



Border Business Briefs

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The University of Texas-Pan American™

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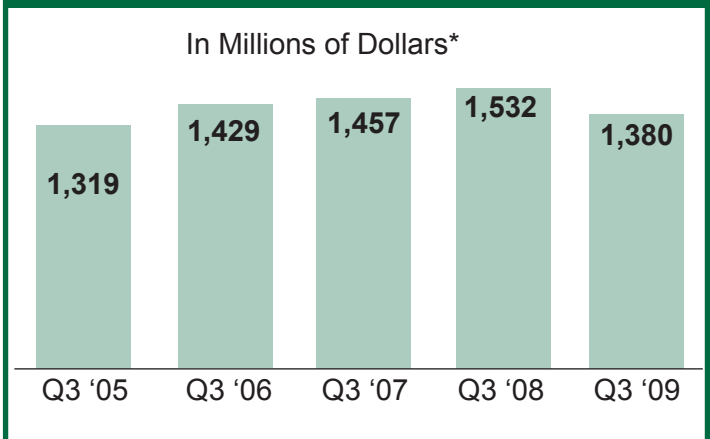
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GROSS SALES

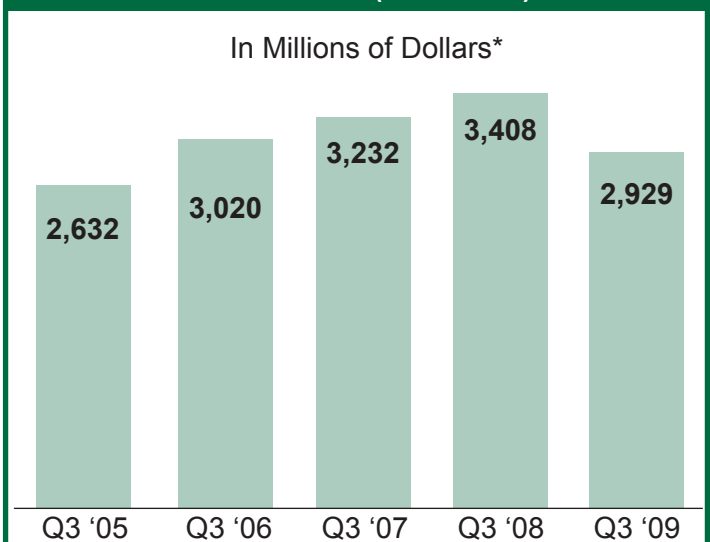
Overall, gross sales have increased between the third quarter of 2005 and the corresponding quarter of 2009. In Cameron County sales rose by 5 percent over that time period, while the corresponding increase amounted to 11 percent in Hidalgo County.

Relative to the third quarter of 2008, Cameron County's gross sales fell by nine percent in the third quarter of 2009. Hidalgo County posted a decrease of fourteen percent

Cameron County Gross Sales Third Quarter (2005-2009)



Hidalgo County Gross Sales Third Quarter (2005-2009)



*Not adjusted for inflation

Source: Texas Comptroller of Public Accounts

over the same time period. Most sectors were affected by the declining economic activity. This decline was fueled by construction, wholesale and retail trade.

Trade continues to dominate the economy of both counties, with retail and wholesale trade accounting for almost fifty-nine percent of gross sales.

Gross Sales by County and Industry			
In Millions of Dollars			
Cameron County			
	Q3 '09	Q3 '08	Change
Construction	64	84	-24%
Manufacturing	121	134	-10%
Wholesale Trade	119	144	-17%
Retail Trade	772	834	-7%
Accom./Food Serv.	106	106	1%
Other Services*	152	160	-5%
Other**	46	61	-24%
All Industries***	1,380	1,522	-9%
Hidalgo County			
	Q3 '09	Q3 '08	Change
Construction	120	261	-54%
Manufacturing	260	269	-3%
Wholesale Trade	334	400	-17%
Retail Trade	1,670	1,865	-10%
Accom./Food Serv.	181	187	-3%
Other Services*	261	277	-6%
Other**	102	150	-32%
All Industries***	2,929	3,408	-14%

