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Out-of-Towners Moving Into Nashville, Atlanta and Austin Have More Than 30% Bigger Homebuying Budgets Than Locals

Out-of-towners have bigger budgets than locals in 31 of the 34 cities included in Redfin's analysis, and they're driving up home prices

SEATTLE, Jan. 21, 2021 /PRNewswire/ -- (NASDAQ: RDFN) — Nashville tops the list of cities with the biggest budget difference between out-of-town and local homebuyers, according to a new [report](https://www.redfin.com) from Redfin (www.redfin.com), the technology-powered real estate brokerage. The average housing budget for out-of-towners moving to Nashville in 2020 was \$719,500, 48% higher than the \$485,500 average budget for local buyers. Next come Atlanta, where out-of-towners had an average budget of \$698,000, 33% higher than the local budget, and Austin, where the average out-of-towner had an \$852,500 budget, 32% higher than locals.



The report is based on a Redfin analysis of the average maximum list-price filters for homes set by Redfin.com users in their saved searches.

"Many homebuyers are now able to widen their searches to parts of the country that weren't options when they were tied to offices in expensive cities, and the consequences for popular destinations will be numerous," said Redfin chief economist Daryl Fairweather. "That's great news for remote workers because their San Francisco salary can buy a lot more in Nashville or Austin than the Bay Area. And for locals, the influx of wealthy homebuyers is both good news and bad news. Homeowners will see the value of their homes rise, but first-time homebuyers will face tougher competition from out-of-towners with big budgets. Local economies will change as well, with people like construction workers, plumbers, childcare workers and landscapers seeing increased demand and increased prices for their services—but that would mean higher prices for locals as well."

The Nashville, Atlanta and Austin metros are all perennially on the top 10 list of most popular destinations for Redfin.com users moving from one metro area to another, and the number of people looking to move to each place increased by more than 40% year over year in late 2020. Homes in those metros are relatively affordable, though prices have been rising over the last several years. The typical home in Nashville sold for \$330,000 in December, up

5.1% from \$314,000 in December 2019. The median home-sale price in Atlanta was \$285,000 in December (+13.7% YoY from \$250,000), and in Austin it was \$370,000 (+15.2% YoY from \$321,000).

Californians are driving up home prices in Nashville and Austin

Nashville Redfin agent Mike Estes said he works with people moving in from Los Angeles, New York and Chicago on a weekly basis, and the number of wealthy out-of-towners has increased over the last year as remote work exacerbates migration.

"I've lived in Nashville for 14 years and the joke is that \$500,000 to \$700,000 is the new \$300,000 to \$500,000," said Estes. "But those who have lived in the area for many years typically can't afford to spend \$500,000 to \$700,000 on a home, and they often move into the suburbs or even farther out to find a home within their budget. Local homeowners are pleased with the increase in their property values, but they aren't always able to capitalize on it because they can't afford to buy in the same hot market. Meanwhile, people moving in from Los Angeles tend to think \$700,000 is inexpensive, and they're shocked they can afford a 3,000-square-foot home with beautiful finishes for that price."

Austin was the most common destination for Redfin.com users looking to move to a different metro at the end of 2020, the first time the Texas capital topped the list. Nearly 150% more people looked to move into Austin in the fourth quarter of 2020 than the same time period a year before.

"My nickname for Austin is Texa-fornia because so many people are moving in from California," said Sabrina Archolecas, senior asset manager for the Texas branch of RedfinNow, Redfin's iBuying business. "Buyers' agents are taking lawn chairs to showings because lines to get into properties are so long. People moving in from other parts of the country are making the market incredibly competitive and driving up prices like agents have never seen. One recent four-bedroom, 3,200-square-foot listing in Austin had 16 offers in one weekend; the list price was \$575,000 and it sold for \$638,000."

