

ZILLOWGROUP

# Housing Market Overview

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California Department of Real Estate  
February 2021



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# Home Values & Prices

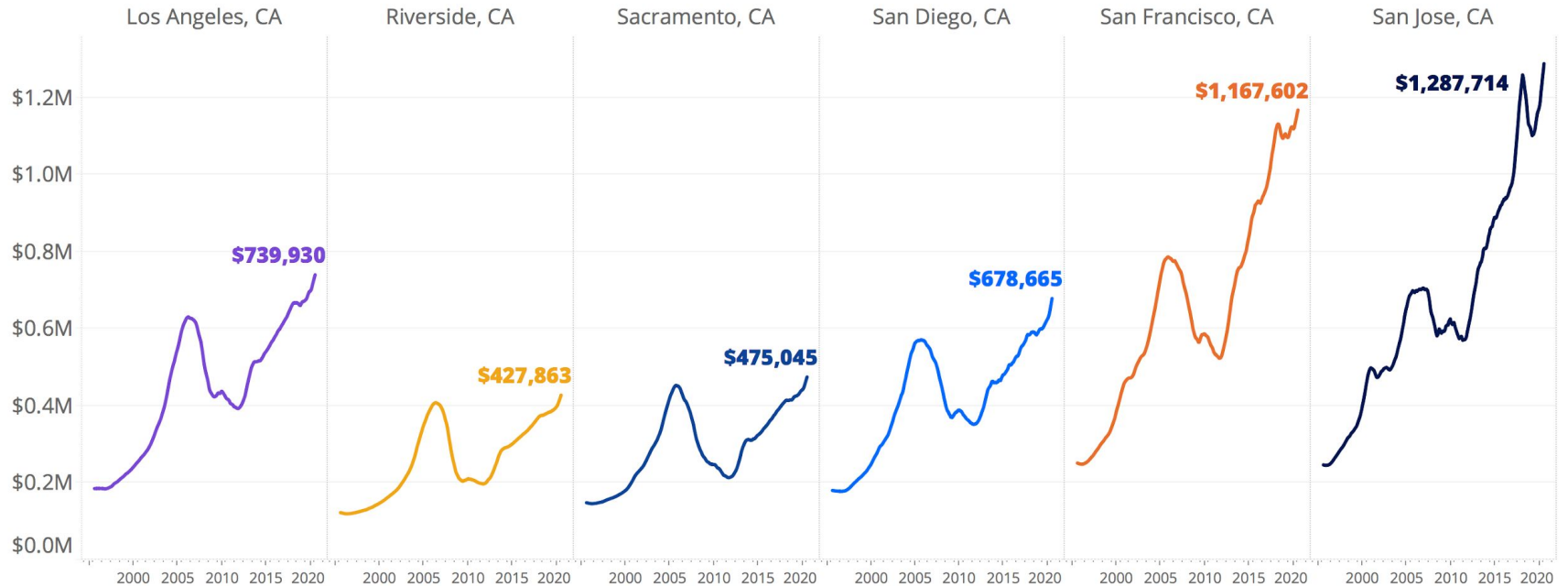
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- Home value growth in most California markets is strong and has been largely uninterrupted by COVID
- Sellers have an advantage in the market, and are pricing aggressively



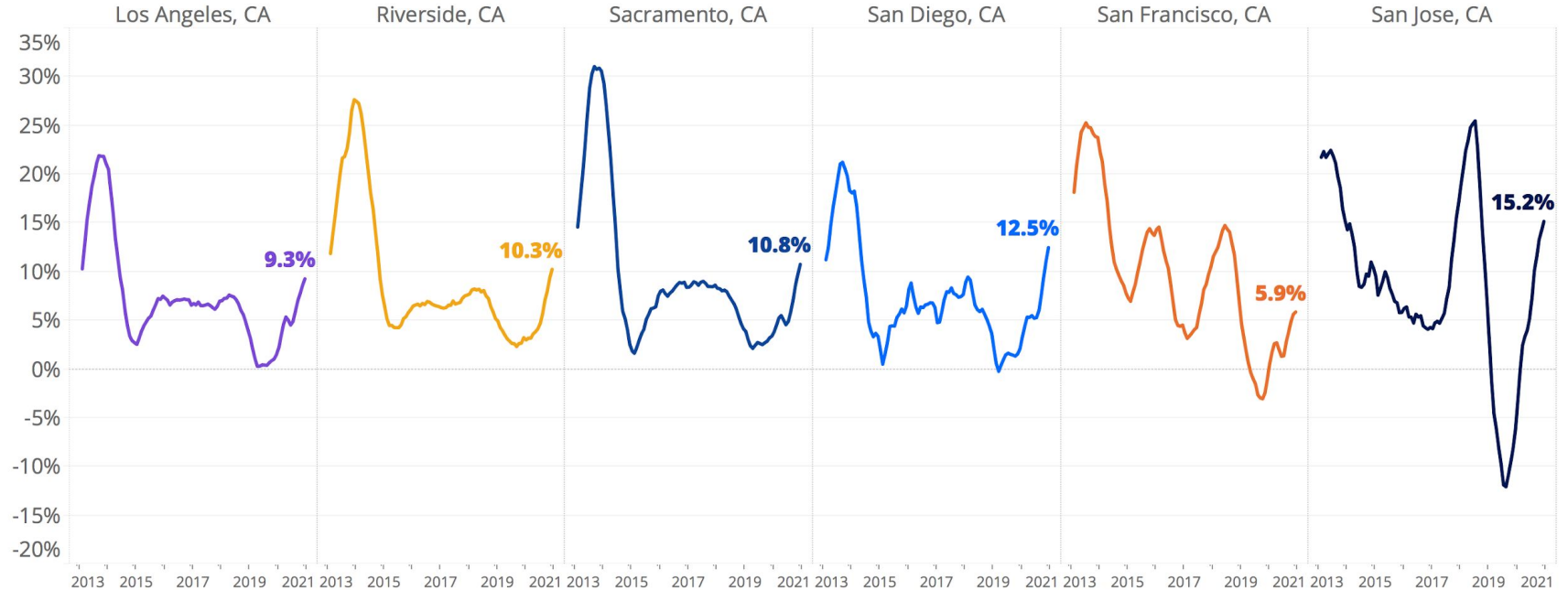
# California Home Values Are at All-Time Highs

## Zillow Home Value Index



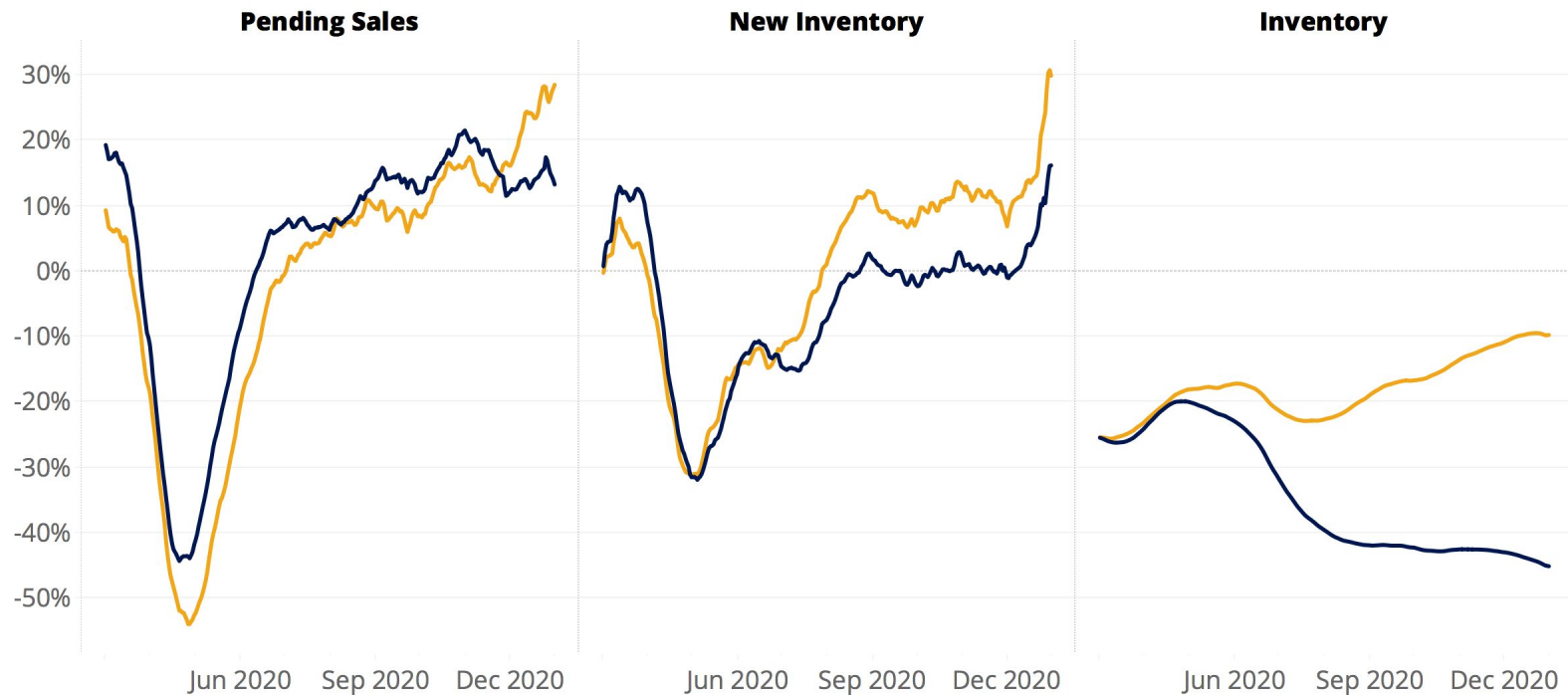
# Home Value Growth is Largely Strong, Despite Covid

