



# Corpus Christi, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2008



## Summary

### Housing Market Area



The Corpus Christi, Texas Housing Market Area (HMA), located on the Gulf of Mexico in South Texas, consists of Aransas, Nueces, and San Patricio Counties. The city of Corpus Christi, located in Nueces County, is the healthcare and tourism center of the surrounding 150-mile coastal region.

### Market Details

- Economic Conditions .....2
- Population and Households .....4
- Housing Market Trends .....5
- Data Profile .....8

### Economy

Economic conditions in the Corpus Christi HMA have been strong during the past 12 months, primarily due to continued growth in the local tourism industry. According to the Corpus Christi Convention & Visitors Bureau (CCCVB), approximately 7 million people visit the HMA annually, and tourism generates an annual economic impact of \$1.1 billion on the area. Continued expansion at The Port of Corpus Christi and strong hiring in the construction sector are expected to attract people to the area during the 3-year forecast period. Employment data for the HMA appear in Table DP-1 at the end of this report.

### Sales Market

The sales housing market in the HMA is soft, with a current overall vacancy rate of 2.5 percent. According to the Real Estate Center at Texas A&M University, for the 12 months ending May 2008, the average sales price of new and existing homes in the HMA was \$165,500 compared with \$155,000 for the 12 months ending May 2007, an increase of nearly 7 percent. During the forecast period, employment

gains are expected to support demand for 3,450 new sales housing units (see Table 1).

### Rental Market

The rental housing market in the HMA is currently soft, with an estimated vacancy rate of 12 percent, approximately 2 percentage points higher than the rate recorded in 2000. Currently, renter households make up slightly less than 35 percent of all households in the HMA. During the forecast period, demand for rental housing will be met by the 700 rental units currently under construction and by the current supply of excess vacant rental units (see Table 1).

**Table 1.** Housing Demand in the Corpus Christi HMA, 3-Year Forecast, June 1, 2008 to June 1, 2011

	Corpus Christi HMA	
	Sales Units	Rental Units
Total Demand	3,450	0
Under Construction	320	700

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2008.*

*Source: Estimates by analyst*

# Economic Conditions

Economic expansion has continued in the Corpus Christi HMA, with nearly 6,900 nonfarm jobs having been added since 2005. During the 12 months ending May 2008, total nonfarm employment increased by 2,200 jobs, or 1.3 percent, to 176,900. CHRISTUS Spohn Health System, with 4,260 employees, is the leading private-sector employer in the HMA (see Table 2). The education and health services sector, which accounts for approximately 27,000 jobs throughout the area, added 600 jobs during the past 12 months. During the same period, employment in the construction industry increased to 6,600 jobs with the addition of more than 600 new positions, an increase of about 10 percent compared with the number of jobs

added during the previous 12 months. Employment growth in the construction sector has been primarily related to public works projects and commercial jobs, such as improvements on oil and gas refineries. The large employment gains that occurred during the past 3 years have resulted in one of the lowest unemployment rates in the state. During the past 12 months, the unemployment rate in the HMA averaged 4.4 percent and has remained at or below 5 percent during the past 2 years. Figure 1 illustrates trends in the labor force, resident employment, and unemployment in the HMA from 1990 to 2007. Figure 2 illustrates sector growth in the HMA from 1990 to the current date.

