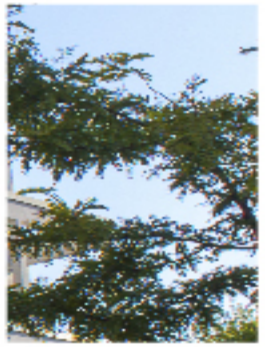
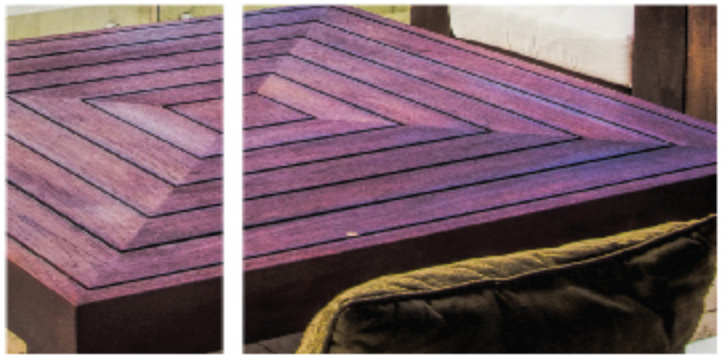


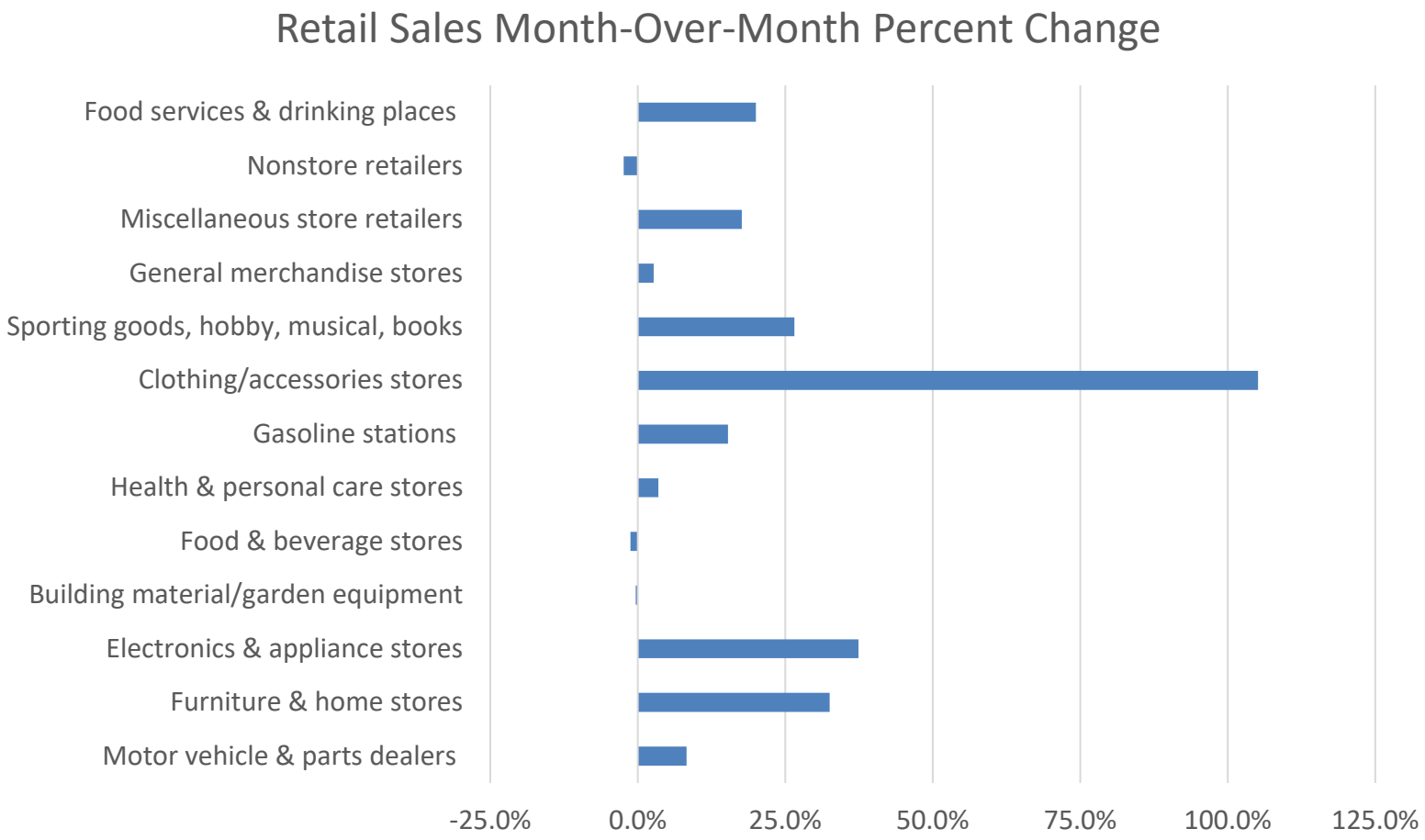


July 22, 2020

Covid-19 Weekly Economic & Industry Update

NATIONAL APARTMENT ASSOCIATION
We Lead the Way Home

Economic Impacts

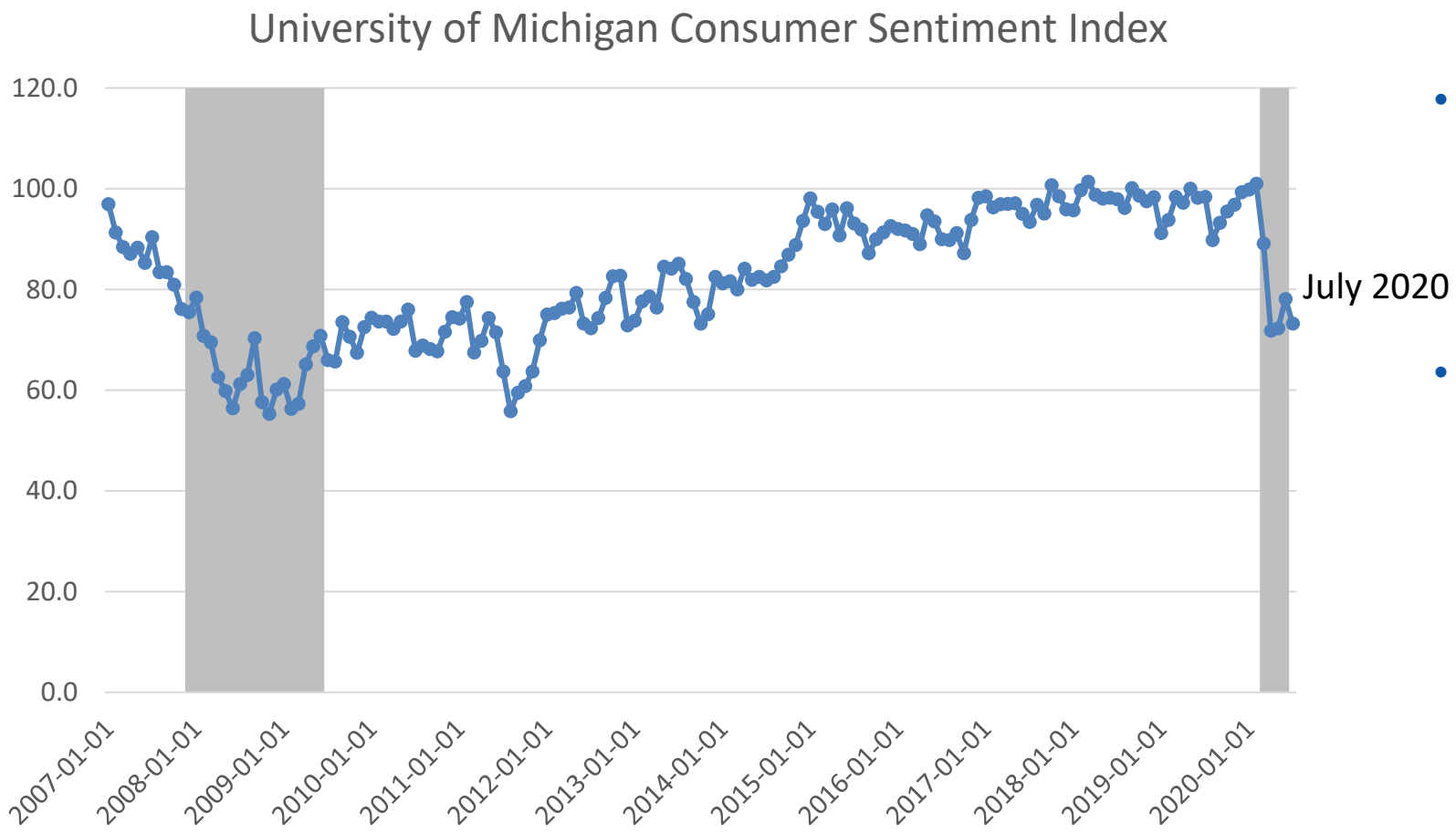


- Retail sales increased 7.5 percent in June on a month-over-month basis.
- Sales of clothes, electronics and furniture increased significantly as more and more stores were able to reopen.
- Online shopping (non-store retailers) decreased slightly but was still the biggest winner year-over-year, increasing 23.5 percent.

