



An Analysis of Annual Migration Flows in Florida, 1980 - 2008

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Florida has been one of the most rapidly growing states in the United States for many years, but growth rates have fluctuated considerably from one year to the next. Most of these fluctuations were caused by changes in the number of people moving into and out of the state. In this issue of *Florida Focus*, we examine annual migration trends in Florida from 1980 to 2008, using data from the U.S. Census Bureau. The data refer solely to people moving from one state to another; they do not include foreign immigrants.

Population Growth in Florida

Florida is the fourth most populous state in the nation, trailing only California, Texas, and New York. It is also one of the most rapidly growing, as its population has grown by roughly three million each decade since 1970. Percentage growth rates, however, have been declining steadily, from 44% in the 1970s to 33% in the 1980s, 24% in the 1990s, and a projected 18% between 2000 and 2010 (see Table 1).

Table 1. Florida Population Growth, 1970-2010

Year	Population	Change	% Change
1970	6,791,418	---	---
1980	9,746,961	2,955,543	43.5
1990	12,938,071	3,191,110	32.7
2000	15,982,824	3,044,753	23.5
2010*	18,773,356	2,790,532	17.5

*Projected

Population change occurs through natural increase and net migration. Natural increase is the difference between the number of births and the number of deaths in a population. Net migration is the difference between the number of people moving into an area and the number moving out. In Florida, net migration accounts for the lion's share of population growth (see Table 2). Although its share has declined in recent decades, net migration still accounts for more than 80% of Florida's population growth. Consequently, changes in population growth can be understood only by analyzing changes in migration.

Table 2. Natural Increase and Net Migration, Florida, 1970-2010

Years	Population Increase	Natural Increase	Net Migration	% due to Net Migration
1970–1980	2,948,574	236,729	2,711,845	92.0
1980–1990	3,190,965	420,867	2,770,098	86.8
1990–2000	3,044,307	448,216	2,596,091	85.3
2000–2010*	2,790,532	522,229	2,268,303	81.3

*Projected

Data

The migration data analyzed in this study were produced by the U.S. Census Bureau and refer solely to persons moving from one state to another within the United States. Using tax return data from the Internal Revenue Service (IRS), the Census Bureau compares the Social Security Number (SSN) of the primary filer for each return filed in two consecutive years. When the SSNs match, changes in the filer's address are noted. Information on changes in address and the number of exemptions claimed on the return in each year is then used to estimate the number of people moving from one place to another.

These data have several limitations. They do not include returns for which SSNs do not match, returns that do not report state and county codes, and late returns. Perhaps more important, they do not include people who do not file returns in two consecutive years; as a result, they miss a substantial number of migrants, including most foreign immigrants. Furthermore, although the estimates are adjusted to account for

exemptions for blindness and old age status, the number of exemptions does not always correspond precisely to the number of persons living in a household.

Despite these limitations, IRS data provide useful estimates of migration flows within the United States. Their most important attributes are that they provide information on an annual basis, report both the origins and destinations of migrants, and are available at both the state and county levels. Although they understate the total numbers of migrants, IRS data provide a valuable source of information on changes in migration trends over time.

Migration Trends

Table 3 shows the number of in- and out-migrants and the net migration flow in Florida for each year from 1980-81 to 2007-08. In-migration has fluctuated considerably over time. It was less than 450,000 in 11 years, including nine years in the 1990s. It was between 450,000 and 500,000 in 12 years, including eight in the 1980s. It was greater than 500,000 in five years, including three years since 2000.

