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PREPARED FOR

FDOT

FISCAL YEAR 25/26
FIRST QUARTERLY REPORT

STRATEGIC RESOURCE EVALUATION STUDY
HIGHWAY CONSTRUCTION MATERIALS

CONTRACT BEC18

OVERVIEW: **FLORIDA'S HIGHWAY CONSTRUCTION MATERIALS**

ASPHALT

Asphalt bids declined 6% in FY 2026 Q1 compared to year-end FY 2025 with preliminary data. Demand continues to be high, but contractors appear to be sharpening their pencils to ensure stable backlogs over the next few years. Asphalt producers and contractors anticipate stable prices, with any increases expected to come from changes in aggregate pricing. Some producers report purchasing and stockpiling materials in advance to avoid perceived supply chain issues from proposed tariffs or trade agreement changes. Updated modeling shows FY 2026 ending at $156 weighted average price.

CONCRETE

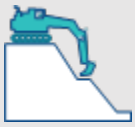
Concrete bids hit record highs in FY 2025, but have come down starkly according to limited preliminary bid data in FY 2026 Q1. Bids will need to be monitored next quarter to see which way the tide is turning. Concrete producers and contractors continue to cite tariffs as a source of uncertainty. Supply chains are being reworked to accommodate changes in trade policy. Some suppliers cited slowing demand in competing sectors and high competition this quarter, leading them to lower prices to remain competitive.

STEEL

Florida producers report stable steel prices this quarter and improved lead times. Declines in scrap materials of 8-10% are currently keeping price increases down in general. **Reinforcing steel** bids were stable over the last two fiscal years, but have risen 5% so far in FY 2026 Q1 according to limited preliminary bids. **Structural steel prices** should benefit from slight and recent declines in input costs (scrap, zinc, iron ore), in addition to lower market demand from China.

AGGREGATE

Aggregate base bids fell in FY 2025, but have since increased again according to FY 2026 preliminary data. Aggregate price changes were inconsistent this quarter, with some suppliers increasing prices while others kept them the same, honoring contract agreements. Some contractors reported issues with aggregate imports. Uncertainty over U.S. trade policy and high levies on Chinese-made ships continue to hit overseas suppliers. Material-intensive non-FDOT projects in South Florida may increase competition for resources.



EARTHWORK

Earthwork bids continue to fluctuate, rising from $12 per cubic yard in FY 2025 to $29 in FY 2026 Q1 with preliminary data. Earthwork costs continue to confound contractors as energy prices remain low and transportation is available, but access adds time and cost with increased development across the state. Contractors report concern about supply of equipment parts as much of it comes from foreign sources and may be impacted by changes in trade policy.

FDOT Bid Index

FDOT winning contractor bids tracked well under industry benchmark input prices over the last quarter, at **26% higher than November 2020**, according to preliminary September 2025 data for *winning* bids. The **industry benchmark was 34% higher** than November 2020 levels through September 2025. Average bid prices were 35% higher than pre-pandemic levels in September 2025 according to preliminary data. The gap between *average* bid prices (calculated from all bids received) and *winning* (awarded) bid prices was consistent at almost ten points over the last three months, indicating more competitive bidding activity.

The FDOT Cost Index is calculated by assessing awarded and average bids. The share of aggregate, asphalt, concrete, and steel dollars spent on FDOT projects is compared to a baseline index that is calculated from regional industry prices; see **Figure 1** for data from November 2020 forward.

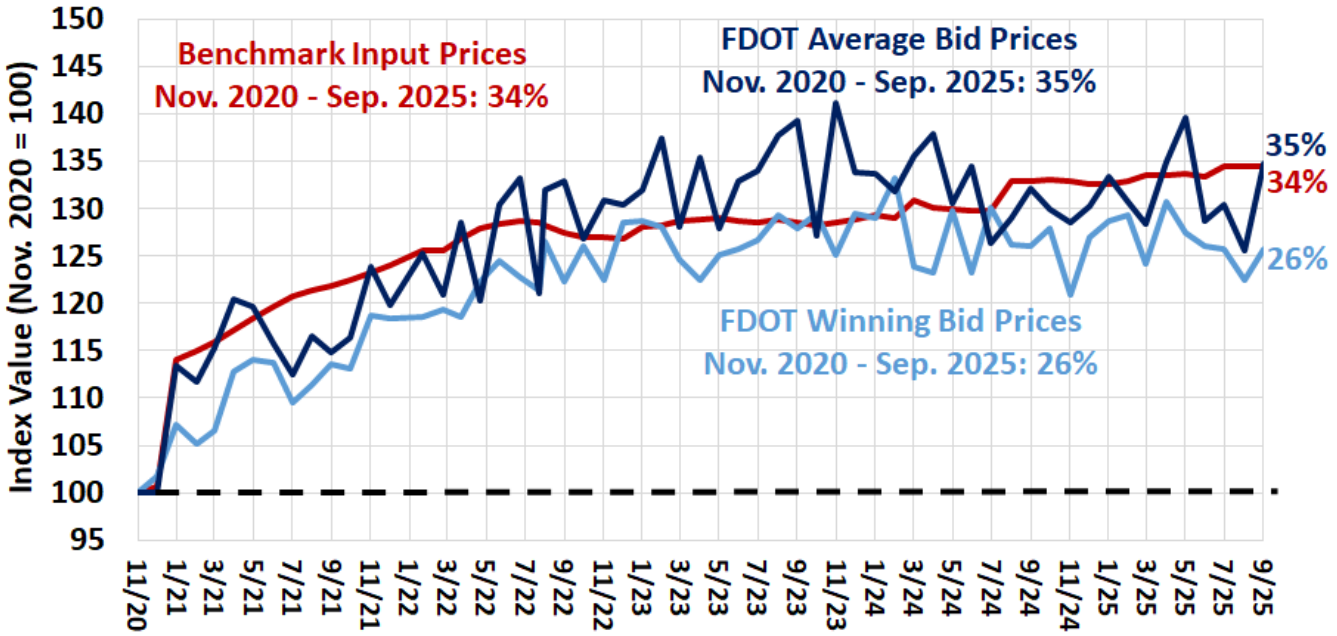
26%
increase in awarded bid prices since Nov 2020

35%
increase in average bid prices since Nov 2020

34%
increase in benchmark input costs since Nov 2020

Monthly cost composition by material is provided in **Appendix A**, along with an update on the Bureau of Labor Statistics (BLS) Producer Price Index (PPI).

Figure 1. Florida Benchmark Input Prices vs FDOT Bid Prices



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

Calculating the index on a quarterly basis and updating the reference point to Q1 of calendar year 2023 shows that industry benchmark prices have increased about 1% to 2% on average each quarter over the last three years (**Table 1**). For winning and average bids, preliminary data shows both measurements falling by 3% in 2025 Q3 after several quarters of higher bid prices relative to 2023 Q1.

Table 1. Quarterly Comparison of Florida Benchmark Input Prices and FDOT Bid Prices

Calendar Year Quarter	Benchmark Prices	Average Bid Prices	Winning Bid Prices
2023 Q1	0%	0%	0%
2023 Q2	1%	-1%	1%
2023 Q3	0%	1%	1%
2023 Q4	1%	1%	6%
2024 Q1	3%	8%	8%
2024 Q2	3%	9%	9%
2024 Q3	5%	7%	8%
2024 Q4	5%	4%	8%
2025 Q1	5%	5%	8%
2025 Q2	6%	8%	9%
2025 Q3	7%	5%	6%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

Disclaimer

The opinions, findings, and conclusions expressed in this publication are those of the authors and not necessarily those of the State of Florida Department of Transportation

Prepared in cooperation with the State of Florida Department of Transportation.

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INTRODUCTION

The Florida Department of Transportation commissioned The Balmoral Group (TBG) to evaluate the availability and costs of critical highway construction materials in Florida. The evaluation includes an analysis of existing and planned supply of these materials, and an estimate of future costs and quantity requirements FDOT will face in fulfilling its five-year work program. Materials in the analysis include the bituminous, cement, steel, aggregate and earthwork markets. An annual assessment of the materials markets and significant trends affecting FDOT's supply availability and costs is included in this report.

The report is organized as follows:

- **General Economic Landscape** for highway construction materials,
- **Work Program Work Mix** allocation and materials quantities estimates,
- **Material-specific findings** for supply chain variables, including
    - raw material sources,
    - existing and likely future transport and distribution methods,
    - potential impact of external forces including global markets, technological change, foreign materials, and environmental regulatory or permitting issues, as relevant,
    - forecasts of likely Florida supply and FDOT costs for the five-year work plan, and
    - GIS maps of existing supplier locations.

General Outlook

U.S. inflation was **3.0%** in September 2025, year-over-year. Core CPI, which excludes food and energy prices, was also **3.0%**. According to the October 2025 National Association for Business Economists (NABE) Business Conditions Survey, **54%** of respondents report rising material costs over the last quarter, while 46% reported costs were unchanged. Respondents expect similar changes in material costs next quarter. **Sixty-two percent** of businesses report passing on some or all of their cost increases to customers.

Current U.S. Inflation	
Sept. 2025 CPI	3.0%
Sept. 2025 Core CPI	3.0%

54% of businesses report rising material costs

62% of businesses passing off cost increases

U.S. Tariff Expectations	
2024 Effective Rate	2.5%
2025 Effective Rate (through September 2025)	17.9%
2025 Expected Rate (through December 2025)	18% - 25%

About half of NABE's October 2025 Business Conditions Survey cited policy uncertainty (50%) and overall demand slowdown (47%) as the top two downside risks to their companies' outlooks. A majority (49%) of respondents expect the effective tariff rate on imports into the U.S. to range between **18% – 25%** by the end of calendar year 2025. Fifty-one percent of respondents believe there is a 26% - 50% chance that the U.S. will enter a recession over the next twelve months, while 13% believe there is more than a 50% chance of recession.

Effective October 30, 2025, the Federal Open Market Committee (FOMC) has reduced the federal funds rate from a range of 4.00-4.25 to 3.75-4.00. This is the second rate reduction this fiscal year, and was said by Fed chair Jerome H. Powell to set the Fed's monetary policy closer to "neutral" to avoid stimulating or slowing growth in the economy. BLS has not released an employment report since August due to the government shutdown, but a proxy report from ADP Research estimated that 32,000 private sector jobs were lost in September 2025[1]. The national debt-to-GDP ratio was about 125% in September, but is expected to reach 156% by 2055 according to the Congressional Budget Office (CBO).

FOMC Federal Funds Rates	
Oct. 30, 2025	3.75-4.00
Sep. 19, 2024	4.75-5.00
July 27, 2023	5.25-5.50
Sep. 22, 2022	3.00-3.25

[1] ADP_NATIONAL_EMPLOYMENT_REPORT_Press_Release_2025_09_FINAL.pdf

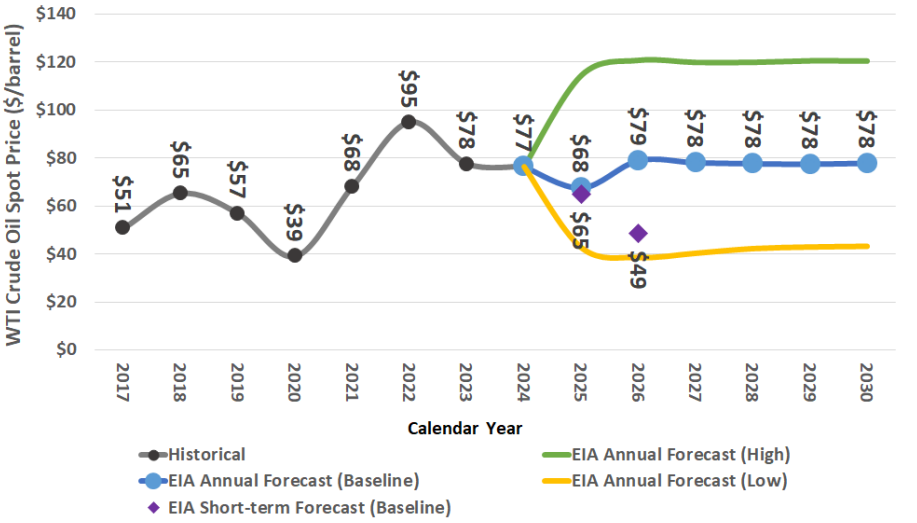
Official Projections	
2025 Real GDP	1.6%
2025 PCE Inflation	3.0%
2025 Unemployment	4.5%

Projected real GDP for 2025 (calendar year) is expected to be 1.6% (FOMC projections)[2]. This is up from 1.4% projected in June 2025. Forecasts for 2026 and 2027 are 1.8% and 1.9%, respectively. Estimated personal consumption expenditures (PCE) inflation for 2025 remained at 3.0%, while PCE inflation in 2026 and 2027 were projected at 2.6% and 2.1%, respectively. The 2025 expected unemployment rate was unchanged at 4.5%.

Crude Oil

The U.S. Energy Information Administration (EIA) October 2025 Short-Term Outlook forecasts calendar year 2025 crude oil spot prices to average $65 per barrel, a 15% decline from 2024 (**Figure 2**). Prices are expected to fall further in 2026 to $49 per barrel. Long-term baseline forecasts expect crude oil prices to rebound to about $78 per barrel by 2030.

