

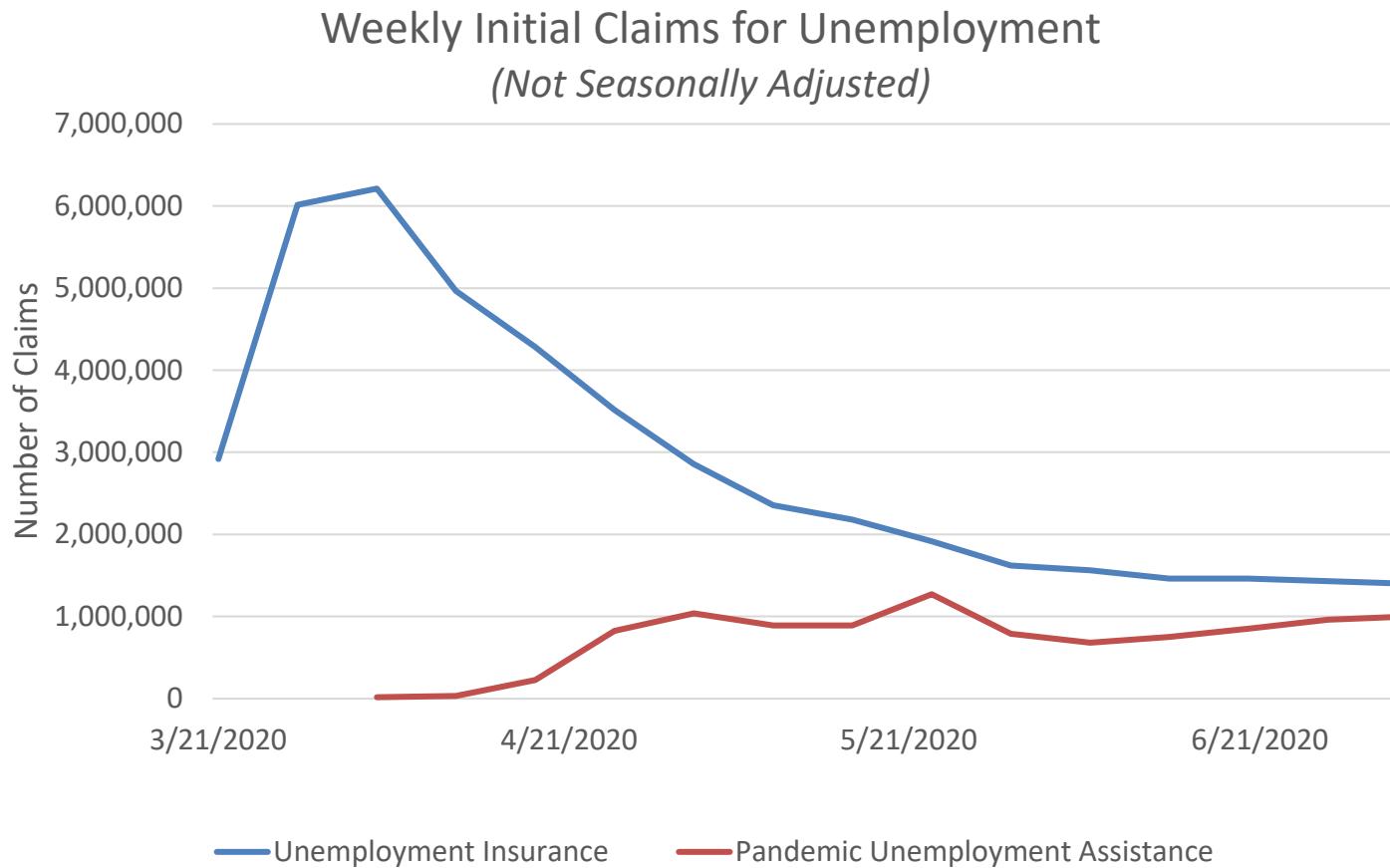


July 15, 2020

Covid-19 Weekly Economic & Industry Update



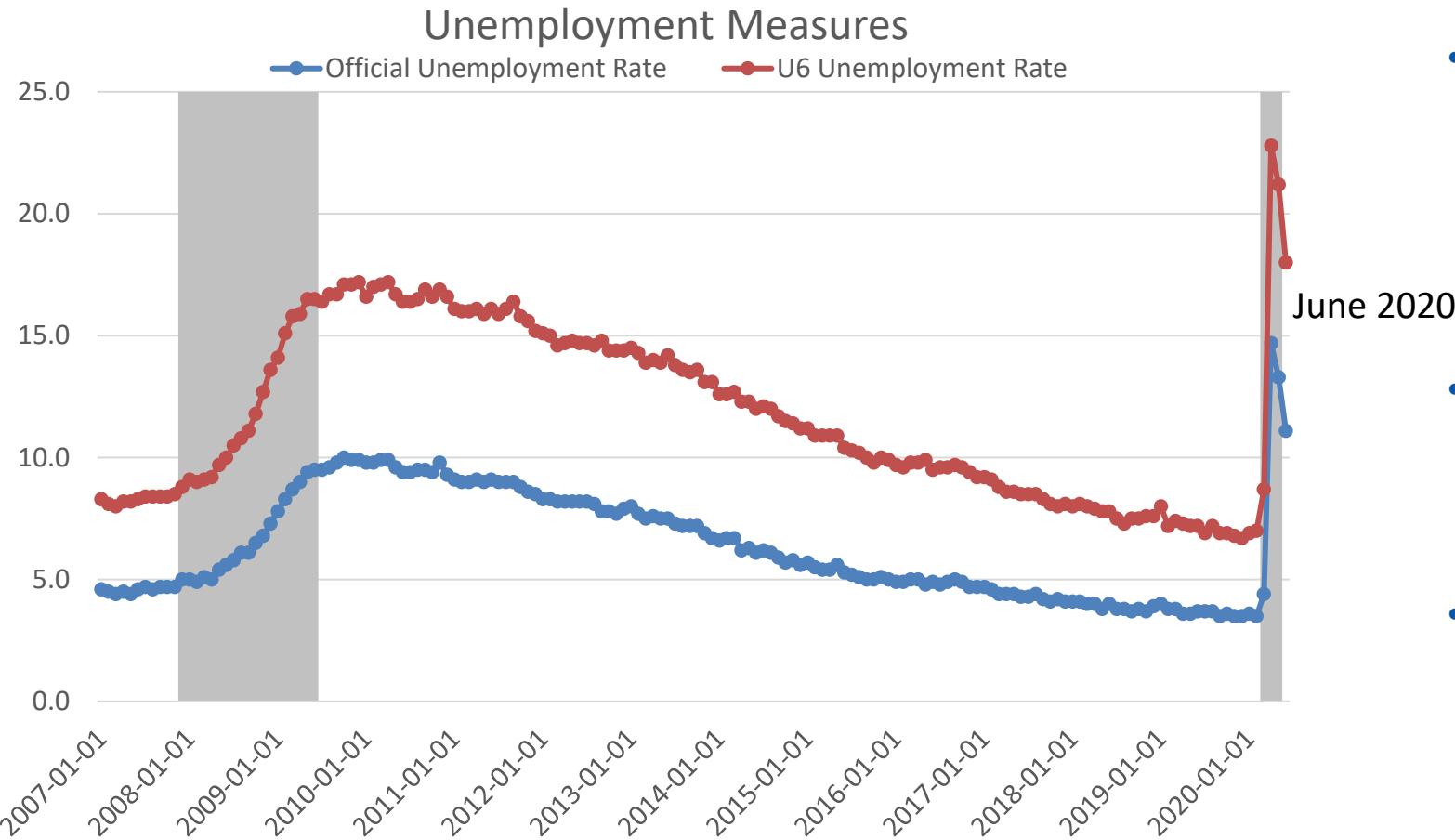
Economic Impacts



Source: U.S. Department of Labor, excludes Puerto Rico and U.S. Virgin Islands.

- 2.3 to 2.4 million Americans continued to file for unemployment each week for the past six weeks.
- Claims for the Pandemic Unemployment Assistance Program, which covers workers not eligible for traditional UI benefits, has been trending upwards for the past month.

