

Retail Trade

McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people within a 200-mile radius.

In the bi-national metropolitan area, McAllen retailers serve a market population of 1.8 million. McAllen is represented by 40 of America's top 100 retailers and is ranked 3rd in Texas in per capita sales tax receipts.

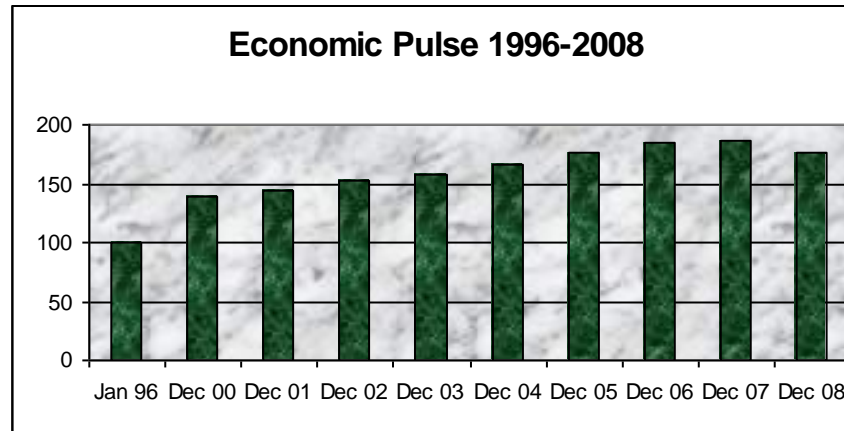
La Plaza remains one of the Simon Properties highest grossing retail malls (per square foot) in the United States, boasting average sales of over \$650 per square foot. Many national retailers located there are among the most profitable stores in their chains. The mall is known to generate more than 18 million visitors annually.

The ACCRA Cost of Living Index measures relative price levels for consumer goods and services in participating areas. The average for all participating places equals 100, and each participant's index is read as the percentage of the average for all places. The summary below places McAllen MSA very favorably on the composite index.

ACCRA Cost of Living Index Comparison 2008 Annual Average Data

Metro Area	Composite	Grocery	Housing	Utilities	Transportation	HealthCare	Misc.
Philadelphia, PA	123.9	124.9	144.5	118.2	104.1	109	115.7
Dallas, TX	92.1	99.8	70.8	105.3	102.9	104.3	98.9
Denver, CO	105	108.5	110.3	96.3	97.2	105.8	104
Austin, TX	95.5	92.5	84.9	88.4	98	96.5	107.2
Nassau/Suffolk, NY	151.4	115.1	232.7	140.5	107.4	116.2	115.8
McAllen, TX	87.6	80	73.4	109.1	98.1	100.4	91.4
Shreveport, LA	93.6	91.2	89	91.2	93.8	91.9	99.5
Brownsville/Harlingen, TX	86.7	87.2	74.3	96.1	100.1	96.8	88.9

On a monthly basis the Chamber publishes the McAllen Area Economic Pulse. The Pulse measures the economic activity for McAllen, Mission, Pharr and Edinburg in the following areas: retail sales, motor vehicle sales, lodging tax receipts, airline boarding's, construction permits, new home permits, home sales, average home sale price, Hidalgo bridge crossings, peso exchange rate, wage and salary employment and unemployment numbers. This chart is a graphic representation of the dynamic changes in the economic index January 1996-December 2008.



Business & Community « Retail Trade »

It is an undisputed fact that McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people within a 200-mile radius. In the bi-national metropolitan area, McAllen retailers serve an immediate market population of 1.8 million. McAllen is represented by 40 of America's top 100 retailers. The Texas Comptroller tracks the Top 20 Cities in Texas on a regular basis.

Retail sales tax collections provide the clearest illustration of McAllen's retail sales phenomenon. The table below presents the top 20 Cities in Texas in terms of the Sales Tax Collections for 2008. It also presents the most recent Census population estimates for 2008. By dividing Sales Tax collections by Population, the Sales Tax Per Capita is revealed. However, by including per capita income, number of households and total retail sales in each city, a whole new set of conclusions can be made¹. While McAllen is 19th in Per capita Income, 15th in the number of Households, 14th in Population, and 11th in Sales Tax Collections, among the top 20 cities on the Comptrollers list, McAllen is ranked:

- 6th in total Retail Sales Per Household (\$ 82,819)
- 5th in Retails Sales Per Capita (\$ 27,496)
- 3rd in Per Capita Sales Tax Collections (\$349)

¹ Texas Comptroller, US Census Estimates 2008, NAI Site Right and NAI Rio Grande

Rank (Population)	City	Population	Calendar Year Collections 2008 (\$)	Sales Tax Payments Per Capita(\$)	Total Retail Sales(\$)	Retail Sales Per Capita(\$)	Total Households	Retail Sales Per Household	Per Capita Income (inflation adjusted dollar)
1	Houston	2,242,193	416,452,454.65	183	60,231,803,057	26,863	747,009	80,631	26,836
2	Dallas	1,279,910	190,705,493.10	135	37,122,200,778	29,004	447,671	82,923	26,436
3	San Antonio	1,351,305	178,786,058.50	125	19,886,777,509	14,717	428,720	46,386	21,582
4	Austin	757,688	122,665,934.31	144	12,941,907,530	17,081	290,950	44,482	30,680
5	Fort Worth	703,073	87,165,044.96	116	35,251,930,890	50,140	211,942	166,328	23,208
6	Arlington	374,417	67,849,210.07	178	5,078,458,367	13,564	131,721	38,555	25,304
7	El Paso	613,190	56,936,555.12	88	7,525,760,717	12,273	197,669	38,073	17,786
8	Corpus Christi	286,462	55,314,433.59	172	3,778,062,101	13,189	105,501	35,811	24,325
9	Amarillo	187,236	51,309,228.41	258	3,505,362,882	18,722	68,282	51,337	22,879
10	Round Rock	104,446	49,262,948.35	455	2,580,702,379	24,708	28,143	91,700	27,098
11	Plano	267,480	52,789,573.47	171	6,411,682,315	23,971	98,035	65,402	40,920
12	McAllen	129,776	49,538,264.58	349	3,568,335,207	27,496	43,086	82,819	20,395
13	Lubbock	220,483	40,683,382.81	186	4,060,065,412	18,414	86,468	46,955	24,663
14	Irving	201,358	41,834,295.82	193	8,093,272,314	40,193	78,775	102,739	26,524
15	Beaumont	110,553	31,363,315.91	298	2,398,731,577	21,698	43,808	54,756	23,628
16	Sugar Land	80,704	32,930,622.07	407	1,405,117,202	17,411	20,261	69,351	41,848
17	Frisco	96,676	32,951,428.86	321	3,906,599,409	40,409	29,591	132,020	41,786
18	Midland	106,561	31,603,937.69	279	2,135,605,901	20,041	39,797	53,662	31,024
19	Tyler	97,705	31,850,404.85	301	2,488,896,488	25,474	33,738	73,771	25,291
20	Grand Prairie	160,641	31,085,262.08	182	2,269,966,131	14,131	50,639	44,826	22,317

Considering that the State's population is almost 24 million and statewide retail sales were approximately \$350billion, per capita retail sales statewide amounts to \$14,790 while McAllen's is almost two times the state average and 153% of the average of the top 20.

