

## Local Demographic Trends

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**TAKEAWAYS:** The local population remains young on average relative to the U.S. population, but changes in the area's demographics have affected the composition as well as the size of its labor force. In addition to an aging workforce, Corpus Christi's labor market has seen strong growth in the woman and Hispanic populations that are more likely to find employment in relatively lower paying jobs. The non-employment index, which arguably represents a more accurate measure of labor market conditions than the official unemployment rate, indicates substantially more labor market slack in Corpus Christi than previously realized.

**I**ncreasingly more baby boomers across the United States are moving to Corpus Christi while the area's younger residents are leaving. A [recent study](#) by SmartAsset indicates that Corpus Christi is one of the top ten migration destinations for seniors. The influx of baby boomers has not only partially offset the outmigration of young residents, but they have significantly reshaped the region's labor force.

In this newsletter, we look at historical changes in Corpus Christi's demographics and how they have affected local labor market conditions.

### Demographic Changes

Corpus Christi has undergone major shifts in its demographics. Still a minority in the nation or Texas state as a whole, Hispanics have long been a majority in Corpus Christi. Between 2000 and 2019, the relative size of the Hispanic population in the metro area continued to expand from 56% to 65%, according to Census data. This was the outcome of a reduction of the White population by 13%, while the Hispanic population grew 30%.

Women make up another minority-majority group in Corpus Christi, slightly outnumber (51%) their male counterparts. As for the rest of the nation, increasingly more of these women have entered the workplace. The labor force participation rate is the total amount of employed and unemployed as a share of the population. The total number of employed and unemployed makes up the labor force.

Nationally, women's labor force participation rate has grown steadily from below 33% in 1950 to roughly 58% today. During this period, the labor force participation rate of men reduced from 86% to 69%.

Such demographic shifts have shaped the composition of the local labor force. The women and Hispanic groups each make up 53% of the metro area's labor force. In comparison with Whites, Hispanics tend to be more concentrated in such sectors as construction, health care, retail, and accommodation and food services. Similarly, women can be more easily found in the health care, and accommodation and food services sectors. Jobs in these sectors tend to pay relatively lower wages.

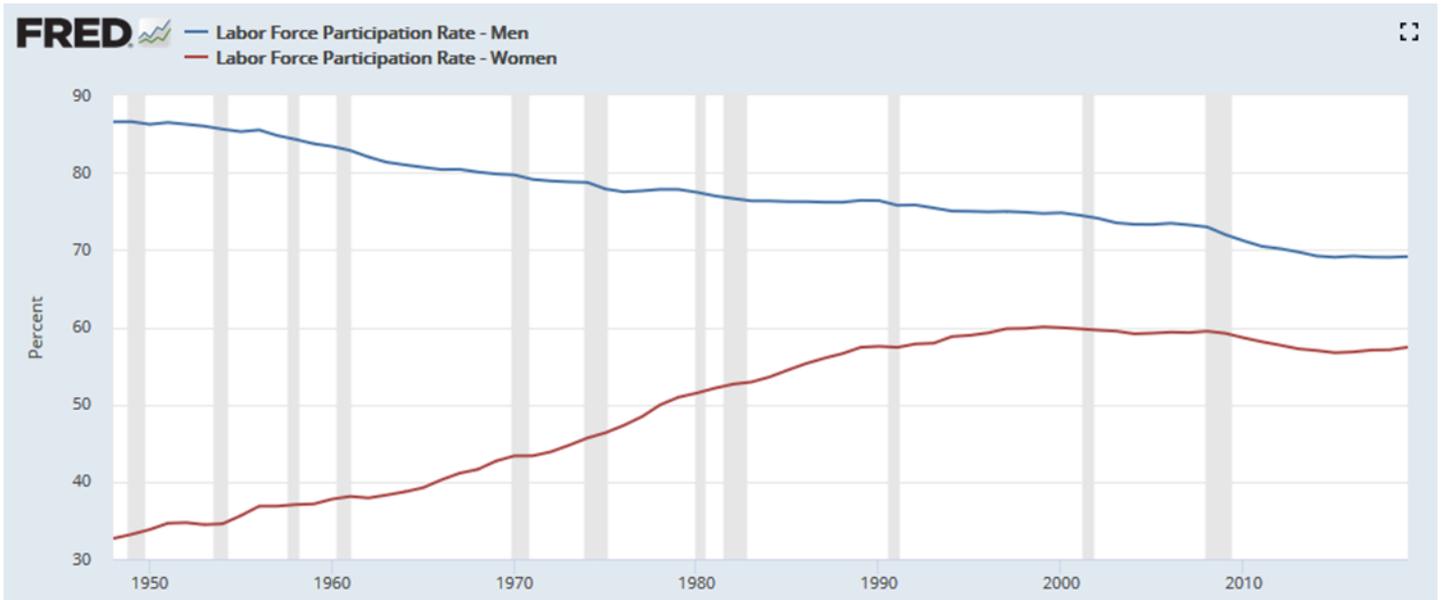
Despite the concentration of relatively lower paying jobs taken by the two growing population segments, the area's wage gap with the nation has been shrinking. In 2000, the average hourly wage rate of Corpus Christi was 80% of the national average.

