

Corpus Christi Marina's Impact on the Local Economy

April 2021

Summary Report for

City of Corpus Christi

TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

Executive Summary

This report presents some quantitative estimates for the significance of the Corpus Christi Marina to the downtown area and the local economy as a whole. As much as the downtown seawall provides protection to waterfront properties, the marina facilities are key infrastructure that promotes economic development not only in the downtown SEA district, but also tourism for the entire city.

The role of the Corpus Christi Marina in the local economy is far-reaching and broad-based. The following illustrates several snapshots of the economic impacts that can reasonably be quantified:

Annual Impact Estimates (2021 dollars)

Regattas	$0.46 million
Property tax value	$0.5 million
Bay view revenues	$2.5 million

Immediate Impacts from Regattas

The marina redevelopment project will immediately allow more and bigger boats to come to Corpus Christi, generating additional slip revenues and economic activities from boat owners. As an illustration of other immediate benefits, the sailboat races that regularly take place in the Corpus Christi marina area are poised to generate an average of **$0.46 million per year** in visitor spending. The proposed one-time investment in this project is expected to generate a cumulative total of $18.6 million in visitor spending over the lifespan of 40 years.

Downtown Economy

The one-square-mile downtown district, which also directly benefits from the marina redevelopment, is home to 482 businesses and 6,784 employees. This area accounts for **5% of the city's economic activity**. The share of the local economy rises to 13% if the uptown area is also included. A loss of amenities provided by the marina facilities would likely lead to a reduction in commercial and residential property values in this area. A hypothetical reduction of 5% in property values would mean a loss of $82 million in property value, and an estimated **$0.5 million** in the City's annual property tax revenue.

Downtown Tourism

About half of visitors to Corpus Christi come to the local waterfront and beaches. Should the marina fall into disrepair, the area would become less attractive to business and leisure travelers alike. Downtown hotels, restaurants and bars would become less competitive. The three hotels that boast their "bay view" are expected to lose up to **$2.5 million each year** from room revenues alone, or a cumulative total of $102 million in 40 years.

Introduction



The City of Corpus Christi has proposed to redevelop the Corpus Christi Marina downtown. This redevelopment project includes replacing some docks and a pier, and dredging the area. The estimated costs total $20 million: $11.5 for dock replacement, $3.5 million for pier replacement, and $5 million for dredging.

The docks were installed in the 1990s with a life expectancy of 25 years. City staff proposes to replace the existing docks with the Bellingham Dock System that has an expected life expectancy of 40 – 50 years. This type of concrete docks has already been installed in municipal marinas across Texas, including Aransas Pass, Port Aransas and Galveston.

The average depth of Corpus Christi Bay is 11 feet, and so some slips currently cannot accommodate larger sailboats and powerboats. With the new docks and improved facilities, the marina is expected to bring in $172,000 additional slip revenues from boaters.

This study presents estimates of broad economic impacts on Corpus Christi in addition to the estimated slip revenues the marina staff is expected to generate. The marina forms the foreground of two skyscrapers of One Shoreline Plaza, which together define Corpus Christi as the Sparkling City by the Sea. Beyond offering various amenities that are key for enhancing residents' lifestyle and well-being, the Corpus Christi Marina plays a key role in attracting both business and vacation visitors.

This report focuses on some aspects of the local tourism industry that will benefit directly or indirectly from this redevelopment project. The study is by no means exhaustive, as the findings are simply illustrations of several key aspects of the marina's economic impacts on tourism and downtown businesses.

Essentially, letting the Corpus Christi Marina fall into disrepair would create a vicious circle: Reductions in tourism, business activity, and property values would in turn lead to fewer local tax revenues. The City would then be less able to fund future maintenance and improvement of community infrastructure.

Regattas



For decades, Corpus Christi has been a regular host of some world-class sailboat and windsurfing events. In 2021, the Corpus Christi Yacht Club will host the International J22 World Championship to be held in the city from July 17 to July 23. In 2022, the J24 World Championship will return to Corpus Christi between July 14 and July 22.

