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PREPARED FOR

FDOT

FISCAL YEAR 25/26
SECOND QUARTERLY REPORT

STRATEGIC RESOURCE EVALUATION STUDY
HIGHWAY CONSTRUCTION MATERIALS

CONTRACT BEC18

Overview: Florida's Highway Construction Materials

ASPHALT

Asphalt bids declined 4.5% in FY 2026 Q2 compared to year-end FY 2025 with preliminary year-to-date data. Demand remains high, but some input costs (binder, fuel) have seen declines due to the continued weakening of crude oil markets. Asphalt producers and contractors reported some price increases due to aggregate pricing, however. Updated modeling shows FY 2026 ending at $157 weighted average price. U.S. sanctions were lifted on Venezuelan oil exports in late January 2026. Venezuelan asphalt was sold to U.S. buyers for the first time since May 2025 at about $315 per ton. Two vessels are scheduled to deliver the material in February to multiple ports on the southeastern U.S. Atlantic coast. It's estimated that more than 30,000 tons is expected in one of the shipments.

CONCRETE

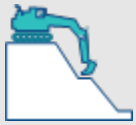
Concrete bids fell through FY 2026 Q2 compared to FY 2025 year-end highs, down 22% according to preliminary year-to-date bid data. Concrete suppliers reported that price changes were flat this quarter, though uncertainty lingers regarding tariffs on cement and other imported inputs like fly ash. Where possible, suppliers are looking into switching to other types of cement (Type 2 L) if imported Type 1 L products become too costly. Domestic fly ash availability was reportedly better this quarter for producers sourcing from Heidelberg Materials, which now owns coal ash beneficiation industry leader SEFA.

STEEL

Florida producers report increased input costs this quarter, leading to some price increases. Scrap steel, iron ore, and zinc prices are all up due to global demand – and with record defense spending globally, this is likely to remain. **FDOT structural steel prices** showed significant differences in per unit pricing the past two quarters with limited bids. FY 2026 Q2 bids (averaging $4.75 per pound) moderated from the high-cost bids seen in Q1. Baseline prices are currently projected at about $5 per pound by fiscal year-end. **Reinforcing steel** bids rose 12% through FY 2026 Q2 according to limited bids. Updated forecasts expect an increase by fiscal year-end, with current prices trending toward the upper bound.

AGGREGATE

Aggregate base bids were flat compared to FY 2025 in FY 2026 Q2 with updated bid data. Suppliers reported cost increases between 5% to 10% this quarter, with some suppliers increasing prices while others kept them the same. By fiscal year-end, updated modeling shows aggregate prices may rise 5% to $30 per square yard. Tariff uncertainty remains for importers of aggregates, as well as for equipment and parts. Some suppliers noted that immigration enforcement has impacted construction labor supply, especially in South Florida.



EARTHWORK

Earthwork bids continue to fluctuate, falling from $29 per cubic yard in FY 2026 Q1 to $19 in FY 2026 Q2 with year-to-date data. Updated models estimate earthwork prices could remain at the current level in FY 2026 before coming down closer to FY 2025 year-end pricing ($12 per cubic yard) over the life of the Work Program. Recent construction employment and housing forecasts expect a cooldown in activity in 2026, which should help with supply constraints in urban areas.

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 December 2025 data for *winning* bids. The **industry benchmark was 33% higher** than November 2020 levels through December 2025. Average bid prices were 30% higher than pre-pandemic levels in December 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.

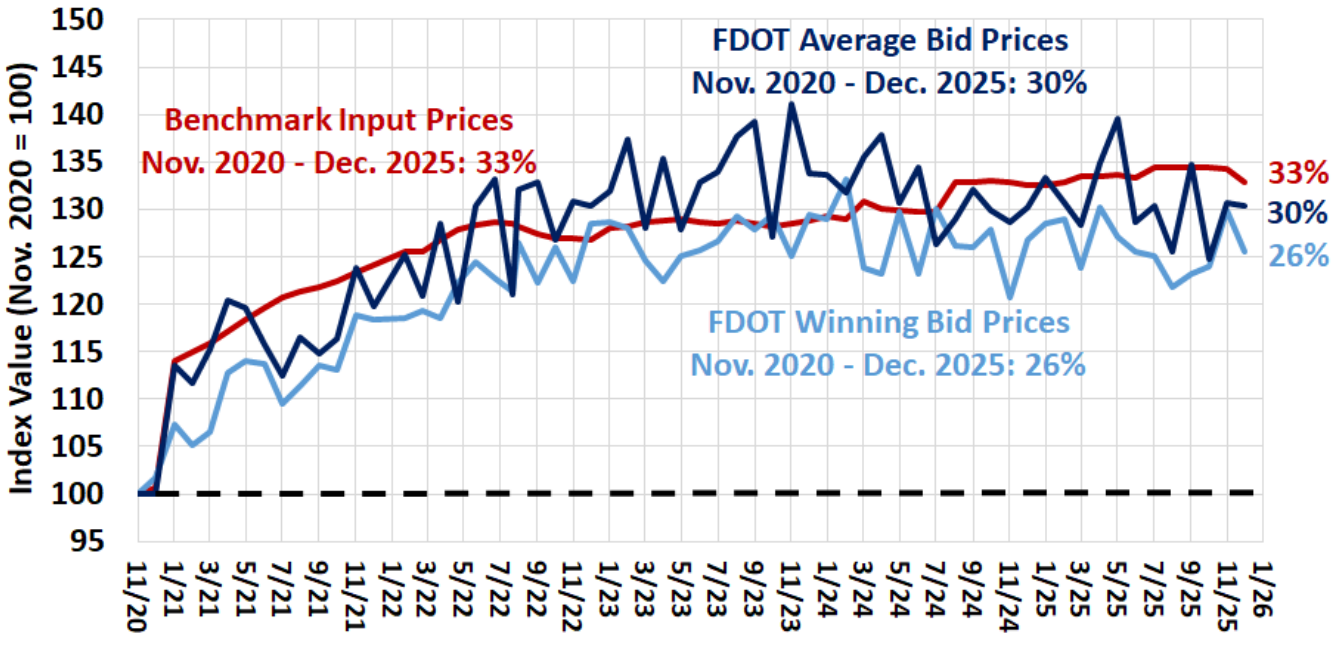
26%
increase in awarded bid prices since Nov 2020

30%
increase in average bid prices since Nov 2020

33%
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 bids, preliminary data shows an increase of 7% in 2025 Q4 relative to 2023 Q1 winning bids, 2% higher than revised 2025 Q3 estimates. Average bids maintained a 5% lead on 2023 Q1 average bids in 2025 Q4.

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%	5%
2025 Q4	6%	5%	7%

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

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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 **2.7%** in December 2025, year-over-year. Core Consumer Price Index (CPI), which excludes food and energy price, was also **2.6%**. According to the January 2026 National Association for Business Economists (NABE) Business Conditions Survey, **54%** of respondents report rising material costs over the last quarter, while 44% reposted costs were unchanged. **Sixty percent** of businesses report passing on some or all of the cost increases to customers. A majority of respondents (54%) expect material costs to continue to rise next quarter.

Current U.S. Inflation	
Dec. 2025 CPI	2.7%
Dec. 2025 Core CPI	2.6%

54% of businesses report rising material costs

60% of businesses passing off cost increases

U.S. Tariff Expectations	
2024 Effective Rate	2.5%
2025 Effective Rate (As of November 2025)	16.8%
2026 Expected Rate (As of November 2025)	2.5% - 18%

About half of firms in NABE's January 2026 Business Conditions Survey cited overall demand slowdown (50%) and weakening demand for their product or service (44%) as the top two downside risks to their outlooks. A majority (78%) expect the effective tariff rate on imports into the U.S. to range between **2.5% – 18%** in calendar year 2026. Only 10 percent of respondents believe there is a 50 percent or higher chance that the U.S. will enter a recession over the next twelve months.

U.S. real GDP grew by 4.4% in the quarter ending September 30, 2025. According to industry sources, the increase was primarily due to improvements in exports and business investment upgrades (contributing to a smaller trade deficit) and consumer spending. Projected real GDP for 2025 (calendar year) is expected to be 1.7%. Forecasts for 2026 and 2027 were 2.3% and 2.0%, respectively, up from 1.8% and 1.9% projected in September. Estimated personal consumption expenditures (PCE) inflation for 2025 was 2.9%, while PCE inflation in 2026 and 2027 were projected at 2.4% and 2.1%, respectively. The 2026 expected unemployment rate is 4.4%.

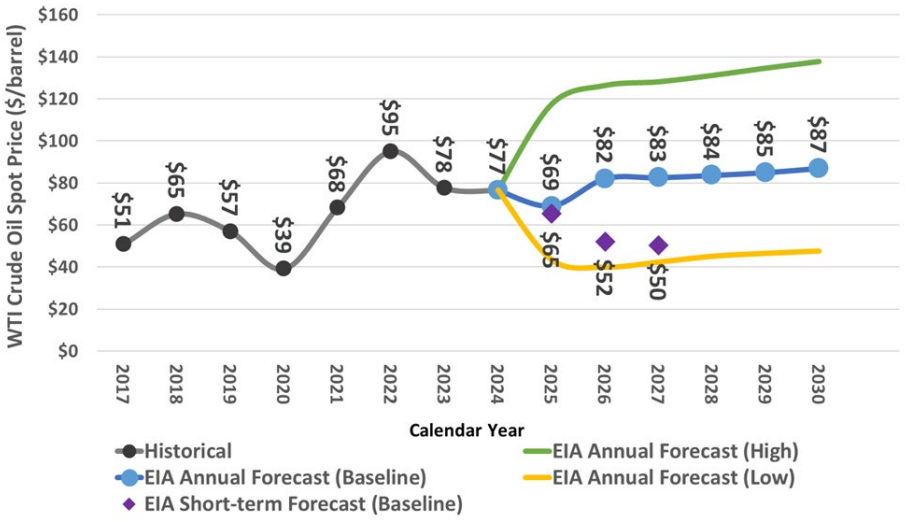
Official Projections	
2026 Real GDP	2.3%
2026 PCE Inflation	2.4%
2026 Unemployment	4.4%

December 2025 Federal Open Market Committee or FOMC projections.

Energy

The latest U.S. Energy Information Administration (EIA) short-term forecast expects 2026 crude oil prices to fall to $52 per barrel, followed by $50 per barrel in 2027 (**Figure 2**). Prices are likely to remain suppressed due to lower oil demand and increased use of renewable energy. Current pricing tracks the lower bound scenario of EIA's April 2025 long-term forecast.

Figure 2. Annual Crude Oil Price, 2017 to 2030

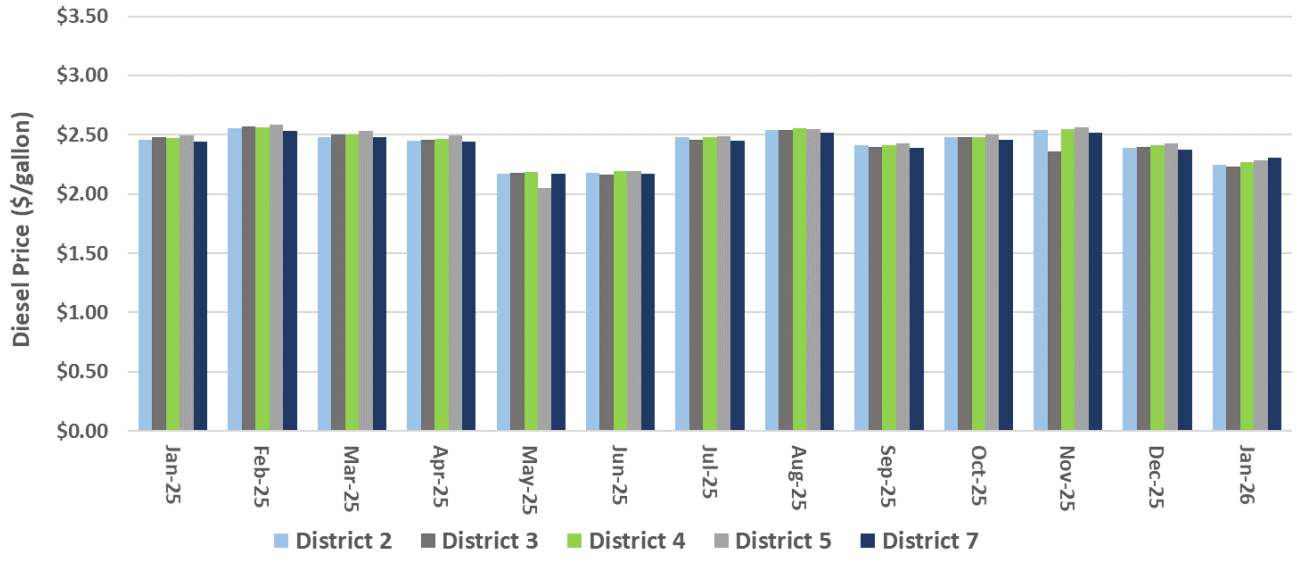


Source: EIA 2025 Annual Energy Outlook and Short-Term Energy Outlook.

