

The logo for PCA (Portland Cement Association) features the letters 'PCA' in a bold, white, sans-serif font. A stylized white swoosh underline is positioned beneath the 'A'. A registered trademark symbol (®) is located to the right of the swoosh. The logo is centered horizontally in the upper portion of the image.

PCA®

Since 1916

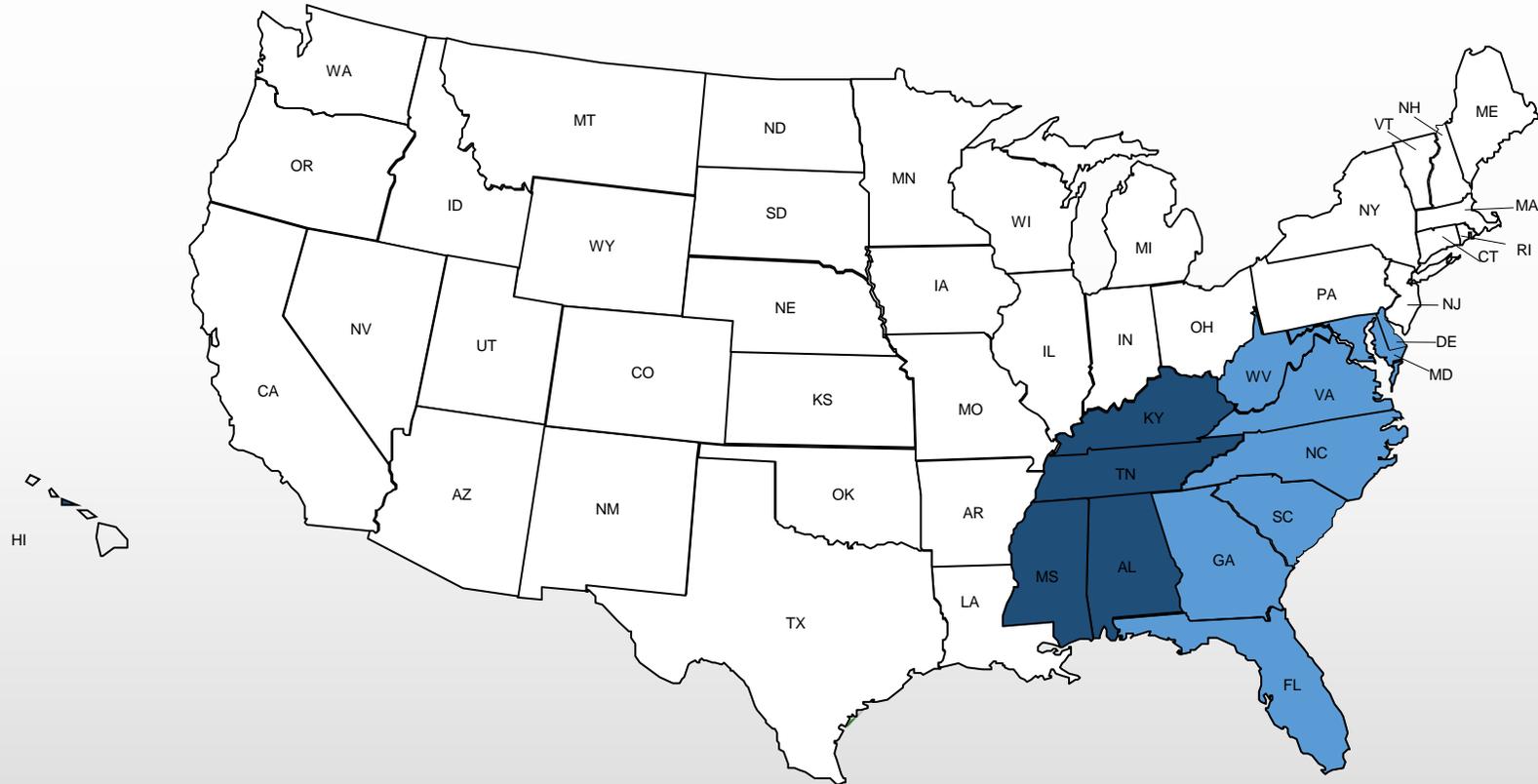
America's Cement Manufacturers™

Southeast Region Update

Trevor Storck, Regional Economist

May 2022

Regional Focus



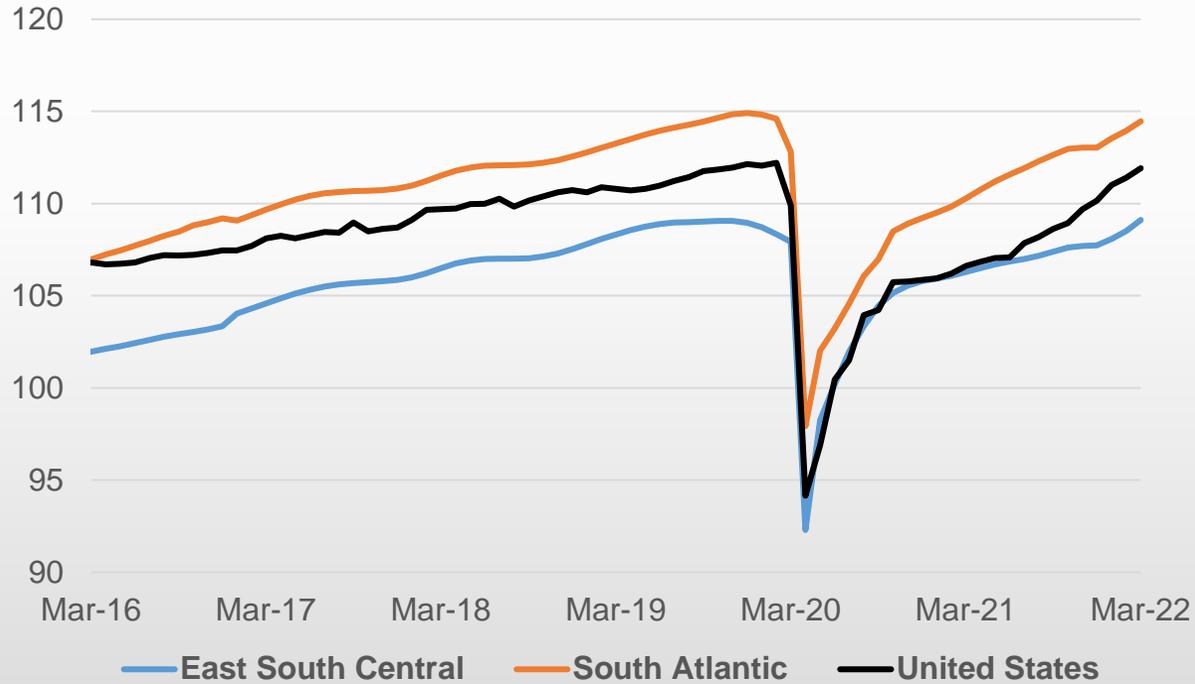
East South Central



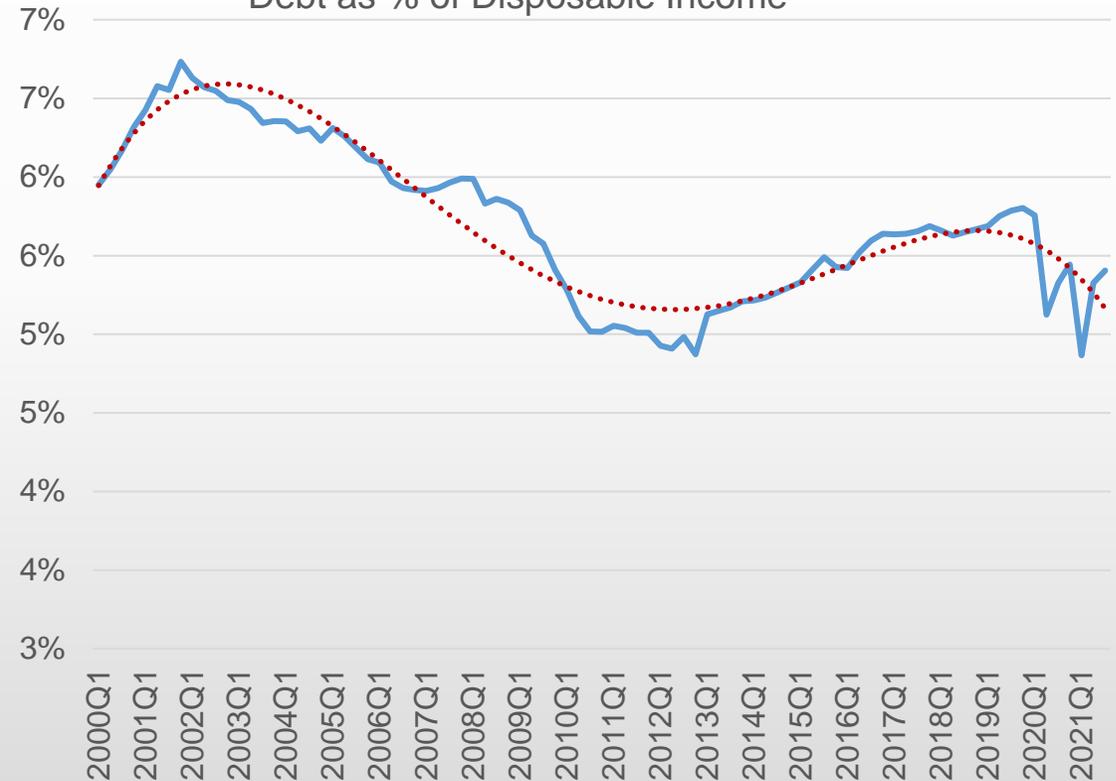
South Atlantic

Households in a strong position

Employment Recovery
Total Nonfarm, Jan. 2012 = 100

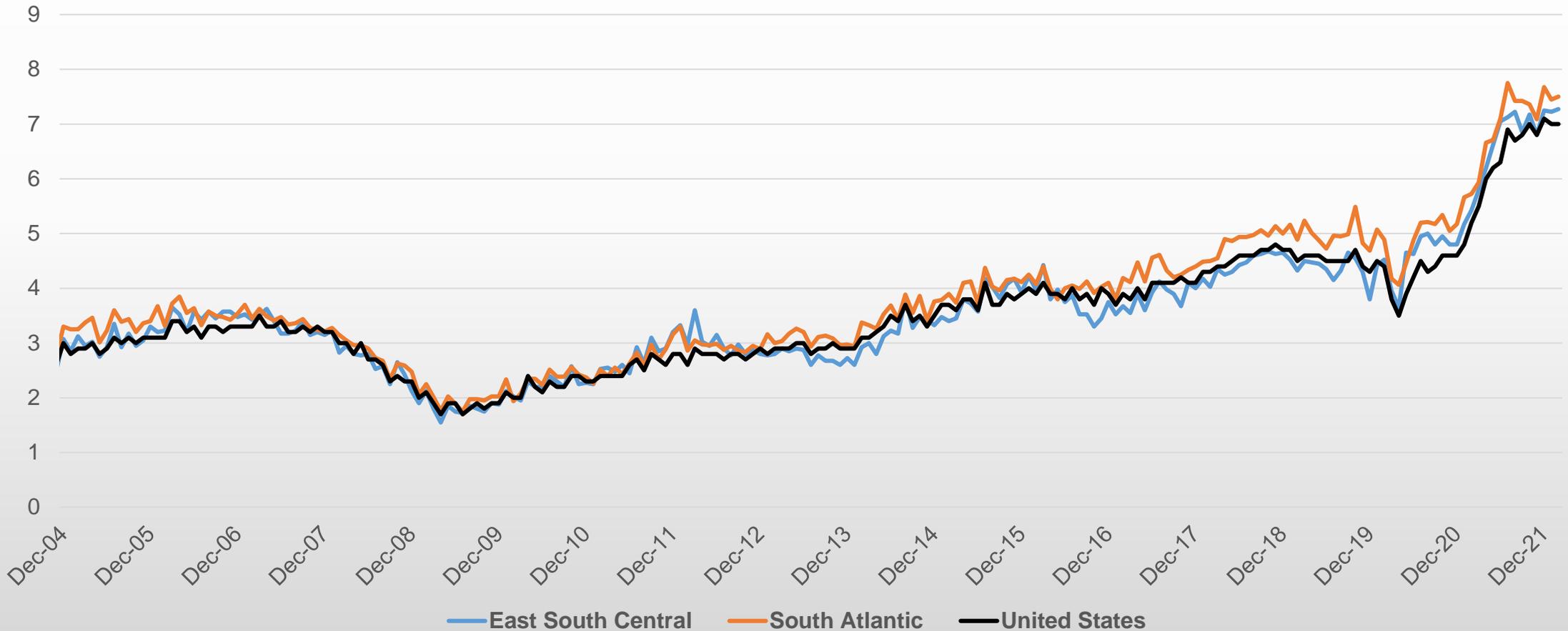


Household Debt Service Ratio
