

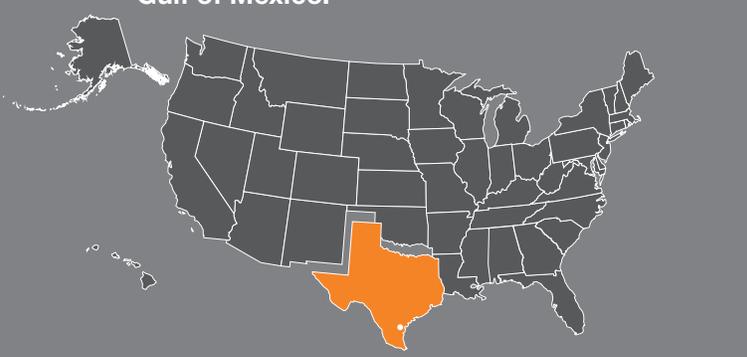
# HUD PD&R Housing Market Profiles

## Corpus Christi, Texas



### Quick Facts About Corpus Christi

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: slightly soft.**
- **The Port of Corpus Christi, which is in Nueces County, was the fifth largest U.S. port by metric tonnage of trade in 2014 and 2015. A portion of the \$40 billion in planned port improvements associated with the Channel Improvement Project will be used to deepen the channel to 52 feet and widen the port to 530 feet, ensuring that it remains the deepest inshore port on the Gulf of Mexico.**



By T. Michael Miller | As of June 1, 2016

### Overview

The Corpus Christi metropolitan area consists of Aransas, Nueces, and San Patricio Counties on the Texas Gulf Coast, 150 miles northeast of the U.S. border with Mexico and 150 miles southeast of San Antonio. Oil production in Eagle Ford Shale (north of the metropolitan area, across 20 counties in south Texas) has had a significant impact on the local economy. Oil production expanded from an average of 843 barrels a day during 2009 to 1.17 million barrels a day during 2015, resulting in increased shipping activity through the Port of Corpus Christi.

- As of June 1, 2016, the estimated population of the Corpus Christi metropolitan area is 456,800, an average annual increase of 4,650, or 1.1 percent, since 2010.
- During the 2000s, the population increased by an average of 2,500, or 0.6 percent, when net natural change (resident births minus resident deaths) was partially offset by an average net out-migration of 680 people annually.
- The migration trend has reversed, and net in-migration has accounted for 48 percent of population growth in the metropolitan area since 2010, while oil production in Eagle Ford Shale expanded.

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- Nueces County is home to 80 percent of the metropolitan area population and has accounted for 80 percent of the population growth in the metropolitan area since 2010.

The metropolitan area will soon be home to a cluster of steel manufacturing industries, a result of low-cost natural gas from Eagle Ford Shale and the distribution infrastructure surrounding the Port of Corpus Christi. The Tianjin Pipe Corporation is expected to complete

construction of a \$1.3 billion pipe manufacturing plant that will employ 600 people by the end of 2016, and Voestalpine Texas LLC will complete an \$800 million iron ore plant in 2016 that will employ 170 people when complete. Cheniere Corpus Christi Pipeline, L.P., has been approved to build a 23-mile long natural gas pipeline, which will connect the Corpus Christi Liquefaction LLC natural gas liquefaction plant, which is scheduled to be operational in 2018, to interstate and intrastate natural gas transmission pipelines in South Texas.

## Economic Conditions

Nonfarm payroll job growth in the Corpus Christi metropolitan area slowed during the past year, following 4 years of strong growth. Nonfarm payrolls increased by an average of 2.0 percent annually from 2011 through 2014 compared with an average annual increase of 0.9 percent since 2015. Slower growth is partly a result of the 70-percent decline in Eagle Ford Shale oil production during 2015, caused by a decline in oil prices, and the subsequent decline in energy-related jobs. Increases in the price of oil from the recent low in January 2016 have resulted in the stabilization of jobs in the mining and logging subsector.

During the 3 months ending May 2016—

- Nonfarm payrolls averaged 198,200, an increase of 4,600 jobs, or 2.4 percent, compared with the number of jobs during the

3 months ending May 2015, resulting from increases in all but two sectors. The rate of job growth in the metropolitan area was higher than in the Southwest region and the nation, where payrolls grew by 1.1 and 1.8 percent, respectively.

- Job growth was led by the education and health services and the leisure and hospitality sectors, which increased by 1,500 and 1,200 jobs, or 5.1 and 4.6 percent, respectively, in part due to expansions at CHRISTUS Spohn Health System and Driscoll Children’s Hospital. The \$325 million expansion at CHRISTUS began in 2014 and includes the 40,000-square-foot Dr. Hector P. Garcia Memorial Family Health Center, which will open in 2016.

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### Nonfarm payrolls in the Corpus Christi area increased in 9 of 11 sectors, led by growth in the education and health services sector.

