

R800.8
R311m

Government Documents

JUN 23 1977

RESIDENTIAL MOBILITY



TEXAS REAL ESTATE RESEARCH CENTER

DR. A. B. WOOTEN, DIRECTOR

ADVISORY COMMITTEE

R. L. PARDUE, CHAIRMAN

Texas Real Estate Research Center Advisory Committee
R. L. Pardue & Company
Houston

W. C. "DUB" MILLER, *Ex Officio Member*

Texas Real Estate Commission
Bolanz & Miller
Dallas

GLENN W. JUSTICE

Glenn Justice Mtg. Co.
Dallas

CHESTER W. KYLE

Kyle Realty
Kingsville

JULIO S. LAGUARTA

Laguarta, Gavrel & Kirk, Inc.
Houston

JOE W. LOPER

Loper Mortgage Company
San Antonio

BENNY McMAHAN

McMahan Realty
Dallas

JACK D. WATSON

Watson & Watson Realtors
Dallas

JEFF WHEELER

Jeff Wheeler, Realtors
Lubbock

GEORGE O. YAMINI

George O. Yamini Company
Dallas

\$1.00

RESIDENTIAL MOBILITY: An Important Determinant of the Real Estate Market

By

R. L. Skrabanek

Texas Real Estate Research Center
Texas A&M University
College of Agriculture
College Station, Texas

R-577-5C-16

May 1977

Price \$1.00

RESIDENTIAL MOBILITY: An Important Determinant of the Real Estate Market

R. L. Skrabanek^{*}

The population of the United States moves more frequently than the population in any other country. The real estate industry should be thankful for that mobility, because it plays a major role in making real estate a viable, active enterprise with ever-expanding opportunities.

Every time a family (or person) moves to a new location, typically they buy, rent or trade for shelter. They leave behind housing to be sold, rented or traded. Many of those who move have interests in several different kinds of real properties other than their homes, and they also tend to sell, buy or trade those properties when they move. Residential mobility has a built-in multiplier effect on the potential number of real estate transactions in both the previous and the new places of residence.

If the number of persons moving to a particular location is substantial, additional business and service establishments are required, which translates into expanded opportunities for the real estate industry. Land value rates of increase tend to follow the "people migration" pattern in a surprisingly parallel scale, thereby exerting an influence on the real estate industry in still another way.

Since residential mobility has such an important influence on the real estate enterprise, persons in the industry should know basic mobility trends. The U.S. Bureau of the Census conducts annual surveys of the nation's moving habits and makes population estimates. That information is used in this report to describe residential mobility trends which can be applied at the local level.

^{*} *Dr. Skrabanek is a sociologist and professor, Texas Real Estate Research Center, College of Agriculture, Texas A&M University.*

People on the Move

Approximately one out of every five persons in Texas, as well as in the nation, has moved at least once during the preceding 12-month period since 1948. The highest percentage (20.5) occurred in 1955-56. The migration rate was slightly lower between March 1975 and March 1976, the latest year for which published information is available. Even so, approximately 18 percent of all Americans over one year of age changed their place of residence between those two dates. That 18 percent represents 36.8 million persons, some of whom moved two or more times, but because of the way the data were gathered, only one move was counted per person.

Of the 36.8 million people who changed residence, 22.4 million moved from one house to another within the same county; 13.2 million changed the county of their residence; 6.1 million moved from one state to another; and 1.2 million moved from abroad.

Off hand it would seem that this amount of movement would bring about a complete redistribution of population since it implies the "average" Texan or American will live in fourteen different houses, five different counties and two or three states in the course of a lifetime. Actually this does not happen. The great volume of migration results from the repeated movement of the same persons while the bulk of the population remains fairly stationary. Since this is the case, realty professionals should profit a great deal by acquainting themselves with the specific characteristics of those who are movers.

Characteristics of Movers

While the individual characteristics of movers will always vary from one place to another, a general population profile can be drawn for persons who are residentially mobile.

