



Basis Points – August 3, 2021

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Above the Fold

Federal Eviction Moratorium Ends: What Does It Mean for the Economy?

In September of 2020, the Centers for Disease Control and Prevention enacted a federal ban on evictions for workers who were affected by the pandemic. Millions of Americans took advantage of the program and stopped paying landlords across the country. The moratorium has been a hotly-debated issue, but aside from politics, we thought it would be useful to understand how its end could affect economic conditions with its ending last Saturday.

Renters will now have to pay rents due for Aug. 1, plus any rents left unpaid during the moratorium (landlords may offer payment plans or forgive portions of rents). And while some states have opted to extend eviction protections, more than 3.6 million people face eviction in the coming

months. That sounds ominous, but we must remember that America is not in the midst of a recession or depression. In fact, the labor market is extremely robust and hungry for workers. U.S. job openings rose to a [record high](#) last month, while layoffs hit an all-time low. In other words, those who are truly in need of work and income should have an easier time finding it.

As evictions and move-outs increase, we should also see some changes in the housing market as inventories of homes and apartments come back online (it's really difficult to market a property with a tenant that isn't paying rent). The increased inventory may provide a reprieve for renters or buyers who have been struggling to gain access to a tight housing market. And as landlords start to regain income, the economy should also see a boost in spending in general and in housing-centric sectors as investors prepare properties for new renters.

Three Things

1. *Square Spends to Expand* – Digital payment company Square Inc. has agreed to buy Australian company Afterpay Ltd. in an all-stock deal valued at \$29 billion. Afterpay specializes in “buy now, pay later,” offering four, interest-free installments for purchases that a shopper selects upon checkout. The company is popular among younger consumers who are becoming increasingly aware of credit, interest rates and smart money management. The deal is Square's largest-ever acquisition.
2. *Elon Musk Takes Aim at Apple Store* – In a scathing Tweet, Tesla head Elon Musk sided with game-maker Epic, calling Apple app store fees “a de facto global tax on the internet.” Apple typically collects 30% on most paid app store transactions; and mobile apps are expected to generate over \$935 billion by 2023. Epic's lawsuit against Apple is still pending a verdict.
3. *Commercial Sales Volume Takes Unexpected Turn* – Unlike the decline we've seen in new home residential sales as of late, domestic commercial property sales volumes have returned to pre-pandemic levels. Even though transactions are jumping, cities like New York, San Francisco and Chicago are still experiencing tenant and value struggles, as are convention hotels and large downtown office buildings. The biggest strength is in multifamily developments outside urban areas.

Did You Know?

Columbus Sets Sail

It was on this day in 1492, that Christopher Columbus set off with 86 crew members aboard three ships from Palos, Spain. The goal was to find a westward route to China and India, but after a tumultuous trip, the fleet ended up in what is now the Bahamas. Land was first sighted on Oct. 12 from the Pinta, but Columbus, who was aboard the Niña, later claimed the accomplishment. The

Niña and the Pinta were quick and agile ships called caravels, measuring only about 60 feet from bow to stern. For comparison, one of the smallest modern cruise ships used today is nearly 300 feet in length.

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