

# McAllen Area ECONOMIC PULSE

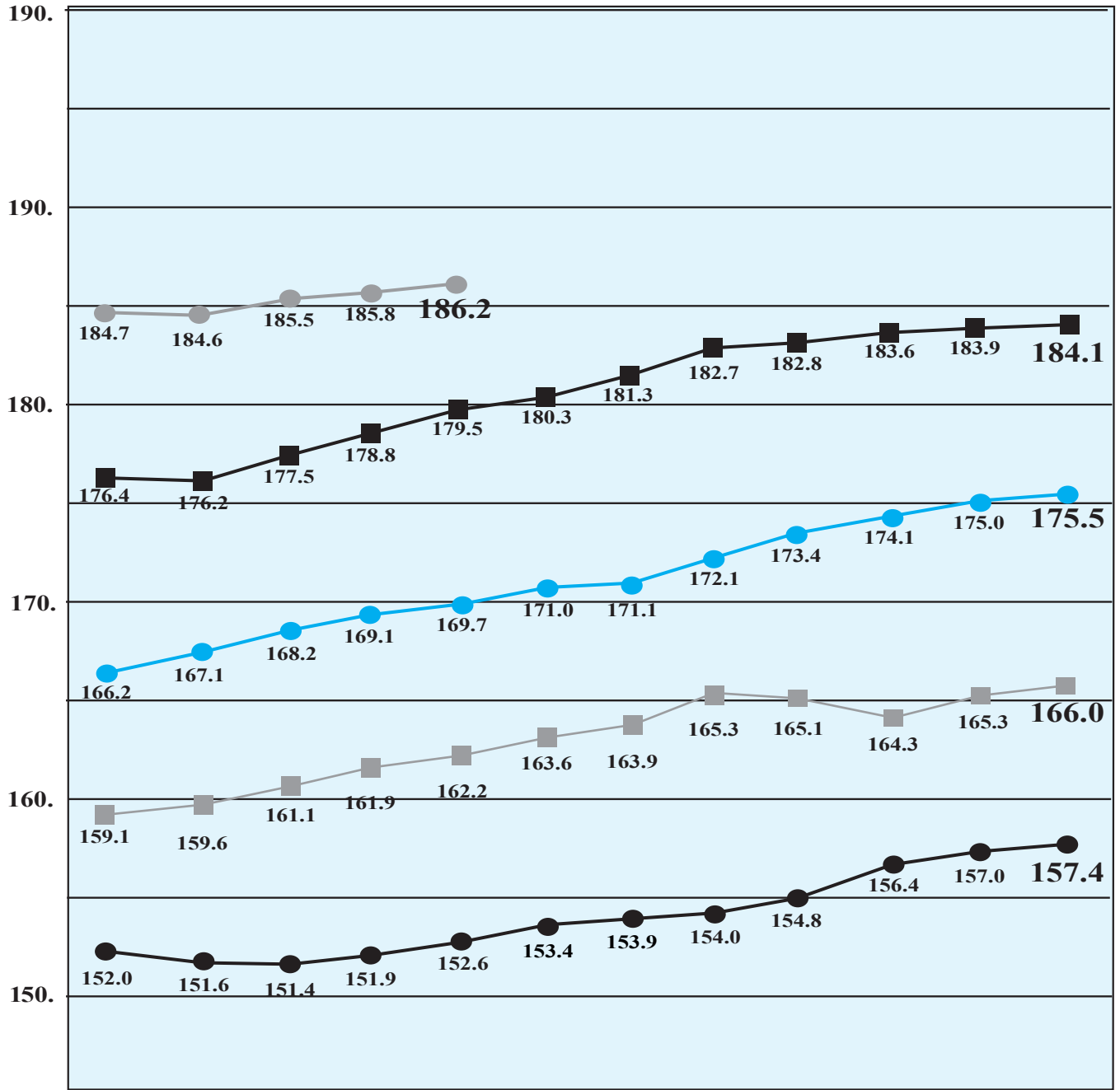
McAllen • Mission • Edinburg • Pharr

## May 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 May 2007	LAST YEAR May 2006	% CHANGE 05/06 - 05/07
Retail Sales (000's - Month in 1995\$)	\$270,034	\$257,028	5.1%
Retail Sales (000's - Year)	\$1,401,442	\$1,341,785	4.4%
Motor Vehicle Tax Receipts (Month)	\$105,230	\$89,041	18.2%
Motor Vehicle Tax Receipts (Year)	\$535,831	\$446,219	20.1%
Lodging Tax Receipts (Year)	\$1,601,895	\$1,429,536	12.1%
Airline Boardings (Month)	34,269	33,098	3.5%
Airline Boardings (Year)	172,781	167,434	3.2%
Value All Construction Permits (Month)	\$59,835,042	\$60,092,423	-0.4%
Value All Construction Permits (Year)	\$341,773,373	\$313,110,587	9.2%
New Home Permits (Month)	234	316	-25.9%
New Home Permits (Year)	1,130	1,480	-23.6%
Home Sales (Month)	226	184	22.8%
Home Sales (Year)	1,032	918	12.4%
Average Home Sale Price (Month)	\$122,735	\$128,718	-4.6%
Average Home Sale Price (Year)	\$126,407	\$122,318	3.3%
Hidalgo Bridge Crossings (Month)	567,811	566,350	0.3%
Hidalgo Bridge Crossings (Year)	2,737,430	2,818,699	-2.9%
Peso Exchange Rate (Month)	11.20	11.65	-3.9%
<b>Employment</b>			
Wage & Salary Employment (Month)	209,100	203,000	3.0%
Wage & Salary Employment (YTD Avg)	208,100	202,500	2.8%
Unemployment Rate (Month)	5.7	7.2	N/A
Unemployment Rate (YTD Average)	6.7	7.6	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>186.2</b>	<b>179.5</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>May 2007</b>	\$27,245	\$361,758	7.5%
<b>Year-to-date</b>	\$142,034	\$1,865,184	7.6%

Growth rates continue to moderate in the McAllen metro area economy, but more importantly, the economy IS growing steadily, if at a somewhat slower pace than has historically been the case. Continued steady growth at a more moderate pace of year-over-year increase is the likely result of the ongoing maturation in the area economy.

