



2020's

Hottest Cities for Homebuyers

Contributors

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Affordable Metros are In for Homebuyers and Real Estate Agents

In 2020, a black swan landed on the real estate industry and created a wave of 'firsts' that would take homeowners and real estate agents for a wild ride. A mass shift to remote work. Record low mortgage interest rates. An unprecedented slowdown in new home construction. A growing public awareness of the risk of crowded places. A consumer need to temporarily cut costs and save for the unexpected. The result? A new homebuyer migration trend that CoreLogic® experts think is here to stay: Major metros are out, and affordable ones are in.

According to CoreLogic, 2020's homebuyers left states with high taxes and expensive housing, particularly coastal locations such as New York and California, and relocated to metro areas in Texas, Florida, North and South Carolina, Georgia and Tennessee.

“The pandemic created a perfect recipe for consistently employed Americans,”

said Archana Pradhan, CoreLogic's principal economist. “If it had been any other mix of events, for example, if low housing inventory was coupled with job inflexibility, we wouldn't have had such a large group of homebuying consumers feeling empowered to make bold moves in their living situations.”

As homebuying trends lurched into new territory, real estate agents were quick to keep up with both national market shifts and their local market conditions to provide clarity for their buyers and sellers. As the pace of home sales picked up, many joined the realty profession. The National Association of Realtors reports that their membership rose from 1.3 million in 2017 to 1.4 million in 2020.

The percentage of licensed real estate agents increased more quickly in some of the aforementioned hot housing markets, too. For example, Florida gained 13% more real estate agents between 2017 and 2020, while New York gained just 9% more agents in the same time period. In Texas, there were 18% more real estate agents in 2020 compared to 2017, while California gained just 4% more agents. Technology-infused realty experiences have made the profession more accessible while simultaneously increasing competition. Agents now have a host of digital tools, from virtual and enhanced graphics for listings to artificial intelligence-enabled client home search experiences, and it's never been a more dynamic time to be in real estate.

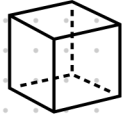
As we enter the thick of the 2021 homebuying season, the health and behavior of the housing market continues to be a hot topic. In 2020's Hottest Cities for Homebuyers Report, we'll uncover:

- **Which region had the highest in-migration activity**
- **What drove homeowners to move away from major coastal metros**
- **The top 15 metropolitan areas with the highest in- and out-migration activity in 2020**
- **What agents and homeowners can expect for 2021**



Secondary Cities Met Homebuyer Needs in 2020

In 2020, secondary cities — large cities adjacent to major metros — were the target for homebuyers looking to get more housing bang for their buck. As offices closed and workers experienced the freedom of remote work, many opted to leave behind smaller homes and move long distance or to a nearby location with more affordable housing or a home with more indoor and outdoor space. For top homebuyer considerations, secondary cities appear to meet most needs:



Space

According to an April 2021 consumer homebuyer study from CoreLogic, the top factor (58%) driving consumers to purchase a home is the desire for a new location, especially among Baby Boomers. Meanwhile, a need for more space is the top factor driving Generation Z and Millennials to look to purchase.

“Buyers are moving from both coasts, primarily from California and New York, to Texas,”

says Bill Clarkson, a real estate agent with Century 21 Judge Fite Company in Dallas. “They’re like kids in a candy shop, typically cash buyers and quickly learn that the square footage and lot size is beyond their expectations compared to what they are used to seeing in their home states.”





Sunny Weather & Ocean Breezes

While “snowbirds” have flocked to Florida beaches to escape winter weather for decades, new housing data shows that Florida continues to attract new permanent residents, too.

Seven of the top 15 metro areas with the highest recent in-migration of homebuyers are in Florida,

according to analysis of CoreLogic’s Loan Application Database. Overall, the data shows high out-migration activity from major coastal cities and the heaviest in-migration to metro areas inland and in coastal areas in the south.

