



# Border Business Briefs

Vol. 8, No. 3

Spring 2012

A Publication of the Center for Border Economic Studies

The University of Texas-Pan American™

## Economic Indicators at a Glance

### Gross Sales (Q3 10-11).....pg. 1

Cameron County: 7% ↑  
Hidalgo County: 12% ↑

### Employment (December 2011)..... pg. 3

Cameron County: 0.1% ↑  
Hidalgo County: 3.1% ↑

### Unemployment Rate (December 2011)..... pg. 3

Cameron County: 11.2%  
Hidalgo County: 11.2%

### Housing Units Authorized (Q4 10-11)..... pg. 5

Cameron County: 25.9% ↑  
Hidalgo County: 9.1% ↓

### Passengers at Airports (Q4 10-11)..... pg. 6

Brownsville: 2.7% ↓  
Harlingen: 6.2% ↓  
McAllen: 9.5% ↓

### Southbound Border Crossings (Q4 10-11).....pg. 6

Trucks: 3.0% ↑  
Private Vehicles: 4.7% ↓  
Pedestrians: 9.2% ↓

### Northbound Border Crossings (Q4 10-11).....pg. 6

Trucks: 1.9% ↑  
Private Vehicles: 4.3% ↓  
Pedestrians: 12.9% ↓

### Trade Activity (Q4 10-11)..... pg. 7

Cameron County: 8.0% ↑  
Hidalgo County: 2.5% ↓

### Hotel Revenues (Q4 10-11)..... pg. 7

Cameron County: 0.6% ↑  
Hidalgo County: 9.3% ↓

### Featured Center: Office of Continuing Education..... pg. 8

## GROSS SALES

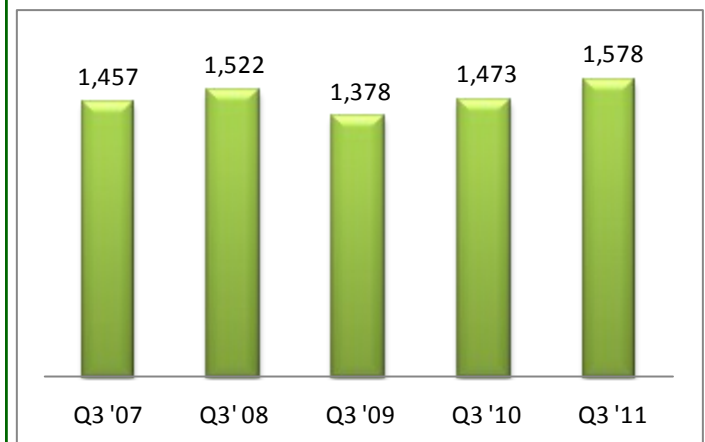
Overall, gross sales increased between the third quarter of 2007 and the corresponding quarter of 2011. For both Cameron and Hidalgo Counties sales rose by eight percent over that time period.

Relative to the third quarter of 2010, Cameron County's gross sales rose by seven percent in the third quarter of 2011. Hidalgo County also posted an increase of twelve

## Cameron County Gross Sales

Third Quarter (2007-2011)

In Millions of Dollars\*



## Hidalgo County Gross Sales

Third Quarter (2007-2011)

In Millions of Dollars\*



\*Not adjusted for inflation

Source: Texas Comptroller of Public Accounts

percent over the same time period. Most sectors experienced increased economic activity. This increase in Cameron County was fueled by the wholesale trade sector, utilities, and agriculture. In Hidalgo County the increase was seen in the wholesale trade, finance and insurance, real estate, and healthcare sectors.

Trade continues to dominate the economy of both counties, with retail and wholesale trade accounting for sixty-

eight percent of gross sales in both Cameron and Hidalgo Counties.

Changes in sales tax revenues were consistent across the Valley cities in the fourth quarter of 2011 relative to the same period in 2010. The cities of Brownsville, Harlingen, and McAllen posted increases of four, three, and one percent respectively, in their sales tax revenues.

