

Mixed Signals: Migration Data And Regional Economic Vitality



MIXED SIGNALS: MIGRATION DATA AND REGIONAL ECONOMIC VITALITY

The logic is simple. If more people are leaving a region than are coming into it, this suggests the possibility of economic problems in that region – in essence, a lack of economic vitality that is causing individuals to vacate. Once one controls for births and deaths, what happens to a region's population? Is a region a magnet that attracts others, or does it lack magnetism and watch as individuals depart for other locales?

Hampton Roads receives mixed grades on its report card when viewed in the light of migration. **Between 2010 and 2013, after taking account of births and deaths, our region experienced net out-migration. Virtually all of the other comparable mid-Atlantic regions recorded net in-migration. This is troubling information, though somewhat less disturbing if one separates domestic migration (inside the U.S.) from international migration (in and out of the U.S.). Hampton Roads has proven to be an attractive location for immigrants to settle and fares better than many of its peer regions in this regard.**

Let's take a look at the data, which have been extracted from U.S. Census data by www.governing.com. Data for nearly all metropolitan areas can be found at www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html.



Focusing On Migration

Migration occurs for many reasons, not simply because of the availability of jobs. Quality of life also looms large. Amenities matter. Our oceanfront, the Chrysler Museum of Art, the Historic Triangle, quality health care, and our colleges and universities are among the many things that make our region a great place to live. Publications such as David Savageau's "Places Rated Almanac" and Bert Sperling's "Cities Ranked and Rated" attempt to quantify such things.

Still other factors matter as well. The quality of our K-12 schools, the viability of our transportation system, the vitality of our churches, the presence of family and friends, the nature and quality of our entertainment, and our tax levels all help determine whether people decide to live here, or somewhere else. Another factor of obvious importance in Hampton Roads is the presence of the military and military-related businesses and services. Migration data include the comings and goings of military personnel and the absolute number of military personnel located in Hampton Roads has trended downward over the past several decades.

Clearly, noneconomic factors influence migration. Even so, economic factors such as the availability of jobs and tax rates are major influences upon migration. Witness the tens of thousands of people who have left California in recent years and headed to other states, notably Texas (see the work of the Manhattan Institute on this subject, www.manhattan-institute.org/html/cr_71.htm#.U4VohXy-l5c).

Population Growth Versus Migration

Governing.com, an Internet site that focuses on state and local government issues, recently published Census data that focus on migration in and out of cities and regions between 2010 and 2013. We rely upon governing.com's data in this chapter.

Migration is only one source of population growth or decline. Population growth is a broader concept that takes into account not only migration, but also includes births and deaths. Consider the population of Hampton Roads, which rose by 30,549, or 1.53 percent, between 2010 and 2013. However, as we will see, positive population growth that results from the number of births exceeding the number of deaths can disguise the migration of individuals to and from a region.

Table 1 demonstrates this point. It reveals that in net terms, 18,879 people departed from Hampton Roads for other locations in the U.S. between 2010 and 2013. Yes, also during this period some people migrated into our region from other parts of the country, but the -18,879 number means that even more left our region for other U.S. locations.

On the other hand, our adverse domestic migration pattern was counteracted substantially by a net in-migration of 17,179 people from outside the U.S. This flow of immigrants into Hampton Roads is good economic news because immigrants as a group tend to comprise highly productive individuals who are more likely to start businesses and create jobs than other Americans. A significant segment of today's immigrants bring with them human and financial capital that can be productively utilized in the U.S.

TABLE 1						
POPULATION CHANGES AND MIGRATION: HAMPTON ROADS, 2010 TO 2013						
Total Population Change	Natural Increase	Births	Deaths	Net Migration		
				Domestic	International	Total
30,540	32,240	74,029	41,789	-18,879	+17,179	-1,700
$30,540 = 74,029 - 41,789 - 18,879 + 17,179$						
Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html						

Analysis By City And County

Setting aside new births and deaths, Hampton Roads lost population between 2010 and 2013 – meaning that more people migrated out of our region than migrated into our region. Graph 1 illustrates the 1,700 individual net out-migration experienced by Hampton Roads during those years.

Table 2 records the net migration flows for our 16 cities and counties and further subdivides those flows into domestic (inside the U.S.) and international (to and from the U.S.). In fact, eight of our 16 cities and counties experienced net out-migration from all sources between 2010 and 2013 – led by Newport News with a net outflow of 4,017, followed by Hampton with 2,939. Chesapeake recorded the largest net inflow, 4,444, followed by James City County with 3,069.

