OXFORD ECONOMICS

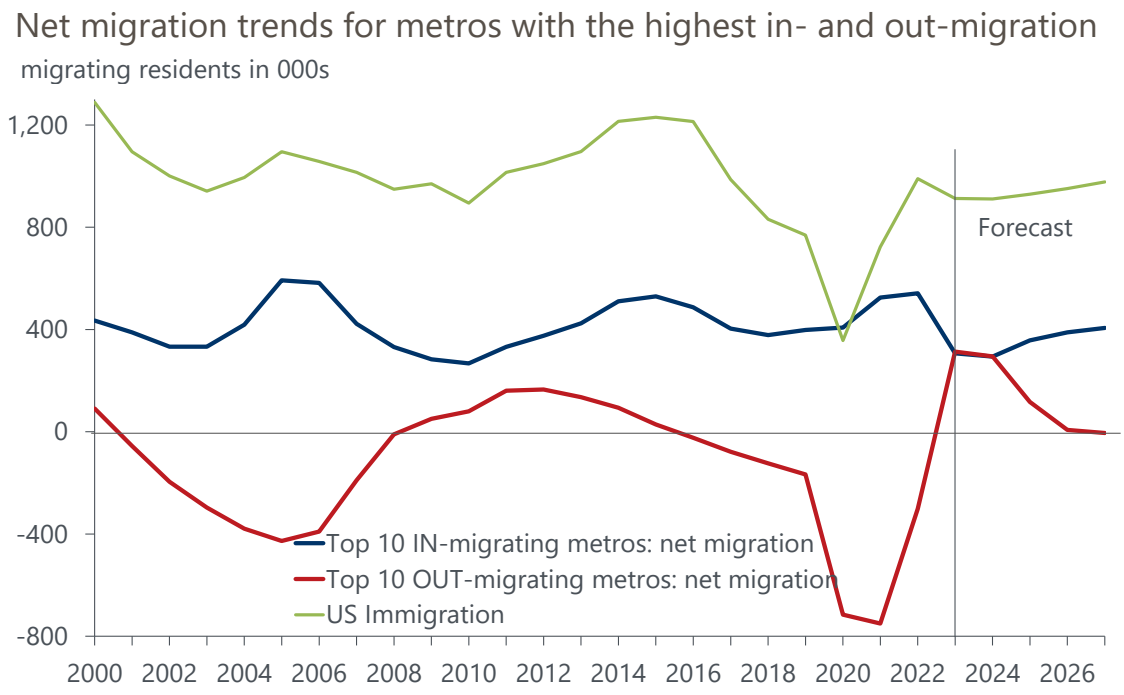
20 June 2023

**Research Briefing | US**

# Migration set to return to pre-pandemic patterns

- **Net migration trends are poised to reverse course over the next five years compared to 2020 and 2021 as employees and residents move back to large metros and immigration recovers. This has clear linkages to jobs as most metros are forecast to see lower but positive job growth.**
- **Following the surge in out-migration from the leading metros in 2020 to 2021 due to the pandemic and the shift to remote work, many people have started to move back to large urban areas. We forecast that many will continue to do so through 2027.**
- **Large metros saw the steepest out-migration in 2020 and 2021, especially New York, Los Angeles, San Francisco, Chicago, San Jose, Washington, and Boston. These metros also suffered from the drop in immigration in 2020 and 2021. We forecast a continued recovery in immigration in 2023 through 2027, benefiting the same large metros.**
- **Although many Sun Belt metros reaped the largest share of in-migration in 2020 and 2021, these too will see a slowdown of in-migration this year and next.**
- **Net migration is linked to job growth, although the two sometimes do not move in sync. In stable years, job changes mirror migration patterns. However, in recessionary years and those immediately following recessions, the two series often diverge.**
- **As migration patterns are forecast to recover, so too is the outlook for jobs, such that all of the top 50 metros will add jobs in 2023 but see slower average growth rates in 2024 through 2027 within a range that is consistent with the 2008-2019 period.**

Chart 1: After surging during the pandemic, migration patterns are subsiding as immigration returns




