



Border Business Briefs

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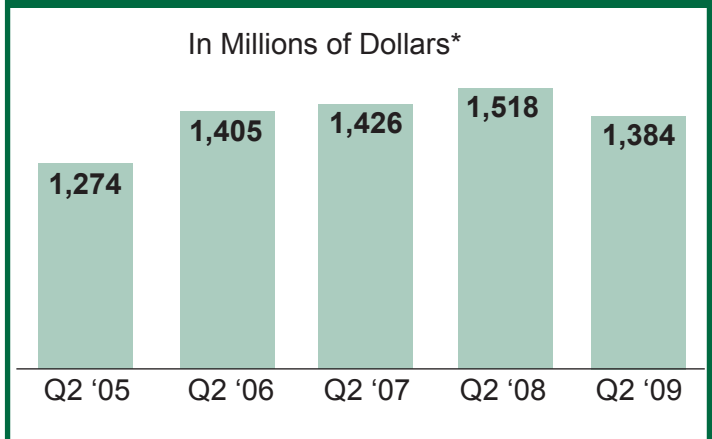
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GROSS SALES

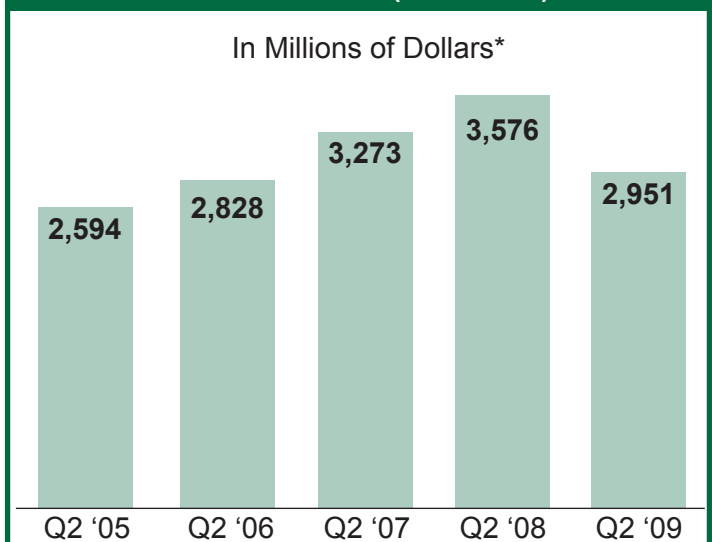
Overall, gross sales have increased between the second quarter of 2005 and the corresponding quarter of 2009. In Cameron County sales rose by 9 percent over that time period, while the corresponding increase amounted to 14 percent in Hidalgo County.

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

Cameron County Gross Sales Second Quarter (2005-2009)



Hidalgo County Gross Sales Second Quarter (2005-2009)



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

of seventeen percent over the same time period. Most sectors were affected by the declining economic activity.

Trade continued to dominate the economy of both counties, with retail trade accounting for almost fifty percent of gross sales.

Gross Sales by County and Industry

In Millions of Dollars

Cameron County			
	Q2 '09	Q2 '08	Change
Construction	100	89	12%
Manufacturing	105	132	-20%
Wholesale Trade	116	154	-25%
Retail Trade	770	829	-7%
Accom./Food Serv.	111	112	-1%
Other Services*	140	144	-3%
Other**	42	58	-28%
All Industries***	1,384	1,518	-9%

Hidalgo County			
	Q2 '09	Q2 '08	Change
Construction	130	298	-56%
Manufacturing	268	288	-7%
Wholesale Trade	316	440	-28%
Retail Trade	1,671	1,875	-11%
Accom./Food Serv.	194	194	0%
Other Services*	276	292	-5%
Other**	94	189	-50%
All Industries***	2,951	3,576	-17%

* 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

	Q3 '09	Q3 '08	Change
Brownsville	\$7,504	\$8,193	-8.4%
Harlingen	\$4,575	\$4,894	-6.5%
McAllen	\$12,724	\$14,650	-13.1%

*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.

