

The PCA logo features the letters 'PCA' in a bold, white, sans-serif font. A white swoosh underline starts under the 'A' and extends to the right, ending in a registered trademark symbol (®). The background of the slide is a grayscale photograph of a large concrete bridge with multiple arches, set against a cloudy sky and a rocky landscape.

Since 1916

America's Cement Manufacturers™

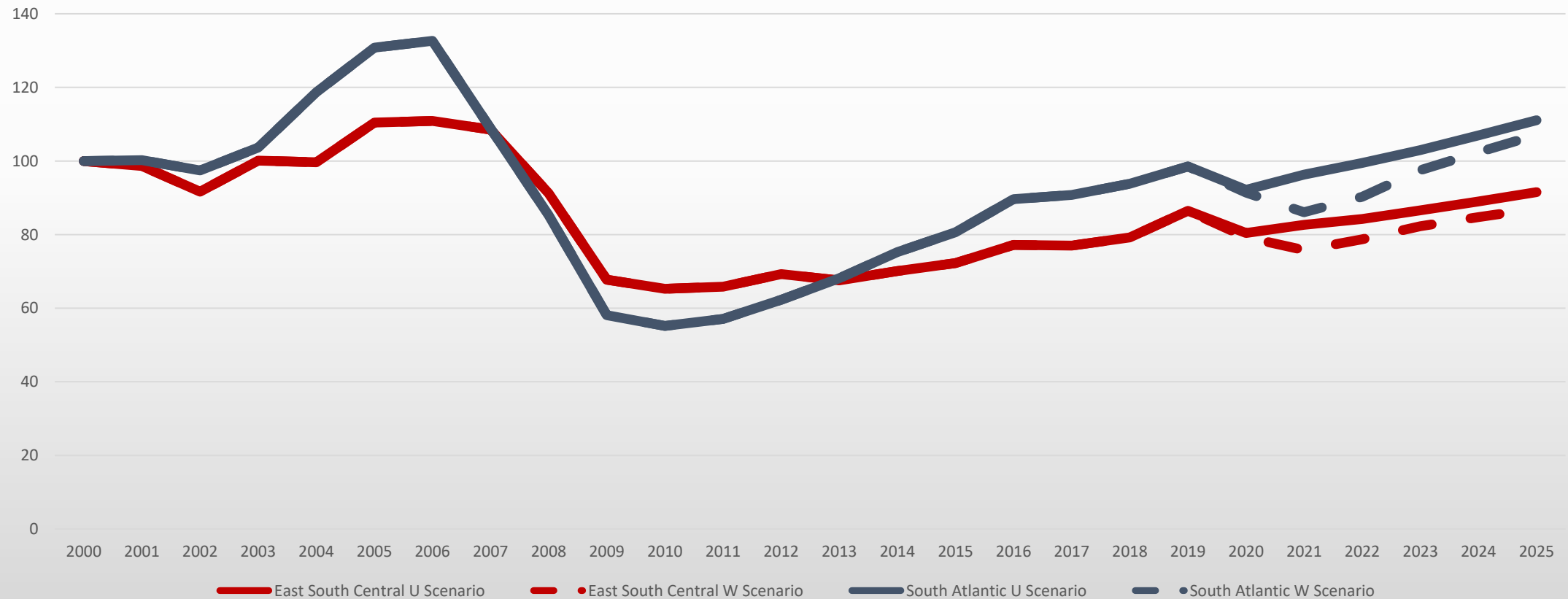
Coronavirus Regional Briefing: South East Central & South Atlantic

