

March 4, 2021



# Home Prices in Cities Rise 16%, Surpassing Suburban and Rural Price Growth For the First Time Since Before Pandemic

## Houses, not condos, are driving renewed homebuyer interest in cities

SEATTLE, March 4, 2021 /PRNewswire/ -- (NASDAQ: RDFN) — The median home-sale price in urban areas nationwide rose 15.9% year over year to \$292,263 in the four weeks ending February 21, according to a [new report](#) from Redfin ([www.redfin.com](http://www.redfin.com)), the technology-powered real estate brokerage. This compared with a 15.5% increase to \$332,291 for homes in suburban neighborhoods and a 14.3% increase to \$284,593 for those in rural neighborhoods.



Although price growth is just slightly higher for homes in urban areas than the two other neighborhood types, it marks the first time since March 2020 that home-price growth in urban areas has surpassed that of suburban and rural places.

While suburban and rural homes are still hot, housing market data is illustrating renewed homebuyer interest in urban areas as coronavirus vaccines deliver hope for a return to an urban lifestyle. Price growth in urban areas is near a record high, while rural price growth reached a peak of 17.9% in October and has declined since then.

Homebuyer interest in rural areas spiked at the beginning of the pandemic in April when city life ground to an abrupt halt and remote work and homeschooling became commonplace, and the rural housing market remained hot through the summer and fall.

"For all the talk of an urban exodus, the housing market in cities is as hot as we've ever seen it, especially for single-family homes," said Redfin Chief Economist Daryl Fairweather. "There are plenty of buyers out there with deep pockets who are coming out ahead financially during the pandemic. They want a house with lots of space while they are still working from home, but they also want to live in a walkable area near urban amenities as shops and restaurants reopen. Those wealthy buyers are willing to pay high prices to have it all."

Baltimore, Detroit and Cleveland, all relatively affordable metro areas, are helping drive national urban price growth. Home prices in urban parts of Baltimore were up 37.8% to \$180,938 in the four weeks ending February 21, the highest growth of the 50 largest U.S. metros. Prices in urban Detroit were up 37.7% to \$78,990, and they were up 33.4% to \$103,875 in Cleveland.

On the other end of the spectrum, urban price growth is slowest in expensive metros. Home prices in urban parts of San Francisco, the only place where urban prices dropped in the four weeks ending February 21, declined 1.4% to roughly \$1.3 million. Prices in urban parts of New York rose just 2.2% to \$664,350, the smallest growth of any metro, followed by a 5.5% increase to \$475,321 in Washington, D.C.'s urban areas. The suburban neighborhoods in all three of those metros are experiencing bigger price growth: 7.1% in San Francisco, 13.5% in New York and 8.3% in Washington, D.C.

Nationwide, price per square foot has been growing fastest in urban areas since the beginning of February. Like overall price growth, it's the first time that has happened since before the pandemic. The median price per square foot of homes in urban areas rose 17.9% in the four weeks ending February 21, compared with 15.9% for suburban neighborhoods and 15.5% for rural neighborhoods. The fact that price per square foot is growing fastest in urban areas is an indication that homebuyers are placing a premium on space inside cities.

Prices are rising faster for single-family homes in urban areas than single-family homes overall. Price per square foot for single-family homes inside cities nationwide rose 16% year over year in January, compared with a 14% increase for single-family homes in metro areas, which include suburbs, rural areas *and* cities. Condos in metro areas saw price per square foot rise 6% year over year, and condos in cities experienced 4% growth.

"During the summer and fall, buyers were searching for more indoor and outdoor space, even if it meant moving out past the suburbs. But I think we've passed the peak of that trend and people are starting to come back to the city," said Seattle Redfin agent Bliss Ong. "The hottest areas are residential neighborhoods inside city limits. Buyers aren't necessarily looking for condos downtown, but some of them are placing a premium on walkability and proximity to shops and restaurants again."

### **Growth in pending sales in urban areas surpasses suburbs**

Pending home sales were up 25% year over year in urban areas in the four weeks ending February 21, compared with 20.8% in suburban areas and 32.1% in rural areas. Growth in pending sales—an indicator of current homebuyer interest—in urban areas started to outpace that of suburban areas since the beginning of February, a reversal from the trend since at least the beginning of the pandemic.

Closed home sales were up slightly in all three neighborhood types in the four weeks ending February 21: 4.7% in urban areas, and 3.6% each in suburban and rural neighborhoods.

