

The Sunday Brief: 2025 and 2026 Capital Spending - Different Strategies, Different Priorities

March greetings from Cedar Rapids and Kansas City. The opening picture is from February's Metro Connect where I met with long-time Brief reader Andy Walker who now leads the telecom practice for Alvarez & Marsal. This week's Brief is Part 1 of our semi-annual look at capital spending across the telecom industry. Changes in leadership and M&A are driving changes in priorities. After a full market commentary, we will detail several areas impacted and analyze the effects on the supplier community.



Mobile World Congress wrapped up a little over a week ago, and we found former Sprint (and Reliance) colleague Mathew Oommen's ten-minute keynote ([here](#)) to be particularly interesting. He is now the Group CEO of Jio Platforms Limited, the parent company for Reliance's digital businesses. Reliance Jio Infocomm Limited is now the largest wireless company in the world as measured by active subscribers (525 million and growing). A lot of wit and wisdom from a great friend and former colleague.

The Fortnight That Was

FAB FIVE	Shares outstanding (end of yr unless noted)				Stock Price (last trading day of year)			Equity Market Value			2026 YTD PERFORMANCE							
	Stock Name	Ticker Symbol	Dec-24	Dec-25	Dec-23	Dec-24	Dec-25	Dec-23	Dec-24	Dec-25	13-Mar	% change	Value Gained/Lost (\$B)	Current market cap	27-Feb	6-Mar	1-wk change	2-week change
	Apple	AAPL	15,022.1	14,681.1	\$ 192.53	\$ 250.42	\$ 271.86	\$ 2,994	\$ 3,785	\$ 3,991	\$ 250.12	-8%	\$ (319)	\$ 3,672	\$ (113)	\$ (211)	\$ (108)	\$ (206)
Alphabet (Google)	GOOG	12,190.0	12,097.0	\$ 140.93	\$ 190.44	\$ 313.80	\$ 1,764	\$ 2,331	\$ 3,796	\$ 301.46	-4%	\$ (149)	\$ 3,647	\$ (29)	\$ (188)	\$ 38	\$ (121)	
Microsoft	MSFT	7,434.0	7,425.6	\$ 376.04	\$ 421.50	\$ 483.62	\$ 2,795	\$ 3,134	\$ 3,591	\$ 395.55	-18%	\$ (654)	\$ 2,937	\$ (675)	\$ (554)	\$ (100)	\$ 21	
Amazon	AMZN	10,597.7	10,734.9	\$ 151.94	\$ 219.39	\$ 230.82	\$ 1,570	\$ 2,307	\$ 2,478	\$ 207.67	-10%	\$ (249)	\$ 2,229	\$ (224)	\$ (189)	\$ (59)	\$ (25)	
Facebook/ Meta	META	2,533.7	2,529.6	\$ 353.96	\$ 585.51	\$ 660.09	\$ 910	\$ 1,478	\$ 1,670	\$ 613.71	-7%	\$ (117)	\$ 1,552	\$ (30)	\$ (39)	\$ (79)	\$ (87)	
							Totals	\$ 10,033	\$ 13,035	\$ 15,526			\$ (1,488)	\$ 14,038	\$ (1,070)	\$ (1,181)	\$ (307)	\$ (418)
							<i>Change</i>	<i>\$ 3,883</i>	<i>\$ 3,002</i>	<i>\$ 2,491</i>								
							<i>Cumulative Change</i>	<i>\$ 6,700</i>	<i>\$ 9,703</i>	<i>\$ 12,193</i>								