David Lan, Senior Regional Economist

July 2020

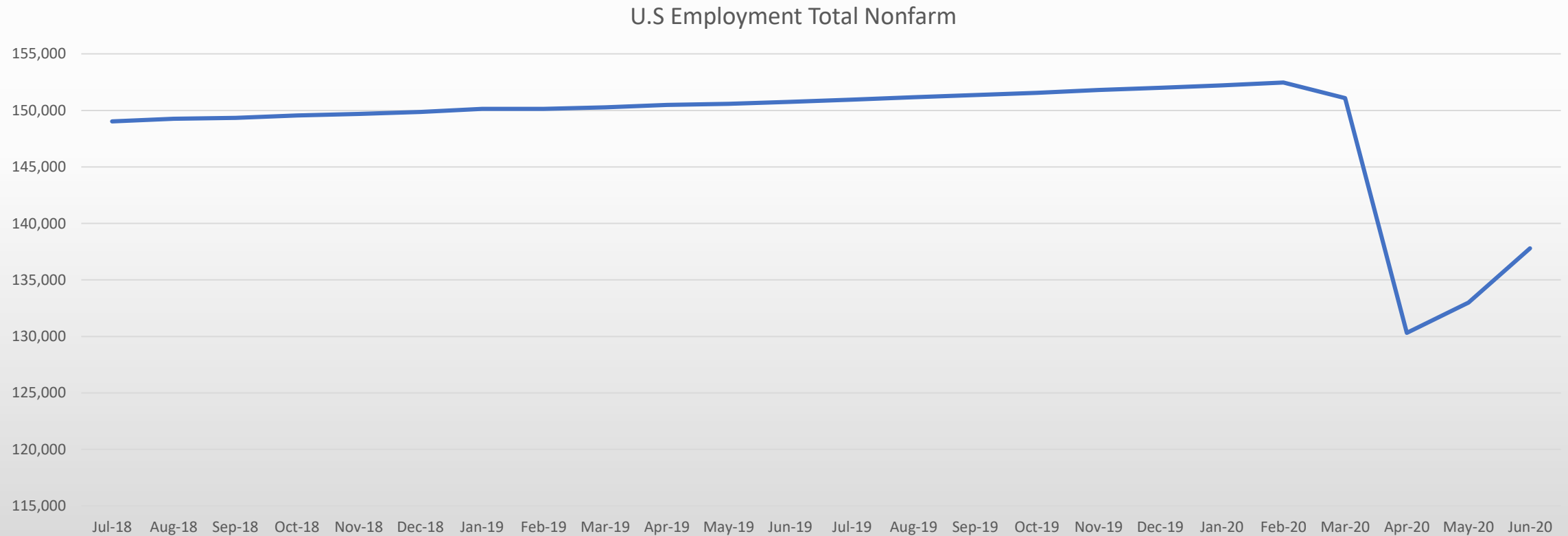
Covid 19's impact to Cement Consumption

Indexed



Job Market

Job creation strong until covid hits

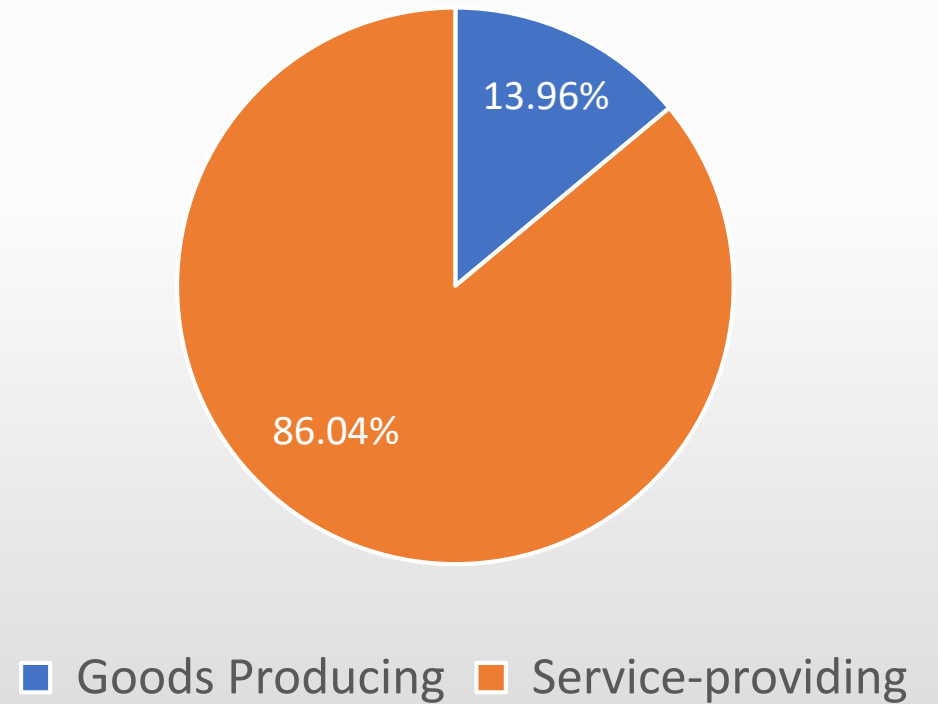


Jobs have started to rebound

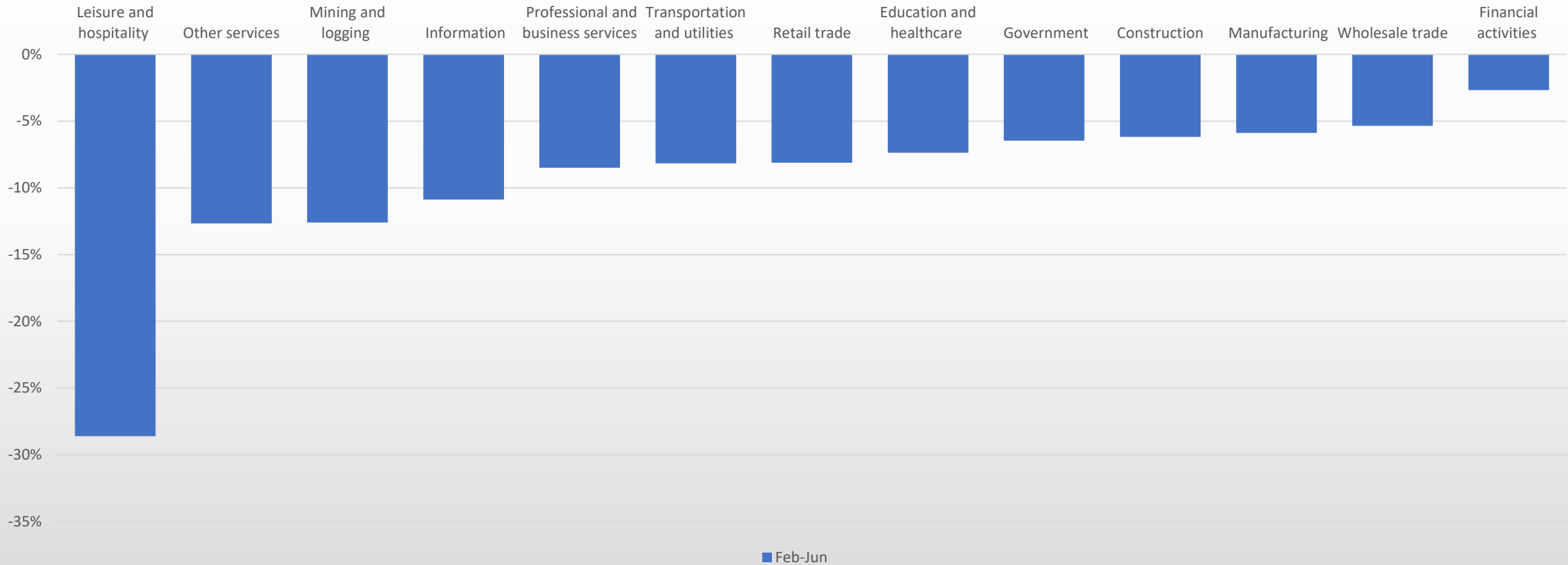
Employment Change since February 2020 level(%)



Employment Share by Major Sector (2019)

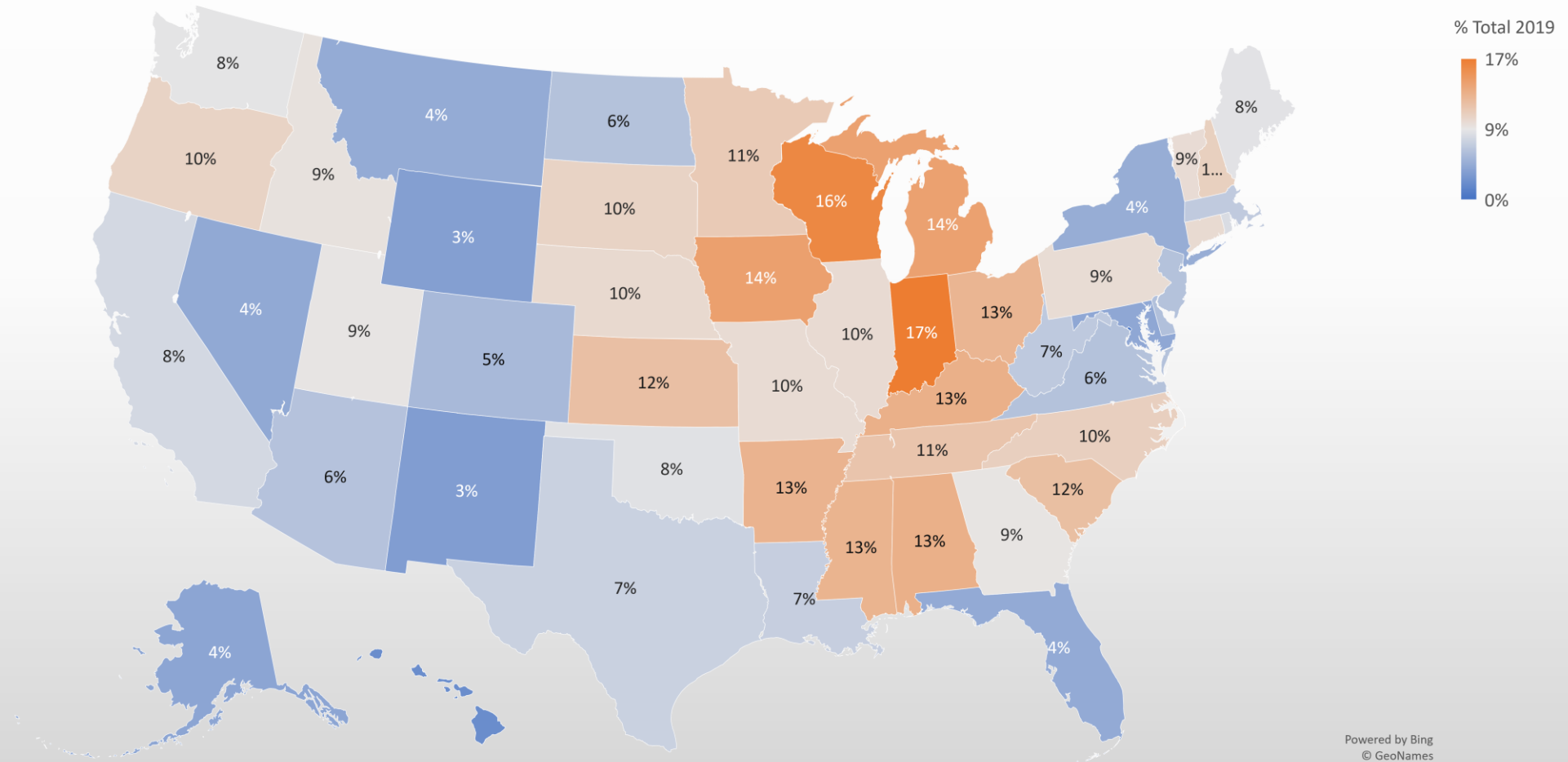


Hospitality sector is hit the hardest



Manufacturing sector is the stabilizing force

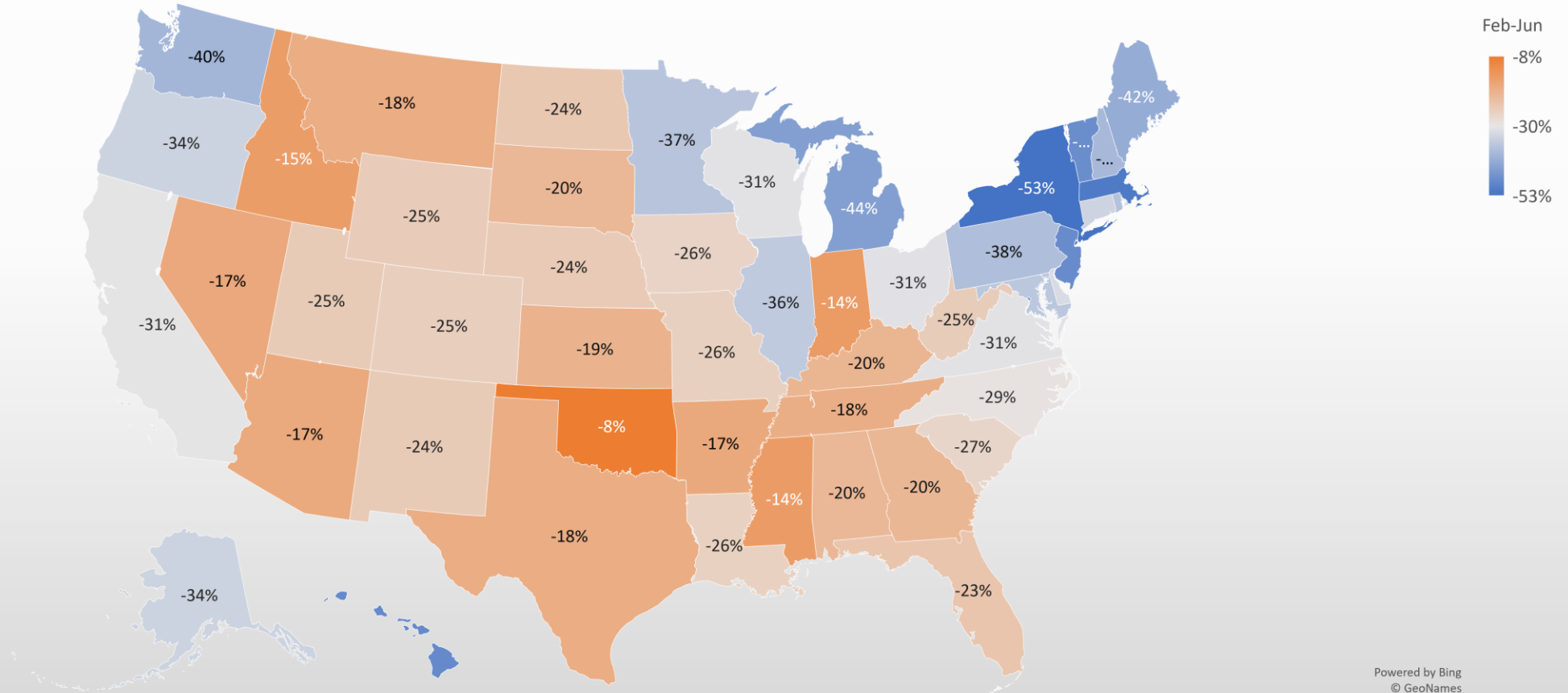
Manufacturing Employment as Percentage of Total 2019



