

2021 Pacific Northwest Lenders Conference

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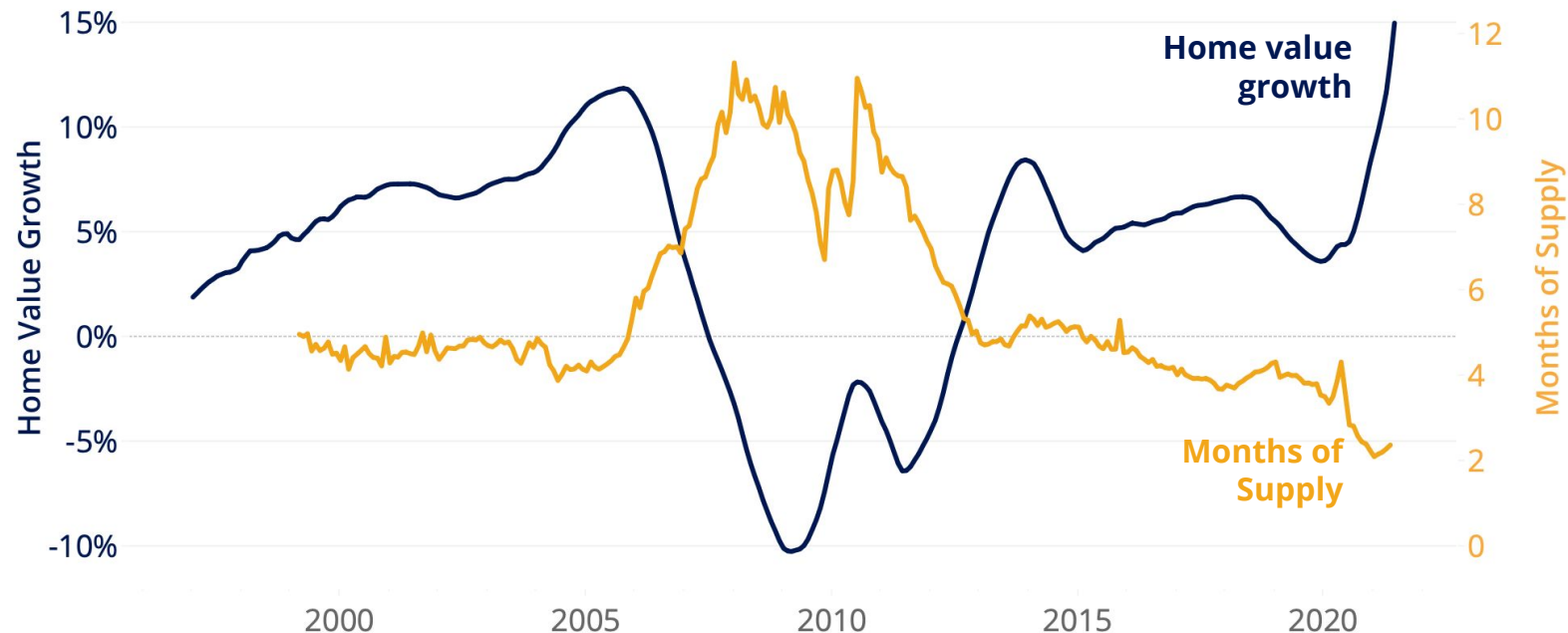
Trends in the owner-occupied housing market:

- 1 Nationwide housing market
- 2 Forecast considerations
- 3 Pacific Northwest housing markets

1. Nationwide housing market

High Demand, Low Supply Driving Prices Up

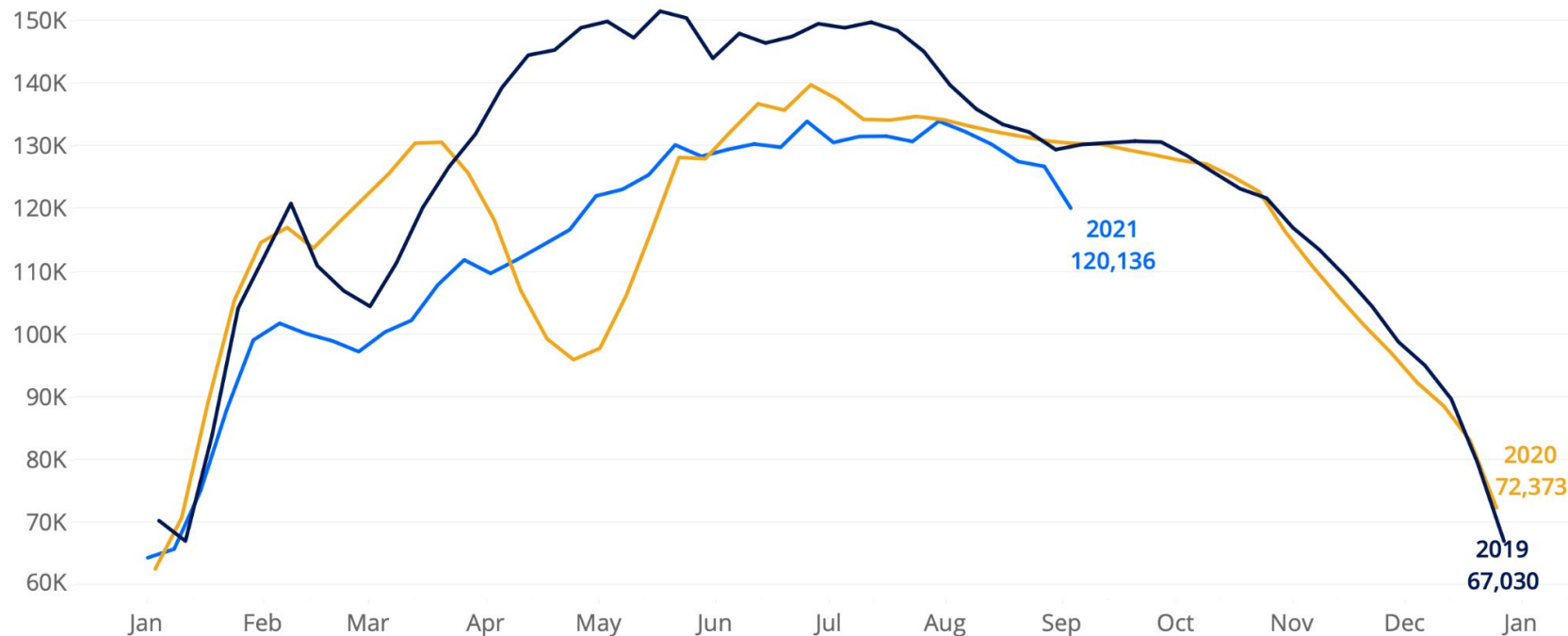
Zillow Home Value Index YoY (Home Value Growth) and Months of Supply



