



Corpus Christi and Coastal Bend Economic Pulse

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A Decade of Change in the Coastal Bend

By Jim Lee

During the first decade of the 21st century, the Coastal Bend economy grew modestly, as compared to Texas and the United States as a whole. A close look at the region's past performance helps us understand the future prospect of our community. Relatively low income levels and slow employment growth locally prompt concerns about a possible decline in our quality of life.

The Coastal Bend economy is now gradually returning to its historical trend while business activity is returning to levels seen before the most recent financial crisis. So now is a good time for us to consider the long-term prospect of this community. Before we make any speculation, it is helpful to first look at our past and answer this question: Are we better off today than we were 10 years ago? Of course, every person should have a different answer. But because the community at large affects our well-being to a great extent, average or aggregate data for this region help us understand what has happened to us individually, although such an average Joe or Jane does not actually exist.

Modest Population Growth

During the decade between 2001 and 2010, the total population among the 12 counties of the Coastal Bend region grew at a modest pace of 2.3 percent. Population growth was at a faster pace of 5.2 percent on average for the three counties that make up the Corpus Christi metro area—Aransas, Nueces and San Patricio. Despite the faster expansion in the urban area, population growth in this region as a whole lagged the nearly 9 percent growth rate nationwide.

The relatively slow population growth in South Texas was largely a result of losses due to out-migration. The Corpus Christi metro area lost a cumulative total of over 17,000 U.S. residents, or 4.3 percent, over that decade. Young working-age residents accounted for a large portion of the population that left the Coastal Bend. This helped raise the median age of the regional population from 33.7 to 34.9. Still those figures remain below the national average of 36.5.

	Corpus Christi MSA				Coastal Bend			
	2001	2010	Change	% Chg.	2001	2010	Change	% Chg.
Population	401,280	422,315	21,035	5.2	549,012	561,521	12,509	2.3
Net Domestic Migration 2010-2001			-17,655				-3,125	
Migration as % Population				-4.3				-0.6
Median Age	33.7	34.9	1.2	3.6	34	35	1	3.0

Sources: Bureau of Census; DemographicsNow

Workforce Expansion alongside Employment

The labor force comprises of individuals who are employed and those who are unemployed but willing to work. Since 1995, the labor market in the Coastal Bend has expanded steadily, only interrupted intermittently by cyclical downturns in 2001 and 2008-09. In 2010, regional employment reached 260,000—11 percent larger than that in 2001.

As population grows, the size of workforce also tends to expand. Over the past decade, the labor force in the Coastal Bend rose nearly 14 percent, more than twice the growth of its population. When employment growth—the supply of jobs—fell short of labor force growth, some workers would not be able to find a job. This led to an increase in the unemployment

rate from about 5 percent in 2001 to over 8 percent by 2010. Rising unemployment was also a result of gradual declines in people *not* participating in the labor force. During that period, nearly 1,500 Corpus Christi residents entered or reentered the regional labor pool more than those who exited.

The recent housing and financial crises and the subsequent recession worldwide have raised regional unemployment not seen in 15 years. The local joblessness rate exceeded 8 percent in 2010, two years after the historic low of 4 percent. Two counties—Dual and San Patricio—now experience double-digit unemployment rates. While sustained job growth in 2010 more than offset the cumulative job losses in 2009, it might take at least another year before unemployment returns to its pre-recession levels.

	Corpus Christi MSA				Coastal Bend			
	2001	2010	Change	% Chg.	2001	2010	Change	% Chg.
Labor Force (Age 16+ population)	186,582	212,150	25,568	13.7	246,951	282,954	36,003	14.6
Employment	176,330	194,810	18,480	10.5	233,384	259,641	26,257	11.3
Unemployment %	5.5	8.1		2.6	5.5	8.2		2.7
Not in Labor Force	118,105	116,609	-1,497	-1.3	172,280	171,831	-449	-0.3
% of Labor Force	39.2	37.2		-1.9	41.8	39.7		-2.1

Sources: Bureau of Labor Statistics; DemographicsNow

Lagging Business Expansion

Why has the Coastal Bend region not created enough of jobs to meet the increasing demand for work? Relatively slow expansion of local business activity was part of the culprit. While the total number of business establishments rose by 200 between 2001 and 2010, the region suffered a net loss of 200 firms. The Corpus Christi metro area accounted for 196 of the total loss. A notable example is Whataburger, which was founded in Corpus Christi in 1950, moved its corporate headquarter to San Antonio in 2009.

