

# More Than 2 in 5 Home Sellers Are Making Concessions to Buyers, Nearly Double Last Year's Share

*Redfin reports that while many sellers in some parts of the country are handing out freebies to attract buyers as high rates dampen demand, other markets have so few homes for sale that concessions aren't necessary*

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Home sellers gave concessions to buyers in 42.9% of U.S. home sales during the three months ending April 30, up from 25.5% a year earlier, according to a new [report](#) from Redfin ([redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage. That's just shy of the 45.6% record-high hit in February.

The share of home sellers providing concessions—which include things like money toward repairs, closing costs and mortgage-rate buydowns—has inched down from February's peak due to typical seasonality. Concessions become less common in the early spring because that's when more buyers typically enter the market, increasing competition and giving sellers more power. But this spring, concessions posted a smaller decline than the last two years because high mortgage rates have made it so sellers in cool markets need to take extra measures to woo and secure buyers. The likelihood of a seller giving a concession dropped 6% from February to April, compared with 18% drops during the same period in 2021 and 2022. This spring's smaller drop corresponds with less homebuyer competition, with 46% of offers written by Redfin agents facing a bidding war in April, down from 59% a year earlier.

Sellers are throwing in freebies to woo buyers at a higher frequency than last year for several reasons:

- **Buyers backing out of the market.** Many house hunters have put their buying plans on hold because rising mortgage rates have made homeownership more expensive. And while home prices have fallen 4% from a year ago, that's not enough to offset the cost of higher rates, with monthly mortgage payments at a record high. Another factor dampening demand is the lack of supply, with fewer people listing their homes for sale as they hold onto comparatively low mortgage rates.
- **Sellers who need to sell.** Many people who *are* listing their homes are moving because they need to; maybe they got a divorce or secured a new job in a different state. Those sellers may be willing to provide concessions because they need to sell their home quickly.
- **Homebuilders offering freebies to attract buyers.** There was a surge in homebuilding during the pandemic as builders tried to capitalize on the moving frenzy, especially in pandemic homebuying hotspots. Now that rising rates have pushed many buyers out of the market, builders are trying to sell off their backlog of inventory by offering perks like money toward the buyer's closing costs, gift cards and even free cars.

While buyers have the upper hand in some markets, that's not the case everywhere. In some areas, there are so few homes for sale that homebuyers *are* encountering competition. And when buyers are involved in a bidding war, they typically won't win if they ask for concessions like mortgage-rate buydowns or help with closing costs.

"High mortgage rates and low supply have thrown the housing market out of whack, and each deal is different. Some buyers are asking sellers for the sun, the moon and the stars in addition to offering below the asking price, and some are requesting no extras because they're so motivated to secure one of the few homes on the market," said Boise, ID Redfin agent Shauna Pendleton. "The one consistency in the market right now is homebuilders handing out freebies. Most builders are offering concessions equal to about 3% of the sale price, which gets credited to buyers at closing, to offload properties. Buyers are using the extra cash to cover closing costs or buy down their mortgage rate."

### **Sellers are also accepting less money for their homes**

Just over one in seven (15.7%) home sellers dropped their asking price in addition to providing a concession to the eventual buyer during the three months ending April 30. That's nearly four times the share of a year earlier (4.2%).

Roughly one in five (20.5%) of homes that sold during the period had a final sale price below the asking price in addition to a concession, up from about 7% a year earlier. And about one in 10 (9.4%) had all three: A concession, a price drop and a final sale price below the original list price. That's up from just 2.2% a year earlier.

Those shares have all inched down from record highs set in February, which is typical for this time of year, and 2023's declines are actually smaller than the declines in 2021 and 2022.

### **Sellers concessions up most in pandemic homebuying boomtowns**

Tampa, FL saw a bigger year-over-year jump in seller concessions than any other metro Redfin analyzed. Sellers in Tampa gave concessions to buyers in 58% of home sales during the three months ending April 30, up from 12% a year earlier.

The next-biggest increases were in Nashville, TN (49%, up from 5.6%), Salt Lake City (46.8%, up from 12.3%), Seattle (45.7%, up from 11.7%) and Raleigh, NC (64.6%, up from 31.2%).

The share of sellers giving out concessions rose over the last year in all metros Redfin analyzed.

### **Concessions are most common in Phoenix, San Diego and Raleigh**

Sellers in Phoenix gave concessions to buyers in 68.5% of home sales in the three months ending April 30, the highest share of the metros Redfin analyzed and nearly double 35.9% a year earlier.

San Diego (66.1%), Raleigh (64.6%), Las Vegas (59.1%) and Denver (58.1%) rounded out the top five. Like the metros where concessions rose most, these are all places where homebuying demand skyrocketed during the pandemic and is now waning.

To view the full report, including charts, metro-level data, and methodology, please visit: <https://www.redfin.com/news/home-seller-concessions-april-2023>

## **About Redfin**

Redfin ([www.redfin.com](http://www.redfin.com)) is a technology-powered real estate company. We help people find a place to live with brokerage, rentals, lending, title insurance, and renovations services. We also run the country's #1 real estate brokerage site. Our home-buying customers see homes first with same day tours, and our lending and title services help them close quickly. Customers selling a home in certain markets can have our renovations crew fix up their home to sell for top dollar. Our rentals business empowers millions nationwide to find apartments and houses for rent. Customers who buy and sell with Redfin pay a 1% listing fee, subject to minimums, less than half of what brokerages commonly charge. Since launching in 2006, we've saved customers more than \$1.5 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 5,000 people.

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 source version on businesswire.com:

<https://www.businesswire.com/news/home/20230525005289/en/>

### **Redfin Journalist Services:**

Ally Braun, 206-588-6863

[press@redfin.com](mailto:press@redfin.com)

Source: Redfin