In 2019, this relative wage gap shrank by nearly half to 10%. [Mackenzie Peake and Guillaume Vandembroucke](#) at the St. Louis Fed find that historically aging and education enhanced wage growth, while the increased participation of women and Hispanic workers deterred growth as a result of gender and racial wage gaps.

### Aging Population

The Gulf Coast region has become a popular destination for baby boomers to settle for retirement. Within the Corpus

## U.S. Labor Force Participation Rate by Gender



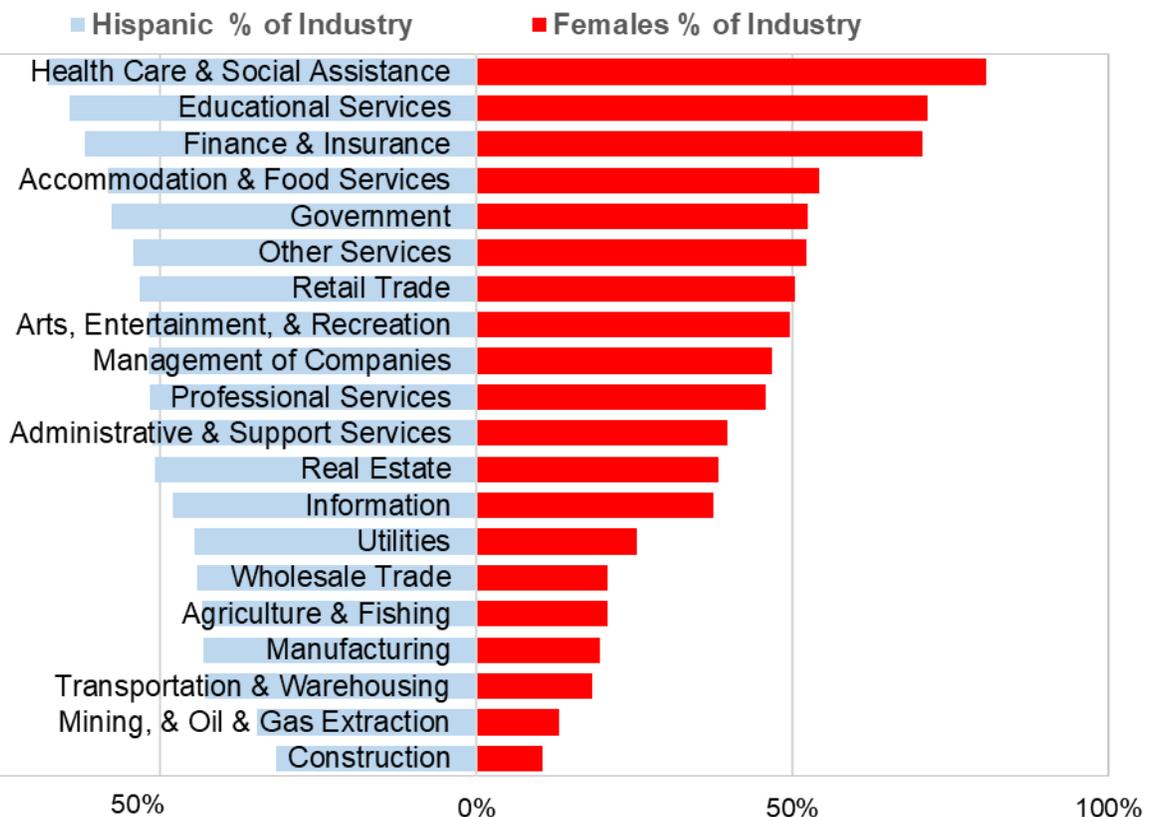
Christi metro area, Rockport in Aransas County is a favorite community for retirees or Winter Texans. While the overall populations of Nueces and San Patricio Counties remain remarkably young, nearly one in two residents in Aransas County are at least 50 years old.

