

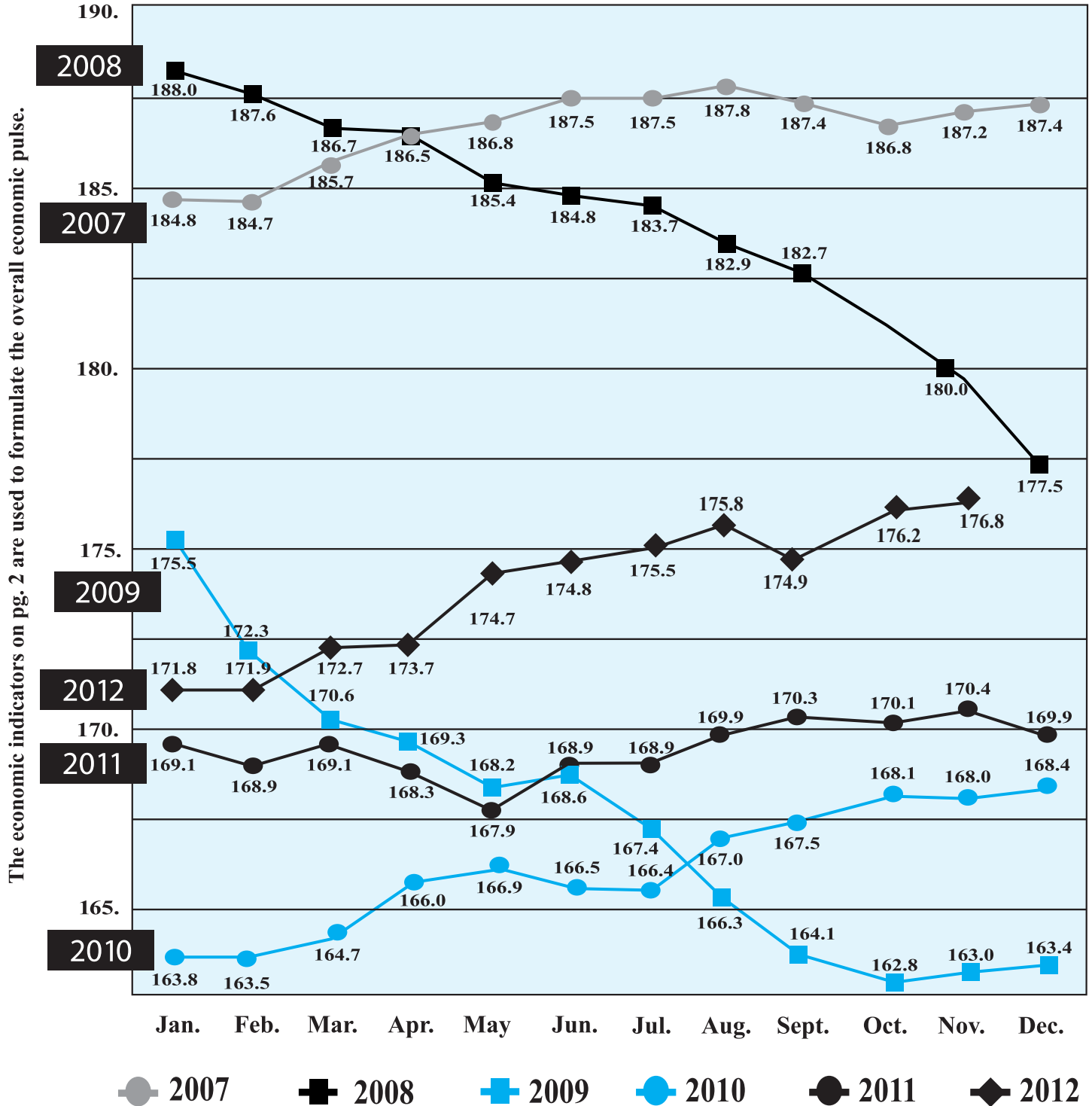
# McAllen Area ECONOMIC PULSE

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## November 2012 Economic Pulse

