COMPREHENSIVE HOUSING MARKET ANALYSIS

Corpus Christi, Texas

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of September 1, 2019

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PD&R

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Executive Summary

Housing Market Area Description

The Corpus Christi Housing Market Area (hereafter, Corpus Christi HMA), on the Texas Gulf Coast, is coterminous with the Corpus Christi, TX Metropolitan Statistical Area, which consists of Aransas, Nueces, and San Patricio Counties.

The current population is estimated at 454,400.

The HMA is home to the Port of Corpus Christi, the third largest U.S. port by total revenue tonnage. Due in part to the lifting of the crude oil export ban in 2015, which was initially enacted by the Energy Policy and Conservation Act of 1975, the port is a leading facility for U.S. crude oil exports.
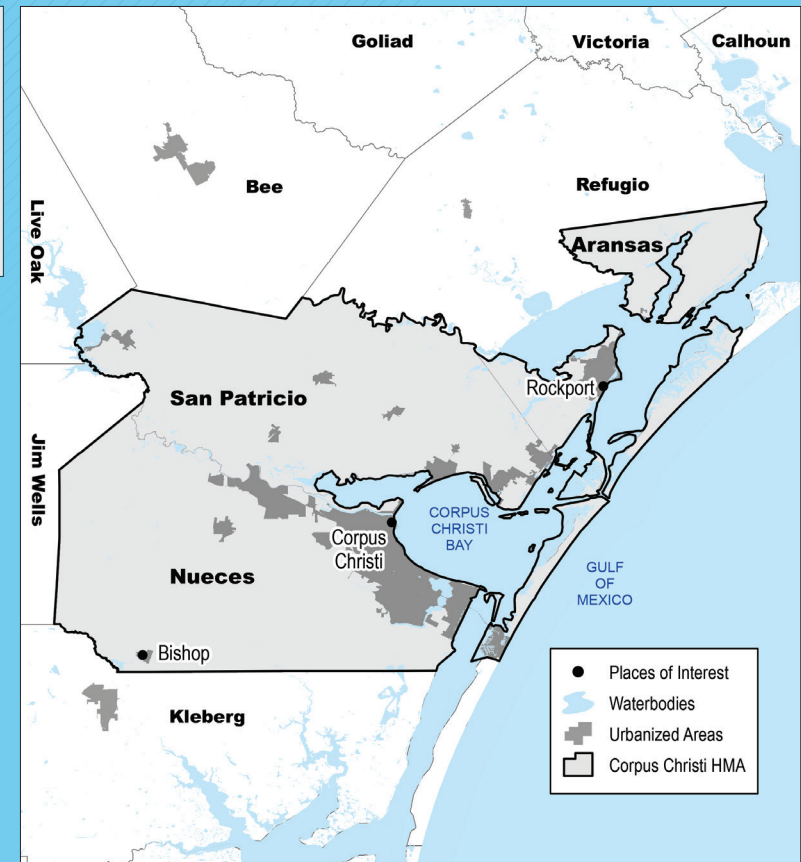
Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: Nonfarm payrolls increased 0.9 percent during the 12 months ending August 2019.

Economic conditions in the Corpus Christi HMA have improved during the past year, following 2 years of nonfarm payroll job declines. During the 12 months ending August 2019, nonfarm payrolls in the HMA increased by 1,800 jobs, or 0.9 percent, to 194,400 jobs; this followed a decline of 600 jobs, or 0.3 percent, during the previous 12 months. Nonfarm payrolls increased an average of 1.7 percent annually from 2011 through 2015 and then declined an average of 0.4 percent during 2016 and 2017. During the 3-year forecast period, nonfarm payrolls are expected to expand at an average annual pace of 0.9 percent, with notable growth expected in both goods-producing and service-providing sectors.

Sales Market

Balanced: During the 12 months ending August 2019, the average sales prices for both new and existing **homes increased 5 percent.**

The home sales market is balanced, with an estimated current vacancy rate of 2.0 percent, down from 2.5 percent in April 2010. The inventory of single-family homes for sale fell to a 5.4-month supply in August 2019, from 6.2 months a year earlier. New and existing home sales declined 1 percent during the 12 months ending August 2019, and the average price increased 5 percent to $216,300 (CoreLogic, Inc.). During the 3-year forecast period, demand is estimated for 4,300 additional sales units. The 450 units under construction are expected to meet a portion of demand during the first year of the forecast period.

Rental Market

Balanced: The average **apartment rent in the HMA increased 2 percent** from the second quarter of 2018 to the second quarter of 2019 to $966 a month.

Rental market conditions have transitioned from soft in 2010 to currently balanced. The rental vacancy rate was 12.2 percent in 2010 and has fallen; currently it is at an estimated 6.5 percent. Strong renter household growth has contributed significantly to the absorption of vacant rental units and the decline in the vacancy rate since 2010. During the 3-year forecast period, demand is expected for 1,775 additional rental units. The 350 units currently under construction are expected to meet a portion of demand during the first year of the forecast.

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3-Year Housing Demand Forecast		
	Sales Units	Rental Units
Corpus Christi HMA Total Demand	4,300	1,775
Under Construction	450	350

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2019. The forecast period is September 1, 2019, to September 1, 2022.
Source: Estimates by the analyst

Economic Conditions

Largest sector: Government

Mining, logging, and construction, the fifth largest sector in the Corpus Christi HMA economy (Figure 1), is largely supported by the petroleum industry and has been the fastest growing sector in the HMA since 2011 (Figure 2).

