



Where Are People Moving in 2023?

The Demographic and Migration
Patterns Impacting Real Estate

The very best agents in the industry closely follow the demographic and migration trends that shape the country. These trends alter local housing demand, which impacts construction, which will affect availability and affordability for years to come. With a keen understanding of current migration and demographic patterns, you can provide valuable insights and local expertise to your clients and positively impact your bottom line.

In this report, we'll answer:

- 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 Continues to Decline Nationwide

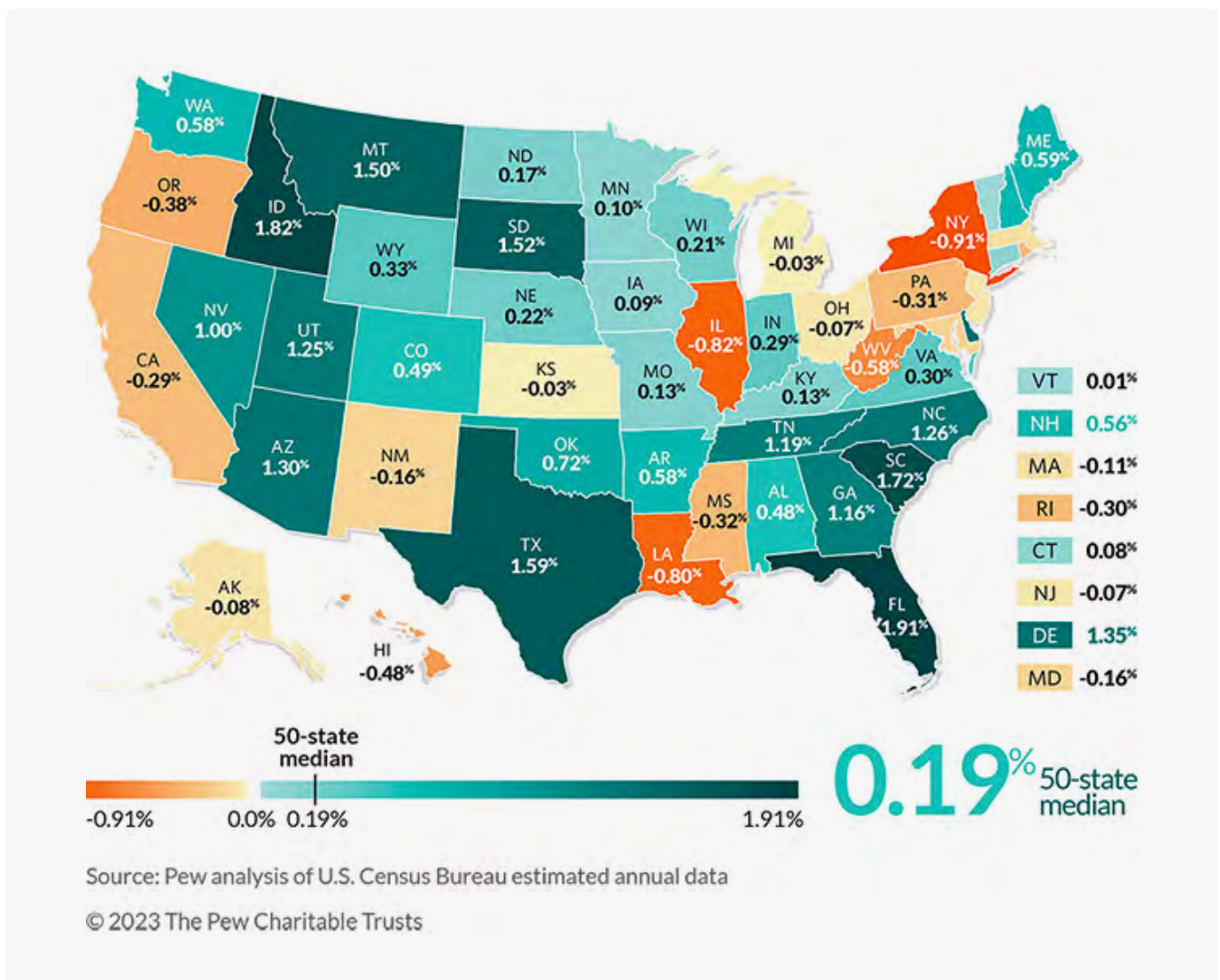
The U.S. population grew by a **meager** 0.38% between July 2021 and July 2022 — which, while slower growth than normal, was still higher than last year’s record-low rate of 0.16% growth.