Source: U.S. Census Bureau, Advance Monthly Retail Trade Survey, July 16, 2020

NAA NATIONAL APARTMENT ASSOCIATION

Economic Impacts

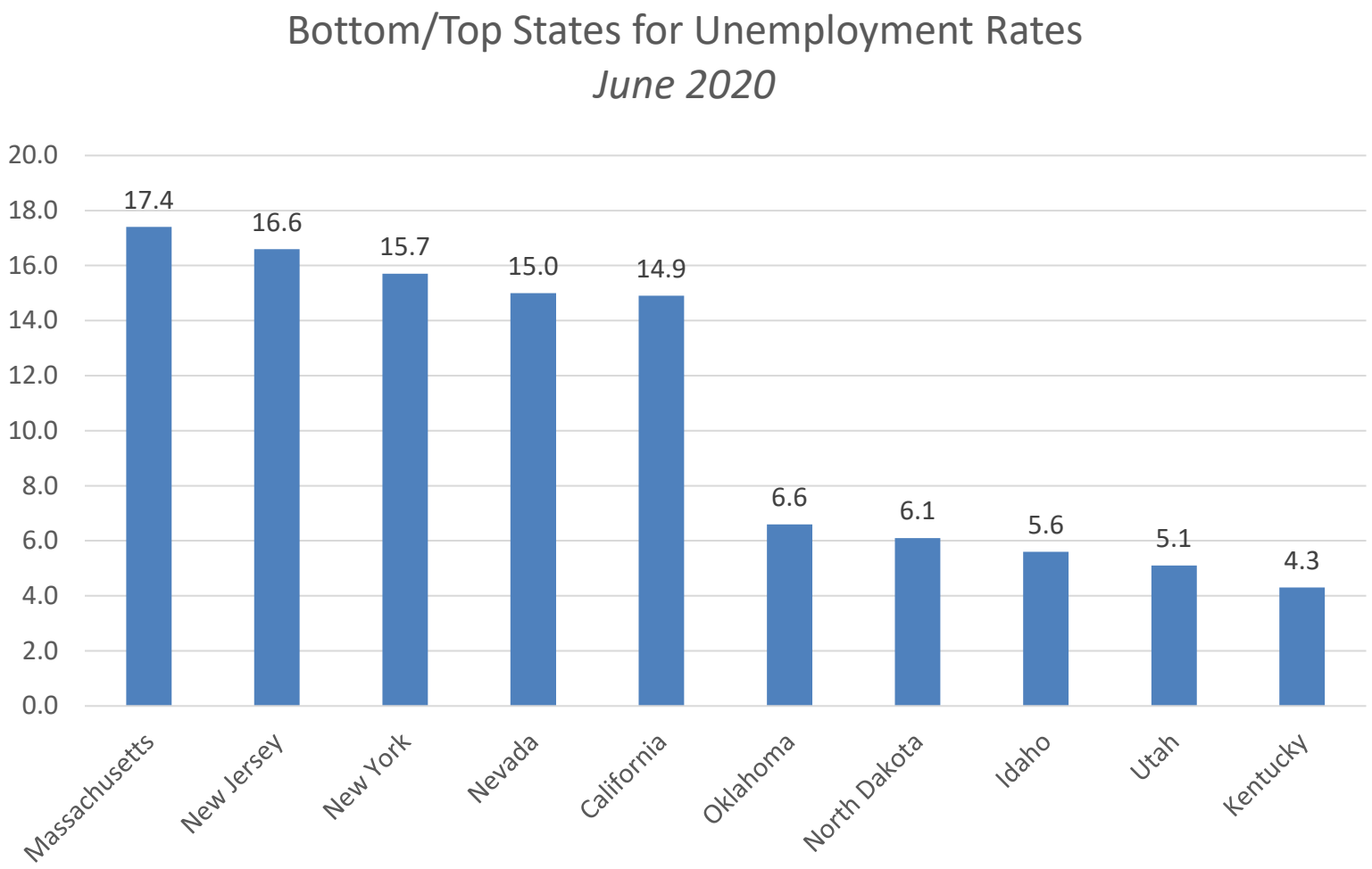


- Consumer sentiment has remained relatively flat since the Covid-19 crisis began, ranging between 72 and 78 points.
- July's preliminary figures suggested a somewhat more pessimistic consumer, with the decline in the index driven by lower expectations for the future.

