Historically, the economic conditions of local communities within the Corpus Christi metro area tended to move in lockstep over time. During the past year, even though employment growth was quite evenly spread across the region, some local economies began to diverge, reflecting the direct impact of construction activities in various large-scale industrial sites on their surrounding businesses. This results in a shift of economic gravity from the south side of Corpus Christi Bay toward its north side.

Since reaching their peaks around $120 a barrel in June 2014, crude oil prices have fallen by more than half. The extent of the oil market collapse was reminiscent of a similar episode in the mid-1980s, the onset of a sustained period of low energy prices.

The line chart below first shows the movements of the West Texas Intermediate crude oil price beginning in June 2014. Superimposed on the same chart is the movements of that same price beginning in January 1986, when it reached its peak in the 1980s. For comparison purposes, the two price lines have been scaled so that their peak levels equal 100.

Despite the recent sharp fall in oil prices, shale oil production in the United States, particularly the Eagle Ford play, continued to expand through March 2015. After oil producers had
become more certain about the sustained nature of their output prices and most new wells had been developed, oil production fell at a rapid pace.

According to conventional wisdom, communities that have benefitted the most from the past shale oil boom would suffer the most during its bust cycle, other things being equal. That does not seem to hold this time for Corpus Christi, at least not just yet.

**Employment**

To illustrate this point, another line chart is drawn for employment in Corpus Christi using the same methodology as that for the first chart above. Again, June 2015 and January 1986 are used as the base periods for comparison. During the episode in the 1980s, employment fell nearly 8 percent within a year of the oil market collapse.

The picture is drastically different for the current episode. Local employment appears to continue to grow for almost another year through June 2015, and then dwindles for the reminder of the year.

The plot for the current episode shows the separate movements of Nueces and San Patricio counties. Apparently, the job growth patterns between the two counties move in lockstep. This reflects the extent of commuting of workers within the metro area.

**Business Sales**

The fact that the overall economic conditions of adjacent communities are similar is further illustrated in the first chart on the next page, which plots sales tax revenues of various cities within the metro area through 2014. Sales tax revenues provide a good idea of the overall volume of business transactions.

Again, the patterns have been scaled so that their figures in June 2014 equal 100. The volume of tax collections for most communities in the area followed closely that for the City of Corpus Christi.

As explained by Lee (2015), this overall synchronization pattern reflects in part economic spillover effects geographically. Also, those local economies might have been impacted by the same external factors, such as a nationwide recession or a hurricane.

**Divergence**

That historical pattern, however, does not seem to prevail within the past year. Despite their employment patterns that have continued to move in the same direction, the local sales tax revenues have diverged dramatically.

This is illustrated by the second chart above, which shows the patterns since June 2014. Reflecting an overall economic slowdown and cut back in business transactions, the tax volume for the City of Corpus Christi has dwindled throughout 2015. By contrast, sales tax revenues for Gregory and Ingleside had continued to grow through at least mid-year. Similarly, Portland and Taft have experienced uninterrupted growth.

It is apparent that some local taxing entities are benefiting from activities in the number of large-scale industrial sites under construction within the metro area. For instance, the plants of TPCO, Cheniere and voestalpine are located in the Gregory-Portland area.

Even though workforce is relatively mobile within the metro area, construction activities tend to benefit restaurants and retail stores closer to the sites than further away. For this reason, most of the direct economic impact from the construction boom can be found in San Patricio as opposed to Nueces County.

**Population**

Rapid industrial development in San Patricio County in recent years has also altered the population growth patterns across the metro area’s local communities. The column chart below shows the local population growth patterns beginning 2011. The impact of economic growth on the cities of Gregory and Portland since 2012 is obvious. Also, Rockport has witnessed an influx of migrants who came largely for retirement.

**Reference:**
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