

Zillow® Real Estate Market Report

Embargoed until 12:01 a.m. ET Tuesday, April 10

FEBRUARY 2012

Overview

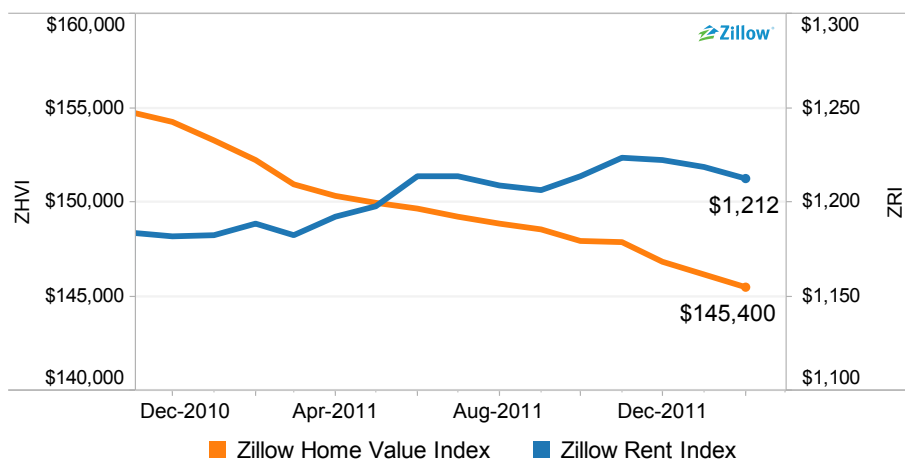
The February Real Estate Market Reports show that national home values decreased 0.5% to \$145,400 from January to February. On an annual basis, this represents a 4.5% decline (See Figure 2). The Zillow Rent Index, which measures median rent prices from month to month, shows the rental market continuing to outshine the for-sale market (See Figure 1). Annually, national rents have appreciated 2.0%. National monthly rents, however, are down due to seasonality.

Home values, now back to 2003 levels, combined with historically low financing rates are fueling homes sales, both existing and new, even while homes values continue to decline due to high levels of foreclosure re-sales, which set a new record in February. January existing home sales were very strong, while February slowed somewhat but still were quite strong when viewed on an annual basis (up almost 9%). February pending home sales were up a similar amount on a year-over-year basis, February new home sales were up 11% from the prior year, and both housing starts and permits were up 34% from year-ago levels.

Highlights

- The Zillow Rent Index shows national rents have increased 2% annually while national home values have depreciated 4.5% over the same period of time.
- Some of the hardest hit markets that are currently still experiencing home value declines have shown significant rent increases over the past year. Nearly 68% of markets covered by the ZRI showed annual gains.
- Of the 164 metropolitan areas covered by the ZHVI, 47 metros showed monthly home value appreciation while 109 metros showed home value decreases.
- Nationally, foreclosure re-sales reached a new all-time high making up 20.3% of all sales in February. The rate of foreclosure re-sales has steadily increased over the last several months, a reflection of the heavier volume of foreclosures that have entered the market.

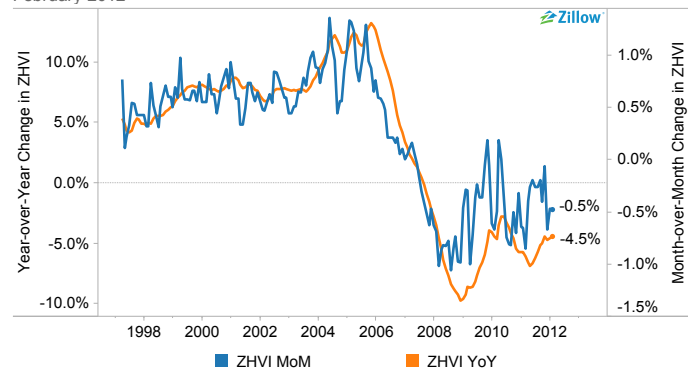
Figure 1: U.S. Zillow Home Value Index and U.S. Zillow Rent Index
February 2012



Home Values

The ZHVI covers 164 metropolitan areas of which 109 showed monthly home value depreciation, while 47 metros showed home value appreciation. Of the 25 largest metros covered by the ZHVI, Phoenix was the only metro to show monthly and yearly home value appreciation. In an encouraging sign, hard-hit areas of Florida, including the Miami-Fort Lauderdale, Tampa, and Fort Myers metros did show monthly home value appreciation in February.

