



Border Business Briefs

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Economic Indicators at a Glance

Gross Sales (Q4 08-09) pg. 1

Cameron County: 4 ↓
Hidalgo County: 2 ↓

Unemployment Rate (Mar. 2010)..... pg. 3

Cameron County: 11.0
Hidalgo County: 11.6

Employment (Mar. 09-10) pg. 3

Cameron County: 4.6 ↑
Hidalgo County: 3.2 ↑

Housing Units Authorized (Q1 09-10)..... pg. 5

Cameron County: 7.8 ↑
Hidalgo County: 2.8 ↓

Passengers at Airports (Q1 09-10)..... pg. 6

Brownsville: 18.2 ↑
Harlingen: 7.0 ↓
McAllen: 3.3 ↑

Southbound Border Crossings (Q1 09-10) ... pg. 6

Trucks: 6.2 ↑
Private Vehicles: 11.5 ↓
Pedestrians: 5.4 ↓

Northbound Border Crossings (Q1 09-10) . pg. 6

Trucks: 9.3 ↑
Private Vehicles: 6.4 ↓
Pedestrians: 12.8 ↓

Trade Activity (Q1 09-10)..... pg. 7

Cameron County: 27.6 ↑
Hidalgo County: 8.2 ↑

Hotel Revenues (Q1 09-10) pg. 7

Cameron County: 1.5 ↑
Hidalgo County: 2.4 ↑

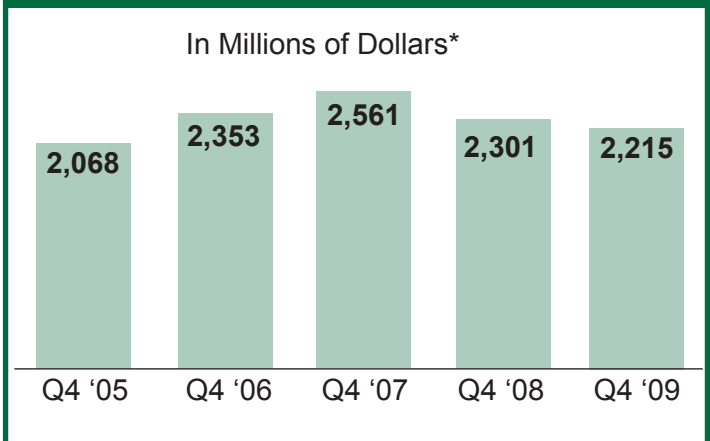
Featured: Center for Valley Markets and Tourism Research pg. 8

GROSS SALES

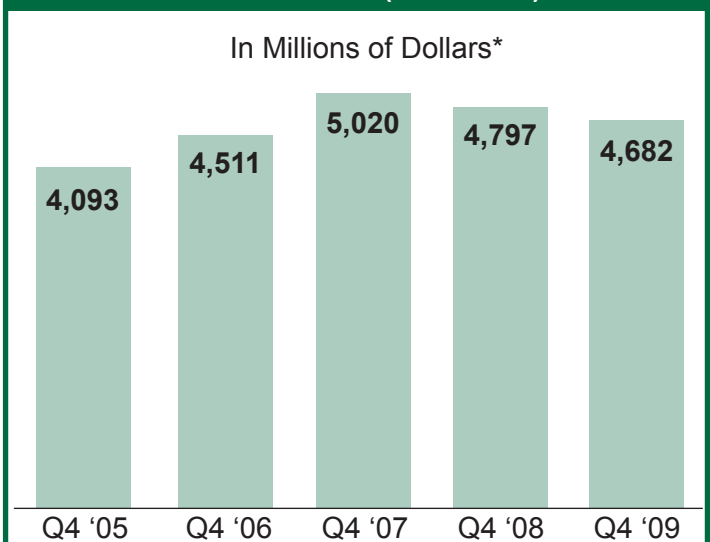
Overall, gross sales have increased between the fourth quarter of 2005 and the corresponding quarter of 2009. In Cameron County sales rose by 7 percent over that time period, while the corresponding increase amounted to 14 percent in Hidalgo County.

Relative to the fourth quarter of 2008, Cameron County's gross sales fell by four percent in the fourth quarter of 2009. Hidalgo County posted a decrease of two percent

Cameron County Gross Sales Fourth Quarter (2005-2009)



Hidalgo County Gross Sales Fourth 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 in Cameron County was fueled by the wholesale trade, while in Hidalgo County the decline was seen in construction and manufacturing.

