

The Emerging Dominance of Immigrants in the US Housing Market 1970–2000

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ABSTRACT *The article summarizes growth trends in occupied housing in the USA and in five individual states with the largest immigrant populations—California, New York, Florida, Texas and Illinois. The analysis covers the decades between 1970 and 2000 and documents the explosive growth of immigrant housing demand. Foreign-born households constitute increasingly large shares of total households in the USA (11 percent in 2000), especially in renter-occupied housing (17 percent in 2000). In particular, immigrants constitute much of the growth in demand and are emerging as a dominant force in the US housing market. In the 1990s, they accounted for 32 percent of all household growth and 67 percent of all rental growth nationwide. In California and New York, immigrants accounted for 100 percent of all rental growth and over half of all growth in owner-occupied housing. The article also addresses the surprisingly steep upward trajectories into homeownership as immigrants settle longer in the USA. This upward mobility occurs equally in all the gateway states for immigrant settlement.*

KEY WORDS: USA, immigrants, household growth, homeownership, upward mobility

1. Introduction

Immigration is growing rapidly in the USA, more in some states than others. One of the most immediate impacts of immigration is in the housing market. Both the momentum of continued immigration into the country and the changing housing consumption patterns of previously settled immigrants have tremendous influence on housing demand. The most direct measurement of housing demand is the number of purchased or rented housing units that immigrants occupy. When expressed relative to the total growth in housing demand, the impact of immigrants in the USA is remarkable.

As many as half a million housing units are newly occupied each year by the foreign born in the USA, including both residences of the newly arrived and also new households formed by the previous arrivals. How large is this volume of household formation relative to the total growth in occupied housing in the USA? Since 1970 it has surely begun to comprise a significant share of the housing market, particularly in the states where immigrant arrivals are most concentrated. Also, how does the presence of immigrants

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differ between owner-occupied and rental sectors? Is the immigrant presence largely confined to rental units?

In order to explore the growth in immigrant housing demand in the USA, we first track the growth in immigrant households as compared to native-born households over the decades from 1970 to 2000, focusing on selected states as well as the total USA. We then examine the rate of homeownership among immigrants and explore the impact of the foreign-born households in the owner-occupied vs. rental sectors.

We find that the growth of immigrant households in the USA contributes dramatically to household gains in the country, constituting a strong sustaining source of housing demand. This is especially true for the five states that are established immigrant gateways¹—California, New York, Florida, Texas and Illinois—where immigrants are beginning to assume a dominant presence. In some parts of the USA, immigrants have grown to account for over 90 percent of all the growth in housing demand.

Immigrants' demand for housing consists of both owner- and renter-occupied housing. While immigrants as a whole have a lower homeownership rate than their native-born counterparts, this gap is gradually closing with their growing duration of settlement in the USA. For the country as a whole and in certain states, long settled immigrants even surpass the housing consumption of native-born households.

Immigrant concentrations in the USA are best understood in the context of states rather than cities or metropolitan areas. Increasingly immigrants have spread from central cities to suburbs, and to multiple cities or metropolitan areas in the same state. In addition, state boundaries provide the most stable reference for the long-term analysis of changes we will present. The largest metropolitan areas in each state are as follows: California (Los Angeles and San Francisco), Florida (Miami), Texas (Houston and Dallas-Fort Worth) and Illinois (Chicago).

This article is organized into the following sections. First, we review relevant literature on the issue of immigrant presence in the housing market. Next, we introduce data definitions and methodologies to be used in this research. We then present the research findings, focusing first on foreign-born households' contribution to aggregate housing demand in the nation, second on the different scenarios of owners and renters. Next an analysis of five long-established immigrant gateway states is offered, and finally an examination of immigrants' progress into homeownership is presented. A final section offers some policy implications suggested by the findings.

2. Background

2.1. Immigration and Population Growth

Immigration is a robust source of population growth in the USA. Recent population trends indicate that growth of foreign-born population and continued arrival of new immigrants constitutes a substantial proportion of the country's population growth over the decades. The foreign-born population grew by more than 50 percent between 1990 and 2000, and in the year 2000, there were 31.1 million immigrants, or 12.1 million foreign-born households in the USA. It is documented that out of the 33 million population increase that occurred in the 1990s, one-third, or roughly 12 million persons are immigrants (Homeownership Alliance, 2004). As evidenced in Table 1, immigration to the USA averaged 1.26 million annual arrivals in the past decade, and peaked at 1.82 million in

1999. In that year, California welcomed more than 378 000 immigrants, and the numbers are 179 000, 173 000, 156 000 and 90 000 for Texas, New York, Florida and Illinois, respectively. As many immigrants who arrive in the States are young adults, they actually offset the possible population loss in this age bracket caused by the baby-bust generation (Joint Center for Housing Studies, 2004).

2.2. Geographic Concentration

The considerable growth of foreign-born population and households is not evenly distributed across geographies in the USA. Different regions and areas receive and host different volumes and types of immigrants. Some recent research has examined the geographic settlement pattern of immigrants (see, for example, Papademetriou & Ray, 2004; Singer, 2004) and found that immigrants tend to cluster in certain states and metropolitan areas. As hosts of a largely mobile population, these places feature a somewhat different housing stock than the national normal. Generally, the percentage of rental housing and multi-family housing units are higher in the immigrant gateway states (Table 1). Take the states of New York and California as examples: 46.1 percent of housing units are occupied by renters in New York and 42.8 percent in California while only 33.3 percent are renter occupied for the whole USA. In terms of housing type, detached dwellings constitute 73.4 percent of the nation's housing while they only comprise 48.7 and 65.7 percent of New York and California's housing stocks, respectively.