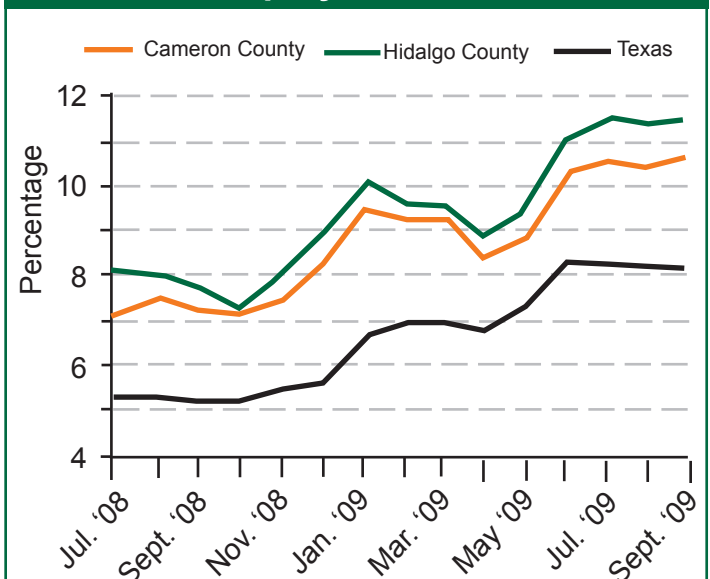
Source: Texas Comptroller of Public Accounts

Changes in sales tax revenues were consistent across the Valley cities in the third quarter of 2009 relative to the same period in 2008. The cities of Brownsville, Harlingen and McAllen posted declines of eight, six and thirteen percent respectively, in their sales tax revenues.

EMPLOYMENT

At the end of September 2009, total employment stood at 134,618 for Cameron County and 264,250 for Hidalgo County. This represents a 0.1 percent increase from September 2008 employment figures for Cameron County and a 1.4 percent increase for Hidalgo County. 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 employment declined by 0.6 percent.

