



# Border Business Briefs

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The University of Texas-Pan American

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Hidalgo County: 16% ↑

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Hidalgo County: 2.4% ↑

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Hidalgo County: 6.2% ↑

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Matamoros: 4.9% ↓

Reynosa: 5.7% ↑

**MAQUILADORA VALUE ADDED (Q4 05-06)..PG. 8**

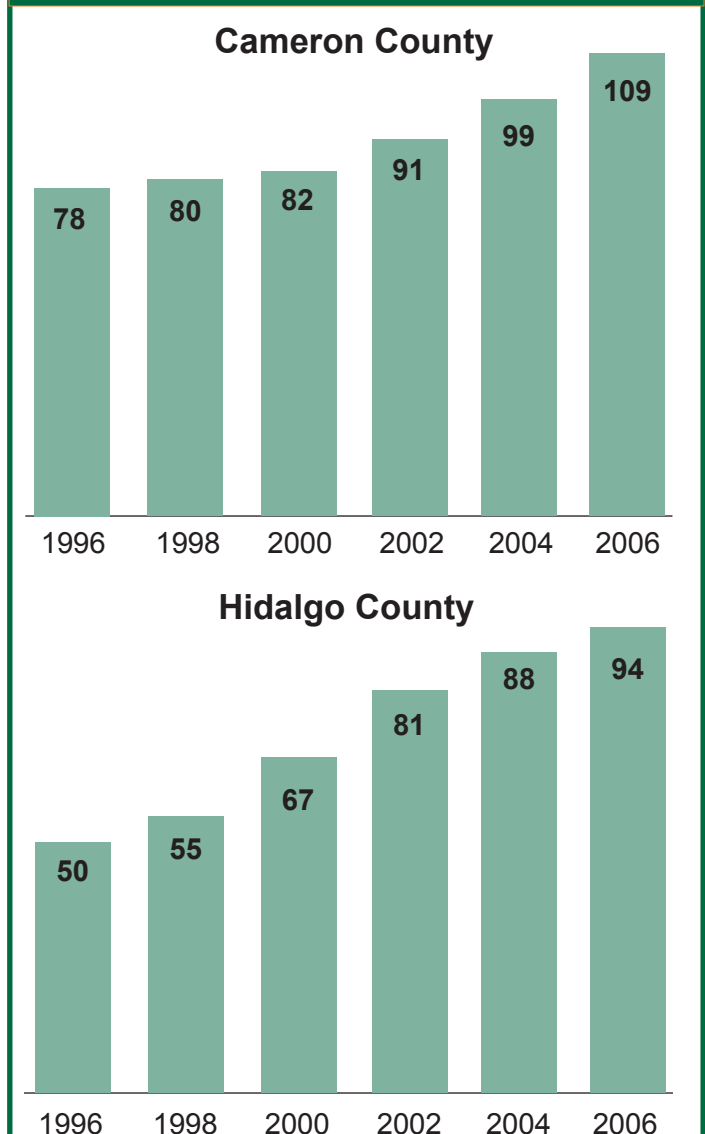
Matamoros: 1.4% ↓

Reynosa: 4.7% ↑

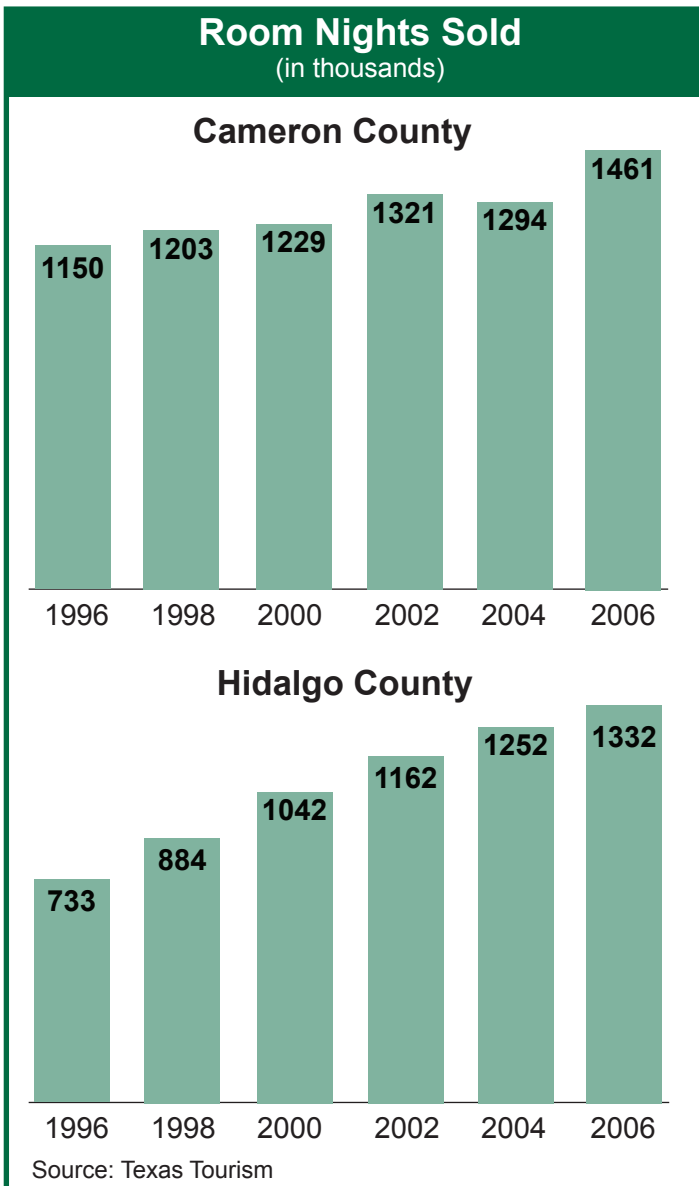
## HOTELS

The lodging industry in the Lower Rio Grande Valley has consistently thrived from the mid 1990s and through 2006. Cameron and Hidalgo counties added 75 hotels since 1996 and consumer demand rose both in nominal terms (revenues) and in real terms (room nights sold). In 2006, occupancy rates averaged 50.1 percent in Cameron County and 57.7 percent in Hidalgo County compared to an average occupancy rate of 61.1 percent at the state level. Annual 2006 room nights sold, the measure of real

