

Webinar Unanswered Q&A for

“Using Census and Zillow Data to Understand COVID-19’s Impact on the Housing Market”

March 17

Q: Do you also have the data of how many renters on the tipping point [of the telework index] by ethnic group by metro area?

A: The Census data we used for this analysis classifies by race and by ethnic group – which includes Hispanic (what we termed as Latinx in the presentation) or not Hispanic/Latinx. We classified race by identifying the race of the household, and then used ethnic group to identify households in each race that are Latinx. The households identified within each racial group outside of Latinx are those races alone, and the households identified as Latinx are from any race.

Q: The Zillow rent data was significantly trimmed by the number of geographies, perhaps around Fall 2019. Why, and might it return to a level of more detail?

A: We answered this live during the webinar, but to restate: we stopped producing lower-level geographies due to resource constraints. We do occasionally take ad hoc requests, so if there is a specific need for rental data at lower geographic levels, please reach out to our contact email (press@zillow.com) as we might be able to offer some additional insight. It is also important to note that we changed to the Zillow Observed Rent Index (ZORI) in 2020 from the previous Zillow Rental Index (ZRI). ZORI is a weighted repeat rent index which takes into account observed rent prices for units that are rented more than once over a given period, whereas ZRI tracked estimated rental values for all homes.

Q: Do you plan to make allowances for how some employers are using COL [cost of living] for movers' new locations to adjust their salaries?

A: We use the reported income levels from Census data in our analyses, so we do not anticipate making any assumptions about changing incomes for remote-able workers

until more recent Census data is released to indicate if and how incomes are changing for this population.

Q: How does the remote-ability of occupations (the ability to perform the job remotely) influence how the racial segmentation of your housing remote-ability metric?

A: It's known that there is uneven racial representation by race in industries and occupations, and there's uneven pay within those. In some industries, like public administration, there are a lot of office jobs that can be done remotely, at least partially. A larger number of black heads of household/primary earners working in these industries means their households are more likely to be affected by the shift to more remote work. We can look at different levels of income and housing conditions to guess at whether a household is likely to move. Some, but not all, of the disparity in industry/occupation/income is based in geography, which is why the analysis of the racial impact focused on different effects at the metro level.

Q: Did you happen to research the idea that some employers cut pay if employees move out of urban/metro areas for rural areas?

A: We did not. We assumed that incomes would stay the same for remote-able jobs, regardless of where the employees live.

Q: Can you please elaborate on how reverse commuters tend to be more common in less expensive markets, but how they're also more common in metros that saw faster urban ZHVI growth? Those two points seem to contradict each other. Just trying to better understand. Is this a "bought early at a low price, so holding on for future sale" kind of consumer behavior?

A: When speaking about "less expensive" markets, this is in relation to the prices of all markets. We have places like San Francisco and San Jose, where the median home price is well over \$1M (very low shares of reverse commuters), compared to places like Orlando and Tampa, where the median home value is closer to \$200k (high shares of reverse commuters). These less expensive markets are typically more sprawling – that is, they have greater ability to expand and grow their housing stock – than high density coastal markets. That coupled with the fact that these smaller less expensive metros are

better able to match housing to job gains positions these more affordable metros for higher home value growth.

This is not necessarily a “bought early at a low price, so holding on for future sale” behavior, especially because this analysis was not specific to homeowners. This also included renter households, who would not be influenced by potential equity gains to stay or vacate their current home.

Q: Would it be safe to assume that rural areas don't have high speed communications; thus, more difficult to telecommute?

A: This is definitely something we are considering looking into, but we don't have any available data at the moment to speak to broadband trends and how that impacts telecommuting.

Q: What do you make of the trend for production builders, such as DR Horton, adding communities well outside the urban areas?

A: This was answered in the live webinar, but to restate what was said, we didn't examine new construction trends in these analyses. But a lot of urban areas are typically higher density and have less available land for development than suburban and rural areas.

Q: What is the source of your teleworking estimates?

A: Estimates of the number of current renters at the telework tipping point for homeownership were derived from three sources: (1) a BLS analysis of the American Time Use Survey available at <https://www.bls.gov/opub/mlr/2020/article/ability-to-work-from-home.htm>, (2) the American Community Survey microdata on income and industry as downloaded from IPUMS, and (3) the Zillow Home Value Index (lower third) at the US and metro levels available at <https://www.zillow.com/research/data/> or more directly https://files.zillowstatic.com/research/public_v2/zhvi/Metro_zhvi_uc_sfrcondo_tier_0.0_0.33_sm_sa_mon.csv. Individual chance of being able to telework was approximated by the intersection of the shares of potential teleworkers by industry and occupation. The

household chance of teleworking was taken to be the average of the individual probabilities weighted by the individual incomes. By summing these probabilities we get an estimate of the total count of potential teleworkers in the population, that we can then segment by demo graphics.

Q: Any update on when ZTrax data will be available?

A: The ZTRAX application period is open for two weeks at the start of each quarter. Please visit <https://www.zillow.com/research/ztrax/> for a link to the application on April 1, 2021. s