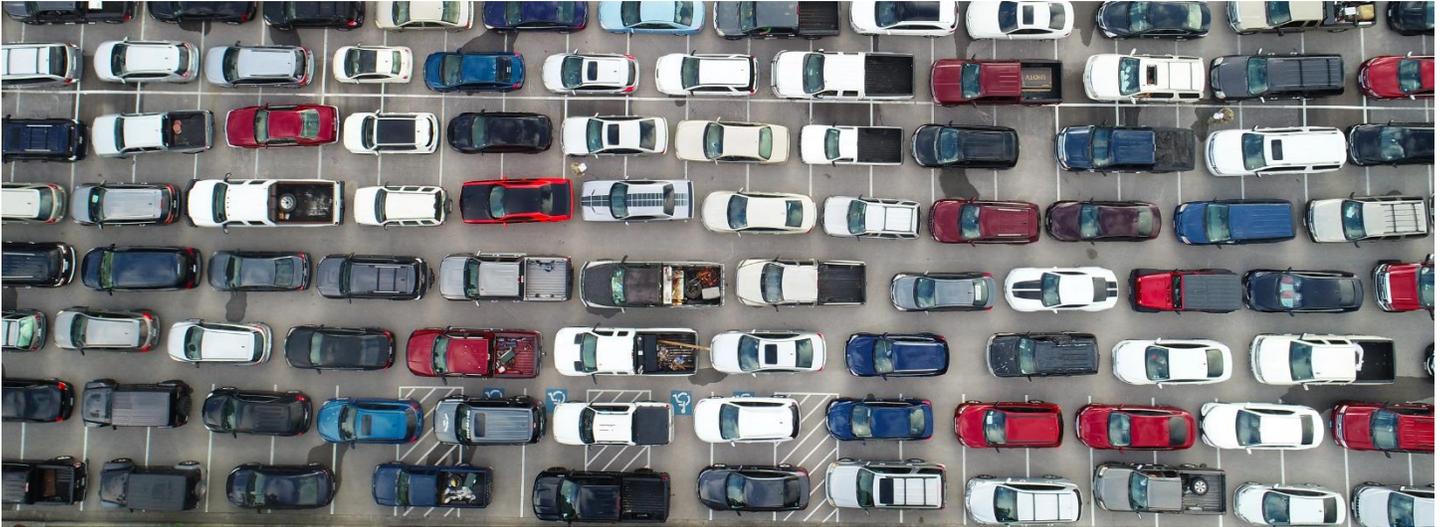


Tracking the COVID-19 Economy

Jim Lee

South Texas Economic Development Center

9/2020



Takeaways

- Since the onset of the COVID-19 pandemic, people’s social distancing behavior has been driving the overall business condition, which in turn has affected the employment prospect.
- Today, Corpus Christi residents on average spend about 10% more time at home than at the beginning of the year. More than one-third of residents work mostly at home.
- As a result of reduced foot traffic for local businesses, the area’s employment level remained 10% lower.

This is an update on the local economy of Corpus Christi during the COVID-19 pandemic. Despite the unprecedented and rapid developments of the public health crisis and government policy responses, the availability of real-time geolocation data has helped us monitor changes in individuals’ mobility behavior and economic activity on a daily basis.