Figure 1. Share of Nonfarm Payroll Jobs in the Corpus Christi HMA, by Sector
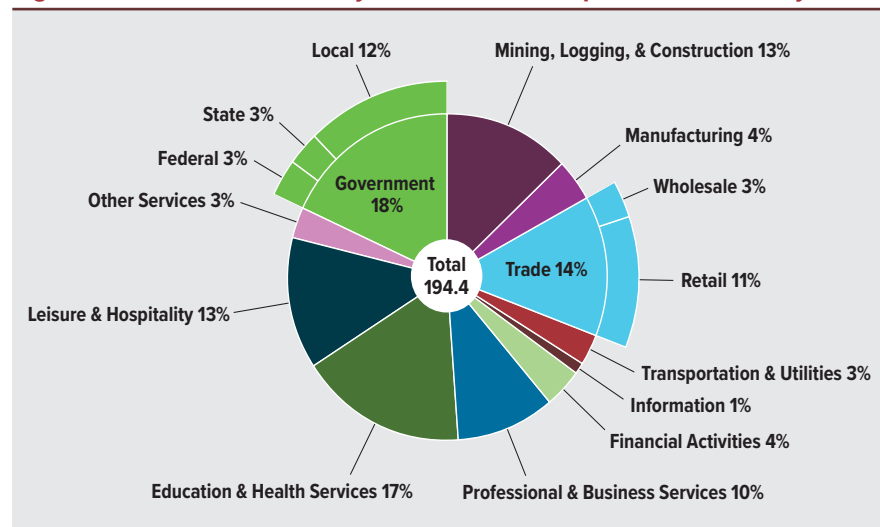

Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through August 2019.
Source: U.S. Bureau of Labor Statistics

Primary Local Economic Factors

The Corpus Christi HMA is quickly becoming one of the largest oil and natural gas export hubs in the United States. In 2015, the Energy Policy and Conservation Act (EPCA) of 1975, which banned the export of petroleum

Figure 2. Sector Growth in the Corpus Christi HMA, 2011 to Current
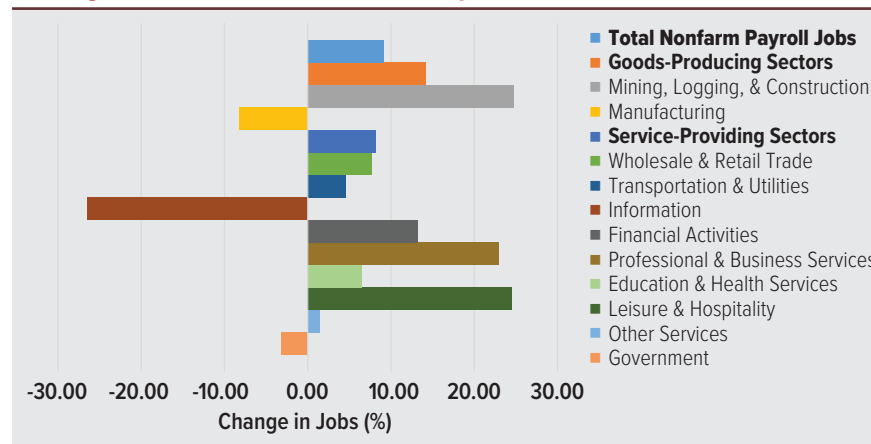
Note: The current date is September 1, 2019.
Source: U.S. Bureau of Labor Statistics

products, was lifted and, with the proximity of the HMA to the Eagle Ford Shale and Barnett Shale fields, the Port of Corpus Christi is now a prime location for the expansion of petroleum processing and distribution.

The HMA is also a significant tourist destination and benefits from more than 113 miles of Gulf Coast beaches. An estimated 8 million people visit the HMA annually, generating an annual economic impact of nearly $1 billion (Visit Corpus Christi).

Current Conditions—Nonfarm Payrolls

Economic conditions in the HMA are currently stable, with average nonfarm payrolls during the 12 months ending in August 2019 at 194,400. Nonfarm payrolls increased by 1,800 jobs, or 0.9 percent, during the most recent 12 months (Table 1), after declining by 600 jobs, or 0.3 percent, during the 12 months ending in August 2018. Improvements in the local economy resulting from the lifting of the EPCA in 2015 were partially delayed because of declining oil prices and the disruption caused by the impact of Hurricane Harvey, which reached landfall at Port Aransas in August 2017.

Table 1. 12-Month Average Nonfarm Payroll Jobs in the Corpus Christi HMA, by Sector

	12 Months Ending August 2018	12 Months Ending August 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	192.6	194.4	1.8	0.9
Goods-Producing Sectors	33.9	33.0	-0.9	-2.7
Mining, Logging, & Construction	25.7	24.5	-1.2	-4.7
Manufacturing	8.2	8.5	0.3	3.7
Service-Providing Sectors	158.7	161.4	2.7	1.7
Wholesale & Retail Trade	27.5	27.3	-0.2	-0.7
Transportation & Utilities	5.7	5.9	0.2	3.5
Information	1.7	1.6	-0.1	-5.9
Financial Activities	8.1	8.4	0.3	3.7
Professional & Business Services	18.1	19.2	1.1	6.1
Education & Health Services	31.4	32.4	1.0	3.2
Leisure & Hospitality	25.4	25.8	0.4	1.6
Other Services	6.3	6.4	0.1	1.6
Government	34.5	34.5	0.0	0.0

Notes: Based on 12-month averages through August 2018 and August 2019. Numbers may not add to totals due to rounding. Data are in thousands.
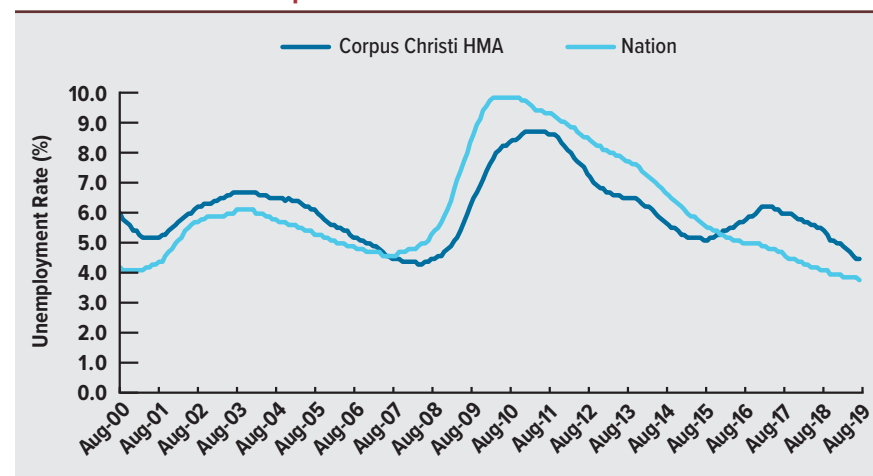Source: U.S. Bureau of Labor Statistics

