



Border Business Briefs

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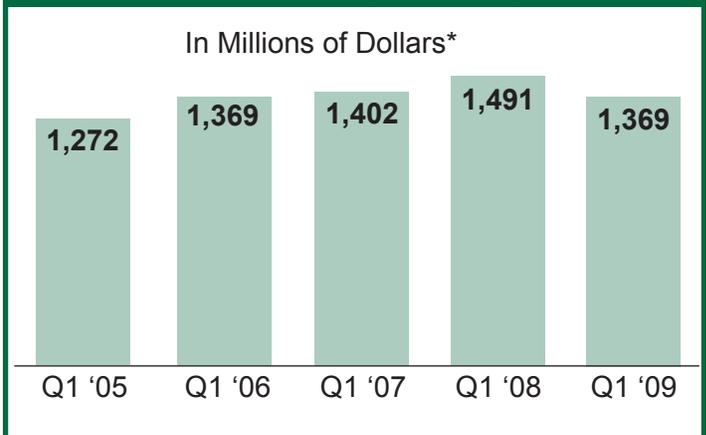
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GROSS SALES

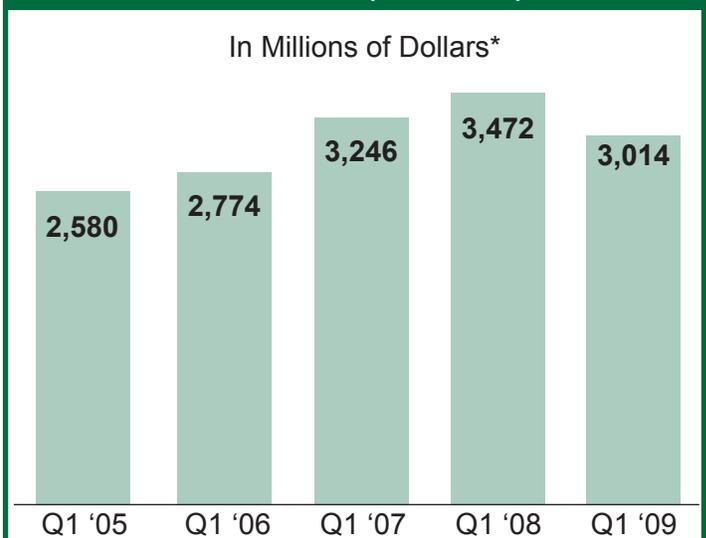
Overall, gross sales have increased between the first quarter of 2005 and the corresponding quarter of 2009. In Cameron County sales rose by 8 percent over that time period, while the corresponding increase amounted to 17 percent in Hidalgo County.

Relative to the first quarter of 2008, Cameron County's gross sales fell by eight percent in the first quarter of 2009. The manufacturing, wholesale trade, and retail trade sec

Cameron County Gross Sales First Quarter (2005-2009)



Hidalgo County Gross Sales First Quarter (2005-2009)



*Not adjusted for inflation
Source: Texas Comptroller of Public Accounts

tors led the decline. Hidalgo County posted a decrease of thirteen percent over the same time period. This decline was mainly fueled by construction, wholesale trade, and retail trade. Trade continues to dominate the economy of both counties, with retail and wholesale trade accounting for almost sixty percent of gross sales.

Gross Sales by County and Industry

In Millions of Dollars

Cameron County			
	Q1 '09	Q1 '08	Change
Construction	84	78	9%
Manufacturing	112	131	-15%
Wholesale Trade	112	139	-19%
Retail Trade	770	842	-8%
Accom./Food Serv.	112	112	1%
Other Services*	133	142	-6%
Other**	44	47	-7%
All Industries***	1,369	1,491	-8%

Hidalgo County			
	Q1 '09	Q1 '08	Change
Construction	189	239	-21%
Manufacturing	289	291	-1%
Wholesale Trade	364	449	-19%
Retail Trade	1,674	1,930	-13%
Accom./Food Serv.	207	200	3%
Other Services*	211	230	-9%
Other**	81	132	-38%
All Industries***	3,014	3,472	-13%

* The "Other Services" category includes the following sectors, each of which accounts for less than two percent of gross sales: Information; Finance and insurance; Real estate; Professional, scientific and technical services; Management of companies and enterprises; Administrative, support, waste, management and remediation services; Educational services; Health care and social assistance; Arts, entertainment and recreation services; among others.

