

# McAllen Area ECONOMIC PULSE

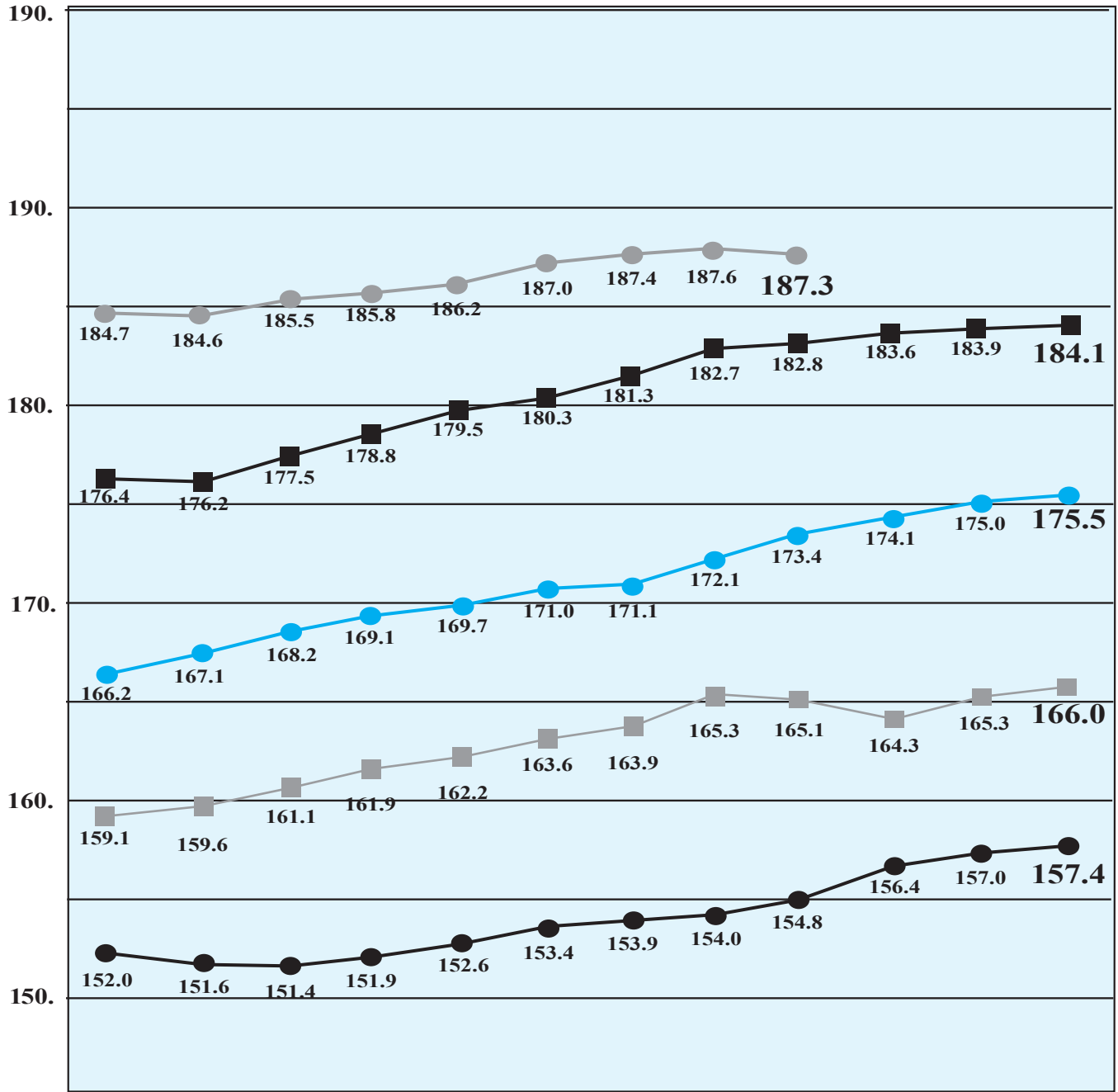
McAllen • Mission • Edinburg • Pharr

## September 2007 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.



● 2003      ■ 2004      ● 2005      ■ 2006      ● 2007

# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR September 2007	LAST YEAR September 2006	% CHANGE 09/06 - 09/07
Retail Sales (000's - Month in 1995\$)	\$843,704	\$803,160	5.0%
Retail Sales (000's - Year)	\$2,569,900	\$2,444,539	5.1%
Motor Vehicle Tax Receipts (Month)	\$293,264	\$263,634	11.2%
Motor Vehicle Tax Receipts (Year)	\$930,852	\$808,361	15.2%
Lodging Tax Receipts (Year)	\$2,962,743	\$2,621,913	13.0%
Airline Boardings (Month)	109,402	100,114	9.3%
Airline Boardings (Year)	323,171	305,850	5.7%
Value All Construction Permits (Month)	\$139,341,344	\$234,430,935	-40.6%
Value All Construction Permits (Year)	\$539,836,528	\$614,872,857	-12.2%
New Home Permits (Month)	552	875	-36.9%
New Home Permits (Year)	1,932	2,649	-27.1%
Home Sales (Month)	684	690	-0.9%
Home Sales (Year)	1,950	1,869	4.3%
Average Home Sale Price (Month)	\$133,066	\$135,577	-1.9%
Average Home Sale Price (Year)	\$128,510	\$127,239	1.0%
Hidalgo Bridge Crossings (Month)	1,611,286	1,650,001	-2.3%
Hidalgo Bridge Crossings (Year)	4,891,196	5,013,615	-2.4%
Peso Exchange Rate (Month)	\$11.20	\$11.25	-0.4%
<b>Employment</b>			
Wage & Salary Employment (Month)	213,100	203,400	4.8%
Wage & Salary Employment (YTD Avg)	208,900	201,500	3.7%
Unemployment Rate (Month)	6.2	6.8	N/A
Unemployment Rate (YTD Average)	6.6	7.6	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>187.3</b>	<b>182.8</b>	<b>2.5%</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	Export Sales of Total Sales
<b>September 2007</b>	\$32,774	\$414,102	7.9%
<b>Year-to-date</b>	\$265,755	\$3,443,707	7.7%

The McAllen Economic Index retreated slightly in September to 187.3, down from 187.6 in August, but remains 2.5% improved over the September 2006 index of 182.8. The McAllen metro area economy remains generally a growth economy, and the slight month-to-month decline is likely indicative of slowing rates of growth as opposed to the onset of an actual decline.

