

# McAllen Area ECONOMIC PULSE

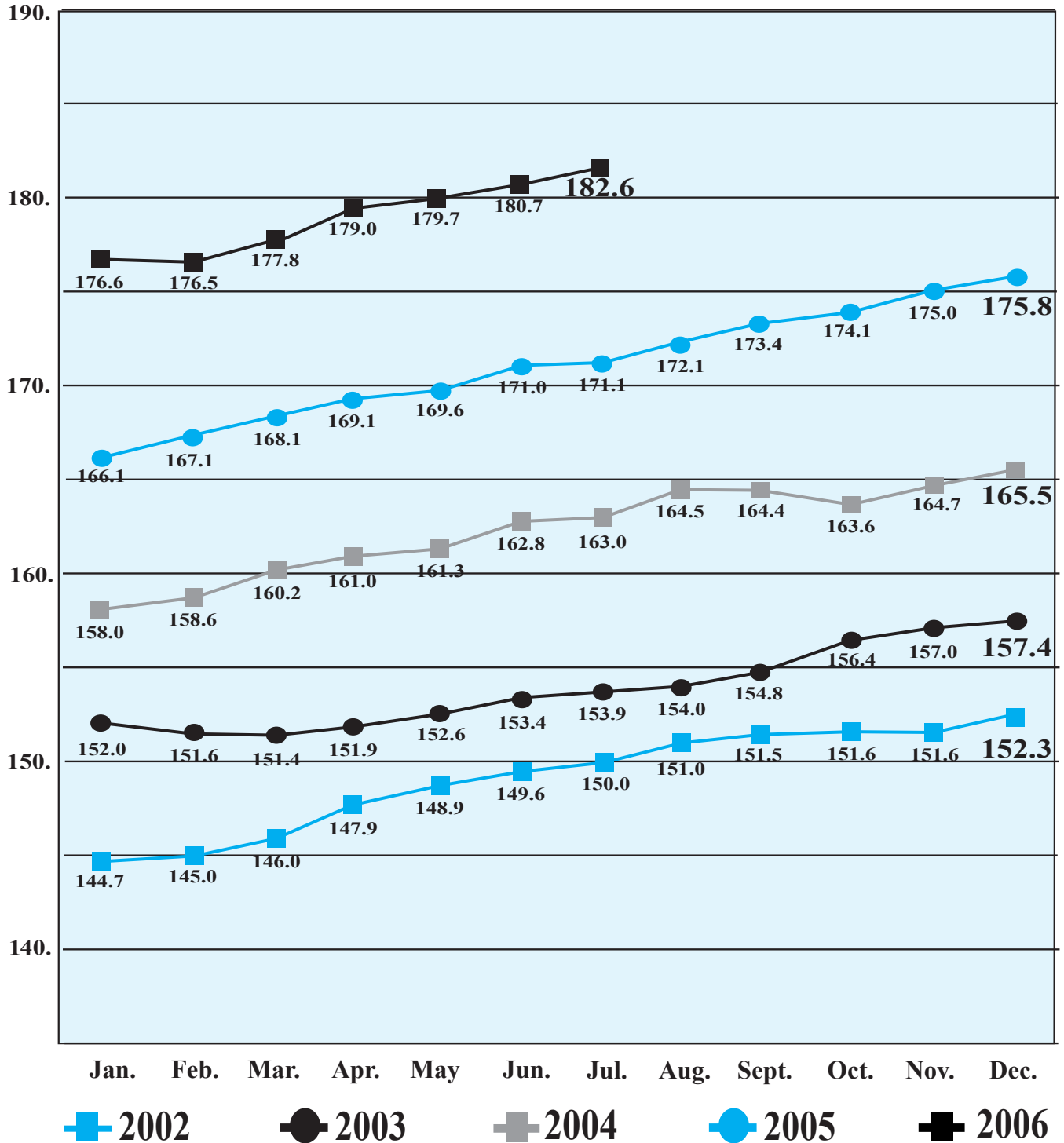
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## July 2006 Economic Pulse

### 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.



# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR July 2006	LAST YEAR July 2005	% CHANGE 07/05 - 07/06
Retail Sales (000's - Month in 1995\$)	\$255,318	\$228,297	11.8%
Retail Sales (000's - Year)	\$1,896,697	\$1,773,459	6.9%
Motor Vehicle Tax Receipts (Month)	\$82,300	\$72,698	13.2%
Motor Vehicle Tax Receipts (Year)	\$627,673	\$544,267	15.3%
Lodging Tax Receipts (Year)	\$1,962,928	\$1,793,555	9.4%
Airline Boardings (Month)	31,827	30,218	5.3%
Airline Boardings (Year)	277,107	246,783	12.3%
Value All Construction Permits (Month)	\$116,735,250	\$41,984,358	178.0%
Value All Construction Permits (Year)	\$497,177,172	\$407,654,202	22.0%
New Home Permits (Month)	337	264	27.7%
New Home Permits (Year)	2,111	2,095	0.8%
Home Sales (Month)	216	195	10.8%
Home Sales (Year)	1,395	1,240	12.5%
Average Home Sale Price (Month)	\$128,060	\$124,736	2.7%
Average Home Sale Price (Year)	\$123,783	\$115,096	7.5%
Hidalgo Bridge Crossings (Month)	572,750	562,883	1.8%
Hidalgo Bridge Crossings (Year)	3,936,364	3,946,482	-0.3%
Peso Exchange Rate (Month)	\$11.10	\$10.80	2.8%
<b>Employment</b>			
Wage & Salary Employment (Month)	200,500	187,400	7.0%
Wage & Salary Employment (YTD Avg)	202,700	192,800	5.1%
Unemployment Rate (Month)	7.8	8.0	N/A
Unemployment Rate (YTD Average)	7.5	8.2	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>182.6</b>	<b>171.1</b>	<b>6.7%</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>July 2006</b>	\$29,695	\$338,984	8.8%
<b>Year-to-date</b>	\$192,032	\$2,490,930	7.7%

The McAllen Economic Index took another big leap in July, increasing to 182.6 from 180.7 in June, and is a hefty 6.7% improved over the July 2005 MEI of 171.1.

Growth in the McAllen Economic Index through July was powered by broad-based improvements in virtually all sectors of the metro area economy -- retail sales, auto sales, travel and tourism, construction and homebuilding, real estate and employment.

The consumer economy in the McAllen metro area continues to expand at a rapid clip with inflation-adjusted retail sales up nearly 12% in July compared to July of last year, and the year-to-date total outpacing year-ago levels by nearly 8%; auto sales are on the increase as well, with inflation-adjusted spending on new and used vehicles up over 13% for the month and over 15% January through July.

Construction is simply booming in the area -- the valuation of projects for which permits were issued in July was the 2nd highest month in the history of the MEI, surpassing \$100 million for only the third time at nearly \$117 million (project valuations totalled \$136.7 million in October 2003, and \$105 million in February 2004).

Homebuilding is on pace to post its 2nd biggest year -- the 2,111 new single-family residence (SFR) permits issued year-to-date through July is second only to the monster year of 2002, in which 2,258 permits were issued in the first seven months of the year.

The existing home market is certainly not suffering at the hands of new home construction; sales of existing homes in August surpassed the August '05 total by nearly 11%, and year-to-date sales are outpacing the January - July 2005 period by over 12%; prices continue to increase, averaging over 7% higher in 2006.

Year-over-year growth in employment was a huge number in July -- an estimated 13,100 jobs were added over the last 12 months, a whopper 7% rate of growth.

# Key Points