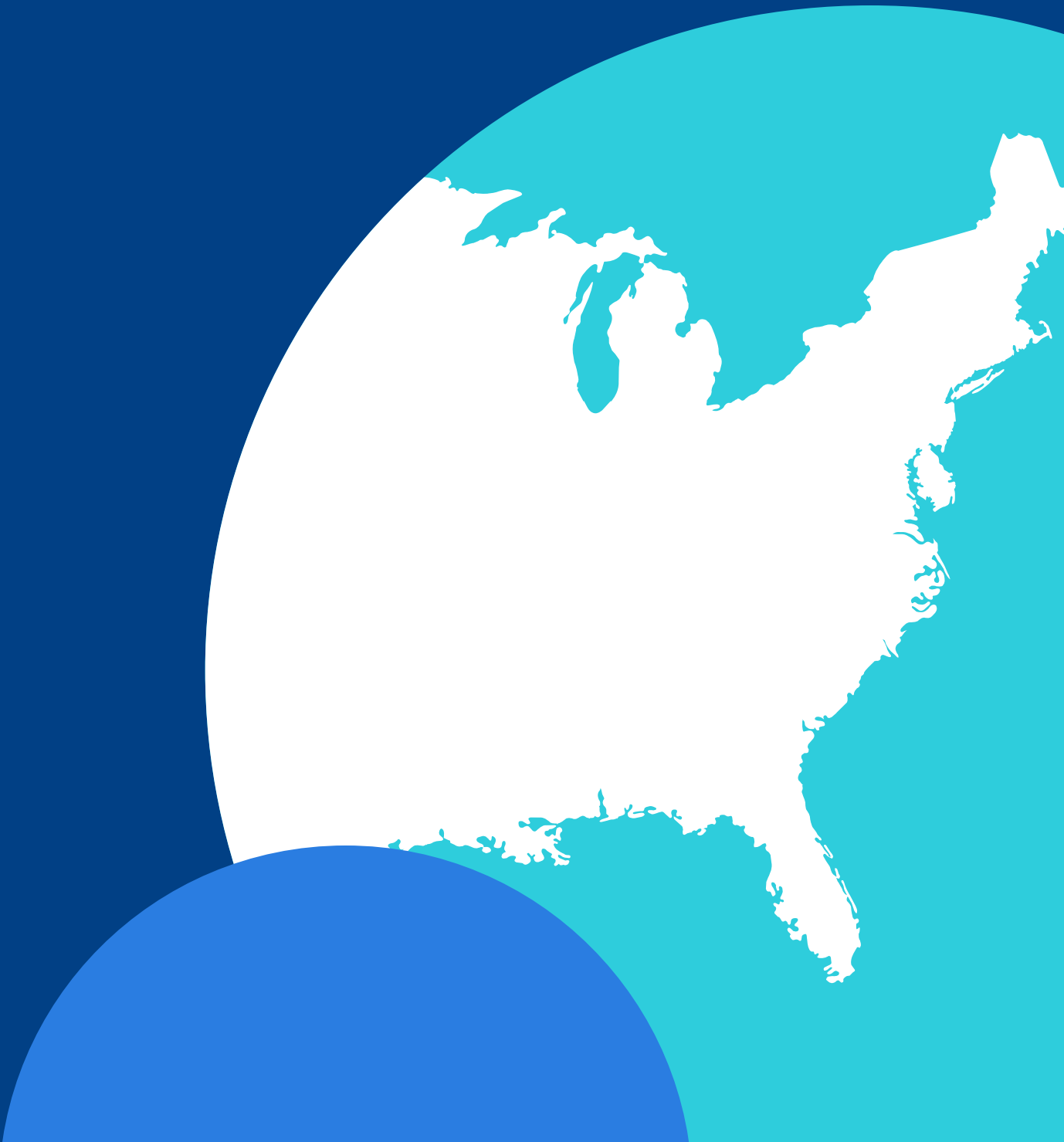




# 360Value Quarterly Reconstruction Cost Analysis

**Q1 2022: United States**

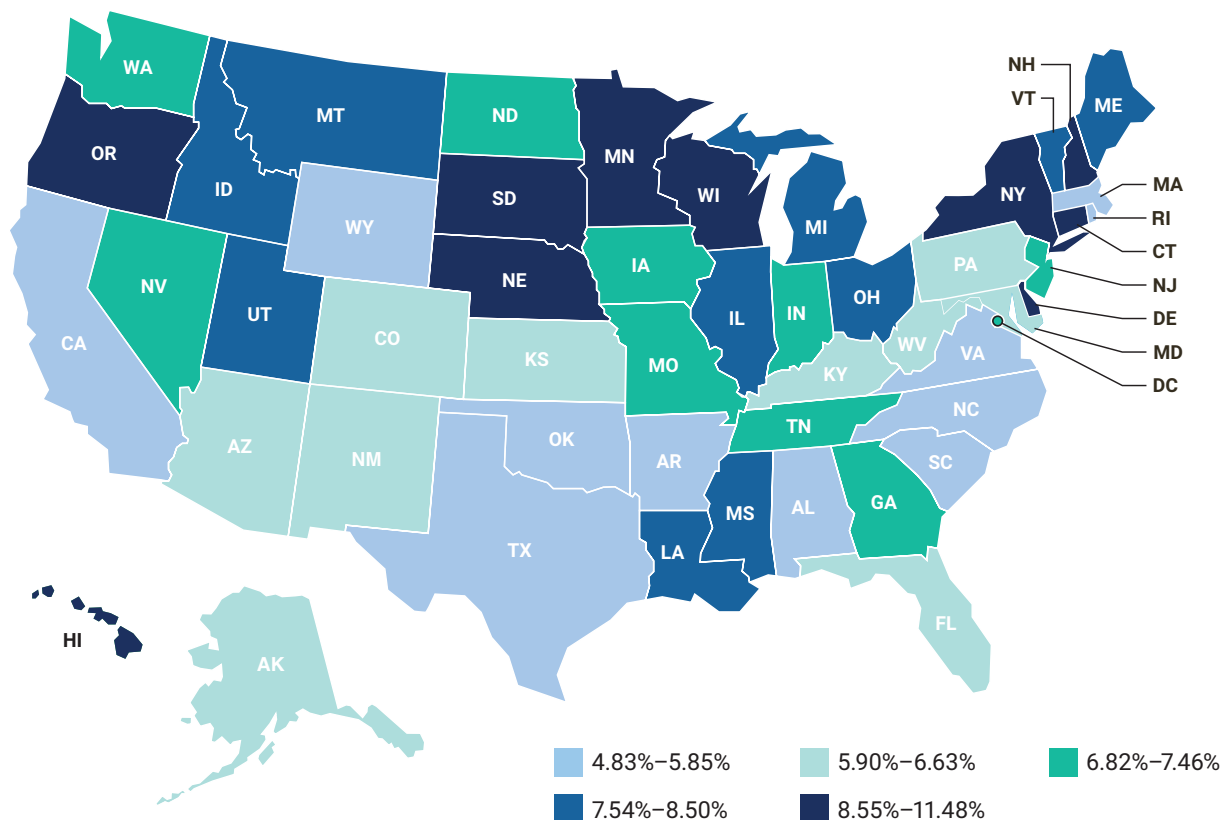


This report provides reconstruction cost trends at the national and state levels. The 360Value® Quarterly Reconstruction Cost Analysis is derived from building cost research conducted by industry leader Xactware.®

# Reconstruction costs rise amid continued moderate gains in materials and labor

Total reconstruction costs, including materials and retail labor, rose 7.2% from January 2021 to January 2022, up slightly from October 2020 to October 2021, when costs rose 5.8%. Lumber prices continue to moderate following the steep hike that began in 2020 and peaked in 2021, with prices for the material increasing 9.8% year-over-year in January 2022. Meanwhile interior trim continues to show the largest spike in cost increases. Quarterly costs were up 2.1%, a slight rebound from the 4.8% decrease recorded in the prior quarter.

Reconstruction costs increased in all states. New York had the largest increase at 11.5% with Wisconsin and Delaware following behind, both up 9.6%. Montana had the most significant shift in ranking, leaping from the 42nd highest cost increase in October 2021 to 14th in January 2022, with prices rising 7.9% in the year-over-year period. Rhode Island had the lowest change at 4.8%.



Changes in reconstruction costs by state.

