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PREPARED FOR

FDOT









FISCAL YEAR 26/27
FIRST QUARTERLY REPORT

STRATEGIC RESOURCE EVALUATION STUDY
HIGHWAY CONSTRUCTION MATERIALS

CONTRACT BEC18

Overview: Florida's Highway Construction Materials



ASPHALT

Asphalt bids continued to be competitive in the first quarter (Q1) of Fiscal Year (FY) 2027. Although binder, fuel, and trucking costs remain elevated due to the war in Iran, the weighted average price (WAP) of asphalt was $151 per ton this quarter, down 5% compared to FY 2026 levels. The baseline forecast (-4% by FY 2027 year-end) assumes continued strong competition among bidders and a resolution to war-related cost increases in FY 2027. About $1.5 billion in asphalt-heavy resurfacing projects in FY 2027 could be vulnerable if bids move to the upper bound of estimates, however.



CONCRETE

Concrete markets continue to expand in Florida – a new 100,000-ton cement terminal started operating at Port Tampa over the quarter. While economic outlooks remain flat and demand from other sectors is muted, producers expect to pass off larger price increases to customers on January 1st due to escalating fuel and transportation costs. Limited structural concrete bids show price changes were flat over the quarter for bids over 100 cubic yards (about $1,400). The baseline scenario forecasts prices to increase slightly (2%) by fiscal year-end.



STEEL

Steel and aluminum suppliers continue to report war-related cost increases at their facilities over the quarter, as well as some difficulty in obtaining raw materials; continued disruptions in shipping and logistics operations are impacting lead times. U.S. structural steel prices were flat this quarter compared to the same quarter in FY 2026. U.S. reinforcing steel bids were up 14%, however. Updated forecasts expect FDOT steel prices to see increases by fiscal year-end due to current conditions.



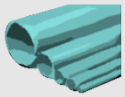
AGGREGATE

Aggregate base prices averaged $25 per ton in Q1 FY 2027, within 1% of FY 2026 year-end. Florida crushed stone production was up about 8% at the start of the quarter compared to the same period in 2025. U.S. aggregate producer prices rose between 2% to 5% this quarter, year-over-year. Interviewed FDOT aggregate providers plan to implement 10% price increases (on average) in January to recoup some of the fuel and transportation costs they had been absorbing. As a result, updated forecasts show an increase of about $3 per square yard (11%) by fiscal year-end, up from a decline of about $1 in the previous forecast.



EARTHWORK

Earthwork bids moderated substantially in Q1 FY 2027 to $9 per cubic yard. Contractors continue to monitor the impact of geopolitical conflicts on fuel, transportation, and equipment costs, however. Updated forecasts see current pricing increasing about $1 per cubic yard in FY 2027 before stabilizing through the end of the work program.



COMPOSITES

Composite material prices are currently expected to climb between 5% and 10% by January 1st, 2027. Geopolitical issues, labor, and material costs continue to put pressure on suppliers. Some suppliers cited concerns about redundant requirements and certifications for various DOTs (barriers to entry), as well as Build America, Buy America (BABA) requirements and other issues with navigating tariffs this quarter. Expanding use in other markets (aerospace) may increase competition for resources.

FDOT Cost Index

FDOT winning contractor bids tracked below industry benchmark input prices over the last quarter, at **26% higher than November 2020**, according to preliminary September 2026 data for *winning* bids. The **industry benchmark was 36% higher** than November 2020 levels through June 2026. Average bid prices were 36% higher than pre-pandemic levels in September 2026 according to preliminary data. The gap between *average* bid prices (calculated from all bids received) and *winning* (awarded) bid prices has increased over the last month, 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.

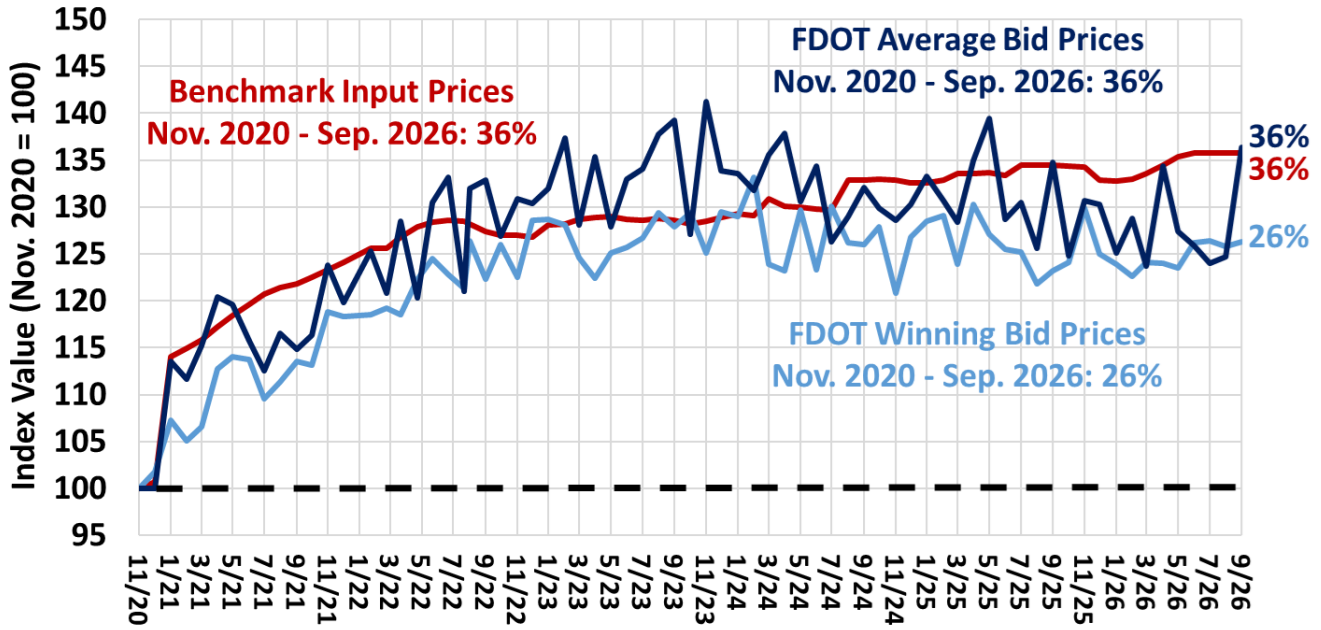
26%
increase in awarded bid prices since Nov 2020

36%
increase in average bid prices since Nov 2020

36%
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 price was 8% above the 2023 Q1 baseline (**Table 1**). For winning bids, preliminary data shows an increase of 6% in 2026 Q3 relative to 2023 Q1 winning bids, 1% higher than the same quarter in 2025. Average bids were flat in 2026 Q3 compared to the same quarter in 2025, primarily due to low bids in July and August offsetting higher average bids in September.

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%
2026 Q2	7%	5%	6%
2026 Q3	8%	5%	6%

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

Note: Calendar year 2026 Q3 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 (FDOT) 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, earthwork, and composite 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
    - Geographic information system (GIS) maps of existing supplier locations.

General Outlook

U.S. inflation was 3.7% in September 2026, year-over-year. Core Consumer Price Index (CPI), which excludes food and energy prices, was 2.6%. Respondents to the National Association for Business Economists (NABE) October 2026 Outlook Survey cited broadening of geopolitical conflicts (36%, down from 56% in June), persistently high inflation (21%), and monetary policy mistakes (18%) as the top downside risks to the U.S. economy over the next 12 months.

Current U.S. Inflation	
Sept. 2026 CPI	3.7%
Sept. 2026 Core CPI	2.6%

36% of businesses cited broadening of geopolitical conflicts as the top downside risk to the U.S. economy over the next 12 months.

Quarterly GDP Estimates	
Q3 2026 Real GDP	3.4%
Q2 2026 Real GDP	2.2%
Q1 2026 Real GDP	2.5%
Q4 2025 Real GDP	0.2%

U.S. real Gross Domestic Product (GDP) grew by 3.4% in the quarter ending September 30, 2026[1] according to the most recent release from the U.S. Bureau of Economic Analysis (BEA). The increase in GDP was much larger than expected. However, according to the latest jobs report, gains in September 2026 (+29,000 jobs) fell well short of industry expectations (+84,000 jobs). The U.S. unemployment rate was 4.2%. Wage growth was 3.0% year-over-year in September, continuing to slow compared to recent trends.

Projected real GDP growth for calendar year 2026 was 2.3% (from 2.2% in June) in the September 2026 Federal Open Market Committee (FOMC) update. Forecasts for 2027 and 2028 were 2.4% and 2.2%, respectively. Estimated Personal Consumption Expenditures (PCE) inflation for 2026 increased to 3.7%, up from 3.6% projected in June. PCE inflation in 2027 was projected at 2.3%. Corporate economists and surveyed consumers were more pessimistic this quarter, at 2.3 – 3.7% over the next two years[2].

Official Projections	
2026 Real GDP	2.3%
2026 PCE Inflation	3.7%
2026 Unemployment	4.1%

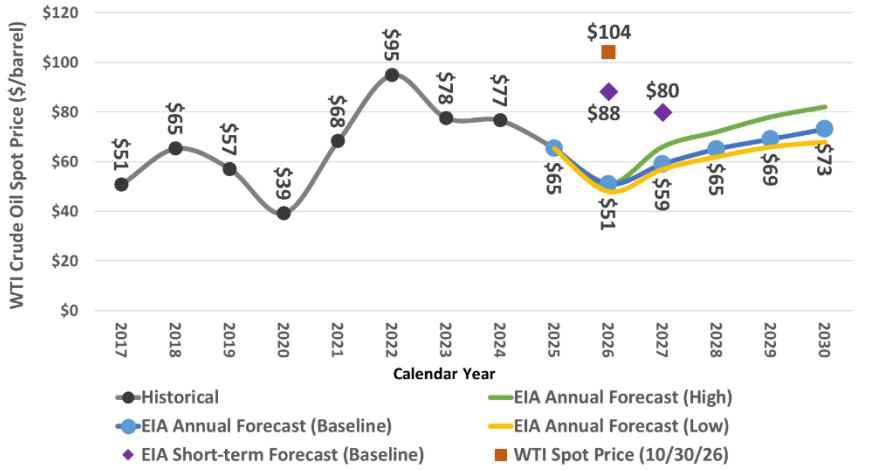
[1] On a quarter-over-quarter, seasonally adjusted annual basis.
[2] National Association of Business Economists October 2026.

U.S. Tariff Expectations	
2024 Effective Rate	2.5%
2025 Effective Rate (As of December 2025)	14.2%
2026 Expected Rate (As of September 2026)	9% - 12%

Researchers expect the U.S. Daily Effective Tariff Rate to end the calendar year between 9% and 12% (not the official rate, but the rate experienced by average households). Tariffs are estimated to add about 1% to current inflation. Estimated household impacts of current-law tariffs are about $1,100 per household annually. Of corporate economists, 47% do not believe a recession will occur until 2029 or later despite continued geopolitical instability, high fuel costs, and increases in inflation.

The U.S. Energy Information Administration (EIA) October 2026 short-term forecast was revised to $88 per barrel by 2026 calendar year-end. Current pricing ($94 per barrel) continues tracking well above the upper bound scenario of EIA's long-term forecast (**Figure 2**). Significantly, the latest crude oil forecast sets estimates for 2027 within 10% of 2026 pricing, and comparable to 2023 and 2024 levels. At this writing, the long-term decline previously forecast by EIA is unlikely to come to fruition until 2028 or later.

Figure 2. Annual Crude Oil Price, 2017 to 2030

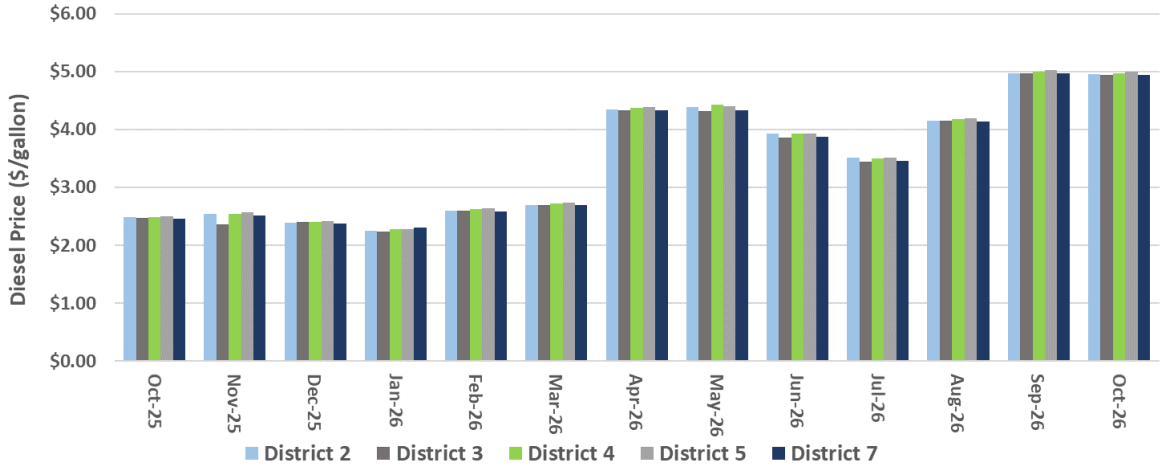


Source: EIA 2026 Annual Energy Outlook and Short-Term Energy Outlook

Diesel

After retreating in July, diesel price quotes from suppliers at terminals around the state rose sharply over the last three months (**Figure 3**). October 2026 diesel prices were between $4.93 and $5.00 per gallon, the highest level since 2022. Statewide, diesel prices averaged $4.95 per gallon in October 2026, which is a staggering 100% increase compared to October 2025 prices. Fuel costs are expected to influence bids significantly over the next several quarters.

