Changing Migration Patterns: A review of popular press and scholarly analysis

HEADWATERS ECONOMICS

Introduction

Migration rates in the United States have fallen in recent decades for most demographic and socioeconomic groups, across regions, and for most distances. They are now at their lowest in 30 years (Molloy et al., 2011). Additionally, people who do move are now more likely to move to places with fewer job opportunities and lower average pay, not more. Demographers, economists, policymakers, and the news media have focused a good deal of attention recently on these trends, concerned about what they might mean for the economy (Kaplan and Schulhofer-Wohl, 2012a).

Economists and policymakers fear that low levels of migration indicate a less flexible economy, in which unemployment will rise because workers cannot move to places with good jobs. Additionally, they assume that the decline in inter-state migration will reduce the economy's ability to respond to adverse shocks and will prolong the recession (Kaplan and Schulhofer-Wohl, 2012a). This, combined with the pattern of greater migration to places with lower economic performance could translate into less long-run economic and social opportunity for many (Chetty et al., 2014; Krugman, 2014; Thompson, 2014).

The following review of popular and scholarly research around recent migration trends reveals that the popular narrative is not entirely borne out in the data—or simply that the story is more complex than what it might appear to be. This paper is not intended to be an exhaustive catalog, but instead a survey of the generally-supported findings on migration trends. We begin, first, with a quick look at the publicly-available data upon which much of this scholarly and popular research is based.

In addition to this literature review, we also offer an interactive data tool that shows how migration and population change is influenced in part by a county's economy and demographics. Farm-dependent counties, oil and natural gas boom counties, retirement destination counties, and counties with high-wage service jobs all experience different migration patterns.

Summary: Explanations for Migration Trends

The following reasons for the overall decline in migration are supported by most researchers:

- A methodological change by the Census Bureau explains 90 percent of decrease in migration during recession (Kaplan and Schulhofer-Wohl, 2012a; Ihrke and Faber, 2012a).
- Stagnating incomes mean people are less able to move to where the jobs are (Noah, 2013).
- Jobs are less geographically specific (Kaplan and Schulhofer-Wohl, 2012b).
- The internet and air travel have made it easier to learn about new locations (Kaplan and Schulhofer-Wohl, 2012b).
- Stronger internal and local labor markets have made it less advantageous to change jobs (Molloy et al., 2012; Partridge et al., 2012).
- Job opportunities are more similar across locations (Kaplan and Schulhofer-Wohl, 2012b)

The following reasons for the overall decline in migration generally have been dismissed:

- Increase in two-wage-earner families (Molloy et al., 2011).
- More jobs allowing telecommuting (Kaplan and Schulhofer-Wohl, 2012b).
- Lower tax rates between states (Young and Varner, 2011).
- Recent economic recession (Molloy et al., 2011; Kaplan and Schulhofer-Wohl, 2012b).
- Housing market fluctuations (Molloy et al., 2011; Kaplan and Schulhofer-Wohl, 2012b).
- Aging population and demographic changes (Kaplan and Schulhofer-Wohl, 2012b; Molloy et al., 2011).

The following reasons help explain why people are moving to locations with low incomes, low employment rates, and less opportunity for advancement:

- To improve relative social status (Flippen, 2013).
- Drawn by low cost housing (Thompson, 2014; Reyes, 2014; Brooks, 2014; Krugman, 2014)
- People moving to these places tend to have lower education, while the most educated still move to places with high income and employment (Florida, 2014).

Trends in Overall and Types of Migration

While the percentage of the population moving each year has declined since the 1980s, the greatest factor in declining migration appears to be a decrease in moves within the same county, dropping from 14 percent in 1948 to eight percent in the 2000s (Figure 1). According to Frey (2014), these moves are usually associated with housing, and within-county moves have not yet rebounded since the housing bust.

Figure 1. Percentage of the US Population Moving Annually, by Types of Moves, 1948-2013. Source: U.S. Census Bureau, Current Population Survey, 2013.

