PREMIER AGENT
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Housing Market Trends

SPRING 2016

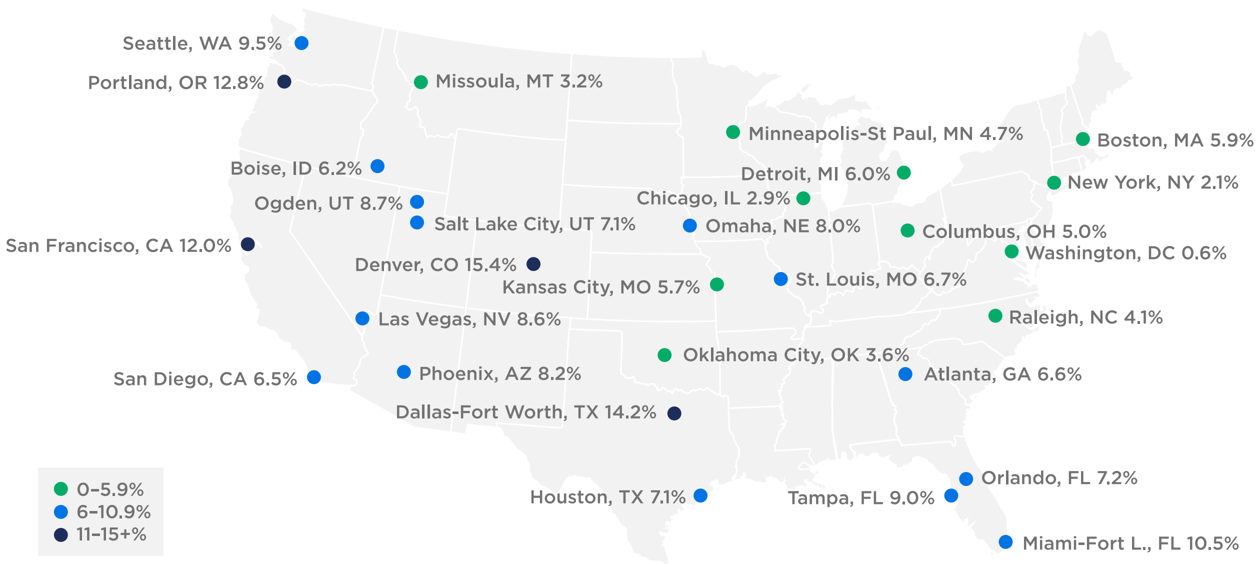
Annual home value appreciation

Spring is about to kick into high gear and with it, the prime season for buying and selling homes. It's about time for a change. Over the winter, new housing rules went into effect, which notably affected existing home sales, and inventory remained low. The supply of homes for sale is still tight, but it's on the rise—as are aspirations for homeownership. With winter virtually on its way out the door, can buyers and sellers expect the market to warm up with the weather?

Well, there's still a nip in the air: National home values are currently **6.4 percent below the pre-recession peak**. That's down 0.4 percent from January and good news for buyers.

There is some good news for sellers, too: From January 2015 to January 2016, **home values appreciated** across the country, with increases varying between 0.6 percent (Washington, D.C.) and 15.4 percent (Denver).