In 2000, more than one-half of the foreign-born population lived in just three states—California, New York and Texas—or in 10 metropolitan areas (US Census Bureau, 2003). While immigrants have been highly concentrated geographically, recent trends indicate that they now choose to live in a wider array of locations all over the country. While the established gateway areas remain especially significant in drawing new immigrant arrivals, there now exist a number of 'emerging gateway areas' (Singer, 2004) or 'new immigrant gateways' (Papademetriou & Ray, 2004) that serve as new magnets to absorb the large number of immigrants. It is reported that now 15 states have a foreign-born population share of 10 percent or more (Joint Center for Housing Studies, 2004). Table 1 shows the top 10 major immigrant source countries for the USA as a whole and five states of interest. While Mexican immigrants predominate in the states of Texas (64.8 percent), California (44.3 percent) and Illinois (40.4 percent), Florida has its largest share of immigrants from Cuba (24.1 percent) and New York from the Dominican Republic (10.5 percent).

2.3. Immigrants' Housing Demand and Tenure Choice

The presence of a large number of immigrants in the USA, especially in certain metropolitan areas and communities, raises a number of challenges in American society. One of these challenges is how to accommodate this group of people who have different socio-demographic characteristics, financial resources and cultural backgrounds from the native-born residents. Immigrants' housing demand in particular is a research question that calls for careful investigation.

Housing demand and consumption, observed through the number and type of units people occupy, are shaped by the demographic composition of a population. Immigrants'

impact on aggregate housing demand in the USA is widely acknowledged (Pitkin *et al.*, 1997; National Association of Realtors, 2002; Pitkin, 2002; Homeownership Alliance, 2004; Joint Center for Housing Studies, 2004). In fact, in the past decade (1990s), foreign-born households accounted for almost one-third of the total household growth and more than two-thirds of renter household increase in the USA. As shown below, immigrant dominance is much greater in the immigrant gateway states of California, New York and others.

One might wonder if there are more owner or renter immigrants in the USA. In fact, about half of immigrant households in the country are renters and half are owners. The proportion that are homeowners is below that for the entire USA, 66.7 percent. Foreign-born households constitute 11 percent of total households in 2000, but they occupy a larger fraction of the rental housing market (17 percent) than they do of owner housing (9 percent). It becomes increasingly evident that immigrants are emerging as a dominant force that is driving the US housing market, especially the rental housing sector. An examination of their aggregate housing consumption and changing housing attainment over time sheds light on the US housing market as a whole.

2.4. The American Dream of Homeownership

Homeownership is considered as the most significant and visible symbol of the American Dream, as it represents the economic success, generational achievement, financial soundness and attainment of a middle-class standard of living (Pitkin *et al.*, 1997; Myers & Lee, 1998; Clark, 2003). Owning a home of one's own indicates immigrants' settlement advancement in the USA, and together with advancements in other aspects, heralds their ultimate incorporation into American society. It also serves as a substantial base upon which immigrants can further flourish economically and culturally. No wonder that in a 1995 Fannie Mae survey,² more than 70 percent of immigrants identify buying a home as 'a milestone in life' and that 28 percent of immigrant renters rate it as the 'number-one priority' (Pitkin *et al.*, 1997).

In 2000, the foreign born have a homeownership rate of 50 percent, some 19 percentage points lower than that of the native born. While immigrants as a whole have a lower homeownership than the native born, they are now entering the housing market on an unprecedented scale. Those who arrived in the USA in the 1980s and 1990s are entering their prime home-owning phase and becoming first-time homebuyers. They constitute a distinct market for starter homes because of the somewhat different preferences, resources and behavior patterns they represent (Drew, 2002). It is argued that they form a strong counterbalancing force in the housing market as the aging baby boomers pass their peak home-owning time (National Association of Realtors, 2002; *Wall Street Journal*, 2004).

A number of factors are in play behind housing tenure choice of immigrants, including immigrants' age, ethnicity, educational attainments, national origin, locational choice (Borjas, 2002) and occupational achievements (Myers & Park, 1999). One of the apparent housing career disadvantages of immigrants is their lack of preparedness for the US housing market at first arrival—lack of both financial resources and institutional know-how. However, they tend to rapidly progress into homeownership in their housing career with their growing experience and longer duration of stay in the country (Myers & Lee, 1998).

Here, the length of stay in the USA is one of the most important attributes that is significant to immigrants. As they progress economically into American society, the foreign born go through two types of temporal changes. One is life-cycle changes as they age (shared with the native born); the other is their growing length of duration as they get settled in the country. The latter attribute distinguishes recent immigrants from longer term immigrants. As they stay in the country long enough, they tend to approximate or even exceed the homeownership attainments of comparable native borns. In this article, we define recent arrivals as those who came to the USA within the last decade.