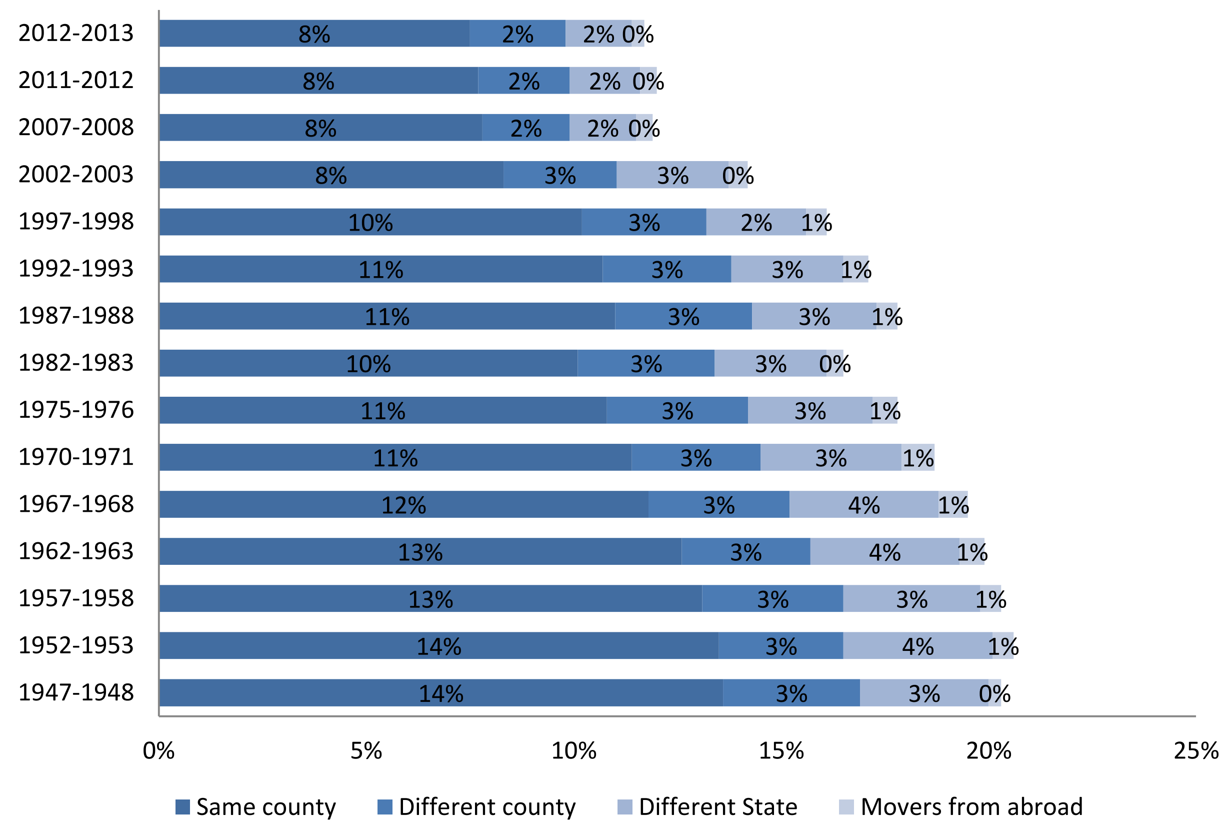
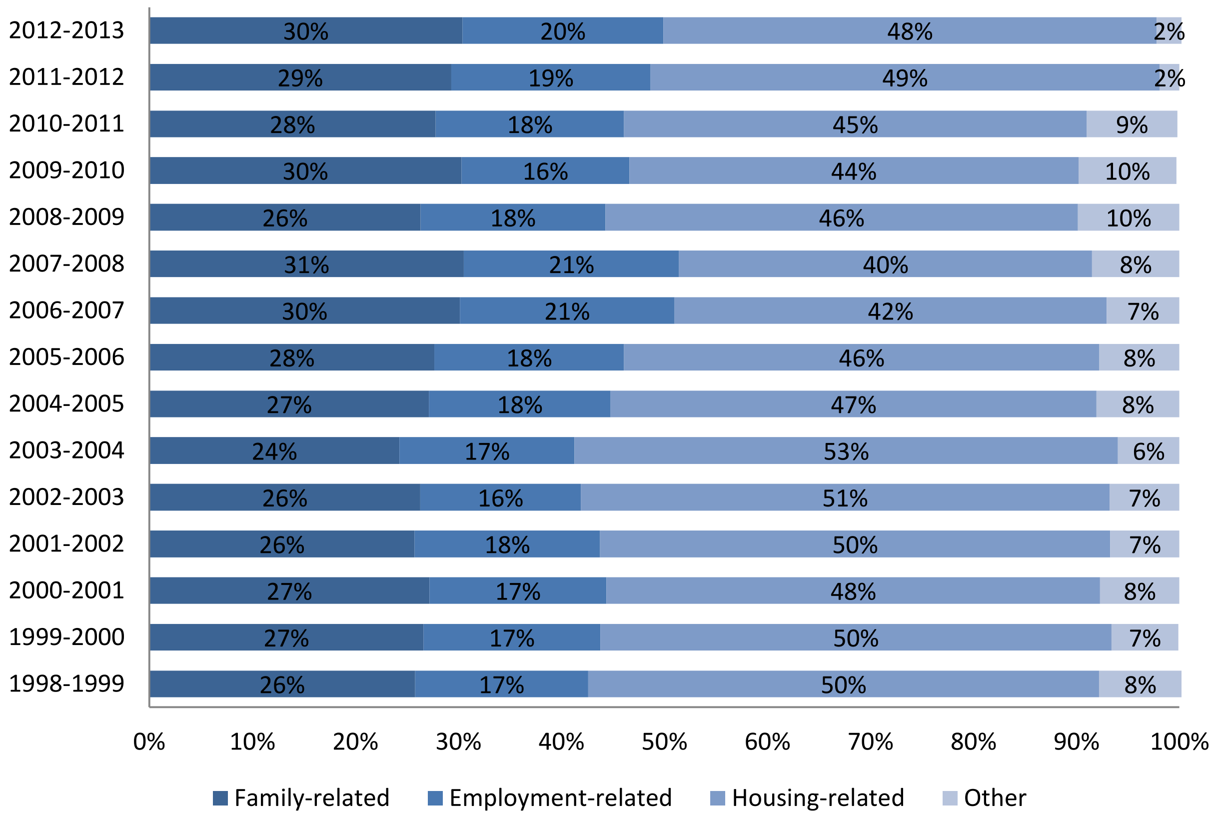