As indicated previously, approximately 60 percent of all moves are from one house to another within the same county. This group is comprised mainly of persons and families whose economic situations are improving and whose overall social status is on the rise. Consequently, they move to nicer facilities and buy or rent higher priced housing. A kind of status-progression takes place among this group, often beginning with a move from the central city to first one suburb and then another, thereby favoring real estate practitioners who are associated with newer developing areas.

Almost one-half of all moves (45 percent) in Texas and in the nation take place during the months of June, July, August and September. More Americans move during this four-month period than the combined populations of Denmark, Norway and Sweden.

The most mobile age group is the 20's. Almost 40 percent of the 20- to 24-year olds and one-third of the 25- to 29-year olds changed their places of residence at least once between March 1975 and March 1976.

People with more education are somewhat more mobile and tend to move further distances. Marriage is also associated with a very high mobility rate -- around 85 percent of the men and women who marry during any given year move. Males tend to move more frequently and longer distances. Blacks have higher overall mobility rates than whites, but this is largely due to greater local mobility involving rental properties within central cities. Whites typically have higher rates of migration between suburbs, counties and states and are also more likely to buy their place of residence.

Regional Migration Differences

A big switch took place in regional and state migration patterns beginning in the mid-1960's and picking up momentum in the 1970's. The tide has reversed in

the northern industrial states where more people are now moving out than are moving in. At the same time, the so-called "Sun Belt" states are experiencing big population increases, particularly in the South, where people appear to be moving in large numbers for the first time in over a century. The old industrial quadrant from St. Louis and Chicago to Philadelphia and Boston is being left by increasingly more people headed toward the West and particularly the South.

Between April 1, 1970, and July 1, 1976, the northeastern and north central states suffered a net out-migration of 1,932,000 persons while the western states had a net in-migration of 1,849,000 and the South 2,939,000. Forecasters are generally agreed that the Southwest is expected to be the premier growth region in the remaining years in the 1970's and through the 1980's. This means that particularly Arizona, New Mexico and Texas can be viewed as a giant magnet drawing people from other states and regions, thereby promising a real estate boom for at least another decade.

Migration to Texas Accelerating

One of the major reasons for healthy increases in land prices, total volume of real estate transactions and dollar volume of real estate sales in Texas in recent years has been the growing number of persons moving into the state.

Between 1950 and 1960 the number moving to Texas exceeded those leaving by an average of 11,400 per year. During the next 10-year period (1960-70), the net number of in-migrants almost doubled, jumping to an average of 21,400 per year. The net in-migration rate picked up even greater momentum in the 1970's, especially in the last few years.

During the first three years of the 1970's, the average number of in-migrants to Texas was more than two and one-half times greater than the previous 10-year period, accelerating from 21,400 per year between 1960 and 1970 to 58,000 per year