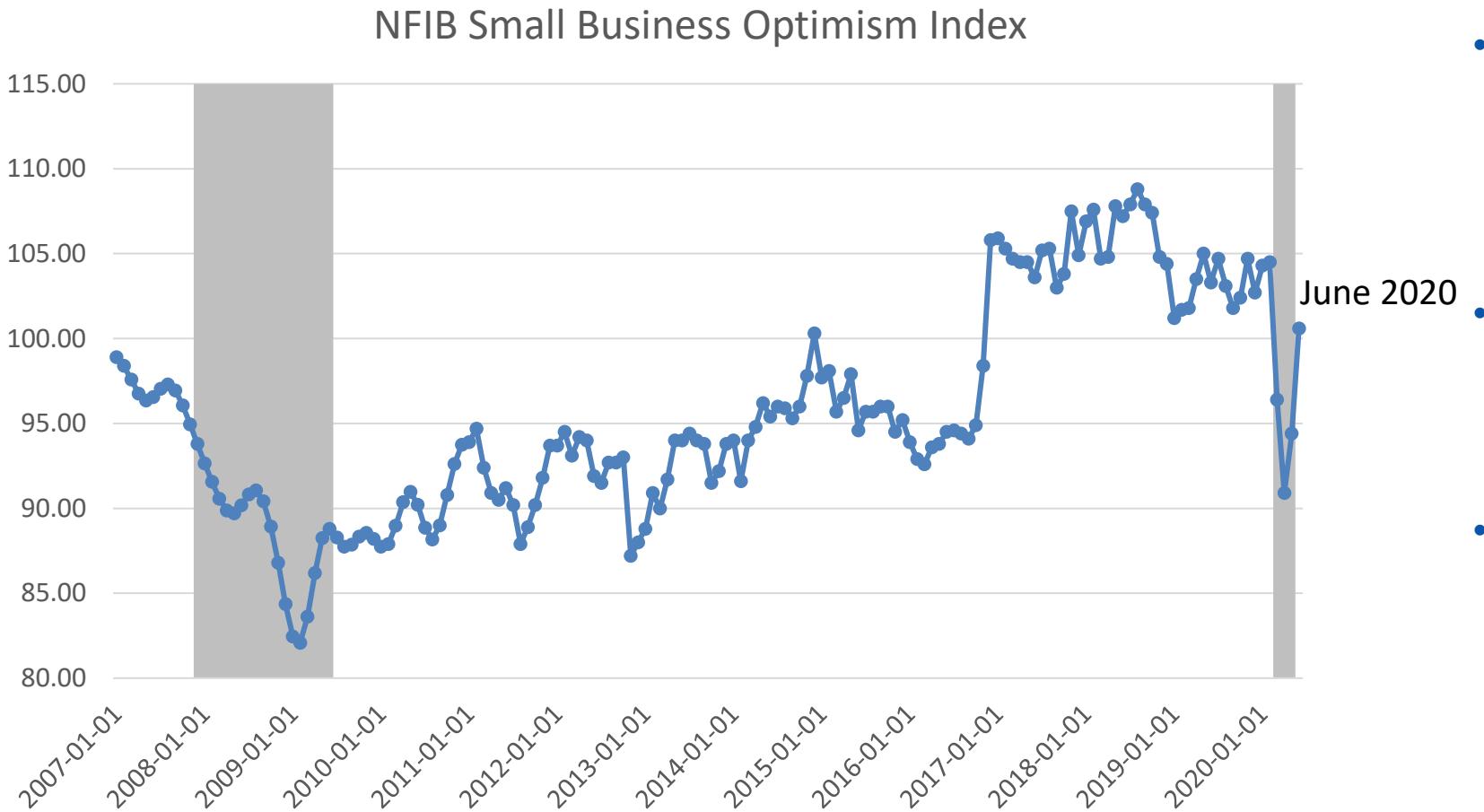
Economic Impacts



Source: U.S. Bureau of Labor Statistics

- The U6 unemployment rate is an alternative measure of unemployment which includes part-time workers who want full-time work and those not looking for work.
- The U6 rate hit a series high in April of 22.8% and remained above Great Recession levels in June.
- The gap between the two measures has doubled since the Covid-19 crisis began.