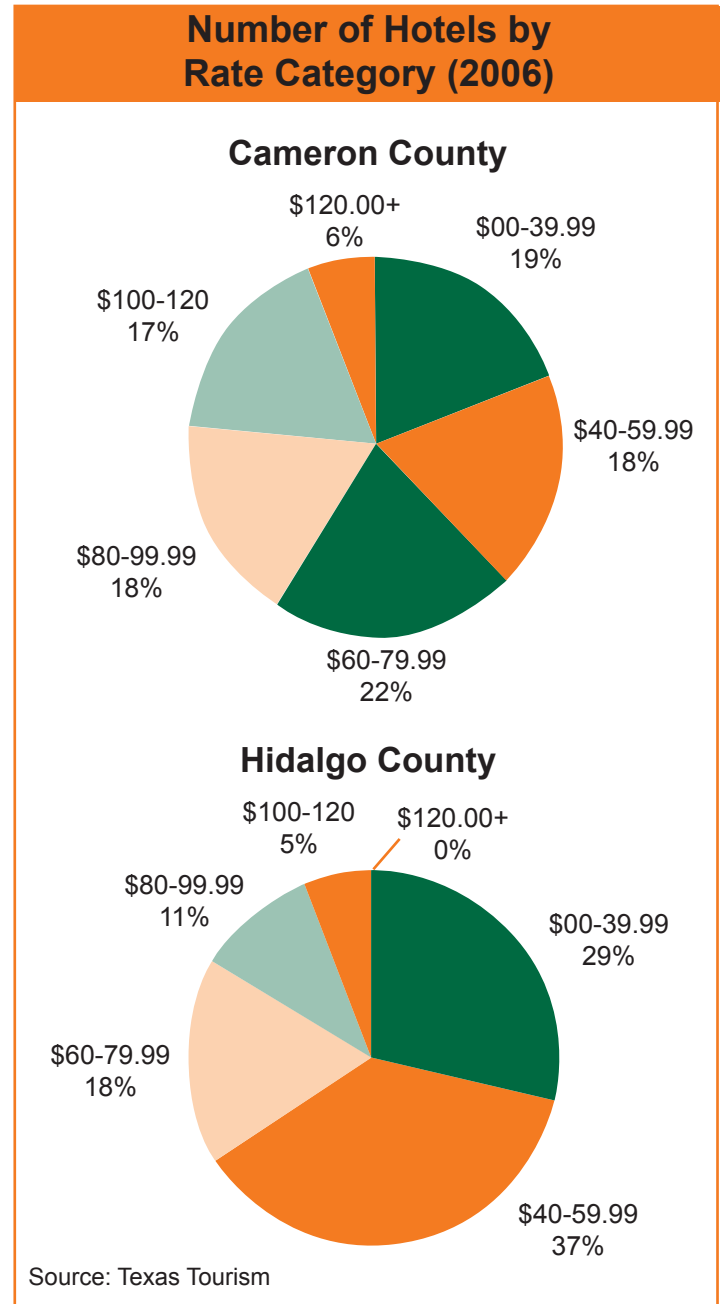
### Number of Hotels



Source: Texas Tourism



consumer demand, increased at higher rates than the state: 7.8 and 5.4 percent for Cameron and Hidalgo counties, respectively, versus a 4.2 percent increase for Texas.



## Border Business Briefs

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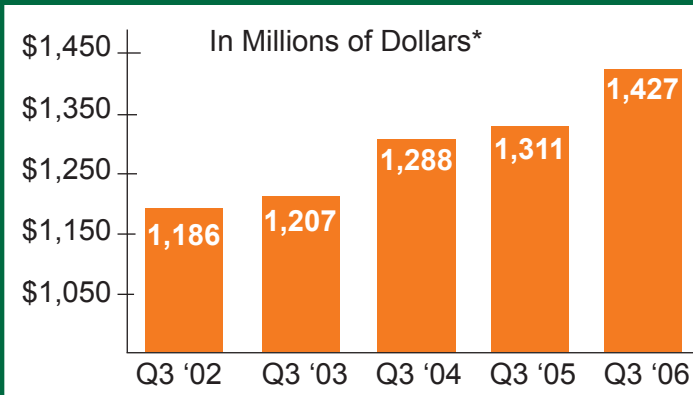
Population			
	2005	2010*	Projected Change
Cameron Co.	380,992	418,583	<b>10%</b>
Hidalgo Co.	688,029	798,801	<b>16%</b>
Texas	23,047,143	25,105,646	<b>9%</b>

\*Population projections are based on the 2000-2004 migration scenario that takes into account post-2000 population trends.  
 Source: Texas Data Center, Office of the State Demographer

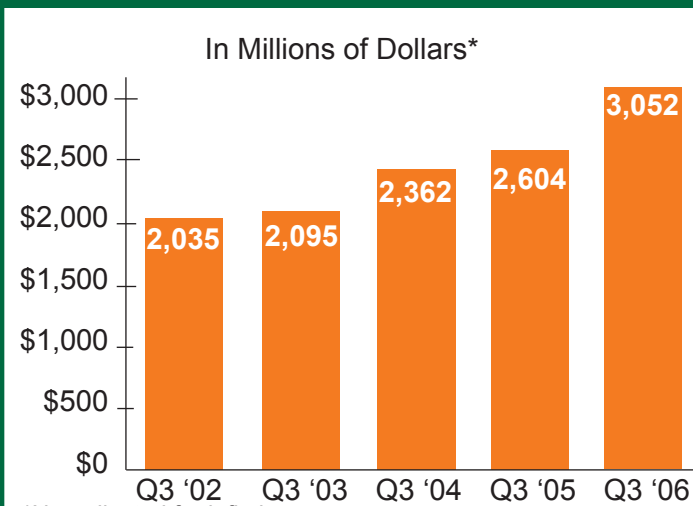
## GROSS SALES

Overall, gross sales have exhibited double-digit growth between the third quarter of 2002 and the corresponding quarter of 2006. In Hidalgo County sales have increased by 50 percent over that time period, while the corresponding increase amounted to 20 percent in Cameron County.

### Cameron County Gross Sales Third Quarter (2002-2006)



### Hidalgo County Gross Sales Third Quarter (2002-2006)



\*Not adjusted for inflation

Source: Texas Comptroller of Public Accounts

Relative to the third quarter of 2005, Cameron County's gross sales rose by nine percent in the third quarter of 2006. Similarly, Hidalgo County posted an increase of 17 percent over the same time period. All major sectors, with the exception of the services industry in Cameron County, posted positive changes. Manufacturing exhibited double-digit growth in Cameron County, while Construction, Manufacturing and Wholesale Trade were the primary industries with the largest rates of growth in Hidalgo County. Trade continued to dominate the economy of both counties, with retail and wholesale trade accounting for more than two thirds of gross sales.