“I get at least one call a week from a buyer who wants to relocate to the Tampa area,”

says Andrea Webb, a real estate agent with Coldwell Banker Realty in Tampa. “At the start of the year we were getting a lot of calls from California and New York, and now we are getting calls from Chicago, Connecticut, Massachusetts and along the East Coast. There are so many reasons why they are flocking to Tampa, but the biggest draws are, of course, the weather, outdoor activities, great restaurants, airport and schools. You get the best of everything here with the city amenities but the feel of a small town and access to beaches.”



Taxes and Affordability

CoreLogic analysis found that buyers who opted to relocate to a new metro area often chose a housing market adjacent to their previous location, a more affordable housing market or both. When looking for affordability, many homebuyers focus on eliminating state taxes. Among the top 15 metro areas with the highest recent in-migration activity,

10 popular metros were in locations that do not have state income taxes, including Lakeland-Winter Haven, Tampa, Port St. Lucie, Jacksonville, Daytona Beach, Fort Myers and Sarasota in Florida, and Las Vegas, San Antonio and Dallas.

In addition to tax considerations, homebuyers who can relocate typically review the median sales price in different housing markets and what they can find in their price range. The prevalence of doing everything at home — including work, school, exercise and entertainment — meant that many homebuyers wanted to upgrade their living space and their outdoor space. Many people living in smaller urban and inner suburban homes realized they could afford a place with a home office, room to exercise and a backyard if they moved to a less costly area.





Outdoorsy Life

When homebuyers can live anywhere, they can focus on cost-of-living aspects such as taxes and home prices — and what that means for their financial wellbeing. But buyers are not just moving to save money. Among the most popular markets are places with warmer weather year-round and outdoor amenities.

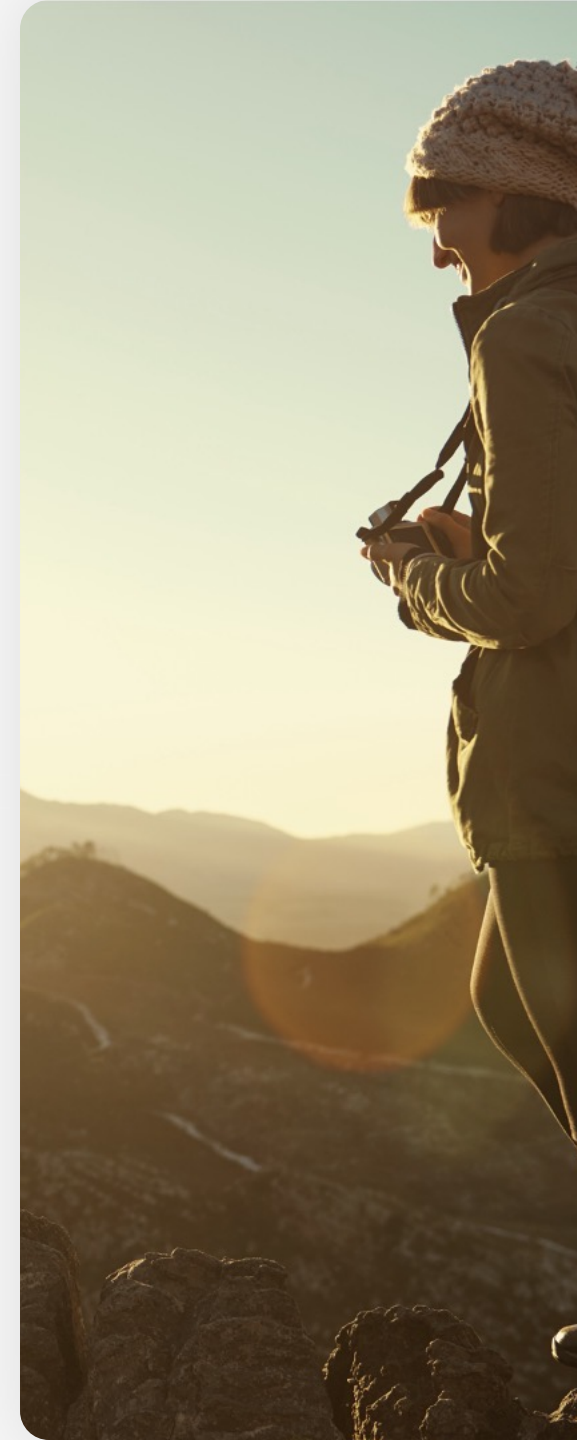
CoreLogic's data analysis shows population growth and increased new home sales in markets with job growth and outdoor amenities in states such as Texas, Arizona and Florida.

