

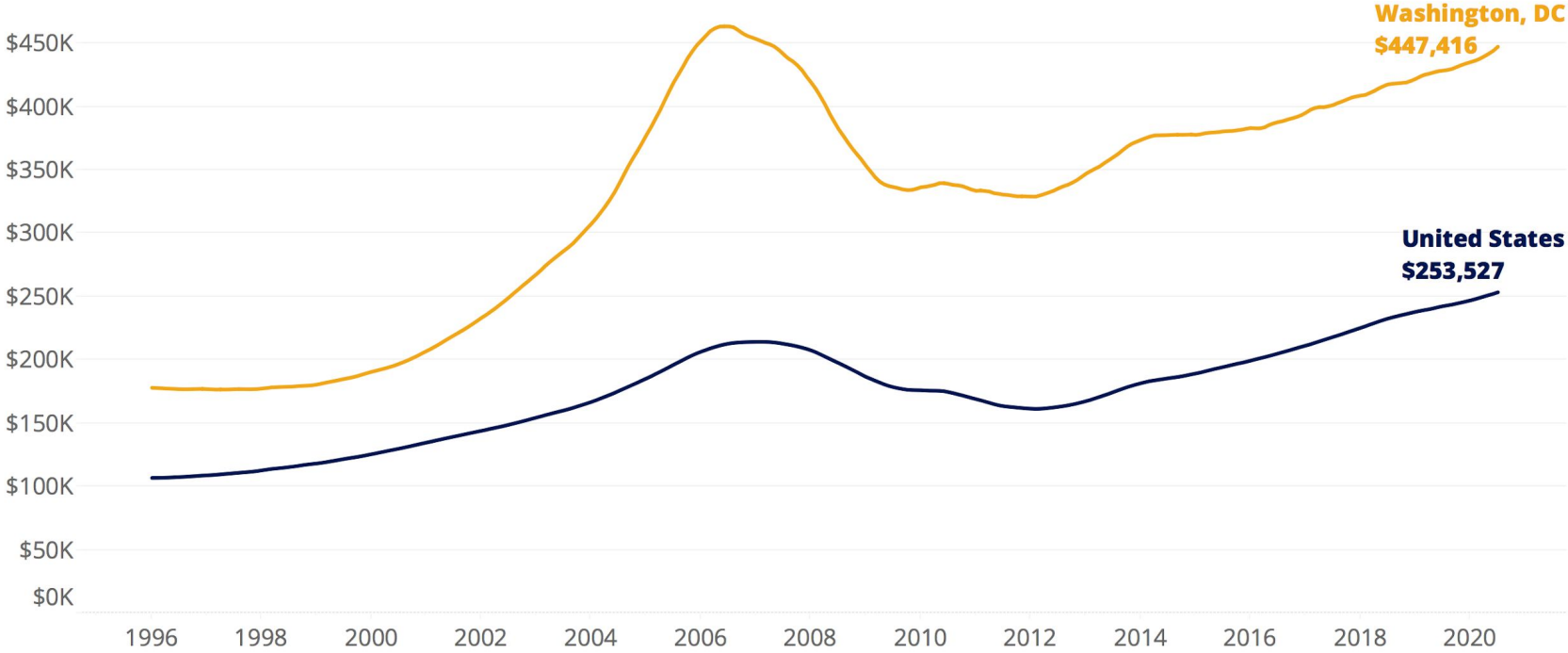
DMV Housing Market Overview

Alexandra Lee
Economist, Zillow



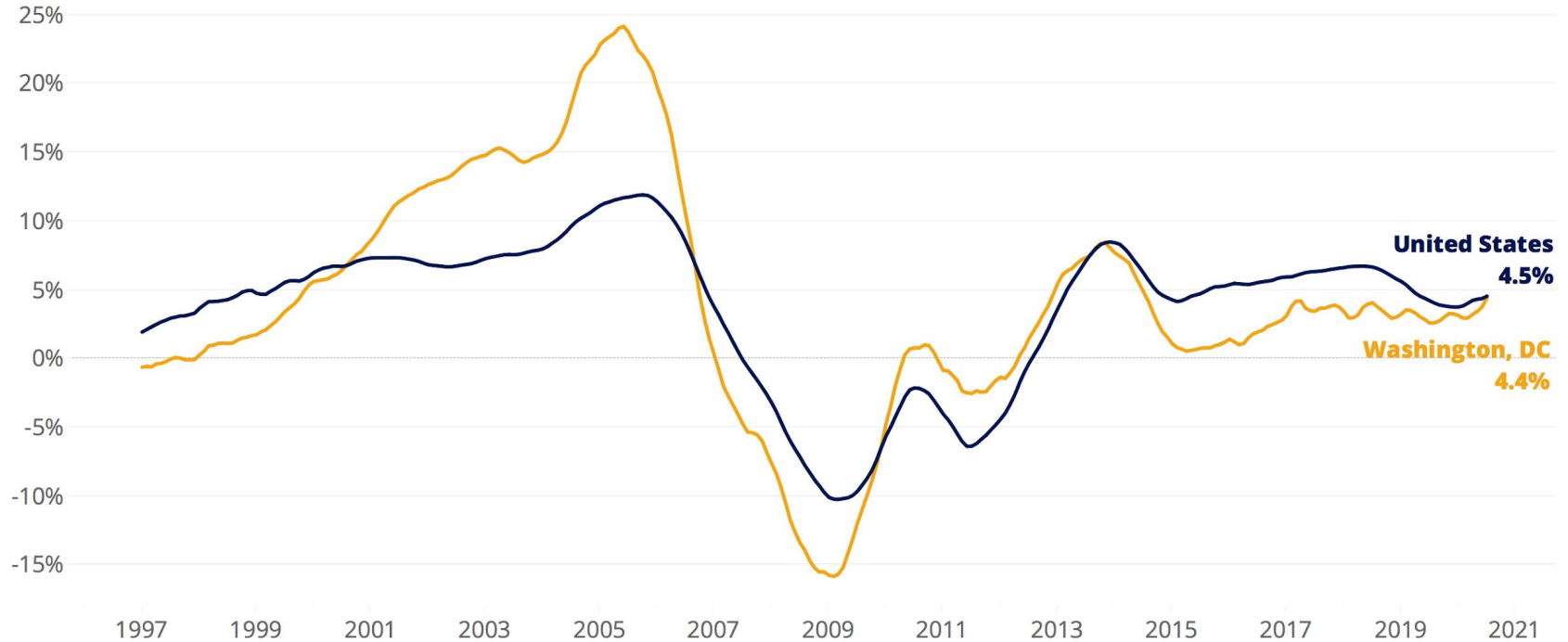
Home values lower than previous peak

Typical home value

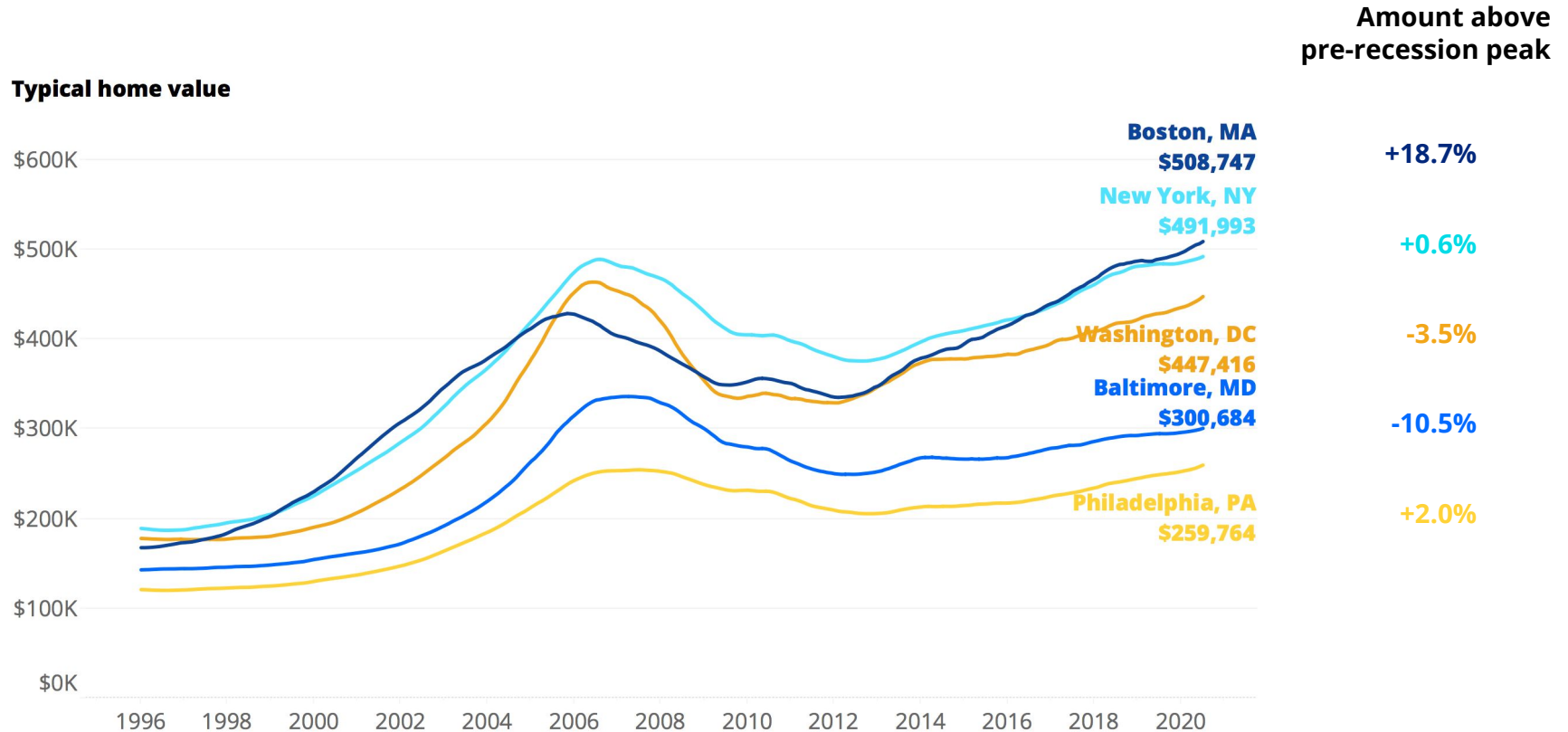


Home value growth flat for the last few years

Typical home value year-over-year growth



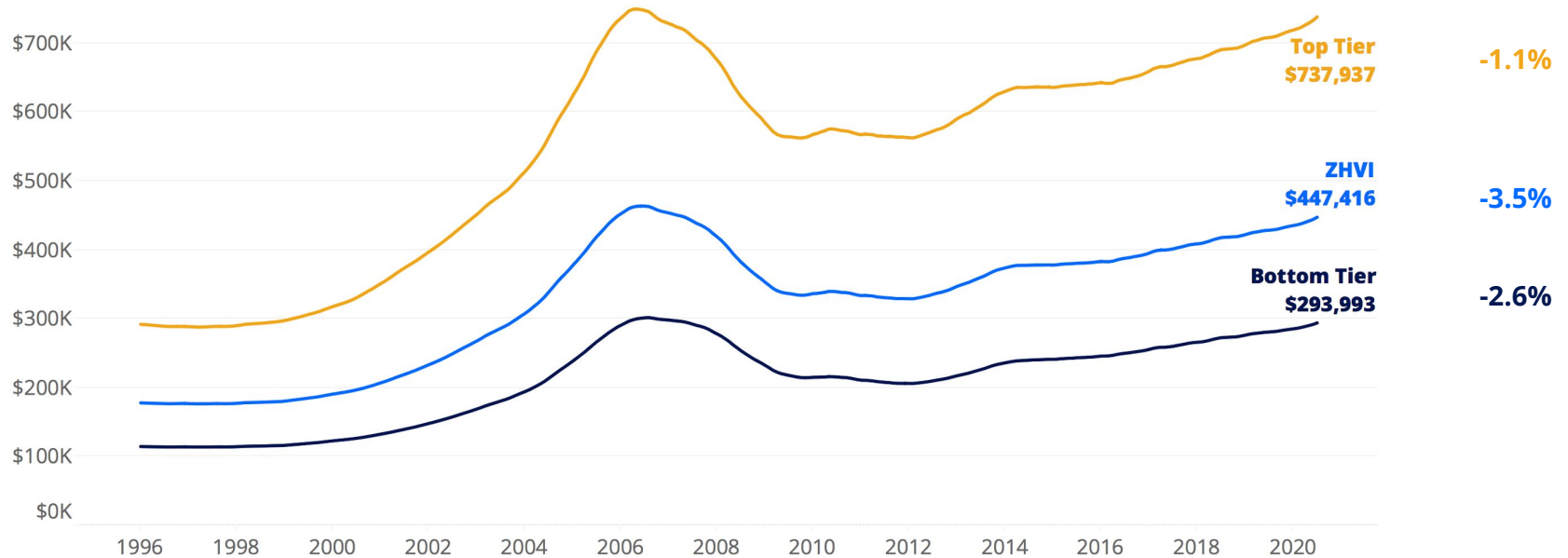