Powered by Bing
© GeoNames

No state is spared from hospitality job losses

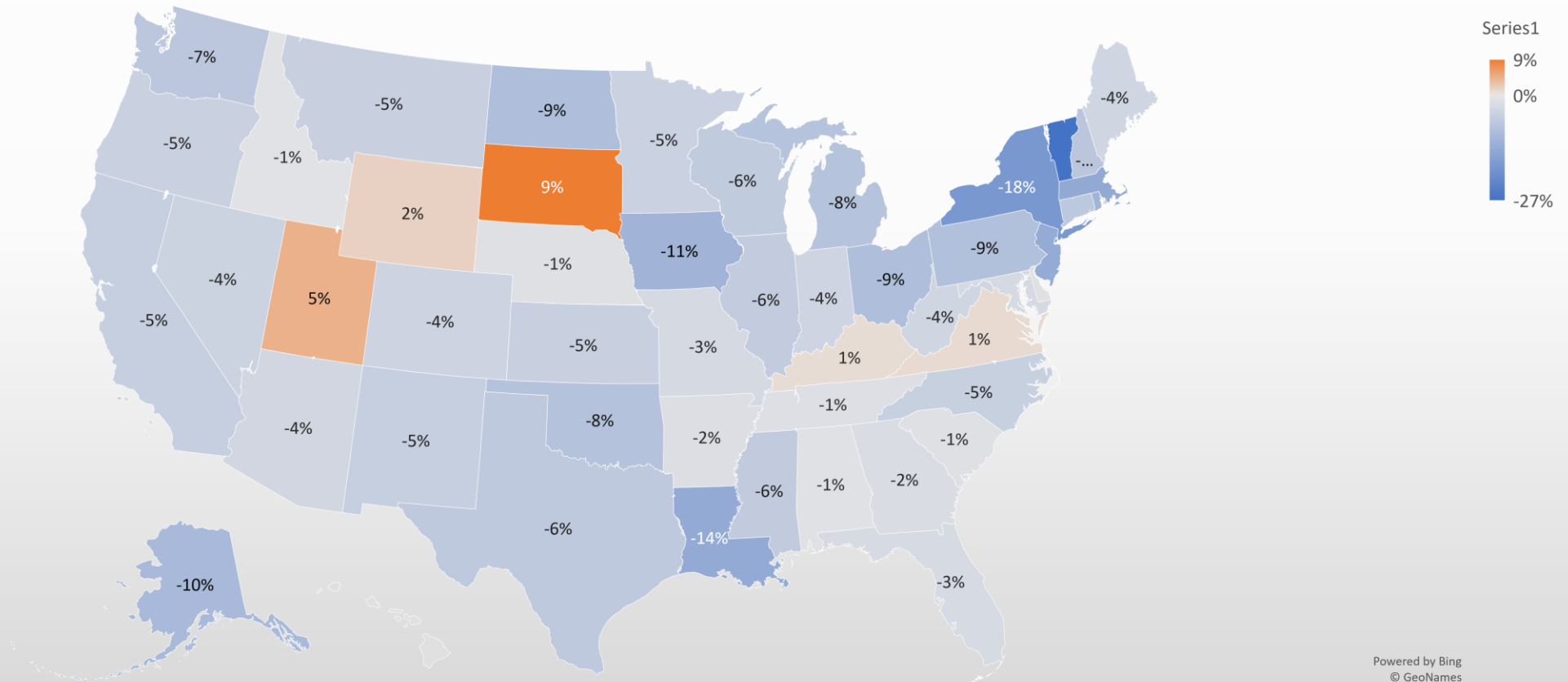
Leisure Employment Changes between February and June 2020



Powered by Bing
© GeoNames

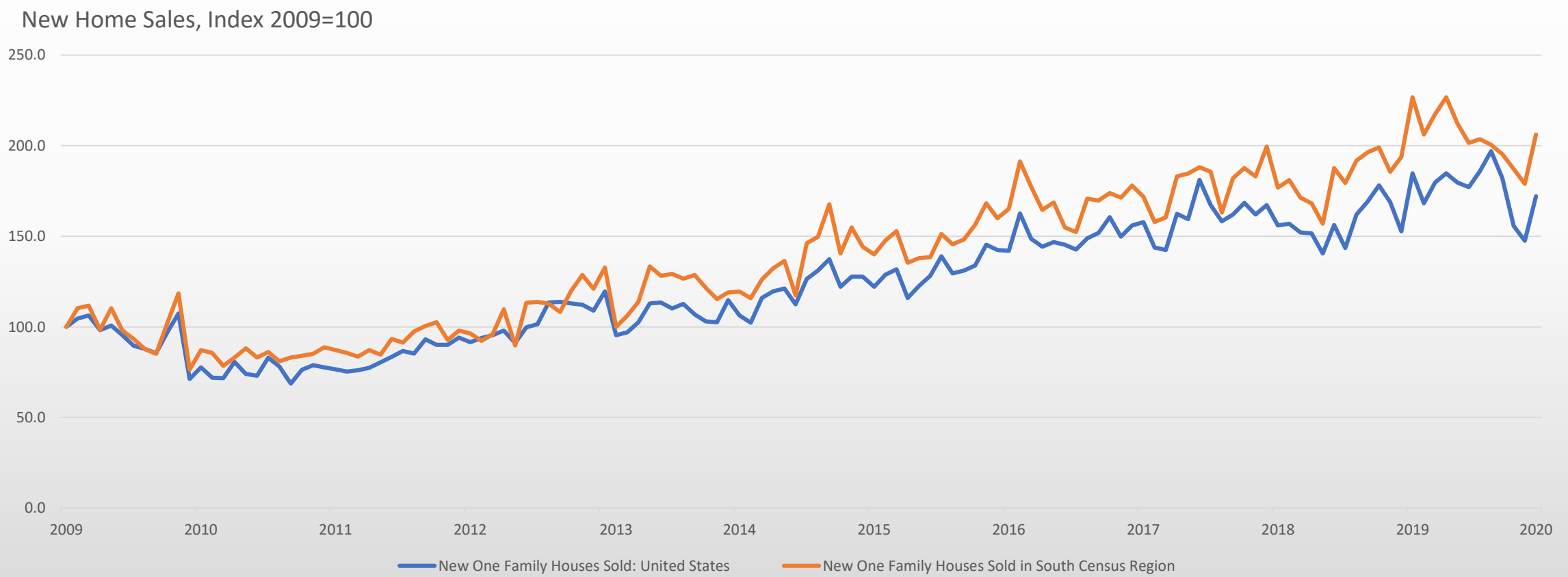
Construction employment bounced back faster than any other sectors

