



Massachusetts
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Can Massachusetts
Overcome its Cost and
Demographic Headwinds
to Compete for Talent?



What's New and Noteworthy: Key Takeaways

Who's Leaving

- U.S. Census: Suffolk and Middlesex residents, the two most expensive counties
- IRS: Tax filers aged 26 to 35 dominate outflow; impairs talent pipeline

Why They're Leaving

- Cost and quality of living worsening; housing prices climb even faster in 2023
- MBTA is unreliable, roadways are among the most congested in the world
- Other regions offer more affordable housing, warmer weather, better business climate

Where They're Going

- Massive shifts from Massachusetts and other high-cost states to the South

Why it Matters: Computer Tech Jobs Head South and West

- In the last 3 years, Texas, Florida, North Carolina, Colorado, and Washington added 160,000 computer related jobs; Massachusetts lost 2,000

Workforce Shortages Will Worsen

- Low births, aging population, outmigration drive declining work aged population





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Cost of Living
Gets Even Higher, and
People Are Leaving



Constrained Supply - Massachusetts Had the Lowest Rental Vacancy Rate in the U.S. in 2022

State	First Quarter 2022	Second Quarter 2022	Third Quarter 2022	Fourth Quarter 2022	2022 Average
Massachusetts	2.8	2.7	3.0	2.8	2.8
Montana	3.4	3.6	2.5	3.3	3.2
Connecticut	4.7	2.1	2.0	4.4	3.3
Vermont	2.5	2.4	4.2	5.1	3.6
Delaware	3.3	2.6	3.7	4.7	3.6
New Jersey	4.0	3.2	3.3	4.2	3.7
California	3.8	4.1	4.1	3.6	3.9
Idaho	3.3	3.8	4.3	4.5	4.0
Maine	6.1	4.1	2.9	2.9	4.0
Oregon	6.2	3.3	3.0	3.8	4.1
Colorado	3.4	4.0	5.0	3.9	4.1
New York	5.1	4.4	4.3	3.5	4.3
New Hampshire	5.3	4.5	3.6	4.0	4.4
Kentucky	5.6	3.8	5.1	3.1	4.4
Utah	5.0	4.7	5.0	3.0	4.4

Source: [U.S. Census](#)



Median Rents in Boston Continue to Soar

Median Asking Rents	Mar 2023	Y-o-Y Change
New York, NY	4,022	3.93%
Boston, MA	3,839	4.55%
San Francisco, CA	3,716	3.68%
San Jose, CA	3,609	3.86%
Los Angeles, CA	3,412	2.16%
San Diego, CA	3,410	2.49%
Miami, FL	3,074	1.25%
Seattle, WA	2,861	1.71%
Riverside, CA	2,801	6.62%
Denver, CO	2,797	7.29%
Washington, D.C.	2,628	1.27%
Sacramento, CA	2,625	-2.78%
Portland, OR	2,479	0.28%
Providence, RI	2,361	4.52%

In March 2023 Boston had the 2nd highest median asking rent in the country behind New York.

Of the 15 most expensive cities in 2023, at 4.55%, Boston ranked 3rd in year-over-year rent increases.

Source: REDFIN Rental Market Tracker, [April 14, 2023](#) & [April 20, 2022](#)



The Number of Suffolk & Middlesex County Renters with Income over \$150,000 Increased by over 100% Since 2016

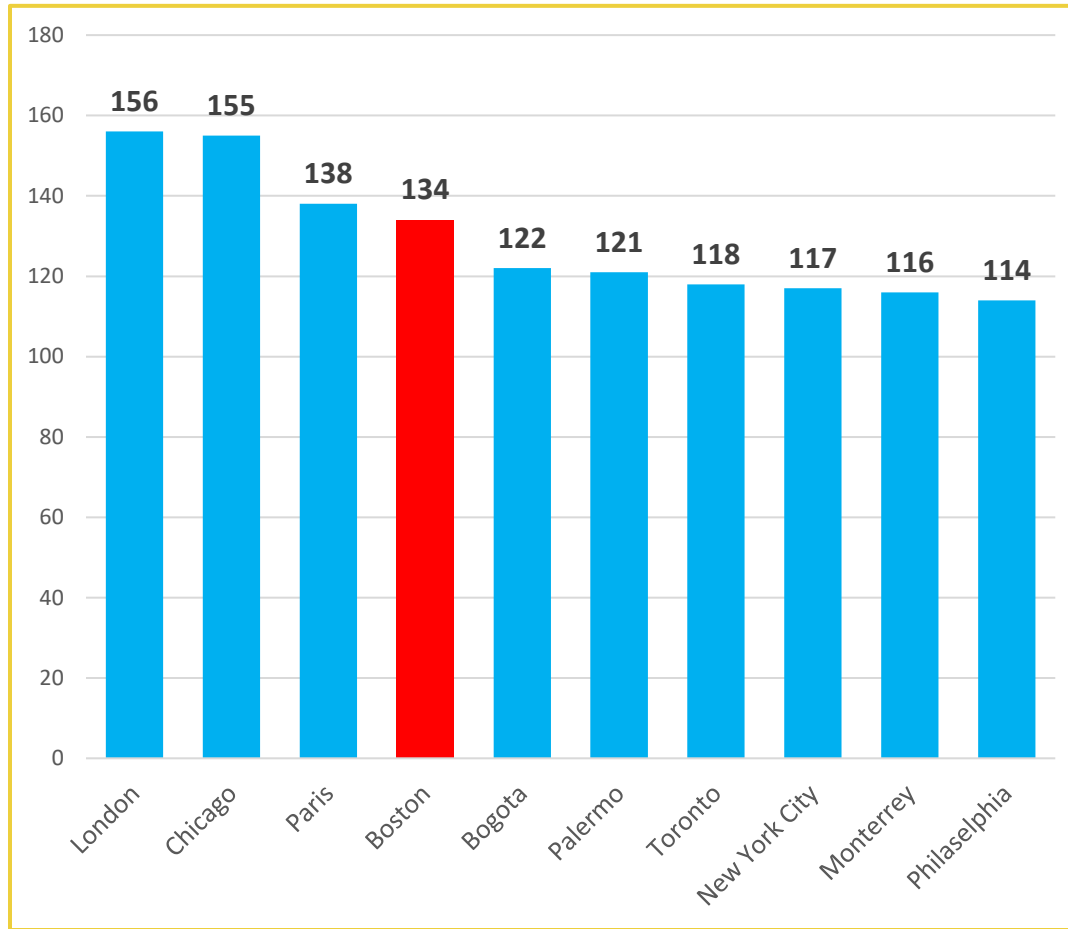
Renters' Income	Change 2016 - 2021	
	# of Units	%
Less than \$5,000	1,217	4.8%
\$5,000 to \$9,999	-7,426	-29.5%
\$10,000 to \$14,999	-3,302	-9.8%
\$15,000 to \$19,999	-6,944	-28.3%
\$20,000 to \$24,999	-4,163	-19.9%
\$25,000 to \$34,999	-6,523	-18.0%
\$35,000 to \$49,999	-8,757	-18.5%
\$50,000 to \$74,999	477	0.7%
\$75,000 to \$99,999	4,134	9.3%
\$100,000 to \$149,999	18,701	36.1%
\$150,000 or more	39,434	105.1%
Subtotal - < \$50,000	-35,898	
Subtotal - > \$50,000	62,746	

Change in Renter-occupied Households by Income in Suffolk and Middlesex Counties, 2016 - 2021

There has been a sizable shift away from lower income renters in Suffolk County since 2016

Source: U.S. Census, American Community Survey, Occupied Housing Units – 2021 & 2016

