



2016 Q3 MARKET TRENDS ECONOMIST: MORE RENTERS, HIGHER RENTS

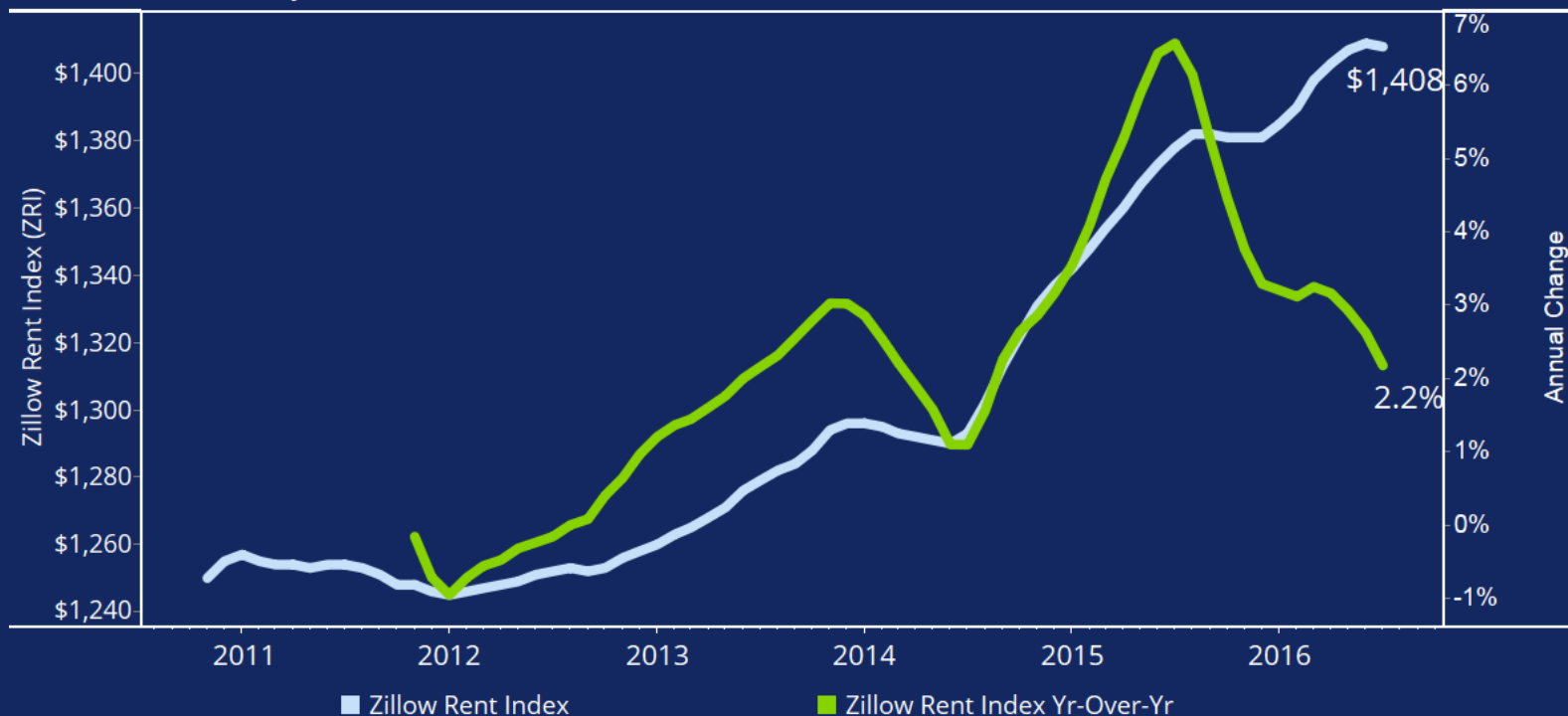
Skylar Olsen, Senior Economist, Zillow Group



#ZGMultifamily

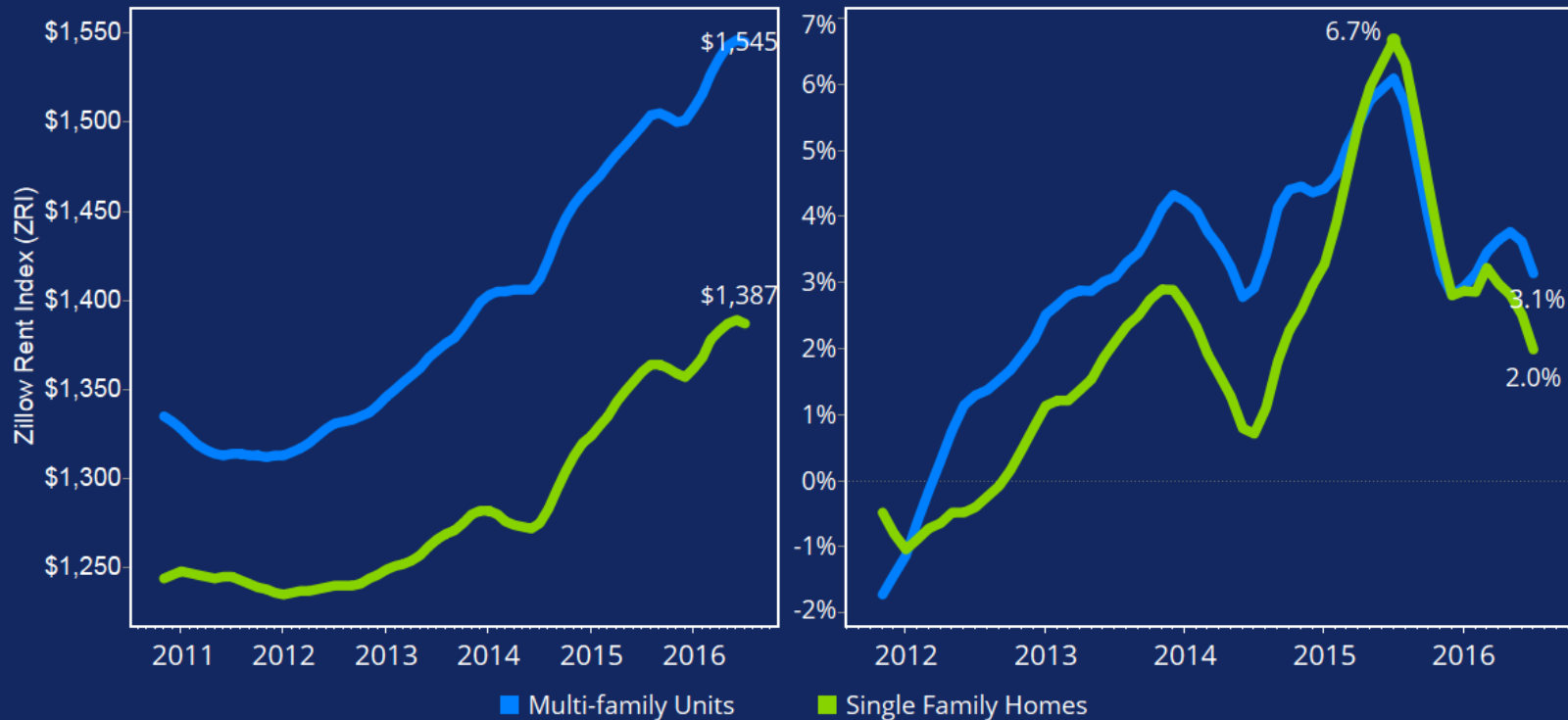
RENT GROWTH CONTINUES TO SOFTEN...

