

APRIL 2013

Overview

Zillow’s April Real Estate Market Reports, released today, show that national home values rose 0.5% from March to April to \$158,300 (Figure 1). On a year-over-year basis, home values were up 5.2% (Figure 2) from April 2012. The last time national home values were at this level was in June 2004. Rents were up 3.9% on a year-over-year basis (Figure 3). The Zillow Home Value Forecast calls for 4% appreciation nationally from April 2013 to April 2014. Most markets have already hit a bottom – with only 7 out of 251 not projected to hit a bottom within the next year – and 65 out of the 251 markets covered are forecasted to experience home value appreciation of 4% or higher. Currently, many California markets, which were particularly hard hit during the housing recession, are experiencing strong appreciation and are also forecasted to keep appreciation at a fast clip over the next year.

Figure 1: U.S. Zillow Home Value Index
April 2013

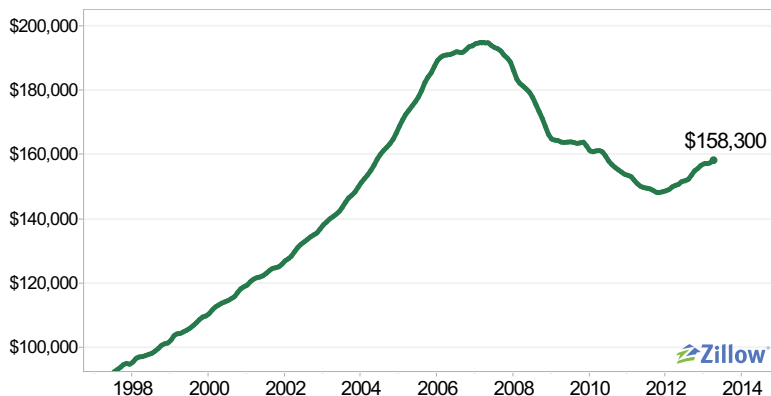
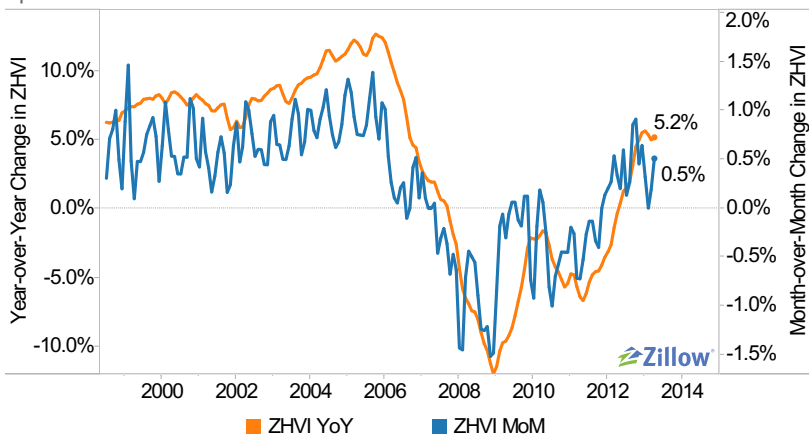


Figure 2: Change in U.S. Zillow Home Value Index
April 2013



Highlights

- Zillow’s April Real Estate Market Reports cover 365 metropolitan areas, of which 202 (55%) showed monthly home value appreciation and 266 (73%) saw annual home value appreciation.
- Home values were up 5.2% year-over-year, marking the sixth consecutive month of annual home value appreciation at or above 5 percent.
- The Zillow Rent Index (ZRI) shows national rents are up 3.9% annually. Markets that saw extremely strong annual rent appreciation include Denver (9.1%), Boston (5.9%), Portland (5.8%) and San Francisco (5.3%).
- We continue to expect home value appreciation to moderate throughout the year, especially in regions where appreciation has been particularly strong. Some markets will have stronger appreciation for longer than others as investor activity and inventory constraints greatly vary across markets.

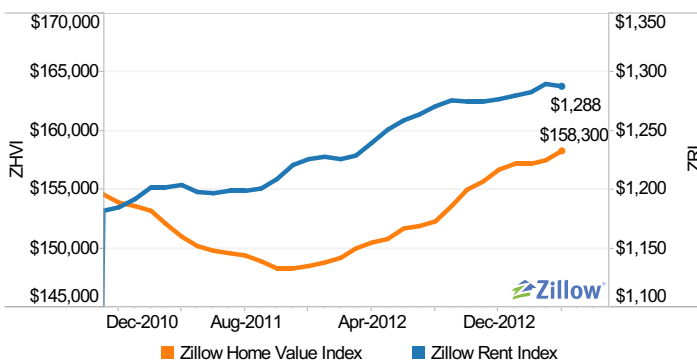
Home Values

The April Zillow Real Estate Market Reports cover 365 metropolitan and micropolitan areas. In April, 202 (55%) of the 365 markets showed monthly home value appreciation, and 266 (73%) of the 365 markets saw annual home value appreciation. Among the top 30 metros, 27 of them experienced monthly home value appreciation, and 29 of them experienced annual increases with only Chicago (0.2% down) showing declining home values over the past year. Leading the pack in positive monthly appreciation were Sacramento, Las Vegas, San Jose and San Francisco, which experienced 3.4%, 3%, 2.8% and 2.8% monthly home value appreciation, respectively. Overall, national home values were down 18.7% from their peak in May 2007 and up 6.7% from the post-recession trough in October 2011

