

Press Releases

**As Millennials Delay First-Time Home Purchases, National Homeownership Rate will Continue to Fall**

**Rising mortgage interest rates expected to have negative impact on number of home sales; Pace of home value growth to slow through 2018, according to Zillow Home Price Expectations Survey**

**-More than 100 expert panelists predict that U.S. home values will end 2014 up an average of 4.6 percent from 2013, to a median value of $177,895.**

**-85 percent of the experts expect median age of first-time homebuyers to rise to 32 or higher in next 10 years.**

**-On average, the panelists expect interest rates on a 30-year, fixed-rate mortgage to reach approximately 5.3 percent by mid-2016.**

Aug 1, 2014

SEATTLE, Aug. 1, 2014 /[PRNewswire](http://www.prnewswire.com/)/ -- The national homeownership rate fell in the second quarter, and a majority of experts said they expect it to fall further in coming years as the Millennial generation delays home purchases and the age of typical first-time homebuyers rises, according to the latest Zillow® Home Price Expectations Survey.

The panel also said they expect U.S. median home values to end 2014 up 4.6 percent, on average, and to exceed their 2007 peak levels by the end of 2017, roughly a decade after the housing bust and ensuing recession began. The survey of 104 economists, real estate experts and investment and market strategists asked panelists to predict the path of the U.S. Zillow Home Value Index through 2018, and solicited opinions on the age of homeowners, the homeownership rate and the impact of rising mortgage interest rates on home sales volume. The survey was sponsored by leading real estate information marketplace Zillow, Inc. and is conducted quarterly by Pulsenomics LLC.

In 2013, the typical first-time homebuyer was 31 years old, according to the National Association of Realtorsi. Panelists were asked for their expectations regarding the median first-time homebuyer age over the next decade as Millennials reach their prime home-buying years. Among those expressing an opinion, 61 percent said they thought the median first-time homebuyer age would rise marginally, to 32 or 33, with another 24 percent saying they expected the median age would rise to 34 or older.

"Because of its huge size and great diversity of housing preferences and opinions, the Millennial generation will have enormous influence in coming years, especially as they hold off on getting married and having children, the two biggest reasons for first-time home purchases," said Zillow Chief Economist Dr. Stan Humphries. "A lower homeownership rate because of these demographic shifts will have a ripple effect, keeping rents high and potentially impacting the broader economy if substantially fewer people pay property taxes and buy fewer home goods. But while the age of first-time homebuyers may rise, it is dangerous to assume Millennials don't want to buy at all. Recent Zillow research concluded that millions of current renters do want to buy soon, despite headwinds that may end up delaying their purchase. And when they do, policymakers, planners and developers will need to ensure that housing is accessible, affordable and desirable to this new generation of homeowners."

Panelists were asked what they thought the homeownership rate would be in five years. Among those expressing an opinion, 57 percent said they thought the rate would be lower than the first quarter 2014 seasonally adjusted rate of 64.8 percent. After the survey was completed, the U.S. Census Bureau reported that the seasonally adjusted U.S. homeownership rate fell to 64.7 percent in the second quarter, the lowest rate since the second quarter of 1995ii.

**Impact of Rising Mortgage Rates**

Panelists were also asked what impact rising mortgage rates would have on home sales volume over the next two years, as higher rates impact mobility and home affordability. Among those with an opinion, 62 percent said they expected rising rates to have a somewhat negative or significantly negative impactiii on the number of sales going forward. On average, panelists said they expected interest rates on a 30-year, fixed-rate mortgage to reach 5.28 percent by July 2016.

Panelists predicted the U.S. Zillow Home Value Indexiv would rise 4.6 percent year-over-year by the end of 2014, to $177,895, and expected the pace to slow in each of the next four years. The most optimistic groupv of panelists predicted a 5.6 percent annual increase in home values this year, on average, while the most pessimisticvi predicted an average increase of 3.7 percent.

"The dispersion of the experts' home value projections has diminished to the lowest level in the history of this survey, and for the second consecutive quarter, the expected five-year average annual growth rate in U.S. home values is the same as that experienced during the pre-bubble era," said Terry Loebs, founder of Pulsenomics. "Although one would expect to observe trends like this in a calming housing market, it's way too soon to conclude that the market has healed and returned to the old normal."

**About Zillow:** Zillow, Inc. (NASDAQ: Z) 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](http://www.twitter.com/StanHumphries). 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](http://www.zillow.com/blog/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](http://www.zillow.com/mobile), [Zillow Mortgage Marketplace](http://www.zillow.com/mortgage), [Zillow Rentals](http://www.zillow.com/rentals), [Zillow Digs](http://www.zillow.com/digs)®, [Postlets](http://www.postlets.com/)®, [Diverse Solutions](http://www.diversesolutions.com/)®, [Agentfolio](http://agentfolio.com/)®, [Mortech](http://www.mortech.com/)®, [HotPads](http://www.hotpads.com/)™,  [StreetEasy](http://www.streeteasy.com/)® and Retsly™. The company is headquartered in Seattle.

[Zillow.com](http://www.zillow.com/), Zillow, Postlets, Mortech, Diverse Solutions, StreetEasy, Agentfolio and Digs are registered trademarks of Zillow, Inc. HotPads and Retsly are trademarks of Zillow, Inc.

**About Pulsenomics:**Pulsenomics LLC ([www.pulsenomics.com](http://www.pulsenomics.com/)) 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.

i <http://www.realtor.org/reports/highlights-from-the-2013-profile-of-home-buyers-and-sellers> ii <http://www.census.gov/housing/hvs/> iii 51 percent of respondents with an opinion said rising mortgage rates would have a "somewhat more negative impact" on home sales, with another 11 percent saying rising rates would have a "significant negative impact." iv The Zillow Home Value Index is the median estimated home value for a given geographic area on a given day and includes the value of all single-family residences, condominiums and cooperatives, regardless of whether they sold within a given period. It is expressed in dollars, and seasonally adjusted. v Based on the 25 percent most optimistic panelists in terms of cumulative home price change through 2018. vi Based on the 25 percent most pessimistic panelists in terms of cumulative home price change through 2018.

SOURCE Zillow, Inc.

For further information: Cory Hopkins, Zillow, 206-757-2701 or press@zillow.com