*Source: Oxford Economics/US Census Bureau*

**Barbara Denham - Senior Economist - bdenham@oxfordeconomics.com**

## Largest metros suffered steep out-migration in 2020 and 2021

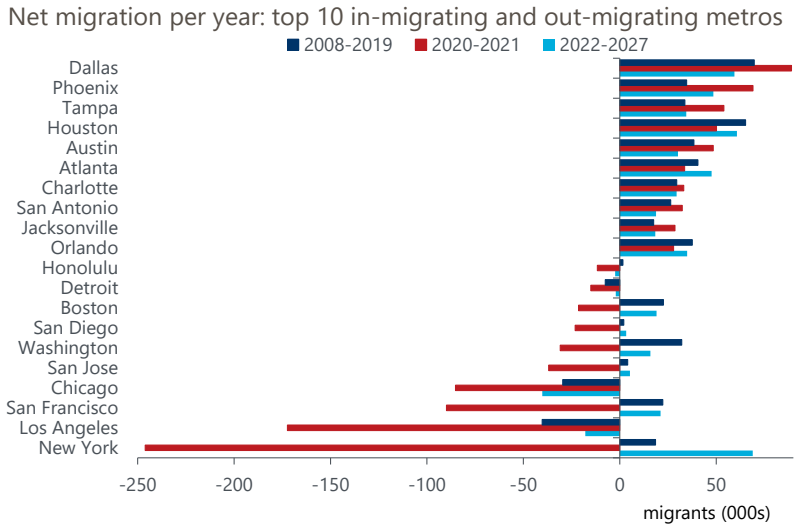
Migration flows soared in 2020 and 2021 as many people vacated densely populated metro areas for those in the South and Southwest and Mountains regions. In addition, international immigration to the US plummeted. Chart 1 shows how these two forces had a dramatic impact on the overall pace of net migration—which includes immigration—following more than 10 years of relatively moderate levels of in- and out-migration as well as a smoother pace of immigration.

The largest metros suffered a disproportionate share of the out-migration in 2020 to 2021, especially New York and Los Angeles, but also San Francisco, Chicago, San Jose, Washington, and Boston—all of which are represented in the red line in Chart 1 along with San Diego, Honolulu, and Detroit. These 10 metros together accounted for 78% of the total metro-level out-migration over the two-year period.

Chart 2 illustrates how migration patterns for the 10 metros with the steepest 2020-21 out-migration have shifted dramatically over the last 15 years. From 2008 to 2019, New York, San Francisco, Washington, and Boston had enjoyed strong in-migration, accounting for 10% of total US in-migration in those years. We forecast that migration will again reverse course such that all the top 10 metros except Chicago and Honolulu will see net in-migration in 2023; and that New York, San Francisco, Washington, and Boston will continue to see consistent net in-migration through 2027.

Chart 2 also shows the top 10 beneficiaries of in-migration during the pandemic, many of which are in the Sun Belt, as people chose to move south for various reasons including sunnier weather, more space, and a lower cost of living. Dallas, Phoenix, Tampa, Austin, Charlotte, San Antonio, and Jacksonville not only saw the highest levels of in-migration in 2020 to 2021, but they saw in-migration accelerate during the pandemic compared to previous years. We forecast that these seven metros will see a deceleration in the level of in-migration in 2022 through 2027, though it will remain positive. In Houston, Atlanta, and Orlando, in-migration slowed a bit in 2020 and 2021 from previous years. We forecast that these three metros will see higher annual net in-migration in 2022 through 2027.

### Chart 2: Largest metros suffered highest out-migration in 2020 and 2021




*Source: Oxford Economics/US Census Bureau*

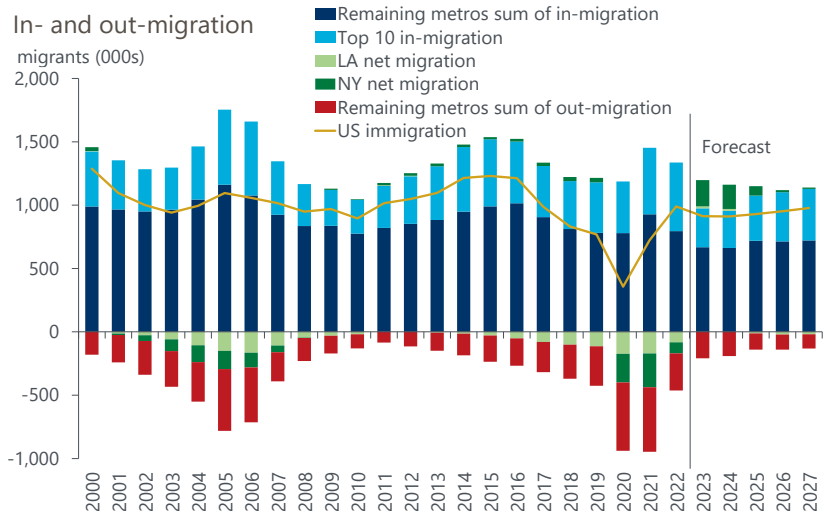
## Migration trends have fluctuated over the last 20+ years

Migration patterns have historically fluctuated. Chart 3, which separates all 382 metros that had in-migration each year from those that had out-migration, clearly shows how net migration patterns shifted in the early 2000s. In 2004 through 2006, migration flows accelerated as residents were drawn to a handful of Sun Belt metros including Riverside, Las Vegas, Phoenix, Atlanta, and Charlotte, which saw some of the fastest job growth rates during this period and, not coincidentally, significant appreciation in house prices. All of these metros saw higher in-migration in 2004 to 2006 than in 2020 to 2021, accounting for the jump in the light blue and dark blue bars shown in Chart 3 during those earlier years.


