

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 under the 'A' with a registered trademark symbol (®).

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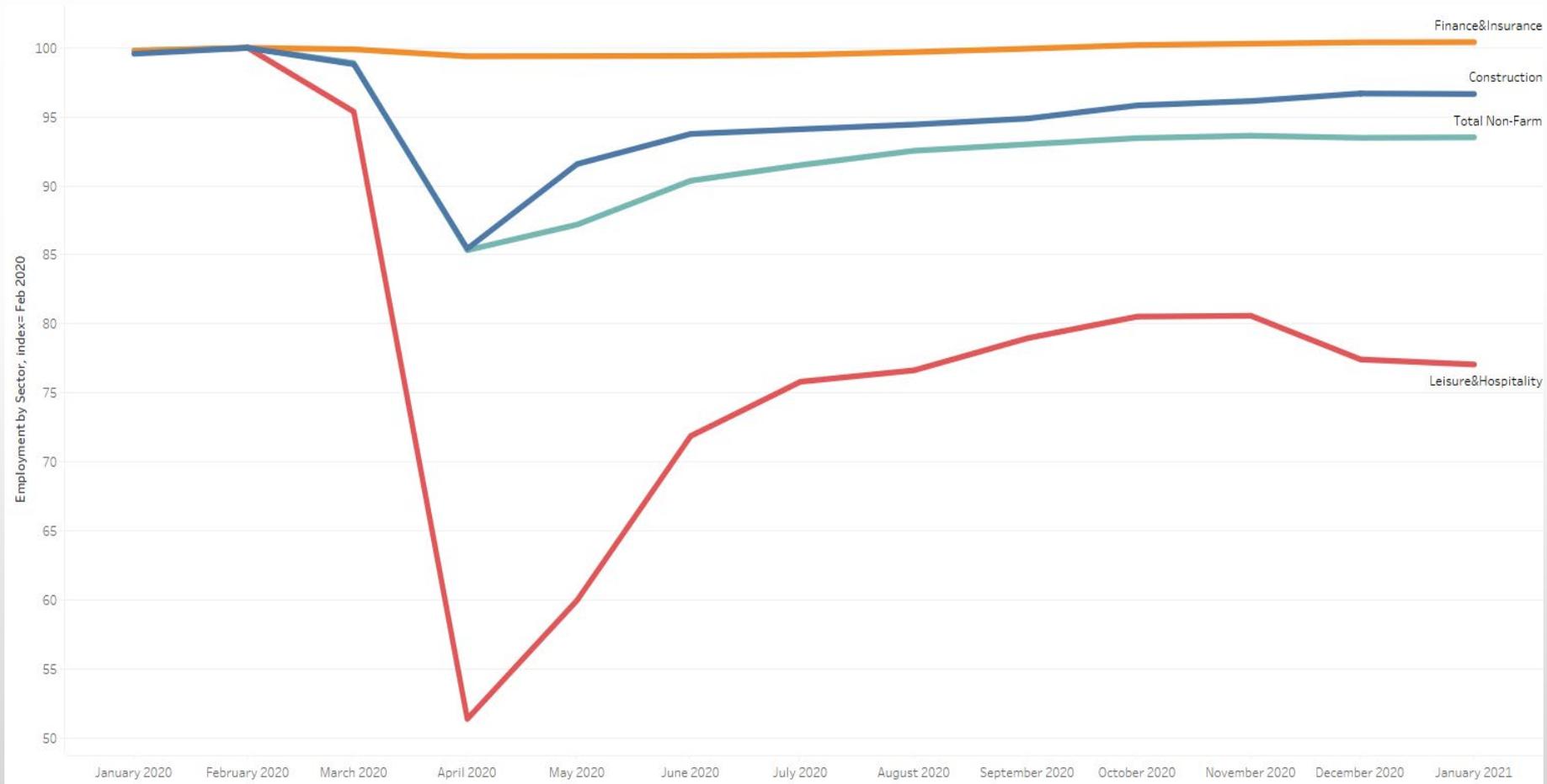
Market Update Southeast Region

David Lan, Senior Regional Economist

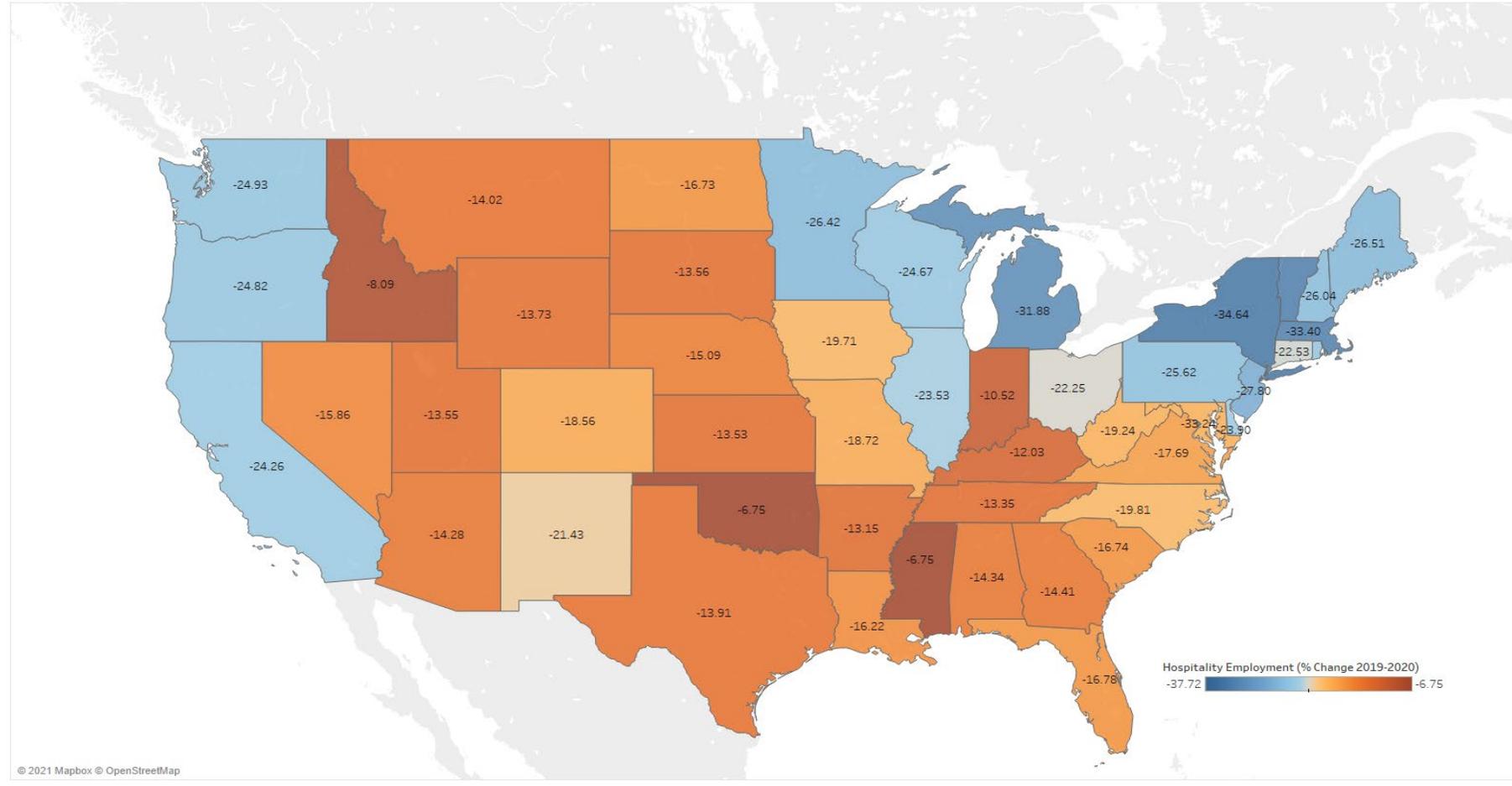
February 2021

Economy

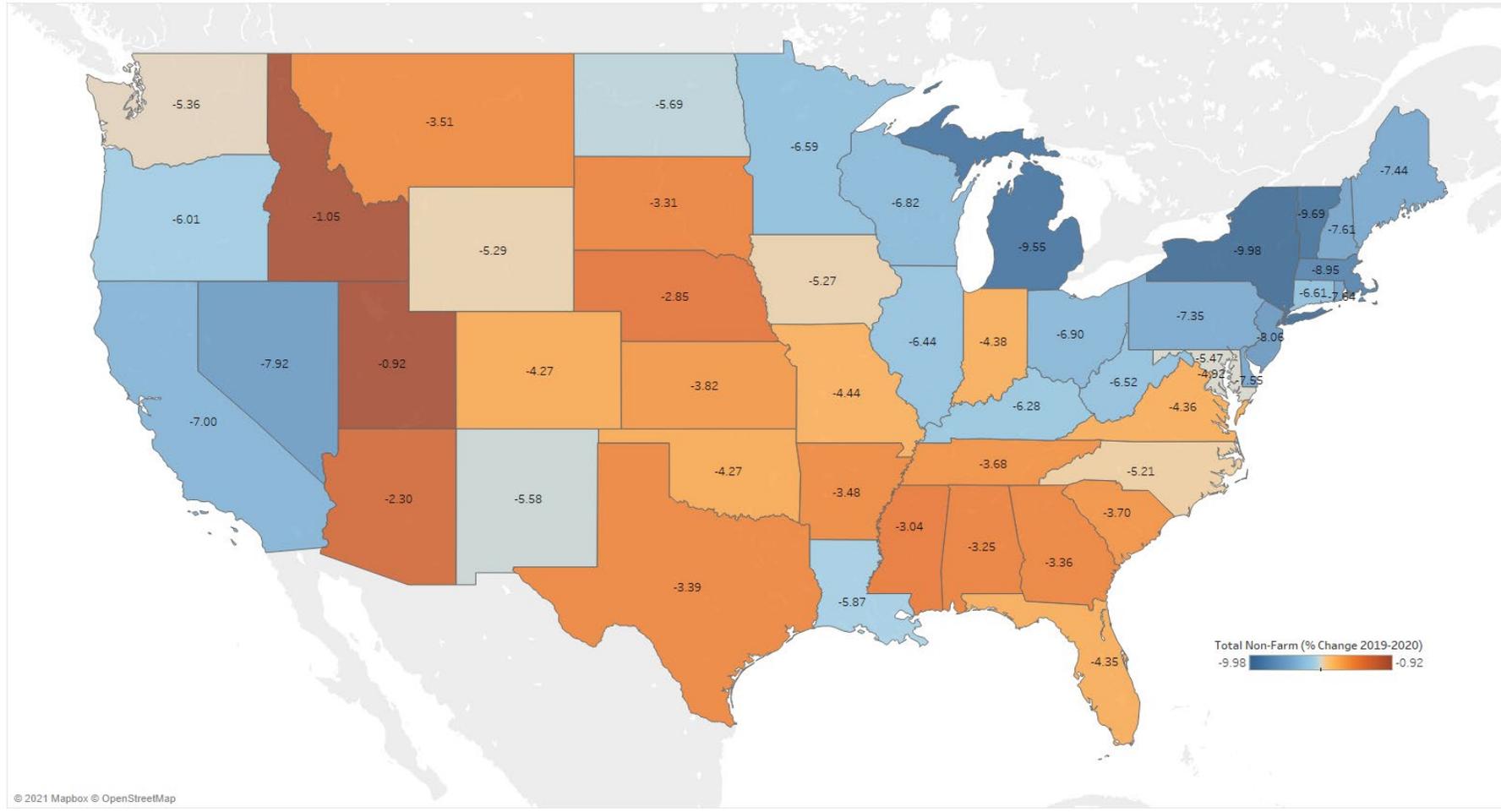
Finance sector employment emerges from the lockdown relatively unscratched