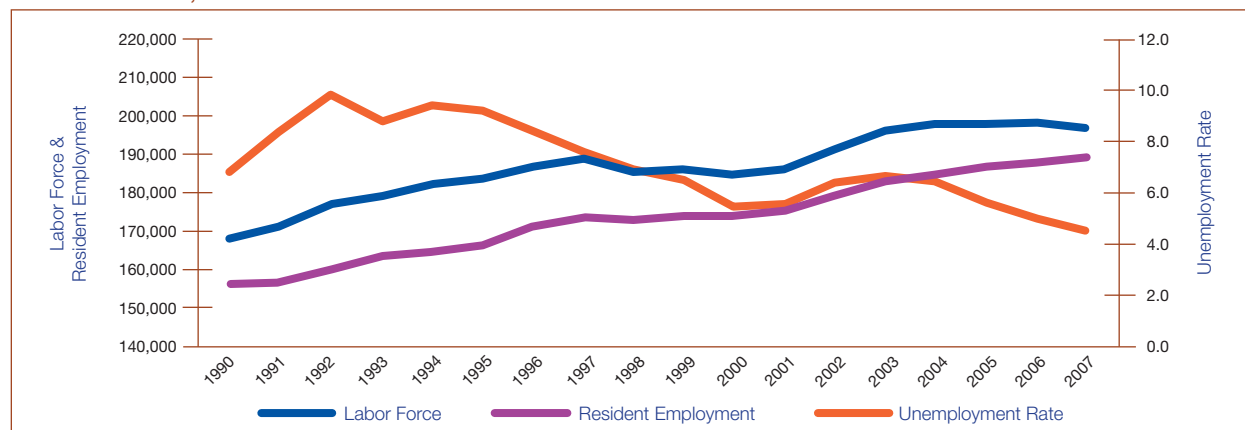
One main economic driver of the HMA is The Port of Corpus Christi Authority (the Authority). The Authority currently ranks as the fifth largest port in the United States in terms of tonnage, according to the U.S. Army Corps of Engineers. A 2004 economic impact study conducted by Martin Associates reports that the Authority accounts for approximately 11,900 direct jobs and nearly 28,000 indirect jobs in the HMA. The combined 39,900 jobs

**Table 2.** Major Employers in the Corpus Christi HMA

Name of Employer	Employment Sector	Number of Employees
Corpus Christi Army Depot	Government	4,876
Corpus Christi Independent School District	Government	4,776
CHRISTUS Spohn Health System	Education & Health Services	4,260
City of Corpus Christi	Government	3,434
H.E.B. food stores	Retail Trade	2,539
Bay Ltd.	Construction	2,500
Texas A&M-Corpus Christi	Government	1,994
Driscoll Children's Hospital	Education & Health Services	1,705
Naval Air Station Corpus Christi	Government	1,630
Corpus Christi Medical Center	Education & Health Services	1,347

Source: Corpus Christi Regional Economic Development Corporation

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Corpus Christi HMA, 1990 to 2007



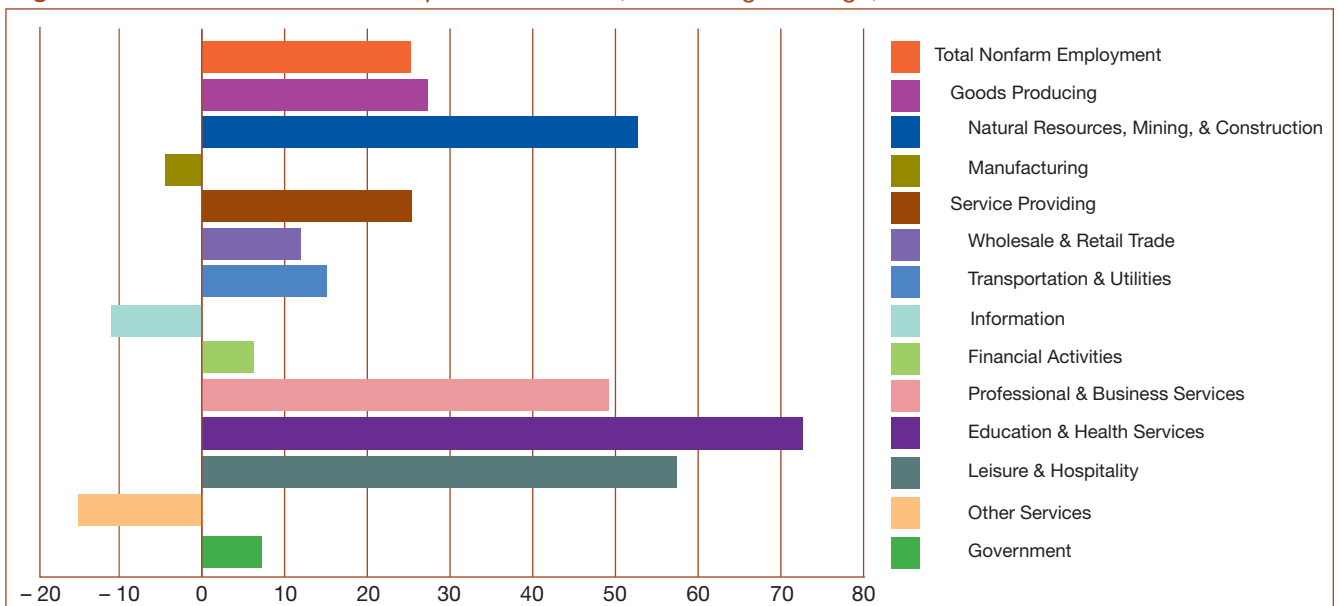
Source: U.S. Bureau of Labor Statistics

provide \$2.2 billion in income for residents throughout the coastal region.

