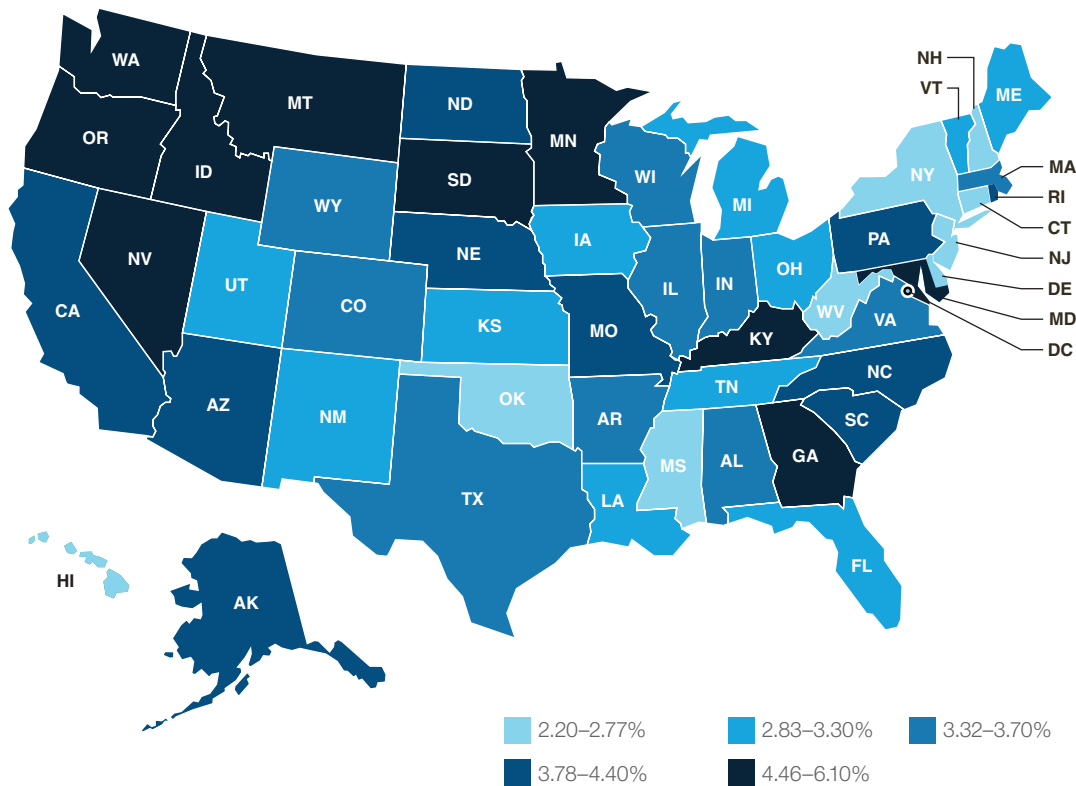


This report provides reconstruction cost trends at the national and state levels. *360Value® Quarterly Cost Updates* are derived from building cost research conducted by industry leader Xactware.

Reconstruction cost growth continues at a steady rate

Total reconstruction costs, including materials and retail labor, increased 3.7 percent* from July 2018 to July 2019, consistent with the 3.9 percent growth from April 2018 to April 2019 and 3.7 percent from January to January. This may be a sign of a steadying growth rate following a pattern of decreasing total cost growth throughout 2018. Costs rose very little in the second quarter of 2019 (April through June), at 1.2 percent.

Reconstruction costs increased in all states. Maryland, Minnesota, and Idaho had the highest changes, at 6.1, 5.7, and 5.6 percent, respectively. Connecticut and West Virginia had the lowest, at 2.2 percent each. Notably, cost changes in Alaska seem variable. The state went from the lowest rank to the 16th highest, increasing 35 positions after decreasing 22 positions previously.



Changes in reconstruction costs by state.

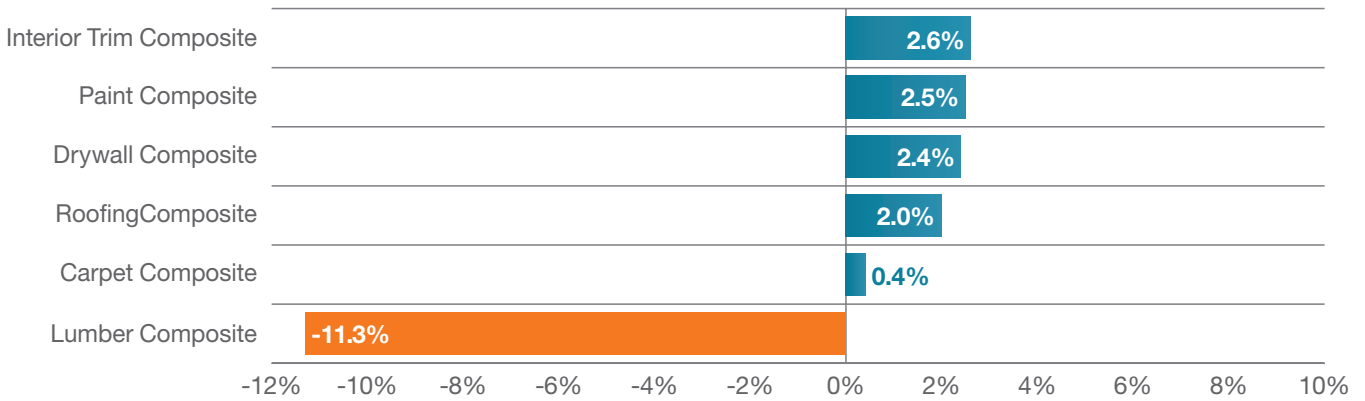
States are grouped in quintiles; each range/color in the legend includes 20 percent of the total number of states.