Hospitality job losses mostly in New York and California

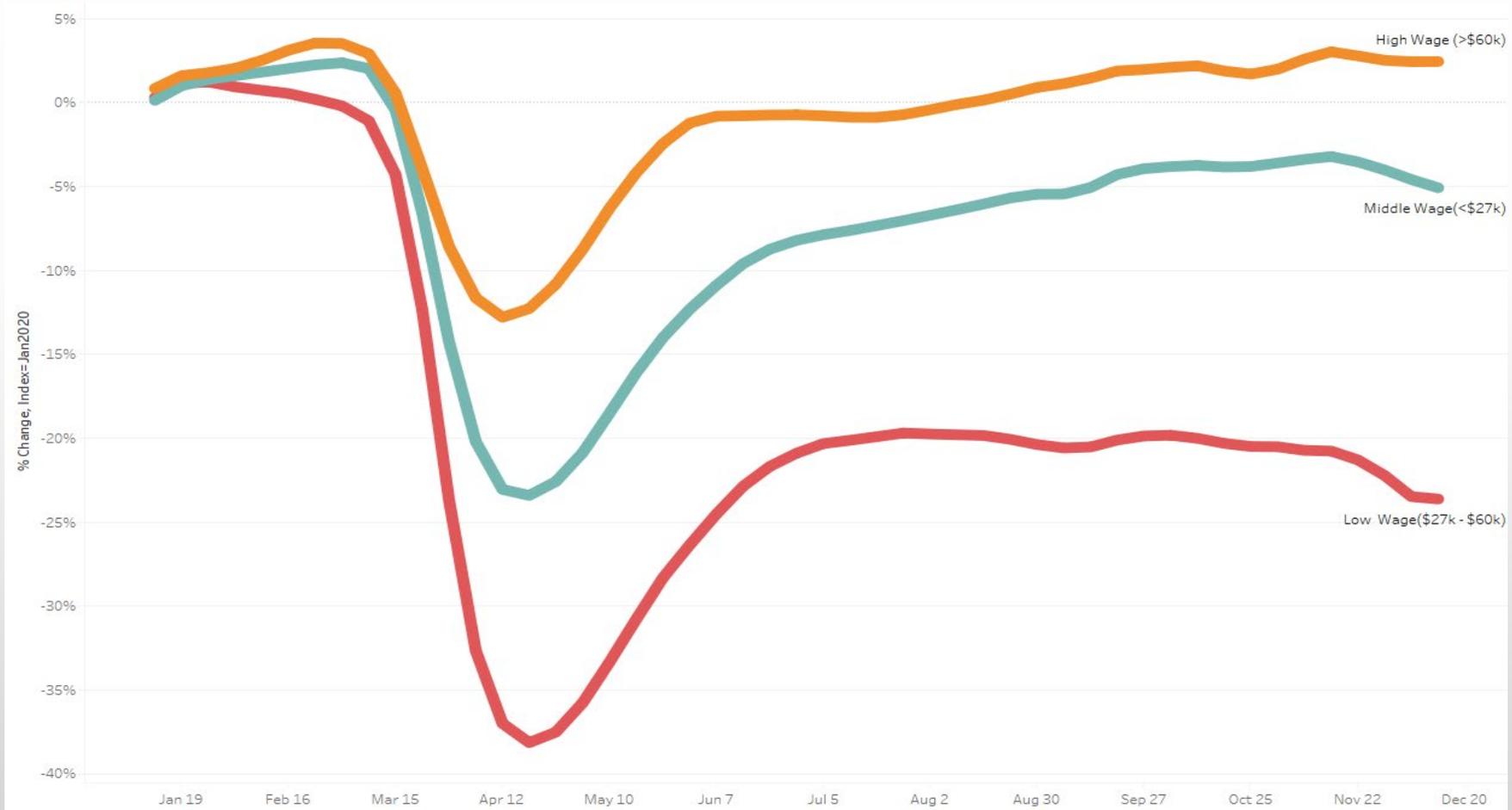


Southeast region is almost back on its feet

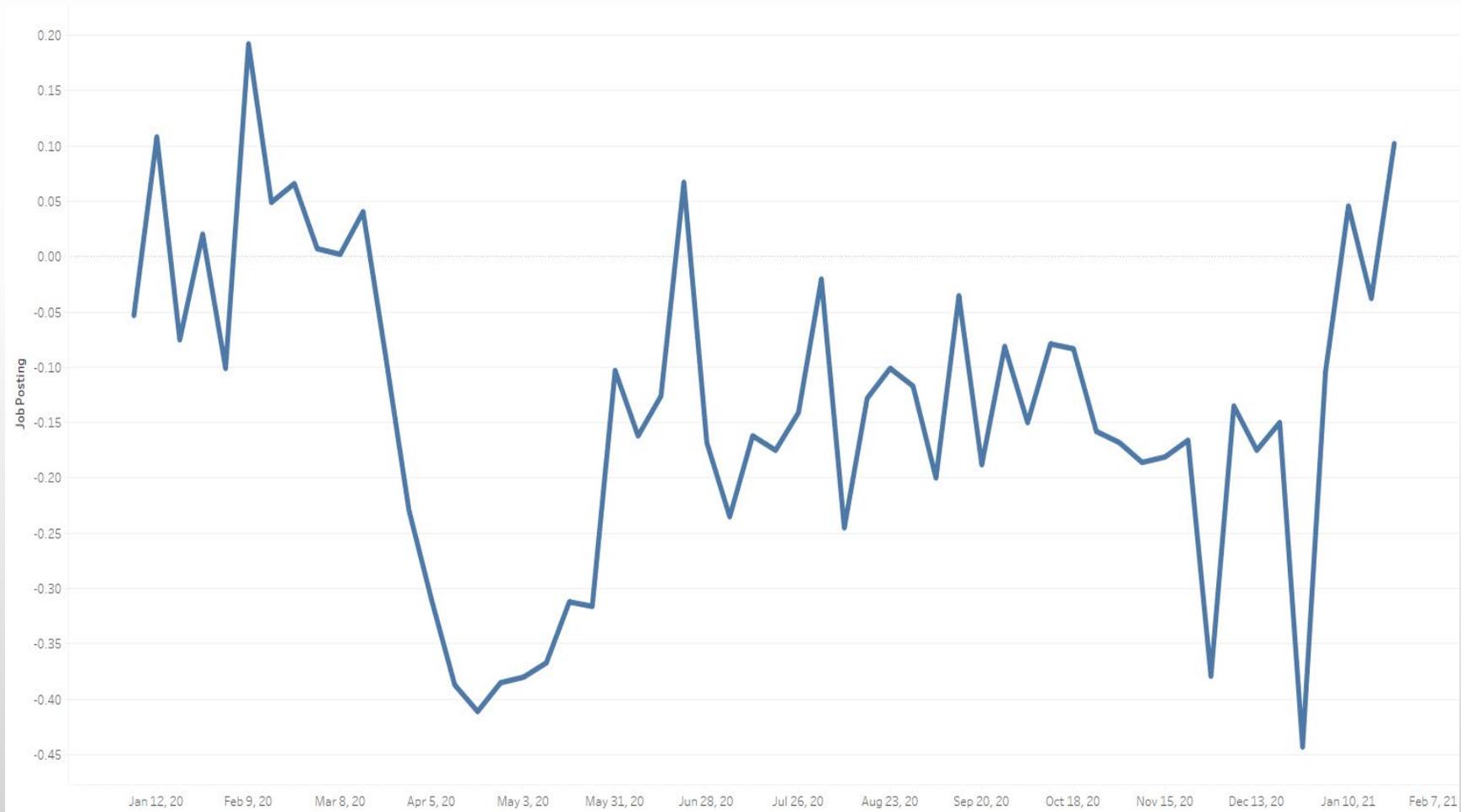


Source: BLS

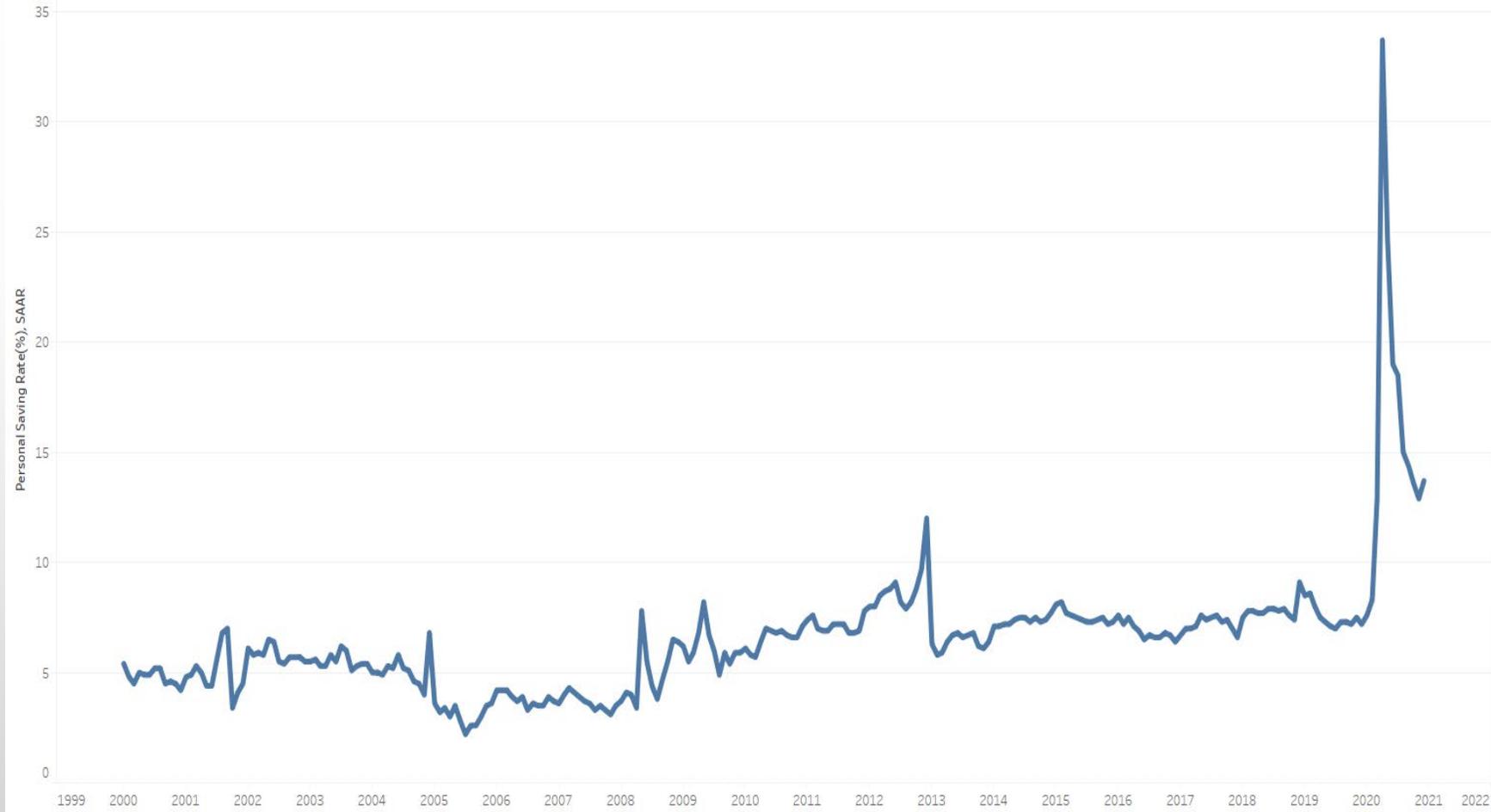
High income job creation near pre-covid levels



