

# Immigration and Housing

Alex Nowrasteh

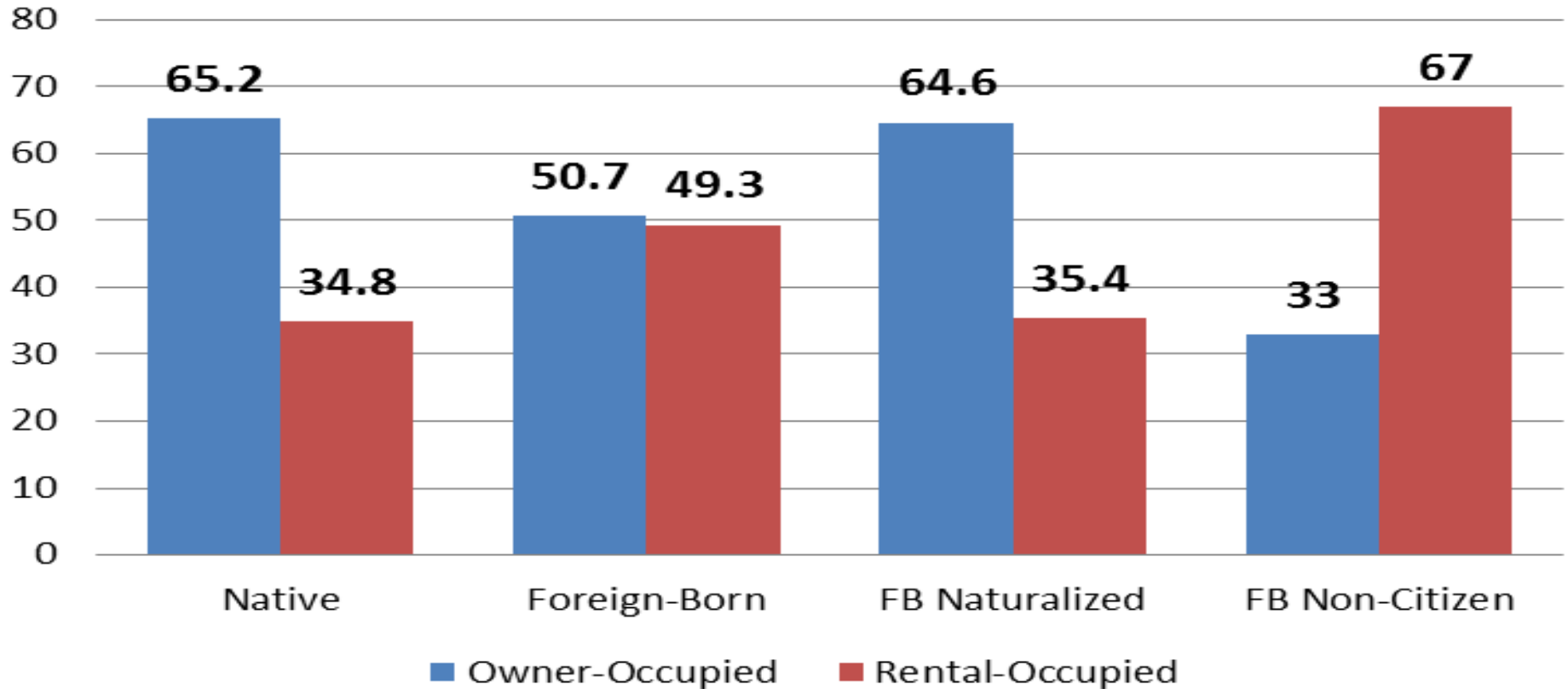
Cato Institute

@alexnowrasteh

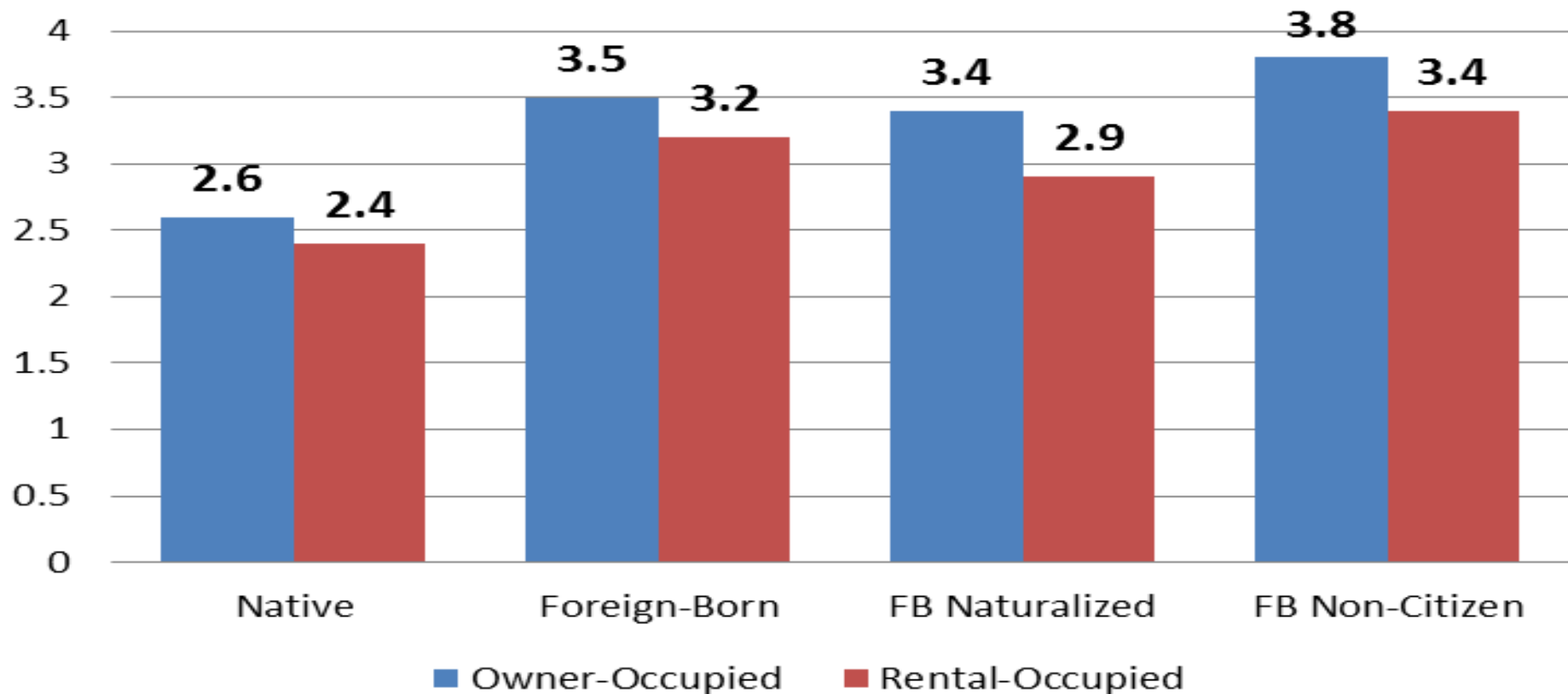
# Background Facts – 2015 ACS

- 321.4 million U.S. residents.
- 278.1 million are natives.
- 43.3 million are foreign-born.
  - Includes illegal immigrants.
  - Guest worker visas.
  - Legal immigrants too.
- 20.7 million are naturalized.
- 22.6 are non-citizens.

