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## **iBuyer Market Continues Slow Recovery, With Decline In Home Purchases Narrowing to 48% In the Fourth Quarter**

**iBuying companies bought just 0.3% of U.S. homes that sold in the fourth quarter. While that's up slightly from 0.2% in the third quarter, it remains below the 0.8% market share they held at the end of 2019.**

SEATTLE, March 11, 2021 /PRNewswire/ -- (NASDAQ: RDFN) — The nation's top iBuying companies purchased 3,505 homes in the fourth quarter of 2020, down 48% from a year earlier, according to a new [report](https://www.redfin.com) from Redfin ([www.redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage. That represents 0.3% of homes that sold across the 418 U.S. metropolitan areas tracked by Redfin in the fourth quarter, down from 0.8% a year earlier but up slightly from 0.2% in the third quarter of 2020.



Redfin analyzed MLS and public records data on home purchases and sales made by the most well-known national iBuyers, including RedfinNow (Redfin's iBuying business), Opendoor, Zillow and Offerpad for the report. The fourth quarter is the most recent period for which iBuyer data is available.

The term "iBuyer" (short for instant buyer) is used to describe real estate companies that purchase houses from homeowners in quick cash transactions by using algorithms to evaluate a property's worth based on comparable market data. Real estate firms including Redfin, Zillow and Opendoor put iBuying on hold at the onset of the coronavirus pandemic amid substantial economic uncertainty. These companies resumed their iBuying businesses in May and June as housing demand began to rebound thanks to record-low mortgage rates and a wave of relocations made possible by remote work.

Still, business remains slower than usual, in part because the housing market is so hot. With homebuyer demand through the roof, many sellers figure they can offload their homes without having to share the profits. Plus, an intense shortage of homes for sale means there aren't as many properties for iBuyers to purchase in the first place.

"We're being very aggressive when it comes to buying homes right now—it's all gas, no brakes," said Myron Curry, a senior investment specialist at RedfinNow in the Los Angeles

area. "The primary reason iBuyer home purchases remain lower than normal is the lack of homes for sale, but the inventory situation is improving each quarter as we get further away from the worst of the pandemic. People are becoming more comfortable selling their homes as a larger share of the population gets vaccinated."

### **Phoenix Kept Its Crown as the Metro With the Highest iBuyer Market Share**

In Phoenix, iBuyers purchased 2.1% of the homes that sold during the fourth quarter—the largest market share for the third quarter in a row. Next came Raleigh, NC at 1.9%, and Atlanta at 1.6%. Charlotte, NC and San Antonio, TX rounded out the top five, both at 1.5%. Each of these markets saw an increase in market share from the prior quarter, but a decrease from the prior year.

### **iBuyers Purchased Less Expensive Homes Than the Typical Homebuyer**

iBuyers bought homes for a median of \$284,450 in the fourth quarter. By comparison, the median purchase price for the typical American homebuyer was \$318,300. In every top iBuyer market Redfin analyzed where the data was available, iBuying companies purchased homes for less than the metro-area median.

### **iBuyers Sold Homes In 14 Days—A Record Pace**

Nationally, the typical iBuyer-owned home found a buyer after being listed on the market for 14 days—the quickest pace since at least 2015, when Redfin began recording iBuyer data. That's down from 42 days a year earlier and a revised 17 days in the third quarter. By comparison, the typical non-iBuyer home spent 30 days on the market, down from 46 days a year earlier and 33 days in the third quarter.

"Most homes that RedfinNow puts on the market in Los Angeles are selling within the first week and getting multiple offers," Curry said. "This lightning-fast market has been fueled by a shortage of homes for sale and surging demand due to low mortgage rates. Our properties are also renovated and move-in ready, which means the process typically moves quickly."

In a majority of the top 27 iBuying markets, iBuyers sold their inventory faster than the typical homeowner, with the largest margins in Austin, TX (29 days faster), Riverside, CA (28 days faster) and Raleigh (27 days faster). Minneapolis, Tampa, FL and San Diego were the only metros where iBuyers took longer to sell homes.


To read the full report complete with graphs and metro-level data, please visit:

<https://www.redfin.com/news/ibuyer-real-estate-q4-2020>

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