Figure 3. Average Diesel Price by District

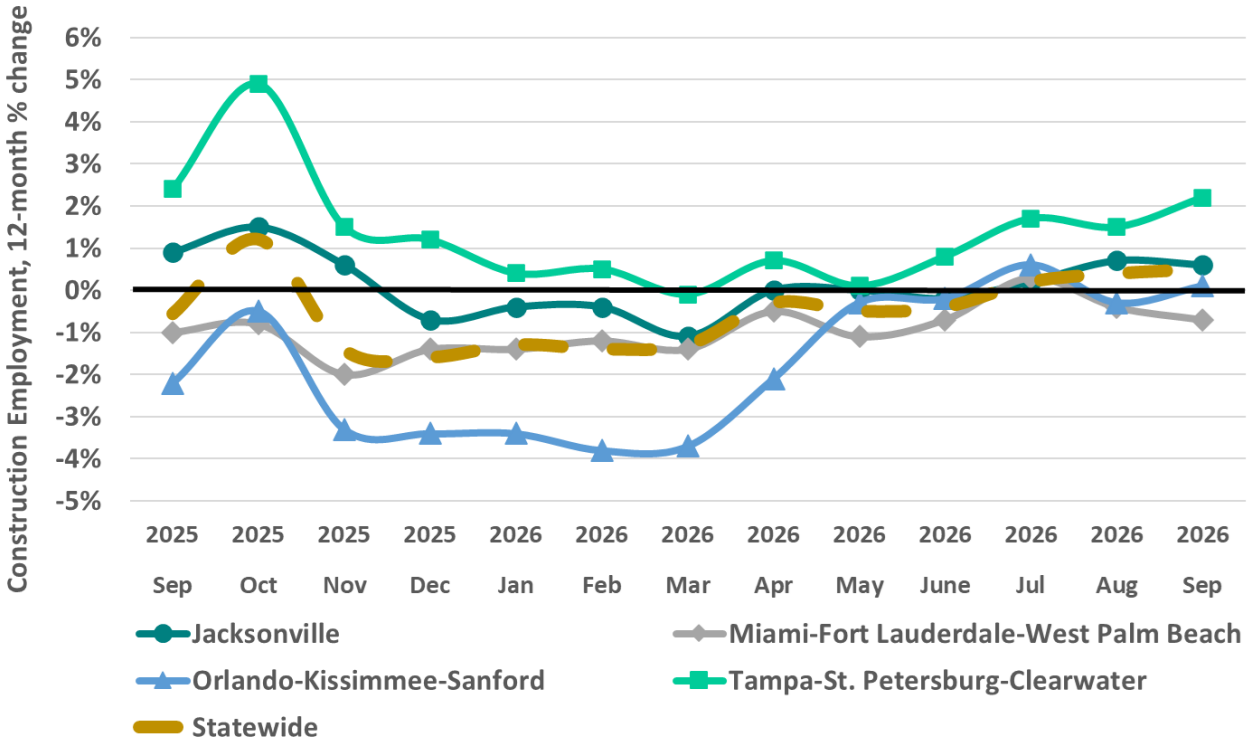


Source: FDOT State Construction Office.

Statewide and Metro Construction Employment

Statewide construction employment increased by 0.5% in September 2026 compared to the same month last year (**Figure 4**). Construction employment increased in the Tampa-St. Petersburg-Clearwater metro area by 2.2% year-over-year, while growth was relatively flat in Jacksonville and Orlando. Miami saw a slight decline (-0.7%) in construction employment over the same period.

Figure 4. Changes in Construction Employment in Major Florida Markets

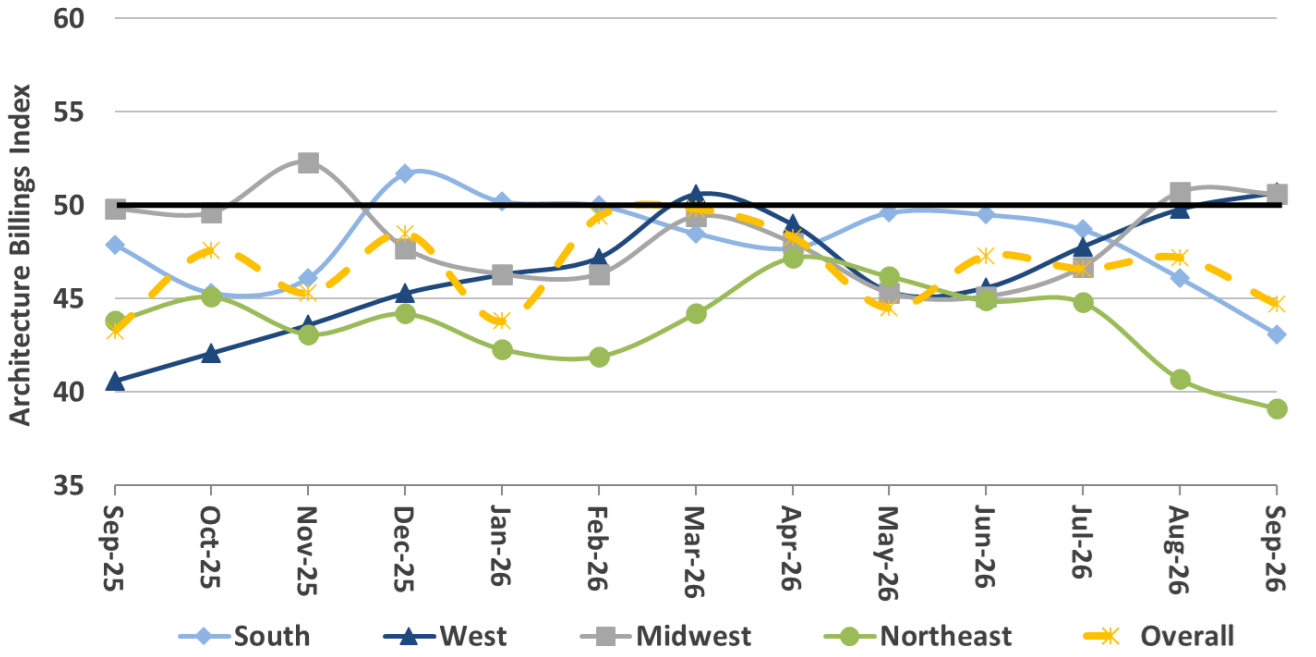


Source: Bureau of Labor Statistics.

Billings

The Architecture Billings Index (ABI) is a leading indicator for nonresidential construction activity. 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. Nationally, the index fell to 44.7 in September 2026, indicating that a majority of architecture firms saw decreasing billings at their firms (**Figure 5**). Only the Midwest and West regions saw an increase in billings in September.

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% decrease in year-over-year employment for August 2026. Counts fluctuated between 7,956 in September 2025 and 7,480 in August 2026. Employment peaked in September 2025 at 7,956 with a low of 7,466 in March 2026 during this timeframe. Regarding operating performance, average terminal dwell time between July 2026 and October 2026 in Jacksonville increased 6% year-over-year to 19.3 hours and increased in Waycross, GA by 7% to 26.9 hours[3]. The overall system dwell time during the same timeframe increased 11% to 20.9 hours year-to-year. Dwell times have worsened compared with the same period last year, with large systemwide increases. Higher dwell times increase the time it takes for material to be moved, which increases the likelihood that material deliveries are delayed, especially for aggregates in the northern half of the state.

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

Legislation and Regulations

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

White House Targets Diesel Policies

On October 5th the White House issued an Executive Order directing the US Dept of the Treasury to defer federal diesel excise tax obligations and enable the use of tax-exempt red-dyed diesel on public roadways through December 31st. The tax on diesel amounts to nearly 25% of the Highway Trust Fund (HTF). While the deferral threatens significant funds for the Trust Fund, the deferral instead of a suspension opens the door for Congress to potentially address the issue of rising fuel costs without damaging the HTF.

EPA and USACE Present Tighter WOTUS Rule

Proposed changes to Clean Water Act rules on waters include redefinitions of "relatively permanent" and "continuous surface connection" limiting definitions to perennial waters which would be defined as continuously flowing water every day.

FHWA Releases Drone Restriction Information

Several months ago, the Federal Highway Administration (FHWA) ceased funding for Chinese-made drones and restricted the "procurement, operation, or maintenance" of these devices. These rules have not changed but the FHWA has released further information clarifying the rules. No federal funds may be used for the maintenance of "covered" drones. Their use on federal-aid highway projects will also be restricted. Transition periods for replacing noncompliant drones will not be provided, and if prohibited drones are used, they may need to be replaced or disposed of on federal-aid sites.

Water Infrastructure Bill Advances through House

In September, the House passed a bill that would give $7 billion in funding to the US Army Corps of Engineers for water infrastructure projects and other waterways. Expectations are that these projects will be an economic boon to the areas that receive funding.

USDOT Issues Final Rule on DBE Policies

On September 25th, the USDOT issued a final rule on previous Disadvantaged Business Enterprise policy revisions. This final rule will clarify previous rule changes, particularly with the personal narrative on disadvantaged status, that the certifying agency may conclude economic disadvantage of an owner in comparison to non-disadvantaged individuals with comparable qualifications.

Supreme Court Hears Case on Whether Oil Companies Can be Held Liable for Climate Damages

In early October, the Supreme Court began hearing arguments on a case that could determine whether oil companies can be held liable for climate-related damages. The case is modeled after the mass claims against the tobacco and opioid industries. Where the Court will lean is unclear, but Samuel Alito has removed himself from the case, meaning that a 4-4 split is possible.

KEY INSIGHTS: ASPHALT

Summary

Asphalt producers and contractors continue to highlight impacts from the war in Iran. While initial price shocks have stabilized, prices remain elevated on fuel, transportation, binder, and other oil related products.

Few concerns were reported besides war impacts. Larger price increases are expected in January to offset costs that had been absorbed since the conflict started.

Work outlooks remain positive, but some suppliers and contractors are fearful of work shortages if prices remain elevated throughout 2027.

FDOT Impacts

The weighted average price of FDOT asphalt was $151 per ton in Q1 FY 2027, about 5% lower than FY 2026 year-end prices (matching the FY 2026 year-end forecast).

High competition is expected to keep increases in FY 2027 asphalt bids moderate, but price increases are expected to occur to help offset costs.

About $1.5 billion in asphalt-heavy resurfacing projects are planned for each year of the five-year work program, so price increases could impact project budgets depending on the severity and length of time.

FDOT mega-projects are similarly vulnerable to increased asphalt costs, and are likely to drive competition for resources and industry capacity over the next few years.



Source: FDOT, First Coast Expressway.

Supply Chain Variables**: Asphalt 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. Asphalt Supply Chain Variables

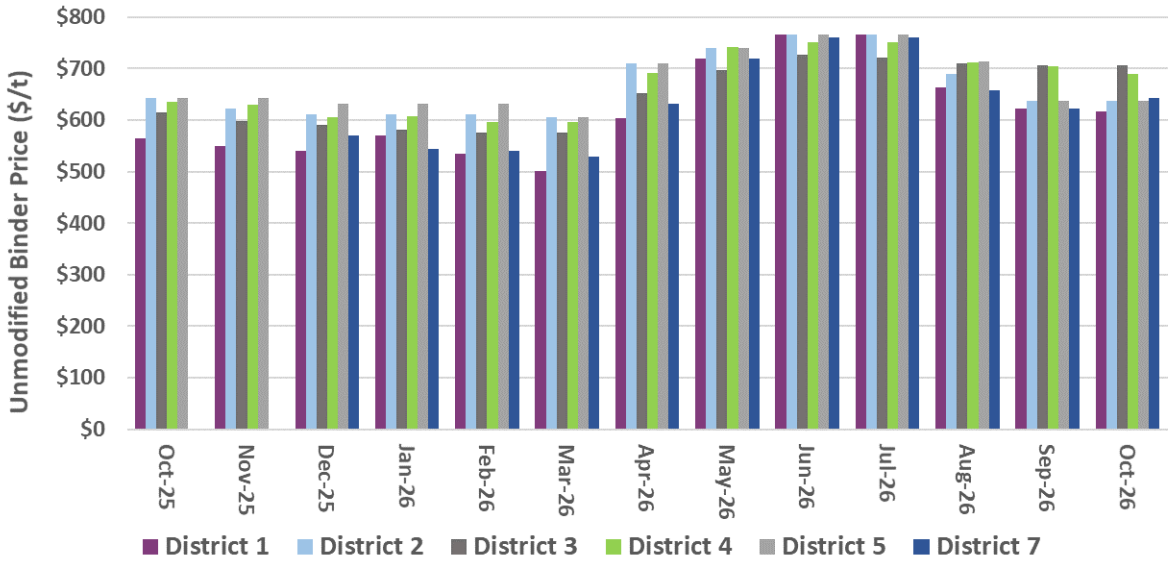
Aggregate The U.S. Geological Survey (USGS) reported that Florida's crushed stone production increased 8.1% during the second quarter of calendar year 2026. Nationally, production rose 6.8% in the same period. Aggregate supply was stable over the quarter, but prices have remained elevated due to the War in Iran. Interviewed suppliers are expecting major price increases to be passed off to customers in January as a result of increased fuel and transportation costs.	↑
Polymers Industry sentiment remains cautious through Q2 of calendar year 2026. U.S. weighted average prices for ethylene production costs from Q2 of calendar year 2026 decreased 26% year-over-year and 22% quarter-over-quarter according to the earnings report of a publicly traded polymer producer. However, polypropylene prices increased 37% in Q2 2026 year-over-year, and polyethylene prices increased 70% in Q2 2026 since the same period last year. Interviews continue to report elevated prices since the war in Iran began, although after the initial price shock, price changes have been stable. U.S. production of resins remained flat compared to the same period in 2025. Year-to-date production increased 4.3% year-over-year. The U.S. Chemical Regional Production Index fell 3.7% in August 2026 compared to August 2025, indicating a decline in chemical production.	↑
Asphalt Binder Unmodified (PG 67 & lower) asphalt binder prices trended downward in the third quarter of calendar year 2026 compared to the previous quarter, decreasing from $3.14 per gallon in June to $2.80 in September. However, prices increased 13.5% in September 2026 year-over-year. Rack binder prices in Jacksonville, Miami, and Tampa increased 13%, 14%, and 14% in October, year-over-year, respectively. Global oil prices remain volatile due to ongoing geopolitical tensions, although OPEC+ approved an increased production quota for September 2026. This quota increase will allow room for additional supply once conflict in the Middle East dies down. Even though OPEC+ quotas increased, members are still having a difficult time reaching output goals due to operational and technical constraints. Interviews have reported major price increases with the War in Iran but no major changes to availability.	↑
Imports According to the U.S. International Trade Commission (USITC) data, bitumen imports to ports serving the Florida market declined 17% from January through August 2026 compared with the same period in 2025. Argus Media reported that imported asphalt binder pricing in the U.S. Gulf Coast was mostly unchanged, ranging from $430-$450 per ton in late September 2026 to $415-$440 per ton in the week ending October 23, 2026. Imports from Venezuela accounted for most import volumes, while Canada, Colombia, and Turkey also supplied the market.	↑

