

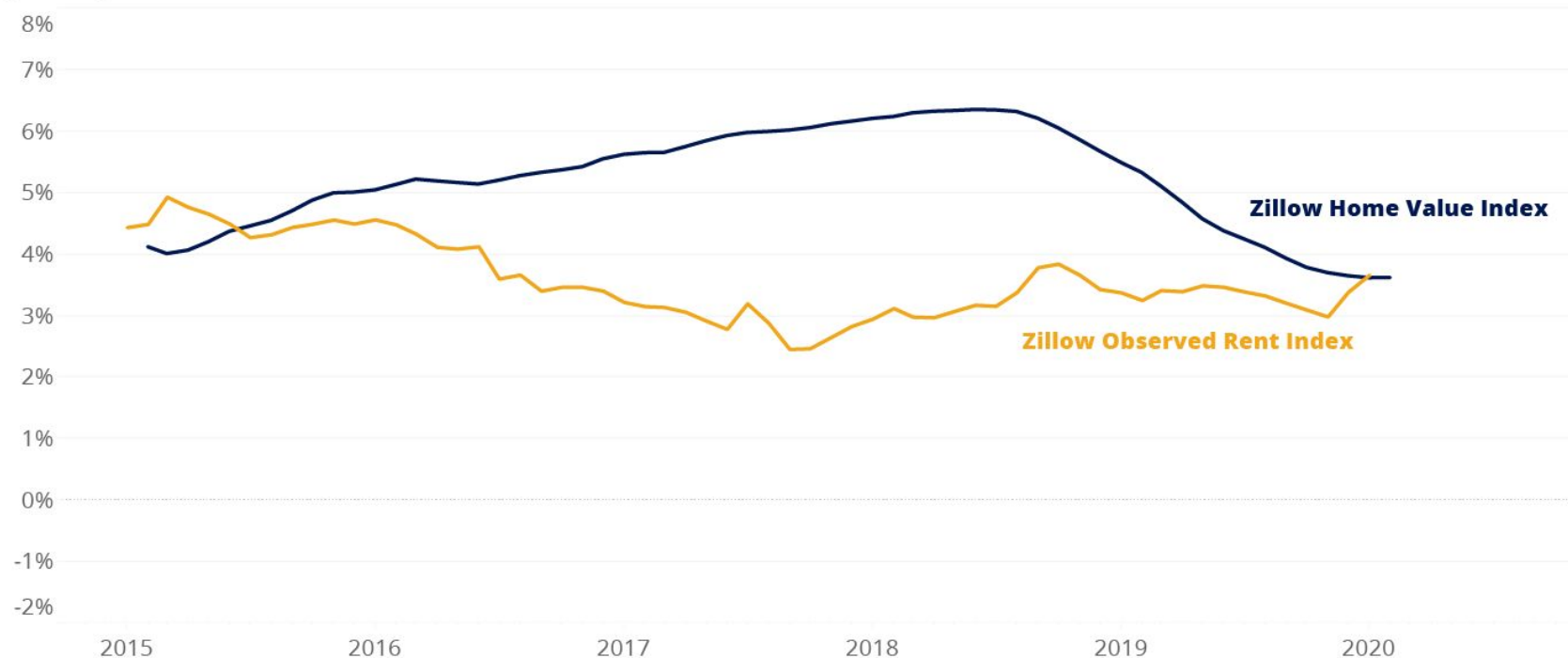
Housing During COVID-19

Svenja Gudell, Chief Economist



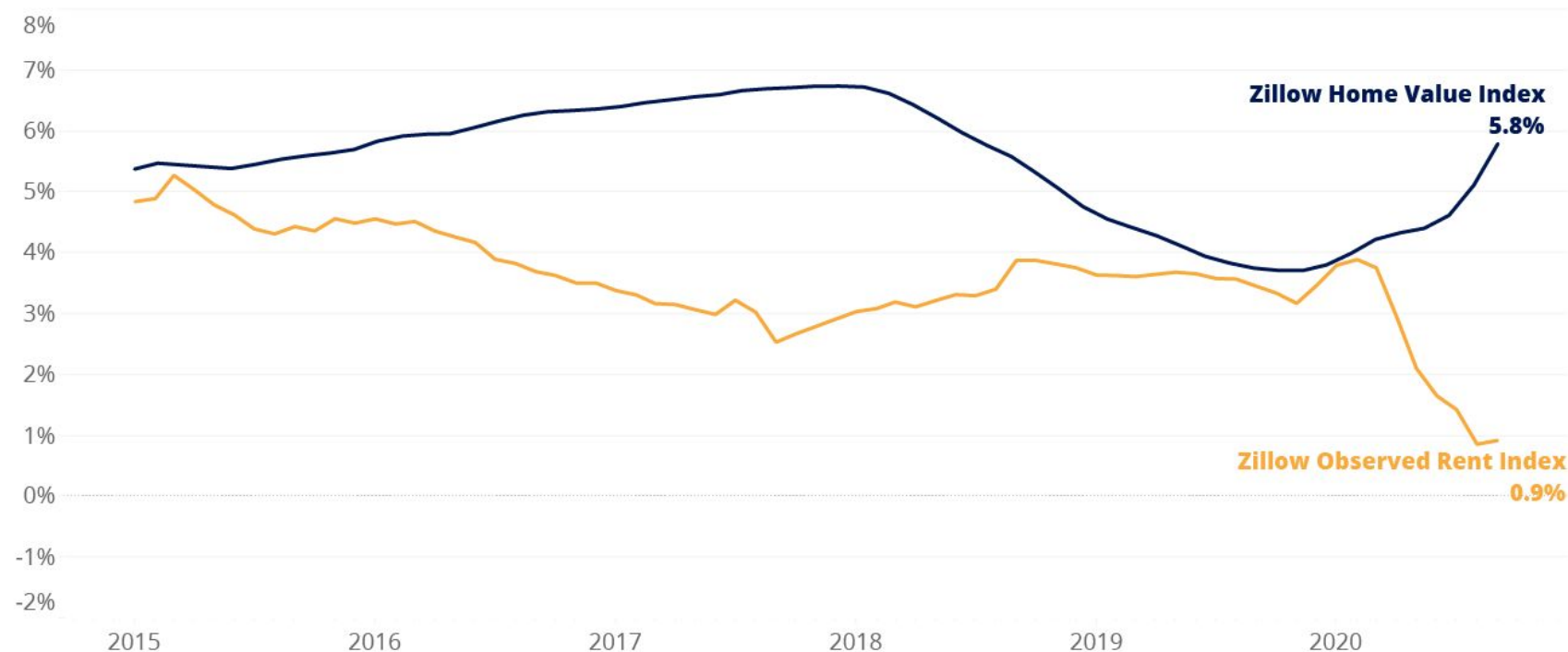
Prior to the pandemic, home values and rents were growing steadily

