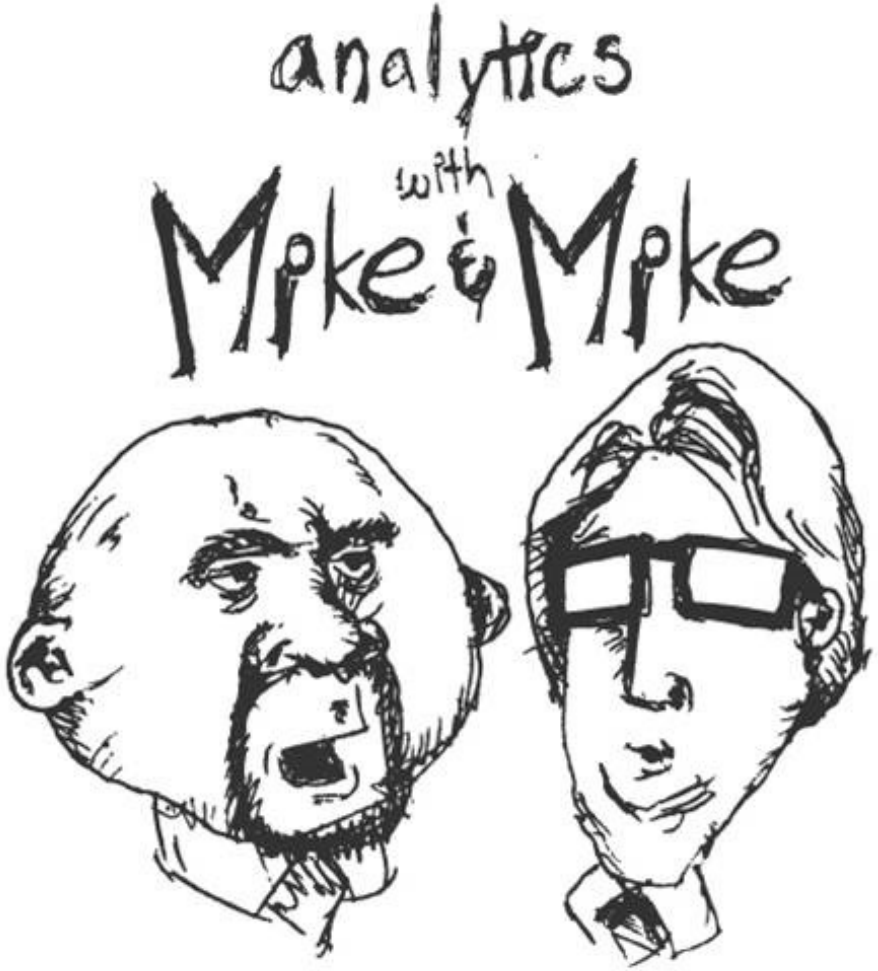
What We Know (Or Think We Know) About the Economic Impacts *AND RECOVERY* from COVID19



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Highlights

- The vaccines are fundamental to our social and economic recovery.
- The virus is still dictating the pace of the economic recovery – metro Atlanta still down roughly 35K jobs since February 2020.
- Employment levels in almost all sectors are still well below their pre-pandemic levels. The only exception is the “Trade, Transportation and Utilities” Super-Sector, which is clearly “winning” the recovery
- Small businesses are still reporting struggles in this economy, with only about 30% indicating a return to normal or little to no change throughout
- Most economists have been revising their forecasts to show a quicker immediate recovery
- There is a lot of household money sitting on the sidelines, suggesting that late 2021 could see an economic resurgence.
- Perhaps the biggest lesson to be gleaned thus far is the twin public health and economic crises have exposed structural weaknesses that see persons of color experiencing the greatest negative impacts

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The COVID Vaccine Update

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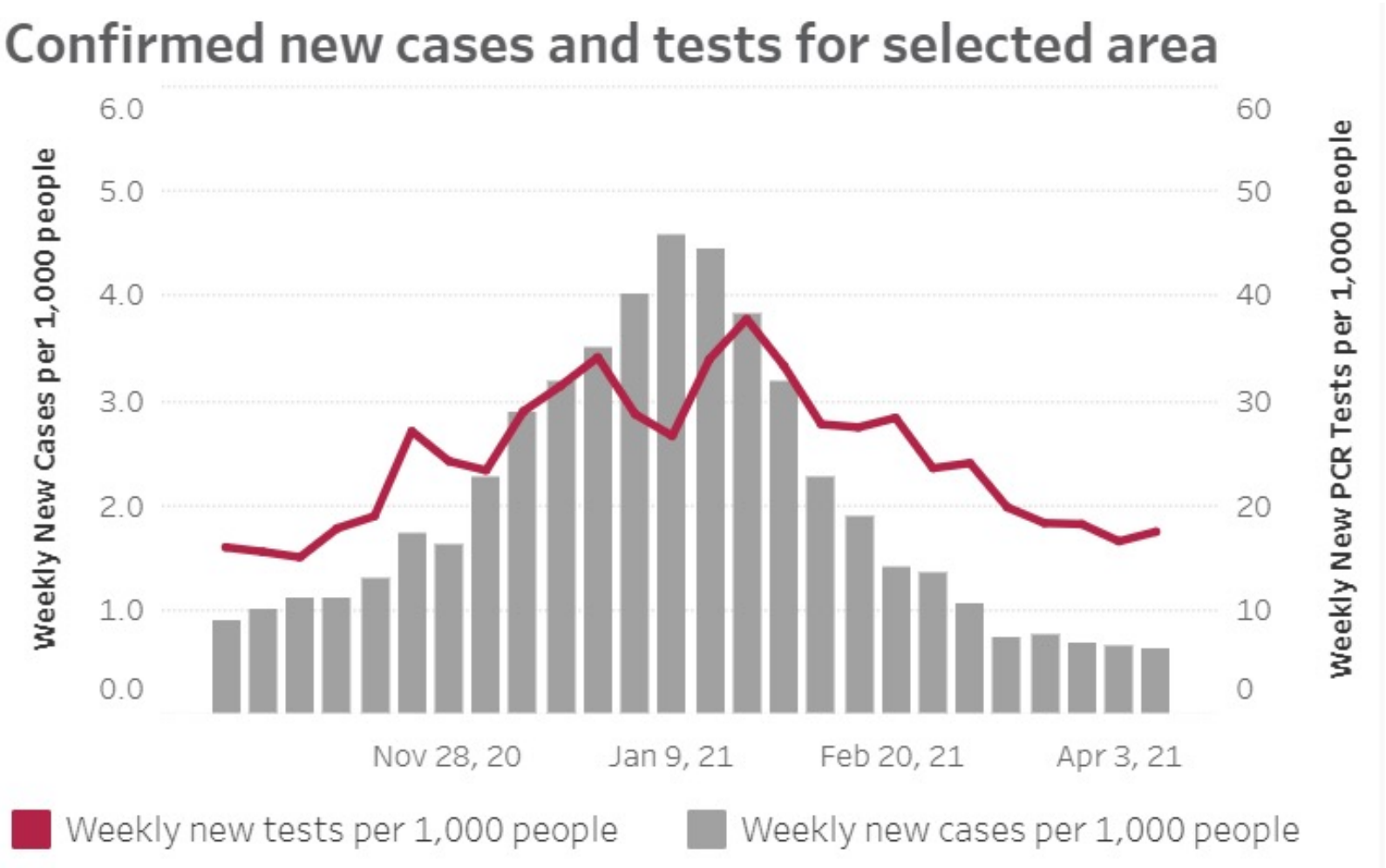
Cases Continue To Decline!



https://33n.atlantaregional.com/friday-factday/covid-19-local-cases-report

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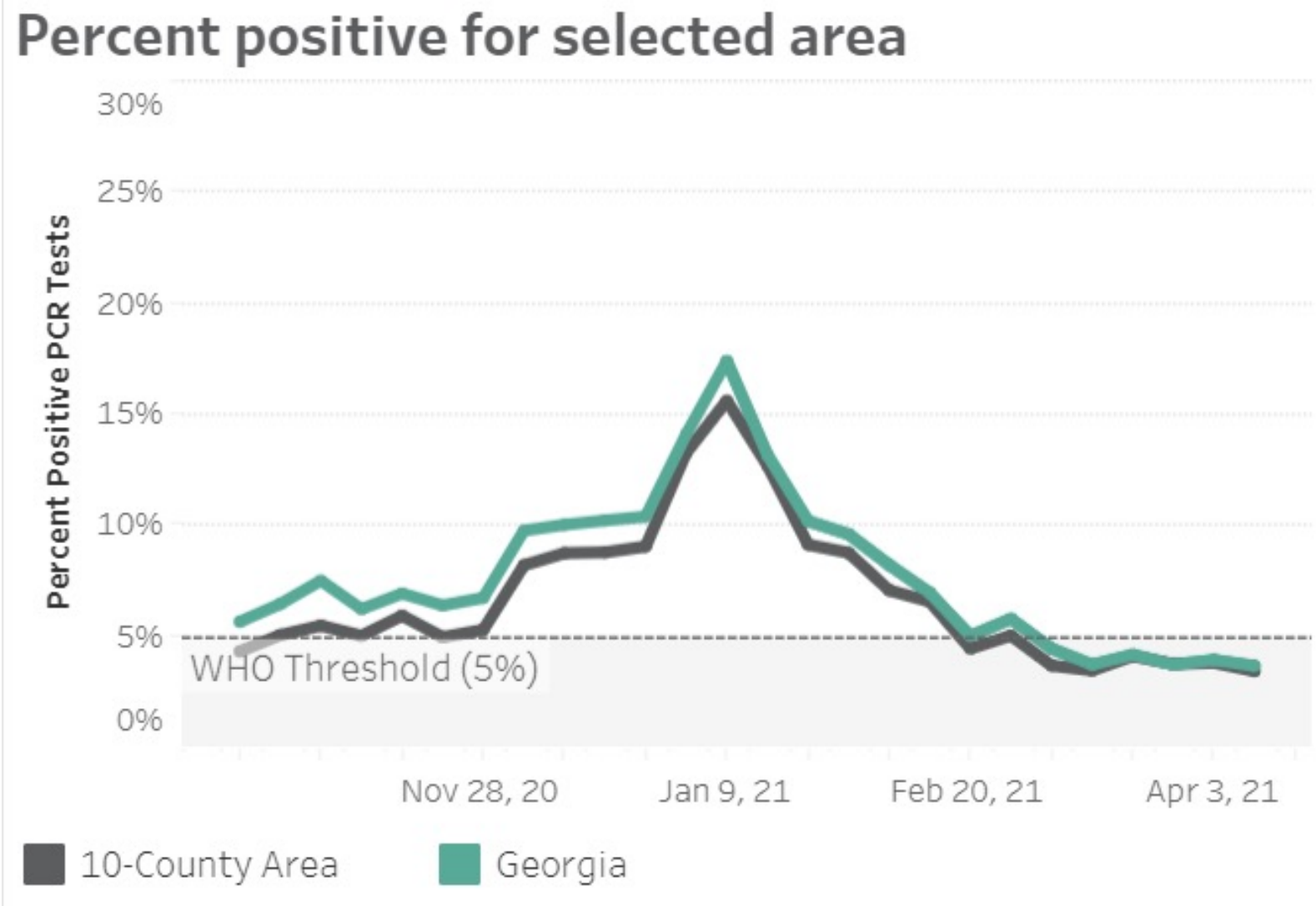
Positivity Rate Below WHO Threshold



https://33n.atlantaregional.com/friday-factday/covid-19-local-cases-report

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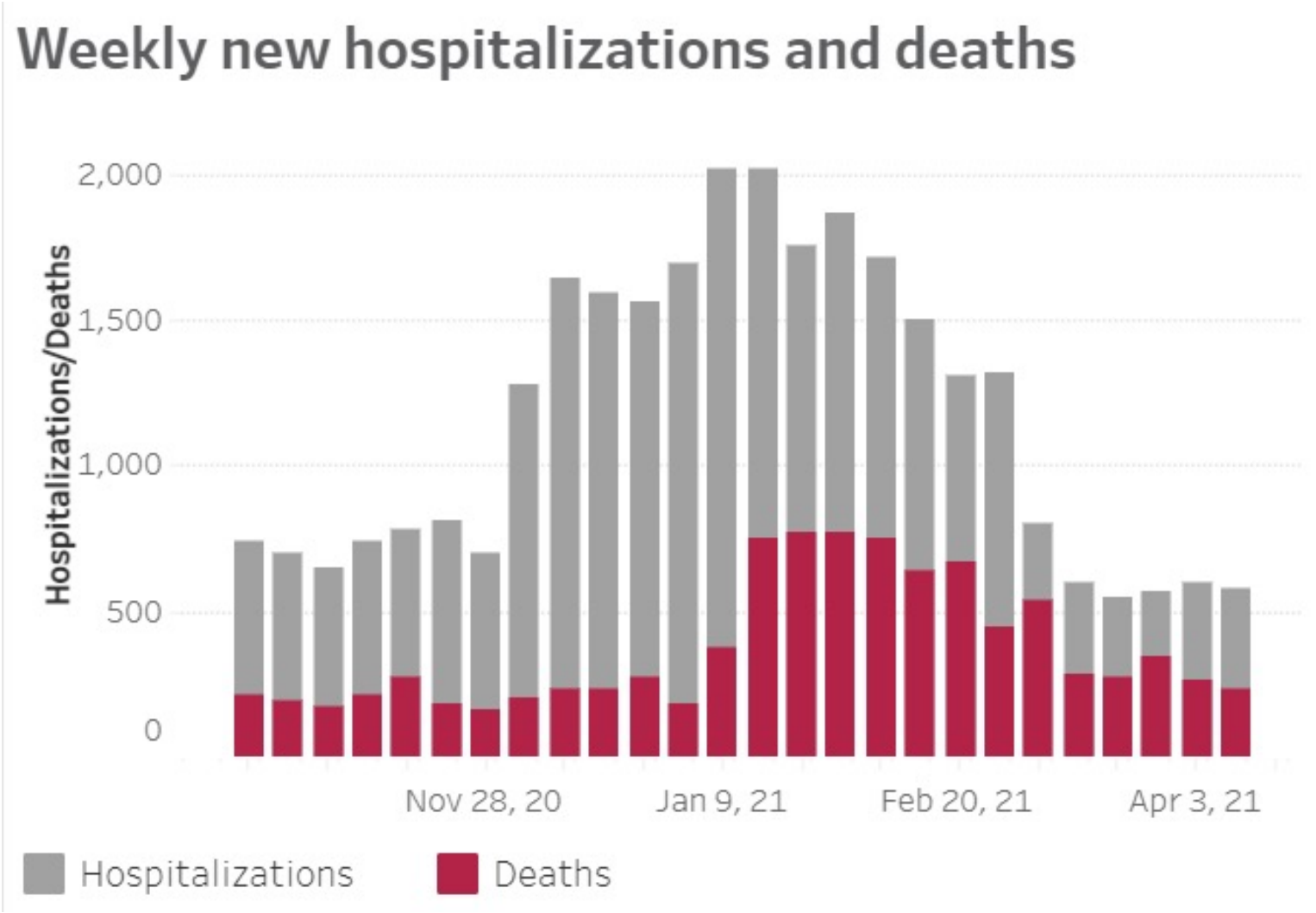
But Hospitalizations And Deaths Are Remaining Stubbornly Consistent



https://33n.atlantaregional.com/friday-factday/covid-19-local-cases-report

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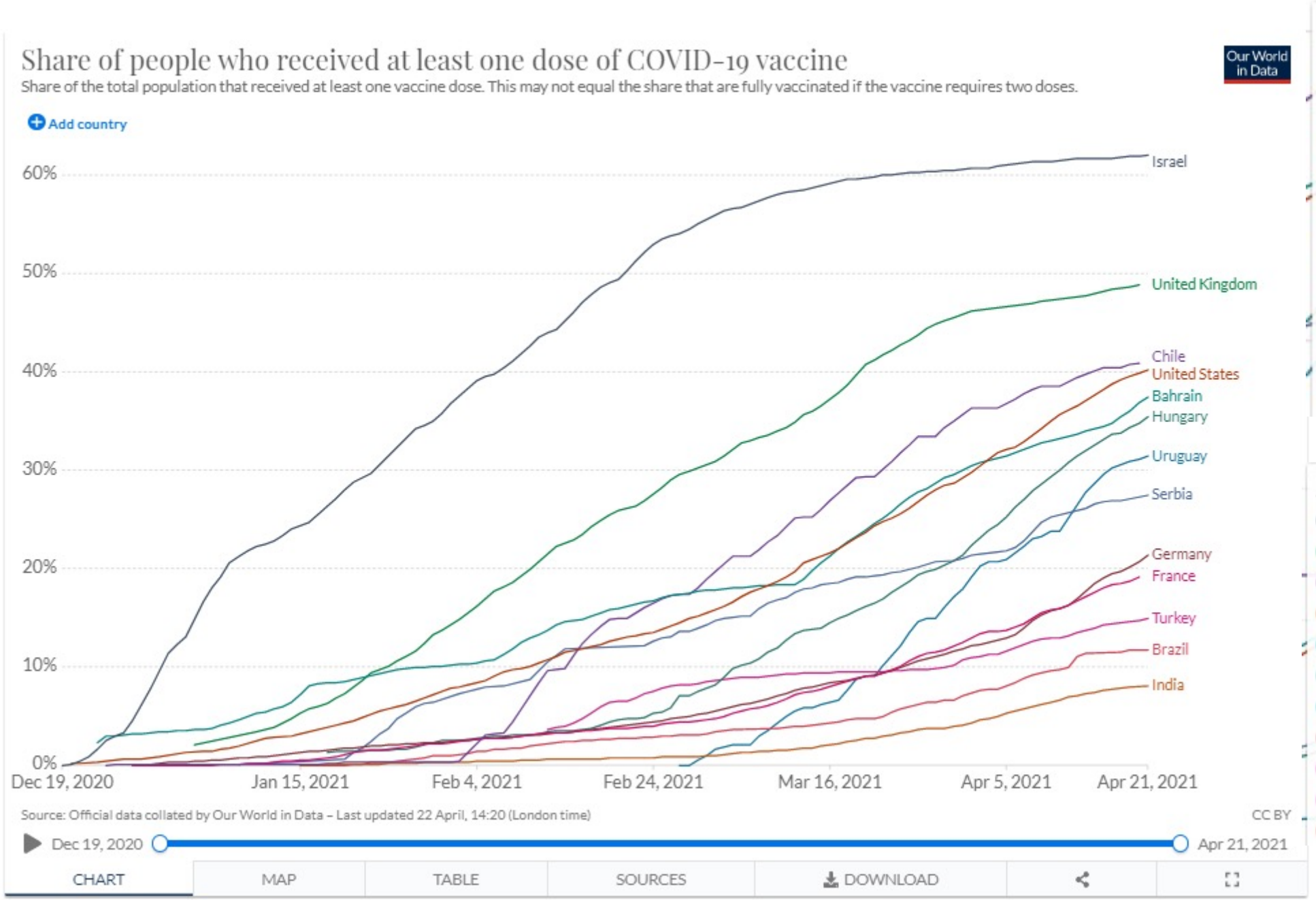
https://www.visualcapitalist.com/covid-19-vaccine-doses-whos-got-at-least-one/



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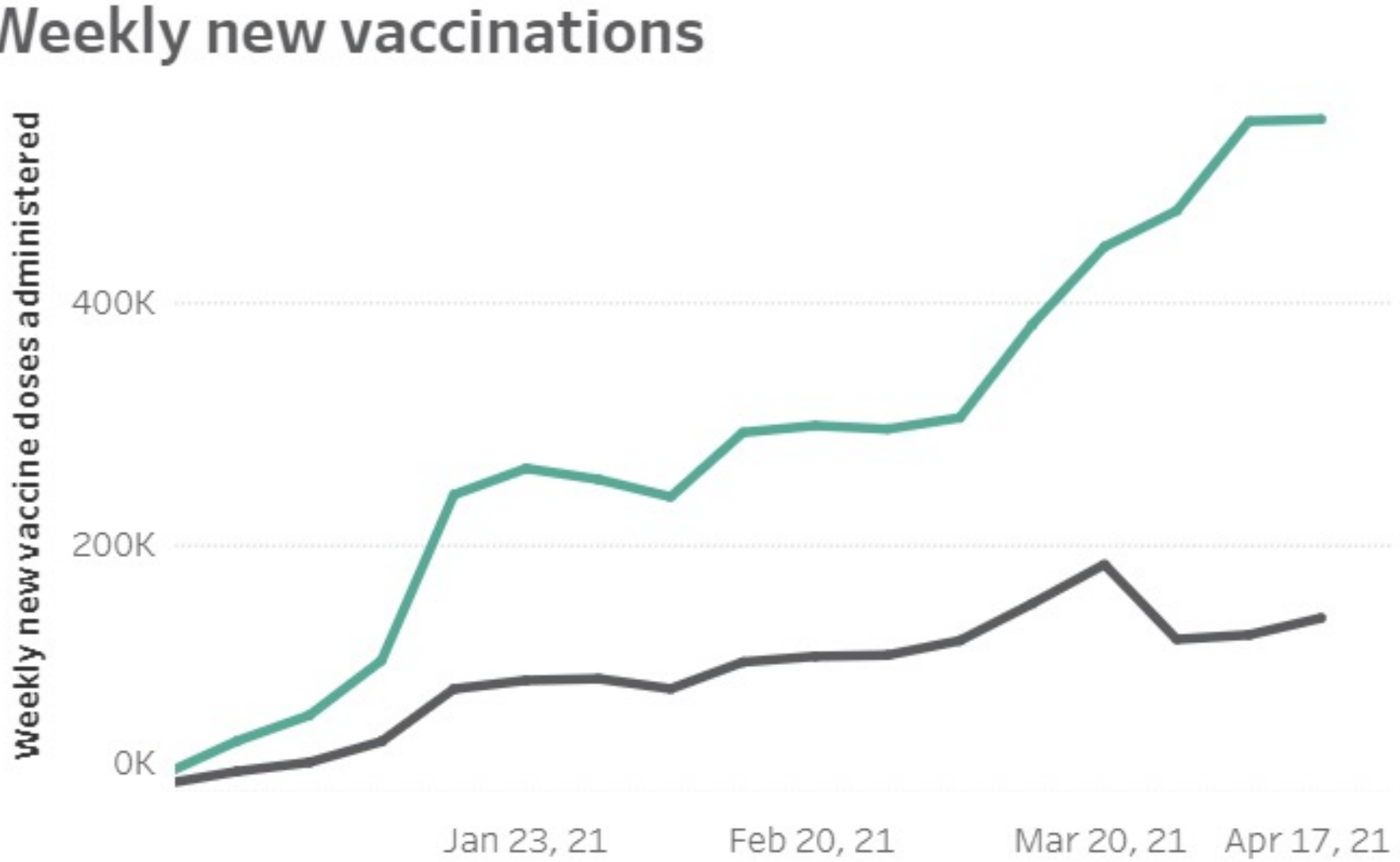
5.5 Million Vaccines Administered In GA!



