

Real Estate Market Update

Svenja Gudell, PhD
Chief Economist, Zillow Group

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The housing market in 4 bullets

For-sale market:

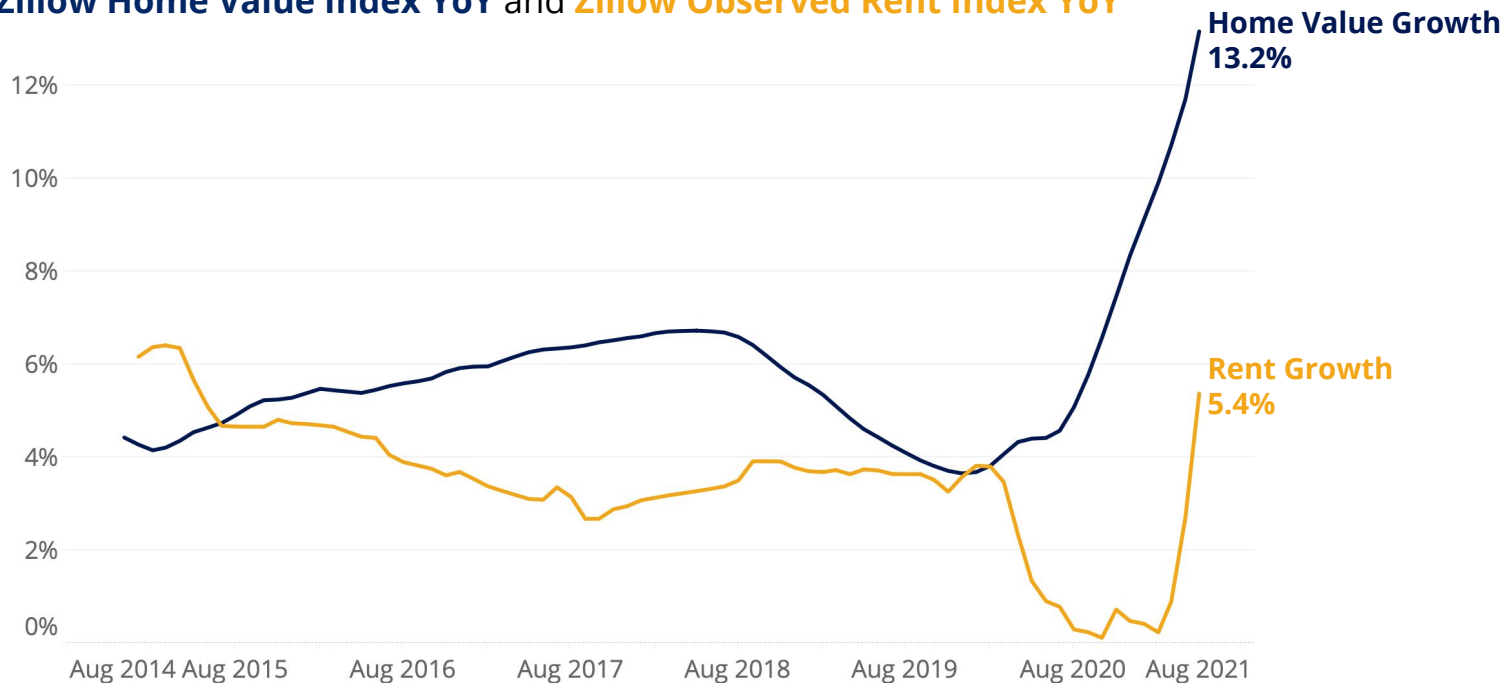
- 1) Record-fast price appreciation
- 2) Record-low inventory and time on market
- 3) Builders are building
- 4) ...but can't ease shortage overnight

For-rent market:

- 1) Rent growth softened
- 2) ...but mostly in high-cost submarkets
- 3) Renters are behind on their rent
- 4) Vacancy is low and falling

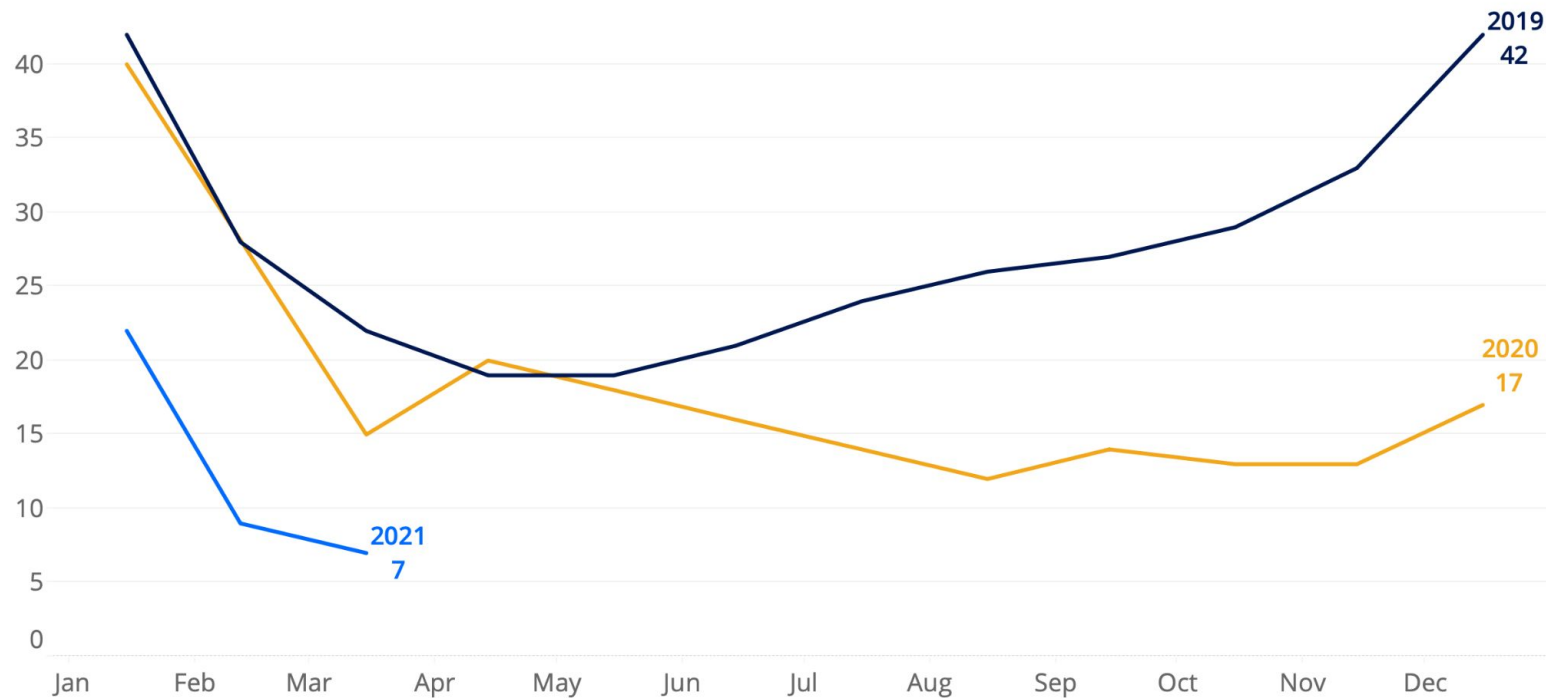
Record-fast Price Appreciation: Rents Softened Until This Spring

