IMMIGRANTS AND HOUSING DEMAND

Gary D. Painter

It is well recognized that immigrants have settled in communities all across the country and that demographic change has important implications for all segments of society. Further, a recent report from the National Academies of Sciences (NAS 2015) finds that the pace of immigrant integration has accelerated. Researchers, including this author, have studied the factors driving immigrant housing demand for the past two decades. This research (Painter, Gabriel, and Myers 2001) was motivated in part by comparing gaps in native and immigrant housing outcomes, such as homeownership, to assess levels of immigrant integration into communities. My research shows that the higher rates of moves by immigrant households in the 1980s and 1990s accounted for a substantial part of the gap in homeownership rates between immigrants and native households. Further differences in housing outcomes included different rates of headship (Painter and Yu 2010), which is the tendency of a person to form a household, a higher propensity to live in overcrowded conditions (Painter and Yu 2008), and residence in higher cost metropolitan areas (Coulson 1999).

Real estate practitioners and policymakers throughout the country have often ignored immigrant housing demand and local community contributions of immigrants because until the new millennium, most immigrants lived in a limited number of metropolitan areas (“immigrant gateways”) in a handful of states, such as California, Texas,
New York, and Illinois. Even as immigrants began to move to other metropolitan areas in the South and Midwest (“emerging gateways”) in sizeable numbers, practitioners often viewed these populations as more transient in nature, moving from job to job and never putting down roots in communities. This false assumption led professionals to ignore the influence of the growing number of immigrants in places like emerging gateways. However, the dawn of the new millennium has yielded a number of changes that requires a reassessment of the level and drivers of housing demand among immigrants as immigrant populations have grown substantially in all metropolitan areas across the United States.

Chief among these changes is how the permanence of the immigrant population has changed markedly over the last two decades. Contrary to pervasive stereotypes, the majority of immigrants in the United States are not new arrivals and have lived in the United States for a decade or longer. Moreover, in the places where most immigrants reside (e.g., California, Texas, New York, and Illinois), less than 20 percent of immigrants are new arrivals. Yet, there are many places in the United States where new arrivals still represent the majority of the immigrant population.

There has also been a dramatic shift in immigrants’ mobility rates. In research funded by the Kauffmann Foundation, Liu and Painter (2016) found that mobility rates of immigrants have fallen dramatically and are now lower than the rates of native-born households. Long-distance migration by immigrants within the United States has fallen even more when compared to native-born households. Moves across state boundaries have fallen among all households, and moves by immigrant households have fallen from a peak of 3.5 percent per year in 2000 to 1.5 percent in the most recent period. Moves across county boundaries by immigrants fell from a peak of 7 percent to 3 percent in 2013.

Notably, mobility rates have declined for immigrants and native born households at all skill levels. The mobility rates of immigrants with low levels of education have been similar to those of native-born households over the 20-year period, and have declined from 2 to 1 percent. However, the mobility rates of immigrants with at least a bachelor’s degree have fallen more dramatically. The mobility rates

---

1See, e.g., Zong and Batalova (2017).
of high skilled immigrants peaked at 4.5 percentage points and fell more than 2 percentage points over the period.

One of the reasons for this reduced mobility among immigrants is the fact that many fewer new immigrants have entered the U.S. since the onset of the Great Recession, while the percentage of immigrants in the United States has grown slightly since 2000 (from 13.7 percent to 16.2 percent). The important change in the immigrant population is that there are many fewer recent immigrants. Since 2000, the percentage of the immigrant population that has recently arrived fell from 41.8 percent to 28.5 percent. Of particular note, the percentage of new immigrants in the metropolitan areas with fewer immigrants has fallen much closer to the national average.

Part of the overall decline in mobility can be linked to the lack of new immigrant arrivals into the United States. Recent immigrants are more mobile than are more settled immigrants. In fact, immigrants who have been in the country more than 10 years move across state borders at a rate of only 1 percent per year. Rates of immigrant mobility have declined across all arrival cohorts, but the shift in the population between new and more settled immigrants accounts for part of this decline in mobility.

