



Border Business Briefs

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The University of Texas-Pan American™

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WINTER TEXANS

The Valley Markets and Tourism Research Center conducts a biennial of Winter Texan visitors to the Valley. Below are excerpts from the 2008 Winter Texan Survey.

- The average Winter Texan during the 2007 2008 winter season was Caucasian 99 percent , married 88 percent , retired for more than a year 86 percent , and with a high school diploma 34 percent or some college education 35 percent .
- Fifty three percent of respondents or their spouses were veterans having served on active duty in the United States military.
- Winter Texans generally enjoyed good health with 90 percent of respondents reporting to be in good to excellent health.
- The average age of Winter Texans was 69.5 years and the average household income was around 50,000.
- On average, a typical Winter Texan had been coming to the Valley for 9 years, and stayed for around 4.2 months.
- Most Winter Texans were from Minnesota 16 percent , Iowa 12 percent , Illinois eight percent , Canada eight percent , and Wisconsin seven percent .
- The majority of Winter Texans lived in residences they own 83 percent , with RVs and mobile homes being the most popular type of housing.
- Most Winter Texans came to the Valley for its climate, friendly people, and as a winter vacation.
- Most popular activities while in the Valley included visit

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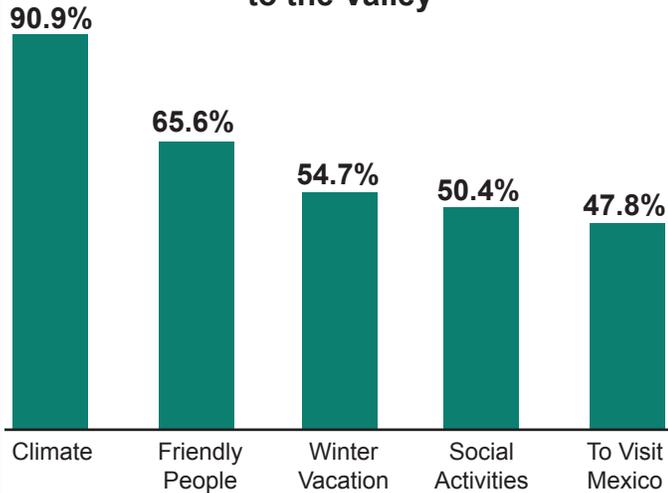
Winter Texan Demographics

Married	88.4%
Retired more than one year	86.3%
Veteran (respondent or spouse)	52.7%
Good to excellent health	90.0%
Average age	69.5 years
Average annual household income	\$50,203
Average length of stay in the Valley	4.2 months

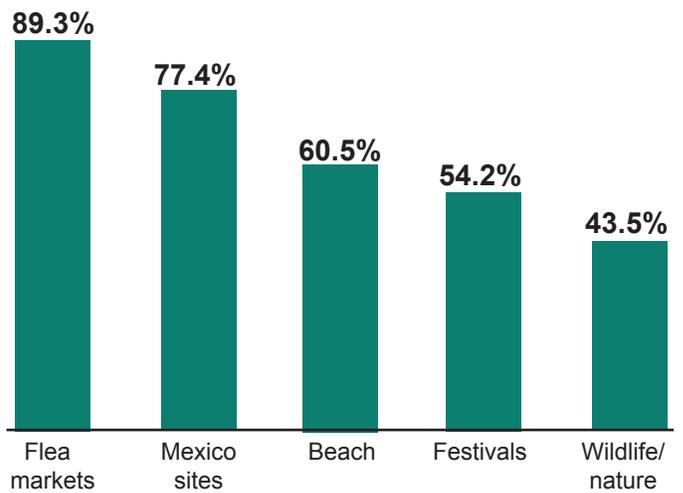
Source: Winter Texan Market Survey, Winter 2008. Valley Markets and Tourism Research Center, The University of Texas-Pan American

