

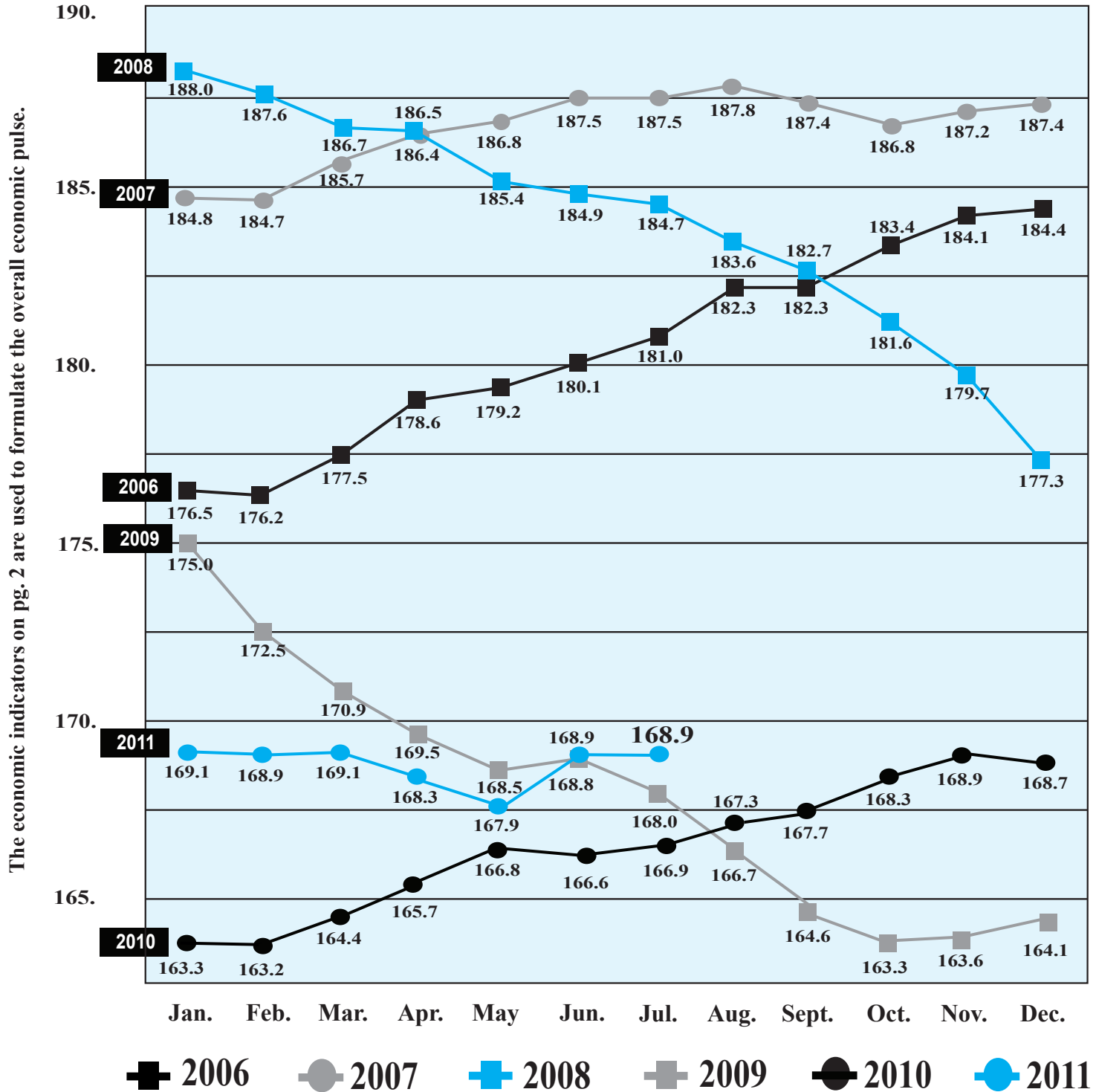
# McAllen Area ECONOMIC PULSE

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## July 2011 Economic Pulse

### The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



ECONOMIC INDICATORS	THIS YEAR July 2011	LAST YEAR July 2010	% CHANGE 07/10 - 07/11
Retail Sales (\$000's - July in 1995\$) *	\$249,338	\$242,587	2.8%
Retail Sales (\$000's - Year-To-Date) *	\$1,885,844	\$1,802,788	4.6%
Dollars Spent on Auto Purchases (\$000's - July in 1995\$) *	\$86,168	\$78,652	9.6%
Dollars Spent on Auto Purchases (\$000's - YTD) *	\$672,061	\$575,792	16.7%
Lodging Tax Receipts (July)	\$261,733	\$296,612	-11.8%
Lodging Tax Receipts (YTD)	\$1,862,899	\$1,895,253	-1.7%
Airline Boardings (July)	37,342	35,494	5.2%
Airline Boardings (YTD)	203,102	209,469	-3.0%
Value All Construction Permits (July)	\$23,225,154	\$29,593,079	-21.5%
Value All Construction Permits (YTD)	\$289,040,208	\$233,728,063	23.7%
New Home Permits (July)	115	102	12.7%
New Home Permits (YTD)	756	966	-21.7%
Home Sales (July)	155	176	-11.9%
Home Sales (YTD)	1,083	1,411	-23.2%
Average Home Sale Price (July)	\$128,731	\$134,289	-4.1%
Average Home Sale Price (YTD Avg)	\$126,809	\$123,995	2.3%
Hidalgo Bridge Crossings (July)	452,121	455,727	-0.8%
Hidalgo Bridge Crossings (YTD)	3,069,426	3,316,189	-7.4%
Peso Exchange Rate (July)	11.67	12.95	-9.9%
<b>Employment</b>			
Wage & Salary Employment (July)	216,000	211,100	2.3%
Wage & Salary Employment (YTD Avg)	222,186	218,743	1.6%
Unemployment Rate (July)	13.1	12.3	6.5%
Unemployment Rate (YTD Average)	12.3	11.8	4.2%
INDEX - May (Base=100 Jan 1996)	<b>168.9</b>	<b>166.4</b>	<b>1.5%</b>

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 (Not adjusted for inflation)	Percent Export Sales of Total Sales
<b>July 2011</b>	\$19,649	\$360,345	5.5%
<b>YTD 2011</b>	\$138,015	\$2,714,664	5.1%

The McAllen Economic Index was unchanged from June to July at 168.9, and is up by 1.5% compared to the July 2010 index of 166.4. The index remains down by 10.2% compared to the peak McAllen Economic Index of 188.0 in January 2008, but has improved by about 3.7% compared to the index trough of 162.8 in October 2009.

The region continues to exhibit modest spending growth, and the pace of employment growth has begun to quicken. Auto sales are on the rise as well, but housing remains generally in the doldrums across the metro area.