Trucking Diesel prices increased drastically by 100% in October 2026 year-over-year, primarily due to higher crude oil prices. According to Freight Transportation Research, specialized trucking rates in Florida increased to 30% to 40% above normal in mid-June, decreased to 20% to 30% above normal in July 2026, and declined to 10% to 20% above normal from August through the first week of October 2026. Specialized trucking volumes remained elevated through May, July, and August, reaching up to 100% above normal late August and early September, but declined to normal levels mid-September and October. As of October 13, 2026, total spot rates saw slight changes from the end of September, but remained approximately 42% above the same period in 2025. Continued trucking price escalations from the War in Iran will likely lead to larger price increases that suppliers will pass off at the end of the calendar year as cited in interviews.	↑
Refinery Capacity U.S. refineries are designed and equipped to process heavy and sour crude oil, which is currently imported from Canada and Mexico, and ship light oil to Europe for refining. Preceding the shale boom, U.S. refineries invested billions of dollars in coker units to optimize output. Refining capacity not only depends on total volume, but also on the type of crude being processed at each refinery. Oil Refinery Utilization on the Gulf Coast was between 92% and 98% in the third quarter of calendar year 2026. Geopolitical uncertainty continues to influence costs and prices. In August 2026, the EIA estimated that asphalt and road oil supplied to the East Coast decreased 5% year-over-year, while asphalt supplied to the Gulf Coast decreased 10%.	↑
Labor Statewide construction employment increased slightly (0.5%) in September 2026 compared to the same month last year. Labor remains an issue for some, while quarter-to-quarter changes are overall minimal. Interviewed contractors can get the workers they need but are paying higher prices to remain competitive with other firms. The labor that was lost due to immigration policies was regional, and lost several quarters ago with no major changes reported since.	=
Pavement Markings As stated in the polymers section, the Chemical Regional Production Index declined by 3.7% in August 2026 year-over-year, and the production of coatings and other specialty chemicals decreased during the same period. According to the American Chemistry Council (ACC), U.S. specialty chemical output in August 2026 declined 5% year-over-year. Pavement markings and other plastic-based/petroleum-based ancillary products remain vulnerable to fluctuations in crude oil markets and ongoing supply chain disruptions. Contractors report increased input costs this quarter, as well as some difficulty obtaining the equipment and material, which may impact bids next quarter.	=
Rail Revenues from asphalt products shipped by CSX — regardless of destination — increased 4.4% year-over-year, while shipment volume data (in tons) was unavailable per the most recent data available (Q2 of calendar year 2026). No major concerns with rail have been reported by interviews.	=
Competition During calendar year 2026, the number of asphalt producers in FDOT's approved list rose from 127 in October 2025 to 132 in October 2026. Increased consolidation has been reported with firms being integrated and bought by larger firms. No new asphalt plants were added to FDEP's air-permitted list this period, but a Palm Coast project is currently under active planning and could begin operating in the near future. Bids remain competitive at this writing, keeping asphalt prices from rising for FDOT projects despite other states seeing increases.	↓

General Trends

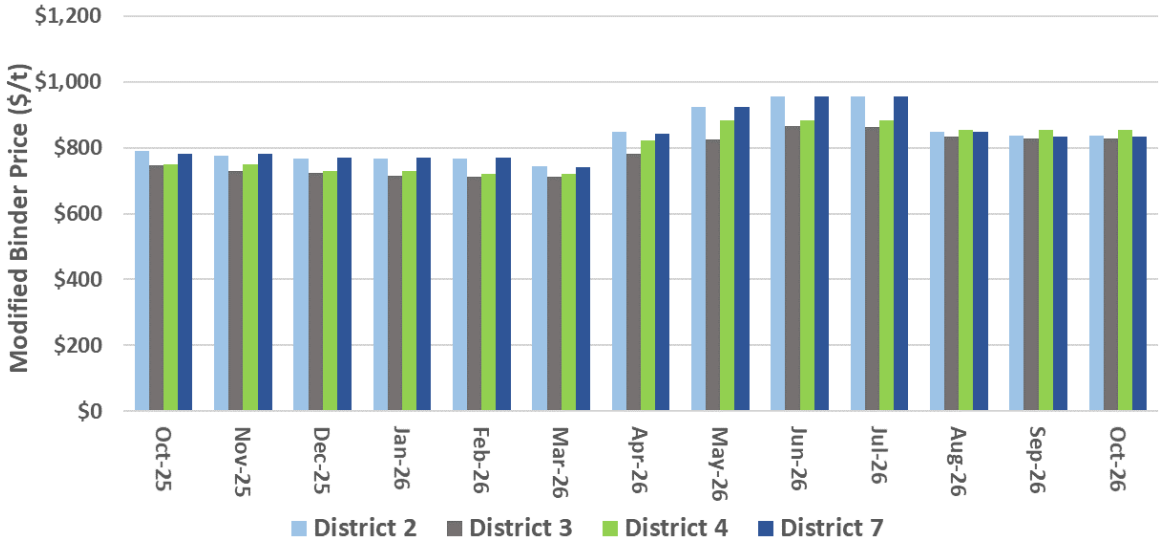
Where available, the average prices for unmodified (**Figure 6**) and modified (**Figure 7**) binder were calculated from monthly terminal price quotes at the district level. Unmodified binder is the average of PG 52-28 and PG 58-22 prices, while modified binder is a quote for the price of PG 76-22 (PMA) in the dataset. Unmodified binder prices were up 6% on average in October 2026, year-over-year. Modified binder prices were up 9% on average in October 2026, year-over-year. On average, price changes between October 2026 and September 2026 for unmodified binder and for modified binder were flat.

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 are heavily influenced by infrastructure demand (FDOT's work program), Florida macroeconomic conditions, raw materials/input prices, and order size. Contractors and producers continue to report elevated input costs since the conflict in Iran began. While price shocks have leveled off, binder prices have not declined. Uncertainty about future work volumes if fuel and oil products remain high going into 2027 persists. Price increases are expected to be passed off to project owners in 2027 if they have not already been.

The baseline scenario rose this quarter due to continued global disruption of crude oil markets, but moderation in bids from FY 2026 is still expected due to high competition, declining from $159 to $143 per ton by the end of the work program. In the upper bound, continued disruptions in global energy markets due to the Iran War and other geopolitical factors, along with other high input costs, lift prices closer to FY 2024 peak prices. In the lower bound, sharp declines in energy costs, slowing macroeconomic growth, and reduced tariff impacts support price reductions closer to pre-COVID trajectories. Asphalt prices are projected in **Table 3** for the five-year construction work program.

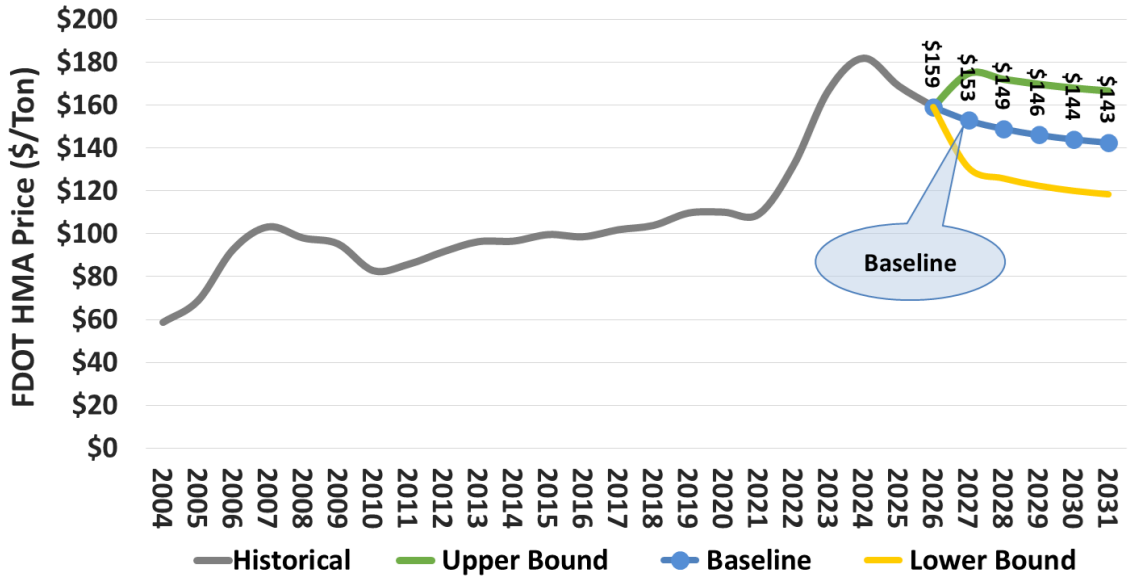
Table 3. FDOT HMA Price Forecast Results

Year	2026	2027	2028	2029	2030	2031
Price HMA, $/Tons	$159	$153	$149	$146	$144	$143
Percent Change, %	-6%	-4%	-3%	-2%	-1%	-1%

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

Figure 8 shows the potential range of estimates over the five-year work program.

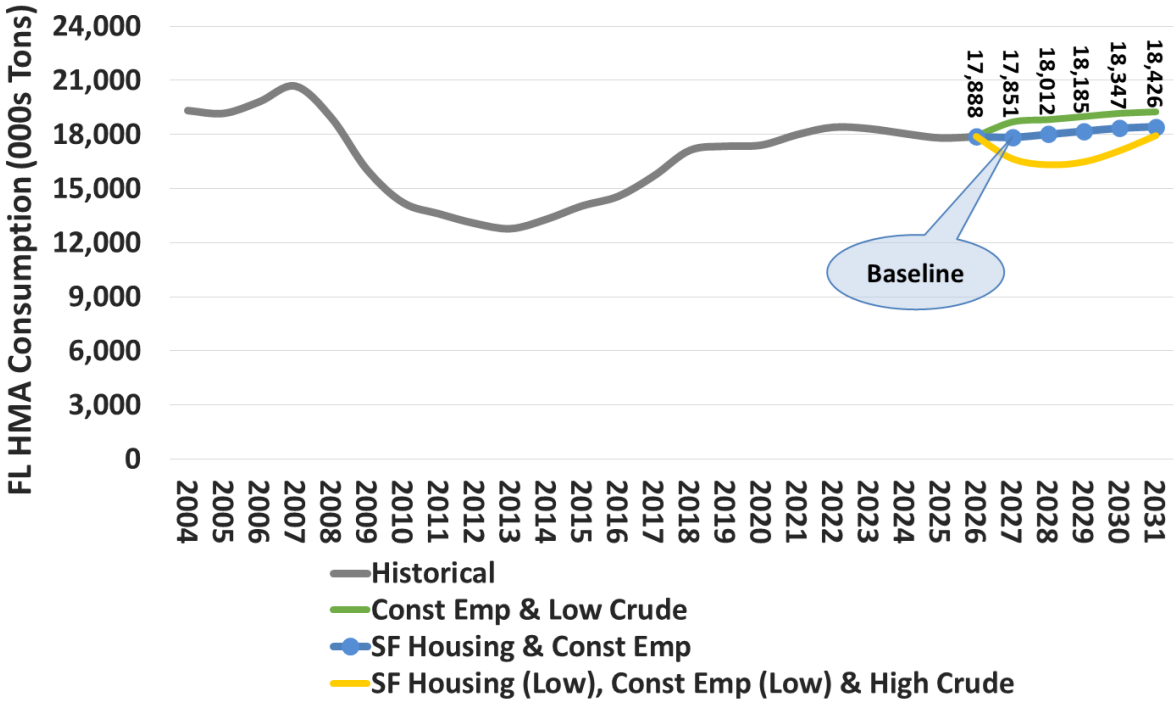
Figure 8. FDOT HMA Price Forecast



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

For Florida Hot Mix Asphalt (HMA) consumption, **Figure 9** shows a best estimate of gradual production growth through FY 2031 based on moderate construction employment growth and housing starts. The upper bound is based on a more robust labor outlook and significantly lower fuel costs (unlikely at this time) that would allow for additional production at lower cost. The lower bound requires a steep drop in demand due to recessionary conditions and sustained high 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

A new cement terminal in Tampa, Florida with a storage capacity of 100,000 tons has opened. The terminal will receive cement by ship to distribute to customers throughout Florida. Central Florida is expected to greatly benefit from the additional cement capacity.

Although Florida concrete markets continue to attract competition and improve material supply chains, producers interviewed this quarter expect to pass off larger price increases to customers in January as fuel and transportation costs continue to remain high. Without continued absorption of elevated input costs, bids are expected to increase.

FDOT Impacts

Limited structural concrete bids showed a range of prices, with bids over 100 cubic yards averaging $1,417. One outlier bid with low-quantity in District 3 attracted a significantly higher price ($12,500 per cubic yard).

Updated industry data and sentiment indicate some price increases may be realized in FY 2027 before continuing to moderate in the status quo/baseline scenario. Despite recent disruptions and uncertainty, 47% of corporate economists do not believe that a recession will occur before 2029.

Upper bound estimates become more likely if tariff implementation begins to directly impact concrete products, energy prices remain elevated/increase, or housing activity rebounds. The lower bound would require macroeconomic decline, but does not represent an “Armageddon” scenario.



Source: FDOT, Shands Bridge.

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.	↓

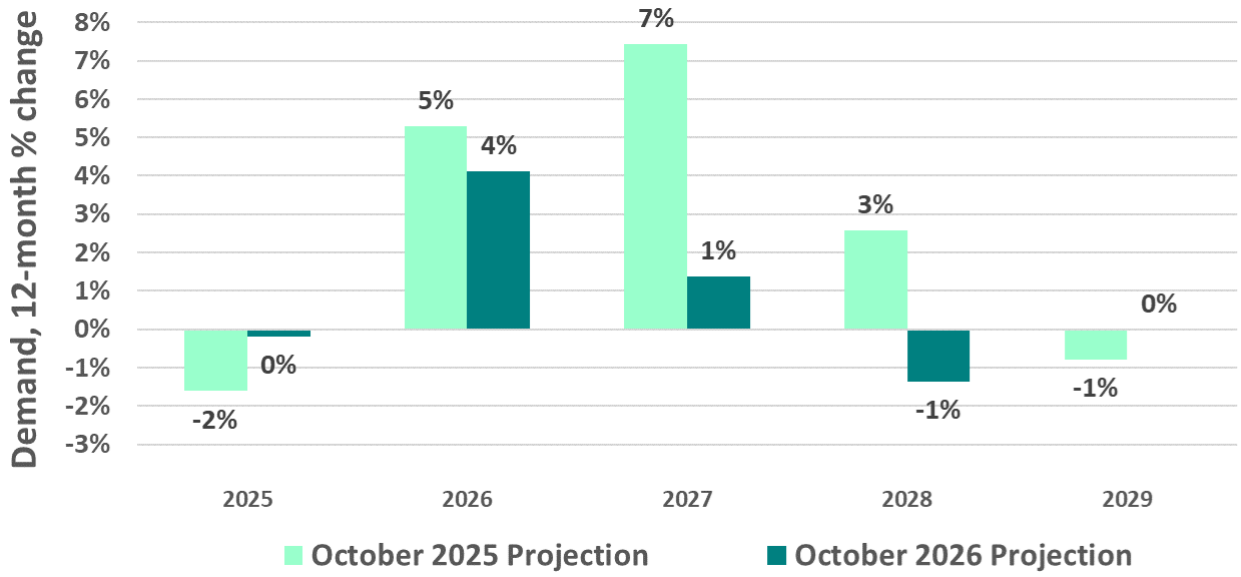
Table 4. Concrete Supply Chain Variables

Aggregate Florida's crushed stone production increased 8.1% in the second quarter of calendar year 2026 compared to the same period in 2025, and national production rose 6.8% year-over-year in the same period according to the U.S. Geological Survey (USGS). Producers have dealt with moderate to large price increases with aggregate due to fuel and transportation cost increases. Suppliers are attempting to absorb these costs but are expecting to pass these costs off to customers in 2027.	↑
Truck Trucking prices have increased significantly since the beginning of the year due to the War in Iran. Similar to aggregate costs, trucking costs are expected to be passed off to customers with the new year. See the **Asphalt** section for further detail.	↑
Labor Interviews have indicated some continued issues with labor with less labor availability and high competition for what is available. However, other suppliers are reporting improved conditions. Statewide construction employment only increased by 0.5% in September 2026, year-over-year.	=
Fly Ash Interviews and surveys have not indicated any major issues with fly ash, other than isolated incidents, and transportation cost increases like with the rest of the industry. In the Florida market, Titan America reports a 13% increase in fly ash volumes and a slight price decline in June 2026 compared to the same period last year.	=
Rail Some producers are considering using rail instead of trucking to transport materials due to high fuel costs. In Q3 of calendar year 2026, revenues from concrete products shipped by CSX (regardless of destination) grew 11% year-over-year. Shipment volume data was unavailable.	=
Cement Cemex reported no change in domestic gray cement volumes and a 2% increase in ready-mix volumes. Pricing for both materials remained relatively flat, with a 2% increase in domestic gray cement and no change in ready-mix prices. This is in line with the American Cement Association's (ACA) summer forecast, which expects cement consumption to slightly increase by 0.4% in 2027 led by a rebound in single-family construction. However, cement consumption is expected to fully bounce back in 2028, with an anticipated gain of 2.6%. No major concerns with cement have been reported in interviews.	↓
Competition The number of FDOT-approved concrete producers increased from 604 in July 2026 to 618 in October 2026. A new 100,000-ton bulk cement terminal has opened in Tampa, Florida by Hollingshead Cement under an agreement with SESCO Cement. Turkey-based company Medcem was scheduled to begin operation of a 450,000 – 500,000 tons per year clinker grinding facility in September of 2026 in western Florida as well.	↓

General Trends

U.S. Ready-Mix demand is expected to rise 4% in calendar year 2026 according to updated industry analysis (October 2026), a 1% drop from October 2025 projections (**Figure 10**). Demand in 2027, however, is expected to slow considerably compared to expectations from a year ago. Weakening residential markets, energy-driven inflation, and deteriorating consumer sentiment are the leading causes for slowing ready-mix demand at this writing.