<b>Gross Sales by County and Industry</b>			
<b>In Millions of Dollars</b>			
<b>Cameron County</b>			
	Q3 '11	Q3 '10	Change
Construction	70	75	-8%
Manufacturing	155	143	9%
Wholesale Trade	185	156	19%
Retail Trade	881	821	7%
Accom./Food Services	118	112	6%
Other Services*	121	124	-2%
Other**	47	43	10%
<b>All Industries***</b>	<b>1,578</b>	<b>1,473</b>	<b>7%</b>
<b>Hidalgo County</b>			
	Q3 '11	Q3 '10	Change
Construction	120	110	9%
Manufacturing	287	266	8%
Wholesale Trade	449	373	20%
Retail Trade	1,943	1,789	9%
Accom./Food Services	207	200	3%
Other Services*	373	277	35%
Other**	114	94	20%
<b>All Industries***</b>	<b>3,492</b>	<b>3,111</b>	<b>12%</b>

\* 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; Healthcare 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

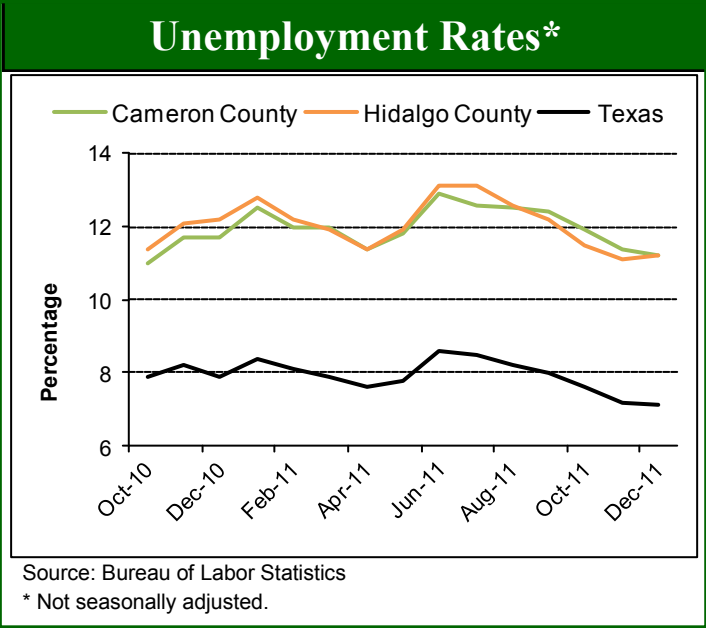
<b>Sales Tax Revenues</b>			
<b>In Thousands of Dollars</b>			
	Q4 '11	Q4 '10	Change
Brownsville	\$7,646	\$7,321	4.4%
Harlingen	\$4,570	\$4,454	2.6%
McAllen	\$12,785	\$12,677	0.9%

\*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

## EMPLOYMENT

In December 2011, total employment stood at 140,703 for Cameron County and at 282,162 for Hidalgo County. This represents a 0.1 and a 3.1 percent increase from December 2010 employment figures for Cameron and Hidalgo Counties respectively. These results were lower than that



for Texas overall. For the entire state, net job growth was 4.2 percent in December 2011 compared to December 2010.

By the end of the fourth quarter of 2011, the unemployment rate was 11.2 percent for both Cameron and Hidalgo counties, compared to rates of 11.7 and 12.2 percent respectively in December 2010. Although both counties recorded similar employment growth rates as Texas, both counties continue to record higher overall unemployment levels than that for the state and the country as a whole. The Texas unemployment rate was 7.1 percent while the average for the country was 8.3 percent in December 2011, significantly lower than the 11.2 percent for Cameron and Hidalgo counties.

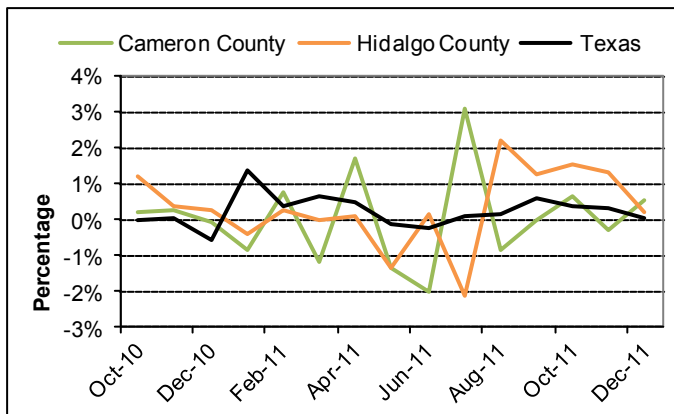
## BANKING INDUSTRY

Total bank deposits in Cameron and Hidalgo counties increased between 2004 and 2011 rising from \$9.8 billion in June 2004 to \$13.7 billion in June 2011. This represents an annual average compound growth rate of 4.9%, 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 8.3%. The number of banks operating in the two counties grew by 7 (23%) from 31 in 2004 to 38 in 2011. There was also an increase of offices over the period as the number of offices grew by 37% from 178 in 2004 to 243 by June 2011. These aggregated results mirror the relatively strong economic growth recorded in the area over the past seven years.