Trade continues to dominate the economy of both coun

Gross Sales by County and Industry			
In Millions of Dollars			
Cameron County			
	Q4 '09	Q4 '08	Change
Construction	100	105	-4%
Manufacturing	417	350	19%
Wholesale Trade	362	471	-23%
Retail Trade	989	1,038	-5%
Accom./Food Serv.	96	99	-3%
Other Services*	200	188	7%
Other**	49	51	-3%
All Industries***	2,215	2,301	-4%
Hidalgo County			
	Q4 '09	Q4 '08	Change
Construction	228	299	-24%
Manufacturing	585	681	-14%
Wholesale Trade	678	709	-4%
Retail Trade	2,522	2,406	5%
Accom./Food Serv.	198	209	-5%
Other Services*	356	348	2%
Other**	115	147	-21%
All Industries***	4,682	4,797	-2%

* 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			
	Q1 '10	Q1 '09	Change
Brownsville	\$8,023	\$8,371	-4.2%
Harlingen	\$4,695	\$5,115	-8.2%
McAllen	\$15,608	\$15,828	-1.4%

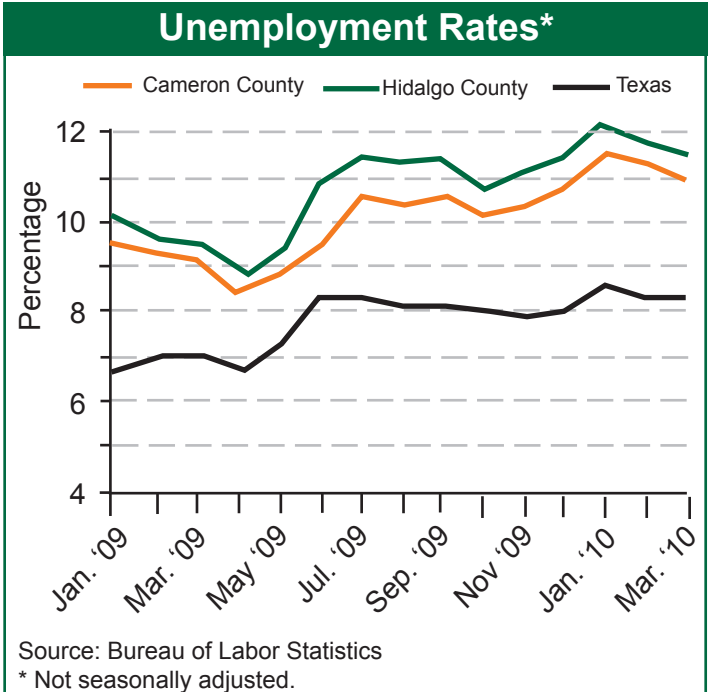
*Sales tax revenues reflect the total dollars returned to a local sales taxing city by the Comptroller's office for their local sales tax collection. City tax for the three above cities amount to two percent of sales. Allocation amounts generally represent taxes collected on sales made two months or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

Source: Texas Comptroller of Public Accounts

ties, with retail and wholesale trade accounting for sixty one and sixty eight percent of gross sales in Cameron and Hidalgo Counties respectively. Changes in sales tax revenues were consistent across the Valley cities in the first quarter of 2010 relative to the same period in 2009. The cities of Brownsville, Harlingen and McAllen posted declines of four, eight and one percent respectively, in their sales tax revenues.

EMPLOYMENT

In March 2010, total employment stood at 140,077 for Cameron County and at 271,853 for Hidalgo County. This represented a 4.6 and 3.2 percent increase from March 2009 employment figures for Cameron and Hidalgo Counties respectively. Although these results were marginal, they were better than that for the state overall. For the entire state, net job growth was only 1.6 percent.