The median age of both Nueces and San Patricio County population today is about 35 years, compared with 35.3 years nationwide and 34.4 years for Texas. A typical resident in Aransas County is at least 10 years older than that in the other two counties. Following the national trend of an aging population, the median

age of Aransas County increased from 45.6 in 2000 to 49.6 years in 2019.

Other than a typically older age of existing residents today than in the past, in-migration of seniors has contributed to the increase in the median age of the Aransas County population. This also affects the population makeup of the Corpus Christi metro area. Over the past two decades, the number of area residents age 5-17 decreased by nearly 10%, while those age 18-64 increased by 15%. The age 65 and over population increased even more by 56%.

## Hispanics & Females as % of Industry



Source: EMSI, 2020.

## Hourly Wage Rate (2019 dollars)

Year	Corpus Christi	U.S.
2000	\$19.24	\$24.00
2010	\$21.33	\$24.50
2019	\$22.95	\$25.50

Source: Bureau of Labor Statistics.

In Corpus Christi, a net out-migration of young residents and an in-migration of old residents have also affected the local labor market. Nationwide, the labor force participation rates of teenagers and the 20-24 years age group have declined since the 1980s, as increasingly more high school graduates have chosen to attend college before their first job.

The labor force participation rate among those age 25 to 54, or the prime working age population, has remained steady around 85%. That rate for people age 55 and older took a swing over the last half of a century. The labor force participation rate slide from roughly 43% in the 1950s to slightly below 30% in the early 1990s. After returning to the pre-1970 levels in the late 2000s, it has remained steady around 40%.

The labor force participation rates for Corpus Christi's various demographic groups are broadly consistent with to the patterns nationwide. For the metro area, the overall labor force participation rate of 58% in 2019 was slightly below the national average of 61%.

A breakdown of labor force participation by age group also parallels the national trends, particularly the declining rates over the age groups older than 54 years. Fewer than one in five (19%) Corpus Christi residents age 65 and older still work. While these elderly people are employed in every industry, relatively more of them can be found in agriculture and fishing (15%), real estate (9%), and other professional services (8%). About 2,000 of them work in each of the retail trade and government sectors.

### Labor Force Size

Changes in local demographics affect not only the composition of the local labor force but also its overall size. Remarkable declines in the labor force participation rate nationwide occurred in the wake of the 2007-2009 recession, which might have resulted in an increase in the number of individuals leaving the labor force. Marianne Kudlyak, a researcher at the San Francisco Fed, has [found](#) that people out of work for longer were more likely to be out of the labor force as they had become less employable as time passed.

