

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection included the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation and leisure activities almost all ground to a halt while customers self-quarantined and practiced social distancing. The result was the most massive layoffs in U.S. history. In the week ending March 21, 3.28 million people applied for unemployment insurance—by far the largest number of applications in history, shattering the record 695,000 set in October 1982.

RECORD SETTING LAYOFFS

Initial unemployment claims are a highly reliable leading indicator of trend in labor markets and therefore the economy at large. There is little doubt given the size of the increase, along with other high frequency data trends which are similarly bleak, that the U.S. economy has entered a recession. Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will likely see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2.

TWO FACTORS LIKELY TO SHAPE THE RECOVERY

Because the trigger of the downturn is a global health crisis, it is very difficult to say with confidence how long the recession will last or how the recovery will unfold. That said, most forecasters expect the recovery to be strong for two reasons.

First, since the decline was caused by the shuttering of whole sectors and regions of the economy, as those industries and localities come back online and people begin going to restaurants and travelling again, suppressed spending will bounce back. Even if some output will be lost forever, the economy will surge.

The speed with which the stimulus package was put together is among the most important aspects of the action.

Second, probably the main reason for the expectation of a strong economic rebound is the aggressive stimulus that is being provided by both the Federal Reserve and the U.S. Congress and the Trump Administration. The Fed has lowered interest rates to near zero, initiated programs to support virtually every part of the financial system and told the world that they will do whatever it takes to support the U.S. economy.

The approximately \$2.2 trillion in fiscal stimulus is by far the largest stimulus package in history and is designed to support the economy in numerous ways. It will provide loans to the small businesses that are getting hurt the most. In addition, it will put approximately \$1,200 in the hands of most taxpayers, particularly those in low- and middle-income brackets, which should also lead to stronger spending growth. There are many other aspects of this stimulus package, such as support for the airlines and other targeted aid for the industries hit hardest. What is among the most important aspects of this fiscal action has been the speed with which this package was put together. The stimulus began to have an impact on the economy within a month from when the recession began.

Though there are still many unknowns, the general expectation is for the U.S. to have a short, sharp recession followed by a strong recovery. We will continue to monitor developments very carefully and provide updates to our analysis as they take shape.

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

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Cushman & Wakefield Weekly COVID-19 Updates

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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD% INVENTORY GROWTH	UNDER CONSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
River-Crown-Plaza	10,300	75	0.7%	2,948	43	5.4%	0.7%	1,258	\$1.52	0.4%
East & SE Jackson County	6,725	123	1.8%	417	-215	4.1%	0.6%	\$924	\$0.99	4.7%
I-29 Northland	8,075	0	0.0%	0	-56	5.7%	0.7%	\$944	\$1.03	2.8%
I-35 Northland	13,973	0	0.0%	402	63	4.6%	1.9%	\$897	\$0.95	3.6%
Independence & East Kansas City	4,728	0	0.0%	0	-1	3.9%	1.1%	\$762	\$0.92	5.0%
Northern Johnson County	9,602	0	0.0%	550	307	3.8%	1.2%	\$980	\$1.04	1.9%
Olathe	6,006	0	0.0%	540	64	3.1%	1.1%	\$984	\$1.08	4.3%
Southern Johnson County	15,255	201	1.3%	1,593	190	4.7%	1.0%	\$1,165	\$1.18	5.5%
South Kansas City & Grandview	10,521	0	0.0%	132	771	6.2%	0.1%	\$796	\$0.85	2.6%
Western 435	13,541	80	0.6%	403	1,260	4.3%	1.2%	\$1,029	\$1.06	4.1%
Wyandotte County	5,030	0	0.0%	50	-120	4.7%	0.2%	\$855	\$1.02	4.1%
Total Market	103,756	479	0.5%	7,035	2,306	4.7%	1.0%	\$989	\$1.07	3.4%

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Aragon Holdings Portfolio	Multiple	Aragon Holdings/ Harbor Group International	1,953	\$214.3M/ \$109,724
Copper Ridge Apartments	I-35 Northland	GFI Capital Resources/ Justus Companies	292	\$55.7M/ \$190,753
The Sovereign at Overland Park	Southern Johnson County	JVM Realty/ Sherman Residential	250	\$49.2M/ \$196,856
Knollwood	I-35 Northland	Monarch/ Onyx Partners	250	\$25.8M/ \$81,746

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	UNIT SIZE	UNITS	DEVELOPER
The Residences at Bluhawk	Southern Johnson County	787 sf to 1563 sf	201	Price Brothers
Lakeview Crossing Townhomes	East & SE Jackson Count	1,316 sf to 1,153 sf	123	Worcester Communities

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