In June 2004, Texas State Bank (now Compass Bank) was

### Employment Growth Rates\*

Monthly Percentage Change



Source: Bureau of Labor Statistics

\* Not seasonally adjusted.

### Employment

	Dec. '11	Dec. '10	Change
Cameron County	140,703	140,620	0.1%
Hidalgo County	282,162	273,741	3.1%
Texas	11,606,912	11,141,903	4.2%

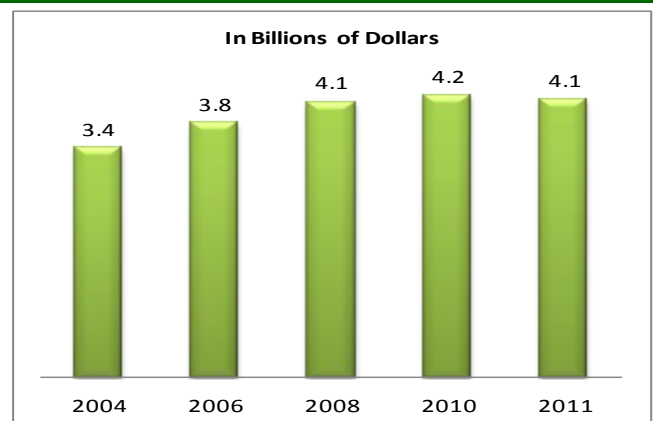
### Unemployment Rates (%)

	Dec. '11	Dec. '10	Change
Cameron County	11.2	11.7	-4.3%
Hidalgo County	11.2	12.2	-8.2%
Texas	7.1	7.9	-10.1%
U.S.	8.3	9.1	-8.8%

Source: Bureau of Labor Statistics

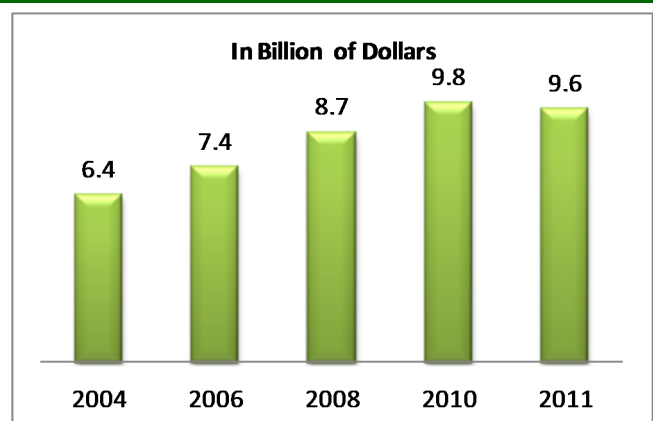
### Cameron County Bank Deposits

June 30



### Hidalgo County Bank Deposits

June 30



Source: FDIC Summary of Deposits (2010)

the market leader in Cameron County with a 23.9% market share while Wells Fargo Bank was second with 19.5%. The rank of these two institutions changed in 2011 as Wells Fargo Bank recorded the largest share of deposits in Cameron County with 22.4% and Compass Bank's share fell to 16.4%. Together, the five largest banks by market share in 2004 held 75.7% of total deposits in Cameron County but this fell to 69.5% in June 2011.

Compass Bank was the largest bank by deposits in Hidalgo County in 2011 with a 21.5% share as at June 2011. Texas State Bank (now Compass Bank) held the top spot in June 2004 with a 28.5% market share. However, unlike Cameron County, the concentration of deposits in the five largest banks by market share registered only a marginal change from 74.7% in 2004 to 74.6% in 2011.

