The Coastal Bend population has declined for the first time since the turn of the century. In the wake of declining oil production in South Texas, Hurricane Harvey only accelerated the pace of reversal from historical growth. The regional workforce has also shrunk due to outmigration as well as a falling labor force participation rate.

For the first time since the turn of the century, the population in Corpus Christi metro area and the broader Coastal Bend region has shrunk. According to the Census data released on April 18, Corpus Christi lost 734 residents between July 2017 and July 2018. All three counties of the metro area lost population. Migration out of the region exceeded natural growth made up by births and deaths. These regional patterns contrast population growth for the state of Texas, which has been the nation's brightest spot of migration flows.
Population growth consists of two major components. The first is a “natural” increase in the number of residents as a result of births exceeding deaths. The second is a result of people moving out and into the region. For each county and metro area, the Census reports the net change in the number of migrants each year, which is the difference between the number of people relocating into an area and the number of people moving out of that area.

The majority of people relocating to the Coastal Bend area are domestic migrants that relocate from other parts of the nation. The number of international migrants, who come from overseas, has risen steadily over the past two decades. In the Coastal Bend, the city of Corpus Christi has received most international migrants, from fewer than 600 annually in the 1990s to about 800 today.

**Natural Growth**

The numbers of births and deaths each year are rather steady. Corpus Christi’s birth rate, the percentage of women aged 15 to 50 years old that give birth in a given year, is 6 percent, slightly
higher than the national average of 5 percent. The number of local births each year, which has exceeded 5,000, has not only outnumbered the number of deaths, but also offset much of any population loss due to net outmigration. Those newborns also contribute to a relatively low median age of 34.9, nearly two years below the median age of the U.S. population.

But this is not the case for the communities in Aransas County, particularly the Rockport-Fulton area. The median age of residents in Aransas County is 50.7, according to the latest Census. While the area has historically gained migrants each year, both international and domestic, its number of deaths has typically exceeded the number of births.

In 2017, the overall population of the metro area declined for the first time since 2007. A net loss of 2,383 people due to migration exceeded the number of natural increase. The net numbers of international and domestic migrants have tended to move in parallel with the overall performance of the local economy. The Corpus Christi metro area lost 5,467 people in 2001 and 3,737 people in 2007 due to migration. Those two years respectively marked the collapse of the nationwide internet and real estate bubbles.

Coastal Bend Population Change, July 2017 to July 2018

<table>
<thead>
<tr>
<th>County</th>
<th>2017 Population</th>
<th>2018 Population</th>
<th>Numeric Change</th>
<th>% Change</th>
<th>Births - Deaths</th>
<th>Migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aransas</td>
<td>25,447</td>
<td>23,792</td>
<td>-1,655</td>
<td>-6.5%</td>
<td>-125</td>
<td>-1,530</td>
</tr>
<tr>
<td>Bee</td>
<td>32,599</td>
<td>32,587</td>
<td>-12</td>
<td>0.0%</td>
<td>105</td>
<td>-117</td>
</tr>
<tr>
<td>Brooks</td>
<td>7,153</td>
<td>7,114</td>
<td>-39</td>
<td>-0.5%</td>
<td>39</td>
<td>-78</td>
</tr>
<tr>
<td>Duval</td>
<td>11,272</td>
<td>11,212</td>
<td>-60</td>
<td>-0.5%</td>
<td>31</td>
<td>-91</td>
</tr>
<tr>
<td>Jim Wells</td>
<td>40,930</td>
<td>40,822</td>
<td>-108</td>
<td>-0.3%</td>
<td>160</td>
<td>-268</td>
</tr>
<tr>
<td>Kenedy</td>
<td>422</td>
<td>442</td>
<td>20</td>
<td>4.7%</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Kleberg</td>
<td>31,152</td>
<td>31,129</td>
<td>-23</td>
<td>-0.1%</td>
<td>143</td>
<td>-166</td>
</tr>
<tr>
<td>Live Oak</td>
<td>12,185</td>
<td>12,166</td>
<td>-19</td>
<td>-0.2%</td>
<td>10</td>
<td>-29</td>
</tr>
<tr>
<td>Nueces</td>
<td>361,014</td>
<td>362,265</td>
<td>1,251</td>
<td>0.3%</td>
<td>1,524</td>
<td>-273</td>
</tr>
<tr>
<td>Refugio</td>
<td>7,199</td>
<td>7,032</td>
<td>-167</td>
<td>-2.3%</td>
<td>22</td>
<td>-189</td>
</tr>
<tr>
<td>San Patricio</td>
<td>67,223</td>
<td>66,893</td>
<td>-330</td>
<td>-0.5%</td>
<td>370</td>
<td>-700</td>
</tr>
<tr>
<td>MSA</td>
<td>453,684</td>
<td>452,950</td>
<td>-734</td>
<td>-0.2%</td>
<td>1,769</td>
<td>-2,503</td>
</tr>
<tr>
<td>Region</td>
<td>596,596</td>
<td>595,454</td>
<td>-1,142</td>
<td>-0.2%</td>
<td>2,281</td>
<td>-3,423</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, April 18, 2019.
A number of factors may explain the shrinking regional population. By far the most obvious culprit is Hurricane Harvey that might have displaced Texans who lost their homes and businesses. Aransas County sustained the highest rate of population loss in Texas due to outmigration. Its net outmigration rate of 64 per 1,000 residents was more than twice the rate of the next county, Moore near Amarillo. Within one year after Harvey made landfall in August 2017, 1,530 more residents relocated out than into Aransas County. This county is also one of the few communities with a net loss in natural growth historically, as the median age is about 60, compared with 38 years for the total U.S. population. As a result of losses due to both natural change and migration, the population of Aransas County was down 6.5 percent in 2018.