** The "Other" category includes the following sectors, each of which accounts for less than two percent of gross sales: Agriculture; Mining; Utilities; Transportation and warehousing; and Public administration.

*** Totals may not add up due to rounding and disclosure issues.

Source: Texas Comptroller of Public Accounts

Sales Tax Revenues*

In Thousands of Dollars

	Q2 '09	Q2 '08	Change
Brownsville	\$7,736	\$8,418	-8.1%
Harlingen	\$4,904	\$4,723	3.8%
McAllen	\$12,818	\$14,122	-9.2%

*Sales tax revenues reflect the total dollars returned to a local sales taxing city by the Comptroller's office for their local sales tax collection. City tax for the three above cities amount to two percent of sales. Allocation amounts generally represent taxes collected on sales made two months or more prior to the allocation payment.

Source: Texas Comptroller of Public Accounts

Changes in sales tax revenues were mixed across Valley cities in the second quarter of 2009 relative to the same period in 2008. Brownsville and McAllen posted declines of eight and nine percent respectively, while the city of Harlingen posted an increase of almost four percent in sales tax revenues.

EMPLOYMENT

In June 2009, total employment stood at 134,689 for Cameron County and at 265,677 for Hidalgo County. Taken together, this result represents an overall employment growth of 0.8 percent over June 2008. This result went against the trend for the state of Texas which had an employment decrease of 0.5 percent over the same period. However, the two counties had contrasting employment

Employment

	Jun. '09	Jun. '08	Change
Cameron County	134,689	135,999	-1.0%
Hidalgo County	265,677	261,316	1.7%
Texas	11,110,332	11,162,244	-0.5%

Unemployment Rates (%)

