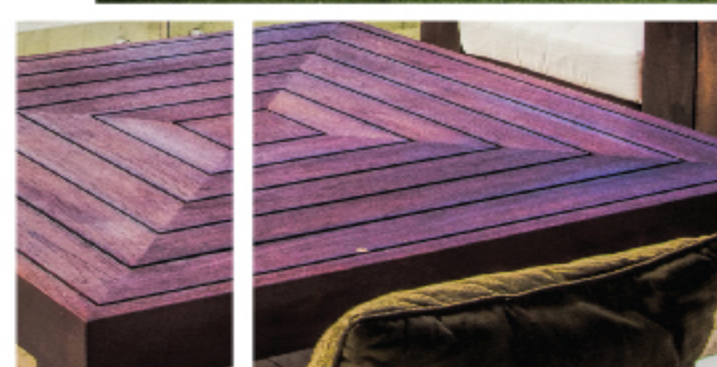
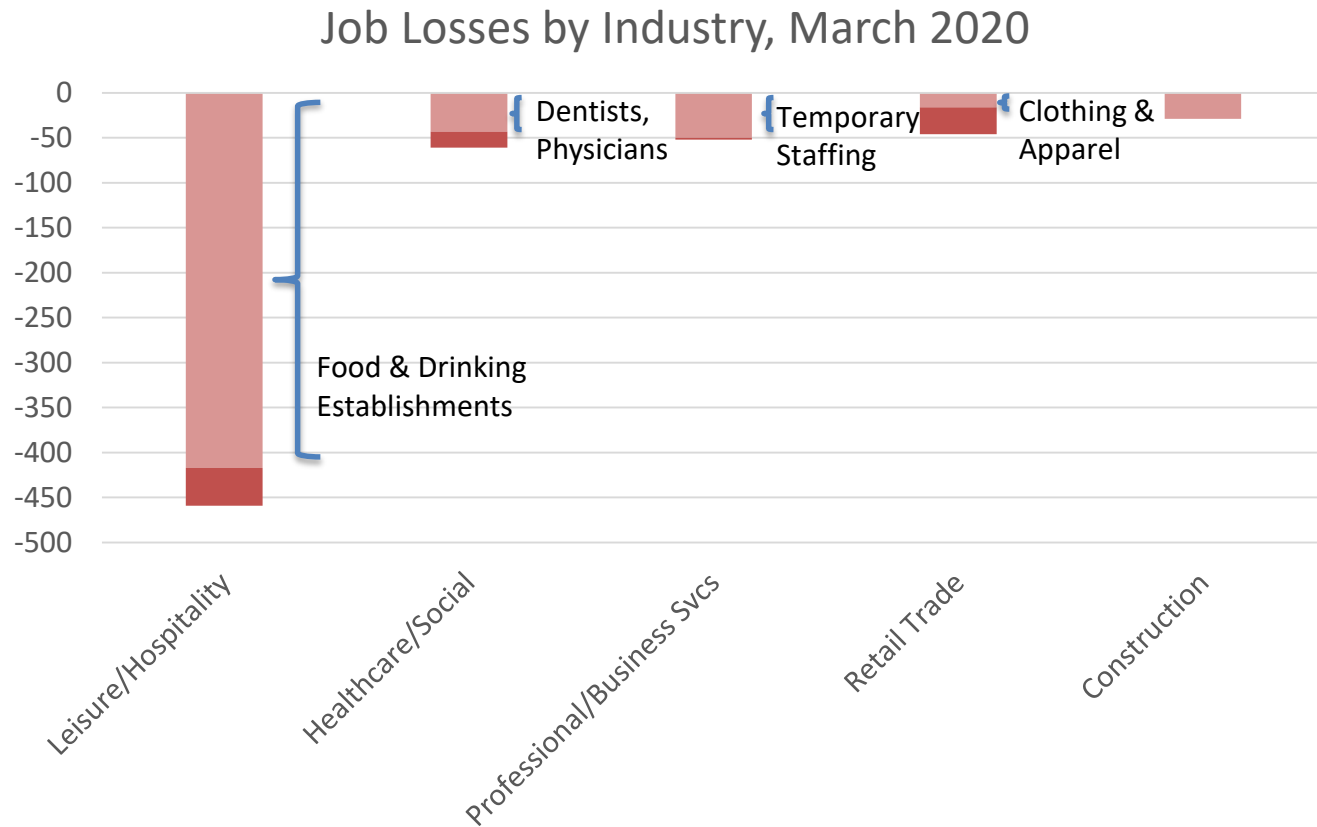