Construction Employment changes between February and June 2020

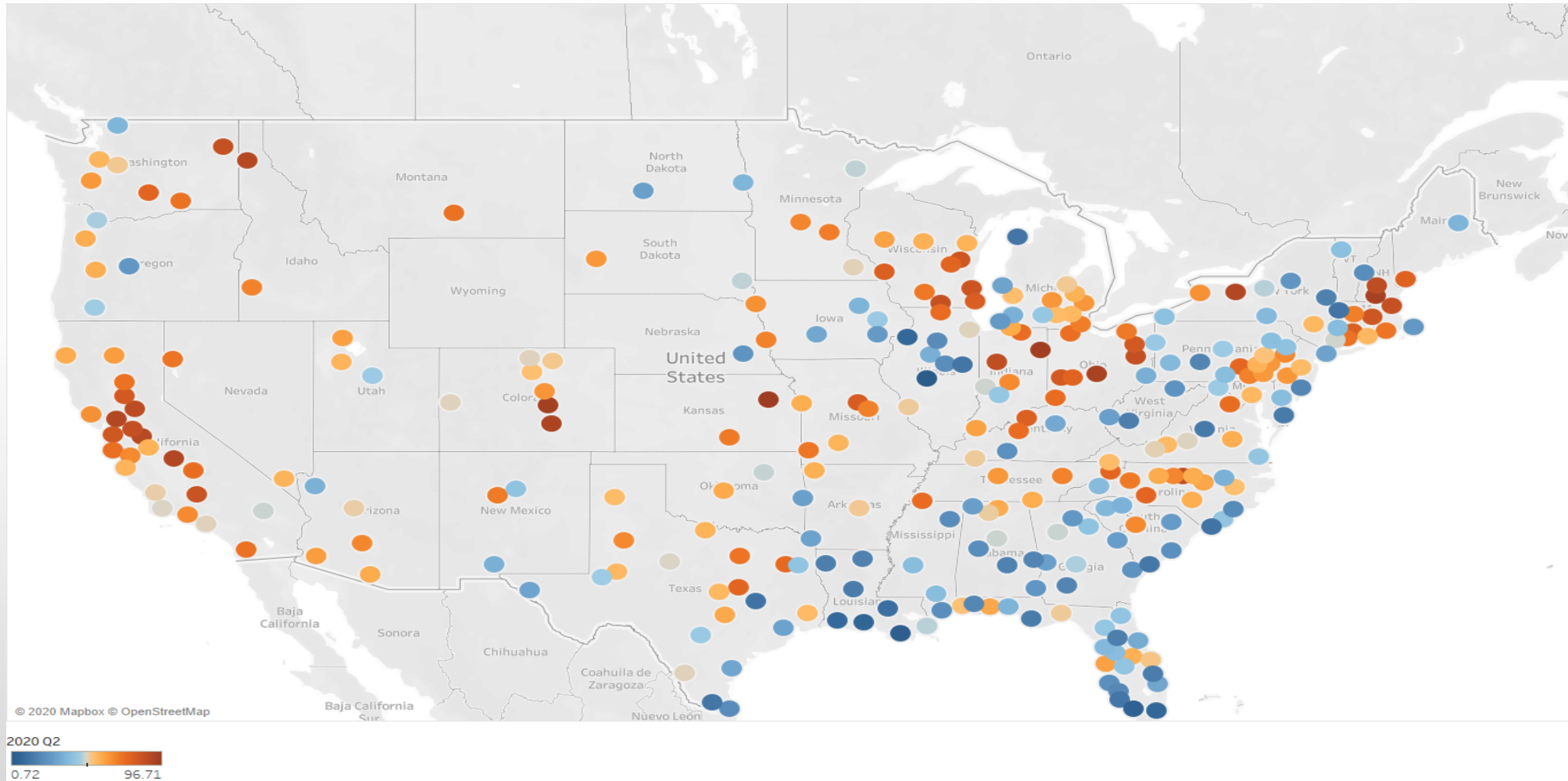


Residential Outlook

Pent-up demand lifts new home sales

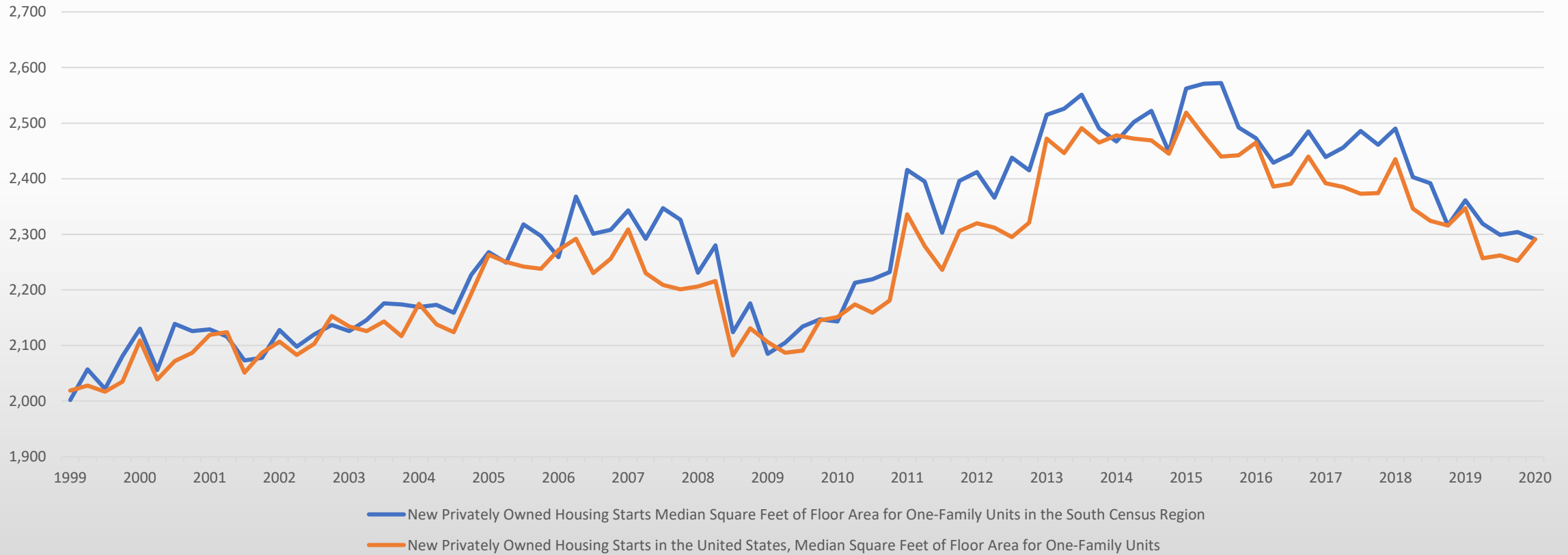


Desire for homeownership remains upbeat

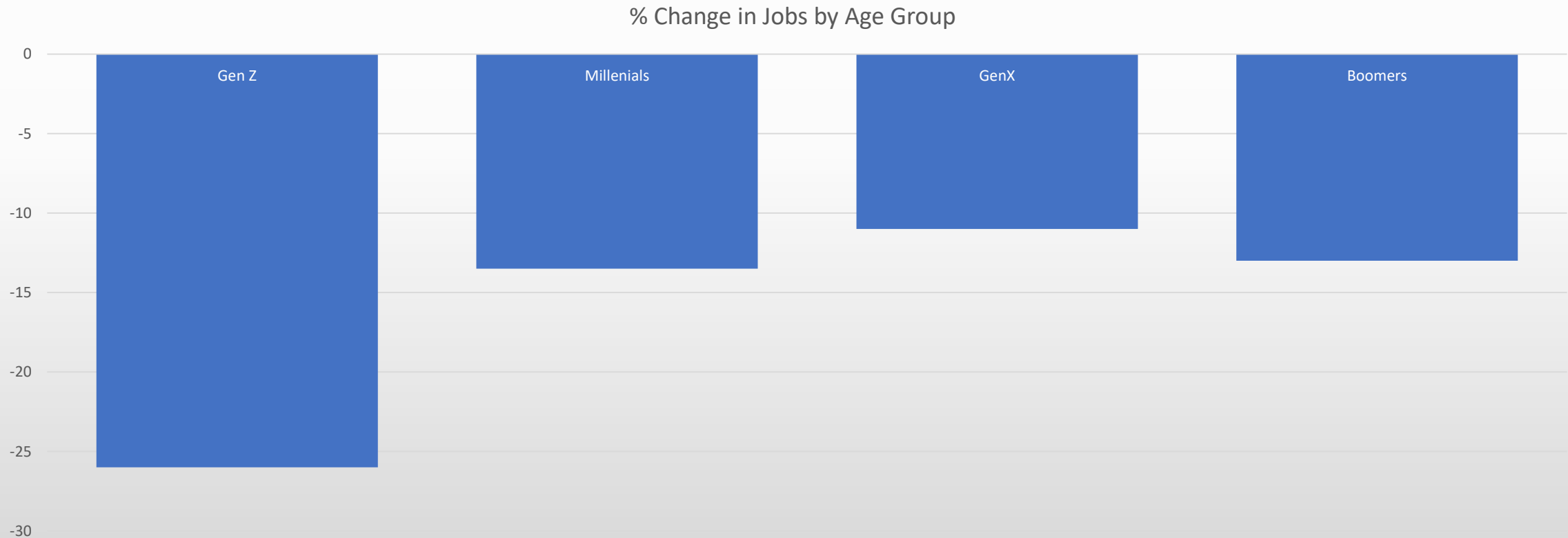


Expect larger homes to dominate new constructions

One Family House - Median Squarefootage



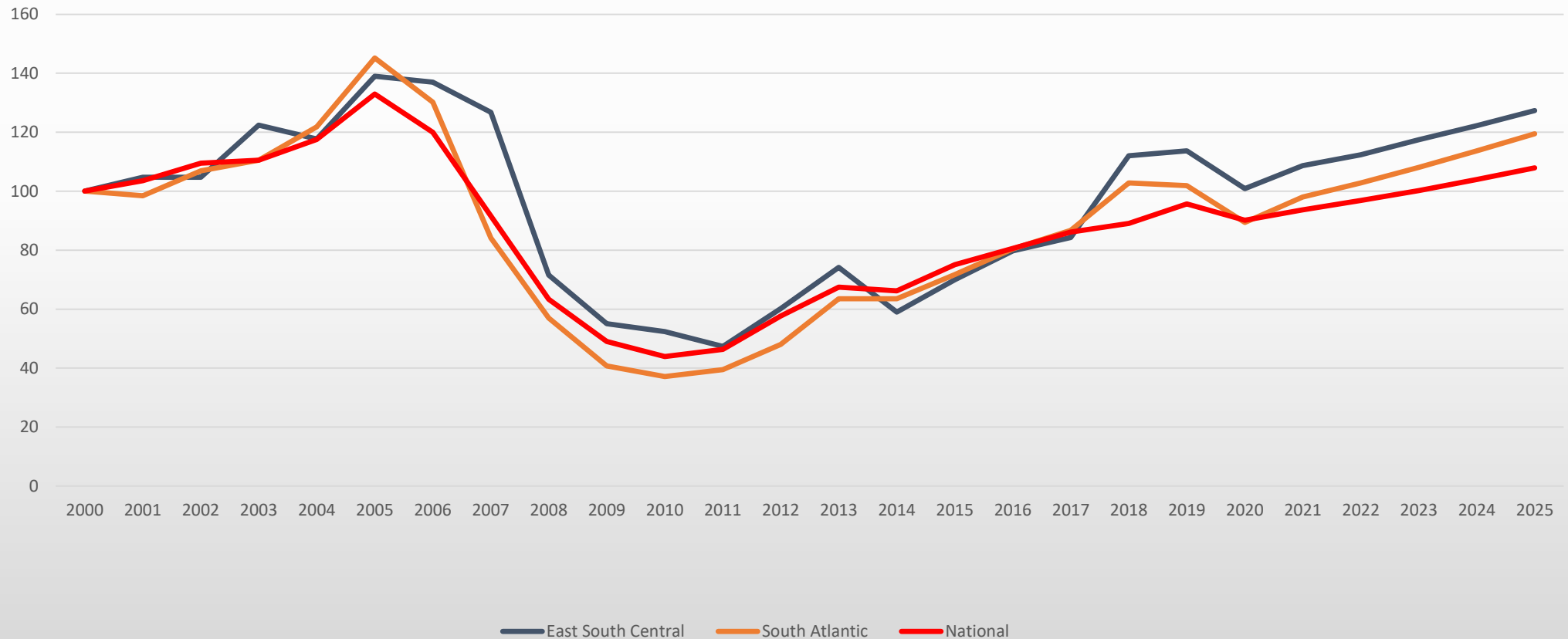
Multi-Family construction impacted by job losses in key demographic groups



