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# Where Are People Moving in 2022?

**The Demographic and Migration Patterns Impacting Real Estate**

As an agent, it's important you understand the current demographic and migration trends shaping the country. These trends impact local housing demand, which impacts construction, which will go on to shape availability and affordability for years to come.

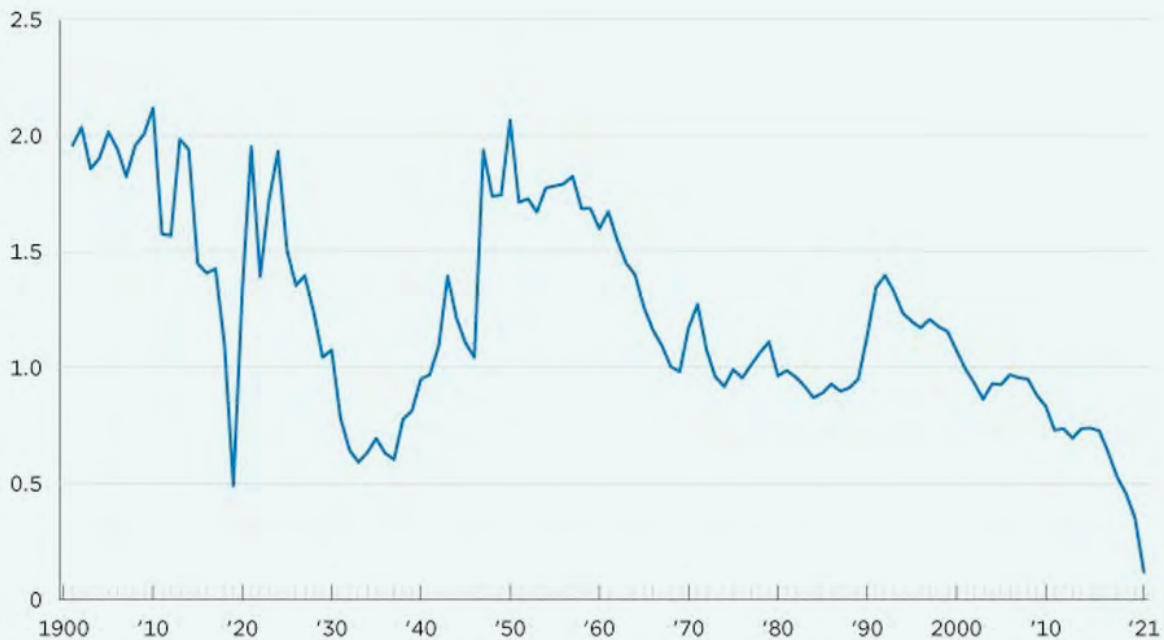
**In this resource, we'll dive into:**

- Where are Americans moving right now?
- Are current migration patterns expected to continue?
- How will changes in the nation's population impact the housing market?

## Population Growth Is Decreasing Nationwide

In 2021, the U.S. population [grew just 0.1%](#), the slowest growth rate since the nation was founded. While the population continues to increase every year, the rate of that increase has been slowing for years.

### *Annual Percent Change in the U.S. Population: 1900–2021*



Note: 1917-1919 includes U.S. Armed Forces overseas.

