

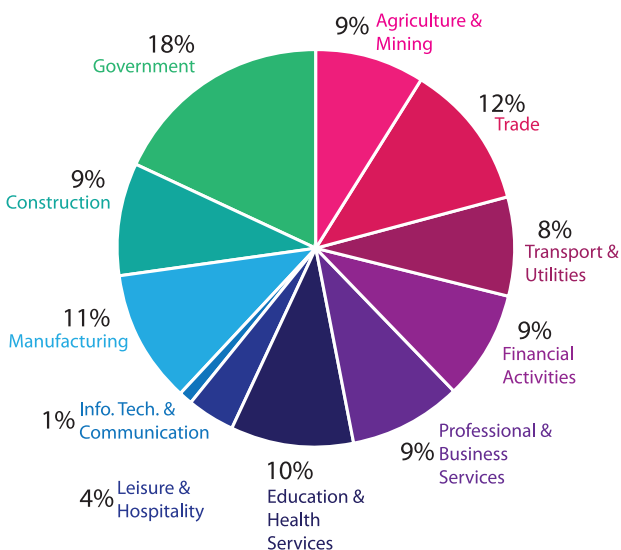
ECONOMY

The Coastal Bend enjoys a moderate climate, a long growing season and access to Corpus Christi Bay and the Gulf of Mexico, all of which have a major impact on economic, trade, tourism and quality of life factors. However, most of the large employment sectors in the region — government, health care, education — could locate anywhere regardless of these factors.

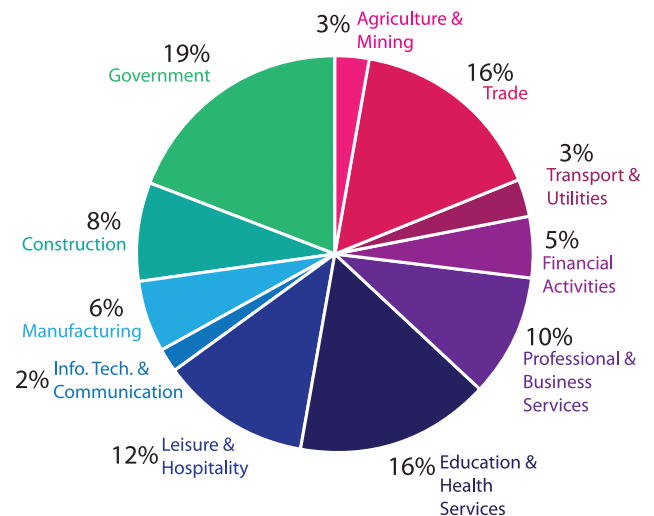
Coastal Bend residents spend significantly less per capita on retail sales than the average of other metropolitan areas in the state. Housing costs, both for renters and homeowners, are lower than the state average.

- The Corpus Christi Metropolitan Statistical Area's (MSA) Gross Metro Product, a broad measure of a region's economic activity, was \$13.2 billion in 2005. Other years: 2004: \$12.3 billion; 2003: \$11.2 billion; 2002: \$10.4 billion; and 2001: \$9.9 billion. For purposes of the regional economy and employment discussion, the Corpus Christi MSA is defined as Nueces, San Patricio and Aransas counties.
- The three largest industries based on number of jobs in the Corpus Christi MSA in May 2008 were Government (32,800), Trade, Transportation & Utilities (32,200) and Education and Health Services (27,200).

CORPUS CHRISTI GROSS DOMESTIC PRODUCT BY INDUSTRY



CORPUS CHRISTI EMPLOYMENT BY INDUSTRY



Source: Texas A&M University-Corpus Christi College of Business

- Corpus Christi scored 88.2 (with 100 being the average of 303 U.S. urban areas) on the ACCRA Cost of Living Index in 2007 compared with a statewide average of 89.44. A score below 100 means the cost of living is below the national average for urban areas.

The Port of Corpus Christi

- The Port of Corpus Christi is the sixth largest in the nation based on tonnage. The Port handled 89,319,693 short tons of cargo in 2007 (a 2.68% increase since 2006) and generated \$1.3 billion in revenues.

PORT OF CORPUS CHRISTI TONNAGE 2007

Break Bulk	445,204	0.50%
Grain	3,377,386	3.78%
Chemical	1,848,875	2.07%
Dry Bulk	8,241,554	9.23%
Liquid Bulk	513,036	0.57%
Petroleum	74,893,638	83.85%
Total	89,319,693	100.00%

Source: Port of Corpus Christi

Tourism

- Corpus Christi is the sixth most popular tourist destination in the state. In 2006, an estimated 7 million visitors spent 16 million days in the area, spending \$964.4 million.
- In 2006, 43% of local visitor trips were nature-based and these visitors spent a total of \$337.6 million, or 35% of total visitor spending.
- Corpus Christi had 11,000 hotel rooms in 2006 with an occupancy rate of 51.1% compared with an occupancy rate of 61.1% statewide.

