December 2017 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.

2017: Jan. 187.3, Feb. 186.7, Mar. 186, Apr. 186.3, May 186.8, Jun. 189.0, Jul. 188.7, Aug. 188.8, Sept. 189.0, Oct. 189.2, Nov. 189.8, Dec. 189.4

2016: Jan. 184.3, Feb. 183.8, Mar. 184.2, Apr. 185.9, May 186.0, Jun. 185.5, Jul. 185.8, Aug. 185.9, Sept. 184.6, Oct. 185.6, Nov. 185.3, Dec. 185.2

2015: Jan. 181.6, Feb. 181.2, Mar. 181.0, Apr. 181.1, May 181.6, Jun. 182.2, Jul. 180.9, Aug. 181.5, Sept. 182.5, Oct. 183.2, Nov. 183.3, Dec. 183.6

2014: Jan. 175.3, Feb. 175, Mar. 175, Apr. 175.8, May 175.9, Jun. 176.5, Jul. 178.3, Aug. 178.4, Sept. 179.0, Oct. 180.0, Nov. 180.2, Dec. 181.3

2013: Jan. 171.2, Feb. 171.2, Mar. 170.5, Apr. 171.2, May 172.2, Jun. 172.8, Jul. 173.4, Aug. 173.6, Sept. 173.8, Oct. 173.2, Nov. 173.8, Dec. 174.2

160.4 *1999

Legend: 2013 — 2014 — 2015 — 2016 — 2017

The McAllen Area Economy

ECONOMIC INDICATORS*	THIS YEAR December 2017	LAST YEAR December 2016	% CHANGE 2016-2017
Retail Sales (December)	$ 424,510,354	$ 430,573,645	-1.4%
Retail Sales (4th Quarter)	$ 1,360,318,035	$ 1,392,739,991	-2.3%
Retail Sales (Annual)	$ 5,611,457,142	$ 5,837,347,926	-3.9%
Dollars Spent on Auto Purchases (December)	$ 107,140,846	$ 112,546,656	-4.8%
Dollars Spent on Auto Purchases (4th Qtr)	$ 353,176,156	$ 370,360,816	-4.6%
Dollars Spent on Auto Purchases (Annual)	$ 1,548,318,687	$ 1,661,696,041	-6.8%
Lodging Tax Receipts (December)	$ 297,856	$ 328,055	-9.2%
Lodging Tax Receipts (4th Qtr)	$ 878,530	$ 945,360	-7.1%
Lodging Tax Receipts (Annual)	$ 3,793,546	$ 4,026,385	-5.8%
Airline Boardings (December)	$ 30,364	$ 31,680	-4.2%
Airline Boardings (4th Qtr)	88,653	90,955	-2.5%
Airline Boardings (Annual)	347,152	365,928	-5.1%
Value All Construction Permits (December)	$ 26,843,440	$ 61,734,204	-56.5%
Value All Construction Permits (4th Qtr)	$ 138,753,793	$ 186,214,124	-25.5%
Value All Construction Permits (Annual)	$ 589,702,647	$ 842,876,593	-30.0%
New Home Permits (December)	85	92	-7.6%
New Home Permits (4th Qtr)	305	300	1.7%
New Home Permits (Annual)	1,378	1,394	-1.1%
Home Sales (December)	261	203	28.6%
Home Sales (4th Qtr)	667	609	9.5%
Home Sales (Annual)	2,863	2,424	18.1%
Average Home Sale Price (December)	154,290	152,741	1.0%
Average Home Sale Price (4th Qtr)	$ 150,954	$ 159,270	-5.2%
Average Home Sale Price (Annual)	$ 153,640	$ 147,360	4.3%
Dollar Volume of Home Sales (December in 1995$)	$ 40,269,688	$ 31,859,967	26.4%
Dollar Volume of Home Sales (4th Qtr)	$ 100,894,959	$ 99,855,629	1.0%
Dollar Volume of Home Sales (Annual)	$ 445,253,869	$ 370,261,878	20.3%
Hidalgo Bridge Crossings (December)	484,446	533,007	-9.1%
Hidalgo Bridge Crossings (4th Qtr)	1,340,900	1,483,143	-9.6%
Hidalgo Bridge Crossings (Annual)	5,367,896	5,670,096	-5.3%
Peso Exchange Rate (December)	$ 19.20	$ 20.52	-6.5%
Employment			
Wage & Salary Employment (December)	262,400	258,100	1.7%
Wage & Salary Employment (4th Qtr Avg)	261,335	256,100	2.0%
Wage & Salary Employment (Annual Avg)	257,885	252,535	2.1%
Unemployment Rate (McAllen City - December)	4.5	5.4	-16.7%
Unemployment Rate (4th Qtr Avg)	4.4	5.3	-17.6%
Unemployment Rate (Annual Average)	5.3	5.4	-2.2%
INDEX - February (Base=100 January1996)	185.2	188.0	-1.5%

