

# WHAT WENT WRONG IN 2021 AND HOW ARE WE GOING TO MOVE FROM IT?

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**FCICA**



The Flooring Contractors  
Association

Presented by: *Ron Nash, President & COO*  
*LATICRETE North America, LATICRETE International, Inc.*

# PRIMARY SOURCES

- US BLS, CBO
- Federal Reserve
- NAHB, NAR
- Dodge Data Analytics
- AIA
- Zelman



# WHO AM I?



MY SON CACHE!





# YALE SOM – LEADERSHIP CLASS OF 2020... (OR SO)



# LATICRETE INTERNATIONAL INC.



# AGENDA

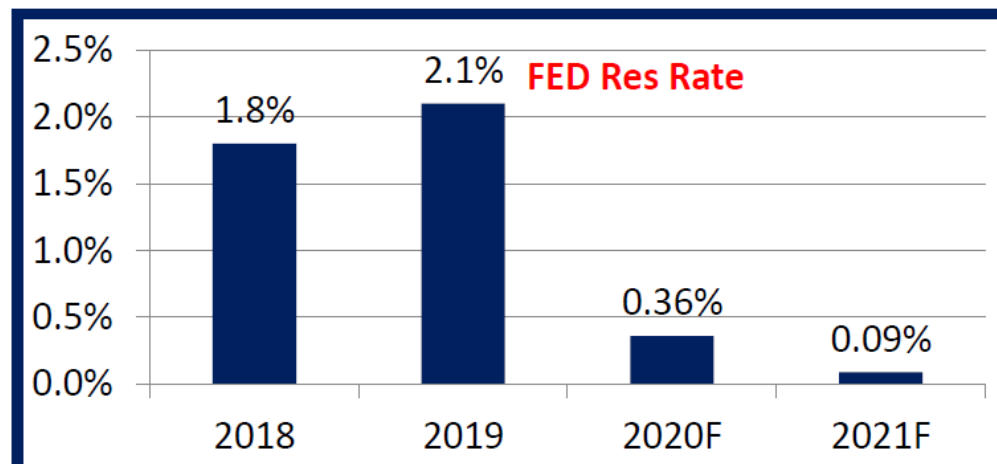
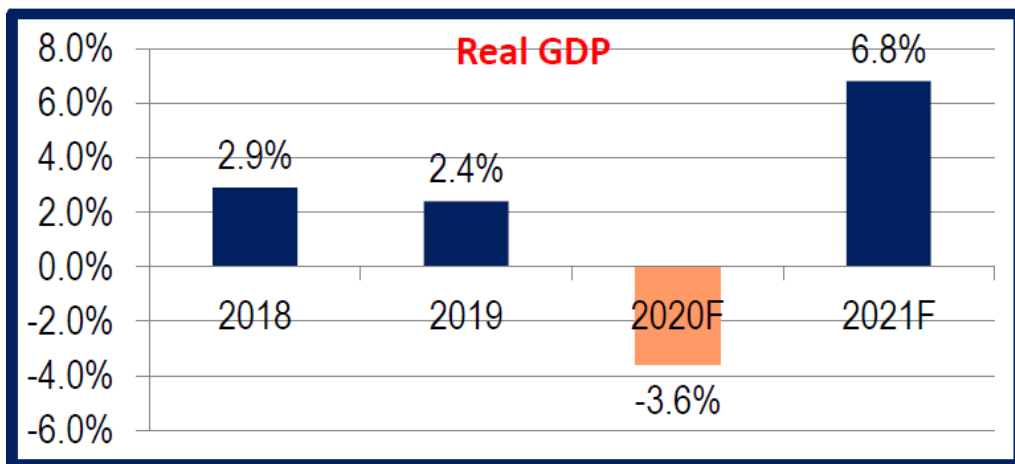
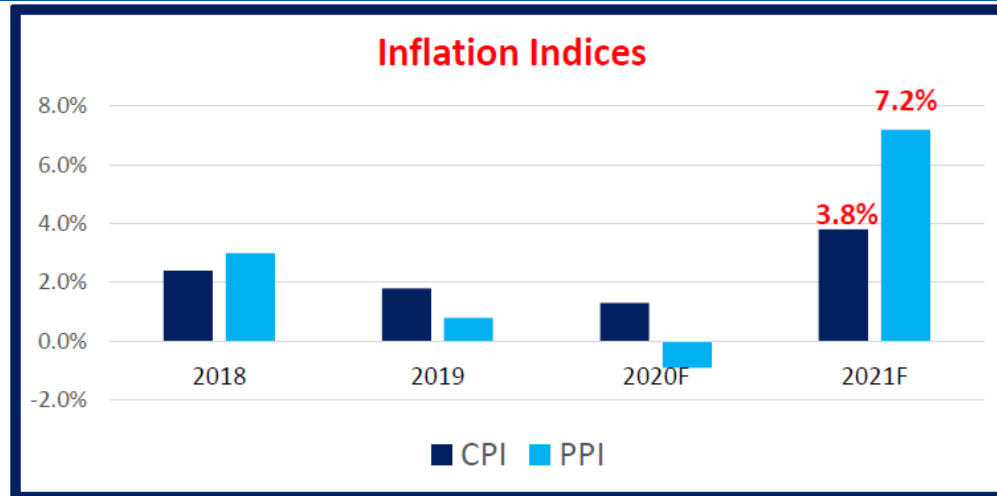
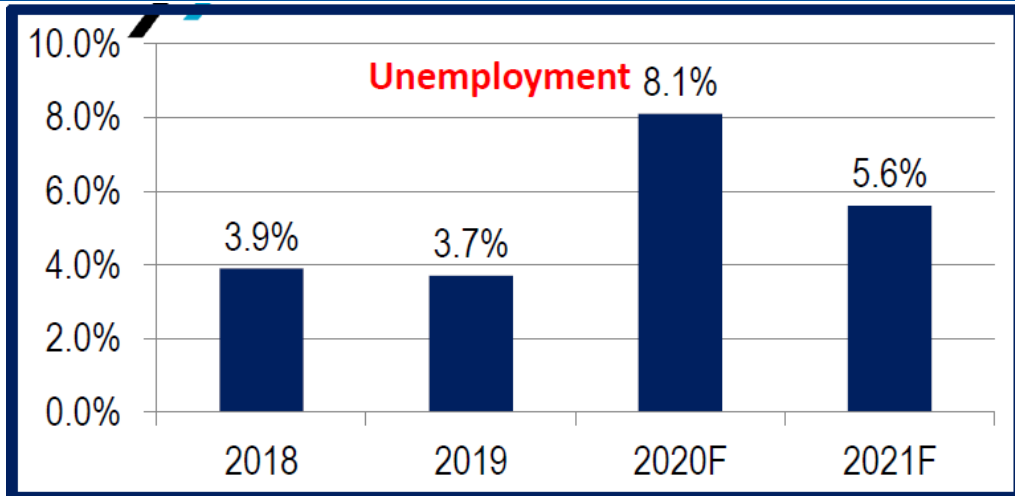
- Key Macro Economic Drivers
- Key Supply Chain Issues
- US Residential Construction Drivers + Outlook
- US Remodeling Drivers + Outlook
- Commercial Construction Drivers
- Forecasts