Note: An updated long-term forecast is expected in Spring 2026.

Diesel price quotes from suppliers at terminals around the state fell in December (-4% month-over-month), and then further in January (-5% month-over-month) as crude oil spot prices held at about $60 per barrel. District prices averaged $2.27 per gallon in January 2026, a decrease of 8% year-over-year (**Figure 3**).

Figure 3. Average Diesel Price by District

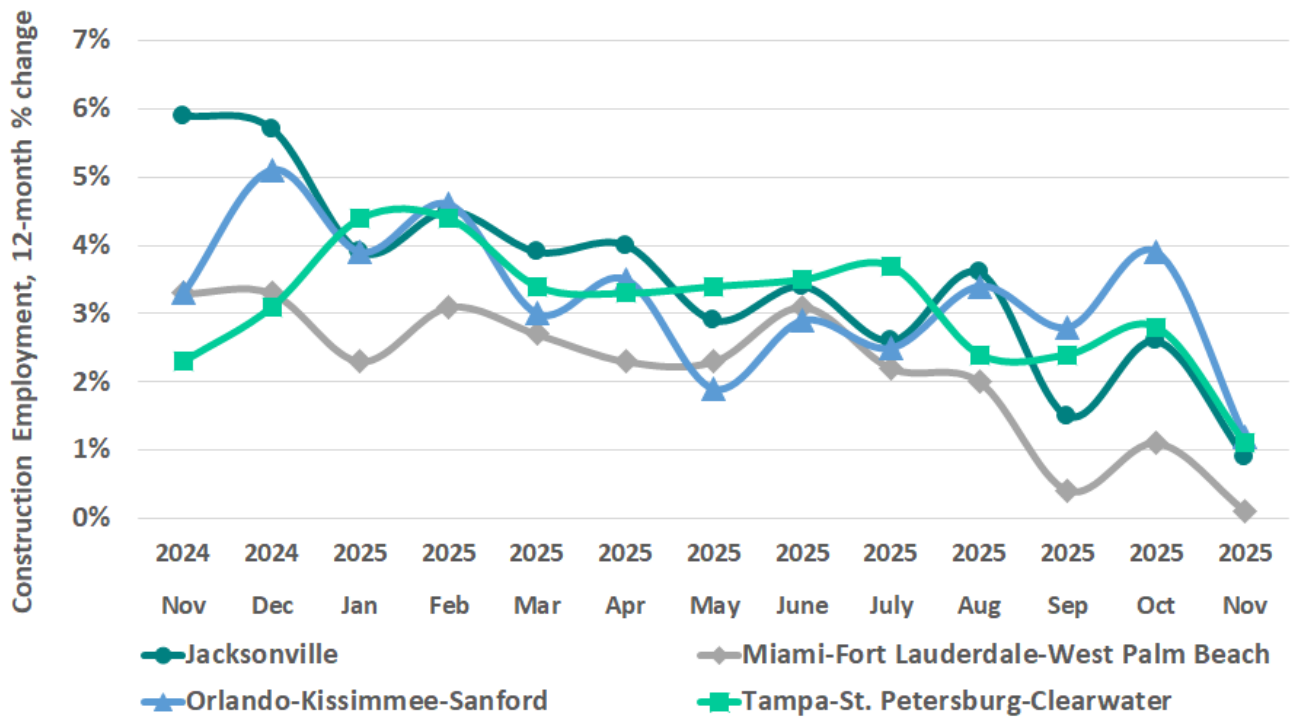


Source: FDOT State Construction Office.

Construction Employment

Contractors in South Florida have reported some disruption in labor supply due to immigration enforcement efforts. Other areas of the state appear less impacted at this time. Statewide construction employment was flat in November 2025 compared to the same month last year. Metro construction employment growth slowed in all major metro areas in November, with Miami suffering the lowest level of growth over the last few months (**Figure 4**). Construction employment growth was only 1% in the Jacksonville, Orlando, and Tampa metro areas in November, year-over-year. By comparison, construction employment grew between 2% to 6% in November 2024.

Figure 4. Changes in Construction Employment in Major Florida Markets



Source: Bureau of Labor Statistics.

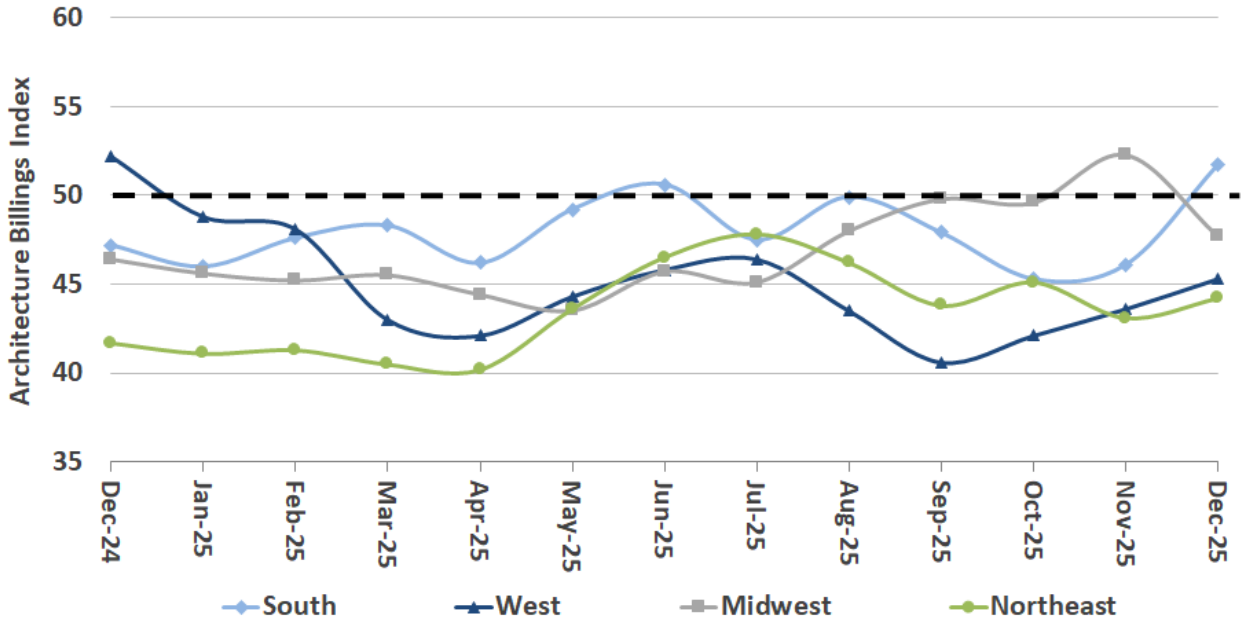
According to the latest jobs report, gains for October and November 2025 were revised down by 76,000 jobs total, and only 50,000 jobs were added in December 2025. Employers added 584,000 jobs over the calendar year, compared to 2 million new jobs in 2024.

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

Billings

The Architecture Billings Index (ABI) is a leading indicator for nonresidential construction activity.[1] Nationally, the index was 48.5 in December 2025, indicating that a majority of architecture firms saw decreasing billings at their firms (**Figure 5**). Of the four regions tracked by this analysis, only the Midwest (November) and the South (December) scored above 50 over the last quarter.

Figure 5. ABI Billings Index



Source: American Institute of Architects, Architecture Billings Index.

Rail

In December 2025, CSX's train and engine employee counts decreased by 3% year-over-year, averaging around 7,793 workers last year. In regards to operating performance, dwell times improved over the past year. Average terminal dwell time between October 2025 and December 2025 in Jacksonville decreased 17% year-over-year to 20 hours and decreased in Waycross, GA by 11% to 26 hours[2]. The overall system average dwell time during the same timeframe decreased 13% year-over-year to 19 hours. Lower dwell times means that it takes less time to get material out of the station, which reduces 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:

[1] 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.
[2] Average amount of time in hours between car arrival to and departure from the yard.

Congress Likely to Boost Transportation Spending

Congress passed legislation that would fully fund various programs for FY 2026. This includes $74.5 billion for highway programs, $9.6 billion for airports, and $20.8 billion for transit programs. Transportation investments remain a bipartisan backed issue in Congress.

ARTBA Works with House on Permitting Reform.

The House recently passed the SPEED Act, a bill which would clarify which federal actions are subject to NEPA and what information needs to be included in environmental reviews. Proponents say the bill would eliminate redundancies in projects and speed up project timelines.

MSHA Awards Grants for Safety Training

The Mine Safety and Health Administration awarded more than $10.6 million in grants to organizations in 45 states, including Florida, to help reduce mining accidents and injuries. Funds go to state agencies and state-supported universities and colleges to support programs that are made specific to the needs of the region that is receiving the funding.

New Federal Drone Restrictions

The Federal Highway Administration (FHWA) has ended funding that went toward the usage of Chinese made unmanned aircraft. This comes from the American Security Drone Act passed in 2023, and a related directive from the White House. As drone usage has expanded heavily in the construction industry, this new rule will adjust how funding for these drones is financed and where they are being bought from.

Additional Information on DBEs

Effective on Oct 3rd, USDOT removed all references of race and gender-based participation and goals for the Disadvantaged Business Enterprise (DBE) program. Additional information has since been released on the program. State DOTs must continue efforts to facilitate small business participation, personal narratives must not mention race or gender, firms seeking re-certification must submit new personal net worth statements, and a state's Unified Certification Program (UCP) must reach out to all previous DBEs with opportunities for recertification. There is some confusion on this currently.

Supreme Court Still Considering Trump Tariffs

The Supreme Court is still deliberating Trump's tariffs as questioning continues to be ongoing. While outcomes of the case are still unclear, if the tariffs are struck down, refund payments will be given to companies that were charged the import fees. The ruling on the case is expected to come soon.

Supreme Court Reverses Stance on Broker Liability

The Supreme Court reversed a federal stance on broker liability by suggesting that Federal Motor Carrier Safety Administration (FMCSA) regulations presume that motor carriers are safe because of their authorization. The Supreme Court is arguing against the idea that broker liability claims are fair game that preempting them creates a safety gap because of FMCSA safety regulations.

KEY INSIGHTS: ASPHALT

Summary

Asphalt producers report prices increased between 5% to 10% at their facilities over the last quarter. Changes in aggregate pricing were cited as the main reason by some.

Producers continue to rely on reclaimed asphalt pavement (RAP) as a supplemental aggregate source and cost reducer for approved mixes.

Asphalt binder and polymer prices (and availability) are not currently driving costs.

Some producers importing asphalt binder from Venezuela expect supply to increase over the next quarter and potentially lower input costs.

FDOT Impacts

Year-to-date (YTD) FY 2026 Q2 asphalt bids averaged $161 per ton with preliminary data, down 4.5% compared to year-end FY 2025 prices and up 1% compared to last quarter. The current model expects further moderation in FDOT asphalt bids by fiscal year-end.

According to Argus Media, U.S. sanctions on Venezuelan oil were lifted in late January 2026. Venezuelan asphalt exports are heading to the southeastern Atlantic Coast in February at $315 per ton. Bulk asphalt binder prices in the U.S. Gulf Coast dropped from $315-$325 per ton at the end of December 2025 to $290-$305 per ton in late January 2026. Florida rack prices fell from $585 per ton to $570 per ton over the same period.

If asphalt prices continue to fall in the region, FDOT bids may benefit during the next few quarters.