**Zillow Home Value, Year-over-year change**



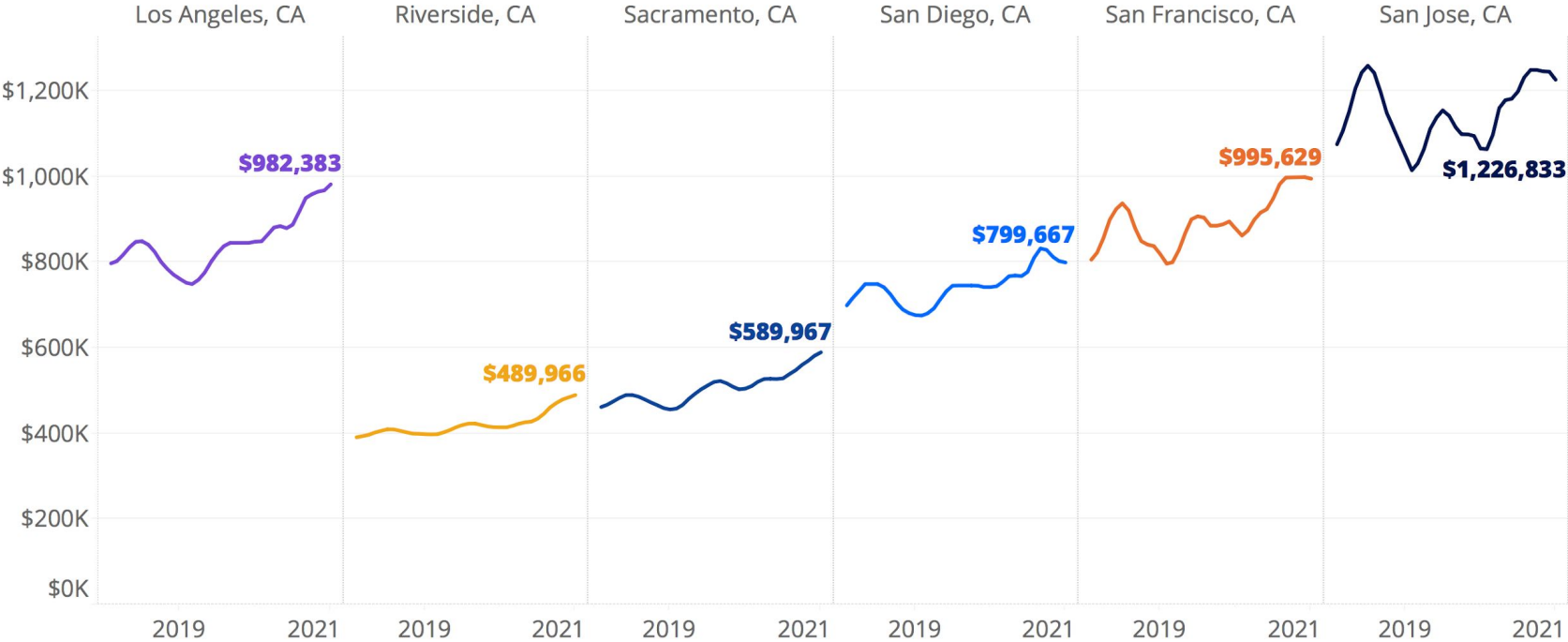
# Urban Areas Still Show Strength in West

Pending sales, new inventory and inventory growth in **urban** and **suburban** markets in the **West**



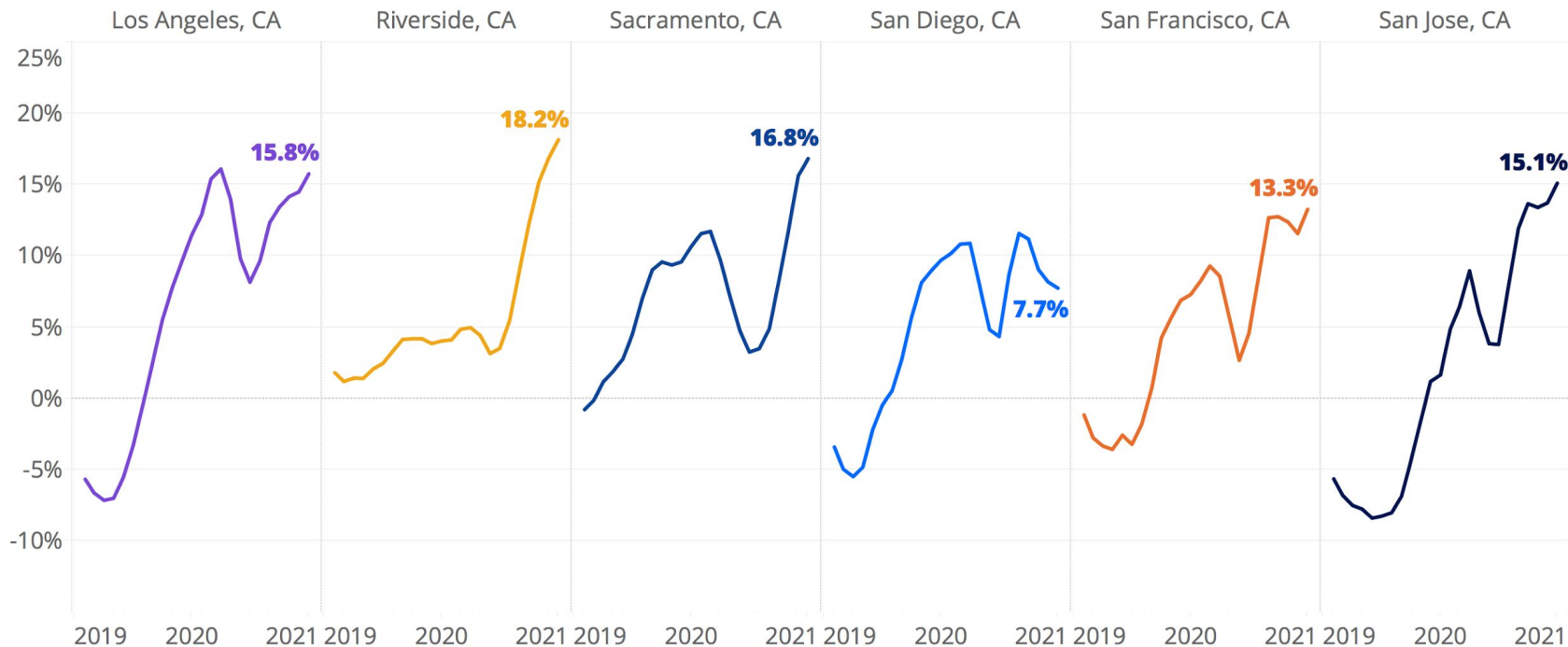
# Asking Prices are Near All-Time Highs...

## Median List Price



# ...and are Growing at Double-Digit Annual Rates

## Median List Price, YoY





# Inventory & Listings

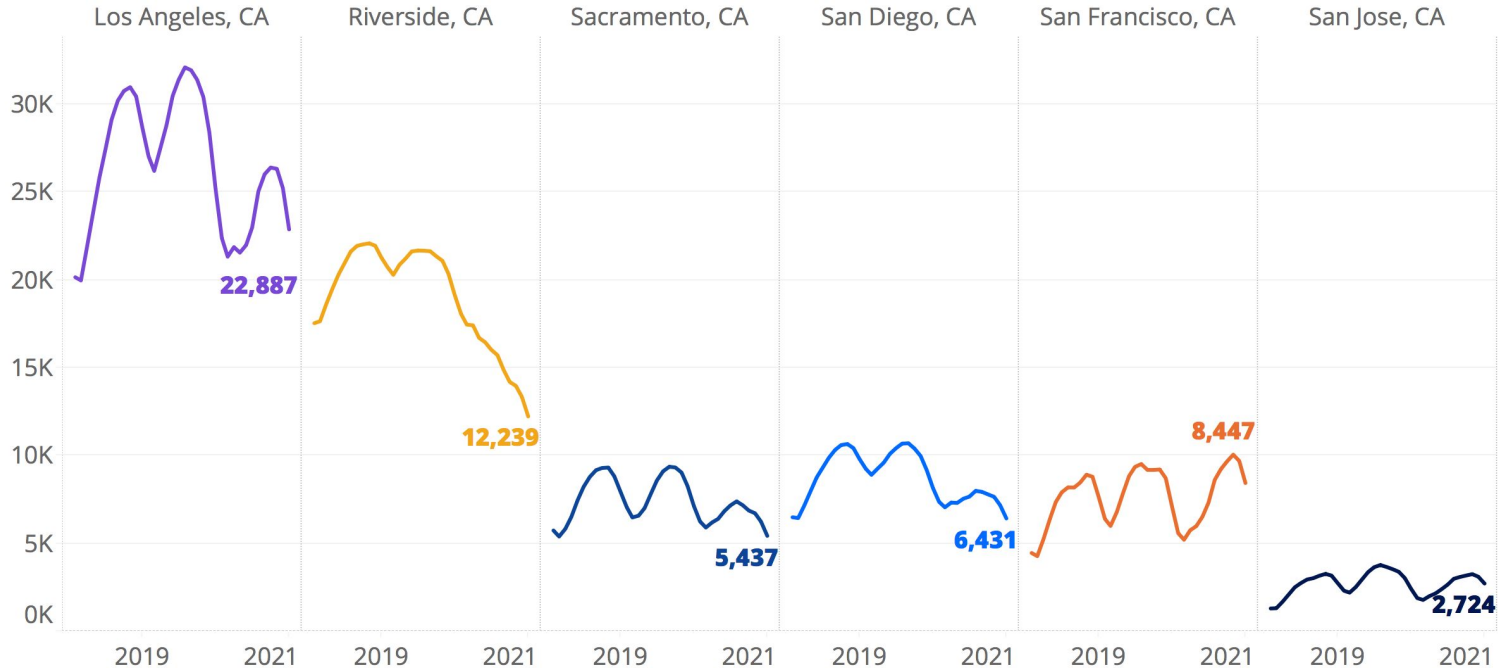
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- Overall inventory is incredibly low, and has been falling for years -- though there are signs of easing inventory in the Bay Area.
- Sellers are out there, and new listings are growing in many areas, but not enough to meet demand.
- Allowing for more homes on existing lots could create an abundance of new housing units in coming decades.