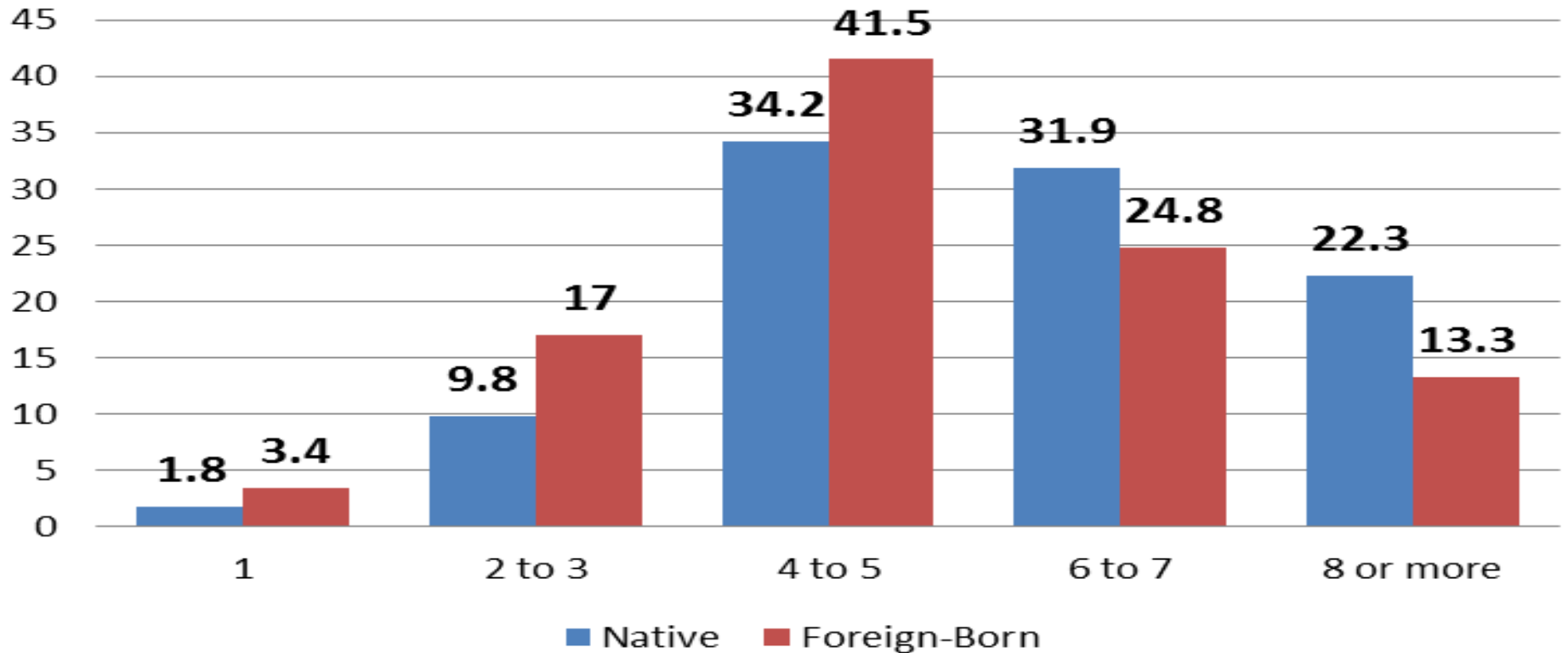
# Rental vs. Owner Occupied



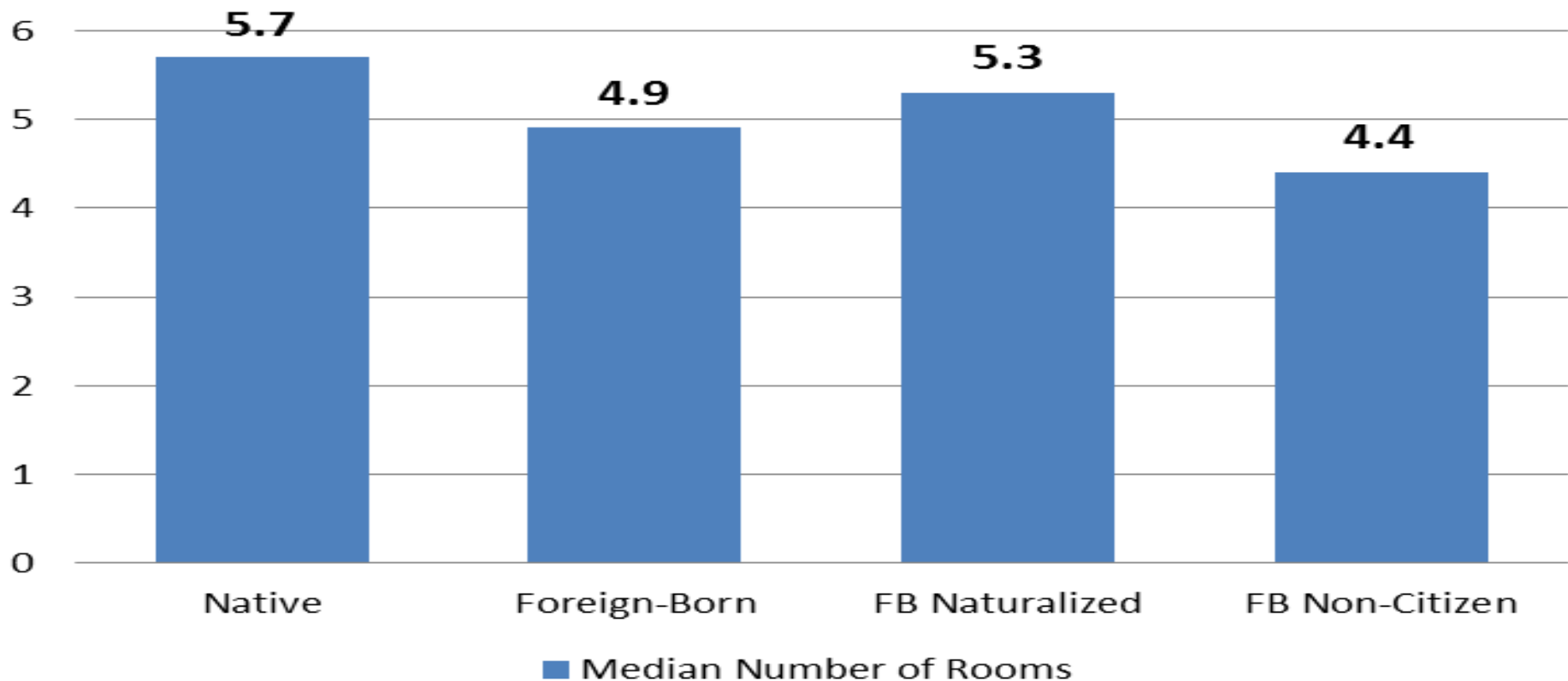
# People Per Household



# Rooms Per Household



# Median Numbers of Rooms Per Household



# Demand Side – Rental Prices

- Supply and demand.
- Expected 1% increase in city's population produces 1% increase in rents.
- Unexpected 1% increase produces 3.75% increase in rents.
- Mariel boatlift: 9% increase in renter population produced 8% to 11% increase compared to other cities.