South east region will lead the recovery

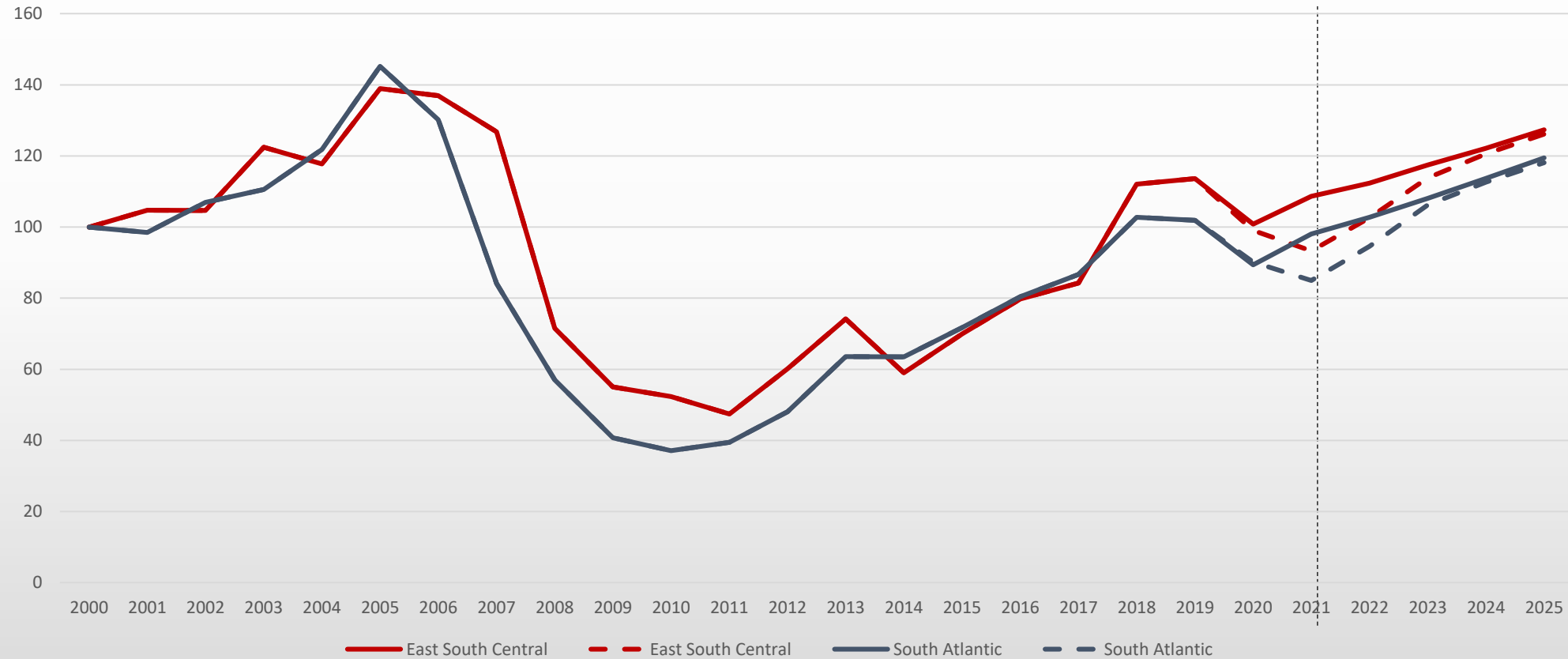
Index, 2000=100

Residential Cement Consumption, Index 2000=100



Resurgence of Covid19 may delay full recovery

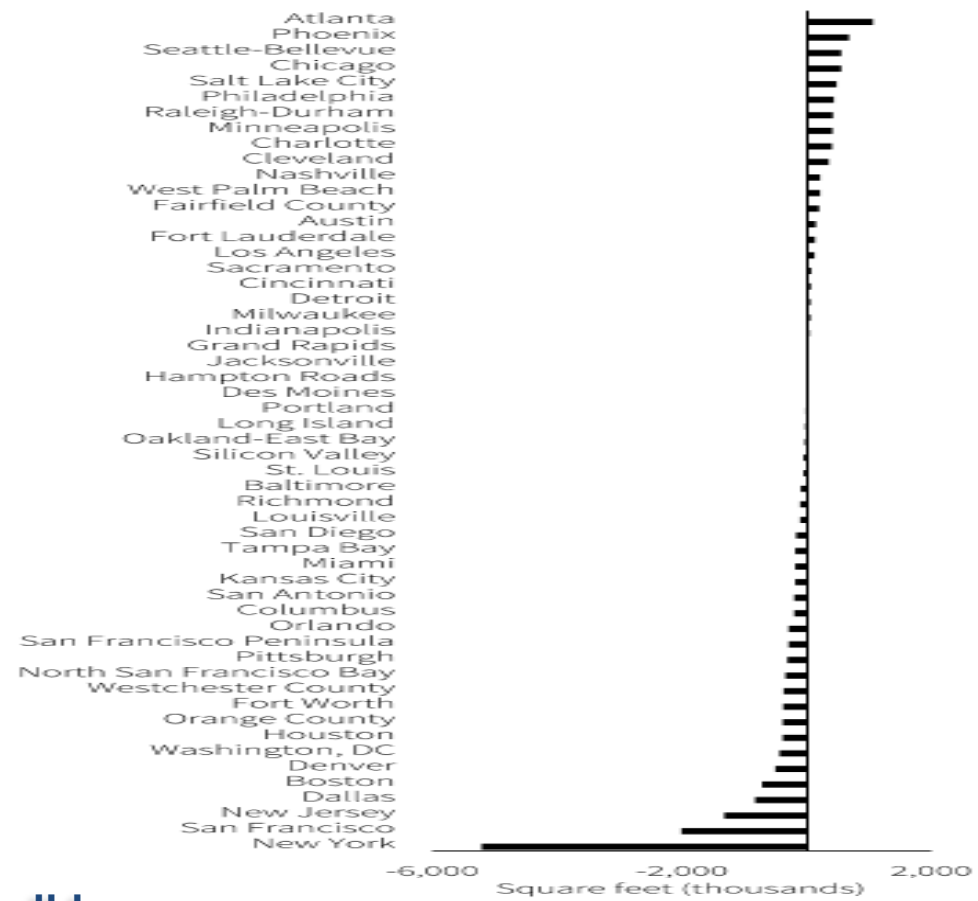
Residential Cement Consumption, Index 2000=100



