

McAllen Area ECONOMIC PULSE

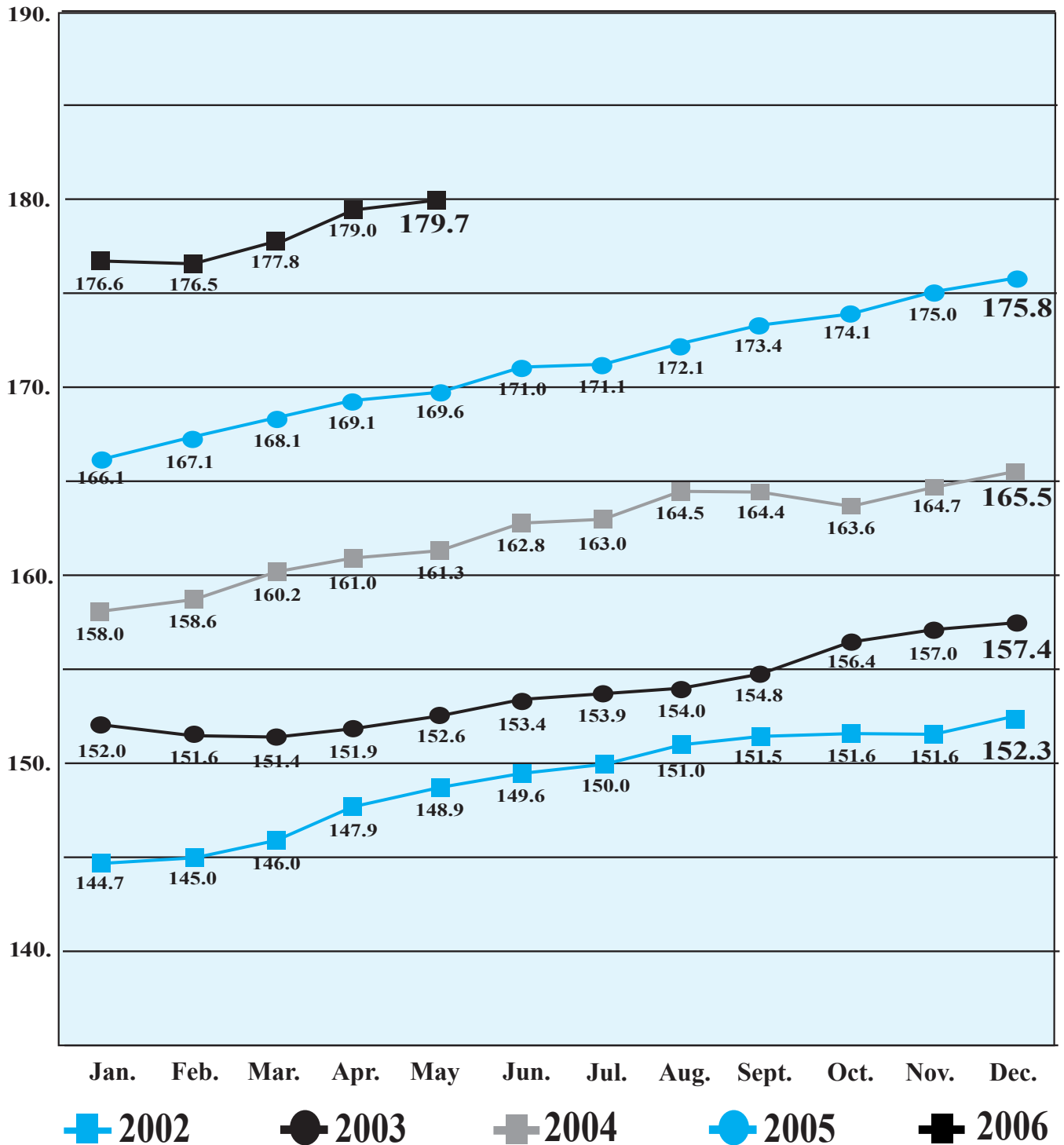
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May 2006 Economic Pulse

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.



The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR May 2006	LAST YEAR May 2005	% CHANGE 05/05 - 05/06
Retail Sales (000's - Month in 1995\$)	\$257,028	\$232,720	10.4%
Retail Sales (000's - Year)	\$1,341,785	\$1,243,835	7.9%
Motor Vehicle Tax Receipts (Month)	\$89,041	\$74,648	19.3%
Motor Vehicle Tax Receipts (Year)	\$446,659	\$388,097	15.1%
Lodging Tax Receipts (Year)	\$1,429,536	\$1,288,901	10.9%
Airline Boardings (Month)	33,098	29,442	12.4%
Airline Boardings (Year)	167,434	149,452	12.0%
Value All Construction Permits (Month)	\$60,092,423	\$41,876,438	43.5%
Value All Construction Permits (Year)	\$313,110,587	\$293,270,747	6.8%
New Home Permits (Month)	316	334	-5.4%
New Home Permits (Year)	1,480	1,511	-2.1%
Home Sales (Month)	184	205	-10.2%
Home Sales (Year)	918	850	8.0%
Average Home Sale Price (Month)	\$128,718	\$111,945	15.0%
Average Home Sale Price (Year)	\$122,318	\$111,343	9.9%
Hidalgo Bridge Crossings (Month)	566,350	589,955	-4.0%
Hidalgo Bridge Crossings (Year)	2,818,699	2,820,493	-0.1%
Peso Exchange Rate (Month)	11.65	11.00	5.9%
Employment			
Wage & Salary Employment (Month)	203,400	195,400	4.1%
Wage & Salary Employment (YTD Avg)	202,800	193,400	4.9%
Unemployment Rate (Month)	7.0	7.4	N/A
Unemployment Rate (YTD Average)	7.3	8.3	N/A
INDEX (Base=100 Jan 1996)	179.7	169.6	6.0%

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
May 2006	\$27,581	\$338,537	8.1%
Year-to-date	\$132,198	\$1,755,654	7.5%

The McAllen Economic Index continues to reflect virtually uninterrupted growth in the McAllen metro area general economy, climbing to 179.7 in May, up from 179.0 in April, and is a stout 6% improved over the May 2005 MEI of 169.6.

Spending and job growth remain the primary drivers in the local economy; inflation-adjusted general retail sales were up 10% in May (compared to May of a year ago), and the January-May total is nearly 8% higher than the same period in '05. Employment gains remain impressive at over 4% over the last 12 months, and the unemployment rate continues its impressive decline.

The auto sector is booming in 2006, with inflation-adjusted spending on new and used vehicles up nearly 20% in May, and over 15% year-to-date compared to a year ago.

Building activity continues at a record pace across the metro area, with the value of all permits issued up some 45% in May compared to last year, and the January - May total of \$313 million is the highest recorded for that period of time.

Homebuilding remains in a cooling period, however, with the number of single-family residence permits issued by the four cities down both for the month and the year-to-date; a great many homes have been added to the area's inventory, however, and these numbers are certainly being reflected in the current market for existing homes.

Home sales were down in May, but the general trend is upward, and the number of homes sold thus far in 2006 is a solid 8% improved over the year-ago total, and in fact is also a record total; prices have increased by nearly 10% thus far in 2006, reflecting both the increase in value of area homes, and the ability of local residents to boost prices, suggesting ongoing improvements in household economies.

Key Points