Zillow Home Value Index YoY and Zillow Observed Rent Index YoY



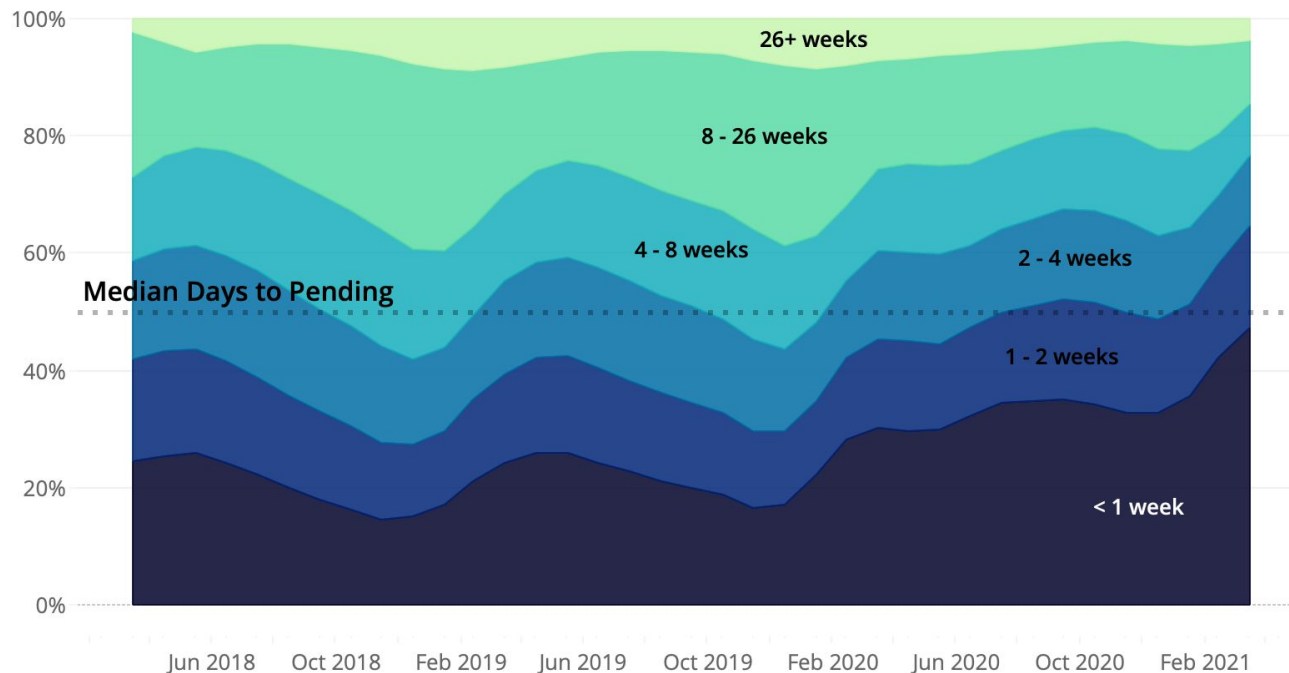
Market Velocity Faster Than Ever: Days on Market

Days on Market in 2019, 2020 and 2021



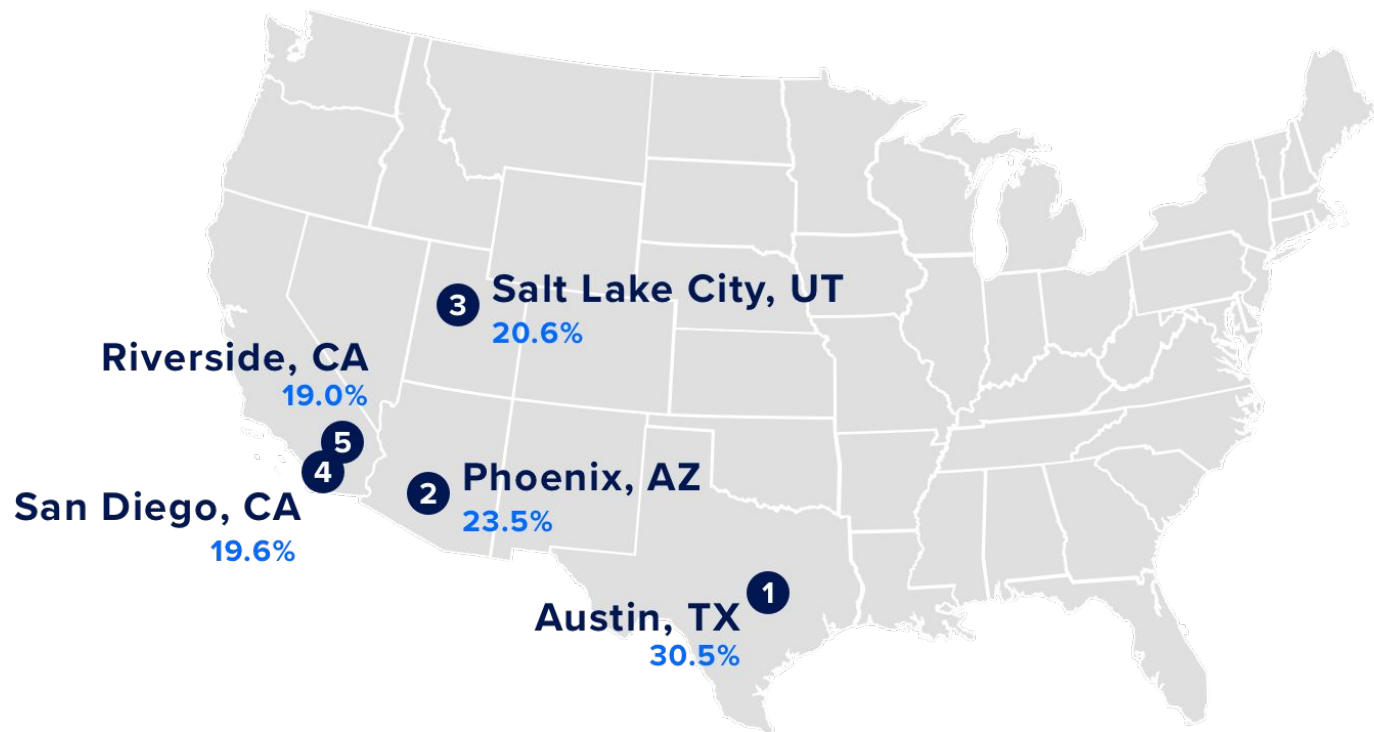
Nearly half of homes go under contract in less than one week