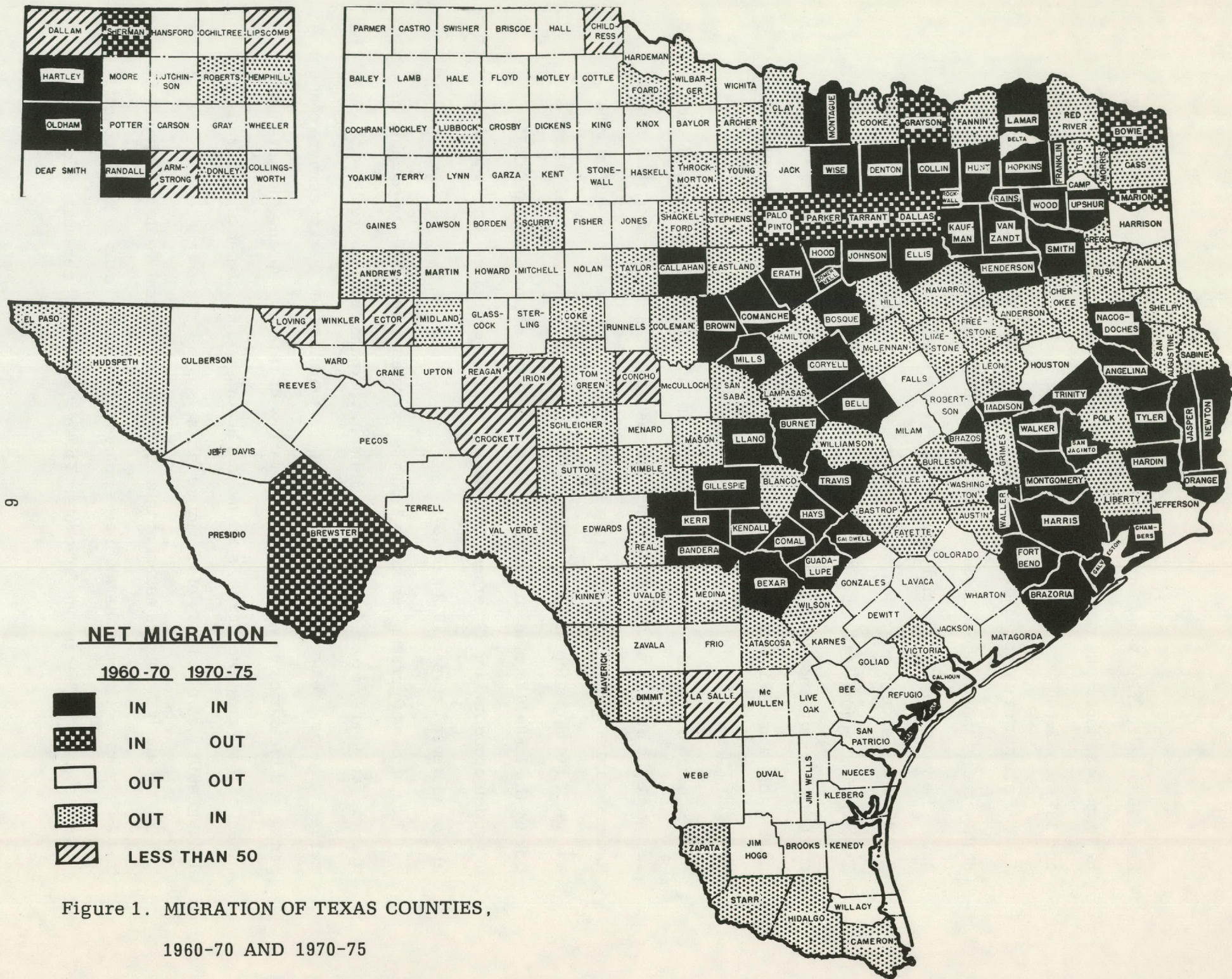
for 1970 to 1973. This was followed by another doubling of the number moving in- to Texas over those who moved out from an annual average of 58,000 between 1970 and 1973 to 112,000 per year between 1973 and 1976.

The number of persons moving to Texas exceeding the number leaving the state at the present time is about 10 times greater per year than it was in the 1950-60 decade. Between July 1, 1975 and July 1, 1976, Texas was second in number of residents gained through migration, exceeded only by California. During this period, Texas had a net in-migration of 134,000 and California had 192,000. The third largest number of in-migrants occurred in Florida with 48,000. At the opposite extreme during this time, Ohio had the largest number of out-migrants (129,000) followed by Michigan (109,000) and New York (101,000).

The number of births has declined steadily in Texas since 1957 while at the same time the number of deaths has been increasing. This means the state has had to depend more on net in-migration for its total population growth. Between 1950 and 1960, net migration into the state made up only 6 percent of the total growth. During the 1960-70 decade, it jumped to 13 percent, but between 1970 and 1973, migration accounted for 32 percent and jumped to 51 percent of the state's total population increase between 1973 and 1976.

The number of persons moving to Texas is expected to increase appreciably in the next few years, promising a continued healthy expansion in the real estate market. The new residents will be following the expanded job market as more companies and industries move to Texas for a variety of reasons. Among the more prominent of these are lower taxes, more modest heating and maintenance costs and the availability and certainty of energy supplies.

