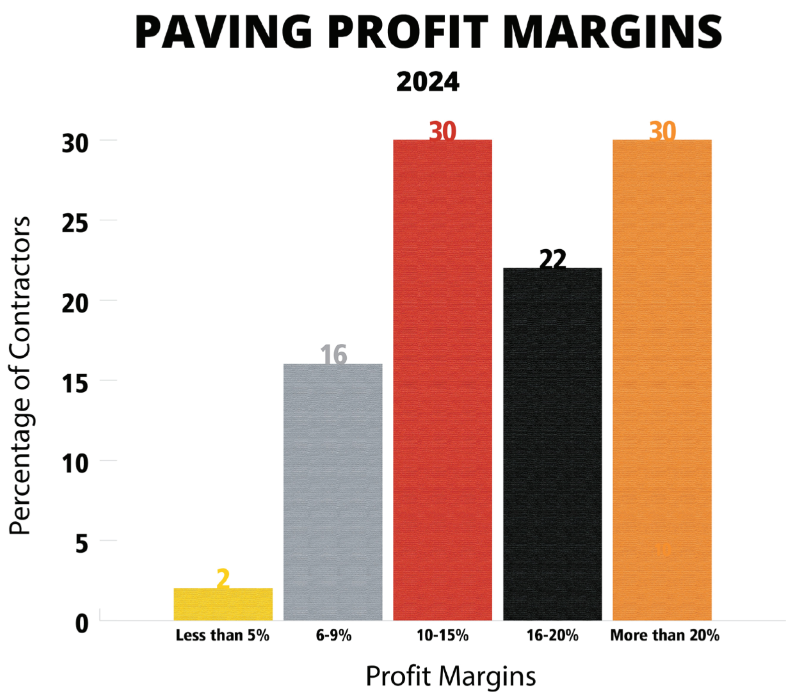
Top 50 Paving Contractors 2024: Cracking The Code

Is there a trend to explain why profit margins stay strong even when demand goes down?



The 2024 Paving Top 50 moved in an unexpected direction this year. In our analysis of the data from 2022 and 2023, which saw a huge amount of growth — to the tune of approximately $170 million in paving-only sales — from $742.2 million to $913.1 million. We predicted that, while the market would not likely see an increase of that magnitude, it would still see some increase due to broader market factors, such as overall customer demand, inflation, and materials. However, that does not appear to be the case.

For 2024, the Top 50 Paving Contractors generated $844.8 million in paving-only sales. This is a small contraction of $68.3 million, or, to put it another way, it shrank about 7.5% from the 2023 figure. While it isn't a big enough decrease to signal some sort of alarm, it is interesting, and worth dissecting. Obviously, our data is dependent, year-to-year, on contractors who submit their financials. We aren't necessarily seeing the same exact sample of information from one year to the next. However, if we take that into account, and presume generally similar conditions, the shrinkage still tells us a few things.

POSSIBLE EXPLANATIONS

Firstly, it reveals that last year's number was possibly an even bigger aberration than we previously thought. A market increase of nearly 23%, nearly a quarter of the market size in 2022 to 2023, does seem preposterously large now, in retrospect. The 2024 figure, in some ways, is less of a market contraction, and more of a market normalization or correction. If we compare 2022 to 2024, what we get is slightly more realistic increase of $102.6 million; still a whopping 14% market boom.

Secondly, and this might be our strongest possible theory about the market's contraction, it might mean that 2024 was a year that saw far less NEW pavements laid, versus resurfacing. Something explored further below.

The third thing we might deduce from this data has to factor in the ongoing, and widely reported on, shortage of labor. How does that factor into sales? Hypothetically, it could mean that as contractors continue to struggle filling-out their paving crews with skilled and reliable workers, it has slightly impacted the amount of work that can be sold and completed in a given season. While there are, perhaps, some contractors not struggling with labor needs, that is not the industry trend as a whole. Most employers are in need of more workers, and more workers means more paving jobs, and, thus, higher sales figures.