Share of homes selling within time frame



Hottest Markets

Annual Home Value Growth



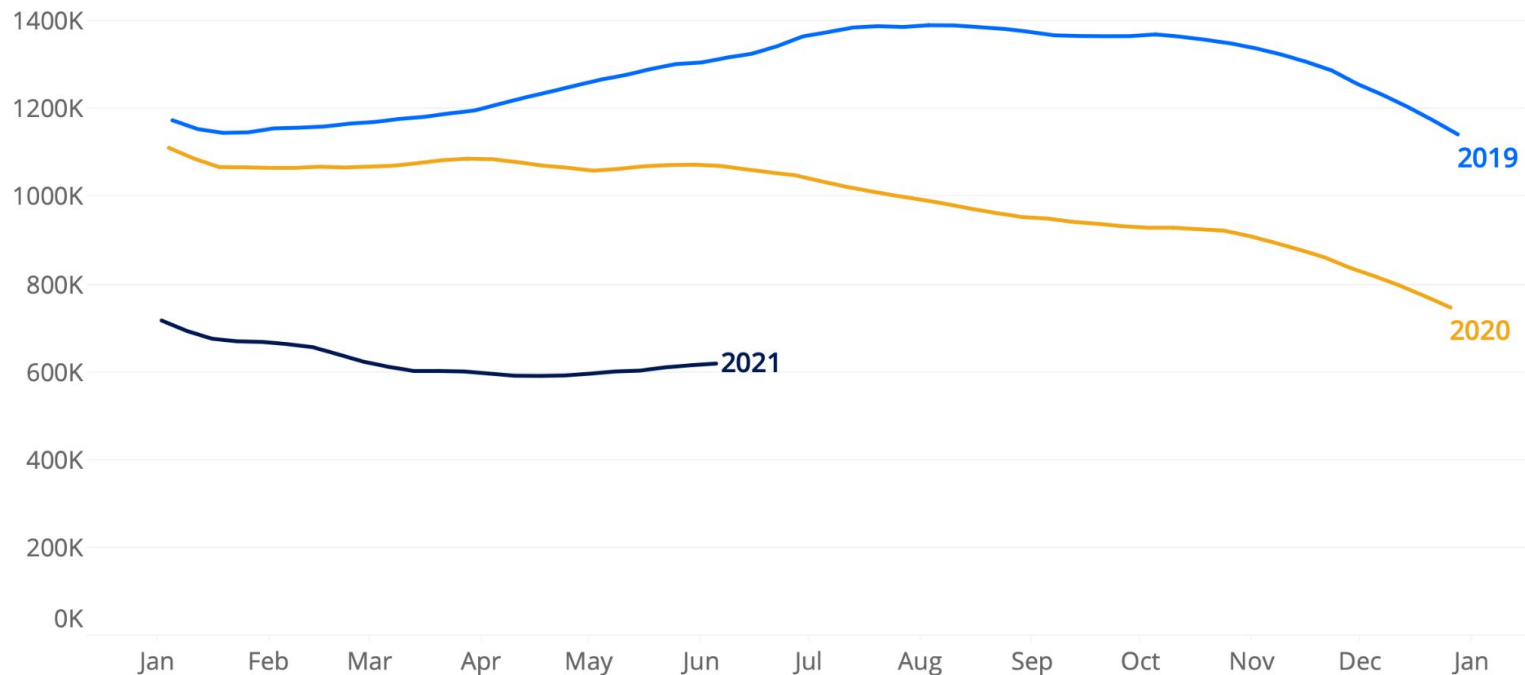
Hottest Markets

Annual Rent Growth



Supply: Inventory Levels Have Reached Record Lows

For-Sale Inventory



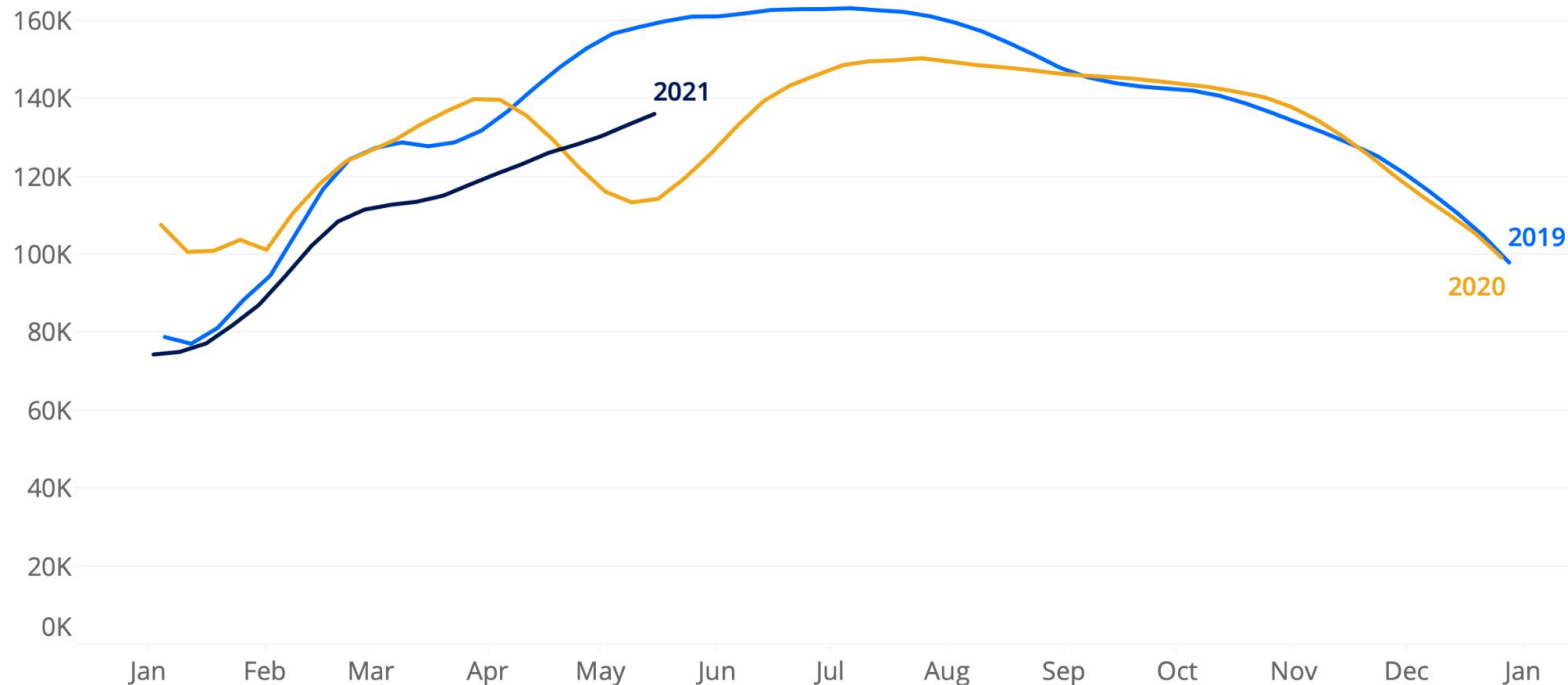
Zillow For-Sale Inventory, Weekly Series

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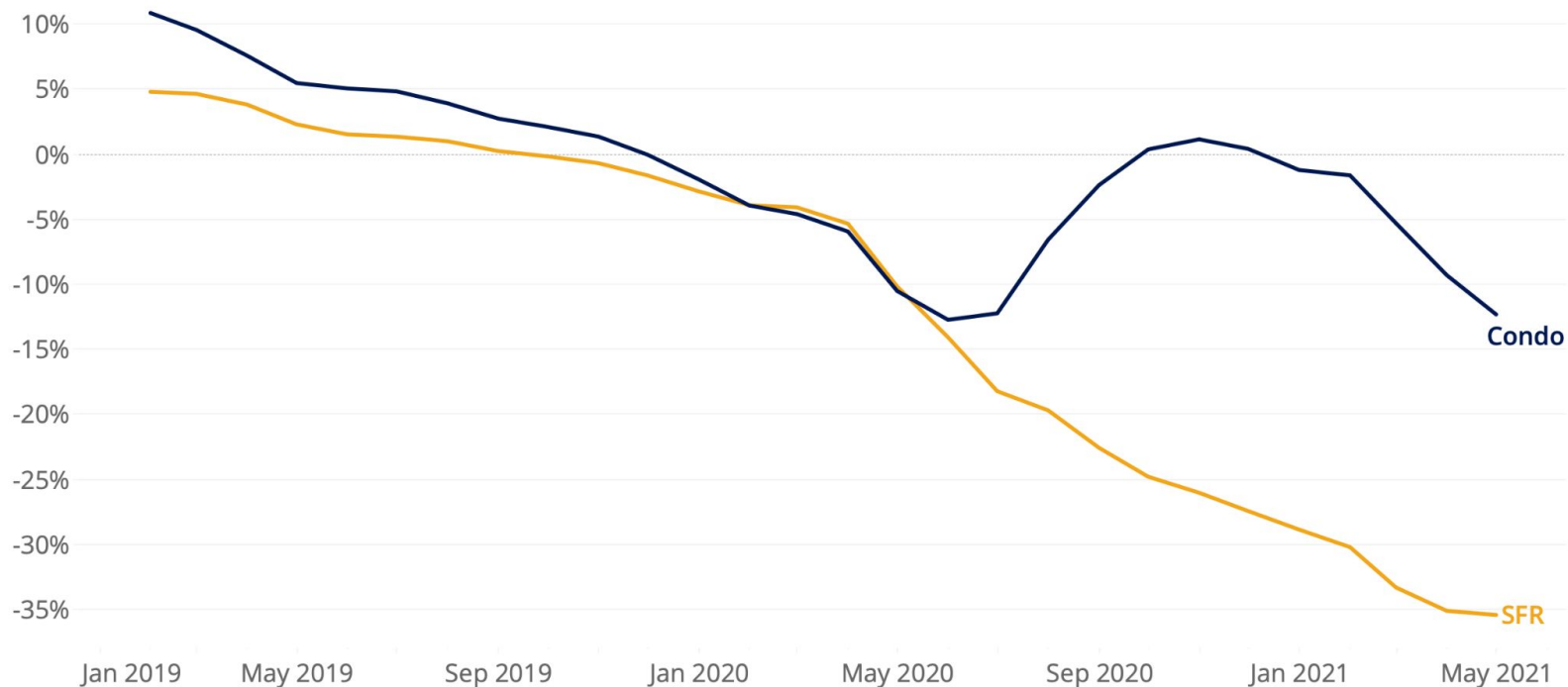
New listings are still not flowing at pre-pandemic rates

