

THE NEW *Affordability*

7 Key Insights on How Money
Impacts Moving Decisions



LIVABILITY
MEDIA

→ SURVEY CONDUCTED BY IPSOS

Housing costs are hitting historic highs, and record-breaking inflation continues to dominate headlines in 2022.

As cost of living factors compound, it's no surprise: Money is on the mind of many Americans. But is this financial squeeze enough to prompt people to move to more affordable cities?

That's the million dollar question as today's workers have more flexibility than ever to relocate thanks to workplace trends like work-from-home policies and the "Great Resignation" that give skilled workers an extra competitive edge should they choose to seek out new career opportunities.

So what does this mean? Communities interested in courting new talent, creating more diverse places and reaping the economic benefits of remote workers choosing to call their city home have a unique opportunity to appeal to those prioritizing affordability.

Livability.com identifies what makes communities great places to live and tells the story of their compelling assets.

We commissioned an in-depth survey to examine what affects relocation decisions, with a special focus on affordability amid a new normal. **The survey, conducted in March 2022 by leading global market research firm Ipsos, asked 1,005 American adults about the characteristics of livability they would value in a prospective home community, with an emphasis on how rising costs are affecting their relocation decisions.**

Respondents are diverse in terms of income, ethnicity, age, employment status and education levels.

The survey evaluated a variety of factors providing insight into questions such as:

- » If you were considering moving to a new area, what factors would you consider most important?



As record-high inflation dominates headlines,

7 in 10

adults consider affordability to be a top three factor influencing a decision to move.

- » Has the current rate of inflation in the U.S. made you more or less likely to consider relocating?
- » What is the minimum amount of savings on housing costs that you would require before you considered moving to a more affordable city?

Livability crunched the numbers and analyzed the survey data to find key insights that reveal how affordability influences relocation. Separately, we gathered anecdotes from people who have recently made money-motivated moves to new cities or who are considering relocating in the next year to relieve some pressure on their budgets. This research can help inform communities as they look to market themselves to residents who are looking to save money but still live the

good life, in turn attracting and retaining new talent and promoting economic growth in this unprecedented market.

“Home prices made it impossible to enter the market in Toronto and I was stuck living at home with my parents. I was looking for a city that had higher affordability than Toronto so I could get ahead financially. I also wanted a place that was more laid back with warmer weather.”

— Kevin N., a data analyst who moved to Austin, Texas, in 2021

KEY INSIGHT #1:

When deciding to move, cost of living is the key consideration

For those in big cities, the deep discounts on rent that became a norm during COVID-19 are disappearing, which could motivate some to seek out more affordable cities. As median home values climb, even high earners in major metropolises are priced out of the housing market.

69%

of respondents consider cost of living or financial impact to be a top three factor.

32%

of respondents cited it as the most influential factor.

23%

consider it the second most important factor; and 15% of respondents placed it as the third most important factor.



“I got a cost-of-living raise last year and a one-time bonus, but my increase in pay doesn’t come close to covering the extra living costs. I have two roommates and we’re all considering moves outside of the city because our jobs are fully remote.”

– Madeline S., a Gen Z digital media editor who just got the renewal notice for her apartment in New York City and the cost is going up more than 30% next year

Potential residents want more living space for their money

- » 11% of respondents cited it as the most important factor influencing a decision to move
- » 47% of respondents ranked it as a top three factor



During COVID, people hunkered down at home and, for many, that changed their relationship with their living spaces. These days, potential residents are prioritizing extra square footage and outdoor living spaces. In addition to prioritizing affordability, a large number of people who are relocating want their budgets to net them some extra space.

In fact, the amount of living space residents can get for their money has emerged as one of the most important factors influencing their relocation decisions.

Hispanic respondents are more likely than non-Hispanic respondents to consider the amount of living space their housing budget can afford as the most important factor for relocation.



47%

of respondents rate living space as a top three factor influencing a decision to move.

TOP PRIORITIES: When considering moving to a new area, these are the top factors that respondents identified as most important:

32%

Cost of living or financial impact

17%

Distance from family

14%

Climate

11%

Amount of living space housing budget affords

“Space was the biggest motivator for me. I got a pandemic puppy and knew that I wanted a backyard and more space in general. I was able to buy before the market got too crazy. My mortgage payment is less than half of what my rent was and I’d say I have almost three times more space in the house I bought.”

– Amar A, a product engineer who moved from the Bay Area to Westminster, Colorado, in early 2021

KEY INSIGHT #3:

Inflation is motivating people to move, especially workers and those with families

Record-high inflation rates have been dominating headlines in 2022. Could the decline in purchasing power spur people to seek out more affordable cities? The answer, we found, is a bit of a mixed bag depending on what stage of life people are in and where they're currently located.

People with children, as well as people who are employed, for instance, are more likely to relocate in the next six months due to inflation. However, the current rate of inflation is less likely to make an impact on relocation decisions for women and individuals who are 55 and older.



- » Residents in the Northeast or Midwest are more likely to consider relocating in the next six months due to the current rate of inflation than those based in the South.

"As much as I want an affordable city, I also don't want to live somewhere boring. A place that's vibrant, with a good restaurant scene and hiking, is important to me."

– Erica O., an independent tattoo artist who has been test-running different cities over the last year, with the goal of opening a shop



KEY INSIGHT #4:

Housing affordability carries weight

While affordability can be subjective, those with household income under \$50,000 consider \$600 to \$900 in monthly living expenses (i.e. rent or mortgage) to be affordable and those earning up to \$100,000 consider \$2,500 a month in living expenses as affordable.

