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Homebuyer Competition Falls to Lowest Level Since Early Months of Pandemic

Higher mortgage rates and home prices are pushing some house hunters out of the market, leaving those who remain with more options and negotiating power

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —Nationwide, 44.3% of home offers written by Redfin agents faced competition on a seasonally adjusted basis in July, compared with a revised rate of 50.9% one month earlier and 63.8% one year earlier, according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage. That's the sixth-straight monthly decline and the lowest share on record with the exception of April 2020, when the onset of the coronavirus brought the housing market to a near standstill.

The typical home in a bidding war received 3.5 offers in July, compared with 4.1 one month earlier and 5.3 one year earlier, according to data submitted by Redfin agents nationwide. Redfin's bidding-war data goes back through April 2020.

Homebuyer competition is cooling as more Americans are priced out of the housing market due to higher mortgage rates and inflation. Properties are lingering on the market longer and the housing shortage is easing up, giving buyers more options to choose from and room to negotiate. Some sellers are slashing their asking prices as a result. Roughly 8% of listings on the market each week experience a price cut, the highest share on record.

"The market is wildly different than it was a few months ago. Buyers are competing with one to two other offers instead of four to eight. Some aren't facing competition at all," said Alexis Malin, a Redfin real estate agent representing buyers in Jacksonville, FL. "There's not the same sense of urgency. House hunters are scheduling tours four days in advance instead of one, and they're becoming much more selective. If a home doesn't check all of their boxes, they're waiting until they find one that does. Six months ago, buyers were taking any house they could get."

Malin continued: "Buyers have also started writing offers for less than sellers' list prices—a reversal from the height of the pandemic, when homes were going for tens of thousands of dollars over asking. I haven't written an over-asking offer in a month."

With the scales of the housing market tipping increasingly in buyers' favor, Spokane, WA Redfin agent Brynn Rea has a few tips for sellers:

"Sellers should make sure their home is move-in ready and not overpriced," Rea said. "They should do everything possible to make their property pristine for the masses—invest in updates and make it feel fresh. Doing little things like replacing faulty faucets or painting walls will help sell a home more quickly."

Phoenix, Austin and Nashville Have Among the Lowest Rates of Homebuyer

Competition

In Phoenix, just over one quarter (26.6%) of home offers written by Redfin agents encountered competition in July—the lowest share among the 36 U.S. metropolitan areas Redfin analyzed. Rounding out the bottom five were Riverside, CA (31%), Seattle (31.5%), Austin, TX (31.7%) and Nashville, TN (33.3%).

Many of these areas attracted scores of out-of-town homebuyers during the pandemic, pushing up prices and rendering them prohibitively expensive for some house hunters—one reason they now have relatively low bidding-war rates. The average out-of-towner moving to Nashville last year had \$736,900 to spend on a home, 28.5% higher than average budget for local buyers—the largest gap among U.S. cities recently analyzed by Redfin.

To be included in this analysis, metros must have had a monthly average of at least 50 offers submitted by Redfin agents from March 2021 to March 2022. Scroll down to the bottom of this report to see a table with data on all 36 metros.

Raleigh, NC had the highest bidding-war rate, at 63.8%. Next came Honolulu (63%), Providence, RI (60.5%), Philadelphia (60.4%) and Worcester, MA (54.8%).

Housing-Market Competition Declined Most in Orlando, Nashville and Sacramento

In Orlando, FL, 37.4% of home offers written by Redfin agents faced competition in July, roughly half of the 81.4% rate seen a year earlier. That 44-percentage-point decline was the largest among the 36 metros in this analysis. It was followed by Nashville (33.3% vs. 73.1%; -39.7 ppts), Sacramento, CA (34.3% vs. 73.3%; -39 ppts), Charlotte, NC (34.6% vs. 71%; -36.4 ppts) and Colorado Springs, CO (36.8% vs. 71.2%; -34.3 ppts).

There were no metros in which the bidding-war rate increased on a year-over-year basis.

Townhouses Are Most Likely to Encounter Competition

Townhouses were more likely than any other property type to face bidding wars, with 43.5% of Redfin offers encountering competition in July. Next came single-family homes (42.9%), condos/co-ops (39.7%) and multi-family properties (38.9%).

Some homebuyers have sought out townhouses, which are typically smaller and more affordable, because they're priced out of the market for single-family homes. The typical home that went under contract in March was 1,720 square feet, down 1.8% from 1,751 square feet a year earlier, a recent Redfin analysis found.

Bidding-War Rates by Metro Area

The table below is sorted by lowest to highest bidding-war rate in July 2022.

U.S. metro area	July 2022: share of Redfin offers that faced competition	June 2022: share of Redfin offers that faced competition	July 2021: share of Redfin offers that faced competition
Phoenix, AZ	26.6%	35.8%	53.9%
Riverside, CA	31.0%	33.2%	64.3%
Seattle, WA	31.5%	42.2%	60.1%
Austin, TX	31.7%	45.9%	62.1%
Nashville, TN	33.3%	50.0%	73.1%
Sacramento, CA	34.3%	54.4%	73.3%
Charlotte, NC	34.6%	50.0%	71.0%
Las Vegas, NV	35.7%	46.9%	67.3%
Tampa, FL	35.7%	31.3%	66.1%
Colorado Springs, CO	36.8%	55.9%	71.2%
Denver, CO	37.1%	50.9%	64.0%
San Antonio, TX	37.1%	48.2%	65.6%
Orlando, FL	37.4%	48.8%	81.4%
Miami, FL	37.6%	47.8%	51.0%
Portland, OR	38.6%	51.9%	65.2%
San Diego, CA	39.8%	53.4%	73.9%
New York, NY	40.1%	55.5%	55.6%
Atlanta, GA	41.6%	54.1%	60.3%
Washington, D.C.	43.0%	50.7%	58.7%
Detroit, MI	43.5%	46.9%	58.3%
Houston, TX	44.1%	52.9%	54.6%
Chicago, IL	44.2%	54.8%	52.9%
Olympia, WA	45.0%	58.0%	63.4%
Indianapolis, IN	47.4%	62.8%	53.8%
Minneapolis, MN	49.0%	45.8%	63.9%
San Francisco, CA	49.1%	54.0%	66.0%
Dallas, TX	50.0%	60.9%	67.8%
San Jose, CA	51.9%	50.0%	64.8%
Los Angeles, CA	52.4%	59.4%	69.1%
Baltimore, MD	52.5%	60.5%	65.5%
Boston, MA	53.2%	73.2%	61.1%
Worcester, MA	54.8%	62.3%	72.4%
Philadelphia, PA	60.4%	66.2%	61.0%
Providence, RI	60.5%	77.6%	75.6%
Honolulu, HI	63.0%	44.4%	74.1%
Raleigh, NC	63.8%	39.3%	72.9%

To read the full report, please visit: <https://www.redfin.com/news/real-estate-bidding-wars-july-2022>

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