## Gross Sales by County and Industry

In Millions of Dollars

### Cameron County

	Q3 '06	Q3 '05	Change
Construction	63	60	4%
Manufacturing	114	100	14%
Wholesale Trade	162	153	6%
Retail Trade	848	793	7%
Services	103	108	-4%
Other*	137	97	42%
All Industries	1,427	1,311	9%

### Hidalgo County

	Q3 '06	Q3 '05	Change
Construction	152	131	16%
Manufacturing	297	217	37%
Wholesale Trade	453	300	51%
Retail Trade	1,589	1,517	5%
Services	183	181	1%
Other*	377	258	46%
All Industries	3,052	2,604	17%

\*The "Other" category includes the following sectors, each of which accounts for less than five percent of gross sales: agriculture, transportation, finance and mining.

Source: Texas Comptroller of Public Accounts

## EMPLOYMENT

In December 2006, total employment stood at 135,976 for Cameron County and at 254,789 for Hidalgo County. This represented a 2.4 percent increase from December 2005 employment figures. The corresponding employment growth rate for Texas was 3 percent.

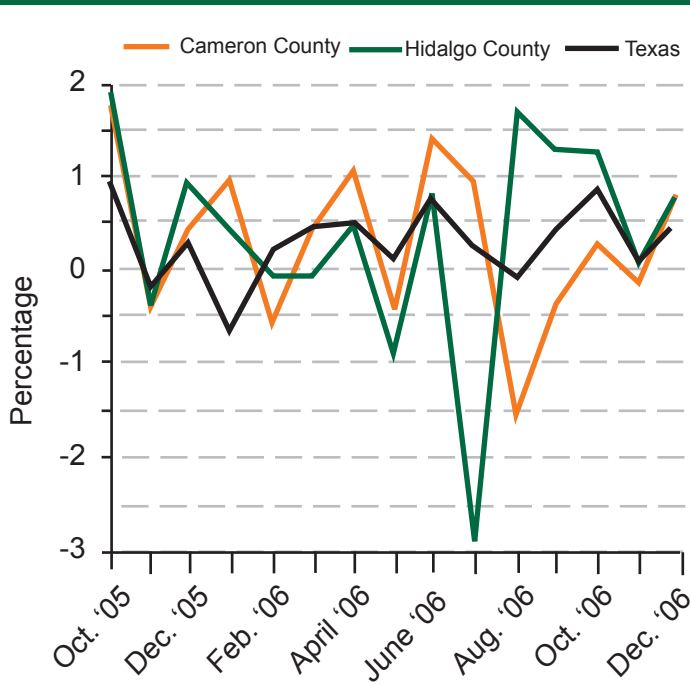
By the end of the fourth quarter of 2006, the unemployment rate was 5.8 and 6.9 percent for Cameron and Hidalgo counties, respectively, compared to rates of 6.7 and 7.4 percent in December 2005. While such rates are higher than those reported for the State of Texas (4.1 percent in December 2006), the gap between the area's unemployment rate and those of Texas has consistently shrunk over time, from a 3.3 to 5 percentage point difference in December of 2002 to a 1.7 to 2.8 percentage point differ-

### Employment

	Dec. '06	Dec. '05	Change
Cameron County	135,976	132,741	2.4%
Hidalgo County	254,789	248,715	2.4%
Texas	11,118,294	10,793,827	3.0%