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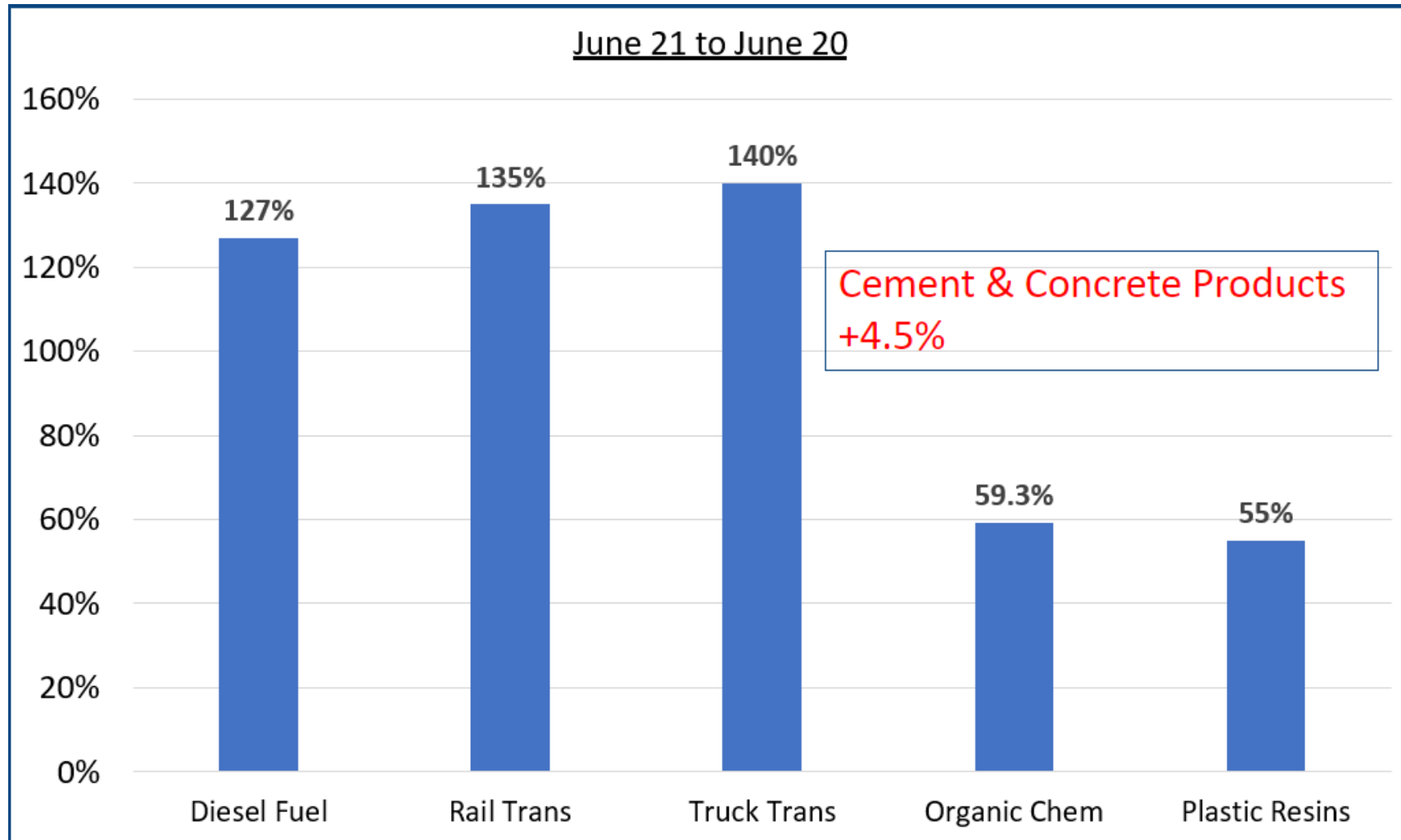
# KEY MACRO ECONOMIC DRIVERS



# US MACRO ECONOMIC DRIVERS



# KEY PRICING INPUTS



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MAJOR NON-COVID 19 CATASTROPHES

AN INCOMPLETE LIST OF SUPPLY CHAIN CHALLENGES

# TEXAS FREEZE “URI” - FEB 10-11, 13-17, 15-20

In February 2021, the state of Texas suffered a major power crisis, which came about as a result of three severe winter storms sweeping across the United States on February 10–11, 13–17, and 15–20.

