



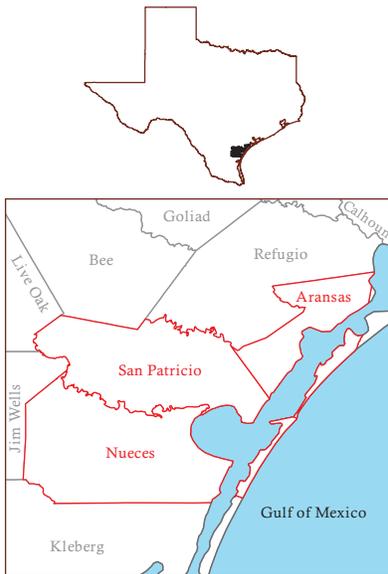
Corpus Christi, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of February 1, 2012



Summary

Housing Market Area



The Corpus Christi Housing Market Area (HMA), which comprises Aransas, Nueces, and San Patricio Counties, is located in southern Texas along the Gulf Coast, about 140 miles southeast of San Antonio. Corpus Christi, the most populous city in the HMA, accounts for 71 percent of the population.

Market Details

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Economy

The economy of the Corpus Christi HMA is recovering, after recording job losses during 2009 and early 2010. The development of the Eagle Ford Shale oil- and natural gas-producing area contributed to recent job gains. During the 12 months ending January 2012, nonfarm payrolls increased by 4,200 jobs, or 2.4 percent. During the next 3 years, nonfarm payrolls are expected to grow at a 2.1-percent annual rate. Additional 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 vacancy rate currently estimated at 2.3 percent. During the 3-year forecast period, increases in employment and population are expected to support demand for 3,650 new market-rate sales housing units. The 250 homes currently under construction will satisfy a portion of this demand (Table 1). A portion of the 15,900 other vacant units in the HMA may come back on the market and satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are soft. The current rental vacancy rate is estimated at 9.4 percent, a decline from the 12.2-percent rate recorded in April 2010. During the 3-year forecast period, demand is estimated for 580 new rental units (Table 1). The 280 units currently under construction will meet a portion of this demand.

Table 1. Housing Demand in the Corpus Christi HMA, 3-Year Forecast, February 1, 2012 to February 1, 2015

	Corpus Christi HMA	
	Sales Units	Rental Units
Total Demand	3,650	580
Under Construction	250	280

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of February 1, 2012. A portion of the estimated 15,900 other vacant units in the HMA will likely satisfy some of the forecast demand. Includes an estimated demand for 50 mobile homes.

Source: Estimates by analyst

The economy of the Corpus Christi HMA is recovering from average nonfarm payroll declines of 4,500 jobs, or 2.5 percent, on an annualized basis during 2009 and early 2010. During the 12 months ending January 2012, the HMA added 4,200 jobs, a 2.4-percent increase, to 181,500 jobs (Table 2). In comparison, non-farm payrolls were unchanged during the previous 12-month period. Annual gains from 2003 through 2008, before the downturn, averaged 3,150 jobs, or 1.8 percent, annually. Despite the recent employment increases, non-farm payrolls remain below the high of 182,500 jobs recorded in 2008.

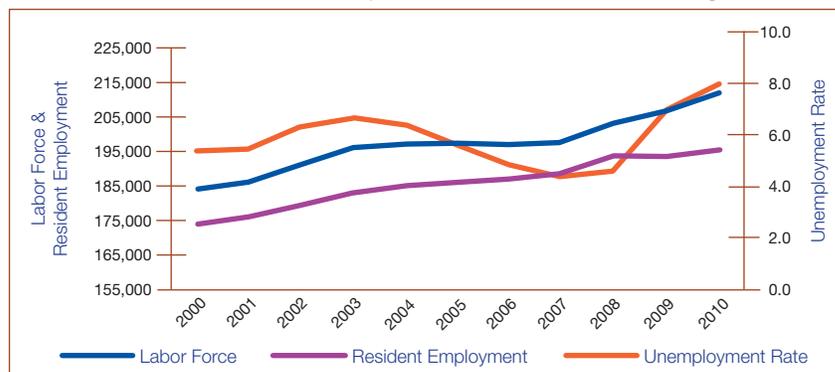
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Corpus Christi HMA, by Sector

