

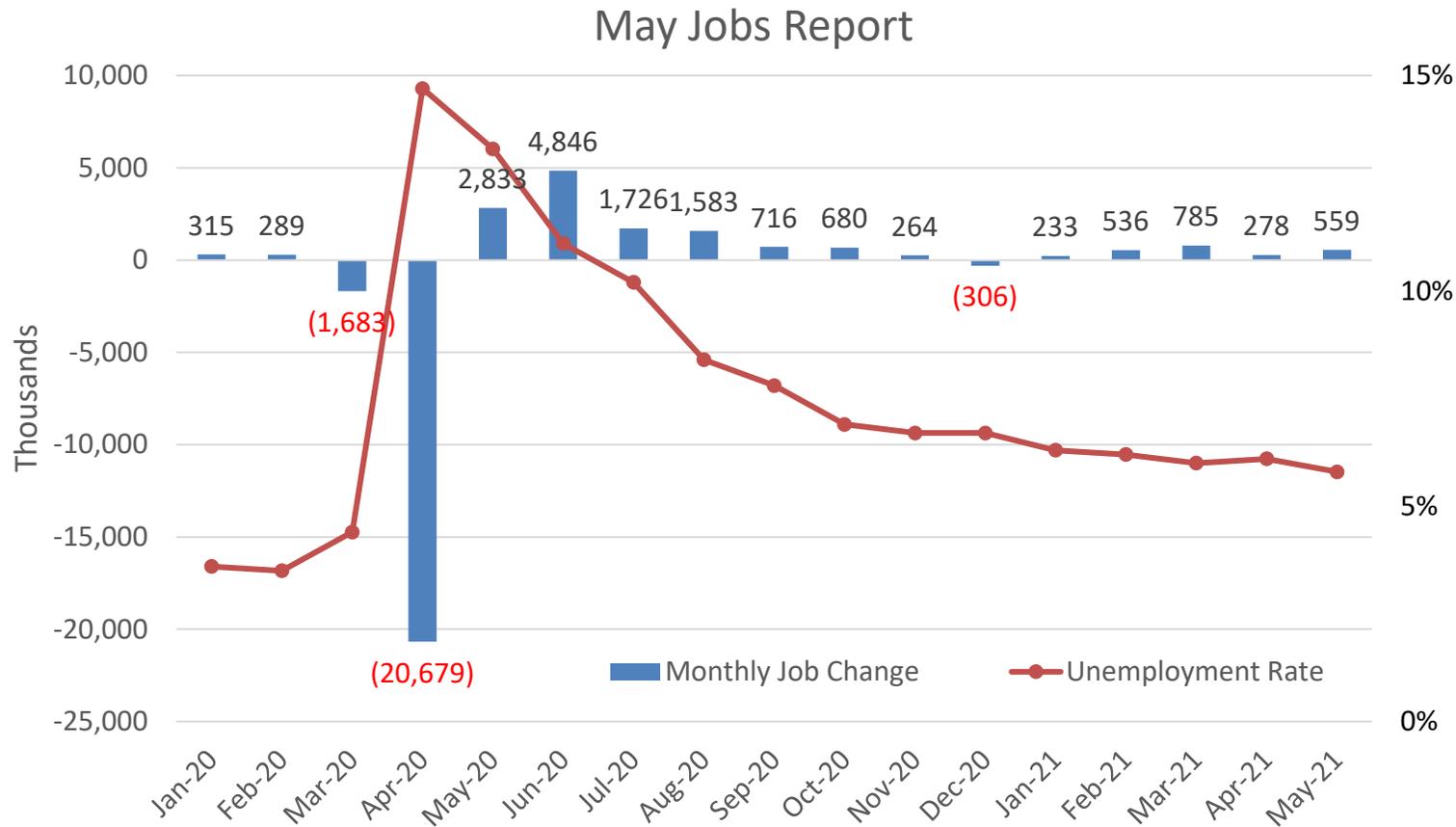


June 30, 2021

# Economic & Industry Update



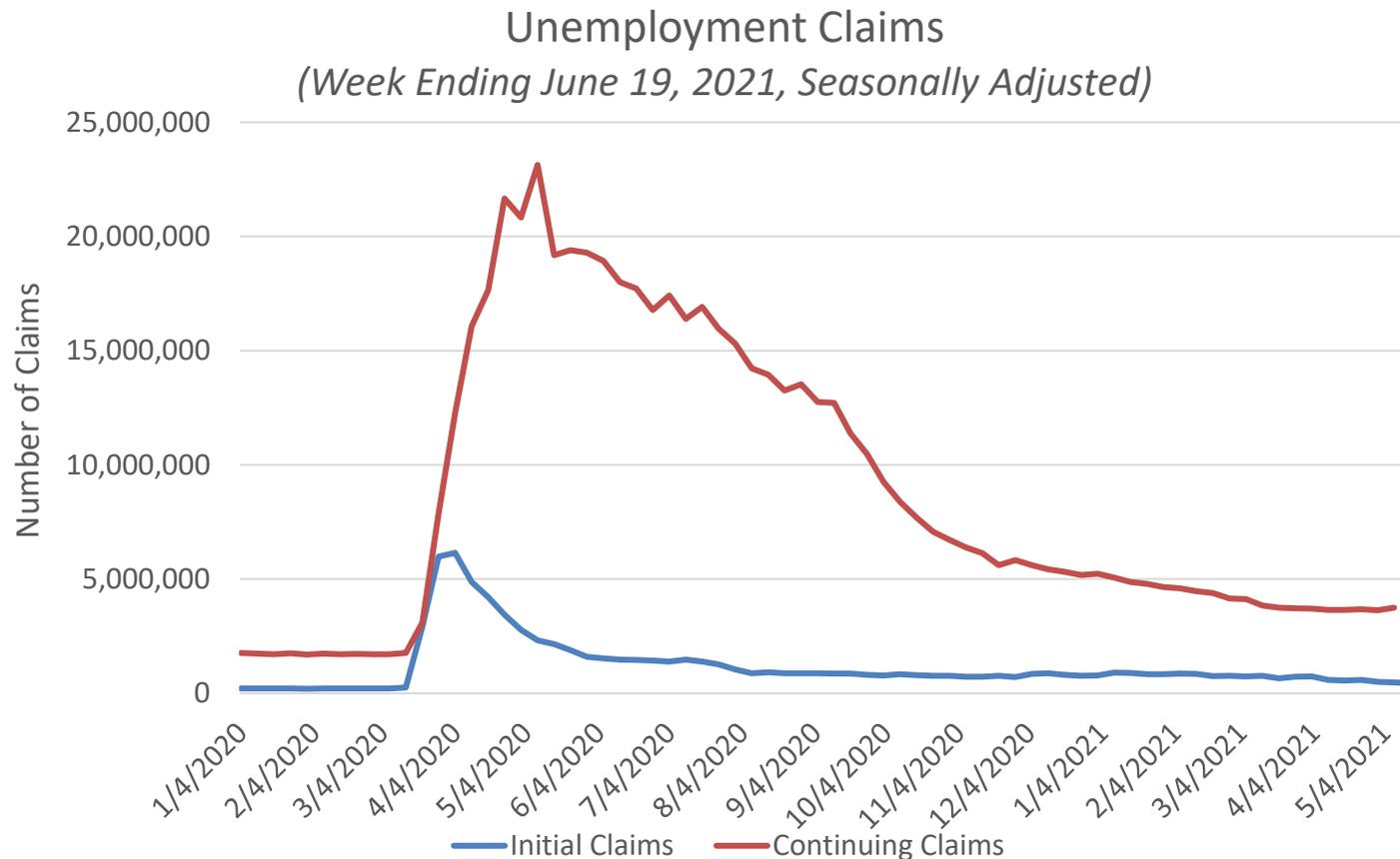
# Economic Indicators



- Over half a million jobs were added in May, leaving the pandemic job deficit at 7.6 million.
- The unemployment rate slipped below 6.0% for the first time in 14 months.
- Leisure/hospitality was once again the big winner with 292,000 jobs added.
- The number of restaurant workers increased to 88% of pre-pandemic levels while hotels lagged at 75%.