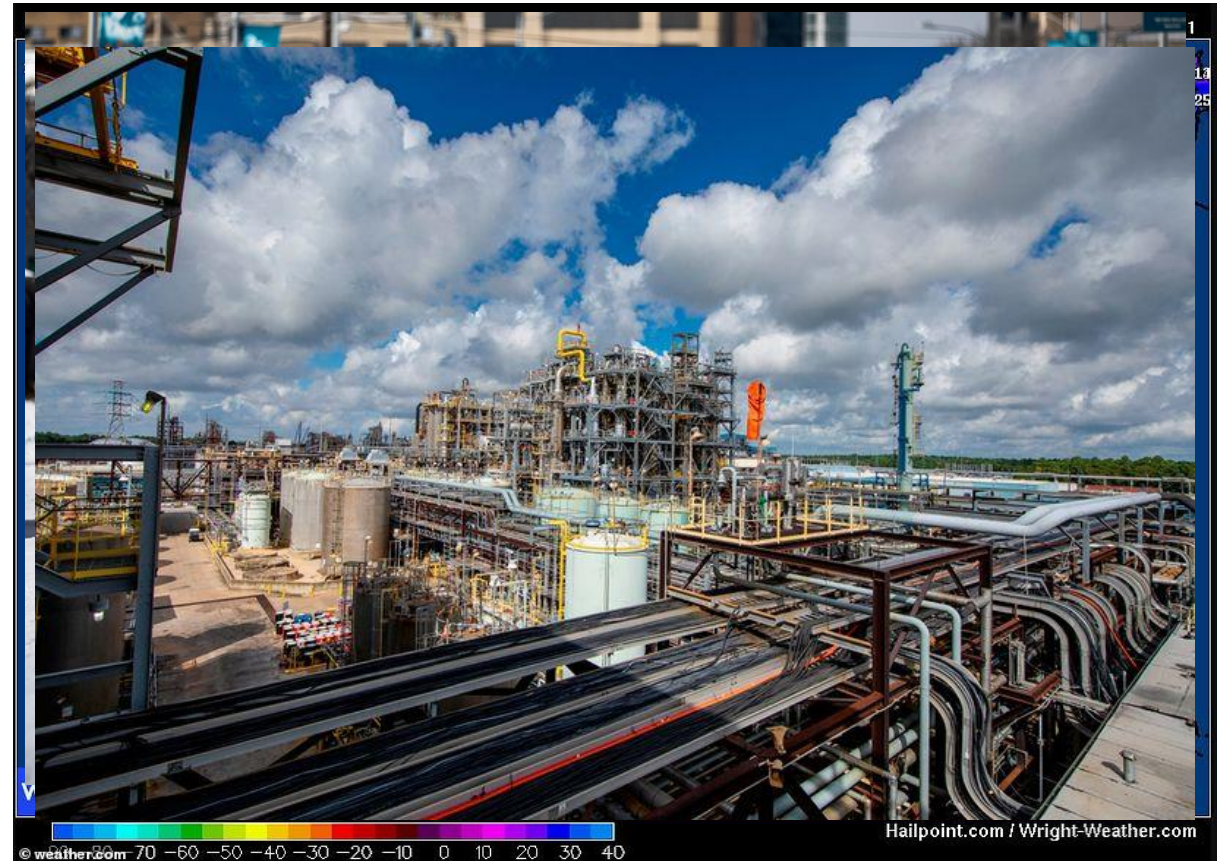
**Dates:** Feb 10, 2021 – Feb 27, 2021

**Deaths:** 210 to 702 (estimate)

**Location:** [Texas](#)

**Cause:** Multiple severe winter storms

**Property damage:** \$20.4 billion (2021 USD)



# EVERGREEN - EVER GIVEN – MARCH 23-29

In March 2021, the [Suez Canal](#) was blocked for six days after the [grounding](#) of [Ever Given](#), a 20,000 [TEU container ship](#). The 400-metre-long (1,300 ft) vessel was buffeted by strong winds on the morning of 23 March, and ended up wedged across the waterway with its bow and stern stuck in the canal banks, blocking all traffic until it could be freed. Egyptian authorities said that "technical or human errors" may have also been involved.

**Dates:** Mar 23, 2021 – Mar 29, 2021

**Location:** [Suez Canal](#), [Suez](#), Egypt

**Cause:** "Under Investigation" Human + Nature

369 ships were queuing to pass through the canal. This prevented an estimated US\$9.6 billion worth of trade. (low)





# FREIGHT CHAOS – CONTAINER TRAFFIC JAMS

- Multiple port challenges due to COVID-19 restrictions. 2020 & 202X
- Rapid Q420 “Re-opening” demand “Shock”
- Container shortages
- Lead times??? Who knows? Months
- “Pay for Premium Service”

The worlds shippers earned the most money since 2008.

China to Europe \$14,287 up +500%

**Dates:** 2020 – 202X

**Location:** World Wide

**Cause:** C-19 + Supply & Demand



“I’m not really sure the perfect storm covers it – this is spectacular,” said Peter Sand, chief shipping analyst at trade group Bimco. “It’s a perfect spillover of a red-hot container shipping market to some of the other sectors.” – Bloomberg.com

# FREIGHT CHAOS – AIR FREIGHT

- Multiple port challenges due to COVID-19 restrictions. 2020 & 2021
- Rapid Q420 “Re-opening” demand “Shock”
- Container shortages
- No one to unload “Pay for Premium Service”

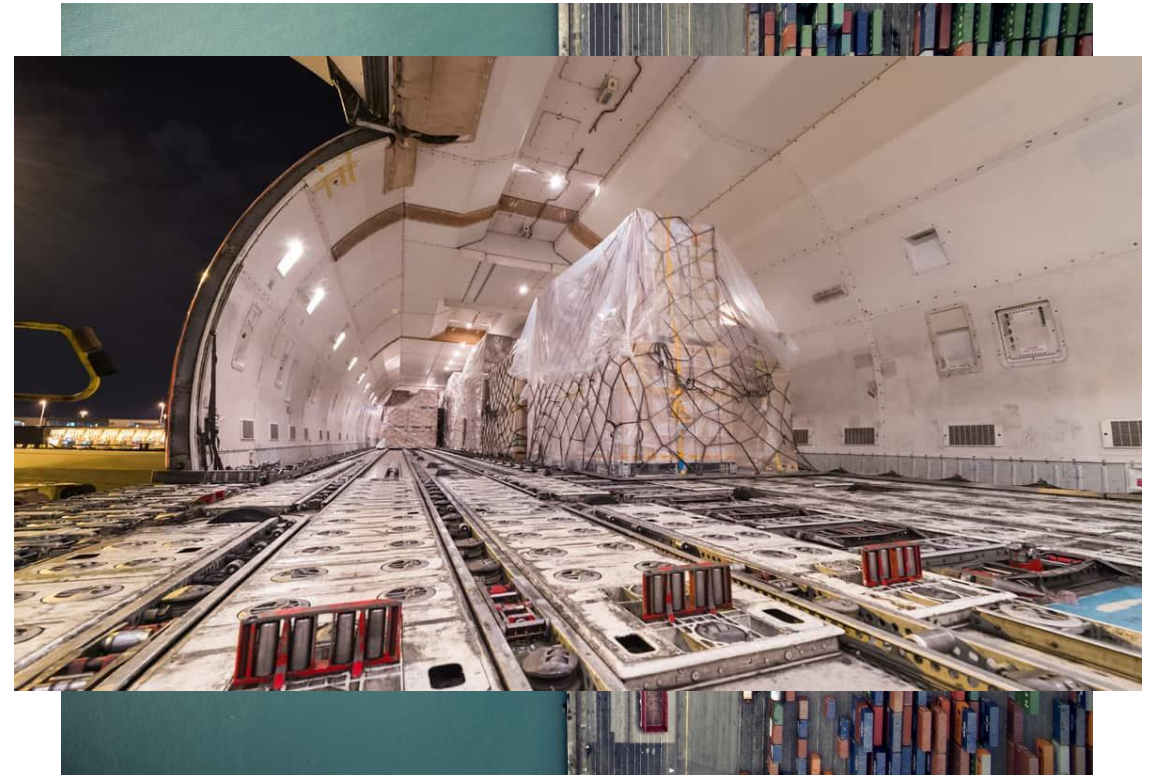
The worlds shippers earned the most money since 2008.

