

2017 Tax Changes Influence Migration

There are ripple effects to last December's tax reform bill which are changing where people are choosing to live. The bill allows for an itemized deduction of up to \$10,000 for the total state and local property taxes. Redfin.com found high-tax coastal cities, such as San Francisco, New York and Los Angeles, have seen an outflow of residents while cities such as Phoenix, Sacramento and Atlanta have seen an inflow of residents.

"According to a Redfin-commissioned survey in May 2018, which included responses from 1,300 people who had bought a home in the past year:

- 8% of people said they shifted their search to a state with lower taxes due to the new tax law.
- 9% said they shifted their search to nearby cities with lower taxes.
- 10% said they bought a less expensive home because of the decreased benefits on high-priced homes.
- 10% bought a more expensive home because their after-tax income grew."¹

It appears 1 in 3 buyers were influenced by tax benefits or the loss of them.

Census Bureau data says a migration began in 2010 and is increasing. People are looking for affordability. For example, Tennessee is gaining 70 residents per day since 2010 due to having some of the lowest taxes in the country. New Jersey is at the other end of the spectrum as it is losing about 155 residents a day since 2010.

REFERENCE

¹ Ptaszynski, Alina. "Migration to Low-Tax Metros Is Accelerating as More People Looked to Leave Expensive Coastal Areas in the Second Quarter - @Redfin." Redfin Real-Time, 13 Sept. 2018, www.redfin.com/blog/2018/09/q2-2018-migration-report.html.