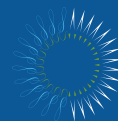




DESTINATION PHILADELPHIA
Tracking the City's Migration Trends
October 6, 2010



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EXECUTIVE SUMMARY

An analysis of migration data from the Internal Revenue Service shows that the number of people moving into the city of Philadelphia has increased steadily in recent years, rising at a faster rate than the number of people moving out.

On balance, the city has been losing fewer people to other communities, especially the suburbs, reducing the magnitude of a six-decade-old trend that was at the heart of the city's long-term population decline.

These patterns in the IRS data, which track year-to-year address changes by individuals who have filed tax returns, lend support to recent estimates from the U.S. Census indicating that the city's population has increased slightly during the past decade.

To be sure, more people still are leaving Philadelphia than are arriving; that has been the case in each of the 16 years for which data was analyzed (1993 to 2008). But the net outflow, as recorded by the IRS, has decreased substantially in recent years, from a peak of 20,284 in 1995 to 9,846 in 2008, the last year for which data was available.

A modest net outflow in this data is not inconsistent with a growing population, particularly in a city such as Philadelphia where births outnumber deaths. The IRS data do not include the newly arrived foreign immigrants whose presence helps boost the city's population numbers.

Among the other findings of the analysis are these:

- The net outflow from Philadelphia to the four Pennsylvania suburban counties—Bucks, Chester, Delaware and Montgomery—was lower in 2008 than in any of the years studied, dropping to 7,352 from a peak of 12,595 in 1999, a decline of 42 percent.
- The drop in the net outflow from Philadelphia to the three suburban New Jersey counties—Burlington, Camden and Gloucester—was even more pronounced than for the Pennsylvania suburban counties. From its recent peak of 4,029 in 2002, the net outflow to South Jersey fell to 1,031 in 2008, down 74 percent. The movement of people from Philadelphia to those counties in 2008 was the lowest in the period studied, and the movement into the city was the highest.
- The overall churn in Philadelphia's population—the number of people coming and going—

has been increasing in recent years and was 27 percent higher in 2008 than in 1997. Even so, the city has less population turnover from year to year than many other major urban jurisdictions. For Philadelphia, IRS data show the total number of people coming and going in 2008 amounted to 6.1 percent of the city's population. The median for 15 selected large urban jurisdictions, some of which are counties that include suburban areas, was 8.3 percent.

- Migration from New York City to Philadelphia more than doubled during the period, from 1,332 in 1993 to 3,100 in 2008, thereby supporting the notion that Philadelphia has become a haven for some New Yorkers priced out of that city. But the flow in the opposite direction increased sharply during the past few years, reducing the net in-flow from New York to only 212 in 2008.

About half of the movement of people in and out of Philadelphia involves locations within the metropolitan area. Outside the region, New York City, Los Angeles County, Cook County (Chicago) and Allegheny County (Pittsburgh) are high on the list of places to which Philadelphians move and from which they come, as is Puerto Rico. So, too, are several Florida counties, as well as counties in the northern New Jersey, Baltimore, Boston and Washington, DC, areas.

The IRS data understate actual migration numbers across the board because, in addition to excluding new foreign arrivals, they do not include people too poor to file tax returns.