The other two counties of the metro area sustained an overall much less direct damage from Harvey than Aransas, but they both still lost population due to outmigration. Nueces County experienced a net loss of 273 people moving out of the area, while San Patricio County saw a net loss of 700 despite a historic amount of industrial development near the Port of Corpus Christi. Population growth for Nueces County remained on the upside as a result of a relatively high birth rate, which generated a natural increase of 1,524 residents in 2018. Within the Coastal Bend, all counties except Kenedy and Nueces also lost population due to outmigration.
Among the 41 counties of the Harvey disaster region across south and southeast Texas, 20 saw a net outmigration of people. About 7,700 more Texans moved out than into Harris County, the most populous county in Texas. Harris County, part of the Greater Houston metro area that consists of Houston, The Woodlands, and Sugar Land, saw a net loss of 43,669 people due to domestic migration, which outnumbered a net gain of 35,952 migrants from overseas.

Flooding from Harvey's record amount of rainfall might partially explain the relocation patterns as its neighboring counties, such as Fort Bend and Montgomery, experienced dramatic gains of migrants. The Greater Houston metro area as a whole still added over one million people last year as people moving from one county to another within the metro area did not affect its overall population size.

Yet relocation to the suburbs can also be found in Dallas, which was not directly impacted by Harvey. Despite the remarkable amount of people moving into the Dallas-Fort Worth-Arlington metro area, Dallas County saw a net loss of 22,365 residents, while its surrounding areas saw net gains of domestic migrants.

The Great Migration

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Oil Impacts

Oil production has a profound impact on the migration patterns in Texas. Other than communities surrounding the centers of metro areas, such as Comal, Kaufman and Hood Counties, Midland was one of the top 10 counties in population growth last year. With a 4.3 percent growth, Midland County is near the Permian Basin, which is leading the nation in shale oil production.

After all, the recent fall in regional population only followed four consecutive years of falling gross domestic product for the Corpus Christi metro area. Gross domestic product, or GDP, is the most comprehensive measure of an economy and its growth. According to the Bureau of Economic Analysis, Corpus Christi’s GDP adjusted for inflation began to decline in 2014, the peak of the last oil boom in South Texas driven by production in the Eagle Ford region.

Where's Everyone?

Migration is a key factor of the overall population growth because it reflects the size of local labor force—a main factor of economic development. After steady declines in decades, the U.S. population growth rate of 0.62 percent in 2018 was the lowest registered in 80 years. With fewer births and more deaths in recent years, the nation is relying more on immigration as a contributor to growth in both population and labor force.

