

CITY OF  
SOUTH PADRE ISLAND  
ECONOMIC INDEX

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PREPARED FOR  
SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
BY



## TABLE OF CONTENT

<b>TABLE OF CONTENT</b> .....	- 2 -
<b>EXECUTIVE SUMMARY</b> .....	- 4 -
<b>INTRODUCTION</b> .....	- 5 -
<b>METHODOLOGY AND DATA</b> .....	- 6 -
<b>SOUTH PADRE ISLAND</b> .....	- 7 -
<b>Total Direct Visitor Spending</b> .....	- 7 -
Figure 1: Change in Total Direct Visitor Spending .....	- 8 -
<b>Total Direct Earning</b> .....	- 8 -
Figure 2: Change in Total Direct Earning .....	- 9 -
<b>Annual Change in Employment</b> .....	- 9 -
Figure 3: Change in Employment.....	- 10 -
<b>Annual Change in Tax Receipts</b> .....	- 10 -
Figure 4: Annual Change in Tax Receipts.....	- 11 -
<b>Winter Texans</b> .....	- 12 -
<b>Air Travel between Texas and Mexico</b> .....	- 12 -
Figure 5 Change in Air Travel from Mexico City and Monterrey to Texas 2010-2011 .....	- 13 -
<b>SOUTH PADRE ISLAND’S EXTERNAL ECONOMIC DRIVERS</b> .....	- 13 -
<b>STATE FACTORS</b> .....	- 13 -
<i>state 2/3 of visitors</i> <i>1/3 split between</i> <i>Mexico &amp;</i> <i>rest of</i> <i>US</i> Texas Leading Economic Index .....	- 13 -
Figure 6: Texas Leading Economic Index.....	- 14 -
Figure 7: Texas Leading Index Components .....	- 14 -
Texas Manufacturing Outlook.....	- 15 -
Figure 8: Texas Manufacturing .....	- 16 -
Texas Value of the Dollar .....	- 16 -
Figure 9: Texas Value of Dollar .....	- 17 -
<b>NATIONAL FACTORS</b> .....	- 17 -
U.S. Leading Economic Index .....	- 17 -
Figure 10: U.S. Leading Economic Index .....	- 19 -
<b>MEXICAN FACTORS</b> .....	- 19 -

<i>Mexico Leading Economic Index</i> .....	- 20 -
Figure 11: Mexico Leading Economic Index .....	- 21 -
<i>South Padre Island and Mexico</i> .....	- 21 -
<i>Exchange Rates Mexican Peso to Dollar</i> .....	- 22 -
Figure 12: Exchange Rates Mexican Peso to Dollar .....	- 22 -
<i>Nuevo-Leon, Tamaulipas Manufacturing Employment</i> .....	- 22 -
Figure 13: Nuevo Leon-Tamaulipas Manufacturing Employment .....	- 23 -
Figure 14: Nuevo Leon-Tamaulipas Manufacturing Employment .....	- 24 -
<b>COMPOSITE LEADING ECONOMIC INDEX</b> .....	- 24 -
Figure 15: Composite Leading Economic Index .....	- 25 -
<b>SOUTH PADRE ISLAND - INTERNAL FACTORS</b> .....	- 25 -
Figure 16: Visitors Activity in Corpus Christi- Galveston-South Padre Island.....	- 26 -
Figure 17: Total Direct Travel Spending 1 Year and 5 Year Change.....	- 27 -
Figure 18: Total Direct Travel Spending 10 Year Change .....	- 27 -
<b>HOTEL/MOTEL OCCUPANCY TAX</b> .....	- 28 -
Figure 19: Annual Occupancy Tax Revenue .....	- 29 -
Figure 20: Monthly Occupancy Tax Index.....	- 30 -
Figure 21: Annual Occupancy Tax Index.....	- 30 -
<b>SALES TAX</b> .....	- 31 -
Figure 22: Annual Sales Tax Revenue .....	- 31 -
Figure 23: Monthly Sales Tax Index .....	- 32 -
Figure 24: Annual Sales Tax Index .....	- 32 -
<b>BANK DEPOSIT INDEX</b> .....	- 33 -
Figure 25: Annual Bank Deposits.....	- 33 -
Figure 26: Monthly Bank Deposits Index.....	- 34 -
Figure 27: Annual Bank Deposits Index.....	- 35 -
<b>REAL ESTATE IN TEXAS</b> .....	- 35 -
Figure 28: Texas Real Estate .....	- 36 -
<b>REAL ESTATE IN SOUTH PADRE ISLAND</b> .....	- 36 -
Figure 29: South Padre Island Real Estate.....	- 37 -
<b>BUILDING PERMITS INDEX</b> .....	- 38 -
Figure 30: Annual Building Permits.....	- 38 -
Figure 31: Monthly Building Permits Index.....	- 39 -
Figure 32: Annual Building Permits Index.....	- 40 -
<b>CONCLUSIONS</b> .....	- 40 -
<b>REFERENCES</b> .....	- 42 -

## EXECUTIVE SUMMARY

In this report we analyze the external and internal economic drivers identified in our first report. The external drivers show continued improvement in the economies of Texas, the U.S. and Mexico. All three economies leading indices point to optimistic economic outlook in the short run. The U.S. is forecasted to grow at around 2 percent in 2013 and 2.8 percent in 2014. Mexico's economic outlook is 3.8 percent growth in 2013 and 3.5 percent in 2014. Texas's outlook is 4.3% in 2013 and 5.2 percent in 2014.

The two most important internal drivers, hospitality and tourism and real estate and construction show signs of marked improvements. Both economic drivers are highly sensitive to changes in economic conditions. Texas growing at a faster rate than the rest of the country and Mexico economy expanding will affect positively the economy of South Padre Island. Current data show that the real estate sector in Texas and South Padre Island are returning to their natural levels. Average home sale prices are trending upward, Home sales and dollar volume sales are increasing, while months inventory are decreasing indicating a healthier real estate market.

In this report we used data from Corpus Christi Galveston and Texas as benchmarks to evaluate South Padre Island economic performance. Our analysis shows that the island outperforms the other Texas destinations during the summer peak months and during March and April because of the spring-break vacation. During the off-peak months South Padre Island underperforms the other destinations. The four performance indicators we use to measure the island performance are expected to improve in the next two years. The expected change in the four indicators will vary between 4 and 6 percent for the occupancy tax revenue, between 3 and 6 percent for Sales Tax revenue, and between 3 and 5 percent for bank deposits. Building permits are expected to remain unchanged in 2013 and increase in 2014.

## Introduction

In this report we evaluate the economic performance of the city of South Padre Island, Texas for 2011. <sup>d 2012</sup> In our previous report we used 1994 as a base year to keep our analysis comparatively consistent with previous reports. In this report we analyze South Padre Island's economic performance over a one year, five year, and ten year span. Our analysis pays special attention to the two primary economic drivers identified in our previous reports, hospitality and tourism, and real estate. We have also identified three external macroeconomic factors that affect the economy of South Padre Island: the state of the economy in the U.S, in Texas, and in Mexico. We selected representative indicators and indices for each of the three external factors: U.S. Leading Economic Index (LEI), Texas Leading Index, Texas Value of the Dollar (TXVD), Mexico's Leading Economic Index. In addition, we selected the exchange rate between the Mexican Peso and the dollar, and Maquila activity in the northern Mexican states of Tamaulipas and Nuevo Leon. Our analysis is divided into two sections: The first section addresses the external factors that affect South Padre Island's economy. The second section evaluates the economic performance of South Padre Island by analyzing four local indicators: Occupancy Tax, Sales Tax, Bank Deposits, and Building Permits Valuation. In addition, we compare the Island's economic performance to that of other Gulf Coast tourist destination. The purpose of this comparison is to benchmark and track economic performance and present meaningful results in relation to other tourism destinations in Texas. The results are graphically represented for easy inspections. We use the three LEIs to generate a weighted composite index. The weights are based on the importance of each factor on the economy of South Padre Island.

## Methodology and Data

Our analysis of factors that affect the economy of South Padre Island is similar to the approach we took in previous reports. We analyzed a set of economic indicators that track South Padre Island's external economic drivers. We made few changes to the analysis of local performance indicators, Occupancy Tax, Sales Tax, Bank Deposits, and Building Permits. First, we changed the base year from 1994 to 2007. We decided to use 2007 as a base year because local performance indicators from 2007 represent the last year of "natural" or "normal" economic activity before the start of the Great Recession. We also added a one year, five year, and ten year economic performance analysis. In addition, we introduced a local performance comparative benchmark using other Gulf Coast tourist destinations performance. This benchmarking tool will provide South Padre Island officials information on whether South Padre Island is underperforming, outperforming or performing at the same level as other Gulf Coast tourist destinations.

The identification of trends and our two year forecasts use time series data from the same sources we used in past reports. We adjusted the data for seasonality, and then deflated it using the Consumer Price Index (CPI, 2007=100). We selected 2007 as a base year for the all indicators and indices. All indicator values provide the percentage change in economic activity for each of the series selected relative to base year 2007. For instance, an index of 90 indicates a 10 percent decline in that economic activity (less than 100 is a decline), whereas an index value of 110 shows a 10 percent increase of economic activity measured by the index (more than 100 is an increase).

Data for the external economic drivers was obtained from the Federal Reserve Bank of Dallas, the Bureau of Labor Statistics and the Bureau of Economic Analysis, The Conference Board, the U.S. Department of Commerce, Bureau of Economic Analysis, and [www.city-data.com](http://www.city-data.com), INEGI, Banco De Mexico. Local performance data was obtained from South Padre

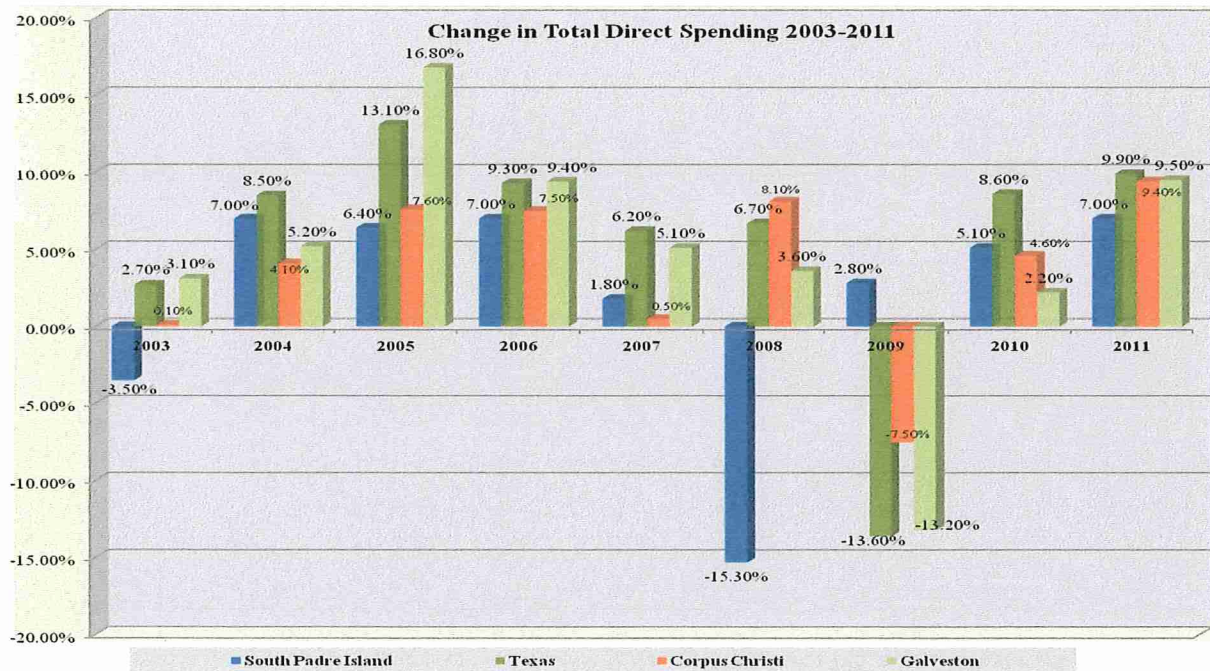
Island Economic Development Corporation (Occupancy Tax, Sales Tax, Bank Deposits, and Building Permits), Texas Department of Tourism, Texas A&M Real Estate Center, the National Association of Realtors, and the Federal Reserve Bank of Dallas. The data is for the period January 1994 to December 2011. / 2012?

## South Padre Island

### *Total Direct Visitor Spending*

South Padre Island's total direct visitor spending grew by 7.0 percent in 2011, which represents an improvement of 1.9 percent over 2010. South Padre Island's total direct visitor spending grew for the third year in a row. Although the growth rate is comparable to the pre-recession (2004, 2006) highest growth rates at 7 percent, it is below those of Corpus Christi, Galveston, and Texas (9.4%, 9.5%, and 9.9% respectively). South Padre Island total direct visitor spending for 2011 was \$308.4 million. Total direct visitor spending has rebounded and is at the pre-recession levels (\$309.6 in 2006 and 315.4 in 2007). However, in terms of total direct visitor spending growth rate, South Padre Island outperformed Corpus Christi four out of the last nine years and underperformed the other five and outperformed Galveston three years and underperformed the other six years. Figure 3 shows the change in total direct visitor spending between 2003 and 2011.

Figure 1: Change in Total Direct Visitor Spending



Source: Office of the Governor, Economic Development and Tourism

The Gulf Coast Tourism region total direct visitor spending performance moves in the same direction as the state of Texas with the exception of 2003, 2008, and 2009 when South Padre Island’s performance moved in opposite direction as the state. Corpus Christi and Texas have surpassed their pre-recession levels by 5.8 percent and 3.1 percent respectively, while South Padre Island and Galveston are still below their pre-recession levels by 2.2 percent and 2.9 percent respectively.

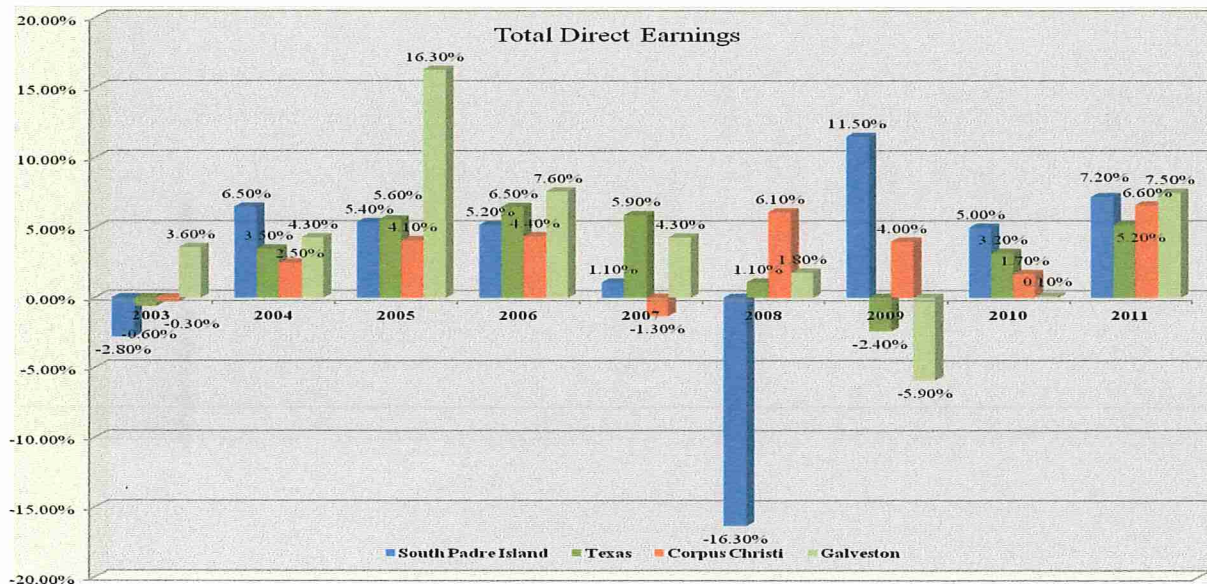
*Total Direct Earning*

South Padre Island has recovered nicely from the dramatic decline in direct earnings it experienced in 2008 (16.3% drop compared to a 2.4% and 5.9% drops for Texas and Galveston respectively). The Island’s total direct earning grew by 5 percent in 2010 and 7.2 percent in



2011. South Padre Island's total direct earnings increased from \$73.5 million in 2007 to \$77.3 million in 2011, a 5.2 percent increase over its pre-recession highest level. Although compared to Corpus Christi (8.2%) and Texas (6%), South Padre Island's 2007-2011 percentage change in total direct earnings are relatively lower, its recovery is much more remarkable given the sharp decline it experienced in 2008. Since the recession, South Padre Island has outperformed Corpus Christi, Galveston, and Texas. Figure 2 shows the change in total direct earning between 2003 and 2011.