Figure 2 shows the consistency of housing as a reason for moving, cited as the primary reason for moving by 47 percent of movers from 1999-2013. Over the same time period, family-related reasons are the next-most commonly cited reason for moving, identified by an average of 28 percent of movers. Family-related reasons receive very little attention in migration-related research (see Florida, 2014b for an exception), likely because this is difficult to observe quantitatively.

Figure 2. Primary Reasons for Moving, 1999-2013. Source: U.S. Census Bureau, Current Population Survey, 2013.



Popular Media

In December 2013 Tim Noah wrote in the Washington Monthly about the trend of declining migration. Not only is migration declining, but also migrants are *not* going to places where young people have a better chance of moving up the income scale (increasing their social mobility). He focuses on income inequality as an explanation for the decrease in migration, arguing that people are moving to places with lower incomes, rather than places with low unemployment, because those places also generally have lower cost of living. While the housing market has rebounded, income has stagnated, so people cannot afford to move to where the jobs are.

Noah reviews Census data that reveals that migration has declined from about 3.5 percent of American households moving between states in any given year to about 1.7 percent in 2011-12. He discounts several popular explanations: the decline is not about an increase in families with two wage earners, both needing to find jobs, because that number has held steady for the past 30 years. It is not about telecommuting, because only 4.1 percent of the population telecommutes. It is not about better jobs in communities where people already are, because unemployment has increased. It is not about the bursting of the housing bubble, because both homeowners and renters are migrating less, and people in states with the worst housing markets are no more or less likely to move than states with good housing markets.

Noah shows that while unemployed people remain more likely to migrate than employed people, they are much less likely to migrate than in previous decades. Migration rates for the unemployed are also going down steadily, from 7.6 percent (of unemployed males) in 1956 to 2.7 percent in 2012. At the same time, income disparity among states is going up; that is, rich states are getting richer.

He points out that people have been moving to southern Sun Belt states, where average wages not only are lower than in the places they left behind but are also growing more slowly. He notes that North Dakota is big exception to this trend, with the highest net in-migration rate and lowest unemployment rate in the country right now due to the oil and natural gas boom. However, the number of migrants is minor for the country as a whole.

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Why is migration declining, and when people do migrate, why are they going to locations with low incomes, low employment rates, and little opportunity for advancement? Noah discounts taxes as a reason, saying people are not moving to lower tax states, citing a paper by Young and Varner (2011).