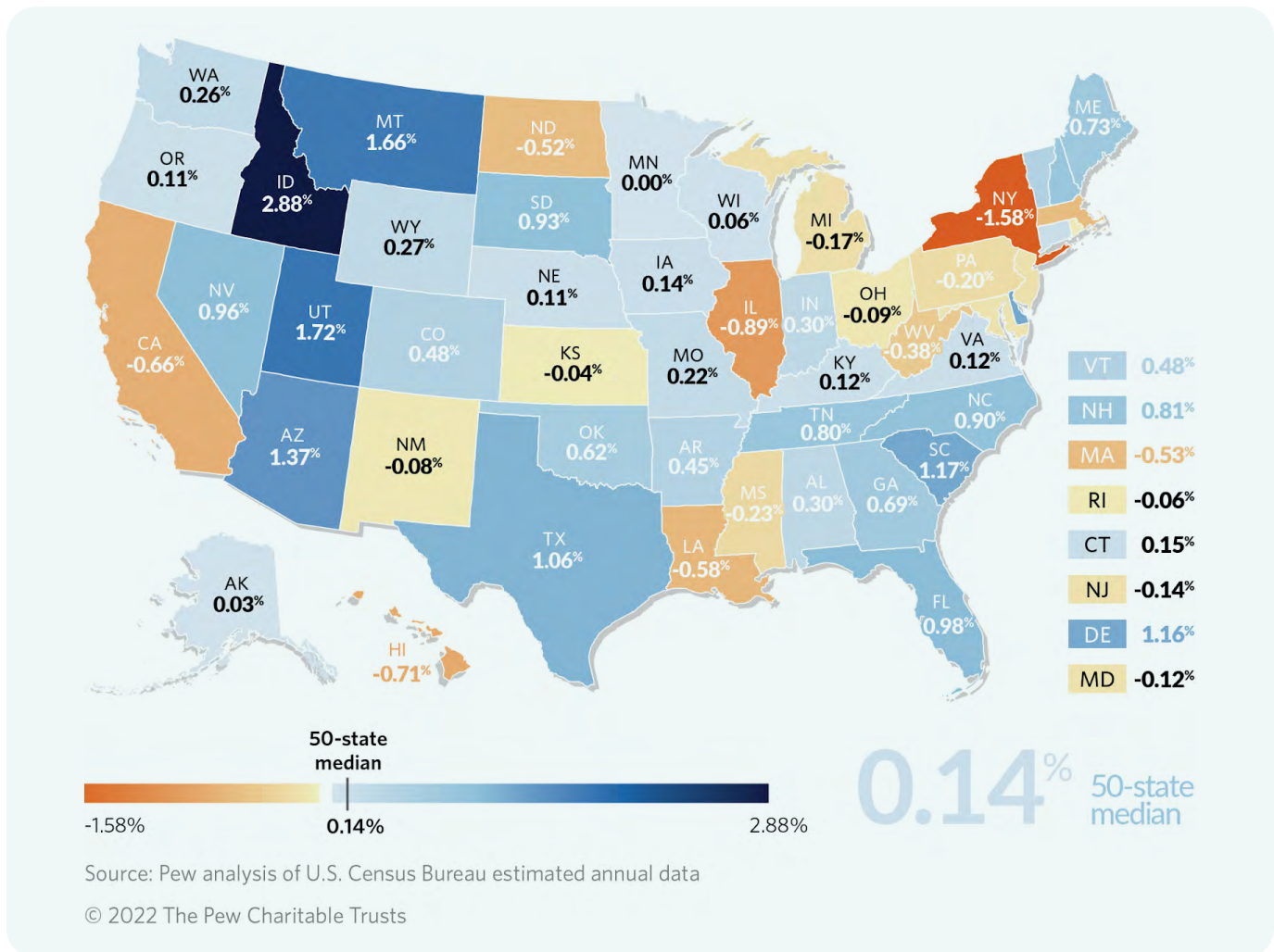
Source: U.S. Census Bureau, Vintage 2020 Estimates; Vintage 2021 Estimates; 1900-1990, 1990-2000 & 2000-2010 Intercensal Estimates.

These numbers varied significantly by state. One third of states saw their [population decline](#) in 2021, with losses greatest in Washington, D.C. (-2.9%), New York (-1.58%), Illinois (-0.89%), Hawaii (-0.71%), and California (-0.66%). The states that added the most residents were Idaho (2.88%), Utah (1.72%), Montana (1.66%), and Arizona (1.72%).

Still, on the whole, nationwide growth has slowed — although due to the continued inventory shortage, this isn't expected to have a significant impact on home prices. Last year, Freddie Mac estimated the United States would need to build [3.8 million additional housing units](#) to meet current demand, up significantly from the 2.5 million estimated in 2018. After inventory dropped to record lows during the pandemic, experts are now [predicting](#) it will take years to recover.