Debt as % of Disposable Income



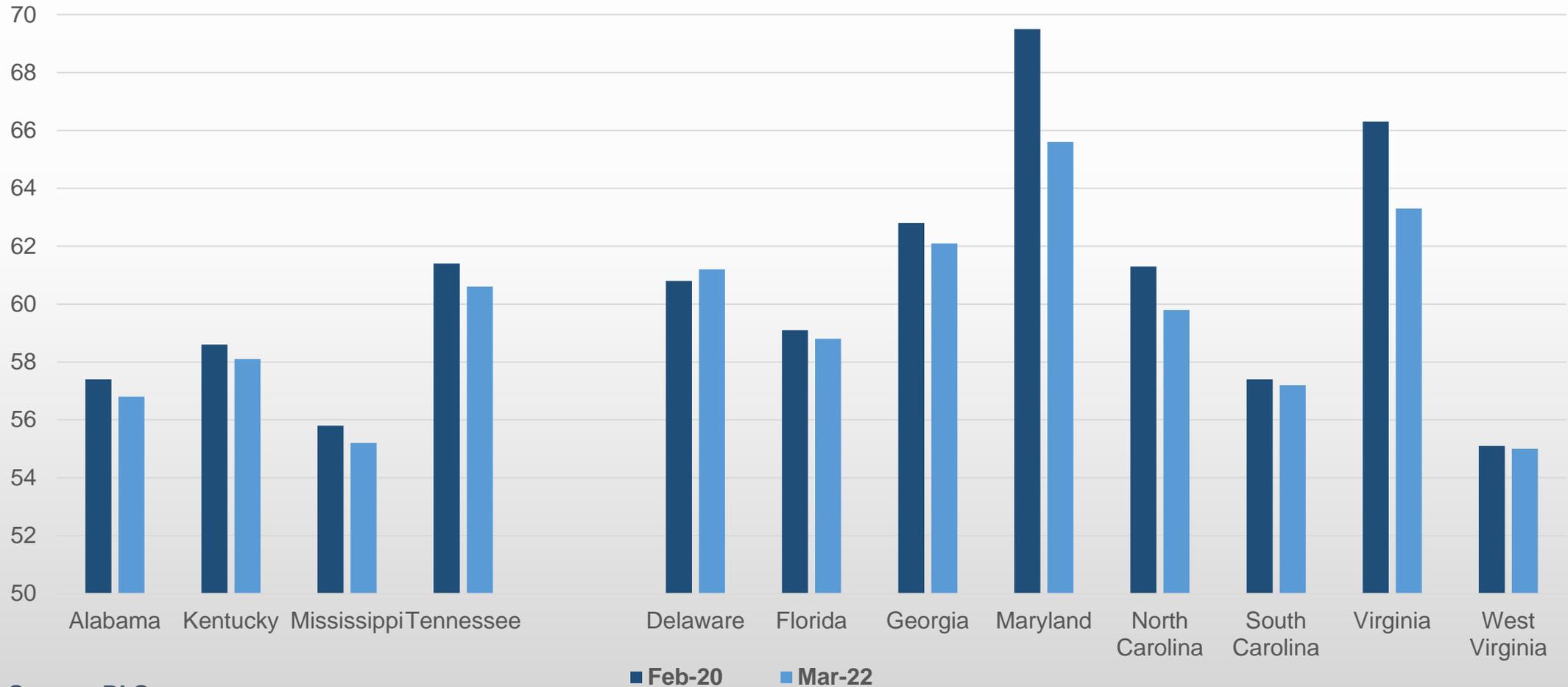
Labor Market remains extremely tight

JOLTS: Job Openings Rate, Seasonally Adjusted



Participation Rate has not fully recovered

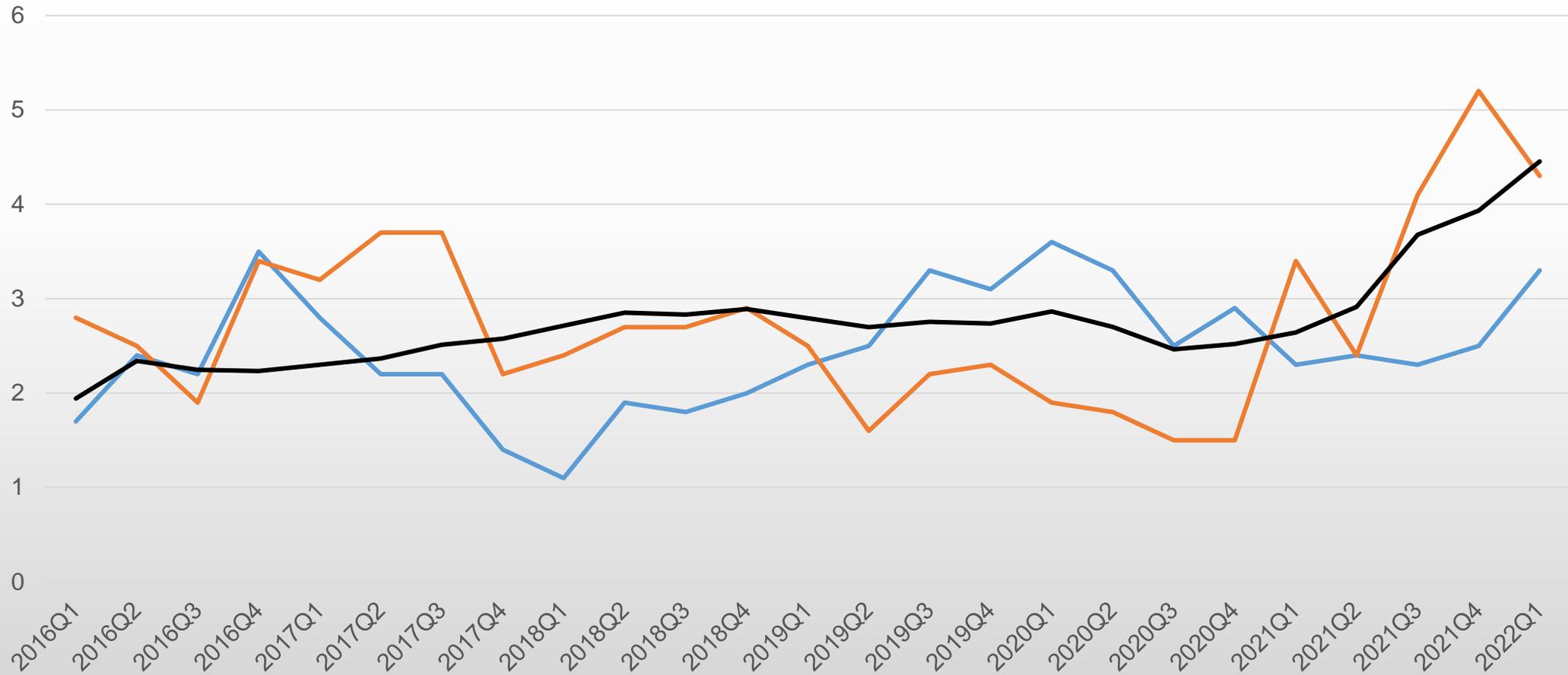
Labor Force Participation Rate



Source: BLS

Rising Wages

Employment Cost Index – Compensation (Y/Y %)

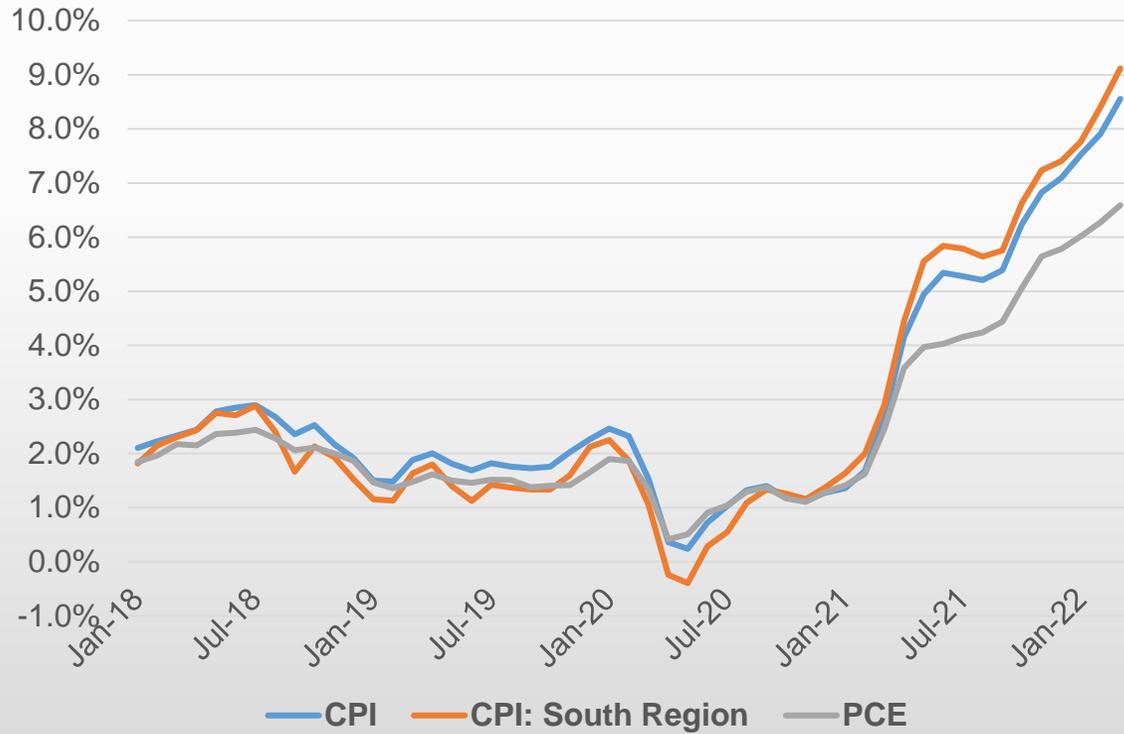


Source: BLS

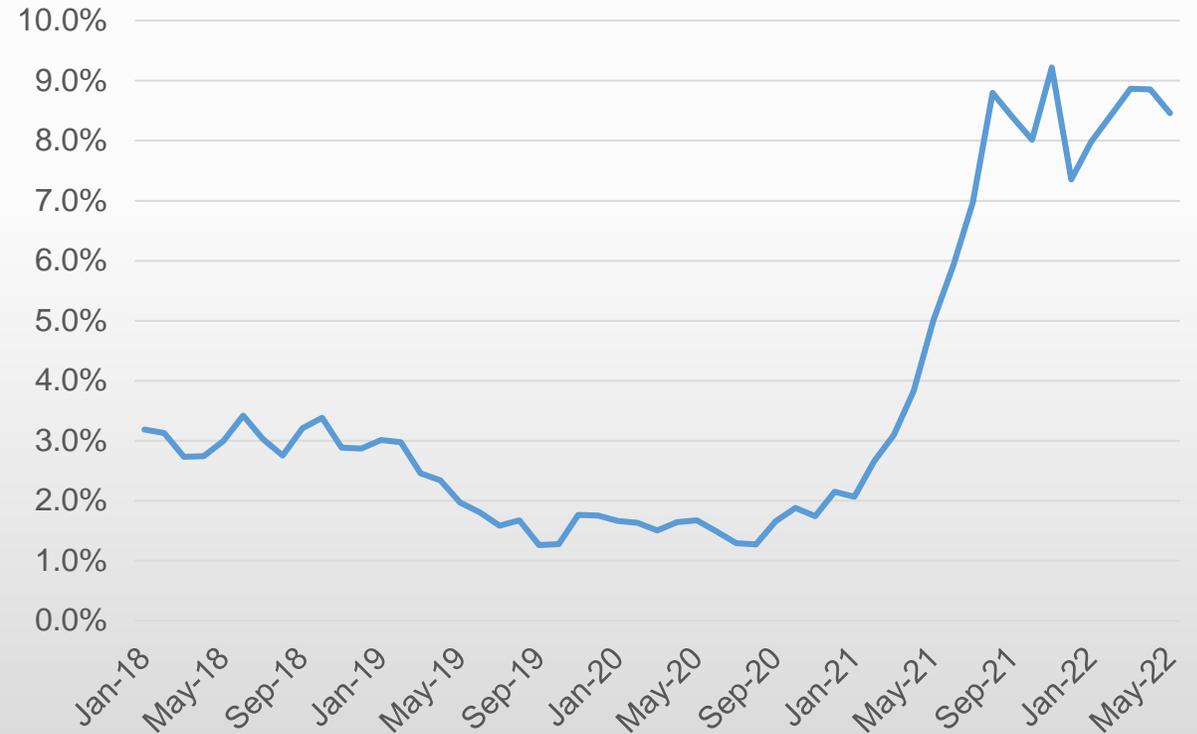
— Atlanta--Athens-Clarke County--Sandy Springs, GA — Miami-Fort Lauderdale-Port St. Lucie, FL — United States

Inflationary Pressures

Price Indices



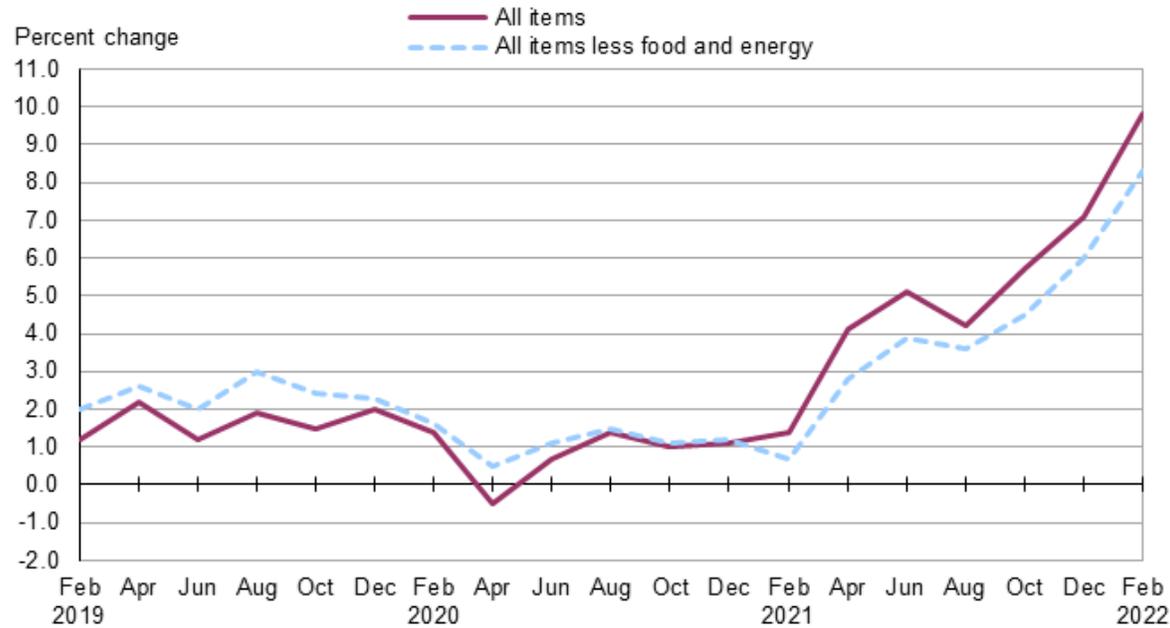
ENR Construction Cost Index



Regional Impact

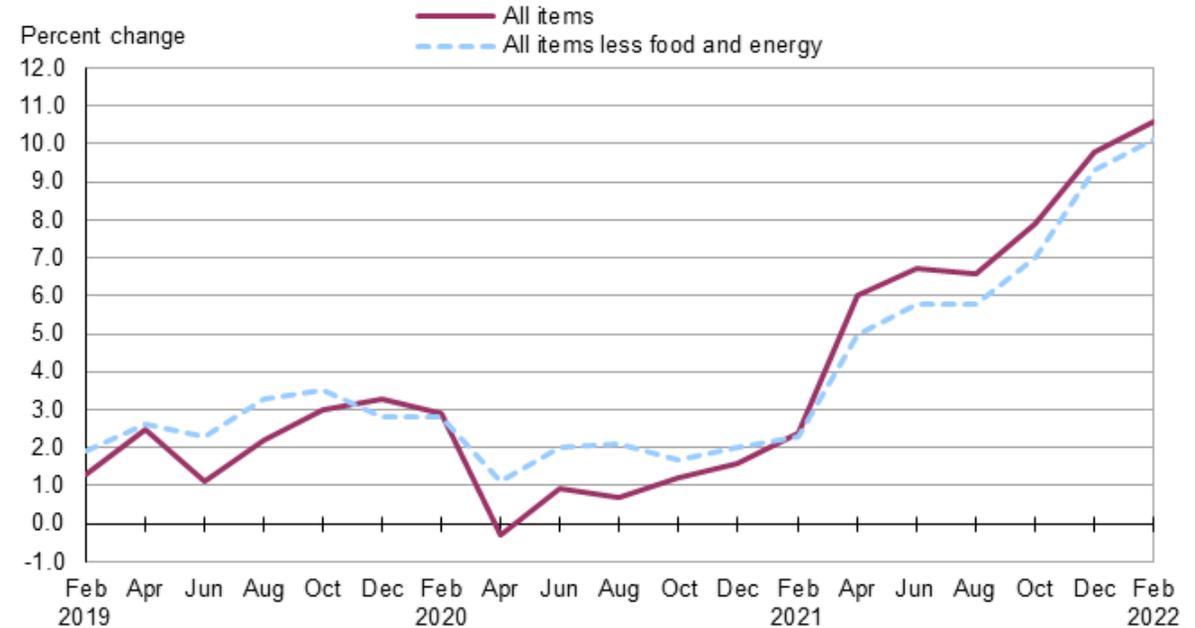
Southeast MSA Level Inflation outpacing national

