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ESTABLISHMENT MOBILITY IN THE UNITED STATES: INTERSTATE MOVE-INS AND MOVE-OUTS

This brief explores the movement of establishments within the United States by calculating an interstate establishment mobility ratio. Establishment mobility reflects the overall movement of establishments across states, and includes establishments in the private, public, and non-profit sectors.

The interstate establishment mobility ratio reflects the flow of establishments which moved into and out of a given state. It is calculated as a move-in / move-out ratio by taking the number of establishments moving into a state divided by the number of establishments moving out of a state in a given year. An establishment is defined as either a headquarters or branch of a given organization.¹ This provides a comparable snapshot of how states are gaining or losing establishments. This is a relative measure that compares movement, and does not reflect differences in overall volume: for example, 20 move-ins and 10 move-outs will have the same ratio as 500 move-ins and 250 move-outs.

The interstate establishment mobility ratio is calculated annually for the years 2004–2016 for all 50 states and the District of Columbia. A value of 1 reflects no net change in a state, in other words, the number of establishments that moved in was the same as the number that moved out for that year. A value greater than 1 indicates that more establishments moved in than moved out, and a value less than 1 indicates that fewer establishments moved in than moved out. When establishments move, they can also move jobs, resources and knowledge to a new local ecosystem.



Highlights:

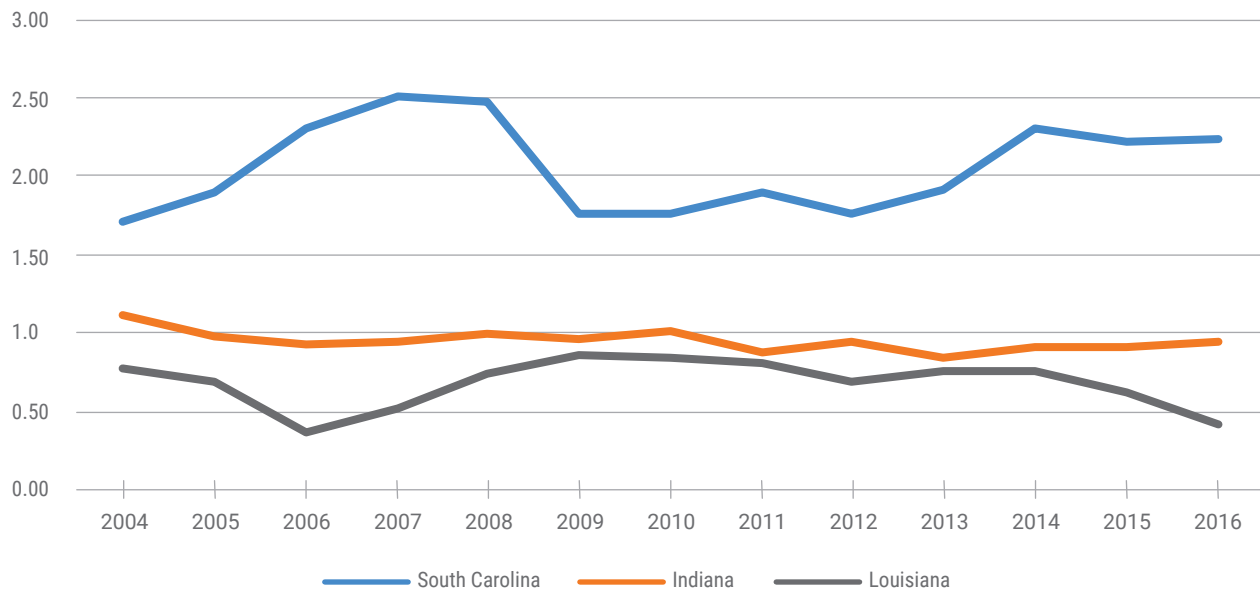
- In 2016, South Carolina had an interstate establishments mobility ratio of 2.23, meaning more than twice as many establishments moved into South Carolina than moved out of South Carolina. Idaho (1.76), Arizona (1.68), Maine (1.64), and Nevada (1.64) also had relatively larger mobility ratios, where establishment move-ins were more than 1.5 times establishment move-outs.
- Louisiana, New York, and Alaska consistently had about twice as many establishments move out of the state for every establishment that moved into the state every year between 2004 and 2016

Interstate Establishment Mobility in the United States

In 2016, the interstate establishment mobility ratio was highest in South Carolina (2.23), lowest in Louisiana (0.41), and the median ratio was in Indiana (0.94). The ratio of 2.23 in South Carolina indicates that establishments moving in were more than double those that moved out. The ratio of 0.41 in Louisiana indicates that about two establishments moved into the state for every five establishments that left the state.