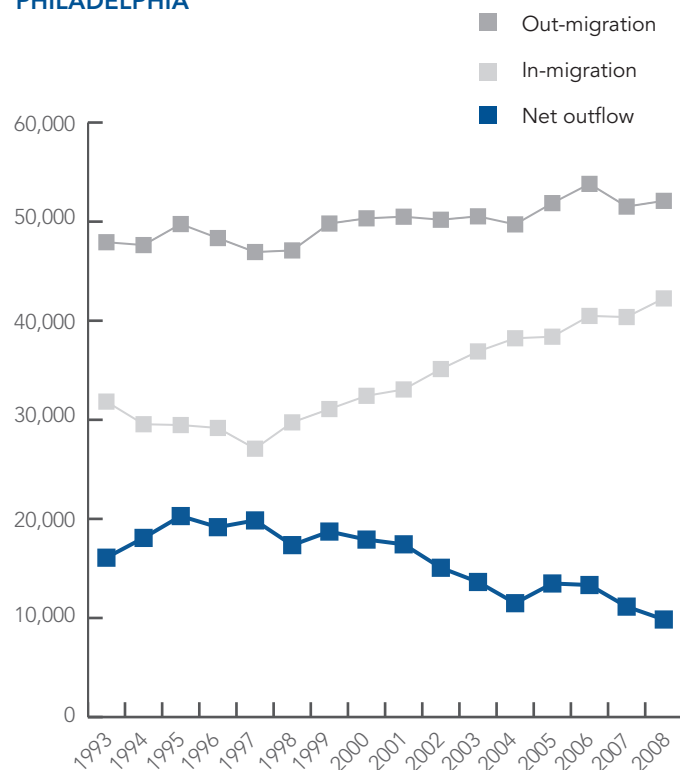
THE BIG PICTURE

In recent years, the number of people moving into Philadelphia has increased steadily, from 31,837 in 1993 to 42,250 in 2008, up 33 percent over that period, according to the IRS data. The number of people moving out of Philadelphia has grown much less rapidly over the same period, going from 47,921 to 52,096, up about 9 percent.

Out-migration has exceeded in-migration in all of the 16 years for which data was analyzed. But the net outflow has slowed. See Figure 1. Statistics from a more inclusive but far less detailed source of migration data—the Population Estimates program of the Census—indicate that in 2009 there was no net outflow of migrants from Philadelphia whatsoever, if newly-arrived foreign immigrants are included in the count. In fact, there may have been a very modest net inflow.¹ That has not happened for

FIGURE 1

THE DECLINING NET OUTFLOW OF PEOPLE LEAVING PHILADELPHIA



several decades. IRS migration data for 2009 are scheduled to be published in the spring of 2011.

Well over half of the net outflow from Philadelphia recorded by the IRS in 2008 was to the suburban counties in Pennsylvania and New Jersey. In fact, on a cumulative basis, there was little net outflow from the city of Philadelphia to the world outside the metropolitan area.

Over the years, demographers have found that economic downturns tend to reduce mobility; during tough economic times, families and individuals are less able to afford moving costs or to find attractive job opportunities in other locales. And Census estimates for 2008 and 2009 showed many cities, including some in the Northeast and Midwest, growing more quickly than the nation as a whole. So the current economy may be a factor in the recent migration patterns. In addition, a report last year from the Brookings Institution concluded that migration rates within the United States had declined to historic lows even before the arrival of the recession.²

Whatever the impact of these national elements, the general trend toward fewer people leaving Philadelphia and more arriving was in place before the economy turned sour.

For years, the outflow from Philadelphia to the suburbs and other locales was a key element in fueling the decline in the city's population, a decline that began following the 1950 Census, when the city's population topped out at 2,071,605. The recent drop in that outflow coincides with current Census estimates that the city's population has grown in recent years. According to the most recent estimate, the city's population was 1,547,297 as of July 1, 2009, up from the official count of 1,517,550 in 2000.

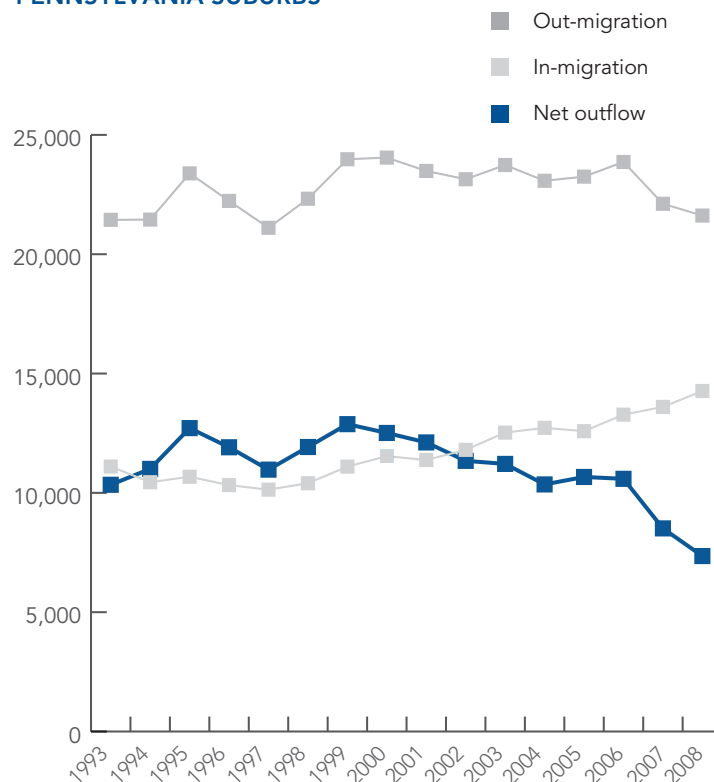
Many cities show a net outflow in the IRS migration data and still have growing populations due to other factors, including the relative numbers of births and deaths as well as migration from other countries. For instance, between July 1, 2008 and June 30, 2009, according to Census estimates, births outnumbered deaths in Philadelphia by 6,685, and the city netted 5,560 new residents from other countries.³

