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## Homebuyer Competition Falls for Second-Straight Month, Hitting Lowest Level in Over a Year

*61% of home offers faced bidding wars in April—down from 63% a month earlier and 67% a year earlier—as surging mortgage rates prompted buyers to drop out*

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —Nationwide, 60.7% of home offers written by Redfin agents encountered competition on a seasonally adjusted basis in April, the lowest level since March 2021, according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage. That's down from a revised rate of 63.4% a month earlier and 67.4% a year earlier, and marks the second-consecutive monthly decline.

The housing market has softened in recent weeks because mortgage rates have surged to their highest level in more than a decade as the government tries to quell inflation. The average 30-year fixed mortgage rate is now 5.3%, up from 3.76% at the start of March and a record low of 2.65% in January 2021. The rise in rates and home prices has sent the typical monthly mortgage payment for homebuyers up a record 44% year over year to an all-time high of \$2,427.

"The meteoric rise in mortgage rates is prompting more house hunters to back out of the market, causing competition to cool," said Redfin Chief Economist Daryl Fairweather. "Higher rates are also limiting homebuyers' ability to significantly bid up home prices, meaning some homes aren't selling for as much over the asking price as they would have a year ago. This could help set off a slowdown in home-price growth in the coming months."

### **Riverside, Atlanta and Olympia Saw the Biggest Declines in Homebuyer Competition**

In Riverside, CA, 42.7% of home offers written by Redfin agents faced competition in April, down from 64.6% a year earlier. That 22-percentage-point decline was the largest among the 36 U.S. metropolitan areas in this analysis. Next came Atlanta (56% vs. 71.2%; -15.2 pts), Olympia, WA (70% vs. 85.1%; -15.1 pts), San Diego (70.7% vs. 85.7%; -14.9 pts) and Raleigh, NC (62.7% vs. 77.5%; -14.8 pts).

"Homes that would have received 10 offers several months ago are now getting two or three. That's because the jump in mortgage rates has forced a huge pool of first-time buyers to drop out," said Elizabeth Rodriguez, a seller's agent with Redfin in Riverside. "The buyers who are still in the market are those who are less sensitive to mortgage rates because they have big cash reserves."

Rodriguez continued: "Sellers are still in the driver's seat, but I expect to see the market level out over the summer, giving buyers some long-awaited room for negotiation. Homes are starting to sit for longer and sellers are starting to accept contingencies. They will likely

start accepting offers from buyers who come in at the asking price. I'm advising people to sell now if they're considering it."

Competition increased on a year-over-year basis in just four of the 36 markets Redfin analyzed. In Detroit, 74% of home offers written by Redfin agents faced competition in April, up from 69% in April 2021 (+5 pts). It was followed by Tampa, FL (+3.1 pts), Chicago (+1.7 pts) and Sacramento, CA (+0.6 pts).

### **Homebuyers in Riverside, Miami and Atlanta Are the Least Likely to Face Bidding Wars**

In addition to seeing the largest year-over-year decline in competition, Riverside had the lowest overall bidding-war rate, with 42.7% of home offers written by Redfin agents facing competition in April. Next came Miami (53.7%), Atlanta (56%), San Antonio (58.8%) and New York (59.5%).

Three of those metros—Miami, Atlanta and San Antonio—are consistently on Redfin's list of most popular migration destinations. Surging demand in these hotspots has caused home prices to surge, pricing many buyers out of the market—one possible explanation for the relatively low rates of competition, Fairweather said.

Worcester, MA had the highest bidding-war rate, at 76.9%. It was followed by Denver (76.6%), Boston (74.8%), Providence, RI (74.1%) and Detroit (74%). Still, bidding wars in all of those metros except for Detroit were less common in April than they were a year earlier.

### **Townhouses Are the Most Competitive Property Type**

Townhouses were more likely than any other property type to face competition, with 69.5% of Redfin offers encountering competition in April. Next came single-family homes, with a bidding-war rate of 67.5%, followed by condos/co-ops (60.6%) and multi-family properties (56.2%).

Many homebuyers have sought out townhouses because they've been 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 rates in April 2022.

U.S. metro area	April 2022: share of Redfin offers that faced competition	March 2022: share of Redfin offers that faced competition	April 2021: share of Redfin offers that faced competition
Riverside, CA	42.7%	56.1%	64.6%
Miami, FL	53.7%	65.9%	57.5%
Atlanta, GA	56%	65.9%	71.2%
San Antonio, TX	58.8%	71.3%	72.5%
New York, NY	59.5%	64.6%	66.1%
San Francisco, CA	60.1%	77.6%	73.6%
Las Vegas, NV	60.5%	73.4%	69.5%
Houston, TX	60.9%	63.2%	62.5%
Phoenix, AZ	61.3%	63.6%	71.9%
Raleigh, NC	62.7%	68.1%	77.5%
Colorado Springs, CO	62.8%	72%	67.1%
Orlando, FL	64.0%	59.5%	64.4%
Charlotte, NC	66.0%	71.6%	76.8%
Honolulu, HI	66.7%	60.7%	73.3%
Minneapolis, MN	67.2%	69.4%	70.5%
Chicago, IL	67.7%	69.1%	66%
Los Angeles, CA	67.8%	74%	74.1%
Washington, D.C.	68.1%	72.1%	77.4%
Indianapolis, IN	69.2%	59.2%	78.9%
San Jose, CA	69.3%	79.9%	70.8%
Dallas, TX	69.7%	73.9%	78.3%
Portland, OR	70%	70.8%	73%
Olympia, WA	70%	78.2%	85.1%
San Diego, CA	70.7%	79.9%	85.7%
Austin, TX	70.7%	74.6%	71.9%
Nashville, TN	71%	58.8%	72.1%
Philadelphia, PA	71.2%	73.2%	73.1%
Tampa, FL	71.4%	66.2%	68.3%
Sacramento, CA	71.8%	73.3%	71.2%
Seattle, WA	72.8%	77%	78.7%
Baltimore, MD	73.5%	74.4%	76.9%
Detroit, MI	74%	63.8%	69%
Providence, RI	74.1%	78.3%	83.8%
Boston, MA	74.8%	79.2%	79.2%
Denver, CO	76.6%	74.3%	79.2%
Worcester, MA	76.9%	78.2%	86.5%

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

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