

Seller Concessions in California (U.S.) Residential Transactions: Prevalence, MLS Reporting Differences, and Implications for Appraisers

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Abstract

Seller concessions are present in nearly half of U.S. home sales, and the 2024 NAR settlement has changed how, and whether, MLSs report them. This note summarizes recent national and California prevalence data, highlights large regional variation within the state (particularly the low rates in Bay Area counties), and discusses differences in MLS data availability between systems such as CRMLS and MLSListings. Practical implications for appraisers are outlined. Two draft protocols follow: one for regression models fitted without a concession field, and one for sales comparison grids built from such models, which sets out when the omitted concessions call for no change, a correction to the indicated value, or concession data in the model.

1 Background

Seller concessions—credits toward buyer closing costs, rate buydowns, repairs, design-center or HOA-dues credits—affect the cash-equivalent sale price that appraisers must consider under USPAP, Fannie Mae, and Freddie Mac guidelines [1, 2, 3, 4]. A seller’s payment of the buyer’s broker commission is not one of them while it remains local common and customary practice: on April 15, 2024, Fannie Mae and Freddie Mac confirmed that such payments, like other common and customary seller costs, need not be counted toward interested party contribution (IPC) limits, and that this clarified existing policy rather than changing it [5, 6]; FHFA confirmed that reading on May 13, 2024 [7]. Where sellers in a market no longer customarily pay the buyer’s broker, the payment should be judged like any other concession.

Following the 2024 NAR settlement, MLS systems removed or restricted offers of compensation, with the practice changes taking effect on August 17, 2024 [8]. Whether to carry a seller-concession field was left to each MLS [9]. Some MLSs responded by adding or refining structured concession

fields; others deliberately avoided them, citing litigation risk [10, 11, 12]. The result is inconsistent data availability for appraisers across California.

2 National Prevalence

Redfin data, based on reports from its buyer agents, show seller concessions in approximately 44–46% of U.S. home sales in spring and summer 2026 (46.2% in May; 44.7% in the three months ending August)—the highest shares for those months in the company’s records since at least 2020 [13, 14]. The share was about 31% in the fourth quarter of 2021 and rose to 42% a year later, as rising mortgage rates ended the 2020–2021 bidding wars [15]. It then eased to roughly 35% in the summers of 2023 and 2024 before climbing again to 42.6% in the three months ending August 2025 and the mid-40s in 2026 [16, 14].

In practitioner experience, typical concession amounts, when present, commonly fall in the 1.5–3% range of sale price, and the 2–5% band represents a practical range for more substantial credits (full closing-cost coverage or meaningful rate buydowns); no national series of concession amounts is published. Lender caps for conventional loans limit financing concessions by occupancy and loan-to-value ratio: for Fannie Mae, 3% of value above 90% LTV, 6% from 75.01% to 90%, and 9% at 75% or less for principal residences and second homes, and 2% for investment properties; contributions above the limit are treated as sales concessions and deducted from the sale price [3]. Freddie Mac applies identical limits [4].

3 California Variation

California is not uniform. Redfin metro-level data for the three months ending August 2026 illustrate the range [14]:

Metro Area	Share with Concession	A Year Earlier
Los Angeles	56.2%	56.0%
San Diego	57.1%	62.4%
Riverside	58.0%	49.0%
Sacramento	53.3%	48.1%
San Francisco	18.6%	19.6%
San Jose	4.2%	10.2%

Year-earlier shares are derived from the year-over-year changes Redfin publishes.

Southern California metros more closely track or exceed the national average, while Bay Area metros remain among the lowest in the country. CRMLS previously reported that nearly 40% of its closed listings in 2023 included some form of concession [17]—consistent with the higher Southern California figures.

4 Bay Area and County Estimates

In strong or balanced Bay Area markets, concessions remain uncommon relative to the national average.

