



# Economics Group

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## Potential Regional Impacts of a Second Wave of COVID-19

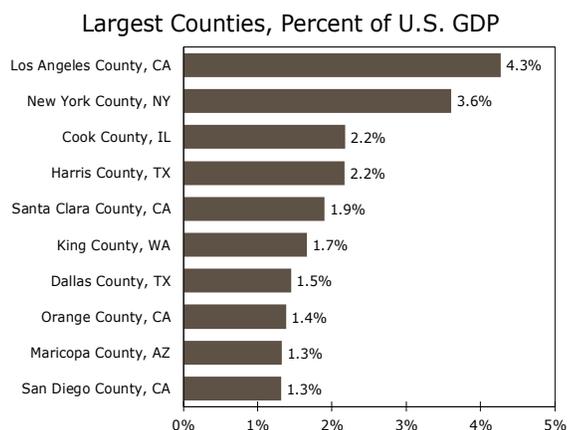
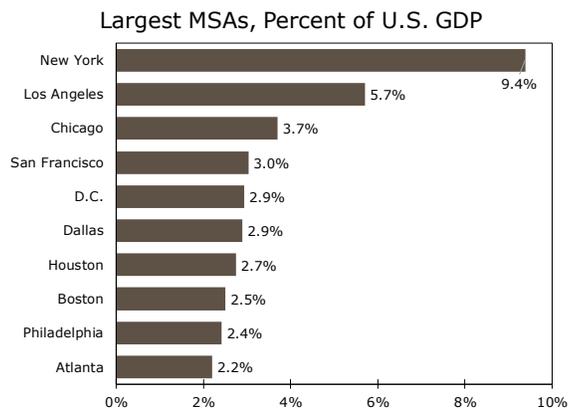
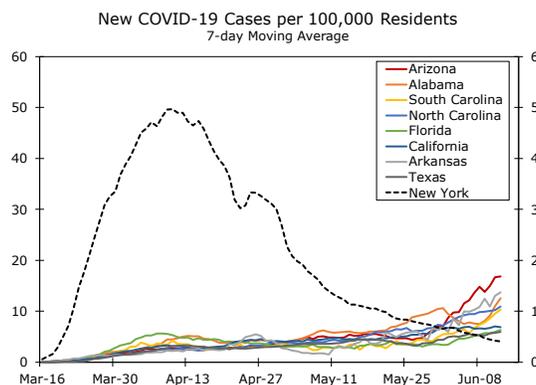
*While most state and local economies have begun to partially re-open, new outbreaks of the coronavirus appear to be cropping up around the country. Re-imposed restrictions could potentially set back the national recovery.*

### Coronavirus Wanes in the Northeast, but Waxing Elsewhere

A wave of new coronavirus outbreaks appear to be spreading throughout the country. As of the second week in June, new coronavirus cases are trending higher in 20 states, several of which are seeing record highs. Many areas in the Sun Belt and parts of the West are now seeing an uptick in case and hospitalization growth following the easing of lockdown orders in early May. While the rise in new cases can be partially explained by factors such as more prevalent testing and reporting lags, some state and local officials have cautioned that further deterioration could strain hospital capacity and necessitate a delay in re-opening plans or even a re-imposition of restrictions on business activity. While likely necessary from a public health perspective, slowing down or rolling back re-opening plans would curtail economic activity and potentially set back the recovery which is just getting underway. One concern is that the coronavirus appears to spread most easily in dense urban areas, which account for a disproportionate share of economic growth. The ten largest metros account for roughly 37.5% of total U.S. economic output, and an even larger share of the growth. Sitting at the top of the list, the New York-Newark-Jersey City MSA, where the coronavirus now appears contained and re-opening efforts are underway, comprises almost 10% of national GDP. Second on the list is Los Angeles-Long Beach-Anaheim, which comprises 5.7% of total output and has reportedly seen an uptick in case growth recently. Los Angeles and Orange Counties account for 4.3% and 1.4% of total U.S. economic output, respectively.

The pandemic also appears to be intensifying in large Sun Belt metros which, prior to the coronavirus crisis, had been among the fastest growing in the country. Houston, which is the fifth largest metro in terms of population and sixth largest in employment, has seen an increase in case growth, and officials are considering re-issuing stay-at-home orders. Economic output in the greater Houston metro area makes up about 2.7% of national GDP, with Harris County alone contributing roughly 2.2%. Similar trends are playing out across Texas, notably in Dallas-Fort Worth, San Antonio and Austin.

Arizona is also seeing a rise in new cases and hospitalizations, especially in Maricopa County, which includes Phoenix and is home to 4.4 million residents and 1.3% of national GDP. Florida is also seeing a surge in cases, and the city of Miami recently announced that it would not be moving into the next phase of re-opening (the Miami-Fort Lauderdale-West Palm Beach metro's share of U.S. GDP is about 1.9%). Some bars and restaurants in the north and central part of the state have also voluntarily closed after some workers and patrons tested positive. This illustrates that, even without new restrictions or lockdown orders, new waves of the coronavirus could by themselves weigh on consumer and business confidence and prolong the return of economic activity to prior peak levels.



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