National Housing Market Summary, Rural/Suburban/Urban, Four Weeks Ending February 21, 2021			
	Urban areas	Suburban areas	Rural areas
Median sale price	\$292,263	\$332,291	\$284,593
Median sale price, YoY	15.9%	15.5%	14.3%
Median price per square foot	\$190.82	\$173.02	\$150.29
Median price per square foot, YoY	17.9%	15.9%	15.5%
Home sales, YoY	4.7%	3.6%	3.6%
Pending sales, YoY	25%	20.8%	32.1%
Number of homes for sale, YoY	-21%	-42.9%	-46.6%
New listings, YoY	-5.2%	-13.7%	-13.7%
Median days on market	38	31	42
Median days on market, YoY	-16	-24	-35

## Home supply dropped by double digits in urban, suburban and rural neighborhoods

The total number of homes for sale in urban areas fell 21% in the four weeks ending February 21, compared with a 42.9% in suburban neighborhoods and a 46.6% drop in rural areas. There's a severe shortage of homes for sale throughout the country, regardless of neighborhood type.

New listings of homes for sale were down 5.2% in urban areas over the same time period, the biggest drop since June. Meanwhile, new listings declined 13.7% in both suburban and rural neighborhoods.

## Homes in suburban areas are selling fastest, and median days on market have fallen by double digits in all three neighborhood types

The typical home in an urban area spent 38 days on the market before going under contract in the four weeks ending February 21, versus 31 days in suburban areas and 42 days in rural areas.

Homes in urban areas are selling 16 days faster than a year ago. Homes in suburban neighborhoods are selling 24 days faster than last year, and in rural areas they're selling 35 days faster.

Homes in all three neighborhood types hit record lows in terms of days on market in the fall before swinging slightly upward over the last three months.

## Metro areas with highest and lowest price growth for urban areas

Top 10 metro areas with highest price growth in urban areas, four weeks ending February 21, 2021		
Metro area	Median sale price (urban areas)	Median sale price YoY (urban areas)
Baltimore, MD	\$180,938	37.8%
Detroit, MI	\$78,990	37.7%
Cleveland, OH	\$103,875	33.4%
West Palm Beach, FL	\$336,479	31.1%
Columbus, OH	\$170,340	23.4%
Newark, NJ	\$351,742	22.8%
Sacramento, CA	\$419,958	22.8%
Pittsburgh, PA	\$153,275	22.3%
Austin, TX	\$452,532	21.5%
Indianapolis, IN	\$141,854	19.9%


Top 10 metro areas with lowest price growth in urban areas, four weeks ending February 21, 2021		
Metro area	Median sale price (urban areas)	Median sale price YoY (urban areas)
San Francisco, CA	\$1,279,116	-1.4%
New York, NY	\$664,350	2.2%
Washington, DC	\$475,321	5.5%
Boston, MA	\$570,721	6.1%
Orlando, FL	\$240,295	7.3%
Minneapolis, MN	\$266,808	9.0%
Anaheim, CA	\$713,583	9.5%
Houston, TX	\$279,419	9.8%
Oakland, CA	\$687,042	9.9%
Denver, CO	\$421,429	10.9%

To read the full report, including charts and methodology, please visit:  
<https://www.redfin.com/news/urban-price-growth-surpasses-suburban-rural>

### About Redfin

Redfin ([www.redfin.com](http://www.redfin.com)) is a technology-powered residential real estate company, redefining real estate in the consumer's favor in a commission-driven industry. We do this by integrating every step of the home buying and selling process and pairing our own agents with our own technology, creating a service that is faster, better and costs less. We offer brokerage, iBuying, mortgage, and title services, and we also run the country's #1 nationwide brokerage website, offering a host of online tools to consumers, including the [Redfin Estimate](#). We represent people buying and selling homes in over 95 markets in the United States and Canada. Since our launch in 2006, we have saved our customers nearly \$1 billion and we've helped them buy or sell more than 310,000 homes worth more than \$152 billion.

For more information or to contact a local Redfin real estate agent, visit [www.redfin.com](http://www.redfin.com). To learn about housing market trends and download data, visit the [Redfin Data Center](#). To be added to Redfin's press release distribution list, email [press@redfin.com](mailto:press@redfin.com). To view Redfin's press center, [click here](#).

 View original content to download multimedia <http://www.prnewswire.com/news-releases/home-prices-in-cities-rise-16-surpassing-suburban-and-rural-price-growth-for-the-first-time-since-before-pandemic-301240469.html>

SOURCE Redfin