THE PHILADELPHIA SUBURBS

As a group, the four suburban counties in Pennsylvania—Bucks, Chester, Delaware and Montgomery—are and have been the prime destination for people leaving Philadelphia and the prime point of origin for people moving into the city. In 2008, for example, the four counties

FIGURE 2

THE DECLINING FLOW OF PHILADELPHIANS TO THE PENNSYLVANIA SUBURBS



accounted for 41.4 percent of the departures from the city and 33.7 percent of the arrivals, according to the IRS data.

But as Figure 2 shows, the decline in the net out-migration to Philadelphia's Pennsylvania suburbs has been sharp, dropping 42 percent from a peak of 12,595 in 1999 to 7,352 in 2008. This decline has resulted primarily from an increase in the number of suburbanites moving into the city; the number of city residents moving out to these areas has remained relatively stable.

In 1993, 21,441 persons listed on tax returns left Philadelphia for the four Pennsylvania suburban counties. In 2008, the number was virtually the same, 21,620. But the movement of people in the opposite direction rose from 11,103 to 14,268 between 1993 and 2008, an increase of 29 percent.

Some of these in-migrants surely were members of the Baby Boom generation who decided to move to the city after their children were grown. It is not possible, however, to measure the impact that Baby Boomers have had on the overall statistics. The IRS database does not provide any information about the individuals whose movements are recorded, other than income and the number of people (exemptions) recorded on each tax return.

As for the net outflow to individual counties, the biggest drop in percentage terms was in the movement from Philadelphia to Bucks, where the 2008 number was 61 percent lower than the recent peak recorded in 2000. For Montgomery County, the net outflow from Philadelphia in 2008 was down 43 percent from 1995, the peak year contained in the data. See Figure 3.

For the other two counties, Chester and Delaware, the net outflow was not much different in 2008 than it was in 1993. A rise in the number of people moving from Philadelphia to both counties was largely offset by a rising number of people moving in the opposite direction.

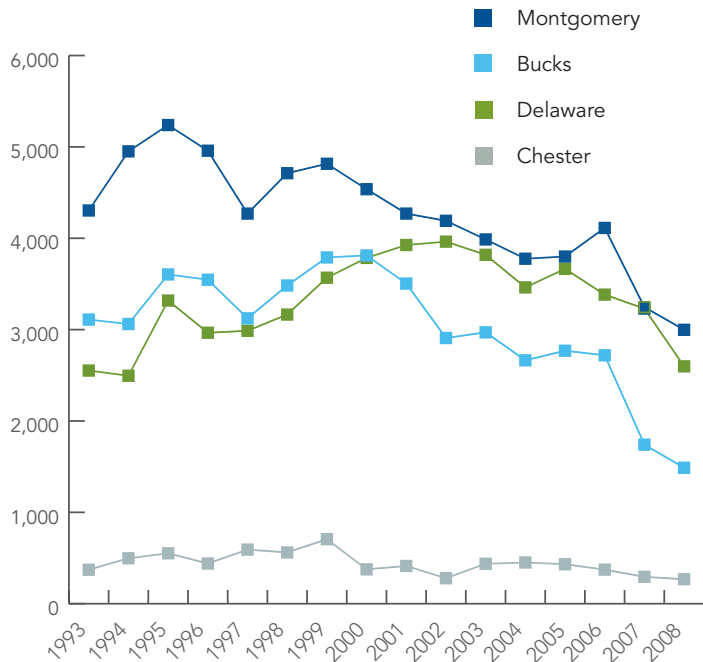
SOUTH JERSEY

For the three nearby New Jersey counties—Burlington, Camden and Gloucester—the drop in the net outflow from Philadelphia has been more dramatic than for the Pennsylvania suburbs.