Median Rental Value, July 2016

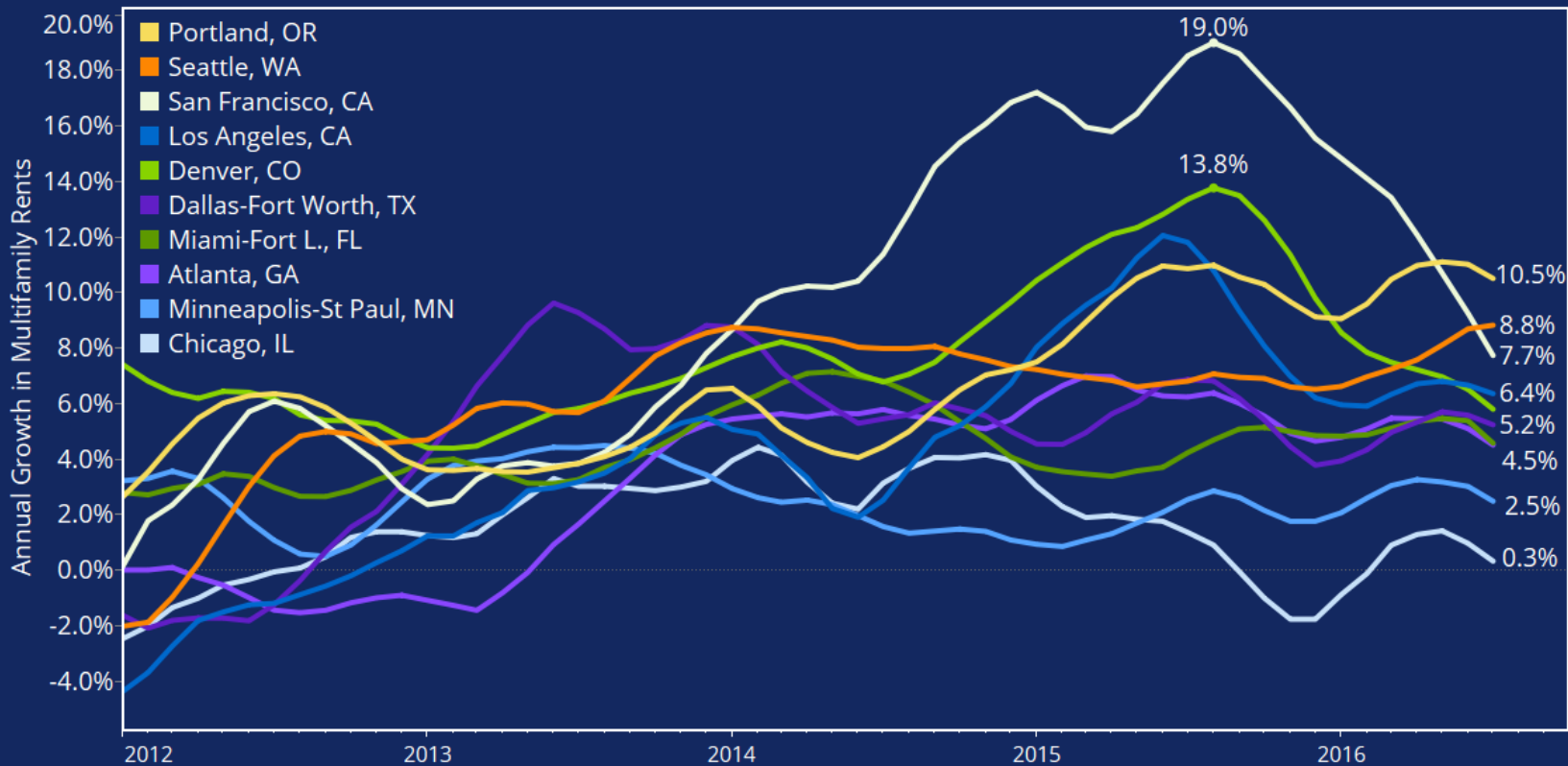


RENT GROWTH CONTINUES TO SOFTEN...