	3 Months Ending		Year-Over-Year Change	
	May 2015 (thousands)	May 2016 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	193.6	198.2	4.6	2.4
Goods-producing sectors	33.4	33.1	- 0.3	- 0.9
Mining, logging, and construction	24.0	24.1	0.1	0.4
Manufacturing	9.4	9.0	- 0.4	- 4.3
Service-providing sectors	160.2	165.1	4.9	3.1
Wholesale and retail trade	28.2	29.1	0.9	3.2
Transportation and utilities	7.4	7.2	- 0.2	- 2.7
Information	2.0	2.0	0.0	0.0
Financial activities	8.4	8.6	0.2	2.4
Professional and business services	16.8	17.4	0.6	3.6
Education and health services	29.6	31.1	1.5	5.1
Leisure and hospitality	26.2	27.4	1.2	4.6
Other services	8.0	8.2	0.2	2.5
Government	33.7	34.1	0.4	1.2
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	4.8	5.4		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics



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- The mining, logging, and construction sector added 100 jobs, an increase of 0.4 percent, while the price of oil increased from a low of \$29 a barrel in January 2016. By comparison, the sector recorded a loss of 800 jobs, or 3.2 percent, during the 3 months ending May 2015 compared with payrolls during the same 3-month period a year earlier, while monthly average oil prices declined from \$105 to \$58 a barrel.

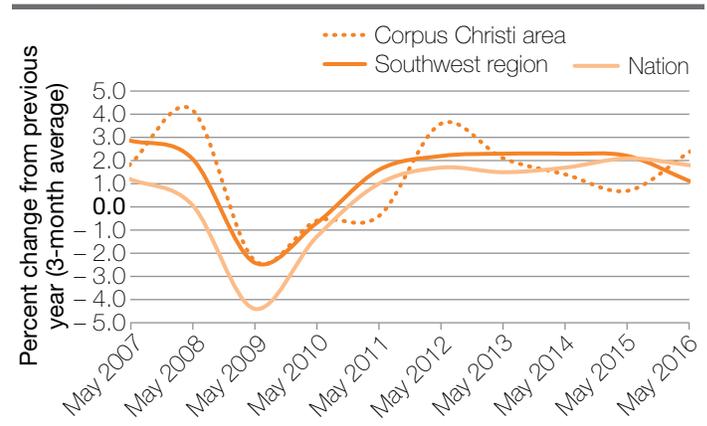
### Largest employers in the Corpus Christi area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
CHRISTUS Spohn Health System	Education and health services	5,150
HEB Grocery Company, LP	Wholesale and retail trade	5,000
Corpus Christi Army Depot	Government	3,675

Notes: Excludes local school districts. Data for Corpus Christi Army Depot include 60 uniformed military personnel, who are not included in nonfarm payroll survey data. Sources: Corpus Christi Regional Economic Development Corporation; Department of Defense Base Structure Report, 2015

- The unemployment rate averaged 5.4 percent, up from 4.8 percent during the same period a year ago, a result of the labor force growing faster than resident employment.

During the second quarter of 2016, nonfarm payroll growth in the Corpus Christi area surpassed growth for the nation and Southwest region, after 2 years of slower growth.



Note: Nonfarm payroll jobs. Source: U.S. Bureau of Labor Statistics

## Sales Market Conditions

The sales housing market in the Corpus Christi metropolitan area is currently balanced, with an estimated sales vacancy rate of 1.9 percent, down from 2.5 percent in 2010. The numbers of both new and existing homes sold (including single-family homes, townhomes, and condominiums) declined during the 12 months ending April 2016. The average sales prices of both new and existing homes increased during the same period. Slower sales activity has not resulted in lower prices, primarily because new homebuilding activity and available existing home listings have declined with demand. The inventory of homes for sale remained unchanged from the previous 12 months at a 4.8-month supply during the 12 months ending May 2016. The inventory of available homes peaked at a 10.4-month of supply in May 2011, declined to a 5.0-month supply in May 2014, and has remained below a 5.0-month supply since (Real Estate Center at Texas A&M University).

During the 12 months ending April 2016—

- Sales of new and existing homes decreased 13 and 11 percent, to 910 and 7,850, respectively, from the 12 months ending April 2015 (CoreLogic, Inc., with adjustments by the analyst).
- The average sales price for existing homes rose by \$8,000, or 4 percent, to \$196,600, up from \$188,600 during the 12 months ending April 2016. Existing home sales prices have increased consistently since reaching a low of \$148,100 during 2010.

- The average sales price of a new home rose by \$14,500, or 6 percent, to \$254,700, up from \$240,200 during the 12 months ending April 2016. New home sales prices have increased consistently from the most recent low of \$196,100 during 2012.
- Sales of real estate owned (REO) homes declined 26 percent, to 360, from the previous 12-month period. As of April 2016, 3.0 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down slightly from 3.1 percent a year earlier.