DOMESTIC VERSUS INTERNATIONAL MIGRATION

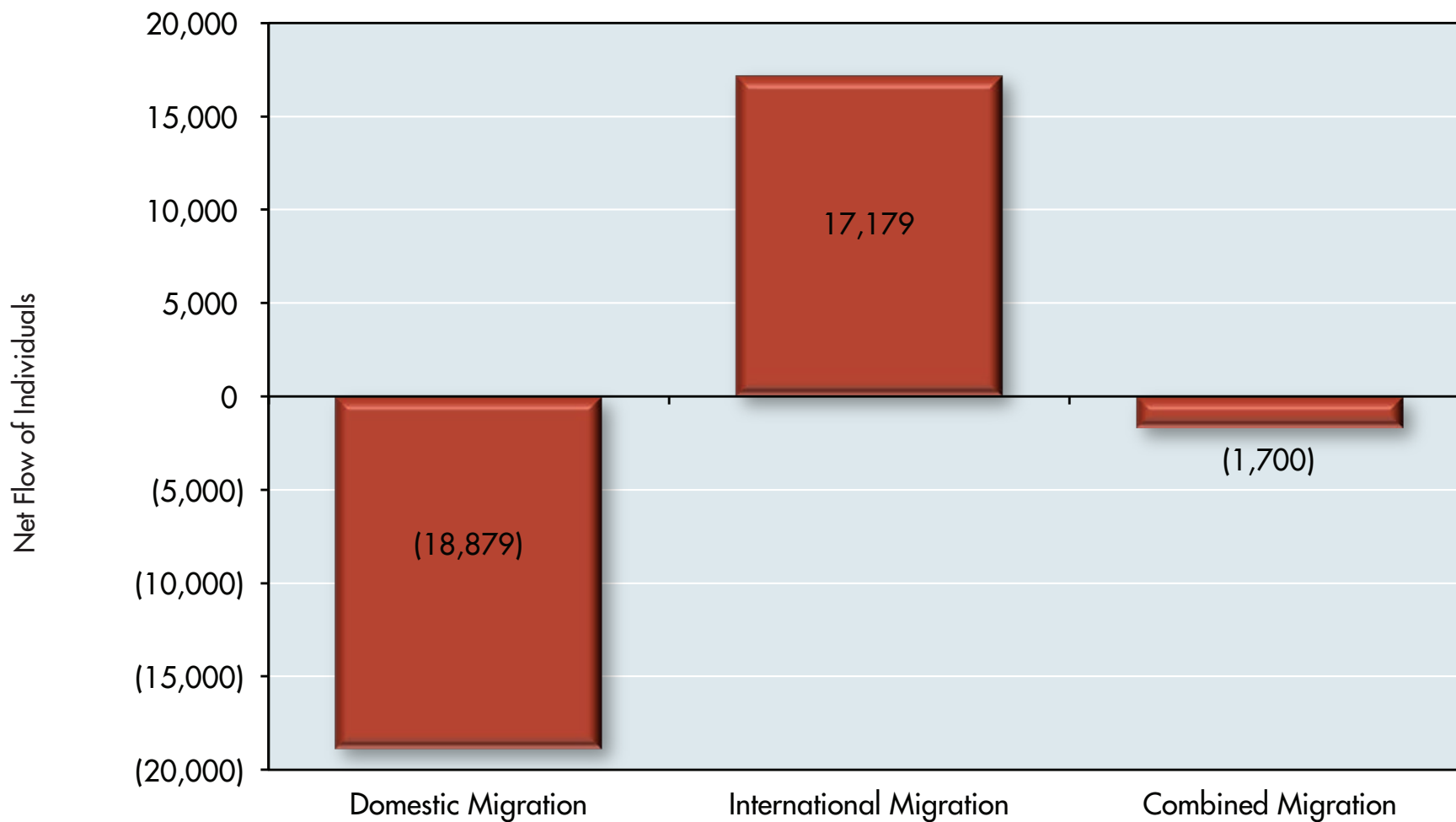
The results reported in Table 2 are nuanced, however. One can divide migration into two parts – *domestic* migration (existing U.S. residents changing their locations) and *international* migration (immigrants coming into the U.S. or emigrants leaving the U.S.). Ten of our 16 cities and counties experienced negative domestic migration, though only two (both of our North Carolina counties) experienced negative international migration. Graph 1 illustrates the overall international versus negative domestic migration for Hampton Roads between 2010 and 2013.

It is the negative *domestic* migration numbers that should be of the greatest concern to us as citizens, elected officials and regional policymakers. Negative domestic migration numbers represent people who have left our region, presumably because our peculiar combination of employment and amenities was not sufficiently attractive to retain them. The view of most people is that this is due to inferior employment prospects, though we do not have any data to confirm this. In essence, this view asserts that these people could not find a suitable job in Hampton Roads and left to pursue hopefully better prospects elsewhere.

	Domestic Migration	International Migration	Total Migration
Gates County, N.C.	-474	-9	-483
Currituck County, N.C.	740	-6	734
Gloucester County	-135	73	-62
Isle of Wight County	351	81	432
James City County	2,516	553	3,069
Mathews County	63	6	69
York County	-418	692	274
Poquoson	-56	33	-23
Chesapeake	3,067	1,377	4,444
Hampton	-3,828	889	-2,939
Newport News	-6,597	2,580	-4,017
Norfolk	-6,709	4,097	-2,612
Portsmouth	-1,603	598	-1,005
Suffolk	-338	284	-54
Virginia Beach	-6,248	5,703	-545
Williamsburg	790	228	1,018
Totals	-18,879	17,179	-1,700

Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html

GRAPH 1
NET INFLOWS AND OUTFLOWS OF INDIVIDUALS (NOT INCLUDING BIRTHS) TO AND FROM HAMPTON ROADS, 2010-2013



Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html

However, as pointed out in Graph 1, there are major differences between domestic and international migration flows. Graphs 2 and 3 separately depict the domestic and international migration numbers for each of the 16 cities and counties. It is here one can see that three of our largest cities – Newport News, Norfolk and Virginia Beach – suffered a net out-migration of people to other locations inside the United States between 2010 and 2013 (Graph 2). These are not good-news numbers for these cities, for they appear to reflect torpid job creation. True, all three cities have won a variety of awards in recent years for their livability and even for their entrepreneurial climates. Nevertheless, the bottom line is that these cities lost residents to the rest of the country.

