PULLING UP STAKES

Have Americans lost the urge to move?

BY BETTY JOYCE NASH

A 23-year-old social media manager received a tempting job offer, complete with a salary increase. It seemed like a next step in the right direction — up. Except for one thing: The job was in Dallas and he lives in Denver. "I turned it down," says the young man, who asked not to be named. "I love life out here in Denver; I would not be happy in Dallas."

What's wrong with this picture? Americans are known for their itchy feet. Increasingly, however, many have been opting to stay put.

Early migrants journeyed west from Europe, then crossed mountains to farm, mine, and populate vast, empty territories; others poured into the growing cities of the 19th century. Throughout much of the 20th century, 8 million blacks and 20 million whites converged on cities in the Northeast, Midwest, and California from the South for social and economic reasons.

We move more than people of most other nations. Our domestic migration rate — roughly 5 percent to 6 percent of the U.S. population moves across a county boundary annually — both reflects and reinforces our dynamic labor market.

Domestic migration helps match workers to employers. It keeps labor markets supple. It smoothes shocks that may hit one region and spare another. Migration mitigates the effects of economic restructuring, such as population shifts that rearranged Americans geographically as the nation industrialized before and after World War II.

Moving may seem rooted in our national psyche, but the number of domestic migrants has been trending lower. The slide started in the 1980s, not with this decade's falling house prices and deep recession. The migration slump of the past three decades is a puzzling and possibly momentous change in America's social and economic picture. If the trend continues, labor market flexibility may be at risk. But the reasons for it are hard to pin down.

House Lock?

While it is tempting to assume that the recent housing contraction accelerated the migration decline, since an underwater mortgage makes moving harder, the data don't bear that out. Neither interstate nor intercounty migration rates fell more for homeowners than they did for renters in percentage point terms, according to economists Raven Molloy and Christopher Smith of the Federal Reserve Board of Governors and Abigail Wozniak of the University of Notre Dame in a 2011 *Journal of Economic Perspectives* article. The authors used data from the decennial Census, two long-term federal surveys, the American Community and Current Population surveys, and migration data from the Internal Revenue Service (IRS). Analysis of state-level data showed no statistically significant correlations between mobility and the share of homes with negative equity between 2006 and 2009. The authors also found no evidence that migration fell more in states where housing markets' sales or prices had larger declines.

Boston Fed economist Alicia Sasser Modestino and research associate Julia Dennett found similar results in a 2012 Boston Fed working paper. The authors analyzed IRS migration data between 2006 and 2009. Such "house lock" reduces the national state-to-state migration rate by a scant 0.05 percentage point, they concluded. That's about 110,000 to 150,000 fewer moves across state lines in a year.

Yet house lock is a reality for some. Stacy Pursell runs an executive search firm, the Pursell Group, based in Tulsa, Okla. She recruits employees for firms in the veterinary medicine and animal health industry. More candidates are refusing good positions, some because they're underwater on their mortgages. "I've been through other recessions," Pursell says, "but I've never seen this many people unable to relocate. Today I talked to a man who paid $650,000 for his home and could only get $425,000 if it sold today." He won't relocate. Companies have also cut back on relocation packages, making it tougher to find willing migrants. "We will have candidates enter the interview process only to say, at the end, 'I need to wait and stay here.' Every day I talk to people who feel stuck in their job."

A related explanation for declining mobility has been the severity of the latest recession, which has shrunk household formation and employment. For example, the number of households increased at a rate of 1.2 percent compared to a 2.3 percent annual rate of household formation between 2004 and 2007. To the extent that household formation triggers migration, the lower rate of new households could be deterring would-be migrants.

But the recession was not associated with any additional fall in interstate migration relative to the downtrend already under way, according to Greg Kaplan of the University of Pennsylvania and Sam Schulhofer-Wohl of the Minneapolis Fed, in a June 2011 Minneapolis Fed staff report. (Some news reports this year to the contrary were based on the effects of a 2006 adjustment to the Census Bureau's statistical procedures for its migration data rather than an actual deepening of the migration trend.)

So, what gives?

