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PREPARED FOR



FISCAL YEAR 25/26
THIRD QUARTERLY REPORT
STRATEGIC RESOURCE EVALUATION STUDY
HIGHWAY CONSTRUCTION MATERIALS
CONTRACT BEC18

OVERVIEW: FLORIDA'S HIGHWAY CONSTRUCTION MATERIALS



ASPHALT

Asphalt bids declined 5% through FY 2026 Q3 compared to year-end FY 2025 with preliminary year-to-date data. Lettings to date have mostly reflected expectations of a short conflict and a return to normal crude markets, but this is looking less likely. Asphalt producers and contractors reported significant price increases as a result of the war in Iran. Updated modeling shows FY 2026 ending about 1% below current market rates, at a weighted average price of \$158 per ton. Prolonged disruption in energy markets would adjust pricing upwards; models show upper bounds closer to FY 2024 levels. Slowing macroeconomic conditions could temper this. Some short-term benefits from Venezuelan exports may help FDOT pricing for a quarter or two.



CONCRETE

Concrete bids increased quarter-over-quarter, but are still down 18% year-over-year. Concrete suppliers continue to pass on cost increases, and fuel surcharges for material deliveries are widely reported. Broader economic decline and competition are reining in prices for FDOT, but energy cost issues will temper some of the benefit. Macroeconomic factors are most likely to determine concrete bids in the coming year, given sufficient capacity in the market. Current tariffs and their potential expiration could continue to disrupt existing supply arrangements for FDOT vendors.



STEEL

Input prices were up across the board this quarter, despite substantial increases in domestic production, resulting in higher reinforcing steel costs for FDOT (up 11%). Scrap steel, iron ore, and zinc prices are up again, along with trucking and fuel costs. Suppliers report concerns about outstanding tariff and immigration issues, and looking forward are very concerned about transport costs. Structural steel bids were limited. Updated price projections show continued volatility — industry experts use the term “sawtooth” for current price movements — due to global disruptions.



AGGREGATE

Aggregate base bids declined significantly in FY 2026 Q3 compared to FY 2025, largely due to lower energy costs, which have now changed direction. Suppliers reported cost increases have been announced for mid-year. There are high levels of concern about rapidly increasing fuel costs and the ability of trucking suppliers to maintain sufficient operating margins. Updated price projections are essentially flat due to slowing demand and tight competition. Some districts could see upper bound pricing under high energy cost scenarios depending on activity in other sectors. General slowing of demand has offset the most acute tariff and immigration concerns.



EARTHWORK

Earthwork costs have mostly returned to more normal ranges, and updated models show continued moderation. However, war-related energy costs could bump bids up significantly, although not to recent records. Slowing of the economy is expected to support sufficient competition to FDOT's benefit, but trucking and fuel costs could shrink the pool of available providers. Tariffs are still a source of uncertainty for parts and equipment for some suppliers.

FDOT Bid Index

FDOT winning contractor bids trended downward over the last quarter, but were still **25% higher than November 2020 levels**, according to preliminary March 2026 data for *winning* bids. The **industry benchmark was 34% higher** than November 2020 levels through March 2026.

Average bid prices were 24% higher than pre-pandemic levels in March 2026 according to preliminary data. The gap between *average* bid prices (calculated from all bids received) and *winning* (awarded) bid prices has narrowed over the last three months, indicating bids are coming in closer to each other than in previous quarters. On average, the number of bids per contract increased to 5 in FY 2026 (YTD), compared to 4 in FY 2025 and 3 in FY 2024.

The FDOT Cost Index is calculated by assessing winning 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.

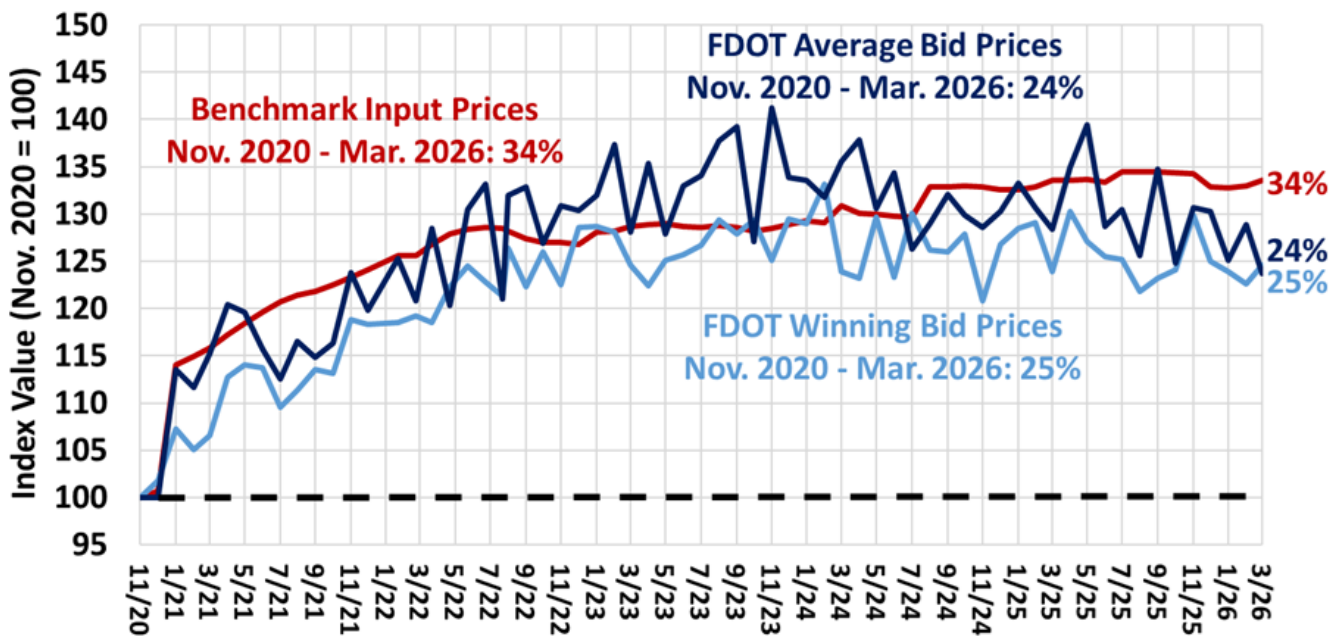
Monthly cost composition by material is provided in **Appendix A**, along with an update on the Bureau of Labor Statistics (BLS) Producer Price Index (PPI).

25%
increase in awarded bid prices since Nov 2020

24%
increase in average bid prices since Nov 2020

34%
increase in benchmark input costs since Nov 2020

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 price increases have flattened over the last few years (**Table 1**). For winning bids, preliminary data shows an increase of 6% in 2026 Q1 relative to 2023 Q1 winning bids, 2% lower than the same quarter in 2025. Average bids fell in 2026 Q1 as well, with preliminary data showing only a 2% lead on 2023 Q1 average bids.

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%
2026 Q1	6%	2%	6%

Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.
 Note: 2026 Q1 data is preliminary.

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 3.3% in March 2026, year-over-year, up from **2.7%** in December 2025. The Core Consumer Price Index (CPI), which excludes food and energy price, was also **2.6%** in March. A majority of respondents to the National Association for Business Economists (NABE) March 2026 Outlook Survey cited broadening of geopolitical conflicts (69%) and persistently high inflation (7%) as the top two downside risks to the U.S. economy over the next 12 months.

Current U.S. Inflation

March 2026 CPI

3.3%

March 2026 Core CPI

2.6%

69% of businesses cited broadening of geopolitical conflicts as the top downside risk to the U.S. economy over the next 12 months

U.S. Tariff Expectations

2024 Effective Rate

2.5%

2025 Effective Rate
(As of December 31, 2025)

14.2%

2026 Effective Rate
(As of April 1, 2026)

11.1%

According to researchers at Yale, the U.S. Daily Effective Tariff Rate was 11.1% in April 2026, down from 14.2% at the end of December 2025. Only 5% of NABE's March 2026 Outlook Survey respondents cited tariff impacts as a top downside risk to the U.S. economy over the next 12 months. Similarly, only 5% of respondents cited a roll back of tariffs as the greatest upside risk. About 43% of respondents believe there is a 35% to 50% chance that the U.S. will enter a recession over the next 12 months. This is a 10% increase from 33% of respondents in the November 2025 Outlook Survey.

U.S. real GDP grew by only 0.5%¹ in the quarter ending December 31, 2025, down from 4.4% in the previous quarter. Projected real GDP for 2026 (calendar year) is expected to be 2.4%². Forecasts for 2027 and 2028 were 2.3% and 2.1%, respectively. Estimated personal consumption expenditures (PCE) inflation for 2026 was 2.7%, while PCE inflation in 2027 and 2028 were projected at 2.2% and 2.0%, respectively. The 2026 expected unemployment rate is 4.4%.

Official Projections

2026 Real GDP

2.4%

2026 PCE Inflation

2.7%

2026 Unemployment

4.4%

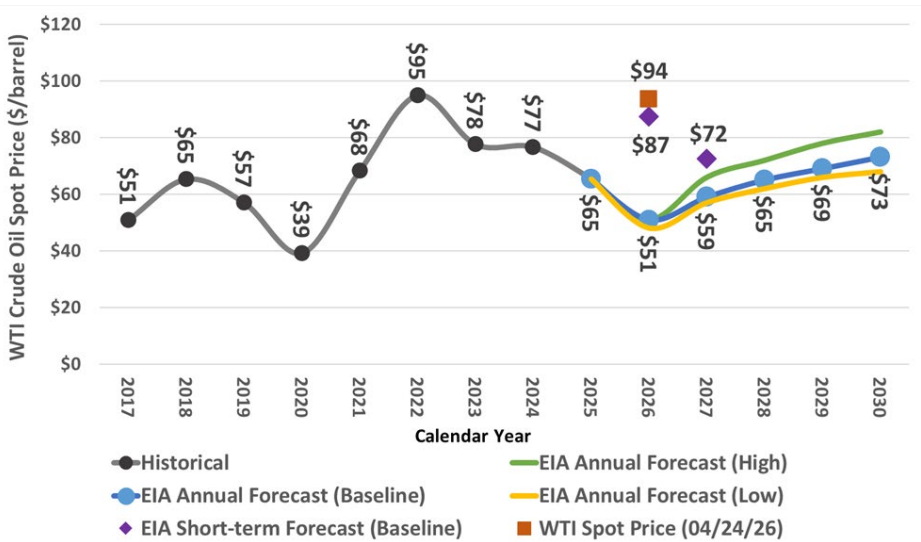
¹ On a quarter-over-quarter, seasonally adjusted annual basis.

² March 2026 Federal Open Market Committee (FOMC) projections.

Energy

The latest U.S. Energy Information Administration (EIA) long-term forecast (April 2026) expected 2026 crude oil prices to fall to \$51 per barrel (analysis likely pre-Iran), before increasing to \$57 per barrel in 2027 (Figure 2). EIA’s April 2026 short-term forecast, however, estimates prices could increase to \$87 per barrel by calendar year-end.

Figure 2. Annual Crude Oil Price, 2017 to 2030

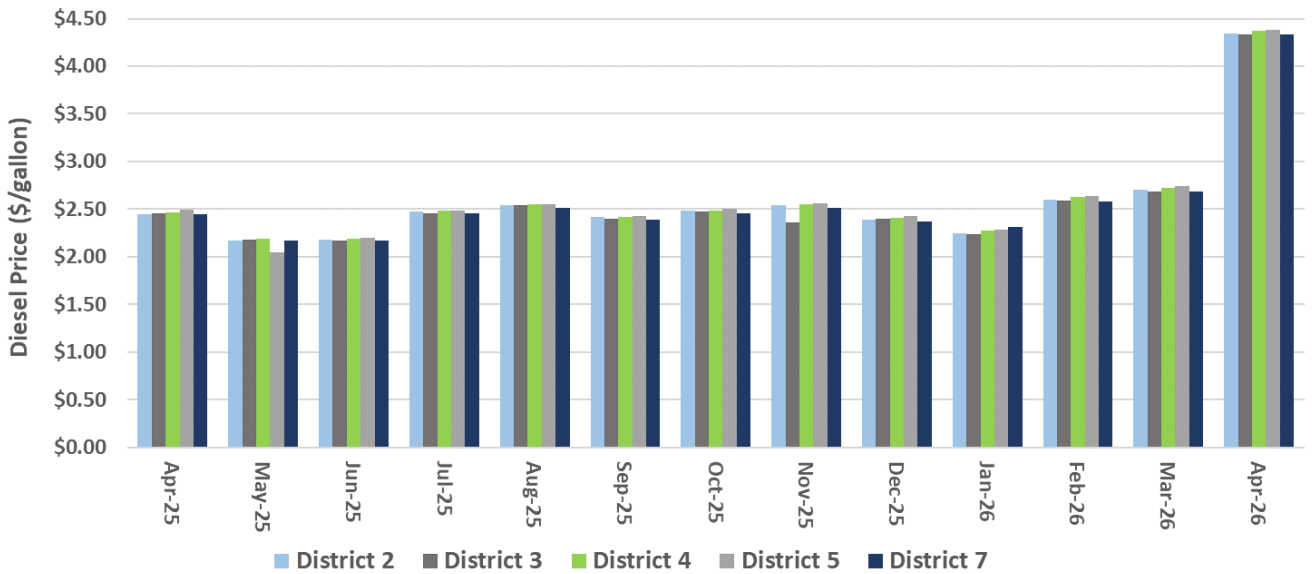


Source: EIA 2026 Annual Energy Outlook and Short-Term Energy Outlook.