GEORGIA

VACCINES ADMINISTERED

ADMINISTERED

5,511,221

ADMINISTERED PER 100K

52,972

RESIDENTS VACCINATED

At Least One Dose

3,414,150

% At Least One Dose

33%

Fully Vaccinated

2,203,952

% Fully Vaccinated

21%

https://experience.arcgis.com/experience/3d8eea39f5c1443db1743a4cb8948a9c/

https://33n.atlantaregional.com/friday-factday/covid-19-local-cases-report

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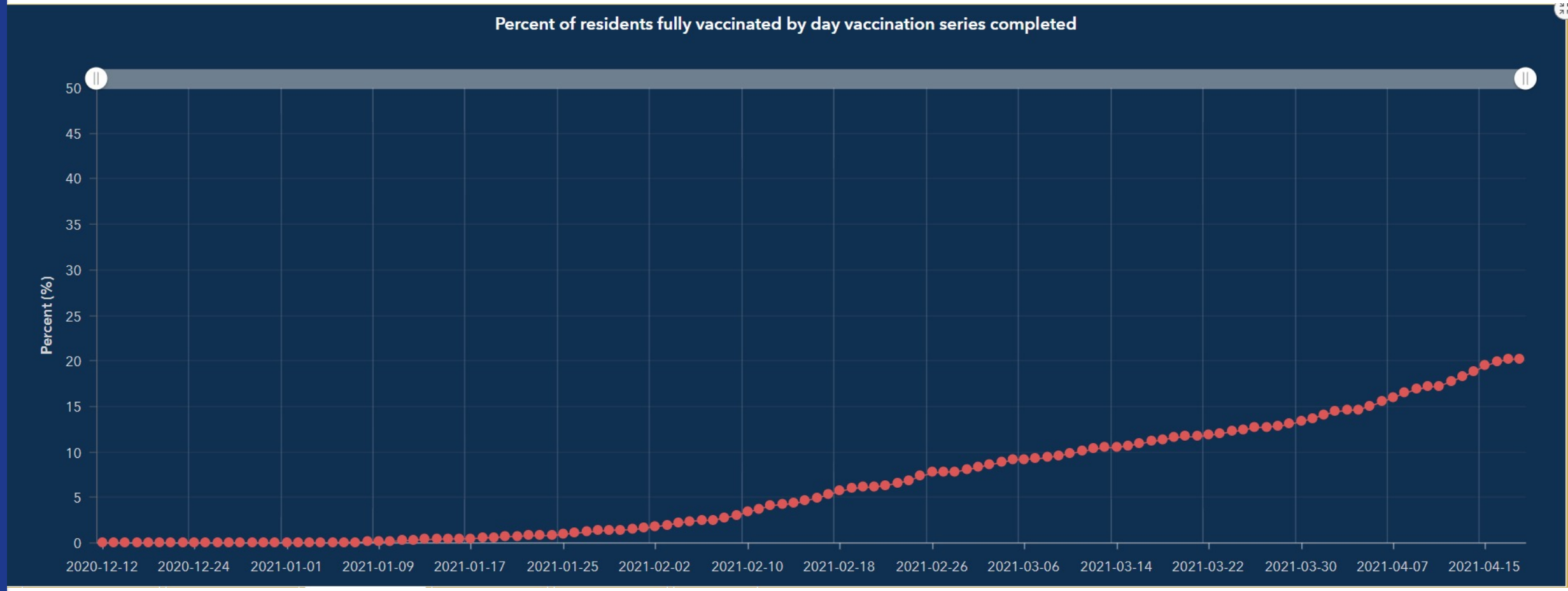
Getting Shots in Arms… But Still A Ways to Go



https://experience.arcgis.com/experience/3d8eea39f5c1443db1743a4cb8948a9c/

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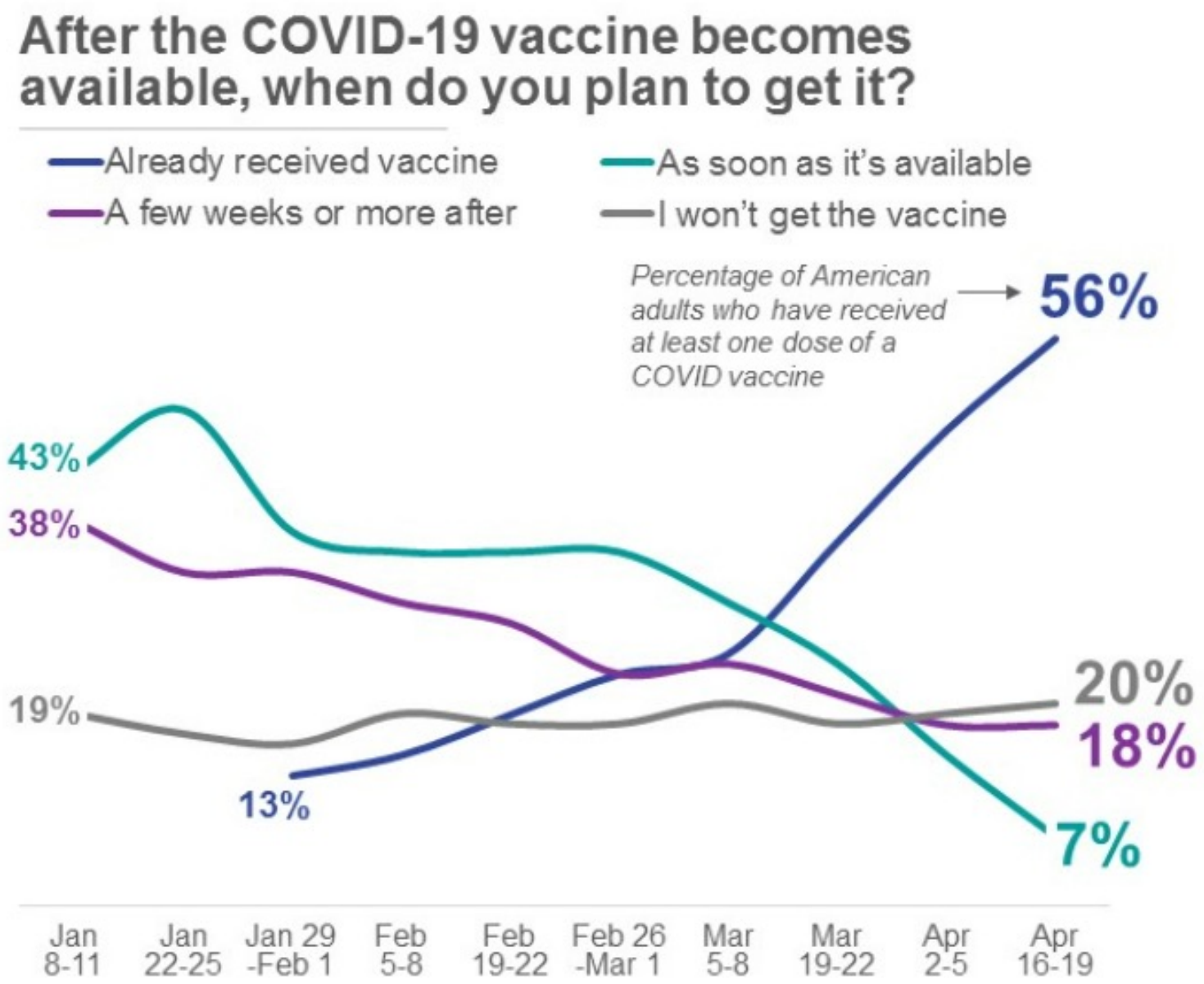
More than Half of Americans Reported Being Vaccinated



https://www.ipsos.com/en-us/news-polls/axios-ipsos-coronavirus-index

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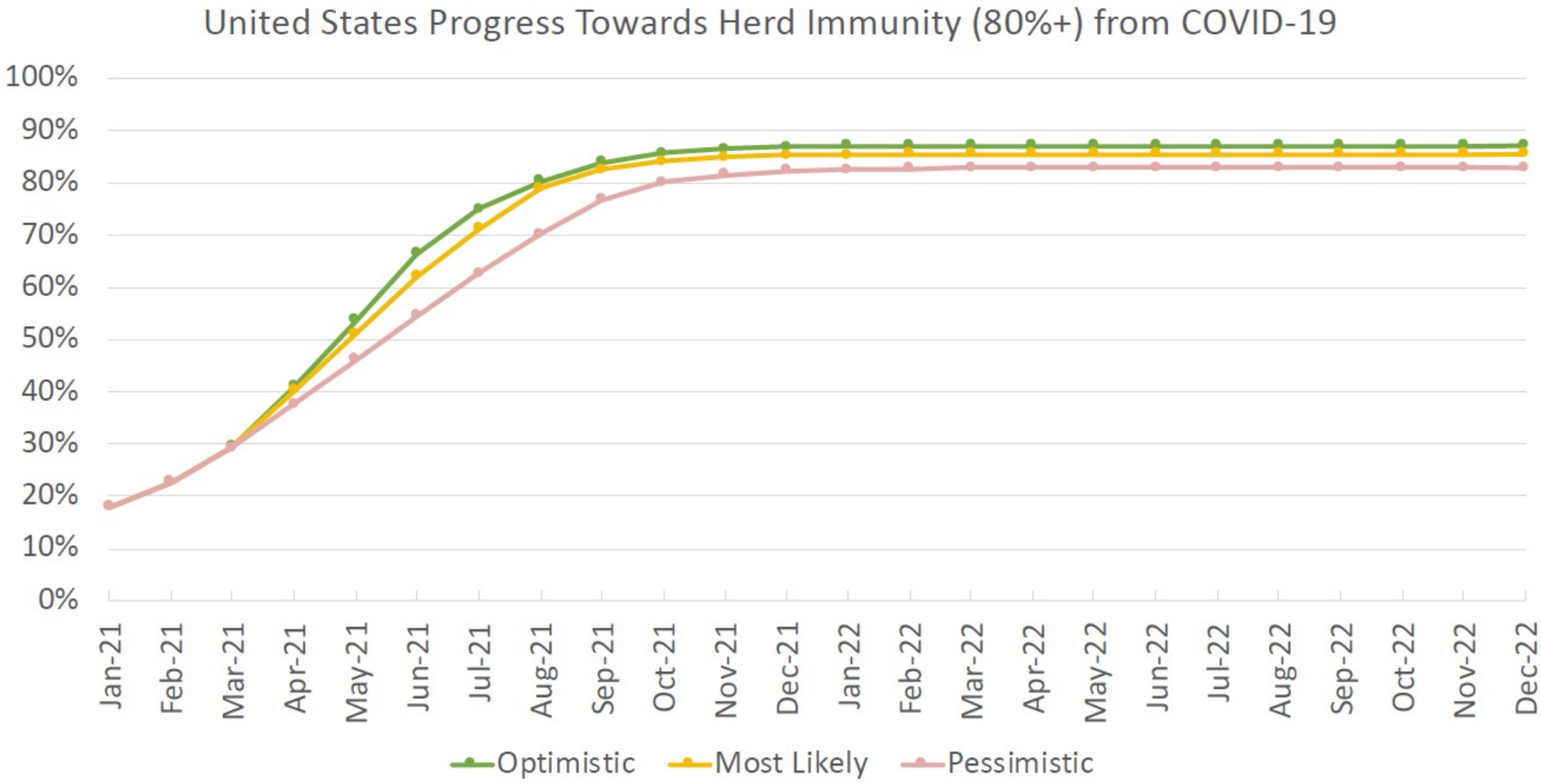
Herd Immunity By Late Summer? (In U.S.)



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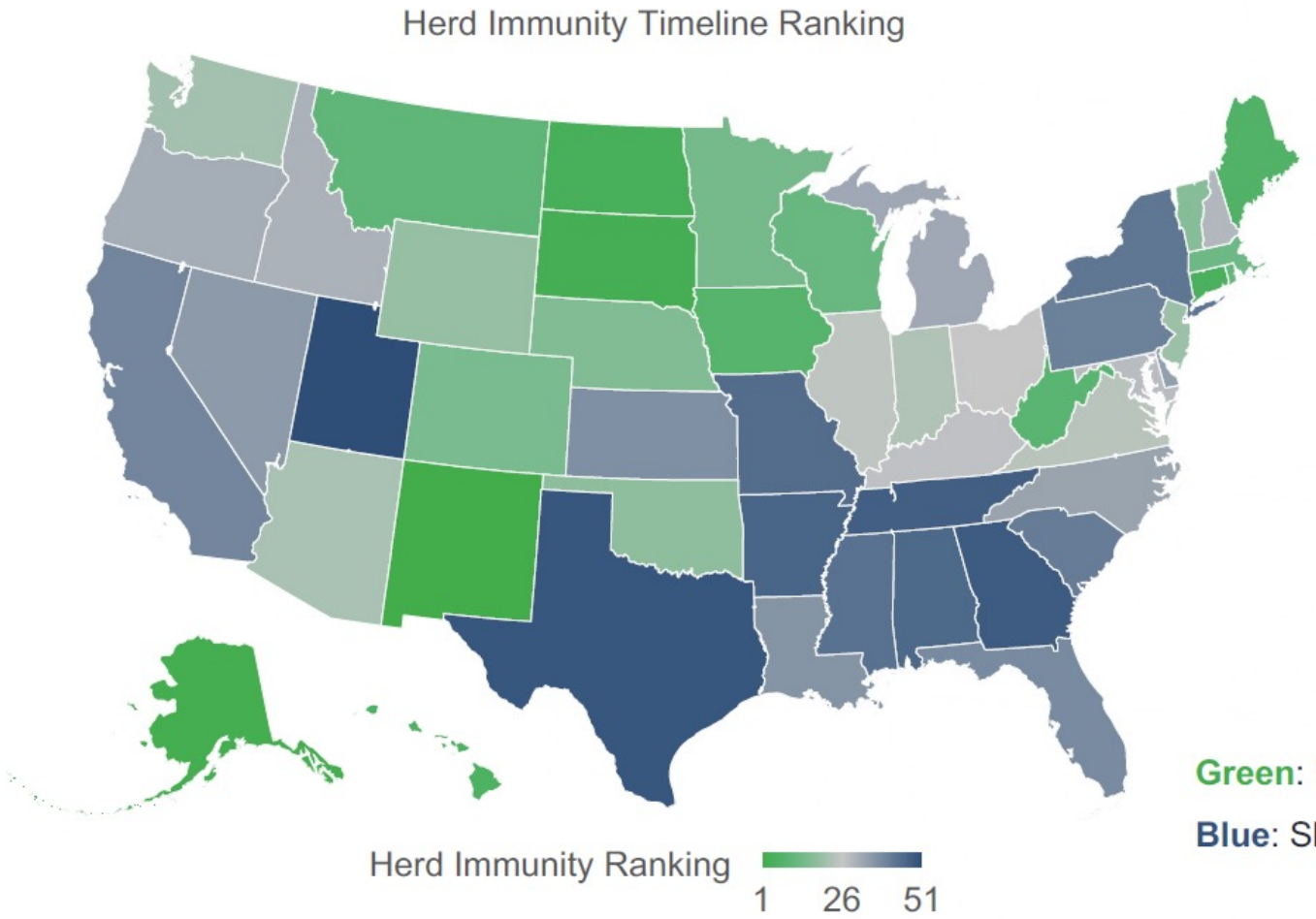
But GA Does Lag It's Peers By Most Estimates

Alaska, New Mexico, and West Virginia Lead The United States



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Mark Zandi

We haven't made any significant changes to our assumptions and forecast for herd immunity in the U.S. and globally. The U.S. is still on track to achieve herd immunity during the summer, but global herd immunity is a couple of years away.

rospects is the expectation that the etween Memorial Day and July eceived their first shot of a resumably have some degree of -19 virus. Herd immunity will be the population, or another 150 vaccinations average a very doable 1.5 million a day, and confirmed infections average 50,000 per day, then July Fourth seems like a conservative estimate of when households will feel confident about ending their various degrees of self-quarantining. The U.S. will be among the first nations to achieve herd immunity, with much of the rest of the world reaching this milestone much later. This is due to a lack of resources and poor healthcare systems in parts of the emerging world, though less sickness in much of the Asia-Pacific region has allowed it to manage the virus well. We don't expect global herd immunity until mid-decade.

https://www.economy.com/economicview/analysis/383312/This-Week-in-the-COVID-Crisis

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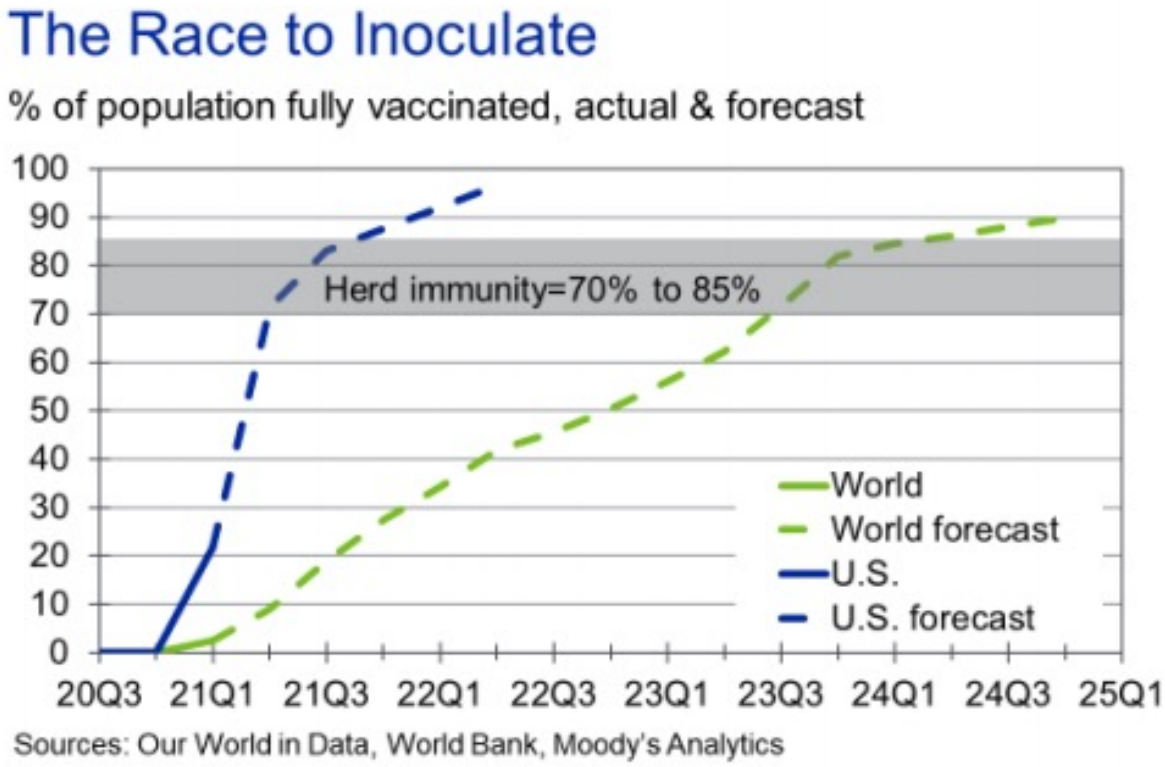
Herd Immunity Updated Update

We haven't made any significant changes to our assumptions and forecast for herd immunity in the U.S. and globally. The U.S. is still on track to achieve herd immunity during the summer, but global herd immunity is a couple of years away.



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How Are We Behaving & Thinking?

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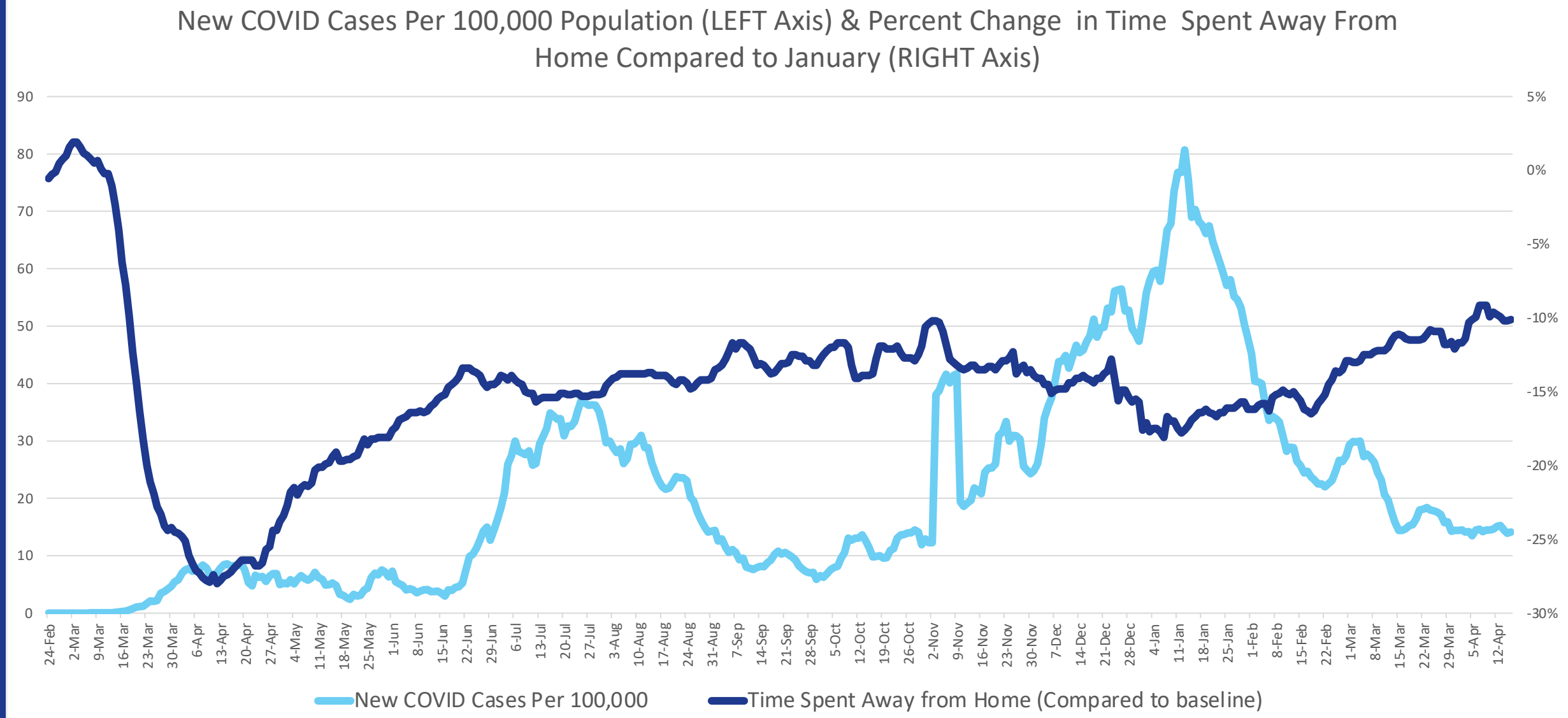
Our Reactions to the Virus



Source: Opportunity Insights (Google COVID Mobility Reports and New Daily COVID Cases)