General real spending continues to improve across the region with inflation-adjusted taxable spending up by 2.8% in July compared to July of a year ago, and spending for the year-to-date up by 4.6% compared to the first seven months of 2010. Spending for both the month and year-to-date 2011 remain considerably lower than peak pending levels achieved in 2008, however.

Employment has surpassed all prior levels, however, and continues to improve as the year progresses, with the July employment estimate for the McAllen metro area up by 2.3% compared to July of a year ago, and up by 1.6% on average in the first seven months of the year. Job growth is broad-based across most employment sectors, and about 4,900 jobs have been added to the McAllen metro area economy over the last 12 months.

Real auto spending continues to improve, with July inflation-adjusted spending on new and used motor vehicles up by nearly 10% compared to July of a year ago, and up by nearly 17% for the year-to-date. Auto spending remains below peak auto spending levels in 2007 and 2008, but is steadily closing the gap with each passing month.

Construction activity has slowed over the last two months, with building permit valuations down by about 23% and 21.5% in June and July, respectively, compared to the same months in 2010. The year-to-date permit total remains higher for the year-to-date, up by nearly 24% compared to the January-July 2010 period. And in terms of historical perspective, the YTD 2011 permit valuation total is down compared to each year 2002-2008.

Housing construction is up year-over-year for the second straight month, but remains down for the year-to-date by over 20%. Housing construction remains sharply lower compared to the boom building years, and is down by over 60% compared the peak permit year of 2006.

Housing sales continue to decline, down by about 12% in July and well over 20% for the year-to-date. Housing markets in many locales are well below peak sales years prior to the recession and McAllen is no exception. The July average sale price was down about 4% compared to July of a year ago; however, the July 2010 average price was up over 11% compared to the prior year so the July 2011 dip is of little concern in that regard. The average home sale price for the year-to-date is up by a modest and healthy 2.3%.