Current spot pricing is tracking above the upper bound scenario of EIA’s long-term forecast at about **\$94 per barrel**.

Diesel price quotes from suppliers at terminals around the state rose sharply in April 2026, up 61% compared to March 2026 and 77% year-over-year, as WTI crude oil spot prices held at about \$100 per barrel through the end of April 2026. District prices averaged \$4.35 per gallon in April 2026 (Figure 3).

Figure 3. Average Diesel Price by District

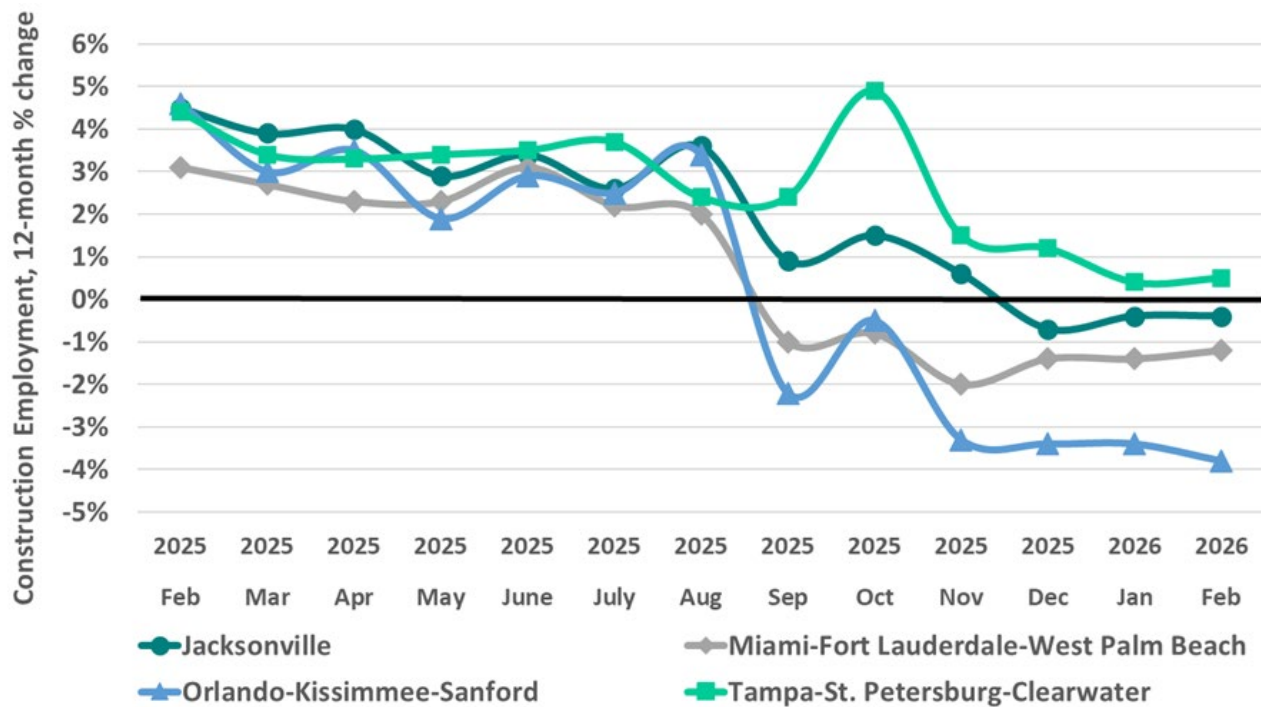


Source: FDOT State Construction Office.

Construction Employment

Statewide construction employment fell 1.4% in February 2026 compared to the same month last year. Contractors in South Florida have reported some disruption in labor supply due to immigration enforcement efforts. While these disruptions appear to have stabilized, the labor market is constrained in these regions. Metro construction employment growth slowed in most major metro areas in February, with the Orlando-Kissimmee-Sanford area seeing sustained declines of about 3.5% - 4%, year-over-year (**Figure 4**). Construction employment growth was flat in the Tampa metro area in February 2026, with minimal growth year-over-year.

Figure 4. Changes in Construction Employment in Major Florida Markets



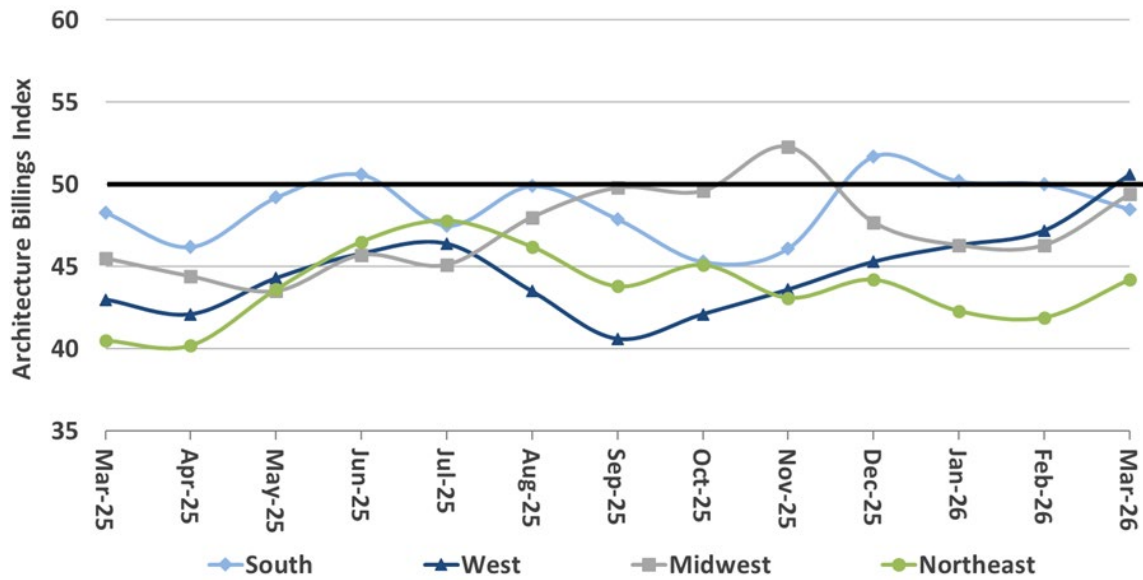
Source: Bureau of Labor Statistics.

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 49.8 in March 2026, 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 South (January and February) and the West (March) scored above 50 over the last quarter.

Figure 5. ABI Billings Index



Source: American Institute of Architects, Architecture Billings Index.

Rail

In January 2026, CSX experienced significant layoffs leading to a 6.8% decrease in year-over-year employment for February 2026. Counts fluctuated around 7,988 in January 2025 and 7,475 in February 2026. Employment peaked in February 2025 at 8,021 with a low of 7,475 in February 2026 during this timeframe. Regarding operating performance, average terminal dwell time between January 2025 and March 2025 in Jacksonville decreased 3.5% year-over-year to 21.6 hours and decreased in Waycross, GA by 7.2% to 27.9 hours⁴. The overall system dwell time during the same timeframe decreased 6.2% to 22 hours year-to-year. Dwell times have improved compared with the same period last year, with greater reductions in Waycross. Lower dwell times signify 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:

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.

Senators Push for OSHA Heat Rule Change, NEP Expires

A coalition of Senators have pushed for OSHA to drop its heat National Emphasis Program (NEP). This heat rule would require nationwide changes to both indoor and outdoor settings and add specific protections at two heat thresholds. Senators argued that this rule tries to be a one-size-fits-all approach and as a result is inefficient and harmful to business. On OSHA's end, they have stalled on changes to the rule and it was set to expire on April 8th, 2026. The now expired rule required businesses to provide adequate plans and support to workers working in high heat environments at thresholds of 80 degrees and 90 degrees Fahrenheit. These rule changes will likely have significant impact in Florida due to a higher frequency of extreme heat events.

States' Take Authority Over NEPA Reviews

Several states, including Florida, have entered into agreements with the Federal Highway Administration allowing for the states to take over responsibilities for environmental reviews under the National Environmental Policy Act (NEPA). This follows significant rollbacks in NEPA mandates by the White House in a stated attempt to lift regulations and expedite project timelines.

Trade Groups Request Congress to Back Formula Funding for States

Current federal formula funding has 85% of dollars going toward state DOTs and 15% going to local governments. Various trade groups, led by the American Association of State Highway and Transportation Officials, are trying to ensure states keep the lion share of formula funding as they argue that state DOTs often take the majority of traffic, assist with project design and planning for local governments, and handle disaster recovery. Due to increasing costs, states want to ensure they have adequate funding for necessary projects. In 2023, Florida received 4.8% of federal formula funding.

DBE Litigation Outcomes

A lawsuit filed back in 2023 against the USDOT's Disadvantaged Business Enterprise program was recently dismissed after a federal judge stated that recent changes to the program made any further litigation unnecessary. Some argued that race and gender factors should be removed, but recent changes by the USDOT had already eliminated these requirements before the judge could decide. Further suspensions of the program occurred as states evaluate firms that were already participating in the program.

Supreme Court Strikes Down Tariffs, Replacement Tariffs Follow

Back in February, the Supreme Court ruled that Trump's tariffs, imposed by the International Emergency Economic Powers Act (IEPPA), were unconstitutional in a 6-3 decision. This decision will lead to \$166 billion in tariff refunds to importing firms. However, the White House followed this decision with a global 10% tariff. While this new tariff expires in July, Congress has the power to extend it. The White House says it is exploring other legal avenues to impose further tariffs.



Summary

Asphalt producers reported steady price increases through March due to recent war-driven fuel and binder cost increases. Mid-year price increases have been announced by multiple suppliers.

Potential binder supply relief from Venezuela is still likely in the short-term, but global prices and crude oil infrastructure challenges are expected to rein in any gains.

Fuel and transportation costs rose substantially at the end of the quarter and leading into April 2026.

FDOT Impacts

Year-to-date (YTD) FY 2026 Q3 asphalt bids averaged \$160 per ton with preliminary data, down 5% compared to year-end FY 2025 prices and down 1% compared to last quarter. Current modeling expects FDOT asphalt price moderation to continue through fiscal year-end bids.

According to Argus Media, bulk asphalt binder prices in the U.S. Gulf Coast rose from \$290 - \$305 per ton in January 2026 to \$520 - \$550 per ton in later April 2026. Florida rack prices rose from \$570 per ton to \$628 per ton over the same period.

Higher crude oil prices, along with seasonal demand, may impact FDOT bids during the next quarter and into FY 2027.



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 8.8% during the fourth quarter of calendar year 2025. At the national level, production increased 1.5% in the same period. Aggregate prices are expected to continue increasing in the second half of 2026, though at a more moderate pace. While aggregate price increases generally only happen on Jan 1st, expectations are that mid-year price increases will hit because of fuel cost increases with the Iran conflict. No issues with supply have been mentioned.

Labor Skilled labor remains a key issue for asphalt plant operators. Statewide construction employment declined by 1% year-over-year and decreased 1.2% month-over-month. A worsening or stagnant labor market has been reported with some suppliers mentioning a contracted labor market due to immigration policies. Competition remains high for workers and contractors.

Asphalt Binder Unmodified (PG 67 & lower) asphalt binder prices trended downward in the first quarter of calendar year 2026, declining from \$2.48 per gallon in January to \$2.40 per gallon in March, before rising to \$2.80 per gallon in April. In calendar year 2026, prices rose by 7.9% in April compared with the same month in 2025. Rack binder prices in Jacksonville, Miami, and Tampa increased 1.7%, 5.9%, and 11.6%, year-over-year, respectively. Global oil prices remain volatile due to ongoing geopolitical tensions, including instability in the Middle East and risks to key shipping routes like the Strait of Hormuz, keeping costs and prices elevated. However, OPEC+ recent output increases have been modest and have done little to ease market tightness, with volatility persisting. The Iran conflict has caused major price increases for binder as reported in interviews.

Trucking According to Freight Transportation Research, specialized trucking rates in Florida were mostly normal from January 2026 through mid-March, before rising to 10% to 20% above normal from late March through April, while volumes have been mostly up to 100% above normal since January 2026. In the week ended April 10, 2026, total spot rates increased to their highest level since June 2022. On February 13, 2026, FMCSA finalized a rule tightening commercial driver’s license (CDL) eligibility requirements. Effective March 16, 2026, the rule introduces stricter limits on non-domiciled CDL issuance and reinforces compliance across the trucking industry. Diesel prices rose 76.8% year-over-year in April 2026, largely due to higher crude oil prices and ongoing geopolitical tensions that tightened supply. Interviews have reported major fuel cost increases and fuel surcharges as a result of the conflict in Iran.