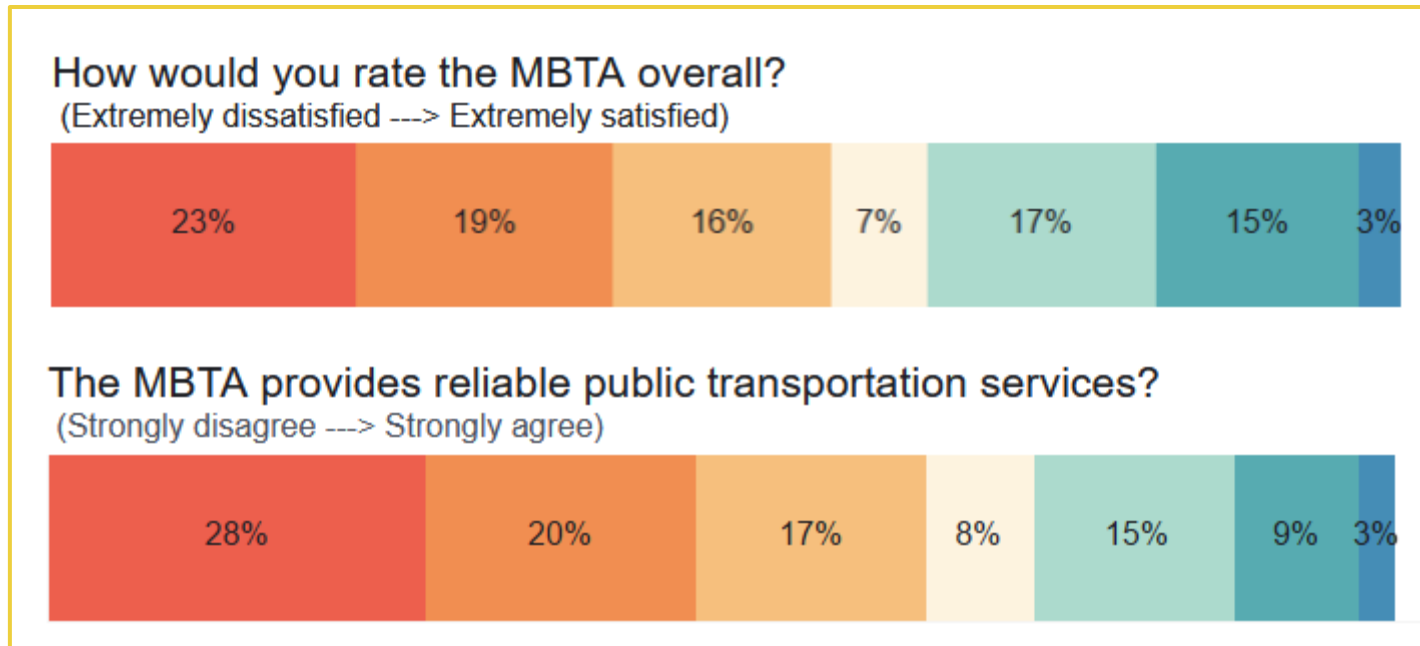
Boston Ranked 2nd in the U.S. and 4th in the World in Traffic Delay Times in 2022



Traffic congestion is back and Boston continues its frustrating position as a world leader in 2022

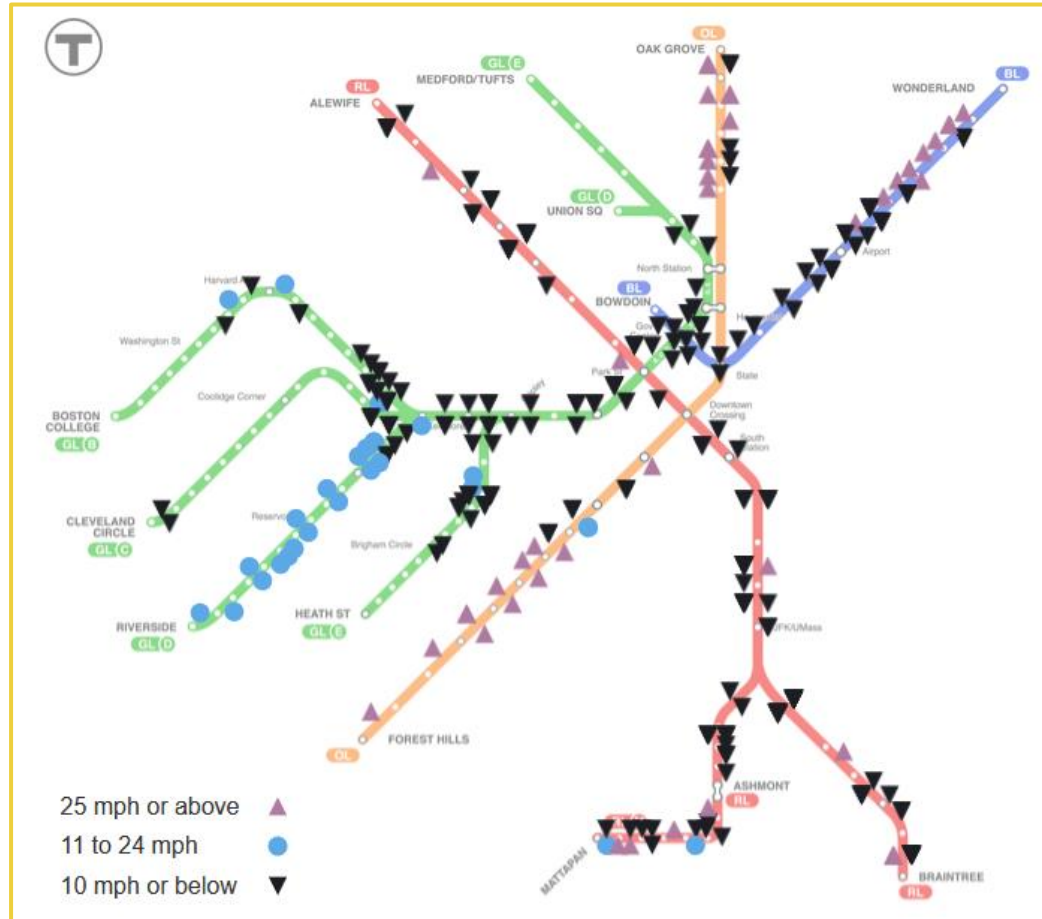
Source: [INRIX 2022 Global Traffic Scorecard](#)

Only 27% of Customers Surveyed Believe MBTA Services are Reliable



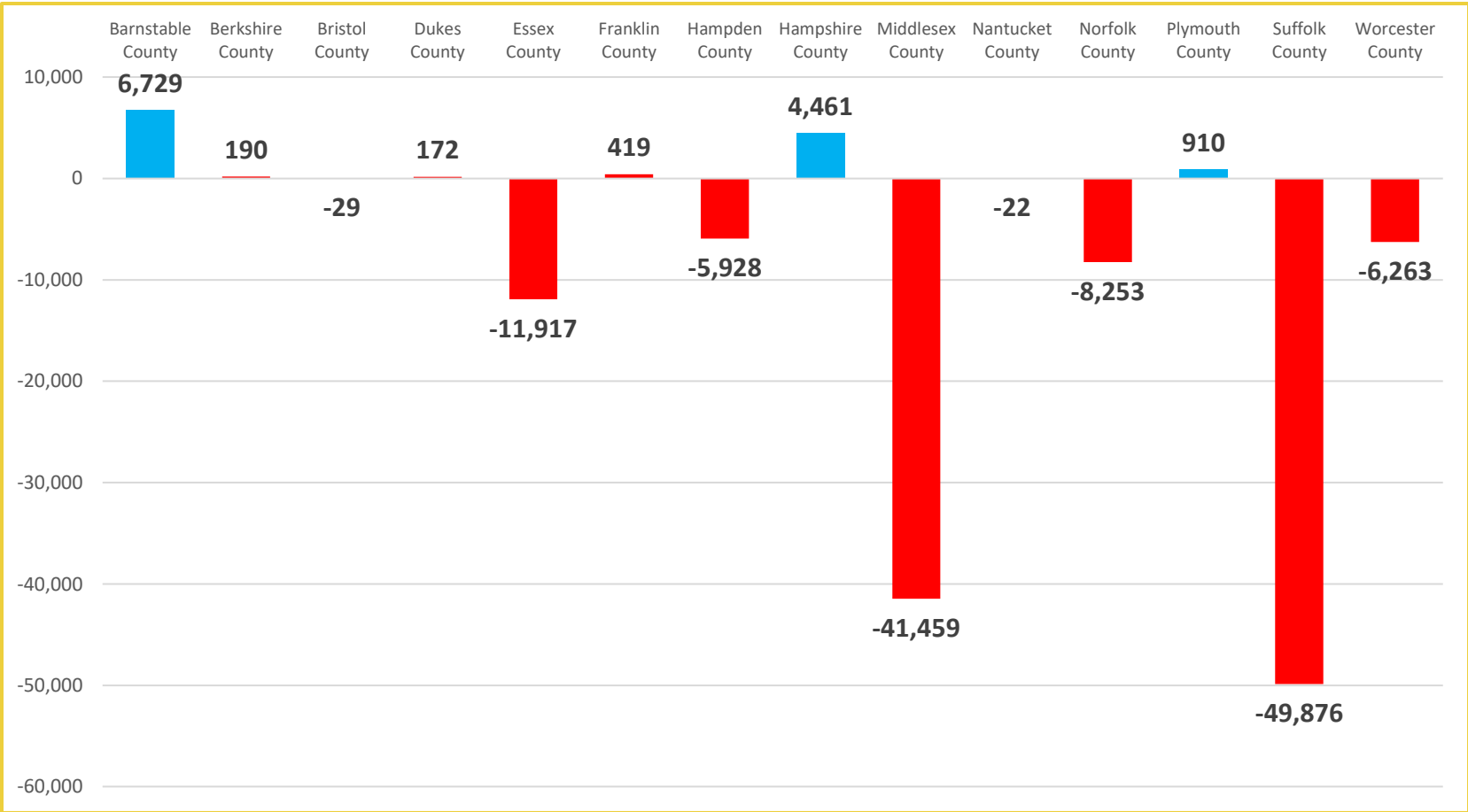
Source: MBTA [Customer Satisfaction](#)

Transit Woes: 200+ Speed Restrictions Across the Red, Blue, Orange and Green Lines as of May 1, 2023

