



360Value Quarterly Reconstruction Cost Analysis

Q4 2023: 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 Verisk using the industry-leading Xactimate estimating solution.

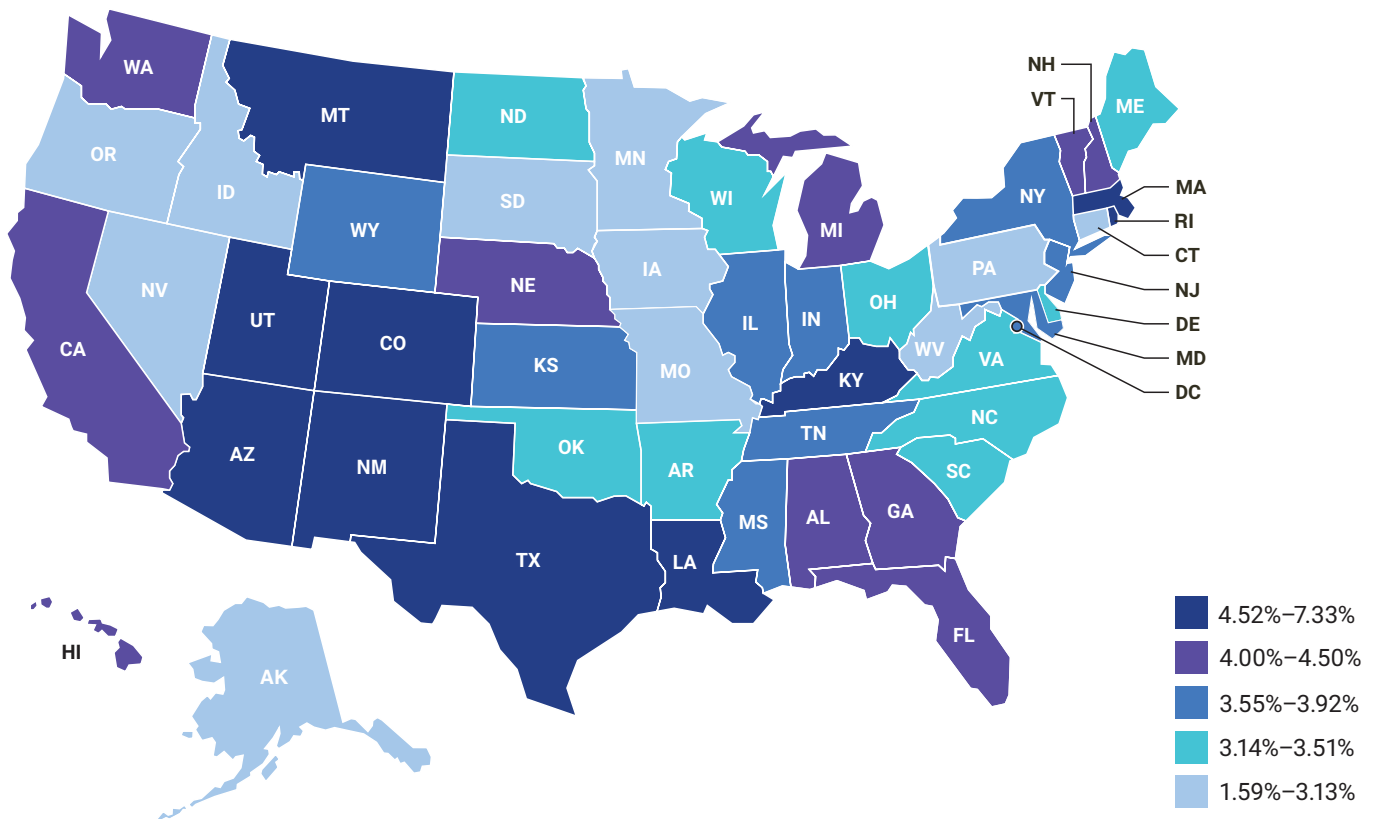
Mild reconstruction cost rise signals stabilizing market

Total reconstruction costs, including materials and retail labor, increased 5.1% from October 2022 to October 2023. This uptick follows the 4.3% increase from July 2022 to July 2023. Quarterly reconstruction costs increased by 1.7%, a slight shift from the 1.0% increase last quarter.

