

APRIL 2020

THE COVID-19 ECONOMY

The following is general economic data and information for the US and select states. Government data was obtained from the Bureau of Labor Statistics, the U.S. Department of Labor (Unemployment Claims) as well as the States of Oregon, Washington, California, Arizona, Nevada, and Hawaii.

The components of this document are prepared and presented to assist in illustrating the impact that Covid-19 has had on our US and state economies.

Additional information will be forthcoming as it is released from various local, state and national governments.

In general this serves to help us better understand the current employment and business climate and better quantify the consequences that the Covid-19 virus might have to our economy.

Furthermore, when this information is combined with historical data and importantly current feedback from market participants with respect to parameters such as real estate prices, capitalization rates, lease rates, vacancies etc. we will get a clearer understanding of the situation that we all face.

Provided by

AARON TAYLOR, MAI, ASA

Sr Vice President, Manager
Valuation Advisory Services

503.721.2707

aaron.taylor@kidder.com

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THE GREAT RECESSION

The following is presented for historical reference and context as it related to the last major stressor on commercial real estate. During 'The Great Recession' which officially lasted from December 2007 through June 2009, weekly claims rose to 665,000 in the U.S. equating to 0.431% of the workforce with Oregon, Washington and California having larger spikes in unemployment claims as a percent of their workforce. Interestingly California's largest unemployment claim came after this period. California recorded 115,462 initial unemployment claims representing 0.634% of the civilian workforce on January 16, 2010. This and other Initial Unemployment Claim information is shown on the following chart.

INITIAL UNEMPLOYMENT CLAIMS (DECEMBER 2007-JUNE 2009)

	US	OR	WA	CA
Average	476,036	10,664	12,141	63,240
Median	449,000	10,419	11,856	60,541
High	665,000	20,916	26,075	95,705
Low	321,000	5,948	7,039	42,272

INITIAL UNEMPLOYMENT CLAIMS AS A % OF WORKFORCE

	US	OR	WA	CA
Average	0.308%	0.542%	0.347%	0.347%
Median	0.290%	0.529%	0.339%	0.331%
High	0.431%	1.056%	0.743%	0.523%
Low	0.208%	0.304%	0.203%	0.233%





The COVID-19 Economy

RECENT INITIAL UNEMPLOYMENT CLAIMS

Initial unemployment claims have increased dramatically since the onset of the Covid-19 virus. The below chart captures initial unemployment claims for the United States, Oregon, Washington, California, Arizona, Nevada and Hawaii. The data is present by count and for further comparative purposes as a percent of civilian workforce.

Oregon's Employment Department in its most recent release indicated, "In three weeks' time, the Oregon Employment

Department has received 269,900 initial claims for unemployment benefits. By comparison, net job losses in Oregon totaled 147,800 for the duration of the Great Recession. Although we know the COVID-19 coronavirus is causing a reduction in economic activity both nationally and in Oregon, it's too early for unemployment rate or payroll jobs numbers to show the impact of these employment disruptions."

Unemployment claims for April 4h, 2020 represents 4.1% of the U.S. workforce and for the entire months of March and April represents 10.6% of the U.S.

workforce. It is anticipated that Initial Unemployment Claims will strongly rise in the near term.

It is noted from 1967 through 2019 that historical average U.S. Weekly Initial Unemployment Claims amounted to 0.29% of the U.S. civilian workforce in a four week quarter that would equate to about 1.2% which is useful in comparing the claims from March and the April Week 1.