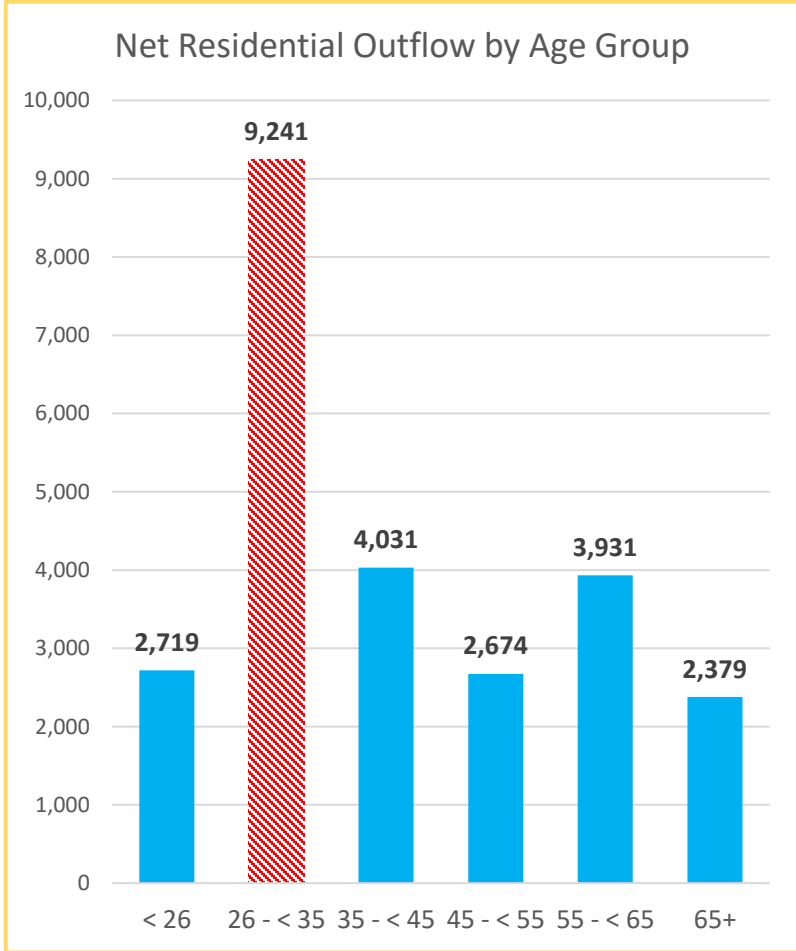
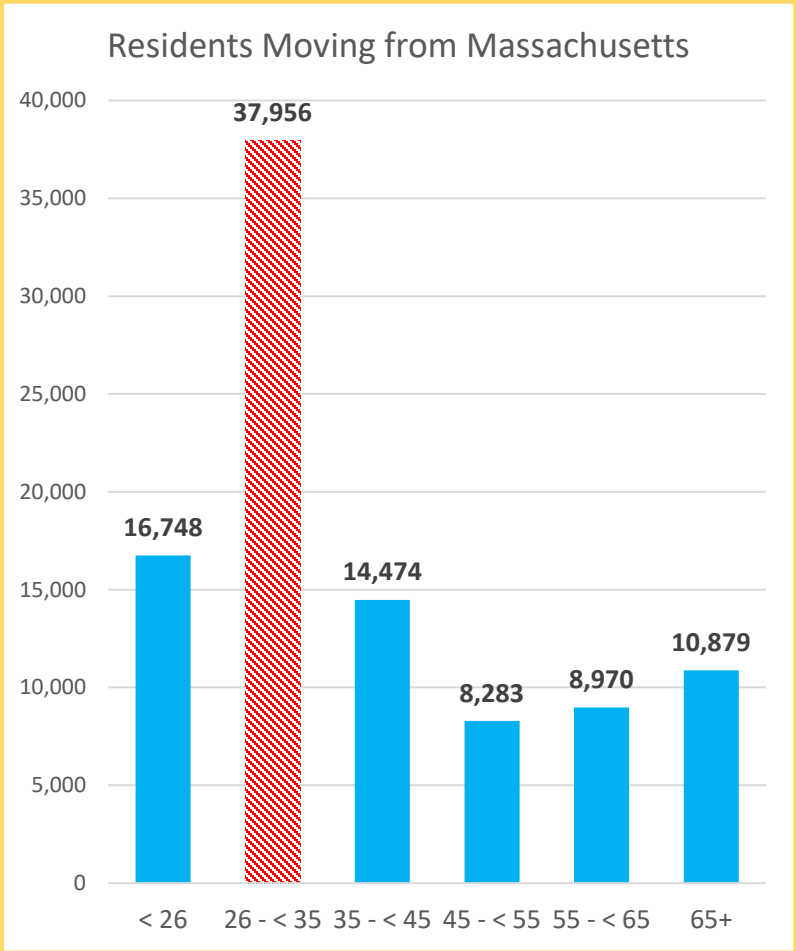


Source: [MBTA Speed Restrictions](#)

Facing Soaring Housing and Commuting Costs, Suffolk and Middlesex, Counties Suffered the Largest Migration Loss ~ 90,000 Residents



2021 Tax Returns for 2020, the First Year of COVID, Reveal that Residents Aged 26 to 35 Were the Largest Group Leaving





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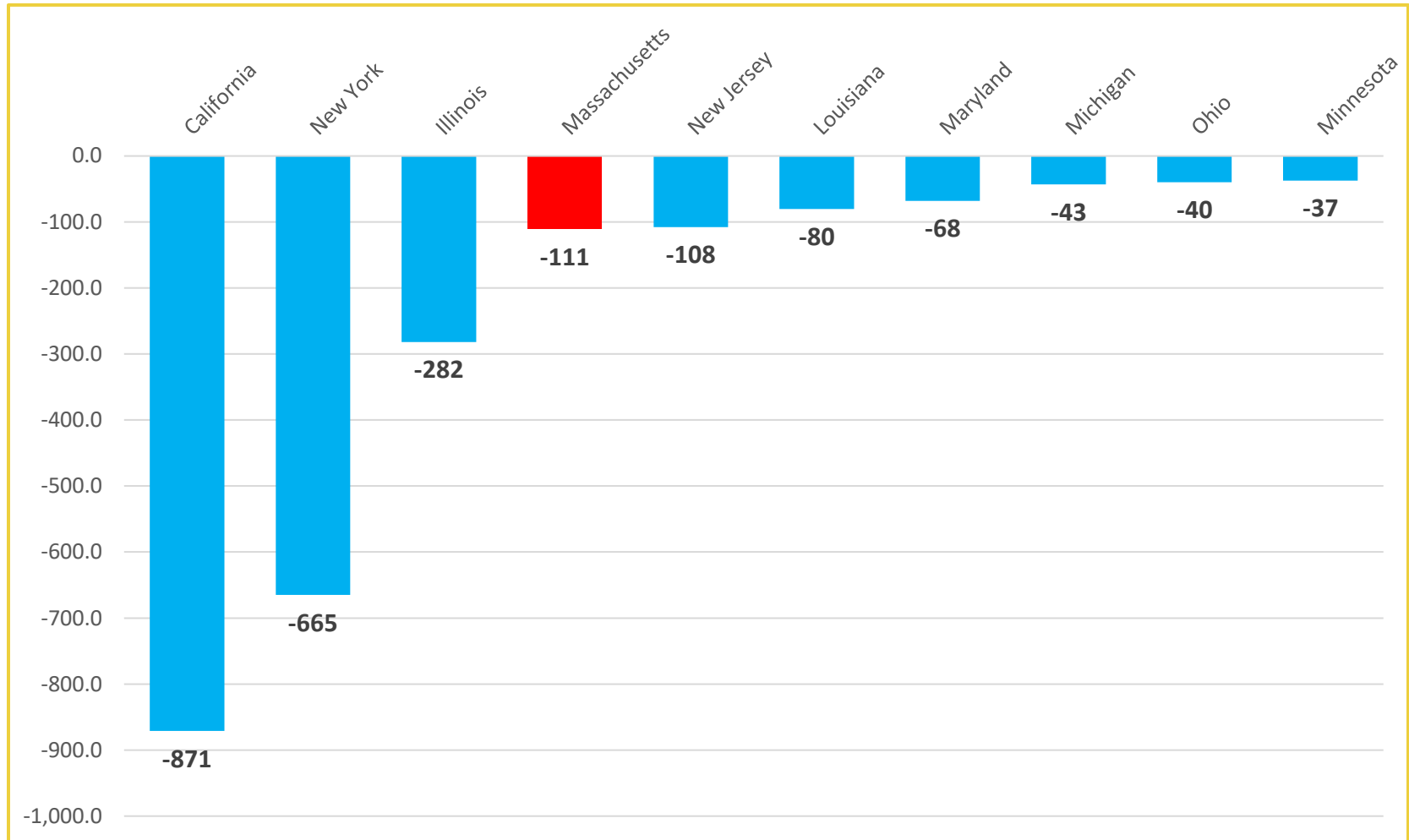
Migration Patterns: Leaving High-cost States & Moving South