	12 Months Ending January 2011	12 Months Ending January 2012	Percent Change
Total Nonfarm Payroll Jobs	177,300	181,500	2.4
Goods Producing	28,550	30,050	5.2
Mining, Logging, & Construction	19,300	20,600	6.8
Manufacturing	9,275	9,425	1.7
Service Providing	148,800	151,500	1.8
Wholesale & Retail Trade	25,550	26,850	5.0
Transportation & Utilities	5,550	6,025	8.5
Information	2,150	2,000	-7.7
Financial Activities	7,275	7,350	0.9
Professional & Business Services	15,100	15,200	0.4
Education & Health Services	30,800	31,700	2.9
Leisure & Hospitality	20,700	21,300	2.9
Other Services	6,875	6,975	1.5
Government	34,750	34,100	-1.8

Notes: Based on 12-month averages through January 2011 and January 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Corpus Christi HMA, 2000 Through 2010

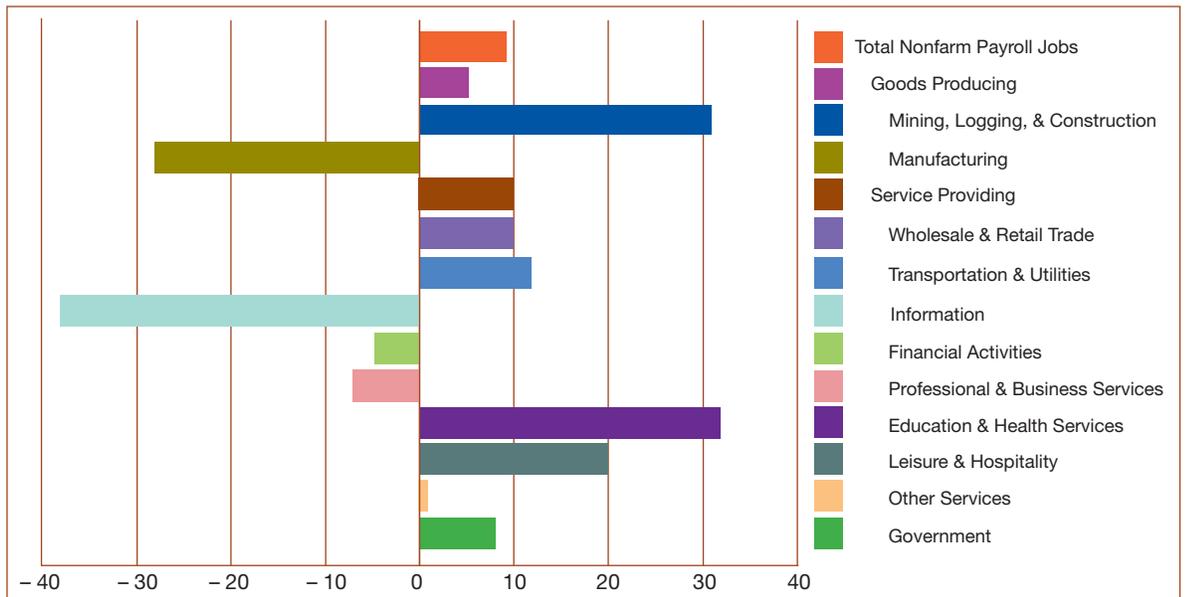


Source: U.S. Bureau of Labor Statistics

During the 12 months ending January 2012, the unemployment rate averaged 7.8 percent compared with the 8.1-percent rate averaged during the previous 12 months, which was the highest rate recorded since 2000. Figure 1 shows the labor force, resident employment, and unemployment rate in the HMA since 2000.

From 2000 through 2010, the education and health services sector grew faster than any other in the HMA, recording average annual gains of 2.5 percent. The mining, logging, and construction sector was the second fastest growing during the decade, recording 2.1-percent average annual gains because of the development of the Eagle Ford Shale area. The leisure and hospitality sector recorded 1.6-percent annual gains, the third fastest rate in the HMA, in part because of increased demand for lodging and restaurants as a result of the developments in the oil and gas industry. In contrast, the manufacturing and information sectors recorded average annual losses of 3.4 and 3.7 percent, respectively, during the decade.

