COVID-19 SITUATION
OUTBREAK
SANITARY MEASURES
SUPPORT SCHEMES

RESEARCH
20TH MARCH 2020
EXECUTIVE SUMMARY

COVID-19 AND ITS IMPLICATIONS

KEY MESSAGES

EUROPE: NEW CENTRE OF THE EPIDEMIC
Around 8,000 new cases are reported each day in Europe. All the main economies in Europe have a growth rate around 30% per day.

DISRUPTION OF SUPPLY CHAIN & LABOUR FORCE
The confinement measures adopted in many countries disrupt global value chains and reduce the supply of labour.

RECESSION
This shock will push the global economy into a recession. We are not expecting an immediate and steep recovery as the shock has been staggered.

FISCAL AND MONETARY RESPONSES
Central banks and governments have put in place policies in order to support the global economy. The length of contraction in economic activity is likely to be shorter than during the last crises.

SANITARY MEASURES
Governments have also put in place some sanitary measures to mitigate the spread of the virus, with for example: the closure of schools, lockdown of population, etc.
OUTBREAK SITUATION
The emergency of Covid-19 at the beginning of 2020 took the world by surprise (delivering a shock), just as the global economy had begun to stabilize from trade wars in the preceding years. Its implication for the global economy remains uncertain, but it is clear that the effect is likely to come in two phases at least:

- Disruption to the supply chain in China, where most factories were shut during the peak of the crises
- Situation develops into a pandemic and is spreading across the European countries

We are now in the second phase, with major economic implications for Europe.

Today, around 8,000 new cases are reported daily in Europe.

The centre of the pandemic is Italy, with around 30,000 confirmed cases in cumulative (less than half the number in Europe).

Cases in Spain are also growing fast and should be a point of vigilance (the growth is even quicker than in Italy at the moment).

For the other European countries, cases are also evolving fast and the situation should continue to be monitored.
All the main economies in Europe currently have a growth rate at around 30% per day.

The increase in Spain is even sharper than in Italy, meaning that the impact could even be more important for the country.

The United States are also concerning as no real measures have been taken by the central government and the confirmed cases may boom in the next few days.

However, a lot of cases are still undetected and figures could be more important.

At the moment, Italy is below the 30% daily growth, meaning that the containment measures applied by the government produce their first effects.

In France and Germany the growth is still similar but the curve starts to decline as quarantine measures are now effective also.

In the UK, there is still no quarantine measures imposed by the government. However, 40 tube stations has been closed in London the 19th of March and there are scenarios of a lockdown. Now, most of the companies have sent home their employees, despite no clear measures from the government.
In order to monitor the cases across European countries, we have estimated the potential number of cases at the end of the pandemic. To do so, we based our assumption on the confirmed cases in the province of Hubei, China, the centre of the epidemic. In Hubei, two months after the 100th cases, 67,800 people were confirmed to have the virus. This means that 0.1% of the population has contracted the virus after 2 months. By replicating the same assumption in the main European countries, we can see how the virus is spreading and also, if it is faster or lower than in China. Unsurprisingly, Italy is growing faster than France or Germany. Its current number of infected people is greater than the theoretical one. If the virus continues to spread at this speed, Italy could be worst than the centre of the epidemic. For France and Germany, the situation seems to be under control at the moment and the speed of contagion is still limited. For Spain, the situation is very worrying and should be looked at every day. The epidemic’s pace is even faster than in Italy.
The fatality rate differs greatly for every country. In China, the fatality rate has been at 4.0% since the beginning of the outbreak. For countries where the quality of the healthcare system is better (France, Germany, Switzerland, etc.), the fatality rate can drop to 2%, or even 0.2% for Germany.

The fatality rate is the highest in Italy, where the age of the population is an important factor. Indeed, 23% of the population is older than 65 years old, and nearly 60% of the population is aged 40 or over. The median age is also the highest across Europe.

The way of living is also an important factor as several generations may live in the same place. This means that older people are not properly isolated and have a greater chance to catch it.

We expect Spain to have a similar trend, but in a lower proportion.