Unemployment Rates*



Source: Bureau of Labor Statistics

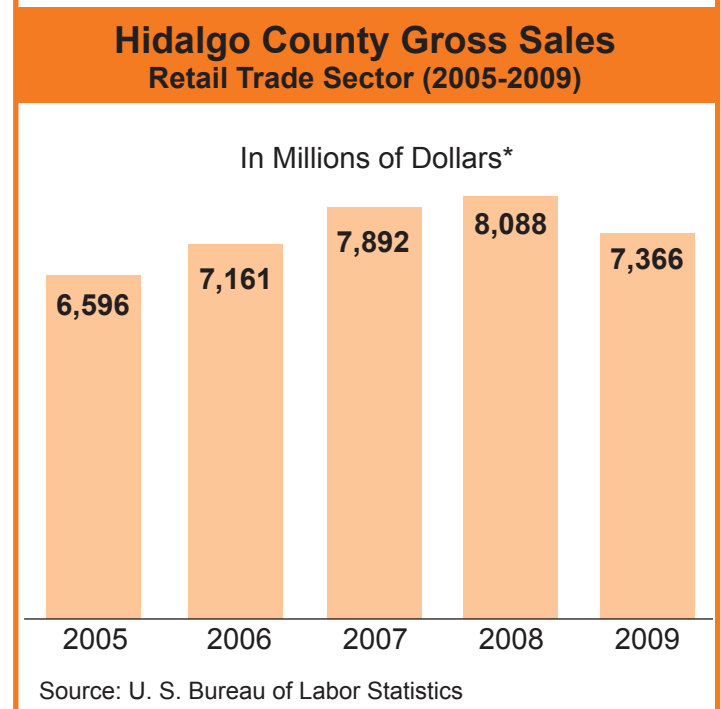
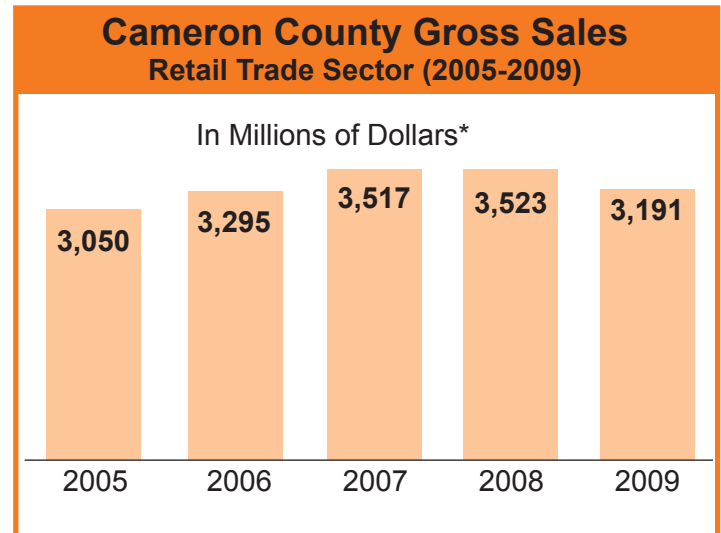
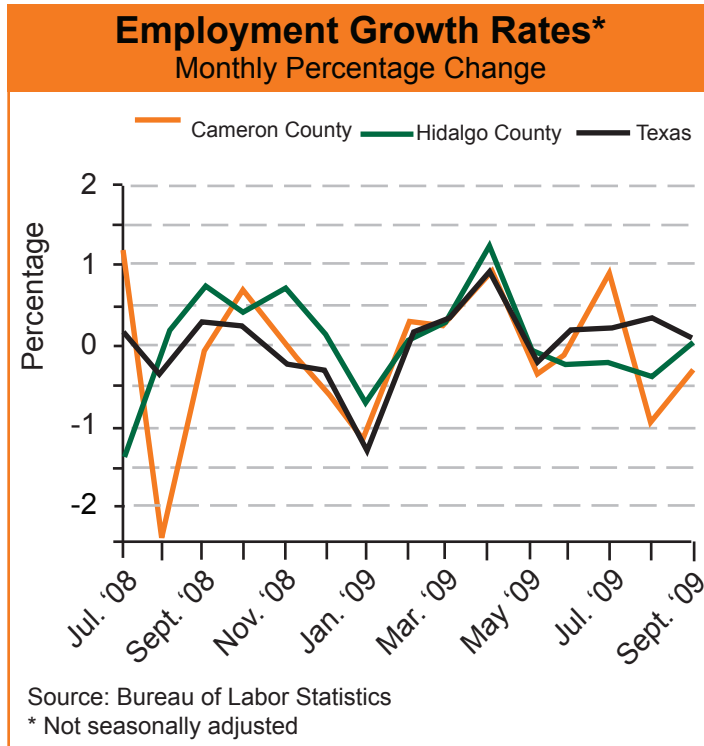
* Not seasonally adjusted.

By the end of the third quarter of 2009, the unemployment rate was 10.7 and 11.5 percent for Cameron and Hidalgo counties, respectively, compared to rates of 7.3 and 7.8 percent in September 2008. Both counties continue to record higher unemployment levels than the state and the country which had unemployment rates of 8.1 and 9.5 percent respectively in September 2009.

RETAIL INDUSTRY

Gross retail sales declined by 4.0 for Cameron and Hidalgo counties combined for Q4 2009 when compared to Q3 2008. This result reverses a trend of overage annual increases over the past several years with the nominal retail sales in Q4 2009 sales approximating 2006 sales. When inflation is factored in, the decline is even sharper, with the 2009 sales falling below 2005 sales in real terms.