January 2020, Zillow Home Value Index, Zillow Observed Rent Index YoY

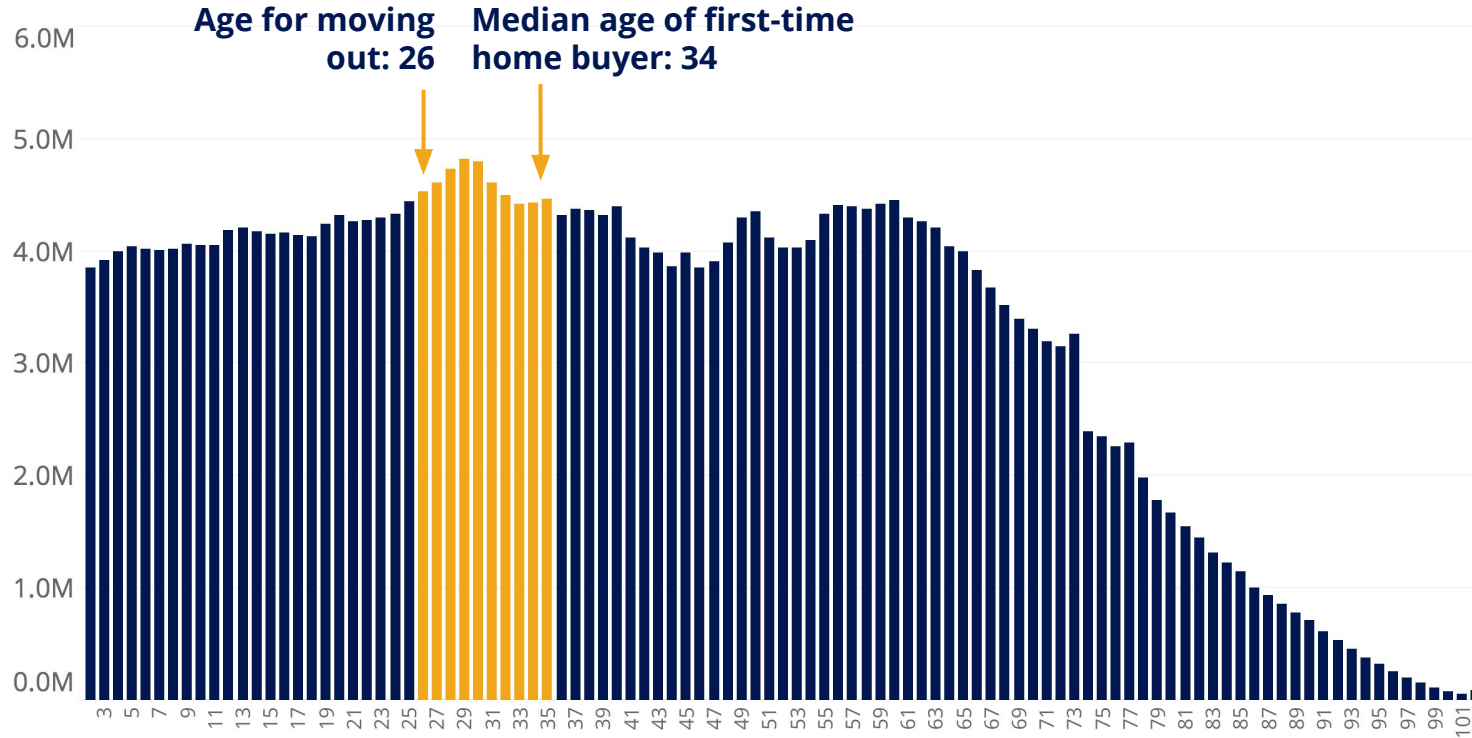


But since then, the for-sale and rental markets have diverged significantly

September 2020, Zillow Home Value Index, Zillow Observed Rent Index YoY



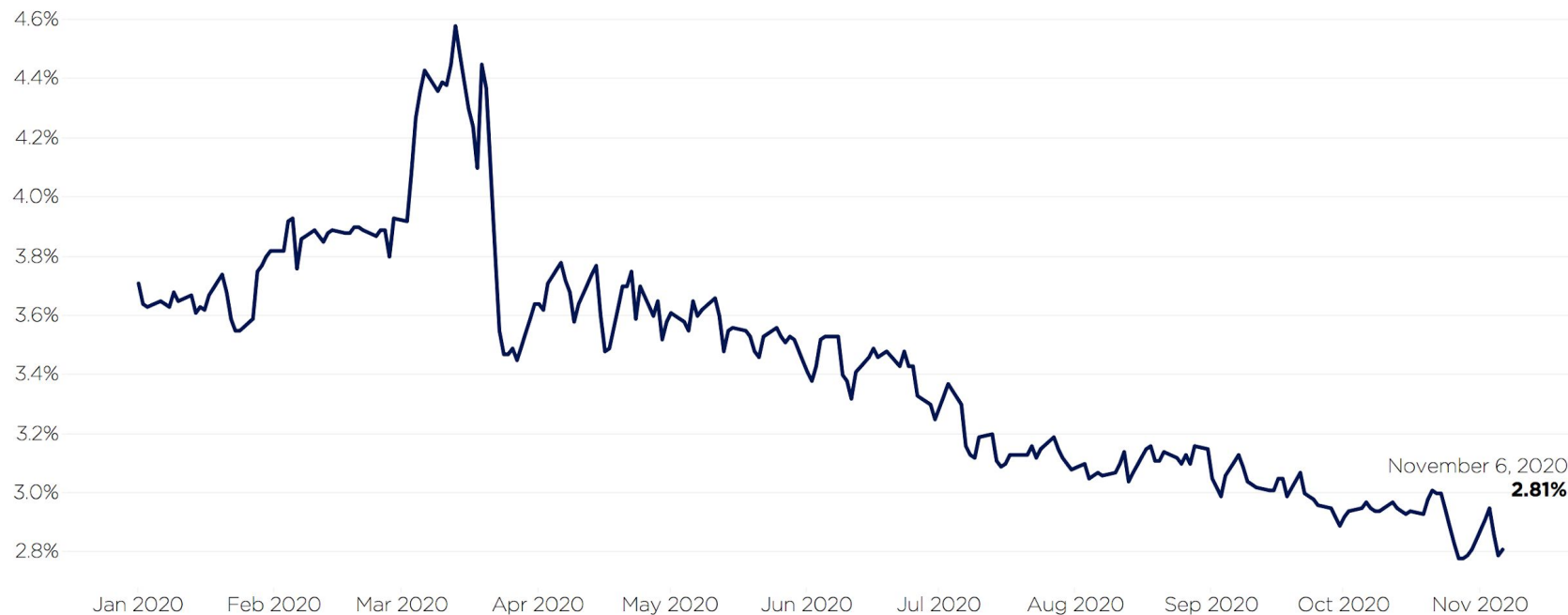
Housing demand powered in large part by aging millennials and Gen Z...



...and by very low mortgage interest rates

Fixed 30-Year Mortgage Rate

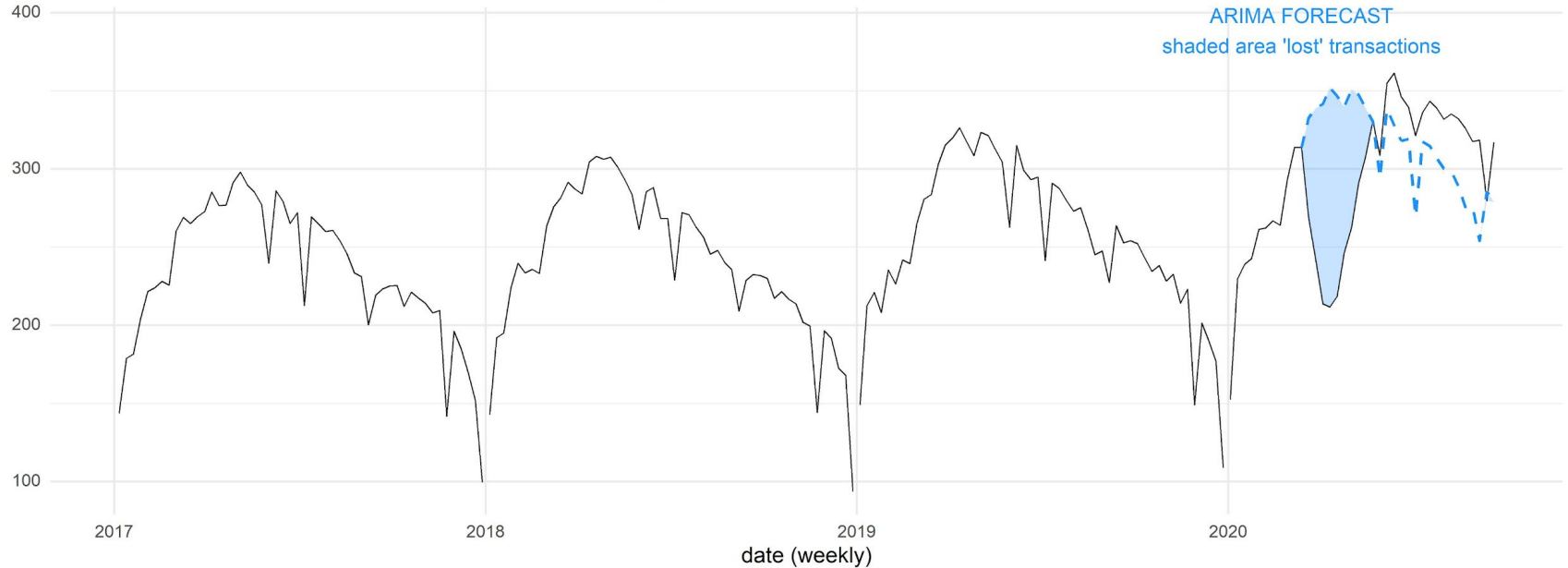
Daily average for borrowers with prime credit and a loan-to-value ratio of 0.8



Low mortgage rates are leading to more mortgage applications

U.S. Mortgage Purchase Activity Rebounds

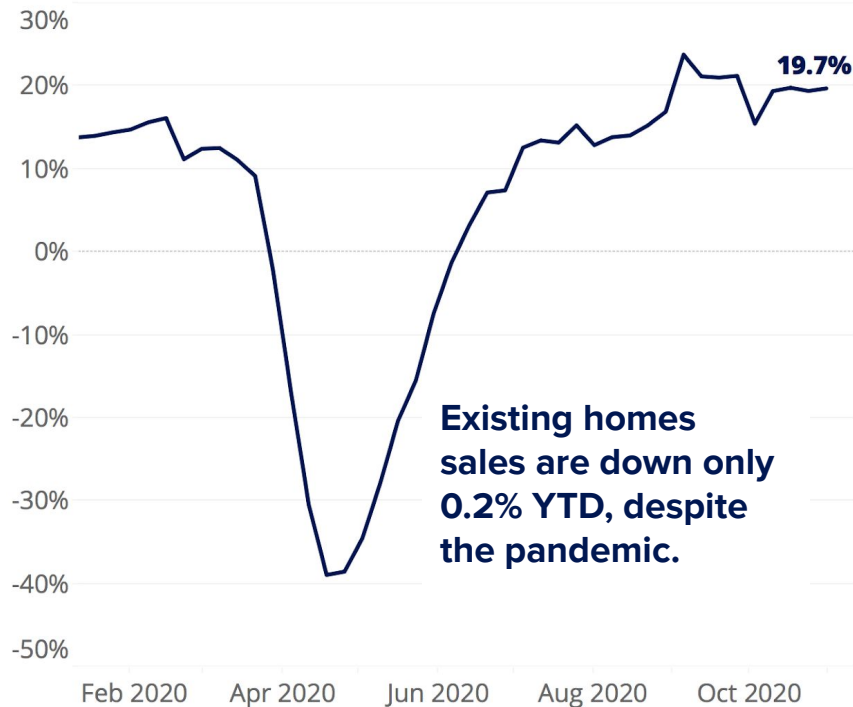
Purchase Application Index (Mar 16, 1990 = 100, not seasonally adjusted) ARIMA fit Jan 1990-Mar 2020



@lenkiefier Source: Mortgage Bankers Association, data through September 18, 2020
Seasonal autoregressive (1,1,0)(1,1,0)₅₂