2015 Annual Appreciation in Home Values



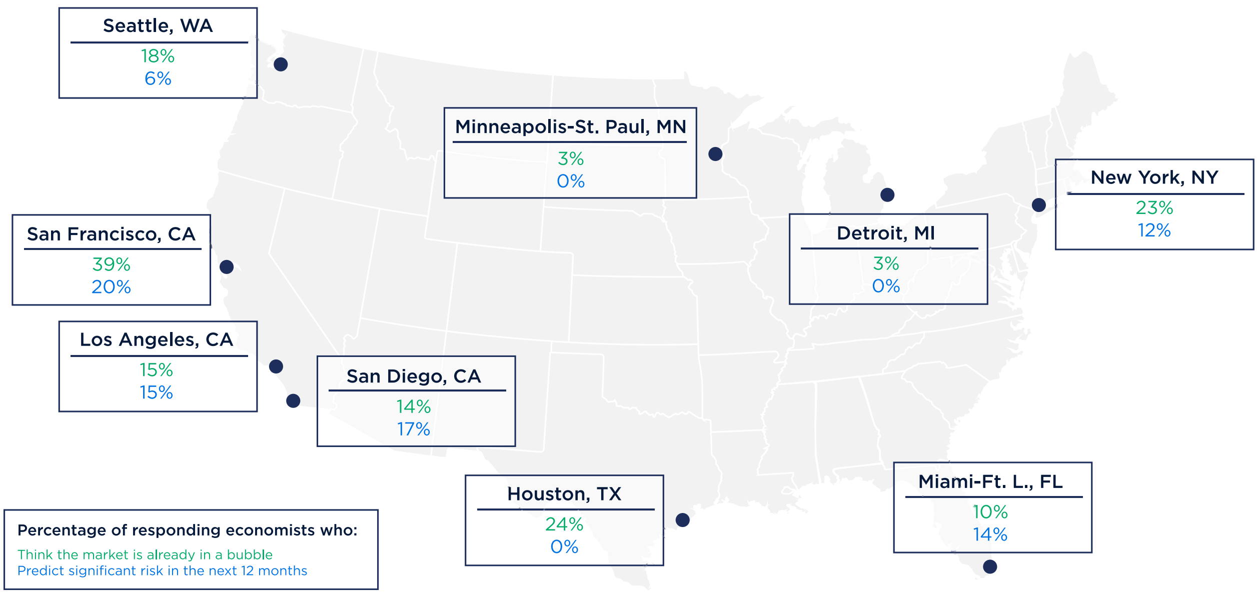
From January 2015 to January 2016, home value appreciation varied widely across the country.

In certain areas, such as Denver, CO and Dallas-Fort Worth, TX, some values are moving at such a fast pace, the word “bubble” is being floated around. Reasons why include:

- **Mortgage affordability is higher in some markets** than it historically has been—despite the slow increase of already-low interest rates.
- **Low for-sale inventory**.
- **Strong job growth**.

Still, most economists don’t foresee any bubble trouble.

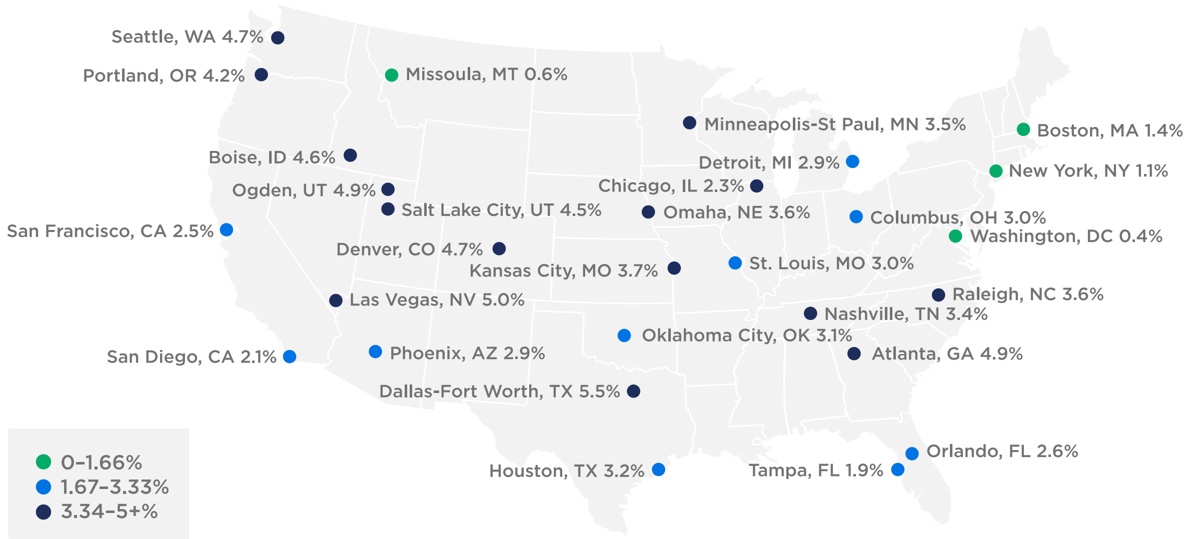
Possible Bubble Trouble



Only a minority of economists think a handful of markets are in a bubble—and those markets are the obvious ones.

