

## Homeowner Survey – May 14 2009

### Survey: Most homeowners think real estate market turning around

SEATTLE, – May 14, 2009 – American homeowners have a solid understanding of what has happened to the values of their own homes over the past year. A majority (60 percent) believes their home lost value during the past 12 months, according to the Zillow Q1 Homeowner Confidence Survey. In reality, however, 80 percent of homes across the country lost value during the past 12 months, according to Zillow's first quarter Real Estate Market Reports.

Additionally, 18 percent of owners believe their home gained value in the past 12 months, and 22 percent believe its value remained the same. That resulted in a Zillow Home Value Misperception Index of five – the lowest it has been since Zillow introduced the index in the second quarter of 2008 – and down from 10 in the fourth quarter of 2008.

A Misperception Index of zero would mean homeowners' perceptions' were in line with actual values.

While consumers understanding of the real estate market's slide became more accurate, that change also created hope for the future. Most homeowners – 74 percent – believe their home will not decline in value in the coming six months, effectively calling a bottom to their own home's housing slide. Specifically, one in four homeowners (27 percent) think their home's value will increase in the next six months, while nearly half (47 percent) believe their home's value will remain the same. Homeowners were similarly optimistic when it came to predicting home values in their local markets. About two-thirds of homeowners believe home values in their local markets will increase (26 percent) or stay the same (37 percent) over the next six months. Thirty-seven percent believe home values will decrease.

The survey results also suggest that many Americans would like to sell their home but are waiting for a market turnaround to do so. When asked about future plans to sell, 31 percent of homeowners said they would be at least "somewhat likely" to put their homes on the market in the next 12 months if they saw signs of a real estate market turnaround.

"The perception of American homeowners is finally catching up to reality, which is that 80 percent of all homes in the country lost value during this past year," says Dr. Stan Humphries, Zillow's vice president of data and analytics. "While homeowners are now more realistic when looking backward, they are still pretty starry-eyed when looking forward, with three out of four homeowners believing that their own homes' prices will increase or be flat over the next six months. Unfortunately, there are few markets we expect to perform this well.

"Also interesting is the information we have for the first time this quarter on the levels of 'shadow inventory' – homes that people would like to sell but that aren't currently on the market, and thus aren't captured in the official number of homes on the market," Humphries says. "With almost a third of homeowners poised to jump into the market at the first sign of stabilization, this could create a steady stream of new inventory, adding to already record-high inventory levels, thus keeping downward pressure on home prices."

To read survey results, go to: <http://zillow.mediaroom.com/index.php?s=173>

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