Uptick in job postings points towards recovery

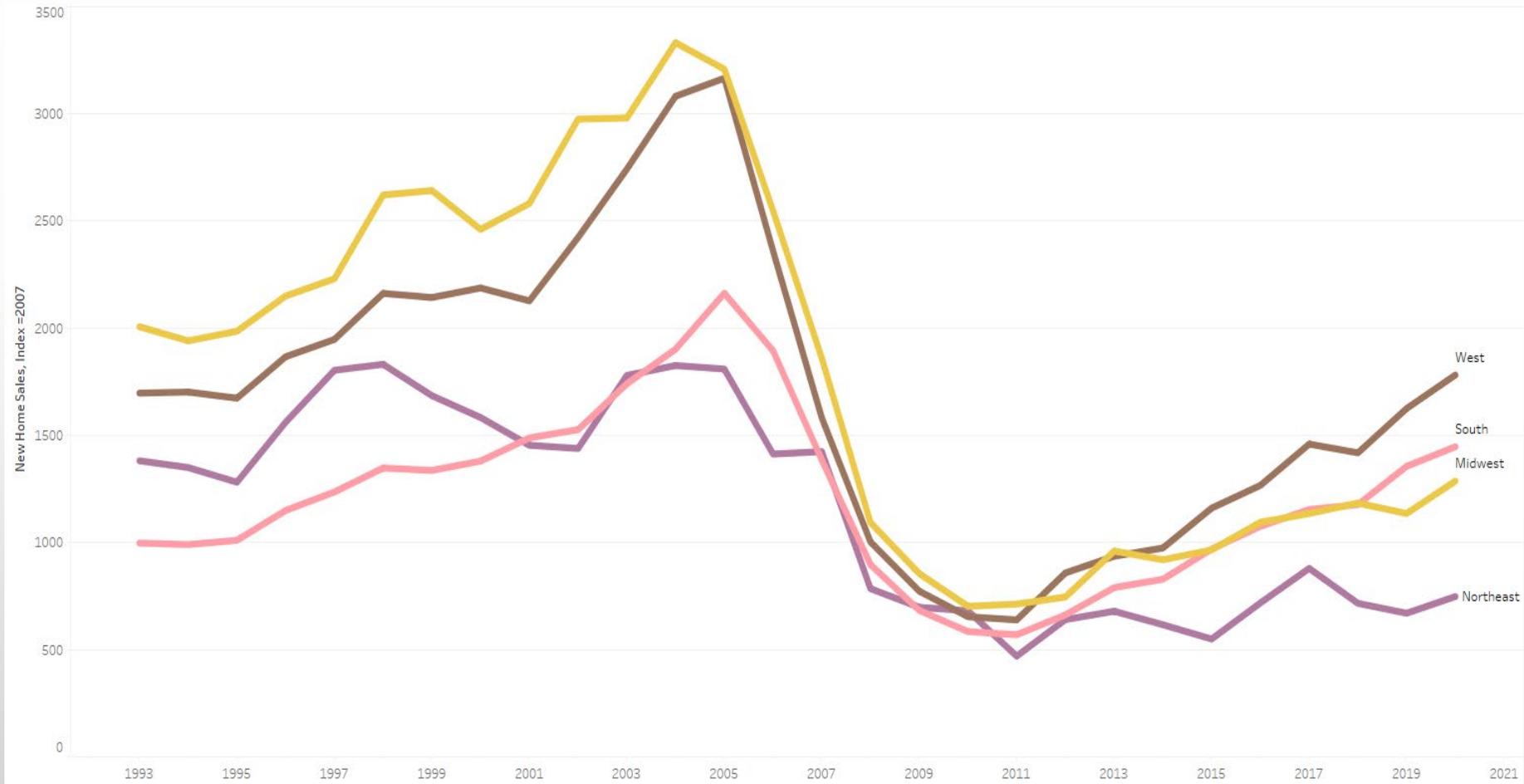


Consumers ready to unleash cash when Covid is over

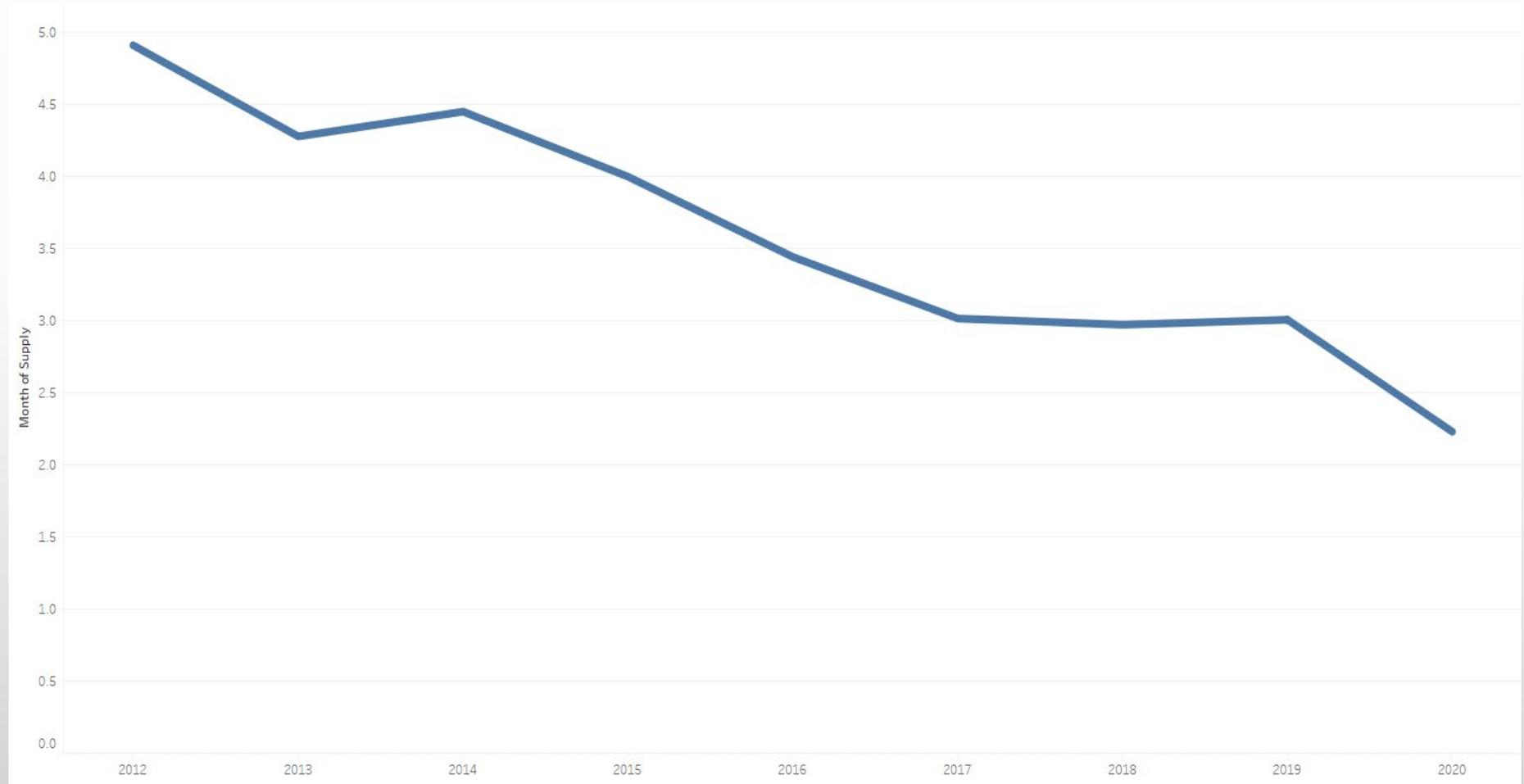


Residential

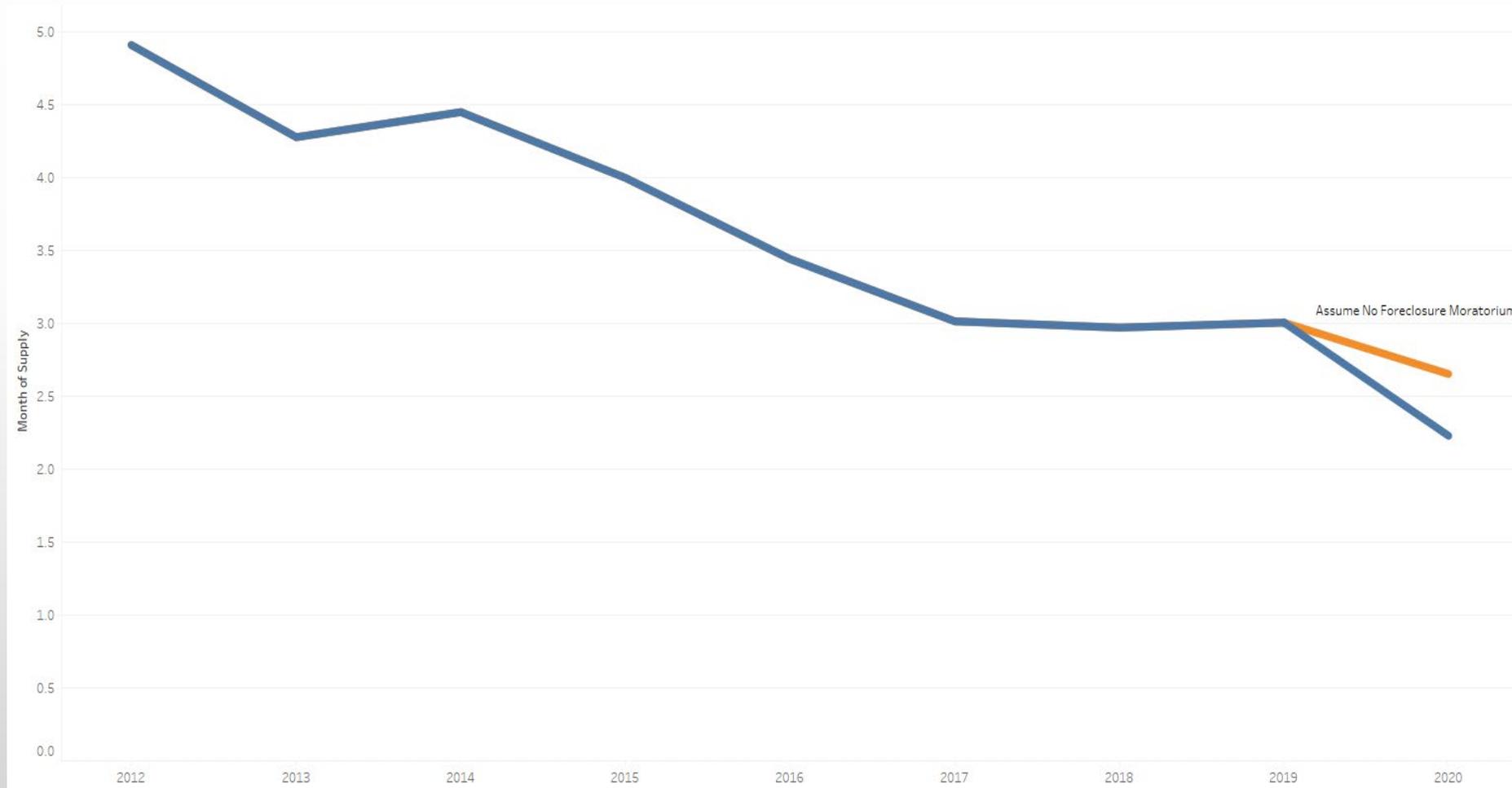
Low mortgage rates and the lack of resale inventory drive new home sales