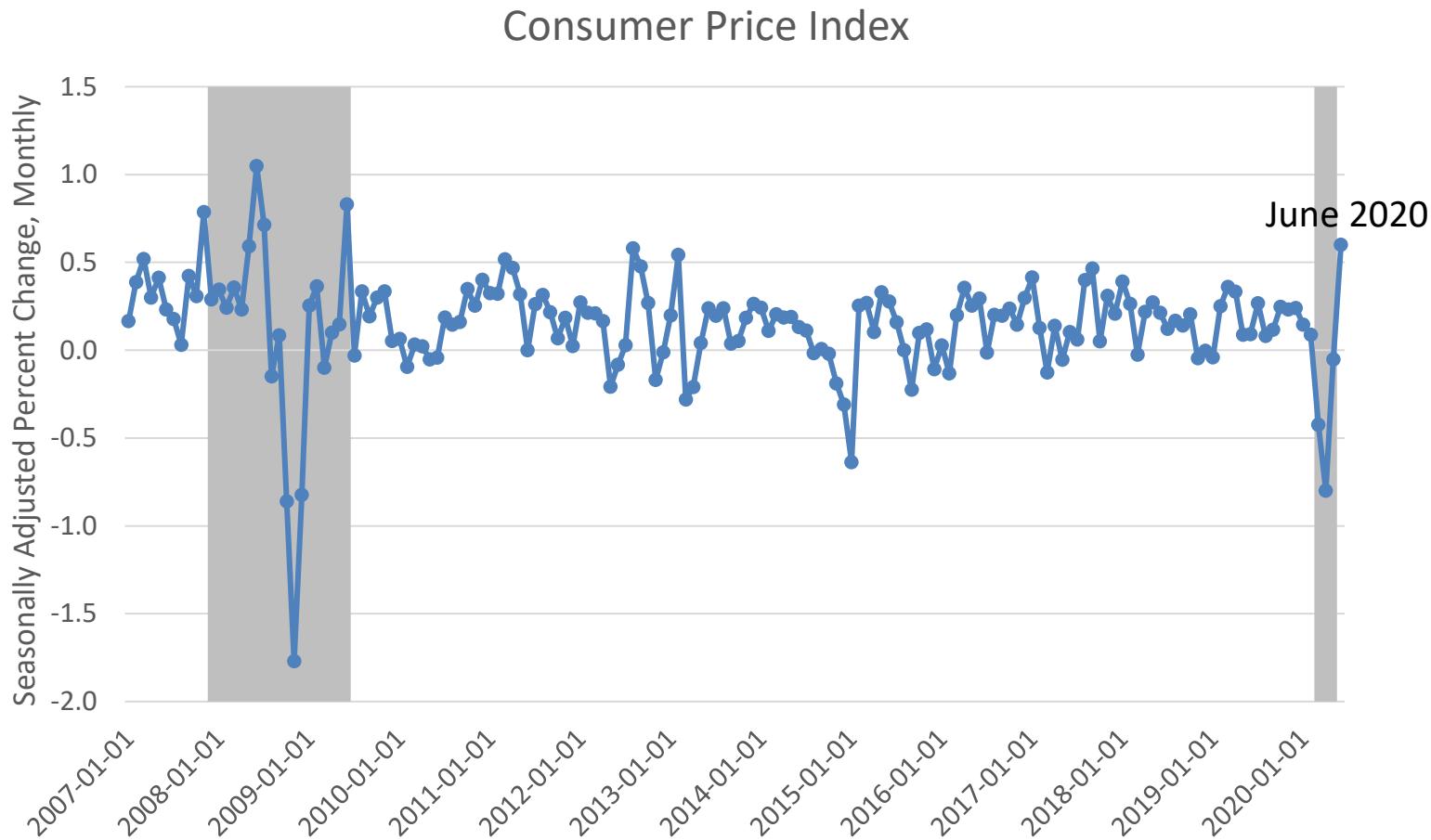
Economic Impacts



- The Small Business Optimism Index increased 6.2 points in June to 100.6, with eight of ten index components improving.
- The two components measuring sales and earnings over the past 3 months declined.
- Despite that, small business owners remained optimistic and expect to see improved business conditions over the next six months.