	Corpus Christi MSA				Coastal Bend			
	2001	2010	Change	% Chg.	2001	2010	Change	% Chg.
Firms	8,224	8,028	-196	-2.4	10,355	10,138	-217	-2.1
Establishments (with employees)	9,514	9,666	152	1.6	12,471	12,689	218	1.7

Sources: Bureau of Labor Statistics; DemographicsNow

For Richer or Poorer

In terms of hourly rates, the average wage in the region rose from \$13.5 in 2001 to about \$18 in 2010—a nearly 30 percent increase. Despite this gain, the average hourly wage rate has remained \$1 below the U.S. average. Along with wage and employment gains, the average household income for the Coastal Bend region grew a total of 27 percent in the past decade to about \$60,000. This level remained \$9,000 below the U.S. average. Also, the gain in average household income overstates the income gain for the *typical* household. In 2010, the median household income at \$41,000 was remarkably lower than the household income *on average*. The bias in that average measure is the mathematical outcome of a significantly larger proportion of below-average income households than above-average income households.

As for the nation as a whole, high-income earners in the region have fared even better than low-income earners over time within that decade. The result was a smaller proportional gain in the median household income at about 20 percent, as compared to the 27 percent gain in average household income. The typical household in the Coastal Bend might not have felt richer at all in 2010 as compared to 2001 because the overall cost of living rose about 23 percent, which exceeded the growth in income. After adjusting for inflation, the median household income level in fact dropped slightly.

	Corpus Christi MSA				Coastal Bend			
	2001	2010	Change	% Chg.	2001	2010	Change	% Chg.
Hourly Wage	\$14.01	\$18.15	\$4.14	29.6	\$13.44	\$17.80	\$4.36	32.5
Average Household Income	\$47,244	\$60,070	\$12,826	27.1	\$44,766	\$56,827	\$12,061	26.9
Median Household Income	\$35,535	\$42,903	\$7,368	20.7	\$33,410	\$40,782	\$7,372	22.1
Per Capita Income	\$16,587	\$22,972	\$6,385	38.5	\$15,434	\$21,780	\$6,346	41.1
% Families below poverty level	12.5	15.1		2.6	12.0	14.6		2.6
% Individuals below poverty level	17.9	18.7		0.8	15.4	16.2		0.8

Sources: Bureau of Census; Bureau of Labor Statistics; DemographicsNow

As relatively low-income families have increasingly fallen behind their high-income counterparts, the poverty level has risen over time. During the past decade, the share of local families living below the poverty level rose nearly 3 percent to 15 percent, as compared to 10 percent nationwide. Similarly, the poverty rate for local residents individually is now nearly 19 percent, as compared to 14 percent nationwide.

You Get What You Pay For

Why has South Texas lagged the nation in income growth? And why have so many more local residents fallen behind economically? For these questions, let's first look at the education attainment levels of the regional population aged 25 or older. In 2010, the share of the population with a high school diploma or better was 78 percent and that for a bachelor's degree or higher was 19 percent. While proportionally more residents graduated from high schools and colleges in 2010 than in 2001, those overall attainment levels have historically been below the national averages. It is well known that workers' wage earnings are directly correlated with their training and education levels that have a direct impact on their productivity.