The Bay Area is the only place where locals have higher budgets than out-of-towners

Locals had higher budgets than migrants in just three of the 34 cities included in this analysis: San Francisco, San Jose and Fremont, CA (a city in the Oakland metro), all cities where migrants and locals alike have homebuying budgets well over \$1 million. The average budget for a local in San Francisco was \$1.76 million in 2020, 4.1% higher than the \$1.69 million average budget for out-of-towners.

The fact that locals had slightly higher budgets than migrants in those three cities is likely because the Bay Area has the highest median income in the U.S.


Average budgets of Redfin.com home searchers, out-of-towners versus locals, 2020				
<i>Ranking: Cities at the top of the list have bigger average budgets for migrants</i>				
City	Average maximum budget for migrants (Redfin.com saved searches)	Average maximum budget for locals (Redfin.com saved searches)	Percent difference between budgets for migrants over locals	Median sale price (Metro area, December 2020)
Nashville, TN	\$719,488	\$485,598	48.2%	\$329,900
Atlanta, GA	\$697,922	\$523,193	33.4%	\$284,700
Austin, TX	\$852,276	\$644,771	32.2%	\$370,000
Houston, TX	\$569,725	\$434,284	31.2%	\$273,000
New York, NY	\$1,013,778	\$798,010	27%	\$550,000
Denver, CO	\$882,266	\$698,795	26.3%	\$452,000
San Antonio, TX	\$461,971	\$372,357	24.1%	\$262,500
Philadelphia, PA	\$509,318	\$412,159	23.6%	\$245,000
Phoenix, AZ	\$627,324	\$509,059	23.2%	\$240,000
Dallas, TX	\$702,259	\$578,801	21.3%	\$323,900
Charlotte, NC	\$553,857	\$456,788	21.3%	\$297,500
Washington, D.C.	\$1,005,294	\$849,954	18.3%	\$450,000
Henderson, NV (Las Vegas metro)	\$619,306	\$524,163	18.2%	\$320,000
Chicago, IL	\$638,554	\$549,961	16.1%	\$270,000
Scottsdale, AZ (Phoenix metro)	\$970,051	\$839,704	15.5%	\$240,000
Las Vegas, NV	\$581,664	\$503,962	15.4%	\$320,000
Portland, OR	\$758,683	\$658,832	15.2%	\$450,000
San Diego, CA	\$1,139,410	\$994,098	14.6%	\$660,000
Sacramento, CA	\$615,886	\$539,676	14.1%	\$475,000
Oakland, CA	\$1,233,800	\$1,074,426	13.9%	\$816,600
Los Angeles, CA	\$1,533,244	\$1,347,995	13.7%	\$730,000
Gilbert, AZ (Phoenix metro)	\$547,422	\$497,514	10%	\$240,000
Boston, MA	\$1,069,360	\$974,973	9.7%	\$550,000
Seattle, WA	\$1,075,185	\$1,003,120	7.2%	\$625,000
Tacoma, WA	\$558,684	\$528,376	5.7%	\$435,000
Long Beach, CA (Los Angeles metro)	\$885,374	\$847,218	4.5%	\$730,000
Baltimore, MD	\$355,338	\$343,119	3.6%	\$305,500
Pleasanton, CA (Oakland metro)	\$1,475,711	\$1,426,303	3.5%	\$816,600
Irvine, CA (Anaheim metro)	\$1,241,524	\$1,222,482	1.6%	\$800,000
San Ramon, CA (Oakland metro)	\$1,370,051	\$1,356,789	1%	\$816,600
Riverside, CA	\$628,181	\$624,971	0.5%	\$450,000
Fremont, CA (Oakland metro)	\$1,375,721	\$1,420,132	-3.1%	\$816,600
San Jose, CA	\$1,329,339	\$1,378,570	-3.6%	\$1,195,000
San Francisco, CA	\$1,688,042	\$1,760,206	-4.1%	\$1,355,00

To read the full report, please visit: <https://www.redfin.com/news/migrants-versus-locals-homebuying-budget>

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