

The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR February 2009	LAST YEAR February 2008	% CHANGE 02/08 - 02/09
Retail Sales (000's - Month in 1995\$)	\$242,568	\$263,697	-8.0%
Retail Sales (000's - Year)	\$500,054	\$520,590	-3.9%
Motor Vehicle Tax Receipts (Month)	\$74,651	\$97,651	-23.6%
Motor Vehicle Tax Receipts (Year)	\$145,663	\$202,576	-28.1%
Lodging Tax Receipts (Year)	\$573,866	\$697,175	-17.7%
Airline Boardings (Month)	24,925	33,766	-26.2%
Airline Boardings (Year)	51,904	67,477	-23.1%
Value All Construction Permits (Month)	\$18,947,200	\$66,499,201	-71.5%
Value All Construction Permits (Year)	\$46,228,606	\$163,618,312	-71.7%
New Home Permits (Month)	102	131	-22.1%
New Home Permits (Year)	190	259	-26.6%
Home Sales (Month)	169	206	-18.0%
Home Sales (Year)	331	398	-16.8%
Average Home Sale Price (Month)	\$105,969	\$110,825	-4.4%
Average Home Sale Price (Year)	\$103,890	\$110,886	-6.3%
Hidalgo Bridge Crossings (Month)	441,175	520,679	-15.3%
Hidalgo Bridge Crossings (Year)	945,197	1,027,038	-8.0%
Peso Exchange Rate (Month)	15.50	11.05	40.3%
Employment			
Wage & Salary Employment (Month)	220,000	219,900	0.0%
Wage & Salary Employment (YTD Avg)	220,000	219,400	0.3%
Unemployment Rate (Month)	9.6	6.6	N/A
Unemployment Rate (YTD Average)	9.9	6.9	N/A
INDEX (Base=100 Jan 1996)	172.5	187.6	-8.0%

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
February 2009	\$23,665	\$339,108	7.0%
YTD 2009	\$49,259	\$699,117	7.0%

The McAllen Economic Index declined for the 13th consecutive month in February '09, falling sharply to 172.5, down from 175.0 in January, and down 8.0% from the February 2009 index of 187.6.

All economic indicators used to calculate the McAllen Economic Index are negative compared to year-ago numbers -- many of them sharply negative -- except for payroll employment, which is flat compared to February '08; employment growth margins have narrowed considerably in recent months, and may well go negative in the near future.

Inflation-adjusted retail spending fell by 8% in February (year-over-year), pulling the year-to-date total to about 4% below the total for the first two months of 2008. Inflation-adjusted spending on new and used autos was down over 23% in February, and some 28% for the year-to-date.

Employment estimates have narrowed, and are now flat compared to year-ago levels. The unemployment rate has risen considerably over the last 12 months, suggesting that payroll employment levels are likely to go negative in the coming months.

Construction is off by 70% compared to year-ago levels; homebuilding and existing home sales are down by significant amounts, and home prices are beginning to retreat a bit as well. Bridge crossings have declined, and the exchange rate has worsened notably in recent months.

Key Points