Stable growth compared with peer metros



Higher-priced homes have risen the most

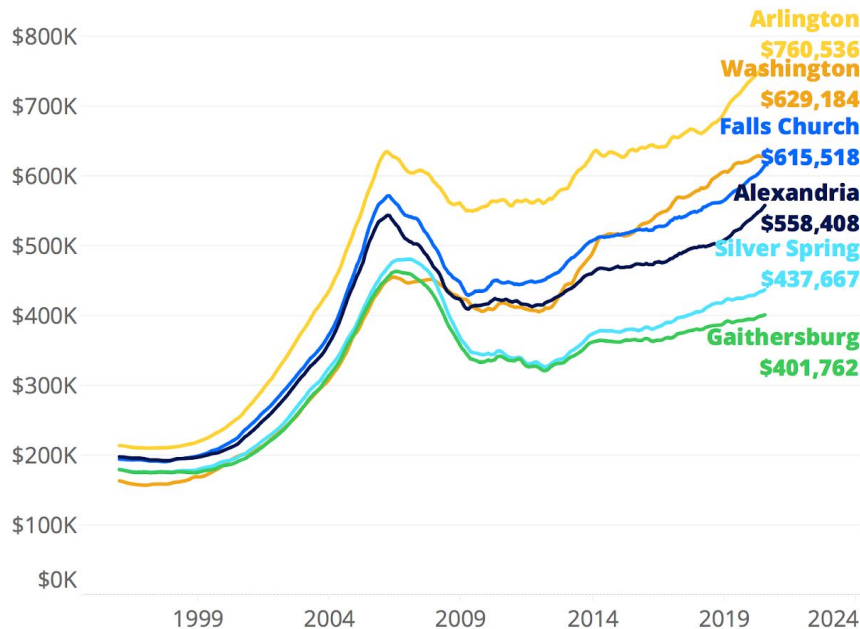
Amount above
pre-recession peak

Zillow Home Value Index, YoY

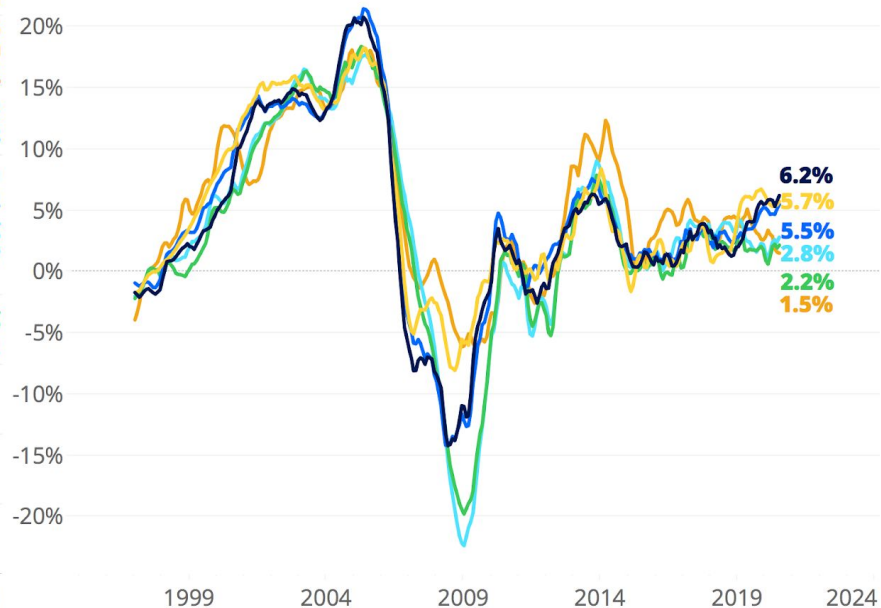


Prices have grown unevenly across cities

Typical Home Value, Cities

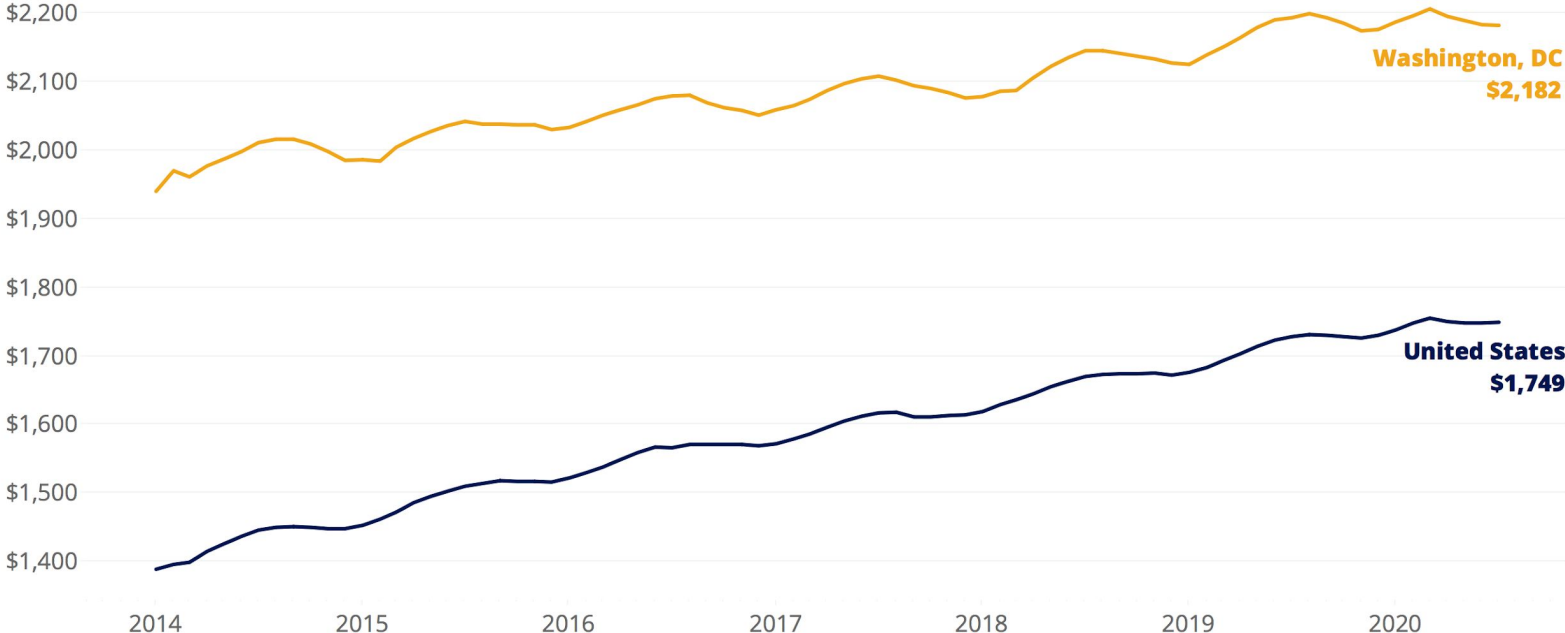


Year-over-year