Median Rental Value by Segment, July 2016

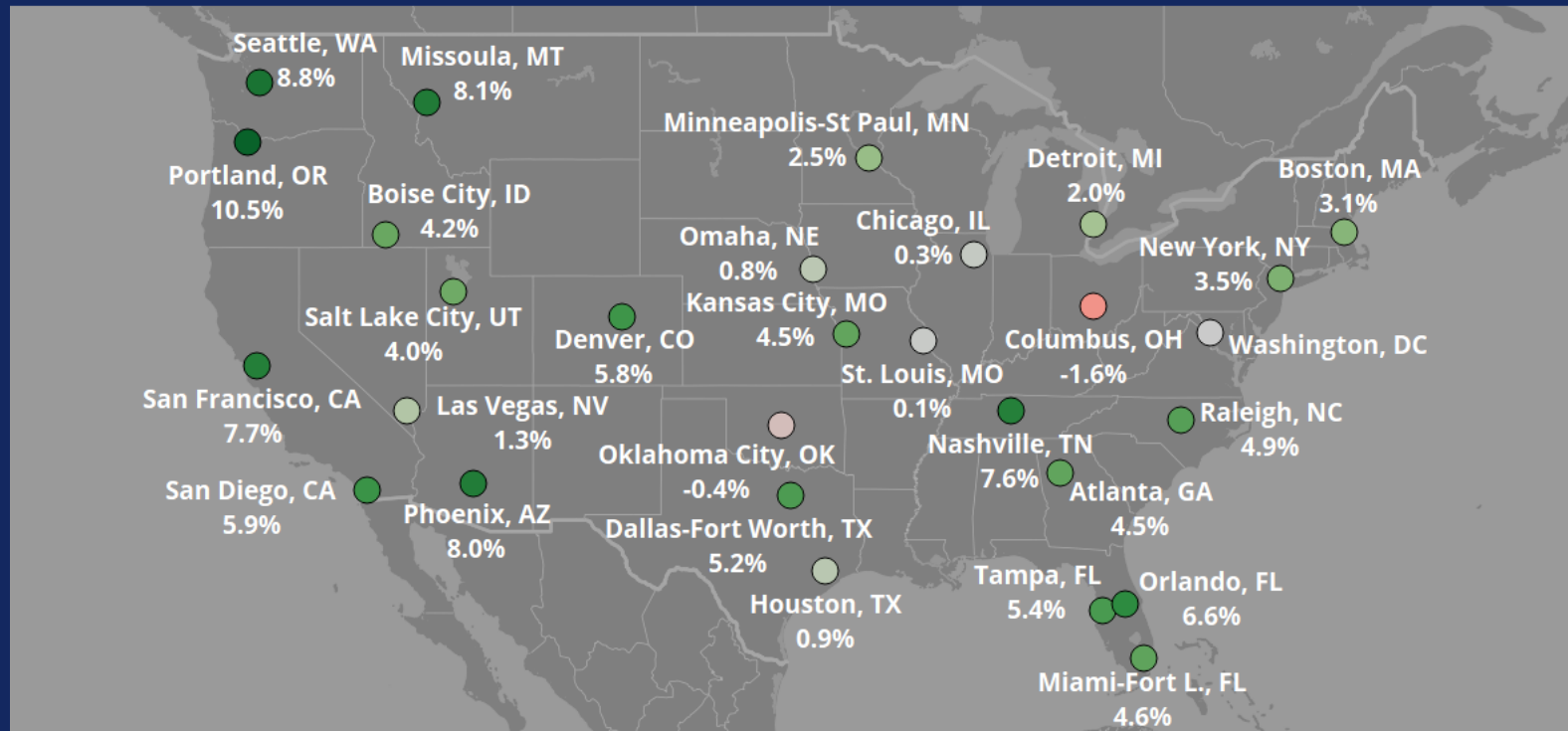


...OFTEN FROM EXTREME RATES IN THE LARGEST MARKETS

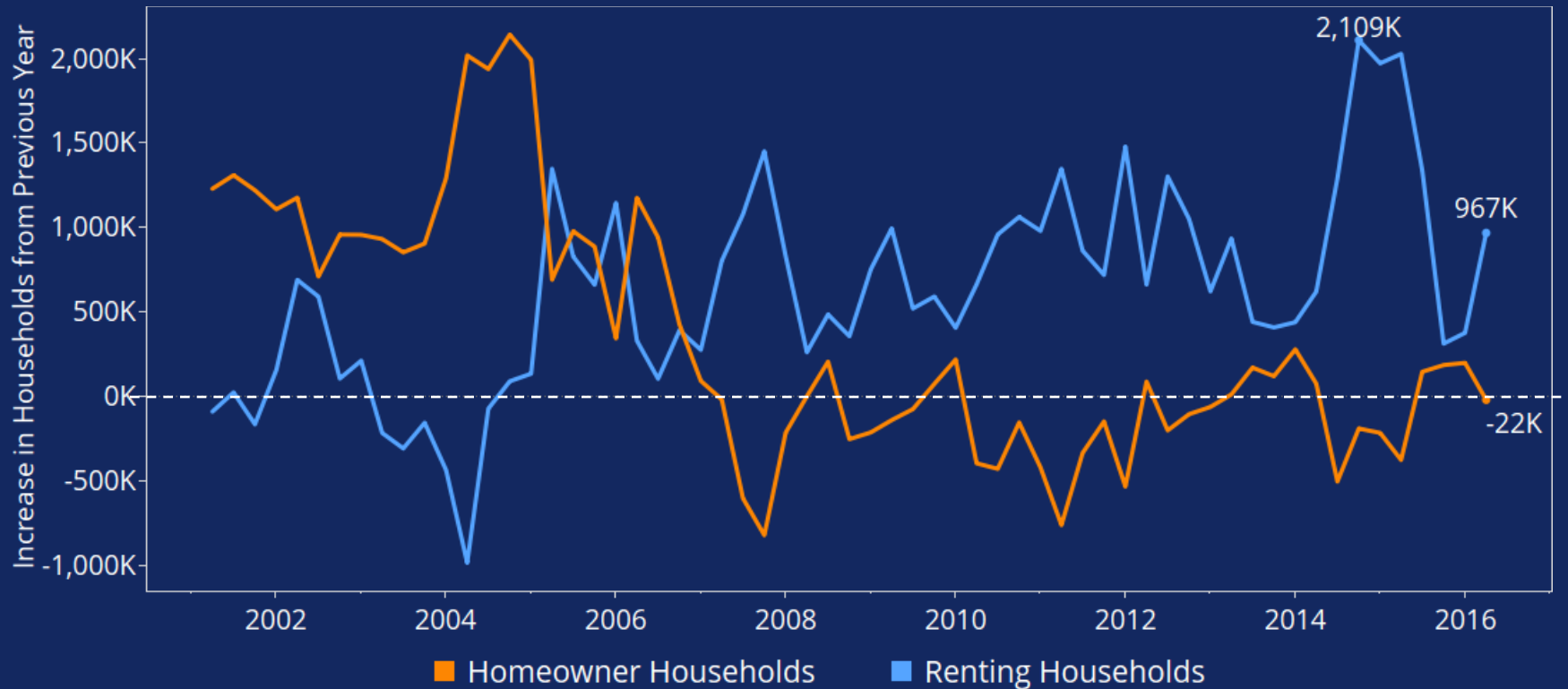


DIFFERENT MARKETS VARY WIDELY

Multifamily Rental Value Growth, July 2016