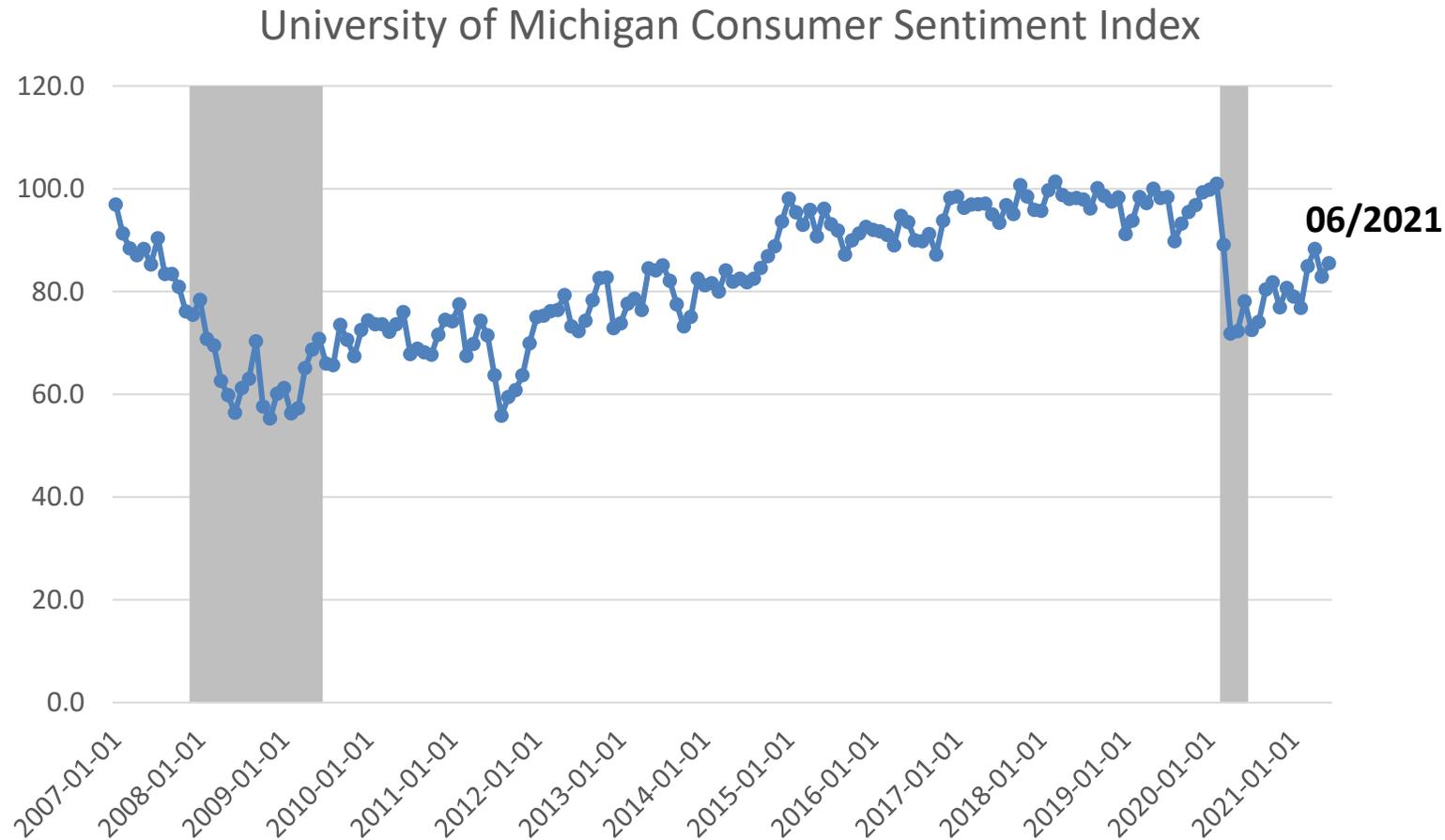
Source: U.S. Bureau of Labor Statistics

# Economic Indicators



- Initial claims filed the week ending June 19, 2021 were up slightly from their post-pandemic low just two weeks prior.
- Continuing claims reached their lowest level since February 2020 at 3.4 million.
- Ten states ended expanded unemployment benefits last week so we expect regional variations to be more pronounced in the coming months.

# Economic Indicators



- June consumer sentiment increased 2.6 points to 85.5.
- The component measuring expectations increased 4.7 points, mainly among households with incomes above \$100,000.