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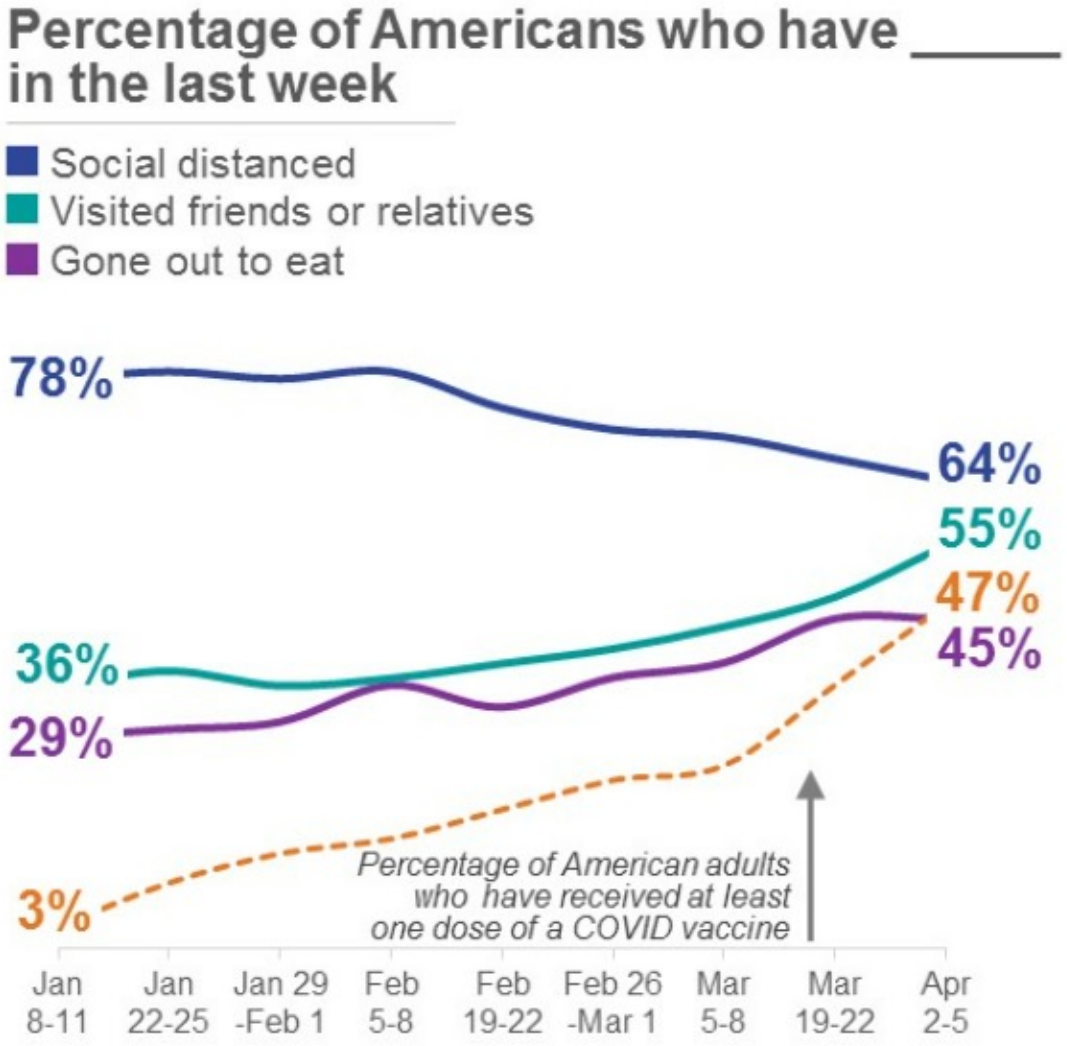
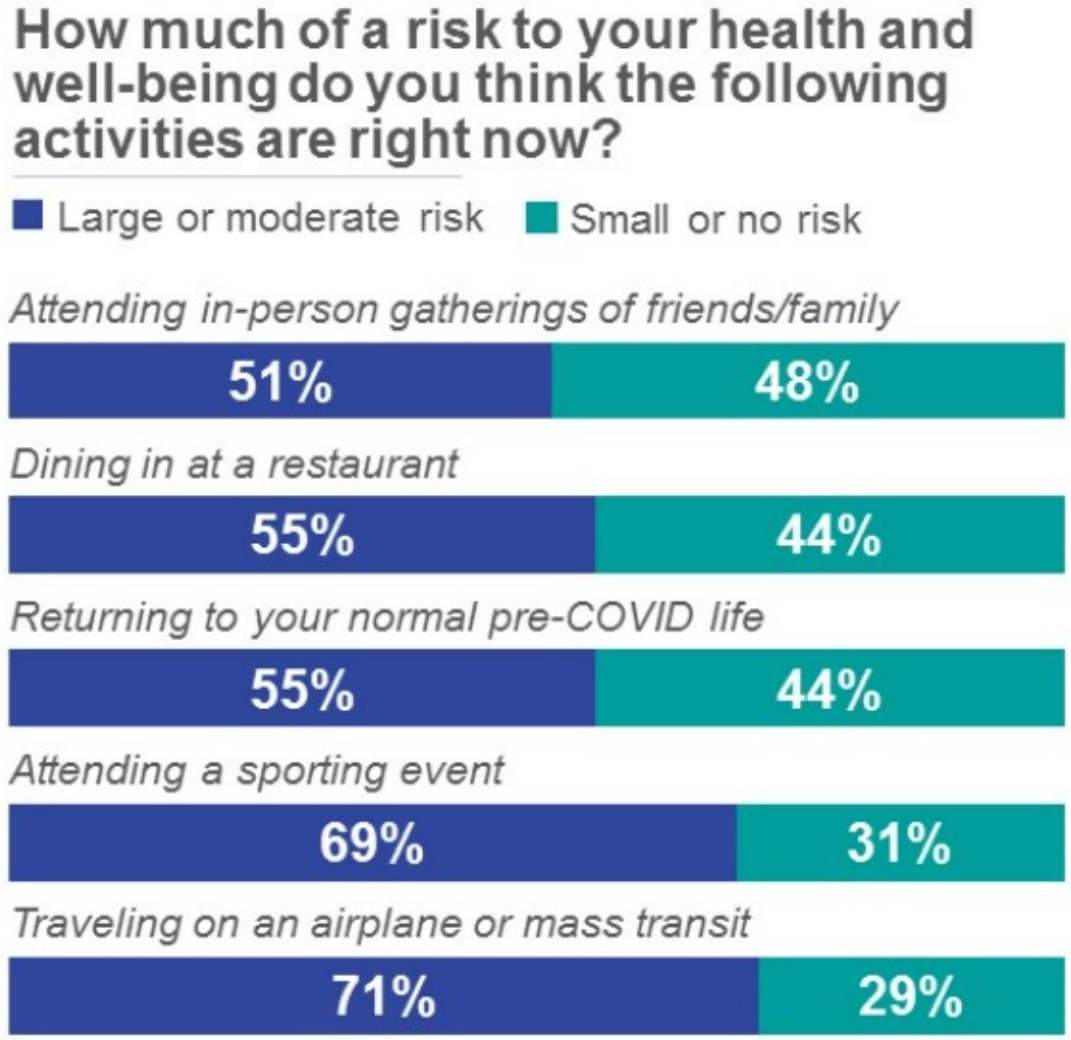
What We Are Thinking and Doing





https://www.ipsos.com/en-us/news-polls/axios-ipsos-coronavirus-index

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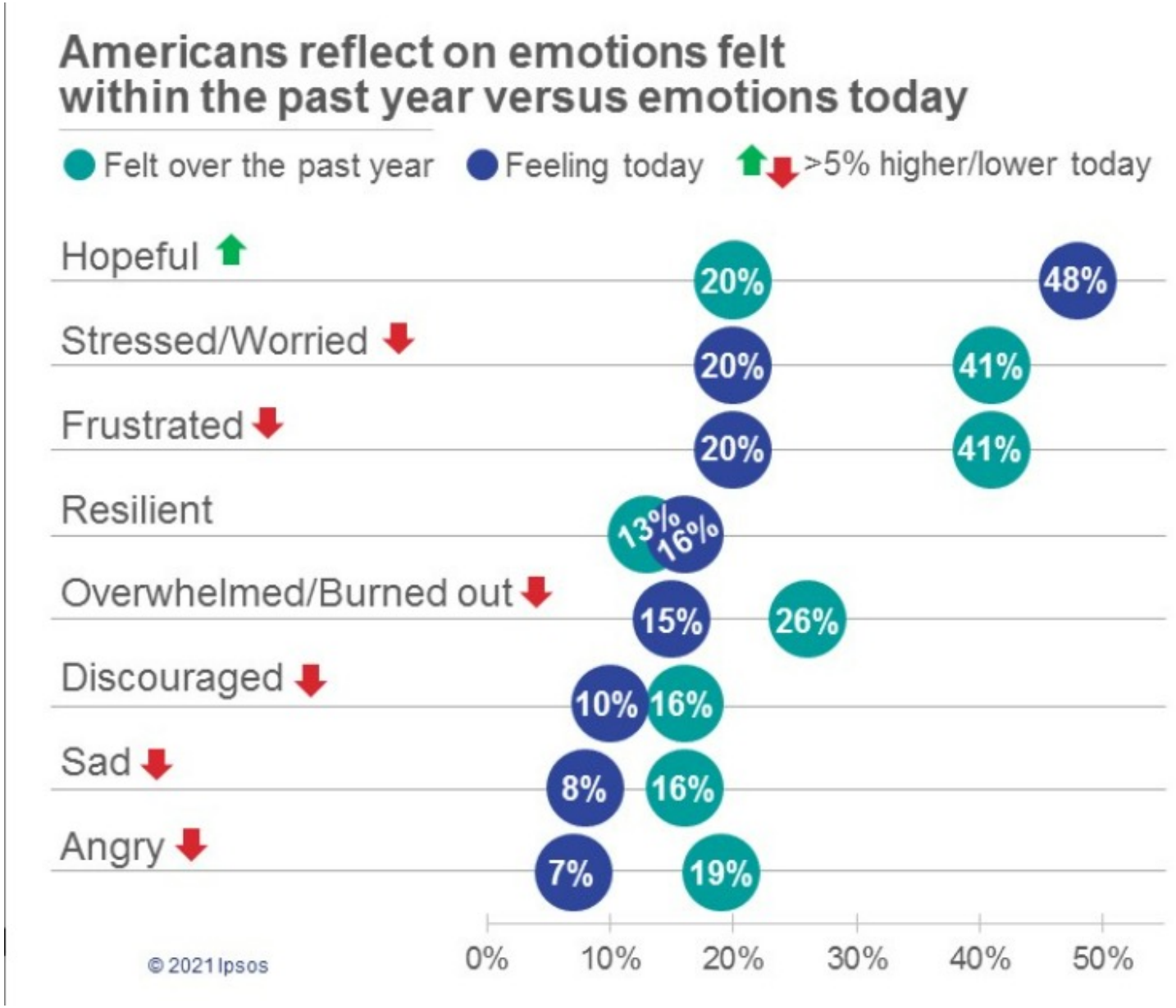
Maybe the Most Important Data Point Of All…



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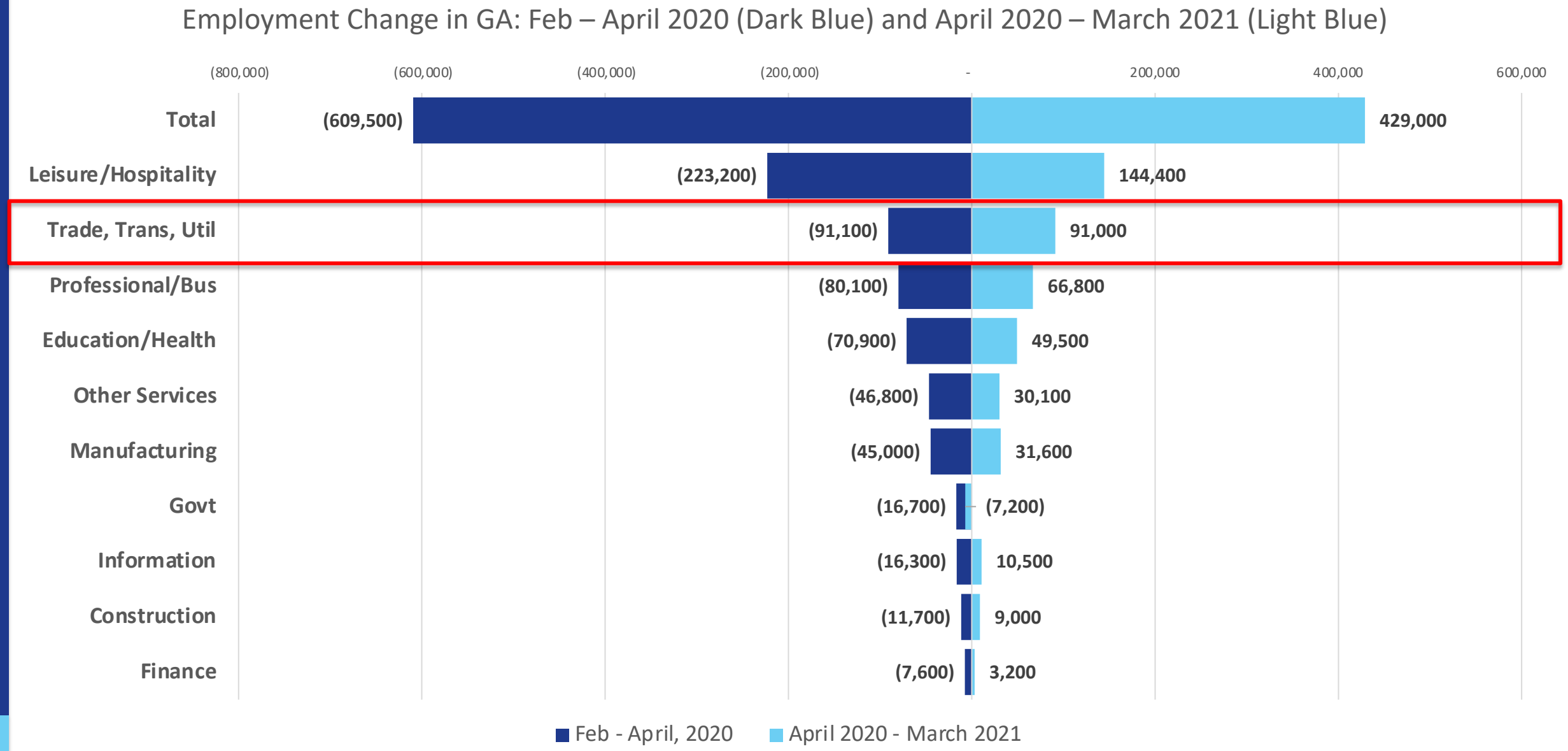
Economic Recovery with COVID Impacts

Tale of Two Times



Source: Bureau of Labor Statistics

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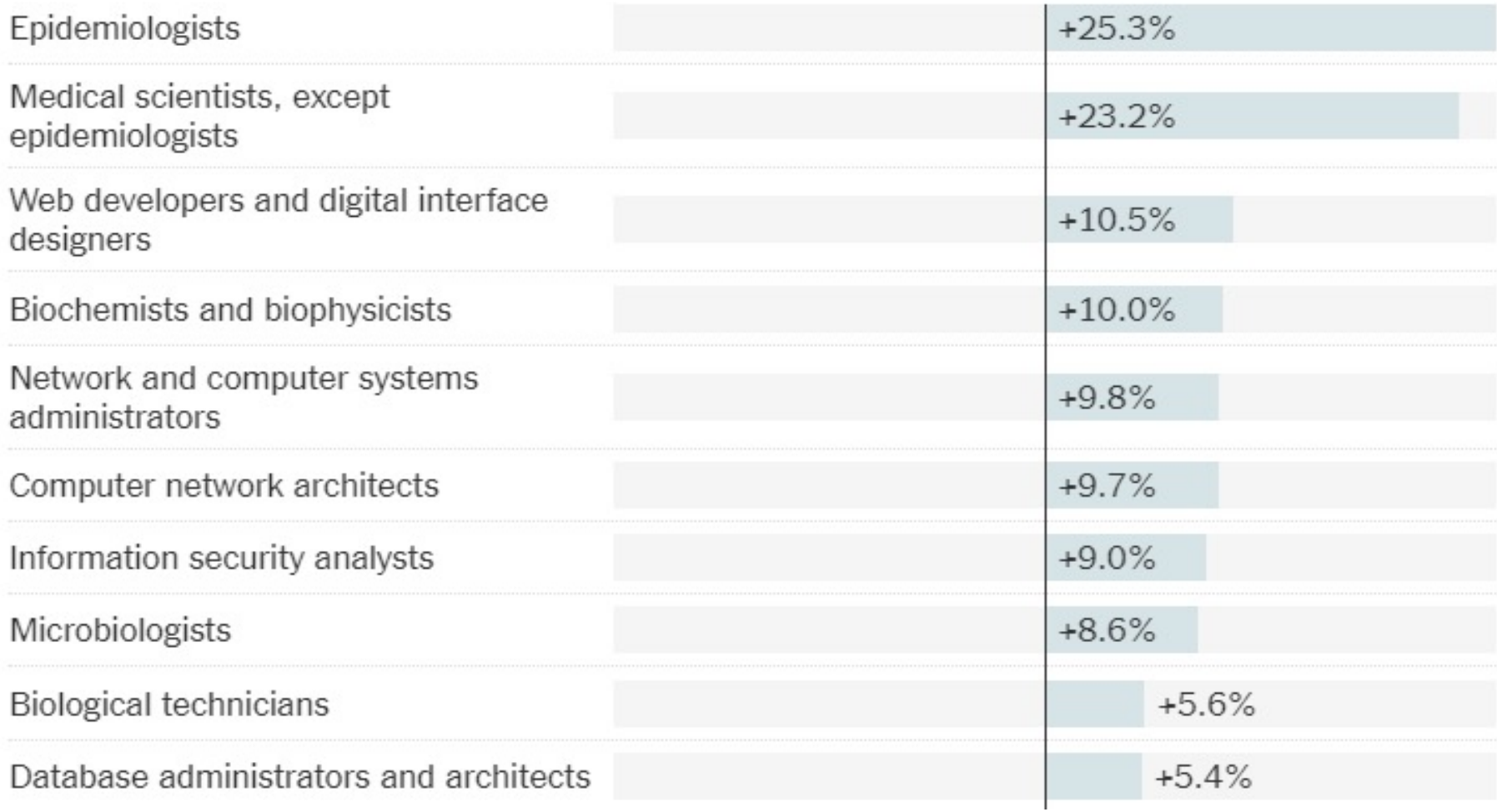
There Will Clearly Be Some Winners… based on BLS's "Strong- Pandemic Impact" Scenario



Source: Bureau of Labor Statistics, via NY Times - https://www.nytimes.com/2021/02/22/upshot/jobs-future-pandemic-.html

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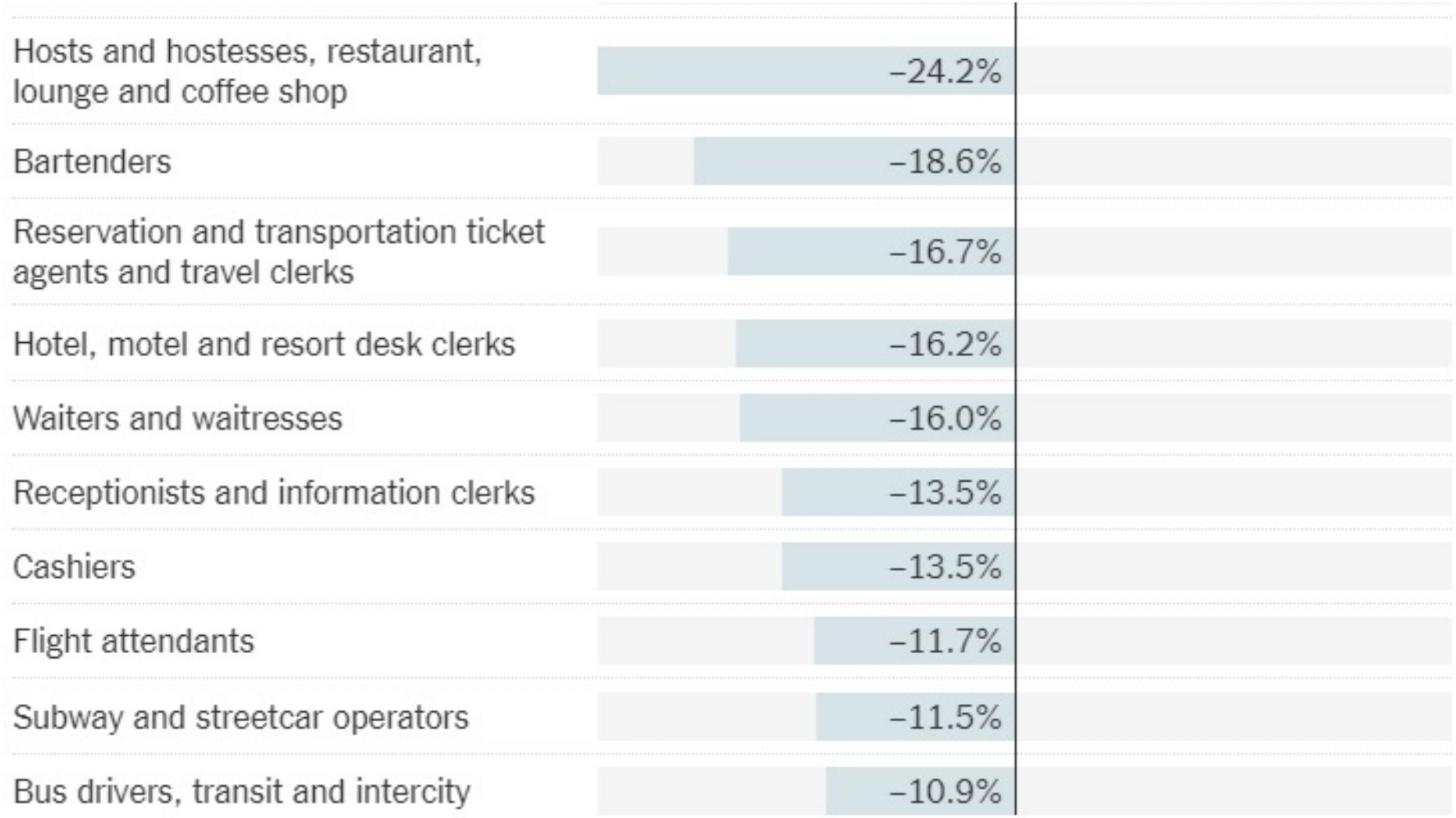
But Some Occupations Could Continue to Struggle… based on BLS's "Strong- Pandemic Impact" Scenario



Source: Bureau of Labor Statistics, via NY Times - https://www.nytimes.com/2021/02/22/upshot/jobs-future-pandemic-.html

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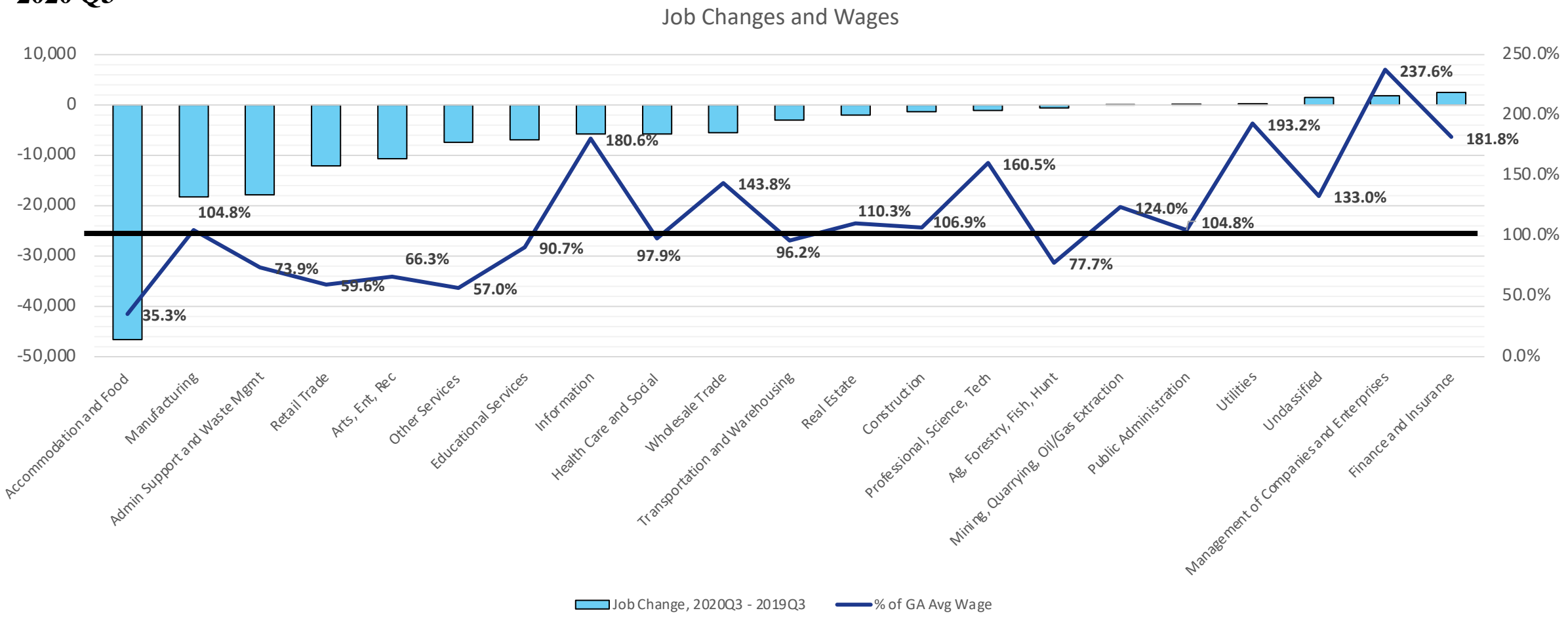
Job Losses Concentrated in Low-Wage Industries

