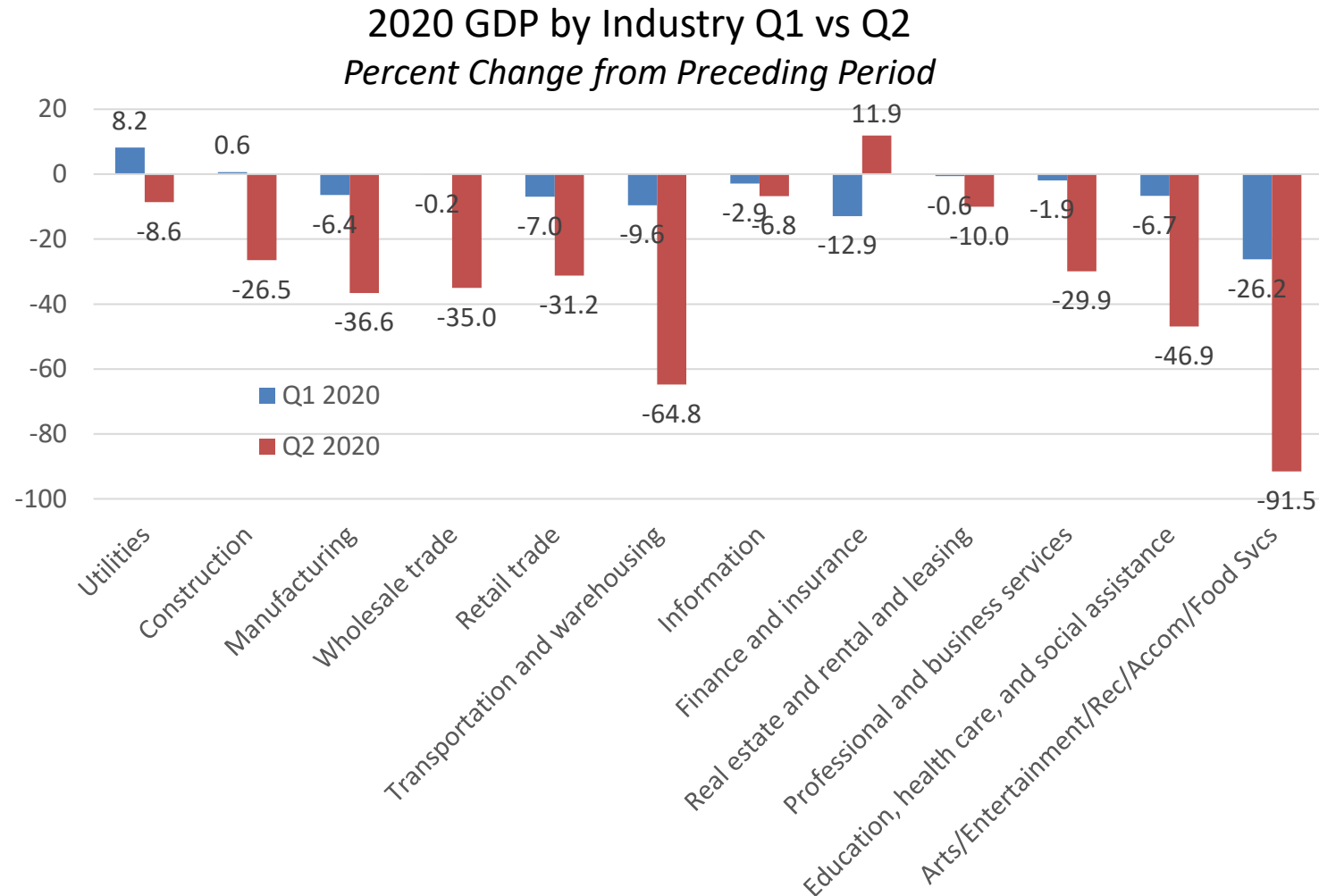


October 28, 2020

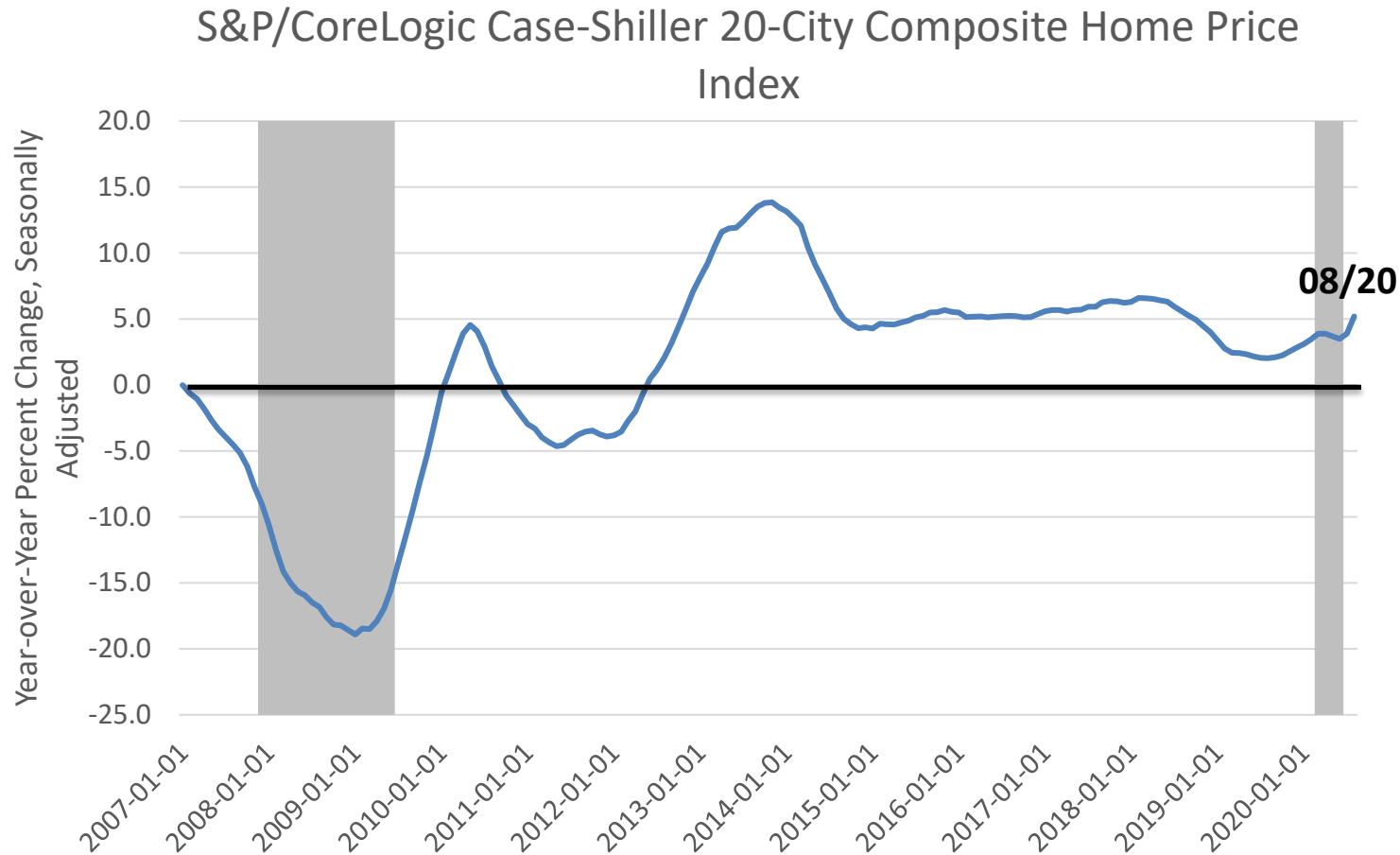
Covid-19 Weekly Economic & Industry Update

Economic Impacts



- The COVID-19 pandemic spared no industries during the first half of 2020 as measured by Gross Domestic Product (GDP).
- The Arts & Entertainment sector, which includes hotels and restaurants, took a 26% hit in Q1 followed by a 92% contraction in Q2.