In general, a 20%-29% decrease in housing costs seems to be the sweet spot, with 28% of respondents saying a cost decrease in that range would inspire them to consider moving. Still, about three in 10 people say a decrease in housing costs wouldn't necessarily affect their decisions to move. Women and those older than 35 are less likely to be influenced by lower housing costs.

Rents are up
30%
in major
metro cities.
Redfin 2022

"I've been living in Chicago since I graduated college in 2018 and during COVID, my rent went down significantly and I got perks like a free parking space. Now that things are returning to normal, my cost of living is going up and I'm considering moving back home with my parents to save money for a down payment in a smaller, more affordable city."

– Mimi L., a marketing professional

KEY INSIGHT #5:

Marketing affordability goes beyond housing costs with creative incentives

When you think of affordability, cost of living expenses are probably the first thing to come to mind. But for communities where rent and mortgages are higher than the average, there are creative ways to help alleviate budget pressures.

For instance, wallet-friendly incentives could include free coworking spaces, discounted child care, affordable public transportation and communitywide, high speed internet. Furthermore, communities should keep touting their publicly accessible outdoor amenities as potential residents value outdoor recreation, especially if it involves a beach, lake, river or mountains.

31%

of respondents say outdoor amenities are important.



KEY INSIGHT #6:

While affordability reigns supreme when it comes to guiding relocation decisions, respondents also prioritize climate and proximity to family

About six in 10 survey respondents indicated that climate is a factor they'd consider when it comes to moving, and 14% list it as the most important criteria. Individuals 35 and up (and especially those over 55) value climate

more than younger survey respondents. Those from the West tend to put more emphasis on climate than those from the Northeast, and it tends to be more of a deciding factor for those with household incomes more than \$50,000 a year.

Distance from family was the most important factor influencing a move for 17% of respondents, with it being a bigger priority for those with children and people over 55.

"My wife and I both work in tech and are looking to start a family. Her job went fully remote at the start of the pandemic, and mine did too, but [my company] just moved back to a hybrid schedule. I'm transitioning to start my own consulting company and once I'm able to make that leap, we'll start looking to move to a smaller city where we can afford to buy and be closer to our families on the East Coast."

— Josh E., a UX designer in San Francisco

59%

indicated that climate would be a factor they'd consider when it comes to moving.

49%

indicated that proximity to family would be a factor they'd consider when it comes to moving.

KEY INSIGHT #7:

Respondents care about transportation and career opportunity



Want to make your city stand out to those in search of more affordable places to live? Various amenities and incentives could potentially sway people's relocation decisions and help a community overcome more fixed factors, like climate and proximity to family.

Creating more jobs and making transportation more accessible, for instance, are both valued by potential residents and outweigh things like airport accessibility and prior experience visiting the city. Good access to transportation ranked more important for women and those without children.

People with children and women were more likely than other groups to rank future career opportunities as important.



Respondents indicated these factors have some importance in their relocation decisions.

Percentages represent portion of respondents who said that factor was important.

Transportation and how easy it is to get around	41%
Culture, entertainment and restaurant scene	35%
Outdoor attractions	31%
Future career opportunities	25%
Local political/religious leanings	25%
Prior experience visiting the city	25%
Diversity and inclusiveness	22%
Quality education options	21%
Airport accessibility	16%

YOUR UNIQUE EDGE

As costs continue to rise across the country, it's clear that communities should embrace their relative affordability and any proximity to large metro amenities they may be near.

The top ranked factors people consider when it comes to relocating are largely out of a community's control – affordability, amount of living space for the money, climate, proximity to family. Embrace your climate (and why it's enjoyable in its own way!) and tout any affordability claims you can make, but also know you can focus your work on emphasizing other factors we know are important.

What's your unique edge? Think about what your community has that no other does and lean into that. Have a 10-minute average commute? Ease of getting around is meaningful to potential residents. Gorgeous lakes, beaches, mountains right in your backyard? People prioritize outdoor recreation and scenic beauty. Home to five award-winning hospitals? An unexpectedly impressive arts scene? You know the drill.

And don't be afraid to think creatively. Maybe your community isn't among the most affordable markets overall, but offers so much free entertainment that residents spend less on fun activities. Do you have tons of parks in your neighborhoods that make up for smaller living spaces? Can you create an ambassador program to help new residents build community that feels like family, even if their relatives are far away? Think about the unique quality of life your community can offer and play to your strengths.

Flexible work arrangements, rising costs and current events continue to shift our lives and our priorities at a fast pace. No matter what makes your community special, you have a unique opportunity ahead to court new talent and appeal to new audiences.

BONUS INSIGHT:

Safety is a selling point.



65% of respondents to our survey indicated that safety would be a factor they'd consider when it comes to moving. If you have strong positive stats or anecdotes that highlight your community's safety and commitment to preserving it, be sure to highlight those.

We celebrate what makes your community unique and appealing to potential new residents and businesses.



Livability Media is a full-service media and content marketing company that helps cities, regions and states attract talent and business investment.

Drawing millions of users each year, Livability.com showcases what makes communities great places to live and appeal to people considering relocation. Through proprietary research studies and engaging daily content, Livability.com highlights community amenities, education, sustainability, transportation, housing and more.

For its annual Top 100 Best Cities, Livability.com ranks more than 2,000 cities based on cutting-edge research about what truly matters to potential relocators, including affordability, career opportunities and diversity.

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