As for the nation and the state, Corpus Christi has been facing a

### Corpus Christi MSA Population Growth by Age Group

	2000-2010	2010-2020	2000-2020
Persons 0 to 4 years	-3%	3%	0%
Persons 5 to 17 years	-8%	-2%	-9%
Persons 18 to 64 years	9%	5%	15%
Persons 65 years and over	18%	33%	56%

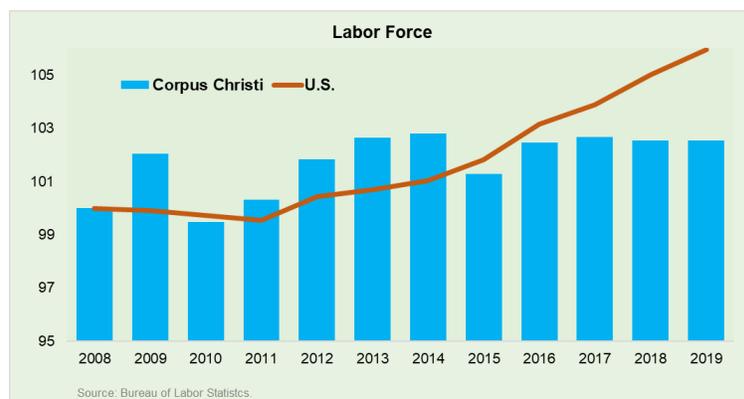
Source: Bureau of Census.

declining labor force participation rate, or increasingly more people out of the labor force, during the last decade. Recently, this trend coincided with historically low unemployment rates around 4%. This prompts a concern: Does the standard unemployment measure adequately capture labor market slack or tightness?

For the U.S. labor market, Kudlyak finds that the duration of not finding a job is a better predictor for employment than the individual's self-reported desire to work. For Corpus Christi, however, the growing share of the old age population clearly explains the declining overall labor force participation rate.

Despite the trend of falling labor force participation, the size of the overall labor force in the U.S. has continued to grow, especially since 2015 when the post-Great Recession economic recovery gained momentum. The nation's labor force has expanded 8% since 2008. During the shale oil boom period that ended in 2014, the labor force in Corpus Christi grew at a rapid pace as high as 2% annually. Since 2015, this size has dwindled.

Historically, increasingly more women entered the labor force each year after World War II. An uptrend of the labor force participation rate for women coincided with a declining trend for men. Beginning with the 2008-2009 recession, both man and woman labor force participation rates showed a remarkable downturn. This explains why the growing share of the female population in Corpus Christi did not meaningfully help boost its overall labor force size.