For material costs, lumber continued on a negative streak, decreasing nearly 19% in October 2023. Meanwhile, concrete composite became the leading driver for material costs, rising 10.8% this quarter. Drywall and interior trim followed closely, each increasing around 7%. Concrete mason continued to show the fastest increase of all labor categories at 12.2%. Recent natural hazard events across the country, including wildfires and hurricanes, have started to influence reconstruction costs, especially labor prices.

Residential Reconstruction Costs

Every state saw higher residential reconstruction costs. Utah had the largest increase at 7.3%, followed by Rhode Island (6.4%) and Montana (6.2%). Colorado's rank changed most significantly, rising from the 38th-highest cost increase in July 2023 to fifth highest in October 2023; costs were up 5.9% in the state. Costs continued to decrease the slowest in Iowa at 1.6% year-over-year. Residential costs in total increased 3.9% from October 2022 to October 2023 and 1.9% from July 2023 to October 2023.

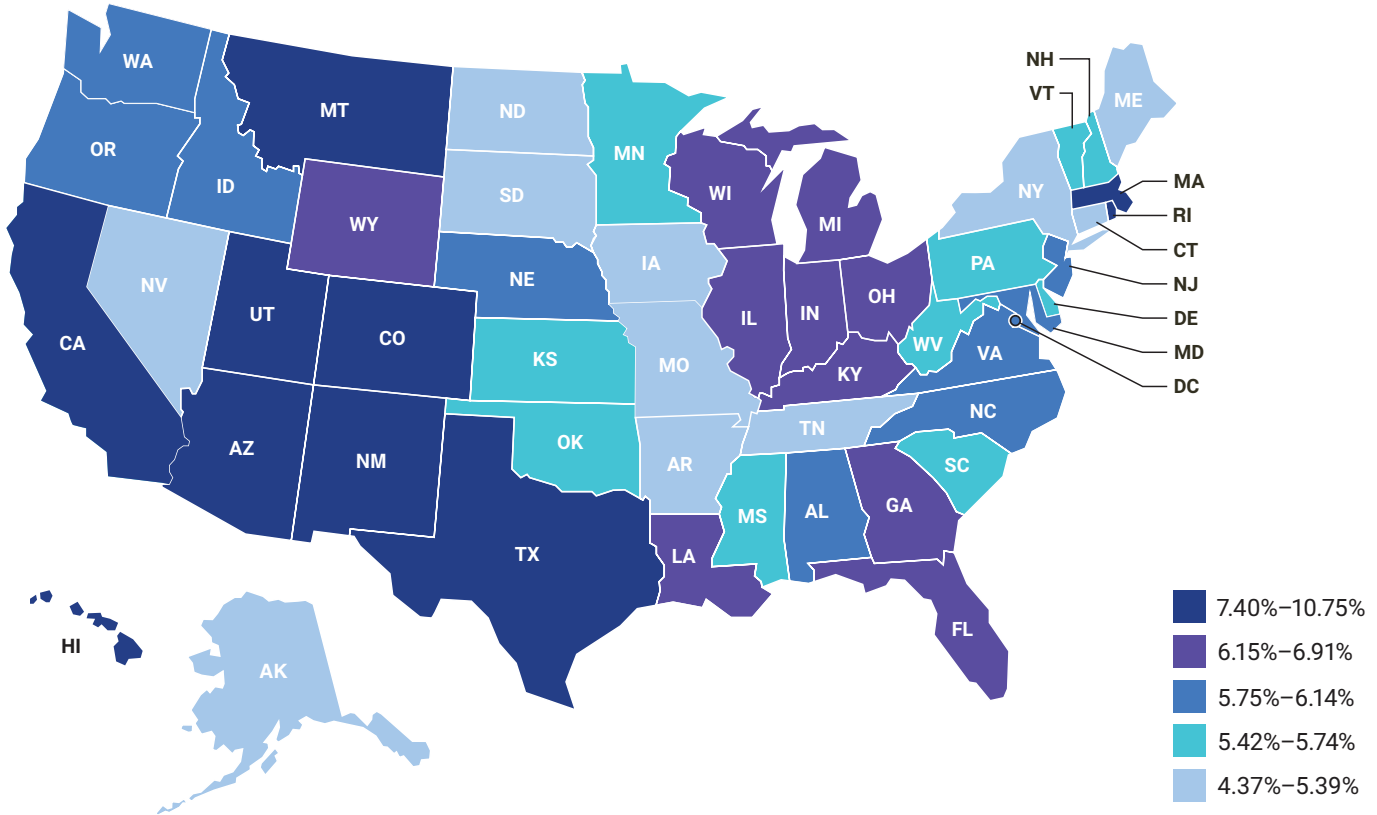


Changes in reconstruction costs by state
States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from October 2022 to October 2023 unless otherwise noted.