Nationally, buyers are back but sellers aren't

Newly Pending Sales, YoY



New For-Sale Listings, YoY



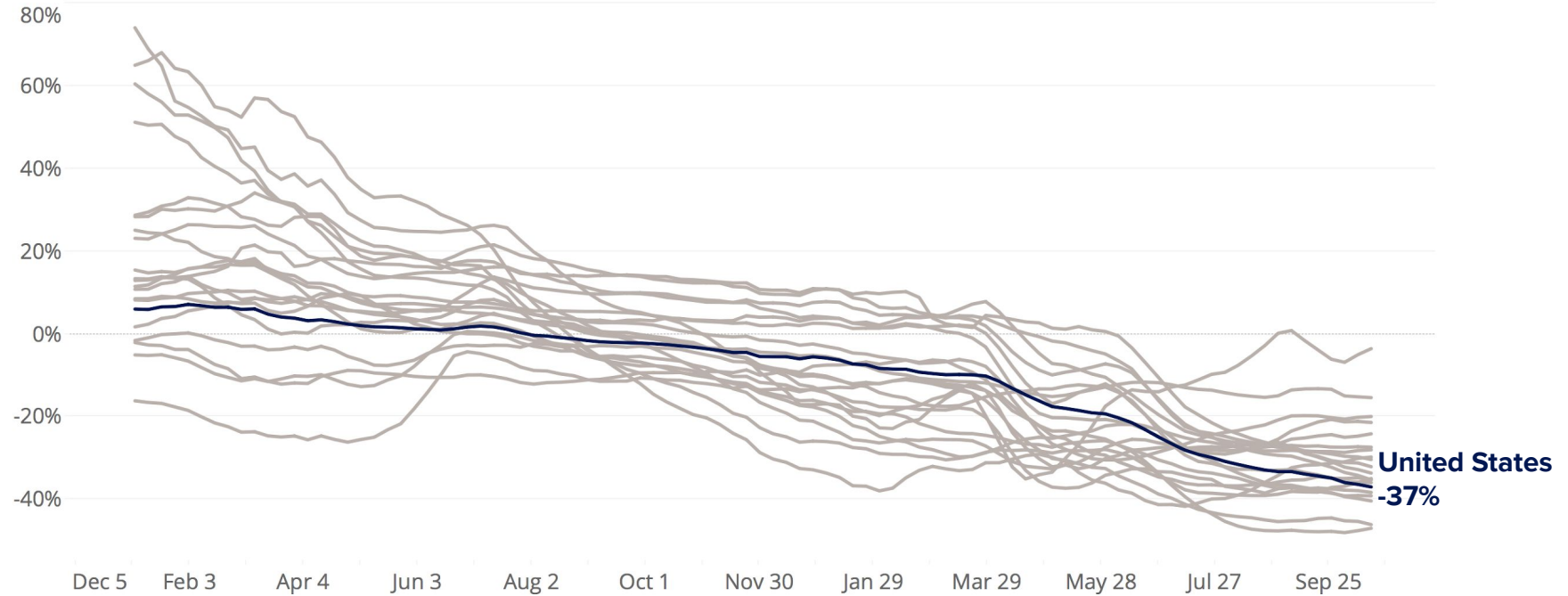
Home sales have bounced back

Existing and new home sales



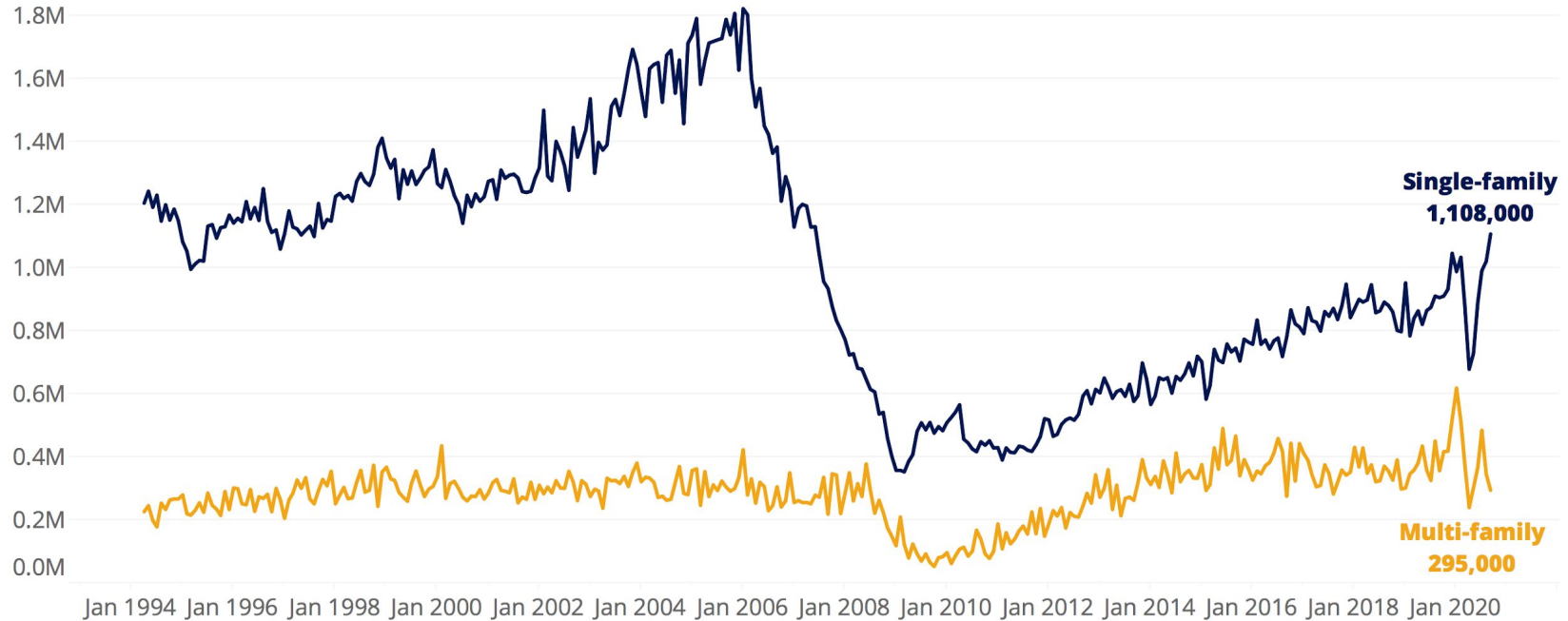
The overall number of homes for sale is way down, locally and nationally

YoY For-Sale Inventory, For the Top 20 Largest Metros



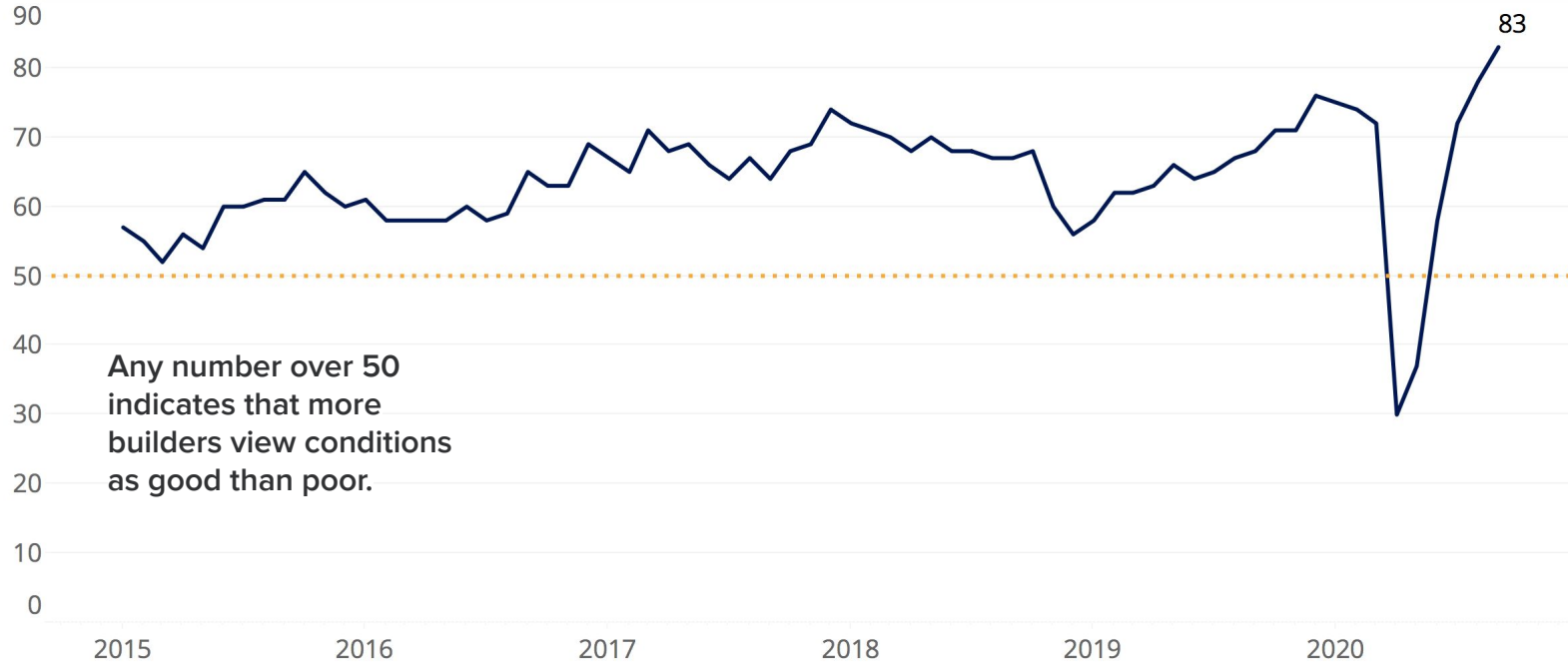
Brightspot: Housing starts are at pre-pandemic levels