Chart 1. Over-the-year percent change in CPI-U, Miami-Fort Lauderdale-West Palm Beach, FL, February 2019–February 2022



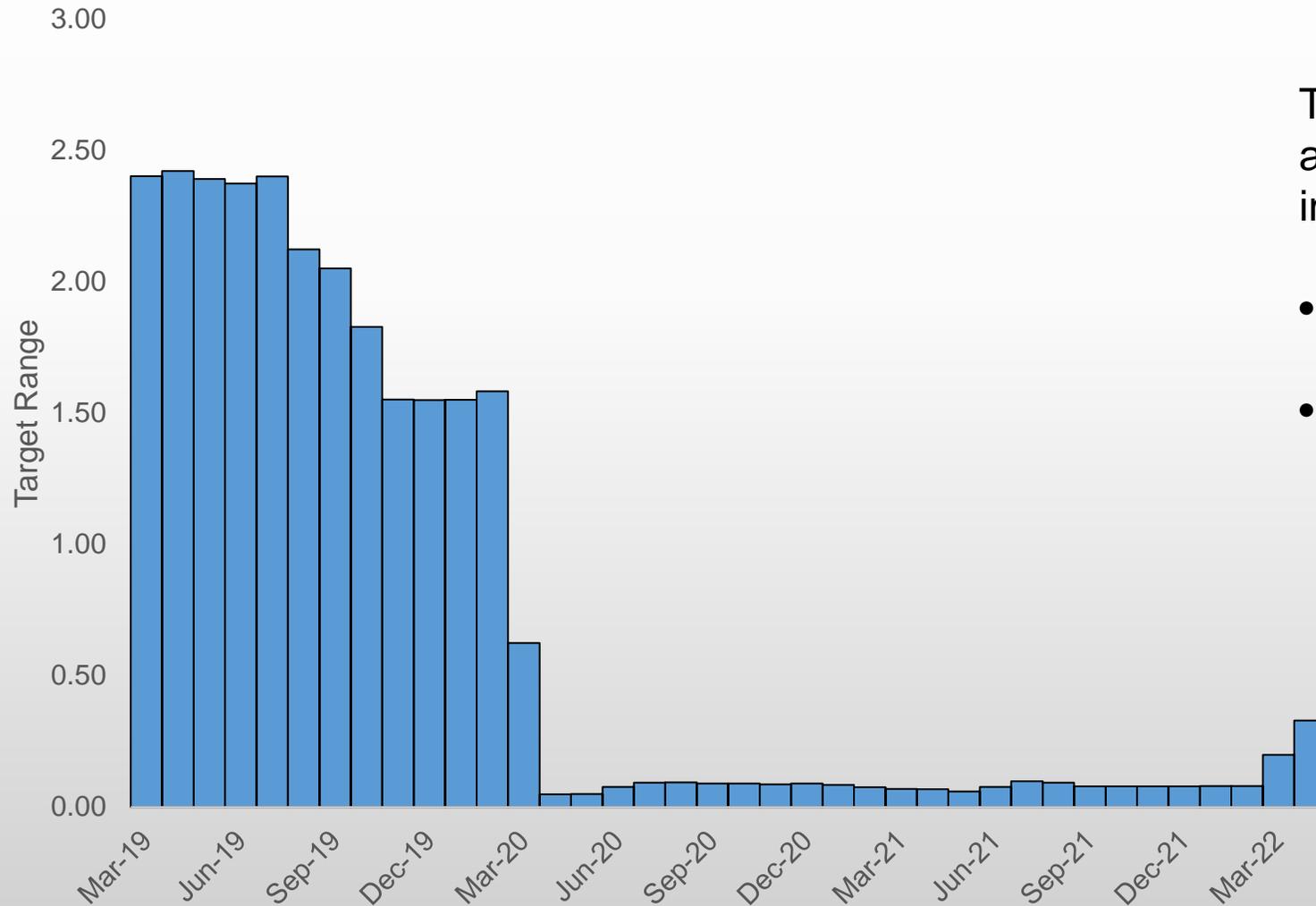
Source: U.S. Bureau of Labor Statistics.

Chart 1. Over-the-year percent change in CPI-U, Atlanta-Sandy Springs-Roswell, GA, February 2019–February 2022



Source: U.S. Bureau of Labor Statistics.

Monetary Policy Reaction



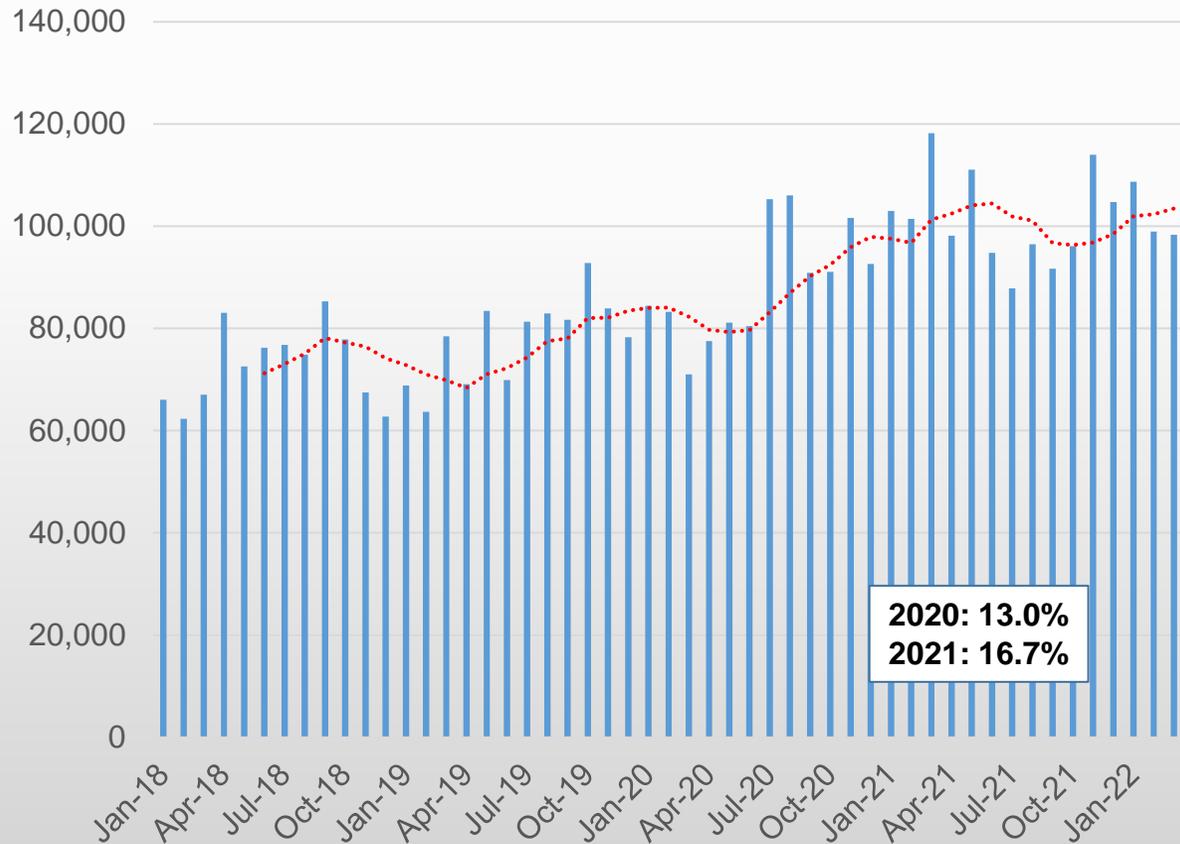
The Federal Reserve appears ready to take an aggressive stance towards correcting inflation

- 50 Basis points hikes likely at the next two meetings
- Reduction of Balance Sheet to begin June 1st

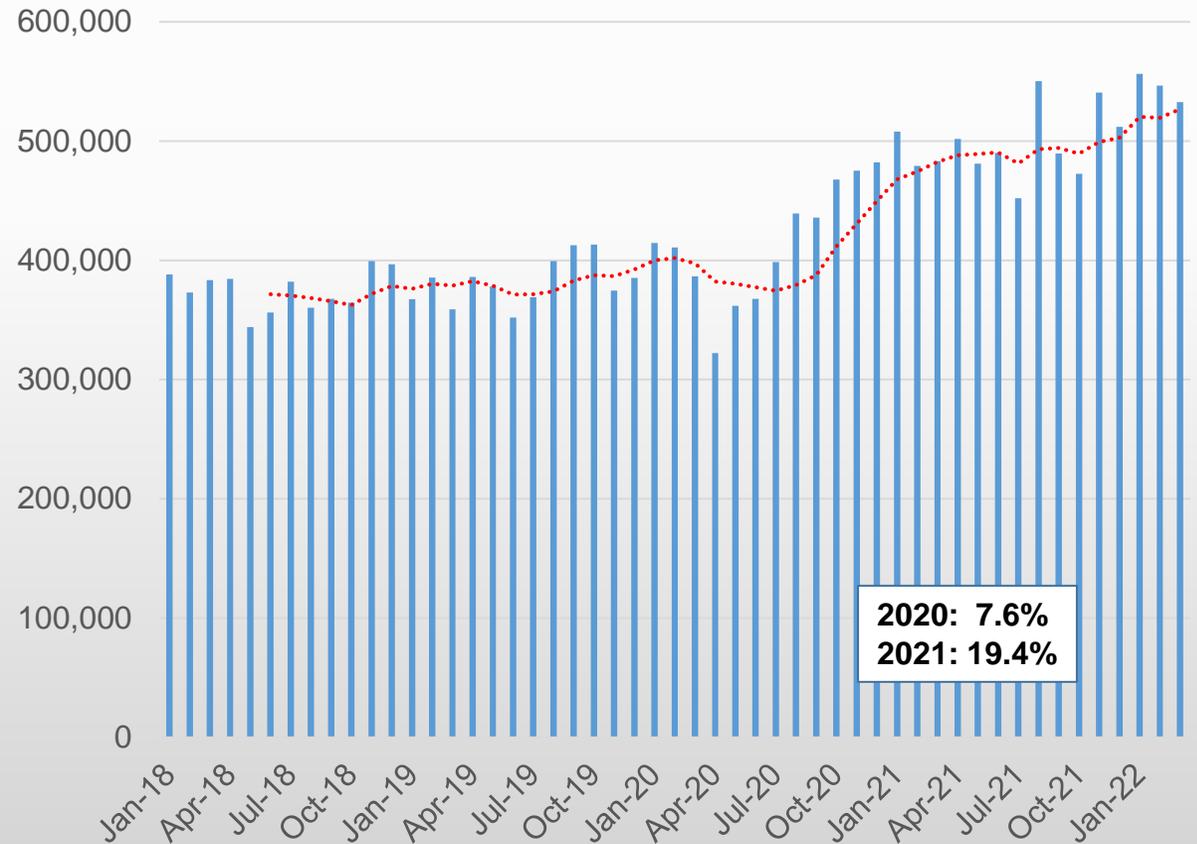
Residential Update

Housing Permits: Southeast

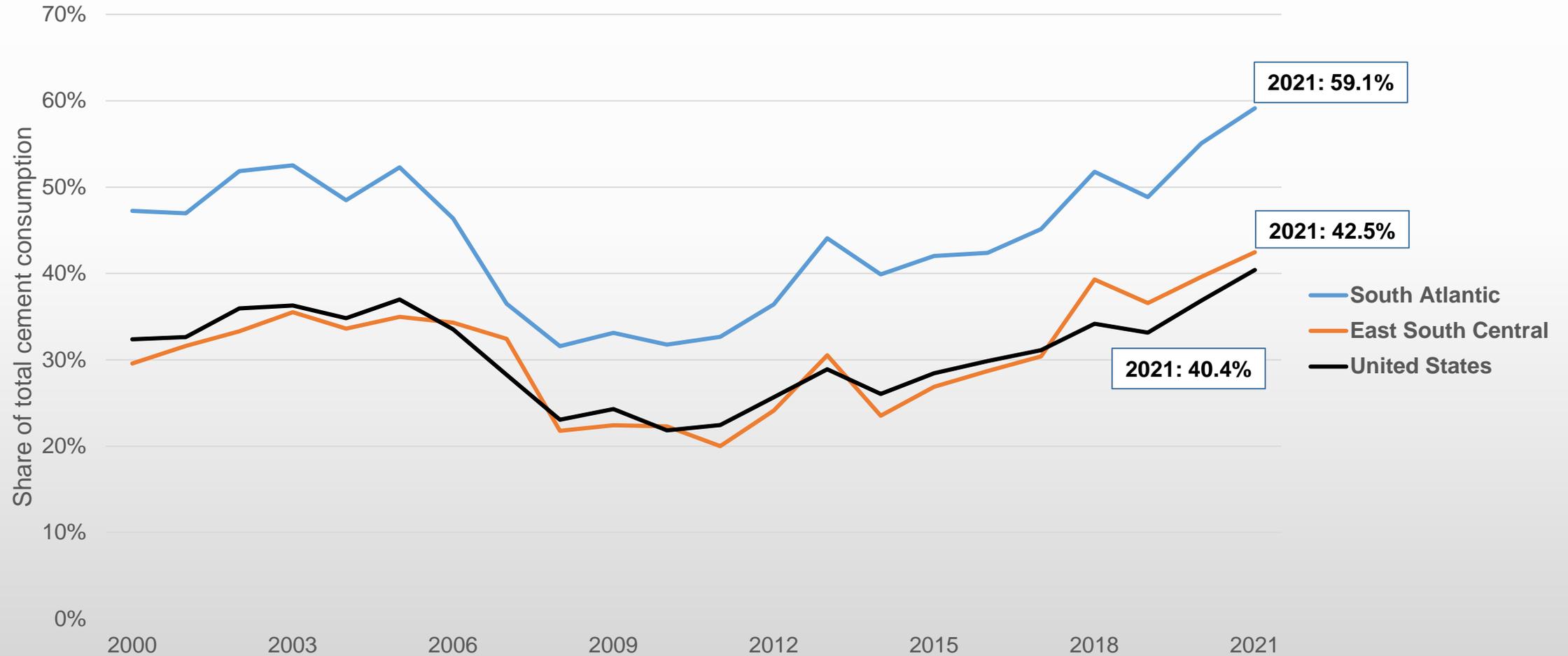
East South Central



South Atlantic



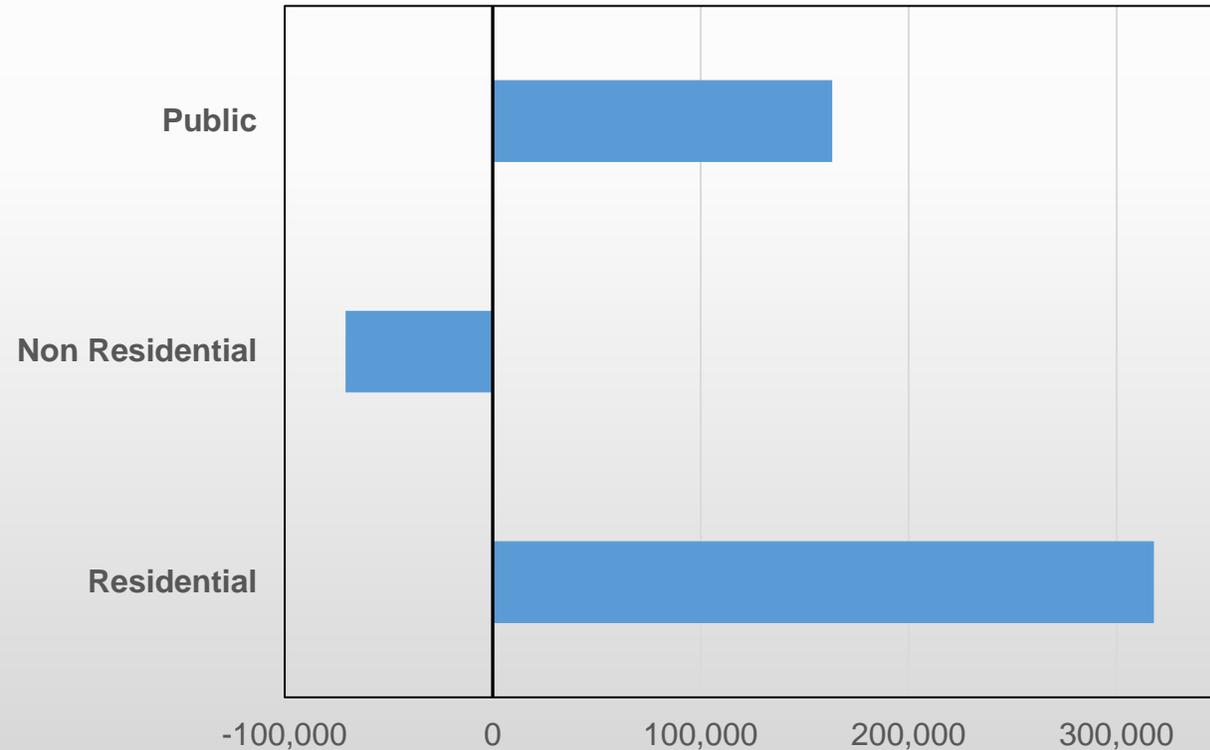
Residential Cement Share: Historic Levels