Winter Texan Characteristics

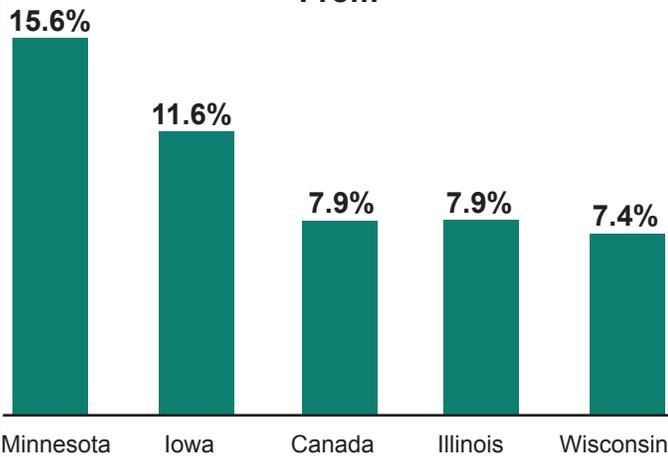
Top 5 Reasons Why Winter Texans Come to the Valley



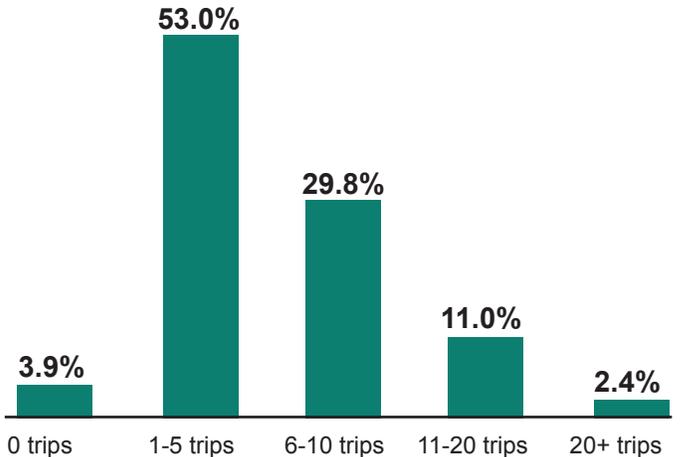
Top 5 Valley Attractions for Winter Texans



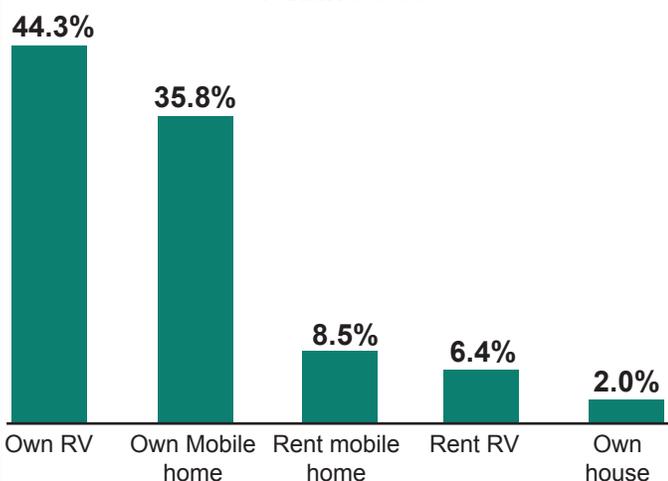
Top 5 Places Where Winter Texans Come From