During the 12 months ending January 2012, the mining, logging, and construction sector recorded gains of 1,300 jobs, or 6.8 percent. The sector was the fastest growing from 2000 to the current date, recording gains of 31 percent (Figure 2). Significant development of the Eagle Ford Shale area, which began in 2008, contributed to recent growth in the sector. In contrast, from 2000 through 2006, growth in the sector was concentrated in the construction subsector. The Eagle Ford Shale area stretches northeast from the Mexican border near Nuevo Laredo for roughly 400 miles and includes the nonmetropolitan counties immediately northwest of

Figure 2. Sector Growth in the Corpus Christi HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through January 2012.

Source: U.S. Bureau of Labor Statistics

the HMA and south of San Antonio. During 2011, the latest available data, the number of drilling permits issued in the entire Eagle Ford Shale area increased 180 percent from the previous year, to 2,825. The entire Eagle Ford Shale produced approximately 243 billion cubic feet (Bcf) of natural gas, an increase from 19 Bcf produced in 2009 and 1 Bcf produced in 2008, the year when natural gas development began. Also in 2011, the Eagle Ford Shale area produced approximately 30 million barrels of oil, up from 4 million in 2010 and 300 thousand in 2009. Although the counties in the Eagle Ford Shale area produced some oil before 2008, such production was minimal: an average of 880 barrels annually from 2004 through 2007. Since 2008, the oil and natural gas developments in the Eagle Ford Shale area have also contributed to growth in the transportation and utilities sector because of increased demand for pipeline transportation and trucking. The sector grew at a faster rate

than any other during the 12 months ending January 2012, recording gains of 475 jobs, or 8.5 percent.

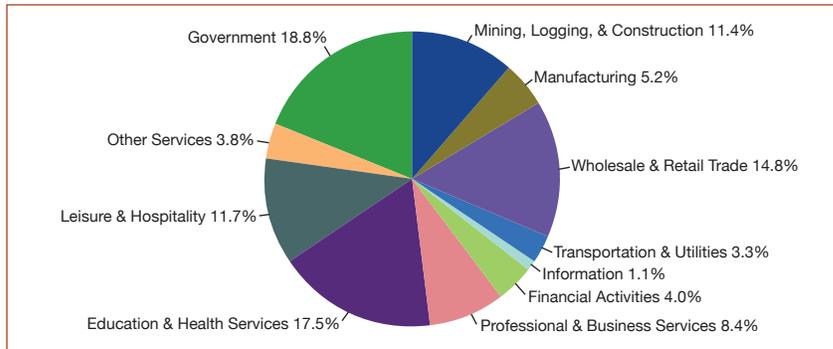
The wholesale and retail trade sector also grew rapidly during the 12 months ending January 2012, recording gains of 1,300 jobs, or 5.0 percent. In January 2012, Wal-Mart Stores, Inc., completed the construction of three new stores, an investment exceeding \$25 million, which added 470 permanent jobs to the wholesale and retail trade sector and contributed additional temporary jobs in the mining, logging, and construction sector.

The government sector is the largest in the HMA, accounting for 18.8 percent of nonfarm payrolls, in part because of several military facilities (Figure 3). The Corpus Christi Army Depot, a helicopter repair facility, is the largest employer in the HMA and has approximately 5,800 employees (Table 3), mainly civilian. Naval Air Station Corpus Christi, with approximately 2,825 employees, is the fifth

largest employer. The Department of Defense closed Naval Station Ingleside gradually from 2006 through 2010 as a result of the 2005 Base Realignment and Closure Act, resulting in the transfer of approximately 3,000

jobs, uniformed and civilian, to Naval Base San Diego. During the 12 months ending January 2012, the government sector lost more jobs—650, or 1.8 percent—than any other sector, primarily because of reductions in local government subsector employment.

Figure 3. Current Nonfarm Payroll Jobs in the Corpus Christi HMA, by Sector



Note: Current is based on 12-month averages through January 2012.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Corpus Christi HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Corpus Christi Army Depot	Government	5,800
CHRISTUS Spohn Health System	Education & Health Services	5,150
H-E-B	Wholesale & Retail Trade	5,000
City of Corpus Christi	Government	3,175
Naval Air Station Corpus Christi	Government	2,825
Bay Ltd.	Mining, Logging, & Construction	2,100
Driscoll Children's Hospital	Education & Health Services	1,800
Del Mar College	Government	1,550
Corpus Christi Medical Center	Education & Health Services	1,300
Nueces County	Government	1,025

Note: Excludes local school districts.