The tourism industry plays a vital role in the local economy and accounts for more than \$1.1 billion in annual economic impact due to attractions such as the Texas State Aquarium, USS Lexington, and miles of undeveloped beaches. Hiring in the leisure

and hospitality sector was strong during the past 12 months as the sector added 600 jobs, an increase of 2.9 percent (see Table 3). New jobs within the sector resulted from hiring in the core tourism industries such as restaurants, attractions, and hotel/motels. According to a May 2007 report published by the CCCVB, tourism accounts for more than 12,000 direct jobs

**Figure 2. Sector Growth in the Corpus Christi HMA, Percentage Change, 1990 to Current**



Note: Current is based on 12-month averages through May 2008.

Source: U.S. Bureau of Labor Statistics

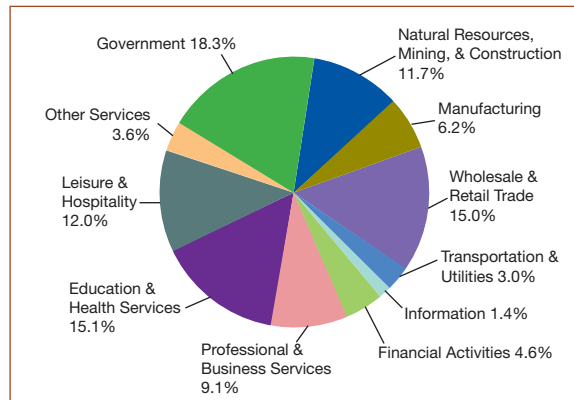
**Table 3. 12-Month Average Employment in the Corpus Christi HMA, by Sector**

	12 Months Ending May 2007	12 Months Ending May 2008	Percent Change
Total Nonfarm Employment	174,700	176,900	1.3
Goods Producing	30,700	31,700	3.3
Natural Resources, Mining, & Construction	19,500	20,700	6.2
Manufacturing	11,200	11,000	-1.8
Service Providing	144,000	145,200	0.8
Wholesale & Retail Trade	25,700	26,600	3.5
Transportation & Utilities	5,400	5,300	-1.9
Information	2,500	2,400	-4.0
Financial Activities	8,000	8,200	2.5
Professional & Business Services	16,400	16,100	-1.8
Education & Health Services	26,200	26,800	2.3
Leisure & Hospitality	20,600	21,200	2.9
Other Services	6,400	6,300	-1.6
Government	32,800	32,300	-1.5

Notes: Based on 12-month averages through May 2007 and May 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

in the area, and tourism-related employment increased by 20 percent from 2000 through 2006. Hiring in the tourism industry is expected to continue during the forecast period. The CCCVB reported an 80-percent increase in hotel occupancy from August 2007 to February 2008. The increased occupancy rate spurred additional hotel development, including the recently opened \$7 million, 105-unit Courtyard by Marriott Corpus Christi. The CCCVB reports that tourism in the HMA accounts for one-tenth of the local economy, or approximately \$1.1 billion. Figure 3 illustrates current employment in the HMA by sector.

**Figure 3. Current Employment in the Corpus Christi HMA, by Sector**

Note: Based on 12-month averages through May 2008.

Source: U.S. Bureau of Labor Statistics

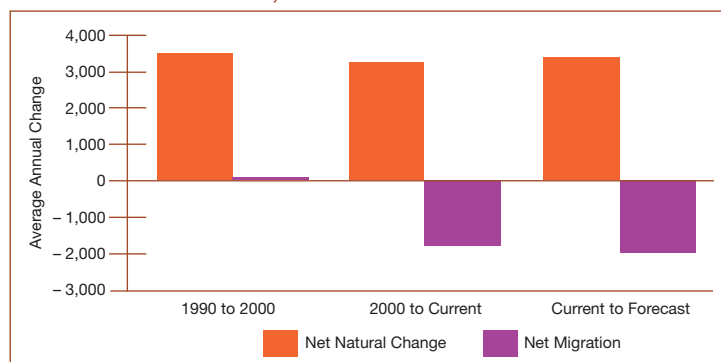
During the forecast period, nonfarm employment in the HMA is expected to increase by 1.3 percent annually. Job creation in the construction and the education and health services sectors and in the core tourism industries is expected to contribute 80 percent of the 6,900 additional jobs forecast for the next 3 years. The trade sector will likely account for the bulk of the remaining job growth in the HMA because the area remains one of the most affordable in the nation for conducting business given its proximity to Foreign-Trade Zone 122.