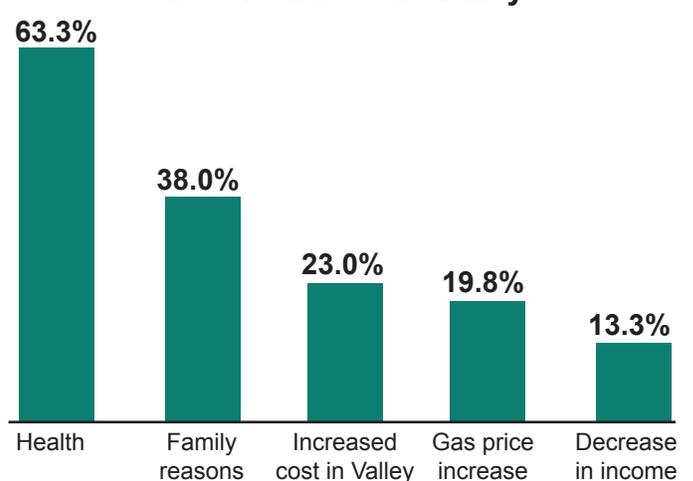
Number of trips to Mexican Border Towns



Top 5 Types of Housing Winter Texans Use



Top 5 Reasons Why Winter Texans May Not Return to the Valley



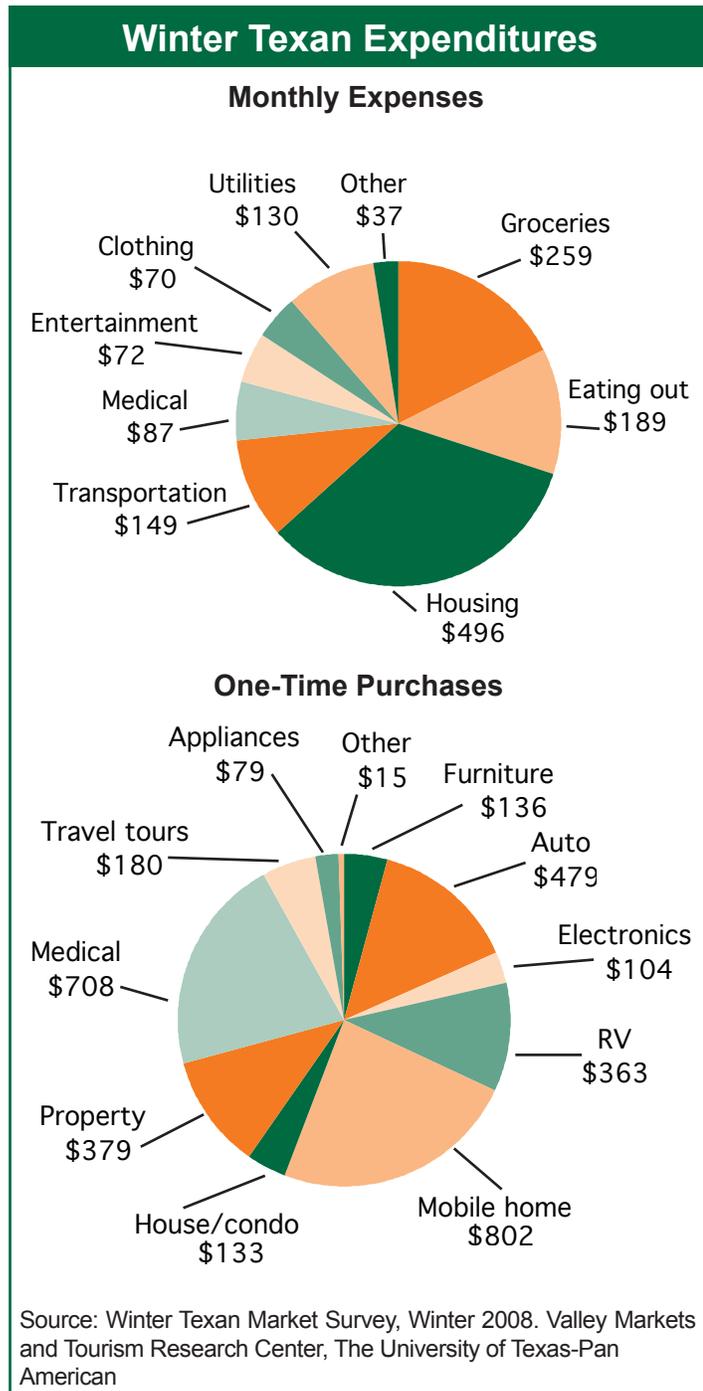
Source: Winter Texan Market Survey, Winter 2008. Valley Markets and Tourism Research Center, The University of Texas-Pan American

Continued from page 1

ing flea markets, crossing the border into Mexico, going to South Padre Island, and participating in the various area festivals.

