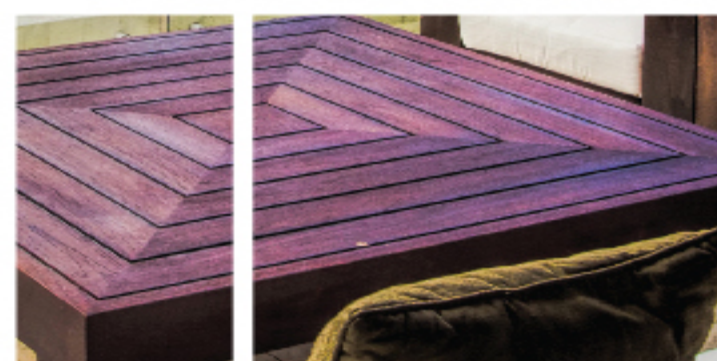


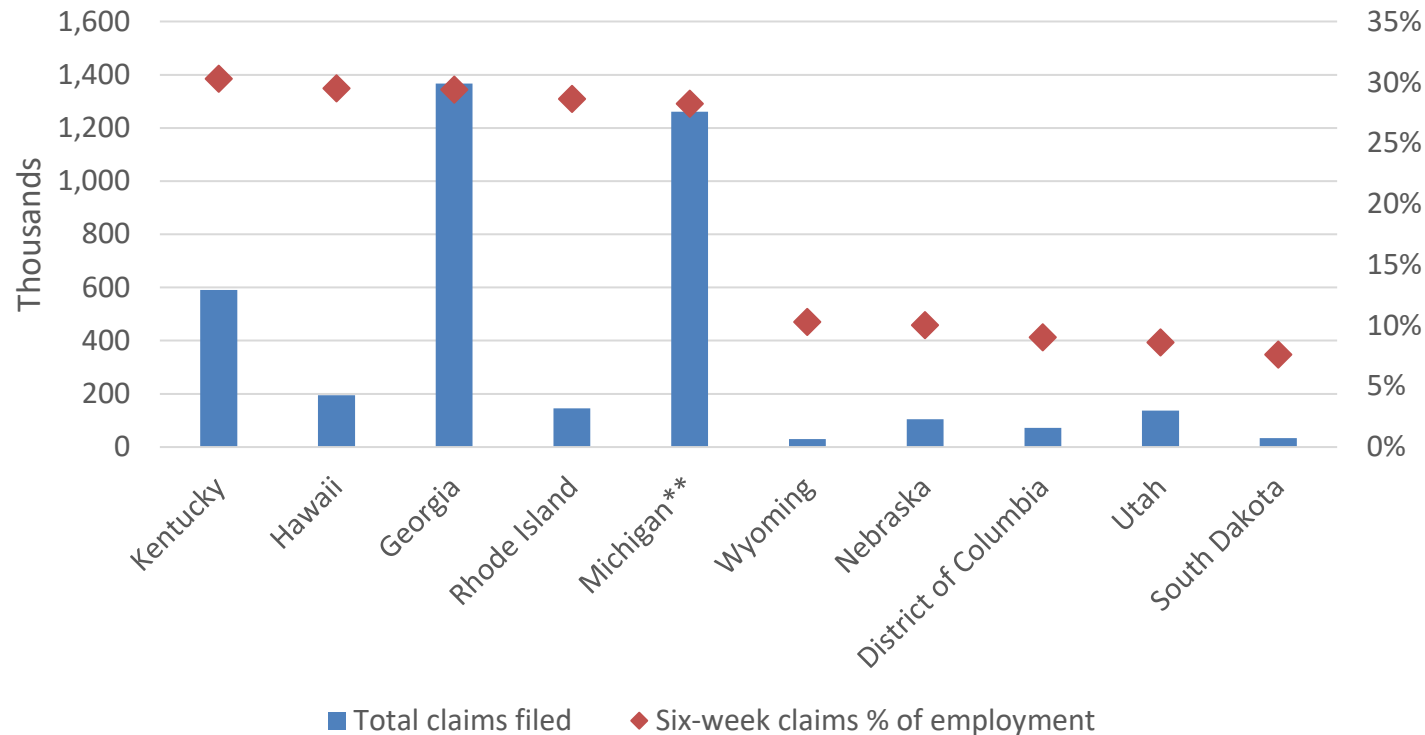
April 30, 2020

Covid-19 Economic Update



Coronavirus Economic Impacts

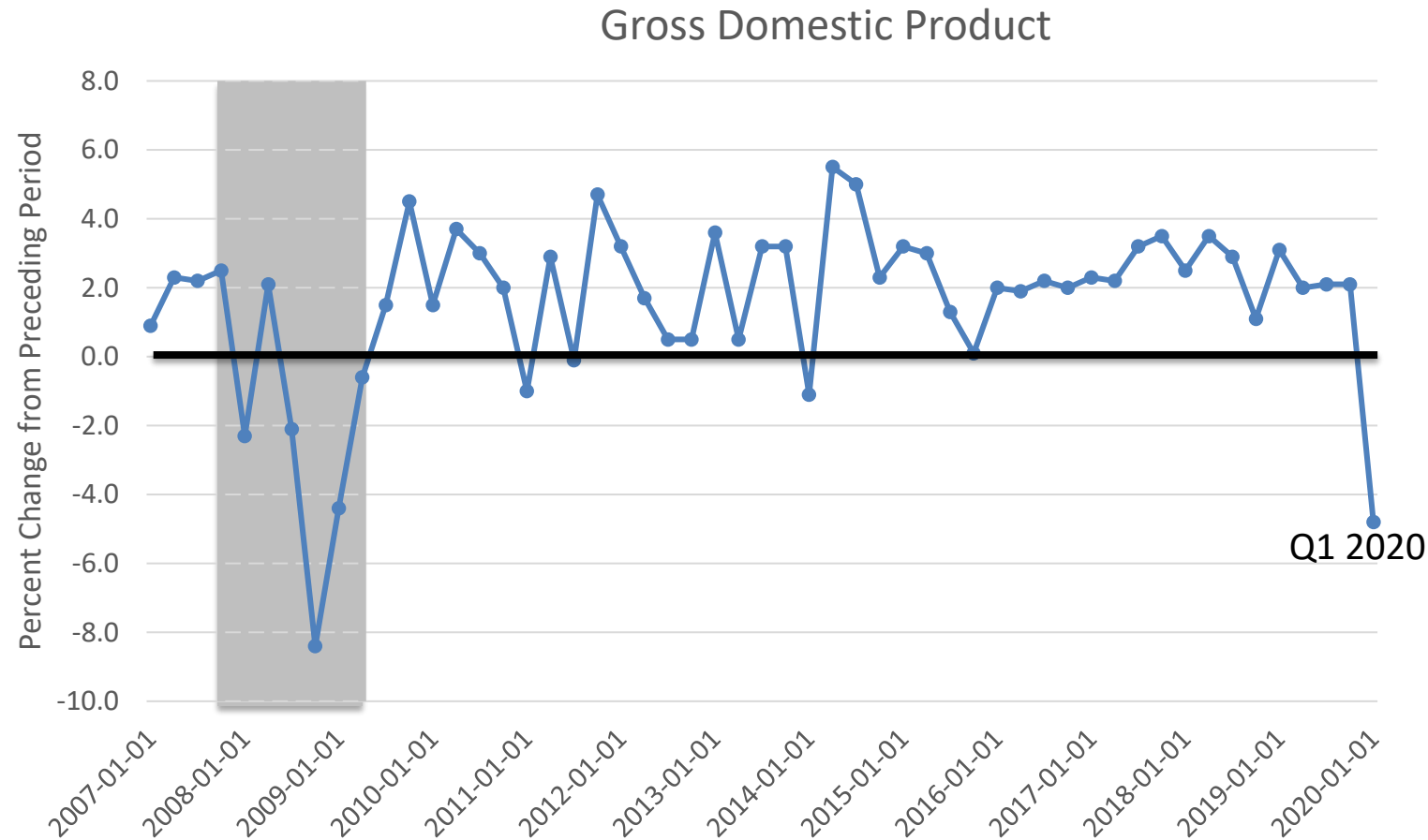
Top 5 / Bottom 5 States Total Claims Percent of Employment



- Initial jobless claims totaled 3.8 million, bringing the 6-week total to over 30 million.
- One in four workers are jobless in eight states.
- South Dakota, Utah, D.C., Nebraska and Wyoming are comparatively unscathed with 10% or less of their workforces filing claims.