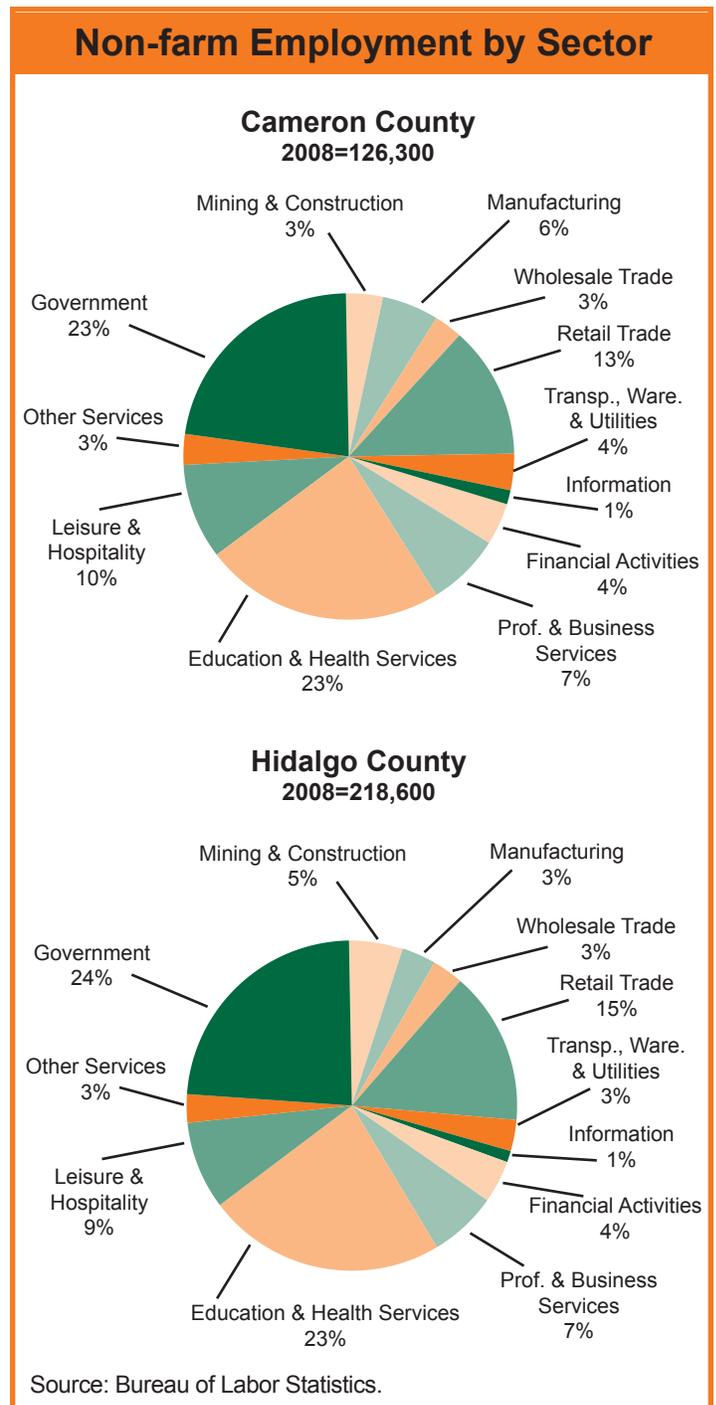
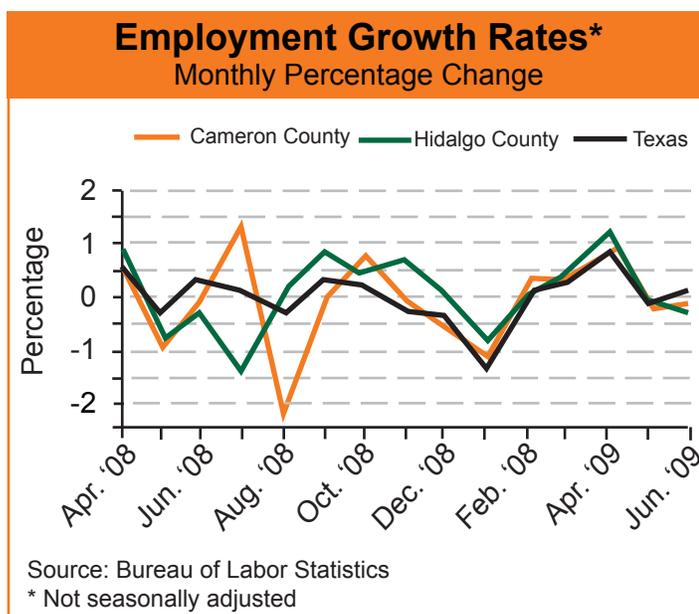
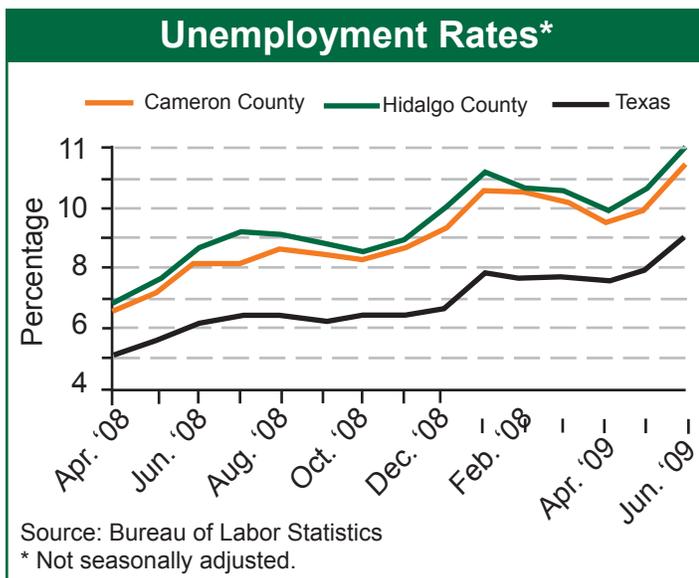
	Jun. '09	Jun. '08	Change
Cameron County	10.4	7.1	46.5%
Hidalgo County	11.0	7.6	44.7%
Texas	8.0	5.1	56.9%
U.S.	9.7	5.7	70.2%

Source: Bureau of Labor Statistics

returns with Cameron County having a 1.0 percent decline and Hidalgo County having a 1.7 percent growth.

