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Orlando, Tampa in Top 10 Hottest Housing Markets

Orlando and Tampa are among Zillow's 2024 top 10 housing markets, partly due to the beautiful weather and affordability.

NEW YORK – Zillow's list of the 10 hottest real estate markets for 2024 illustrates that America's homebuyers are placing a premium on affordability. Every city on the list has an average price for single-family residences that's significantly below the national average. This hunt for affordability is also reversing a multiyear trend of people moving to the Sun Belt in search of affordability. The Midwest and Northeast are back in style.

A look at the top 10 markets

In years past, big cities on America's coasts that were home to burgeoning industries topped the list of hottest real estate markets. Markets like San Francisco and San Jose, California, exploded as companies like Alphabet Inc., Meta Platforms Inc. and Yahoo! surged in value and began paying huge bonuses to their employees. For a while, it seemed like a win-win situation for everyone, but as property prices surged into the stratosphere, people began getting priced out.

That led to a mass exodus to Sun Belt destinations and cities like Houston, Tampa, Florida, and Phoenix becoming fixtures on the hot list. Of course, it didn't hurt that they all offered an appealing combination of warm weather, affordability and low taxes. These markets are still strong, but they now have average home prices at or near the national average, which wasn't so much of an issue until interest rates started going up.

The highest interest rates in decades have reduced people's buying power to such an extent that they've gone looking in a variety of different markets to find affordability. Enter the Midwest and Northeast. As recently as five years ago, people may have alternated between laughter and recommending you seek mental health if you predicted a top 10 hottest real estate market featuring these cities:

1. Buffalo, N.Y.
2. Cincinnati
3. Columbus, Ohio
4. Indianapolis
5. Providence, R.I.
6. Atlanta
7. Charlotte, N.C.
8. Cleveland

9. Orlando

10. Tampa

Home prices below the national average

First, the top five cities on the list are known for cold winters. In the case of Buffalo, the winters are extremely cold and long. However, each city in the top five has an average home price of more than \$100,000 less than the national average of \$513,000. That is a significant saving for homebuyers when interest rates are hovering between 6% and 7%.

Compare those prices to markets around metropolitan Los Angeles or San Francisco, many of which have average prices of over \$1 million. The Midwest is giving buyers the ability to purchase an entire house for the equivalent of a 25% down payment on a million-dollar home out West. Additionally, Buffalo, Cincinnati, Columbus and others are big enough to offer employment opportunities in many sectors.

With savings like that, is it any wonder why these cold weather markets are hot? Newly minted homeowners in these cities can even buy Canada goose jackets for the entire household and still save money in comparison to buying in America's glamorous cities. It's unclear how long this trend of Americans moving to the Midwest will continue, but it's safe to assume it will last as long as the affordable housing stock remains high.

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