Polymers Polymer inputs remain a supply chain risk due to limited supplier availability. U.S. production of resins increased 2.7% in February 2026 compared to the same period in 2025. Year-to-date production increased by 5.0% year-over-year. The U.S. Chemical Regional Production Index remained relatively stable, declining 0.4% month-over-month and 1.7% year-over-year in January 2026, indicating a slight contraction in production levels. Despite some global improvement, industry sentiment remains cautious in the second quarter of 2026. Reference prices and volumes from Q4 of calendar year 2025 earnings of a publicly traded polymer producer increased by 17% year-over-year. The average cost per ton of ethylene production rose 14% quarter-over-quarter but declined 2% since Q1 of calendar year 2025. No availability issues were reported at this time.

Refinery Capacity In January 2026, the EIA estimated that asphalt supplied to the East Coast decreased 4.5% year-over-year, pointing to a slight decline in demand, while asphalt production on the Gulf Coast decreased 4.4%, year-over-year, during the same period. Oil Refinery Utilization on the Gulf Coast was between 88% and 96% in the first quarter of calendar year 2026. Ongoing geopolitical tensions continue to affect supply, leading to higher costs and price volatility.

Pavement Markings Chemical production rose 0.5% in February 2026 compared to the prior month but decreased 0.6% year-over-year. In February 2026, production of coatings increased, while other specialty chemicals decreased year-over-year, indicating mixed trends across chemical segments. In the second quarter of 2026, pavement markings and other plastic-based/petroleum-based ancillary products remain sensitive to fluctuations in crude oil markets and ongoing supply chain constraints. Interviews have indicated price increases because of the conflict in Iran.

Imports According to the U.S. International Trade Commission (USITC) data, bitumen imports to ports serving the Florida market fell by 49.3% from January to February 2026 compared with the same period in 2025. According to Argus Media, imported asphalt binder pricing in the U.S. Gulf Coast rose from \$475 to \$525 per ton in late March 2026 to \$530 - \$550 per ton in early April (week ending April 10, 2026). Florida rack prices stayed at \$570 per ton over the same period. Imports from Colombia remained a key source of supply, while shipments from Venezuela were limited due to sanctions and infrastructure challenges.

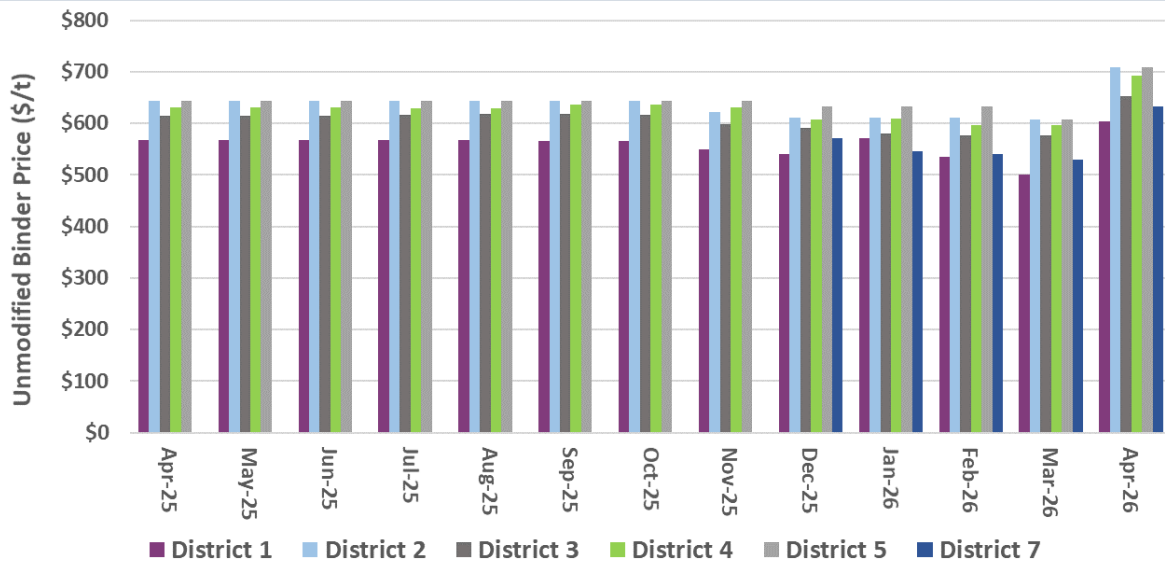
Rail In Q4 of calendar year 2025, revenues from asphalt products shipped by CSX — regardless of destination — fell 15.3% year-over-year, while shipment volume data (in tons) was unavailable. The revenue decline may be tied to lower fuel surcharges or changes in shipment volume compared to the previous quarter, though available data does not point to a specific price-driven decrease. Interviews did not indicate any major issues with rail capacity this quarter besides minor price increases.

Competition The number of asphalt producers in FDOT's approved list increased by 2 plants in calendar year 2026, bringing the total to 130. There are no new asphalt plants under construction added to FDEP's air-permitted list.

General Trends

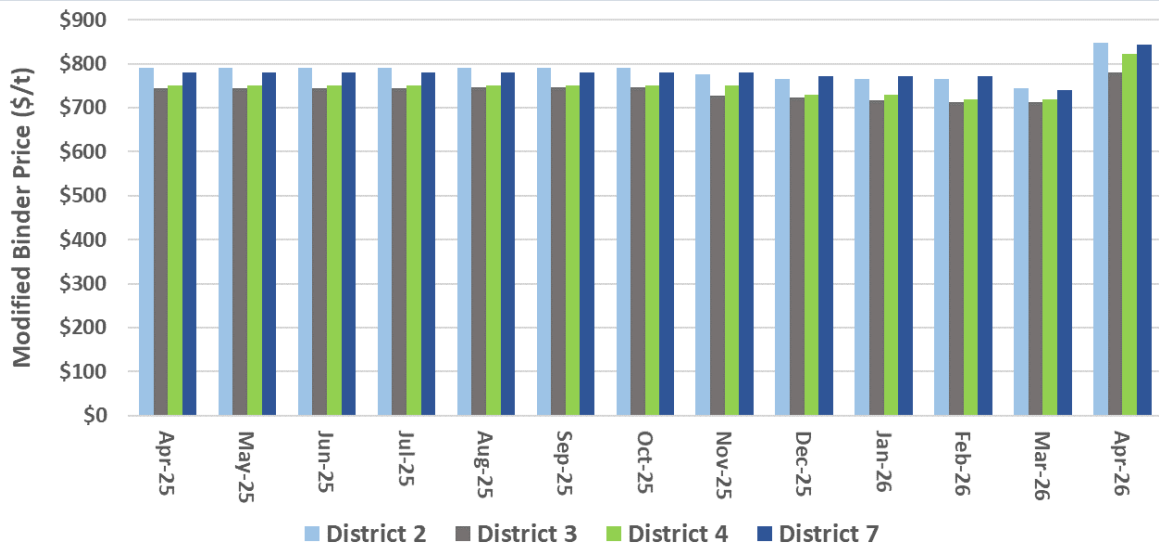
Where available, the average prices for unmodified (**Figure 6**) and modified (**Figure 7**) binder were calculated from monthly terminal price quotes at the district level. Unmodified binder is the average of PG 52-28 and PG 58-22 prices, while modified binder is a quote for the price of PG 76-22 (PMA) in the dataset. Unmodified binder prices were up 9% on average in April 2026, year-over-year. Similarly, modified binder prices were up 7% on average in April 2026, year-over-year. On average, prices were up 17% between April 2026 and March 2026 for unmodified binder, and 13% for 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. Updated FDOT year-to-date bids showed similar results to last quarter, decreasing slightly to \$159 per ton.

Infrastructure demand, along with elevated crude oil markets, continues to support higher prices, but bids remain lower than peak levels. The updated Baseline scenario is on track with previous forecasts and expects moderation in bids to continue if crude oil market instability remains short-term, declining from \$169 per ton to \$143 by the end of the work program.

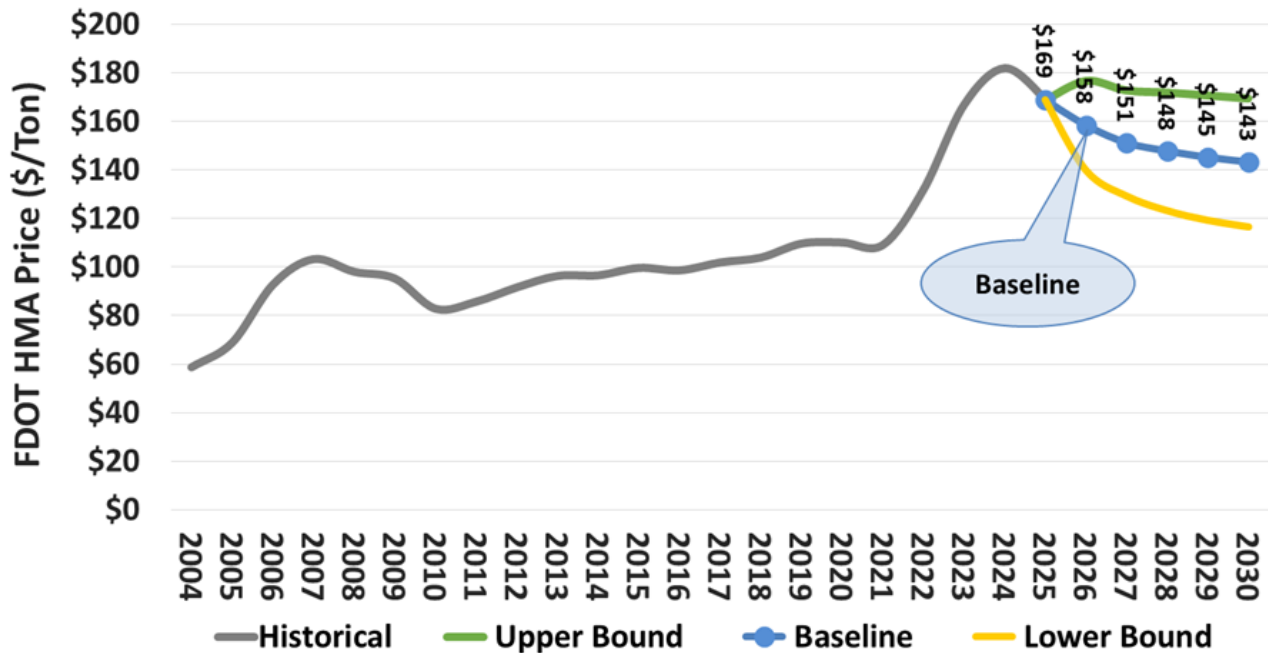
In the upper bound, long-term impacts from the Iran war and other geopolitical uncertainty, along with intense macroeconomic conditions, lead to higher costs. In the lower bound, a market correction, coupled with lower input costs and reduced macroeconomic growth, support price reductions to under \$120 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	\$158	\$151	\$148	\$145	\$143
Percent Change, %	-7%	-6%	-5%	-2%	-2%	-1%

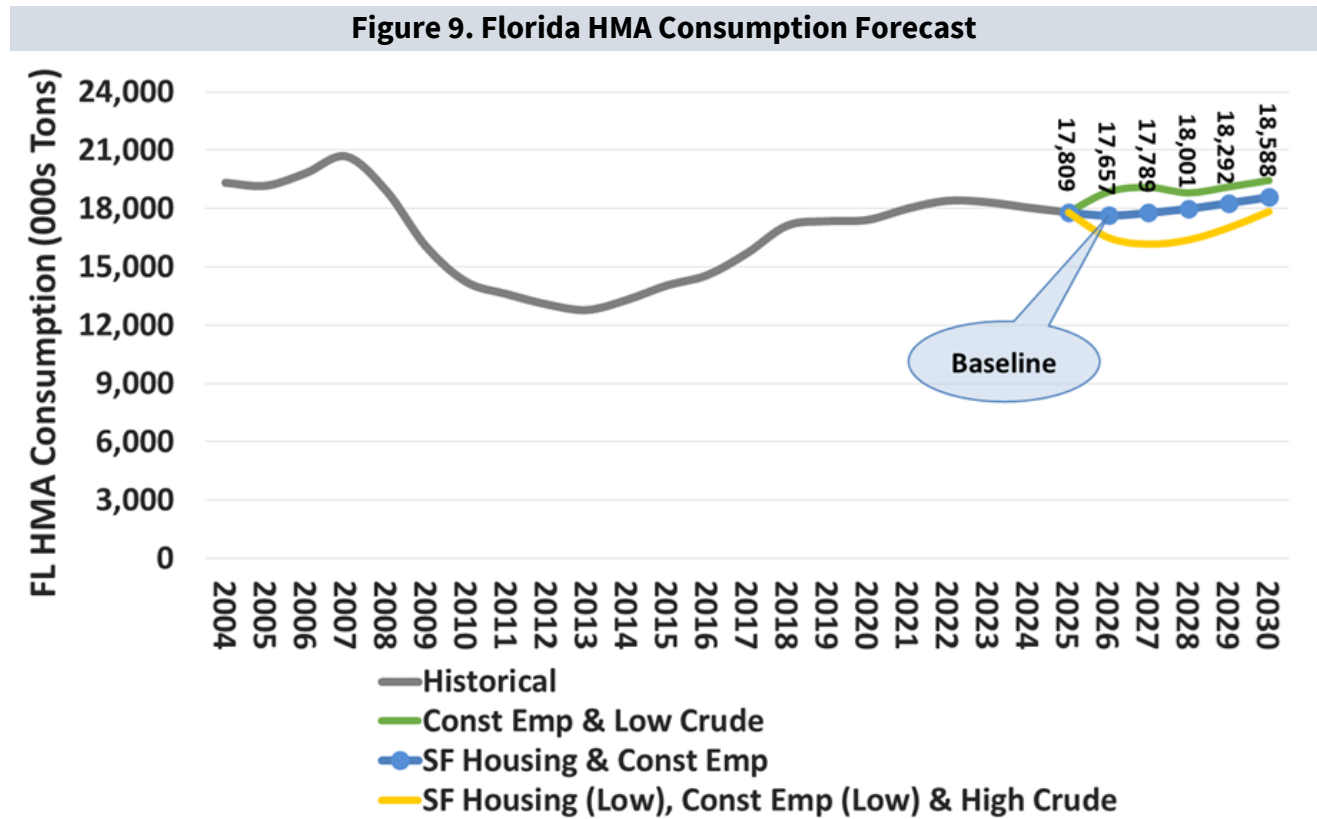
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Figure 8. FDOT HMA Price Forecast



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

Figure 9 shows a baseline projection for Florida HMA consumption that includes 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 lower fuel costs (less likely at this time) that would allow for additional production. The lower bound would require recessionary conditions and higher crude oil prices.