New For-Sale Inventory, Trailing 4-Week Average



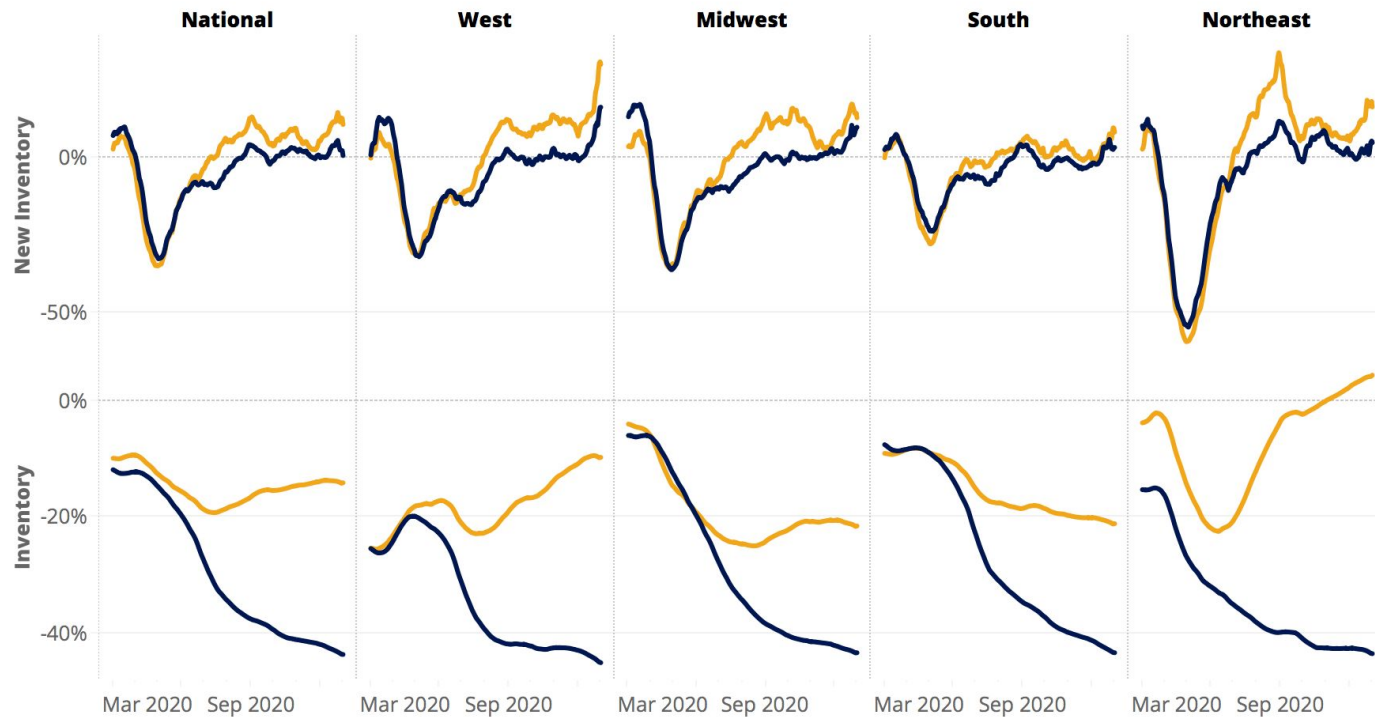
Inventory shortage is most acute for single-family homes

Year-over-year for-sale inventory growth, condos and single-family homes

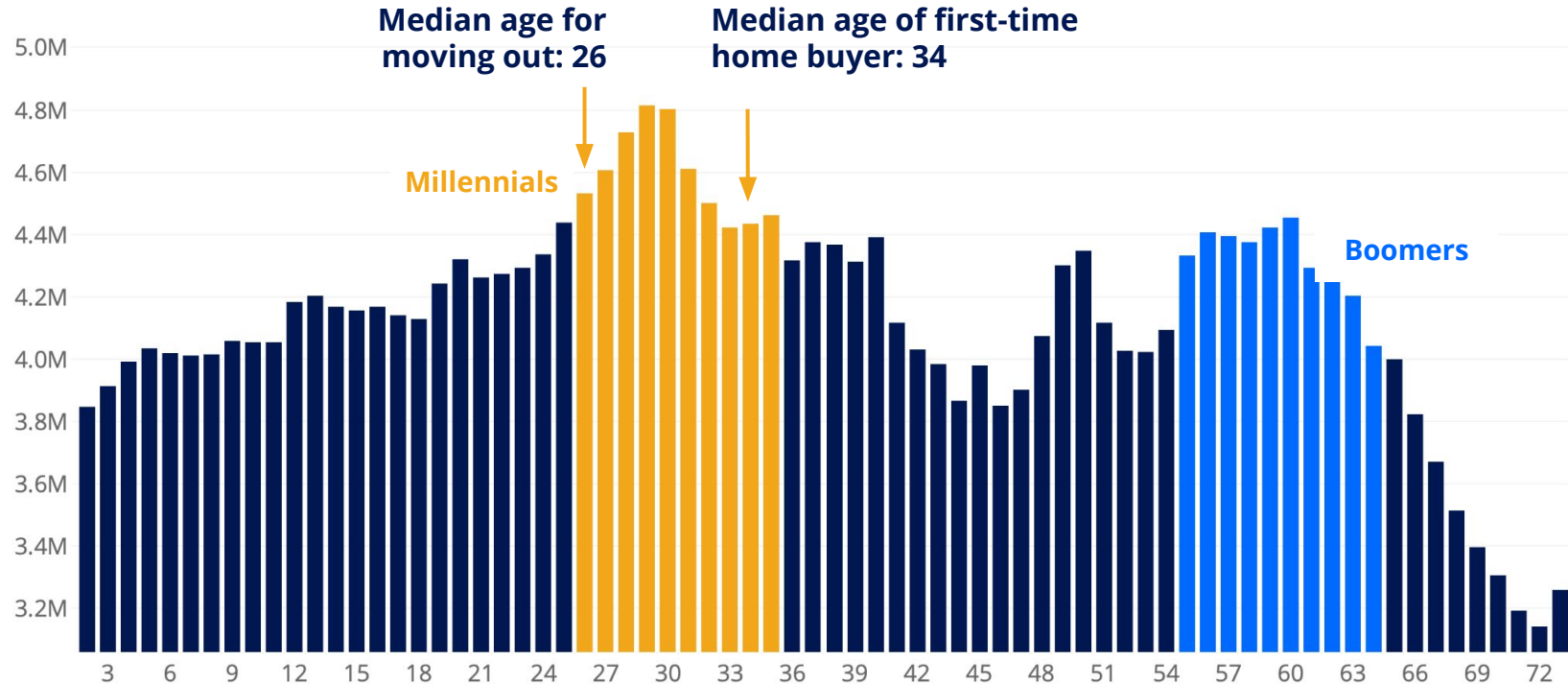


Inventory shortage is most acute in suburbs

New inventory and inventory growth in **urban** and **suburban** markets by region