- Overall, Winter Texans were satisfied with their winter experience in the area, with an overwhelming majority 96 percent indicating that they would return the following year. Potential impediments were primarily health and family related.

- An average Winter Texan household spent about 9,555 during a typical stay in the Valley. Sixty-five percent of that amount (\$6,177) reflected average monthly spending, over



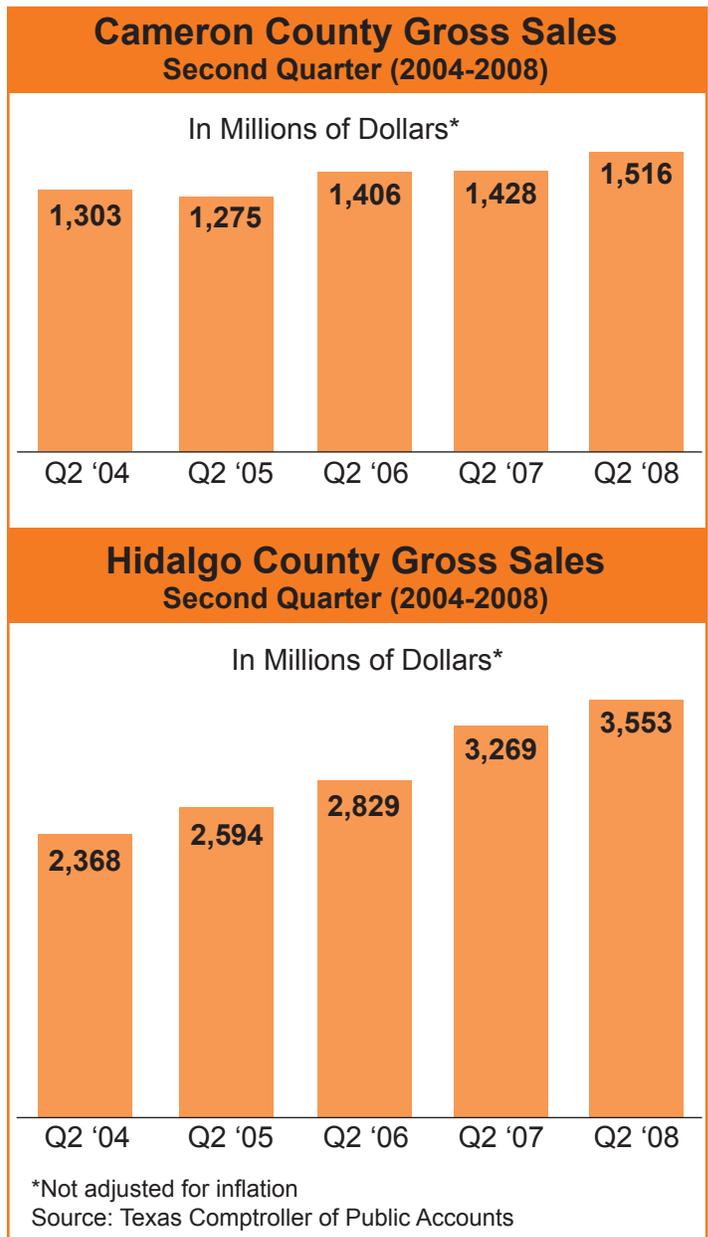
an average stay of 4.2 months, on items such as groceries, transportation, entertainment, utilities, housing, etc. The remaining (\$3,378) reflected one-time major purchases of housing, appliances, furniture, travel tours, and similar transactions.

For a complete copy of the report, please contact Dr. Penny Simpson pmsimpson@utpa.edu.