Source: National Federation of Independent Businesses; Moody's Analytics

Economic Impacts

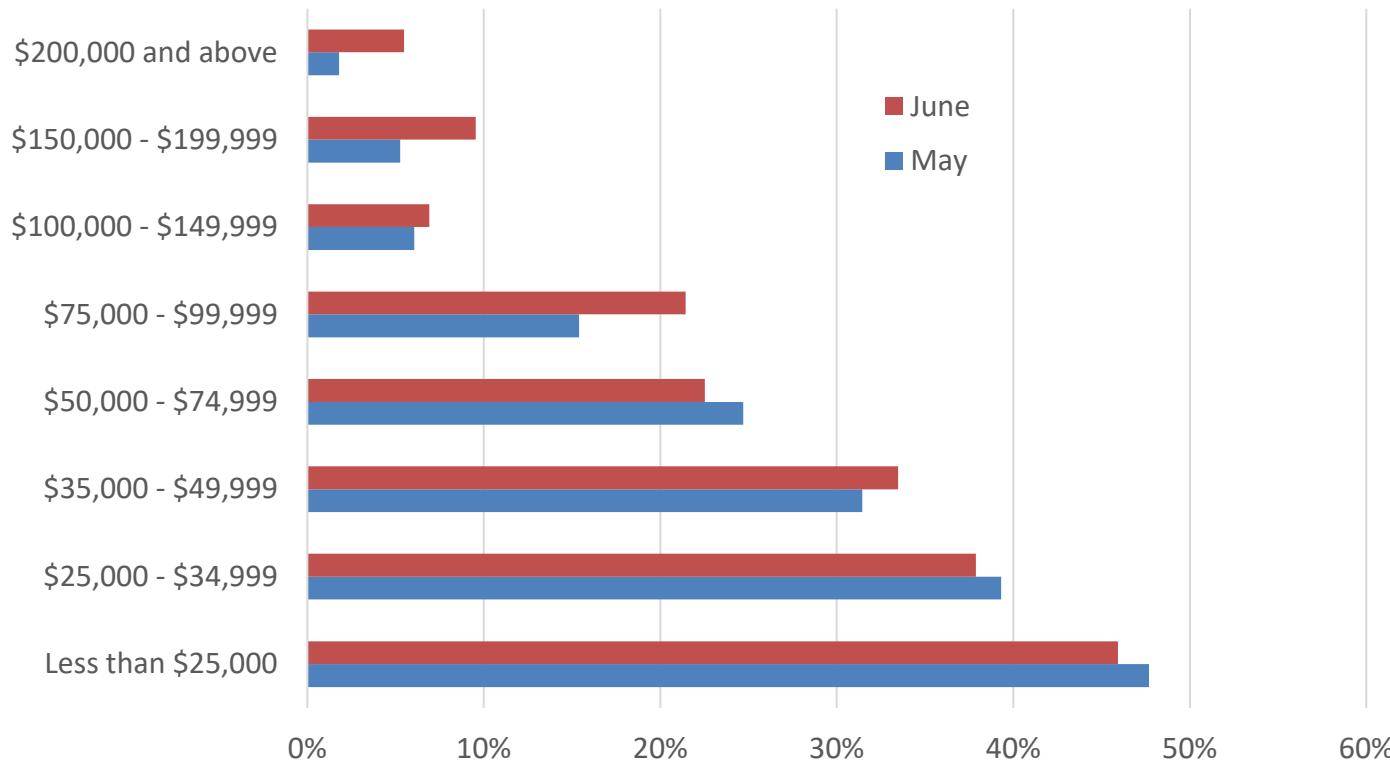


- Disinflationary pressures were assuaged in June as the Consumer Price Index rose for the first time in 3 months, up 0.6%.
- Energy prices rebounded by 5.1%, driven by increases in gasoline and fuel oil.
- Food prices increased once again, but at more moderate rates than prior months.

