Economic Impacts

Nearly 1.8 million jobs were added in July, with the leisure and hospitality sector posting the most gains.

To date, less than 42% of the jobs lost in March and April have been added back to payrolls.

Industry sectors including financial activities, transportation and information have recovered fewer than 1 in 4 jobs lost.

Source: U.S. Bureau of Labor Statistics
Economic Impacts

- Initial claims for unemployment for the week ending August 1 fell below one million for the first time during the Covid-19 crisis.
- Claims for the Pandemic Unemployment Assistance Program, which covers workers not eligible for traditional UI benefits, also trended downward.

Source: U.S. Department of Labor
Economic Impacts

- Hiring was on the rise in June, with job openings increasing to 5.9 million, a good sign of increased economic activity.
- In a mixed report from the Bureau of Labor Statistics, job hiring declined over the month, but was at the highest level in history in May.
- The number of unemployed people per job opening has trended downward for the past two months but remains elevated at 3.0.

Source: U.S. Bureau of Labor Statistics
The Small Business Optimism Index fell 1.8 points in July to 98.8.

Small business owners were decidedly less optimistic about an improvement to the economy, with that component of the index dropping by 14 points since June.
Economic Impacts

- The Consumer Price Index increased 0.6 percent in July.
- Food prices dropped 0.4 percent, the first decline since April 2019.
- Energy prices rose by 2.5 percent, driven by increases in the price of gasoline.

Source: U.S. Bureau of Labor Statistics
Commercial Real Estate Impacts

• The Real Estate Roundtable’s Q3 2020 Sentiment Index rose 4 points to a score of 42. Industry leaders were generally optimistic given that current conditions were not driven by market dynamics. However, most respondents feel that the market will continue to be challenged over the next 6 to 9 months until a vaccine is widely available, with a recovery taking hold one year from now.

• Multifamily was one sector which was generally viewed as “holding up well.”

• Prices for multifamily assets were 5 to 8 percent lower than pre-Covid expectations with rents falling 2 to 8 percent since the beginning of the year.

• Concessions are expected this year, but some respondents felt that the market has already hit bottom and is stabilizing.

• Generally, multifamily assets are currently discounted at 5-7 percent although some markets are already back to pre-Covid rates due to high occupancy rates.

Source: The Real Estate Roundtable Sentiment Index Third Quarter 2020
The Real Estate Roundtable Sentiment Index is measured on a scale of 1–100. It is the average of The Real Estate Roundtable Future Index and The Real Estate Roundtable Current Index. To register an Index of 100, all respondents would have to answer that they believe conditions are “much better” today than one year ago and will be “much better” one year from now.
Hardest Hit Metro Areas for Rent Collection
(August vs. July Grace Periods, Percentage Point Change from 2019)

- Of the bottom 10 metro areas for rent collections in August, Philadelphia, Cincinnati and Anaheim weakened further compared with the same period last month.
- New York City improved markedly as more and more businesses opened and employees went back to work.

Apartment Industry Impacts

Many Renters & Landlords Are Negotiating Unpaid Rent Obligations

- According to an Apartment List survey, 32 percent of Americans (renters and homeowners) began August with unpaid housing bills from prior months.
- Nearly half of renters who have rent debt are in the process of or have already negotiated payment plans with owners.

Source: Apartment List: 32% of Americans Entered August With Unpaid Housing Bills
Apartment Industry Impacts

- Traffic volume was still 16% ahead of July 2019, although declining slightly month-to-month.
- Move-in volumes have progressed, marking the third consecutive month of improvement.
- After increasing by 5% in June 2020, new lease pricing fell by 5% in July.
- Concession amounts soared to a new high, leading to the largest total concession value to date.
- Application volume in July 2020 reached only 81% of July 2019’s level.
- Notice to vacate levels continued to trail 2019, dropping 10 points since June.
- Move outs also declined in July month-to-month and year-over-year.
- Month-to-month leases, while still lagging 2019, continued to increase month over month.