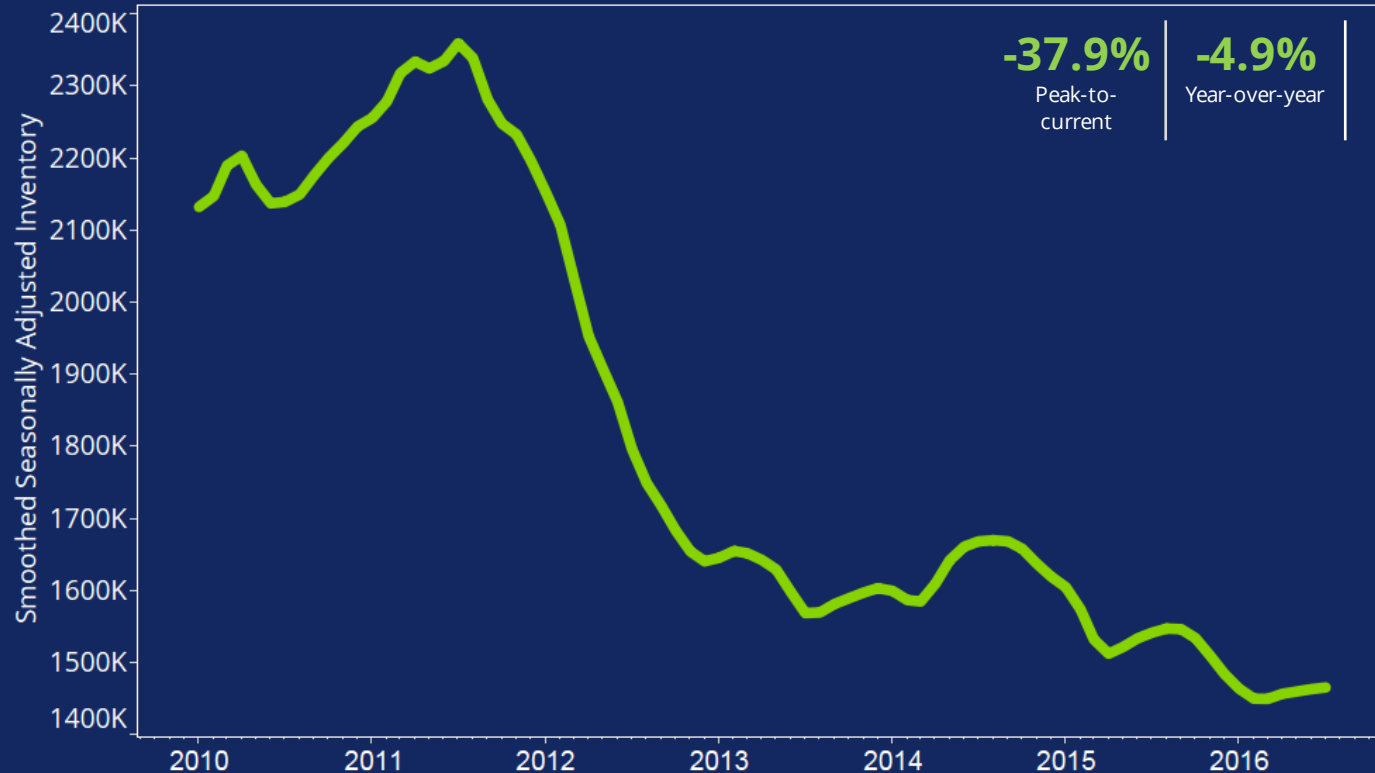


NEW HOUSEHOLDS ARE ALMOST ALL RENTERS



SUPPLY: LIMITED SUPPLY OF HOMES FOR SALE

U.S. Inventory, July 2016



Source: Zillow (March 2016)

COMPARING FIRST-TIME BUYERS NOW AND THEN (EARLY 1970S)