Table 3. In, Out, and Net Migration, Florida, 1970-2008

Year	In	Out	Net
1980-81	492,528	296,821	195,707
1981-82	475,718	305,682	170,036
1982-83	450,950	276,836	174,114
1983-84	481,983	282,571	199,412
1984-85	477,179	277,532	199,647
1985-86	489,554	293,729	195,825
1986-87	515,394	299,446	215,948
1987-88	494,888	301,969	192,919
1988-89	497,829	305,919	191,910
1989-90	518,943	330,037	188,906
1990-91	470,976	331,080	139,896
1991-92	436,574	336,891	99,683
1992-93	428,329	334,099	94,230
1993-94	429,374	320,912	108,462
1994-95	437,102	336,085	101,017
1995-96	418,838	331,170	87,668
1996-97	444,531	327,747	116,784
1997-98	442,902	337,135	105,767
1998-99	426,120	344,466	81,654
1999-00	438,991	340,886	98,105
2000-01	465,382	331,718	133,664
2001-02	487,297	332,092	155,205
2002-03	478,543	328,726	149,817
2003-04	530,235	321,414	208,821
2004-05	556,187	347,330	208,857
2005-06	521,112	402,198	118,914
2006-07	443,879	427,684	16,195
2007-08	413,357	438,085	-24,728

Out-migration has also fluctuated considerably. It was less than 300,000 in six years, all in the 1980s. It was between 300,000 and 350,000 in 19 years, including 18 consecutive years from 1987-88 to 2004-05. It exceeded 400,000 in each of the last three years.

There is no evidence of any long-term trends in the number of migrants moving to Florida from other states. The number of in-migrants averaged 489,000

per year during the 1980s, 437,000 during the 1990s, and 487,000 since 2000. Both the largest and smallest numbers of in-migrants occurred within the last four years: more than 556,000 in 2004–05 and fewer than 414,000 in 2007–08.

For out-migration, however, there is evidence that the long-term trend has been upward. The number of out-migrants averaged 297,000 per year

during the 1980s, 334,000 during the 1990s, and 366,000 since 2000.

Why did out-migration follow an upward trend but in-migration did not? We believe this occurred primarily because the population from which out-migrants are drawn (namely, residents of Florida) has grown more rapidly than the population from which in-migrants are drawn (mostly, people living in the Northeast and Midwest).

Net migration is a residual, reflecting the difference between the number of in-migrants and the number of out-migrants. Not surprisingly, it has fluctuated considerably over time. For example, net migration fell by almost 26,000 between 1980-81 and 1981-82 but rose by more than 25,000 two years later. It fell by more than 40,000 between 1990-91 and 1991-92 only to rise by more than 14,000 two years later. The most dramatic changes have occurred since 2000, as net migration rose by 59,000 between 2002-03 and 2003-04 but fell by 90,000 between 2004-05 and 2005-06 and by almost 103,000 the following year. Out-migrants outnumbered in-migrants by almost 25,000 in 2007-08, giving Florida its only year since 1980 with negative net migration.

Overall, net migration was less than 100,000 in seven years, between 100,000 and 150,000 in eight years, between 150,000 and 200,000 in ten years, and greater than 200,000 in three years. The long-term trend has been generally downward, as net migration averaged 192,000 per year during the 1980s, 103,000 during the 1990s, and 121,000 since 2000.

In summary, there has been no clear long-term trend regarding the number of in-migrants coming to Florida from other states over the last three decades, but out-migration has generally been rising and net migration falling. For all three measures, there have been substantial changes from one year to the next. What can account for these annual fluctuations?

Explaining Year-to-Year Changes

Some year-to-year changes in migration flows are undoubtedly caused by unusual events and data disturbances, but both economic theory and empirical evidence suggest that migration trends are affected by changing economic conditions. Specifically, migration rates generally rise when homes are easy to sell and fall when they are difficult to sell; and migration into rapidly growing areas (and out of slowly growing areas) tends to rise when the national rate of job creation increases and fall when it declines.

How have Florida's interstate migration flows responded to economic booms and busts? Given the patterns mentioned above, we would expect in-migration to increase when the economy is growing rapidly and decline when it contracts. This expectation is unambiguous because both the housing and job markets have a positive impact on in-migration when the economy is growing and a negative impact when it is contracting.

The expectation with respect to out-migration is not as clear. A booming

economy makes it easier to sell homes and creates job opportunities in other states as well as in Florida. Does this raise or lower the number of migrants leaving Florida? We believe a strong economy is likely to reduce out-migration because Florida's rate of job growth since 1980 has been higher than that of most states, reducing the incentive for potential migrants to leave the state.

