West Regional Outlook
Brian Schmidt, Sr. Regional Economist
February 2021
According to the IHME, The U.S., Pacific, and Mountain are all past peak and daily cases will continue to slow.
Federal Support has been spectacularly successful in preventing a deeper and more prolonged decline.

Insufficient federal support over the next two quarters could hinder the recovery.

37 monthly & high frequency variables included in the index from home prices, rail traffic, business confidence, seated diners, etc.
Employment Recovery

Percent Change in Employment (February through April)

Source: BLS, PCA

Percent of Employment Losses Recovered (December from April trough)
Madison, Caribou, and Oneida counties in Idaho, along with Rich County in Utah have the lowest unemployment in the region.

Imperial County, CA has the highest unemployment rate in the region at 17.8%, followed by Yuma County, AZ at 14.3%.

Idaho, Utah, Wyoming, Montana, and northern Nevada have held up the best in terms of job losses, while more urban and economies dependent on the service sector say the most drastic declines in employment.
Economic Growth
Year-over-year change in GSP/GDP

Source: BEA, PCA
Regional Cement Intensities

Metric tons cement per million real construction spending

Oregon

Nevada

Utah

Idaho

Source: PCA
Total Cement Consumption: West
(000 Metric Tons)

Source: USGS, PCA
Residential Outlook
Housing Permits: West

**Pacific**

- **2020 Growth**
  - Single Family: +1.9%
  - Multi Family: -15.3%

**Mountain**

- **2020 Growth**
  - Single Family: +19.8%
  - Multi Family: +5.1%

Source: PCA
Low Income Households Slowest to Heal in Jobs Recovery

Employment by Income, January 2020=100

Source: BLS, PCA
Home Affordability Concerns

Home Price-to-Household Income, SA

Source: NAR, BEA, BOC, Moody's
Affordability Conditions: Shielded by Low Interest Rates

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2018</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Home Price</td>
<td>$243K</td>
<td>$333K</td>
<td>$336K</td>
</tr>
<tr>
<td>Mortgage Rate</td>
<td>6.41%</td>
<td>4.56%</td>
<td>2.95%</td>
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<tr>
<td>Monthly Payment</td>
<td>$1,688</td>
<td>$1,701</td>
<td>$1,409</td>
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<tr>
<td>Median Monthly HH Income</td>
<td>$4,479</td>
<td>$5,479</td>
<td>$5,725</td>
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<tr>
<td>Mo. Pay/Mo. Income</td>
<td>37.7%</td>
<td>31.0%</td>
<td>24.6%</td>
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</table>
Building Framing Shares: Mid-Rise Construction

Square Foot Based, Percent Share; 3 Year Moving Average

Concrete Shares

Wood Shares

Source: Dodge
Primary Type of Exterior Wall Material of New Single-Family Houses Completed: West

Percent Share

Source: U.S. Census
Residential Cement Consumption: West

Source: PCA
Nonresidential Outlook
Nonresidential: A Long Recovery

Bank Lending Officer Survey:
More Banks Tightening Lending Standards Since 2008

Banks Tighten Lending Standards → Scarring & Bankruptcies → Vacancy Rates Increase → Sq Feet Vented onto Market → NOI Declines → Nonresidential Construction Decline → Scarring & Bankruptcies

Working Capital Factor:
The longer below “normal” economic conditions persist – the more pressure occurs on working capital and ability to stay open.

Structural Factors Contribute to Vacancy Rates:
- Work-At-Home
- E-Retail
- Virtual Meeting
- E-Learning
- Urban Trend Slows

Structural Factors
Contribute to Vacancy Rates:
Nonresidential Construction Spending: West

$2009, Thousands, SAAR

Source: Census, Dodge, PCA

Spending in 2020 driven by Arizona and Utah, a flat Colorado, rest of the region is heavily negative.
Building Framing Shares: Mid-Rise Construction
Square Foot Based, Percent Share; 3 Year Moving Average

Concrete Shares

Wood Shares

Source: Dodge
Active Rotary Rigs

Index; First week of 2019=100

Source: Baker Hughes
Nonresidential Cement Consumption: West

Source: PCA
Public Outlook
Percent Declines in General Fund Tax Revenues from Pre-COVID Levels

On a state weighted basis, 2021 general fund revenues are expected to decline 12.3% as reported by state agencies.

States with high exposure to oil & tourism revenues are at most risk.

Source: Center on Budget and Policy Priorities: Data compiled from various state agencies as of November 6, 2020
States Have Been Increasingly Less Reliant on Federal Funds

Source: Federal Tax Administrators, FHWA, PCA
Depressed Mobility: West

Percentage change from baseline visits; 7 day rolling average

Source: Google Mobility Report, PCA
Public Construction Spending: West

$2009, Thousands, SAAR

Source: Census, Dodge, PCA

Public spending levels holding steady

Pacific

Mountain

2020 YTD: +2.7%

Public spending levels showing some recent erosion from high 2019 levels

2020 YTD: -1.8%
Public Cement Consumption: West

Source: PCA
The “Face Value” plan is more than 8 times the size of PCA’s “placeholder of $235 billion over 5 years.

PCA combines information from the Biden infrastructure plan and the Moving Forward Act passed by the House to garner potential details. From there, cement intensities are assigned.

The “Face Value” as envisioned, suggests a dramatic increase in US cement consumption beginning in 2023.

Large Federal Debt levels, as well as other competing spending initiatives may significantly reduce Biden infrastructure plans.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Highways</td>
<td>$494.0</td>
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<tr>
<td>Low Carbon Technology &amp; Research</td>
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<tr>
<td>Road &amp; Bridge Repair</td>
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<tr>
<td>School Building Repair &amp; Modernization</td>
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<td>Transformation Projects Fund</td>
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<td>Airport Direct Funding</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1,954.0</strong></td>
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