
MARKET AND ECONOMIC FEASIBILITY STUDY UPDATE

Tax Increment Reinvestment Zone #2

Corpus Christi, Texas



Prepared for:

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March 2019

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INTRODUCTION

Community Development Strategies (CDS) was asked by the City of Corpus Christi to examine the market conditions and assessed value trends in the existing TIRZ #2 (North Padre Island TIRZ), which is currently set to expire in 2022, and project new development and value increases that would likely occur if the zone's life is extended on a long-term basis (perhaps 20 years). Based on the findings herein, CDS will provide a documented assessment concerning the revenue projections for TIRZ #2, including the potential for future development and re-development of various properties and commercial land uses that exist or could be planned for the proposed Zone in its existing and potentially expanded boundaries. Such land uses will likely include:

- Multifamily residential (for sale or rent)
- Single family residential (for sale or rent)
- Retail / Commercial
- Lodging / hospitality / hotel

CDS will make special consideration for the role of second home and investor ownership patterns in the residential market and the impacts of Hurricane Harvey damage on market potential and assessed values.

ECONOMIC AND DEMOGRAPHIC OVERVIEW

Regional Economic Trends

The Corpus Christi Metropolitan Statistical Area (MSA) includes Aransas, Nueces and San Patricio Counties, illustrated in the map on the right. The city of Corpus Christi is the economic center of the MSA and the larger region served by the Coast Bend Council of Governments.

The region currently has a population of 460,669 and an employment of 211,341.

Employment trends

The employment growth of the region has been positive. The table below illustrates the historical unemployment rates. As shown in Figure 2, Corpus Christi MSA is currently at 4.4% which is slightly above Texas (3.5%) and the U.S. (3.9%).

Figure 1: Map of Corpus Christi MSA

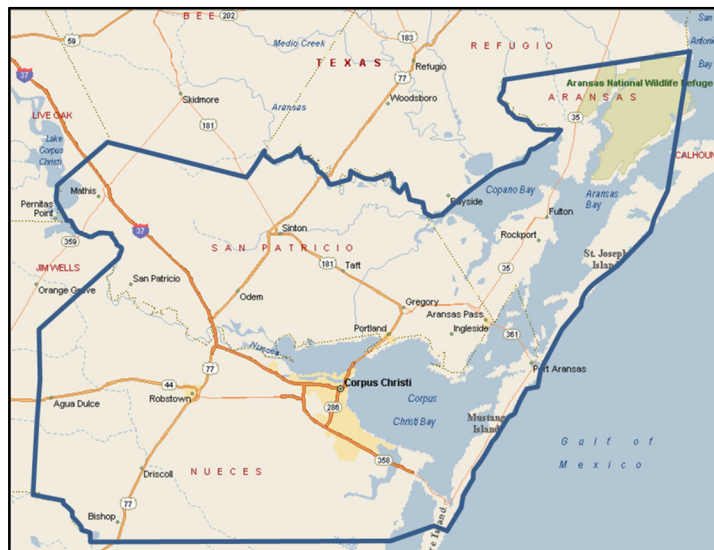


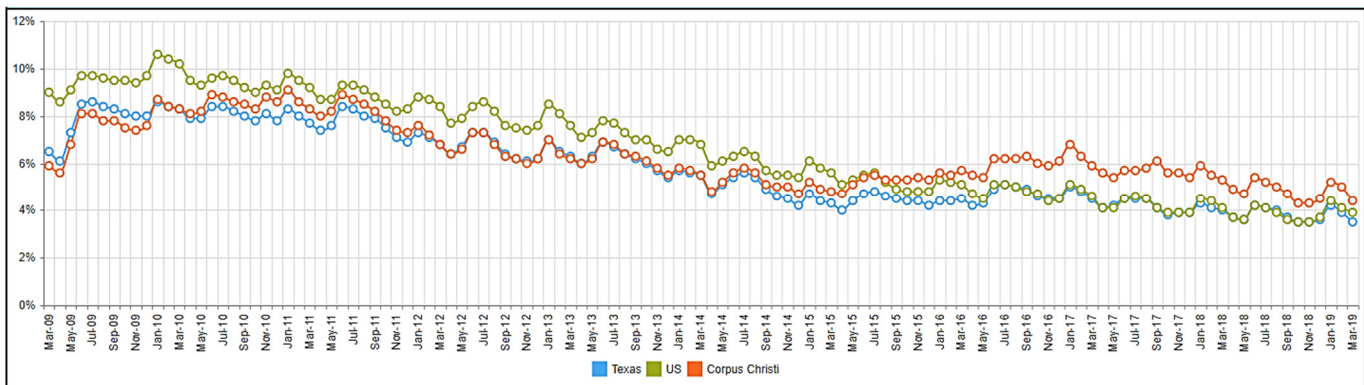
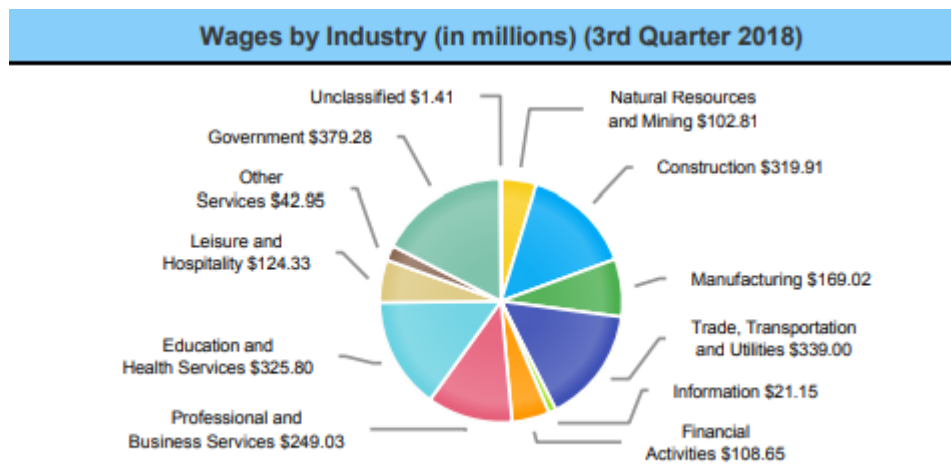
Figure 2: Corpus Christi MSA Unemployment Rates March 2009-2019

Figure 3 below illustrates wages by industry. Government had the highest wages by industry at 379.28 million at 3Q2018.

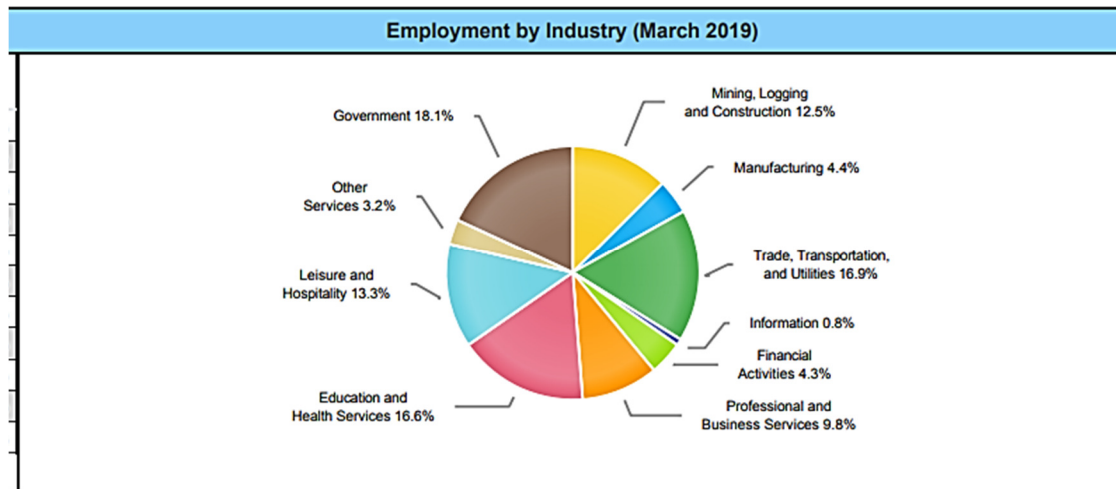
Figure 3: Corpus MSA Employment Wages by Industry

Source: Texas Real Estate Center/Texas Workforce Commission, April 2019

Figure 4 illustrates the employment by selected economic sectors. The largest sectors are Trade/Transportation, Government, and Education/Health Services. Followed by “Mining” and “Leisure and hospitality”. Sectors that saw growth from 2017 to 2018 were Manufacturing, Professional Services, Education and Health, and Financial Activities.

The sectors in the Corpus Christi MSA that have seen negative job growth were Mining and Trade/transportation.

Figure 4: Employment By Industry



Employment by Industry (March 2019)			
Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	194,300	0.0%	0.5%
Mining, Logging and Construction	24,300	-1.6%	-6.5%
Manufacturing	8,500	-2.3%	4.9%
Trade, Transportation, and Utilities	32,900	0.0%	-0.6%
Information	1,600	0.0%	0.0%
Financial Activities	8,300	0.0%	2.5%
Professional and Business Services	19,000	-3.1%	3.3%
Education and Health Services	32,300	0.0%	2.9%
Leisure and Hospitality	25,900	3.6%	1.6%
Other Services	6,300	1.6%	1.6%
Government	35,200	0.6%	0.6%

Source: Texas Real Estate Center/Texas Workforce Commission, April 2019

The table below lists the major employers in the Corpus Christi MSA. Government agencies (local and military) and health care institutions dis-proportionately represent the major employers in the region.

Figure 5: 2018 Top Industries in the Coastal Bend Region

Corpus Christi Independent School District	5,944
Naval Air Station Corpus Christi	4,500
H.E.B. Stores & Bakery	3,840
CHRISTUS Spohn Hospital	3,400
Corpus Christi Army Depot	3,400
City of Corpus Christi	3,202
Driscoll Children's Hospital	2,136
Corpus Christi Medical Center	1,885
Kiewit Offshore Services	1,750
Bay Ltd.	1,700
Del Mar College	1,500
Nueces County	1,440
Flint Hills Resources	1,200
Texas A&M University - Corpus Christi	1,180
Turner Industries	1,100
Valero Bill Greehey Oil Refinery	800
Kane Beef Processors LLC	750
CITGO	550

Source: Corpus Christi Regional Economic Development Corporation, Regional Profile, August, 2018

Regional Economy

The Corpus Christi regional economy has two strong underpinnings: 1) a strong industrial base and 2) a healthy tourism industry.

According to a recent report from the Corpus Christi Housing Overview/Fed Reserve Bank of St Louis, the regional employment has grown consistently since 2016.

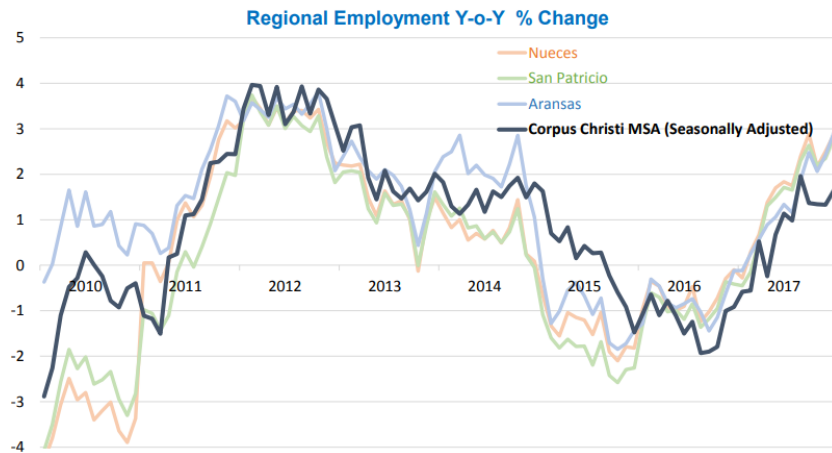
Regional Unemployment rate is returning to its oil boom levels around 5%.

Local growth factors to the region include \$50 billion in industrial construction projects underway and the new Harbor bridge construction, adding 5,171 jobs in 2018 alone.

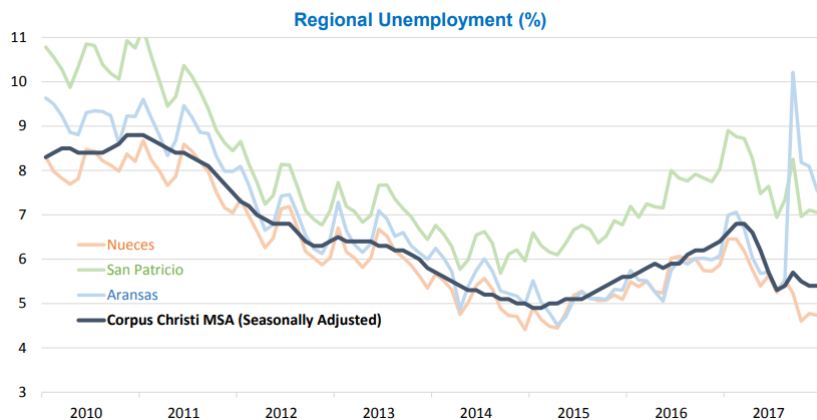
Future economic growth in the Corpus Christi region is expected to be less dependent on the oil and gas sectors and be generated by:

- the expansion of trade through the Port,
- becoming a center for alternative energy sources (stimulated by the wind energy research activities being proposed for the area),
- tourism, and
- a burgeoning retirement community

Figure 6: Corpus Christi MSA Job Growth



Graphics From: Corpus Christi Housing Overview; Real Estate Center at Texas A&M University and Federal Reserve Bank of St Louis



Capital Development Projects' Impacts

	2018	2019	2020	2021	2022
Construction Employment Change (Job Years)					
Harbor Bridge	598	578	352		
Industrial Projects	3,914	7,284	3,306	751	43
Permanent Employment Change					
Manufacturing Sector	659	363	25	80	520
Total Jobs	5,171	8,225	3,683	831	563

Corpus Christi Economy

Depressed energy prices did not completely weaken the job market in Corpus Christi. Large employers and consistent growth in major industries such as government and education and health services stabilized the metro's economy and made it less susceptible to economic hardships caused by the oil industry. The Naval Air Station, CHRISTUS Spohn Health System, and the Corpus Christi Independent School District are the three largest employers here. All in all, after job growth ended in 2015, it has since rebounded slightly, though total employment in Corpus Christi has remained relatively flat since then, even with the rebound in energy prices. Much of this can be attributed to the fact that Corpus was one of the hardest hit during Hurricane Harvey last year.

The Port of Corpus Christi is going through a period of transformation. Since the downturn of the oil industry, the metro's tenant base has diversified to include an Austrian steel company Voestalpine and an \$11 billion export terminal for Cheniere LNG is currently under construction. Port officials are also planning a project to make the port's channel 52 feet deep and 530 feet wide, making it able to accommodate almost any size ship. This is all part of an effort to keep the Port of Corpus Christi among the leading ports in the country. Additionally, there has been a subtle return of energy related companies, as Flint Hills Resources and a subsidiary of Occidental Petroleum Group have recently moved to the Port of Corpus Christi.

Figure 7: Corpus Christi Employment By Industry (in thousands)

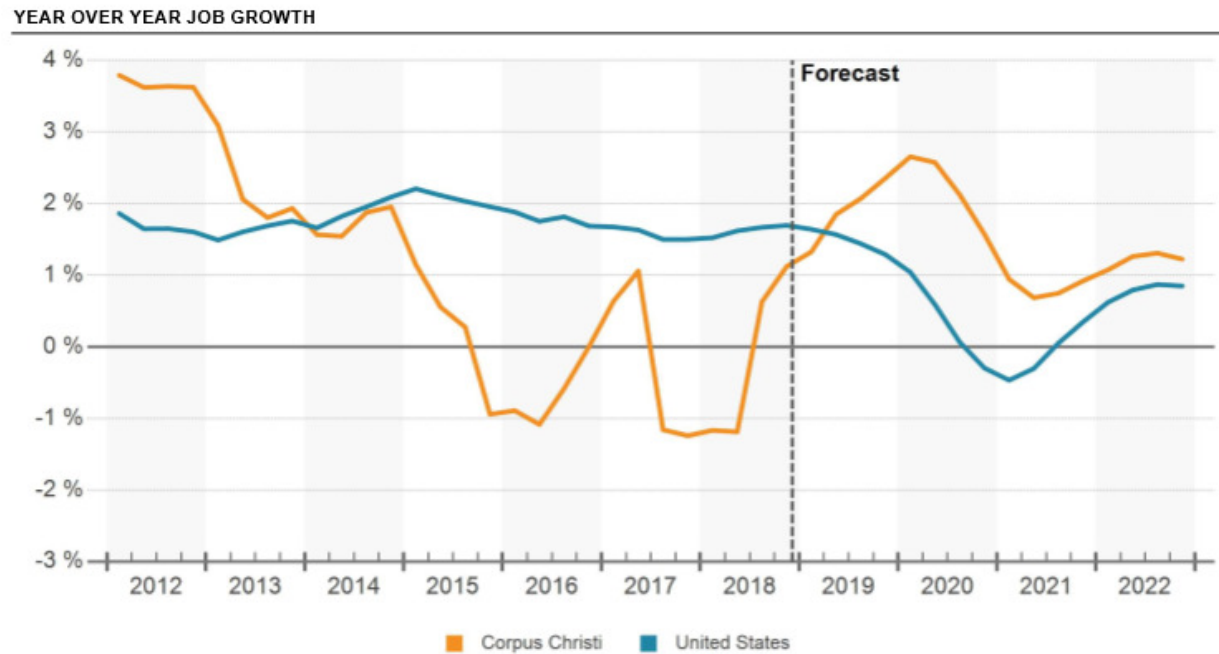
NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	8	0.5	-2.50%	2.08%	-3.01%	-0.26%	-0.21%	-1.41%
Trade, Transportation and Utilities	33	0.9	-0.39%	1.19%	0.05%	0.74%	0.89%	0.16%
Retail Trade	21	1.0	-1.45%	0.43%	0.06%	0.57%	0.79%	0.20%
Financial Activities	8	0.7	1.91%	1.41%	-0.34%	0.58%	1.14%	0.60%
Government	34	1.2	-0.16%	0.30%	-0.11%	-0.07%	0.40%	0.53%
Natural Resources, Mining and Construction	28	2.7	6.41%	4.32%	1.81%	0.43%	2.39%	1.29%
Education and Health Services	32	1.0	2.04%	2.10%	1.22%	2.08%	1.94%	1.02%
Professional and Business Services	18	0.6	1.12%	2.56%	0.46%	1.94%	2.09%	1.24%
Information	2	0.5	-4.83%	-0.45%	-3.66%	-0.59%	0.85%	0.07%
Leisure and Hospitality	25	1.2	-0.92%	1.67%	1.66%	2.11%	2.08%	1.04%
Other Services	7	0.9	-0.53%	1.25%	-0.03%	0.70%	1.00%	0.22%
Total Employment	193	1.0	0.99%	1.69%	0.46%	0.97%	1.43%	0.58%

Source: Moody's Analytics
LQ = Location Quotient

Source: CoStar Corpus Christi Economy

As shown in Figure 7 above, job growth is forecasted to continue in Corpus Christi but at a lower rate over the next five years as compared to historical trends.

Figure 8: Corpus Job Growth



CCREDC 2017 Annual Report reported over \$30 billion in capital investments with a net of 2,172 jobs created. The largest investment was GCGV (ExxonMobil/SABIC) at \$9.65 billion with 640 full-time jobs. The most recent successes from the report are outlined on the following page.

Figure 9: Corpus Area 2017 Investment in Economy

MOST RECENT SUCCESSES:

\$30,221,900,000
TOTAL CAPITAL INVESTMENT



2,172
JOBS

- **SWC Group** ➔ \$1 million ➔ 75 full time jobs

GCGV (ExxonMobil/ SABIC)

\$9.65 BILLION Total Capital Investment ➔ **640+** Full Time Jobs
Over \$60 million in annual payroll

- **Envirotech Carriers** ➔ \$500,000 ➔ 10 full time jobs
- **Radiology Associates** ➔ \$6 million ➔ 112 full time jobs
- **BASF** ➔ \$55 million ➔ 20 full time jobs
- **Chemours** ➔ \$230 million ➔ 45 full time jobs
- **Rangeland Energy** ➔ \$100 million ➔ 50 full time jobs
- **Results** ➔ \$100,000 ➔ 200 full time jobs
- **Adler Scaffolding** ➔ \$2 million ➔ 150 full time jobs
- **Tex-Isle** ➔ \$50 million ➔ 100 full time jobs
- **Oxy Petroleum** ➔ \$100 million ➔ 30 full time jobs
- **Gravity Midstream** ➔ \$200 million ➔ 25 full time jobs
- **QSR Online** ➔ \$400,000 ➔ 27 full time jobs
- **Govind Development** ➔ \$2.1 million ➔ 206 full time jobs
- **Cheniere** ➔ \$19 billion ➔ 500 full time jobs
- **CC Cold Storage** ➔ \$2.4 million ➔ 10 full time jobs
- **Occidental Petroleum** ➔ \$58.5 million ➔ 61 full time jobs
- **LyondellBassell** ➔ \$500 million ➔ 18 full time jobs
- **Epic Y Grade** ➔ \$200 million ➔ 10 full time jobs

Source: CCREDC 2017 Annual Report

Figure 10: Projected Additional Tax Revenues

Generated from New Regional Projects *

	2017 - 2024	2027 - 2034
School Districts	\$998,247,217	\$3,702,205,157
Municipalities	\$95,126,411	\$176,621,237
Community Colleges	\$24,860,349	\$47,840,219
Counties	\$471,533,167	\$2,136,842,132
Other Districts	\$27,634,171	\$50,766,063

Taxing Entity	10 Year	20 Year
Nueces County	\$61,290,751	\$117,081,426
Hospital District	\$27,634,171	\$50,766,063
City of Corpus Christi	\$95,126,411	\$176,621,237
Nueces School Districts	\$270,782,559	\$502,393,510
Del Mar College	\$24,860,349	\$47,840,219
Type A Effect	\$26,385,763	\$47,944,853
San Patricio County	\$410,242,416	\$2,019,760,706
San Patricio School Districts	\$727,464,658	\$3,199,811,647

These tax revenues are net of any incentives offered. Assumed the time to complete schedule doesn't move appreciatively. City of Corpus Christi includes the industrial district payments

Source: CCREDC 2017 Annual Report; no explanations are provided in the report.

Hurricane Harvey

The National Weather Service reported on Thursday August 24th, 2017 Harvey's impact on the Middle and Upper Texas Coast seemed almost certain and potentially devastating. Not only was Harvey forecast to become a hurricane by Thursday evening, but it was expected to strengthen and make landfall as a major hurricane (Category 3 or higher) on Friday.

Although the eye of Harvey made landfall around 30 miles northeast of the city of Corpus Christi, strong and damaging wind gusts were experienced away from the center of circulation at the Corpus Christi International Airport and in the city as well as other locations. The Corpus Christi International Airport had a 63 mph gust before it went offline. The Victoria RAWS station had a peak gust of 83 mph. Much higher wind gusts did occur in the city of Corpus Christi, as the Doppler radar showed velocities of 70 mph or more, just a few hundred feet off the surface.