What about a contracting economy, which makes it more difficult to sell homes and reduces job opportunities both in Florida and elsewhere? We believe economic contractions are likely to raise the number of migrants leaving Florida because Florida has many newcomers with relatively weak ties to the state. As a result, job losses are likely to induce some recent in-migrants to return to places where they have stronger social, cultural, and kinship ties. In addition, recent in-migrants are much less likely to own their homes than long-time residents, making it possible for them to move even when the housing market is weak.

What does the evidence show? The U.S. has experienced five economic recessions since 1980. Two occurred in the early 1980s, one lasting for the first six months of 1980 and one lasting for 16 months from July 1981 to November 1982. Although they were quite severe nationally, these recessions were less severe in Florida and had a relatively small impact on the state's migration flows. In-migration declined in the second and third year of the decade and out-migration increased slightly in the

second year. As a result, net migration was approximately 25,000 lower in those two years than in the years immediately preceding and following the recessions.

Another recession lasted from July 1990 until March 1991. It was not as severe as the recessions occurring a decade earlier, but migration into Florida declined for three consecutive years, from 1989-90 through 1992-93. Out-migration stayed relatively stable over this period, leading to a substantial decline in net migration, from almost 189,000 in 1989-90 to just over 94,000 in 1992-93. Both in- and out-migration remained relatively stable for the rest of the decade and net migration fluctuated within a range of only 81,000-117,000 per year.

A recession lasting from March through November of 2001 was even milder than the one a decade earlier. It had little impact on Florida's migration flows. The number of out-migrants remained virtually unchanged while the number of in-migrants actually increased slightly between 2000-01 and 2001-02.

Florida's economy expanded rapidly during the next few years. Nonagricultural employment grew by an average of 250,000 per year between 2003 and 2006, housing starts ranged between 170,000 and 200,000 per year, and in-migration rose to more than 520,000 for three straight years. Net migration topped 208,000 in both 2003-04 and 2004-05, two of the highest levels in Florida's history.

Trends started to change in 2005-06. Although in-migration remained strong, the number of out-migrants increased substantially, resulting in a drop of almost 90,000 in net migration. This was a portent of what was to occur during the next two years.

A collapsing housing market and a growing mortgage crisis pushed the economy into recession in late 2007. By most accounts, this was the worst economic downturn since the Great Depression of the 1930s. Florida lost more than 800,000 jobs between autumn 2007 and autumn 2009 and saw its unemployment rate jump from 4% to 11%. New home loans dried up and bankruptcies and mortgage defaults soared. Potential in-migrants could not find jobs and had difficulty selling their homes, causing in-migration to decline by more than 100,000 over a two-year period. At the same time, the number of out-migrants increased by 36,000. As a result, net migration dropped below zero in 2007-08.

The data from 1980 to 2008 are consistent with our expectations regarding the impact of changing economic conditions on migration into and out of Florida. National economic recessions generally reduce the number of in-migrants and raise the number of out-migrants. In most instances, the effect on in-migration is greater than the effect on out-migration.

Not all recessions have the same impact, of course. Several of the recessions were relatively mild and had little impact on migration flows, while others—especially the most recent—had

a much larger impact. A severe recession in the mid-1970s also had a very strong impact, reducing Florida's overall population growth from more than 400,000 per year to less than 200,000.

The Future

Where do we go from here? Was the recent decline in net interstate migration merely a temporary (albeit dramatic) deviation from longstanding trends or has Florida entered a new era of persistently low net migration levels? To answer this question, it is helpful to consider factors that might cause migration to return to previous levels and factors that might prevent it from doing so.

On the positive side of the ledger, we have:

1) Florida's climate. Florida is warm in the winter, whereas New York, Ohio, Michigan, and other northern states are cold. Warm weather has attracted many migrants to Florida over the years and is likely to continue to do so in the future.