WEEKLY INITIAL UNEMPLOYMENT CLAIMS (COMBINED MARCH & APRIL INITIAL CLAIMS AS A % OF WORKFORCE)

US	OR	WA	CA	AZ	NV	HI
10.6%	13.3%	12.7%	10.5%	7.1%	16.2%	17.0%

WEEKLY INITIAL UNEMPLOYMENT CLAIMS

	US	OR	WA	CA	AZ	NV	HI
02/01/2020	201,000	4,853	6,619	43,458	3,807	2,286	1,135
02/08/2020	204,000	4,953	7,161	40,392	3,636	2,794	1,137
02/15/2020	215,000	4,284	6,311	43,445	3,538	2,543	1,199
02/22/2020	220,000	3,514	5,585	34,979	3,151	2,052	1,020
02/29/2020	217,000	3,936	5,770	41,678	3,086	2,324	1,049
03/07/2020	211,000	4,154	6,616	43,385	3,357	2,309	1,275
03/14/2020	282,000	4,269	14,240	57,606	3,844	6,356	1,589
03/21/2020	3,307,000	30,054	129,909	186,333	29,348	92,298	8,817
03/28/2020	6,867,000	92,700	181,975	878,000	88,940	71,942	48,596
04/04/2020	6,606,000	147,800	170,063	879,000	132,189	79,865	53,082

Current Civilian Workforce	2,104,158	3,955,240	19,509,644	3,604,805	1,559,531	668,169
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The COVID-19 Economy

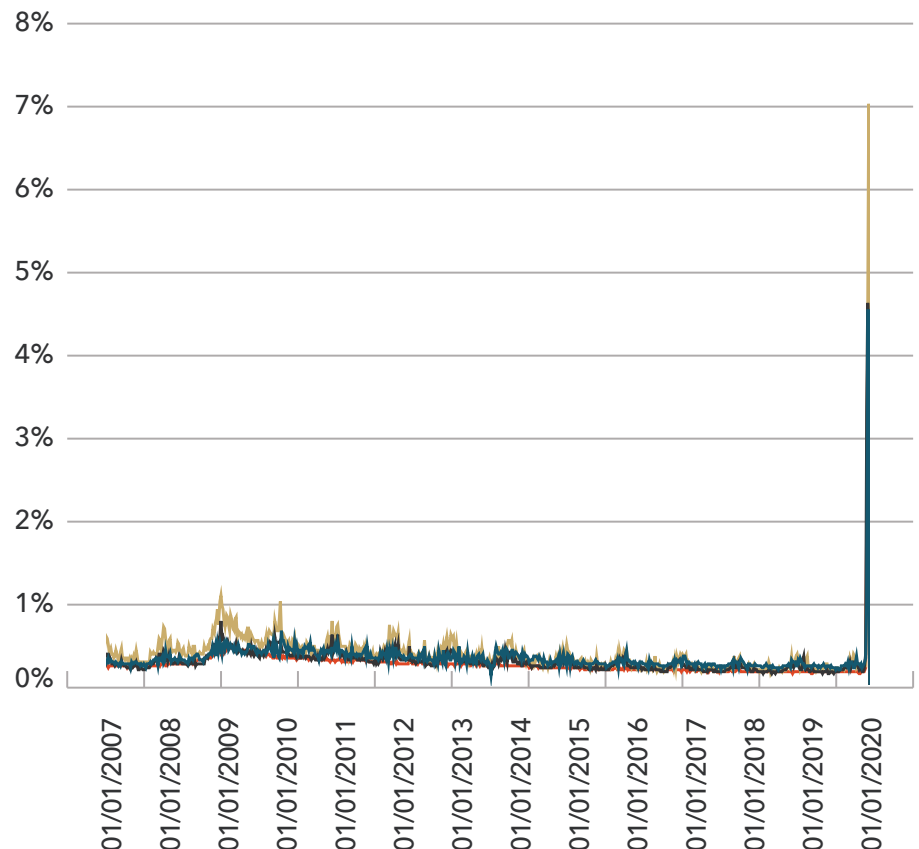
Initial unemployment claims indicate that the unemployment rate which was last formally measured in Mid-March is set to rise strongly with some currently estimating US Unemployment to be as high as 15% which is well above the highest rate in the last recession (US - 9.5%). In general, the below data supports these estimates.

As an additional visual and reference, the below chart depicts initial unemployment claims since the beginning of 2007.

