Covid-19 Economic Update

April 23, 2020
Coronavirus Economic Impacts

• Initial jobless claims totaled 4.4 million, bringing the 5-week total to 26.4 million and wiping out the jobs added during the last economic recovery.

• More than one in four workers are unemployed in Michigan, Hawaii, Rhode Island and Kentucky

Top 10 States for Cumulative Claims

Sources: U.S. Department of Labor, Bureau of Labor Statistics; state employment figures as of February 2020
Note: * Denotes State Estimate; Advance claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported claims reflect claimants by state of residence.
Coronavirus Economic Impacts

- New home sales declined 15.4% in March, the steepest monthly decline since July of 2013.
- April figures are expected to be far worse as potential home buyers put plans on hold, sellers pulled their properties off the market and lockdown orders became far more widespread.

Source: U.S. Census Bureau
Coronavirus Economic Impacts

- The New York Fed's GDP Nowcast is a statistical model which forecasts current quarter and next quarter U.S. GDP on a weekly basis.
- As of April 17th, Q1 GDP was forecast at -0.4% and Q2 at -7.9%
- Data released during the prior week was negative enough to lower the Q1 forecast by 1.9 percentage points and the Q2 forecast by 7.5 percentage points.

Source: Federal Reserve Bank of New York
Apartment Industry Impacts

- Rent growth across all property class types are declining, but 4- & 5-star properties are seeing the greatest drop in rents.
- Unstabilized vacancies are rising due to new deliveries during Q1 2020.
- Fast-growing metros will see in-migration suffer over the next four quarters.
- Fear of crowds could alter land-use patterns.
- Suburban housing is expected to get a boost due to renters wanting to avoid population-dense locations.
- Core metros will hold up well and metros severely impacted will return to growth eventually.
- Markets concentrated in energy and tourism are likely to suffer the most.
- Stable-income properties in uncertain times are unlikely to trade due to lack of liquidity.

Sources: The Coronavirus Pandemic: Outlook for U.S. Commercial Real Estate, CoStar, April 21, 2020