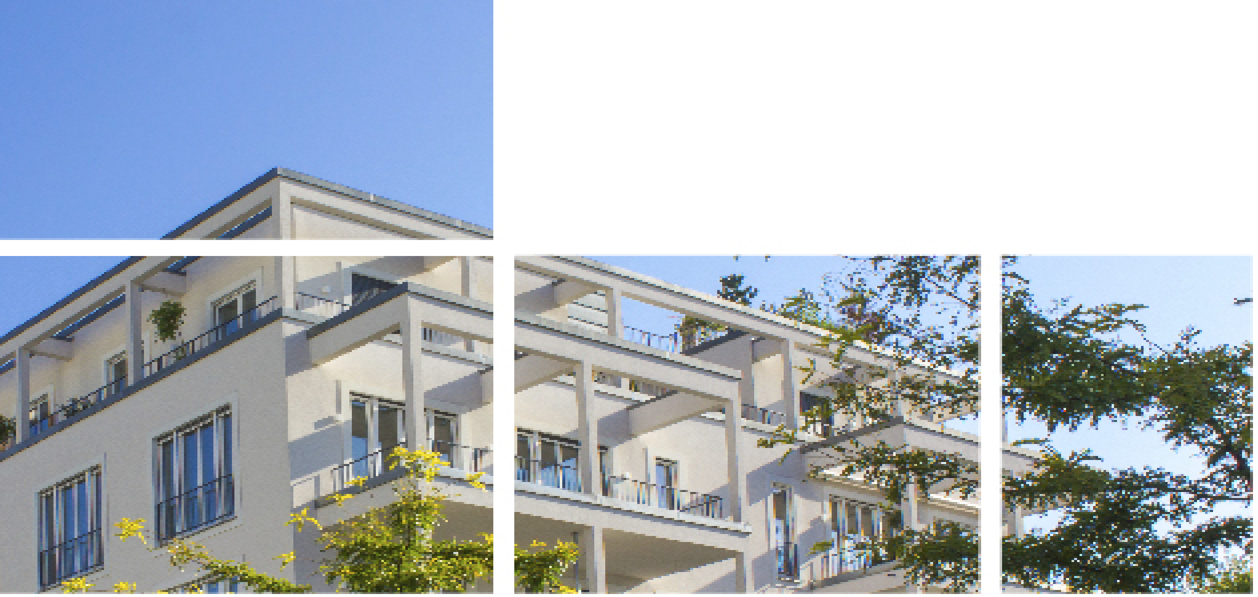
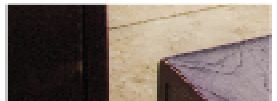