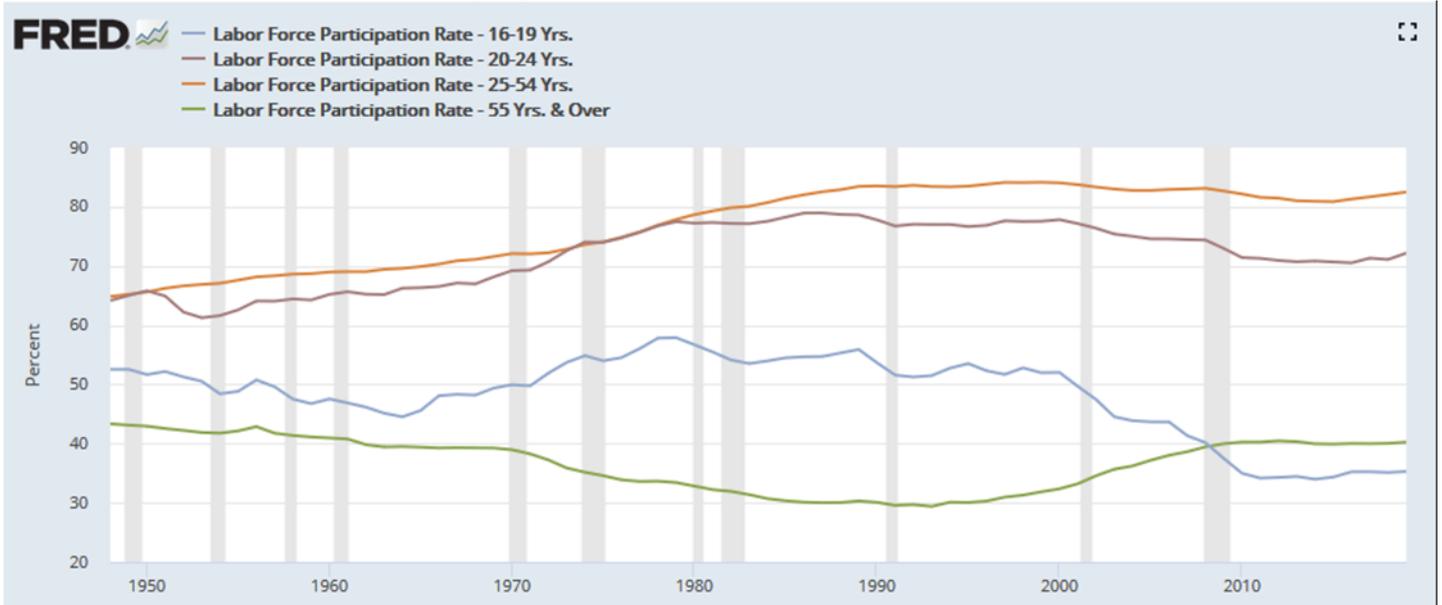
### Non-employment vs. Unemployment

As a result of a declining labor force participation rate, the standard unemployment measure no longer accurately captures the slack or tightness in the labor market. The official unemployment rate excludes people who, for different reasons, no longer actively look for work.

To circumvent this drawback, Richmond Fed economist Andre-as Hornstein and his colleagues have developed a [non-employment index](#) as an alternative to the official unemployment rate. As a more reliable measure of labor resource utilization, this index counts not only the unemployed, but also those out of the labor force. The latter is a diverse group, which includes people who want a job but have stopped searching, and those who do not want a job, including retirees, students, and the disabled.

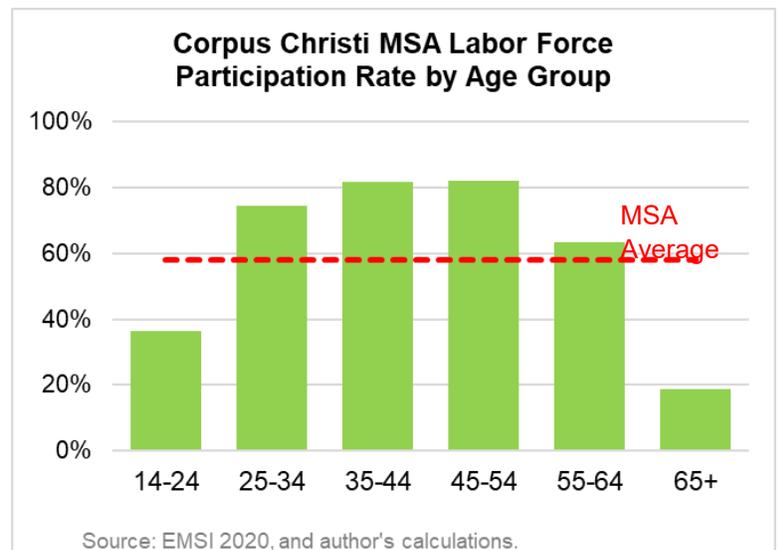
The non-employment index for Corpus Christi is constructed using that methodology. As for the nation, the reading of the

## U.S. Labor Force Participation Rate by Age Group



area's non-employment index was higher than its official unemployment rate most of the years for which data are available. Their gap has widened since 2010 as an increasing number of residents have fallen out of the labor force.

In 2019, the non-employment index was 8.6% while the official unemployment rate dipped to a record low of 4.3%. This means that the official unemployment rate understates labor market slack in Corpus Christi by a wide margin. In addition to the 4.3 percent of local labor force that wanted a job but was not able to find one, another 4 percent of the local population was not seeking employment. These individuals, including retirees and students, represent untapped human resources that the area can potentially utilize in an effort to strengthen future economic development.



## Corpus Christi MSA Non-Employment and Unemployment Rates