States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

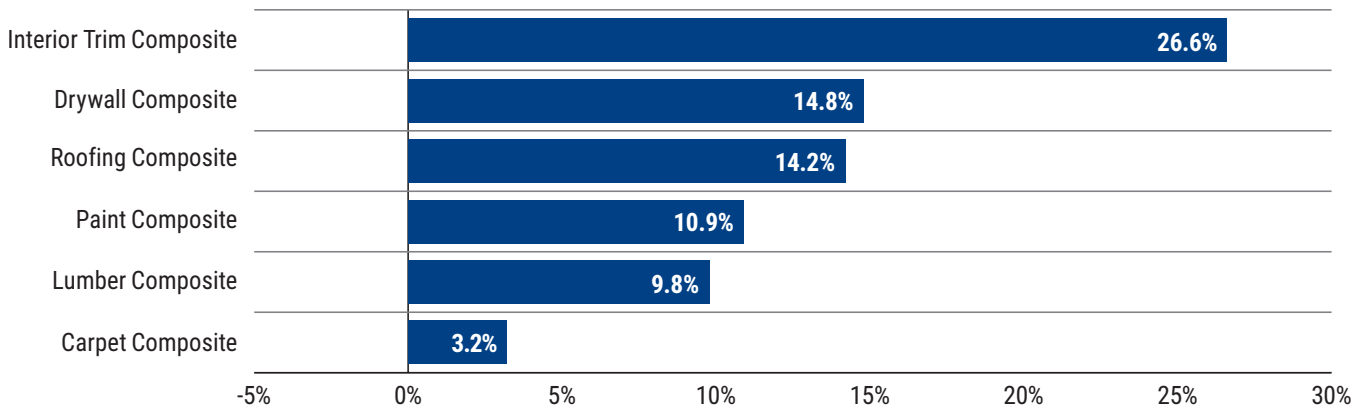
\*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from January 2021 to January 2022, unless otherwise noted.

## Material Cost Analysis

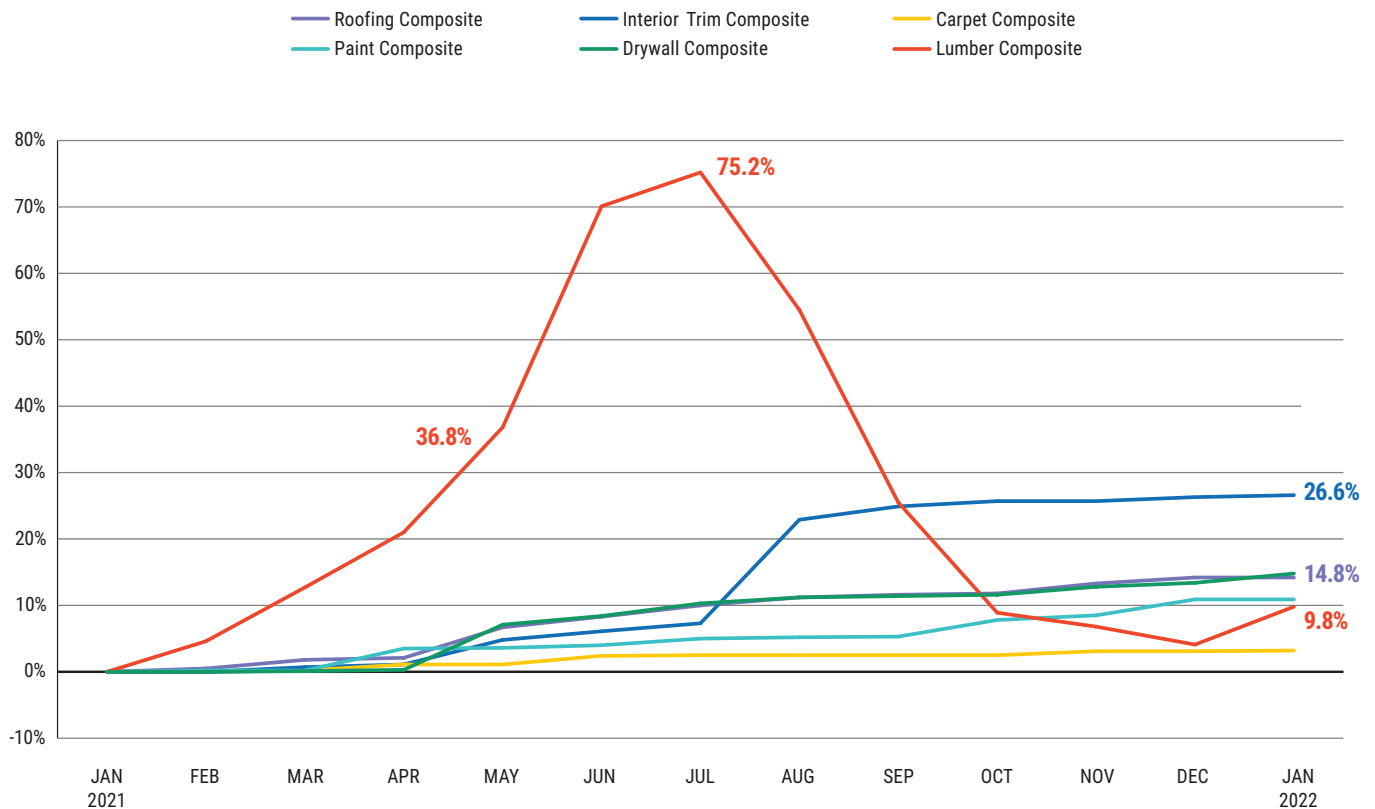
Combined costs for material composites increased 7.5% from January 2021 to January 2022, up from October 2020 to October 2021, when material costs rose 5.4%. Prices were up for all categories. Lumber, which has been the driver behind rising material costs, rose 9.8% from January 2021 to January 2022. This was more than double the 4.1% increase in the prior year-over-year period ending in October.