Source: Corpus Christi Regional Economic Development Corporation

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average annual rate of 3,900 jobs, or 2.1 percent. Tianjin Pipe Corporation is currently building a 1.6-million-square-foot pipe mill to produce piping for the oil and natural gas industry. The \$1 billion investment is expected to create 300 jobs in the manufacturing sector by the time it is complete in 2013 and, potentially, an additional 300 jobs in subsequent years. In addition, M&G Group is currently constructing two polymer resin manufacturing facilities, a \$900 million investment that is expected to create 250 jobs in the manufacturing sector when construction is complete by 2014. Baker Hughes Incorporated, an oil company, plans to develop a 140,000-square-foot facility, a \$20 million investment expected to create 75 new jobs. The Corpus Christi Army Depot plans to hire 1,000 new civilian employees within the next 3 years.

Population and Households

As of February 1, 2012, the population of the Corpus Christi HMA was estimated at 434,200, reflecting an average annual increase of 3,275, or 0.8 percent, from approximately 428,200 on April 1, 2010. In comparison, from 2000 through 2010, the population increased by an

average of 2,500, or 0.6 percent, a year. Population growth fluctuated during the previous decade. From 2000 through 2006, population growth averaged 2,600 people, or 0.6 percent, annually. Growth slowed to 880 people, or 0.2 percent, annually from 2006 through 2007, partially because of the

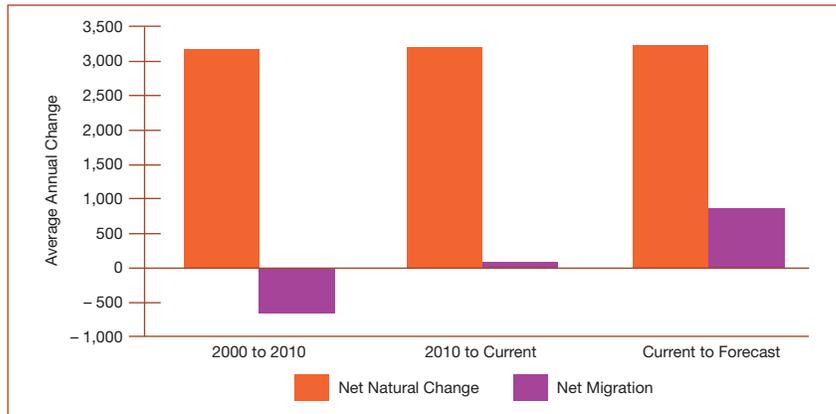
closure of Naval Station Ingleside. Since 2007, population growth has returned to the 0.6-percent rate that prevailed earlier in the decade, increasing by an average of 2,600 people annually from 2007 to 2010, in part, because of the developments in the Eagle Ford Shale area. According to the Census Bureau, as of April 1, 2010, the city of Corpus Christi had a population of 305,200, accounting for approximately 71 percent of the HMA's population.

From 2000 through 2010, net natural change (resident births minus resident deaths) was the primary contributing factor to population growth in the HMA (Figure 4). During the decade,

net natural increase averaged 3,175 people annually. Net out-migration, which averaged 680 people annually, somewhat offset the net natural increase recorded during the same 10-year period. The closure of Naval Station Ingleside, which affected more than 3,000 naval station personnel and an estimated 5,000 family members, contributed to the net out-migration. As a result, the HMA experienced net out-migration averaging 920 people annually from 2006 through 2010, an increase compared with the average out-migration of 610 people annually from 2000 through 2006. Since 2010, net out-migration has ceased, and the HMA has experienced net in-migration averaging 90 people annually. The developments in the Eagle Ford Shale area contributed to the recent in-migration. The HMA population is forecast to grow 0.9 percent a year during the next 3 years to total approximately 446,400 by February 1, 2015. During the 3-year forecast period, net in-migration to the HMA is expected to increase to an average of 860 people a year, because of hiring by the Corpus Christi Army Depot and in oil- and natural gas-related industries. Figure 5 shows population and household growth in the HMA from 2000 to the current date.