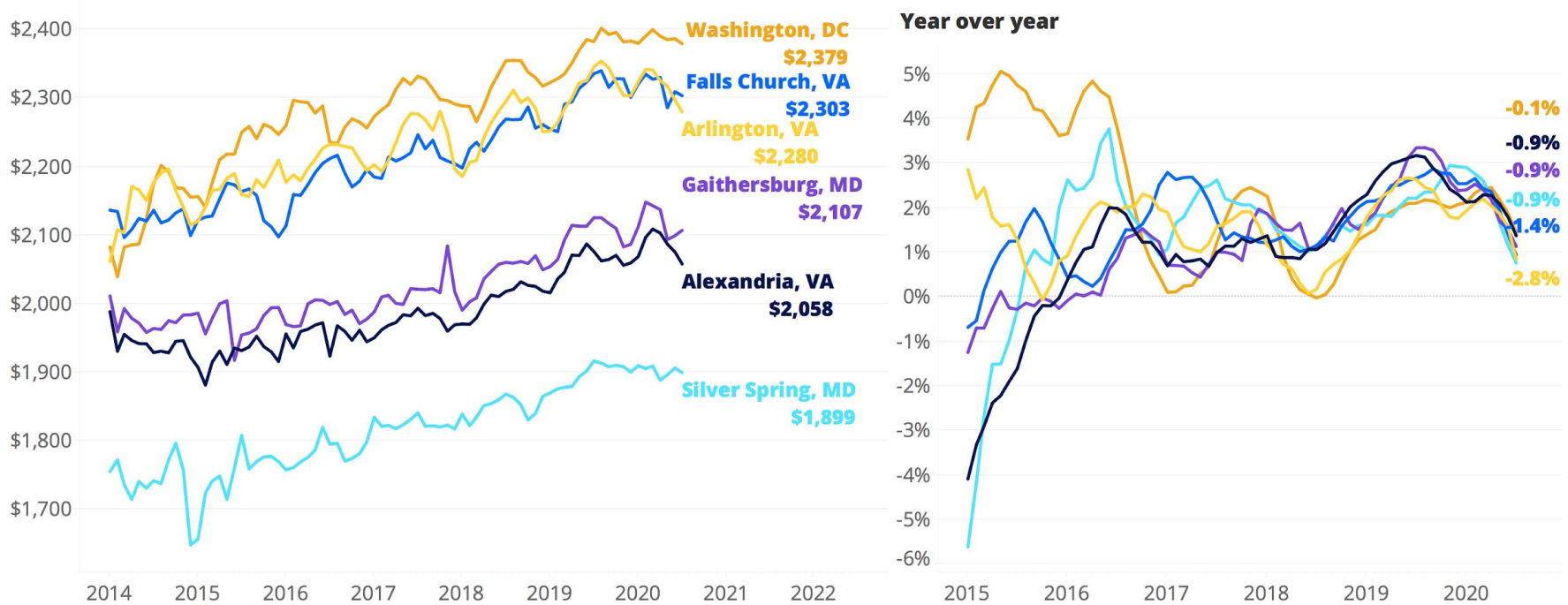


Rents have grown steadily, but are starting to soften

Zillow Observed Rent Index



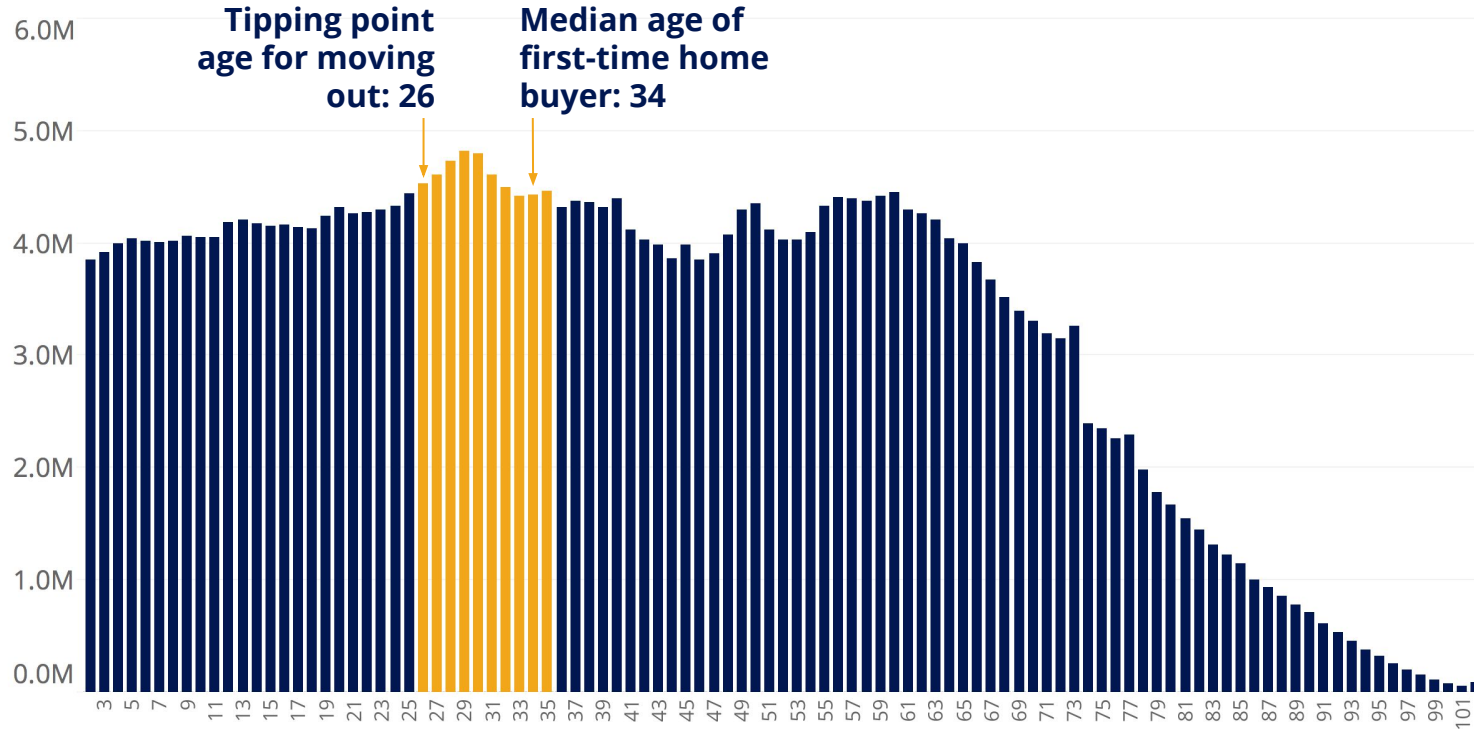
Rents have grown unevenly across cities



Drivers

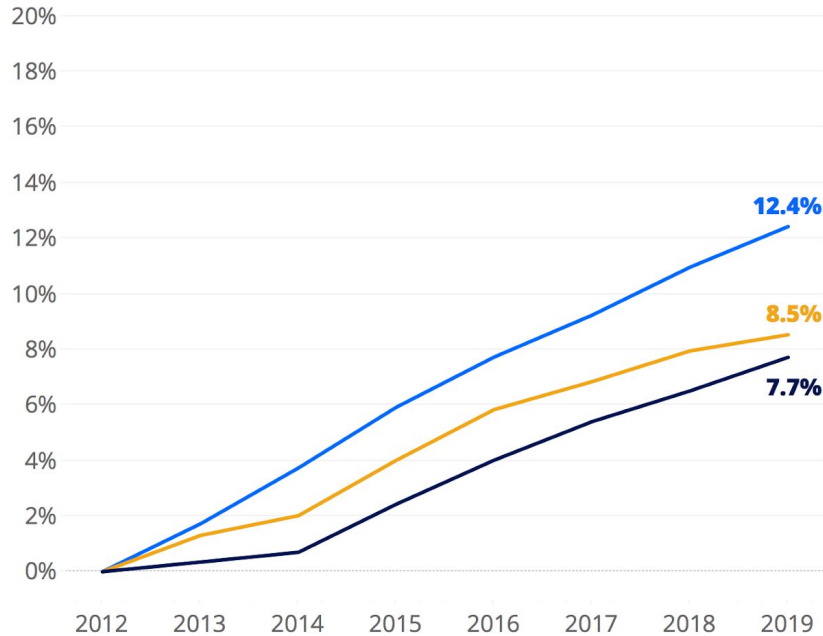
Housing demand powered by a demographic wave

Hitting the market during a record long expansion.