Counteracting these problematic numbers, however, are the impressively positive international in-migration numbers for all three cities (and for that matter, for our entire region save our two North Carolina counties) that one can see in Graph 3. Virginia Beach, Norfolk and Newport News (in that order) were magnets for international immigrants and this has highly positive implications for them because of the entrepreneurial and job-creating tendencies of immigrants as a group.¹

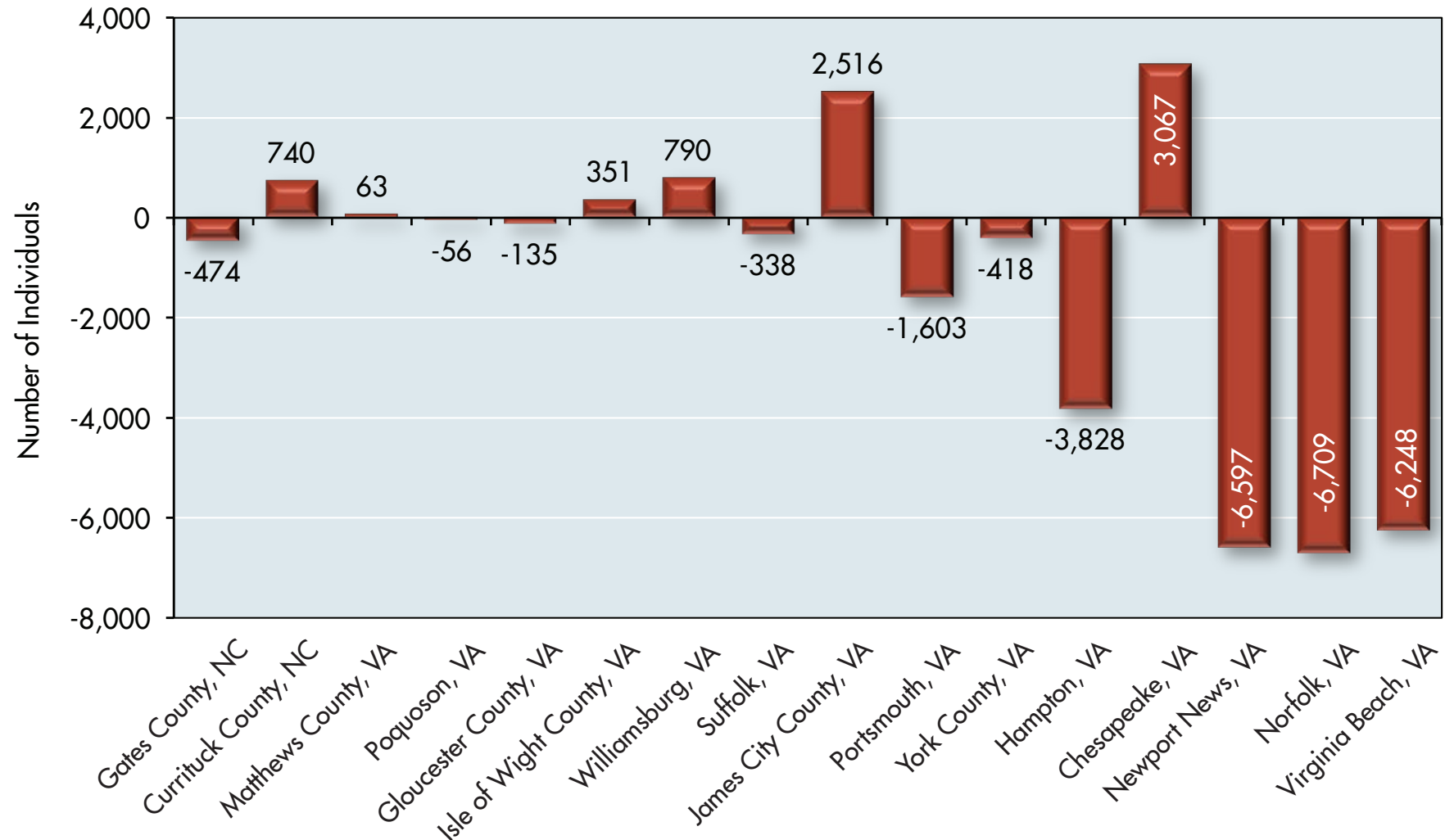
The contrasts between the domestic and international migration data for Hampton Roads illustrate the “good news/bad news” character of the phenomenon of migration for our region. It certainly appears that we are not creating sufficient new jobs to retain our most mobile workers. Graph 4 confirms this; one can see that we have yet to recover all of the jobs we lost in the Great Recession that began in 2008. On the other hand, we have become a relatively attractive landing spot for immigrants and this bodes well for future job creation and economic dynamism.



