

Media Contact:  
Emily Heffter, Zillow  
206-757-2701 or [press@zillow.com](mailto:press@zillow.com)

## Confidence in U.S. Housing Market On The Rise, Especially Among Renters

*More than 5 million renters say they're likely to buy a home in the next year, according to the Zillow Housing Confidence Index (ZHCI)*

- **In the U.S., both renters and homeowners expressed more confidence in the housing market this year than last year.**
- **Americans are most confident in the housing market in San Jose, Miami and San Francisco. Over the last year, confidence rose the most in Dallas, Detroit and St. Louis.**
- **Homeowners remain more confident than renters, but renter confidence is growing faster than homeowner confidence in 14 of 20 metro areas surveyed.**

**SEATTLE – March 13, 2015** – American renters are growing more confident in the housing market, and more than 5 million are planning to buy a home this year, according to the Zillow® Housing Confidence Index (ZHCI)<sup>i</sup>.

More than 12 percent of current renters nationwide – roughly 5.2 million – said they plan to buy in the next year<sup>ii</sup>, an almost 25 percent jump from the same time last year, when 4.2 million renters said they had plans to buy within 12 months. The ZHCI, sponsored by Zillow and developed by Pulsenomics LLC, polls homeowners and renters about housing market conditions, expectations for the future and their attitudes toward homeownership in general<sup>iii</sup>, across 20 of the large metro areas in the United States.

Thanks to historically low mortgage interest rates and home values below peak levels, buyers can expect to spend about 15 percent of their monthly income on a mortgage payment, compared to 22 percent historically, according to Zillow research<sup>iv</sup>. Typical renters should expect to pay 30 percent of their income to rent, compared to 25 percent a generation ago.

“As home affordability continues to look great and rental affordability looks abysmal, many current renters clearly seem to be re-thinking their attitudes toward homeownership, and are expressing more confidence in the overall housing market as a result,” said Zillow Chief Economist Dr. Stan Humphries. “But while this confidence is heartening, it’s important to inject a note of reality here: Not all renters who want to buy this year will be successful. Saving a down payment, qualifying for a mortgage and finding an affordable home to buy all remain formidable challenges for many.”

Among all renters surveyed nationwide, 59.7 percent said they think buying a home is the best long-term investment a person can make, compared to 56.9 percent at the same time last year. This improved long-term outlook was especially evident among younger renters. Among all 18- to 34-year-old renters, 66.2 percent said owning a home was the best long-term investment, compared to 61.4 percent last year.

The index is measured on a 100-point scale, with readings more than 50 indicating general confidence. Overall, housing market confidence is rising more quickly among renters than homeowners. Among only

homeowners, headline confidence rose 3.7 points year-over-year, to 70.6 in January. Among renters only, overall confidence rose 4.4 points in the past year, to 62.4. Confidence among all owners and renters rose 3.6 points, to 67.4.

Although survey respondents in most markets said they expected home value appreciation to slow in 2015, in all areas they also said they expected home value growth to exceed the rate of inflation by an average of more than 2 percent. During the past year, consumer expectations for long-term home value growth have increased. Consumers now expect homes to appreciate over the next ten years by slightly more than what is expected by experts – and at a faster rate than before the housing bubble.

“This latest increase in The U.S. Housing Confidence Index confirms that prevailing sentiments and expectations among consumers concerning their local real estate market—important economic factors not reflected in widely-followed consumer confidence indexes—continue to improve and bode well for the U.S. economy,” said Terry Loeb, Founder of Pulsenomics. “Renter aspirations for homeownership are on the rise in most cities. More homeowners are recognizing restoration and growth in the value of what for most of them is their largest asset by far—their home. In every market surveyed, both renters and homeowners expect the annual growth rate of local home values to handily beat the rate of inflation within the broader economy over the coming decade. These insights should remove any lingering doubt that the U.S. housing market’s foundation is now solid enough to withstand The Fed’s monetary policy liftoff.”

