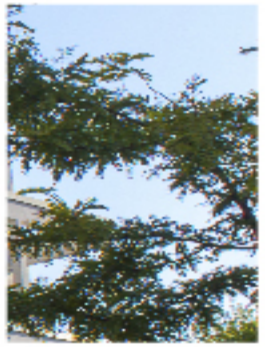
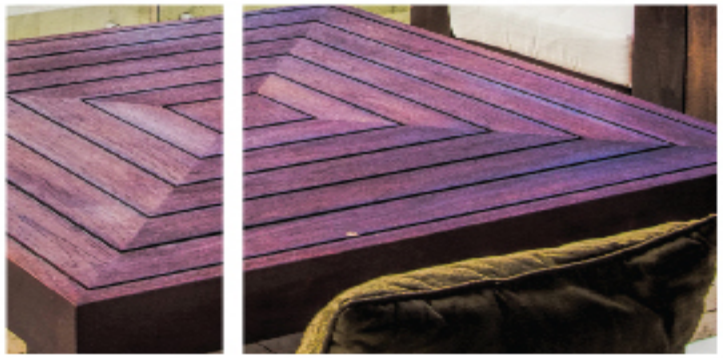






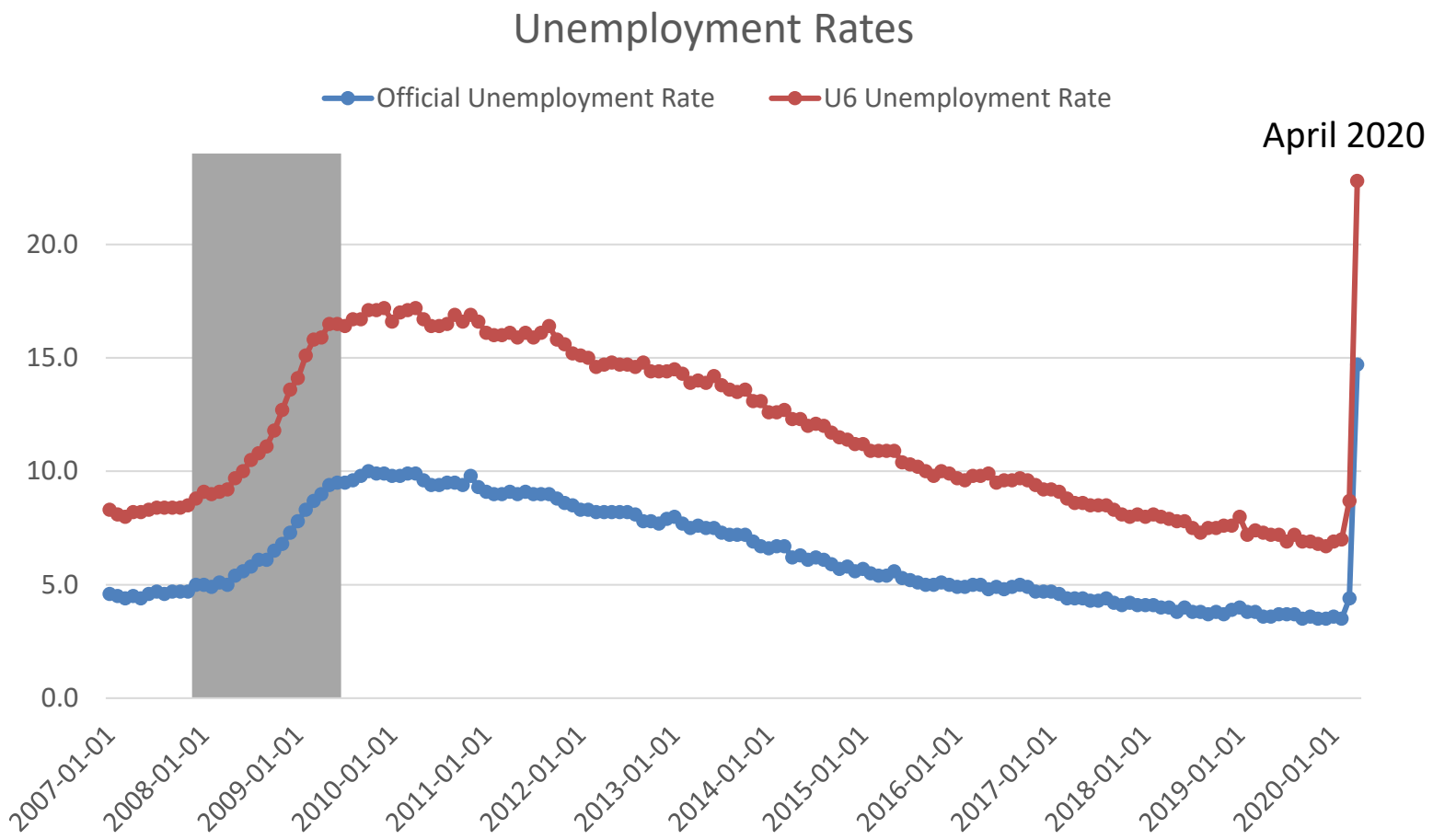




May 11, 2020

Covid-19 Economic Update

NATIONAL APARTMENT ASSOCIATION
We Lead the Way Home

Coronavirus Economic Impacts

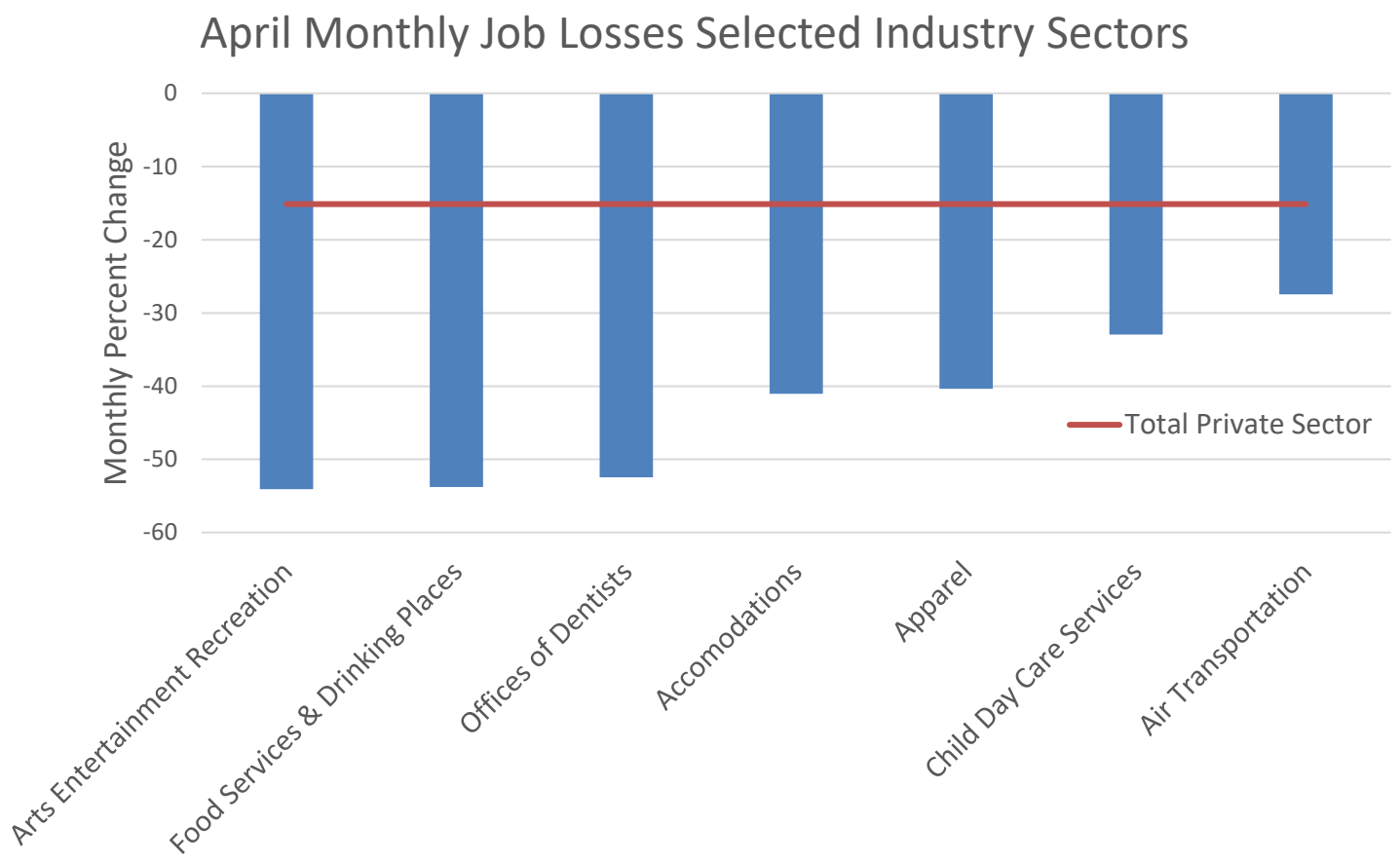


- The U6 unemployment rate measures all unemployed people plus those marginally attached to the labor force (not actively seeking work now) plus those employed part-time for economic reasons.
- This alternative measure of unemployment ballooned to 22.8 percent in April, its highest level on record.