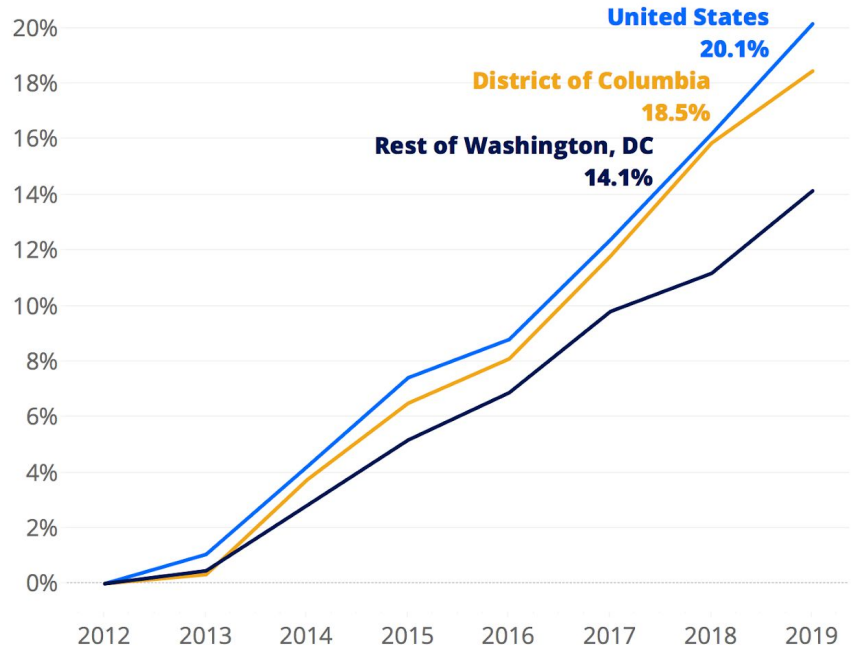


Job, wage growth higher in DC than rest of metro

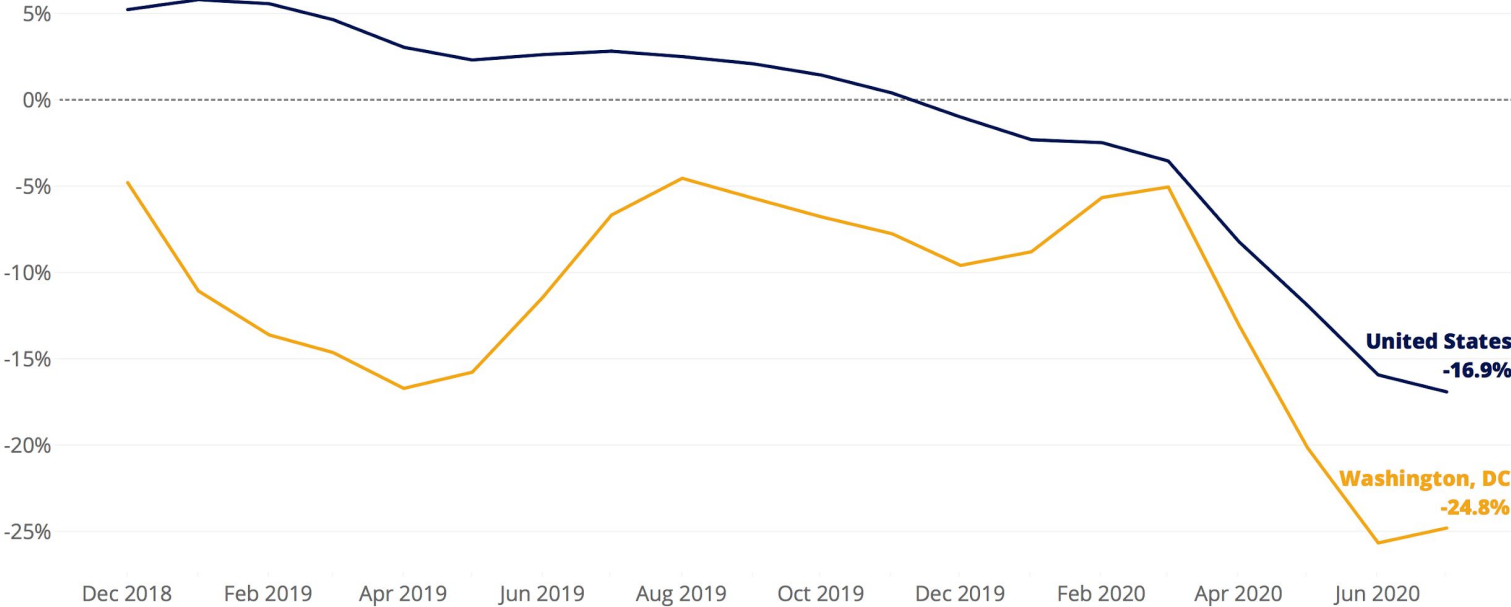
Job growth since 2012



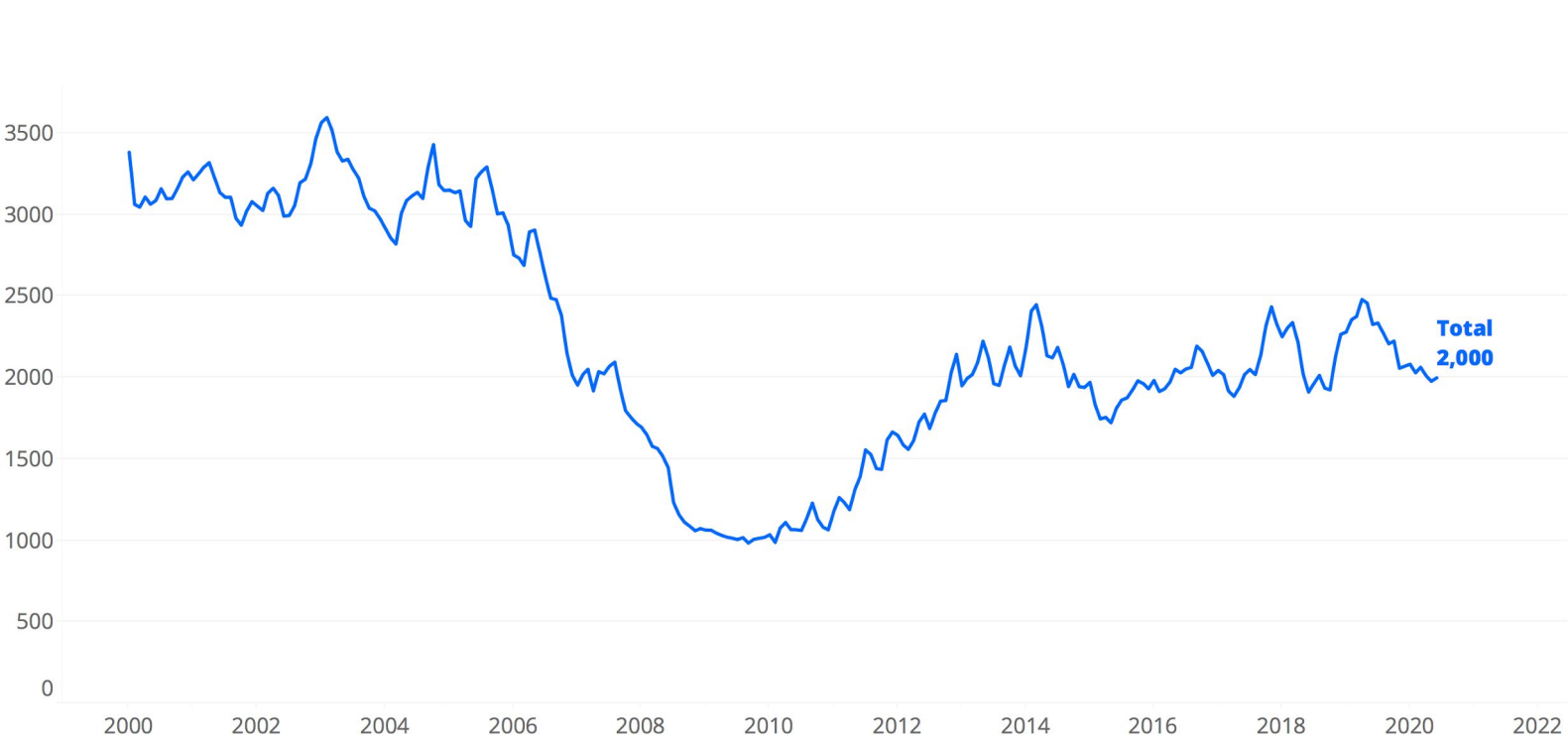
Wage growth since 2012



Inventory has fallen sharply

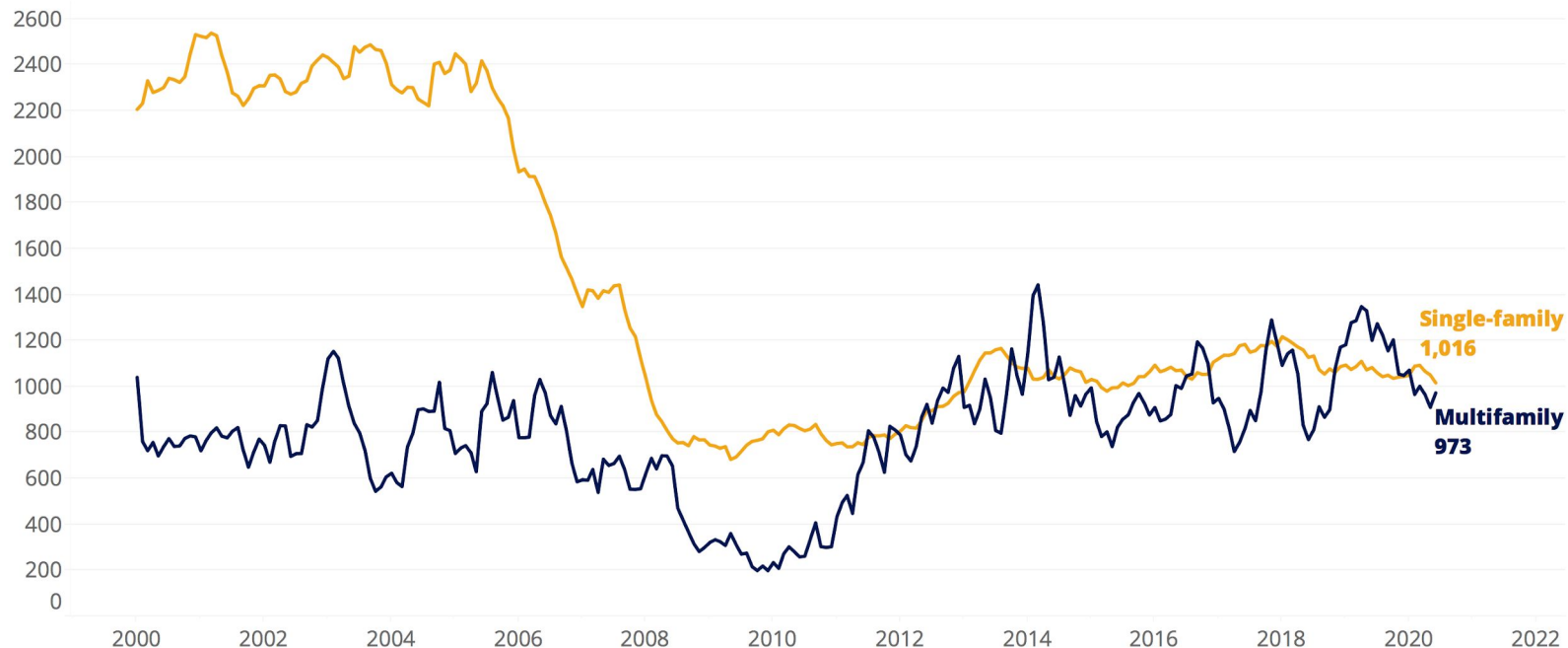


Construction never reached pre-recession levels



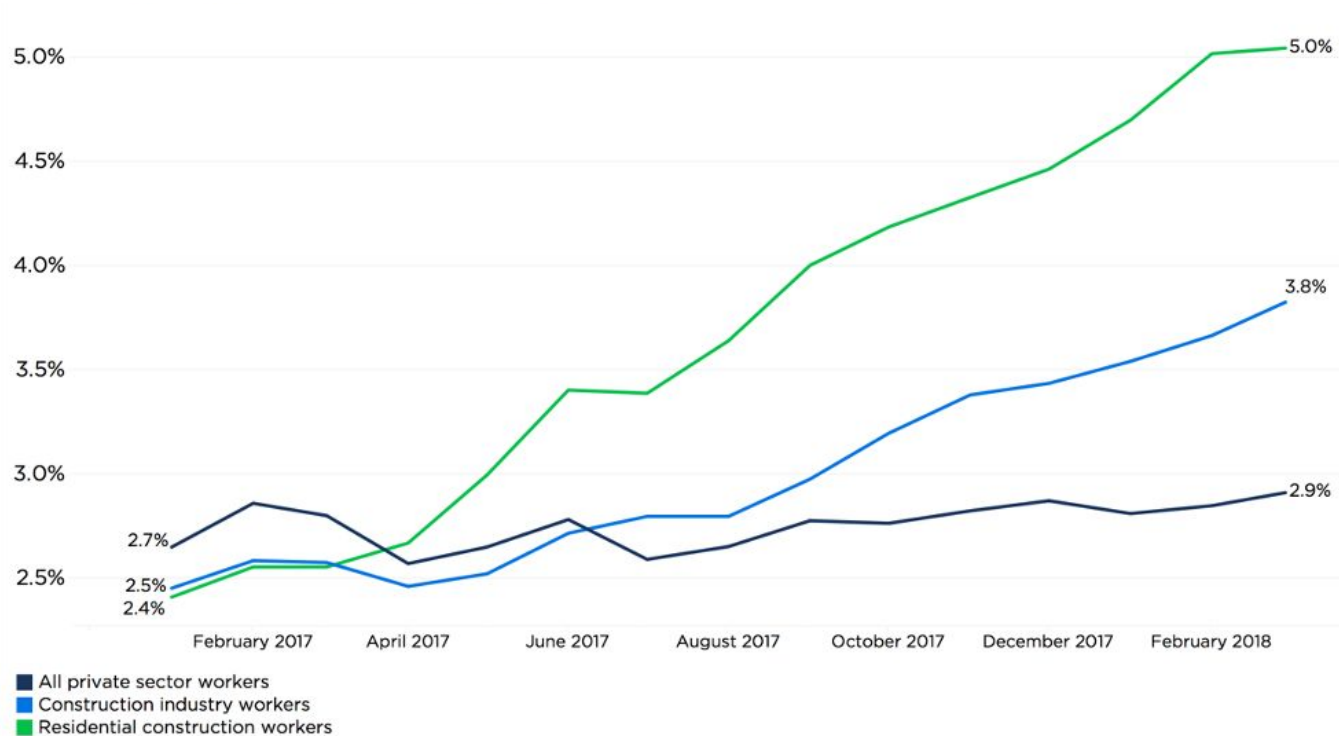
Shortfall driven by less single family construction

