

Caught in the Housing Bubble?

Gary Painter and Zhou Yu

*Prepared for presentation at the
7th Annual Federal Reserve Community Affairs Research Conference
"The Changing Landscape of Community Development"*

Funded by the Russell Sage Foundation



Introduction

- It is now widely recognized that immigrants have migrated broadly throughout the U.S. during that last decade (Lichter et al, 2010; Painter and Yu, 2010)
- Immigrants continue to arrive in established gateways (Painter et al, 2001), although this has slowed (Frey, 2009)



Introduction

- How immigrants have been impacted by the recession
- Will immigrants to new places leave them?
- How critical are ethnic networks in determining success in housing markets (Borjas, 2002; Painter and Yu, 2010)?



Introduction – Puzzles

- Further, three trends in the data comprise a bit of a puzzle in understanding the housing market during the recession
 - Homeownership rates
 - Homeownership vacancy rates
 - Rental Vacancy rates



Figure 1. Homeownership and Homeownership Vacancy Rates, 1980-2008

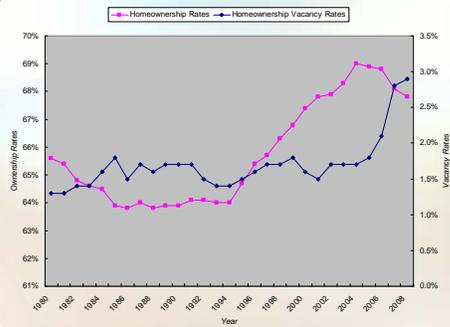
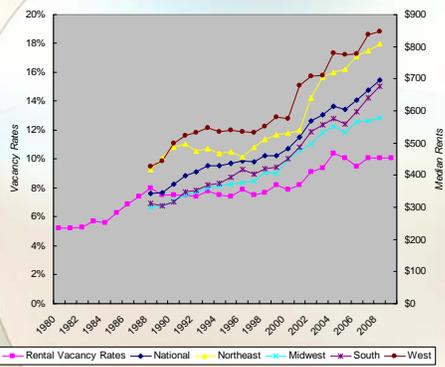
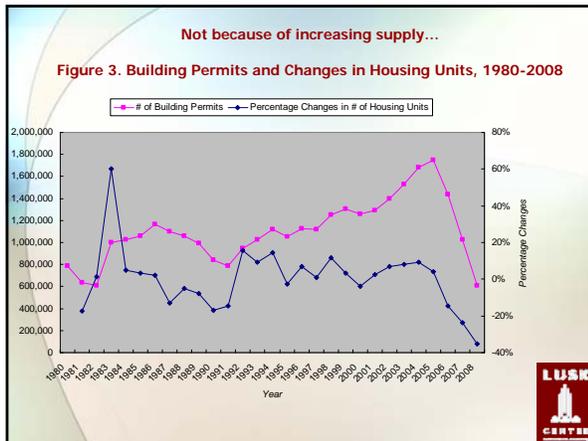


Figure 2. Rental Vacancy Rates and Median Rents by Region, 1980-2008





Introduction - Puzzles

- Why rising rents and rising vacancy simultaneously?
- Why homeownership decline relatively moderate?
- Where have these households gone?
 - Have households moved in with other households?
 - Have young adults delayed entry into the housing market as independent households?
 - What are we measuring with homeownership rates?
 - Haurin and Rosenthal (2008), Yu and Myers (2010), Painter (2010)

LUSK CENTER

Study Aims

- Determine how immigrant migration patterns/housing choices have been affected by the recession.
- Hypotheses will be immigrant migration patterns/housing choices affected most by:
 - Regional differences in the job market
 - Regional differences in the housing market
 - Regional differences in strengths of ethnic networks

LUSK CENTER

Data

- Sources: 2005 - 2009 American Community Survey / 2000 Decennial Census 5% Public Use Microdata Sample data
- 6 Gateway cities, 14 emerging gateways, 60 mid size metropolitan areas
- Some high growth immigrant areas
- Some low growth
- Some area with relatively high initial populations of immigrants
- Some area with relatively low initial populations of immigrants