## Population and Households

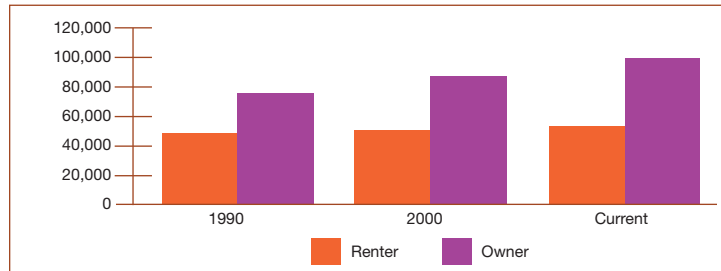
Population growth in the Corpus Christi HMA from 1990 to 2000 averaged 3,550 people, or nearly 1 percent, a year. Virtually all of the gain during the period resulted from net natural increase (resident births minus resident deaths).

Since 2000, the population has increased by 11,500 to 414,800 as of June 1, 2008; this figure represents an annual

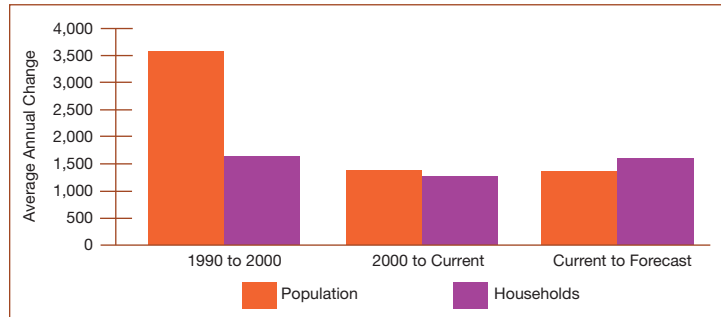
average gain of 1,410. The rate of population growth since 2000 has been less than 1 percent due to out-migration caused by the decrease of 7,000 military personnel positions at Naval Station Ingleside and Naval Air Station Corpus Christi, primarily during the past 2 years, as well as the relatively low number of higher paying jobs added in the area. During the past 3 years, all of the population growth in the HMA has resulted from net natural increase. Net out-migration has been occurring since July 2005 and is expected to continue at a rate of 2,000 people a year throughout the forecast period. The population of the HMA is forecast to be approximately 419,000 by June 1, 2011; net natural increase is expected to continue to outpace net out-migration. See Figure 4 for the components of population change in the HMA from 1990 to the forecast date.

**Figure 4. Components of Population Change in the Corpus Christi HMA, 1990 to Forecast**

Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

**Figure 5. Number of Households by Tenure in the Corpus Christi HMA, 1990 to Current**

Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

**Figure 6. Population and Household Growth in the Corpus Christi HMA, 1990 to Forecast**

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Following the trend in population growth, the average increase in the number of households in the HMA has been slower since 2000 than the rate of increase recorded during the previous decade. Since 2000, the number of households has increased by 1,325, or nearly 1 percent, a year. Currently, 152,400 households are in the HMA. Figure 5 illustrates the number of households by tenure in the HMA for 1990, 2000, and the current date.

During the forecast period, the number of households is expected to increase annually by 1,525, or 1 percent, and total approximately 157,000 by June 1, 2011. Figure 6 shows population and household growth in the HMA from 1990 to the forecast date.

## Housing Market Trends

### Sales Market

The market for existing single-family homes in the Corpus Christi HMA is soft as a result of out-migration and tightened credit standards. According to the Real Estate Center at Texas A&M University, during the 12 months ending May 2008, sales of existing homes totaled 4,200 units, a decrease of 16 percent compared with the number sold during the previous 12 months and the lowest volume of existing home sales since that recorded during the 12 months ending December 2003. Despite decreased sales volume, for the 12 months ending May 2008, the average sales price increased to \$165,500, up nearly 7 percent compared with the average price

recorded for the previous 12 months. During the past 36 months, annual average home sales totaled 4,875 units.