* 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			
	Q4 '09	Q4 '08	Change
Brownsville	\$7,094	\$8,168	-13.1%
Harlingen	\$4,341	\$5,099	-14.9%
McAllen	\$12,243	\$13,732	-10.8%

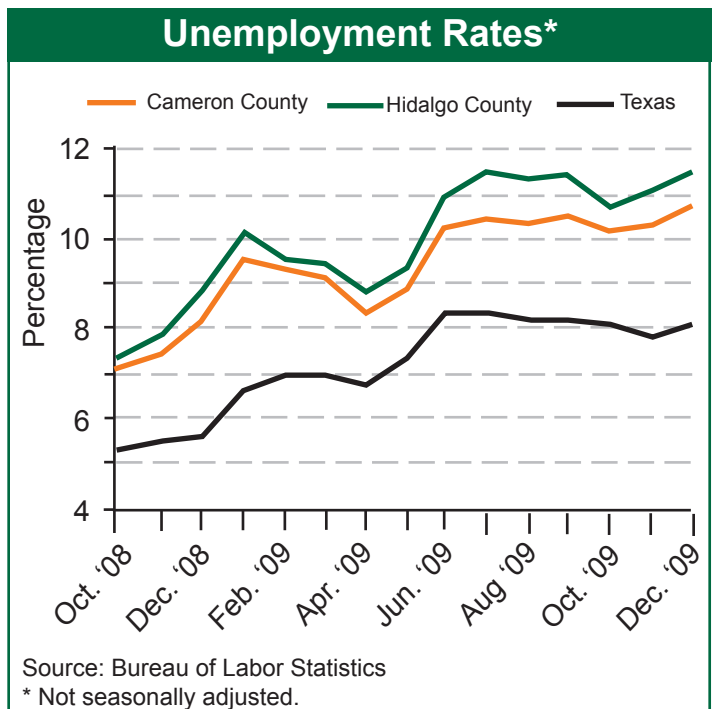
*Sales tax revenues reflect the total dollars returned to a local sales taxing city by the Comptroller's office for their local sales tax collection. City tax for the three above cities amount to two percent of sales. Allocation amounts generally represent taxes collected on sales made two months or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

Source: Texas Comptroller of Public Accounts

Changes in sales tax revenues were consistent across the Valley cities in the fourth quarter of 2009 relative to the same period in 2008. The cities of Brownsville, Harlingen, and McAllen posted sales tax revenue declines of thirteen, fifteen, and eleven percent respectively.

EMPLOYMENT

In December 2009, total employment stood at 137,250 for Cameron County and at 269,338 for Hidalgo County. This represented a two percent increase from December 2008 employment figures for both Cameron and Hidalgo Counties. Although these results were marginal, they were better than that for the state overall. For the entire state, net job growth continued to be non-existent as the change was negligible.

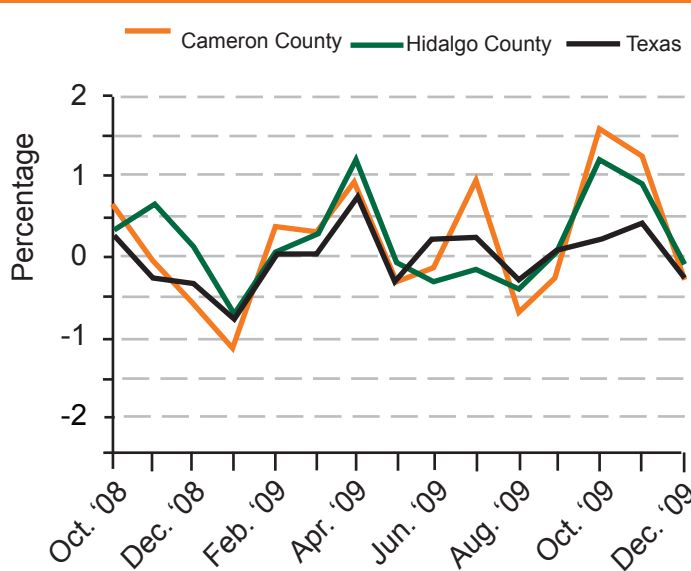


By the end of the fourth quarter of 2009, the unemployment rate was 10.8 and 11.5 percent for Cameron and Hidalgo counties, respectively, compared to rates of 8.1 and 8.9 percent in December 2008. Both counties continue to record higher unemployment levels than the state which had an unemployment rate of 8.0, but on par with the national rate of 10.0, for December 2009.

