

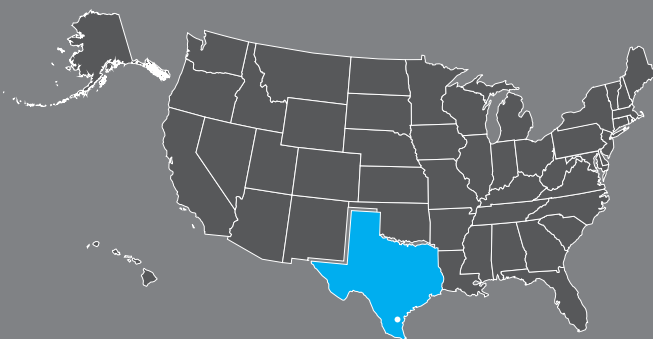
# HUD PD&R Housing Market Profiles

## Corpus Christi, Texas



### Quick Facts About Corpus Christi

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: balanced.**
- **From 2003 through 2009, the city of Corpus Christi was declared the “Birdiest City” in the nation based on the number of individual bird species counted, contributing to the \$1 billion in economic activity that tourism adds to the region annually (Corpus Christi Convention and Visitors Bureau).**

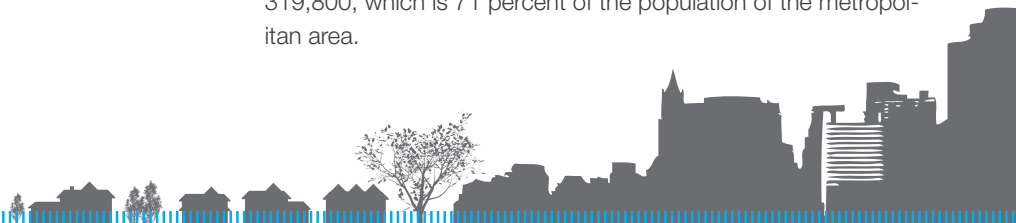


By Felipe Chacon | As of October 1, 2014

### Overview

The Corpus Christi metropolitan area consists of Aransas, Nueces, and San Patricio Counties on the Texas gulf coast, less than 150 miles southeast of San Antonio and approximately 150 miles from the United States border with Mexico. Nueces County, which includes the principal city of Corpus Christi, accounts for nearly 80 percent of the population in the metropolitan area.

- As of October 1, 2014, the population of the metropolitan area was estimated at 448,700, an increase of 4,550, or 1.0 percent, annually since April 1, 2010. The current growth rate is much higher than the annual rate of 2,500 people, or 0.6 percent, which was recorded from 2000 through 2010, in part because of strong job growth related to Eagle Ford Shale oil and gas activity.
- Since 2010, net in-migration to the metropolitan area has averaged 2,275 people annually compared with an average net out-migration of more than of 710 people annually from 2000 through 2010.
- The city of Corpus Christi has a population of approximately 319,800, which is 71 percent of the population of the metropolitan area.



The mining, logging, and construction sector continued to lead nonfarm payroll growth in the Corpus Christi area.

	3 Months Ending		Year-Over-Year Change	
	September 2013 (thousands)	September 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	186.9	192.0	5.1	2.7
Goods-producing sectors	33.6	35.5	1.9	5.7
Mining, logging, and construction	23.8	25.7	1.9	8.0
Manufacturing	9.8	9.8	0.0	0.0
Service-providing sectors	153.3	156.5	3.2	2.1
Wholesale and retail trade	26.9	26.5	- 0.4	- 1.5
Transportation and utilities	7.0	7.9	0.9	12.9
Information	2.1	2.1	0.0	0.0
Financial activities	7.9	8.1	0.2	2.5
Professional and business services	15.5	15.5	0.0	0.0
Education and health services	29.6	30.2	0.6	2.0
Leisure and hospitality	24.7	26.2	1.5	6.1
Other services	7.8	8.2	0.4	5.1
Government	31.9	31.8	- 0.1	- 0.3
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	6.2	5.2		