Rockport and Fulton were hardest hit by the storm as they took a direct hit from Harvey's eyewall. Many structures, residences, and business in and near the Rockport and Fulton area were damaged or destroyed, as roofs were blown off and walls collapsed. Electricity and water services were lost. The city's infrastructure was crippled. Significant structural damage also occurred in numerous other coastal town including Port Lavaca, Copano Village, Aransas Pass, Port Aransas and Ingleside. Tens of thousands of South Texas residents and businesses lost power for days, with the hardest hit areas likely losing power for several weeks. Although there was a significant number of trees, fences and power poles down or damaged in the Corpus Christi Metropolitan area, structural damage was much more isolated.

The storm surge from Harvey brought dramatically increased water and tide levels over the Texas Coast. The highest maximum storm tides were observed at the Aransas Wildlife Refuge, where the storm surge levels were more than 12 feet above ground level. Storm surge in Port Lavaca was also more than 10 feet and at least 6 feet in Port Aransas. Elsewhere across South Texas, storm tide levels were from near 3 to 6 feet above ground level at Seadrift, Port O'Connor, Holiday Beach, Copano Bay, Port Aransas, and Bob Hall Pier.

After causing deadly and damaging winds and floods to South Texas, and catastrophic, historical, devastating, and life-threatening flooding over Southeast Texas, Harvey finally made its final landfall near Cameron, Louisiana during the overnight hours on Wednesday August 30th.

According to the Economic Pulse (Texas A&M University CC/South Texas Economic Development Center) In the Corpus Christi metro area, the cities of Port Aransas, Aransas Pass, Rockport, Ingleside, Sinton, Taft, Portland and Gregory issued mandatory evacuation orders beginning the morning of one day before Harvey's landfall. The City of Corpus Christi issued voluntary evacuation. Other than the public and personal expenditures involved in evacuation, most businesses were closed and industrial facilities like oil refineries were shut down for an average of one week. In this case, the economic impact includes the temporary disruption to the area's economic activity, which can be measured by lost output and wage earnings. This transitory impact is due to a loss of customer base, personnel disruptions, and disruptions to the transportation network and supply chain.

As opposed to flood waters in other parts of Texas, wind gusts and storm surge were the primary sources of damage. Strong winds tore off roofs, exterior walls and fences, demolished mobile homes, snapped or uprooted trees, and damaged power lines, business facilities and public infrastructure. In addition to houses and buildings, storm surge caused damage to boats, piers and vehicles. Within two weeks of Harvey's landfall in the Coastal Bend, scientists at Texas A&M University-Corpus Christi began flying Unmanned Aircraft Systems (UAS), commonly known as drones, over the hardest hit areas. The application of UAS technologies, particularly Digital Surface Models, generated more detailed and

accurate information about damage to individual properties than conventional satellite or aerial images. The surveillance data suggest that the equivalent of 43% of structures were destroyed or uninhabitable in Rockport and other parts of Aransas County. The corresponding share was 26% for Port Aransas. Property damages in other parts of the metro area were relatively modest and scattered.

The recovery period will last for years or even decades, depending on how soon capital stock is restored and how fast businesses bounce back to their pre-disaster conditions and take advantage of post-disaster market opportunities. The local economy will reach a new equilibrium in the long run, which could even be above the pre-disaster level.

Corpus Christi Damage Assessment (CC Caller Times, Aug. 2017):

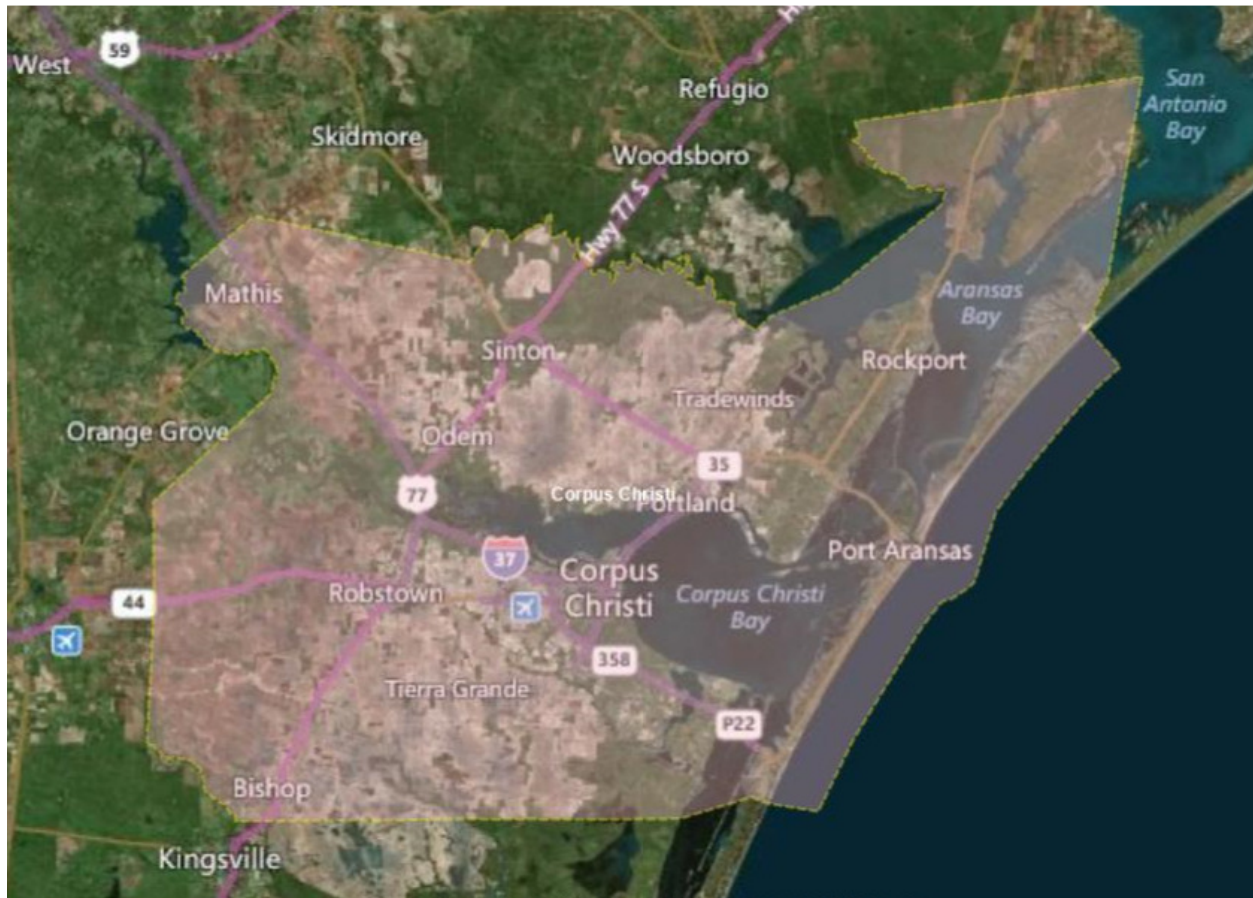
- **Annville/Calallen:** Widespread power outages and tree limbs downed but little property damage
- **Downtown:** Some businesses damaged, letters ripped off Wells Fargo building, downed trees, signs down.
- **Padre Island:** Tree debris in roadways, some sign damage on businesses, fences down, some roof damage.
- **Northside:** little serious property damage, downed trees and power lines.
- **Ocean Drive/Texas A&M University-CC:** Several downed trees blocked lanes on parts of Ocean and in neighborhoods off Ocean and near the university; at least two metal light poles in medians downed; Oso Pier and at least one private pier behind a house washed out; early assessment is minimal damage at the university.
- **North Beach:** Several downed trees in the road. Able to navigate roadways easily. No flooding. Some street signs knocked down.
- **Flour Bluff:** Fences downed, some signs down, some structural damage.
- **Westside:** minimal damage, debris in roadways, downed trees and limbs, damaged fences and business signs.
- **Southside:** minimal property damage, widespread power outages early on, debris in roads, downed trees.

DEMOGRAPHIC TRENDS

Corpus Christi MSA

The MSA includes Aransas County, Nueces County and San Patricio County.

Figure 11: MSA Map



Regional Demographics

The table below illustrates some recent demographic trends for the Corpus Christi MSA. Demographic data in this report is from PCensus for MapInfo, which is a reseller of Claritas, Inc. demographic data. According to PCensus estimates, over the past 8 years since the 2010 census, the region has added 32,484 persons (7.5%) and 14,985 households. The region is 60.8% Hispanic.

Table 1: Corpus Christi MSA Demographic Overview

	MSA
Population	
2023 Projection	486,108
2018 Estimate	460,669
2010 Census	428,185
Growth 2018-2023	5.52%
Growth 2010-2018	7.59%
Growth 2000-2010	6.18%
2018 Est. Population by Single-Classification Race	460,669
White Alone	81.16%
Black or African American Alone	3.65%
American Indian and Alaska Native Alone	0.67%
Asian Alone	1.94%
Native Hawaiian and Other Pacific Islander Alone	0.10%
Some Other Race Alone	9.80%
Two or More Races	2.68%
2018 Est. Population Hispanic or Latino by Origin	460,669
Not Hispanic or Latino	39.12%
Hispanic or Latino	60.88%
Households	
2023 Projection	182,821
2018 Estimate	172,004
2010 Census	157,019
Growth 2018-2023	6.29%
Growth 2010-2018	9.54%
Growth 2000-2010	10.90%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

City of Corpus Christi

The City of Corpus Christi has, within the municipal boundaries, almost three fourths of the residents of the region with a current estimated population of 330,925. Population has grown by 8.42% since 2010, compared to 7.59% in the Region.

Table 2: City of Corpus Christi Population and Household Trends

	Corpus Christi
Population	
2023 Projection	350,127
2018 Estimate	330,925
2010 Census	305,215
2000 Census	277,552
Growth 2018-2023	5.80%
Growth 2010-2018	8.42%
Growth 2000-2010	9.97%
Households	
2023 Projection	132,238
2018 Estimate	124,221
2010 Census	112,843
2000 Census	98,922
Growth 2018-2023	6.45%
Growth 2010-2018	10.08%
Growth 2000-2010	14.07%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

The table on the following page illustrates the historical and expected future population by age group. The City's growth from 2010 to 2018 has been substantial (25,710 added). The population of the City is getting slightly older with most of the change occurring in the 25 to 34 age group, followed by 65 to 74.

Table 3: Population and Age Trends – City of Corpus Christi Total

Age Group	2000 Census		2009 Estimate		2018 Estimate		Change	
	Count	Share	Count	Share	Count	Share	2000-2009	2009-2018
Total Population	277,454		287,168		330,925		9,714	43,757
Age 0 to 4	21,544	7.8%	22,243	7.8%	22,509	6.80%	699	266
Age 5 to 9	21,592	7.8%	21,518	7.5%	22,439	6.78%	-74	921
Age 10 to 14	21,487	7.7%	20,809	7.3%	22,814	6.89%	-678	2,005
Age 15 to 17	13,439	4.8%	12,521	4.4%	14,204	4.29%	-918	1,683
Age 18 to 20	13,329	4.8%	12,791	4.5%	14,078	4.25%	-538	1,287
Age 21 to 24	16,058	5.8%	16,567	5.8%	19,030	5.75%	509	2,463
Age 25 to 34	37,792	13.6%	37,792	13.1%	48,243	14.58%	0	10,451
Age 35 to 44	43,275	15.6%	36,898	12.9%	42,844	12.95%	-6,377	5,946
Age 45 to 54	36,585	13.2%	40,716	14.2%	38,679	11.69%	4,131	-2,037
Age 55 to 64	21,551	7.7%	31,472	10.9%	39,692	11.99%	9,921	8,220
Age 65 to 74	16,944	6.1%	17,541	6.1%	27,500	8.31%	597	9,959
Age 75 to 84	10,533	3.8%	11,561	4.0%	13,153	3.97%	1,028	1,592
Age 85 and over	3,325	1.2%	4,739	1.7%	5,740	1.73%	1,414	1,001
Age 16 and over	208,504	75.2%	218,504	76.1%	258,508	78.12%	10,000	40,004
Age 18 and over	199,392	71.9%	210,077	73.2%	248,959	75.23%	10,685	38,882
Age 21 and over	186,063	67.1%	197,286	68.7%	234,881	70.98%	11,223	37,595
Age 65 and over	30,802	11.1%	33,841	11.8%	46,393	14.02%	3,039	12,552
Median Age	33.2		34.8		35.5		1.6	0.7
Average Age	34.7		36.2		37.5		1.5	1.3

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

Approximately 20.9% of the Corpus Population holds a bachelor's degree or higher; 1% have a Doctorate degree.

Table 4: Educational Attainment

2018 Est. Pop Age 25+ by Edu. Attainment	215,851
Less than 9th grade	16,597
Some High School, no diploma	23,619
High School Graduate (or GED)	61,670
Some College, no degree	50,761
Associate Degree	17,981
Bachelor's Degree	29,693
Master's Degree	10,888
Professional School Degree	2,352
Doctorate Degree	2,290

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

The median household income in the City is \$55,063. Approximately 23% of the households earn over \$100k per year.

Table 5: Corpus Christi Household Income

2018 Est. Households by HH Income	124,221	%
Income < \$15,000	15,720	12.65%
Income \$15,000 to \$24,999	13,796	11.11%
Income \$25,000 to \$34,999	11,754	9.46%
Income \$35,000 to \$49,999	16,335	13.15%
Income \$50,000 to \$74,999	22,245	17.91%
Income \$75,000 to \$99,999	16,376	13.18%
Income \$100,000 to \$124,999	10,303	8.29%
Income \$125,000 to \$149,999	6,191	4.98%
Income \$150,000 to \$199,999	6,034	4.86%
Income \$200,000 to \$249,999	2,474	1.99%
Income \$250,000 to \$499,999	2,278	1.83%
Income \$500,000+	715	0.58%
2018 Est. Average Household Income	\$73,029	
2018 Est. Median Household Income	\$55,063	

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

Employment

Approximately 53% of the Corpus Christi population is employed in white collar jobs.

Table 6: City Employment

2018 Est. Civ. Employed Pop 16+ by Occupation	156,199	
Architect/Engineer	2,299	1.47%
Arts/Entertainment/Sports	1,584	1.01%
Building Grounds Maintenance	8,224	5.27%
Business/Financial Operations	4,875	3.12%
Community/Social Services	2,296	1.47%
Computer/Mathematical	1,377	0.88%
Construction/Extraction	12,396	7.94%
Education/Training/Library	8,393	5.37%
Farming/Fishing/Forestry	279	0.18%
Food Prep/Serving	12,241	7.84%
Healthcare Practitioner/Technician	9,084	5.82%
Healthcare Support	4,387	2.81%
Maintenance Repair	7,293	4.67%
Legal	1,373	0.88%
Life/Physical/Social Science	789	0.51%
Management	12,519	8.01%
Office/Admin. Support	19,357	12.39%
Production	9,522	6.10%
Protective Service	4,383	2.81%
Sales/Related	18,294	11.71%
Personal Care/Service	5,567	3.56%
Transportation/Moving	9,667	6.19%

2018 Est. Pop 16+ by Occupation Classification	156,199	
Blue Collar	38,878	24.89%
White Collar	82,240	52.65%
Service & Farm	35,081	22.46%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

Population and Employment Forecasts for City of Corpus Christi

According to the MPO the next update will be the later part of 2019. The principal point of these forecasts is that they demonstrate long-term growth rates consistent with past trends – continued slow to moderate growth.

The MPO did extract the population/employment forecast numbers for 2040 for the traffic analysis zones (TAZ) that make up the city of Corpus Christi. This is an estimate as TAZs and do not precisely align with the city boundary. The MPO study area is the full two counties, Nueces and San Patricio, and a small sliver of Aransas county.

Table 7: City Population and Employment Forecasts

2040	Corpus Christi	MPO Study Area
Population	361,570	576,182
Employment	185,223	258,558

Source: Corpus Christi Metropolitan Planning Organization, May 2019

Housing Trends Comparisons

The TIRZ includes the largest percentage of renter-occupied units (47.1%) and the shortest average length of residency compared to the City and the MSA. The TIRZ median value is significantly higher at \$285,575 and the units are comparatively newer.

As shown, the TIRZ as well as the other areas are owner-occupied dominated market. The TIRZ has significantly more multifamily (condos, townhomes) than the City or MSA which is dominated by single family residential.

Table 8: Housing Trends

	TIRZ #2		City of Corpus Christi		MSA	
2018 Est. Occupied Housing Units by Tenure	634		124,221		172,004	
Owner-Occupied	335	52.83%	74,098	59.65%	108,402	63.02%
Renter-Occupied	299	47.17%	50,123	40.35%	63,602	36.98%
2018 Occupied Housing Units: Avg. Length of Residence (by years)						
Owner-Occupied	5		12		12	
Renter-Occupied	3		3		3	
2018 Est. Owner Occupied Housing Units by Value	335		74,098		108,402	
Value Less than \$20,000	10	3.07%	1,594	2.15%	3,304	3.05%
Value \$20,000 to \$39,999	2	0.60%	2,556	3.45%	5,454	5.03%
Value \$40,000 to \$59,999	2	0.46%	4,373	5.90%	7,838	7.23%
Value \$60,000 to \$79,999	19	5.68%	6,944	9.37%	10,251	9.46%
Value \$80,000 to \$99,999	13	3.94%	9,239	12.47%	12,178	11.23%
Value \$100,000 to \$149,999	19	5.62%	17,637	23.80%	22,541	20.79%
Value \$150,000 to \$199,999	29	8.69%	13,007	17.55%	18,182	16.77%
Value \$200,000 to \$299,999	73	21.88%	11,013	14.86%	15,765	14.54%
Value \$300,000 to \$399,999	45	13.39%	3,459	4.67%	5,864	5.41%
Value \$400,000 to \$499,999	29	8.77%	1,773	2.39%	2,913	2.69%
Value \$500,000 to \$749,999	45	13.55%	1,435	1.94%	2,286	2.11%
Value \$750,000 to \$999,999	26	7.91%	538	0.73%	944	0.87%
Value \$1,000,000 to \$1,499,999	17	5.00%	241	0.33%	442	0.41%
Value \$1,500,000 to \$1,999,999	4	1.23%	79	0.11%	176	0.16%
Value \$2,000,000 or more	1	0.22%	210	0.28%	264	0.24%
2018 Est. Median All Owner-Occupied Housing Unit Value	\$285,575		\$134,241		\$132,685	
2018 Est. Housing Units by Units in Structure	1,529		137,078		198,404	
1 Unit Attached	20	1.30%	2,692	1.96%	3,302	1.66%
1 Unit Detached	266	17.39%	90,181	65.79%	133,767	67.42%
2 Units	54	3.51%	4,220	3.08%	5,940	2.99%
3 or 4 Units	58	3.77%	10,404	7.59%	12,385	6.24%
5 to 19 Units	415	27.15%	16,732	12.21%	20,148	10.16%
20 to 49 Units	183	11.98%	3,368	2.46%	4,070	2.05%

	TIRZ #2		City of Corpus Christi		MSA	
50 or More Units	475	31.08%	5,888	4.30%	6,726	3.39%
Mobile Home or Trailer	38	2.48%	3,224	2.35%	11,346	5.72%
Boat, RV, Van, etc.	21	1.34%	369	0.27%	720	0.36%
Dominant structure type	50 or More Units		1 Unit Detached		1 Unit Detached	
2018 Est. Housing Units by Year Structure Built	1,529		137,078		198,404	
Housing Units Built 2014 or Later	162	10.59%	9,668	7.05%	13,518	6.81%
Housing Units Built 2010 to 2013	57	3.71%	2,103	1.53%	3,114	1.57%
Housing Units Built 2000 to 2009	244	15.93%	16,807	12.26%	27,781	14.00%
Housing Units Built 1990 to 1999	220	14.40%	14,969	10.92%	22,752	11.47%
Housing Units Built 1980 to 1989	595	38.91%	22,481	16.40%	32,461	16.36%
Housing Units Built 1970 to 1979	201	13.12%	21,879	15.96%	33,784	17.03%
Housing Units Built 1960 to 1969	38	2.49%	16,510	12.04%	23,522	11.86%
Housing Units Built 1950 to 1959	9	0.62%	21,252	15.50%	26,260	13.24%
Housing Units Built 1940 to 1949	3	0.20%	8,035	5.86%	10,422	5.25%
Housing Units Built 1939 or Earlier	0	0.01%	3,374	2.46%	4,790	2.41%
2018 Est. Median Year Structure Built**	1989		1979		1980	

Source: PCensus for MapInfo

The above is an estimate, while the table below is the last confirmed data set in 2010. As shown the estimated 2018 includes 1,529 housing units compared to 1,195 in 2010, a 27.9% increase. The 2018 estimate also shows an increased in owner-occupied units, now at 52.8% over the 44% in 2010.

Table 9: 2010 TIRZ#2 Housing Trends

2010 Estimated Tenure of Occupied Housing Units	739		105,022		151,812	
Owner-Occupied	327	44.19%	62,910	59.90%	95,541	62.93%
Renter-Occupied	412	55.81%	42,112	40.10%	56,271	37.07%
2010 Occupied Housing Units, Average Length of Residence - years						
Owner-Occupied	8		16		16	
Renter-Occupied	5		6		6	
2010 Estimated All Owner-Occupied Housing Units by Value	327		62,910		95,541	
Less than \$20,000	0	0.00%	1,380	2.19%	4,058	4.25%
\$20,000 to \$39,999	7	2.07%	3,825	6.08%	8,192	8.57%
\$40,000 to \$59,999	3	0.97%	7,436	11.82%	12,231	12.80%
\$60,000 to \$79,999	16	5.00%	9,407	14.95%	13,073	13.68%

\$80,000 to \$99,999	23	6.95%	9,021	14.34%	12,081	12.64%
\$100,000 to \$149,999	74	22.67%	18,177	28.89%	25,438	26.63%
\$150,000 to \$199,999	59	17.97%	6,050	9.62%	8,824	9.24%
\$200,000 to \$299,999	89	27.15%	4,728	7.52%	7,023	7.35%
\$300,000 to \$399,999	30	9.16%	1,570	2.50%	2,339	2.45%
\$400,000 to \$499,999	13	3.91%	558	0.89%	915	0.96%
\$500,000 to \$749,999	5	1.47%	493	0.78%	842	0.88%
\$750,000 to \$999,999	0	0.03%	140	0.22%	284	0.30%
\$1,000,000 or more	9	2.63%	125	0.20%	241	0.25%
2010 Estimated Median Owner-Occupied Housing Unit Value	\$184,320		\$101,062		\$96,913	
2010 Estimated Housing Units by Units in Structure	1,195		117,077		176,779	
1 Unit Attached	8	0.65%	4,440	3.79%	5,385	3.05%
1 Unit Detached	331	27.68%	76,724	65.53%	117,904	66.70%
2 Units	5	0.41%	2,606	2.23%	4,425	2.50%
3 or 4 Units	29	2.39%	6,708	5.73%	8,789	4.97%
5 to 19 Units	564	47.20%	16,076	13.73%	20,044	11.34%
20 to 49 Units	172	14.36%	2,551	2.18%	3,065	1.73%
50 or More Units	83	6.93%	4,440	3.79%	5,721	3.24%
Mobile Home or Trailer	0	0.00%	3,282	2.80%	10,849	6.14%
Boat, RV, Van, etc.	5	0.40%	250	0.21%	597	0.34%
Dominant structure type	5 to 19 units		1 Unit Detached		1 Unit Detached	
2010 Estimated Housing Units by Year Structure Built	1,195		117,077		176,779	
2000 or Later	354	29.66%	12,735	10.88%	21,437	12.13%
1990 to 1999	292	24.41%	12,470	10.65%	21,463	12.14%
1980 to 1989	275	23.02%	21,230	18.13%	31,742	17.96%
1970 to 1979	211	17.67%	19,893	16.99%	31,918	18.06%
1960 to 1969	32	2.71%	16,475	14.07%	24,646	13.94%
1950 to 1959	23	1.88%	20,060	17.13%	25,862	14.63%
1940 to 1949	0	0.00%	9,903	8.46%	13,023	7.37%
1939 or Earlier	8	0.64%	4,311	3.68%	6,688	3.78%
2010 Estimated Median Year Structure Built**	1992		1974		1976	

TIRZ #2 Demographics

In the previous 2009 report, only 908 persons resided in the area designated for TIRZ #2 shown below. According to the PCensus estimates, that number has increased to 1,218 as of 2018.

