



# Forecasting the new normal for housing and migration

*Or, Three stories about California migration*

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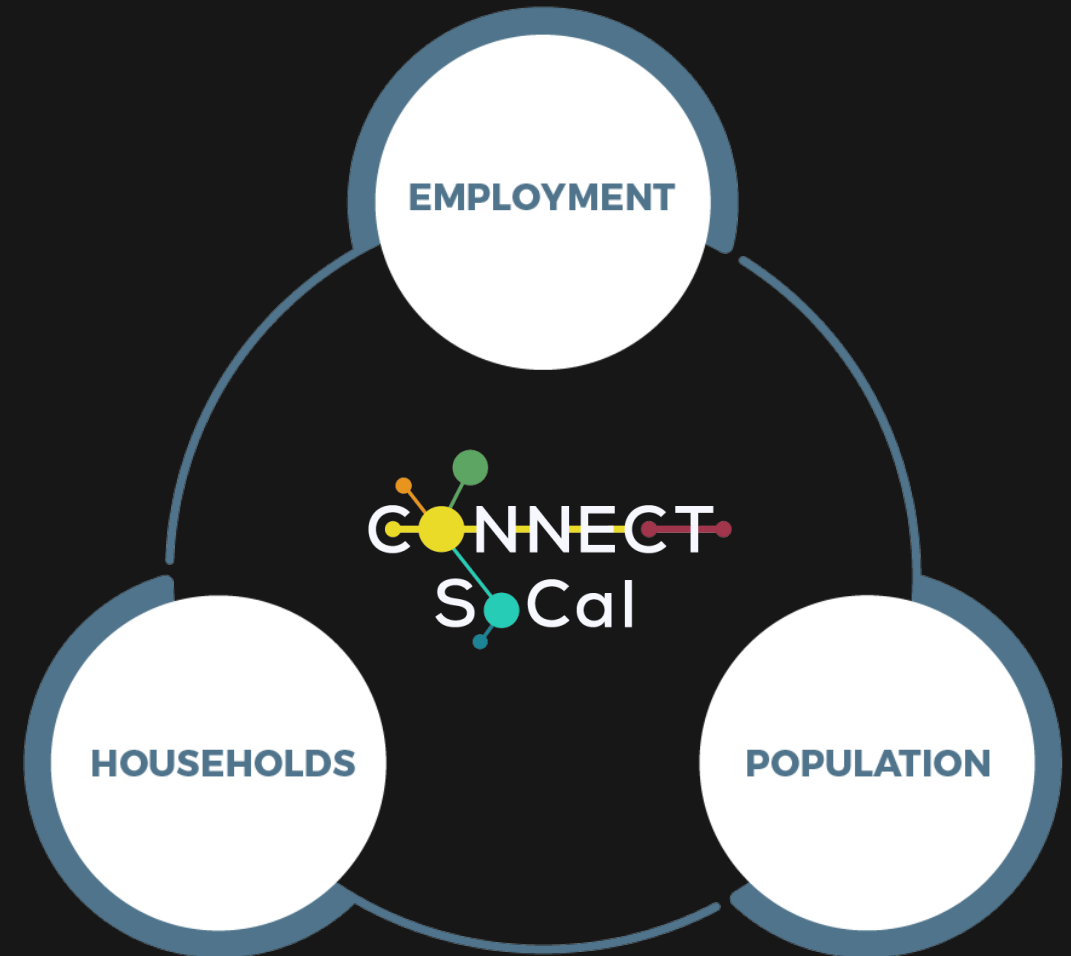
33<sup>rd</sup> Annual Demographic Workshop

[WWW.SCAG.CA.GOV](http://WWW.SCAG.CA.GOV)

# 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**

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- 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.**