Sources: University of Michigan; Moody's Analytics

NATIONAL APARTMENT ASSOCIATION

Economic Impacts

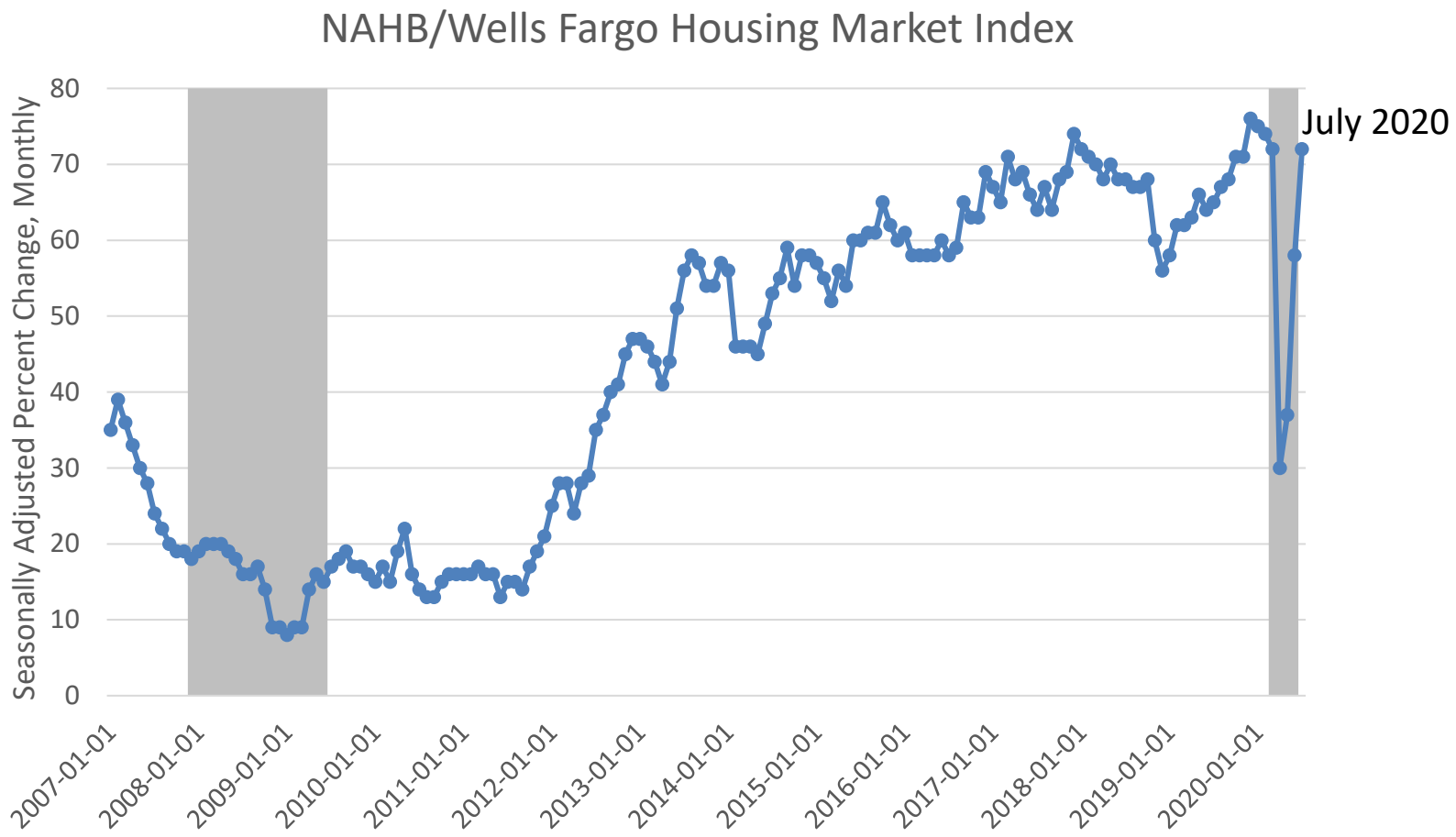


Source: U.S. Bureau of Labor Statistics

- The highest unemployment rates in June were mainly among Northeastern states, which reopened slowly and more cautiously than those in other regions.
- Unemployment rates in Kentucky, Utah and Idaho were well below the U.S. average of 11.1 percent.