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

## Economic Conditions

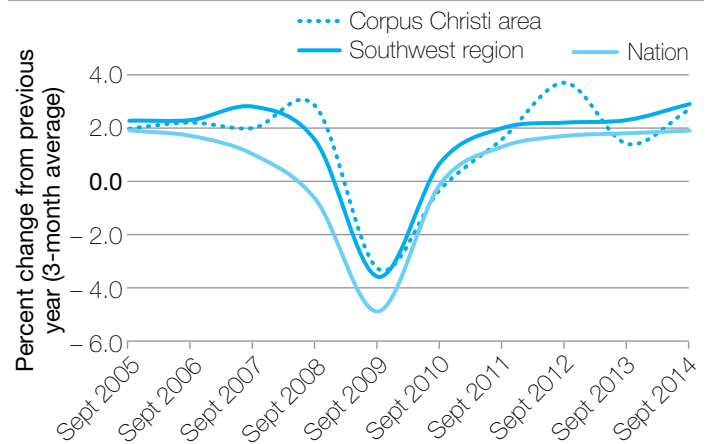
Economic conditions in the Corpus Christi metropolitan area improved during the past 3 years. Nonfarm payrolls increased by an average of 4,775 jobs, or 2.6 percent, annually during the period. The leading employers are CHRISTUS Spohn Health System, HEB Grocery Company, LP, and the City of Corpus Christi, with an estimated 5,150, 5,000, and 3,175 employees, respectively.

During the 3 months ending September 2014—

- Nonfarm payrolls averaged 192,000 jobs, an increase of 5,100 jobs, or 2.7 percent, from the same 3-month period in 2013. Nonfarm payrolls exceeded the 181,400 jobs recorded during the 3 months ending September 2008, before the local economic downturn.
- The mining, logging, and construction and the leisure and hospitality sectors led job growth by adding 1,900 and 1,500 jobs, increases of 8.0 and 6.1 percent, respectively, from the 3 months ending September 2013. Increased demand for infrastructure related to oil transportation, storage, and processing, in addition to increasing housing construction, drove growth in the mining, logging, and construction sector.
- The only sectors that recorded job losses were the wholesale and retail trade and the government sectors, which lost 400 and 100 jobs, or 1.5 and 0.3 percent, respectively, compared with payrolls during the same 3-month period a year ago.

continued on page 3

After slowing during 2013, nonfarm payroll gains in the Corpus Christi area have again outpaced the national rate.



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

## 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
City of Corpus Christi	Government	3,175

Note: Excludes local school districts.  
Source: Corpus Christi Regional Economic Development Corporation



continued from page 2

- The unemployment rate averaged 5.2 percent, down from the average of 6.2 percent during the same period a year ago and the lowest rate since 2008.

The Port of Corpus Christi houses numerous oil storage and refining facilities in addition to shipment infrastructure for transportation. As oil production on the Eagle Ford Shale, which begins roughly 70 miles west and north of the metropolitan area, has increased from less than 50,000 barrels per day in 2010 to more than 1,250,000 barrels per day as of November 2014 (U.S. Energy Information Administration), the Corpus Christi metropolitan area has benefited