Job Change, 2019 Q3 – 2020 Q3

% of Wage for All Industries



Source: Jobs EQ

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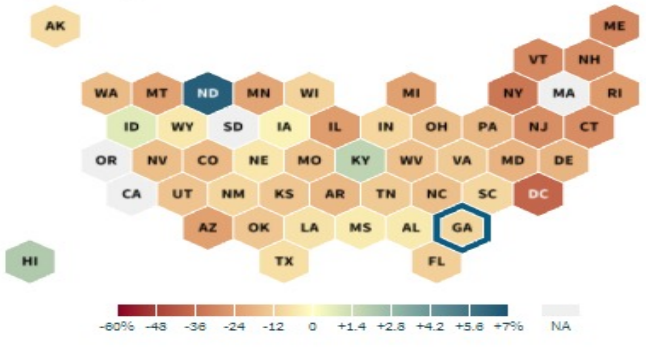
Low Wage Workers Bearing the Brunt

https://tracktherecovery.org/

Percent Change in Employment

Low Wage (<$27K)



Total

- Total

Income

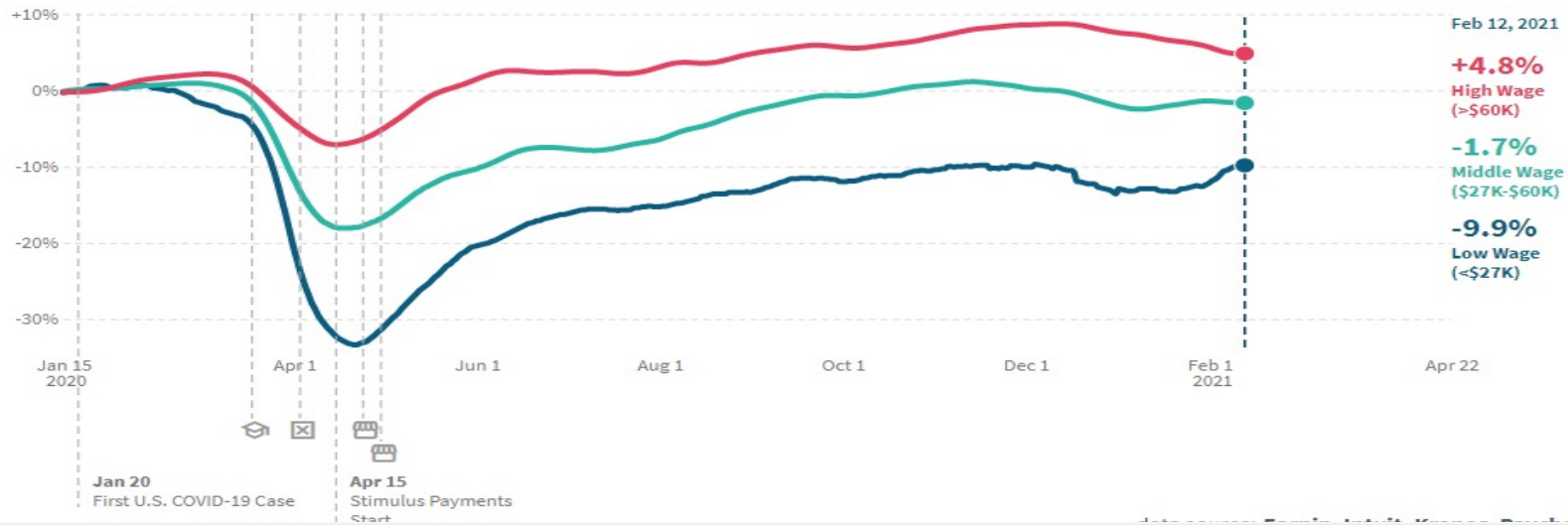
- Low (<$27K)
- Middle ($27K-$60K)
- High (>$60K)

Industry

- Professional & Busin...
- Education & Health ...
- Retail & Transportati...
- Leisure & Hospitality

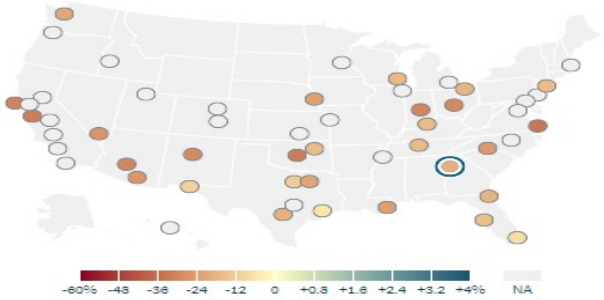
In **Georgia**, as of February 12 2021, employment rates among workers in the bottom wage quartile decreased by **9.9%** compared to January 2020 (not seasonally adjusted).

DOWNLOAD CHART



Percent Change in Employment

Low Wage (<$27K)



Total

- Total

Income

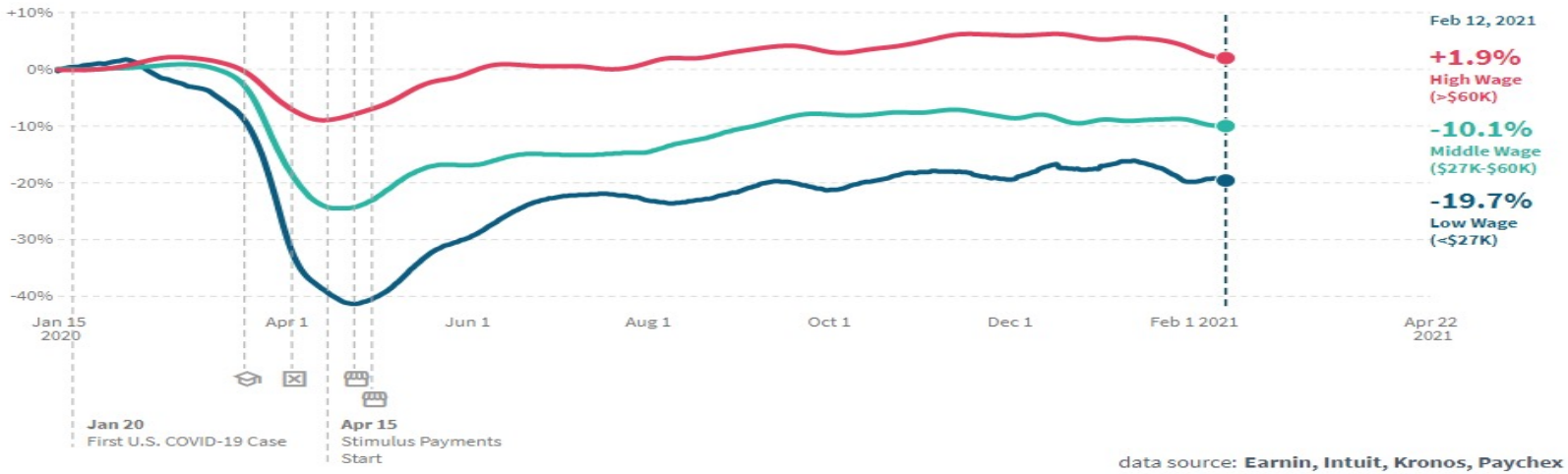
- Low (<$27K)
- Middle ($27K-$60K)
- High (>$60K)

Industry

- Professional & Busin...
- Education & Health ...
- Retail & Transportati...
- Leisure & Hospitality

In **Atlanta**, as of February 12 2021, employment rates among workers in the bottom wage quartile decreased by **19.7%** compared to January 2020 (not seasonally adjusted).

DOWNLOAD CHART

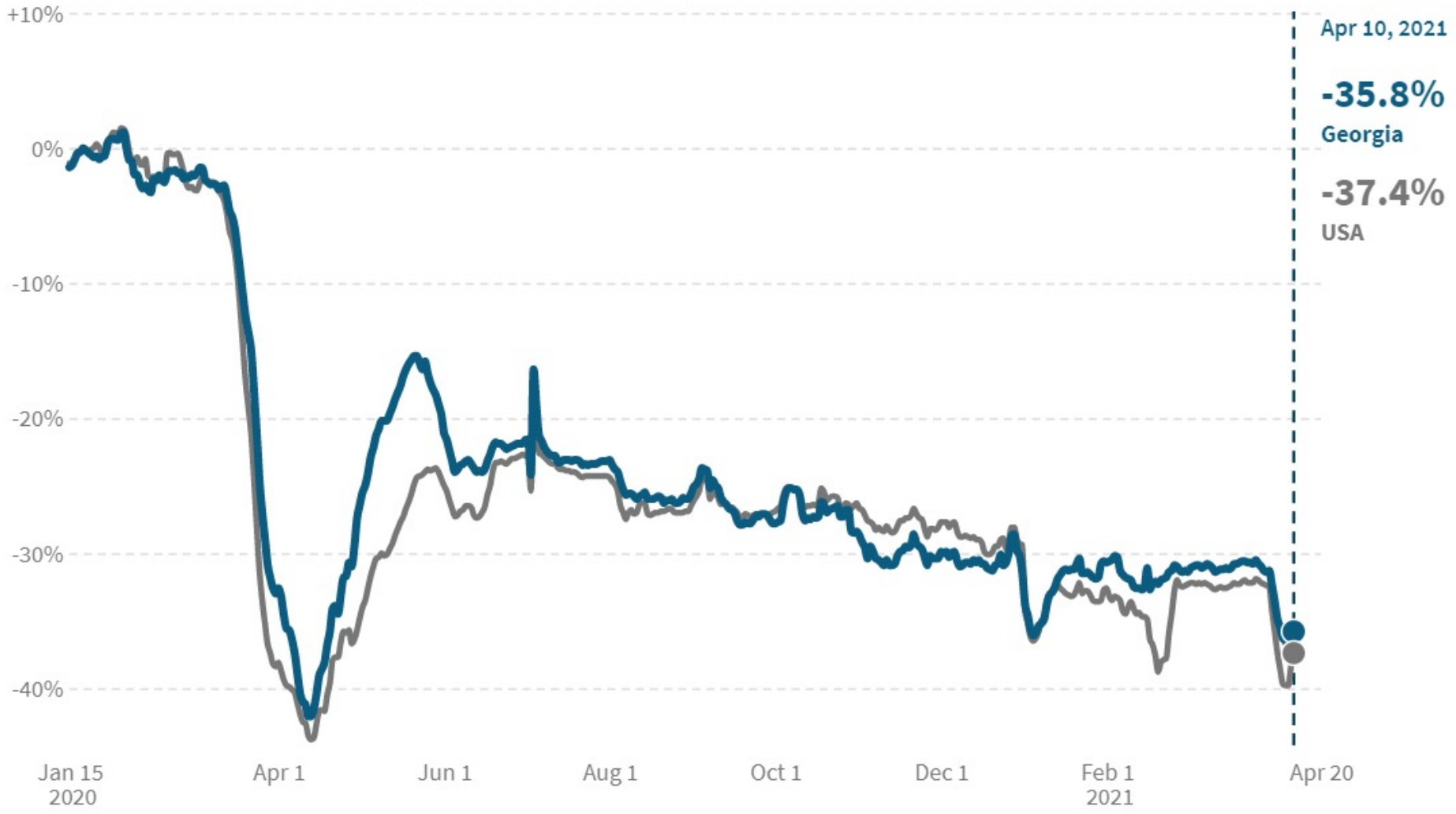


data source: **Earnin, Intuit, Kronos, Paychex**

About A Third of Small Businesses Remain Closed

In **Georgia**, as of April 10 2021, the number of small businesses open decreased by **35.8%** compared to January 2020.

DOWNLOAD CHART



data source: **Womply**

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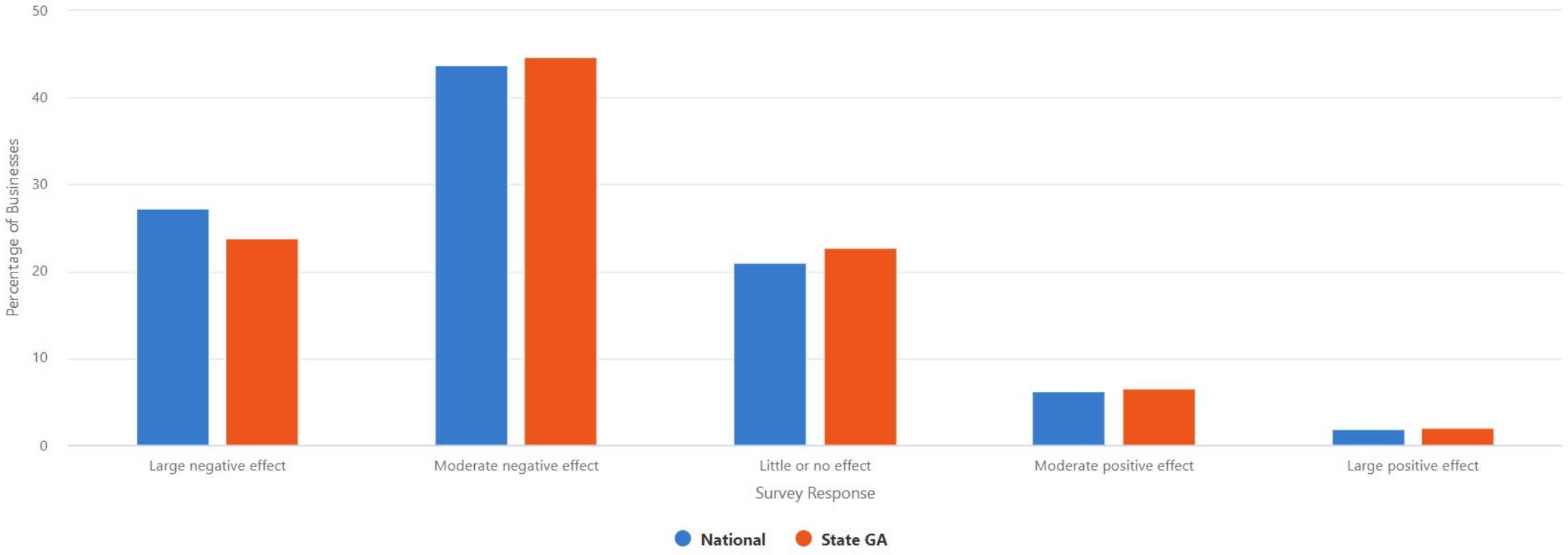
Vast Majority of Small Businesses Negatively Affected

Overall, How Has This Business Been Affected by The Coronavirus Pandemic?



Source: Census Bureau Small Business Pulse Survey – week of April 5, 2021

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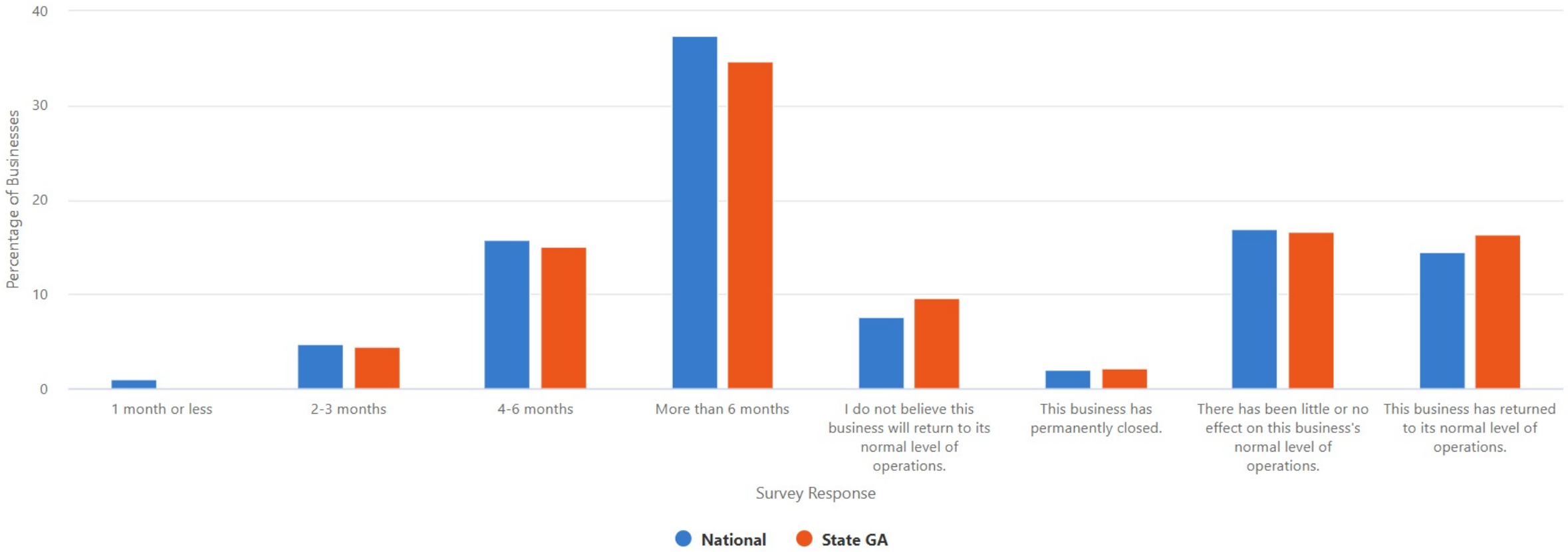
Only A Third of Small Businesses Indicate a “Return to Normal”

How Much Time Do You Think Will Pass Before This Business returns To Normal Business Operations Compared to One Year Ago



Source: Census Bureau Small Business Pulse Survey – week of April 5, 2021

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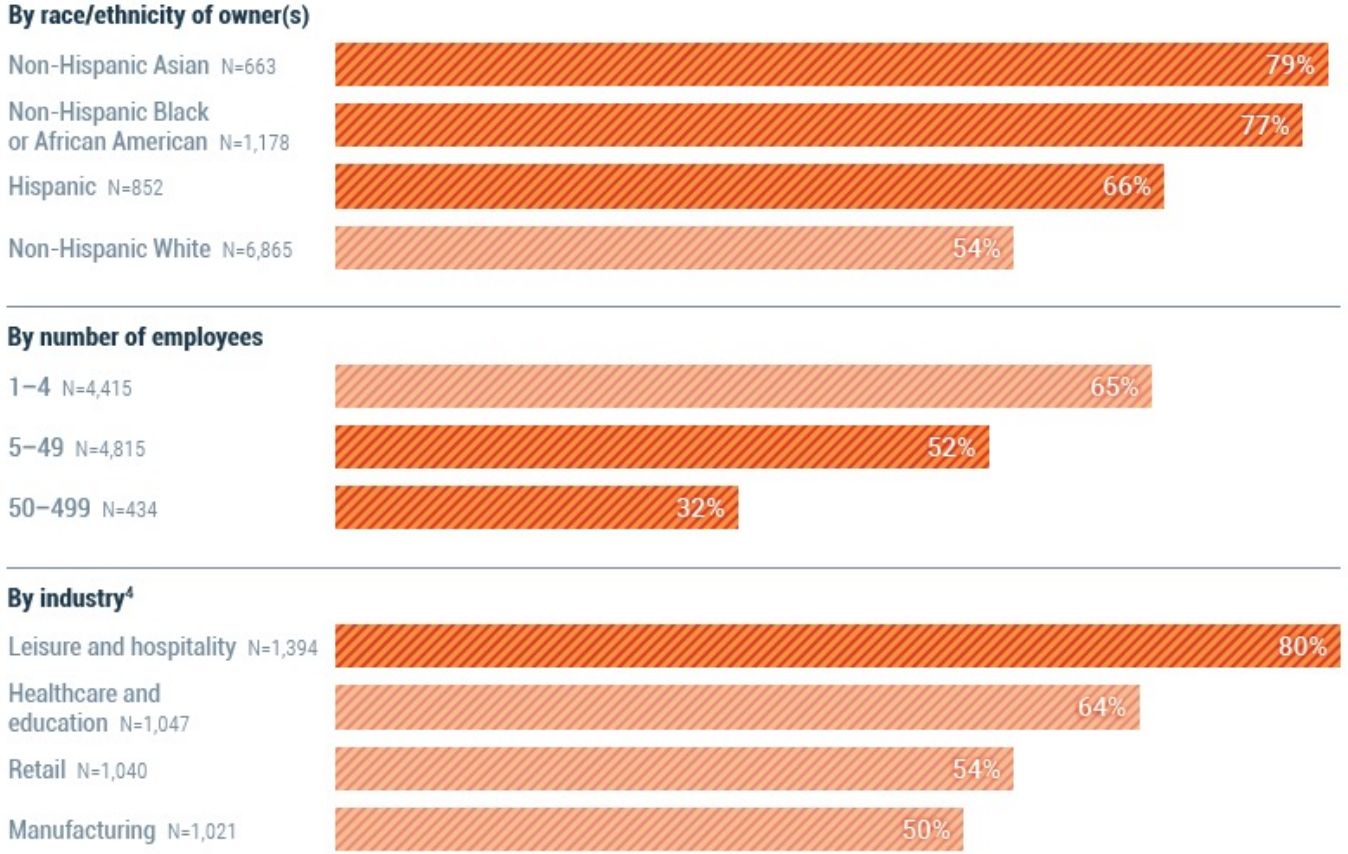
Small Businesses and Businesses Owned By Persons of Color More Likely To Feel The Pain

Firms owned by people of color, smaller firms, and leisure and hospitality firms were in weaker financial condition.