This uptick can be attributed to two major factors: fewer deaths as a result of the COVID-19 pandemic and a significant influx of net immigration from abroad. In fact, the United States gained **more immigrants** in 2022 than the past four years combined.

These numbers **varied significantly** by state. The states that saw the greatest population increase were Florida (1.91%), Idaho (1.82%) and South Carolina (1.72%), with losses greatest in New York (-0.91%), Illinois (-0.82%), and Louisiana (-0.80%). Overall, nearly two in five states saw their populations decline in the last year.

18 States Lost Population Over the Past Year

Percentage change in state population, July 2021 – July 2022



The U.S. Census Bureau [projects](#) that population growth will continue to hover around 0.3% per year for the next two decades. With fertility rates expected to remain below the number that would be required for one generation to fully replace itself, that 0.3% growth will be directly correlated to net new immigration.

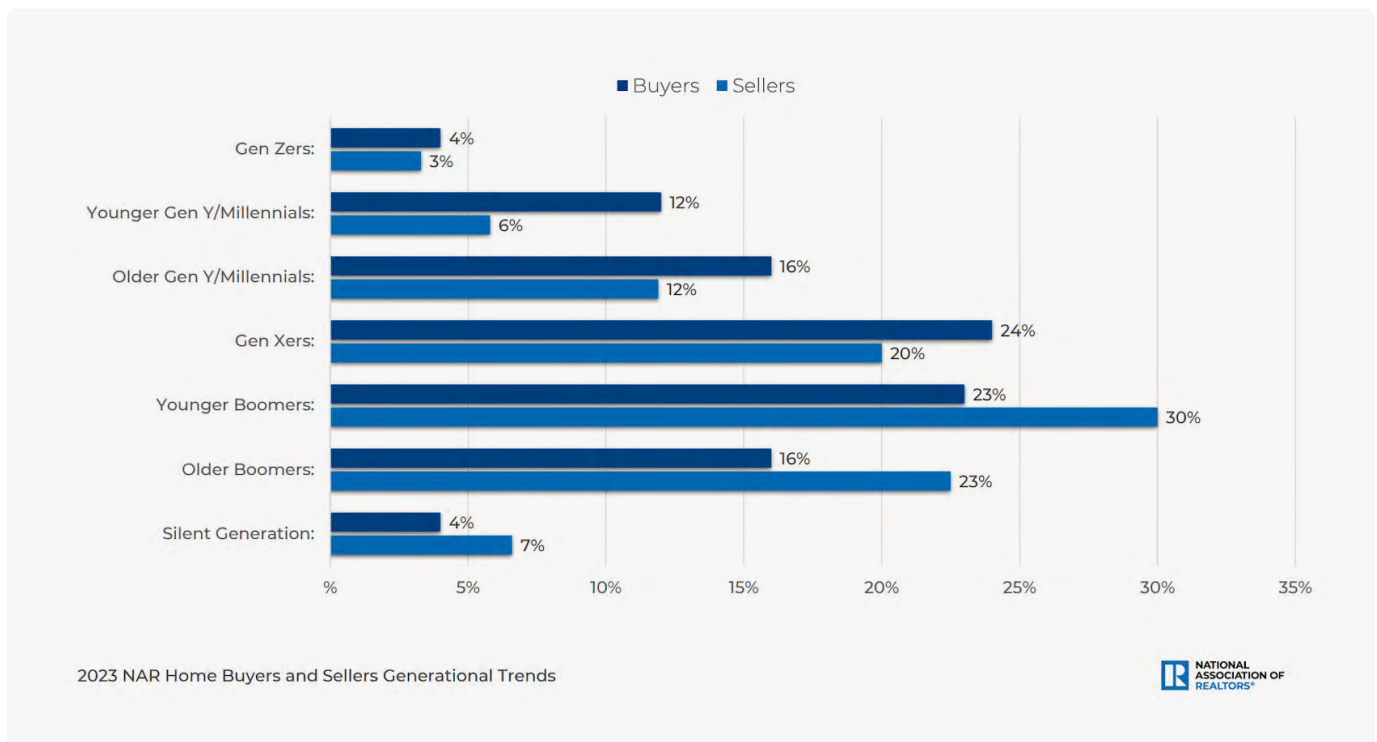
This sparse growth is not expected to have a substantial impact on housing, since the United States is already in a housing deficit. In 2021, Freddie Mac estimated the U.S. would need to build [3.8 million additional housing units](#) to meet current demand, up significantly from the 2.5 million estimated in 2018. Experts have predicted that the [shortage](#) could continue for years.