Compared to the other industry segments in the Top Contractor survey, paving-only sales was still by far the highest earning, followed by pavement repair services at $285,633,742 ($315,056,146 in 2023) and sealcoating work at $152,812,613 ($186,110,524 in 2023) and then by striping sales at $89,944,735 ($129,954,003 in 2023).

As you can see, at a glance, every area of sales has seen a similar deflation, with the most significant being striping segment. This might lend credence to the labor shortage theory, but we will discuss those segment in greater detail.

TOTAL SALES FOR THE PAVING TOP 50

The survey itself takes into account a much broader range of financial data than what we publicly report. We focus on the four main categories: paving, striping, pavement repair, and sealcoating. Some of that unpublished data does have an overall effect on this analysis as a whole, and in this case, the same trend from the paving-only figures runs parallel to the total sales, while still not being as steep a contraction. The Top 50 Paving contractors reported $1.614 billion in total sales, a small decline from 2023's massive $1.723 billion. A loss of approximately $109 million, or almost EXACTLY the same percentage fall of paving-only sales, 7.3%.

Those contractors who's primary business is in the realm of paving, while their revenue isn't exclusively paving, seem to have shouldered the losses directly in those operations, except for about .2% coming from other areas of their business, perhaps. A much more detailed analysis would be required to find these exact areas of loss, but it's clear that there may be a correlation.

The $1.614 billion from 2024 is still an overall increase from the 2022 total of $1.331 billion, but, interestingly, it's still a significant leap from both the 2021 total of $1.336 billion (based on a Top 75), and is still an edge above, what was a previous high before 2023, the 2020 total of $1.611 billion (Top 75). This lends more support for our earlier theories about why the market shrank this year, that it was a correction.

NEW VS OLD

Our survey results do indicate a certain wave-like pattern of growth. Large increases followed by one or two years of lower but steady markets, followed by another large boost. Why might that be? In the absence of deeper economic statistics, it may signal that customer paving needs work along a cycle that mirrors that of typical asphalt-pavement lifespans, in conjunction with general new construction and community development.

There are years, sometimes consecutive, that clients are seeking resurfacing work predominantly, and then there are years where the need for new pavements jumps. This would help explain why paving sales decreased, but profit margins and overall sales totals remained historically strong.

PROFIT MARGINS

Unsurprisingly, the top margin earners are still over-represented, but the distribution is a little more even. For 2024:

- Only 30% (15) of contractors ranked in the highest profit margin range of more than 20%
- 22% (11) ranked in the 16-20% range, which when added to those contractors ranking at +20%, is the same as last year, at 26
- Another 30% (15) contractors in the 10-15% range, which is the only range that remains from 2023, relatively stable compared to the 14 reported last year
- 16% (8) contractors in the 6-9% range
- Only 2% (1) contractor at 5% or less

TYPE OF JOBS

- Every contractor in the Paving 50 did at least some parking lot work, at an average of 72%
- 31 of the Paving 50 averaged 13% from driveways
- 8 contractors completed work on highways at an average of 15% per contractor
- 35 contractors did residential streets or roadwork at an average of 22% per contractor

CUSTOMER MIX

- While every contractor did work in the commercial/industrial space at a 54% average
- 40 contractors completed work for cities or municipalities at an average of 16% of their work composition
- 45 did work for multi-family residences at an average of 29% of their work composition
- 29 contractors completed work for single-family residence at an average of 14% of work composition
- 44 of the Paving Top 50 did at least some work as a subcontractor, deriving an average of 26% of their work from it

FLEET REPLACEMENT

Thirty-six contractors reporting it requires more than $2 million to replace their current fleet of machines. Eight companies reported it would require $1 - $2 million, four $500,000 - $1 million. ■