1975-1979

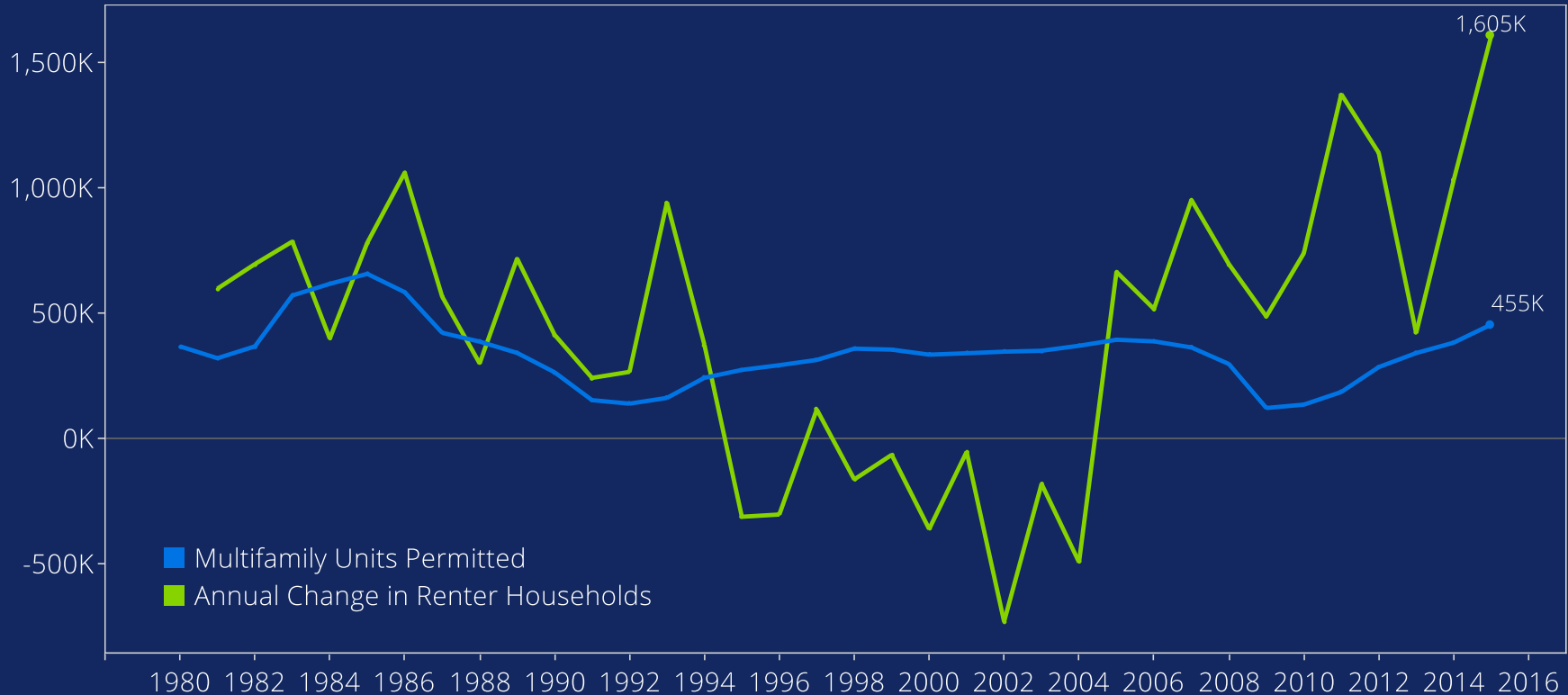
- Rent on average for 4.6 years before buying
- Were 29 years of age
- Households included 2.6 people
- Purchased a home worth \$99k in today's dollars
- Income is \$55k in today's dollars

2010-2013

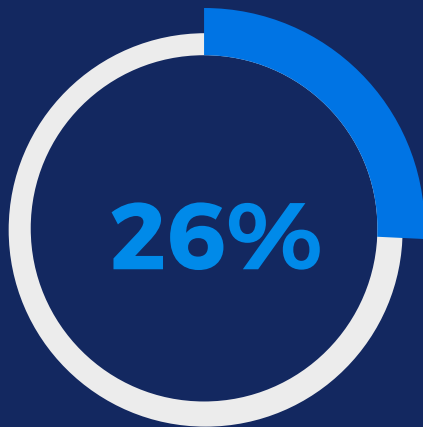
- Rent on average for 6 years before buying
- Are 32.5 years of age
- Households include just 2 people, so no children yet
- Purchased a home worth \$140k in today's dollars
- Income is \$54k in today's dollars

Source: Zillow analysis of University of Michigan Panel Survey of Income Dynamics