## 17 States Lost Population Over the Past Year

Percentage Change in State Population, 2020-21



Moreover, [income growth](#) has a greater impact on home prices than population growth. A [2003 study](#) compared U.S. housing prices and income growth rates since 1985 and found that nearly all housing price increases across 40 states were the result of income growth. Personal income rose by [3.1%](#) in 2021, after accounting for inflation. So even if the U.S. population starts to decline, we're unlikely to see demand and supply level out any time soon.

## Several Generations Are Approaching an Inflection Point

### A. BOOMERS ARE AGING INTO RETIREMENT

By 2030, all members of the boomer generation will be over 65 — meaning that [one in five Americans](#) will be eligible for retirement. And based on two surveys from [Freddie Mac](#), 66% of retirees expect to age in place, rather than following the once-common pattern of downsizing or moving into a nursing home.

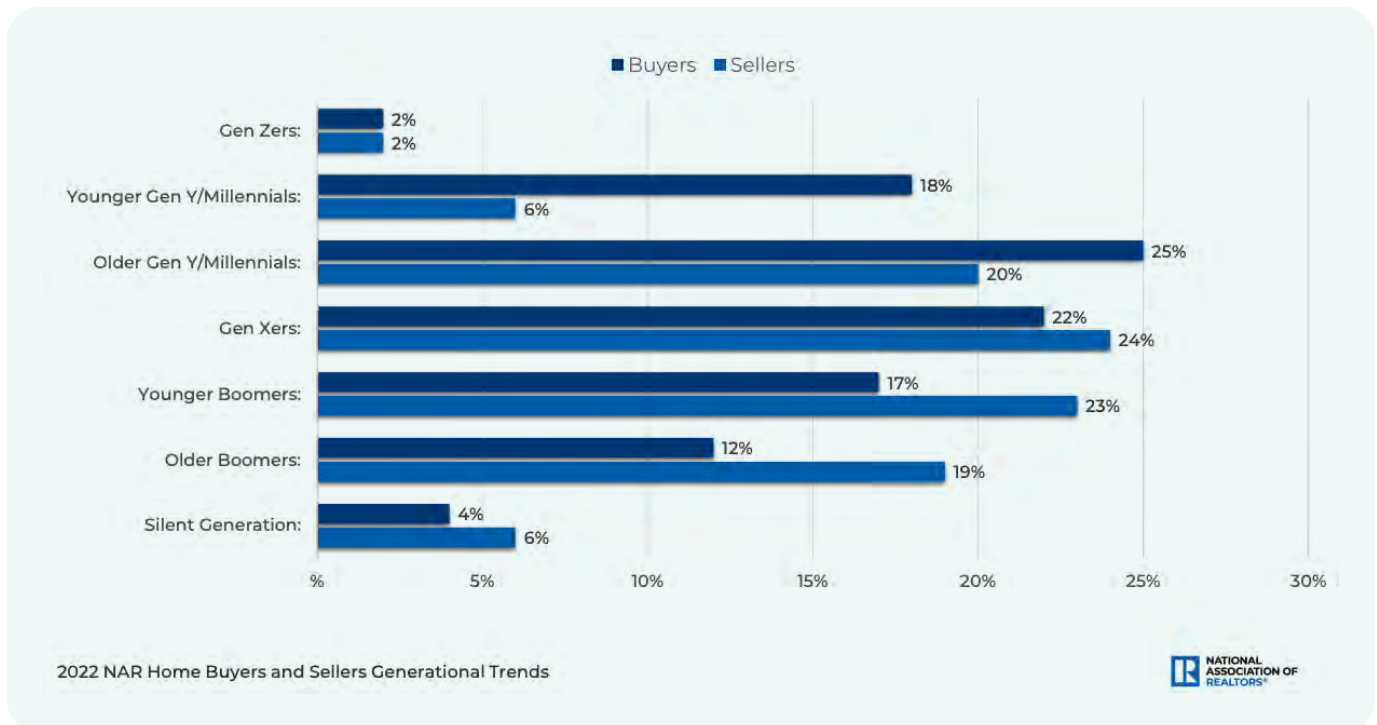
This could have serious implications for a housing market already facing significantly low supply. Baby boomers, who make up 22% of the population, currently own [44%](#) of the nation’s real estate wealth and live in more than [25% of the nation’s owner-occupied homes](#). But if this generation sticks to its guns about aging in place, it could be years before these homes are released back to the market.