Figure 13: TIRZ Street Map View



The population in TIRZ #2, as illustrated in the table below, has a marked lack of children and overall lack of population under the age of 18. This population makes up only 13.65% of the total population in TIRZ #2, while this group comprises 24.76% of the population of the City of Corpus Christi overall. The TIRZ also has a higher share of persons over age 65.

Table 10: Population and Age Trends in TIRZ #2

Age Group	2000 Census		2009 Estimate		2018 Estimate		Change	
	Number	Share	Number	Share	Number	Share	2000-2009	2009-2018
Total Population	908		1,196		1,218		288	22
Age 0 to 4	29	3.2%	34	2.9%	43	3.54%	5	9
Age 5 to 9	22	2.5%	40	3.4%	46	3.75%	18	6
Age 10 to 14	25	2.8%	37	3.1%	44	3.65%	12	7
Age 15 to 17	22	2.5%	17	1.4%	33	2.71%	-5	16
Age 18 to 20	30	3.3%	16	1.4%	31	2.53%	-14	17
Age 21 to 24	87	9.55%	43	3.6%	51	4.18%	-44	8
Age 25 to 34	168	18.5%	209	17.4%	213	17.47%	41	4
Age 35 to 44	139	15.3%	201	16.9%	170	13.99%	62	-31
Age 45 to 54	155	17.0%	214	17.9%	145	11.91%	18	-69
Age 55 to 64	101	11.3%	188	15.7%	195	16.01%	87	7
Age 65 to 74	88	9.7%	107	8.9%	162	13.29%	19	55
Age 75 to 84	39	4.3%	72	6.0%	67	5.53%	33	-5
Age 85 and over	1	0.2%	18	1.5%	18	1.44%	17	0
Age 16 and over	826	91.0%	1,080	90.3%	1,074	88.20%	254	-6
Age 18 and over	808	89.1%	1,068	89.3%	1,052	86.36%	260	-16
Age 21 and over	779	85.8%	1,052	88.0%	1,021	83.83%	273	-31
Age 65 and over	129	14.2%	196	16.4%	247	20.27%	67	51
Median Age	40.3		45.0		43.7		4.7	-1.3
Average Age	41.1		44.7		44.1		3.7	-0.06

Source: PCensus for MapInfo, Tetrad Computer Applications, 2009; 2018

The table on the following page illustrates household characteristics for TIRZ #2 compared with the City of Corpus Christi. The overwhelming majority of households in the TIRZ district being one-person and two-person households further illustrates of the lack of children in the TIRZ.

In fact, the share of 3 and 4-person households in the City of Corpus Christi greatly exceeds households in the TIRZ.

Table 11: TIRZ #2 Household Characteristics

Households by Household Size	TIRZ#2		City of Corpus Christi	
	Count	Share	Count	Share
Households	634		124,221	
1 person	255	40.27%	32,997	26.56%
2 persons	260	40.95%	38,377	30.89%
3 persons	61	9.66%	21,553	17.35%
4 or more persons	57	9.13%	31,294	25.20%
Average HH Size	1.92		2.61	

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

TIRZ Employment

There are 624 employees in the TIRZ, 68.7% are white collar workers. The largest cohort of workers are employed in Management followed by Sales/Related.

Table 12: TIRZ Employment

2018 Est. Civ. Employed Pop 16+ by Occupation	624	%
Architect/Engineer	6	0.94%
Arts/Entertainment/Sports	4	0.58%
Building Grounds Maintenance	54	8.73%
Business/Financial Operations	19	3.12%
Community/Social Services	3	0.51%
Computer/Mathematical	24	3.87%
Construction/Extraction	39	6.29%
Education/Training/Library	66	10.54%
Farming/Fishing/Forestry	1	0.13%
Food Prep/Serving	14	2.29%
Healthcare Practitioner/Technician	51	8.17%
Healthcare Support	27	4.28%
Maintenance Repair	12	1.90%
Legal	21	3.42%
Life/Physical/Social Science	12	1.88%
Management	90	14.37%
Office/Admin. Support	55	8.85%
Production	5	0.80%
Protective Service	5	0.85%
Sales/Related	78	12.56%
Personal Care/Service	4	0.70%
Transportation/Moving	33	5.24%
2018 Est. Pop 16+ by Occupation Classification	624	
Blue Collar	89	14.24%
White Collar	429	68.78%
Service & Farm	106	16.98%

Household Income

These tables illustrate the household income characteristics of the area in the TIRZ district and the City of Corpus Christi.

According to the PCensus estimates, household incomes in the TIRZ area are significantly greater than the amount as the city as a whole. This may be due to the increasing number of affluent retirees living in the TIRZ.

Table 13: Household Income Distribution

TIRZ #2 vs. Corpus Christi

TIRZ #2	2000		2009		2018	
	Count	Share	Count	Share	Count	Share
Total Households	521		677		634	
Less than \$15,000	86	16.6%	109	16.1%	17	2.67%
\$15,000 to \$24,999	51	9.7%	70	10.3%	26	4.18%
\$25,000 to \$34,999	78	15.1%	91	13.5%	49	7.68%
\$35,000 to \$49,999	97	18.7%	129	19.1%	64	10.17%
\$50,000 to \$74,999	102	19.5%	125	18.5%	176	27.79%
\$75,000 to \$99,999	55	10.6%	75	11.1%	88	13.83%
\$100,000 to \$149,999	24	4.7%	39	5.8%	68	10.6%
\$150,000 to \$244,999	21	4.1%	30	4.5%	99	15.5%
\$250,000 to \$499,999	6	1.1%	7	1.0%	35	5.54%
\$500,000 or more	1	0.2%	1	0.2%	12	1.95%
CORPUS CHRISTI						
Total Households	98,779		104,275		124,221	
Less than \$15,000	19,524	19.8%	17,241	16.5%	15,720	12.65%
\$15,000 to \$24,999	14,684	14.9%	13,290	12.8%	13,796	11.11%
\$25,000 to \$34,999	13,319	13.5%	12,869	12.3%	11,754	9.46%
\$35,000 to \$49,999	16,639	16.8%	16,429	15.8%	16,335	13.15%
\$50,000 to \$74,999	17,987	18.2%	19,825	19.0%	22,245	17.91%
\$75,000 to \$99,999	8,734	8.8%	11,007	10.6%	16,376	13.18%
\$100,000 to \$149,999	5,159	5.2%	9,302	8.9%	16,494	2.41%
\$150,000 to \$244,999	1,873	1.9%	2,831	2.7%	8,508	6.85%
\$250,000 to \$499,999	614	0.6%	1,039	1.0%	2,278	1.83%
\$500,000 or more	246	0.3%	442	0.4%	715	0.58%

Source: PCensus for MapInfo, Tetrad Computer Applications, 2018

This table includes a comparison of average and median household income for the two geographies. The TIRZ average household income has increased 57% over the last 18 years while the City of Corpus Christi income increased only 18.9% over the same time period.

Table 14: TIRZ #2 vs. Corpus Christi Incomes

Measure Geography	2000	2009	2018
Average household income			
TIRZ #2	\$69,976	\$57,359	\$109,927
City of Corpus Christi	\$61,407	\$57,050	\$73,029
Median household income			
TIRZ #2	\$53,460	\$42,983	\$72,760
City of Corpus Christi	\$46,734	\$42,978	\$55,063

Source: PCensus for MapInfo, Tetrad Computer Applications

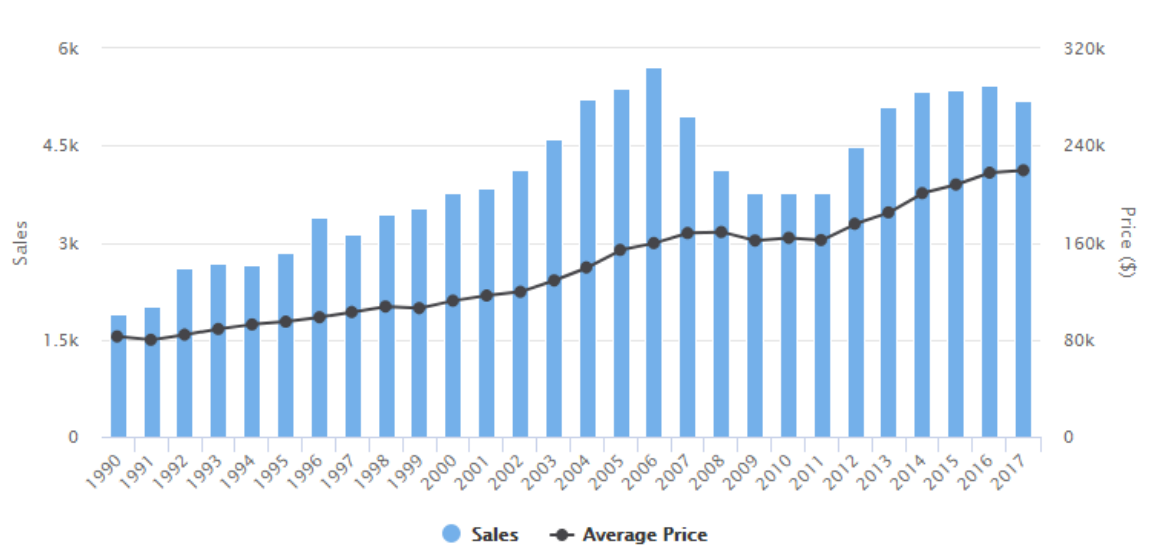
REAL ESTATE MARKET OVERVIEW

Corpus Christi MSA

Single Family Residential

Home sales and prices in the MSA have increased significantly since 2009 (the last TIRZ update). At 2017, there were 5,197 home sales with an average price of \$219,516 compared to 3,763 sales in 2009 with an average price of \$161,655. The prices have increased 35.7% over the past eighteen years.

Figure 14: MSA Home Sales and Average Price



Source: Texas A&M Real Estate Center

- At 3Q2018, the MSA sales volume increased 21.2% to 1,537 transactions.
- Median price increased 6.5% year-over-year to \$199,700.
- 2018 Q3 months inventory for all residential properties fell 7.3% year-over-year to 5.7 months.
- Metro area residential property listings decreased 2.6% year-over year to 2,581 active listings.

Multi-family

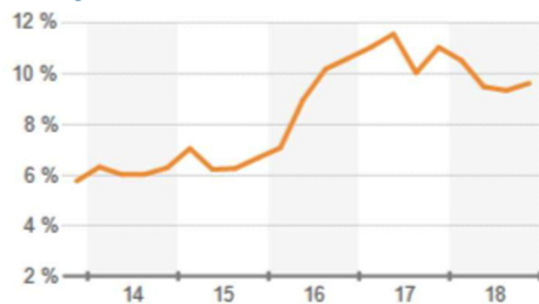
According to CoStar, December 2018, the MSA multifamily market includes 34,972 apartment units. The vacancy rate is 9.6%. There are 543 units under construction. Rents are fairly strong with positive absorption (on average over the past 5 years, 523 units absorbed annually). Figure 15 on the following page illustrates the trends.

Figure 15: MSA Multifamily Trends

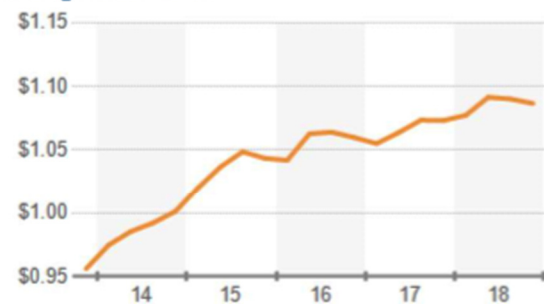
Leasing Units			Inventory in Units		
	Survey	5-Year Avg		Survey	5-Year Avg
Vacant Units	3,287	2,682	Existing Units	34,972	32,170
Vacancy Rate	9.6%	8.4%	12 Mo. Const. Starts	332	841
12 Mo. Absorption Units	705	523	Under Construction	543	1,399
			12 Mo. Deliveries	631	859

Rents			Sales		
	Survey	5-Year Avg		Past Year	5-Year Avg
Studio Asking Rent	\$882	\$856	Sale Price Per Unit	\$124,264	\$86,919
1 Bed Asking Rent	\$839	\$804	Asking Price Per Unit	\$84,972	\$43,507
2 Bed Asking Rent	\$996	\$954	Sales Volume (Mil.)	\$155	\$94
3+ Bed Asking Rent	\$1,105	\$1,051	Cap Rate	7.1%	7.6%
Concessions	2.5%	1.9%			

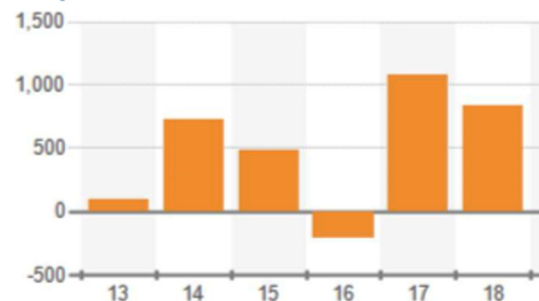
Vacancy Rate



Asking Rent Per SF



Absorption Units

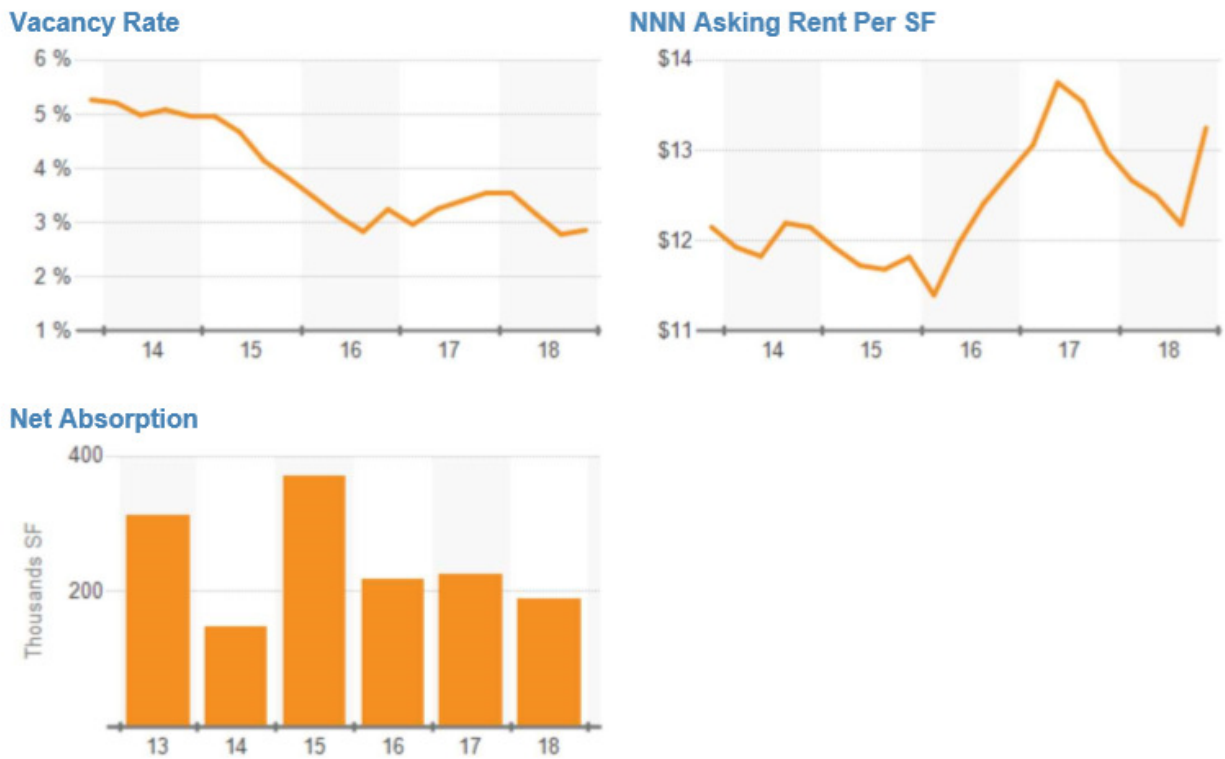


Source: CoStar, December 2018

Retail

The MSA includes 27,164,684 square feet of retail space. The vacancy rate is low at 2.9% with rents at \$13.25psf. There is 68,566 square feet under construction. Absorption has been positive with 265,349sf on average over the past five years as shown in Figure 16.

Figure 16: MSA Retail Trends



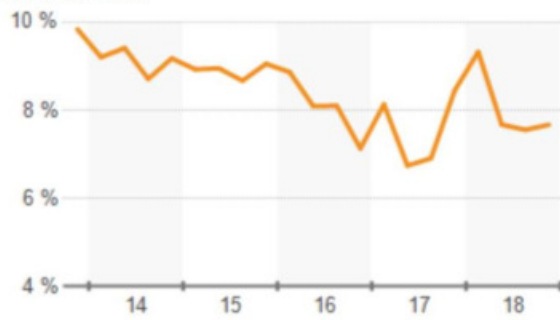
Source: CoStar, December 2018

Office

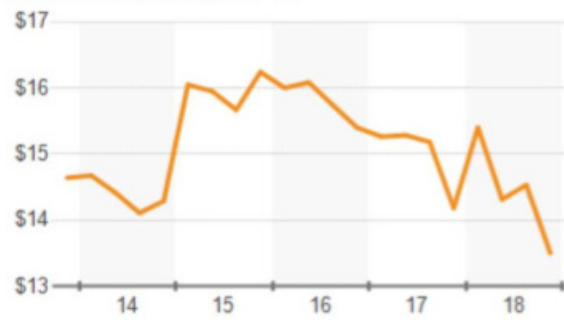
The MSA office market includes 11,115,241 square feet in 861 buildings. The vacancy rate is 7.7% with rents at \$13.50psf. There is 50,000sf under construction. Absorption has been negative over the past 12 months (-134,099) but positive over the past five years (66,060).

Figure 17: MSA Office Trends

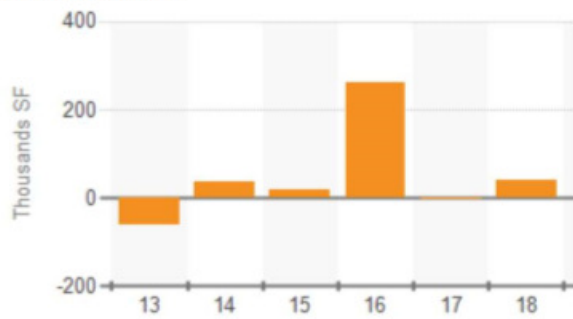
Vacancy Rate



Gross Asking Rent Per SF



Net Absorption



Source: CoStar, December 2018

Corpus Christi Overall

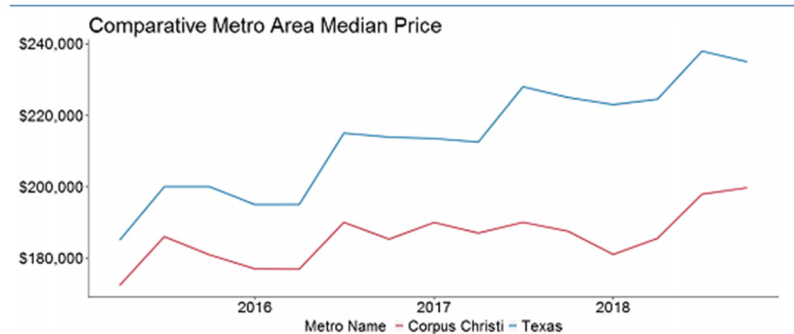
Corpus Christi enjoyed strong economic growth from 2010–2014, thanks to the energy industry. Oil prices have fallen since then, bruising the economy. With the addition of about 5,300 jobs from 16Q4–17Q4, the unemployment rate has improved to 5.2%, from 6.2% at year-end 2016. Plus, median household income and population gains, while still growing, slowed down significantly, according to the latest report from the Texas A&M Real Estate Center.

Single Family Residential

At 3Q2018, median price in the Corpus Christi metro increased by approximately 6.5% year-over-year, from \$188,000 to \$199,700 (Figure 18). Metro area price lagged the statewide median price of \$235,000 by \$35,300.

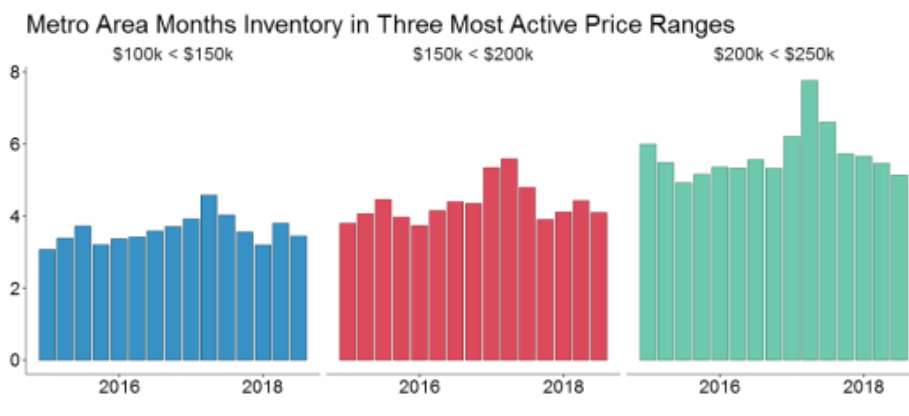
Metro area months inventory (number of homes available) decreased year-over-year from 6.12 to 5.68 months (Figure 19). Homes between \$150k and \$200k fell year-over-year, from 4.79 to 4.1 months, while homes between \$200k and \$250k fell year-over-year, from 6.61 to 5.14 months and homes between \$100k and \$150k fell year-over-year, from 4.03 to 3.44 months.

Figure 18: Median Home Price Trends



Source: Texas A&M Real State Center

Figure 19: Corpus Inventory by Price Range



Source: Texas A&M Real State Center

Average days to sell throughout the metro area fell from 122 to 111 days, a decrease of 9% year-over-year. Average days to sell for homes between \$150k and \$200k decreased by approximately 9.2% year-over-year, from 109 to 99 days as shown on Figure 20.