Figure 2: Change in Total Direct Earning

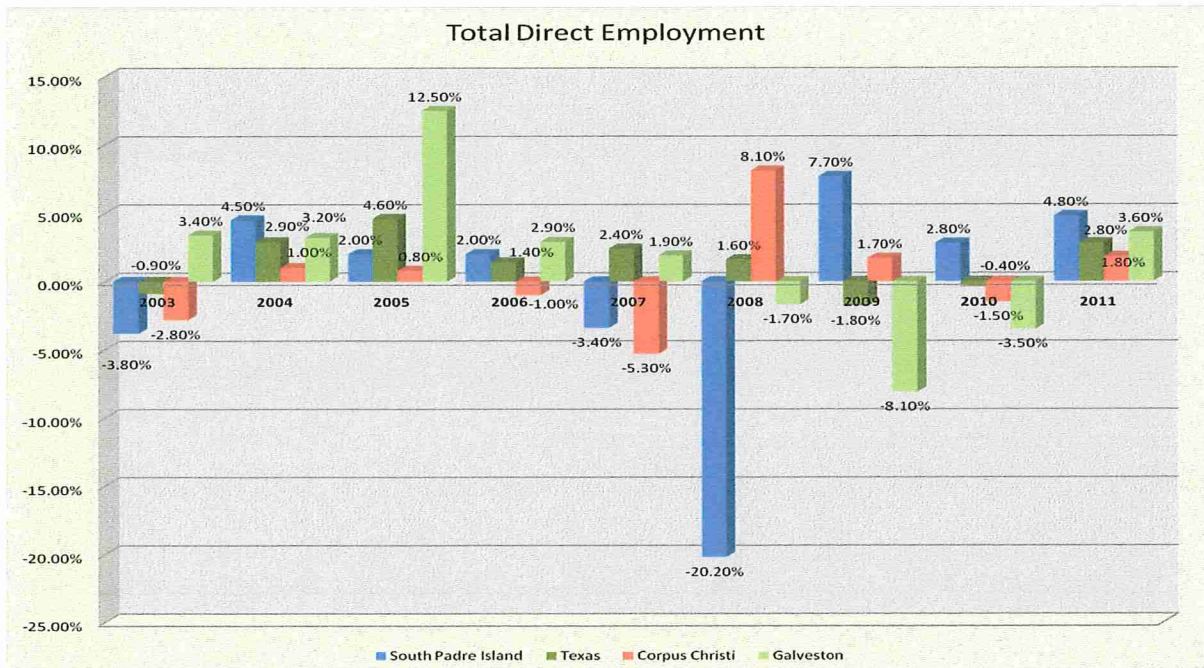


Source: Office of the Governor, Economic Development and Tourism

### *Annual Change in Employment*

In 2008, hurricane Dolly had a severe impact on employment. The hurricane reduced the level of employment by 20.2 percent from 4,083 jobs to 3,258. There was positive growth in employment in 2009 (7.7%) and 2010 (2.8%) while employment declined in Texas by 1.8 percent in 2009 and 0.5 percent in 2010, and in other Gulf Coast destinations by 3.4 percent in 2009 and 2.8 percent in 2010. This decline was due to the economic recession.

Figure 3: Change in Employment



Source: Office of the Governor, Economic Development and Tourism

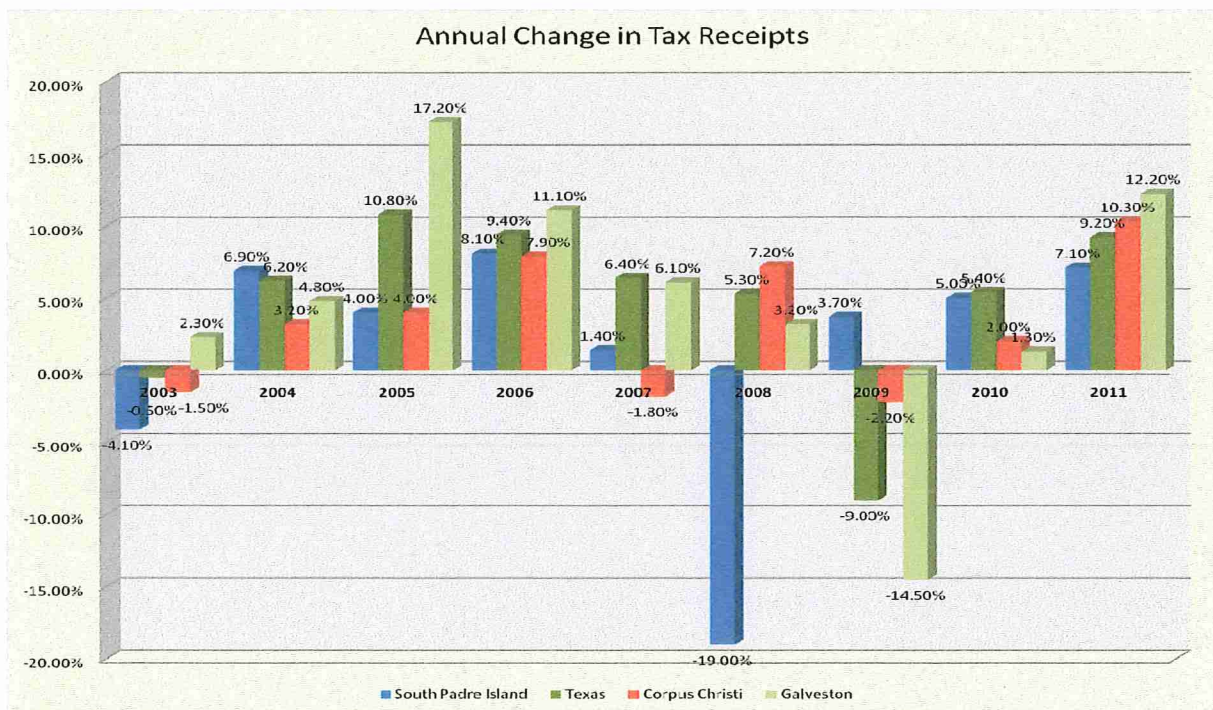
A closer look at the employment data between South Padre Island, Texas, and the other Gulf Coast destinations shows that although the island seemed to fare better than the other destinations in 2009 and 2010 in terms of change in employment levels, it was in actuality just reeling back from the impact of the hurricane and Red Tide algae and far from recovered. The growth in employment was mitigated by the recession. In 2008 employment level decreased by 825 jobs by 2011 526 jobs were recovered (252 in 2009, 99 in 2010 and 175 in 2011). Figure 3 shows the annual change in employment between 2003 and 2010.

### *Annual Change in Tax Receipts*

South Padre Island's tax receipts continue to recover from the impact of the 2008 hurricane. After declining by 19 percent, tax receipts increased by 3.7 percent in 2009 and 5 percent in 2010, and 7.1 percent in 2011. Compared to Texas and the Gulf Coast Tourism

region, South Padre Island has experienced a higher growth rate in tax receipts. In 2009, tax receipts decreased by 9 percent in Texas and by 11 percent in the Gulf Coast Tourism region. In 2010, both regions had positive growth in tax receipts with Texas experiencing growth of 5.6 percent and the Gulf Coast Tourism region experiencing growth of 2.2 percent. Figure 4 shows the annual change in tax receipts between 2003 and 2010.

Figure 4: Annual Change in Tax Receipts



Source: Office of the Governor, Economic Development and Tourism

After 2007, Texas and the Gulf Coast Tourism region seem to have experienced a one year lag relative to SPI in terms of visitors spending, earning, and employment. The lag is due to the effect of hurricane Dolly (2008) and the Red-tide algae that affected the southern Gulf Coast (2009).

### *Winter Texans*

Although Winter Texans' spending propensity is lower than conventional South Padre Island visitors, they represent an important segment of South Padre Island visitors and the most important off-season visitors. A study conducted by the University of Texas Pan-American (2008) found that most Winter Texans come to the Valley for its climate. They report that the typical Winter Texan spends about \$10,000 during a typical stay in the Valley, which is around 4 months, and has been coming to the Valley for about 9 years. Eighty-three percent of Winter Texans live in residences they own. Recreational Vehicles and mobile homes are the most popular forms of residence for Valley Winter Texans<sup>1</sup>.

### *Air Travel between Texas and Mexico*

Air travel between Monterrey, Mexico, and Texas continues to experience faster growth compared to travel from other Mexican destinations to Texas. The U.S. Department of Transportation Bureau of Transportation statistics' data for 2011 show that air travel from Monterrey to Texas increased by 9.26% compared to 0.58% for Mexico City. This is important to note due to the recent establishment of AeroMexico direct air service between Monterrey and Brownsville-South Padre Island International Airport.

Figure 5 compares the change in air travel between Mexico City and Texas and Monterrey and Texas between 2010 and 2011.

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<sup>1</sup> Valley Markets & Research Center

Figure 5 Change in Air Travel from Mexico City and Monterrey to Texas 2010-2011



Source: Air U.S. Department of Transportation, Research and innovative technology administration, Bureau of Transportation Statistics.

## South Padre Island’s External Economic Drivers

### *STATE FACTORS*

#### *Texas Leading Economic Index*

Texas Leading Index is the equivalent composite leading economic index for the state of Texas. Its function is to shed light on the future of the state's economy. The index is a composite of eight leading indicators that tend to signal economic changes before they happen. They include the Texas value of the dollar, U.S. leading index, real oil price, well permits, initial

claims for unemployment insurance, Texas stock index, help-wanted index and average weekly hours worked in manufacturing.

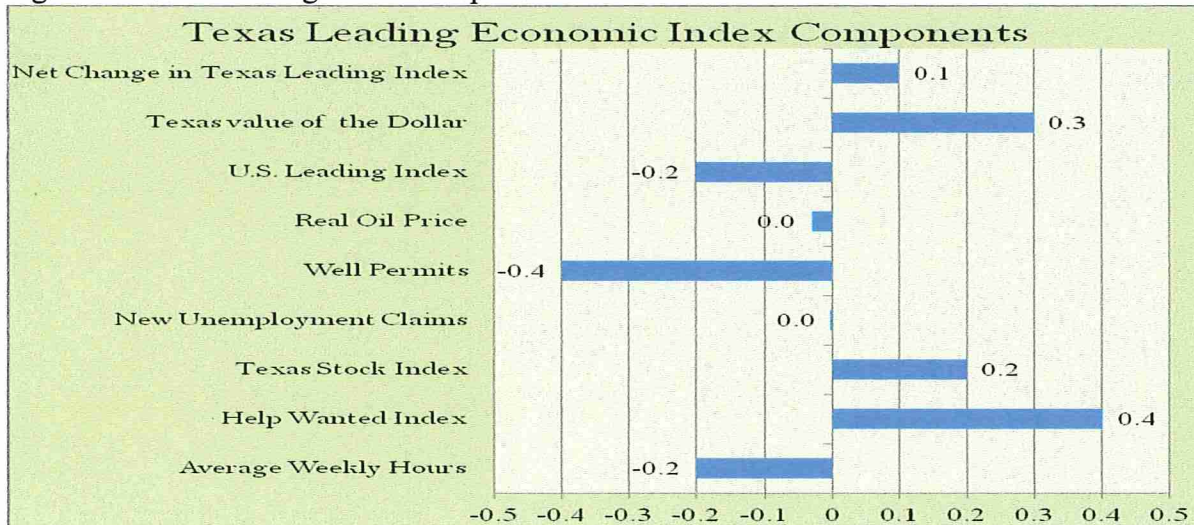
Figure 6: Texas Leading Economic Index



Source: Federal Reserve Bank of Dallas

Texas Leading Index in Figure 6 shows that Texas' economy is trending upward. In 2011 Texas' economic statistics are stronger than the rest of the U.S.

Figure 7: Texas Leading Index Components



Source: Federal Reserve Bank of Dallas

Texas Leading Index rose by 0.1 percent between June and August 2011. The index indicates that change in the outlook for Texas' economy. The unemployment rate in Texas continues on its downward trend. It decreased from 8.2 percent in 2010 to 7.9 percent in 2011 and to 6.98 percent in the first ten months of 2012. October unemployment in Texas is at 6.6 percent. Texas added 229,949 jobs in 2011 and another 223,733 in 2012 (as of October). This change in employment is equivalent to a 4 percent increase in the number of jobs since 2010.

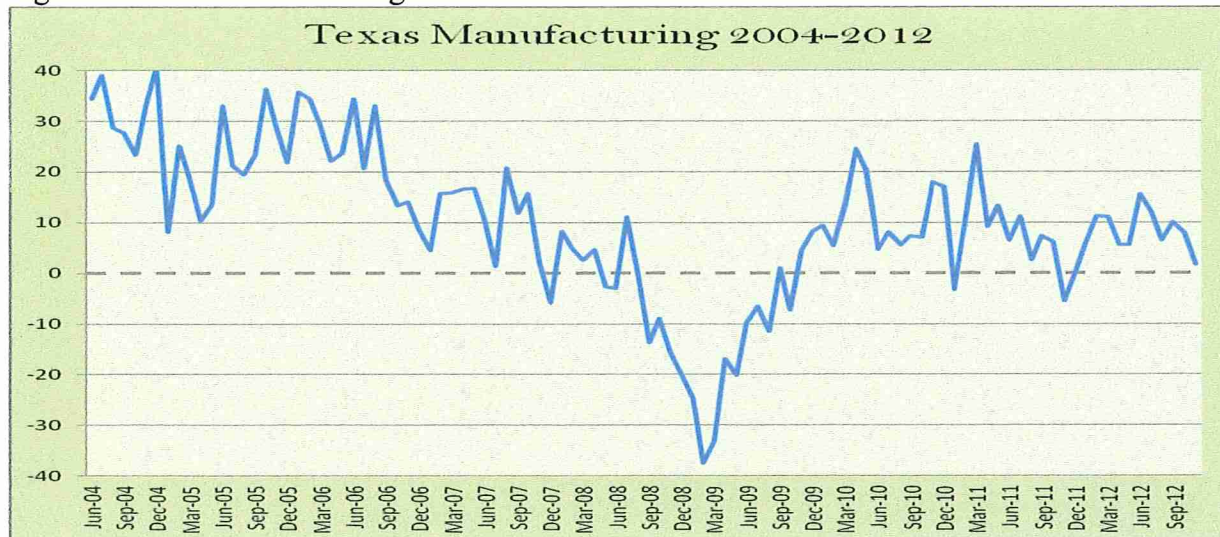
### *Texas Manufacturing Outlook*

The Federal Reserve Bank of Dallas conducts the monthly Texas Manufacturing Outlook Survey (TMOS) to assess factory activity. Texas factory activity increased in 2012, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, showed positive growth but at varying rates with a peak in July (15.5) and relatively flat in November (1.7), indicating output barely increased from October.

Most other measures of current manufacturing activity also suggested growth in 2012, although new orders declined towards the end of 2012. The capacity utilization index increased from most of the year, with an index of 11.4 in October up from 9.3 for September. November's capacity utilization index decreased by more than ten points, coming in at -1.3, indicating utilization rates were little changed from October. The new orders index and shipments index increased modestly in 2012 with both index being relatively unchanged in November suggesting that demand was unchanged from October.

Trade data shows that Texas exports increased by 21.3 percent from \$207 billion in 2010 to \$251 billion in 2011. Exports to Texas' top 25 trading partners increased by 20.6 percent. Mexico remains Texas biggest trading partner with 34.8% of total exports going and 20.3 percent in export growth followed by Canada at 8.8 percent and 17.9 percent in export growth, China at 4.4 percent with 6.4 percent growth, and Brazil at 4 percent and 40.5 percent growth.

Figure 8: Texas Manufacturing



Source: Federal Reserve Bank of Dallas

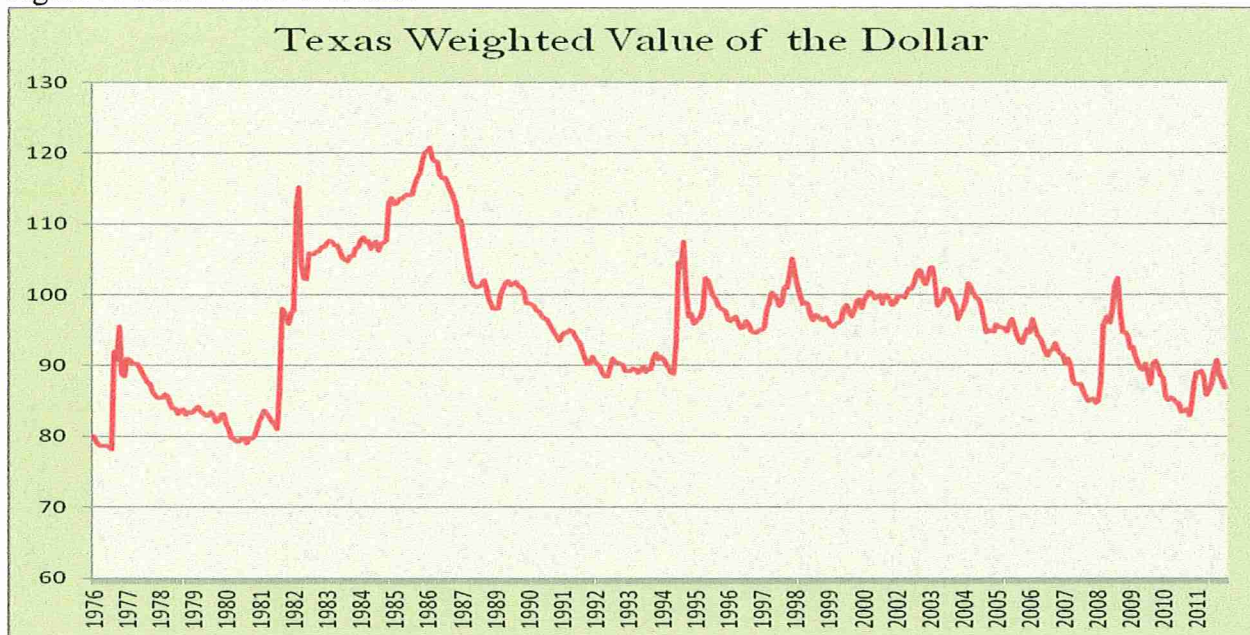
### *Texas Value of the Dollar*

The Texas Value of the Dollar (TXVD) is an effective exchange rate index that assigns a fixed weight based on the size of each country’s exports history with Texas. The TXVD index includes data from 48 countries with Mexico (Texas’ largest trading partner) assigned 35.9 percent of the index’s weight. Changes in the value of the Mexican peso affect the TXVD more than changes in the currencies of any other trading partners.