In other countries, the number of deaths is still low and if the quarantine measures are followed by the population, healthcare systems should continue to be able to take care of the patients.
SANITARY MEASURES & SUPPORT SCHEMES
### The COVID-19 Crisis: State & Federal Banks Mobilisation

**Measures Announced by G7 Authorities and Spain**

<table>
<thead>
<tr>
<th>Country</th>
<th>Measures</th>
<th>Amount</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNITED STATES</strong></td>
<td></td>
<td>$330bn</td>
<td>State guarantee: £30bn State guarantee. Incl. tax cut &amp; business subsidy</td>
</tr>
<tr>
<td></td>
<td>Tax delay</td>
<td>$100bn</td>
<td>Expected announcement of a $1,000bn plan. Incl. support to small businesses and most impacted sectors (hotels, tourism)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$100bn</td>
<td>Other social assistance voted by Congress</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$330bn</td>
<td>Central Bank injects liquidity.</td>
</tr>
<tr>
<td><strong>CANADA</strong></td>
<td></td>
<td>CA$92bn</td>
<td>Support to workers and businesses in need, flexibility for taxpayers.</td>
</tr>
<tr>
<td><strong>UNITED KINGDOM</strong></td>
<td></td>
<td>£330bn</td>
<td>State guarantee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>£50bn</td>
<td>Incl. tax cut &amp; business subsidy</td>
</tr>
<tr>
<td><strong>FRANCE</strong></td>
<td></td>
<td>€45bn</td>
<td>Incl. tax delay or cancellation, short-time working, support to very small businesses and self-employed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>€300bn</td>
<td>State guarantee. Intervention in major groups capital is not excluded.</td>
</tr>
<tr>
<td><strong>GREAT BRITAIN</strong></td>
<td></td>
<td>€750bn</td>
<td>Public and private debt buyback</td>
</tr>
<tr>
<td><strong>SPAIN</strong></td>
<td></td>
<td>€100bn</td>
<td>State guarantee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>€100bn</td>
<td>Set of measures incl. short-time working, support to most vulnerable households</td>
</tr>
<tr>
<td><strong>ITALY</strong></td>
<td></td>
<td>€25bn</td>
<td>Incl. support to borrowers via suspension of payment for mortgage and banking loans</td>
</tr>
<tr>
<td><strong>JAPAN</strong></td>
<td></td>
<td>¥1,600bn</td>
<td>Interest-free loans to SME.</td>
</tr>
<tr>
<td><strong>GERMANY</strong></td>
<td></td>
<td>€550bn</td>
<td>“Unlimited” loans to companies</td>
</tr>
<tr>
<td><strong>EUROPEAN CENTRAL BANK</strong></td>
<td></td>
<td>€750bn</td>
<td>Public and private debt buyback</td>
</tr>
<tr>
<td></td>
<td></td>
<td>€100bn</td>
<td>1st liquidity injection</td>
</tr>
</tbody>
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**Real Estate for a changing world**

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**Source:** BNP Paribas Real Estate
The European Central Bank strongly reacted on Wednesday, March 18th and announced a €750bn emergency purchase program to sustain the economy and to ensure the monetary stability in the Eurozone.

This program comes in addition to the €120bn plan decided on March 12th. As a result, the ECB’s investment program in 2020 will amount to 7.3% of the Euro area GDP.

The ECB will offer loans to banks at the lowest interest rate ever (-0.75%).

Purchases of private and public sector securities will be conducted until the end of 2020 and will include all the asset categories eligible under the existing asset purchase program.

This new purchase program will be the most important since the ECB started to conduct net purchases of securities in October 2014. During the net asset purchase phase, monthly purchase pace averaged:

- €60bn from March 2015 to March 2016
- €80bn from April 2016 to March 2017
- €60bn from April 2017 to December 2017
- €30bn from January 2018 to September 2018
- €15bn from October 2018 to December 2018

Source: European Central Bank
## Sanitary Measures

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Starting Date</th>
<th>Expected Duration</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>School and non-essential shop closures</td>
<td>March 16th</td>
<td>At least 15 days, otherwise &quot;until further notice&quot;</td>
<td>Shops of first necessity are allowed to remain open: food retail, pharmacies, gas stations, tobacco shops</td>
</tr>
<tr>
<td>Population lockdown</td>
<td>March 17th</td>
<td>At least 15 days</td>
<td>Non-essential movement of individuals is banned. What is allowed: shopping for groceries, imperative family reasons, health-related appointments, brief outings for exercise</td>
</tr>
<tr>
<td>Public Health emergency declaration</td>
<td>Decree of the Council of Ministers on March 18th</td>
<td>12 days</td>
<td>The Prime Minister can govern by decree to restrict civil liberties (movement restrictions). The Minister of Health is allowed to pass decree-laws to adopt all necessary measures to limit the disease propagation</td>
</tr>
<tr>
<td></td>
<td>Expected Parliament vote March 19-20</td>
<td>Any extension beyond 12 days has to be authorized by law</td>
<td></td>
</tr>
</tbody>
</table>