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

KEY INSIGHTS: CONCRETE



Summary

Concrete suppliers reported more modest price increases over the quarter and year of 5-10%, but significant fuel surcharges are being reported due to the war in Iran.

Producers continue to report trying to find new sourcing to work around tariffs on cement. Some have dealt with price increases where they cannot find new options.

Competition for workers remains a concern this quarter. Immigration enforcement is reportedly impacting labor supply in South Florida.

FDOT Impacts

YTD FY 2026 Q3 bids were up 6% from the previous quarter, but 18% below FY 2025 year-end prices. Updated concrete price projections estimate a more modest decline (11%) by FY 2026 year-end in the baseline scenario as input costs are expected to rise in the fourth quarter.

Upper bound estimates become more likely if the war in Iran stretches into FY 2027, keeping fuel costs high. Uncertainty over tariff implementation is expected to linger next quarter as well.

Lower prices could develop quickly if a significant macroeconomic decline occurs, reverting to FY 2022 levels.



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 According to quarterly reports from publicly traded companies, volumes were mixed in the first quarter of 2026, while prices ranged from modest declines to moderate gains. Interviews have indicated cement price increases as a result of tariffs, and companies looking for new sourcing to avoid them. Interviews have also mentioned concerns over the Iran conflict potentially impacting cement sourcing.

Aggregate Florida’s crushed stone production decreased by 8.8% in the fourth quarter of calendar year 2025 compared to the same period in 2024. Nationally, production rose 1.5% during the same period. Aggregate prices continued a moderate upward trend in early 2026 and are expected to rise slightly into mid-to-late 2026, though total disclosed deal value, an indicator of large-scale projects that use aggregates, declined sharply in 2025.

Labor Interviews indicated a worsening labor market, negative impacts on job sites from immigration policies, and high competition for workers and contractors. Investment in training programs remains an avenue for companies to assist with worker retention. Statewide construction employment declined by 1% year-over-year and decreased 1.2% month-over-month.

Truck Interviews highlight significant price increases in trucking due to the Iran conflict. According to Freight Transportation Research, specialized trucking rates in Florida were mostly normal from January 2026 through mid-March, before rising to 10% to 20% above normal from late March through April, while volumes have been mostly up to 100% above normal since January 2026. In the week ended April 10, 2026, total spot rates increased to their highest level since June 2022. Diesel prices rose 76.8% year-over-year in April 2026.

Fly Ash Through 2025, total fly ash imports declined by 49% compared to 2024, with only 288k tons of ash imported, though imports increased across the first 2 months of 2026 by 57% year over year. Imports were primarily sourced from Turkey and delivered through the port in Tampa. 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 ash production in 2024 compared to the previous year (15%), after production fell 24% in 2023.

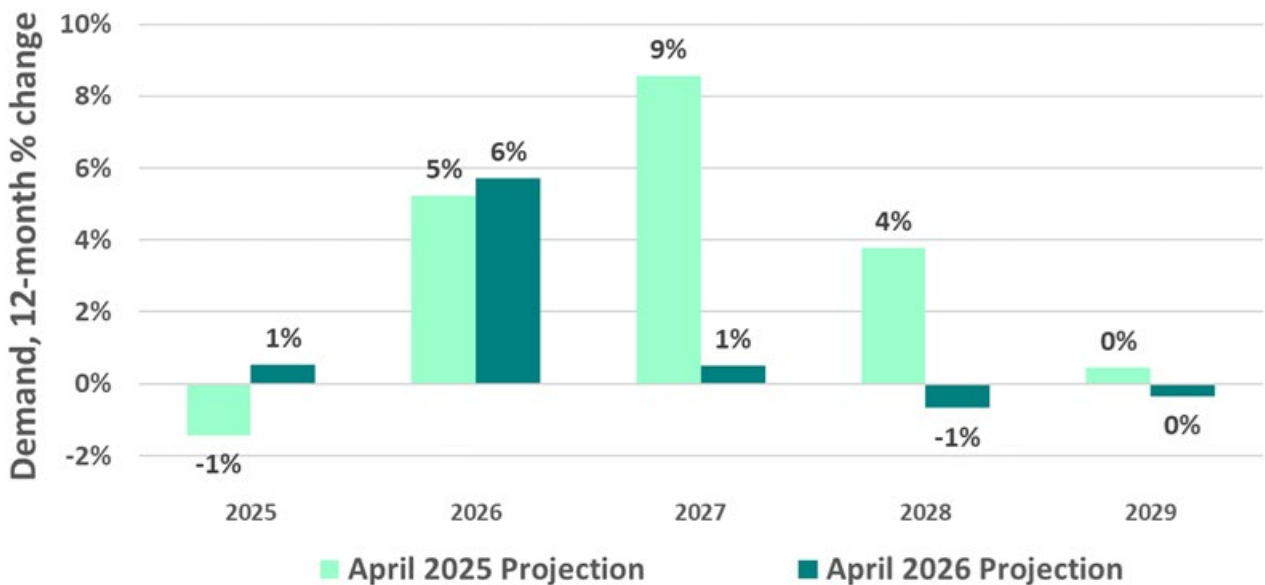
Rail In Q4 of calendar year 2025, revenues from asphalt products shipped by CSX — regardless of destination — decreased 15.3% year-over-year, while shipment volume data (in tons) was up 6.4% year-over-year. Interviews indicated a lack of rail usage. Some companies were looking into using rail to bring in material, particularly cement, and potentially making investments to use rail especially with fuel cost increases.

Competition Keystone Cement Company was acquired by Titan America, a producer and supplier of building materials operating on the East Coast, in January 2026. Keystone serves the Mid-Atlantic region, with a cement kiln in Pennsylvania able to produce nearly a million short tons annually. Competition for resources from other sectors (industrial warehouses, port upgrades, data centers, and residential demand in metropolitan districts) remains high. 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 grew 1% in calendar year 2025 according to updated industry analysis (April 2026) (**Figure 10**). While ready-mix demand is expected to rebound in 2026, forecasts for 2027 through 2029 show demand flattening without further government investment (as a majority of Infrastructure Investment and Jobs Act (IIJA) funding has already been committed to upcoming projects). Demand still exists from industrial markets (data centers), but recent geopolitical events may slow activity 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

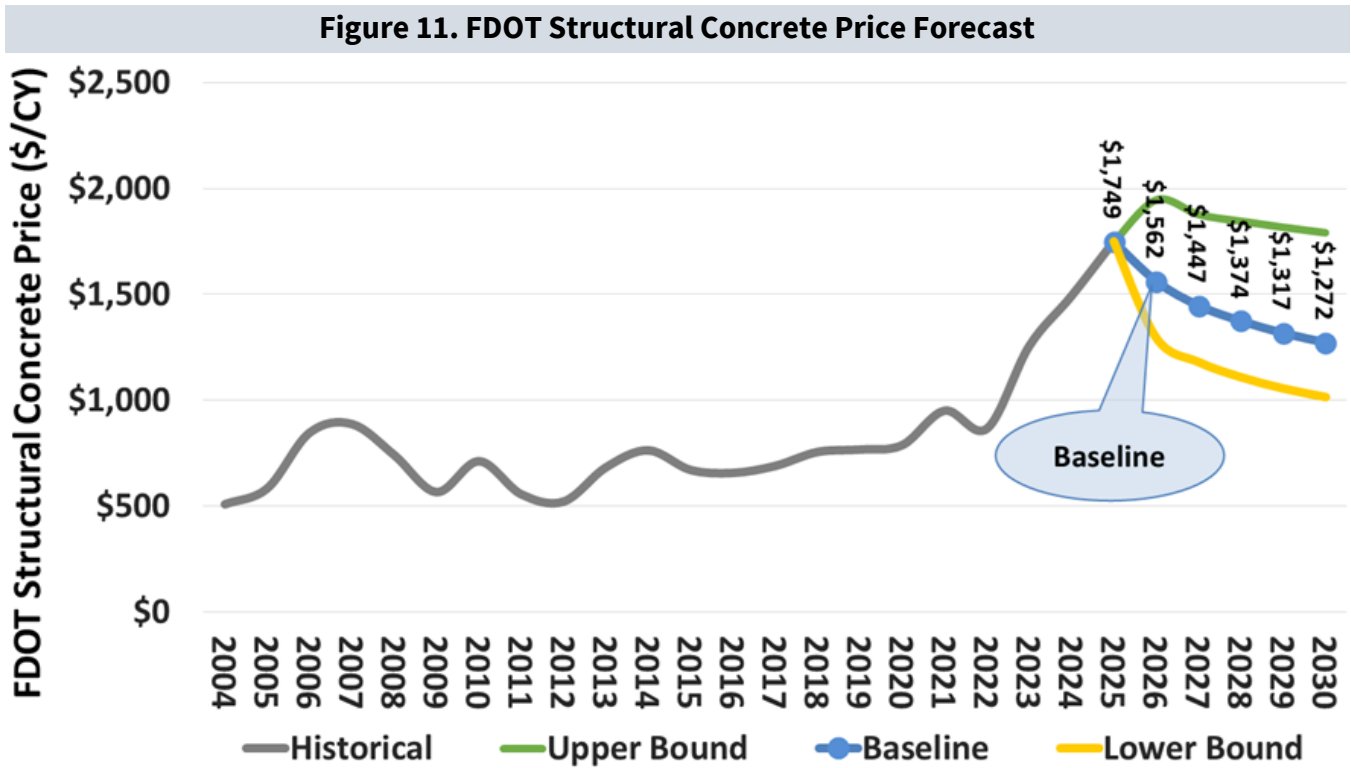
Year	2025	2026	2027	2028	2029	2030
Price Concrete, \$/CY	\$1,749	\$1,562	\$1,447	\$1,374	\$1,317	\$1,272
Percent Change, %	17%	-11%	-7%	-5%	-4%	-3%

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

With updated data, YTD concrete bids rose from \$1,363 per cubic yard last FY quarter to \$1,440 in Q3 FY 2026. Updated concrete price projections estimate year-end FY 2026 prices may rise another 8% compared to current bids, but still see a significant decline in the long-term based on updated economic outlooks, industry data, and contractor expectations (**Figure 11**). Projections for 2027 and

beyond assume current geopolitical pressures on crude oil markets and global shipping ease over the next couple quarters.

Upper bound estimates become more likely if the Iran war is protracted, tariffs on cement, aggregate, or other construction materials rise, or energy price increases persist. Lower bound estimates become more likely if macroeconomic conditions decline rapidly while energy prices fall.

