

McAllen Area ECONOMIC PULSE

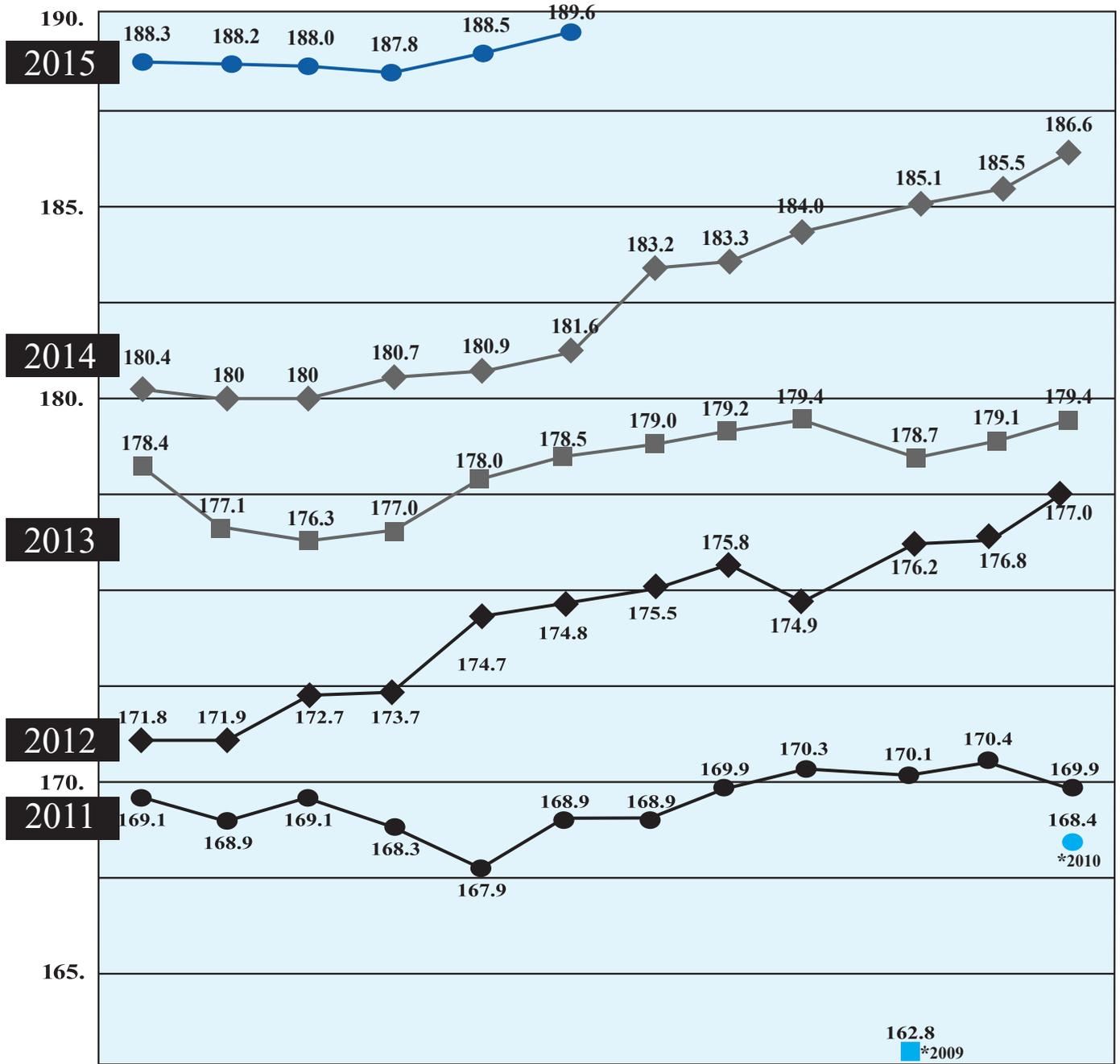
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June 2015 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)

The economic indicators on pg. 2 are used to formulate the overall economic pulse.