Figure 20: Corpus Days to Sell



Source: Texas A&M Real Estate Center, 2018

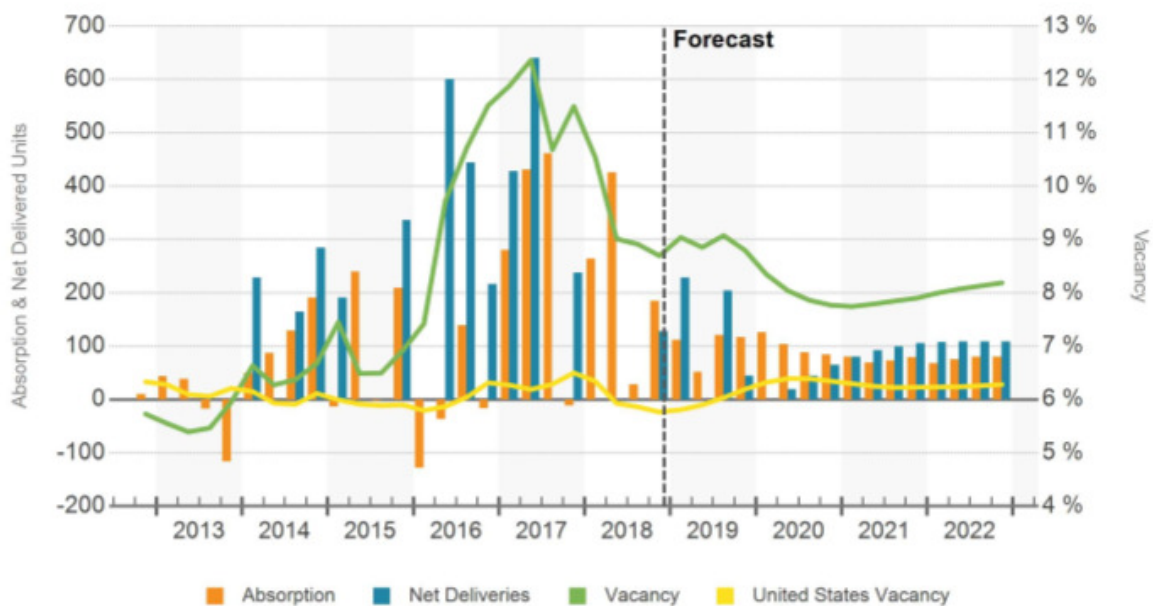
Multifamily

Multifamily vacancies reached their cyclical high earlier in 2017, about 400 basis points above the historical average due to the overall economic climate.

More recently, Hurricane Harvey and the subsequent increase in demand for rental housing have improved fundamentals. Residents displaced by flooding and damage to both single-family and multifamily housing units have turned to apartments. In turn, rent growth one month after the storm was significant and nearly erased all of 2016's losses, and vacancies have fallen four percentage points since reaching a peak last year (Figure 21).

Figure 21: Multifamily Trends

ABSORPTION, NET DELIVERIES & VACANCY

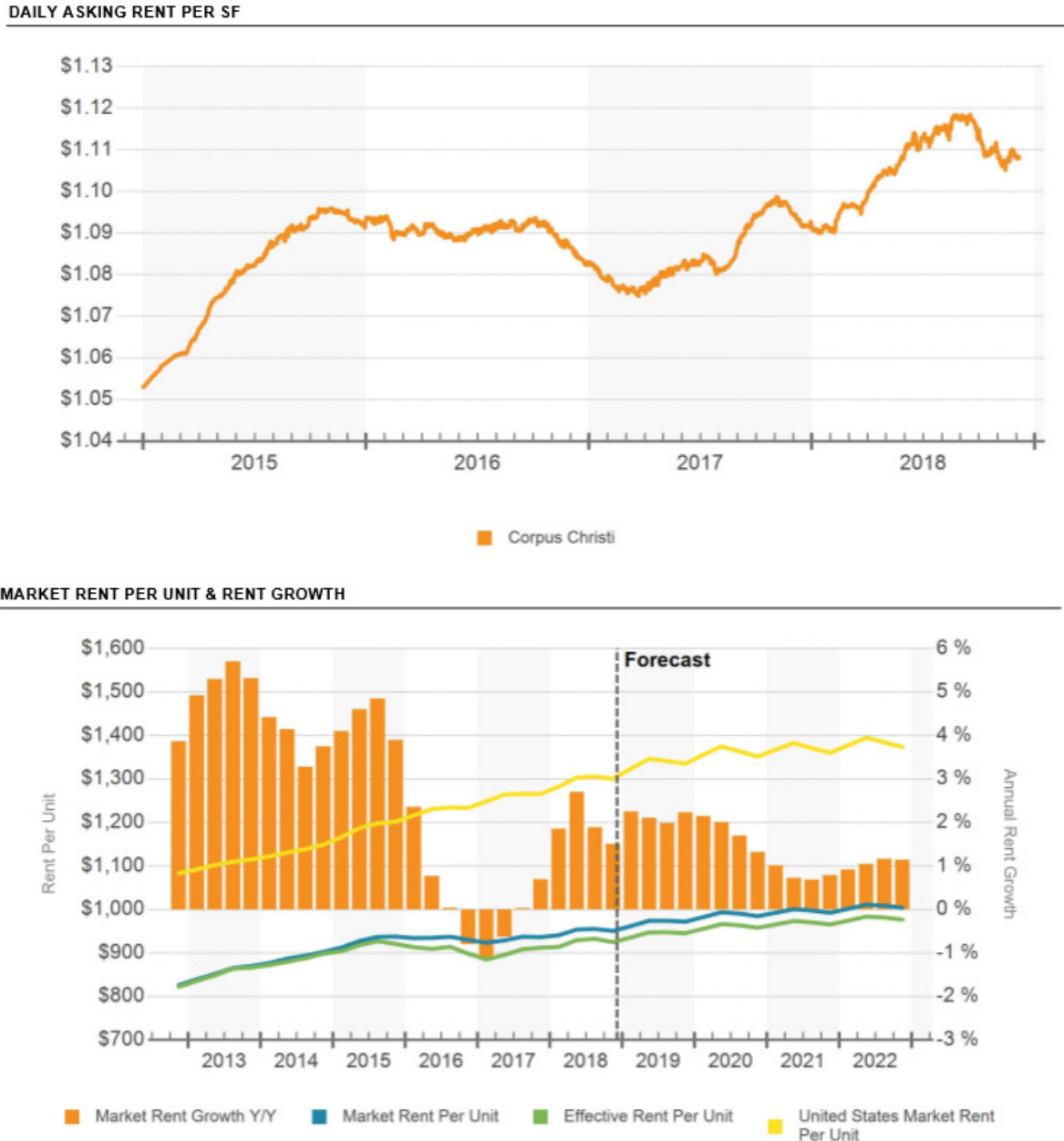


Source: CoStar

Currently the Corpus Christi Multifamily market includes 29,757 units. Vacancy is at 8.7%. The past 12 months have shown a positive absorption of 662 units (427 per yr on average over the past 5 years).

At around \$960/month, rents in Corpus Christi are relatively affordable. Median household incomes here are about \$50,000, meaning that average rents will absorb about 20% of income (more than 30% is considered hardship). While rent growth continuously outpaced the national average earlier this cycle, gains have slowed recently, and even fell during 2017. With hurricane rebuilding efforts well on their way, occupancies have increased, giving landlords more pricing power as of late. Rents are up nearly 2.5% as of mid-September (2018).

Figure 22: Multifamily Rent Trends



Source: CoStar

As in most markets in Texas, developers have been active - inventory has expanded by nearly 10% since 2015. Construction has slowed dramatically, with fewer than 300 units underway as of mid-September. Lease up has been strong of late, with projects like the 4-Star 288-unit Vantage at Corpus Christi. Featuring amenities such as a clubhouse, pool, and full-sized fitness center, the Vantage has been leasing about 30 units per month, though that's certainly helped by people moving to temporary housing thanks to Hurricane Harvey. Another project not included with the CoStar data will be the just-announced (as of March 2019) 286-unit Ariza Corpus Christi, on Cimarron Boulevard just northeast of Yorktown Boulevard.

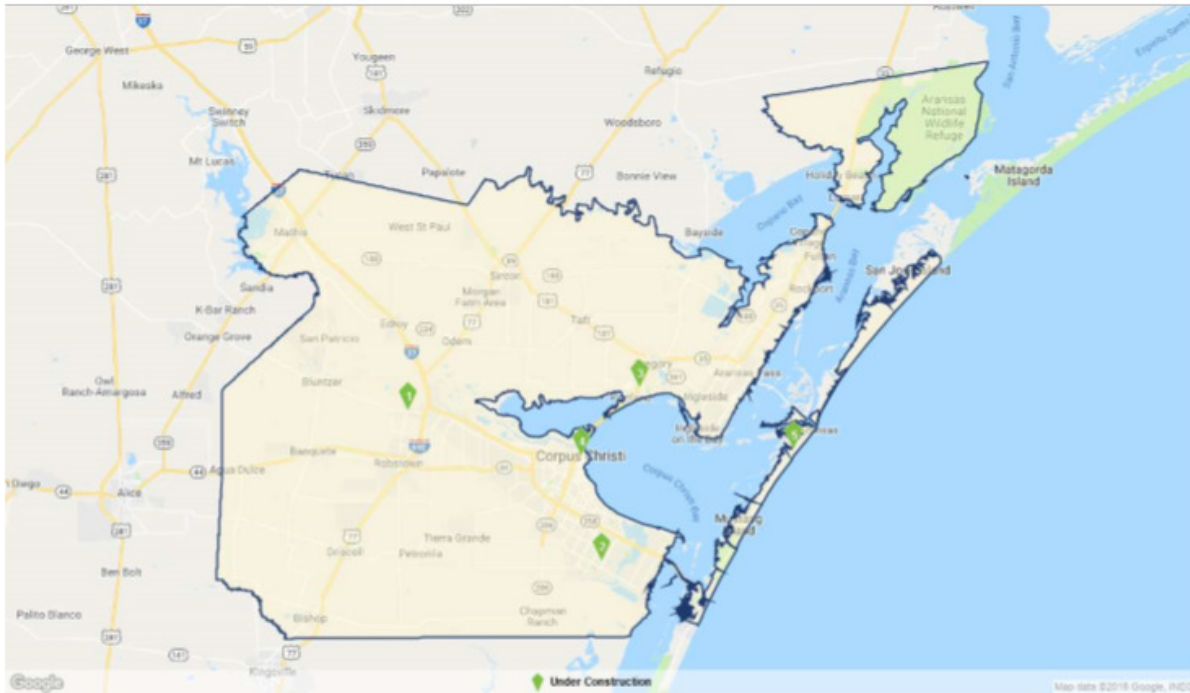
Figure 23: Units Under Construction

Under Construction Properties

Corpus Christi Multi-Family

Properties	Units	Percent of Inventory	Avg. No. Units
5	483	1.7%	97

UNDER CONSTRUCTION PROPERTIES



	Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1	Marquis at Calallen 3805 FM 1889	★★★★★	228	3	Nov-2017	Jan-2019	Realtex Development Corporation Realtex Development Corporation
2	Manhattan Apartments -... 7001 Lipe Blvd	★★★★★	108	-	Jan-2016	Jan-2019	George Mostaghani George Mostaghani
3	Northshore Place Apart... 117 Northshore Blvd	★★★★★	96	3	May-2017	Jan-2019	Silverfin Land Development LLC Silverfin Land Development LLC
4	Studio 44 Apartments 817 N Carancahua St	★★★★★	44	4	Mar-2018	Jan-2019	Stonewater Properties Inc Stonewater Properties Inc
5	The Fountains 3201 Eleventh St	★★★★★	7	-	Nov-2016	Jan-2019	- Erol R Hanmore

Note: Above list does not include Ariza Corpus Christi, Cimarron Blvd., 286 units.

Retail

Similar to those in other smaller Texas metros, Corpus Christi's retail market is on firm footing. Even through the oil-driven downturn of the last few years, vacancies continued to compress and hit cyclical lows in 2017. But despite occupancies near 97%, rent growth has remained tepid at best, and rents have only recently recovered from the downturn. While very little has come to market here in recent years, the 325,000 SF Outlets at Corpus Christi Bay opened in 17Q1, marking the first major delivery since 2011.

Figure 24: Corpus Christi Retail

Overview

Corpus Christi Retail			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
158 K	176 K	2.9%	0.5%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	2,391,596	0%	\$18.25	0%	0	0	0
Power Center	354,751	0%	\$15.16	0%	0	0	0
Neighborhood Center	4,563,237	5.2%	\$14.82	6.3%	18,971	0	0
Strip Center	2,214,894	4.0%	\$14.81	3.8%	(7,593)	0	0
General Retail	17,335,255	2.7%	\$12.62	3.6%	(41,904)	0	68,566
Other	293,978	0.5%	\$15.40	1.2%	(1,400)	0	0
Market	27,153,711	2.9%	\$13.73	3.7%	(31,926)	0	68,566
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.5%	5.5%	2.2%	8.0%	2007 Q4	2.8%	2018 Q3
Net Absorption SF	176 K	293,059	172,815	777,632	2011 Q4	(264,194)	2009 Q3
Deliveries SF	158 K	216,120	124,840	661,349	2011 Q4	66,720	2013 Q1
Rent Growth	0.5%	0.6%	1.0%	2.6%	2016 Q3	-3.1%	2010 Q1
Sales Volume	\$101 M	\$34.0M	N/A	\$126.3M	2008 Q4	\$1.7M	2011 Q4

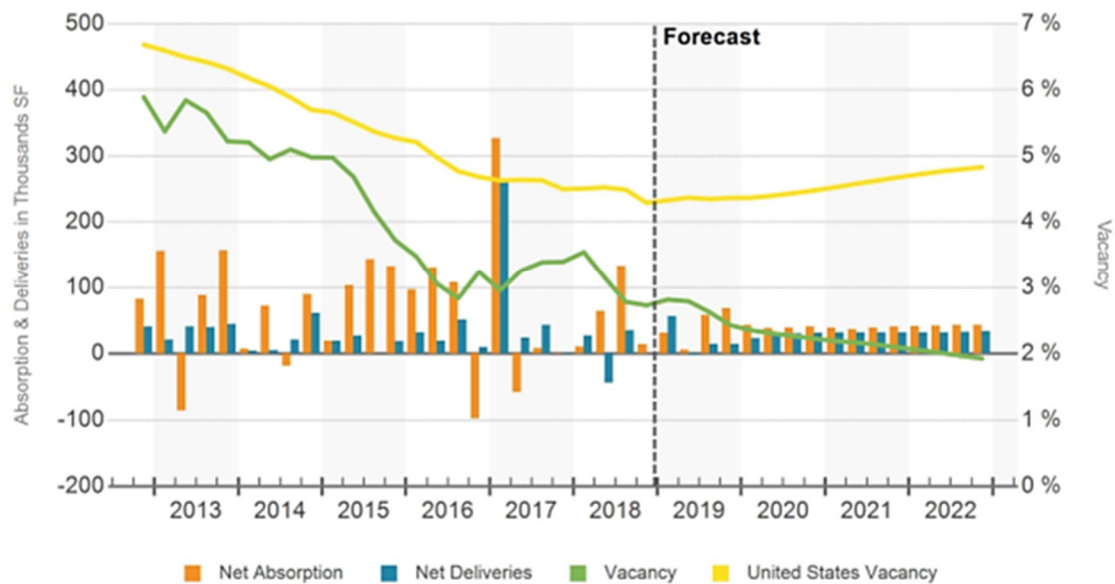
Source: CoStar

Vacancies in Corpus Christi are tight, and net absorption has outpaced new deliveries every year this cycle despite 2017's tight race. This is especially true for malls and power centers, where vacant space is virtually nonexistent. Vacancies in neighborhood centers are higher, at about 5%. As for submarkets, Portland/Ingleside has maintained the highest vacancies, at above 6% as of December, while vacancies in the CBD were around 2%. The Island is not segregated in CoStar but combined with Corpus overall.

Figure 25 illustrates the net absorption, deliveries, and vacancies over the past five years and forecasts going forward.

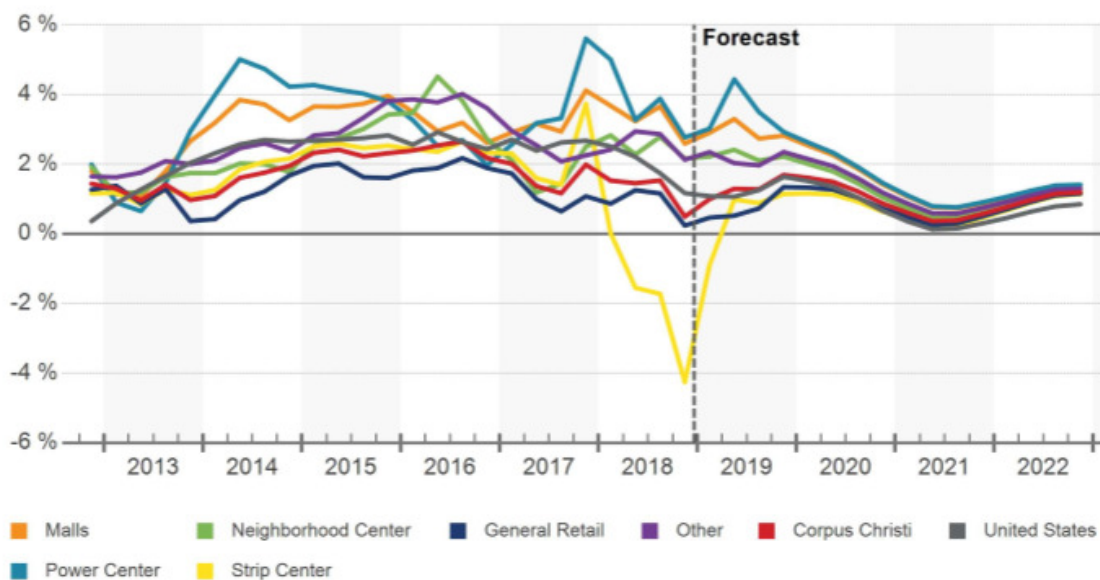
Figure 25: Retail Forecasts

NET ABSORPTION, NET DELIVERIES & VACANCY



Retail rents in Corpus Christi are among the lowest in Texas. At roughly \$13/SF, rents here are lower than those in El Paso, McAllen, and Lubbock, and roughly in line with Beaumont's. Even though occupancies in Corpus are close to record highs, rent growth has lagged and rents are still only slightly above prerecession levels at about 400 basis points. The highest rents in the metro are in the South Side Submarket, which boasts average rents of more than \$17/SF.

Figure 26: Market Rent Growth



Corpus Christi has about 25 million SF of retail space, of which only about 2.5 million SF is part of a mall and roughly three million SF part of a neighborhood center. The metro has about 55 SF of retail per person, which is above the national average of 47 SF.

Corpus' retail includes 21,187,093 square feet in 1,876 existing buildings. The vacancy rate is low at 2.4% with overall rents at \$12.28 psf (NNN, not gross) – Figure 27. Over the past 5 years absorption has been positive at 161,946sf on average (Figure 28).

Figure 27: Corpus Retail Trends



Source: CoStar

Figure 28: Absorption and Leasing

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	267,417	161,946
12 Mo. Leasing SF	385,435	275,796

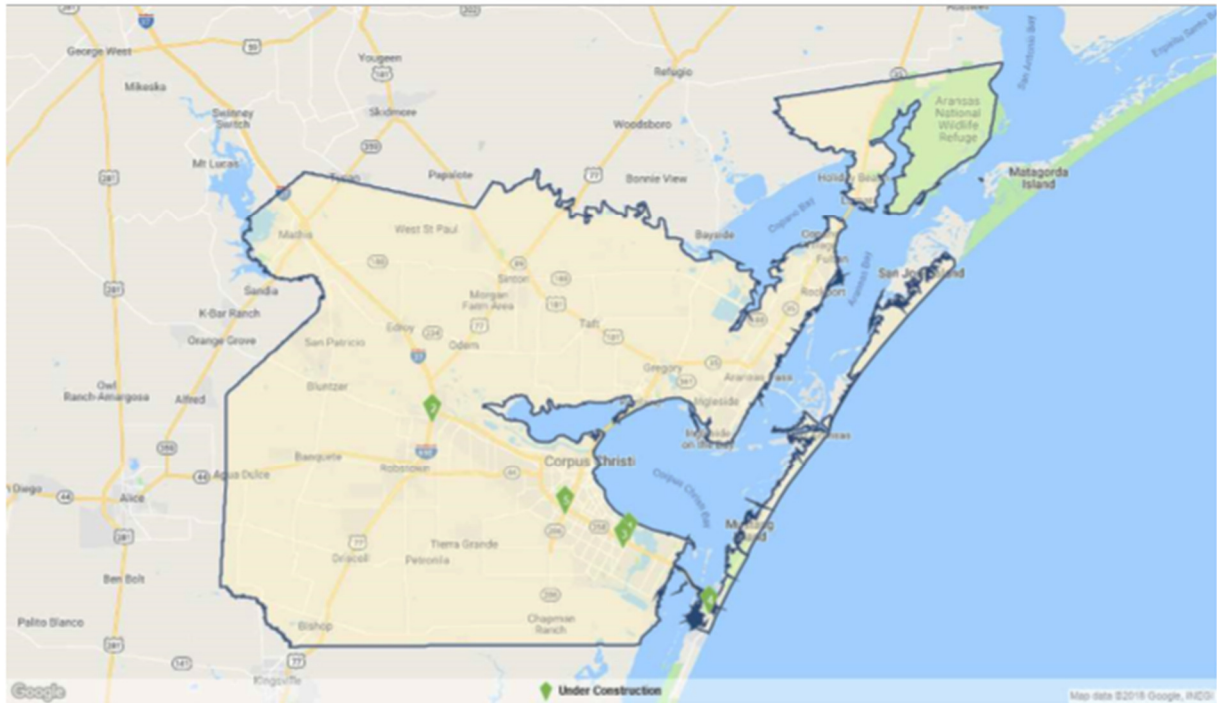
From 2012–16, less than 500,000 SF of retail space came to market, representing less than 2% of the metro's total RBA. However, construction has picked up as of late, mostly due to this year's delivery of the first phase of the Outlets at Corpus Christi Bay (450,000 SF). That \$70 million development, roughly 20 miles west of the city's center in Robstown, will add more than 150,000 SF in future phases scheduled to complete in 2019.

Figure 29: Retail Under Construction

Under Construction Properties

Corpus Christi Retail			
Properties	Square Feet	Percent of Inventory	Preleased
5	68,566	0.3%	84.0%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	CarMax 7242 S Padre Island Dr	★★★★★	25,000	1	Jun-2018	Jan-2019	- CarMax
2	Access Lincoln of Corpu... 3680 N Highway 77	★★★★★	15,000	1	Feb-2018	Jan-2019	- Lithia Motors, Inc.
3	2051 Rodd Field Rd. 2051 Rodd Field Rd	★★★★★	11,000	1	Sep-2018	Aug-2019	- -
4	15402 S Padre Island Dr	★★★★★	10,566	1	Jan-2018	Jan-2019	- -
5	5409 Ayers St	★★★★★	7,000	1	Jan-2018	Jan-2019	- Dunridge LLC

Source: CoStar

Corpus Christi and TIRZ Consumer Buying Power

A critical factor in consideration for commercial retail development is the buying power of the market area that a potential development site is located in. Buying income can be measured by the level of disposable or expendable income from consumers in a market area.

The City's effective buying income of \$60,804, Table 15, on average per household is considered low compared to the TIRZ Effective Buying Income (EBI) at \$91,194.

