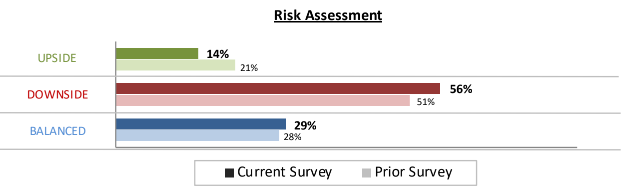
Q2 2022 Zillow Home Price Expectations Survey - **Supplemental Questions**

Topic: **Risk Assessment of Home Price Forecast**

Which choice best applies to your long-term outlook for home values?

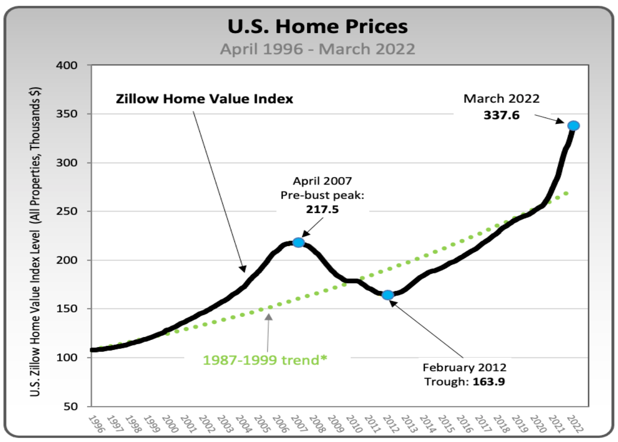
Answer choice:	#	Percent	% w/opinion	Expected Home Value Change* Through 2026 (Cumulative)	Expected Home Value Change* Annual Average
There is risk to the upside	16	14%	**14%**	31.0%	5.5%
There is risk to the downside	63	55%	**56%**	23.5%	4.3%
The risk is balanced	33	29%	**29%**	30.5%	5.5%
No Response	2	2%	n/a	n/a	n/a
Total	**114**	**100%**	**100%**	**26.4%**	**4.8%**

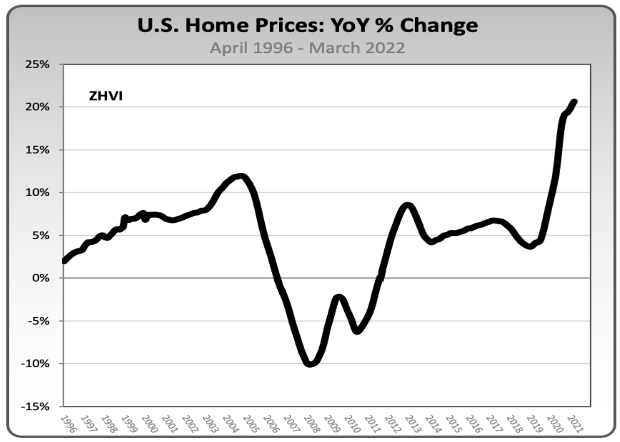


*Mean expectations of respondents by answer choice. A total of 114 panelists participated in this quarter's survey.

Topic: **Another Housing Bubble?**

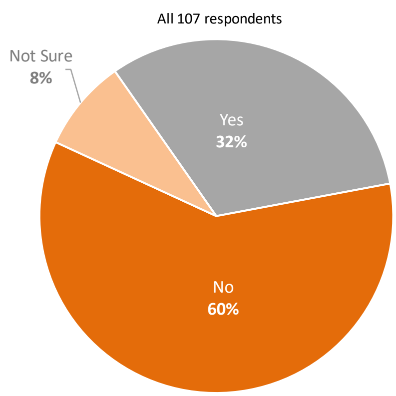
Home prices reached another record-high level in March.