### The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR November 2012	LAST YEAR November 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - 3rd Quarter in 1995\$)	\$311,545	\$282,551	10.3%
Retail Sales (\$000's - Year-To-Date)	\$3,301,758	\$3,084,530	7.0%
Dollars Spent on Auto Purchases (\$000's - 3rd Qtr in 1995\$)	\$99,635	\$85,691	16.3%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$1,211,184	\$1,035,483	17.0%
Lodging Tax Receipts (3rd Quarter)	\$341,511	\$256,431	33.2%
Lodging Tax Receipts (YTD)	\$3,258,096	\$2,856,033	14.1%
Airline Boardings (3rd Qtr)	26,824	27,345	-1.9%
Airline Boardings (YTD)	304,413	312,842	-2.7%
Value All Construction Permits (3rd Qtr)	\$24,603,252	\$30,729,508	-19.9%
Value All Construction Permits (YTD)	\$446,040,339	\$435,448,544	2.4%
New Home Permits (3rd Qtr)	78	75	4.0%
New Home Permits (YTD)	1,064	1,189	-10.5%
Home Sales (3rd Qtr)	134	161	-16.8%
Home Sales (YTD)	1,999	1,795	11.4%
Average Home Sale Price (3rd Qtr)	\$122,616	\$138,124	-11.2%
Average Home Sale Price (YTD)	\$127,044	\$126,387	0.5%
Hidalgo Bridge Crossings (3rd Qtr)	456,965	433,305	5.5%
Hidalgo Bridge Crossings (YTD)	4,892,082	4,839,265	1.1%
Peso Exchange Rate (September)	12.65	12.90	-1.9%
<b>Employment</b>			
Wage & Salary Employment (September)	232,500	232,600	0.0%
Wage & Salary Employment (YTD Avg)	228,518	225,082	1.5%
Unemployment Rate (September)	9.6	10.9	-11.9%
Unemployment Rate (YTD Average)	10.9	12.1	-9.9%
INDEX - November (Base=100 Jan 1996)	176.8	172.8	2.3%

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 2012</b>	\$28,727	\$440,807	6.5%
<b>YTD 2012</b>	\$270,728	\$4,630,007	5.8%

The McAllen Economic Index continued its general pattern of increase in November 2012 rising to 176.8 up from 176.2 in October, and up 2.3% from the November 2011 MEI of 172.8.

Increases in general spending and auto spending, hotel/motel tax receipts, and bridge crossings, along with continued unemployment rate decline provided the upside support for the index in November even as the margin of year-over-year employment growth narrowed. Inflation-adjusted taxable spending per sales tax receipts in the four-city metro area was up a stout 10.3% in November compared to November 2011, and is now up a solid 7% for the year-to-date through November compared to the same period in 2011.

Employment growth has flattened in recent months in the McAllen metro area; the November 2012 payroll employment estimate was down by a statistically insignificant 100 jobs compared to November of a year ago. However, the November 2011 payroll employment estimate was up by a stout 4% compared to November of the prior year, so overall employment remains at a generally high level even though the rate of growth has slowed, hopefully only temporarily.

Auto sales continue to improve sharply with real (inflation-adjusted) spending on new and used automobiles up by over 16% in November, and up by 17% for the YTD through November.

Hotel/motel tax receipts in the city of McAllen posted a hefty increase in November, up by well over 30% year-over-year. Even at that, though, the November hotel/motel tax collection total was still down compared to the peak years of 2007 and 2008 prior to the onset of the recession which cut fairly deeply into metro area hotel/motel activity.

Construction activity as reflected by building permit valuations was down by about 20% in November compared to November of a year ago; however, the November 2011 total was up by over 40% compared to November of the prior year, so in that context the November 2012 figure is less troublesome. Building permit totals remain slightly higher for the year with the total valuation through November up by about 2.4% compared to the January-November 2011 period.

Housing construction activity was up modestly for the month, with three more permits issued across the metro area compared to November of a year ago. For the year-to-date, however, home building appears poised to post its 2nd straight year of decline after the recovery year of 2010.

Home sales were down for the month, but remain solidly higher for the year as a whole. The November average price was down by over 11% compared to November of a year ago; however, that quite likely simply represents some random volatility (the September and October monthly averages were up by 17% and 12%, respectively, year-over-year). For the year-to-date through November the nominal (unadjusted for inflation) average home sale price is generally flat compared to year-ago levels.

## Key Points