RETAIL INDUSTRY

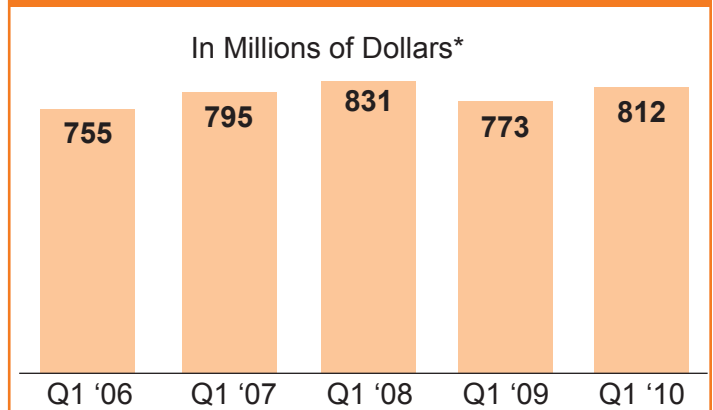
Gross retail sales continue to be weak in both Cameron and Hidalgo counties with the results for Q1, 2010 lagging that for Q4, 2009 by 16.6 and 21.6 respectively. Traditionally, Q1 sales are lower than the preceding Q4 sales due to higher retail activities associated with the holiday period in Q4. However, it should be noted that the Q4, 2009 results were significantly lower than the corresponding period in 2008, hence the lower Q1, 2010 return underscores the relatively slow recovery in retail sales from the highs of the first half of 2009. Notwithstanding the generally low returns, there are a few positive signs in the retail sales returns. Both Cameron and Hidalgo counties recorded increased returns in Q1, 2010 versus Q1, 2009. For Cameron county, the increase was 5.0 , while there was a corresponding 8.7 growth for Hidalgo county.

Employment Growth Rates* Monthly Percentage Change

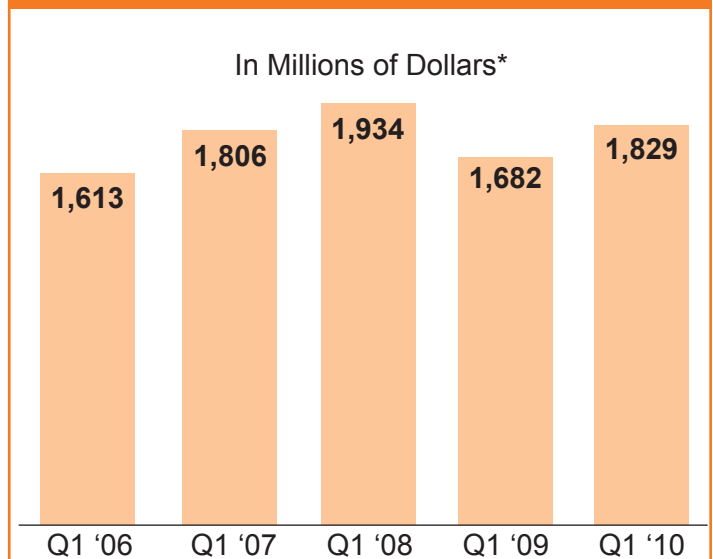


Source: Bureau of Labor Statistics
* Not seasonally adjusted

Cameron County Gross Sales Retail Trade Sector (First Quarter 2006-2010)



Hidalgo County Gross Sales Retail Trade Sector (First Quarter 2006-2010)



Source: U. S. Bureau of Labor Statistics

Employment

	Dec. '09	Dec. '08	Change
Cameron	137,250	134,568	2.0%
Hidalgo	269,338	264,113	2.0%
Texas	11,069,879	11,075,262	0.0%

Unemployment Rates (%)

	Dec. '09	Dec. '08	Change
Cameron	10.8	8.1	33.3%
Hidalgo	11.5	8.9	29.2%
Texas	8.0	5.7	40.4%
U.S.	10.0	7.4	35.1%