Seven of the 11 sectors added jobs during the 12 months ending August 2019. The professional and business services sector led the growth, with a gain of 1,100 jobs, or 6.1 percent. Job gains in the professional and business services sector were partly attributed to the hiring of engineers in the preparation of construction of the $22 billion Exxon Mobil Corporation and Saudi Basic Industries Corporation (SABIC) joint venture. The project, when completed in 2022, will produce chemicals used in automotive coolants, packaging, agricultural film, construction materials, and clothing. The education and health services sector, the second largest sector in the HMA, had the second largest gain, up by 1,000 jobs, or 3.2 percent. The leisure and hospitality sector added 400 jobs, or 1.6 percent, whereas the manufacturing sector increased by 300 jobs, or 3.7 percent. Job gains in the manufacturing sector were partly due to the completion of the second of three liquified natural gas (LNG) export terminals by Cheniere Energy, Inc., which resulted in the addition of approximately 250 jobs. The third terminal of the $15 billion project is expected to be complete in late 2021. Job gains in the HMA were partially offset by losses in three sectors including the mining, logging, and construction sector, which declined by 1,200 jobs, or 4.7 percent. The losses were largely due to the completion of the second LNG export terminal.

Current Conditions—Unemployment

The unemployment rate averaged 4.4 percent during the 12 months ending August 2019, down from 5.4 percent during the previous 12 months and down from the recent peak of 8.5 percent during 2010 (Figure 3). During the most recent 12-month period, the respective rates for the state and nation were 3.6 percent and 3.7 percent.

Figure 3. 12-Month Average Unemployment Rate in the Corpus Christi HMA and the Nation

Note: Based on the 12-month moving average.
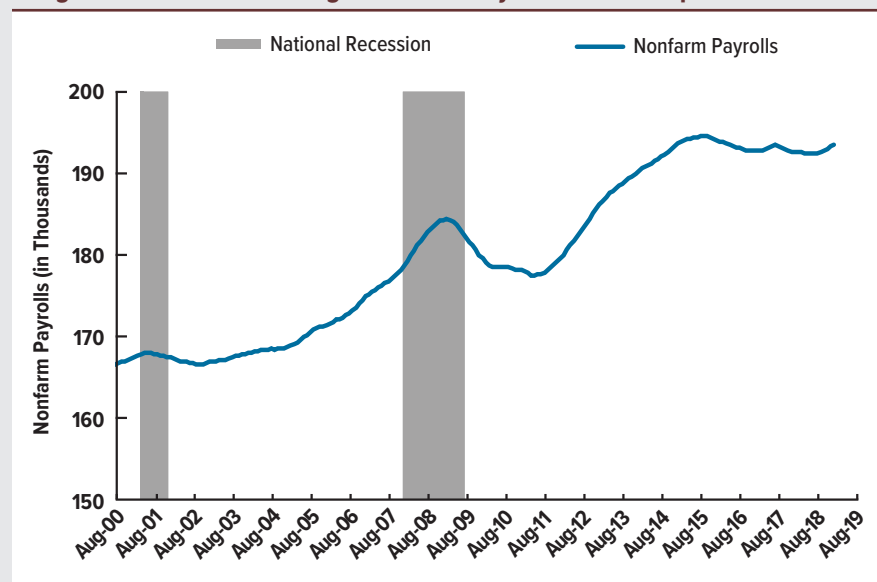Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2004 through 2008

From 2004 through 2008, nonfarm payrolls in the HMA grew by an average of 3,300 jobs, or 1.9 percent, annually (Figure 4). The mining, logging, and construction sector led job growth in the HMA during the period, when strong economic conditions resulted in record high levels of residential (for-sale plus rental homes) construction activity. The sector increased by an average of 1,100 jobs, or 5.6 percent, annually, during the period. Increased home construction activity and sales contributed to an increased demand for household-related goods and furnishings and, as a result, the wholesale and retail trade sector added an average of 600 jobs, or 2.4 percent, during the period.

Figure 4. 12-Month Average Nonfarm Payrolls in the Corpus Christi HMA

Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2009 through 2010

The HMA experienced relatively modest job losses in the late 2000s. Nonfarm payrolls declined in 2009 and 2010 at an average annual rate of 3,000, or 1.7 percent, partly because of the effects of the national recession, which ended in June 2009. By comparison, nonfarm payrolls for the nation declined an average of 2.4 percent, annually, during the same period. All but two sectors lost jobs in the HMA from 2009 through 2010. The mining, logging, and construction sector had the largest decline, losing an average of 1,600 jobs, or 7.5 percent, annually, due in part to a substantial reduction in residential construction activity. The wholesale and retail trade sector also declined, losing an average of 1,000 jobs, or 3.7 percent, annually. Job losses in the HMA were partially offset by gains in the education and health services and the government sectors, which expanded at average annual rates of 1,400 and 600 jobs, or 4.9 and 1.7 percent, respectively.

2011 through 2015

Nonfarm payrolls in the Corpus Christi HMA grew from 2011 through 2015, although the rate of increase slowed with each subsequent year because the rate of job growth in the mining, logging, and construction sector decreased and then became negative in response to declining oil prices. Payrolls increased by an average of 3,200 jobs, or 1.7 percent, annually from 2011 through 2015, to 194,000 jobs. The mining, logging, and construction sector gained an average of 1,600 jobs, or 7.4 percent, annually from 2011 through 2014, which accounted for approximately 41 percent of all the jobs added. Oil production from the Eagle Ford Shale was the driving force for the increase during the period, expanding from 843,000 barrels a day during 2010 to 1.08 million barrels a day during 2014. Oil prices began to decline in late 2013, however, falling from $105 a barrel in December 2013 to $61 a barrel in December 2014; this decline contributed to a decrease in the mining, logging, and construction sector of 900 jobs, or 3.4 percent, during 2015.

