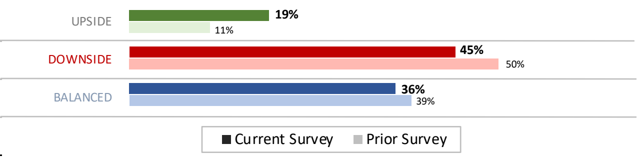
Q2 2019 Zillow Home Price Expectations Survey - **Supplemental Questions**

Topic: Risk Assessment of Home Price Forecast

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

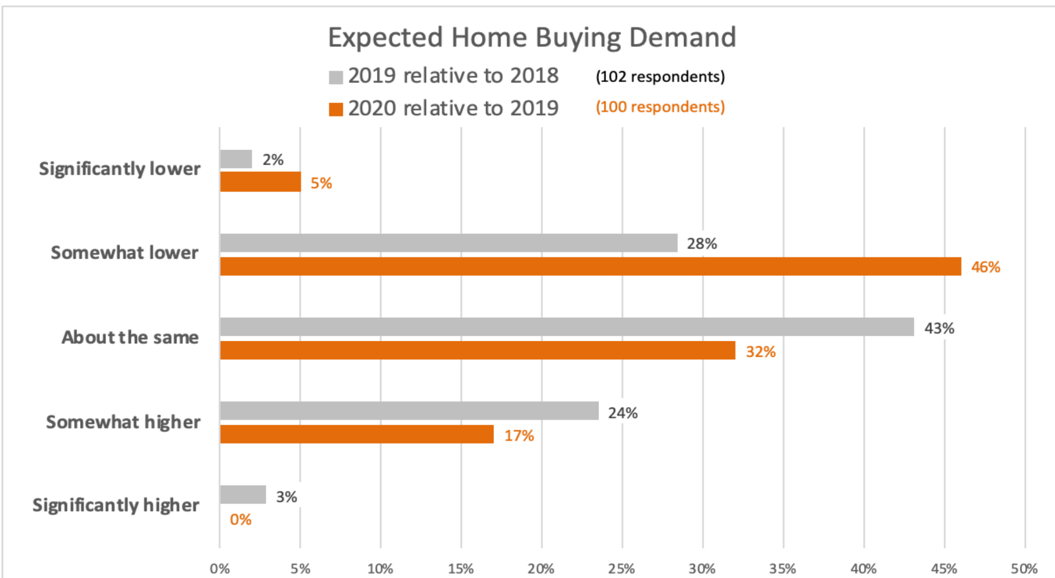
Answer choice:	#	Percent	% w/opinion	Expected Home Value Change* Through 2023 (Cumulative)	Expected Home Value Change* Annual Average
There is risk to the upside	21	19%	**19%**	28.0%	4.2%
There is risk to the downside	49	44%	**45%**	20.7%	3.2%
The risk is balanced	40	36%	**36%**	24.4%	3.7%
No Response	2	2%	n/a	n/a	
Total	**112**	**100%**	**100%**	**22.4%**	**3.4%**



*Mean expectations of respondents by answer choice. A total of 112 panelists participated in the Q2 survey; 110 of them rated the risk of their forecast.