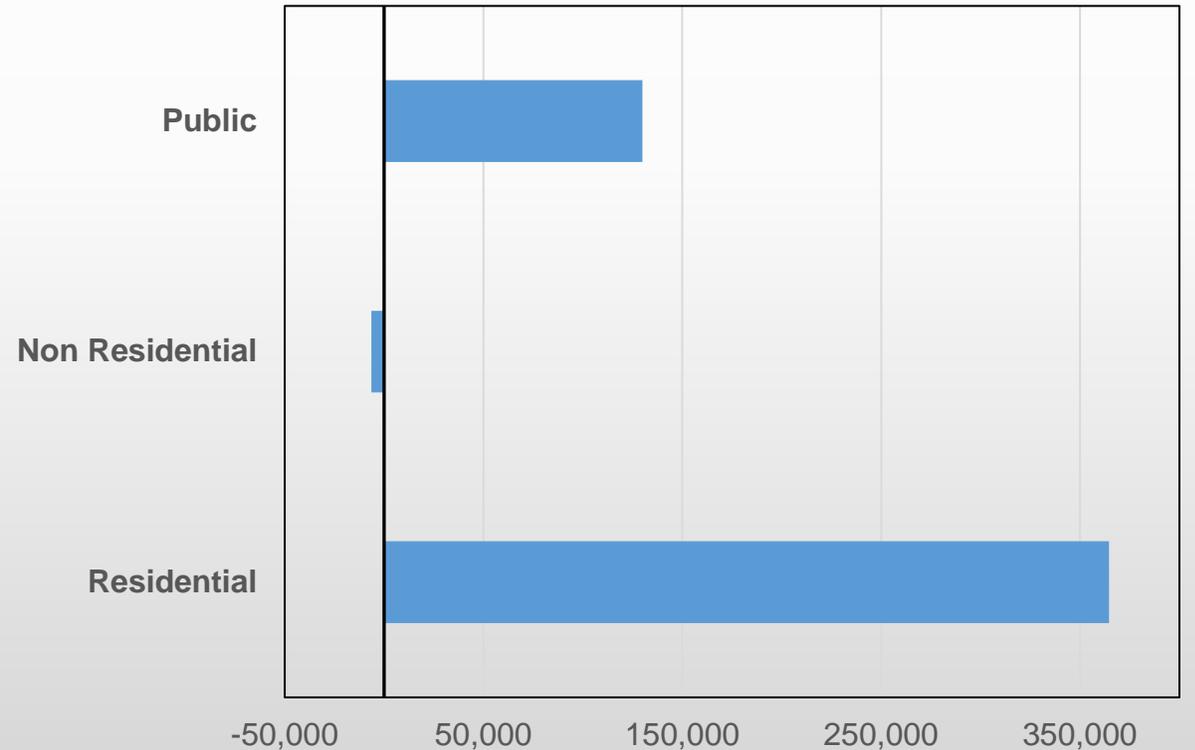
Residential Market driving overall growth

East South Central, Consumption Contribution (MT)

2020



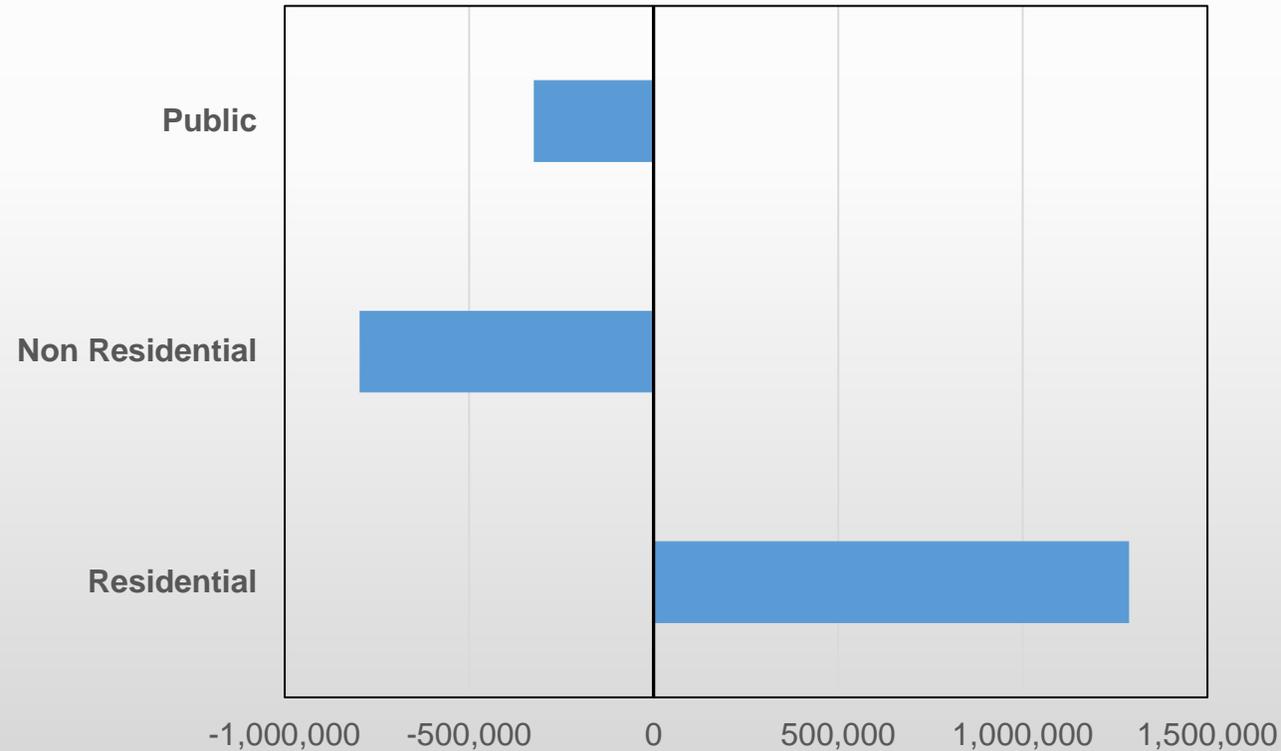
2021



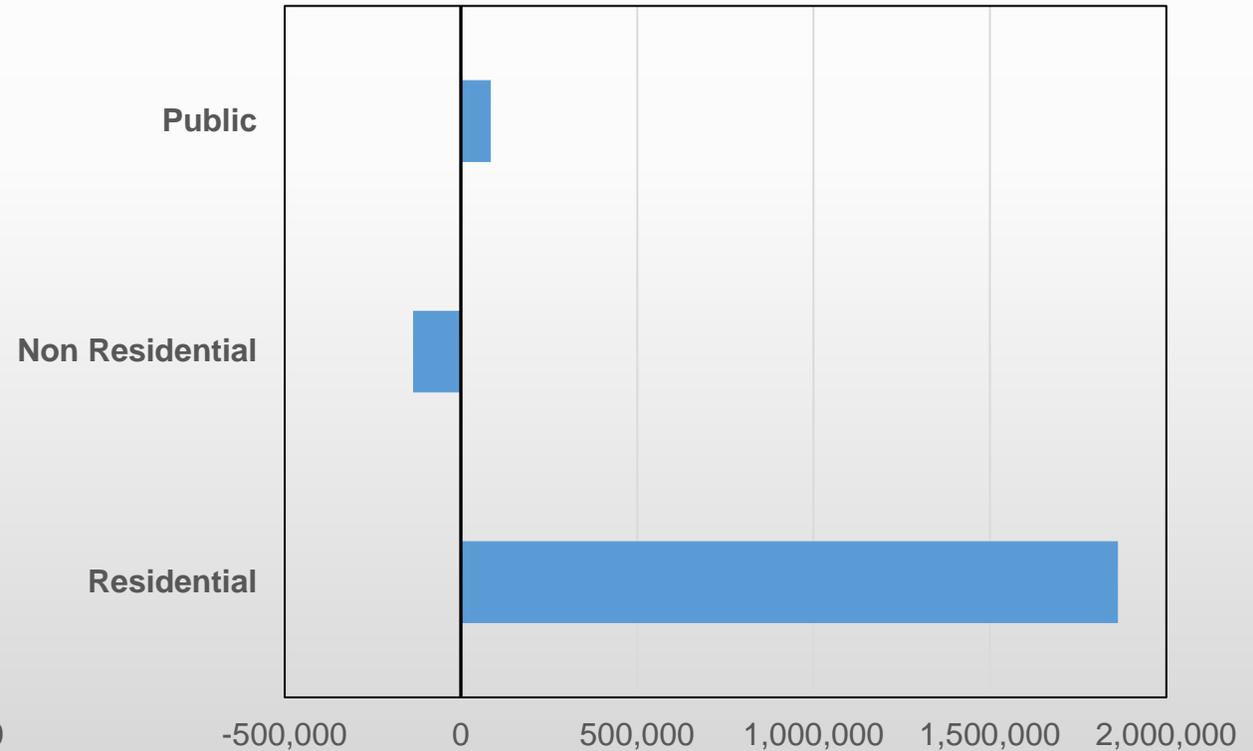
Residential Market driving overall growth

South Atlantic, Consumption Contribution (MT)

2020



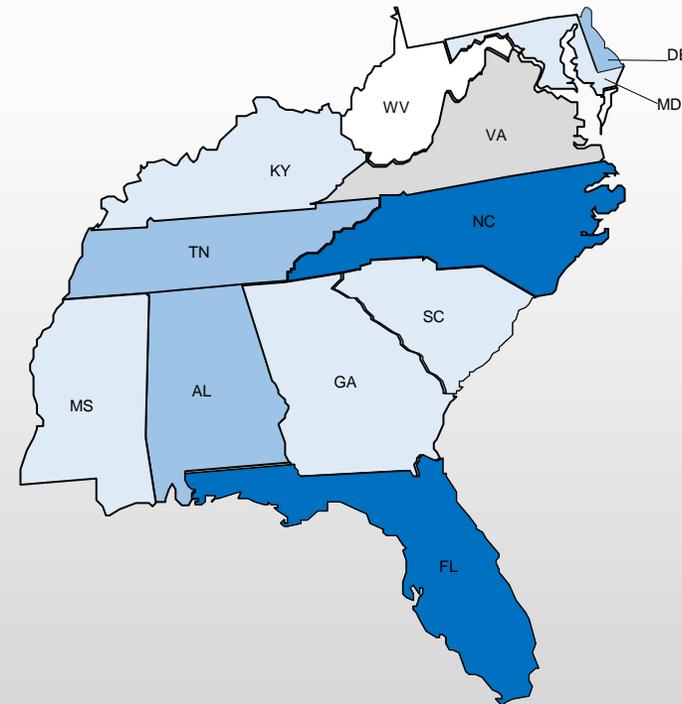
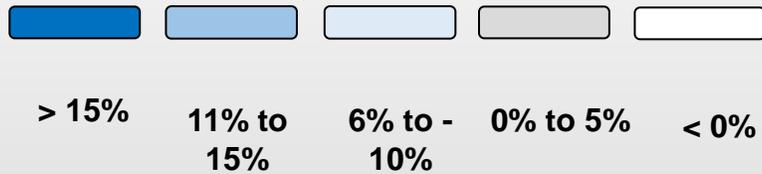
2021



Affordability Erosion Impacts

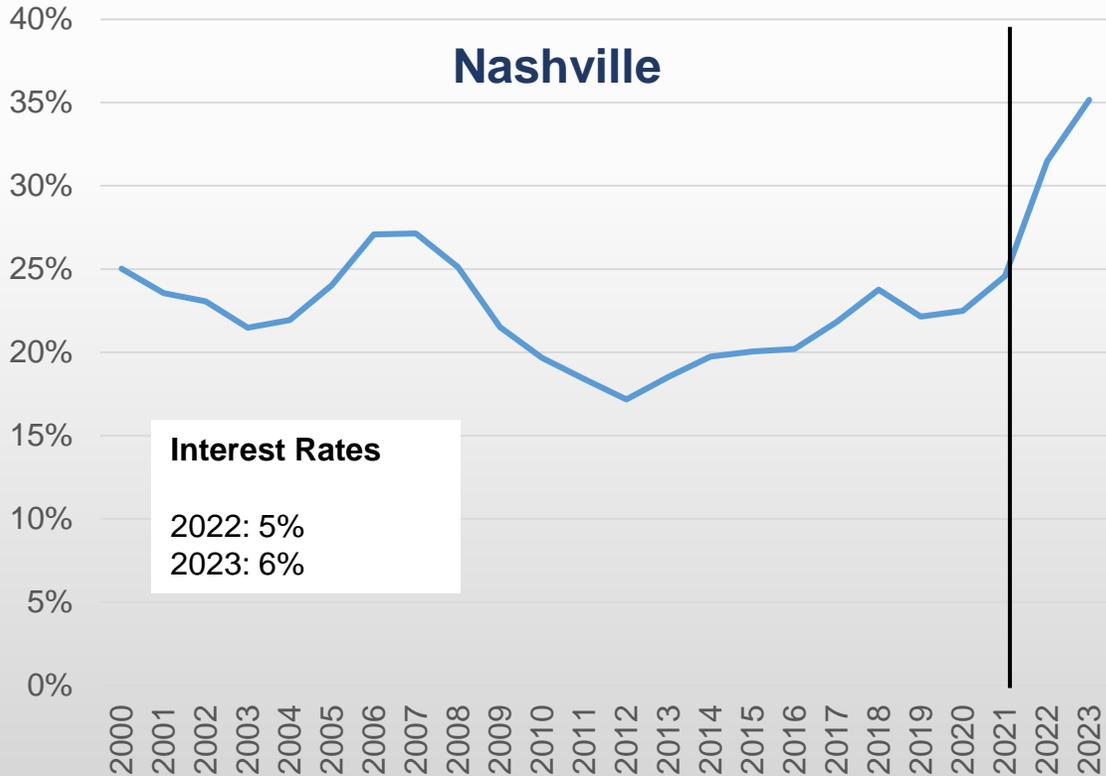
Increase in Affordability Index from 2019 to 2021