Of note is that JP Morgan Chase Bank, one of the largest banks in the country, which was in the top-five banks in 2004 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 9th place in

either county in 2004 or 2011. Citibank, the second largest US bank, does not have offices in either Cameron or Hidalgo County. Although Cameron and Hidalgo counties are served by 38 banks (as at June 2011), deposits are skewed in favor of a few banks with the top-five banks in Cameron County and Hidalgo County holding 69.5% and 74.6% of deposits respectively in 2011. There is further deposit concentration as the two largest cities in each

## Banking Profile

### Number of Institutions

	Institutions in Market	Offices
Cameron County	18	86
Hidalgo County	20	157

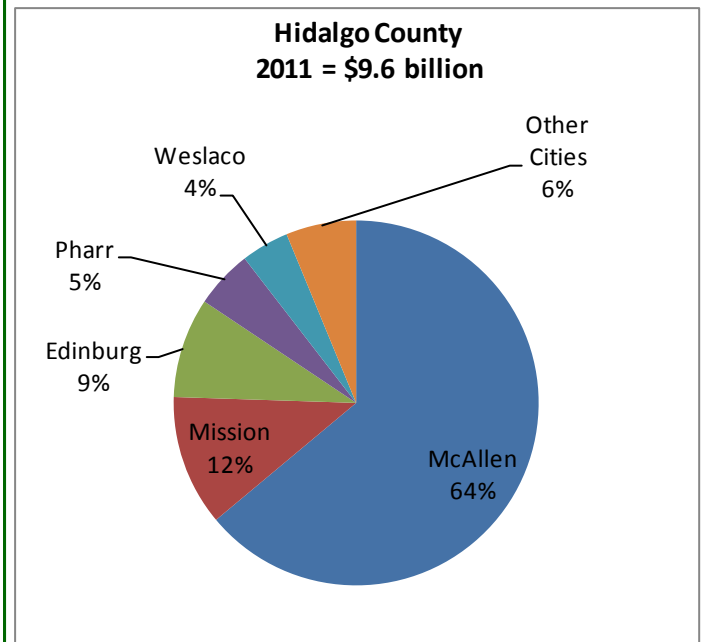
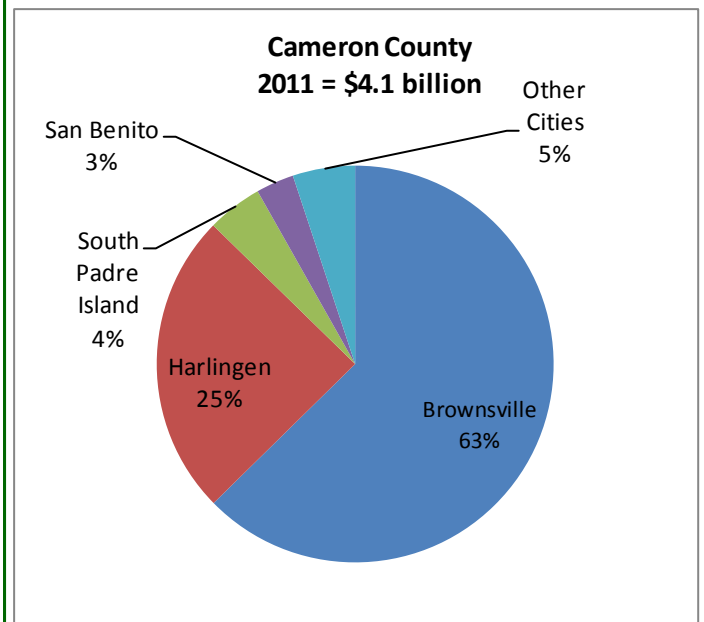
### Top 5 Banks by Deposits

Cameron County	Market Share
Wells Fargo Bank	22.4%
Compass Bank	16.4%
International Bank of Commerce	14.7%
JPMorgan Chase	8.1%
First National Bank	8.0%

Hidalgo County	Market Share
Compass Bank	21.5%
Inter National Bank	15.8%
Lone Star National Bank	14.0%
International Bank of Commerce	11.7%
First National Bank	11.6%

Source: FDIC Summary of Deposits (2011)

## Bank Deposits By City



Source: FDIC Summary of Deposits (2011)

county, Brownsville and McAllen, together account for 63.5% of total deposits in both counties in 2011.