2016 to 2017

During 2016 and 2017, nonfarm payrolls in the HMA declined at an average annual rate of 800, or 0.4 percent. As a result, workers relocated out of the HMA in search of jobs. During the period, all sectors, except the education and health services; the mining logging, and construction; and the government sectors, experienced losses in nonfarm payrolls. Oil prices continued to decline to $30 a barrel during January 2016, primarily a result of decreasing global demand for all oil- and gas-related products. Subsequently, the manufacturing sector led job losses, declining an average of 600 jobs, or 6.6 percent, annually. The other services sector also declined, losing an average of 500 jobs, or 6.3 percent, annually. The education and health services; the mining, logging, and construction; and the government sectors partially offset job losses with average annual gains of 800, 600, and 300 jobs, or 2.5, 2.4, and 0.7 percent, respectively. Of the top 10 largest employers in the HMA, 8 are in these three sectors (Table 2).

Table 2. Major Employers in the Corpus Christi HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Naval Air Station Corpus Christi	Government	4,500
HEB Grocery Co. LP	Wholesale & Retail Trade	3,840
Corpus Christi Army Depot	Government	3,400
City of Corpus Christi	Government	3,202
CHRISTUS Spohn Health System	Education & Health Services	3,000
Driscoll Children's Hospital	Education & Health Services	2,512
Kiewit Corporation	Manufacturing	1,750
Bay Ltd.	Mining, Logging, & Construction	1,700
Corpus Christi Medical Center	Education & Health Services	1,500
Del Mar College	Government	1,500

Notes: Excludes local school districts. Data for Corpus Christi Army Depot and Naval Air Station Corpus Christi include 45 and 1,900 military personnel, respectively, who are generally not included in nonfarm payroll survey data.
Source: Corpus Christi Economic Development Corporation

Employment Forecast

Job growth is expected to continue in the HMA during the forecast period at a comparable pace with the rate of growth during the past year. During the next 3 years, payrolls are expected to increase an average of 0.9 percent annually.

The goods-producing and the service-providing sectors are both expected to contribute to payroll growth during the next 3 years. More than $52 billion in planned industrial projects will result in growth in construction jobs. Exxon Mobil Corporation and SABIC are expected to employ up to 6,000 temporary workers during the forecast period as part of their joint venture, which will result in the hiring of 600 permanent employees when complete in 2022. Steel Dynamics, Inc. will begin construction of a $1.9 billion steel mill in early 2020, which will employ

600 permanent workers when complete in mid-2021. The Harbor Bridge will be replaced as part of the Port of Corpus Christi Channel Improvement Project, a project which will support more than 200 construction jobs through 2023. The $898 million main span cable-stayed bridge will be the longest in the United States when complete in 2023 and will provide a 205-foot vertical clearance for larger cargo vessels to enter the Corpus Christi Ship Channel. The $1.38 billion Channel Improvement Project also includes deepening and widening the Port of Corpus Christi at a cost of $380 million to 52 and 530 feet, respectively, a project which began in early 2019 and is expected to support post-Panamax ships when complete in 2022.

Population and Households

Current population: 454,400

> Net in-migration accounted for approximately 49 percent of population growth in the Corpus Christi HMA from 2010 to 2015, but since 2015, net out-migration has partially offset net natural change.

Population Trends

Population growth in the HMA has been highly linked to economic trends during much of the past two decades, particularly regarding employment changes in the petroleum industry. On average, net natural change accounted for 51 percent of annual population growth in the HMA from 2010 to 2015; since 2015, it has offset net out-migration, but has generally trended down since 2013 (Figure 5).

Figure 5. Components of Population Change in the Corpus Christi HMA, 2000 Through the Forecast
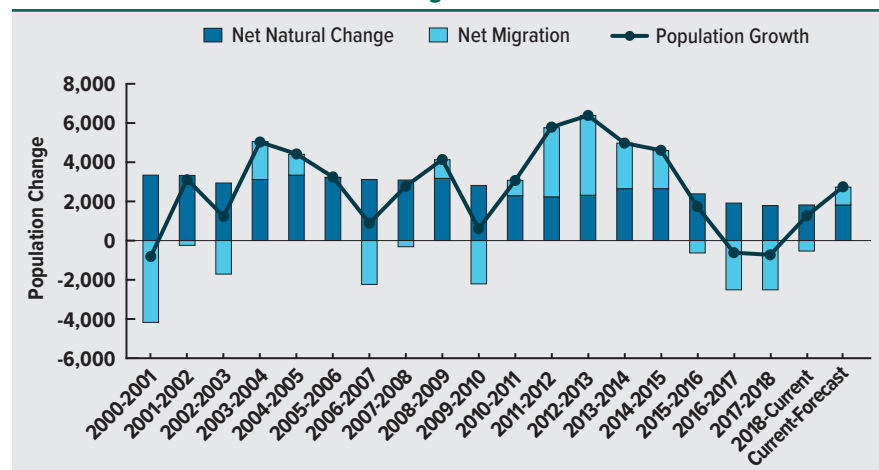
Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (September 1, 2019), to September 1, 2022.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

The period of greatest population growth in the HMA was from 2011 to 2015, when the population increased by an average of 5,400, or 1.2 percent, annually (U.S. Census Bureau population estimate as of July 1). Net in-migration accounted for 55 percent of all population growth, primarily a result of job seekers moving to the HMA because of strong nonfarm payroll growth. From 2006 to 2011, when the economy was weaker prior to the increased oil and gas activity in the Eagle Ford Shale, population growth was slower, averaging 2,275 people, or 0.5 percent, annually. During this period, the average net out-migration of 600 people annually was offset by an average net natural increase of 2,875 people annually. From 2015 to 2018, net out-migration of 1,870 mostly diminished the net natural increase of 2,000, resulting in an average population growth of 130 annually. Declines in nonfarm payrolls during this period contributed to slower population growth than during the 2011 to 2015 period. Hurricane Harvey made landfall near the end of this period; however, the storm had minimal impact on migration, primarily because of the availability of vacant units in the HMA for those impacted. Since 2018, when nonfarm payrolls increased, population growth has increased to average 1,275 annually, and net out-migration has slowed to average 530 annually.

