

Drought-Stricken Phoenix Is the Top Destination For Relocating Homebuyers

Phoenix, Las Vegas and parts of Florida are the most migration popular destinations for relocators, even as the risks from natural disasters intensify

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —A record one-quarter (25.4%) of homebuyers nationwide are looking to move to a different metro area, according to a new [report](#) from Redfin ([redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage. That is up from 23% a year ago and less than 20% before the pandemic.

A record share of homebuyers are relocating because high mortgage rates have made housing more expensive than ever, making relatively affordable areas more attractive. Phoenix, Las Vegas and Miami—where the typical home is much less expensive than coastal cities like San Francisco and New York—are the most popular metros for homebuyers moving to a different part of the country. That's in spite of those places facing ever-worsening climate risks like heat, drought and flooding.

But that doesn't mean more homebuyers are looking to relocate. In fact, the number of homebuyers moving to a new metro is down 7% from a year ago, the biggest decline on record, as elevated mortgage rates push many Americans out of the homebuying game altogether. Still, out-of-town moves are holding up better than in-town moves: The number of homebuyers looking to move within their current hometown is down a record 18%.

In other words, the overall homebuying pie has shrunk, but buyers moving to a new metro make up the biggest piece of that pie on record.

Out-of-town homebuyers move to Phoenix, Florida despite high risk of drought and flooding

[Phoenix](#) is the most popular destination for homebuyers looking to move to a different part of the country, followed by [Las Vegas](#) and several Florida metros. Popularity is determined by net inflow, a measure of how many more Redfin.com users looked to move into an area than leave.

Sun Belt metros are popular among relocating homebuyers because many of them are affordable compared to other parts of the U.S. The typical home in Phoenix, for instance, sells for \$450,000. That's up significantly from before the pandemic because remote work made the area explode in popularity, but is about half the \$800,000 cost of the typical home in [Seattle](#), the most common origin of people moving to Phoenix.

Even though the flow of homebuyers moving into Phoenix has slowed as high mortgage rates have cooled the housing market, it's still attracting more out-of-towners than anywhere else in the U.S. That's in spite of Phoenix facing worsening drought and heat risk. Arizona

recently said it will stop issuing homebuilding permits in some parts of the Phoenix desert, partly because migration to the area and extensive development is straining water resources. That will cap the number of new communities in the Phoenix area and could eventually increase the cost of housing.

Most of the other popular destinations for homebuyers also face extreme climate risks; for instance, parts of the Sacramento area face high wildfire danger and many Florida metros are very susceptible to flooding. Some insurance companies have even stopped providing coverage to homeowners in California and Florida due to high risk of damage by natural disasters.

“Climate risks haven’t yet stopped many homebuyers from moving into areas that don’t have enough water, like Phoenix, and places that could eventually be underwater, like coastal Florida,” said Redfin Chief Economist Daryl Fairweather. “That’s because even though Sun Belt home prices soared during the pandemic, those metros remain a bargain for people relocating from expensive coastal cities. Arizona’s recent limit on new construction isn’t likely to deplete inventory enough—or push prices up enough—to change that calculus much in the short term.”

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, May 2023	Net Inflow, May 2022	Top Origin	Top Out-of-State Origin
1	Phoenix, AZ	6,600	8,100	Seattle, WA	Seattle, WA
2	Las Vegas, NV	6,100	6,900	Los Angeles, CA	Los Angeles, CA
3	Miami, FL	5,800	12,000	New York, NY	New York, NY
4	Tampa, FL	5,400	9,000	New York, NY	New York, NY
5	Orlando, FL	5,200	1,400	New York, NY	New York, NY
6	North Port-Sarasota, FL	4,900	6,300	Chicago, IL	Chicago, IL
7	Cape Coral, FL	4,600	6,600	Chicago, IL	Chicago, IL
8	Dallas, TX	4,500	6,600	Los Angeles, CA	Los Angeles, CA
9	Sacramento, CA	4,300	9,100	San Francisco, CA	Chicago, IL
10	Houston, TX	3,700	5,300	New York, NY	New York, NY

*Combined statistical areas with at least 500 users searching to and from the region in March 2023-May 2023

Buyers are leaving Washington, D.C. and Boston for small beach towns

More homebuyers are looking to move away from [San Francisco](#), [New York](#) and [Los Angeles](#) than any other metro in the country. That’s based on net outflow, a measure of how many more Redfin.com users are looking to leave a metro than move in.

Even before the remote-work boom that allowed scores of people to move away from expensive coastal job hubs, a lot of homebuyers left these areas in favor of more affordable housing markets. The most popular destinations are less expensive, sunny parts of the country such as Las Vegas and Miami.

But notably, smaller vacation hotspots now top the list of most popular destinations for people leaving two pricey coastal hubs: Washington, D.C. and Boston. Homebuyers leaving Boston are most commonly going to Portland, ME, a popular summer tourist spot. And buyers moving away from the nation’s capital are most commonly moving to the Salisbury, MD metro area, home to popular beach towns like Bethany Beach, DE and Ocean City, MD.

Those places are popular with homebuyers—especially remote workers—not just because of their vacation vibes, but because of their relative affordability. The typical Salisbury home, for instance, sells for \$245,000, compared with \$560,000 in Washington, D.C.

Top 10 Metros Homebuyers Are Leaving, by Net Outflow <i>Net outflow = Number of Redfin.com home searchers looking to leave a metro area, minus the number of searchers looking to move in</i>						
Rank	Metro*	Net Outflow, May 2023	Net Outflow, May 2022	Portion of Local Users Searching Elsewhere	Top Destination	Top Out-of-State Destination
1	San Francisco, CA	29,300	40,200	24%	Sacramento, CA	Seattle, WA
2	New York, NY	24,500	26,600	29%	Miami, FL	Miami, FL
3	Los Angeles, CA	21,100	31,000	18%	Las Vegas, NV	Las Vegas, NV
4	Washington, D.C.	17,000	19,100	19%	Salisbury, MD	Salisbury, MD
5	Boston, MA	4,700	9,800	20%	Portland, ME	Portland, ME
6	Seattle, WA	3,800	19,000	20%	Phoenix, AZ	Phoenix, AZ
7	Hartford, CT	3,500	800	77%	Boston, MA	Boston, MA
8	Chicago, IL	3,300	4,200	17%	Cape Coral, FL	Cape Coral, FL
9	Denver, CO	3,200	5,300	35%	Chicago, IL	Chicago, IL
10	Minneapolis, MN	2,900	1,900	33%	Chicago, IL	Chicago, IL
*Combined statistical areas with at least 500 users searching to and from the region in March 2023-May 2023						

To view the full report, including charts and methodology, please visit:

<https://www.redfin.com/news/housing-migration-trends-may-2023>

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