There's no housing market bust on the horizon; instead, expect to see home values slow down and **level out to more typical growth rates** in 2016.

Prediction: 2016 Home Value Appreciation Will Slow Down



Home value appreciation in 2016 will reflect more normal growth.

Are we headed for a recession?

We know where the recession concerns are coming from—oil prices, financial crises and foreign market activity—**but all signs point to No**. What's the other side of the story?

Where Are Recession Concerns Coming From?

Low oil prices mean the energy sector (manufacturers and energy production) is struggling. However, the lower cost to consumers translates into **more money to spend**.

There are concerns of a credit crisis, but mortgage and consumer lending is actually **on the rise**.

Financial markets were down in 2015, but consumer spending, new home construction and wage growth are **all increasing in 2016**.

The dollar was strong last year and there was some foreign market volatility, but the impact on U.S. housing will **mostly affect luxury homes**.

Recession concerns are understandable, but not indicative.

Members of the Federal Open Market Committee (FOMC)—the monetary policymaking body of the Federal Reserve System—say there **isn't much negative impact on the market**. The private sector macro community agrees with the Fed that we're *not* headed for a recession. Instead they **expect growth of the GDP**—a primary indicator of a nation's economic health—to be between 2.0 and 2.5 percent for the next six quarters.

"We've seen 19 months of falling oil prices and still no spillover into the broader economy."

DR. SKYLAR OLSEN, ZILLOW GROUP SENIOR ECONOMIST

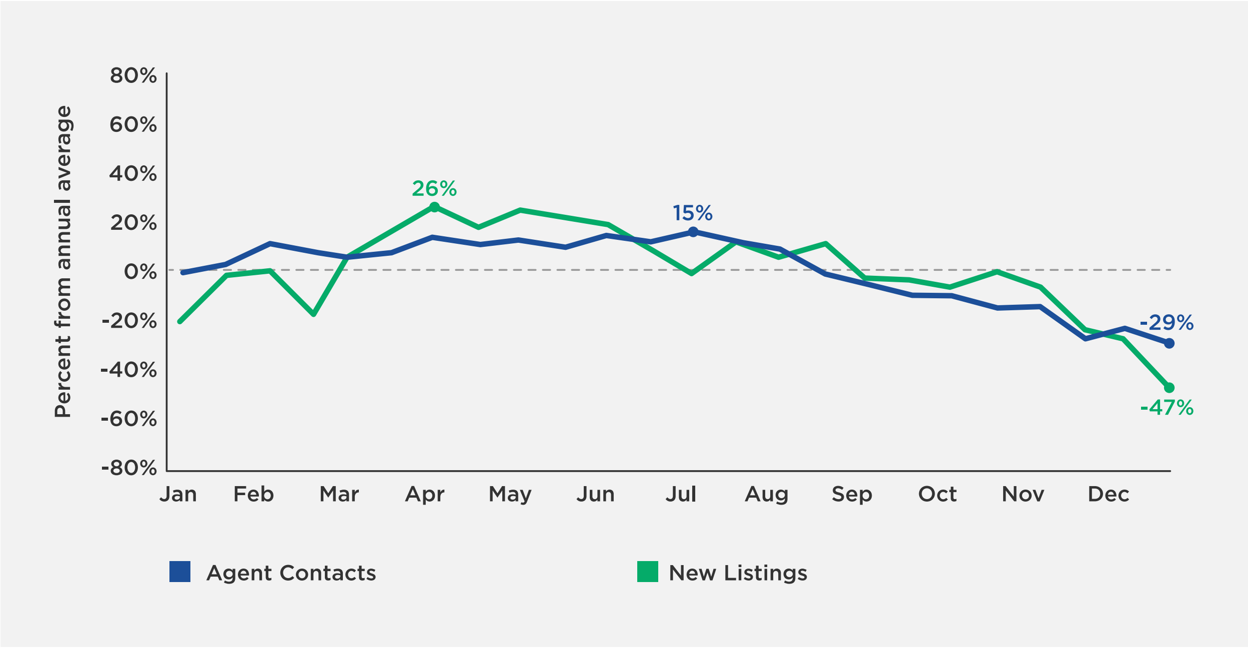
Luxury homes is the most notably affected market in the current climate. Right now, the slowdown in turnover—the percentage of homes sold during any given month—is occurring more rapidly at the higher end of the market, which could be a sign of either waning foreign investment or increased construction.