Multifamily construction now a much larger share of total construction

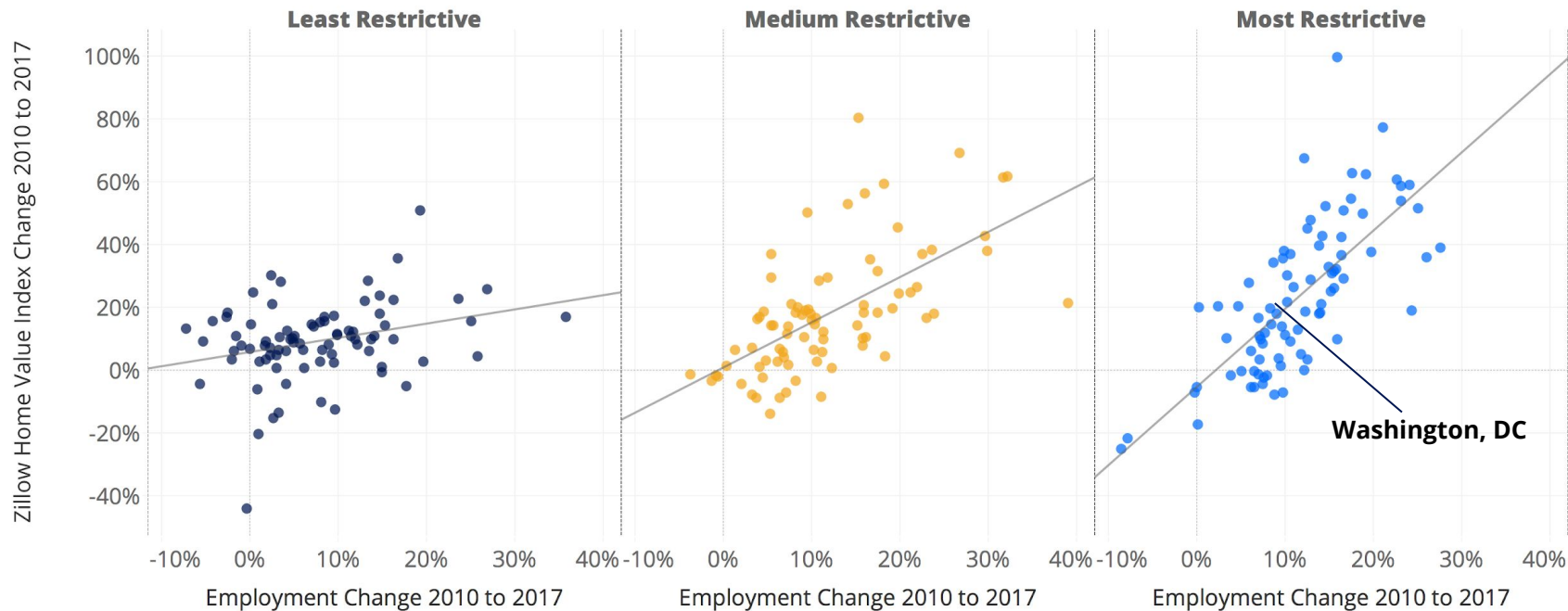


Construction wages steadily climbing

Year-over-Year % Wage Growth (12-month moving average)



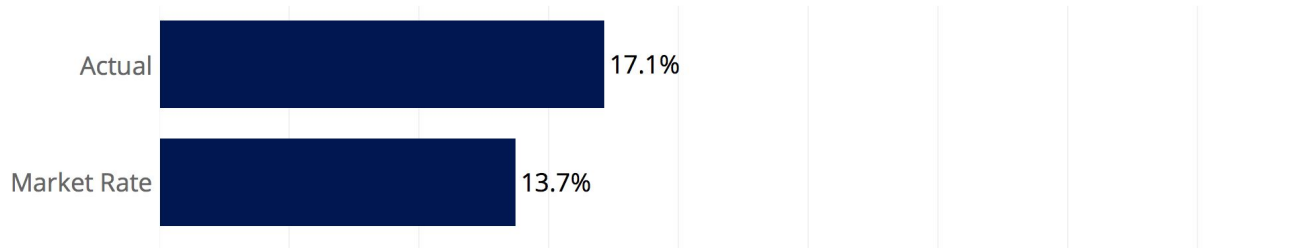
Cities with the most land use restrictions see their home values grow faster when new jobs come to town