NAA NATIONAL APARTMENT ASSOCIATION

Economic Impacts

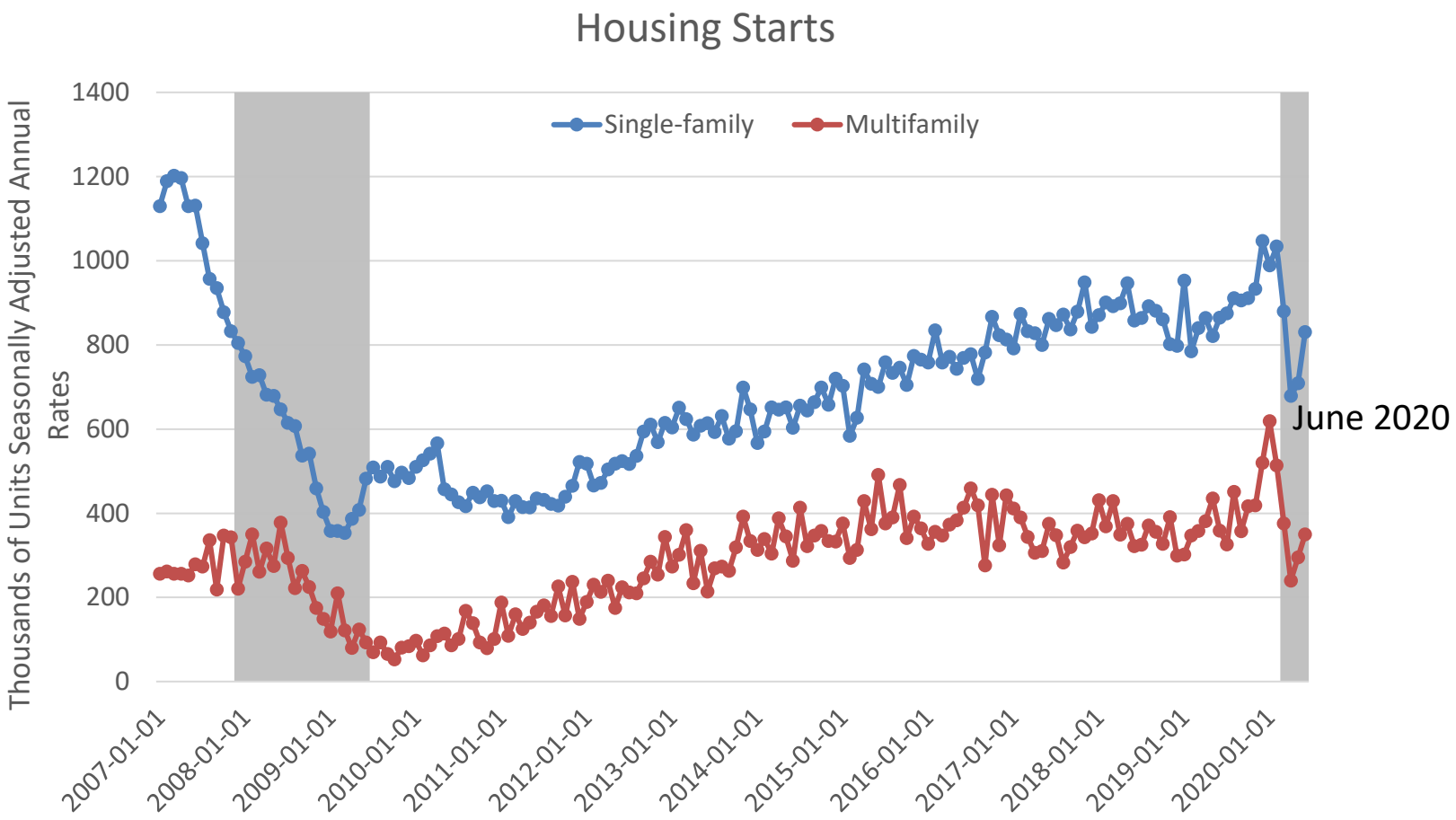


- Homebuilder confidence in July experienced another substantial increase and was back to March levels.
- All components of the index increased but present conditions in the single-family home sales market and increased traffic of prospective buyers led the way.

