Covid-19 Weekly Economic & Industry Update

July 8, 2020
Coronavirus Economic Impacts

Top Ten Sectors for Job Growth in June

May/June Job Change vs. March/April Job Change (000s) for selected industry detail

Food services and drinking places
Offices of dentists
Personal and laundry services
Amusements, gambling, and recreation
Clothing and clothing accessories stores
Motor vehicles and parts manufacturing
Temporary help services
Furniture and home furnishings stores
Accommodation
Educational services

-7,000 -6,000 -5,000 -4,000 -3,000 -2,000 -1,000 0 1,000 2,000 3,000 4,000

• The June jobs report provided some good economic news, showing 4.8 million jobs were added to payrolls.

• The leisure and hospitality sector continued to call workers back, particularly at restaurants, bars, gaming venues and accommodations.

• It is important to note that the most recent wave of Covid-19 infections occurred after the June survey closed.

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

- Job openings increased in May to 5.4 million, the largest monthly increase in the data series.
- Total separations (layoffs, quits, and discharges) fell below February's level.
- The number of unemployed people for each job opening declined to 3.9 in May but was nearly 5 times greater than pre-pandemic levels.

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Job Titles</th>
<th>Total Job Postings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
<td>Driver Trainer, Package Handler, Operations Manager, Pharmacist, Area Manager, Buyer, Truck Driver, Merchandiser</td>
<td>94,696</td>
</tr>
<tr>
<td>Lyft</td>
<td>Lyft Driver, Technician</td>
<td>23,095</td>
</tr>
<tr>
<td>Oracle</td>
<td>Data Architect, Solutions Architect, Sales Consultant, Sales Director, Inside Sales Representative</td>
<td>21,656</td>
</tr>
<tr>
<td>Carvana</td>
<td>Technician, User Experience Designer, Marketing Project Manager, Lot Attendant, Customer Advocate</td>
<td>21,651</td>
</tr>
<tr>
<td>Anthem</td>
<td>Project Leader, Business Consultant, Recovery Specialist, Pharmacy Technician</td>
<td>15,741</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>Mortgage Consultant, Customer Success Specialist</td>
<td>14,750</td>
</tr>
<tr>
<td>Lowe’s</td>
<td>Assistant Store Manager-Operations, Loader, Service Associate, Assistant Manager</td>
<td>12,708</td>
</tr>
<tr>
<td>FedEx Ground</td>
<td>Operations Manager, Package Handler, Courier, Technician</td>
<td>9,417</td>
</tr>
<tr>
<td>Dollar General</td>
<td>Sales Associate, Manager</td>
<td>9,067</td>
</tr>
<tr>
<td>McDonald’s Restaurants</td>
<td>Crew Team Member, Manager, Human Resources Assistant</td>
<td>7,679</td>
</tr>
</tbody>
</table>

Source: ZipRecruiter
Coronavirus Economic Impacts

- The New York Fed’s GDP Nowcast is a statistical model which forecasts current quarter and next quarter GDP on a weekly basis.

- Positive labor market data this past week was the main driver behind a 1.2 and 8.9 percentage point increase for Q2 and Q3’s GDP forecast, respectively.

Source: Federal Reserve Bank of New York, July 2, 2020
Apartment Industry Impacts

The percentage of renters paying rent in full during the July grace period decreased for all property classes.

- Only 27% of Class C renters paid in full, down 16 percentage points from the first quarter average.

Source: LeaseLock, Inc.
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
- Los Angeles
- Las Vegas
- Oakland
- New Orleans
- Memphis
- Seattle
- San Diego
- Sacramento
- San Francisco

- Rent collections in the New York metro area were off by more than 12 percent from the same time last year, one of the steepest declines since RealPage began tracking the data in April.
- Rent collections in California cities remained weak, representing half of the bottom 10.

Source: RealPage, Inc. Rent Payments July 1 – July 6, 2020
### Apartment Industry Impacts

#### Top/Bottom Markets for Asking Rent Impacts

**(% Change March Peak – July 5)**

- **Richmond**: 2.5%
- **Norfolk**: 1.9%
- **Inland Empire**: 1.8%
- **Detroit**: 1.5%
- **Memphis**: 1.2%
- **Palm Beach**: -7.2%
- **San Jose**: -7.2%
- **San Francisco**: -6.4%
- **Nashville**: -6.3%
- **Austin**: -5.7%

- Lower priced suburban markets with limited new supply continued to lead the nation in asking rent growth since the March peak.
- Properties offering concessions reached 26.0% in June, up from 16.0% prior to COVID-19.

Apartment Industry Impacts

- Nashville, Miami, Charleston, Boston, and Charlotte ranked highest for units under construction.
- Urban luxury supply in the pipeline faces uncertainty as renters’ preferences have altered to more space and affordability.
- Nearly half of CBD units reported higher vacancies in June, a significant increase from last year. Only 35.0% of suburban properties saw higher vacancies, in line with 2019.
- New apartment starts have dropped to the lowest rate in a decade, as developers delay breaking ground.
- Q2 apartment deal volumes have also declined to the lowest level since 2009.

Apartment Industry Impacts

• CBRE Econometric Advisors expects the apartment market to mirror the U.S. economy over the next two years with a sharp downturn and quick recovery, thanks in large part to the solid fundamentals in place prior to the Covid crisis.
• The market will bottom out in Q4 2020 and begin its recovery next year.
• Rents are forecast to decline by 8.1 percent in 2020 and won’t fully recover until Q1 2022.
• Vacancy is expected to peak in Q4 2020 at 7.2 percent, a 3.1 percentage point increase from Q4 2019, and recover by the end of 2021.
• The forecast assumes the virus is adequately contained and there are no further shocks to employment.

Source: CBRE Multifamily’s Recovery from Covid-19, 2020 and Beyond, June 2020