




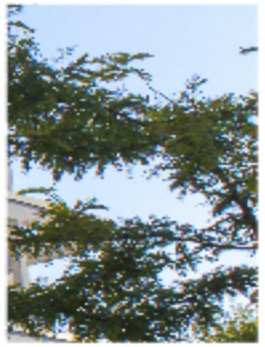




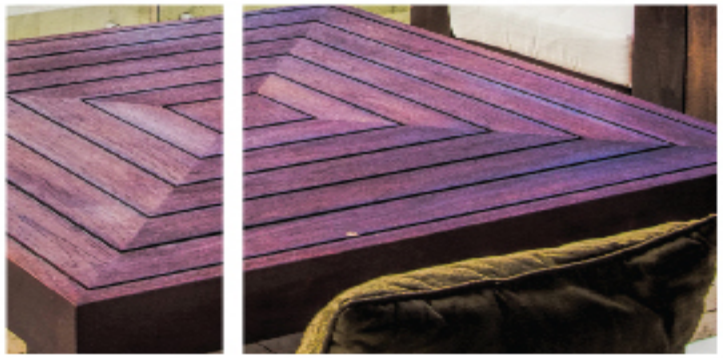


August 19, 2020

Covid-19 Weekly Economic & Industry Update

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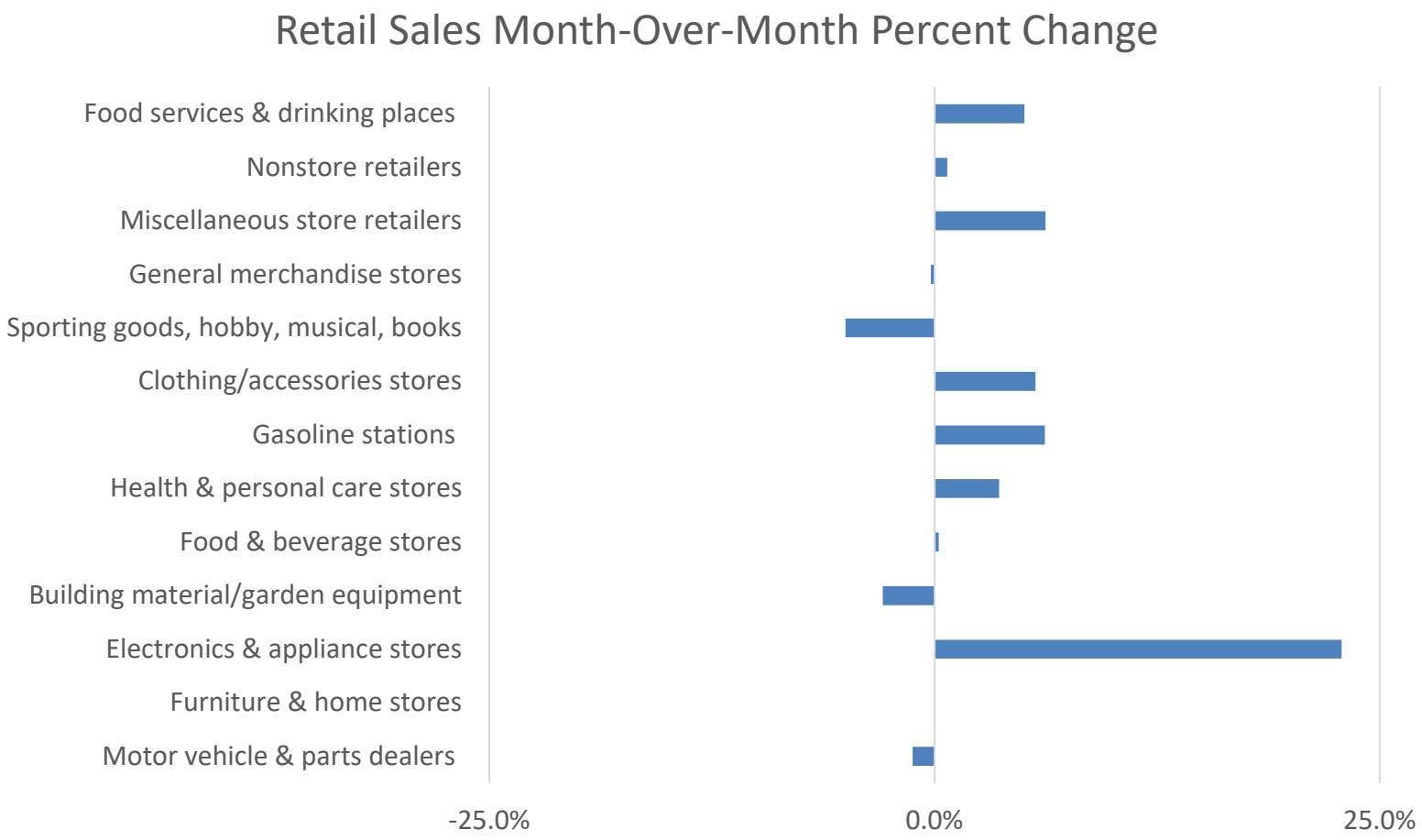
We Lead the Way Home