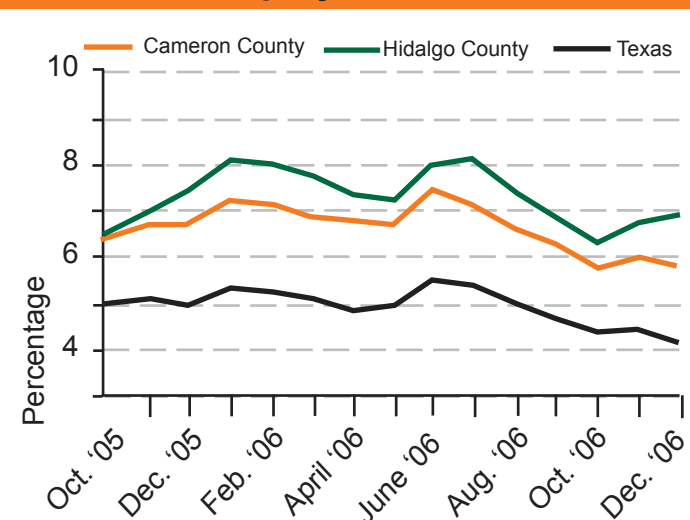
Source: Bureau of Labor Statistics

### Employment Growth Rates Monthly Percentage Change



\* Not seasonally adjusted  
Source: Bureau of Labor Statistics

### Unemployment Rates

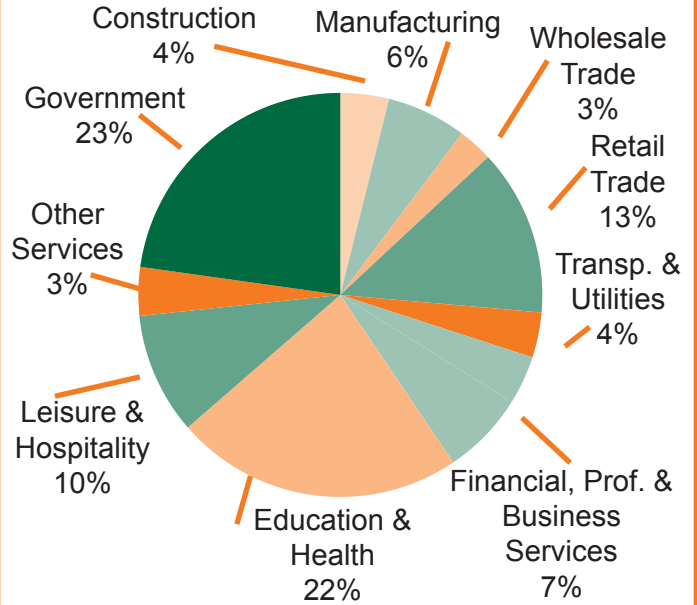


\* Not seasonally adjusted  
Source: Bureau of Labor Statistics

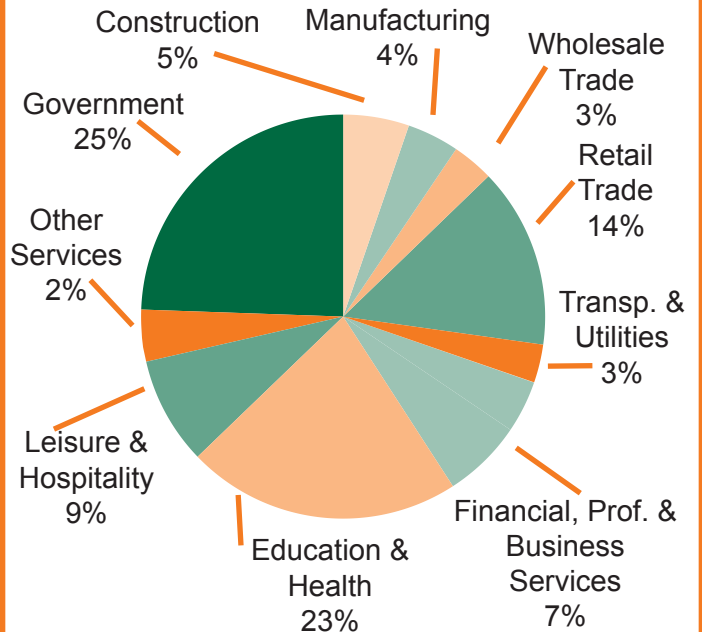
ence in 2006. Monthly employment growth fluctuations for Cameron County, more or less, mirrored those at the state level. However, employment growth and declines for Hidalgo County seem to be countercyclical to those of Texas during the summer months.

### Non-Farm Employment by Sector

**Cameron County  
2006 = 121,300**



**Hidalgo County  
2006 = 202,600**



Source: Bureau of Labor Statistics

## BANKING INDICATORS

Deposits at banks in the Valley area exhibited a general upward trend in the fourth quarter of 2006 relative to the same period in 2005. Deposits increased by 28 percent in Cameron County and by 12 percent in Hidalgo County. The largest increases in dollar and percentage terms were for the city of Brownsville (\$671 million) in Cameron County and the city of Pharr (\$382 million) in Hidalgo County.