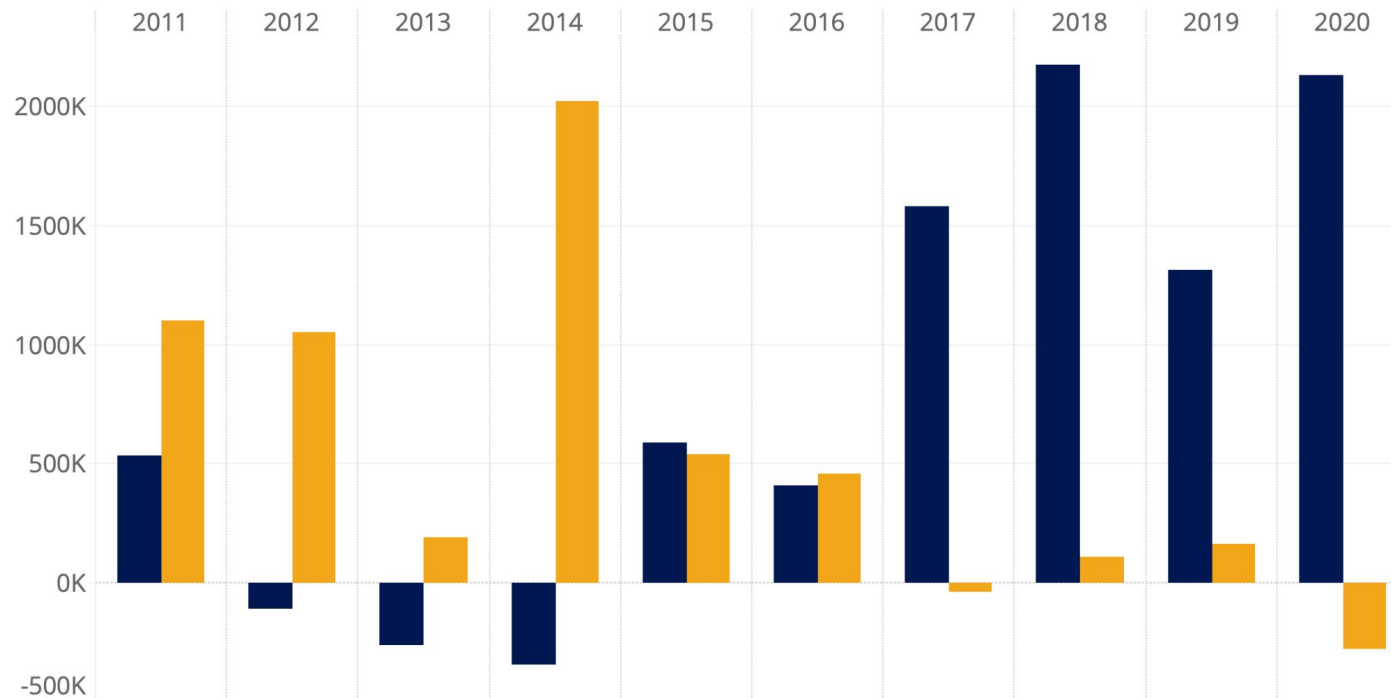


Demand: Millennial Wave Hitting Prime Home Buying Age in Coming Years



What's driving demand? Household formation!

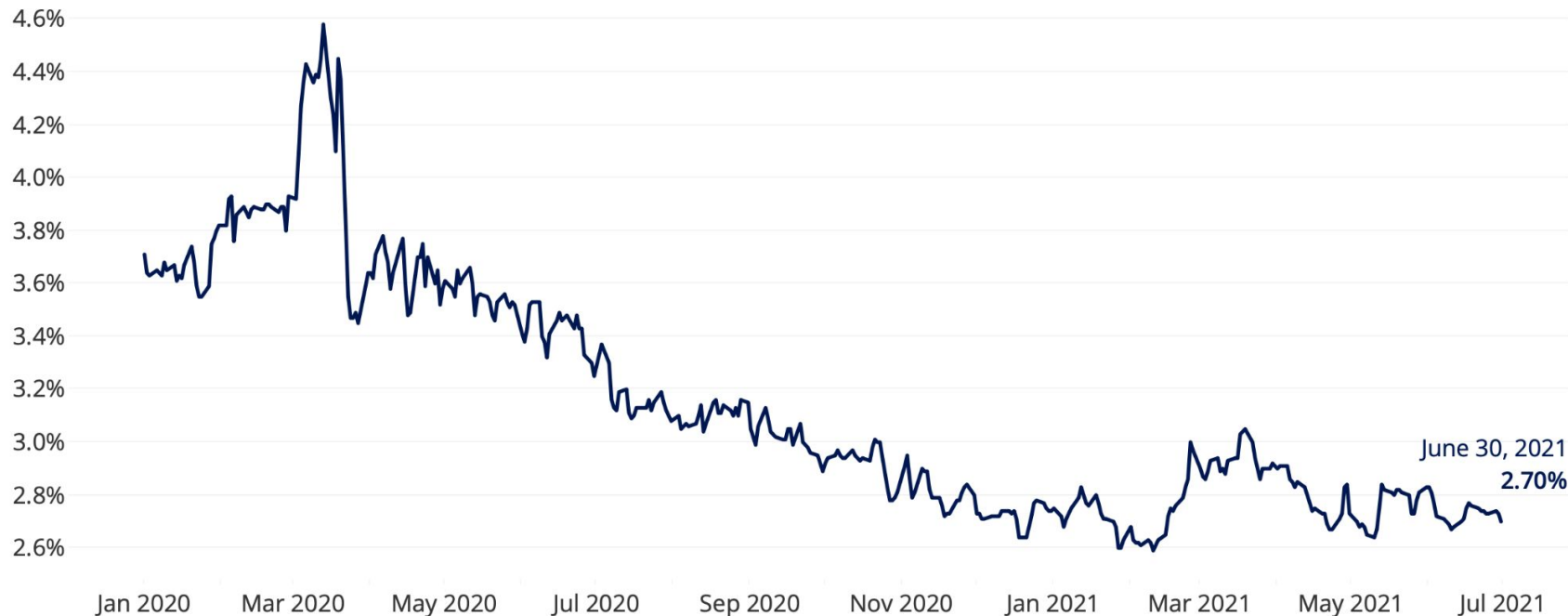
Change in **Owner-Occupied** and **Renter-Occupied** households