3. Research Data and Methodology

3.1. Data

This research uses the Public Use Microdata Sample (PUMS) files issued from the US censuses of 1970, 1980, 1990 and 2000. These files are a 5 percent (1 percent in 1970) sample of the entire population and provide the most detailed data available from the decennial census. Microdata enable the extraction of householders and classification of their nativity and housing tenure choice in ways not possible with summary tables. They also make possible the identification of immigrants arriving in different decades and examination of their distinctive housing market profiles.

3.2. Definitions and Methodology

The terms *immigrant* and *foreign born* are used interchangeably in this article to refer to those people who are not US citizens by birth, that is, those born outside the USA or its outlying territories and not born to US citizen parents living abroad. Immigrant or foreign-born households are designated by the nativity of the householder, or household head. Not all persons in foreign-born households need be born outside the USA. In fact, the children present are often native born, and so we focus on the nativity of the household head. Immigrants are also classified by their decade of arrival in the USA, with new arrivals defined as those who settled in the last decade.

Housing tenure is defined by the US Census Bureau as follows: homeowners are the occupants of dwellings that they own or are purchasing through mortgages; all other tenants are classified as renters. For methodology, this article follows the rationale of Pitkin *et al.*, (1997), Myers (1999) and Pitkin (2002): each household occupies a separate housing unit, so the housing demand of a population can be observed by the number and types of housing units occupied by that population. Much of the analysis traces the change in composition of the occupied housing stock, measuring what share of the growth each decade is made up of immigrants.

4. Findings on the Growth in Immigrant Housing Demand

4.1. Growth of Occupied Housing in the USA

4.1.1. Total household growth. From 1970 to 2000, the number of households or occupied housing units in the USA increased from 63.5 to 105.5 million. Just in the last decade, from 1990 to 2000, there was an increase of 13.8 million households, an increase of 15.0 percent (Table 2). The 1990s represented a moderate increase over the 1980s, when

only 11.3 million households were added. That decade represented a sharp slowdown in household growth from the 1970s, a decade with 17.0 million additional households.

The dramatic growth of the 1970s was fueled by the passage of the large baby boom generation into adult, household-forming years, and the slowdown of the 1980s represented the complete absorption of that large cohort. Meanwhile, the resumed growth in the 1990s was fueled by a new sort of demographic transition.

4.1.2. Foreign-born household growth. The slowdown in household growth after absorption of the large baby boom generation is indicated most clearly in the case of native-born households. Growth slowed from 15.5 million native-born households in the 1970s to 9.5 million in the 1980s, stabilizing at 9.4 million additional native-born households in the 1990s (Table 2).

In contrast, foreign-born households increased by 1.5 million in the 1970s and 1.8 million in the 1980s, before leaping upward by 4.4 million in the 1990s. The juxtaposition of slowing native-born growth and accelerating foreign-born growth means that immigrant households comprised an ever growing share of total growth in occupied housing in the USA. Immigrants accounted for 8.7 percent of total household growth in the 1970s, 15.7 percent in the 1980s and 31.9 percent, nearly one-third, in the 1990s (Table 2).

As a result of the rising share of growth accounted for by foreign-born households, the total housing stock reflects a growing foreign-born presence. At first rising slowly, from 7.0 percent foreign born in 1970, between 1990 and 2000 the overall foreign-born share surged from 8.4 to 11.5 percent of all occupied housing in the nation (Table 2).

4.2. Growth in Owners and Renters in the USA

4.2.1. Overall growth. The pattern of growth by owners and renters varies somewhat from the overall household growth. The lower panels in Table 2 detail the growth by housing tenure class over the decades.

Growth in renter households has steadily slowed, dropping from 4.6 million, to 3.7 million and to 3.3 million, between the 1970s, 1980s and 1990s, respectively (Table 2).

In contrast, the growth in owner households slowed markedly, before rebounding in the 1990s: 12.4 million in the 1970s, 7.6 million in the 1980s and 10.5 million in the 1990s.

4.2.2. Growth by nativity. The pattern of owner and renter growth by nativity is considerably different. Among owner-occupied households, the foreign born accounted for 5.5 percent of growth in the 1970s, 10.5 percent in the 1980s and 20.7 percent in the 1990s. This rising share signifies a doubling of foreign-born presence in home sales each decade (Table 2).

The growth among renters is even more significant. Because the growth in native-born renters has been sharply slowing (from 8.8 million in the 1970s, to 2.7 million in the 1980s and 1.1 million in the 1990s), the rise in foreign-born renters is making up a very large share of all growth. The share increased from 17.4 percent in the 1970s to 26.4 percent in the 1980s and reached 67.4 percent in the 1990s. In other words, in the last decade, fully two-thirds of all growth in renter-occupied housing in the USA was accounted for by immigrants (Table 2).

4.3. Growth of Occupied Housing in Five Selected Gateway States

4.3.1. Prominence of foreign-born household growth. The preceding has described occupied housing growth for the whole of the USA. The pattern of household growth varies markedly for states that have assumed the role of major immigrant gateways. Five states account for the majority of immigrant population growth: California, New York, Florida, Texas and Illinois were home to 64 percent of all foreign-born residents of the USA in 2000 and accounted for 56 percent of all increase in this population. These are very large states and contain large numbers of native-born residents as well; nonetheless, immigrants have penetrated their housing markets to a far stronger degree than is the case for the nation as a whole.