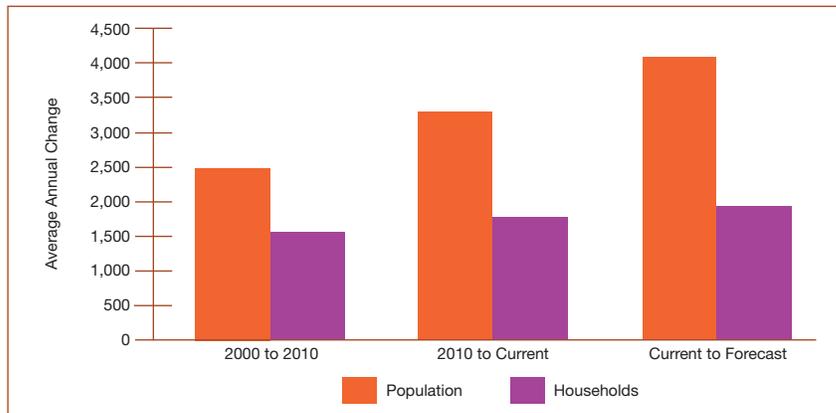
From 2000 through 2010, the number of households in the HMA increased by 1,550, or 1.0 percent, annually. From 2010 to the current date, the number of households increased by 1,800, or 1.1 percent, annually because of the cessation of out-migration after the closure of Naval Station Ingleside coupled with recent growth in non-farm payrolls. Currently, the HMA has an estimated 160,300 households. Figure 6 illustrates the number of households by tenure in the HMA

Figure 4. Components of Population Change in the Corpus Christi HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Corpus Christi HMA, 2000 to Forecast

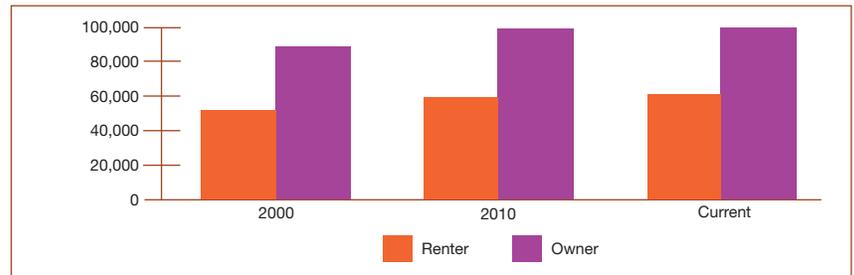


Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

for 2000, 2010, and the current date. During the forecast period, the number of households is expected to increase

by 1,900, or 1.2 percent, annually, to total approximately 166,000 households by February 1, 2015.

Figure 6. Number of Households by Tenure in the Corpus Christi HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Corpus Christi HMA is soft, because of job losses during 2009 and early 2010, the expiration of the first-time homebuyer tax credit in 2010, and tight mortgage lending standards. The home sales vacancy rate is currently estimated at 2.3 percent, slightly lower than the 2.5-percent rate recorded in April 2010. According to the Real Estate Center at Texas A&M University, during the 12 months ending January 2012, the number of new and existing single-family homes sold in the HMA decreased 1 percent, to 3,425, compared with the number of homes sold during the previous 12-month period. The current level of sales is well below the average annual level of 4,825 homes sold from 2004 through 2007. The low home sales volume is reflected in a decline in the homeownership rate in the HMA. The homeownership rate is currently estimated at 62.0 percent, down from the

62.8-percent rate recorded on April 1, 2010, and down from the 63.3-percent rate recorded on April 1, 2000.

The average sales price for new and existing homes in the HMA increased 3 percent, to \$157,500, during the 12 months ending January 2012 compared with prices during the previous 12 months, according to the Real Estate Center at Texas A&M University. The current price level remains less than the average of \$160,400 that prevailed from 2007 through 2009. During the 12 months ending January 2012, the available inventory of new and existing homes in the HMA averaged a 9-month supply compared with the average 10-month supply recorded during the previous 12-month period, which was the highest level recorded since 2000. According to LPS Applied Analytics, in January 2012, 4.8 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in

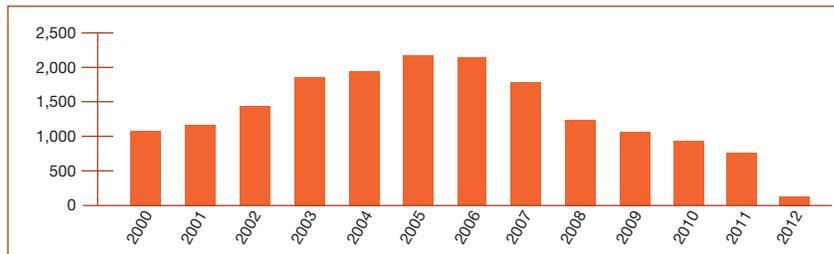
REO (Real Estate Owned), a slight decrease from the 5.1-percent rate recorded in January 2011.

