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Home Values & Prices

- Home value growth in most California markets is strong and has been largely uninterrupted by COVID.
- Sellers have an advantage in the market, and are pricing aggressively.
California Home Values Are at All-Time Highs

Zillow Home Value Index

- Los Angeles, CA: $739,930
- Riverside, CA: $427,863
- Sacramento, CA: $475,045
- San Diego, CA: $678,665
- San Francisco, CA: $1,167,602
- San Jose, CA: $1,287,714
Home Value Growth is Largely Strong, Despite Covid

Zillow Home Value, Year-over-year change

Los Angeles, CA  Riverside, CA  Sacramento, CA  San Diego, CA  San Francisco, CA  San Jose, CA

-20% -15% -10% -5% 0% 5% 10% 15% 20% 25% 30% 35%


9.3% 10.3% 10.8% 12.5% 5.9% 15.2%
Urban Areas Still Show Strength in West

Pending sales, new inventory and inventory growth in **urban** and **suburban** markets in the **West**

- **Pending Sales**
- **New Inventory**
- **Inventory**

Asking Prices are Near All-Time Highs...

### Median List Price

<table>
<thead>
<tr>
<th>City, State</th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles, CA</td>
<td>$800K</td>
<td>$982,383</td>
</tr>
<tr>
<td>Riverside, CA</td>
<td>$600K</td>
<td>$489,966</td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td>$589,967</td>
<td>$589,967</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>$799,667</td>
<td>$799,667</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>$995,629</td>
<td>$995,629</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>$1,226,833</td>
<td>$1,226,833</td>
</tr>
</tbody>
</table>

Source: Zillow Economic Research
...and are Growing at Double-Digit Annual Rates
Inventory & Listings

- Overall inventory is incredibly low, and has been falling for years -- though there are signs of easing inventory in the Bay Area.
- Sellers are out there, and new listings are growing in many areas, but not enough to meet demand.
- Allowing for more homes on existing lots could create an abundance of new housing units in coming decades.
High Prices are Supported by Very Low Inventory

For-Sale Inventory

- Los Angeles, CA: 22,887
- Riverside, CA: 12,239
- Sacramento, CA: 5,437
- San Diego, CA: 6,431
- San Francisco, CA: 8,447
- San Jose, CA: 2,724
Inventory has been Plummeting for Years

For-Sale Inventory, YoY

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>Los Angeles, CA</td>
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<td>Riverside, CA</td>
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<td>San Diego, CA</td>
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<td>San Francisco, CA</td>
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<tr>
<td>San Jose, CA</td>
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</tbody>
</table>
Despite Anecdotes, Cities Still Growing Strongly – There Are Exceptions

San Francisco year-over-change in MSA and city proper

[Graph showing For-Sale Inventory, Median List Price, New For-Sale Inventory, Newly Pending Sales over time.]
Despite Anecdotes, Cities Still Growing Strongly - There Are Exceptions

**New York City** year-over-change in **MSA** and **city proper**
Home Sales

- Pending sales volume closed the year at elevated levels compared to 2019, but may be held back from climbing higher by low inventory.
- High demand and limited inventory mean homes stay on the market for just days before going under agreement.
Pending Sales Volume Ended Year at Elevated Levels

**Newly Pending Listings**

- **Los Angeles, CA**
  - 2018: 7K
  - 2019: 9K
  - 2020: 10K
  - 2021: 8,753

- **Riverside, CA**
  - 2018: 5K
  - 2019: 6K
  - 2020: 5,538

- **Sacramento, CA**
  - 2018: 1K
  - 2019: 2K
  - 2020: 2,908
Pending Sales Continue to Trend Higher than 2019

Newly Pending Listings, YoY

Los Angeles, CA

Riverside, CA

Sacramento, CA

Homes are Going Under Agreement in Under Two Weeks

![Graph showing days to pending for different cities in California, with some cities having a significantly lower number of days to pending.]
Rents

- Rent is high, but growth is slowing in higher cost metros. Landlords are offering more concessions to keep renters coming in the door.
- A marked affordability advantage for homeownership is likely attractive to those renters that can afford it.
- Increased telework options could also lure more current renters into the for-sale market.
CA Rent is High, but Growth Has Stalled in Many Areas
COVID Impact on Rents is Pronounced in the Bay Area

Zillow Observed Rent Index, Year-over-year change

Los Angeles, CA | Riverside, CA | Sacramento, CA | San Diego, CA | San Francisco, CA | San Jose, CA

-0.2% | 8.7% | 6.5% | 4.2% | -8.7% | -6.6%
Softening Rent is Leading Landlords to Offer Concessions

Share of Rental Listings With Concessions

- Los Angeles, CA
- Riverside, CA
- Sacramento, CA
- San Diego, CA
- San Francisco, CA
- San Jose, CA

- 2019: 19.0%
- 2020: 8.8%
- 2019: 9.9%
- 2020: 17.0%
- 2019: 17.6%
- 2020: 20.9%
Urban and Suburban Home Values Are Keeping Pace

Zillow Home Value Index, Year-Over-Year
Weighted median of urban and suburban ZIP codes

- Urban: 4.3%
- Suburban: 4.1%

Jan 2020: 3.4%
Feb 2020: 3.6%
Mar 2020: 3.8%
Apr 2020: 4.0%
May 2020: 4.2%
Jun 2020: 4.4%
Impact of COVID

- Workers in retail, food-service and many other industries represent millions of dollars in potential housing payments at risk of being unpaid.
- Renters are particularly vulnerable to pandemic-related unemployment/underemployment.
- The extension of enhanced unemployment insurance benefits in December has been crucial in helping renter households keep up on their housing payments.
Newly Unemployed Owe Millions in Housing Payments