## B. MILLENNIALS ARE ENTERING PRIME HOMEBUYING AGE

For the past five years, [millennials](#) have made up the largest percentage of home purchase applications. In 2021, millennials comprised [37%](#) of all home buyers, making up the fastest-growing segment of buyers nationwide. With the largest cohort of millennials entering prime homebuying age, this number is expected to increase.

At the same time, while nearly [90% of millennial renters](#) want to buy a home, 67% of them would have to save for two decades to afford a 20% down payment. millennials have more [student debt](#) than previous generations, and many dealt with suppressed incomes after the 2008 financial crisis. The number of higher-income millennials in the [rental market](#) continues to increase. So while many millennials are approaching prime home buying age, in this environment – with both high housing costs and high inflation – we may see lower millennial demand than originally anticipated.

### *Share of Buyers and Sellers by Generation*



# Americans Are Gravitating to Places With Lower Housing Costs

## A. THE PUSH TOWARD THE SUBURBS CONTINUES

The pandemic prompted a [wave of outmigration](#) from the nation's cities, as newly minted remote workers sought larger living spaces. In fact, the first two years of the pandemic saw a nearly threefold increase in urban deconcentration.

The areas seeing the highest outmigration have been [coastal, high-cost markets](#) like the Bay Area, Los Angeles, and New York, and those losses were greater during the second year of the pandemic than they were during the first.

### Annual Growth Rates for Metropolitan and Non-metropolitan Populations, 2010 to 2021



But two years in, with restrictions loosened, many companies are [calling workers back to the office](#) full-time. According to a study by Microsoft, nearly [50% of leaders](#) who have been operating remote companies during the pandemic want their workforces to return to in-person work full-time within the next year.

For the time being, moves away from city centers toward more suburban or rural environments [remain elevated](#), and cities have not yet reclaimed their historic population losses. This could be because, while many CEOs are talking about a permanent return to office, several companies including Apple have [delayed the move](#) in response to employee backlash. Another factor is that, due to inflation and rising housing prices, many who left the cities for the suburbs can [no longer afford to move back](#). And signs indicate that the popularity of the suburbs may be at its peak, with growth in single-family home construction [beginning to slow](#) in large suburbs across the country.

## B. THE SOUTHEAST REMAINS POPULAR

Beyond moving from the cities to suburbs, Americans continue to demonstrate a preference for lower-cost-of-living states. The [Southeast](#), in particular, is seeing a significant influx of new residents. According to an annual study from the moving company PODS, these are the metro areas seeing the most people moving in and out:

### Metros People Are Moving To:

- Sarasota, Florida
- Dallas-Fort Worth, Texas
- Nashville, Tennessee
- Tampa Bay, Florida
- Ocala, Florida
- Myrtle Beach, South Carolina
- Knoxville, Tennessee
- Atlanta, Georgia
- Orlando, Florida
- Phoenix, Arizona

### Metros People Are Leaving:

- Los Angeles, California
- Bay Area, California
- Chicago, Illinois
- Long Island, New York
- Central New Jersey
- Seattle, Washington
- Washington, D.C.
- Stockton-Modesto, California
- Hudson Valley, New York
- Philadelphia, Pennsylvania

Recent data from [Redfin](#) shows Miami and Sacramento as popular migration destinations, with New York City, San Francisco, and Los Angeles as the top three places people are moving away from.

