Background
There is no such thing as a national/regional housing market, but here’s the big picture …

▪ National Conditions
  • Strengthening economy that will likely continue to grow (with near-term upside risk)

▪ Texas Statewide Market
  • Increasingly tight housing market (strong demand with supply constraints) since 2011

▪ Corpus Christi Metro Area
  • 2011-14: Shale oil boom led to strong growth and home demand
  • 2015-16: Oil price collapse held back the local economy
  • 2017-present: Strong recovery with (1) large-scale capital development projects, (2) steadily rising oil prices
  • Hurricane Harvey caused a temporary shock to the metro economy, but it will not derail regional growth over the long run
  • Harvey will intensify existing housing market tightness
Employment

Job growth has begun to pick up due to recovery in oil drilling and production …

Regional Employment Y-o-Y % Change

Sources: Real Estate Center at Texas A&M University, and FRED at Federal Reserve Bank of St. Louis.
Labor Market

Unemployment rate is returning to its oil boom levels around 5% …

Regional Unemployment (%)

Sources: Real Estate Center at Texas A&M University, and FRED at Federal Reserve Bank of St. Louis.
Post-Harvey Recovery

Local businesses as a whole are bouncing back from Harvey’s economic toll ...
Housing Affordability

Home appreciation outpaced income growth, leading to higher THAI than Texas average since 2015 …

Corpus Christi Housing Affordability Measures

Source: Real Estate Center at Texas A&M University.
Current Housing Cycle

Tight housing markets have emerged as a major economic challenge locally …

Corpus Christi Median Home Price & Months of Inventory

Source: Real Estate Center at Texas A&M University.
Local Growth Factors

$50 billion industrial construction projects underway and the new Harbor Bridge construction are adding jobs and housing needs …

### Capital Development Projects' Impacts

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction Employment Change (Job Years)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harbor Bridge</td>
<td>598</td>
<td>578</td>
<td>352</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Projects</td>
<td>3,914</td>
<td>7,284</td>
<td>3,306</td>
<td>751</td>
<td>43</td>
</tr>
<tr>
<td><strong>Permanent Employment Change</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Manufacturing Sector</td>
<td>659</td>
<td>363</td>
<td>25</td>
<td>80</td>
<td>520</td>
</tr>
<tr>
<td><strong>Total Jobs</strong></td>
<td>5,171</td>
<td>8,225</td>
<td>3,683</td>
<td>831</td>
<td>563</td>
</tr>
</tbody>
</table>
Impact on Housing Demand

Capital projects’ impact on housing needs will exceed local historical home building capacity ...

New Home Starts and Housing Needs

Sources: Real Estate Center at Texas A&M University, and author’s calculations.
Housing Market Outlook

Upward pressures on home prices will intensify due to the impact of ongoing large-scale capital projects and rebuilding efforts to replace >4,500 hurricane damaged homes …

Capital Development Projects’ Impact on Metro Area Housing Market

<table>
<thead>
<tr>
<th></th>
<th>Pre-Harvey Housing Units</th>
<th>Population</th>
<th>New Home Demand (2018-2022 Avg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Harvey Housing Units</td>
<td>196,451</td>
<td>454,726</td>
<td>2,559</td>
</tr>
<tr>
<td>Historical Home Supply</td>
<td>2,004</td>
<td>1.0%</td>
<td>(1990-2016 Avg.)</td>
</tr>
<tr>
<td>Potential Housing Shortage 2018-2022: Average 555 units per year</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
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