Household Trends

Household growth in the Corpus Christi HMA has been relatively consistent since 2000. As of September 1, 2019, an estimated 172,600 households reside in the HMA, reflecting an average annual increase of 1,650 households, or 1.0 percent, since 2010. By comparison, from 2000 to 2010, the number of households increased by an average of 1,550, or 1.0 percent, a year. An estimated 61.1 percent of current households, or 105,500 households, are homeowners, and the remaining 67,150 are renter households. The homeownership rate has declined due to tighter lending standards since 2000, when 63.3 percent of households were homeowners (Figure 6).

Figure 6. Households by Tenure and Homeownership Rate in the Corpus Christi HMA
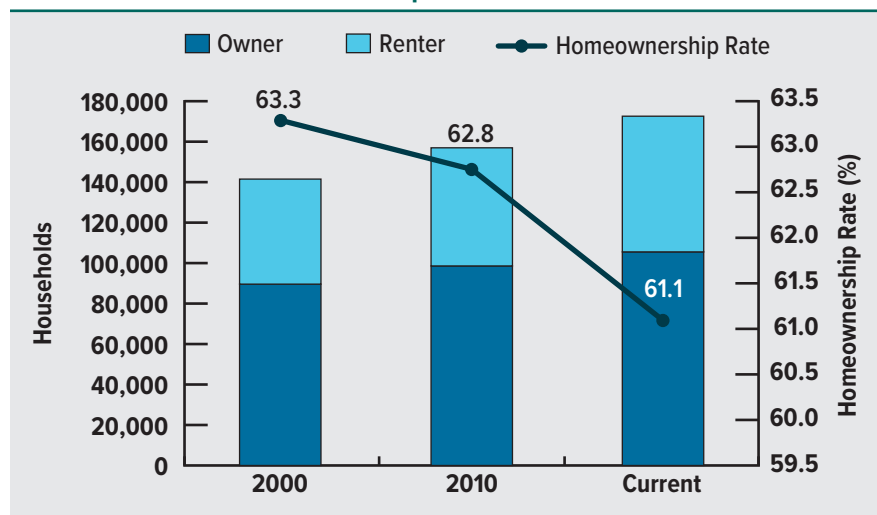
Note: The current date is September 1, 2019.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, population growth is expected to increase from recent levels to a rate consistent with the average growth since 2010 and during the 2000s. The population is projected to reach 462,600 by September 1, 2022, reflecting an average annual growth of 2,725 people, or 0.6 percent (Table 3). Nearly 34 percent of the growth is expected to come from net in-migration because nonfarm payroll growth is expected to attract workers to the HMA.

As economic conditions improve and net in-migration becomes positive, the number of households in the HMA is expected to increase by an average of 1,675, or 1.0 percent, annually during the next 3 years, reaching 177,700 by September 1, 2022. Nearly 39 percent of the additional households are expected to be renter households, which will maintain the current homeownership rate during the forecast period.

Table 3. Corpus Christi HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	428,185	454,400	462,600
	Average Annual Change	2,500	2,775	2,725
	Percentage Change	0.6	0.6	0.6

		2010	Current	Forecast
Household Quick Facts	**Households**	157,019	172,600	177,700
	Average Annual Change	1,550	1,650	1,675
	Percentage Change	1.0	1.0	1.0

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (September 1, 2019), to September 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Home Sales Market Conditions

Market Conditions: Balanced

> Total home sales in the Corpus Christi HMA declined 1 percent during the 12 months ending August 2019, but they remained well above the low levels of the late 2000s and early 2010s.

Current Conditions

The sales housing market in the Corpus Christi HMA is currently balanced, with an estimated sales vacancy rate of 2.0 percent (Table 4), down from 2.5 percent in 2010. The for-sale inventory for single-family homes in the HMA fell from a 6.2-month supply in August 2018 to a 5.4-month supply in August 2019 (CoreLogic, Inc.). New and existing home sales in the HMA declined to 10,600

Table 4. Home Sales Quick Facts in the Corpus Christi HMA

		Corpus Christi HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	2.0%	NA
	Months of Inventory	5.4	3.2
	Total Home Sales	10,600	6,030,000
	1-Year Change	-1%	-6%
	New Home Sales Price	$282,600	$383,200
	1-Year Change	5%	1%
	Existing Home Sales Price	$209,400	$293,100
	1-Year Change	5%	4%
	Mortgage Delinquency Rate	2.0%	1.4%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending August 2019; and months of inventory and mortgage delinquency data are as of August 2019. The current date is September 1, 2019.
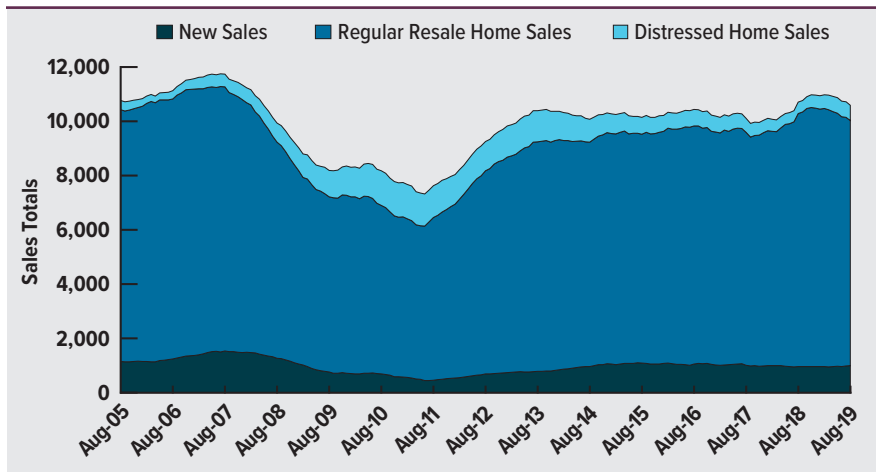Source: CoreLogic, Inc., with adjustments by the analyst

homes sold during the 12 months ending August 2019, down 1 percent compared with the previous 12 months. During the same period, the average new and existing home sales price increased 5 percent to $216,300.

