Covid-19 Economic Update

May 14, 2020
Coronavirus Economic Impacts

• Initial jobless claims totaled 3 million, bringing the 8-week total to 36.5 million.
• More than one in five workers are unemployed in 28 states.
• The unemployed in Georgia, Kentucky and Connecticut comprise more than 35 percent of pre-pandemic employment.

Note: * Denotes State Estimate; Advance claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported claims reflect claimants by state of residence.
The Small Business Optimism Index fell 5.5 points in April.

The largest drop among the components occurred in Sales Expectations, falling 30 points after a 31-point decline last month, the largest drop in survey history.

The only component to experience an increase was Outlook for General Business Conditions, up 24 points, indicating business owners expect the recession to be short-lived.
The Consumer Price Index fell 0.8 percent in March, the largest monthly decline since December 2008.

The largest component decline was gasoline, dropping 20.6 percent. Apparel, motor vehicle insurance, airline fares and lodging also fell significantly.

Food-at-home prices experienced the largest monthly increase, 2.6 percent, since 1974.

Source: U.S. Bureau of Labor Statistics
The largest shift in renter payment behavior occurred in Class C properties.

Only 26 percent of renters paid in full through the 5-day grace period in May compared to an average of 47 percent for the first three months of the year.
Apartment Industry Impacts

• Michigan and Louisiana, two states hit hard by unemployment, had the highest percentage of uncollected rent through the first 5 days of May.

• Early collections improved month-to-month in New York and Connecticut.

Apartment Industry Impacts

• U.S apartment retention reached a record high of 57.9%, as renters chose to shelter-in-place in their current apartments.
• Renewal lease terms in April dropped to 11.3 months, the lowest rate since 2014.
• New lease volume for Class A properties was down 10% since last year, as many potential Class A renters turned towards less expensive properties. Executed new leases and rental rates for Class B properties were down 3%. Class C properties performed comparatively well as new leases were trending upwards since 2019.

<table>
<thead>
<tr>
<th>Metric</th>
<th>YOY % Change, May 6</th>
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</thead>
<tbody>
<tr>
<td>Website Traffic</td>
<td>+10.0%</td>
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<tr>
<td>New Guest Cards</td>
<td>-4.0%</td>
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<tr>
<td>Executed New Leases</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Executed New Lease Rental Rates</td>
<td>-4.4%</td>
</tr>
<tr>
<td>April Retention Rate</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Executed Renewal Rental Rates</td>
<td>0.0%</td>
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