Share of housing payments owed by newly unemployed in each industry, California

- Information: 8.4%
- Food: 5.1%
- Retail: 5.0%
- Other Services: 4.0%
- Arts: 3.4%
- Healthcare: 3.1%
- Education: 2.5%
- Transportation: 2.3%
- Utilities: 2.0%
- Wholesale Trade: 1.8%
- Construction: 1.7%
- Manufacturing: 1.6%
- Finance: 0.7%
- Public Administration: 0.7%
- Real Estate: 0.6%
- Professional Services: 0.6%
Unemployed Renters Owe the Bulk of Housing Payments

Housing payments owed by newly unemployed California **homeowners** and **renters** in each industry

- Healthcare: $55,598,876
- Information: $54,194,207
- Retail: $50,200,701
- Food: $32,256,054
- Education: $29,475,983
- Other Services: $21,690,731
- Manufacturing: $21,602,876
- Construction: $17,955,177
- Transportation: $16,185,569
- Professional Services: $11,718,077
- Arts: $10,747,298
- Wholesale Trade: $7,673,361
- Public Administration: $5,680,376
- Finance: $3,643,706
- Utilities: $2,847,471
- Real Estate: $2,418,693
Young Americans Moved Home at Record Rates

Adults 18-25 Living with Parents

- 2019
- 2020
Find out more at:

zillow.com/research
The Bay Area Is Bucking Rent Affordability Trends

Share of income spent on rent

<table>
<thead>
<tr>
<th>City</th>
<th>2015</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles, CA</td>
<td>34.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td></td>
<td></td>
<td>34.1%</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td></td>
<td></td>
<td>37.4%</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td></td>
<td></td>
<td>29.1%</td>
</tr>
</tbody>
</table>

2015  2017  2019

24%  26%  28%  30%  32%  34%  36%  38%  40%
Modest Density Increases Could Bring LA Lots of Supply

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

Source: U.S. Census; analysis and estimation by Zillow.

Notes: See Data and Methodology section for details.
Bay Area Could Also Benefit from Rethinking Density

San Jose-San Francisco-Oakland, CA CSA
Homes in 2040 (millions)

1. If 1 in 5 single-family lots accommodates 4 homes
2. If 1 in 10 single-family lots accommodates 4 homes
3. If 1 in 10 single-family lots accommodates 3 homes
4. If 1 in 10 single-family lots accommodates 2 homes
5. 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.
### Freedom to Telework Could Create More Buyers

<table>
<thead>
<tr>
<th>City, State</th>
<th>Telework Effectiveness (%)</th>
<th>Number of Renters</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose, CA</td>
<td>25.2%</td>
<td>71,410</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>22.0%</td>
<td>164,571</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>17.2%</td>
<td>377,014</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>15.4%</td>
<td>79,369</td>
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<tr>
<td>Denver, CO</td>
<td>14.6%</td>
<td>61,321</td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>14.1%</td>
<td>18,775</td>
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<tr>
<td>Seattle, WA</td>
<td>12.5%</td>
<td>75,660</td>
</tr>
<tr>
<td>Portland, OR</td>
<td>11.7%</td>
<td>41,857</td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td>10.5%</td>
<td>33,573</td>
</tr>
<tr>
<td>Boston, MA</td>
<td>10.3%</td>
<td>72,599</td>
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<td>Austin, TX</td>
<td>9.5%</td>
<td>30,625</td>
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<tr>
<td>Washington, DC</td>
<td>8.6%</td>
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<td>New York, NY</td>
<td>7.4%</td>
<td>253,400</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>7.1%</td>
<td>43,191</td>
</tr>
<tr>
<td>Minneapolis-St Paul, MN</td>
<td>6.6%</td>
<td>27,571</td>
</tr>
<tr>
<td>Riverside, CA</td>
<td>6.4%</td>
<td>30,345</td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td>5.9%</td>
<td>10,698</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>5.5%</td>
<td>12,892</td>
</tr>
</tbody>
</table>
~50% of Renters Severely Burdened w/out Enhanced UI Benefits

Share of households that are severely rent-burdened will skyrocket when $600/week expires

Share of households that are severely housing burdened with state unemployment insurance and additional $600/week and without additional $600/week

<table>
<thead>
<tr>
<th>Location</th>
<th>Rent Burdened (With)</th>
<th>Rent Burdened (Without)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose, CA</td>
<td>16.7%</td>
<td>43.7%</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>13.1%</td>
<td>44.7%</td>
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<tr>
<td>San Diego, CA</td>
<td>11.1%</td>
<td>48.7%</td>
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<tr>
<td>Los Angeles, CA</td>
<td>7.2%</td>
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<td>Sacramento, CA</td>
<td>4.1%</td>
<td>45.7%</td>
</tr>
<tr>
<td>Riverside, CA</td>
<td>3.6%</td>
<td>43.4%</td>
</tr>
<tr>
<td>National</td>
<td>3.2%</td>
<td>41.3%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, ACS 2018 and Federal Reserve Bank of St. Louis.
Nationally, Female-Headed Households Also More At-Risk

**Share of income spent on housing**

- **Typical share of income spent on housing**
  - Homeowner: 16.0%
  - Renter: 27.5%
  - Male Homeowner: 15.0%
  - Male Renter: 23.3%

- **Share of households that spend more than 30% of income spent on housing**
  - Homeowner: 18.5%
  - Male Homeowner: 14.9%
  - Renter: 45.4%
  - Male Renter: 36.1%

- **Share of households that spend more than 50% of income spent on housing**
  - Homeowner: 8.2%
  - Male Homeowner: 5.8%
  - Renter: 24.5%
  - Male Renter: 17.5%