Barbara Denham - bdenham@oxfordeconomics.com

In contrast, other metros—Detroit, Providence, Cleveland, Pittsburgh, and especially New Orleans (following hurricane Katrina)—had greater out-migration in 2004 to 2006 than in 2020 to 2021 and account for the drop in the red bars on Chart 3 in 2004 to 2006. New Orleans and Detroit suffered job declines during this period, while the others had very low or no job growth.

**Chart 3: Migration patterns have fluctuated regularly over the last few cycles**




*Source: Oxford Economics/US Census Bureau*

New York, Los Angeles, Chicago, San Francisco, San Jose, and Boston were also casualties of net out-migration in 2004 to 2006, but all of them suffered less out-migration per year then than they did in 2020 and 2021. Still, as Charts 2 and 3 clearly show, New York and Los Angeles have consistently seen the highest out-migration in "bad" years, or those in which migration patterns accelerated. In 2004 to 2006, New York and Los Angeles accounted for 40% of the total out-migration, but they accounted for 44% of total out-migration in 2020 to 2021. More so than Los Angeles, New York's role in migration patterns has varied widely, as it has seen robust gains in some years followed by sharp out-migration in stagnant years. Los Angeles had also enjoyed in-migration in 2011 and 2012, but it has incurred out-migration in all but three of the last 23 years.

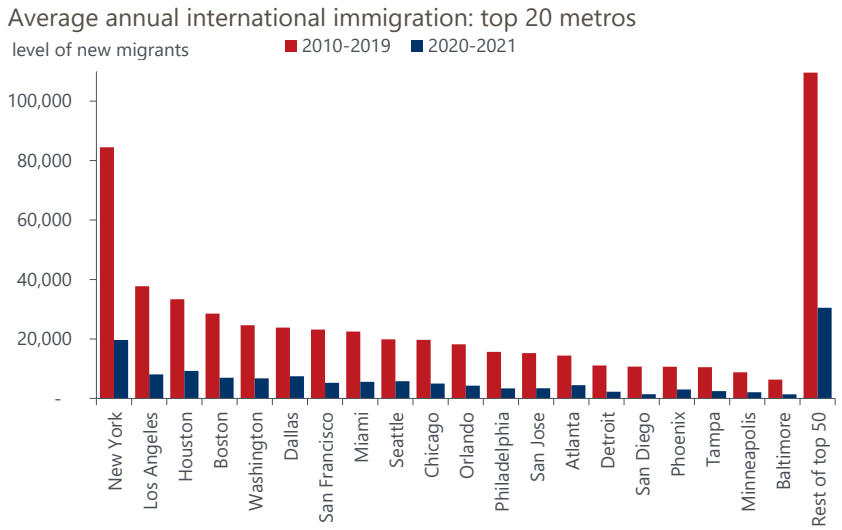
Chart 3 also shows how these flows shifted course from 2008 to 2019, such that net in-migration slowed considerably in the Sun Belt metros during and after the great financial crisis ("GFC"). Likewise, New York and Los Angeles returned to in-migration starting in 2009 and 2011, respectively, (San Francisco, San Jose, and Boston did so in 2007; Chicago suffered out-migration every year). Just as these net migration patterns changed course after the GFC, we forecast them to recover in line with pre-pandemic patterns. The 2022 Census data show that New York City incurred net out-migration of 161,720, down from 293,360 in 2021. However, Manhattan had in-migration of 13,855 in 2022 following out-migration of 94,588 in 2021.

## Immigration has and will continue to impact migration in large metros

Part of the migration trend is attributed to immigration as New York and Los Angeles take in many of the international migrants to the US. As Chart 4 shows, New York and Los Angeles captured 11% and 5%, respectively, of total US immigration from 2010 to 2019. However, they suffered a drop of 77% and 79%, respectively, in immigration in 2020-2021, worse than the 75% overall drop in US immigration.