The following table summarizes data obtained from the Texas Comptroller and presents the *Gross Retail Sales by Category* for selected cities in Hidalgo County. While it takes some time to fully understand all of the data several items are indisputable.

- In 2008 the City of McAllen achieved over \$3.57 Billion in total retail sales.
- This represents 46% of all retail sales in Hidalgo County and 103% of all retail sales in Cameron County
- According to the US Census Bureau, in 2008 McAllen had only 17.9% of Hidalgo County population,
- McAllen's share of 2008 retail sales were follows:
 - ❖ 47.4% of Motor Vehicle and Parts Dealers,
 - ❖ 59.7% of Furniture and Home Furnishings Stores,
 - ❖ 78.4% of Electronic and Appliance Stores,
 - ❖ 29.9% of Building Material and Garden Equipment and Supplies Dealers,
 - ❖ 25.4% of Food and Beverage Stores,
 - ❖ 39.1% of Health and Personal Care Stores,
 - ❖ 20.5% of Gasoline Stations,
 - ❖ 66.5% of Clothing and Clothing Accessories stores,
 - ❖ 73.6% of Sporting Goods, Hobby, Book, and Music Stores,
 - ❖ 53.1% of General Merchandise Stores.

Analysis of Retail Sales for Selected Cities in Hidalgo County 2008 (in million \$)

	EDINBURG	MCALLEN	MISSION	PHARR	WESLACO	Balance of County	HIDALGO COUNTY
POPULATION 2008	71,520	129,776	67,119	65,258	33,354	359,577	726,604
% OF COUNTY POPULATION	9.84%	17.86%	9%	9%	4.59%	49%	100%
MOTOR VEHICLE AND PARTS DEALERS	41.4	684.8	137.6	240.1	185.8	156.1	1445.8
FURNITURE AND HOME FURNISHIMGS STORES	6.8	134.2	11.9	30.5	17	24.4	224.8
ELECTRONIC AND APPLIANCE STORES	5.4	235.7	10.8	14.7	2.9	31.3	300.8
BUILDING MATERIAL AND GARDEN EQUIPMENT AND SUPPLIES DEALERS	50.4	169.3	68.5	112.9	56.4	107.4	564.9
FOOD AND BEVERAGE STORES	150.9	301.9	188.9	71.6	113.3	361	1187.6
HEALTH AND PERSONAL CARE STORES	43.8	160.9	42.1	32.6	39	93.1	411.5
GASOLINE STATIONS	211.6	175.7	70.8	64.4	64.6	271	858.1
CLOTHING AND CLOTHING ACCESSORIES STORES	15.1	460.2	20.4	10.7	12.1	173.3	691.8
SPORTING GOODS, HOBBY, BOOK, AND MUSIC STORES	10.6	167.1	3.4	35.6	3.5	6.7	226.9
GENERAL MERCHANDISE STORES	180	895.5	176.2	17.9	135.1	282.2	1686.9
MISCELLANEOUS STORE RETAILERS	40.5	151.2	12.1	46	9.3	158	417.1
NONSTORE RETAILERS	0.477	11.1	3.6	2.4	0.012	19.3	36.9
TOTAL	757	3547.6	746.3	679.4	639	1683.8	8053.1
PERCENT OF CATEGORY:							
MOTOR VEHICLE AND PARTS DEALERS	2.86%	47.36%	9.52%	16.61%	12.85%	10.80%	100%
FURNITURE AND HOME FURNISHIMGS STORES	3.02%	59.70%	5.29%	13.57%	7.56%	10.85%	100%
ELECTRONIC AND APPLIANCE STORES	1.80%	78.36%	3.59%	4.89%	0.96%	10.41%	100%
BUILDING MATERIAL AND GARDEN EQUIPMENT AND SUPPLIES DEALERS	8.92%	29.97%	12.13%	19.99%	9.98%	19.01%	100%
FOOD AND BEVERAGE STORES	12.70%	25.41%	15.90%	6.03%	9.54%	30.42%	100%
HEALTH AND PERSONAL CARE STORES	10.64%	39.10%	10.23%	7.92%	9.48%	22.62%	100%
GASOLINE STATIONS	24.66%	20.48%	8.25%	7.50%	7.53%	31.58%	100%
CLOTHING AND CLOTHING ACCESSORIES STORES	2.18%	66.52%	2.95%	5.15%	1.75%	21.45%	100%
SPORTING GOODS, HOBBY, BOOK, AND MUSIC STORES	4.67%	73.64%	1.50%	15.69%	1.54%	2.95%	100%
GENERAL MERCHANDISE STORES	10.67%	53.09%	10.45%	1.06%	8.01%	16.73%	100%
MISCELLANEOUS STORE RETAILERS	9.71%	36.25%	2.90%	11.03%	2.23%	37.88%	100%
NONSTORE RETAILERS	1.29%	30.08%	9.76%	6.50%	0.03%	52.34%	100%
TOTAL	9.40%	44.1%	9.3%	8.4%	8.0%	20.9%	100%

The Charts that follow present the dollar amount of retail sales by category that occurred in cities in Hidalgo County (in million \$).

The Chart on the left compares 2002 vs. 2008 data for the County and each of the identified cities in the County. Because of McAllen’s market dominance, it is shown in the orange column separately from the other cities which are shown individually in the stacked column.

The Chart on the right illustrates:

- the percent change between 2002 and 2008 of each cities share of the category,
- their percent of total sales within that category,
- and the relative change in population of that city between 2000 and 2008

By doing this, one can begin to understand the dynamic shifting of retail activity that is occurring within the region. It foreshadows coming shifts as well.

CHART 1 illustrates that Hidalgo County retail sales of the category of Motor Vehicle and Parts Dealers between 2002 and 2008 increased from \$1,180.6 million to \$1,445.8 million. During the same period McAllen’s portion increased from \$557.7 million to \$684.8 million.

CHART 2 While McAllen achieved 47.4% of the County Automotive Sales category with only a 22% change in the population, there was a 22.8% change in the amount of sales in McAllen as compared to 12.9% in Mission.