Figure 2: Change in U.S. Zillow Home Value Index February 2012



Major markets that continue to feel the downward pressure of the housing recession include the Chicago metro, falling 1.7% from January to February and 11% annually, the Atlanta metro, declining 1.1% month-over-month and 10.8% annually, and the Seattle metro, showing a monthly decline of 0.8%, representing an annual decline of 7.4%.

Overall, national home values have fallen 25% from their peak in May 2007, and are now back to October 2003 levels. A table of the largest 25 metropolitan regions that Zillow covers and their month-over-month and year-over-year performance can be found on Page 3 of this report.

Rents

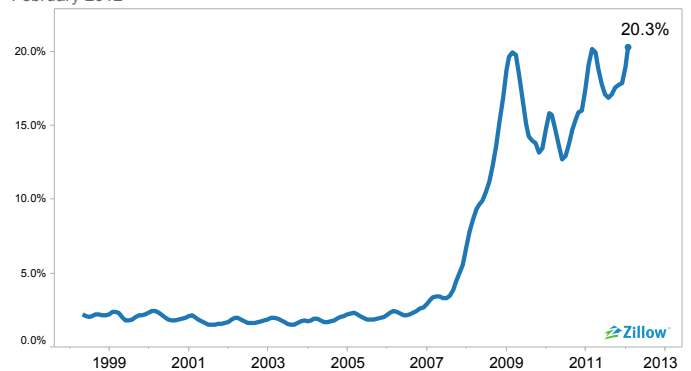
The Zillow Rent Index shows year-over-year gains for nearly 68% of the metropolitan areas covered by the ZRI. By contrast, only 8% of the metros areas covered by the ZHVI experienced annual home value increases.

The rental market remains strong, especially in markets that continue to experience consistent home value declines. For example, Chicago metro rents increased 8.6% over the past year, in comparison to an 11% fall in home values over the same period. In the Philadelphia metro, rents are up 14.8% while home values have fallen 5.4% year-over-year.

Foreclosures

The rate of homes foreclosed remained unchanged in February with 8.4 out of every 10,000 homes in the country being liquidated. Nationally, foreclosure re-sales have reached a new all-time high making up 20.3% of all sales in February (Figure 3). The rate of foreclosure re-sales has steadily increased over the last several months, a reflection of the heavier volume of foreclosures that have entered the market. Despite the expectations for stronger home sales, this increased liquidation rate will continue to put downward pressure on prices throughout the rest of the year.

Figure 3: U.S. Foreclosure Re-Sales February 2012



Outlook

Nationally, the Zillow Home Value Forecast calls for a 3.7% home value decline from December 2011 to December 2012. With that said, as we get closer to a bottom, sub-regions within larger metro regions will begin to see positive home value performance - something that we are already beginning to see. For example, in the Phoenix metro in January 2011, only 18% of ZIP codes were seeing home value appreciation over the prior three months whereas 87% were seeing appreciation by the end of the year (December 2011). Miami showed a similar development, with 17% of the ZIP Codes seeing home value appreciation in January of 2011, while 60% showed home values rising in December 2011.

The rental market remains positive territory as the housing market proceeds down its path to recovery. Rents continue to experience strong annual appreciation. High foreclosure rates will continue to spawn demand in the rental market and, in turn, attract investors.