1 *Percentages may not sum to 100 due to rounding.*
2 *The characteristics shown in darker bars are related to self-reported financial condition at a significance level of 0.05 using a logistic regression. For the demographics shown, the reference groups are Non-Hispanic White-owned firms, firms with 1-4 employees, and firms in the non-manufacturing goods production and associated services industry (54%, not shown).*
3 *Additional variables were tested for statistical significance, including credit risk, gender of owner(s), revenues, and age of firm. Along with the variables shown in the figure, the gender of the owner(s), self-reported credit risk of the firm, and the firm's age are also related to financial condition at a significance level of 0.05.*
4 *Select industries shown.*

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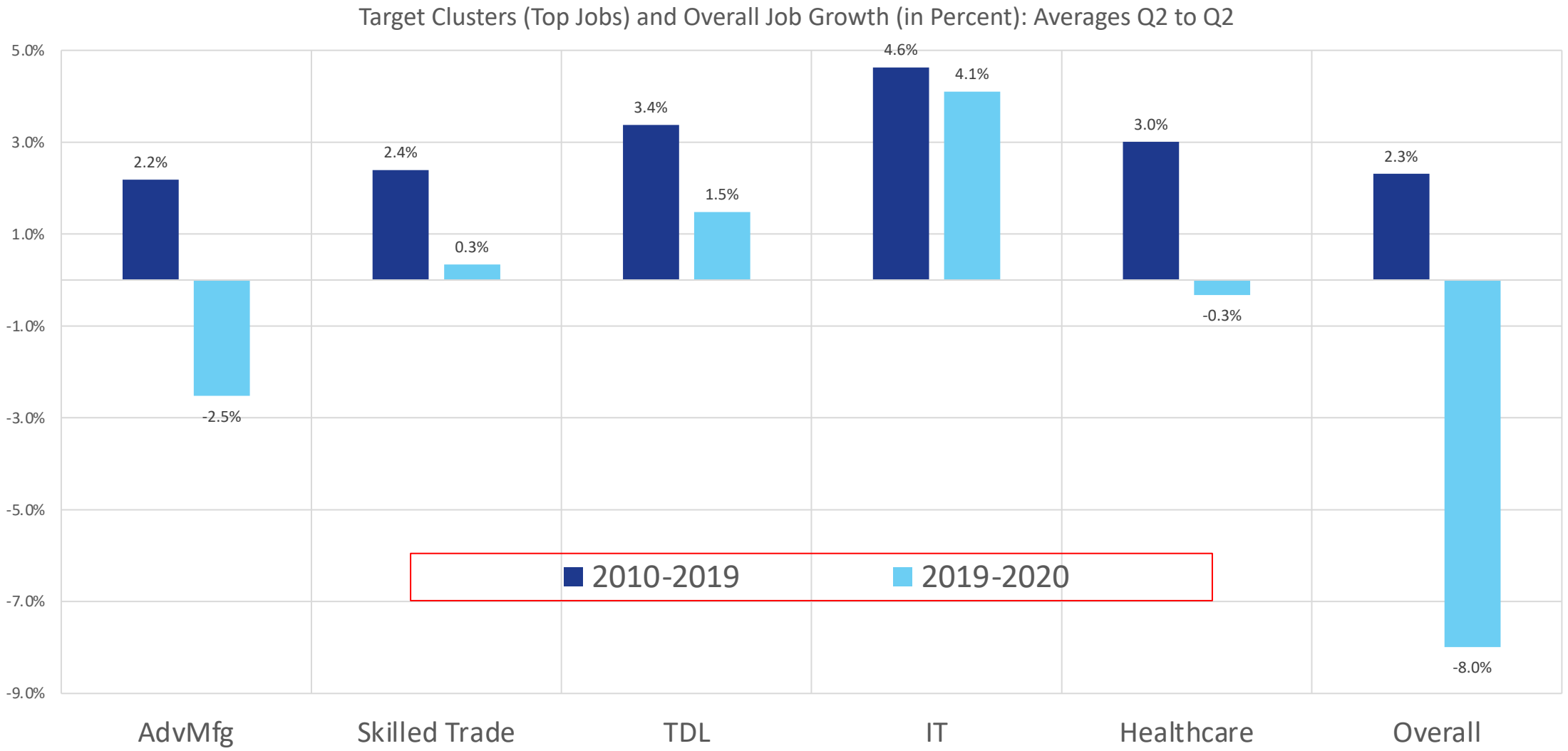
There Are Occupations That Seem To Be “Pandemic Proof”



Source: Jobs EQ, 2020Q2

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Pandemic Impact on Housing

This isn't just about the Pandemic

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This explains it all:

The booming housing market suggests there is a lot of money to be made selling homes. But there are more real-estate agents than homes for sale in the U.S., making the prospect of striking it big as realtor harder than it looks.

MOST RECENT EPISODES

APRIL 21, 2021

Too Many Real Estate Agents

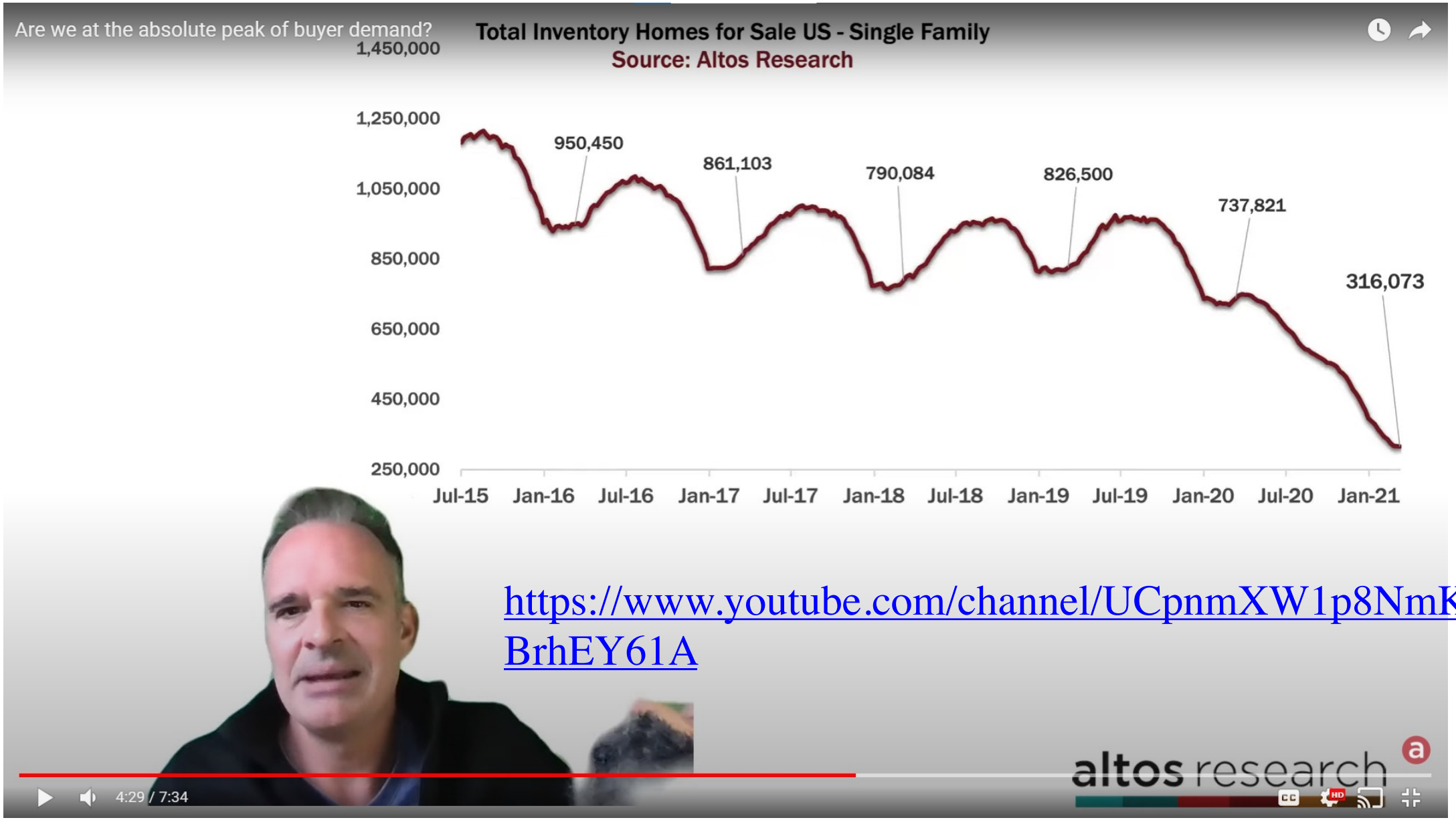
There are now more realtors than homes for sale, and this is not just concerning for real estate agents facing extra competition. New research suggests too many real estate agents can make downturns worse for the entire housing market.

LISTEN · 9:08 + PLAYLIST

https://www.npr.org/podcasts/510325/the-indicator-from-planet-money

At any given day, you're likely to see about half a million homes for sale. And there are 1.5 million members of the National Association for Realtors - three times as many.

Nationally, Record LOWEST # of listings



https://www.youtube.com/channel/UCpnmXW1p8NmKVWLBrhEY61A

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A New Real Estate Market:

Good morning. The offer the Seller selected had several terms that were better than all other offers...but the main reason this offer was not a top contender is that the buyer offred $50K over list price, yet could only make up a deficit of $20K. That means the home would have to appraise for $330K. If the Seller had confidence it would appraise for $330 we would be listed higher...so the offers they considered were willing to bridge the gap fully in the offer they were making. We are not yet binding on a backup offer if you would like to re submit!

This house had formal offers…

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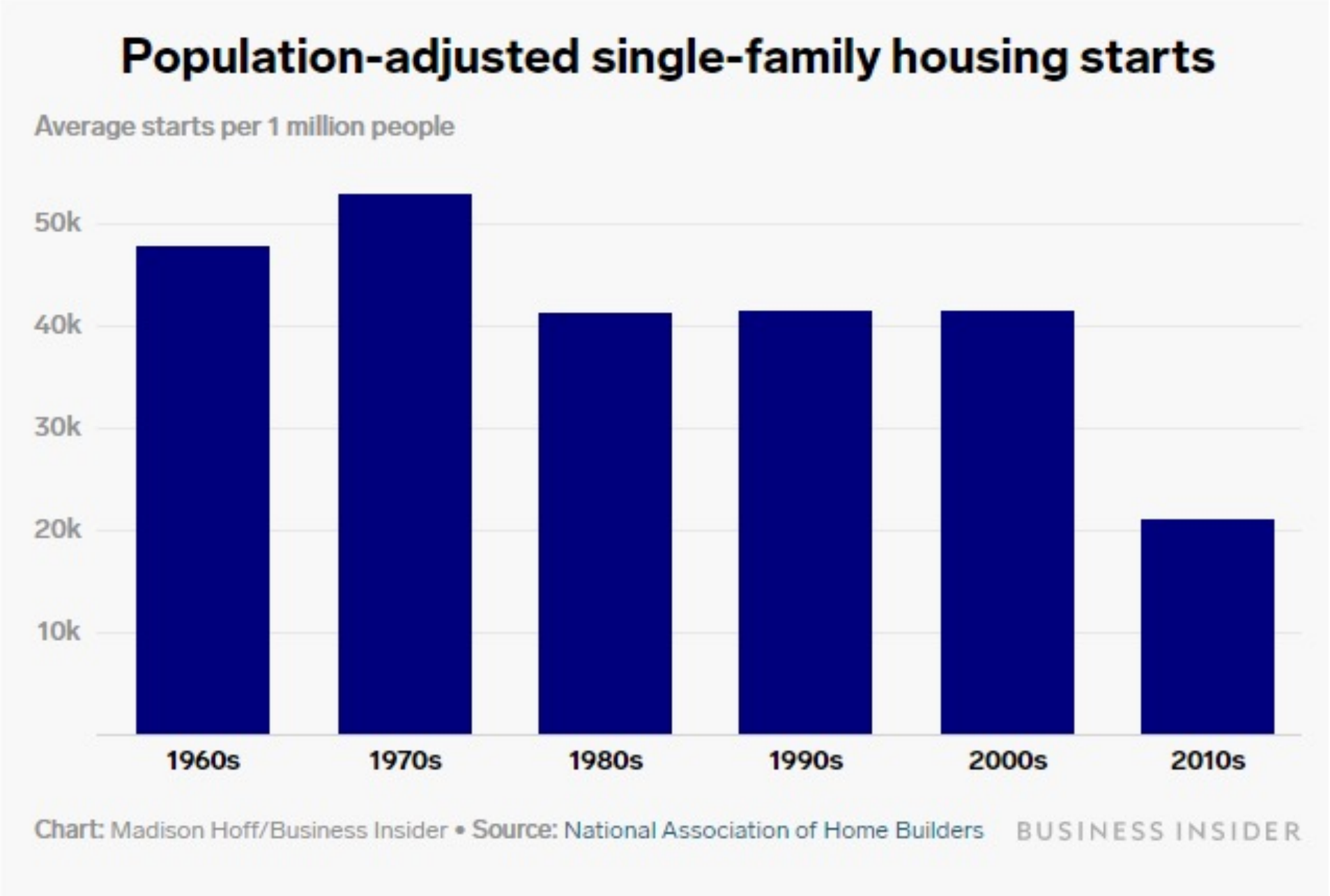
The simplest slide to say we aren't building enough housing



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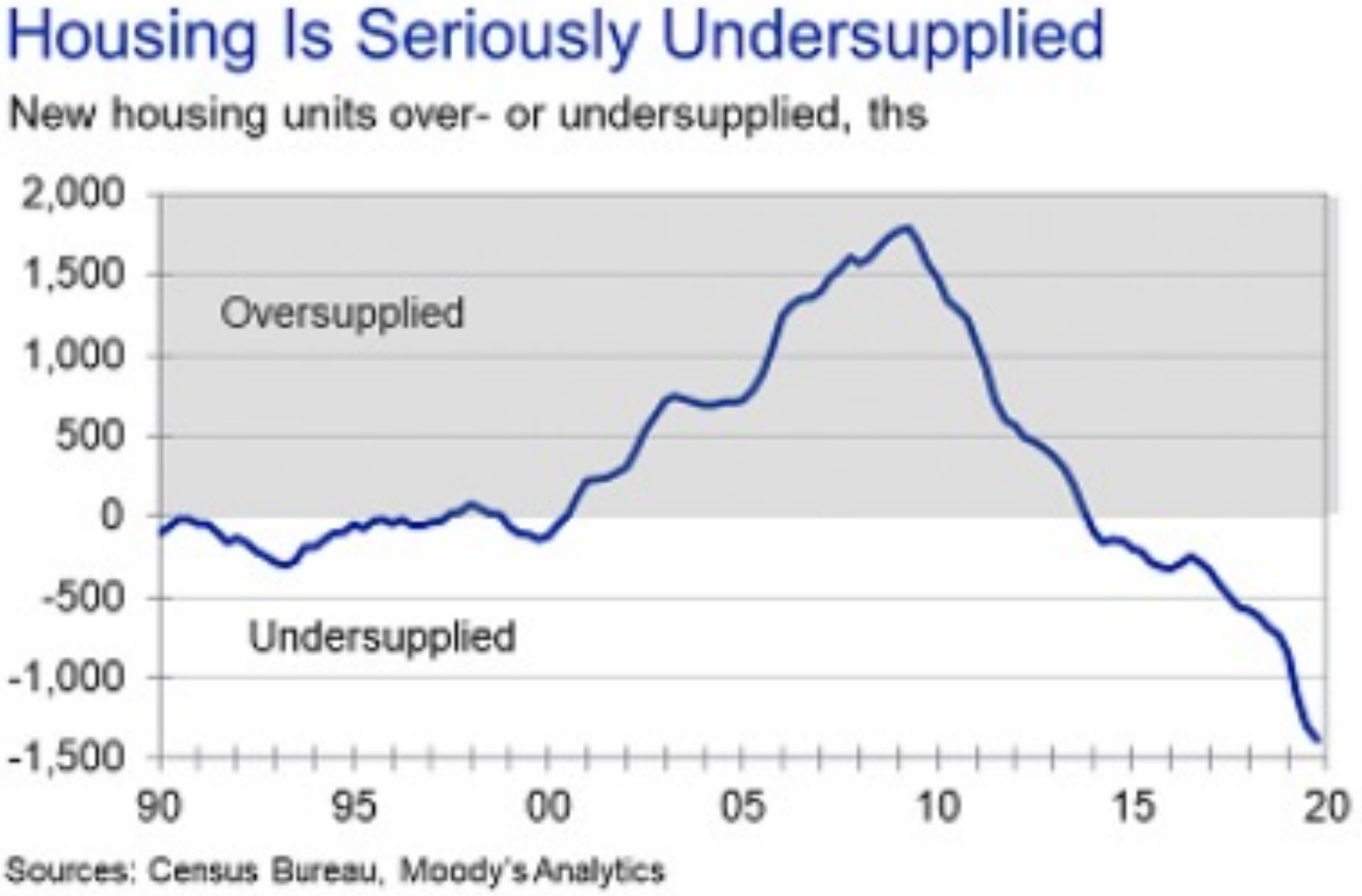
Moody's Analytics: Housing is Seriously Undersupplied



https://www.economy.com/economicview/analysis/383523/This-Week-in-

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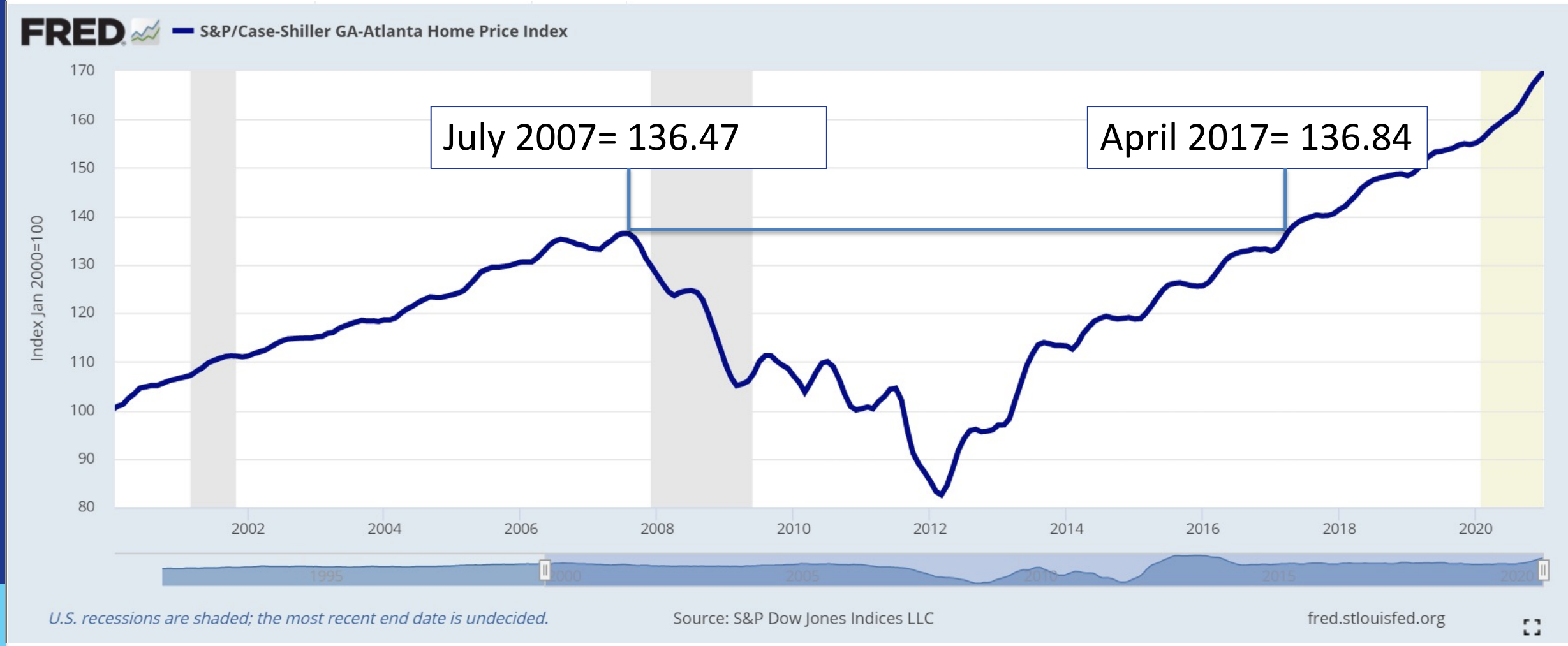
It Took Us 10 Years To Get Back to Pre-Recession Peak…



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…Then it Took Less Than Four Years To Increase By 24%

April 2017 – January 2021

+24%!!

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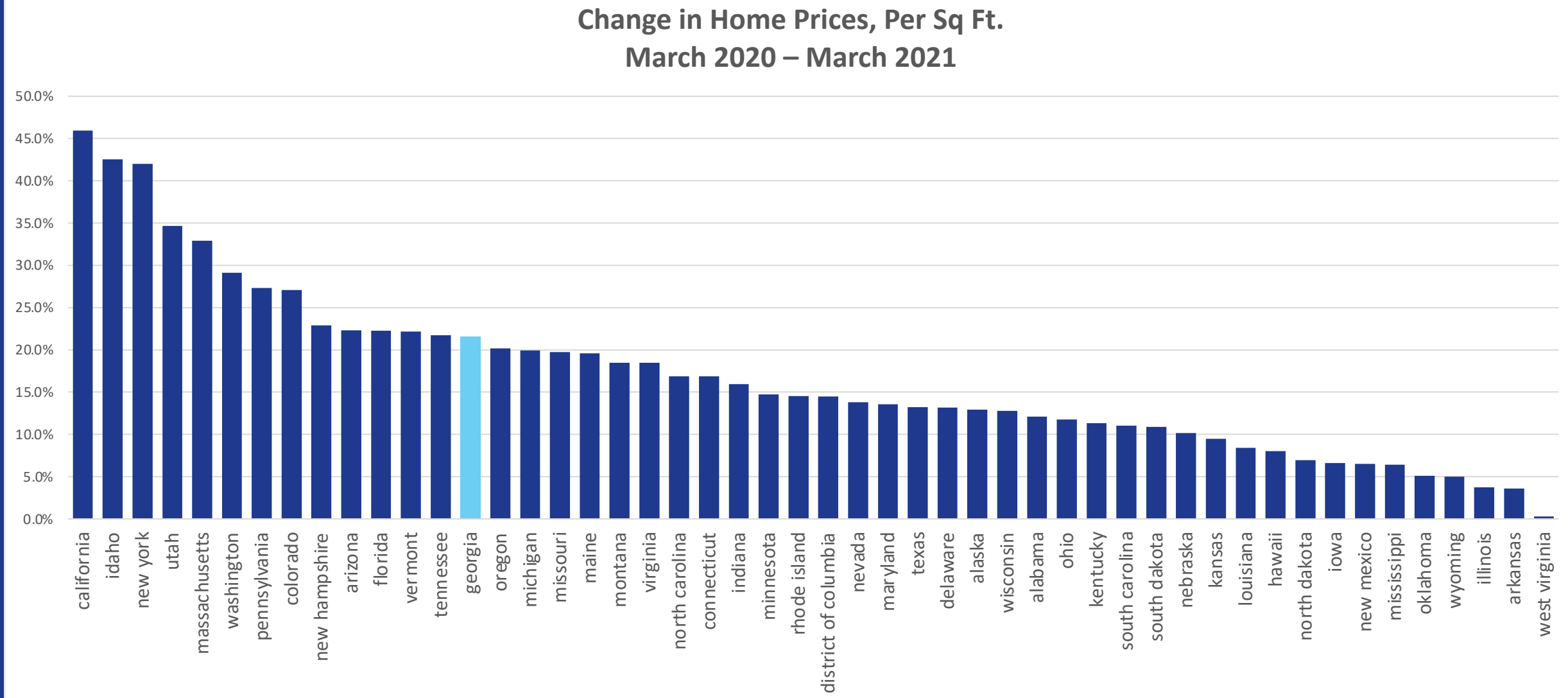
GA Top 15 In Home Price Change Since March 2020



