

Q3 2019 Zillow Home Price Expectations Survey - Supplemental Questions

Topic: Risk Assessment of Home Price Forecast

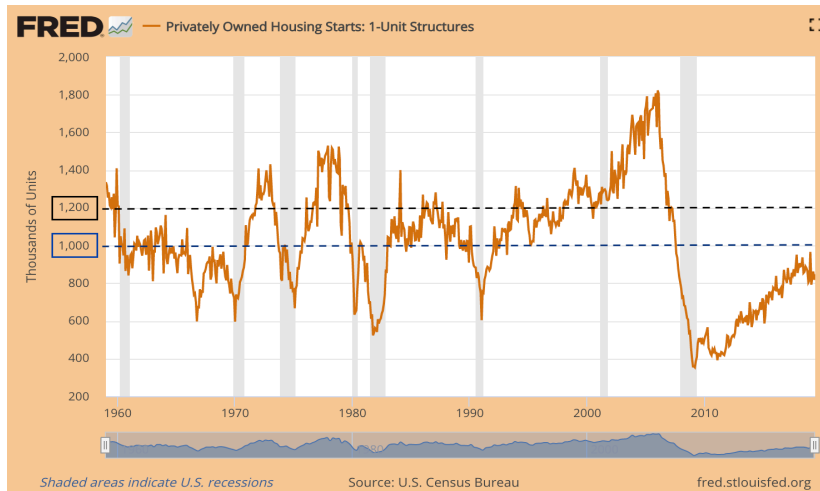
Which choice best applies to your long-term outlook for home values?

Answer choice:	#	Percent	% w/opinion	Expected Home Value Change*			
				Through 2023 (Cumulative)	Annual Average		
There is risk to the upside	14	13%	13%	20.6%	3.8%	UPSIDE	
There is risk to the downside	58	55%	55%	12.5%	2.4%	DOWNSIDE	
The risk is balanced	34	32%	32%	17.5%	3.3%	BALANCED	
No Response	0	0%	n/a	n/a			
Total	106	100%	100%	15.1%	2.9%		

*Mean expectations of respondents by answer choice. A total of 106 panelists participated in the Q3 survey.

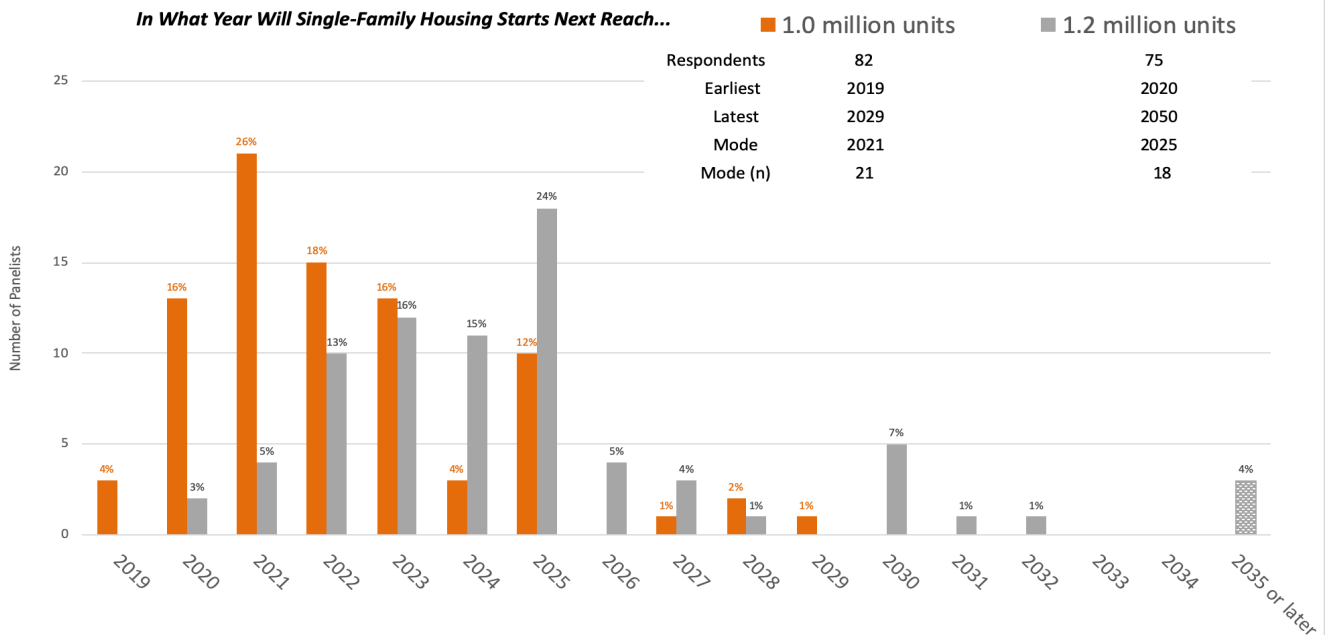
Topic: Home Construction

Since the end of The Great Recession more than a decade ago, single-family home construction activity in the U.S. has increased, but has yet to rebound to rates recorded during prior economic expansions. Historically, single-family housing starts have averaged more than 1 million units (seasonally-adjusted annual rate); the most recent rate of single family housing starts reported by The Census Bureau was 847,000 units (June 2019). Zillow research indicates that permitted (and subsequently started) single-family homes per capita remain below what would otherwise be expected given population growth.