The TXVD is inversely related to the Texas Leading Index. An increase (decrease) in the value of the index indicates that Texas exports are more expensive (less expensive) and results in a decrease (increase) in the volume of Texas exports. The TXVD is the Texas equivalent of the U.S. Trade-Weighted Value of the Dollar (TWVD).



Figure 9: Texas Value of Dollar



Source: Federal Reserve Bank of Dallas

The TXVD has experienced 29 months of continuous decline (March 2009 to August 2011). TXVD appreciated in the last three months of 2011. Figure 9 shows historical data of Texas Value of the Dollar. A decline in the TXVD makes Texas' exports and destinations attractive to international importers and visitors. The depreciation of the dollar relative to the combined value of the currencies of Texas' trading partners should have a positive impact on the economy of Texas and benefit South Padre Island because the purchasing power of these currencies in the U.S. increases.

### *NATIONAL FACTORS*

#### *U.S. Leading Economic Index*

The Conference Board U.S. Leading Index (LEI) is a widely tracked composite index of ten key leading economic indicators that usually change direction before the economy does.

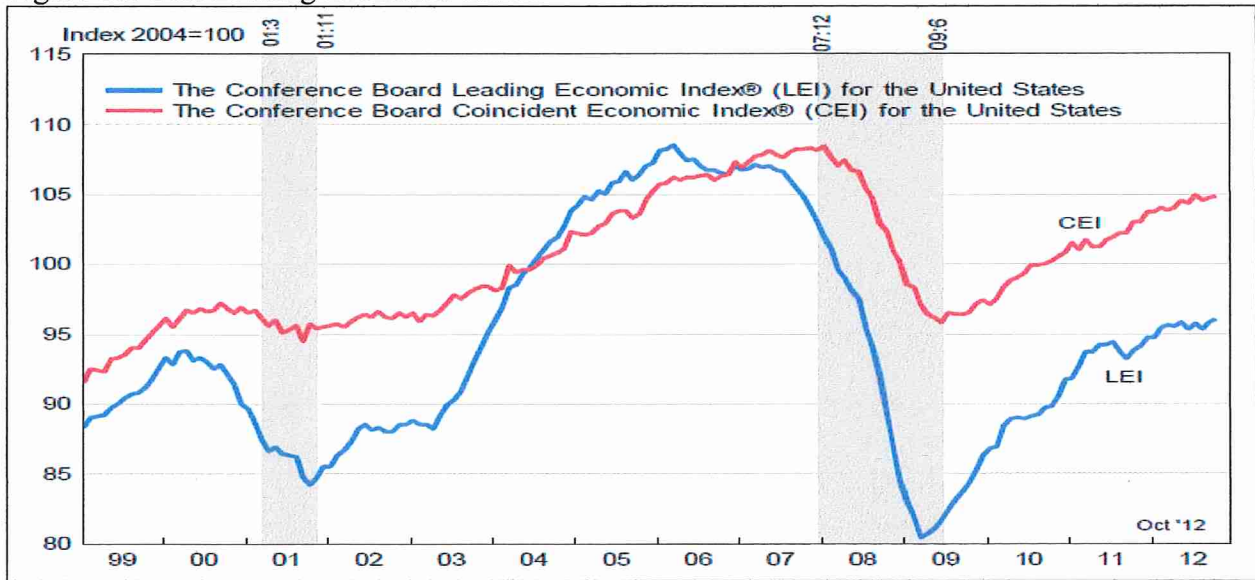
Economic analysts track changes in the direction and duration of the index to forecast economic change. For example, if the index declines for three consecutive months, the change in the index signals that a recession is about to begin. The economic indicators included in the computation of the leading economic index are:

- Average weekly hours of production workers in manufacturing
- Average weekly initial claims for state unemployment insurance (inverted)
- Manufacturers' new orders for consumer goods/materials (constant dollar)
- Vendor performance-slower deliveries diffusion index
- Contracts and orders for plants and equipment
- New private housing authorized by local building permits
- Yield curve
- Stock prices, common 500 stocks
- Money supply M2
- Index of consumer expectations

The conference board forecasted 2.1 percent GDP growth for the U.S. economy for 2012, 1.8 percent for 2013, and 2.4 percent for 2014. Real GDP grew by 2.37 percent in 2010, 2 percent in 2011, and by 2 percent for the first three quarters of 2012.

The conference Board Consumer Confidence Index increased in November and is now at its highest level since Feb. 2008. November's small improvement is the result of optimistic expectations, in spite of the fact that consumers' assessment of current conditions have not changed. Over the past few months, consumers have grown increasingly more optimistic about the expected state of the job market. Consumers continue to be optimistic about the short-term outlook.

Figure 10: U.S. Leading Economic Index



Source: The Conference Board

### *MEXICAN FACTORS*

The Conference Board also provides a leading index for Mexico. The index is the equivalent of the U.S. leading index and tracks economic changes in Mexico. A second set of indicators are the Nuevo Leon and Tamaulipas Employment and Work Hours which serve as indicators of economic activity on the immediate U.S.-Mexico border area. The fourth factor that impacts international tourism is the exchange rate. Appreciation of the dollar relative to the peso makes American goods and services relatively more expensive. Conversely, a depreciation of the dollar vis-à-vis the peso is equivalent to a price decrease, making visits to South Padre Island and properties more affordable and attracts more Mexican tourists and investors, and increases tourism spending and demand for real estate services on South Padre Island.

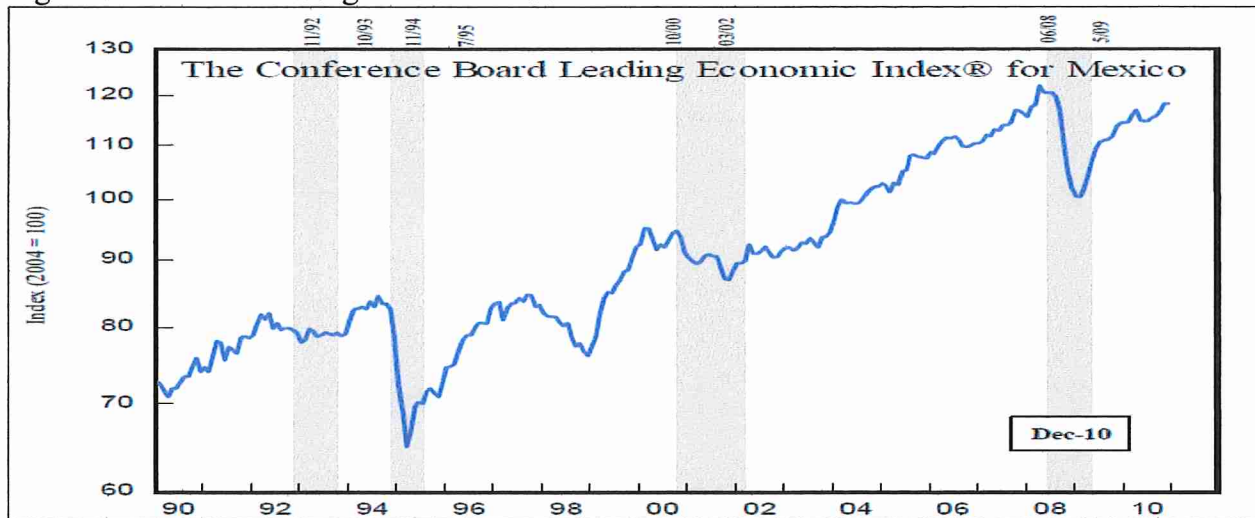
### *Mexico Leading Economic Index*

After gains of 0.8 percent in March and 0.7 percent in April, the Conference Board LEI for Mexico decreased by 0.4 percent in May. The decrease more than offset gains in industrial production and was mostly due to net insufficient inventories, oil prices, and stock prices. The six-month (November 2010 through May 2011) change in the leading economic index stands at an annualized rate of 3.8 percent down from 6.2 percent for the previous six months. Moreover, the weaknesses among the leading indicators have become somewhat more widespread than the strengths in recent months.

The Conference Board LEI for Mexico declined slightly in August after increasing sharply in July. Rising oil prices and the appreciation of real exchange rate were offset by large drop in net insufficient inventories, and stock prices. With the decline in August, the leading economic index contracted 0.3 percent during the past six months mitigating the increase experienced the previous six months (1.8 percent).

According to the Conference Board the CEI for Mexico, a measure of current economic activity, increased again in August with all three components advancing. Between February and August 2012, the coincident economic index grew by 2.1 percent (about a 4.3 percent annual rate), about the same rate of increase as in the previous six months. Meanwhile, real GDP increased at a 3.5 percent annual rate in the second quarter of 2012, down from 4.9 percent (annual rate) in the first quarter.

Figure 11: Mexico Leading Economic Index



Source: The Conference Board

### *South Padre Island and Mexico*

Tourism and business cycles are highly correlated and move in the same direction. The tourism and hospitality sectors tend to expand when the economy is expanding and contract when the economy is contracting. Tourism numbers continue to improve both at the state level and for South Padre Island mirroring the improving economy.

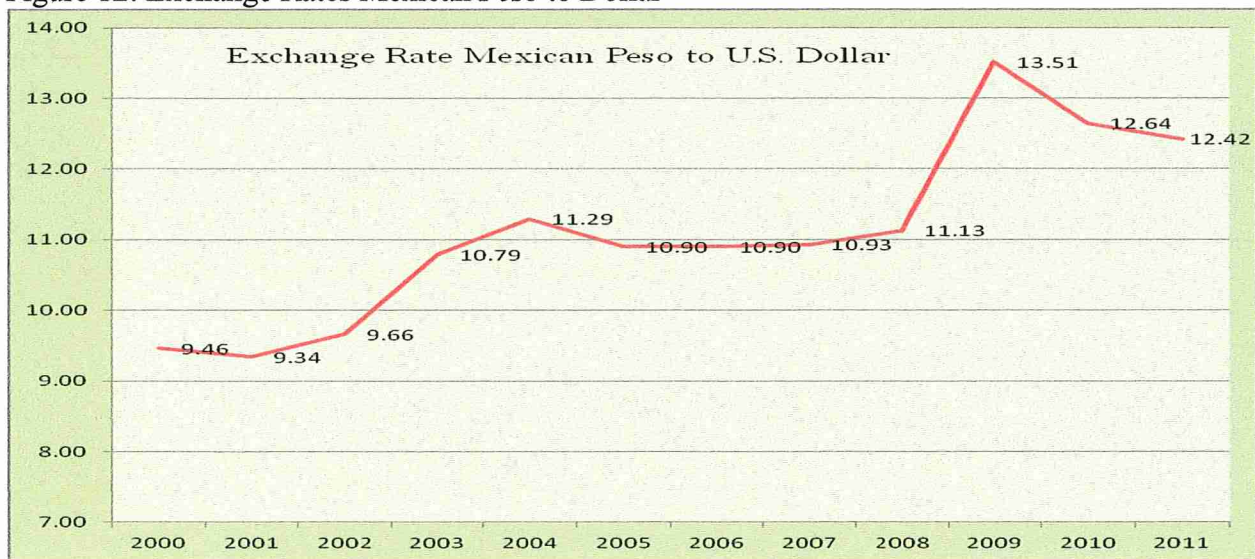
Mexico's plays a significant role in the regional economy because of its proximity and ties with the region. Mexico contributes the largest share of international visitors to South Padre Island. Mexican nationals also represent a significant portion of property owners and investors in South Padre Island because of the island's investment stability, both in terms of property value and the historical stability of U.S. dollar relative to the Mexican peso (see Figure 11), and over the last few years because of personal safety and security.

### *Exchange Rates Mexican Peso to Dollar*

Although, the peso to dollar exchange rate is still below 2008 levels, it continues to appreciate vis-a-vis the dollar. The peso/dollar exchange rate averaged 13.51 in 2009, 12.63 in 2010, and 12.42 pesos per dollar in 2011. The peso has appreciated 12 percent against the dollar since 2009. It is also highly correlated with bank deposits, which we discuss in the South Padre Island – Internal Factors section below.

A thriving Mexican economy has beneficial spillovers on the economies of U.S. border cities in general and South Padre Island in particular, especially the tourism and hospitality cluster.

Figure 12: Exchange Rates Mexican Peso to Dollar



Source: Federal Reserve Bank of Dallas

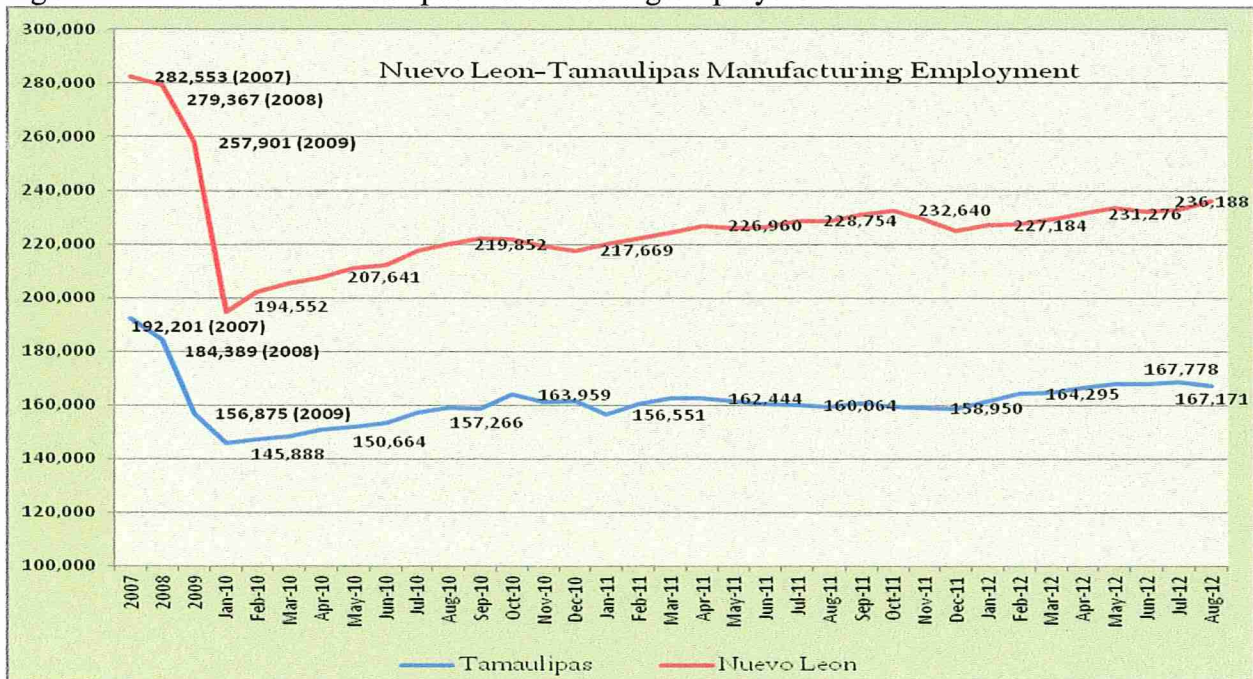
### *Nuevo-Leon, Tamaulipas Manufacturing Employment*

Maquiladoras are Mexico's leading source of foreign exchange and have a prominent role in the economies of border communities. The maquiladora industry has been a catalyst for growth of Mexican border economies especially after the signing of the North American Free

Trade Agreement (NAFTA). The growth of the maquiladora industry has strengthened Mexico and Texas trade relations. Currently one-third of Texas' exports are with Mexico. A change in maquiladora employment is an important indicator when evaluating the economy of south Texas and Texas in general. Improving employment in the maquiladora has positive externalities on the economies of Texas border cities.

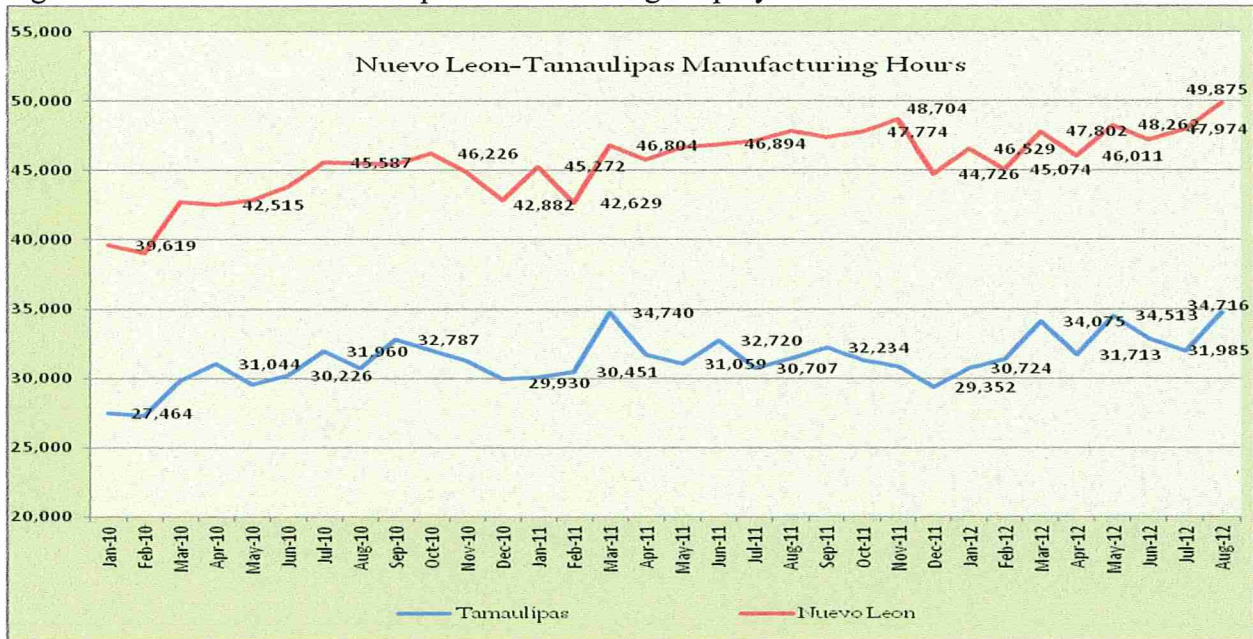
We selected the northern Mexican states of Nuevo Leon and Tamaulipas because of their immediate proximity and the strong economic and cultural linkages to our area. Figures 14 and 15 show the level of manufacturing employment and work hours in Nuevo Leon and Tamaulipas. Manufacturing employment has declined in both states between 2007 and 2010, but the decline has dampened down to 2.6 percent in 2010 from 7.7 percent the previous year in Nuevo Leon and from 14.9 percent in 2009 to 2.2 percent in 2010 in Tamaulipas. Work hours in manufacturing have increased since 2010 by 14.6 percent in Tamaulipas and 21.4 percent in Nuevo Leon.