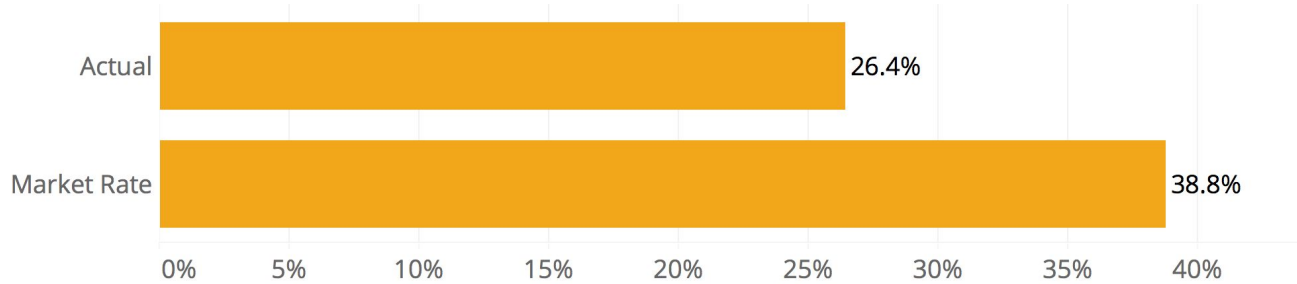
**Where does that
leave us**

Renters more affected by rising unaffordability

Share of income toward mortgage

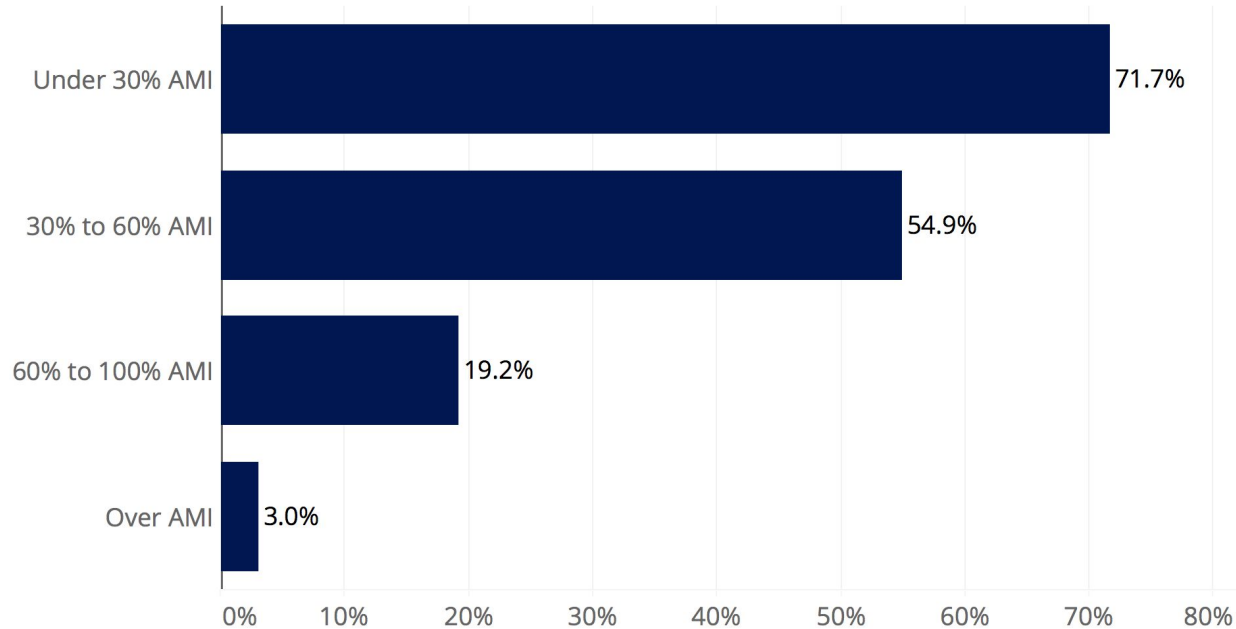


Share of income toward rent

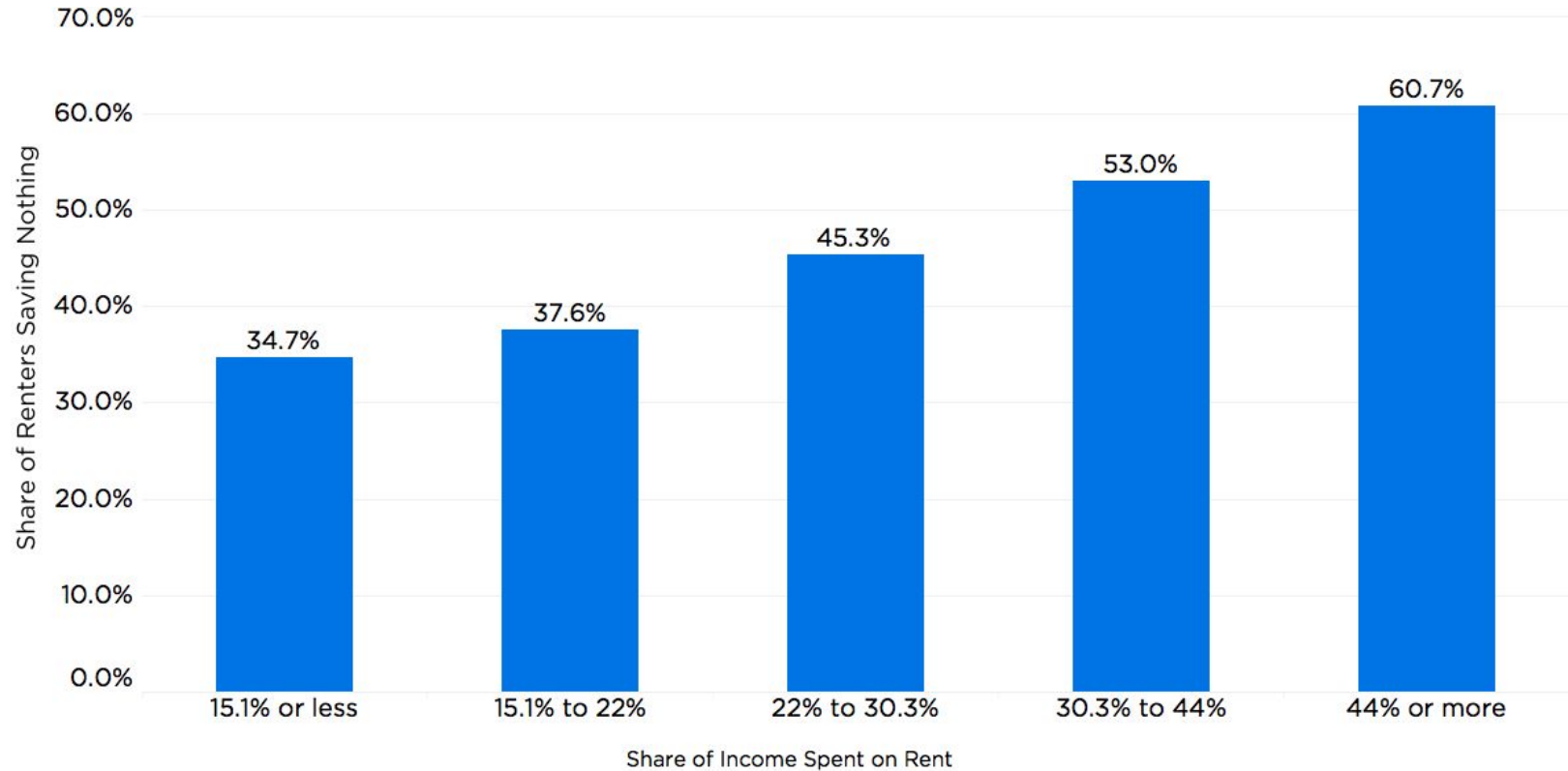


Housing cost burden highest for lowest income

Share paying over 30% of income to housing, by AMI status

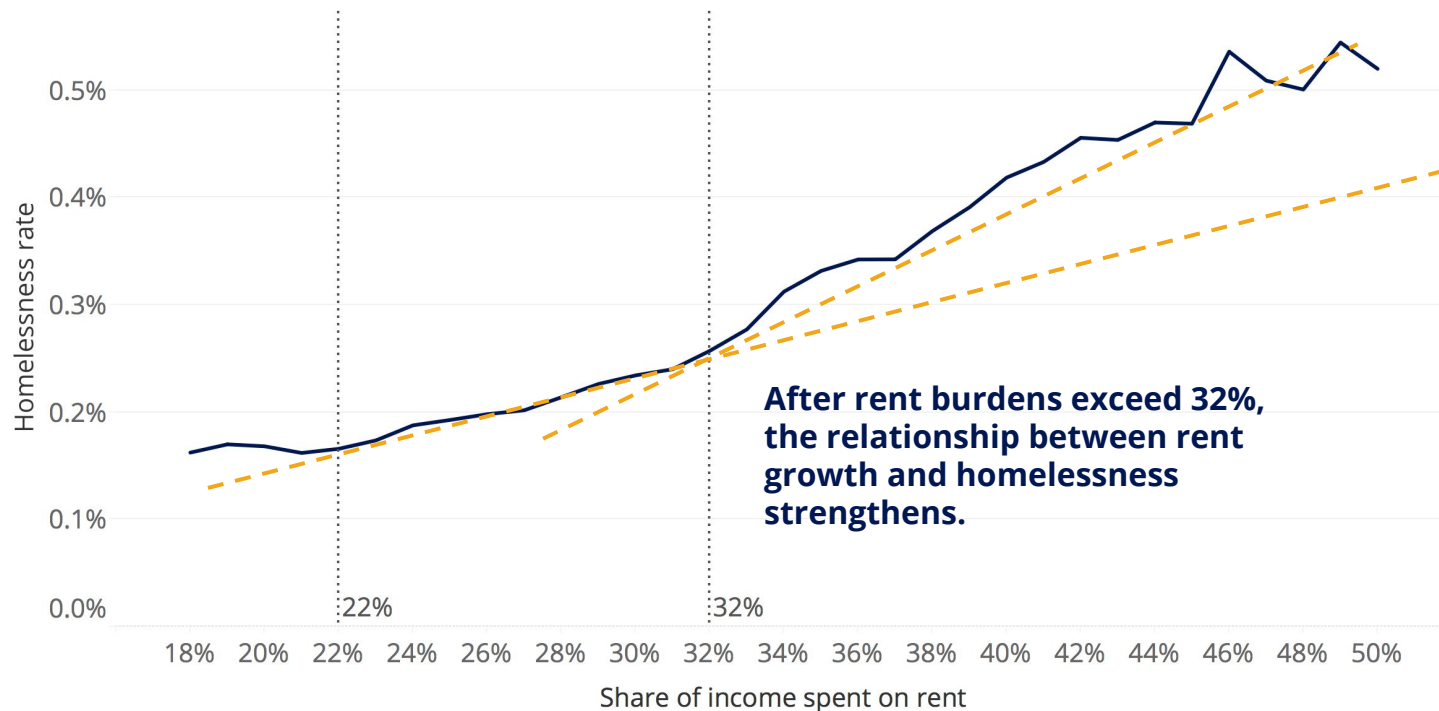


Higher rent burdens increase likelihood of nothing left over for savings



Affordability rule of thumb reinforced by Zillow research on homelessness and rent

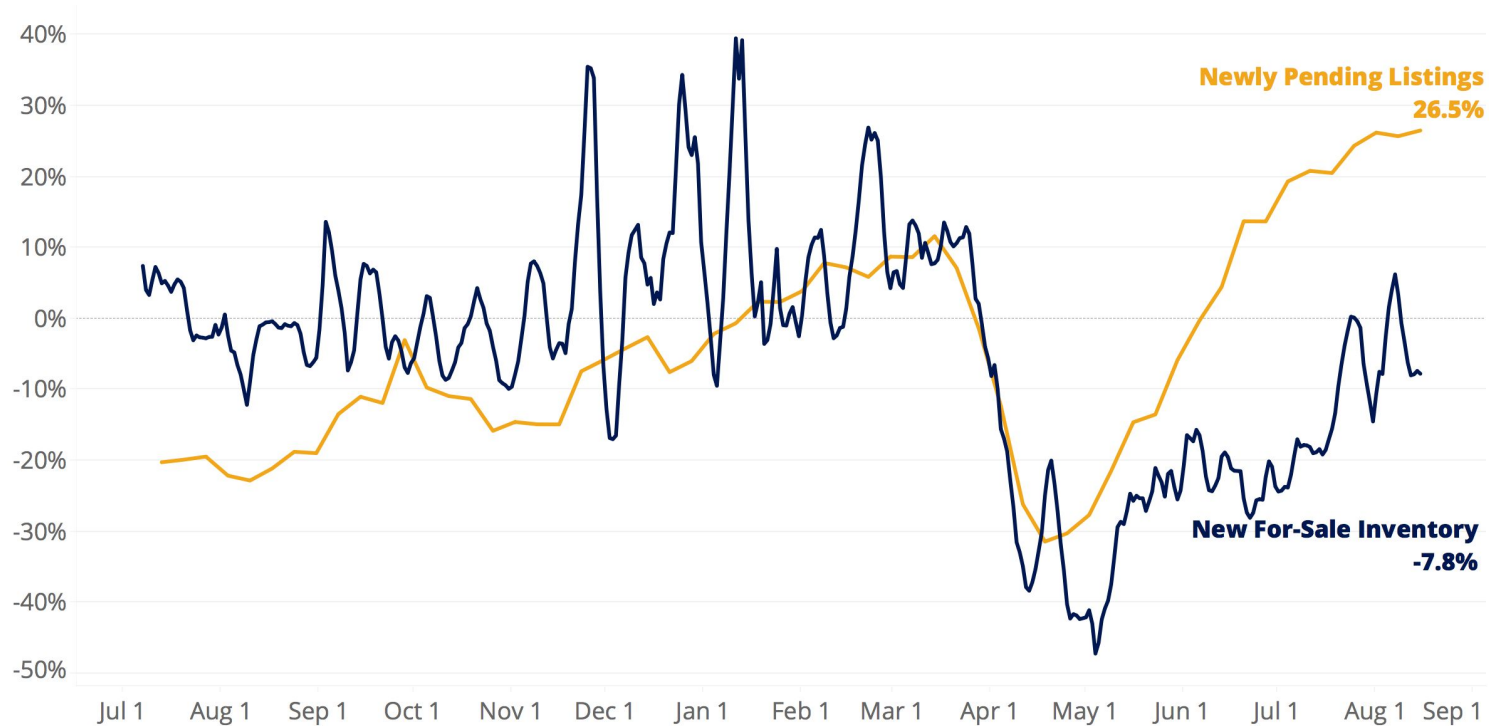
Homelessness rises fast when rent affordability reaches 22% and 32% thresholds



