

# Cap Alert

L A T E S T   D E B T   M A R K E T   I N F O R M A T I O N

March 3, 2020

## Will the Coronavirus Infect the Global Economy?

The coronavirus is sparking enormous concern for both human health and the global economy. On March 3 the Federal Reserve lowered interest rates by 50 basis points to address the threat, setting the target range for the fed funds rate at 1 percent to 1.25 percent.

At a news conference, Fed Chairman Jerome H. Powell hinted at the possibility of further cuts, saying the Fed is “prepared to use our tools and act appropriately, depending on the flow of events.” Leaders of the Group of 7 nations also met Tuesday and noted that they were “ready to act” to stem economic effects of the virus but did not announce more specific measures.

Markets have been volatile. After hitting all-time highs in January, the major averages tumbled more than 10 percent over the last week in February, before roaring back more than 5 percent on Monday. Stocks fluctuated on March 3, rallying on the U.S. interest-rate cut before declining again; at the close the S&P 500 fell 2.81 percent. A significant threshold was crossed today as the 10-year Treasury touched 0.906 percent on intraday trading. The yield on the 10-year treasury note closed down at 1.009 percent.

As of March 2, epidemics in 71 countries had infected more than 92,000 people and led to more than 3,100 deaths, according to the Centers for Disease Control (CDC). The U.S. reported 100 confirmed cases in 15 states and six deaths. Quarantines, particularly in China, are squeezing the global supply chain as manufacturing and shipping activities shut down. Some analysts suggest U.S. factories that depend on parts from China and Europe could see shutdowns by mid-month. Business and leisure travel and consumer confidence are likely to take a hit. The Organization for Economic Co-operation and Development this week cut its forecast for global growth in half, to 1.5 percent.



*We believe caution, instead of panic, is the appropriate response to the coronavirus epidemic.*

It's worth noting that we have successfully managed eight global contagions since the Asian flu of 1957. Moreover, every contagion since the SARS virus in 2003 has seen a significant slowdown that endured for about a quarter followed by a sharp recovery over the next quarter, according to The New York Times. The global response to the coronavirus is more aggressive than past epidemics, which may help to contain it. The CDC has said infection can be prevented with appropriate precautions, including washing hands, avoiding people who are ill, and disinfecting doorknobs, light switches, keyboards and other shared surfaces.

Back in January, investors were enjoying robust employment, strong consumer spending, low inflation and new trade deals -- and those factors haven't disappeared. Debt and equity capital remain abundant, interest rates are at historic lows, and commercial real estate yields are relatively attractive. We believe caution, instead of panic, is the appropriate response to the coronavirus epidemic.

[MarcusMillichap.com/financing](https://www.MarcusMillichap.com/financing)

# Cap Alert

L A T E S T   D E B T   M A R K E T   I N F O R M A T I O N

## RECENT TRANSACTIONS



### MULTIFAMILY

West Linn, OR  
\$17,693,000  
4.35% Adjustable  
3 yrs I.O.  
3-yr term/30-yr amort.



### MULTIFAMILY

Seattle, WA  
\$14,000,000  
4.13% Fixed  
30-yr term/30-yr amort.



### SELF-STORAGE PORTFOLIO

Various cities, OK  
\$7,999,000  
3.81% Fixed  
10 yrs I.O.  
10-yr term



### RETAIL

Christiansburg, VA  
\$5,390,000  
4.00% Fixed  
5-yr term/25-yr amort.



### NET LEASE

Colorado Springs, CO  
\$3,180,000  
3.83% Fixed  
10-yr term/30-yr amort.



### OFFICE

River Vale, NJ  
\$2,800,000  
3.34% Fixed  
10-yr term/25-yr amort.

[MarcusMillichap.com/financing](https://www.MarcusMillichap.com/financing)

Marcus & Millichap Capital Corporation is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2020 Marcus & Millichap  
NMLS: 164121 | AZ Lic: BK-903255 23975 Park Sorrento | Suite 400 | Calabasas, CA 91302 | Telephone: (818) 212-2250