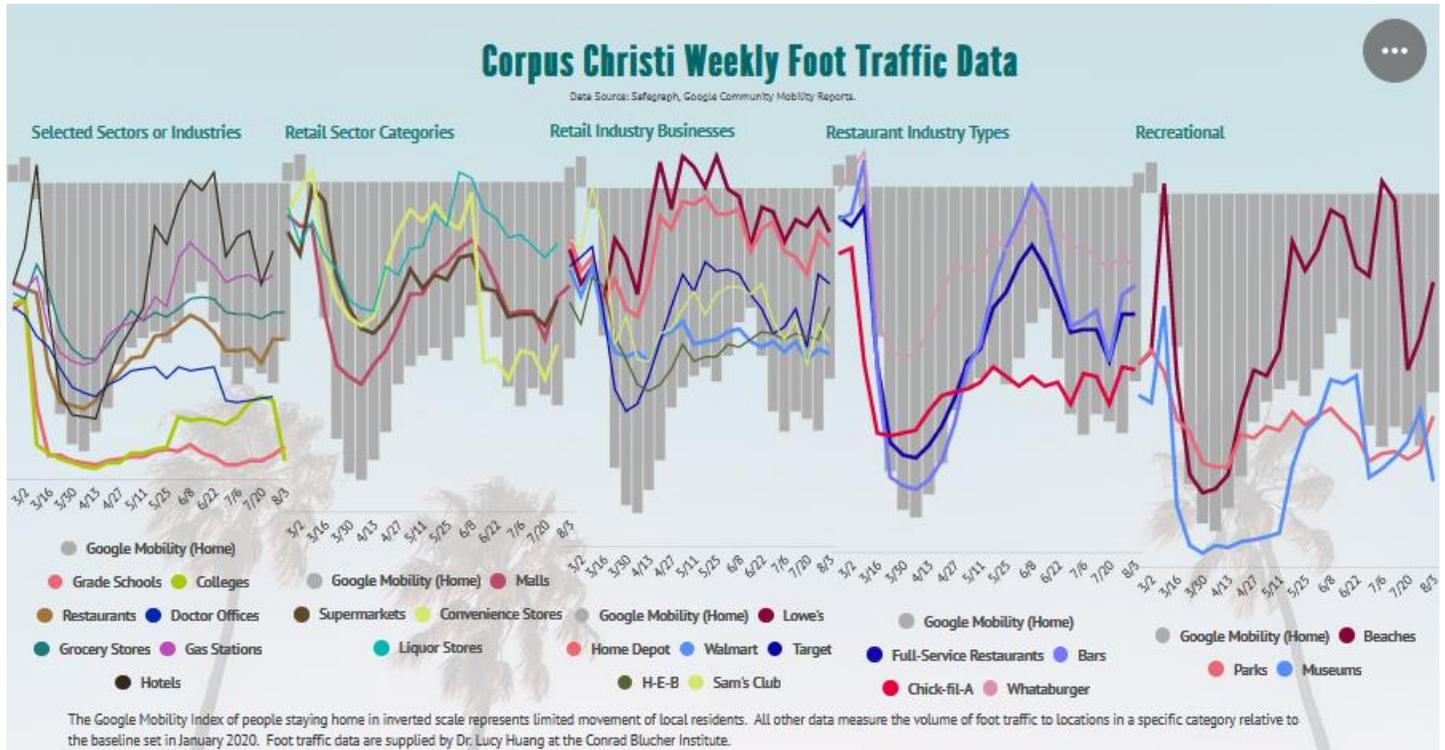
Because the spread of a virus is closely tied to how people interact with others physically, geolocation data of individuals are useful for epidemiologists to predict the pace of the COVID-19 outbreak. Because physical distancing behaviors and government-mandated stay-at-home orders to slow the spread of the coronavirus also affect local businesses, these data have also been found to be valuable for us to understand the impact of the pandemic and its policy responses on the economy.

Less Mobility Still

Based on the Google cellphone data, residents in Corpus Christi are spending about 10% more of their time at home today than the levels before the onset of the coronavirus outbreak in mid-March. Mobility resumed after the state lifted its stay-at-home order and began reopening the statewide economy at the beginning of May. Visits to retail stores, restaurants, and bars returned to the pre-pandemic levels by early June.