The decline was generally across the board with only the food and beverage, clothing stores, and gasoline outlets recording sales increases of 8.1 . However, since these three sub sectors account for only approximately 33 of the total retail sector, the increase was insufficient to pull the entire retail sector into positive territory. Consumer durables such as motor vehicles and appliances, as well as



Employment

	Sept. '09	Sept. '08	Change
Cameron County	134,618	134,433	0.1%
Hidalgo County	264,250	260,640	1.4%
Texas	11,031,467	11,098,353	-0.6%

Unemployment Rates (%)

	Sept. '09	Sept. '08	Change
Cameron County	10.7	7.3	46.6%
Hidalgo County	11.5	7.8	47.4%
Texas	8.1	5.2	55.8%
U.S.	9.5	6.0	58.3%

Source: Bureau of Labor Statistics

Retail Gross Sales Q4 2009*

in Thousands of Dollars

Cameron County

Industry	Q4 '09	Q3 '08	Percent Change
Motor Vehicles	\$160,744	\$178,314	-9.9%
Home Furnishings	\$19,640	\$22,616	-13.2%
Electronics/Apl.	\$31,206	\$35,431	-11.9%
Building Materials	\$54,351	\$69,374	-21.7%
Food & Beverage	\$183,209	\$168,566	8.7%
Health & Personal	\$67,783	\$63,394	6.9%
Gasoline Stations	\$74,023	\$69,294	6.8%
Clothing Stores	\$51,522	\$54,545	-5.5%
Sport/Hobby/Books	\$28,906	\$35,922	-19.5%
General Merch.	\$251,099	\$284,024	-11.6%
Misc. Stores	\$41,361	\$47,751	-13.4%
Nonstore, Other	\$8,960	\$8,819	1.6%
TOTAL RETAIL	\$972,803	\$1,038,051	-6.3%

Hidalgo County

Industry	Q4 '09	Q3 '08	Percent Change
Motor Vehicles	\$397,595	\$469,519	-15.3%
Home Furnishings	\$45,635	\$51,081	-10.7%
Electronics/Apl.	\$94,375	\$97,825	-3.5%
Building Materials	\$125,661	\$142,683	-11.9%
Food & Beverage	\$356,797	\$318,154	12.1%
Health & Personal	\$184,434	\$189,820	-2.8%
Gasoline Stations	\$186,515	\$176,438	5.7%
Clothing Stores	\$240,290	\$223,741	7.4%
Sport/Hobby/Books	\$64,548	\$61,854	4.4%
General Merch.	\$497,206	\$494,466	0.6%
Misc. Stores	\$119,400	\$163,901	-27.2%
Nonstore, Other	\$20,088	\$16,751	19.9%
TOTAL RETAIL	\$2,332,545	\$2,406,234	-3.1%

Source: Texas Comptroller of Public Accounts

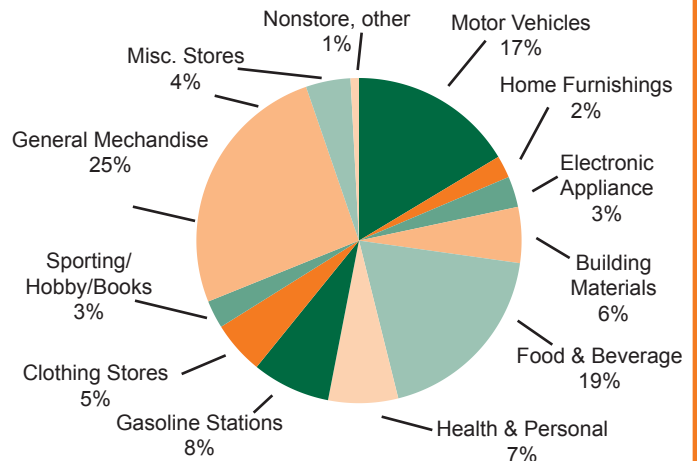
building materials continue to register significant declines, reflecting the continued overall economic downturn.

Retail sales declines have far reaching impacts on the region as the larger cities such as McAllen, Brownsville, and Harlingen depend disproportionately on sales tax revenues associated with sales. Unless retail sales reverse their trend in coming quarters, there will be additional strains on city budgets.