- Average 2019 Interest Rate: 3.93
- Average 2021 Interest Rate: 2.96
- Average increase from 2017 to 2019 for this region was 1.2%



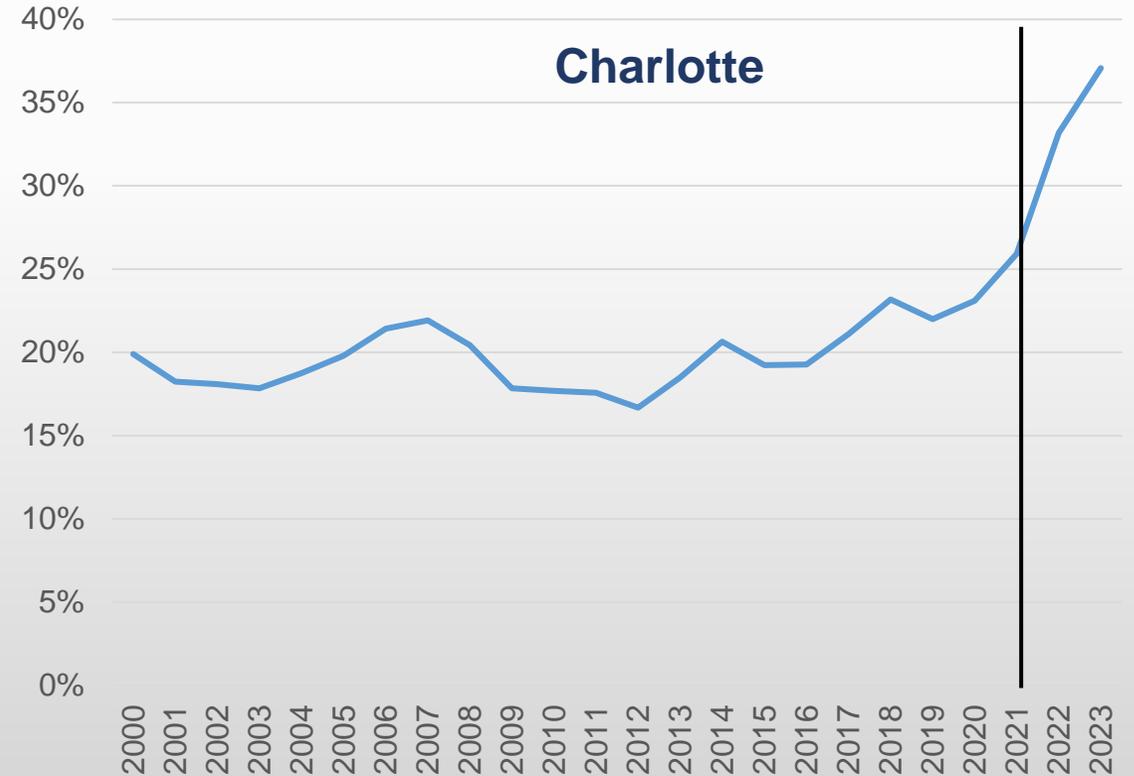
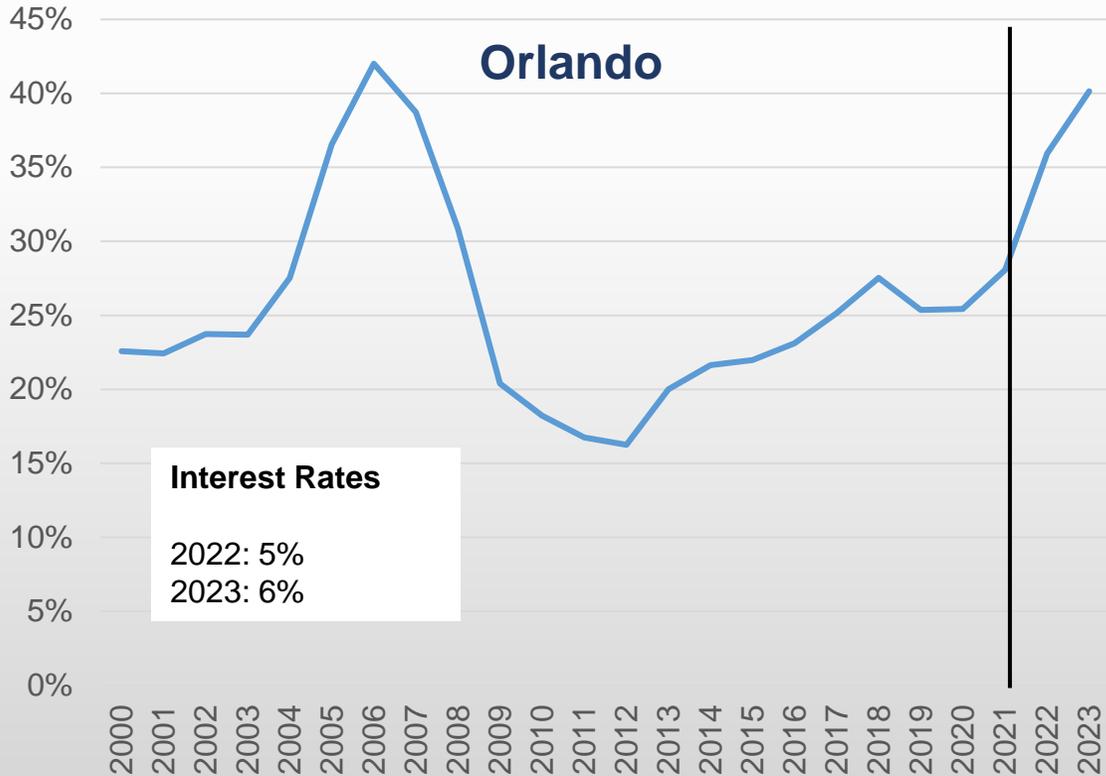
Affordability Erosion Impacts

Higher Interest Rate Scenario: Annual Mortgage Payments Share of Household Income



Affordability Erosion Impacts

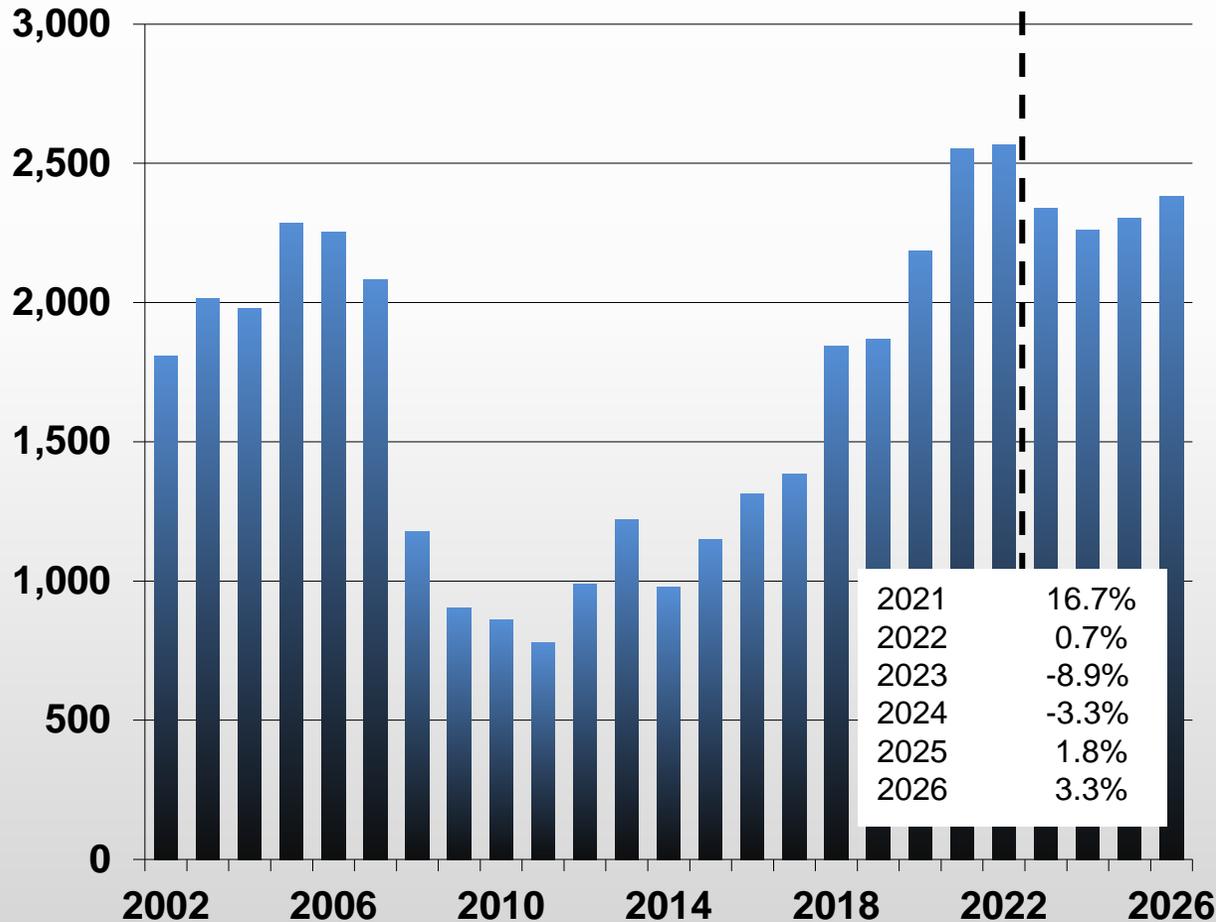
Higher Interest Rate Scenario: Annual Mortgage Payments Share of Household Income



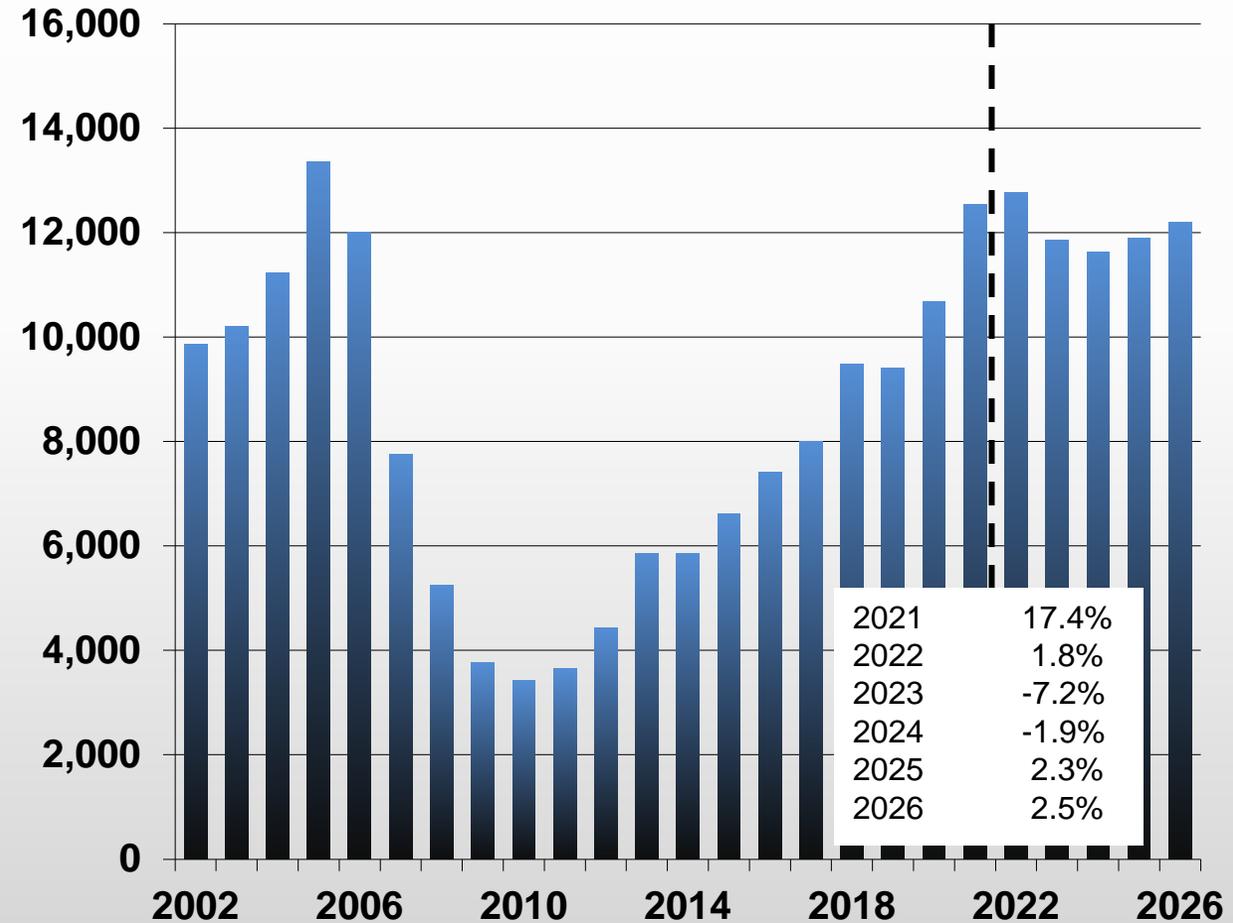
Residential Cement Consumption: Southeast