Single-family home construction activity, as measured by the number of single-family homes permitted, decreased during the 12 months ending May 2016 and remained well below the level permitted during the peak years from 2003 through 2007.

- During the 12 months ending May 2016, 1,225 single-family homes were permitted (preliminary data), down 9 percent from the 1,350 homes permitted during the 12 months ending May 2015.
- From 2013 through 2015, the number of single-family homes permitted averaged 1,625 annually, up significantly from an average of 1,075 homes permitted annually from 2008 through 2012 but less than the average 1,975 of homes permitted annually from 2003 through 2007.

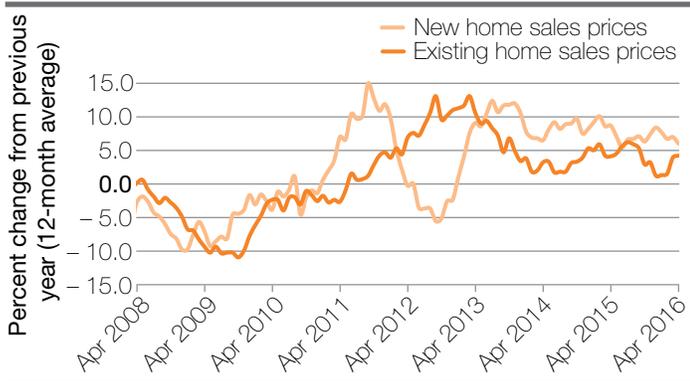
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- Since 2014, nearly 25 percent of all single-family homebuilding activity in the Corpus Christi metropolitan area has occurred in the Metrostudy-defined Tierra Grande market area, with half

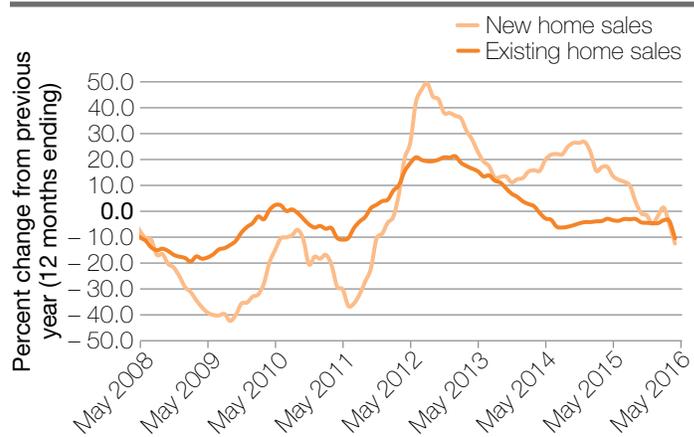
of the new homes in the market area priced from \$201,000 to \$300,000. Royal Creek Estates, a subdivision in Tierra Grande, is offering homes starting at \$180,000. The subdivision will consist of 440 homes when complete.

**New home sales prices in the Corpus Christi area increased at a faster rate than existing home sales prices during the past three years.**



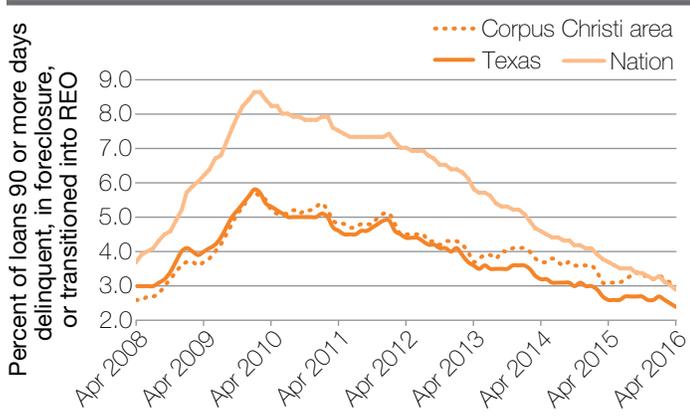
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

**New home sales in the Corpus Christi area declined during the past year, while nonfarm payroll growth slowed.**



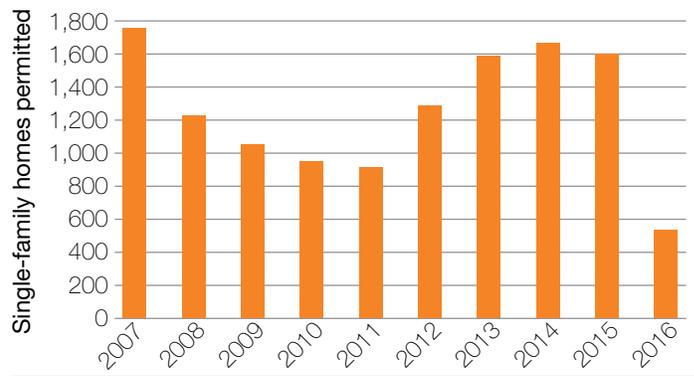
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

**The rate of seriously delinquent loans and REO properties in the Corpus Christi area has declined since late 2008 but more slowly than the national rate.**



REO = real estate owned. Source: CoreLogic, Inc.