¹ See, for example, “Immigration and the Revival of American Cities: From Preserving Manufacturing Jobs to Strengthening the Housing Market,” (September 2013) www.as-coa.org/sites/default/files/ImmigrationUSRevivalReport.pdf. The primary author, Jacob L. Vigdor, is a Duke University economist.

GRAPH 2

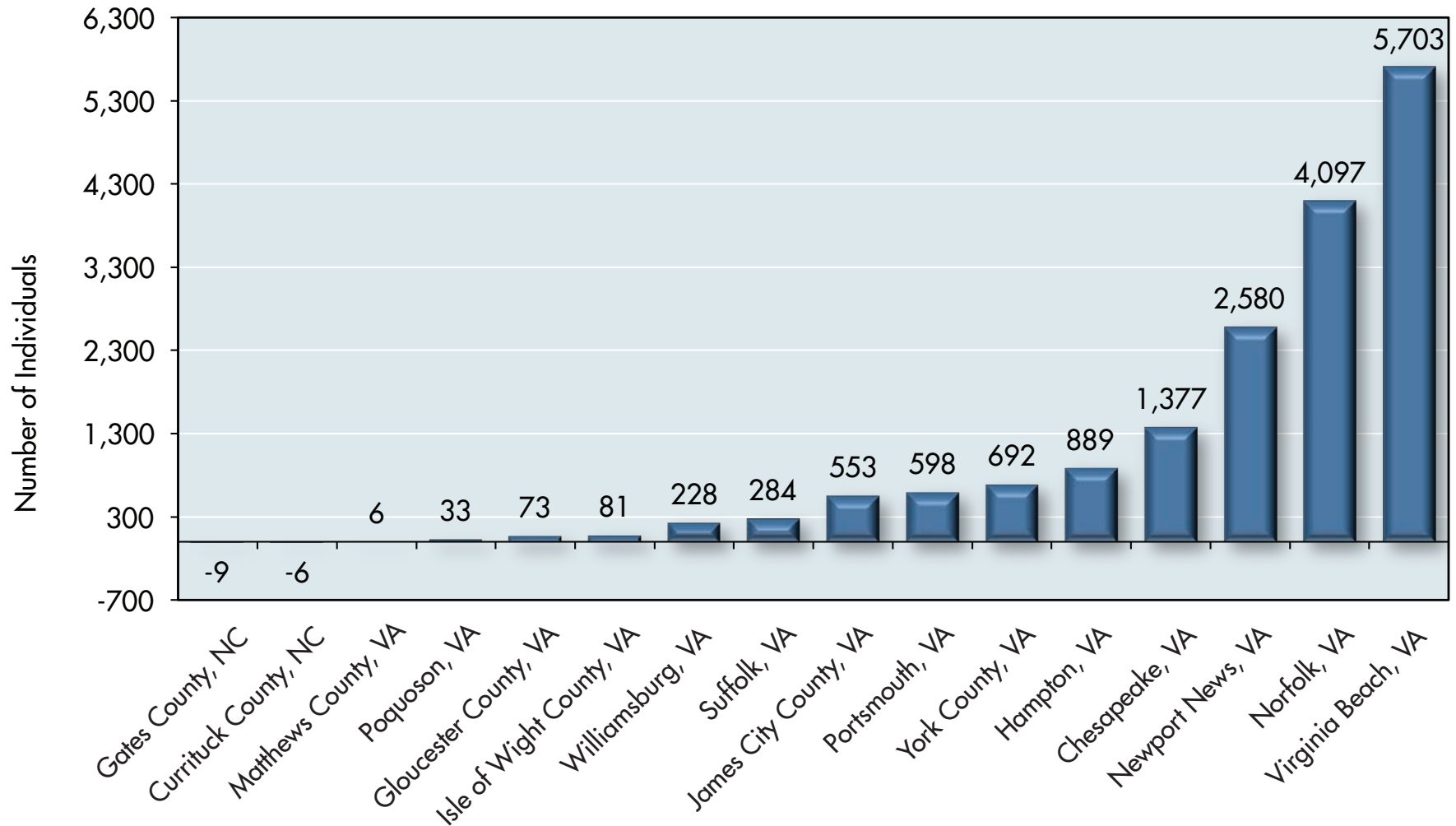
**NET INFLOWS AND OUTFLOWS OF INDIVIDUALS (NOT INCLUDING BIRTHS) BECAUSE OF DOMESTIC MIGRATION,
TO AND FROM HAMPTON ROADS, 2010-2013**



Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html

GRAPH 3

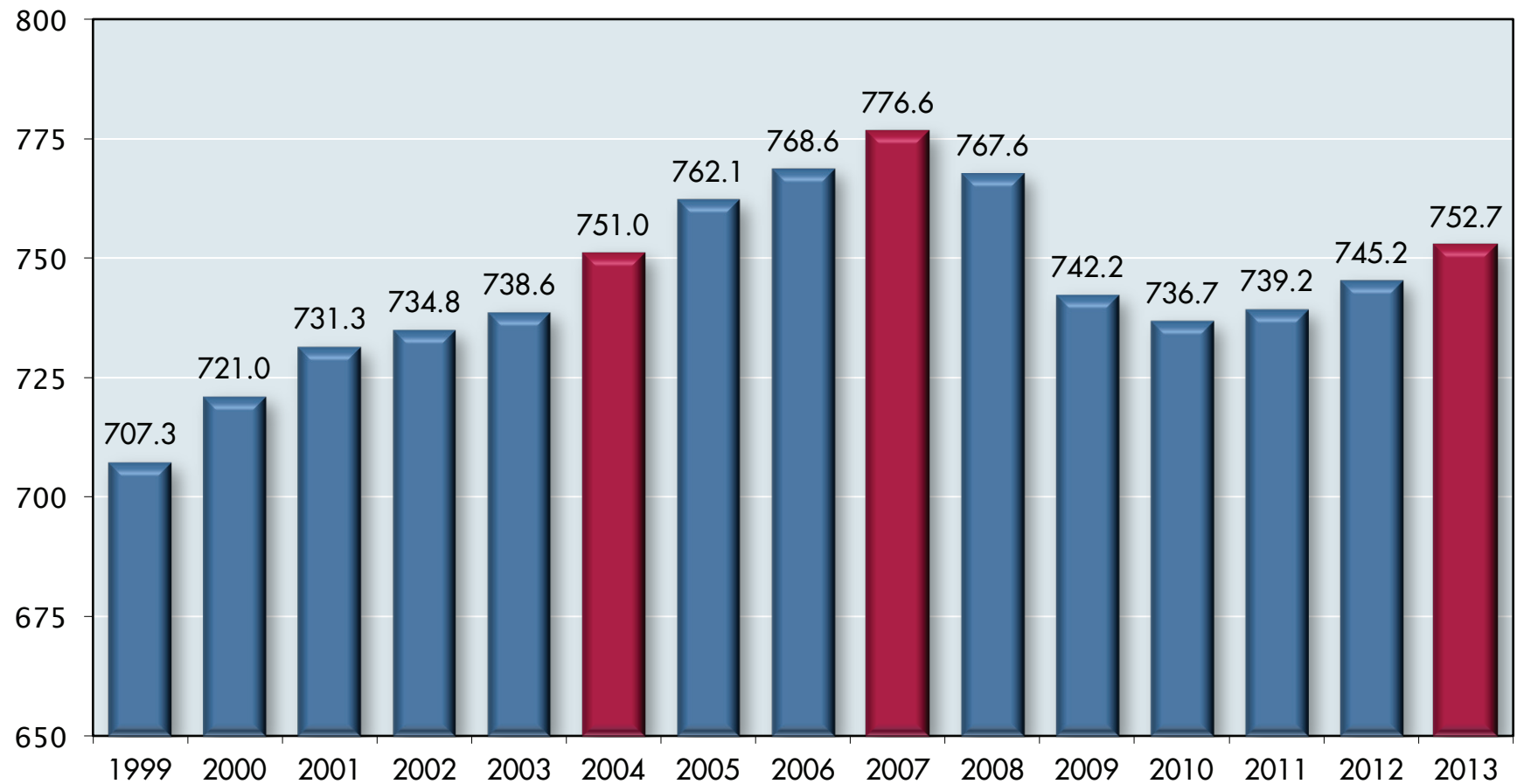
**NET INFLOWS AND OUTFLOWS OF INDIVIDUALS (NOT INCLUDING BIRTHS) BECAUSE OF INTERNATIONAL MIGRATION,
TO AND FROM HAMPTON ROADS, 2010-2013**



Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html

GRAPH 4

TOTAL CIVILIAN EMPLOYMENT IN HAMPTON ROADS, 1999-2013 (THOUSANDS OF JOBS)



Sources: U.S. Department of Labor CES data and the Old Dominion University Economic Forecasting Project. Not seasonally adjusted. Revised data March 17, 2014.

Comparing Hampton Roads To Other Metropolitan Regions

The data presented thus far are interesting, but immediately lead to questions relating to how Hampton Roads compares to other metropolitan regions that we often view as peers and/or competitors. The best way to compare is to transform our migration data into migration rates per 1,000 citizens. Having done so, we can compare metropolitan areas of different population sizes in a more meaningful fashion.

Graph 5 presents *domestic* migration rates for Hampton Roads and eight other mid-Atlantic metropolitan areas. This is another “bad news” rendition of our data; all eight of our peer and/or competitor regions posted positive net *domestic* migration rates between 2010 and 2013; only Hampton Roads recorded a negative rate. Why? These other regions recovered much more vigorously from the Great Recession than we did. Put simply, they have created more new jobs than we have and hence have attracted migrants from other U.S. locations.

The “good news” portion of our data is contained in Graph 6, which provides *international* migration rates for Hampton Roads and the eight peer/competitor regions. We enjoyed the third highest international migration rate among this sample of metropolitan regions. Because immigrants as a group generate disproportionately large numbers of new entrepreneurial ventures and are especially productive sources of job creation,² our leadership position in the area of international migration bodes well for our future.

