April 13, 2020

Covid-19 Economic Update
The median forecast from NABE (National Association for Business Economics) panelists calls for a short, sharp recession followed by a recovery in late 2020 and into 2021.

The disparity in the most optimistic vs. the most pessimistic forecasts suggests a lack of consensus on the shape of the downturn and recovery.

Source: National Association for Business Economics Flash Survey April 10, 2020; Ranges represent the five highest forecasts, the five lowest forecasts and the median of the entire sample.
• The median forecast for nonfarm payroll employment is an average monthly job loss of over 4.5 million during Q2 2020.

• The median projected unemployment rate peak is 12% in Q2 2020, falling to 9.5% at the end of this year and 6% by the end of 2021.
The Consumer Price Index fell 0.4% in March, largely due to declines in energy prices.

Core CPI (excluding food and energy) declined 0.1%, its first monthly decline since January of 2010.

Inflation forecasts are mixed, but many economists expect the impacts of Covid-19 to be disinflationary in the near-term.
Apartment Industry Impacts

- CBRE Econometric Advisors expects the apartment market to bottom out in Q3 2020 and start recovering in Q4.
- Vacancy is expected to peak at 6.3% in Q3 2020 (from a low of 3.6% in Q3 2019) and recover completely in 2021.
- Rents are expected to drop 6.7% from peak (Q3 2019) to trough (Q4 2020) and not fully recover until Q2 2022.
- Entrata reports that 83% of rent payments were made during the first week of April, about on par with last year’s level. Only 5% were partial payments.
- LeaseLock reports a 13% drop in renters who paid in full during the April grace period in Class C properties compared to the first three months of the year. Class A and Class B properties fell by 6% and 4%, respectively.