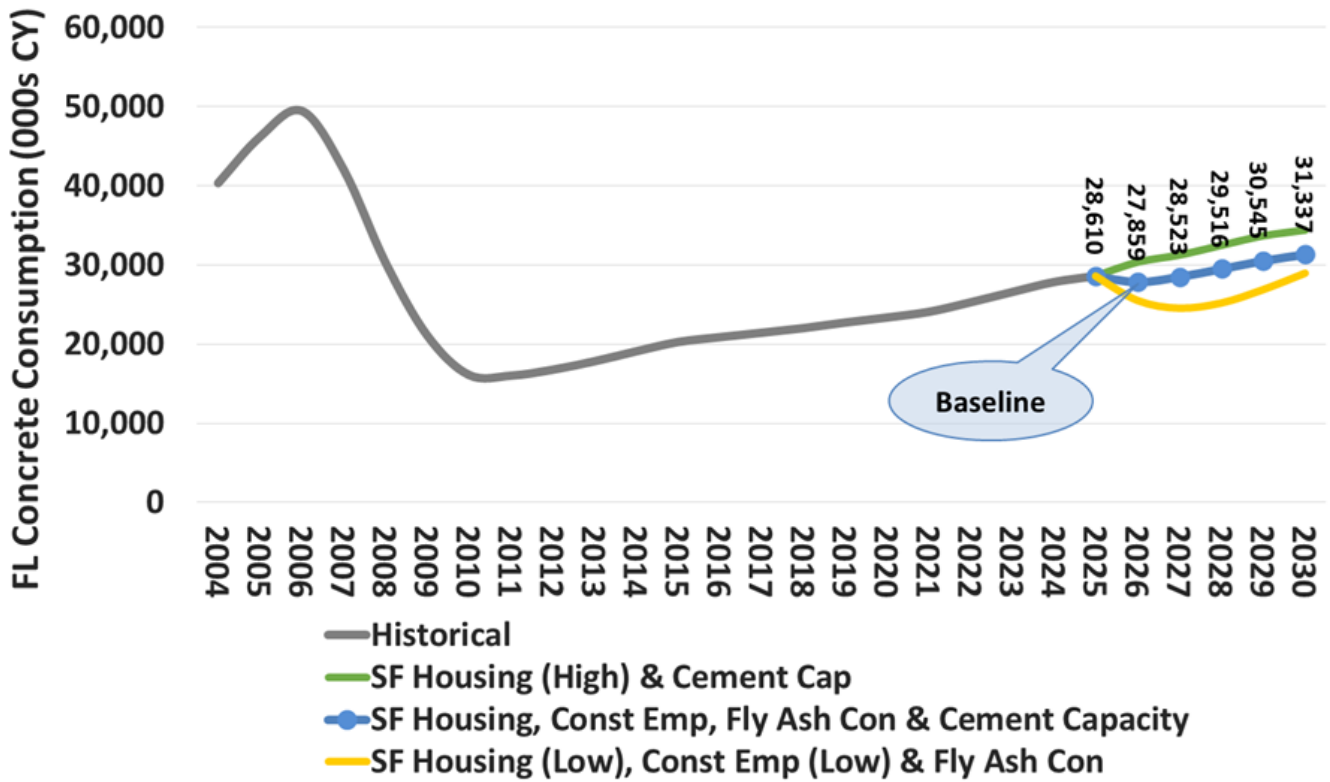


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry source.

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, and cement capacity. The upper bound would require a housing rebound (housing starts are currently expected to decline by as much as 11% in FY 2026⁵), and steady cement capacity utilization. Recessionary conditions, leading to declining production, are shown in the lower bound.

⁵ 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, rising 5.9% in March 2026, year-over-year. In the week ending April 25, 2026, U.S. steel production was up 8.7% compared to the same week last year.

Input costs rose in March 2026, year-over-year: zinc by 10%, iron ore by 4%, and scrap steel by 2% due to ongoing global disruptions.

Fuel cost increases from the war in Iran were the primary concern during interviews this quarter. Concerns about tariff and immigration issues were noted as disruptions this quarter.

FDOT Impacts

Regional prices for standard structural steel shapes were up 4% in March 2026, year-over-year, while regional rebar prices were up 1% over the same period.

Limited YTD structural steel bids continued to show significant differences in per unit pricing. Excluding small-quantity bids, large-quantity projects average \$3.89 per pound, a significant decline from FY 2025. Including all bids would increase the weighted average price to about \$9 per pound. Updated price projections range between \$4 to \$5 per pound over the five-year work program.

Reinforcing steel bids were up about 11% with updated data, down 1% from the previous quarter. Projections currently show some moderation over the next few years.



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

<p>Raw Materials Nationally, prices for hot-rolled steel increased by 10% from last report’s estimate of \$1,084 to \$1,194 in March 2026 – the highest price since March 2023. U.S. iron ore prices are no longer reported by USGS and cannot be included. Globally, iron ore prices in Q3 rose 1% year-over-year, but were flat compared to last quarter. Interviews indicated some availability issues. While material is available, much of it is going toward data center construction, leading to longer wait times. Interviews indicated raising prices as a result of tariffs.</p>	
<p>Scrap Steel Scrap steel prices continue to rise, from \$398 per gross ton on average in January 2026 to \$432 per gross ton in March 2026. Compared to March 2025, this equates to an increase of nearly 11% year-over-year. Interviews have listed scrap steel prices as increasing.</p>	
<p>Galvanizing Steel In FY 2026 Q3, zinc prices reached a high of \$1.51 per pound, and were up 14% compared to the same quarter in 2025. The last time zinc prices rose above \$1.51 per pound was in August 2022.</p>	
<p>Transportation Interviews have indicated significant price increases with trucking as a result of the conflict in Iran. As mentioned, specialized trucking rates in Florida were mostly normal from January 2026 through mid-March, before rising to 10% to 20% above normal from late March through April, while volumes have been mostly up to 100% above normal since January 2026. As of April 13, 2026, the agency has removed more than 20 non-compliant Electronic Logging Devices (ELDs) from its approved list due to failure to meet federal standards, including those removed in December and September, but has allowed a few back on the list after carriers made changes. Diesel prices rose 76.8% year-over-year in April 2026.</p>	
<p>China Chinese steel prices were up 4.4% year-over-year, at \$476 per ton. Chinese steel priced above \$470 per ton has become more common in recent months, with prices above the latest estimate last observed in mid-November 2024. Countries, including Turkey, Indonesia, India, Canada, Vietnam, Pakistan, South Africa, and South Korea, have instituted anti-dumping duties on Chinese steel, with Japan investigating the option to impose these duties.</p>	
<p>Labor Interviews indicated high competition in the labor market and out-of-state suppliers have mentioned the loss of work visa programs as a result of immigration policies. While the labor market is not catastrophic, it continues to worsen.</p>	

Competition Since the last report, Nippon Steel’s investments in U.S. steel infrastructure have shown results, with one U.S. Steel mill in Illinois receiving funding from Nippon for blast furnace restoration. Activity at the mill is expected to resume shortly. Interviews have indicated no major changes in competition.

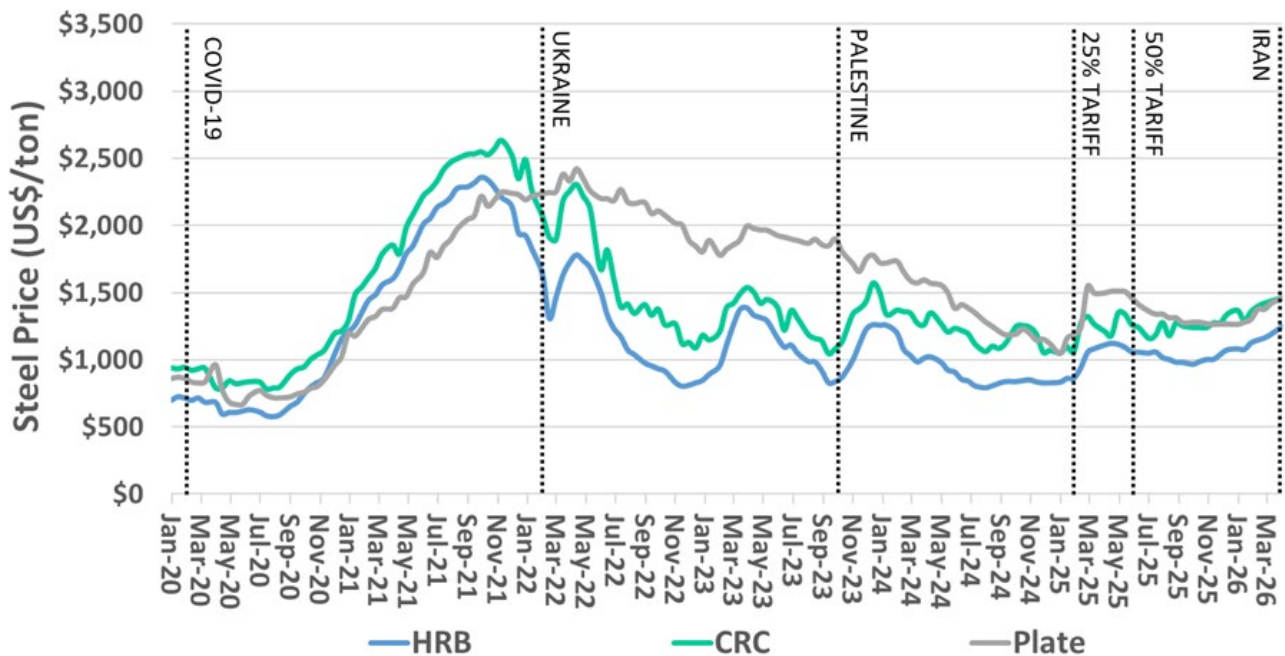
Milling Capacity

National steel mill capacity utilization rates averaged 77.2% in FY 2026 Q3, a slight increase from 76.4% in 2025 over the same period. Production is up compared to 2025 as well.

General Trends

On average, U.S. steel prices rose 9% in April 2026 compared to the same month in 2025. Price changes varied by product type: U.S. hot-rolled band (HRB) prices were 12% higher, year-over-year, while cold-rolled coil (CRC) prices were up 22% and steel plate prices were down 3% compared April 2025 (**Figure 13**).

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.

Year	2025	2026	2027	2028	2029	2030
Price Structural Steel, \$/lb.	\$5.15	\$3.89	\$4.69	\$4.09	\$4.37	\$4.16
Percent Change, %	14%	-24%	21%	-13%	7%	-5%
Price Reinforcing Steel, \$/lb.	\$1.34	\$1.48	\$1.43	\$1.40	\$1.38	\$1.36
Percent Change, %	0%	11%	-3%	-2%	-2%	-1%

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

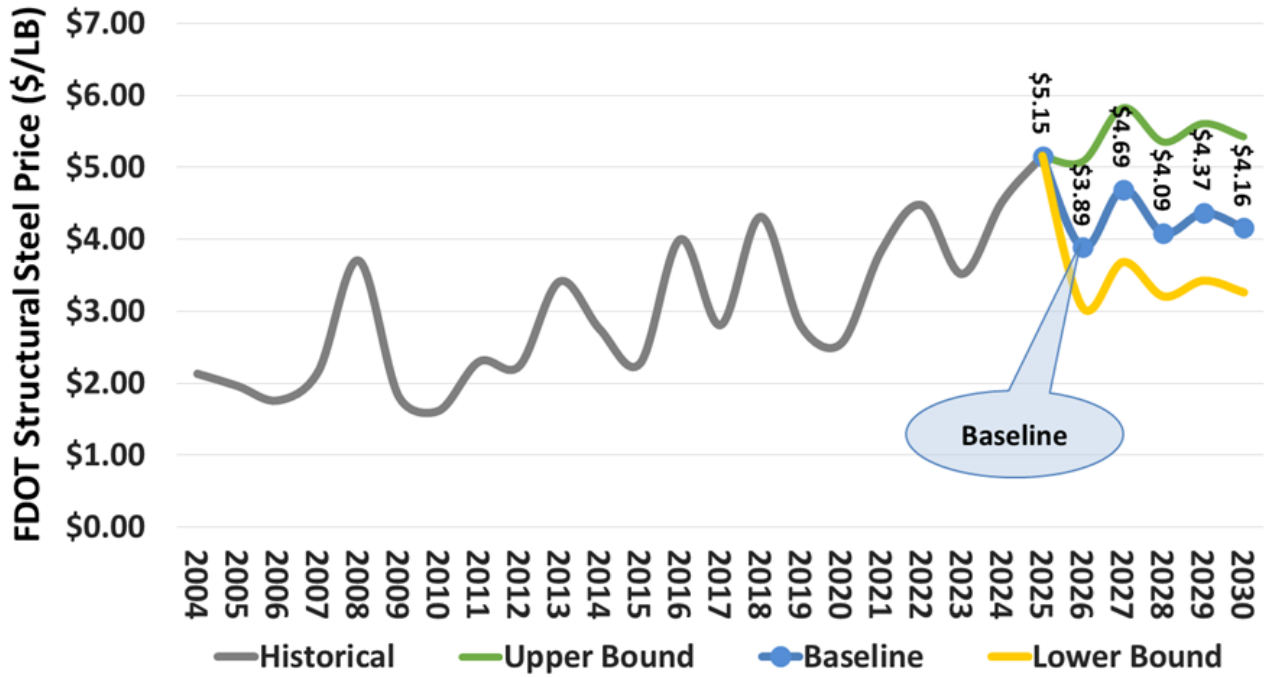
Revised YTD FY 2026 Q3 bid data showed structural steel prices were \$3.89 per pound with limited bids (excluding outliers). Interviews indicate that further price declines are unlikely in the short-term as input costs rose over the last quarter. Bids may rise in FY 2027 due to high crude oil markets, geopolitical instability, and U.S. tariff policies.