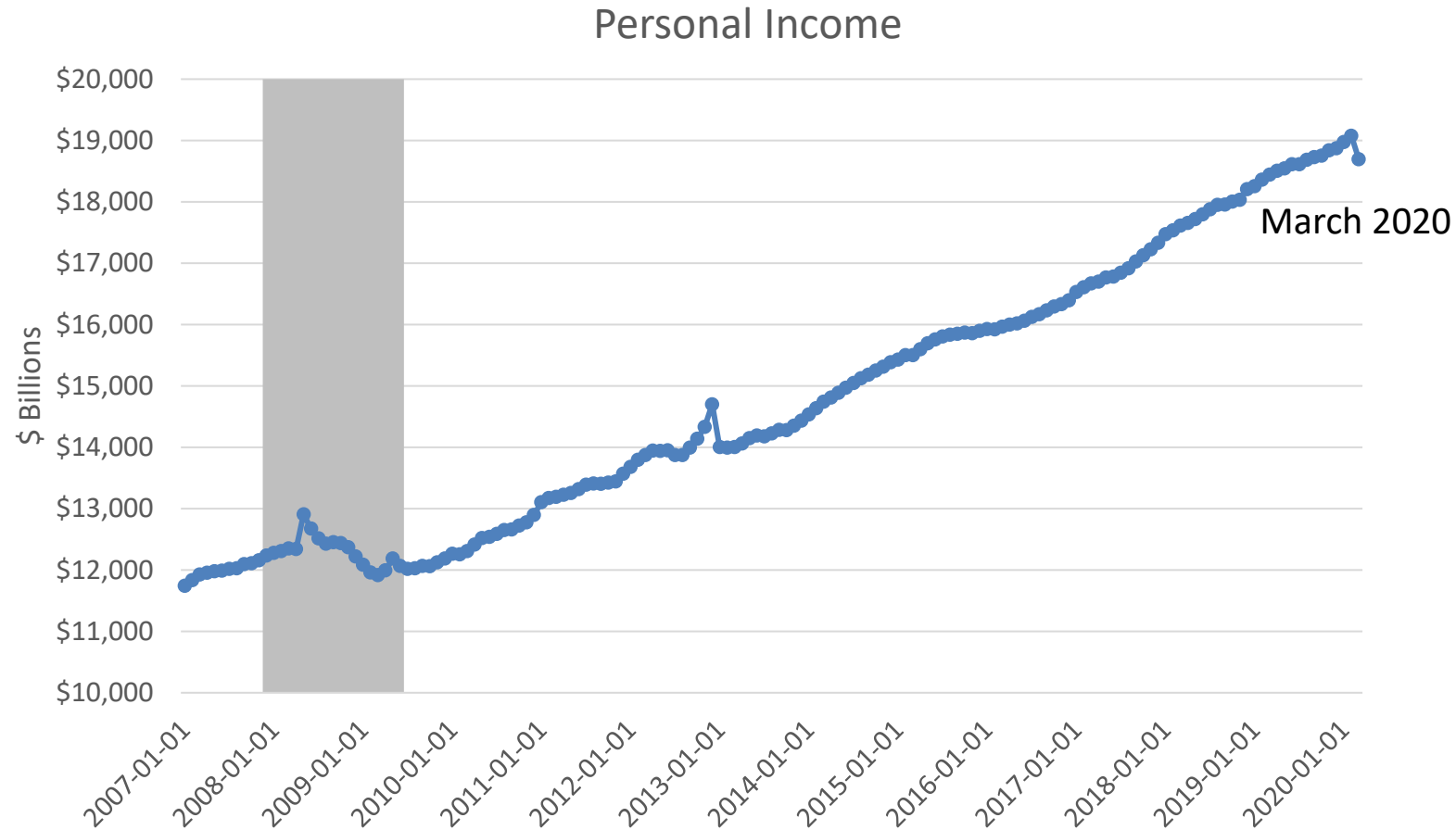
Sources: U.S. Department of Labor, Bureau of Labor Statistics; state employment figures as of February 2020; excludes Puerto Rico and U.S. Virgin Islands
 Note: ** Denotes State Estimate; Advance claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the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

Coronavirus Economic Impacts



- GDP declined by 4.8% in Q1 2020, a testament to the destructive final two weeks of the quarter as it had been on track for growth in the 2.0% range.
- All components witnessed declines with consumer spending registering the largest contraction at 5.3%.

Coronavirus Economic Impacts



- Personal income fell 2.0% in March, its largest decline since early 2013.
- The personal savings rate, which averaged 7-8% over the past several years, soared to 13.1%, the highest level since the early 1980s. Consumers sharply curtailed spending, bracing for the oncoming downturn.

Apartment Industry Impacts

Certainties

- Class A rents will be weakest as buildings in lease up struggle
- Job losses will greatly hurt demand this year
- Markets concentrated in energy and tourism will suffer the most

Likelihoods

- Fast growing metros will see in-migration suffer as that cycle resets
- Multifamily fundamentals will hold up better than other property types, as households stay or revert to renting
- The homeownership rate will drop, particularly for younger cohorts

Possibilities

- The commuter catchment area for downtowns will increase as work from home becomes more common
- Another wave of office-to-multifamily conversions will occur, particularly in older properties