Table 15: Household Effective Buying Income

Corpus Christi

Category	Number	% of Total
Total Households	124,221	
EBI Less than \$15,000	16,348	13.16%
EBI \$15,000 to \$24,999	14,866	11.97%
EBI \$25,000 to \$34,999	14,216	11.44%
EBI \$35,000 to \$49,999	20,084	16.17%
EBI \$50,000 to \$74,999	25,118	20.22%
EBI \$75,000 to \$99,999	17,426	14.03%
EBI \$100,000 to \$124,999	6,750	5.43%
EBI \$125,000 to \$149,999	3,856	3.10%
EBI \$150,000 to \$199,999	2,724	2.19%
EBI \$200,000 to \$249,999	628	0.51%
EBI \$250,000 to \$499,999	1,740	1.40%
EBI \$500,000 or more	465	0.37%
2017 Average Effective Buying Income	\$60,804	

Source: US Census, American Community Survey, PCensus

TIRZ 2

Category	Number	% of Total
Total Households	634	
EBI Less than \$15,000	18	2.77%
EBI \$15,000 to \$24,999	32	4.99%
EBI \$25,000 to \$34,999	53	8.42%
EBI \$35,000 to \$49,999	137	21.66%
EBI \$50,000 to \$74,999	151	23.78%
EBI \$75,000 to \$99,999	75	11.89%
EBI \$100,000 to \$124,999	43	6.78%
EBI \$125,000 to \$149,999	38	6.06%
EBI \$150,000 to \$199,999	41	6.41%
EBI \$200,000 to \$249,999	10	1.60%
EBI \$250,000 to \$499,999	27	4.34%
EBI \$500,000 or more	8	1.30%
2017 Average Effective Buying Income	\$91,194	

Source: US Census, American Community Survey, PCensus

Corpus Christi Retail Sales Trends

2017 appears to be the most profitable for the city, reaching levels above 2015. Some of this can be attributed to Hurricane Harvey repairs/rebuild. Quarter 1 and 2 of 2018 are all the data available currently.

Table 16: Actual Retail Sales in Corpus Christi, 2015 to Q2 2018

NAICS Code	NAICS Category	2015	2016	2017	Q1/2 2018
441	Motor Vehicle & Parts Dealers	\$1,250,340,179	\$1,252,776,262	\$1,179,506,932	\$604,053,655
442	Furniture & Home Furnishings	163,562,245	140,574,104	147,341,137	78,627,548
443	Electronics and Appliance Stores	102,975,649	92,869,019	100,284,462	50,154,177
444	Building Material & Garden Equipment	515,278,648	480,360,135	523,803,507	293,157,202
445	Food & Beverage Stores	904,154,233	907,876,591	951,087,357	505,623,498
446	Health & Personal Care Stores	255,964,112	269,462,043	248,485,263	114,243,904
447	Gasoline Stations	274,423,492	277,772,476	295,519,393	102,715,827
448	Clothing & Clothing Accessories	242,449,324	229,211,833	220,950,344	107,878,776
451	Sporting Goods, Hobby, Book, & Music	164,207,896	152,419,969	142,014,047	67,364,092
452	General Merchandise	841,873,499	823,604,645	835,623,522	409,387,887
453	Miscellaneous Store Retailers	213,816,171	181,073,542	190,065,188	99,630,233
454	Non Store Retailers	112,575,122	41,915,815	254,726,942	124,975,410
721	Accommodations	26,726,741	23,976,444	30,079,999	16,410,255
722	Drinking and Eating Places	815,821,353	767,547,816	786,884,938	415,623,894
	Grand Total	\$5,884,168,664	\$5,641,440,694	\$5,906,373,031	\$2,989,846,358

Source: Texas Comptroller of Public Accounts for 2015-2018

Retail Surplus/Leakage

Comparing 2017 actual sales (2018 not a complete year) to projected expenditures there is a surplus in all categories. The aggregate expenditure estimates for the City are lower in every category. This indicates that residents outside the City are shopping inside the City for these items. The category representing the highest surplus is Food and Beverage Stores which includes grocery stores. There are several large grocers in the City. There appears to be no leakage (consumers are not going out of Corpus to shop) in this market.

Table 17: Comparison of Actual Sales with Expected Household Expenditures for Corpus Christi

BUSINESS CATEGORY DESCRIPTION	Actual Sales 2017	Total Expenditures Demand	Surplus or (Leakage)
Motor Vehicle & Parts (441)	\$1,179,506,932	\$578,065,782	\$601,441,150
Furniture and Home Furnishings Stores (442)	\$147,341,137	\$33,263,259	\$114,077,878
Food and Beverage Stores (445)	\$951,087,357	\$343,745,931	\$607,341,426
Health and Personal Care Stores (446)	\$248,485,263	\$162,139,891	\$86,345,372
Clothing and Clothing Accessories Stores (448)	\$220,950,344	\$40,056,498	\$180,893,846
Sporting Goods, Hobby, Book, and Music Stores (451)	\$142,014,047	\$29,436,896	\$112,577,151
General Merchandise Stores (452)	\$835,623,522	\$364,662,817	\$470,960,705
Accommodations (721)	\$30,079,999	\$11,209,595	\$18,870,404
Food Services and Drinking Places (722)	\$786,884,938	\$590,499,051	\$196,385,887

Source: Texas Comptroller of Public Accounts 2018, PCensus

Office

Unlike fellow Gulf Coast energy market's Houston and Beaumont, Corpus Christi's office market has held up relatively well through the oil bust. While Corpus Christi's economy and job market took a big hit in 2015–16, office occupancies remained resilient and rent growth was robust.

In terms of fundamentals, the immediate outlook is strong, since job growth is back positive, and the rebuilding efforts post-Harvey are on track, with little in the immediate construction pipeline. While rent growth has slowed, there's room for optimism, as occupancies are approaching cycle-highs.

Figure 30: Corpus Christi Office Overview

Overview

Corpus Christi Office

12 Mo Deliveries in SF

12 K

12 Mo Net Absorption in SF

21.9 K

Vacancy Rate

7.6%

12 Mo Rent Growth

2.8%

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Gross Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	2,115,086	9.4%	\$21.12	9.4%	8,372	0	0
3 Star	4,394,030	9.7%	\$17.19	13.0%	(115,130)	0	50,000
1 & 2 Star	4,650,653	4.9%	\$15.33	6.3%	93,788	0	0
Market	11,159,769	7.6%	\$17.16	9.5%	(12,970)	0	50,000

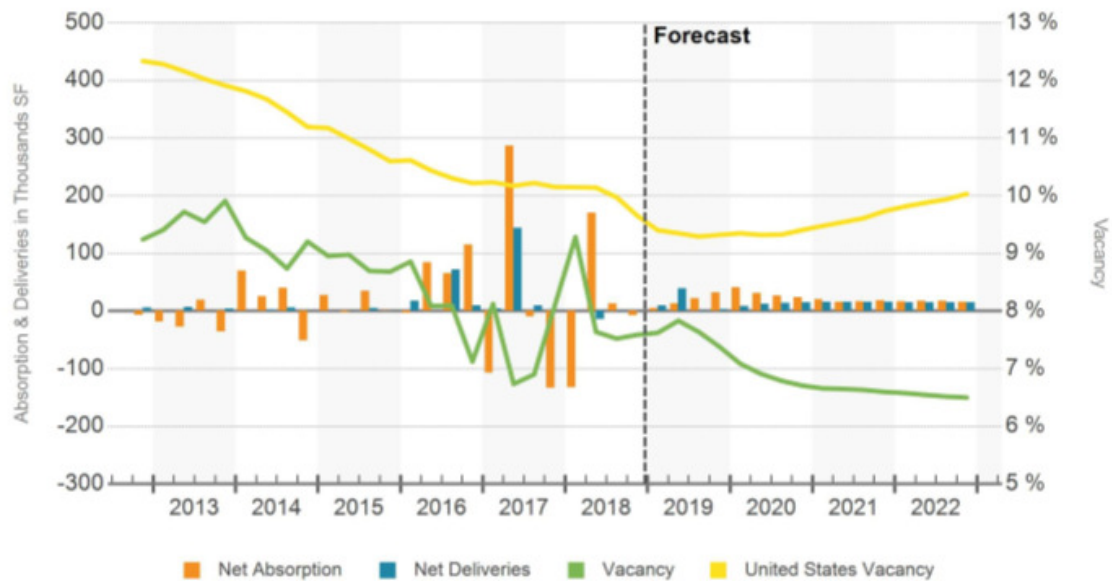
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	8.9%	6.9%	10.7%	2007 Q2	6.7%	2017 Q2
Net Absorption SF	21.9 K	57,886	82,019	360,774	2017 Q2	(156,028)	2011 Q2
Deliveries SF	12 K	50,576	52,538	228,340	2017 Q2	4,400	2015 Q4
Rent Growth	2.8%	1.5%	1.4%	7.2%	2015 Q2	-5.2%	2010 Q1

Source: CoStar

Large blocks of space are virtually nonexistent in Corpus Christi. As of December, 2018 there are only two contiguous spaces 25,000 SF or larger, and fewer than 10 spaces larger than 10,000 SF. Therefore, most office tenants seeking large blocks of space tend to opt for build-to-suits.

Figure 31: Corpus Christi Office Trends and Forecasts

NET ABSORPTION, NET DELIVERIES & VACANCY



Corpus Christi is a small office market, with only about 11 million SF of office RBA. About 18% of the metro's inventory is considered 4 & 5 Star space, while the remainder is evenly divided between 3 Star and 1 & 2 Star assets. More than 40% of the metro's inventory is located in the CBD and almost all of Corpus's 4 & 5 Star stock is in the CBD as well.

With 696 buildings and 10,381,287 square feet of office space Corpus has a vacancy rate of 7.6%. Gross rent on average is \$13.62psf. The 12-month absorption was negative at (121,419sf) however, the 5-year average was a positive 58,548 annually.

Figure 32: Corpus Christi Office Trends

Vacancy Rate



Gross Asking Rent Per SF

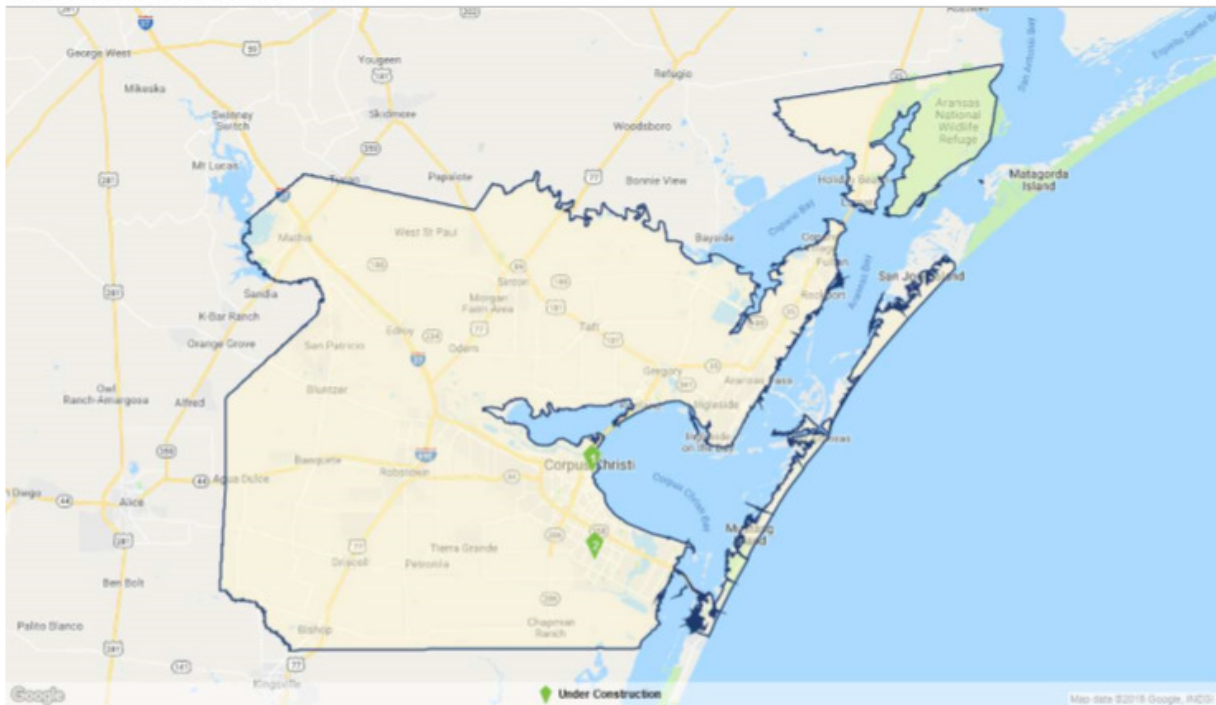


Demand	Survey	5-Year Avg
12 Mo. Absorption SF	-121,419	58,548
12 Mo. Leasing SF	282,112	306,086

There is 50,000sf under construction in two buildings. The buildings are 100% pre-leased.

Figure 33: Office Under Construction

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	501 S Shoreline Blvd	★★★★☆	40,000	-	Mar-2018	Apr-2019	-
2	S Staples St	★★★★☆	10,000	1	Mar-2018	Jan-2019	Golden Real Estate & Constructio...

Island Markets

Island Residential

In 2009, The Corpus Christi Association of realtors provided CDS | Spillette with data from the Multiple Listing Service (MLS) for 2007 through year to date 2009 for North Padre Island (both TIRZ and non-TIRZ areas).



Table 18: Median Home Sale Prices

North Padre Island

Year	Median Closing Price	Change
2007	\$231,000	
2008	\$232,500	\$1,500
2009 YTD	\$192,500	-\$40,000

The data, as presented in the table to the left show that the median closing prices for the time period indicated a significant shift in pricing for 2009.

Source: Corpus Christi Association of Realtors

At 2018, local realtors from Coastline Properties, Coldwell Banker, and Padre Escapes along with local appraiser Rick Sowash provided data on the North Padre real estate market to CDS. Interior SFR have shown the most appreciation over the past ten years at 32.9%, followed by Water SFR at 28.4%.

Table 19: Island Residential Sales

Year	Interior SFR			Water SFR			Interior Condo/Townhome			Water Condo/Townhome		
	Avg Price	# Sold	DOM	Avg Price	# Sold	DOM	Avg Price	# Sold	DOM	Avg Price	# Sold	DOM
2009	\$197,000	77	31	\$344,923	73	138	\$146,328	46	93	\$162,265	51	184
2010	\$185,196	91	84	\$347,461	109	164	\$116,227	35	154	\$159,006	58	140
2011	\$186,260	86	96	\$352,965	113	144	\$120,026	27	81	\$135,745	56	169
2012	\$186,286	118	91	\$370,500	115	143	\$156,551	88	100	\$159,333	77	188
2013	\$215,451	128	147	\$397,758	136	152	\$152,700	26	127	\$169,951	95	143
2014	\$220,374	126	120	\$440,169	130	129	\$165,294	27	248	\$179,918	85	152
2015	\$252,305	104	119	\$425,113	104	129	\$146,389	22	176	\$187,222	64	139
2016	\$246,177	144	99	\$446,713	138	162	\$191,713	71	154	\$196,469	36	165
2017	\$258,633	147	128	\$440,527	134	137	\$170,707	39	153	\$198,246	81	199
2018	\$261,802	180	110	\$442,789	121	119	\$174,845	50	180	\$203,171	89	219

Sources: Coastline Properties, Coldwell Banker, and Padre Escapes

Multifamily

There are 272 multifamily rental units on the island. Vacancy is at 7.1%.

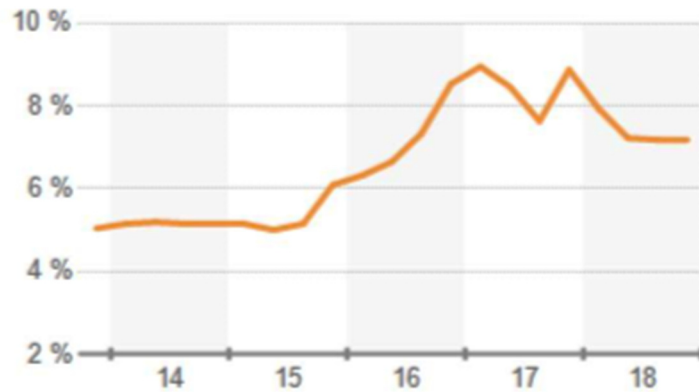
There are no Class A units in this market. The newest property was constructed in 2008, over ten years ago according to CoStar.

Vacancy has been steadily increasing from 2015 to 2017. Recently, vacancy has decreased somewhat.

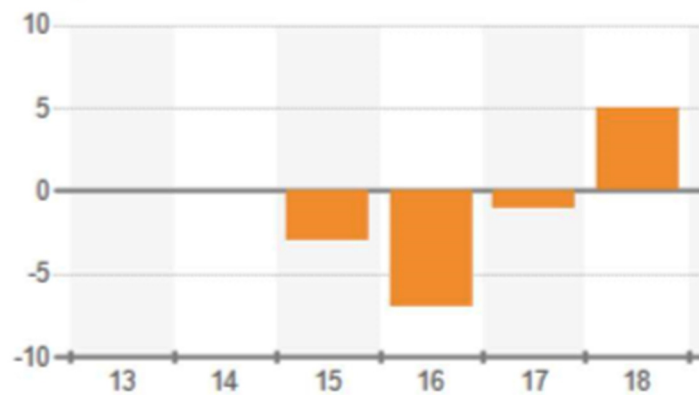
Absorption has been fairly negative on the island over the past four years.

Figure 34: Island Multifamily Trends 2014-2018

Vacancy Rate



Absorption Units



Source: CoStar

Table 20: Island Multifamily Supply

Building Address	Building Name	Building Class	Number Of Units	Vacancy %	Year Built
15301-A-15301-C Bonasse Ct		C	3	0	2002
15302-101-15302-106 Bonasse Ct		C	6	0	1985
15305 Bonasse Ct		B	4	0	2003
15305-A-15305-B Bonasse Ct		C	2		2002
15306-201-15306-204 Bonasse Ct		C	4	0	
15309-A-15309-C Bonasse Ct		C	3	0	2001
15310-A-15310-D Bonasse Ct		C	4	0	2005
15313-A-15313-D Bonasse Ct		B	4	0	2001
15314-A-15314-C Bonasse Ct		B	3	0	2005
15317-1601-15317-1606 Bonasse Ct		B	2	0	1999
15318-A-15318-D Bonasse Ct		B	8	12.5	1992
15322-601-15322-604 Bonasse Ct		B	4	0	
15325-A-15325-D Bonasse Ct		B	4	0	
15325-E-15325-H Bonasse Ct		B	4	0	2001
15326-701-15236-704 Bonasse Ct		B	4	0	
15330-801-15330-804 Bonasse Ct		B	4	0	
15334-900-15330-1005 Bonasse Ct		B	10	10	
15337-1101-15337-1203 Bonasse Ct		B	6	16.67	
14418-101-14418-203 Cabana	Shuffleboard Condominiums	C	6	0	1985
14142 E Cabana		C	13	15.38	1983
14414 E Cabana St		C	2	0	
14130-101-14130-106 Cabana East St		B	6	16.67	
14137-1-14137-4 Cabana East St		B	4	0	
14142-1-14142-4 Cabana East St		B	13	7.69	1983
14402-A-14402-F Cabana East St		B	6	16.67	1992
14406-1-14406-6 Cabana East St		B	6	16.67	1979
14409-1-14409-4 Cabana East St		B	4	0	1998
14502-101-14502-203 Cabana East St		B	6	16.67	
14401 Commodores Dr	Fairway Villas	B	8	12.5	
14427-A-1-14427-B-18 Compass St		C	18	11.11	
14435-A-14435-F Compass St		B	6		
14439-1-14439-13 Compass St		B	14	7.14	
15409 Fortuna Bay Dr		B	18	11.11	1998
15125 Leeward Dr	Lake Shore Villas	B	16	6.25	
15300 Leeward Dr		B	16	6.25	
14300 S Padre Island Dr		B	20	10	
14213 Sand Dollar Ave		C	1		1966
15422 Seamount Cay Ct	La Joya de la Costa	B	13	0	

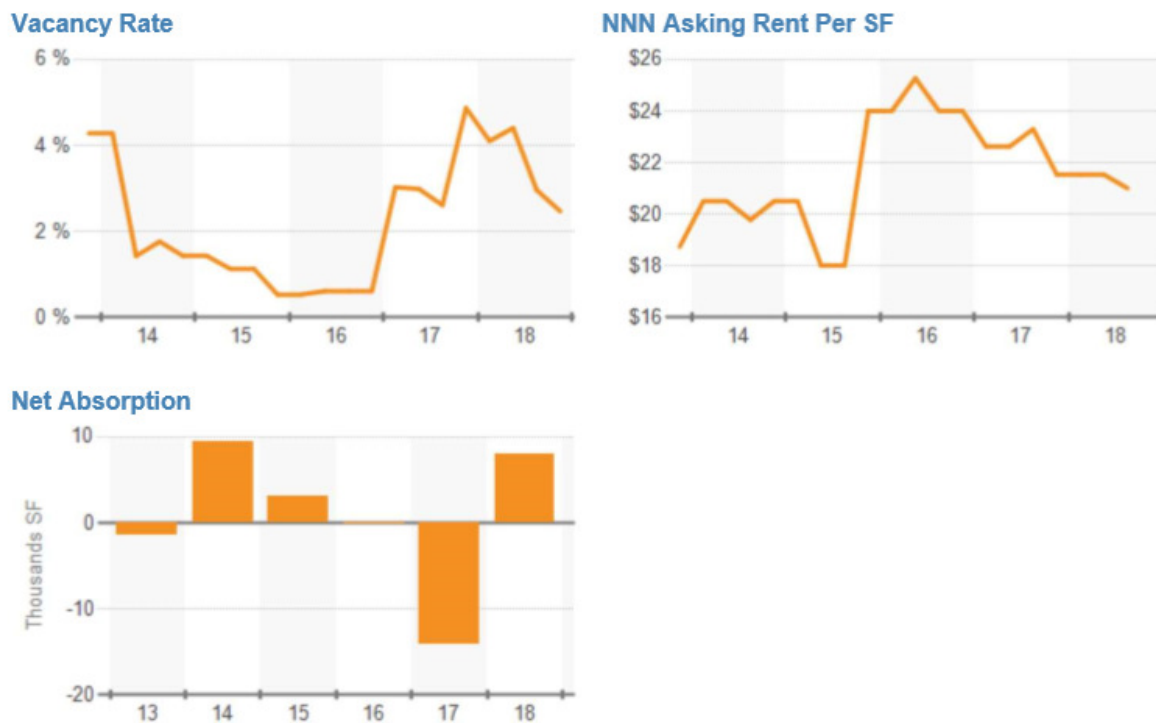
Building Address	Building Name	Building Class	Number Of Units	Vacancy %	Year Built
15217 Windward Dr		B			2008
TOTAL/AVERAGES			275	5.52	1994

Although not reported by CoStar, Island realtors have indicated that 200 units are planned on the island by an undisclosed developer.

Retail

There are 56 retail/commercial buildings on the island with a total of 341,481 square feet. The vacancy rate is 2.5% with rents at \$21NNN on average. Currently there is one 10,566 square feet of space under construction (Dollar General). Absorption has been mildly positive at 5740sf on average per year over the past five years.