Rents

The Zillow Rent Index (ZRI) covers 484 metropolitan and micropolitan areas and shows year-over-year gains for 344 metropolitan areas covered by the ZRI. The rental market remains strong (Figure 3), despite decelerating annual appreciation. Markets that saw extremely strong annual rent appreciation include Denver (9.1%), Boston (5.9%), Portland (5.8%) and San Francisco (5.3%). Demand for rental housing remains strong, and many investors continue to purchase homes (many times lower-priced homes or distressed inventory) and convert these properties into rental units. Many markets are seeing tight inventory and sharp home value appreciation in part brought on by active investors. Nationally, rents were up 3.9% in April on a year-over-year basis.

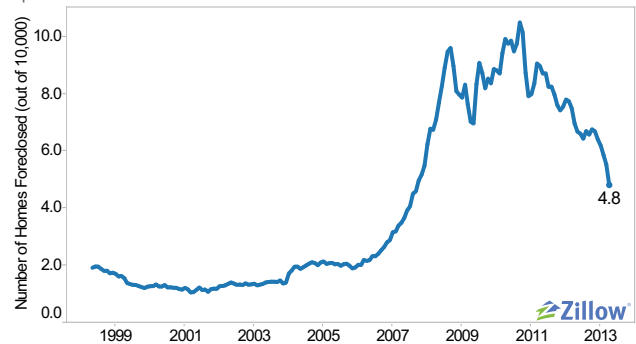
Figure 3: U.S. Zillow Home Value Index and U.S. Zillow Rent Index April 2013



Foreclosures

The rate of homes foreclosed continued to decline in April with 4.8 out of every 10,000 homes in the country being liquidated. The last time it was at this rate was in September 2011. Nationally, foreclosure resales also continued to fall, making up 12% of all sales in April (Figure 4). This is down 4 percentage points from April 2012 and down 7.9 percentage points from its peak level of 19.9% in March 2009.

Figure 4: U.S. Homes Foreclosed April 2013



Outlook

We continue to expect home value appreciation to moderate throughout the year, especially in regions where appreciation has been particularly strong. Some markets will have stronger appreciation for longer than others as investor activity and inventory constraints greatly vary across markets. The Zillow Home Value Forecast calls for 4% appreciation nationally from April 2013 to April 2014. Negative equity as of the end of 2012 stands at 27.5% nationally and is trending down as home values increase. In 2012, almost 2 million homeowners were freed from negative equity. Unfortunately, high levels of negative equity will remain with us for the next few years given the extent of home value declines in hard-hit markets such as Phoenix and Las Vegas. While we do expect some additional supply of homes on the market this year as new construction continues to ramp up and as many of those recently freed from negative equity choose to sell their homes, we expect demand to continue to outpace even this increase in supply, therefore leading to continued inventory shortages in some markets. There recently have been signs of easing in terms of inventory constraints, but again this greatly varies by market. In April, housing inventory was 14.4% tighter nationally than in April of last year, and this shortage in listing supply will continue to put upward pressure on home values in some regions.

National Summary

	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013
ZHVI (\$)	150,800	151,700	151,900	152,300	153,600	155,000	155,700	156,700	157,200	157,200	157,500	158,300
MoM	0.2%	0.6%	0.1%	0.3%	0.9%	0.9%	0.5%	0.6%	0.3%	0.0%	0.2%	0.5%
YoY	0.4%	1.3%	1.5%	1.9%	3.2%	4.5%	5.0%	5.5%	5.6%	5.4%	5.0%	5.2%
Change from Peak	-22.6%	-22.1%	-22.0%	-21.8%	-21.1%	-20.4%	-20.1%	-19.6%	-19.3%	-19.3%	-19.1%	-18.7%
ZRI (\$)	1,251	1,259	1,264	1,271	1,276	1,275	1,275	1,277	1,280	1,283	1,290	1,288
MoM	0.9%	0.6%	0.4%	0.6%	0.4%	-0.1%	0.0%	0.2%	0.2%	0.2%	0.5%	-0.2%
YoY	4.4%	5.2%	5.4%	6.0%	6.2%	5.5%	4.4%	4.2%	4.2%	4.6%	5.0%	3.9%
Foreclosure Re-sales	14.7%	13.6%	12.8%	12.2%	11.9%	11.8%	11.4%	11.3%	12.4%	13.3%	13.0%	12.0%

Largest 30 Metropolitan Statistical Areas Covered by Zillow (Data for April 2013)

