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Residential Real Estate

One-time housing hot spots now seeing price cuts

High interest rates are just one of the factors sparking a shift in the housing market.

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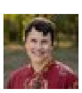

By Joanne Drilling – National Data Reporter, The Business Journals
Jun 25, 2024

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That's according to new data from residential real estate brokerage firm, Redfin, which revealed year-over-year listing volumes swelled roughly 50% in some metros.

Nationally, new listings are up 6%, active listings are up 4% and median home prices are up 5%, according to Redfin's data.

Increased supply in many metros is just one of many factors shaping the evolution of the housing market — a list that includes uncertainty over interest rates, challenges in the home insurance segment and ongoing affordability challenges, among others.

Sun Belt markets "no longer an amazing value"

Of the 10 cities that saw the largest increases in March year-over-year supply, six were from Florida, including Cape Coral (51%), North Port-Sarasota (48%), Fort Lauderdale (30%), Tampa (29%) and West Palm Beach (20%).

Two Texas communities — McAllen (25%) and Dallas (20%) — also saw an increase in homes on the market as did Knoxville, Tennessee (23%) and Cincinnati (17%).

"Out-of-town homebuyers no longer see Florida as a place to get amazing value," said Eric Auciello, a Tampa-based Redfin sales manager in a statement. "Now they're moving to North Carolina or Tennessee to get a good deal."

But even good deals in those states remain relative. Median home prices are up 6% year-over-year in Nashville, Tennessee. Prices are up at least 3.6% year-over-year in all of North Carolina's major metro areas.

Several markets that are seeing a surge in inventory, especially in Florida, experienced significant price cuts over the past year.

North Port-Sarasota saw the highest price cuts in the country at 48%, followed by Tampa (44%), Cape Coral (41%), Orlando (35%) and Jacksonville (33%).

Other markets experiencing drops included Indianapolis (43%), Denver (37%), Portland, Oregon (34%), Houston (33%) and San Antonio (33%).

Location	Median sale price	YOY sale price	YOY new listings	YOY inventory by month	YOY days on market
North Port, Fla.	$443,450	-4.63%	0.56%	1.7	20
Oklahoma City	$255,000	-1.54%	7.86%	0.1	6
San Antonio, Texas	$310,000	-0.31%	11.14%	0.7	10
Austin, Texas	$450,000	0.00%	11.15%	0.4	-14
El Paso, Texas	$251,200	0.48%	13.44%	0.8	6
Memphis, Tenn.	$276,900	0.69%	0.29%	0.7	5
Tampa, Fla.	$370,000	1.12%	10.91%	1.1	3
Salt Lake City	$520,000	1.13%	8.14%	0.2	-7
Omaha, Neb.	$307,000	1.15%	5.90%	0.1	3
Charleston, S.C.	$425,000	1.21%	0.00%	0.4	-6

Source: Redfin

Share

Speed of home sales also shifting

Redfin found the pace of sales is slowing in many regions, as well.

In Cape Coral, the average home took an additional 31 days to sell last month as compared to March 2023.

North Port-Sarasota and McAllen both needed an extra 20 days, followed by New Orleans (18), Tulsa, Oklahoma (13) and Cincinnati (13).

But while homes are lasting on the market longer in several once-hot markets, median days on market actually declined by four days compared to a year ago.

Raleigh, North Carolina (down 33 days) and Las Vegas (down 24 days) had the two steepest declines in median days on market compared to a year ago.

Insurance crisis weighing on housing market

While mortgage rates remain higher than many hoped, exacerbating a lock-in effect, an insurance crisis is also complicating sales.

Last year, 72% of American homeowners saw their insurance premiums go up, and in areas where those costs are surging, economists believe properties are at risk of gaining policies in Florida and California due to severe-weather events.

“We’re seeing sellers offer concessions to hold deals together,” said Auciello, whose own home insurance now costs $14,000 a year, compared to $8,000 in 2022. “We’re at an inflection point. A hefty insurance bill isn’t always a big deal for a luxury buyer, but it can be a really big issue for someone buying a waterfront home on a smaller budget.”

THE LIST

Wealthiest ZIP Codes

American City Business Journals' Wealth Index, 2024

Rank	Prior Rank	ZIP code
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2	**2**	80202
3	**3**	80209

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