Privately Owned Housing Starts



Home builder confidence has risen to new heights

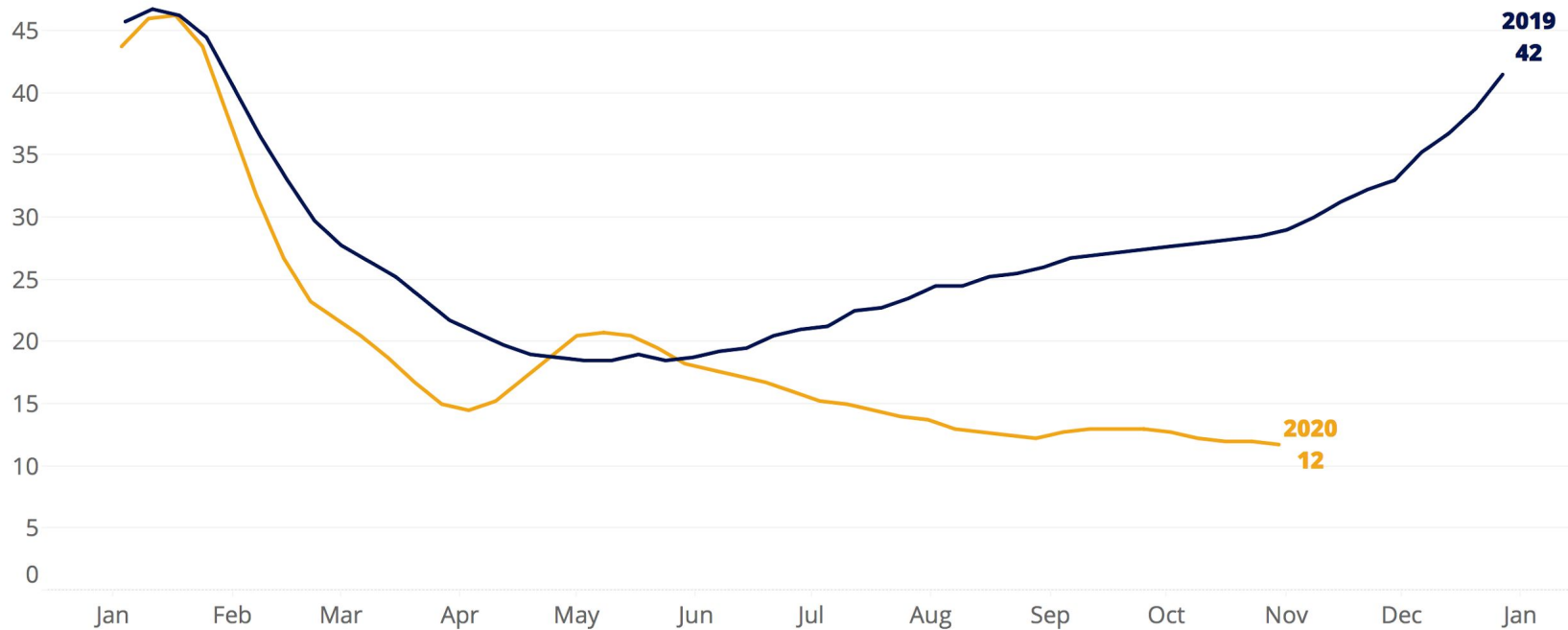
Housing Market Index (HMI) - a measure of homebuilder confidence



Any number over 50 indicates that more builders view conditions as good than poor.

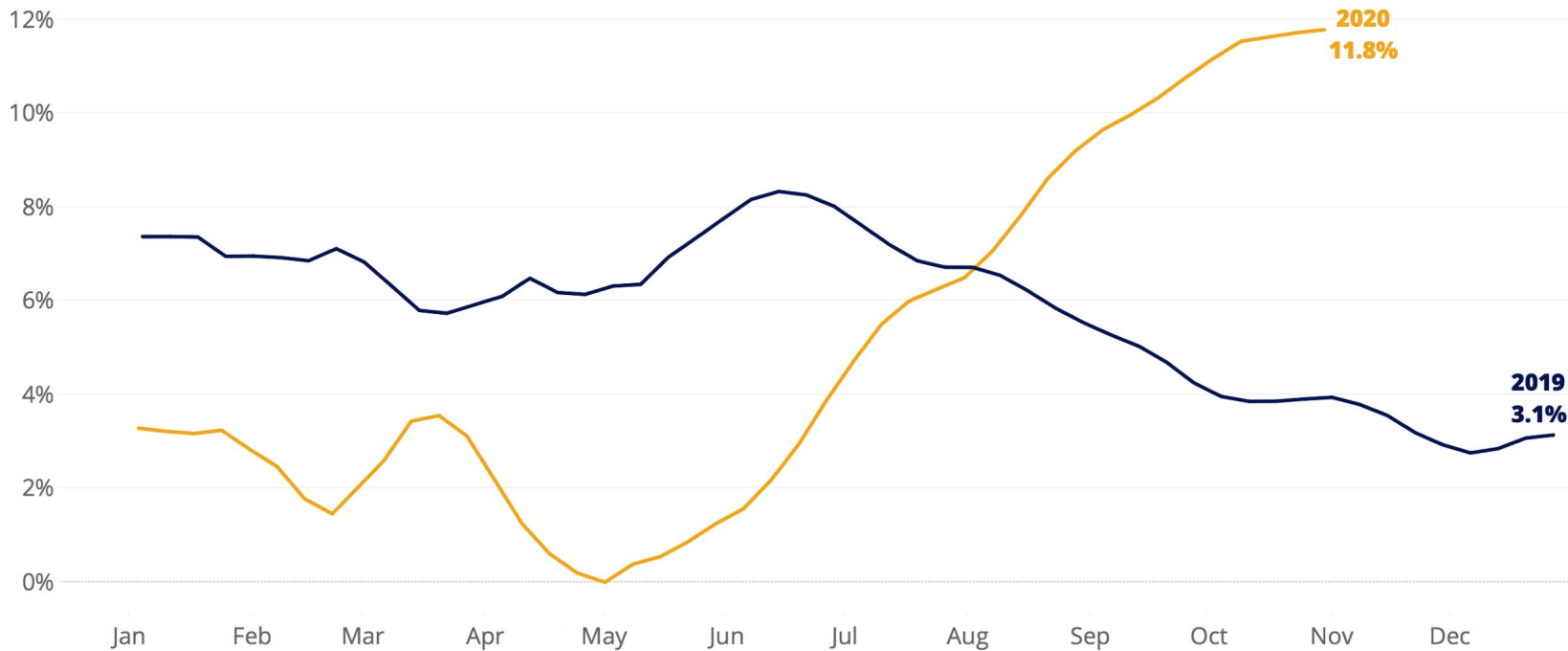
High demand + low inventory = intense competition. Homes are selling fast.

