



Basis Points – April 30, 2020

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Above the Fold

Airbnb: The Housing Market's New Problem?

Hundreds of thousands of Americans purchased investment properties to generate income using short-term rental service Airbnb. But the coronavirus pandemic has caused the number of weekly bookings to decrease from around 550,000 in early March to just over 100,000 over the last week, leaving homeowners, housekeepers and maintenance workers without a large portion of their income.

While the number of properties listed on Airbnb, just under 700,000 in the U.S. (more than 7 million globally), is not likely enough to trigger a housing crisis, the values paid for these homes tend to skew market prices higher. The distress could create localized value deficiencies and

trigger more lender restrictions as a great number of investors have mortgages against their short-term rental income. The industry is also under scrutiny by many local governments for its impact on affordable housing. The crisis could validate governments' caution around Airbnb-type property ownership, leading to restrictions that may also affect value.

Three Things

1. *Do You Have Zoom Fatigue?* – People around the globe are complaining that remote work, stay-at-home orders and limiting physical contact are not the social reprieve many thought. Workers, students, retirees and others now feel that their digital accessibility, through video-chat apps like Facetime, Zoom, Hangouts and others, have turned what should be peaceful downtime, into obligated engagement and increased (virtual) social activity.
2. *Record Expansion Officially Ends* – Although most economists believe a recession began in the back half of March (when lockdowns began), the latest gross domestic product (annualized estimate) showed a decline of 4.8% for the first quarter. Technically, a recession doesn't begin until GDP registers two consecutive quarters of decline. The vast majority of economists see a much bigger drop in second quarter GDP when that data is released mid-summer.
3. *Biblical Times in Africa* – The world's second-largest continent is bracing for what could be the largest locust swarm in history. United Nations officials warn that the East African-focused swarm could destroy 2 million square miles of pastureland and push as many as 130 million people to the "brink of starvation" as the infestation comes right at a critical planting time for many countries.

Did You Know?

The Latest (Fact-Checked) COVID-19 Positives

- A government-sponsored trial of Gilead Science's COVID-19 therapy drug remdesivir concluded with positive results. While there's still more testing to be completed, the treatment shows promise and could now potentially get the U.S. Food and Drug Administration's blessing as an emergency use or even approved treatment.
- A high-profile vaccine development effort by University of Oxford's Jenner Institute is showing signs of progress. The study will vaccinate [800 volunteers](#) over the course of a month, expanding to a Phase 2/3 trial in May to include thousands more volunteers.

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