NATIONAL MULTIFAMILY HOUSING COUNCIL

RESEARCH NOTES NEWSLETTER

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The Impact of New Development on Renter Mobility in a Changing Housing Market

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We've written extensively about how new housing supply puts downward pressure on rents, thereby aiding affordability. But the development of housing may have another (related) benefit as well, acting as a catalyst for household mobility.

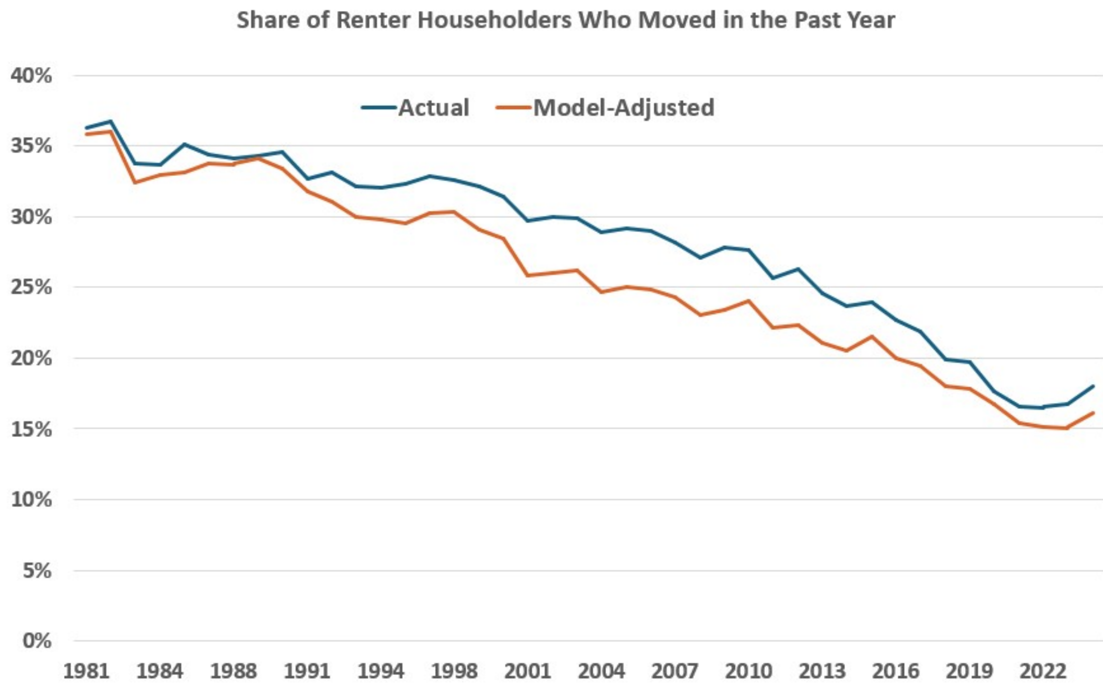
In this Research Notes we will examine long-term trends in renter mobility (the rate at which renter households move homes), the corresponding implications for both renters and the broader economy, as well as the potential relationship between mobility and new housing supply.

Mobility is Down

Renter mobility—the share of renter households that moved in the past year—has been on the decline for decades, falling from 37.2% of renter households in 1981 to just 18.3% in 2024.

FIGURE 1

Mobility Rate of Renter Households



Source: NMHC tabulations using data from IPUMS CPS, University of Minnesota, www.ipums.org.

Observing just the overall trend (the teal line in Figure 1 above), however, obscures the influence of changing demographics, such as age, living arrangement and household income.

For example, the renter population has become older over the years—the median age of a renter householder rose from 33 in 1981 to 40 in 2024—and older renters tend to move less frequently.[1] In 2024, 38.0% of renter householders aged 18-24 reported having moved in the past year, according to data from the Current Population Survey, compared to just 7.8% of renter householders aged 65 or older.

Even after accounting for the influence of age, living arrangement, income, employment status and educational attainment, we found that renter mobility has declined over time (see the orange line in Figure 1).[2]

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[1] NMHC tabulations of 2024 Current Population Survey microdata, Annual Social & Economic Supplement, IPUMS CPS, University of Minnesota, www.ipums.org.

[2] The adjusted mobility rates are average predicted probabilities by year calculated after running a logit model that regresses a household's status of having moved on year householder age group, living arrangement, household income, educational attainment and employment status.

