

# The PULSE of the ECONOMY

EDITION 4

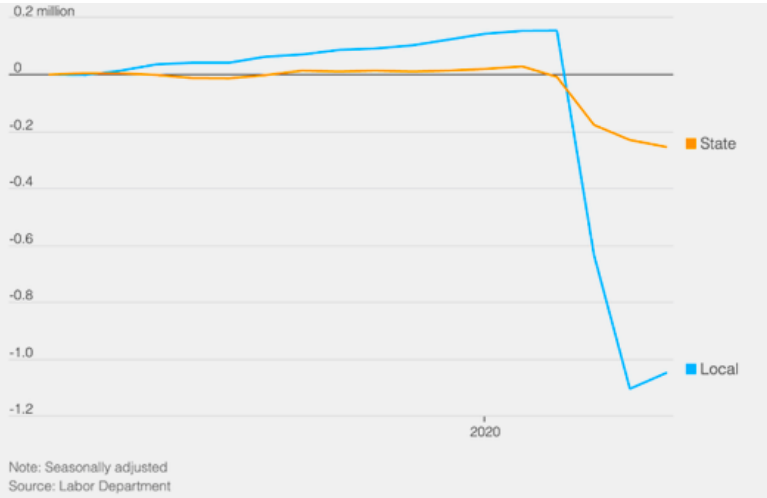
JULY 10, 2020

Pattern was very pleased to host Daleep Singh, executive vice president and head of the markets group at The Federal Reserve Bank of New York (Fed). The Fed focuses on monetary policies, such as the interest rate, while the U.S. Congress and Treasury look at fiscal policies, like a stimulus bill to bolster the national economy. Daleep outlined many of the actions that the Fed has taken to calm markets and support the actions of the federal government. [Watch this program, Economic Impact | The Impact, Shock, and Recovery of COVID-19 on our YouTube channel.](#)

In the State's measured approach to re-opening, the Hudson Valley economy moved to Phase Four this week. We will continue to mine for data and trends. We know whether it is the state guidelines cautiously allowing set percent capacities or concerns over the virus, business is anything but normal. Unquestionably, the economy is tied to consumer confidence both in how we address the virus and business related decisions. A June 26th, [McKinsey and Company survey of consumer sentiment](#) suggested that most consumers believe it will take six months or more for the economy to recover.

## NATIONAL NUMBER WATCH

### Government Employment, change since 1/1/19

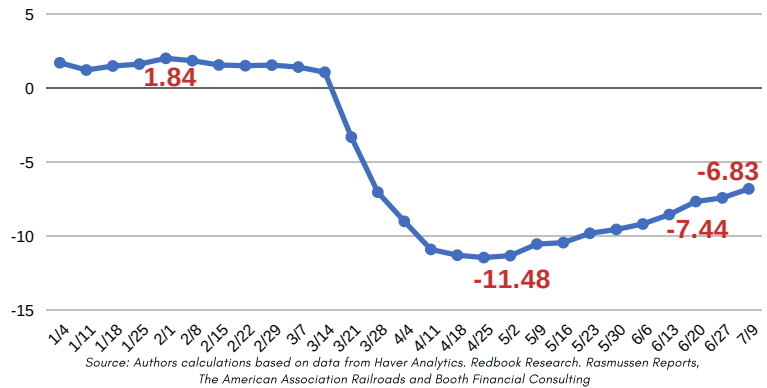


### STOCK MARKET-DOW JONES

**25,936** July 2  
**25,706** July 10  
**↓ 230**

### WEI Over Recent Months Percent (GDP Growth Units)

The WEI is an index of ten daily and weekly indicators of real economic activity scaled to align with the four-quarter GDP growth rate.