● 2011 ◆ 2012 ■ 2013 ◆ 2014 ● 2015

The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR June 2015	LAST YEAR June 2014	% CHANGE 2014 - 2015
Retail Sales (\$000's - Per June sales tax rebate) *	\$301,424	\$312,517	-3.5%
Retail Sales (\$000's - 2nd Quarter) *	\$954,114	\$957,512	-0.4%
Retail Sales (\$000's - Year-to-date) *	\$1,985,262	\$1,976,722	0.4%
Dollars Spent on Auto Purchases (\$000's - June) *	\$142,517	\$126,956	12.3%
Dollars Spent on Auto Purchases (\$000's - 2nd Qtr) *	\$391,908	\$369,477	6.1%
Dollars Spent on Auto Purchases (\$000's - YTD) *	\$787,437	\$742,458	6.1%
Lodging Tax Receipts (June)	\$328,518	\$309,619	6.1%
Lodging Tax Receipts (2nd Quarter)	\$1,104,704	\$990,276	2.5%
Lodging Tax Receipts (YTD)	\$2,148,093	\$2,048,024	4.9%
Airline Boardings (June)	40,284	39,391	2.3%
Airline Boardings (2nd Quarter)	106,553	106,757	-0.2%
Airline Boardings (YTD)	196,995	191,888	2.7%
Value All Construction Permits (June)	\$40,231,347	\$38,632,189	4.1%
Value All Construction Permits (2nd Qtr)	\$114,408,019	\$114,435,769	0.0%
Value All Construction Permits (YTD)	\$222,223,066	\$220,625,706	0.7%
New Home Permits (June)	115	114	0.9%
New Home Permits (2nd Qtr)	323	354	-8.8%
New Home Permits (YTD)	629	655	-4.0%
Home Sales (June)	230	221	4.1%
Home Sales (2nd Qtr)	684	647	5.7%
Home Sales (YTD)	1,253	1,172	6.9%
Average Home Sale Price (June)	145,591	141,026	3.2%
Average Home Sale Price (2nd Qtr)	\$138,856	\$136,216	1.9%
Average Home Sale Price (YTD)	\$133,373	\$132,105	1.0%
Dollar Volume Residential Real Estate Sales (June) *	\$20,870,328	\$19,908,270	4.8%
Dollar Volume Residential Real Estate Sales (2nd Qtr) *	\$59,286,839	\$56,413,343	5.1%
Dollar Volume Residential Real Estate Sales (YTD) *	\$104,545,071	\$99,376,971	5.2%
Hidalgo Bridge Crossings (June)	450,903	429,205	5.1%
Hidalgo Bridge Crossings (2nd Qtr)	1,368,881	1,311,806	4.4%
Hidalgo Bridge Crossings (YTD)	2,644,075	2,602,297	1.6%
Peso Exchange Rate (June)	14.55	12.60	15.5%
Employment			
Wage & Salary Employment (June)	249,300	243,000	2.6%
Wage & Salary Employment (2nd Qtr Avg)	248,565	243,065	2.3%
Wage & Salary Employment (YTD Avg)	247,735	241,415	2.6%
Unemployment Rate (June)	5.0	6.1	-18.0%
Unemployment Rate (2nd Qtr Avg)	4.7	5.7	-18.0%
Unemployment Rate (YTD Average)	4.8	6.0	-20.2%
INDEX - June (Base=100 Jan 1996)	189.6	183.4	3.4%

*Adjusted for Inflation by Re-Statting in Year 1995 Dollars

Key Points

- Employment data revisions continue to effect modest changes in monthly McAllen Economic Index values over time with labor force and unemployment rate data for McAllen and other Texas metro areas revised back to 1990, which of course encompasses the entire history of the McAllen Economic Pulse analysis. This should be the last of the data revisions for 2015, and the result is a June 2015 McAllen Economic Index value of 189.6 up from 188.8 in May, and up 3.4% from the revised June 2014 AEI of 183.4. As of June, the McAllen Economic Index is down by 1.5 points (less than one percent) compared to its all-time peak of 191.1 achieved in January 2008.

- The McAllen Economic Index grew at an annualized rate of a solid 3.3% in the second quarter of 2015 on the heels of a slowdown in the first quarter, and expanded at an annualized pace of 1.6% in the first half of the year. General spending was down in June and flat for the quarter, while auto sales and residential real estate activity posted strong gains in the second quarter. The unemployment rate continues to post sharp year-over-year declines as well.

- General spending per second quarter sales tax receipts was flat to slightly lower compared to the second quarter 2014 total, which in turn was up by about 5% compared to the prior year. For the year-to-date, general real spending is up by less than a percent compared to the first six months of a year ago. Auto spending is on the rise, however, with inflation-adjusted spending on new and used automobiles up over 12% for the month, and over 6% for the quarter and year-to-date compared to the same periods in 2014.

- Employment growth remains steady and solid with job growth of 2.6% in June compared to June of a year ago, and averaging 2.3% in the second quarter, and 2.6% for the first six months of the year compared to year-ago levels. The McAllen city unemployment rate continues to fall at 5% in June compared to 6.1% in June of a year ago.

- The metro area real estate market continues to perform well with improvement in sales and prices compared to year-ago levels. The number of homes sold in the second quarter of the year was up by 5.7% compared to the second quarter 2014 sales total, and the number of closed sales for the year thus far is up by nearly 7% compared to the first six months of a year ago. The average sale price is up modestly for the quarter and year-to-date, but was up by over 3% for the month of June.

- Construction activity per building permit valuations was flat in the second quarter compared to the second quarter of a year ago (which in turn was down by about 35% compared to the prior year). The total for the first six months of the year is also flat relative to year-ago levels. Home building (new single-family residence construction permits) is down for the quarter and year-to-date compared to some relatively strong numbers in 2014.

- The McAllen metro area economy is ever so close to clawing its way back to its pre-recession (the recession of 2008-2009) high point, an amazing 7 1/2 years after establishing that peak. The recovery since the 2009 MEI trough has been very steady, but the pace of growth is slower and flatter than the strong pre-recession rates of growth.