

McAllen Area ECONOMIC PULSE

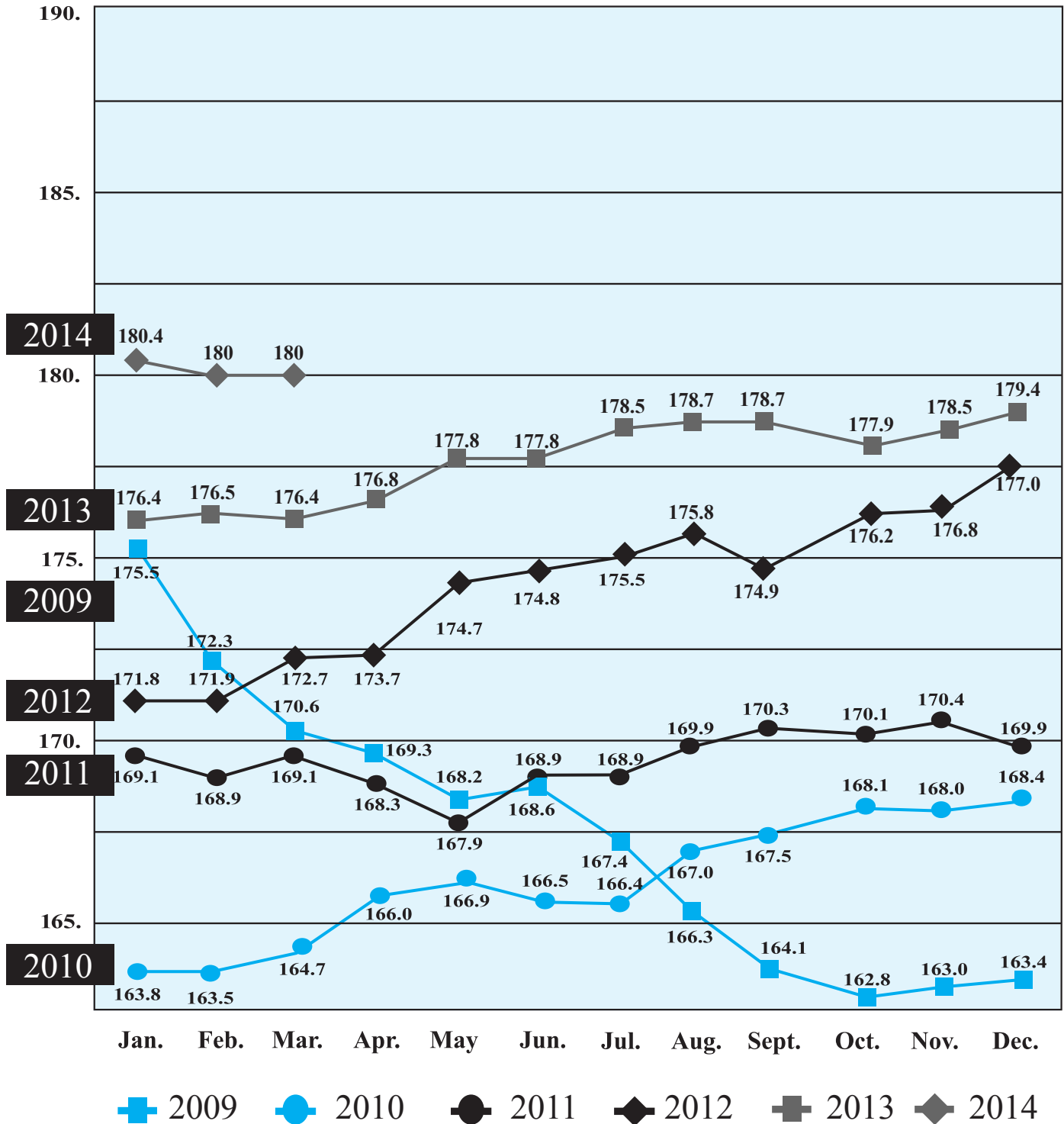
McAllen • Mission • Edinburg • Pharr

March 2014 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

Key Points

ECONOMIC INDICATORS	THIS YEAR March 2014	LAST YEAR March 2013	% CHANGE 2013 - 2014
Retail Sales (\$000's - Per March sales tax rebate) *	\$271,532	\$271,792	-0.1%
Retail Sales (\$000's - 1st Quarter) *	\$1,019,210	\$996,292	2.3%
Dollars Spent on Auto Purchases (\$000's - March) *	\$135,735	\$129,720	4.6%
Dollars Spent on Auto Purchases (\$000's - 1st Qtr) *	\$373,773	\$351,982	6.2%
Lodging Tax Receipts (March)	\$340,741	\$400,367	-14.9%
Lodging Tax Receipts (1st Qtr)	\$1,057,748	\$999,925	5.8%
Airline Boardings (March)	32,667	30,799	6.1%
Airline Boardings (1st Qtr)	85,131	80,117	6.3%
Value All Construction Permits (March)	\$38,494,217	\$46,718,328	-17.6%
Value All Construction Permits (1st Qtr)	\$106,189,936	\$104,980,159	1.2%
New Home Permits (March)	121	96	26.0%
New Home Permits (1st Qtr)	301	243	23.9%
Home Sales (March)	212	183	15.8%
Home Sales (1st Qtr)	525	525	0.0%
Average Home Sale Price (March)	\$133,044	\$123,228	8.0%
Average Home Sale Price (1st Qtr Avg)	\$127,039	\$119,898	6.0%
Dollar Volume Residential Real Estate Sales (March) *	\$18,134,433	\$14,812,832	22.4%
Dollar Volume Residential Real Estate Sales (1st Qtr) *	\$42,963,629	\$41,402,713	3.8%
Hidalgo Bridge Crossings (March)	460,000	452,119	1.7%
Hidalgo Bridge Crossings (1st Qtr)	1,291,520	1,289,750	0.1%
Peso/Dollar Exchange Rate (March)	13.55	12.90	5.0%
Employment			
Wage & Salary Employment (March)	238,300	234,500	1.6%
Wage & Salary Employment (1st Qtr Avg)	237,365	232,700	2.0%
Unemployment Rate (March)	9.4	10.6	-11.3%
Unemployment Rate (1st Qtr Average)	10.1	11.2	-10.1%
INDEX - March (Base=100 Jan 1996)	180.0	176.3	2.1%

* Adjusted for inflation by restating in year 1995 dollars

In January 2004 the Texas Comptroller's Office began tracking "Manifiestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.	Export Sales per Manifiestos	Total Retail Sales (Not adjusted for inflation) (\$000s)	Export Sales of Total Sales
March 2014	\$36,521	\$521,857	7.0%
YTD 2014	\$98,542	\$1,331,598	7.4%

- The McAllen Economic Pulse has been revised and improved to make it a much more timely analysis, and to incorporate the annual employment data revisions released by the Texas Workforce Commission in the first quarter of 2014. These revisions affected McAllen metro area employment estimates for largely 2012 and 2013. The revision to the methodology deals with the treatment of the sales tax, and utilizes the sales tax figures for the month they are reported, rather than the month of spending activity that generated the tax. The end results are a monthly analysis that always utilizes the most recent data available so it is much closer to the leading edge of trend changes, and an improvement from a three-month lag time in the Pulse analysis to a one-month lag time. The revisions are fully retroactive, and the Pulse has been revised dating back to its base month and year of January 1996.