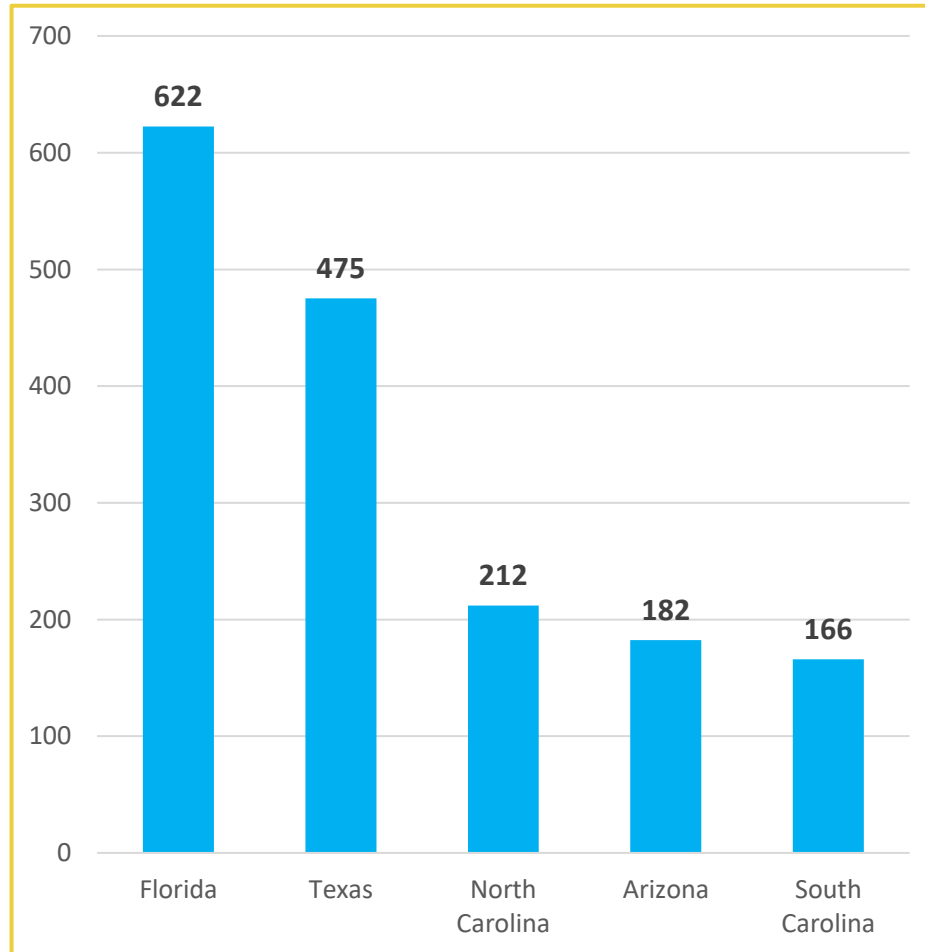
Growth Favors the South at the Expense of the Northeast – Population Changes During the Pandemic

Census Regions	Natural	Domestic	Int'l	Total
Northeast Region	-5,705	-852,538	299,344	-558,899
Midwest Region	-19,096	-395,836	203,644	-211,288
South Region	125,506	1,737,975	578,919	2,442,400
West Region	330,487	-489,601	324,938	165,824

While High-cost States California, New York, Illinois, Massachusetts, and New Jersey Lost 2 Million Residents



Residents' Location Decisions Shift to Florida, Texas, and North Carolina



Domestic migration to Arizona, Florida, North Carolina, South Carolina, and Texas, topped 1.65 million over 2+ years (April 2020 – July 2022).

Residents Move from High to Lower Cost States

Competitor States	Domestic	Int'l	Total
Florida	622,476	175,333	797,809
Texas	475,252	164,062	639,314
North Carolina	211,867	37,031	248,898
Washington	-7,376	52,172	44,796
Colorado	17,984	14,522	32,506
Pennsylvania	-16,218	37,564	21,346
Minnesota	-37,377	20,012	-17,365
Maryland	-68,287	33,300	-34,987
Massachusetts	-110,866	61,263	-49,603
New Jersey	-107,749	55,037	-52,712
Illinois	-282,048	43,472	-238,576
New York	-664,921	108,036	-556,885
California	-871,127	171,223	-498,445

MTF cited 12 competitive states in our 2015 report *Stalled Progress – The Costs of Doing Business in Massachusetts*.

Recent migration patterns shows a shifting landscape among the 12 and a steeper challenge for Massachusetts.



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Warning:
Tech Job Growth Shifts
from Massachusetts

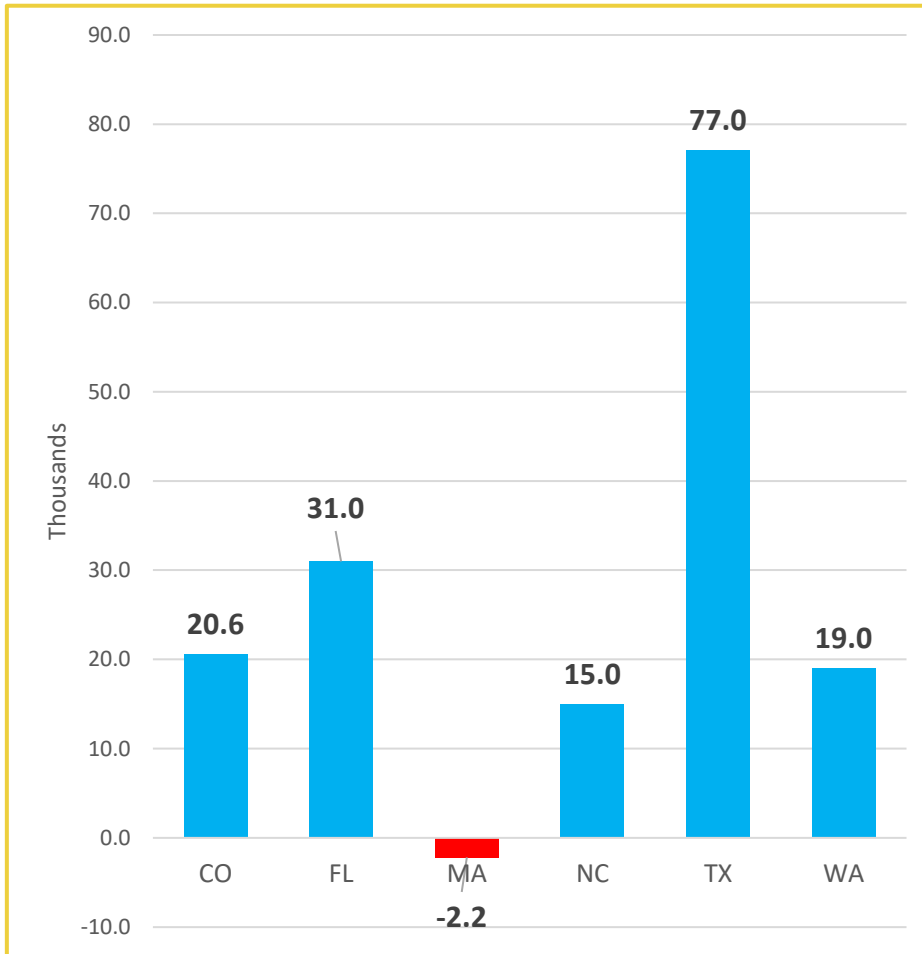


In 2022, Massachusetts Ranked 5th in the Nation in the Number of Computer/Mathematical Employment per 1,000 Jobs

State	Emp. Per 1,000 Jobs
Virginia	62.4
Washington	60.0
Maryland	53.7
Colorado	47.6
Massachusetts	43.4
Utah	41.3
California	39.4
New Jersey	38.5
Arizona	37.7
Delaware	37.5
North Carolina	37.1
New Hampshire	36.5
Georgia	36.2
Minnesota	35.1
Texas	34.2

Computer/Mathematical employment has been a core strength of the state's high tech sector for years

6 State Comparison – Colorado, Florida, North Carolina, Texas, and Washington Gained Tech Jobs as Massachusetts Declined



Change in computer systems design and related services employment from Mar. 2020 to Mar. 2023.

Colorado, Florida, North Carolina, Texas, and Washington added 160,000 computer related jobs; Massachusetts lost 2,000.

Where Are All Those Tech Workers Going?

Rank	State	Emp. Growth
1	Texas	72,272
2	Florida	30,719
3	Colorado	19,166
4	Washington	18,415
5	North Carolina	13,471
6	California	10,662
7	New York	10,356
8	New Jersey	10,335
9	Georgia	9,865
10	Utah	9,213
11	Virginia	8,361
12	Illinois	7,353
13	Pennsylvania	7,142
14	Maryland	6,227
15	Tennessee	5,977
16	Ohio	5,630
17	Indiana	5,222
18	South Carolina	3,777
19	New Hampshire	3,489
20	Wisconsin	2,304
33	Massachusetts	1,009

Change in computer systems design and related services employment from Q3 2019 to Q3 2022.

Adding 1,009 computer tech jobs, Massachusetts ranks 33rd behind Kentucky, Oklahoma, Mississippi, Montana, and West Virginia, and just one-third the growth in New Hampshire.

