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Newcomers to Philadelphia Have Nearly 40% More to Spend on Homes Than Locals

Out-of-towners have bigger budgets than locals in relatively affordable destinations like Philadelphia, Atlanta and Dallas because many are remote workers moving in from more expensive places

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — The average out-of-towner moving to Philadelphia in the first half of 2022 had \$588,000 to spend on a home, 39% higher than the \$422,000 average budget for local buyers, according to a [new analysis](https://www.redfin.com) from Redfin (www.redfin.com), the technology-powered real estate brokerage. That's the biggest gap among the cities included in the analysis, which is based on the average maximum list-price filters for homes set by Redfin.com users in their saved searches.

New York comes next, with an average out-of-town budget of \$1.3 million, 31% higher than the average local budget. It's followed by Atlanta (30% higher), Dallas (22% higher) and Portland, OR (18% higher). Out-of-towners had higher budgets in 19 of the 23 cities in this analysis.

Newcomers to Philadelphia have significantly higher budgets because they typically come from coastal job centers with high salaries and cash on hand from selling a high-value home. Philadelphia's popularity with affluent out-of-town homebuyers shot up at the beginning of the pandemic as remote work made it feasible to move to a more affordable area while keeping a high hometown salary. New York is by far the most common origin for out-of-towners moving to Philadelphia, and it also attracts a lot of migrants from Washington, D.C. and Los Angeles.

The typical Philadelphia home sold for just \$300,000 in June, less than half of New York's \$705,000 median sale price. Prices in Philadelphia have also grown slower: They're up 20% from the beginning of the pandemic, compared with a 26% jump in New York and a 38% nationwide bump.

"Even though the housing market has slowed, the share of homebuyers moving to different parts of the country has not," said Redfin Deputy Chief Economist Taylor Marr. "That's partly because home prices and mortgage rates have increased so much that homebuyers with the flexibility to relocate are seeking out affordable areas. Someone moving from Los Angeles to Philadelphia may have a higher monthly housing payment than they would have six months ago, but it's still much lower than it would be in coastal California."

"The market looks different for locals, many of whom are priced out or driven to search in the suburbs because both home prices and mortgage payments have risen significantly in the last year," Marr continued. "But local buyers may get a break as the market cools and competition slows."

Atlanta and Dallas are also popular pandemic-fueled migration destinations. Dallas was the 10th most popular destination in the second quarter, and Atlanta came in at number 12.

Affluent New Yorkers are moving back to the city with big budgets

The story is different in New York, one of the priciest metro areas in the country. One reason why house hunters in New York have bigger budgets than locals: Many of those out-of-towners actually *are* locals—and they're wealthy locals.

“A lot of the people who can afford to buy homes in New York right now are those moving back to the city after a pandemic hiatus, and they likely have more money than the locals who stayed put,” said Masha Berman, a Redfin agent in New York. “I’m also seeing a lot of out-of-town investors and affluent pied-a-terre buyers.”

Locals have bigger budgets in the Bay Area

Locals had higher budgets than out-of-towners in four of the 23 cities, all of them in California and three in the Bay Area.

The average budget for locals in Fremont, CA (located in the East Bay) was about \$1.9 million, 20% higher than the average migrant budget and the biggest gap among the cities in this analysis. Next comes San Francisco, where the average local budget was about \$2.1 million, 12% higher than the average migrant budget. It's followed by San Jose (4% higher) and Irvine (3% higher).

To read the full report, including methodology and additional metro-level data, visit: <https://www.redfin.com/news/migrant-local-homebuying-budget-2022/>

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