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REDFIN

Redfin Reports Homebuyers Are Looking to Move to Sacramento, Miami and Other Relatively Affordable Places as High Rates, Inflation Cut Into Budgets

Surging mortgage rates and persistently high home prices are motivating many buyerswho remain in the market to relocate to more affordable areas, but migration may slow as the economy continues to soften

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Nearly one-quarter (24.2%) of homebuyers nationwide looked to move to a different metro area in the third quarter, a record high, according to a new report from Redfin (redfin.com), the technology-powered real estate brokerage. That's up from 23.3% in the second quarter, 21.6% a year ago and about 18% before the pandemic.

Redfin has refined the methodology of its migration analysis, which measures the share of Redfin.com users looking to relocate from one metro area to another. Scroll to the bottom of this press release for more details on Redfin's updated methodology.

Affordability is a priority for homebuyers as mortgage rates surpass 7%, more than doubling in the last year. Those high rates, along with inflation and still-high home prices, are discouraging many prospective homebuyers from moving. But those who *are* still in the market are likely to prioritize living somewhere relatively affordable, like Sacramento or Las Vegas.

"With a recession looming and household expenses high, many people can't afford to buy a home in an expensive area and/or want to save money in case of an emergency, which makes relocating somewhere more affordable an attractive option," said Redfin Economics Research Lead Chen Zhao. "Migration will likely slow in the coming months because the softening labor market and job losses will push more people to stay put or move in with family, though some may need to relocate for new employment opportunities. Plus, many remote workers who wanted to relocate already have."

Sacramento, Miami and Las Vegas are most popular spots for out-of-town homebuyers

Sacramento was the most popular destination for Redfin.com users looking to relocate, followed by Miami, Las Vegas, San Diego and Tampa. Popularity is determined by net inflow, which is the number of people looking to move into a metro minus the number of people looking to leave.

Sunny, relatively affordable areas are typically the most popular relocation destinations.

Take Sacramento, for example. While its $560,000 median sale price is higher than the national average, it's a fraction of the $1.5 million median price in nearby San Francisco, the most common origin of newcomers to Sacramento. New York, where the typical home costs $680,000, is the most common origin for buyers moving to Miami ($475,000 median sale price). Nine of the 10 most popular destinations have more affordable home prices than their top origins (Cape Coral, FL, with Chicago as the most common origin, is the exception).

"More than half of my buyers in Sacramento are from outside the area," said local Redfin agent Samantha Rahman. "They're mostly remote workers coming from the Bay Area who may need to commute to the office a few times a month but are saving significantly on housing costs. It makes even more sense to relocate to a more affordable region now than it did when mortgage rates were low, as lower-priced homes offset some of the expense of high rates and rack up less interest."

Top 10 Metros Homebuyers Are Moving Into, by Net Inflow
Net inflow = Number of Redfin.com home searchers looking to move into a metro area, minus the number of searchers looking to leave

Rank	Metro*	Net Inflow	Top Origin	Top Out-of-State Origin
1	Sacramento, CA	8,700	San Francisco, CA	Chicago, IL
2	Miami, FL	8,000	New York, NY	New York, NY
3	Las Vegas, NV	7,000	Los Angeles, CA	Los Angeles, CA
4	San Diego, CA	6,800	Los Angeles, CA	Chicago, IL
5	Tampa, FL	6,700	New York, NY	New York, NY
6	Phoenix, AZ	5,200	Los Angeles, CA	Los Angeles, CA
7	Cape Coral, FL	5,200	Chicago, IL	Chicago, IL
8	North Port-Sarasota, FL	5,200	New York, NY	New York, NY
9	Dallas, TX	4,100	Los Angeles, CA	Los Angeles, CA
10	Portland, ME	3,300	Boston, MA	Boston, MA

*Combined statistical areas with at least 500 users searching to and from the region in Q3 2022

People are leaving San Francisco, Los Angeles and New York

Homebuyers typically look to leave expensive coastal job centers, and the third quarter was no exception.

More homebuyers looked to leave San Francisco than any other major metro, followed by Los Angeles, New York, Washington, D.C. and Boston. That's determined by net outflow, a measure of how many more Redfin.com users looked to leave an area than move in.

Homebuyers leaving New York are most commonly searching in Miami, where the weather is warmer and homes are less expensive. And buyers looking to depart Boston are flocking to Portland, ME, where the typical home costs roughly $200,000 less.

Top 10 Metros Homebuyers Are Leaving, by Net Outflow
Net outflow = Number of Redfin.com home searchers looking to leave a metro area, minus the number of searchers looking to move in

Rank	Metro*	Net Outflow	Portion of Local Users Searching Elsewhere	Top Destination	Top Out-of-State Destination
1	San Francisco, CA	37,800	24%	Sacramento, CA	Seattle, WA
2	Los Angeles, CA	33,600	20%	San Diego, CA	Las Vegas, NV
3	New York, NY	23,600	27%	Miami, FL	Miami, FL
4	Washington, DC	18,900	18%	Salisbury, MD	Salisbury, MD
5	Boston, MA	9,300	19%	Portland, ME	Portland, ME
6	Chicago, IL	5,700	16%	Milwaukee, WI	Milwaukee, WI
7	Detroit, MI	4,600	32%	Cleveland, OH	Cleveland, OH
8	Denver, CO	3,700	31%	Chicago, IL	Chicago, IL
9	Seattle, WA	3,500	17%	Phoenix, AZ	Phoenix, AZ
10	Minneapolis, MN	2,200	29%	Chicago, IL	Chicago, IL

*Combined statistical areas with at least 500 users searching to and from the region in Q3 2022

Methodology

Redfin's migration analysis is based on about two million Redfin.com users who viewed for-sale homes online across more than 100 metro areas in the third quarter. Redfin has recast its migration methodology to more accurately account for homebuyers searching outside their home metro in multiple other metros. That's why the historical shares in this press release are lower than in past reports. The overall national trend remains the same: a steady uptick in the share of Redfin.com users looking to relocate over the last five years, with much of the increase occurring since the pandemic began. Metro-level trends are also largely unchanged with the methodology adjustment; the most popular destinations are typically relatively affordable Sun Belt metros.

To measure the share of homebuyers looking to relocate from one metro to another, Redfin calculates the portion of overall home searchers that are migrants. A Redfin.com user counts as a migrant if they viewed at least 10 for-sale homes in the third quarter and at least one of those homes was outside their home metro area.

To view the full report, including charts, please visit: https://www.redfin.com/news/housing-migration-trends-q3-2022/

About Redfin

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