In addition to strong migration trends to the south and inland, the Mountain West region saw both price appreciation and increased sales in 2020. Boise, Idaho, stands out in second place for price growth behind Coeur d'Alene, Idaho. Both locations offer outdoor recreational amenities and are attractive to buyers moving from high-priced cities in California and Washington.

More than half (57%) of people who moved to Boise in 2020 came from California. Boise also benefits from more affordable housing prices. The median sales price in Boise was \$375,000 in 2020, compared to a median sales price of \$1.3 million in San Francisco and \$600,000 in Seattle.

This trend is also reflected in the metro areas with strong year-over-year increases in their buyer/seller market indicator; this measures the ratio of median sold price to the median list price. Many of the cities with the biggest increase in this indicator were vacation towns with water or mountain access. For instance, Sierra Vista, Arizona, which saw a 5.5 percentage point uptick, is flanked by Coronado National Forest and a number of mountains ranges including the Huachuca Mountains.

Other locations among the top 15 metro areas include Myrtle Beach, Phoenix, Stockton, Calif. and Greeley, Colorado, all locations with a lower cost of living than nearby metro areas and/or with attractive outdoor lifestyle.





A Tech-Driven Buying Experience

Technology played a leading role in 2020 homebuying activity. Ubiquitous access to virtual meeting spaces, 3D and premium imagery and online customer experiences contributed to the willingness of homebuyers to move to further away ZIP codes and even across state lines.

“More than half of the homes we sold were to buyers who’d never physically set foot on the property,”

said Deneka Waddell, REALTOR®, Holmes Realty Group. “We’ve seen a steady increase in adoption of digital tools over the years, but 2020 really poured fuel on the fire. If you aren’t marketing listings using the latest technology, there’s no way you can compete.”

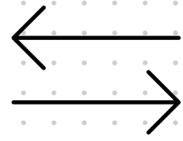




Top Metros for 2020 Residential Migration

Despite the pandemic, high rates of unemployment and record low inventory, homebuyers relocated in droves between April 2020 and December 2020. Home loan applications for purchases rose 11% in 2020 compared to 2019 despite these headwinds. A combination of circumstances, including the new lifestyle brought on by pandemic shutdowns of offices and schools as well as historically low mortgage rates, increased homebuyer demand.

The April 2021 CoreLogic consumer homebuyer study showed an increase in confidence in purchasing power. Ninety percent of respondents feel they are somewhat or extremely likely to qualify for a mortgage. Bank loans (38%) and savings (81%) are the primary sources respondents noted they will use to purchase a home. A strong 84% of consumers note they have been able to save more income to purchase a home due to the pandemic and stay-at-home orders, with nearly half saving 11% or more of their income.



Out-Migration Trends

The New York-Newark-Jersey City metro area tops the list for the highest out-migration activity, followed by Los Angeles, San Francisco, San Jose and Washington, D.C. For the most part, residents left these expensive metro areas for less costly housing markets or for warmer weather. For example,

For each incoming home-purchase application to New York, there were almost six potential homebuyers moving out of New York in 2020. That's a Ratio of 5.7 in 2020 compared to 4.2 in 2019.



New York lost a good share of its potential homebuyers to affordable neighboring metros, such as Philadelphia, Bridgeport, Poughkeepsie and Allentown, and warmer metros, such as Miami, Atlanta, Tampa and Charlotte.

Other cities with high out-migration included Seattle, Boston, Chicago, San Diego and Portland, all known for high home prices and population density. Areas that experienced population and home price explosions in recent years also lost residents, including Denver and Salt Lake City.

Urban markets even in warmer climates were also on the list for having high out-migration activity, likely because of affordability issues. For example, Miami had the sixth highest out-migration and Orlando had the 11th highest.