Days To Pending



Sellers have the upper hand, and list prices are rising fast

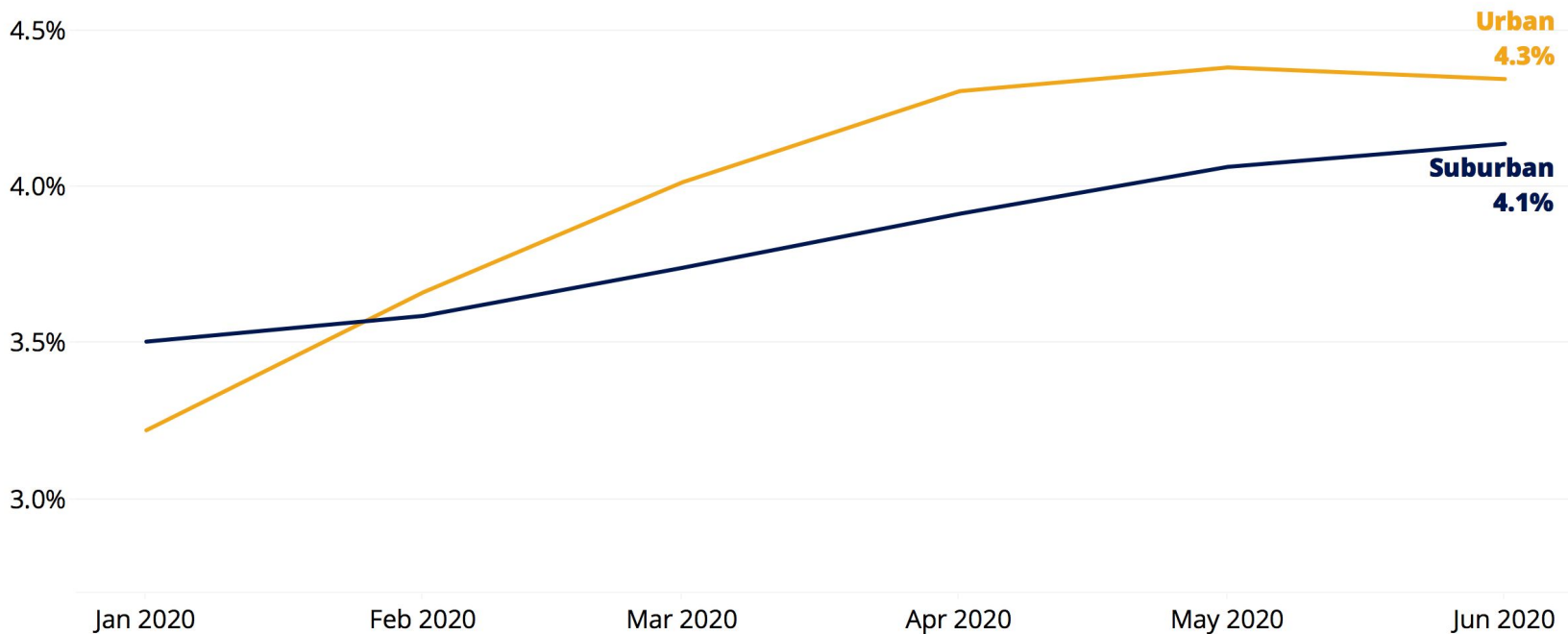
Median List Price, YoY



In general, urban markets remain popular

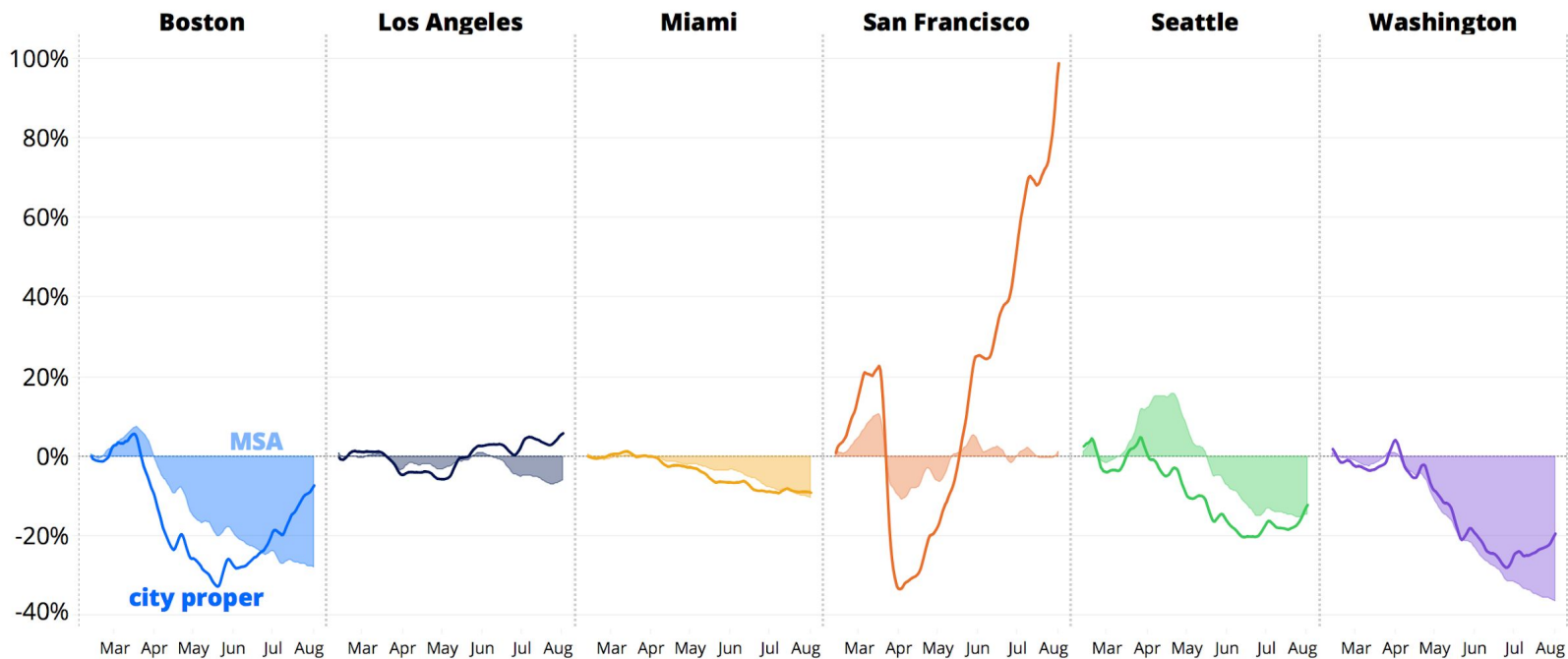
Zillow Home Value Index, Year-Over-Year

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



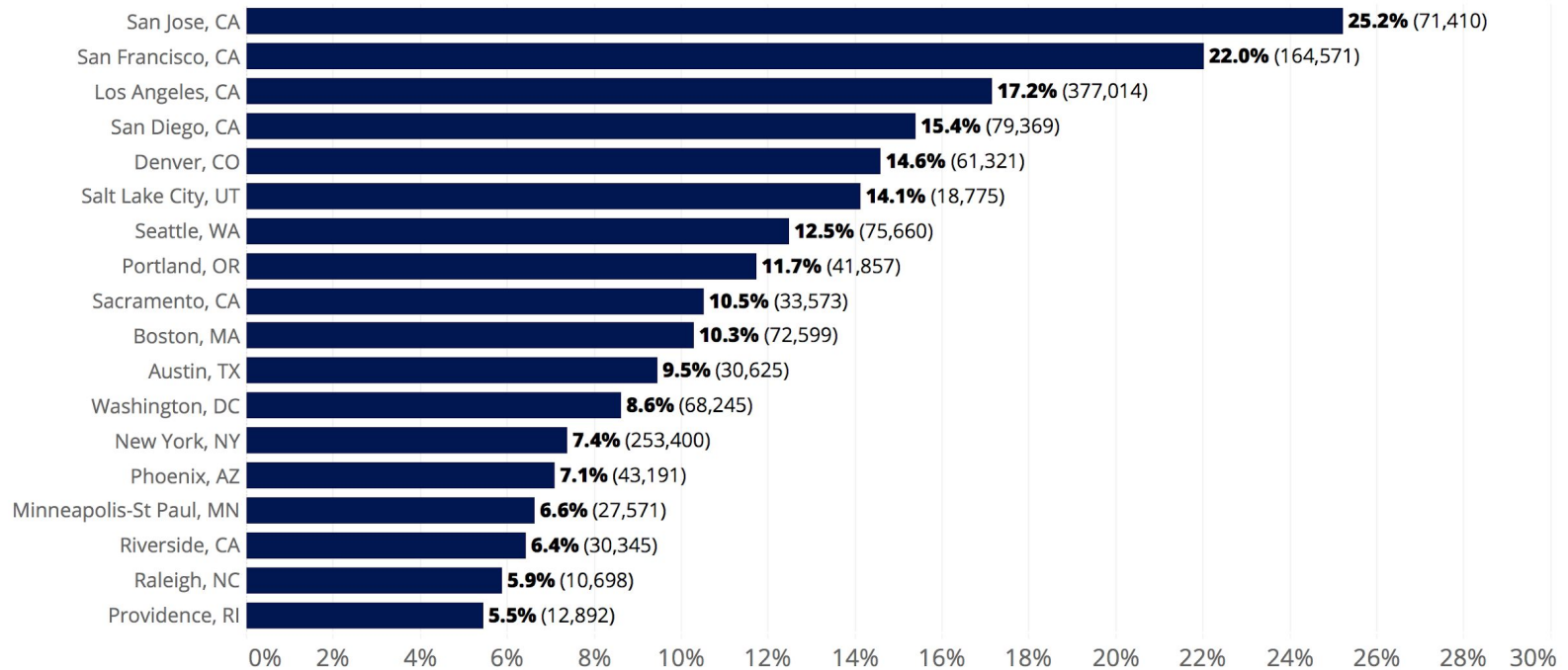
Though in some pricey metros, city inventory is up

Change in YoY Inventory from February 2020, in **MSA** and **city proper**



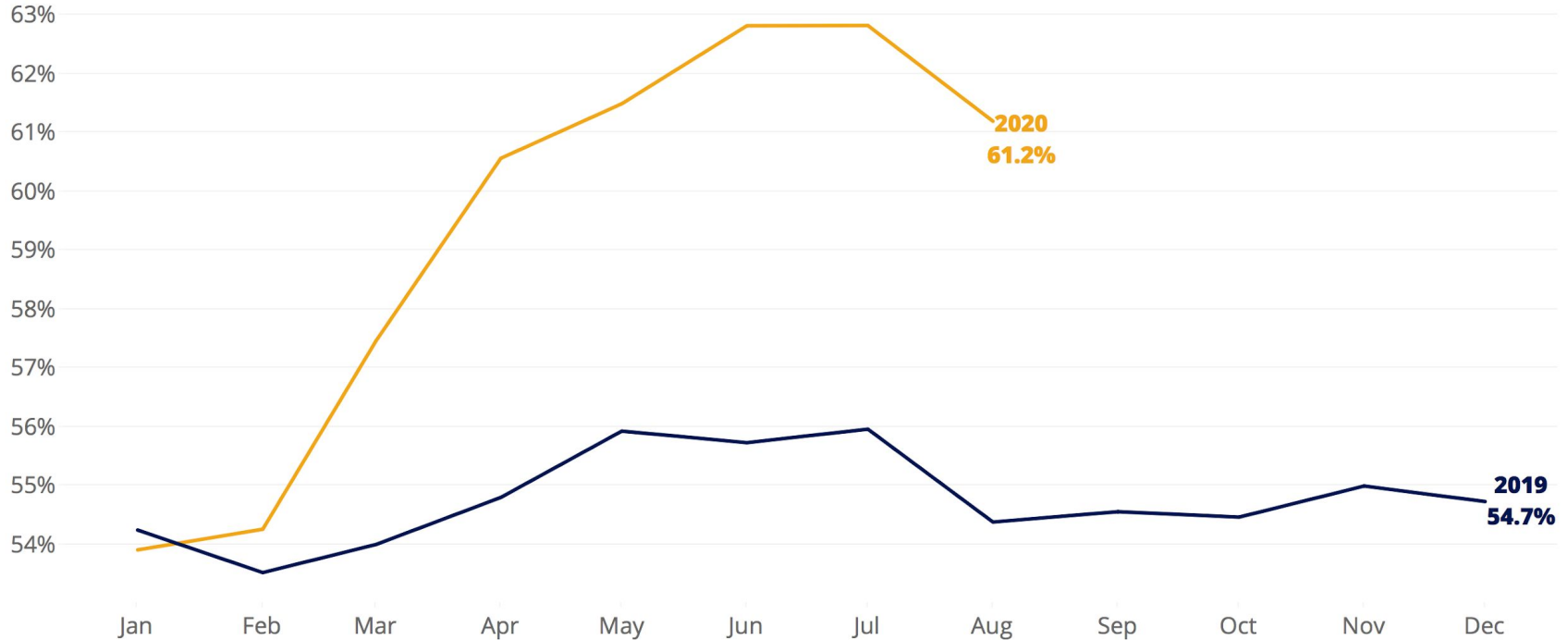
Freedom to telework could create more buyers