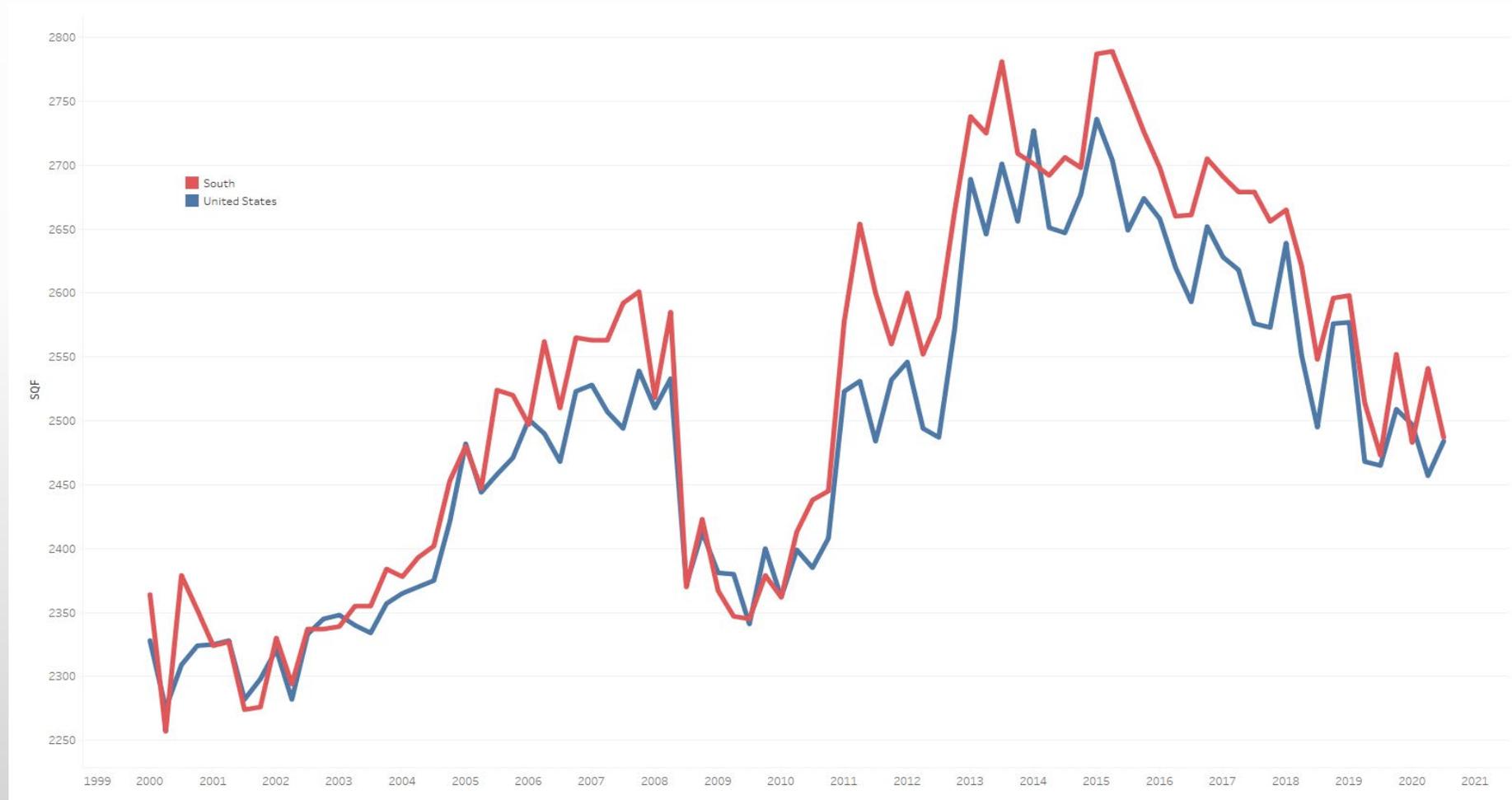
Foreclosure moratorium tightens existing home market



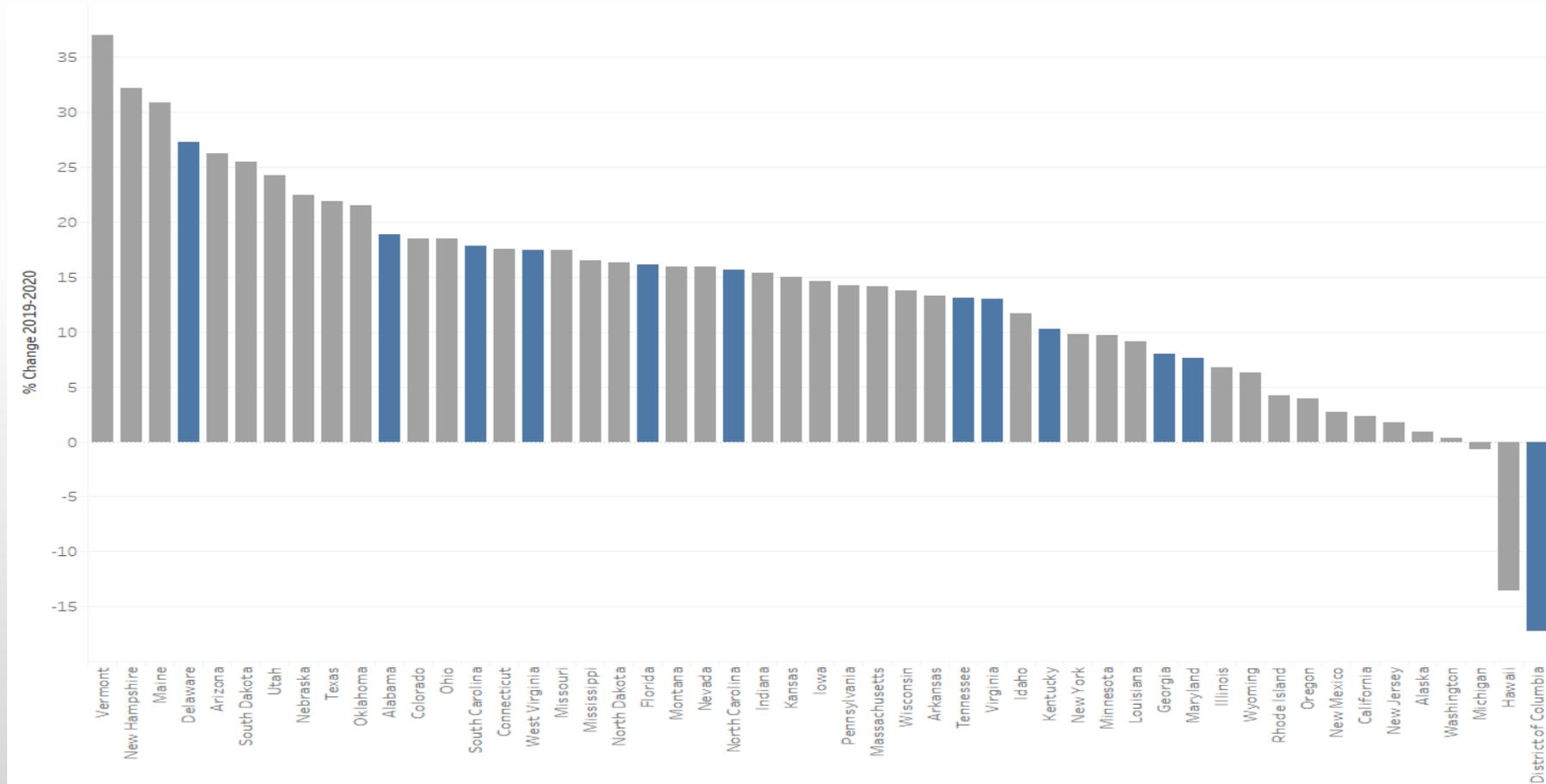
Risks of a housing bust is very low when foreclosure moratorium expires