Economic Impacts

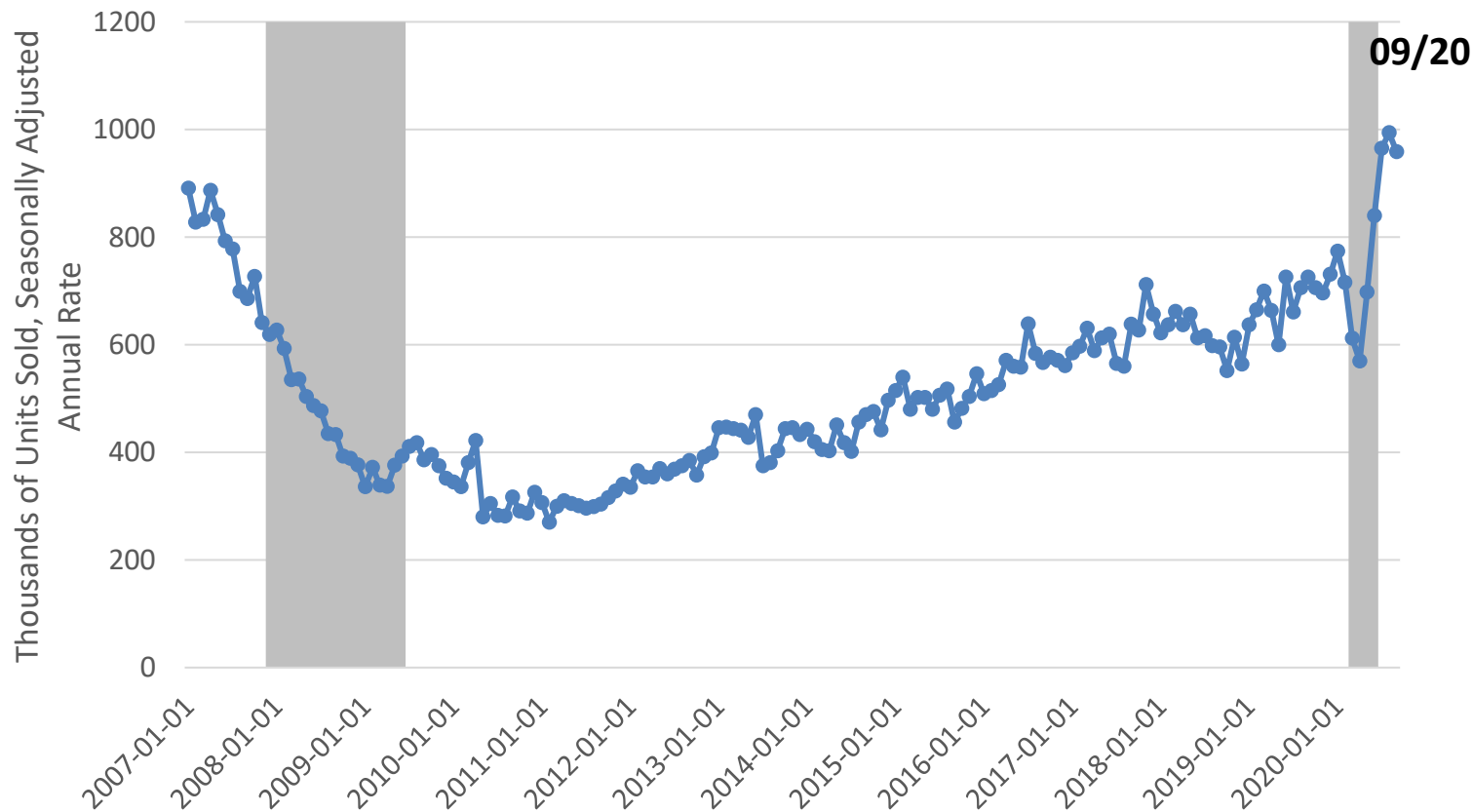


- The S&P/CoreLogic Case-Shiller 20-City Composite Home Price Index increased 5.2% year-over-year in August., the strongest price gain in more than two years.
- All markets in the Index experienced an increase with the highest in Seattle, Phoenix and San Diego.