2) The retirement of the Baby Boom generation. Some 79 million babies were born in the United States between 1946 and 1964 and the first members of this huge group are now reaching retirement age. Many more will do so over the next two decades. If Florida receives the same share of elderly migrants as in the past, this generation will produce large numbers of in-migrants. Even if the share were to decline a bit, the number of elderly in-migrants would still be quite substantial.

3) Florida has miles of beaches, many lakes and rivers, hundreds of golf courses, nine major league sports franchises, and many museums, theatres, symphony orchestras, theme parks, and other recreational and cultural amenities. These amenities are attractive to potential migrants.

4) Florida has no state income tax. On average, Florida ranks very low among states in terms of its state and local tax burden. Low taxes are a significant attraction to many potential migrants.

5) Migration sows the seeds for further migration. Population growth raises the demand for many types of goods and services, which creates job opportunities, which attract additional migrants, who increase the demand for goods and services, and so forth. Furthermore, in-migration increases the number of people with social and family ties to non-Floridians; these ties also lead to further in-migration. The momentum of past migration is an important determinant of future migration.

6) The recent recession appears to have ended. As the economy rebounds, so will job opportunities and incomes. If the economic rebound is strong, it will spur in-migration and reduce out-migration. The decline in housing prices in recent years has made homes more affordable in many places in Florida. This will attract newcomers as well.

7) Finally, Florida has received many foreign immigrants in recent decades, particularly from Latin America and the Caribbean. The state's growing Hispanic community is likely to attract further

Hispanic migration, both from other states and from abroad.

Clearly, there are a number of factors that might cause Florida's migration to bounce back to previous levels. There are several, however, that might keep it from doing so:

1) Florida's economy is heavily dependent on population growth, particularly in the construction and real estate industries. How long will it take those industries to recover, and what will take their place if they remain stagnant? The pace of Florida's economic recovery—and the nature of that recovery—will have a major impact on future migration flows. If the recovery is weak, in-migration will remain at a relatively low level.

2) Florida's cost of living was among the lowest of any state in the 1970s, but it rose substantially over the next three decades. Although the recent decline in housing prices has offset this to some extent, Florida has lost much of its cost advantage compared to other states.

3) Florida has become increasingly crowded over the years. Many believe that population growth has exceeded the state's ability to provide goods and services and has reduced its quality of life. This could cause some Floridians to leave the state and prevent potential migrants from moving in.

4) Florida has been a retiree magnet for many years, but other states have begun actively recruiting retirees because they are viewed as an economic asset. This competition could reduce the proportion of retirees moving to Florida in future years. In addition, Baby

Boomers may view retirement differently than previous generations and may not be as attracted to Florida as their parents were.

5) The decline in the housing and stock markets over the last few years has reduced the wealth of many Baby Boomers. Will their portfolios recover sufficiently to allow those wanting to move to Florida to do so? Future changes in wealth will affect future migration flows.

6) A record number of hurricanes hit Florida in 2004 and 2005. Although previous hurricanes had no long-term impact on migration into and out of the state, changes in building codes and increases in insurance rates could lead to increases in out-migration and reductions in in-migration.

7) Save-Our-Homes legislation has reduced the impact of rising housing prices on property taxes for long-time homeowners in Florida, but not for newcomers or seasonal residents, many of whom have seen their taxes double or triple in recent years. The size of these

tax increases—along with a widespread feeling that they are unfair—could reduce the future flow of migrants into the state and cause some people to leave.

So, there are a number of factors that might cause Florida's migration to return to previous levels and a number that might prevent it from doing so. Which will predominate? We don't have a crystal ball, but we believe net interstate migration will remain negative in 2008-09 and perhaps in 2009-10, but will then start rising as the economy recovers. According to our most recent projections, net interstate migration will average around 65,000 per year from 2010 to 2015 and 105,000 from 2015 to 2020, and then start slowly declining. On average, these numbers will be smaller than those occurring over the past three decades, but will still be substantial compared to many states. Combined with natural increase and foreign immigration, we expect net interstate migration to keep Florida's population growing for years to come.

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