In 2008, the movement of people to the three New Jersey counties from Philadelphia was the lowest in the period studied, and the movement of people to the city was the highest. As a result, the

FIGURE 3

NET OUTFLOW FROM PHILADELPHIA TO INDIVIDUAL PENNSYLVANIA SUBURBAN COUNTIES



net outflow, which got as high as 4,029 in 2002, was 1,031 in 2008, down 74 percent.

Between 2002 and 2008, the number of people moving from Philadelphia to South Jersey declined 37 percent. Over the same period, the number of people moving into the city from South Jersey rose 19 percent. See Figure 4.

Camden County is the fifth most-popular destination for people leaving Philadelphia—behind Montgomery County, Delaware County, New York City and Bucks County—and the fifth-ranking source of people coming to the city; Burlington and Gloucester counties also are in the top 10. See Figure 5.

MORE TURNOVER, BUT STILL NOT AS MUCH AS ELSEWHERE

Philadelphia is often depicted as a place which long-time residents rarely leave and to which outsiders rarely move. Our analysis of the IRS data indicates that the turnover in the city's population has increased in recent years. But Philadelphia still has less population churn than many other major cities and urban counties.

In 1997, for instance, 74,014 people either moved into or out of Philadelphia, according to the data. In 2008, the number was 94,346, a 27 percent increase. Even so, the overall churn rate—defined here as the number of movements in and out divided by the overall population—was still only 6.1 percent, a lower figure than in many other urban jurisdictions.

Figure 6 compares Philadelphia's churn rate to 14 other large, urban jurisdictions, some of them cities for which IRS data is available (it is not available for most cities), some of them counties containing major cities and some of them combined city/counties. Numbers for New York City were

FIGURE 4

THE DECLINING FLOW FROM PHILADELPHIA TO SOUTH JERSEY (BURLINGTON, CAMDEN AND GLOUCESTER COUNTIES)

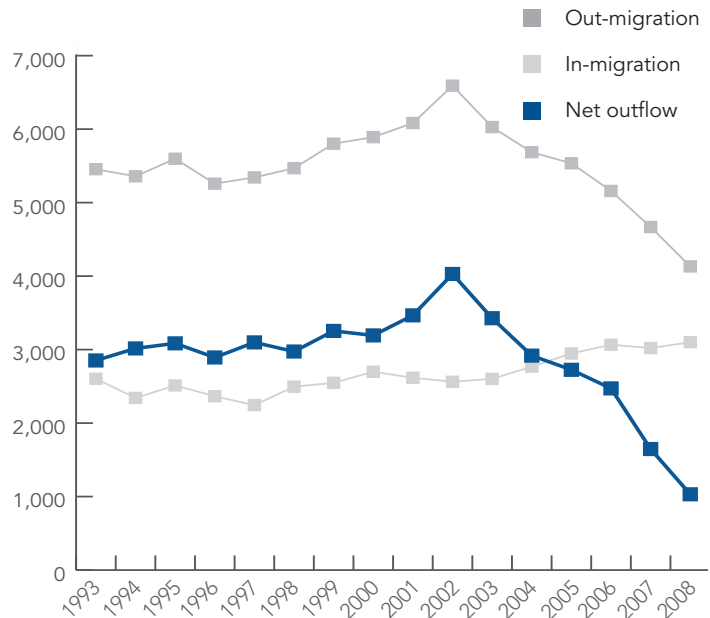


FIGURE 5

WHERE PHILADELPHIANS CAME FROM AND MOVED TO: The Top 10 Locations in 2008

Where they came from	Where they moved to
1. Montgomery County	1. Montgomery County
2. Delaware County	2. Delaware County
3. Bucks County	3. Bucks County
4. New York City	4. New York City
5. Camden County	5. Camden County
6. Burlington County	6. New Castle County, DE
7. Chester County	7. Chester County
8. New Castle County, DE	8. Burlington County
9. Gloucester County	9. Gloucester County
10. Puerto Rico	10. Berks County, PA

calculated by combining the results of its five counties/boroughs.