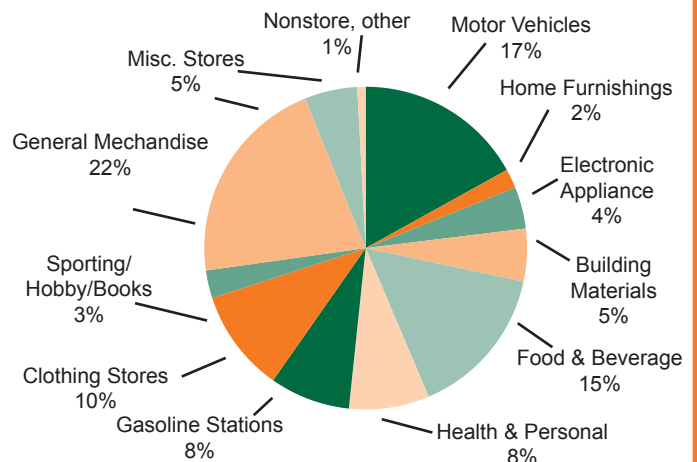
The sharp overall decline in retail sales also mirrored the sharp declines in bridge traffic during the period. Both southbound and northbound bridge traffic through Hidalgo and Cameron counties declined by approximately 10 percent and 12 percent respectively during Q3 2009

Retail Breakdown Q4 2009

Cameron County



Hidalgo County



Source: Texas Comptroller of Public Accounts

compared to the same period in 2008. The 5.4 increase in airport passenger traffic was insufficient to off-set the decline in bridge traffic.

In terms of retail outlets, there was an overall decline of 5.15 in the number of retail outlets in Q4 2009 compared to the same period in 2008. Only two sub sectors, the food and beverage and the sport/hobby/books, had net increases in outlets during Q4 2009. This impacted overall employment negatively as unemployment rose significantly during the quarter in both Cameron and Hidalgo counties.

Dissecting the retail sales data by counties indicates slightly better results for Hidalgo County than that for Cameron County. Cameron County had an overall decline of 6.3 while Hidalgo County recorded an overall decline of 3.1. Hidalgo County had a better overall retail sales return because of the greater dispersion of retail sales across all areas. However, Hidalgo County recorded a greater decline in retail outlets 5.9 compared to Cameron County 3.9.

BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley saw an overall decline in the third quarter of 2008 and 2009. In Cameron County the number of permits issued increased by 1.2 percent and decreased by 12.1 percent in Hidalgo County. By the end of the third quarter, the dollar valuation of authorized housing units increased by 11.0 percent in Cameron County and decreased by 12.6 percent in Hidalgo County compared to the same period of 2008. Home sales reported an increase in Harlingen and declines in the cities of Brownsville and McAllen.

Housing Affordability (Q3 '09)	
MLS Area	HAI*
Brownsville	1.59
Harlingen	1.78
McAllen	1.46
Texas	1.84
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

Number of Units			
County	Q3 '09	Q3 '08	Change
Cameron	256	253	1.2%
Hidalgo	724	824	-12.1%
YTD '09* YTD '08*			
Cameron	719	879	-18.2%
Hidalgo	2,363	3,036	-22.2%

Valuation (in thousands of dollars)			
County	Q3 '09	Q3 '08	Change
Cameron	\$25,140	\$22,658	11.0%
Hidalgo	\$102,719	\$117,587	-12.6%
YTD '09* YTD '08*			
Cameron	\$68,388	\$85,437	-20.0%
Hidalgo	\$265,081	\$306,381	-13.5%

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 '09	Q3 '08	Change
Brownsville	169	238	-29.0%
Harlingen	241	223	8.1%
McAllen	493	557	-11.5%

Dollar Volume In Thousands of Dollars			
MLS Area	Q2 '09	Q2 '08	Change
Brownsville	\$21,325	\$32,125	-33.6%
Harlingen	\$26,100	\$26,095	0.0%
McAllen	\$60,090	\$73,800	-18.6%

Source: Real Estate Center at Texas A&M University

The next issue of *Border Business Briefs* will feature the PhD degree offered by the College of Business Administration at The University of Texas-Pan American.