NEW RENTAL DEMAND HAS CONSISTENTLY OUTPACED NEW APARTMENT SUPPLY OVER THE PAST DECADE

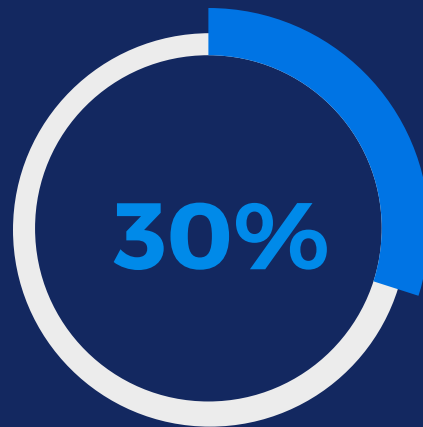


NATIONWIDE, THE SHARE OF INCOME SPENT ON RENT IS WELL ABOVE HISTORIC NORMS



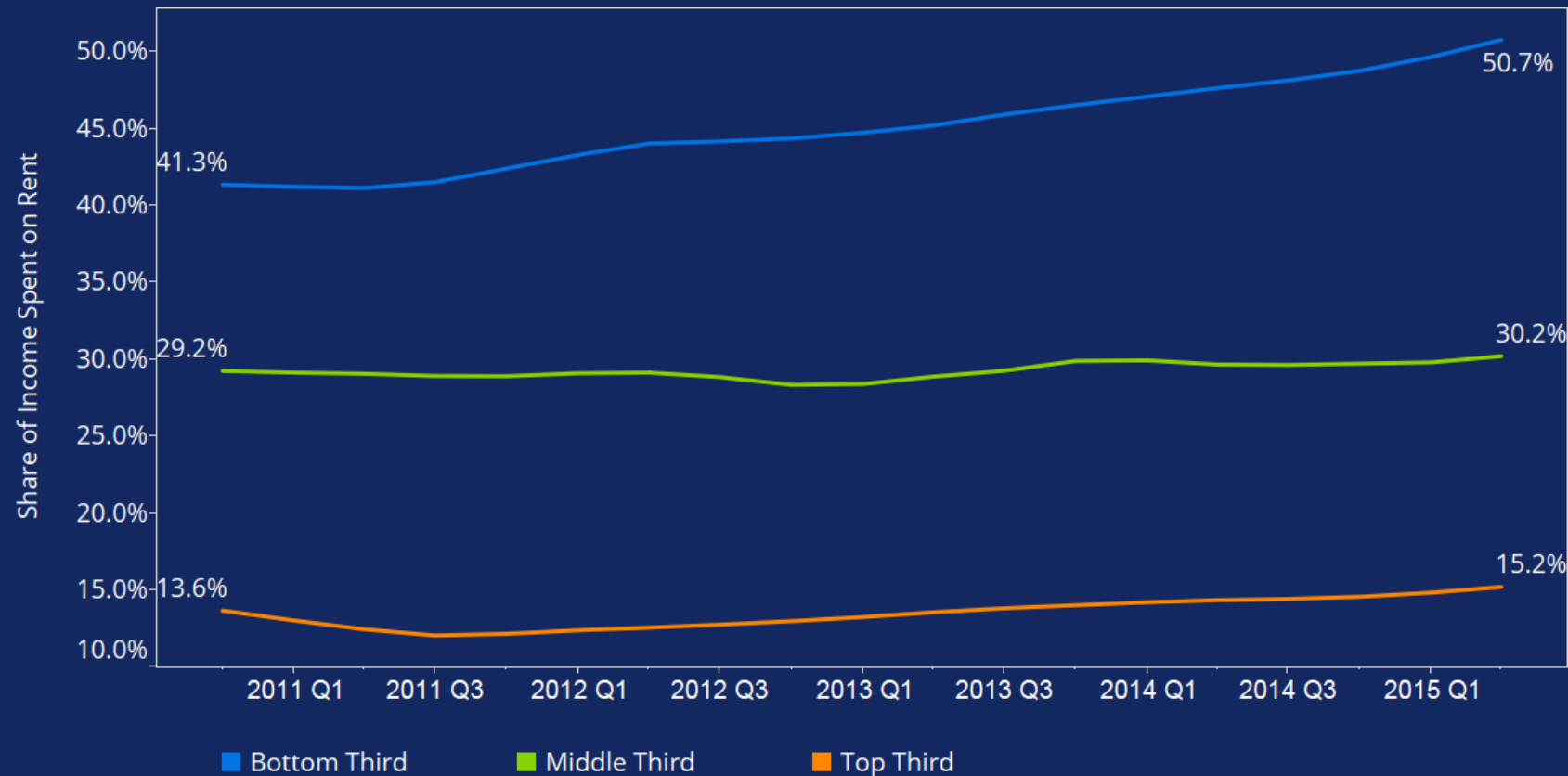
1985-1999 Average

Source: Zillow (2016 Q2)