Figure 13: Nuevo Leon-Tamaulipas Manufacturing Employment



Source: INEGI (Instituto Nacional de Estadística Geografía e Informática)

Figure 14: Nuevo Leon-Tamaulipas Manufacturing Employment



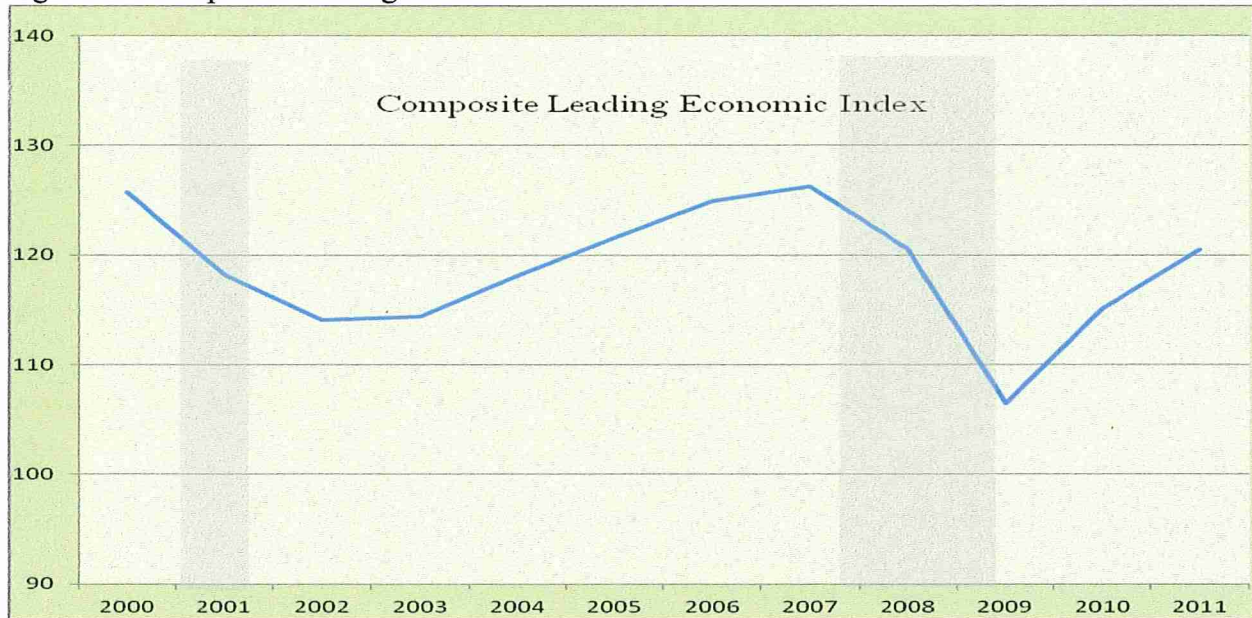
Source: INEGI (Instituto Nacional de Estadística Geografía e Informática)

*COMPOSITE LEADING ECONOMIC INDEX*

The composite index computes the weighted combined effect of the three economies that affect South Padre Island. Although all three economies are recovering at different rates, the economy of the City of South Padre Island will recover and expand at a rate closer to that of Texas.



Figure 15: Composite Leading Economic Index



Source: The Conference Board

Texas' Leading Economic Index influences the shape of the composite leading economic index. We expect the economy of South Padre Island to continue to grow at a moderate rate in 2013 and 2014.

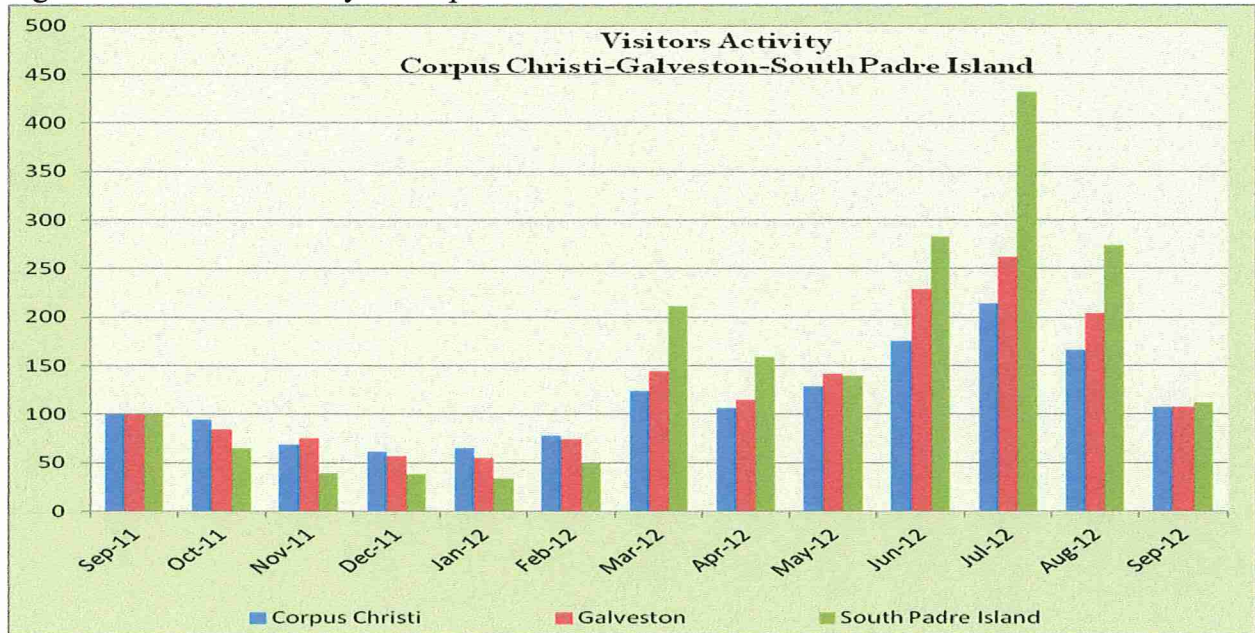
### South Padre Island - Internal Factors

In this section, we use historical data (1995 to present) to identify trends and to forecast economic changes for the next two years. We also included comparative data and figures from Corpus Christi and Galveston as a benchmark against which to contrast South Padre Island's performance.

Figure 17 shows that when data is normalized to remove the impact of the size of each economy, South Padre Island outperforms both Corpus Christi and Galveston during peak months and underperforms them during off-peak months. The figure shows the high variance in

visitors to South Padre Island. The island has both the lowest level of activity (January) and the highest (July).

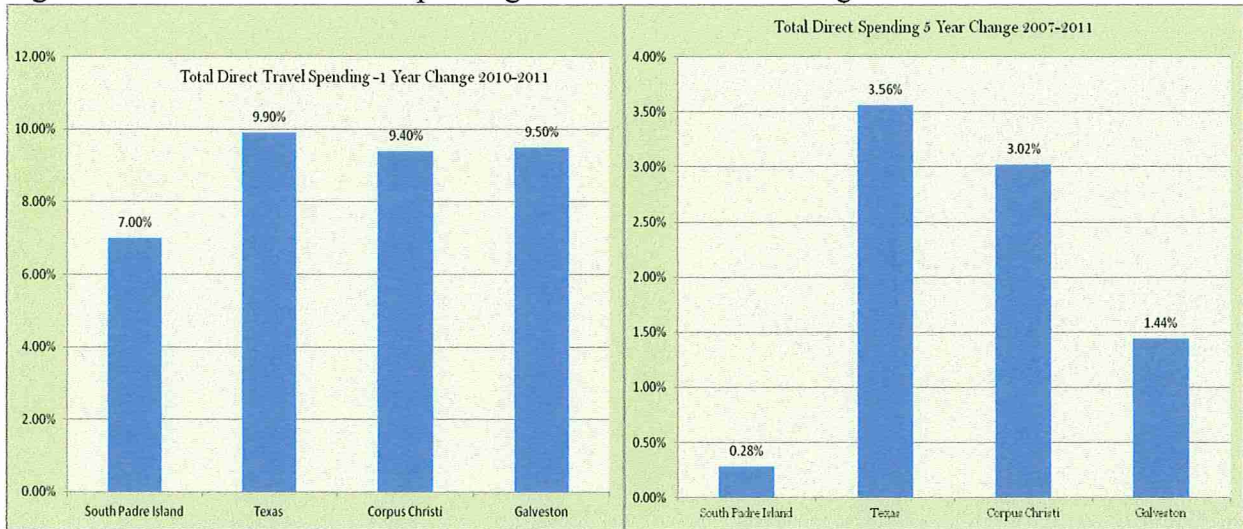
Figure 16: Visitors Activity in Corpus Christi- Galveston-South Padre Island



Source: Texas Destinations 2011-2012, Office of Governor, Economic Development Tourism Division

Figure 2 18 and 19 show the 1 year and 5 year change in total direct visitors' spending. The one year change shows that South Padre Island's visitor spending grew at a slower rate than the other destinations. The 5 year change shows a more dramatic change with the island experiencing a 0.28 percent change compared to 3.56 percent for Texas, 3.03 percent for Corpus Christi and 1.44 percent for Galveston. The sharp difference is due mostly to the impact of hurricane Dolly.

Figure 17: Total Direct Travel Spending 1 Year and 5 Year Change



Source: Texas Destinations 2002-2011, Office of Governor, Economic Development Tourism Division

Figure 19 shows visitors' spending change over a 10 year period. The sharp drop in the data for the island (hurricane Dolly and recession) preceded drops for the other regions (recession).

Figure 18: Total Direct Travel Spending 10 Year Change

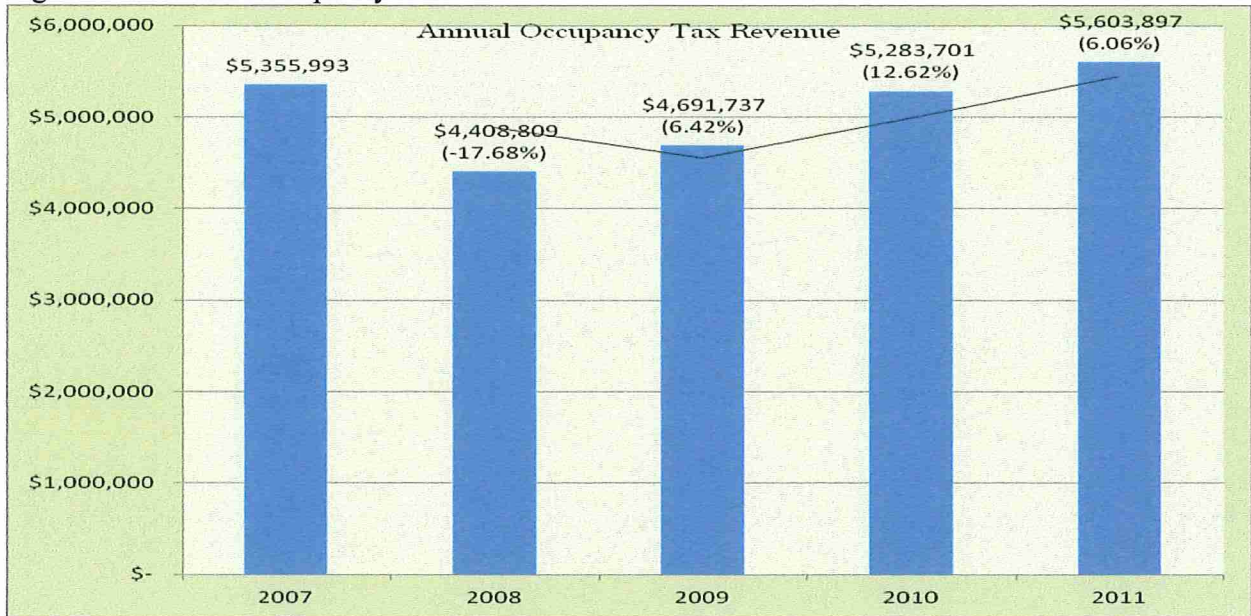


Source: Texas Destinations 2002-2011, Office of Governor, Economic Development Tourism Division

## *HOTEL/MOTEL OCCUPANCY TAX*

In previous reports we introduced a measure of real occupancy tax, which deflates the occupancy tax revenue. Real values provide more accurate measures of improvement in “purchasing power”, in this case in real occupancy tax growth. Between 1995 and 2007, the occupancy tax index shows that hotel and motel occupancy annualized real growth rate was 2.1 percent. In 2008 the occupancy tax index decreased by 17.68 percent following hurricane Dolly and started to recover in 2009 in spite of the severe recession. In 2009 occupancy tax revenue increased by 6.42 percent, 12.62 percent in 2010, and 6.06 percent in 2011. The index in this report uses 2007 as the base year. The index values for 2007 to 2012 are 100, 82, 88, 99, 105 and 108 respectively. The difference between the index value for the base year and that of any other year measure the percentage change in that index. For example, the occupancy tax revenue index for 2011 (105) indicates a 5 percent improvement in the nominal occupation tax revenue. The inflation-adjusted index for the same year was 96. This indicates that although nominal values have surpassed the pre-recession levels the purchasing power of that revenue is 4 percent below the purchasing power of the revenue of 2007.

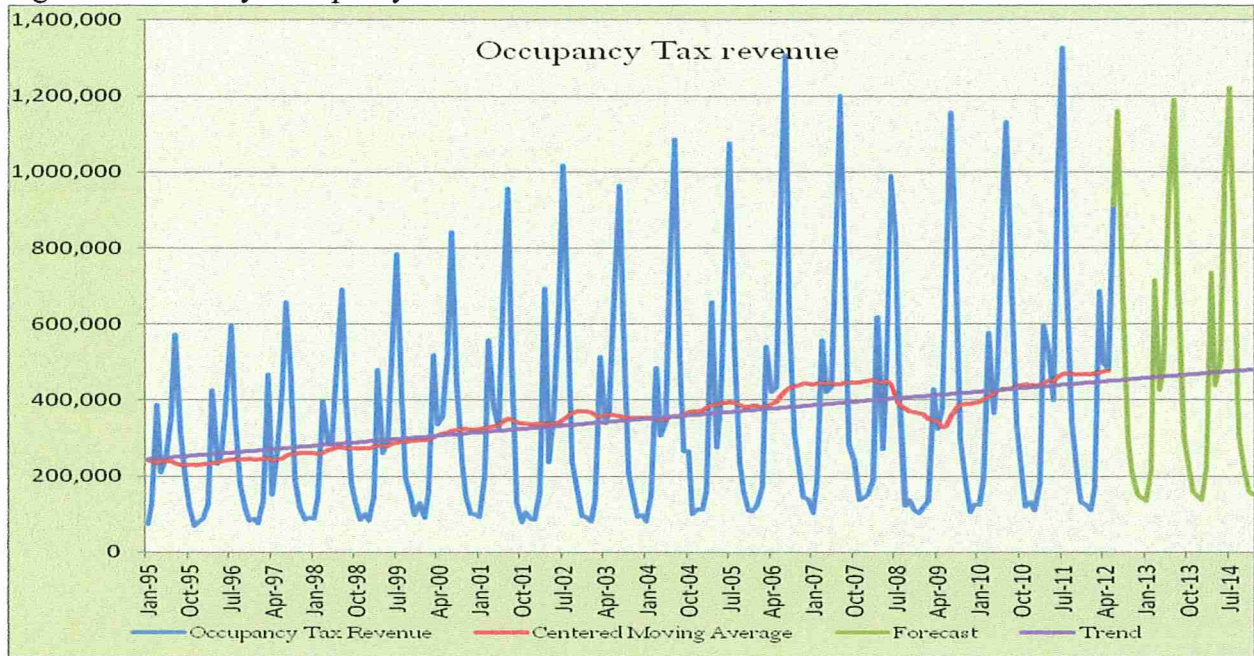
Figure 19: Annual Occupancy Tax Revenue



Source: South Padre Island Economic Development Corporation

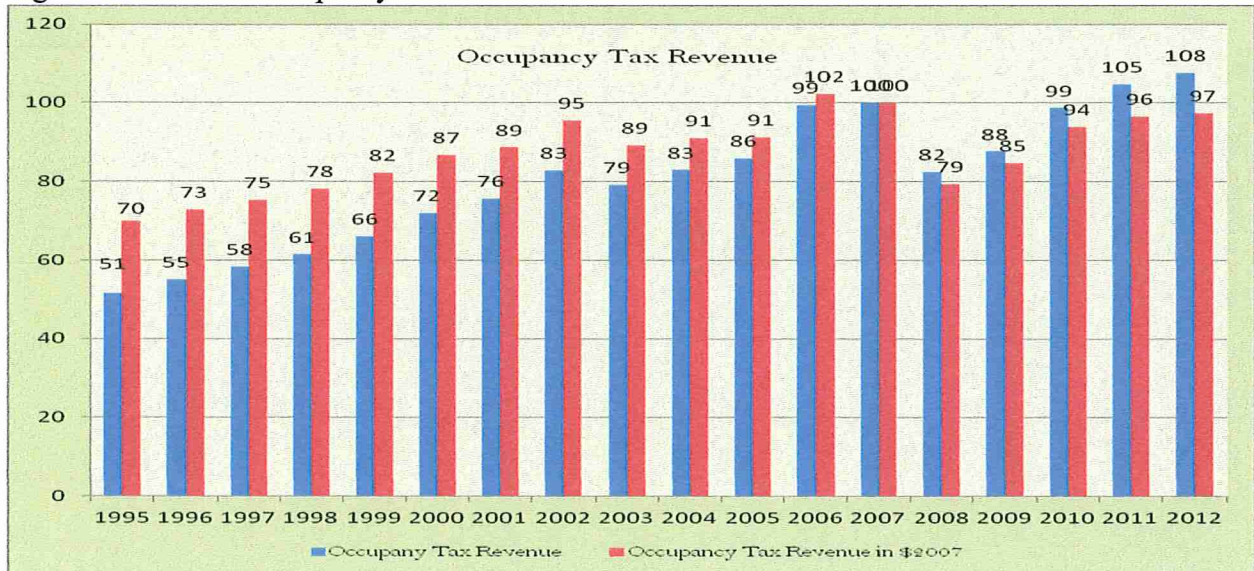
**Forecast:** Data from leading economic indices and other leading indicators suggest optimistic outlook in near future. South Padre Island has experienced slightly faster growth in total earnings, employment, and tax receipts than Texas. We expect occupancy tax to <sup>increase</sup> by about 4 percent in 2013 and around 6 percent in 2014.