TRANSPORTATION

Airports – Passenger Statistics*

	Q3 '09	Q3 '08	Change
Brownsville	46,102	38,179	20.8%
Harlingen	174,870	182,817	-4.3%
McAllen	207,424	185,319	11.9%
Laredo	60,286	55,744	8.1%
El Paso	821,381	857,419	-4.2%

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

Land Ports of Entry – Border Crossings

Southbound Traffic

	Q3 '09	Q3 '08	Change
Trucks			
Rio Grande Valley*	159,135	180,945	-12.1%
El Paso**	71,789	85,716	-16.2%
Laredo	366,918	402,515	-8.8%
Rail			
Rio Grande Valley*	9,035	10,624	-15.0%
El Paso	-	-	
Laredo	51,402	50,051	2.7%
Vehicles			
Rio Grande Valley*	2,568,184	2,898,071	-11.4%
El Paso**	867,400	946,193	-8.3%
Laredo	1,236,080	1,323,422	-6.6%
Pedestrians			
Rio Grande Valley*	977,661	972,254	0.6%
El Paso**	1,207,318	1,312,839	-8.0%
Laredo	994,926	1,067,119	-6.8%

Northbound Traffic

	Q3 '09	Q3 '08	Change
Trucks			
Rio Grande Valley*	164,944	184,509	-10.6%
El Paso	168,477	134,656	25.1%
Laredo	360,005	397,208	-9.4%
Rail			
Rio Grande Valley*	1,303	1,919	-32.1%
El Paso	6,774	12,600	-46.2%
Laredo	28,815	39,419	-26.9%
Vehicles			
Rio Grande Valley*	3,083,573	3,538,147	-12.8%
El Paso	2,742,896	2,253,393	21.7%
Laredo	1,325,041	1,545,654	-14.3%
Pedestrians			
Rio Grande Valley*	1,352,201	1,389,019	-2.7%
El Paso	1,851,424	1,361,092	36.0%
Laredo	1,001,060	1,069,824	-6.4%

*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 18.4 in the third quarter of 2009 relative to the same quarter in 2008. Exports to Mexico through the two counties' ports fell by 20.9 percent which mirrors the change through all Texas ports. Imports

from Mexico decreased by 15.9 percent through the two counties versus a 12.7 percent decrease 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 '09	% of TX Export Trade Activity	Q3 '08	% of TX Export Trade Activity	Change
Brownsville	1,623	7.4%	2,295	8.6%	-29.3%
Hidalgo	2,234	10.2%	2,551	9.6%	-12.4%
Progreso	48	0.2%	95	0.4%	-48.9%
Two County Total	3,906	17.9%	4,940	18.6%	-20.9%
Texas Total	21,874		26,582		-17.7%

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

	In Millions of Dollars				
	Q3 '09	% of TX Import Trade Activity	Q3 '08	% of TX Import Trade Activity	Change
Brownsville	1,155	4.3%	1,635	5.3%	-29.3%
Hidalgo	3,181	11.8%	3,527	11.4%	-9.8%
Progreso	16	0.1%	12	0.0%	30.2%
Two County Total	4,352	16.1%	5,174	16.7%	-15.9%
Texas Total	26,972		30,906		-12.7%

*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		
	Q3 '09	Q3 '08	Change	Q3 '09	Q3 '08	Change
Revenues (\$000)	\$37,701	\$38,802	-2.8%	\$22,882	\$28,412	-19.5%
Room nights available (000)	720.7	762.6	-5.5%	642.7	620.2	3.6%
Occupancy Rate (%)	55.2	52.4	5.3%	48.1	57.8	-16.8%

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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