Notwithstanding the overall growth in employment, by the end of the second quarter of 2009, the unemployment rate grew to 10.4 and 11.0 percent for Cameron and Hidalgo counties, respectively, compared to rates of 7.1 and 7.6 percent in June 2008. Both counties continue to have higher unemployment levels than the state and the overall U.S. which had unemployment rates of 8.0 and 9.7 percent respectively in June 2009. However, the rate of growth in unemployment for both the state and country outpaced local growth rates. Texas and the overall U.S. unemployment rates grew by 56.9 and 70.2 percent respectively compared to the unemployment growth rates of 46.5 and 44.7 percent for Cameron and Hidalgo counties respectively.

The relatively lower unemployment growth rate is primarily based on the small net increase in jobs over the review period. However, as the retail sector continues to be impacted by lower number of visitors see Northbound Traffic, page 6), there could be a further downward sales spiral in the retail sector which will negatively impact job growth. In addition, lower activity in the housing sector (see Building Permits page 5) is also limiting job growth. Unless there is significant uptick in activities in these two sectors in the near future, the unemployment rate could increase significantly.



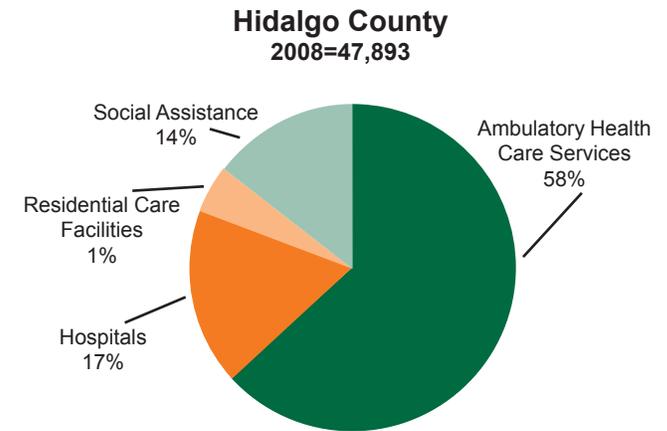
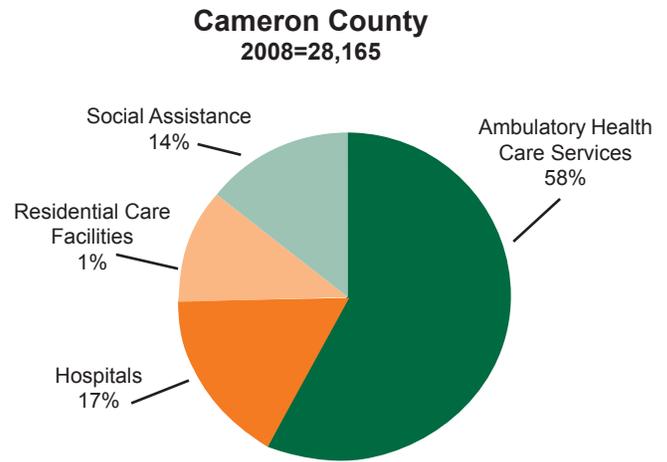
HEALTH CARE INDUSTRY

The health care industry within the Rio Grande Valley has been among the fastest growing sectors of the economy over the past ten years. Gross sales within the health services sector have gone up from 39 million to over 95 million between 2004 and 2008 in Cameron and Hidalgo counties. The growth was particularly impressive in Cameron county where gross sales within the sector rose from 22 million in 2004 to 59 million in 2008, an increase of almost 173 percent. Hidalgo county posted a 107 percent increase moving from \$17 million to \$36 million in the same period.