- Inflation expectations tempered somewhat as consumers feel price increases will be mostly temporary.

Source: University of Michigan, June 25, 2021

# Economic Indicators

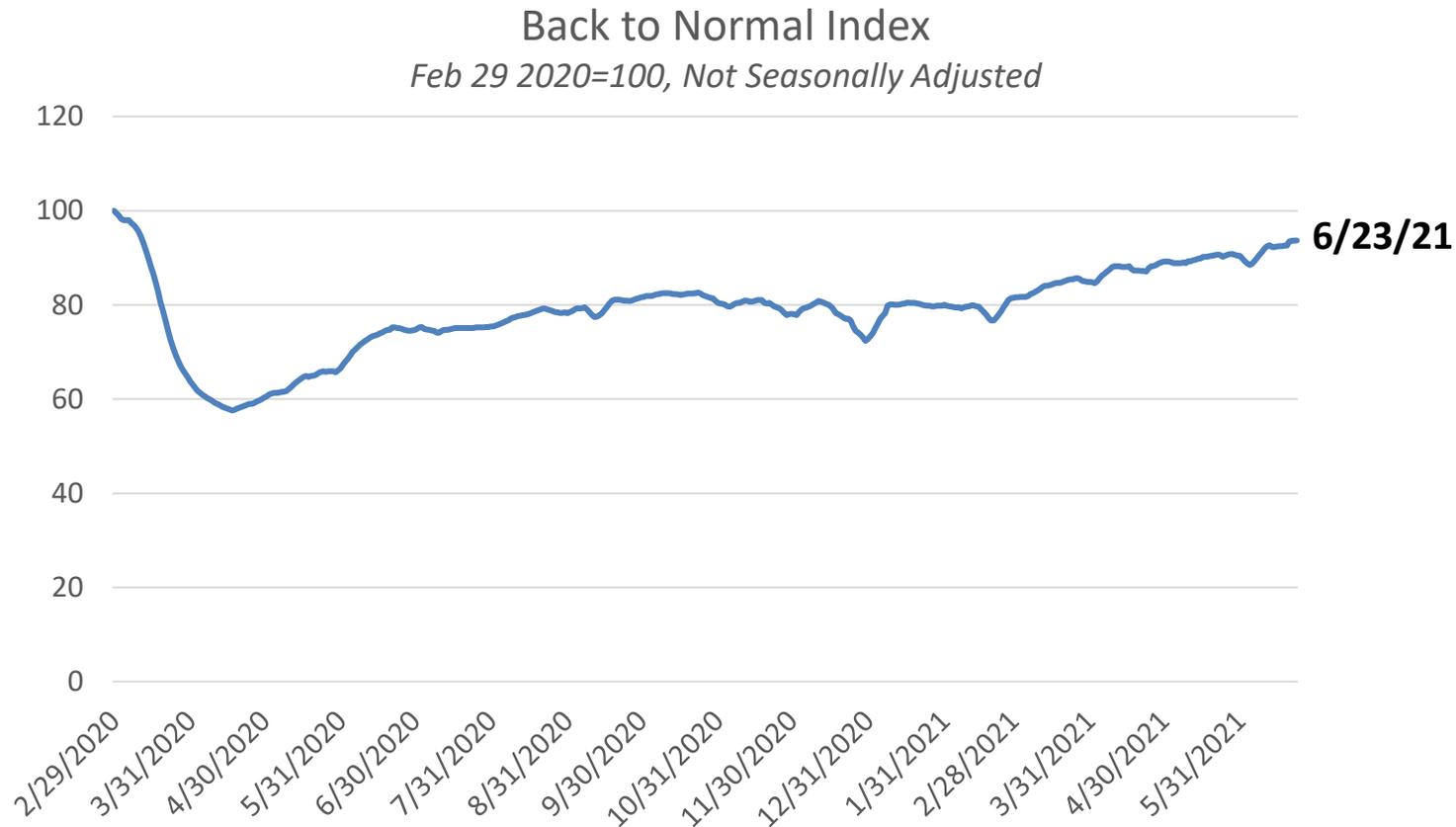
NFIB Small Business Optimism Index



- The Small Business Optimism Index was largely unchanged at 99.6 points.
- Labor constraints were notable, with May marking the fourth consecutive month that unfilled job openings reached record highs.
- The net percentage of owners increasing prices rose 4 points to 40%, the highest level since 1981 and fueling more concerns about inflationary pressures.