Shortages of materials derived from lumber are continuing in some categories. The category with the largest spike for the second period in a row was interior trim composite, which saw prices rise 26.6% year-over-year, continuing the gains from October when it rose 26.4%. A major factor here is the rising price of interior wood doors and associated materials, such as jambs. Drywall, roofing, and paint were up 14.8%, 14.2%, and 10.9%, respectively.

Percentage change in costs



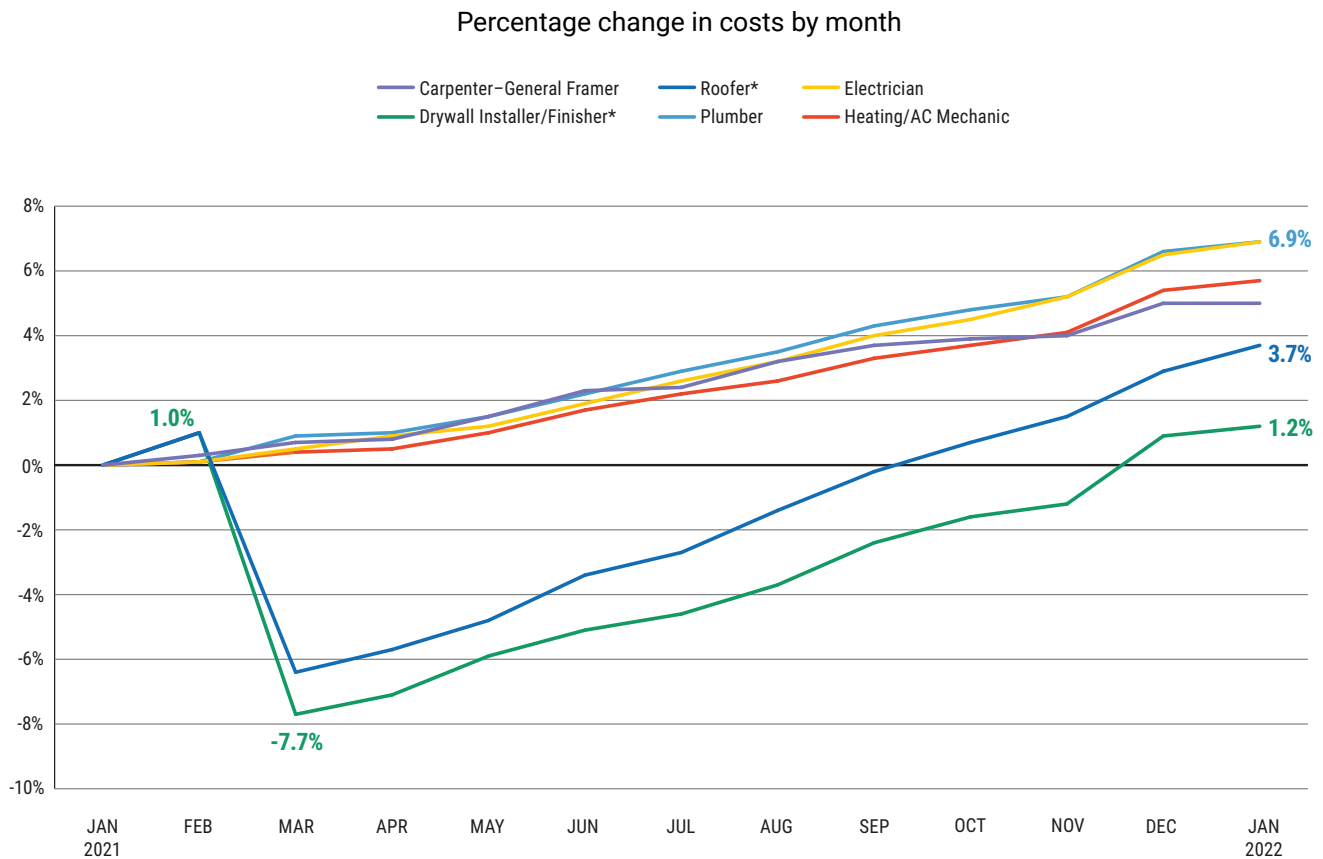
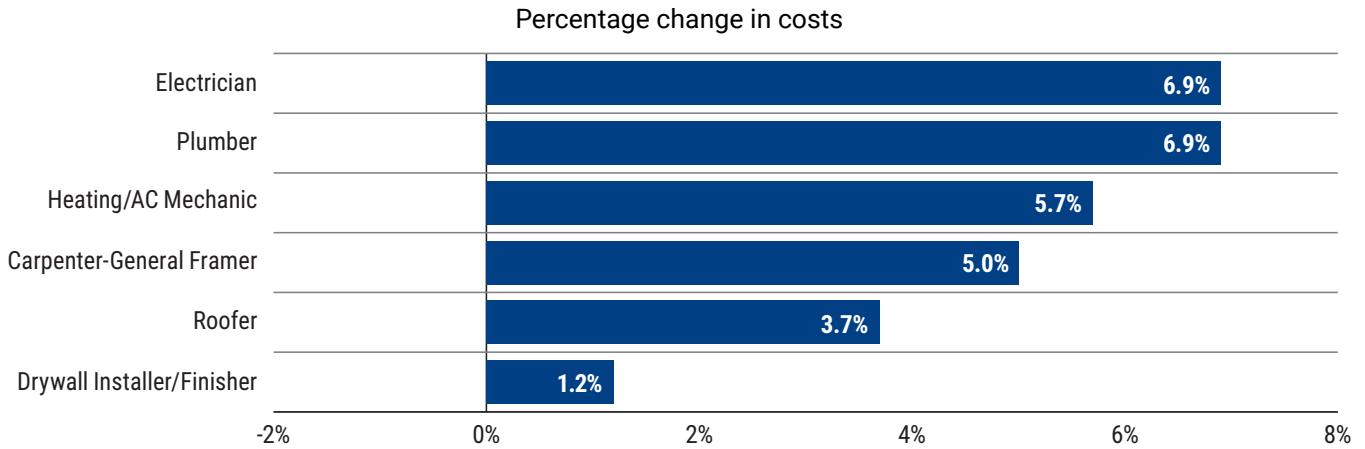
Percentage change in costs by month