Baby Boomers Are Aging Into Retirement (But Not Selling Yet)

By 2030, every individual from the boomer generation will be [65 or older](#), signifying that one out of every five Americans will have reached retirement age. According to two studies by [Freddie Mac](#), 66% of retirees anticipate staying in their current residences, rather than downsizing or transitioning to nursing homes.

Representing 22% of the total population, Baby boomers possess [44%](#) of the country's real estate value and occupy over a [quarter](#) of all homeowner residences. Given that baby boomers control half of the nation's wealth, amounting to [\\$140 trillion](#), they can more readily navigate the market even in the face of rising interest rates.

Share of Buyers and Sellers by Generation



And baby boomers are entering the market in increasing numbers. While Millennials have made up the majority of home buyers since 2014, they were passed by baby boomers in 2022, according to NAR's [Home Buyers and Sellers Generational Trends Report](#). Last year, 39% of all homebuyers were of the baby boomer generation, up from 29% the year prior.

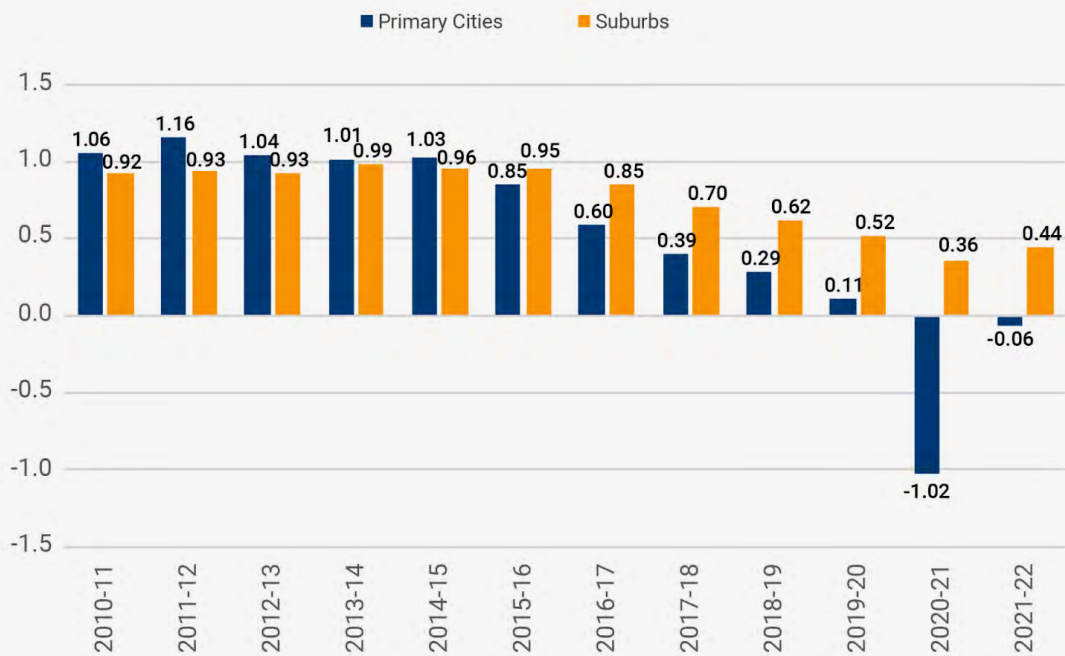
Boomers have a significant advantage over millennials in the market, since most boomers are repeat buyers who can draw on their existing equity to fund additional purchases. And while boomers are buying at a higher rate than millennials right now, they're not freeing up significant inventory at the same time.