### INITIAL NEW CLAIMS FOR UNEMPLOYMENT INSURANCE

WIE 7/4/20

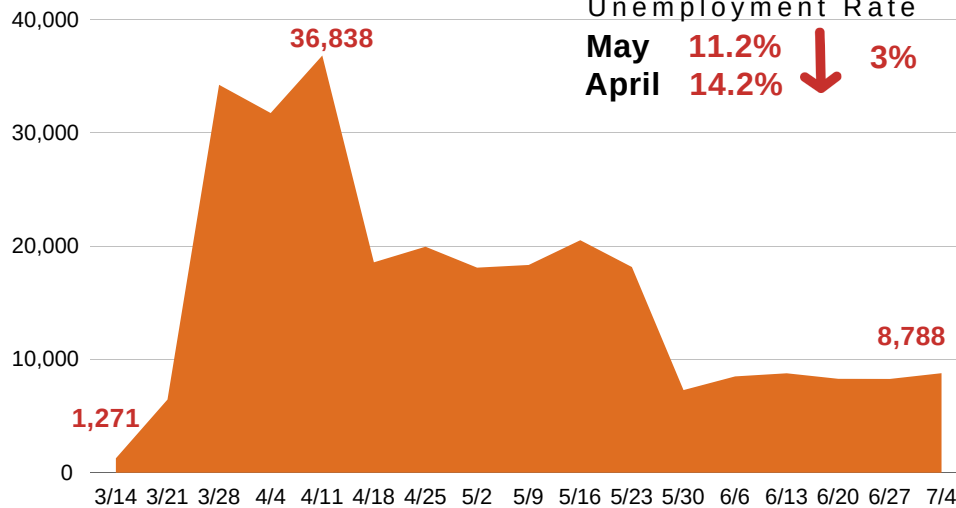
**United States** 1.3M ↓ from previous week

**New York** 96,260 ↑ from previous week

Source: DOL

## HUDSON VALLEY TRENDS

### # of Unemployment claims in the Hudson Valley w/e 7/4/20



"One thing is certain. The status quo is not going to return. The pandemic is shattering what is left of the old social contract that survived the financial crisis. The special interests, cartels and policy coalitions, which shaped the political economy before the pandemic, will likely not survive the magnitude of the shocks working their way through the economy and society. What lies ahead will include a major shift in the balance of power between state and society, labor and capital, and the individual and government."

**Michael Turturro, CPA**  
Managing Partner  
RBT CPAs, LLP



# HUDSON VALLEY PATTERN *for* PROGRESS

## Sector Abstract: The Future of Malls

July 10, 2020

Prior to COVID there were already numerous red flags as to the future of American malls. Declining in-person retail, fewer anchor stores, and more on-line purchasing, were all combining to stress the ability of malls to exist in their current format.

Deborah Weinswig, founder of Coresight Research, an advisory and research firm that specializes in retail and technology, anticipated that about 25% of the country's 1,200 malls are in danger.

Today, the Hudson Valley's malls get the green light to open provided they follow state guidelines. This is welcome news to store owners and their employees as well as the region's county governments who rely heavily on their malls for sorely needed sales tax revenue.

***In the new COVIDera, the concept of malls has a tricky path to a new normal.***

The battle to retain anchor tenants like J.C. Penney, as well as higher end Neiman Marcus (both mall stalwarts who filed for bankruptcy), has already left malls with the unenviable task of how to fill these critical brick and mortar spaces. Behavioral changes reacting to the Pandemic has further disrupted the mall experience. The need for social distancing and the cleansing of the air we breathe (indoors) have compounded the pre-existing difficult situation. The COVID forced closure of malls left some store tenants failing to make lease payments and property owners struggling to pay off debt.

Based on this, major mall operators have started to signal concern. The Simon Property Group, the biggest mall operator in the United States and the

operator of Woodbury Commons (The Commons) and The Shops at Nanuet in Rockland County and The Westchester in White Plains, according to the New York Times, is trying to terminate its \$3.6 billion deal to acquire Taubman Centers, which owns and operates about two dozen high-end shopping centers. These malls are mainly high-end indoor ones and quite different than the outlet stores.

### ***Continued Evolution of the Mall***

Regionally, the owners of The Galleria at Crystal Run in Middletown have consistently evolved to keep the mall experience relevant. Pre-COVID they began anchoring the mall with experiential activities and even exploring nearby development of housing. The Commons, which is a collection of outdoor individual stores and a destination shopping area may benefit from the pre-COVID approval of a new video slot machine site nearby in Orange county. Malls will need to be creative.

### ***Will retail shoppers return in the numbers Pre-COVID?***

If customers, let alone employers and employees, do not return in pre-COVID numbers- reinvention that generates customers, will continue to be top of mind. Ideas may include: bank branches, experiential shopping, spas, auto dealerships, or yoga studios, to name a few.

Like every other sector there will be changes to reach a new equilibrium among this component of the retail sector. But malls are used to having to reimagine themselves. They have been thinking this way for years.