A particularly favorable aspect of this migration for the real estate industry is that a large proportionate share of new employees moving to Texas in more recent years are in the higher income brackets. Those who have not necessarily had



salary increases when relocating are pleased anyway because they have found their real estate and other dollars go further. Typically, people in the South and Texas spend comparatively less for housing, taxes, fuel, clothing and most services than those in other regions. The Bureau of Labor Statistics recently estimated the cost of living for a family of four in New York City is 33 percent higher than in Houston.

Those kinds of differences, plus many other advantages, cause Texas to be high on the list of preferred states among potential movers. Particularly for some people, the way of life--a moderate climate, plenty of outdoor activity and the residual social graces still found in Texas--is an attractive alternative to the iron chill of the North such as that experienced this winter. The net result of those trends is an expected total population growth between 1975 and 1980 which promises to be greater than any other previous five-year period in the state's history.

Texas Residential Mobility Unequally Distributed

Although Texas as a whole is attracting increasingly more persons from other regions and states, individual areas within the state vary greatly in their ability to retain their native-born or attract persons from other areas.

Of the 254 counties in the state, 137 (about 52 percent) had more people to move into than leave their boundaries between 1970 and 1975 while 106 (42 percent) experienced the opposite situation. The remaining 11 counties (4 percent) were estimated by the Bureau of Census to have had fewer than 50 net in- or out-migrants, a number too small to place these counties in definite in- or out-migration categories.

There are many reasons why people are residentially mobile and why most migration streams follow well established paths. Areas that depend heavily on farming and ranching as the only major sources of economic livelihood are almost certain

to be experiencing out-migration. On the other hand, counties with larger cities, high industrial outputs and oil, gas, chemical and other newer natural resource developments will almost always be experiencing in-migration. Other factors involve the presence of water and other recreational facilities, attractive retirement locations and climatic conditions. Other than people who change residences locally, over 60 percent who move do so for job-related reasons.

Another factor favoring the real estate industry has been a big increase in families and persons moving from one home to another within or near the same town or metropolitan area. A fairly new trend that appears to be developing is a slowing of movement to the big cities and their immediate suburbs with migration to smaller cities and towns picking up some momentum.

One of the outstanding features of Texas' residential mobility picture is the wide variation among counties in the number of people involved. Harris County had the largest estimated number of net in-migrants during the first five years of the 1970's (101,000), followed by Travis (43,000) and Montgomery (32,000) Counties. Others exceeding an estimated 20,000 net in-migrants include Denton (21,300), Collin (20,900) and Bell (20,500).

At the other extreme, Jefferson County had the biggest estimated net out-migration between 1970 and 1975 (15,000), followed by Tarrant (13,000), and Dallas (11,800) Counties. Four others with an estimated out-migration of over 5,000 persons were Palo Pinto (9,400), Nueces (9,300), Potter (6,800) and Grayson (5,700).

While most of the counties with a net out-migration of people between 1970 and 1975 are located in the western and southern parts of the state and also are classified by demographers as basically rural counties, out-migration is possible from any section as well as from counties which have some of the state's largest cities.