Philadelphia's rate of 6.1 percent ranked 11th among these jurisdictions and was below the median of 8.3 percent. Denver, which is a city/county, had the highest turnover rate at 17 percent. Los Angeles County had the lowest at 4.5 percent.

Over the years, certain other trends have held firm. One is that the typical tax return for households leaving Philadelphia represents about 0.3 more people (exemptions) than the average tax return for arriving households. This means that many people come to Philadelphia as individuals and that many leave as couples or families. Another is that the tax returns of those who move to the city account for less income than those departing; in most years, the gap has been about \$7,500 per return. Both patterns are shared by many urban jurisdictions throughout the country.⁴

NEW YORK CITY

According to the IRS data, migration from New York City to Philadelphia rose through most of the 1990s and the 2000s. It went from 1,332 in 1993 to a peak of 3,635 in 2006 before dropping back to 3,100 in 2008. Although the total numbers are not huge, this increase supports the notion that Philadelphia has become a haven for some New Yorkers priced out of the city. See Figure 7.

In every year since 1993, more people moved from New York City to Philadelphia than vice versa. Over that span, the average annual net influx into Philadelphia was 732 people. The net migration from New York to Philadelphia rose

FIGURE 6

HOW PHILADELPHIA'S POPULATION CHURN RATE COMPARES TO OTHER URBAN JURISDICTIONS

Jurisdiction	Churn Rate
Denver	17.0%
Washington, DC	12.7%
Suffolk County, MA (includes city of Boston)	11.5%
Marion County, IN (includes city of Indianapolis)	10.3%
San Francisco	10.0%
Baltimore	9.6%
Dallas County, TX (includes city of Dallas)	9.3%
New York City	8.3%
Harris County, TX (includes city of Houston)	7.2%
Maricopa County, AZ (includes city of Phoenix)	6.6%
Philadelphia	6.1%
Wayne County, MI (includes city of Detroit)	5.7%
Cook County, IL (includes city of Chicago)	5.2%
Allegheny County, PA (includes city of Pittsburgh)	5.2%
Los Angeles County, CA (includes city of Los Angeles)	4.5%

FIGURE 7

MOVEMENT BETWEEN PHILADELPHIA AND NEW YORK CITY



sharply between 2002 and 2006, following the terrorist attacks on September 11, 2001, surpassing 1,000 individuals each year and peaking at 1,944 in 2004.

But more recently, the movement from New York City to Philadelphia has been offset to a large degree by increased migration in the opposite direction. In 2008, the last year for which IRS data were available, 2,888 people (more than in any year studied) were recorded moving from Philadelphia to New York City. This created a net migration into Philadelphia of just 212 people.

WHERE PHILADELPHIANS COME FROM AND GO TO

Figures 8 and 9 provide comprehensive looks at the destinations of the city's emigrants and the sources of its immigrants in 1993, the first year studied, and in 2008, the last year. The table shows the degree to which the patterns of movement have changed over time.

In 1993, for example, 57.9 percent of all the people who left Philadelphia moved to other parts of the metropolitan area. In 2008, that figure had dropped to 52.2 percent, meaning that a correspondingly higher percentage of departing Philadelphians—47.8 percent, compared to 42.1 percent in 1993—was leaving the region as well as the city. The Philadelphia Metropolitan Statistical Area, as defined by the Census, consists of 11 counties: Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania; Burlington, Camden, Gloucester and Salem in New Jersey; New Castle in Delaware; and Cecil in Maryland.