(000) Metric Tons

East South Central



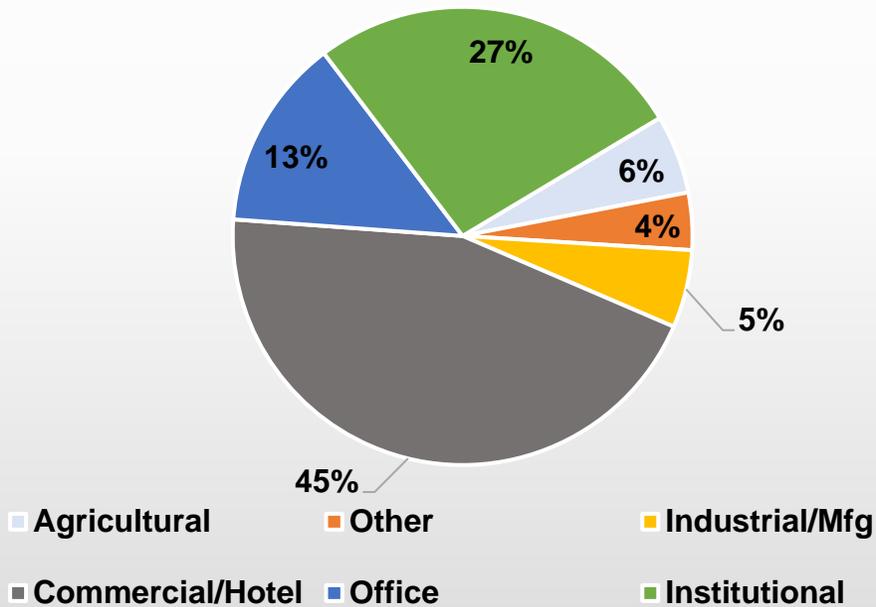
South Atlantic



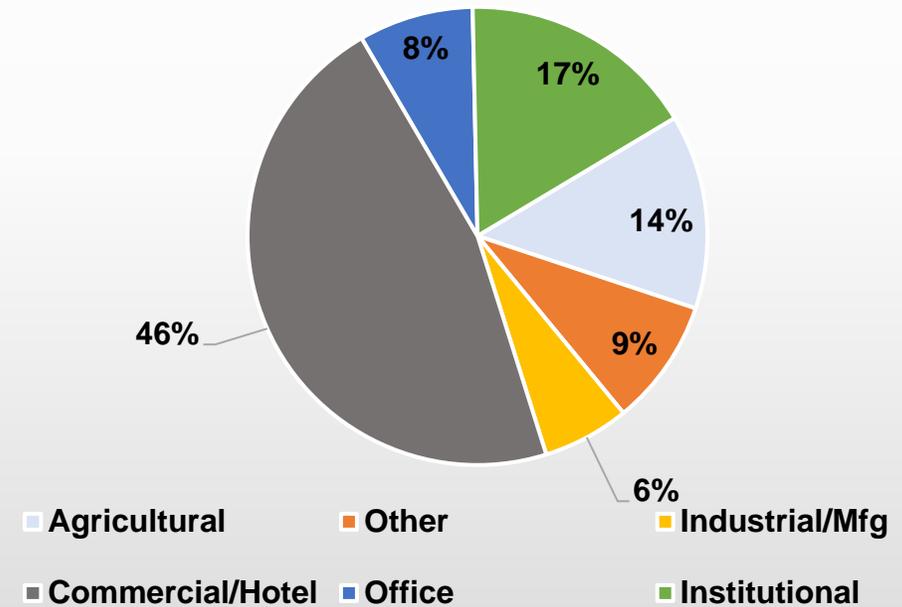
Nonresidential Update

Nonresidential Cement Consumption Share: Southeast

% Share Cement 2000-2005

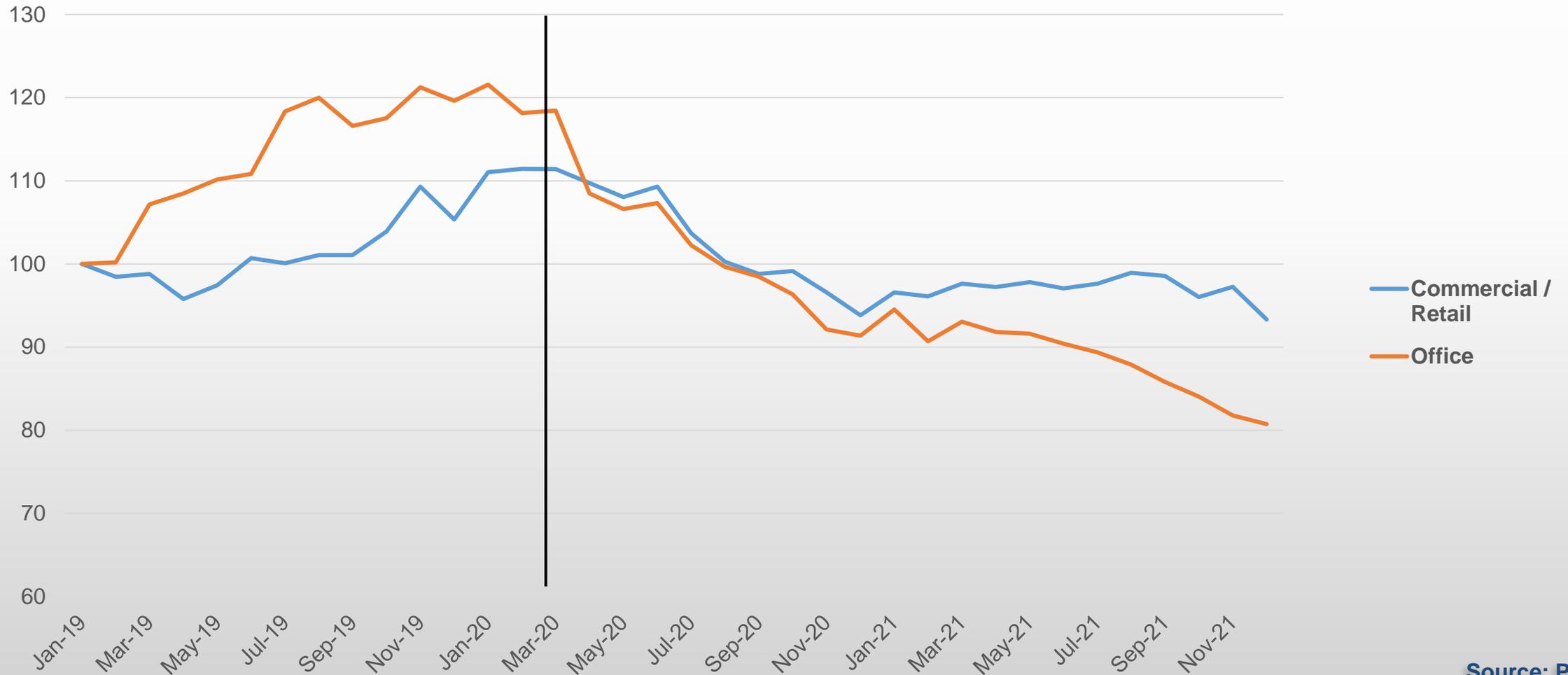


% Share Cement 2015-2020



Lingering Effects of Pandemic on Various Segments

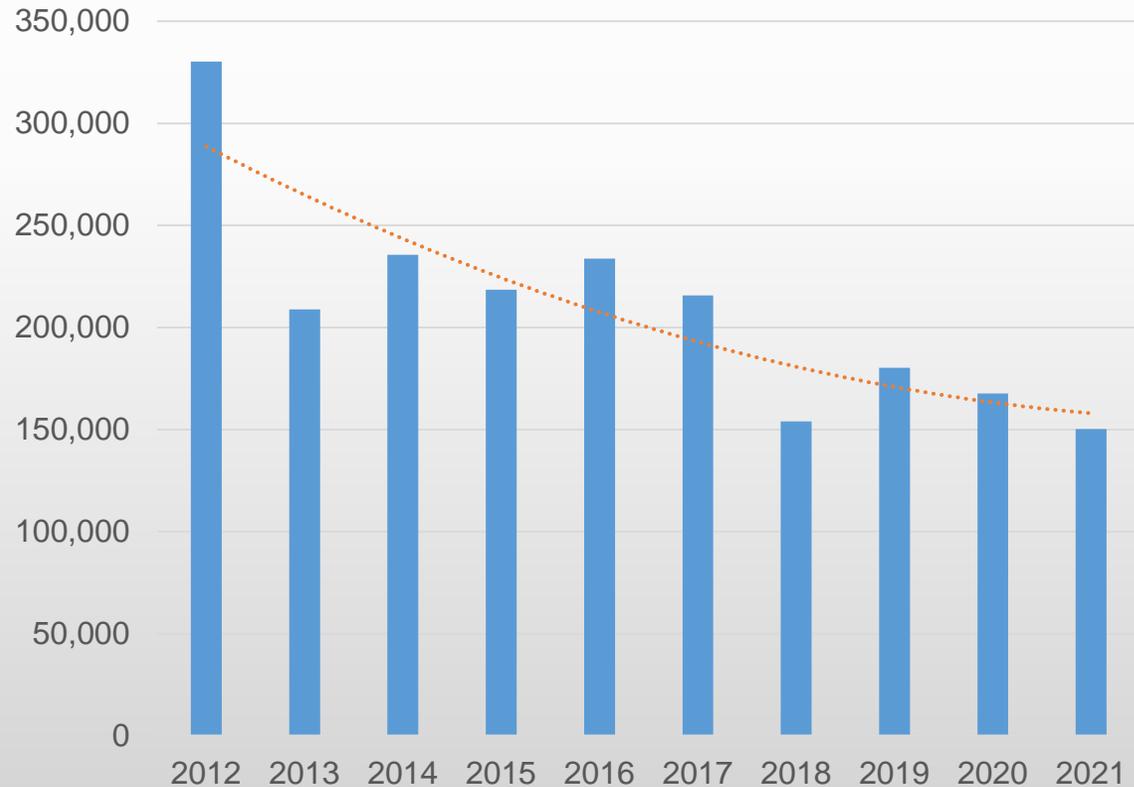
Southeast Put-in-Place Construction Spend, \$1996, Jan. 2019=100



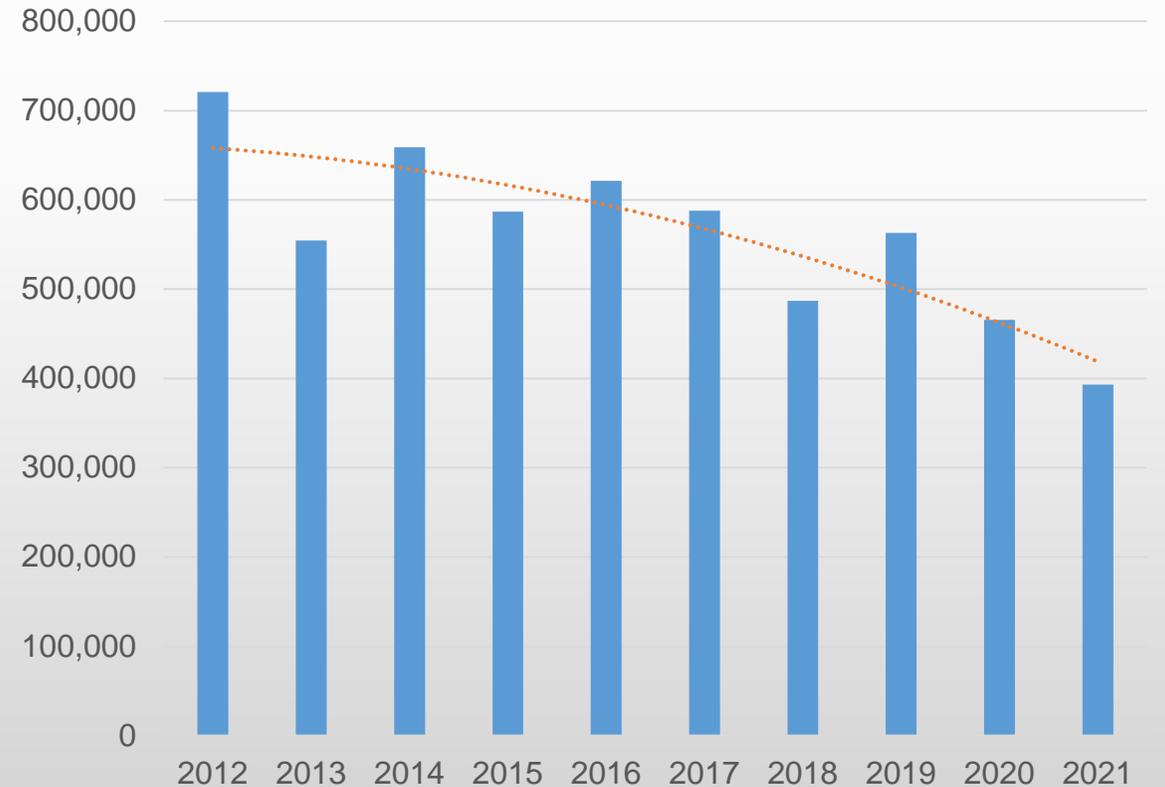
Lingering Effects of Pandemic on Various Segments