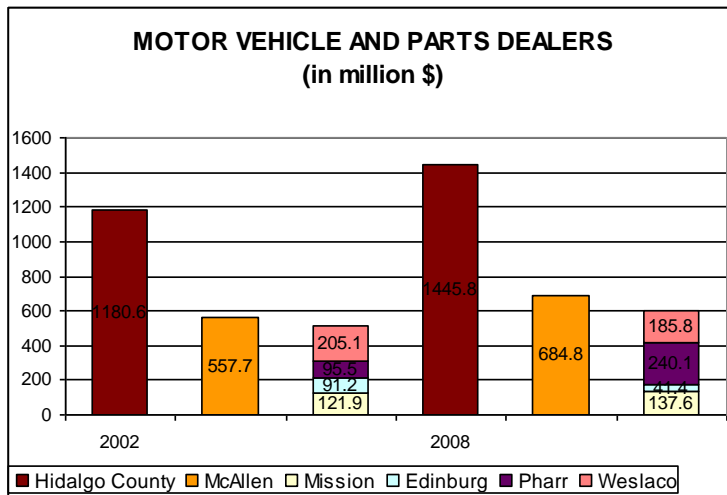


CHART 1

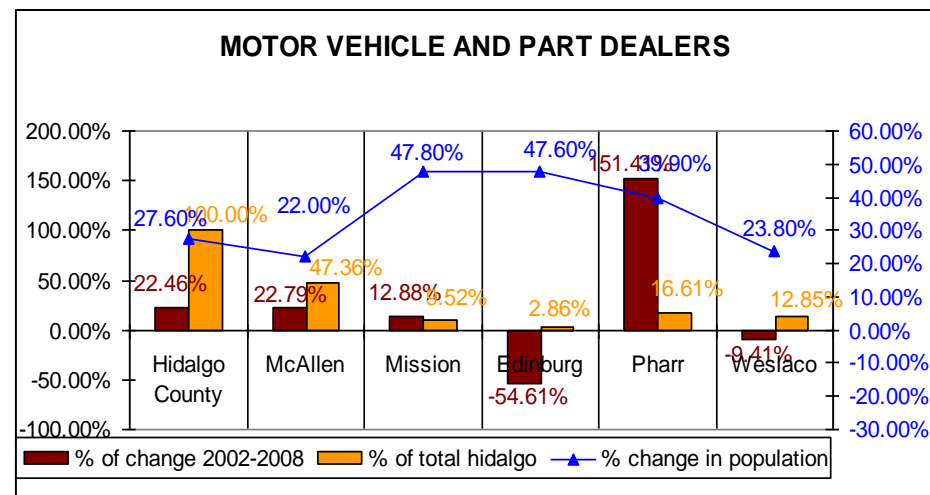


CHART 2

CHART 3 tells a great deal about growth in Hidalgo County. Between 2002 and 2008 Buildings Material, Garden Equipment and Supplies Sales increase from \$359.9 million to \$564.9 million.

CHART 4 shows that Building Material sales increase 56.9% County wide during the reporting period; with a 29.9% increase in sales in the county, McAllen leads the sales as compared to Mission and Edinburg with 12.13% and 8.92% respectively.

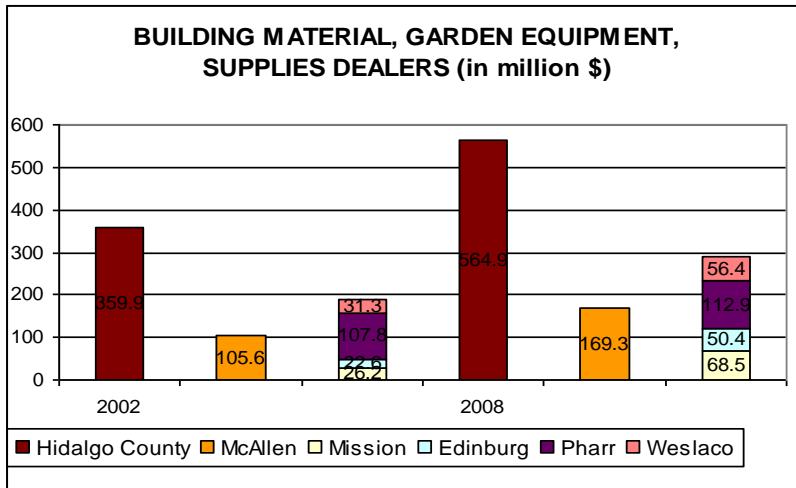


CHART 3

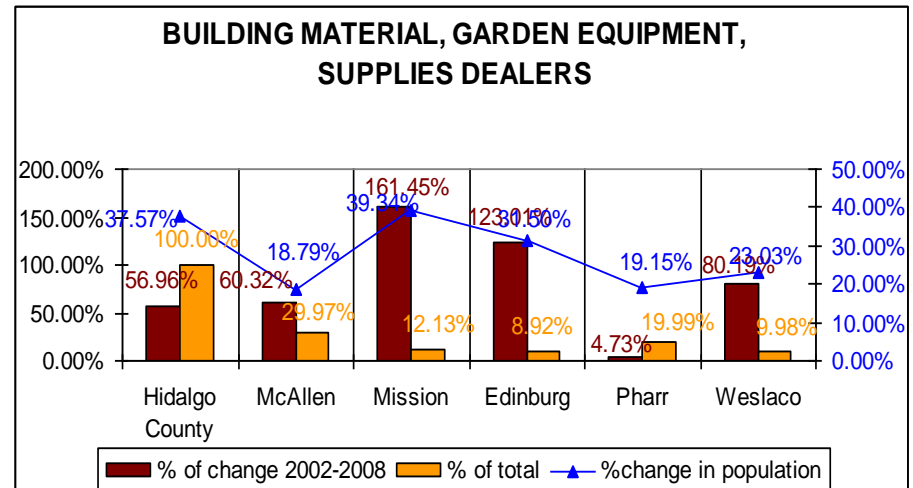


CHART 4

CHART 5 Reports on Clothing and Clothing Accessories category. During the reporting period, sales increased from \$416.5 million to \$691.8 million. But 66.5% of those sales occurred in McAllen, over \$460.2 million. La Plaza Mall, Las Tiendas, the Pavilion and Downtown McAllen lay claim to the primary locations for this category of sales.

CHART 6 Indicates that while several Hidalgo County communities are experiencing a slight incline in this sales category, McAllen sales are still very strong and driving the growth for the general county total. Part of the county's growth is driven by the Chelsea Outlet Mall in Mercedes, and new retail projects in Mission and Edinburg, which should further improve the numbers in the coming years.