Barbara Denham - bdenham@oxfordeconomics.com

**Chart 4: New York and Los Angeles see the highest immigration most years**




*Source: US Census Bureau*

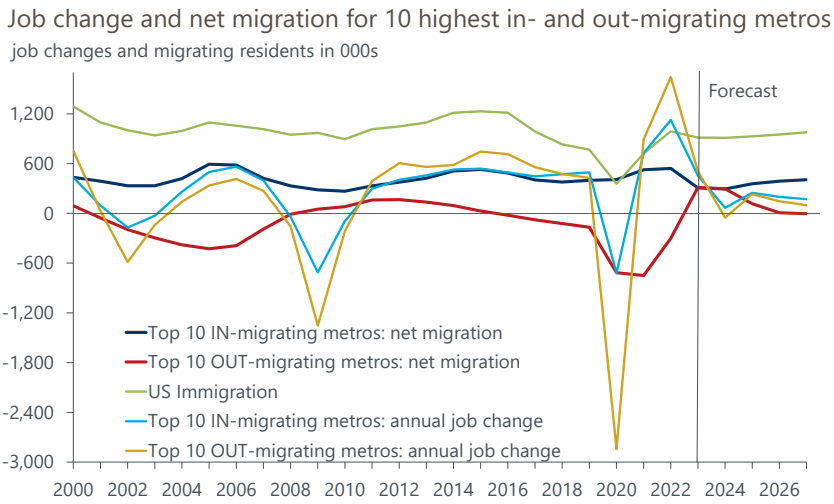
Already, immigration has roared back from a low of 350,000 annually during the pandemic to 1 million in 2022. We forecast a continued immigration recovery through 2027. Just as most of these metros will see a return of domestic in-migration in 2023 and beyond, we forecast that immigration will be distributed across the US consistent with the flows in previous periods such that New York, Los Angeles, and other large metros will see the bulk of immigration.

## Net migration patterns are linked to job growth

Migration patterns have and will continue to be interlinked with job change trends, and the impact works both ways as migrants are often drawn to fast growing metros and then in turn generate new businesses and jobs after they arrive. However, the flows sometimes do not move synchronously. Chart 5, lining up the migration trends for the same top and bottom 10 metros shown in Chart 1 with their annual job changes, shows how job declines continued through 2010 even though net in-migration largely held up. The disconnect between job change and migration was also apparent in 2021 as all metros were recovering jobs from the pandemic, yet many were still seeing out-migration.

That said, the two sets of lines show how steadily jobs and net migration moved in most years, especially in 2011 through 2019 for the top in-migrating metros where in-migration flowed in-step with job increases. For the out-migrating metros, job growth was steady from 2012 through 2019 as in-migration slowed moderately due to the drop in immigration as illustrated by the green line.

**Chart 5: Job growth and net migration are interlinked most years**





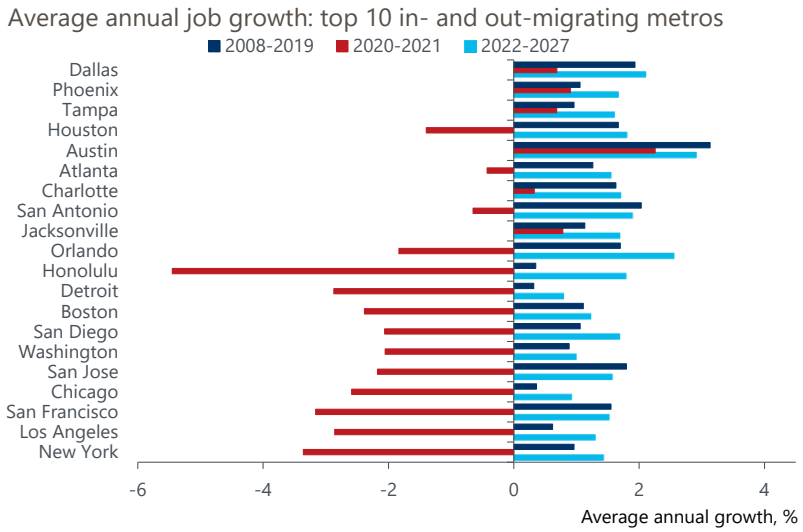
Barbara Denham - bdenham@oxfordeconomics.com

*Source: Oxford Economics/US Census Bureau/BLS*

## Metros will see slower job growth in 2023 through 2027

Chart 6 illustrates how job growth shifted during the pandemic for the same 10 in-migrating and 10 out-migrating metros. Honolulu, New York, and San Francisco suffered the worst of the job losses in 2020-2021. Moreover, most of the 10 out-migrating metros have yet to recover their pandemic job losses. For these, job growth did accelerate in 2022 as many metros recouped leisure and hospitality jobs. We forecast that this momentum will continue in 2023 despite the mild recession forecast to start in the second half of this year. While these and most metros will likely incur a couple of quarters of modest job declines this year, most will see net job gains over the course through 2027 as a whole.

### Chart 6: Metros will see slower but positive job growth in the coming years




*Source: Oxford Economics/BLS*

The dark blue bars in Chart 6 illustrate how the range of job growth in 2008 through 2019 was narrow before the disparity widened acutely in 2020 and 2021. The leading 10 in-migrating metros had seen the highest job growth rates before and during the pandemic. We forecast that the range of growth rates will again revert to the pre-pandemic pattern of consistency across the major metros as shown by the light blue bars with Austin, Orlando, and Dallas leading, and Chicago, Detroit, and Washington trailing.


Barbara Denham - bdenham@oxfordeconomics.com