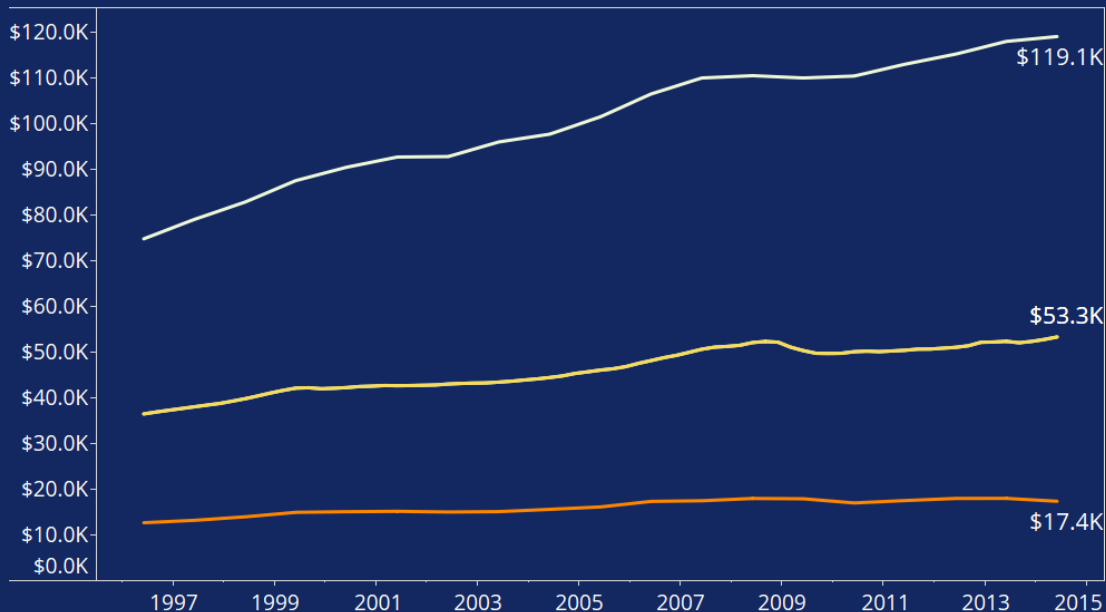
2016 Q2

RENT IS AFFORDABLE, IF YOU'VE GOT THE INCOME... OF COURSE



BOTTOM-TIER INCOME GROWTH HAS BEEN FLAT

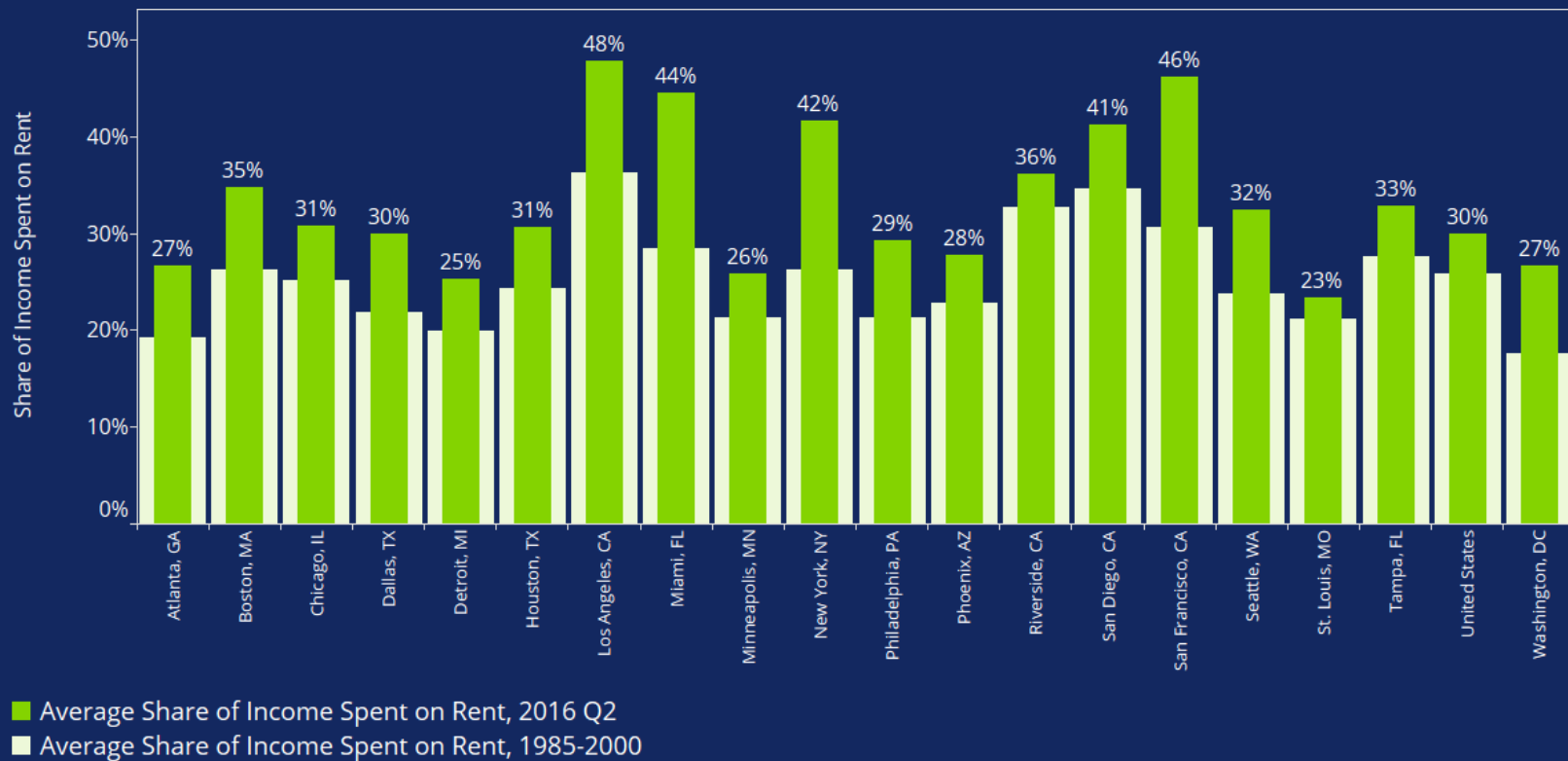
Household Income by Tier



Over the 1999-2014 period:

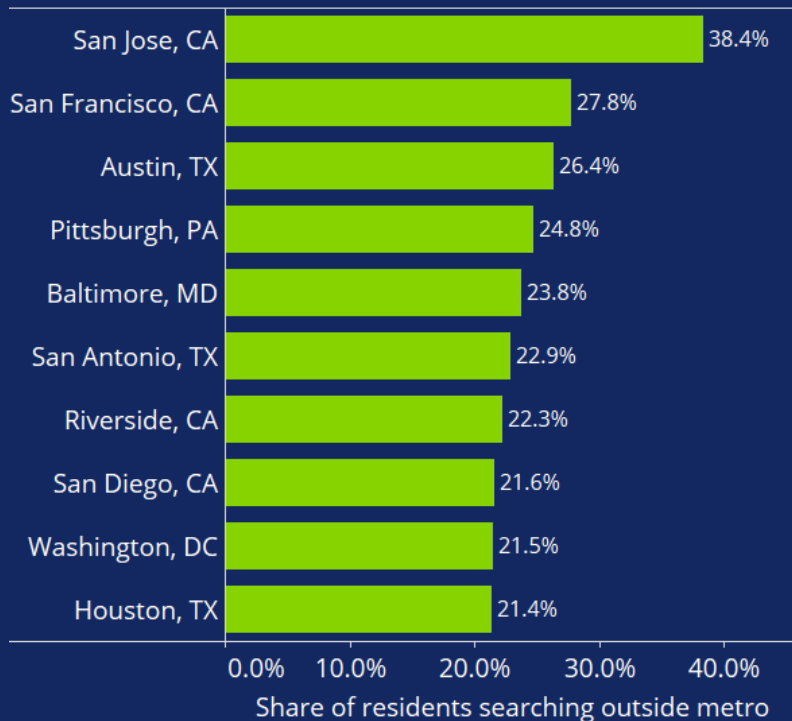
- Top tier incomes grew **36%**
- All incomes grew **24%**
- Bottom tier incomes grew **16%**