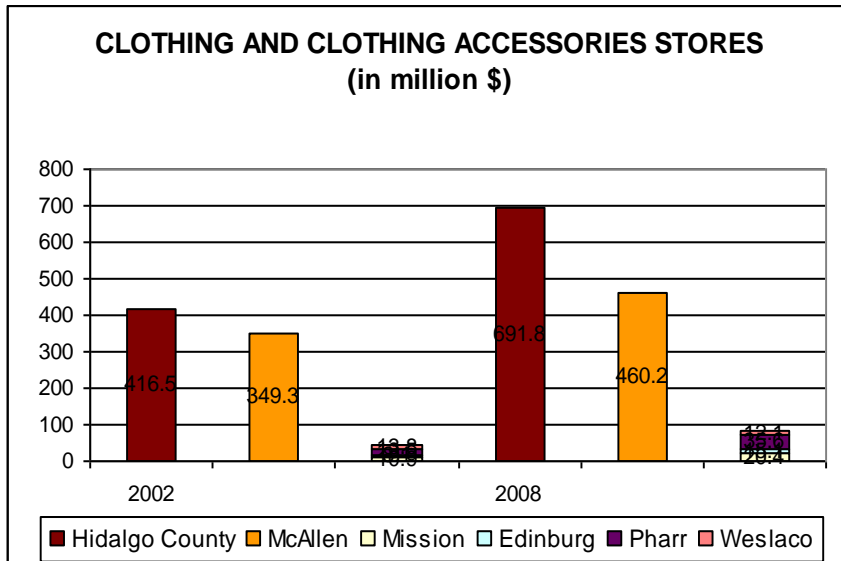


CHART 5

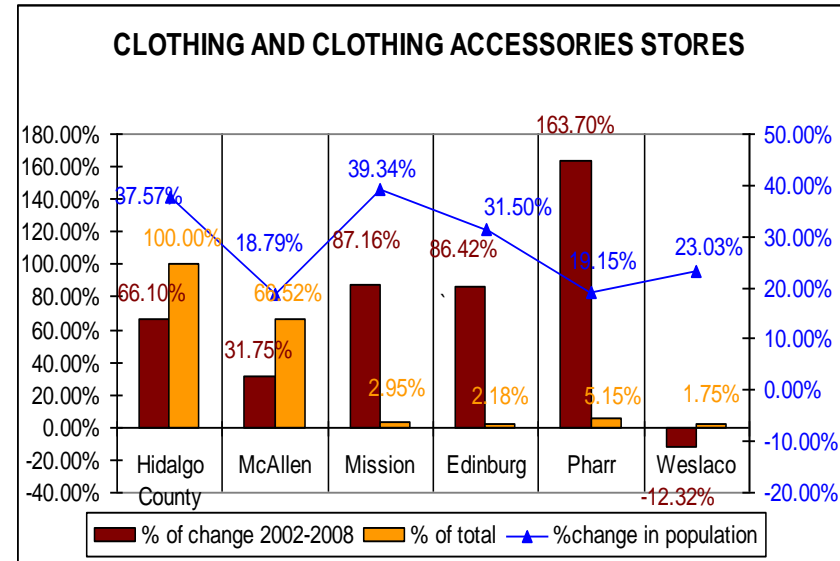


CHART 6

CHART 7 Reports on Food and Beverage category. During the reporting period, sales increased from \$805.4 million to \$1,187.6 million. But unlike the other categories, McAllen’s share is the most increase with its share of population. This is not unusual as most people shop for groceries where they live. As new HEBs are built in adjacent cites, McAllen’s share is likely to diminish.

CHART 8 reveals that the percent of growth in this category again is led by McAllen with a 25.41% in comparison to Mission and Pharr with 15.9% and 6% respectively.

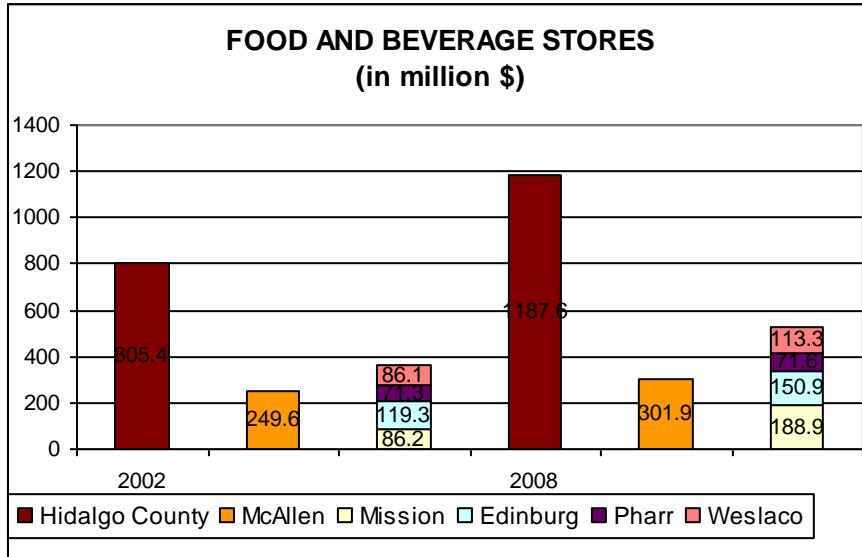


CHART 7

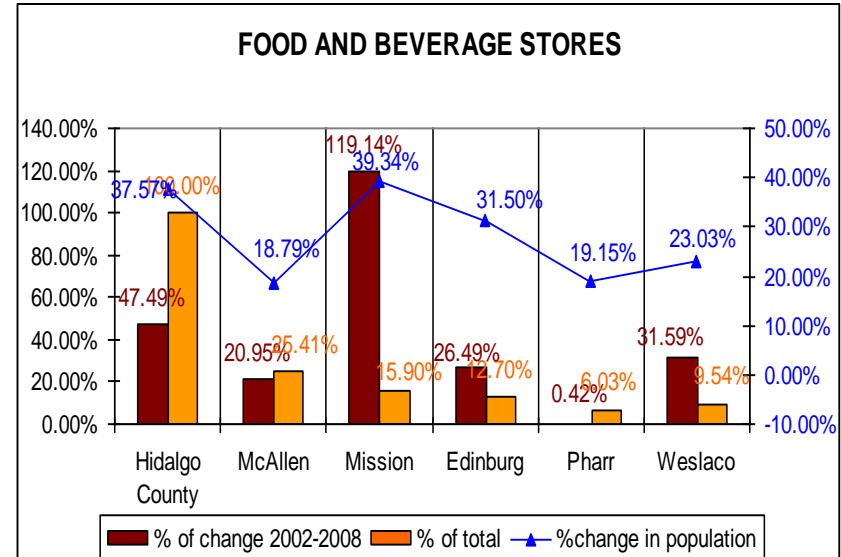


CHART 8

CHART 9 Reports on Home Furniture Sales. During the reporting period, sales increased from \$127.7 million to \$224.8. McAllen's share is 59.7% of this category with more than \$134.2 million in 2008.