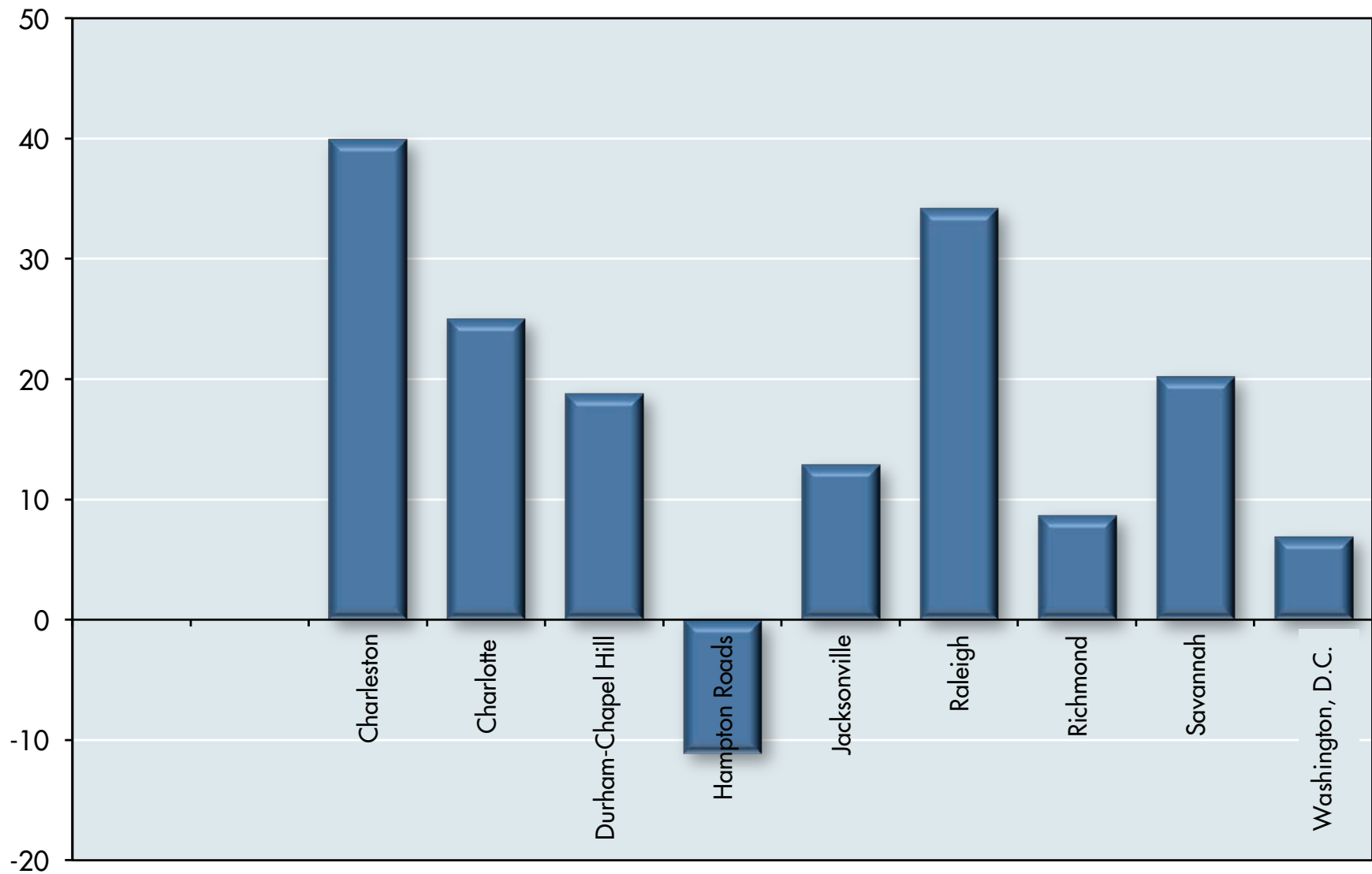
² Another reputable study supporting these conclusions is “National and State-by-State Economic Benefits of Immigration Reform,” <http://americanprogress.org/issues/immigration/report/2013/05/17/63295/national-and-state-by-state-economic-benefits-of-immigration-reform/>. The study concluded that immigrants create 2,400 new jobs each year in Virginia and pay \$670 million in annual taxes.



Manan Shah, a principal partner of Plaza Resort Management, LLC, in Virginia Beach.