- The McAllen metro area economy remains in a period of slow but steady expansion according to the McAllen Economic Index, but again has yet to return to its prior peak period achieved in January 2008 when the index reached its peak level of 190.6. Through March 2014, the MEI remains down by some 5.6% compared to that pinnacle.

- Under the revised methodology, the McAllen Economic Index finished the year 2013 at 179.4, up 1.2% from the December 2012 MEI of 177.3. In the first quarter of the year, the index improved only slightly, increasing to 180.0, unchanged from the February index, and down from the January index of 180.4. The margin of year-over-year growth widened, however, with the March 2014 McAllen Economic Index up 2.1% compared to the March 2013 MEI of 176.3.

- Real (inflation-adjusted) taxable spending per the March sales tax total was flat compared to March of a year ago; in the first quarter, general real spending by this measure was up by some 2.3% compared to the first quarter of a year ago. Auto sales continue to improve steadily, however, with inflation-adjusted spending on new and used automobiles up by 4.6% in March (compared to March of last year), up by 6.2% for the first quarter of the year.

- Construction activity per first quarter building permit issued in McAllen, Mission, Edinburg, and Pharr, was up just slightly, about 1.2%, compared to the first quarter 2013, which in turn was down by nearly 13% compared to the first quarter of the prior year. After three straight years of decline, housing construction is sharply on the rise with the number of new single-family residence building permits issued up by 26% in March (year-over-year) and up by about 24% for the first quarter compared to the first three months of 2013.

- The residential real estate market in the McAllen metro area is off to a solid start in 2013. The number of homes sold is exactly the same in the first quarter compared to the first quarter of a year ago. However, the first quarter 2013 sales total was up by over 10% compared to the first quarter of the prior year. Prices are on the rise as well, with the first quarter average sale price up by 6% compared to the first quarter of a year ago. And the combined result of sales and prices - total dollar volume of residential real estate sales activity (adjusted for inflation) is up by a solid 3.8% in the first quarter 2014 compared to the first three months of last year.

- The pace of employment growth remains generally weak but positive, with payroll employment growth of about 1.6% in March compared to March of a year ago, and an average year-over-year employment growth rate of 2% in the first quarter. Even though the pace of growth is slow, employment remains at record levels in the McAllen metro area, and continues to add jobs steadily, though slowly. The metro area unemployment rate fell sharply over the last 12 months with the March unemployment rate at 9.4% compared to 10.6% in March of a year ago.

- Revised employment data for McAllen and other Texas metro areas will be released in early March, so we will factor those into the McAllen Economic Index at that time, and issue a general forecast for the balance of 2014 based on those new benchmarks.