GROSS SALES

Overall, gross sales have increased between the second quarter of 2004 and the corresponding quarter of 2008. In Cameron County sales rose by 16 percent over that time period, while the corresponding increase amounted to 50 percent in Hidalgo County.

Relative to the second quarter of 2007, Cameron County's



gross sales rose by six percent in the second quarter of 2008. The construction, retail trade and services sectors led the growth. Hidalgo County posted an increase of nine percent over the same time period. This growth was mainly fueled by construction, manufacturing, retail trade, and accommodation and food services. Trade continued to dominate the economy of both counties, with retail and wholesale trade accounting for around two thirds of gross sales.

Gross Sales by County and Industry

In Millions of Dollars

Cameron County			
	Q2 '08	Q2 '07	Change
Construction	78	69	13%
Manufacturing	131	124	5%
Wholesale Trade	143	146	-2%
Retail Trade	834	791	5%
Accom./Food Serv.	112	106	5%
Other Services*	142	121	17%
Other**	48	45	7%
All Industries***	1,488	1,403	6%

Hidalgo County			
	Q2 '08	Q2 '07	Change
Construction	259	233	11%
Manufacturing	291	274	6%
Wholesale Trade	448	428	5%
Retail Trade	1,917	1,790	7%
Accom./Food Serv.	200	186	7%
Other Services*	236	234	1%
Other**	132	104	26%
All Industries***	3,482	3,249	7%

* 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

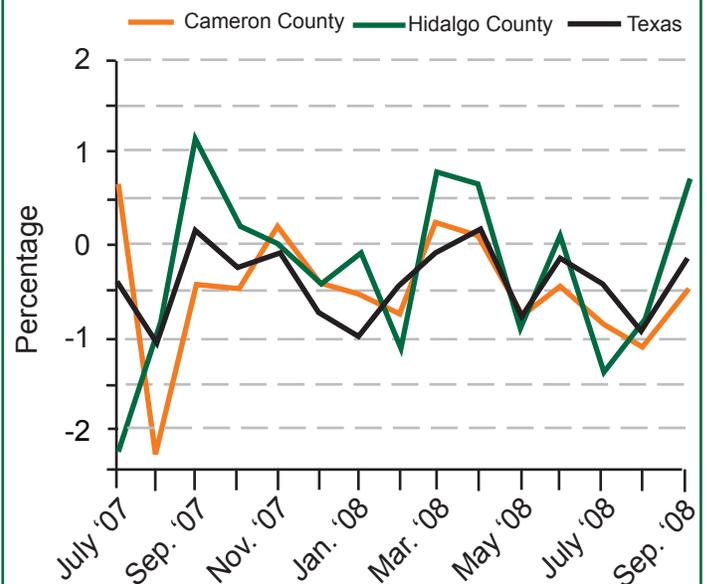
EMPLOYMENT

In September 2008, total employment stood at 134,702 for Cameron County and at 261,087 for Hidalgo County. This represented a 1.1 percent increase from September 2007 employment figures for Cameron County and a 3.6 percent increase for Hidalgo County. The corresponding employment growth rate for Texas was 1.3 percent.

By the end of the third quarter of 2008, the unemployment rate was 7.5 and 7.9 percent for Cameron and Hidalgo counties, respectively, compared to rates of 5.9 and 6.3