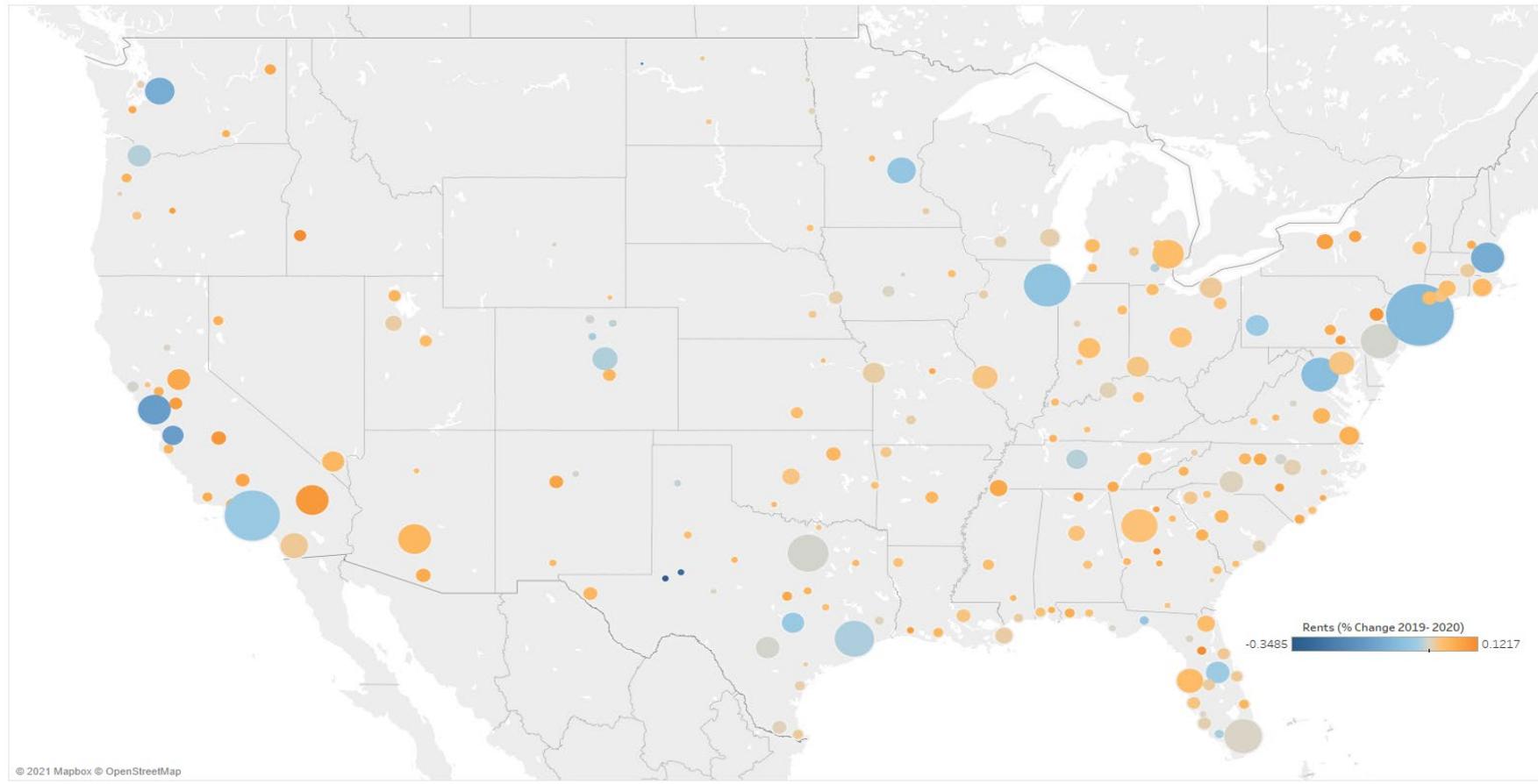
New home sizes are set to grow



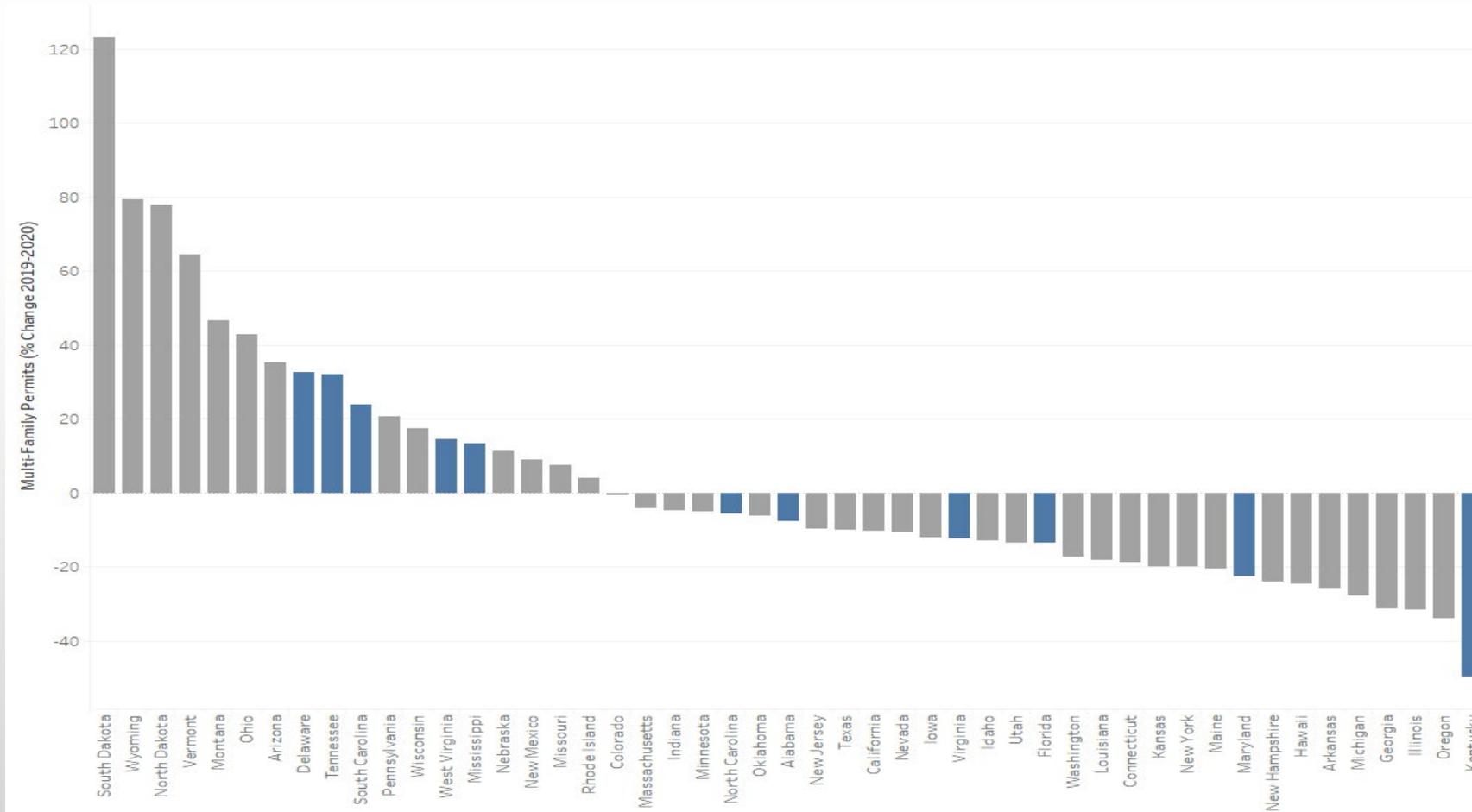
Increase in single-family construction almost broad-based



Rents in most Southeast markets have recovered to the pre-covid levels



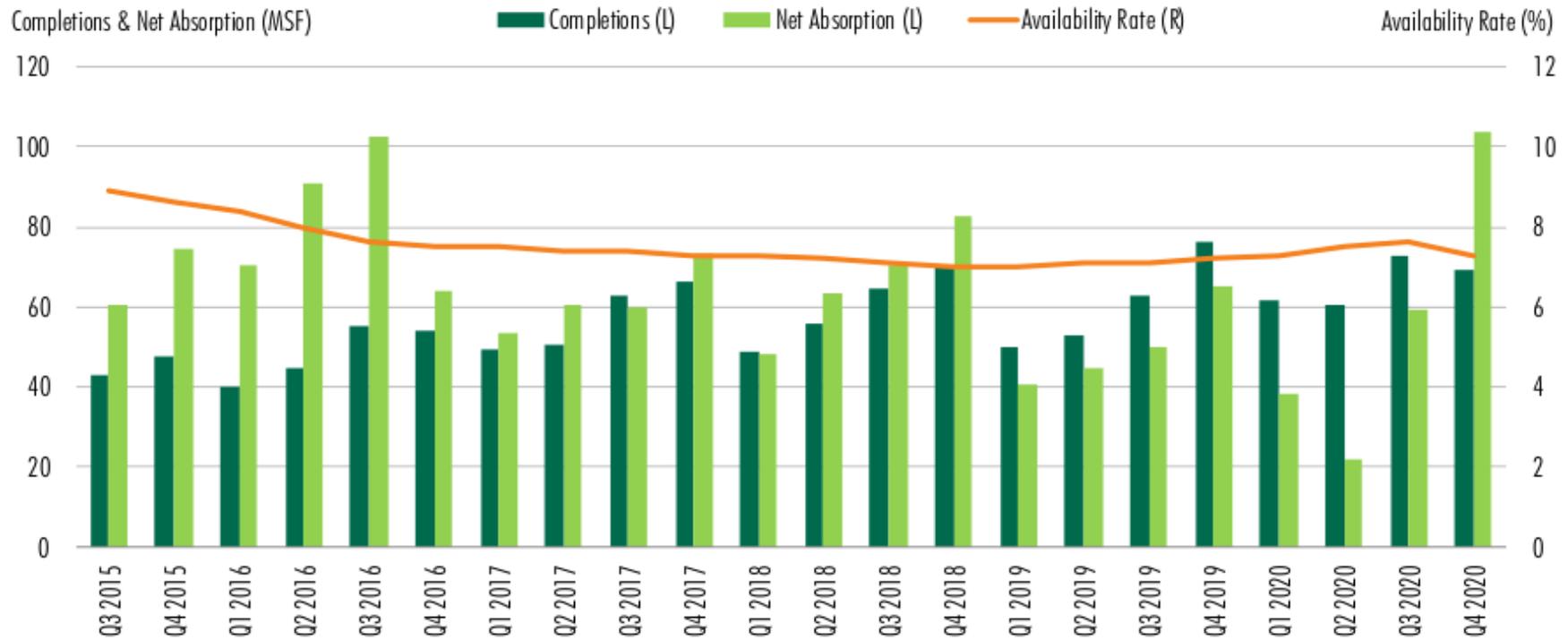
Multi-family constructions will bottom out in 2021