Source: Zillow Home Value Index and NAR Months supply of existing homes on market

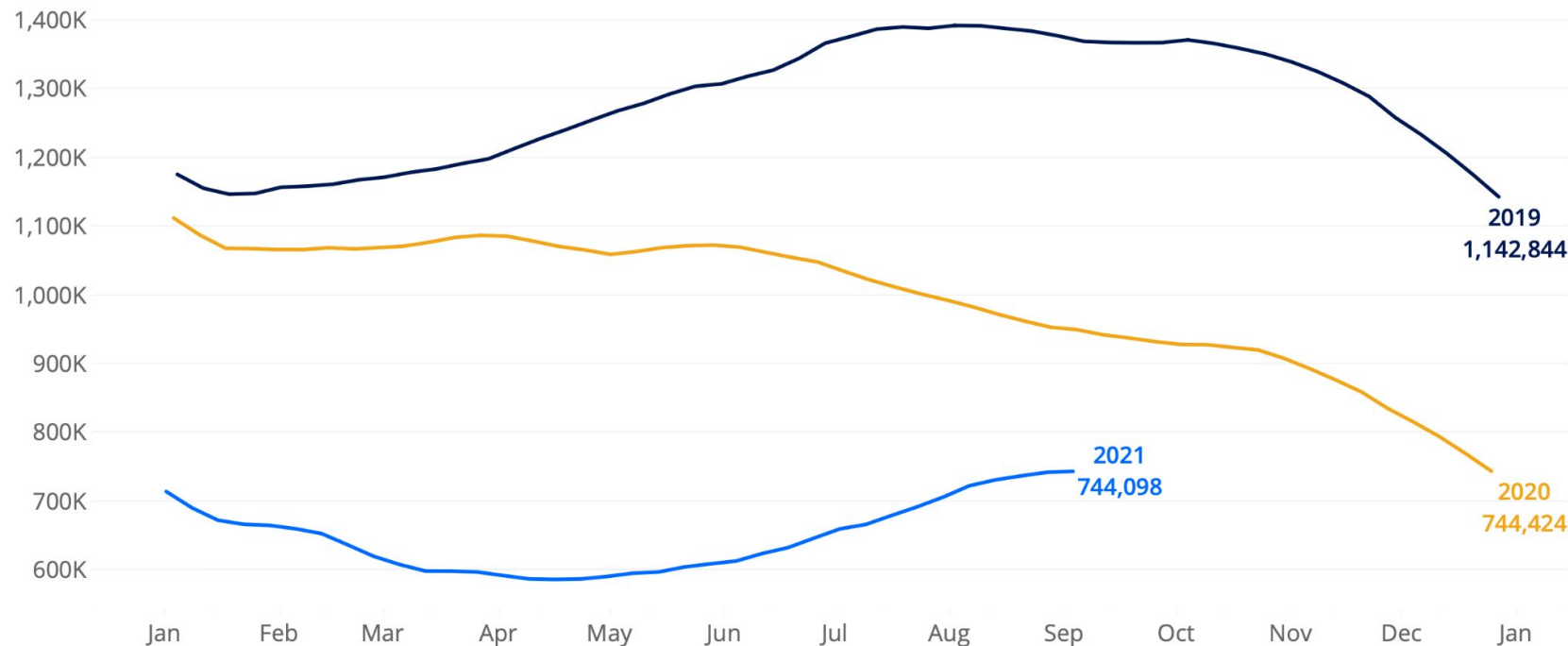
Inventory Levels Helped By New Listings

New For-Sale Inventory



Inventory Levels Bottomed Out, Now Rising

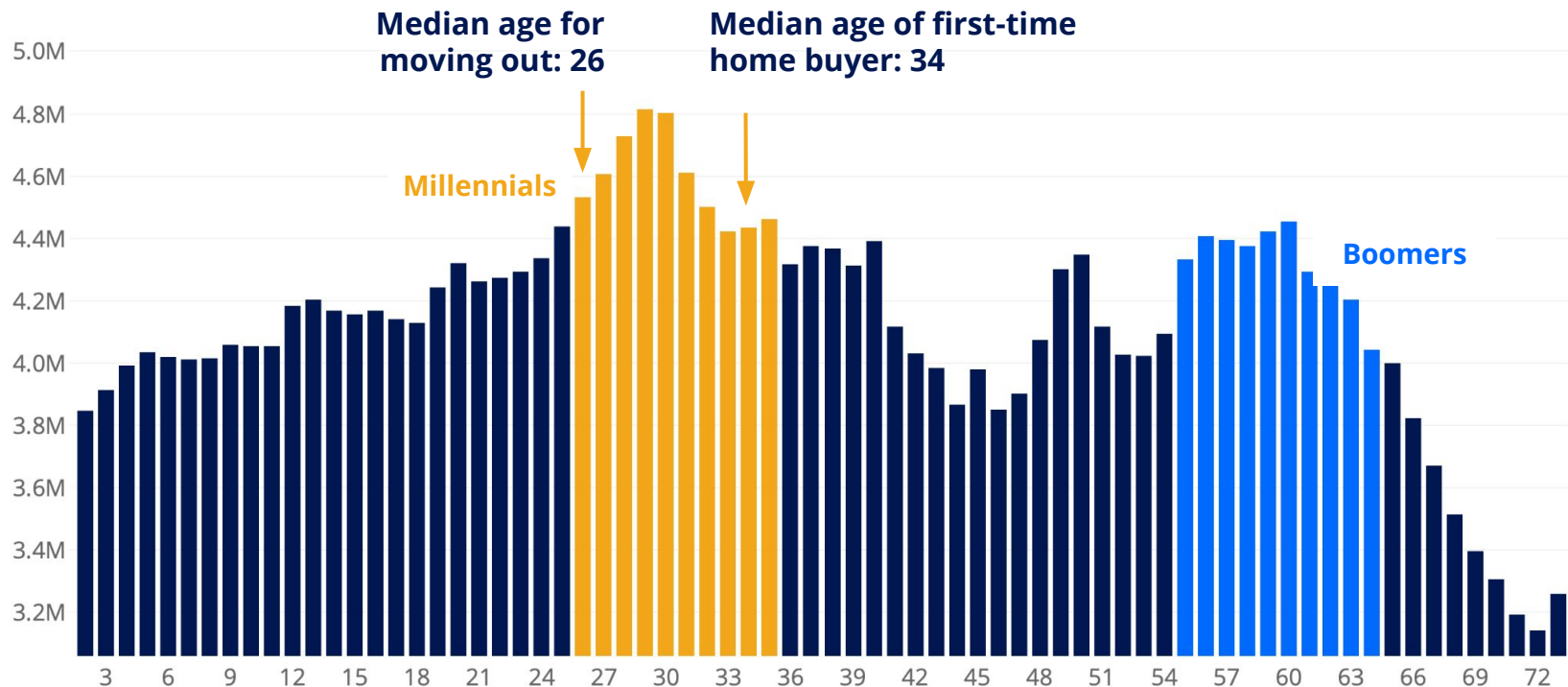