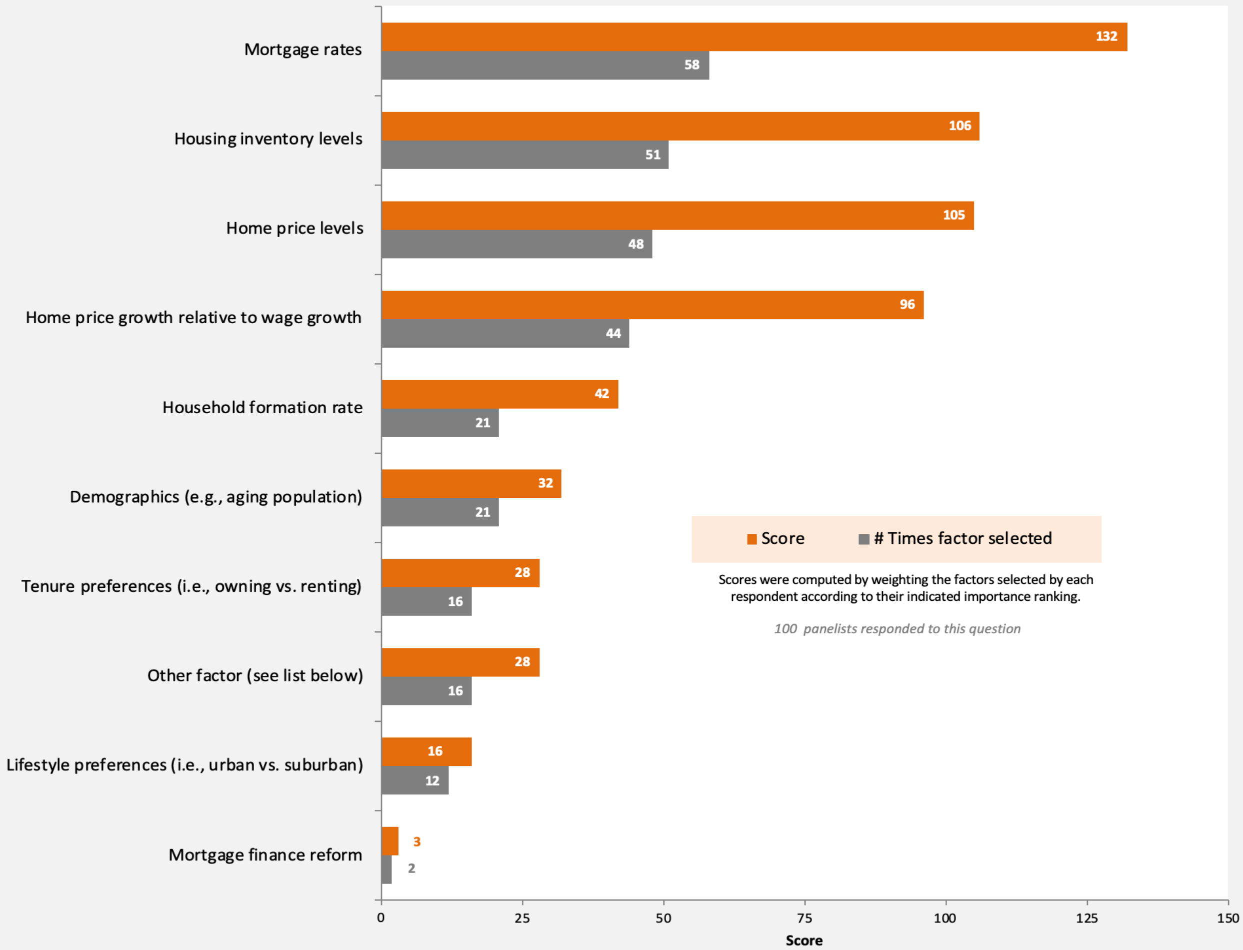
Topic: Home Buying Demand

For each period below, what are your expectations for U.S. home buying demand?



Q2 2019 Zillow Home Price Expectations Survey - **Supplemental Questions**

Between now and the end of next year, what factors do you expect will have the greatest impact on home buying demand in the U.S.? (Please select up to three factors, and then rank them in order of expected impact).