Source: Bureau of Labor Statistics

Retail Trade Sector Gross Sales Q1 2010*

in Thousands of Dollars

Brownsville-Harlingen MSA

Industry	Q1 '10	Q1 '09	Percent Change
Motor Vehicles	\$118,495	103,553	14.4%
Home Furnishings	\$20,717	23,029	-10.0%
Electronics/Appliance	\$24,769	25,404	-2.5%
Building Materials	\$67,473	69,788	-3.3%
Food & Beverage	\$149,104	148,201	0.6%
Health & Personal	\$39,820	32,736	21.6%
Gasoline Stations	\$76,176	67,624	12.6%
Clothing Stores	\$45,989	39,710	15.8%
Sport/Hobby/Books	\$16,472	15,620	5.5%
General Merch.	\$219,846	212,802	3.3%
Misc. Stores	\$26,348	28,932	-8.9%
Nonstore, Other	\$6,443	5,833	10.5%
TOTAL RETAIL	\$811,652	773,232	5.0%

McAllen-Edinburg-Mission MSA

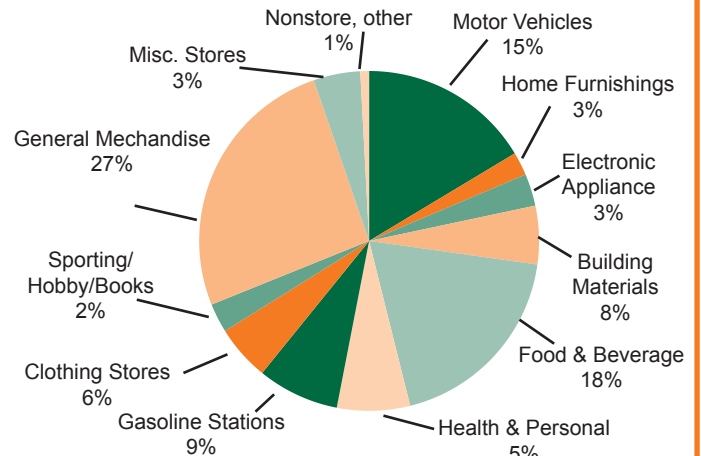
Industry	Q1 '10	Q1 '09	Percent Change
Motor Vehicles	\$280,175	238,607	17.4%
Home Furnishings	\$54,564	50,173	8.8%
Electronics/Appliance	\$74,161	67,145	10.4%
Building Materials	\$147,741	134,980	9.5%
Food & Beverage	\$300,534	294,571	2.0%
Health & Personal	\$85,433	82,371	3.7%
Gasoline Stations	\$197,710	163,427	21.0%
Clothing Stores	\$156,806	138,729	13.0%
Sport/Hobby/Books	\$50,809	49,511	2.6%
General Merch.	\$397,432	378,958	4.9%
Misc. Stores	\$78,125	77,234	1.2%
Nonstore, Other	\$5,689	6,575	-13.5%
TOTAL RETAIL	\$1,829,178	1,682,282	8.7%

Source: Texas Comptroller of Public Accounts

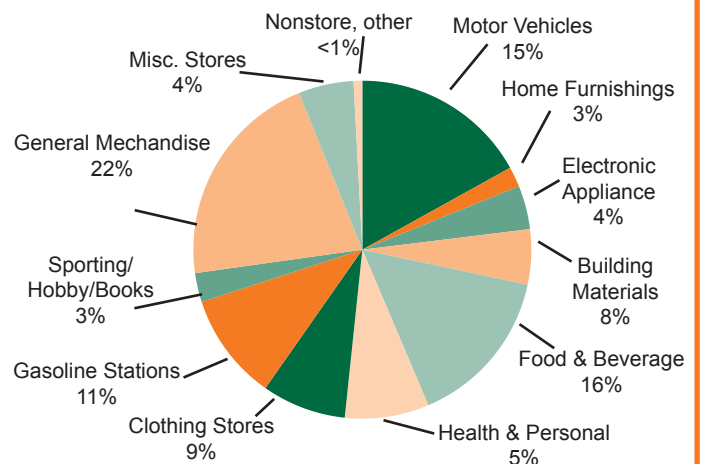
The trend of retail sales increase is extremely important for the region as the larger cities such as McAllen, Brownsville, and Harlingen depend disproportionately on sales tax revenues associated with sales. A breakdown of the overall retail sales data by MSA indicates that the major contributors to the overall growth in Q1, 2010 compared to Q1, 2009 are the motor vehicles, health & personal, and the gasoline sub sectors. The results should be self sustaining since they were not significantly affected by any short term stimuli such as the "cash for clunkers" program in the first half of 2009 or by significant price increases in gasoline. Additionally, the McAllen/Edinburg/Mission MSA recorded growth in all retail sub sectors except for a marginal decline in the nonstore/other category, while the Brownsville/Harlingen MSA recorded marginal declines in