Who's Moving, Who's Not

Roughly 1.5 percent of the population moves between two of the four Census regions annually, and another 1.3 percent move to a different state within the same region, according to IRS data.

These averages hide differences among groups. Education, for instance, raises peoples' tendency to migrate while age lowers it. Renters are more than three times as likely to migrate as homeowners; the unemployed are twice as likely to move as the employed. Those with some college tend to migrate more than the less educated. Those aged 18 to 24 are about three times more likely to move than people 45-plus.

Still, mobility rates have declined for nearly every subpopulation since the 1980s, according to the 2011 article by Molloy, Smith, and Wozniak. Moreover, while U.S. demographics have changed since the 1980s, they have not changed in a way that would substantially affect overall migration. The population aged 45 to 64, for instance, expanded from 20 percent in 1981 to 25 percent in 2010. At the same time, the fraction of those older than 64 changed very little. The growth of the aged 45 to 64 group would have cut aggregate interstate migration by only 0.1 percentage point, according to Molloy and her co-authors' calculations.

The rise of the double-income household also does not seem to be responsible, even though relocating is a greater challenge for such couples, who need to find two jobs, not one. The trend toward double-income households was already largely complete by the time migration slowed. The percentage of households with dual earners has increased only modestly since then, from 42.4 percent in the 1980s to 45.6 percent in the 1990s. It was 45.2 percent in the 2000s.

But one segment of double-income households has seen a greater migration slowdown: the "power couple," dual-income households in which both partners are highly educated. While interstate migration rates for other types of families and for singles changed very little, the migration rate for college-graduate couples fell from 5.7 percent in 1965-1970 to 2.8 percent in 2000-2005, according to a 2011 working paper by Siyu Zhu, a doctoral candidate, and economist Li Gan, both of Texas A&M University. Two things affected this group's migration falloff: Women's wages grew and so did homeownership rates, which went from 62 percent in 1960 to 68 percent in 2000. The decreasing difference in spouses' earnings, which increases the opportunity costs of moving, explains half the decline in the interstate migration rate for families with two college-graduate spouses in the 1980s and 1990s.

Although education drives migration — people with bachelor's degrees are twice as likely to move as those with high school diplomas — rates in that group have slowed. Over the last three decades, college-educated people have moved at an average rate of 3 percent annually compared to 1.5 percent for those without a college degree. Between 2001 and 2010, however, those rates have dropped to 2.1 percent and 1.2 percent, respectively, according to Molloy and co-authors.

As education levels have climbed, one would expect migration rates to rise too. Nearly 28 percent of those 25 and over held bachelor's degrees in 2009, according to the U.S. Census Bureau, compared to 20 percent in 1990. "If I have education, I have more to gain and the benefits of a move are greater," says Mark Partridge, an economist at The Ohio State University.

"I can gain maybe tens of thousands of dollars [from moving], whereas if I have a job that requires less education, the gains are lower," he says. But despite rising education levels, overall migration rates are declining.

Partridge and his co-authors hypothesized that declining migration could mean that region-specific attributes may have evened out. That would mean migrants no longer seek specifics such as a particular climate or economic characteristics of a particular urban center. Goods and services across the nation are more similar now than ever. If location-specific characteristics have been capitalized into local prices, there's less need to move between regions.

But the authors found only a mild ebbing of natural amenity-based migration after 2000, Partridge says. He co-authored an article published in January 2012 in *Regional Science and Urban Economics* with Dan Rickman of Oklahoma State University, Rose Olfert of the University of Saskatchewan, and Kamar Ali of the University of Lethbridge.

They did find changes in regional labor markets, however. Comparing U.S. county population growth and migration between regions during the 1990s, they noted that labor flows responded to local economic shocks. After 2000, though, labor demand was supplied locally through reduced unemployment or added labor participation or both. "We didn't see the job growth sparking population growth," he says, which could indicate a shift away from migration flows across regions to supply labor, an important finding. "We might be entering a new normal of lower migration" he says. Maybe the gains from moving, for whatever reason, have dwindled.