*All rates, percentages, increases, decreases, etc., are calculated as percentage change from July 2018 to July 2019, unless otherwise noted.

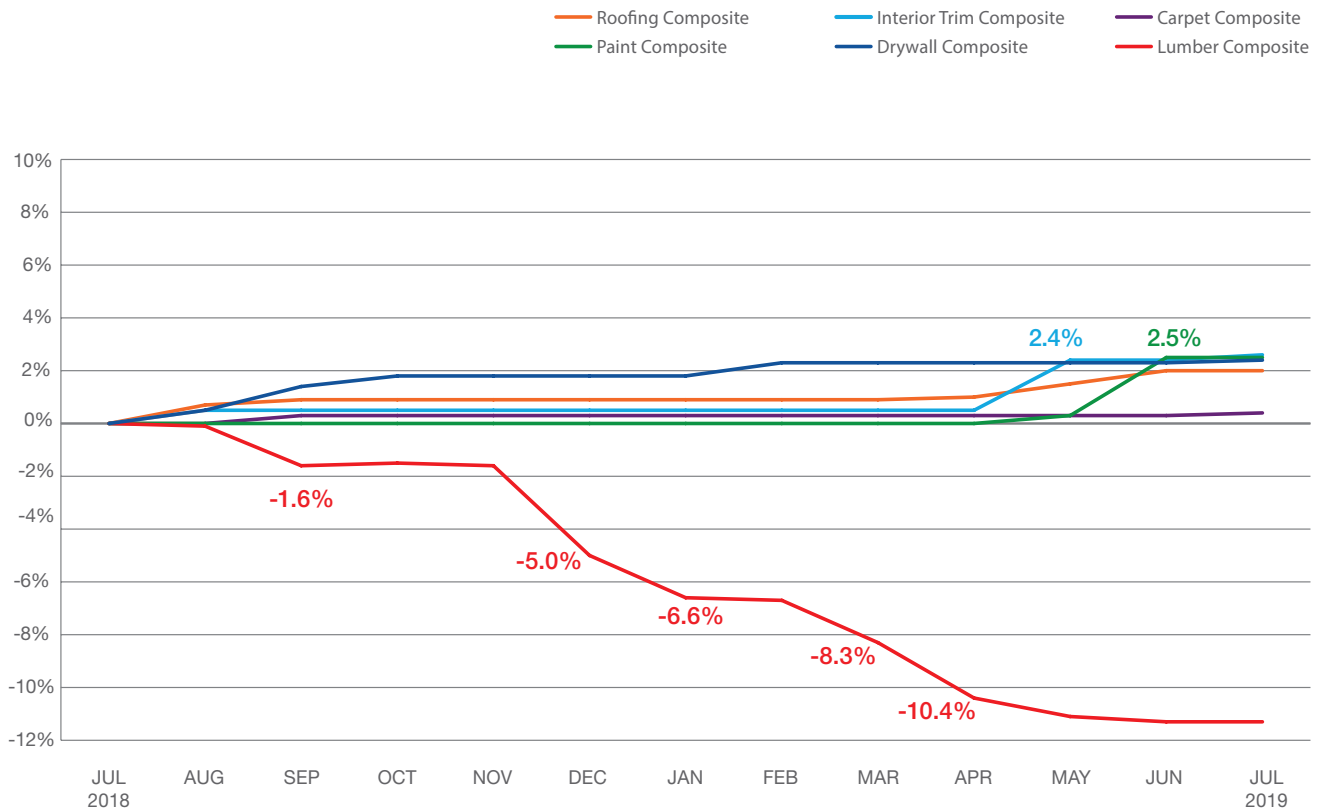
Material Cost Analysis

Combined costs for material composites increased 2.0 percent. Costs increased for all categories except lumber. Though lumber costs recently skyrocketed, they are now trending downward, reaching negative 11.3 percent. All other categories increased about 2.0 percent except carpet, which showed just 0.4 percent growth. Interior trim grew sharply in April, and paint performed similarly in May, while costs grew fairly consistently for carpet, roofing, and drywall.