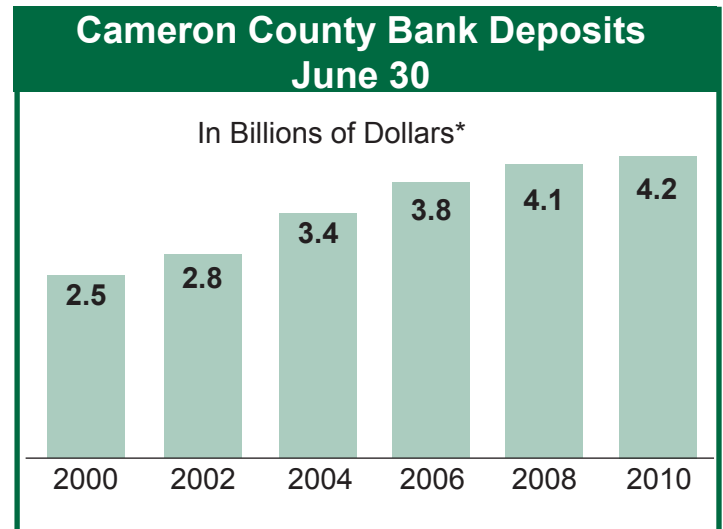
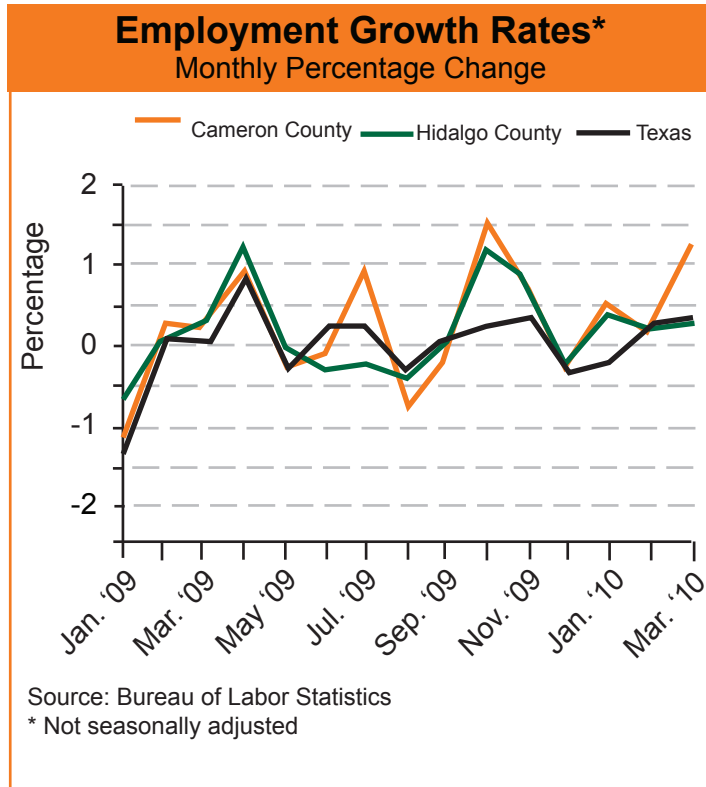


By the end of the first quarter of 2010, the unemployment rate was 11.0 and 11.6 percent for Cameron and Hidalgo counties, respectively, compared to rates of 9.1 and 9.5 percent in March 2009. Both counties continue to record higher unemployment levels than the state which had an unemployment rate of 8.2, and the nation which had a rate of 9.7, for March 2010.

BANKING INDUSTRY

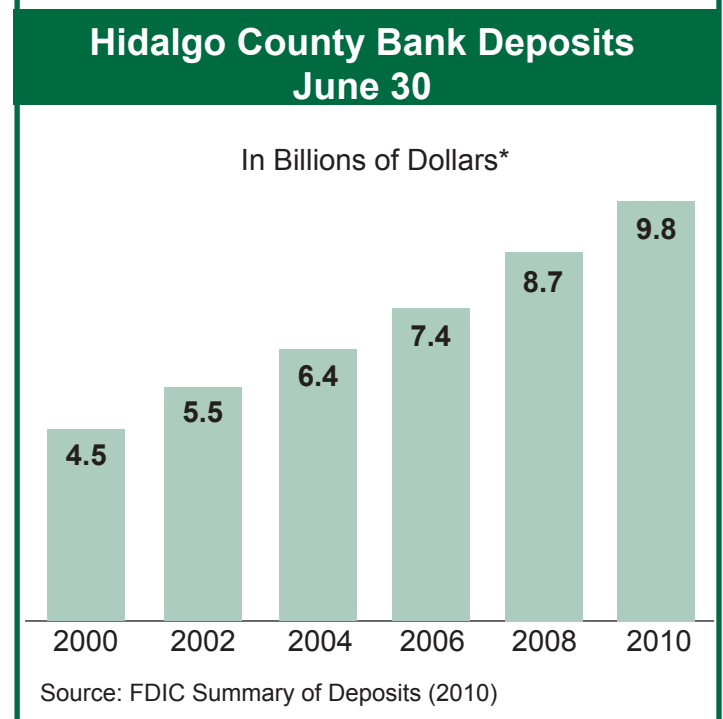
Total bank deposits in Cameron and Hidalgo counties doubled between 2000 and 2010 rising from 7 billion in June 2000 to 14 billion in June 2010. This represents an annual average compound growth rate of 7.2%, significantly above average inflation rates over the period. However, the two county deposit growth rate trailed that for the state of Texas which recorded annualized bank deposit growth of 8.7%.