GRAPH 5

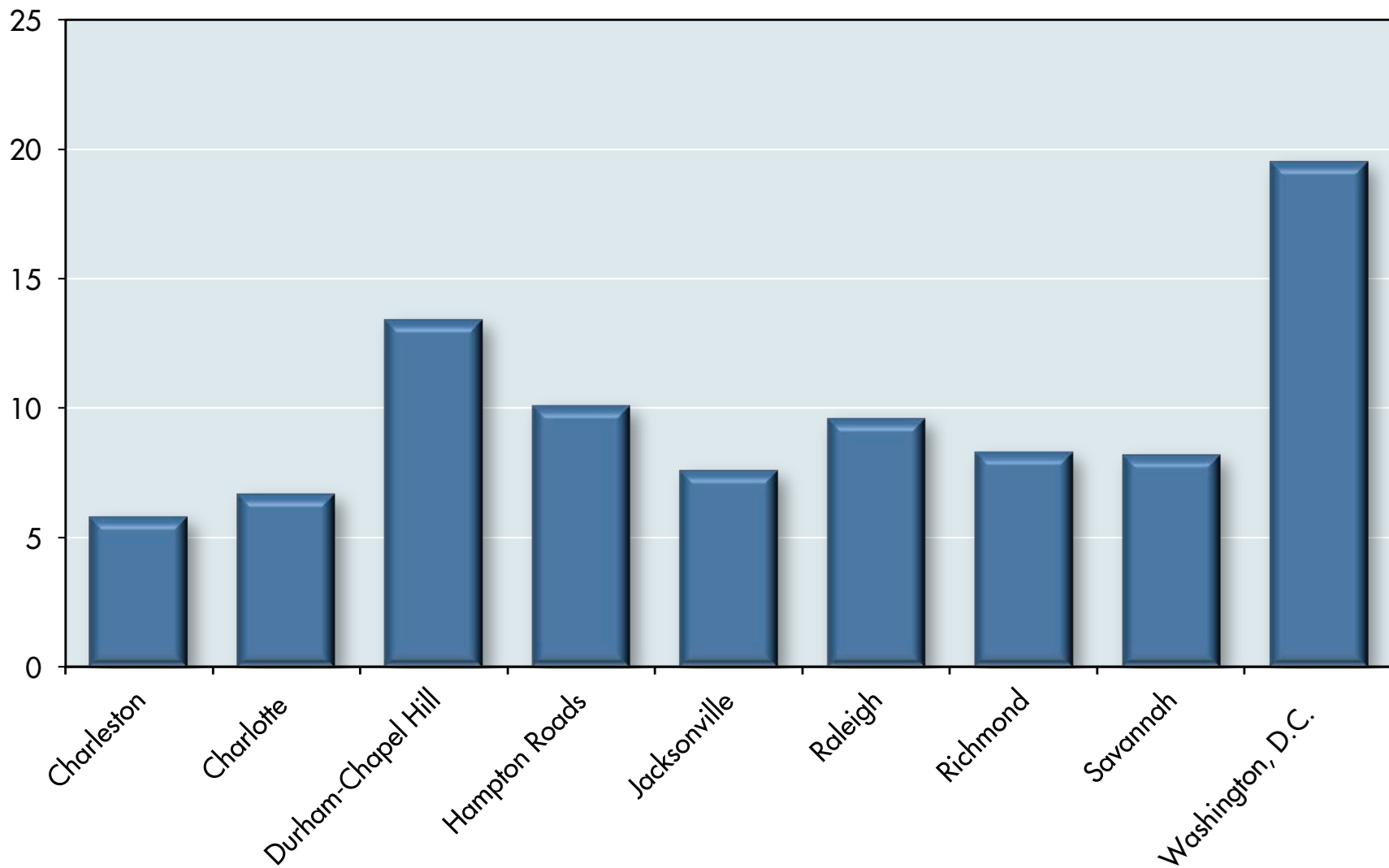
DOMESTIC MIGRATION RATES FOR HAMPTON ROADS AND EIGHT COMPARABLE MID-ATLANTIC METROPOLITAN AREAS



Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html

GRAPH 6

INTERNATIONAL MIGRATION RATES FOR HAMPTON ROADS AND EIGHT COMPARABLE MID-ATLANTIC METROPOLITAN AREAS



Source: www.governing.com/gov-data/census/metro-area-population-migration-estimates-2013-data.html

The Influence Of The Military

The total number of active-duty military stationed in Hampton Roads has been on a downward trend for well more than a decade. Between FY 2010 and FY 2013, that decline continued, but for U.S. Navy personnel was only 1,133, or about 1.6 percent of that service's active-duty force in Hampton Roads.³ Data for the U.S. Army, U.S. Air Force and U.S. Coast Guard were not available. Nevertheless, it seems likely that even the inclusion of data from those services would still cause the total decline in active-duty military to be less than 2,000 over this time period. Taking such a number into consideration might wipe out the 1,700 negative overall migration number for our region, but it would not cure our last-place migration finish relative to comparable mid-Atlantic metropolitan areas. Further, several of the other regions (Charleston, Jacksonville, Savannah and Washington, D.C.) also are military-intensive and their numbers would have to be adjusted for military personnel movements as well.

Policy Implications

The good news is that our region continues to be attractive to immigrants from other countries. Virginia Beach, Norfolk and Newport News (in that order) lead the region in terms of attracting new immigrants. As noted above, there is abundant evidence that immigrants as a group tend to be ambitious and entrepreneurial. Somewhat more often than natives, they start their own businesses and end up generating new jobs. Some immigrants also bring substantial capital with them to our region. Farsighted, growth-oriented regional policy should build upon this strength.

A variety of ways exist to make our region even more attractive to immigrants, including the provision of short-term social services and financial support, supportive counseling (including financial counseling and connecting immigrants with those with investment capital), the provision of mentors and second-language instruction in schools, etc. The problem is not that such programs don't work. Assisting immigrants not only is good for the economy, supported by the

³ CNRMA Hampton Roads Personnel & Homeported Operating Units, FY 10-13 (July 2, 2014)