In 2000, foreign-born households occupied 28.1 percent of all housing units in California and 22.8 percent in New York. Much smaller shares were occupied in Illinois (13.1 percent) and Texas (15.0 percent). These are well above the national average of 11.5 percent foreign born among all households (Table 3).

At the same time, these five states grew at widely varying paces, so that immigrants may have accounted for more or less of the total growth in the state. For example, Texas experienced the largest overall volume of housing increase of any state in the 1990s (1.34 million additional occupied units). Of that growth, 39.1 percent was comprised of foreign-born households. This actually exceeds the foreign-born share of Florida growth (34.4 percent), but is well below Illinois (52.2 percent), New York (89.9 percent) and California (91.2 percent). In the latter two states, 9-out-of-10 net additional housing units were immigrant occupied. In these states, immigrants clearly dominate the growth in housing demand.

4.3.2. Owner and rental participation. Immigrants have a generally lower level of participation in the owner-occupied sector than in the rental sector. California is the state where immigrants comprised the largest share of owners in 2000: 23.3 percent. Immigrants were also the largest share of renters in that state: 34.5 percent. In all five states, immigrants occupied a larger share of the rental sector than the owner sector (Table 3).

The most striking view of immigrants' presence in the housing market is given by their share of net growth in owners and renters over the last decade. Here we see who it is that is driving new housing demand and dictating expansion in housing requirements.

Among owners, immigrants accounted for only 27.7 percent of growth in Florida in the 1990s but 52.7 percent in New York and 73.9 percent in California. In the latter states it is astounding that immigrants account for more than half of net increases in homeownership over the decade (Table 3).

Perhaps even more astounding is the dominance of immigrants in the rental market. Even in Florida, immigrants accounted for 60.3 percent of the increase in renter-occupied housing during the 1990s. In fact, in three states (California, New York and Illinois) immigrants accounted for *all of the net increase* in rental housing and covered as well the net loss in renters among the native born. For example, in California, native-born renters *decreased* in number by 84 722, while foreign-born renters increased by 514 567, thus accounting for 119.7 percent of the net increase of 429 845 renter-occupied housing units (Table 3).

Table 3. Householders by nativity and tenure in five states: 2000 and 1990–2000 increase

	CA	NY	FL	TX	IL			
2000								
<i>Total</i>								
Native born	8 284 676	71.9%	5 219 917	82.2%	6 297 412	85.1%	3 987 435	86.9%
Foreign born	3 234 252	28.1%	1 129 876	17.8%	1 102 214	14.9%	600 764	13.1%
Total	11 518 928	100%	6 349 793	100%	7 399 626	100%	4 588 199	100%
<i>Owner</i>								
Native born	5 052 143	76.7%	3 785 773	84.7%	4 169 807	87.7%	2 781 882	88.9%
Foreign born	1 533 478	23.3%	685 478	15.3%	586 246	12.3%	348 525	11.1%
Total	6 585 621	100%	4 471 251	100%	4 756 053	100%	3 130 407	100%
<i>Renter</i>								
Native born	3 232 533	65.5%	1 434 144	76.3%	2 127 605	80.5%	1 205 553	82.7%
Foreign born	1 700 774	34.5%	444 398	23.7%	515 968	19.5%	252 239	17.3%
Total	4 933 307	100%	1 878 542	100%	2 643 573	100%	1 457 792	100%
1990–2000 increase								
<i>Total</i>								
Native born	99 874	8.8%	800 045	65.6%	813 243	60.9%	191 724	47.8%
Foreign born	1 036 561	91.2%	419 507	34.4%	522 870	39.1%	209 375	52.2%
Total	1 136 435	100%	1 219 552	100%	1 336 113	100%	401 099	100%
<i>Owner</i>								
Native born	184 596	26.1%	700 719	72.3%	702 564	69.4%	254 649	66.9%
Foreign born	521 994	73.9%	268 494	27.7%	309 232	30.6%	125 808	33.1%
Total	706 590	100%	969 213	100%	1 011 796	100%	380 457	100%
<i>Renter</i>								
Native born	(84 722)	(19.7%)	99 326	39.7%	110 679	34.1%	(62 925)	(304.8%)
Foreign born	514 567	119.7%	151 013	60.3%	213 638	65.9%	83 567	404.8%
Total	429 845	100%	250 339	100%	324 317	100%	20 642	100%

4.3.3. *Summary view of immigrant household growth in the five states.* The foregoing discussion of numerical increases can best be put into perspective with graphic comparisons. The total size of the housing stock occupied by immigrants in each of the five gateway states is given in Figure 1. The bars are segmented into portions that are owner and renter occupied, and from the total height of the bars it is clear that the number of immigrant households has surged dramatically since 1970, especially in California, Florida and Texas.

The slow growth in New York may be surprising, but that is likely due to mortality of its older and long-established immigrant population dating from arrivals early in the 20th century. (A similar pattern may be occurring in Illinois.) The newly growing states of the sunbelt have only very small numbers of older immigrants to offset the gains from new arrivals post-1970.

