Housing Market Recap
Market recap: Supply remains anemic
Market recap: Wage growth still below home value growth
Market recap: Rent appreciation is back on!

Source: Zillow Rent Index, January 2020.
Affordability remains a challenge, especially for home buyers.
Demographic Shifts Reshaping the Housing Market
Delayed adulthood impacts housing

Trends of 23-34 Year Olds
- Percent Ever Married
- Percent With Children
- Homeownership Rate

- 1975: 80%
- 2020: 27.5%

Zillow
Saving for a down payment is more difficult than ever
Young people striking out on their own later

Percentage point difference in share of people living independently versus with parents or roommates, by age

- **1980**
- **2017**

![Chart showing percentage point difference in share of people living independently versus with parents or roommates, by age.](chart.png)
Seniors are downsizing later, aging in place

In 2005, more senior households were moving into multifamily than single family housing by age 75.

In 2016, this inflection point had shifted to age 80.
Wave of Boomer-occupied inventory set to hit housing markets

When Will The Silver Tsunami Hit?
Currently owner-occupied homes whose residents will be seniors (60+) and are estimated to pass away (annual, U.S.)

Estimated average, 2007-2017

Source: U.S. Census (American Community Survey) and Social Security Administration; Analysis by Zillow.
Notes: See Data and Methodology Section for details.
Coping Mechanisms and Implications in the Age of Housing Unaffordability
More millennials live at home in places where rent consumes a larger share of income.
Married couples with roommates more common
Price growth spilling over to wider geographies

Commute Times (to Downtown Core) and Home Values and Rents for San Francisco
Commute ‘til you qualify

Median Rent by Commute Time

Median Home Value by Commute Time

Commute Ring Text
- Less than 15m
- 15m to 30m
- 30m to 45m
- 45m to 60m
- 60m to 75m
- 75m to 90m
- 90m to 105m
- More than 120m

More than 120m

Zillow
People with higher rent burdens more likely to forego health expenses

Source: Zillow Consumer Housing Trends Report, 2019
Nationally rents are up, yet homelessness counts have fallen
Modeling for the systemic undercount from PIT estimates
Modeling for the systemic undercount from PIT estimates

- Predicted count: 660K
- Point in time count
When a community reaches an affordability tipping point, the link between rent burdens and homeless rates grows stronger.
In some places, a median-income renter already pays more than 32% of income to rent the typical home.
Some Solutions to Increase Housing Supply
How increased density can add to the mix of housing units

Los Angeles, CA CSA
Share of new homes built by 2040, by structure type

- If 1 in 5 single-family lots accommodate 4 homes
- If 1 in 10 single-family lots accommodate 4 homes
- If 1 in 10 single-family lots accommodate 3 homes
- If 1 in 10 single-family lots accommodate 2 homes
- If 1 in 50 single-family lots accommodate 2 homes

Under status quo -

- Single-family
- 2-49 units
- 50+ units

Percent

Zillow
How much housing could upzoning add?

Los Angeles-Long Beach, CA CSA
Homes in 2040 (millions)

If 1 in 5 single-family lots accommodates 4 homes
If 1 in 10 single-family lots accommodates 4 homes
If 1 in 10 single-family lots accommodates 3 homes
If 1 in 10 single-family lots accommodates 2 homes
If 1 in 50 single-family lots accommodates 2 homes
Under status quo
Existing today

Source: U.S. Census; analysis and estimation by Zillow.
Notes: See Data and Methodology section for details.
### Increasing mix of housing offers more opportunities for renters

<table>
<thead>
<tr>
<th>Poverty rate among renters: by structure size and age</th>
<th>1940s and before</th>
<th>1950s</th>
<th>1960s</th>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
<th>2000s</th>
<th>2010s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family residence</td>
<td>37.5%</td>
<td>33.7%</td>
<td>32.6%</td>
<td>29.2%</td>
<td>27.3%</td>
<td>23.7%</td>
<td>23.1%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Duplex/Triplex/Quad</td>
<td>35.1%</td>
<td>36.5%</td>
<td>39.4%</td>
<td>38.0%</td>
<td>36.9%</td>
<td>36.2%</td>
<td>36.5%</td>
<td>37.0%</td>
</tr>
<tr>
<td>5-49 units</td>
<td>35.4%</td>
<td>40.8%</td>
<td>38.9%</td>
<td>37.2%</td>
<td>32.9%</td>
<td>34.6%</td>
<td>31.2%</td>
<td>29.3%</td>
</tr>
<tr>
<td>50+ units</td>
<td>32.6%</td>
<td>35.5%</td>
<td>33.7%</td>
<td>34.5%</td>
<td>31.4%</td>
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</tr>
</tbody>
</table>
ADUs are on the rise in markets that have relaxed regulations.
Thank you

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