Recent Spikes in Cases

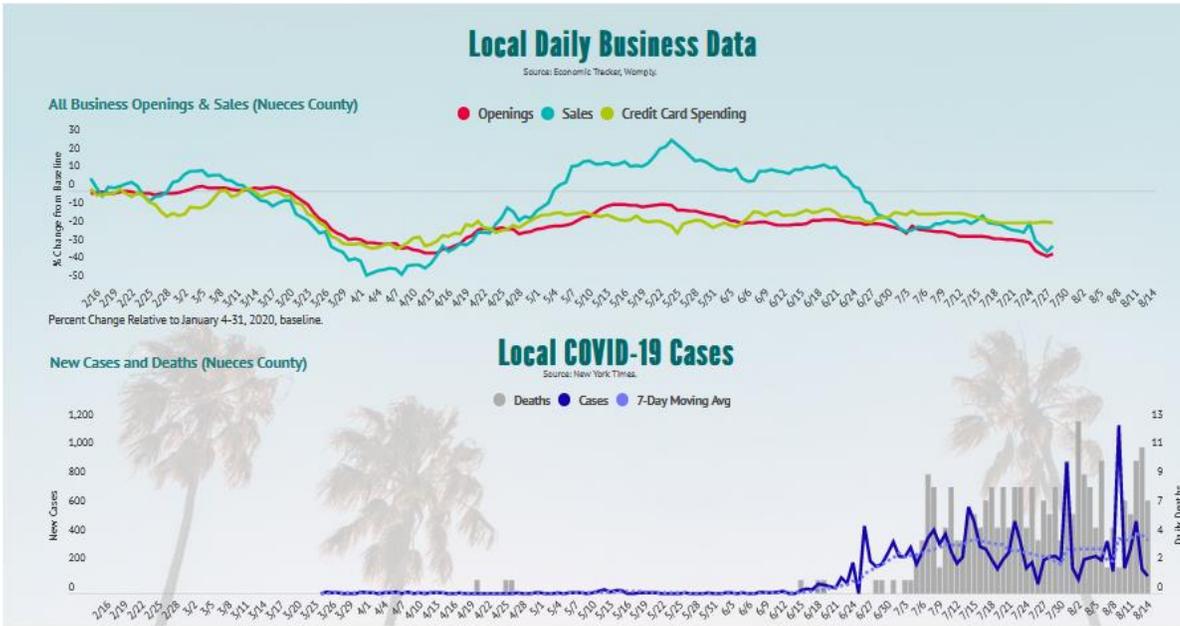
As for some of the states that reopened their economies early, Texas soon took a “swift and very dangerous turn,” according to Governor Greg Abbott. In response, Abbott rolled back his reopening plan on June 25th, restricting restaurants’ dining room capacity to 50% and closing bars again. Another week later, he issued a statewide mandate for Texans to wear a face mask in public.



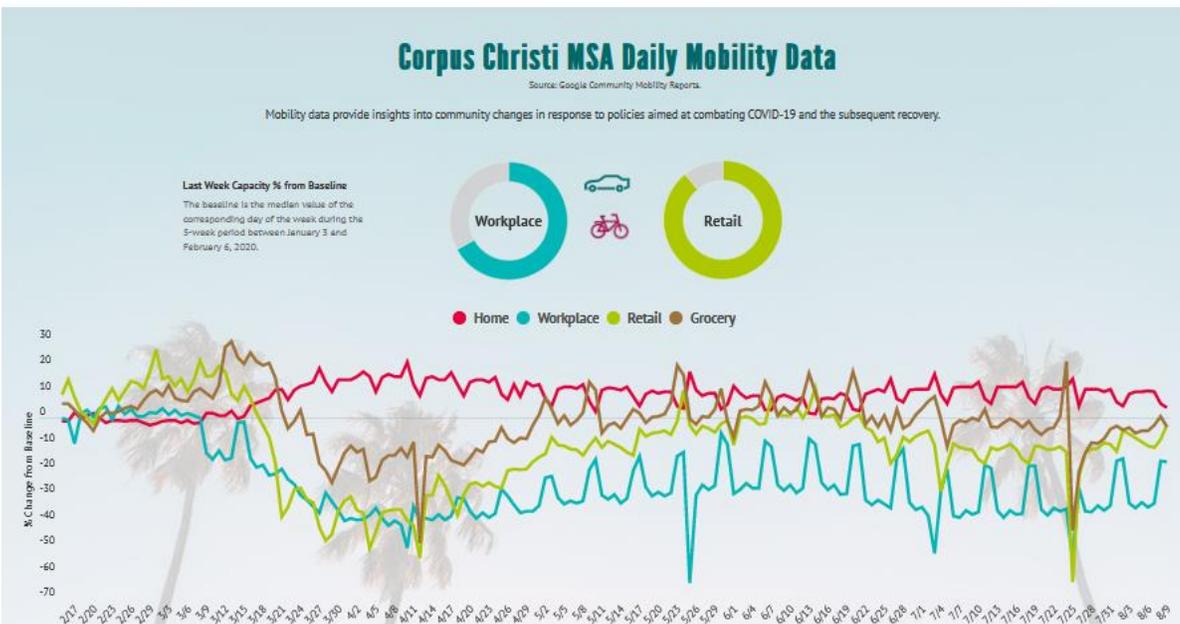
Since businesses were allowed to reopen, Corpus Christi has attracted increasingly more out-of-town visitors, the majority of them from San Antonio. By the Independence Day weekend in early July, the volumes of traffic in the area’s beaches and bars had surged above their pre-pandemic levels. New virus cases especially due to community transmission rose at the exponential pace. Along with other cities in South Texas like Laredo, Corpus Christi became one of the hot spots of COVID-19 infection cases in the state and the nation through the end of July.