FIGURE 8

DESTINATIONS OF INDIVIDUALS LEAVING PHILADELPHIA

	1993		2008	
Total Departures	47,921		52,096	
Inside Philadelphia Metropolitan Area	27,769	57.9%	27,201	52.2%
Outside Philadelphia Metropolitan Area	20,152	42.1%	24,895	47.8%
Pennsylvania	23,909	49.9%	24,760	47.6%
Montgomery County	8,844	18.5%	8,042	15.4%
Bucks County	6,158	12.9%	5,095	9.8%
Delaware County	5,479	11.4%	7,317	14.0%
Chester County	960	2.0%	1,166	2.2%
Other Pennsylvania Counties	2,468	5.1%	3,140	6.0%
New Jersey	7,627	15.9%	6,354	12.2%
Camden County	2,872	6.0%	2,157	4.1%
Burlington County	1,473	3.1%	1,021	2.0%
Gloucester County	1,110	2.3%	954	1.8%
Other New Jersey Counties	2,171	4.5%	2,222	4.3%
Other States	15,312	32.0%	20,177	38.7%
Florida	1,804	3.8%	2,012	3.9%
New York	1,280	2.7%	3,503	6.7%
California	1,041	2.2%	1,407	2.7%
Virginia	985	2.1%	752	1.4%
Delaware	943	2.0%	1,697	3.3%
Maryland	876	1.8%	1,050	2.0%
Massachusetts	372	0.8%	696	1.3%
Rest of U.S.	8,011	16.7%	9,060	17.4%
Foreign Non-military	519	1.1%	711	1.4%
Foreign Military	554	1.2%	94	0.2%

Note: The "Rest of U.S." category includes the states not listed by name and all counties outside of Pennsylvania to which fewer than 10 households moved from Philadelphia. To protect individual privacy, the IRS does not report the county destinations of such households. The Pennsylvania counties to which fewer than 10 Philadelphia households moved are included in the table as "Other Pennsylvania Counties." The "Foreign Non-military" category is for U.S. citizens who moved from Philadelphia to other countries.

There were other changes in the destinations of out-migrants as well. In 2008, fewer Philadelphians, in percentage terms, were moving to Montgomery and Bucks counties and to suburban New Jersey. The three suburban New Jersey counties were the destinations for 7.9 percent of the city's out-migrants in 2008, down from 11.4 percent in 1993. In addition, an increased share of out-migrants was winding up in states other than Pennsylvania and New Jersey—38.7 percent of all departing households in 2008 compared to 32 percent in 1993.

There has also been a big increase in the number of Philadelphians moving to the state of New York. In 1993, New York state attracted 2.7 percent of departing Philadelphians; in 2008, it drew 6.7 percent, with the vast majority of them going to New York City.

The changes in the pattern of in-migration were of lesser magnitude. Compared to 1993, the percentage of in-migrants coming from outside the metropolitan area in 2008 was up only a little, rising from 55.7 percent to 56.8 percent.

As for specific locations outside the region, New York City, Los Angeles County, Cook County (Chicago) and Allegheny County (Pittsburgh) were and have been high on the lists of the places to which Philadelphians move and from which they come. The same can be said of several Florida counties, as well counties in the Baltimore, Boston and Washington, DC, areas. Puerto Rico was much more prominent on those lists in 2008 than in 1993. See Figure 10.

FIGURE 9

SOURCES OF INDIVIDUALS MOVING TO PHILADELPHIA

	1993		2008	
Total	31,837		42,250	
Inside Philadelphia Metropolitan Area	14,118	44.3%	18,249	43.2%
Outside Philadelphia Metropolitan Area	17,719	55.7%	24,001	56.8%
Pennsylvania	12,584	39.5%	17,489	41.4%
Montgomery County	4,540	14.3%	5,044	11.9%
Bucks County	3,048	9.6%	3,607	8.5%
Delaware County	2,927	9.2%	4,719	11.2%
Chester County	588	1.8%	898	2.1%
Other Pennsylvania Counties	1,751	5.5%	3,140	7.4%
New Jersey	4,417	13.9%	5,705	13.6%
Camden County	1,431	4.5%	1,566	3.7%
Burlington County	763	2.4%	934	2.2%
Gloucester County	409	1.3%	601	1.4%
Other New Jersey Counties	1,814	5.7%	2,604	6.2%
Other States	12,515	39.3%	17,289	40.9%
Florida	1,901	6.0%	4,004	9.5%
New York	1,487	4.7%	1,486	3.5%
California	1,051	3.3%	998	2.4%
Virginia	544	1.7%	1,026	2.4%
Delaware	532	1.7%	621	1.4%
Maryland	447	1.4%	732	1.7%
Massachusetts	414	1.3%	965	2.3%
Rest of U.S.	6,139	19.3%	7,457	17.6%
Foreign Non-military	1,507	4.7%	1,628	3.9%
Foreign Military	814	2.6%	139	0.3%

Note: The "Rest of U.S." category includes the states not listed by name and all counties outside of Pennsylvania from which fewer than 10 households moved to Philadelphia. To protect individual privacy, the IRS does not report the county origins of such households. The Pennsylvania counties from which fewer than 10 households moved to Philadelphia are included in "Other Pennsylvania Counties." The "Foreign Non-military" category is for U.S. citizens who moved to Philadelphia from other countries.