Interest rate declines have partially offset price growth

Fixed 30-Year Mortgage Rate

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



The Great Reshuffling: where movers saved a bundle

Top 5 Metros for Buying Power

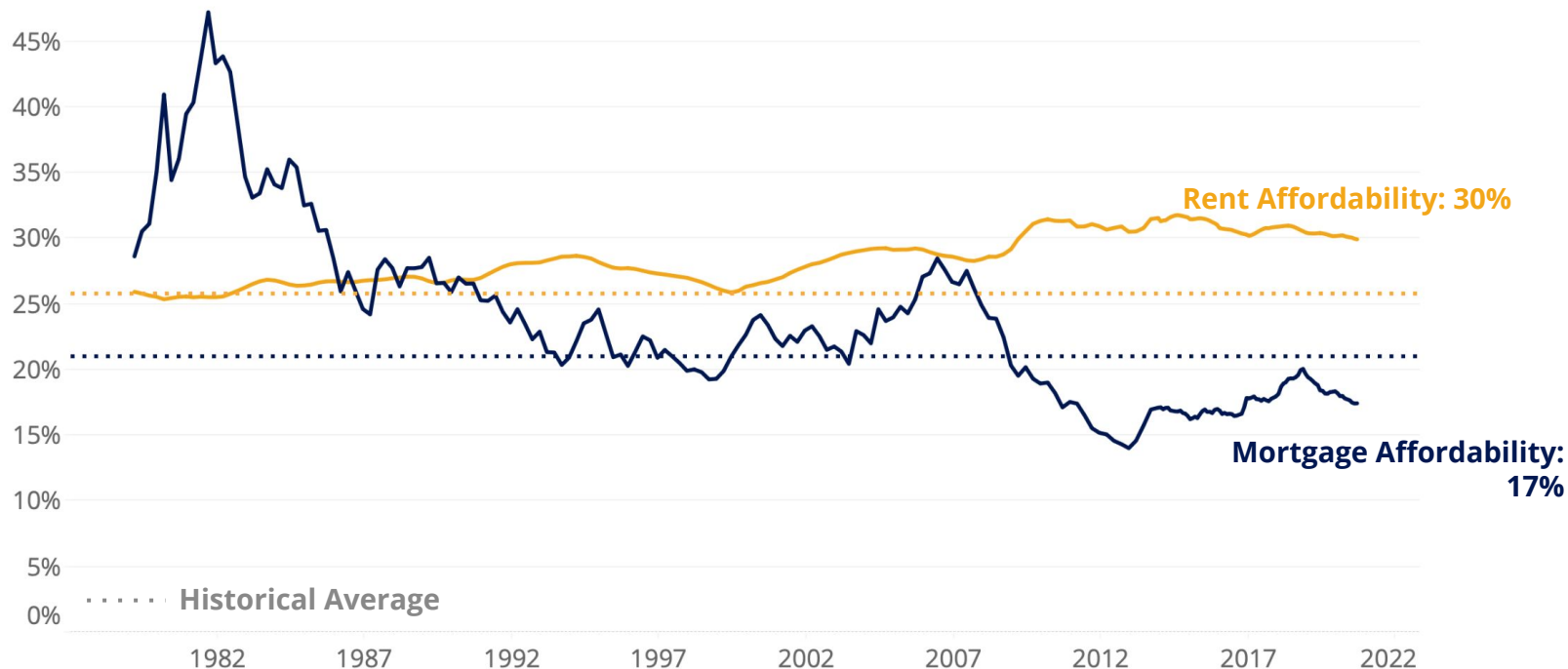
Metros with the largest **decrease** in ZHVI for those moving in

In 2020, movers to these five metro areas could expect much lower local home values, on average, than the areas they moved from. For example, the typical home value in areas movers relocated to in Cleveland was **\$197,369 lower** on average, than in the areas they moved from.



Affordability in Historical Context

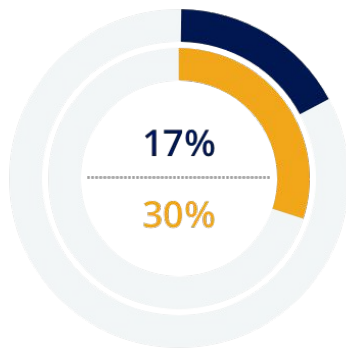
Share of income spent on **mortgage** and **rent**



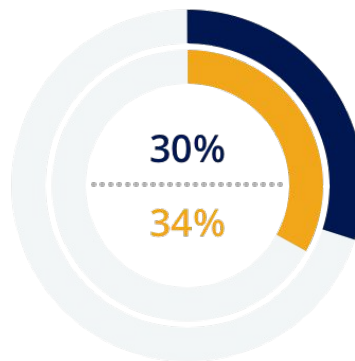
Affordability: Owners Mostly Pay Less Than Renters