Sources: U.S. Bureau of Labor Statistics

NAA NATIONAL APARTMENT ASSOCIATION

Coronavirus Economic Impacts

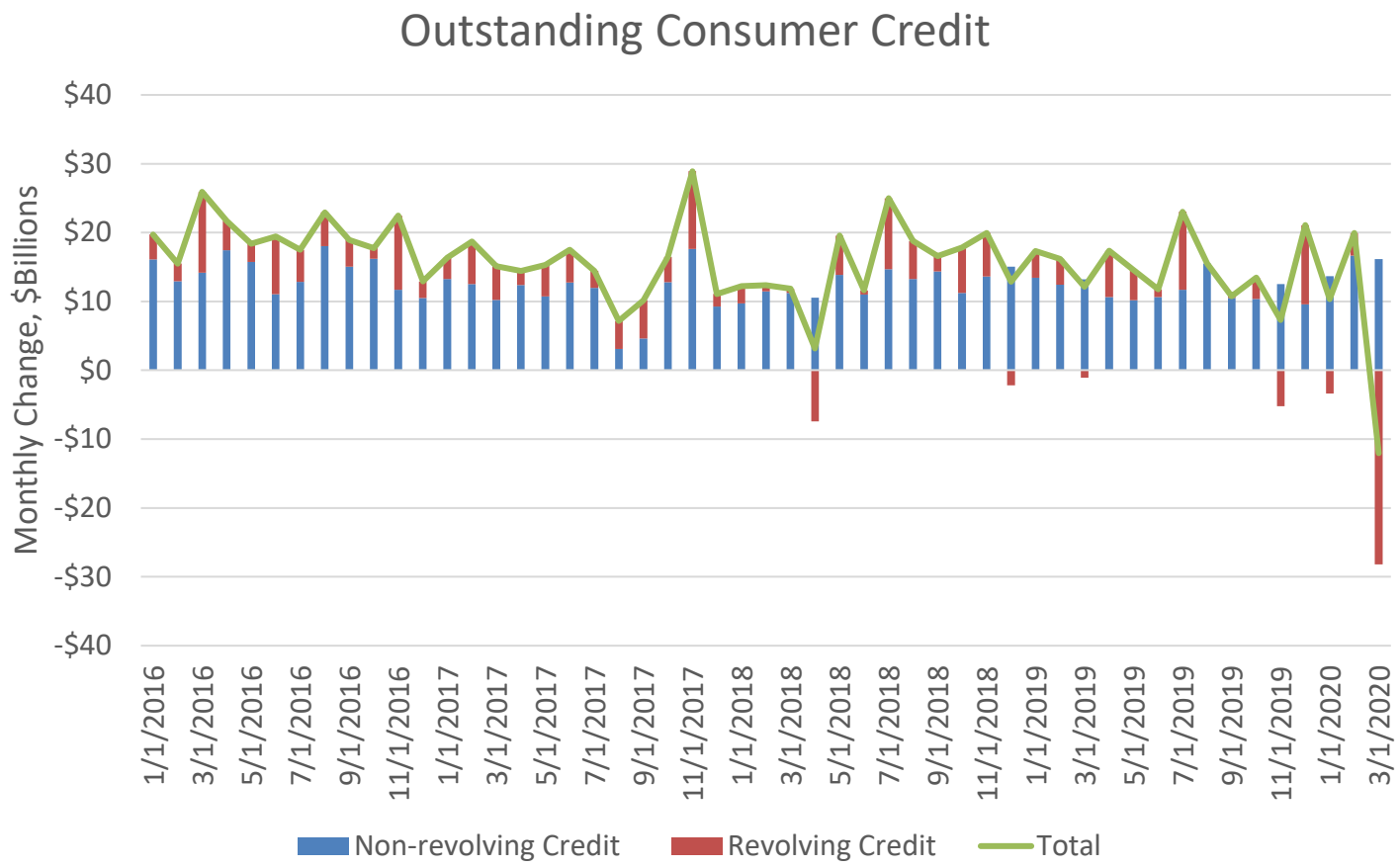


- Private sector employment shrunk by 15.1% from March to April.
- Arts Entertainment & Recreation, Food Service & Drinking Places and Dentist Offices each lost more than half their workforces in just one month.

Sources: U.S. Bureau of Labor Statistics

NAA NATIONAL APARTMENT ASSOCIATION

Coronavirus Economic Impacts



- Consumer credit outstanding fell $12B in March, its first monthly decline since 2011.
- Non-revolving credit (student loans, auto loans) increased by $16.1B but revolving credit (credit cards) contracted by $28.2B,the largest monthly decline since the data series' inception in the late1960s.

Sources: Board of Governors of the Federal Reserve System

NAA NATIONAL APARTMENT ASSOCIATION

Apartment Industry Impacts

Most Impacted Markets	Least Impacted Markets
New York	Baltimore
San Jose	Louisville
Orange County	Inland Empire
Austin	Albuquerque
Los Angeles	Indianapolis
Boston	Salt Lake City
Nashville	Charlotte
San Francisco	San Antonio
Sacramento	St. Louis
SW Florida Coast	Philadelphia

- Yardi Matrix rated the impact of Covid-19 on apartment markets by the following factors:
  - Prospect Volume
  - Availability
  - Approvals
  - Notices

Source: COVID-19's Impact on Multifamily Real Estate by Yardi, May 6, 2020

NAA NATIONAL APARTMENT ASSOCIATION

Apartment Industry Impacts

- The leasing season has resumed, as prospects have adjusted to self-guided and virtual tours. Leasing activity has dramatically picked up since the last week in April.
- Weekly apartment listings views from RENTCafé are up 16.7% since 2019 as of May 3rd.
- Leasing call center volume has also surged by 155% year-over-year.
- A warning sign for Class A properties is if increased concessions start a cascading decline in rent.
- Small floor plans in Class A properties in major cities are struggling as younger renters who do not have a tie to the city are terminating leases and moving home.
- Short-term rental exposure is another smaller, but potentially concentrated risk factor.
- Federal relief to individuals should limit multifamily property financial distress at least until August.
- 5.8% of multifamily CMBS loans were 30+ days in default in April, up from 2.8% in March.
- Debt market conditions have improved since Fed included Agency CMBS in the Term Asset-Backed Securities Loan Facility (TALF).

Source: COVID-19's Impact on Multifamily Real Estate by Yardi, May 6, 2020

NAA NATIONAL APARTMENT ASSOCIATION