For-Sale Inventory



2. Forecast considerations

Demand: Millennial Wave Hitting Prime Home Buying Age

Age distribution for the United States



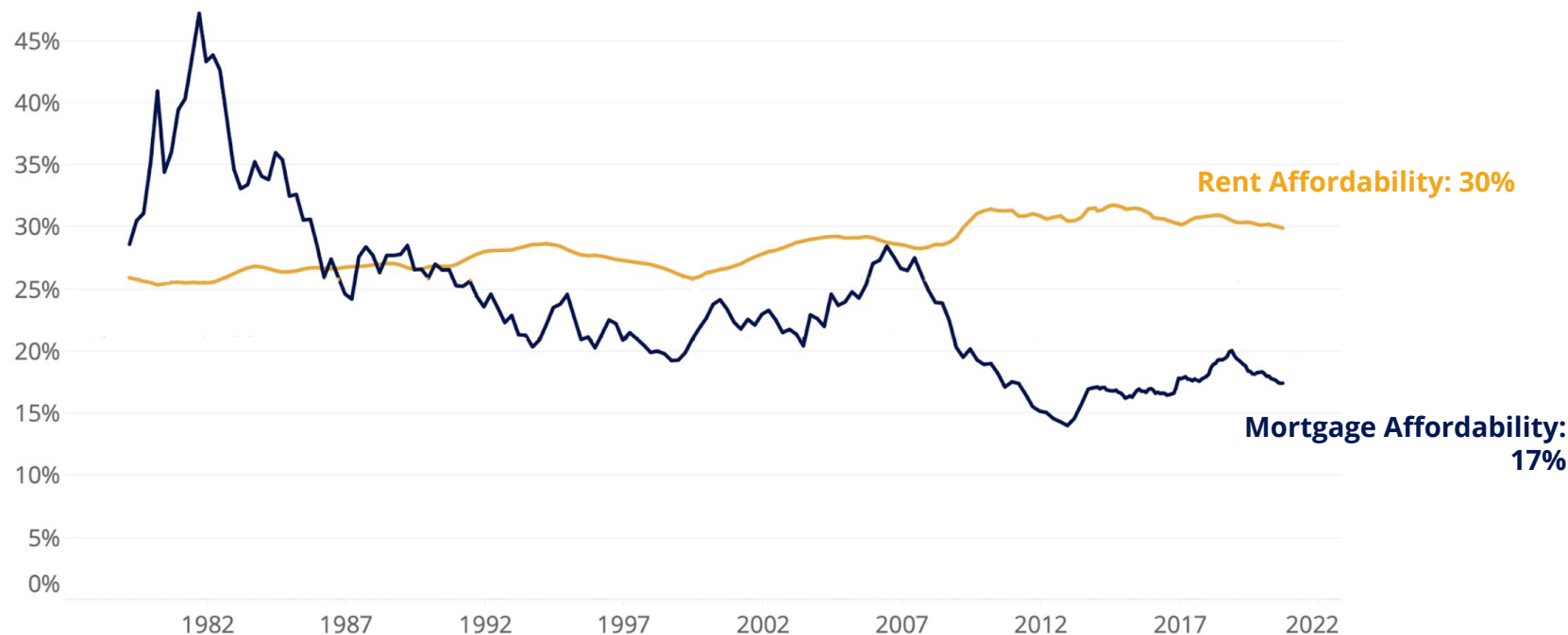
Interest Rate Declines Have Partially Offset Price Growth