Geographic Area	Current Unemployment Rate	March Initial Claims %	April Initial Claims % Week 1	March and April Combined Initial Claims	Last Measured Unemployment Rate plus March/April Initial Claims
US	4.4%	6.5%	4.1%	10.6%	15.0%
OR	3.3%	6.2%	7.0%	13.3%	16.6%
WA	3.8%	8.4%	4.3%	12.7%	16.5%
CA	3.9%	6.0%	4.5%	10.5%	14.4%
AZ	4.5%	3.5%	3.7%	7.1%	11.6%
NV	3.6%	11.1%	5.1%	16.2%	19.8%
HI	2.7%	9.0%	7.9%	17.0%	19.7%

Initial Unemployment Claims as a Percent of Civilian Work Force from January 2007 to April 4, 2020

— US — OR — WA — CA



UNEMPLOYMENT RATE AND INITIAL UNEMPLOYMENT CLAIMS

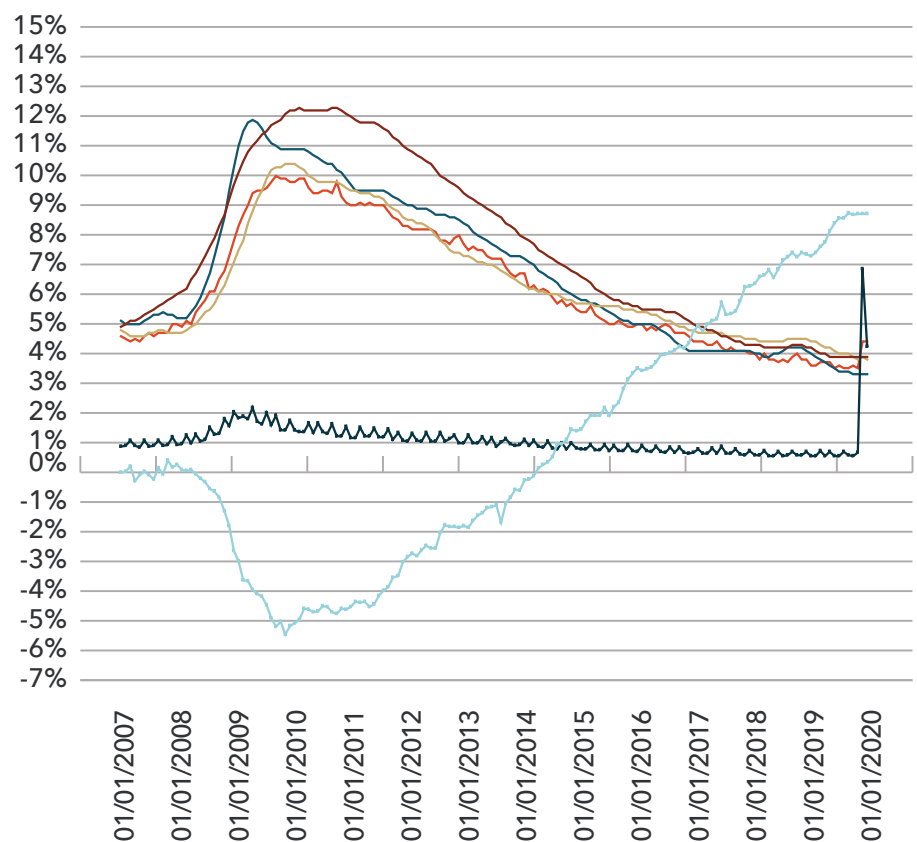
The graph illustrates unemployment rates for the US, Oregon, Washington and California. It is noted that from the start of the last recession (December 2007) through December 2019 the

civilian workforce rose from 153,835,000 to 164,556,000 which is approximately 7.5%. In the meantime US Employment rose from 146,028,000 to 158,803,000

or 8.7%. From the beginning of the last recession average monthly initial claims was approximately 1,478,558 or approximately 0.95% of the civilian workforce.