Source: NAHB/Wells Fargo Housing Market Index, July 16, 2020

NATIONAL APARTMENT ASSOCIATION

Economic Impacts

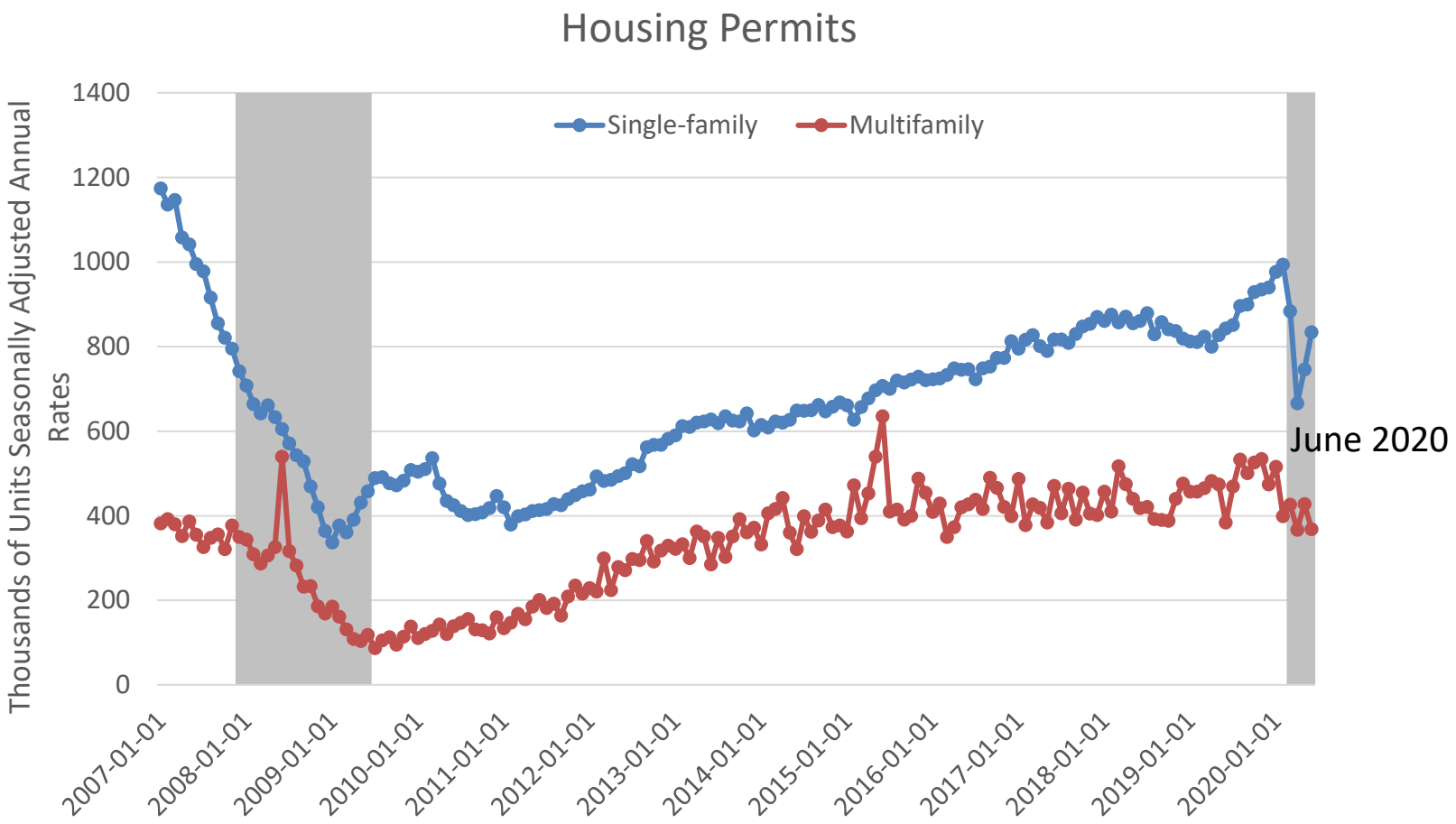


- Single-family and multifamily housing starts continued their momentum in June, increasing by 17.2 and 18.6 percent, respectively, from last month.
- Figures for both indicators were also on par with last year's levels.

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 July 21, 2020.