A more direct view of the growth of immigrant households depicts the net increase of households in each period in each state, segmenting the foreign-born growth by those who are owners or renters (Figure 2). The slow growth in New York and Illinois is clearly indicated, whereas each of the three sunbelt states exhibits growth of at least 1 million households in every decade. Also noteworthy in Figure 2 is the accelerating growth of immigrant households in California, combined with the very sharp reduction in growth among native-born households.

An alternate means of expressing this growth of immigrant households depicts their rising percentage share of total growth in each state (Figure 3). Here we also can compare the percentage share for the nation overall. The immigrant share exceeds 90 percent of total household growth in the 1990s in both California and New York. Roughly one-third to half of that immigrant share is composed of owner-occupied households.

Finally, we turn to the overall immigrant share of households existing in each decade in each state. As shown in Figure 4, the immigrant share accelerated among both owners and renters in the 1990s compared to its slower increase from 1970 to 1990. Only California and Texas exhibit a steady rise of the immigrant share over the decades.

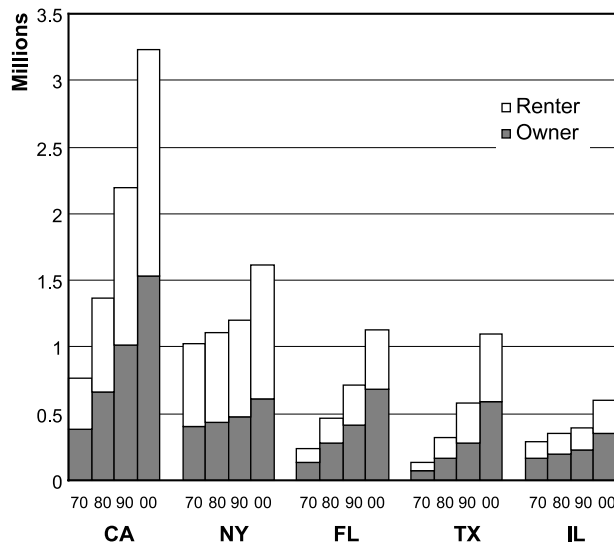


Figure 1. Number of foreign-born households, 1970–2000, by state

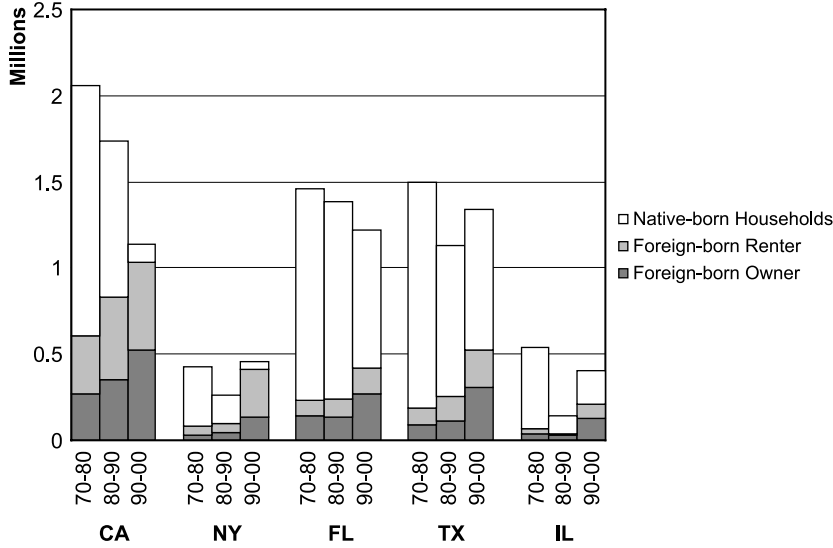


Figure 2. Growth each decade in number of households, 1970–2000, by state

California’s rising share is especially notable, both for its steep increase and also because it has already reached such height. By 2000, 34.5 percent of all renters and 23.3 percent of owners living in the state were foreign born.

4.4. Progress into Homeownership

4.4.1. Probability of homeownership varies by nativity. As much as immigrants have participated increasingly in homeownership, that upward trend is surpassed by their

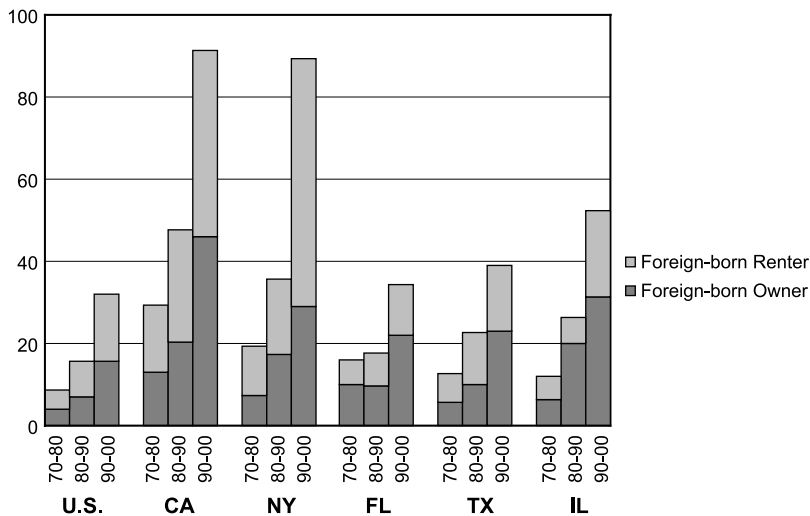


Figure 3. Share of foreign-born households in total household increase, 1970–2000, by state