Figure 20: Monthly Occupancy Tax Index



Source: South Padre Island Economic Development Corporation

Figure 21: Annual Occupancy Tax Index

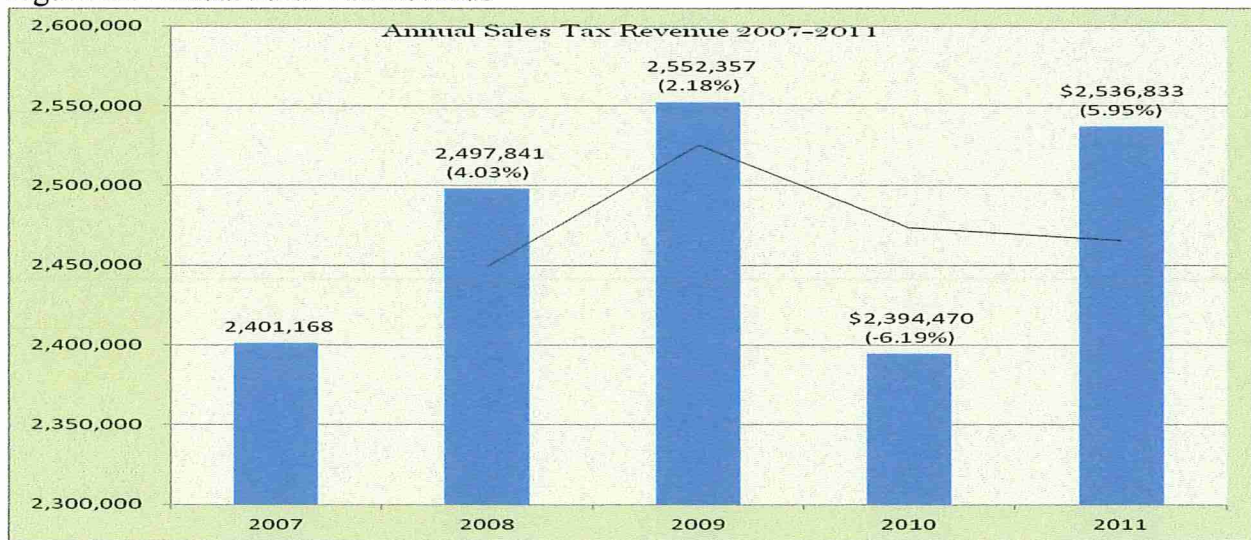


Source: South Padre Island Economic Development Corporation

*SALES TAX*

Between 1995 and 2007, the average growth rate was 4.42 percent. Between 2007 and 2008, sales taxes (adjusted for inflation) were relatively flat. While Texas sales tax revenue increased in 2009 by 2.18 percent they decreased in 2010 by 6.19 percent. Texas sales tax revenue recovered sufficiently to more than offset the losses from the previous year while in South Padre Island the effects on sales tax revenue from the recession and the slow recovery have lingering a little longer. However, recent data shows that sales tax revenues for 2012 will surpass those of 2009.

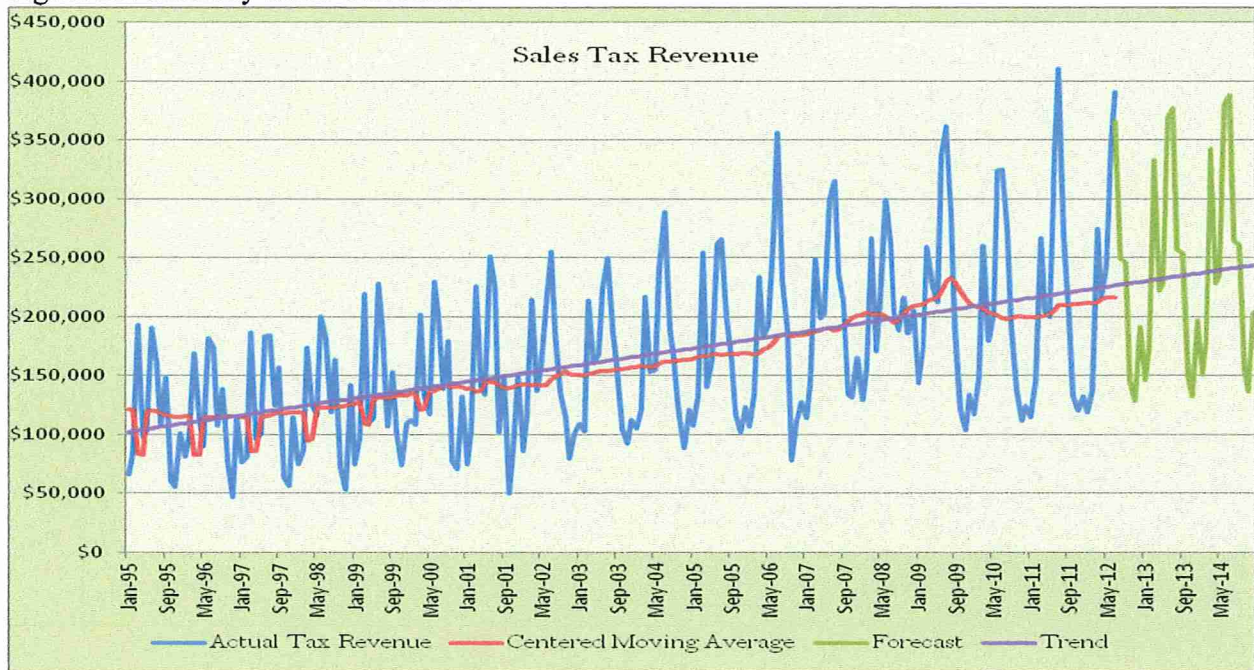
Figure 22: Annual Sales Tax Revenue



South Padre Island Economic Development Corporation

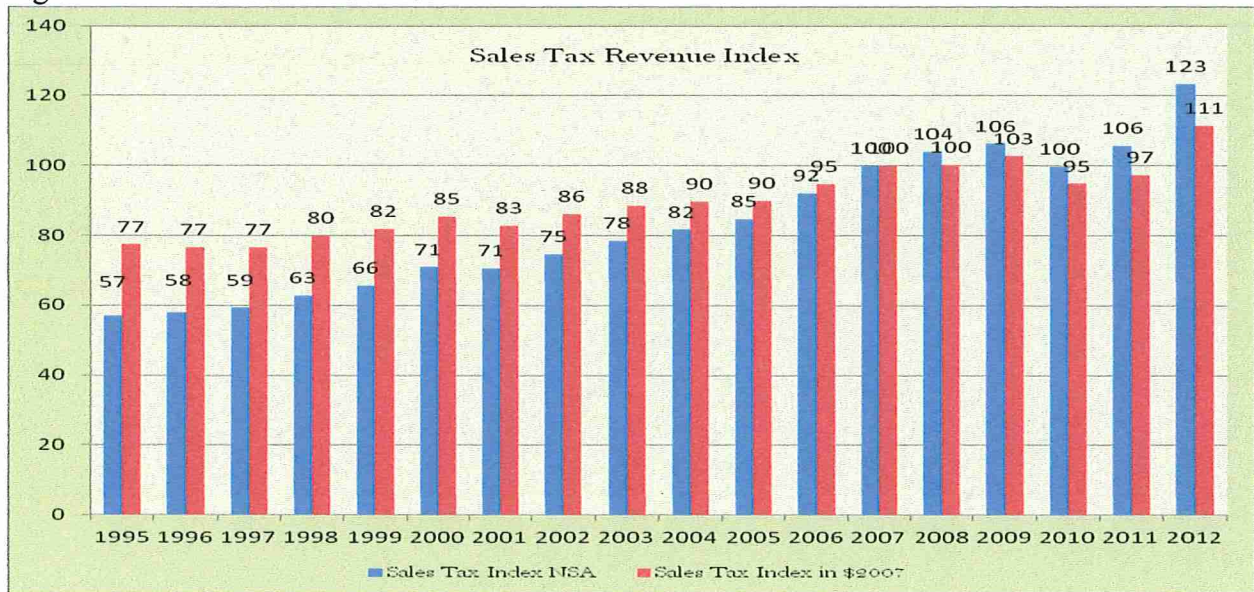
**Forecast:** We expect sales taxes to increase by about 3 percent in 2012, around 6 percent in 2013, and little over 3 percent in 2014.

Figure 23: Monthly Sales Tax Index



Source: South Padre Island Economic Development Corporation

Figure 24: Annual Sales Tax Index



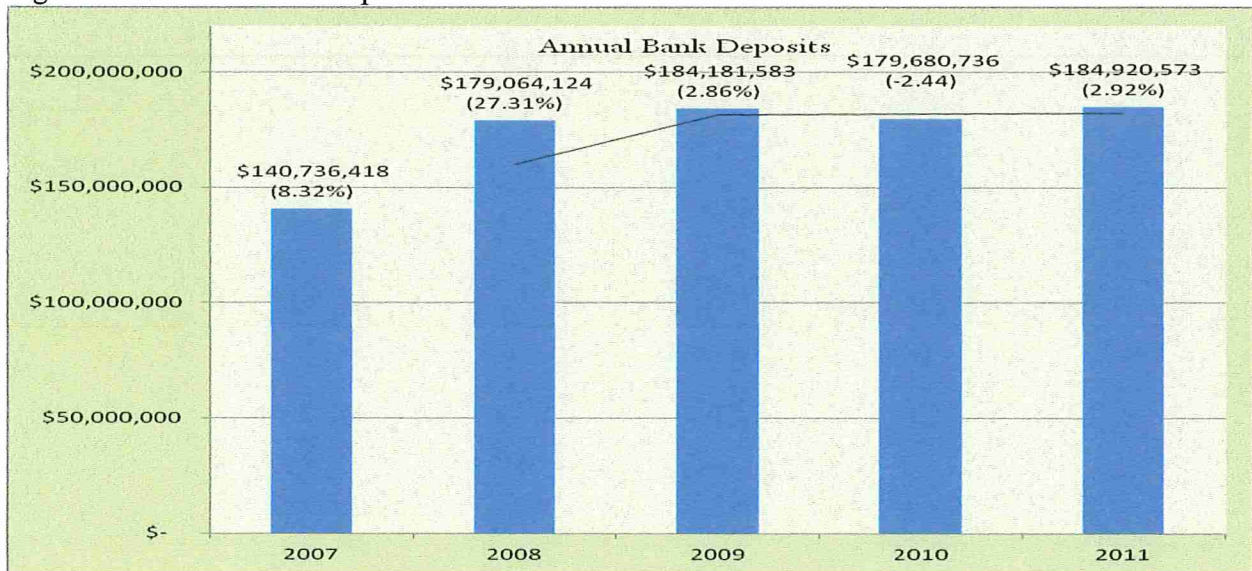
Source: South Padre Island Economic Development Corporation



## BANK DEPOSIT INDEX

Bank deposits experienced a fast growth period between 1994 and 2008, doubling every 7 years. The average annual growth rate during that period was more than 10 percent. The period between 2008 and 2011 has been a period of very slow growth with deposit declining in 2010. Bank deposits are positively correlated with hotel/motel occupancy tax and sales tax. The 2010 decline in bank deposits is not as pronounced as the decline in sales for the same year. A quick analysis of exchange rates between the Mexican peso and the U.S. dollar shows that the two variables are correlated. Bank deposits tend to increase sharply increases when the Mexican peso depreciation vis-a-vis the U.S. dollar is large (2000-2003, 2007-2009), and deposits moderately increase when the peso depreciation is small (1994-1999). Appreciations of the peso relative to the dollar coincided with declines in bank deposits (1999-2000, 2003-2005, and 2009-2010)

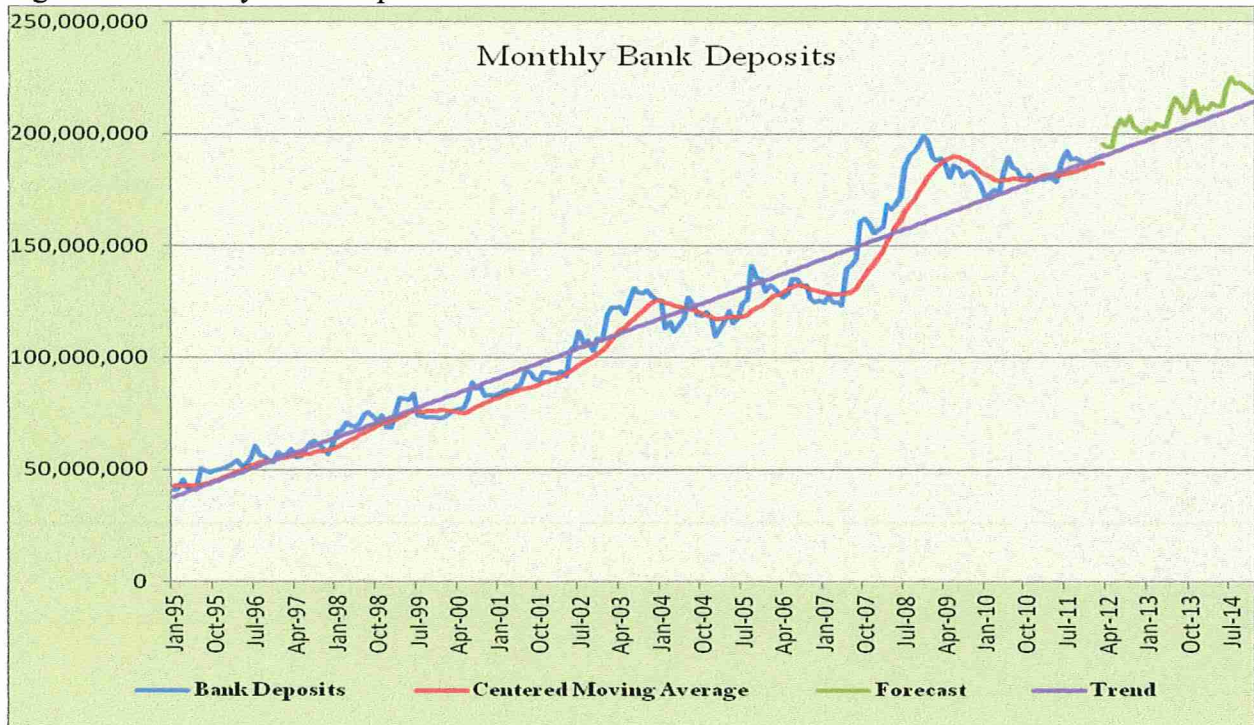
Figure 25: Annual Bank Deposits



Source: Texas Destinations 2007-2008, Office of Governor, Economic Development Tourism Division

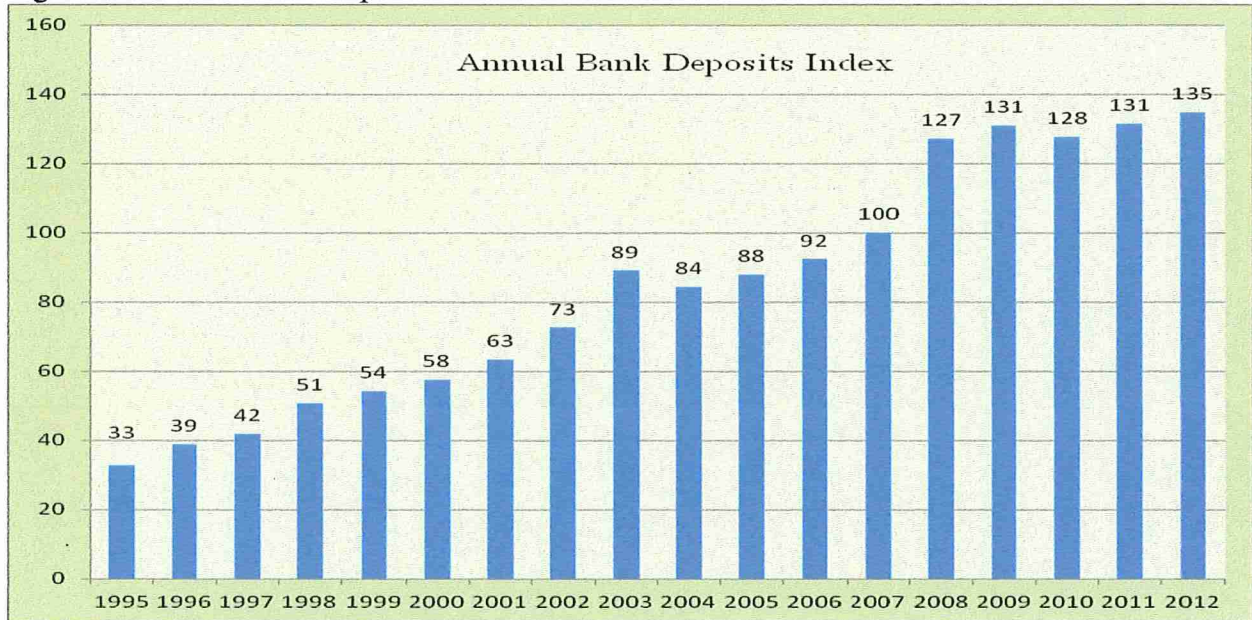
**Forecast:** We expect bank deposits to resume their upward trend but at moderate pace as the economy continue to strengthen. We expect bank deposits to increase by 3 percent in 2013, and 5 percent in 2014. The increase in 2013 and 2014 will be mostly due to sales and occupancy revenue as the value of the Mexican peso continues to improve relative to the dollar.