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



Millions of young adults have moved back home

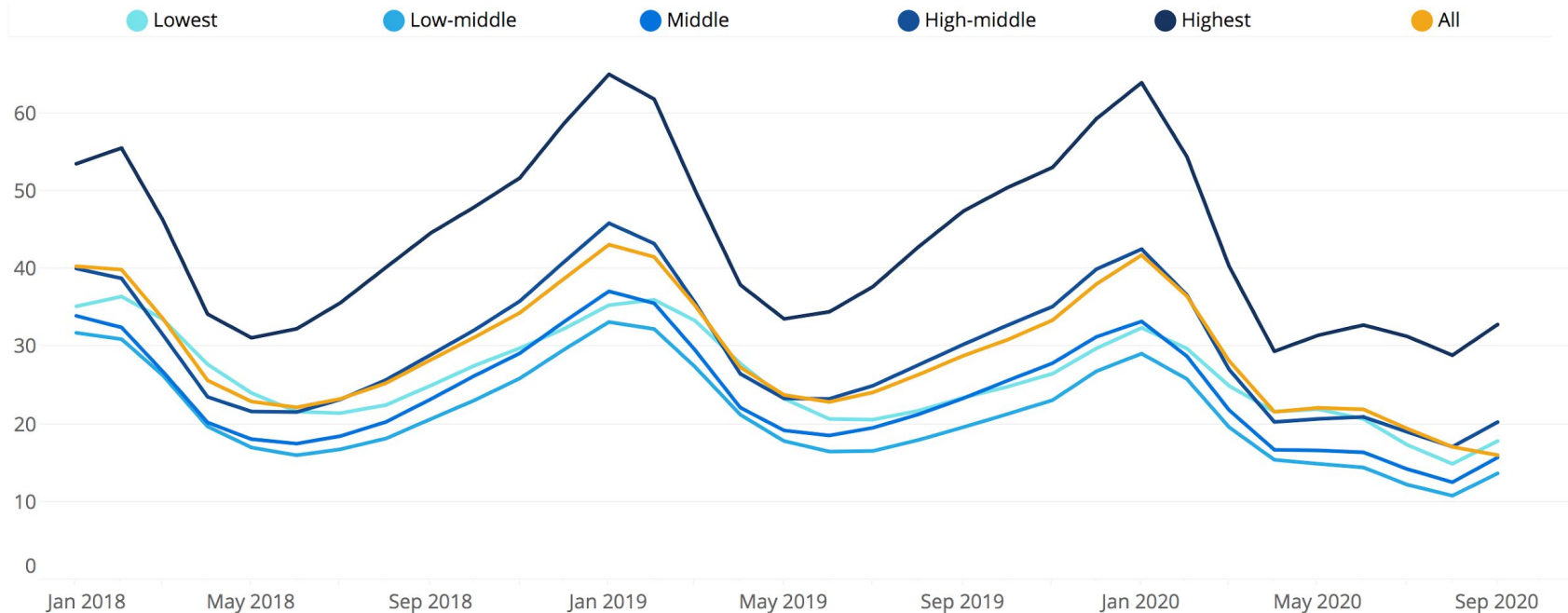
Share of 18-25 year olds living with parents in **2019** and **2020**



Most competition at the lower end of the market

Days on Market by price tier

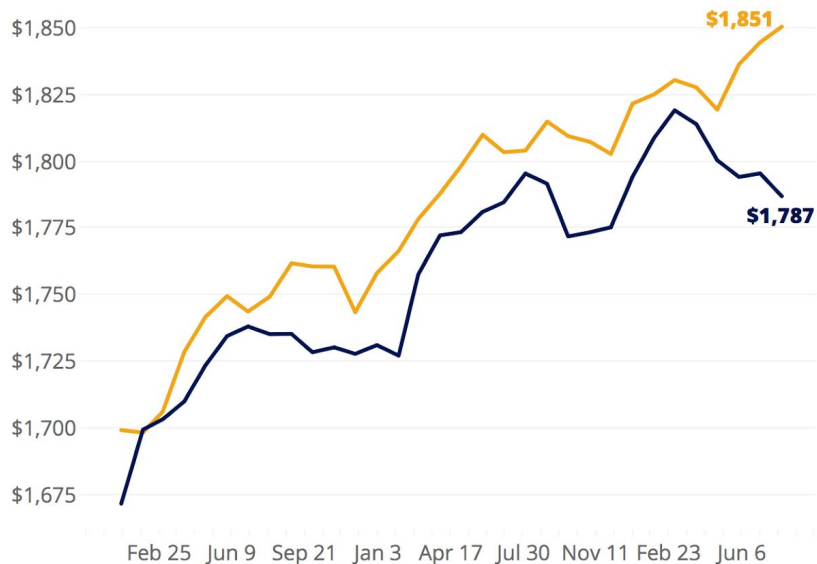
PRICE TIER



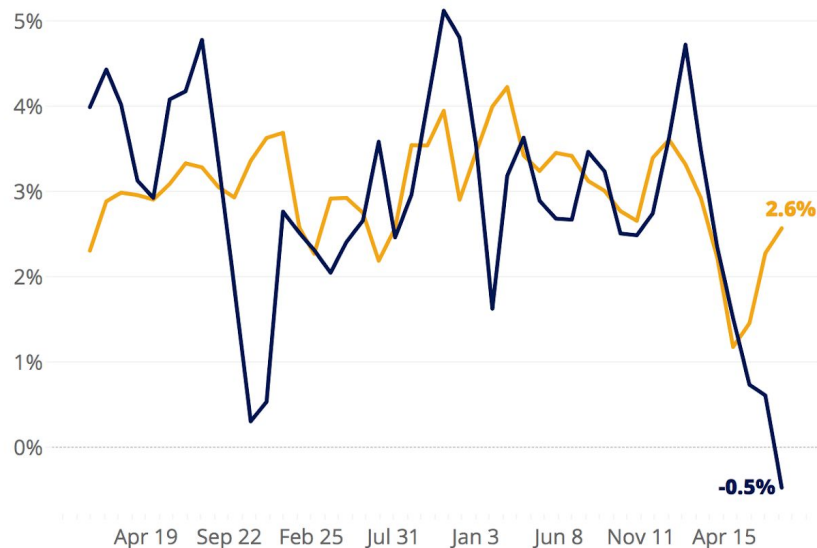
Rents are falling behind in college neighborhoods

Average rent and year-over-year rent growth in **college** and **non-college** ZIP codes

Average rent



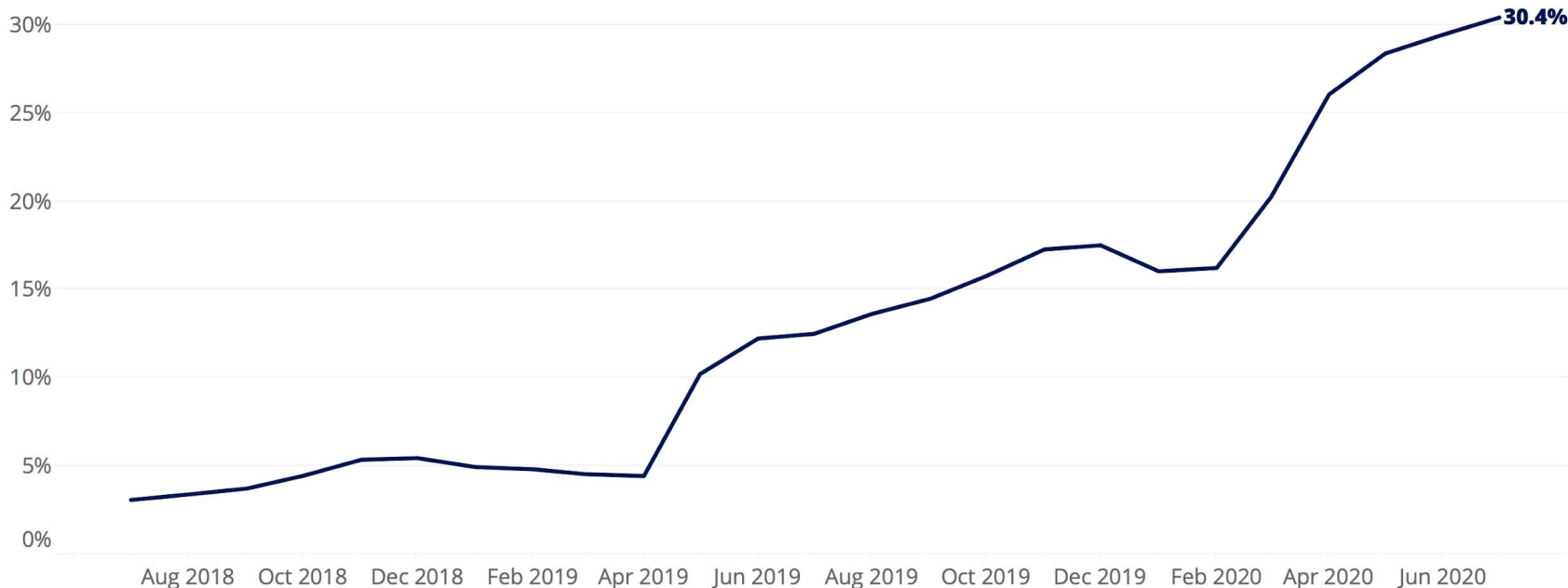
Year-over-year



Source: Zillow Observed Rent Index and American Community Survey, 2018.