Reasons for Moving

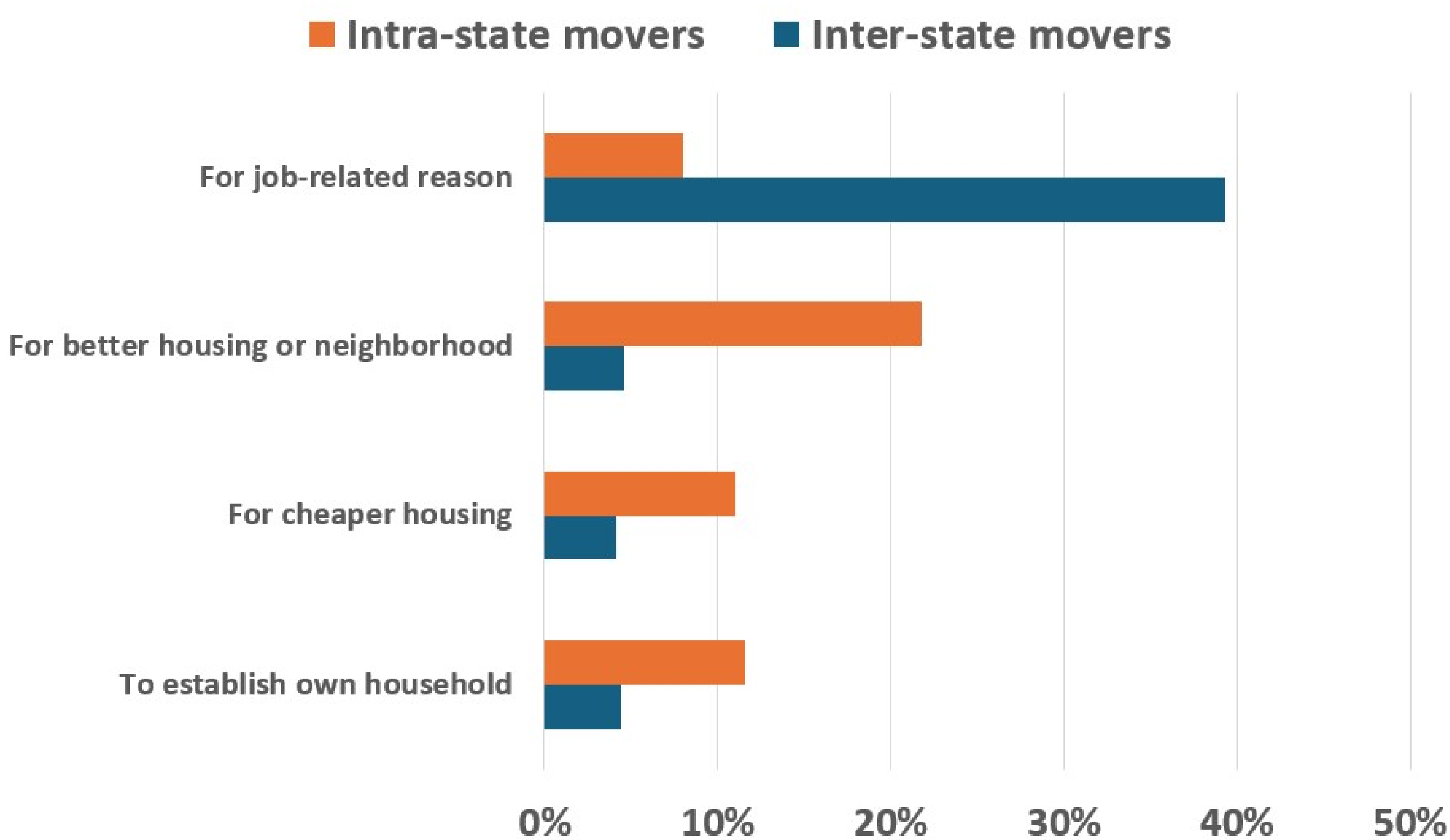
It is often useful to differentiate between moves between states (15.4% of renter moves were inter-state in 2024) and those within a given state. Inter-state moves are more likely to be job related. For instance, in 2024, 39.4% of renter householders who moved from one state to another said they did so for a new job, a job transfer, to look for work or for some other job-related reason, compared to just 6.8% of renter householders who moved within state.[3]

Inter-state movers also tend to have higher incomes. Renter households who moved between states recorded a median income of $68,052 in 2024, higher than that of both intra-state movers ($56,625) and non-movers ($54,570).