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

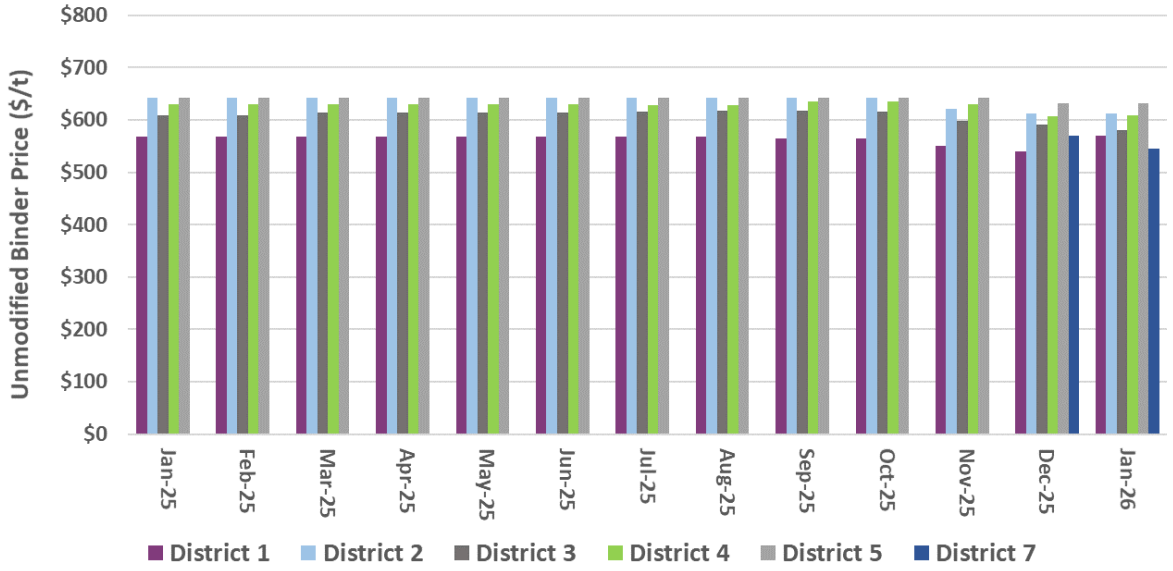
Aggregate The U.S. Geological Survey (USGS) reported that Florida's crushed stone production decreased 0.2% during the third quarter of calendar year 2025. Nationally, production increased 6.9% in the same period. Interviews indicated that aggregate prices continue to rise due to strong infrastructure investment, sustained construction demand, and shifts in supply usage. A 10% annual increase is expected from some suppliers. Large quantity jobs are expected to continue enjoying bulk discounts, however. Minor concerns about the availability of raw material continue to be highlighted in some interviews.
Labor Skilled labor continues to remain a significant concern for asphalt plant operators. Statewide construction employment decreased by 1% year-over-year and declined 0.2% month-over-month. Interview responses are mixed with some highlighting positive changes with labor, but most saying the labor market continues to worsen. Immigration policy is reportedly being felt in the labor market as some people are self-deporting, and less workers are coming in search of work visas.
Polymers continue to present a supply chain risk due to limited supplier availability. U.S. production of resins decreased 5.0% in November 2025 compared to the same period in 2024. U.S. Chemical Regional Production Index remained relatively flat in November 2025 on a year-over-year and month-over-month basis, indicating stable production levels overall, with only short-term fluctuations. Despite modest global gains, industry sentiment remains guarded in the first quarter of 2026. Reference prices and volumes from Q2 of calendar year 2025 earnings of a publicly traded polymer producer were up 48% year-over-year. No availability issues at this writing.
Refinery Capacity In October 2025, the EIA estimated that asphalt supplied to the East Coast increased 1% year-over-year, from higher demand for resources, but asphalt production on the Gulf Coast decreased 16%, year-over-year, during the same period. Oil Refinery Utilization on the Gulf Coast was between 87% and 99% in the fourth quarter of calendar year 2025. Geopolitical factors continue to affect costs and prices.
Asphalt Binder Unmodified (PG 67 & lower) asphalt binder prices remain relatively unchanged from October 2024 to October 2025 but decreased slightly in the last two months of 2025. In calendar year 2025, prices declined by 4.1% in December compared with the same month in 2024. Rack binder prices in Jacksonville, Miami, and Tampa declined 4.9%, 1.7%, and 7.8%, year-over-year, respectively. Global oil prices remain to be influenced by geo-political factors in the Middle East, especially involving Iran and risks to major oil shipping routes like the Strait of Hormuz and the Red Sea. In addition, OPEC+ production changes, and evolving supply chain conditions continue to shape market prices. Broader

economic uncertainty and the gradual transition toward cleaner energy have contributed to weaker global crude oil demand.
Trucking Immigration policy impacts on driver availability has been felt by some respondents, but no other major concerns have been listed with trucking from interviews. According to Freight Transportation Research, specialized trucking rates in Florida have been mostly normal and 10% to 20% above normal since January 2025, while volumes have been 20% to 100% above normal. However, in the second week of January 2026, total spot rates were up 6% year-over-year but remained more than 4% below the five-year average for the week. As of November 20, 2025, the FMCSA removed five Electronic Logging Devices (ELDs) from its registered list due to failure to meet federal standards. Therefore, motor carriers using these revoked devices have a 60-day grace period to replace them with compliant units before January 20, 2026, to avoid violations. Diesel prices increased 2.1% in December 2025, year-over-year.
Pavement Markings Chemical production declined 1.1% in December 2025 compared to the prior month and decreased 3.4% year-over-year. In September 2025, production of coatings, adhesives, and other specialty chemicals increased year-over-year, indicating improved demand conditions. In the first quarter of 2026, pavement markings and other plastics-based/petroleum-based ancillary products continue to be vulnerable to fluctuations in crude oil markets and ongoing supply chain disruptions.
Competition The number of asphalt producers in FDOT's approved list rose by 7 plants in calendar year 2025 to 128. No new asphalt plants under construction 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 increased by 6.6% from January to October 2025 compared to the same period in 2024. According to Argus Media, imported asphalt binder pricing in the U.S. Gulf Coast dropped from $315 - $325 per ton at the end of December 2025 to $290 - $305 per ton a month later (week ending January 23, 2026). Florida rack prices fell from $585 per ton to $570 per ton over the same period. Increased imports from Columbia may have contributed. Additional production from Venezuela is possible, though significant increases are not likely in the short-term due to insufficient or outdated infrastructure.
Rail In Q3 of calendar year 2025, revenues from asphalt products shipped by CSX — regardless of destination — increased 153.3% year-over-year, while shipment volume data (in tons) was unavailable. The revenue increase may reflect modest 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

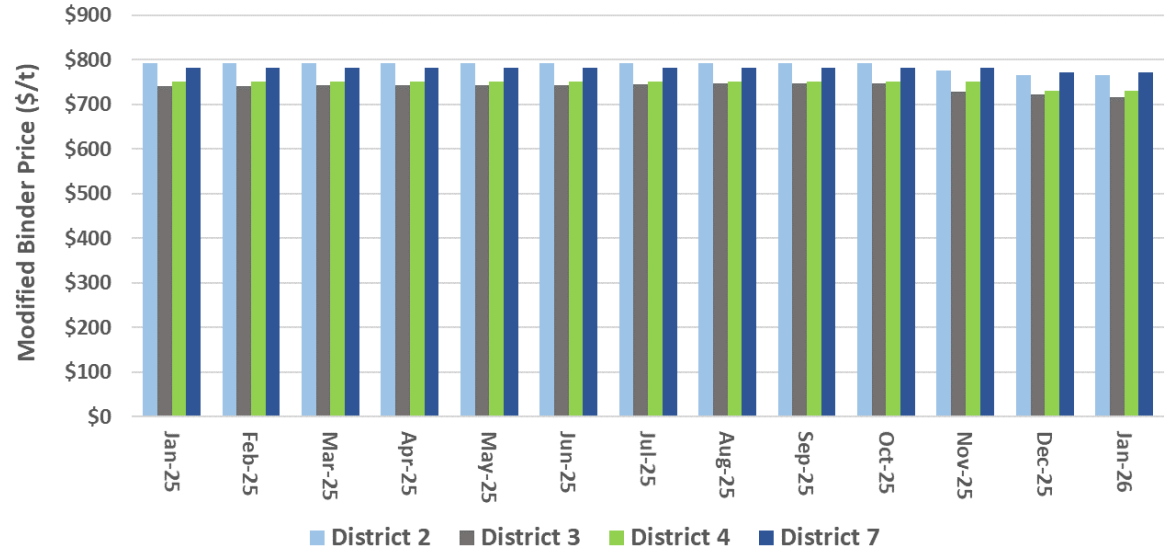
Where available, the average prices for unmodified (**Figure 6**) and modified (**Figure 7**) binder were calculated from monthly terminal price quotes at the district level. Unmodified binder is the average of PG 52-28 and PG 58-22 prices, while modified binder is a quote for the price of PG 76-22 (PMA) in the dataset. Binder prices were down 3% on average in January 2026, year-over-year, with District 2 and District 3 seeing the largest declines at about 5%. Modified binder prices were also down 3% on average in January 2026, year-over-year. On average, price changes were flat between January 2026 to December 2025 for both unmodified and modified binder.

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 were also taken into consideration based on pay item descriptions. Although continued demand is supporting higher prices, weakening crude oil markets and uncertainty should allow for stable pricing, with the potential for gradual declines in pricing over the next quarter. Updated FDOT year-to-date bids showed similar results to last quarter, increasing slightly to $161 per ton with the addition of another 100+ bids.

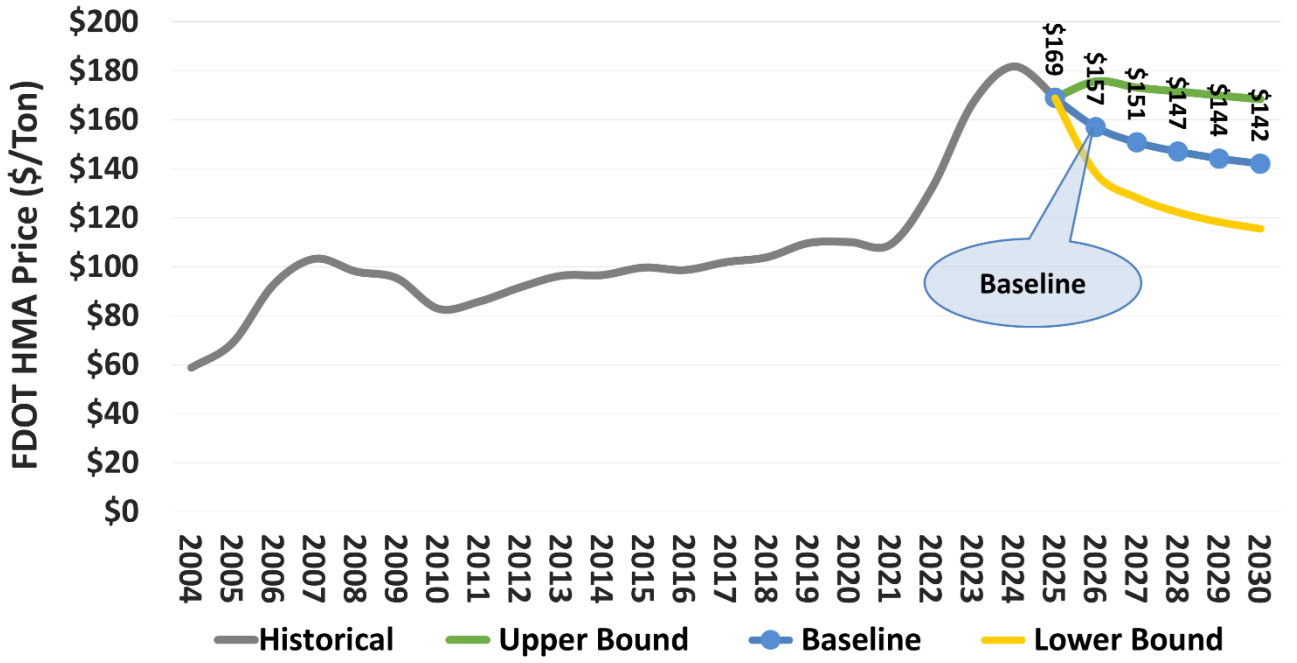
The updated Baseline scenario is on track with previous forecasts and expects moderation in bids to continue, declining from $169 to $142 by the end of the work program. In the upper bound, higher input costs, increased demand from macroeconomic growth, and another major event or shock supports higher prices. In the lower bound, a market correction, coupled with lower input costs, and reduced macroeconomic growth, 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	$157	$151	$147	$144	$142
Percent Change, %	-7%	-7%	-4%	-2%	-2%	-1%

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

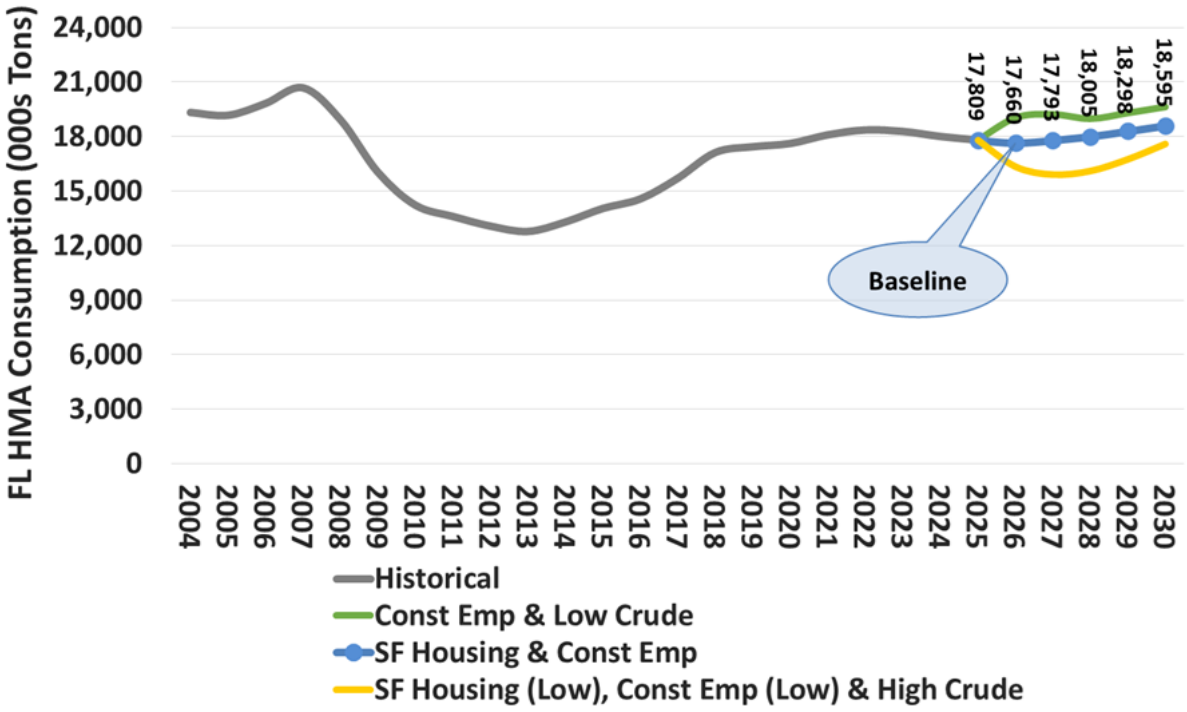
Figure 8. FDOT HMA Price Forecast



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 slowing housing starts. The upper bound includes a more positive labor outlook and continued lower fuel costs that would allow for additional production. The lower bound would require 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

Concrete suppliers reported that price changes were flat this quarter, with no significant disruptions or cost fluctuations.