For more information visit ***https://pavemg.com/ujjxh6***

	Year in Business	Sales Composition (%)					Where We Work (%)					Customer Mix (%)				
		Paving	Pavement Repair	Sealcoating	Striping	Other	Driveways	Highways	Parking Lots	Streets/Roads	Other	Commercial	Municipal	Multi-family	Single-family	Other
A&A Paving - Roselle, Illinois	64	60	25	10	5	0	5	0	85	10	0	60	5	35	0	0
Advanced Surface Engineering LLC - Youngstown, Ohio	2	60	15	15	10	0	0	0	85	15	0	75	10	15	0	0
Aegis Asphalt Construction - Eugene, Oregon	15	56	3	23	12	6	30	10	40	10	10	70	15	10	5	0
All Out Services LLC dba All Out Parking Lots - Broomall, Pennsylvania	13	64	23	3	1	9	1	0	81	10	8	69	20	10	1	0
Alpha Paving Industries - Round Rock, Texas	12	70	1	3	4	22	1	20	39	40	0	30	50	10	10	0
Anderson Striping & Construction, Inc. - Kingsburg, California	37	25	5	29	39	1	1	0	89	2	8	68	21	10	0	1
ASAP Asphalt Sealing And Paving Co. - Meadow Lands, Pennsylvania	19	41	34	13	6	6	6	0	84	10	0	74	8	12	5	1
Asphalt Solutions Inc. - Youngstown, Ohio	24	60	5	20	15	0	0	0	100	0	0	90	0	10	0	0
Associated Paving Contractors, Inc. - Warminster, Pennsylvania	52	30	10	5	5	0	5	0	95	0	0	50	40	5	5	0
Atlantic Southern Paving & Sealcoating - Sunrise, Florida	31	45	15	15	5	18	3	2	60	35	0	40	15	15	3	27
Bear Owen Paving Company, Inc. - Peckville, Pennsylvania	55	100	0	0	0	0	96	0	4	0	0	1	0	0	99	0
BelRock Asphalt Paving Inc - Belvidere, Illinois	21	70	10	10	0	10	20	0	80	0	0	70	5	15	5	5
Blackjack Paving - Fairburn, Georgia	16	70	20	7.5	2.5	0	2.5	0	95	2.5	0	62	2.5	33	2.5	0
Brahney Paving / FixAsphalt.com - Wall Twp, N.J.	23	35	42	15	4	4	1	0	99	0	0	89	0	10	1	0
BSI Paving - Oxford, Michigan	20	58	1	3	2	36	5	0	34	19	42	36	9	16	3	36
C & R Asphalt LLC. - Lexington, Kentucky	30	78	1	12	3	6	4	0	91	5	0	82	0	11	3	4
CALVAC INCORPORATED - San Jose, California	50	23.7	23.7	16.7	10	0	15	5	50	30	0	40	5	40	15	0