TELCO TOP FIVE	Shares outstanding (end of yr unless noted)				Stock Price (last trading day of year)			Equity Market Value			2026 YTD PERFORMANCE							
	Stock Name	Ticker Symbol	Dec-24	Dec-25	Dec-23	Dec-24	Dec-25	Dec-23	Dec-24	Dec-25	13-Mar	% change	Value Gained/Lost (\$B)	Current market cap	27-Feb	6-Mar	1-wk change	2-week change
	AT&T	T	7,178.2	7,000.6	\$ 16.78	\$ 22.77	\$ 24.84	\$ 120	\$ 163	\$ 174	\$ 27.72	12%	\$ 20	\$ 194	\$ 22	\$ 27	\$ (6)	\$ (2)
Verizon	VZ	4,209.7	4,209.7	\$ 37.70	\$ 39.99	\$ 40.73	\$ 158	\$ 168	\$ 171	\$ 51.38	26%	\$ 45	\$ 216	\$ 40	\$ 44	\$ 1	\$ 5	
T-Mobile	TMUS	1,141.7	1,101.9	\$ 160.33	\$ 220.73	\$ 199.58	\$ 185	\$ 256	\$ 220	\$ 217.39	9%	\$ 20	\$ 240	\$ 19	\$ 24	\$ (5)	\$ 0	
Comcast	CMCSA	3,781.0	3,597.8	\$ 43.85	\$ 37.53	\$ 28.01	\$ 176	\$ 144	\$ 101	\$ 30.16	8%	\$ 8	\$ 109	\$ 11	\$ 14	\$ (6)	\$ (3)	
Charter	CHTR	141.9	126.6	\$ 388.68	\$ 342.77	\$ 208.75	\$ 57	\$ 49	\$ 26	\$ 218.19	5%	\$ 1	\$ 28	\$ 3	\$ 3	\$ (2)	\$ (2)	
							Totals	\$ 698	\$ 780	\$ 692			\$ 94	\$ 786	\$ 95	\$ 112	\$ (18)	\$ (1)
							<i>Change</i>	<i>\$ 31</i>	<i>\$ 82</i>	<i>\$ (88)</i>								
							<i>Cumulative Change since 1/1/2019</i>	<i>\$ 15</i>	<i>\$ 98</i>	<i>\$ 10</i>								

Relative Market Capitalization 14.38 16.71 17.86

The impact of the Iran War weighed on equity values this week. Each of the Fab Five has lost equity market value in 2026, and each of their Telco Top Five counterparts has gained value. Over the last two weeks, the Fab Five lost \$418 billion while the Telco Top Five are basically unchanged. As we have documented in this column, concerns about the use of free cash flow to fund capital-intensive infrastructure builds drove Fab Five equity values lower and has kept them low. While Apple is not participating as intensely in the capital spending bonanza, there are worries about their AI strategy.

Since the last Brief, Apple announced a slew of new products including the new iPhone 17e and the MacBook Neo laptop (full announcement [here](#)). The iPhone 17e launch is particularly noteworthy. It has received excellent reviews (CNET [here](#)) with praise for inclusion of the MagSafe charging system and overall processing power. It does not have the latest Wi-Fi radio (7) which might be a drawback if you were planning on keeping the device for four or five years, but we don't think that single issue should be a deal breaker.

We get confused and concerned, however, when comparing the iPhone 17e to the iPhone Air and the iPhone 16 (still widely available). Nearby is a comparison of each device's key specs. Outside of some specific camera features (which may be important to certain consumers), the iPhone 17e appears to be "enough" for most of the public, and calls into question the long-term viability of the iPhone Air lineup.

	iPhone 17e	iPhone Air	iPhone 16
Starting Price	\$599	\$999	\$699
Display	6.1-inch OLED (60Hz)	6.5-inch OLED (1-120Hz ProMotion)	6.1-inch OLED (60Hz)
Processor	A19 Chip	A19 Pro Chip	A18 Chip
Rear Camera	48MP Single Fusion	48MP Single Fusion	48MP Dual (Main + Ultrawide)
Front Camera	12MP TrueDepth	18MP Center Stage	12MP TrueDepth
Design	Aluminum, Glass Back, Notch	Titanium, Dynamic Island	Aluminum, Dynamic Island
Thickness	0.31 inches	0.22 inches (Ultra-thin)	0.31 inches
Base Storage	256GB	256GB	128GB

Using [Mint Mobile](#) as a proxy for the MVNO/prepaid market (their comparisons have no trade-in confusion), the iPhone 17e with a year of Unlimited service has a total monthly expense of \$65. This is similar to the Samsung Galaxy S26 (2025 version of their Flagship) at \$57/ mo. and the Google Pixel 10 Pro XL at \$74/ mo. We think that Apple will need to get creative with in-store and alternative distribution strategies to make the iPhone 17e stand out in a relatively crowded (and less Apple loyal) low-end segment. For Apple diehards, however, the iPhone 17e is a worthy substitute.