Landlords offering more concessions to keep new tenants coming in the door

Share of Rental Listings With Concessions



High contact-intensity workers are main breadwinners

In U.S. households that have a high-contact worker:



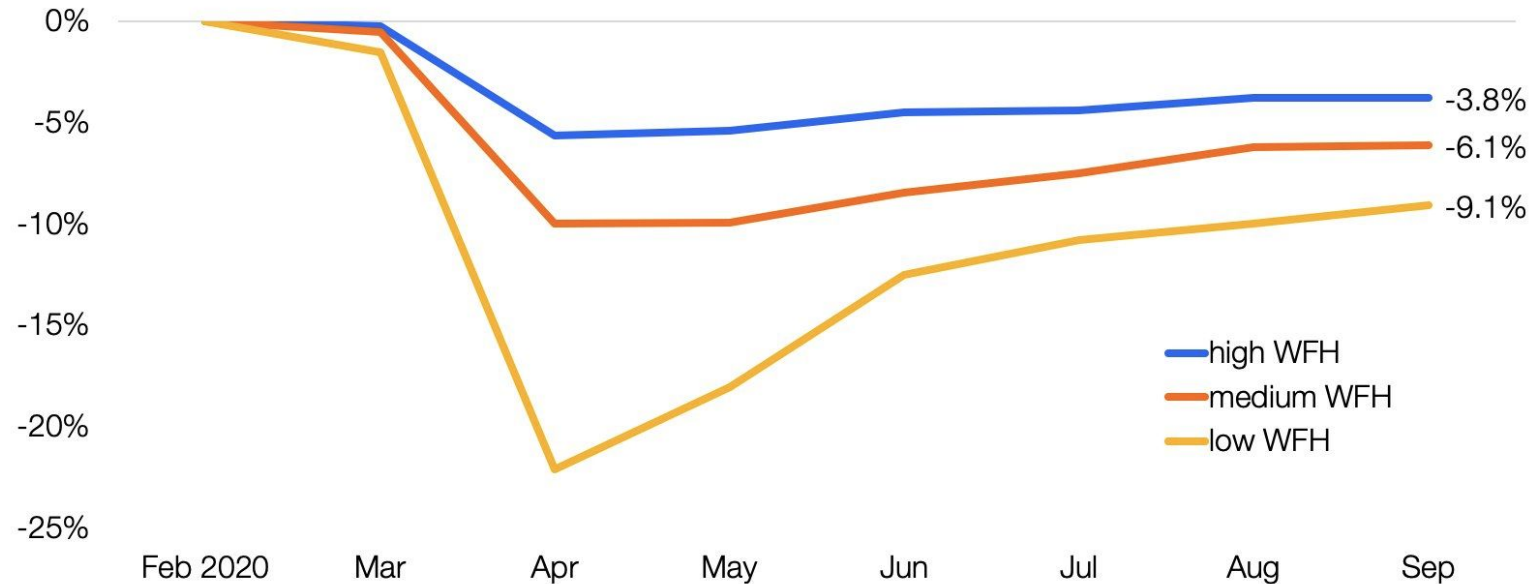
of median share of **homeowner household income** comes from high contact-intensity job.



of median share of **renter household income** comes from high contact-intensity job

Unemployment across industries with different levels of WFH

Employment down, even in work-from-home industries
% change in payrolls since Feb 2020, by industry work-from-home score

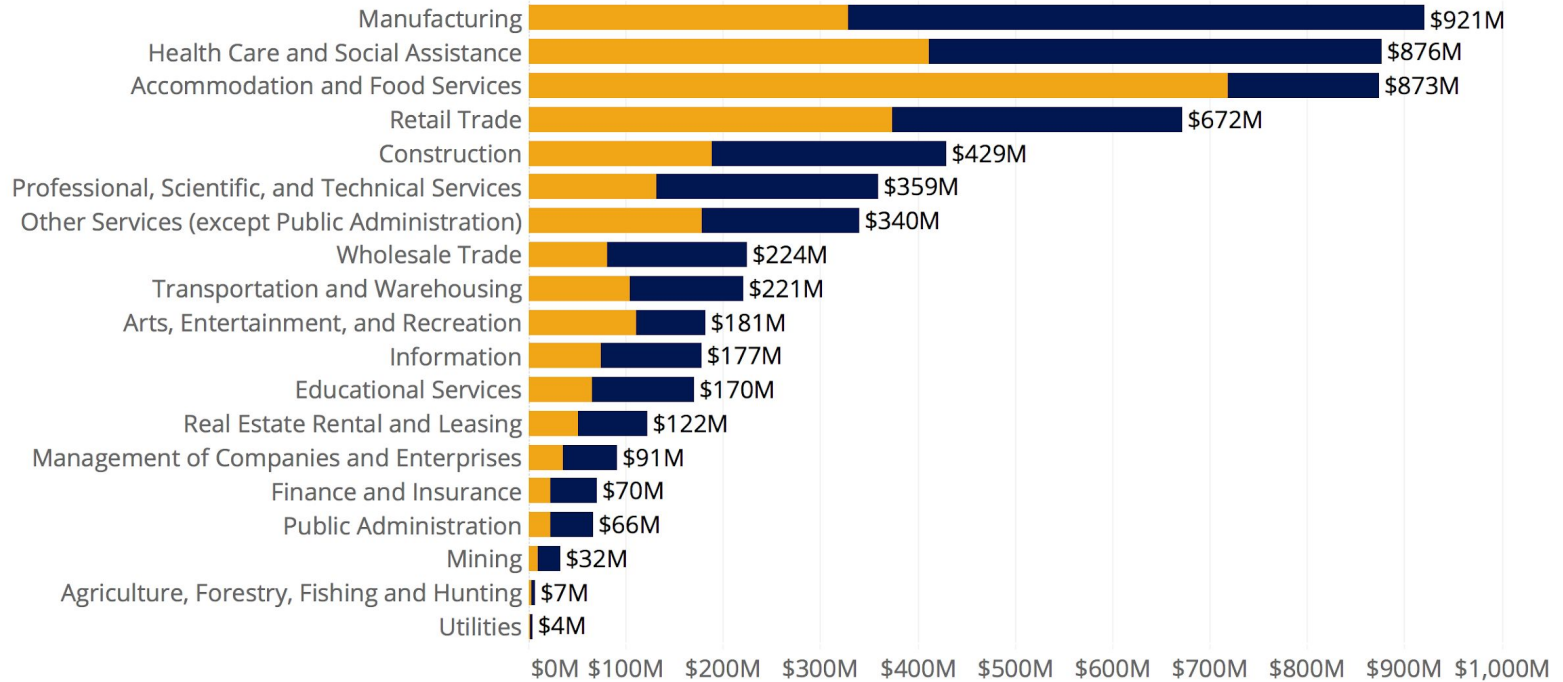


Source: BLS; Dingel and Neiman NAICS3 work-from-home measures



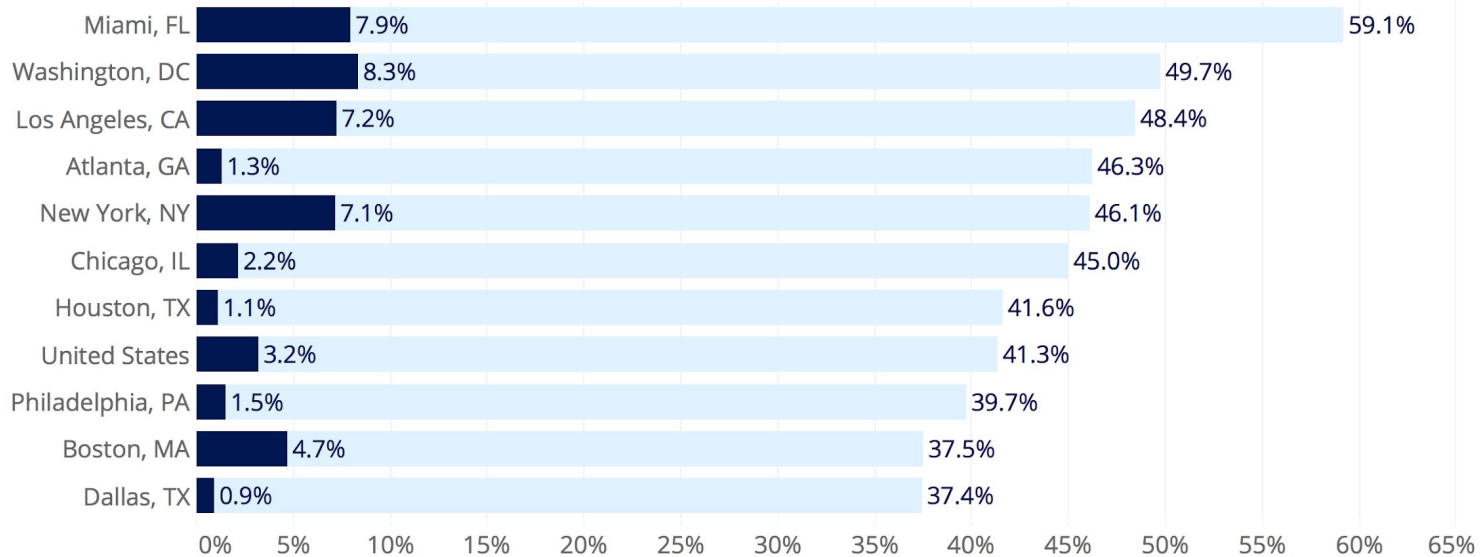
Recently unemployed workers owe millions of dollars in housing costs