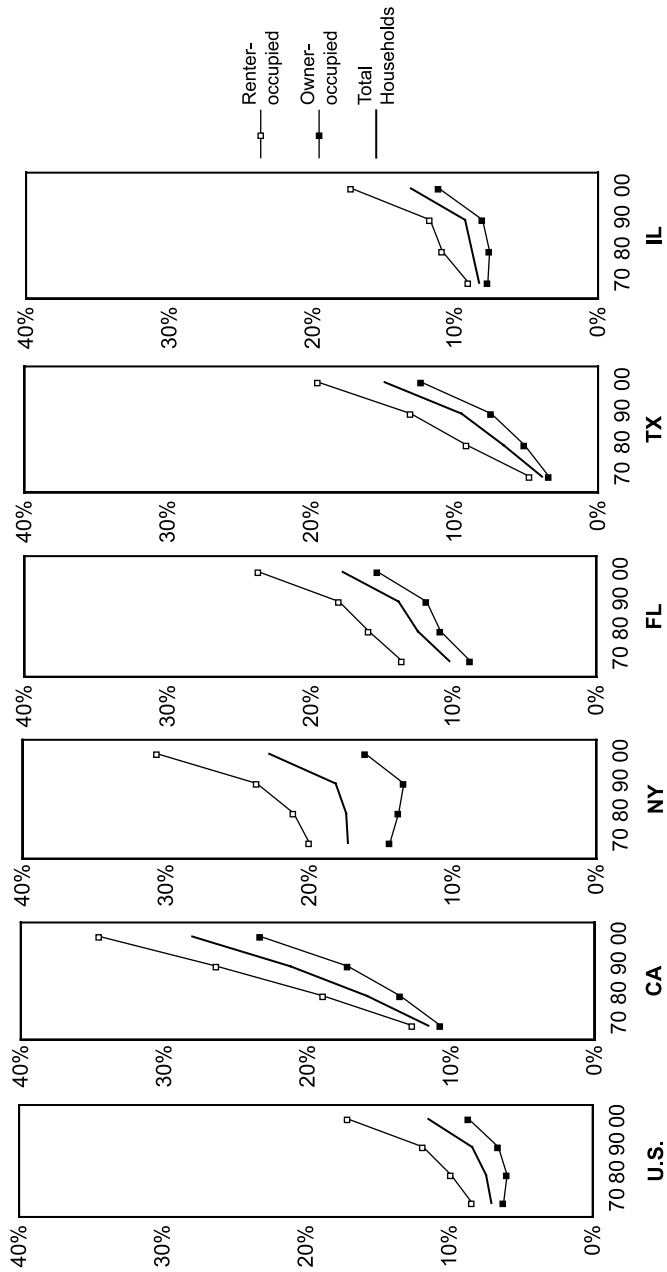


Figure 4. Immigrant share of total households, owners and renters, 1970–2000, by state

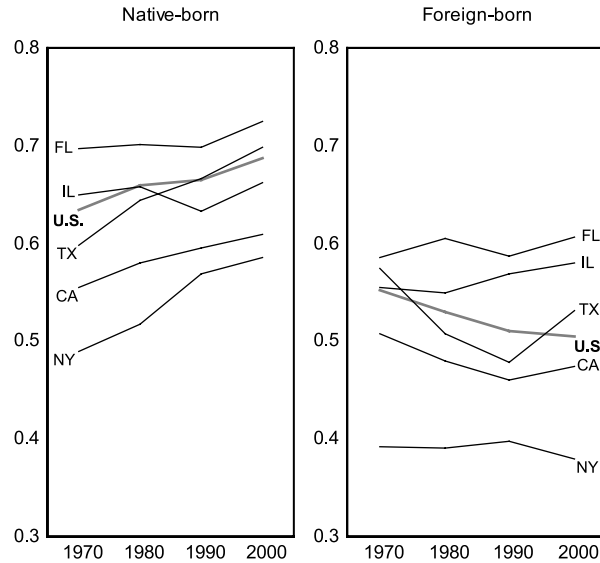


Figure 5. Homeownership rate by nativity, 1970–2000, by state

increases among renters. We should inquire directly how the probability of homeownership for immigrants has fared over time and whether that has kept pace with the homeownership probability among native-born households. This probability is commonly known as the homeownership rate, that is, the number in a group who are homeowners divided by all households in that group.

A broad summary of trends from 1970 to 2000 is given in Figure 5, showing the homeownership rates in the USA and in the five selected states. In every location, the homeownership rates of the native born are well above those of the foreign born. Of ominous concern, the homeownership of the foreign born appears headed downward in most locations while that of the native born is rising. For the USA as a whole, 63.4 percent of native-born households were homeowners in 1970, rising to 68.8 percent in 2000. Meanwhile, among the foreign born in the USA, the homeownership rate declined from 55.2 percent in 1970 to 50.4 percent in 2000.

The divergent trends of immigrants and native born reflect a polarization of housing status, of haves and have nots, that is a serious social concern. A group that already has a lower than average probability of homeownership is falling further behind. The pattern is not identical in all states, however, and two states—Florida and Illinois—appear to be bucking the trend. In those states, native borns are not enjoying much increase in their homeownership rate, while homeownership among the foreign born is steadily rising.