Figure 2. Annual Crude Oil Price, 2017 to 2030



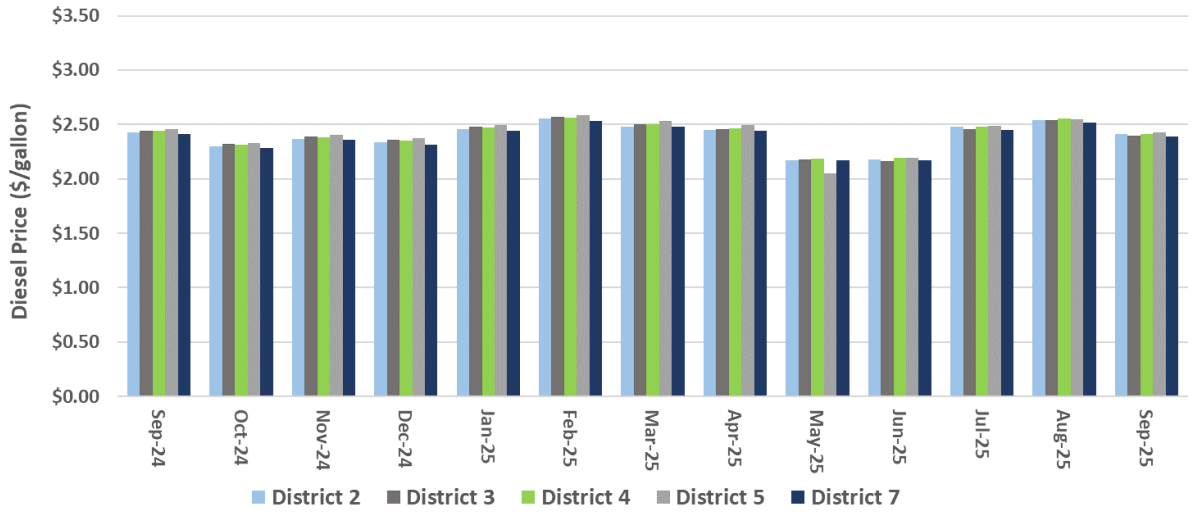
Source: EIA Annual Energy Outlook and Short-Term Energy Outlook.

Diesel

Diesel price quotes from suppliers at terminals around the state rose in July and August before declining slightly in September. Prices averaged $2.41 per gallon in September 2025, a decrease of 1.2% year-over-year, but a 10.5% increase from FY 2025 year-end (June 2025). In September 2025, prices in all districts ranged between $2.39 and $2.43 per gallon (**Figure 3**).

[2] Summary of Economic Projections, September 17, 2025.

Figure 3. Average Diesel Price by District

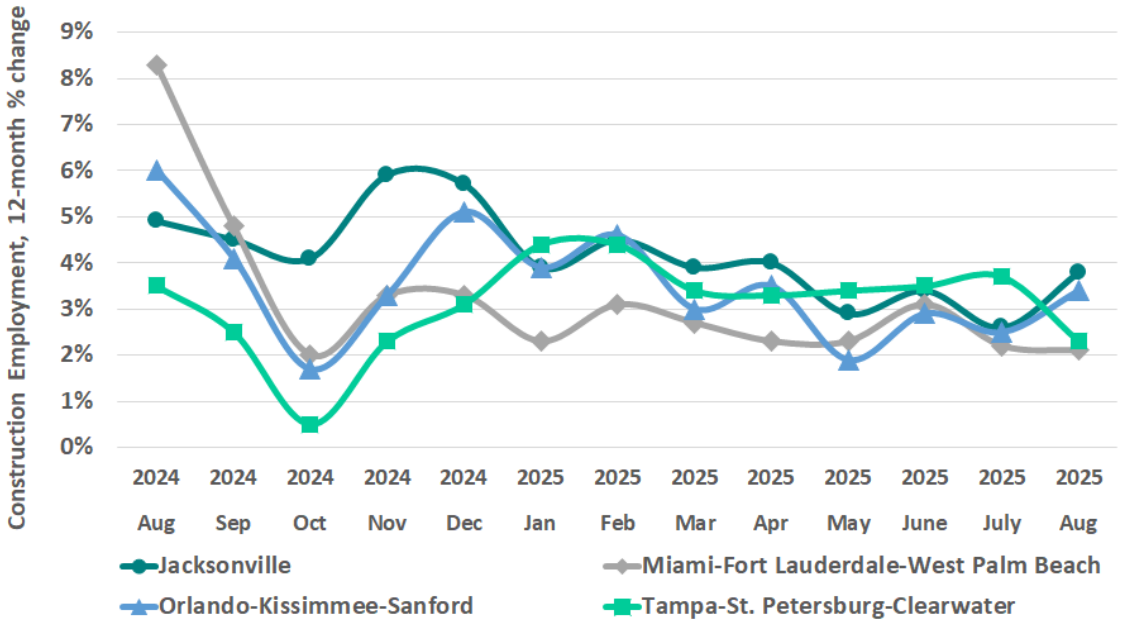


Source: FDOT State Construction Office.

Statewide and Metro Construction Employment

Contractors report an estimated 10% reduction in available labor due to immigration efforts, with the most pronounced effects in South Florida. Statewide construction employment only increased by 0.3% in August 2025 compared to the same month last year as employment growth continued to slow in several major metro areas (**Figure 4**). Construction employment growth increased between 2.1% - 3.8% in August 2025, year-over-year, across metro areas.

Figure 4. Changes in Construction Employment in Major Florida Markets



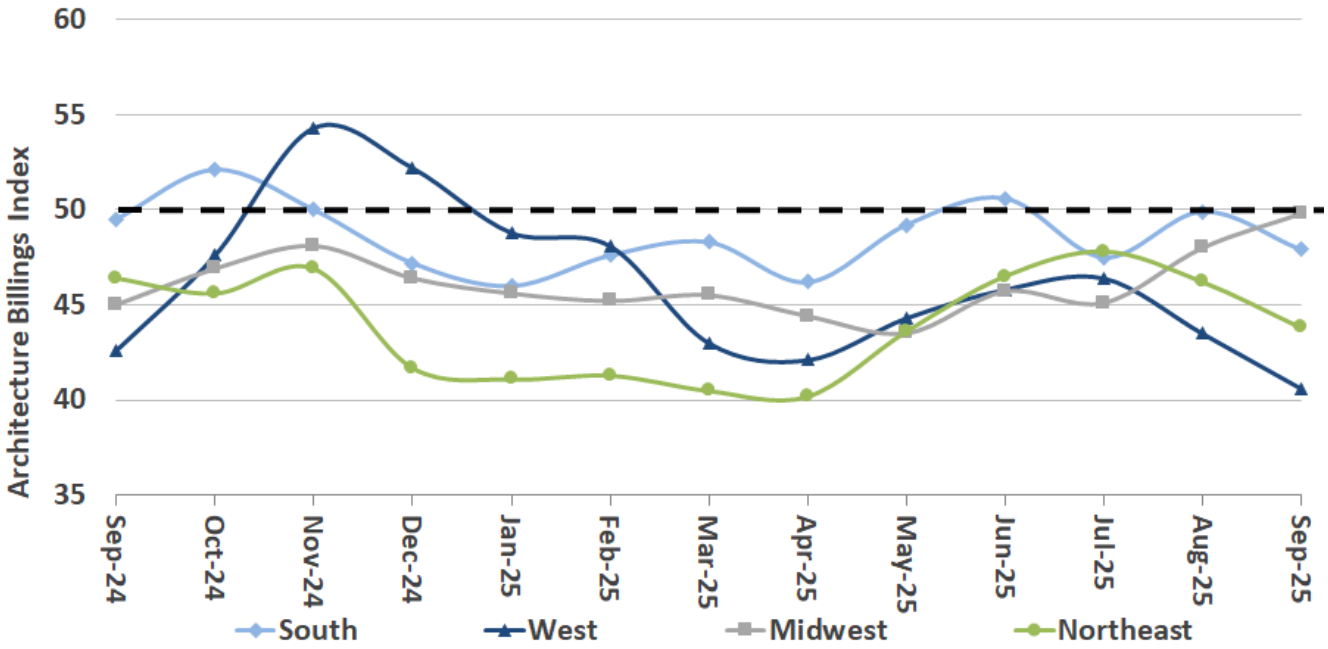
Source: Bureau of Labor Statistics.

Additional information on economic conditions is provided in **Appendix A**.

Billings

The Architecture Billings Index (ABI) is a leading indicator for nonresidential construction activity.[3] Nationally, the index was 47.2 in August 2025 and 43.4 in September 2025, indicating that a majority of architecture firms saw decreasing billings at their firms (**Figure 5**). No region scored 50 or above over the last quarter.

Figure 5. ABI Billings Index



Source: American Institute of Architects, Architecture Billings Index.

Rail

In August 2025, CSX's train and engine employee counts were basically flat, at 0.6% higher year-over-year with counts fluctuating around 7,900 since August 2024 with a peak of 8,028 in November 2024. In regards to operating performance, average terminal dwell time between September 2025 and July 2025 in Jacksonville increased 1.3% year-over-year to 18.2 hours and increased in Waycross, GA by 5.5% to 24.9 hours[4]. The overall system dwell time during the same timeframe decreased 8.8% to 19.2 hours year-to-year. Dwell times have worsened compared with the same period last year, with greater increases in Waycross, Georgia. Higher dwell times means that it takes more time to get material out of the station, which leads to delayed material deliveries, primarily for aggregate in the northern half of the state.

Legislation and Regulations

State and federal funding and regulatory changes are expected to increase demand for, or otherwise impact, highway construction materials resources:

[3] ABI Billings are considered a leading indicator, meaning that construction activity 9-12 months from now generally follows the current ABI billings activity. A score below 50 indicates declining firm billings.
[4] Average amount of time in hours between car arrival to and departure from the yard.

Oil Set for Loss as Global Conflicts Ease

Overall, both Reuters and Bloomberg report that persistent oversupply and subdued consumption continue to pressure prices and sentiment in the global energy market. Oil markets face concerns over rising global inventories and slowing demand outweighing geopolitical factors. Analysts attribute the decline to record U.S. production levels, growing signs of a potential 2026 supply glut, and an unexpected build in crude stockpiles. The announcement of an upcoming Trump–Putin summit briefly eased fears of supply disruptions but did little to change low sentiment.

Trump States High Tariffs on China Not Sustainable

Trump acknowledged that looming 100% tariffs on Chinese imports are "not sustainable," even while defending them as a response to Beijing's tightening of rare earth exports. He met with Chinese President Xi Jinping to pursue what he characterized as a fair-trade agreement. The announcement helped stabilize U.S. markets in October, which had been jittery over escalating trade tension.

Truck Tariff for Start of Nov.

The Trump administration will impose a 25% tariff on imported medium- and heavy-duty trucks and parts starting November 1, 2025, citing national security concerns. The policy aims to boost U.S. manufacturing but is expected to raise fleet and logistics costs and disrupt supply chains. Trade partners such as Mexico, Canada, and the EU have warned of possible retaliation.

USDOT Spending Back to Normal Levels During "Shutdown"

Even during a federal "shutdown," the USDOT resumed daily spending at roughly $1 billion, primarily by reimbursements for grant recipients. The pause in outlays earlier in the fiscal year was mostly driven by routine accounting holds, not by the shutdown itself. On October 15, FHWA alone withdrew $889 million from the Treasury General Account, pushing DOT's total that day above $1 billion, the norm for this period. Meanwhile, many DOT operations (such as payroll for FAA, FRA, and OIG employees) remain curtailed under the shutdown.

Supreme Court Considers Trump Tariffs

The Supreme Court is currently reviewing tariffs put in place by the President in February under the 1977 International Emergency Economic Powers Act. The outcome will determine under what laws the President has authority to impose tariffs.

Lawmakers Request DOT Crackdown on CDL Licenses

Lawmakers who supported English language CDL testing laws are now asking the Transportation Secretary to investigate what they are referring to as "CDL mills." This could further limit existing driving programs nationwide.

U.S. DOT Posts More Details on DBE Changes

U.S. DOT released details to provide clarity on recent Disadvantaged Business Enterprise (DBE) changes. The DBE contract goal must be removed for contracts advertised but not yet let. Contracts let and executed prior to Oct. 3rd don't need to be modified, but cannot count toward program goals until completion of the DBE reevaluation process within that jurisdiction.

KEY INSIGHTS: ASPHALT

Summary

Asphalt producers and contractors anticipate stable prices, with increases coming from changes in aggregate pricing. Producers increasingly report using reclaimed asphalt pavement (RAP) as a supplemental aggregate source as virgin materials continue to be costly.

Binder prices are less of a concern than other input costs at this time due to low crude oil demand. Interviews did not report issues with polymer availability.

Some producers are purchasing and stockpiling materials in advance due to uncertainty surrounding U.S. trade policy implementation.

FDOT Impacts

FY 2026 Q1 asphalt bids averaged $159 per ton with preliminary data, down 6% compared to year-end FY 2025 prices. The current model expects a similar decline in FDOT asphalt bids by fiscal year-end.

Some contractors reported concerns about imported aggregate supply in District 7 this quarter due to perceived tariff impacts.

While pricing remains high compared to pre-pandemic levels, weakening global oil markets appear to be pushing bid prices down slightly. Increased competition was also noted this quarter, working in FDOT's favor.

Expectations are that these issues will persist in FY 2026. Uncertainty premium could weigh into bids, but currently is outweighed by healthy competition.

Supply Chain Variables: **Asphalt Pavement Materials**

Table 2 provides the current status of selected variables of interest.

Exerting negative influence on FDOT's costs; monitor.
Currently stable; not influencing FDOT's costs.
Exerting positive influence on FDOT's costs.

