April 6, 2020

Covid-19 Economic Update
Job losses for March totaled 701,000, far exceeding expectations given the brunt of losses were not included in this report.

Not surprising, food and drinking establishments were responsible for most of the losses.

The only sector to gain a measurable number of jobs was government, largely due to the temporary hiring of Census workers (+18,000).

Source: Bureau of Labor Statistics
Coronavirus Economic Impacts

Moody’s Analytics Top 10 Economic Exposure by Metro Area/Division

- New York
- Kahului, HI
- San Francisco
- Las Vegas
- Miami
- Honolulu
- Nassau/Suffolk Counties, NY
- Boston
- Orlando
- New Orleans

- Exposure to virus
- Demographics
- Trade/travel disruptions
- Tourism
- Finance
- Commodities

• Areas are rated by six factors: exposure to the virus, demographics, trade/travel disruptions, tourism, finance and commodities.

• Virus exposure and demographics are primarily behind New York City’s top ranking while tourism plays a larger role in Hawaii, Las Vegas and Orlando.

Source: Moody’s Analytics
Coronavirus Economic Impacts

Economic Policy Uncertainty News-Based Index

- The news component of the Economic Policy Uncertainty Index is based on key words in news coverage in ten major newspapers.
- The index, which averages 100, hit its highest level in March since the data series began in 1985.

Apartment Industry Impacts

• Demand continues to be impacted by fear of job losses, decreased income and fear of contracting COVID-19.
• A large construction pipeline for multifamily is a liability as demand pauses. Nearly 90,000 units were delivered in Q1 2020 due to warm weather.
• Vacant apartments are now deep into rent losses on a two-week basis and the current trajectory will set rents negative for the year before mid-April.
• Multifamily rent growth is declining for all property’s classes, most notably for 4- and 5-star properties.
• Honolulu, New Orleans, Las Vegas, Orlando have suffered rent losses nearly 1.5% in March 2020.
• Multifamily sales volumes reflect stable income properties in uncertain times are unlikely to trade. In the last three years, sales volume in March ranged between $8-$10 billion; in March 2020 it stood around $2 billion.
• Despite the challenges facing multifamily, stability is still expected. Renters need a place to live and the federal stimulus package is expected to help tide things over in the short-term.

Source: The Coronavirus Pandemic by CoStar Group, April 1, 2020