The most recent decade, 1990–2000, also appears to represent a departure from the general trend of 1970–90. Both Texas and California have reversed decades long declines in homeownership among the foreign born. What forces can be at work here?

4.4.2. *Predominance of newly arrived immigrants.* One of the principal findings of the literature on immigrants and homeownership has been that immigrants are upwardly

mobile and achieve rising levels of homeownership the longer they reside in their new country (Pitkin *et al.*, 1997; Myers & Lee, 1998). The evidence of declining homeownership rates cited above in Figure 5 would appear to contradict the literature.

However, the overall trends shown pertain to all foreign born, including both those who are longer settled and new arrivals. The new arrivals have not had sufficient time to work their way into homeownership, and so their achievements are not a good test of the success of the immigrant population. Moreover, in some decades the new arrivals may account for an unusually large share of all foreign born, thus depressing the overall homeownership rate.

Before we directly examine the homeownership rates of new arrivals and longer settled immigrants, it is useful to first review what proportion of all foreign-born households is derived from the new arrivals. Table 4 reports the new arrival share among foreign-born households from 1970 to 2000 in the USA and the five selected states. In all states save Florida, the new arrival share escalated between 1970 and 1980, reflecting the rapid upsurge in immigration in this period. In most states, the share maintained a high level thereafter; however, in California and Texas, the new arrival share dropped markedly between 1990 and 2000. That had the effect of weighting the longer settled immigrants more heavily when computing the homeownership rates of the foreign born (see Myers, 2004).

4.4.3. Homeownership trajectories of arrival cohorts. The best way to track the upward mobility of immigrants is to follow them across time as they reside longer in their new nation. The most expedient approach is to identify cohorts of arrivals in census data and repeatedly observe the status of those cohorts in successive decades (Myers, 1999). With this method we can trace the homeownership rates of new arrivals in the 1960s from 1970 to 2000, new arrivals in the 1970s from 1980 to 2000, and new arrivals in the 1980s from 1990 to 2000. The results, comparing the USA and the five selected states, are presented in Figure 6.

The evidence of upward mobility among immigrants is stunning. In every location the arrival cohorts gain 30 or more percentage points in their homeownership rate after residing in the USA for 20 additional years. To take an example, in California the 1970s immigrant arrivals had an initial homeownership rate of 26 percent in 1980, rising to 46 percent in 1990 and 58 percent in 2000. Commencing with a homeownership rate far below the average for all foreign born, by 1990, the 1970s cohort had equaled that average, and by 2000 that cohort was nearing the average for all native-born households. Indeed, in

Table 4. Share of foreign-born households that are new residents (<10 years)

	1970	1980	1990	2000
USA	18.9%	26.8%	29.9%	28.3%
CA	25.7%	35.1%	33.7%	22.1%
NY	19.4%	23.9%	28.3%	26.9%
FL	30.7%	21.5%	28.6%	26.7%
TX	21.7%	39.7%	35.0%	30.5%
IL	18.2%	29.5%	25.5%	29.9%