Source: S&P Dow Jones Indices LLC, S&P/Case-Shiller 20-City Composite Home Price Index

Economic Impacts

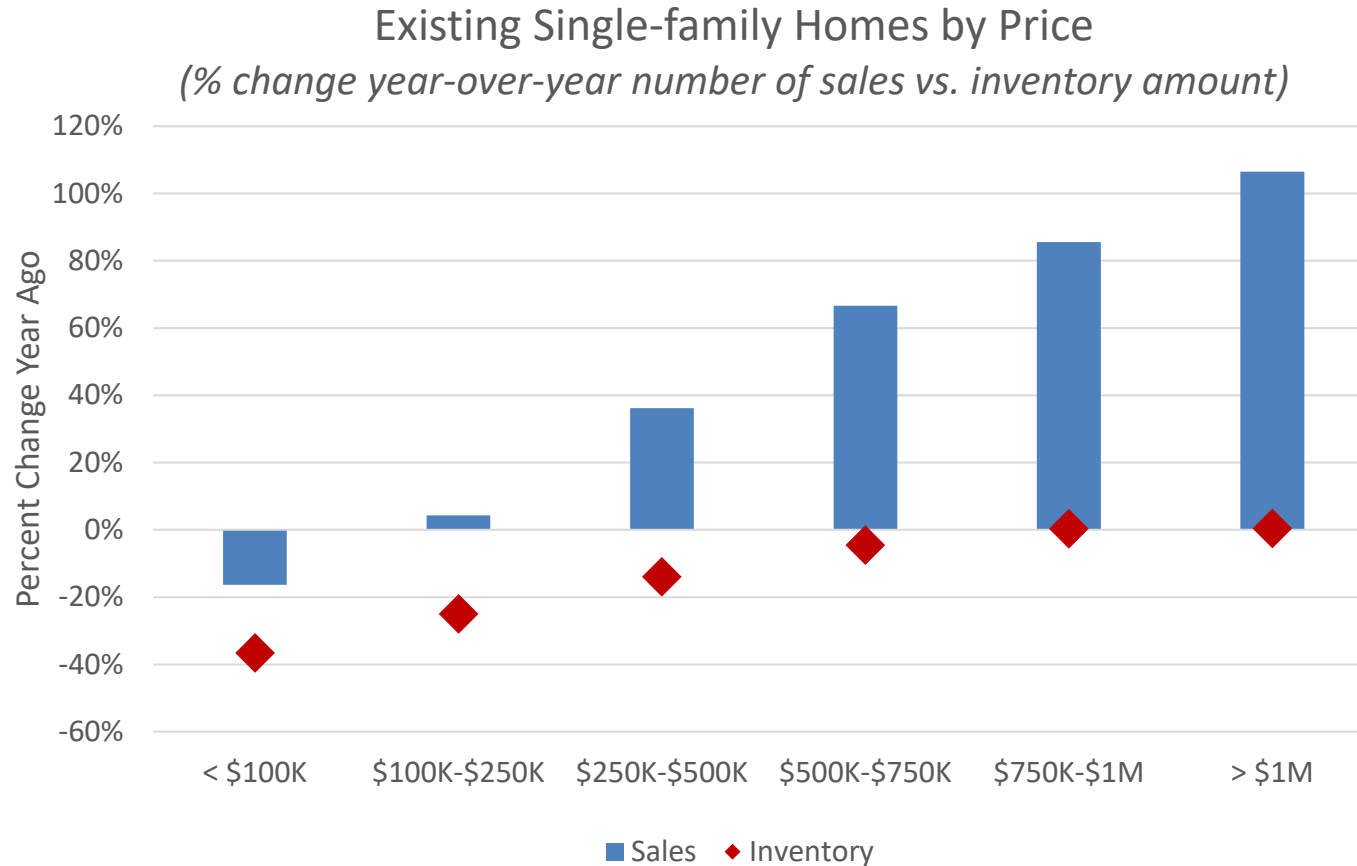
New Home Sales



- New home sales dipped slightly in September but stayed elevated, increasing 32% year-over-year.
- Sales were strongest in the West, increasing by nearly 50% while the Northeast remained a laggard.
- Supply was constrained at under four months but increased from its record low in August.