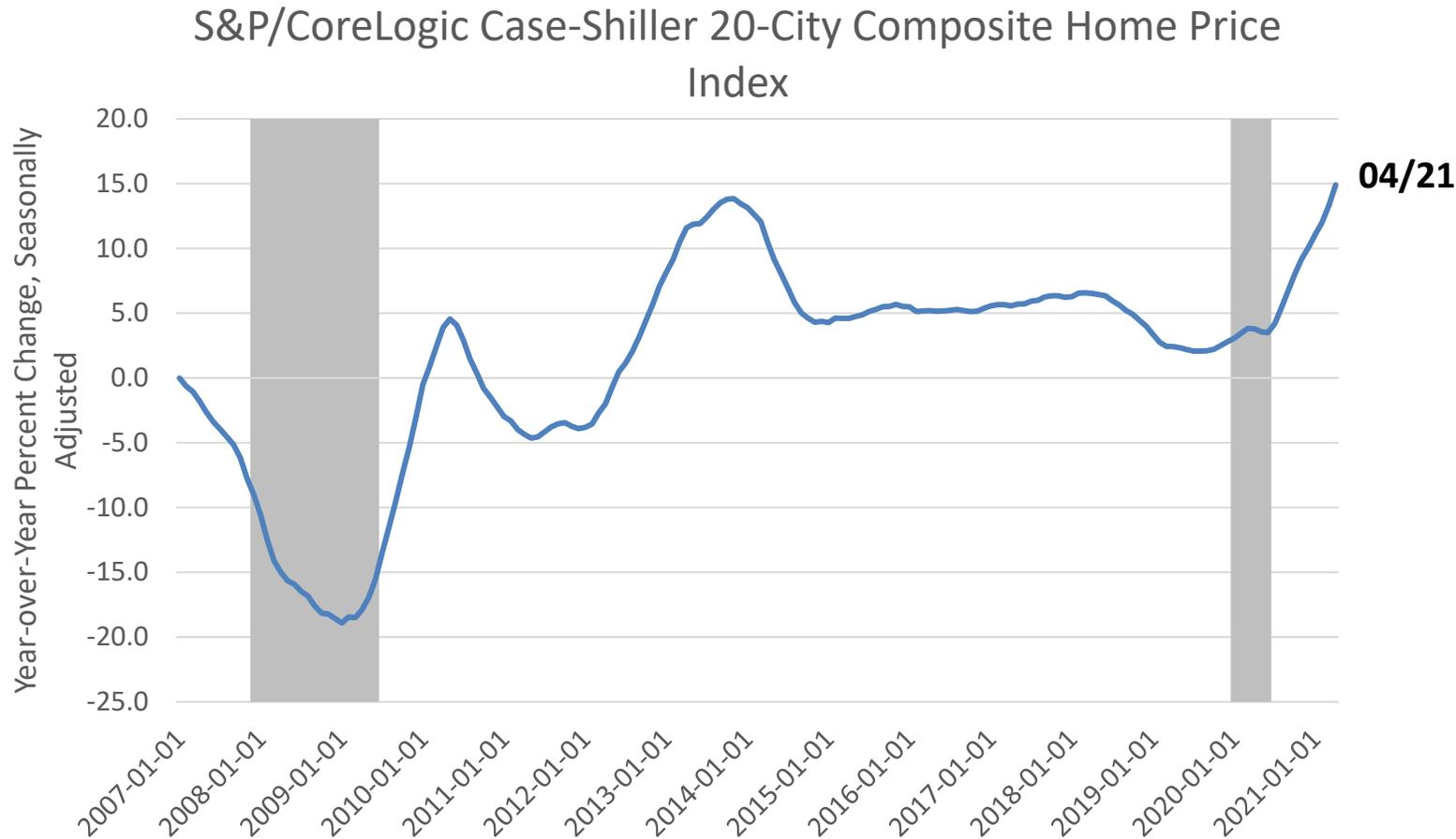
Source: National Federation of Independent Businesses; Moody's Analytics

# Economic Indicators



- The Back to Normal Index tracks twelve high frequency data series plus monthly employment figures, using February 29, 2020 as the baseline for “normal.”
- The index remained above 90 for the past 2+ weeks, and the level of economic activity is now only 6.3% below normal.
- The number of seated diners as well as passenger air travel were at their highest levels while the number of states surpassing 100 continued to grow.