Economic Impacts



- Retail sales were up 1.2% in July with electronic and appliance stores making significant gains.
- Year-over-year growth has steadily improved, with most categories up from last year.
- Notable exceptions included clothing stores and restaurants, which continued to bear the brunt of changes in consumers' spending habits.

Source: U.S. Census Bureau, Advance Monthly Retail Trade Survey, August 14, 2020

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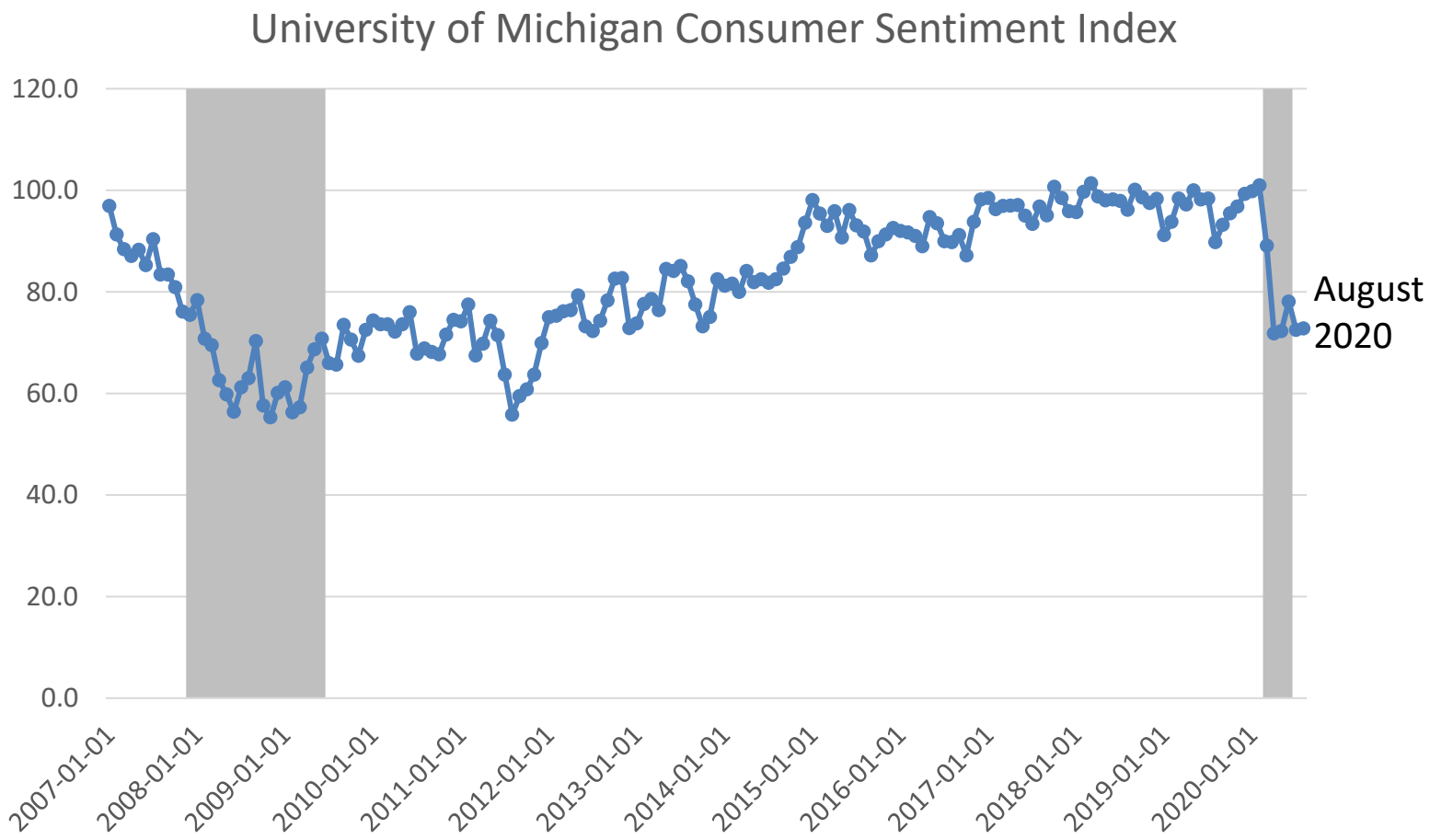
Economic Impacts