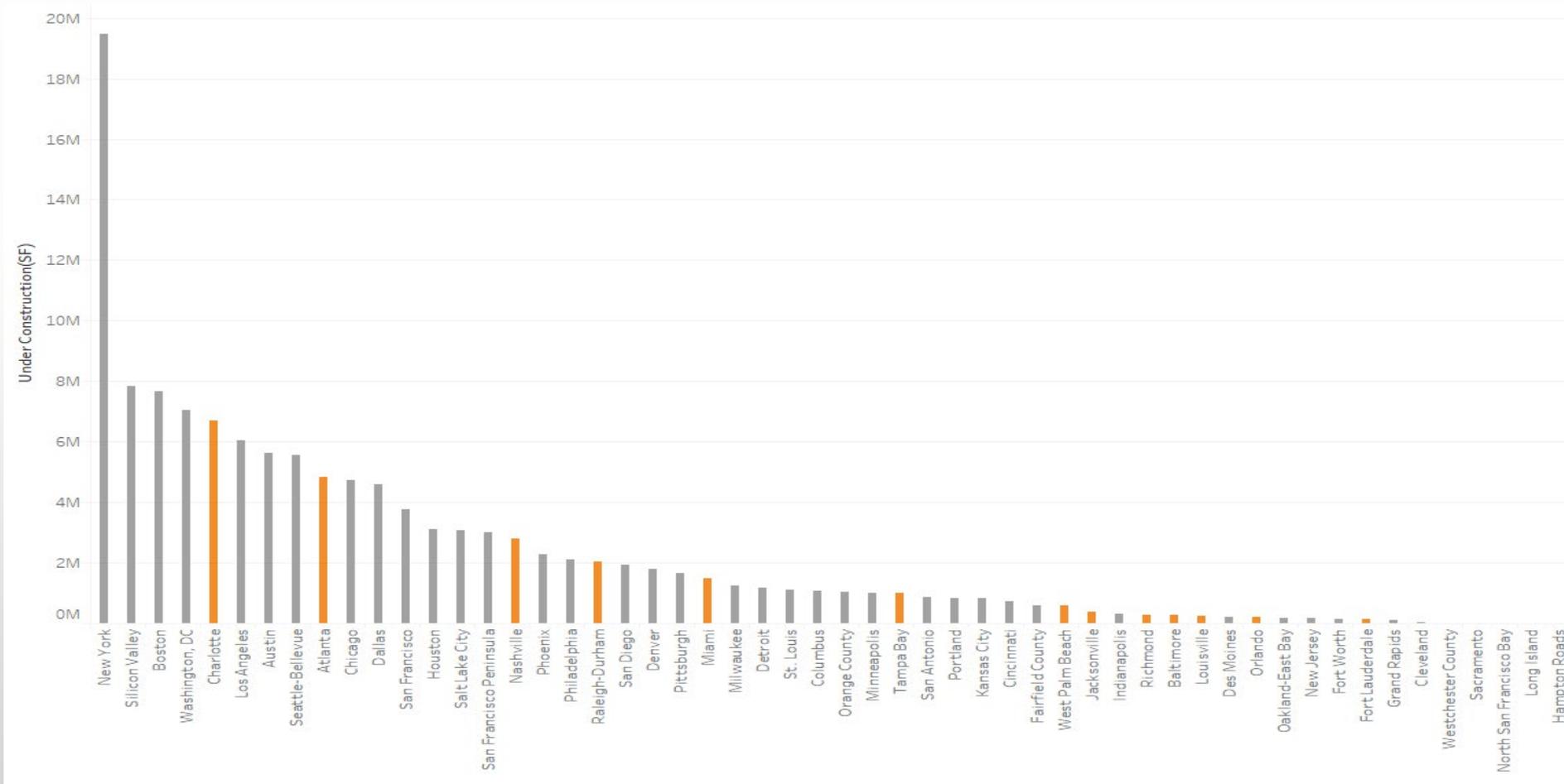
Non-residential

Challenges ahead bringing new supply of warehouses to the market

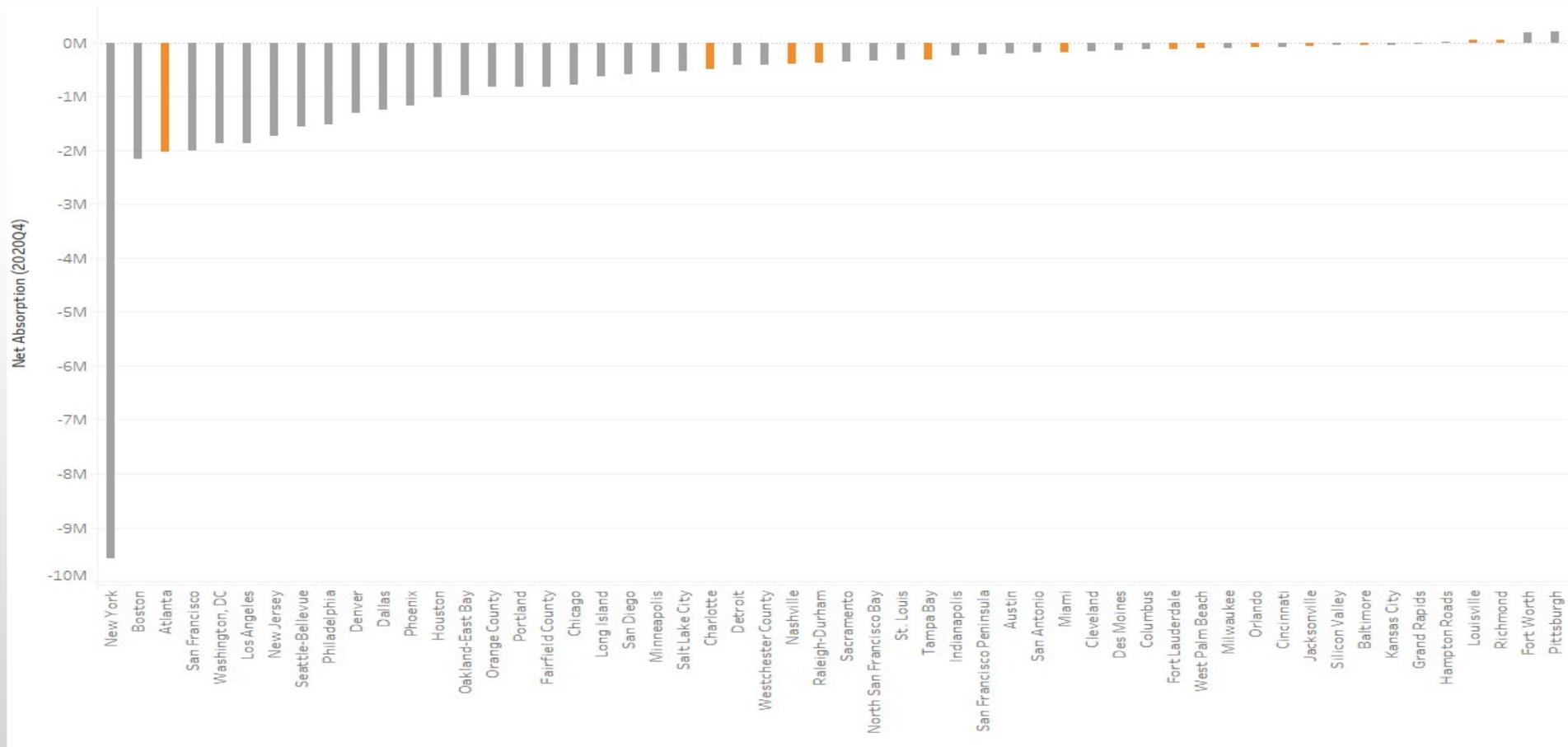
INDUSTRIAL SUPPLY & DEMAND



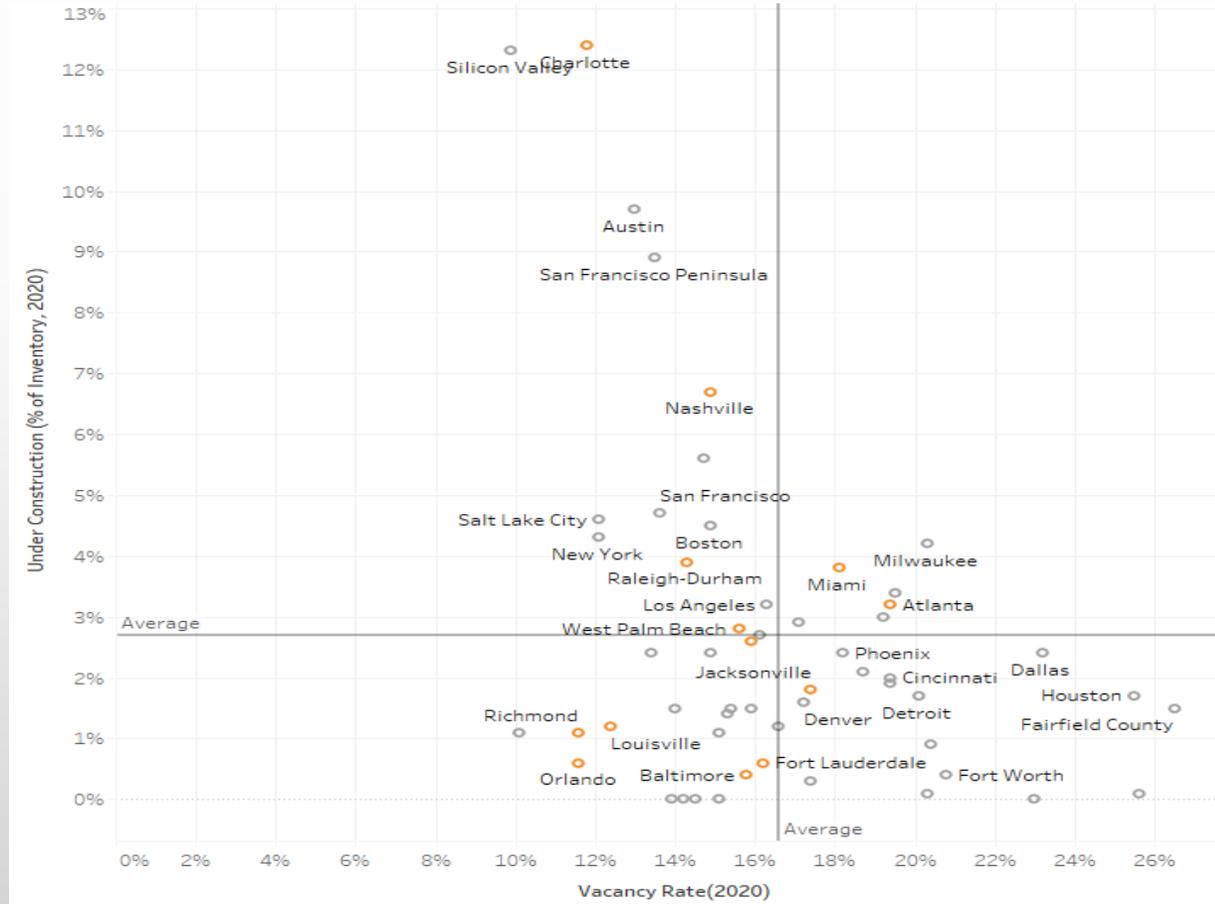
Construction of office spaces continues in all markets amid Covid



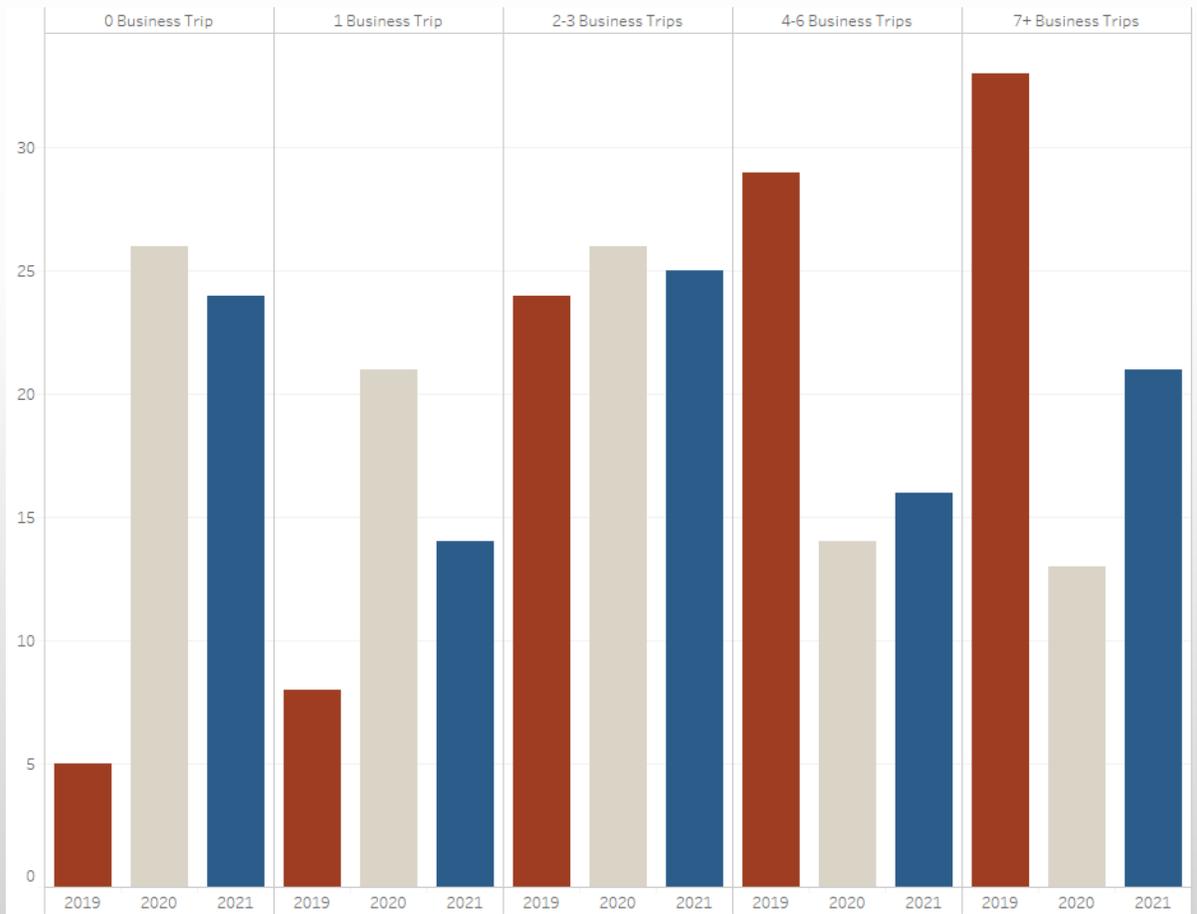
Positive net absorption is critical for launching new office projects