Source: U.S. Bureau of Labor Statistics

Rental Housing Impacts

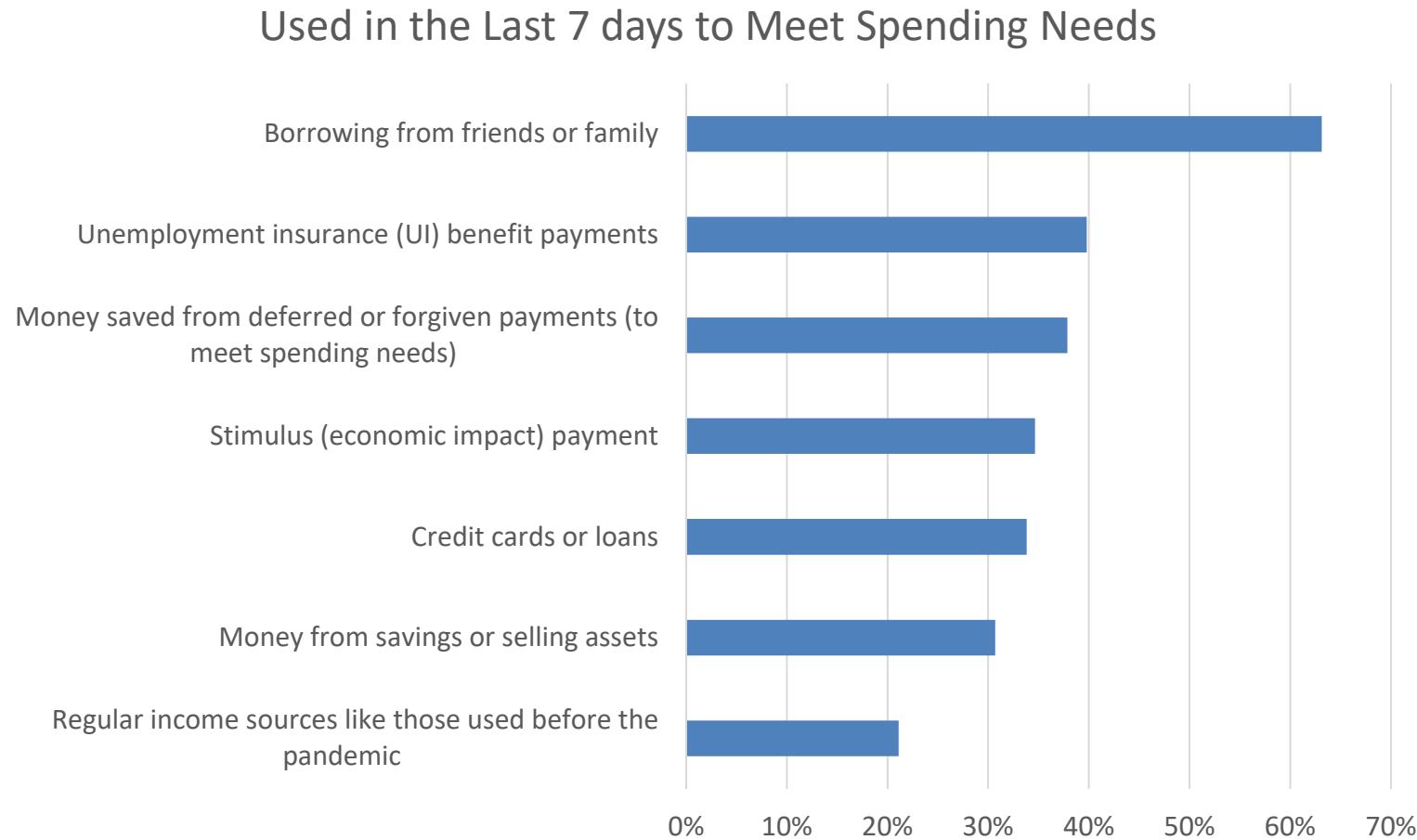
Percent of Renters With Slight or No Confidence in Ability to Pay Next Month's Rent, Final Week of the Month



- 32% of all renters, regardless of income, reported slight or no confidence in being able to pay the following month's rent.
- Over the past month, renters making \$75,000 or more became increasingly concerned about their ability to pay rent.

Source: U.S. Census Bureau Household Pulse Survey, May 21 – May 26, June 25 – June 30.