April 6, 2020

Covid-19 Economic Update



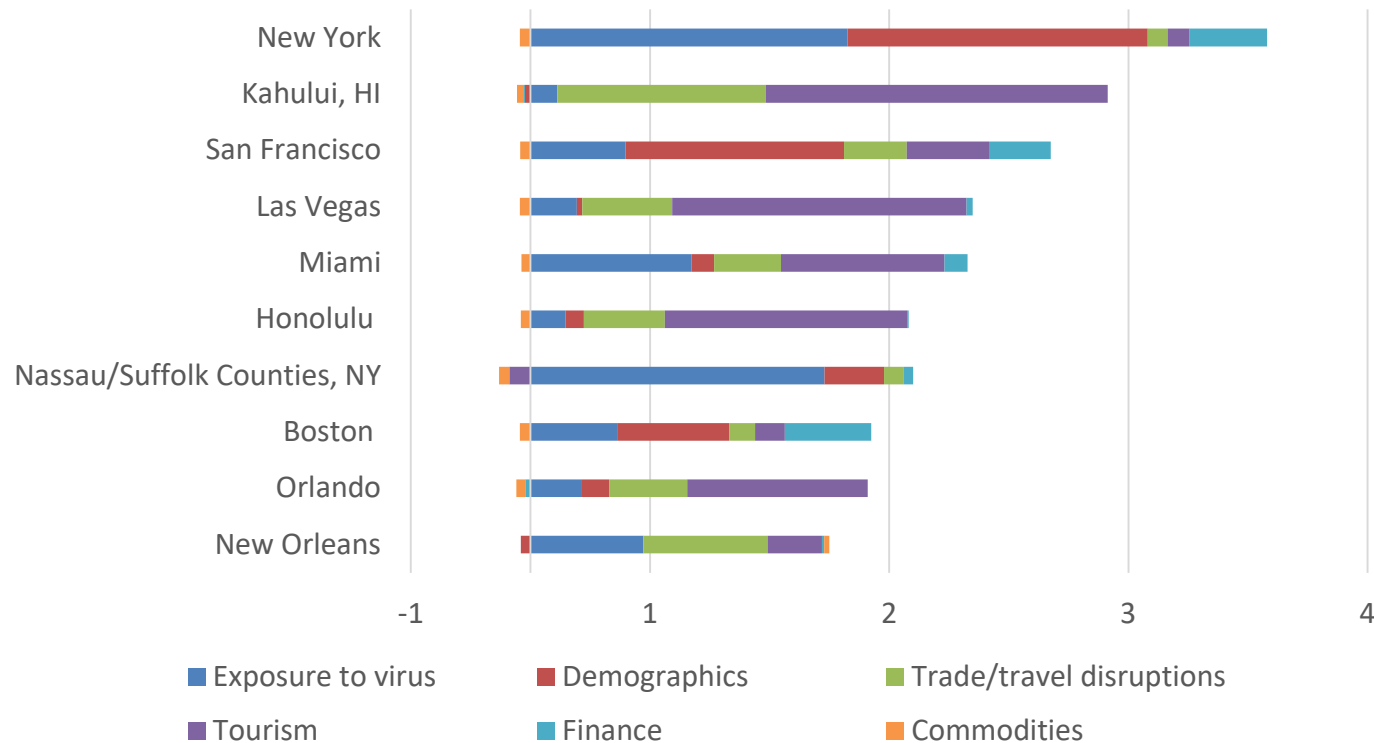
Coronavirus Economic Impacts



- 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).