The trend in mobility ratios over time for the three states is displayed in Figure 1. South Carolina had more establishments moving in for every year between 2004 and 2016. Indiana, the median state in 2016, consistently had an interstate establishment mobility ratio around 1 during this period, and Louisiana had more establishments move out for every year.

FIGURE 1: Interstate Establishment Mobility Ratio, 2004–2016



In 2016, the ratio of 2.23 in South Carolina indicates that establishments moving in were more than double those that moved out. The ratio of 0.41 in Louisiana indicates that about two establishments moved into the state for every five establishments that left the state.

Table 1 presents interstate establishment mobility ratios for 50 states and the District of Columbia, as well as the median values for the U.S. overall, between 2004 and 2016. In 2004, there were 26 states that had more establishments moving in than out, compared with 24 states in 2010 and 2016.

South Carolina had a substantially higher mobility ratio than other states in 2016 (2.23). In addition to South Carolina, Idaho (1.76), Arizona (1.68), Maine (1.64), and Nevada (1.64) also had relatively larger mobility ratios, where establishment move-ins were more than 1.5 times establishment move-outs.

In addition to Louisiana, New York and Alaska also consistently had about twice as many establishments leave the state for every establishment that moved into the state every year between 2004 and 2016.

TABLE 1 | Interstate Establishment Mobility Ratio, 2004–2016

STATE	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AK	0.76	0.57	0.55	0.46	0.42	0.54	0.56	0.68	0.49	0.53	0.50	0.51	0.67
AL	1.26	1.39	1.66	1.71	1.58	1.21	1.22	1.17	1.22	1.22	1.11	1.05	1.28
AR	1.27	1.31	1.96	1.43	1.38	1.08	1.11	0.98	1.12	1.01	1.29	1.03	1.19
AZ	2.40	2.61	1.83	1.73	1.70	1.33	1.31	1.31	1.48	1.42	1.49	1.46	1.68
CA	0.61	0.50	0.54	0.64	0.76	0.87	0.83	0.96	0.93	0.82	0.82	0.75	0.68
CO	0.82	0.80	0.88	0.90	1.14	1.03	1.02	0.99	0.99	1.03	0.96	1.09	1.05
CT	0.82	0.71	0.71	0.79	0.73	0.75	0.69	0.81	0.67	0.75	0.66	0.72	0.64
DC	0.64	0.62	0.74	0.81	0.74	0.76	0.72	0.80	0.96	0.81	0.84	0.90	0.78
DE	1.49	1.32	1.52	1.27	1.14	0.98	1.01	1.35	0.99	0.91	0.99	0.91	1.05
FL	2.10	1.66	1.18	1.05	1.07	1.19	1.13	1.26	1.36	1.45	1.50	1.59	1.55
GA	1.18	1.26	1.32	1.45	1.29	1.07	0.98	0.96	0.96	1.01	1.07	1.13	1.01
HI	1.68	1.22	1.14	1.10	0.77	0.96	1.15	1.05	1.06	1.14	1.03	1.47	1.20
IA	0.70	0.80	0.90	0.99	0.71	0.70	0.74	0.84	0.78	0.75	0.90	0.76	0.74
ID	1.24	1.36	1.35	1.26	1.13	0.95	0.83	1.19	1.25	1.33	1.25	1.77	1.76
IL	0.65	0.70	0.79	0.84	0.77	0.92	0.82	0.76	0.72	0.67	0.61	0.71	0.63
IN	1.12	0.97	0.92	0.95	1.00	0.97	1.02	0.87	0.94	0.84	0.91	0.91	0.94
KS	1.02	0.82	1.16	0.95	1.01	1.06	0.96	1.06	0.76	0.84	0.95	0.82	0.86
KY	0.94	1.09	1.12	1.21	0.98	0.95	0.98	0.95	0.91	0.89	0.91	0.88	0.84
LA	0.78	0.68	0.36	0.51	0.73	0.87	0.85	0.80	0.68	0.75	0.76	0.62	0.41
MA	0.58	0.63	0.67	0.67	0.72	0.84	0.85	0.80	0.90	0.81	0.83	0.78	0.74
MD	0.91	0.78	0.81	0.78	0.77	0.89	0.94	0.95	0.81	0.89	0.79	0.73	0.80
ME	1.07	1.23	1.10	1.07	0.98	0.85	0.91	0.82	1.11	1.05	1.18	1.00	1.64
MI	0.71	0.62	0.67	0.57	0.51	0.61	0.69	0.81	0.83	0.87	0.82	0.99	1.12
MN	0.68	0.71	0.67	0.69	0.90	0.89	0.94	0.77	0.84	0.93	0.75	0.94	0.82
MO	1.13	1.18	1.15	1.05	1.16	1.21	1.01	0.89	1.09	1.05	0.96	1.07	0.91