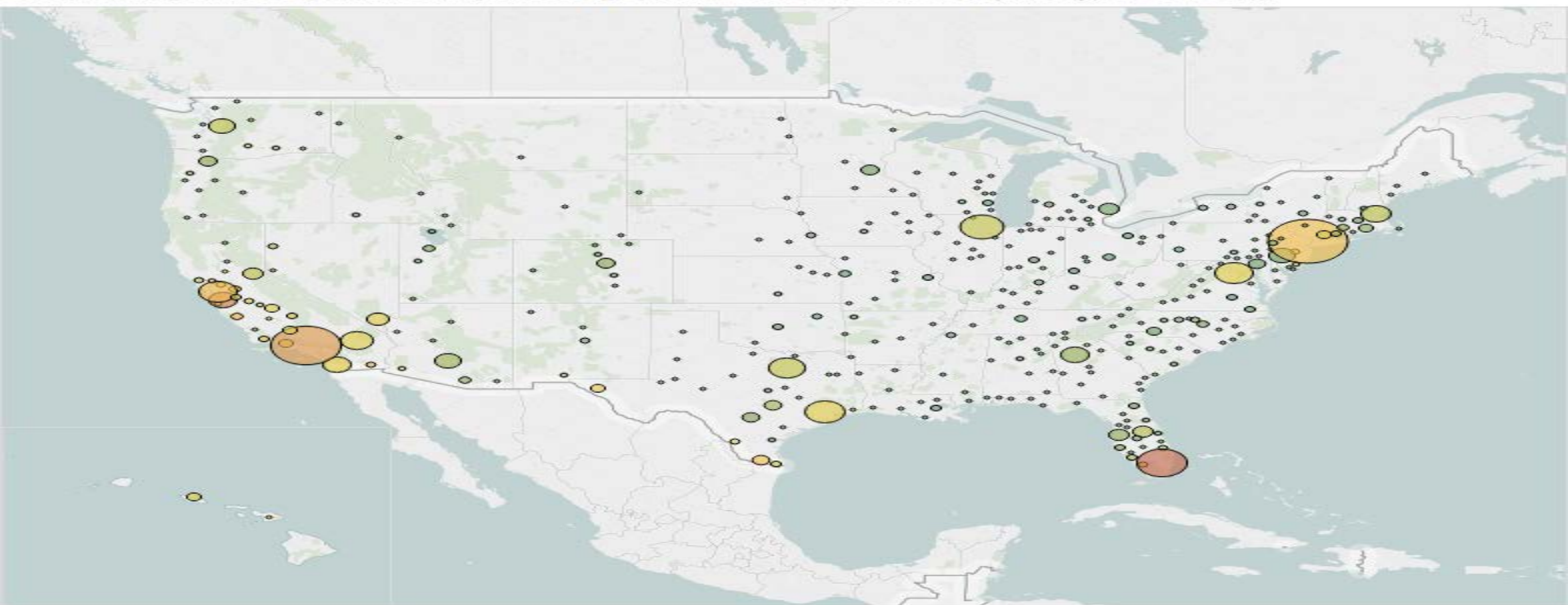
# Demand Side– House Prices

- Each immigrants adds 11.6 cents to housing value in the county where they reside.
- In 2012, 40 million immigrants added roughly \$3.7 *trillion* to U.S. housing wealth.
  - Biggest impact on mid to lower income counties.
  - Jacob Vigdor, fixed-effects IV regressions.
- Immigration affects real-estate market far more than it affects the labor market.