The number of banks operating in the two counties grew by 72% from 29 in 2000 to 36 in 2010. There was also a significant proliferation of offices over the period as the number of offices grew by 53% from 156 in 2000 to 239 by June 2010. These aggregated results mirror the relatively



Employment

	Mar. '10	Mar. '09	Change
Cameron County	140,077	133,934	4.6%
Hidalgo County	271,853	263,441	3.2%
Texas	11,127,647	10,948,054	1.6%



Unemployment Rates (%)

	Mar. '10	Mar. '09	Change
Cameron County	11.0	9.1	20.9%
Hidalgo County	11.6	9.5	22.1%
Texas	8.2	7.0	17.1%
U.S.	9.7	8.6	12.8%

Source: Bureau of Labor Statistics

strong economic growth recorded in the area over the past ten years.

In June 2000, Texas State Bank now Compass Bank was the market leader in Cameron County with a 23.9 market share while Wells Fargo Bank was second with 22.3 . The rank of these two institutions changed in 2010 as Wells Fargo Bank recorded the largest share of deposits in Cameron County with 23.2 and Compass Bank's share fell to 17.6%. Together, the five largest banks by market share in 2000 held 86.7 of total deposits in Cameron County but this fell to 72.1 in June 2010.

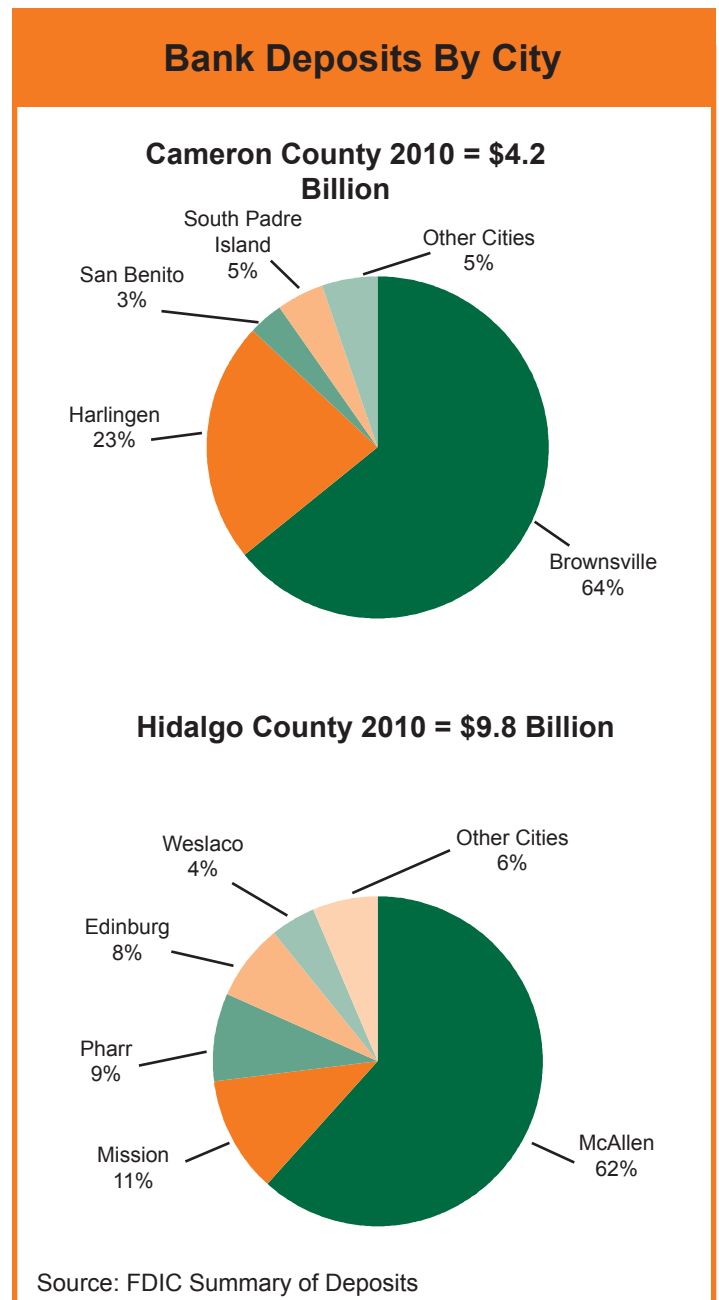
Compass Bank was the largest bank by deposits in Hidalgo County in 2010 with a 28.6 share as at June 2010. Texas State Bank now Compass Bank held the top spot in June 2000 with a 27.7 market share. However, unlike Hidalgo County, the concentration of deposits in the five largest banks by market share grew from 74.5 in 2000