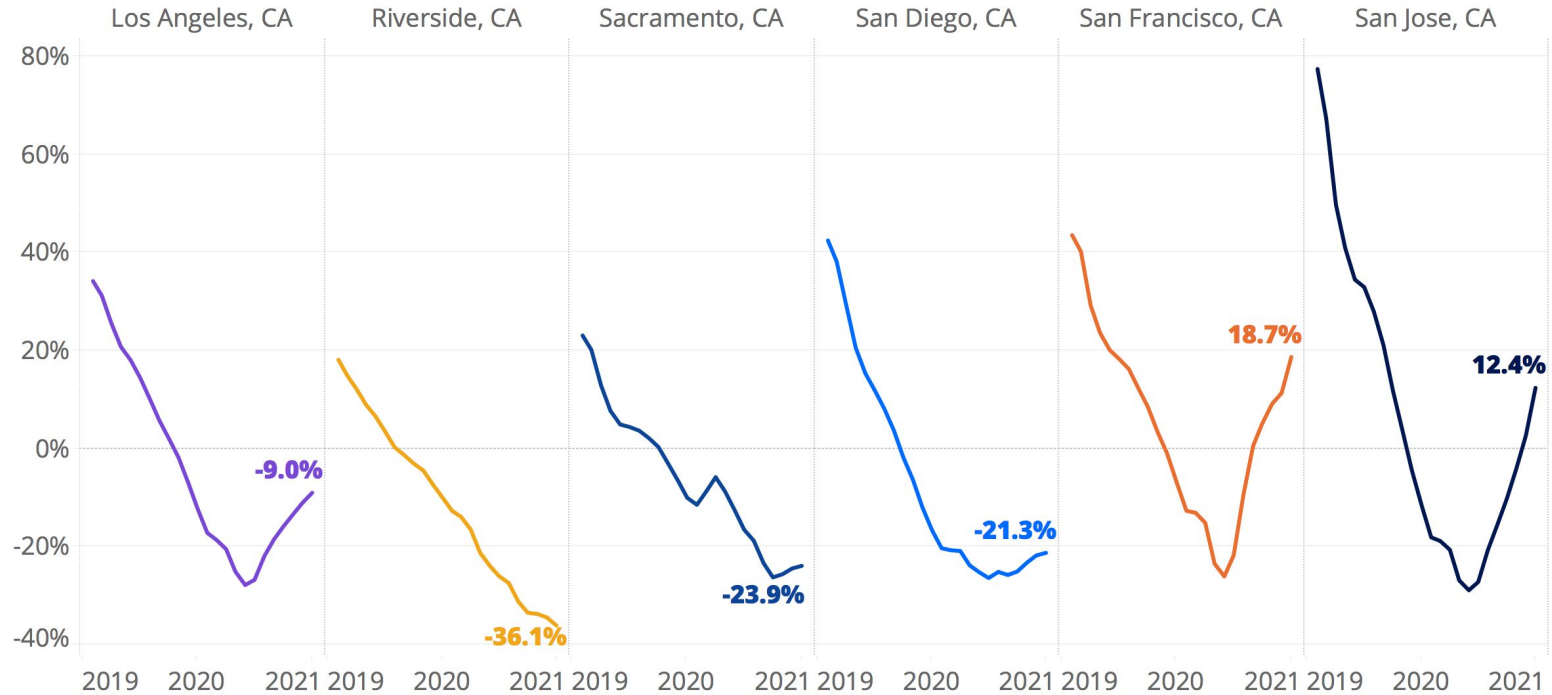
# High Prices are Supported by Very Low Inventory

## For-Sale Inventory



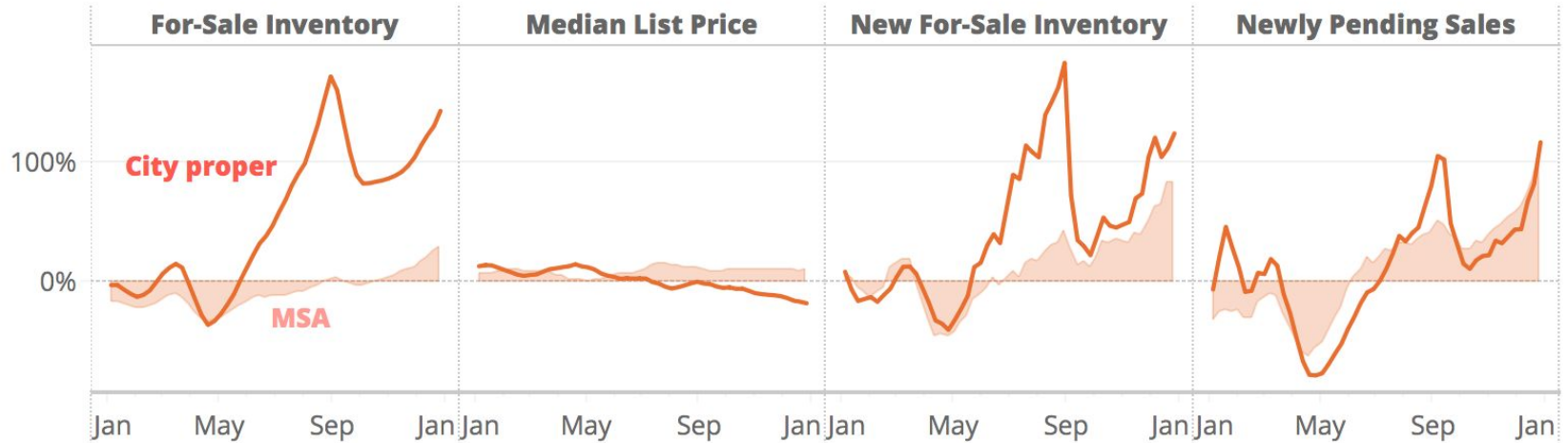
# Inventory has been Plummeting for Years

## For-Sale Inventory, YoY



# Despite Anecdotes, Cities Still Growing Strongly - There Are Exceptions

## San Francisco year-over-change in **MSA** and **city proper**



# Despite Anecdotes, Cities Still Growing Strongly - There Are Exceptions

## New York City year-over-change in **MSA** and **city proper**



# Home Sales

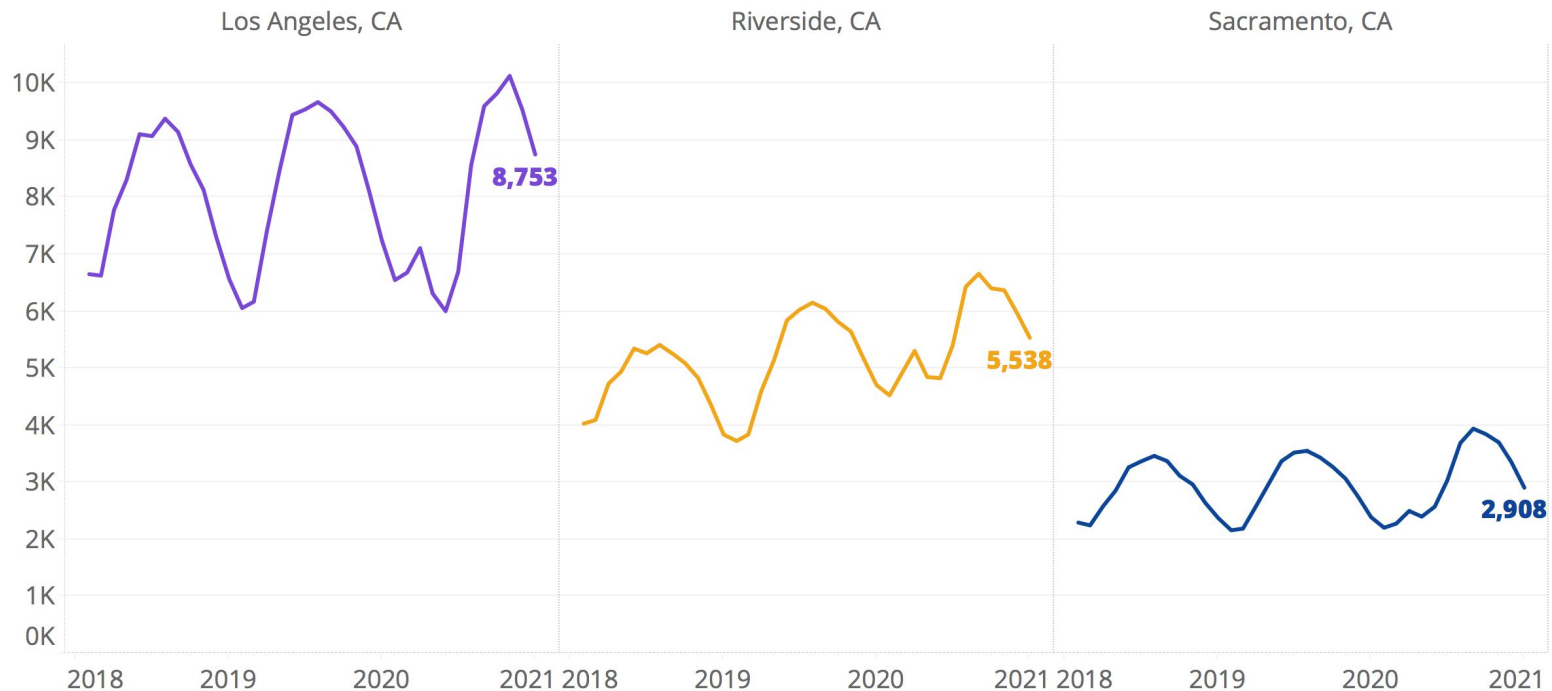
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- Pending sales volume closed the year at elevated levels compared to 2019, but may be held back from climbing higher by low inventory.
- High demand and limited inventory mean homes stay on the market for just days before going under agreement.