The baseline forecast for structural steel fluctuates around \$4 per pound through the end of the work program based on order size, fuel costs, and employment expectations. The upper bound shows prices increasing above \$5 per pound by fiscal year-end in a tariff-impacted, higher energy cost environment. This scenario is 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 \$3.5 per pound. Lower energy costs, no tariff impacts, and lower macroeconomic growth support this scenario.

Revised YTD FDOT bid data showed reinforcing steel prices were \$1.48 per pound through the third quarter of FY 2026, up 11% from FY 2025 year-end prices. U.S. steel prices began creeping up again over the quarter and leading into April 2026, remaining above pre-pandemic prices but not to peak levels.

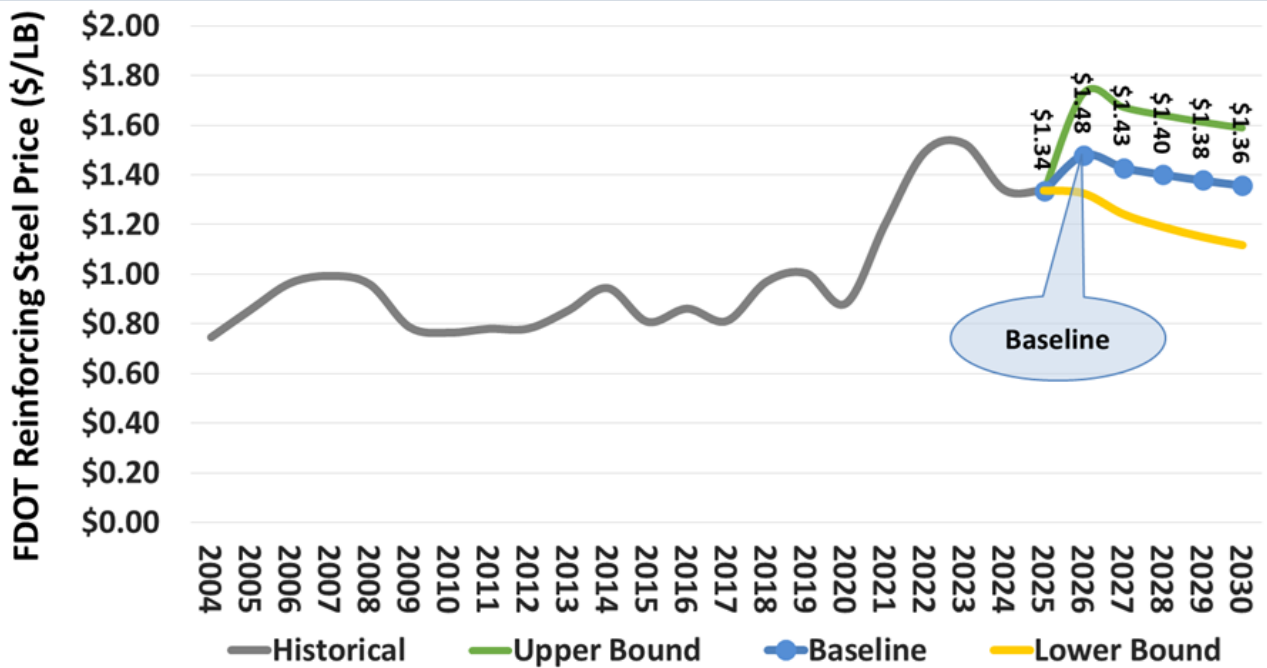
Reinforcing steel bids are forecast to decline over the five-year work program, but not to pre-pandemic levels. Market demand and higher fuel costs are likely to keep prices above historical levels in the short-term. Order quantities were also taken into account, along Florida macroeconomic conditions. In the upper bound, higher energy prices, potential tariff revisions, and other macroeconomic impacts would support substantial increases in bid prices. In the lower bound, a severe macroeconomic downturn would drop prices rapidly 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

Increased transportation costs from the war in Iran are causing fears of industry slowdowns.

Immigration enforcement has reduced available workforce compared to a year ago, but has stabilized at this point.

Some contractors have received notice from suppliers of aggregate cost increases (one was 7%) planned for July 1, 2026.

FDOT Impacts

FDOT aggregate base bids fell significantly in FY 2026 Q3 to \$23 per square yard (compare to \$29 per square yard in FY 2025). The updated aggregate baseline price forecast expects continued moderation of pricing, more in line with pre-pandemic trends, through the end of the work program.

An upper bound scenario sees prices rise to 2025 levels at about \$30 per square yard. With the turnaround in energy costs over the last month, this scenario has a higher probability of occurring than it otherwise would have had. Housing market cooldowns in Florida are expected to reduce demand, however.

The lower bound tracks rapid de-escalation of prices to pre-pandemic levels in the event of significant economic deterioration.



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 decreased by 8.8% in the fourth quarter of calendar year 2025 compared to the same period in 2024. Nationally, production rose 1.5% during the same period. In the fourth quarter of 2025, publicly traded companies reported modest price increases between 1% and 7% year-over-year, while volume increases fluctuated between 3% and 10%. Interviews reported limited price increases over the quarter, and some price decreases on crushed stone until the Iran conflict hit. Most suppliers report only yearly price increases on Jan 1 st but some are now considering mid-year price increases to offset fuel price increases and surcharges. Many are in a wait-and-see approach and are reporting a slowdown in work and transportation.
Labor	Interviews report stagnation of an already weak labor market. Adaptation for a constrained labor market due to immigration policies is also ongoing. While catastrophic labor losses have not been reported, suppliers report an inability to meet market demand, especially in southwest Florida. Statewide construction employment fell 1% in January 2026, year-over-year. Wage increases are expected to moderate further. Nationally, stone mining and quarrying employment increased 2.3% in February 2026, year-over year.
Capital Costs	In March 2026, the Federal Reserve maintained the target federal funds interest rate at 3.5% to 3.75%, following rate cuts in late 2025. While borrowing conditions have stabilized, inflation remains elevated, and economic uncertainty persists, particularly amid rising energy prices and geopolitical tensions. At the same time, construction material costs continue to face upward pressure, driven in part by tariffs and supply chain constraints. Labor shortages and continued wage pressures have also contributed to higher costs. As a result, construction and infrastructure costs remain elevated.
Trucking	Interviewed contractors reported major price increases on fuel as a result of the Iran conflict. Slowdowns in transportation have been mentioned as a result of rising costs. In April 2026, diesel prices rose to \$4.35, up 76.8% year-over year.

Access to Land with suitable deposits is critical to achieving cost-effective material extraction for FDOT Aggregate materials. In March 2025, the U.S. Department of Energy (DOE) announced a funding opportunity of up to \$500 million to support domestic critical minerals processing, recycling, and manufacturing capacity, showing continued federal focus on strengthening mineral supply chains. Nonetheless, the recent ruling on Florida’s 404 permitting program continues to create uncertainty within the industry.

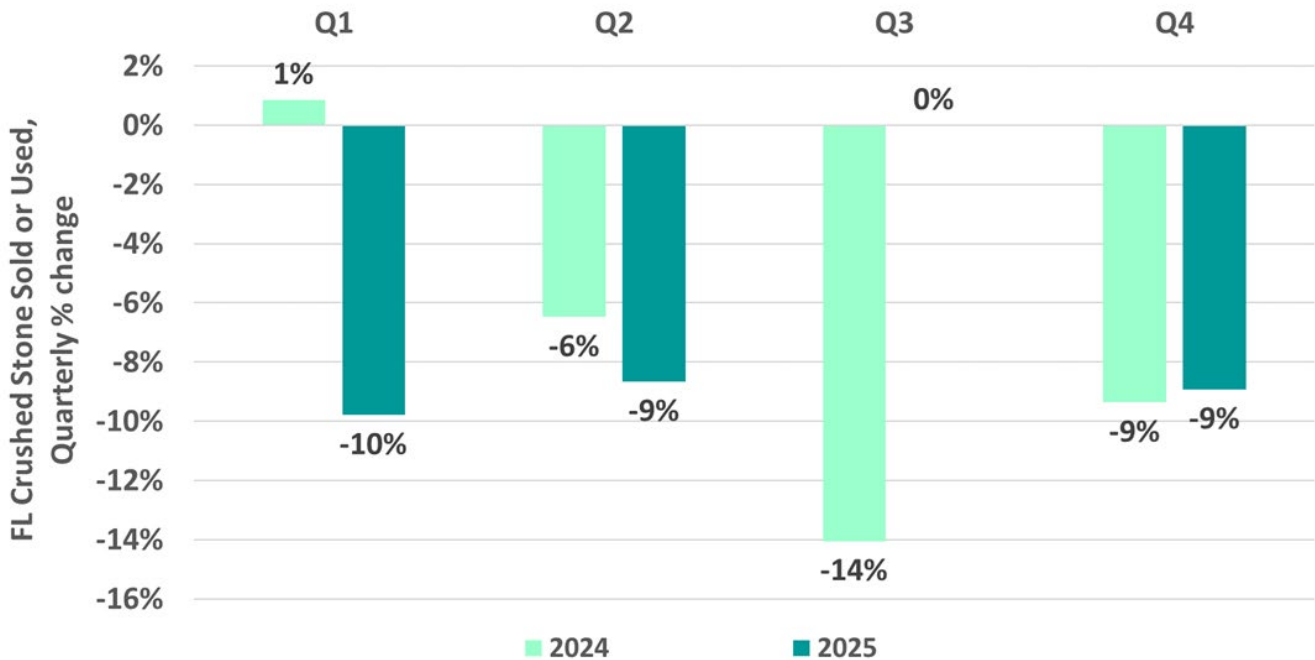
Rail is the main mode of transportation for aggregates from Georgia and Lake Belt to Central and Northeast Florida. In the fourth quarter of calendar year 2025, revenues of aggregate products shipped by CSX increased by 8.5% year-over-year, while data for tons of products shipped was unavailable. Note these statistics are for CSX’s whole system as location specific data is not available.

Competition As of calendar year 2026, the number of FDOT approved aggregate producers increased by 2.1%, with new mines added since January 2026 across multiple districts. Specifically, one mine was added in each of Districts 5 and 7 and two within the SMO region.

General Trends

According to updated quarterly data released by USGS, Florida crushed stone sold or used by producers declined 9% in the fourth quarter of calendar year 2025 compared to the same quarter in 2024 (**Figure 16**). Crushed stone production increased by 1.5% nationally in 2025 Q4.

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 Q3 bids were \$23 per square yard, about 19% lower than FY 2025 year-end bids. However, suppliers expect to see mid-year price increases as a result of the conflict in Iran on top of the 5-10% price increases many have already reported on Jan 1st. As a result, FDOT bids are not expected to decline further in the short-term.

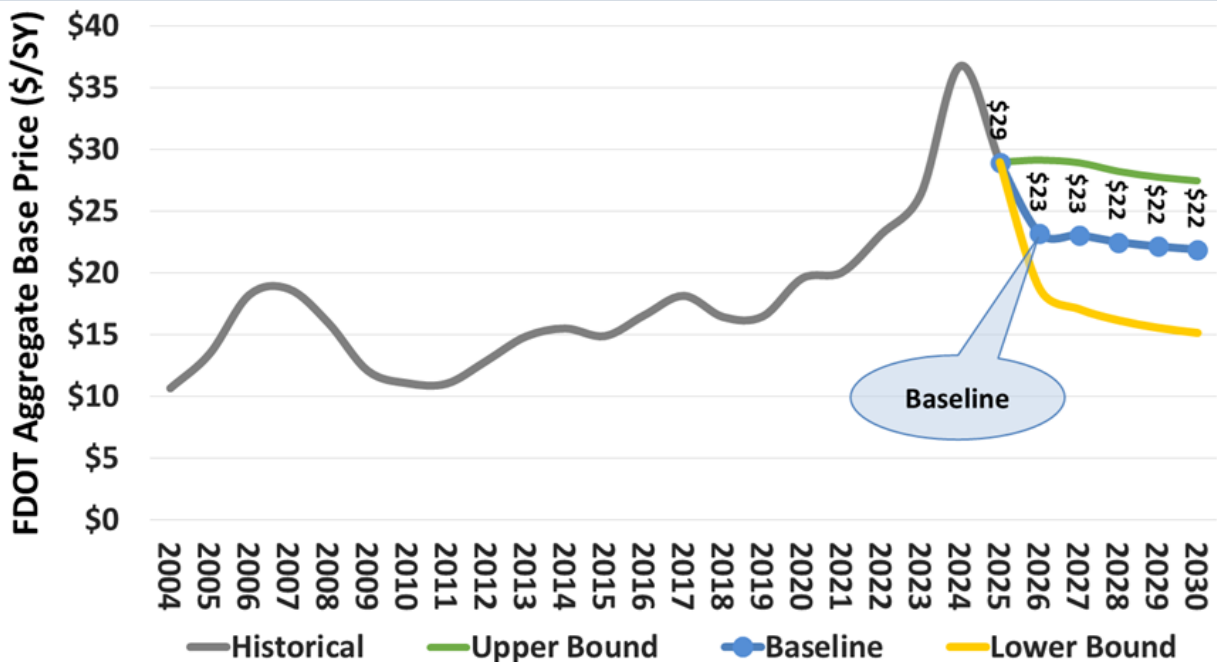
Table 9. FDOT Aggregate Base Price Forecast Results

Year	2025	2026	2027	2028	2029	2030
Price Aggregate Base, \$/SY	\$29	\$23	\$23	\$22	\$22	\$22
Percent Change, %	-21%	-20%	-1%	-2%	-2%	-1%

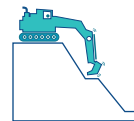
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Econometric modeling finds that input FDOT bids are influenced by input prices including fuel and crushed stone prices, Florida construction employment, FDOT work program, and order quantities. In the baseline case, following the moderation seen in FY 2026, prices are forecast to remain relatively flat through FY 2030 (**Figure 17**). In the upper bound, macroeconomic growth, heavy demand, higher energy prices, and tariff impacts support prices increasing to about \$30 per square yard. 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 moderated further over the quarter (pre-Iran), falling to about \$11 per cubic yard.

