MOVING TO A JOB: THE ROLE OF HOME EQUITY, DEBT, AND ACCESS TO CREDIT

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ABSTRACT

We use individual-level credit reports merged with loan-level mortgage data to estimate how home equity interacted with mobility in relatively weak and strong labor markets in the United States during the Great Recession. We construct a dynamic model of housing, consumption, employment, and relocation, which provides a structural interpretation of our empirical results and allows us to explore the role that foreclosure played in labor mobility. We find that negative home equity is not a significant barrier to job-related mobility because the benefits of accepting an out-of-area job outweigh the costs of moving. This pattern holds even if homeowners are not able to default on their mortgages.