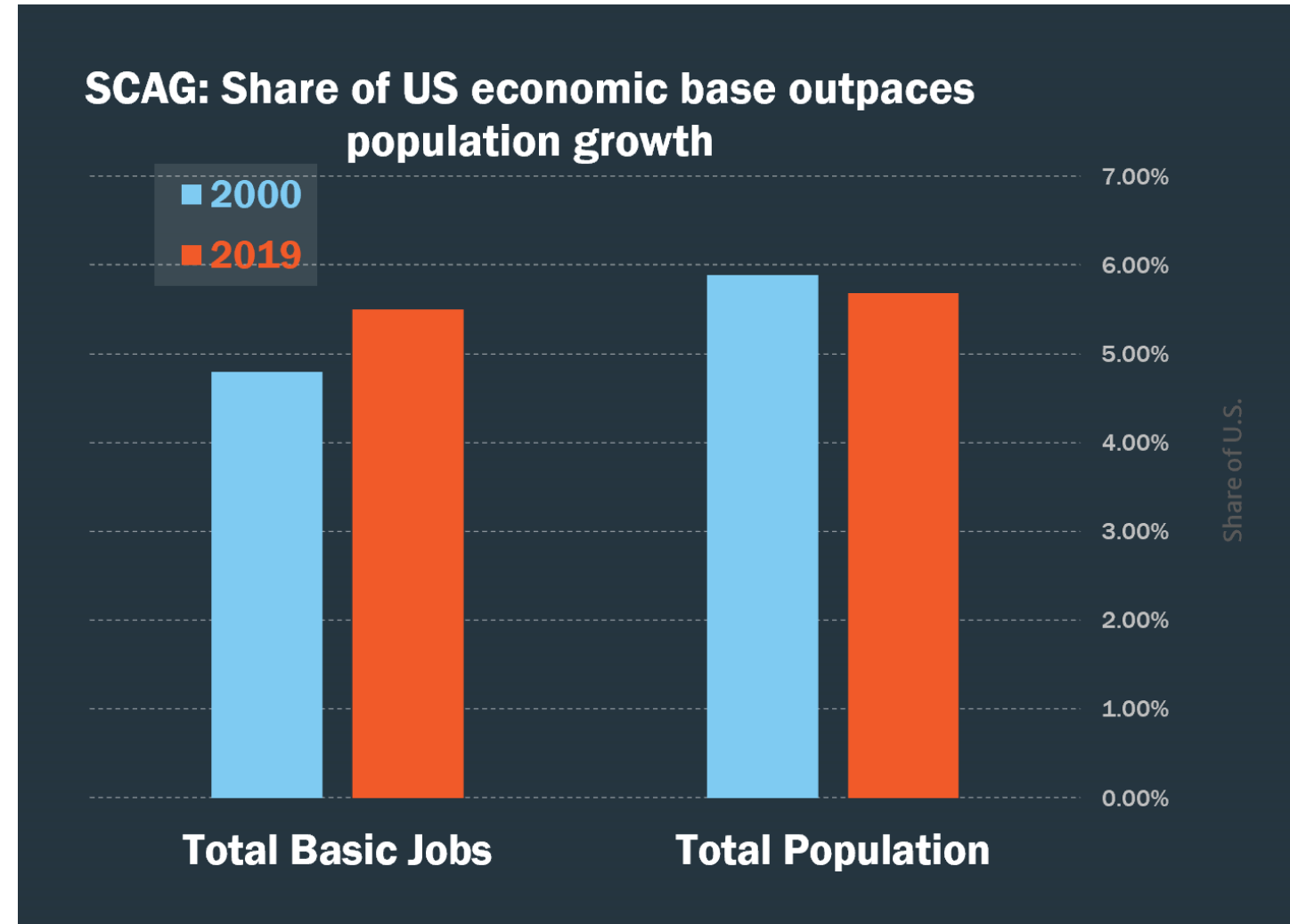
## **STORY #1**

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**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

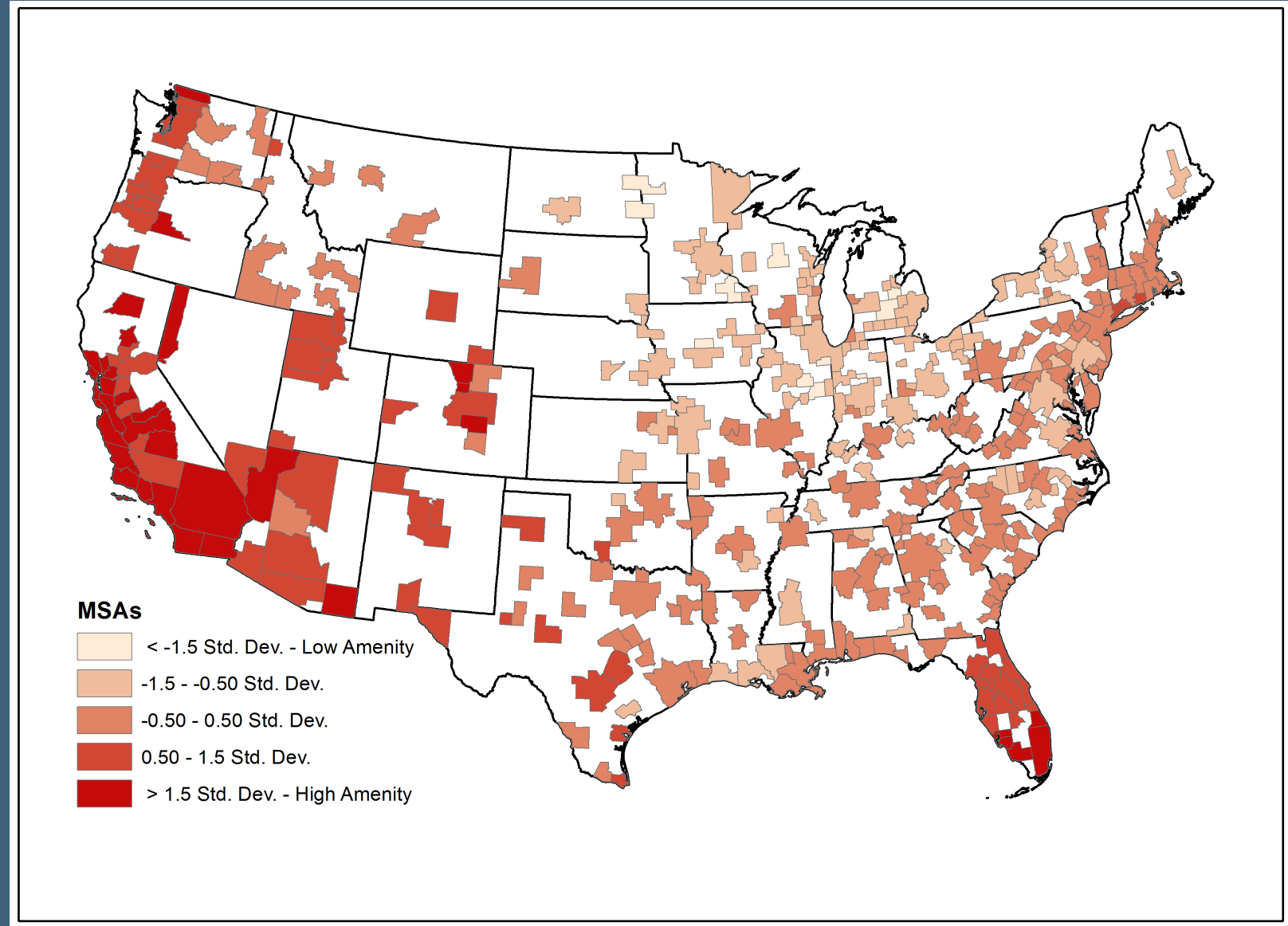


Source: CCSCE calculation of BLS, EDD, and ACS data; Census 2010 and ACS 2019 1-year samples. "Basic" industries may be used interchangeably with "traded" industries or clusters; industries listed are a sample of key basic sectors in Southern California.