Noah finds the most likely reason for this emerging trend in migration to be the cost of housing—more specifically, the *relationship* of the housing market to income: Since 2009, home prices have continued to rise, while incomes have fallen. "That doesn't pose much of a problem for a migrating architect whose income is already well above the median, and who is likelier to have existing home equity that he can transfer to another state. But for construction workers, for example, it's likely to be a big problem, and a reason why they cannot easily move to where the best-paying jobs are."

Paul Krugman in the *New York Times* also argues the idea that housing affordability is a main driver of migration, leading people to move from high-wage cities like New York to lower-wage cities like Houston and Atlanta where housing is more affordable. Using data from the Bureau of Economic Analysis, he points out that while the average job in Houston pays 12 percent less than the average job in New York, monthly housing cost in New York is 60 percent higher than in Houston. In other words, the penalty in pay is outweighed by the benefits in housing. He suggests that migrants are being pushed away from high-wage cities due to housing cost, rather than being drawn to the jobs in these Sunbelt cities.

In a 2014 op-ed also in the *New York Times*, David Brooks discusses the recent decline in migration within the U.S., summarizing the trend with the fact that in 1950, 20 percent of Americans moved in a year. Currently, 12 percent of Americans move in a year. He, too, notes that people are not moving to low-unemployment/high-income areas, but rather to lower income areas with cheap housing.

Derek Thompson, writing in The Atlantic in January 2014, generally summarizes Tim Noah's article in the Washington Monthly. Thompson also draws on the Chetty et al. (2014) social mobility study, in combination with Atlas Van Lines map of state in- and out-migration (Atlas, 2014), to determine that people are moving to areas that do not provide good chances of employment or upward mobility. He, too, concludes that the draw is low cost housing.

Similarly, an AP article (Reyes, 2014) focusing on the Los Angeles area says recent Census data shows that county-to-county migration is particularly high from high employment, high housing cost counties to low employment, low housing cost counties.

Reihan Salam, writing in the National Review, summarizes Noah's points, in addition to other selected studies on migration patterns. He notes that Noah's argument is in accord with Ryan Avent's thesis in *The Gated City* (2011), that most domestic migration entails moves from high-cost to low-cost regions, rather than the previous pattern of low productivity to high productivity regions.

According to Salam, "What we really want to know is how domestic migration patterns reflect local labor market conditions for prime-age workers, and in particular for non-college-educated prime-age workers." He cites Chenoa Flippen's research (Flippen, 2013), which shows that some middle income workers may be migrating to improve their relative status. That is, "a given level of income that places you at the 50th percentile in southwestern Connecticut might place you at the 75th percentile in a low-cost Sunbelt state, and this in turn will allow you to downshift spending, consume more leisure, increase savings, etc., at relatively low psychological cost."

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He also refers to the work of Brian Cadena and Brian Kovak (2013), which finds that less-skilled Mexican-born workers are more likely to move in tune with fluctuations in local labor markets than native-born less-skilled workers. Cadena and Kovak attribute this in part to the mobility-dampening effects of unemployment insurance benefits—less-skilled Mexican-born workers are less likely to be eligible for unemployment benefits than less-skilled native-born workers, and this "likely increases the urgency of finding new employment."

Richard Florida argues that the effect of housing affordability on migration patterns depends on the mover's education level (Florida, 2014a). He uses 2011-2012 data from the American Community Survey to look at migration patterns across several education levels for US metro areas. He demonstrates that cities with knowledge-based economies – such as Seattle, San Francisco, Washington, D.C., Denver, San Jose, Austin, Portland, and Charlotte – are attracting significant numbers of new residents with professional and graduate degrees. Metros with particularly high cost of living, such as San Francisco, Los Angeles, Washington, D.C., and Miami have seen growth in highly educated residents and a decline in lower educated residents. These patterns suggest that while highly educated people may move to booming metros for job-related reasons, lower educated people are more likely to be priced out of these same cities and instead move to lower-cost places.

William Frey, a demographer and sociologist associated with the Brookings Institution, has written several pieces about recent migration trends (Frey, 2010; Frey, 2013a; Frey, 2013b; Frey, 2014). He considers the downturn in migration to be a result of the recession. Recent upticks and subsequent slowdowns show that "recovery from the recession is occurring fitfully," he writes, and he interprets young adults' reticence to move to be a "cautious response to gradual upturns in housing and employment opportunities."