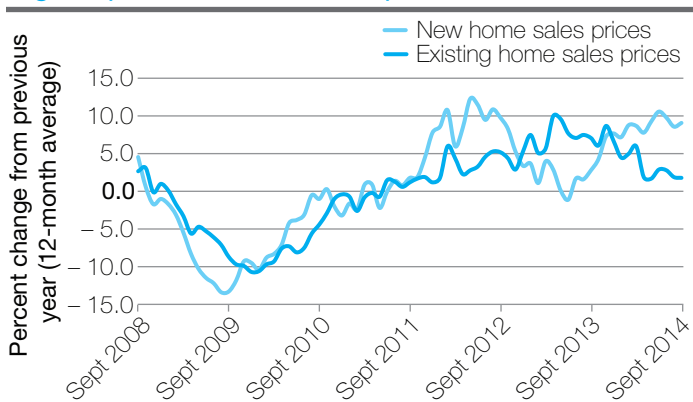
economically from the dramatic increase in oil-related activity. In 2013, output attributed to Eagle Ford Shale activity in Nueces and San Patricio Counties exceeded \$12.1 billion, including direct, indirect, and induced impacts (University of Texas at San Antonio, Institute for Economic Development economic impact study). The Corpus Christi Regional Economic Development Corporation expects from 10,000 to 12,000 construction jobs to be added in 2015 and 2016 for new developments related to drilling, pipeline, and oil field services. These developments include a \$1 billion seamless pipe plant planned by TPCO America Corp. and a \$750 million steel production facility planned by the voestalpine Group.

## Sales Market Conditions

The sales housing market in the Corpus Christi metropolitan area is currently balanced. Since 2012, employment and population growth in the metropolitan area has contributed to increased sales demand for single-family homes, although this demand has moderated in recent months. During the 12 months ending September 2014, sales of new and existing homes (including single-family homes, townhomes, and condominiums) totaled 8,900, a decrease of 4 percent from the previous 12-month period. By comparison, home sales increased 8 and 29 percent, respectively, during the 12 months ending September 2012 and 2013 (Metrostudy, A Hanley Wood Company). New and existing home sales prices increased and the inventory of homes for sale declined during the 12 months ending September 2014 (Metrostudy, A Hanley Wood Company; Real Estate Center at Texas A&M University).

- During the 12 months ending September 2014, home sales remained below the peak level recorded from 2005 through 2007, when the number of new and existing homes sold averaged 10,300 annually (Metrostudy, A Hanley Wood Company).

### New and existing home sales prices in the Corpus Christi area have increased since 2011 despite a slight dip in new home sales prices in late 2012.

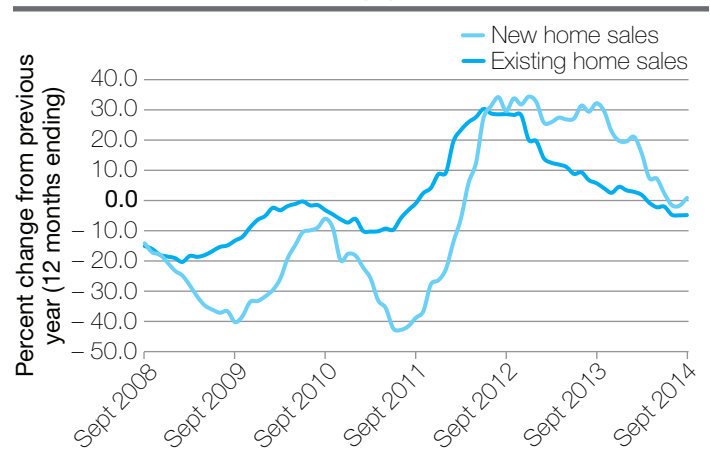


Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

- The average new and existing home sales price increased 5 percent, to \$172,000, during the same period after increasing 1 percent during the previous 12 months. Home sales prices increased from a low of \$137,800 during 2010 and exceeded the precession peak of \$157,600 during the 12 months ending August 2007.
- The inventory of homes for sale declined to a 4.6-month supply from the 4.7-month supply during the previous 12 months and was down considerably from the 12 months ending August 2009, when it peaked at an 11.5-month supply (Real Estate Center at Texas A&M University).
- As of September 2014, 3.7 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 4.0 percent in September 2013 (Black Knight Financial Services, Inc.). By comparison, the distressed loan rates for Texas and the United States in September 2014 were 3.3 and 4.7 percent, respectively.

continued on page 4

### The rate of new and existing home sales in the Corpus Christi area has moderated in recent months after more than 2 years of strong growth.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