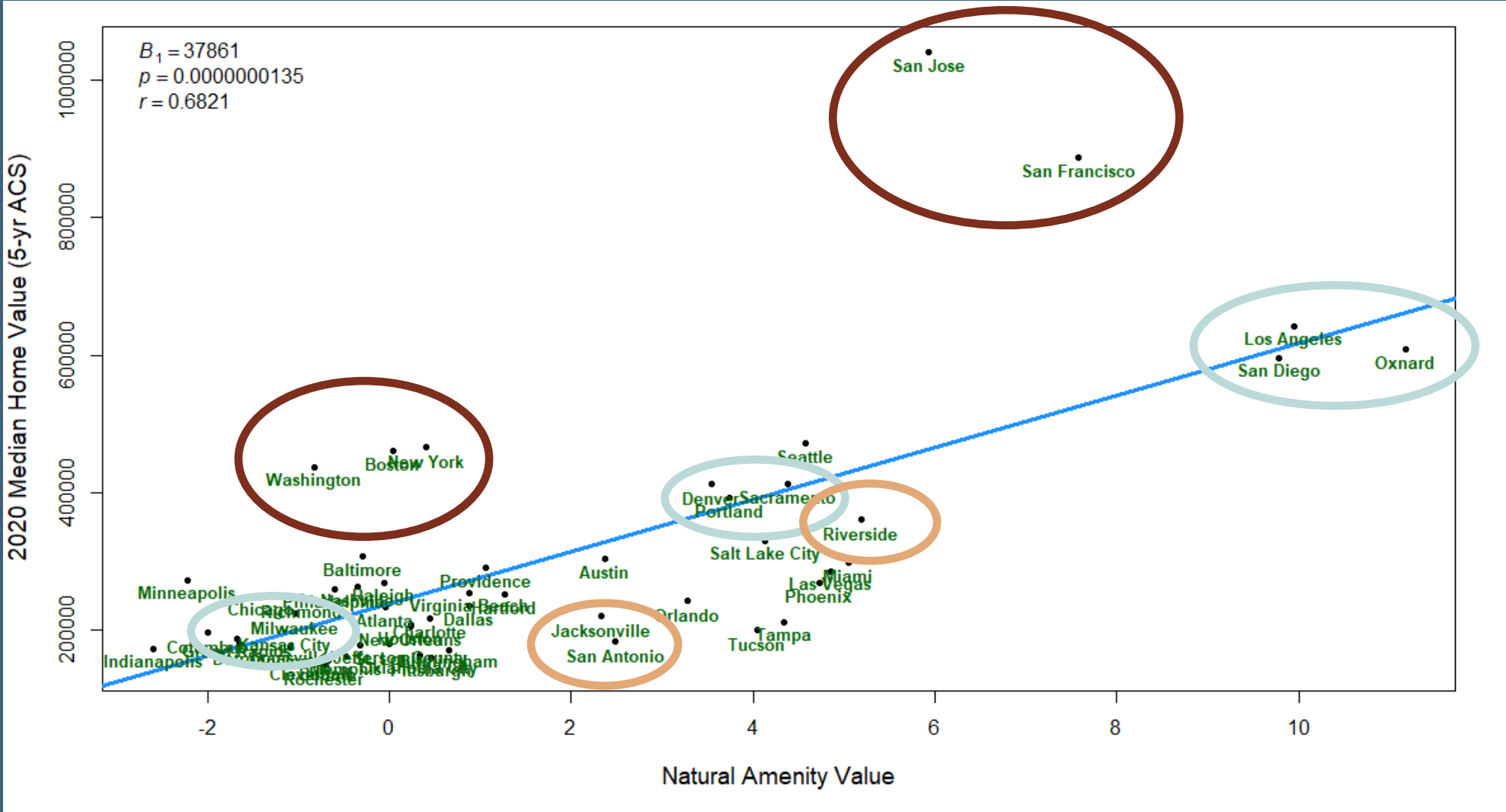
# USDA Natural Amenities Scale

*"... 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

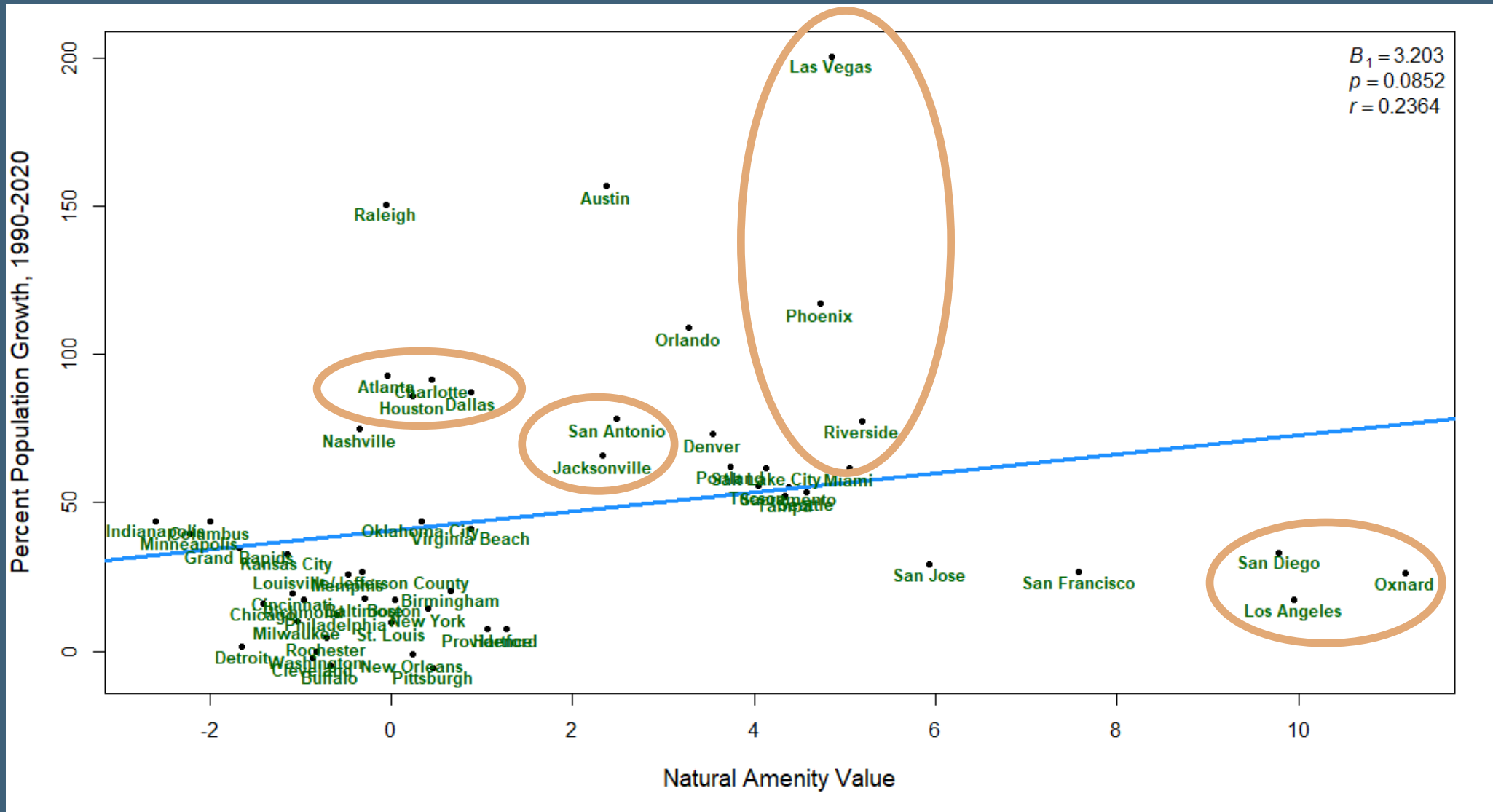


# SCAG Region scores high – but you pay for it!