Census data for 2010 to 2012 appeared to indicate an uptick in migration, particularly for large metropolitan areas in the South and West, and for young people aged 25 to 29, moving between states. They were still migrating less than they did before 2007, but baby boomers and retirees are returning to "normal" migration patterns. Frey says that people (other than retirees) generally move long distances for employment; short-distance moves are usually associated with housing. So Frey concludes that the long distance uptick demonstrated improvement in employment, but that the housing market had not improved enough to stimulate housing-related migration. In January 2014, however, Frey wrote that population growth and migration are "sputtering" again.

Scholarly Articles

A number of scholarly articles also explore recent migration patterns. While they do support the claim that migration is declining, they do not support the association Frey draws between the recession and migration. Instead, they point to methodological changes in how migration is measured and changes in labor markets.

Kaplan and Schulhofer-Wohl (2012a) show that the decline in inter-state migration reflects a 2006 change in the Census Bureau imputation procedure, just when the sharp drop-off associated with the recession is apparent. They find that this change in the way the Census inputs data on migration explains 90 percent of the reported decrease between 2005 and 2006 and 42 percent of the decrease between 2000 and 2010. After removing the effect of the procedural change, the annual inter-state migration rate follows a downward trend from 1996 to 2010, and they do not find the recession to be associated with any additional decrease relative to the trend. Comparisons of pre-2006 and post-2006 data do not accurately measure trends in inter-state migration patterns, but rather likely overstate the rate of inter-

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state migration and understate the rate of local migration. Kaplan and Schulholfer-Wohl discuss the downward trend in migration rates since the 1990s, whereas Molloy et al. (2011) (see below) identify the trend as beginning in the 1980s.

Ihrke and Faber (2012) in the December, 2012 U.S. Census Bureau bulletin note that the 5-year mover rate for 2010 (35.4 percent) was the lowest in CPS history, but also that the significant drop in migration after 2006 is due in large part to a change in data processing. Other key findings from the Census Bureau data for 2005 to 2010:

- Among those who moved, the type of move shifted towards movement within the same county (61.0 percent).
- People in their mid to late twenties had the highest mover rate of 65.5 percent.
- Renters were more likely to move than homeowners.
- People with some college or a post-secondary degree were more likely to move than those who had only completed high school.
- People with marital status “separated” were the most mobile.
- The mover rate among several different low income groups was not statistically different.
- People below 100 percent of the poverty rate had the highest mobility rate (mostly within county moves).
- The unemployed (47.7 percent) were more mobile than their employed (civilian) counter-parts (37.2 percent).
- Between 2005 and 2010, the South was the only region to report a significant net gain of 1.1 million due to migration. (South: 4.1 million in-migrants, West: 2.3 million in-migrants, 1.6 million out-migrants, lowest of all the regions)

Molloy et al. (2011) also find that “the widespread nature of the decrease suggests that the drop in mobility is not related to demographics, income, employment, labor force participation, or homeownership.” They see the downward trend as having begun in the 1980s, rather than being solely a feature of the period between 2005 and 2010. The most recent recession and recovery, then, are not sufficient to explain the decline. Molloy et al. attempt to explain declining migration over the past three decades. They find that a high internal migration rate is no longer specific to the U.S., as Finland, Denmark, and Great Britain all appear equally mobile. They document the downward trend and try to explain it, discounting several popular explanations along the way (like the prevalence of two-earner families, which has held steady in the past 30 years, and is thus not an explanation). They examine the housing market contraction and recession, noting that the percentage of homeowners migrating has declined (because homeowners always migrated less in real numbers than renters), but that “overall, recent changes in migration rates of both homeowners and renters have been similar to their longer-run downward trends, suggesting that the housing cycle has not appreciably affected the migration patterns of these groups.” They are inconclusive about the reasons, other than “broad-based economic forces.”

Kaplan and Scholhofer-Wohl (2012b) explore the steady decline in the gross migration rate since 1990 (focusing on working age adults and inter-state migration), attempting to draw more specific conclusions than Molloy et al. (2011). Job-related reasons for migration have declined sharply (though they are still the most prevalent reason), pointing to potential improvements in job opportunities from moving being smaller than in the past. At the same time, amenity-related reasons have not risen. Their data leads them to suggest two reasons for the decline in migration:

1. Job opportunities are more similar across locations.
2. Increased access to information has reduced the need to migrate—that is, people can more easily get information about different places (through internet or even air travel) before making the decision to move.

