Comptroller of Maryland

State of the Economy Series: Housing & the Economy

October 2025

In January 2024, the Comptroller of Maryland released the agency's inaugural State of the Economy report that examined economic trends in Maryland compared to the U.S. and neighboring states. It analyzed a range of factors impacting Maryland's post-pandemic economy. This Housing & the Economy report is part of a series that further explores key findings highlighted in the State of the Economy report to provide analysis and information to policymakers and the public.

Key Findings

The United States is mired in a monumental housing crisis. A growing number of Americans are priced out of the market and there is a scarcity of housing production. Since 2019, home sale prices in the U.S. have jumped by more than 60%. The national housing inventory, as defined by the number of active listings, remains below 2019 levels. Americans have been responding to the housing crisis with their feet by moving to states where housing is more affordable and plentiful.

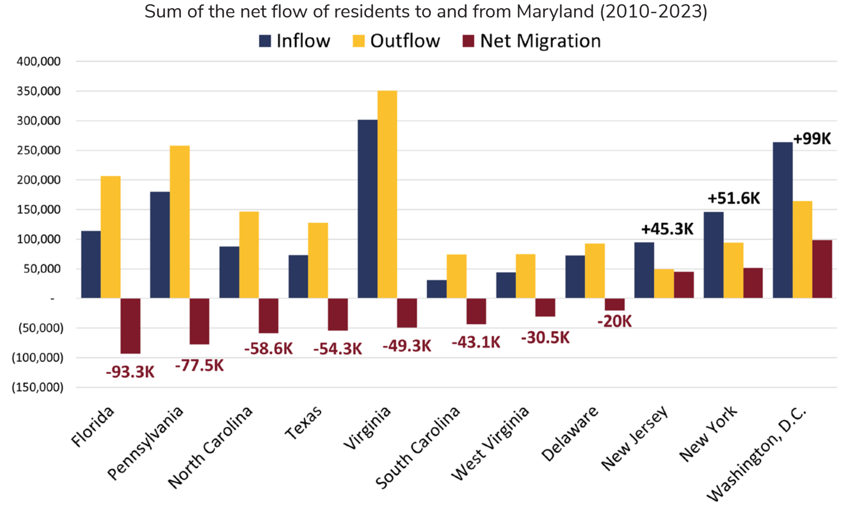
Maryland – a state with relatively high housing costs – is caught in the middle: attracting some newcomers from very expensive states but losing more to places where homes cost less to own or rent. Maryland is contending with a chronic undersupply of housing and web of complex and costly regulations, fees, and administrative processes that have the effect of limiting housing production and driving up costs. The state stands to lose more residents, economic opportunities, and revenues unless it addresses these challenges at scale.

1) Domestic Migration

Between 2010 and 2023, Maryland lost a total of 2.3 million residents to other states, while approximately 2 million residents from other states moved into Maryland (see chart). Overall, the state's population still grew during this period due to international migration and natural net population growth. However, between 2022 and 2024, Maryland ranked in the top 10 of all U.S. states for the largest net loss of residents to domestic migration.

Maryland Domestic Migration

Sum of the net flow of residents to and from Maryland (2010-2023)



Source: U.S. Census Bureau, American Community Survey (ACS), state-to-state migration flows

Prior to the pandemic, Maryland primarily lost older, higher-income residents (i.e. retirees), on net. Since the pandemic, the share of younger and lower- and middle-income residents leaving the state has increased. This finding suggests that pre-pandemic, factors like taxes and weather may have been more prominent drivers of migration decisions, while more recently, housing affordability and overall cost of living are having a greater effect.

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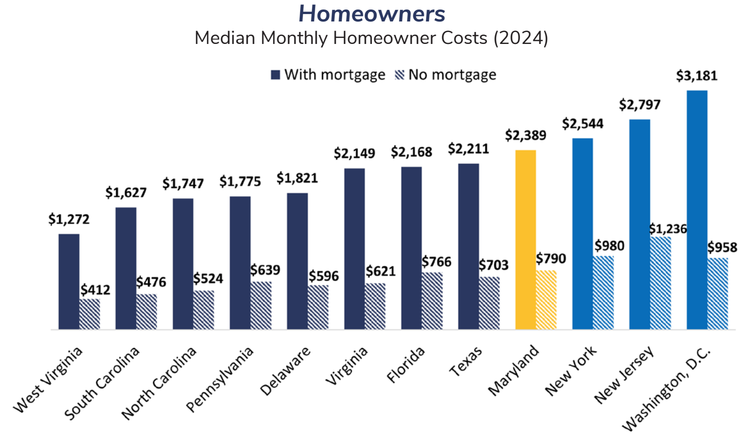
2) Housing Costs

All the states that Maryland loses residents to are more affordable for homeowners, with or without a mortgage, and most are more affordable for renters. The disparity between the median wage and the wage needed to rent a 2-bedroom apartment is greater in Maryland than all the states in the cohort that Maryland is losing residents to, with the exception of Florida.