CHART 10 reveals that the percent of change in this category was enormous in McAllen with 59.7% in comparison to Mission, Edinburg, Pharr, and Weslaco with 5.29%, 3%, 13.6%, and 7.6% respectively.

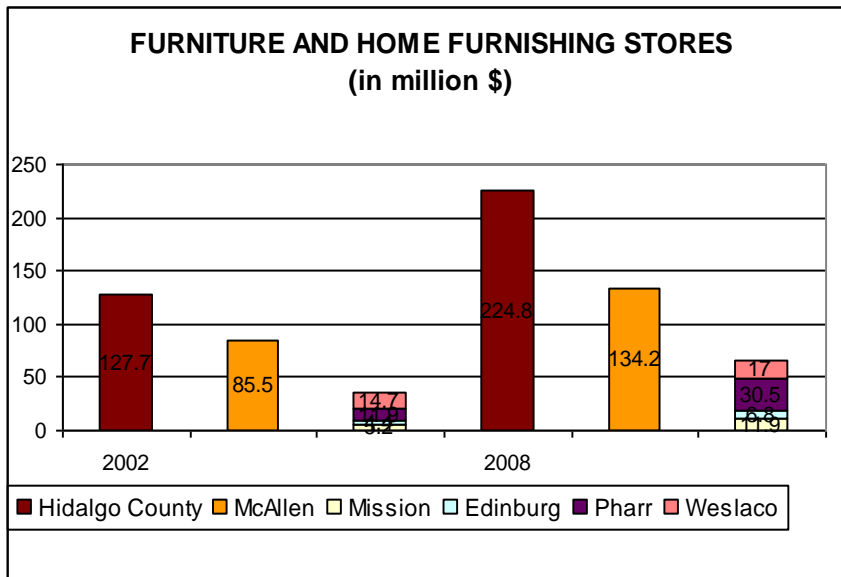


CHART 9

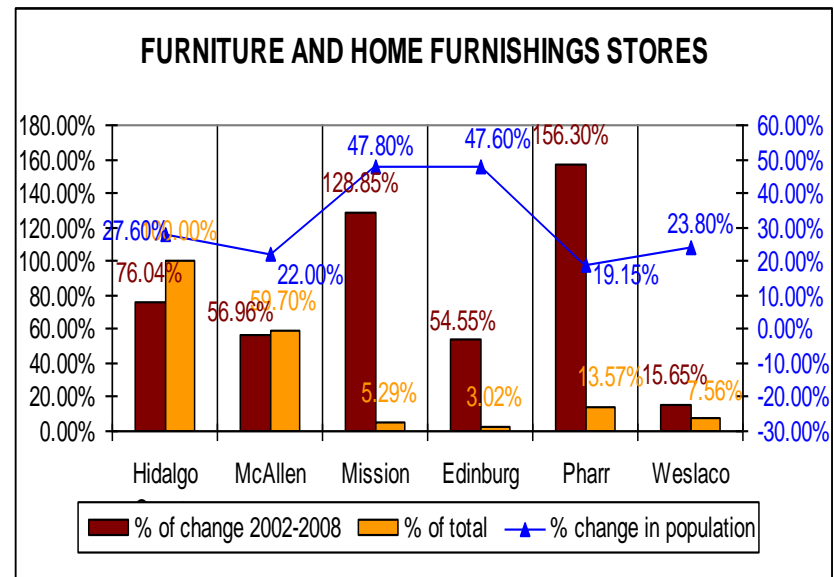


CHART 10

CHART 11 Reports on Electronics and appliances. During the reporting period, sales increased from \$191.6million to \$300.8 in the county. McAllen’s share is 78% of this category with more than \$300.8 million in 2008.

CHART 12 Reveals the McAllen’s outstanding increase in sales in the county with 78%, being the clear dominant in sales in Hidalgo County.

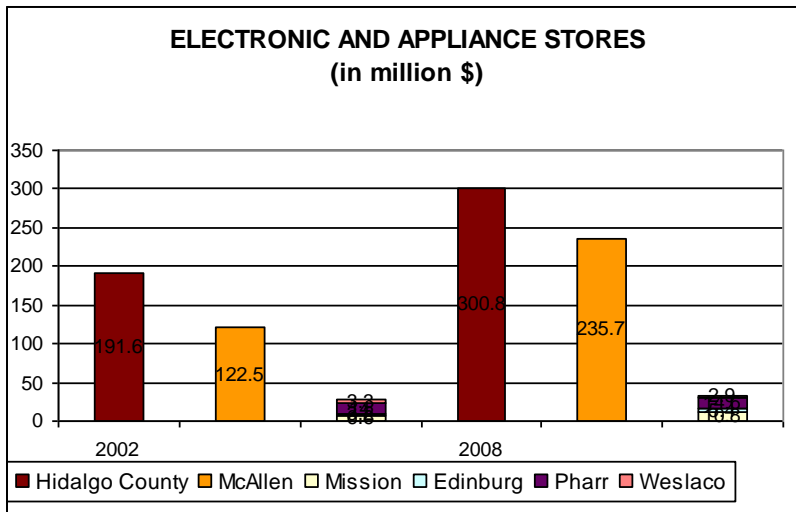


CHART 11

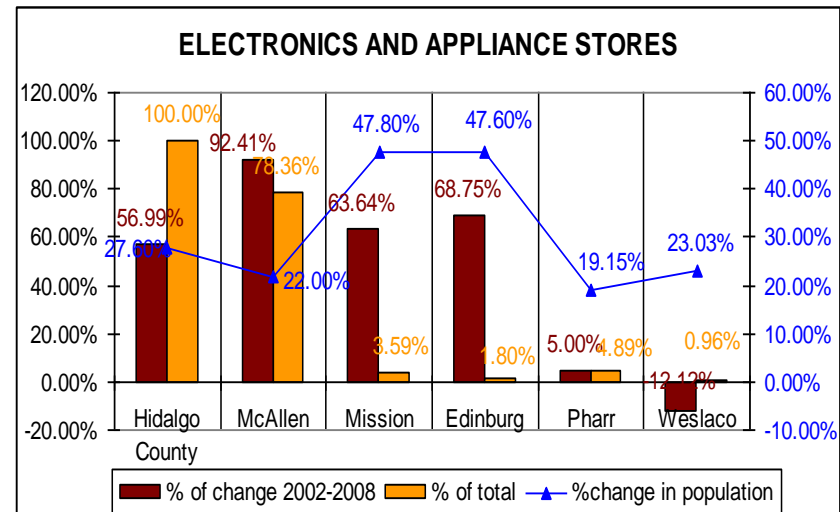


CHART 12

CHART 13 Reports on Health and Personal Care category. During the reporting period, sales increased from \$212.1 million to \$411.5 million in the Hidalgo Area. McAllen’s share is 39% of this category with more than \$160 million in 2008.