<b>Metro</b>	<b>Jan. 2015 Overall Zillow Housing Confidence Index (Measured in points on a 0-100 scale)</b>	<b>Change in Renter Confidence Jan. 2014- 2015 (Measured in points on a 0-100 scale)</b>	<b>Change in Homeowner Confidence Jan. 2014- 2015 (Measured in points on a 0-100 scale)</b>	<b>Number of renters looking to buy in next year</b>
United States	70.6	4.4	3.7	5,165,618
Atlanta	66.5	4.6	4.0	130,004
Boston	66.2	1.0	4.3	34,898
Chicago	64.8	5.4	1.1	149,744
Dallas	69.7	6.8	5.4	225,821
Denver	69.1	5.7	5.0	64,739
Detroit	64.4	4.9	5.6	57,720
Las Vegas	66.3	3.3	2.5	31,117
Los Angeles	69.2	7.8	2.6	199,146
Miami	70.6	5.3	2.4	161,052
Minneapolis	66.2	7.1	2.4	49,156
New York-Northern New Jersey	66.7	1.8	6.2	241,562
Philadelphia	64.8	8.1	2.7	59,201
Phoenix	68.4	2.7	1.6	140,249
St Louis	63.8	8.3	4.0	23,721
San Diego	69.2	2.7	2.3	52,025
San Francisco	70.5	5.4	3.6	92,860
San Jose	71.5	2.8	2.5	25,411

Seattle	67.9	2.0	5.4	40,128
Tampa	65.3	0.0	4.3	46,237
Washington DC	69.2	3.2	4.0	120,252

## Zillow Research

Zillow, Inc. operates the largest home-related marketplaces on mobile and the Web, with a complementary portfolio of brands and products that help people find vital information about homes, and connect with the best local professionals. In addition, Zillow operates an industry-leading economics and analytics bureau led by Zillow's Chief Economist Dr. Stan Humphries. Dr. Humphries and his team of economists and data analysts produce extensive housing data and research covering more than 450 markets at Zillow Real Estate Research. Zillow also sponsors the quarterly Zillow Home Price Expectations Survey, which asks more than 100 leading economists, real estate experts and investment and market strategists to predict the path of the Zillow Home Value Index over the next five years. Zillow also sponsors the bi-annual Zillow Housing Confidence Index (ZHCI) which measures consumer confidence in local housing markets, both currently and over time. The Zillow, Inc. portfolio includes Zillow.com®, Zillow Mobile, Zillow Mortgages, Zillow Rentals, Zillow Digs®, Postlets®, Diverse Solutions®, Mortech®, HotPads®, StreetEasy® and Retsly™. The company is headquartered in Seattle.

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## About Pulsenomics:

Pulsenomics LLC is an independent research and consulting firm that specializes in data analytics, new product and index development for institutional clients in the financial and real estate arenas. Pulsenomics also designs and manages expert surveys and consumer polls to identify trends and expectations that are relevant to effective business management and monitoring economic health. Pulsenomics LLC is the author of The Home Price Expectations Survey™, The U.S. Housing Confidence Survey, and The U.S. Housing Confidence Index. Pulsenomics®, The Housing Confidence Index™, and The Housing Confidence Survey™ are trademarks of Pulsenomics LLC.

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<sup>i</sup> The ZHCI is computed by Pulsenomics from data compiled by the Zillow-sponsored U.S. Housing Confidence Survey (HCS), consisting of more than 10,000 completed household interviews with adult landline and cellphone users nationwide. This edition of the ZHCI is derived from data collected in the January 2015 edition of the HCS, conducted between January 6 and January 13, 2015. At a 95% confidence interval, the theoretical margin of sampling error for an aggregated, household-weighted sample of 10,000 (comprised of 20 metro-level probability samples of 500 each) is +/- 1.2%, and larger for sub-groups (e.g., +/- 1.5% for all homeowner households, and +/- 2.0% for all renter households). More than 350,000 consumer responses pertaining to the real estate market where each survey respondent lives are recorded by Pulsenomics to produce each edition of the ZHCI. To view or download all 252 index values that comprise each edition of the ZHCI data set, or to learn more about the ZHCI calculation methodology, please visit [Zillow.com/research](http://Zillow.com/research) or [pulsenomics.com](http://pulsenomics.com).

<sup>ii</sup> Renters were asked: 'When, if ever, do you expect to buy a home? Within the next 12 months? 1-2 years from now? 3-5 years from now? More than 5 years from now? Or, never?'

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<sup>iii</sup> The ZHCI headline index is comprised of three sub-indices: The Housing Market Conditions Index (HMCI), which measures prevailing market trends and buying/selling conditions. The Housing Expectations Index (HEI), measuring expected changes in home values, home affordability and the value of homeownership. The Homeownership Aspirations Index (HAI), which measures household home-buying plans and attitudes toward the social value of homeownership. It is measured on a 0-100 scale, with readings above 50 indicating positive sentiment.

<sup>iv</sup> <http://www.zillow.com/research/affordability-2014-q3-8456/>