According to a different annual study, this one from the moving company United Van Lines, these are the states seeing the most people moving in and out:

### States People Are Moving To:

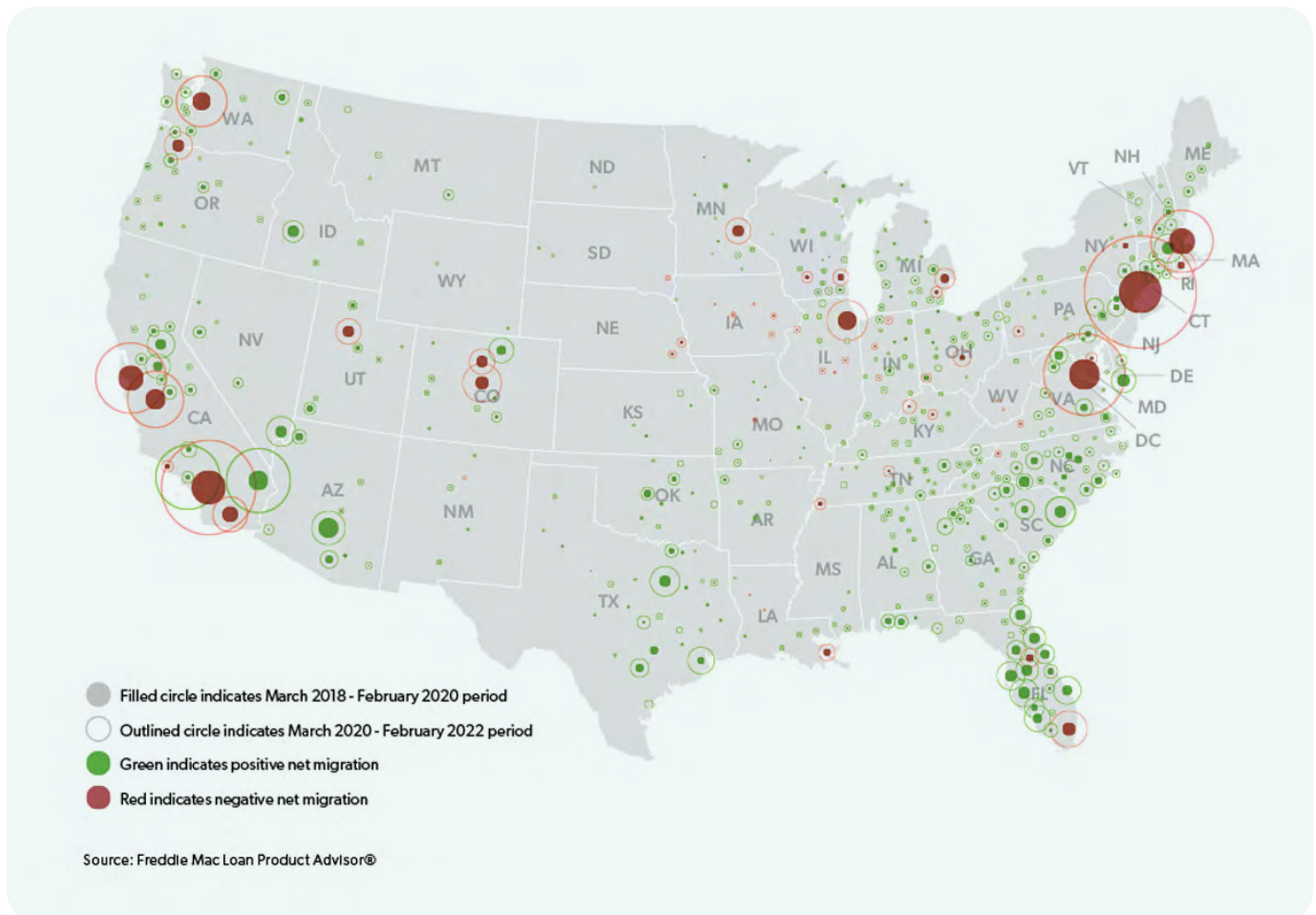
- Vermont
- South Dakota
- South Carolina
- West Virginia
- Florida
- Alabama
- Tennessee
- Oregon
- Idaho
- Rhode Island