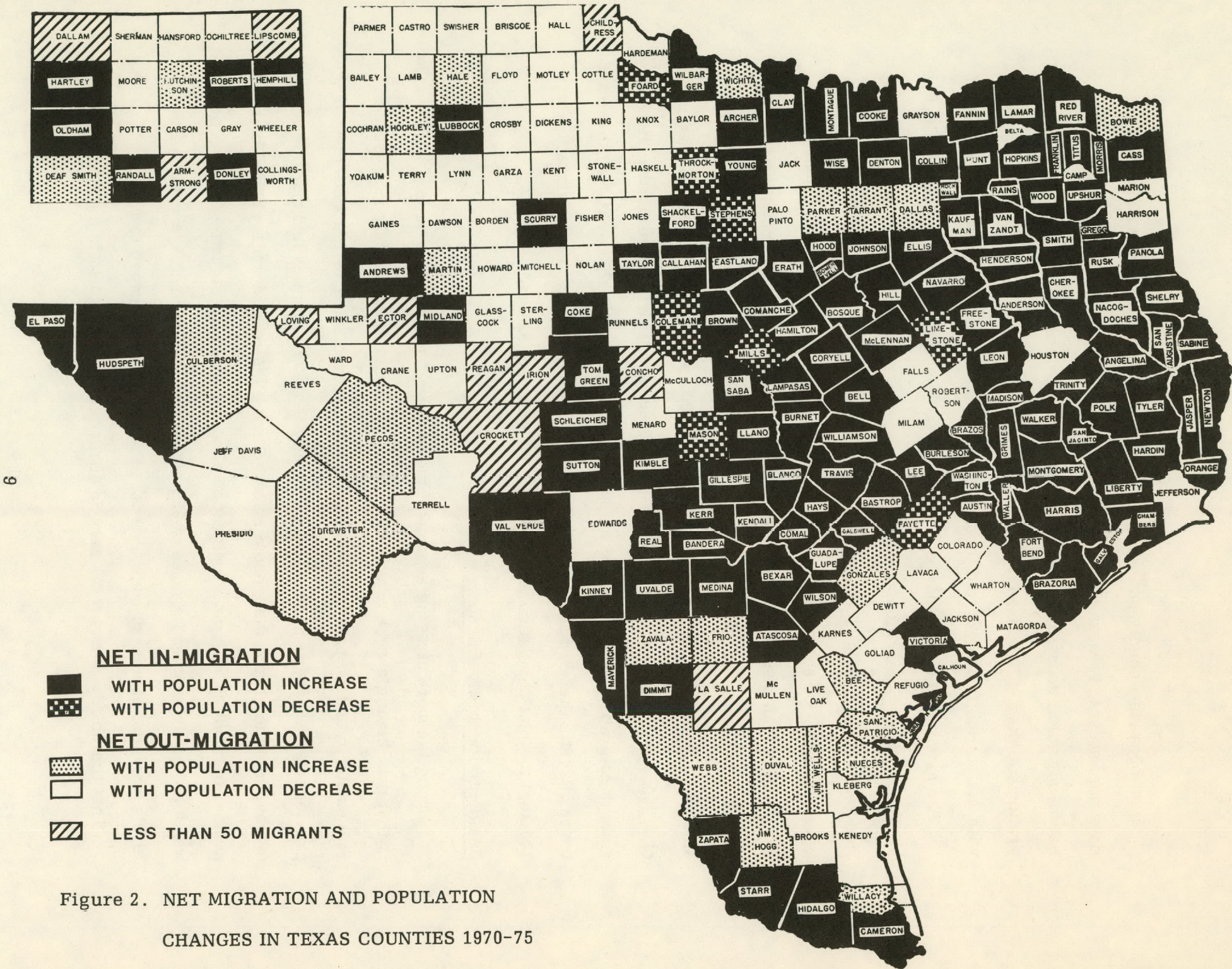


Figure 2. NET MIGRATION AND POPULATION CHANGES IN TEXAS COUNTIES 1970-75

Just because a county had a net out-migration of people between 1970 and 1975 does not necessarily mean that it lost in total population. Nor does a county with net in-migration necessarily have a growth in total numbers. Of the 137 net in-migration counties, 129 had total population increases but 8 had losses. Of the 106 with net out-migration, 82 had total population losses but 24 had increases.

The extent that a combination of births, deaths and migration patterns influence total population gains and losses varies widely in Texas counties. During the first five years of the 1970's, Dallas County is estimated by the Bureau of the Census to have had a net out-migration of 11,800 persons. At the same time it also had 83,500 more births than deaths, thereby resulting in a total population growth of 71,700. On the other hand, while Jefferson County had 7,800 more births than deaths, it also had an estimated net out-migration of 15,000, resulting in an overall decline of 7,200. Harris County had an estimated 120,600 more births than deaths and also a net in-migration of 101,100 for an overall increase of 221,700. At the other extreme, Fayette County had 600 more deaths than births, but a net in-migration of 200 kept its total population loss down to 400 between 1970 and 1975.