- **Santa Clara County / San Jose metro:** Recent Redfin figures show concessions in only about 4% of sales (4.2%, down from 10.2% a year earlier) [14]. In practitioner experience, concessions there tend to be modest when present rather than in the 2–5% range. Competitive conditions, short marketing times, and frequent sales above list limit buyer leverage.
- **San Mateo County:** No county-level Redfin figure is published. San Mateo County is part of Redfin’s San Francisco metro (18.6%), which also contains the softer East Bay counties, so the metro figure likely overstates the county’s rate. Local market indicators (average sale-to-list ratios of about 104–106% for single-family homes, short marketing times, and a majority of single-family sales above list) place the county between the San Jose and San Francisco metro figures. A reasonable estimate for the share of sales with any concession is roughly 5–15% in recent periods,¹ with the subset involving meaningful 2–5% concessions smaller still, roughly 2–4% of sales. Peninsula markets have generally behaved more like the tighter San Jose end of the spectrum than softer inland California markets.

These are estimates informed by available metro data and local market conditions; they are not official county-level statistics. Prevalence can vary by price tier, property type (condos often show more flexibility), and submarket.

5 MLS Data Availability Differences

Appraisers encounter materially different information depending on the MLS:

- **CRMLS** (large portions of Southern California) maintains an optional “Seller Consider Concessions?” (Y/N) field on active listings [18] and, since August 13, 2024, has required the closing concession amount to be broken down by category (Closing Costs, Property Improvements, Financing Costs, Buyer Broker Fee, Other) [19]. Its original listing-stage “Concessions in Price” amount fields, introduced on May 29, 2024, were withdrawn after the California Association of Realtors revised its forms [17, 20]. This provides relatively structured post-closing data.

¹A tabulation of MLSListings closed residential sales (single-family homes, condominiums and townhouses) in San Mateo County, prepared for this note with data through October 24, 2026. Agent remarks containing “concession”, “seller credit”, “closing credit”, “credit to buyer” or “buyer credit” appear in 10.8% of 2025 sales (478 of 4,442) and 10.7% of 2026 sales (401 of 3,747), against fewer than 0.2% in each year 2020–2023. Most are listing-stage statements using the MLS-approved wording that the seller “will consider concessions” [12]; only about 0.1% of 2024–2026 sales state a credit amount. The jump after 2023 partly reflects the post-settlement rule changes, which made remarks the main place to mention concessions, rather than a market shift alone. The remarks indicate how often a concession was on offer, not how often one was paid; concessions negotiated in escrow (inspection credits, rate buydowns) do not appear in them. In the same data, single-family homes sold at an average of 104.3% of list price in 2025 and 106.4% in 2026, with 60% and 65% selling above list; condominiums and townhouses sold at about 100% of list, and the median time from listing to contract was 11–12 days.

- **MLSListings** (Santa Clara, San Mateo, Santa Cruz, Monterey and San Benito Counties) has decided not to add concession fields. Its NAR settlement FAQ states: “Adding new concession fields was determined to be a high-risk activity for attracting copycat lawsuits. If the market landscape changes, the MLS will change with it” [12]. Consistent with this, a search of the field names and descriptions in its RETS metadata for residential listings (retrieved April 2026) found no concession field [21]. MLSListings rules allow sellers to offer buyer concessions in the MLS so long as they are not limited to or conditioned on payment to a buyer broker (Rule 7.12) [22], and listing agents may, but are not required to, describe concessions in the public or agent (private) remarks; the MLS-approved wording is “seller will consider concessions” or “seller will consider concessions with offer” [12, 23]. Wording that implies compensation to buyer’s agents is prohibited, with a \$1,000 fine for a second violation [12]. Because mention in the remarks is voluntary, the absence of one does not show that no concession was offered or paid. Concession information, when available, is therefore limited to free-text remarks or must be obtained outside the MLS.

Other California MLSs fall at various points along this spectrum. The Bay East Association of REALTORS® MLS, for example, replaced its post-sale concession amount with a required Y/N “Concessions at COE” field and added a “Concessions Considered” Y/N field on August 12, 2024 [24], and from June 23, 2025 allowed concessions to be described, without amounts, in listing remarks [25]. San Diego’s SDMLS declined to add a concession field on advice of counsel [11]. The practical result is that structured concession data is more readily available in some regions than others.

