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The Governor provided additional guidance this week on the four phase “Safe Start” plan for re-opening. Additional guidance was provided for car wash operations, drive-in religious services and auto and vessel sales to fully implement Phase 1 statewide. Initial Phase 2 guidance was provided for those counties that have obtained a variance to move right to Phase 2 for dine-in restaurants and taverns, manufacturing, in-store retail and personal and professional services. These provide forward guidance to King County businesses for when the county is allowed to move to Phase 2. Restaurants will be required to keep table sizes at a maximum of five and the restaurant occupancy at no more than 50% of capacity. Restaurants will also be required to keep a log of diners in case contact tracing is required. Single use menus will be required and disposable condiments (or sanitized after each use). In-store retail requirements include social distancing measures and contactless transactions whenever possible.

The Governor also published the first risk assessment dashboard update and announced the assembly of a team of 1,371 contact tracers. The risk assessment dashboard has five different indicators including Covid-19 disease activity, testing capacity and availability, case and contact investigations, risk to vulnerable populations and health care system readiness. The least favorable metric at this time is testing capacity and availability.

The start of Phase 1 has allowed for some increased activity in King County but we are still at low levels and the stay at home order remains in place. This continues to mean significant economic impacts and the economic impacts in the coming months will depend on the virus path, how fast consumer demand returns and how social distancing measures impact the economy. It will likely vary by industry and some might see a quick rebound in consumer demand but social distancing means there will not be as large a rebound in revenues since capacity will be reduced in some sectors (e.g. restaurants). The state coronavirus response website indicates June 1 is the earliest we will see statewide movement to Phase 2 if the risk assessment is satisfactory. Long-term impacts like (e.g. permanent remote work like Twitter) are beginning to appear.

A new directive from King County’s public health officer strongly encourages people to wear face coverings in indoor public spaces, such as supermarkets, and in outdoor areas where social distancing guidelines are difficult to follow. The policy is set to begin May 18.

**Significant King County Covid-19 Economic Events**

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| Week | Item | Notes |
| 3/22/20 | Governor announces stay home order-people to stay home, non-essential businesses to close | Essential workers: healthcare, emergency services, public works, food/ag, energy, transport/logistics, communications/IT, others (hotels, construction, rental cars), critical manufacturing, financial services, chemical |
| 4/19/20 | Governor allows re-start of low-risk construction on existing facilities | Must have a plan, social distance and monitor employees |
| 4/26/20 | Governor eases outdoor recreation and elective surgery requirements | State parks/lands open for day use, golf open, Some surgeries get the go ahead |
| 5/3/20 | Phase 1 of Re-opening Starts:  Essential businesses open  State parks open  Following activities allowed:  landscaping and lawn care vehicle/vessel sales  pet walking  retail (curb-side)  car washes | Phase 1 started 5/5/20 and will last at least three weeks. Only essential travel allowed. |
| 5/18/20 | Ban on non-critical medical and dental procedures expires | Some providers are preparing to re-open |
| ? | Phase 2-activities allowed:  Everything in phase 1 plus;  Restaurants to 50% capacity table size no larger than 5  All manufacturing open  New construction  In home/domestic services  Retail (w/restrictions)  Real estate  Office based businesses  Salons/barbers | Earliest date for Phase 2 is 6/1/20 and it will last for at least three weeks. Limited non-essential travel near home allowed and socializing with up to 5 people.  -All goods production (resources, construction and manufacturing) in operation (~180K jobs)  -Majority of services operating |
| ? | Phase 3-activities allowed:  Everything in phase 2 plus;  Restaurants to 75% capacity table size no larger than 10  Bars <25% capacity  Indoor gyms (<50% capacity) Movie theatres(<50% capacity)  Government (telework encouraged)  Libraries/museums  All other business activities except nightclubs and events with more than 50 people | Earliest possible date for Phase 3 is 6/21/20 and it will last for at least three weeks. Non-essential travel allowed and socializing with up to 50 people. |
| ? | Phase 4-activities allowed:  Everything in phase 3 plus;  Nightclubs/concert venues  Large sporting events, Unrestricted staffing but continue social distancing and good hygiene | Earliest possible date for Phase 4 is 7/12/20. All non-essential travel allowed. |

Boeing continued to make news this week with the announcement that the 737 production facility in Renton would be re-opening this month after being shuttered since January. Approximately 12,000 workers worked at that factory in the past, but CEO Calhoun indicated they will be ramping up to a production rate of 21 per month in 2020 which is a much slower pace than the 52 per month assembled previously.