Retail Breakdown Q1 2010

Brownsville-Harlingen MSA



McAllen-Edinburg-Mission MSA



Source: Texas Comptroller of Public Accounts

only the Home Furnishings, Electronics/Appliances, and Building Materials categories.

The marginal to flat return for retail sales mirror the continued declines in bridge traffic during the period. Both southbound and northbound bridge traffic through Hidalgo and Cameron counties declined by approximately 6 percent and 11 percent respectively during Q4 2009 compared to the same period in 2008. Airport passenger traffic also recorded an overall decline of 0.3% during Q4 2009 compared to Q4 2008.

In terms of retail outlets, there was an overall decline of 0.1 in the number of retail outlets in Q1 2010 compared to the same period in 2009 in the Brownsville/ Harlingen and the McAllen/Edinburg/ Mission MSAs. Only two sub sectors, the food and beverage and the sport/hobby/books, had net increases in outlets during Q1 2010. This impacted overall employment negatively as unemployment remained above 11 for both Hidalgo and Cameron counties during the quarter.

BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley was mixed between the fourth quarter of 2008 and 2009. In Cameron County the number of permits issued increased by 25.1 percent and decreased by 1.8 percent in Hidalgo County. By the end of the fourth quarter, the dollar valuation of authorized housing units increased by 23.8 percent in Cameron County and decreased by 20.5 percent in Hidalgo County compared to the same period of 2008. Home sales reported an increase in Harlingen and McAllen and a decline in the city of Brownsville.

Housing Affordability (Q4 '09)

MLS Area	HAI*
Brownsville	1.60
Harlingen	1.78
McAllen	1.51
Texas	1.88
USA	2.39

*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
	Q4 '09	Q4 '08	
Cameron County	234	187	25.1%
Hidalgo County	584	595	-1.8%
	YTD '09*	YTD '08*	
Cameron County	693	1,073	-35.4%
Hidalgo County	2,195	3,591	-38.9%

Valuation (in thousands of dollars)

County	Q4 '09	Q4 '08	Change
Cameron County	\$24,238	\$19,571	23.8%
Hidalgo County	\$61,608	\$77,476	-20.5%
	YTD '09*	YTD '08*	
Cameron County	\$75,479	\$105,939	-28.8%
Hidalgo County	\$260,842	\$375,766	-30.6%

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
	Q4 '09	Q4 '08	
Brownsville	182	189	-3.7%
Harlingen	240	233	3.0%
McAllen	491	462	6.3%

MLS Area	Dollar Volume In Thousands of Dollars		Change
	Q4 '09	Q4 '08	
Brownsville	\$20,932	\$20,550	1.9%
Harlingen	\$25,971	\$24,750	4.9%
McAllen	\$60,700	\$57,875	4.9%

Source: Real Estate Center at Texas A&M University

The next issue of *Border Business Briefs* will feature the Tourism Center at The University of Texas-Pan American.