* With the exception of the average monthly home sale price, all economic indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars

Key Points

The McAllen Economic Index finished the year 2017 as it spent most of the year, and that is in a state of modest decline. The index fell slightly in December, retreating to 185.2 for the month down from 185.3 in November, and down 1.5% from the December 2016 MEI of 188.0. The index declined in eight of the twelve months in 2017; however, the McAllen Economic Index held its value over the course of the fourth quarter, unchanged in December compared to the September 2017 index.

- The McAllen metro area economy as represented by the index has been in a state of general stagnation over the last 12 months or so, with the index falling from a recent high of 188.5 in November 2016 and losing about 1.8% of its value over that time.

- General spending and auto spending declined in 2017 along with travel & tourism indicators, general construction, and home building. Hidalgo bridge crossings were lower for the year as well. The residential real estate market fared well with higher numbers of sales at higher prices, and the economy added jobs at a modest pace in 2017 according to the current data.

- The McAllen Economic Index measures general spending by converting monthly sales tax receipts in McAllen, Edinburg, Mission, and Pharr to the amount of spending that generated that tax, and then adjusting for inflation over time. By this measure, which broadly captures metro area spending trends, consumer activity in real terms declined by nearly 4% in 2017 compared to 2016, and by about 2.3% in the fourth quarter. General real spending also fell by about 3.1% in 2016.

- Real auto spending was down by 6.8% for the year compared to the 2016 annual total, which in turn was up by 3.7% compared to the prior year. Fourth quarter auto sales activity down by 4.6% year-over- year, and the December monthly total posted a 4.8% decline.

- McAllen real hotel/motel activity was off by close to 6% for the year, and airline passenger boardings at McAllen International Airport declined by about 5% in 2017.

- The December monthly real building permit total was the lowest (for the month of December) in five years, and was down by over 55% year-over- year. The 2017 annual total was down by some 30%; however, construction in 2017 was the highest in a number of years and permit valuations were up by 70% last year. Single-family housing construction declined only slightly in 2017 with the number of permits down by just over 1%, but was in fact relatively strong for the year.

- Existing home sales were at record levels in 2017 with the number of closed sales surpassing all prior years and posting an 18% increase over 2016. The average price of those sales was over 4% higher and surpassed $150,000 for the first time (annual average, unadjusted for inflation). The real total dollar volume of residential real estate sales activity set a record by far in 2017, and outpaced the 2016 annual total by over 20%

- The current estimates reflect the addition of about 4,300 jobs added to the McAllen metro area economy over the year, a growth rate of about 1.7% (December). The Texas Workforce Commission will issue revised employment data for 2017 (and perhaps 2016) in early March, and the McAllen Economic Index will be updated accordingly at that time. For now, however, the trends suggest modest employment growth in 2017 and a generally declining unemployment rate for the city of McAllen.