Time your listing to sell faster

The sixty-four-thousand-dollar question in real estate is "When is the best time to list?" An optimal outcome means **timing the listing** to get the highest price while selling the home as quickly as possible.

Backed by eight years of data, Zillow economists have identified **early May, nationally, as the "magic window"** to get 15 percent more agent contacts, and yield a sale 18.5 days faster and for nearly 1 percent more than national averages.

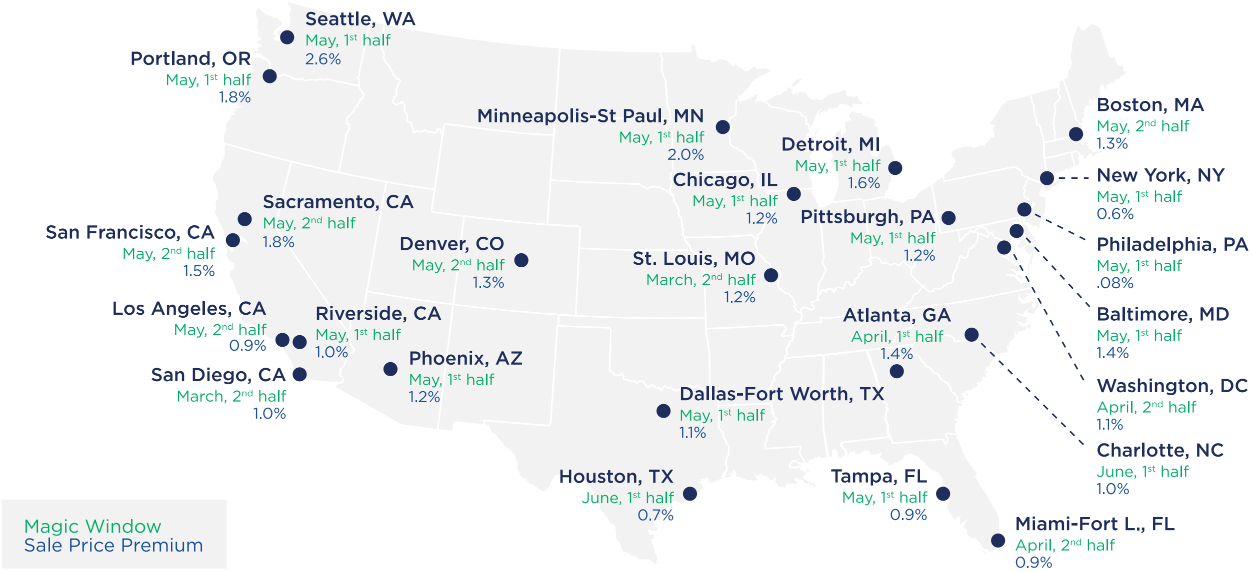
Early May Falls Within the Magic Window to List a Home



The best time to list is *after* new listings peak and *before* the number of agent contacts tops out.

The map below shows the top seasonal markets where it's crucial to hit the magic window:

The Magic Window for the Top 25 Markets



Knowing that your area's magic window can differ from the national one, you should **watch for the ramp up** in new listings as the season starts to heat up and **list the moment you start to see it slow down**.

"Don't wait too long to list. Remember: You want to be on top of the pile!"

DR. SKYLAR OLSEN, ZILLOW GROUP SENIOR ECONOMIST