The Market During COVID-19

Buyers returning faster than sellers

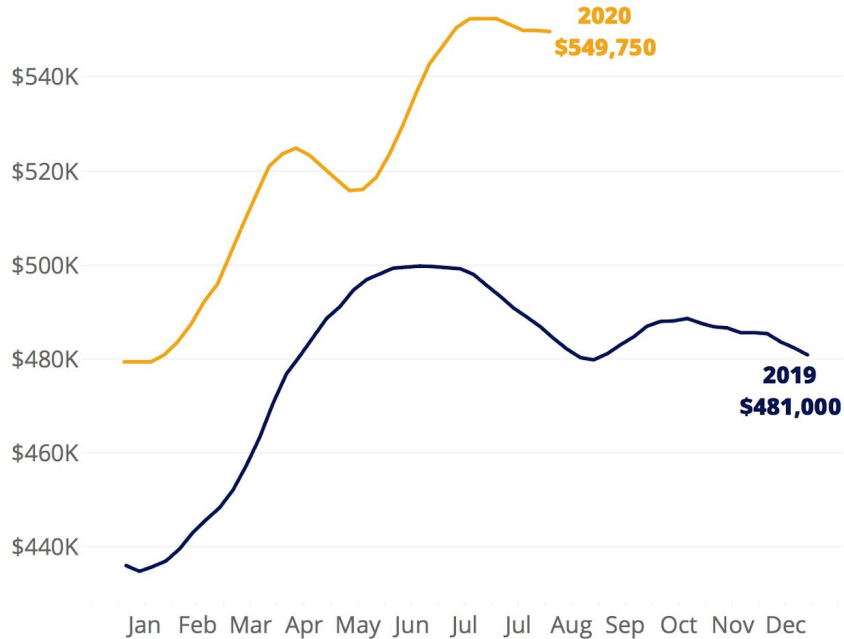
Year-over-year change



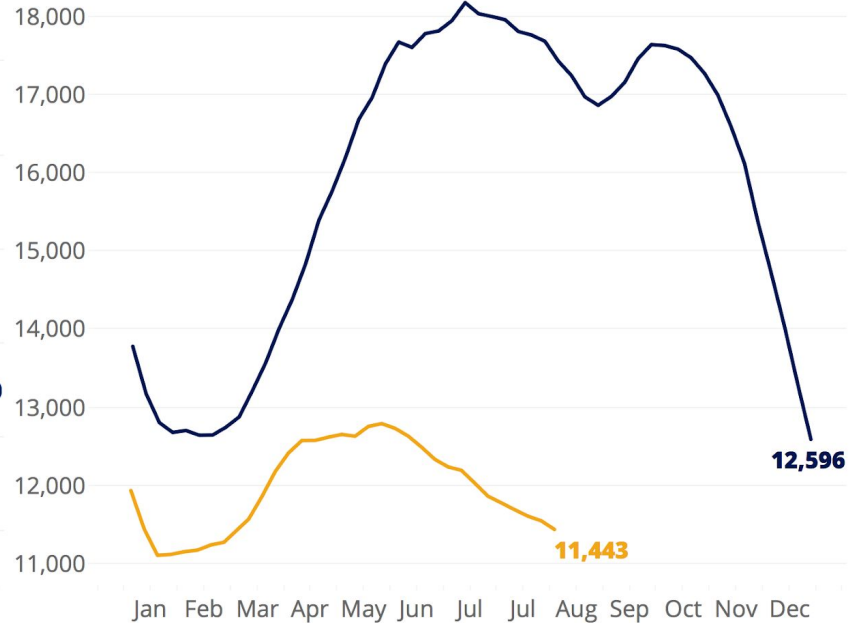
Homebuying as competitive as ever

High prices, low inventory

Median List Price

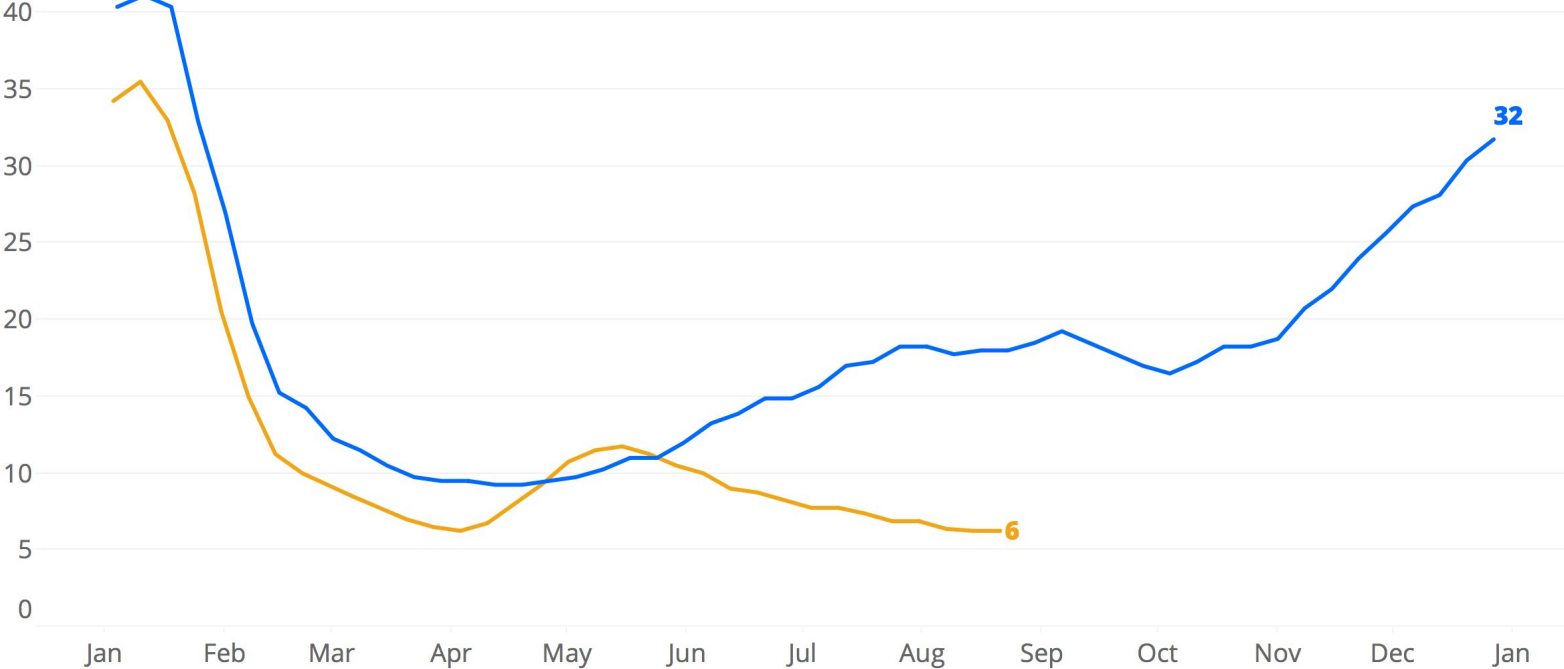


For-Sale Inventory



Homes selling more quickly than last June

Days to Pending in 2019 and 2020



Home value growth holding steady

Supply shock to housing inventory offsets the demand shock from joblessness & income loss

Zillow Home Value Index, YoY



Traffic to for-sale listings have rebounded

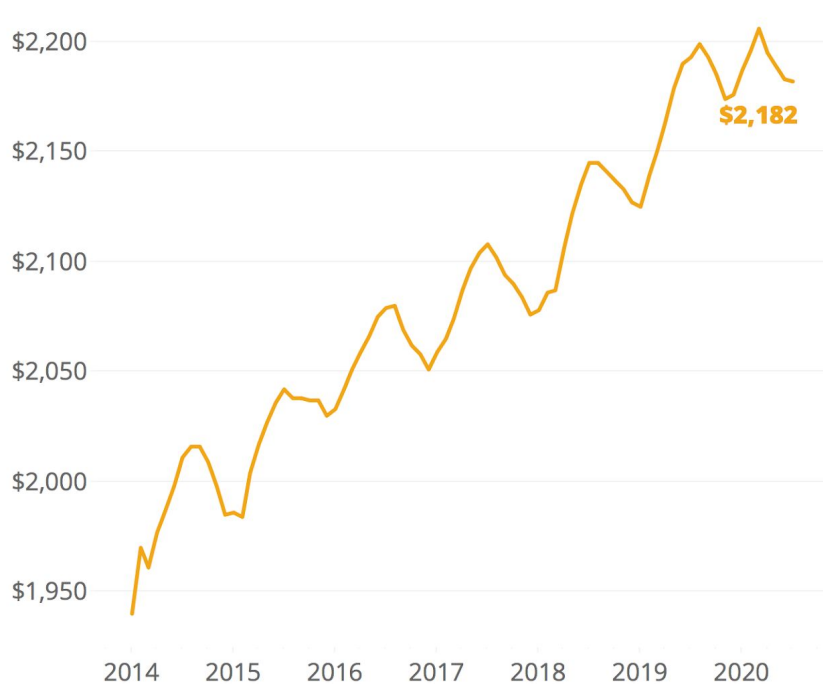
Year-over-year page views for for-sale listings



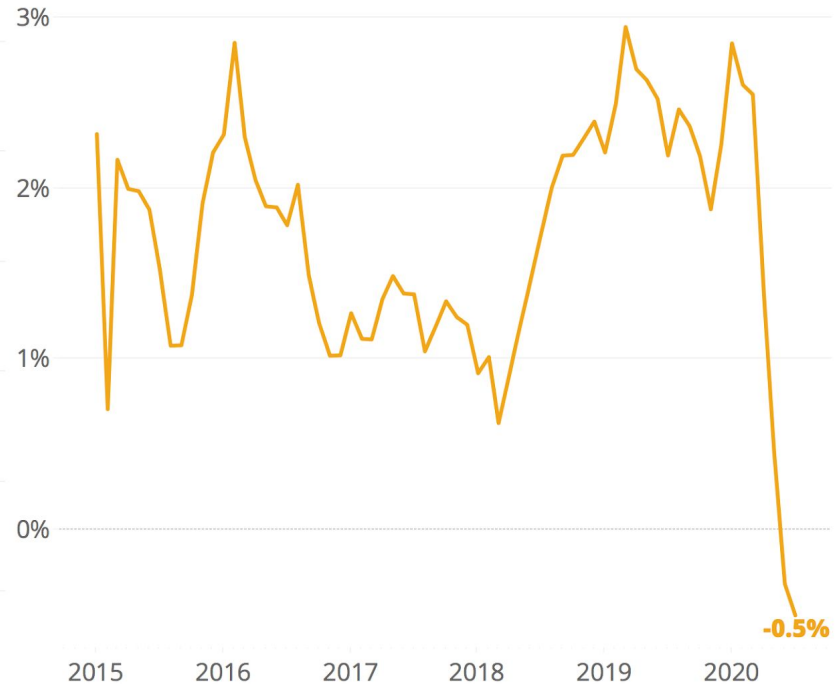
Rental markets are more vulnerable

Renters pursue affordability options like doubling up, rent pressure softens significantly