No substantial systematic risk detected in the office market

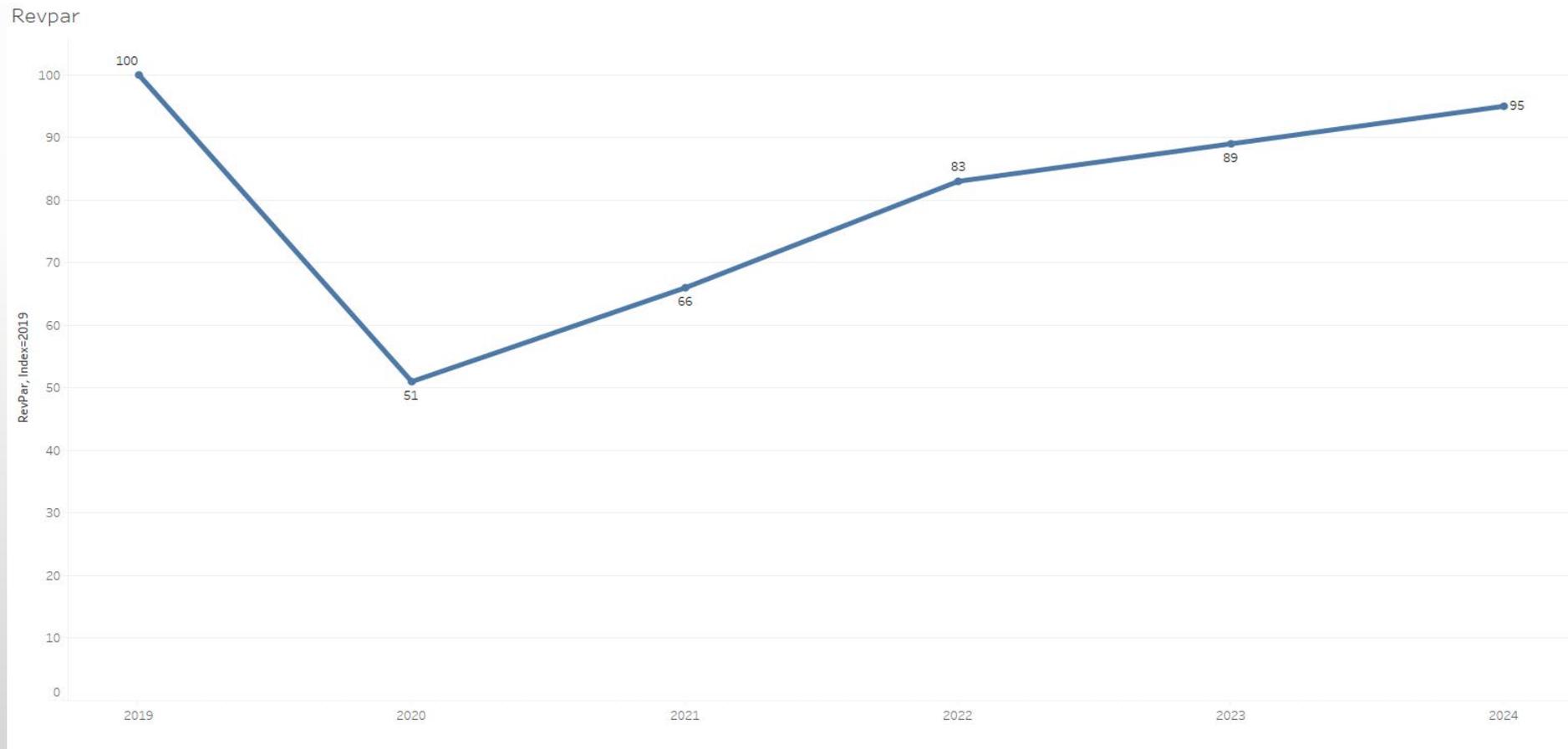


Hotel sector bracing for uncertain future of business travel

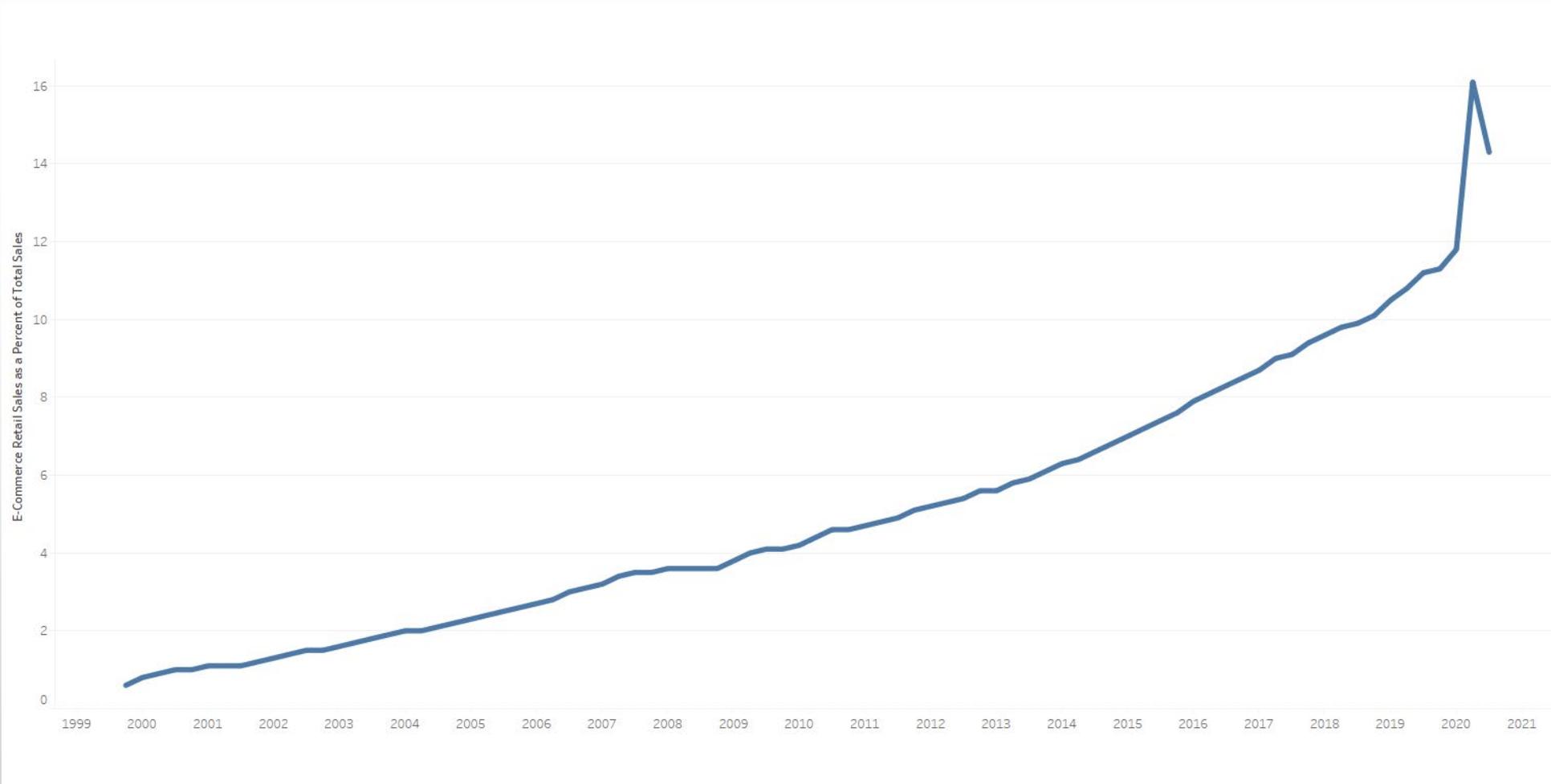


Source: Oxford Economics

Hotel revenues are not expected to return to the pre-covid levels until 2025

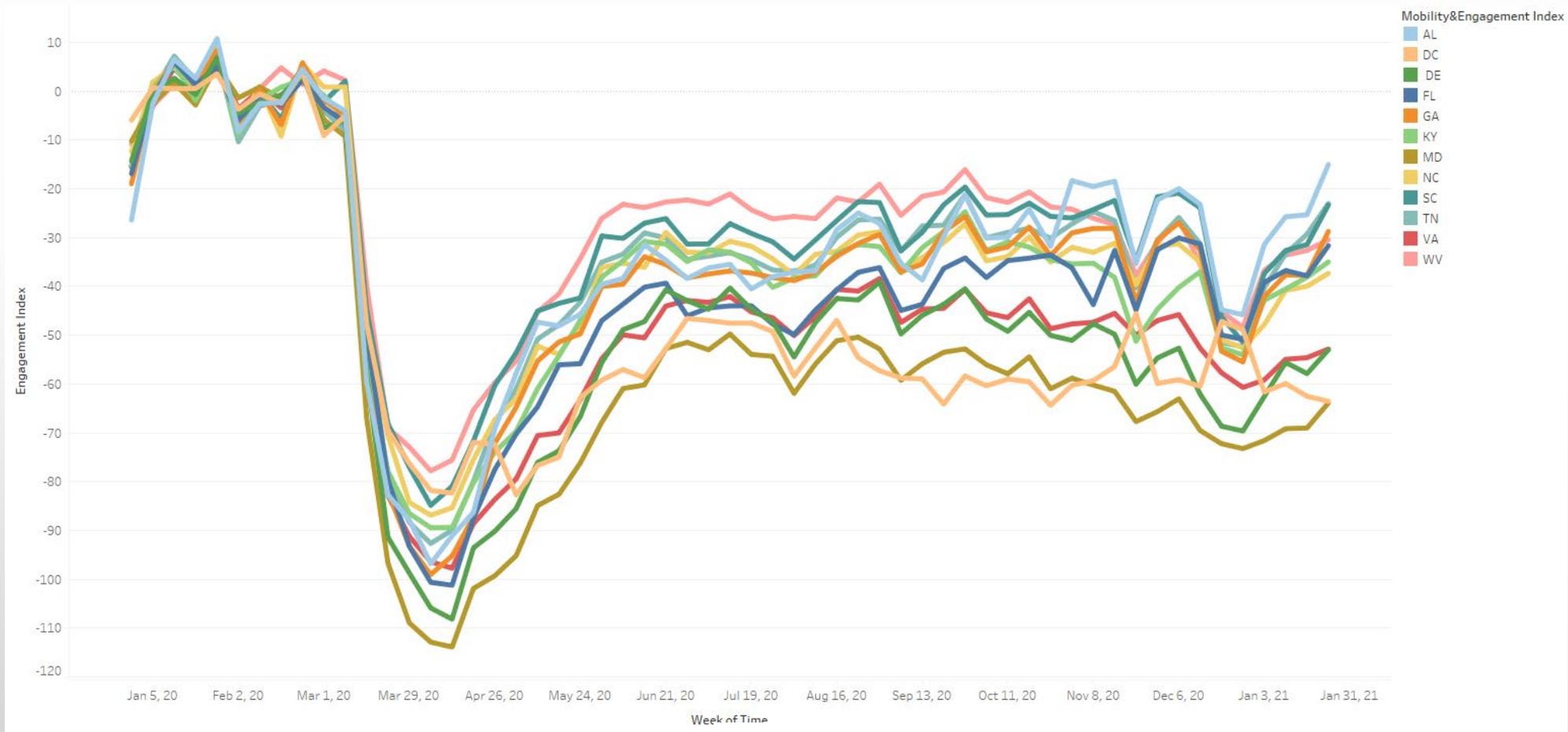


E-tailers gained substantial share relative to brick-and-mortar shops

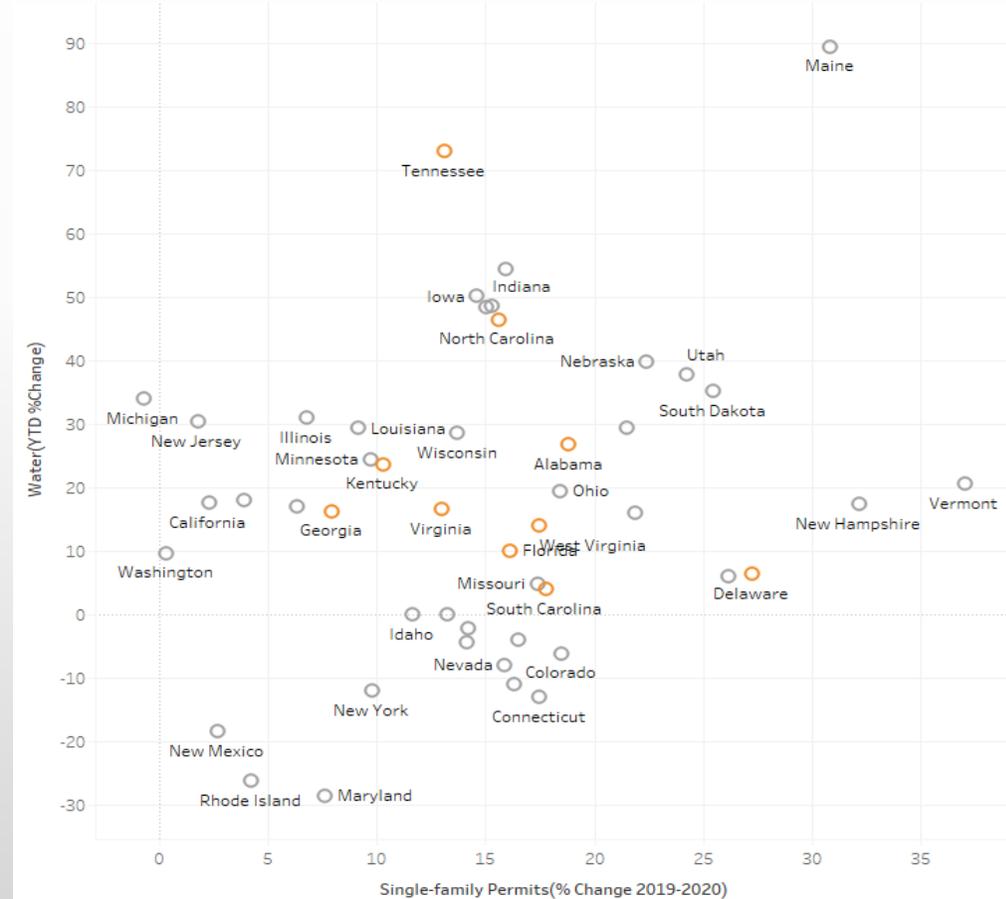
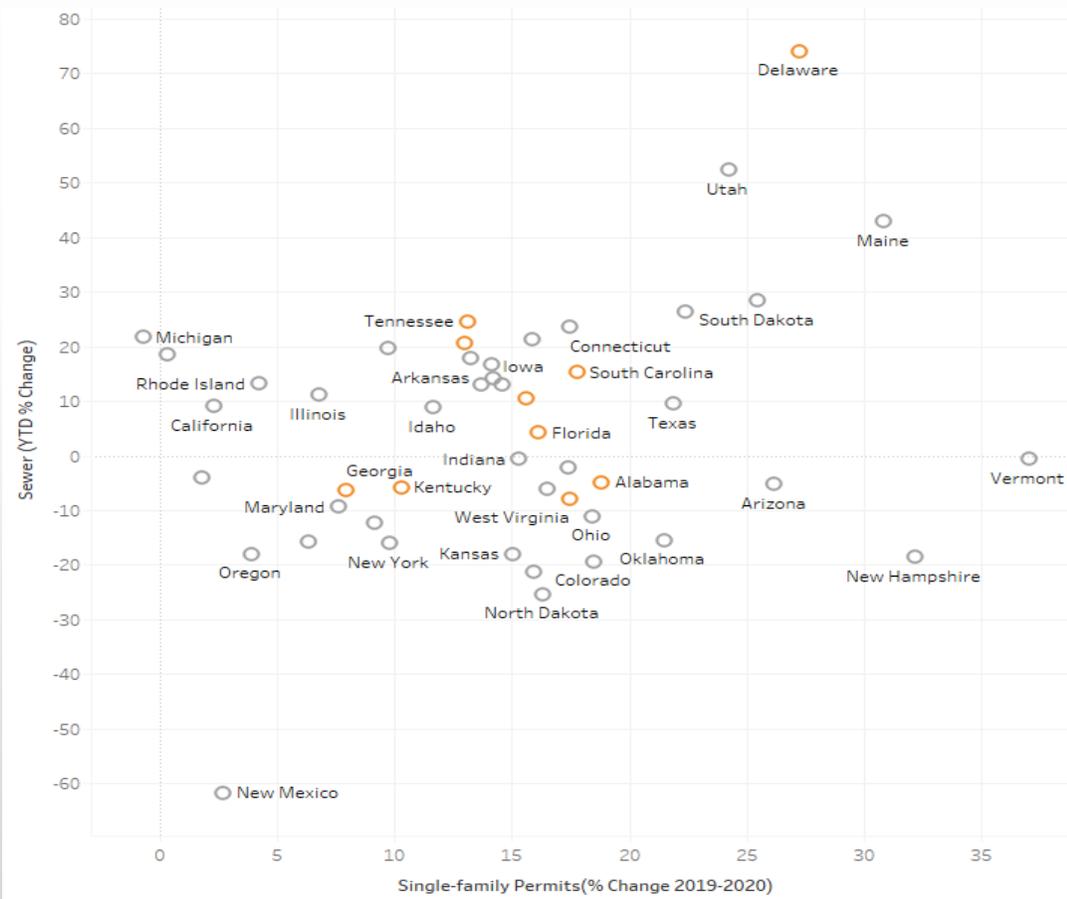


Public

More travels are needed to replenish state DOT's coffer



New housing developments drive sewer and water projects



Summary

- Residential construction and demand for warehouses will continue to support demand for cement in 2021