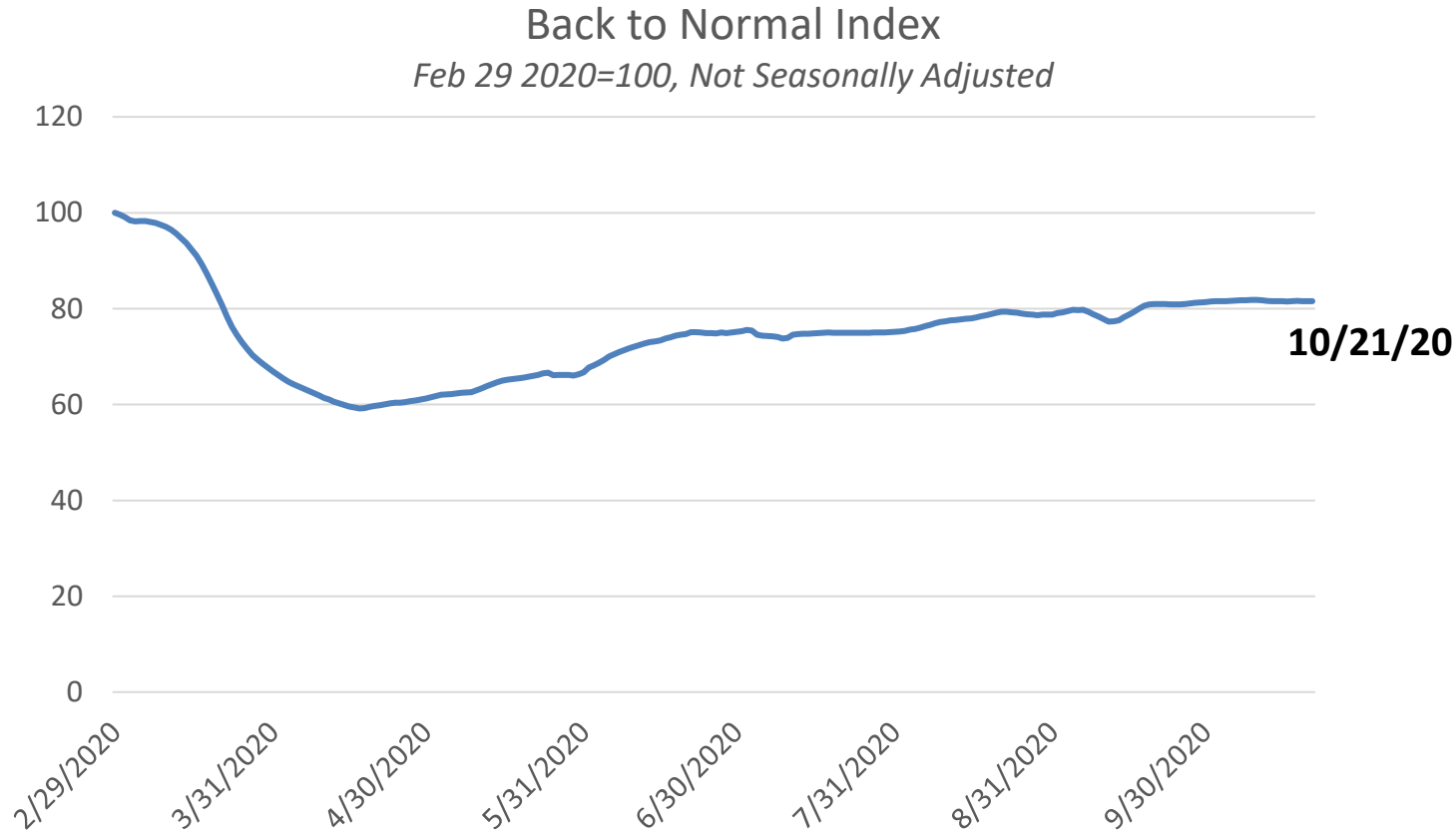
Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, October 26, 2020