- Preliminary estimates of consumer sentiment in August were essentially flat but remain above levels recorded during the Global Financial Crisis.
- Since the recent low point in April, consumers have become more pessimistic about the economic outlook in five years, but more optimistic on buying conditions, largely driven by low interest rates.

Sources: University of Michigan

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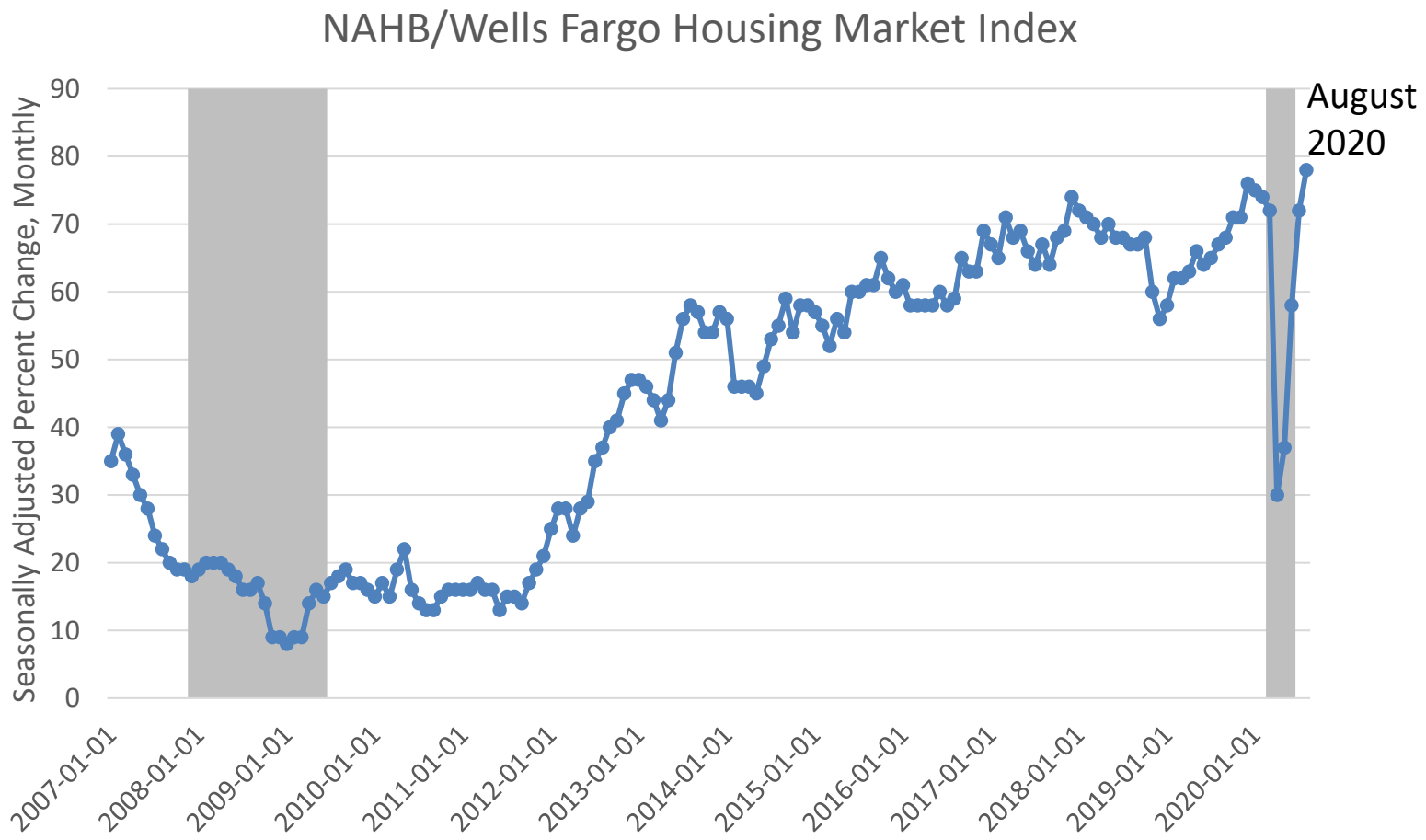
Economic Impacts