Intra-state movers, on the other hand, are more likely to move to find a better home or neighborhood (21.8% of renter households who moved within their state in 2024), to find cheaper housing (11.0%) or to form a new household (11.6%).

FIGURE 2

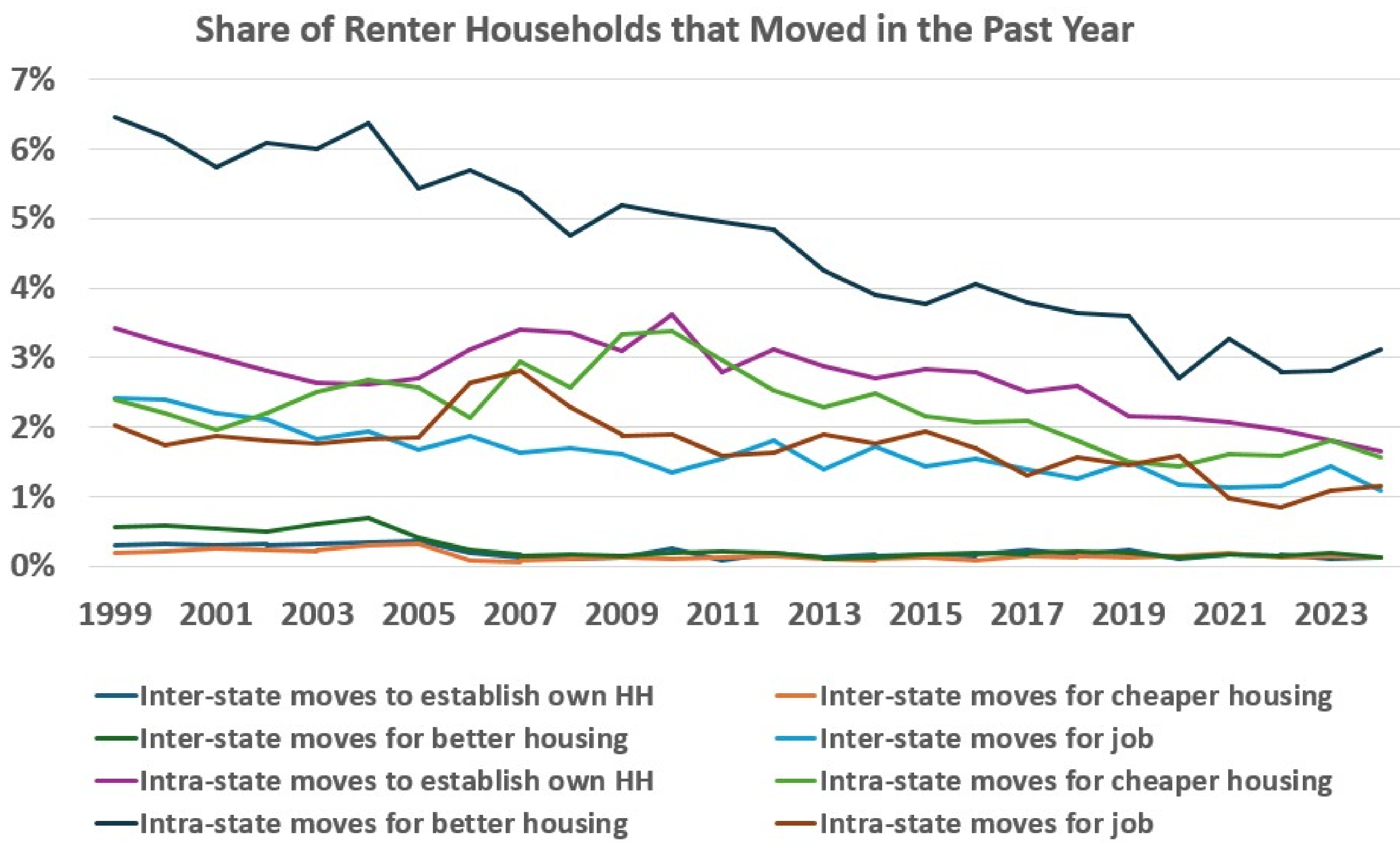
Reasons for Renter Household Moves (2024)



Source: NMHC tabulations using data from IPUMS CPS, University of Minnesota, www.ipums.org.