In 2004, the health care and social assistance sector supported 25,000 and 35,000 jobs in Cameron and Hidalgo counties respectively. By 2008, the equivalent numbers were 28,000 and 48,000 jobs. This job growth corresponds to an increase of 13 percent for Cameron county and 35 percent

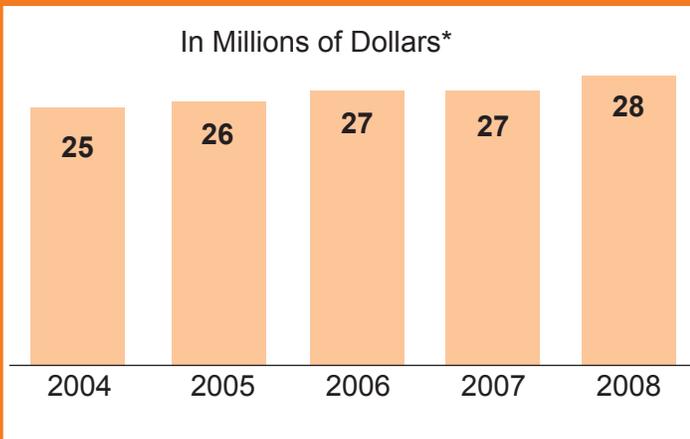
for Hidalgo county over the 2004-2008 period. Of note is that although Hidalgo county has more jobs in the

Health Care and Social Assistance Employment

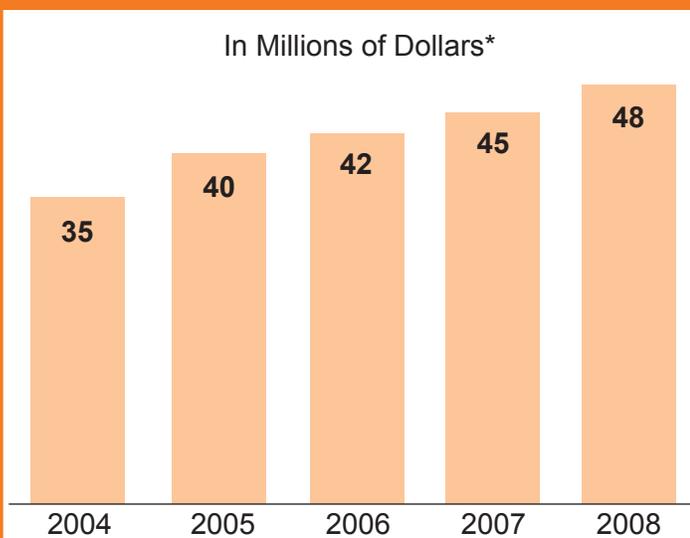


Source: Bureau of Labor Statistics.

Cameron County Employment Health Services Sector (2004-2008)

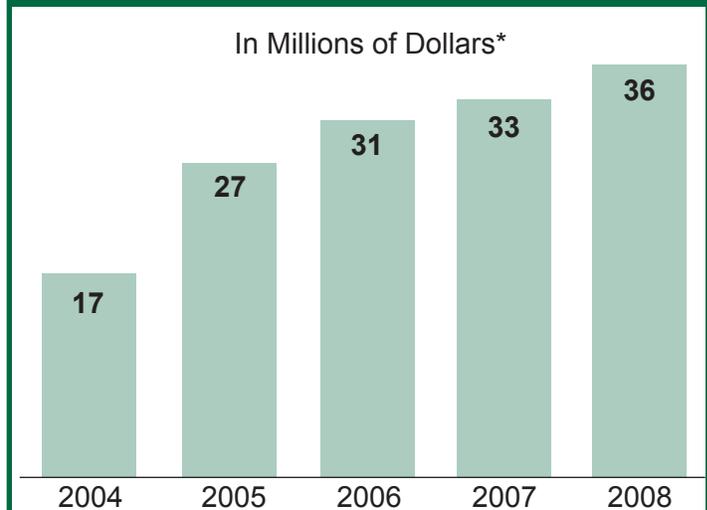


Hidalgo County Employment Health Services Sector (2004-2008)



Source: U. S. Bureau of Labor Statistics

Hidalgo County Gross Sales Health Services Sector (2004-2008)



Source: U. S. Bureau of Labor Statistics

sector, Cameron county has a significantly higher gross sale per job rate which is due primarily to the distribution of jobs within the sector. A detailed breakdown of jobs within the sector indicates that the ambulatory health care services has the largest share, accounting for 58 percent in Cameron county and 63 percent in Hidalgo county.



BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley decreased between the second quarter of 2008 and 2009. In Cameron County and Hidalgo County, the number of permits issued decreased by 19.5 and 20.5 percent, respectively. By the end of the second quarter, the dollar valuation of authorized housing units decreased by 11.0 percent in Cameron County and 15.1 percent in Hidalgo County compared to the same period of 2008. Home sales had a significant decline of 35.1 percent in Harlingen and much smaller declines of 8.5 and 8.6 percent in Brownsville and McAllen respectively.

Housing Affordability (Q2 '09)

MLS Area	HAI*
Brownsville	1.95
Harlingen	1.91
McAllen	1.54
Texas	1.85
USA	1.57

*The Housing Affordability Index is the ratio of median family income to the income required to qualify for an 80 percent, fixed rate mortgage to purchase the median-priced home. The higher the ratio, the more affordable housing is. The MLS Area represents the local Realtors® association's geographical coverage area.
Source: Real Estate Center at Texas A&M University

New Privately Owned Housing Units Authorized by County

County	Number of Units		Change
	Q2 '09	Q2 '08	
Cameron County	240	298	-19.5%
Hidalgo County	823	1,035	-20.5%
	YTD '09*	YTD '08*	
Cameron County	457	623	-26.6%
Hidalgo County	1,640	2,339	-29.9%

County	Valuation (in thousands of dollars)		Change
	Q2 '09	Q2 '08	
Cameron County	\$26,101	\$29,313	-11.0%
Hidalgo County	\$96,515	\$113,660	-15.1%
	YTD '09*	YTD '08*	
Cameron County	\$43,876	\$62,898	-30.2%
Hidalgo County	\$161,600	\$199,346	-18.9%

Source: U.S. Census Bureau, Construction Statistics
* Year-to-date data include any late reports or corrections from prior months. Summing the published monthly data will not generate the same estimate that is published for year-to-date.

Home Sales

MLS Area	Sales		Change
	Q2 '09	Q2 '08	
Brownsville	226	247	-8.5%
Harlingen	231	356	-35.1%
McAllen	522	571	-8.6%

MLS Area	Dollar Volume In Thousands of Dollars		Change
	Q2 '09	Q2 '08	
Brownsville	\$21,925	\$32,790	-33.1%
Harlingen	\$23,070	\$39,900	-42.2%
McAllen	\$63,100	\$72,145	-12.5%

Source: Real Estate Center at Texas A&M University

The next issue of *Border Business Briefs* will feature the Masters in Business Administration program at The University of Texas-Pan American.

TRANSPORTATION

Airports – Passenger Statistics*

	Q2 '09	Q2 '08	Change
Brownsville	37,296	45,973	-18.9%
Harlingen	185,511	230,397	-19.5%
McAllen	189,454	192,721	-1.7%
Laredo	49,132	51,517	-4.6%
El Paso	772,949	881,329	-12.3%

*Passenger statistics includes both enplaned and deplaned values.
Source: Respective Airports

Land Ports of Entry – Border Crossings

Southbound Traffic

	Q2 '09	Q2 '08	Change
Trucks			
Rio Grande Valley*	158,099	195,280	-19.0%
El Paso**	70,302	87,714	-19.9%
Laredo	340,469	418,434	-18.6%
Rail			
Rio Grande Valley*	10,913	14,318	-23.8%
El Paso	-	-	
Laredo	45,972	55,174	-16.7%
Vehicles			
Rio Grande Valley*	2,543,410	2,995,457	-15.1%
El Paso**	907,628	1,085,227	-16.4%
Laredo	1,233,918	1,336,526	-7.7%
Pedestrians			
Rio Grande Valley*	1,075,542	1,033,490	4.1%
El Paso**	1,328,936	1,210,595	9.8%
Laredo	983,082	1,055,387	-6.9%