Table 2. Supply Chain Summary: Asphalt Materials

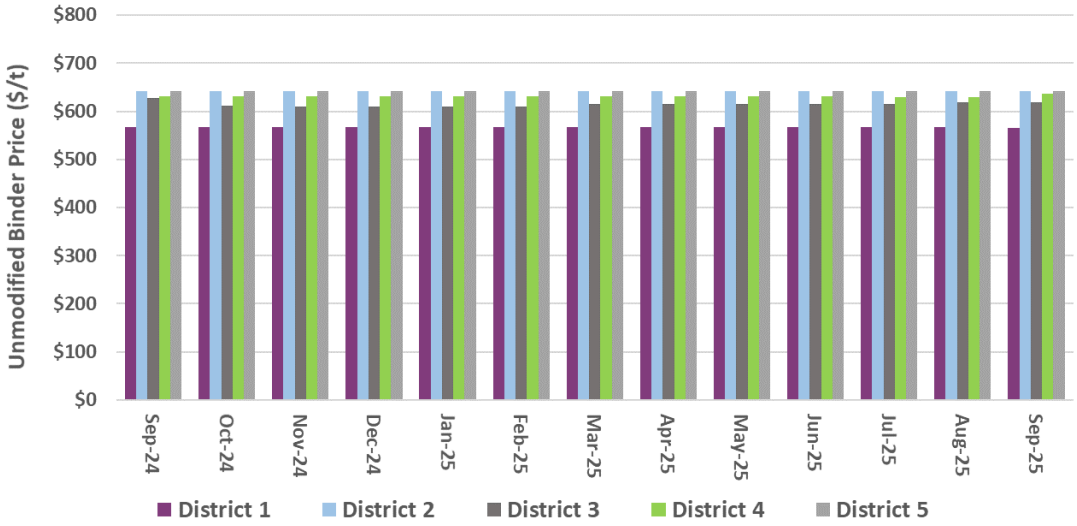
Aggregate The U.S. Geological Survey (USGS) reported that Florida's crushed stone production decreased 8.2% during the second quarter of calendar year 2025. Nationally, production fell 5.0% in the same period. Aggregate prices are expected to continue rising through the last quarter of 2025, supported by strong infrastructure investment, sustained construction demand, and constrained supply. Interviews indicated that aggregate prices continued to edge upwards. Concerns about availability of raw material continue to be highlighted in interviews.
Labor Skilled labor remains a major concern for asphalt plant operators. Statewide construction employment remained relatively flat in August 2025, rising 0.4% year over year and month over month. Interview responses have highlighted that the labor force has been stable this quarter but that it is still a primary concern for producers.
Polymers continue to pose a supply chain vulnerability due to limited supplier availability. U.S. production of resins increased 2.9% in August 2025 compared to the same period in 2024. Year-to-date production increased 1% year-over-year. The U.S. Chemical Regional Production Index remained essentially flat in August 2025, decreasing 0.1% from July but showing a modest 0.8% increase from August 2024, indicating a mildly positive trend in chemicals production. Despite modest global gains, industry sentiment remains uncertain heading into the fourth quarter of 2025. Reference prices and volumes from Q2 of calendar year 2025 earnings of a publicly traded polymer producer were up 39% year-over-year, but slightly down from the previous quarter. The average cost per ton of ethylene production fell 8% quarter-over-quarter, but increased 58% since Q3 of calendar year 2024. Interviews did not report issues with polymer availability.
Refinery Capacity In July 2025, the EIA estimated that asphalt supplied to the East Coast increased 6% year-over-year, from higher demand for resources, but asphalt production on the Gulf Coast decreased 20%, year-over-year, during the same period. Oil Refinery Utilization on the Gulf Coast was between 90% and 98% in the third quarter of calendar year 2025. Geopolitical factors have continued to influence costs and prices.
Asphalt Binder Unmodified (PG 67 & lower) asphalt binder prices remain relatively unchanged from October 2024. In calendar year 2025, with prices up by 0.4% in October compared with the same month in 2024. Rack binder prices in Jacksonville, Miami, and Tampa declined 6.9%, 2.5%, and 2.2%, year-over-year, respectively. Global oil prices continue to be influenced by geo-political factors, including the ongoing Russia-Ukraine conflict, along with OPEC+ production changes, steady U.S. output and

shifting global demand patterns. Broader economic uncertainty and the gradual transition toward cleaner energy has contributed to lowering global crude oil demand.
Trucking No major issues with trucking have been mentioned in interviews this quarter. According to Freight Transportation Research, specialized trucking rates in Florida have been mostly normal to above average since January 2025, while volumes have been 20% to 100% above normal. Nonetheless, through October, total spot rates are up just 1% year-over-year, but are close to 8% below the five-year average for the week. As of October 1, 2025, the Federal Motor Carrier Safety Administration (FMCSA) officially eliminated Motor Carrier (MC) numbers, requiring carriers, brokers and freight forwarders to use USDOT numbers exclusively for identification and operating authority. In addition, as of September 29, 2025, the agency removed two non-compliant Electronic Logging Devices (ELDs) from its approved list (WALKER ELD and SR ELD) due to failure to meet federal standards. Diesel prices decreased 1.2% in September 2025, year-over-year.
Pavement Markings As outlined in the polymers section, chemical production declined in August 2025 compared to the prior month, but increased slightly year-over-year. Production of coatings, adhesives and other specialty chemicals also declined during the same period. Overall, in the fourth quarter of 2025 and into early 2026, pavement markings and other plastics-based/petroleum-based ancillary products remain susceptible to fluctuations in crude oil markets and ongoing supply chain disruptions.
Competition The number of asphalt producers in FDOT's approved list increased by 6 plants in FY 2025 to 127. There are no new asphalt plants under construction that have been added to FDEP's Air permitted list.
Imports According to the U.S. International Trade Commission (USITC) data, bitumen imports to ports serving the Florida market declined by just under 0.5% from January to July 2025 compared to the same period in 2024. Bitumen imports are stable at this time.
Rail In Q2 of calendar year 2025, revenues from asphalt products shipped by CSX — regardless of destination — increased 5.1% year-over-year, while shipment volume data (in tons) was unavailable. The revenue increase may reflect minor pricing adjustments or changes in shipment volume compared to the previous quarter, but available data do not confirm a specific price increase. Interviews did not indicate any issues with rail capacity this quarter.

General Trends

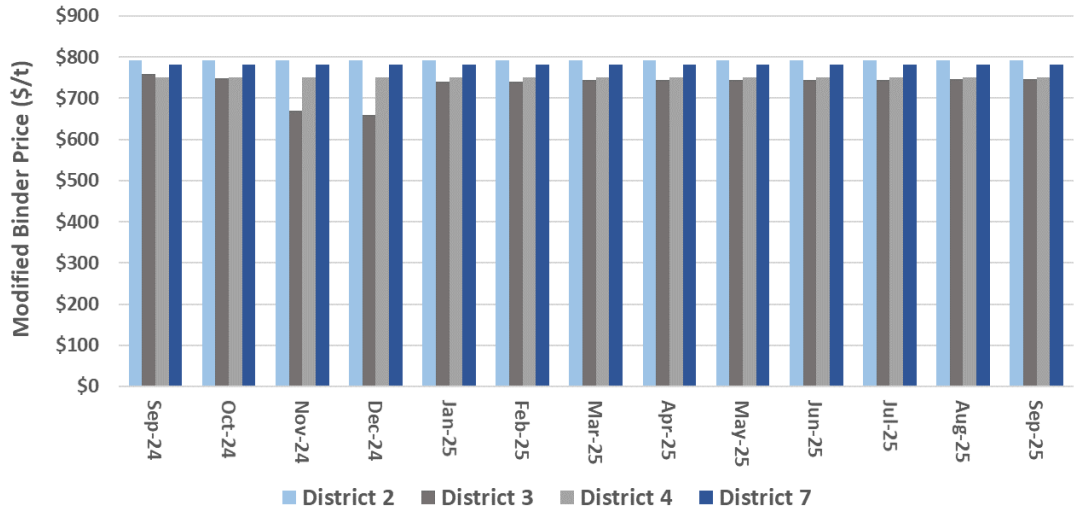
Where available, the average prices for unmodified (**Figure 6**) and modified (**Figure 7**) binder were calculated from monthly terminal price quotes at the district level. Unmodified binder is the average of PG 52-28 and PG 58-22 prices, while modified binder is a quote for the price of PG 76-22 (PMA) in the dataset. Binder prices remained largely unchanged year-over-year (September to September) across all Districts, with only minor shifts: up 0.81% in District 3 and down 1.43% in District 4. Modified binder prices in Districts 2, 4, and 7 remained flat year-over-year, while District 3 decreased by 1.58% year-over-year. Prices in all Districts were stable through the year, with month-over-month (August to September) changes only seen in unmodified binder for District 1 and District 4, 0.46% decrease and 1,09% increase, respectively.

Figure 6. Unmodified Binder Price by District



Source: FDOT, TBG Work Product (D6 terminals did not report data).

Figure 7. Modified Binder Price by District



Source: FDOT, TBG Work Product (D1, D5, and D6 terminals did not report data).

Asphalt Forecast

Econometric models find that FDOT prices have been significantly influenced by FDOT's work program, Florida macroeconomic conditions, input prices and order quantities. Price levels for like pay items was also taken into consideration based on pay item descriptions. Ongoing heavy demand continues to support higher prices, maintaining post-pandemic captured gains (which peaked in 2024). However, weakening crude oil markets and economic uncertainty should allow for gradual declines in the short-term. Based on preliminary FDOT year-to-date bids, asphalt prices fell to $159 per ton in FY 2026 Q1 from $169 per ton in FY 2025.

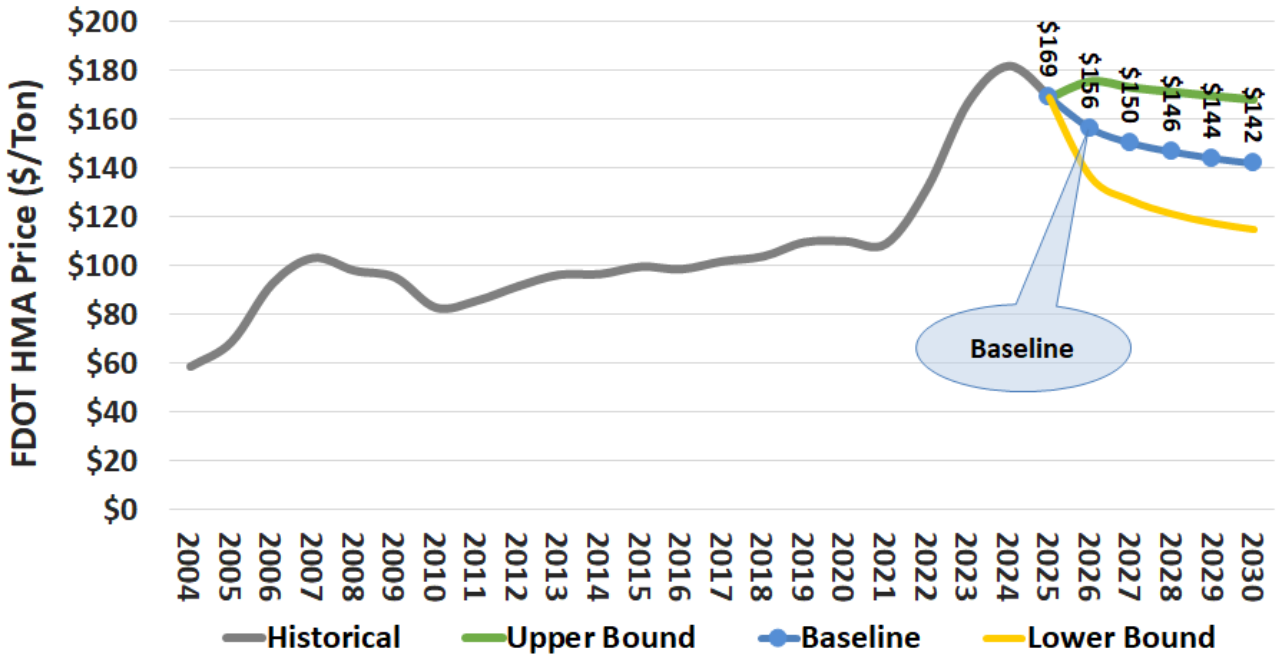
The updated Baseline scenario is on track with previous forecasts and expects moderation in bids to continue, declining from $169 to $142 by the end of the work program. In the upper bound, higher energy costs, increased demand from macroeconomic growth, and tariff-induced input cost increases support higher prices, in the $170s range overall. In the lower bound, a market correction, coupled with lower energy costs, reduced macroeconomic growth, and reduced tariff impacts support price reductions to under $120 per ton. Asphalt prices are projected in **Table 3**, while **Figure 8** shows the potential range of estimates over the five-year work program.

Table 3. FDOT HMA Price Forecast Results

Year	2025	2026	2027	2028	2029	2030
Price HMA, $/Tons	$169	$156	$150	$146	$144	$142
Percent Change, %	-7%	-8%	-4%	-2%	-2%	-1%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

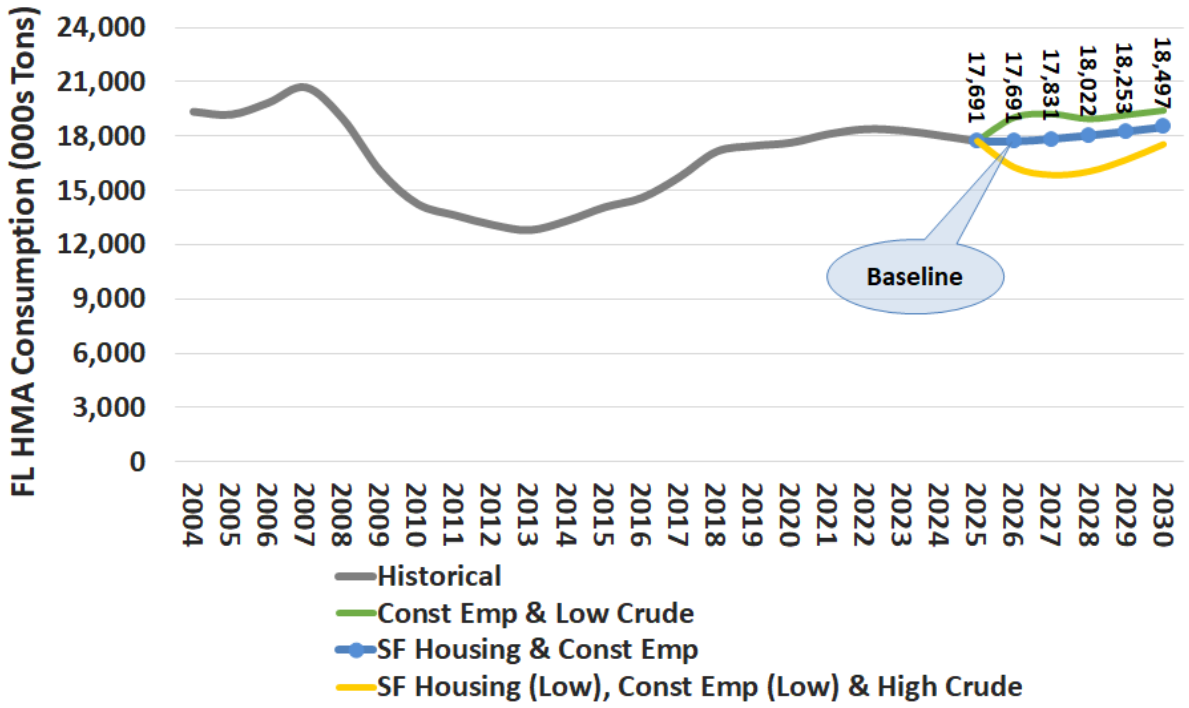
Figure 8. FDOT HMA Price Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

For Florida HMA consumption, **Figure 9** shows a best estimate of gradual production growth through FY 2030 based on moderate construction employment growth and housing starts. The upper bound is based on a more positive labor outlook and continued lower fuel costs that would allow for additional production. The lower bound requires recessionary conditions and significantly higher crude oil prices.