Source: Realtor.Com

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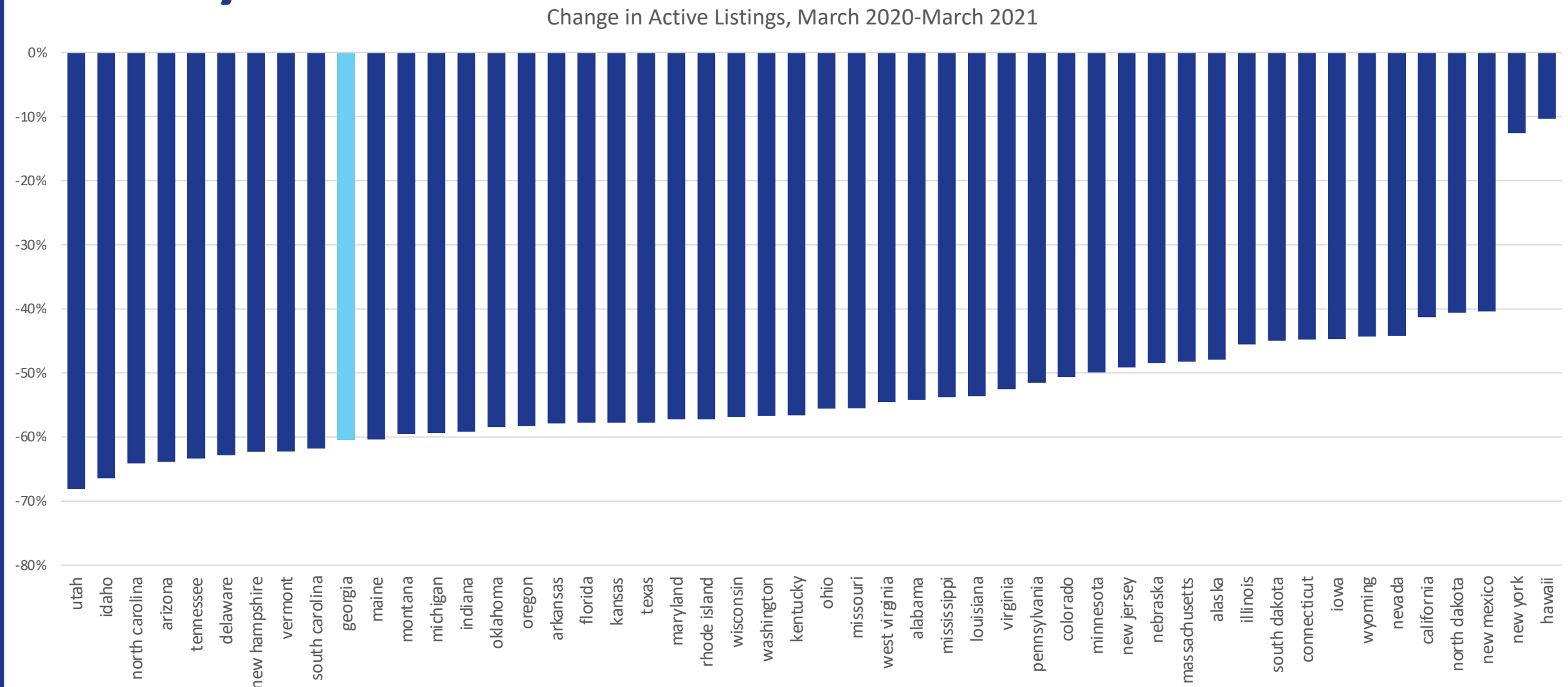
GA Also Has Some Of the Most Constrained Supply in Country



Source: Realtor.Com

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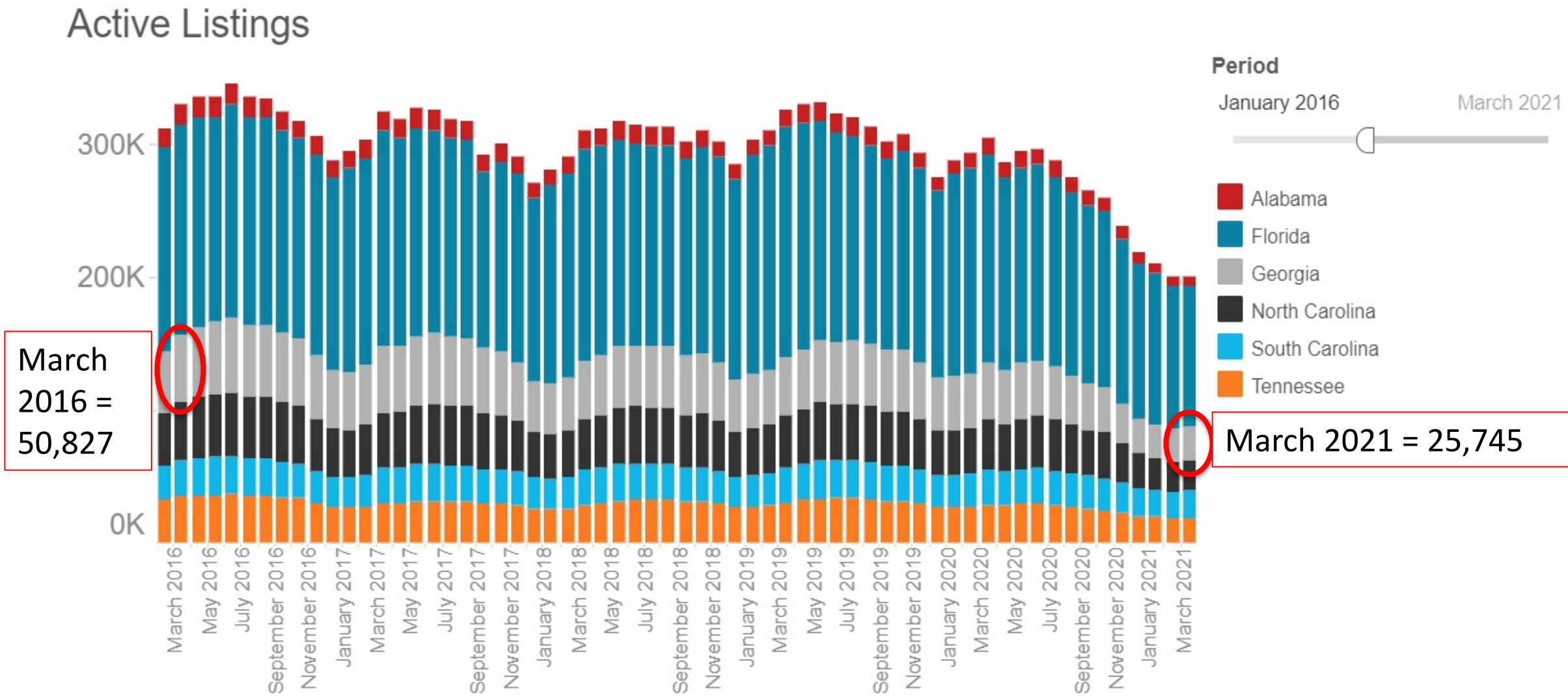
Low Inventory Means Higher Prices



March 2016 = 50,827

March 2021 = 25,745

REDFIN

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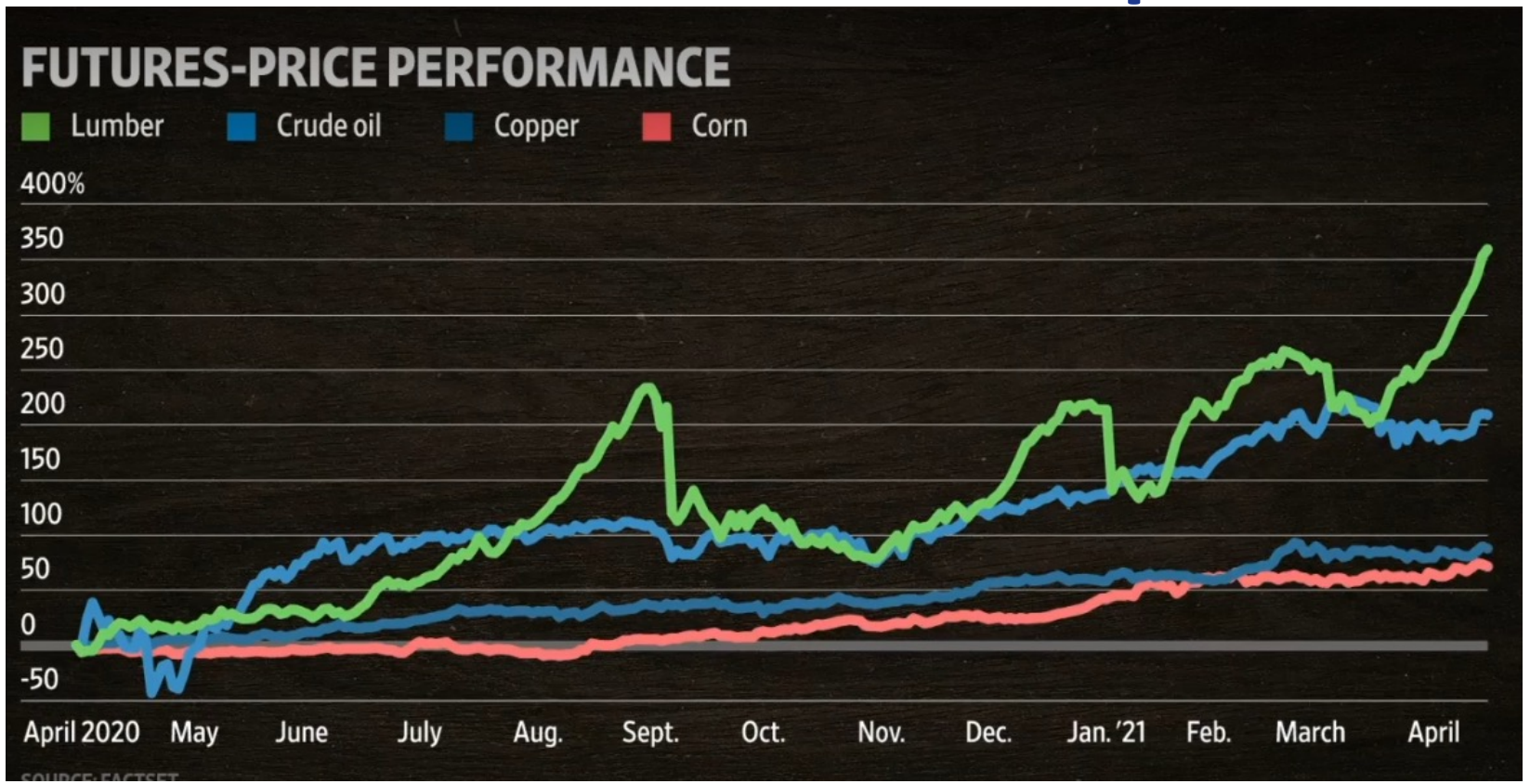
And there is this.. Material prices



Lumber Mills shutdown expecting a downturn.. Housing starts plummeted but then.. a construction boom

Forty years ago, saw timber was $25 a tone- today it is still 25 dollars. (Growers aren't making any money)…
Because the volume of lumber in the South has quadrupled since 1980 because there were Government incentives to plant trees (crop rotation)
Some Lumber forecasters think it may be a decade before enough trees are cut to balance supply (grown trees) with demand (from lumber mills)

https://www.wsj.com/articles/how-the-pandemic-made-lumber-americas-hottest-commodity-11618826111?mod=djem10point

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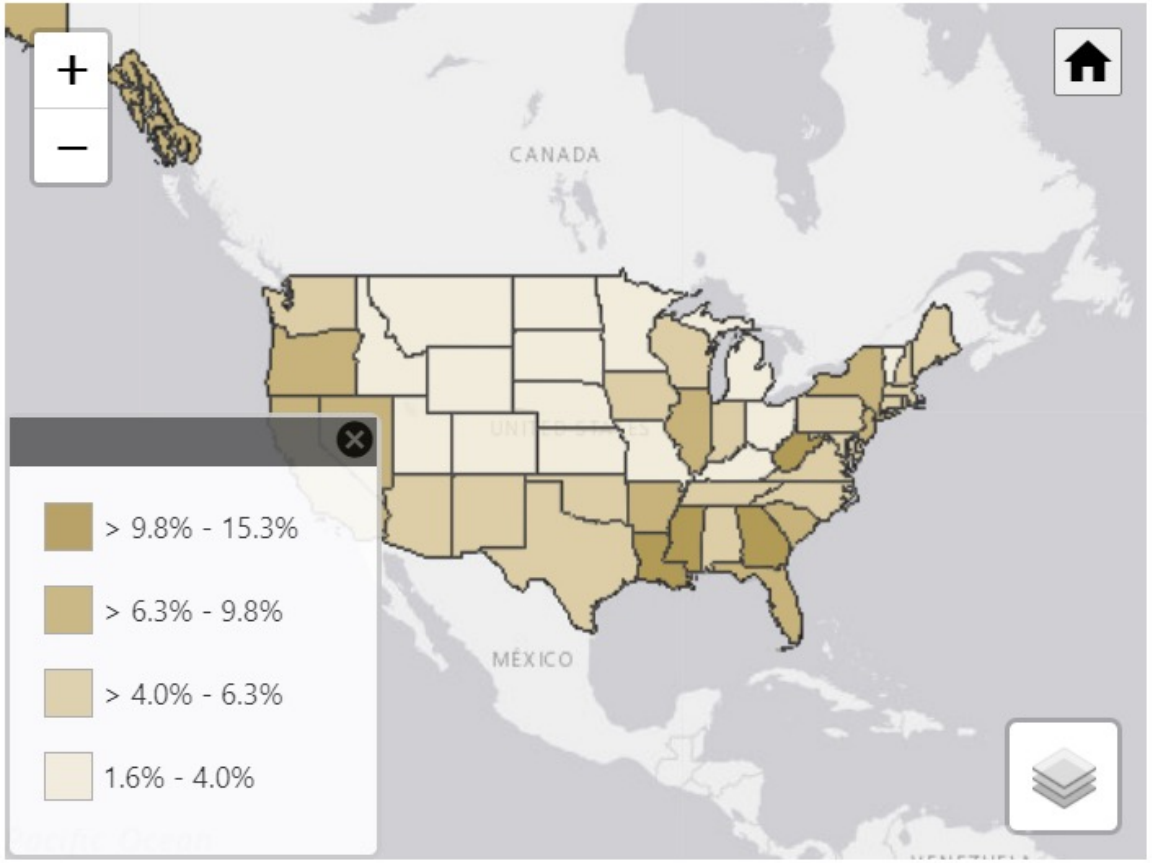
Georgia One Of The Most Housing Insecure States

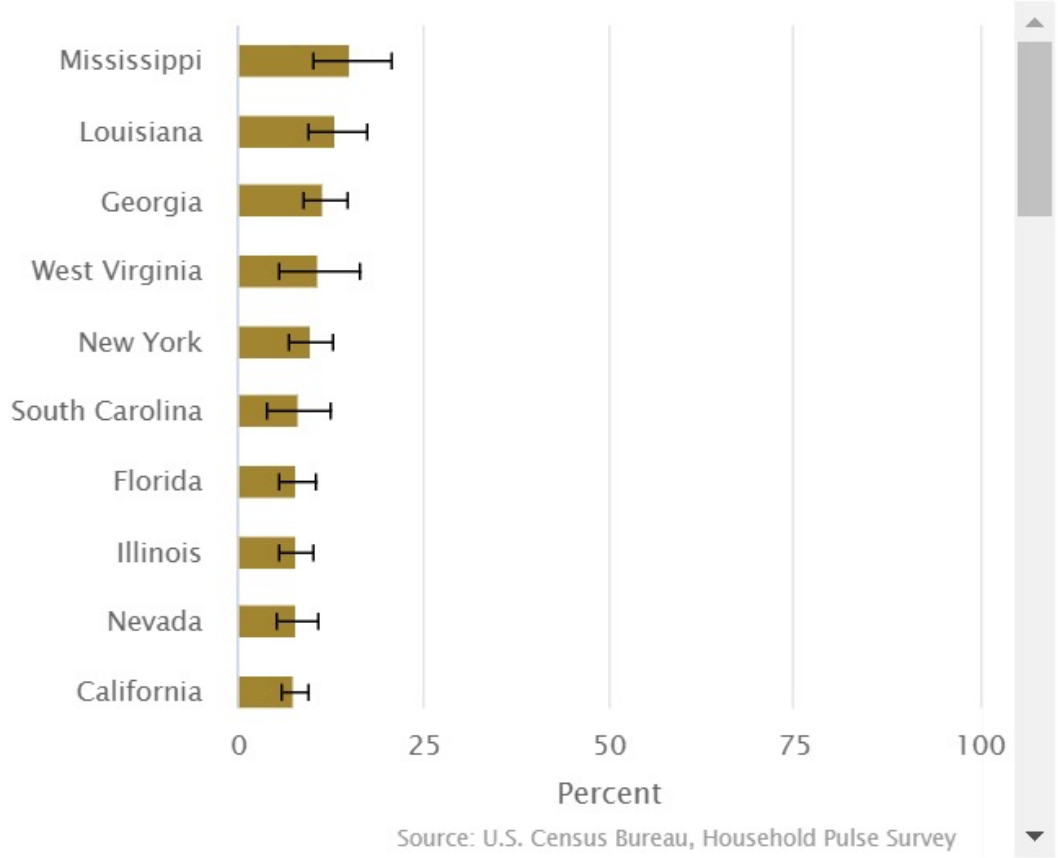
Housing Insecurity

Percentage of adults who are not current on rent or mortgage payments and who have slight or no confidence that their household can pay next month's rent or mortgage on time

Week 27 | States



Week 27 | States



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Gazing Into The Near Future (And the Near Past)

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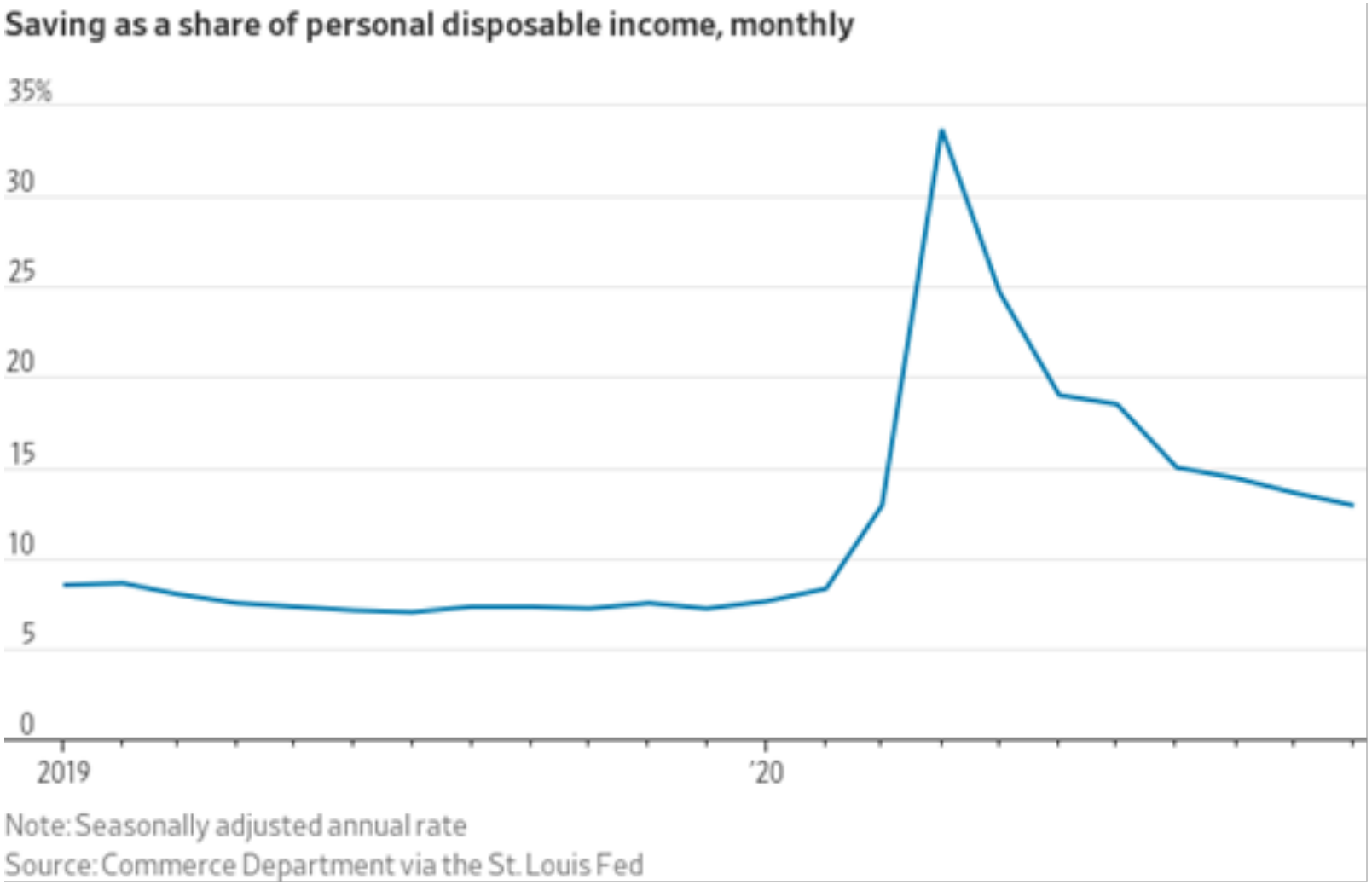
Reason for Optimism in 2021?



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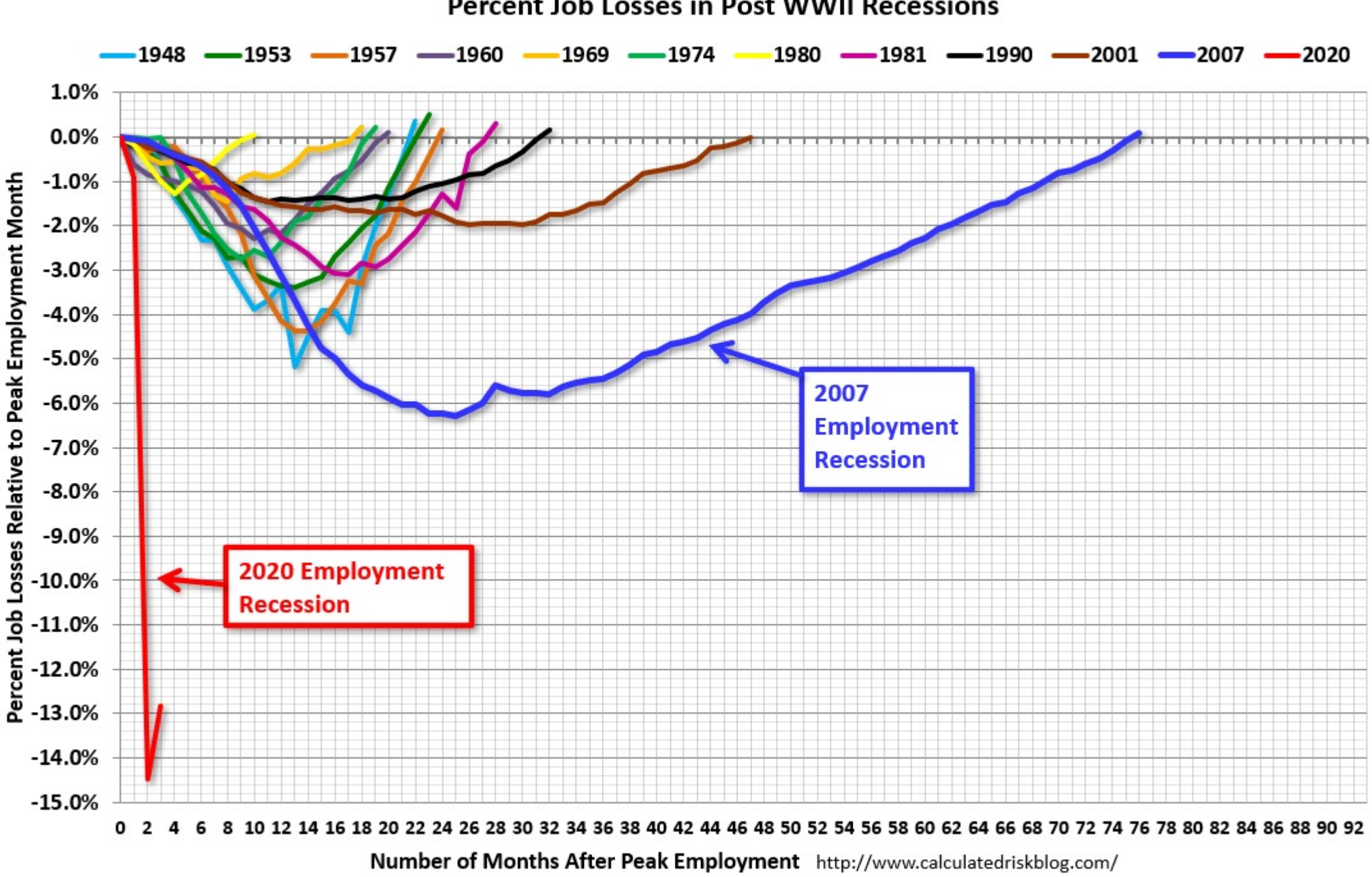