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

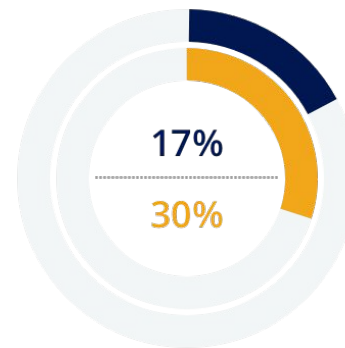
United States



Los Angeles

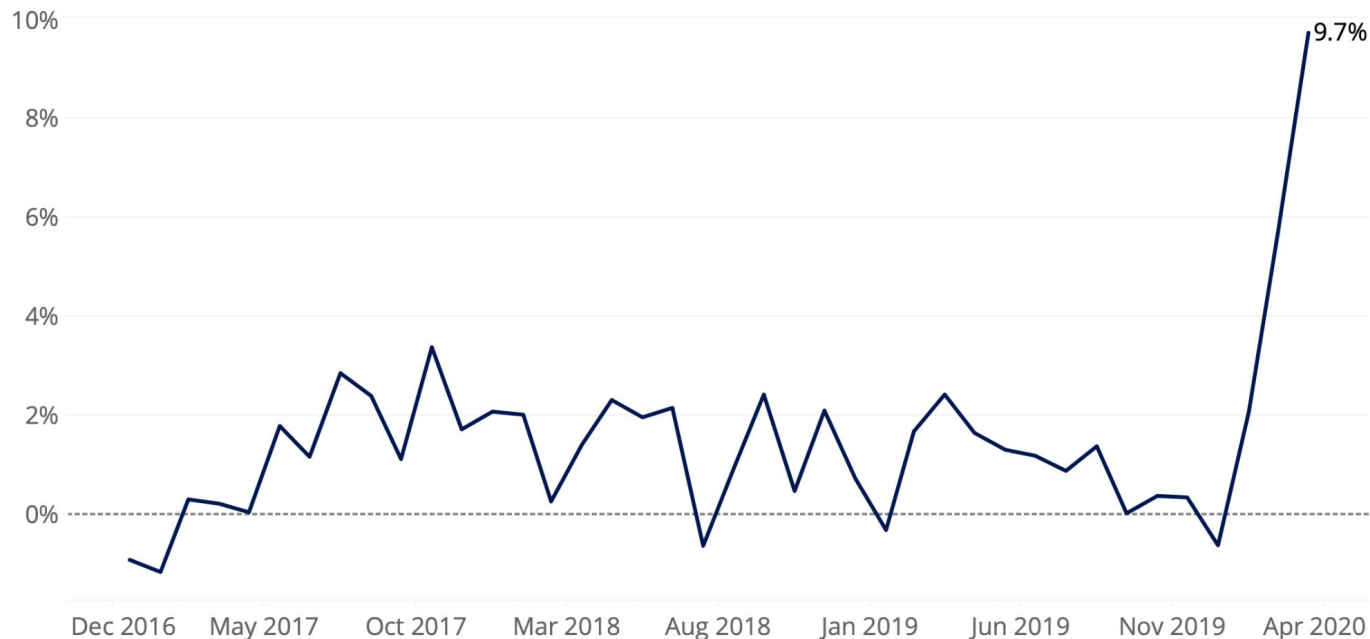


Washington, DC



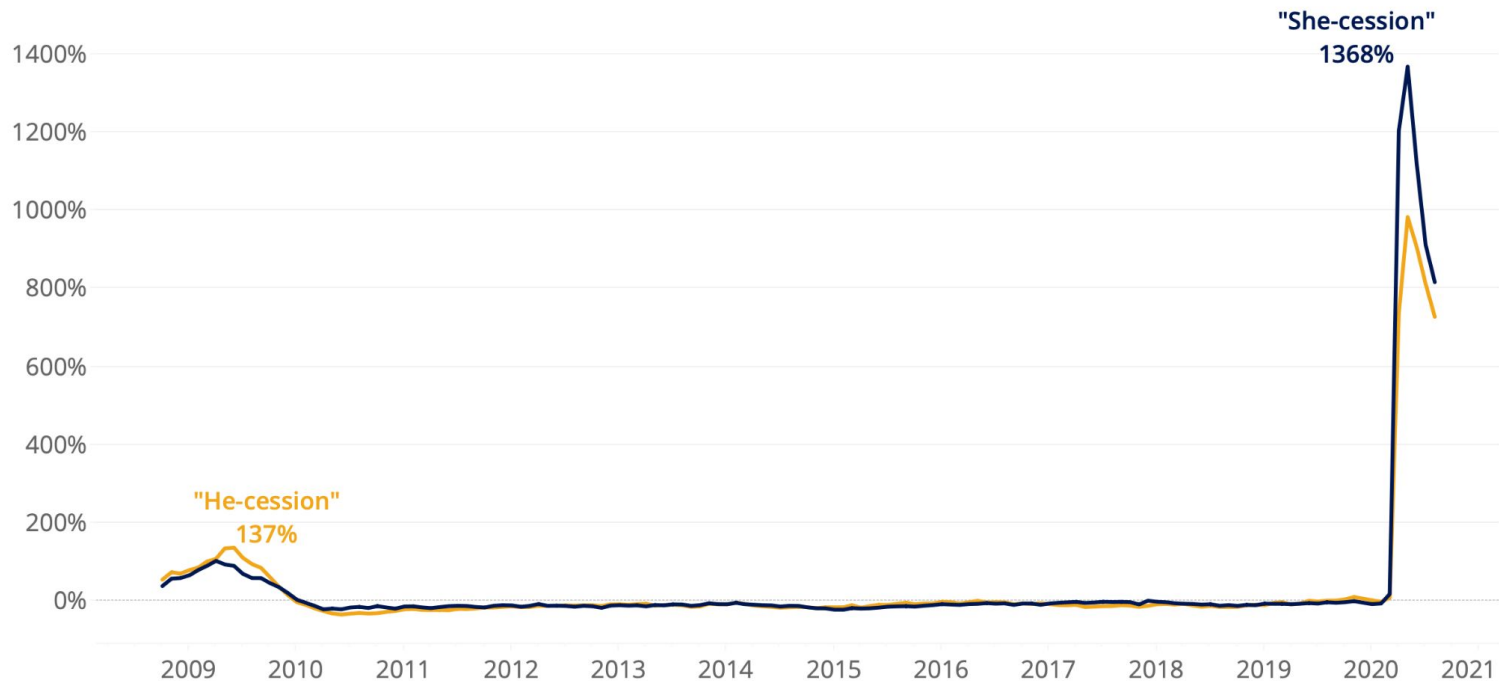
Covid disproportionately impacted renters, young adults, women and minorities

The number of adults living with a parent or grandparent is at an all-time high
Annual change in number of adults living in a parent's or grandparent's home



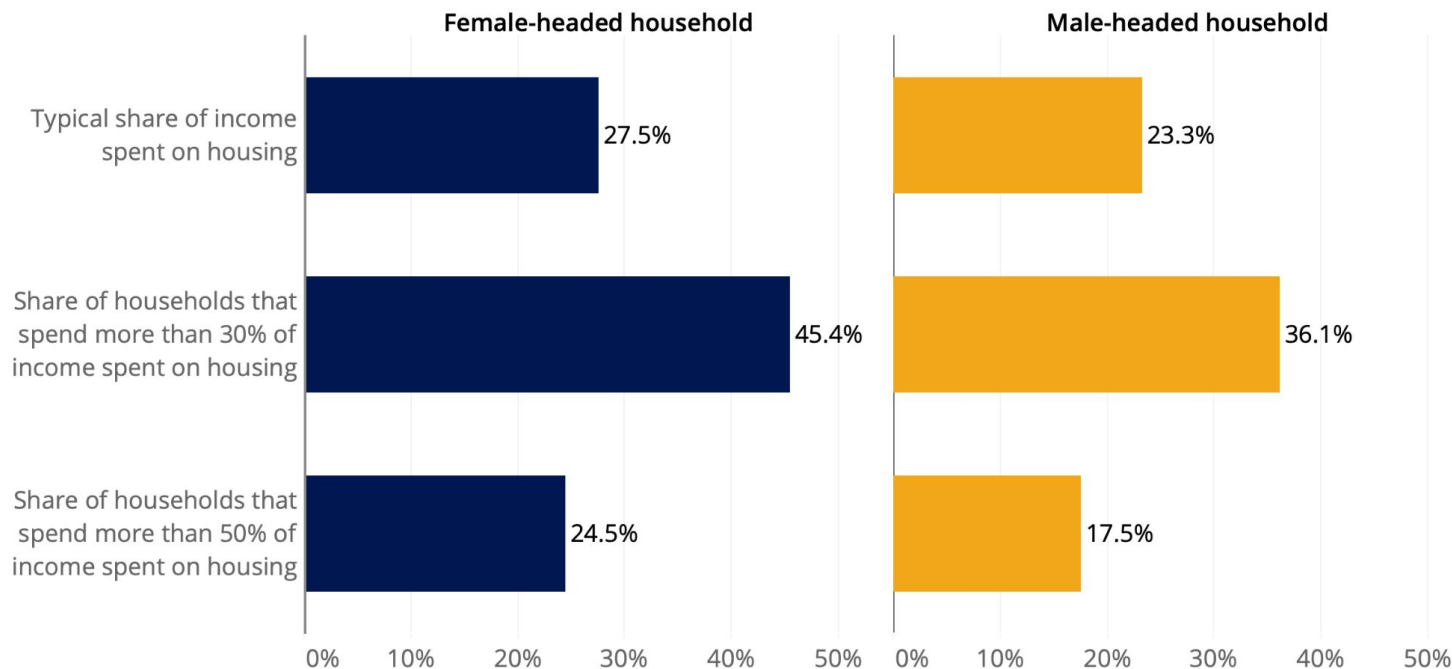
2020's "she-cession" dwarfed 2009's "he-cession"

YoY change in **female** and **male** unemployment claims



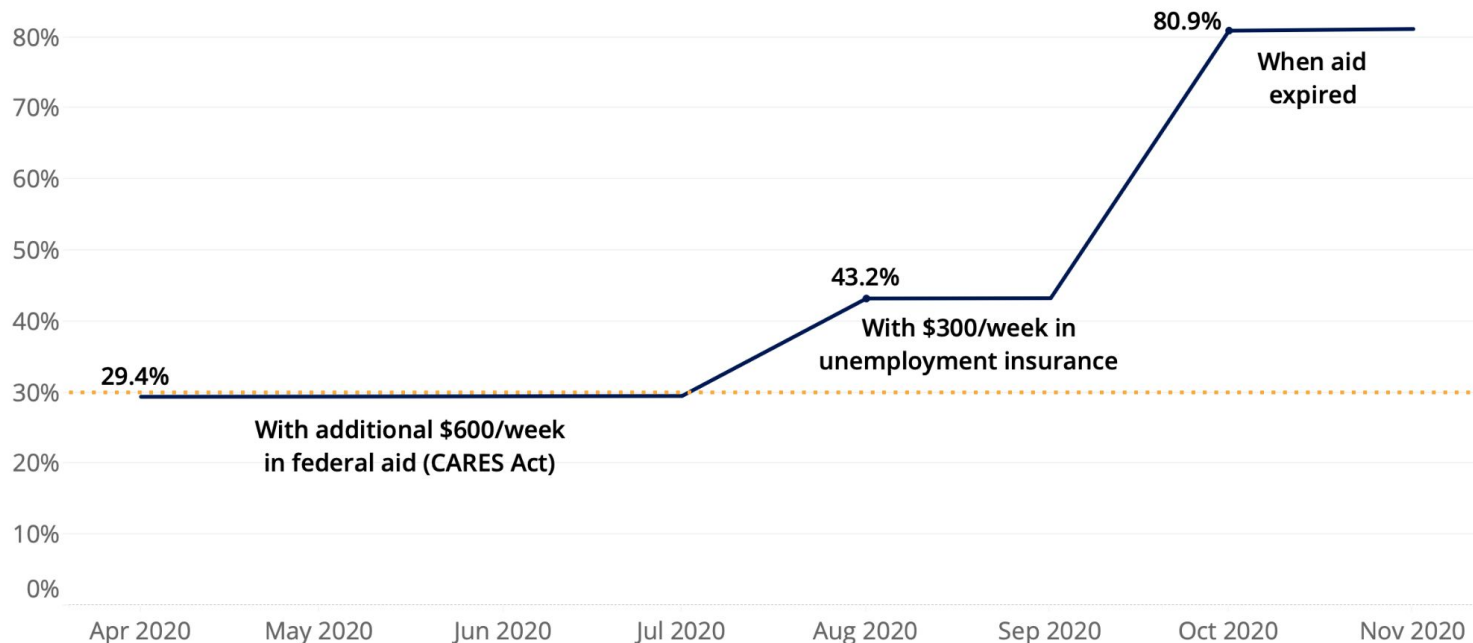
Female headed households are more likely to be housing burdened