FIGURE 3

Renter Household Mobility by Reason, Year



Source: NMHC tabulations using data from IPUMS CPS, University of Minnesota, www.ipums.org.

While Figure 3 shows that every type of move has become less common over time, the largest decline has been for intra-state moves among renters seeking better housing.

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[3] NMHC tabulations of 2024 Current Population Survey microdata, Annual Social & Economic Supplement, IPUMS CPS, University of Minnesota, www.ipums.org.

Why This Matters

Lower mobility implies a less dynamic labor market in which workers may not be able to move to a higher-paying or better job, a reduced ability for households to find better or more affordable housing and a lower likelihood of residents being able to form their own households to begin with.

The economics literature documents some of the effects of limited mobility at the economy-wide level: when workers are not able to move to better employment prospects, fragmented pockets develop with some areas experiencing relatively high unemployment and low prices while others experience the reverse. Those differences create a policy dilemma for the Federal Reserve in setting monetary policy since the monetary response appropriate for one area cannot be implemented without adversely affecting the other.[4]

Additionally, certain economic benefits arise when firms and labor can cluster together in a single area—what are called agglomeration effects—but these benefits can only accrue under the assumption that people are indeed able to move to those given places.[5] If mobility is restricted, those gains in economic output will go unrealized.[6]

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[4] Schleicher, D. (2017). Stuck! The Law and Economics of Residential Stagnation. Yale Law Journal, 127(1), 78-154. https://doi.org/10.2139/ssrn.2896309

[5] Schleicher (2017).

[6] Hsieh, C.-T., & Moretti, E. (2019). Housing Constraints and Spatial Misallocation. American Economic Journal: Macroeconomics, 11(2), 1–39. https://doi.org/10.1257/mac.2017

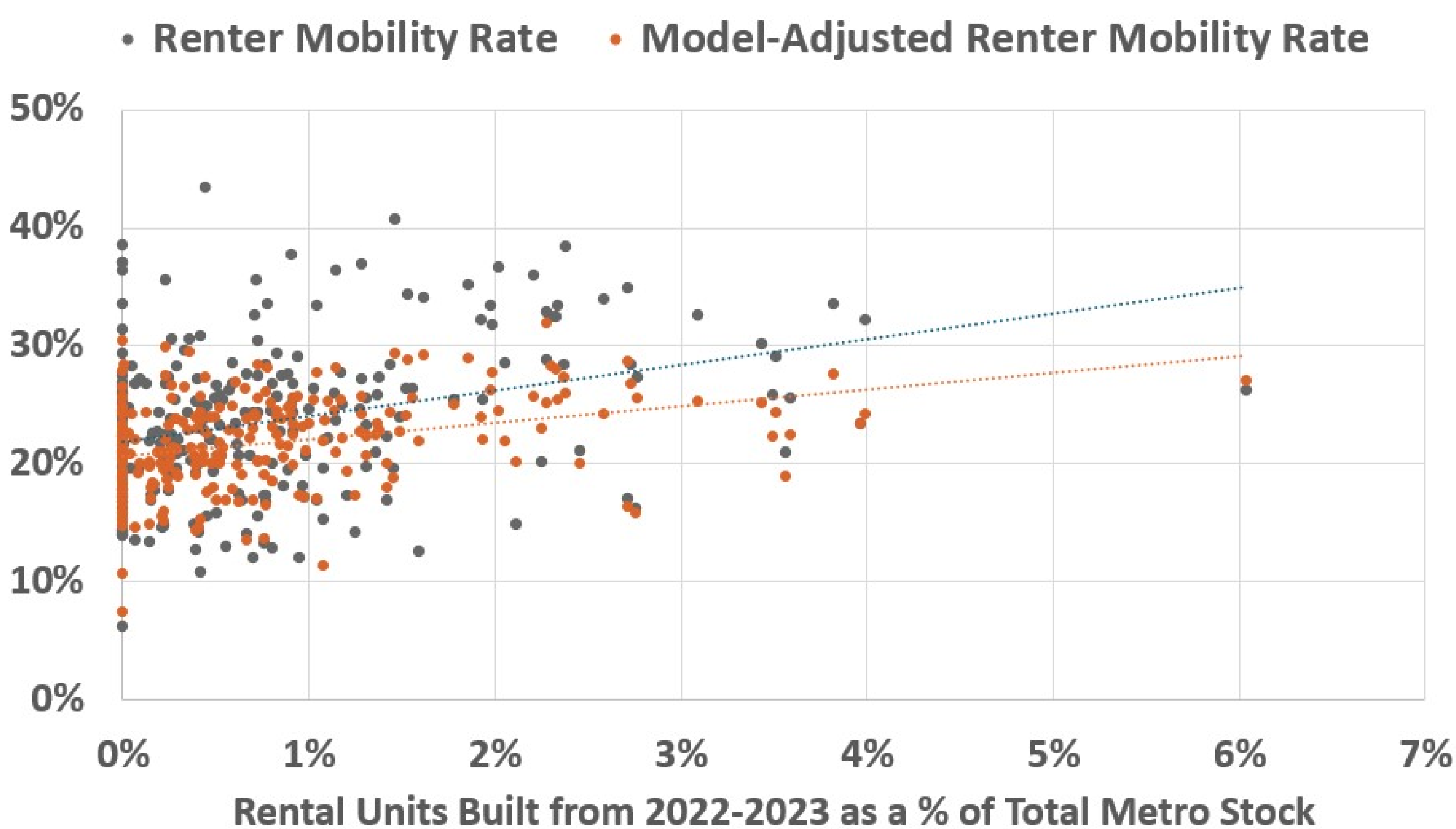
The Impact of New Construction on Mobility