Kaplan and Schulhofer-Wohl discard other commonly proposed reasons for the decline in migration, among them:

- Aging population, citing the fact that migration since 1990 has fallen for all ages;
- Sectoral shifts, citing the fact that mobility does not vary across sectors. Additionally, service workers are not any less mobile than other workers, so the rise of the service sector does not explain the decline in migration;
- Access to telecommuting, citing the fact that migration for those with the ability to telecommute declined only slightly more than other professions; and
- Rise in real income, citing the fact that migration has declined across the income spectrum.

Kaplan and Schulhofer-Wohl do not consider housing in their analysis, saying: "If house prices and homeownership are important determinants of gross migration, it is difficult to explain why the decline in migration was monotonic while the housing market fluctuated sharply."

Molloy et al. (2013) explore more in depth than their previous article the question of why migration has been declining over the past three decades, and attempt to extend the theories Kaplan and Schulhofer-Wohl (2012b) present by distinguishing between long- and short-distance moves.

> *"Job-related reasons for migration have declined sharply, pointing to… two reasons for the decline in migration: job opportunities are more similar across locations and people can more easily get information… before making the decision to move."*

They find that inter-state and within-county migration are likely to have fallen for different reasons. Demographic and socioeconomic reasons, such as homeownership and compositional changes in age, explain much of the decline in within-county migration since the 1980s. In contrast, demographic changes explain only a small part of the decline in long-distance migration. Survey respondents report that inter-state moves tend to be related to labor market reasons rather than other reasons, such as life-cycle events or housing-related factors. This, along with several other factors, leads Molloy et al. to conclude that the labor market—in particular, the decline in labor market transitions such as changes between employers, industries, and occupations —is the key factor in the decline in inter-state migration, rather than the housing market or compositional changes within the population.

Molloy et al. also find that just as demographic and socioeconomic characteristics do not explain much of the decrease in long-distance geographic mobility, they also do not explain much of the decrease in these labor market transitions. They emphasize that while labor market transitions and geographic migration are correlated, the correlation does not explain why migration has declined.

They discuss five factors that could explain the two trends, but conclude that only one has any real likelihood of explaining the declines: the strengthening of internal labor markets. They find some empirical support for "internal labor markets in firms [having] changed to encourage less entry and exit from a given job, consequently reducing both migration and labor market transitions," (p.17) but regard the "evidence on internal labor markets as intriguing, but speculative. As the downward trends in labor market transitions and geographic mobility seem to have become an enduring feature of the US economy, further research is needed to shed light on the mechanisms driving these declines" (p.30).

Partridge et al. (2012) also point to changes in the labor market as the primary reason for an overall decline in migration since 2000. They find that prior to 2000, migration occurred due to differences in job availability between regions, and workers were likely to continue working within their industry and occupation and change locations in order to do so. Since 2000, however, jobs are more likely to be filled by local workers who may use the same skills but change industries. The authors posit that this change in the labor market would not lead to diminished long-term economic performance, but instead reflects increased flexibility of employers and employees.

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Conclusions

Scholars and journalists both have observed the decades-long decline in migration within the U.S. Most agree that economic difficulties associated with the Great Recession, such as underwater mortgages, fewer job openings, and less money with which to move, did contribute to fewer moves. However, this explains only a temporary decrease. Scholars have found that long-term, structural changes in how vacant jobs are filled, focusing on skills rather than industry-specific experience, explains much of the reason behind fewer long-distance moves.

Despite the overall decline in domestic migration, millions of people still move each year and questions remain as to why people continue to move to some places, and leave others. Housing affordability is often cited, as well as differences in the type of industries and workers in different areas.

Based on this literature review, we hypothesize that there is no single reason why some places are attracting new residents and others are losing residents. Instead, these dynamics depend on several characteristics of the local economy, and subsequent characteristics of the workforce. In our interactive data visualization tool, *Migration and Population Trends in the West Vary by County Type*, we present migration and natural population change from births and deaths for four types of counties: high-wage services, farm-dependent, oil and gas booms, and retirement destinations.

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