Covid-19 Weekly Economic & Industry Update

July 22, 2020
Economic Impacts

Retail Sales Month-Over-Month Percent Change

- 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
• 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.
Economic Impacts

Bottom/Top States for Unemployment Rates

*June 2020*

- 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.

Source: U.S. Bureau of Labor Statistics
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
Economic Impacts

Housing Starts

- 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.

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.

### Rental Housing Impacts

#### Used in the Last 7 days to Meet Spending Needs

<table>
<thead>
<tr>
<th>Income Source</th>
<th>All Renters</th>
<th>Renters with Slight/No Confidence in Paying Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular income sources like those used before the pandemic</td>
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<tr>
<td>Stimulus (economic impact) payment</td>
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<td>Credit cards or loans</td>
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<td>Money from savings or selling assets</td>
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<tr>
<td>Borrowing from friends or family</td>
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<tr>
<td>Unemployment insurance (UI) benefit payments</td>
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<td>Money saved from deferred or forgiven payments (to meet spending needs)</td>
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</tbody>
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- 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.
Hardest Hit Metro Areas for Rent Collection
(Change from prior year in percent of households paying partial or full rent)

- New York
- Las Vegas
- Seattle
- Los Angeles
- Milwaukee
- Orlando
- Cincinnati
- Phoenix
- Indianapolis
- St. Louis

- 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
Apartment Industry Impacts

Top/Bottom Markets for Rent Impacts
*Year-over-Year Rent Growth*

- Phoenix: 4.0%
- Kansas City: 3.5%
- Inland Empire: 3.1%
- Indianapolis: 3.1%
- Sacramento: 2.8%
- San Jose: -4.3%
- San Francisco: -3.4%
- Boston: -1.3%
- Orlando: -1.0%
- Denver: -1.0%

- 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