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Redfin Reports January Was the Most Competitive Month on Record for Homebuyers

70% of home offers written by Redfin agents faced competition in January, up from roughly 60% a year earlier and the highest share in Redfin's records

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —Seventy percent of home offers written by Redfin agents faced bidding wars in January on a seasonally adjusted basis, up from 67.7% in December and 61% in January 2021. That's the highest share since at least April 2020, when Redfin began recording this data. This is according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage.

The housing market was more competitive than ever in January as mortgage interest rates jumped, prompting buyers to rush to make offers on homes before rates increased further. The average 30-year fixed mortgage rate was 3.55% at the end of January, up from 3.11% at the end of December and a record low of 2.65% about a year earlier. January was the first time rates surpassed 3.5% since March 2020, when the coronavirus pandemic was just beginning. Rates have since jumped even higher, reaching 3.92% during the week ending Feb. 17, 2022.

Redfin economists currently predict the 30-year fixed mortgage rate will reach 4.3% by the end of 2022. Mortgage rates are expected to increase as the Federal Reserve raises interest rates in an effort to alleviate inflation.

“Rising mortgage rates are intensifying an already-severe shortage of homes for sale because buyers are feeling more urgency to buy while homeowners are feeling less urgency to sell—an imbalance that's fueling an increase in competition,” said Redfin Chief Economist Daryl Fairweather. “Buyers are battling it out for the few homes on the market in an effort to lock in relatively low payments before rates move even higher, but homeowners who bought or refinanced in the last year are staying put because they don't want to lose their rock-bottom mortgage rate.”

During the four-week period ending Feb. 13, a record 57% of homes that went under contract had an accepted offer within the first two weeks on the market, and asking prices surged 16% year over year to a new high. Meanwhile, new listings dropped 8%, sending housing supply to a new low.

Townhouses Are More Competitive Than Any Other Property Type

Nearly three-quarters (72.6%) of Redfin offers for townhouses encountered competition in January—a higher share than any other property type. Next came single-family homes, with a bidding-war rate of 70.6%, followed by condos/co-ops (62.9%) and multi-family properties

(62.7%).

With home prices surging, many buyers are seeking out townhouses because they've been priced out of the market for single-family homes.

Spokane, Sacramento and Seattle Have the Highest Bidding-War Rates

Spokane, WA had the highest bidding-war rate of the 40 U.S. metropolitan areas in this analysis, with 83.3% of offers written by Redfin agents facing competition in January. Next came Sacramento, CA at 80.4% and Seattle, WA at 79.7%. Dallas, TX and San Francisco/San Jose, CA rounded out the top five, with bidding-war rates of 78.1% and 76.5%, respectively.

"Competition really ramped up again in the second half of January because buyers started to feel desperate to lock down homes while rates were still relatively low," said Brynn Rea, a Redfin real estate agent in Spokane, WA. "One of my listings just had 45 showings in five days and got 14 offers. Another received 12 offers and sold for \$120,000 over the \$525,000 list price."

It's important for buyers to make strong offers that stand out from the crowd, said Rea, who advises her clients to offer an odd number and sometimes incorporate the house number for fun. Many successful bidders are shortening or waiving the inspection contingency, and offering to increase their down payment if the appraisal comes in low, she said.

Rea continued: "The rise in mortgage rates won't be too detrimental for out-of-towners moving in with lots of cash, but it will push a lot of local first-time buyers out of the market. I'm working with one couple purchasing their first house on a \$230,000 budget with a VA loan and no money down. It's essential that we get them into a home soon, or else they won't be able to afford one. If that happens, they'll need to keep renting, which is also challenging because their rental payment is more than their mortgage payment would be due to skyrocketing rents."

To view the full report, including charts and methodology, please visit:
<https://www.redfin.com/news/real-estate-bidding-wars-january-2022>

About Redfin

Redfin (www.redfin.com) is a technology-powered real estate company. We help people find a place to live with brokerage, instant home-buying (iBuying), rentals, lending, title insurance, and renovations services. We sell homes for more money and charge half the fee. We also run the country's #1 real-estate brokerage site. Our home-buying customers see homes first with on-demand tours, and our lending and title services help them close quickly. Customers selling a home can take an instant cash offer from Redfin or 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. Since launching in 2006, we've saved customers more than \$1 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 6,000 people.

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