Figure 9. Florida HMA Consumption Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

KEY INSIGHTS: CONCRETE

Summary

Some suppliers cited slowing demand in competing sectors and high competition this quarter, leading them to lower prices to remain competitive. While recent price gains could be lost, prices are not expected to return to pre-pandemic levels barring a severe recession.

Producers continue to use fly ash substitutes, with most reporting simply including additional cement to mixes, when fly ash is not available in the necessary quantities. This approach increases costs.

Imports are reportedly being impacted by changes in trade policy. Anecdotally, producers are shifting their imports of cement to different sources to compensate.

FDOT Impacts

Skilled labor remains an ongoing struggle. Competition for labor and resources in South Florida is a particular concern.

After record high prices in FY 2025, limited preliminary FY 2026 Q1 bids fell by 32%. While not a statistically significant sample size, the decline lines up with updated concrete price projections, which estimate a decline in FY 2026 in the baseline scenario.

Upper bound estimates become more likely if tariff impacts continue to grow, energy prices increase, or housing activity rebounds.

Lower prices could develop quickly if a significant macroeconomic reset occurs in FY 2026.

Supply Chain Variables: **Concrete Materials**

Table 4 provides an overview of supply chain variables and a summary of their current status; items with current issues are further detailed in the subsequent text.

Exerting negative influence on FDOT's costs; monitor.
Currently stable; not influencing FDOT's costs.
Exerting positive influence on FDOT's costs.

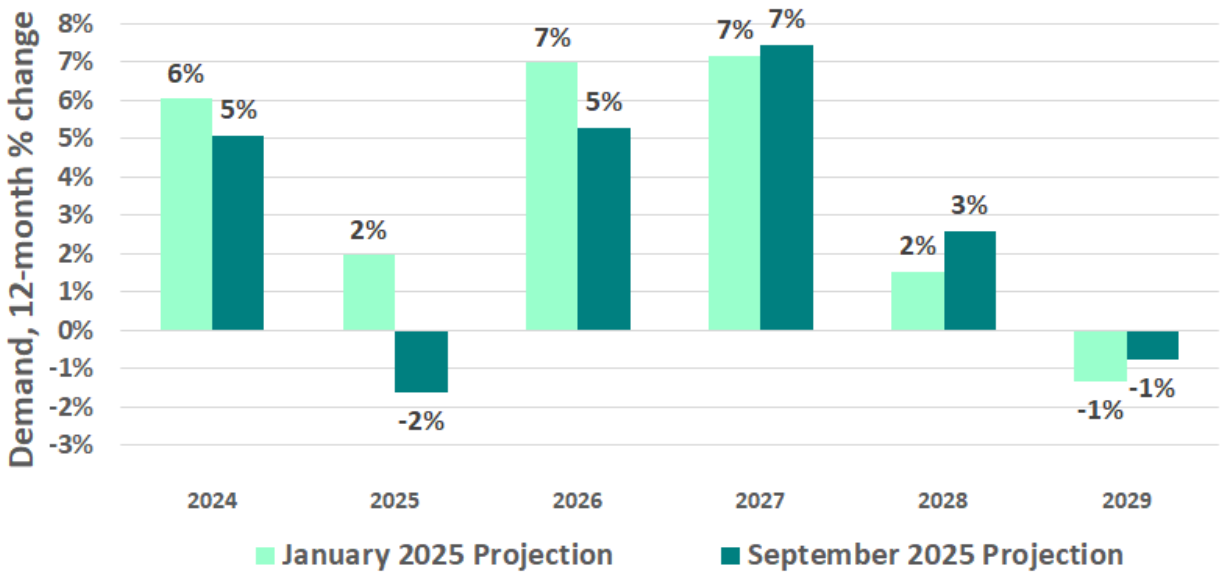
Table 4. Structural Concrete Supply Chain Variables & Current Status

Cement During the second quarter of calendar year 2025, publicly traded companies reported stable to modest growth in volumes and mixed revenue trends. Prices varied between cement producers, ranging from declines of about 5% to gains of 7% – 8%, while volumes were mixed, fluctuating between decreases of around 11% and gains of up to 4%. Interviews have indicated a change in which countries they import cement from to avoid tariffs.
Aggregate Florida's crushed stone production decreased 8.2% in the second quarter of calendar year 2025, and nationally, production declined 5% during the same period according to the U.S. Geological Survey (USGS). Aggregate prices continued a moderate upward trend in late 2025 and are expected to rise slightly into early 2026. Interviews indicated that aggregate prices continued to rise steadily.
Labor Interviews continue to report a weak skilled labor market compared to years past, competition is high, and some minor concerns about a constrained labor market due to immigration policy remains. Statewide construction employment rose slightly, increasing by 0.4% year-over-year, though the rate of growth is projected to moderate in the coming years.
Fly Ash Through July 2025, fly ash imports declined by 52% compared to the same period in 2024. Imports were primarily sourced from Turkey and delivered through the ports of Tampa and Miami. Interviews have highlighted some minor seasonal issues with fly ash, but no major concerns past this.
Truck Interviews did not highlight any major concerns with trucking. According to Freight Transportation Research, specialized trucking rates in Florida have been mostly normal to above average since January 2025, while volumes have been 20% to 100% above normal. Nonetheless, through October, total spot rates are up just 1% year-over-year, but are close to 8% below the five-year average for the week. Diesel prices on average declined modestly, by 1.2% year-over-year as of September 2025.
Rail In the second quarter of calendar year 2025, revenues from concrete products shipped by CSX — regardless of destination — increased 2.9% year-over-year, although shipment volume data (in tons) was unavailable. The revenue increase may reflect minor pricing adjustments or changes in shipment volume compared to the previous quarter, but available data do not confirm a specific price increase. Interviews indicated a lack of rail usage, with some minor availability issues noted for companies they work with.
Competition The number FDOT-approved concrete producers rose to 566 through October 2025, showing ongoing expansion within the construction sector. Additional sources of cement and fly ash imports were also approved or are under evaluation to ensure a stable and reliable concrete supply across the state.

General Trends

U.S. Ready-Mix demand is expected to fall in calendar year 2025 by 2% according to updated industry analysis (September 2025) after initially being projected to increase by 2% in January 2025 (**Figure 10**). While ready-mix demand is still expected to rebound in 2026 and 2027 at this writing, a potential decline in the U.S. economy could dampen construction activity and reduce demand in the short-term.

Figure 10. U.S. Ready-Mix Demand



Source: Dodge Data Analytics.

Structural Concrete Forecast

Regression modeling was performed using pay item data, supply chain variables, and other macroeconomic indicators to identify models that best predicted FDOT's materials costs and quantities. **Table 5** provides the updated forecast average price for structural concrete.

Table 5. FDOT Structural Concrete Price Forecast Results

Year	2025	2026	2027	2028	2029	2030
Price Concrete, $/CY	$1,749	$1,583	$1,376	$1,319	$1,305	$1,299
Percent Change, %	17%	-10%	-13%	-4%	-1%	0%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

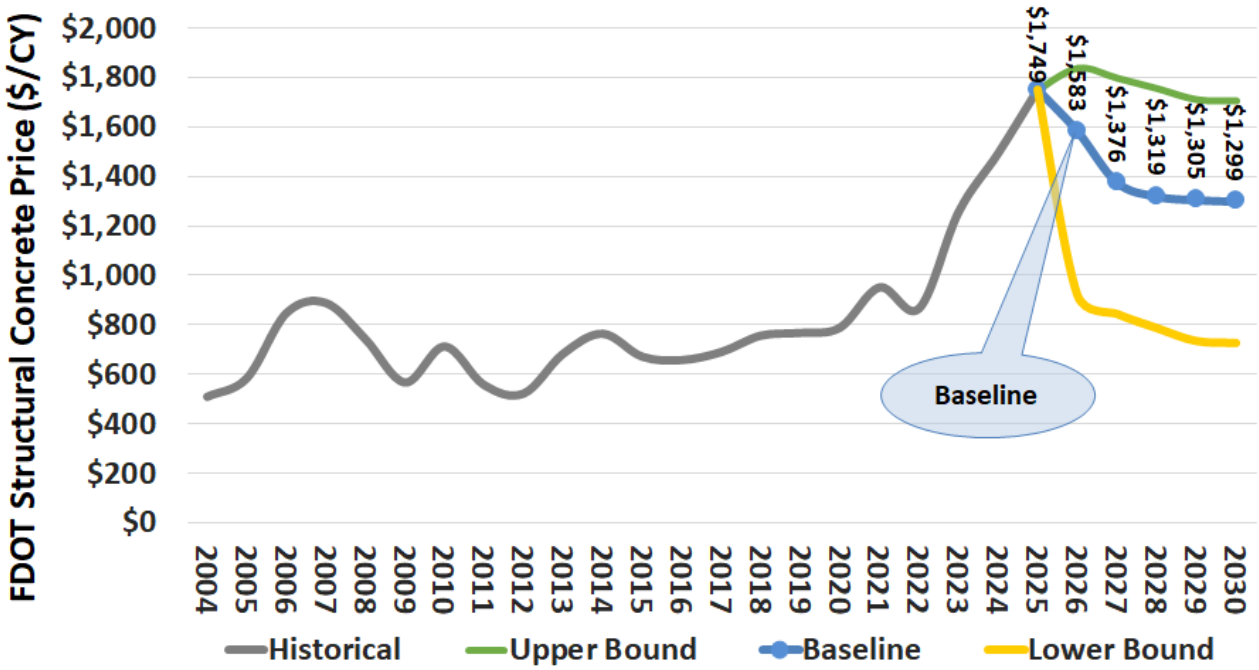
With revised bid data, FY 2025 concrete bids hit a new high, averaging over $1,700 per cubic yard by year-end (**Figure 11**). Preliminary FY 2026 Q1 bids showed a steep decline in pricing so far this fiscal year (down 32%), but the sample size was too small to infer a trend for year-end pricing. However, updated concrete price projections do estimate a higher decline (-10%) in weighted average price for

FY 2026 than reported last quarter based on updated economic outlooks, industry data, and contractor expectations of still high but more manageable structural concrete costs.

Upper bound estimates become more likely if tariff exemptions currently in place for concrete and aggregate products fall, energy prices increase, or housing activity rebounds due the recent interest rate cuts. The upper bound is more optimistic this quarter, topping FY 2025 but declining to about $1,700 by FY 2030; the previous upper bound saw prices exceeding $2,000 in FY 2026 before declining.

Lower bound estimates become more likely if macroeconomic conditions continue to deteriorate, and energy prices remain low. A return to pre-pandemic pricing would require a severe macroeconomic decline, however.

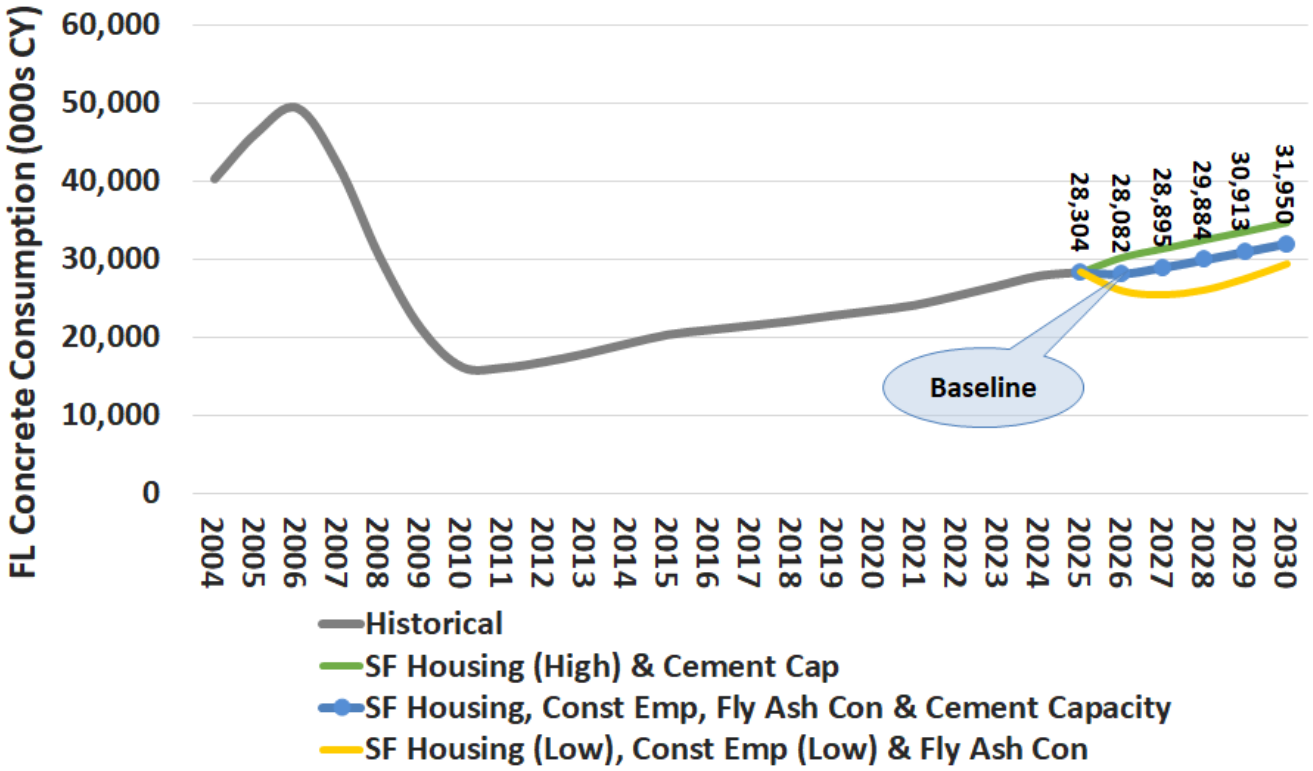
Figure 11. FDOT Structural Concrete Price Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry source.