Source: French administration
## THE COVID-19 CRISIS: THE SITUATION IN FRANCE

### STATE SUPPORT SCHEMES

<table>
<thead>
<tr>
<th>WHO IS AFFECTED?</th>
<th>TYPE OF GUARANTEE</th>
</tr>
</thead>
</table>
| **Companies**   | • The government will guarantee up to €300bn of bank loans to companies  
|                 | • Companies are allowed to delay paying their taxes and social security contributions  
|                 | • Possible nationalisation of companies to avoid bankruptcies  
|                 | • Small companies facing difficulties are allowed to delay paying their rent, their water/energy bills  
|                 | • Possible tax discount for companies facing difficulties  
|                 | • The administration will help companies to negotiate the rescheduling of bank loans  
|                 | • No delay penalty applied for public contracts  
| **Individuals** | • Broadening of rights to partial unemployment and financed by the State  
|                 | • Extension of the winter ban on tenant evictions until the end of May |

Source: French administration
## THE COVID-19 CRISIS: THE SITUATION IN THE UK

### SANITARY MEASURES

<table>
<thead>
<tr>
<th>TYPE OF MEASURE</th>
<th>STARTING DATE</th>
<th>EXPECTED DURATION</th>
<th>COMMENTS</th>
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</thead>
<tbody>
<tr>
<td>Partial closure of the public transport network</td>
<td>March 19th</td>
<td>TBD</td>
<td>40 underground stations closed No nights Tube services</td>
</tr>
<tr>
<td>London lockdown scenario</td>
<td>&quot;Within a few days&quot;</td>
<td>TBD</td>
<td>Partial lockdown in London under discussion. Pubs and restaurants could be closed and strict control placed on public movement</td>
</tr>
</tbody>
</table>

Source: BBC
## THE COVID-19 CRISIS: THE SITUATION IN THE UK
### STATE SUPPORT SCHEMES

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<tr>
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</table>
| **Companies**    | • Initial £330bn (15% of the UK GDP) loan scheme to support businesses: the government guarantees assistance to companies to pay their rents, the salaries, their suppliers or to purchase stock  
• Further £20bn in tax breaks for firms  
• Larger firms will be eligible to a low-cost and easily accessible lending facility through the Bank of England  
• Small and medium sized businesses can borrow up to £5m with no interest due for the first twelve months  
• Cash grants of up to £25,000 for retailers and hospitality businesses under the £51,000 rateable value threshold to help with rent and wage bills.  
• £3,000 grant for the smallest businesses announced last week increased to £10,000  
• Introduction of the coronavirus job retention scheme: Companies and organisations will be able to apply for a grant from HMRC to cover the wages of people who are not working due to coronavirus shutdowns, but who haven’t been laid off. It will cover 80% of the salaries of these retained workers, up to £2,500 per month.  
• Deferring VAT for all businesses until the end of June. (Represents an additional £30bn injection into the economy.) |
| **Individuals**  | • Project of emergency legislation to suspend new evictions from social or rented accommodation for at least three months  
• Three-months mortgage repayment break for individuals facing financial difficulties |

Source: Business Insider
## THE COVID-19 CRISIS: GERMANY

### SANITARY MEASURES

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<th>EXPECTED DURATION</th>
<th>COMMENTS</th>
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<tbody>
<tr>
<td>Non-essential shop closures on a federal level + schools and daycare facility closures</td>
<td>March 16th</td>
<td>TBD</td>
<td>Supermarkets, banks and pharmacies are allowed to stay open, while bars, clubs, swimming pools and cinemas have been asked to close. Restaurants have to close by 6pm.</td>
</tr>
<tr>
<td>Border closures with France, Austria and Switzerland</td>
<td>March 16th</td>
<td>TBD</td>
<td>N/A</td>
</tr>
<tr>
<td>Non-mandatory lockdown</td>
<td>TBD</td>
<td>TBD</td>
<td>Non-mandatory lockdown, the population is encouraged to stay at home by the Federal State</td>
</tr>
</tbody>
</table>

Source: Zeit Online
## Germany: Support Schemes

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<tr>
<td>Population lockdown</td>
<td>March 9th</td>
<td>At least until April 3rd</td>
<td>Italy is the most affected country in Europe. Non-essential movements of individuals are banned.</td>
</tr>
<tr>
<td>School closures and public event bans</td>
<td>March 9th</td>
<td>At least until April 3rd</td>
<td></td>
</tr>
<tr>
<td>Postponement of the referendum of March 29th + possible postponement of the local elections in several provinces</td>
<td>TBD</td>
<td>TBD</td>
<td>The referendum on the decrease in the number of MPs is postponed until further notice.</td>
</tr>
</tbody>
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Source: Business Insider, Reuters
### The COVID-19 Crisis: Italy