The big news in the broadband world was that Google found an exit ramp for G Fiber in Stonepeak (announcement [here](#)), who combined their Astound Broadband investment with G Fiber and is largely keeping the G Fiber management team. For those of you who are new to the broadband world, Astound is the product of multiple cable (legacy hybrid fiber coax/DOCSIS) companies, namely RCN, Wave, enTouch and Grande. Astound has a strong presence in Texas through enTouch and Grande, in the Pacific Northwest through Wave, and on the East Coast through RCN.

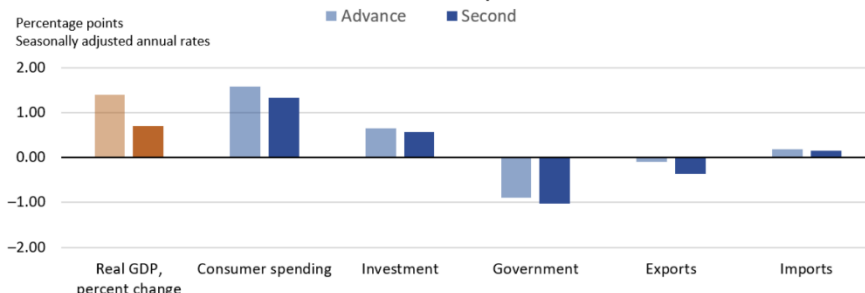
There are many things that could go wrong with this transaction. While Astound has been largely deploying fiber to the home (FTTH) in new markets, they are estimated to have 70%+ of their current customers on legacy Hybrid Fiber Coax (cable standard) technology. That means two NOCs, two field service crews, and potentially multiple sets of vendors. That transition will not be easy for a management team used to fiber-only service.

In addition, Astound has been more heavily focused on value customers – G Fiber has not. We struggle to see this transaction approved without additional requirements to broaden the legacy G Fiber product suite to include a \$30 or \$40/ month offer (currently, G Fiber plans start at 1 Gbps for \$70/ mo.). That would increase offer complexity and could add costs. And Astound still has TV, something Google phased out starting in 2020.

Transaction details were light, but our guess is that Stonepeak is contributing a few billion in fresh capital to fund a more rapid transition to a fiber-only infrastructure. G Fiber + Astound is not a natural fit but likely came at a valuation that Google's management team could stomach. We will know more when Q1 earnings are released next month as this "bet" will be separated from the rest of the income statement and balance sheet. Count us slightly skeptical on the long-term prospects but we are thankful that G Fiber's management team will be at the helm.

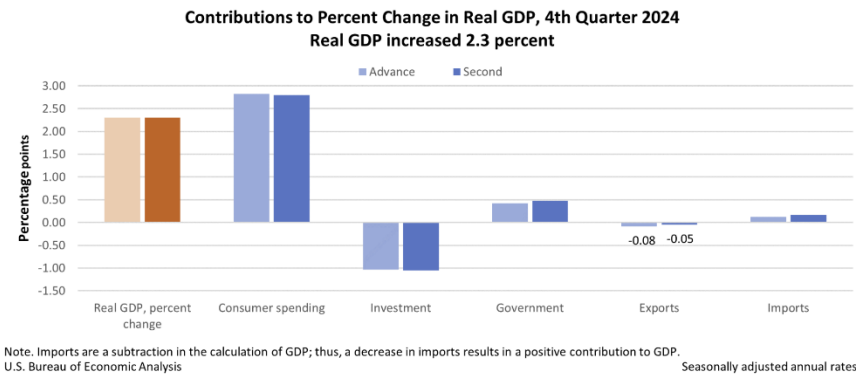
Finally, we had GDP revisions and several inflation reports since our last [Brief](#). Due to word constraints, our focus will be on Friday's GDP revisions and PCE readings. Largely due to the government shutdown, but also due to decreased consumer spending and increased exports, Q4 real GDP was halved (from 1.4% to 0.7%). Nearby is the chart showing the revisions