Home Sales

Regular resale home sales in the HMA, which exclude distressed home sales, peaked at 9,800 homes sold during 2006 before falling from 2007 through 2010, and have generally increased each year since. From 2007 through 2008, regular resale home sales fell an average of 1,250, or 14 percent, annually. Sales continued to fall an average of 10 percent, or by 710 sales, annually, from 2009 through 2010, to 5,900 sales during 2010. From 2011 through 2012, regular resale home sales rose by an average of 980, or 15 percent, annually, before slowing to an average increase of 150 sales, or 2 percent, annually from 2013 through 2017. During the 12 months ending August 2019, regular resale home sales decreased to 9,025, down 3 percent from the 9,300 sales recorded a year earlier. The recent decline in regular resale homes is partly due to an increase in REO home sales resulting from the impacts of Hurricane Harvey.

New home sales increased during the most recent 12 months after declining for 4 years from the recent peak during 2014. The 1,000 new home sales during the 12 months ending August 2019 was an increase of 3 percent from a year earlier but below the 1,075 homes sold in 2014 (CoreLogic, Inc.). After reaching a peak of 1,475 in 2007, new homes sales declined during the next 4 years to the recent low in 2011. New home sales subsequently increased an average of 26 percent annually from 2012 through 2014, when economic conditions strengthened. From 2015 through 2018, new home sales declined an average of 2 percent annually, when out-migration was strongest (Figure 7).

REO Sales and Delinquent Mortgages

Hurricane Harvey, a category 4 hurricane which reached land just east of the HMA in August 2017, resulted in severe property damage and flash flooding in the HMA. An increase in the number of seriously delinquent mortgages and REO properties followed the storm. During January 2018, the rate of seriously

Figure 7. 12-Month Sales Totals by Type in the Corpus Christi HMA

REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

delinquent mortgages and REO properties peaked at 6.6 percent of all home loans compared with the previous high of 5.7 percent during January 2010 during the National Housing Crisis. Distressed home sales peaked at 1,250 homes sold during 2010, accounting for nearly 18 percent of existing home sales. By contrast, from 2011 through 2016, approximately 870 distressed homes sold annually, accounting for only 10 percent of existing home sales. As the percent of seriously delinquent mortgages continued to decline, distressed home sales also declined to 460 annually during 2017, accounting for 5 percent of existing home sales. During the 12 months ending August 2019, 570 distressed homes sold, an increase of 35 percent compared with the 420 distressed home sales during the previous 12 months. The increase in distressed home sales primarily resulted in a decline in the rate of seriously delinquent mortgages and REO properties to 2.0 percent in August 2019, down from 3.4 percent a year earlier.

Home Sales Prices

The prevalence of REO sales has significantly impacted home prices in the HMA since the late 2000s, particularly from 2008 through 2010, when regular resale home prices declined an average 4 percent, or $5,800 annually. The average

sales price in the HMA for regular resale homes has increased during all but 1 year since 2010 as REO sales have generally become less common. From 2011 through 2016, when in-migration was strongest, the average regular resale home sales price increased 5 percent annually to $200,600. During 2017, average regular resale home prices declined 3 percent, to $195,400, due in part to the impact of Hurricane Harvey and a subsequent temporary increase in the number of distressed loans. During the 12 months ending August 2019, the average sales price for regular resale homes was $211,300, up nearly 6 percent from a year ago.

The average sales price for a new home during the 12 months ending August 2019 was $282,600, reflecting an increase of 5 percent from a year earlier. By contrast, sales prices decreased an average of 2 percent during the previous 12 months, to approximately $268,500. During 2011, the average sales price increased 12 percent, declined 2 percent during 2012, and then increased from 2013 through 2017 by an average annual rate of 7 percent (Figure 8). During the 12 months ending August 2019, nearly 52 percent of new homes sold were in the $200,000-to-$299,999 sales price range (Figure 9).
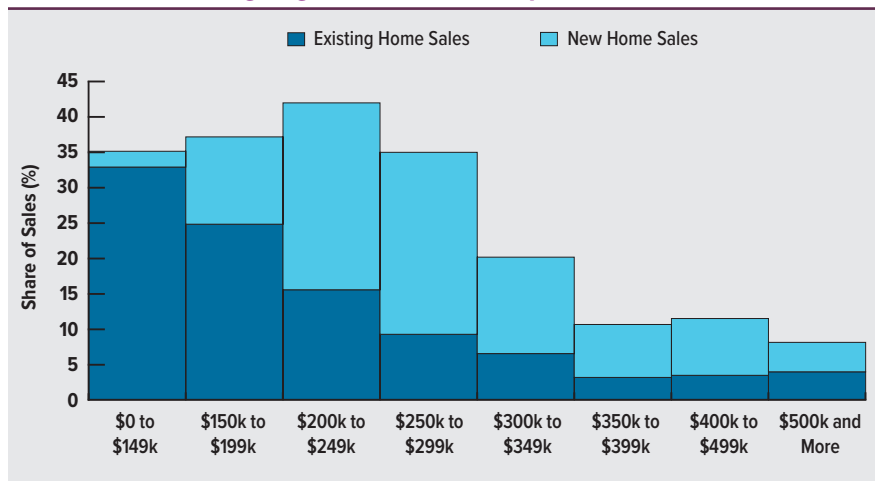
Figure 8. 12-Month Average Sales Price by Type of Sale in the Corpus Christi HMA
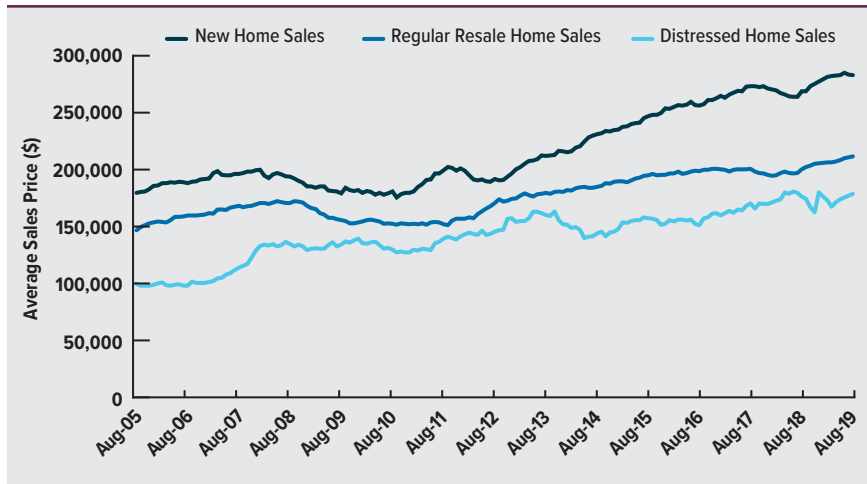
REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