Unemployment Rates and US Unemployment Claims % with US Employment Change Over Time

- US Unemployment Rate
- WA Unemployment Rate
- US Unemployment Claims (Monthly) as % of Employment
- OR Unemployment Rate
- CA Unemployment Rate
- US Employment Change Over Time





BANKRUPTCY STATISTICS

The following information and statistics were obtained from US Federal Court System via uscourts.gov.

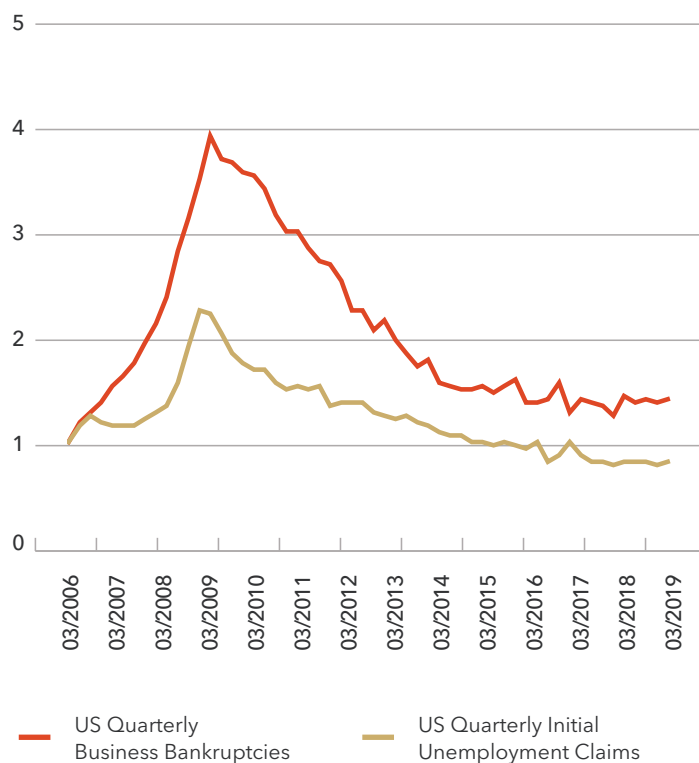
BUSINESS BANKRUPTCY FILINGS

Area	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
US	19,695	28,322	43,546	60,837	56,282	47,806	40,075	33,212	26,983	24,735	24,114	23,157	22,232	22,780
AZ	261	479	1,069	1,615	1,636	1,351	1,134	867	677	613	513	498	435	421
CA	1,798	3,505	6,404	9,012	8,814	7,558	6,127	4,783	3,742	3,325	3,025	2,910	2,813	2,773
HI	25	56	86	113	156	165	79	104	34	72	51	54	61	59
NV	178	321	505	978	982	989	624	544	427	356	295	279	307	307
OR	301	265	429	593	575	549	424	364	246	209	225	200	203	220
WA	401	477	714	1,158	1,188	1,124	884	741	567	443	427	407	362	383

According to the American Bankruptcy Institute's Executive Director Amy Quackenboss pertaining to 2020 bankruptcies, "The first quarter filings represent a calm before the storm of the financial distress caused by the COVID-19 pandemic. Consumers and businesses face growing financial challenges due to the pandemic, and bankruptcy provides a vital safe harbor from their mounting debts. We anticipate business filings to start rising this month and consumer filings to start to accelerate in early summer."

The below charts depicts US Quarterly Bankruptcies and US Quarterly Initial Unemployment Claims from 2006 through 2019 as a percent of the employed civilian workforce. Please note for comparison purposes the initial measurement (far left March 2006) is set to 1.0 so that changes in these two measurements can be viewed at the same scale.

