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The second week of the Covid-19 crisis has revealed the increasing impact to both human health and the economy. Efforts to control the spread of the virus lead Governor Inslee to ban large gatherings (3/11), close schools in King, Pierce and Snohomish counties (3/12), close schools statewide (3/13) and close all restaurants, bars and recreation facilities (3/15). Measures like these are now taking place around the U.S. with some areas (e.g. the San Francisco bay area) requiring residents to shelter in place. It is hoped these measures will be successful in slowing the spread of the virus.

Measures such as these have also increased the current and future expected economic impacts. The hospitality and tourism sectors have been devastated with an unprecedented drop in demand. Many office workers are now working from home as indicated by the large reduction in public transit volumes below. This, along with reduced tourism, has left central business districts with drastically reduced volumes of shoppers, diners, tourists, etc., and most restaurants are now closed or trying to get by on take-out orders. Layoffs in hospitality industries are likely to be heavy. The claims data below are reflecting that with an enormous increase this week in both county and state totals and particularly statewide in accommodation and food service (county data by industry is only available monthly).

At the national level we’re also seeing a slowdown in manufacturing both due to supply chain disruptions and due to concerns over Covid-19. Boeing has at least publicly indicated it intends to remain in production, but the impacts to the airlines together with the MAX grounding makes that a question mark. So far, the construction industry seems to be holding on although the national media has reported impacts on the supply side.

Governments at all level have been responding. The Federal Reserve has cut the federal funds rate 150 basis points since the beginning of the month and the target range is now 0%-0.25% as it was during the Great Recession. The federal government is working on fiscal stimulus that may be near $1T. State and local governments have also been working on doing what they can to help, most importantly directly working to stop the public health emergency, but also with expanded unemployment benefits, loans, emergency grants, etc.

Anecdotal information continues to be made available by you (thanks!) and via media outlets and largely supports the drastic reduction in demand for hospitality related work. Many will see near-zero revenues for the second half of March along with vastly reduced revenues the first two weeks.



**Anecdotal by Industry**

Manufacturing

•Boeing still operating plants; Renton idle (PSBJ, 3-17-20)

•Boeing is considering cutting production (Chicago Tribune, 3-16-20)

Construction

•Nationally, contractor’s reporting delays in drywall, glass, steel, HVAC and electrical equipment due to situation in China and Italy (AGC’s Data Digest, March 9-March 16)

•48 story condo tower approved in Seattle and developer says they will start building in 14 days (Puget Sound Business Journal (PSBJ), 3-18-20)

Retail

• Abercrombie, Nike, Apple, MSFT, Lululemon, UnderArmour, Urban Outfitters, Nordstrom’s, REI, others announce two week closures. Stores limit overnight hours for restocking shelves (WSJ, 3/16/20, others)

•Marijuana sales see big jump; up 30% at Uncle Ike’s (PSBJ, 3-18-20)

•Bellevue restaurants, attractions and retail saw 80% reduction in business first two weeks in March (Visit Bellevue, 3-18-20)

Hotels

•40%-60% decline in occupancy in downtown Seattle hotels, one chain at 4%-6%. Layoffs have begun (PSBJ, 3/11/20)

•Bellevue city-wide hotel occupancy expected to come in at 10% in March (Visit Bellevue, 3-18-20)

Restaurants

•Open table reports diner traffic in Seattle -62% year over year (Calculated Risk blog)

Tourism

•Bellevue is losing $1.5M/day in direct visitor spending (Visit Bellevue, 3-18-20)

Airlines

•Alaska Airlines to cut flights in May, 265K fewer booking in late Feb. 2020 relative to 2019, 270K more cancellations (PSBJ, 3/10/20)

Real Estate

•Housing market “hot” for houses $800K and less and “slowing slightly” for homes >$1.2M (Puget Sound Business Journal, 3/12/20)

•National Association of Realtor members report 11% lower home buyer traffic and 7% lower home seller traffic (WSJ, 3/13/20)

•NW Multiple Listing Service suspends open houses (3/17/20)

•Zillow says online shopping activity is “bumpy” (PSBJ, 3/18/20)

Other

•February Costco sales “off the charts” (PSBJ, 3/9/20)

•Hospitality industry in Bellevue has 10,000 workers and are seeing 85% layoffs citywide (Visit Bellevue, 3-18-20)

•Passengers through Sea-Tac security checkpoints were around 50K this time last year and now are averaging 16K-17K (Port of Seattle, 3-18-20)