Europe to USA +300%

**Dates:** 2020 – 202X

**Location:** World Wide

**Cause:** C-19 + Supply & Demand





# FREIGHT CHAOS – DOMESTIC TRUCKING

- Driver Shortage
- Rapid Q420 “Re-opening” demand “Shock”
- E-Commerce Effect
- 20% No-Show
- Fuel +37% and rising
- Freight hit \$90B in Aug – All Time Record
- Q2 Rev +29.8% Y/Y
- Dry Van +173% 5 year Average

Holiday shopping season is almost here.

**Dates:** 2020 – 202X

**Location:** Domestic Freight

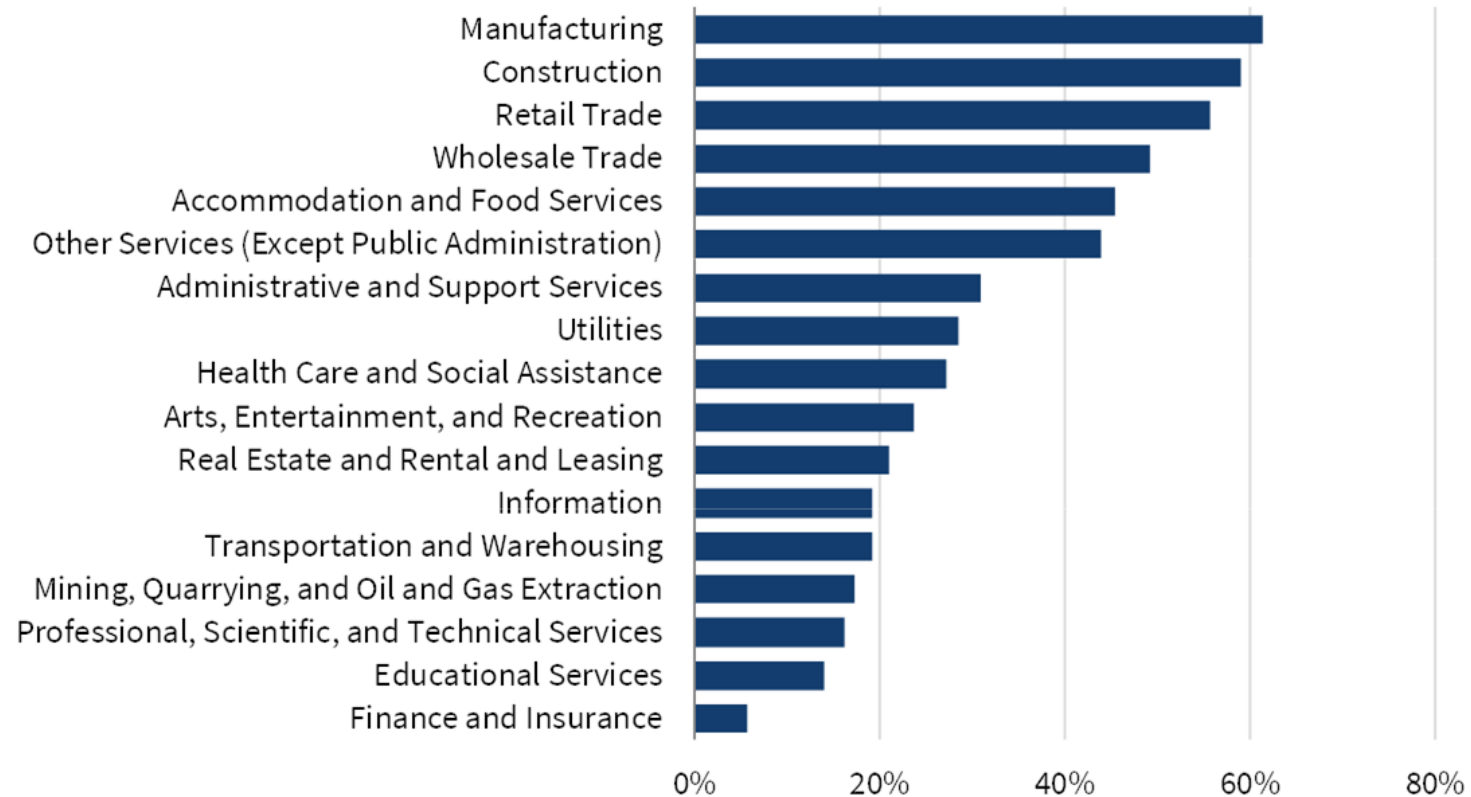
**Cause:** C-19 + Supply & Demand



# SUPPLY CHAIN DISRUPTIONS BY SECTOR

**Figure 2. Supply-Chain Disruptions By Sector**

*In the last week, did this business have domestic supplier delays? (percentage saying yes)*



Sources: U.S. Census Bureau; CEA Calculations.