March 23, 2020

Covid-19 Economic Update



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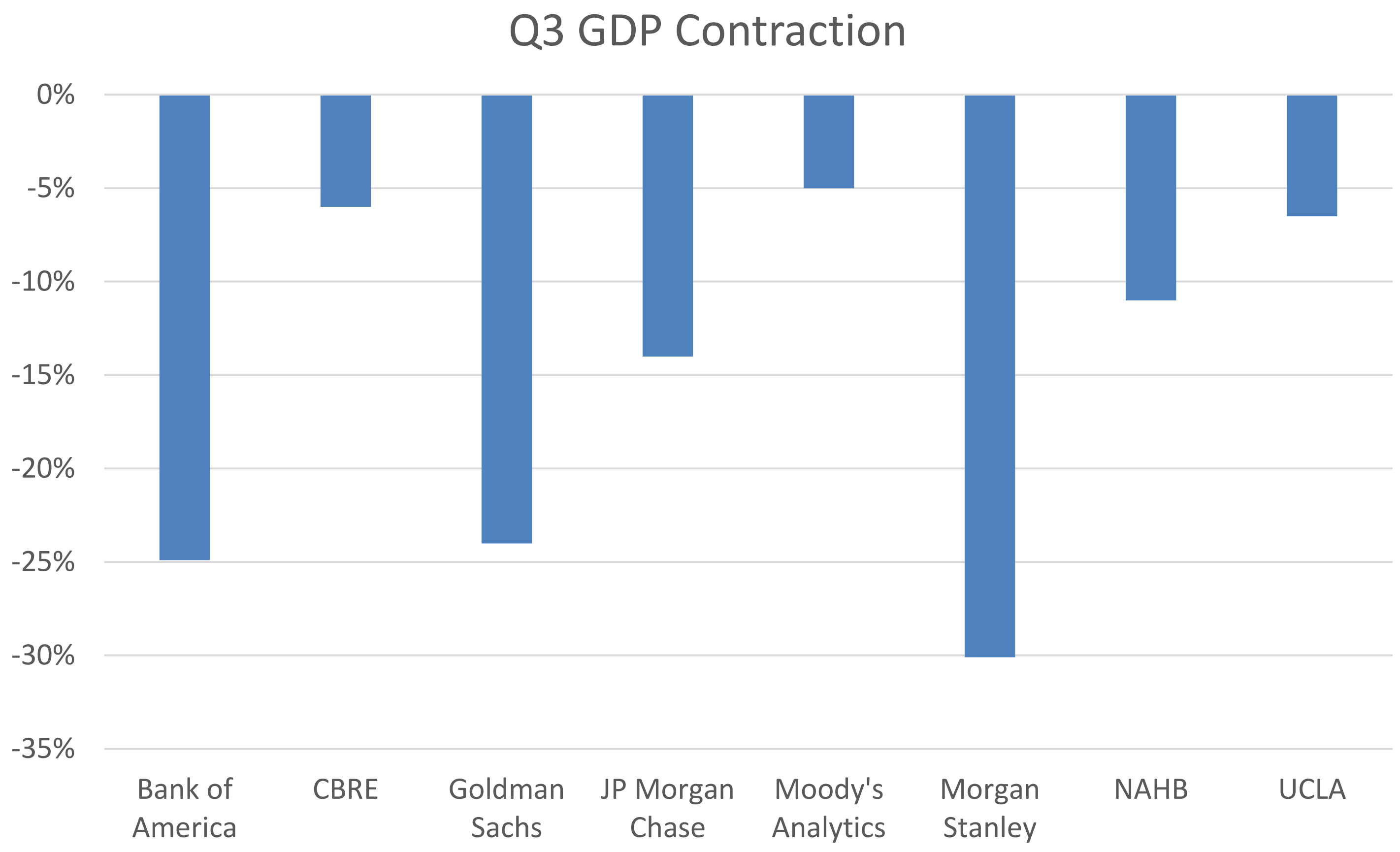
Coronavirus Economic Impacts

- Forecasts vary widely, particularly for Q2 GDP, but most still expect recovery to start during H2 20.



Coronavirus Economic Impacts

- Early reads on this week's jobless claims show potential to spike anywhere from 1.8 to 4 million.
- Figures will likely be understated given that many claims will not be able to be processed due to backlogs.
- 18 million jobs directly threatened (leisure, hospitality, travel, construction)
- Businesses with 500 or fewer employees most at risk – 50% of U.S. jobs
- Larger metros will take the biggest hits (social, demographic and economic factors)
- Smaller, less "connected" metros less impacted

Sources: Moody's Analytics, CoStar, Oxford Economics

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Coronavirus Economic Impacts

- National Retail Federation March 18 survey reveals large swings in consumer sentiment over one week's time.
  - Concerned about losing jobs (25% to 46%)
  - Avoiding retail establishments (31% to 51%)
  - Not yet pulling back on spending (84% to 77%)
- Associated General Contractors of America survey of members March 17-19 reports 28 percent of contractors have been asked to halt or delay work on projects active or starting within the next 30 days.
- KPMG estimates fiscal package requirement in the $2.8-$3.2 trillion range.
- The key to the recovery falls on policy makers – timing and size of fiscal stimulus.

Sources: National Association for Business Economics, March 23, 2020

Apartment Industry Impacts

- Annualized through February 2020, U.S. apartment resident retention will rise to 52.7 percent, the highest it's ever been.
- Renewal pricing has averaged 4 percent. Renewal lease pricing will potentially decline to maintain resident relationships.
- Class A lease-ups could be vulnerable due to job losses. Class B properties best positioned to absorb market slow-down.
- New apartment deliveries delayed due to supply chain and labor shortages.

Source: RealPage, March 18, 2020

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