Myth of the Immobile American

Published: Wednesday, 20 Apr 2011 | 1:43 PM ET
By: John Carney
Senior Editor, CNBC.com

Americans supposedly cannot move to fill new job openings because they are stranded by the ongoing housing slump.

Its a story familiar to many. But it may not be true.

The myth the housing crash had created a sudden plunge in American mobility got started when the Census Bureau released statistics that appeared to show that the number of people who changed residences declined dramatically from March 2007 to March 2008.

“Look at the economy, look at the banking industry, look at the credit industry. People cant move, what are they going to do? Their homes are now worth less than what they originally paid, and they don want to take a loss,” Patrick Bonnema, sales manager for Anderson Brothers Moving and Storage in Chicago, told the New York Times in 2009.

A new study from the Minneapolis Fed, however, says that this sudden plunge is a statistical illusion.

Contrary to popular belief, interstate migration did not fall substantially during the Great Recession; in fact, interstate migration has probably been overestimated in the past, Fed economists Greg Kaplan and Sam Schulhofer-Wohl write in a paper titled A sharp drop in interstate migration? Not really.

What happened, Kaplan and Schulhofer-Wohl write, is that the Census Bureau changed the way it dealt with non-responses to its questions about moving. The assumptions used until 2006 apparently inflated the numbers. When new assumptions are used, they show a slow and steady decline in mobility—but
not a dramatic slump.

RELATED LINKS
Existing Home Sales Rise More Than Expected in March States With the Healthiest Housing Markets

Questions? Comments? Email us at NetNet@cnbc.com

Follow John on Twitter @ twitter.com/Carney
Follow NetNet on Twitter @ twitter.com/CNBCnetnet
Facebook us @ www.facebook.com/NetNetCNBC

© 2011 CNBC.com

TOPICS: Employment | Jobs | Housing

UBS CEO's Nightmare
What Happens When Greece Defaults
Government Witness in Insider Trading Case Hangs Himself in Fifth Avenue Office

No Comments have been posted.

ADD COMMENTS

Please Sign In or Register to participate.

Your Comments (Up to 1100 characters):

Please sign-in/optin or register to be able to submit comments.

Remaining characters 1100

CNBC welcomes your contribution. Please respect our community and the integrity of its participants. CNBC reserves the right to moderate and approve your comment.

http://www.cnbc.com/id/42683738/Myth_of_the_Immobile_American
Cancer Treatment Centers
CTCA Is Recognized For The Best In Cancer Care.
www.CancerCenter.com

Microsoft Office 365®
Official Site for Microsoft Office 365. Sign up for the Beta Today.
www.microsoft.com/office365

Refinance at 2.65%
$160,000 Mortgage $659/mo. Free. No Obligation. Get a Quote-3.0% apr!
RefinanceHomeLoan.LendGo.com

Riverwood Solutions
Manufacturing, Operations & Supply Chain Consulting Globally
www.rwsops.com

Data is a real-time snapshot. “Data is delayed at least 15 minutes.
© 2011 CNBC LLC. All Rights Reserved.