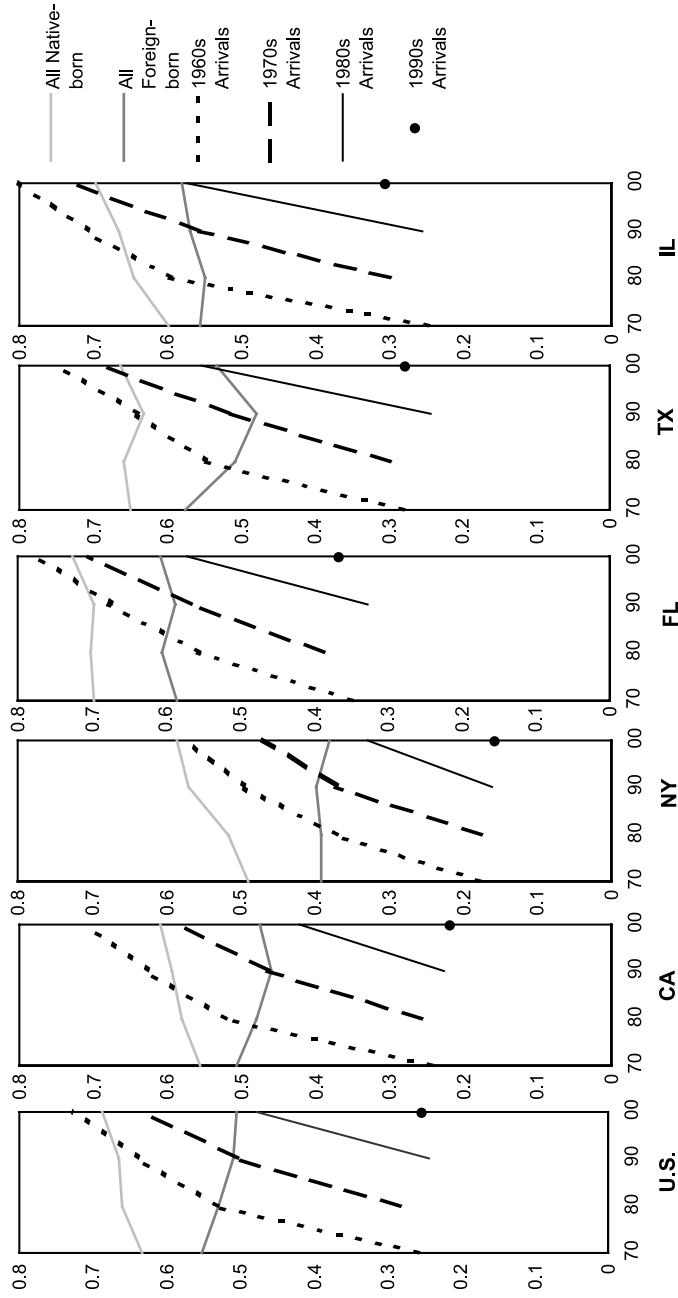


Figure 6. Homeownership rate by nativity and immigrants' arriving decade, 1970–2000, by state

California and most other locations, the 1960s arrivals had surpassed the native-born homeownership rate by 2000.

It bears emphasis that the upward cohort trajectories are augmented by the aging process. Over time, as immigrants reside longer in the USA, they also grow older. Since homeownership rises markedly with age for both the native born and foreign born, and because the longer resident immigrants are necessarily older, the upward trajectories combine the effects of both age and growing duration (Myers & Lee, 1998). Thus a comparison to the overall trend of the native born will be unfair, because older immigrants are being compared to (probably) younger native-born households.

Nonetheless, the cohort trajectories of homeownership are far more appropriate a measure of upward mobility and immigrant success in housing than are the trend lines of homeownership for all foreign born irrespective of length of US residence. Indeed, the contrast in Figure 6 between the downward trend line for all foreign born in the USA vs. the upward trajectories of cohorts is striking. How can these two opposite trends be reconciled?

4.4.4. Reconciling overall trends with cohort trajectories. The foreign-born trend is a weighted average of all the arrival cohorts at each point in time. If the new arrivals represent a larger share of all foreign born, such as when immigration is rising, their low homeownership will weigh heavily among all foreign born and will force the foreign-born homeownership rate to decline. The California case illustrates this effect best, because the upturn in overall foreign-born homeownership after 1990 is due to the shrinking share that is made up of new arrivals (dropping from 33.7 to 22.1 percent in Table 4). That lowered share allows the upward mobility of previous arrival cohorts to predominate more than in 1990 and thus pulls up the average.

An additional effect is observed in Texas, where the new arrival share fell modestly from 1990 to 2000 (from 35.0 to 30.5 percent in Table 4), but where the new arrivals commenced their careers with 28 percent homeownership in 2000, vs. 24 percent among new arrivals in 1990. To simplify, if the new arrivals amount to one-third of all foreign born, and if their initial homeownership rate is 3 percentage points higher this decade than last, then the new arrivals will contribute one-third of that gain to the overall foreign-born homeownership rate, thus elevating it by one point.

As discussed in detail elsewhere (Myers, 2004), it is important to understand how overall trends for the foreign born are composed out of cohort trajectories. It is also essential that the rhetoric used to describe the well-being of immigrants over time is matched correctly to the trends that describe that experience. From Figure 6, for example, it would be seriously incorrect to describe the immigrant experience in the USA as one of declining homeownership.

5. Policy Implications: Opportunities and Challenges

Immigrants in the USA are playing an increasing role in the overall housing demand for both owner- and renter-occupied housing. Their rising share of all occupied housing has been dramatic, especially in the last 10 years. Even more notable has been immigrants' share of the growth in demand each decade, both at the national level, and especially in key immigrant gateway states. In California and New York, immigrants account for over 90 percent of the growth in housing demand in the last decade.

This new role for immigrants deserves careful investigation both in terms of its scale and its changing patterns. An understanding of the changing situation will help real estate developers, planners and policy makers alike to make better decisions that suit the needs of this population. Many specific features of immigrant housing demand will likely become more prominent in housing markets overall, including residential overcrowding, urban revitalization and innovative home financing schemes. Planners and policy makers will need to cope with any perceived ill effects that may be encountered in some locales while at the same time capitalizing on the infusion of immigrant energy.

One of the most important features of immigrant housing to monitor closely is the access to homeownership. Even though the overall share of immigrants who are owners instead of renters has been falling in the USA, our analysis leads us to conclude that this will turn around in the coming decade as a larger share of immigrants become longer settled. It is important for policy makers and home lenders to expedite this transition into homeownership so that the foreign-born homeownership rate rises closer to that of the native born. This achievement will demonstrate that the American Dream works as well for immigrants as it has for native-born residents.

Notes

1. A 'gateway' is a location where new immigrants concentrate. The five states we selected as immigrant gateways for the USA are the place of residence for 60 percent of all the new immigrant arrivals to the USA between 1990 and 2000. These states include 21 of the 45 metropolitan areas identified as immigrant gateways by Singer (2004), and include the largest cities that are immigrant destinations (New York, Los Angeles, Chicago, Houston and Miami).
2. 'Fannie Mae' is the name given to the Federal National Mortgage Association (FNMA), a corporation created by the US Congress. It is a secondary mortgage institution and the largest single holder of home mortgages in the USA.

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