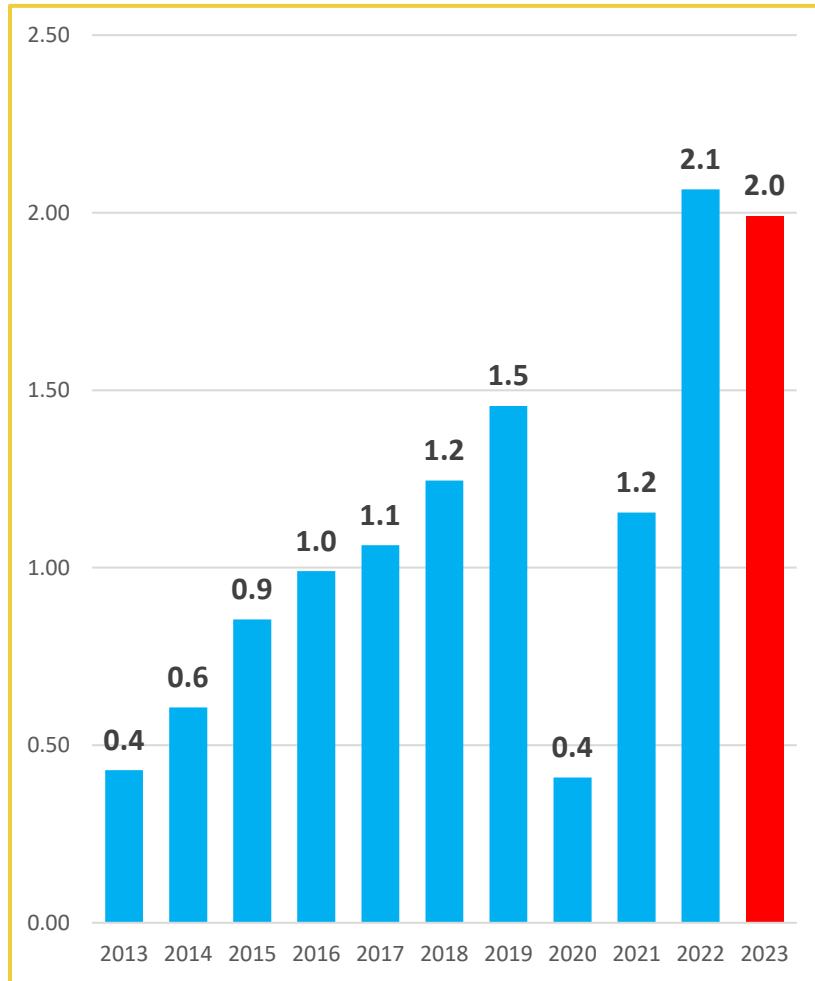


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Workforce Shortages:
Low Births, Higher
Retirements, and
Domestic Outmigration



Massachusetts Job Openings Remain Twice the Number of Unemployed People



Massachusetts job openings remain high in early 2023.

The state currently has 2.0 openings per unemployed person, higher than the U.S. average of 1.7

Here's What's Driving Workforce Shortages

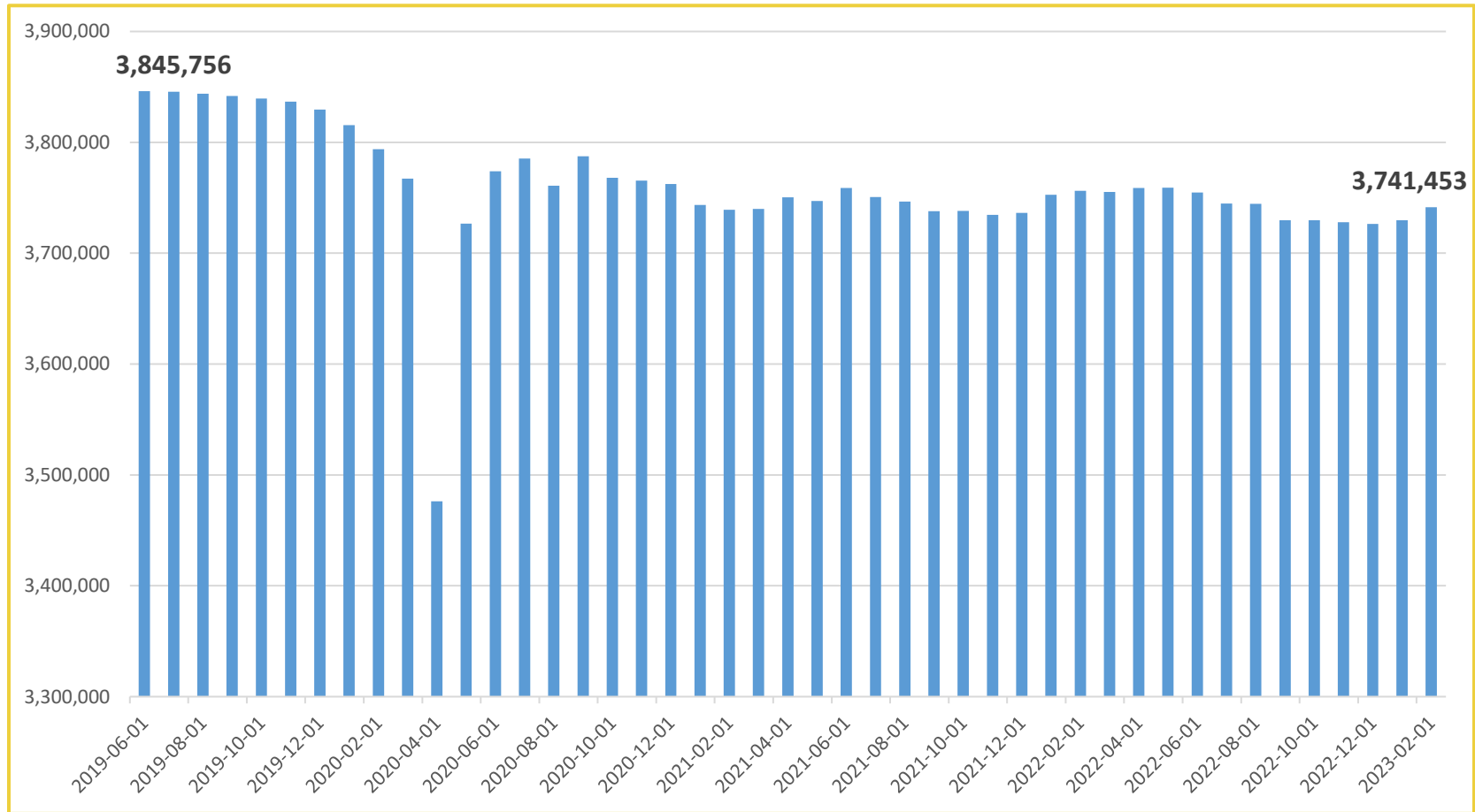
Workforce population declines

- Long-term decline in births
- Jump in retirements from aging population & COVID
- 4-year decline in international immigration