The housing affordability index for several MLS areas in the two-county area indicates that housing in the area continues to be relatively affordable, especially when viewed against the fact that average income in the area lags both that for Texas and the U.S. as a whole. Home sales reported decreases of 0.7, 4.5, and 14.5 percent in the Brownsville, Harlingen, and McAllen MSA's.

### Bank Deposits (in Millions of Dollars)

#### Cameron County

City	June 30, 2011	June 30, 2010	Change
Brownsville	2,612	2,677	-2%
Harlingen	1,029	948	9%
South Padre Island	188	184	2%
San Benito	129	140	-8%
County Total*	4,170	4,170	0%

### Bank Deposits (in Millions of Dollars)

#### Hidalgo County

City	June 30, 2011	June 30, 2010	Change
McAllen	6,089	6,058	1%
Mission	1,104	1,114	-1%
Edinburg	844	748	13%
Pharr	491	856	-43%
Weslaco	404	434	-7%
County Total*	9,525	9,831	-3%

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

Source: FDIC Summary of Deposits (2010 and 2011)

## BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley had mixed results in the fourth quarter of 2011 when compared to the same period in 2010. In Cameron County, the number of permits issued increased by 25.9 percent while there was a 9.1 percent decline in Hidalgo County. The dollar value of authorized housing units increased by 7.1 percent in Cameron county but decreased by 6.4 percent in Hidalgo county in the fourth quarter of 2011, compared to the same period in 2010.

### Housing Affordability (Q4 '11)

MLS Area	HAI*
Brownsville	2.45
Harlingen	2.47
McAllen	2.05
Texas	2.54
USA	2.50

\*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 reporting 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	Q4 '11	Q4 '10	Change
Cameron	267	212	25.9%
Hidalgo	611	672	-9.1%
	YTD '11*	YTD '10*	

Cameron	966	959	0.7%
Hidalgo	2,922	2,893	1.0%

#### Valuation (in thousands of dollars)

County	Q4 '11	Q4 '10	Change
Cameron	\$25,254	\$23,573	7.1%
Hidalgo	\$86,360	\$92,244	-6.4%
	YTD '11*	YTD '10*	
Cameron	\$94,850	\$97,881	-3.1%
Hidalgo	\$397,634	\$382,872	3.9%

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	Q4 '11	Q4 '10	Change
Brownsville	150	151	-0.7%
Harlingen	191	200	-4.5%
McAllen	376	440	-14.5%

#### Dollar Volume (In Thousands of Dollars)

MLS Area	Q4 '11	Q4 '10	Change
Brownsville	\$16,486	\$18,657	-11.6%
Harlingen	\$22,818	\$21,498	6.1%
McAllen	\$49,110	\$55,574	-11.6%

Source: Real Estate Center at Texas A&M University

## TRANSPORTATION

### Airports - Passenger Statistics\*

	Q4 '11	Q4 '10	Change
Brownsville	40,807	41,941	-2.7%
Harlingen	169,329	180,457	-6.2%
McAllen	163,944	181,187	-9.5%
Laredo	44,406	54,705	-18.8%
El Paso	747,988	763,980	-2.1%

\* Passenger Statistics includes both enplaned and deplaned values.

Source: Respective Airports

### Land Ports of Entry - Border Crossings

	Southbound Traffic			Northbound Traffic			
	Q4 '11	Q4 '10	Change	Q4 '11	Q4 '10	Change	
<b>Trucks</b>							
Rio Grande Valley*	166,111	161,257	3.0%	Rio Grande Valley*	170,778	167,542	1.9%
El Paso**	83,623	77,311	8.2%	El Paso	170,424	173,411	-1.7%
Laredo	427,157	418,398	2.1%	Laredo	428,568	405,835	5.6%
<b>Rail</b>							
Rio Grande Valley*	9,700	12,907	-24.8%	Rio Grande Valley*	1,977	2,384	-17.1%
El Paso	-	-		El Paso	7,874	8,601	-8.5%
Laredo	63,555	61,049	4.1%	Laredo	51,155	46,532	9.9%
<b>Vehicles</b>							
Rio Grande Valley*	2,135,639	2,239,853	-4.7%	Rio Grande Valley*	2,498,173	2,609,234	-4.3%
El Paso**	822,466	951,387	-13.6%	El Paso	2,274,125	2,470,477	-7.9%
Laredo	1,158,553	1,172,573	-1.2%	Laredo	1,092,251	1,251,755	-12.7%
<b>Pedestrians</b>							
Rio Grande Valley*	1,001,069	1,103,060	-9.2%	Rio Grande Valley*	1,244,223	1,428,947	-12.9%
El Paso**	1,059,913	1,212,003	-12.5%	El Paso	1,574,033	1,699,131	-7.4%
Laredo	752,456	886,390	-15.1%	Laredo	764,707	859,017	-11.0%