Commercial Reconstruction Costs

Every state saw higher commercial reconstruction costs. Utah had the largest increase at 10.8%, followed by Rhode Island at 9.8%. South Carolina had the largest shift in rank, down from the sixth-highest cost increase in July 2023 to 36th highest in October 2023, with prices rising 5.6% year-over-year. Iowa moved to last, with costs increasing 4.4%. Commercial costs in total increased 6.3% from October 2022 to October 2023 and 1.6% from July 2023 to October 2023.



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.

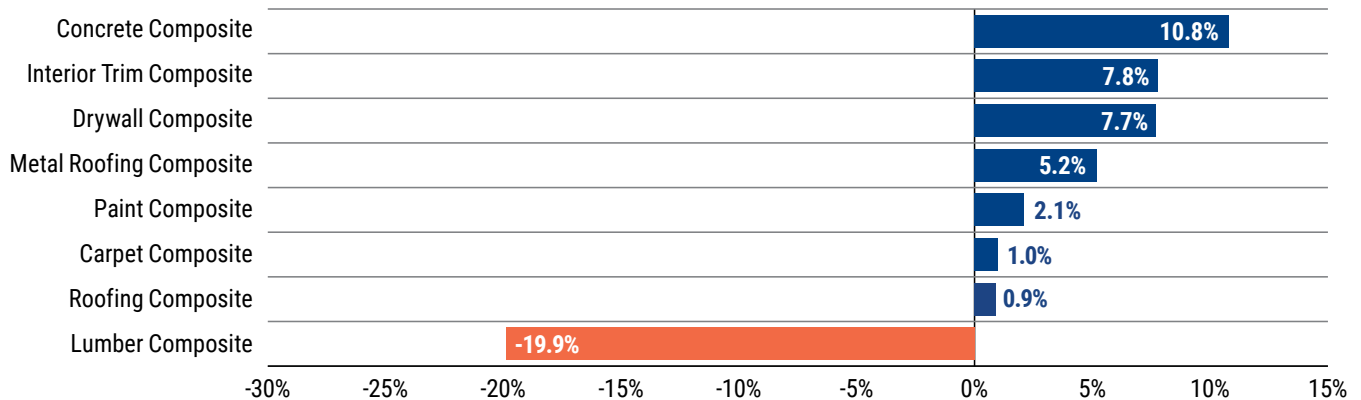
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Material Cost Analysis