Source: USDA Economic Research Service. Scatterplot shows US MSAs over 1 million population plus Oxnard-Ventura-Camarillo, pop 845,599.

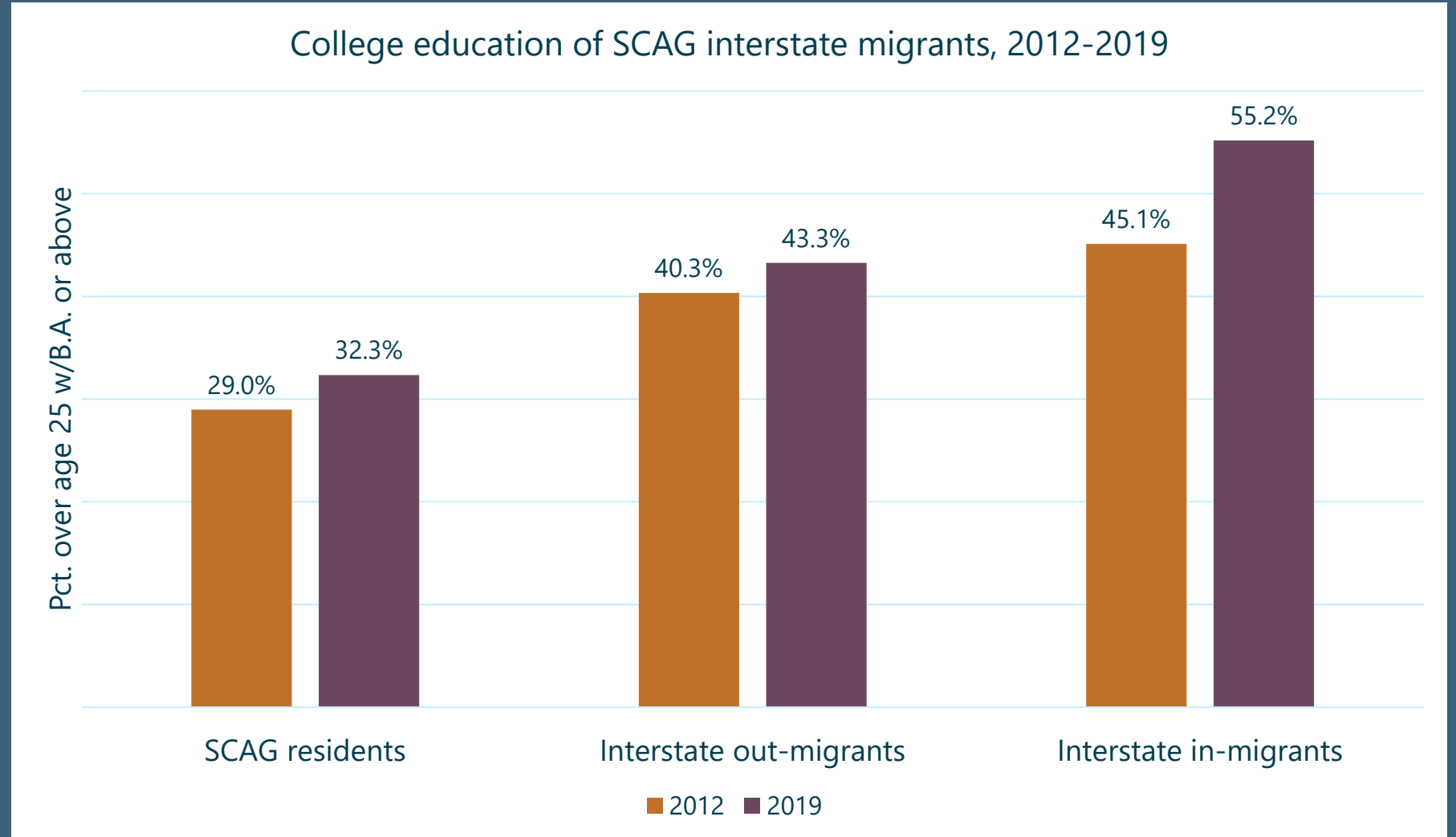
# But, high costs can crowd out growth (1990-2020)





