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### THE WALL STREET JOURNAL

WSJ.com

October 16, 2013, 9:54 AM ET

# Richer Americans Like Living With Poorer People Until They Have Kids

By Neil Shah

Many of America's wealthiest people are clustering in more expensive and affluent neighborhoods, leaving their lower-income brethren behind. One possible reason: They're doing it for the kids.



Andrew Hinderaker for The Wall Street Journal

The share of American families living in either poor or affluent neighborhoods has doubled over the last four decades from 15% to 33%, according to an analysis of **Census** data by researchers **Kendra Bischoff** of **Cornell University** and **Sean Reardon** at **Stanford University**. The proportion living in affluent areas shot up from 7% in 1970 to 15% in 2009, while the share of families in poor neighborhoods more than doubled from 8% to 18%.

The nation's growing "income segregation" problem, as the researchers call it, is acute where there are high levels of income inequality—but also in places with growing shares of children.

"Parents are more sensitive to neighborhood context and place-based amenities, such as schools, when making residential decisions than are non-parents," the researchers said. "The presence of children makes residential location more important, and thereby aggravates residential sorting by income."

Put simply, many Americans, especially those with resources, like residing in socioeconomically-diverse areas when they're younger, but once they have kids, and want the best for them, they head out — not just to the suburbs, but to suburbs with better schools and richer people and less crime — even if they have to pay up.

In aggregate, it means that better-off Americans are, as a group, increasingly forming their own enclaves and segregating themselves. That could mean worse-quality schools and parks for the children of the lower-income people being left behind. If well-off Americans no longer live near the worse-off, the

researchers worry, the nation's economic resources—and tax revenue—will be pooled in fewer and fewer areas—making expenditures in poorer areas more difficult.

Of course, it's no surprise children and schools figure when young parents are looking to buy. As the Journal wrote [last summer](#), an analysis of Census data by real-estate services company **Trulia Inc.** shows that the quality of schools is sometimes a more important factor than price and commute times for parents. Using data from the Decennial Census taken in 2010, Trulia compared ratios of families with children 5 to 9 versus families with younger children, and found that the communities least attractive to parents of school-age children were often densely-populated places popular with young professionals and students, for example.

Income also isn't the only way Americans sort themselves. Many of America's most educated people [continue to gather](#) in a few areas like New York and California's Silicon Valley, even though the sophistication of today's technologies means it's easier than ever to work from anywhere.

But America's nesting impulse is a worry because it appears to be dovetailing with—and arguably exacerbating—the nation's income inequality problem.

The researchers note that America's higher-income and lower-income populations started really going their separate ways in the 1980s; the trend took a breather in the 1990s, only to come back with vengeance in the 2000s, a period of stagnant incomes and increasing economic inequality.

The trouble is the nation's affluent, who have isolated themselves over the past 40 years more than the poor, hold the lion's share of its resources: As of 2010, America's top 10% of families controlled nearly 50% of all income, the researchers note.

"The increasing geographic isolation of affluent families means that a significant proportion of society's resources are concentrated in a smaller and smaller proportion of neighborhoods," they say.

This hurts the economy in at least two ways. While a lot more research needs to be done, it's probably not great for children in poor areas to not have access to better schools and more educated adults. More perniciously, though, if the better-off aren't living in the same place as the worse-off, they won't be as willing to pay for future social services in the worse-off areas. Indeed, their tax payments will go to supporting their own schools and parks, leaving the lower-income areas to fend for themselves. That, in turn, will reinforce the economic inequalities that already exist.

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