

The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR February 2007	LAST YEAR February 2006	% CHANGE 02/06 - 02/07
Retail Sales (000's - Month in 1995\$)	\$260,844	\$249,764	4.4%
Retail Sales (000's - Year)	\$520,164	\$489,147	6.3%
Motor Vehicle Tax Receipts (Month)	\$95,204	\$80,147	18.8%
Motor Vehicle Tax Receipts (Year)	\$194,389	\$160,246	21.3%
Lodging Tax Receipts (Year)	\$652,598	\$494,797	31.9%
Airline Boardings (Month)	31,084	31,684	-1.9%
Airline Boardings (Year)	62,852	61,920	1.5%
Value All Construction Permits (Month)	\$47,225,084	\$57,398,455	-17.7%
Value All Construction Permits (Year)	\$120,812,614	\$109,930,381	9.9%
New Home Permits (Month)	226	269	-16.0%
New Home Permits (Year)	389	528	-26.3%
Home Sales (Month)	183	150	22.0%
Home Sales (Year)	360	298	20.8%
Average Home Sale Price (Month)	\$124,563	\$126,793	-1.8%
Average Home Sale Price (Year)	\$127,600	\$119,089	7.1%
Hidalgo Bridge Crossings (Month)	514,649	521,369	-1.3%
Hidalgo Bridge Crossings (Year)	1,022,757	1,083,452	-5.6%
Peso Exchange Rate (Month)	11.40	10.70	6.5%
Employment			
Wage & Salary Employment (Month)	207,500	201,900	2.8%
Wage & Salary Employment (YTD Avg)	207,100	201,500	2.8%
Unemployment Rate (Month)	7.4	8.0	N/A
Unemployment Rate (YTD Average)	7.6	8.1	N/A
INDEX (Base=100 Jan 1996)	184.6	176.2	4.8%

In January 2004 the Texas Comptroller's Office began tracking "Manifestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.

	Export Sales per Manifestos	Total Retail Sales	Export Sales of Total Sales
February 2007	\$26,263	\$345,954	7.6%
Year-to-date	\$59,028	\$689,887	8.6%

The McAllen Economic Index dipped slightly in February to 184.6 from 184.7 in January, but remains some 4.8% improved over the February 2006 MEI of 176.2. Regardless of the slight dip from January to February, the overall trend remains one of growth, though plainly the rate of growth in the McAllen metro area general economy has cooled a bit.

Concurrent growth in consumer activity and employment is the very essence of economic expansion at the city/metro level, and both are present in McAllen with solid numbers in retail activity, booming auto sales and steady employment growth, albeit at slower rates than has historically been the case in McAllen.

General spending in the metro area continues to post impressive numbers, with inflation-adjusted retail sales in February up well over 4% compared to February of a year ago (which in turn was nearly 9% higher than the previous February); the January-February 2007 total is outpacing the same period in '06 by 6.3%.

Auto sales are nothing short of spectacular thus far in 2007 -- inflation-adjusted spending on new and used automobiles in the McAllen metro area was nearly 19% higher in February (year-over-year), and is over 21% higher for the year-to-date.

The McAllen area economy continues to add jobs in 2007 -- there has never been any sort of cyclical downturn in local employment over the entire 12-year history of data gathered for the purposes of this analysis -- but jobs are being added thus far in 2007 at the slowest pace since 1996, the base year of the McAllen Economic Index. February and YTD 2007 employment suggest year-over-year growth of about 2.8%. Less than stratospheric employment gains may represent the early signs of a McAllen economy that has become more mature and developed over the last 10-12 years.

The construction sector remains vibrant and active, with permit valuation totals for January and February surpassing year-ago levels by some 10%; homebuilding, however, continues the obvious slowdown in activity with the number of new single-family residence permits posting the lowest January-February total since 1999.

Sales of existing homes is clearly picking up that slack, however, with the number of homes trading hands in the metro area well over 20% improved over a year ago, and is easily a modern record. Price (value) growth has moderated a bit, but activity volume continues at a record clip thus far in '07.

Key Points