# What does this dynamic tell us about *who* migrates?

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



## **STORY #1**

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- **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?**

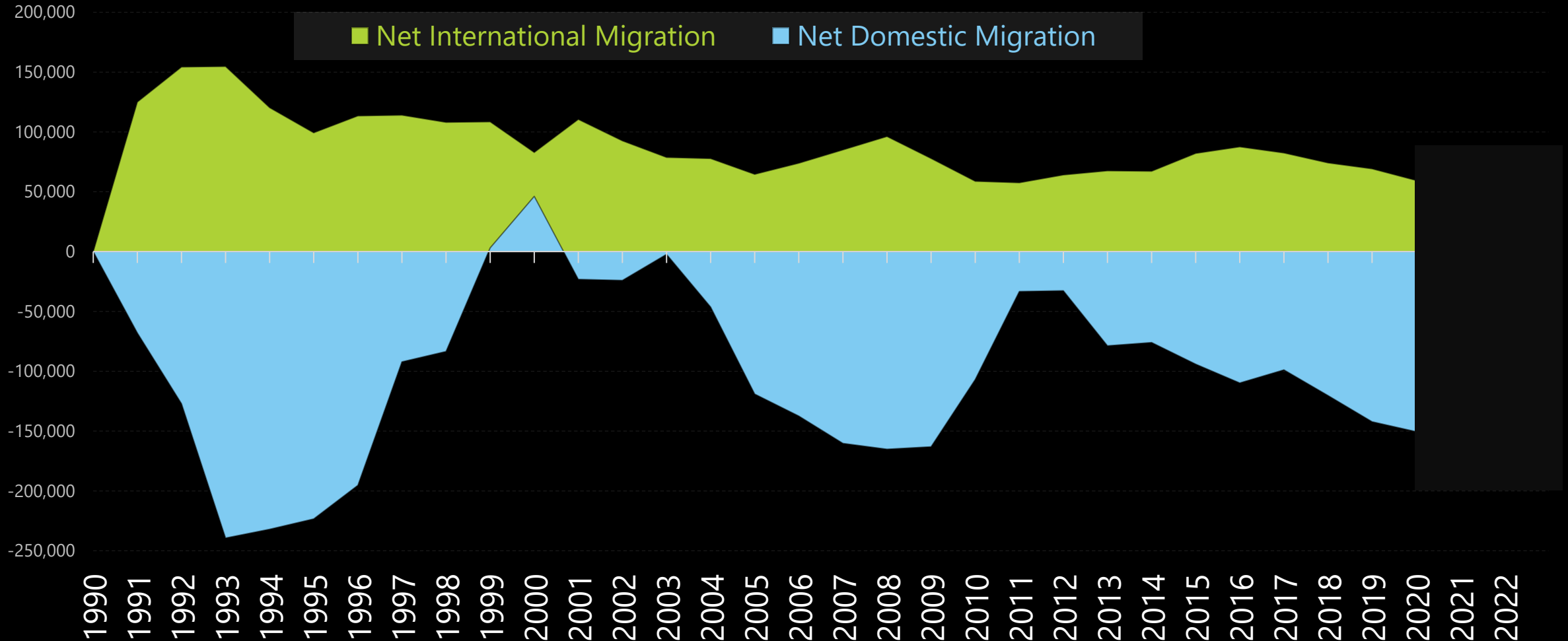
## **STORY #2**

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**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



- *Have big cities passed the bottom?*

# More timely data? US Postal Service Address Changes

"Pre Pandemic"