Institutional Buildings Cement Consumption

East South Central



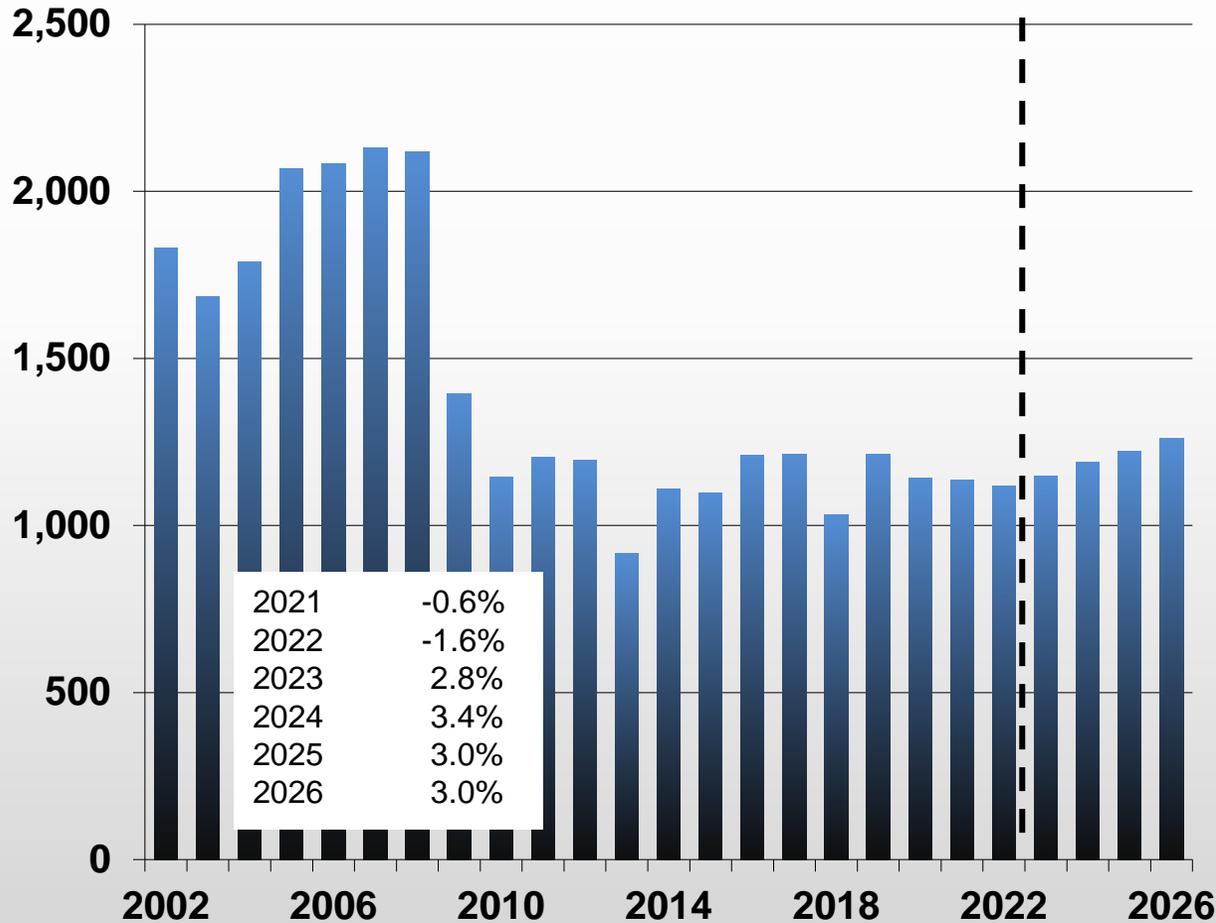
South Atlantic



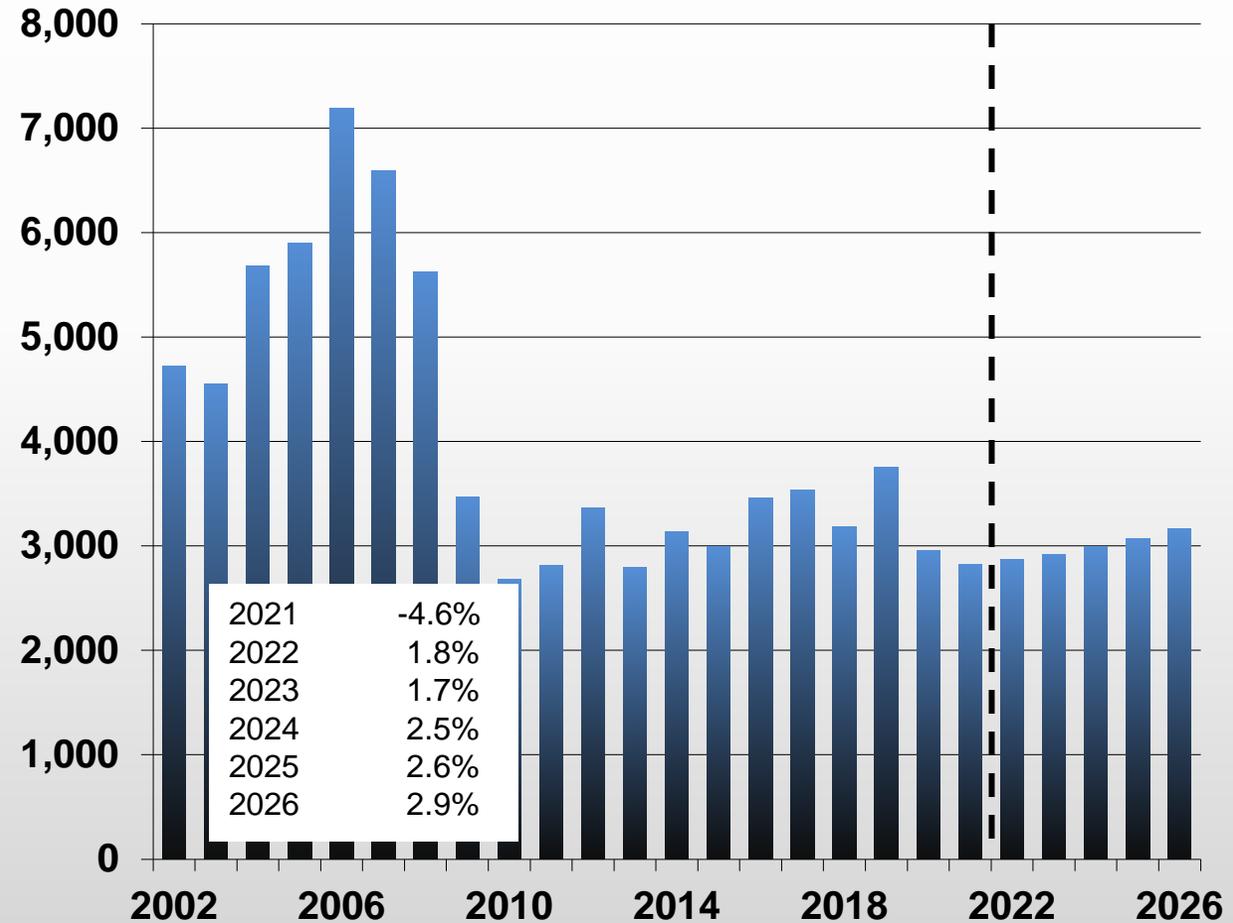
Nonresidential Cement Consumption: Southeast

(000) Metric Tons

East South Central



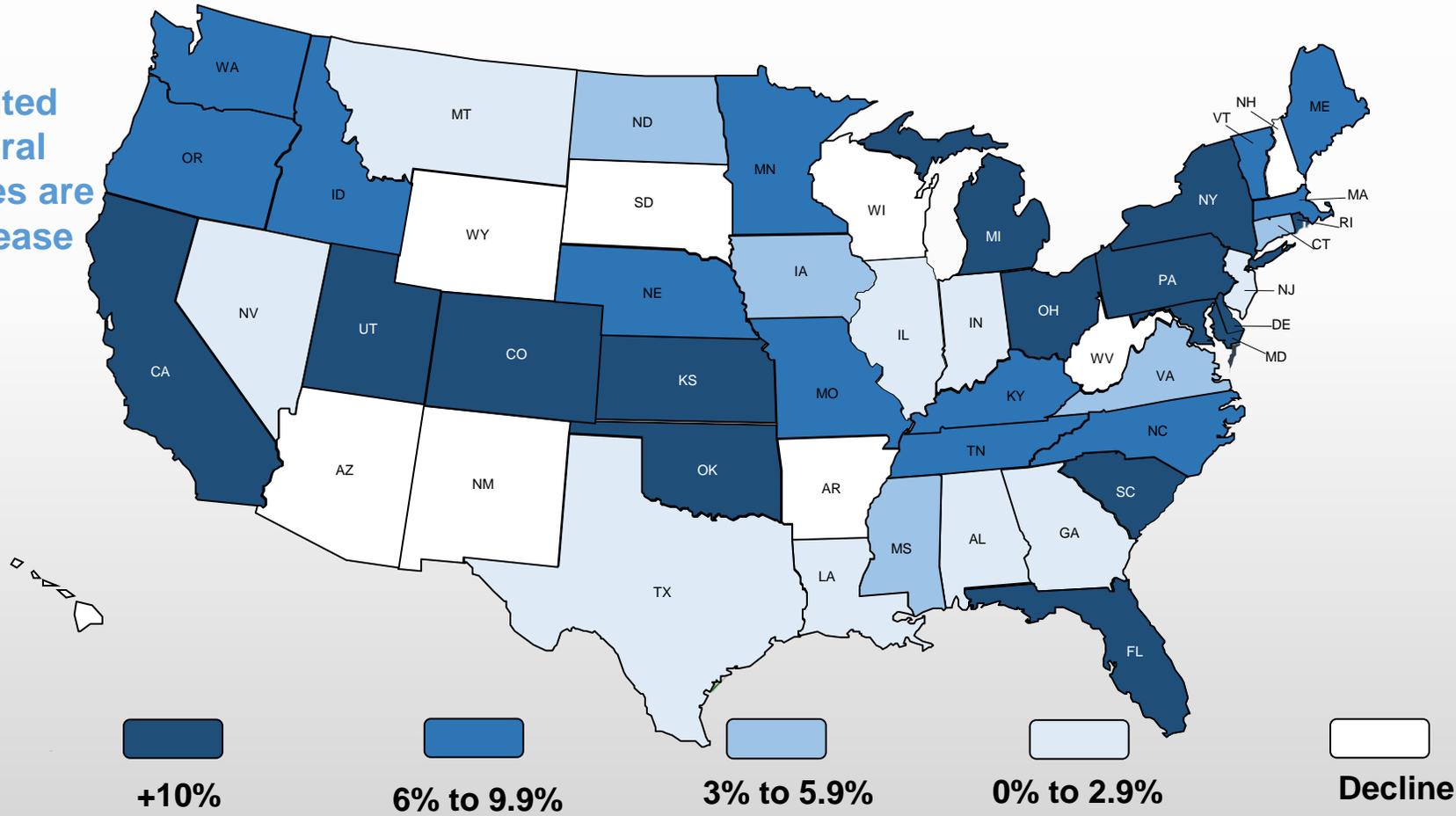
South Atlantic



Public Update

General Fund Percentage Expenditure Change – FY2022

On a state weighted basis, 2022 general fund expenditures are expected to increase 9.3%.

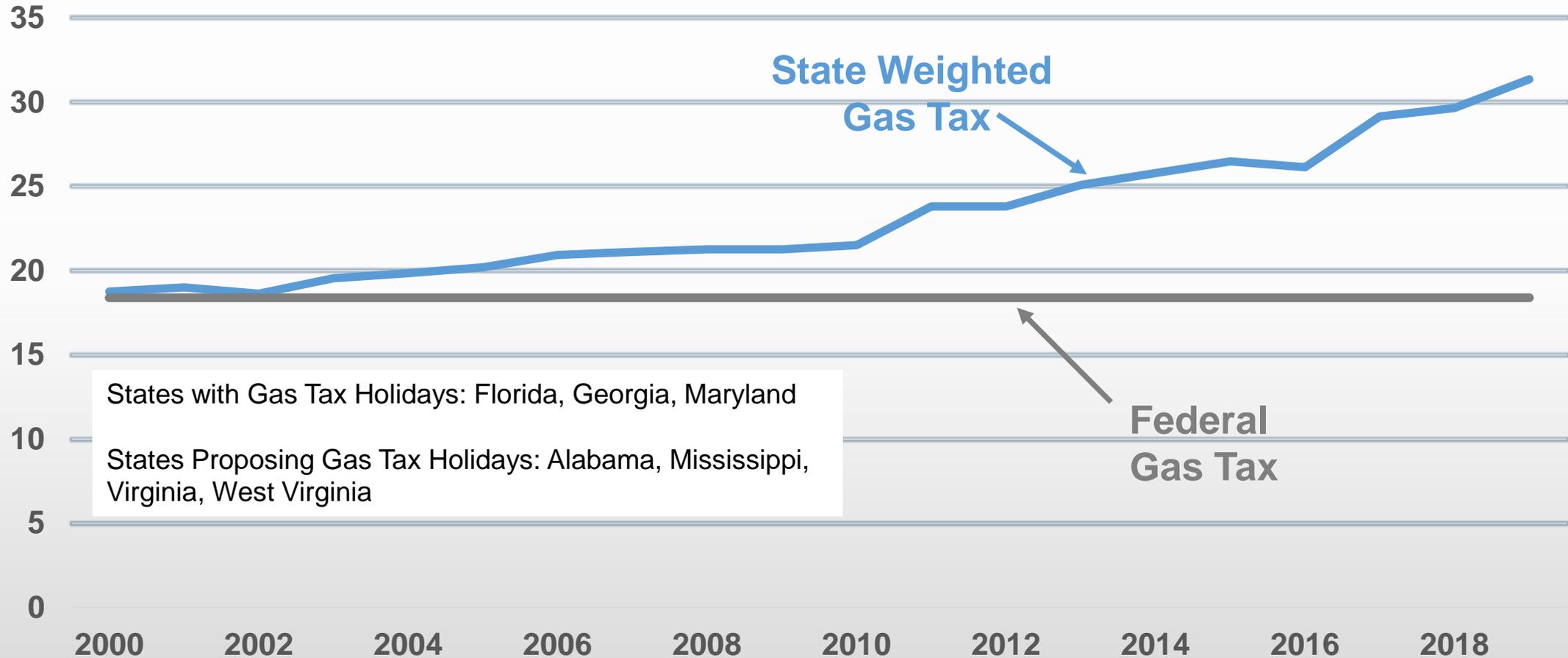


Strong migration to the Southeast

State	Net Migration Rank 2020	Net Migration Rank 2021
Alabama	21	16
Kentucky	26	24
Mississippi	40	39
Tennessee	11	8
Delaware	16	19
Florida	2	2
Georgia	5	5
Maryland	41	40
North Carolina	4	4
South Carolina	7	6
Virginia	19	21
West Virginia	39	38

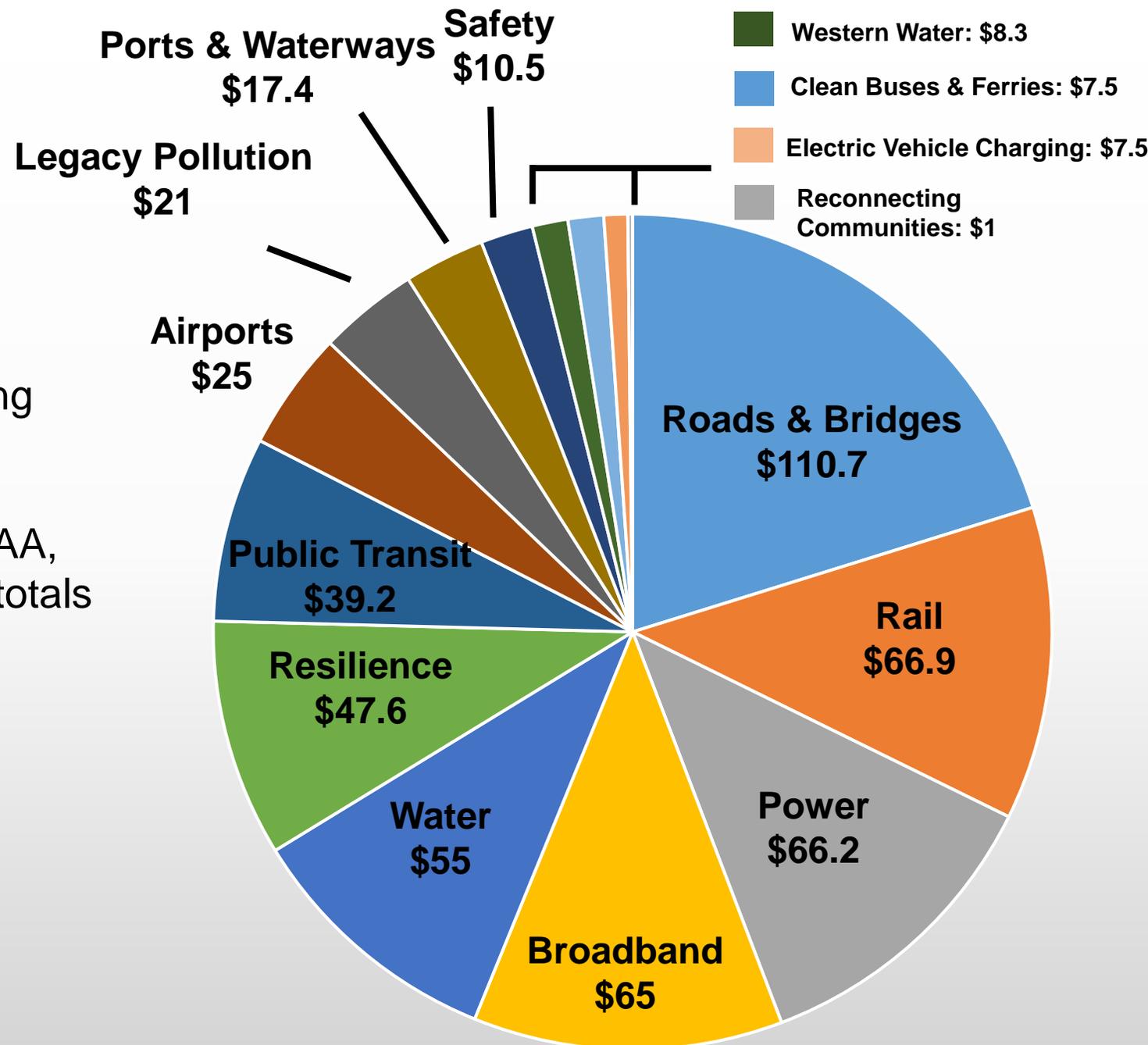
More Reliance on State Gas Tax

Cents Per Gallon



Infrastructure Package

- Represents \$545 billion in new spending
- Bill reauthorizes current surface transportation bills (FAST Act, WRDA, FAA, etc.) at current levels for 5 years, which totals \$1.2 trillion
- Much less in dollar size than previous proposals but heavier emphasis on traditional infrastructure