In terms of market share, the City of Brownsville accounted for around 62 percent of Cameron County's deposits, with the cities of Harlingen (23 percent) and San Benito (five percent) rounding up the top three. Deposits at the City of McAllen's banks comprised around half of deposits in Hidalgo County. The cities of Pharr (13 percent) and Mission (11 percent) ranked second and third, respectively, in terms of the size of their deposits.

### Bank Deposits Cameron County

In Millions of Dollars

City	Q4 '06	Q4 '05	Change
Brownsville	\$2,364	\$1,694	<b>39.6%</b>
Harlingen	\$859	\$761	<b>12.9%</b>
San Benito	\$186	\$192	<b>-3.1%</b>
County Total*	\$3,804	\$2,968	<b>28.2%</b>

### Bank Deposits Hidalgo County

In Millions of Dollars

City	Q4 '06	Q4 '05	Change
McAllen	\$3,164	\$2,842	<b>11.3%</b>
Mission	\$763	\$713	<b>6.9%</b>
Pharr	\$838	\$457	<b>83.6%</b>
County Total*	\$6,727	\$6,010	<b>11.9%</b>

\* In rare instances, some financial institutions may make public only the last monthly deposit reported to the FDIC. Also, some financial institutions may attribute total monthly deposits for each branch to the main bank.

\*\* County Total includes bank deposits in all cities within a county.

Source: Rio Grande Valley Partnership

## BUILDING PERMITS

Residential construction activity in the Valley decreased between the fourth quarter of 2005 and 2006, both in terms of the number of new housing units authorized as well as in terms of the dollar value of these units. On the other hand, the real estate markets of McAllen and Brownsville are forecasted to grow by 8.9 (2nd nationwide) and 6.2 percent (13th), respectively in 2007 according to Housing Predictor. Other forecasts place McAllen first in the nation in terms of its housing market growth rates between April 2007 and April 2008, with a 9.8 percent growth rate in single-family home prices (Fiserv Lending Solutions).

### New Privately Owned Housing Units Authorized by County

#### Number of Units

County	Q4 '06	Q4 '05	Change
Cameron	502	709	<b>-29.2%</b>
Hidalgo	1,575	1,690	<b>-6.8%</b>
YTD '06		YTD '05	
Cameron	3,067	3,184	<b>-3.7%</b>
Hidalgo	8,048	8,715	<b>-7.7%</b>

#### Valuation (in thousands of dollars)

	Q4 '06	Q4 '05	Change
Cameron	\$41,343	\$54,171	<b>-23.7%</b>
Hidalgo	\$181,067	\$184,147	<b>-1.7%</b>
YTD '06		YTD '05	
Cameron	\$232,076	\$245,239	<b>-5.4%</b>
Hidalgo	\$855,565	\$845,942	<b>1.1%</b>

Source: U.S. Census Bureau, Construction Statistics

### Housing Affordability (Q4 '06)

MLS Area	Median House Price	HAI*
Brownsville	\$88,600	1.48
McAllen	\$114,400	1.07
Texas	\$142,400	1.55
USA	\$219,300	1.11

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

## TRANSPORTATION

### Air Ports of Entry – Passenger Statistics\*

	Q4 '06	Q4 '05	Change
Brownsville	44,393	40,641	<b>9.2%</b>
Harlingen	205,303	203,254	<b>1.0%</b>
McAllen	199,147	185,148	<b>7.6%</b>
Laredo	55,088	44,246	<b>24.5%</b>
El Paso	864,272	854,936	<b>1.1%</b>

\*Passenger statistics includes both enplaned and deplaned values.

Source: Respective Airports

### Land Ports of Entry – Border Crossings

#### Southbound Traffic

	Q4 '06	Q4 '05	Change
<b>Trucks</b>			
Rio Grande Valley*	164,169	173,143	<b>-5.2%</b>
El Paso**	80,598	76,902	<b>4.8%</b>
Laredo	444,645	439,650	<b>1.1%</b>
<b>Rail</b>			
Rio Grande Valley*	13,294	10,292	<b>29.2%</b>
El Paso	-	-	-
Laredo	63,350	61,870	<b>2.4%</b>
<b>Vehicles</b>			
Rio Grande Valley*	3,326,753	3,427,602	<b>-2.9%</b>
El Paso**	1,227,041	1,233,231	<b>-0.5%</b>
Laredo	1,527,464	1,612,870	<b>-5.3%</b>
<b>Pedestrians</b>			
Rio Grande Valley*	1,312,588	1,299,415	<b>1.0%</b>
El Paso**	1,506,419	1,448,136	<b>4.0%</b>
Laredo	1,144,071	1,121,518	<b>2.0%</b>