Fly ash availability improved for some suppliers over the quarter; supply from South Carolina and other SEFA locations (a technology leader in converting coal ash for recycled use in concrete; rebranded as Heidelberg Materials in 2025) appear stable.

Cement imports continue to be impacted by changes in U.S. trade policy. Anecdotally, some concrete suppliers are looking into switching to Type 2 L cement to lessen tariff impacts from current overseas sources of Type 1 L cement.

FDOT Impacts

Competition for workers and resources in South Florida remains a concern this quarter with immigration enforcement reportedly impacting labor supply.

After record high prices in FY 2025, YTD FY 2026 Q2 bids fell by 22%. Updated concrete price projections estimate a more modest decline (12%) by FY 2026 year-end in the baseline scenario.

Upper bound estimates become more likely if tariffs increasingly impact cement shipments and other input costs, energy prices rise significantly, 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.

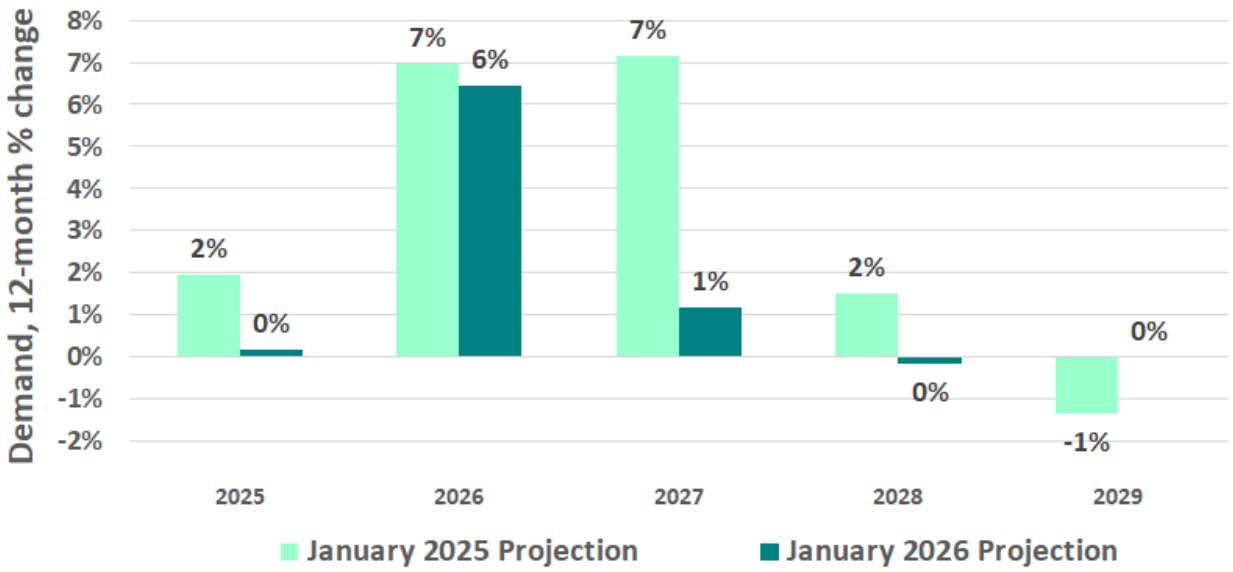
Table 4. Structural Concrete Supply Chain Variables & Current Status

Cement During the second quarter of calendar year 2025, publicly traded companies reported stable to modest growth in volumes and mixed revenue trends. Interviews have indicated cement price increases as a result of tariffs, and companies looking for new sourcing to avoid them.
Aggregate Florida's crushed stone production decreased 0.2% in the third quarter of calendar year 2025, and nationally, production declined 7% 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.
Labor Some interviews have indicated improvements in the labor market, but issues still exist to find quality workers, QC workers, operators, and others. Investment in training programs remain an avenue for companies to assist with worker retention. Statewide construction employment decreased by 1% year-over-year and declined 0.2% month-over-month.
Fly Ash Through 2025, total fly ash imports declined by 57% compared to 2024, with only 240K tons of ash imported. Imports were primarily sourced from Turkey and delivered through the ports of Tampa and Miami. Interviews have not highlighted any major issues with fly ash. According to the latest American Coal Ash Association data, there was some recovery in U.S. fly asphalt production in 2024 compared to the previous year (15%), after production fell 24% in 2023.
Truck Interviews did not highlight any major concerns with trucking. According to Freight Transportation Research, specialized trucking rates in Florida have been mostly normal and 10% to 20% above normal since January 2025, while volumes have been 20% to 100% above normal. However, in the second week of January 2026, total spot rates were up 6% year-over-year but remained more than 4% below the five-year average for the week. Diesel prices decreased by 8% in January 2026 year-over-year, with month-over-month prices from December to January falling by 5%.
Rail In Q3 of calendar year 2025, revenues from asphalt products shipped by CSX — regardless of destination — increased 153.3% year-over-year, while shipment volume data (in tons) was unavailable. The revenue increase may reflect modest 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. Some companies were looking into using rail to bring in material but found it unfeasible.
Competition The number of FDOT-approved concrete producers fell to 493 through January 2026, showing some consolidation within the construction sector.

General Trends

U.S. Ready-Mix demand was flat in calendar year 2025 according to updated industry analysis (January 2026) after initially being projected to increase by 2% in January 2025 (**Figure 10**). While ready-mix demand is still expected to rebound in 2026, forecasts for 2027 are now greatly reduced as a majority of Infrastructure Investment and Jobs Act (IIJA) funding was committed to upcoming projects by the end of 2025. Beyond 2027, ready-mix demand is expected to be flat without further government investment.

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	$1,546	$1,448	$1,391	$1,346	$1,311
Percent Change, %	17%	-12%	-6%	-4%	-3%	-3%

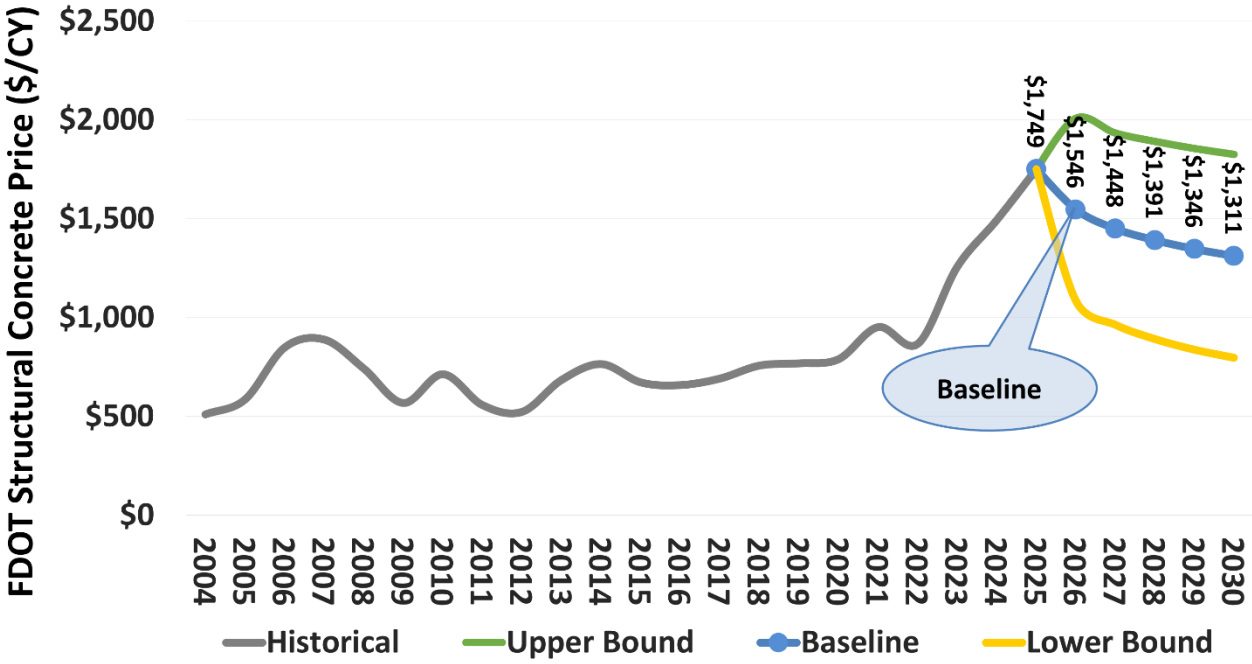
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

With updated data, YTD concrete bids fell to $1,363 per cubic yard from FY 2025 highs of $1,700 per cubic yard. Updated concrete price projections estimate year-end FY 2026 prices may be higher than current bids, but still see a significant decline from FY 2025 based on updated economic outlooks,

industry data, and contractor expectations (**Figure 11**). Projections for 2027 and beyond came up slightly, showing a smoother trajectory than the previous quarter.

Upper bound estimates become more likely if tariffs on cement, aggregate, or other construction materials rise, energy prices increase, or housing activity rebounds due to recent interest rate cuts. Lower bound estimates become more likely if macroeconomic conditions decline rapidly and energy prices remain low.

Figure 11. FDOT Structural Concrete Price Forecast

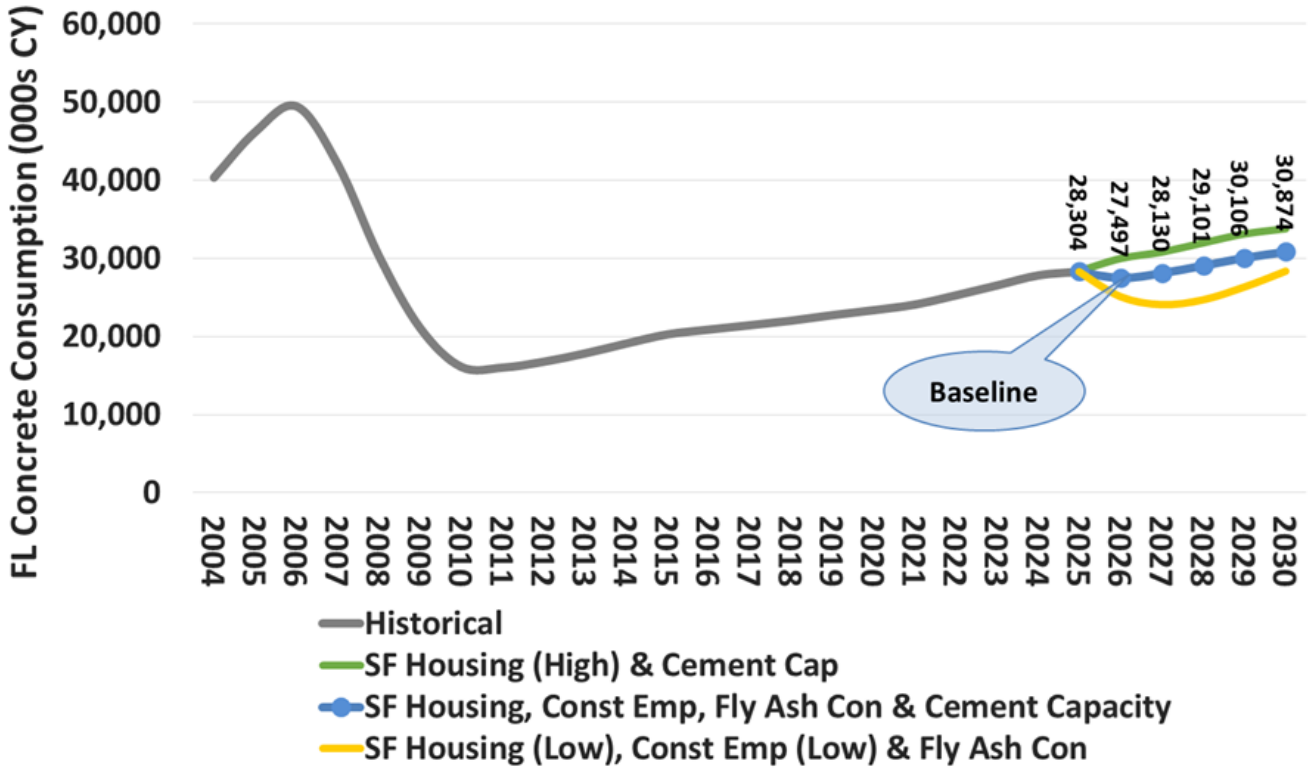


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry source.