Share of income spent on housing



Federal assistance went a long way in easing unemployed renters' housing cost burdens

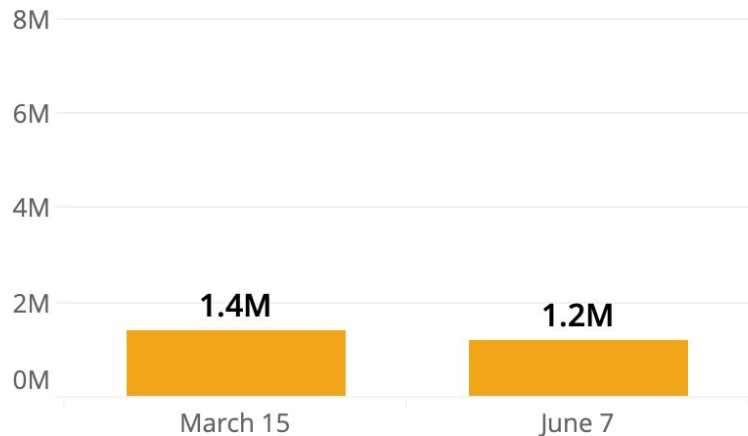
Share of income spent on rent by the typical unemployed renter



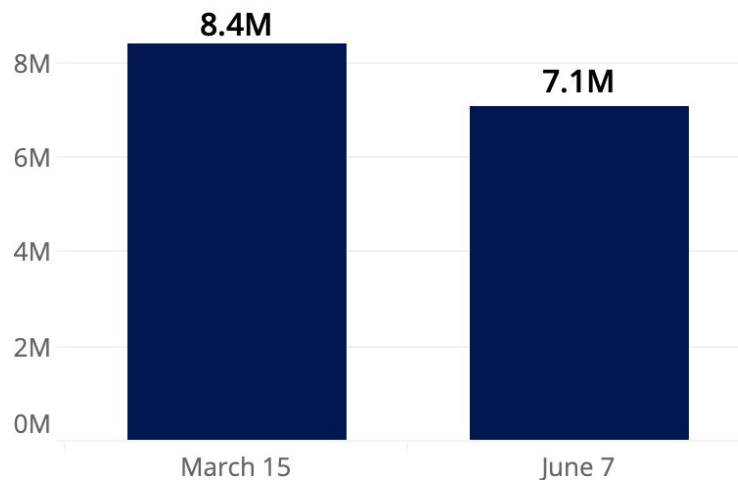
Renters are more confident in their housing security than they were a few months ago

Renters who say they are...

...likely to be evicted in the next two months



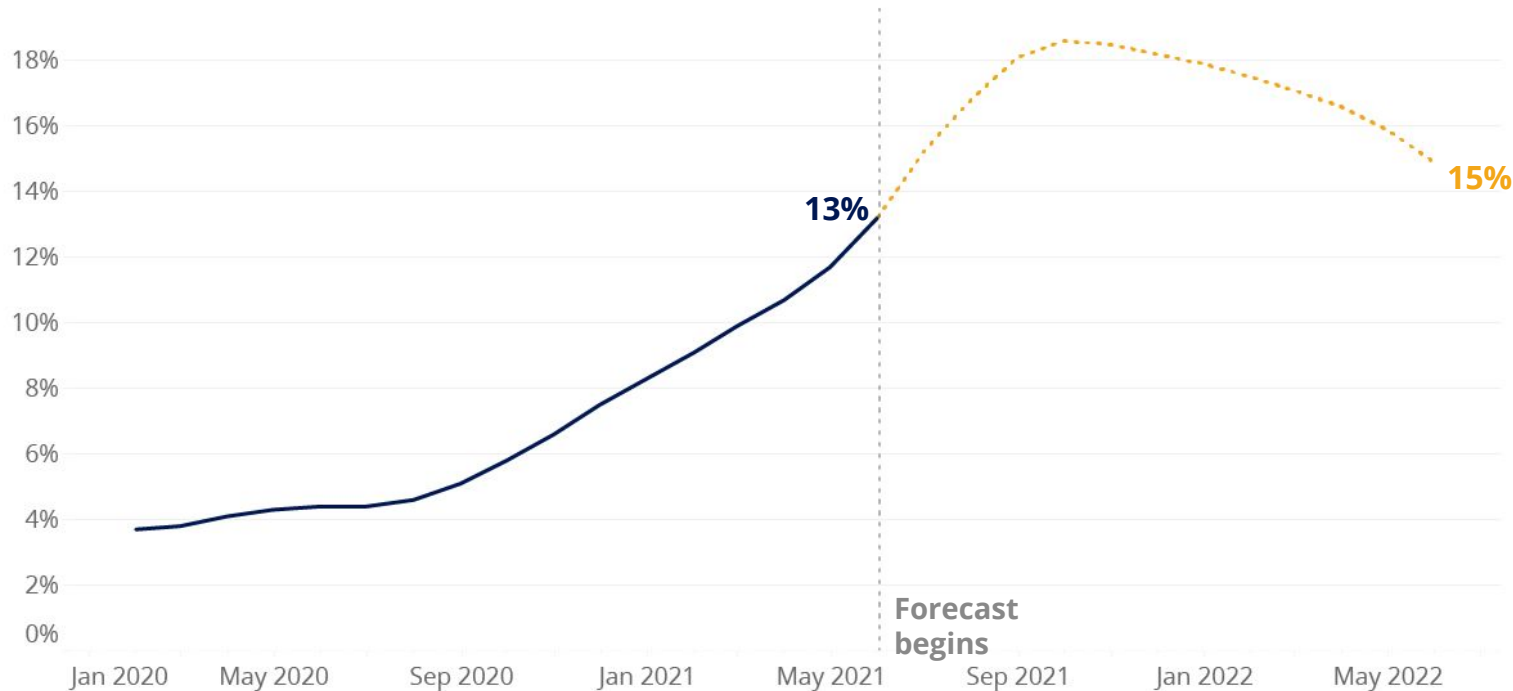
...behind on rent



Zillow Economic Research | U.S. Census Bureau Household Pulse Survey (HPS)

Home Value Appreciation Expected to Hit 18%, Then Slow Slightly

Zillow Home Value Index (ZHVI) Forecast



Takeaways

- Exceptionally high demand & limited supply
- Home values & rents are up, time on market is down
- Price growth will slow, but no expectations for a price decline

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