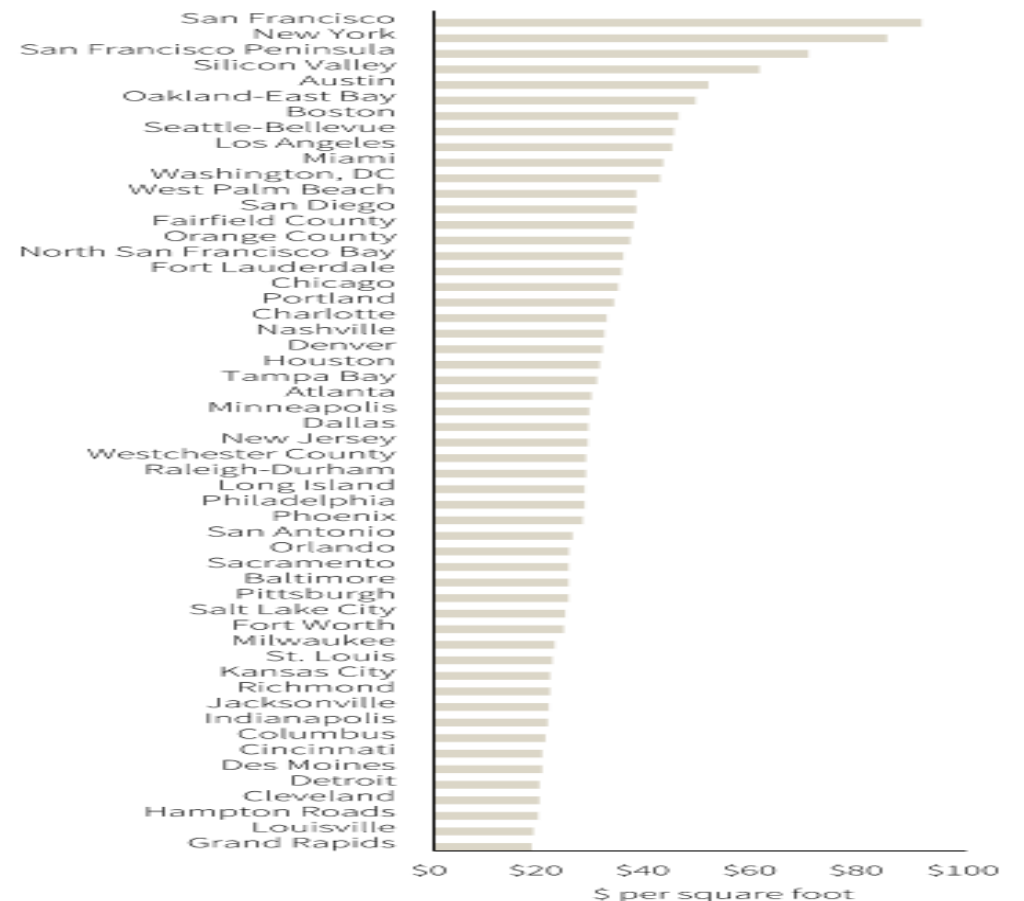
Nonresidential Outlook

Despite lock down, office space continued to be leased

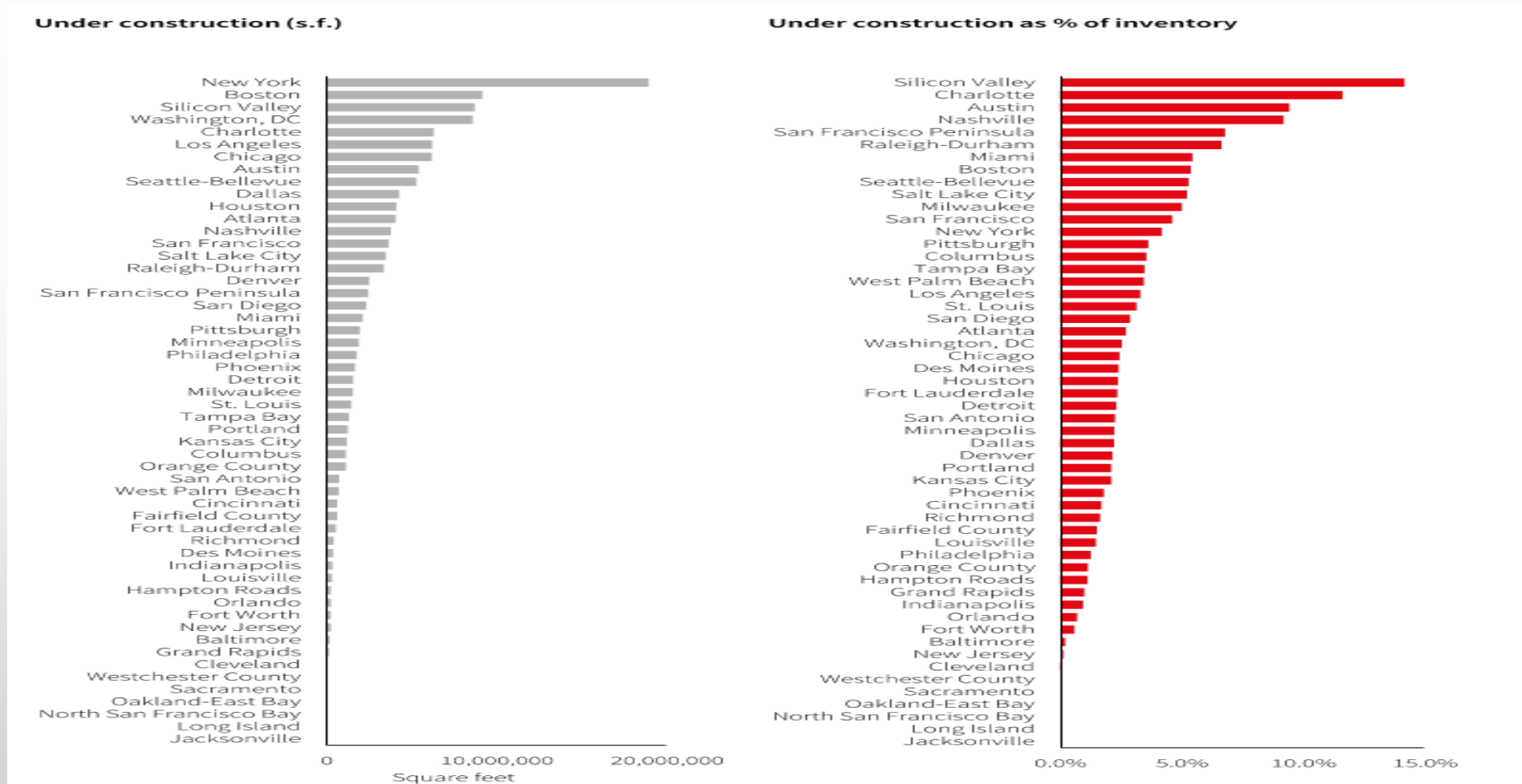
YTD total net absorption (include sublease)



Marketed rents

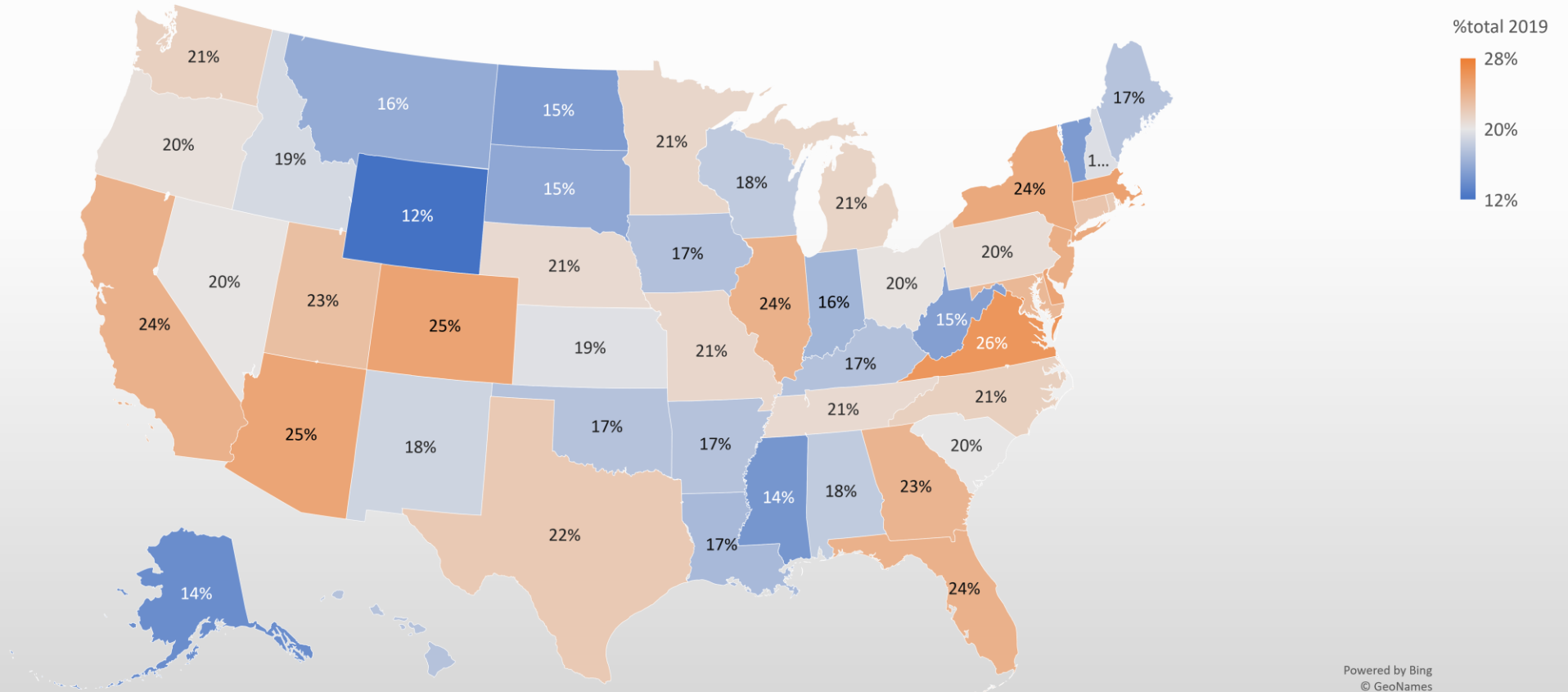


More office space under construction means supply glut ahead



Working from home will curtail urban retail construction

Office Employment as Percentage Share of Total



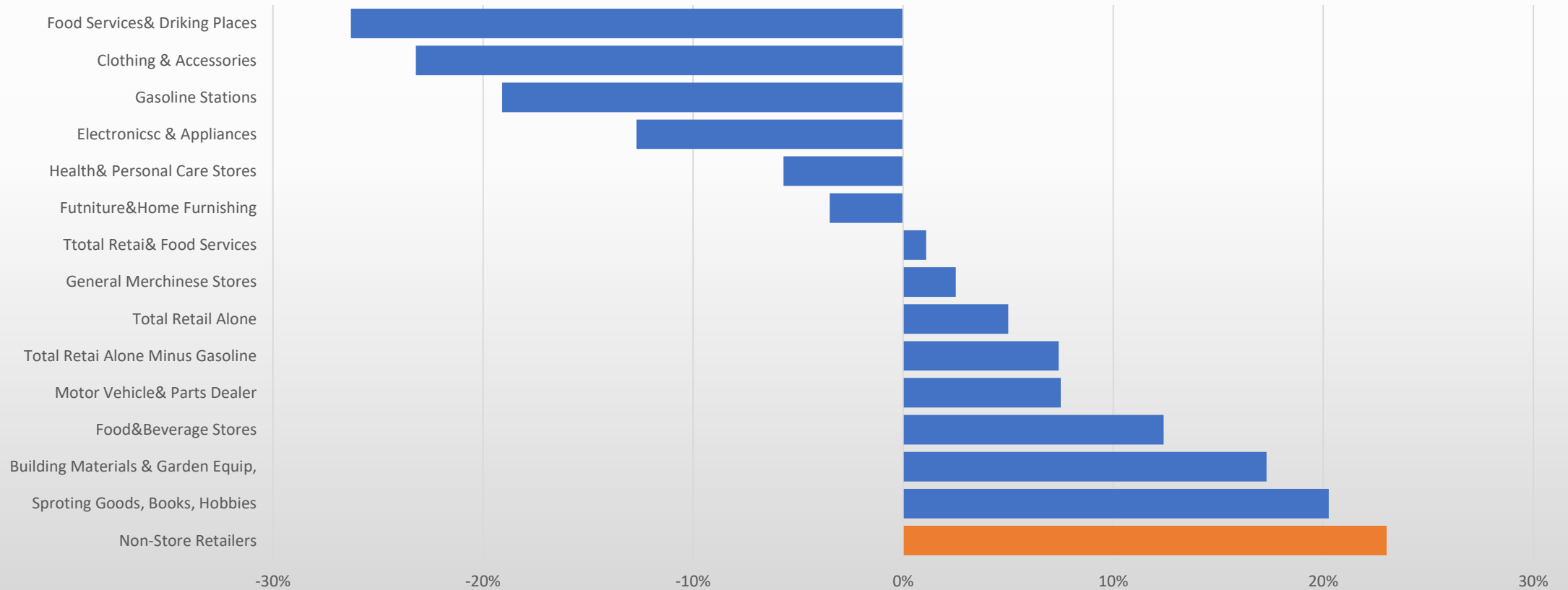
Retail investments will move with housing to the suburbs,