30-Year Fixed Rate Mortgage Average in the United States



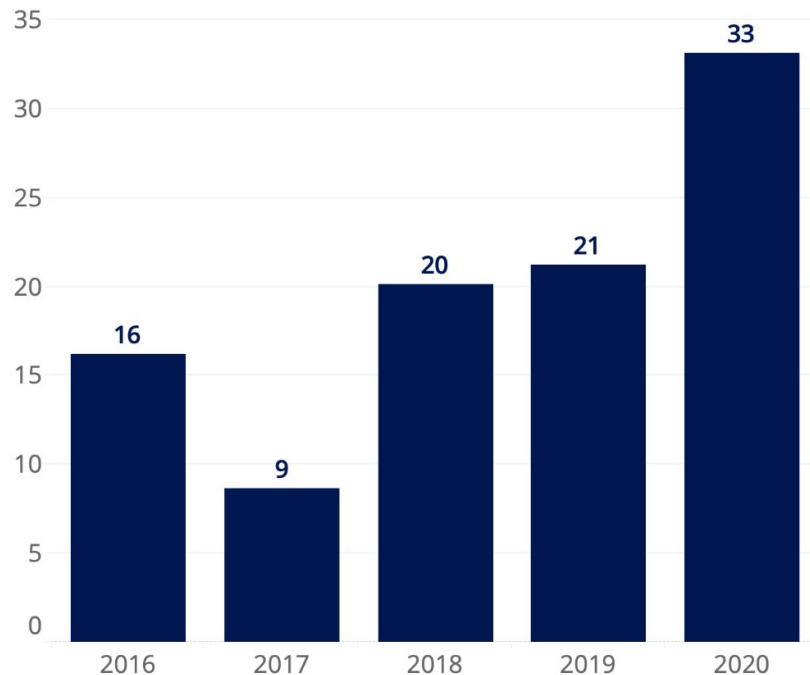
Affordability in Historical Context

Share of income spent on **mortgage** and **rent**

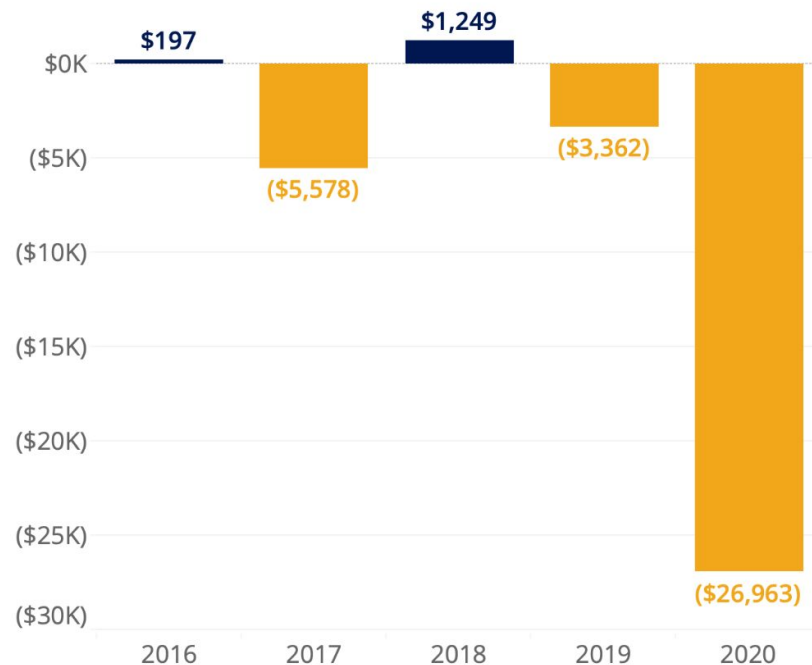


Interstate Movers in Search of Affordability

Avg Change in Sq. Ft from Origin-Destination Zip



Avg Change in Home Value from Origin-Destination Zip



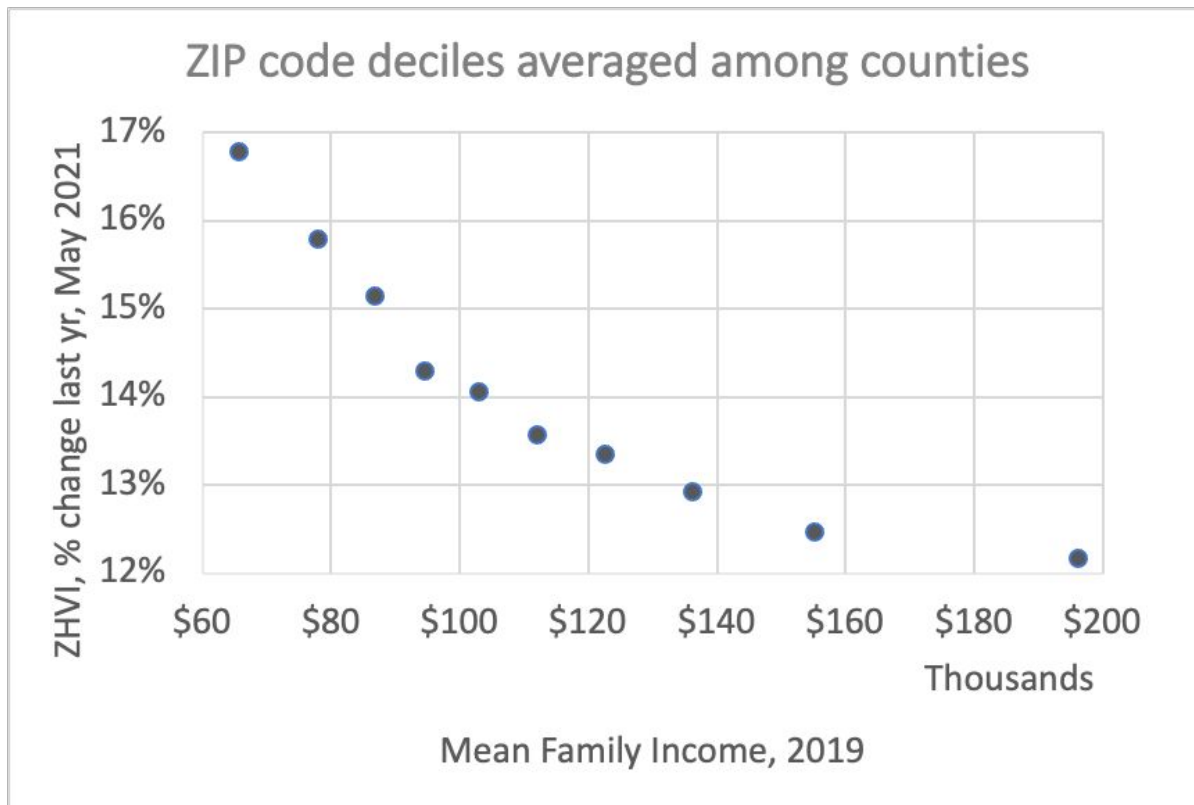
Forbearance Exits Likely to Add Inventory

Estimating for-sale inventory from expected 18-month forbearance exits

Month	Projected Expirations	Projected Sales	10 Percent Scenario		25 Percent Scenario		50 Percent Scenario	
			Inventory Added	Months Supply	Inventory Added	Months Supply	Inventory Added	Months Supply
August-21	108,000	565,410	10,800	0.02	27,000	0.05	54,000	0.10
September-21	451,900	528,650	45,190	0.09	112,975	0.21	225,950	0.43
October-21	286,800	517,830	28,680	0.06	71,700	0.14	143,400	0.28
November-21	184,900	457,790	18,490	0.04	46,225	0.10	92,450	0.20
December-21	95,600	497,840	9,560	0.02	23,900	0.05	47,800	0.10
January-22	83,100	340,400	8,310	0.02	20,775	0.06	41,550	0.12
February-22	112,200	366,190	11,220	0.03	28,050	0.08	56,100	0.15
March-22	116,400	501,460	11,640	0.02	29,100	0.06	58,200	0.12
April-22	118,400	549,700	11,840	0.02	29,600	0.05	59,200	0.11
May-22	112,200	578,030	11,220	0.02	28,050	0.05	56,100	0.10
June-22	64,400	660,740	6,440	0.01	16,100	0.02	32,200	0.05
July-22	45,700	632,370	4,570	0.01	11,425	0.02	22,850	0.04
Cumulative	1,779,600	6,196,410	177,960	0.36	444,900	0.89	889,800	1.78

Source: Zillow estimates of expected 18-month forbearance exits, based on data from Black Knight's June 2021 Mortgage Monitor