The Push Toward the Suburbs Has Slowed

The pandemic inspired a wave of [outmigration](#) from the cities to the suburbs as formerly in-office employees suddenly found themselves working from home. During the first two years of the pandemic, migration from the cities to suburbs increased by nearly 3x.

Primary Cities and Suburbs Annual Growth Within Major Metropolitan Areas

Metropolitan areas greater than 1 million, 2010-2022



Note: Primary cities are consistent with a Brookings typology that includes the metropolitan area's largest city and up to two additional cities with populations exceeding 100,000. Major metropolitan areas are the 56 areas with populations exceeding 1 million.

Source: William H. Frey analysis of annual Census Bureau estimates, July 2010 to July 2022 (2020-2022 estimates are vintage 2022 estimates)



In year three, that trend continued – but at a much slower pace. Between July 2021 and July 2022, the **majority** of large U.S. cities saw less population decline, greater gains, or a change from losses to gains. Several major cities that had declining populations since the pandemic actually started growing again, including Atlanta, Dallas, Houston, Seattle, San Diego, and Washington, D.C.

This trend of less population decline in urban areas can be partially explained by a slowdown in migration to the suburbs, but there’s another factor at play as well. Immigration **nearly tripled** from year one to year two of the pandemic, and many of those immigrants are moving to urban areas. In 75% of the central counties for large metro areas, **immigration** was the largest source of growth in 2022.

The Southeast Remains Popular

Americans continue to demonstrate a preference for Southeast states with warmer weather and lower cost of living. According to an annual study from the moving company PODS, these are the metro areas seeing the most people moving in and out:

Cities People Are Moving To

- Myrtle Beach, SC/Wilmington, NC
- Sarasota, FL
- Orlando, FL
- Ocala, FL
- Houston, TX
- Dallas–Fort Worth, TX
- Knoxville, TN
- Jacksonville, FL
- Tampa Bay, FL
- Greenville – Spartanburg, SC

