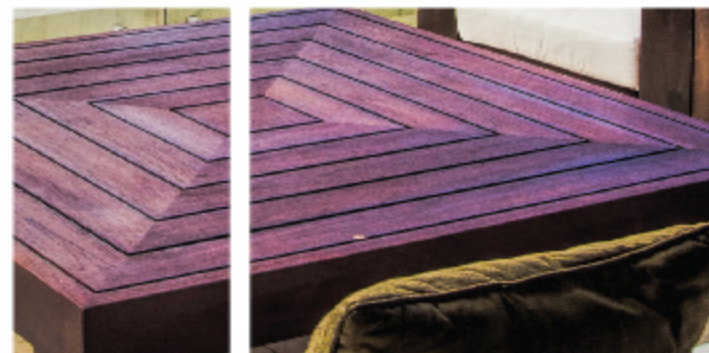


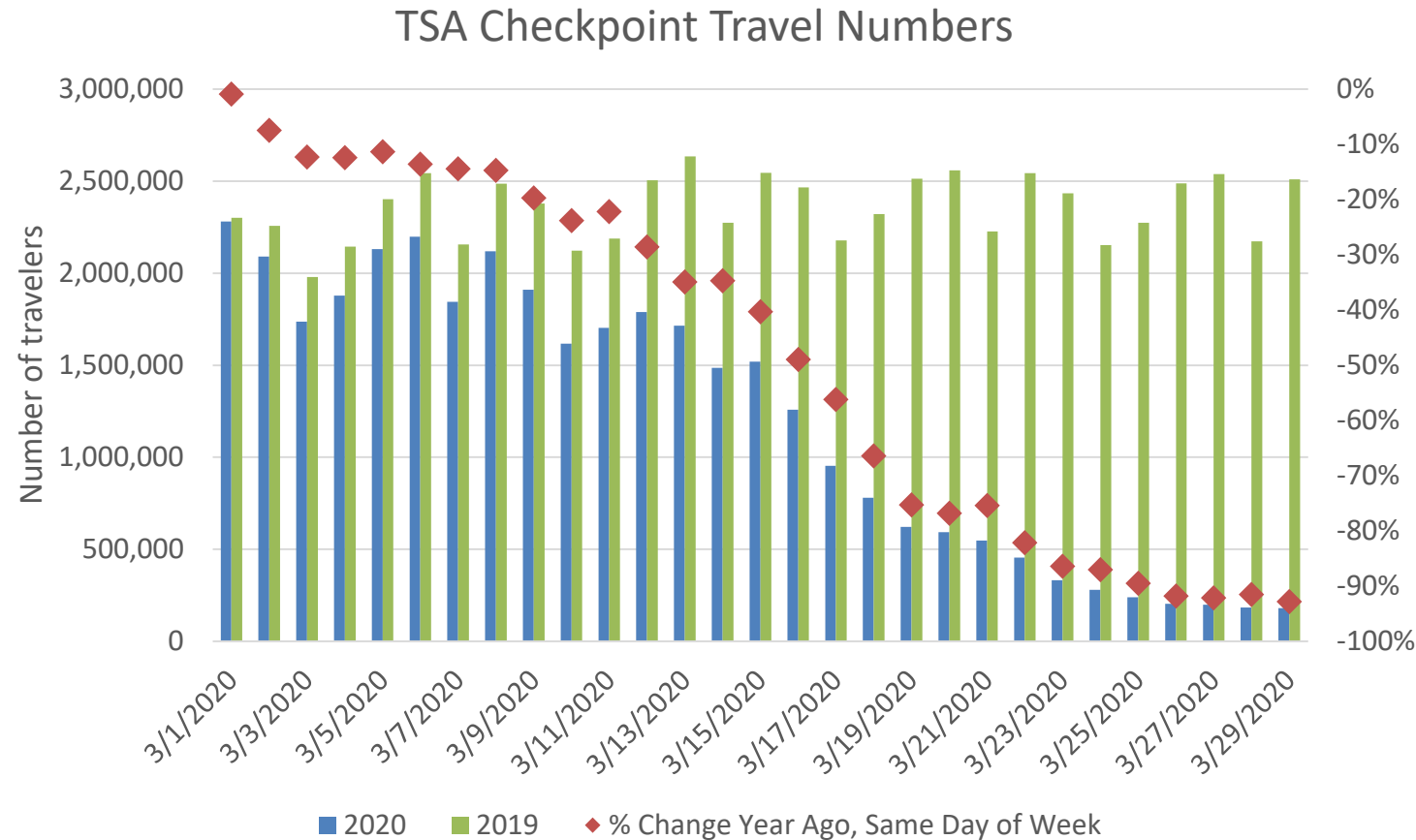


March 30, 2020

Covid-19 Economic Update



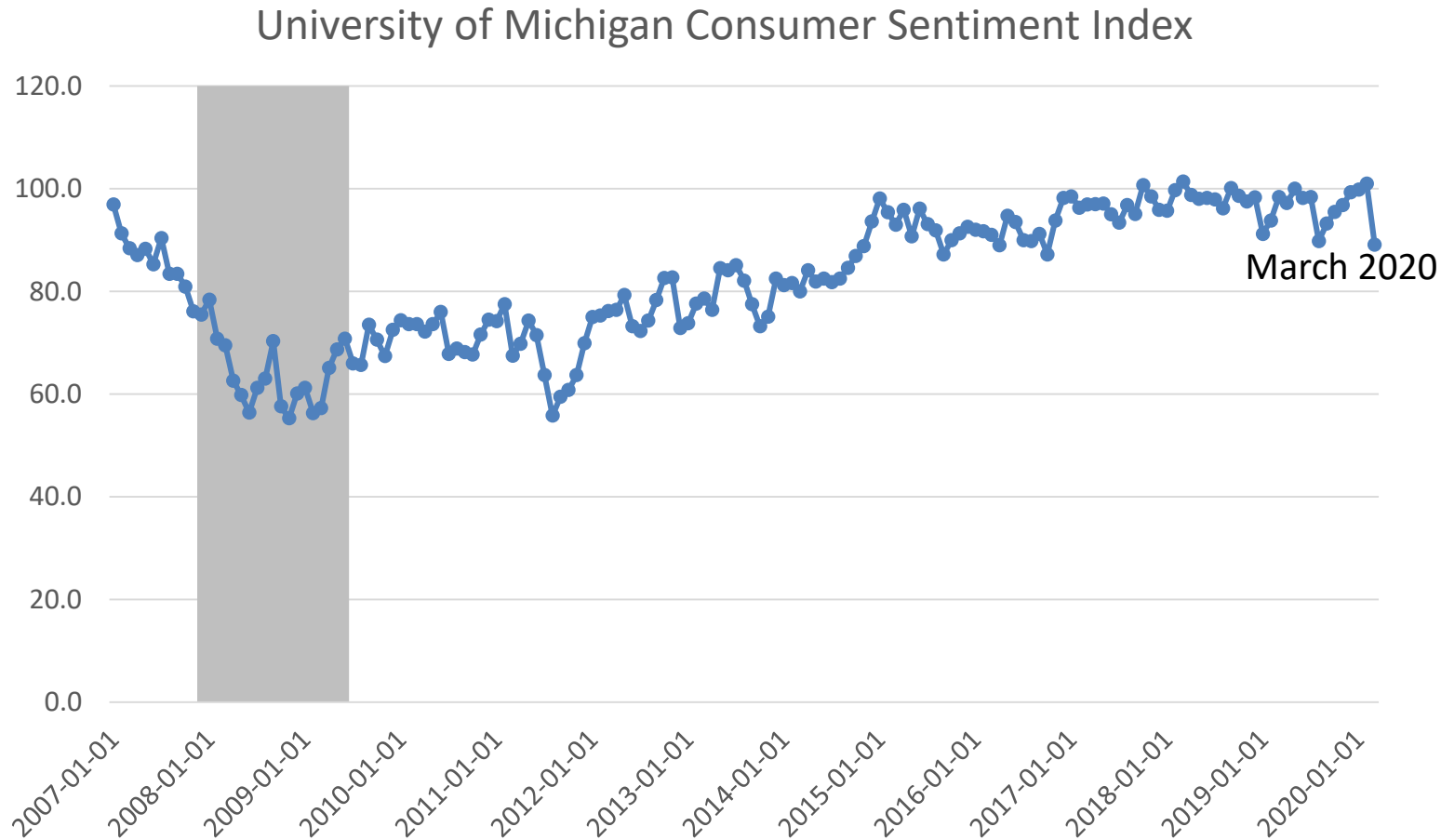
Coronavirus Economic Impacts



- The travel industry has come to a grinding halt.
- Approximately 180,000 travelers passed through TSA checkpoints on March 29, representing a 93% decline from the last Sunday of March 2019.