Figure 35: Island Retail Trends



Source: CoStar

Table 21: Island Retail Supply

Building Address	Building Name if Applicable	Building Park if Applicable	Building Status	Rentable Building Area	Percent Leased	Year Built
14802 Compass St			Existing	3,520	100	1998
14812 Compass St			Existing	1,355	100	
14814 Compass St			Existing	1,530	100	1999
15241 Leeward Dr			Existing	6,536	100	1986
14330-C Padre Island Dr			Existing	2,750	100	1980
15541 Padre Island Dr			Existing	1,290	100	1970
15817 Padre Island Dr S			Existing	928	100	1970
13309 S Padre Island Dr			Existing	301	100	
13313 S Padre Island Dr			Existing	1,004	100	2005
13313-B S Padre Island Dr			Existing	237	100	
13915-13947 S Padre Island Dr		Day & Night Boardwalk	Existing	10,000	100	1978
14005 S Padre Island Dr			Existing	3,277	100	1994
14049 S Padre Island Dr			Existing	8,111	100	1985
14201 S Padre Island Dr			Existing	8,618	100	2005
14225 S Padre Island Dr		Big Shell Plaza	Existing	10,000	70	1984
14237 S Padre Island Dr			Existing	4,065	100	1997
14245 S Padre Island Dr	Loma Alta Plaza		Existing	24,754	100	2007
14330 S Padre Island Dr			Existing	21,155	75.63	2001
14401 S Padre Island Dr			Existing	1,483	100	2002
14426 S Padre Island Dr			Existing	7,190	100	2003
14457 S Padre Island Dr		Padre Station	Existing	7,901	100	2007
14493-A-14493-I S Padre Island Dr	Mail & More Plaza		Existing	12,097	100	1996
14501 S Padre Island Dr			Existing	7,772	100	2004
14514 S Padre Island Dr			Existing	19,719	100	
14517 S Padre Island Dr			Existing	1,521	100	1983
14525 S Padre Island Dr			Existing	11,578	100	2007
14601 S Padre Island Dr			Existing	3,945	100	2000
14602 S Padre Island Dr			Existing	5,078	100	1984
14613 S Padre Island Dr			Existing	6,392	100	1995
14630 S Padre Island Dr			Existing	2,727	100	1986
14633 S Padre Island Dr			Existing	4,989	100	1983
14701 S Padre Island Dr	Marina Plaza	Marina Plaza	Existing	4,667	100	2006
14805 S Padre Island Dr			Existing	323	100	1993
14813 S Padre Island Dr			Existing	2,233	100	1994
15101 S Padre Island Dr			Existing	2,224	100	2000
15121 S Padre Island Dr			Existing	2,475	100	2005
15125 S Padre Island Dr			Existing	2,212	100	2006
15137 S Padre Island Dr			Existing	4,563	100	1988
15217 S Padre Island Dr		Padre Professional Plaza	Existing	16,203	100	2004
15233 S Padre Island Dr	Stripes - Citgo		Existing	3,180	100	1995
15302 S Padre Island Dr			Existing	16,773	100	2004

Building Address	Building Name if Applicable	Building Park if Applicable	Building Status	Rentable Building Area	Percent Leased	Year Built
15313 S Padre Island Dr			Existing	4,531	100	
15326 S Padre Island Dr	North Padre Retail Center		Existing	15,946	100	2008
15370 S Padre Island Dr			Existing	7,514	100	
15402 S Padre Island Dr			Under Construction	10,566	100	2018
15605 S Padre Island Dr			Existing	4,000	100	1990
15605-a S Padre Island Dr			Existing	2,213	100	1990
15605-B S Padre Island Dr			Existing	3,321	100	2001
15605-C S Padre Island Dr			Existing	4,242	100	
15715 S Padre Island Dr	Tradewinds Business Center		Existing	7,200	100	2004
15962 Palmira Ave			Existing	6,328	100	
14301 S Padre Island Dr			Existing	2,296	100	1986
15137 SPID Dr			Existing	3,366	100	1988
14414 Tx-361			Existing	3,357	100	1986
14430 Tx-361			Existing	5,000	100	1987
14414 Whitecap Blvd			Existing	3,954	100	1992
15202-B Windward Dr	Holiday Inn		Existing	971	100	
TOTAL/AVERAGES				341,481	99.05	1995

Source: CoStar

TIRZ Consumer Buying Power

As shown earlier in this report, the City's effective buying income of \$60,804 on average per household is considered low compared to the TIRZ EBI at \$91,194.

Table 22: Household Effective Buying Income

City of Corpus Christi

Category	Number	% of Total
Total Households	124,221	
EBI Less than \$15,000	16,348	13.16%
EBI \$15,000 to \$24,999	14,866	11.97%
EBI \$25,000 to \$34,999	14,216	11.44%
EBI \$35,000 to \$49,999	20,084	16.17%
EBI \$50,000 to \$74,999	25,118	20.22%
EBI \$75,000 to \$99,999	17,426	14.03%
EBI \$100,000 to \$124,999	6,750	5.43%
EBI \$125,000 to \$149,999	3,856	3.10%
EBI \$150,000 to \$199,999	2,724	2.19%
EBI \$200,000 to \$249,999	628	0.51%
EBI \$250,000 to \$499,999	1,740	1.40%
EBI \$500,000 or more	465	0.37%
2017 Average Effective Buying Income	\$60,804	

Source: US Census, American Community

Survey, PCensus

TIRZ 2

Category	Number	% of Total
Total Households	634	
EBI Less than \$15,000	18	2.77%
EBI \$15,000 to \$24,999	32	4.99%
EBI \$25,000 to \$34,999	53	8.42%
EBI \$35,000 to \$49,999	137	21.66%
EBI \$50,000 to \$74,999	151	23.78%
EBI \$75,000 to \$99,999	75	11.89%
EBI \$100,000 to \$124,999	43	6.78%
EBI \$125,000 to \$149,999	38	6.06%
EBI \$150,000 to \$199,999	41	6.41%
EBI \$200,000 to \$249,999	10	1.60%
EBI \$250,000 to \$499,999	27	4.34%
EBI \$500,000 or more	8	1.30%
2017 Average Effective Buying Income	\$91,194	

Source: US Census, American Community Survey, PCensus

Retail Sales Trends

Zip Code 78418 includes the Island as well as the mainland area near the bridge. Sales for the zip indicates that 2016 had higher overall sales compared to 2014 and 2017. Motor Vehicles and Parts showed a significant increase in sales in 2016. Food and Beverage stores show the highest retail sales. This category includes grocery stores which are located on the mainland in the zip code.

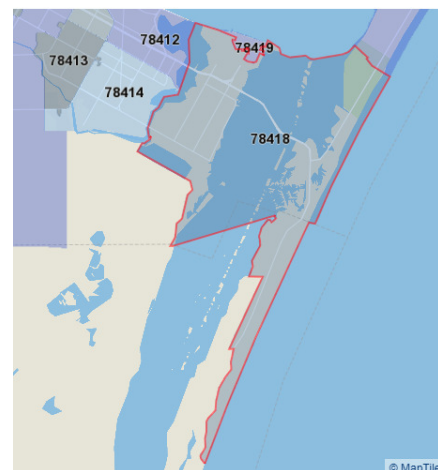


Table 23: Actual Retail Sales in 78418, 2015 to 2Q 2018

NAICS Code	NAICS Category	2015	2016	2017	Q1/2 2018
441	Motor Vehicle & Parts Dealers	22,456,588	62,722,935	38,263,075	12,117,784
442	Furniture & Home Furnishings	1,285,595	1,060,777	1,023,515	354,838
443	Electronics and Appliance Stores	2,127,992	2,113,229	2,280,399	1,033,070
444	Building Material & Garden Equipment	N/A			
445	Food & Beverage Stores	107,783,682	109,877,975	119,606,377	66,926,032
446	Health & Personal Care Stores	10,530,417	10,669,152	10,649,472	
447	Gasoline Stations	37,661,222	38,472,476	37,705,472	10,770,863
448	Clothing & Clothing Accessories	3,721,323	3,678,557	3,956,405	2,137,977
451	Sporting Goods, Hobby, Book, & Music	6,696,769	6,578,340	7,368,645	3,469,950
452	General Merchandise	64,481,599	65,793,124	68,093,933	34,124,660
453	Miscellaneous Store Retailers	6,701,435	5,890,635	5,379,046	2,493,606
721	Accommodations	1,803,774	883,539	1,285,067	1,150,162
722	Drinking and Eating Places	50,220,192	51,656,544	53,305,124	28,260,462
	Grand Total	315,470,588	359,397,283	348,916,530	162,839,404

Source: Texas Comptroller of Public Accounts for 2015-2018

Retail Surplus/Leakage

Comparing 2017 actual sales to projected expenditures there is a surplus in several categories. The aggregate expenditure estimates for the zip are lower in Food and Beverage Stores, Sporting Goods/Hobby/Book, and General Merchandise. This indicates that residents outside the zip are shopping inside the zip for these items (tourists). The category representing the highest surplus is Food and Beverage Stores which includes grocery stores.

Leakage is occurring in this zip in Motor vehicles/Parts, Furniture/Furnishings, Clothing/Accessories, and Food Services. Where Leakage occurs, an opportunity is indicated in the market. The TIRZ could definitely benefit from these retailers.

Table 24: Comparison of Actual Sales with Expected Household Expenditures for ZIP 78418

BUSINESS CATEGORY DESCRIPTION	Actual Sales 2017	Total Expenditures Demand	Surplus or (Leakage)
Motor Vehicle & Parts (441)	38,263,075	73,831,776	(35,568,701)
Furniture and Home Furnishings Stores (442)	1,023,515	6,787,756	(5,764,241)
Food and Beverage Stores (445)	119,606,377	40,590,664	79,015,713
Health and Personal Care Stores (446)	10,649,472	19,700,266	(9,050,794)
Clothing and Clothing Accessories Stores (448)	3,956,405	16,637,994	(12,681,589)
Sporting Goods, Hobby, Book, and Music Stores (451)	7,368,645	3,831,046	3,537,599
General Merchandise Stores (452)	68,093,933	43,503,888	24,590,045
Food Services and Drinking Places (722)	53,305,124	72,059,023	(18,753,899)

Source: Texas Comptroller of Public Accounts 2018, PCensus

78418 PRIZM Segments (Potential Rating Index for Zip Marketers)

Psychographic analysis is used to identify consumer segments and match retail demand categories in the trade area. CDS has broken down the market area resident populations utilizing a consumer segmentation methodology. This system is used to understand and profile the population in the market area for the purpose of targeting the largest consumer lifestyle segments. Every household is defined in terms of 66 demographically and behaviorally distinct groups. Specific lifestyle segments will be quantified and ranked for the trade area. The top segments, described in this section, are correlated to likes, dislikes and purchase behavior relative to retail goods and services. The largest household segment in the Zip is White Picket Fences (13.9%) followed by Country Squires (10%).

Table 25: Top 10 PRIZM Segments of the Population in the Competitive Market Area

Households by PRIZM Segment	Households	% of Total Households
29 White Picket Fences	1,944	13.93%
Residents in White Picket Fences look a lot like the stereotypical American household of a generation ago: upper-middle-class and married with children. But the current version reflects changing patterns, with some parents just beginning to start families while others approach the empty-nest stage as their children age. They enjoy reading, following sports, and DIY projects and crafts.		
05 Country Squires	1,396	10.01%
The wealthiest residents in exurban America live in Country Squires, an oasis for affluent Baby Boomers who've fled the city for the charms of small-town living. In their bucolic communities noted for their recently built homes on sprawling properties, the families of executives live in six-figure comfort.		
36 Toolbelt Traditionalists	1,305	9.35%
Like many other older segments, Toolbelt Traditionalists have empty nests. If something needs to be fixed, they are likely to do the work themselves with their own power tools or paint. They enjoy the benefits of AARP and are frequent QVC and HSN shoppers.		
09 Big Fish, Small Pond	1,237	8.87%
Older, upper-class, college-educated professionals, the members of Big Fish, Small Pond are often among the leading citizens of their small-town communities. These upscale, empty-nesting couples enjoy the trappings of success, including belonging to country clubs, maintaining large investment portfolios, and spending freely on computer technology.		

Households by PRIZM Segment	Households	% of Total Households
59 New Melting Pot	1,081	7.75%
New Melting Pot neighborhoods are populated by a blend of ethnically diverse, young families and singles in the nation's second cities. They are mainly high school graduates that rent and work in a mix of service jobs. They are big fans of gospel music, wrestling, and monster trucks.		
53 Lo-Tech Singles	905	6.49%
Lo-Tech Singles are older households centered mainly in the nation's second cities. Residents are below average in their technology use, choosing instead a night out at a restaurant as their evening entertainment.		
30 Pools & Patios	449	3.22%
Pools & Patios is a segment of middle-aged suburban families. In these stable neighborhoods graced with backyard pools and patios, residents work as white-collar managers and professionals, and are now at the top of their careers. They are above average technology users, often researching products and shopping online.		
38 Hometown Retired	435	3.12%
Hometown Retired consists of older, midscale couples with no kids at home. Somewhat set in their ways, they are slow to adopt and below average in their use of technology. They watch the news on television and enjoy reading and eat out occasionally at places that they deem to offer a good value.		
37 Bright Lights, Li'l City	425	3.05%
Not all of America's chic sophisticates live in major metros. Bright Lights, Li'l City is a group of well-off, college educated, middle-aged couples settled in the nation's satellite cities and suburbs. Despite living further out from the urban downtowns, they still like to go out on the town with frequent meals out and karaoke evenings.		
67 Park Bench Seniors	367	2.63%
Park Bench Seniors are typically retired singles living in the racially diverse neighborhoods of the nation's satellite cities. With modest educations and incomes, these residents maintain low-key, sedentary lifestyles. They spend a lot of time watching TV, especially talk shows and game shows.		

Source: US Census, American Community Survey, PCensus

Office

The Island office market includes 25 buildings with 157,042 square feet of space. The majority of the space is Class B as opposed to Class A which uses the latest finishes, upgrades, and amenities. The office market has a 100% occupancy rate. Unfortunately, rents were not reported in this market. There is no construction currently in this market. There has been no new construction since 2008 at which time approximately 25,800 sf was built.

Table 26: Island Office Supply

Building Address	Building Name if Applicable	Building Class	Rentable Building Area	Percent Leased	Year Built
14602 Compass St		B	3,153	100	2000
14650 Compass St	Compass Plaza	B	13,139	100	
14015 Fortuna Bay Dr		B	2,471	100	
14302 Nemo Ct		B	2,183	100	2004
14200 S Padre Island Dr		B	2,486	100	1979
14252 S Padre Island Dr	Visitor Information Center	B	2,470	100	
14433 S Padre Island Dr	The Medical Center	B	18,393	100	2004
14537 S Padre Island Dr		B	20,000	100	
14641 S Padre Island Dr		B	1,985	100	2006
14717 S Padre Island Dr		B	7,335	100	1999
14725 S Padre Island Dr		B	22,410	100	2004
14937 S Padre Island Dr		B	1,886	100	2002
14941 S Padre Island Dr		B	1,626	100	1994
14945 S Padre Island Dr		B	4,868	100	1998
15033 S Padre Island Dr		B	2,499	100	2004
15037 S Padre Island Dr		B	3,600	100	1995
15105 S Padre Island Dr		B	2,486	100	1997
15201 S Padre Island Dr		B	8,862	100	2005
15201-15209 S Padre Island Dr	Bldg. B	B	10,739	100	2008
15209-200--230 S Padre Island Dr	Executive Suites	B	919	100	2004
15481 S Padre Island Dr		B	3,432	100	1984
15962 Palmira		B	1,848	100	1997
13702 Sea Horse Ave		C	1,612	100	1999
15217 South Padre Island Dr	Phase II	B	15,000	100	2008
14617 South Padre Island Dr	Lot #3	C	1,640	100	1986
TOTALS/AVERAGES			157,042	100	1998

Source: CoStar; CDS

Tourism and Hospitality

The Gulf Coast tourism region contains 20 counties and includes five prominent MSAs: Houston-The Woodlands-Sugar Land (which includes Galveston), Beaumont-Port Arthur, Corpus Christi, Victoria, and Brownsville. The Gulf Coast region's share of domestic travel to and within Texas ranked no. 2 out of the seven Texas tourism regions in 2017. This region saw an increase of total tourism spending in 2017 by +9.3%. Top tourism activities within the region include Beach/Waterfront Activities, Shopping, Dining Experiences, Nightlife, and Historic Sites.

Corpus Christi received approximately 9.9 million visitors in 2017 according to research by the Corpus Christi Convention and Visitors Bureau (CVB), about 74% of area visitors are from Texas. Tourism generates an annual economic impact of \$1 billion for the Corpus Christi Region.

North Padre Island attracts tourists for its beaches and fishing. To accommodate these visitors, there is a large stock of vacation rental housing. North Padre Island (78418) offers hotel/Condo properties in sixteen hotels containing 736 rooms.

Historical data for hotels in the 78418 zip code show a fluctuation in number of rooms over the past five years.

Hurricane Harvey which hit in August of 2017 has influenced the market with higher occupancies and REVPAR due to construction workers in the nearby areas.

A detailed list of hotels within zip code 78418 are in the table at right. The hotels that are differing in type, quality, and size. The most recent occupancy figures show a range from 45.8% to 72.9% for an average of 64.7%. REVPAR on average is \$82.22.

All of the highlighted properties (orange) are located within TIRZ #2. As seen TIRZ#2 has a higher RevPAR than the City overall.

Holiday Inn Gulf Beach with 149 rooms is closed and under remodel due to Hurricane Harvey. The hotel is expected to re-open for Summer 2019.

Table 27: MSA Historical Hotel Trends 78418

Year	# Rooms	\$ Room Revenue	Occupancy	RevPAR
2013	715	\$16,318,643	50.9%	\$63.54
2014	735	\$16,551,080	51.9%	\$65.30
2015	709	\$15,897,110	53.1%	\$67.95
2016	715	\$15,455,190	51.8%	\$66.08
2017	736	\$19,259,113	64.7%	\$82.22

Source: Source Strategies, CDS

Table 28: 78418 Hotel Performance, 2017

Hotel Name	# Rooms	\$ Room Revenue	Occupancy	RevPAR
Schlitterbahn	32	\$1,966,369	68.6%	\$168.35
Island House	44	\$2,098,446	72.9%	\$131.32
Fortuna Bay	8	\$94,525	69.2%	\$128.43
Bluff's Landing	24	\$743,247	65.8%	\$84.85
Best Western	40	\$1,227,663	68.8%	\$84.09
Holiday Inn Gulf Beach	149	\$3,378,023	56.8%	\$83.05
Holiday Inn Express	79	\$2,394,483	70.4%	\$83.04
Vacation Resorts Int'l	9	\$133,827	45.8%	\$81.35
La Quinta	60	\$1,706,347	70.7%	\$77.92
Regina Wilbanks	7	\$48,951	47.2%	\$76.01
Padre Escapes	48	\$1,250,476	56.3%	\$71.64
El Constantine Condo	24	\$450,668	51.4%	\$70.03
Hawthorn Suites	54	\$1,373,525	55.5%	\$69.69
Passport Inn	22	\$234,485	66.8%	\$38.76
Monterrey Motel	24	\$56,125	71.4%	\$25.42
Padre Motel	44	\$237,714	66.6%	\$19.65
TOTAL 78418	736	\$19,259,113	64.7%	\$82.22
TOTAL Corpus Christi	7,875	\$182,380,838	62.5%	\$65.58
TIRZ #2	552	\$16,080,485	63.82%	\$87.78

Source: Source Strategies 2017 Annual, 2018 data not available at time of report. Orange highlighted properties are in the TIRZ

Island Development Trends

The table below illustrates the 2010 - 2018 record of building permits. Commercial permitting occurred throughout the period (see the Commercial summary below). The most significant category of permitting was single family residences, the City issued 888 permits for new construction during the last nine years.

The new Commercial construction consisted of the projects listed in the table on the next page.

Table 29: Island Building Permit Trends

Number of Permits	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Commercial	1	1		2	4	2	3	2	6
Residential									
New apartments									
New condo / townhouse	15	2		17	63	45	13	10	
New single family	30	39	101	151	111	94	130	113	119
Permit Valuations									
Commercial	1,539,671	211,000		1,623,408	1,015,153	450,344	3,875,000	747,690	3,217,002
Residential									
New apartments									
New condo / townhouse	922,400	181,200		1,786,419	6,596,510	7,812,048	2,338,347	3,013,402	
New single family	7,802,356	15,008,455	18,179,455	34,967,752	32,619,793	38,879,947	54,709,017	38,305,723	50,024,219

Source: City of Corpus Christi *thru 12/17/18

The commercial permits over the past eight years have totaled \$13,097,668. The square footage added to the market was 157,272 as shown in Table 30.

Table 30: TIRZ Commercial Development Permits

2010-2018

Tenant Name	Application Description	Permit Valuation	Permit Square Footage
SEASHORE MID. ACAD.-NEW	SEASHORE MIDDLE ACADEMY BLD 2-NEW	\$136,200	10,120
SEASHORE LEARNING -NEW	SEASHORE LEARNING CENTER BLD 5-NEW	\$112,000	6,336
PACKERY PARKING RR-NEW	PACKERY CHANNEL S. PARKING LOT RESTROOMS BLD 1-NEW	\$61,600	440
PACKERY PARKING RR-NEW	PACKERY CHANNEL S. PARKING LOT RESTROOMS BLD2-NEW	\$61,600	440
STORAGE BUILDING	COMMERCIAL NEW BUILDING	\$47,000	4,000
PELICAN PLAZA	PELICAN PLAZA-NEW	\$1,539,671	17,135
THE ISLAND CARWASH	New Commercial Construction	\$211,000	1,666
	NEW COMMERCIAL BUILDING	\$1,412,908	18,586
NORTH PADRE BOAT CENTER	3600 S.F. METAL BLDG. 1000 SF OFF., & 2600SF SHOP	\$210,500	3,600
PEZZI CONSTRUCTION	NEW CONSTRUCTION OF BUILDING	\$133,153	1,342
GRACE COMMUNITY CHURCH	NEW CONSTRUCTION	\$543,000	5,595
SMA SCHOOL CAFETERIA	SMA SCHOOL CAFETERIA	\$292,000	2,640
JOHN PEZZI	STORAGE BUILDING	\$47,000	4,000
PADRE ESCAPES LAUNDRY	NEW LAUNDRY FACILITY	\$250,000	2,919
VERIZON TOWER	New concrete equipment pad w/canopy	\$30,000	312
BEACHWALK PLACE	NEW CONSTRUCTION OF CLUBHOUSE	\$170,344	2,457
RUNNING LIGHT PUD	new pool house for Running Light PUD	\$7,000	140
COMPASS MEDICAL OFFICE	New Dr Office	\$368,000	3,296
	MICROTEL MOTEL	\$3,500,000	30,998
	WALDRON LAUNDRY	\$497,000	4,770
	ISLAND JOES COFFEE	\$250,690	2,255
SEASHORE MIDDLE ACADEMY	BUS BARN	\$71,940	1,500
SEASHORE LEARNING	NEW CLASSROOM BLDG 4	\$462,000	4,587
SEASHORE LEARNING	NEW CLASSROOM BLDG 5	\$1,050,000	10,030
SEASHORE LEARNING	NEW CLASSROOM BLDG 3	\$588,000	5,622
PADRE BALLI RV PARK PHASE 1		\$339,950	1,846
DOLLAR GENERAL STORE		\$705,112	10,640

Source: City of Corpus Christi

New Development In Process

Lively Beach

The most significant development project planned for the TIRZ in the 2009 update was Tortuga Dunes, located immediately north of the Packery Channel. This was to be an upscale residential development with 92 single family lots plus townhome sites. There was also land reserved for a Phase II with additional home lots and potentially condominiums. The developer projected the first homes to be built in 2010, with the pace of construction picking up rapidly in 2011.