CHART 14 reveals the McAllen’s clear advantage in sales with 39% in the county in comparison to Mission, Edinburg, and Pharr with 10.2%, 10.6%, and 7.9% respectively.

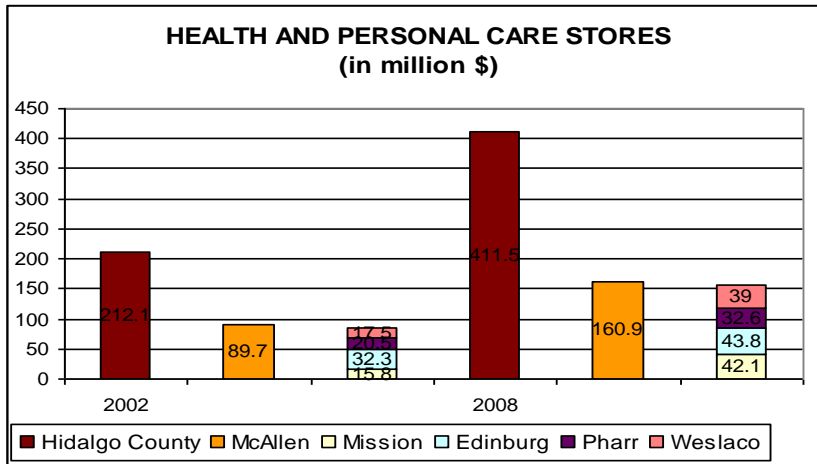


CHART 13

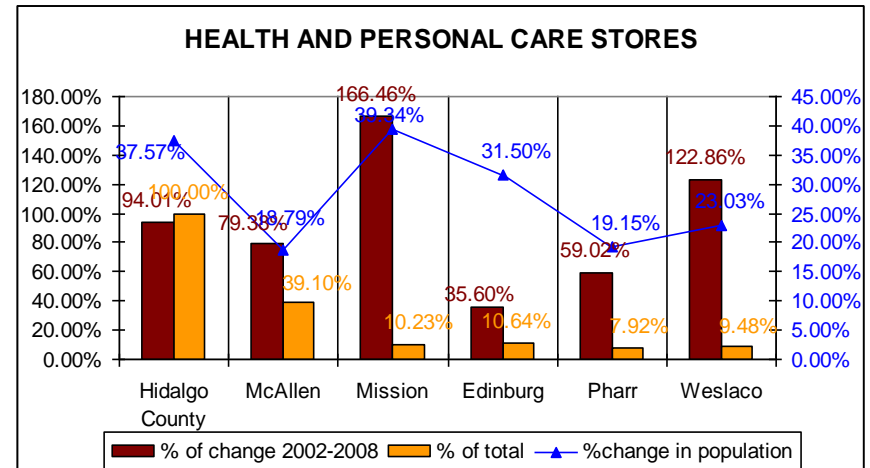


CHART 14

CHART 15 illustrates that Hidalgo County retail sales of the category of Gasoline Stations between 2002 and 2008 increased from \$441.6 million to \$858.1 million. During the same period McAllen’s portion increased from \$95.2 million to \$176 million.

CHART 16 the percentage increase in this category in the Hidalgo cities has not been the best due to the evident increase of the gasoline prices.

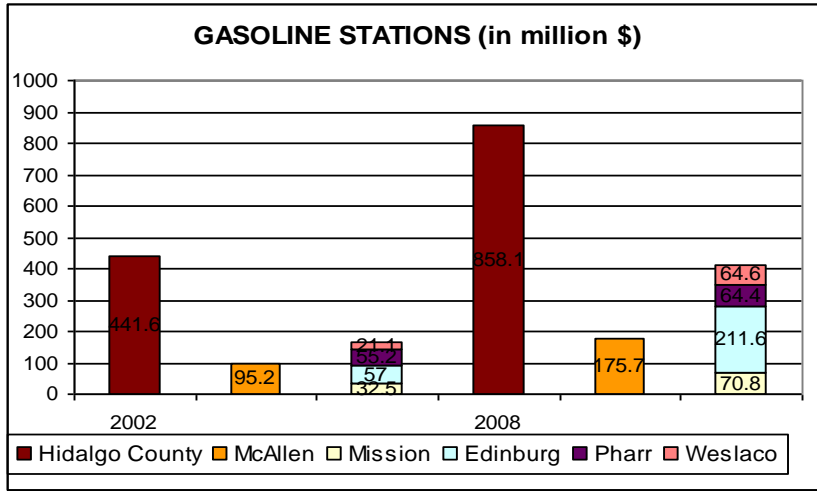


CHART 15

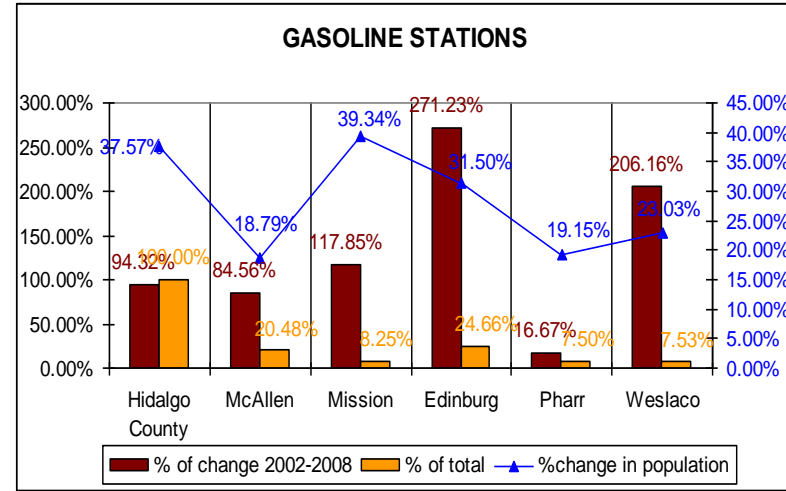


CHART 16

CHART 17 Reports on Sporting Goods, Hobby, Books, and Music category. During the reporting period, sales increased from \$169 million to \$226.9 million in the Hidalgo region. McAllen’s share is 76% of this category with more than \$167 million in 2008.