RENTAL AFFORDABILITY, MORE CHALLENGING THAN EVER

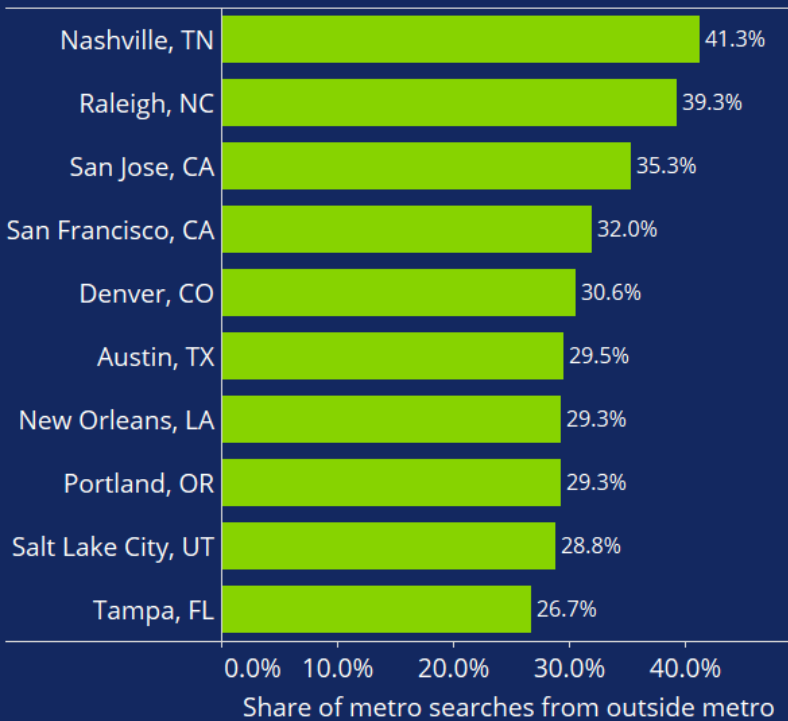


AFFORDABILITY CONCERNS DRIVE SOME FROM EXPENSIVE METROS, PLENTY ARE READY TO TAKE THEIR PLACE

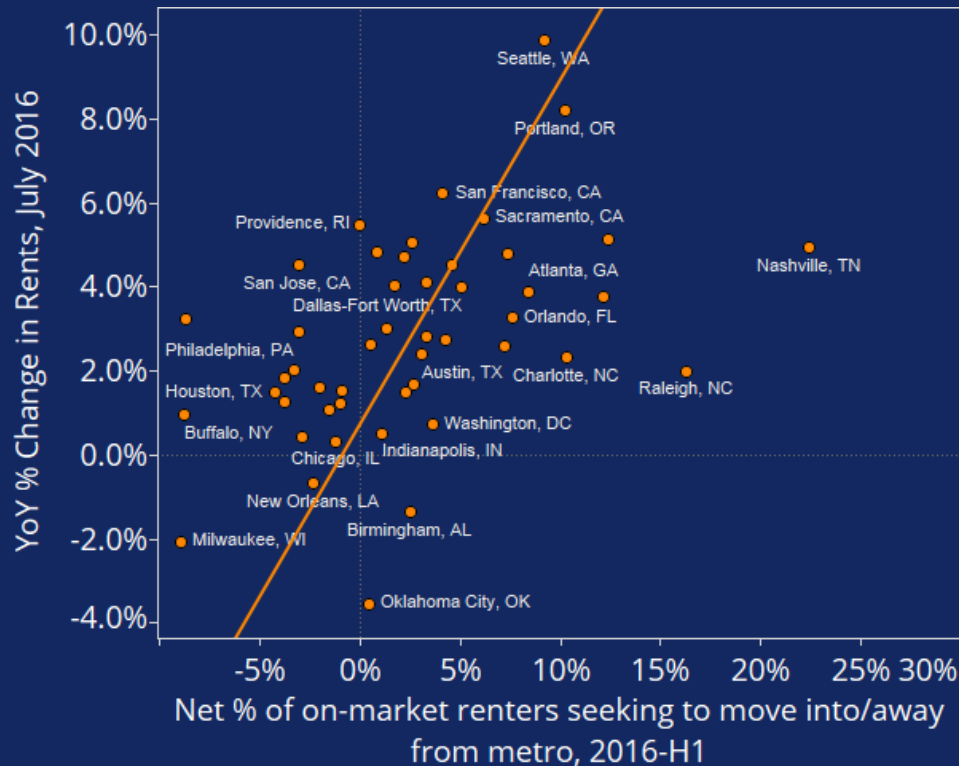
Inside looking out



Outside looking in



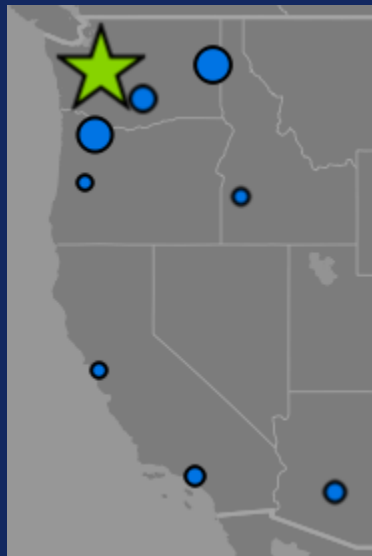
A GREAT PREDICTOR OF RENT GROWTH, NET FLOW OF RENTERS IMPLIED BY SEARCHES



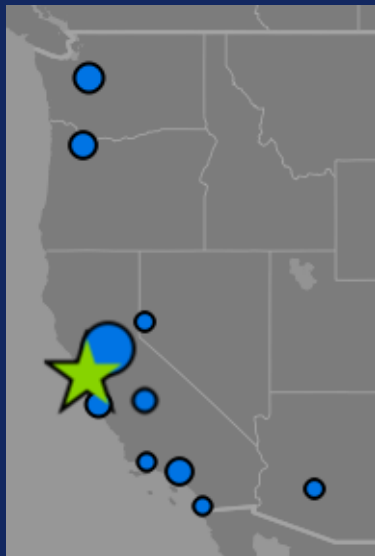
Atlanta, GA	9.8%	18.2%
Seattle, WA	12.5%	21.8%
Phoenix, AZ	12.6%	20.1%
Tampa, FL	14.5%	26.7%
Sacramento, CA	15.4%	21.6%
Charlotte, NC	15.9%	26.2%
Orlando, FL	17.6%	25.2%
Denver, CO	18.1%	30.6%
Las Vegas, NV	18.8%	26.0%
Nashville, TN	18.8%	41.3%
Portland, OR	19.0%	29.3%
Raleigh, NC	23.0%	39.3%

WHEN WE DO LOOK BEYOND OUR METRO, WE ARE COAST LOYAL

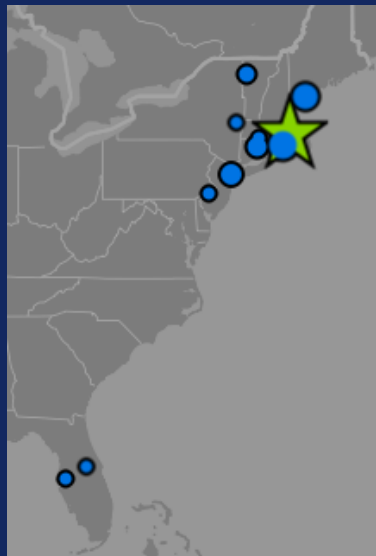
Searching from
Seattle



Searching from
San Francisco



Searching from
Boston



Searching from
Chicago



Check out <http://www.zillow.com/research/> to find your metro.

RENT GROWTH EXPECTATIONS ARE STILL STRONG