US Quarterly - Bankruptcies and Initial Unemployment Claims

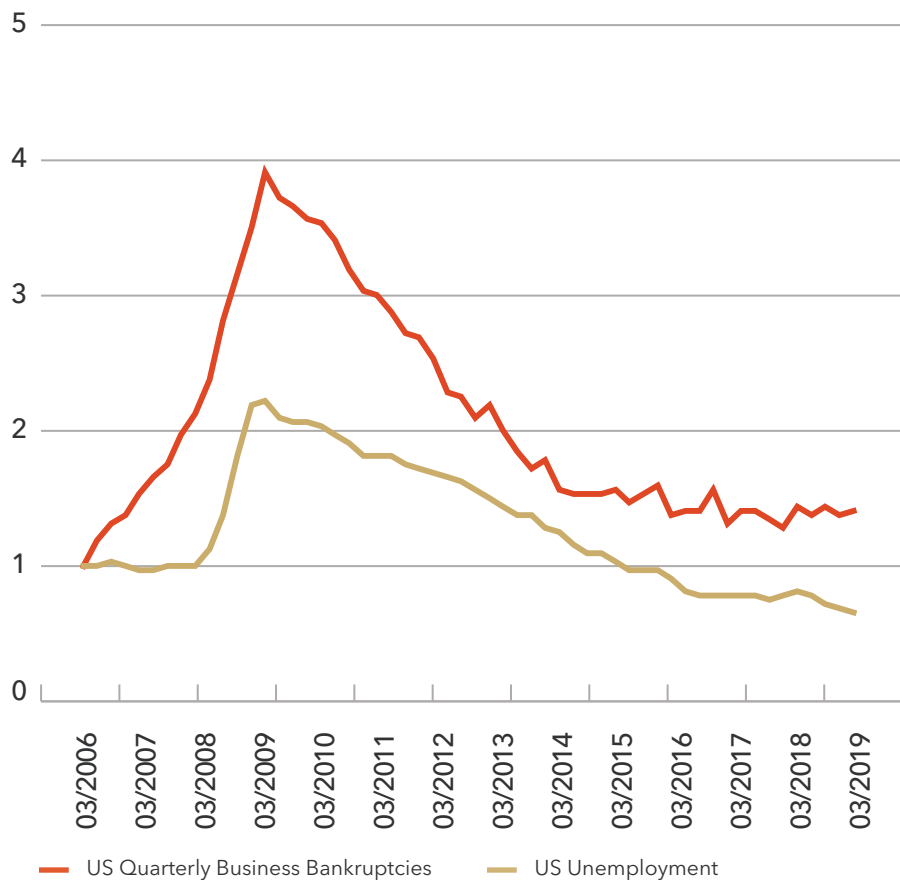




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US Quarterly - Bankruptcies and Unemployment



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The correlation between both US Initial Unemployment Claims and US Quarterly Business Bankruptcy Filings as well as US Unemployment and US Quarterly Business Bankruptcy Filings is approximately 93%. Which is significant. Importantly Bankruptcies and the Unemployment data is not reported at the same rate as the Initial Unemployment Claims.

Source: Bureau of Labor Statistics, the U.S. Department of Labor (Unemployment Claims); States of OR, WA, CA, AZ, NV, and HI.

SUMMARY

The correlation between the US Initial Unemployment Claims and US Quarterly Business Bankruptcy Filings as well as US Unemployment and US Quarterly Business Bankruptcy Filings is approximately 93% which is significant. Importantly, bankruptcies and the unemployment data is not reported at the same rate as the initial unemployment claims. The claims suggest that continued "Stay at Home" and related guidelines will result in a substantial number of bankruptcies in the near term.

In summary, this information is to provide historical context to the present economic situation, and assist market participants including real estate sector professionals a better gauge in which to understand, analyze and communicate the impact that the Covid-19 virus is having on the US economy. Updates and additional information to follow.

Provided by

AARON TAYLOR, MAI, ASA

Sr Vice President, Manager
Valuation Advisory Services

503.721.2707

aaron.taylor@kidder.com

KIDDER.COM

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