Figure 12 shows the output of several quantity models forecasting statewide consumption of concrete. The best estimate tracks changes in housing, construction employment, fly ash consumption[3], and cement capacity. The upper bound would require housing growth (currently expected to decline by as much as 11% in FY 2026[4]), and steady cement capacity utilization. Declining production requiring recessionary conditions is shown in the lower bound.

[3] American Coal Ash Association's 2024 Coal Combustion Product Production & Use Survey Report shows an increase in production and consumption from 2023.
[4] Florida Office of Economic and Demographic Research December 2025 Florida Economic Estimating Conference.

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 production remained strong this quarter, ending 2025 up 1.8% in December, year-over-year. In the week ending January 24, 2026, U.S. steel production was up 4.6% compared to the same week last year.

Input costs (scrap, zinc, iron ore) rose over the quarter due to strong worldwide demand and tariff uncertainty. Record global military spending is likely to support these prices.

Interviews indicated some concerns with raw material availability, and tariff impacts on aluminum and metals prices. Some fabricators see these issues having an impact on meeting market demand, while others were less concerned.

FDOT Impacts

FDOT fabricators reported raising prices this quarter by about 10% on average. Higher input costs like scrap steel and zinc were cited as leading drivers of price increases over the quarter, which were partially or wholly passed onto customers.

Limited YTD structural steel bids showed significant differences in per unit pricing, with one large-quantity project coming in at $5 per pound while a second project measured $29 per pound. Including all bids, the weighted average price is currently $7 per pound. Updated price projections flattened out at around $5 per pound by fiscal year-end.

Reinforcing steel bids were up about 12% with updated data, though not with a statistically significant sample. Projections currently show a 3% increase by fiscal year-end.

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

Raw Materials Nationally, prices for hot-rolled steel increased by 10%, from last reports' estimate of $983 to $1084 in January 2026, the highest price since May 2025. U.S. iron ore prices are no longer reported by USGS and cannot be included. Globally, iron ore prices rose 2% from July to October, and have increased by 1% in the following months. A $191 million feasibility study is underway to investigate whether the Rhodes Ridge project, an undeveloped iron ore deposit site in Western Australia that could produce 40 to 50 million tons of iron ore per year, is viable. Interviews indicated concerns with raw material availability and aluminum and metals tariffs.
Scrap Steel Scrap steel prices increased sharply into the new year, from $360 per gross ton on average in October to $393 as of January 12th, 2026. Compared to January 2025, this equates to an increase of 6.5% year-over-year. Interviews have listed some scrap price increases or at least the expectation of increases in the coming future.
Galvanizing Steel In calendar year 2025 through December, global zinc prices increased 4.4% year-over-year to $1.44 per pound, up 20% compared to the year's low of $1.19 in April 2025. Prices reached a high in Q4 of 2025, with the last time Zinc reached above $1.40 per pound having been in February 2023.
China In January 2026, Chinese steel prices were up 3% year-over-year, at $470 per U.S. ton. While in line with the rising price trend of last quarter, Chinese Steel being priced above $470 per ton was only seen once between January 2025 and January 2026, having risen to $474 on average in the second half of September. Countries including Turkey, Indonesia, India, Canada, Vietnam, and South Korea, have instituted anti-dumping duties on Chinese steel, with Japan investigating the option to impose these duties.
Competition Since the last report, Nippon Steel has moved ahead with investments in U.S. Steel infrastructure after having acquired the company with conditional approval from the current administration. The investments, including relining a blast furnace for $350M (of which, $300M were committed by Nippon Steel), have raised concerns in the industry about clean energy production and decarbonization. Interviews have indicated no major changes in competition.
Labor Interviews mostly state an unchanged labor market while others list a continually diminishing skilled labor market.

Transportation Interviews mentioned some minor diesel fuel cost issues this quarter. However, no major issues with rail or trucking. Diesel prices decreased by 8% in January 2026 year-over-year, with month-over-month prices from December to January falling by 5%. See the **Supply Chain Summary: Asphalt Materials** for details on specialized trucking rates in Florida and changes made by the FMCSA in favor of USDOT operations.

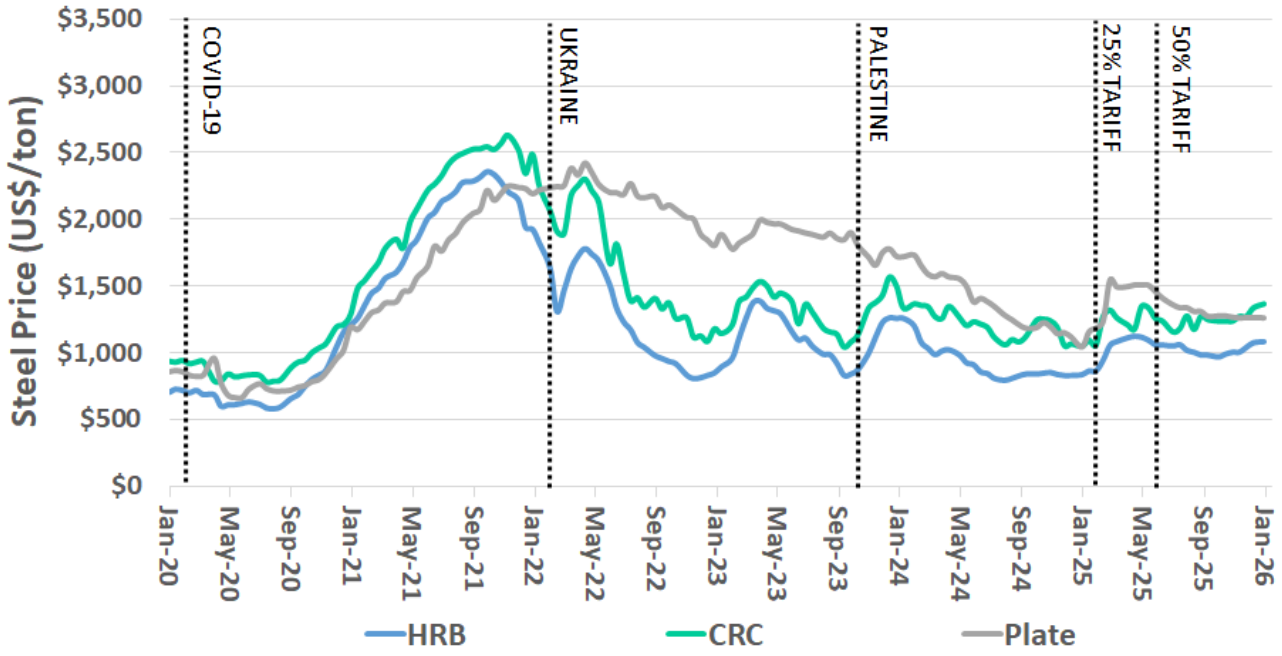
Milling Capacity

Nationwide capacity utilization rates in steel mills in 2026 thus far have averaged 75.6%, a slight decrease from the 76.3% for the same period in 2025, though tonnage produced was higher. OECD has stated in their Steel Outlook 2025 that excess production may drive capacity utilization closer to 70%.

General Trends

U.S. steel prices were relatively flat in late 2025 after a bump early in the year due to the introduction of additional steel tariffs (**Figure 13**). Prices increased in January 2026, but the changes varied by product type: U.S. hot-rolled band (HRB) prices were 28% higher, year-over-year, while cold-rolled coil (CRC) prices were up 27% and steel plate prices were up 13% compared to the same month in 2025.

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	$5.12	$4.92	$5.02	$5.06	$5.05
Percent Change, %	14%	-1%	-4%	2%	1%	0%
Price Reinforcing Steel, $/lb.	$1.34	$1.37	$1.34	$1.28	$1.24	$1.20
Percent Change, %	0%	3%	-3%	-4%	-3%	-3%

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

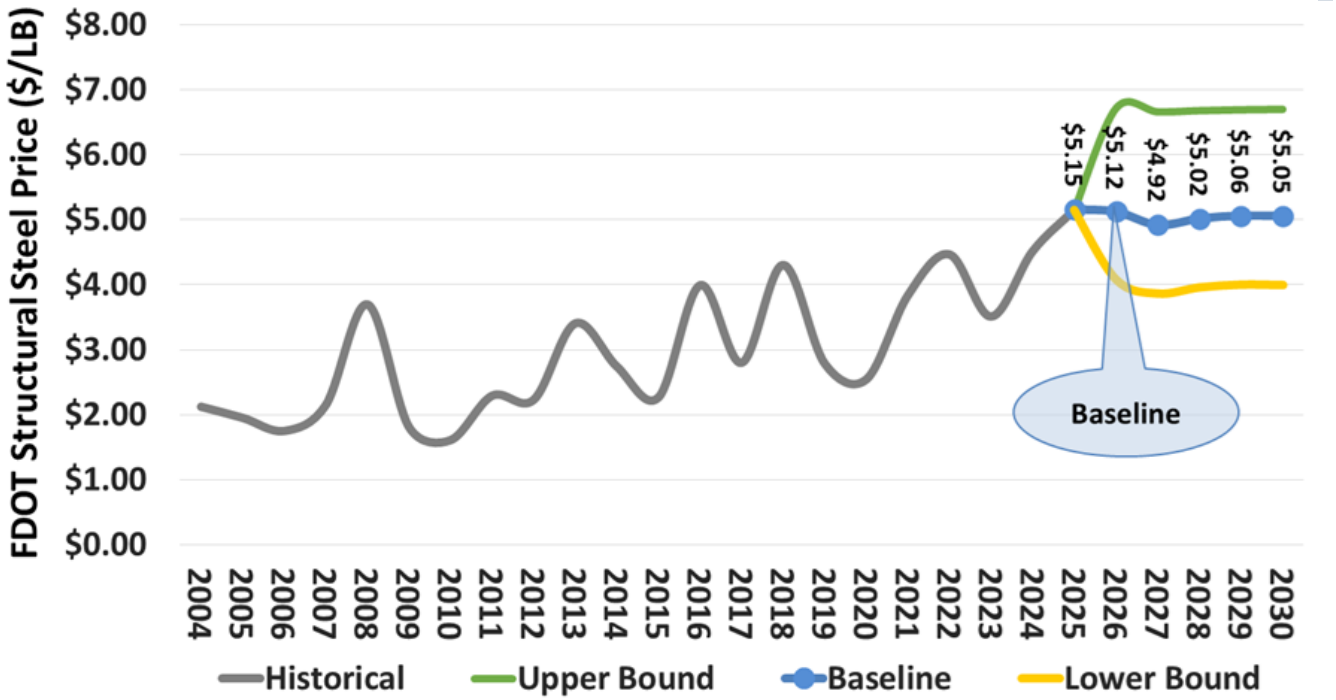
Revised YTD FY 2026 Q2 bid data showed structural steel prices hit $7 per pound with limited bids. While not a statistically significant sample, interviews do indicate that significant price declines are unlikely in the short-term as input costs rose over the last quarter. Coupled with updated modeling, which takes variables like order size, continued low fuel costs, and employment into account, the baseline forecast for structural steel prices is relatively flat.

The upper bound scenario shows prices increasing to $7.00 per pound by fiscal year-end in a tariff-impacted, higher energy environment. This scenario could be feasible in a short-term scenario, but is still 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 $4 per pound. This is higher than the previous quarter, when input costs were seeing some declines. Lower energy costs, no tariff impacts, and lower macroeconomic growth support this scenario.

