The impact of immigration on housing prices in the US

Immigration entails the movement of people from one country to another to settle there permanently or temporarily. However, in our context, we will also be taking into consideration intra-immigration (within the country).

Numerous factors, such as economic opportunities, escaping conflict or persecution, reuniting with family, or for educational purposes, inform immigration decisions for person moving between nations. Family, employment, educational pursuits, or other interests are some underlying reasons people may choose to relocate within the U.S.

Housing prices stand for the cost of purchasing properties, such as houses, apartments, or condominiums.

Immigration significantly impacts all facets of the US economy, including the housing market. We want to investigate the impact of immigrants’ influx (both domestic and foreign) on local housing prices, considering also the demand and supply factors in the market such as interest rates and general population increases.

Why it Matters.

To begin with, it is crucial for policymakers as it assists them in making informed decisions regarding immigration, with which they can help steady the housing prices to ensure affordability and a high standard of living.

Furthermore, it can facilitate the establishment of a stable market, as both homeowners and renters have a reasonable insight into the fluctuations in the housing market.

Lastly, it can also serve as a guide for urban planning and infrastructure planning and development.

Research Questions

1. How does the net migration affect housing prices?
2. How does the effect on housing prices vary according to counties?
3. What strategies can we make to alleviate the bad outcomes of migration to housing prices, or facilitate the availability of affordable housing?

**Migration data sets**. (<https://www.irs.gov/statistics/soi-tax-stats-migration-data-2021-2022>)

The data was sourced from the Internal Revenue Service (IRS). The migration is data based on year-to-year address changes reported on individual income tax returns filed with the IRS. We use county-level data from 2021 to 2022. The migration data consists of both inflows and outflows people within and outside the country.

N1 is the number of returns filed, approximating the number of migrated households.

N2: number of personal exemptions claimed. Which approximates the number of individuals.

Agi is the aggregate migration flows at the state level, which are determined by the size of adjusted gross income (AGI) and the age of the primary taxpayer. It is reported in thousands of dollars.

**Housing Prices data set** (<https://www.fhfa.gov/sites/default/files/2024-09/UADAggs_county_v3_2.zip>)

The Federal Housing Finance Agency (FHFA) provided the housing price data set. We used the uniform appraisal dataset—aggregate statistics on appraisal—from the FHFA. An appraisal is an assessment of a property's value performed by a certified appraiser.

It is quarterly data. The data spans from 2021- to 2022-year period.

Value is the worth of the statistical series.

Quarter – 1 = January – March

2 = April-June

3 = July-September.

4 = October-December

5 = all four quarters (yearly)

NB: For this research purpose we are using 5 which represent annual housing value.

Geoname is the formal name of a geographic unit (counties).

The control variables are population growth and interest rate from 2020 to 2021.

**How Migration data and Housing data are related**.

There is a close relationship between migration data and the housing data set. Migration patterns can directly influence the demand for housing. Areas facing elevated levels of immigration may see increased development to meet demand. This can affect housing prices depending on how fast supply can catch up.