The Top 15 Metros With the Highest Out Migration

- 1 New York-Newark-Jersey City, NY-NJ-PA
- 2 Los Angeles-Long Beach-Anaheim, CA
- 3 San Francisco-Oakland-Berkeley, CA
- 4 San Jose-Sunnyvale-Santa Clara, CA
- 5 Washington-Arlington-Alexandria, DC-VA-MD-WV
- 6 Miami-Fort Lauderdale-Pompano Beach, FL
- 7 Seattle-Tacoma-Bellevue, WA
- 8 Boston-Cambridge-Newton, MA-NH
- 9 Chicago-Naperville-Elgin, IL-IN-WI
- 10 San Diego-Chula Vista-Carlsbad, CA
- 11 Orlando-Kissimmee-Sanford, FL
- 12 Denver-Aurora-Lakewood, CO
- 13 Salt Lake City, UT
- 14 Portland-Vancouver-Hillsboro, OR-WA
- 15 Minneapolis-St. Paul-Bloomington, MN-WI



The Top 15 Metros With the Highest In Migration

- 1 Riverside-San Bernardino-Ontario, CA
- 2 Lakeland-Winter Haven, FL
- 3 Myrtle Beach-Conway-North Myrtle Beach, SC-NC
- 4 Las Vegas-Henderson-Paradise, NV
- 5 Tampa-St. Petersburg-Clearwater, FL
- 6 Port St. Lucie, FL
- 7 Jacksonville, FL
- 8 San Antonio-New Braunfels, TX
- 9 Deltona-Daytona Beach-Ormond Beach, FL
- 10 Dallas-Fort Worth-Arlington, TX
- 11 Stockton, CA
- 12 Cape Coral-Fort Myers, FL
- 13 Phoenix-Mesa-Chandler, AZ
- 14 North Port-Sarasota-Bradenton, FL
- 15 Greeley, CO

Highlights of hottest cities



Riverside, CA:

The average home price in the metro area with the highest level of in-migration, Riverside-San Bernardino-Ontario, California, was \$436,288 in 2020. That contrasts with an average home price of \$989,157 in Los Angeles and \$812,401 in San Diego, two nearby metro areas that were among those with the highest out-migration in 2020.



New York City:

The average home price in the metro area with the highest out-migration, New York City, was \$656,214 in 2020. That contrasts with \$471,191 in Miami and \$348,849 in Tampa.

Migration patterns away from expensive coastal metro areas to more affordable nearby suburbs and to less expensive secondary cities across Florida, Texas and North and South Carolina are anticipated to continue to impact housing markets. Real estate agents, homeowners, buyers and sellers will want to continue tracking movements that can impact home values and competition for homes. Opportunities will be available in many markets for sellers to move up or downsize, for buyers to find affordable homes in new markets and for agents to provide their trusted, informed advice to all parties.

What's Next for 2021

Today's migration is first and foremost a human trend. Record low housing inventory and low interest rates have meant home prices have increased—but so has the cost to construct a home, and so have consumer prices as a whole. It costs more, these days, to live.

Whether it's to spend more time in the sun, find a cheaper home or add space to build a life, people are moving to fulfill desires that run down to the core of their fundamental needs. Ultimately, these patterns are about gaining safety in economic security and rekindling a sense of wellbeing in place that can support work, fun and play.

With the summer homebuying season already underway, it's more important than ever for real estate agents to think about this time from their clients' perspectives. A seller excited about the prospect of getting far above-asking for their home is also a buyer, stressed about the competition and bidding wars ahead in their pursuit to simply live well.

There's no doubt about it: new technology, local market movements, investor trends and macroeconomic forces are always going to be important to keep an eye as a real estate agent. But it's equally true that today's agents need, first and foremost, a human-centered approach.

"The way to maximize your success is to build deep relationships, one human at a time," said Matt Fagioli, owner and founder of BKG Brokerage Atlanta. "It sounds sort of old school and cliché, but at the end of the day, no one cares how much you know until they know how much you care."