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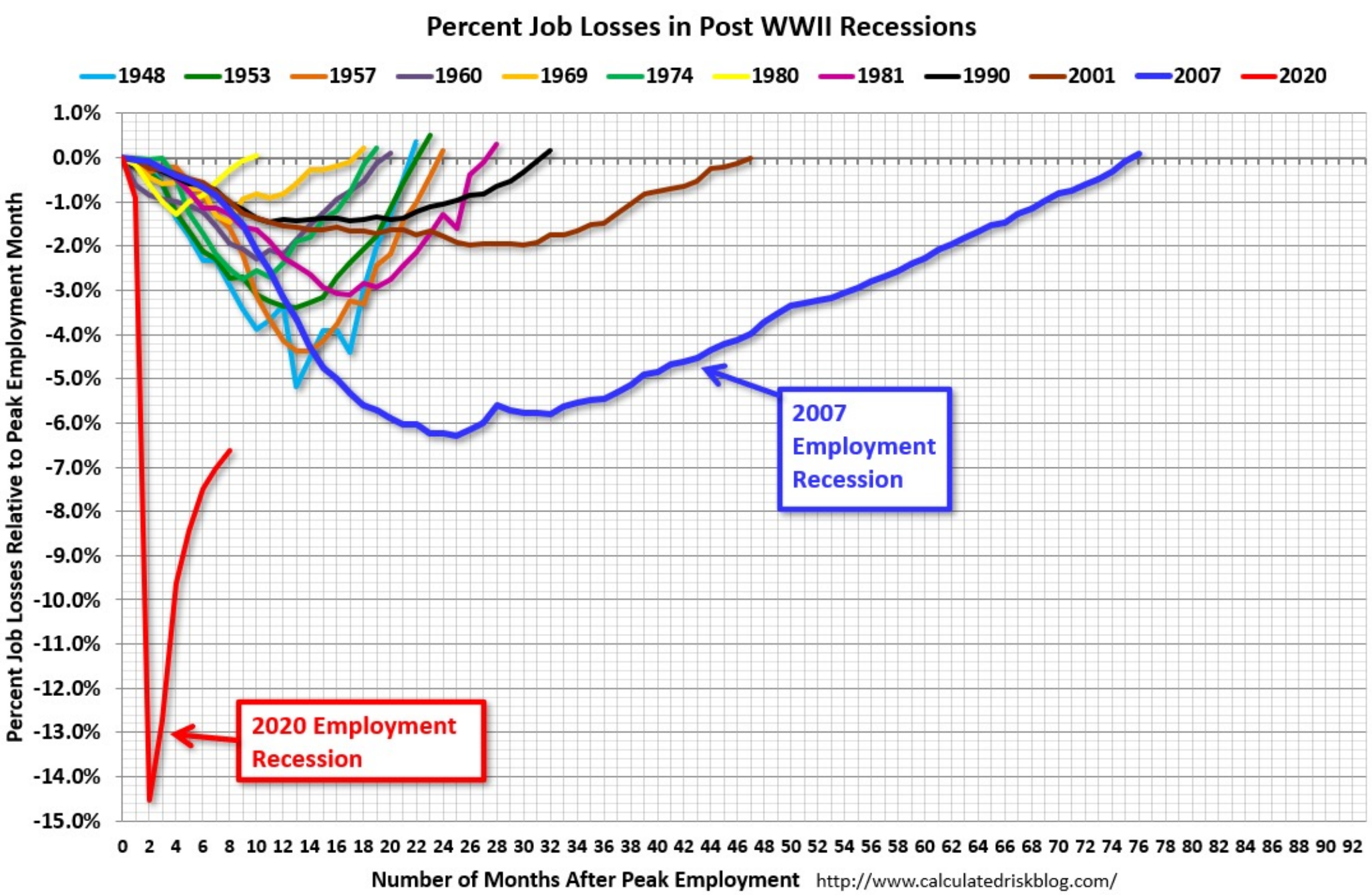

SEARCH: calculatedriskblog.com october employment

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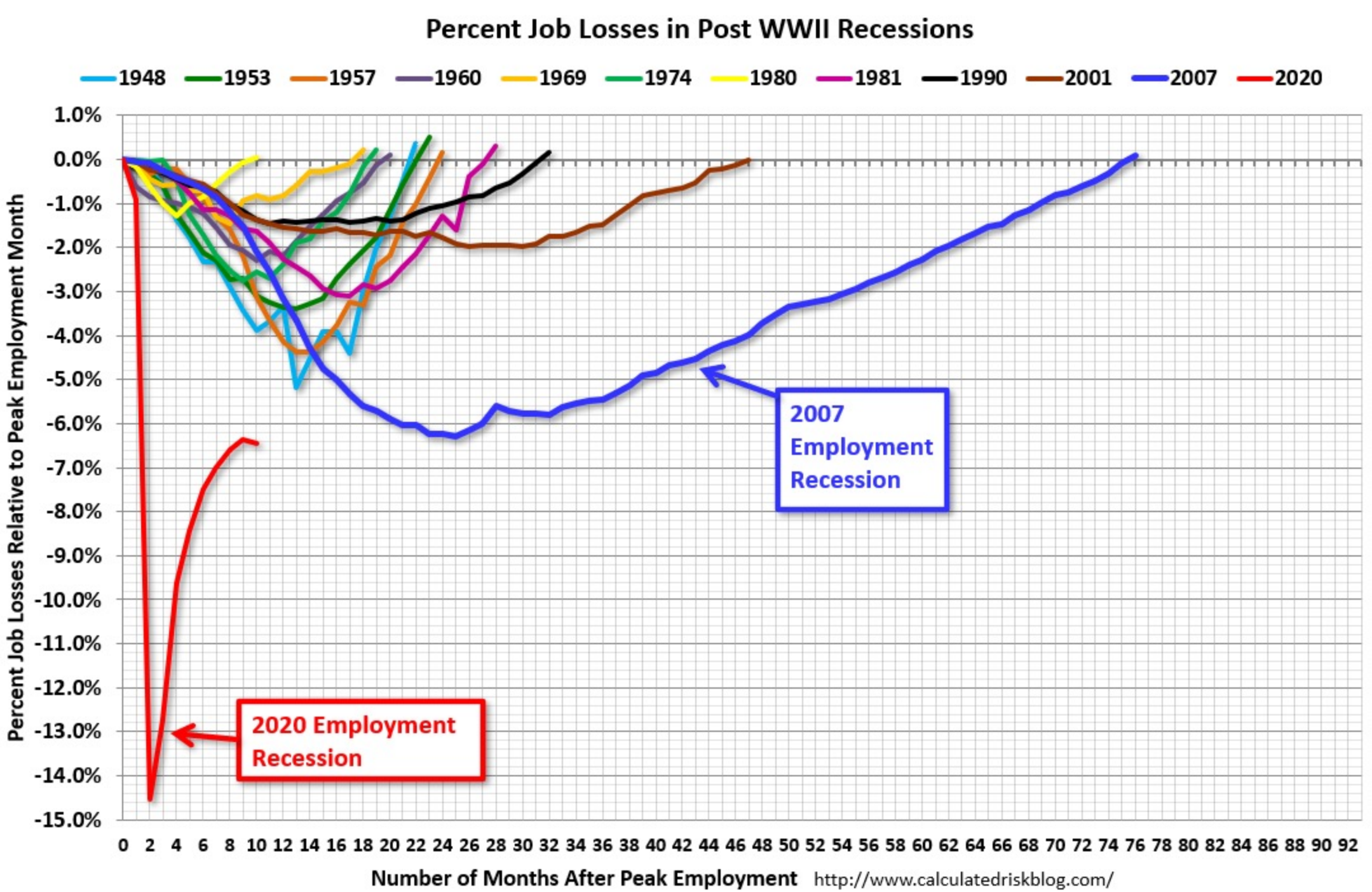

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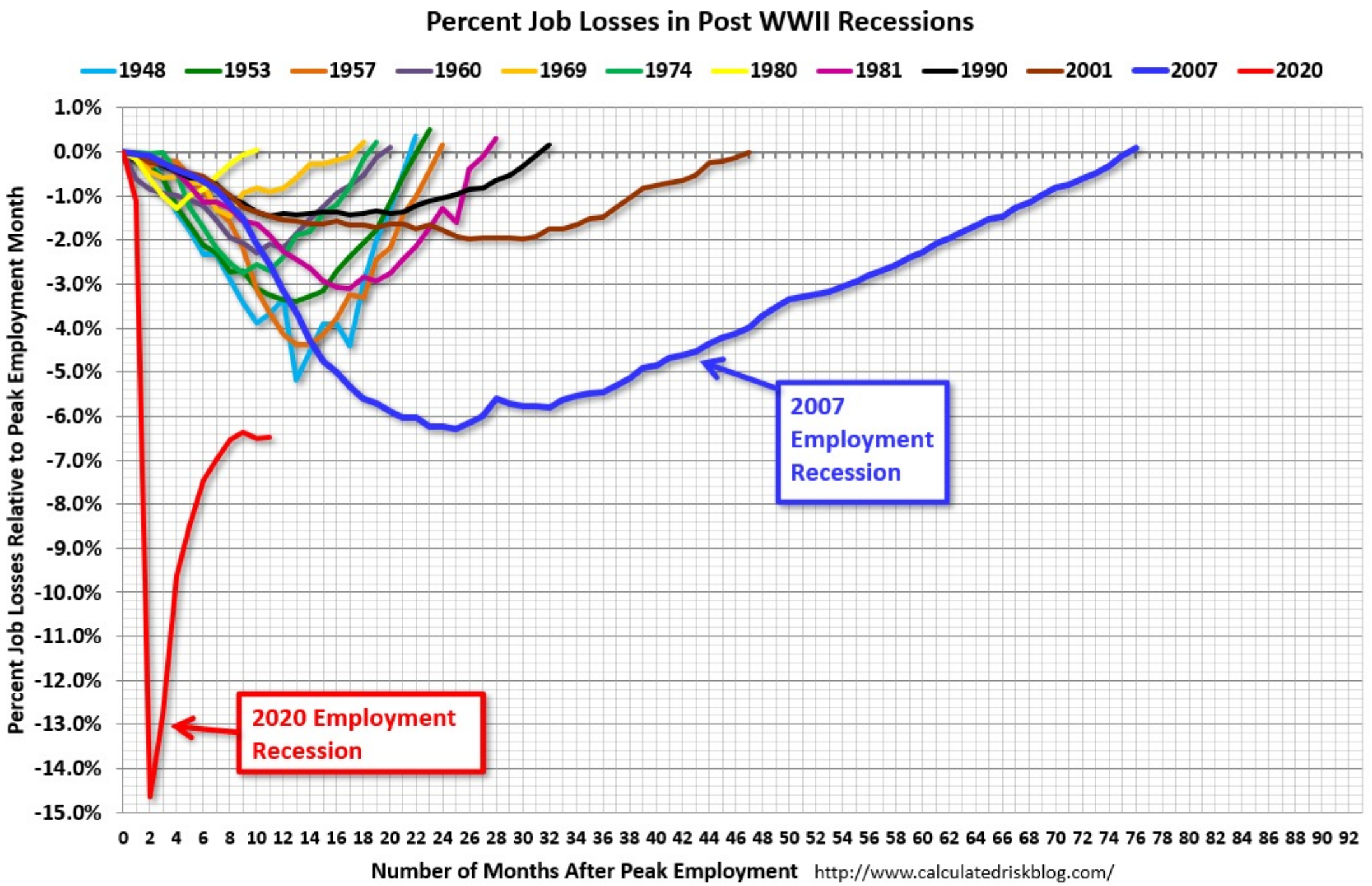

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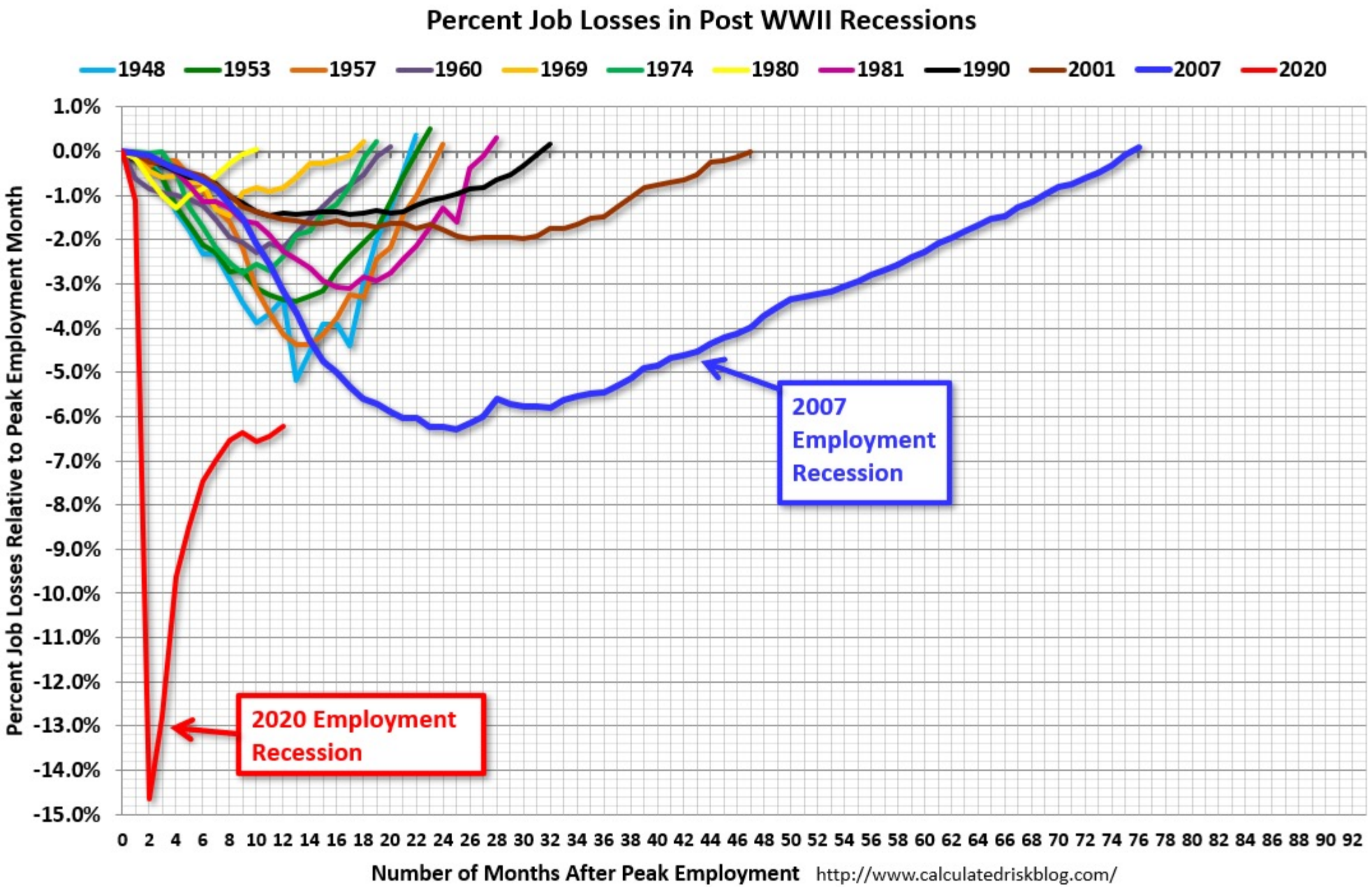

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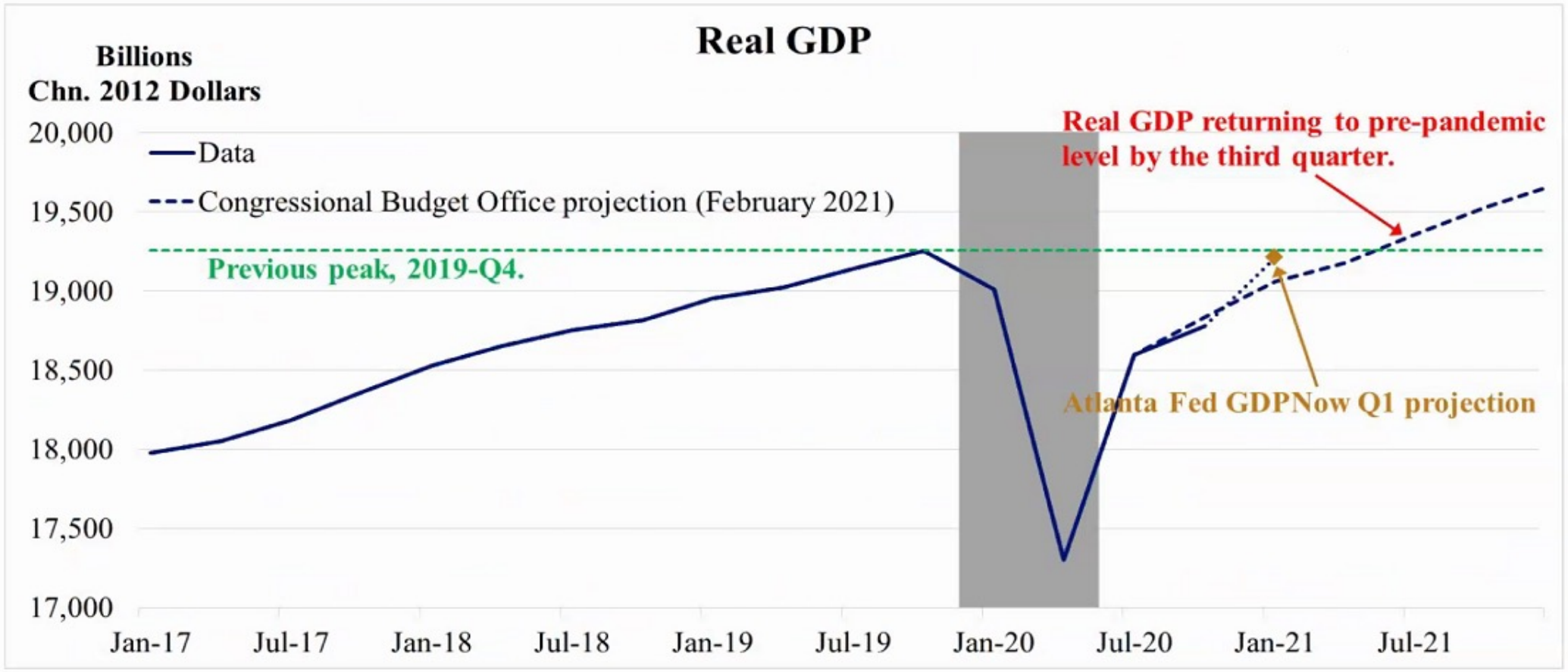
Most Forecasters Are Becoming Rosier About Recovery

The CBO projects GDP recovery in 2021



Sources: Bureau of Economic Analysis, Congressional Budget Office and Federal Reserve Bank of Atlanta and author's calculations. Shaded areas indicate U.S. recessions, assuming the 2020 recession ended in Q2. Last observation: 2020-Q4.

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The FED's Earlier Economic Assessment

Variable	Median [1]				
	2020	2021	2022	2023	Longer run
Change in real GDP	-2.4	4.2	3.2	2.4	1.8
September projection	-3.7	4.0	3.0	2.5	1.9
Unemployment rate	6.7	5.0	4.2	3.7	4.1
September projection	7.6	5.5	4.6	4.0	4.1
PCE inflation	1.2	1.8	1.9	2.0	2.0
September projection	1.2	1.7	1.8	2.0	2.0
Core PCE inflation [4]	1.4	1.8	1.9	2.0	
September projection	1.5	1.7	1.8	2.0	
Memo: Projected appropriate policy path					
Federal funds rate	0.1	0.1	0.1	0.1	2.5
September projection	0.1	0.1	0.1	0.1	2.5

Source: https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20201216.htm

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The FED's LATEST Economic Assessment

Variable	Median [1]			
	2021	2022	2023	Longer run
Change in real GDP	6.5	3.3	2.2	1.8
December projection	4.2	3.2	2.4	1.8
Unemployment rate	4.5	3.9	3.5	4.0
December projection	5.0	4.2	3.7	4.1
PCE inflation	2.4	2.0	2.1	2.0
December projection	1.8	1.9	2.0	2.0
Core PCE inflation[4]	2.2	2.0	2.1	
December projection	1.8	1.9	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	0.1	0.1	0.1	2.5
December projection	0.1	0.1	0.1	2.5

https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20210317.htm

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It’s About People

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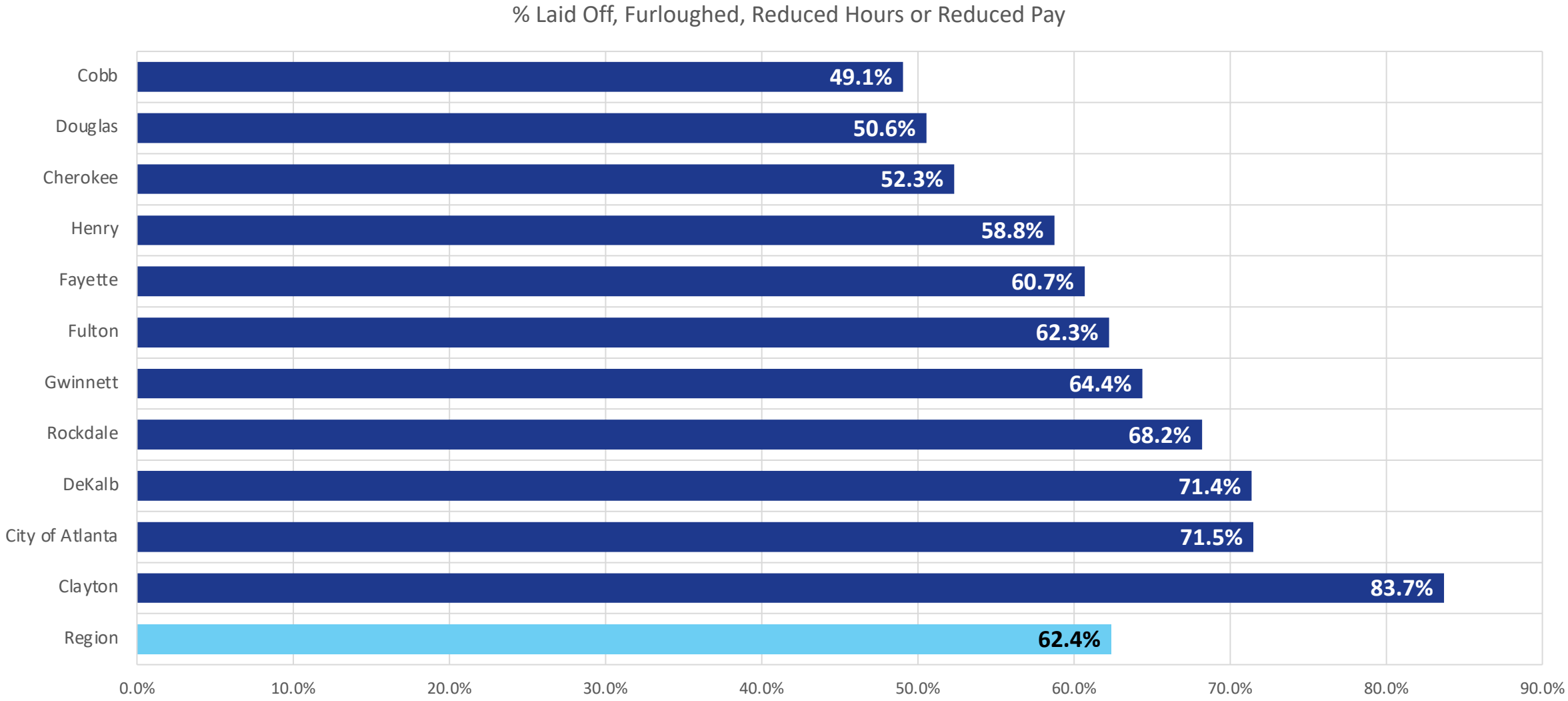
More than Half Of Region's Residents Experienced A Dramatic "Status" Change