Views Per Property Year-Over-Year Trend Breakdown by Urbanicity Type

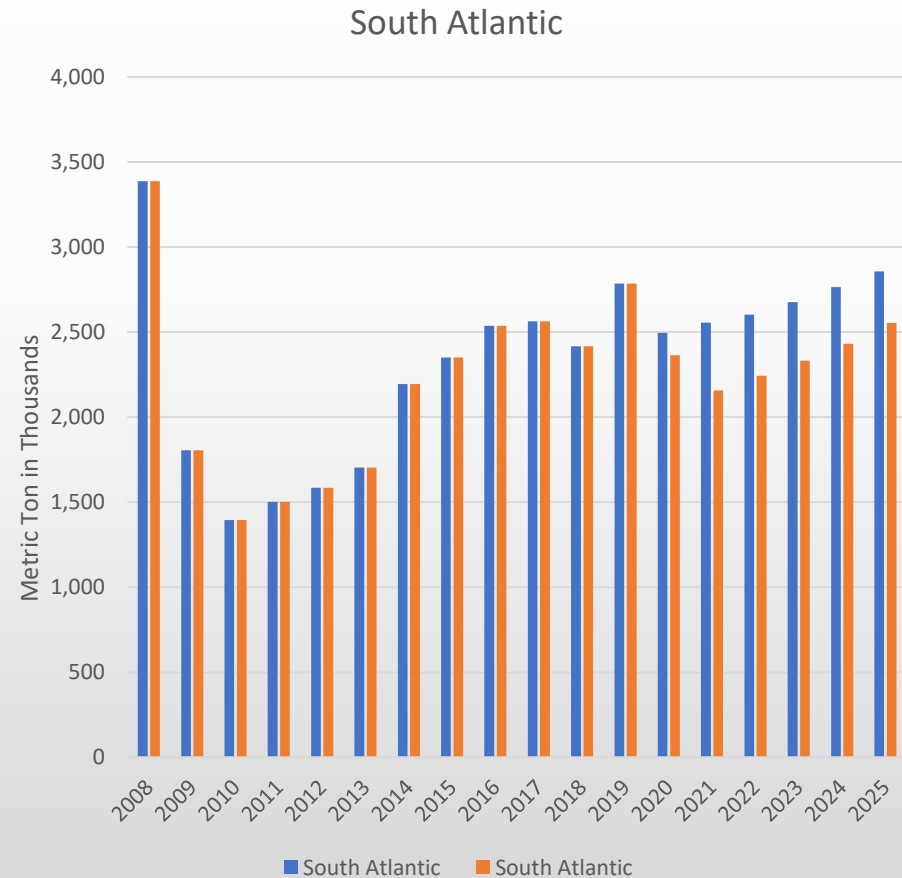
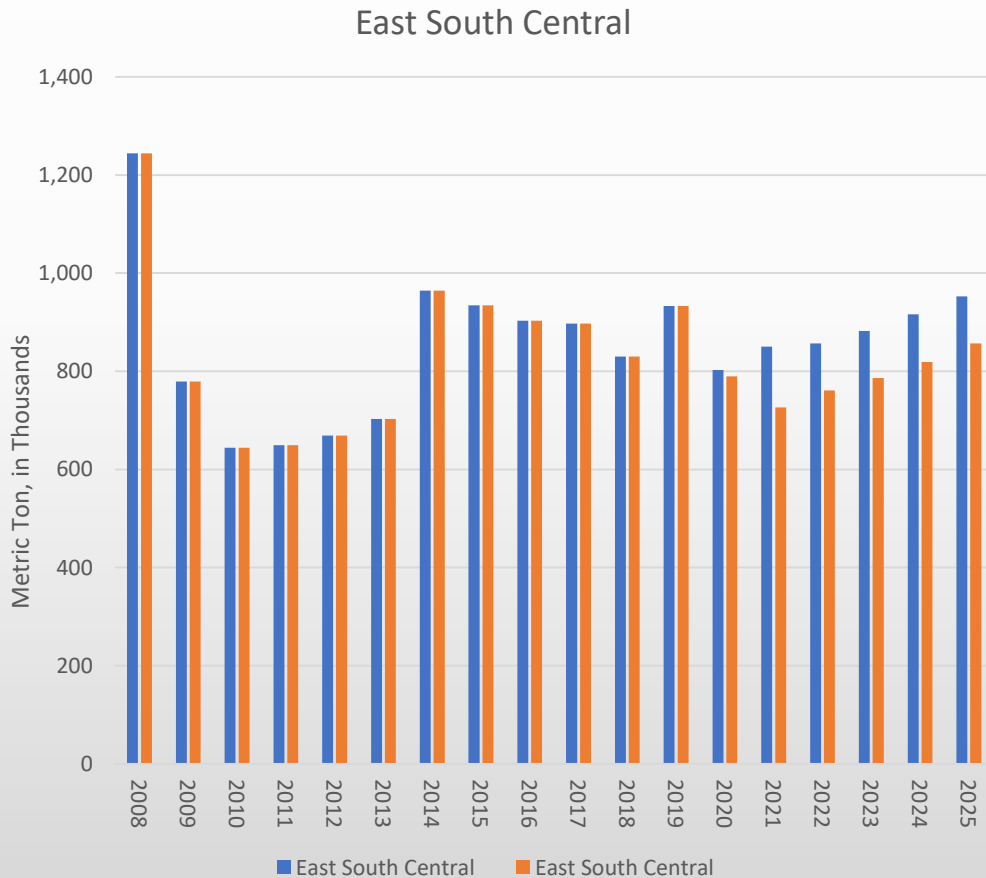


So as the warehouses

US Retail & Food Service Sales Y/Y- June 2020



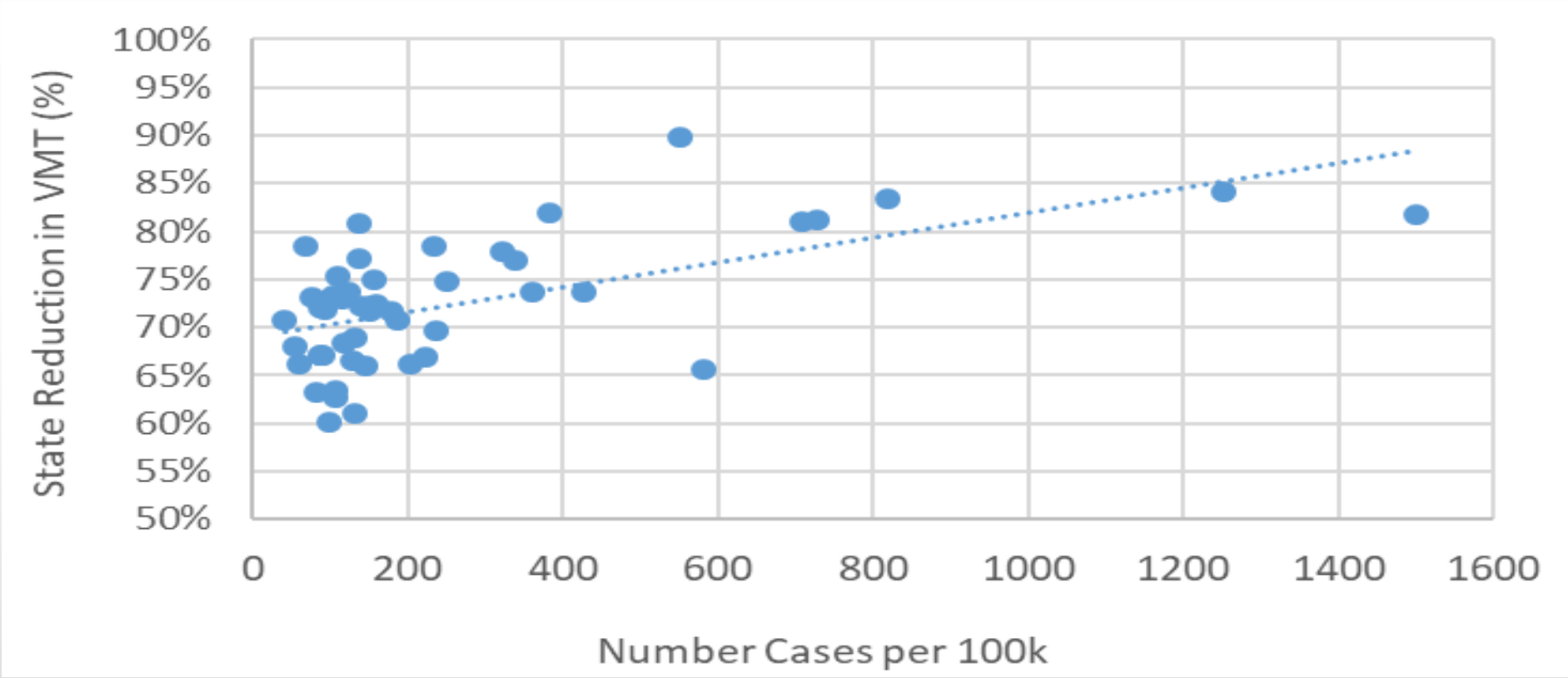
Expect headwinds in non-residential cement consumption