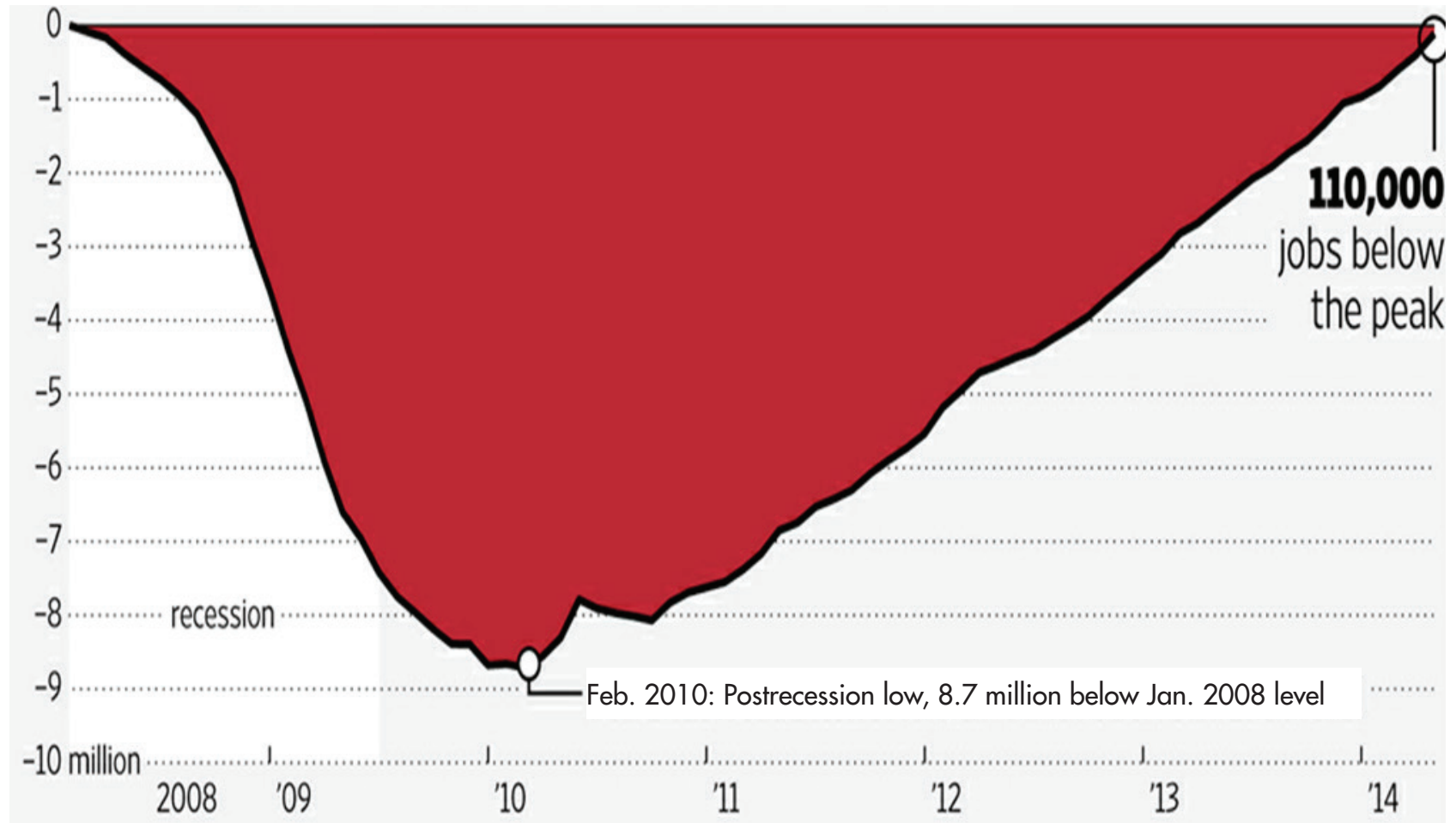
evidence, but it also is much less expensive than providing large subsidies to developers.

Instead, the hitch is that these initiatives may not immediately generate the same flash and media excitement as an announcement of a new hotel complex or arena. Such announcements usually are accompanied by promises of new jobs and augmented tax collections. Unfortunately, these job and tax extrapolations are dubious because they fail to take into account *displaced expenditures* – the new developments often reduce the sales, jobs and tax collections of existing businesses almost dollar for dollar. Further, any subsidies the developers receive must eventually be funded by taxpayers.

Immigrants, however, bring with them new human and financial capital along with drive and motivation. As a group, they represent new injections of capital and energy into our economy. The problem is that the payoffs from assisting them do not come immediately and hence a degree of patience is required, especially from voters and elected officials who may bridle at subsidizing noncitizens. Nevertheless, our highly favorable international migration numbers suggest that immigration-friendly policies would generate even larger benefits for our region. Further, compared to the large subsidies often provided to developers, it would not be expensive for us to assemble a package of incentives that would enable us to attract more immigrants.

GRAPH 7

CUMULATIVE CHANGE IN NONFARM PAYROLLS SINCE THE PEAK IN JANUARY 2008, IN MILLIONS



Source: Josh Mitchell, "Job Growth Gathers Strength," The Wall Street Journal, 263 (May 2, 2014), A1

The Bottom Line

There is an understandable tendency for our cities and our region to tout rankings that appear in the media – we’re on the list of the top 10 entrepreneurial cities, or we’re in the top 20 most desirable vacation spots or we’re a hip place for millennials to live, etc. We probably should puff out our chests a bit when we receive such rankings.

Even so, the ultimate long-term payoff is jobs and our ability to attract and retain highly mobile citizens and their valuable human capital. Our regional migration rate is one of the most important thermometers of the actual “state of our region.” It tells us more than almost any other variable about how well we are doing, press clippings aside. The reality is that we have been underachieving.



