

# McAllen Area ECONOMIC PULSE

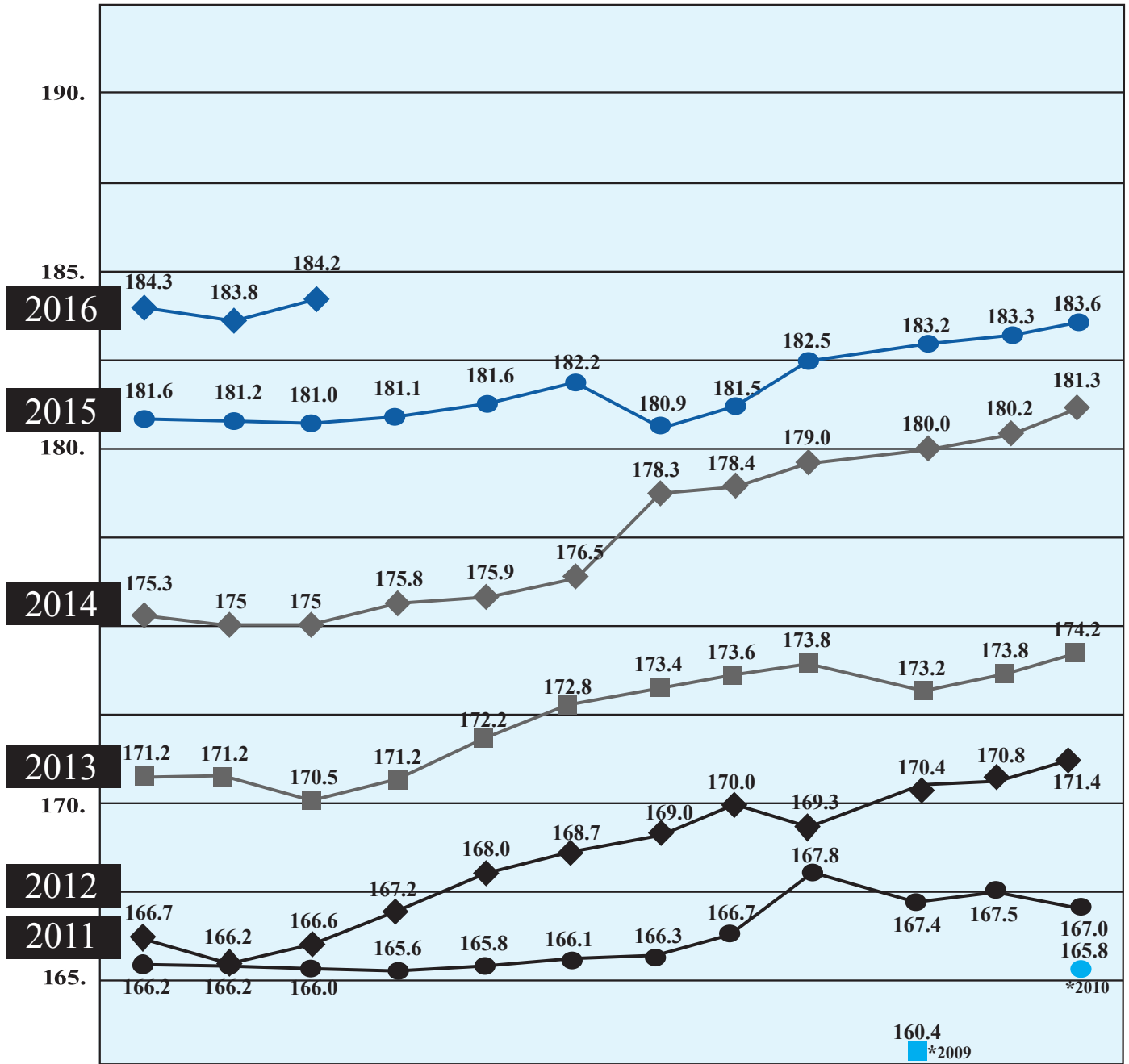
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## March 2016 Economic Pulse

### 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.



Jan. Feb. Mar. Apr. May Jun. Jul. Aug. Sept. Oct. Nov. Dec.