Revised YTD FDOT bid data showed reinforcing steel prices reaching $1.50 per pound through the second quarter of FY 2026, up 12% from FY 2025 year-end prices. Reinforcing steel is currently forecast to increase by about 3% in FY 2026, before declining in remaining years of the work program. Order quantities are an important factor, and were taken into account along with crude prices and Florida macroeconomic conditions. Strong market demand is likely to keep prices above historical levels, though increases in supplies of raw materials and improved technology may combat further price hikes in the long-term.

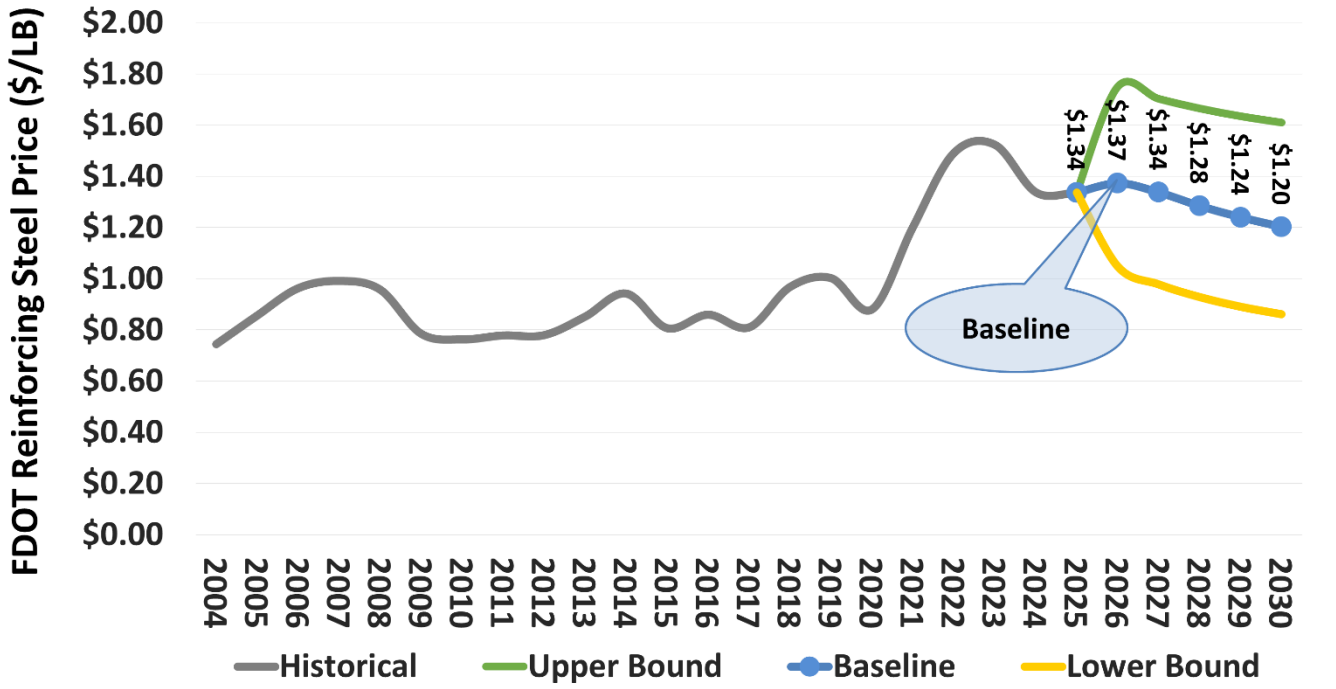
In the upper bound, potential tariff and other macroeconomic impacts and higher energy prices support continued increases in FY 2026 to over $1.70 per pound, before declining through FY 2030. In the lower bound, a severe macroeconomic downturn would drop prices rapidly over the next two years to pre-pandemic levels.

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

Some aggregate producers reported cost increases between 5% to 10% this quarter, though not all were able to pass increases onto customers.

Price increases from smaller producers continue to pace behind larger companies in order to remain competitive.

Tariffs on equipment and parts coming from overseas remains a concern for some producers.

Immigration enforcement has notably impacted labor supply.

FDOT Impacts

FDOT aggregate base bids were flat through FY 2026 Q2 at $28 per square yard compared to $29 per square yard in FY 2025. An updated aggregate base price forecast expects continued moderation of pricing at the post-pandemic price level through the end of the work program.

An upper bound scenario sees prices increase above $40 per square yard range, but this scenario is less likely at this time due to continued low energy costs and an anticipated housing market cooldown in Florida in 2026.

A declining scenario would see rapid de-escalation of prices to pre-pandemic levels, but would require economic collapse.

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

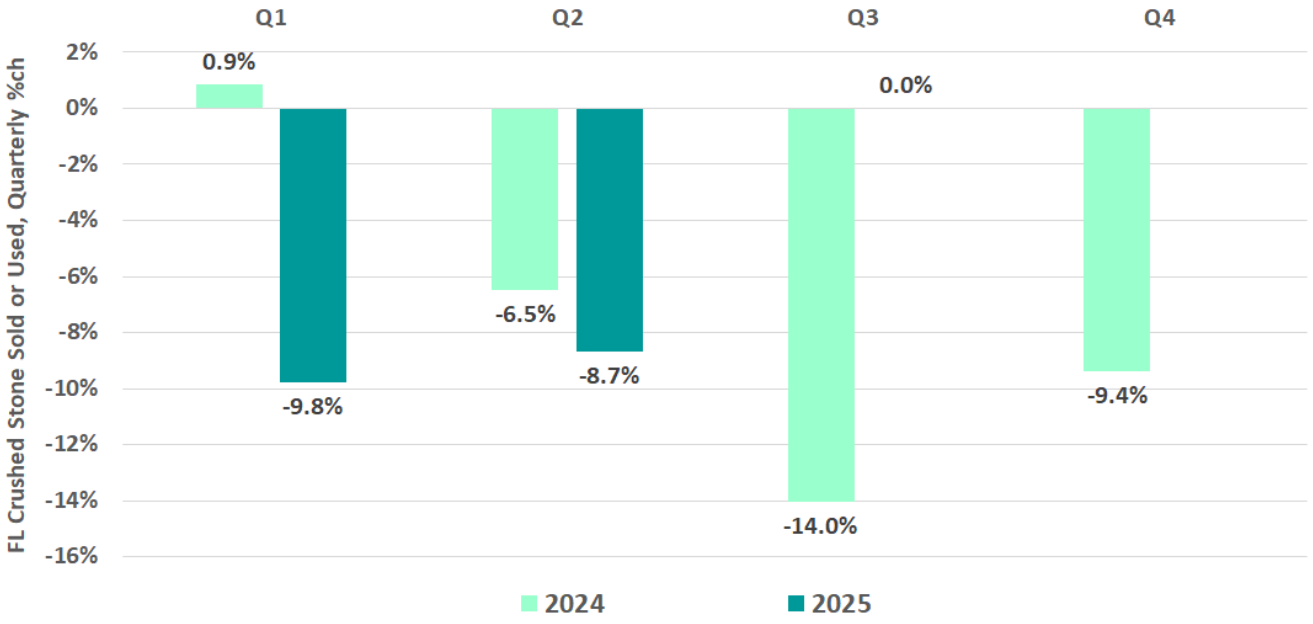
Raw Materials USGS reported that Florida's crushed stone production declined 0.2% in the third quarter of calendar year 2025 compared to the same period in 2024. Nationally, production increased 6.9% during the same period. In the third quarter of 2025, publicly traded companies reported significant price increases between 4% and 14% year-over-year, while volume increases varied between 0% and 12%.
Labor Producers listed no major changes in the labor market. Things remain competitive between companies for limited labor availability. Regional issues in South Florida with immigration policy remain as the migrant labor pool dwindles. Statewide construction employment decreased 1% in November 2025, year-over-over. Wage increases are expected to continue slowing. At the national level, stone mining and quarrying employment was up 3.7% in November 2025, year-over year.
Capital Costs in December 2025, the Federal Reserve further lowered the target federal funds interest rate to a range of 3.5% to 3.75%, down from 3.75% to 4.0%. Thus, this change reflects moderating inflation and steady economic conditions, supporting its effort to encourage business investment without putting upward pressure on prices. Markets widely expect that the Federal Reserve will cut rates one to two times in 2026. As interest rates decline, borrowing costs for equipment and vehicles are expected to ease. However, 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 November 2025, the U.S. Department of Energy (DOE) announced up to $275 million in federal funding to support American Industrial facilities involved in the extraction and recovery of valuable minerals from existing industrial and coal byproducts. In addition, In December 2025, the DOE Office of Critical Minerals and Energy Innovation (CMEI) announced a Notice of Funding Opportunity (NOFO) of up to $134 million to improve domestic supply chains for rare earth elements. However, the recent ruling on Florida's 404 permitting program continues to create uncertainty within the industry.

Rail is the primary mode of transportation for aggregates from Georgia, and from Lake Belt to Central and Northeast Florida. In the third quarter of calendar year 2025, revenues of aggregate products shipped by CSX fell 15.7% 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.
Trucking Interviewed contractors reported no major issues with trucking and transportation this quarter. In January 2026, diesel prices decreased by 8% year-over-year, with month-over-month prices falling by 5% from December 2025 to January 2026.
Competition As of calendar year 2025, the number of FDOT approved aggregate producers increased by 10.7%, with new mines added since October 2025 across multiple districts. Specifically, one new mine was added in each of Districts 1, 3, 4, and 7.

General Trends

According to quarterly data released by the USGS, Florida crushed stone sold or used by producers was flat in the third quarter of calendar year 2025 compared to the same quarter in 2024 (**Figure 16**). Crushed stone production increased by 6.9% nationally in 2025 Q3.

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, order quantities, supply chain variables and other macroeconomic indicators. **Table 9** provides the forecast average price for aggregate base course weighted average price. With revised FDOT data, YTD FY 2026 Q2 bids were $28 per square yard, about 2% lower than FY 2025. However, some suppliers expect to see a 10% increase in base prices on January 1, 2026, which would impact FY 2026 year-end pricing.

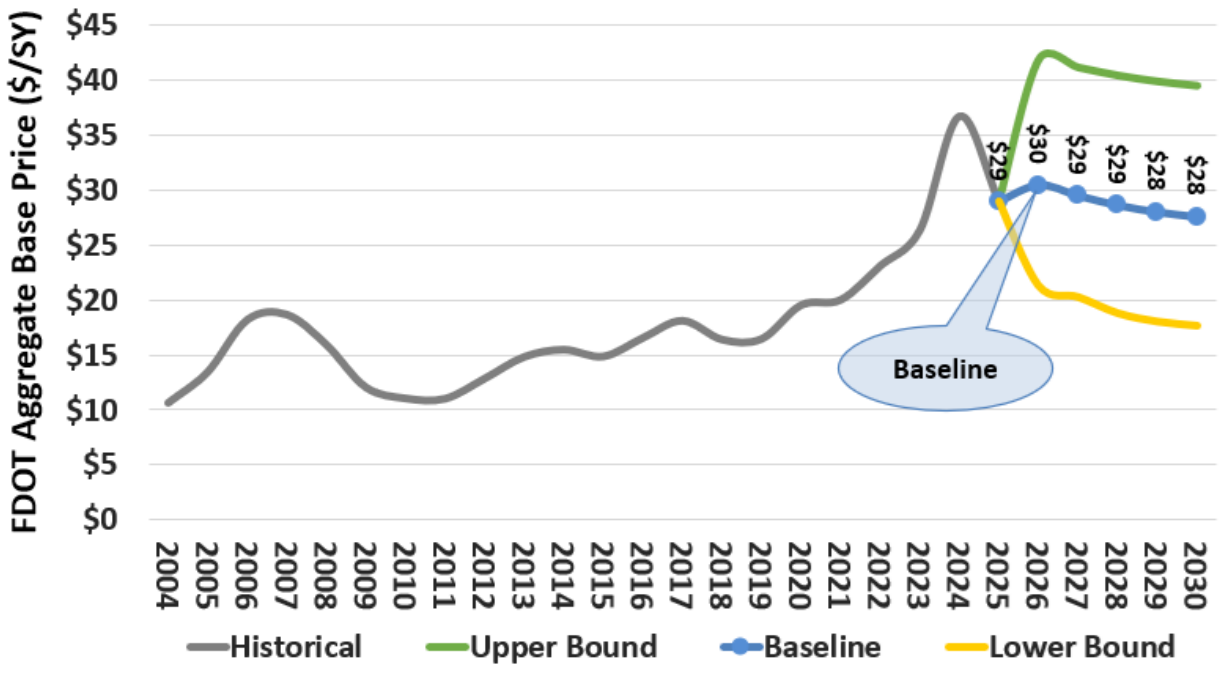
Table 9. FDOT Aggregate Base Price Forecast Results

Year	2025	2026	2027	2028	2029	2030
Price Aggregate Base, $/SY	$29	$30	$29	$29	$28	$28
Percent Change, %	-21%	5%	-3%	-3%	-2%	-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 fuel and crushed stone prices, Florida construction employment, FDOT work program, and order quantities. In the baseline case, projected prices are forecast to rise in FY 2026 before flattening out through FY 2030 (**Figure 17**). In the upper bound, macroeconomic growth, heavy demand, and higher energy prices and tariff impacts support prices increasing to over $40 per square yard at record high levels. In the lower bound, a severe macroeconomic correction would push prices down to pre-pandemic levels.