CHART 18 reveals the McAllen’s clear dominance in sales with a large 76% in the county in comparison to Mission, Edinburg, and Pharr with very low increases 1.5%, 4.6%, and 15.6% respectively.

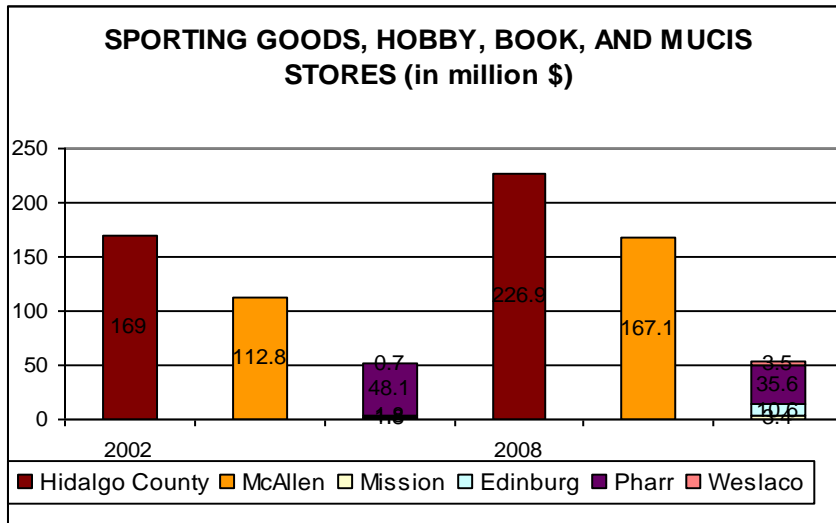


CHART 17

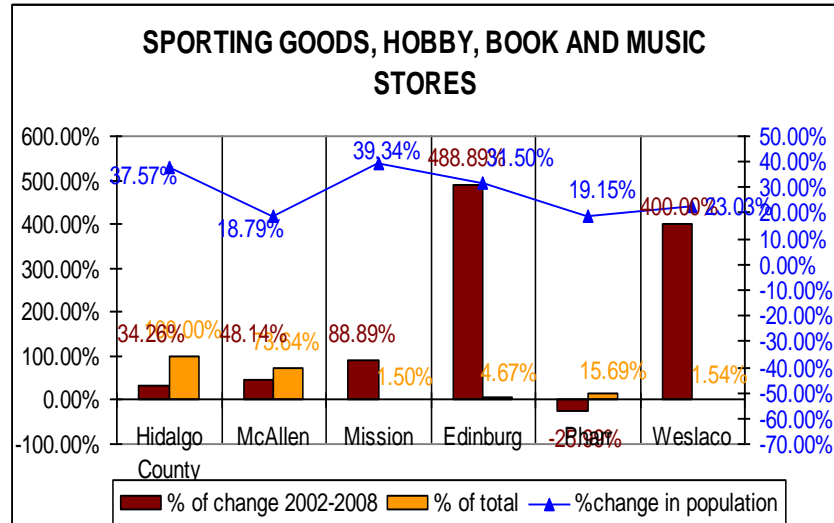


CHART 18

CHART 19 Reports on General Merchandise Sales. During the reporting period, sales increased from \$988.5 million to \$1,686.9 million. However, unlike the others, McAllen’s share is more than 54% of this category among the selected cities. That market dominance will shift during the balance of this decade as major retail centers open in Mission, Edinburg, and Mercedes.

CHART 20 in this category all the Hidalgo communities experienced a similar percentage change between 2002 and 2008 except Weslaco with an amazing increase of more than 14,911%.

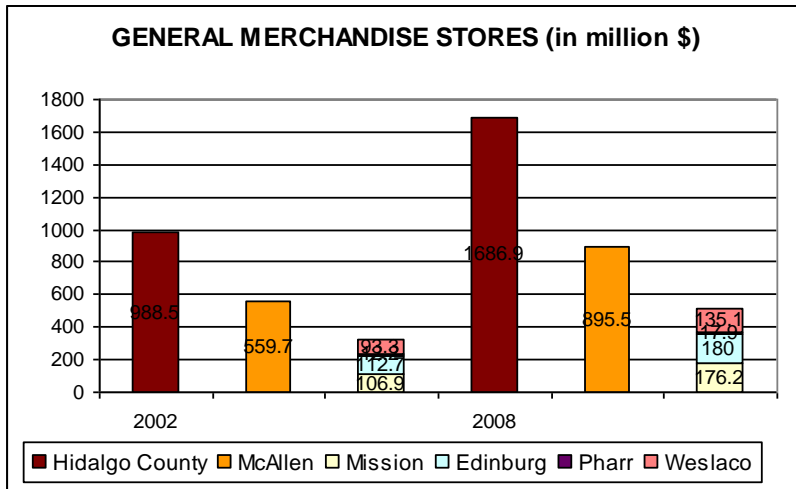


CHART 19

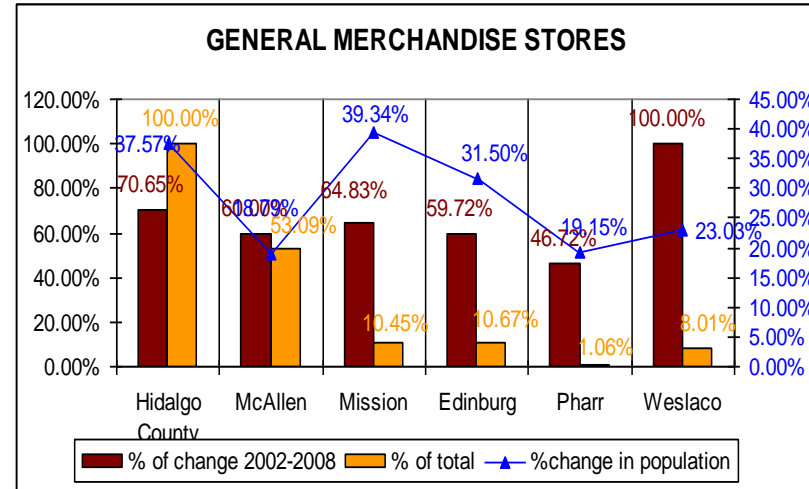


CHART 20

CHART 21 Reports on Miscellaneous Sales. During the reporting period, sales increased from \$291.9 million to \$417.1. This increase is directly related to overall increases in all retail sales during the same period. McAllen’s share is 36% of this category with more than \$151 million in 2008.

CHART 22 reveals that, McAllen experienced the highest increase in store retail sales with 36% in comparison with the very low increase of the other cities.