- Homebuilder confidence in August tied a record high of 78, last attained in 1998.
- Buyer traffic was responsible for much of the increase with mortgage rates hitting record lows.
- Increases in lumber prices will remain a cause for concern for homebuilders in the coming months.

Source: NAHB/Wells Fargo Housing Market Index, August 17, 2020

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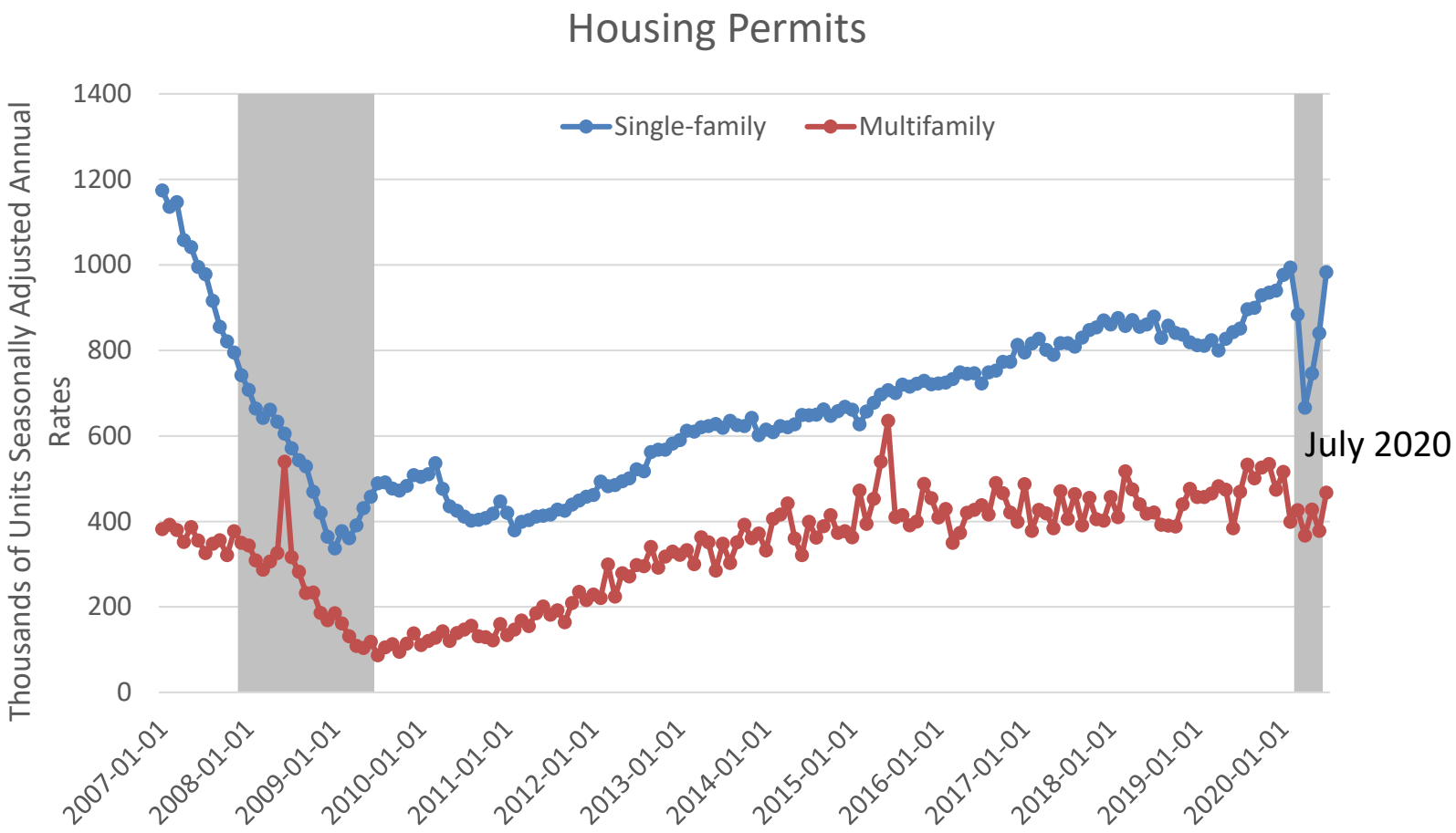
Economic Impacts



