

## Abstract

Skill differences in geographical mobility are entirely driven by (typically young) workers who report moving for a new job. I argue this is a natural consequence of the specialized nature of skills, independent of geography. In a “thin” labor market, given the importance of job match quality, skilled workers will accrue substantial rents as they climb the jobs ladder. This is particularly so for younger workers, who are just beginning their careers. Though the origin of these rents is unrelated to geography, I claim these rents are crucial in explaining geographical mobility given that moving is typically costly. Using data from the US, I show that skill differences in wage rents are large enough to plausibly explain the mobility gap. I find little support for the view that skilled mobility is driven principally by low migration costs. In fact, based on estimates of the wage returns to cross-state matches, I show that workers’ realized migration costs are steeply *increasing* in skill - conditional on moving. This is a natural consequence of selection on large wage offers. I also present new evidence on subjective migration costs which supports my claims.