Figure 10. U.S. Ready-Mix Demand



Source: Rock Products/Allen-Villere Partners Construction Materials Report.

Structural Concrete Forecast

Regression modeling was performed using pay item data, supply chain variables, and other macroeconomic indicators to identify models that best predict 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

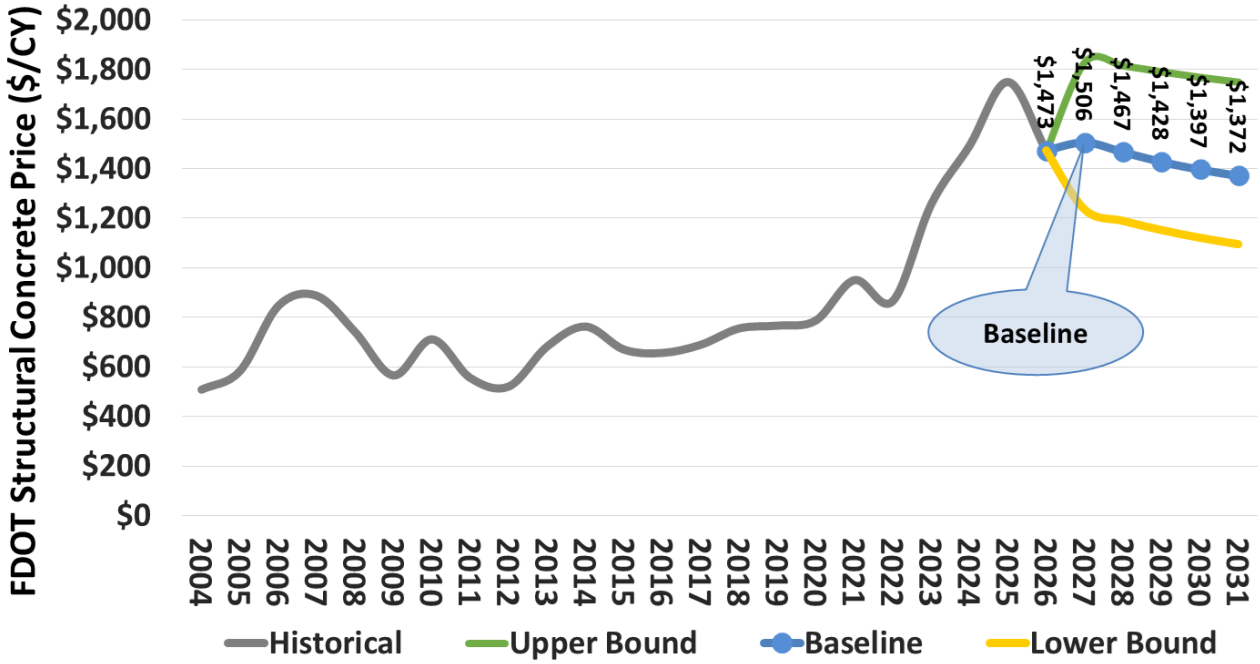
Year	2026	2027	2028	2029	2030	2031
Price Concrete, $/CY	$1,473	$1,506	$1,467	$1,428	$1,397	$1,372
Percent Change, %	-16%	2%	-3%	-3%	-2%	-2%

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

Producer price increases are expected to occur in January as fuel and transportation costs remain high. The latest concrete price projections estimate a slight increase in weighted average price (WAP) for FY 2027 relative to FY 2026 (**Figure 11**). Updated economic outlooks and industry data support relatively stable prices for FY 2027 in the status quo/baseline scenario, though higher prices are possible due to continued energy market instability (trucking, fuel).

Upper bound estimates become more likely if the Iran War continues. Industry forecasts for crude oil and fuel costs are now predicting sustained higher costs throughout FY 2027, with declines arriving in FY 2028. Coupled with the rapidly changing landscape of U.S. trade policy, prices could rise to a new peak. Lower bound estimates become more likely if macroeconomic conditions decline significantly alongside falling energy prices (considered unlikely at this time).

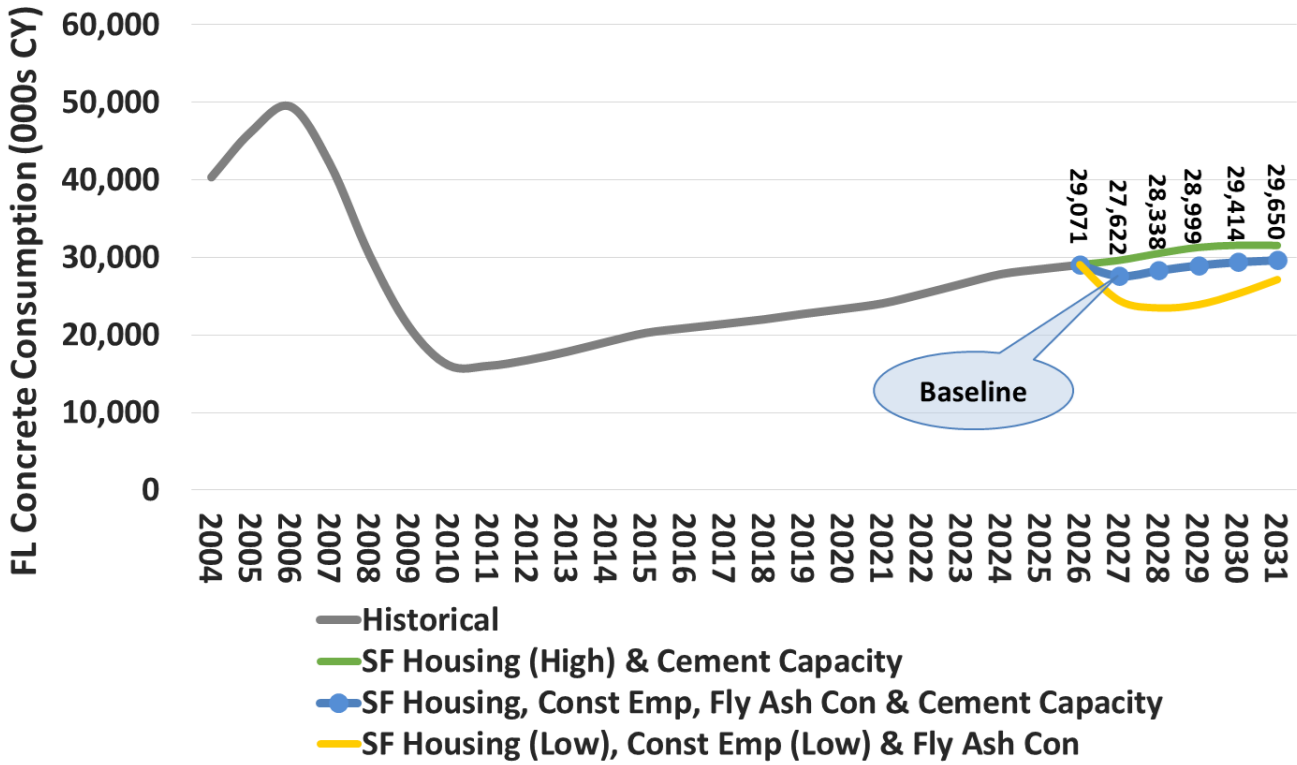
Figure 11. FDOT Structural Concrete Price Forecast



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

Figure 12 shows the output of several quantity models forecasting statewide consumption of concrete and the scenario identified as the best estimate, which tracks moderate changes in housing, construction employment, fly ash consumption, and cement capacity. The upper bound would require a rebound in housing demand and improved cement capacity utilization. FDOT, industrial, and resiliency demand in FY 2027 has the potential to increase production as well. Declining production is shown in the lower bound where a steep drop in demand (recessionary conditions) would need to occur to substantially slow production.

Figure 12. Florida Concrete Consumption Forecast



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

KEY INSIGHTS: STEEL

Summary

Steel and aluminum suppliers continue to report price increases for their inputs and the products that they sell. Suppliers attribute the increases to rising fuel costs, high demand, and longer than normal lead times for some products (like aluminum light pole bases).

Transportation costs and availability remain primary concerns with the ongoing war in Iran. Some fabricators report difficulty in obtaining raw materials and lead times of more than 12 weeks.

FDOT Impacts

U.S. structural steel prices were up 20% in September 2026, year-over-year, while U.S. rebar prices were up 15%. Regional prices were up only 5% on average for structural shapes and less than 1% for rebar over the same period.

Volatility in global markets is impacting input materials (zinc, iron ore, scrap), pushing up prices and affecting lead times, which could push bid prices closer to the upper bound.

Limited Q1 FY 2027 reinforcing steel bids showed an increase compared to year-end FY 2026 prices. FDOT fabricators expect prices to rise in FY 2027 if transportation and energy markets remain volatile.



Source: FDOT.

Supply Chain Variables: **Steel Materials**

Table 6 shows the current status of select variables that impact the steel supply chain.

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

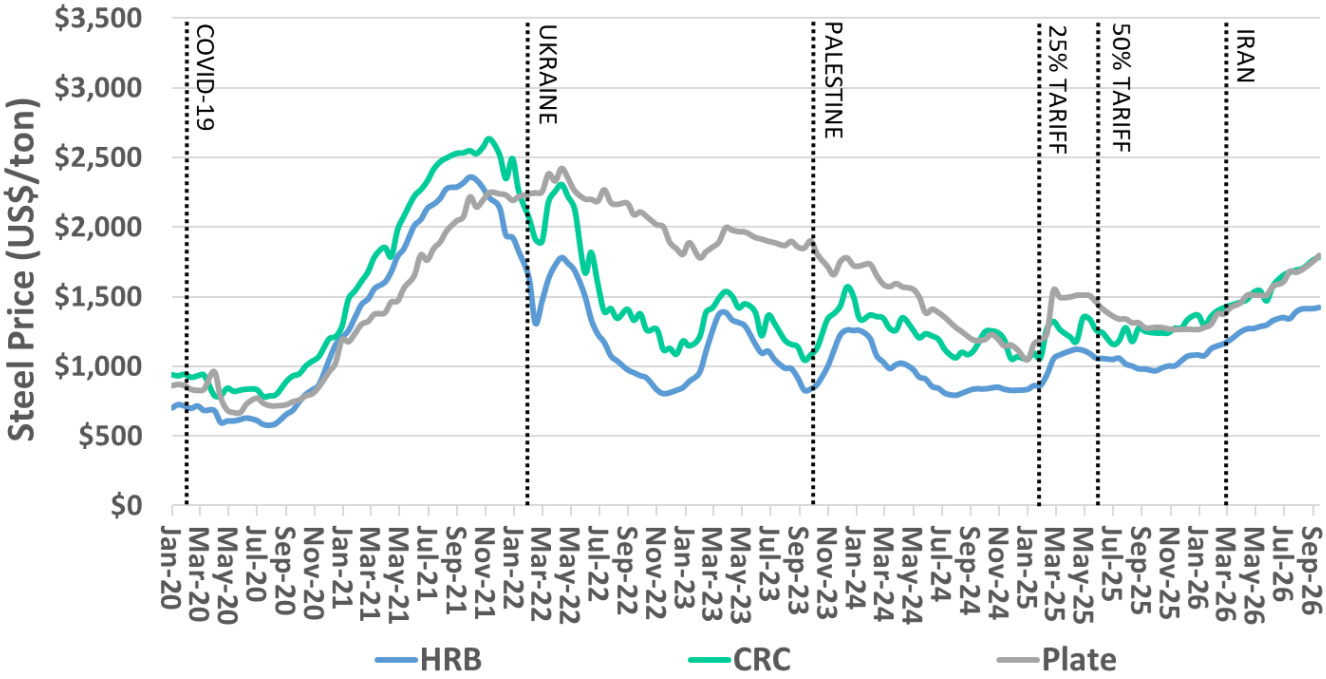
Table 6. Steel Supply Chain Variables

Raw Materials Nationally, prices for hot-rolled steel increased by 5% (from $1,353 to $1,425) in September 2026, the highest price since June 2022. U.S. iron ore prices are once again being reported by USGS, though most current data are only to June 2026. The price in June was $100.8 per metric ton, down 4% quarter-over-quarter but up 9% year-over-year. Lead times on raw materials have been a cited issue with certain materials becoming more difficult to procure for some producers.	↑
Scrap Steel Scrap steel prices were flat quarter-over-quarter at $412 per gross ton. Compared to September 2025, however, prices in September 2026 are up 12% year-over-year. Price increases with scrap steel driven by fuel cost increases are ongoing as reported by producers.	↑
Galvanizing Steel In September 2026, global zinc prices reached a high of $1.82 per pound, and were up 37% compared to the same month in 2025. This corresponds to a 14% increase quarter-over-quarter. The World Steel Association forecasts a 2% decrease in Chinese steel demand in 2026 due to decreased infrastructure and property investments, which could release some pressure on global zinc prices. However, Strait of Hormuz tensions could continue to cause volatility in zinc prices.	↑
Transportation Diesel prices (up 100% as of October 2026, year-over-year) continue to increase input costs for steel makers. See the **Asphalt** section for further detail.	↑
Imports In October 2026, Chinese steel prices were up 4%, year-over-year, at $492 per ton – still much lower than average U.S. rates. China's role in excess global capacity is being addressed by several countries (including Turkey, Indonesia, India, Vietnam, and South Korea) with the institution of anti-dumping duties on Chinese steel. Anti-dumping duties are tariffs designed to offset foreign goods sold below market value and protect domestic production demand.	↑
Labor Limited complaints have come from producers about labor, but labor continues to be competitive and lacking in skilled quantity. Statewide construction employment increased by 0.5% in September 2026 compared to the same month last year.	=
Milling Capacity National steel mill capacity utilization rates averaged 79% in 2026 through October, an increase from 77% in 2025 over the same period. Production is up compared to 2025 as well, increasing from a monthly average of 0.70M tons to 0.74M tons. Interviewed producers stated goals of increasing production capacity next quarter.	↓
Competition Since the last report, Nippon Steel has finished relining the No. 14 blast furnace at their Gary Works plant in Indiana. While this is the extent of developments by Nippon, other companies have made similar investments, including the planning of a new steel mill in Iowa by Mesabi Metallics which is anticipated to produce 10 million tons of steel per year when it opens in 2030.	↓

General Trends

U.S. steel prices continued to steadily increase over the last quarter (**Figure 13**). Price changes varied by product: hot-rolled band saw the largest rise at 46% in September 2026, year-over-year. Cold-rolled coil and steel plate prices increased 40% and 37%, respectively. The World Steel Association's updated October 2026 worldwide steel demand forecast was revised from modest growth to flat, or no growth, in 2026 compared to the previous year. U.S. production is still expected to increase by 1.7% in 2026 (down from 3.5% projected in April), but Chinese production is expected to decline by 1.5% during the same period. Housing market corrections and ongoing conflicts in the Middle East are expected to continue to slow production into 2027.