Recent energy price increases and expectations for even higher prices by calendar year-end (\$87 per barrel according to EIA), coupled with rising trucking costs, could impact FDOT bids for earthwork over the next quarter.

FDOT has introduced new earthwork pay items to assist with contractor bids and storage of earthwork material. This may help lessen cost increases elsewhere.

Contractors reported shifting their sources of materials and parts to avoid tariff payments.

FDOT Impacts

With updated bids, YTD FY 2026 Q3 FDOT earthwork prices were \$11 per cubic yard — down 8% compared to FY 2025 year-end. Current modeling supports market expectations that earthwork costs may rise in FY 2027 due to current energy market conditions.

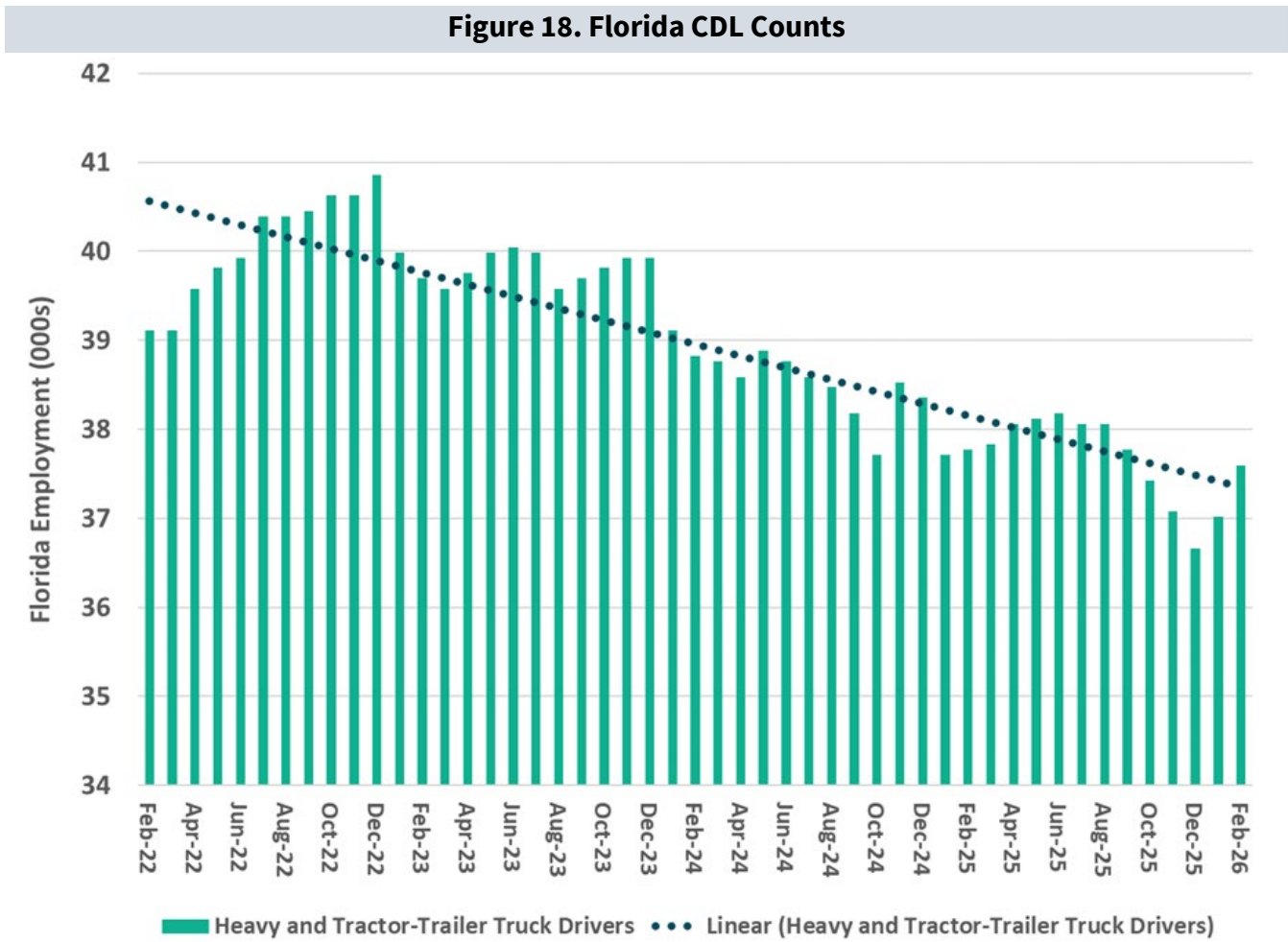
The baseline estimate sees prices rising 11% in FY 2027 before moderating throughout the remaining years of the work program, assuming current geopolitical tensions ease and lower energy costs return. Weakening macroeconomic conditions in Florida — construction employment expected to be flat in 2026 and housing starts forecast to drop 11% during the calendar year — may help to moderate bids in the meantime.

The upper bound of pricing is possible if high energy costs persist. The lower bound indicates a significant drop in demand and macroeconomic conditions.



General Trends

On average, truck transportation employment increased about 2% year-over-year in February 2026 according to the most recent data (**Figure 18**). However, the declining trend of trucking employment continued through the end of 2025. Recent increases in fuel costs make wage growth less likely in the short-term. Recently reported slowdowns in transportation due to rising costs are likely to persist in the next quarter.



Source: FLHSMV, TBG Work Product.

Earthmoving Equipment and Trucking

According to Rouse Market Trends, pricing for used equipment in the U.S. declined for almost every tracked equipment type over the last quarter with the exception of forklifts and truck tractors (**Table 10**). U.S. sales volumes were weaker for about half of the equipment types. The age of equipment and average equipment usage were relatively unchanged or falling over the quarter for a majority of types.

Table 10. U.S. Equipment Prices, FY 2026 Q1 vs FY 2026 Q2

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

Source: Rouse Market Trends Report, North America Edition, 2025 Review.

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. Through Q3 of FY 2026, YTD bids show a weighted average price of \$11 per cubic yard, down from \$19 per cubic yard in Q2, a remarkable improvement. Earthwork price declines achieved this quarter may be impacted in the short-run by rising fuel costs, however.

Table 11. Earthwork Price Forecast Results

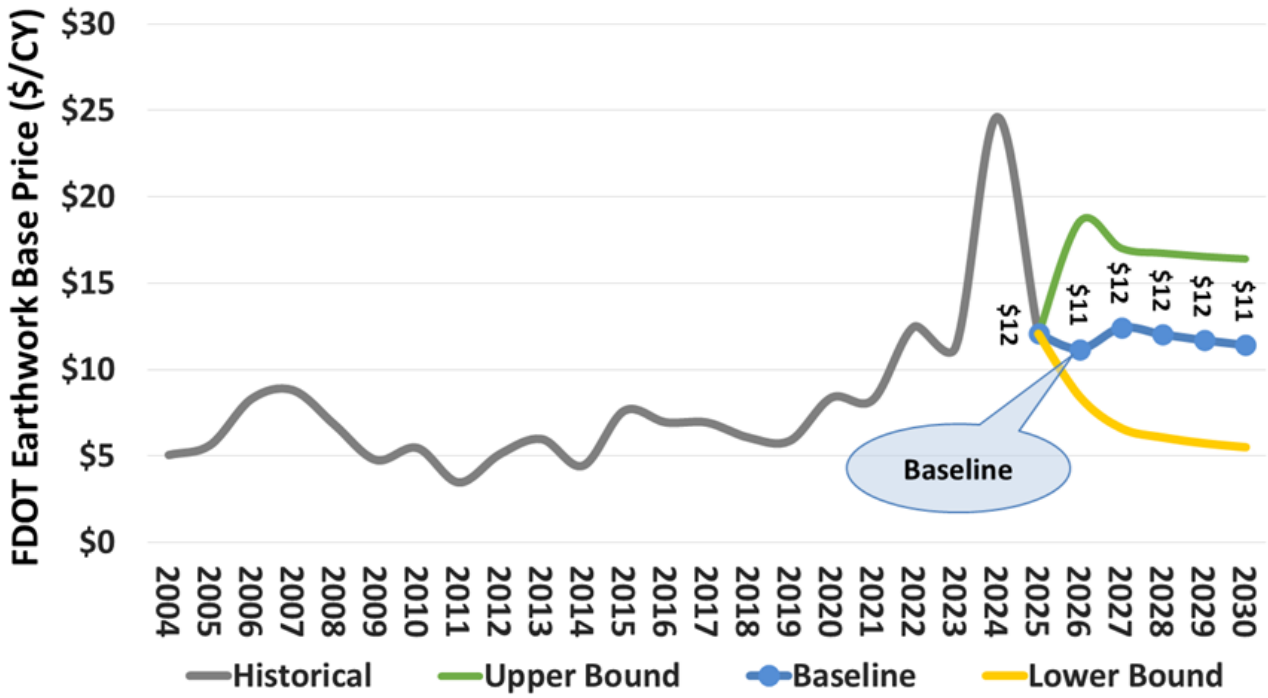
Year	2025	2026	2027	2028	2029	2030
Price Earthwork, \$/CY	\$12	\$11	\$12	\$12	\$12	\$11
Percent Change, %	-51%	-8%	11%	-3%	-3%	-2%

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 based on flat construction employment projections and expectations of a significant drop in residential demand over the next few years. The baseline projection shows current price levels continuing over the five-year work program, a major improvement from previous forecasts.

Upper bounds are driven by continued macroeconomic growth and higher demand. Recent local crude oil disruptions, leading to higher fuel costs, make the upper bound a valid alternative scenario. In the lower bound, prices would drop to post-pandemic lows, but this reset would require significant macroeconomic declines and reduced demand.

Figure 19. Earthwork Price Forecast



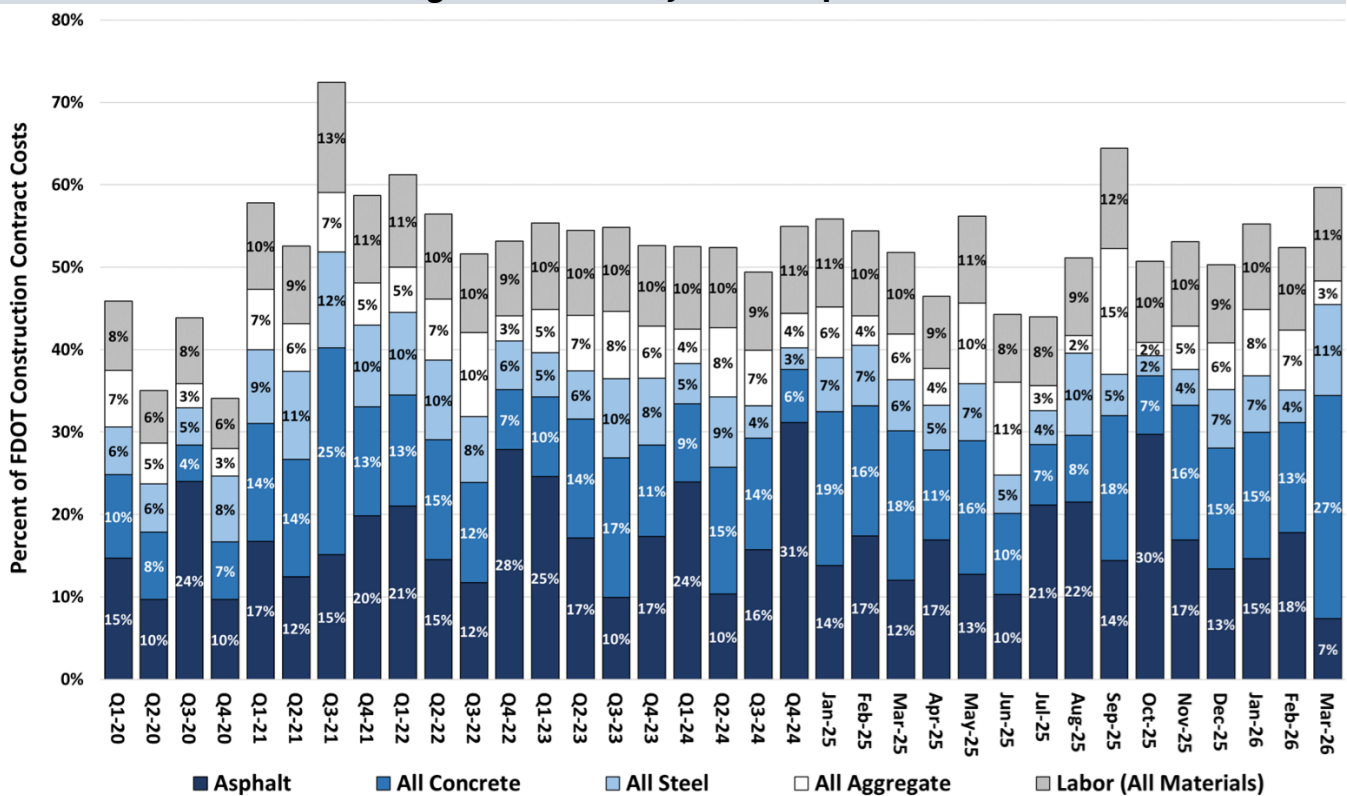
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.
 (Variable descriptions available in the **Appendix C.**)

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 represented the largest share of total costs in the first two months of calendar year 2026 according to revised data. Preliminary March 2026 data shows concrete costs currently account for the largest share of total costs. Steel costs were up as well, but may moderate with additional monthly data. Labor costs accounted for about 10% to 11% of total costs over the last quarter.

