

Affordable Housing Draws Middle Class to Inland Cities

By SHAILA DEWAN AUG. 3, 2014

OKLAHOMA CITY — Americans have never hesitated to pack up the U-Haul in search of the big time, a better job or just warmer weather. But these days, domestic migrants are increasingly driven by the quest for cheaper housing.

The country's fastest-growing cities are now those where housing is more affordable than average, a decisive reversal from the early years of the millennium, when easy credit allowed cities to grow without regard to housing cost and when the fastest-growing cities had housing that was less affordable than the national average. Among people who have moved long distances, the number of those who cite housing as their primary motivation for doing so has more than doubled since 2007.

Rising rents and the difficulty of securing a mortgage on the coasts have proved a boon to inland cities that offer the middle class a firmer footing and an easier life. In the eternal competition among urban centers, the shift has produced some new winners.

Oklahoma City, for example, has outpaced most other cities in growth since 2011, becoming the 12th-fastest-growing city last year. It has also won over a coveted demographic, young adults age 25 to 34, going from a net loss of millennials to a net gain. Other affordable cities that have jumped in the growth rankings include several in Texas, including El Paso and San Antonio, as well as Columbus, Ohio, and Little Rock, Ark.

Newcomers in Oklahoma City have traded traffic jams and preschool waiting lists for master suites the size of their old apartments. The sons of Lorin Olson, a stem cell biologist who moved here from New York's Upper East Side, now ride

bikes in their suburban neighborhood and go home to a four-bedroom house. Hector Lopez, a caricature artist, lives in a loft apartment here for less than he paid to stay in a garage near Los Angeles. Tony Trammell, one of a group of about a dozen friends to make the move from San Diego, paid \$260,000 for his 3,300-square-foot home in a nearby suburb.

“This is the opposite of the gold rush,” Mr. Trammell said.

Since the start of the recession, the number of Americans who have moved each year has fallen sharply for a host of reasons, including the sluggish economy and the increasing similarity of job options from city to city. When people do move, they have all kinds of reasons, including family, climate and, especially for those who move long distances, employment.

But of those who moved more than 500 miles, the share who said they were chiefly motivated by housing has risen to 18 percent in 2014, from 8 percent in 2007, the earliest year such data is available, according to the Census Bureau. The desire for a new, better or cheaper home and the opportunity to buy instead of rent were among the housing-related reasons people cited.

The story was different from 2000 to 2006, when cities with high-cost housing grew more quickly than those with affordable housing, according to an analysis of metro areas by Redfin, a national real estate brokerage firm. From 2006 to 2012 — years that encompass the housing bust, recession and recovery — that pattern reversed itself, with most low-cost cities growing 2.5 percentage points more than high-cost cities. The analysis excluded cities with poor job growth.

Before the real estate market crashed, housing in four of the five fastest-growing metropolitan areas, including Cape Coral, Fla., and Riverside, Calif., was less affordable than in the average American city, judging by the relationship between the median home price and income for each metropolitan area. But from 2008 to 2012, all five of the cities with the most growth were more affordable than average, including Raleigh-Durham, N.C., and the cities of El Paso, San Antonio, Austin and McAllen in Texas.

“A large percentage of Americans had to read ‘The Grapes of Wrath,’ ” said Mayor Mick Cornett of Oklahoma City, referring to the John Steinbeck novel that chronicled the flight of Oklahomans to California in search of a better life during the Depression. Now the grandchildren and great-grandchildren of those migrants

are returning for the same reason. "It's 'The Wrath of Grapes,' " he said.

The mayor cited clean air, a lack of traffic gridlock and, of course, affordable housing as factors in the city's growth. But like other midsize cities, this one has labored to give people additional reasons to move here, notably acquiring a professional basketball team, the Thunder. Along the river, a series of modern glass boathouses has risen like wind-filled sails, transforming the city into a national center for rowing sports. All 73 inner-city schools are being rebuilt or refurbished.

Downtown, there is enough streetscaping going on to render a GPS unit useless. And near the city's historic neighborhoods, chockablock with houses in Arts and Crafts or storybook style, rejuvenated commercial areas like the Plaza District offer residents locally made goods and trendy "beer cocktails."

"Everything is here; everything is coming here," said Aasim Saleh, 30, who moved from Seattle to coach kayaking in the Boathouse District, where construction of a new white-water center is planned for this fall. "If Oklahoma City doesn't have it, they'll build it."

Mr. Saleh moved because he had a rare opportunity to make about \$60,000 a year while avoiding a desk job. The low cost of living was a major sweetener, he said, enabling him to become something he thought would not be possible: a homeowner. "I would say that, 100 percent, I had given up on the idea of homeownership in Seattle," he said. "Which is a really big deal."

Some of the newcomers say that as they contemplated living with roommates, sitting in traffic and barely scraping by, the good things about life in a high-cost city lost their appeal. "The beach isn't going to pay my rent," said Jacqueline Sit, 32, who left Portland, Ore., where she worked as a television reporter, to come to Oklahoma City, where she quickly found a job in public relations.

Mr. Olson, 42, who was recruited by the Oklahoma Medical Research Foundation after finishing his postdoctoral work, said his family had not shed tears over leaving New York. "There's a little less to do, yeah," he said. "But now we can afford to do it."

Glenn Kelman, the chief executive of Redfin, said that when the company started its real estate service in 2006, he expected the business to thrive in coastal centers. "Now we're growing fastest in the middle of the country; we can't hire people fast enough in Houston, in Dallas, in Denver. And all of our customers

come from the same place — the airport,” he said. “Maybe the middle class hasn’t disappeared; maybe it’s just gone somewhere else.”

For decades, Americans have flocked to the Sun Belt in search of a better life, first abandoning failing industrial centers like Detroit and Pittsburgh and then increasingly expensive superstar cities like New York and San Francisco, which have been replenished by immigrants.

But during the housing bubble, when even people with modest salaries could get loans to buy staggeringly expensive homes, the cost of housing was less of a concern. Now that getting a mortgage has become harder, the wage stagnation that has hobbled the middle class for years has deeper consequences. “People have no choice,” Mr. Kelman said. “They can’t move across the street; they have to move across the country.”

During the bubble, people coming from the most expensive places viewed even moderately expensive housing in places like Phoenix as a bargain, especially if they expected the value of such housing to rise, says Edward Glaeser, a Harvard economist who studies cities.

But, Mr. Glaeser says, there is also a historical trend driven by severe restrictions on building new housing in highly regulated cities like San Francisco, Washington and New York. Whereas high housing prices were once a sign of growth because they indicated strong demand, now they are more a function of limited supply. Midlevel prices (as opposed to rock-bottom values in places like Detroit) have become a better predictor of growth.

Of course, some of the fastest-growing cities, like Austin, may become victims of their own success as new people crowd in. Bill Curtis, an affluent petroleum geologist, has lived there since 1976, when it was known for little more than legislative wheeling and dealing and college football. On a recent day, he was unhappily contemplating traffic from his high-rise apartment. “They’ve screwed this town up so royally, it’s unbelievable,” he said.

But Mr. Curtis has a solution. He’s moving to Oklahoma City.

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