National Summary

	Mar 2011	Apr 2011	May 2011	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012
ZHVI (\$)	150,900	150,300	149,900	149,600	149,200	148,800	148,500	147,900	147,800	146,800	146,100	145,400
MoM	-0.9%	-0.4%	-0.3%	-0.2%	-0.3%	-0.3%	-0.2%	-0.4%	-0.1%	-0.7%	-0.5%	-0.5%
YoY	-6.1%	-6.6%	-6.9%	-6.7%	-6.3%	-5.8%	-5.2%	-5.1%	-4.5%	-4.8%	-4.6%	-4.5%
Change from Peak	-22.1%	-22.4%	-22.7%	-22.8%	-23.0%	-23.2%	-23.4%	-23.7%	-23.7%	-24.3%	-24.6%	-25.0%
ZRI (\$)	1,182	1,192	1,197	1,213	1,213	1,208	1,206	1,213	1,223	1,222	1,218	1,212
MoM	-0.5%	0.8%	0.4%	1.3%	0.0%	-0.4%	-0.2%	0.6%	0.8%	-0.1%	-0.3%	-0.5%
YoY									3.4%	3.5%	3.0%	2.0%
Homes Foreclosed (out of 10,000)	9.7	9.6	9.3	9.3	8.8	8.8	8.5	8.1	7.8	8.0	8.4	8.4

Largest 25 Metropolitan Statistical Areas Covered by Zillow (Data for February 2012)

	ZHVI (\$)	ZHVI MoM	ZHVI YoY	Peak Month	Change from ZHVI Peak	ZRI (\$)	ZRI YoY	Homes Foreclosed (out of 10,000)
New York, NY	334,200	-0.1%	-5.2%	2006-06	-26.1%	-	-	0.5
Los Angeles, CA	381,900	-0.4%	-6.1%	2006-05	-38.0%	2,224	4.3%	9.6
Chicago, IL	154,600	-1.7%	-11.0%	2006-06	-37.9%	1,455	8.6%	-
Dallas-Fort Worth, TX	121,500	0.4%	-2.2%	2007-10	-15.4%	1,259	0.8%	9.8
Philadelphia, PA	184,500	0.1%	-5.4%	2007-06	-19.7%	1,470	14.8%	2.5
Washington, DC	302,000	-0.1%	-0.9%	2006-04	-29.5%	1,989	6.6%	4.3
Miami-Fort Lauderdale, FL	139,300	0.9%	-0.6%	2006-05	-54.6%	1,578	5.6%	-
Atlanta, GA	107,800	-1.1%	-10.8%	2007-06	-38.6%	1,112	1.1%	-
Boston, MA	302,800	0.0%	-2.5%	2005-09	-20.1%	1,835	1.9%	-
San Francisco, CA	458,500	-1.0%	-5.2%	2006-04	-34.6%	2,385	6.0%	11.7
Detroit, MI	72,500	0.1%	-3.7%	2005-12	-53.2%	984	6.6%	-
Riverside, CA	177,700	-0.3%	-4.5%	2006-05	-55.8%	1,532	0.5%	20.8
Phoenix, AZ	126,000	1.2%	0.1%	2006-03	-54.9%	1,126	2.1%	22.1
Seattle, WA	247,900	-0.8%	-7.4%	2007-07	-34.3%	1,581	5.4%	7.3
Minneapolis-St Paul, MN	162,800	-0.1%	-6.9%	2006-04	-32.0%	1,371	9.8%	10.6
San Diego, CA	334,200	-0.4%	-5.2%	2005-10	-37.5%	2,091	4.6%	10.3
Tampa, FL	104,200	0.6%	-6.0%	2006-06	-52.4%	1,156	3.7%	-
St. Louis, MO	121,000	0.5%	-5.8%	2007-03	-22.0%	1,086	6.9%	-
Baltimore, MD	212,000	-0.6%	-4.0%	2006-06	-25.1%	1,599	8.6%	2.7
Denver, CO	204,200	0.1%	-1.1%	2006-05	-11.4%	1,417	3.8%	10.2
Pittsburgh, PA	106,700	0.8%	-0.3%	2010-06	-0.7%	969	2.6%	3.2
Portland, OR	206,000	-0.1%	-5.0%	2007-06	-27.0%	1,325	5.7%	7.6
Sacramento, CA	200,600	-0.5%	-7.9%	2005-11	-52.4%	1,406	0.4%	18.7
Orlando, FL	113,200	-0.5%	-4.9%	2006-05	-56.1%	1,185	3.8%	-
Cleveland, OH	106,800	-0.4%	-4.5%	2005-12	-24.7%	1,060	4.3%	6.8