## Labor Cost Analysis

Combined hourly retail labor rates increased 5.3% from January 2021 to January 2022, up from the 4.3% increase recorded from October 2020 to October 2021. Electrician and plumber costs increased the most, both rising 6.9%.

The costs for heating/AC mechanic were just behind at 5.7%. Carpenter-general framer costs were up 5%, while roofer costs were up 3.7%. Drywall installer/finisher costs rose just 1.2%.



\* Based on a recent survey conducted with a large group of contractors in multiple states and provinces, we've changed an assumption in our cost calculations, increasing the time for driving and picking up materials/equipment from 30 to 60 minutes. The impact this has on the unit prices and hourly labor rates will vary based on feedback and on recent random sample surveys with contractors for labor and line item pricing. For example, in some trades where it is more common for contractors to quote unit pricing over an hourly labor rate, it may be that the current hourly labor rate was adjusted downward so the unit prices stayed constant.

## About this report

The *360Value Quarterly Reconstruction Cost Analysis* is derived from building cost research conducted by industry leader Xactware, a Verisk business, and validated at a highly localized level.

Our comprehensive research process includes real-time feedback on reconstruction costs from tens of thousands of contractors and claims adjusters, extensive material and labor cost surveys, and analysis of more than 5 million

actual damage repair estimates for claims each year. Verisk also updates reconstruction costs monthly to support providing reliable and timely pricing information.

The data contained in this report should not be used as the basis for underwriting, coverage, rating, or renewal decisions, as changes in replacement costs vary dramatically at the individual property level.



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