Industries targeted for potential growth

The Corpus Christi Regional Economic Development Corporation has identified the following business sectors as primary targets for industry growth:

- Support activities for mining, oil and gas
- Basic chemical manufacturing
- Agriculture, construction and mining machinery manufacturing
- Aerospace product and parts manufacturing
- Ship and boat manufacturing
- Deep sea and coastal water transportation
- Support activities for water transportation
- Software publishing (simulation software)
- Wireless telecommunications
- Data processing, hosting and related services
- Research and development in physical, engineering and life sciences
- Office administrative services

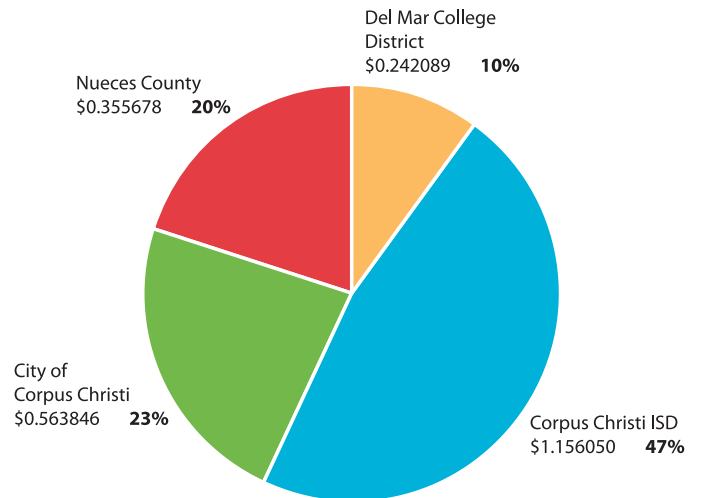
Taxes impact economic viability

- The retail sales tax in Corpus Christi is 8.25 cents per dollar spent. The State of Texas receives 6.25 cents, the City of Corpus Christi 1.5 cents and Nueces County 0.5 cents for each dollar purchased. The total rate is on par with other major Texas cities.
- Gross retail sales per capita in the Corpus Christi MSA were \$11,342 in 2005 compared with the statewide average of around \$15,935. Only four of 26 major Texas cities reported lower gross retail sales per capita figures.
- Residents in Corpus Christi paid slightly more than \$2.46 per \$100 of assessed property value to four taxing entities in 2007, while Portland residents paid \$2.59 to three taxing entities. Residents in other Texas cities pay the following to a combination of taxing entities:

Houston	3.3368
Plano	2.8567
San Antonio	2.8475
Fort Worth	2.6863
Arlington	2.5623
Laredo	2.5432
El Paso	2.5191
Dallas	2.5100
Corpus Christi	2.4624
Galveston	2.4624
Austin	2.1538

- The City of Corpus Christi property tax rate was \$0.563846 compared with the statewide average of \$0.4865. The Corpus Christi Independent School District property tax rate was \$1.156050.

2007 PROPERTY TAX RATE BY JURISDICTION



Source: Nueces County Appraisal District

- Both residential and commercial building permits issued by the City of Corpus Christi declined in 2007 and are on pace to decline again in 2008. These decreases come after higher-than-normal increases in 2005 and 2006 due to unusual market conditions.
- A median-priced home in Corpus Christi sold for \$130,600 in 2006 compared with the statewide figure of \$143,000 and a nationwide figure of \$221,900.
- Corpus Christi residents had a Housing Affordability Index (HAI) of 1.54 compared with a statewide index of 1.50 and a nationwide HAI of 1.10 (An HAI of 1.54 means residents earn more than one-and-a-half times the amount needed to qualify for a loan).

- Home prices in Corpus Christi were appreciating at an annual rate of more than 5% at the end of 2006 compared with slightly more than 6% statewide.
- In 2007, Corpus Christi reported 7,571,976 square feet of office space with a vacancy rate of 10.5%.
- Approximately 4.2% of the 30,041,937 square feet of industrial space in Corpus Christi stood vacant in 2007.
- Corpus Christi International Airport is on pace to record approximately 414,800 enplanements in 2008, a 5.33% decrease over 2007.
- Bank deposits declined in Nueces County from \$3.347 billion in 2006 to \$3.273 billion in 2007, while in San Patricio County, deposits increased from \$414 million to \$424 million.

Questions We Need to Consider

1. Which business sectors in the Coastal Bend should we enhance? How?
2. Are we maximizing the natural resources provided by our location to enhance economic viability?
3. What changes would be necessary to lower tax rates while maintaining or improving quality of life factors?
4. Why are retail sales lagging behind state averages?
5. How will housing cost changes over the next decade impact the region?

Sources:

Corpus Christi Economic Development Corporation

Nueces County Appraisal District

Port of Corpus Christi

Texas A&M University-Corpus Christi College of Business