TRANSPORTATION

Airports – Passenger Statistics*

	Q4 '09	Q4 '08	Change
Brownsville	43,140	37,172	16.1%
Harlingen	171,020	183,824	-7.0%
McAllen	177,509	175,719	1.0%
Laredo	52,429	49,111	6.8%
El Paso	776,630	765,645	1.4%

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

Land Ports of Entry – Border Crossings

Southbound Traffic

	Q4 '09	Q4 '08	Change
Trucks			
Rio Grande Valley*	155,136	162,348	-4.4%
El Paso**	73,854	77,036	-4.1%
Laredo	377,001	366,104	3.0%
Rail			
Rio Grande Valley*	10,096	13,800	-26.8%
El Paso	-	-	
Laredo	53,456	61,042	-12.4%
Vehicles			
Rio Grande Valley*	2,649,319	2,890,859	-8.4%
El Paso**	821,403	934,159	-12.1%
Laredo	1,337,484	1,391,803	-3.9%
Pedestrians			
Rio Grande Valley*	1,115,869	1,139,883	-2.1%
El Paso**	1,416,776	1,342,353	5.5%
Laredo	1,086,230	1,153,883	-5.9%

Northbound Traffic

	Q4 '09	Q4 '08	Change
Trucks			
Rio Grande Valley*	164,410	165,768	-0.8%
El Paso	167,627	167,377	0.1%
Laredo	370,329	360,240	2.8%
Rail			
Rio Grande Valley*	1,218	1,624	-25.0%
El Paso	9,932	22,261	-55.4%
Laredo	36,072	37,418	-3.6%
Vehicles			
Rio Grande Valley*	3,242,930	3,725,120	-12.9%
El Paso	2,497,991	3,296,370	-24.2%
Laredo	1,391,818	1,640,655	-15.2%
Pedestrians			
Rio Grande Valley*	1,476,596	1,570,679	-6.0%
El Paso	1,817,060	2,082,175	-12.7%
Laredo	1,116,612	1,227,618	-9.0%

*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

Overall trade activity through the ports of Cameron and Hidalgo counties decreased by 2.9% in the fourth quarter of 2009 relative to the same quarter in 2008. Exports to Mexico through the two counties' ports fell by 11.8 percent while the decline through all Texas ports was

5.2%. Imports from Mexico increased by 6.0 percent through the two counties which mirrors the change at the state level. Overall, the ports of Cameron and Hidalgo counties account for around 16 percent of Texas trade activity with Mexico.

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

	In Millions of Dollars				
	Q4 '09	% of TX Export Trade Activity	Q4 '08	% of TX Export Trade Activity	Change
Brownsville	1,862	7.8%	1,841	7.3%	1.1%
Hidalgo	1,969	8.2%	2,487	9.8%	-20.8%
Progreso	37	0.2%	55	0.2%	-33.2%
Two County Total	3,868	16.1%	4,384	17.3%	-11.8%
Texas Total	24,004		25,315		-5.2%

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

	In Millions of Dollars				
	Q4 '09	% of TX Import Trade Activity	Q4 '08	% of TX Import Trade Activity	Change
Brownsville	1,256	4.2%	1,288	4.5%	-2.5%
Hidalgo	3,373	11.3%	3,082	10.8%	9.4%
Progreso	26	0.1%	19	0.1%	35.5%
Two County Total	4,654	15.5%	4,389	15.3%	6.0%
Texas Total	29,932		28,601		4.7%

*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		
	Q4 '09	Q4 '08	Change	Q4 '09	Q4 '08	Change
Revenues (\$000)	\$15,324	\$15,484	-1.0%	\$24,544	\$25,659	-4.3%
Room nights available (000)	658.7	569.9	15.6%	653.4	617.3	5.8%
Occupancy Rate (%)	32.0	39.5	-19.0%	50.07	55.3	-9.5%

Source: Texas Tourism



Border Business Briefs

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FEATURED PROGRAM

DOCTOR OF PHILOSOPHY (PH.D.) IN BUSINESS ADMINISTRATION

The Doctor of Philosophy Ph.D. in Business Administration at The University of Texas Pan American UTPA in Edinburg serves the population of the South Texas region by offering graduates the opportunity to prepare for faculty positions in universities or to fill management roles in the private sector or in government service. The program is flexibility and currently offers the following majors:

- Computer and Information Systems
- Finance
- Management
- Marketing

By being situated on the border between the United States and Mexico, academics at UTPA conduct research of worldwide significance and interest, by studying these issues in the natural laboratory of UTPA's unique region. Graduates of our program close to 70 as of July 2010 have been placed in tenure track academic positions in the United States and abroad. For additional information please contact Dr. Andre Mollick at: amollick@utpa.edu

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