Figure 13. U.S. Steel Pricing



Source: American Iron Steel Institute (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.

Table 7. FDOT Steel Price Forecast Results

Year	2026	2027	2028	2029	2030	2031
Price Structural Steel, $/lb.	$4.69	$4.96	$4.76	$4.55	$5.04	$4.61
Percent Change, %	-9%	6%	-4%	-4%	11%	-9%
Price Reinforcing Steel, $/lb.	$1.49	$1.64	$1.56	$1.50	$1.45	$1.41
Percent Change, %	12%	10%	-5%	-4%	-3%	-3%

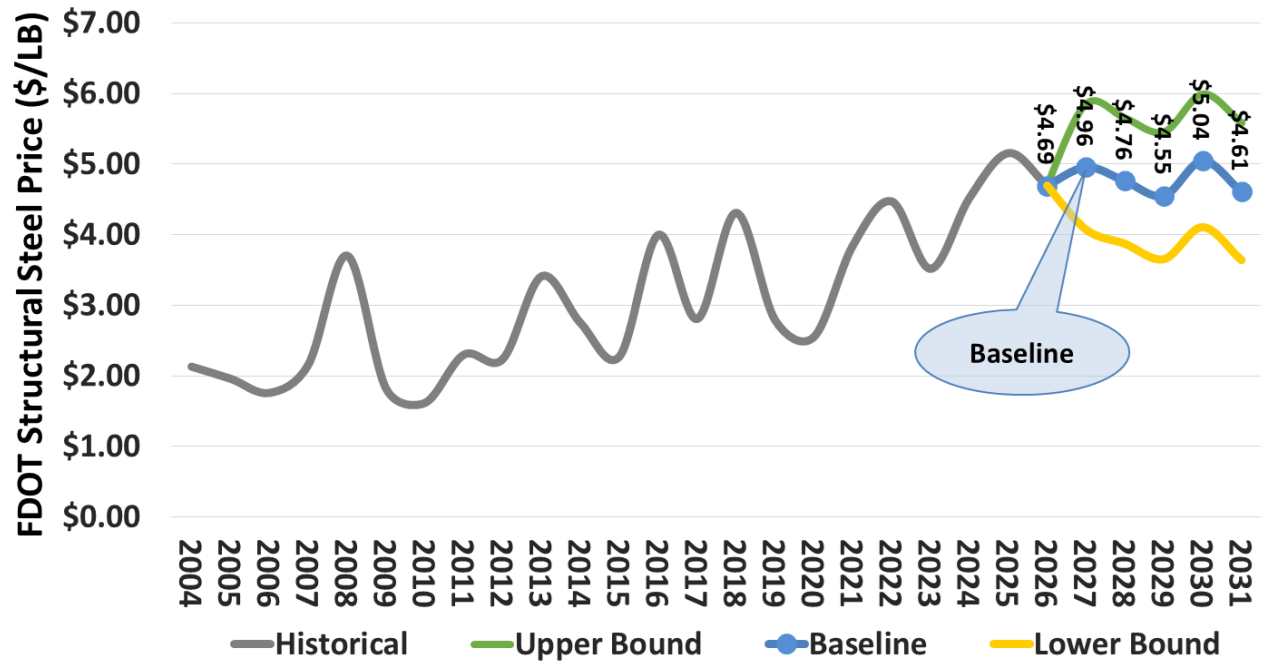
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Figure 14 and Figure 15 show the output of updated econometric modeling. Interviews report double-digit increases in steel prices this quarter, with bids expected to follow over the next year. Industry data show U.S. rebar prices increased 15% in September, year-over-year. Regional rebar price changes were flat compared to a year ago, however. Structural steel prices were elevated as well through the end of the quarter (U.S. up 20%, region up 5%).

The baseline forecast for structural steel rose this quarter due to continued concerns about fuel costs, raw materials, and weak employment expectations, but is still within range of FY 2026 pricing. The baseline forecast shows a potential rebound in demand in FY 2030 that temporarily increases prices before declining again in FY 2031. The upper bound scenario shows prices increasing to nearly $6.00 per pound, in a tariff-impacted, higher energy cost environment. This scenario could happen in the short-term, given supplier comments, but is not considered sustainable. The lower bound scenario sees prices retreat closer to historical levels, hovering around $4.00 per pound. A resolution to the Iran War, lower energy costs, lower tariff impacts, and lower macroeconomic growth would support this scenario.

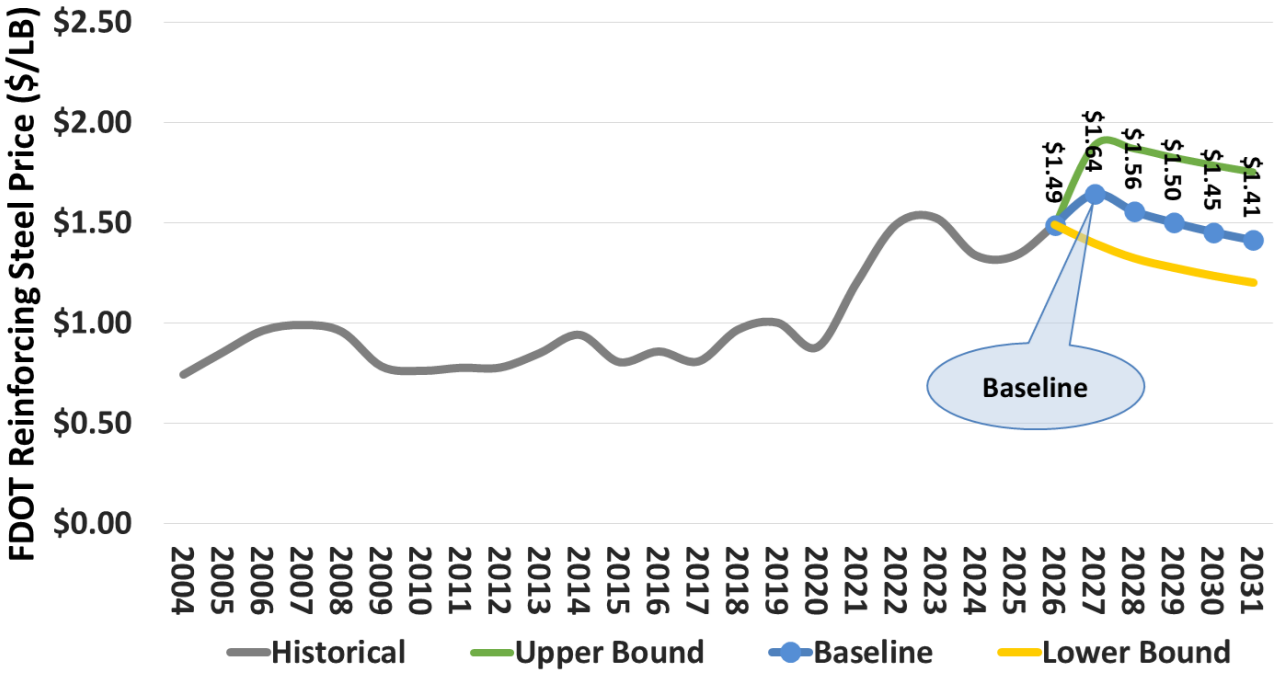
Disruptions in transportation and distribution networks, fuel costs, and availability of raw materials were cited by most suppliers this quarter as factors contributing to higher prices. At this writing, these conditions are expected to continue into the next quarter, lifting the baseline forecast of reinforcing steel bids in FY 2027 before gradually declining through FY 2031. The decline is predicated on the assumption that impacts from the war in Iran will lessen or cease by FY 2028. In the upper bound, increased tariffs, continued high energy prices, and other macroeconomic and global impacts could push up prices to almost $2.00 per pound in FY 2027. This in not considered a long-term scenario, however. In the lower bound, prices could claw back about half of post-COVID gains in the event of a macroeconomic downturn and falling demand.

Figure 14. FDOT Structural Steel Price Forecast



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

Figure 15. FDOT Reinforcing Steel Price Forecast



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

KEY INSIGHTS: AGGREGATE

Summary

Florida crushed stone production increased 8% through June 2026, year-over-year, according to the latest USGS data.

Nationally, publicly traded companies reported year-over-year price increases (2% to 5%), while production was up more unevenly across companies (1% to 17%).

Elevated fuel and transportation costs remain the top concern for aggregate providers. While some firms have passed price increases off to consumers, and others have absorbed costs, all have reported larger price increases starting in January to offset longer than expected price elevation (10% on average).

FDOT Impacts

The weighted average price of FDOT aggregate base was $25 per ton in Q1 FY 2027, within 1% of FY 2026 year-end prices (and within $1 of the FY 2026 year-end forecast).

With updated industry expectations and reported January 1st price increases, FDOT aggregate base prices are currently forecast to increase in FY 2027 before flattening out through FY 2031. If energy and trucking costs remain high, however, the upper bound scenario (over $30 in FY 2027) could occur. The lower bound scenario would require worsening macroeconomic conditions and reduced demand.

FDOT contractors continue to report significant reliability issues with aggregate transportation, which are unlikely to be resolved over the next quarter.



Source: FDOT, South Florida limestone mine.

Supply Chain Variables: **Aggregate Materials**

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.	↓

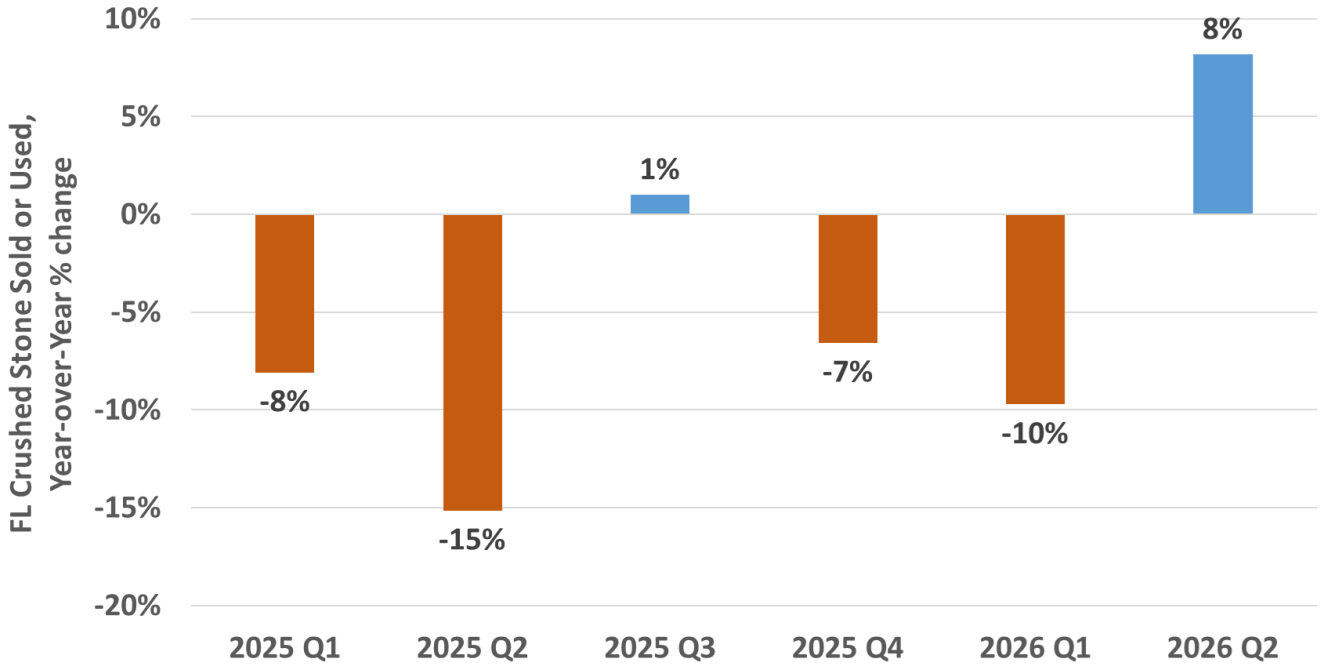
Table 8. Aggregate Supply Chain Variables

Raw Materials USGS reported that Florida's crushed stone production increased 8.1% in the second quarter of calendar year 2026 compared to the same period in 2025. Nationally, production increased 6.8% in the second quarter of 2026. In the second quarter of 2026, publicly traded companies reported year-over-year price changes between a 2% to 5% increase, while volumes increased between 1% and 17%. Material prices have seen increases as a result of transportation cost increases due to the war in Iran. Rising costs from transportation and fuel are expected to be passed off to projects starting in 2027 as the conflict in Iran becomes more prolonged.	↑
Capital Costs On September 17, 2026, the Federal Reserve raised the federal funds target rate 25 basis points to 3.75-4% to help reduce inflationary pressure. Financing and input costs continue to remain elevated due to fuel and transportation costs leading to smaller margins on projects for contractors and producers. Labor, inflation, and other constraints present issues but overall feedback from interviews regarding concerns besides fuel and transportation costs remain low.	↑
Trucking In October 2026, diesel prices were at $4.95, up 100% year-over year. Trucking costs have seen dramatic increases since the War in Iran. Due to the prolonged conflict, aggregate producers intend to raise prices in January by larger margins than they may otherwise had to offset cost increases.	↑
Rail is the primary mode of transportation for aggregates from Georgia and Lake Belt to Central and Northeast Florida. In the second quarter of calendar year 2026, revenues of aggregate products shipped by CSX increased 4.4% year-over-year. Note these statistics are for CSX's whole system as location specific data is not available.	=
Labor Interviews indicated limited quarter-to-quarter changes in the labor market, but an overall long-term decline in labor quality and quantity. Initial impacts from immigration policy happened several quarters ago and have leveled off. Statewide construction employment increased slightly (0.5%) in September 2026, year-over-year. At the national level, stone mining and quarrying employment increased 4.7% in August 2026, year-over year.	=
Access to Land with suitable deposits is critical to achieving cost-effective material extraction for FDOT Aggregate materials. The March 2026 ruling on Florida's 404 permitting program continues to create uncertainty within the industry.	=
Competition As of October 2026, the number of FDOT approved aggregate increased from 301 to 303 since July 2026.	=

General Trends

According to updated quarterly data released by USGS, Florida crushed stone sold or used by producers increased 8% in the second quarter of calendar year 2026 compared to the same quarter in 2025 (**Figure 16**). Previous quarters showed significant declines year-over-year. Nationally, crushed stone production increased by 6% in 2026 Q1 and 7% in 2026 Q2.