- Monthly permitting activity experienced strong growth in July, increasing 24% for multifamily and 17% for single-family.
- Permits for single-family homes returned to pre-pandemic levels while multifamily remained subdued but on par with July of 2019.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Private Housing Units Authorized by Building Permits: 5-Unit Structures or More and 1-Unit Structures retrieved from FRED, Federal Reserve Bank of St. Louis August 19, 2020.

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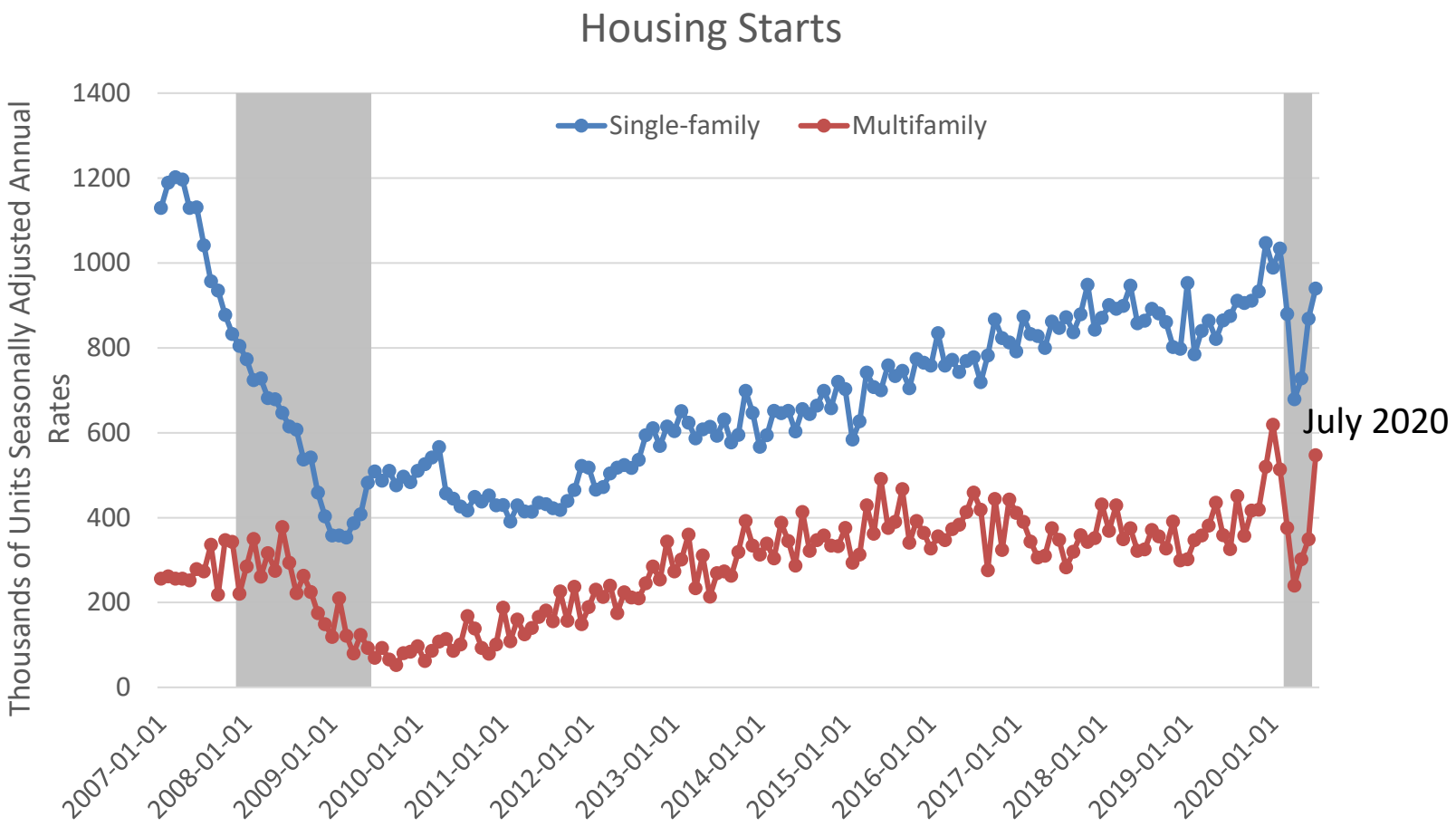
Economic Impacts



- Multifamily housing starts returned to levels seen just prior to the Covid-19 crisis, topping 500,000 units at a seasonally adjusted annual rate.
- Year-over-year increases for multifamily starts were impressive at 68% while single-family rose 7%.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, Privately Owned Housing Starts: 5-Unit Structures or More and 1-Unit Structures retrieved from FRED, Federal Reserve Bank of St. Louis August 19, 2020.