MS	1.16	1.58	1.42	0.90	0.87	0.69	0.69	0.76	0.82	0.82	1.10	0.83	0.87
MT	0.80	1.13	1.42	1.27	1.00	0.95	1.14	1.04	1.07	1.04	1.12	1.11	1.21
NC	1.43	1.88	1.80	1.93	1.92	1.40	1.42	1.27	1.31	1.41	1.46	1.33	1.47
ND	0.63	0.72	0.71	0.69	0.83	0.73	1.01	0.95	1.08	1.33	1.31	0.76	0.63
NE	0.85	0.76	0.74	0.83	0.88	0.84	0.78	0.80	0.89	0.91	0.93	0.55	0.86
NH	0.83	0.89	0.83	0.88	0.92	0.88	0.71	1.00	0.91	1.16	0.88	1.24	1.10
NJ	0.86	0.77	0.74	1.00	0.79	0.96	0.90	0.97	0.91	0.96	0.89	1.05	0.89
NM	1.11	1.44	1.12	1.14	1.12	0.91	1.21	1.21	0.96	0.86	0.93	0.91	1.14
NV	2.12	1.67	1.70	1.57	1.59	1.04	1.29	1.28	1.45	1.48	1.71	1.58	1.64
NY	0.47	0.48	0.52	0.49	0.51	0.65	0.71	0.65	0.67	0.60	0.57	0.55	0.58
OH	0.64	0.67	0.78	0.81	0.75	0.78	0.79	0.76	0.77	0.77	0.82	0.76	0.86
OK	1.31	1.41	1.09	1.12	1.50	1.16	1.02	1.06	0.99	1.07	1.14	0.92	0.99
OR	1.01	1.34	1.31	1.14	1.45	1.10	0.98	0.84	1.01	1.03	1.11	1.25	1.13
PA	1.01	0.90	0.95	1.06	0.94	0.86	0.92	0.87	0.85	0.87	0.83	0.93	0.77
RI	0.86	0.64	0.89	0.86	0.85	1.03	1.04	0.95	1.03	0.95	0.97	1.08	0.93
SC	1.72	1.90	2.30	2.50	2.48	1.76	1.76	1.89	1.76	1.91	2.31	2.22	2.23
SD	0.81	1.14	1.25	1.07	1.07	1.29	1.10	1.05	0.97	1.27	0.86	0.74	1.31
TN	1.25	1.73	1.66	1.80	1.78	1.26	1.37	1.16	1.24	1.31	1.27	1.56	1.39
TX	1.24	1.40	1.81	1.76	1.43	1.57	1.50	1.44	1.28	1.34	1.37	1.32	1.39
UT	1.03	1.16	1.35	1.05	0.91	0.99	1.09	1.01	1.19	1.00	1.15	1.15	1.25
VA	1.01	1.10	0.97	0.94	0.98	1.04	0.97	0.99	0.98	0.92	0.87	0.93	0.91
VT	1.00	1.18	0.84	1.37	1.09	0.86	1.04	0.89	0.74	0.65	0.80	0.83	0.74
WA	1.06	1.20	1.26	1.00	1.13	1.20	1.25	1.15	1.04	0.99	1.15	1.16	1.21
WI	0.94	1.06	0.99	0.95	0.92	0.84	0.91	0.96	0.96	0.98	0.77	1.09	1.08
WV	1.25	1.00	0.99	0.92	1.29	1.19	1.17	0.88	0.94	0.71	1.07	0.89	0.88
WY	0.81	0.77	0.73	1.36	0.74	0.96	0.81	0.86	0.92	0.98	0.98	1.16	0.74
US Median:	1.01	1.09	0.99	1.00	0.98	0.96	0.98	0.96	0.96	0.96	0.96	0.94	0.94

About the Data

The interstate establishment mobility ratio covers movement within the United States and does not account for international mobility. It does not reflect size or age of establishments. Data used to create the interstate establishment mobility ratios come from the 2017 National Establishment Time Series (NETS) database, which is built from archival data from Dun & Bradstreet (Walls & Associates 2017).

It is important to note that NETS uses a different definition of an “establishment” than federal sources – NETS defines an establishment as a particular line of business and traces it from one geographic location to another, while federal sources typically base their definition of an establishment on geographic location. This may account for some of the discrepancy between the NETS data and data from federal sources.

Notes: (i) The distinction between establishments and firms is useful because a major branch of a firm may relocate from one state to another (bringing additional jobs to the recipient state) while the headquarters of that firm remains where it originally was.

Sources: (1) Crane and Decker. 2019. *Business dynamics in the National Establishment Time Series (NETS)*, Finance and Economics Discussion Series 2019-034, Washington DC: Board of Governors of the Federal Reserve System. (2) Walls & Associates. 2017. *National Establishment Time-Series Database: 2013 Database Description*.

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