to 76.9 in 2010.

Of note is that JP Morgan Chase Bank, one of the largest banks in the country, which was in the top-five banks in 2000 in both Cameron and Hidalgo counties was replaced in the top five by a local bank. Also, Bank of America, the largest bank in the US, ranks no higher than 7th place in either county in 2000 or 2010. Citibank, the second largest US bank, does not have offices in either Cameron or Hidalgo County.

Although Cameron and Hidalgo counties are served by 36 banks as at June 2010 , deposits are skewed in favor of a few banks with the top-five banks in Cameron County and Hidalgo County holding 72.1 and 76.9 of deposits

Banking Profile		
Number of Institutions		
	Institutions in Market	Offices
Cameron County	17	84
Hidalgo County	19	155
Top 5 Banks by Deposits		
Cameron County		Market Share
Wells Fargo Bank		23.2%
Compass Bank		17.6%
International Bank of Commerce		14.1%
First National Bank		9.0%
Capitol One		8.2%
Hidalgo County		Market Share
Compass Bank		28.6%
Inter National Bank		14.2%
Lone Star National Bank		12.2%
First National Bank		11.2%
International Bank of Commerce		10.7%
Source: FDIC Summary of Deposits (2010)		



respectively in 2010. There is further deposit concentration as the two largest cities in each county, Brownsville and McAllen, together accounting for 62.4% of total deposits in both counties in 2010.

sed by 7.8 percent and decreased by 2.8 percent in Hidalgo County. By the end of the first quarter, the dollar valuation of authorized housing units increased by 28.1 and 18.6 percent in Cameron and Hidalgo counties respectively, compared to the same period in 2009. Home sales reported an increase in the cities of Brownsville, Harlingen and McAllen.

Bank Deposits

in Millions of Dollars

Cameron Co.	June '10	June '09	Change
Brownsville	2,677	2,782	-4%
Harlingen	948	955	-1%
San Benito	140	153	-8%
County Total*	4170	4,294	-3%

Hidalgo Co.	June '10	June '09	Change
McAllen	6,058	5,511	10%
Mission	1,114	1,081	3%
Pharr	856	757	13%
Edinburg	748	675	11%
County Total*	9,831	9,327	5%

*County Total includes bank Deposits in all cities within a county
Source: FDIC Summary of Deposits (2009 and 2010)

BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley was mixed in the first quarter of 2009 and 2010. In Cameron County the number of permits issued increases

Housing Affordability (Q1 '10)

MLS Area	HAI*
Brownsville	1.97
Harlingen	2.25
McAllen	1.71
Texas	2.01
USA	1.83

*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

Number of Units

County	Q1 '10	Q1 '09	Change
Cameron County	236	219	7.8%
Hidalgo County	766	788	-2.8%

Valuation (in thousands of dollars)

County	Q1 '10	Q1 '09	Change
Cameron County	\$22,968	\$17,927	28.1%
Hidalgo County	\$100,617	\$84,862	18.6%

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

Sales

MLS Area	Q1 '10	Q1 '09	Change
Brownsville	210	165	27.3%
Harlingen	224	170	31.8%
McAllen	539	453	19.0%

Dollar Volume
In Thousands of Dollars

MLS Area	Q1 '10	Q1 '09	Change
Brownsville	\$20,585	\$17,395	18.3%
Harlingen	\$22,171	\$16,500	34.4%
McAllen	\$61,229	\$50,845	20.4%