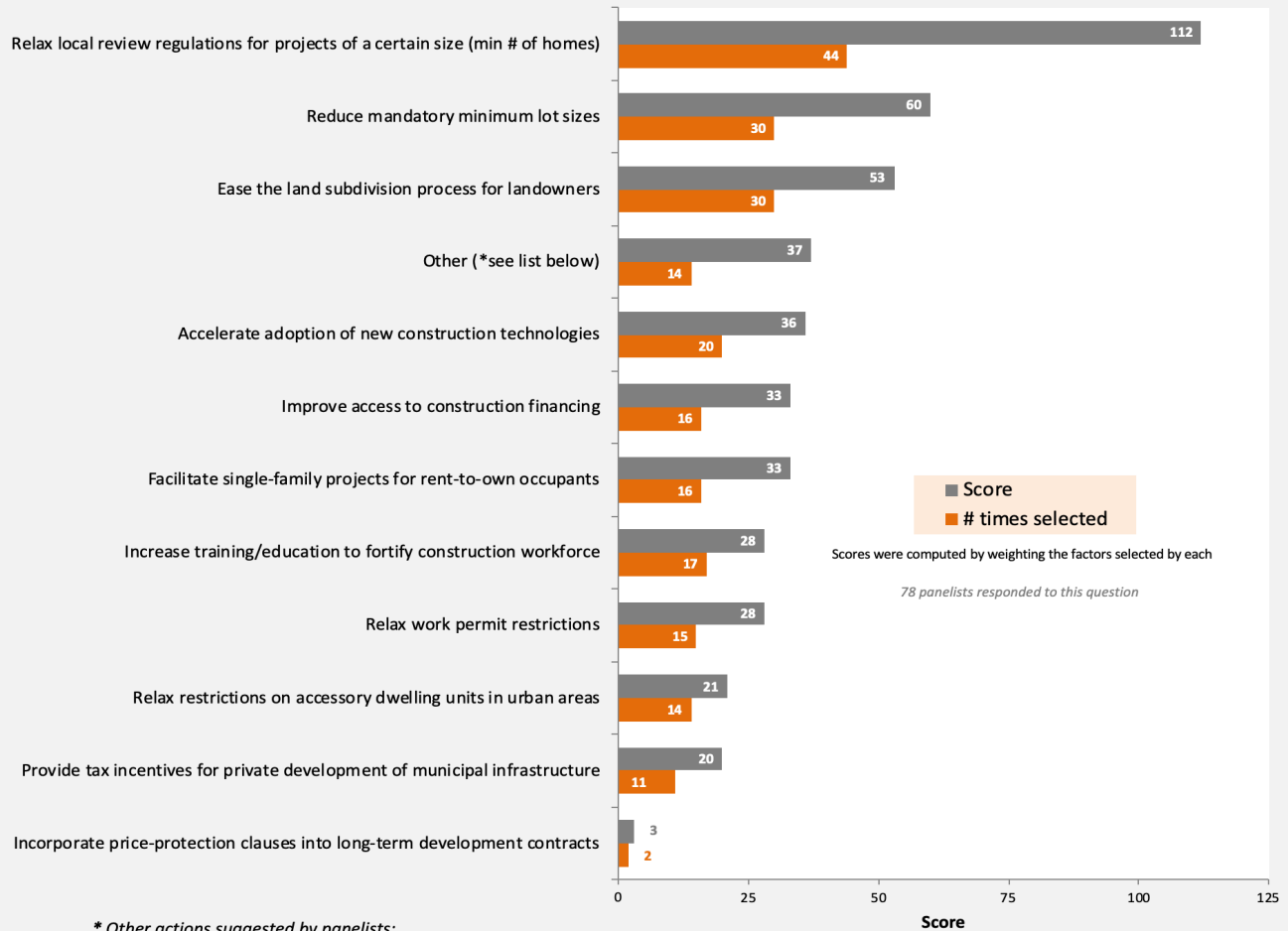
During what year do you expect the annual rate of single family home starts will next reach (a) 1 million units and (b) 1.2 million units?

In What Year Will Single-Family Housing Starts Next Reach...



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In your opinion, which of the following would be the most practical and effective actions to increase new, single-family housing supply in the U.S.? (Please select up to three factors, and then rank them in order of expected effectiveness).



** Other actions suggested by panelists:*

- Accelerate project approvals at local level by establishing time benchmarks and holding local governments accountable for performance.
- Adopt 2-, 3-, and 4-unit zoning by right where currently limited to 1 unit. (examples are Oregon and Minneapolis).
- Eliminate single family only zoning.
- Eliminate tariffs and ease/increase immigration to help solve cost issues in material and labor.
- Eliminate tariffs on Canadian lumber.
- End trade war to lower costs of materials and allow for more immigration.
- Improve income equality.
- It seems the impact from Great Recession is still playing into fear within SF developers/investors. But it is working (worked) in their favor to artificially increase price. This may be changing now. Focus on demand side equation.
- Listed in order: 1. modify tax laws to again provide an incentive for middle-class home ownership 2. adopt policies to increase disposable real income among those households at the margin of becoming home owners 3. adopt tax policies to redistribute the burden from the middle class to the wealthiest segment of the population.
- Local land use regulatory supply barriers are killing supply in some markets and in others, it is a lack of labor and increased material costs.
- Long-term leasing to replace both mortgages and year-to-year renting. Just like cars.
- New finance types and underwriting analytics that use more than just a credit score and draconian DTI to open the buy box.
- Remove immigration and work visa barriers to re-engage laborers who have left the workforce.
- Tackle 11 million undocumented people

Topic: **Rent Price Growth**

Nationwide, home value growth in the U.S. has slowed in recent months. At the same time, median residential rent growth has picked-up after a 2018 slowdown.

What are your expectations for annual residential rent price growth in each of the coming calendar years? (June 2019 YoY Actual: +3.0%)