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 bids continue to be unstable, heavily driven by order quantity and location.

Recent energy price projections remained low this quarter (sinking to 2017 levels at about $52 per barrel), indicating that fuel costs should continue to moderate.

Contractors continue to report concerns about equipment parts supply as foreign sources are being impacted by tariffs.

Prices rose for some earthwork-related equipment sold in the U.S. over the last quarter (dump trucks), while other equipment like dozers and excavators saw declines.

FDOT Impacts

With updated bids, YTD FY 2026 Q2 FDOT earthwork prices were down 36% to $19 per cubic yard from $29 in Q1. Current modeling supports market expectations that earthwork costs will remain high this year, but some moderation could occur in later years.

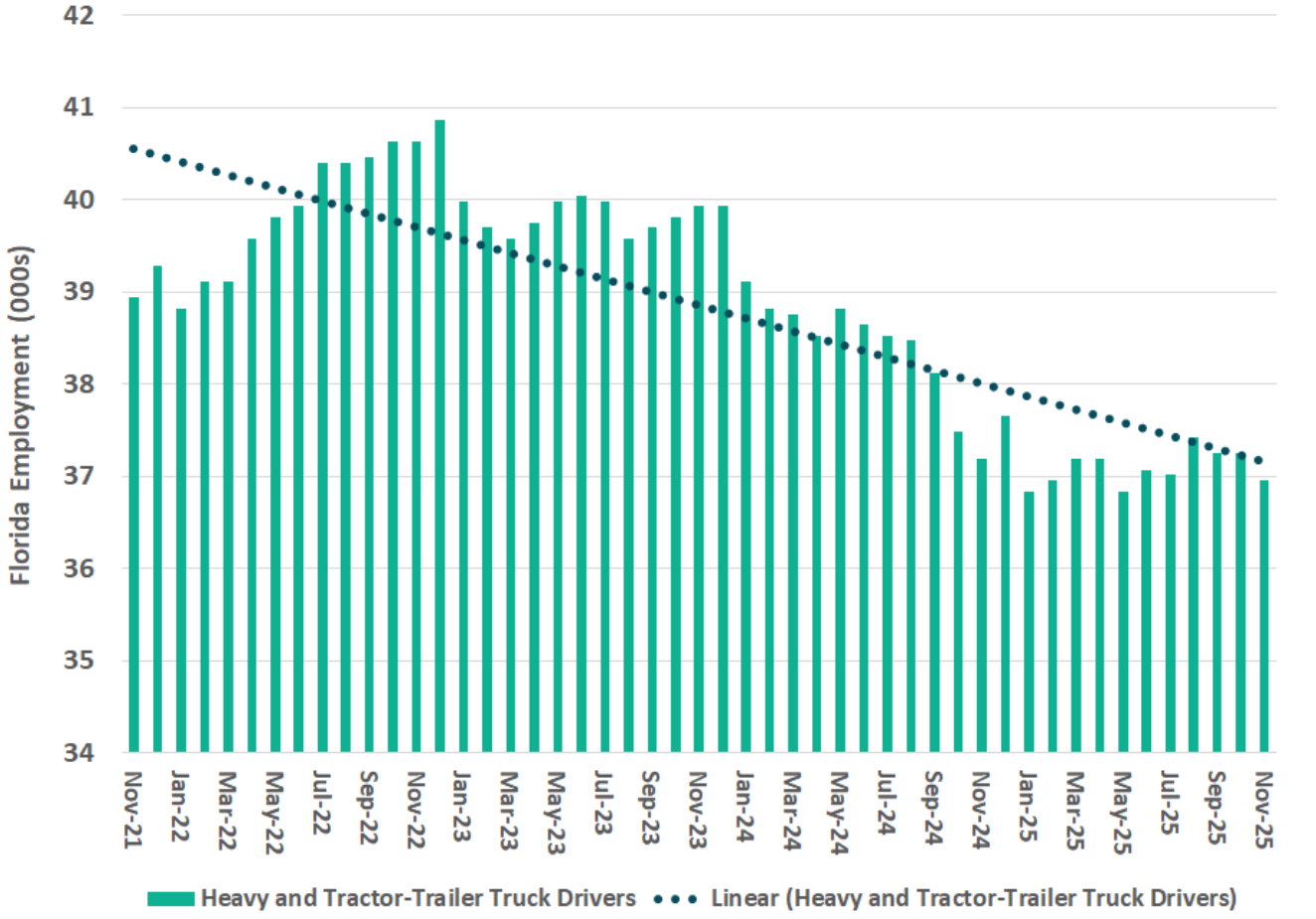
The baseline estimate sees prices ending the fiscal year at about $19 per cubic yard, before prices moderate throughout the remaining years of the Work Program due to sustained low energy costs and weakening macroeconomic conditions in Florida (construction employment expected to be flat in 2026 and housing starts now forecast to drop 11% during the calendar year).

The upper bound of pricing is possible if demand surges or macroeconomic growth rebounds. On the lower bound, a significant drop in demand would be required to approach pre-pandemic prices.

General Trends

On average, truck transportation employment decreased 1% year-over-year in November 2025 according to the most 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 where wages are more competitive. Immigration enforcement may also be contributing to the decline in Florida truck driver availability.

Figure 18. Florida CDL Counts



Source: FLHSMV, TBG Work Product.

Earthmoving Equipment and Trucking

According to Rouse Market Trends, pricing for earthwork-related used equipment in the U.S. increased for about half of the tracked equipment types over the last quarter (**Table 10**). U.S. sales volumes were weaker for most equipment types, however. The age of equipment and average equipment usage were relatively unchanged or falling over the quarter.

Table 10. U.S. Equipment Prices, FY 2025 Q4 vs FY 2026 Q1

Equipment Type	Pricing	Volume	Age at Sale	Usage
Articulated Dump Trucks	↑	↑	↓	↓
Dozers	=	↑	=	=
Excavators	=	↑	↓	↑
Motor Graders	↓	↑	↑	↑
Wheel Loaders	=	=	=	=
Backhoe Loaders	↓	↓	↑	=
Multi Terrain Loaders	↑	↓	↓	↓
Skid Steers	↓	↓	↓	↓
Tele-handlers	↓	↓	↓	=
Boom Lifts	↑	↓	=	↓
Scissor Lifts	↑	↓	=	↓
Forklifts	↑	↓	↓	↓
Truck Tractors	↑	↓	↓	↓

Legend	
↓	Quarter-over-quarter decline
=	No change
↑	Quarter-over-quarter increase

Source: Rouse Market Trends Report, North America Edition, Q3 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 pricing fell 51% compared to FY 2024 highs, a huge swing. So far in FY 2026, YTD bids show a weighted average price of $19 per cubic yard, down from $29 per cubic yard in Q1. Earthwork price stability remains unlikely in the short-run, with large scale projects not represented in traditional lettings data (like MI-4) or other intense concentrations of demand in specific areas resulting in higher prices than seen elsewhere in the state.

Table 11. Earthwork Price Forecast Results

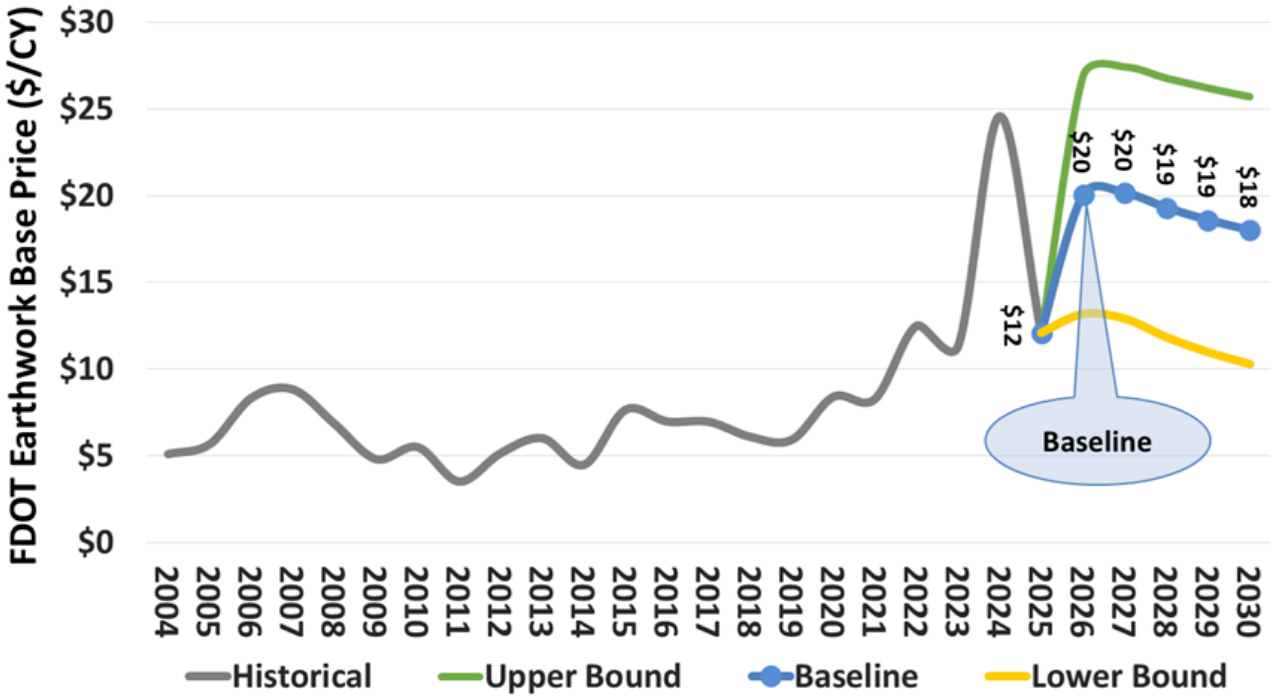
Year	2025	2026	2027	2028	2029	2030
Price Earthwork, $/CY	$12	$19	$16	$14	$13	$14
Percent Change, %	-51%	59%	-19%	-12%	-2%	4%

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 updated with recent forecasts for flat construction employment and expectations of a significant drop in residential demand. The baseline projection anticipates that the decline seen in FY 2025 may be reversed by year-end FY 2026, though not to FY 2024 highs. 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 and higher demand. In the lower bound, prices drop to post-pandemic lows with macroeconomic declines and reduced demand.

Figure 19. Earthwork Price Forecast



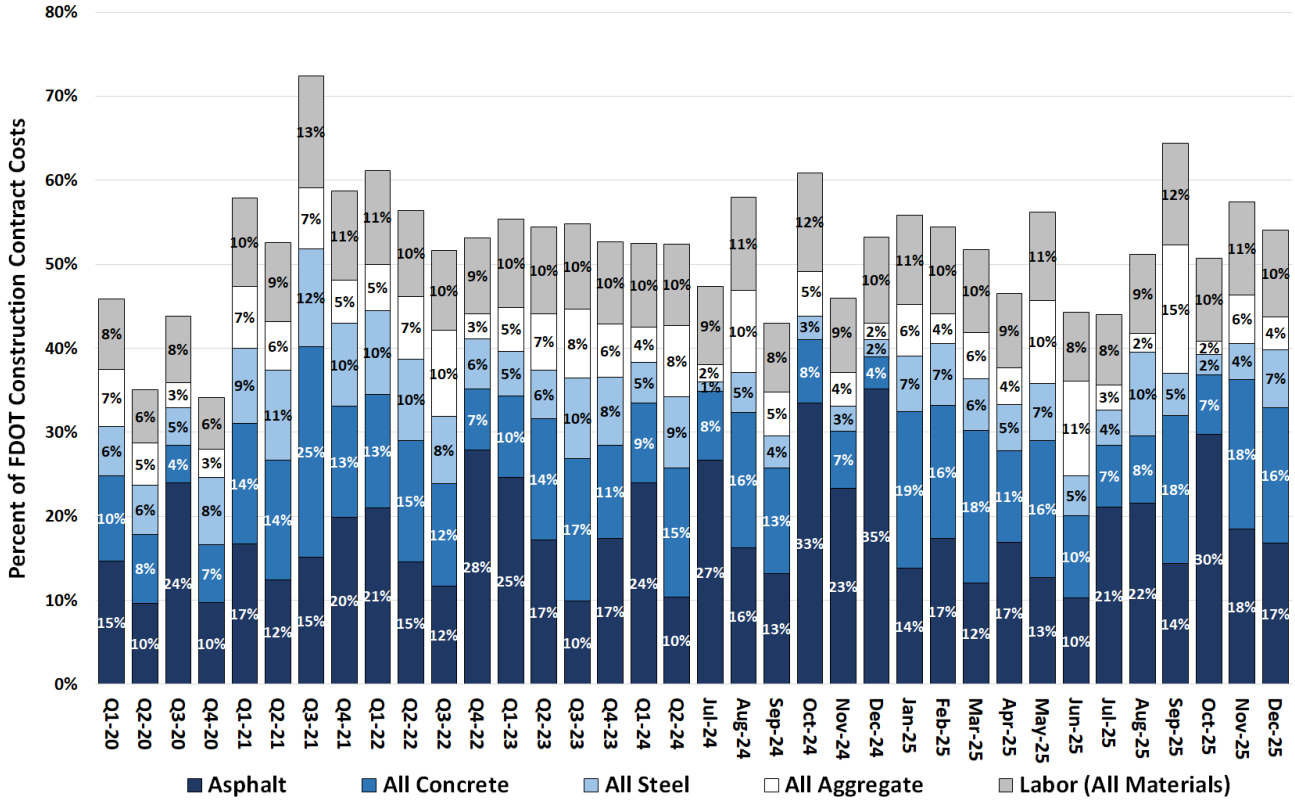
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.
(Variable descriptions available in the **Appendix C**.)