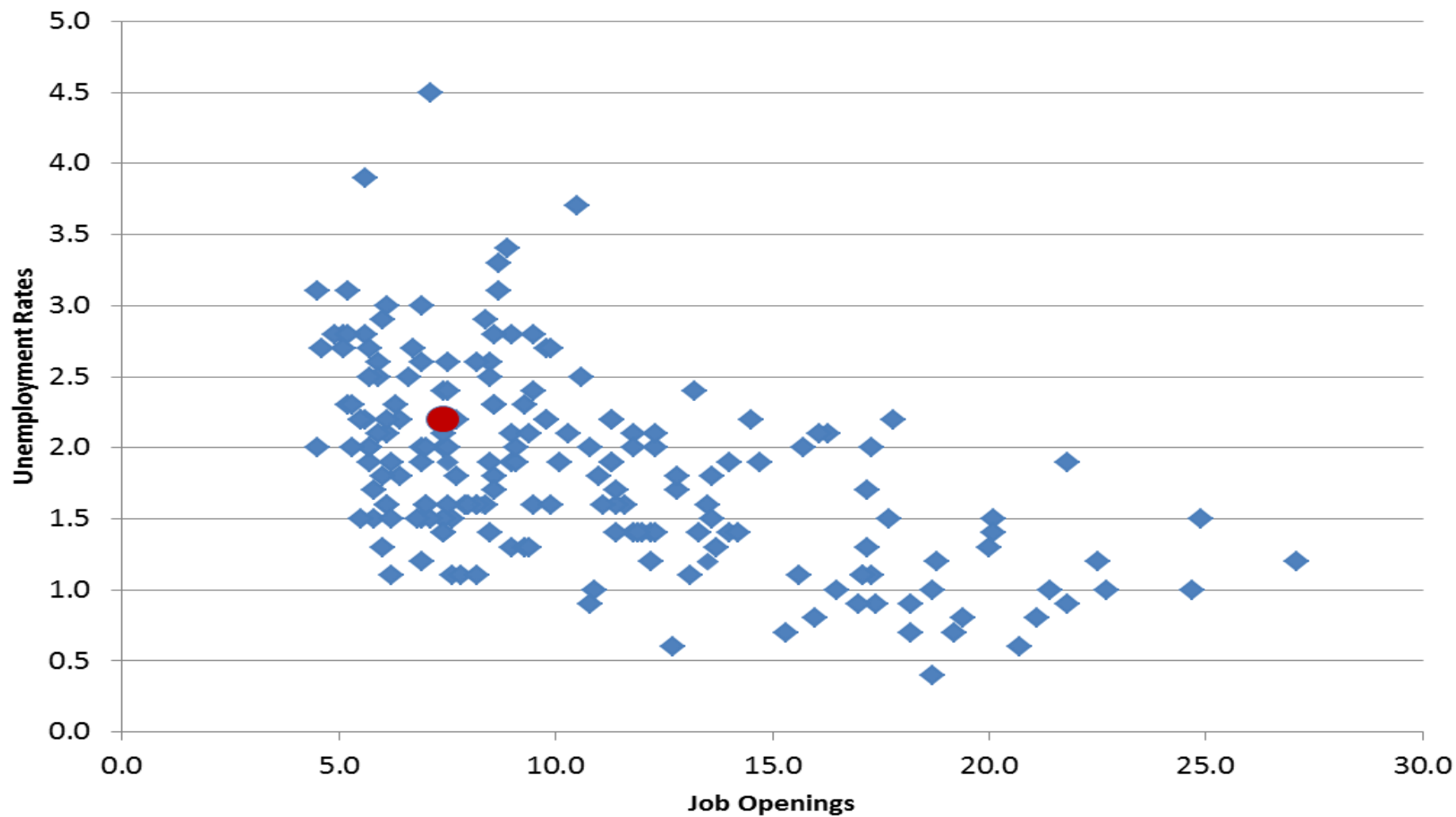
# Regional Distribution of Immigrants

U.S. Immigrant Population by Metropolitan Statistical Area (MSA), 2011-2015\*



# Supply Side

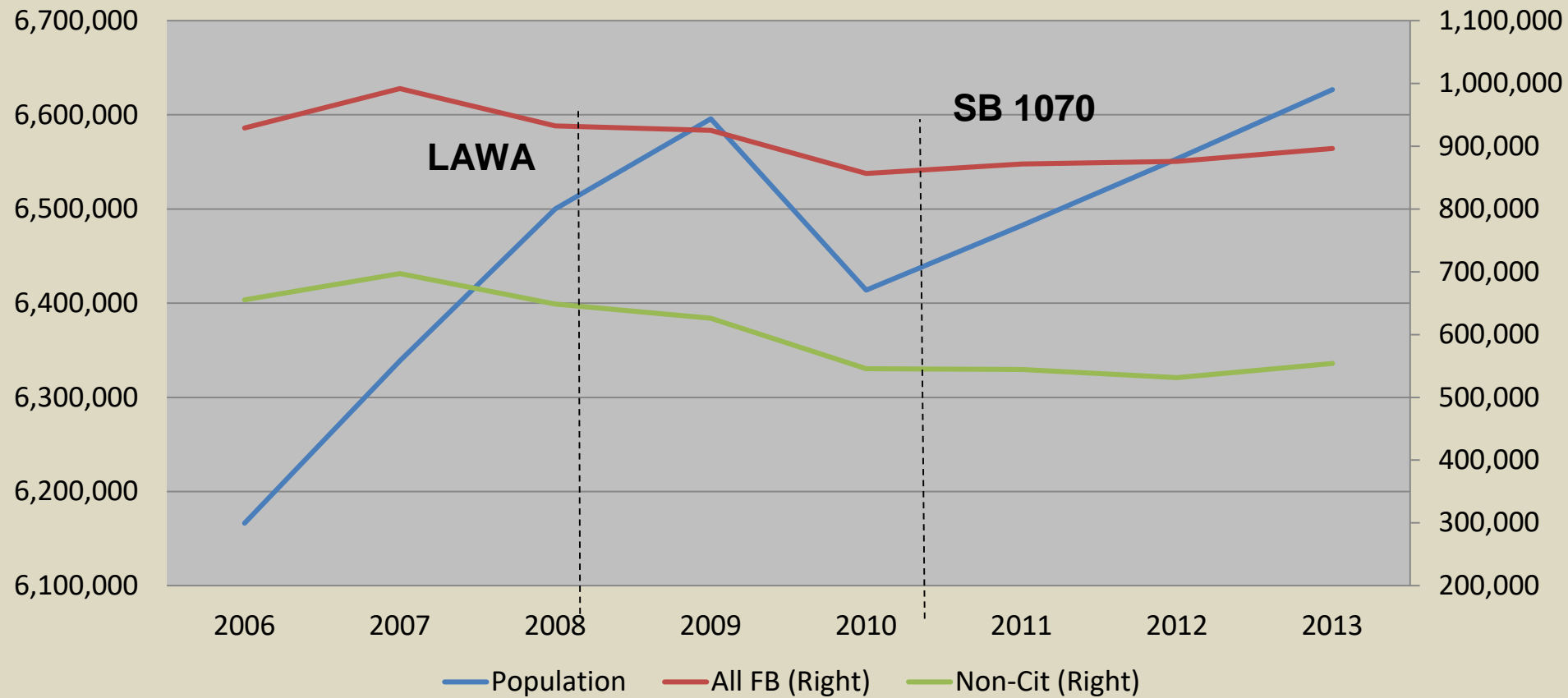
- Increased supply of workers and lower wages boosts construction.
- American construction workers tend to specialize in more highly skilled construction occupations – wage effect on Americans small.
  - Complementary task specialization.
  - Manual labor vs. communication & skills.
  - -1.7% to +0.6%.



# Case Study – AZ Immigration Laws

- Legal Arizona Workers Acts (LAWA).
  - Mandatory E-Verify.
  - Workplace enforcement.
  - January 1, 2008.
- SB 1070.
  - “Papers please.”
  - Enforcement outside workplace.
  - July 2010.
  - Mid-2012, SCOTUS.

# Population - Arizona



# Arizona Population

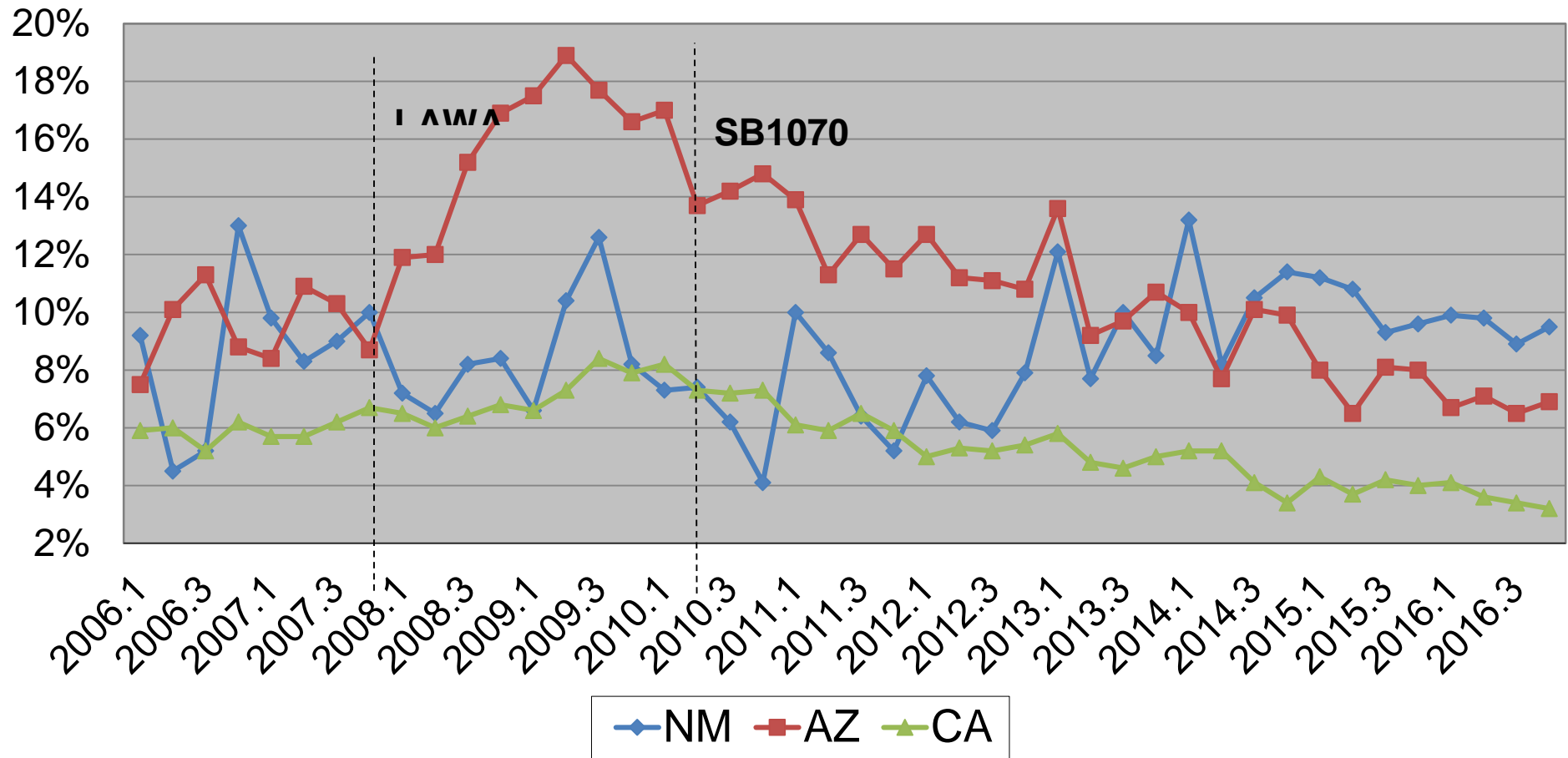
- Actual population decline in Arizona, rebounded by 2013.
- Big decline in non-citizen & foreign-born population.