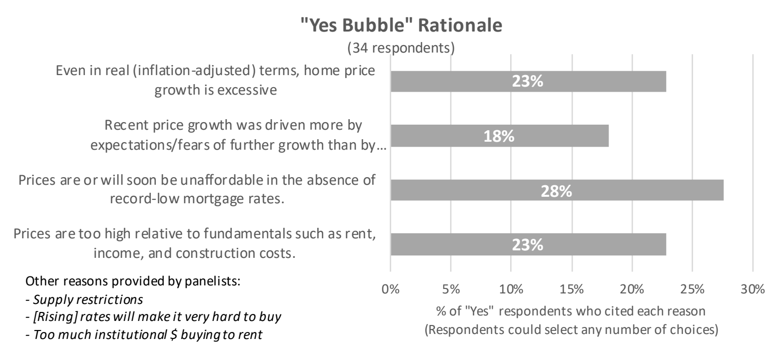




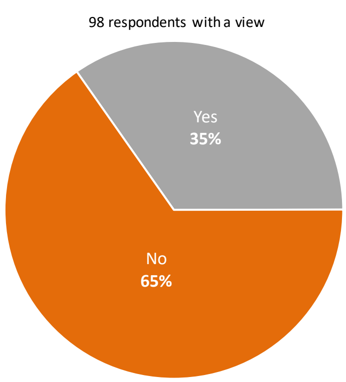
*1987-1999 trend derived from S&P/Case-Shiller U.S. National HPI (SF, NSA).

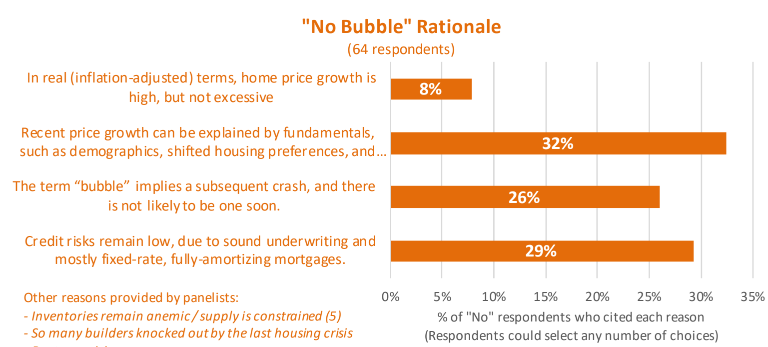
Do you believe the U.S. housing market is currently in a bubble?





Other reasons provided by panelists:
- *Supply restrictions*
- *[Rising] rates will make it very hard to buy*
- *Too much institutional $ buying to rent*
- *Monetary policy driving search for yield*
- *Single-family investors & developers are restricting supply/fixing prices*