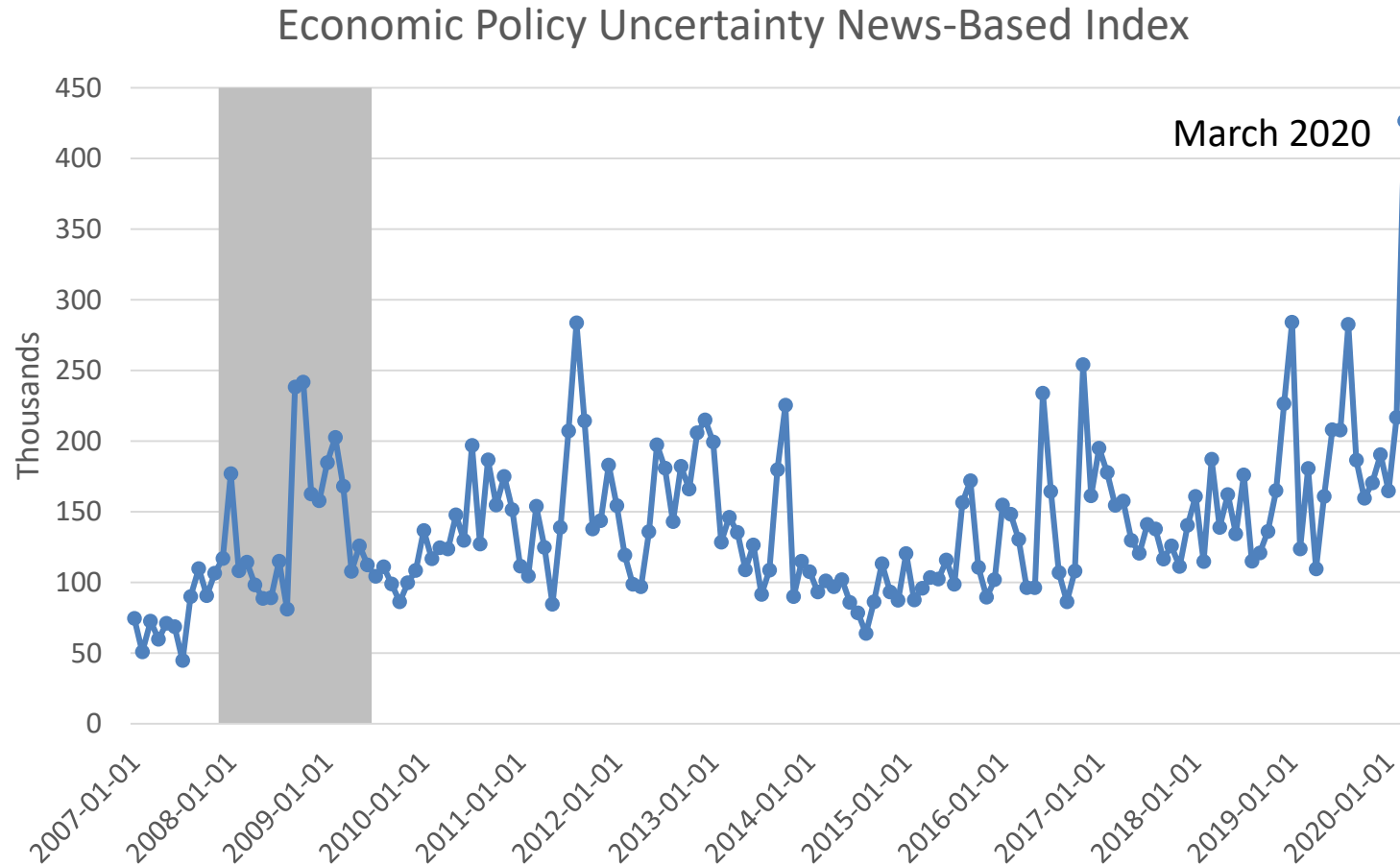
Coronavirus Economic Impacts

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



- 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.

Coronavirus Economic Impacts



- 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.

Source: Baker, Scott R., Bloom, Nick and Davis, Stephen J., Economic Policy Uncertainty Index: News-Based Index for the United States retrieved from FRED, Federal Reserve Bank of St. Louis April 5, 2020.

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.