Source: Real Estate Center at Texas A&M University

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

TRANSPORTATION

Airports – Passenger Statistics*

	Q1 '10	Q1 '09	Change
Brownsville	42,838	36,238	18.2%
Harlingen	186,122	200,174	-7.0%
McAllen	166,056	160,721	3.3%
Laredo	50,968	45,335	12.4%
El Paso	677,544	692,228	-2.1%

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

Land Ports of Entry – Border Crossings

Southbound Traffic

	Q1 '10	Q1 '09	Change
Trucks			
Rio Grande Valley*	168,502	158,723	6.2%
El Paso**	76,201	69,048	10.4%
Laredo	379,955	327,478	16.0%
Rail			
Rio Grande Valley*	11,041	10,937	1.0%
El Paso	-	-	
Laredo	58,572	49,890	17.4%
Vehicles			
Rio Grande Valley*	2,276,572	2,573,660	-11.5%
El Paso**	757,279	844,545	-10.3%
Laredo	1,127,297	1,183,863	-4.8%
Pedestrians			
Rio Grande Valley*	1,173,054	1,240,091	-5.4%
El Paso**	1,274,506	1,172,278	8.7%
Laredo	939,224	992,381	-5.4%

Northbound Traffic

	Q1 '10	Q1 '09	Change
Trucks			
Rio Grande Valley*	177,296	162,215	9.3%
El Paso	173,447	140,324	23.6%
Laredo	377,006	318,277	18.5%
Rail			
Rio Grande Valley*	1,677	1,792	-6.4%
El Paso	7,354	16,653	-55.8%
Laredo	40,729	25,756	58.1%
Vehicles			
Rio Grande Valley*	2,944,540	3,145,502	-6.4%
El Paso	2,440,289	2,466,349	-1.1%
Laredo	1,237,312	1,427,916	-13.3%
Pedestrians			
Rio Grande Valley*	1,427,633	1,637,715	-12.8%
El Paso	1,742,689	1,826,286	-4.6%
Laredo	959,010	1,038,508	-7.7%

*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 increased by 14.5% in the first quarter of 2010 relative to the same quarter in 2009. Exports to Mexico through the two counties' ports fell by 2.1 percent in contrast with the increase through all Texas ports of

20.3%. Imports from Mexico increased by 30.6 percent through the two counties which mirrors the change at the state level. Overall, the ports of Cameron and Hidalgo counties continue to 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				
	Q1 '10	% of TX Export Trade Activity	Q1 '09	% of TX Export Trade Activity	Change
Brownsville	1,753	7.3%	1,452	7.3%	20.7%
Hidalgo	1,930	8.0%	2,284	11.4%	-15.5%
Progreso	44	0.2%	70	0.3%	-36.2%
Two County Total	3,727	15.5%	3,806	19.0%	-2.1%
Texas Total	24,063		19,996		20.3%

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

	In Millions of Dollars				
	Q1 '10	% of TX Import Trade Activity	Q1 '09	% of TX Import Trade Activity	Change
Brownsville	1,426	4.6%	1,040	4.4%	37.2%
Hidalgo	3,634	11.6%	2,842	12.1%	27.9%
Progreso	41	0.1%	24	0.1%	70.8%
Two County Total	5,101	16.3%	3,905	16.6%	30.6%
Texas Total	31,338		23,534		33.2%

*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		
	Q1 '10	Q1 '09	Change	Q1 '10	Q1 '09	Change
Revenues (\$000)	\$25,714	\$25,329	1.5%	\$24,335	\$23,756	2.4%
Room nights available (000)	673.6	660.4	2.0%	638.9	616.2	3.7%
Occupancy Rate (%)	47.8	49.8	-4.0%	53.8	55.8	-3.6%

Source: Texas Tourism



Border Business Briefs

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FEATURED CENTER CENTER FOR VALLEY MARKETS AND TOURISM RESEARCH

The Center for Valley Markets and Tourism Research in the College of Business Administration is part of the University's outreach program designed to conduct and disseminate research and professional service about Valley markets and tourism to regional and other external constituents. Most prominent in this mission is a comprehensive biennial study of Winter Texans in the Valley—their activities, their living patterns and their spending pattern. This study is widely cited and is regarded as one of the most comprehensive source of information on this unique tourism type. The Center also develops and manages other Valley markets research and outreach efforts and provides access to a variety of experts who may be able to customize research for any business needs. For further information or to obtain a copy of the latest Winter Texan survey please visit our website at <http://www.utpa.edu/coba/tourism/> or contact the Director, Dr. Penny Simpson at pmsimpson@utpa.edu.

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