Figure 26: Monthly Bank Deposits Index



Source: South Padre Island Economic Development Corporation

Figure 27: Annual Bank Deposits Index

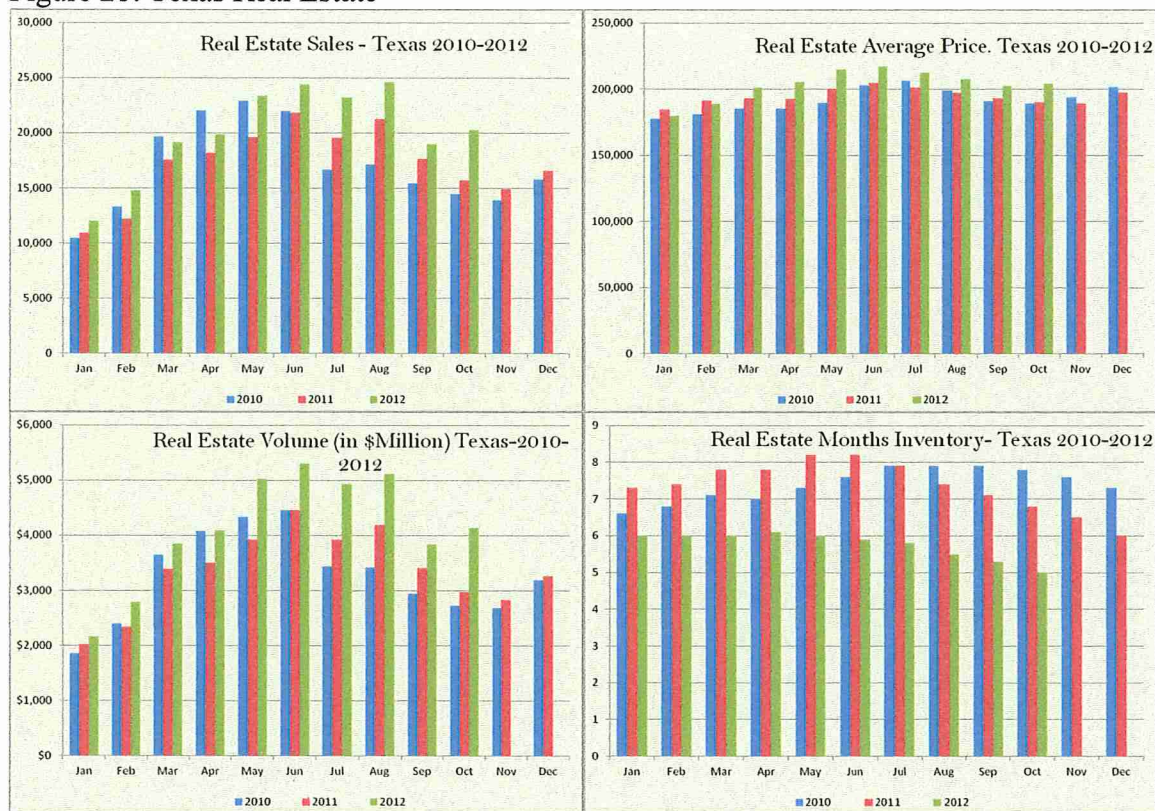


Source: South Padre Island Economic Development Corporation

### *REAL ESTATE IN TEXAS*

Home sales for the first half of 2011 (February to June 2011) were below the sales of homes for the same months the previous year, but from July 2011 home sales have surpassed sales from the previous year. In 2012 real estate sales continues to show marked improvement over 2010 and 2011. Sales, dollar volume, and average prices have increased while Real-Estate Month-Inventory has decreased for 15 consecutive months.

Figure 28: Texas Real Estate



Source: Federal Reserve Bank of Dallas

*REAL ESTATE IN SOUTH PADRE ISLAND*

The current statistics from the real estate sector in South Padre Island reflect healthy sector. According to data from the Real Estate Center at Texas A&M University, monthly home sales in South Padre Island in 2011 have exceeded sales for the same months in 2010 only four months out of twelve, in April and May, and in November and December, the positive news is that starting in November home sales continued to increased into 2012. Figure 29 shows that average price of home sales were lower in 2011 than in 2010 but have turned in April 2012. 2011 also experienced lower dollar volume sales, but that trend changed in 2012, with the exception of March because of fewer sales and lower average prices. While home sales, average

prices, and dollar volume of home sales have been low in 2011, months inventory have been declining which signals a pickup in real estate sector. The months inventory data shows the downward trend in the statistic that started in June of 2011 continued until October of 2012 (the last data month available). The real estate market in South Padre Island will continue to show improvement with home sales, dollar volume, and average prices all going up. Months inventory will show modest improvement before leveling off as it is close to its natural rate.

Figure 29: South Padre Island Real Estate



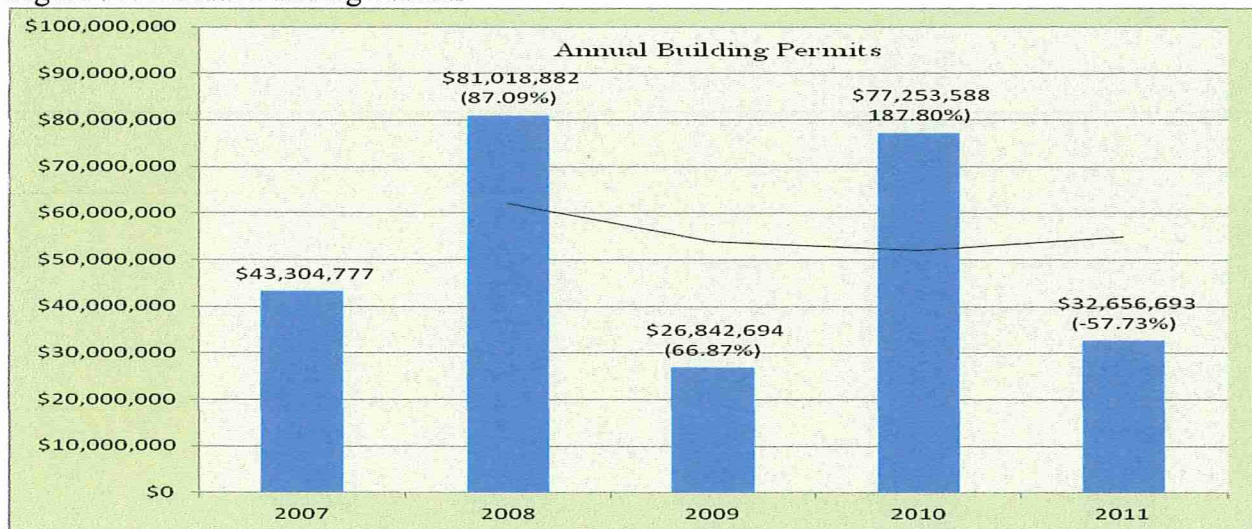
Source: Texas A&M University Real Estate Center

## BUILDING PERMITS INDEX

The building permits index is a leading indicator that reflects consumer confidence. Building permits index foretells changes in economic conditions months before the change happens.

Figure 31 shows a flat pattern for building permits from 1995 to 2001. After 2001 building permits showed more variability with very pronounced periodic peaks. The changes shown in figure 31 suggest a structural shift in real estate sector. While the early periods were flat suggesting small real estate projects, later periods especially periods with steep peaks, suggest very large construction and real estate projects. These periods of high peaks have been fairly clustered together, second half of 2006, first half of 2008, and second half of 2010. Developers and investors undertaking such projects signals increased optimism about the economy of South Padre Island.

Figure 30: Annual Building Permits



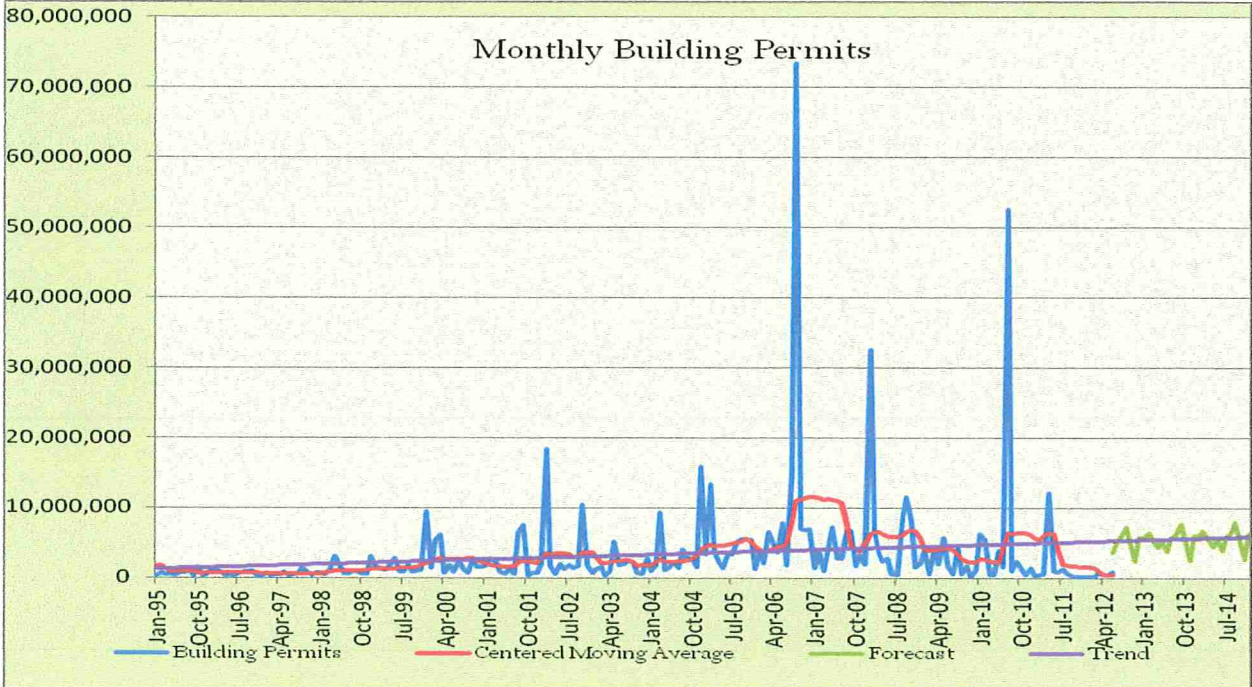
Source: Texas Destinations 2007-2008, Office of Governor, Economic Development Tourism Division

Figure 30 shows a seesaw building permits pattern. Large projects are undertaken which lead to a short term increase in supply of real estate on the island which is seen the following

periods as a decrease in building permits, then followed by another sharp increase in building permits.

**Forecast:** Building permits index shows a pronounced seesaw pattern especially over the last 6 years. We expect the building permits index to decrease in 2012 and 2013, and to increase in 2014.

Figure 31: Monthly Building Permits Index



Source: South Padre Island Economic Development Corporation

Figure 32: Annual Building Permits Index



Source: South Padre Island Economic Development Corporation

## Conclusions

The current economic outlook for the U.S. is modest economic growth at around 2 percent in 2013 and slightly below 3 percent in 2014. Texas economy is forecasted to grow at 4.3 percent in 2013 and 5.2 percent in 2014. Mexico is forecasted to grow at 3.8 percent in 2013 and 3.5 percent in 2014.

Although the U.S., Mexico, and Texas are expected to grow modestly and at varying rate, their growth will stimulate South Padre Island's economic growth. Texas's economy being the largest external factor affecting South Padre Island's economy is expected to grow faster than the other two economies means that the island's growth will mirror that of Texas.

Texas and South Padre Island real estate data show that home sales, prices, months inventory are approaching their pre-crisis levels. Usually increasing building permits signal optimistic expectations about the economy, the relatively low level of building permits for 2011 and 2012 in South Padre Island does not signal a pessimistic outlook due to the fact that



construction projects at the Island now follow a seesaw pattern. The 197 percent increase in South Padre Island's building permits index between 2009 and 2010 suggests optimism about the economy.

## References

Bureau of Economic Analysis

Bureau of Labor Statistics

Federal Reserve Bank of Dallas

Federal Reserve Bank of New York

National Association of Realtors

The Conference Board

Texas A&M Real Estate Center

Texas Destinations 2007-2008, Office of Governor, Economic Development Tourism  
Division

Valley Markets & Research Center: <http://coba.utpa.edu/tourism/file/WTR2008-summary.pdf>

World Bank

[www.city-data.com](http://www.city-data.com)

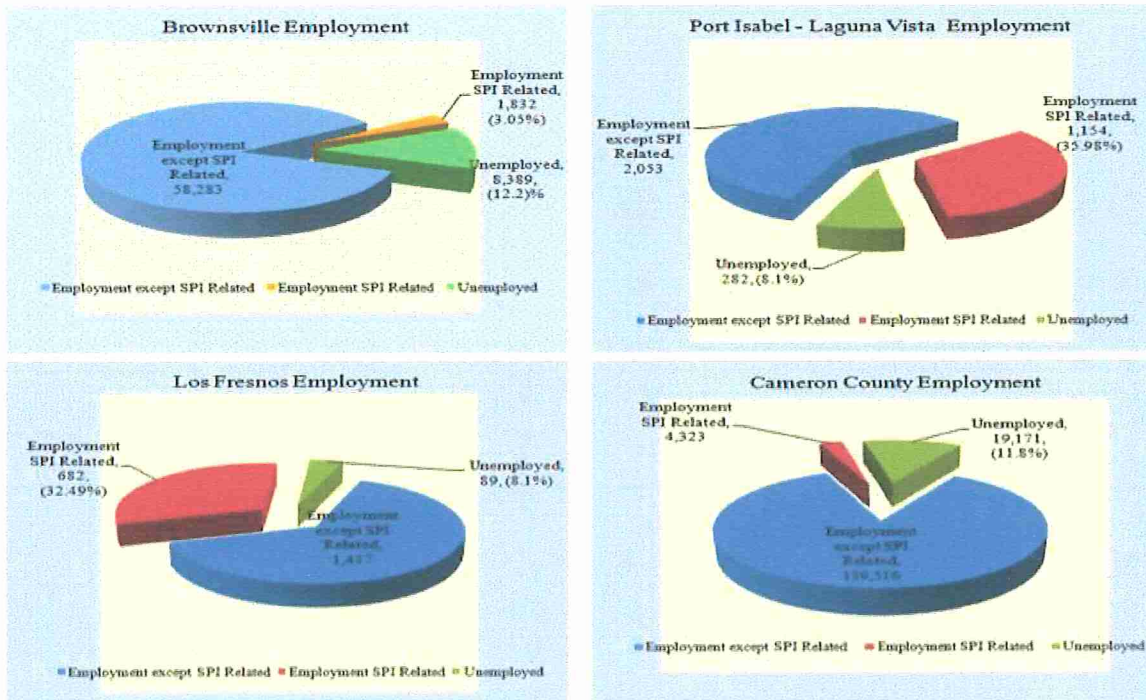
## Economic Impact of South Padre Island

	Area (sq- miles)	Employment	Population	Jobs/sq-mile	Jobs/100 people
Cameron County	906	152,166	392,736	168	39
Brownsville	80.4	49,695	175,023	618	28
South Padre Island	1.81	3,373	2,816	1,864	120

Source: U.S. Census, Bureau of Labor Statistics, IMPLAN

- The City of South Padre Island, Texas, is one of Texas' premiere tourist destinations with over one million visitors annually.
- South Padre Island is one of Cameron County's most important assets and one of the most important economic drivers in one of the poorest MSAs in the U.S.
- South Padre Island is a source of employment for greater Cameron County and a source of external dollars to the county.
- The benefits to surrounding communities and Cameron County from South Padre Island dwarves the benefits from the Island to itself. These benefits to surrounding communities are in the form of jobs, employee compensation, sales taxes, and property taxes.
- South Padre Island (SPI), with 0.7% of the county's population and 0.2% of the county's land area contributes almost 5% to the county's Gross Product.
  - SPI contributes almost 6 times as much to the economy of the county per person than the rest of the county.
  - SPI contributes almost 20 times as much to the economy of the county per square mile than the rest of the county.
- Not all dollars are created equal: SPI economic contribution is generated mostly by basic industries
  - Basic industries are exporting industries that inject external dollars (e.g. Hospitality and Tourism) into local economies. Basic industries are considered drivers of economic growth and development by injecting new money into the economy instead of re-circulating existing local dollars.

