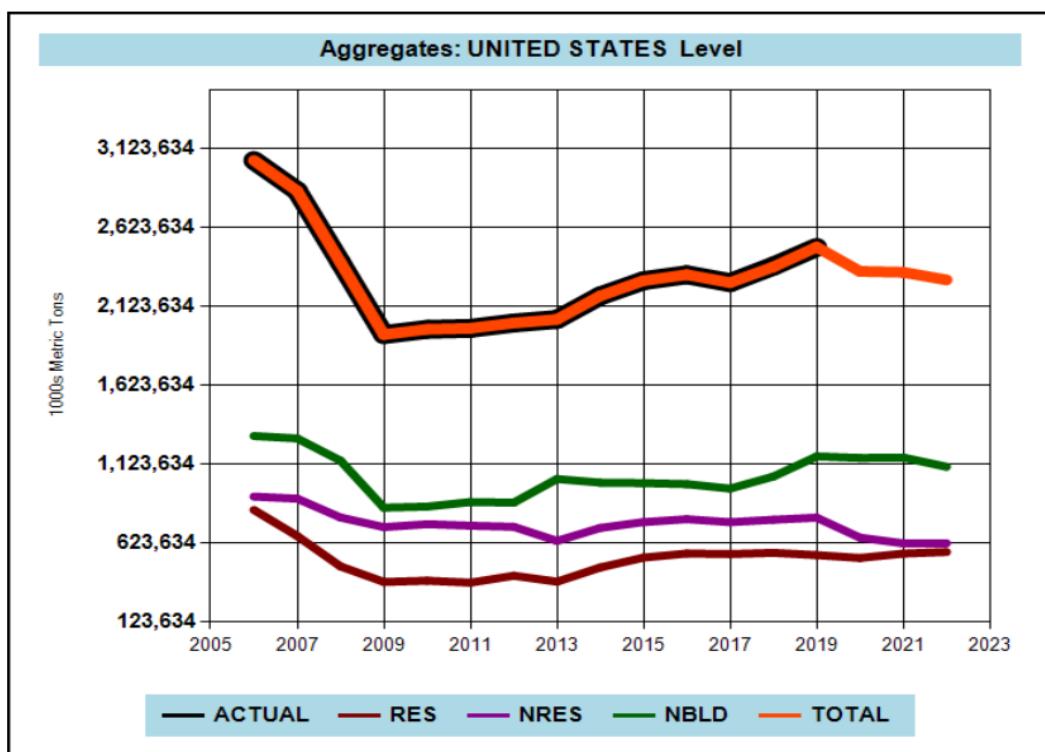# DCG Aggregates  Outlook
## December, 2020

Good Riddance To 2020

Finally, 2020 is over.  We now have several vaccines for fighting Covid-19 and the rapid distribution means that life returns to normal sometime in 2021.   The rapid increase in jobs and the exceptionally high savings rate will lead to strong GDP growth for most quarters in 2021.  The states that have been locked down the most will recover the most even though they will remain below 2019 levels until 2023.  Which brings up an important question:  when will people and businesses return to pre-Covid levels in our major cities?  Our estimate is the ones that have the most severe shutdowns, the largest increase in crime, the highest living costs—will take the longest to recover.  New York City, Chicago, Seattle, Portland, Minneapolis and other hard-hit areas will take many years to fully recover.  In some cases, it will be a decade become they return to healthy conditions.

Other cities, mainly in the Sunbelt, will fully recover by mid-2021 because they have had less severe restrictions, lower crime, etc.  And now migration patterns (already favorable for the Sunbelt) have become even more favorable for the Sunbelt cities and states.  This makes the 2021-2024 aggregate gains very patchy.  Good for the Sunbelt and modest for the colder areas.



Aggregates demand for residential will increase by over 12% between now and 2023.  Aggregates for nonresidential will increase by 3% for the 2020 to 2023 period with all the gain in 2023.  Aggregates demand for nonbuilding will be flat to down 1% between 2020 and 2023 because of state and local budget problems.  We do not think any stimulus will have much infrastructure money in it.

Aggregates pricing strength will return by late-2021 in most areas.

| Billions of metric tons | 2016 | 2017 | 2018 | 2019est | 2020est | 2021est | 2022est | |
|---|---|---|---|---|---|---|---|---|
| Residential | .57 | .57 | .57 | .56 | .54 | .60 | .62 | |
| Nonresidential | .72 | .70 | .71 | .78 | .66 | .62 | .63 | |
| Nonbuilding | 1.03 | 1.00 | 1.08 | 1.17 | 1.16 | 1.16 | 1.13 | |
| **Total** | **2.32** | **2.27** | **2.36** | **2.51** | **2.36** | **2.38** | **2.38** | |
| *Yr./Yr. %Ch.* | *+2.7%* | *-2.2%* | *+4.0%* | *+6.4%* | *-5.9%* | *+0.8%* | *0%* | |

Note: *There is a small difference between our estimates of consumption and the USGS because of our own estimates in states where USGS does not report values due to competitive concerns*

Dec. 2020 David Chereb, Ph.D., David Chereb Group, Inc.  DCG produces customized market forecasts by major segments of construction, from the county level up.  Clients use DCG market intelligence reports for business planning and acquisition analyses in aggregates, ready-mix concrete and cement.  For more information, please visit www.davidcherebgroup.com  Note: These results are based on our county level aggregates model.  More details are available for an additional fee.