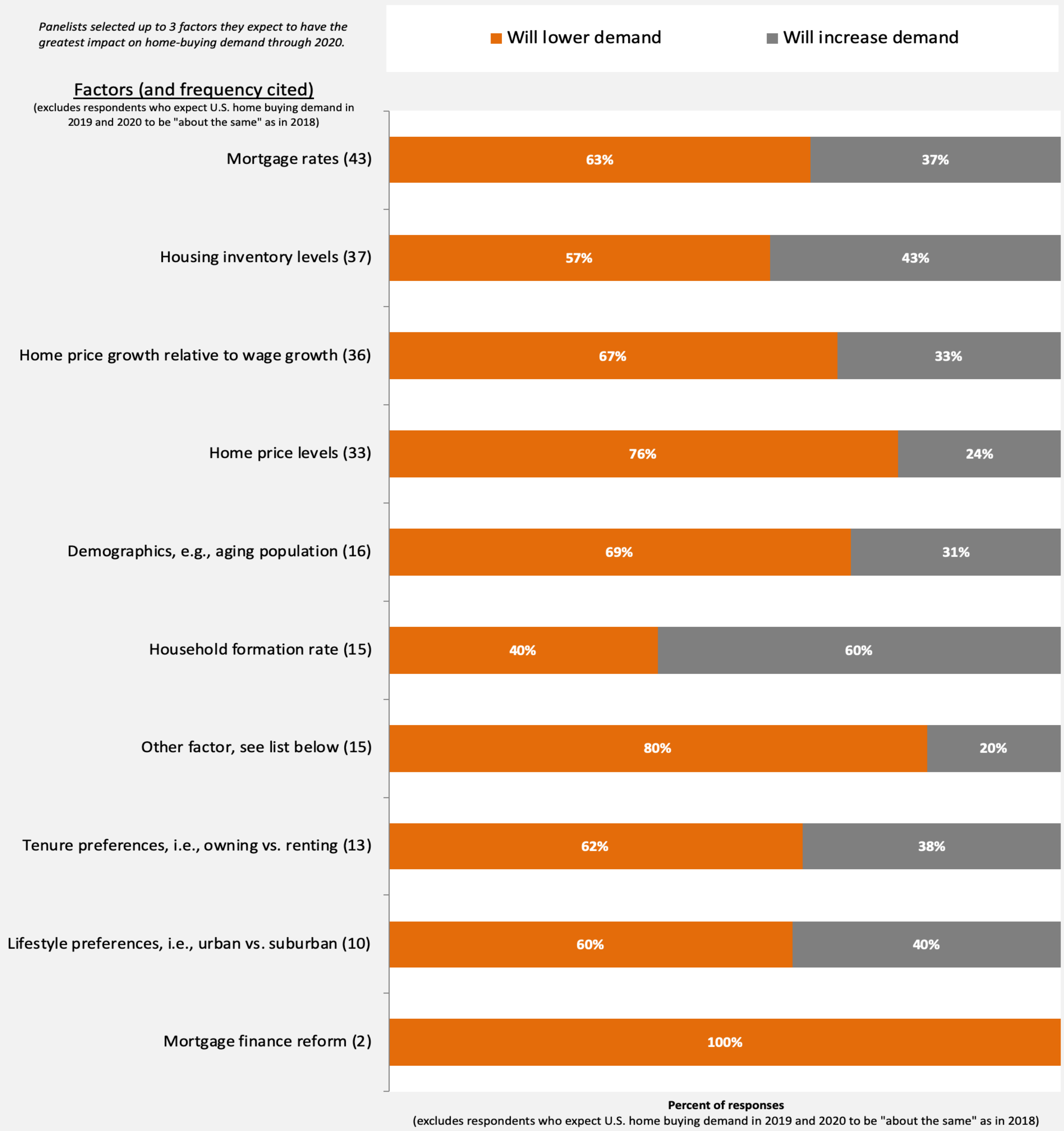


**** Other factors suggested by panelists:***

- Availability of credit
- Tax law changes that allow $24,000 standard deductions make mortgage interest and property tax deductions less valuable for the first time buyers and lower end of the market. Student debt is next as a problem.
- BH&J Index shows extreme downward pressure on the demand for homeownership in many markets. We are in for a relatively rough period for housing value. Nothing like the fall from the peak of the last cycle but we should expect a moderate decline to flat housing prices for a couple of years to come which should land is on the 40-year housing price trend.
- Slowing income growth, slower economic growth, still-elevated housing prices
- Job cuts
- First time buyer leverage.
- It's the economy: I cannot rule out a recession starting in 2020.
- The lack of a larger supply response in housing has been the biggest puzzle of this recovery. Land-use and other local regulations may be significant inhibitors.
- Tax Law affecting rental, and especially ownership markets.
- The possibility of an economic slowdown next year may also impact consumer's purchasing power.
- Economic Recession
- 2020 market softening a result of monetary policy and international trade impacts on economic growth.
- Recession risk is rising - a recession will certainly dampen demand.
- Uncertainty, sentiment from macro events.
- Macroeconomic dislocation.
- Household formation rates will be the key positive demographic factor, as more millennials get into ownership. Affordability will remain the one constraint.
- Reduced demand from economic slowdown (possible recession, but slow growth more likely); geopolitical shocks to buyer confidence.
- Overall economy-employment, income.
- Low unemployment and pickup in wage growth.
- Continuing aspects of tax reform.