#### Northbound Traffic

	Q4 '06	Q4 '05	Change
<b>Trucks</b>			
Rio Grande Valley*	172,132	187,396	<b>-8.1%</b>
El Paso	190,993	189,617	<b>0.7%</b>
Laredo	379,834	387,468	<b>-2.0%</b>
<b>Rail</b>			
Rio Grande Valley*	1,623	1,309	<b>24.0%</b>
El Paso	25,789	22,068	<b>16.9%</b>
Laredo	46,267	43,222	<b>7.0%</b>
<b>Vehicles</b>			
Rio Grande Valley*	3,655,962	3,737,366	<b>-2.2%</b>
El Paso	3,828,898	4,064,243	<b>-5.8%</b>
Laredo	1,489,063	1,607,824	<b>-7.4%</b>
<b>Pedestrians</b>			
Rio Grande Valley*	1,595,592	1,586,400	<b>0.6%</b>
El Paso	2,128,732	2,031,619	<b>4.8%</b>
Laredo	1,099,395	1,114,226	<b>-1.3%</b>

\*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 increased considerably in the fourth quarter of 2006 compared with the same quarter in 2005. Exports to Mexico through the two counties' ports rose by 11.5 percent compared to an increase of six

percent through all Texas ports. Imports from Mexico increased by 6.3 percent through the two counties versus a 12.1 percent increase at the state level. Overall, the ports of Cameron and Hidalgo counties account for around 17 percent of Texas trade activity with Mexico.

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

In Millions of Dollars

	Q4 '06	% of TX Export Trade Activity	Q4 '05	% of TX Export Trade Activity	Change
Brownsville	1,983	8.8%	1,687	7.9%	17.5%
Hidalgo	2,024	9.0%	1,904	9.0%	6.3%
Progreso	43	0.2%	40	0.2%	7.7%
Two County Total**	4,050	18.0%	3,631	17.1%	11.5%
Texas Total	22,509	100%	21,236	100%	6.0%

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

In Millions of Dollars

	Q4 '06	% of TX Import Trade Activity	Q4 '05	% of TX Import Trade Activity	Change
Brownsville	1,485	5.0%	1,393	5.2%	6.6%
Hidalgo	3,194	10.7%	3,021	11.4%	5.7%
Progreso	16	0.1%	3	0.0%	404.7%
Two County Total**	4,695	15.8%	4,417	16.6%	6.3%
Texas Total	29,805	100%	26,578	100%	12.1%

\*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-El Paso

## MAQUILADORAS

### Number of Employees

	% of Texas Border Employment	Q4 '06	Q4 '05	Change
Matamoros	12%	54,030	56,842	-4.9%
Reynosa	21%	97,057	91,858	5.7%
Nuevo Laredo	5%	21,032	22,491	-6.5%
Juarez	53%	239,797	228,293	5.0%
Texas Border		451,616	441,033	2.4%
US-Mexico Border		725,491	708,708	2.4%

### Number of Established Plants\*

	% of Texas Border Plants	Q4 '06	Q4 '05	Change
Matamoros	18%	116	120	-3.3%
Reynosa	21%	136	132	2.8%
Nuevo Laredo	6%	40	43	-8.5%
Juarez	43%	280	288	-2.9%
Texas Border		652	663	-1.6%
US-Mexico Border		1,585	1,600	-0.9%

### Value Added (In Millions of Pesos)

	% of Texas Border Value Added	Q4 '06	Q4 '05	Change
Matamoros	10%	2,411	2,444	-1.4%
Reynosa	23%	5,392	5,150	4.7%
Nuevo Laredo	6%	1,317	1,327	-0.8%
Juarez	56%	13,340	11,326	17.8%
Texas Border		23,889	21,536	10.9%
US-Mexico Border		38,100	34,489	10.5%

\*Established plants as reported by Instituto Nacional de Estadística Geografía e Informática (INEGI) correspond to license agreements. In several instances, one license agreement denotes multiple physical plants, a fact that may lead to an underestimation of the actual number of plants.

Source: INEGI. Estadística de la Industria Maquiladora de Exportación

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