

LEAVING GATEWAY METROPOLITAN AREAS IN THE UNITED STATES: IMMIGRANTS AND THE HOUSING MARKET

Immigration has long shaped the housing and labor markets of “gateway” metropolitan areas in the U.S. (e.g., Borjas, 1999). In the last 15 years, or so, however, the pattern of immigrant flows has changed somewhat, as large numbers of immigrants have been leaving established gateways and even migrating directly to new areas, which have been described as either emerging gateways or secondary gateways. For example, in the latter part of the 1990s, Las Vegas saw the arrival of over 66,000 immigrants, comprising almost 25 percent of the foreign-born population in that metropolitan area; in addition, over 40,000 immigrants moved there from established gateways (primarily Los Angeles). In total, more than half of the growth from migration is from immigrant groups. Las Vegas is by no means unique in this respect. The Atlanta metro area received over 200,000 foreign born residents over the latter half of the decade of the 1990s, increasing the total immigrant population from 4 percent in 1990 to over 10 percent in 2000.

While many of these emerging gateways are magnets for domestic migrants as well as immigrants, Table 1 demonstrates that many also experienced larger migrations of new immigrants than of domestic migrants. As a result of these migration patterns, all of the emerging gateways except Philadelphia (7.0 percent) and Tampa (9.8) now have over 10 percent of their population that are foreign born.

Research on labor markets (e.g., Borjas, 2001; Card, 2001) has documented the important role of immigration in shaping gateway metropolitan areas. Only recently, however, has the research on housing (e.g., Painter et al., 2001)

begun to investigate the different factors that lead various immigrant groups to achieve homeownership, focusing at either the national level or at the gateway metropolitan area level.

This study fills a gap by examining immigrant homeownership in these emerging gateway metropolitan areas. Understanding homeownership in this context is of particular policy interest for at least two reasons. First, homeownership is an important milestone in immigrants’ residential assimilation (Alba and Logan, 1992). Second, research indicates that homeownership generates positive externalities and has long-lasting effects on the well-being of homeowners, their children, and their neighbors (e.g., Haurin et al., 2002).

The study upon which this brief is based tests a number of hypotheses concerning the factors that influence the homeownership rates of immigrants in the emerging gateways. The analysis first compares the homeownership rates of immigrants with samples of native-born households that have migrated from the six largest gateway metropolitan areas, as well as households that have moved within the emerging gateway metropolitan areas. Next, this study investigates a number of secondary issues related to the performance of immigrant households in the housing market, namely, the impact of migrating from a high cost area, the impact of living in crowded conditions, the existence of multiple workers in the household, and the relative youth of immigrant households.

RESULTS

The basic results of this study are consistent with the past studies of homeownership. Demographic and financial variables have the expected effect. Higher ages, being married, having higher levels of education, larger households, higher incomes, lower house prices, and higher rents all increase the likelihood of owning a home. Minority households and immigrants are less likely to own a home, and there is no differentiation between Latino and Asian immigrants. The negative effect of immigration is smaller for Latino and Asian immigrants than for other immigrants, and the negative effect of immigrant status is greatly reduced after immigrants have been in the United States for 15-20 years. Speaking English only or speaking English well predicts higher homeownership compared to not speaking English well. Presumably, better language skills allow more residential choices and greater access to mortgage markets. English proficiency may be particularly important for immigrants in emerging gateways where ethnic support is less available than in established gateways (Painter et al., 2004).

Also consistent with past literature (Painter et al., 2003), households that move from outside the metropolitan area have worse housing outcomes than those that move from within the metropolitan area. Once immigrant status is interacted with the migration variable, it is apparent that immigrants do no worse than native-born households moving from gateway metropolitan areas to emerging gateways. At the same time, immigrants have slightly higher homeownership rates than native-born households when moving from other parts of the United States, but this point estimate is small (2.5 percentage points). Finally, immigrants moving from a foreign country are found to be the most disadvantaged in the housing market.

HOUSE PRICE DIFFERENTIALS

The results suggest that the probabilities of homeownership are higher when the gateway metro area from which the immigrant moves has higher house prices and lower rents than the destination metropolitan area. Higher house prices in the origin metro area may be associated with the immigrants having more housing equity. Likewise, lower rents in the origin metro area may indicate that households were able to accumulate sufficient funds for a down payment.