Residential Mobility Changes

Among the more pleasing aspects of the increased migration of people to Texas is that it is having a more positive effect on a broader spectrum of people in the real estate industry, particularly since it covers more areas of the state than in previous years. Between 1950 and 1960, only 48 Texas counties had more persons to move into than leave their boundaries. During the next decade (1960-70) the number of counties with net in-migration almost doubled, increasing to 74. This was followed by another increase of 85 percent during the first five years of the 1970's when the number of counties with net in-migration jumped to 137.

That the ability of any local area to attract new residents is in a continuous

state of flux can be illustrated by comparing migration gain and loss patterns for the last two separate consecutive time periods for which residential migration information is available--from 1960 to 1970 and from 1970 to 1975.

For approximately two-thirds of all Texas counties, the net migration flow between 1970 and 1975 was a continuation of what took place during the preceding 10-year period. A total of 63 counties had more people to move in than move away, and 97 had a net out-migration in both the 1960's and the first half of the 1970's. However, a number of these had considerable variations in their residential mobility rates. For example, Fort Bend County's total population increase promises to be much greater in the 1970's than it was in the 1960's since the estimated number of net in-migrants jumped from 5,000 between 1960 and 1970 to over 18,000 between 1970 and 1975 alone. On the other hand, while more people are still moving into Brazoria County than the number moving out, its net in-migration rate is dropping off slightly in more recent years--from 20,000 between 1960 and 1970 to 8,000 between 1970 and 1975.

The number of people involved has dropped considerably in more recent years for a majority of the 97 counties that had a net out-migration in both the 1960's and the first half of the 1970's. Falls County can be cited as one example, having experienced a net out-migration of 4,000 between 1960 and 1970 but dropping to a net out-migration of only 600 between 1970 and 1975.

A total of 83 counties have reversed their migration patterns since 1970. Of the migration "turnaround" counties, only nine which had a net in-migration between 1960 and 1970 had a net out-migration during the following five-year period. Most notable among these was Dallas County, which attracted 203,000 more residents than the number moving away between 1960 and 1970 but had an estimated net out-migration of 11,800 between 1970 and 1975.

A total of 74 counties turned their residential mobility patterns around from net out- to net in-migration situations in more recent years. One of the most impressive turnarounds occurred in Cameron County which had a net out-migration of 45,000 persons in the 1960's but switched to an estimated net in-migration of 12,300 between 1970 and 1975.

Future Migration Outlook

The number of persons moving to Texas is expected to increase appreciably in the next few years, promising a continued healthy expansion in the real estate market. As previously indicated, in-migration to the state has been picking up momentum at a rapidly accelerating pace. The annual average net in-migration has steadily increased to 112,000 between 1973 and 1976. Over one-half of the state's total population increase is now coming through more people moving to Texas than moving out.

Additional new residents will be following the expanded job market as more companies and industries move to the state. The list of reasons favoring Texas as a place in which to live has been growing in relation to other states. That favorable image is expected to gain additional luster in future years. The net result is an expected in-migration rate and total population growth between 1975 and 1980 which promises to be greater than any other previous five-year period in the state's history.

Several demographic aspects of the expected increase in migration are particularly favorable for the Texas real estate industry. A larger proportionate share of people moving to the state will be better educated, in higher income brackets and at the age levels when they have families. As a group, they are more likely to be upwardly mobile in the class of housing they rent or buy. The new migrants will also be in a position to make more frequent use of high-quality business and

service establishments , which in turn will call for more real estate transactions in connection with these types of developments .

A move from one place to another involves much more than packing up belongings and changing locations . It has a natural , built-in multiplier effect which translates into expanded opportunities for the real estate industry . Given Texas' expected in-migration rate in the near future , residential mobility promises to be a major factor in expanding the real estate market well beyond 1980 .