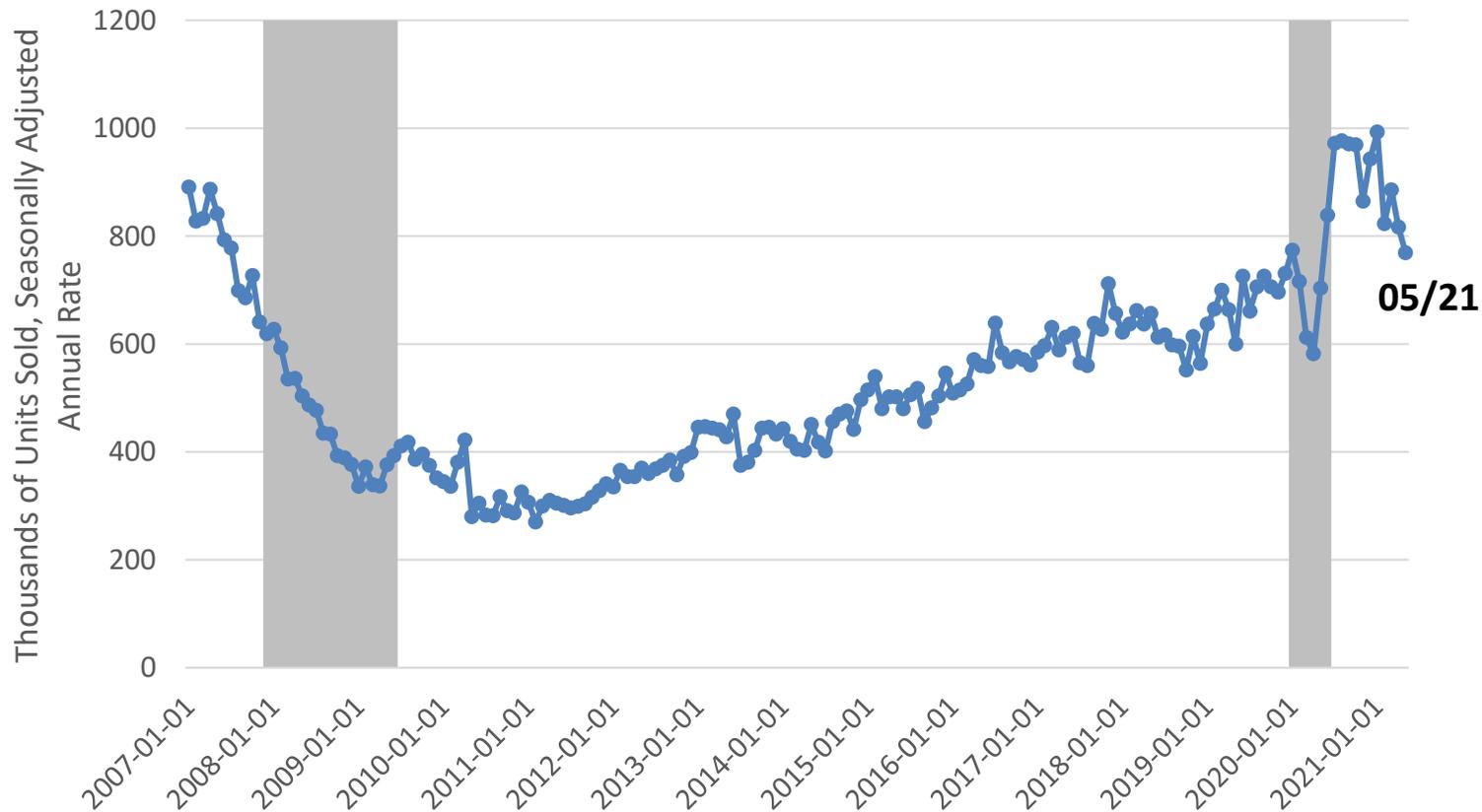
# Economic Indicators



- The S&P/CoreLogic Case-Shiller 20-City Composite Home Price increased 14.9% in April, the largest increase since the end of 2005.
- Phoenix, San Diego and Seattle remained on top, each experiencing year-over-year price increases in excess of 20%.