Single-family homebuilding activity, as measured by the number of single-family building permits issued, increased during the 12 months ending January 2012 (Figure 7). Based on preliminary data, the number of single-family homes permitted increased 8 percent, to 800, compared with the 740 homes permitted during the

previous 12-month period. The current level of construction activity remains well below the average of 1,975 single-family homes permitted annually from 2003 through 2007. Sales prices for new three-bedroom, single-family homes in the HMA start at about \$90,000. Rancho Vista is a new development with plans for about 900 homes, with prices starting at \$120,000, of which about 200 are complete and the rest are expected to be complete within 7 years. Terra Mar is another ongoing new development, with prices starting at \$140,000, approximately 150 homes completed during the past 4 years, and plans for an unspecified number of additional homes.

During the next 3 years, demand is expected for 3,650 new homes, including approximately 50 mobile homes (Table 1). The 250 homes currently under construction will meet a portion of this demand. The demand is expected to increase during the forecast period, from 620 homes in the first year to approximately 1,500 homes annually during the final 2 years. More than one-half of the demand is expected to be for homes priced between \$120,000 and \$199,999 (Table 4). A portion of the estimated 15,900 other vacant units likely will enter the sales housing market and satisfy some of the forecast demand.

Figure 7. Single-Family Building Permits Issued in the Corpus Christi HMA, 2000 to 2012



Notes: Includes townhomes. Includes data through January 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Corpus Christi HMA, February 1, 2012 to February 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	119,999	360	10.0
120,000	159,999	1,000	28.0
160,000	199,999	900	25.0
200,000	299,999	790	22.0
300,000	and higher	540	15.0

Notes: The 250 homes currently under construction and a portion of the estimated 15,900 other vacant units in the HMA will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

Rental Market

Rental housing market conditions in the Corpus Christi HMA are soft but improving because of recent nonfarm payroll increases. The current overall rental vacancy rate is estimated at 9.4 percent, which is less than the 12.2-percent rate recorded in April 2010 (Figure 8). Despite soft overall rental housing market conditions,

the apartment market is balanced. According to ALN Systems, Inc., during the 3 months ending January 2012, the apartment vacancy rate averaged 6.8 percent, down from 8.6 percent during the 3 months ending January 2011. During January 2012, effective apartment rents averaged \$620 for a one-bedroom unit, \$810 for

Housing Market Trends

Rental Market *Continued*

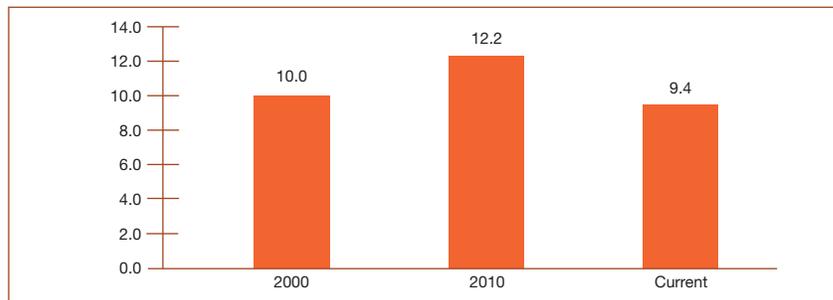
a two-bedroom unit, and \$920 for a three-bedroom unit; the average effective rent for all apartment units increased 4 percent, to \$750, compared with the rents recorded during January 2011. An estimated 40 percent of the current rental inventory consists of single-family homes, unchanged from April 2000. In comparison, apartments currently comprise an estimated 35 percent of the rental inventory, slightly lower than the 38-percent ratio recorded in April 2000.