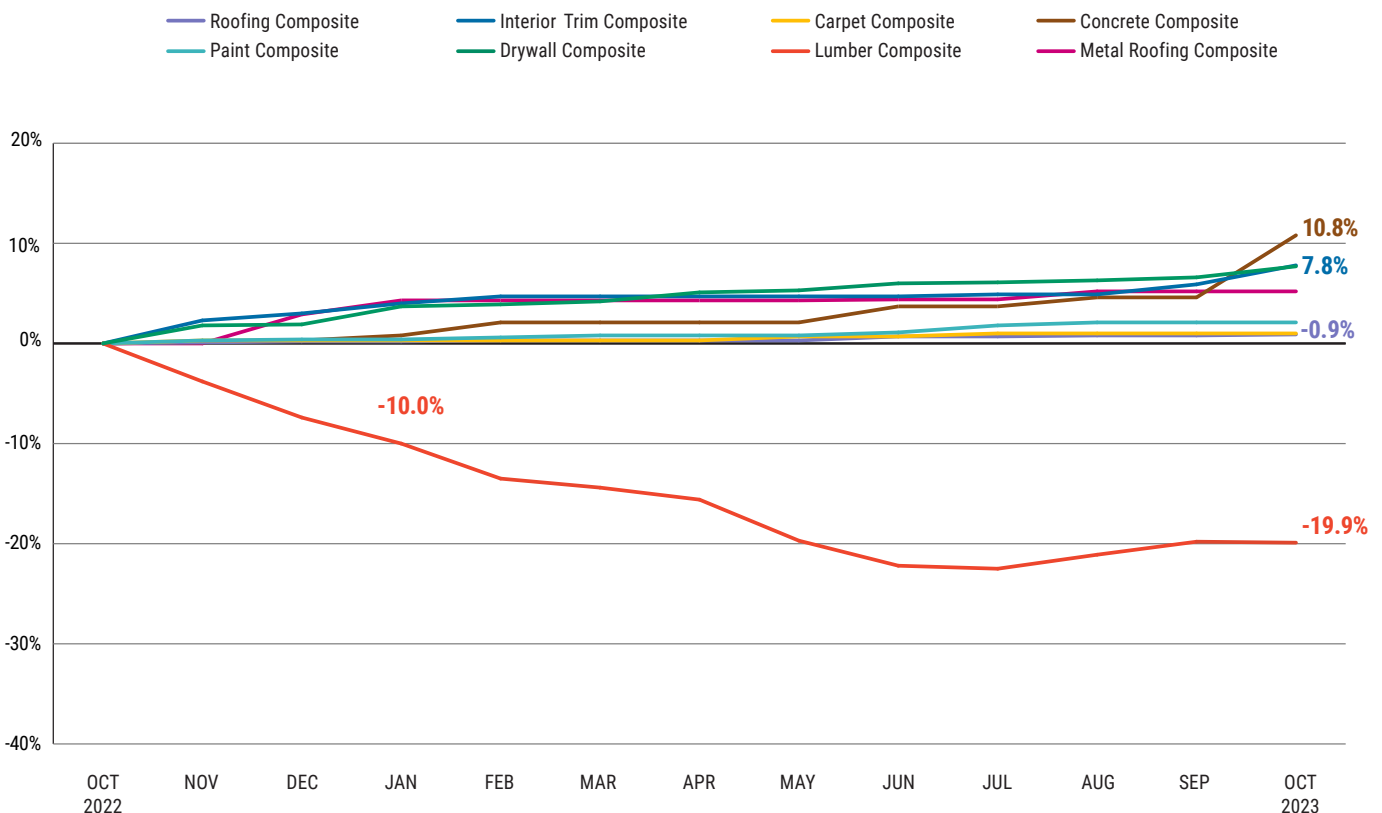
Combined costs for material composites increased 0.4% from October 2022 to October 2023—up from the 1.6% decrease recorded July 2022 to July 2023. Quarterly material costs increased 2.9% from July 2023 to October 2023. Lumber costs declined consistently over the 18 months. This continues to stand as the only negative composite this quarter at 19.9%.

Concrete moved to be the primary driver of materials, increasing 10.8%. Interior trim, which had been the fastest increasing composite for the past eight of nine quarters, followed at 7.8%. Drywall was next at 7.7%. Paint, carpet, and roofing composites all increased 2% or less.