There's always the possibility that current migration trends stem partly from the emergence of technology that has enabled telecommuting. The share of workers who report working from home is up from 2.1 percent in the 1980 census to an estimated 4.3 percent in the 2010 American Community Survey. More research is needed, but the growth in telecommuting seems unlikely to account for much of the migration decline, since telecommuting is often done by workers employed locally.

So far, economists know more about what isn't causing the migration slide than what is.

America is seeing a rise in a more exotic species of commuting: long-distance super-commuting, which anchors workers to their home cities.

The (Im)Mobile Future

Along with telecommuting, America is seeing a rise in a more exotic species of commuting: long-distance super-commuting, which anchors workers to their home cities. Researchers at New York University's Rudin Center for Transportation Policy and Management studied road warriors commuting more than 90 miles, one way, to work. These workers commute from one region to another by car, rail, bus, or air. For example, more than 3,000 people work in the New York area, but live in Boston, an increase of 128 percent since 2002. Super-commuters represent 13 percent of Houston workers, a nearly 100 percent increase over the same period; 35,000 live in Austin and 52,000 live in Dallas. Workers leave Houston, too, for Dallas, about 44,300 of them. In Los Angeles, 6 percent of workers are super-commuters, 36,000 from San Francisco. Nearly 5,000 people work in Chicago and live in St. Louis. In short, these are workers who are determined not to move, or cannot move, and pay a high price to avoid it.

Super-commuting corridors are growing throughout the nation, according to Mitchell Moss and Carson Qing at the Rudin Center. Two of recruiter Pursell's recent candidates accepted jobs — and extreme commutes — in a distant city when their company was bought. They rented apartments; they return home by plane on weekends. "Their families are back home, halfway across the country," Pursell says. While one plans to move when the house sells, the other is unlikely to move his family.

The question remains: Why the aversion to moving? Today's persistent and widespread decline in migration isn't related solely to demographics, employment, or the current economy. "This is not a great recession story. It's not just a housing story," Partridge says. "There's something else going on."

Perhaps a clue lies across the Atlantic, in Europe, where people don't move as much as Americans do. With the exception of some Scandinavian countries and the United Kingdom, the migration rate in every European country is lower than ours. A mere 1 percent of workers moved annually within European Union member states between 2000 and 2005, according the Institute for the Study of Labor in Bonn.

"They are much more attached to their community, culturally," says Partridge. "Low migration is one reason why Europe's unemployment traditionally has been higher than that of the United States."

Are Americans feeling the same way, and acting on it? Are we opting to consume some of our greater prosperity over the past several decades in the form of greater stability?

Although mobility remains highly valued in America, every migrant has a story about going home. Migrations produce a "counter current," according to David Cressy in his book *Coming Over*. Modern estimates of the English population of New England in 1640 range from 13,500 people to 17,600. But roughly 21,000 settlers had departed England for New England during the prior decade. He estimates that as many as one in six New England migrants may have permanently or temporarily returned home.

Susan Matt, a history professor at Weber State University in Utah, argued in her 2011 book *Homesickness: An American History* that attachment to place has always been embedded in the American story. Hidden in the migration narrative, she wrote, are the people who not only emotionally longed for home, but actually returned. "Although millions end up staying, they often set out with the belief that they will soon return to England, Italy, China, Poland, or Mexico." Matt noted, "For many, the American dream has always been to come to America, get rich, and return home."

The blacks and whites, too, who migrated north for opportunity in the last century also got homesick. Many of those migrants returned south later in the 20th century, often at retirement, once economic and social conditions improved.

Geographical attachment, if that's the force behind the current mobility decline, may mean a worker has to weigh cash against the comfort of the familiar. Last year, Susan Philipp, 53, decided against moving from Las Vegas to Sacramento where the property development firm for which she'd worked for 10 years relocated its home office after the housing bust. She was vice president of the property-management division. It was a good job, but she had lived in Las Vegas for 25 years. She and her husband enjoy strong community ties. They have friends — he in his trap-shooting league and she in her real estate networking group. She also sits on the county zoning board, a position through which she helps shape their home city.

"I loved that job. I loved that company," she says. "But sometimes you have to look at what makes sense for you in the long run. And sometimes, it's just a job." **RF**

Readings

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