Contributions to the Percent Change in Real GDP, 2025:Q4
Real GDP increased 0.7 percent



GDP Gross domestic product
Note. Imports are a subtraction in the calculation of GDP; thus, a decrease in imports results in a positive contribution to GDP.
U.S. Bureau of Economic Analysis

between the initial and revised readings. Here is the same chart from the Q4 2024 second GDP reading (link here):



A lot can happen in a year. Spending contributed half as much as in 2024, offset by a meaningful increase (+1.4%) from investments. The surprise comes from government, representing a 1.5% swing between the final quarters of 2024 and 2025. Said differently, even with a revised tariff and immigration policies in place, the government shutdown was the difference between a 0.7% and a 2.2% growth rate.

It's no surprise then that the Atlanta Fed has now [revised their Q1 2026 growth rate](#) to 2.7% (from 2.1% earlier in the week). Based on initial estimates of tax refunds that have been reported ([here](#)) we could see 3% growth in the first quarter if recent energy price hikes are short lived. When the above chart is tabulated for Q1, it's unlikely we will see any material negative offsets.

The economy is going through three large transitions:

- Changes in trade policy, which (hopefully) translate into more US jobs at higher wages (jury is out)
- Changes in immigration policy, resulting in fewer employed workers and lower consumption and output (see last week's [interim Brief](#) for our analysis of the jobs report)
- Changes in domestic investment, driven by previously approved legislation and AI investment

Productivity is the wild card (latest reading is [here](#)). We aren't sure we see late 1990s/ early 2000s productivity after the Internet was fully released (3%+ most years), but consistent 2.5-3.0% annual improvement for the next few years isn't out of the question. That would significantly improve economic growth and allow inflation to remain below 3%. If productivity does not stay high, we won't see growth above the low to mid 2s.

2025 and 2026 Capital Spending – Different Strategies, Different Priorities

When we have looked at capital spending in recent years, the focus has been on changes in architecture (closed to open) or technology (LTE to 5G, prioritized data, etc.). Those changes have had ripple effects on products and services.

Those trends continue (and now include 5G to 5G Advanced) but are taking a back seat to core infrastructure realities. Data consumption needs continue to increase, driving the need for more towers and in-building solutions. FTTH investment is increasing in 2026 thanks to buildouts by AT&T, Verizon, T-Fiber and partners, and BEAD funding winners.

Here are snapshots of capital spending from each of the companies that make up the Telco Top Five:

AT&T. Here is their statement of where they will be spending capital in 2026 (from their [10-K](#)):

Expected Growth Areas Over the next few years, we expect our growth to come from wireless and IP-based fiber broadband services. We provide integrated services to diverse groups of customers in the United States, on a converged telecommunications network utilizing different technological platforms. In 2026, our key initiatives include:

- Continuing our wireless subscriber momentum and 5G deployment, with expansion of wireless subscribers in underpenetrated markets and converged connectivity.
- Continuing our fiber deployment, improving fiber penetration, growing AT&T Internet Air services, accelerating connectivity growth and increasing broadband revenues, inclusive of impact of integrating recent acquisitions of spectrum and fiber assets.
- Continuing our deployment of Open RAN to build a more robust ecosystem of network infrastructure providers and suppliers, fostering lower network costs, improved operational efficiencies and allowing for continued investment in our fast-growing broadband network.
- Continuing to drive efficiencies and a competitive advantage through cost transformation initiatives, including modernization of our IT infrastructure and product simplification.

More spectrum, more fiber, more Open RAN. Their \$25-26 billion spend will have a heavy tilt to fiber buildouts due to Lumen. New tower construction along with the recently leased/ purchased EchoStar spectrum will enable AT&T Internet Air to be an “intermediate” solution until fiber coverage improves. Because of its characteristics, fiber maintenance costs are meaningfully lower than copper, resulting in lower costs per household to maintain (capex leads to lower opex).

