



How Illegal Immigration Drove Housing Costs Through the Roof

The unprecedented surge in illegal aliens between 2021 and 2024 drove up home prices by roughly 30 percent and rents by approximately 20 percent in the average American metropolitan area. This is according to a Federal Reserve Bank of Dallas [working paper](#) published in March.

The Impacts of Unauthorized Immigration on U.S. Labor and Housing Markets: New Evidence from Administrative Microdata (Working Paper 2607) is the first study to use data on individual foreign nationals rather than relying on estimates. The authors constructed precise measures of net illegal entry by foreigners at both national and local levels, then analyzed the effects across local housing markets.

Supply and Demand

Unauthorized migrant worker flows raised local house prices and rents without expanding housing supply — a classic low-supply/high-demand shock. Millions of additional people needed housing, no new housing was available, and prices rose accordingly. The burden fell on existing residents, especially low-income American workers and legal immigrants already struggling with housing affordability. The paper also found that unauthorized foreign-worker flows [reduced labor income per capita](#) among the existing workforce.

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“Unprecedented Boom”

During the Biden administration, the United States experienced what the paper terms an “unprecedented boom” in unauthorized immigration. DHS reported nationwide total encounters exceeding two million annually during that period. The trend peaked in January 2024 and then fell steeply, turning negative by early 2025 (meaning more people left than entered).

Though that new trend continues, home prices nationally remain near all-time highs. Rental costs have consumed an increasing share of household income across virtually every income bracket. First-time homebuyers have been effectively priced out of markets their parents entered with relative ease.



Written by [Rebecca Terrell](#) on June 30, 2026

Wealth Transfer

What the paper documents is a massive involuntary transfer of wealth from American workers, renters, and aspiring homeowners to landlords, developers, and the employers of low-wage labor. No legislation authorized it. No Congress voted for it. It was the predictable economic consequence of a deliberate policy of non-enforcement at the border, and its costs were borne entirely by ordinary Americans who had no say in the matter.

Yet as foreign incursions into the United States have abated under continued border enforcement, the demand pressure on housing markets should begin to ease. [Zillow](#) has already reported national mortgage costs at their best level since August 2022.

Secure borders are more than a national security imperative; they are an economic policy. The costs and benefits are distributed in ways that elites, insulated by wealth, have been content to ignore. The Dallas Fed, to its credit, has now documented those costs with the rigor that the subject deserves.

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