● 2011 ◆ 2012 ■ 2013 ◆ 2014 ● 2015 ◆ 2016

ECONOMIC INDICATORS*	THIS YEAR March 2016	LAST YEAR March 2015	% CHANGE 2015 - 2016
Retail Sales (March)	\$406,254,062	\$418,010,332	-2.8%
Retail Sales (1st Quarter)	\$1,498,888,880	\$1,557,511,625	-3.8%
Dollars Spent on Auto Purchases (March)	\$171,925,566	\$136,665,635	25.8%
Dollars Spent on Auto Purchases (1st Qtr)	\$425,517,197	\$407,368,462	4.5%
Lodging Tax Receipts (March)	\$397,604	\$376,286	5.7%
Lodging Tax Receipts (1st Qtr)	\$1,023,373	\$1,168,275	-12.4%
Airline Boardings (March)	30,926	33,434	-7.5%
Airline Boardings (1st Qtr)	84,910	90,442	-6.1%
Value All Construction Permits (March)	\$45,153,917	\$38,083,360	18.6%
Value All Construction Permits (1st Qtr)	\$149,505,598	\$104,195,132	43.5%
New Home Permits (March)	133	118	12.7%
New Home Permits (1st Qtr)	344	306	12.4%
Home Sales (March)	221	226	-2.2%
Home Sales (1st Qtr)	568	569	-0.2%
Average Home Sale Price (March)	\$133,718	\$126,283	5.9%
Average Home Sale Price (1st Qtr Avg)	\$134,604	\$126,782	6.2%
Dollar Volume Of Home Sales (March)	\$29,551,734	\$29,089,877	1.6%
Dollar Volume of Home Sales (1st Qtr)	\$76,551,064	\$73,648,089	3.9%
Hidalgo Bridge Crossings (March)	469,587	450,935	4.1%
Hidalgo Bridge Crossings (1st Qtr)	1,357,751	1,275,194	6.5%
Peso/Dollar Exchange Rate (March)	17,65	15.24	15.8%
<b>Employment</b>			
Wage & Salary Employment (March)	255,900	248,200	3.1%
Wage & Salary Employment (1st Qtr Avg)	253,600	247,035	2.7%
Unemployment Rate (March)	4.6	4.7	-2.1%
Unemployment Rate (1st Qtr Average)	4.6	4.9	-7.4%
INDEX - February (Base=100 March 1996)	184.2	181.0	1.8%

\* With the exception of the average monthly home sale price, all economic indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars

- The McAllen Economic Index returned to growth in March after a one-month decline in February, increasing to 184.2 for the month, up from 183.8 in February, and up 1.8% from the March 2016 MEI of 181.0. Again, the index was revised last month to reflect newly revised employment data for the McAllen metro area for 2015 (and 2014), and to implement additional inflation adjustments. The index under the current methodology and data benchmarks peaked at 186.8 in January 2008 and is now down by 1.4% compared to that peak level. Growth over the first quarter of the year was modest, with annualized growth in the McAllen Economic Index of about 1.3%.

- Auto sales, construction, home building, and existing home prices helped to push the index upward in March, along with solid employment growth, and more than offset continued weakness in general spending in the metro area.

- General real (inflation-adjusted) spending posted its fourth straight monthly decline per March sales tax receipts, off by about 2.8% compared to the March 2015 real spending total. Taxable spending in the first quarter 2016 was down by 3.8% compared to the first quarter total from a year ago. While bridge crossings are up impressively thus far in 2016, border-related purchasing power has been significantly eroded by the relative weakness of the Mexican Peso to the US dollar.

- Auto sales activity shot to a new record level in March and the first quarter, posting year-over-year increases of 26% and 4.5%, respectively.

- Construction activity was sharply higher in the first quarter with the real value of all building permits issued across the metro area up by over 43% compared to the first quarter of a year ago. The March building permit valuation total was up by over 18% compared to March of last year. Even at that, though, building permit activity (especially when adjusted for inflation) is nowhere near the monster totals posted in the first quarter of most years last decade leading up to the recession of 2008-9.

- Housing construction is on the rise as well with the number of new single-family residence permits issued up by over 12% both for the month of March and the first quarter of the year. Existing home sales were flat compared to year-ago levels with the March monthly and first quarter totals posting slight year-over-year declines. The average price of those sales was impressively higher, however, with the March monthly average up by nearly 6%, and the first quarter average up by over 6% compared to the first quarter 2015 average.

- Most importantly, the McAllen metro area continues to add jobs at an impressive rate. The March year-over-year employment growth rate of 3.1% is the highest thus far of 2016 with about 7,700 jobs added over the last 12 months, and in fact is the highest since February 2015. Employment growth average about 2.7% in the first quarter compared to the first quarter 2015 average employment estimate.