Growth in home prices and rents have significantly outpaced household incomes, driving affordability issues for renters and (prospective) homeowners across the country. Between 2000 and 2022, the share of households in Maryland earning enough income to afford the median-price home has fallen by over 25 percentage points, from 75% to less than 50% of households.

Migration patterns align closely with housing costs.

States Maryland lost the most residents to | Maryland | States Maryland gained the most residents from

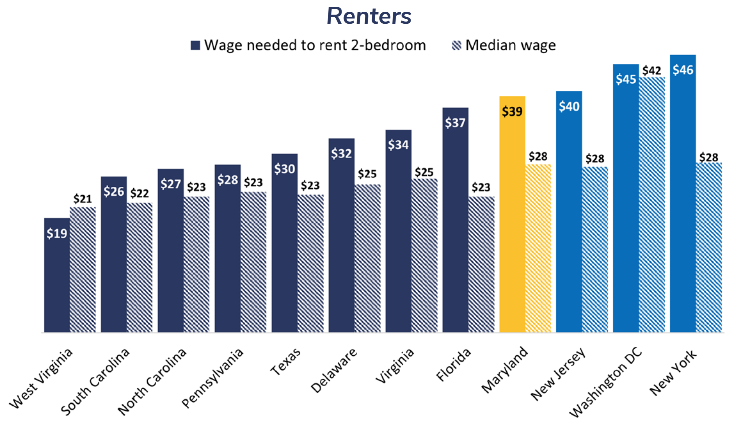


Source: U.S. Census Bureau, American Community Survey (ACS) 2024 1-year estimates

3) Supply & Demand

Maryland has a current shortage of about 100,000 housing units and needs to build 590,000 new housing units to meet demand and growth projections by 2045. Due to chronic underbuilding, Maryland's housing stock has grown substantially slower than most of the states it loses residents to.

To meet projected demand, Maryland will need to approve nearly 30,000 permits per year. Since 2014, Maryland has only permitted an average of 18,000 units annually (or around 8 units per 1,000 households). Last year, the Carolinas, Texas, and Florida, permitted around 3x more housing units per 1,000 households than Maryland.

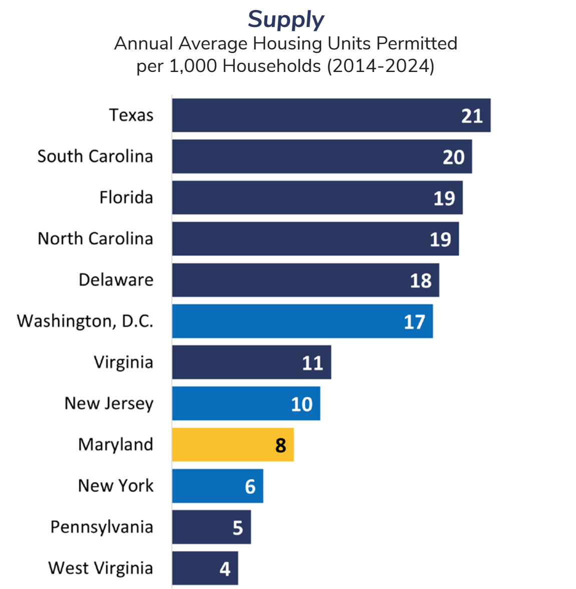


Source: National Low Income Housing Coalition; Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) May 2024

4) Factors Impacting Housing Supply and Prices

Nationally, the cost to build housing is at historic highs. The cost of materials and labor increased significantly since the start of the pandemic and, per square foot, are higher in Maryland than in all of the states to which Maryland loses residents.

Nationally, regulation accounts for nearly 25% of the total cost of a new home; Maryland is ranked as the 6th most regulated state for housing development, according to the Wharton School of Business. In Maryland, the volume and inconsistency of land use regulations can make projects complex, lengthy, and expensive for developers, and difficult for local governments to administer. Some of the major barriers to development in Maryland (which can vary across counties and localities) compared to other states are rules guiding density limitations, parking requirements, public facility ordinances, forest conservation obligations, public input periods, appeals rights, and development impact fees.



Source: U.S. Census Bureau, Building Permit Survey and American Community Survey (ACS)

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