The 7-day J22 event is expected to have 64 boat entries each with a crew of 3 to 4 people. The 9-day J24 event will have an estimate of 79 boats each with a crew of 4 to 5 people. Including estimates for officials, families and friends, and spectators, the two events are expected to have 310 and 474 out-of-town visitors, respectively. Drawing on a recent tourism impact report, each visitor is assumed to spend an average of $116 in Corpus Christi, including expenses on lodging, food and drinks, retail stores, and local transportation.[1] Visitors are also assumed to stay in Corpus Christi one extra day before and after the events. In total, the J22 and J24 Worlds are expected to directly generate $323,640 and $605,303, respectively, to the Corpus Christi economy.

J22 and J24 Worlds Direct Visitor Spending in Corpus Christi

Event	Date	Total Visitors	Spending
J22	7/17/21-7/23/21	310	$323,640
J24	7/14/22-7/22/22	474	$605,303
Annual Average			**$464,471**

The average direct spending of the J22 and J24 events is $464,471. Should one similar regatta be held annually throughout the 40-year life expectancy of the new marina docking system, the cumulative total destination spending in Corpus Christi is an estimated $18.6 million (2021 dollars).

[1] Jim Lee, "Economic Significance of Tourism in Corpus Christi, 2020 Update" report prepared for Visit Corpus Christi.

Downtown Business District



This section looks at the about one-square-mile strip of the Corpus Christi downtown waterfront area, which is directly affected by any development in the marina. This area, commonly known as the SEA district (Sports, Entertainment and Arts), is bounded by Broadway Street to the west inland.

According to the Esri database, this downtown area is home to 482 businesses, hiring a total of 6,784 employees. In addition to the largest hotels in the city and a high density of restaurants and bars, the area has headquarters of banks, financial, insurance, and legal services companies. These businesses together account for approximately 5% of the city's employment and business sales. While the downtown seawall is the key infrastructure to protect waterfront properties, the marina along with its boats provide attractions for workers and residents to work and live downtown. The amenities associated with the marina district are evidenced by the substantially higher property values within the area.

A hypothetical scenario of the area with the marina infrastructure not in good condition would likely reduce the downtown property values by at least 5 - 10%. Drawing on the 2020 property value data from the Nueces County Appraisal District, this counterfactual scenario would mean a deprecation of the downtown commercial and residential values by at least $82 million. This reduction in property values would in turn result in a drop of the City's property tax revenue by approximately **$528,000 annually**.

In addition to the downtown business district, the uptown area west of Broadway also has a view of the waterfront featuring the marina. Employment and businesses in both downtown and uptown areas within the Zip code 78401 is about 13% of those of the entire city of Corpus Christi. The same hypothetical scenario for poorly maintained marina facilities would likely depress property

values in that area. A 5% deprecation would translate into a total loss of approximately $235 million in property values and $1.5 million annually in City property taxes.

Downtown Tourism



This section looks at the direct impact of the Corpus Christi Marina on visitors to the area. Tourism is the second-largest economic sector of Corpus Christi. According to tourism data from the Texas Governor Office, visitors make 10.5 million trips to the metro area each year with about $1.5 billion in spending. The most popular places they spend time in the area are beaches and waterfront (49%).

Currently, three hotels are located directly behind the marina. The nightly rates of these downtown hotels are the highest in the city, attributable in part to their locations "by the water," among other things. These hotels also charge a premium of $15 on average for the "bay view," which is available in about half of their rooms facing Corpus Christi Bay with the marina as a prominent feature. Accordingly, the potential amount of hotel room revenues associated with the bay-view premiums is $2.5 million annually.

Annual Bay View Premiums of Downtown Hotels

	Total Room Revenues	Premiums
Omni	$20,172,181	$1,300,313
Holiday Inn	$11,541,026	$944,438
Residence Inn	$6,132,913	$301,125
Total		**$2,545,875**

Should the marina fall into disrepair, those hotel rooms "with a view" would become less attractive. Those downtown hotels would also become less competitive in attracting travelers and locals alike to use their facilities, including restaurants and meeting rooms. Judging by the "bay view" premiums alone, the downtown hotels could lose up to $2.5 million in room revenues each year. For

the 40-year expected lifespan of the new marina system, the cumulative total room revenue loss equals $101.8 million.

Above all, the marina is a public good in the sense that one person's enjoyment of its view does not exclude others' enjoyment of it. This means, in addition to the direct impact on downtown business and living, the marina infrastructure in Corpus Christi downtown plays a key role in the entire region's tourism as well as its ability to attract businesses and workers.

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