The ability of renters to move depends in part on there being vacant, available rental units to move to. If, for example, we were to imagine a housing market that was 100% occupied and had zero new construction, households would only be able to move if they swapped housing units (moves due to in-migration or household formation would not be possible). It stands to reason that markets with higher rates of new construction should have higher rates of renter mobility, all else being equal.

In Figure 4, we can see that metro areas with higher levels of rental home construction between 2022 and 2023 (measured as the share of a metro's rental stock built within the past two years in 2023) did tend to have higher rates of renter mobility, albeit with considerable dispersion around the trend. When we controlled for demographic differences between metros, this positive correlation remained with less variability.[7]

FIGURE 4

Renter Household Mobility by Metro Construction Rate



Source: NMHC tabulations of 2023 American Community Survey microdata. *IPUMS USA, University of Minnesota, www.ipums.org*.

More specifically, when we controlled for the age, household income, living arrangement, educational attainment and employment status of renter householders, we found a positive, statistically significant relationship between a metro's rental construction rate and its rate of renter household mobility.[8]

Of course, it could be that higher mobility is driving higher levels of construction rather than the other way around (developers may be simply responding to higher renter demand). Regardless, certain types of moves, such as household formation and in-migration simply wouldn't be possible without the addition of new units.

Our findings in the previous section align with existing research on migration chains (aka vacancy chains), which suggests that new construction sets off a chain of moves—households who move into newly-constructed units leave behind vacant housing units elsewhere; these vacant units are then filled by households who vacate additional housing units, and so on.[9]

[7] Our model-adjusted renter mobility rate is the average predicted probability of having moved by metro area calculated after running a logit model with renter household mobility as the dependent variable and with the independent variables of household income, living arrangement, age of householder, educational attainment of householder and employment status of householder.

[8] We employed a logit model with renter household mobility as the dependent variable.

[9] Mast, E. (2019). The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market. Upjohn Institute for Employment Research. https://research.upjohn.org/cgi/viewcontent.cgi?article=1012&context=up_policybriefs.

Conclusion

Our findings suggest that the underproduction of housing in the U.S., aside from making housing less affordable, may also be inhibiting renter mobility, which has been on the decline for decades. This means that renters may not always be able to move homes for better employment prospects, in search of better or cheaper housing, or to even be able to form a household in the first place. Furthermore, research suggests that this decline in mobility has more far-reaching, negative implications for the labor market and monetary policy.

Thus, removing chronic barriers to housing supply, in addition to putting downward pressure on housing costs, might prompt households to move as well.

About Research Notes

Published quarterly, Research Notes offers exclusive, in-depth analysis from NMHC's research team on topics of special interest to apartment industry professionals, from the demographics behind apartment demand to the effects of changing economic conditions on the multifamily industry.

Questions

Questions or comments on Research Notes should be directed to NMHC Economist and Senior Director of Research **Chris Bruen** at cbruen@nmhc.org or NMHC Research Analyst **Ryan Hecker** at rhecker@nmhc.org.

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