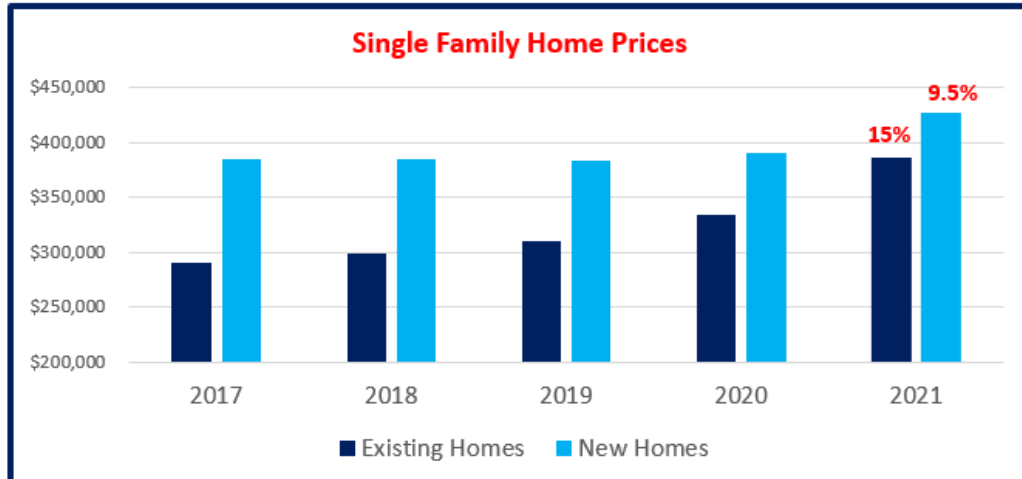
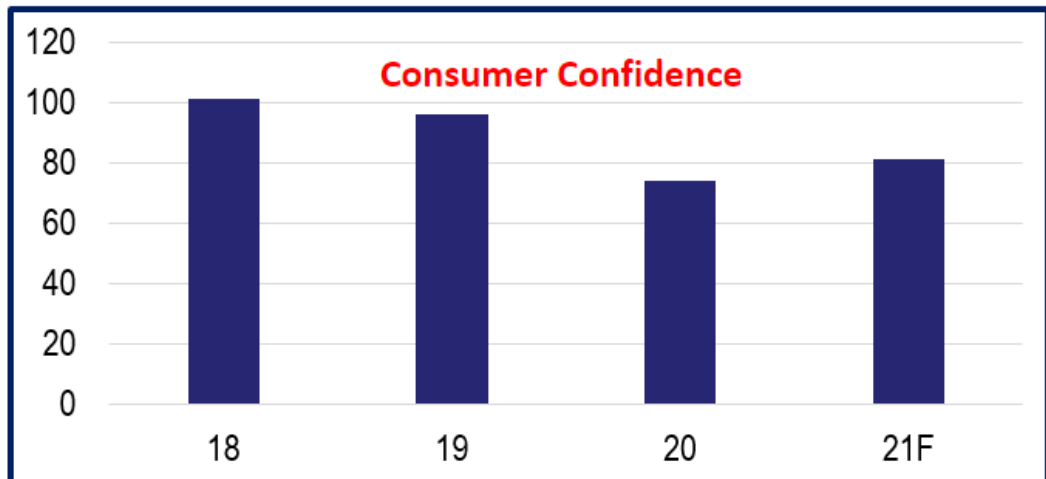
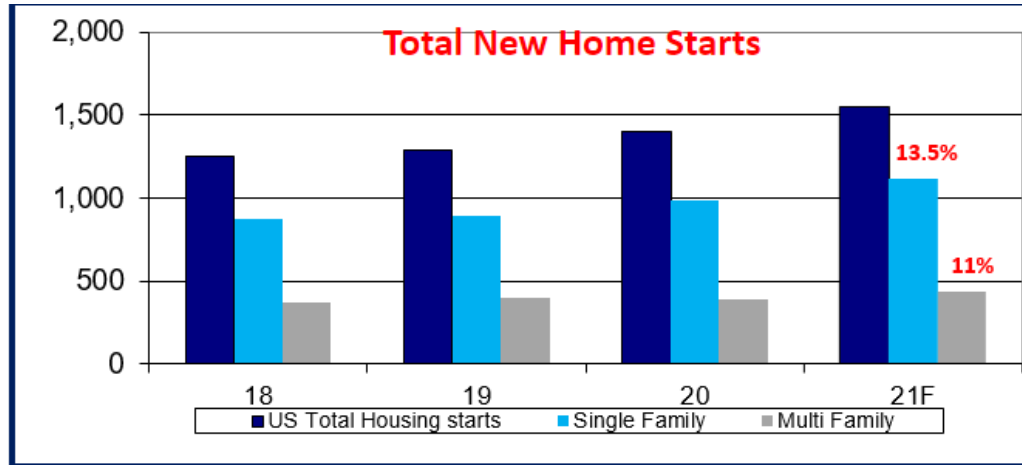
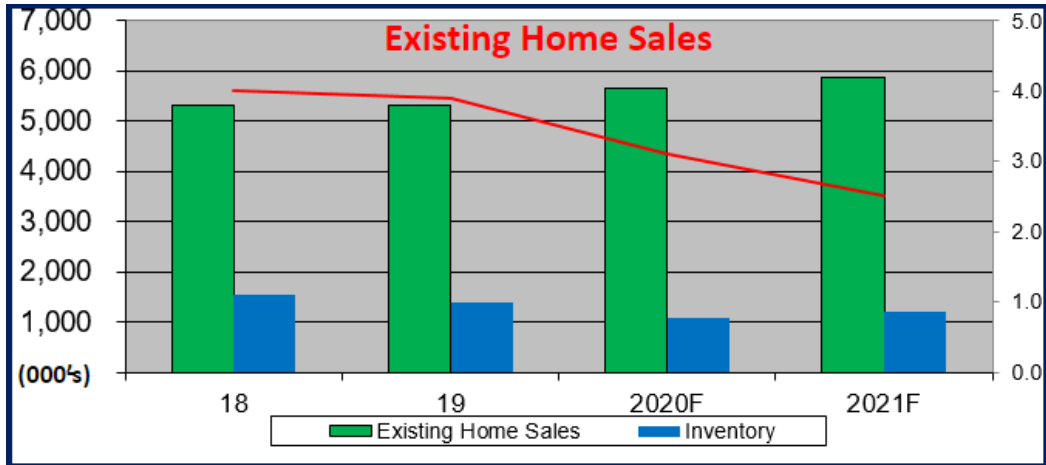