# Economic Indicators

## New Home Sales

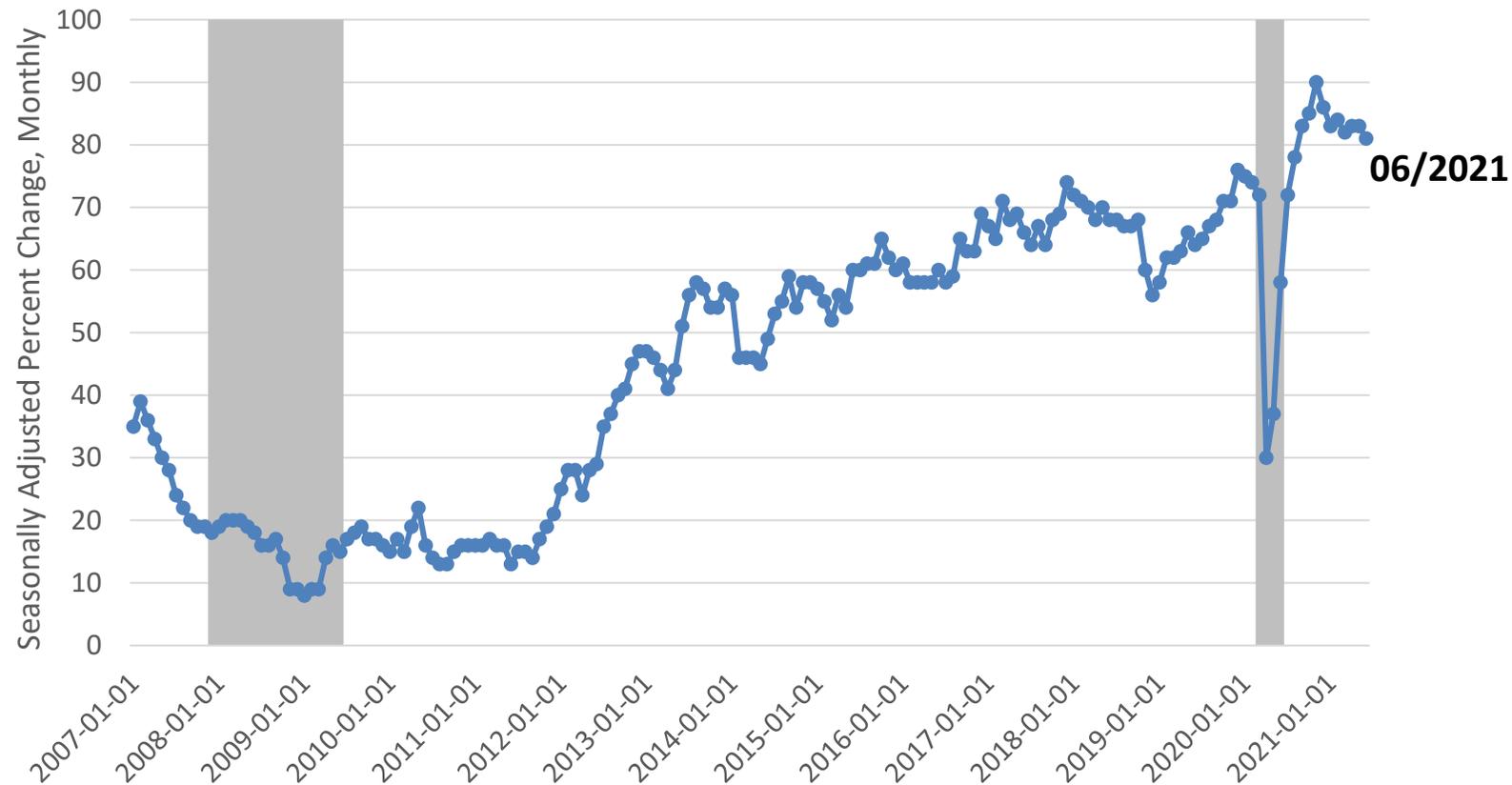


- New home sales decreased once again in May while three prior months were revised downward by 108,000 units combined.
- Supply-side constraints remained a significant factor but signs of weakness on the demand side are beginning to emerge in buyer traffic and mortgage applications data.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, June 23, 2021