	Total	Foreign-Born	FB Non-Citizen
2006	6,166,318	929,083	655,383
2007	6,338,755	991,584	697,043
2008	6,500,180	932,518	648,603
2009	6,595,778	925,376	626,047
2010	6,413,737	856,663	545,828
2011	6,482,505	871,667	544,214
2012	6,553,255	875,927	531,555
2013	6,626,624	896,310	554,045
2014	6,731,484	919,559	560,581
2015	6,828,065	914,400	534,213

# Population Losses

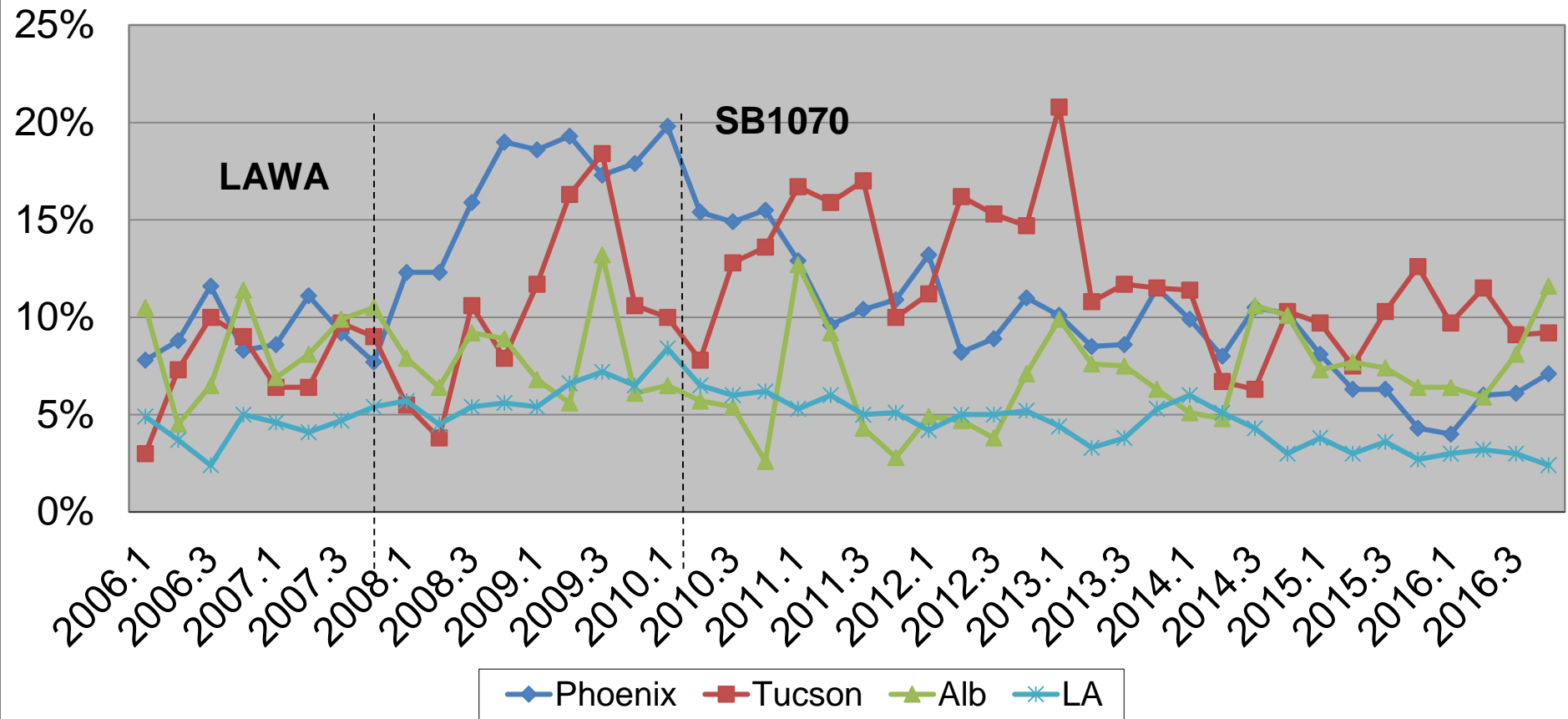
- 2008-2010, 100,000 people left Arizona because of LAWA.
  - PPIC attributes all of that loss to LAWA.
  - 16% decline in non-citizens.
  - Nationally, non-citizens increased by 4%.
  - 1.3% decline in total AZ population.
- 2007-2012, 24% decline in non-citizens.
  - Slight rebound since 2012.
- Pew Research Center estimates 200,000 fewer unauthorized immigrants from 2008-2012.