UPDATE: Tortuga Dunes was never completed past the infrastructure. Currently the development under construction is now “Lively Beach”, a 160 unit rental condo facility.

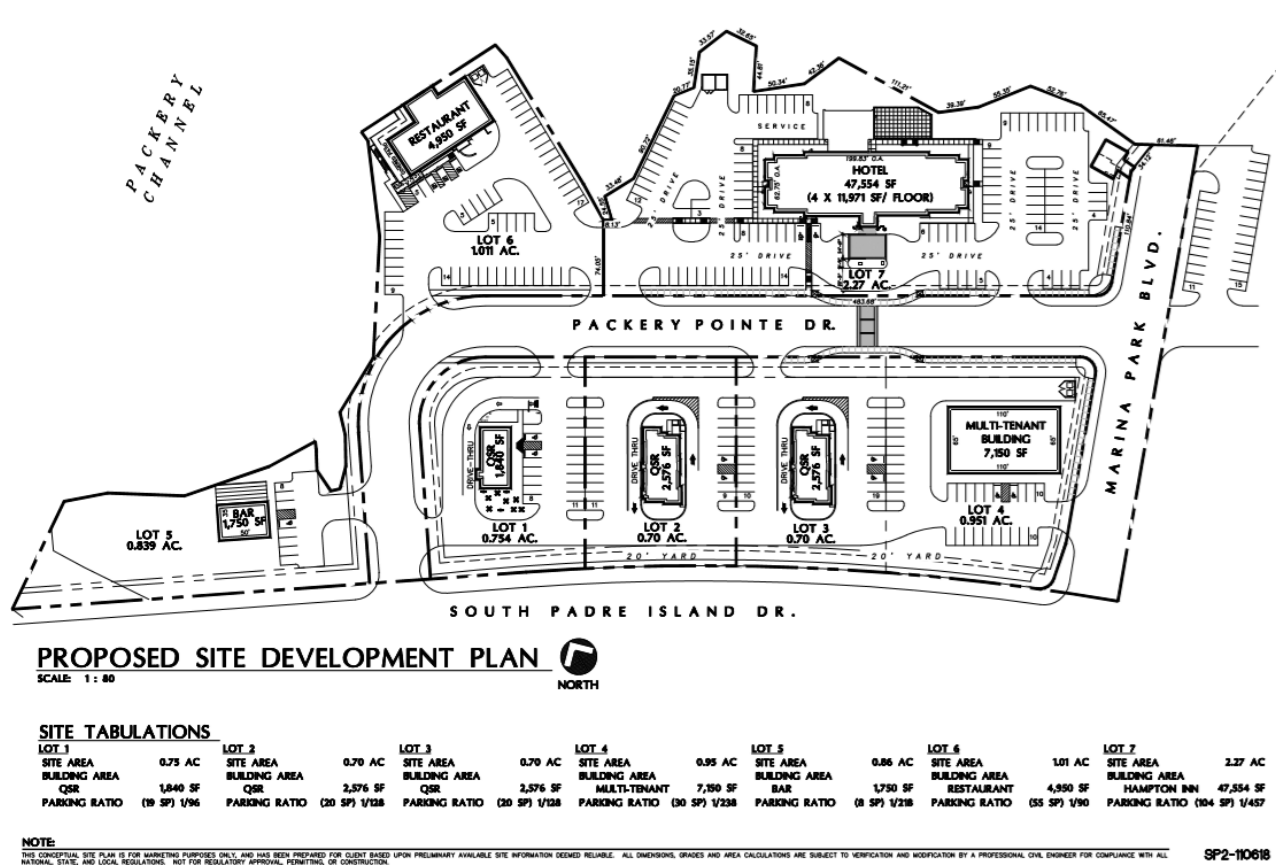
Phase 1 will consist of 28 Efficiency units, 14 one-bedroom units, and 4 two-bedroom units. This phase is scheduled to open February 2020. The new developer/owner is Jeff Lambkin.

Packery Pointe

At December 2018, land was being cleared on the Packery Channel Park site. The Packery Pointe development project is a 9.12 acre site owned by Turner Holdings. At January 2019 the preliminary plans include a Hampton Inn, Full Service restaurant, Bar, three Quick Serve restaurants, and a multi-tenant shopping center per Wandita Ford Turner, COO.

A site plan follows including 20,842 square feet retail/commercial and a 47,554 square foot hotel with 80 to 104 rooms depending on final pro forma.

Figure 36: Packery Pointe Site Plan



Impacts on Island Development

Plan CC Comprehensive Plan (September, 2016)

The predominant residential land use in the City of Corpus Christi is the single-family dwelling at a range of densities. Plan CC designates density levels for single-family housing, duplexes, townhouses, multifamily development, and mixed-use development, which can include housing. The purpose of this approach is to show multifamily housing locations. All residential categories also include schools, churches, and neighborhood-serving public uses. Where small enclaves of residential uses are surrounded by existing or planned light-industrial or intensive commercial uses, rezoning should not perpetuate or enlarge these enclaves.

Single-Family • Low-density residential: up to 3 units per acre • Medium-density residential: 4 to 13 units per acre (including two-family dwellings) • High-density residential: more than 13 units per acre

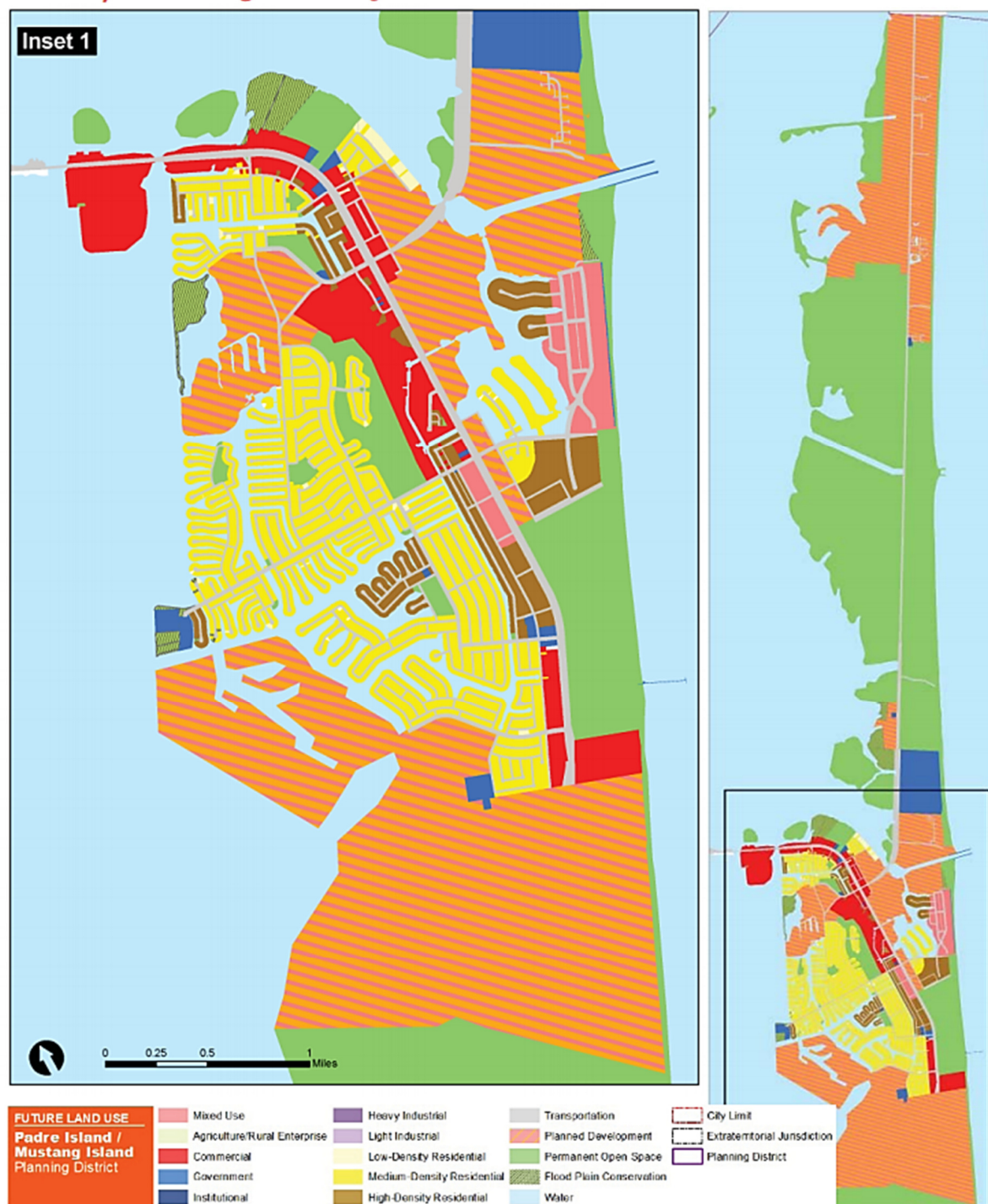
Multifamily • Multifamily development can range from small apartment buildings with three or four units and townhouse developments to large apartment buildings. • Smaller buildings of no more than three stories can coexist with neighborhoods of predominantly single-family housing, preferably located at intersections or on collector streets.

Preferred locations for larger buildings include downtown and downtown-adjacent areas, locations within a walkable distance of urban village cores, and transportation and transit corridors.

Commercial land uses include retail and office uses that are typically open to the public at large. Other commercial uses, such as wholesale and distribution businesses, are included in the light industry category because they have similar impacts, such as high volumes of trucking. In Corpus Christi, 60 percent of retail development is located in the SH 358/South Padre Island Drive corridor. The concentration of retail and other commercial businesses in this corridor is unlikely to change, particularly because so much of it is located on frontage roads to the highway. The desired change is for redevelopment and transformation of this commercial area into higher-value and more attractive development with higher design standards. Schools, churches, and neighborhood-serving public uses can be included in commercial land use areas.

Planned development areas are lands that are currently undeveloped or underutilized but may be suitable in the future for a variety of uses, taking into account environmental and other constraints. Designated on Padre and Mustang islands and in the potential annexation areas, planned development areas are expected to require a rezoning tied to a master planning process or an Area Development Plan.

*Padre/Mustang Planning District **Future Land Use***



Regional Parkway PEL, March 2017

In 2017 the Corpus Christi Metropolitan Planning Organization (MPO) and the City of Corpus Christi — a regional transportation planning unit led by a Transportation Policy Committee comprised of area officials completed a study for the proposed federal/state funded Regional Parkway, which in its initial stages will connect Padre Island to State Highway 286, the Crosstown extension.

The purpose of the proposed Parkway is to alleviate congestion on South Padre Island Drive and provide an evacuation route for the growing Southside and Padre Island.

The Parkway would run parallel to SPID about seven miles south of it. At its eastern end on the Island it would terminate three miles south of Bob Hall Pier and two miles north of the National Seashore at its closest point. The east-west distance would be 15 miles. An extension of Rodd Field Road connecting with the Parkway would run 3.5 miles. All sections would be within the City's Extraterritorial Jurisdiction giving the city a measure of authority.

While the road would lead increased traffic quickly and conveniently onto the Island — creating more opportunity for business and residential development along its path with the added benefit of expansion of the tax base — the National Seashore's long pristine stretches would remain well to the south.

The study area for the Regional Parkway PEL Study is composed of Segment A and Segment B of the RPMC. These segments are located within the area for which CCMPO is required to perform transportation planning activities. The study area is south of the Corpus Christi city limits, specifically the Southside Planning District and the Flour Bluff Planning District, but within the City's extraterritorial jurisdiction (ETJ). The study area also crosses the northern limits of the Laureles Division of the King Ranch. The Regional Parkway PEL study area generally comprises of a one-mile buffer bounded on the east by PR 22 and on the west by SH 286. The PEL Study Area defines Segments A and B and is inclusive of the proposed extension of Rodd Field Road, which is bounded on the north by its intersection with Yorktown Boulevard. The Study Area limits are graphically depicted below.

Figure 37: Regional Parkway PEL

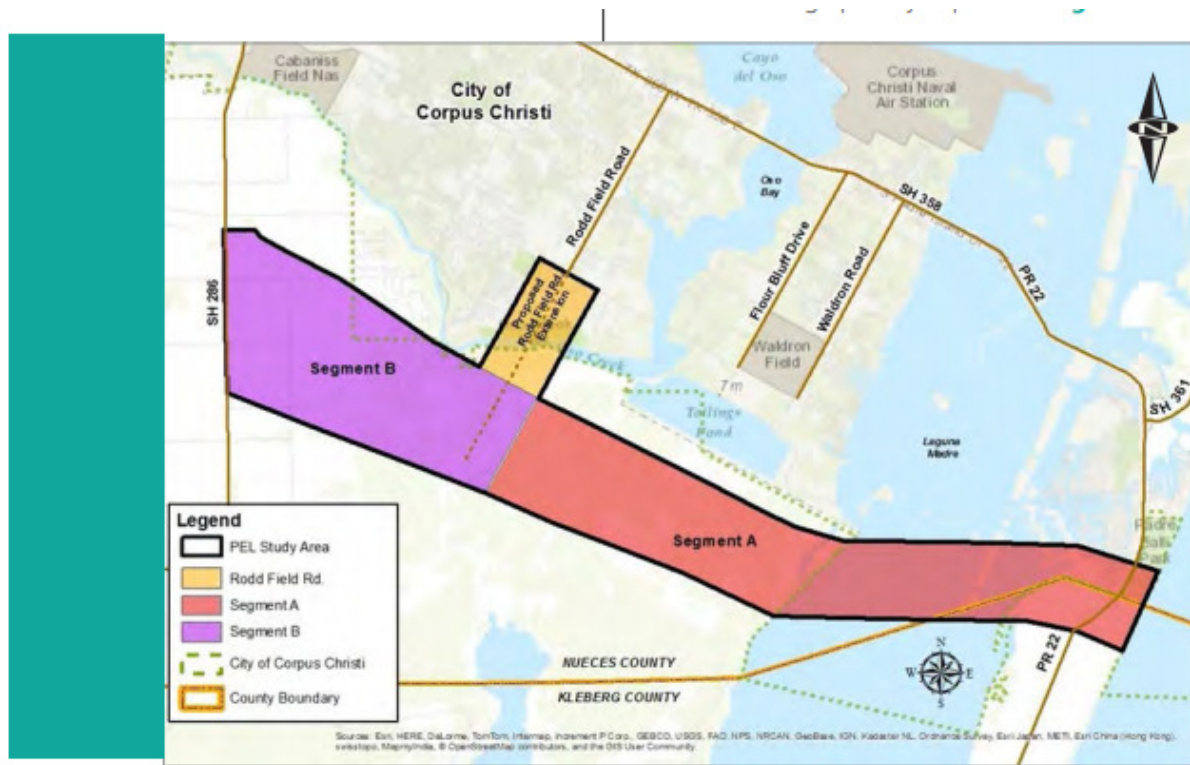


Figure 2: Regional Parkway PEL Study Area

Segment A begins on North Padre Island and extends west approximately 10 miles inland. This segment ranges in width from approximately 1.3 miles in the east to about 1.7 miles wide in the west and includes about 9,000 acres. The majority of this segment occurs within Nueces County; only a small portion of the southeastern edge of this segment lies within Kleberg County.

The modeling results suggest up to 7.6 percent of local traffic from South Padre Island Drive (SH 358) and PR 22 will divert to the proposed Regional Parkway alignment. The greatest diversion is projected for vehicles traveling to Padre/Mustang Islands. The traffic analysis indicates that network traffic operations will improve with the construction of a Regional Parkway alignment alternative from within Segments A, B, and/or the Rodd Field Road Extension. shift in traffic from away SH 358/PR 22, suggesting Regional Parkway will serve as an alternate access to and from Padre and Mustang Islands.

Next steps in the project planning process may include incorporation of the results of this PEL into the City of Corpus Christi's Urban Transportation Plan. Future planning efforts should include: further evaluation of strategies to avoid, minimize, and mitigate environmental impacts; consideration of additional connecting facilities; and assessment of potential funding strategies. Additionally, amendments to the City's Unified Development Code may be necessary to accommodate implementation of Regional Parkway.

Metropolitan Transportation Plan 2015 - 2040

The study area consists of Nueces and San Patricio counties. The Office of the State Demographer for the State of Texas distributes the most widely used population projections for Texas. Projection estimates in these tables and the methodology for migration scenarios have been revised as of November 2012 by the Texas State Data Center and Office of the State Demographer – now housed at University of Texas San Antonio. The following Table 3.3 represents population projections for the study area:

TABLE 3.3: POPULATION PROJECTIONS AND PERCENT CHANGE SINCE 2010										
YR	TOTAL	PCT*	ANGLO	PCT*	BLACK	PCT*	HISPANIC	PCT*	OTHER	PCT*
2010	405,027	---	139,200	---	13,080	---	241,541	---	11,206	---
2015	422,438	4.3	133,281	- 4.3	13,256	1.3	262,603	8.7	13,298	18.7
2020	440,297	8.7	126,763	- 8.9	13,375	2.3	284,517	17.8	15,642	39.6
2025	458,163	13.1	119,872	- 13.9	13,359	2.1	306,550	26.9	18,382	6.4
2030	473,307	16.9	112,096	- 19.5	13,147	0.5	326,561	35.2	21,503	91.9
2035	484,291	19.6	103,568	- 25.6	12,777	- 2.3	342,987	42.0	24,959	122.7
2040	491,526	21.4	94,742	- 31.9	12,221	- 6.6	355,899	47.3	28,664	155.8
2045	496,301	22.5	86,157	- 38.1	11,535	- 11.8	365,980	51.5	32,629	191.2
2050	499,429	23.3	78,251	- 43.8	10,798	- 17.4	373,488	54.6	36,892	229.2

*PCT – Denotes Percent Change

Schlitterbahn New Ownership

As reported on December 5, 2017, Corpus Christi Business News

An agreement reached in U.S. Bankruptcy Court in San Antonio Monday, Dec. 4., gives the owners of Schlitterbahn Corpus Christi Riverpark and Resort until Jan. 31 to reach an agreement that could keep the property from being sold at auction in February. The ruling came from U.S. Bankruptcy Judge Craig Gargotta, who had earlier ordered the appointment of a Chapter 11 trustee to oversee Upper Padre Island Partners, the company that controls development of 540 acres on Padre Island. That development includes the water park and hotel.

Also included are 270-acres of land surrounding the park which was slated for auction in Nueces County on Tuesday, Dec. 5. Axy's Capital Credit Fund sought to foreclose on that acreage in late November. The land is collateral for a \$16 million loan made to Upper Padre Island Partners.

The water park and resort were to be the centerpiece of the bigger development that included a river walk, residential and commercial properties and a marina. The city has been asked to build a bridge over a canal on Park Road 22 as part of the river walk. That may now be put on hold.

Estimated to be worth about \$552 million when completed, the project has been fraught with trouble since the beginning. Partners Gary Henry, president of Schlitterbahn in New Braunfels, his brother Jeff Henry, who designed all the Schlitterbahn parks, and Paul Schexnailder, who owns the land where the development is to be located, have not agreed on how to proceed.

According to court records, Gary Henry moved to put Upper Padre Island Partners into involuntary bankruptcy earlier in the year to stop Axys from foreclosing on the 270-acre parcel. The company could not file for bankruptcy on its own because all the partners did not agree to it.

The Dec. 4 decision concerns IBC Bank's attempts to foreclose on the actual waterpark and hotel, which was also used as collateral for a loan. The ruling gives the bankruptcy trustee more time to either find a buyer or work out another plan, which could include auctioning off the property.

If no agreement is reached by Jan. 31, IBC will move to foreclose on the property in February. Schlitterbahn opened in Corpus Christi in 2016 after about two years of delayed openings because of changes in the scope of the project.

Liens and work stoppages by contractors who were not being paid plagued the entire construction process. The attraction has yet to make a profit according to bankruptcy filings.

May 1, 2018 Caller Times

Schlitterbahn Corpus Christi has a new owner and management company. On May 1, International Bank of Commerce was the purchaser at the water park's foreclosure sale at the Nueces County Courthouse.

The San Antonio-based company bid \$20 million. There were no counter bids, said Jon Lowe, attorney with Martin & Drought, PC, a law firm in San Antonio.

"It's gone from a bank lender to a real estate-owned situation," Lowe told the Caller-Times. "The bank owns the property, so it has to do everything the owner would have to do: pay the bills, deal with insurance, etc."

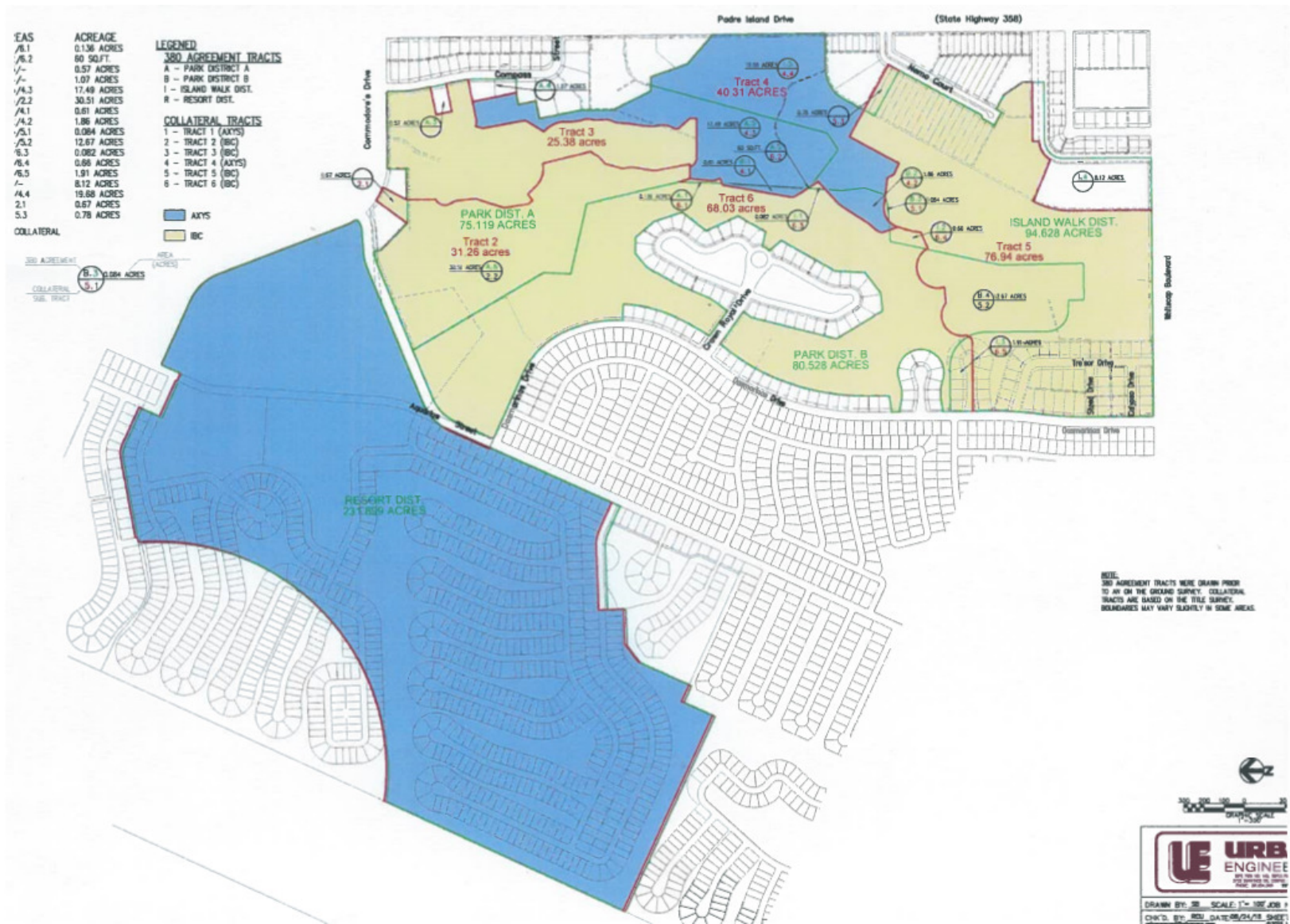
The park will continue to operate as a licensed Schlitterbahn Riverpark & Resort, according to a news release.