Infrastructure Timing Distribution

Highway & Bridges

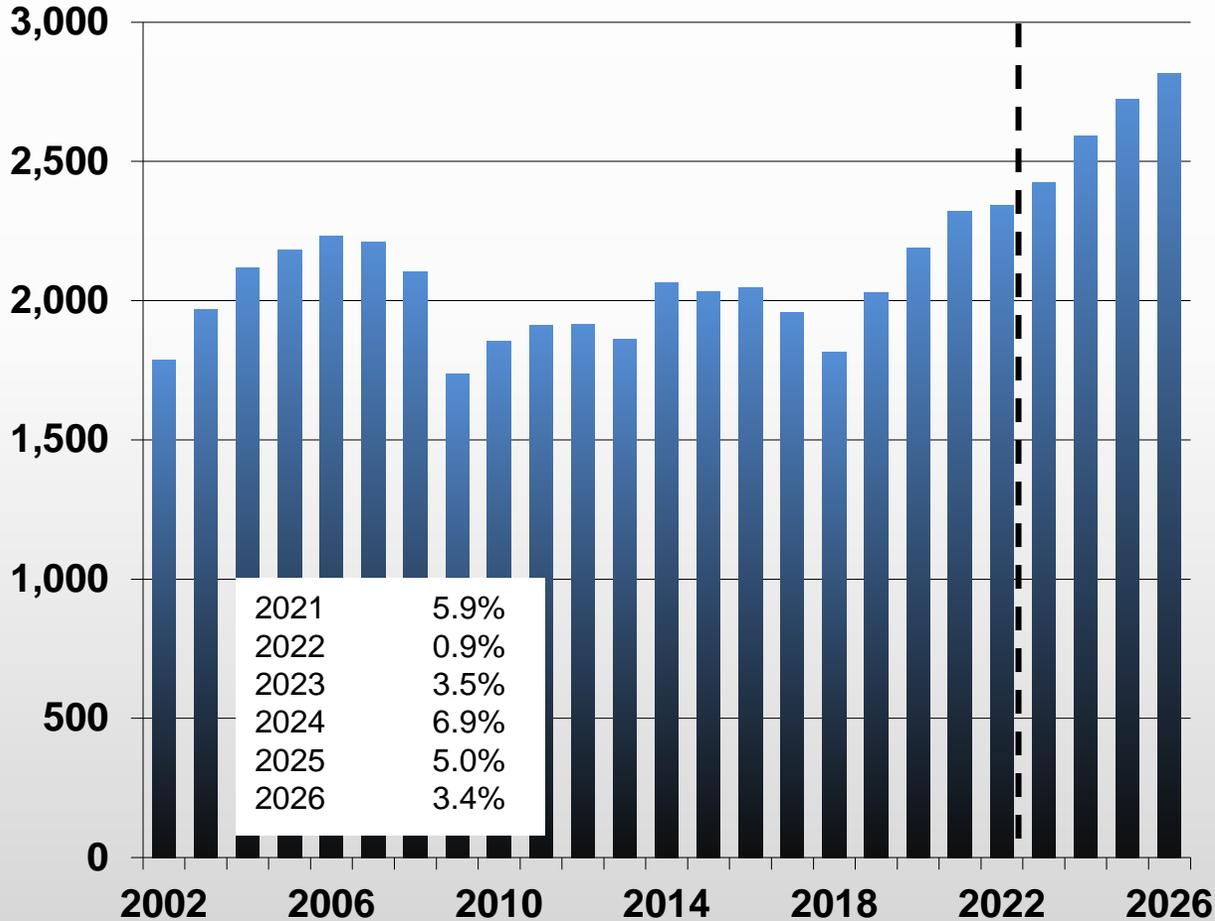
Process repeated across all construction segments that are impacted by the Infrastructure Program

	Spending Allocation Billion \$	Fiscal Year Spending				Total Spent	Total Spent
		2023	2024	2025	2026		
		Year 1	Year 2	Year 3	Year 4		
2023	\$14	\$3	\$6	\$3	\$2	\$14	100%
2024	\$14		\$3	\$6	\$3	\$12	86%
2025	\$14			\$3	\$6	\$9	64%
2026	\$14				\$3	\$3	21%
Total Spending	\$70	\$3	\$9	\$12	\$14		

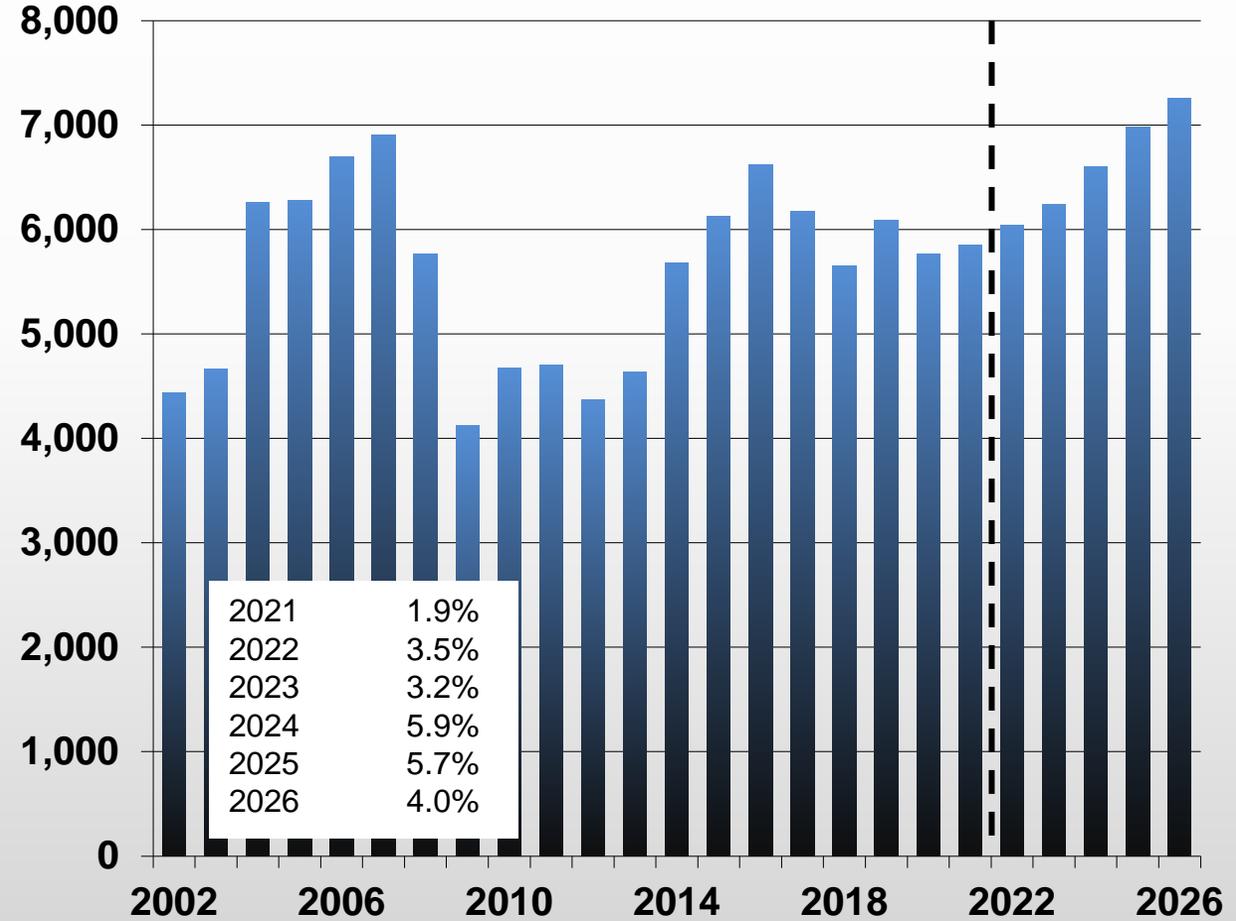
Public Cement Consumption: Southeast

(000) Metric Tons

East South Central



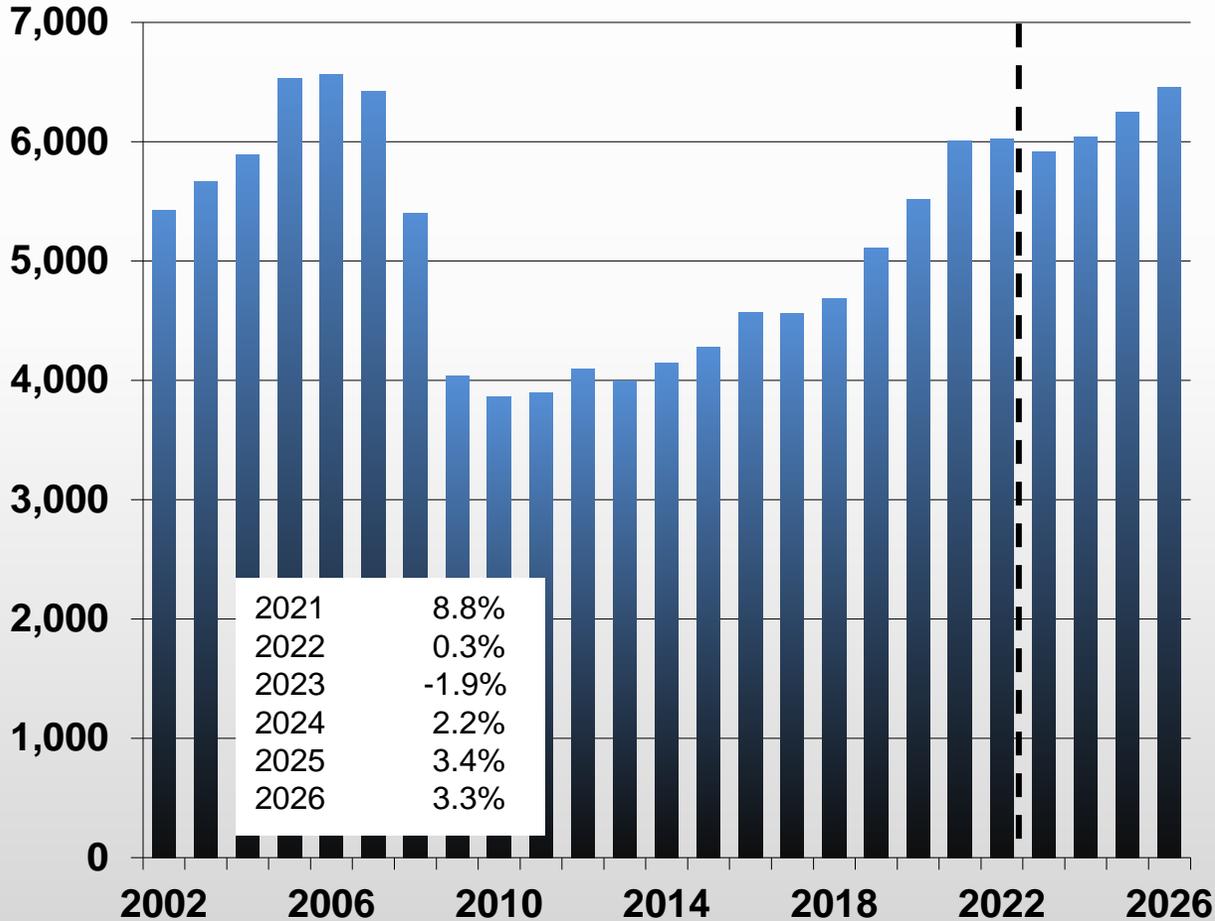
South Atlantic



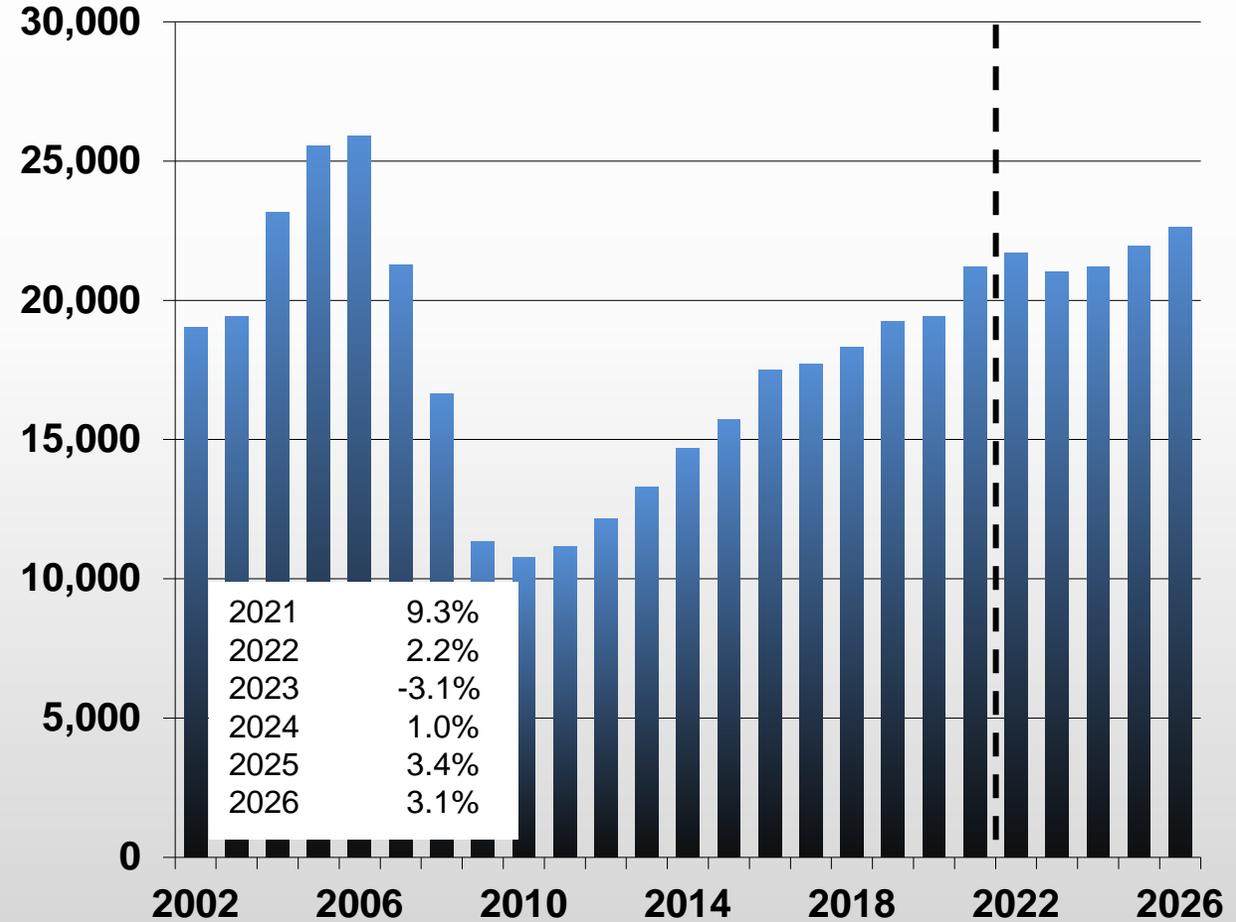
Total Cement Consumption: Southeast

(000) Metric Tons

East South Central



South Atlantic



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