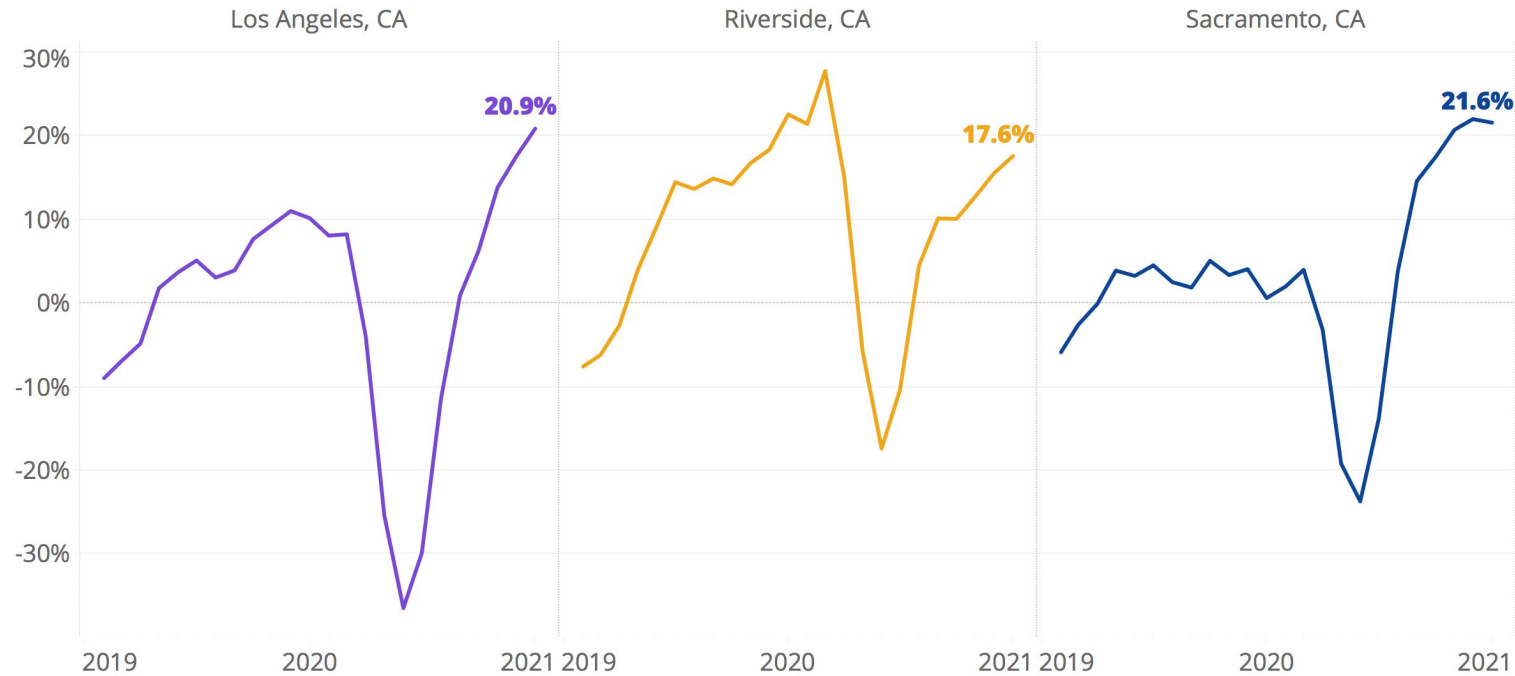
# Pending Sales Volume Ended Year at Elevated Levels

## Newly Pending Listings



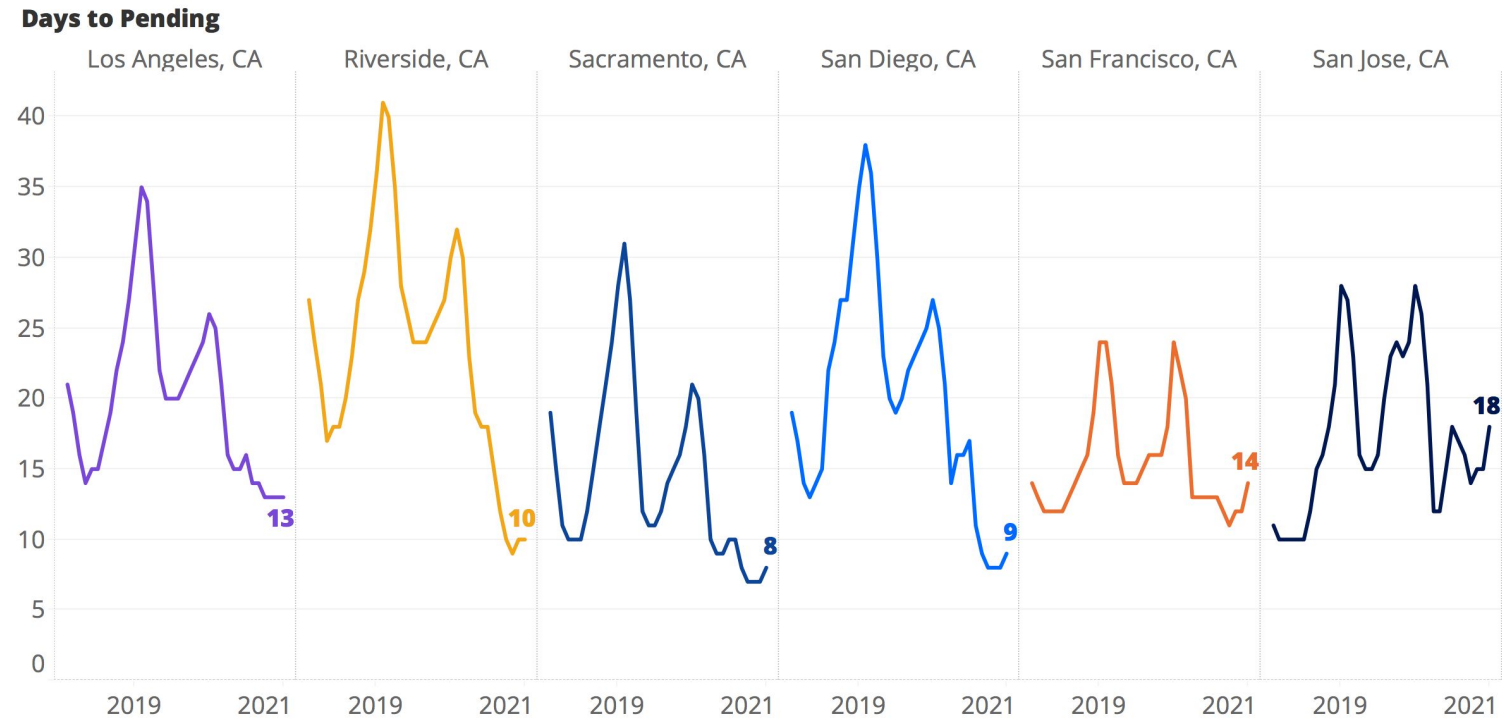
# Pending Sales Continue to Trend Higher than 2019