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



Without the additional \$600/wk, a lot more households are rent burdened

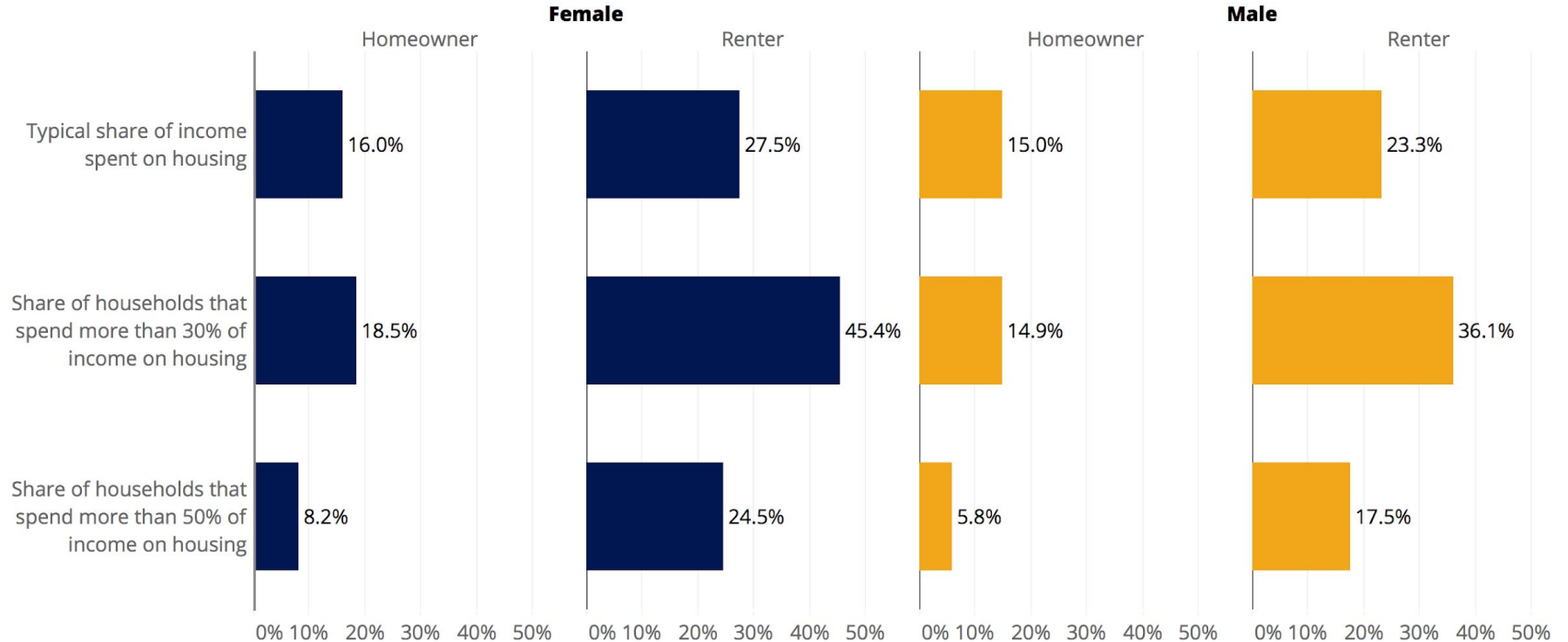
Share of households that are severely housing burdened **with state unemployment insurance and additional \$600/week** and **without additional \$600/week**



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

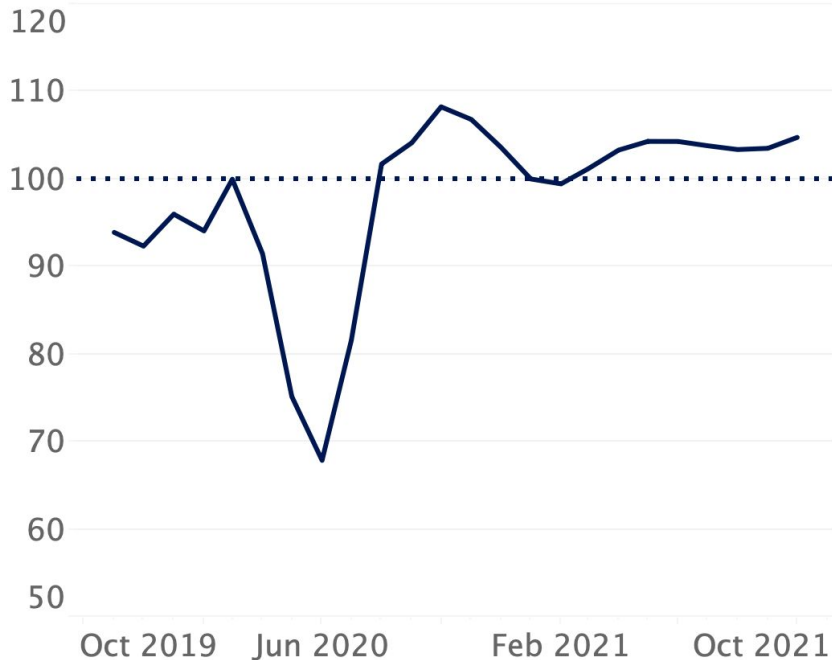
Nationally, female-headed households also more at-risk

Share of income spent on housing

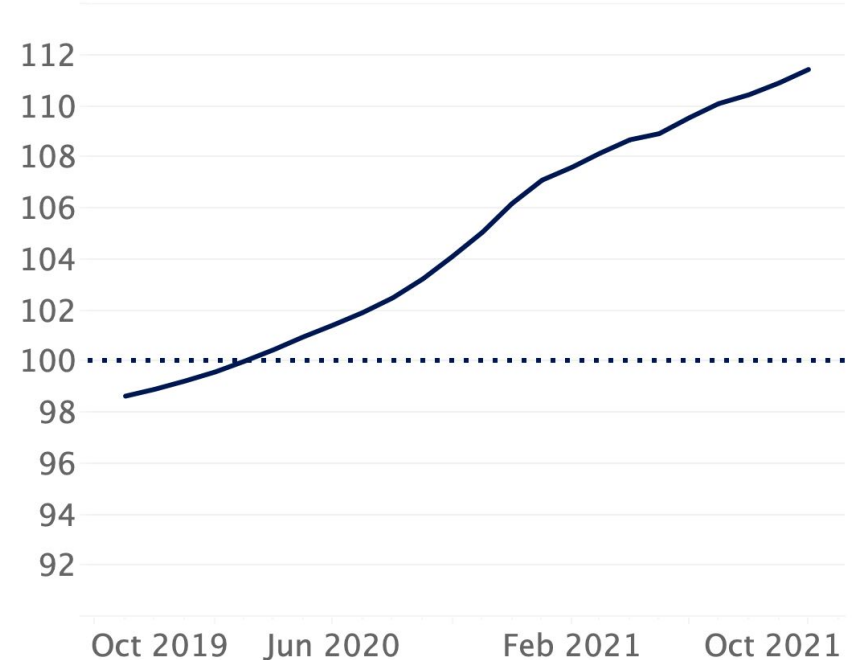


Sales likely peaked in September, but will remain above pre-pandemic levels. Home values will steadily increase.

Home Sales (Index Feb 2020 = 100)



Home Values (Index Feb 2020 = 100)



Note: Series are seasonally adjusted

Region Name	ZHVI	ZHVI YoY	ZORI	ZORI YoY	Days on Market
United States	\$259,906	5.8%	\$1,756	0.9%	12
New York, NY	\$497,090	3.4%	\$2,624	-6.0%	28
Los Angeles, CA	\$711,361	7.0%	\$2,610	0.0%	12
Chicago, IL	\$253,512	3.1%	\$1,737	-1.2%	13
Dallas-Fort Worth, TX	\$270,907	4.5%	\$1,598	1.5%	22
Philadelphia, PA	\$265,912	6.1%	\$1,631	1.8%	12
Houston, TX	\$228,576	3.8%	\$1,523	0.3%	15
Washington, DC	\$455,038	5.8%	\$2,120	-1.6%	10
Miami-Fort Lauderdale, FL	\$308,911	4.9%	\$1,960	1.7%	25
Atlanta, GA	\$252,586	6.3%	\$1,608	4.1%	14
Boston, MA	\$520,206	5.8%	\$2,359	-3.6%	8
San Francisco, CA	\$1,113,664	3.7%	\$3,117	-5.9%	12
Detroit, MI	\$193,270	5.5%	\$1,349	3.8%	9
Riverside, CA	\$404,320	7.1%	\$2,151	6.9%	9
Phoenix, AZ	\$309,543	11.7%	\$1,532	7.0%	11
Seattle, WA	\$555,689	10.7%	\$1,961	-0.3%	7

Zillow Home Value Index and Zillow Observed Rent Index, September 2020

Zillow Days on Market, October 17, 2020

Thank you.

More at zillow.com/research

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