PAVING 50

		Sales Composition (%)					Where We Work (%)					Customer Mix (%)				
	Year in Business	Paving	Pavement Repair	Sealcoating	Striping	Other	Driveways	Highways	Parking Lots	Streets/Roads	Other	Commercial	Municipal	Multi-family	Single-family	Other
Central Paving, LLC - Ellensburg, Washington	10	50	20	20	10	0	20	0	30	50	0	20	50	10	20	0
Crown Paving, LLC - Greenbrier, Tennessee	8	19.5	60.5	3.5	2.7	2.3	0	11	74	15	0	41	47	12	0	0
DACS Asphalt & Concrete - Denver, Colorado	10	45	16	5	4	30	0	0	90	10	0	40	0	60	0	0
Daniel B. Krieg, Inc. - Harrisburg, Pennsylvania	91	33	0	9	1	43	0	56	27	8	9	80	20	0	0	0
Dominion Paving & Sealing - Purcellville, Virginia	42	60	11	9	5	15	0	0	50	50	0	29	1	67	3	0
Eosso Brothers Paving - Farmingdale, N.J.	31	75	5	15	5	0	5	0	20	75	0	25	5	70	0	0
Erickson Asphalt Services Inc - Princeton, Minnesota	34	70	15	12	0.2	0	20	0	60	20	0	50	1	20	29	0
Finley Asphalt & Concrete - Bristow, Virginia	59	41	44	3	2	10	0	0	75	20	5	15	45	40	0	0
G & M New England, LLC - Sherborn, Massachusetts	23	15	50	30	5	0	25	0	75	0	0	50	0	25	25	0
Gann Asphalt & Concrete Inc. - Riverside, Missouri	30	45	15	30	10	0	0	0	95	0	5	50	10	40	0	0
Johnson and Sons Paving - Menomonee Falls, Wisconsin	10	75	10	10	5	0	6	0	70	24	0	60	5	25	10	0
KNL INDUSTRIES - Canby, Oregon	40	78	13	8	1	0	15	10	50	25	0	20	38	30	12	0
Laurel Asphalt LLC - Windber, Pennsylvania	29	75	2	10	11	2	45	0	47	8	0	47	8	0	45	0
M&D Blacktop Co. - Grove City, Ohio	60	75	10	10	5	0	5	0	85	0	10	75	15	5	5	0
M&M Asphalt Maintenance Inc. dba All County Paving - Delray Beach, Florida	36	60	10	20	10	0	0	5	34	61	0	34	36	30	0	0
Maul Paving - Plainfield, Illinois	23	50	30	15	5	0	0	0	100	0	0	80	5	15	0	0
O'Leary Asphalt Inc. - Ijamsville, Maryland	39	48	14	4	1	33	1	0	80	16	3	19	20	60	1	0
Paramount Asphalt & Sealcoating Corporation - Naples, Florida	9	55	5	20	20	0	0	0	50	50	0	60	10	30	0	0
Pavement Solutions, LLC - Richmond, Illinois	22	46	29	9	15	1	16	0	84	0	0	84	0	0	16	0
PLM Paving and Concrete - Pewaukee, Wisconsin	9	64	3.7	8.2	2.3	21.8	4	0	92	4	0	85	5	6	4	0
Prestige Paving Company - La Mirada, California	10	50	25	20	5	0	0	0	75	15	10	60	30	2	5	3
Pro-Pave Incorporated - Sterling, Virginia	24	70	25	4	1	0	0	0	75	23	2	40	15	40	0	5
Rabine - Schaumburg, Illinois	43	60	15	2	3	20	0	0	90	10	0	99	0	1	0	0
Ruston Paving Co., Inc. - Durham, N.C.	81	68	30	0	0	2	0	0	100	0	0	75	10	15	0	0
SEAL-O-MATIC PAVEMENT SOLUTIONS INC. dba PAVEMENT SOLUTIONS - Olathe, Kansas	12	15	68	17	0	0	1	0	49	50	0	95	1	4	0	0
Sipes Asphalt & Concrete - Indianapolis, Indiana	11	20.3	14.2	6	1.2	58.3	0	0	100	0	0	70	0	30	0	0
Stasi Brothers Asphalt Corp. - Westbury, N.Y.	63	25	5	2	1	67	1	0	20	5	74	50	5	15	10	20
Synergy Pavement Group - South Beloit, Illinois	25	55	10	8	5	22	40	0	60	0	0	60	0	0	40	0
The Pavement Group - Wexford, Pennsylvania	6	54	7	8	6	25	0	0	100	0	0	98	0	2	0	0
The Surface Masters, Inc. - Marietta, Georgia	14	79	4	8	3	6	0	0	93	6	1	71	17	11	0	1
U.S. Pavement Services LLC - Woburn, Massachusetts	39	65	6	8	4	17	5	0	85	10	0	78	10	10	2	0
United Paving Co. - Corona, California	24	25	45	20	5	4	5	0	75	20	0	70	5	15	5	5
US PAVER - Arnold, Maryland	21	52.5	14	20	13.5	0	0	0	100	0	0	85	5	10	0	0