Impact on Businesses

Changes in economic activity have followed closely changes in the extent of people’s sheltering-in-place and physical distancing behaviors. Overall business conditions in Corpus Christi bottomed out during the second week of April. By the end of May, the volume of foot traffic at local retail stores returned to normal and the sales condition among small businesses exceeded the pre-pandemic level.

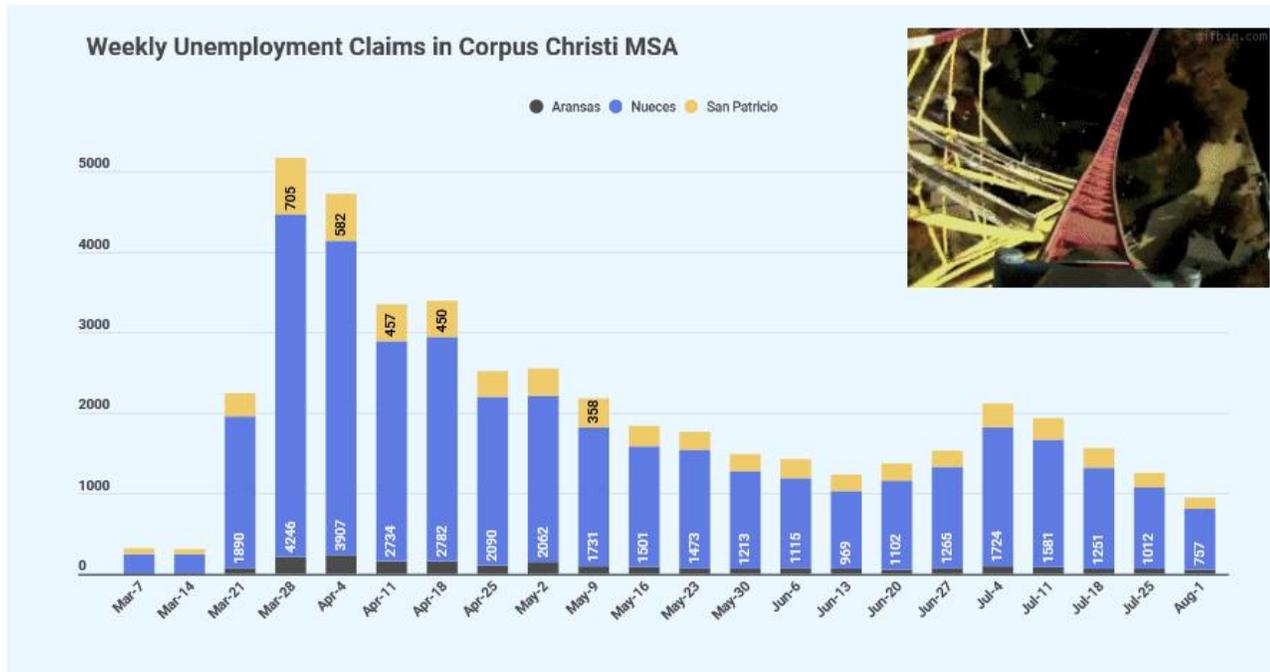


After the state pulled back its business reopening plan in response to a resurgent outbreak of COVID-19 cases in July, the overall business operating level dwindled again. Today, residents on average spend about 10% less time shopping in person compared to half a year ago. As more activities are going online, nearly one-quarter of small businesses are staying closed physically. Consistent with the local workforce that can perform work tasks remotely, slightly more than one in three workers in Corpus Christi no longer reports to work in person.