Newly Pending Listings, YoY





# Homes are Going Under Agreement in Under Two Weeks



# Rents

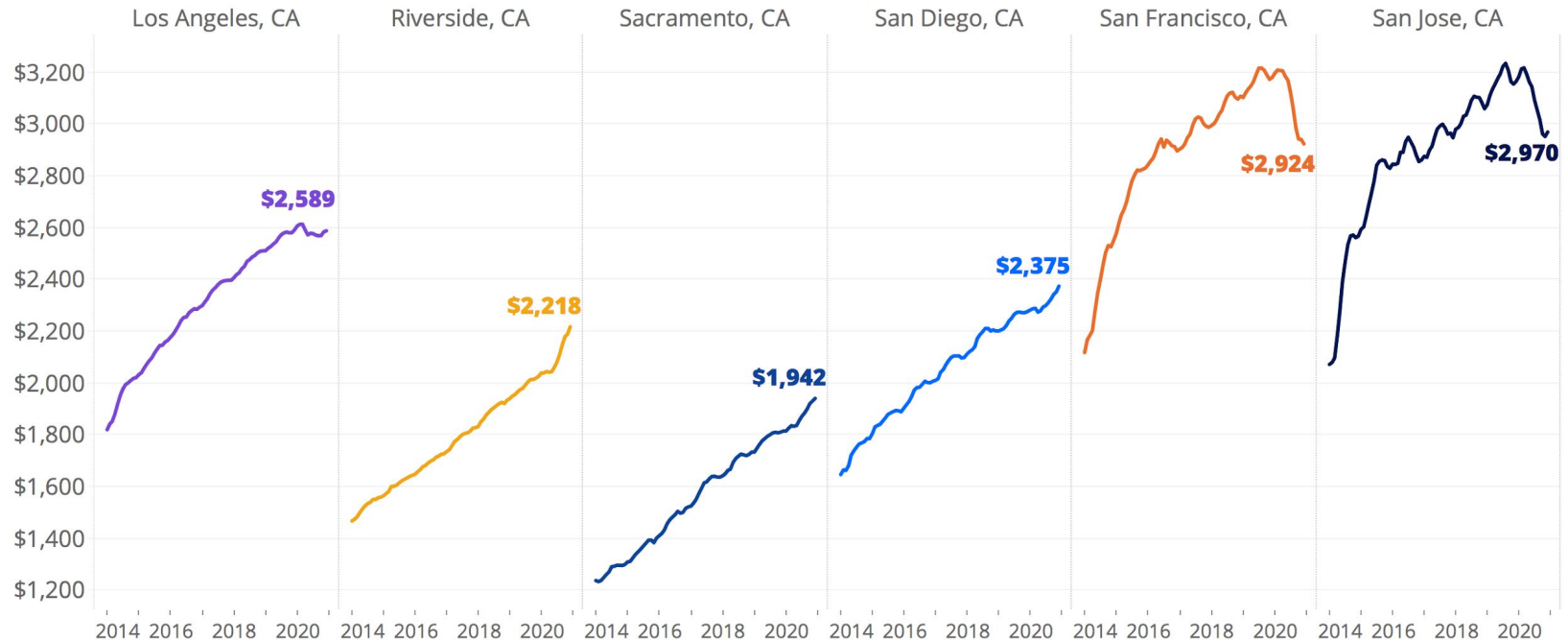
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- Rent is high, but growth is slowing in higher cost metros. Landlords are offering more concessions to keep renters coming in the door.
- A marked affordability advantage for homeownership is likely attractive to those renters that can afford it.
- Increased telework options could also lure more current renters into the for-sale market.



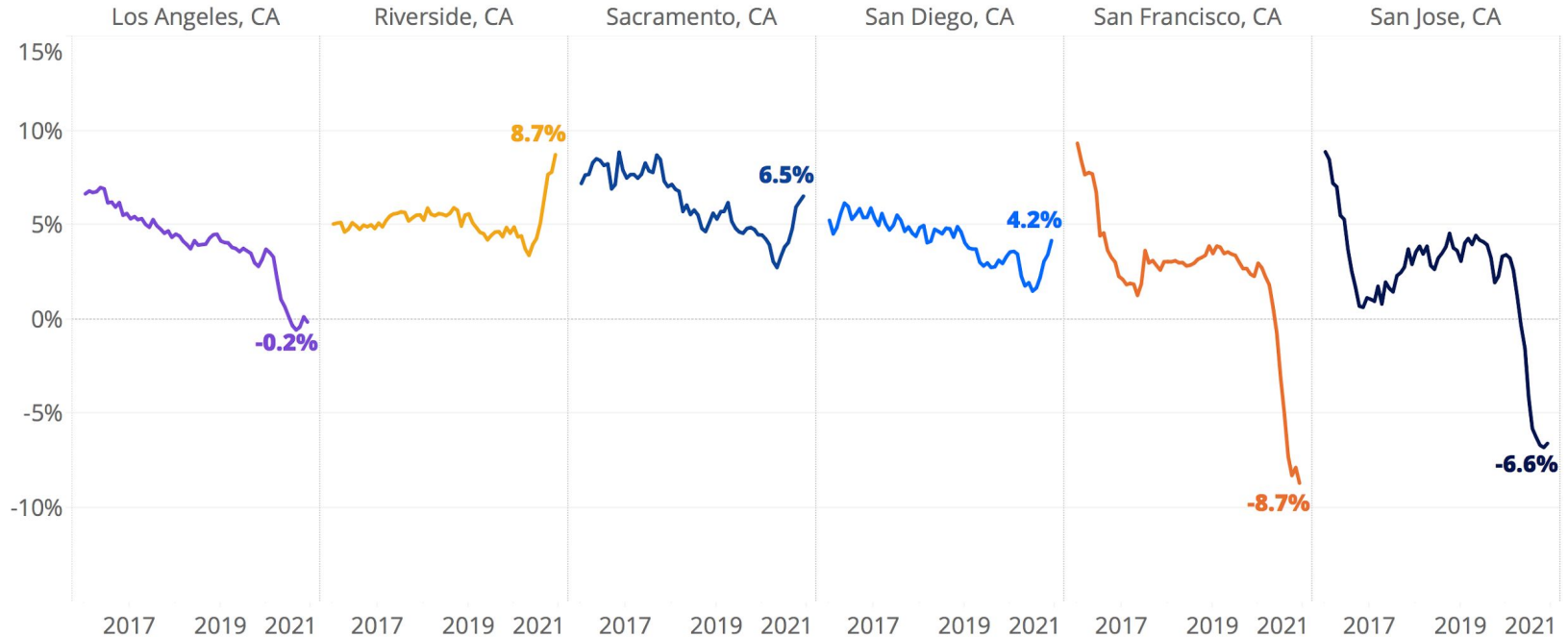
# CA Rent is High, but Growth Has Stalled in Many Areas

## Zillow Observed Rent Index



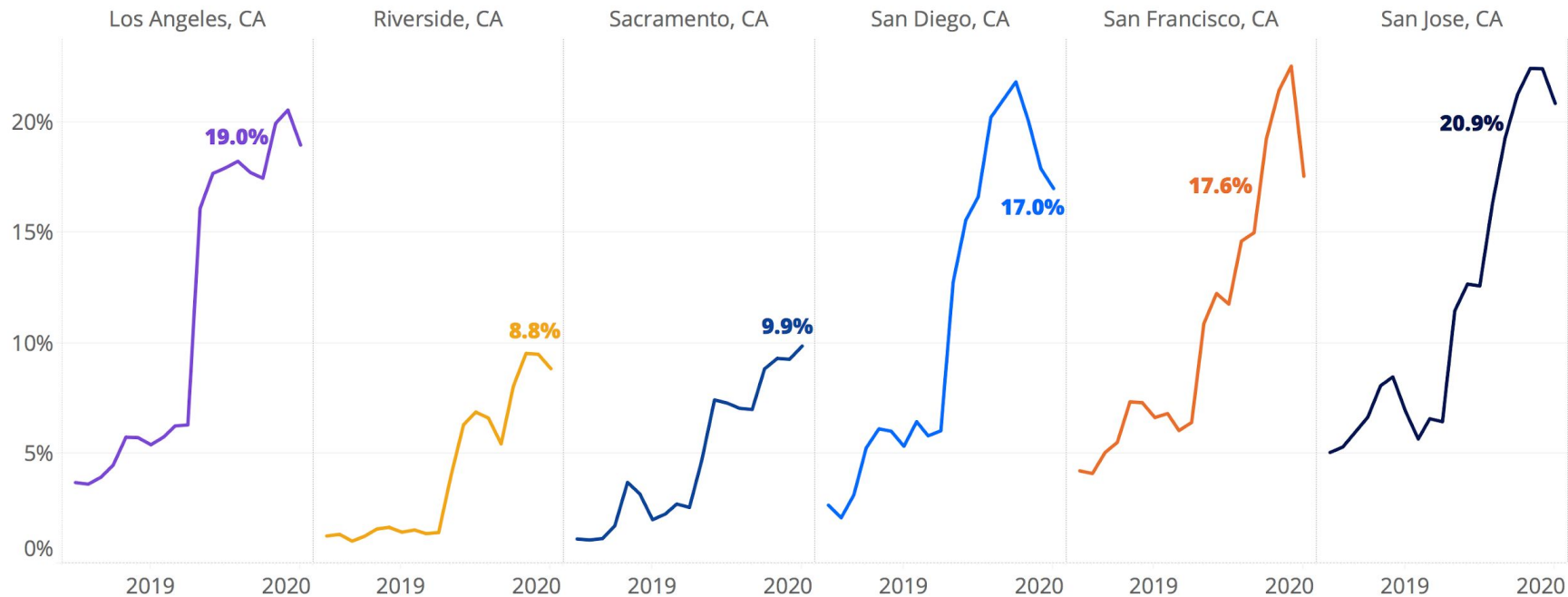
# COVID Impact on Rents is Pronounced in the Bay Area