6 Implications and Practical Considerations for Appraisers

1. **Verification remains essential.** Even where structured fields exist, appraisers must still confirm the nature, amount, and market impact of any concessions on comparable sales through the purchase agreement, closing disclosure, agent interviews, or other reliable sources [1, 2], and must analyze the subject’s own agreement of sale. Free-text remarks alone are incomplete.
2. **Terms-of-sale analysis.** In markets where concessions are rare (much of the Bay Area), the absence of reported concessions is often consistent with competitive conditions and may require little or no adjustment. In markets where 40–60% of sales include concessions, failing to investigate and account for them can distort cash-equivalent comparisons and market statistics.
3. **Potential price effects.** Concessions can support higher recorded sale prices than would otherwise occur, because sellers may prefer a credit over an equivalent price reduction. This is relevant both for individual comparable analysis and for interpreting broader market statistics. Where MLSs have omitted concession fields, the stated rationale has been litigation

avoidance [10, 11, 12]; the practical effect on data transparency, however, is real.

4. **Local market knowledge.** National and even metro averages can mislead. Santa Clara and San Mateo Counties currently show far lower concession activity than Los Angeles, San Diego, or Riverside. Appraisers working across multiple California markets must adjust their expectations and data-gathering practices accordingly.

7 Protocol for Regression without a Concession Field (Draft)

When developing regression or other automated valuation models from MLS or public sale data in markets without structured concession fields (e.g., MLSListings in Santa Clara and San Mateo Counties), the following protocol is recommended:

1. **Disclosure of data limitation.** State explicitly that the model is based on reported sale prices without adjustment for seller concessions, because structured concession data are not available in the underlying MLS.
2. **Contextual estimate of impact.** Note the expected frequency and magnitude of material concessions in the subject market. For example, in San Mateo County, reasonable estimates place the frequency of concessions in the 2–5% range at approximately 2–4% of sales (with the incidence of any concession higher, roughly 5–15%). Given the low frequency, omission of concession adjustments is unlikely to materially bias the overall price level of such models. Concessions are not randomly distributed, however: they concentrate in condominiums, longer-marketed listings, lower price tiers and softer submarkets, so their omission can bias the coefficients for those segments more than the aggregate.
3. **Appraisal-level verification.** Appraisers using the model (or its output) for valuation must still obtain and analyze actual concession information for the specific comparables placed in their sales grids. This verification is performed through review of purchase agreements, closing disclosures, agent confirmation, and other primary sources, independent of the model.
4. **Sensitivity consideration.** Where feasible, appraisers or model users may perform a simple sensitivity check (e.g., assuming a small percentage of sales are overstated by 2–3% due to unadjusted concessions) to confirm that results remain stable, applying it to the segments where concessions concentrate rather than uniformly. The assumed overstatement is the price effect of a concession, which is the market’s reaction to it and may be less than its dollar amount [2].

This protocol supports transparent reporting while recognizing that, in low-concession markets, the practical effect on aggregate modeling is limited, whereas case-by-case verification remains a professional standard for individual appraisals.

8 Protocol for Sales Grids for Models Lacking Concession Data (Draft)

Section 7 concerns the model itself. This section concerns the sales comparison grid built from such a model—for example a residual-based grid in which a regression model (such as MARS) supplies the adjustments and each comparable’s residual measures its quality relative to the model—when the data carry no concession field but concessions are known to occur in the market.

8.1 How omitted concessions enter the grid

A reported sale price is the net price plus any concession. A model fitted on reported prices therefore estimates the expected net price *plus the expected concession* for sales with the given characteristics. The omission reaches the grid through three channels:

1. **The level of the estimate.** The subject’s predicted price is too high by about the average concession for comparable sales. This is the main effect, and since market value is a cash-equivalent price, it is the one to correct.
2. **The adjustments.** Adjustments are differences between predictions, so a concession that is uniform across sales (or a fixed share of price) cancels or scales them only slightly. They are biased where concessions concentrate: by sale date, where concessions have become more or less common over the period of the data, new construction (builder incentives), marketing time, property type and price tier. The bias in an adjustment is the change in the expected concession across that characteristic.
3. **Residuals and comparable quality.** A comparable’s residual contains its own concession less the typical one, so a comparable with an unreported concession appears to be of better quality than it is. The effect on the ranking of comparables is small: even with concessions in 40% of sales averaging 2.5% of price, their spread is about 1.2% of price, against an illustrative residual standard deviation of 8%, adding about 2% to the residual variance. The effect on an individual comparable can be large, and is removed only by verification.