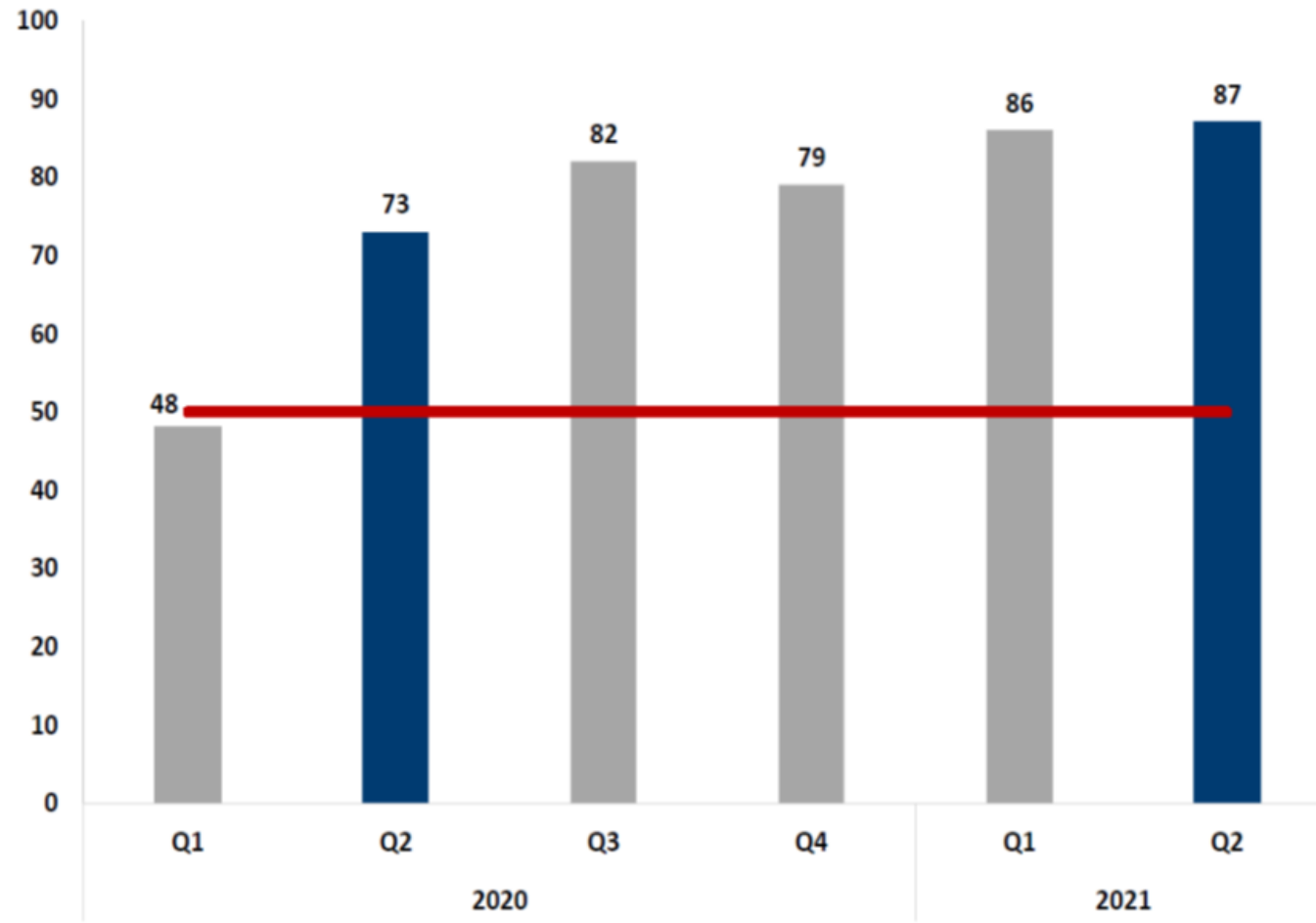
# OUTLOOK KEY ECONOMIC DRIVERS



# US RESIDENTIAL OUTLOOK DRIVERS



# US RESIDENTIAL OUTLOOK DRIVERS - REMODELING



Source: NAHB



# US RESIDENTIAL OUTLOOK DRIVERS - REMODELING

Homeowner Improvements & Repairs  
Four-Quarter Moving Totals  
Billions



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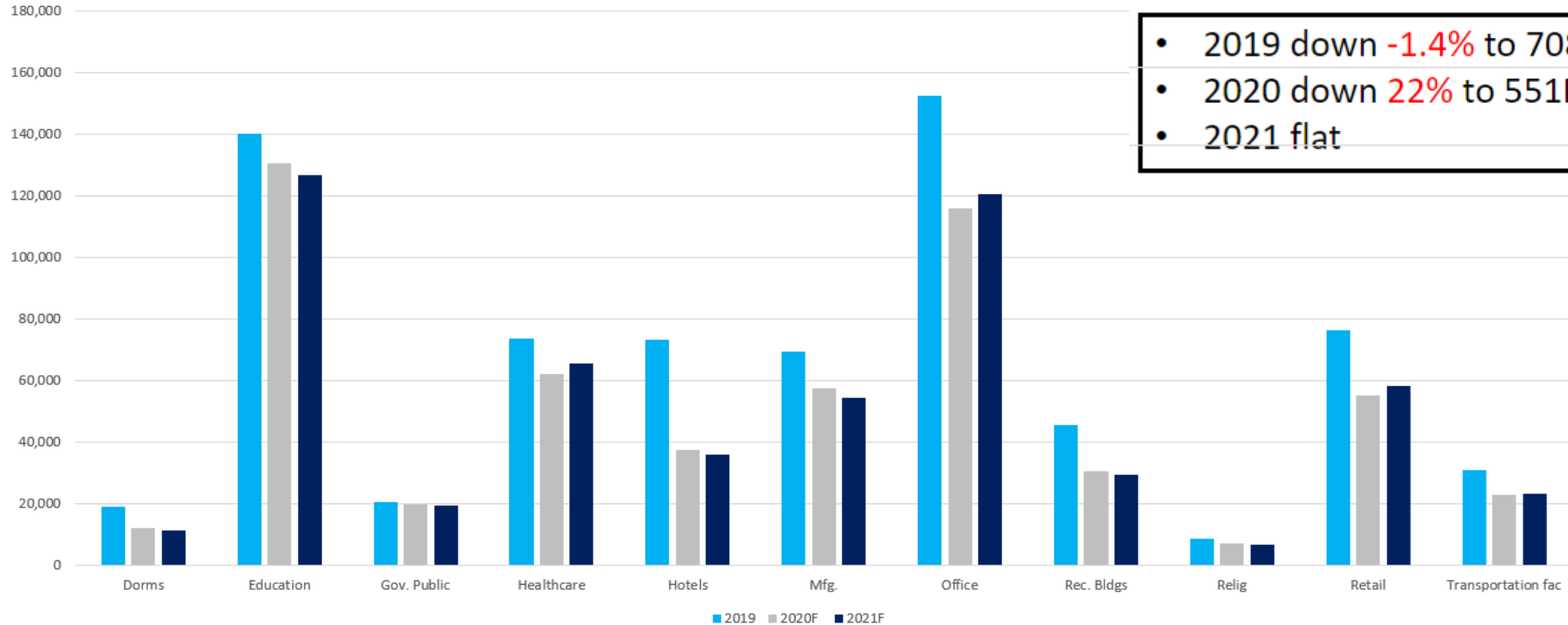
# COMMERCIAL CONSTRUCTION DRIVERS