## Zillow Observed Rent Index, Year-over-year change



# Softening Rent is Leading Landlords to Offer Concessions

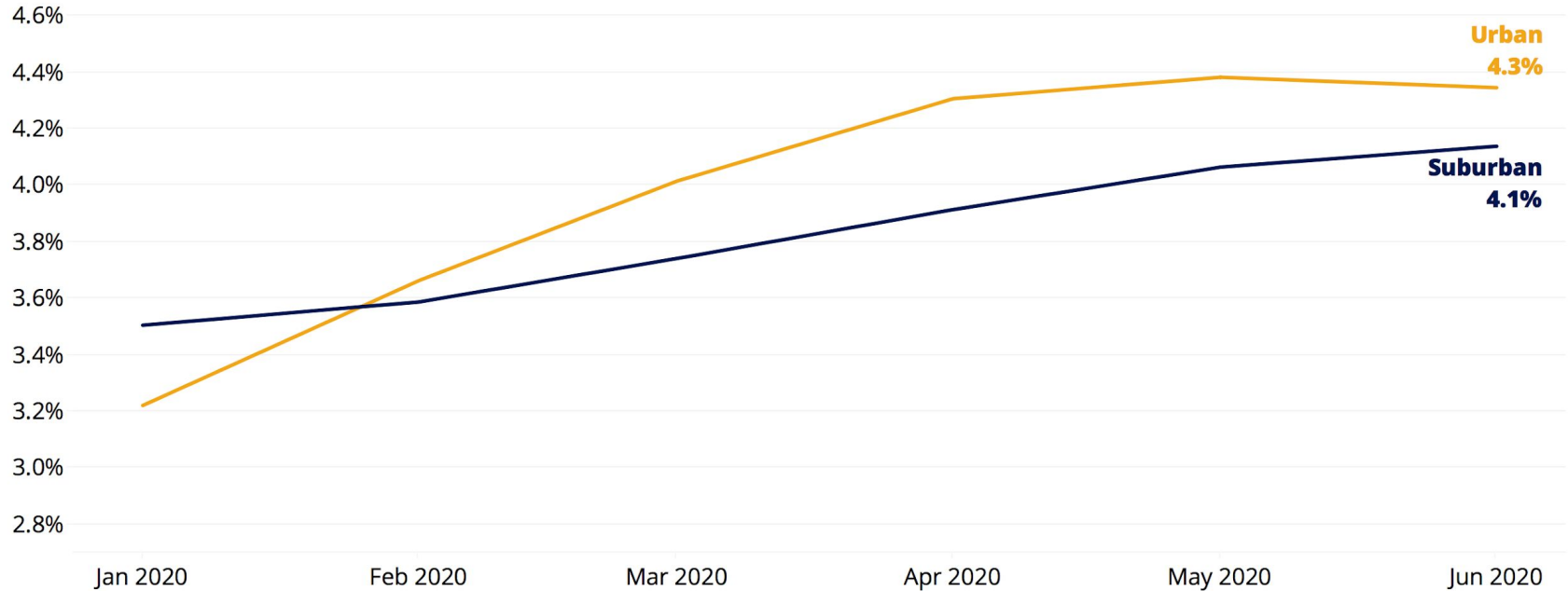
## Share of Rental Listings With Concessions



# Urban and Suburban Home Values Are Keeping Pace

## Zillow Home Value Index, Year-Over-Year

Weighted median of **urban** and **suburban** ZIP codes



# Impact of COVID

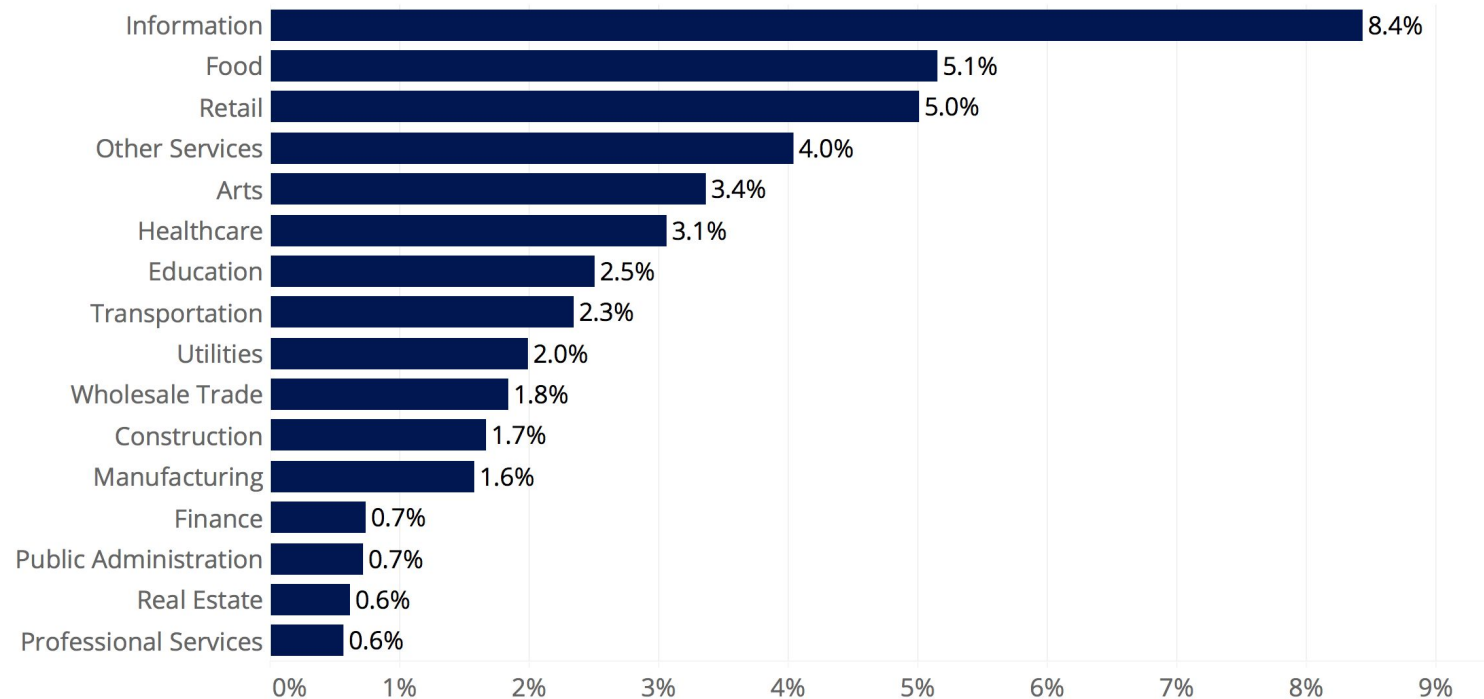
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- **Workers in retail, food-service and many other industries represent millions of dollars in potential housing payments at risk of being unpaid.**
- **Renters are particularly vulnerable to pandemic-related unemployment/underemployment.**
- **The extension of enhanced unemployment insurance benefits in December has been crucial in helping renter households keep up on their housing payments.**



# Newly Unemployed Owe Millions in Housing Payments

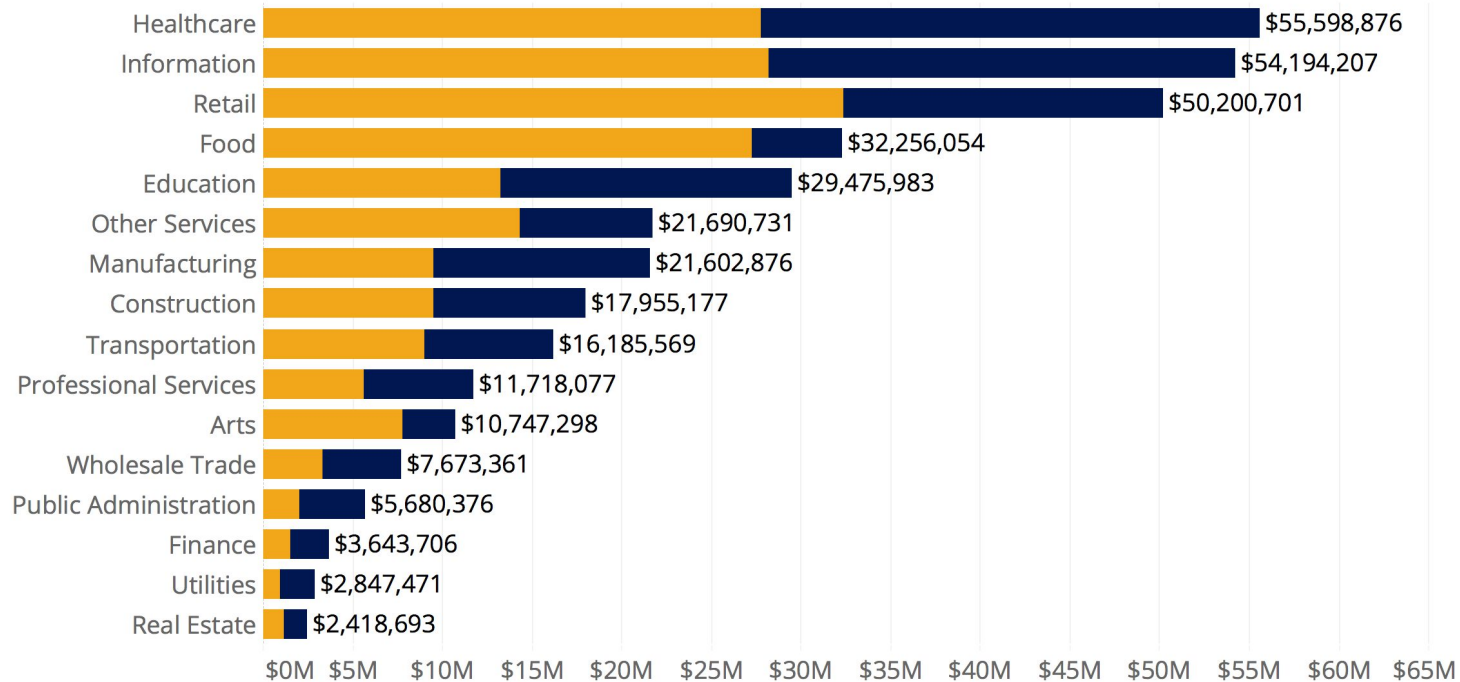
Share of housing payments owed by newly unemployed in each industry, California