8.2 Estimating the bias

The bias in the indicated value, as a share of price, is approximately

$$B \approx \lambda \times f \times m,$$

where f is the share of comparable sales with a concession, m the average concession as a share of price when one is present, and λ the market’s reaction to a concession as a fraction of its dollar amount ($0 \leq \lambda \leq 1$; dollar for dollar is the upper bound) [2]. Customary seller costs, including customary seller-paid buyer-broker commission, are excluded from f and m (Section 1).

Free-text remarks cannot supply f or m : they mostly record invitations and offers, and in San Mateo County only about 0.1% of 2024–2026 sales state a credit amount (Section 4). The sources

are the verified comparables in the grid (a small sample, but of the market in question), published metro shares [14], and practitioner experience, labelled as such. With the Section 4 estimates for San Mateo County (f of 5–15% for any concession, amounts of 1.5–3%), B is at most about 0.45% before market reaction and typically 0.1–0.3%. With Redfin’s shares for Los Angeles and San Diego ($f \approx 0.56$ –0.57) and amounts of 2–3%, B is about 1.1–1.7%.

8.3 Where to draw the line

The thresholds below are proposed, not established standards; they are set against the rounding of the final value and the precision of the model.

Bias B	Treatment
Below about 0.5% (under half the rounding increment)	No adjustment to the estimate. State that concessions are assumed to be \$0 in the net sale price, give the basis for f and m , and verify the comparables used.
About 0.5–2%	Reduce the indicated value by B , leaving the individual adjustments unchanged. Perform the concentration check below and disclose the basis of B .
Above 2%, or concentration found	Do not rely on the grid as fitted. Bring concession information into the model (verified amounts, an indicator extracted from remarks as a variable, or a narrower period or segment), or give the grid less weight in reconciliation.

Under these figures San Mateo County usually falls in the first tier and Los Angeles and San Diego in the second.

8.4 Checking for concentration

Regress the model’s residuals on an indicator that a sale’s remarks mention a concession, alone and interacted with sale date, age or new construction, property type and marketing time. A material, statistically significant shift means the adjustments for those characteristics carry concession effects, which places the assignment in the third tier. The indicator marks offers rather than payments, so its coefficient is only a rough measure of the price effect, and an extractor that reads newer remarks better than older ones can create a spurious time pattern.

8.5 Comparable-level treatment

1. **Verify and enter.** Verify the concessions on each comparable in the grid and enter the verified amount. The net sale price is the sale price less the concession, and the comparable’s residual must be computed on the same net basis so that the concession is not counted twice.

2. **Do not impute.** Do not assign estimated dollar amounts to individual comparables from market averages; an average is not a verified fact about a sale [1]. Use concession mentions in the remarks to decide which comparables to verify first. A comparable whose remarks indicate a concession that cannot be verified is either excluded or retained with disclosure.

3. **What counts.** Credits toward closing costs, rate buydowns, credits for repairs not made, builder design-center credits and HOA-dues credits are concessions; personal property conveyed with the sale is left to the appraiser’s judgment, since it is often fully depreciated but is sometimes provided to induce the buyer. Work the seller completed before or during escrow is reflected in the sale price and is not a concession, and customary seller costs, including customary seller-paid buyer-broker commission, are not concessions [5, 6].

8.6 Disclosure

The report should state that the model was fitted on reported sale prices without concession data; that concessions are assumed to be \$0 in the net sale price except where verified; the estimated bias B with the sources of f , m and λ ; the tier and the treatment applied; and the verification performed on the comparables.

9 Conclusion

Seller concessions remain a significant factor in a substantial share of U.S. transactions and in many California markets, but they are uncommon in the tighter Bay Area counties such as Santa Clara and San Mateo. Differences in MLS reporting practices—most notably the absence of structured fields in MLSListings versus their presence in CRMLS—mean that appraisers cannot rely solely on MLS data and must continue to verify terms of sale through primary sources. In low-concession markets, the impact on most appraisals will be limited; in higher-concession markets, systematic verification and analysis are necessary to support credible market-value opinions.

Sources include Redfin analyses of buyer-agent reports (2021–2026), CRMLS public statements and knowledge-base materials on concession fields, and local market indicators. Estimates for San Mateo County are informed judgments based on available metro data and market conditions rather than a published county-level series.

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