Figure 12 shows the output of several quantity models forecasting statewide consumption of concrete and the scenario identified as the best estimate. The best estimate tracks changes in housing, construction employment, fly ash consumption, and cement capacity. The upper bound would require housing growth (currently expected to cooldown) and steady cement capacity utilization. Declining production is shown in the lower bound where a drop in demand or recessionary conditions would need to occur to reverse decades of growth.

Figure 12. Florida Concrete Consumption Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry

KEY INSIGHTS: STEEL

Summary

Domestic producers reportedly increased prices when tariffs were first introduced, but now that domestic production is ramping up to meet market demand, price levels are being maintained.

Slight and recent declines in input costs (scrap, zinc, iron ore), in addition to lower market demand from China, may help prevent continued price increases for structural steel, at least in the short-term.

Declines in housing, raw material prices, and energy prices may help keep reinforcing steel prices stable, or at least prevent major cost increases.

FDOT Impacts

Uncertainty over tariff-related price changes, and high demand, continue supporting high prices compared to historical levels, but not necessarily price increases.

FDOT structural steel prices ended at $5.15 per pound with revised FY 2025 year-end data, down from almost $6 reported with preliminary data in the last report. Florida producers report stable steel prices this quarter and improved lead times. Declines in scrap steel prices and other steel products are currently keeping price increases down in general.

Reinforcing steel bids were stable over the last two fiscal years with FY 2025 year-end data. Expectations are that current levels will largely be retained for the next year, with meaningful declines through FY 2030.

Lower bound scenarios would require significant macroeconomic decline.

Supply Chain Variables: **Steel**

Table 6 shows a summary of select variables that impact the steel supply chain and their current status.

Exerting negative influence on FDOT's costs; monitor.
Currently stable; not influencing FDOT's costs.
Exerting positive influence on FDOT's costs.

Table 6. Supply Chain Variables for Structural Steel

China In October 2025, Chinese steel prices were down year-over-year, and now parallel prices in February/March of this year at an average of $462 per U.S. ton. Other countries including Turkey, Indonesia, India, Vietnam, and South Korea, have instituted anti-dumping duties on Chinese steel, with Japan investigating the option to impose these duties. More information on Chinese steel is available in Appendix A.
Competition Since the last report, the acquisition of U.S. Steel has been completed and Nippon Steel, as part of the deal, has started investing in U.S. steel plants. Interviews have indicated no major changes in competition and it is at a mid-level amount. Tariffs continue to put pressure on U.S. steel prices.
Labor Interviews did not highlight any major issues with labor at the moment.
Transportation Interviews did not highlight any major issues with transportation this quarter. According to Freight Transportation Research, specialized trucking rates in Florida have been mostly normal to above average since January 2025, while volumes have been 20% to 100% above normal. Nonetheless, through October, total spot rates are up just 1% year-over-year, but are close to 8% below the five-year average for the week. As of October 1 2025, the Federal Motor Carrier Safety Administration (FMCSA) officially eliminated Motor Carrier (MC) numbers, requiring carriers, brokers and freight forwarders to use USDOT numbers exclusively for identification and operating authority. In addition, as of September 29, 2025, the agency removed two non-compliant Electronic Logging Devices (ELDs) from its approved list (WALKER ELD and SR ELD) due to failure to meet federal standards. Diesel prices decreased only 1% in September 2025 year-over-year, with month-over-month prices from August to September falling by 5%.
Raw Materials Nationally, prices for hot-rolled steel decreased by 6% in October 2025 from last reports' estimate of $1,052. U.S. iron ore prices declined 8%, year-over-year, as of July 2025 (most recent data from USGS) after decreasing 15% from 2023 to 2024. Globally, iron ore prices were down 9% in July, but have since risen 2% in October, year-over-year. Interviews have had limited issues with lead times and availability. Industry data shows prices have been in a global flux for most steel products. Interviews have reported 20-30% price increases as a result of aluminum

tariffs.

Scrap Steel Scrap steel prices have decreased since the previous report, but the recent decline comes after months of stagnation at $376 per gross ton on average (now $360 as of October 27th, 2025). Compared to October 2024, this equates to an increase of 2% year-over-year. Interviews have highlighted modest decreases in scrap steel prices.

Galvanizing Steel In calendar year 2025 through September, Global zinc prices increased 3.4% year-over-year. Zinc prices are down to $1.33 per pound in September 2025 from a peak of $1.98 in April 2022, but are up 12% compared to this year's low of $1.19 in April 2025. Decreasing Chinese steel demand could bring down zinc prices further.

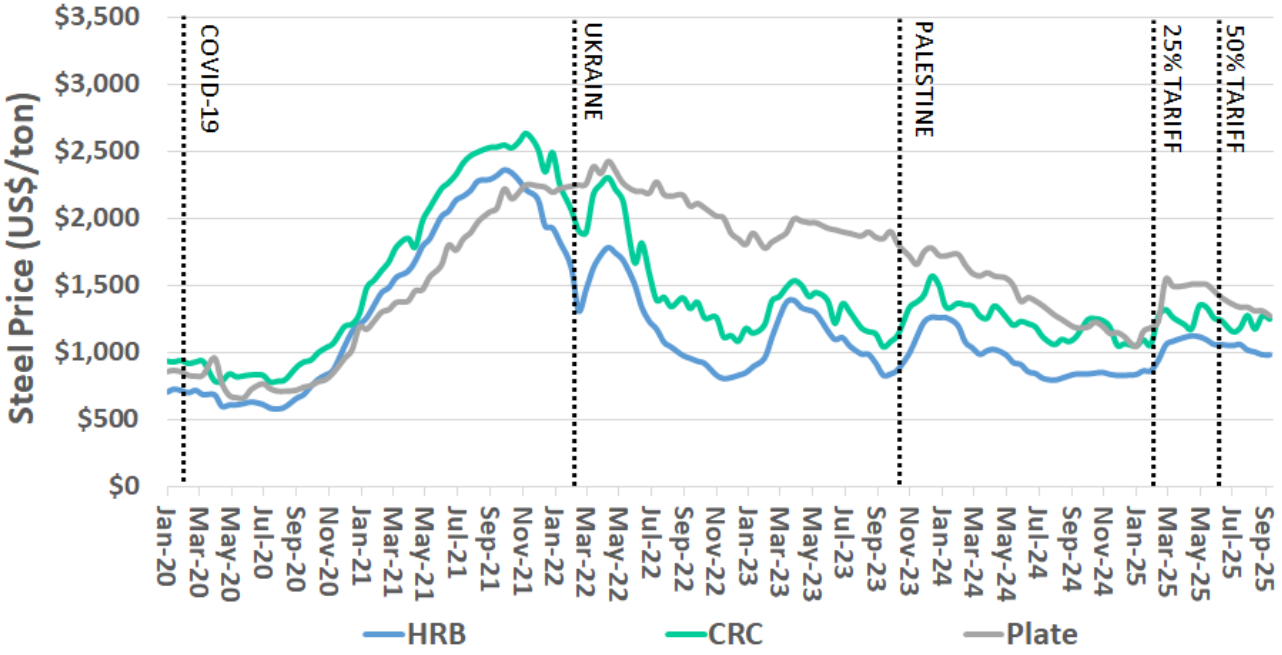
Milling Capacity

Nationwide capacity utilization rates in steel mills in calendar year 2025 thus far have averaged 77%, a slight increase from the 76.6% for CY2024, though utilization has only averaged 73.8% across the first weeks of October 2025.

General Trends

U.S. steel prices that increased in early 2025 due to the introduction of additional steel tariffs have seen some moderation over the last few months, but remain above 2024 price levels (**Figure 13**). Price changes varied by product: U.S. hot-rolled band (HRB) prices were 18% higher in September 2025, year-over-year, while cold-rolled coil (CRC) prices were up 14% and steel plate prices were up 8% compared to the same month in 2024.

Figure 13. U.S. Steel Pricing



Source: AISI Weekly Raw Steel Production.

Steel Forecast

Steel prices were forecasted over the five-year work program. Regression modeling was performed using pay item data, supply chain variables, and other macroeconomic indicators to predict FDOT's materials costs over the five-year work program. **Table 7** provides the forecast average price for structural and reinforcing steel. **Figure 14** and **Figure 15** show the output of updated econometric modeling.

Table 7. FDOT Steel Price Forecast Results

Year	2025	2026	2027	2028	2029	2030
Price Structural Steel, $/lb.	$5.15	$4.58	$4.64	$4.64	$4.64	$4.64
Percent Change, %	14%	-11%	1%	0%	0%	0%
Price Reinforcing Steel, $/lb.	$1.34	$1.39	$1.23	$1.18	$1.14	$1.12
Percent Change, %	0%	4%	-11%	-4%	-3%	-2%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Revised FDOT bid data showed structural steel prices ended FY 2025 at $5.15 per pound, 13% lower than preliminary data suggested. Coupled with updated modeling, which factors in the impacts of changes in input prices like iron ore and zinc and the effect of Chinese imports, shows a similar pullback in FY 2026 as last quarter. Baseline projections assume continued low energy costs and input prices and flatten out for the rest of the work program.

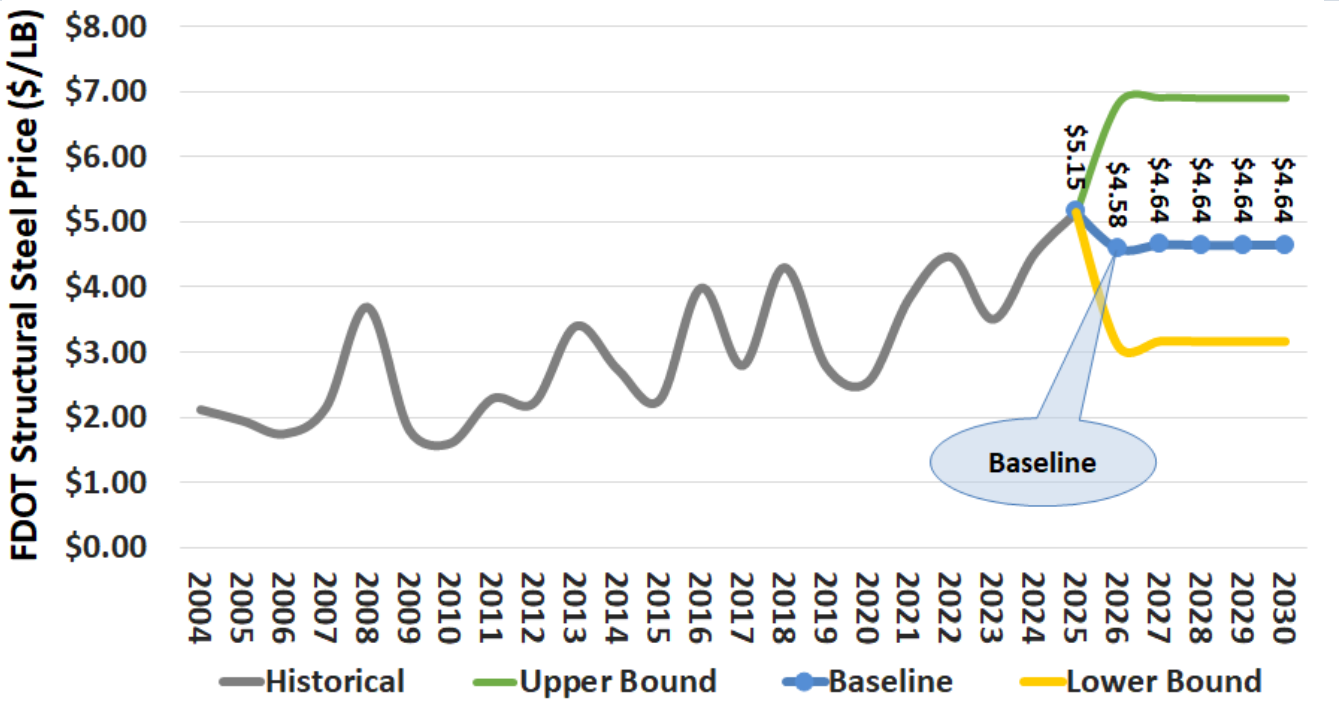
The upper bound scenario shows prices increasing to $7.00 per pound in a tariff-impacted, higher energy and input cost environment. This scenario could be feasible in a short-term scenario, but not considered the most likely for the life of the work program.

The lower bound scenario sees prices retreat closer to pre-pandemic levels, hovering at about $3 per pound. Lower energy costs, no tariff impacts, and lower macroeconomic growth support this scenario.

Revised FDOT bid data showed reinforcing steel prices ended FY 2025 at $1.34 per pound, unchanged from FY 2024 year-end prices. Reinforcing steel is projected to increase slightly in FY 2026, to $1.39, before declining in remaining years.