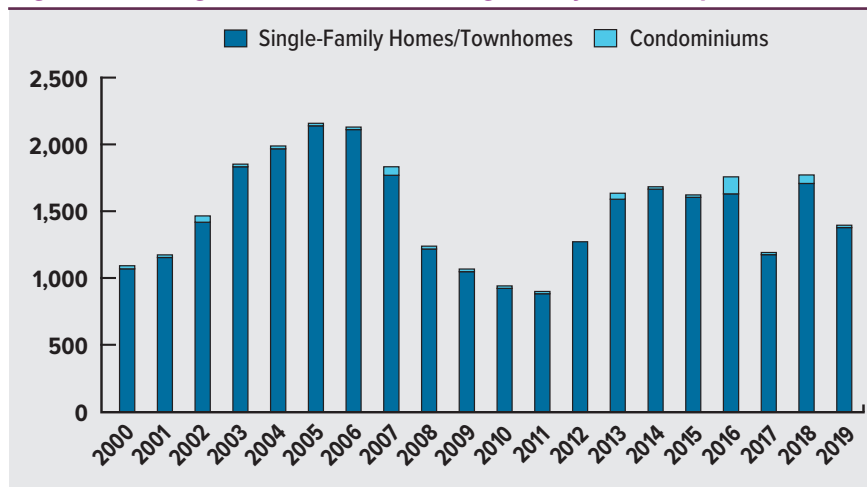**Figure 9. Share of Sales by Price Range During the 12 Months Ending August 2019 in the Corpus Christi HMA**

Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Metrostudy, A Hanley Wood Company

Figure 10. Average Annual Sales Permitting Activity in the Corpus Christi HMA

Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through August 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

Sales Construction Activity

Beginning in 2012, builders responded to the increase in new home sales by increasing home construction, as measured by the number of single-family, townhome, and condominium underlined building permits issued, compared with the 2008 to 2011 period (Figure 10). New home construction was strong from 2003 through 2007, when an average of 2,000 units was permitted annually. The housing crisis in the Corpus Christi HMA began in 2008 and resulted in slower new home construction through 2011; developers were hesitant to build while average new home prices continued to decline. The number of permits fell an average of 24 percent, annually, during 2008 and 2009 to 1,050 units during 2009. New home permitting continued to decline by an average 8 percent annually during 2010 and 2011. During 2011, 890 new homes were permitted, the lowest level since 1992. Builders responded to improved economic conditions, in-migration, and reduction of distressed inventory with increased

permitting activity beginning in 2012. From 2012 through 2016, an average of 1,600 homes were permitted annually. During 2017, permitting declined 33 percent, compared with the previous year, to a recent low of 1,175 units permitted, primarily due to increased out-migration. During the 12 months ending August 2019, the number of homes permitted increased by less than 1 percent from the previous 12 months to 1,675 units permitted (preliminary data).

New home construction within the city of Corpus Christi has accounted for more than 80 percent of new single-family homes in the HMA during the past year, primarily in the area south of Highway 358. The Cottages at the Park, a southside neighborhood in the city of Corpus Christi, offers single-family homes that start at $160,000. Also, in the south side of Corpus Christi, The Village at Rancho Vista (North and South) is a new development with plans for 175 single-family homes. Construction is underway with new single-family home prices starting at $170,000.

Forecast

During the 3-year forecast period, demand is expected for 4,300 new homes, with demand evenly distributed annually (Table 5). The 450 homes currently under construction will satisfy some of the demand during the first year of the forecast.

Table 5. Demand for New Sales Units in the Corpus Christi HMA During the Forecast Period

Sales Units	
Demand	4,300 Units
Under Construction	450 Units

Note: The forecast period is from September 1, 2019, to September 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Balanced

> Rental unit construction in the Corpus Christi HMA has slowed since 2016.

Current Conditions and Recent Trends

Overall rental housing market conditions (which includes single-family rentals, townhomes, and mobile homes) in the HMA are currently balanced, with an estimated rental vacancy rate of 6.5 percent, down significantly from 12.2 percent in 2010 (Table 6). Relatively slow multifamily construction from 2007 through 2012, combined with increased rental household growth spurred by the housing crisis, has contributed to declining vacancy rates and rising rents during much of the period since 2009. Rental market conditions softened briefly in 2017 and 2018, but relatively low levels of rental construction have since brought the market into balance.

Approximately 46 percent of renter households in the HMA live in single-family homes, townhomes, and mobile homes (2018 American Community Survey 1-year data). Approximately 17 percent live in buildings with two to four units,

and 37 percent live in larger buildings with five or more units. For professionally managed units, the single-family rental vacancy rate was 3.3 percent in August 2019, up from 3.2 percent in August 2018, and the average rent for a single-family home increased 3 percent to $1.10 per square foot (CoreLogic, Inc.). Rents for professionally managed units averaged $1,042, $1,395, $1,843, and $2,389 for one-, two-, three-, and four-bedroom units, respectively. The vacancy rate among single-family rentals that were professionally managed declined from 3.5 to 2.8 percent from 2012 through 2016 (data only available since 2012), with an average annual rent growth of 6 percent. Rent growth has averaged 1 percent annually since 2017, and the average vacancy rate increased from 2.8 to 3.3 percent.

During the second quarter of 2019, the apartment vacancy rate was estimated at 6.8 percent, down from 7.2 percent during the second quarter of 2018 (RealPage, Inc.). The vacancy rate decreased during the past year when residents impacted by Hurricane Harvey relocated from damaged units to available units in the HMA (Figure 11). The average apartment rent increased 2 percent from the second quarter of 2018 to the second quarter of 2019 to $966. By comparison, average annual rent growth was 3 percent from 2011 through 2017.