While year-over-year growth rates have narrowed considerably, the McAllen area economy continues its remarkable streak of nearly 12 years of the analysis without a year-over-year decline.

Area consumers continue to power local economic improvement; inflation-adjusted retail sales per sales tax collections by the cities of McAllen, Edinburg, Mission and Pharr were a solid 5% higher in the third quarter compared to the same period a year ago, and the year-to-date total is 5.1% higher. Auto sales continue to boom in the metro area, with inflation-adjusted spending on new and used autos up over 11% in the third quarter, and over 15% for the year-to-date.

Clearly there is also a strong external stimulus, and dollars are pouring into the area from non-residents; hotel/motel tax receipts were well over 20% higher (year-over-year) in the third quarter, and are a stout 13% improved for the YTD.

Year-over-year employment growth averaged 5.5% in the third quarter, improving notably from the 2.8% average in the first half of the year. Job growth in McAllen once again tops all Texas metro areas; the 'government' employment category is the big gainer, adding some 5,000 jobs over the last 12 months.

The building indicators are down sharply thus far in 2007; the value of all construction projects permitted is off about 12% (and over 40% in the third quarter) compared to a year ago, but last year's third quarter and year-to-date numbers were very strong. New single-family housing permits were down over 36% in the third quarter, and down 27% YTD, mirroring new housing construction trends in the larger Texas metro areas, statewide and nationally.

Existing home sales are bucking national trends, however, up a solid 4.3% in the first nine months of the year, with home values (as indicated by sale prices) holding steady, about 1% higher (YTD) than 2006, which in turn was a strong 8.5% higher than the prior year.

# Key Points