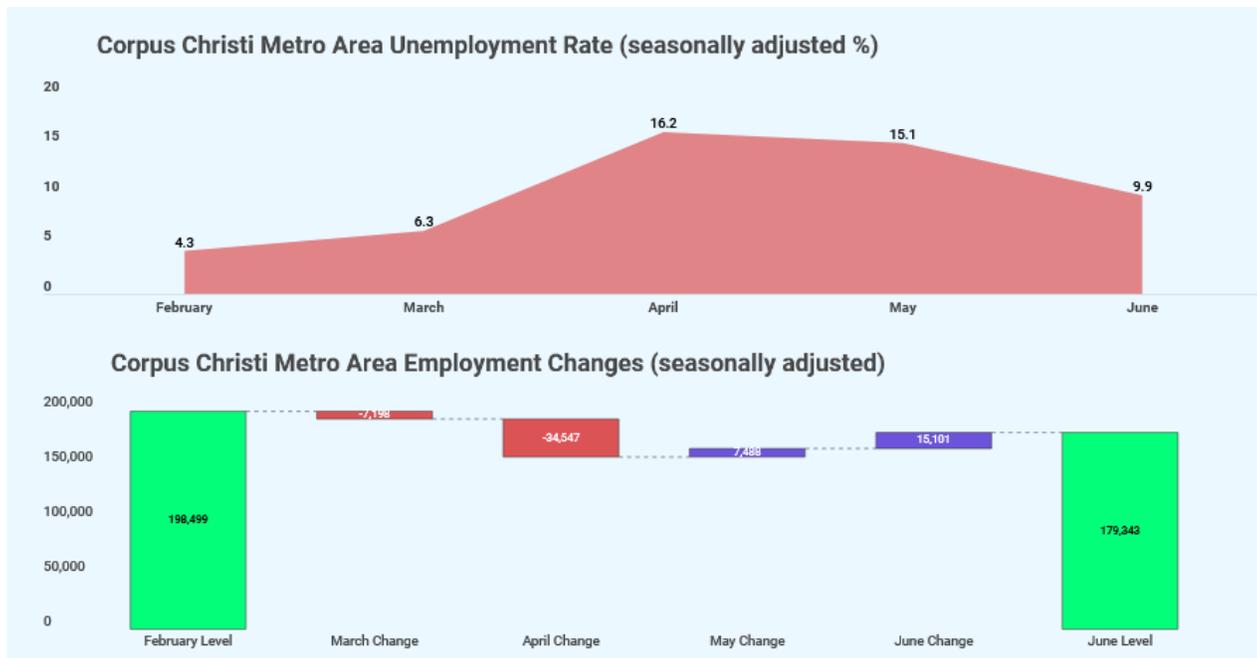


Record Job Losses

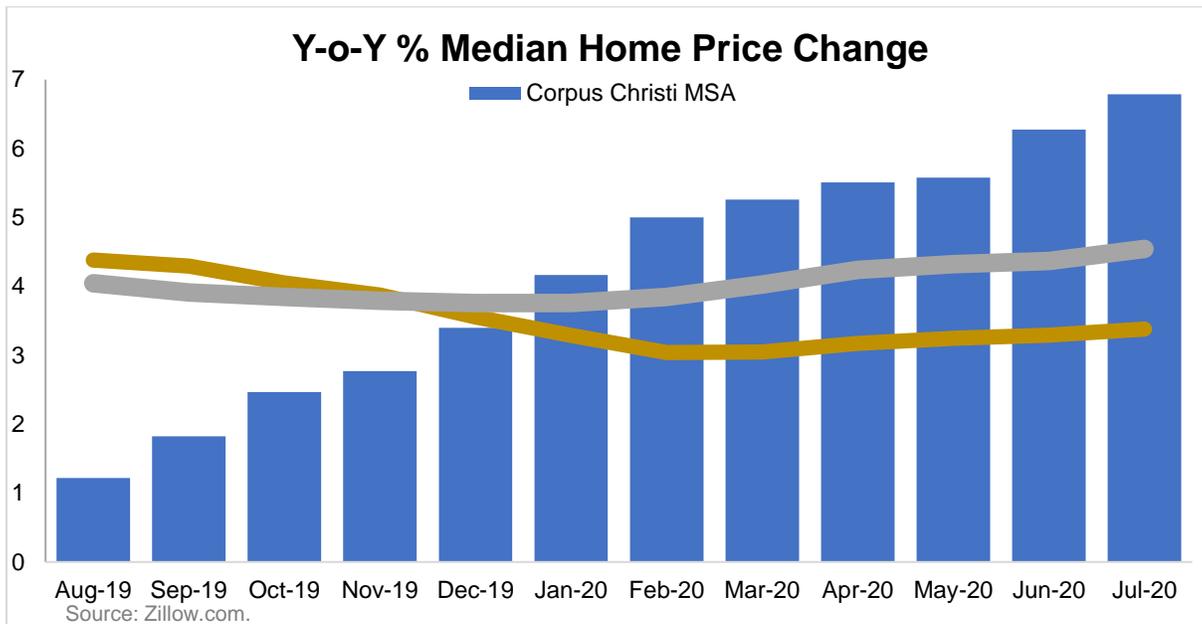
Still, a large portion of the local workforce has been laid off or furloughed as a result of business closures or a lack of business. The number of first-time unemployment claims surged to a historical record of 5,168 during the final week of March. Restaurant employees made up most of those who lost a job. As for the state, the number of weekly unemployment claims declined steadily in April and May as small businesses kept their staff on payroll through the Paycheck Protection Program of the federal CARES Act. The number of unemployed ticked up again in late June as business activity lost momentum amid the second wave of the COVID-19 outbreak locally and statewide.



Corresponding to the rising weekly unemployment claims was a surge in the unemployment rate, more than doubled to 16.2% in April and then inched down to about 10% in June. Businesses have gained back slightly more than half of the jobs lost in March and April, leaving the economy with 10% fewer jobs today than about half a year ago.



Given the tight relationship between people’s social distancing behaviors and business activities, an economic rebound to the pre-pandemic condition seems likely until the virus is under control and so consumers return to local businesses, either physically or remotely.



