

# McAllen Area ECONOMIC PULSE

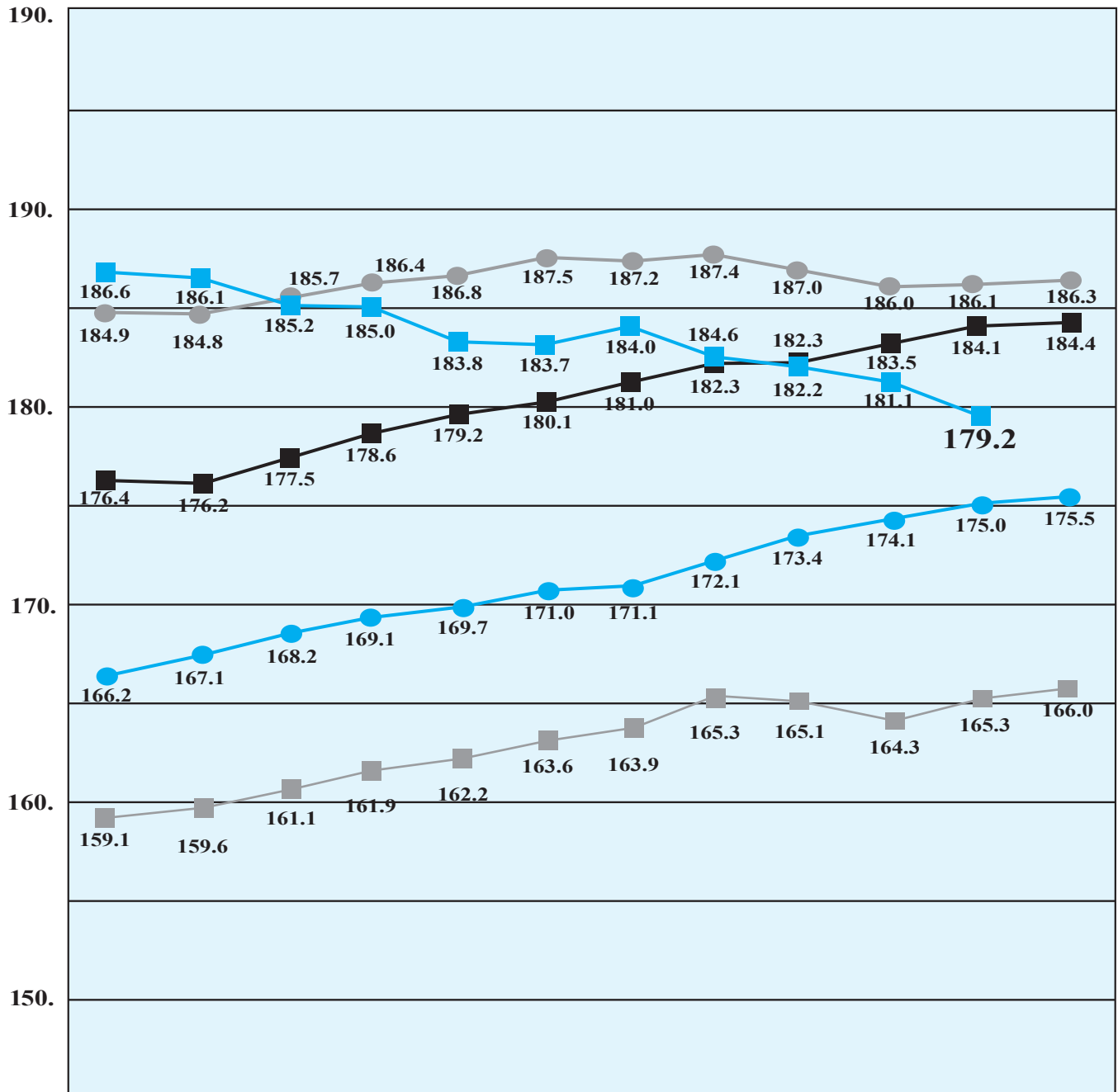
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## November 2008 Economic Pulse

### 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.



■ 2004   
 ● 2005   
 ■ 2006   
 ● 2007   
 ■ 2008

# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR November 2008	LAST YEAR November 2007	% CHANGE 11/07 - 11/08
Retail Sales (000's - Month in 1995\$)	\$265,950	\$281,913	-5.7%
Retail Sales (000's - Year)	\$3,082,189	\$3,116,276	-1.1%
Motor Vehicle Tax Receipts (Month)	\$58,279	\$92,738	-37.2%
Motor Vehicle Tax Receipts (Year)	\$1,034,383	\$1,133,101	-8.7%
Lodging Tax Receipts (Year)	\$3,689,374	\$3,606,955	2.3%
Airline Boardings (Month)	28,552	33,701	-15.3%
Airline Boardings (Year)	353,155	388,358	-9.1%
Value All Construction Permits (Month)	\$22,227,832	\$48,606,210	-54.3%
Value All Construction Permits (Year)	\$542,970,855	\$645,491,151	-15.9%
New Home Permits (Month)	76	183	-58.5%
New Home Permits (Year)	1,202	2,272	-47.1%
Home Sales (Month)	135	191	-29.3%
Home Sales (Year)	2,429	2,343	3.7%
Average Home Sale Price (Month)	\$122,616	\$131,844	-7.0%
Average Home Sale Price (Year)	\$120,877	\$129,094	-6.4%
Hidalgo Bridge Crossings (Month)	528,982	556,634	-5.0%
Hidalgo Bridge Crossings (Year)	5,888,825	5,993,660	-1.7%
Peso Exchange Rate (Month)	14.25	11.30	26.1%
<b>Employment</b>			
Wage & Salary Employment (Month)	221,200	212,900	3.9%
Wage & Salary Employment (YTD Avg)	216,200	209,800	3.1%
Unemployment Rate (Month)	8.3	6.1	N/A
Unemployment Rate (YTD Average)	7.2	6.6	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>179.2</b>	<b>186.1</b>	<b>-3.7%</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	Export Sales of Total Sales
<b>November 2008</b>	\$32,821	\$375,592	8.7%
<b>YTD 2008</b>	\$344,409	\$4,309,171	8.0%

The McAllen Economic Index slipped below 180.0 in November for the first time since May 2006 (the index was on the rise at that time, and is now declining), coming in at 179.2, down from 181.1 in October, and down 3.7% from the November 2007 index of 186.1. The McAllen Economic Index peaked in January 2008 at 186.6.

The consumer spending sectors -- general consumer spending and automobile sales -- along with the construction and housing sectors are all putting negative pressure on the index; border activity is sluggish, and the unemployment rate is on the increase.

Payroll employment estimates remain favorable, with the 3.9% year-over-year rate of growth topping all other Texas metro areas. A word of caution, however; employment estimates are revised and a new benchmark established once a year, and that revision is upcoming. Given the performance in other sectors of the local economy, employment estimates for 2008 may well be revised downward as a part of that process.

Inflation-adjusted retail sales declined by over 5% (year-over-year) in November, pulling the year-to-date total negative by about 1.1%; inflation-adjusted spending on new and used autos fell sharply across the metro area (and in most other markets) in November, declining by over 37%. The YTD total is now down over 8% compared to the January-November 2007 period.

Construction is off sharply with the value of building permits issued down well over 50% compared to November 2007, and about 16% for the YTD; housing construction is in free fall as well, with the number of new single-family residence permits down nearly 60% for the month and 47% for the YTD.

Existing home sales remain positive for the year, but are off about 29% for the month (compared to November '07); prices have dipped a bit as well, but do not suggest a catastrophic drop in local home values.

# Key Points