Since 2000, building permits in the HMA have been issued for 13,950 single-family homes, or an average of nearly 1,650 units a year. During the 12 months ending May 2008, new home construction, as measured by the number of permits issued, slowed in response to declining demand. During the period, the number of single-family permits was down 17 percent to 1,260 compared with 1,525 issued during the 12-month period ending May 2007. During the past 24 months, single-family construction activity has been

## Housing Market Trends

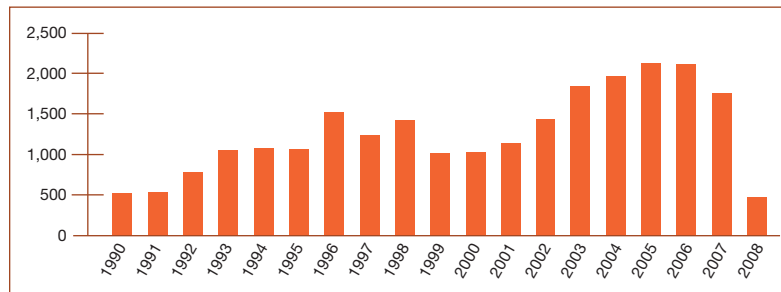
Sales Market *Continued*

well below the average of the 2000-through-2005 period, when nearly 1,600 permits were issued annually. Figure 7 shows the number of single-family building permits issued in the HMA from 1990 to the current date.

During the past 5 years, condominiums have become increasingly popular in the HMA. Recently, however, demand has tapered off. According to the latest data provided by the Corpus Christi Development Services department,

during the past 18 months, condominium sales totaled 110 units compared with 170 units sold during the previous 18 months. Despite declining demand, several projects are either under way or slated to begin construction within the next year. Phase 1 of Tortuga Dunes is currently under construction. When the development is completed in 2009, it will consist of 142 single-family homes and townhomes, 97 condominiums, and 36,000 square feet of retail space. Phase 1 currently includes 94 single-family home sites with lots priced between \$350,000 and \$450,000. Single-family home prices will be primarily in the \$600,000s. In addition, 10 townhomes have been added to Phase 1, with prices ranging from \$525,000 to \$650,000. The Palmilla at Port Aransas is a planned 94-unit condominium project to be located on Mustang Island. Prices will start in the \$400,000s for units ranging from 1,600 to 3,000 square feet. Construction is scheduled to begin in the spring of 2009 and is expected to take 15 months to complete.

**Figure 7. Single-Family Building Permits Issued in the Corpus Christi HMA, 1990 to 2008**



Notes: Includes only single-family units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

**Table 4. Estimated Demand for New Market-Rate Sales Housing in the Corpus Christi HMA, June 1, 2008 to June 1, 2011**

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	345	10.0
125,000	149,999	552	16.0
150,000	174,999	656	19.0
175,000	199,999	518	15.0
200,000	224,999	414	12.0
225,000	249,999	346	10.0
250,000	299,999	241	7.0
300,000	349,999	172	5.0
350,000	399,999	138	4.0
400,000	and higher	68	2.0

Source: Estimates by analyst

## Rental Market

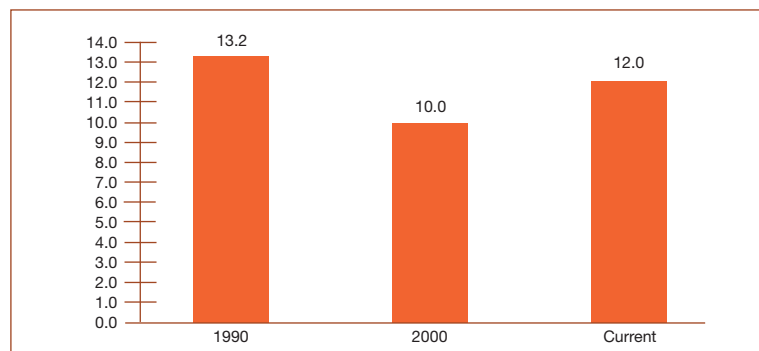
The rental housing market in the HMA, which is currently soft, has been soft since 2000. The current rental vacancy rate is estimated at 12 percent, approximately 2 percentage points higher than the rate recorded in 2000 (see Figure 8). According to ALN Systems, as of May 2008, effective market-rate rents in the area average \$600 for a one-bedroom unit, \$750 for a two-bedroom unit, and \$875 for a three-bedroom unit. Apartments account for approximately 65 percent of all rental units in the HMA; the remainder of the rental stock consists primarily of single-family homes and mobile homes.