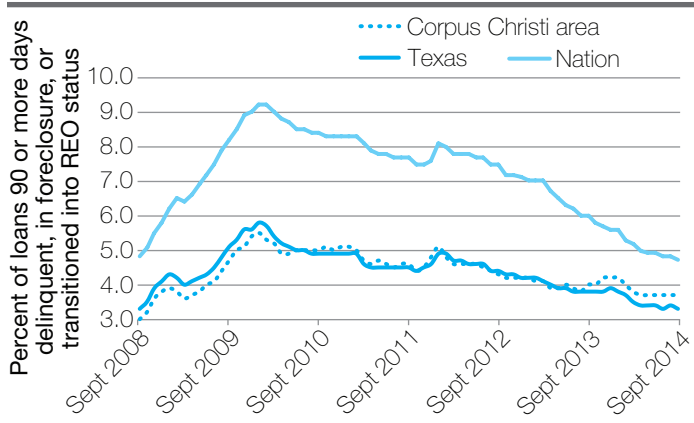


continued from page 3

- During the financial crisis, the distressed mortgage and REO property rate, which peaked at 9.2 percent nationally in January 2010, was not as severe in the metropolitan area, which peaked at 5.5 percent in January 2010, because of comparatively strong employment growth and more modest price gains during the early 2000s to mid-2000s.

Single-family home construction activity, as measured by the number of single-family homes permitted, increased during the most recent 12 months as builders responded to increasing demand and improving sales market conditions in the Corpus Christi metropolitan area.

### The rate of distressed loans and REO properties in the Corpus Christi area continued to decline and remained well below the national average.



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

## Apartment Market Conditions

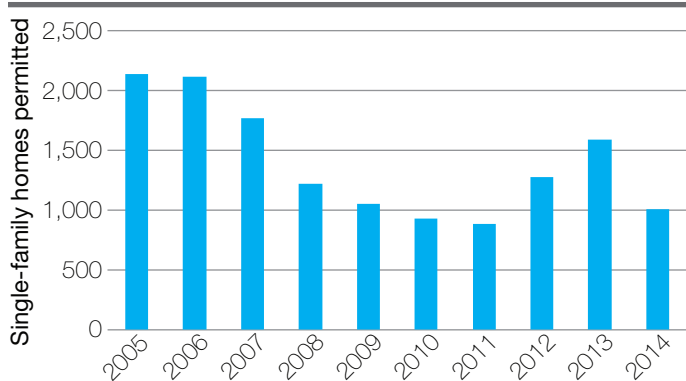
Apartment market conditions in the Corpus Christi metropolitan area are currently balanced. From the first quarter of 2010 through the second quarter of 2013, vacancy rates decreased, the asking rent growth rate increased, and the market changed from soft to balanced. After the second quarter of 2013, both the vacancy rate and the asking rent growth rate increased before declining during the most recent quarter.

During the third quarter of 2014—

- The apartment vacancy rate was 6.1 percent, up from 4.6 percent in the third quarter of 2013 (ALN Apartment Data, Inc.). Apartments constitute an estimated 35 percent of the rental housing inventory.
- Asking rents for all apartment units averaged \$880, an 8-percent increase compared with the average rents in the third quarter of 2013.

- During the 12 months ending September 2014, the number of single-family homes permitted totaled 1,400, a 15-percent increase compared with the number permitted during the previous 12-month period.
- By comparison, the number of single-family homes permitted averaged 1,375 annually from 2001 through 2007 before declining to an average of 1,075 annually from 2008 through 2012.
- Rancho Vista is a master-planned community that broke ground in 2002 in the southeast area of the city of Corpus Christi, with approximately 335 of 455 available lots built out and sold. Prices start at \$160,000; 50 sales closed in 2013 and 25 sales have closed to date in 2014 (Metrostudy, A Hanley Wood Company).