We see this trend continuing for AT&T through 2028. They have lined up reliable third-party providers to deploy fiber methodically and quickly. Our primary concern is that they have not struck hyperscaler partnerships that provide superior services to AT&T residential and business wireless and broadband customers. Bottom line: Lumen integration and fiber buildouts remain top priorities for the largest capital spender in US telecom. Fixed Wireless deployments will be most important in “gap filling” regions and as an access substitute (primary or secondary) for some business customers.

Verizon. Their total capital spending is going to shrink in 2026 even with the Frontier acquisition. Here’s how they spell it out in their 10-K:

Capital Expenditures

Our 2026 capital program includes capital to fund advanced networks and services, including expanding and adding capacity and density to our core networks, completing the deployment of C-Band spectrum, and advancing our network architecture, while reducing the cost to deliver services to our customers, and pursuing other opportunities to drive operating efficiencies. It will also support our broadband investment plans and the expansion of our fiber broadband footprint. We anticipate cash requirements for our 2026 capital program to be between \$16.0 billion and \$16.5 billion.

In 2023, Verizon was in the middle of C-Band spectrum deployment and spent \$18.7 billion. For the last two years, that figure has been approximately \$17 billion and, as shown above, the 2026 target is \$16 billion. We have discussed the implications of the reduction in wireless capital spending (we think it will end up being \$7.5 billion in 2026) and why that may or may not be important to T-Mobile and AT&T.

Verizon will lean heavily on the remaining Frontier executives to guide the combined company build. We think that expansion will be focused (much) more on the remaining copper plant in the Frontier footprint than Verizon’s, and that line extensions driven by converged offerings will also accelerate.

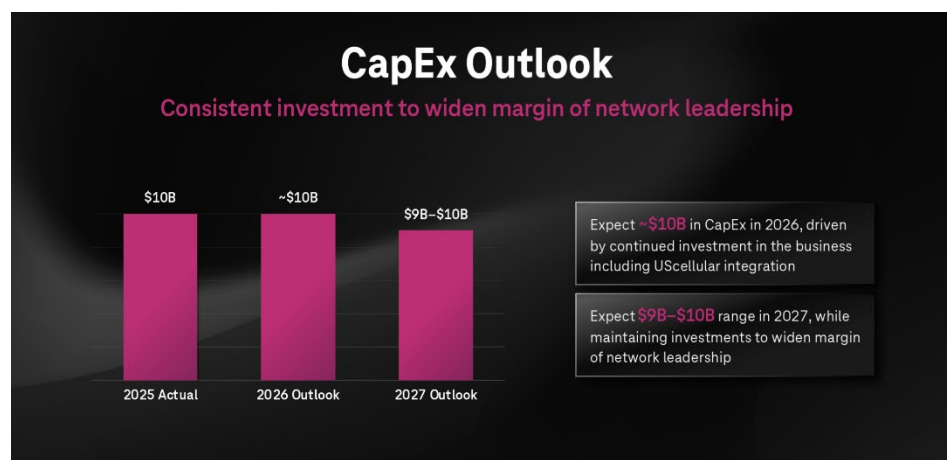
Wireless capital spending will decrease if the \$16 billion target holds (we think that if subscriber gains come in stronger than expected in Q1 and Q2 that the range will grow to as much as \$17 billion. New site builds will decelerate and take a back seat to augments. And C-Band deployments will complete in the first half of 2026.

Bottom line: Verizon’s priorities are changing with new leadership and the Frontier acquisition. Those vendors who stuck with Frontier during the lean years will be rewarded. Suppliers dependent on steady or increasing wireless capital expenditures are going to be disappointed.

T-Mobile

Magenta continues to experience the fastest wireless subscriber growth. The “on books” capital outlook was discussed last month in their Capital Markets Day Update (see nearby chart).

It’s important to note that the \$10 billion figure does not include T-Mobile’s investments in Lumos or Metronet which are classified in their



statement of cash flows under “investments in unconsolidated affiliates.” What you see in the chart (and indicated in the snippet from their 10-K below relate to wireless capital expenditures only. Here’s the language from their 10-K concerning capital expenditures:

Capital Expenditures

Our capital liquidity requirements have been driven primarily by capital expenditures for spectrum licenses, the construction, expansion and upgrading of our network infrastructure, the integration of the networks, spectrum, technology, personnel and customer base of T-Mobile and UScellular, and investments in information technology platforms. We expect to maintain our investment in capital expenditures related to these efforts in 2026 compared to 2025, as we continue our integration efforts, maintain our commitment to build out our nationwide 5G network and continue our digital transformation. Future capital expenditure requirements will be primarily driven by the deployment of acquired spectrum licenses.