NAA NATIONAL APARTMENT ASSOCIATION

Economic Impacts

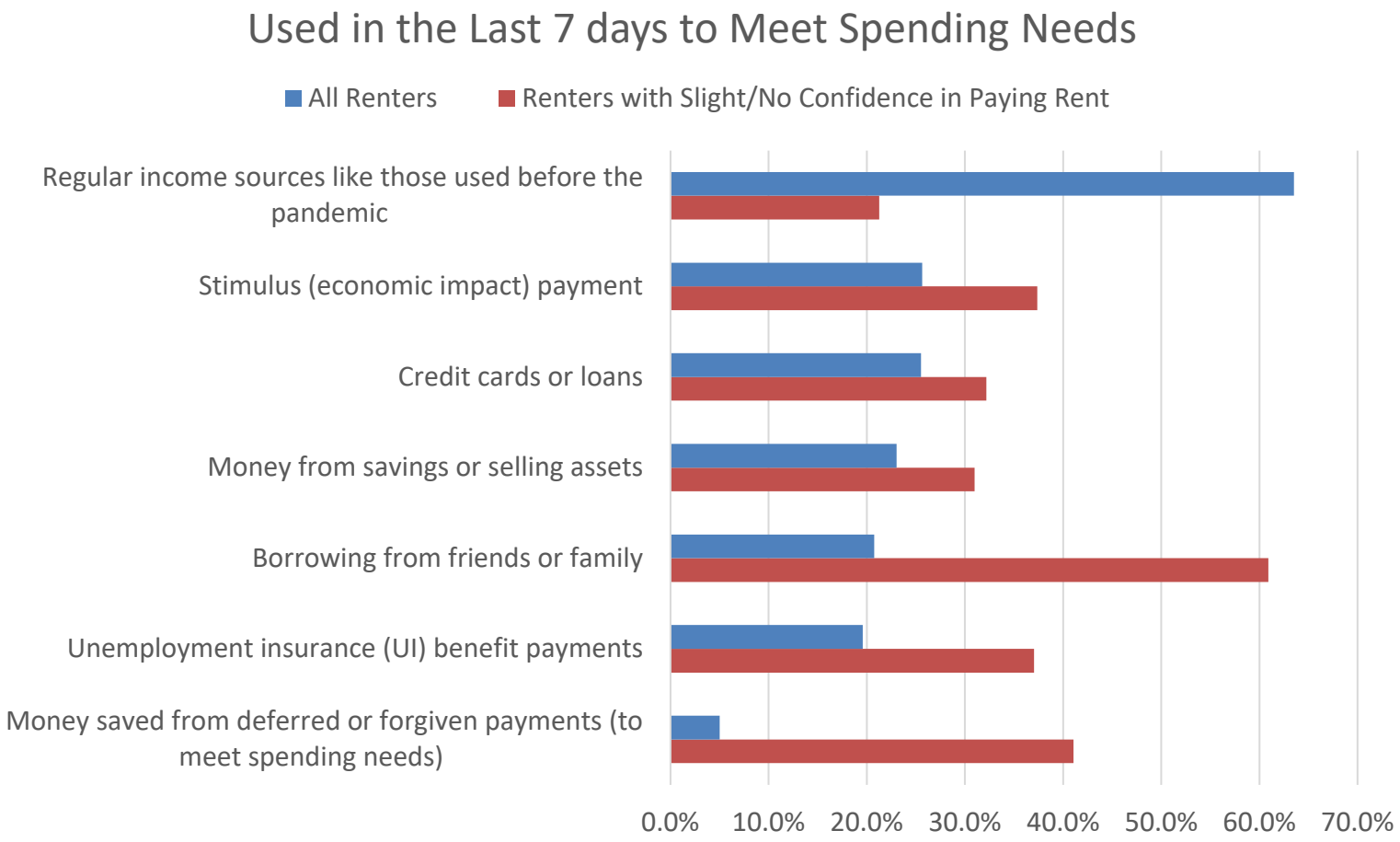


- Monthly permitting activity increased for single-family homes but declined for multifamily properties by 14 percent.
- Average monthly permits for multifamily for the first half of the year were off from last year but remained at a healthy level of 417,000.

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 July 21, 2020.

NATIONAL APARTMENT ASSOCIATION

Rental Housing Impacts

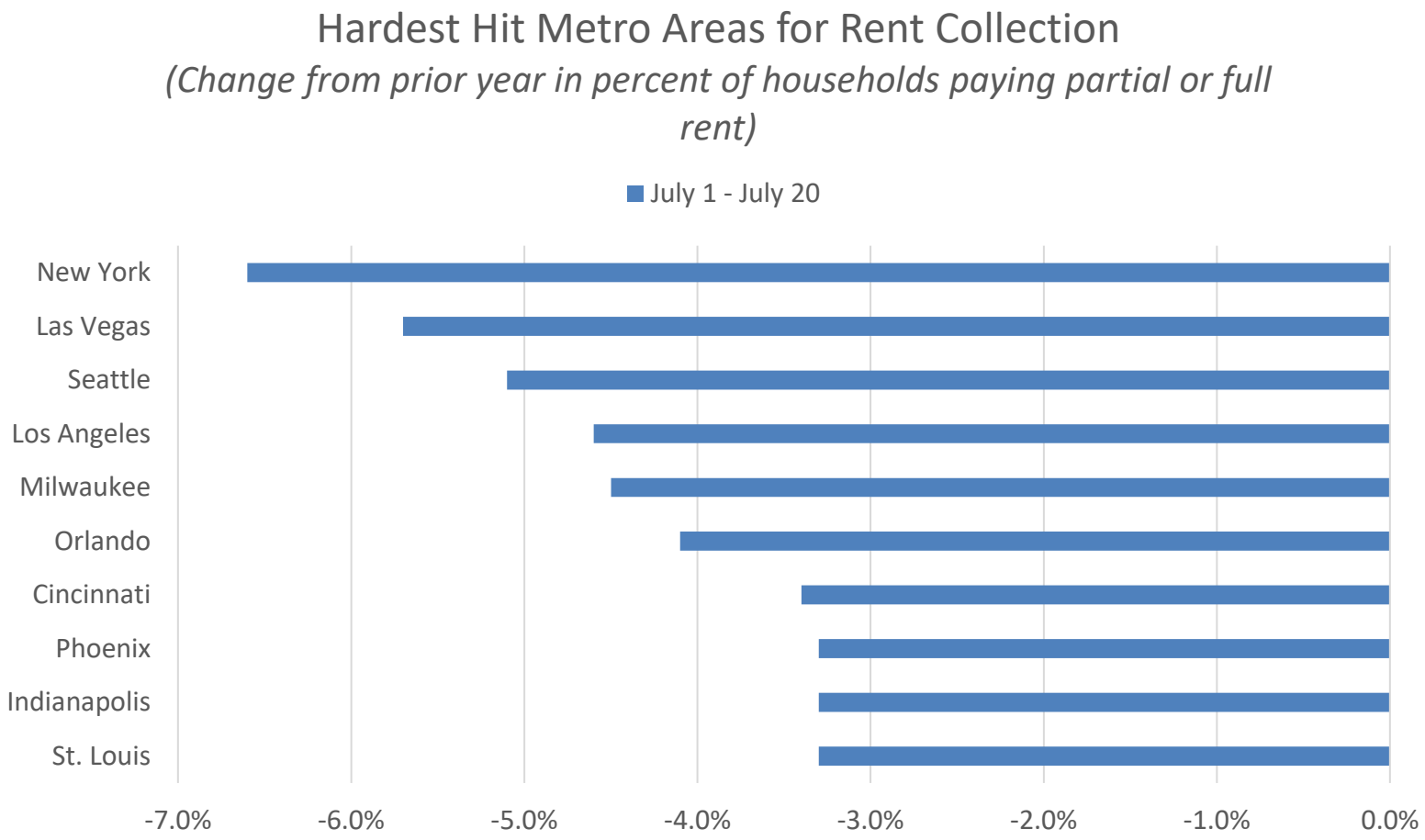


- Renters with slight or no confidence in their ability to pay next month's rent reported vastly different income sources to meet their spending needs compared with the total renter pool.
- Borrowing, savings, stimulus checks and unemployment insurance benefits are more important to renters who may have challenges making rent payments.