June 2018 – June 2019

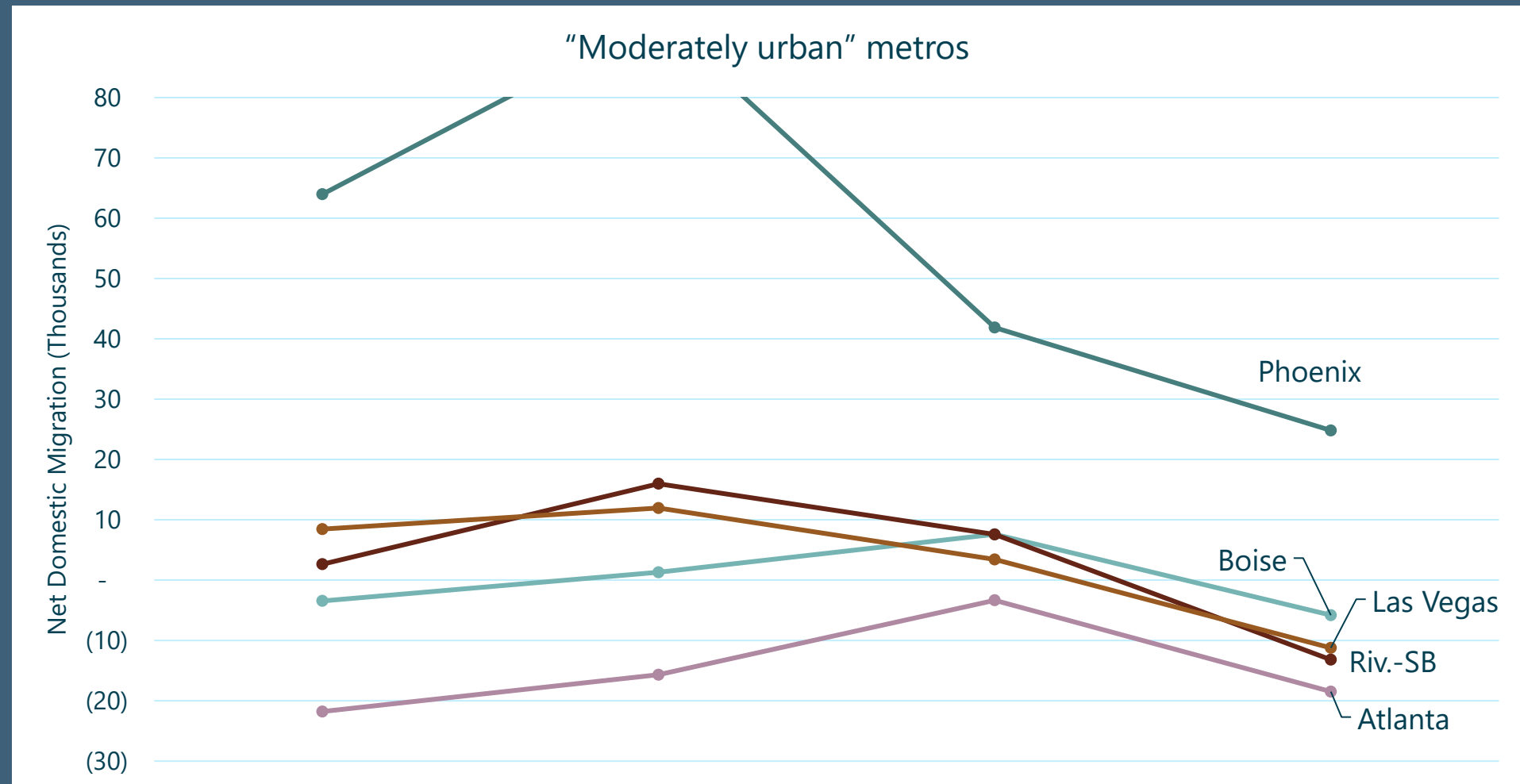
"Peak Pandemic"

June 2020 – June 2021

"Post Pandemic"