- Hotel construction will remain weak for the foreseeable future until the dust settles on business travel
- Office absorptions need to turn positive before any significant investment decisions can be made
- Retail construction will follow new housing developments
- Road projects will see a flat year
- Water and sewage construction will rise thanks to housing boom

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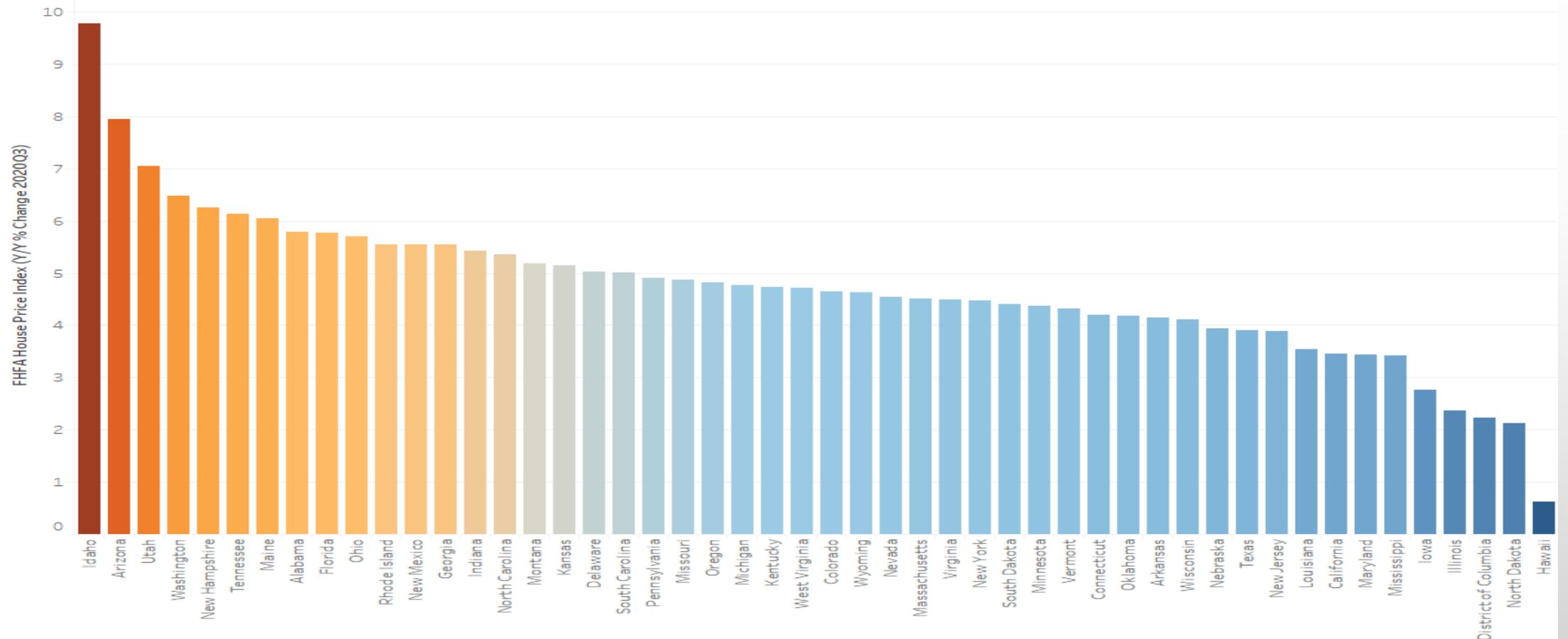
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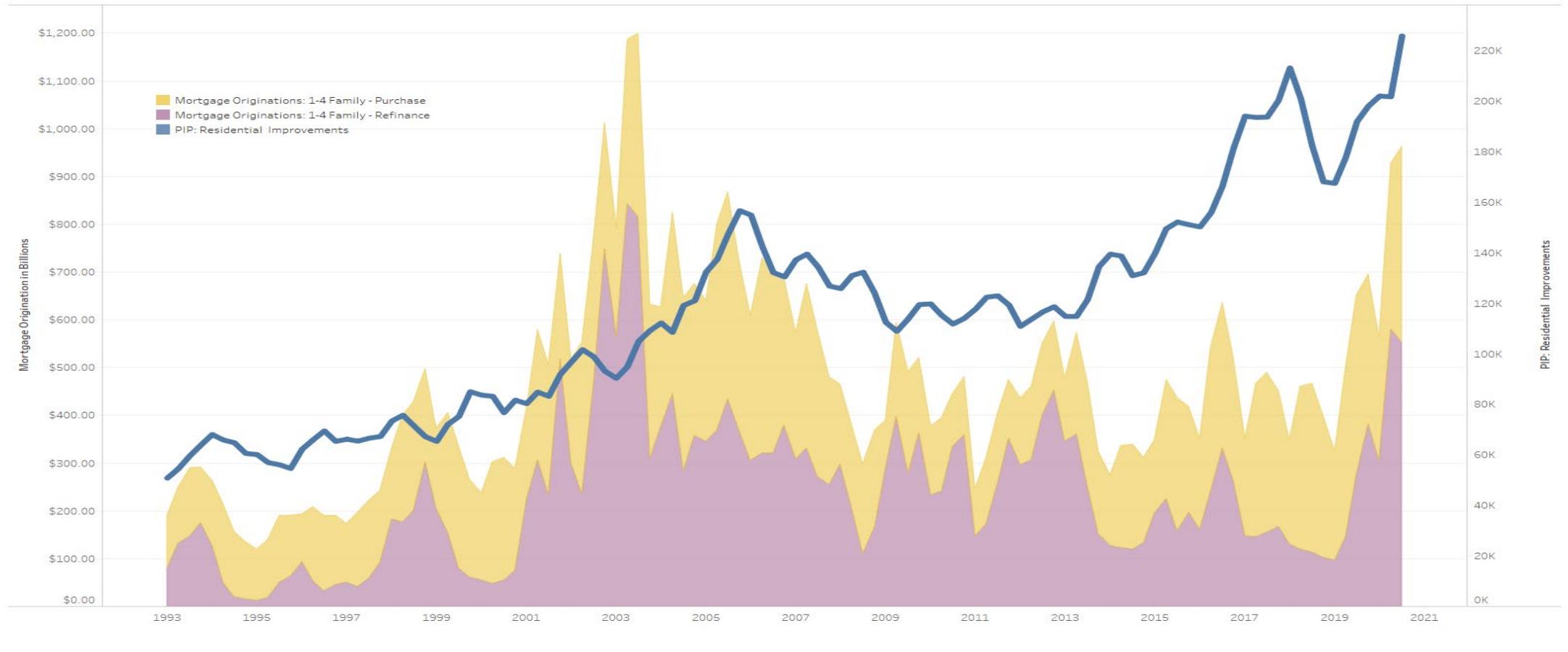
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Broad-based home price appreciation means higher property tax revenue



Existing home sales and high level of refinance propelled home renovation spending



Source: Census, MBA