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 weighted average price for aggregate base course. Producers anticipate absorbing costs for as long as they can from elevated fuel and transportation prices. However, if the Iran War continues into 2027 and oil prices remain elevated, this cost will be passed off on January 1st with price increases. While January 1st price increases are common, suppliers are expecting larger price increases this time around to cover losses.

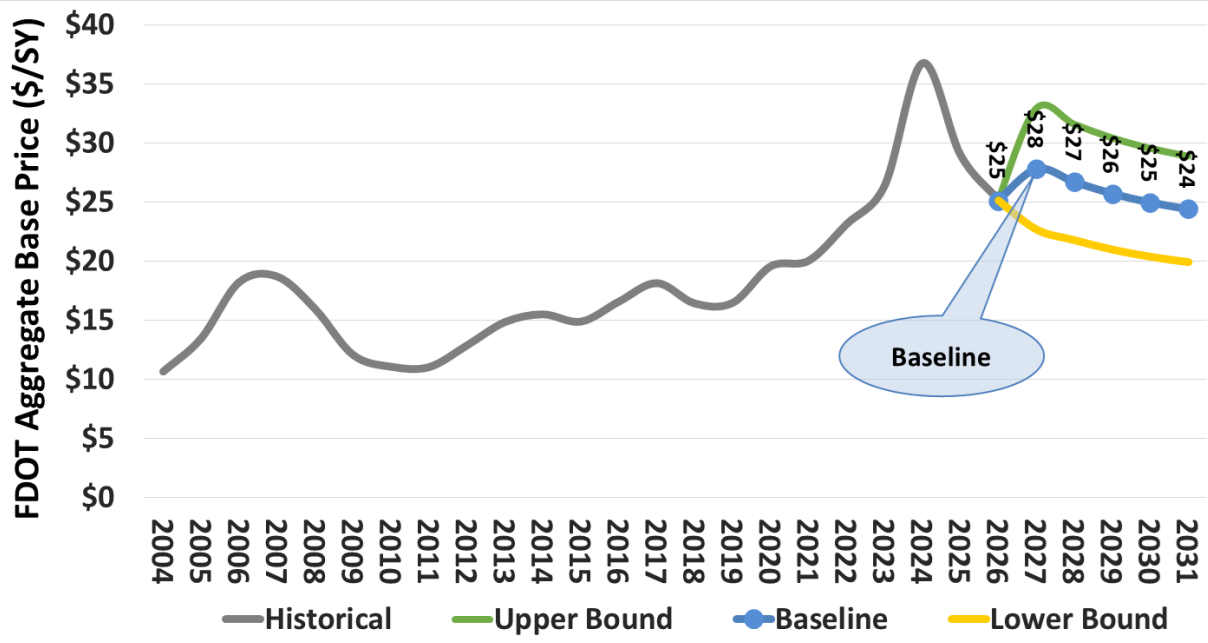
Table 9. FDOT Aggregate Base Price Forecast Results

Year	2026	2027	2028	2029	2030	2031
Price Aggregate Base, $/SY	$25	$28	$27	$26	$25	$24
Percent Change, %	-13%	11%	-4%	-4%	-3%	-2%

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

Based on updated assumptions and interviews, FY 2027 prices are projected to increase about 11% from FY 2026 year-end prices before declining through FY 2031 in the baseline scenario (**Figure 17**). In the upper bound, higher energy prices and tariff impacts, along with sustained high demand, support prices increasing over $30 per square yard again. As seen with the dramatic FY 2024 increase, this level of pricing is not considered sustainable. In the lower bound, a macroeconomic correction could push prices down to $20 per square yard.

Figure 17. FDOT Aggregate Base Price Forecast



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

KEY INSIGHTS: EARTHWORK

Summary

FDOT earthwork prices continue to moderate after declining 55% over the past two years (FY 2024 to FY 2026). The main concerns listed by contractors are rising diesel and equipment prices and trucking availability. While labor availability is still low, modernization and automation of some equipment has helped bridge the gap.

U.S. earthmoving equipment prices were up compared to a year ago for dump trucks, excavators, and other tracked equipment types.

FDOT Impacts

Despite continued fuel and trucking cost and availability issues, Q1 FY 2027 earthwork bids averaged about $9 per cubic yard, the lowest price since FY 2021. The baseline forecast estimates year-end FY 2027 prices similar to FY 2026 levels, however, due to continued market uncertainty.

The upper bound trajectory (over $15 per cubic yard) is possible in the event of even higher (and sustained) energy prices, as well as consolidation in the transportation industry.

The lower bound scenario would reset prices to historical trends, but is considered unlikely at this time.

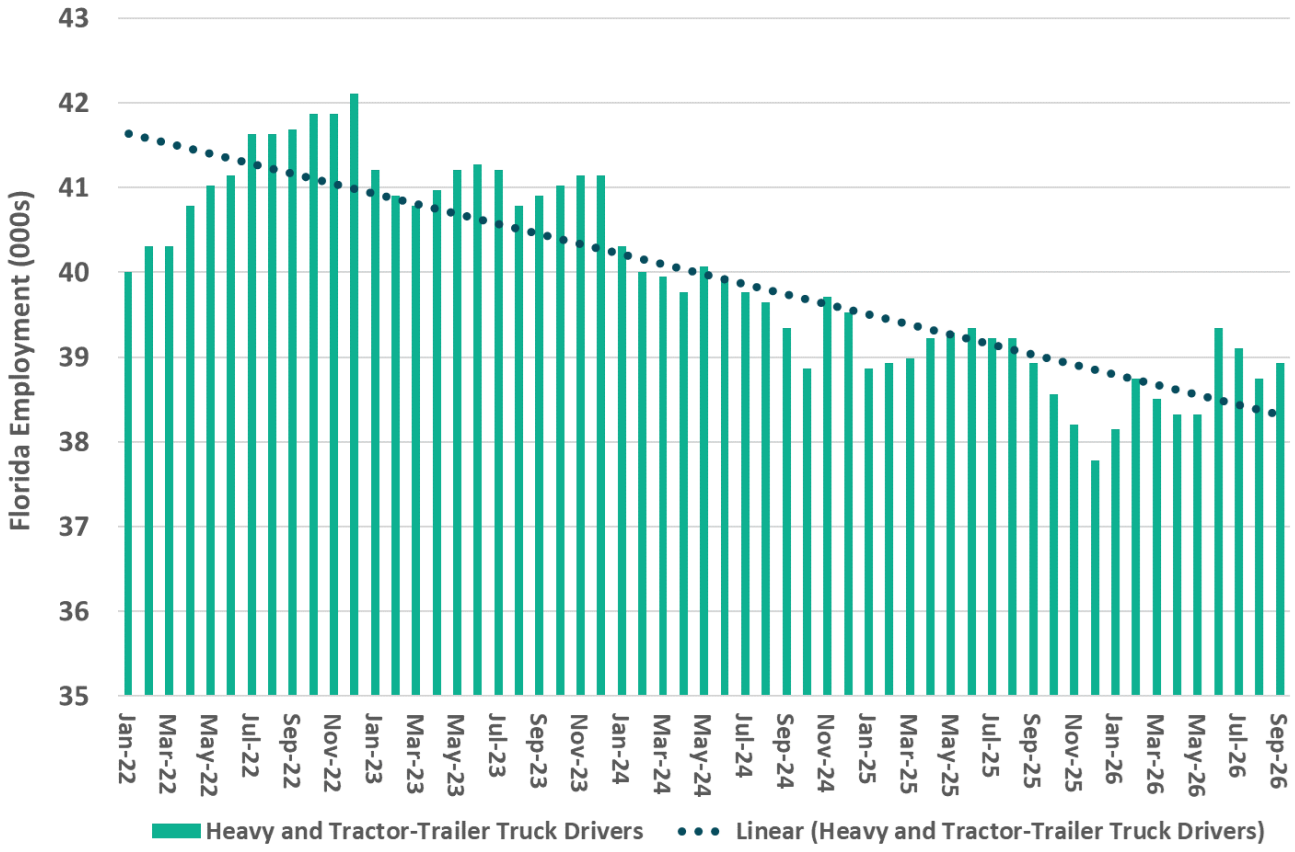


Source: FDOT, SW Port St. Lucie Boulevard Widening Project.

General Trends

On average, truck transportation employment was flat year-over-year in September 2026 according to the most recent data (**Figure 18**). The logistics industry continues to struggle amid current high fuel costs and uncertain futures. Several large trucking firms filed for Chapter 11 bankruptcy over the last quarter, including major players like Xoco Transport and Globemaster. Disruptions are likely to persist in the next quarter.

Figure 18. Florida Truck Drivers



Source: Florida Highway Safety Motor Vehicle (FHSMV), TBG Work Product.

Earthmoving Equipment and Trucking

According to the latest Rouse Market Trends Report (calendar year 2026 Q2), pricing for used equipment in the U.S. was up compared to a year ago for dump trucks, excavators, and other tracked equipment types that may impact highway infrastructure construction (**Table 10**). U.S. sales volumes were stronger for more than half of the equipment types, and for many items used in highway construction. The age of equipment was up for many categories, indicating older equipment is being sold. Average equipment usage was also up for many types of equipment over the last year, with the notable exception of excavators.

Table 10. U.S. Equipment Prices, Year-over-Year Change

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	
↓	Year-over-year decline
=	No change
↑	Year-over-year increase

Source: Rouse Market Trends Report: Used Equipment & Trucks, North America Edition.

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.

Table 11. Earthwork Price Forecast Results

Year	2026	2027	2028	2029	2030	2031
Price Earthwork, $/CY	$11	$12	$11	$10	$10	$9
Percent Change, %	-9%	11%	-8%	-8%	-7%	-5%

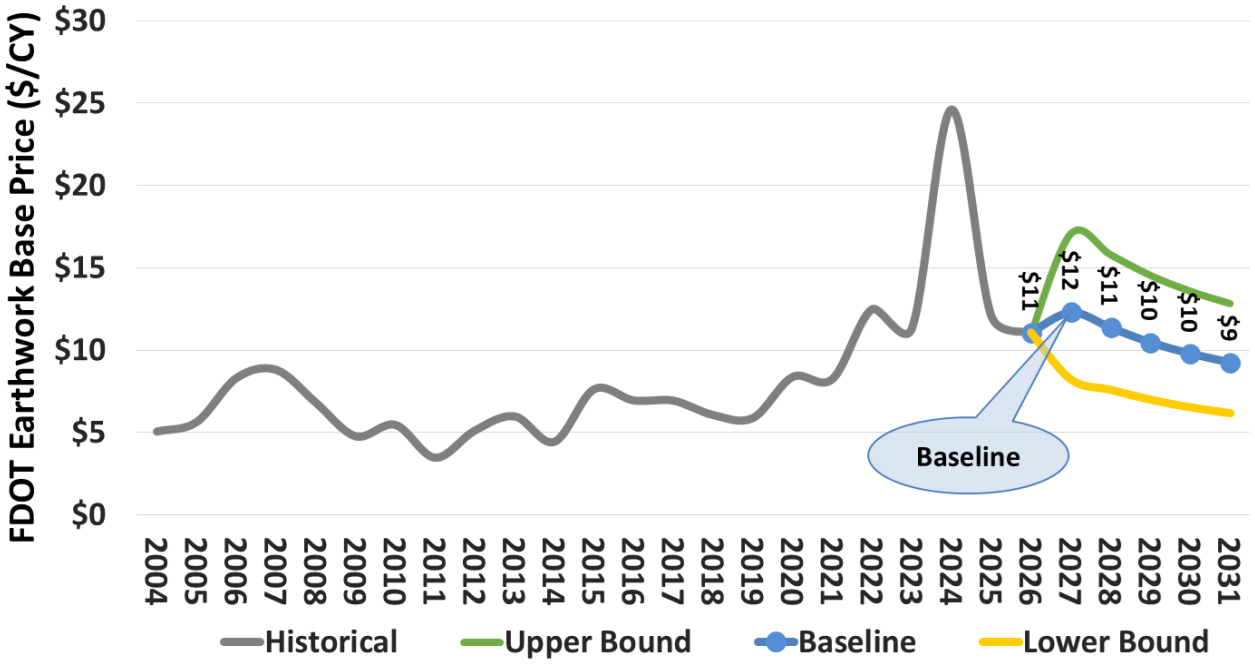
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance, various industry sources.

Figure 19 shows the output of updated econometric modeling for FDOT earthwork prices. Modeling results show prices slightly increasing in FY 2027 due to continued high fuel costs and disruptions in trucking markets before declining through the end of the work program. Compared to other states, FDOT earthwork bid prices are low and considerably more stable.

The upper bound is driven by continued macroeconomic growth, higher energy costs, and tariff-related impacts on equipment or parts availability. Global crude oil markets continue to be impacted by conflict in the Middle East, making the upper bound spike more likely in the short-term.

In the lower bound, prices fall to historical trends, but this would require a significant macroeconomic decline, low energy costs, and reduced demand.

Figure 19. Earthwork Price Forecast



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

KEY INSIGHTS: COMPOSITES

Summary

Elevated fuel and transportation prices remain a significant concern for composite producers.

Redundant requirements and certifications from multiple DOTs have been a cited concern by composite material producers. BABA requirements and other concerns with navigating tariffs have also been cited.

Concerns of market demand suffering due to logistics, fuel, transportation, and other major issues have been reported.

FDOT Impacts

The latest FDOT bid data shows reinforced plastic marine lumber fender system prices are about half of FY 2026 levels in Q1 FY 2027. Non-reinforced fender system bids were even lower, running at about one third of FY 2026 prices at this time. Year-end prices may still rise, however, due to continued supply chain disruptions and high energy costs.

Increased investment in composite materials manufacturing for use in the aerospace market could increase the number of available suppliers nationwide. Limited supplier availability has constrained production and kept price ranges narrow.