Immigrants in Housing Markets

In addition to accounting for the population shifts described earlier, measuring housing demand requires a focus on two characteristics: (1) homeownership, which describes the housing choice of an independent household; and (2) headship, which tracks the number of independent households among all adults.

Homeownership

Homeownership rates have long been tracked as a measure of success in the housing market. This is partially due to the literature on the benefits of homeownership to children (Green and White 1997) and to communities (Rossi and Weber 1996).

While homeownership rates of both groups peaked in 2006 and have fallen since that time, the homeownership rates of immigrants have not fallen as much as the rates for native-born households. Immigrant homeownership rates remain above the rates in 2000, while the rates of native-born households are much lower than in 2000. Immigrant homeownership rates in the United States remain below
the rate of native born households (46.5 percent vs. 62.9 percent), but the gap has fallen from 22.2 percentage points to 16.4 percentage points. The homeownership rate gap between native-born households and that of immigrant households in smaller metropolitan areas was only 13.4 percentage points in 2014.

The literature on homeownership among immigrants (Painter, Gabriel, and Myers 2001; Painter and Yu 2014) has demonstrated that the gap in homeownership between native and foreign-born households can largely be explained by the differences in income between the two groups. The remainder of the gap can be explained by the years since an immigrant has arrived in the United States. After five to ten years in the United States, immigrant homeowner-ship rates are the same as that for native households with similar socioeconomic characteristics. The metropolitan areas with more settled immigrants are likely to have smaller gaps between natives and immigrants.

**Headship**

Changes in the headship rate enable us to determine how a broader delineation of the demand for housing has fallen among both the immigrant and native populations. There are two remarkable facts. Immigrant headship is similar to the peak of housing demand in 2006 (40 vs. 40.2 percent nationally). However, the headship rates of U.S.-born households have fallen dramatically. The decline in headship began in 2000, and continued through the Great Recession. Around the nation, the headship rate for U.S.-born households fell from 46.3 percent to 44.2 percent. The decline in the largest immigrant gateway cities was even larger, so that rates of headship are now only 42.7 percent. What was once a 10 percentage point difference between U.S.-born and foreign-born households is now only 3 percentage points in much of the United States and about 4 percentage points in the smaller metropolitan areas.

**Implications**

A number of conclusions from the literature can help us understand the implications of these trends. Immigrants’ rates of homeownership rise to similar levels as those of native-born households within five to ten years of entering the country. However, they remain more likely to live in households of larger
Immigrants and Housing Demand

size, with more adults and children than comparable native-born households.

The gap between natives and immigrants on both metrics of housing demand has fallen tremendously as a result of many factors. Arguably, a chief factor is the reduction in new arrivals over the last decade. As the housing literature suggests that immigrant integration in housing markets is fairly rapid, the housing demand of immigrants has converged with that of U.S.-born households. A second factor is that even the new arrivals are moving to much less expensive housing markets than did past waves of immigrants during the 1980s and 1990s.

Finally, housing outcomes for U.S.-born households were disproportionately worse throughout the Great Recession, which helped narrow the gap. The reasons why these outcomes were disproportionately worse for natives than immigrants remain a subject for future research.

Conclusion

The contribution of immigrants to housing demand has always been important, and can now be observed to be very much like U.S.-born housing demand. In addition to participating in the revitalization of neighborhoods that suffered during the recent economic downturn, evidence from the National Academy of Sciences suggests that neighborhoods with greater numbers of immigrants experience reductions in crime. Further, research by the Kaufmann Foundation highlights the role of immigrants in driving entrepreneurship among both high- and low-skilled immigrants.

A final point of emphasis is warranted. When immigrants move to a community, they are more likely to stay than are existing residents of that community, even as the economy changes. Therefore, immigrants, and their children, will continue to contribute socially and economically to the fortunes of communities and the future of our country, and share the benefits.

References