# Rental Vacancy Rates - States

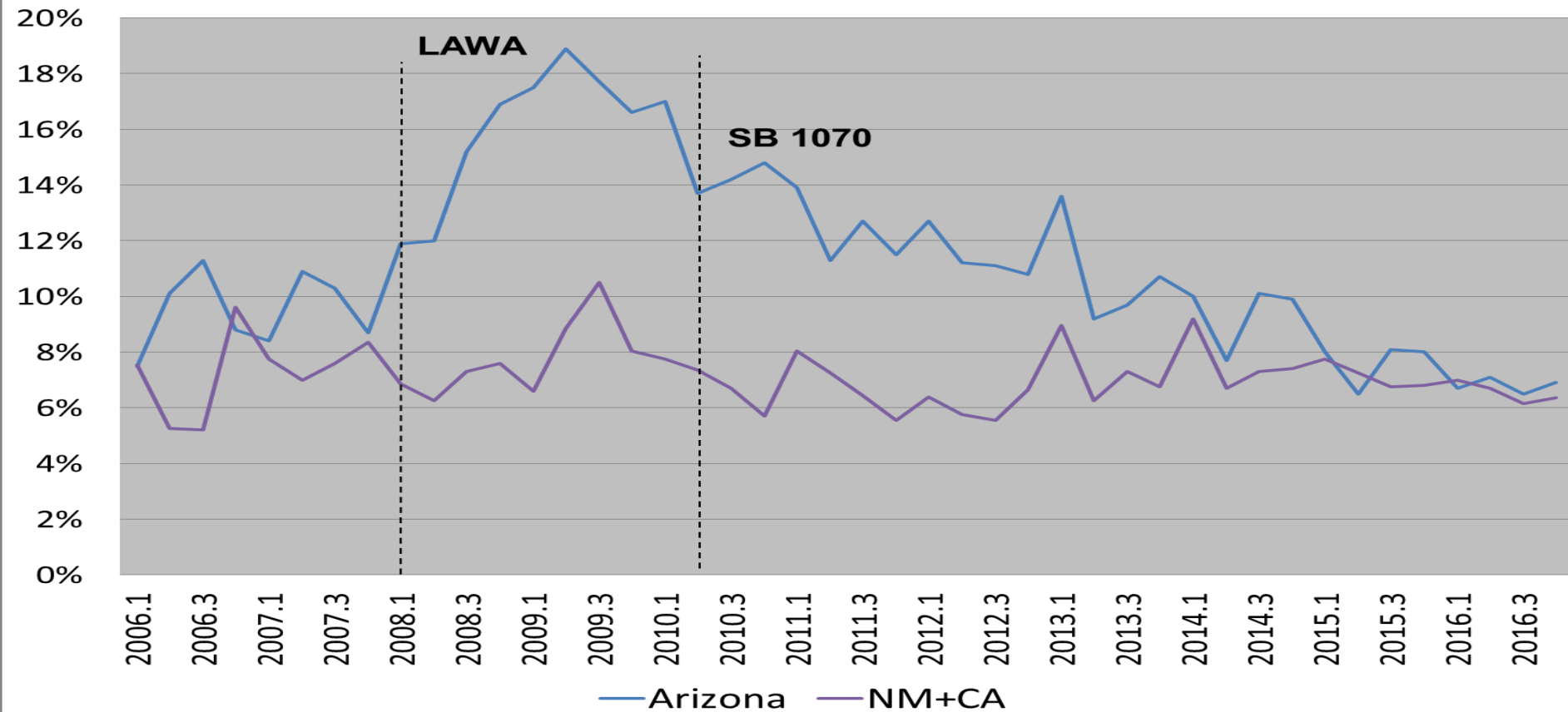




# Rental Vac Rates – All Cities



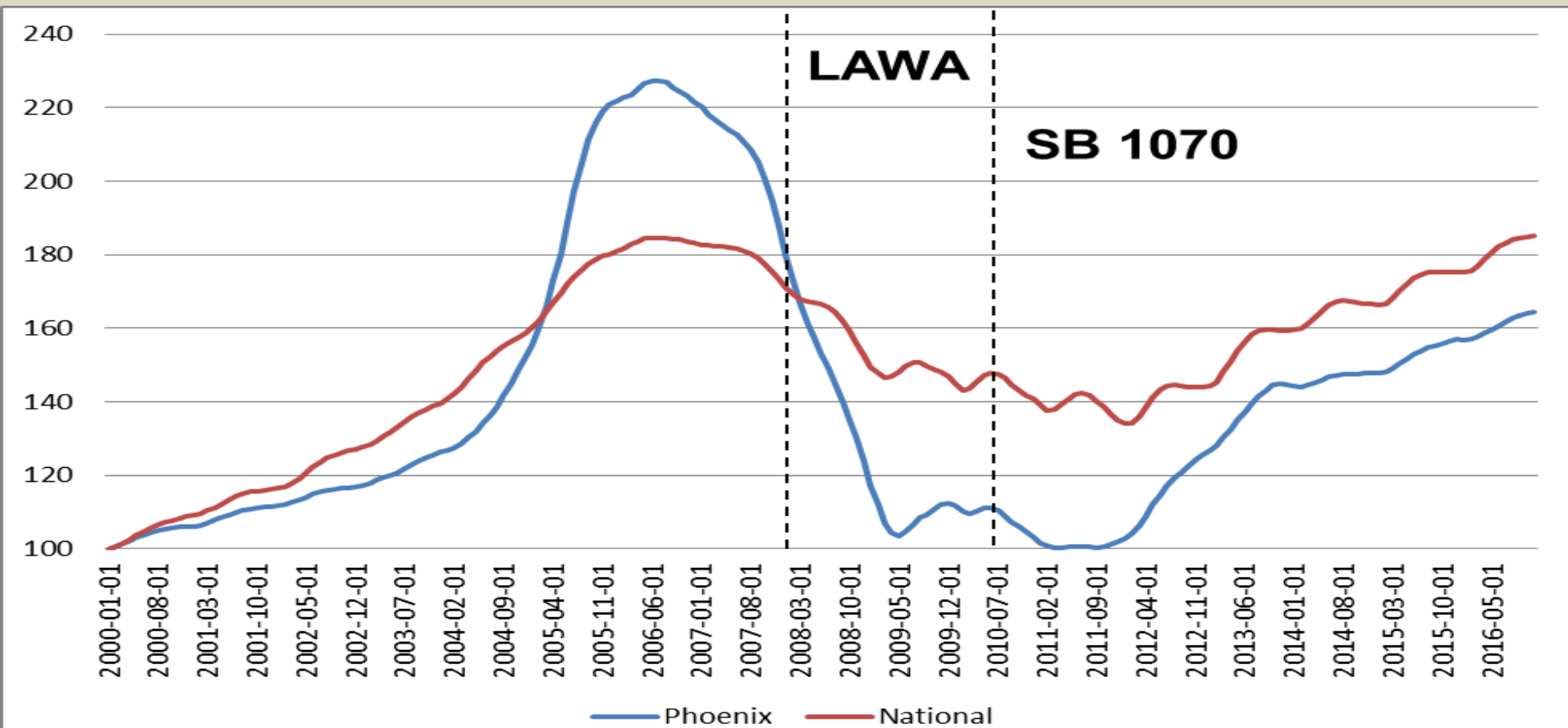
# Rental Vac Rates – Composite States



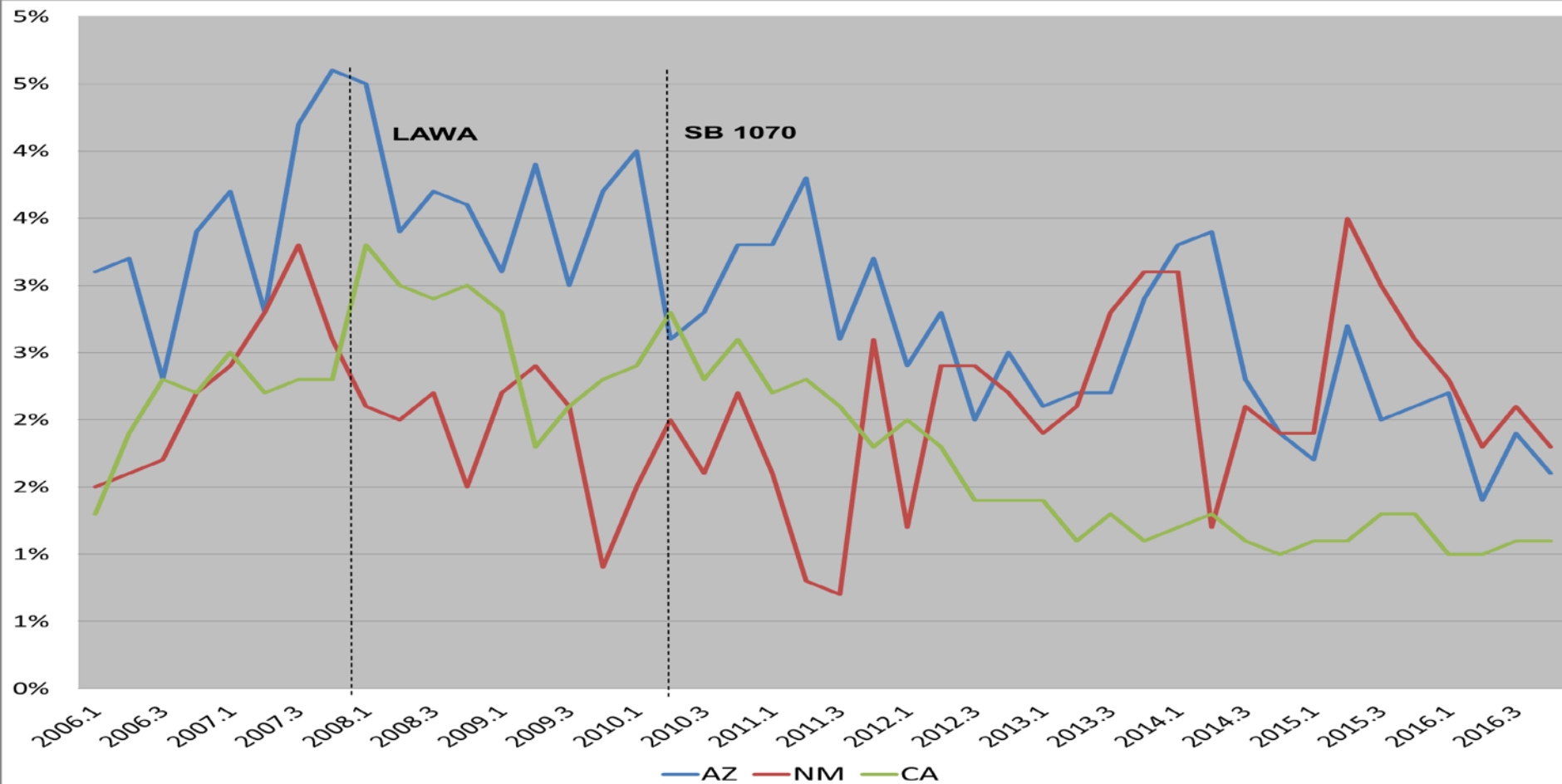
# Rental Vacancy Rates - Phoenix

- 2005 – 2008 vacancy rate: 9.8%.
- 2008 – mid-2010 vacancy rate: 16.8%.
- Pre SCOTUS (2008 – mid-2012): 12%.
- Post SCOTUS: 8.1%.