- SPI contributes 3.05% to Brownsville’s total employment. This is equivalent to a reduction in unemployment by 2.72% from 14.98% to 12.2%.
- SPI contributes 3.01% to Cameron County’s total employment. This is equivalent to a reduction in unemployment by 2.61% from 14.4% to 11.8%.
- Almost all the jobs in SPI are filled by resident of surrounding communities.



Source: U.S. Census, Bureau of Labor Statistics, Texas Office of the Governor: Economic Development & Tourism, IMPLAN

Some Socio-Economic Information

	Median Family Income	Mean Family Income	All Families Below Poverty Level	Unemployment Rate
U.S	\$61,455	\$81,375	11.70%	8.14%
Texas	\$58,142	\$78,037	13%	6.99%
Cameron County	\$33,770	\$47,951	30%	10.80%
Brownsville	\$31,760	\$43,760	32.60%	11.16%
South Padre Island	\$83,986	\$119,664	2.10%	0.00%

Source: U.S. Census, Bureau of Labor Statistics

- South Padre Island economic activity accounts for 4.78% of Cameron County’s regional product.
- Its land area is 0.2% of Cameron County’s land area (1.81 and 906 square miles respectively).
- Its population accounts for 0.7% of Cameron County’s population.

**South Padre Island Contribution in 2011:**

**Economic Activity**

- More than \$370 million directly to the Cameron County’s economy.
- Approximately \$266 million to Brownsville, Port Isabel/Laguna Vista, and Los Fresnos.

**Employment**

South Padre Island generates a significant number of jobs for smaller communities within Cameron County. The employment impact on these communities is determined by the size and proximity to South Padre Island. For example, in Port Isabel – Laguna Vista 36% of all employment can be attributed to South Padre Island (76% directly and 24% via indirect and induced impacts). In Los Fresnos 32% of all jobs are related to South Padre Island’s economy.



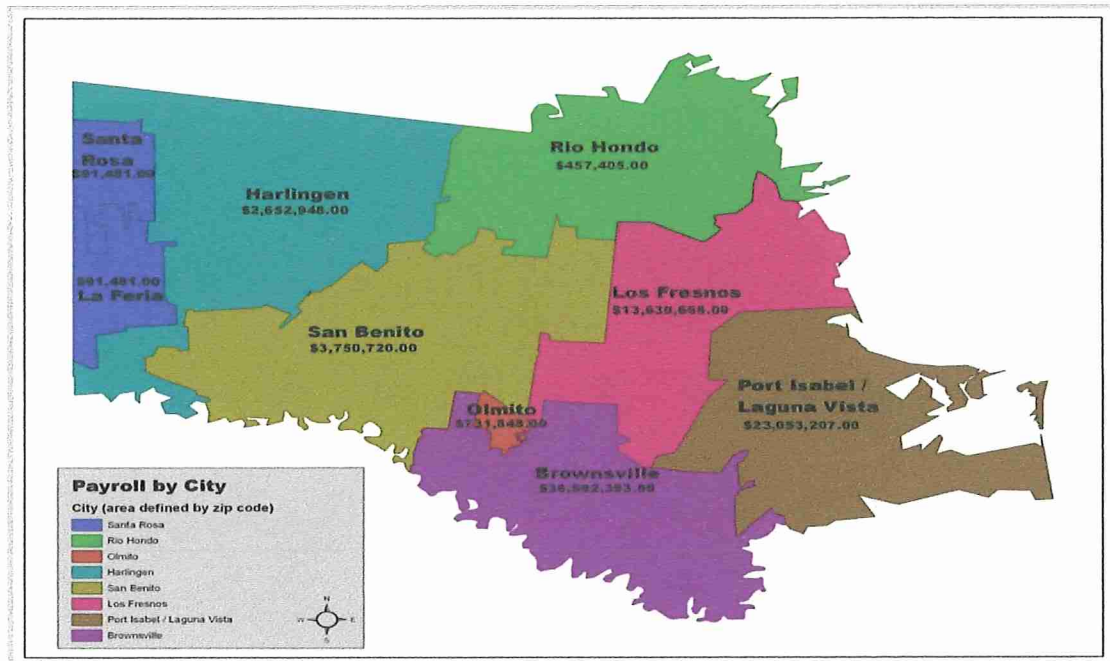
Source: South Padre Island Economic Development Corporation, Bureau of Labor Statistics, U.S. Census, Cameron Works, IMPLAN Computations

- Approximately 4,323 full-time-equivalent jobs in Brownsville.
- Approximately 1,832 full-time-equivalent jobs in Brownsville.
- Economic activity in South Padre Island generates approximately 4,780 full-time-equivalent jobs.
- 3,373 jobs located in South Padre Island.
- 4,343 in Cameron County.
- 1,832 in Brownsville.
- 1,154 in Port Isabel-Laguna Vista.
- 682 in Los Fresnos .
- Hospitality and Tourism related occupations account for 42.5 percent of all jobs.
- Real Estate and construction account for 25.3 percent.

#### **Payroll Contribution in 2011**

- Direct payroll was approximately \$59 million with an additional \$45 million in indirect and induced payments.
- Direct Payroll to employees residing in Brownsville, Port Isabel, and Los Fresnos totaled approximately \$50 million.
- Brownsville, direct payroll of approximately \$25 million generated another \$12 million of indirect and induced personal income impacts, for total personal income impacts of approximately \$37 million.
- Port Isabel/Laguna Vista, direct payroll of approximately \$16 million generated more than \$7 million of indirect and induced personal income, for total personal income impacts of \$23 million.
- Los Fresnos, direct payroll of more than \$9 million generated more than \$4 million of indirect and induced personal income, for total personal income impacts of approximately \$14 million.

- Cameron County, direct payroll of more than \$58 million generated another \$36 million of indirect and induced personal income impacts, for total personal income impacts of approximately \$95 million.
- Another \$9 million in payroll was generated outside Cameron County, most of which consists of indirect and induced payroll.



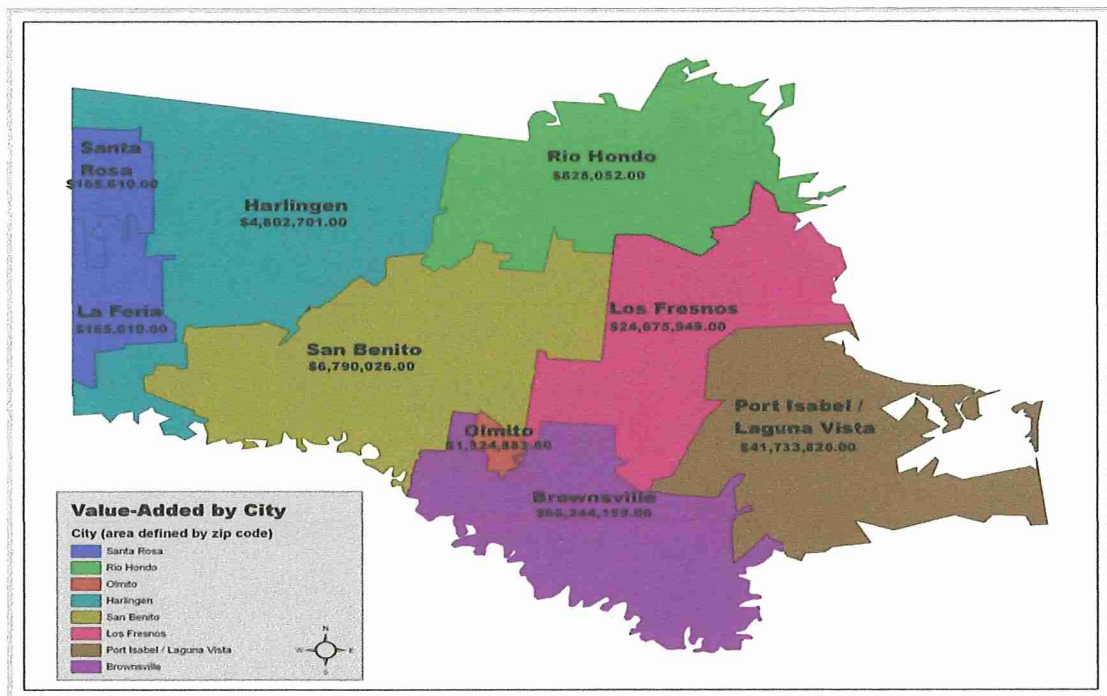
Source: South Padre Island Economic Development Corporation, Bureau of Labor Statistics, U.S. Census, Cameron Works, IMPLAN Computations

### **Direct Value-Added**

- Direct value-added for goods and services in South Padre Island is \$117 million. The Cities of Brownsville, Port Isabel/Laguna Vista, and Los Fresnos were approximately \$49 million, \$31 million, and \$18 million, respectively.
- Direct value-added for the rest of Cameron County is \$19 million.
- Direct value-added in Cameron County totaled \$116 million.

### Indirect and Induced Value-Added

- Indirect and induced value-added for goods and services in South Padre Island is \$71 million.
- \$17 million to Brownsville.
- \$11 million Port Isabel/Laguna Vista.
- \$6 million Los Fresnos.
- \$7 million to the rest of Cameron County.
- \$41 million to Cameron County.
- \$13 million to Hidalgo County.
- \$7 million to Houston.
- \$6 million to Willacy County.



Source: South Padre Island Economic Development Corporation, Bureau of Labor Statistics, U.S. Census, Cameron Works, IMPLAN Computations



**Fiscal Impact**

South Padre Island's sales tax impact:

- \$17.2 million to the State of Texas.
- \$2.4 million City sales tax to South Padre Island.
- \$766,302 to Brownsville.
- \$482,770 to Port Isabel-Laguna Vista.
- \$142,724 to Los Fresnos.



Source: South Padre Island Economic Development Corporation, Bureau of Labor Statistics, U.S. Census, Cameron Works, IMPLAN Computations

## B. Causeway Traffic and Island Visitation by Market Segment

The following table details and summarizes THK's estimates of visitors to SPI by market segment, and highlights who is crossing the Queen Isabella Causeway. This is done by using THK's statistics and data compiled for residents, employees, and tourist facilities on the Island, and by determining the number of bridge crossings for each group. This can be deduced by using the historical growth in bridge vehicle crossings and estimating 8.0 million trips for 2005, and subtracting each market segment using occupancies, average group sizes and length of stay. As shown, a tremendous amount of visitation comes from day visitors, who comprise around 80% of total visits. This group is comprised of the 400,000 residents of Cameron County, people staying in the several thousand lodging units out with SPI, as well as Mexican Nationals and people residing in outlying counties. In total, THK estimates that just over 5.1 million visits were made to SPI in 2004.

**Table IV-7: Queen Isabella Causeway Crossings and Island Visitation by Market Segment, 2005**

Market Segment		# of Crossings	# of Visitors
Permanent Residents		2,800	
Resident Crossings	10/week	1,456,000	
Employment/General Business Travel			
Cameron County Tourism Jobs	7,650		
SPI Tourism Jobs	5,250		
Commuters to SPI Tourism Jobs	4,750		
SPI Residents Commuting to Outside Jobs	500		
Commuting Vehicles	3,000		
Commuter Crossings	10/week	1,560,000	
Misc. Business/Truck Crossings		547,500	
Lodging/Rental Condo/RV Visitors			
Units/Spaces	5,000		
Units/Spaces Occupied Daily	2,000		
Total "Room Nights"	730,000		
Average Length of Stay	2.75		
#of Traveling Parties	265,455		
Ave. Party Size	2.9		
# of Overnight Visitors	769,818		769,818
Overnight Visitor Crossings	3/Party	796,364	
Seasonal Unit Visitors			
Units/Spaces	2,200		
Units/Spaces Occupied Daily	500		
Total "Room Nights"	182,500		
Average Length of Stay	7		
#of Traveling Parties	26,071		
Ave. Party Size	3.5		
# of Seasonal Visitors	91,250		91,250
Seasonal Visitor Crossings	8/Party	208,571	
Day Visitors			
Day Visitor Crossings	2/Party	3,431,565	4,289,456
Ave. Party Size	2.5		
<b>TOTAL</b>		<b>8,000,000</b>	<b>5,150,524</b>

Source: THK Associates, Inc.

The tables to follow show detailed visitation to the Island by monthly and 5 and 10-year projections and provide inventories of where these visitors are staying.

**Table IV-14: Population and Household Trends in Cameron County and South Padre Island, 1980-2005**

	1980	1990	2000	2005	1980-2005		1990-2005		
					Numerical	Percent	Numerical	Percent	
<b>Cameron County</b>									
Population	209,727	260,120	335,227	387,684	7,118	2.5%	8,504	2.7%	
Households	58,418	73,278	97,267	114,361	2,238	2.7%	2,739	3.0%	
Housing Units	65,970	88,759	119,654	140,156	2,967	3.1%	3,426	3.1%	
Seasonal Units	2,567	7,009	11,759	14,105	460	7.0%	473	4.8%	
Rental Condominium Units	1,847	4,129	5,150	5,647	152	4.6%	101	2.1%	
<b>South Padre Island</b>									
Population		1,677	2,422	2,849			78	3.6%	
Households		813	1,211	1,446			42	3.9%	
Housing Units		4,082	4,685	5,434			90	1.9%	
Seasonal Units		2,418	2,068	2,181			-16	-0.7%	
Rental Condominium Units		851	1,317	1,764			61	5.0%	
South Padre Island as a percent of Cameron County									
Population		0.6%	0.7%	0.7%	0.0% --		0.9% --		
Households		1.1%	1.2%	1.3%	0.0% --		1.5% --		
Housing Units		4.6%	3.9%	3.9%	0.0% --		2.6% --		
Seasonal Units		34.5%	17.6%	15.5%	0.0% --		-3.3% --		
Rental Condominium Units		20.6%	25.6%	31.2%	0.0% --		60.1% --		

Source: U.S. Bureau of the Census and THK Associates, Inc.

**TABLE IV-15: Projected Population and Household Trends in Cameron County and the South Padre Island Primary Trade Areas, 2005-2015**

	2005	2010	2015	Annual Average			
				2005-2010		2005-2015	
				Numerical	Percent	Numerical	Percent
<b>Cameron County</b>							
Population	387,684	433,940	487,620	9,251	2.3%	9,994	2.3%
Households	114,361	129,430	147,040	3,014	2.5%	3,268	2.5%
Housing Units	140,156	159,349	181,170	3,839	2.6%	4,101	2.6%
Seasonal Units	14,105	16,431	19,141	465	3.1%	504	3.1%
Rental Condominium Units	5,647	6,230	6,880	117	2.0%	123	2.0%
<b>South Padre Island</b>							
Population	2,849	3,303	4,010	106	3.5%	116	3.5%
Households	1,446	1,740	2,100	59	3.8%	65	3.8%
Housing Units	5,434	6,360	7,440	185	3.2%	201	3.2%
Seasonal Units	2,181	2,330	2,490	30	1.3%	31	1.3%
Rental Condominium Units	1,764	2,200	2,740	87	4.5%	98	4.5%
South Padre Island as a percent of Cameron County							
Population	0.7%	0.8%	0.8%	1.1% --		1.2% --	
Households	1.3%	1.3%	1.4%	2.0% --		2.0% --	
Housing Units	3.9%	4.0%	4.1%	4.8% --		4.9% --	
Seasonal Units	15.5%	14.2%	13.0%	6.4% --		6.1% --	
Rental Condominium Units	31.2%	35.3%	39.8%	74.8% --		79.2% --	

Source: U.S. Bureau of the Census and THK Associates, Inc.

