

# THE REAL DEAL

NEW YORK REAL ESTATE NEWS

## Trump's immigration plans could hit housing market hard

*Deportations and uncertainty reduce demand for homes*

February 22, 2017

The Trump administration's plans to deport more undocumented immigrants and restrict legal immigration could be bad news for the U.S. housing market.

"If Trump gets the immigration plan he wants, the housing market will get hit harder than any other," Alex Nowrasteh of libertarian think tank Cato Institute told Bloomberg. If "millions of people get deported and more people don't come in to take their place, then you'll have downward pressure on home prices, especially in urban areas."

It's not just that deporting U.S. residents reduces demand for housing — even immigrants who don't have to fear immediate deportation are growing more reluctant to invest in homes for fear over their future status. One Silicon Valley software engineer on a temporary work visa told Bloomberg that he is holding off on buying a home because of Trump. "We were about to make some offers," he said. "But we don't know what news will come out and how that will affect our jobs."

Immigrants' reluctance to invest in homes matters because they have emerged as a key source of demand for homes in recent decades. While the overall homeownership rate has stagnated since 1995, the homeownership rate among immigrants increased by 2.4 percentage points. In other words: immigrants made up for falling demand from native-born Americans.

University of Washington economist Jacob Vigdor reckons that the country's 40 million immigrants account for \$3.7 trillion in property wealth.