# Economic Indicators

NAHB/Wells Fargo Housing Market Index

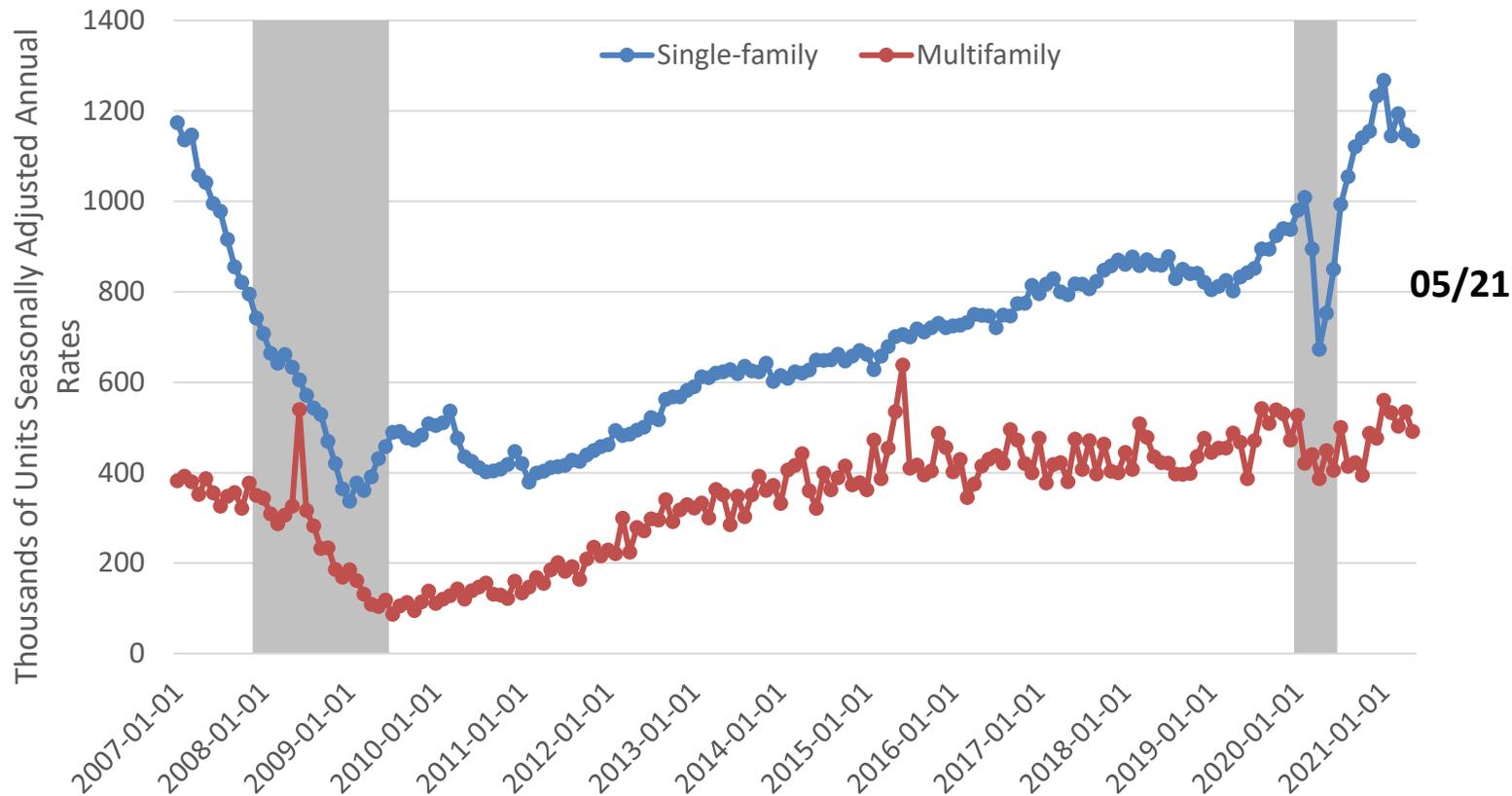


- Homebuilder confidence dropped to 81 in June, with all three components (buyer traffic, current sales, prospective sales) dropping by 2 points each.
- The persistently high costs of materials and labor, along with supply-chain constraints, has begun to impact appraisals, resulting in financing challenges for some builders.

Source: NAHB/Wells Fargo Housing Market Index, June 15, 2021

# Economic Indicators

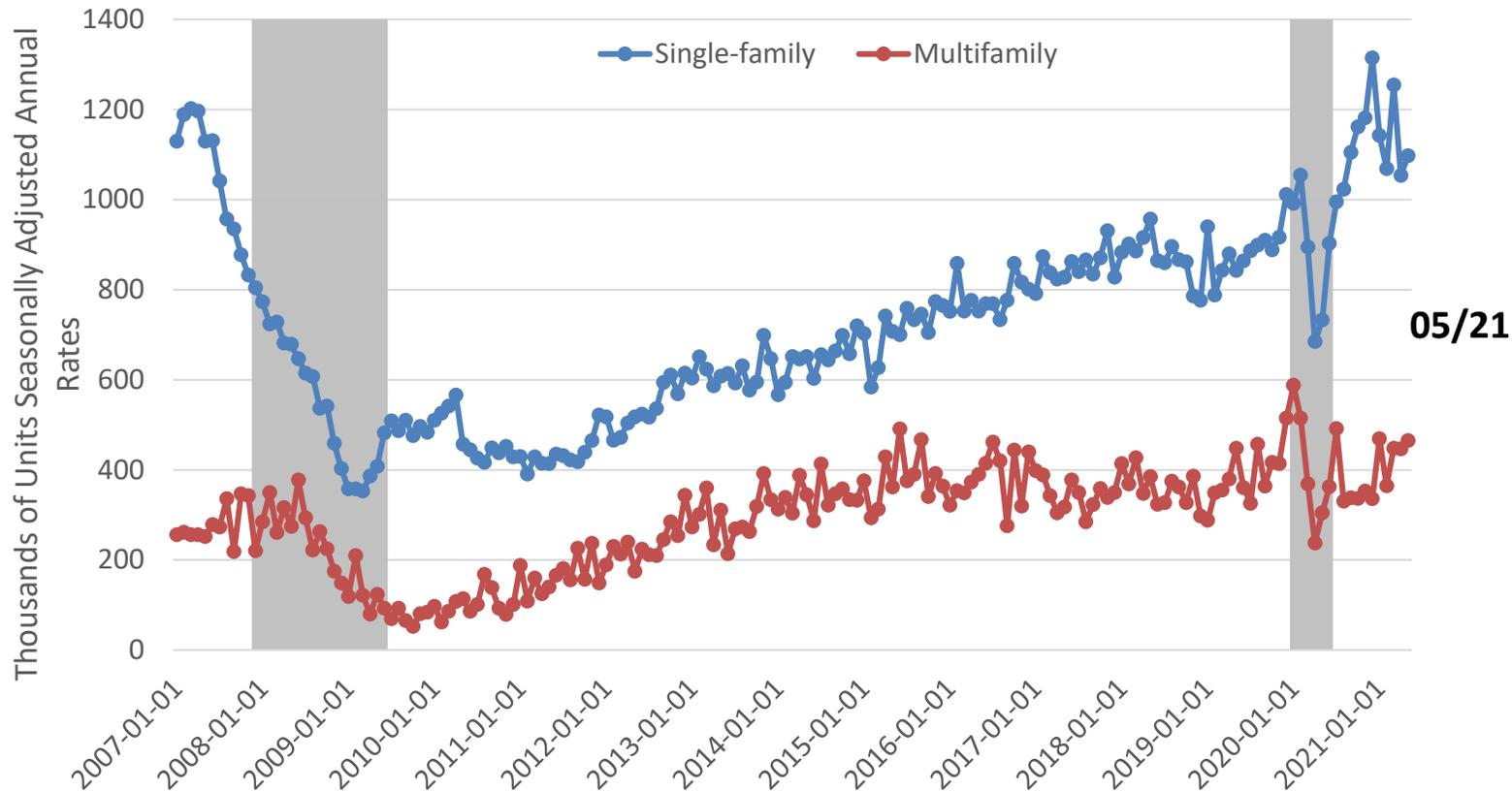
## Housing Permits



- Single-family and multifamily permitting activity dropped this month but was up 51% and 9%, respectively, from year-ago levels.
- Total permitting activity was strong across all regions, with the highest gains made in the West and Northeast.

