Coronavirus Regional Briefing:
South East Central & South Atlantic
David Lan, Senior Regional Economist
July 2020
Covid 19’s impact to Cement Consumption

Indexed

Source: PCA
Job Market
Job creation strong until covid hits

U.S Employment Total Nonfarm

Source: BLS, PCA
Jobs have started to rebound

Employment Change since February 2020 level(%)
Hospitality sector is hit the hardest

-35% - Leisure and hospitality
-30% - Information
-25% - Professional and business services
-20% - Transportation and utilities
-15% - Retail trade
-10% - Education and healthcare
-5% - Government
0% - Construction
0% - Manufacturing
-10% - Wholesale trade
-5% - Financial activities

Source: BLS, PCA
Manufacturing sector is the stabilizing force

Manufacturing Employment as Percentage of Total 2019

Source: BLS, PCA
No state is spared from hospitality job losses

Leisure Employment Changes between February and June 2020

Source: BLS, PCA
Construction employment bounced back faster than any other sectors

Source: BLS, PCA
Residential Outlook
Pent-up demand lifts new home sales

New Home Sales, Index 2009=100

Source: Census
Desire for homeownership remains upbeat

Source: Realtor.com
Expect larger homes to dominate new constructions

One Family House - Median Squarefootage

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

% Change in Jobs by Age Group

Source: BLS
South east region will lead the recovery

Index, 2000=100

Source: USGS, PCA
Resurgence of Covid19 may delay full recovery

Source: USGS, PCA
Nonresidential Outlook
Despite lock down, office space continued to be leased
More office space under construction means supply glut ahead

Source: JLL
Working from home will curtail urban retail construction

Office Employment as Percentage Share of Total

Source: BLS, PCA
Retail investments will move with housing to the suburbs,
So as the warehouses

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

-30% -20% -10% 0% 10% 20% 30%

Non-Store Retailers

- Sports Goods, Books, Hobbies
- Building Materials & Garden Equip,
- Food & Beverage Stores
- Motor Vehicle & Parts Dealer
- Total Retail & Food Services
- Furniture & Home Furnishing
- Health & Personal Care Stores
- Electronics & Appliances
- Gasoline Stations
- General Merchandise Stores
- Total Retail Alone
- Total Retail Alone Minus Gasoline
- Food Services & Drinking Places
- Clothing & Accessories
- \textit{Since 1916}

America's Cement Manufacturers™
Expect headwinds in non-residential cement consumption

**East South Central**

**South Atlantic**

Source: USGS, PCA
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

Source: University of California, Davis
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.

Source: TD Bank
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