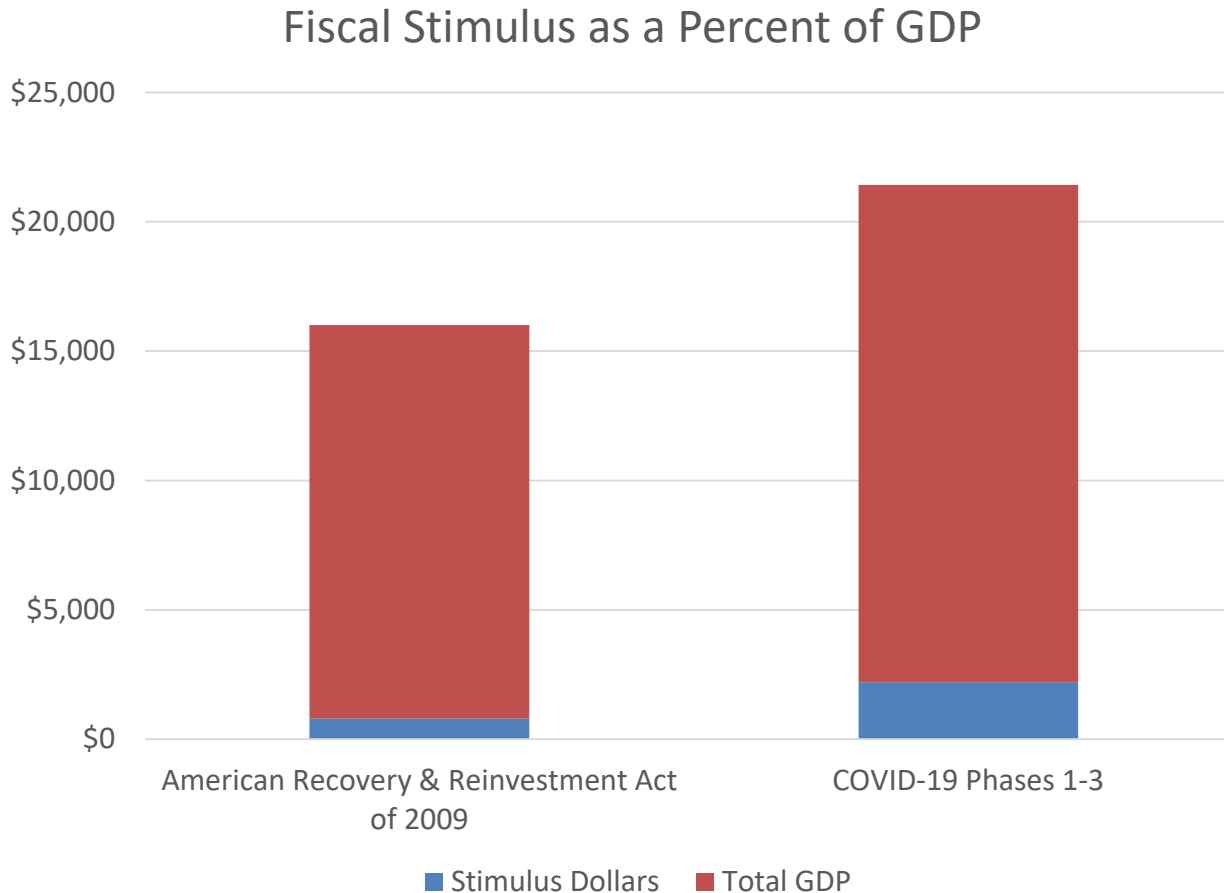
Source: Transportation Security Administration

Coronavirus Economic Impacts



- Consumer Sentiment dropped to 89.1, its lowest level since just prior to the 2016 election.
- The Consumer Expectations component, which measures consumers' outlooks for their own financial conditions as well as general business and economic conditions, experienced the greatest decline, 12.4 points from last month.

Coronavirus Economic Impacts



- Unprecedented levels of both monetary and fiscal response.
- Federal Reserve has been swift, thorough and creative in its ever-evolving response.
- The ARRA stimulus package totaled approximately \$800 billion or 4.5% of GDP compared to over 10% of GDP for the first three phases of the Covid-19 package.

Apartment Industry Impacts

- RCLCO Real Estate Advisors is forecasting a cumulative rent decrease of 5 to 10 percent over the next 12 to 18 months, followed by a two-year recovery with annual rent growth averaging 3 to 5 percent.
- Trepp is forecasting a cumulative loan default rate of 3.3% for multifamily properties compared to 34.8% for hotels and lodging.
- Trepp's 5-year forecast, based on a "Severely Adverse" scenario used for bank stress-testing, shows a 13.8% drop in multifamily NOIs from peak to trough.