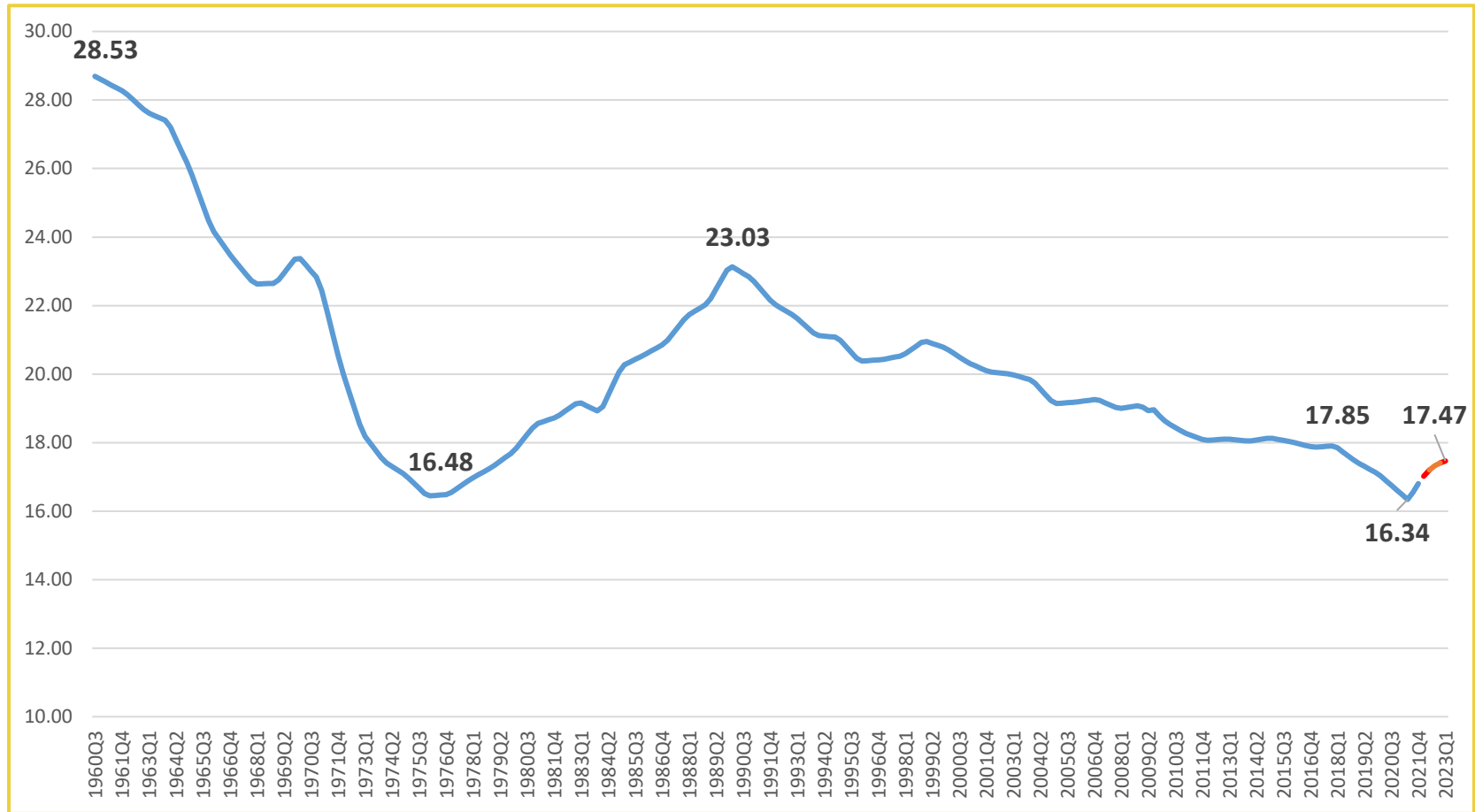
Civilian labor force also declines

- High cost of living spurs spike in domestic outmigration
- Remote work and poor commuting options

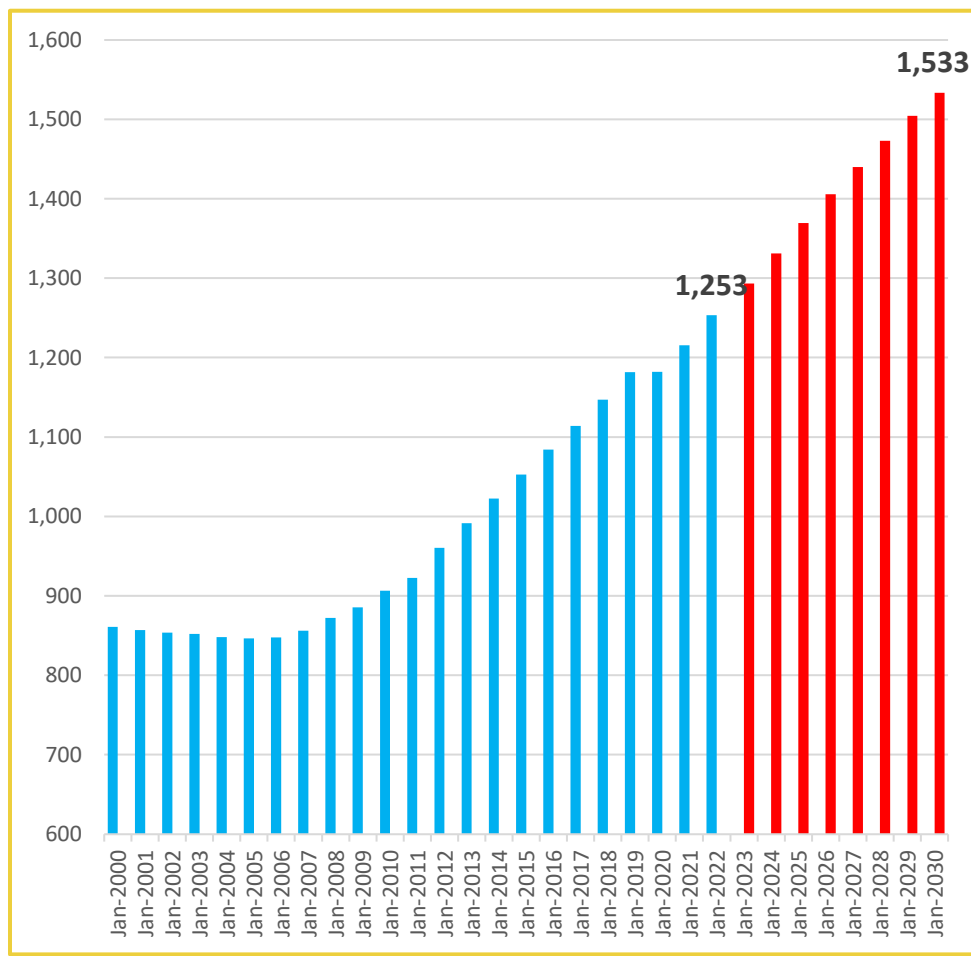
MA Civilian Labor Force Declined by 100,000 From May 2019 to February 2023



Massachusetts Births Rebound off Pandemic Lows but Remain Historically Low

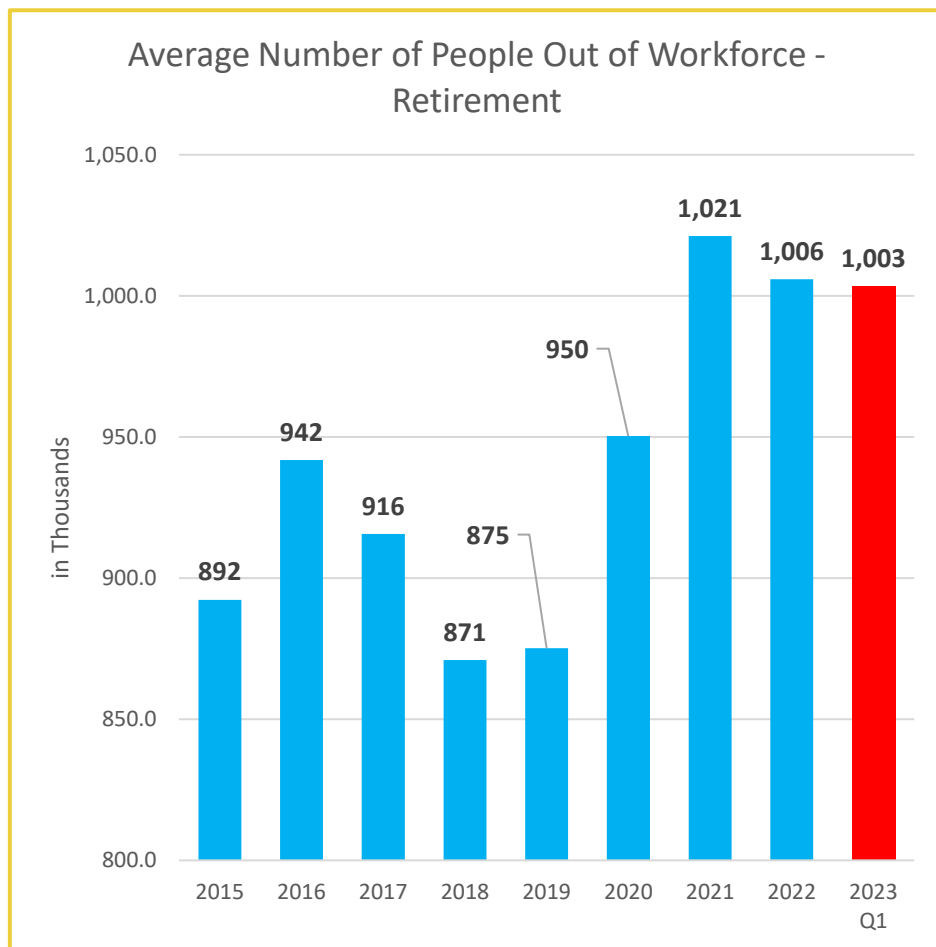


The Number of Massachusetts Residents Aged 65+ is Projected to Increase by 280,000 in 2030