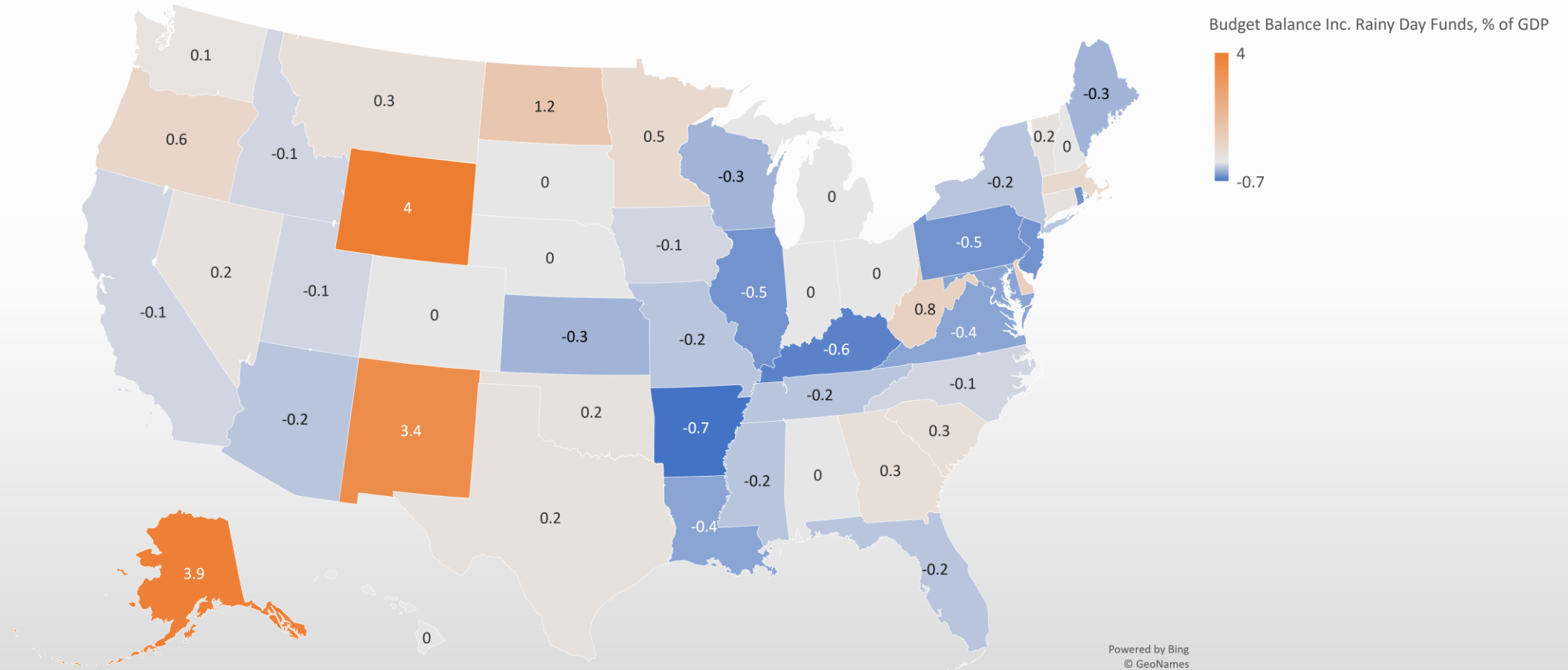
Public Outlook

Reduction in Vehicle Miles Traveled Relative to COVID-19 Cases

Percent change in VMT the second week of April vs. first week of March

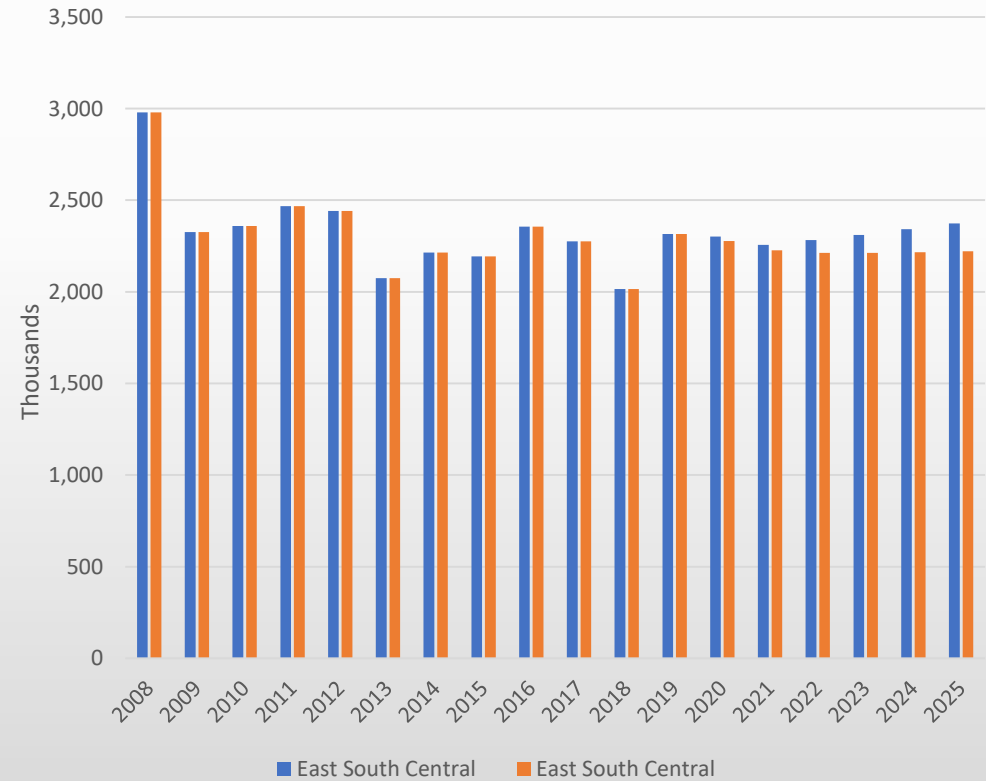
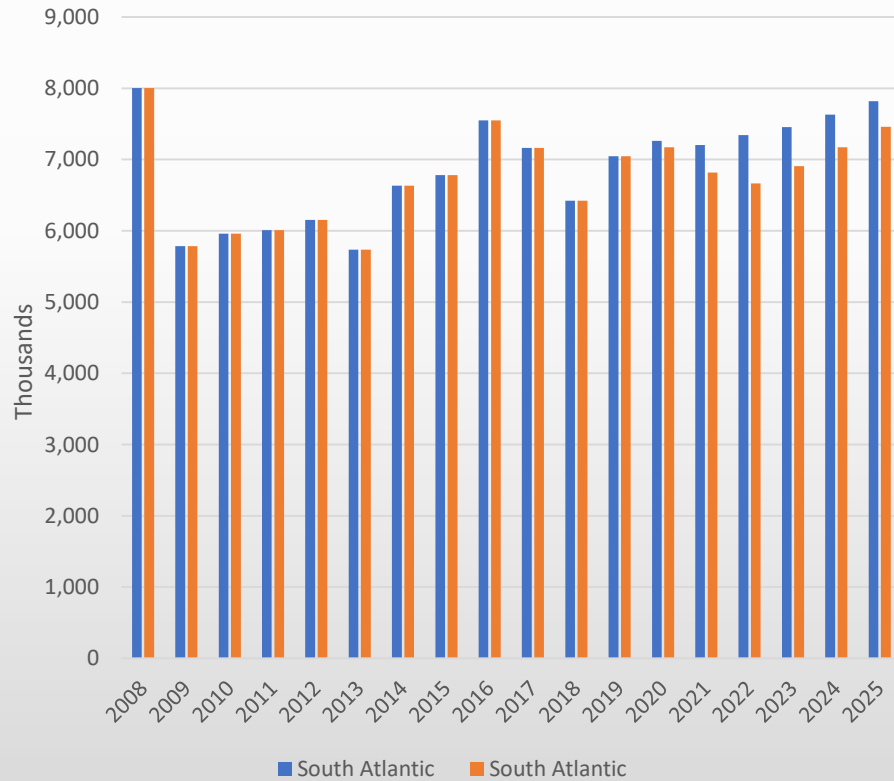


Budgetary deficit will impact full recovery



Note: Estimates are produced using projections based on enacted budgets for FY2020 and preliminary real GDP estimates for 2019. Budget balances are estimated by netting away the impact estimates from each states' total resources, and subtracting the projected expenditures and other adjustments. 24 states are at risk of seeing their budget balance move into a deficit due to impact of the pandemic. Due to rounding, Ohio's budget balance including rainy-day funds as a percentage of GDP does not show up as negative. *Due to data limitations, estimates for Georgia use the rainy-day fund balance from FY2018. **Due to data limitations, estimates are based on preliminary FY2019 data for Michigan, North Carolina, Oklahoma and Wisconsin..

Public sector cement consumption depends on when people start traveling again



Summary

- The risk of the second Covid wave is real as the number of covid 19 cases increases
- Second wave means delay in full recovery by one year
- Employment in our region have outperformed the rest of the country
- New single family home sales has picked up but weaknesses are seen on the multi side
- Supply glut of offices will weight on future investment in office spaces and impact cement consumption
- Retail constructions will follow people's movement to the suburbs, so as warehouses
- State and local governments need help to fund on-going construction projects as most of them may run deficit next year

The PCA logo features the letters 'PCA' in a bold, white, sans-serif font. A white swoosh underline starts under the 'A' and extends to the right, ending with a registered trademark symbol (®). The background of the slide is a grayscale photograph of a large concrete arch bridge structure against a cloudy sky.

Since 1916

America's Cement Manufacturers™

Coronavirus Regional Briefing: South East Central & South Atlantic

David Lan, Senior Regional Economist

July 2020