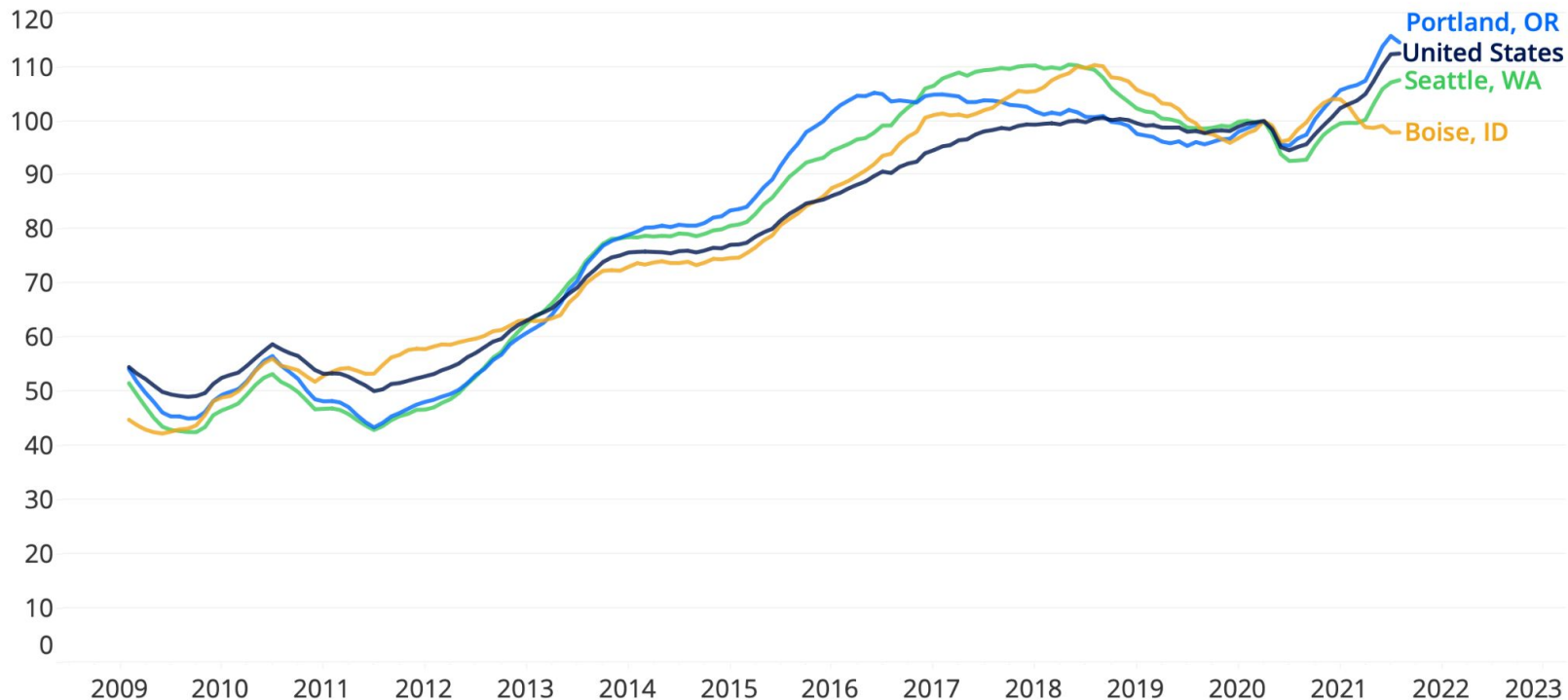
Low income home buyers need relief



3. Pacific Northwest housing markets and forecasts

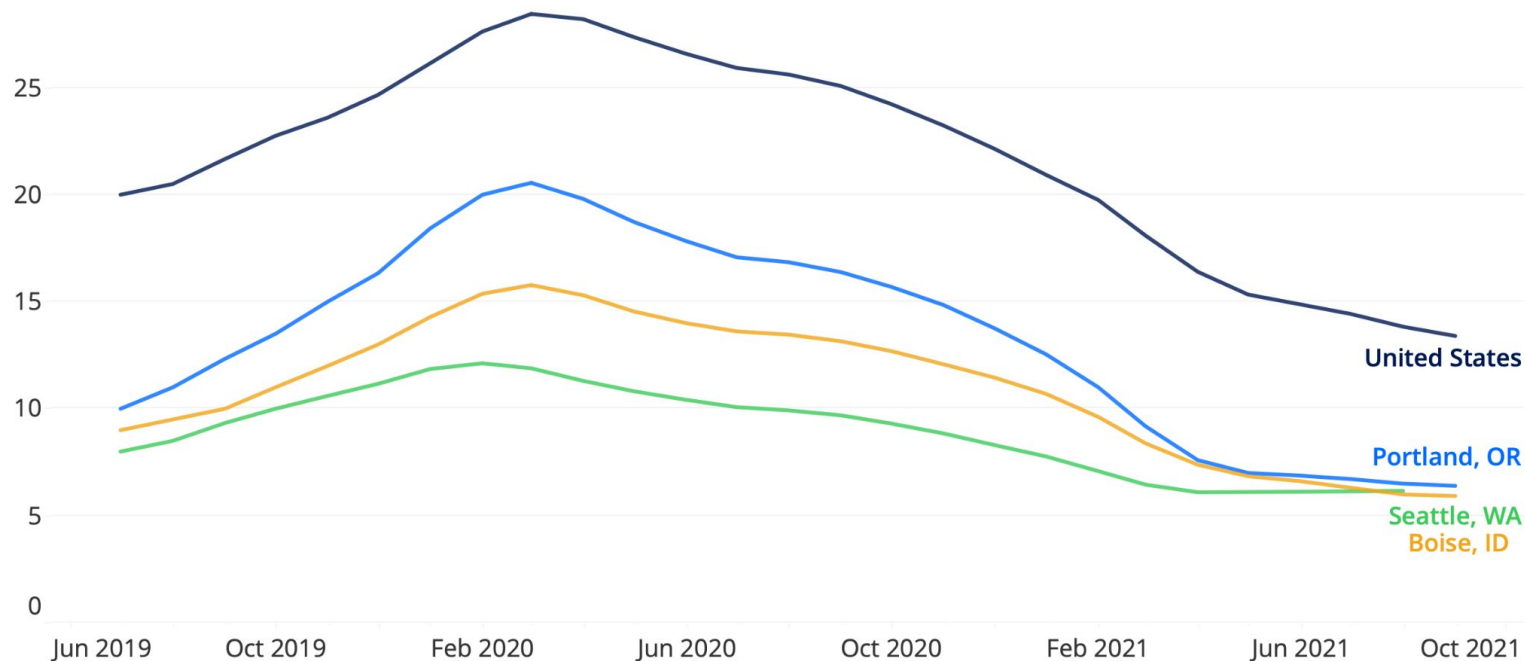
Sales Beginning To Slow

Sales Index, 12-Month Average, March 2020



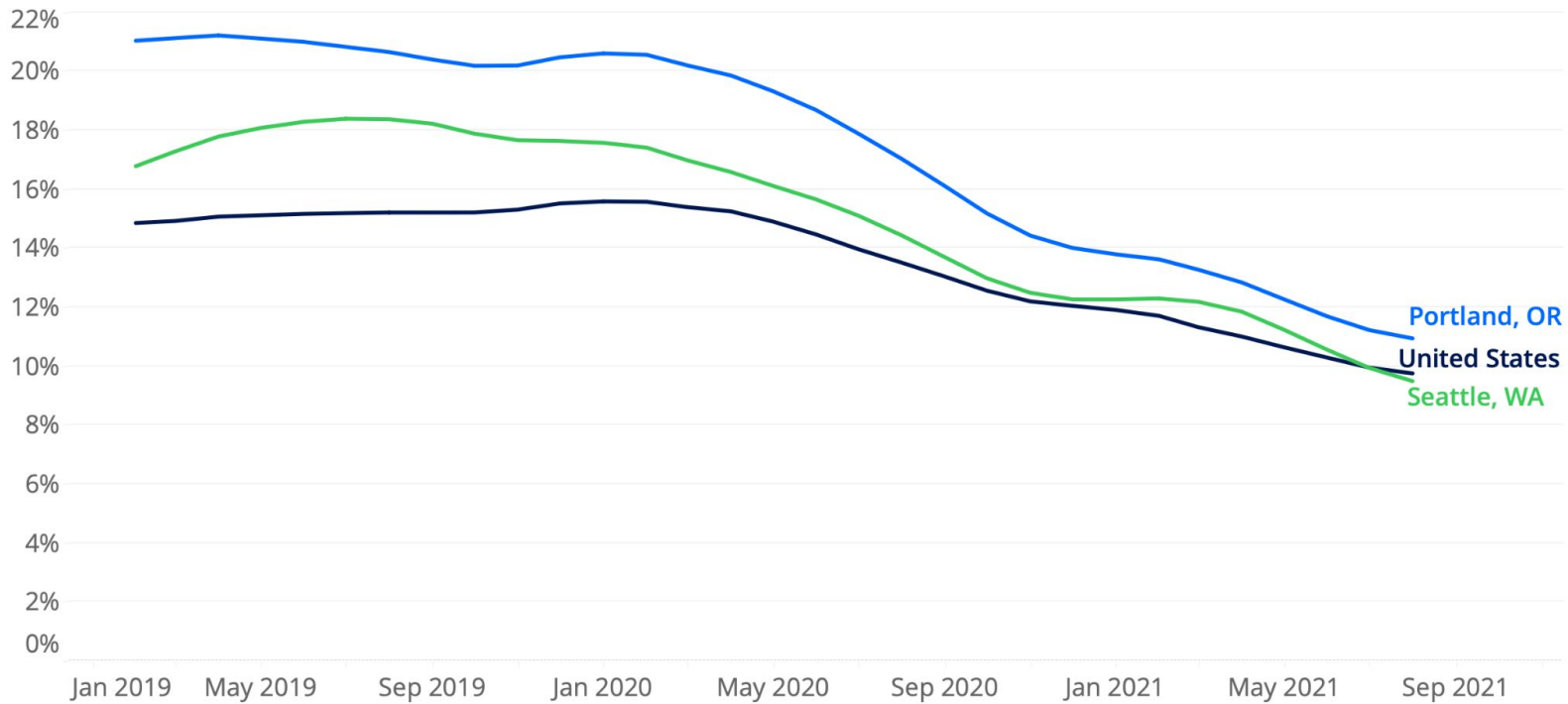
Homes Selling at Record Pace