CROWDING

Living in crowded conditions is detrimental to the likelihood of owning a home. At the same time, immigrants that live in crowded conditions are more likely to be homeowners than are native-born households in similar conditions. Both economic and cultural factors be at work here. Immigrants, especially new arrivals, may prefer to share their living space and pool their limited resources to achieve homeownership (e.g., Krivo, 1995; Rosenbaum and Friedman, 2004). Finally, we found that Latino immigrants who live in crowded conditions are more likely to own than are Asian immigrants. Multiple workers in the household. In contrast to previous work on data from 1990 (Painter et al., 2001), having multiple workers per household increases the likelihood of owning a home. This effect is largest for immigrants. Asian immigrant households are most likely to benefit from the presence of additional workers in the household, while Latino immigrants are unlikely to experience an additional benefit.

AGE OF THE HOUSEHOLD

Homeownership rates tend to rise with age. Therefore, a concern for housing policymakers is the fact that immigrants are younger than native-born households, so a growing number of younger household may reduce demand for owner-occupied housing in a metropolitan area. This study demonstrates that the relative youth of immigrant households is not as detrimental to homeownership as it is for native-born households. At the same time, as immigrant families age, their homeownership rates do not rise as fast as those of the native-born, suggesting that immigrants fare worse than native-borns in older age groups.

1990 CENSUS RESULTS

This analysis estimated models based on the 1990 Census and found a few notable over the decades of the 1980s and 1990s. First, status as an Asian does not lead to lower homeownership in 1990, but does in 2000. As discussed in Painter et al. (2004), during the late 1980s, there were transfers of wealth and immigration from Asia related to the transfer of the control of Hong Kong to China and to a large run-up in real estate values. This suggests that results using 1990 data may be an outlier for Asian immigrants. Second, while status as a newly arrived immigrant is similarly negative across both decades, status as a Latino immigrant increases the likelihood that the household will not own a home. However, this effect seems to have disappeared in 2000. With respect to migration, moving from a gateway was not as detrimental to homeownership in 1990 as it was in 2000, although the results for immigrants moving from a gateway are similar to those in 2000. Having multiple workers is detrimental to homeownership holding income constant. This suggests that there may have been changes in living arrangements where multiple house-

holds are sometimes living under one roof for the purposes of buying a home.

CONCLUDING REMARKS

Immigration continues to be one of the driving forces in the changing demographics in the United States. Because immigrants as a group have lower homeownership rates than native-born households, many have been concerned about adverse impacts on the homeownership rates in metropolitan areas. In focusing on emerging gateways, this study investigated not only the impact of immigration, but also the impact of migration domestically. The results suggest that overall, immigrants have lower homeownership attainment than native-born households in these emerging gateway cities, and that this deficit persists for about 15-20 years. This result will be important in the near term because the immigrants in these cities are much more likely to be new arrivals to the U.S. than the national average. Although leaving established gateways is an intermediate step in immigrant assimilation, it does not seem to provide immigrants an immediate boost in homeownership. This finding should not come as a surprise, because migration delays homeownership attainment both for native-born and foreign-born immigrant households, at least in the short run. On the other hand, there are signs of progress. The immigrants who migrate away from established gateways achieve a homeownership rate similar to those who move within a gateway.

Unlike research from past decades (Painter et al., 2003), there were fewer differences in outcomes between Latino and Asian immigrants. As with previous research (e.g., Painter et al., 2001), domestic migrants have lower homeownership rates than do those that migrate within a metropolitan area. In this comparison, there is no evidence that immigrants that leave established gateways do worse than other domestic migrants, and that domestic migrants from high house price

and low rent areas have a higher probability of becoming homeowners in their migration destinations. Finally, the results suggest that the homeownership likelihoods of Latino households have improved markedly over the decade of the 1990s.

In sum, it does appear that both immigration and migration have at least short-term negative impacts on the homeownership rates in these emerging gateway metropolitan areas. Over time, the negative impact of immigrant status fades away as households assimilate into metropolitan areas. The results also suggest that moving from a gateway metropolitan area is not necessarily a positive signal for assimilation, at least in the short run, but is more likely to be indicative of the similar trends in the mobility of the overall population. Future research is needed to discover how long it will take the new immigrants in the emerging gateways to achieve levels of homeownership similar to new immigrants in the traditional gateways (Painter et al., 2001). Perhaps as these immigrant communities grow in the emerging gateways, the amount of time that immigrants need to achieve the homeownership rates of native-born households will fall.

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Gary D. Painter

Associate Professor
School of Policy, Planning, and Development
Director of Research
Lusk Center for Real Estate
Phone: 213. 740.8754
Email: gpainter@usc.edu

Zhou Yu

Assistant Professor
University of Utah
Family and Consumer Studies
Phone: 801.581.4903
E-mail: zhou.yu@fcs.utah.edu

USC LUSK CENTER FOR REAL ESTATE



University of Southern California
Marshall School of Business
School of Policy, Planning, and Development

650 Childs Way
Lewis Hall Room 331
Los Angeles, CA 90089-0626

www.usc.edu/lusk