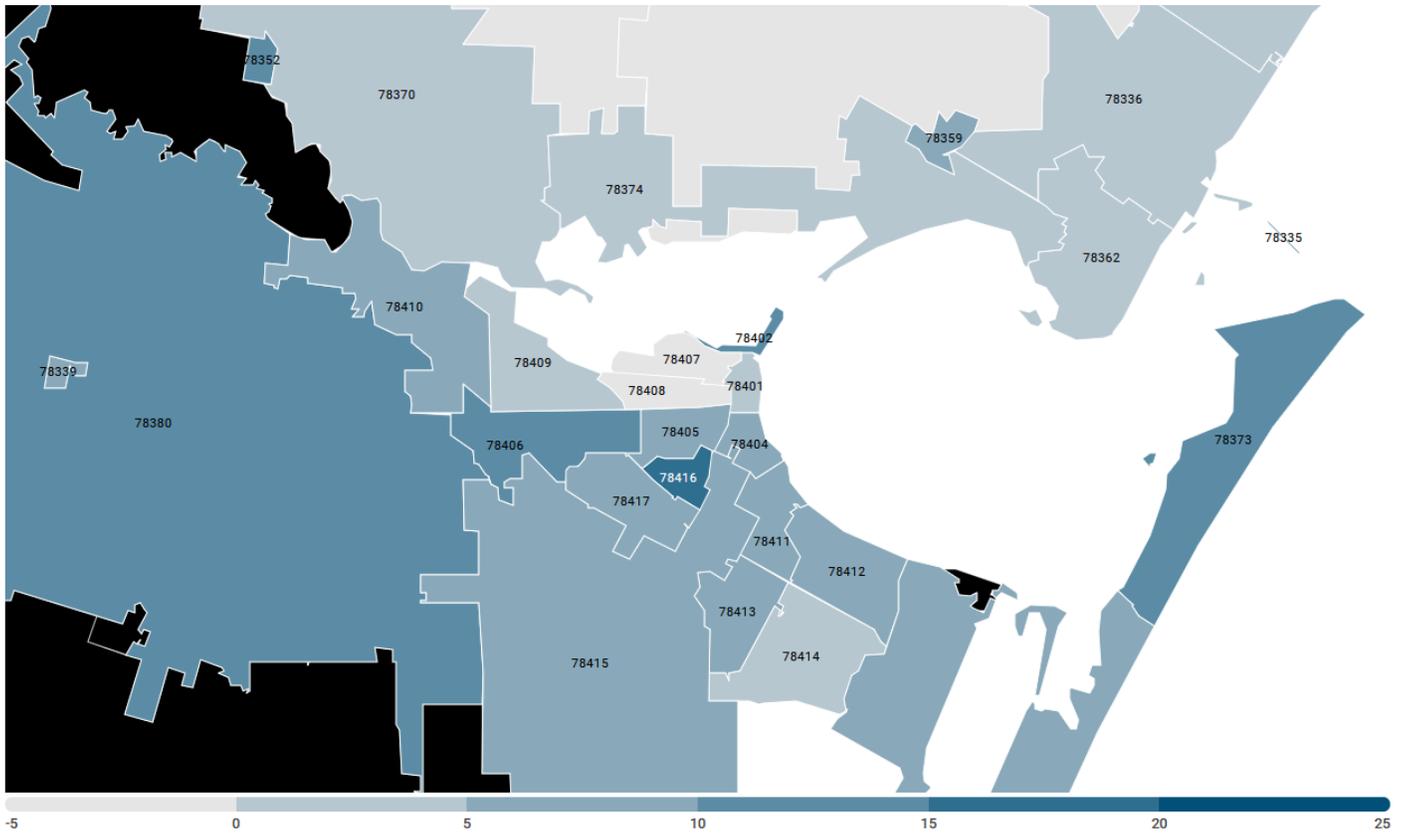
Shifting Housing Market

One aspect of the local economy that has been holding up particularly well so far this year is the housing market. During a typical economic downturn, the employment and income levels decline so that housing demand, especially for high-end homes, also falls. At the state level, the value of a typical home in Texas has indeed slowed down from an appreciation rate exceeded the national average for years. While new listings have fallen since the onset of the COVID-19 outbreak, the demand for housing in Corpus Christi has stayed strong. Other than near historic low mortgage interest rates that have boosted overall homeownership, some factors have made homes in certain neighborhoods of Corpus Christi increasingly attractive.

Researchers at the Dallas Fed, Sitian Liu and Yichen Su, [have found](#) that across the U.S., the ongoing pandemic has led to a greater decline in the demand for housing closer to city centers and in urban neighborhoods with higher population density. These neighborhoods tend to be employment clusters and offer more amenities, such as restaurants and bars, retail shops, and more access to public transit. However, social distancing and business lockdowns have reduced the actual benefits of such amenities temporarily while raising people’s concern about the risk of living in crowded locations. Also, as a larger portion of the workforce across the nation has been working remotely, reducing the desirability of living close to the workplace.

Changing market conditions in different neighborhoods of Corpus Christi reflect this shift in housing demand. By July this year, the median home price of the metro area as a whole rose nearly 7 percent year-over-year, compared to 3.5 percent statewide and 4.5 percent nationwide. The annual appreciation rate was as high as more than 13 percent for Port Aransas homes, while home prices tended to appreciate at a lower rate or even decrease for neighborhoods closer to downtown. While it remains too early to tell whether this preference toward more space and perhaps waterfront properties will persist, the COVID-19 pandemic has at least partially reversed a decade-long trend of migration to fast-growing cities, such as Austin and San Antonio.

July 2020 Year-over-Year Percent Change in Median Home Price by ZIP Code



Data Source: Zillow.com.