Zillow Home Value Index (ZHVI)	The Zillow Home Value Index is the median Zestimate® valuation 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. The ZHVI at the national level is calculated as the median Zestimate of all homes in the US. It is expressed in dollars.
Zillow Rent Index (ZRI)	The Zillow Rent Index is the median Rent Zestimate (estimated monthly rental price) for a given geographic area on a given day, and includes the value of all single-family residences, condominiums, cooperatives and apartments in Zillow’s database, regardless of whether they are currently listed for rent. It is expressed in dollars.
Foreclosure Re-sales / REOs	The percentage of sales in a given geography that were foreclosure re-sales (a sale of a home that occurred within 12 months after the home was foreclosed). This metric captures mostly bank-owned sales. Reported monthly and compiled from data dating back to 1998. Each data point is a weighted average of the value in the prior three months (with the most recent month weighted highest). The historical percent of foreclosure re-sales is re-computed twice a month.
Homes Foreclosed	Also referred to the foreclosure liquidation rate. The number out of 10,000 homes in a given geography that have been foreclosed on in a given month. A foreclosure is when a homeowner loses their home to their lending institution or if it is sold to a third party at an auction. Reported monthly and compiled from data dating back to 1998. Each data point is a weighted average of the value in the prior three months (with the most recent month weighted highest). The historical percent of homes foreclosed is re-computed twice a month.
Sold for Loss (%)	The percentage of homes in a given geography that sold for less than the previous purchase price. This excludes foreclosed homes and sales and the consecutive sale of the foreclosed home. Reported monthly and compiled from data dating back to 1998. Each data point is a weighted average of the value in the prior three months (with the most recent month weighted highest). The historical percent of homes sold for a loss is re-computed twice a month.
Peak Month	The month that recorded the highest Zillow Home Value Index to date. For the United States, the peak month was May 2007.
Change from Peak	The percentage change from the month that recorded the highest Zillow Home Value Index to the current month.

About Zillow Real Estate Market Reports

The Zillow Real Estate Market Reports are a monthly overview of the national and local real estate markets. The reports are compiled by Zillow Real Estate Research. For more information visit www.zillow.com/research. The data in Zillow’s Real Estate Market Reports is aggregated from public sources by a number of data providers for 276 core-based statistical areas dating back to 1996. Mortgage and home loan data is typically recorded in each county and publicly available through a county recorder’s office.

About Dr. Stan Humphries, Zillow Chief Economist

Humphries is in charge of data and analytics. He spearheaded the creation of the Zestimate, its algorithm and, in turn, the Zillow Home Value Index. Humphries has a Bachelor of Arts from Davidson College, a Masters of Science in Foreign Service from Georgetown University, and a Ph.D. in Government from the University of Virginia.

About Dr. Svenja Gudell, Zillow Senior Economist

Gudell helps oversee negative equity valuations, forecasting and foreclosure research, among other research topics. She is also involved in research collaborations with other organizations and academics. Gudell holds a Ph.D. in Finance from the University of Rochester, a Masters of Arts in Economics from New York University and a Bachelor of Arts from the University of Rochester.

About Zillow, Inc.

Zillow (NASDAQ: Z) is the leading real estate information marketplace, providing vital information about homes, real estate listings and mortgages through its website and mobile applications, enabling homeowners, buyers, sellers and renters to connect with real estate and mortgage professionals best suited to meet their needs. 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 150 markets at Zillow Real Estate Research. Zillow, Inc. operates Zillow.com®, Zillow Mortgage Marketplace, Zillow Mobile, Postlets® and Diverse Solutions™. The company is headquartered in Seattle.

Zillow.com, Zillow, Zestimate and Postlets are registered trademarks of Zillow, Inc. Diverse Solutions is a trademark of Zillow, Inc.

For images or more information contact pr@zillow.com