### States People Are Leaving:

- New Jersey
- Illinois
- New York
- Connecticut
- California
- Michigan
- Massachusetts
- Louisiana
- Ohio
- Nebraska

## Metro-level Map of Pre- and Post-pandemic Homebuyer Net Migration

The pandemic accelerated recent trends, leading to a threefold increase in net migration. Metro areas experiencing net migration losses and gains are depicted by red and green, respectively.



## Fewer People Are Moving in General

According to the U.S. Census Bureau, just [8.4%](#) of the population moved in 2021 — the lowest percentage since 1948. While the pandemic may be partially to blame, both the volume and percentage of Americans moving each year has been [falling for decades](#).

Those who did move last year largely did so for housing reasons. Last year, for inter-county moves, more movers cited moving for housing-related reasons than for employment-related reasons — from 2005 to 2020, employment consistently won out. Also, while fewer moves occurred in 2021, more of those moves were [across state lines](#) than the previous year.

## Seventy Years of Moves

Only 8.4% of Americans moved in 2021, the lowest number on record.



Source: U.S. Census Bureau: Migration/Geographic Mobility Series



This trend of fewer Americans moving each year can be explained by a few factors:

- **Increased adoption of technology** has allowed more people not only to work remotely, but to connect with their families even when they live apart.
- **The average American's purchasing power has barely moved in 35 years.** Since 1965, home prices have jumped 118% (after adjusting for inflation), while [income has increased just 15%](#).
- **We now have more dual-earner households**, and it's harder to pick up and move to a new home when you have to consider the impact on two people's careers.
- **The population is aging**, and older people tend to [move less frequently](#) than younger people.

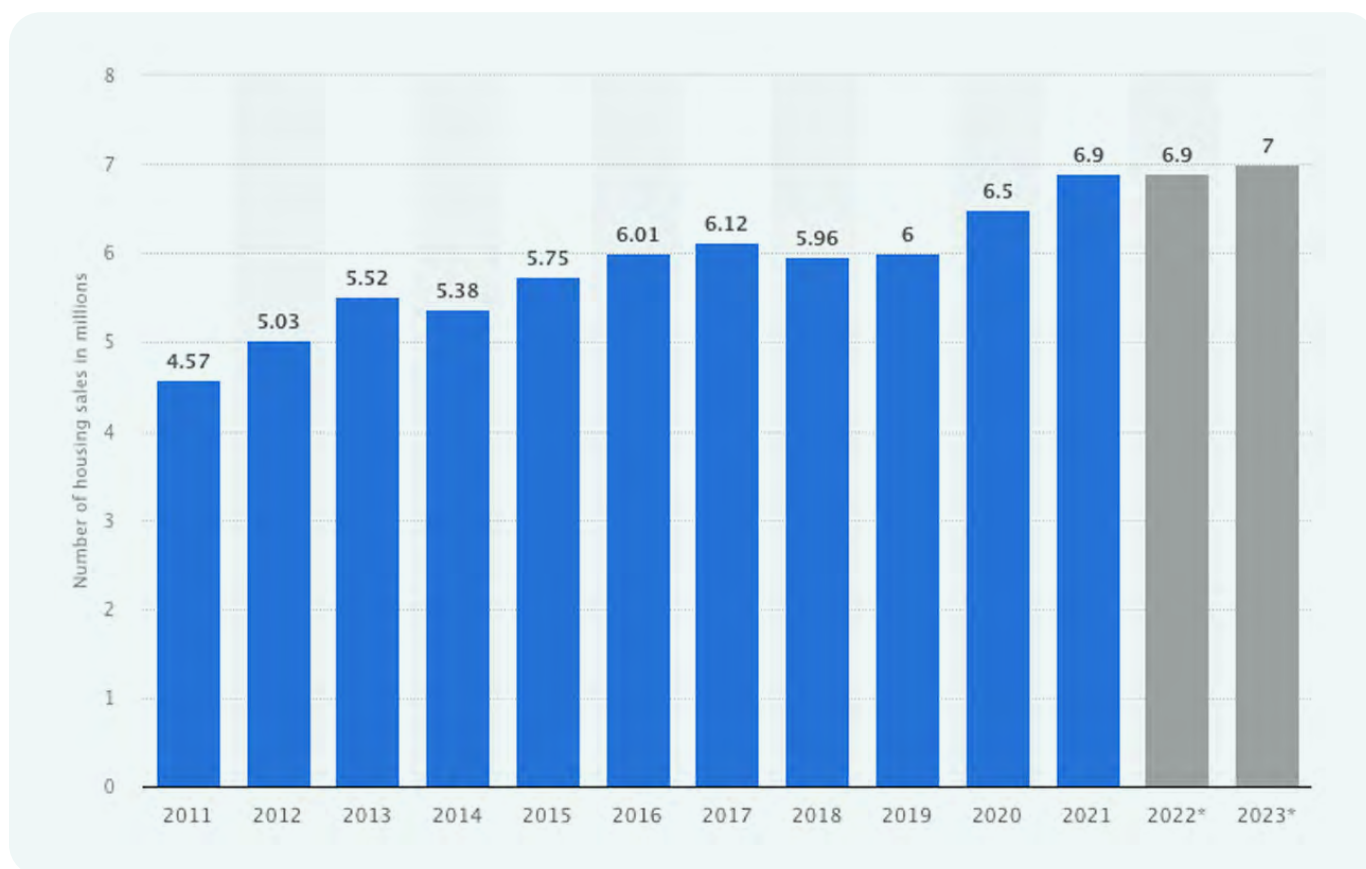
The recent rise in inflation could mean we see even fewer moves next year. When [Freddie Mac](#) surveyed consumers in June 2022, 96% of respondents indicated that price increases have impacted their household