Previously, IBC was the lien holder on the Schlitterbahn property and took over when Upper Padre Partners, LP, the original developers of the project on North Padre Island, failed to make payments of \$16 million on a 2015 loan, according to Nueces County court documents.

Lowe filed two deeds in the Nueces County district clerk's office. One deed is for the foreclosure sale to IBC. A second deed transferred ownership and management of the property to Diamond Beach Holdings, an affiliate company of IBC.

Figure 38 is a map from Corpus Christi Assistant City Attorney which displays the new ownership of Schlitterbahn park, golf course, and surrounding land. "Blue" area is now held by AXYS Capital and the "beige" is held by IBC.

Figure 38: New Schlitterbahn Ownership



An interview with Stephanie Pickett, General Manager of Schlitterbahn revealed the following Schlitterbahn Improvements:

- Drive-in/dive-in movie theater – November 2018
- Future plans include virtual reality attractions, escape rooms and eSports arenas to the facility (build out 3rd floor).
- The world's first lazy river eSports tournament is set for March.
- Ropes course, beach volleyball
- New restaurant/chef/menu
- Build out the 4th floor – Ballroom/meeting space for 800 capacity
- Complete \$3million Harvey repairs (mostly structural/insurance \$)

CDS made numerous attempts to contact IBC and AXYS directly. Unfortunately, they were unavailable via phone, email, and other contacts.

POTENTIAL DEMAND

Single Family Residential Demand – City of Corpus Christi

Demand for new construction of single-family homes is primarily rooted in the need to house additional population in an area. Therefore, we will quantify demand for new homes within the City based on the previously mentioned Corpus Christi Metropolitan Planning Organization (MPO) forecasts that have been prepared.

Table 31: City Projections

City	2018	2020	2025	2030	2035	Increase 2018- 2035
Population	330,925	338,971	359,086	379,201	399,328	68,403
Households	124,221	127,427	135,444	143,461	151,478	27,257
Employment	193,000	196,613	205,643	214,673	223,715	30,715

*italics denotes projections

Source: PCensus, MPO, CDS

CDS will use the projected growth for 2035 and apply it annually to the current population, households, and employment. Population is projected to grow at a rate of 4,023 per year, while households remain at 1,603 annually (CDS Estimated based on PCensus) and employment at 1,806 annually thru 2035 (Table 32).

To plan and project new housing units, the number of projected housing units is multiplied by the percentage of owners for single family homes. As shown using the 67.75% of households owning in the CMA (2018 estimate) there is a potential demand to support 9,852 new homes through 2030.

Table 32: City Single Family Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental household unit demand		3,206	8,017	8,017	8,017
City Single family demand (67.75%)		2,172	5,431	5,431	5,431
City Single Family Demand Annually		1,086	1,086	1,086	1,086

Sources: PCensus for Map Info, Copyright 2018 Tetrad Corporation, CDS

TIRZ Demand for Single Family

Currently, the TIRZ encompasses 0.005% of the City's Households (634 out of 124,221). Single Family development in the TIRZ accounts for 18.69% of the overall household units. Currently the TIRZ includes 37 improved residential lots (inventory) and 173 platted lots.

At this current rate of 18.69% applied to the expected growth, the TIRZ could absorb 24 new homes by 2035 (Table 33).

Table 33: TIRZ Single Family Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental household unit demand		3,206	8,017	8,017	8,017
TIRZ % of City HH growth (.005)		16	40	40	40
TIRZ Single Family (18.69%)		3	7	7	7

Corpus Christi Multifamily Demand

Multifamily development in the City accounts for 29.64% of the overall household units. Based on projections of households in the City, there is demand for 1,658 multifamily units by 2035 (Table 34).

Table 34: City Multifamily Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental housing unit demand		3,206	8,017	8,017	8,017
City Multifamily demand (29.64%)		950	2,376	2,376	2,376
Less Pipeline Units		-483			
City Ann. Multifamily Demand Based on HH Projections		233	475	475	475

Absorption in the market has on average been 427 units per year. Using this trend, the estimate of 475 units per year appears to be reasonable.

TIRZ Demand for Multifamily

Currently, the TIRZ encompasses 0.005% of the households. Multifamily accounts for 77.49% of the overall housing units. At this current rate applied to the expected growth, the TIRZ could absorb 105 multifamily units by 2035 (Table 35).

Table 35: TIRZ Multifamily Demand

	2018	2020	2025	2030	2035
Total current and projected City households	124,221	127,427	135,444	143,461	151,478
Incremental household unit demand		3,206	8,017	8,017	8,017
TIRZ % of City HH growth (.005)		16	40	40	40
TIRZ Multifamily (77.49%)		12	31	31	31

Retail Development Demand- Corpus Christi

Currently the City of Corpus includes 55 square feet of retail per person. Historically, 162,000 square feet has been absorbed annually over the past five years.

Table 36: City Retail Demand

	2018	2020	2025	2030	2035
Total current and projected City Population	330,925	338,971	359,086	379,201	399,328
Incremental Population growth		8,046	20,115	20,115	20,115
55 SF Retail Per Person		442,530	1,106,325	1,106,325	1,106,325
Less Retail Pipeline		(68,566)			
Retail Demand Annually Based on Projections		373,964	221,265	221,265	221,265
Annual Retail Demand Based on Historical Absorption		162,000	162,000	162,000	162,000

Based on historical absorption, CDS estimates that 162,000 square feet can be absorbed annually or 2.75 million square feet by 2035.

TIRZ Demand for Retail

Currently, the TIRZ encompasses 0.003% of the City's population. Retail on the Island accounts for 271 square feet per TIRZ resident. At this current rate applied to the expected growth, the TIRZ could absorb 49,050sf by 2035 (Table 37).

Table 37: TIRZ Retail Demand

	2018	2020	2025	2030	2035
Total current and projected City Population	330,925	338,971	35,9086	379,201	399,328
Incremental Population growth		8,046	20,115	20,115	20,115
TIRZ Population .003 of City		24	60	60	60
Island Retail 271 SF Per TIRZ Person		6,504	16,353	16,353	16,353
Less Island Pipeline		-10,460			
Retail Demand Annually		0	3,270	3,270	3,270

Historically the TIRZ has absorbed 5,740 square feet of retail per year. Based on historical trends, the annual demand estimate of 3,200sf appears to be reasonable.

The Packery Pointe development is proposing 20,842 square feet of retail currently. This may be all the retail that the Island can absorb over the next 5 to 10 years. Due to the lack of retail being built or built over the past 10 years, absorption is hard to predict based on population growth alone. The tourism market will contribute seasonally to the success of the retail market.

Office Development Demand - Corpus Christi

An office space per office employee factor for the past five years ranged from a high of 365 square feet in 2010 to a low of 150sf in 2017. In our analysis (Table 38), we will use 250 square feet.

Table 38: City Office Demand

City	2018	2020	2025	2030	2035
Current and Projected Employment	193,000	196,613	205,643	214,673	223,715
Incremental Employment Growth		3,612	9,030	9,030	9,030
52.65% Labor Force/Prof/White Collar		1,901	4,754	4,754	4,754
250 SF Per Job		475,250	1,188,500	1,188,500	1,188,500
Less Pipeline Office		(50,000)			
Incremental Demand		425,250	1,188,500	1,188,500	1,188,500
City Office Annual Demand		212,625	237,700	237,700	237,700

TIRZ Office Demand

The Island includes 25 buildings with 157,042 square feet of space or 1.5% of the overall City office supply. There are 624 employed in the TIRZ, 68.7% are white collar workers or .003 percent of the City's employment.

Table 39: TIRZ Office Demand

City	2018	2020	2025	2030	2035
Current and Projected Employment	193,000	196,613	205,643	214,673	223,715
Incremental Employment Growth		3,612	9,030	9,030	9,030
TIRZ .003 overall Office		14	27	27	27
68.78%TIRZ Labor Force/Prof/White Collar		9	19	19	19
250 SF Per Job		2,407	4,750	4,750	4,750
Incremental Annual Demand		1,203	950	950	950

Over a seven year period, the TIRZ can absorb approximately 7,157 square feet of office space.

Hotel and Tourism

The TIRZ includes 552 rooms with 149 rooms offline due to Harvey. Occupancy is currently 63.8% with RevPAR at \$87.78.

With the reintroduction of 149 rooms and the proposed Hampton Inn at Packery Pointe (80 - 104 rooms), plus the large number of rentals (condos, townhomes homes) on the Island, CDS estimates no immediate new hotel development over the next five to ten years in the TIRZ.

PROPERTY ACCOUNT AND TIRZ VALUE ANALYSIS

The results of the market study update have been translated into projections of new development and TIRZ assessed values for the remaining existing zone term and a potential twenty-year extension.

New Development Projections – Quantities and Values

The projections of new development in the near term are based on the findings of supportable new development in the Market Analysis and an assessment of known projects underway, most notably Lively Beach and Packery Pointe, plus the reopening of the rehabbed Holiday Inn. CDS projected assessed values of these new projects based on existing comparable properties on North Padre Island and southern Corpus Christi.

Key assumptions in the projections include:

- In the absence of a new market dynamic for the Island, supportable new development will adhere to the limits suggested by the Market Analysis.
- Based on anecdotal research obtained during the Market Analysis, the projections assume that Lively Beach will be 100% rental units.
- The major future assumption included in these projections is that a new bridge and associated channel are constructed on Park Road 22 north of the Nemo Court intersection. This improvement will be designed in such a way so as to become an attractive public amenity and destination that supports new commercial development along its adjacent frontages in a walkable outdoor configuration. The completion of this project occurs soon enough to spur initial adjacent retail under construction starting in 2025 and open in 2026. This significant new element of the Island's attractiveness is enough to spur other new developments that happen earlier and in larger quantities than without the bridge and channel project.
- The projections do not incorporate any new development value specific to the current waterpark and hospitality venue at 14353 Commodore Drive.
- All new development is allocated 30% of total new assessed market value during the interim construction year with the remainder added the following year.
- For all new single family and condominium units, 10% of new market value is assumed to be reduced to exemptions at year of completion to calculate new taxable value.

The projections of new development quantities and assessed values are provided in the following tables.

Table 40: Projected TIRZ 2 New Development Quantities

Development Land Use	Calendar Year Of Completion													
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Residential (units)														
Lively Beach		46		40		40		34						
Future condos										30			30	
Future single family				10			10		10		10		10	
Future multifamily apartments										100				
Commercial														
<u>Packery Pointe</u>														
Hotel (rooms)		100												
Retail (sq.ft.)		14,142	6,698											
Reopened hotel (rooms)	149													
Future hotel (rooms)									130					
Future retail (sq.ft.)								15,000						

Development Land Use	Calendar Year Of Completion										Total
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	
Residential (units)											
Lively Beach											160
Future condos		30			30			30			150
Future single family	10		10		10		10		10		100
Future multifamily apartments	100								100		300
Commercial											
<u>Packery Pointe</u>											
Hotel (rooms)											100
Retail (sq.ft.)											20,840
Reopened hotel (rooms)											149
Future hotel (rooms)					130						260
Future retail (sq.ft.)	15,000							15,000			45,000

Table 41: Projected TIRZ 2 New Development Assessed Values

Development Land Use	Value / Unit	Tax Year (Jan. 1 Valuation) Additional Assessed Value (\$)												
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Residential (units)														
Lively Beach	\$200,000	2,760,000	6,440,000	2,400,000	5,600,000	2,400,000	5,600,000	2,040,000	4,760,000					
Future condos	\$275,000									2,475,000	5,775,000		2,475,000	5,775,000
Future single family	\$700,000			2,100,000	4,900,000		2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000
Future multifamily apartments	\$150,000									4,500,000	10,500,000			
Commercial														
<u>Packery Pointe</u>														
Hotel (rooms)	\$47,500	1,425,000	3,325,000											
Retail (sq.ft.)	\$180	763,668	2,143,584											
Reopened hotel (rooms)*	\$20,000	2,980,000												
Future hotel (rooms)	\$47,500								1,852,500	4,322,500				
Future retail (sq.ft.)	\$180							810,000	1,890,000					
TOTAL ADDITIONAL MARKET VALUE		7,928,668	11,908,584	4,500,000	10,500,000	2,400,000	7,700,000	7,750,000	10,602,500	16,197,500	18,375,000	4,900,000	4,575,000	10,675,000
Exemptions on new units					(630,000)			(630,000)		(630,000)	(742,500)			(630,000)
TOTAL ADDITIONAL TAXABLE VALUE		7,928,668	11,908,584	4,500,000	9,870,000	2,400,000	7,700,000	7,120,000	10,602,500	15,567,500	17,632,500	4,900,000	4,575,000	10,045,000

* Incremental increase over 2018 value

Development Land Use	Value / Unit	Tax Year (Jan. 1 Valuation) Additional Assessed Value (\$)									
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Residential (units)											
Lively Beach	\$200,000										
Future condos	\$275,000		2,475,000	5,775,000		2,475,000	5,775,000		2,475,000	5,775,000	
Future single family	\$700,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000	2,100,000	4,900,000
Future multifamily apartments	\$150,000	4,500,000	10,500,000							4,500,000	10,500,000
Commercial											
<u>Packery Pointe</u>											
Hotel (rooms)	\$47,500										
Retail (sq.ft.)	\$180										
Reopened hotel (rooms)*	\$20,000										
Future hotel (rooms)	\$47,500					1,852,500	4,322,500				
Future retail (sq.ft.)	\$180	810,000	1,890,000						810,000	1,890,000	
TOTAL ADDITIONAL MARKET VALUE		7,410,000	19,765,000	7,875,000	4,900,000	6,427,500	14,997,500	2,100,000	8,185,000	14,265,000	15,400,000
Exemptions on new units			(630,000)	(742,500)	(630,000)		(1,372,500)		(630,000)	(742,500)	(630,000)
TOTAL ADDITIONAL TAXABLE VALUE		7,410,000	19,135,000	7,132,500	4,270,000	6,427,500	13,625,000	2,100,000	7,555,000	13,522,500	14,770,000

* Incremental increase over 2018 value

Projected TIRZ 2 Increment and Revenue

The following three tables provide a summary of projected new taxable assessed value in TIRZ 2, based upon the new development projections. Each participating taxing jurisdiction is shown with a separate taxable value, owing to differences in offered exemptions.

The projected TIRZ values and revenue include the following assumptions:

- No additional property is annexed into the TIRZ.
- Existing properties appreciate at an average rate of 3.0% per year. Individual property types will increase or decrease in value at considerably different rates from year to year depending upon overall economic conditions and impactful events such as coastal storms, but a 3.0% rate is a reasonable and conservative rate to apply across all property types over the long term.
- The property tax collection rate is 95%.

Table 42: Projected TIRZ 2 Taxable Value (\$)

Year	Taxing Jurisdictions and Tax Rates			
	City of Corpus Christi \$0.626264	Nueces County \$0.351340	Hospital \$0.117672	Del Mar College \$0.281885
2019	478,974,650	476,821,008	483,595,715	480,516,055
2020	501,272,557	499,054,306	506,032,255	502,860,205
2021	528,219,318	525,934,519	533,121,806	529,854,595
2022	548,565,898	546,212,554	553,615,460	550,250,233
2023	574,892,875	572,468,931		576,627,740
2024	594,539,661	592,042,999		596,326,572
2025	620,075,851	617,504,289		621,916,369
2026	645,798,126	643,149,418		647,693,860
2027	675,774,570	673,046,400		677,727,176
2028	711,615,307	708,805,292		713,626,491
2029	750,596,266	747,701,951		752,667,786
2030	778,014,154	775,033,010		780,147,820
2031	805,929,579	802,859,000		808,127,254
2032	839,409,966	836,247,270		841,673,572
2033	872,002,265	868,744,688		874,333,779
2034	917,297,333	913,942,029		919,698,793
2035	951,948,753	948,492,789		954,422,256
2036	984,777,216	981,217,573		987,324,924
2037	1,020,748,032	1,017,081,600		1,023,372,172

2038	1,064,995,473	1,061,219,048		1,067,698,337
2039	1,099,045,338	1,095,155,620		1,101,829,287
2040	1,139,571,698	1,135,565,288		1,142,439,166
2041	1,187,281,349	1,183,154,747		1,190,234,841
2042	1,237,669,789	1,233,419,389		1,240,711,886

Table 43: Projected TIRZ 2 Assessed Value Increment (\$)

Year	Taxing Jurisdictions and Tax Rates			
	City of Corpus Christi \$0.626264	Nueces County \$0.351340	Hospital \$0.117672	Del Mar College \$0.281885
2019	396,460,783	395,088,667	401,863,374	397,807,458
2020	418,758,690	417,321,965	424,299,914	420,151,608
2021	445,705,451	444,202,178	451,389,465	447,145,998
2022	466,052,031	464,480,213	471,883,119	467,541,636
2023	492,379,008	490,736,590		493,919,143
2024	512,025,794	510,310,658		513,617,975
2025	537,561,984	535,771,948		539,207,772
2026	563,284,259	561,417,077		564,985,263
2027	593,260,703	591,314,059		595,018,579
2028	629,101,440	627,072,951		630,917,894
2029	668,082,399	665,969,610		669,959,189
2030	695,500,287	693,300,669		697,439,223
2031	723,415,712	721,126,659		725,418,657
2032	756,896,099	754,514,929		758,964,975
2033	789,488,398	787,012,347		791,625,182
2034	834,783,466	832,209,688		836,990,196
2035	869,434,886	866,760,448		871,713,659
2036	902,263,349	899,485,232		904,616,327
2037	938,234,165	935,349,259		940,663,575
2038	982,481,606	979,486,707		984,989,740
2039	1,016,531,471	1,013,423,279		1,019,120,690
2040	1,057,057,831	1,053,832,947		1,059,730,569
2041	1,104,767,482	1,101,422,406		1,107,526,244
2042	1,155,155,922	1,151,687,048		1,158,003,289

Table 44: Projected TIRZ 2 Revenue (\$)

Year	Taxing Jurisdictions and Tax Rates				TOTAL
	City of Corpus Christi \$0.626264	Nueces County \$0.351340	Hospital \$0.117672	Del Mar College \$0.281885	
2020	2,358,747	1,318,699	449,237	1,065,292	5,191,974
2021	2,491,408	1,392,908	474,318	1,125,127	5,483,761
2022	2,651,728	1,482,627	504,601	1,197,416	5,836,372
2023	2,772,780	1,550,310	527,511	1,252,033	6,102,634
2024	2,929,413	1,637,946		1,322,670	5,890,029
2025	3,046,302	1,703,279		1,375,421	6,125,002
2026	3,198,229	1,788,262		1,443,949	6,430,440
2027	3,351,264	1,873,859		1,512,978	6,738,101
2028	3,529,609	1,973,647		1,593,405	7,096,661
2029	3,742,844	2,093,000		1,689,540	7,525,384
2030	3,974,762	2,222,827		1,794,089	7,991,677
2031	4,137,885	2,314,050		1,867,678	8,319,613
2032	4,303,968	2,406,926		1,942,604	8,653,498
2033	4,503,159	2,518,367		2,032,438	9,053,965
2034	4,697,068	2,626,835		2,119,899	9,443,801
2035	4,966,551	2,777,691		2,241,382	9,985,624
2036	5,172,710	2,893,012		2,334,369	10,400,091
2037	5,368,023	3,002,239		2,422,479	10,792,741
2038	5,582,032	3,121,943		2,519,010	11,222,985
2039	5,845,282	3,269,262		2,637,711	11,752,256
2040	6,047,862	3,382,533		2,729,111	12,159,506
2041	6,288,974	3,517,410		2,837,860	12,644,244
2042	6,572,823	3,676,251		2,965,853	13,214,926
2043	6,872,609	3,844,020		3,101,026	13,817,656
Total	104,406,031	58,387,904	1,955,666	47,123,339	211,872,940

TIRZ 2 Recommendations

Based on the review of recent market conditions and performance of the various land uses and an assessment of the most significant development and public improvement opportunities, CDS has the following recommendations for the future activities of TIRZ 2.

- CDS finds that the key market-supportable development opportunities on North Padre Island lie primarily within the existing boundaries of the zone, especially the properties adjacent to and east

of the existing water park and hospitality venue at 14353 Commodore Drive. CDS was not able to discern a clear direction for the waterpark apart from the recent improvements that the current owner has undertaken, but it would appear logical that it will continue to be a regional leisure activity draw to Coastal Bend residents and an amenity (though not primary driver of tourism demand) for out-of-area visitors already destined for North Padre Island. The remaining vacant properties around 14353 Commodore Drive and on the east side of Park Road 22 should be able to accommodate projected supportable demand. Also, zone properties on the west side of Park Road 22 at the south end of the zone will be able to accommodate and be desirable for small-scale commercial development. Therefore, CDS does not recommend adding new properties to the zone for now.

- There does not appear to be any major transformative external force that would change the growth trajectory within the zone. However, the City, private property owners and other applicable entities have an opportunity to internally impact the market within the zone with the Park Road 22 bridge project and associated channel connection. Not only would a bridge allow more direct navigation to and from Packery Channel, it could facilitate unique public space improvements that could be part of a “placemaking” effort. CDS recommends that the involved entities work together to create a walkable destination area around the new channel that supports new retail / restaurant / entertainment development by inviting visitors to linger and cross-visit businesses on foot, bicycle etc., as opposed to the car-based strip development in place on the Island today. This will also make these properties attractive for residential and hotel development. CDS’ projections above have assumed such a project and private development to occur in the mid-2020s.

TIRZ funds can be used for the improvements that will be public infrastructure and amenities, such as pedestrian and roadway infrastructure and public parking. Public space landscape and streetscape elements such as lighting, benches, trees, etc. would also be eligible. CDS recommends that the City undertake a master plan effort in cooperation with the bridge-adjacent private property owners to identify the supportive placemaking improvements that will work in synergy with the future mixed-use developments around the channel. This concept planning effort can also be TIRZ-funded, at least to the extent that it is focusing on the public improvement components.

- Furthermore, in order to extend the benefits of the bridge / channel project to the remainder of the zone, CDS recommends that a connective network of landscaped pathways and necessary safe crosswalks for pedestrians, bicycles, etc. be planned and constructed that reach from the new mixed-use destination to other residential and hospitality areas and additional destinations such as 14353 Commodore Drive.
- To accomplish this planning and improvement effort, CDS recommends extending the life of the TIRZ. The projections assume a 20-year extension to 2042. However, depending on the financing approach for future improvements, a longer term may be necessary, particularly if bond financing backed by TIRZ revenue is used.

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