Source: U.S. Census Bureau Household Pulse Survey, July 2 – July 7; Totals may not sum to 100% as the question allowed for multiple categories to be marked.

NAA NATIONAL APARTMENT ASSOCIATION

Apartment Industry Impacts

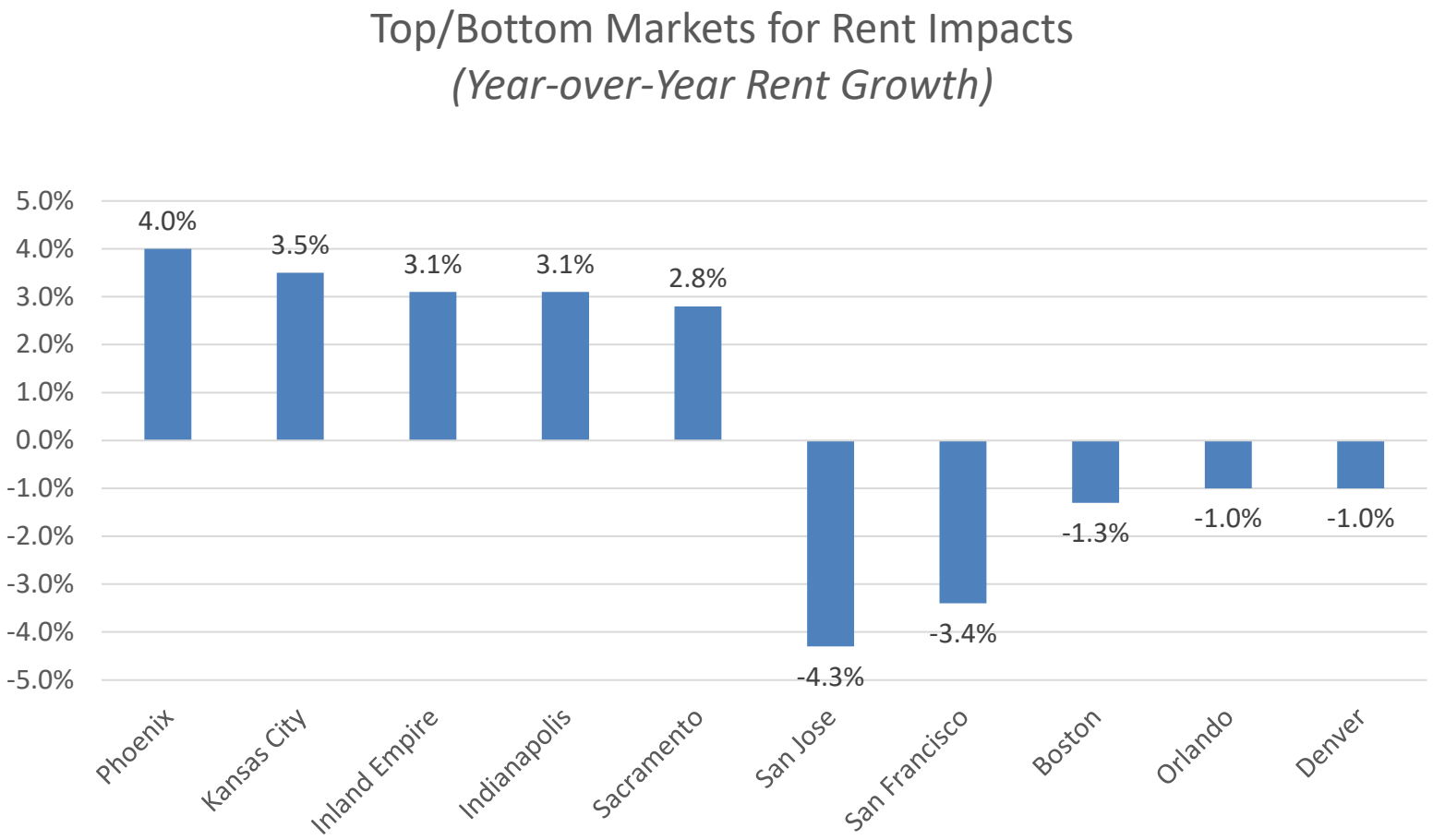


- Metro areas with the lowest rent collections remained largely unchanged since the beginning of the month.
- Midwestern cities such as Milwaukee, Cincinnati and St. Louis were new entrants to the list as was Phoenix, which has experienced a surge of Covid-19 cases.

Source: RealPage, Inc. Rent Payments July 1 – July 20, 2020

NAA NATIONAL APARTMENT ASSOCIATION

Apartment Industry Impacts



- Rents decreased 0.4% in June on a year-over-year basis; annual growth turned negative for the first time since December 2010.
- Rent changes are likely to remain negative for the remainder of 2020.
- Deliveries in many gateway cities are expected to be depressed since these markets were hit hardest by the COVID-19 pandemic.

Source: National Multifamily June Report by Yardi

NAA NATIONAL APARTMENT ASSOCIATION