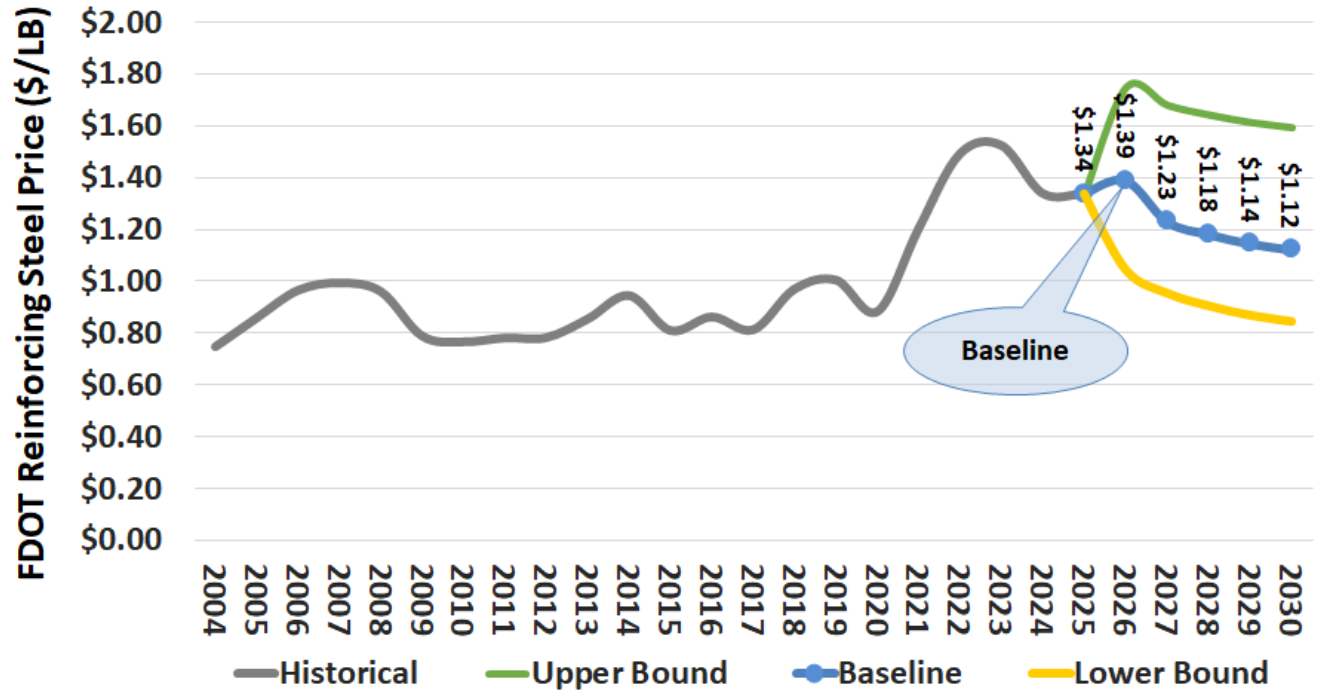
In the upper bound, potential tariff impacts, recovery in the housing sector, and/or higher energy prices support continued increases in FY 2026 to over $1.70 per pound, before flattening through FY 2030. In the lower bound, prices drop rapidly over the next two years to pre-pandemic levels. This correction would require a severe macroeconomic downturn, however.

Figure 14. FDOT Structural Steel Price Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.
(Variable descriptions available in the **Appendix C**.)

Figure 15. FDOT Reinforcing Steel Price Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.
(Variable descriptions available in the **Appendix C**.)

KEY INSIGHTS: AGGREGATE

Summary

Aggregate price changes were all over the map this quarter, with some suppliers reportedly increasing prices while others kept them the same, citing it was not feasible to pass on cost increases to customers at the time. Suppliers continue to honor contract agreements.

Non-FDOT material-intensive projects in the Everglades have sparked concern as suppliers perceive that the projects will cause additional competition for materials like limerock, sand, and concrete as well as for skilled workers in District 6.

FDOT Impacts

Aggregate bids declined in FY 2025 to $29 per square yard with year-end data. So far in FY 2026 Q1, prices have increased to $35 per square yard, close to FY 2024 highs.

FDOT aggregate base prices are currently forecast to increase in FY 2026, with some moderation through FY 2030 due to less optimistic economic outlooks and low energy costs. An upper bound scenario sees prices increase in the mid-$40s range, but this scenario seems less likely at this time. A declining scenario would likely develop quickly, and see rapid de-escalation of prices to pre-pandemic levels.

Some contractors reported issues with aggregate imports in District 7 during the quarter, with tariff impacts and high levies on Chinese-made ships hitting overseas suppliers. Concern has increased about immigration policy in South Florida, due to potential labor force constraints.

Supply Chain Variables: **Aggregate**

Table 8 provides current status of selected supply chain variables.

Exerting negative influence on FDOT's costs; monitor.
Currently stable; not influencing FDOT's costs.
Exerting positive influence on FDOT's costs.

Table 8. Aggregate Supply Chain Variables

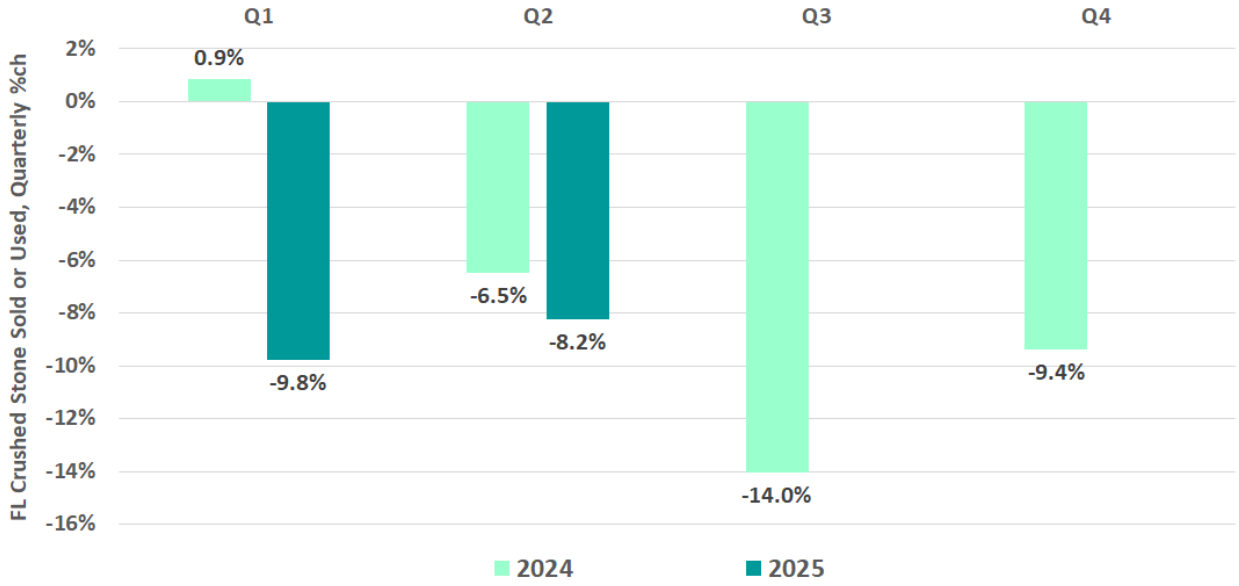
Raw Materials USGS reported that Florida's crushed stone production declined 8.2% in the second quarter of calendar year 2025 compared to the same period in 2024. Nationally, production declined 5.0% in the second quarter of 2025. In the second quarter of 2025, publicly traded companies experienced significant price increases between 2% and 8% year-over-year, while volumes fluctuated between -7% and 5%.
Rail is the main mode of transportation for aggregates from Georgia, and from Lake Belt to Central and Northeast Florida. In the second quarter of calendar year 2025, revenues of aggregate products shipped by CSX rose 6.9% year-over-year, while data for tons of products shipped was unavailable. Note these statistics are for CSX's whole system as location specific data is not available.
Labor Producers reported continued challenges in hiring and retaining skilled labor during the third quarter of 2025. Statewide construction employment increased 0.4% in August 2025, year-over-over. Wage increases continued to slow. At the national level, stone mining and quarrying employment was up 2.4% in July 2025, year-over year. Interviews have indicated that competition remains high for skilled labor. Interviews also report that South Florida has seen up to 10% reduction in available labor force as a result of immigration policy. Labor remains a top concern for aggregate producers.
Capital Costs in September 2025, the Federal Reserve lowered the target federal funds interest rate to a range of 4.00% to 4.25%, down from 4.25% to 4.50%. It is expected that the Federal Reserve will make another small rate cut in October 2025, bringing the range down to 3.75% to 4.00%. This change reflects easing inflation and steady economic conditions, thus supporting its efforts to encourage business investment while maintaining price stability. As interest rates decline, borrowing costs for equipment and vehicles are anticipated to decrease steadily. Nonetheless, rising material costs and ongoing supply chain issues may constrain cost relief, particularly for construction and infrastructure projects that rely on imported components and electronic systems.
Access to Land with suitable deposits is critical to achieving cost-effective material extraction for FDOT Aggregate materials. In August 2025, the U.S. Department of Energy (DOE) announced plans to provide nearly $1 billion in funding to strengthen the nation's mining and mineral industries. This

funding will support projects focused on mining, processing, refining, recycling, and manufacturing critical minerals. However, the recent ruling on Florida's 404 permitting program continues to create uncertainty within the industry.
Trucking Interviewed contractors reported no significant changes or improvements in trucking costs or availability this quarter. In September 2025, diesel prices were at $2.41, down 1.2% year-over year.
Competition As of calendar year 2025, the number of FDOT approved aggregate producers rose by 10.3%, with new mines added since August 2025 across multiple districts. In particular, two mines were added in District 1, one in District 2, two in District 3, three in District 7 and three within the SMO region.

General Trends

According quarterly data released by the USGS, Florida crushed stone sold or used by producers fell 8.2% in the second quarter of calendar year 2025 compared to the same quarter in 2024 (**Figure 16**). Nationally, crushed stone production in the second quarter fell by 5%.

Figure 16. Florida Crushed Stone Sold or Used by Producers



Source: USGS Quarterly Mineral Industry Surveys.

Aggregate Forecast

Regression modeling was performed to estimate aggregate base costs using pay item data, Work Program funding, and supply chain variables and other macroeconomic indicators. **Table 9** provides the forecast average price for aggregate base course WAP. With revised FDOT bid data, FY 2024 prices peaked at $37 per square yard, before falling to $29 in FY 2025. FY 2026 Q1 bids have increased to a weighted average price of $35 per square yard according to preliminary data.

Table 9. FDOT Aggregate Base Price Forecast Results

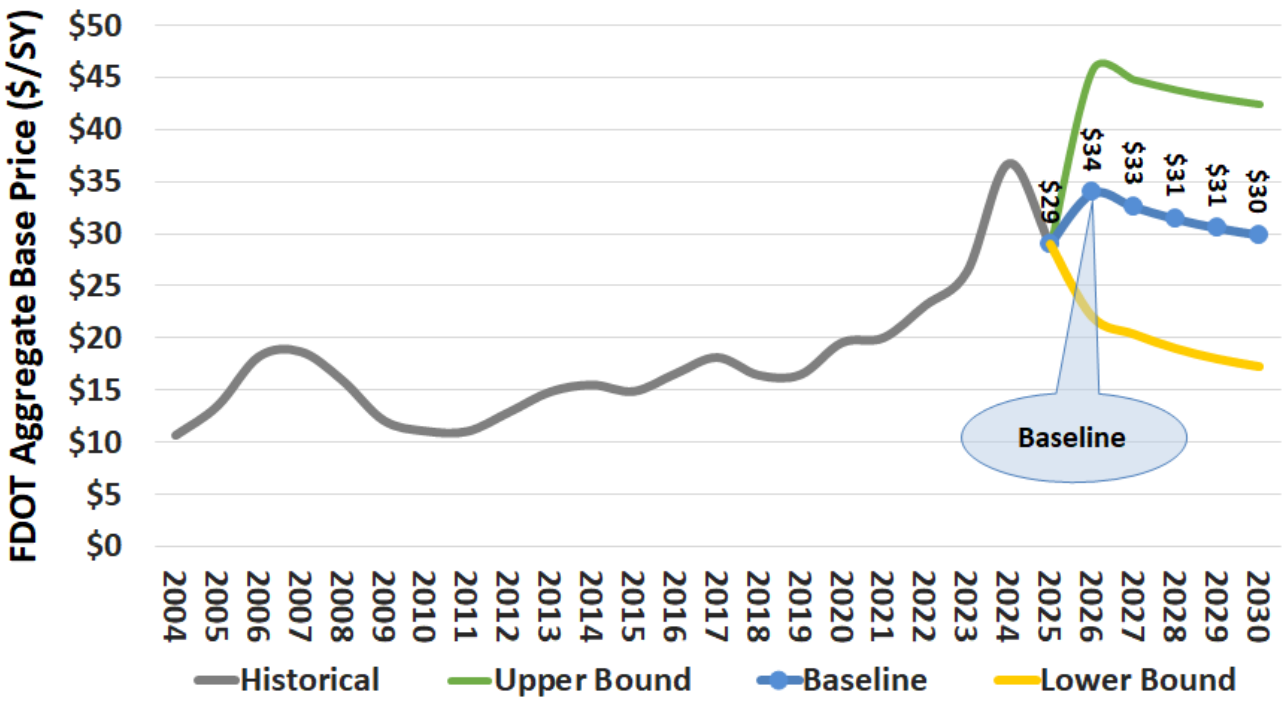
Year	2025	2026	2027	2028	2029	2030
Price Aggregate Base, $/SY	$29	$34	$33	$31	$31	$30
Percent Change, %	-21%	16%	-3%	-4%	-3%	-2%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Econometric modeling finds that input FDOT bids have been influenced by input prices including crude oil and USGS-reported crushed stone prices, overall construction employment, FDOT work program, and order quantities. In the baseline case, projected prices are forecast to rise in FY 2026 before declining again but generally staying in the $30 per square yard range (**Figure 17**).

In the upper bound, macroeconomic growth, heavy demand, and higher energy prices support prices increasing to over $40 per square yard. In this scenario, prices end the work program period at record high levels. In the lower bound, deteriorating macroeconomic conditions would push prices down to pre-COVID levels. The Baseline scenario is considered most likely with best available current data.

Figure 17. FDOT Aggregate Base Price Forecast



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.
(Variable descriptions available in the **Appendix C**.)

KEY INSIGHTS: EARTHWORK

Summary

Earthwork prices have been unstable over the past few years and surged again in FY 2026 Q1.

While energy prices remained low this quarter, earthwork bids are likely to be hyper-responsive if geopolitical conflict causes fuel costs to rise again.

Contractors report concern about equipment parts supply in the coming year, as foreign sources may be impacted by continued uncertainty over U.S. trade policy. Anecdotally, over the past twelve months, parts orders have been progressively delayed. While contractors report initially absorbing related cost increases, they are now being passed onto customers.