THE LIMITATIONS OF THE DATA

The IRS migration data, which is reported down to the county level, has its limitations. Since it is based on tax returns, it does not include any individual or family with too little income to be required to file a return. As a result, the movements of the poor, the elderly and students not listed on their parents' returns are under-represented in the data.

In addition, the statistics only include individuals or families who have filed federal tax returns under the same Social Security numbers in two consecutive years—and thus provided addresses for both years. This means that newly-arrived immigrants from other countries, regardless of income, do not show up until they have filed U.S. returns for two years. It means that some people who get divorced and start filing under their own Social Security numbers are missed as well. Also likely not to be counted are workers in their first year of employment and individuals returning to work after a break.⁵ Many undocumented immigrants likely go uncounted as well.

IRS officials say they are unable to estimate how much of the population is left out of this data. It is clear that the percentage is not insignificant and that it varies from place to place, depending on the makeup of the local population.

Consider the case of Philadelphia. According to the Census' American Community Survey, an estimated 59,766 people moved into Philadelphia in 2008 including 8,863 from other countries.⁶ The IRS data, on the other hand, recorded 42,250 new arrivals in the city over the same period. If the Census estimates are correct, the IRS data for Philadelphia included only 71 percent of all arrivals and 83 percent of domestic arrivals. (The American Community Survey does not estimate departures.)

This means that the IRS numbers are meaningful not so much in terms of measuring absolute levels of migration as in establishing patterns, gauging how patterns change over time and making comparisons among various communities. The data limitations, after all, are the same from one year to the next and from one place to another. And no other source offers such detailed and reliable information about where people move to and from. ■

FIGURE 10

OUTSIDE THE REGION: WHERE PHILADELPHIANS CAME FROM AND MOVED TO IN 2008

Where they came from

1. New York City
2. Puerto Rico
3. Allegheny County, PA
4. Los Angeles County
5. Cook County, IL
6. Washington, DC
7. Essex County, NJ
8. Hudson County, NJ
9. Middlesex County, MA
10. Montgomery County, MD

Where they moved to

1. New York City
2. Los Angeles County
3. Puerto Rico
4. Cook County, IL
5. Allegheny County, PA
6. Washington, DC
7. Baltimore
8. Mecklenburg County, NC
9. Broward County, FL
10. Montgomery County, MD

Note: For the purposes of the lists in Figure 10, the region is defined as the Philadelphia metropolitan area plus nearby counties in eastern Pennsylvania and New Jersey. Thus counties such as Lancaster, Berks, Lehigh, Atlantic, Mercer and Cape May are not listed here.

ENDNOTES

- ¹ U.S. Census Bureau, Population Division, Table 5: Estimates of the Components of Resident Population Change for Counties of Pennsylvania, July 1, 2008 to July 1, 2009 (CO-EST2009-05-42), accessed at www.census.gov/popest/counties/CO-EST2009-05.html.
- ² William H. Frey, *The Great American Migration Slowdown: Regional and Metropolitan Dimensions*, Metropolitan Policy Program, Brookings Institution, December 2009.
- ³ U.S. Census Bureau, Population Division, Table 5.
- ⁴ Conclusions are based on analysis of IRS migration data by the author.
- ⁵ Emily Gross, *U.S. Population Migration Data: Strengths and Limitations*, Statistics of Income Division, Internal Revenue Service, 2005, http://www.irs.gov/pub/irs-soi/99gross_update.doc.
- ⁶ U.S. Census Bureau, 2008 American Community Survey, Philadelphia city, PA, Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, Selected Social Characteristics, accessed at <http://factfinder.census.gov>.

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ABOUT THE PHILADELPHIA RESEARCH INITIATIVE

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