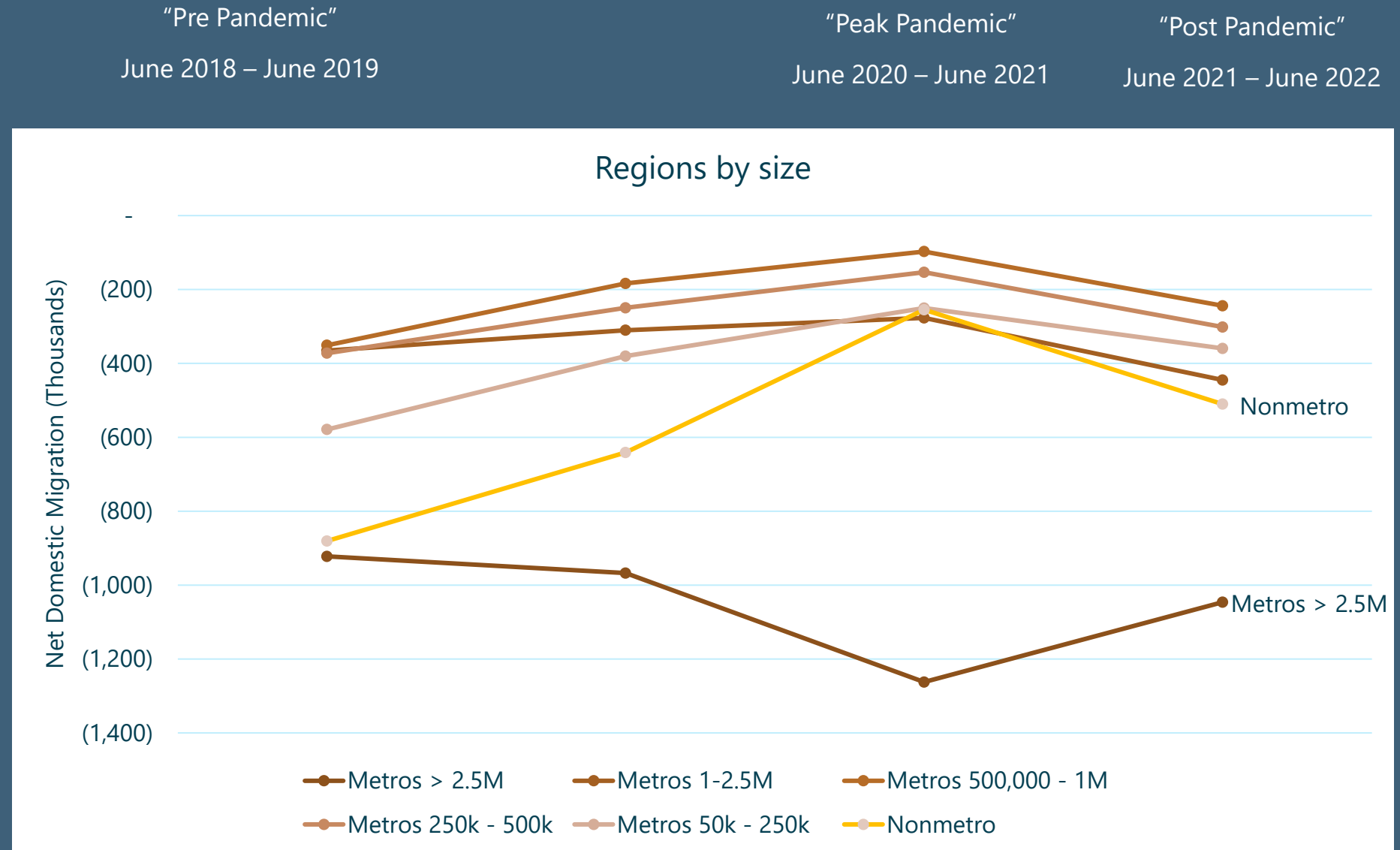
June 2021 – June 2022

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



# 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



## **STORY #2**

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- **SoCal net outflow increased, but not record-setting**
- **Large urban regions returning toward their pre-pandemic trend**
- **Mirror image from nonmetro areas**



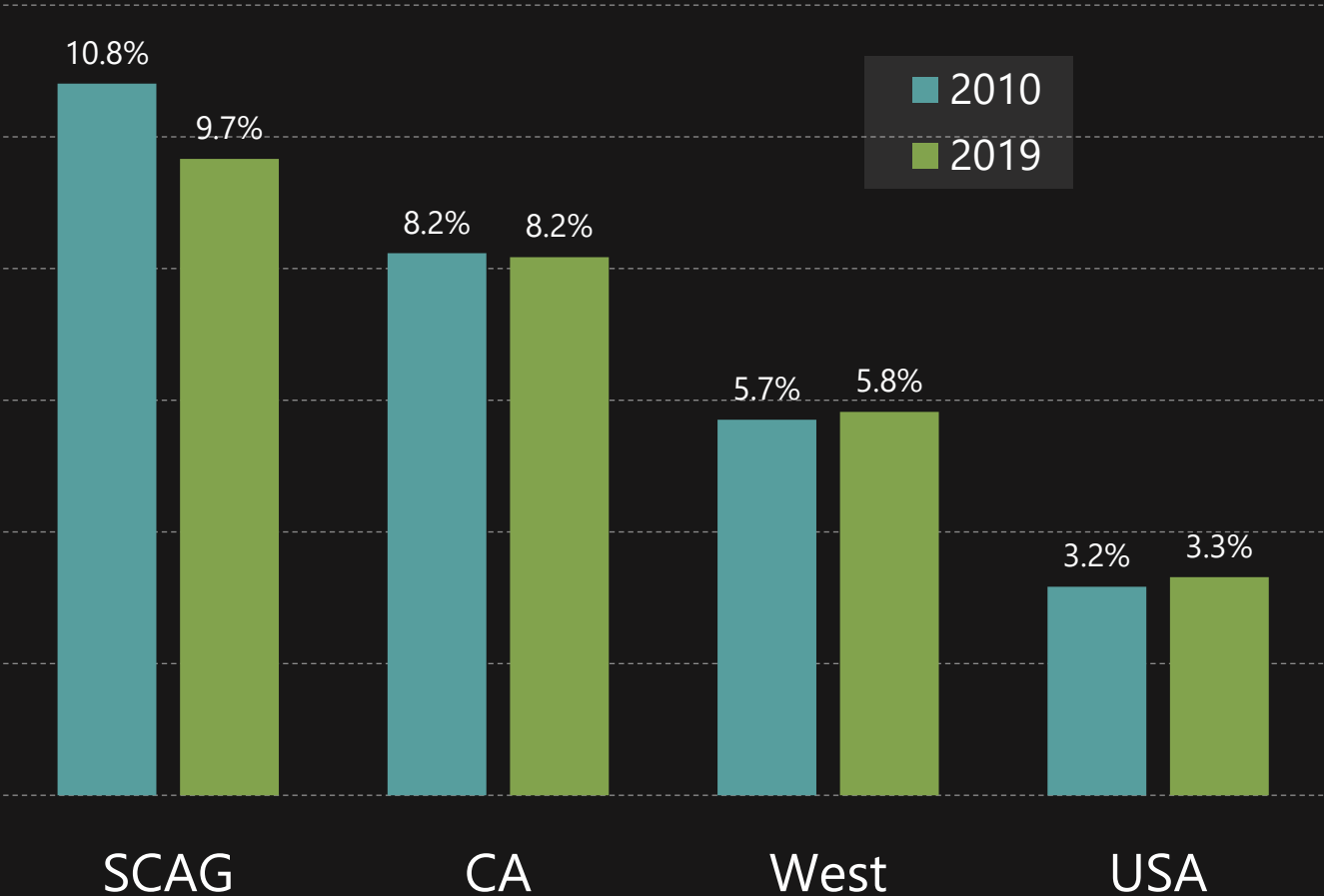
## **STORY #3**

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**Housing supply is fundamentally constrained in Southern California.**