	ZHVI (\$)	ZHVI MoM	ZHVI YoY	Peak Month	Change from ZHVI Peak	ZRI (\$)	ZRI YoY	Change in ZHVI, Apr. 2013 - Apr. 2014	Projected Bottom in Home Values	Foreclosure Re-Sales (%)
New York, NY	345,500	0.2%	1.5%	2006-04	-24.0%			-0.2%	2012 Q1	1.8%
Los Angeles, CA	452,000	2.3%	17.9%	2006-02	-26.7%	2,308	2.9%	12.0%	2012 Q1	13.5%
Chicago, IL	161,000	0.1%	-0.2%	2007-01	-38.2%	1,528	3.9%	0.4%	2012 Q1	
Dallas-Fort Worth, TX	133,900	1.0%	6.4%	2007-11	-9.1%	1,342	4.7%	4.4%	2011 Q4	10.3%
Philadelphia, PA	188,300	0.1%	1.5%	2007-04	-18.6%	1,492	0.3%	1.2%	2012 Q2	8.5%
Washington, DC	330,800	0.4%	6.7%	2005-12	-23.5%	2,083	3.5%	0.6%	2012 Q1	8.8%
Miami-Fort Lauderdale, FL	161,800	1.4%	13.5%	2006-05	-47.7%	1,624	2.9%	4.2%	2011 Q3	
Atlanta, GA	118,300	0.4%	4.4%	2007-03	-32.6%	1,141	1.2%	1.6%	2012 Q3	
Boston, MA	323,000	0.2%	4.8%	2005-07	-14.9%	1,993	5.9%	0.9%	2011 Q4	
San Francisco, CA	586,200	2.8%	24.8%	2006-01	-17.2%	2,560	5.3%	12.2%	2012 Q1	12.6%
Detroit, MI	86,500	1.5%	14.0%	2005-05	-44.7%	1,027	0.2%	6.1%	2011 Q4	
Riverside, CA	215,900	2.3%	18.8%	2006-04	-46.8%	1,582	2.8%	15.7%	2012 Q1	20.9%
Phoenix, AZ	169,700	2.0%	25.5%	2006-03	-39.9%	1,167	3.1%	10.1%	2011 Q3	14.8%
Seattle, WA	288,500	2.2%	12.7%	2007-06	-23.9%	1,645	2.9%	9.8%	2012 Q1	11.7%
Minneapolis-St Paul, MN	182,300	0.8%	10.6%	2006-03	-24.4%	1,474	4.9%	2.0%	2012 Q1	16.8%
San Diego, CA	408,000	2.2%	19.7%	2005-10	-23.9%	2,125	1.7%	9.9%	2011 Q4	11.4%
St. Louis, MO	125,900	0.1%	0.2%	2007-03	-20.0%	1,098	0.7%	0.9%	2012 Q1	
Tampa, FL	119,900	1.4%	11.0%	2006-05	-45.0%	1,200	2.7%	5.3%	2011 Q3	
Baltimore, MD	222,700	-0.1%	2.4%	2007-03	-22.0%	1,682	2.9%	0.7%	2012 Q1	9.6%
Denver, CO	237,100	1.0%	13.4%	2013-04	0.0%	1,566	9.1%	3.1%	2011 Q3	11.9%
Pittsburgh, PA	112,700	0.1%	3.3%	2013-02	-0.1%	1,015	1.0%	1.8%	2008 Q4	6.0%
Portland, OR	242,100	1.7%	12.1%	2007-04	-17.3%	1,428	5.8%	5.5%	2011 Q4	7.8%
Sacramento, CA	252,900	3.4%	25.4%	2005-10	-40.1%	1,474	3.0%	17.7%	2012 Q1	16.4%
Orlando, FL	132,900	1.1%	11.0%	2006-05	-48.7%	1,226	2.7%	5.3%	2011 Q4	
Cincinnati, OH	125,000	0.5%	1.8%	2008-01	-12.6%	1,086	0.9%	1.6%	2012 Q1	7.6%
Cleveland, OH	111,300	-0.3%	1.3%	2005-11	-22.1%	1,115	3.3%	2.1%	2012 Q1	24.0%
Las Vegas, NV	139,800	3.0%	23.0%	2006-04	-54.7%	1,151	0.3%	9.7%	2012 Q1	15.8%
San Jose, CA	701,400	2.8%	25.2%	2007-01	-5.0%	2,662	3.7%	9.1%	2009 Q1	7.1%
Columbus, OH	128,300	0.3%	3.7%	2007-02	-12.2%	1,187	2.3%	1.6%	2011 Q4	21.6%
Charlotte, NC	136,200	-0.5%	1.2%	2008-04	-12.7%	1,161	4.8%	-0.6%	2011 Q1	12.8%

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 U.S. 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 929 metropolitan and micropolitan 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, 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. Dr. Humphries and his team of economists and data analysts produce extensive housing data and research covering more than 350 markets at Zillow Real Estate Research. The Zillow, Inc. portfolio includes Zillow.com®, Zillow Mobile, Zillow Mortgage Marketplace, Zillow Rentals, Zillow Digs™, Postlets®, Diverse Solutions®, Buyfolio™, Mortech™ and HotPads™. The company is headquartered in Seattle.

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