# Economic Indicators

## Housing Starts

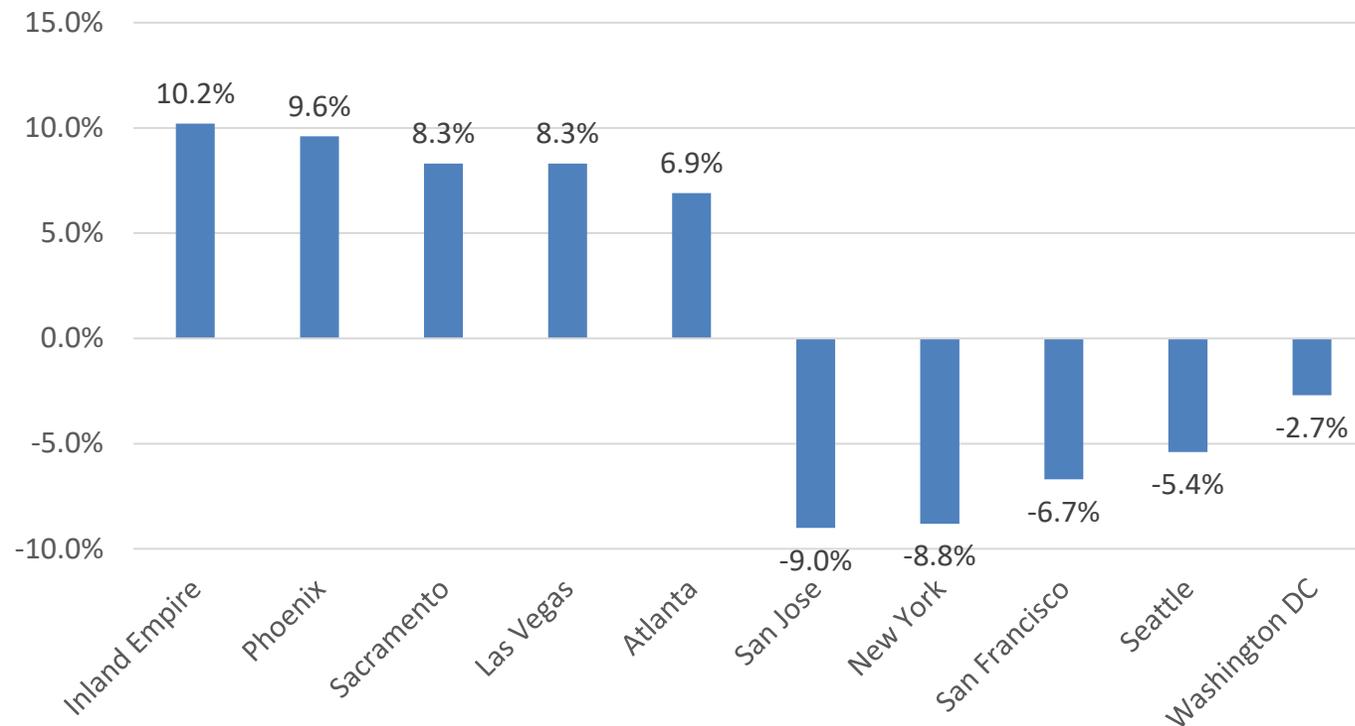


- Despite the many challenges in the construction industry, housing starts were strong in May, up on a monthly and yearly basis for both property sectors.
- The 2021 monthly average for multifamily starts, 439,000 units, is outpacing monthly averages in 2019 and 2020.

Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Construction, June 16, 2021

# Apartment Industry Indicators

May 2021 Top/Bottom Markets  
(Year-Over-Year Rent Growth)



- Rents increased by 2.5% year-over-year in May, nearly reaching rent growth rates in March 2020.
- Month-to-month rents grew \$12 in May to \$1,428; the largest one-month increase in Yardi Matrix's data history.
- Many metros have recovered and surpassed pre-pandemic rent growth numbers.

# Apartment Industry Indicators

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- Leasing traffic volume in May 2021 was 45% above the 2019 baseline, while also substantially eclipsing any month of summer 2020.
- New lease pricing has also stabilized, up 7% from a 2020 low, and even up 3% as compared to 2019.
- Concessions usage continues to normalize toward pre-pandemic levels.
- The gap between move-in and move-out volumes continues to favor move-ins, as occupancy continues to tighten.
- Popularity continued in one- and two-bedroom units, continuing the reversal of the trend of last summer for 3-bedroom units. Notably, studio units are also picking up velocity.
- Credit card payments seem to have normalized at roughly 25-28% of payment volumes, down from summer 2020 peaks.

# Apartment Industry Indicators

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- 66% of renters say that renting fits their current lifestyle more than owning a home, while 33% say that the COVID-19 pandemic has made them motivated to buy a home and stop renting.
- 21% of renters plan to stop renting and purchase a home after the COVID-19 pandemic is over. As many as 60% say that in the next three years, they hope to stop renting and own a home.
- The top reason for renters to move during the last year was the cost of rent (27%), followed by needing more space (24%),
- Of those who've moved in the last year, 33% said their move this past year is short-term, with 61% stating that it will last more than a year.
- Because of the pandemic, 47% of renters switched to month-to-month payments.
- 14% of Gen Z's reported that they moved back in with parents last year, compared to only 4% of Millennials.
- 20% of Gen Z renters moved from a rural/suburban area into a larger city, possibly taking advantage of lower prices caused by COVID.