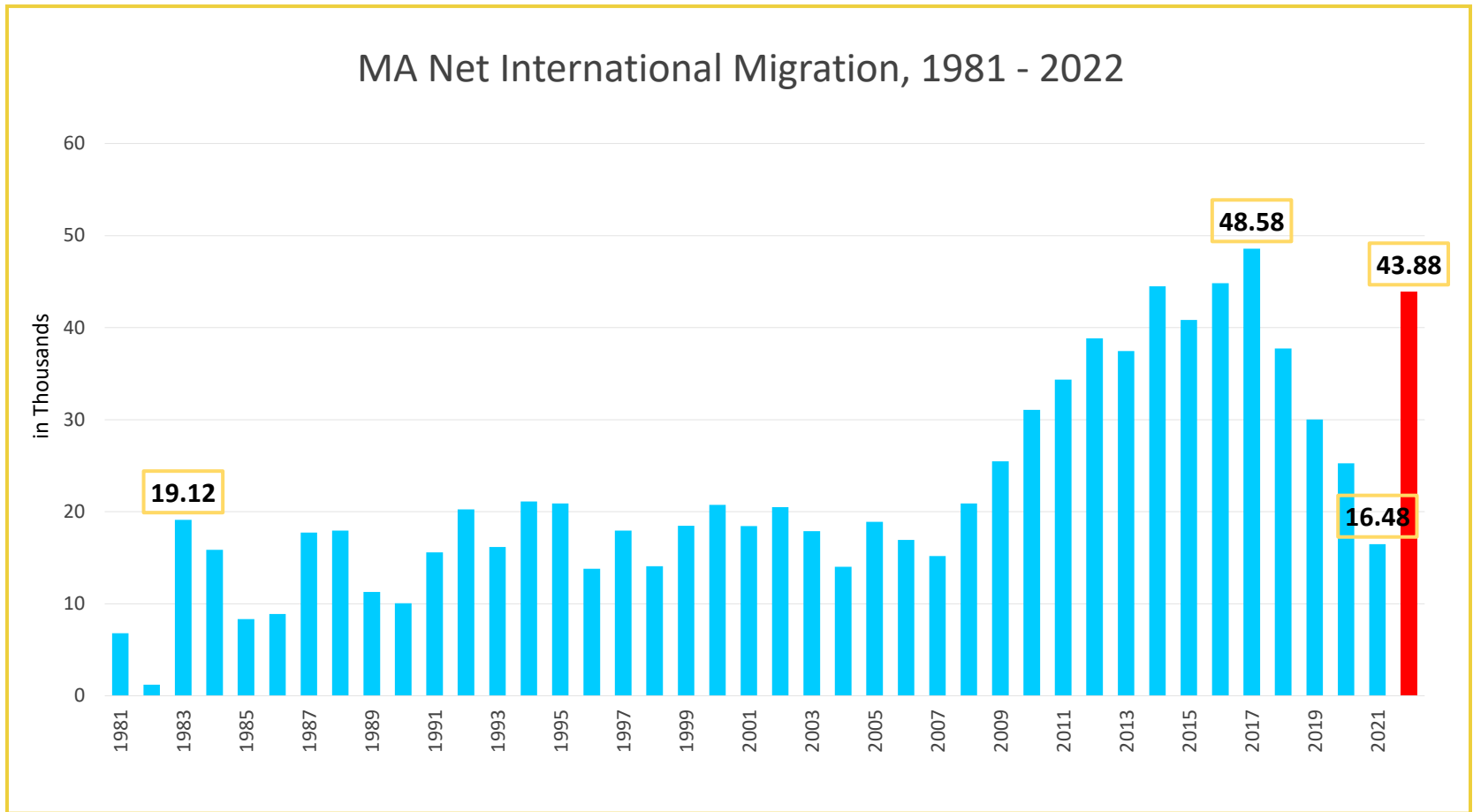
As residents age out of the workforce, the number of workers in Massachusetts will continue to shrink

Residents Leaving the Labor Force Due to Retirements Remain Elevated in Q1 2023; 15% Above 2019



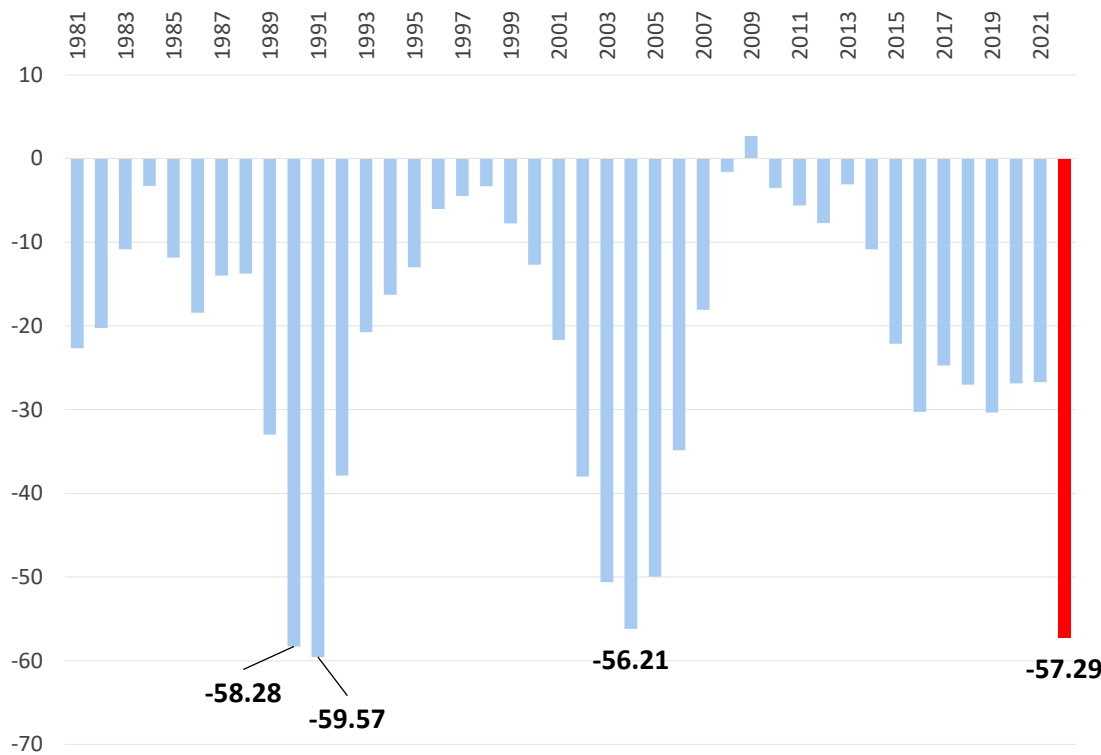
An aging population coupled with the impacts of COVID on work continue to drive retirements

International Immigration Rebounded in 2022 from a 4 Year, 30,000 Slide



Massachusetts Reached its Highest Outmigration in 30 Years; 110,900 from April 2020 to July 2022

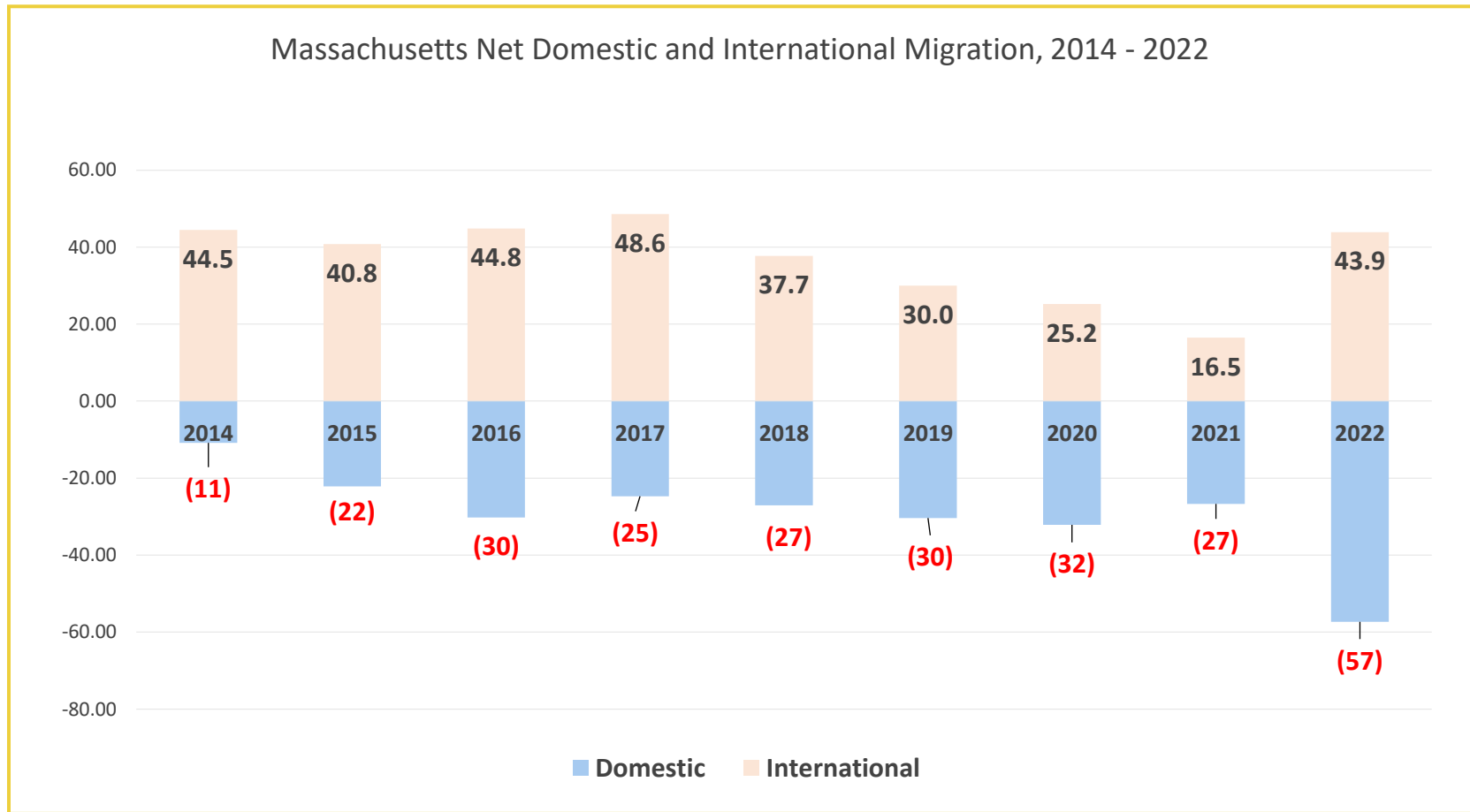
MA Net Domestic Migration, 1981 – 2022
(In Thousands)



Outmigration spikes occurred during the recessions of the late 80's and the financial crisis in 2009 because job growth was stronger elsewhere.