Source: FDOT, U.S. 1 Earman River Bridge Replacement Project in North Palm Beach

Supply Chain Variables: **Composite Materials**

Table 12 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 12. Composite Supply Chain Variables

Resins The Iran War and resulting crude oil instability continues to impact U.S. resin prices. In September 2026, the Plastics Material and Resin Manufacturing PPI decreased 10% from a peak in May 2026, but is still 6% higher than September 2025. Elevated crude prices continue to put pressure on resin production as well. U.S. petrochemical steam cracker margins remain elevated after reaching their highest margins since 2014 earlier this year. Regional gas supply/demand and extraction economics are generally bigger influences on resin markets when crude markets are stable.	↑
Glass Like many other materials, glass and glass fiber product costs have risen steadily since 2020. As of September 2026, the Glass and Glass Fiber Manufacturing PPI is up 5% year-over-year.	↑
Carbon and graphite product prices have been volatile over the last several years. Supply chain disruptions and trade policy shifts led to pre-COVID price surges. Prices briefly retreated post-pandemic (2020 – 2023), but have since started climbing again. The Carbon and Graphite Manufacturing PPI as of September 2026 is 10% higher than the same month last year.	↑
Trucking Interviews indicated the war in Iran is the primary factor behind trucking cost escalations. Larger price increases starting with the end of the calendar year are expected as a result. See the **Asphalt** section for further detail.	↑
Rail No major concerns with rail have been listed from interviews and survey results.	=
Labor Interviews have cited labor as a potential problem. While overall concerns about labor impacting production capacity are limited through the end of 2027, fears exist that in the long-run the industry will not have the labor necessary to meet demand. Ongoing competition for workers remains high as reported by producers. Florida construction employment increased by 0.5% in September 2026, year-over-year.	=
Capital Costs Industry expansion plans for carbon fiber and graphene manufacturing may be delayed by supply chain disruptions, including tariffs and geopolitical conflicts. Expansion in aerospace demand for composite materials could help drive investment, however.	=
Competition over raw materials and labor from other sectors continues to constrain production by limited suppliers. Expansion into the aerospace market could bring new suppliers into the market and improve competition by 2030.	=

General Trends

The carbon fiber market has experienced high commercial demand so far in calendar year 2026 with expanded adoption of carbon fiber reinforced polymer (FRP) panels used in lightweight aircraft structures. The use of carbon fiber composites in the aerospace market is expected to increase significantly by 2030, increasing demand for composite materials, but also adding production capacity worldwide. The costs of manufacturing materials and energy remain elevated, however, which could constrain market growth in the short-run. Plastic manufacturing is especially being hit by crude oil cost increases as plastic products (like plastic pipe) are made primarily from energy-based sources such as natural gas and crude oil.

Producer Pricing

Composite producers, especially those operating in Canada, have cited cost increases over the last year due to BABA requirements and tariffs. While some products are protected from cost escalations, firms continue to navigate these pressures. Quarter-over-quarter changes are minimal with these trade concerns. Geopolitical conflicts and escalating transportation costs remain leading concerns as firms plan to pass on major price increases starting in December or January to offset these issues.

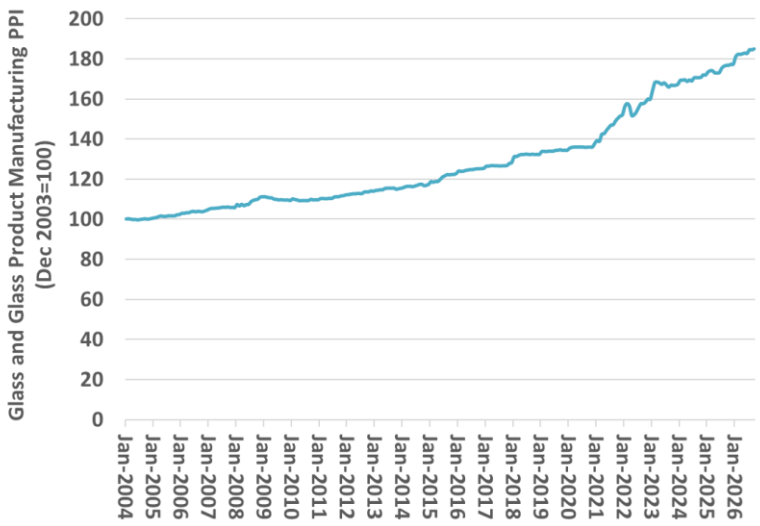
In September 2026, the Plastic Materials and Resin Manufacturing PPI was up 6% year-over-year. However, the index has declined 5% over the quarter, indicating some stabilization in input costs despite continued energy market instability. **Figure 20** shows how the price index has changed since 2000.

Figure 20. Plastics Material and Resin Manufacturing PPI



Source: Federal Reserve.

Figure 21. Glass and Glass Fiber Manufacturing PPI

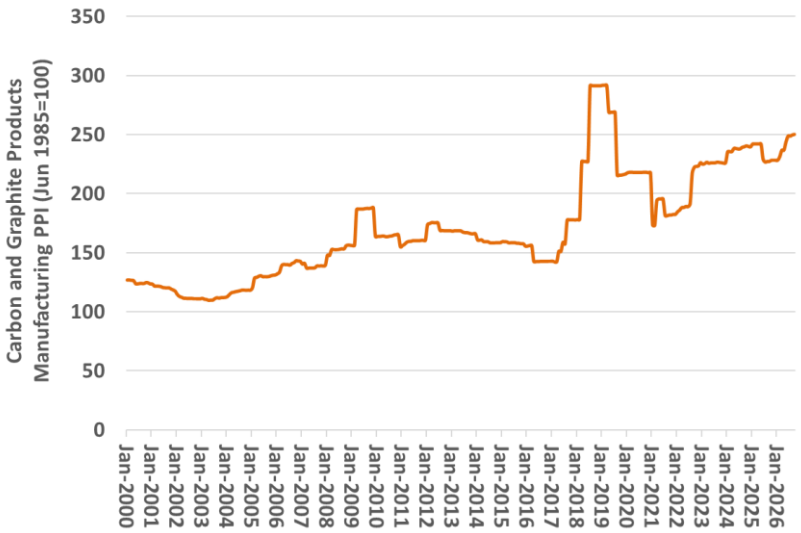


Source: Federal Reserve.

Glass and glass fiber prices continue to increase (**Figure 21**). As of September 2026, the Glass and Glass Fiber Manufacturing PPI is 185, a 5% increase from September 2025, and a 1% increase over the quarter. High transportation and energy costs are expected to persist next quarter. It's unlikely current price pressures will ease as a result.

Carbon and graphite product prices remain high, but below 2019 levels. Supply chain disruptions and geopolitical conflicts continue to impact pricing. The September 2026 PPI was 10% higher than the same month last year **(Figure 22**). Quarter-over-quarter, the index is up 3%. Tariffs have been cited as a cost concern, but there are limited changes quarter-over-quarter with tariff changes as price increases stabilize.

Figure 22. Carbon and Graphite Manufacturing PPI

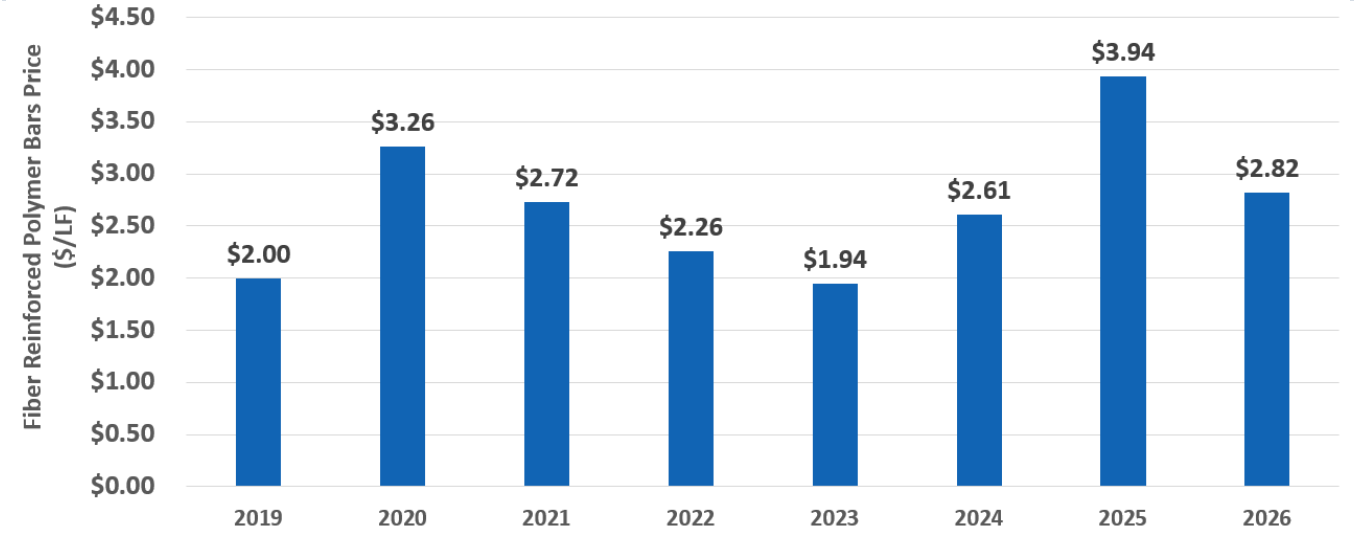


Source: Federal Reserve.

FDOT Pricing

Figure 23 presents weighted average prices for Fiber Reinforced Polymer Bar pay items from FY 2019 to FY 2026. There were no bids for these materials in the latest Q1 FY 2027 bid data. Given current energy market disruptions, prices are not expected to decline in FY 2027. Bids will be reviewed again next quarter.

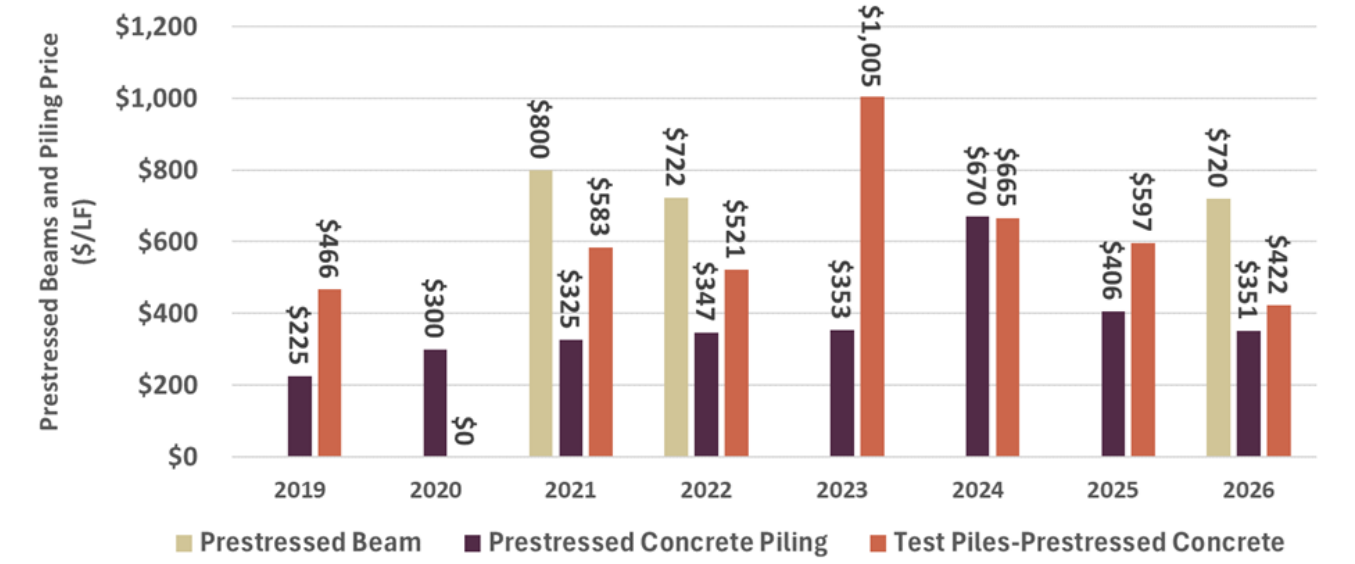
Figure 23. Fiber Reinforced Polymer Bars Price



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

Figure 24 shows how prices vary for prestressed concrete products that may include composite reinforcing materials since FY 2019. No new bids were recorded for FY 2027 at this writing.

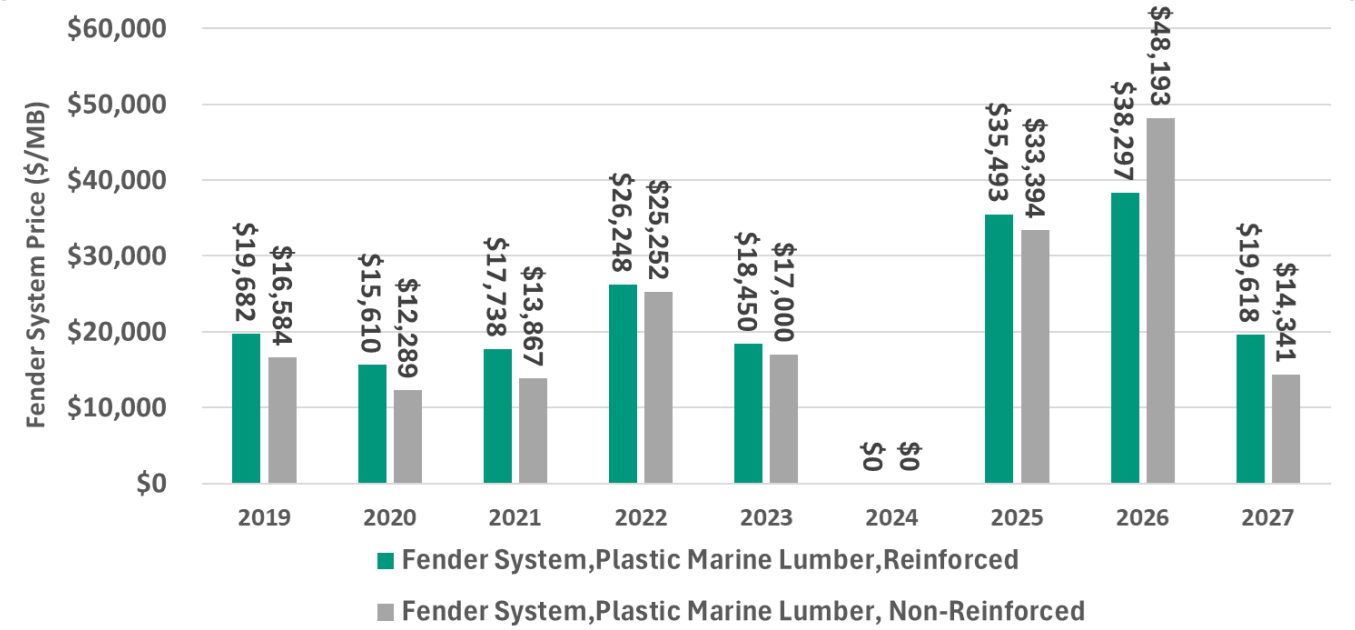
Figure 24. Prestressed Beams and Pilings Price



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

Figure 25 shows pricing for fender systems made of plastic marine lumber, with and without reinforcement (FRP) from FY 2019 to Q1 FY 2027. Limited bids show a decline in fender system costs compared to FY 2026. Year-end prices may rise, however, due to continued supply chain disruptions and high energy costs.