spending, leading many to save less money and delay essential repairs to their property. And 36% of respondents said they are significantly less likely to buy a home now due to inflation than they were a year prior.

Moving might no longer be affordable for many – unless the move is to a lower-cost-of-living area or less-expensive home. And data from [Redfin](#) shows that the share of homebuyers looking to relocate jumped to a record-high in July 2022, indicating we could see another year of fewer moves overall, but with a higher percentage of those moves across city and state lines.

It's important to note that renters are included in this statistic. When you look at home sales in isolation, numbers have actually been increasing for the past decade.



Source: Statista

## Key Takeaways

- ✓ While nationwide population growth is declining, home prices are unlikely to be impacted.
  - ✓ Per capita income growth is positively correlated with price increases. States seeing large increases in personal income are more likely to see housing price increases than those just experiencing an influx in population.
  - ✓ A record-low number of Americans moved in 2021, and high inflation could push that number even lower in 2022.
  - ✓ While people continue to move to the suburbs at above-normal rates, that trend may begin to reverse as more companies return to the office.
  - ✓ The Southeast remains popular for inter-state movers, many of whom are leaving coastal cities in search of more space and a lower cost of living.
  - ✓ Renters who left big cities during the pandemic may be priced out of returning — and may find that purchasing in a suburb or exurb makes more financial sense.
  - ✓ Keep an eye on smaller housing markets like Riverside, California that boomed during the pandemic, as they are at highest risk of a housing downturn moving forward.
  - ✓ The “silver tsunami” — in which older Americans free up a big chunk of the housing stock — is unlikely to hit in earnest for another decade or two.
  - ✓ The largest cohort of millennials is entering prime home buying age, but many are financially unable to purchase. Don't expect a massive uptick in demand.
- ✓ **Stay up to date on recent demographic, migration, and market trends so you can keep buyers and sellers informed and adjust your strategy when necessary. Consider working with a strategic business advisor to help you navigate these trends.**

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**Sources:**

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