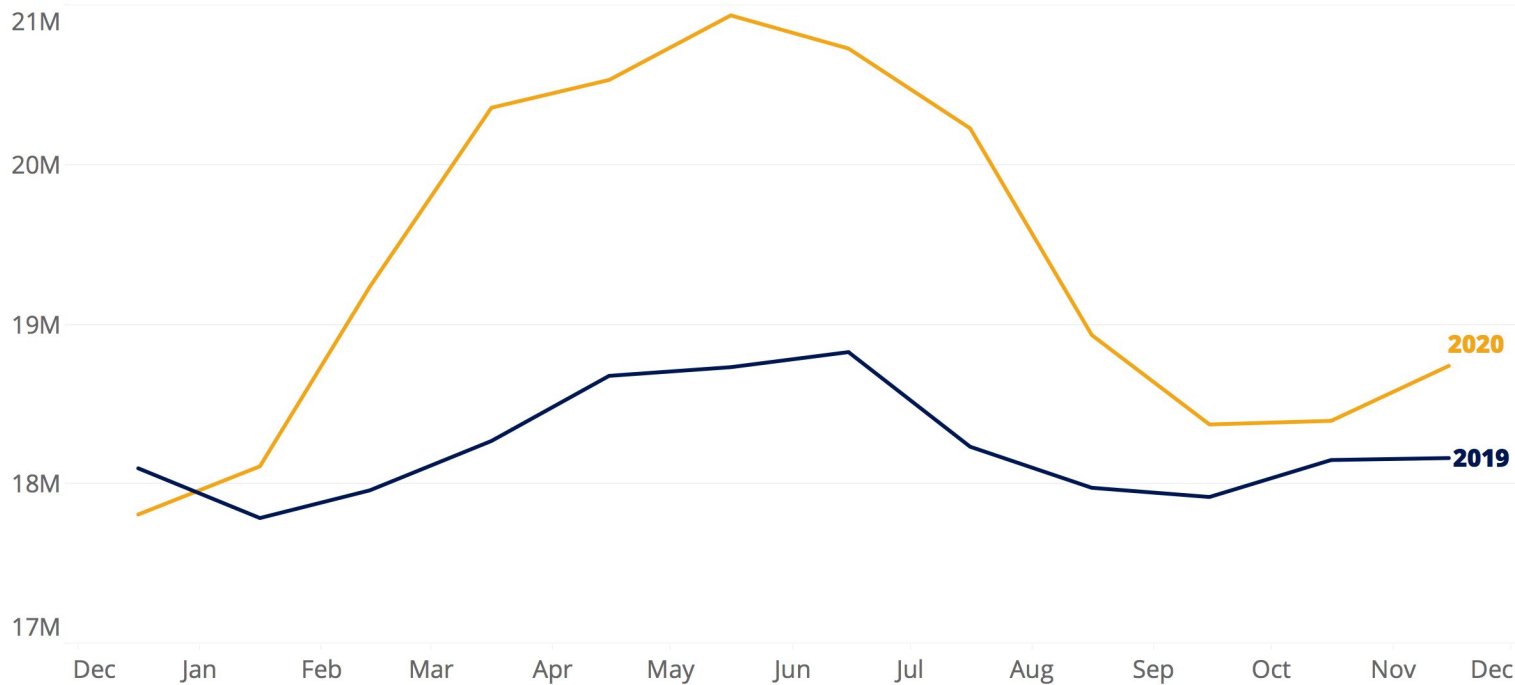
# Unemployed Renters Owe the Bulk of Housing Payments

Housing payments owed by newly unemployed California **homeowners** and **renters** in each industry



# Young Americans Moved Home at Record Rates

## Adults 18-25 Living with Parents



Find out more at:

[\*\*zillow.com/research\*\*](https://zillow.com/research)

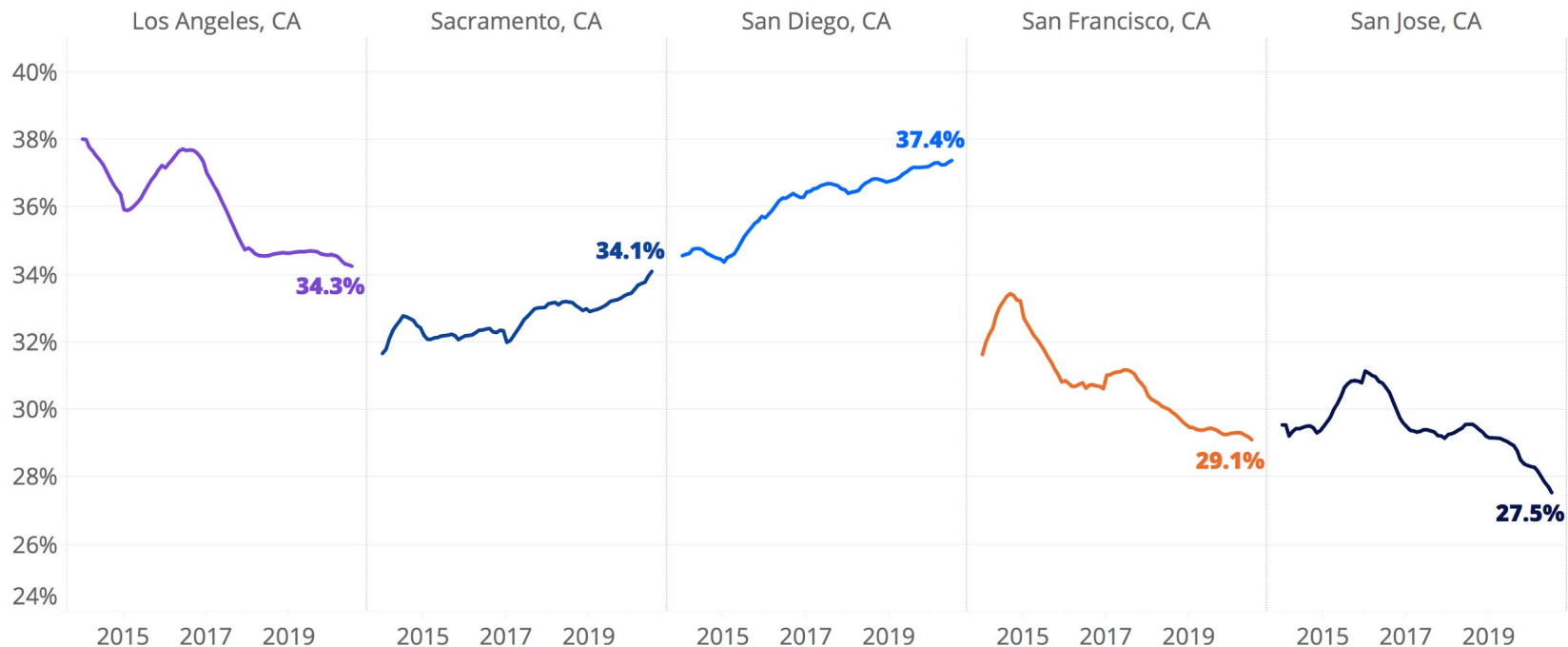
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# Appendix

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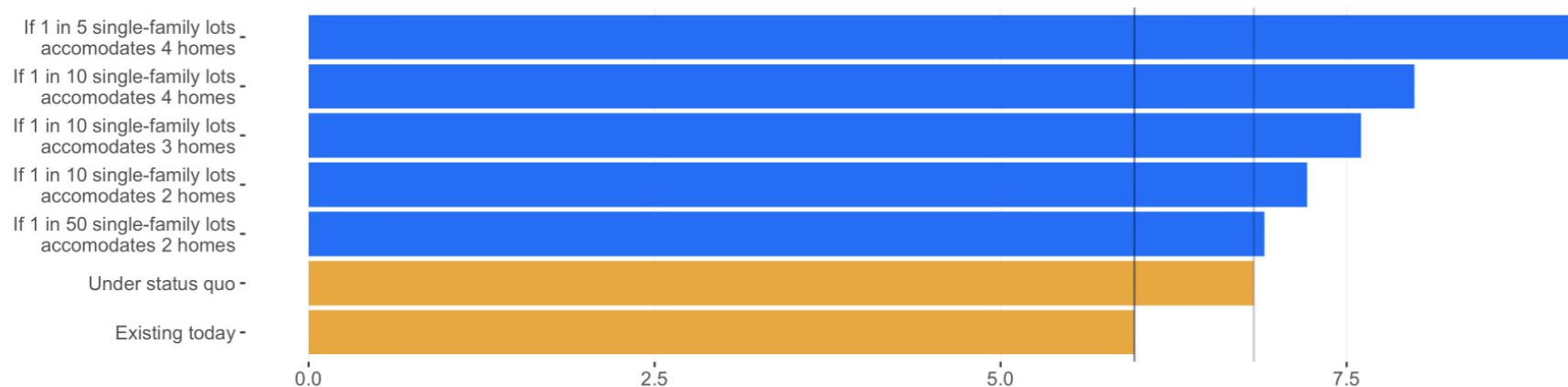
# The Bay Area Is Bucking Rent Affordability Trends