	Corpus Christi MSA				Coastal Bend			
	2001	2010	Change	% Chg.	2001	2010	Change	% Chg.
Age 25+ Population	247,127	264,027	16,900	6.8	336,130	357,671	21,541	6.4
% of High School Graduate	26.1	28.8		2.7	27.1	29.0		1.9
% of Some College	24.7	24.8		0.1	23.4	23.4		0.0
% of Associate Degree	5.5	5.8		0.3	5.1	6.6		1.5
% of Bachelor's Degree	11.4	12.3		0.9	10.6	11.5		0.9
% of Graduate Degree	6.3	7.5		1.2	5.9	5.7		-0.2

Sources: Bureau of Census; DemographicsNow

Win Some, Lose Some

While income and wealth play a key role, a family's quality of life is also affected by many community-wide factors, such as home affordability and crime rates. The median home price of Corpus Christi rose from \$89,100 in 2001 to \$136,100 in 2010—an over 50 percent appreciation. Even though the current home price for the typical home in the region remains about 20 percent below the national average, housing has become less affordable over time.

According to the Housing Affordability Index developed by the Real Estate Center at Texas A&M University, local homes have become 10 percent less affordable over that decade. The Index is the ratio of median family income to the income required to qualify for an 80 percent, fixed-rate mortgage to purchase the median-priced home. This index rose from 1.64 in 2001 to 1.78 in 2010. The latter reading was above the national average of 1.7. The drop in housing affordability locally is a result of local home prices rising at a more rapid pace than family incomes. While homes have become more expensive relatively to income for the typical local family, many goods like electronics and appliances have been relatively more affordable. One result is the increase in the average number of vehicles per household from 1.4 in 2001 to 1.7 in 2010.

South Texas has also been an overall affordable place to raise a family relative to the rest of the nation. According to the ACCRA cost of living index with 100 as the U.S. benchmark, Corpus Christi has persistently cost about 10 percent less than the national average to maintain a living comparable to elsewhere in the nation. Despite this trend of relatively low cost of living, residents might have found fewer choices on retail stores to shop or restaurants to dine in. This region witnessed a net loss of 8 retail trade establishments between 2001 and 2010. Meanwhile, residents might have found South Texas to be safer to get around. The crime rate in Corpus Christi declined from 7,130 cases per 100,000 residents in 2001 to 5,660 cases in 2010. Despite the reduction of nearly 1,500 crime cases, this most recent crime statistic remains remarkably higher than the national average of 3,466.

	Corpus Christi MSA			
	2001	2010	Change	% Chg.
Median home price	\$89,100	\$136,300	\$47,200	53.0
Home Affordability	1.64	1.78	0.14	8.5
Crime Rate (per 100,000 in population)	7,130	5,660	-1,470	-20.6
Number of Retail Trade Establishments	1,457	1,449	-8	-0.5
Average Vehicles per Household	1.4	1.7	0.3	21.4
Cost of Living Index	92	91	-1	-1.1

Sources: ACCRA; FBI; Bureau of Census; DemographicsNow



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The Past vs. the Future

We have reviewed the Coastal Bend economy during the first decade of the 21st century. By many standards, particularly income and employment growth, this South Texas region has lagged much of the nation. Of course, an optimist might find comfort by saying “let by gone be by gone.” But the past tends to be the best predictor for the future, all else being equal. One relevant question arises: What will our future hold if this community continues on this historical path? To paraphrase a Chinese idiom, “if you don’t stay ahead, you will only fall behind.” Such wisdom is particularly true today as the global economy becomes increasingly competitive over time.

So, what will likely happen to the community’s quality of life—our bottom line—if we only maintain our status quo while other communities thrive? Our quality of life, especially economic well-being beyond basic food and shelter, is largely a state of mind. Our feeling of being rich or poor is affected by our perceptions about people surrounding us. The same person will likely feel worse off economically if he moves from a low-income neighborhood to a high-income neighborhood. Likewise, we may *feel* worse off if our community simply makes less progress than our peers.

The less than stellar economic progress in the Coastal Bend region has prompted community leaders to develop new strategies for change. Beginning in 2008, visions and strategic plans under the auspice of Bold Future have been developed. How much these initiatives will enhance our quality of life, of course, will remain to be seen for years to come.