Multifamily construction, as measured by the number of multifamily units permitted, decreased to 340 units during the 12 months ending May 2008 compared with 420 units permitted during the 12-month period ending May 2007. According to the McGraw-Hill Construction Pipeline database, during the past 12 months, approximately 20 percent of all multifamily permits have been for condominiums. During the past decade, multifamily building activity has been volatile in projects with buildings of five or more units. Moderate production in 2007 has been followed by a large amount of construction in 2008, replicating the pattern that occurred from 2005 to 2006. Figure 9 illustrates the number of multifamily building permits issued in the HMA from 1990 to the current date.

Approximately one-half, or 1,450, of the multifamily units built since 2004 have been financed through low-income housing tax credits (LIHTCs). As of May 2008, asking rents for recently completed LIHTC units are \$470 for a one-bedroom unit, \$570 for a two-bedroom unit, and \$660 for a three-bedroom unit. According to ALN data, all LIHTC projects surveyed report at least 95 percent occupancy in units constructed since 2004.

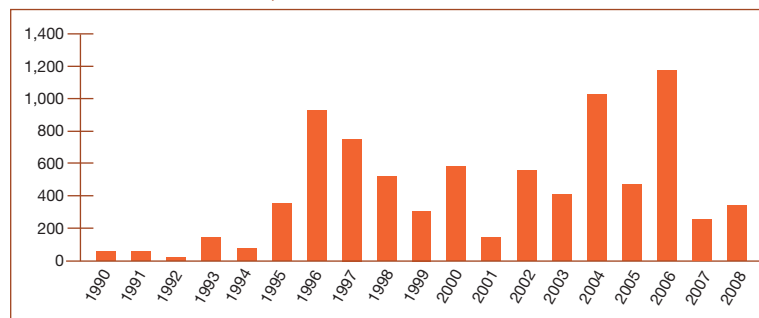
The 700 rental units currently under construction will satisfy all the estimated demand for market-rate rental units during the 3-year forecast period. Given the high rental vacancy rate, there is no need for additional units to be constructed during the forecast period.

**Figure 8.** Rental Vacancy Rates in the Corpus Christi HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

**Figure 9.** Multifamily Building Permits Issued in the Corpus Christi HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

# Data Profile

**Table DP-1. Corpus Christi HMA Data Profile, 1990 to Current**

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	156,681	174,863	189,100	1.1	1.1
Unemployment Rate (%)	6.8	5.4	4.4		
Nonfarm Employment	141,200	166,100	176,900	1.6	0.9
Total Population	367,786	403,280	414,800	0.9	0.3
Total Households	125,454	141,590	152,400	1.2	0.9
Owner Households	75,961	89,608	99,150	1.7	1.2
Percent Owner (%)	60.5	63.3	65.1		
Renter Households	49,493	51,982	53,250	0.5	0.3
Percent Renter (%)	39.5	36.7	34.9		
Total Housing Units	147,341	160,753	178,207	0.9	1.3
Owner Vacancy Rate (%)	3.5	2.1	2.5		
Rental Vacancy Rate (%)	13.2	10.0	12.0		
Median Family Income	\$28,499	\$40,856	\$45,203	3.7	1.5

*Notes: Median family income data are for 1989, 1999, and 2006. Employment data represent annual averages for 1990, 2000, and the 12 months through May 2008.*

*Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development*



## Data Definitions and Sources

---

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 6/1/2008—Analyst's estimates

Forecast period: 6/1/2008–6/1/2011—Analyst's estimates

**Demand:** The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_CorpusChristiTX.pdf](http://www.huduser.org/publications/pdf/CMARtables_CorpusChristiTX.pdf).

## Contact Information

---

L. David Vertz, Economist  
Fort Worth HUD Regional Office  
817-978-9414  
[leon.d.vertz@hud.gov](mailto:leon.d.vertz@hud.gov)

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).