FDOT Impacts

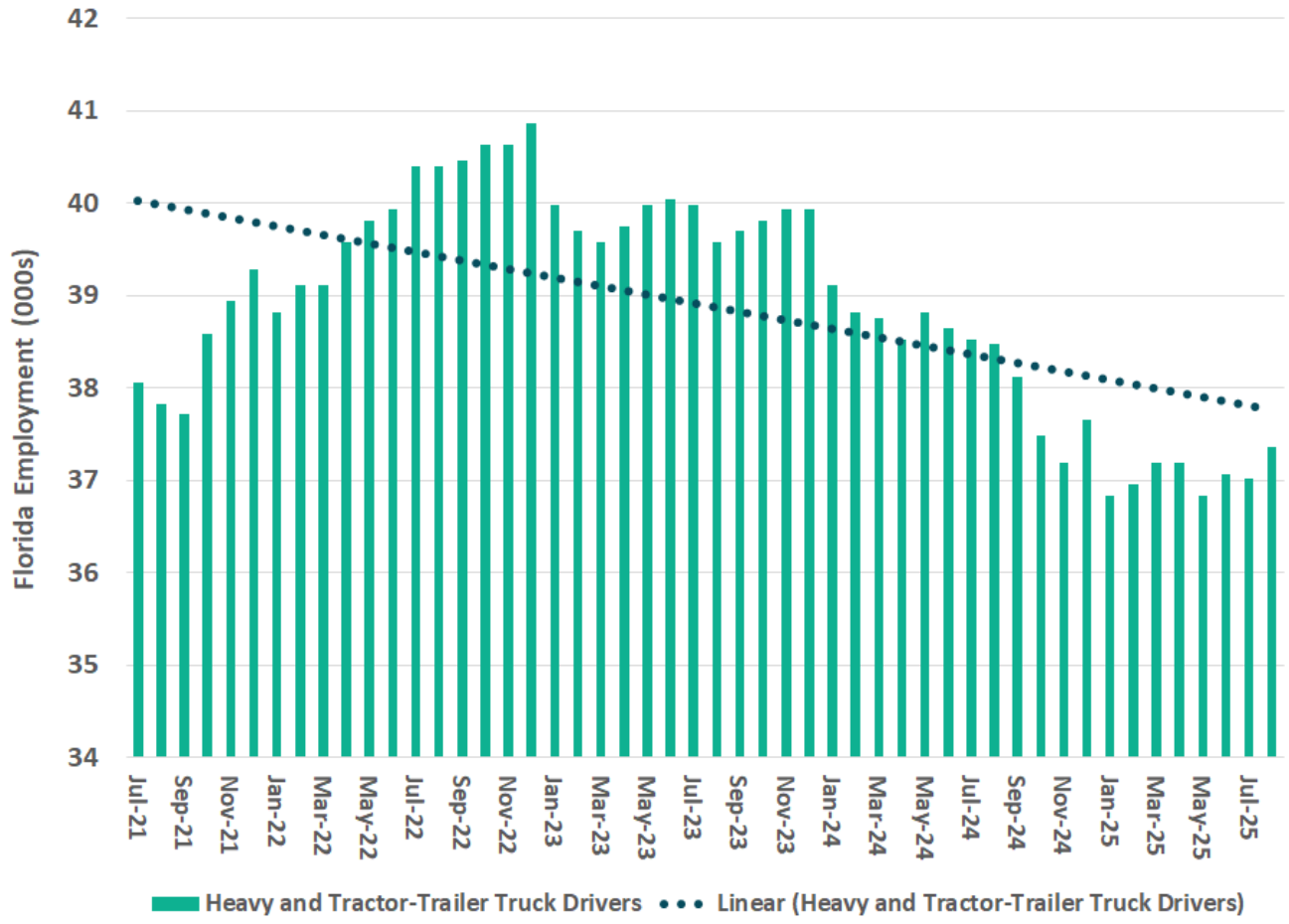
Current modeling supports market expectations that earthwork costs will increase as demand surges after earthwork prices retreated significantly in FY 2025 with revised year-end data, to $12 per cubic yard. The baseline estimate sees prices climbing back to FY 2024 levels at about $19 per cubic yard, before prices moderate throughout the remaining Work Program at the new price level.

Contractors continue to report intensifying competition for resources, and for projects. As with aggregates, suppliers perceive additional competition from material intensive projects in the Everglades. However, it's possible that additional fill material may become available as sites are excavated, if the material isn't reused onsite. At this point, a recession would be required to approach pre-pandemic prices.

General Trends

On average, truck transportation employment decreased 3% year-over-year in August 2025 according to recent data (**Figure 18**). The declining trend of trucking employment may indicate that workers have moved out of the field, or have found similar jobs in other states. Wages and benefits are a driving factor in employment incentives, especially for workers in high demand sectors.

Figure 18. Florida CDL Counts



Source: FLHSMV, TBG Work Product.

Earthmoving Equipment and Trucking

Pricing generally declined or stayed the same for most earthwork-related equipment types over the last month.

The latest Rouse Equipment Report tracked changes in the retail and auction price of U.S. construction equipment over the last quarter. **Table 10** reflects Rouse's new report.

Table 10. Change in U.S. Equipment Prices, September 2025

Equipment Type	Retail	Auction
General Construction Equipment	=	↓
Heavy Earthmoving Equipment	↓	↓
Aerial	↓	=
Telehandlers	↑	=
Light and Medium Earthmoving	↓	↓
Support	↑	=
Excavators	↓	↓
Dozers	↓	↓
Wheel Loaders	=	=
Articulated Trucks	↑	↓
Forklift Trucks	=	↓
Truck Tractors	↑	=

Legend	
↓	Month-over-month decline
=	No change
↑	Month-over-month increase

Source: Rouse The Equipment Report, October 2025.

Earthwork Forecast

Regression modeling was performed to estimate Earthwork costs using pay item data, supply chain variables and other macroeconomic indicators. **Table 11** provides the forecast average price for earthwork. FY 2025 year-end data showed lower weighted average prices ($12 per cubic yard) than previously reported with preliminary data ($15 per cubic yard). So far in FY 2026 Q1, however, three high-quantity bids in District Four, which accounted for 47% of the earthwork awarded so far, produced a weighted average price of $29 per cubic yard. This is a significant increase from year-end FY 2025 prices, indicating that earthwork price stability is not likely in the short-run.

Table 11. Earthwork Price Forecast Results

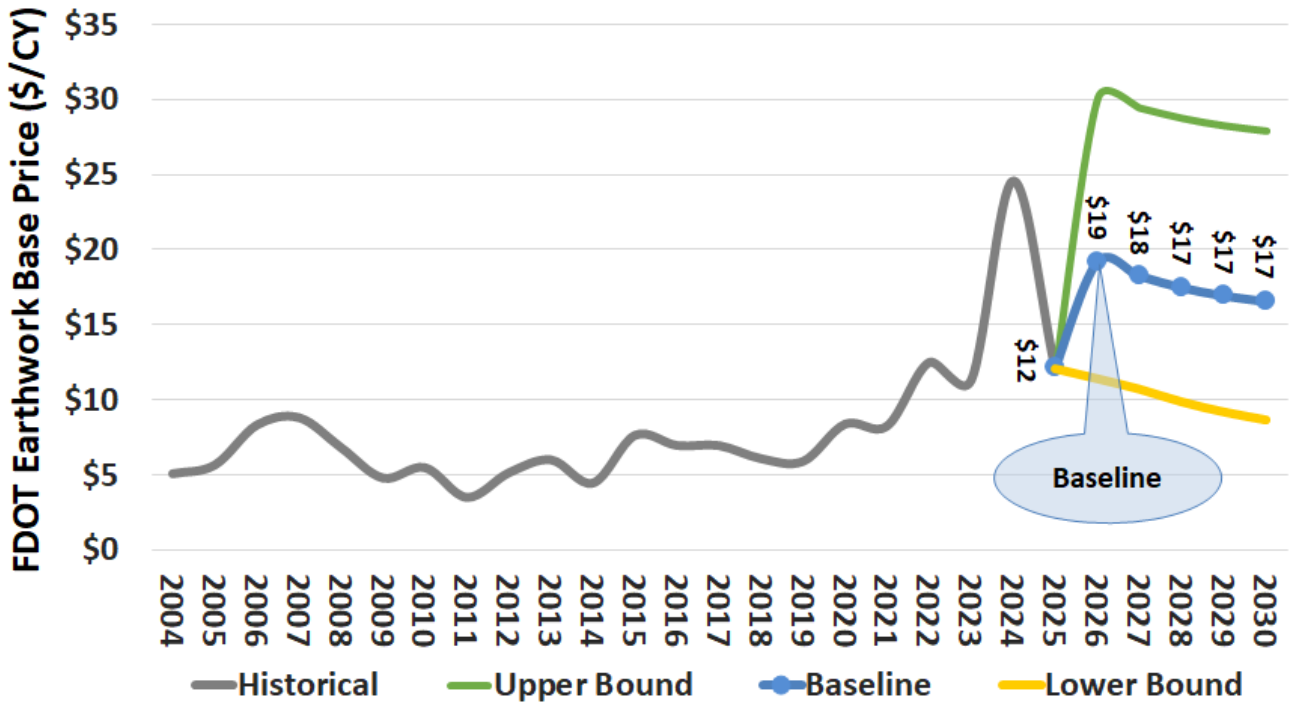
Year	2025	2026	2027	2028	2029	2030
Price Earthwork, $/CY	$12	$19	$18	$17	$17	$17
Percent Change, %	-51%	59%	-5%	-4%	-3%	-2%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Figure 19 shows the output of updated econometric modeling for FDOT earthwork prices. Modeling results were consistent with contractor expectations of price increases in FY 2026, with the baseline estimate projecting that the decline seen in FY 2025 may be reversed by year-end FY 2026. Prices are currently forecast to moderate throughout the remaining years of the FDOT Work Program, but remain higher than historical norms.

Upper bounds are driven by continued macroeconomic growth, higher energy costs, and high tariff impacts. In the lower bound, prices drop to post-COVID lows with macroeconomic declines, low energy prices, and reduced tariff impacts.

Figure 19. Earthwork Price Forecast



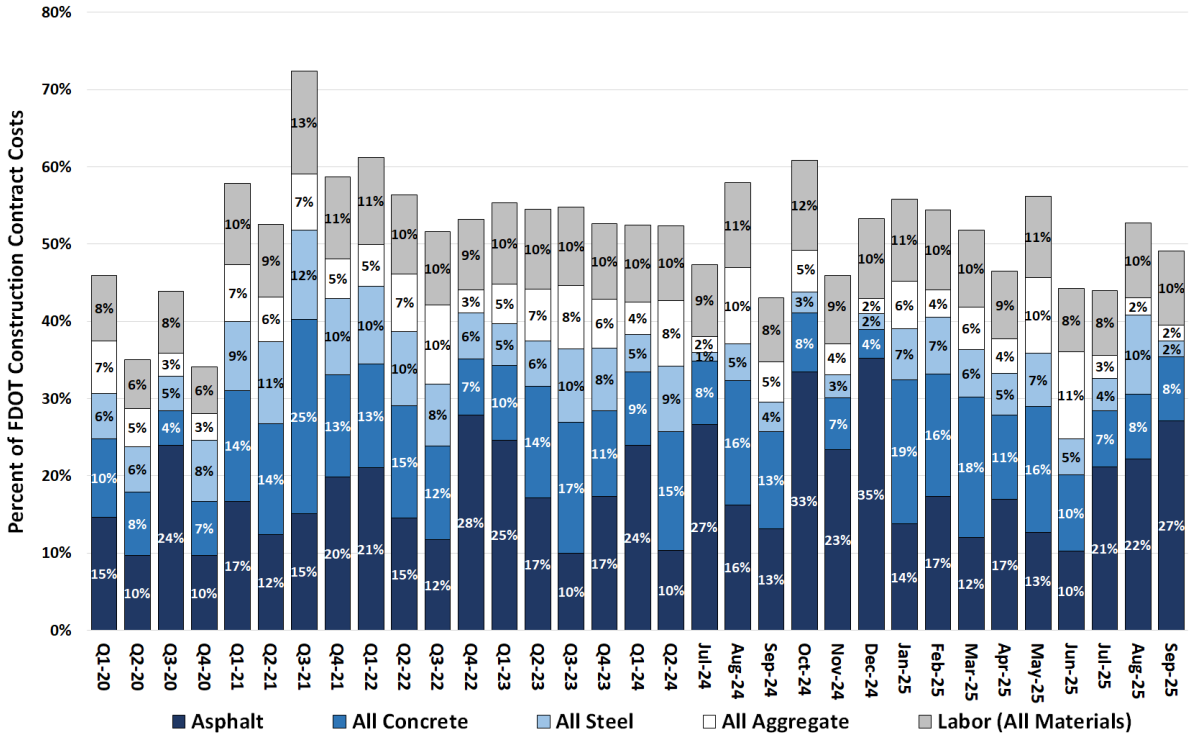
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.
(Variable descriptions available in the **Appendix C**.)

APPENDIX A: UNDERLYING ECONOMIC CONDITIONS

FDOT Cost Composition

Tracking FDOT's costs by month shows how the cost composition may shift depending on project type, scheduling, and material costs (**Figure A- 1**). Asphalt costs were the largest share of total costs over the last quarter according to revised July and August 2025 and preliminary September 2025 data. Concrete and steel costs were the next largest shares of total costs over the quarter. Aggregate costs fell as a share of total costs over the last quarter. Labor costs continued fluctuating over the past few months between 8% to 10% of total costs.