Analysis Variables

Outcome Variables

- Headship Rates
- Living in overcrowded conditions
- Own/Rent
- Mobility

Independent Variables

- Demographic Factors
- Socio-Economic Variables Other Household Characteristics
- Housing Market Conditions
- Variables related to Immigrant Assimilation and Immigrant networks



Headship Rates

Figure 1
Native born

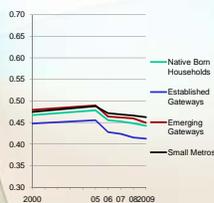
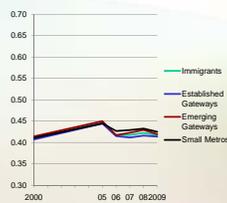


Figure 1
Immigrants



Headship Rates - Immigrants

Figure 2
Asian Immigrants

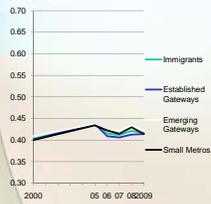
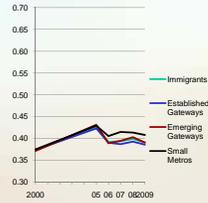


Figure 2
Latino Immigrants



Homeownership Rates

Figure 3
Native born

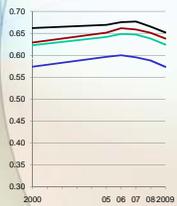
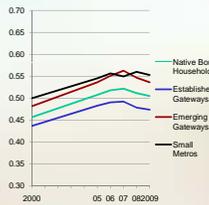


Figure 3
Immigrants



Homeownership Rates - Immigrants

Figure 4
Asian Immigrants

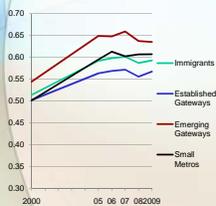
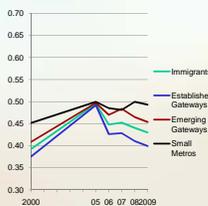
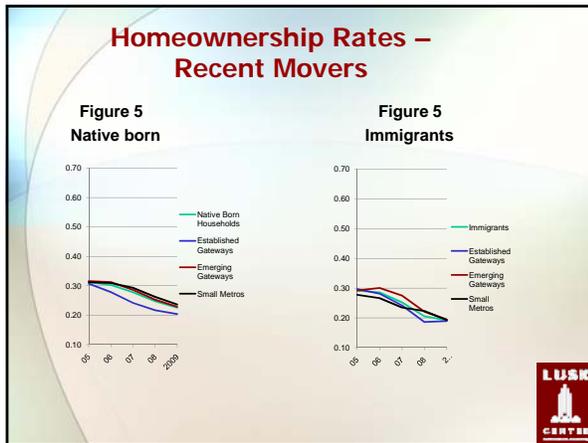


Figure 4
Latino Immigrants





Mobility

	2005	2009	Diff
Native Born Households	0.181	0.160	(0.021)
Established Gateways	0.154	0.141	(0.013)
Emerging Gateways	0.196	0.169	(0.027)
Small Metros	0.189	0.167	(0.022)
Immigrants	0.194	0.160	(0.034)
Established Gateways	0.164	0.134	(0.030)
Emerging Gateways	0.235	0.194	(0.041)
Small Metros	0.225	0.185	(0.040)

- ### Results-Homeownership
- Results are pretty similar in 2005 and 2009
 - Clear differences across type of metropolitan areas
 - Suggests cross-sectional house price differences are more important in 2009 than 2005
 - Increases in unemployment in the MSA over the period 2005-2009 predicted lower homeownership
 - Immigrants are “doing better” in the emerging gateways and small metros than in the gateways
-

Results - Headship

- Black and Latino headship rates are much more similar to whites in 2009 – Black headship is only slightly higher, Latino is slightly lower
- Asian headship is much lower in both years
- Cross sectional differences in house price and rents are larger in 2009
- Higher unemployment predicts lower headship
- Immigrants are “doing better” in small metros



Concluding remarks

- By 2009, overall immigrants have slightly worse housing outcomes than in 2005, and there are clear differences by region
- We need to do more work investigating the role of the job and housing markets
- We need to test the role of networks for immigrants