**TABLE IV-16: SEASONAL RESIDENTS ON SOUTH PADRE ISLAND, 2005**

AVERAGE DAILY SEASONAL	SEASONAL UNITS OCCUPIED												
	AVERAGE	January	February	March	April	May	June	July	August	September	October	November	December
TOTAL UNITS	2,181												
OCCUPANCY	24%	15%	19%	29%	23%	29%	37%	41%	32%	24%	13%	12%	12%
OCCUPIED UNITS	520	327	414	632	502	632	807	894	698	523	284	262	262
VISITORS	1,351	851	1,077	1,644	1,304	1,644	2,098	2,325	1,815	1,361	737	680	680
PERCENT	100.0%	5.2%	6.6%	10.1%	8.0%	10.1%	12.9%	14.3%	11.2%	8.4%	4.5%	4.2%	4.2%

1\ Assumes 2.6 visitors per unit

Source: THK Associates, Inc

**TABLE IV-17: PROJECTED SEASONAL RESIDENTS ON SOUTH PADRE ISLAND, 2005-2015**

Year	PROJECTED SEASONAL VISITORS												
	AVERAGE	January	February	March	April	May	June	July	August	September	October	November	December
2005	1,351	851	1,077	1,644	1,304	1,644	2,098	2,325	1,815	1,361	737	680	680
2010	1,451	913	1,157	1,766	1,400	1,766	2,253	2,496	1,948	1,461	791	731	731
2015	1,558	981	1,242	1,896	1,504	1,896	2,419	2,681	2,092	1,569	850	785	785

1\ Assumes 2.6 visitors per unit

Source: THK Associates, Inc

**TABLE IV-19: RENTAL LODGING VISITORS ON SOUTH PADRE ISLAND, 2005**

LODGING VISITORS		January	February	March	April	May	June	July	August	September	October	November	December
AVERAGE DAILY LODGING ROOMS	AVERAGE												
TOTAL UNITS		4,292											
OCCUPANCY		41%	52%	56%	61%	52%	66%	73%	66%	49%	18%	16%	22%
OCCUPIED UNITS		1,760	2,232	2,404	2,618	2,232	2,833	3,133	2,833	2,103	944	730	1,116
VISITORS		4,575	5,803	6,249	6,807	5,803	7,365	8,146	7,365	5,468	2,455	1,897	2,901
PERCENT		7.1%	9.0%	9.6%	10.5%	9.0%	11.4%	12.6%	11.4%	8.4%	3.8%	2.9%	4.5%

1\ Assumes 2.6 visitors per unit

Source: THK Associates, Inc

**TABLE IV-20: PROJECTED RENTAL LODGING VISITORS ON SOUTH PADRE ISLAND, 2005-2015**

PROJECTED LODGING VISITORS		January	February	March	April	May	June	July	August	September	October	November	December
Year	AVERAGE												
2005		4,575	5,803	6,249	6,807	5,803	7,365	8,146	7,365	5,468	2,455	1,897	2,901
2010		5,378	6,821	7,346	8,002	6,821	8,657	9,576	8,657	6,428	2,886	2,230	3,411
2015		6,331	8,030	8,647	9,419	8,030	10,191	11,272	10,191	7,566	3,397	2,625	4,015

1\ Assumes 2.6 visitors per unit

Source: THK Associates, Inc

Table IV-21: South Padre Island Hotels

Hotel Name	Address	Phone	Rooms	Low Rates	High Rates	YOC	Amenities
1 Bahia Mar Resort	6300 Padre Blvd.	956-761-1343	201	\$90	\$270	1973	swimming pool, restaurant, tennis, fitness, HC
2 Capri Motel I, II	5104 Guif Blvd.		44			1965	
3 Comfort Suites	912 Padre Blvd.	956-772-9020	74	\$79	\$199	2001	swimming pool, meeting facilities, HC
4 Holiday Inn Sunspree Resort	100 Padre Blvd.	956-761-5401	228	\$79	\$189	1973	swimming pool, restaurant, tennis, fitness, HC
5 La Copa Inn/Suites Beach Resort	360 Padre Blvd.	956-761-6000	147			2003	swimming pool, fitness, meeting facilities, pets, HC
6 La Quinta Inn/Suites Beach Resort	7200 Padre Blvd.	956-772-7000	147	\$59	\$259	2003	fitness room, pets, HC
7 Island Inn (On the Beach)	510 Guif Blvd.	956-761-7677	24	\$69	\$149		swimming pool, restaurant, pets, HC
8 Miramar Resort Motel	1200 Padre Blvd.		146			1965	swimming pool, restaurant, pets, HC
9 Padre South Resort	1500 Guif Blvd.	956-761-4951	90	\$125	\$199	1973	swimming pool, HC
10 Radisson Resort	500 Padre Blvd.	956-761-6511	123	\$95	\$360	1975	swimming pool, tennis, restaurant, meeting, HC
11 Sheraton South Padre Beach Hotel	310 Padre Blvd.	800-222-4010	201	\$79	\$360	1986	swimming pool, tennis, restaurant, meeting, fitness, H
12 Surf Motel	2612 Guif Blvd.	956-761-2831	17	\$79	\$109	1973	swimming pool, restaurant, pets, HC
13 Tiki Hotel	6608 Padre Blvd.	956-761-2694	130	\$86	\$318	1977	swimming pool, pets
14 Budget Host Flamingo Motel	3408 Padre Blvd.	956-761-3377	30	\$59	\$179	2001	swimming pool, HC
15 Best Western Fiesta Isles	5701 Padre Blvd.	956-761-4913	61	\$99	\$199	1985	swimming pool, fishing, pets, HC
16 Casa Bella Resort	5601 Padre Blvd.	956-761-7700	45	\$46	\$90	2005	swimming pool, meeting facility, pets, HC
17 Days Inn South Padre Island	3913 Padre Blvd.	956-761-7831	58	\$49	\$250	1993	swimming pool, pets, HC
18 Econo Lodge	3813 Padre Blvd.	956-761-8500	60			2000	swimming pool, pets, HC
19 Howard Johnson	1709 Padre Blvd.	956-761-5658	91	\$39	\$229	2001	swimming pool, pets, HC
20 Laguna Motel	201 West Swordfish		10			1967	
21 Beachside Inn & Suites	4500 Padre Blvd.	956-761-3924	65				swimming pool, HC
22 Motel 6	4013 Padre Blvd.	956-761-7911	52			1984	swimming pool, pets, HC
23 Ramada Limited	4109 Padre Blvd.	956-761-4097	49	\$65	\$220	1998	swimming pool, pets, HC
24 South Beach Inn	120 East Jupiter Lane	956-761-2471	12	\$36	\$119		swimming pool, pets
25 Super 8	4205 Padre Blvd.	956-761-6300	66	\$40	\$190	1999	swimming pool, HC
26 Travel Lodge	6200 Padre Blvd.	956-761-4744	149	\$49	\$300	2001	swimming pool, pets, HC
27 Fisherman's Wharf	211 West Swordfish	956-761-7818	8	\$69	\$150		boat ramp, fishing access
28 Quality Inn Hotel	901 Padre Blvd.	956-761-4884	49	\$65	\$125	2002	swimming pool, HC
29 South Padre Motel	204 West Gardenia	956-761-6701	16				swimming pool, HC
30 Holiday Inn Express	6502 Padre Blvd.	956-761-8844	106			2005	swimming pool, tennis, fitness, pets, HC
31 The Upper Deck	120 East Atol	956-761-5953	29	\$20	\$150	1983	swimming pool, pets, HC
32 Casa de Siesta	4610 Padre Blvd.	956-761-5656	12				bed & breakfast, swimming pool
33 USS Moonraker	107 E. Marisol	956-761-2206	3				bed & breakfast, jacuzzi
34 Brown Pelican Inn	207 W. Aries	956-761-2722	8				bed & breakfast, fishing

TOTAL	2,551
AVERAGE	75
	\$67
	\$210
	1988

Source: The Guide to South Padre Island, South Padre Convention & Visitors Bureau & THK Associates, Inc.

**Table IV-22: South Padre Rental Condominium Facilities**

Condominium Complex Name	Address	Phone	Units	Amenities
1 Radisson Resort Condominiums	500 Padre Blvd.	956-761-6511	65	swimming pool, restaurant, tennis, meeting
2 Aquarius	2000 Gulf Blvd.		70	swimming pool, fitness center
3 Bahia Mar Resort & Conference Center	6300 Padre Blvd.	956-761-1343	32	swimming pool, restaurant, tennis, fitness
4 The Beach House I, II, III	3400 Gulf Blvd.		64	swimming pool
6 Bridgepoint	334 Padre Blvd.	956-761-7969	35	swimming pool, tennis court, fitness, HC
7 Castaways	3700 Gulf Blvd.		32	swimming pool
8 Continental	4908 Gulf Blvd.		15	swimming pool
9 Edgewater	2216 Gulf Blvd.		35	swimming pool, tennis court, HC
10 Embassy	2600 Gulf Blvd.		30	swimming pool, tennis court, HC
11 Florence I	5500 Gulf Blvd.		30	swimming pool
12 Florence II	5700 Gulf Blvd.		60	swimming pool
13 Franke Plaza	708 Padre Blvd.		69	swimming pool, tennis court, HC
14 Gulf Point	200 Padre Blvd	956-761-5611	38	swimming pool, tennis court, HC
15 Inverness Resort	5600 Gulf Blvd.	956-761-7919	92	swimming pool, tennis court
16 Isla Del Sol	600 Padre Blvd.		44	swimming pool
17 La Internacional	5008 Gulf Blvd.		42	swimming pool
18 La Playa	1700 Gulf Blvd.	956-761-1066	20	swimming pool, HC
19 Marisol	2308 Gulf Blvd.	956-761-1193	28	swimming pool, HC
20 Ocean View	4700 Gulf Blvd.		66	swimming pool
21 Ocean Vista Towers	2800 Gulf Blvd.		84	swimming pool, tennis court, HC
22 The Padre Grand	2100 Gulf Blvd.	956-761-7290	88	swimming pool, HC
23 Palms Resort	3616 Gulf Blvd.		30	swimming pool, tennis court, HC
24 Parkshore	7000 Gulf Blvd.		40	swimming pool, tennis court, HC
25 Regency	1800 Gulf Blvd.		48	swimming pool, tennis court
26 Royale Beach & Tennis Club	400 Padre Blvd.		75	swimming pool, tennis court
27 Saida Towers I, II, III, IV	410 Padre Blvd.	956-761-1166	237	swimming pool, tennis court, HC
28 Sandpiper III & IV	3708 Gulf Blvd.		3	swimming pool
29 Sangria Condominiums	1400 Gulf Blvd.	956-761-2141	44	tennis court, swimming pool
30 Seabreeze Beach Resort	5400 Gulf Blvd.	956-761-1541	48	tennis court, swimming pool
31 Seagull	4100 Gulf Blvd.		20	swimming pool
32 Sea Vista	110 Padre Blvd.	956-761-5526	12	tennis court, swimming pool, HC
33 Seville	3900 Gulf Blvd.		36	tennis court, swimming pool
34 Sheraton South Padre Beach Hotel & Condos	310 Padre Blvd.	956-761-8551	47	tennis court, swimming pool, fitness, HC
35 Summit	900 Padre Blvd.		64	tennis court, swimming pool,
36 Sunchase Beachfront	1010 Padre Blvd	956-761-1660	48	tennis court, swimming pool, pets, HC
37 Sunchase IV	1000 Padre Blvd.	956-761-5704	120	tennis court, swimming pool, fitness, HC
38 Suntide I	1912 Gulf Blvd.		13	swimming pool
39 Suntide II	4400 Gulf Blvd.		30	tennis court, swimming pool
40 Suntide III	3000 Gulf Blvd.		118	tennis court, indoor & outdoor pool
41 Tiki Condominiums/Hotel	6608 Padre Blvd.	956-761-2694	130	indoor & outdoor pool, pets
43 Beachview	2400 Gulf Blvd.		42	swimming pool
44 Casa Del Sol	200 East Amberjack		24	swimming pool
45 Coronado I, II	5701 Gulf Blvd.		12	swimming pool
46 Fiesta Sol	115 E. Amberjack		45	swimming pool
47 Gulfview I	120 Padre Blvd.	956-761-5910	28	tennis court, swimming pool
48 Gulfview II	130 Padre Blvd	956-761-5910	78	tennis court, swimming pool
49 Habitat	104 East Parade	956-	25	swimming pool
50 Morningside I, II, III, IV	129 East Morningside		24	swimming pool
51 Padre Oasis	111 East Morningside		30	swimming pool
52 Padre Place I & II	123 Retama		12	
53 Palmetto	5712 Padre Blvd.		15	pets, restaurant
54 Park Lane Resort	106 East Coronado	956-761-7924	20	swimming pool
55 Schlitterbahn Island Rentals	132 East Gardenia	956-772-9844	9	swimming pool, pets

56 Seascap	117 East Verna Jean	956-761-7168	30	swimming pool
57 Seaside Apartments	3201 Gulf Blvd.	956-761-7035	5	swimming pool, pets
58 Surfside I & II	302 East Morningside		65	swimming pool
59 Terra Mar at South Padre	107 East Arles	956-361-3959	4	pets, HC
60 The Upper Deck	120 East Atol	956-761-5953	29	swimming, pets, HC
61 Ventura	119 East Venus		27	swimming pool
62 Villa Del Sol	110 East Verna Jean		12	
63 Villa Isles	109 East Gardenia	956-761-6423	44	swimming pool
64 Vista Del Mar	123 East Pompano		40	swimming pool, HC
65 Galleon Bay Resort	4901 Laguna Blvd.	956-761-7808	31	swimming pool
66 La Solana	206 West Red Snapper		54	swimming pool, fishing, dock, pets
67 Landfall Tower Resort	6403 Padre Blvd.		24	tennis court, swimming pool, fishing, boat ramp,
68 Las Brisas	227 West Morningside	956-761-5111	42	tennis court, swimming pool
69 Puesta Del Sol	201 West Acapulco		49	swimming pool, fishing, boat ramp
70 Sand Castle	208 West Kingfish		49	swimming pool, fishing, boat ramp
71 South Padre Marina	6201 Padre Blvd.		21	tennis court, swimming pool, fishing, boat ramp, HC
72 Sunset on the Bay	5101 Padre Blvd.		35	tennis court, swimming pool, boat ramp
73 Tierra Encantada	220 West West Cora Lee			

TOTAL	3,152
AVERAGE	44

\*HC denotes handicap-friendly condominiums

\*\*Approximately 55% of units are estimated to be currently in the available rental pool; many of these units are classified as seasonal units

Source: *The Guide to South Padre Island & THK Associates, Inc.*



**TABLE IV-24: RV VISITORS TO SOUTH PADRE ISLAND, 2005**

RV VISITORS		January	February	March	April	May	June	July	August	September	October	November	December
AVERAGE	754												
TOTAL RV SITES													
OCCUPANCY	44%	27%	34%	36%	40%	60%	76%	84%	76%	56%	14%	11%	17%
OCCUPIED UNITS	333	201	255	274	299	451	572	633	572	425	108	83	127
VISITORS	734	442	561	604	658	992	1,259	1,393	1,259	935	237	183	280
PERCENT	100.0%	5.0%	6.4%	6.9%	7.5%	11.3%	14.3%	15.8%	14.3%	10.6%	2.7%	2.1%	3.2%

1\ Assumes 2.2 visitors per RV

Source: THK Associates, Inc

**TABLE IV-25: PROJECTED RV VISITORS TO SOUTH PADRE ISLAND, 2005-2015**

RV VISITORS		January	February	March	April	May	June	July	August	September	October	November	December
AVERAGE													
Year													
2005	734	442	561	604	658	992	1,259	1,393	1,259	935	237	183	280
2010	804	475	602	649	743	1,120	1,387	1,503	1,359	1,014	275	207	317
2015	881	510	647	697	838	1,264	1,527	1,623	1,467	1,100	318	234	349

1\ Assumes 2.2 visitors per RV

Source: THK Associates, Inc

**TABLE IV-26: DAY VISITORS TO SOUTH PADRE ISLAND, 2005**

DAY VISITORS		January	February	March	April	May	June	July	August
ANNUAL									
TOTAL VISITORS	5,150,000	262,650	278,100	427,450	391,400	303,850	566,500	659,200	612,850
NUMBER IN OVERNIGHT FACILITIES	860,050	43,863	46,443	71,384	65,364	50,743	94,606	110,086	102,346
NUMBER OF DAY VISITORS	4,289,950	218,787	231,657	356,066	326,036	253,107	471,895	549,114	510,504

Source: THK Associates, Inc

**TABLE IV-27: PROJECTED DAY VISITORS TO SOUTH PADRE ISLAND, 2005 - 2015**

DAY VISITORS		January	February	March	April	May	June	July	August
TOTAL									
2005	4,289,950	218,787	231,657	356,066	326,036	253,107	471,895	549,114	510,504
2010	4,806,516	245,132	259,552	398,941	365,295	283,584	528,717	615,234	571,975
2015	5,385,283	274,649	290,805	446,979	409,282	317,732	592,381	689,316	640,849

Source: THK Associates, Inc

TABLE IV-28: SUMMARY OF AVERAGE DAILY POPULATION ON SOUTH PADRE ISLAND, 2005-2015

	TOTAL	Percent	January	February	March	April	May	June	July	August	September	October	November	December
2005														
RESIDENTS	2,849	12.9%	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849	2,849
HOTEL/CONDO	5,403	24.5%	4,575	5,803	6,249	6,807	5,803	7,365	8,146	7,365	5,468	2,455	1,897	2,901
SEASONAL	1,351	6.1%	851	1,077	1,644	1,304	1,644	2,098	2,325	1,815	1,361	737	680	680
RV VISITORS	734	3.3%	442	561	604	658	992	1,259	1,393	1,259	935	237	183	280
DAY VISITORS	11,737	53.2%	7,058	8,273	11,486	10,868	8,165	15,730	17,713	16,468	14,443	10,517	10,439	9,687
TOTAL	22,074	100.0%	15,775	18,563	22,832	22,486	19,453	29,301	32,426	29,756	25,056	16,796	16,049	16,398
2010														
RESIDENTS	3,380	13.4%	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380
HOTEL/CONDO	6,351	25.3%	5,378	6,821	7,346	8,002	6,821	8,657	9,576	8,657	6,428	2,886	2,230	3,411
SEASONAL	1,451	5.8%	913	1,157	1,766	1,400	1,766	2,253	2,496	1,948	1,461	791	731	731
RV VISITORS	804	3.2%	475	602	649	743	1,120	1,387	1,503	1,359	1,014	275	207	317
DAY VISITORS	13,151	59.6%	7,907	9,270	12,869	12,177	9,148	17,624	19,846	18,451	16,182	11,784	11,696	10,853
TOTAL	25,137	100.0%	18,054	21,230	26,009	25,701	22,235	33,301	36,802	33,796	28,465	19,116	18,243	18,691
2015														
RESIDENTS	4,010	14.0%	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010
HOTEL/CONDO	7,476	26.1%	6,331	8,030	8,647	9,419	8,030	10,191	11,272	10,191	7,566	3,397	2,625	4,015
SEASONAL	1,558	5.4%	981	1,242	1,896	1,504	1,896	2,419	2,681	2,092	1,569	850	785	785
RV VISITORS	881	3.1%	510	647	697	838	1,264	1,527	1,623	1,467	1,100	318	234	349
DAY VISITORS	14,794	66.7%	8,860	10,386	14,419	13,643	10,249	19,746	22,236	20,673	18,130	13,203	13,104	12,160
TOTAL	28,660	100.0%	20,692	24,315	29,669	29,414	25,450	37,894	41,822	38,434	32,376	21,777	20,758	21,318

Source: Texas Department of Tourism; THK Associates, Inc.