Rental Housing Impacts

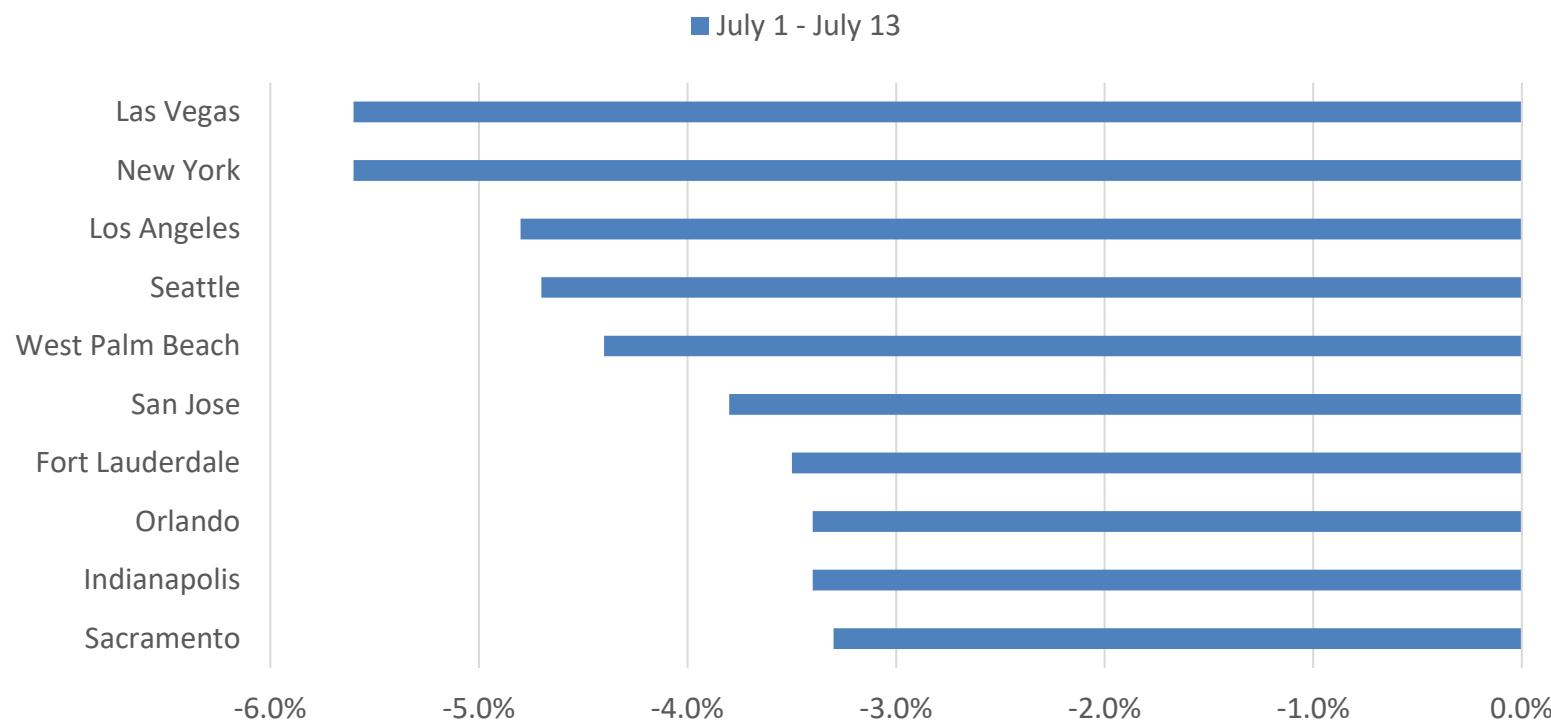


- Renters with slight or no confidence in their ability to pay next month's rent most often cited borrowing and unemployment insurance to meet their spending needs.
- The expiration of expanded unemployment insurance benefits at the end of this month coupled with the payment type ranked third, savings from deferred payments, is particularly worrisome for the rental housing industry.

Source: U.S. Census Bureau Household Pulse Survey, June 25 – June 30

Apartment Industry Impacts

Hardest Hit Metro Areas for Rent Collection
(Change from prior year in percent of households paying partial or full rent)



- Las Vegas, New York and Los Angeles remained at the bottom for rent collection through July 13th.
- The appearance of several Florida cities in the bottom 10 should come as no surprise given the scaling back of reopenings due to the surge of Covid-19 cases.

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

Apartment Industry Impacts

- Demand has improved since April, however absorption during Q2 2020 was far behind second quarter averages from the previous five years.
- Leasing volume progressed in June, exceeding the new resident demand recorded in June 2019.
- Occupancy held strong at 95.3% due to high resident retention; however occupancy rates are expected to drop.
- 57% of residents opted to renew their initial leases during the second quarter, surpassing the average of 52%.
- Rent collections are solid, but there's near-term vulnerability.
- Effective asking rents are declining for the first time in a decade, down by 2% since Q2 2019.
- Executed new lease rents are beginning to stabilize but are expected to decline in the near-term.
- Apartment deliveries in Q2 totaled 82,104 units, bringing year-to-date completions to 154,404 units.
- Transaction volumes have fallen significantly, although apartment sales prices are still at all-time highs as of mid-2020.