



# HOUSING COMPETITION DROPS TO 15-MONTH LOW

AUGUST 2022 — **In May, 57.8 percent of home offers written by Redfin agents faced competition, the lowest level since February 2021.** That's down from 60.9 percent in April and a pandemic peak of 68.8 a year ago, according to a Redfin report. The typical home in a bidding-war received 5.3 offers in May, down from 6.8 in April and 7.4 in May 2021, according to data submitted by Redfin agents.

"Homes are now getting one to three offers, compared with five to 10 two months ago and as many as 25 to 30 six months ago," Nashville Redfin real estate agent Jennifer Bowers said in a release. "Offers also aren't coming in as high above the list price as before. I recently listed a three-bedroom, three-bathroom home in a super cute neighborhood for \$399,900. It ended up going under contract for \$12,000 above the list price with an inspection, whereas three months ago, the buyer probably would have paid \$60,000 over asking and waived the inspection."

**Homebuyer competition is cooling because rising mortgage rates and surging home prices have made homebuying less feasible for many, according to Redfin.** The typical monthly mortgage payment for a homebuyer is now \$2,514 at the current 5.78 percent mortgage rate. That's up 49 percent year-over-year, from 2.93 percent. Redfin economists expect the bidding-war rate to fall below 50 percent by the end of the year.

Of the metro areas Redfin analyzed, the **largest year-over-year decline in home offers** written by Redfin agents that faced competition was in Providence, R.I., (45.3 percent in May vs. 82.7 percent a year earlier, a 37.4-percentage-point decline). Next came **Riverside, Calif. (41 percent vs. 73.7 percent -32.6 ppts)**, Raleigh, N.C. (52.2 percent vs. 82.9 percent, -30.7 ppts), **San Francisco (57.7 percent vs. 78.2 percent, -20.5 ppts)** and Orlando, Fla. (51 percent vs. 71 percent, -20 ppts).

Competition increased year-over-year in just three of the markets Redfin analyzed. In Las Vegas, 74.5 percent of home offers faced competition in May, up from 65.4 percent (+9.1 ppts). Next came Worcester, Mass. (81.8 percent vs. 77.3 percent, +4.5 ppts) and Miami (63.2 percent vs. 62.1 percent, +1.1 ppts).

**The lowest overall bidding-war rates in May were in Riverside, Calif. (41 percent of home offers written by Redfin agents encountered competition)**, Providence, R.I. (45.3 percent), Olympia, Wash., (47.2 percent), Honolulu (47.8 percent) and Minneapolis (48.7 percent). Worcester, Mass. had the highest bidding-war rate (81.8 percent) followed by Las Vegas (74.5 percent), Boston (72.6 percent), Dallas (72.3 percent) and Philadelphia (69.3 percent).

**Townhouses were more likely than any other property type to encounter competition**, with 64.6 percent of Redfin offers facing bidding wars in May. Next came single-family homes (61.6 percent), multi-family properties (58.2 percent) and condos/co-ops (54.7 percent).