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REAL ESTATE

US migration patterns reveal clues about the pandemic recovery

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Former New Yorkers are not moving too far from the city. Image credit: Fifth Avenue Association

By SARAH RAMIREZ

Affluents leaving major cities in the United States has become a pandemic-era clich, but data shows that most people are not moving too far.

New findings from location data analytics firm Placer.ai show that migration patterns during the last year may not be as dramatic as initially thought. These shifts have implications for retailers, real estate brokerages and other businesses evaluating their own recovery strategies.

On the move

According to Placer.ai, the majority of states experienced population changes that did not exceed 1 percent between January 2020 and January 2021. Most changes were greater than typical seasonal fluctuations, an indicator that relocations were motivated in part by changes brought on by the pandemic.

Idaho and Montana, low-populated western states, saw y-o-y population growth of 3.9 and 3.7 percent, respectively, while Hawaii saw its population increase by 2 percent.

New York, Massachusetts and California states with high-density urban areas saw negative migration rates ranging from 1.8 to 1.1 percent. These dips, however, do not constitute a "mass exodus" of residents.

More affluents are expected to buy properties with home office space. Image credit: Coldwell Banker

Not all metro areas experienced negative migration patterns.

While San Francisco, Los Angeles, Boston and New York saw the largest declines in population, warmer and more affordable cities including Phoenix, Austin and Charleston saw gains. In Florida, Miami saw a population dip of 0.4 percent while Tampa grew by 1.5 percent.

This may indicate that the balance of power is shifting between major cities, but cultural and corporate centers like the Bay Area and New York metro area will remain influential even after losing residents.

Eighty percent of people who left San Francisco County relocated elsewhere in California, including 26.8 percent; who moved to nearby San Mateo, Alameda and Contra Costa Counties.

New York County, which saw a significant negative year-over-year migration change, still saw most of its former residents relocate within the New York metropolitan area. More than 40 percent of migrants left for other counties in the state with more than 11 percent trading Manhattan for another borough and another 25 percent to nearby states such as New Jersey and Connecticut.

These shifts may show that while consumers are interested in more suburban lifestyles, they are not ready to completely step back from any cultural or economic opportunities afforded by living near major cities even if it meant not relocating to states with lower costs of living.

Wider impact

As consumers change their home addresses, these migration patterns will also influence where and how brands can reach them.

Companies are cutting back on their commercial office space, recognizing that many employees now prefer and even expect to work remotely. However, as employees continue to opt out of the in-office work model, daily routines will shift and ultimately impact brands and retailers that rely on the physical business from commuter employees (see story).

As a result, retailers are already reducing and reevaluating their physical footprints with some moving away from the flagship model as consumers leave cities for suburban communities.

This may give large, suburban malls another opportunity to pivot and attract new tenants and shoppers. Some thoughtful adaptations may include adding fitness centers, new restaurant concepts, coworking spaces or even art exhibits to recreate urban environments in suburban settings (see story).