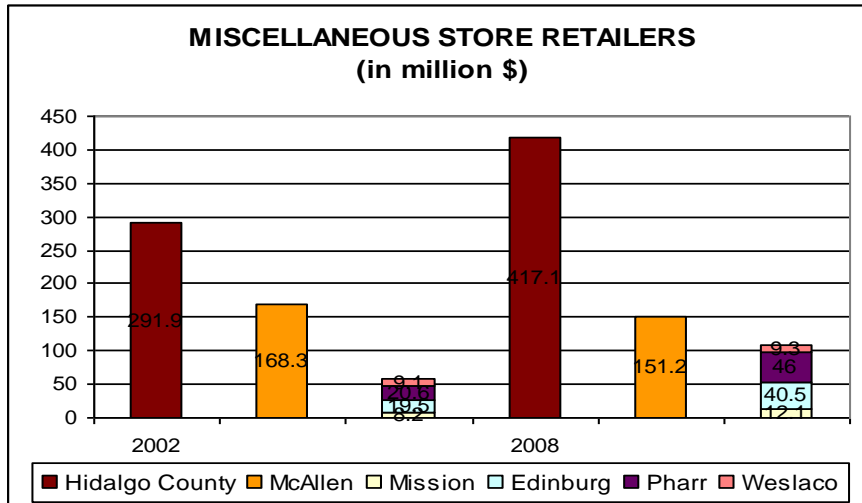


CHART 21

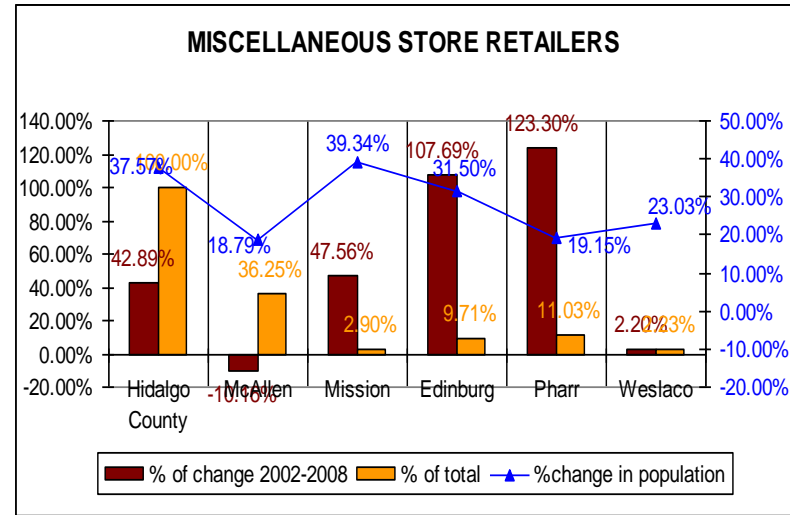


CHART 22

CHART 23 illustrates that Hidalgo County retail sales of the category of Non-Store Retailers between 2002 and 2008 increased from \$10.2 million to \$36.9million. During the same period McAllen’s portion increased from \$4.1million to \$11.1 million.

CHART 24 reveals the McAllen’s clear dominance in the sales of the county with 30% followed by Mission with a 9.7%.

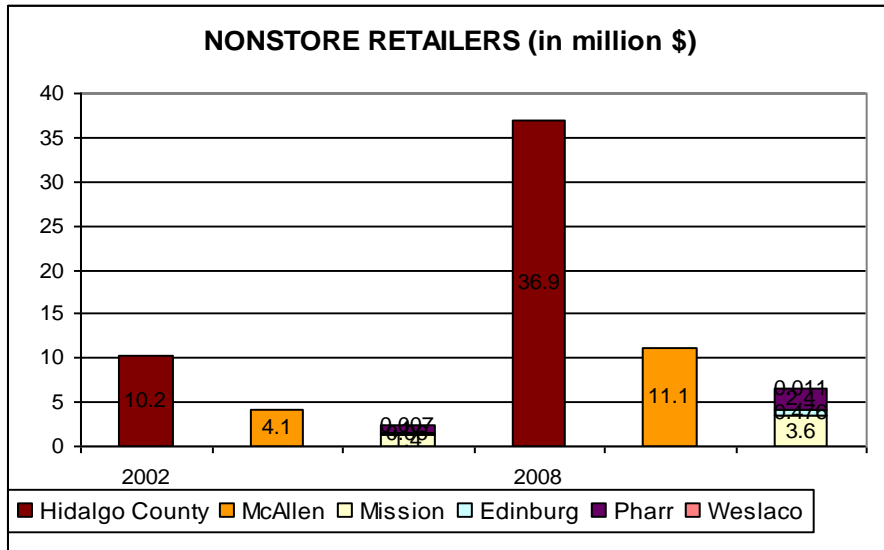


CHART 23

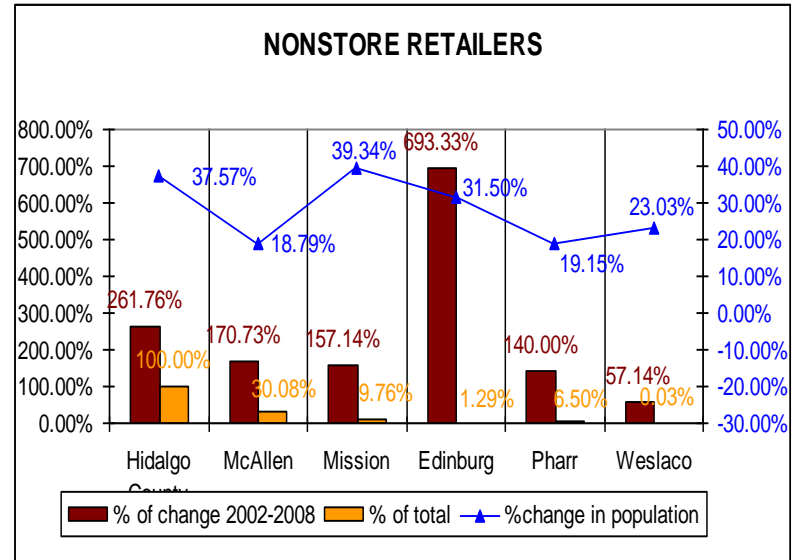


CHART 24

The table below reveals the historical growth in retail sales tax collections in McAllen since 1997, when the voters approved a ½ percent increase in retail sales tax rate taking it to 2%. The red columns represent history and the green are projections based on that history. Only time will tell the economic impact on this projection of projects like Chelsea Outlet Mall in Mercedes, the Sharyland HEB/Target Center and the future US 281/Trenton retail center.