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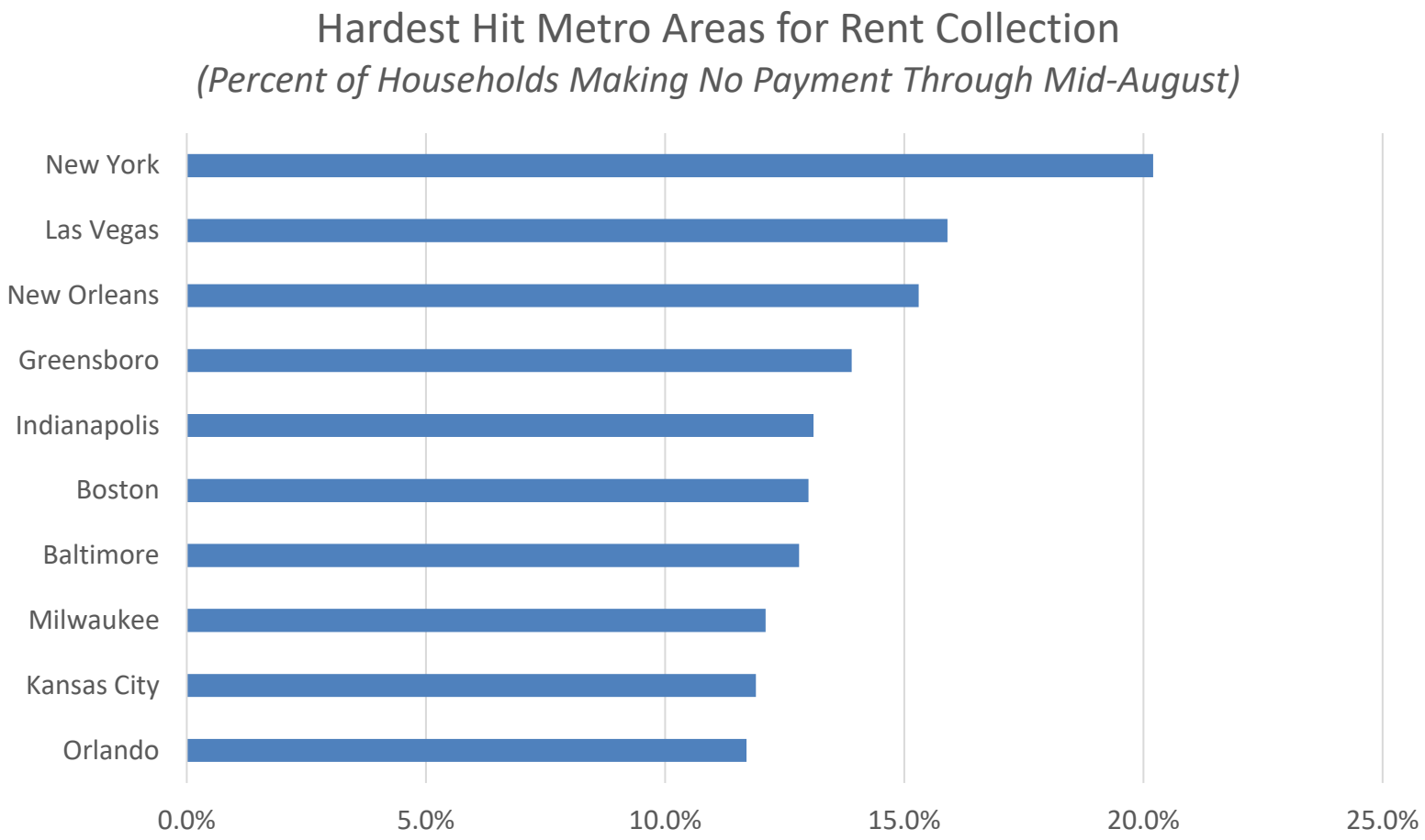
Apartment Industry Impacts



- Over 20 percent of renter households in the New York metro area have not many any rent payments through mid-August, an increase of 7.5 percentage points from last year.
- Six of these bottom 10 markets experienced unemployment increases of 7.5 percent or more year-over-year.

Source: RealPage, Inc. Rent Payments August 1 – August 13, 2020.

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Apartment Industry Impacts

- Pent-up demand and seasonal leasing patterns have significantly increased new lease signings in market-rate apartments, by 11% year-over-year.
- Despite economic struggles, Las Vegas, Orlando and Houston posted increases while large Sunbelt metros including Atlanta, Raleigh, Dallas and Tampa recorded impressive gains.
- Hard hit gateway markets such as New York, Bay Area, Southern California and Washington, DC began to show some improvement in new lease signings, but at sharp discounts. However, the urban core in those markets continued to struggle.
- Miami, St. Louis, Nashville and Kansas City were the only markets with an annual decline in new leases of at least 5%.
- Overall, executed rental rates for new leases have remained flat since June. Sunbelt and Midwest markets led the nation in year-over-year rent growth while coastal markets continued to see the greatest cuts in rent growth.
- Renewal rates are seeing a slight decline in annual growth, most notably in New York, San Francisco, Boston, Cincinnati, San Jose and Seattle.
- Year-over-year actual rent revenue fell 1% for downtown apartments, while suburban rentals posted a 3% gain.

Source: COVID-19: Impact on August Rent Payments, Leasing Traffic & Rents by Real Page, August 13, 2020

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