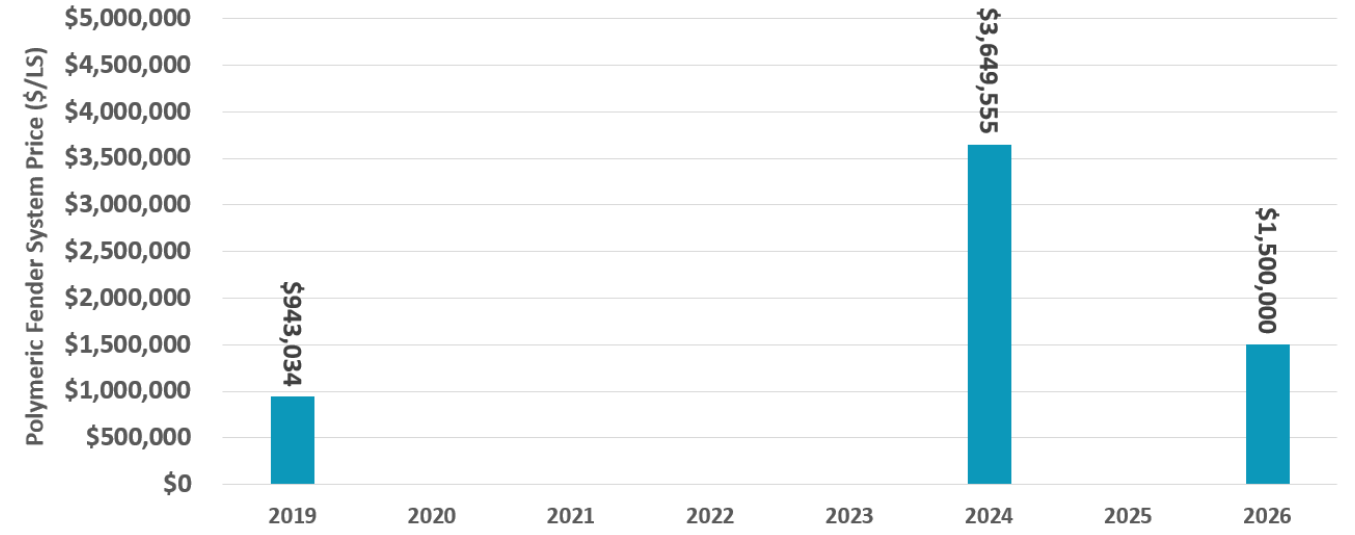
Figure 25. Plastic Marine Lumber Fender Systems Price



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

Figure 26 shows the cost (and rarity) of polymeric fender systems (made from FRP or high-performance plastics) used in FDOT projects since FY 2019. There were no additional systems bid in Q1 FY 2027 according to the latest available data.

Figure 26. Polymeric Fender Systems Price



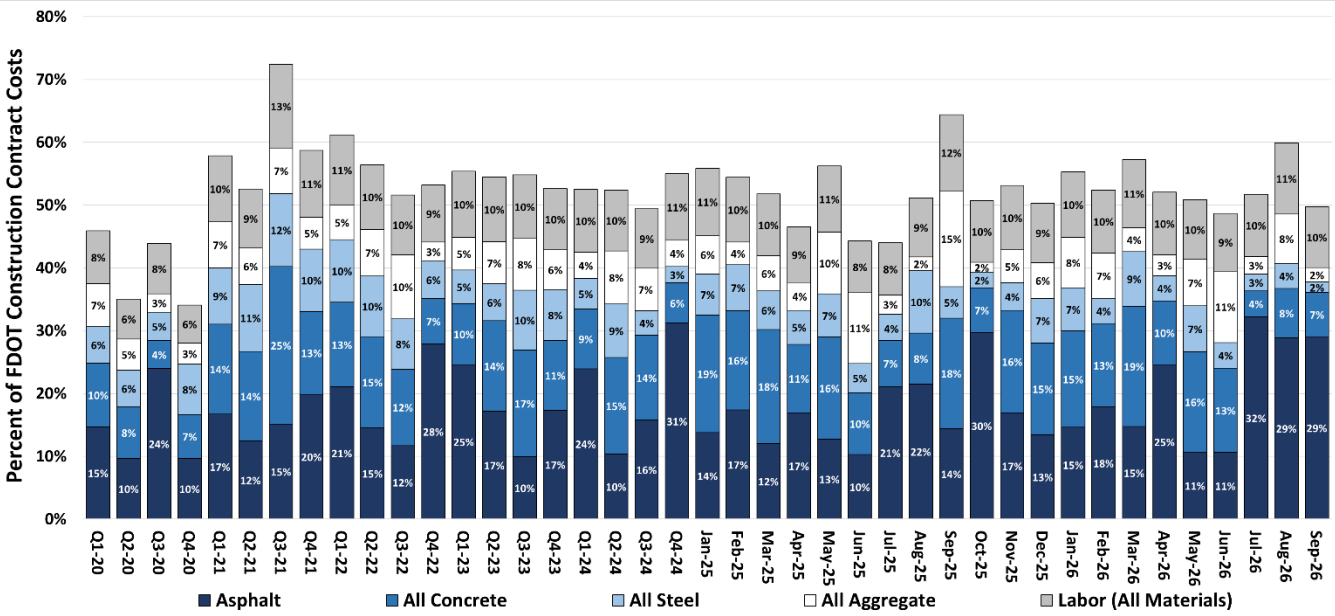
Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

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 accounted for the largest share of total costs in September 2026 (29%) according to preliminary data. The majority of project awards (51%) were for resurfacing and bridge repair/rehabilitation (24%) work mixes in September. Revised August 2026 data shows that asphalt cost shares were similarly elevated (29%), with a majority of work being for resurfacing (40%) and add lanes/reconstruction (27%) projects. Labor costs fluctuated between 10-11% of total costs over the past quarter.

Figure A-1. Monthly Cost Composition

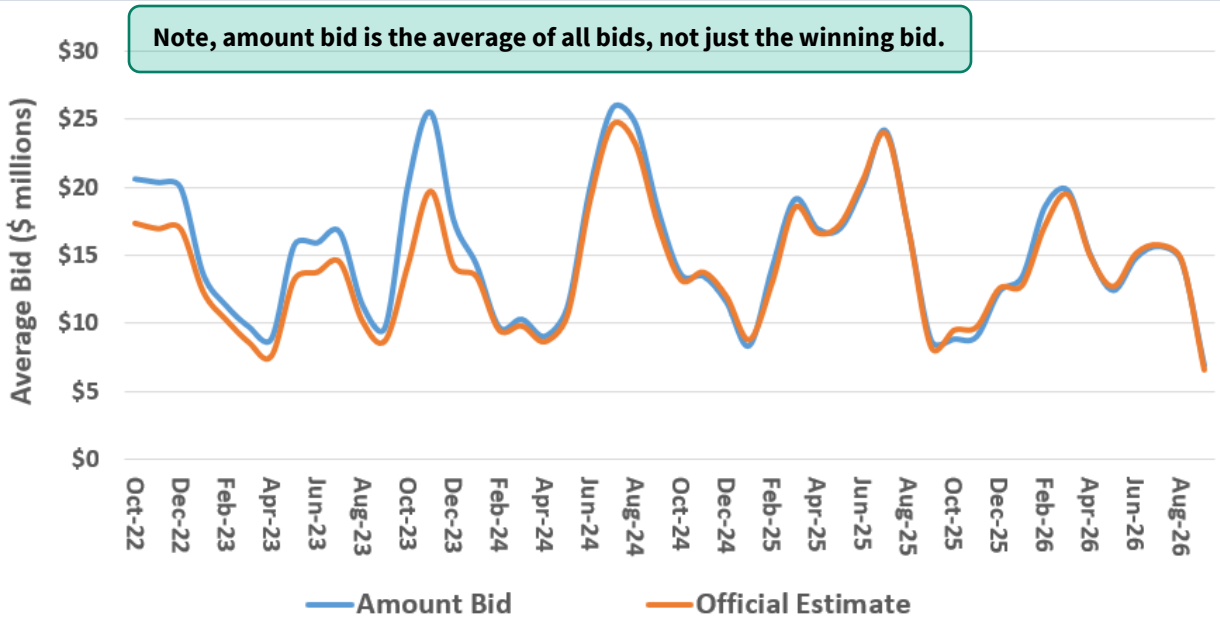


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

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 fourth quarter of Fiscal Year 2025-26 (FY 2026), the average deviation of all bids from the mean of all official preliminary project costs was 0%, 1% 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 5% higher than the official project cost.

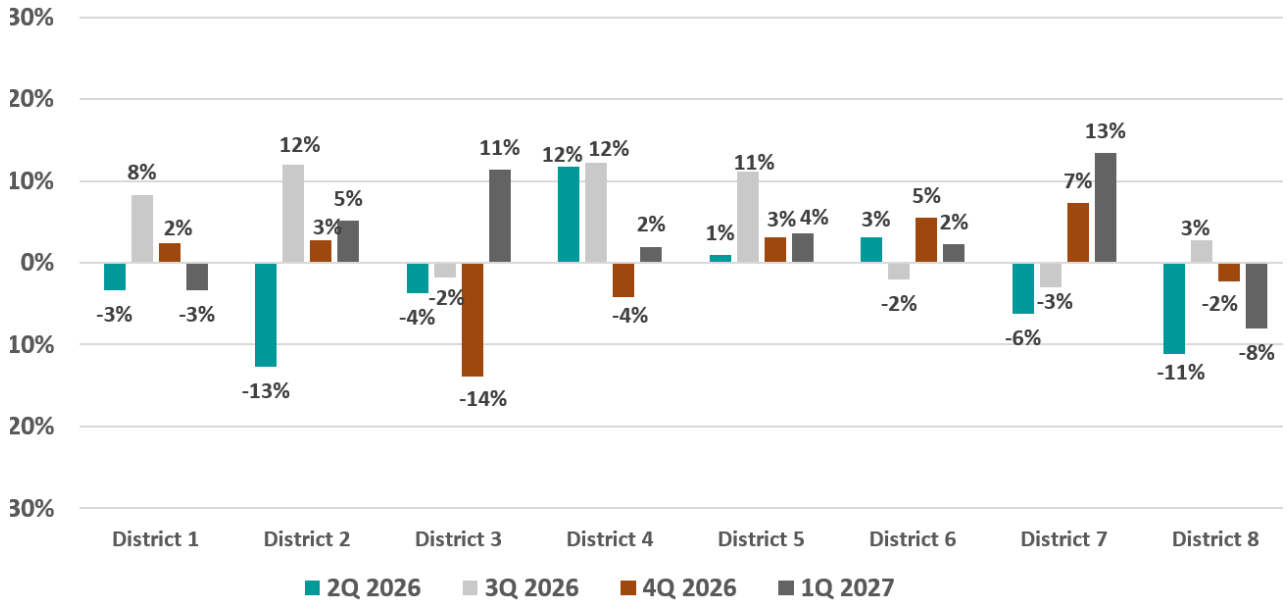
Figure A-2. Average Bid vs. Official Estimate, 3-month Rolling Average



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 three-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. Results were mixed over the past four quarters, with average bids in some districts coming in higher than the official project costs, while average bids in others were lower than the official project costs.

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

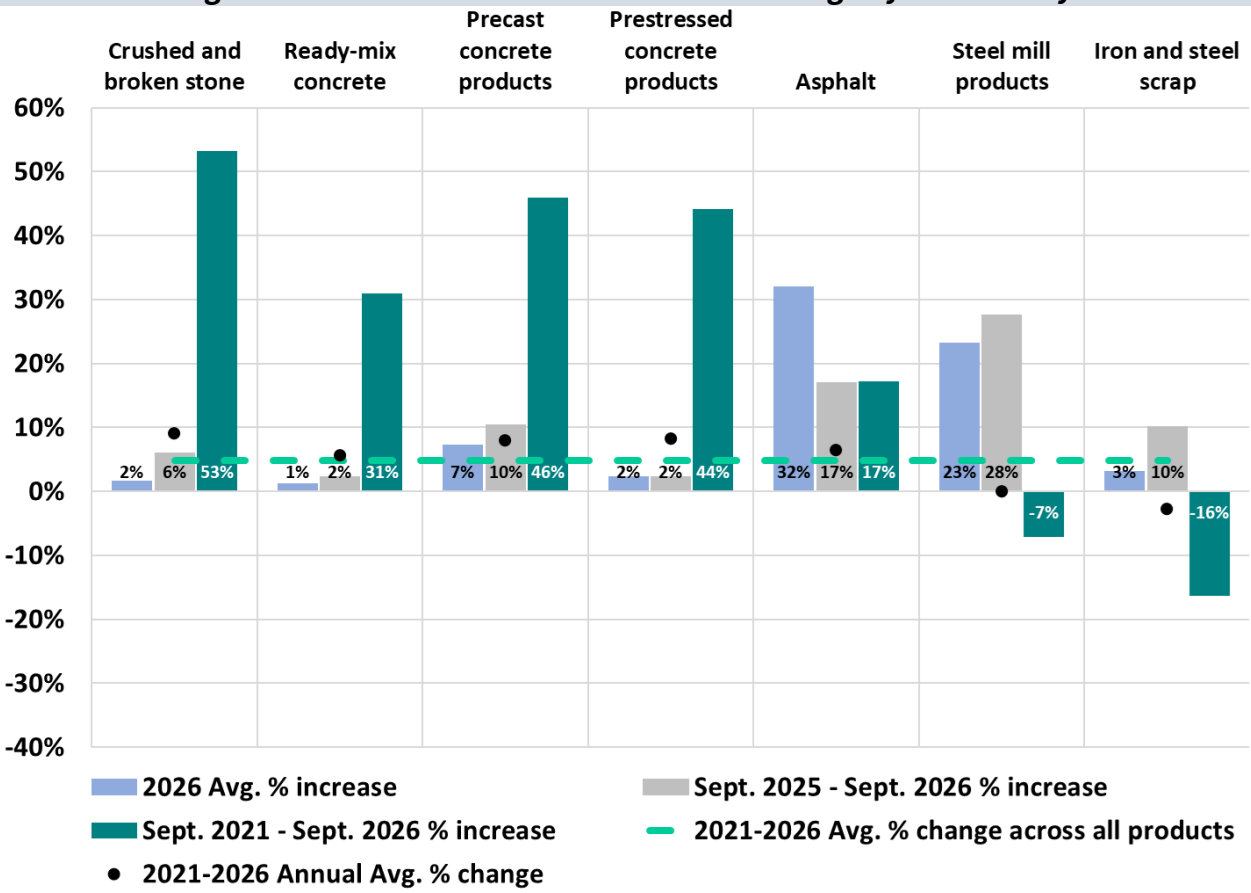


Source: TBG calculated from data provided by FDOT Office of Forecasting and Performance.

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 September 2025 and September 2026 was up 11%. Prices for steel mill products were up 28% in September 2026, year-over-year. Increases were seen in asphalt (17%), precast concrete products (10%), and iron and steel scrap (10%) as well over the last year. **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.

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