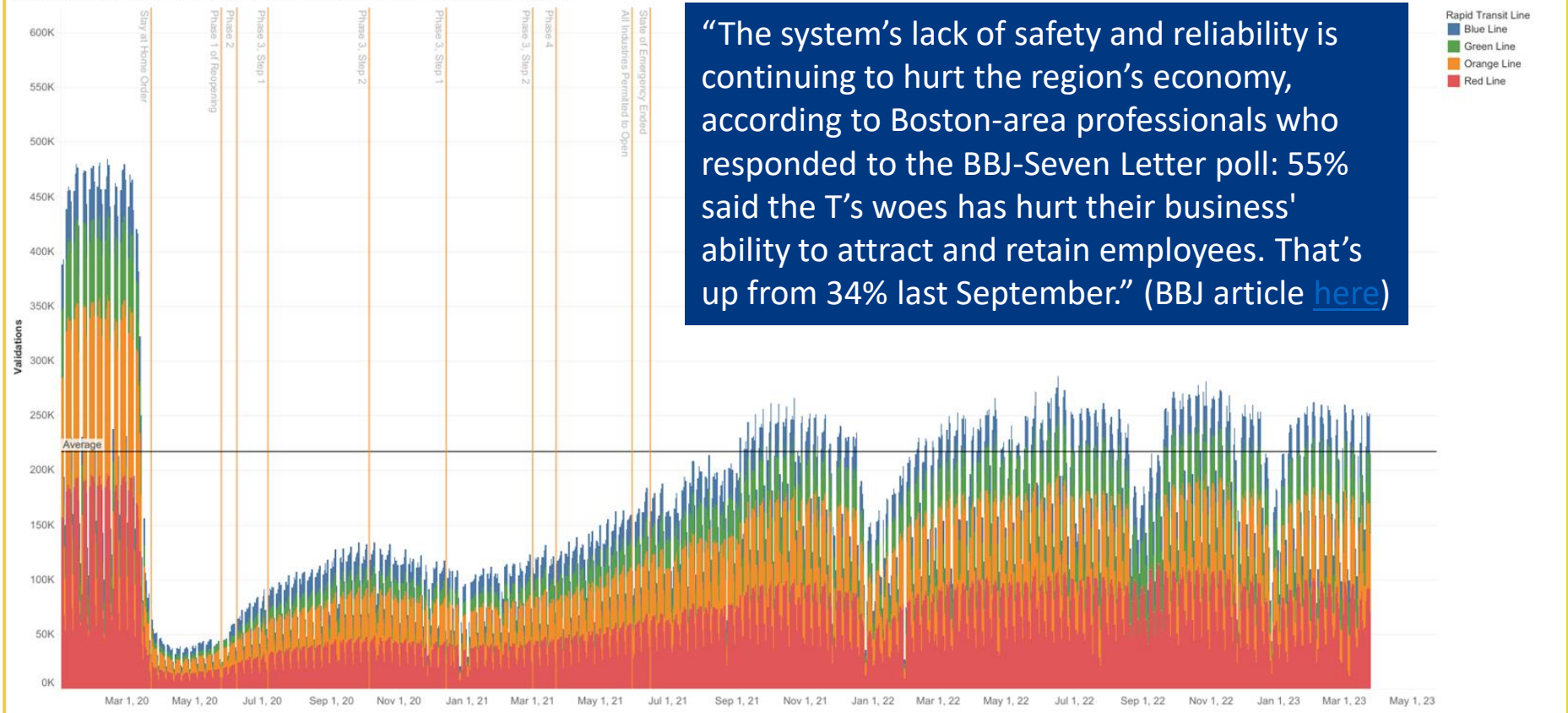
Today, jobs are plentiful but more affordable and better quality of work/life opportunities appear to be southward.

International Immigration Rebound Cannot Offset Domestic Outmigration in 2022



MBTA Rail Ridership Stagnates at 55% Pre-pandemic Levels since Oct. 2021; Employers: MBTA Woes Impair Workforce Issues

MBTA Validations by Rapid Transit Line (Daily), January 1st, 2020 to March 24th, 2023



“The system’s lack of safety and reliability is continuing to hurt the region’s economy, according to Boston-area professionals who responded to the BBJ-Seven Letter poll: 55% said the T’s woes has hurt their business’ ability to attract and retain employees. That’s up from 34% last September.” (BBJ article [here](#))

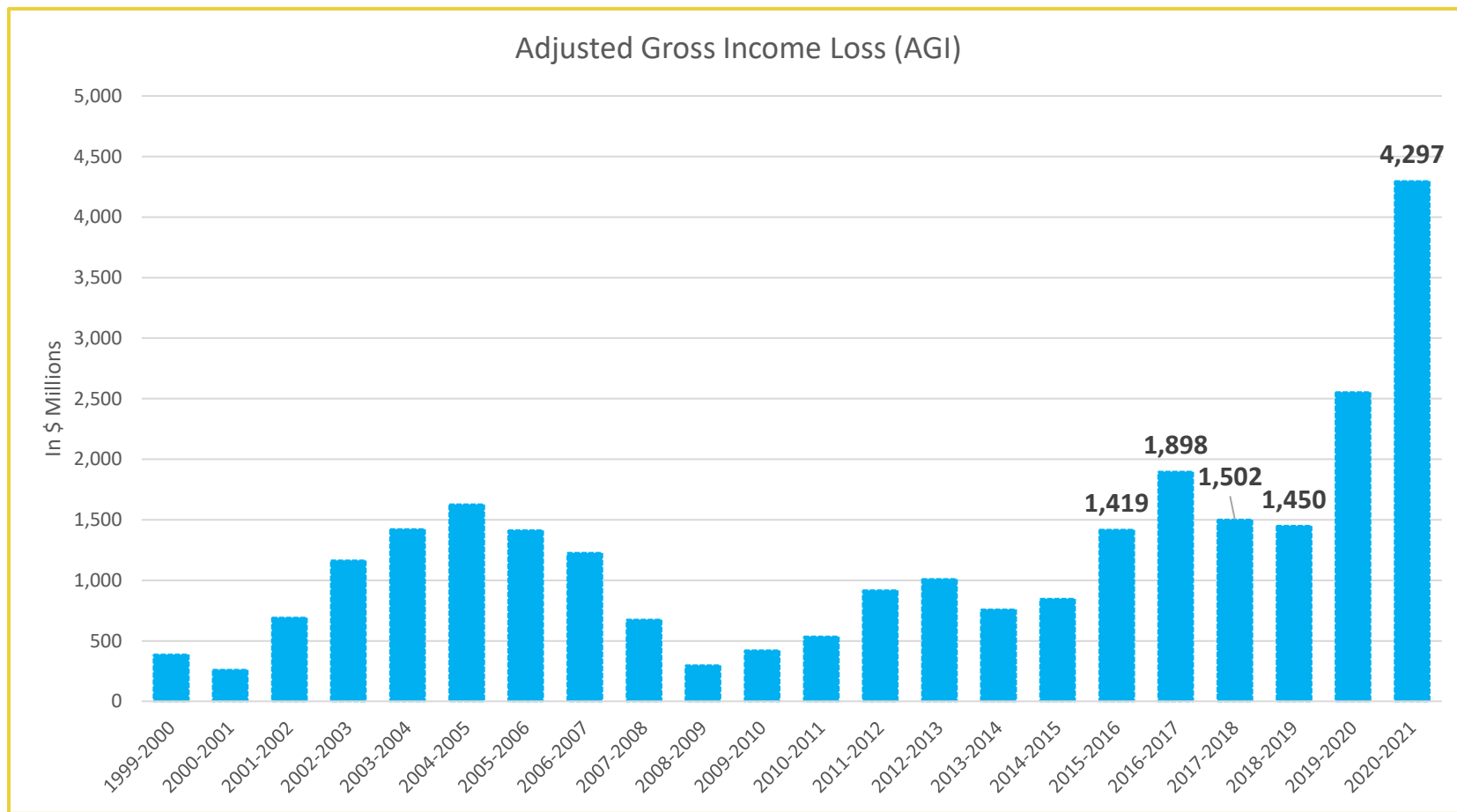
March 01, 2020

October 2021

March 23, 2023



Massachusetts Lost \$4.3 Billion of AGI in 2020



Source: IRS SOI Data – [Migration Data](#)

About MTF

Founded in 1932, the Massachusetts Taxpayers Foundation (MTF) is a non-profit, non-partisan public policy organization focused on state and local fiscal, tax and economic policies

MTF's record of high quality research and non-partisan analysis has earned the organization broad credibility on Beacon Hill and across the Commonwealth

Our mission is to provide accurate, unbiased research with thoughtful recommendations that strengthen the state's finances and economy to foster the long-term well-being of the Commonwealth and economic opportunity for all