Figure A- 1. Monthly Cost Composition

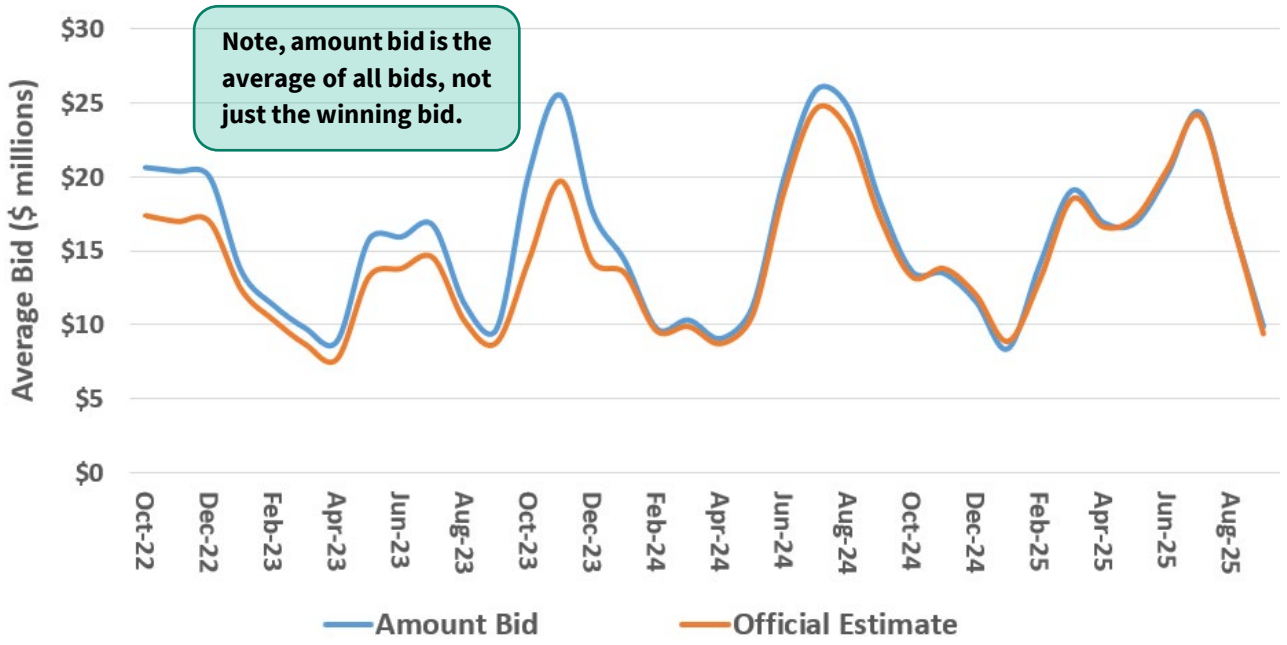


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

Bid Data

Average bids provide insight to market trends; in economic terms, the expected value of a contract or project is the average of all bids. In this analysis, the average of all bids, or the mean, is compared to the official preliminary project cost. Using a 3-month rolling average, in the first quarter of Fiscal Year 2026, the average deviation of all bids from the mean of all official preliminary project costs was 2%; higher than the previous quarter (**Figure A- 2**). Excluding contracts exceeding an official project cost of $100 million from the analysis finds slightly different results, with bids being 1% higher than the official project cost.

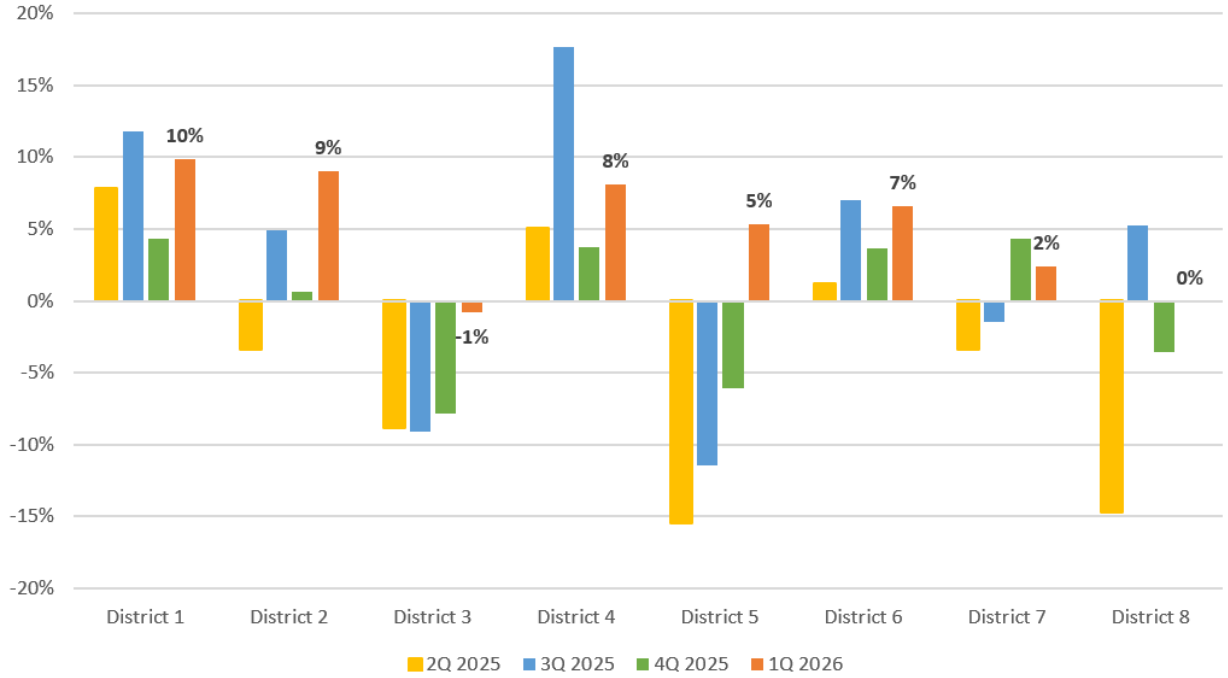
Figure A- 2. Average Bid vs. Official Project Cost, 3-month Rolling Average



Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

Figure A- 3 illustrates the average bid versus their official project cost by District on a 3-month rolling average. Differences in district-level percentages compared to overall statewide averages are driven by the total amount of dollars for both the official project cost and bids, as well as the total number of bids. Over the past four quarters, most districts had average bids higher than the official project cost.

Figure A- 3. Average Bid vs. Official Project Cost, 3-month Rolling Average by District

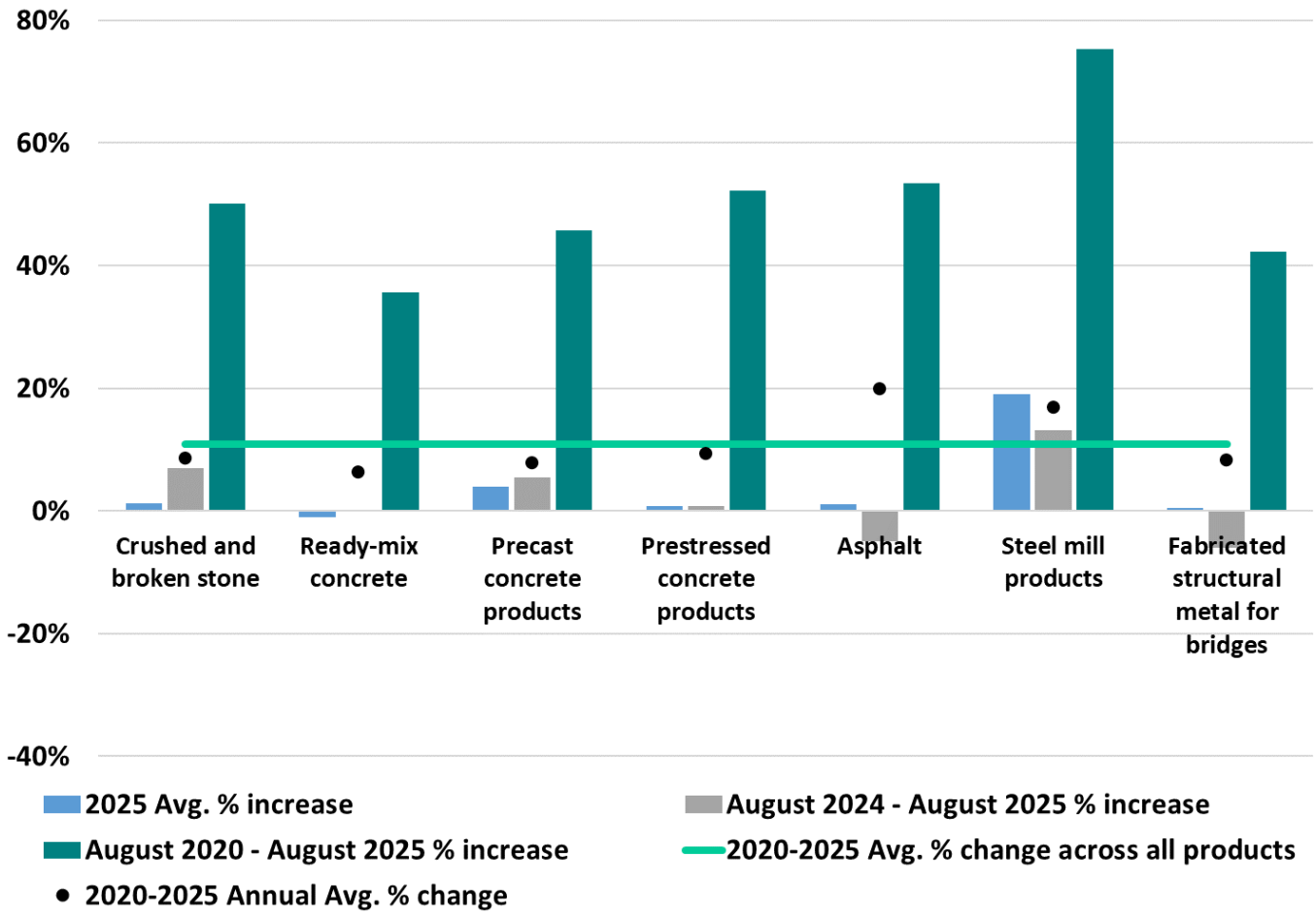


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

U.S. Inflation

Another measure of inflation for the construction industry is the BLS PPI by commodity type. Nationally, the average change across all commodities tracked in this analysis between August 2024 and August 2025 was up 2%. Steel mill products had the largest increase at 13%, while fabricated structural metal for bridges decreased 6% in the same time period. Ready-mix, precast, prestressed, and crushed and broken stone changed by 0%, 5%, 1%, and 7%, respectively. Asphalt decreased by 5%. [5] **Figure A- 4** illustrates select PPI in the U.S. for relevant commodity types.

Figure A- 4. Producer Price Index Percent Change by Commodity



Source: BLS (Producer Price Index, not seasonally adjusted); TBG Work Product.

[5] As a processed good for intermediate demand; i.e. asphalt used at refineries as an input by producers and not the final prices seen by FDOT.

APPENDIX B: **ECONOMETRIC MODELING**

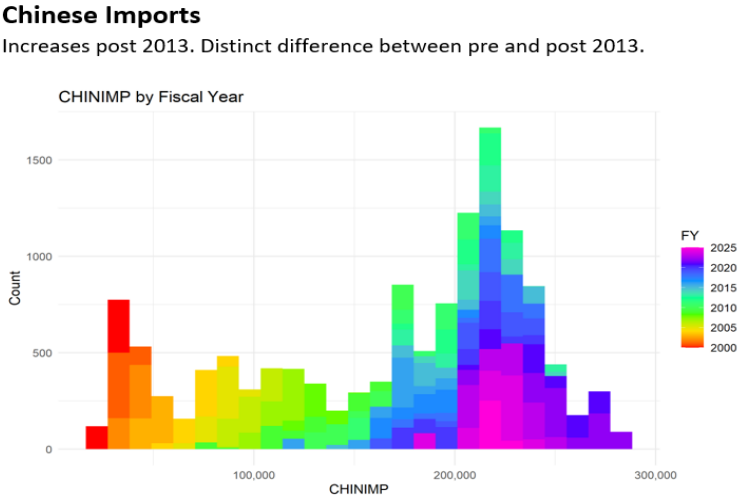
Econometric modeling was conducted to develop the forecasts in this report. Pay item data obtained from FDOT's Forecasting and Project Cost Office was used to develop time series datasets for each material comprising a significant share of total FDOT Work Program expenditures. While the time period varied by material, in general the datasets are comprised of bids from FY 2000 – FY 2026 Q1. The models include:

- Asphalt
- Aggregate
- Concrete
- Earthwork
- Reinforcing Steel
- Structural Steel

Datasets were developed using all available bid data for each material, and supply chain variables reflecting external market conditions – which economists call exogenous factors – as well as FDOT-specific variables, like total Work Program funding in that period. Bid data is available for awarded Design-Bid-Build contracts.

Histograms were developed for each variable on a monthly basis, to identify behavior that likely influenced FDOT bids at the time. For example, past testing has found that Chinese imports had a statistically significant effect on the levels of concrete and steel bids at certain points in time. The histogram for Chinese imports shows a significant change in behavior for this variable in periods before and after 2013 (**Figure B- 1**). This type of analysis informs the selection of variables and the functional form of the model chosen.

Figure B- 1. Chinese Imports Histogram Analysis



Source: TBG work product, from U.S. ITC Imports data.

Descriptive statistics were developed for each variable, including mean, minimum, maximum, number of observations and correlation coefficient with all other variables. Review of the descriptive statistics is used to develop hypotheses regarding how variables are expected to affect FDOT bid prices – positively, negatively, significantly or marginally.

Bid prices are calculated at the bid level to develop a Weighted Average Price (WAP), meaning every individual bid is calculated as the total quantity of that pay item divided by the extended amount bid for that item. As a result, the influence of every awarded bid from every letting possible is included in the modeling, capturing bid behavior across a variety of economic conditions, project types, districts, and time periods.

For some materials, the available data is limited. Frequently, several months can pass without any structural steel bids. For structural steel, data was aggregated due to insufficient bids for modeling at a monthly level.

Modeling was conducted using linear regressions (OLS or Ordinary Least Squares). Several variables were entered in nonlinear form to capture, for example, declining volume discounts for concrete and asphalt orders. OLS models were selected based on hypothesis fit using a number of criteria including R^2, AIC (Akaike Criterion) and RMSE (Root Mean Squared Error), and professional judgment integrating recent market intelligence and economic data.

Forecast projections were developed using a variety of ARIMA (Autoregressive Integrated Moving Average) models, testing a variety of lag periods, stationarity factors, and rolling average equations. ARIMA models were prepared using both actual Weighted Average Price, developed as described above at the bid level, and Predicted WAP. Forecasts shown herein reflect selected model results from both Actual and Predicted WAPs and their confidence intervals, which are calculated as part of the ARIMA model.

Pay items that are partially or wholly used in the analysis are listed in **Appendix C** of the FDOT SRES FY 2024-25 Final Report[6]. It should be noted that the lists may include some pay items that are no longer in use by FDOT, or are not represented in the lettings data every year, but are retained for historical record.

[6] Main page: Strategic Resource Evaluation Study Reports.

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