Median Days to Pending, 12-Month Average



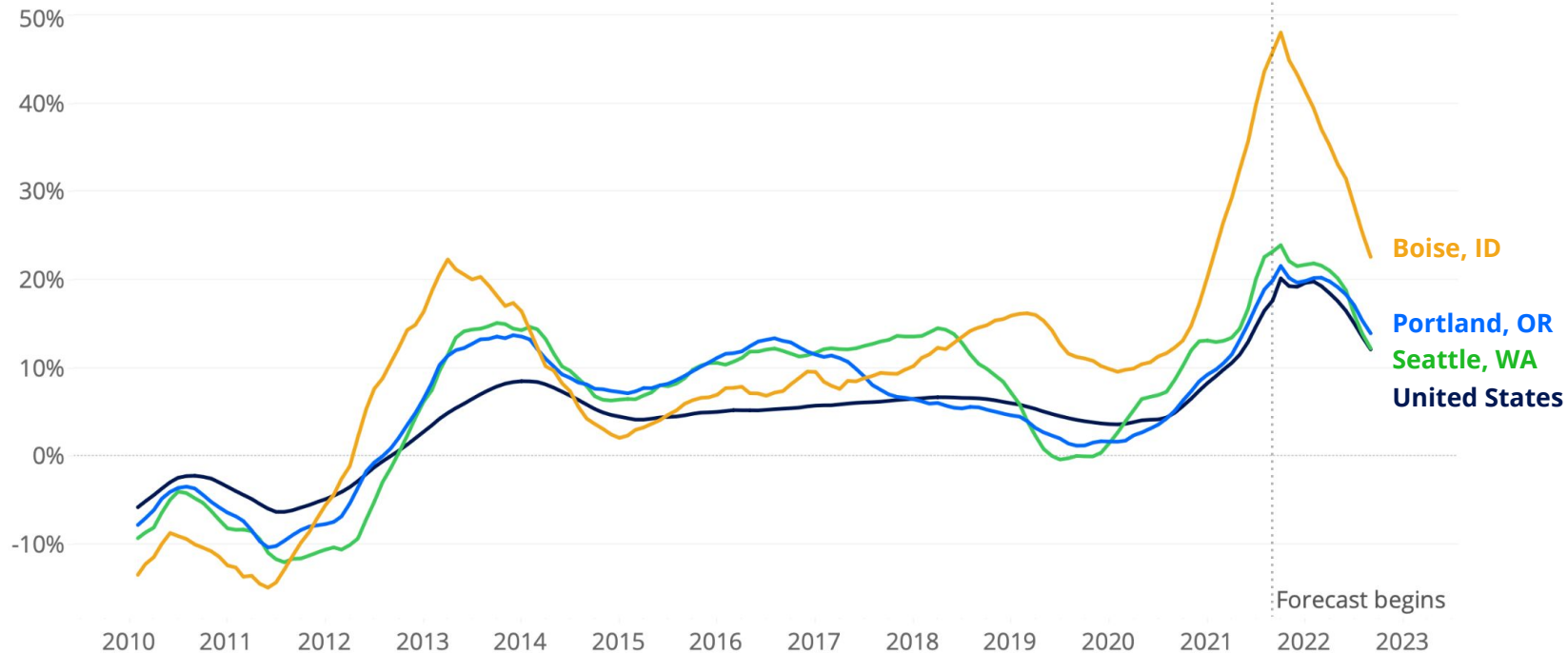
Fewer Sellers Making Concessions

Share of Listings With a Price Cut, 12-Month Average



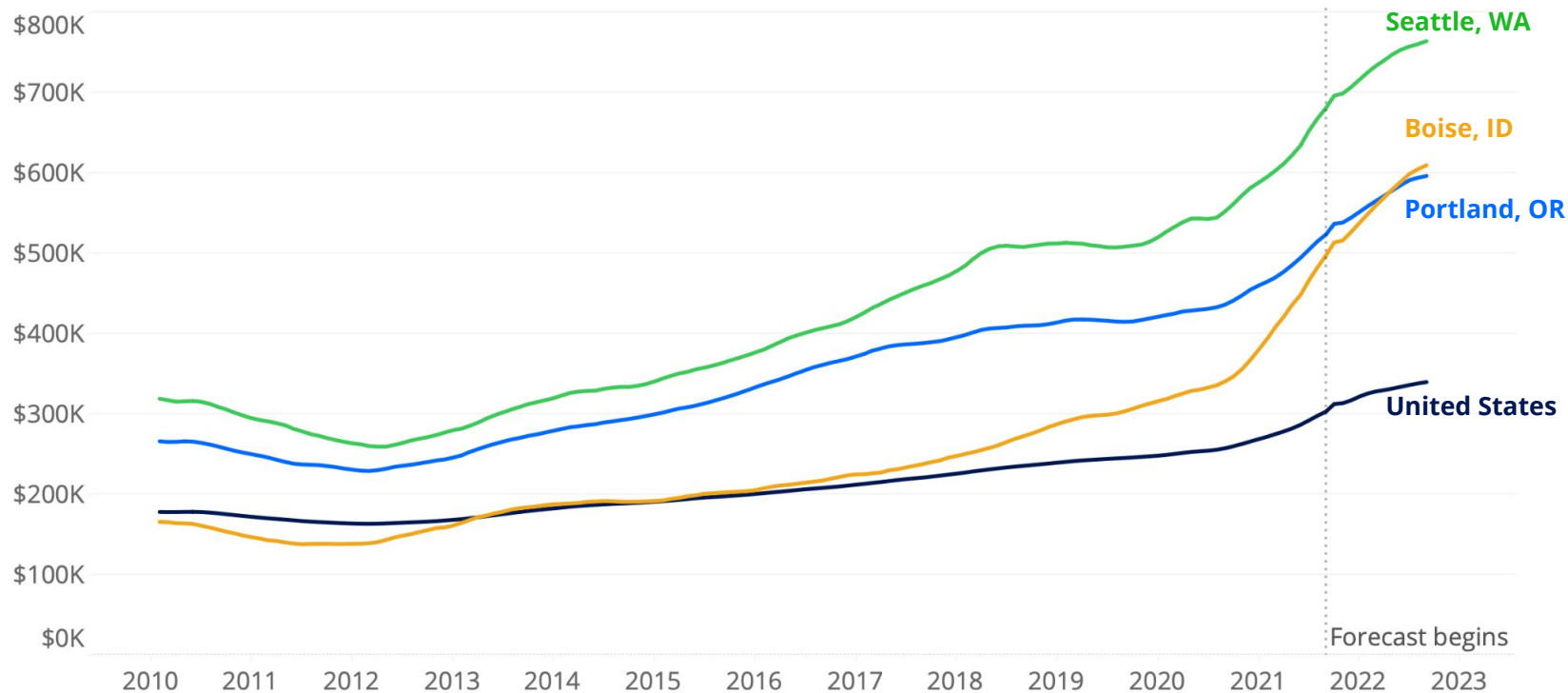
Record House Price Appreciation Will Slow

Zillow Home Value Index, YoY



Home Values Are Higher Than Ever

Zillow Home Value Index



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Key takeaways:

- 1 Demand is bigger factor than supply
- 2 House price growth to set to slow from record pace
- 3 Rapid deceleration in Boise, ID

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→ [zillow.com/data](https://www.zillow.com/data)