Percentage change in costs



Percentage change in costs by month

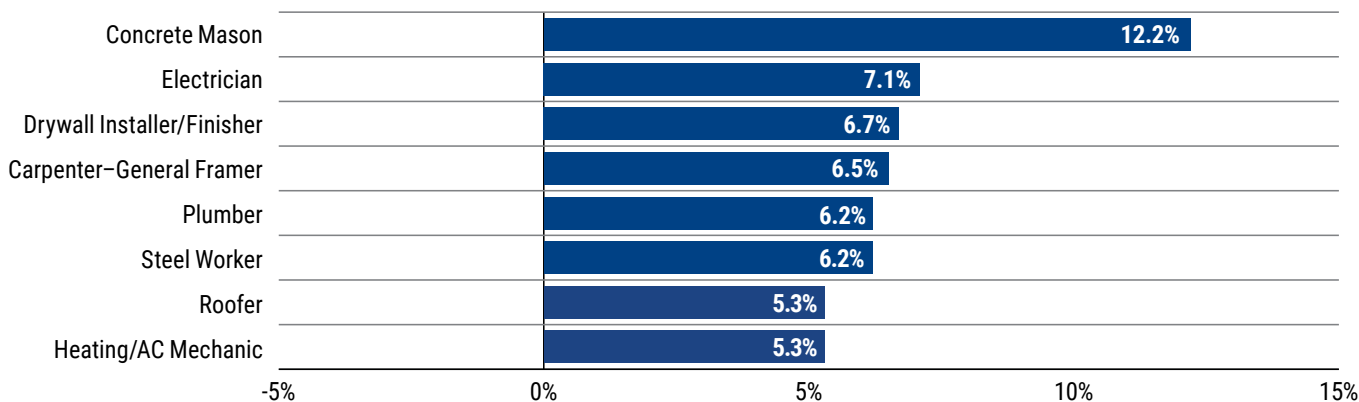


Labor Cost Analysis

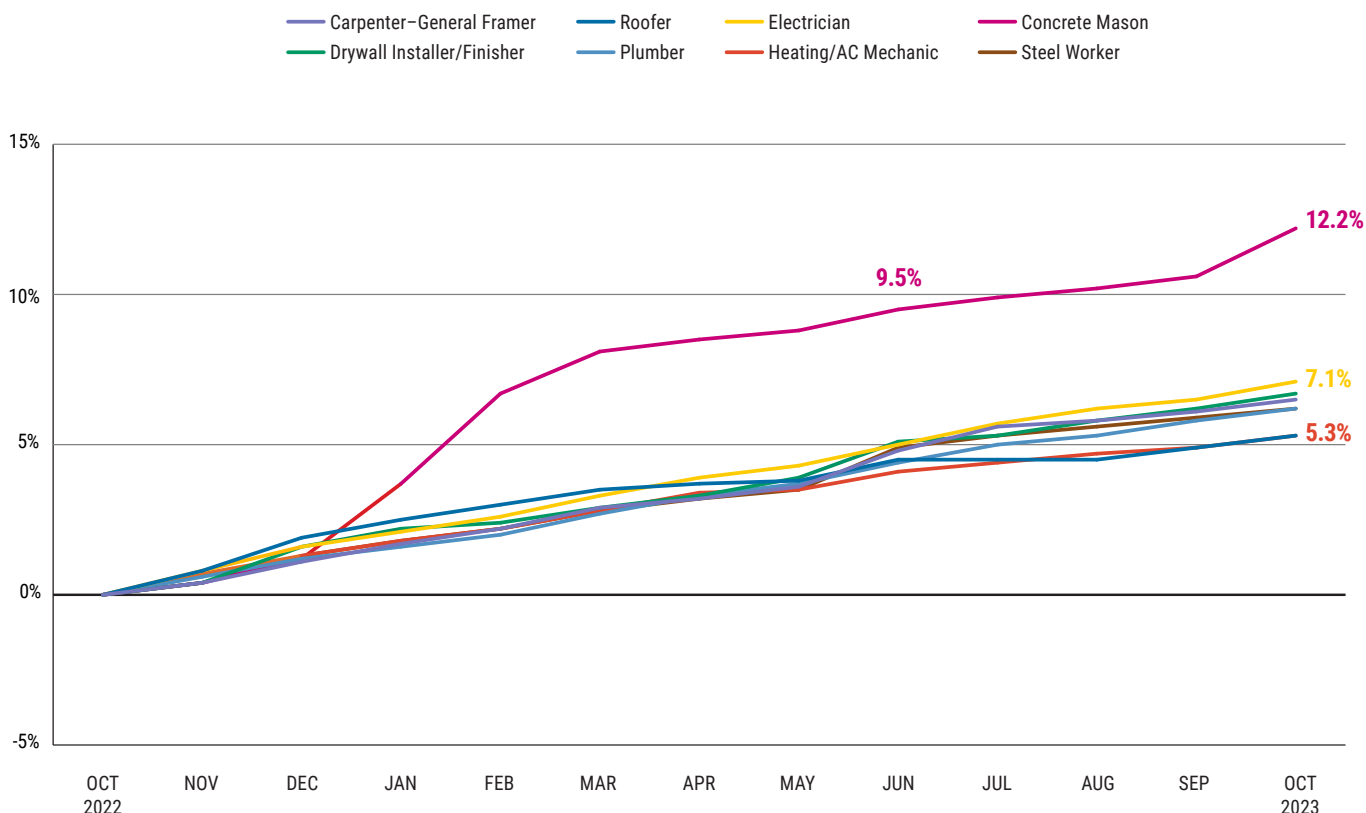
Combined hourly retail labor costs increased 7.6% from October 2022 to October 2023, slightly below the 8.6% increase recorded in the prior two quarters. Labor costs over the past quarter, July 2023 to October 2023, increased 1.2%. Labor has remained on a steady incline for the past few years.

