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Joey Gomez and Steve Taylor



McAllen Economic Development President and CEO Keith Patridge. (File photo: RGG/Joey Gomez)

McALLEN, Sept. 18 - The greater McAllen area is the new Memphis, Tennessee, the logistics and distribution center of North America, says McAllen Economic Development Corporation President Keith Patridge.

"Everybody used to call Memphis the center of the U.S. for distribution and logistics. I think we are now the Memphis of North America," Patridge told the *Guardian*, in an exclusive interview.

Patridge made his comments after learning of the findings in the latest MetroMonitor quarterly report from the prestigious Brookings Institution. The report shows the greater McAllen area to be among the 20 most vibrant metro areas in the country. In fact, McAllen was one of only three metros to surpass pre-recession peak output in the second quarter of 2009. The others were Austin and Washington.

The report shows only five metro areas with stabilized employment numbers. Of those five, only McAllen posted a gain for the second straight quarter.

The Guardian asked Patridge why things were looking up for greater McAllen.

"I think it's a combination of a lot of things. Number one, it's our demographics. We have a young and growing workforce," Patridge said. "Even though the job market is very slow because of the downturn, once the economy comes back we will see the underlying labor shortages that come from the retiring baby boomers coming back. I think that is an important part, demographically we're strong."

Geography plays a big part too, Patridge said.

"We are centrally located in the North American population center, strategically located next to the largest market in the world, with very cost-effective manufacturing facilities just across the river from Reynosa. It also allows us to use the ports in Mexico to source products and components from the rest of the world and bring them in to Mexico, where we can then produce products and then ship them directly to the customer in the U.S.," Patridge said.

Another factor is the exchange rate, Patridge explained.

"We are seeing costs go up again in China. Mexico, because of the economic downturn and the Peso to Dollar exchange rate, is actually starting to become more competitive. As the marketplace is constantly changing, right now Mexico is more competitive for the U.S. market than China is," he said.

"It's resulting in a lot of companies that are looking at focusing more attention on Mexico and the South Texas area. Because we are so tied in with what happens in Reynosa and Mexico, you'll continue to see this area being very attractive for companies to locate and expand. We are seeing that with our existing companies, they're continuing to expand all the time and it's going to create opportunities for us."

Patridge does not want to play down the impact of the recession, which he acknowledges has not the global marketplace hard. The Texas Workforce Commission reported a slight decrease in the McAllen-Edinburg-Mission MSA unemployment numbers on Friday. In August, the percentage was 11.4 percent, compared to 11.5 percent in July.

"We have felt the recession down here, but not really at the level of other locations. We are continuing to do pretty well in comparison to other locations. We are continuing to see companies coming in," Patridge said.

Patridge cited the decision of Panasonic to move its divisional headquarters to McAllen from Knoxville, Tennessee. Alps Electric is moving its design center and much of its corporate support staff to McAllen from other locations across the United States.

"Those are good paying, more executive type, jobs that will help us provide job opportunities for many of our college graduates from both STC and UTPA," Patridge said. "That's what it's all about. It's being able to not only train our folks here, but also create good paying jobs for them here locally. A lot of that is coming from the downturn

and from the need for companies to reduce costs. They have identified that it just makes sense for them to move a lot of those port operations down closer to their plants which tend to be in Mexico.”

The future looks bright, Patridge insisted. “I think we are in a very good position because of our demographics, our workforce, our geographic location and just the trends of companies to reduce inventory and going to more of a build to order-type scenario,” he said.

“You can't do that from China or India. It's going to have to be from North America, and I think we're primed to see that growth. We're excited. You're exactly right. Just as we have an impact that is less than in most areas, I think we will be one of the first to come back also.”

Ramiro Garza, executive director of the Edinburg Economic Development Corporation, agreed with Patridge's assessment. Garza told the *Guardian* he was very pleased to see the high marks being given to McAllen-Edinburg-Mission in the Brookings Institution report.

“It's very important because it shows the data that supports the fact that the area continues to do very well compared to other parts of the country. If you look at the report it shows that our metro was the only one that created jobs in the first two quarters of 2009. We are the only metro that is growing in terms of Gross Metro Product, which is really the way the area is evaluated,” Garza said.

Asked what factors led to this particular success, Garza said: “Our proximity to Mexico, the border and the fact that our Valley is stabilized; the fact that our population continues to grow. We are the only area that continues to grow at a rate faster than most areas in the country.”

Garza said Edinburg has several new and exciting projects on the horizon. In the industrial park, two manufacturers from Mexico are set to create about 30 jobs, he said. And the local call center, Tele-Performance, is also adding jobs.

“There is also a long term care facility being built here in Edinburg with about \$7 million being invested and about 200 jobs being created on West University. There is a plaza being built on Trenton Road, which we just been approved through the EDC. It's a 30,000 square foot facility,” Garza said.