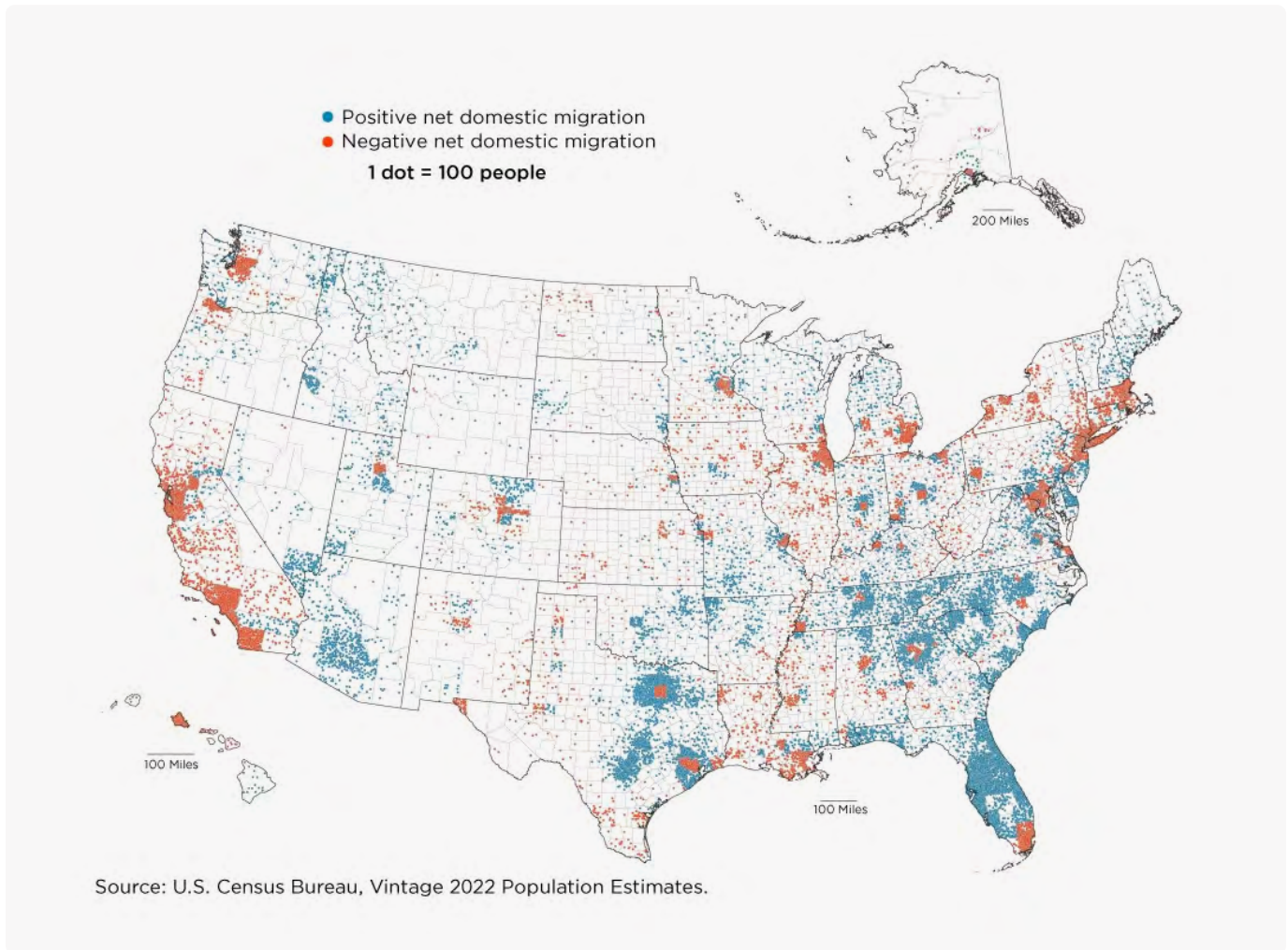
Cities People Are Moving From

- Los Angeles, CA
- Northern California
- Chicago, IL
- Long Island, NY
- South Florida
- Central Jersey
- Seattle, WA
- Washington, D.C.
- Stockton – Modesto, CA
- Santa Barbara, CA

Florida is seeing an incredible surge in popularity, attracting residents at **four times the rate** of any other state. Florida’s entire population increased by **2%** during the period from July 2021 to July 2022 alone. While this trend toward the Southeast has certainly picked up in recent years, it began long before the pandemic.

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Net Domestic Migration by County: 2021 - 2022