# AIA BILLING INDEX





# NEW COMMERCIAL CONSTRUCTION STARTS – SF



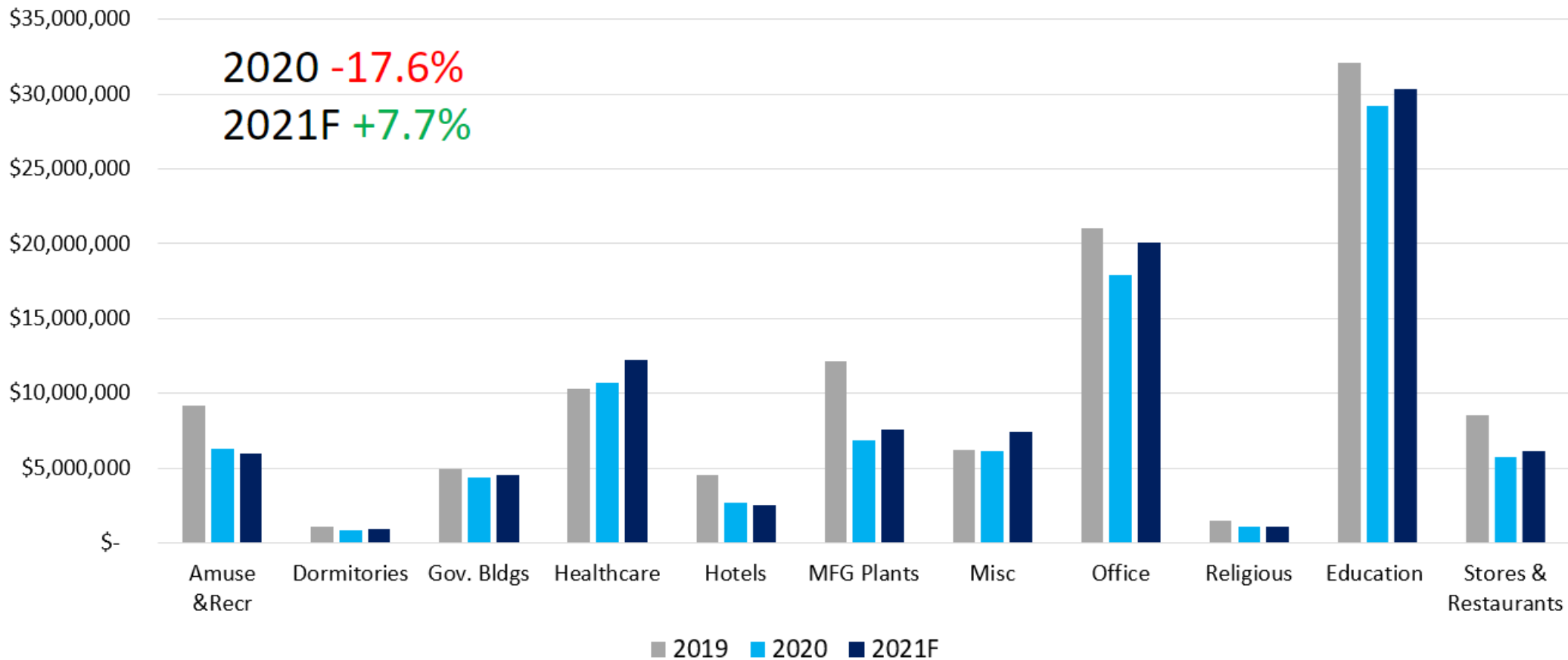
- 2019 down **-1.4%** to 708M sq ft.
- 2020 down **22%** to 551M sq ft.
- 2021 flat

(000's) square ft.



Source: DODGE

# COMMERCIAL ADDITIONS & ALTERATIONS VALUE



# SUMMARY OUTLOOK ... TODAY

## Residential Summary

- Single Family New Home Starts
- Multi-Family Starts
- Remodeling Spending

<u>Current</u>	<u>Previous</u>
6%	1.5%
-5.5%	-15%
6%	4%

## Commercial Summary

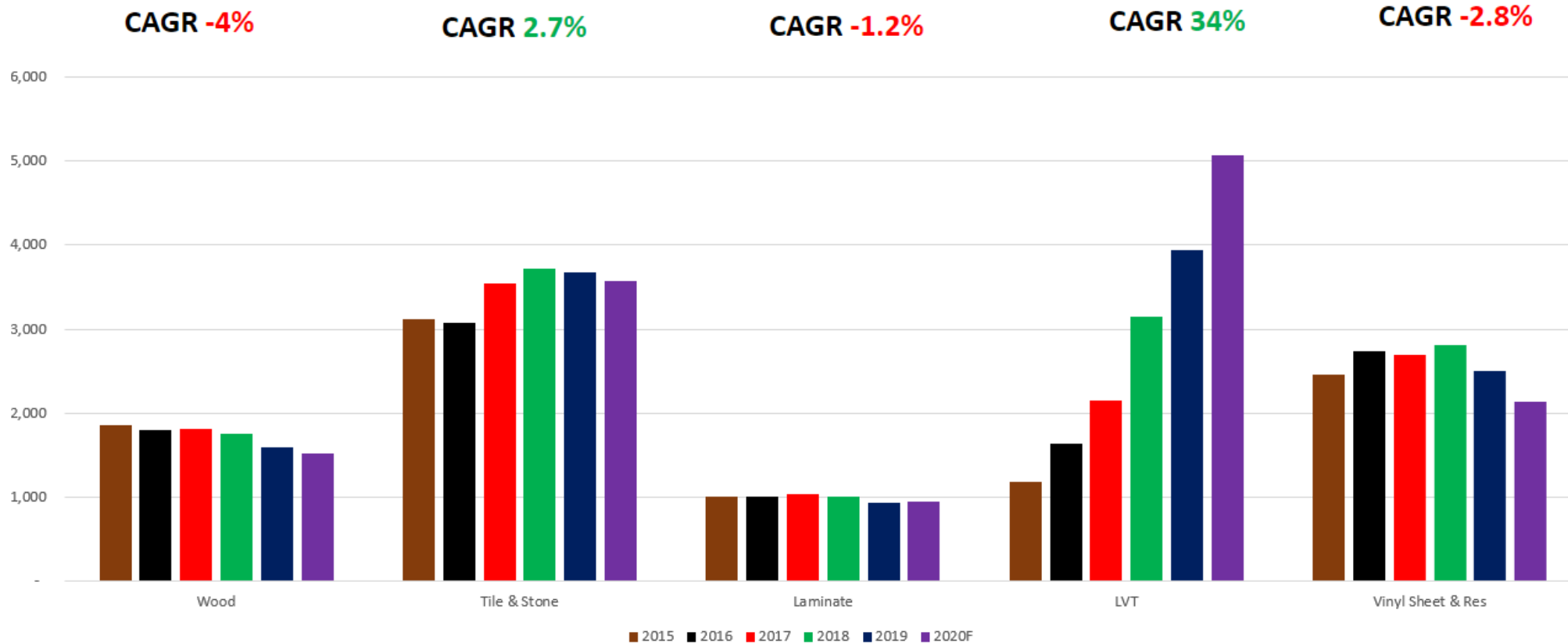
- '20 Starts -15% (exc. warehouse)
- '21 Starts = +4% (exc. warehouse)
- Additions & Alterations
  - 2020 -17%
  - 2021 +7%