## Share of income spent on rent



# Modest Density Increases Could Bring LA Lots of Supply

## Los Angeles-Long Beach CA CSA Homes in 2040 (millions)

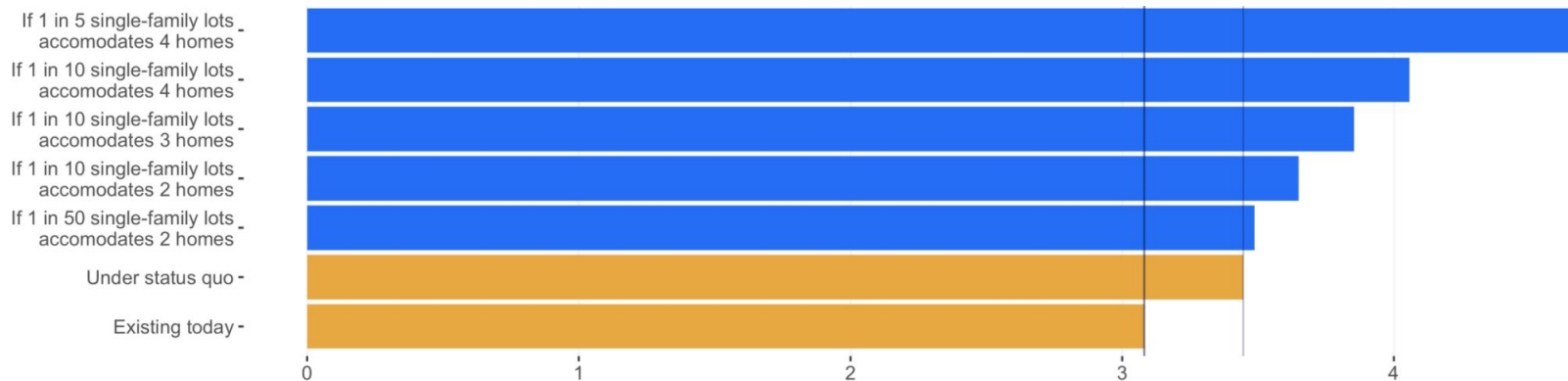


Source: U.S. Census; analysis and estimation by Zillow.

Notes: See Data and Methodology section for details.

# Bay Area Could Also Benefit from Rethinking Density

## San Jose-San Francisco-Oakland, CA CSA Homes in 2040 (millions)

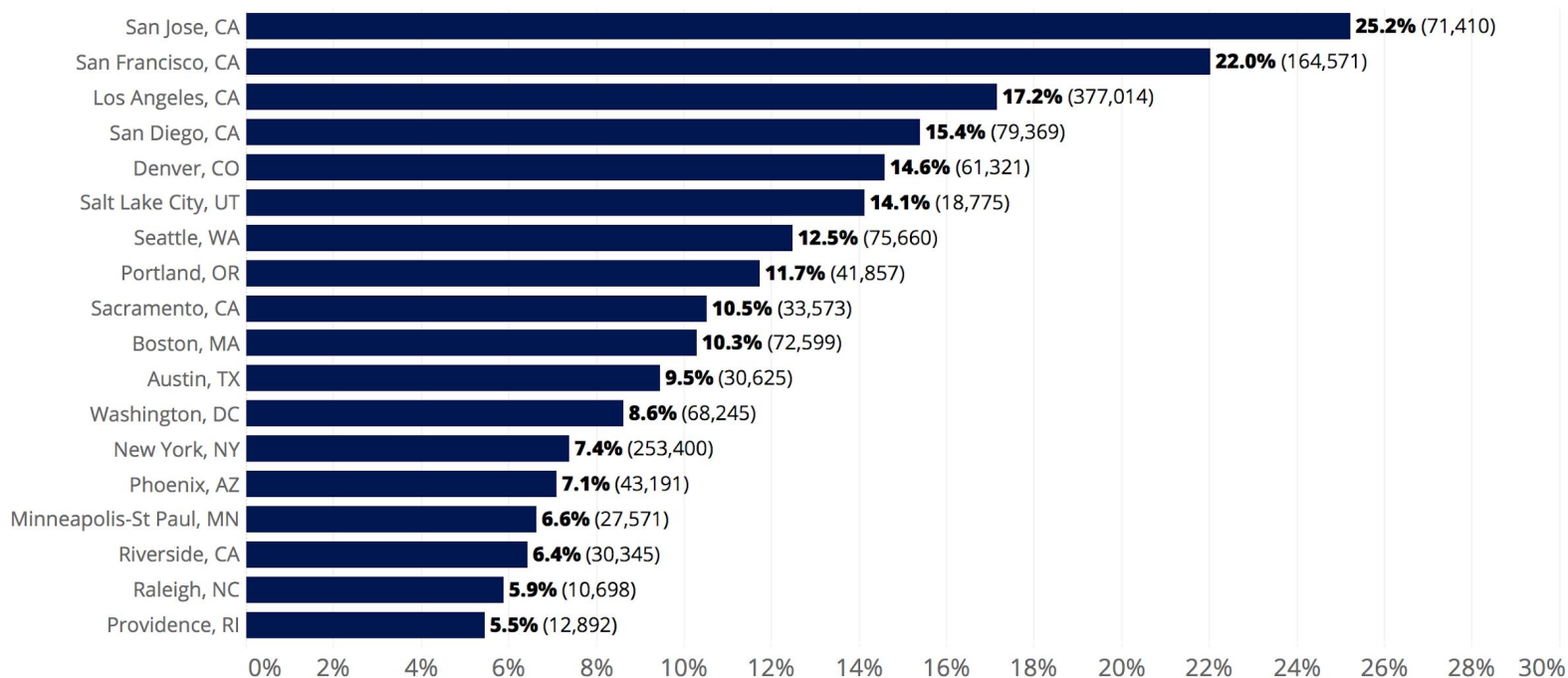


Source: U.S. Census; analysis and estimation by Zillow.

Notes: See Data and Methodology section for details.

# Freedom to Telework Could Create More Buyers

Share of renter households that could buy the typical U.S. starter home if allowed to telecommute

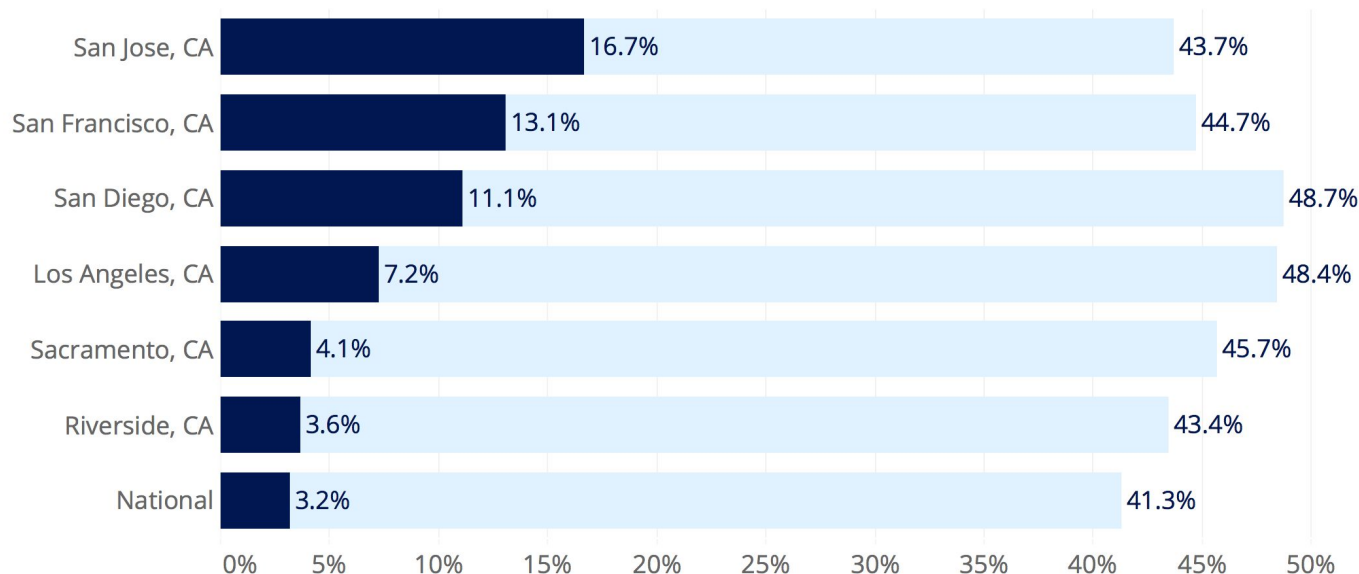




# ~50% of Renters Severely Burdened w/out Enhanced UI Benefits

## Share of households that are severely rent-burdened will skyrocket when \$600/week expires

Share of households that are severely housing burdened **with state unemployment insurance and additional \$600/week** and **without additional \$600/week**



Source: U.S. Census Bureau, ACS 2018 and Federal Reserve Bank of St. Louis.

# Nationally, Female-Headed Households Also More At-Risk

## Share of income spent on housing