Northbound Traffic

	Q2 '09	Q2 '08	Change
Trucks			
Rio Grande Valley*	163,425	201,296	-18.8%
El Paso	156,250	204,794	-23.7%
Laredo	333,708	410,048	-18.6%
Rail			
Rio Grande Valley*	1,509	1,816	-16.9%
El Paso	13,492	19,804	-31.9%
Laredo	24,204	45,790	-47.1%
Vehicles			
Rio Grande Valley*	3,009,617	3,570,519	-15.7%
El Paso	2,689,033	3,295,388	-18.4%
Laredo	1,307,336	1,492,817	-12.4%
Pedestrians			
Rio Grande Valley*	1,436,222	1,368,141	5.0%
El Paso	1,994,726	1,803,350	10.6%
Laredo	975,673	745,873	30.8%

*Rio Grande Valley includes land ports of entry in Cameron and Hidalgo counties.

**El Paso has four international bridges. However, southbound data is collected for only two bridges since *Paso del Norte* is strictly northbound and Bridge of the Americas is a toll-free bridge. Thus, no official count for southbound traffic is available for Bridge of the Americas.

Source: U.S. Customs and Border Protection for northbound traffic; bridge operators for southbound traffic

EXPORT/IMPORT ACTIVITY

Export and import trade activity through the ports of Cameron and Hidalgo counties decreased in the second quarter of 2009 compared with the same quarter in 2008. Exports to Mexico through the two counties' ports fell by 22.0 percent which mirrors the change through all Texas

ports. Imports from Mexico decreased by 23.9 percent through the two counties versus a 27.9 percent decrease at the state level. Overall, the ports of Cameron and Hidalgo counties account for around 18 percent of Texas trade activity with Mexico.

Total U.S. Export Trade Activity Through Cameron and Hidalgo County Ports*

	In Millions of Dollars				
	Q2 '09	% of TX Export Trade Activity	Q2 '08	% of TX Export Trade Activity	Change
Brownsville	1,563	8.2%	2,155	8.6%	-27.5%
Hidalgo	2,083	10.9%	2,475	9.9%	-15.8%
Progreso	41	0.2%	100	0.4%	-58.4%
Two County Total	3,688	19.3%	4,729	19.0%	-22.0%
Texas Total	19,131		24,956		-23.3%

Total U.S. Import Trade Activity Through Cameron and Hidalgo County Ports*

	In Millions of Dollars				
	Q2 '09	% of TX Import Trade Activity	Q2 '08	% of TX Import Trade Activity	Change
Brownsville	989	4.1%	1,536	4.6%	-35.6%
Hidalgo	2,936	12.3%	3,636	11.0%	-19.3%
Progreso	24	0.1%	17	0.1%	40.0%
Two County Total	3,949	16.5%	5,189	15.7%	-23.9%
Texas Total	23,868		33,091		-27.9%

*Total export (import) trade activity through the Texas-Mexico border has two components: exports to (imports from) Mexico and exports whose final destination (country of origin) is a country other than Mexico (transshipment). The total export (import) trade activity figure, however, can be used interchangeably with exports to (imports from) Mexico, since the latter figure constitutes more than 95 percent of the total.

**Totals may not add up due to rounding.

Source: Texas Centers for Border Economic and Enterprise Development, Texas A&M International University, The University of Texas-Pan American and The University of Texas-EI Paso

Hotels

	Cameron County			Hidalgo County		
	Q2 '09	Q2 '08	Change	Q2 '09	Q2 '08	Change
Revenues (\$000)	\$29,998	\$35,423	-15.3%	\$21,176	\$23,190	-8.7%
Room nights available (000)	699.2	761.1	-8.1%	636.4	597.0	6.6%
Occupancy Rate (%)	49.0	52.9	-7.4%	46.5	50.4	-7.7%

Source: Texas Tourism

Note: The significant drop in hotel revenues in Cameron County is primarily due to Hurricane Dolly. The higher occupancy rate reflects temporary hotel closures as a result of hurricane damage.



Border Business Briefs

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