Moving to a Job: The Role of Home Equity, Debt, and Access to Credit

Yuliya Demyanyk∗ Dmytro Hryshko †
Federal Reserve Bank of Cleveland University of Alberta

María José Luengo-Prado‡ Bent E. Sørensen§
Northeastern University University of Houston and CEPR

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Abstract

Using credit report data from two of the three major credit bureaus in the United States, we infer (from addresses and new mortgages) with high certainty whether households move to other labor markets defined by metropolitan areas. We estimate how the patterns of moving relate to labor market conditions, personal credit, and homeownership using panel regressions with fixed effects which control for all constant individual-specific traits. We interpret the patterns through simulations of a dynamic model of consumption, housing, and location choice. We find that households with negative home equity move more than other households, in particular when unemployment growth is high—overall, negative home equity is not an important barrier to labor mobility.

∗yuliya.demyanyk@clev.frb.org.
†dmytro.hryshko@ualberta.ca
‡m.luengo@neu.edu
§bent.sorensen@mail.uh.edu