#### Sanitary Measures

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Source: Press articles
# THE COVID-19 CRISIS: ITALY

## SUPPORT SCHEMES

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<th>TYPE OF GUARANTEE</th>
</tr>
</thead>
</table>
| Companies        | • €25bn emergency program for both companies and individuals  
|                  | • Mortgage repayment break |
| Individuals      | • €25bn emergency program for both companies and individuals  
|                  | • Mortgage repayment break  
|                  | • Increase in partial unemployment funding  
|                  | • Dismissal procedures suspended  
|                  | • Allowance granted to families to finance daycare services |

Source: Zeit Online
### THE COVID-19 CRISIS: SPAIN

#### SANITARY MEASURES

<table>
<thead>
<tr>
<th>TYPE OF MEASURE</th>
<th>STARTING DATE</th>
<th>EXPECTED DURATION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population lockdown</td>
<td>March 14th</td>
<td>At least 15 days</td>
<td>The population is asked to stay at home except for grocery shopping, work purposes if remote working is not possible, and trips to the pharmacy.</td>
</tr>
<tr>
<td>Store closures</td>
<td>March 13th</td>
<td>TBD</td>
<td>All shops are closed, except for grocery stores, pharmacies and gas stations.</td>
</tr>
</tbody>
</table>

Source: Zeit Online
## THE COVID-19 CRISIS: SPAIN

### SUPPORT SCHEMES

<table>
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<tr>
<th>WHO IS AFFECTED?</th>
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</table>
| Companies        | • Public guarantee of €100bn to ensure liquidity for businesses + €87bn of private resources + €17bn as direct support for the firms most likely to suffer from the effects of the pandemic  
|                   | • €200bn amounts to 20% of Spain’s GDP  
|                   | • Loans to companies will be guaranteed by the State  
|                   | • Companies which will adopt partial unemployment measures will be waived of social taxes |
| Individuals      | • €600m dedicated to the most affected part of the population  
|                   | • At least 100,000 workers are facing temporary layoffs  
|                   | • Freelancers / independant workers will be allowed to receive unemployment compensation  
|                   | • Access to partial unemployment made easier  
|                   | • Ban on tenant eviction  
|                   | • Possible break on mortgage repayment |

Source: El País
# THE COVID-19 CRISIS: BELGIUM

## SANITARY MEASURES

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<thead>
<tr>
<th>TYPE OF MEASURE</th>
<th>STARTING DATE</th>
<th>EXPECTED DURATION</th>
<th>COMMENTS</th>
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</thead>
<tbody>
<tr>
<td>Travel bans (going abroad)</td>
<td>March 18th</td>
<td>At least until April 5th</td>
<td>Non-essential travel for Belgians outside of the country are banned.</td>
</tr>
<tr>
<td>Lockdown of the population</td>
<td>March 18th</td>
<td>At least until April 5th</td>
<td>Non-essential movement of individuals are banned. Individuals may leave their home to go grocery shopping, important family emergencies, health-related appointments, brief outings for exercise.</td>
</tr>
</tbody>
</table>

Source: Press articles
## THE COVID-19 CRISIS: BELGIUM

### SUPPORT SCHEMES

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<thead>
<tr>
<th>WHO IS AFFECTED?</th>
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</thead>
</table>
| **Companies**    | • Wallonia government announced a €350m support scheme: a €5,000 subsidy will be granted to each retailer forced to close during the crisis (estimated 48,980 recipients), €4,000 in Flanders  
• Regional institutions will guarantee loans for companies up to €200,000 |
| **Individuals**  | • At the moment, 500,000 people are considered as being temporarily laid-off for economic reasons. Another 500,000 temporary layoffs are expected in the coming weeks.  
• Up to €1bn could be necessary to cover unemployment compensation  
• No tenant eviction for 30 days + no energy/water supply disconnection in Wallonia and Brussels Region  
• In Flanders: energy and water supply bills will be paid by the community for workers forced to partial unemployment (estimated 100,000 people) for an estimated total cost of €20bn |

Source: RTBF, Le Soir
BUSINESS LINES in Europe

A 360° vision

Main locations*

EUROPE

FRANCE
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167, Quai de la Bataille de Stalingrad
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