The May 2007 McAllen Economic Index increased to 186.2 in May, up from 185.8 in April, and up 3.7% from the May 2006 MEI of 179.5.

Consumers remain the driving force behind current growth with May retail sales (adjusted for inflation) up 5.1% over May of a year ago, and the year-to-date retail figure up a solid 4.4% compared to the first five months of 2006.

Auto sales activity remains one of the boom sectors of the local economy, with inflation-adjusted spending on new and used automobiles up over 18% in May compared to May of last year, and over 20% year-to-date. These increases in 2007 come on top of double-digit growth a year ago -- auto sales spending in May of last year was over 19% higher than the prior year, and YTD through May auto sales last year were some 15% higher than the same period in '05.

Construction across the metro area is booming as well; the valuation of building permits issued in McAllen, Edinburg, Mission and Pharr total a record \$341.8 million through May 2007, up over 9% from the year-ago total. May permit valuations are down less than 1% compared to May of a year ago, but the May '06 total was a big one, up over 43% compared to May of 2005.

The freefall in the homebuilding sector continues, though, with the number of new home permits issued by the four cities down about 26% (year-over-year) in May, and 24% for the year-to-date.

A record number of existing homes have traded hands thus far in 2007, though, with May home sales up nearly 23%, and YTD '07 homes sales outpacing January-May '06 by over 12%; price growth is steady at just over 3%.

Year-over-year job growth achieved 3% in May for the first time this year, with the addition of an estimated 6,100 jobs over the last 12 months; the unemployment rate continues its steady decline, dipping below 6% for the first time in modern history.

# Key Points