Factors Expected to Impact U.S. Home-buying Demand through 2020

Panelists selected up to 3 factors they expect to have the greatest impact on home-buying demand through 2020.



Other factors suggested by panelists
*(expected to **lower demand**)*

• Availability of credit
• Tax law changes that allow $24,000 standard deductions make mortgage interest and property tax deductions less valuable for the first time buyers and lower end of the market. Student debt is next as a problem.
• BH&J Index shows extreme downward pressure on the demand for homeownership in many markets. We are in for a relatively rough period for housing value. Nothing like the fall from the peak of the last cycle but we should expect a moderate decline to flat housing prices for a couple of years to come which should land is on the 40-year housing price trend.
• Slowing income growth, slower economic growth, still-elevated housing prices
• Job cuts
• The lack of a larger supply response in housing has been the biggest puzzle of this recovery. Land-use and other local regulations may be significant inhibitors.
• Tax Law affecting rental, and especially ownership markets.
• The possibility of an economic slowdown next year may also impact consumer's purchasing power.
• Economic Recession
• 2020 market softening a result of monetary policy and international trade impacts on economic growth.
• Recession risk is rising - a recession will certainly dampen demand.
• Uncertainty, sentiment from macro events.
• Macroeconomic dislocation.
• Reduced demand from economic slowdown (possible recession, but slow growth more likely); geopolitical shocks to buyer confidence.
• Continuing aspects of tax reform.

Other factors suggested by panelists
*(expected to **increase demand**)*

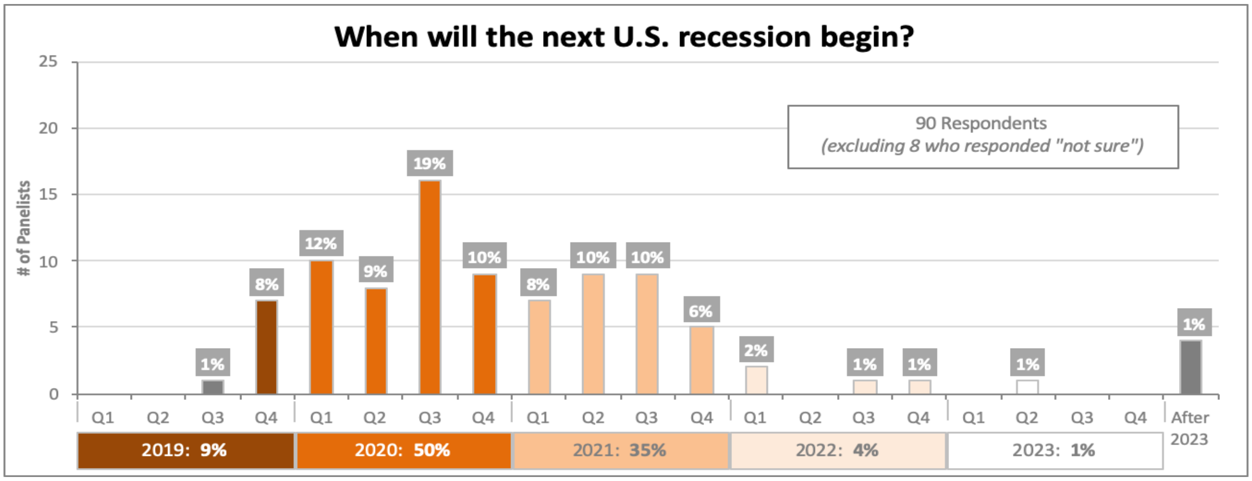
• It's the economy: I cannot rule out a recession starting in 2020.
• Household formation rates will be the key positive demographic factor, as more millennials get into ownership. Affordability will remain the one constraint.
• Overall economy-employment, income.
• Low unemployment and pickup in wage growth.

