Notes for July 19th, 2023 CCI Report

The forecasts for Oil Prices through the remainder of 2023 and then 2024 remain virtually unchanged with the latest update from the Energy Information Administration. The gradual increase we see reaching about $80/barrel is due to the expectation that global oil inventories will decline over the next five quarters.

The **Florida Producer Input Price Index** shows that the input prices of commodities used by FDOT, in other words the price our contractors pay for construction materials, have moderated but not decreased over the past year. What *has* moderated are the winning bid prices, in other words the price that FDOT pays for these same materials. We continue to see a large spread between the lowest bid and the highest bid on many proposals. Uncertainty on the part of our contractors is what is driving their average bid prices to remain higher than their input prices. Uncertainty that their material products will be delivered on time or at all, or that former agreed prices will remain the same, or that the labor forces needed to build the project will be available.

The latest updates to **Employment** changes in **Florida Construction Markets** show that construction employment continues to grow in Jacksonville and Tampa, but Orlando and especially Miami continue to see steep declines in multi-family housing, retail, warehouse, office, and lodging construction.

The average bid price of **Asphalt** in the 2nd quarter began to moderate but was still higher than the first quarter and nearly 6% higher than this same time last year. At the end of fiscal year 2023, Asphalt is an average 24% higher than last year. These lingering high asphalt prices can be attributed to aggregate availability concerns.

Structural Concrete bid prices remain elevated, but the latest average decrease in price in the second quarter compared to the first can be attributed to the 163% increase in quantity of concrete which was bid at lower unit prices.

Although **Earthwork** pay items had higher quantities this quarter, corresponding lower bid prices did not result. This is attributable to the high demand of Infrastructure projects from other construction sectors such as manufacturing, health care, education, and non-residential.

There were no lettings and no new data to report for Structural Steel. Input prices for structural steel shapes saw an average 6% price increase, so though surveyed steel makers expect prices to moderate over the next quarter, FDOT’s suppliers continue to adjust bids based on input cost increases.

Including the complete fiscal year 2023 data, the cost of building a **New 4-Lane Divided Typical Section** ended 13% higher year-over-year. Of the items included in this index’s “basket of goods”, the biggest increases were in Clearing & Grubbing, Stabilization & Base, Asphalt Superpave and friction course, and Drainage.

The cost of **Resurfacing** a **4-Lane divided typical section** is 26% higher than this time last year. The items with the biggest increases for this Resurfacing index are Milling, SuperPave asphalt, Friction Course, and Pavement Markings.

The **Monthly Costs Composition** chart shows us that spiking material prices through May contributed to the high share of concrete and aggregate costs compared to total construction contract costs.

Competition for FDOT construction contracts dropped slightly to 3.2 bids per contract through June, while the number of contracts with two or less bidders decreased to 36%.