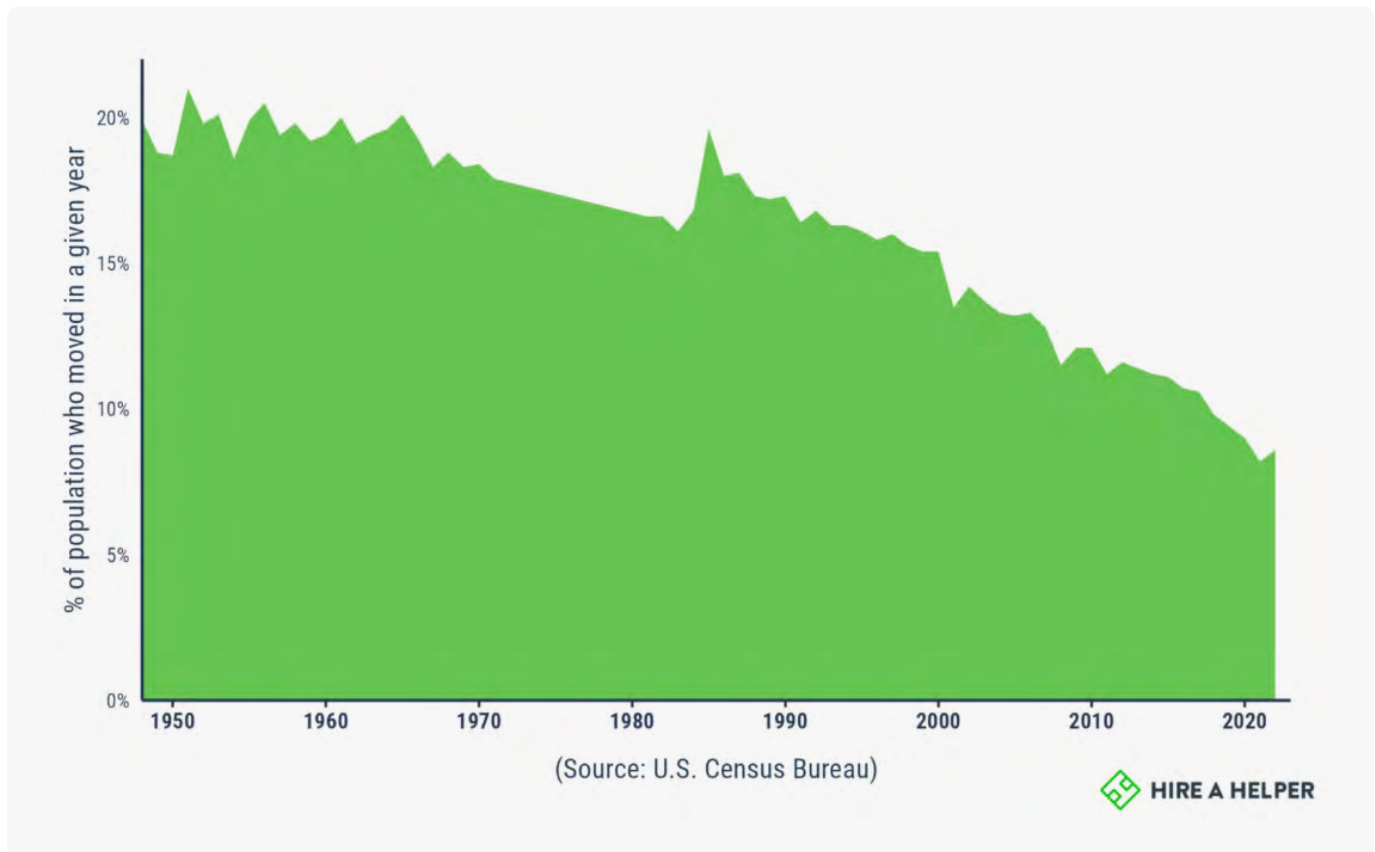
Fewer Americans Are Moving in General

Just **8.7%** of Americans moved last year, up slightly from the previous year's record-low of 8.4%. This isn't just the result of the pandemic; the percentage of Americans who move each year has been falling for **decades**.

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Seven Decades of Moving in America

For the first time in a decade, the share of Americans who moved grew year-on-year in 2022



According to the U.S. Census Bureau, those who did move **overwhelmingly** cited housing reasons as the motivating factor. Notably, the number of people who moved for a newer, larger, or better house decreased from the year prior, indicative of a general softening of housing demand.

Since January 2022, mortgage rates have increased from roughly 3% to roughly 8% as of October 2023, which has made moving far less affordable for many homeowners. In fact, a recent **study** from Freddie Mac found that many current homeowners with sub-4% mortgages would lose money by moving, even if they moved to a more affordable location. A **study** from the University of Pennsylvania found that for every one percentage point increase in mortgage rates, moving rates go down by 9%.

A significant **31%** of Americans considered relocating this year and roughly **26%** of those looking to purchase a house are hoping to do so in a different city than the one they currently live in. Around **38%** cited financial reasons such as inflation, cost of living, or housing unaffordability as the primary driver.

Key Takeaways

- While the jump in mortgage rates has made it more financially difficult for American homeowners to move, millions will continue to do so each year by necessity and when they do, they'll gravitate toward lower-cost-of-living areas.
- Even with very low national population growth expected for the next several decades, the U.S. remains in an extreme housing shortage. Unless we build new housing at a much faster pace than we are currently, we will continue to see more demand for housing than available supply. This should continue to keep prices relatively high.
- Americans are still moving to the suburbs — just not in the same numbers as last year. Cities in general appear to be poised for a resurgence, although the numbers for each individual city will vary. Use this data to bolster conversations with clients who are worried about the long-term value of their urban properties.
- The Southeast remains incredibly popular for inter-state movers, many of whom are leaving coastal cities in search of more space and a lower cost of living. If you're in the Southeast, now is a good time to build referral connections with agents in high-cost metro markets — and vice versa.
- Baby boomers have overtaken millennials as the largest cohort of home buyers. Keep this in mind when staging homes for sale; the most common buyer in your market may not be the millennial family with kids on the way.
- 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. Consider how this might impact your business and don't count on a massive amount of inventory hitting the market from this group in the near future.

Sources:

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