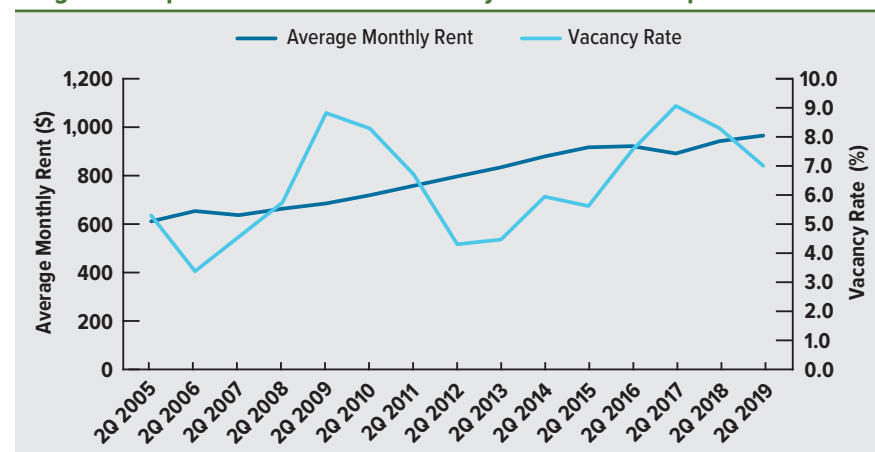**Table 6. Rental and Apartment Market Quick Facts in the Corpus Christi HMA**

		2010 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	12.2	6.5
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	40.2	43.0
	Multifamily (2–4 Units)	18.5	17.0
	Multifamily (5+ Units)	37.6	37.0
	Other (Including Mobile Homes)	4.0	3.0

Notes: The current date is September 1, 2019. Percentages may not add to 100 percent due to rounding.
Source: 2010 and 2018 American Community Survey, 1-year data

**Figure 11. Apartment Rents and Vacancy Rates in the Corpus Christi HMA**

2Q = second quarter.
Source: RealPage, Inc.

Rental Construction Activity

Permitting of rental units declined significantly following the housing market collapse and did not increase significantly until 2013, as the apartment rental market tightened (Figure 12). During the 12 months ending August 2019, approximately 510 rental units were permitted, relatively unchanged compared with the 520 units permitted during the previous 12 months. From 2007 through 2012, an average of 370 rental units were permitted, followed by an average of 1,375 units permitted from 2013 through 2015. This exceeded the average of 950 rental units permitted annually during the previous economic expansion, from 2004 through 2006. Builders have responded to the recent trend of out-migration with relatively low levels of rental construction since 2016.

Figure 12. Average Annual Rental Permitting Activity in the Corpus Christi HMA
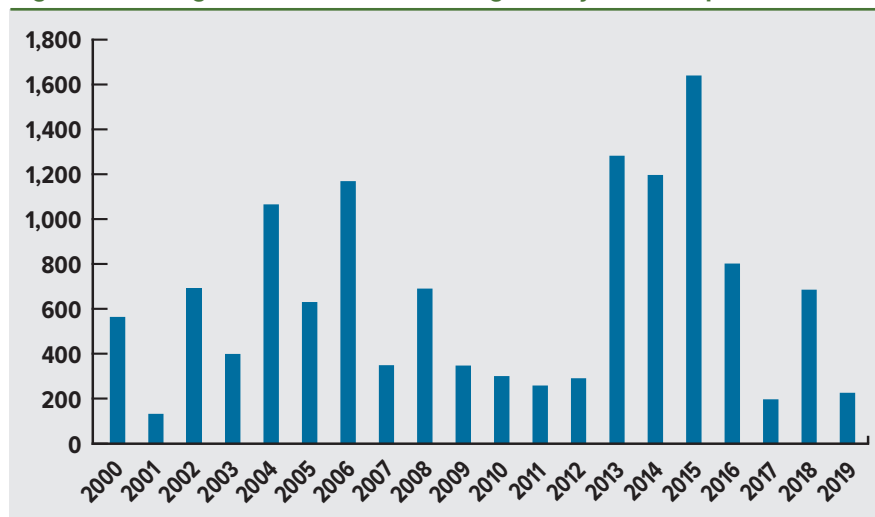
Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through August 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 and 2019 preliminary data and estimates by the analyst

The number of rental units permitted declined to 800 in 2016, and only 200 rental units were permitted in 2017. Rental permitting increased to 680 units during 2018, however, primarily to replace units damaged by Hurricane Harvey.

Recently Completed Rental Properties

New rental permitting in the HMA is distributed throughout the Corpus Christi HMA. Among several recently completed apartment developments is the 96-unit Riverview at Calallen that opened in 2018 in northwest Corpus Christi. The unit mix at this income-restricted development includes one-, two-, and three-bedroom units ranging from 736 to 1,250 square feet, with rents ranging from $335 to $973. Another example of new construction is Bishop Courts, an income-restricted property built in 2018 in the city of Bishop. The property is currently 100-percent occupied, with rents at 30, 50, and 60 percent of the area medium income for the 60 three-bedroom units. The 286-unit Ariza Corpus Christi is currently under construction in the city of Corpus Christi and is expected to begin leasing in early 2020, with rents for one-, two-, and three-bedroom units starting at $965, $1,275, and $1,450, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 1,775 additional rental units in the HMA (Table 7). Demand is expected to be evenly distributed among all years of the forecast period. The 350 units currently under construction will meet a portion of the forecast demand in the first year of the forecast period.

Table 7. Demand for New Rental Units in the Corpus Christi HMA During the Forecast Period

Rental Units	
Demand	1,775 Units
Under Construction	350 Units

Note: The forecast period is September 1, 2019, to September 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A.　Definitions

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.
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.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Forecast Period	9/1/2019–9/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.

Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family homes, multifamily homes, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan division definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

C. Additional Notes

1.	The National Association of Home Builders (NAHB) Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

Cover Photo	iStock

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