\*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 increased by 1.2 percent in the fourth quarter of 2011 relative to the same quarter in 2010. Exports to Mexico through the two counties' ports saw no increase in contrast with the increase through all Texas

ports of 11.5 percent. Imports from Mexico increased by 2.2 percent through the two counties' ports significantly trailing the increase at the state level of 10.0 percent. Overall, the ports of Cameron and Hidalgo counties account for 14.2 percent of Texas trade activity with Mexico.

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

	in Millions of Dollars				
	Q4 '11	% of TX Export Trade Activity	Q4 '10	% of TX Export Trade Activity	Change
Brownsville	2,094	6.6%	2,060	7.2%	1.7%
Hidalgo	2,337	7.3%	2,375	8.3%	-1.6%
Progreso	40	0.1%	37	0.1%	7.9%
Two County Total	4,472	14.1%	4,472	15.7%	0.0%
Texas Total	31,817		28,540		11.5%

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

	in Millions of Dollars				
	Q4 '11	% of TX Import Trade Activity	Q4 '10	% of TX Import Trade Activity	Change
Brownsville	1,632	4.2%	1,390	3.9%	17.4%
Hidalgo	3,872	10.0%	3,994	11.3%	-3.1%
Progreso	34	0.1%	36	0.1%	-5.7%
Two County Total	5,538	14.2%	5,421	15.3%	2.2%
Texas Total	38,866		35,332		10.0%

\*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

## Hotels

	Cameron County			Hidalgo County		
	Q4 '11	Q4 '10	Change	Q4 '11	Q4 '10	Change
Revenues (\$000)	\$15,254	\$15,166	0.6%	\$23,362	\$25,759	-9.3%
Room nights available (000)	576.0	675.1	-14.7%	620.9	650.6	-4.6%
Occupancy Rate (%)	36.6	32.1	14.0%	50.1	52.7	-4.9%

Source: [sourcestrategies.org/texas](http://sourcestrategies.org/texas)



## Border Business Briefs

*Border Business Briefs* is published quarterly by the Center for Border Economic Studies in the Division of Academic Affairs at The University of Texas-Pan American. If you would like to add your name to our mailing list or to subscribe to *Border Business Briefs*, please contact the CBEST office at [cbest@utpa.edu](mailto:cbest@utpa.edu).

Dr. Cynthia J. Brown, Vice Provost for  
Graduate Studies, Academic Centers and  
Continuing Education

Dr. Dave O. Jackson, Director,  
Center for Border Economic Studies  
Donna Jackson, Research Data Analyst, CBEST  
Weifang Yang, Graphics/Layout

The University of Texas-Pan American™  
Center for Border Economic Studies  
1201 W. University Drive, Edinburg, TX 78539  
E-mail: [cbest@utpa.edu](mailto:cbest@utpa.edu)  
Web site: [www.utpa.edu/cbest](http://www.utpa.edu/cbest)

### FEATURED CENTER OFFICE OF CONTINUING EDUCATION

University of Texas-Pan American's Office of Continuing Education (CE) extends the educational resources of the university to best meet the learning needs of the Rio Grande Valley community and beyond. With a mission to facilitate life-long learning through high quality, non-credit education services with emphasis on professional development, personal enrichment, and certification program, CE works closely with academic departments to develop and administer various Continuing Education offerings. Some of the ongoing CE offerings include:

- Certified Public Manager Certification Program
- SAT Prep Course

Upcoming CE offerings include History Lecture Series, Worker's compensation Seminar for physicians and Physician Assistants, Certified First Responder Course, seminars and workshops to help health-care professionals earn their Continuing Education Units (CEUs).

For more information, contact the Office of CE at 956-318-5306, visit [www.utpa.edu/ce](http://www.utpa.edu/ce), or email: [continuinged@utpa.edu](mailto:continuinged@utpa.edu)