Figure A- 1. Monthly Cost Composition

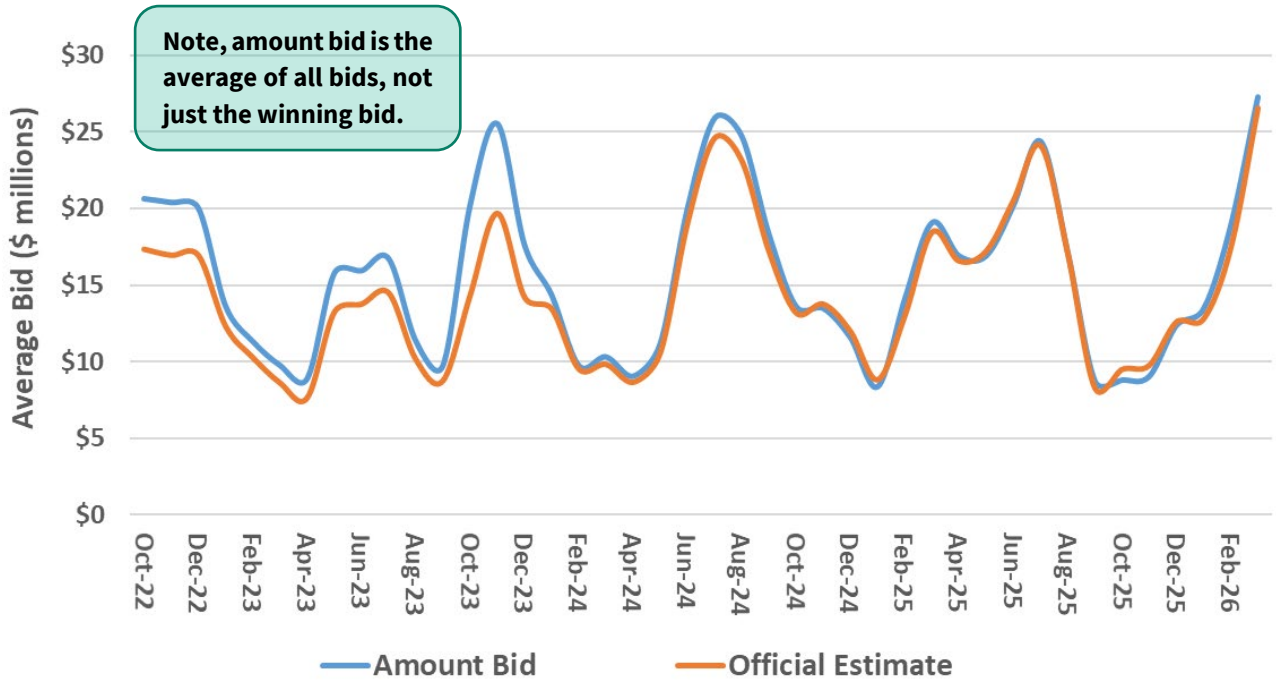


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

Bid Data

Average bids provide insight into 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 third quarter of Fiscal Year 2026, the average deviation of all bids from the mean of all official preliminary project costs was 10% 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 2% higher than the official project cost.

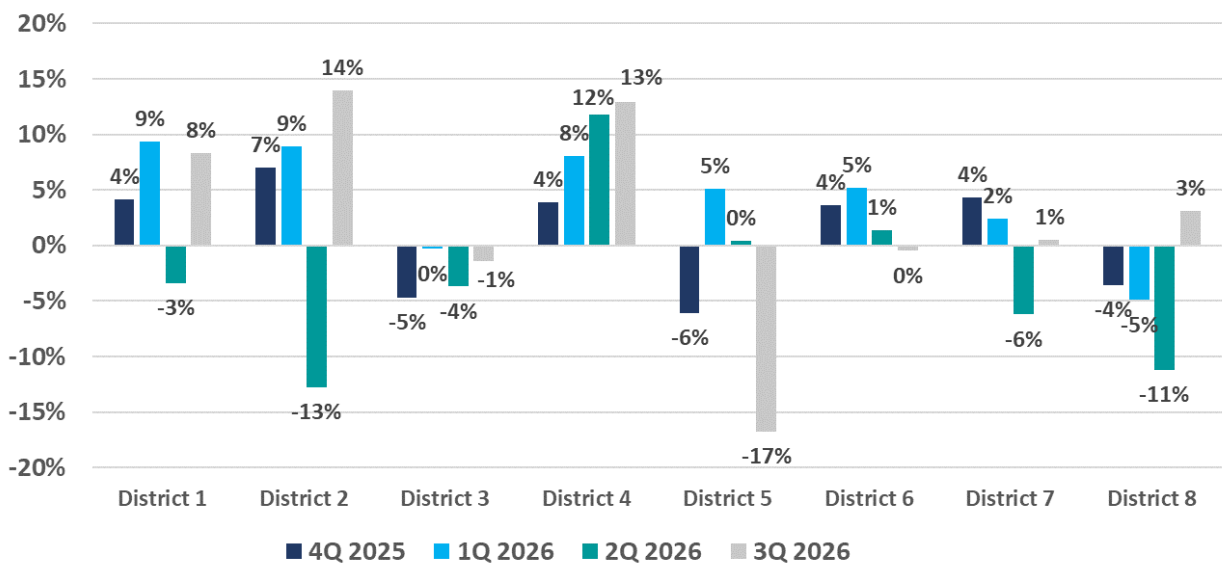
Figure A- 2. Average Bid vs. Official Project Cost, 3-month Rolling Average



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, results were mixed, with bids below official estimates in several districts, particularly Districts 3 and 5, while exceeding estimates in Districts 2, 4 and 8.

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

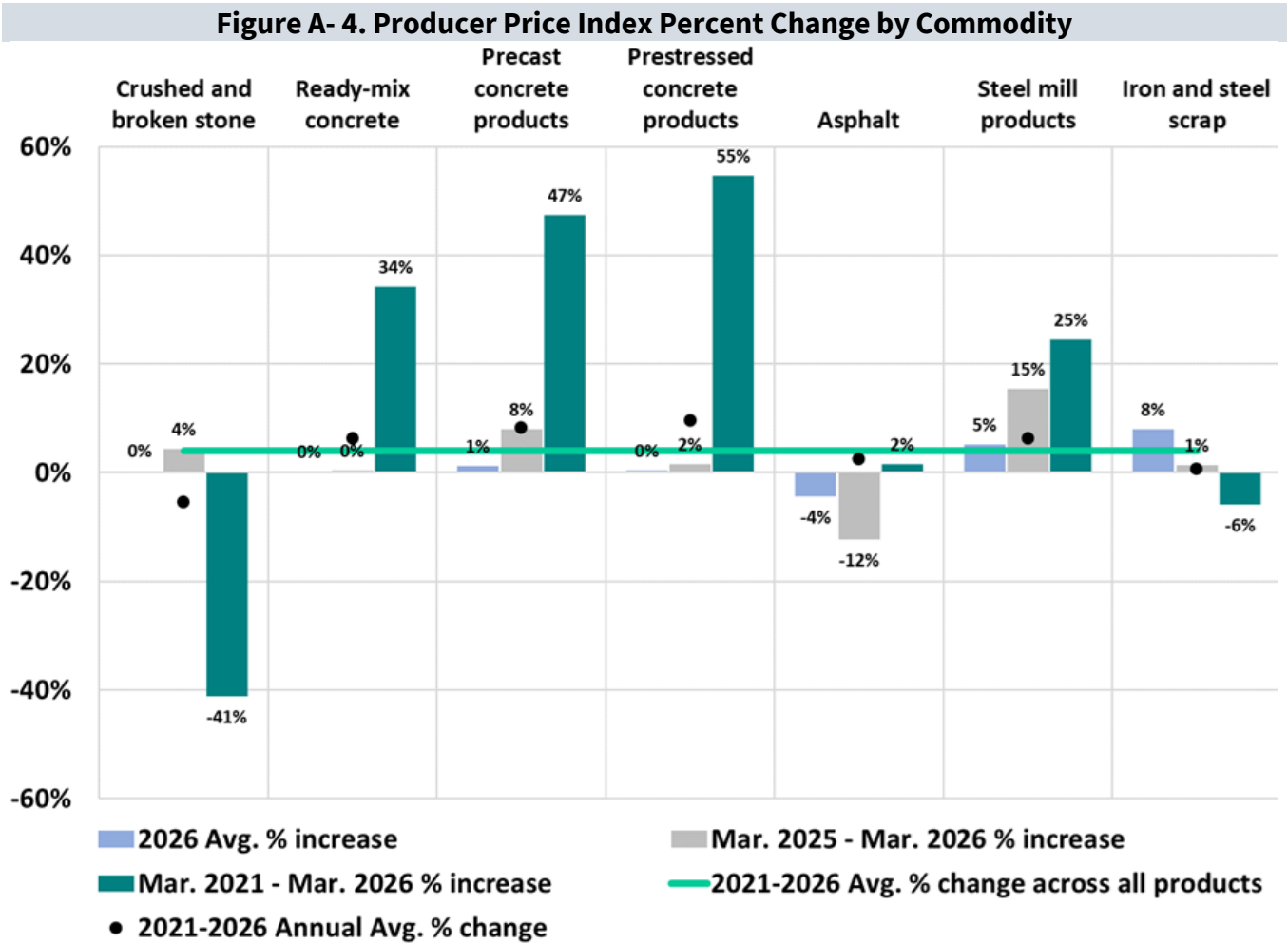


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

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 March 2025 and March 2026 was up 3%. Steel mill products (15%), precast concrete products (8%), and crushed and broken stone (5%) had the largest increases, while asphalt products decreased 12% in March 2026, year-over-year. Asphalt declines are likely to reverse in the next update due to the war in Iran.

Figure A- 4 illustrates select PPI in the U.S. for relevant commodity types.



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 Q3. The models include:

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

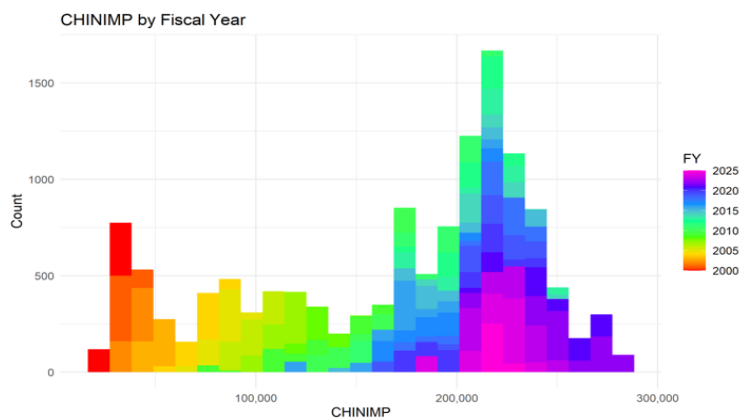
Datasets were developed using all available bid data for each material, and supply chain variables reflecting external market conditions — which economists call exogenous factors — as well as FDOT-specific variables, like total work program funding in that period. Bid data is available for awarded Design-Bid-Build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

Figure B- 1. Chinese Imports Histogram Analysis

Chinese Imports

Increases post 2013. Distinct difference between pre and post 2013.



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

before and after 2013 (**Figure B- 1**). This type of analysis informs the selection of variables and the functional form of the model chosen.

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 Report⁶. 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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