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# TILE CONSUMPTION OUTLOOK SUMMARY

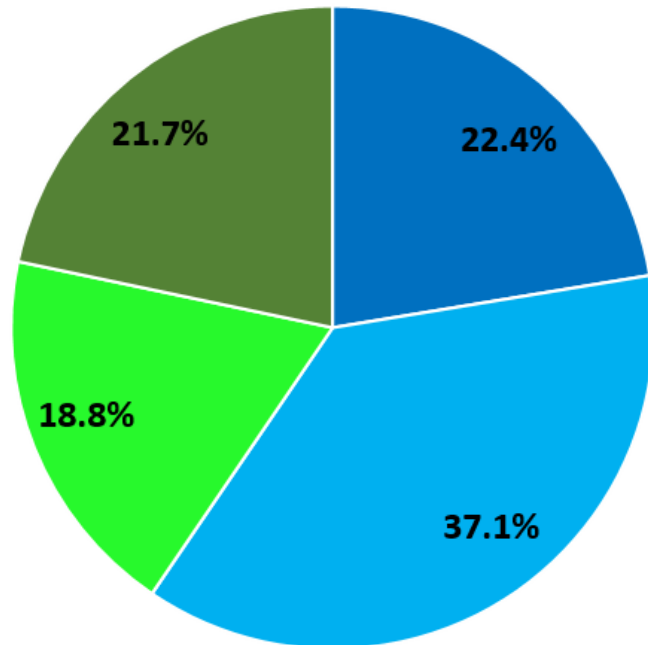
# FLOOR COVERINGS HISTORY – SQUARE FEET



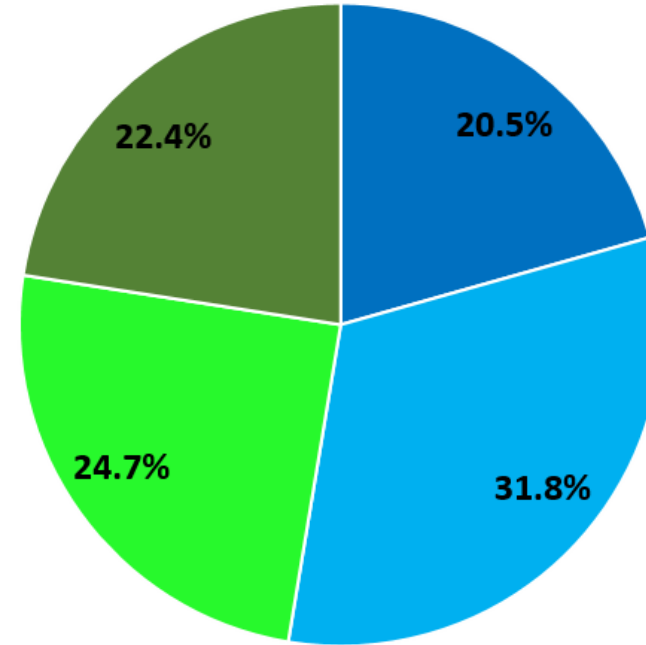


# PURCHASE BY END-USE MARKET – 2021 F

## Tile & Stone



## Resilient/LVT



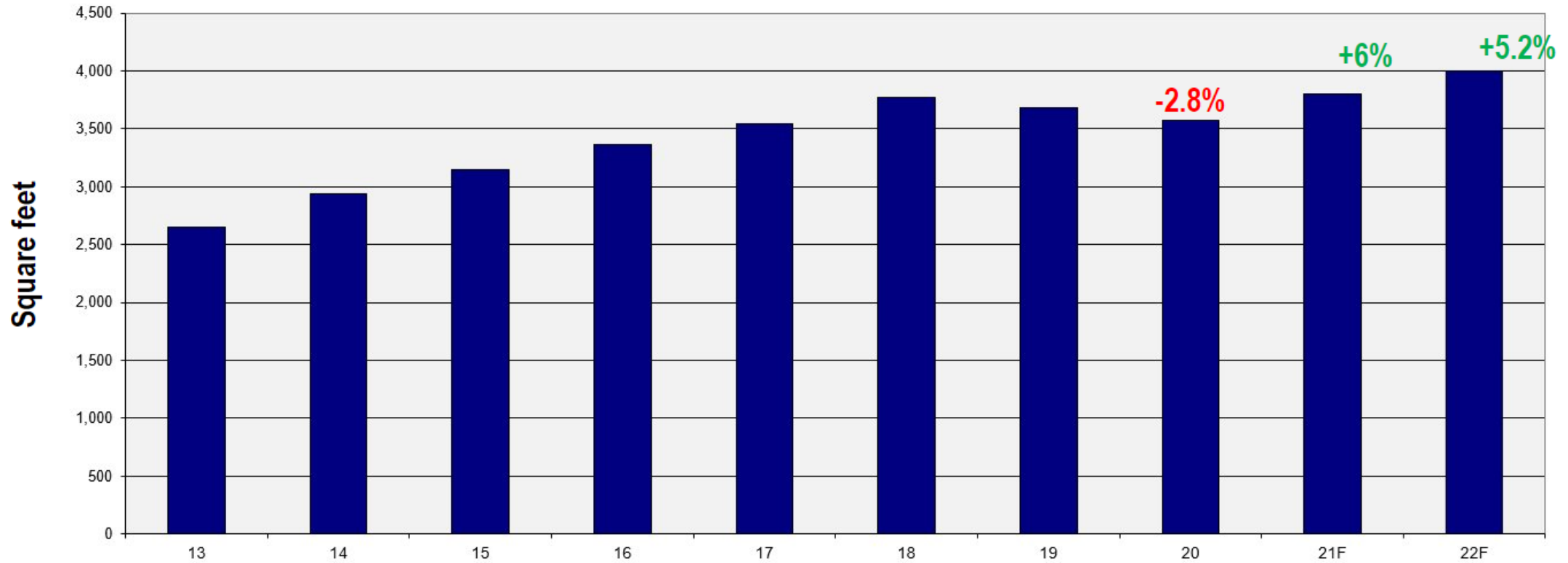
■ Res. New ■ Res. Remod ■ Comm New ■ Comm Remod

■ Res. New ■ Res. Remod ■ Comm New ■ Comm Remod



# US TILE & STONE CONSUMPTION FORECAST

(millions)



Source: FCW Historical & Laticrete Forecast

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THANK YOU! ANY QUESTIONS?