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 and concrete costs were the largest share of total costs in November and December 2025 according to revised data. Steel and aggregate costs were closer to historical averages than they had been in the previous quarter. Labor costs accounted for at least 10% of total costs over the last quarter.

Figure A- 1. Monthly Cost Composition

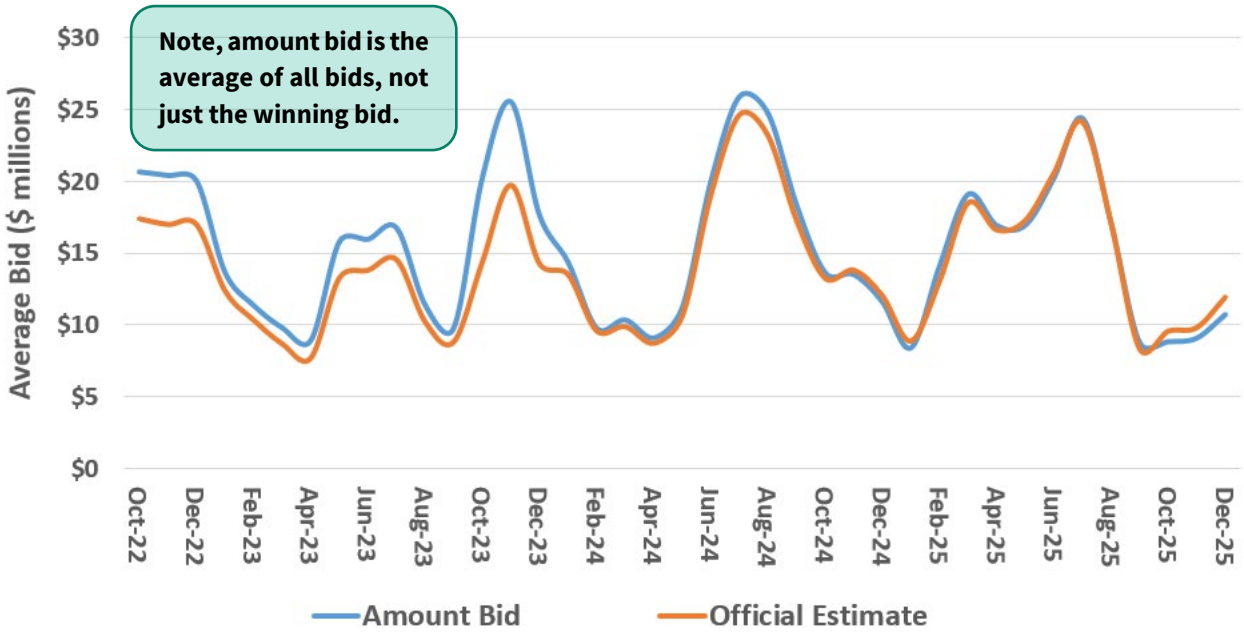


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

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 second quarter of Fiscal Year 2026, the average deviation of all bids from the mean of all official preliminary project costs was 10%; lower 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 0.2% higher than the official project cost.

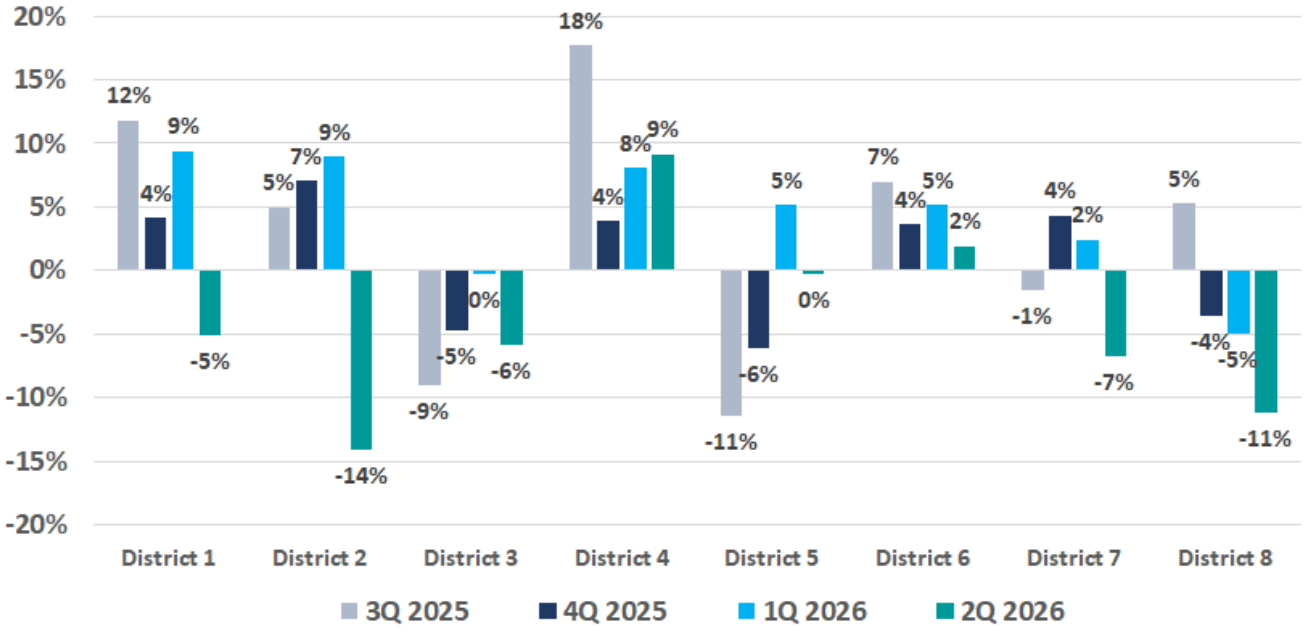
Figure A- 2. Average Bid vs. Official Project Cost, 3-month Rolling Average



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. In the most recent quarter, average bids in most districts were lower than the official project cost.

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

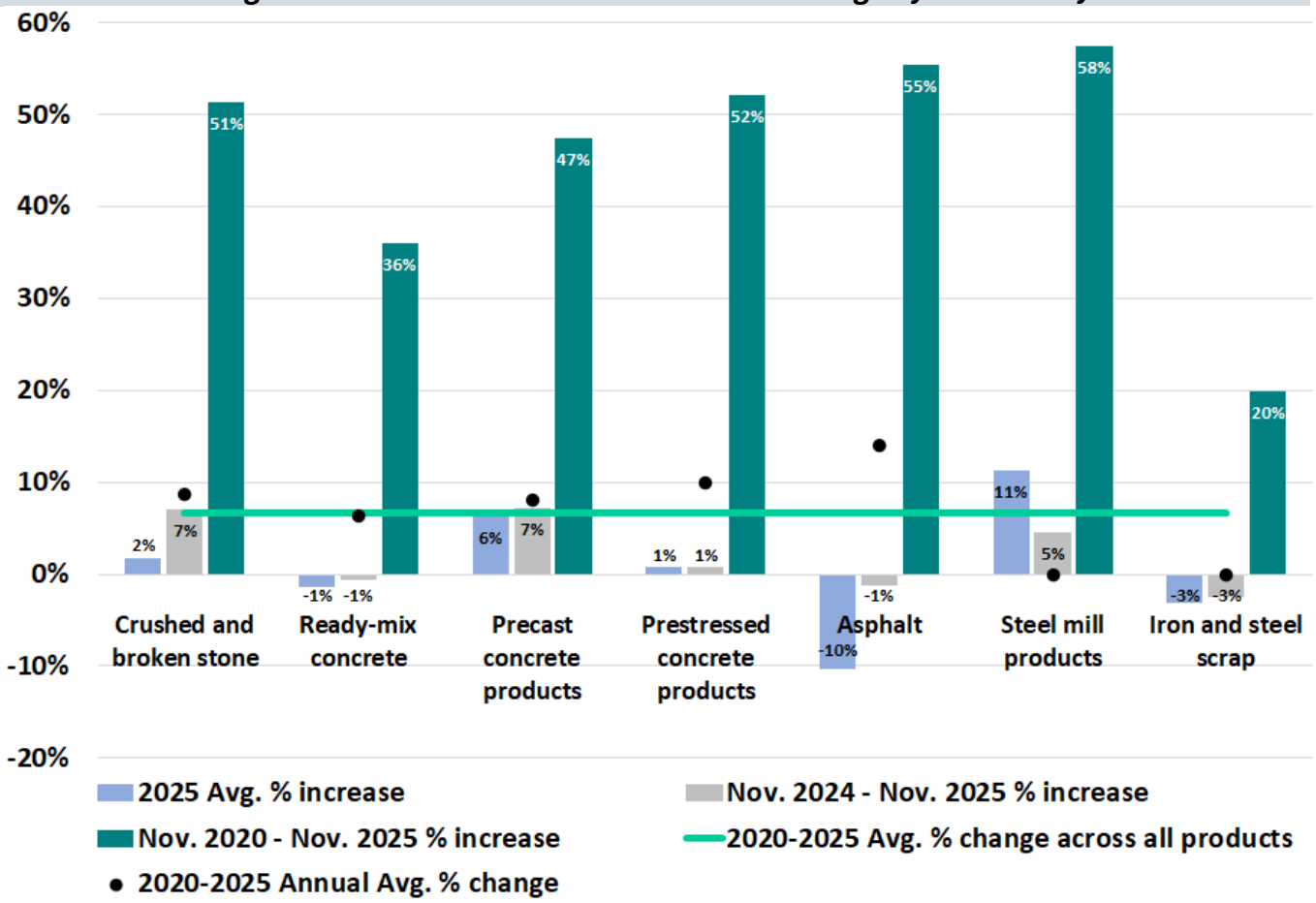


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

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 November 2024 and November 2025 was up 2%. Crushed and broken stone and precast concrete products had the largest increases at 7%, while steel mill products increased 5% in November 2025, year-over-year. Ready-mix and prestressed concrete products and asphalt[5] were flat over the same time period. Iron and steel scrap prices saw a 3% decline. **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**

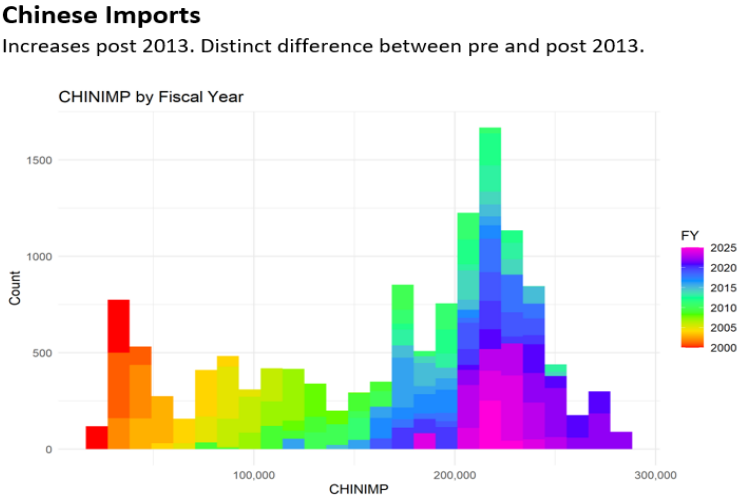
Econometric modeling was conducted to develop the forecasts in this report. Pay item data obtained from FDOT's Forecasting and Project Cost Office was used to develop time series datasets for each material comprising a significant share of total FDOT Work Program expenditures. While the time period varied by material, in general the datasets are comprised of bids from FY 2000 – FY 2026 Q2. 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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