# Overcrowding: One indicator of latent/unfilled demand

## Household Overcrowding SCAG's Downward Trend Stands Out

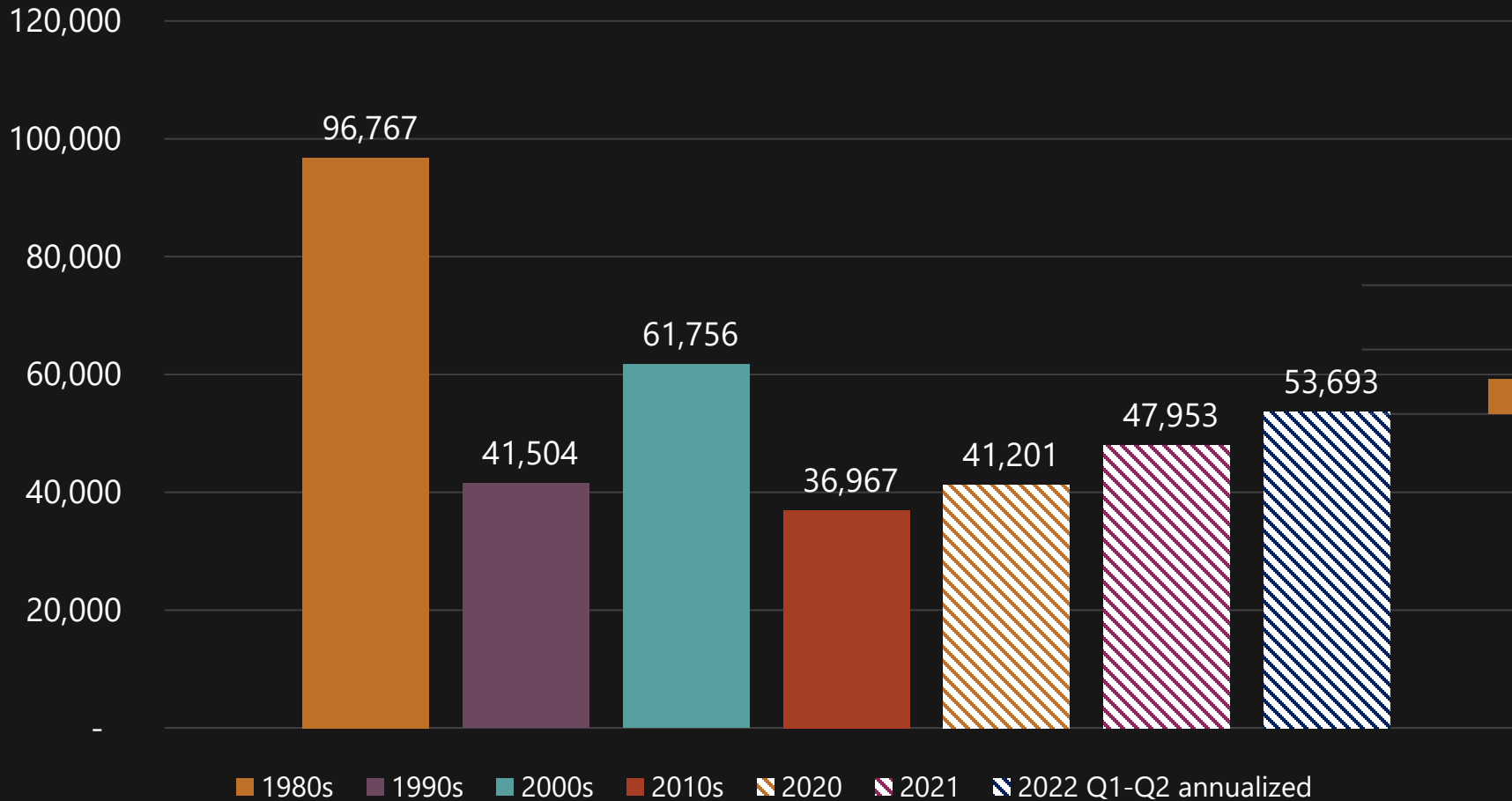


**2020 & 2021:**  
SCAG Region  
Lost 165,000  
People But  
Added 83,000  
Housing Units

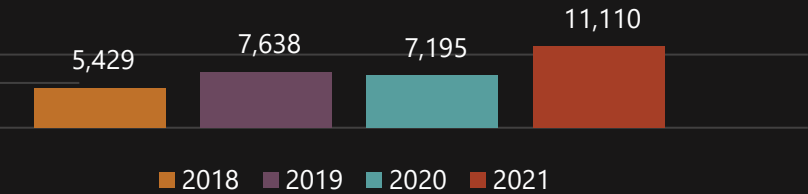
Source: ACS 1-year samples total households > 1.0 person per room, DOF

# Latest housing data: Might we be on track?

## SCAG Region New Housing Units



## PLUS Accessory Dwelling Units?



## **STORY #3**

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- **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!

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For more information, please visit:

[www.scag.ca.gov/demographics](http://www.scag.ca.gov/demographics)

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- Conference/Meeting