Source: 2020 Metro Atlanta Speaks

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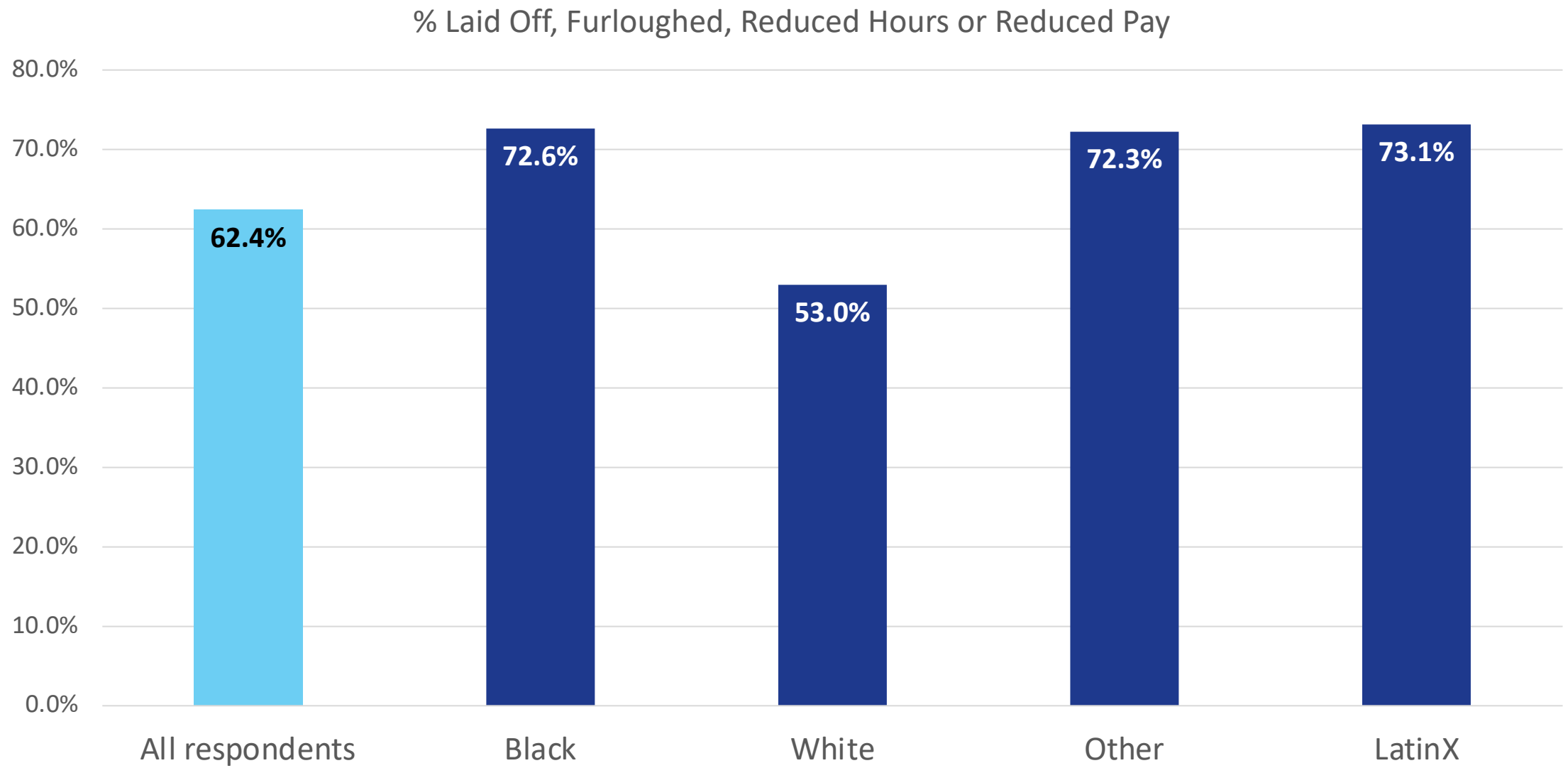
And That, Too, Differs By Race/Ethnicity



Source: 2020 Metro Atlanta Speaks

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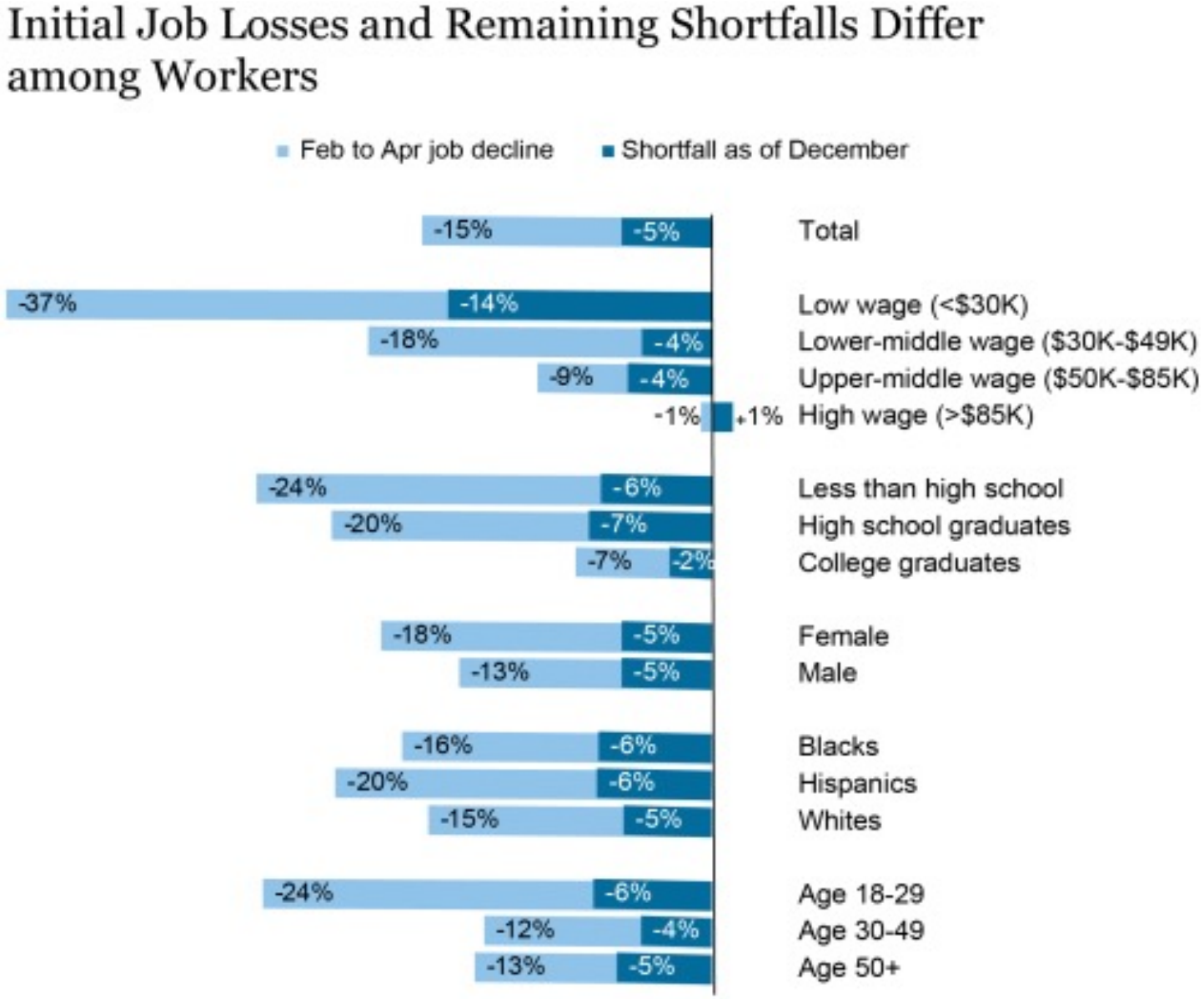
A K-Shaped Recovery …



Source: IPUMS-CPS and IPUMS-USA, University of Minnesota, www.ipums.org.

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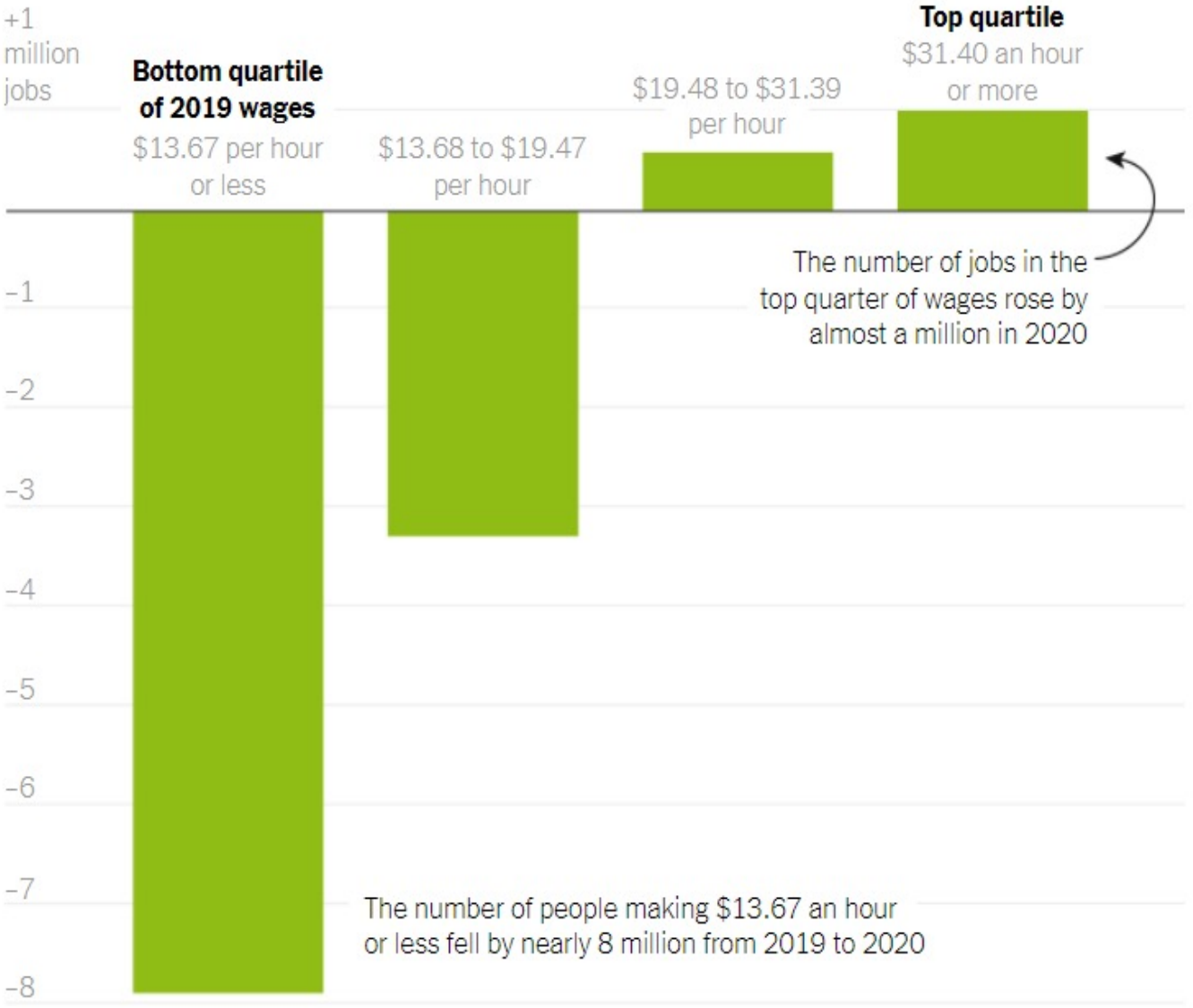
Higher Wage Jobs Have Fully Rebounded and Then Some



Each quartile held roughly 35.3 million jobs in 2019 ▪ Source: Economic Policy Institute analysis of Current Population Survey data.

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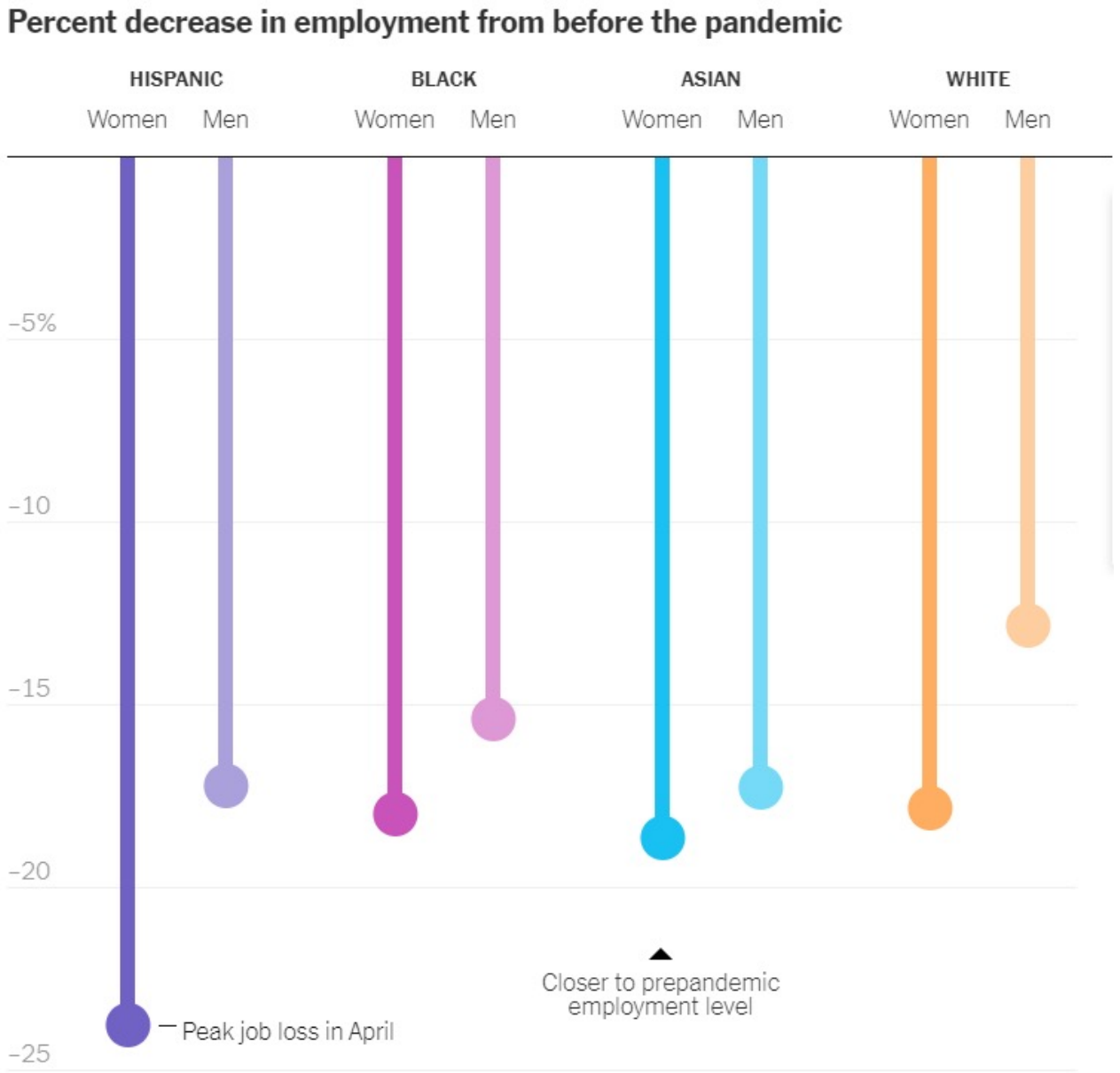
Women And Persons of Color Affected the Most



Source: BLS, via NY Times

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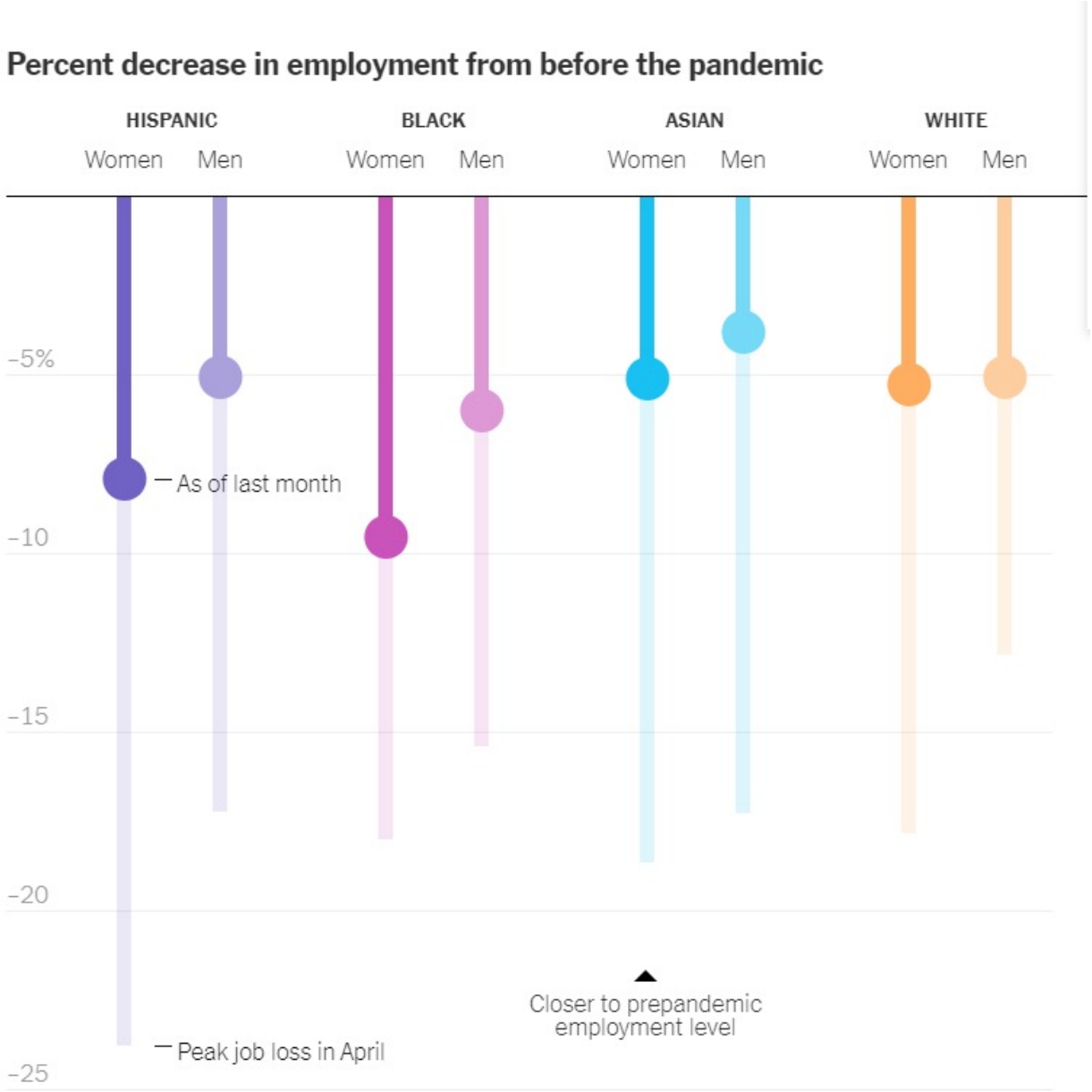
… And STILL Are Struggling the Most



Source: BLS, via NY Times

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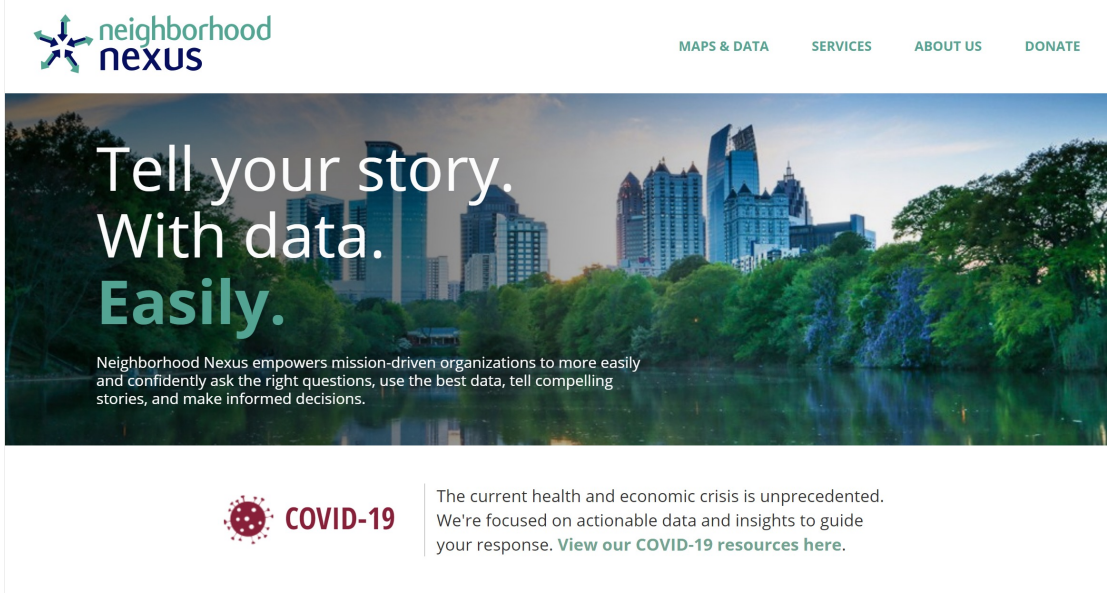
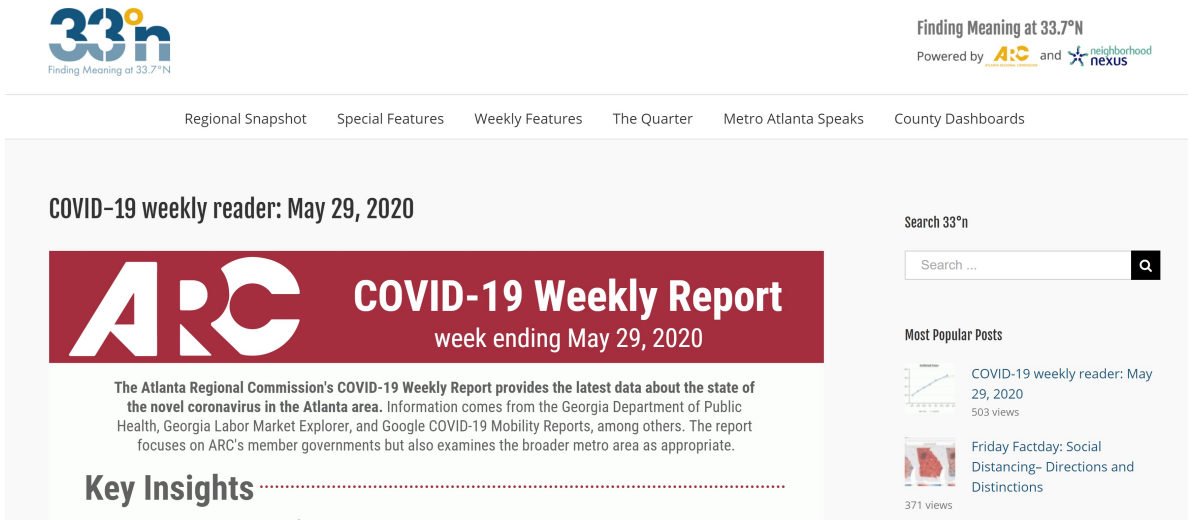
Explore For Yourself! And Questions….

https://neighborhoodnexus.org/covid19/



www.33n.atlantaregional.com



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