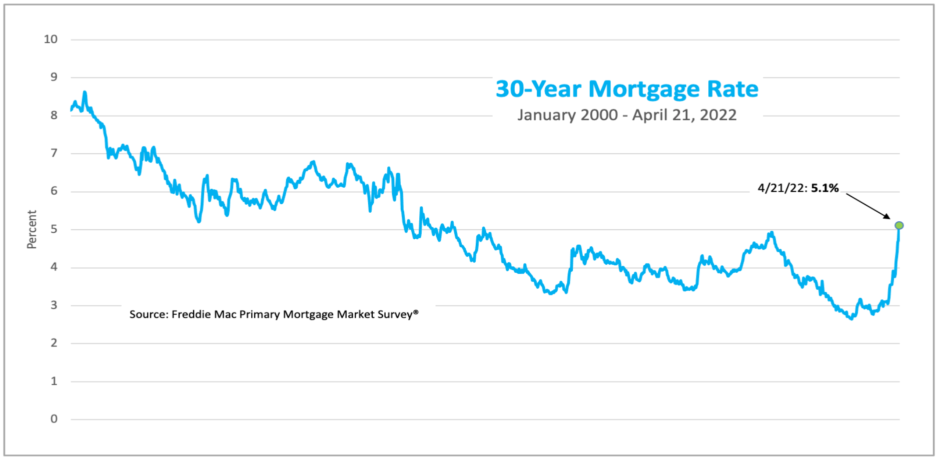




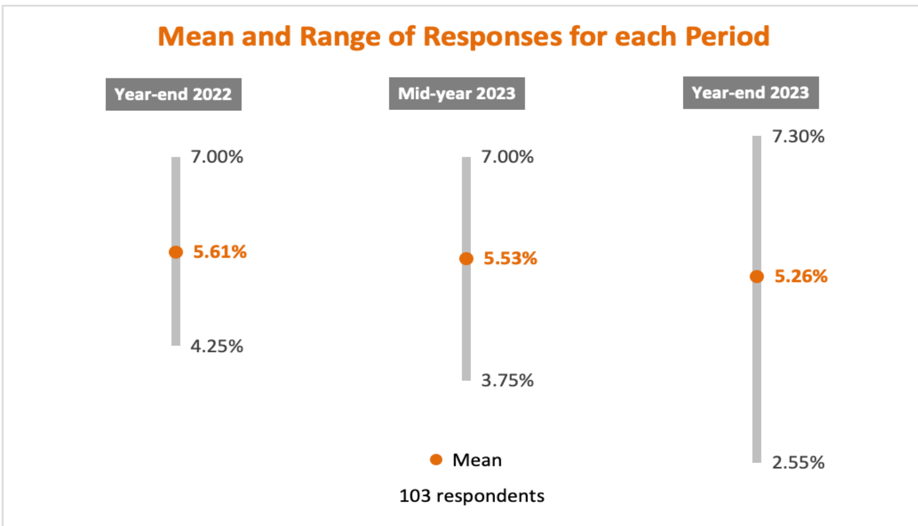
Other reasons provided by panelists:
- *Inventories remain anemic/supply is constrained (5)*
- *So many builders knocked out by the last housing crisis*
- *Rents are rising*
- *Massive homeowner equity; 50% more tappable home equity in homes--$19 trillion--than total mortgage debt ($12.5 trillion); home equity borrowing much lower than during the previous housing boom*
- *Prices don't go down without must-sell inventory to push them lower*
- *Work-from-home revoution*
- *Metro- and regional-arbitrage opportunities resulting from wide variations in land costs*

Topic: **Mortgage Rates**

The average 30-year fixed mortgage rate recently surged to more than 5 percent--a level significantly higher than the 3.22% average rate at the start of this year and the 2.65% record low observed in early 2021.

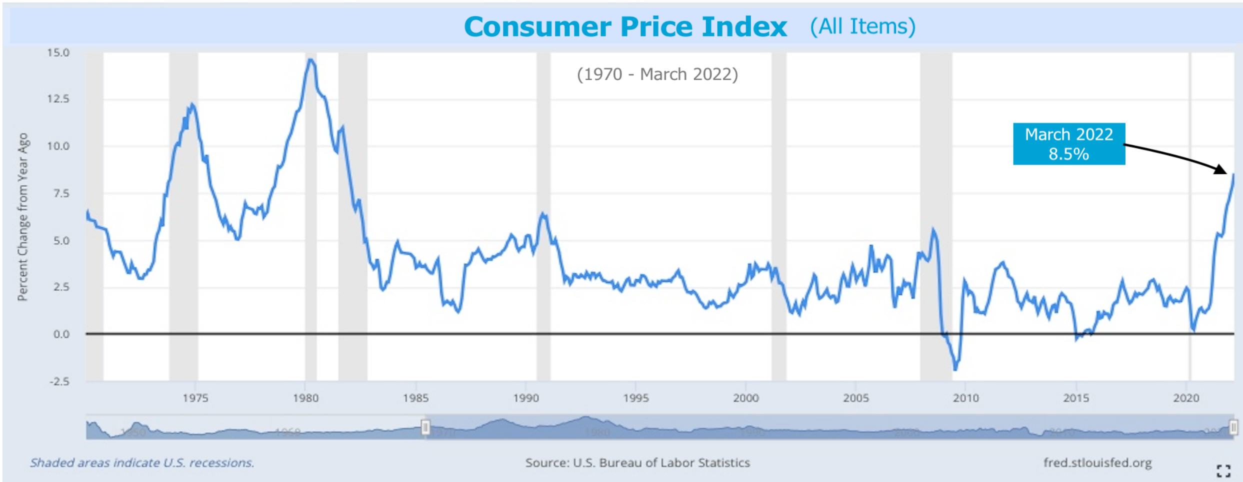


For each of the time periods below, what do you expect the average 30-year fixed mortgage rate will be?