Concrete mason continued to increase the most at 12.2%. Electrician (7.1%), drywall installer/finisher (6.7%), and carpenter-general framer (6.5%) costs followed. Roofer and heating/AC mechanic trailed at 5.3%.

Percentage change in costs



Percentage change in costs by month

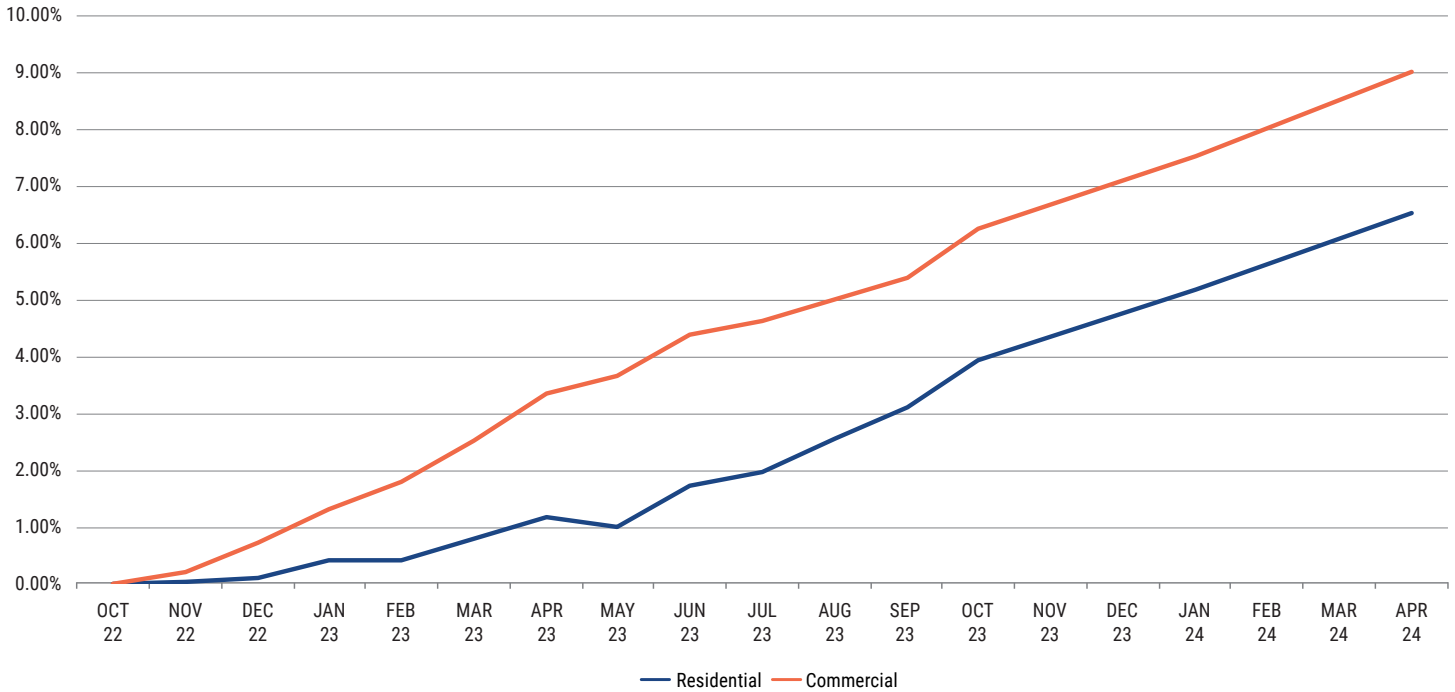


Announcing: Market Expectations Index—a future-focused look at trends

To help insurers navigate increasing complexity in the market, Verisk has developed the Market Expectations Index for 360Value. The solution combines extensive data sets with analytic expertise and econometric methods. The Market Expectations Index provides 3-, 6- and 12-month outlooks for residential and commercial structures. Calculations incorporate indicators for five key components that provide early signals for reconstruction costs: Lumber, roofing, concrete, drywall, and labor.

The market expectations for reconstruction costs, increased 2.5% for Residential and 2.6% for Commercial from October 2023 to April 2024. The most significant indicator was drywall, increasing by 4.3%.

Percentage change in costs by month



About this report

The *360Value Quarterly Reconstruction Cost Analysis* is derived from building cost research conducted by Verisk using the industry-leading Xactimate estimating solution.

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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