**Single-family home permitting in the Corpus Christi area has increased after a recent low during 2010.**



Note: Includes preliminary data from January 2016 through May 2016. Source: U.S. Census Bureau, Building Permits Survey



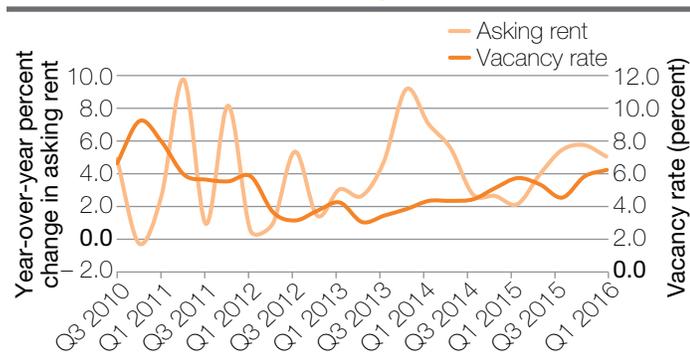
## Apartment Market Conditions

The apartment market in the Corpus Christi metropolitan area is currently slightly soft, a result of increased multifamily construction in 2013 and 2014 and slowed nonfarm payroll growth during the past 12 months. The apartment vacancy rate increased to 6.3 percent during the first quarter of 2016 compared with 5.8 percent during the first quarter of 2015 (MPF Research). Currently, an estimated 38.2 percent of all households in the metropolitan area are renters compared with 37.2 percent in April 2010. Apartments comprise approximately 27 percent of renter-occupied units (2014 American Community Survey 1-year data).

During the first quarter of 2016—

- Apartment vacancy rates ranged from 3.9 percent in the San Patricio-Aransas MPF Research-defined market area (hereafter, area) to 7.2 percent in the Inland Corpus Christi area.
- The average asking rent was \$902, up 5.0 percent from the average rent a year earlier compared with an increase of 2.1 percent during the first quarter of 2015.
- The lowest average rent, \$883, was reported in the Inland Corpus Christi area, which also registered the largest annual increase, 6.0 percent, compared with the average rent a year earlier.

Recent apartment construction focused in relatively expensive areas of the Corpus Christi area, resulting in an increased average rent, and slow absorption resulted in increased vacancy rates.



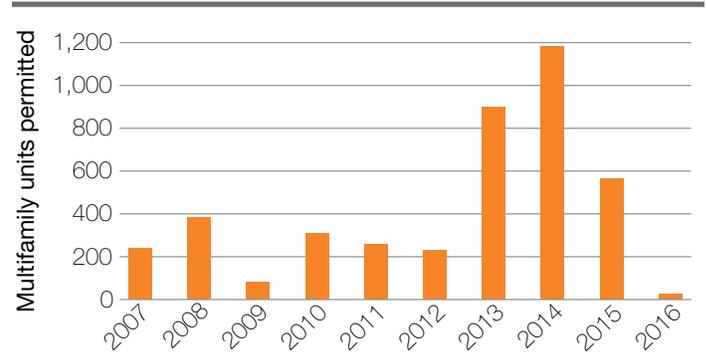
Source: MPF Research

- The average asking apartment rents by number of bedrooms were \$779, \$951, and \$1,210 for one-, two-, and three-bedroom units, respectively.

Multifamily construction activity, as measured by the number of units permitted, declined during the 12 months ending May 2016 compared with construction activity a year earlier; Nearly 1,600 apartment units are currently under construction, which includes units not recorded in preliminary permitting data, however.

- During the 12 months ending May 2016, 150 multifamily units were permitted (preliminary data), more than 80 percent less than the 800 multifamily units permitted during the previous 12 months.
- During 2013 and 2014, an average of 1,050 multifamily units were permitted annually, a significant increase from the average of 250 multifamily units permitted annually from 2007 through 2012.
- The 191-unit Villas of Ocean Drive in the Inland Corpus Christi area is currently in lease up. This complex has one- and two-bedroom units starting at \$1,000 and \$1,515, respectively.
- In the city of Corpus Christi, the Retreat by Watermark, which is scheduled for completion in late 2016, will have a combined 324 one-, two-, and three-bedroom apartment units with rents starting at \$1,025, \$1,360, and \$1,795, respectively.

Multifamily permitting in the Corpus Christi area has declined since 2015, following high levels of permitting during 2013 and 2014.



Note: Includes preliminary data from January 2016 through May 2016.

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