Multifamily construction activity, as measured by the number of units permitted, remains at lower levels than those recorded from 2000 through 2009. Based on preliminary data, during the 12 months ending January 2012, approximately 240 multifamily units were permitted compared with 280 units permitted during the previous 12 months. The current level of activity is well below the average

of 860 units permitted annually from 2004 through 2008. In comparison, multifamily permitting averaged 420 units annually from 2000 through 2003 (Figure 9). Recent developments include Buena Vida Senior Village, a 100-unit tax-credit community for senior citizens completed in June 2011, and the 108-unit Campus Quarters, which caters to students at Texas A&M-Corpus Christi and provides leases by the bedroom, with monthly rents starting at about \$490 per bedroom. The 168-unit Phase II of Bay Vista Apartment Homes is currently in the final planning stages and is expected to be complete by 2013, with monthly rents starting at approximately \$850 for a one-bedroom unit.

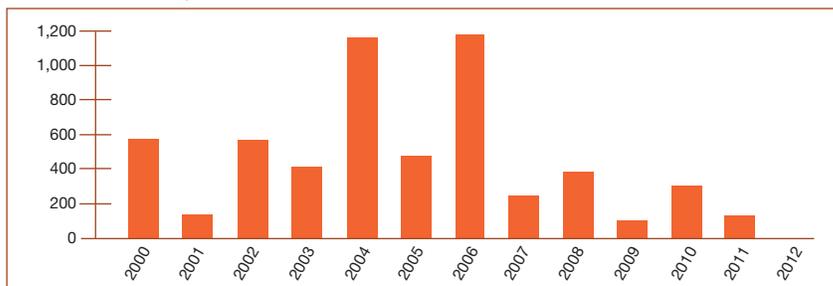
The developments in the Eagle Ford Shale area contributed to tightening rental housing market conditions, primarily through indirect effects stemming from increased employment for oil- and natural gas-supporting activities. The effect has been limited because the closest drilling sites are approximately 50 miles from the outermost portions of the HMA, in adjacent Bee and Live Oak Counties, where the direct effects have caused tight local rental housing market conditions. The military facilities in the HMA have had a limited effect on the rental housing market since the final closure of Naval Station Ingleside in 2010. The Corpus Christi Army Depot has no onsite housing, and most of its employees are civilians. Naval Air Station Corpus Christi has very limited onsite housing. Employment levels at both facilities have remained stable since 2010 and, as a result, the effects on the rental housing market have been limited. The 1,000 anticipated new employees, primarily civilian, at the Corpus Christi Army

Figure 8. Rental Vacancy Rates in the Corpus Christi HMA, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Corpus Christi HMA, 2000 to 2012



Notes: Excludes townhomes. Includes data through January 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

Depot are expected to contribute to rental demand during the next 3 years, but the effect is expected to be limited.

During the 3-year forecast period, demand is estimated for 580 new rental units. The 280 units currently under construction will meet a portion of

this demand (Table 1). To allow for the absorption of excess vacant rental units, additional units will not be needed until the third year of the forecast period. Table 5 shows forecast demand by number of bedrooms and rent level.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Corpus Christi HMA, February 1, 2012 to February 1, 2015

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
640 or more	10	650 to 849	140	750 to 949	140	1,000 to 1,199	35
		850 or more	40	950 to 1,149	140	1,200 or more	45
				1,150 or more	20		
Total	10	Total	180	Total	300	Total	80

Notes: The 280 units currently under construction will satisfy some of the estimated demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Data Profile

Table DP-1. Corpus Christi HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	174,863	195,354	200,700	1.1	2.5
Unemployment Rate	5.4%	8.0%	7.8%		
Nonfarm Payroll Jobs	166,100	177,400	181,500	0.7	2.1
Total Population	403,280	428,185	434,200	0.6	0.8
Total Households	141,590	157,019	160,300	1.0	1.1
Owner Households	89,608	98,532	99,400	1.0	0.5
Percent Owner	63.3%	62.8%	62.0%		
Renter Households	51,982	58,487	60,900	1.2	2.2
Percent Renter	36.7%	37.2%	38.0%		
Total Housing Units	160,753	182,909	184,800	1.3	0.6
Owner Vacancy Rate	2.1%	2.5%	2.3%		
Rental Vacancy Rate	10.0%	12.2%	9.4%		
Median Family Income	\$40,600	\$50,200	\$51,900	2.1	3.4

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through January 2012. Median family incomes are for 1999, 2009, and 2010.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 2/1/2012—Analyst’s estimates
Forecast period: 2/1/2012–2/1/2015—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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_CorpusChristiTX_12.pdf.

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This analysis has been prepared for the assistance and guidance of 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 expresses 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.