Economic Impacts



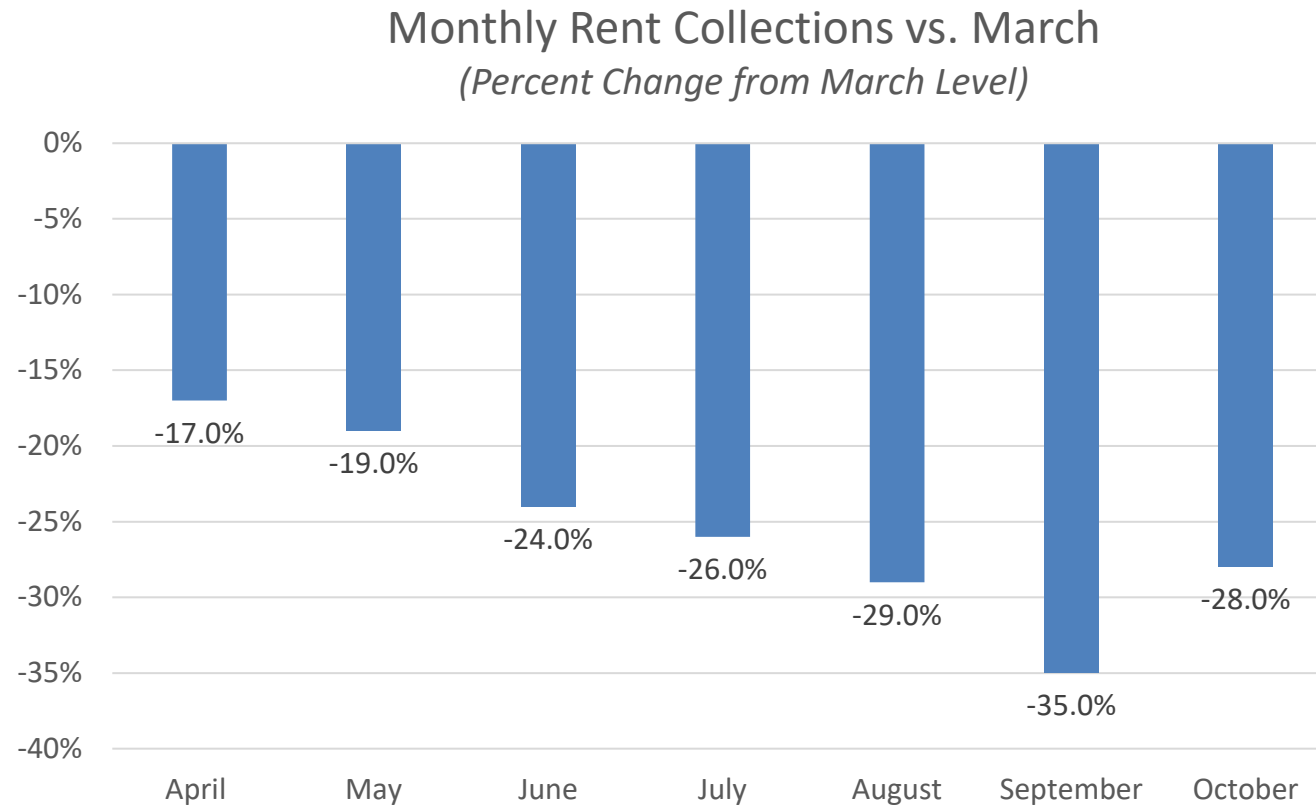
- Existing home sales were unseasonably higher than usual in September, increasing 9.4% from August and 21% year-over-year.
- Low mortgage rates and second home purchases helped fuel the activity.
- Homes sold stayed on the market for an average of 21 days, an all-time low.
- At 2.7 months, the supply of homes at the current pace of sales was also at a record-low.

Economic Impacts



- 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 has been largely flat for more than a month with the recent surges in COVID-19 cases across the country unlikely to change that course.
- As of October 21, the national economy was operating at 81.5% of its normal level.

Apartment Industry Impacts



- Rent collections reversed course slightly in October but remained 28% below March levels through the 10th of the month.
- Payments from renters who pay online increased 4.3% from March levels.

Apartment Industry Impacts

- Apartment transaction volume totaled \$24.0 billion during Q3 2020, down 51% year-over-year.
- The fall in deal volume decelerated from the previous quarter, suggesting that the worst may be over.
- The RCA Commercial Property Price Index (CPPI) for the apartment sector climbed 6.7% YOY in Q3 2020, a pace that outperformed relative to the RCA CPPI National All-Property Index which was up 1.4% YOY.
- Apartment cap rates stood steady at 5.2%, unchanged since a year ago.
- The cap rate for mid/high-rise assets increased to 5.0%, up 10 basis points from Q3 2019.
- Individual asset sales were down 52% YOY but portfolio and entity-level sales were down a little less.
- Garden-style apartment cap rates fell to a new low of 5.3%, also down 10 basis points since the previous year.
- Dallas, Atlanta, Los Angeles, Phoenix and Denver led the US in year-to-date apartment deal activity.