

Redfin Names the Most Competitive Neighborhoods of 2016

“We put the home on the market on Thursday, got immediate interest and accepted the strongest offer at \$15,000 over asking price by Sunday,” recalled Redfin [real estate agent in Bellevue](#), Marina Pelzel. She helped her clients sell their three-bedroom townhome in the red-hot neighborhood of Factoria in Bellevue, Washington in August. In addition to the high offer price, the buyers waived the inspection contingency and already had their loan fully approved by their lender, making it nearly as strong as a cash offer.

[Factoria](#) earned the distinction of being named the most competitive neighborhood for homebuyers in 2016. Our ranking is based on several indicators of competition, including the percentage of homes that sold for more than their asking price, how quickly homes went under contract and annual price growth in 2016.

In Factoria, 62 percent of homes sold for over asking price and the typical home found a buyer in just seven days.

Stand-out cities

Seattle was home to 10 of the country’s 30 most competitive neighborhoods. In addition to Factoria, the [University District](#) and [Woodridge](#) landed in the top 10.

Eight Boston-area neighborhoods ranked, led by [Washington Square](#) (Brookline) and [Prospect Hill](#) (Somerville). Denver had seven hoods in the top 30, including [Lakeside](#) and [West Pleasant View](#) (Golden).

Three San Francisco neighborhoods made the list. Washington, D.C. and Los Angeles also cracked the top 30, each with one neighborhood named.

Rank	Neighborhood (City)	Metro	Median Sale Price
1	Factoria (Bellevue)	Seattle, WA	\$352,500
2	University District (Seattle)	Seattle, WA	\$559,000
3	Washington Square (Brookline)	Boston, MA	\$945,000
4	Prospect Hill (Somerville)	Boston, MA	\$635,000
5	Inner Richmond (San Francisco)	San Francisco, CA	\$1,900,000
6	Dolores Heights (San Francisco)	San Francisco, CA	\$1,895,000
7	Woodridge (Bellevue)	Seattle, WA	\$708,500
8	Lakeside (Wheat Ridge)	Denver, CO	\$370,000
9	West Adams (Los Angeles)	Los Angeles, CA	\$550,688
10	Brickyard Road-Queensgate (Bothell)	Seattle, WA	\$324,000

11	South Delridge/Westwood (Seattle)	Seattle, WA	\$349,950
12	West Pleasant View (Golden)	Denver, CO	\$350,000
13	College View (Denver)	Denver, CO	\$230,000
14	Hoffman Town (Aurora)	Denver, CO	\$238,690
15	Mountlake Terrace (Seattle)	Seattle, WA	\$360,000
16	Bryant (Seattle)	Seattle, WA	\$760,000
17	Highline Villages (Aurora)	Denver, CO	\$184,450
18	Belmont (Cambridge)	Boston, MA	\$907,500
19	East Watertown (Watertown)	Boston, MA	\$549,750
20	East Riverdale (Riverdale)	Washington, DC	\$241,000
21	South Everett (Everett)	Seattle, WA	\$299,000
22	West Cambridge/Harvard Square (Cambridge)	Boston, MA	\$990,000
23	Union Square (Lakewood)	Denver, CO	\$194,500
24	Waverley Square (Belmont)	Boston, MA	\$537,000
25	Rose Hill (Redmond/Kirkland)	Seattle, WA	\$690,000
26	Union Square/Ward Two (Somerville)	Boston, MA	\$661,125
27	Horseshoe Park (Aurora)	Denver, CO	\$223,000
28	Benson Hill (Renton)	Seattle, WA	\$288,500
29	Parkside (San Francisco)	San Francisco, CA	\$1,280,000
30	Jamaica Plain (Boston)	Boston, MA	\$561,000

What's driving the competition? Continuously low inventory is one key factor. A six-month supply of homes for sale signals a balanced market between buyers and sellers, but home supply in most metros featured in the top 30 hovered near one or two months throughout the year.

How to win in a competitive market

The results this year were similar to our findings last year. The top 30 [most competitive neighborhoods in 2015](#) were located in just four cities: Boston, Portland, San Francisco and Seattle. While Portland remains a hot seller's market, it was edged out by Denver this year in the top 30.

In the most competitive neighborhoods, bidding wars, escalating prices and fast sales are the rule, not the exception. Many buyers realize they may not be able to get their dream home in these markets, and must instead make some concessions on location, price, move-in readiness or other factors. Redfin [real estate agents](#) have some strategies on how to compete in a tough market.

Matt Schorr, a Redfin [real estate agent in San Francisco](#), says it's helpful to submit a streamlined offer that makes it easy for the seller to close quickly. "Start by choosing a local mortgage lender who knows your market and can fully underwrite your loan before you even go under contract, that way the seller knows your financing is secure, and your offer will better compete with all-cash offers," Schorr said. "Another way to strengthen your offer is to shorten or waive your inspection

contingency. Prior to doing so, make sure you and your real estate agent closely review the seller's disclosures and any pre-inspections for red flags.”

Bidding war strategies often come with risks for the buyer, so we recommend speaking to a Redfin agent in your neighborhood to determine the right strategy for you. Below are links to more information about how to successfully buy a home in a competitive market

- [How to Get a Good Deal on a House in a Great Area](#)
- [The Risks of Waiving 3 Common Home Buying Contingencies](#)
- [What is an Escalation Clause?](#)
- [Consider a Fixer-Upper to Avoid Competition](#)
- [How to Make a Competitive Offer with a VA Loan](#)

Which neighborhoods will be most competitive in 2017? Next month, we'll publish our Hottest Neighborhoods of 2017 report, an analysis of Redfin.com user activity data and local Redfin agent insights that predicts which neighborhoods will heat up in the new year.

Methodology: To determine the rankings, we analyzed five factors in 27 metro areas. The rankings were based on transaction data from multiple listing services and public records data in 27 major metropolitan areas. Each factor was given equal weighting, with the exception of the average sale-to-list price ratio, which was given three times the weight as it best represents the effect of competition. Neighborhoods must have had at least 50 home sales between January 1, 2016 and December 5, 2016 to be included in the top 30 national ranking. Only condo, single-family home and townhome sales were included. We controlled for the overlapping or duplication of neighborhoods. The five factors analyzed were:

1. Year-over-year median sale price growth (year-to-date through December 5 for each year)
2. Percentage of listings that sold above asking price
3. Median days on market
4. Average ratio of sale price to list price
5. Percentage of homes that sold for all cash

The post [Redfin Names the Most Competitive Neighborhoods of 2016](#) appeared first on [Redfin Real-Time](#).