### Single-family permitting activity in the Corpus Christi area has recovered since 2011 but remained below prerecession levels.



Note: Includes preliminary data from January 2014 through September 2014.  
Source: U.S. Census Bureau, Building Permits Survey

- The average asking apartment rents by number of bedrooms were \$760, \$960, and \$1,100 for one-, two-, and three-bedroom units, respectively.

After remaining low from 2007 through 2012, multifamily permitting activity in the Corpus Christi metropolitan area has been elevated since 2013 as builders responded to improving apartment market conditions by increasing multifamily construction activity.

- Permits were issued for approximately 590 multifamily units during the 12 months ending September 2014, a 60-percent decrease compared with the 940 units permitted during the previous 12 months (preliminary data).
- Multifamily permitting averaged 250 units a year from 2007 through 2012 before increasing to 900 units in 2013 and remained elevated to the current date.

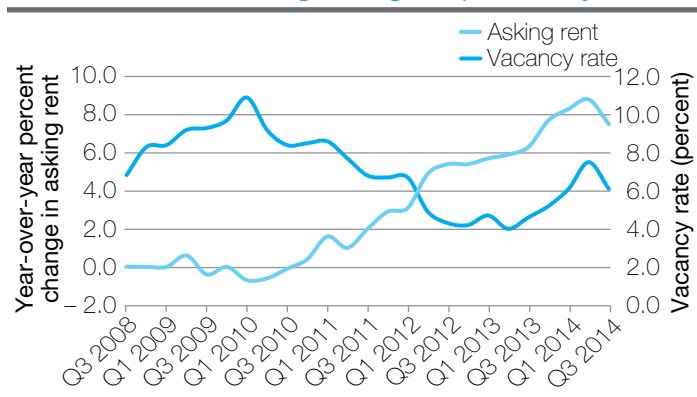
continued on page 5



continued from page 4

- During 2013, only 60 units were completed, a decrease from the 360 units completed in 2012 (MPF Research). Five projects with an estimated 810 units are currently under construction.
- Rents at newly constructed market-rate properties in the metropolitan area averaged approximately \$1,100, \$1,400, and \$1,500 for one-, two-, and three-bedroom apartments, respectively, in the third quarter of 2014 (ALN Apartment Data, Inc.).

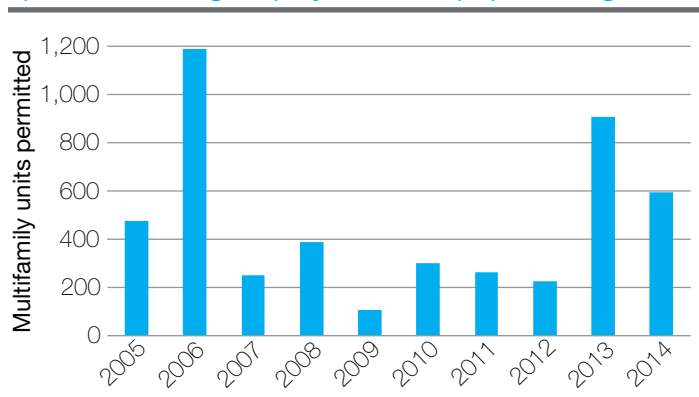
The vacancy rate and average rent growth in the Corpus Christi area decreased in the third quarter of 2014 after increasing during the previous year.



Source: ALN Apartment Data, Inc.

- Several apartment projects are under construction or in planning stages in the metropolitan area. The Cosmopolitan, a 160-unit development in downtown Corpus Christi, is expected to be complete by January 2015, and the 94-unit Woodland Creek Apartments on the western edge of the city of Corpus Christi is expected to be complete by March 2015.

Multifamily permitting activity in the Corpus Christi area increased significantly beginning in 2013 in response to strong employment and population growth.



Note: Includes preliminary data from January 2014 through September 2014.  
Source: U.S. Census Bureau, Building Permits Survey