Curbside retail is allowed under Phase 1 and some retailers are taking advantage of it. REI announced it will open six of its Seattle area stores for curb-side retail. Otherwise, the news is mostly around closures and bankruptcies (e.g. Nordstrom, Sur La Table, JC Penney, Neiman Marcus).

The Covid-19 pandemic has led to multiple policies related to the plight of renters and landlords. Many people have lost their jobs very quickly and that has made it difficult for some to pay rent and for landlords to make payments to their creditors. The Governor placed a statewide evictions ban on residential and commercial establishments through the end of the civil emergency and the federal government’s CARES act has eviction restrictions for any loans backed by the federal government. The City of Seattle also put in place some eviction restrictions and just recently has extended them six months after the state emergency ends which together with the existing winter evictions ban means it will be in effect into early 2021. The Seattle rules allow for private agreements on late payments but also provides a boilerplate payment plan if the landlord and tenant cannot agree. The table below has a summary for the federal, state and selected local cities.

**Selected Eviction Restrictions (as of 5-13-20)**



King County had 37,701 initial claims this week which was a nearly 20% increase over last week. Claims were up in manufacturing, construction, and retail and down in food service and accommodations. There were notable increases in information, professional services and education and health.

Fewer anecdotes are coming in now as most activity is shuttered and the impacts have been highlighted previously. Those listed continue to show the drastic reduction in demand and now the consequent layoffs and furloughs locally.





**Anecdotal by Industry**

Manufacturing

•Boeing’s official current order backlog across all programs stands at 4,834, down 215 aircraft from a month earlier. (ST, 5-12-20)

•Qatar airways in talks to defer their orders for 88 Boeing aircraft (PSBJ, 5-13-20)

Construction

•Building permits in the City of Kirkland were down 52% in April 2020 relative to April 2019

Retail

• Earnest national spending data week ending 4/29/20; online grocers +163% (yoy), Home Improvement +37% (yoy), Delivery aggregators +123% (yoy) (Earnest, 5-7-20)

•Albertsons hired more than 5,000 employees since Covid-19 began and sales have increased 47% in the first four weeks and 21% in the following four weeks. (PSBJ, 5-12-20)

Hotels

•N/A

Restaurants

•N/A

Tourism

•Princess Cruises has scrapped its 2020 summer season because of closed ports and disrupted air travel related to the global coronavirus pandemic. Summer sailings to Alaska and the Caribbean as well as remaining European, trans-Atlantic and Canada/New England itineraries have been canceled. (ST 5-13-20)

•Carnival Cruise Line, Holland America, and Princess Cruises announced the full cancelation of their 2020 Seattle cruise season (Port of Seattle, 5-13-20)

Airlines/Trade

•"Most [airlines] are trying to dial in a return of about 30% to 50% (of passenger flying) by the end of this year," [Boeing CEO] Calhoun said. "A lot's going to depend on how the public responds to the safety of airplane cabins, etc. But they are reasonably confident that they can approach half the schedule they had before." (PSBJ, 5-11-20)

•Seattle-Tacoma International Airport (SEA) is serving an average of over 6,300 departing passengers per day for the past few days, up from a daily average of 3,800 a week ago; but it’s still down 88% compared to over 55,000 the same period last year (Port of Seattle, 5-13-20)

Real Estate

•Seattle-based co-working company The Riveter has slowed its national expansion plans and is looking to sublease six of its nine locations, including one in Bellevue. (PSBJ, 5-11-20)

•A national poll of Business Journals readers that found the majority of respondents were in some stage of negotiations for lease or mortgage concessions due to challenges posed by the Covid-19 pandemic (PSBJ, 5-13-20)

Employment

•“We ... made a pledge to our employees that there will be no layoffs at F5 in our fiscal year 2020,” F5 CEO François Locoh-Donou. (PSBJ, 5-12-20)

State/Municipal Governments

•King County approved $60 million in supplemental Covid-19 funding, with some money going to small businesses, tourism and others, and more than half earmarked for quarantine facilities (PSBJ, 5-13-20)

Other

•Washington also received a $12 million disaster recovery grant to move thousands of unemployed workers into jobs that have seen increased demand amid Covid-19, including emergency management, treatment and quarantine area set-up, unemployment claims intake, behavioral and developmental health, custodial services, delivery, food banks, shelters and other human services. (PSBJ 5-7-20)

•Seattle job openings down 40% from recent peak according to Indeed.com (ST, 4-12-20)