Covid-19 Economic Update

May 28, 2020
Coronavirus Economic Impacts

- Initial claims for unemployment totaled 2.4 million for the week ending May 23, in line with expectations.
- Continuing claims fell for the first time since February, to 21.1 million.
- More than one in five workers are unemployed in 35 states.


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

Employment contracted by an average of 12.9 percent in just one month, with Michigan, Vermont and New York hit particularly hard.

At 28.2 percent, Nevada had the highest rate of unemployment in April, followed by Michigan and Hawaii, each over 22 percent.

Source: Bureau of Labor Statistics
Coronavirus Economic Impacts

The National Activity Index is a weighted average of 85 monthly indicators and is designed to measure overall level of economic activity across the U.S.

All four components – production/income, employment/hours, consumption/housing and sales/orders/inventories – contributed to the lowest level of the index since its inception in 1967.

A reading below -0.70 is associated with recessionary periods.

Source: Federal Reserve Bank of Chicago
Apartment Industry Impacts

- Asking rents in some top tier U.S markets are beginning to see a decline, since remote work grants renters the flexibility to relocate to more affordable markets.
- **Northern California**: San Francisco and San Jose rents have declined by more than 1% since the beginning of the year whereas Sacramento rents have been on the rise since mid-April.
- **Southern California**: Rents in Los Angeles and Orange County are down 2% since January, followed by San Diego which is down by 1%. Inland Empire rents, in contrast, have begun to increase.
- **Washington, DC Metro**: Washington DC rents took a downturn in May, while rents in Richmond, Norfolk, and Baltimore have been rising since mid-April.
- **New York City Metro**: New York City rents also slowed in May, however, asking rents in Harford, Philadelphia, and New Jersey have increased.

Apartment Industry Impacts

- 40% of properties reported a higher vacancy rate since 6 months prior, up from 33% since the same time last year.
- Considering that unemployment benefits and eviction moratoriums are set to expire in July, Costar Group forecasts that renters will vacate nearly 40,000 units during the remainder of 2020, bringing the national vacancy rate to 8.5%.

<table>
<thead>
<tr>
<th>Highest Vacancy Markets</th>
<th>Lowest Vacancy Markets</th>
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