Our estimate is that T-Mobile could end up spending 30% more than Verizon in wireless capex in 2026. We believe that 2026 could be the first year (assuming no material US Cellular capital costs in the \$10 billion figure) where Verizon is out-invested by T-Mobile and are confident that this will be the case for the first half of 2026.

This is great news for key suppliers to Magenta (especially those who are assisting with the US Cellular integration). Rural expansion will continue, augments will continue to existing sites, and additional software investments will be forthcoming as T-Mobile accelerates their digitization initiatives.

Cable (Comcast and Charter)

Charter provides a detailed schedule of capital components in their 10-K (re: this is a slow/no growth environment as shown in decreased capital spending on “other line extensions”):

	Year Ended December 31,	
	2025	2024
Customer premise equipment ^(a)	\$ 2,260	\$ 2,172
Scalable infrastructure ^(b)	1,536	1,422
Upgrade/rebuild ^(c)	1,937	1,771
Support capital ^(d)	1,986	1,688
Capital expenditures, excluding line extensions	7,719	7,053
Subsidized rural construction line extensions	2,202	2,144
Other line extensions	1,738	2,072
Total line extensions ^(e)	3,940	4,216
Total capital expenditures	\$ 11,659	\$ 11,269
Of which:		
Commercial services	\$ 1,201	\$ 1,437
Subsidized rural construction initiative ^(f)	\$ 2,208	\$ 2,152
Mobile	\$ 267	\$ 245

With the Cox acquisition scheduled to complete in the next 120 days, this chart represents a “rear view” of Charter’s priorities. Charter will be heavily focused on network and systems integration in the second half of 2026 and throughout 2027. Within network integration, consolidating “scalable infrastructure” and “upgrade/ rebuild” activities remain a top priority. We also think that Charter and Cox will meaningfully improve their business footprint after the merger is complete.

Comcast discloses a similar level of capital spending detail for their domestic connectivity business unit, but we do know that they spent \$8.7 billion in 2025, up \$440 million from 2024. Their component breakdown is nearby along with their commentary.

Year ended December 31 (in millions)	2025	2024
Customer premise equipment	\$ 2,192	\$ 2,013
Scalable infrastructure	3,156	3,024
Line extensions	2,689	2,691
Support capital	686	557
Total	\$ 8,723	\$ 8,286

We expect our capital expenditures in 2026 will continue to be focused on investments in the Connectivity & Platforms business in scalable infrastructure as we increase capacity and continue to execute our plans to upgrade our network to deliver multigigabit symmetrical speeds, in the continued deployment of next generation wireless gateways, and in line extensions for the expansion of homes and businesses passed. In addition, we expect to continue investment in existing and new attractions at our Universal theme parks. Capital expenditures for subsequent years will depend on numerous factors, including competition, changes in technology, regulatory changes, the timing and rate of deployment of new services, the capacity required for existing services, the timing of new attractions at our theme parks and potential acquisitions.

Bottom line: Cable is in the middle of an accelerated technology upgrade (eventually to DOCSIS 4.0). Their total expenditures are less than AT&T's, yet their 2026 impact will be far greater. We think that these upgrades will be successful to a point but don't see (yet) the value proposition that would cause an existing AT&T Fiber (with wireless) customer to make the move to a cable converged offering (unless low-margin television suddenly becomes another bundled product). We expect to see Charter + Cox capital spending to be 50-60% higher than Comcast as they complete their integration and then revert to a proportionate level in 2028-2029.

That's it for this week. In the next full [Brief](#), we will start our two-part Q1 earnings preview. In the meantime, if you have friends who are interested in being notified each time we publish a [Brief](#), please have them sign up at www.sundaybrief.com.

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