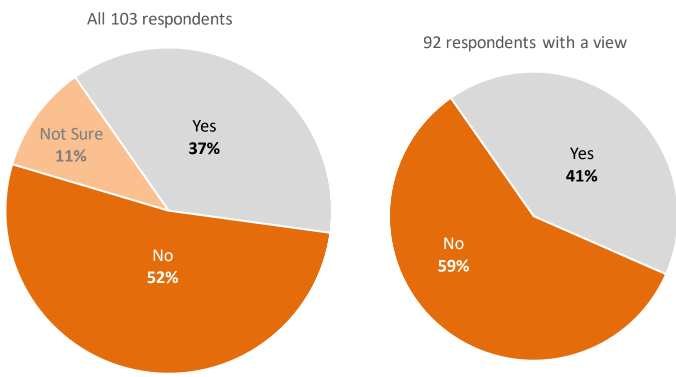


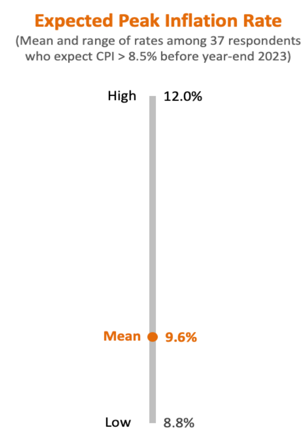
Topic: **Inflation and Recession Risks**

The rate of price increases in the U.S. economy recently reached a four-decade high, and the Federal Reserve has acknowledged that the current period of high inflation will persist for some time.



The latest U.S. inflation reading (CPI annual rate, all items, as of March 2022) reached 8.5%. Do you expect this rate to rise above this level sometime before the end of 2023?

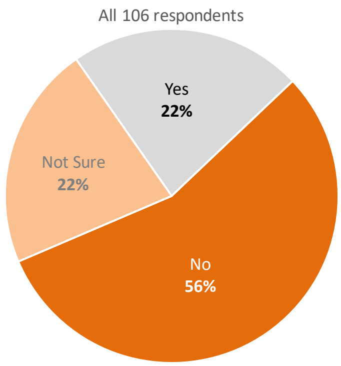


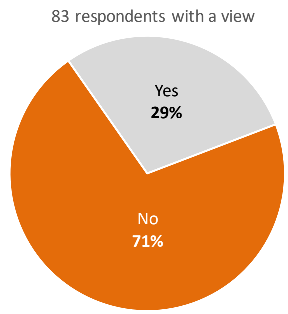


Topic: **Inflation and Recession Risks** (cont'd)

In March, the Fed increased its benchmark interest rate from near zero by a quarter point--the first increase in more than three years. A week later, Chairman Jerome Powell summed up this way the desired outcome and goals of present Fed policy initiatives: "The economy achieves a soft landing, with inflation coming down and unemployment holding steady".In early April, St. Louis Fed President James Bullard suggested that the Fed is "behind the curve", and two weeks later, Chairman Powell said "50 basis points will be on the table for the May [FOMC] meeting". Additional rate increases and incremental shrinkage of the Fed's $9 trillion asset portfolio are the primary levers the central bank can pull to tame inflation--and to pull off, potentially, a soft landing for the U.S. economy.

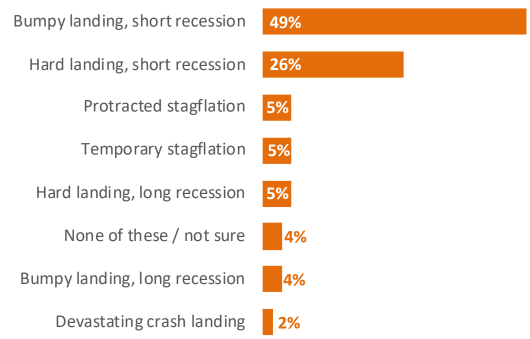
Do you expect the Fed to be successful in its effort to engineer a "soft landing", i.e., materially reduce inflation while averting a recession?





Which choice best describes the economic outcome you expect to unfold as a result of the Fed's efforts to tame inflation?

57 respondents who do not expect a soft landing



When do you expect the next recession will begin in the United States?