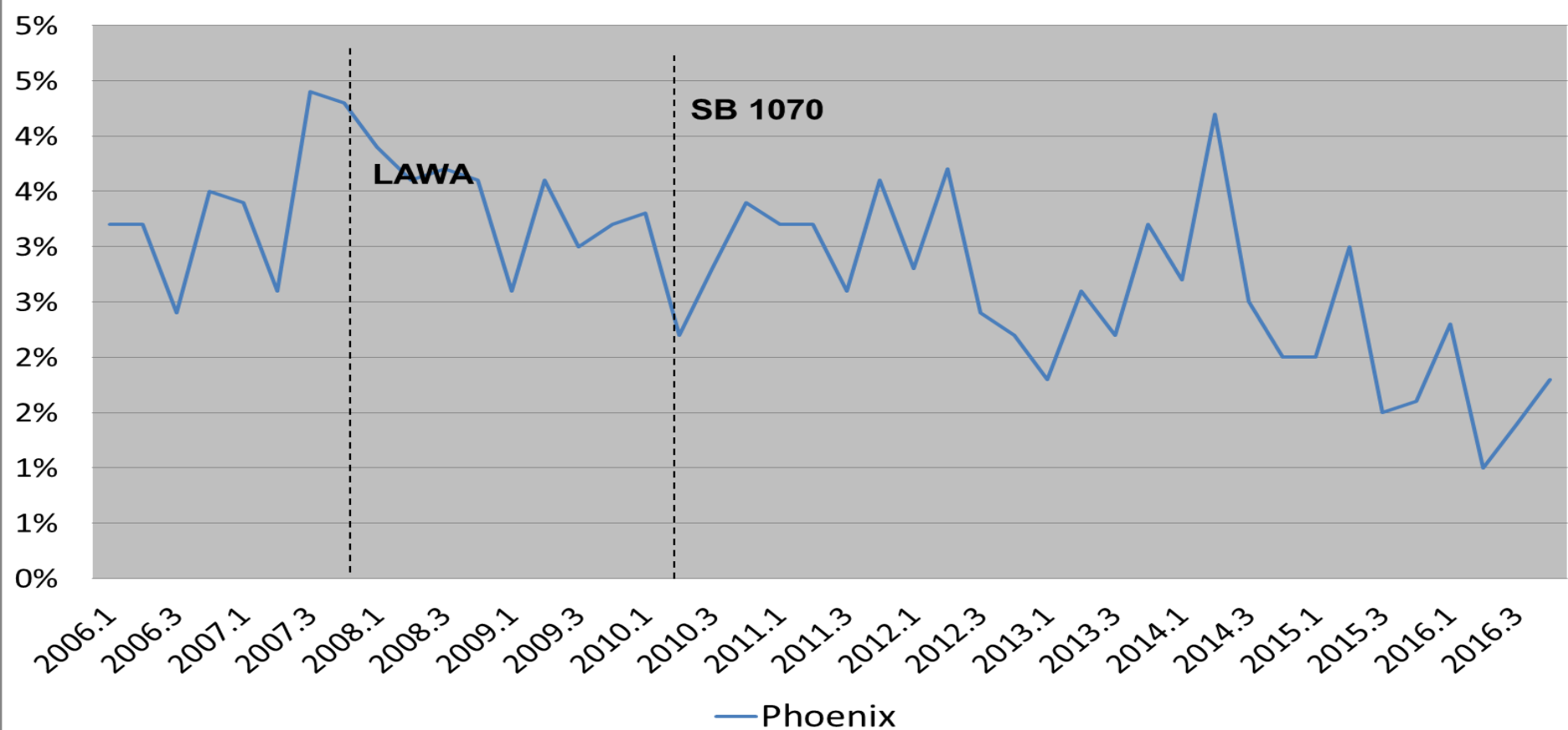
# Phoenix Home Prices



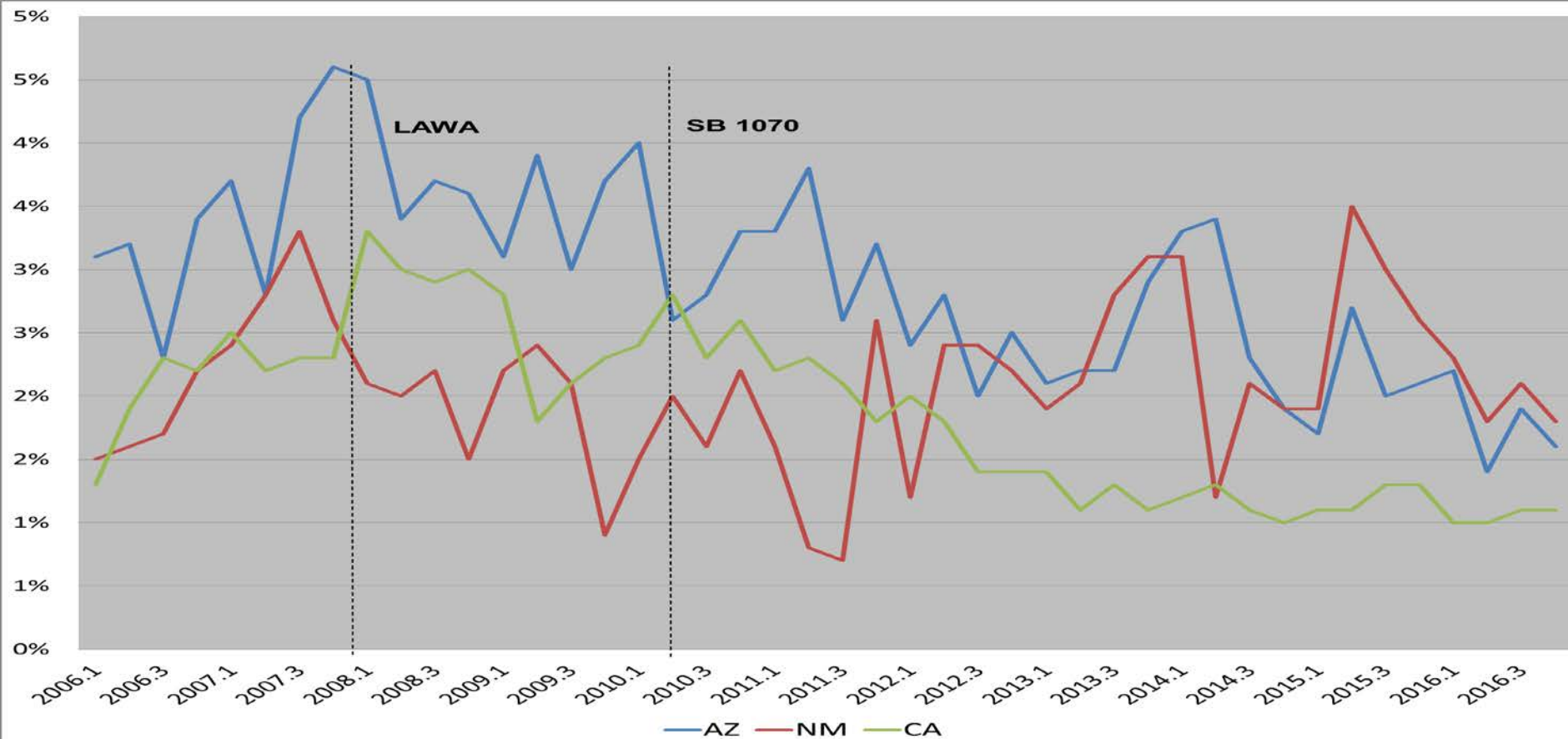
# Homeowner Vac Rates - States



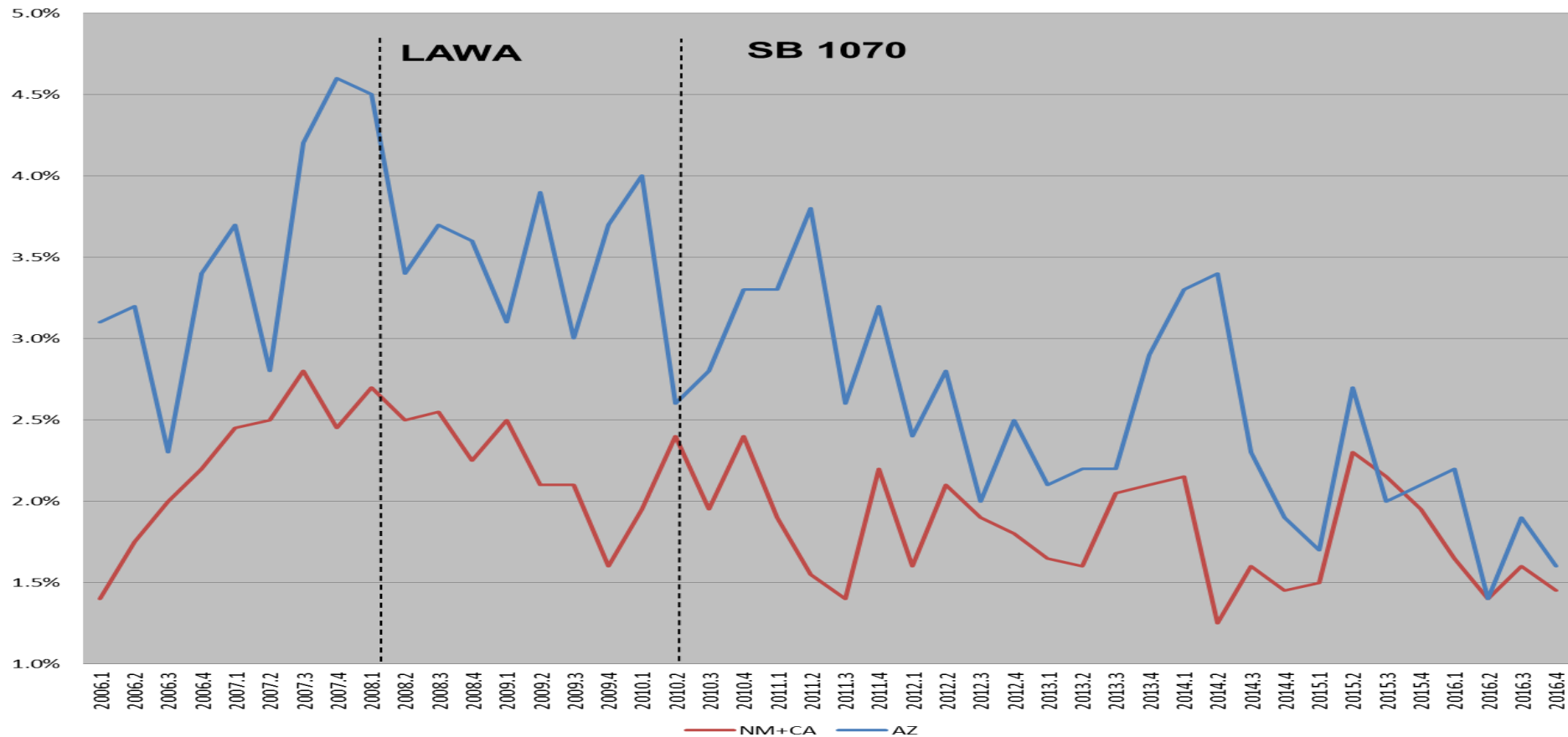
# Homeowner Vac Rates - Phoenix



# Homeowner Vac Rates - All



# Homeowner Vac Rates - Composites





# Homeowner Vacancy Rates - Phoenix

- 2005-2008 vacancy rate: 2.6%.
- 2008-mid 2010 vacancy rate: 3.3%.
- Pre SCOTUS (2008 – mid-2012):  
3.2%
- Post SCOTUS: 2.2%.

# Immigrants Boost Rent 1970-2010

<u>County</u>	<u>State</u>	<u>Real Rent Increase</u>	<u>From Immigration</u>
Queens	NY	\$395	67.07%
Richmond	NY	\$307	59.22%
City	VA	\$464	53.70%
Union	NJ	\$262	51.48%
Cook	IL	\$148	51.33%
Hudson	NJ	\$404	44.69%
Arlington	VA	\$661	35.62%
San Francisco	CA	\$545	34.87%
Essex	NJ	\$221	34.70%
Falls Church City	VA	\$578	33.40%
Kings	NY	\$416	33.39%
Nassau	NY	\$394	32.36%
Bronx	NY	\$325	31.89%
Suffolk	MA	\$510	24.87%

# Conclusion

- Growing population boost supply, housing demand, and housing prices.
- Shrinking population decreases housing prices, *ceteris paribus*.
- Soft conclusion: Arizona's immigration laws decreased the population (or at least kept it from rising), exacerbating the housing price collapse.