Employment Growth Rates*

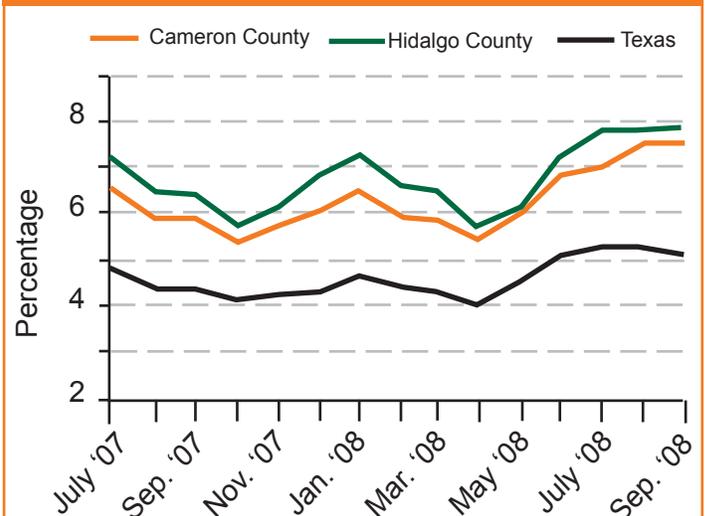
Monthly Percentage Change



Source: Bureau of Labor Statistics

* Not seasonally adjusted

Unemployment Rates*



Source: Bureau of Labor Statistics

* Not seasonally adjusted.

percent in September 2007. Monthly employment growth fluctuations for both counties, more or less, mirrored those at the state level.

Employment			
	Sep. '08	Sep. '07	Change
Cameron County	134,702	133,301	1.1%
Hidalgo County	261,087	252,036	3.6%
Texas	11,167,709	11,019,132	1.3%

Unemployment Rates (%)			
	Sep. '08	Sep. '07	Change
Cameron County	7.5	5.9	27.1%
Hidalgo County	7.9	6.3	25.4%
Texas	5.1	4.4	15.9%

Source: Bureau of Labor Statistics

BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley decreased between the third quarter of 2007 and 2008. In Cameron County and Hidalgo County, the number of permits issued decreased by 43.5 and 46 percent, respectively. By the end of the third quarter, the dollar valuation of authorized housing units decreased by 39.3 percent in Cameron County and 39.8 percent in Hidalgo County compared to the same period of 2007. Home sales were also on the decline in the cities of Brownsville, Harlingen, and McAllen.

Housing Affordability (Q3 '08)	
MLS Area	HAI*
Brownsville	1.37
Harlingen	1.40
McAllen	1.24
Texas	1.51
USA	1.27

*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	Q3 '08	Q3 '07	Change
Cameron County	253	448	-43.5%
Hidalgo County	824	1,526	-46.0%
	YTD '08*	YTD '07*	
Cameron County	879	1,447	-39.3%
Hidalgo County	3,036	5,044	-39.8%

Valuation (in thousands of dollars)			
County	Q3 '08	Q3 '07	Change
Cameron County	\$22,658	\$43,024	-39.3%
Hidalgo County	\$117,587	\$186,766	-39.8%
	YTD '08*	YTD '07*	
Cameron County	\$85,437	\$140,411	-39.2%
Hidalgo County	\$306,381	\$596,501	-48.6%

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	Q3 '08	Q3 '07	Change
Brownsville	238	292	-18.5%
Harlingen	223	293	-23.9%
McAllen	557	567	-1.8%

Dollar Volume In Thousands of Dollars			
MLS Area	Q3 '08	Q3 '07	Change
Brownsville	\$32,125	\$46,675	-31.2%
Harlingen	\$26,095	\$34,915	-25.3%
McAllen	\$73,800	\$77,480	-4.7%

Source: Real Estate Center at Texas A&M University

The next issue of *Border Business Briefs* will feature the Office of Career Placement Services at The University of Texas-Pan American.

TRANSPORTATION

Airports – Passenger Statistics*

	Q3 '08	Q3 '07	Change
Brownsville	37,341	43,367	-13.9%
Harlingen	182,817	218,023	-16.1%
McAllen	185,319	218,994	-15.4%
Laredo	61,247	60,575	1.1%
El Paso	857,419	895,970	-4.3%

