Forecasting the new normal for housing and migration

Or, Three stories about California migration

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33rd Annual Demographic Workshop
How SCAG forecasts regional growth to 2050

Seven Major Inputs

1. Employment Growth
2. Births
3. Deaths
4. Immigration
5. Domestic Migration
6. Labor Force Participation
7. Household Formation (*Headship*)
THREE STORIES ABOUT CALIFORNIA MIGRATION

1. Southern California is losing its best and brightest to other states.

2. The pandemic is causing Southern California to hemorrhage population like never before and like nowhere else.

3. Housing supply is fundamentally constrained in Southern California.
STORY #1

Southern California is losing its best and brightest to other states.
SCAG Region economic base: Strong compared to US

- Professional, Business, & Info Services
- Wholesale Trade & Transportation
- Tourism
- Entertainment

Source: CCSCE calculation of BLS, EDD, and ACS data; Census 2010 and ACS 2019 1-year samples. "Basic" industries may be used interchangeably with "traded" industries or clusters; industries listed are a sample of key basic sectors in Southern California.
USDA Natural Amenities Scale

"... a measure of physical characteristics that enhance a location as a place to live"

- Warm winter
- Winter sun
- Temperate summer
- Low summer humidity
- Topographic variation
- Water area

SCAG Region scores high – but you pay for it!

Source: USDA Economic Research Service. Scatterplot shows US MSAs over 1 million population plus Oxnard-Ventura-Camarillo, pop 845,599.
But, high costs can crowd out growth (1990-2020)

Source: USDA Economic Research Service. Scatterplot shows US MSAs over 1 million population plus Oxnard-Ventura-Camarillo, pop 845,599.
What does this dynamic tell us about who migrates?

• Highly educated more likely to move to SoCal
• Sorting / social cohesion?

Source: ACS PUMS 2012 and 2019 1-year samples.
STORY #1

• In a nationwide context, Southern California has persistent strengths. This matters for the long-range view.
• Net loss of middle-class, not (likely) highest earners. Risk to social cohesion?
STORY #2

The pandemic is causing Southern California to hemorrhage population like never before and like nowhere else.
The Last Thirty Years: Migration

Number of Net Migrants (SCAG)

Source: CA DOF; 2021 & 2022 Domestic Migration from USPS Change of Address Data processed by SCAG
More timely data? US Postal Service Address Changes

- "Pre Pandemic"  
  June 2018 – June 2019

- "Peak Pandemic"  
  June 2020 – June 2021

- "Post Pandemic"  
  June 2021 – June 2022

Net Domestic Migration (Thousands)

Source: USPS. Data provided monthly at the ZIP-code level; analysis by SCAG. Note that out-migration values are approximately 2% higher nationwide than in-migration.

- Have big cities passed the bottom?
More timely data? US Postal Service Address Changes

- **Pre Pandemic**
  June 2018 – June 2019

- **Peak Pandemic**
  June 2020 – June 2021

- **Post Pandemic**
  June 2021 – June 2022

**Source:** USPS, ACS 2016-20 5-year sample

- **Trend less clear at the next tier of regions...**

Graph showing net domestic migration in “Moderately urban” metros.

- Boise
- Las Vegas
- Riv.-SB
- Atlanta

Net Domestic Migration (Thousands)

Source: USPS, ACS 2016-20 5-year sample
More timely data? US Postal Service Address Changes

- Metros by size category
- Largest: 24 regions over 2.5M
- Nonmetro: 13% of Americans living in ‘regions’ smaller than 50,000

Source: USPS, ACS 2016-20 5-year sample
STORY #2

• SoCal net outflow increased, but not record-setting
• Large urban regions returning toward their pre-pandemic trend
• Mirror image from nonmetro areas
Housing supply is fundamentally constrained in Southern California.
Overcrowding: One indicator of latent/unfilled demand

Household Overcrowding
SCAG’s Downward Trend Stands Out

2020 & 2021:
SCAG Region
Lost 165,000
People But
 Added 83,000
Housing Units

Source: ACS 1-year samples  total households > 1.0 person per room, DOF
Latest housing data: Might we be on track?

SCAG Region New Housing Units

- 1980s
- 1990s
- 2000s
- 2010s
- 2020
- 2021
- 2022 Q1-Q2 annualized

PLUS Accessory Dwelling Units?

Sources: California Construction Industry Research Board New Units from Permits. First half of 2022 prorated based on historical share of annual housing growth taking place 1/1-6/30. HCD APR updated 8/8/22. UCLA Anderson June 2022 California Forecast.
STORY #3

• Slow population growth plus promising housing construction could alleviate shortages
• Impact on costs & migration less direct
Forecasting the New Normal

- Region’s persistent strengths help inform the long-term.
- “Urban” regions lost population during COVID but may have returning to trend
- Addressing undersupply – SoCal on the right track?
- Planning for a balanced region where Southern Californians of all stripes can live here if they want to.
THANK YOU!

For more information, please visit:

www.scag.ca.gov/demographics

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• Conference/Meeting