Economic Impacts

When do you expect to resume normal operations?

- Have already
- Less than 1 month
- 1-3 months
- 4-6 months
- Longer than 6 months
- Never
- Don’t know/NA

- The National Association for Business Economics (NABE) Business Conditions Survey was open from July 2-14 and surveyed 104 private sector business leaders and trade association executives.
- One-third of respondents reported being back to normal operations while 29% expect it to take more than 6 months.

Economic Impacts – the Future of Work

My company’s experience with COVID-19 will lead us to have more geographically flexible hiring and working arrangements (e.g., more office locations, high-rise to lower-density, office to home office, etc.).

- More than two-thirds of respondents somewhat or strongly agreed that the Covid-19 crisis will result in their firms becoming more flexible geographically as well as in hiring and working arrangements.

Do you plan to allow employees to work from home post-crisis?

- Yes, some roles will be able to work from home: 50%
- Yes, most roles will be able to work from home: 20%
- Yes, we will allow all employees to work from home: 25%
- No: 5%
- Don’t know/NA: 5%

- Half of the respondents reported that some of their employees will continue to work from home post-crisis.
- More than 1 in 5 expect to allow their entire workforces to work from home.
- Only 6% said work from home will definitely not be an option post-crisis.

Economic Impacts

- The S&P/CoreLogic Case-Shiller Home Price Index continued to make moderate gains, increasing 3.7% year-over-year in May.
- Phoenix, Seattle and Tampa experienced the greatest increases in home prices.
- Over the last several months, prices were strongest in the Southeast and West and weaker in the Northeast.
Economic Impacts

- New home sales continued to rebound in June, returning to pre-pandemic levels.
- Low mortgage rates coupled with more reopenings resulted in a 13.8% increase from May and 6.9% from June 2019.
- Sales in the Northeast, which experienced longer shutdowns and slower reopenings, nearly doubled month over month.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, July 24, 2020
Economic Impacts

- June sales of existing homes set a record for monthly increases (20.7%) but declined 11.3% on a year-over-year basis.
- The number of closed transactions in the $250K-$500K range actually increased.
- The median price rose 3.5% in June and marked the 100th consecutive month of year-over-year increases.

Source: National Association of Realtors®
The homeownership rate soared to 67.9% in Q2 2020, the highest level since Q3 2008.

Already on an upward trend, pent-up demand after lockdowns were lifted plus low interest rates spurred new homebuyers to make a purchase.

The rental housing market remained strong, however, with the vacancy rate declining to 5.7%, the lowest level since 1984.

Source: U.S. Census Bureau
Apartment Industry Impacts

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
- Orlando
- West Palm Beach
- Los Angeles
- Phoenix
- Miami
- San Antonio
- Cincinnati

-9.0% -8.0% -7.0% -6.0% -5.0% -4.0% -3.0% -2.0% -1.0% 0.0%

July 1 - July 27

Source: RealPage, Inc. Rent Payments July 1 – July 27, 2020

- Compared to last week’s RealPage report (July 1- July 20), new entrants to the bottom 10 cities for rent collections were either located in Texas or Florida, both of which remain hot spots for Covid-19.

- High-rise properties experienced lower rent collections than mid-rise or garden properties, decreasing 2.5% since last year.
Apartment Industry Impacts - Student

- 85% of universities tracked by RealPage have elected to instruct in-person or hybrid classes for Fall 2020.
- Fall enrollment growth is expected to remain modest and to slightly accelerate beyond 2020, but at a pace lower than peak years.
- Properties are now averaging 76% pre-leased, down 3% from Fall 2019.
- Properties less than 0.5 mile from campus continue to be the preferred choice for students.
- Effective rent growth stood at 1.3% in June, at the low end of the typical range.
- 25% of properties offered concessions, usually offering an equivalent of one-month free rent.

<table>
<thead>
<tr>
<th>Top Universities for Rent Growth Through June</th>
<th>Bottom Universities for Rent Growth Through June</th>
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</thead>
<tbody>
<tr>
<td>North Carolina A&amp;T State University</td>
<td>Coastal Carolina University</td>
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<tr>
<td>Mississippi State University</td>
<td>Florida International University</td>
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<tr>
<td>Virginia Tech</td>
<td>University of California-Santa Barbara</td>
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<tr>
<td>Virginia Commonwealth University</td>
<td>Wichita State University</td>
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<td>Utah State University</td>
<td>University of Nevada-Las Vegas</td>
</tr>
</tbody>
</table>

Source: Critical Pricing Decisions for Student Housing by RealPage, July 23, 2020