

## Notes for January 18<sup>th</sup>, 2023 CCI Report

### **(Slide #)**

2. Since this report in September 2022, the forecasted average crude **OIL Price** for 2023 of \$90.91 per barrel has been reduced to \$77.17. This is due to the expectation that slower-than-forecast economic growth will result in lower total U.S. energy consumption. *(EIA – Energy Information Administration; STEO – Short-term Energy Outlook)*

3. Florida **Construction Employment** was 5.9% higher in November than in November 2019. However, our major metro areas had different growth patterns, especially in the Orlando-Kissimmee-Sanford metro area.

4. The National Producer Price Index for **Highway & Street Construction** was up 13.6% from a year ago, but down 1.5% from the previous quarter.

*(From the Forecasting & Trends Office – prepared by the USF Center for Urban Transportation Research (CUTR))*

5. Highway construction input prices for materials like asphalt binder and some steel products have seen slight declines in the last months, but cement prices are rising again, and aggregate prices remain high. The latest **Florida Producer Input Prices vs Bid Prices** shows that since we began tracking FDOT's input prices two years ago, winning bids were 26% higher in November, and for the first-time matched industry input prices. The average of all FDOT bids was 29% higher.

6. Though binder prices declined over the last two quarters, FDOT's **Asphalt Pavement** costs are expected to remain high through 2023 with the potential to increase 3 to 6% over the next two years. This is attributable to the high demand Florida is experiencing compared to other states along the East Coast.

7. Cement consumption in Florida is expected to pick up over the next few years due to an increase in concrete-heavy resiliency projects across the state. The increased demand will mean FDOT's **Structural Concrete** costs will likely continue to increase.

8. Though structural steel and reinforcing steel prices moderated over the prior two quarters of 2022, **Guardrail prices** continue to increase. FDOT average bids were 22% higher year over year from 2021, and 82% higher than in 2020.

Ongoing geopolitical disruptions are affecting global markets for steel, iron, zinc, and aluminum among other materials. With the expiration of import waivers in November, fabricators estimate cost increases of 5% on average, but ranging up to 15%. Current forecasts estimate FDOT's weighted average costs to rise 3.5% this fiscal year before seeing relief in 2024.

(No slide but mentioned) **Earthwork** costs were 11% higher in fiscal year 2022 compared to 2021 and are not expected to decline through the remainder of fiscal year 2023.

9. Six months into this current fiscal year, FDOT's cost to build a **New 4-Lane Divided Typical Section** has increased 82% since fiscal year 2019.

*(Asphalt, Base, clearing & grubbing, MOT, MOB, pipe culverts)*

10. Since fiscal year 2021, the cost to **Resurface a 4-Lane Divided Typical Section** increased 42%.

*(Asphalt, milling, MOT, MOB)*

11. **Competition** for FDOT construction contracts for the last quarter of 2022 dropped to just over 3 bids per contract, and the number of contracts with two bidders or less was just under 41%.