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

Land Ports of Entry – Border Crossings

Southbound Traffic

	Q3 '08	Q3 '07	Change
Trucks			
Rio Grande Valley*	180,945	181,891	-0.5%
El Paso**	85,716	86,242	-0.6%
Laredo	402,515	409,854	-1.8%
Rail			
Rio Grande Valley*	10,624	10,207	4.1%
El Paso	-	-	
Laredo	50,051	59,347	-15.7%
Vehicles			
Rio Grande Valley*	2,898,071	3,007,152	-3.6%
El Paso**	946,193	979,579	-3.4%
Laredo	1,323,422	1,387,739	-4.6%
Pedestrians			
Rio Grande Valley*	972,254	1,148,780	-15.4%
El Paso**	1,312,839	1,520,297	-13.6%
Laredo	1,067,119	1,074,371	-0.7%

Northbound Traffic

	Q3 '08	Q3 '07	Change
Trucks			
Rio Grande Valley*	184,509	193,038	-4.4%
El Paso	134,656	203,522	-33.8%
Laredo	397,208	393,844	0.9%
Rail			
Rio Grande Valley*	1,919	2,205	-13.0%
El Paso	12,600	30,687	-58.9%
Laredo	39,419	45,825	-14.0%
Vehicles			
Rio Grande Valley*	3,538,147	3,506,540	0.9%
El Paso	2,253,393	3,256,413	-30.8%
Laredo	1,545,654	1,326,174	16.5%
Pedestrians			
Rio Grande Valley*	1,389,019	1,566,872	-11.4%
El Paso	1,361,092	2,301,974	-40.9%
Laredo	1,069,824	1,169,763	-8.5%

*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

Despite a marginal decline in import volume, overall trade activity through the ports of Cameron and Hidalgo counties increased by four percent in the second quarter of 2008 relative to the same quarter in 2007. Exports to Mexico through the two counties' ports rose by 9.8 percent com

pared to 7.2 percent through all Texas ports. Imports from Mexico decreased by 0.4 percent through the two counties versus a 2.9 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				
	Q3 '08	% of TX Export Trade Activity	Q3 '07	% of TX Export Trade Activity	Change
Brownsville	2,295	8.6%	2,012	8.7%	14.1%
Hidalgo	2,551	9.6%	2,468	10.6%	3.4%
Progreso	95	0.4%	71	0.3%	33.2%
Two County Total	4,940	18.6%	4,551	19.6%	8.6%
Texas Total	26,582		23,188		14.6%

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

	In Millions of Dollars				
	Q3 '08	% of TX Import Trade Activity	Q3 '07	% of TX Import Trade Activity	Change
Brownsville	1,635	5.3%	1,715	5.2%	-4.7%
Hidalgo	3,527	11.4%	3,488	10.6%	1.1%
Progreso	12	0.0%	12	0.0%	-0.1%
Two County Total	5,174	16.7%	5,215	15.9%	-0.8%
Texas Total	30,906		32,813		-5.8%

*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		
	Q3 '08	Q3 '07	Change	Q3 '08	Q3 '07	Change
Revenues (\$000)	\$38,802	\$45,301	-14.3%	\$28,412	\$24,750	14.8%
Room nights available (000)	762.6	762.4	0.0%	620.2	608.0	2.0%
Occupancy Rate (%)	2.4	58.1	-9.8%	57.8	57.2	1.0%

Source: Texas Tourism

Note: During the month of July, the Lower Rio Grande Valley was hit by Hurricane Dolly. This mainly affected the hotel industry on South Padre Island in Cameron County.



Border Business Briefs

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FEATURED CENTER

TEXAS MANUFACTURING ASSISTANCE CENTER

The Texas Manufacturing Assistance Center TMAC at The University of Texas Pan American is a local resource to address the challenges of today's hyper competitive business environment. TMAC specializes in onsite project implementation and training that generate healthy return on investment. In 13 years, TMAC has worked with more than 3,800 companies. In independent surveys, those customers have reported cumulative impacts totaling:

- 1.63 billion in new or retained sales
- 466 million in cost savings and cost avoidance on materials, labor, inventory and equipment
- 368 million in new investments in equipment, technology and the workforce
- More than 12,824 Texas jobs created or retained

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