Zillow Observed Rent Index



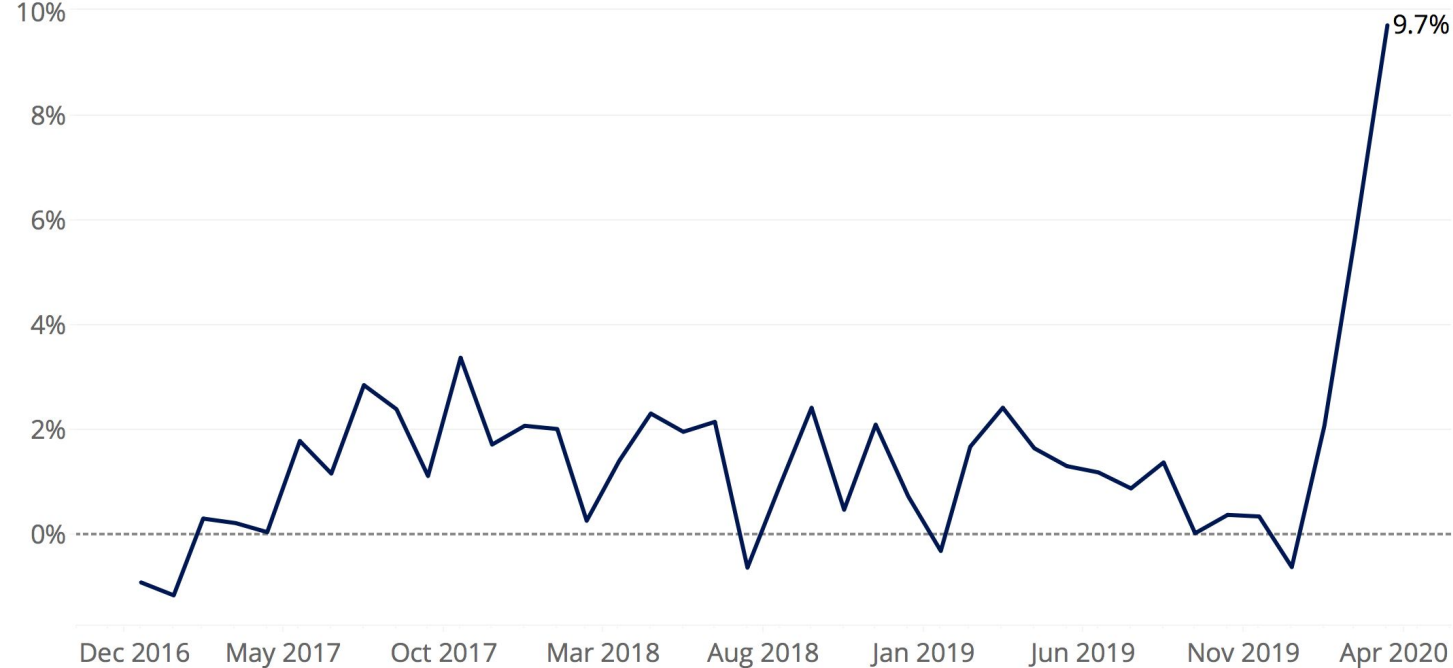
YoY



Millions of Adults Moved Back Home

The number of adults living with a parent or grandparent is at an all-time high

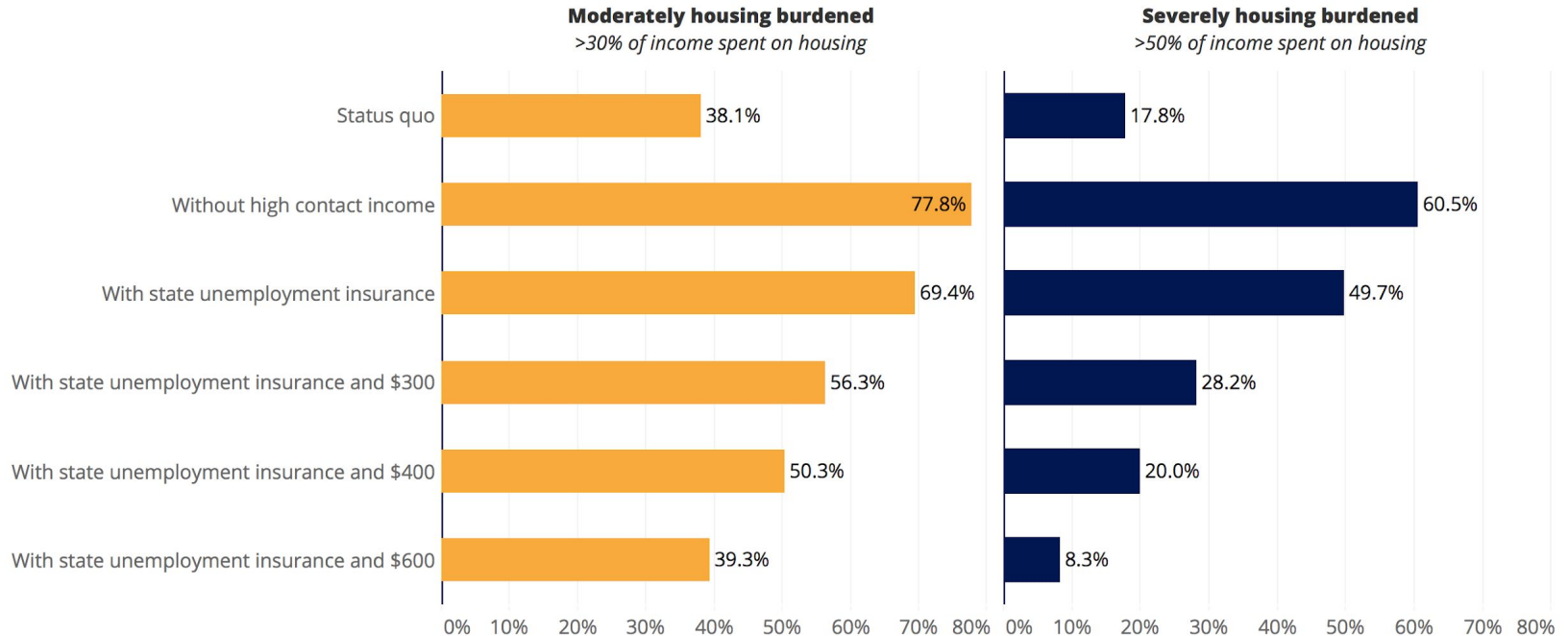
Annual change in number of adults living in a parent's or grandparent's home



CARES Act and renter affordability in DC

Gov't support is necessary to prevent many renters from falling into housing insecurity

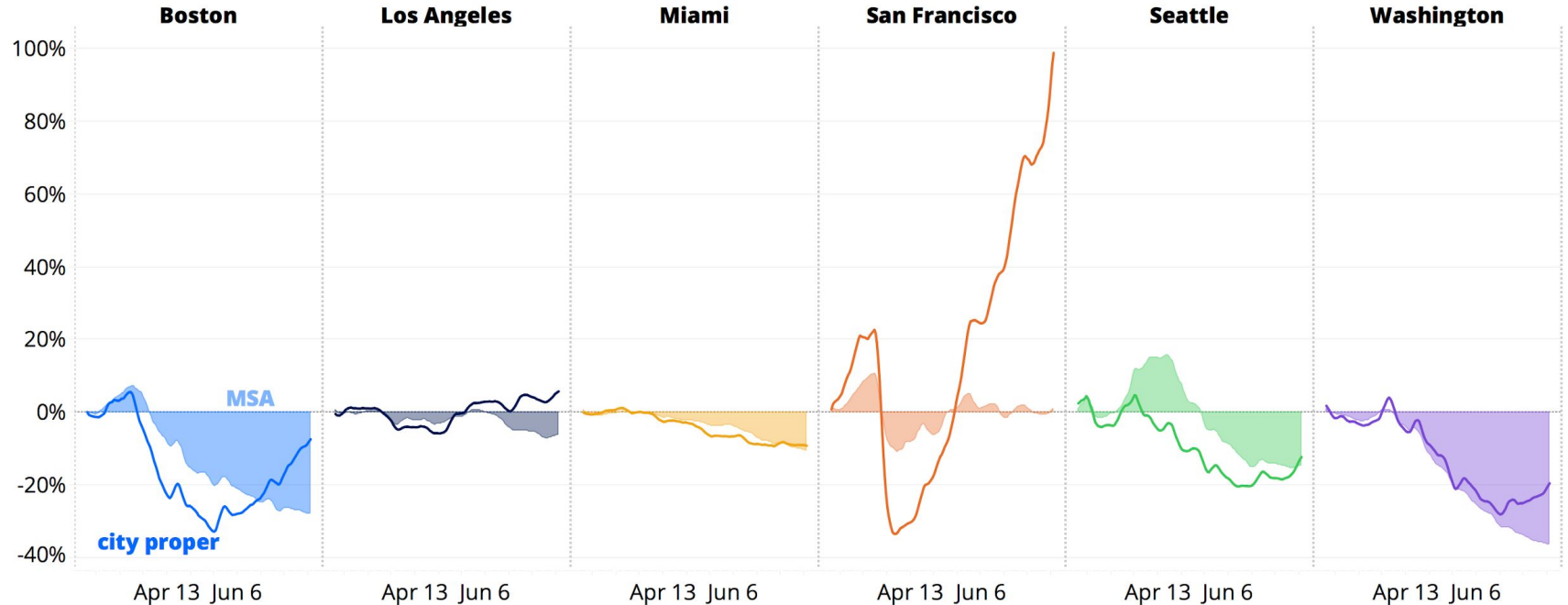
Share of households with high contact-intensive income that are **moderately** and severely housing burdened under different scenarios



Urban vs Suburban Trends

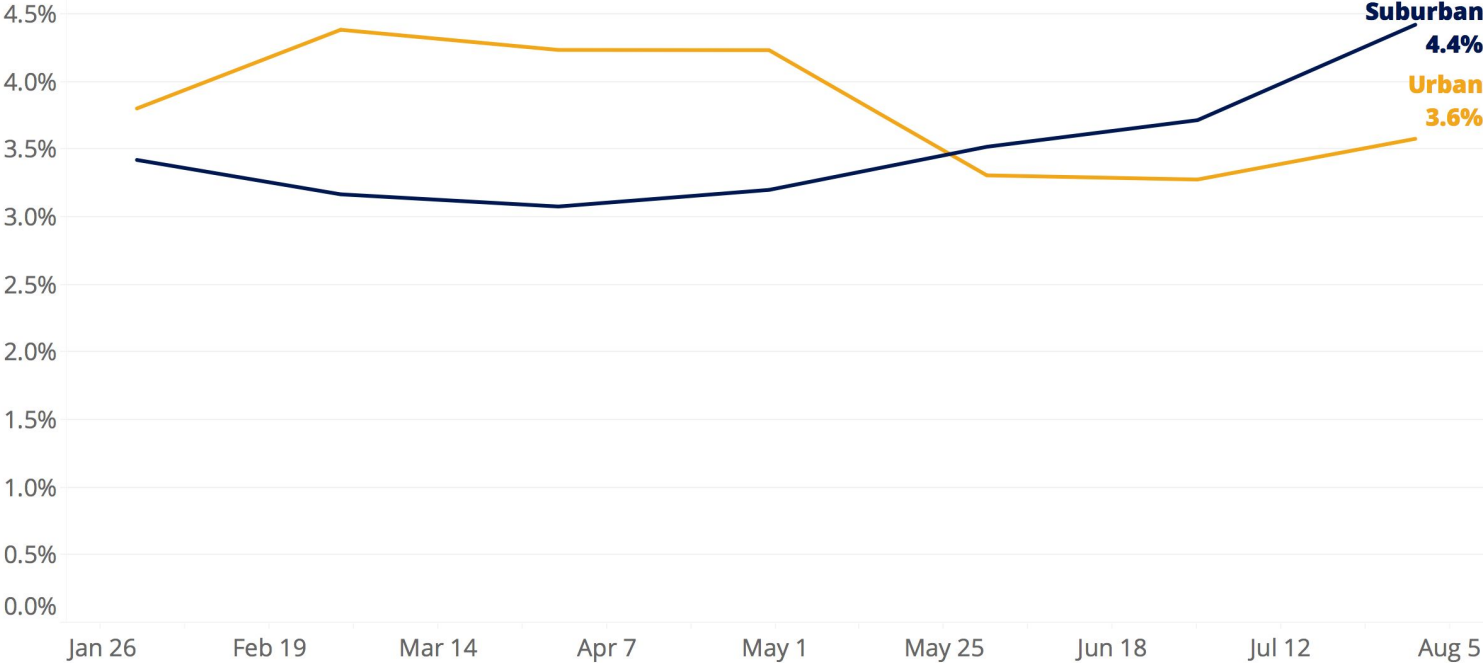
Inventory in DC is recovering compared to rest of metro

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



No clear divergent trends in home values

Zillow Home Value Index



Rents softening, particularly in urban areas

Zillow Observed Rent Index