Percentage change in costs



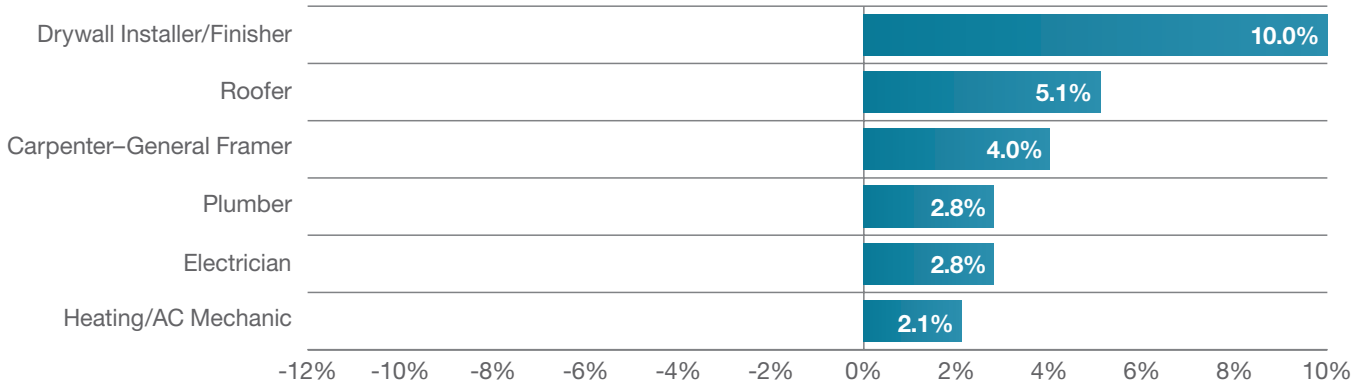
Percentage change in costs by month



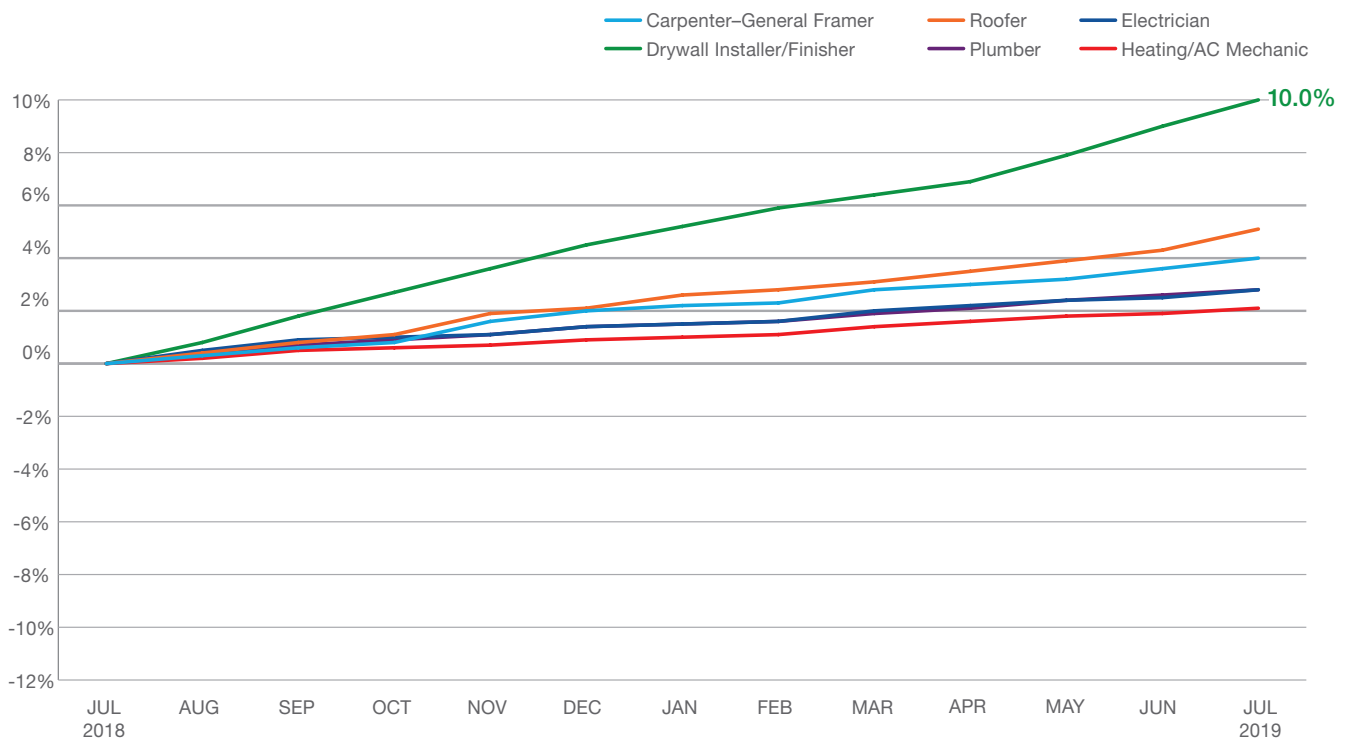
Labor Cost Analysis

Combined retail labor costs increased 4.3 percent, consistent with last quarter. All common labor trades saw steady cost increases. Drywall installer/finisher costs continued to increase the most, at 10.0 percent. Roofer cost increases were behind drywall by a large gap, at 5.1 percent. Heating/AC mechanic costs continued to have the lowest total increase, at 2.1 percent.

Percentage change in costs



Percentage change in costs by month



About this report

360Value Quarterly Cost Updates are 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.

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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