

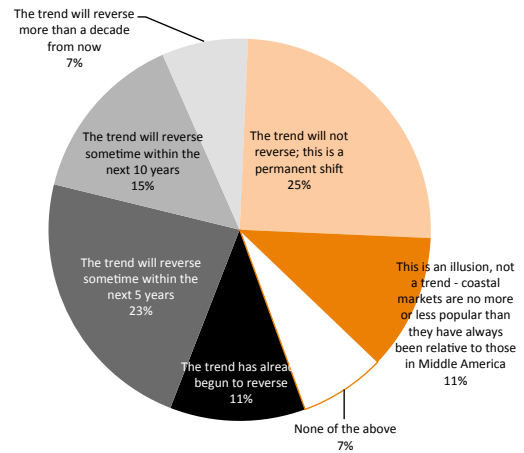
Q3 2016 Zillow Home Price Expectations Survey - Supplemental Questions

Topic: Heartland housing markets vs. coastal housing markets

Since the housing boom and bust gave way to recovery, the U.S. housing market has seemingly split into two unequal parts: Middle America, and coastal America. Home values are growing rapidly in markets on both coasts as hot job markets help keep demand for housing high, and more slowly in the Midwest and Heartland, where negative equity is still pervasive and job growth scant. Americans—especially younger millennials—are moving away from Middle America and to the coasts in large numbers, whether for jobs, lifestyle preferences or both.

Which of the following choices best reflects your view?

Responses	#	Percent	% w/opinion
The trend has already begun to reverse	11	10%	11%
The trend will reverse sometime within the next 5 years	22	19%	23%
The trend will reverse sometime within the next 10 years	14	12%	15%
The trend will reverse more than a decade from now	7	6%	7%
The trend will not reverse ; this is a permanent shift	24	21%	25%
This is an illusion, not a trend - coastal markets are no more or less popular than they have always been relative to those in Middle America	11	10%	11%
None of the above	7	6%	7%
No Response	18	16%	n/a
Total	114	100%	100%



Follow-up question asked of the 54 respondents who said that the trend has already begun to reverse, or expect that it will reverse:

In your opinion, which one of the following will be the predominant reason that housing markets in Middle America will re-gain popularity?

	#	Percent
Job growth in the middle of the country will begin attracting more residents again as corporations look for cheaper places to expand	30	56%
High housing costs in coastal markets will push many residents away and toward cheaper markets in the middle of the country	13	24%
In the future, Americans will seek traditional quality of life advantages that housing markets in Middle America offer, e.g., more space, better schools, and fewer unsafe neighborhoods	7	13%
Other (write-in responses; see below)	3	6%
Climate change and increasingly damaging and volatile weather will force more Americans away from the coasts	1	2%
Total	54	100%

*Other responses:

"The start-up tech, biotech etc sectors -- that rely on external capital to survive and that arguably are an already deflating bubble -- have been a leading driver of the migration, which has led to a sharp increase in home sales, rental occupancy rates, home prices and rental rates. As funding continues to tighten forcing these sectors to become profitable or die continued consolidation and layoffs will encourage emmigration. Already in San Francisco County for example, condo supply is up over 100%yy while sales down double-digit percentages. Not even in 2008 did supply surge 100% over the period of a single year as demand crashed. We are seeing similar things happen in higher end regions such as Miami and NYC for different reasons but all tied to the tightening of the credit and liquidity spigot."

"More QE from The Fed will bring inflation and home prices rising following the next recession."

"Rental options will become relatively more favorable in coastal areas than in middle America."

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Topic: Urban housing markets vs. suburban housing markets

The U.S. housing market has also experienced a notable shift between urban and suburban communities. The suburban home – long a symbol of success, stability and the American Dream – appears to be losing some of its luster as urban homes grow in value more quickly. But this has also raised some affordability concerns in a number of large markets for both long-time city residents and newcomers.

Which of the following choices best reflects your view?

Responses	#	Percent	% w/opinion
This is a permanent shift - urban living will remain more popular than the suburban lifestyle	21	19%	22%
The shift is temporary - the suburbs are already regaining popularity as they evolve to offer more urban amenities such as walkable town centers	29	26%	30%
The shift is temporary - suburban living will regain its past popularity, but not for several more years	26	23%	27%
If there has been a shift, it has been overstated - relative to urban living, suburban life has never really lost its appeal to most Americans	21	19%	22%
None of the above	0	0%	0%
No response	16	14%	n/a
Total	113	100%	100%