Corpus Christi MSA GDP and Population, Annual Percentage Change

Yet the U.S. labor force has been growing at a pace below the historical average. A declining labor force participation rate, especially after the Great Recession of 2007-2008, has dragged down labor growth. The labor force participation rate is the fraction of working-age population aged 16-64 that is employed or actively looking for work. This ratio has slipped from the peak of 67 percent in 2000 to 63 percent today, meaning that increasingly more Americans are neither working nor looking for work. One key reason for the shrinking labor force participation rate is the aging of the population and a rising amount of baby boomers entering retirement. The labor force participation rate is much lower for people aged 55 years or older, especially above 60. This downward trend in the past decade also coincided with increases in the numbers of disabled people and those staying in school longer.

Typically, economic expansion with improving job opportunities leads to an increase in labor force participation. But this has not been the case during the so-called “jobless” recovery since the end of the Great Recession. Some economists point to an increasing number of people being “discouraged” to return to the workforce because they lack the schooling or training needed for the new economy, which increasingly relies on technologies. Others cite the increased use of opioid medication.

For Corpus Christi, the labor force participation rate is 62.4 percent, according to the latest American Community Survey in 2017. Nueces County has the highest rate of 63.5 percent, which is about the U.S. average. The rates for San Patricio and Aransas Counties are 60.1 percent and 53.6 percent, respectively. The remarkably low labor force participation rate for Aransas County is attributed to its over 27 percent share of population aged 65 years and over, which nearly doubles the nationwide ratio.

Gone Fishing
Together with outmigration, falling labor force participation of the existing residents has resulted in a shrinking workforce in the Coastal Bend. This also explains why falling unemployment rates across the region in recent years did not appear to translate into corresponding increases in employment growth. Other than the aging population, one characteristic of the regional workforce may also be the reason for its chronically high structural unemployment. Except during the shale oil boom period between 2010 and 2014, Corpus Christi typically faced unemployment about one-percentage-point higher than the U.S. average. Structural unemployment is a long-term phenomenon that occurs when job seekers are unable to gain employment due perhaps to a lack of employable skills or certain characteristics of different industries.

W2 Employment
Construction is the second largest private industry in the region, behind only health care. The size of construction employment in Corpus Christi more than twice its size in a typical metro area. In the midst of a construction boom near the Port of Corpus Christi, it is hard to imagine that the local construction industry faces the highest unemployment rate of 15 percent, compared with the below 5
percent overall unemployment rate. The unemployed in construction occupations, currently exceeding 3,400, account for more than one in three (34%) of all unemployed persons in the metro area.

Nationwide, the construction industry's unemployment rate is also particularly higher than all other industries. This phenomenon might arise from the fact that a sizable number of construction workers and contractors do not report their employment status, perhaps because they work temporarily or informally. As for the growing gig economy that relies on task-based employees, the common practice of hiring non-W2 workers in the construction industry might have led the official employment statistics to understate the actual number of employed persons especially in Corpus Christi.

During the first quarter of 2019, Corpus Christi’s overall unemployment rate was 4.7 percent. If we exclude the construction industry, then the regional unemployment rate based on labor market data of all other industries would reduce to 3.8 percent, which is precisely the rate for both Texas and U.S. as a whole during that period.

**Cause for Concern?**

The consequences of a downward trend in workforce or the overall population are far-reaching. Fewer residents would mean lower student enrollment in public schools, less housing demand, a smaller tax base for the municipality, and so on. As the upcoming decennial Census will be carried out within a year, a downturn would effect less federal funding that depends on population estimates as earmarks.

Whether the patterns in 2017 and 2018 marked a reversal of the long-term growth trend remains to be seen. From the historical context, Corpus Christi lost population in the late 1980s and 1990s, both were periods of deep recession for the local economy. So the recent decline in population is most likely a result of the low oil price environment beginning 2015. As cyclical as the oil market was historically, it is only a matter of time before oil prices return to their previous peak levels.