

In this week's "Three on Thursday," we look at the patterns of migration between states, finding the winners and losers. Each year the U.S. Census Bureau produces and publishes estimates of the population for the nation. Populations can change in three ways: people may be born (births), they may die (deaths), or they may move (domestic and international migration). The U.S. Census Bureau's Population Estimates Program measures this change and adds it to a base population to produce updated estimates every year. Our specific focus today centers on the change in domestic net migration between states, shedding light on the destinations attracting people and the origins experiencing departures. To gain a more comprehensive understanding of where things sit today, we present three informative tables below.

Domestic Net Migration by State | Annual Change (7/1/22-7/1/23)

Top 10 Winners				Top 10 Losers					
Rank	As a Share of 2023 State Population	Change	2022 State Tax Burden Rank	Rank	As a Share of 2023 State Population	Change	2022 State Tax Burden Rank		
1	South Carolina	1.5%	82,562	9	1	New York	-1.1%	-216,778	50
2	Delaware	1.0%	10,320	42	2	California	-0.9%	-338,371	46
3	North Carolina	0.9%	97,264	23	3	Hawaii	-0.8%	-11,193	48
4	Tennessee	0.9%	63,417	3	4	Alaska	-0.8%	-5,543	1
5	Florida	0.9%	194,438	11	5	Illinois	-0.7%	-83,839	44
6	Montana	0.8%	9,485	27	6	Louisiana	-0.6%	-29,692	12
7	Idaho	0.8%	15,389	29	7	Massachusetts	-0.6%	-39,149	37
8	Maine	0.7%	9,216	41	8	Maryland	-0.5%	-30,905	35
9	Texas	0.6%	186,767	6	9	New Jersey	-0.5%	-44,666	45
10	Alabama	0.6%	30,744	20	10	Rhode Island	-0.3%	-3,224	36

Source: Census.gov, Tax Foundation, First Trust Advisors.

Domestic Net Migration by State | Cumulative Change (4/1/20 - 7/1/23)

Top 10 Winners				Top 10 Losers					
Rank	As a Share of 2023 State Population	Change	2022 State Tax Burden Rank	Rank	As a Share of 2023 State Population	Change	2022 State Tax Burden Rank		
1	Idaho	5.3%	104,313	29	1	New York	-4.5%	-882,676	50
2	South Carolina	4.6%	248,055	9	2	Dist. of Columbia	-4.2%	-28,452	39
3	Montana	4.3%	48,444	27	3	California	-3.1%	-1,197,950	46
4	Delaware	3.7%	38,468	42	4	Illinois	-2.9%	-364,443	44
5	Florida	3.6%	818,762	11	5	Hawaii	-2.9%	-41,670	48
6	Maine	3.1%	42,818	41	6	Louisiana	-2.4%	-110,709	12
7	Arizona	2.9%	218,247	15	7	Alaska	-2.4%	-17,356	1
8	Tennessee	2.9%	207,097	3	8	Massachusetts	-2.1%	-149,466	37
9	North Carolina	2.9%	310,189	23	9	New Jersey	-1.6%	-153,193	45
10	Texas	2.2%	656,220	6	10	Maryland	-1.6%	-99,579	35

Source: Census.gov, Tax Foundation, First Trust Advisors.

U-Haul Rental Comparison

	Cost	Ratio
New York, NY to Naples, FL	\$5,712	4.00
Naples, FL to New York, NY	\$1,429	
Chicago, IL to Nashville, TN	\$1,762	3.20
Nashville, TN to Chicago, IL	\$551	
San Francisco, CA to Boise, ID	\$4,325	6.42
Boise, ID to San Francisco, CA	\$674	
Los Angeles, CA to Phoenix, AZ	\$1,158	3.10
Phoenix, AZ to Los Angeles, CA	\$374	

Source: uhaul.com, First Trust Advisors. 26' truck for 2/9/24 pick up date.

This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

In the most recent annual data available from July 1, 2022 to July 1, 2023, South Carolina experienced the highest proportion of domestic net migration relative to its population, standing at 1.5%. Conversely, New York faced the most significant loss, accounting for -1.1% of the state's population. The predominant factors influencing these migration trends appear to be lower tax burdens and lower cost of living. Examining the tax landscape, the Tax Foundation gauges a state's tax burden by considering state and local taxes paid by residents divided by the state's share of net national product. On their scale, where 1 is the least tax-burdened state and 50 is the most tax-burdened state, the top 10 domestic migration winners boasted an average tax burden ranking of 21. In contrast, the top 10 domestic migration losers exhibited an average tax burden ranking of 35.

Many believed the migration patterns during COVID would reverse as people returned to work, but that has not happened. The data reveal a sustained trend towards states with lower taxes and lower cost of living. Analyzing Census data from April 1, 2020, through July 1, 2023, shows Idaho led the way gaining a whopping 5.3% in domestic net migration as a share of its state population over that period. On the flip side, New York faced a substantial loss, with a 4.5% decrease in domestic net migrations as a share of its state population. In terms of sheer numbers, Florida emerged as the leader in net domestic migration, welcoming 818,762 individuals, while California witnessed the largest outflow, losing almost 1.2 million residents. Once again, the top 10 winners in domestic migration over this period displayed an average tax burden ranking of 21. Conversely, the top 10 losers in domestic migration exhibited an average tax burden ranking of 36.

One of our favorite indicators of migration patterns is the price of renting a U-Haul to move from one city to another. On the U-Haul website, one can download quotes for these rentals and compare outbound and inbound pricing. If the price is higher for one direction relative to the other, it is a solid measure of supply and demand. U-Haul tries to develop a pricing scheme that keeps the total supply of usable vehicles roughly stable at each location and will lower or raise the price, depending on direction, in order to recover excess vehicles if volumes don't balance. For instance, taking a 26 ft. U-Haul from New York, NY, to Naples, FL, incurs a cost of \$5,712. In contrast, picking up the same-sized U-Haul in Naples and driving it to New York costs only \$1,429, a mere quarter of the price! This means many more people are moving from New York to Naples than are moving from Naples to New York.