Q2 2019 Zillow Home Price Expectations Survey - **Supplemental Questions**

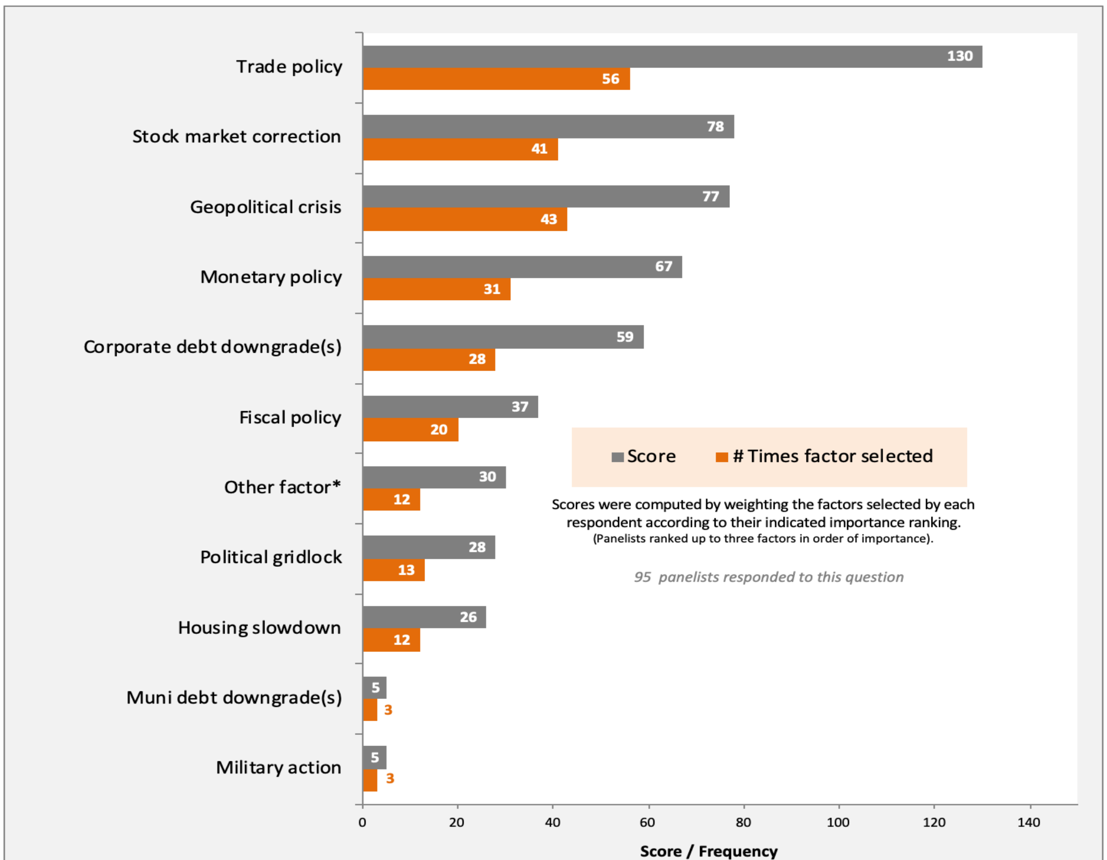
Topic: **Recession Risk**

On April 26, the BEA announced that real GDP increased at an annual rate of 3.2 percent in Q1 2019, up from a 2.2 percent increase in Q4 2018.

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



Which three factors do you think are most likely to trigger the next recession in the U.S.? *(Select up to 3 factors, and then rank your choices in order of importance)*



**** Other factors suggested by panelists:***

- Consumer debt. It's not the trigger, but the fundamental cause.
- A financial crisis in some corner of the markets, such as in leveraged loans (commercial mortgage and others) could again derail the economy.
- Banks raise credit standards for households and businesses.
- Economic slowdown / financial market instability abroad.
- Will be due to an unanticipated external shock, such as geopolitical crisis, financial crisis, natural disaster, etc.
- Leverage cycle/credit event.
- Democrat wins election
- Business cycle. Continuous growth now through 1Q21 will over heat.
- Weakness in Asian and Eurozone economies.
- A shock that is by nature, unpredictable.
- Growth in government