

Online Proceedings

SESSION 2E

UNDERGRADUATE RESEARCH IN ECONOMICS

Session Moderator: Levis Kochin, Economics

234 MGH

3:45 PM to 5:15 PM

* Note: Titles in order of presentation.

Migration and the U.S. Housing Boom

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Mentor: Levis Kochin, Economics

Conventional wisdom holds that interregional migration of labor is a stabilizing mechanism for unemployment and wages. For example, labor supply will increase in a high-wage region, as people migrate into that region seeking better compensation; this pushes down wages in the receiving region. However, less often noted is the idea that in-migration may also raise the demand for labor. High rates of population growth will spur demand for housing, infrastructure, services, and other durable nontradables. This increase in demand can, in the short and moderate run, be greater than the increase in supply, which spurs accelerating waves of further in-migration to fill those demands. I focus on this aspect of labor migration, and hypothesize that in the United States from 2000 onwards, both new residential construction and thus the demand for labor in rapidly growing U.S. metropolitan statistical areas (MSAs) were significantly and positively affected by in-migration; additionally, I posit that MSAs with higher in-migration during the decade were more severely impacted once migration stopped. I statistically test these hypotheses, adapting a study by Gonzalez and Ortega on the impact of international migration on Spanish regional economies over the last decade. My regression models, estimating the change in housing prices and change in residential construction in response to migration, add insights from urban economics and investment accelerator theory to the factors used in the Spanish study. I then test these models using data calculated or obtained from the U.S. Census Bureau and the Internal Revenue Service. The central question I seek to answer is whether, in the short to medium run, migration is a stabilizing or destabilizing factor in regional labor markets.