360Value Quarterly Reconstruction Cost Analysis

Q3 2026: 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.

All costs, percentages, increases, decreases, etc., are calculated as percentage changes from July 2025 to July 2026 unless otherwise noted.

Reconstruction costs show moderate shifts

Total reconstruction costs in the United States, including materials and retail labor, increased by 4.0% from July 2025 to July 2026, down slightly from July 2024 to July 2025 (4.2%). Cost growth in Q2 2026 was up from the previous quarter at 1.2%.

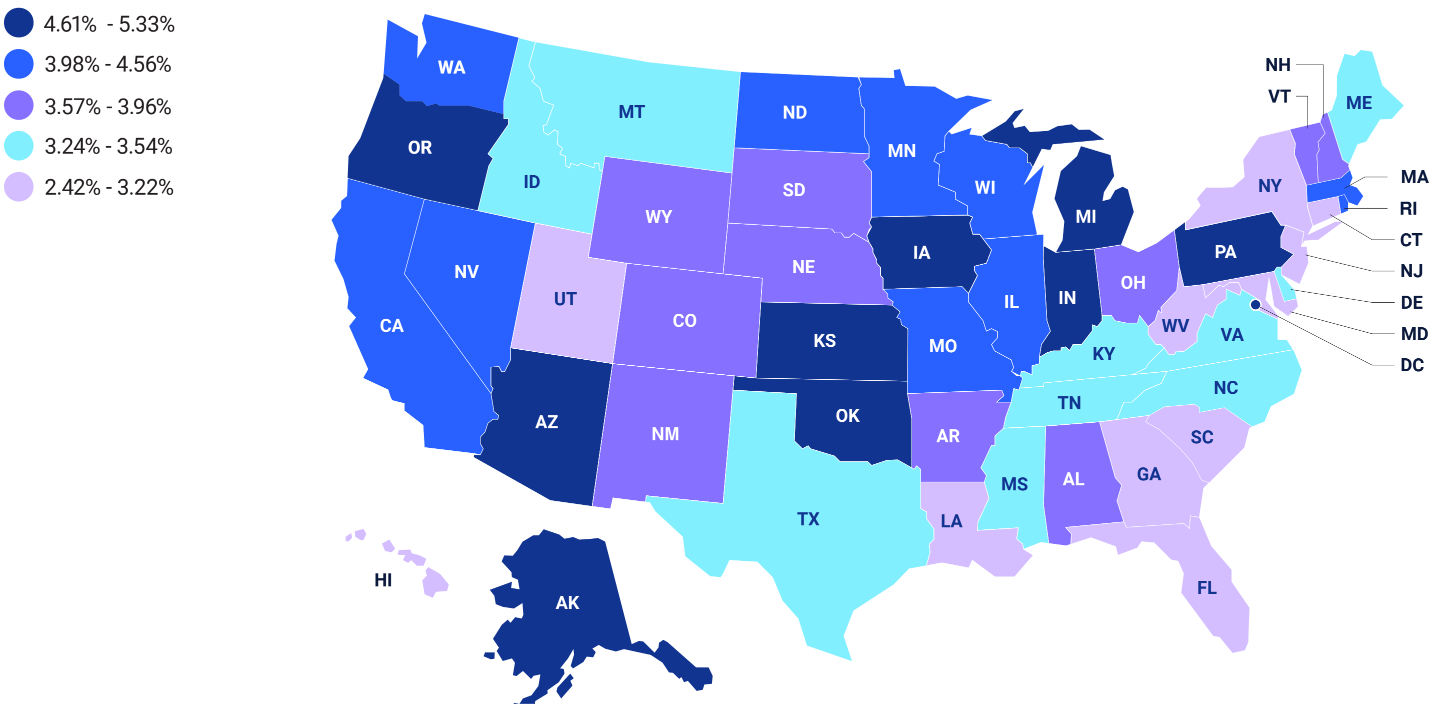
Residential reconstruction costs

Total residential costs increased by 3.8% from July 2025 to July 2026 and 1.29% from April 2026 to July 2026. Residential reconstruction costs increased year over year in all states. Kansas had the largest increase at 5.33%, followed by Michigan at 5.15% and Oklahoma at 5.11%.

New Hampshire's rank rose most significantly, from 51st in April 2026 to 28th in July 2026; costs were up 3.61% in the state year-over-year. Arkansas followed with a 16-place rise from 46th to 30th, driven by a 3.57% increase. Washington state jumped 14 places, from 33rd to 19th, with a 3.98% increase.

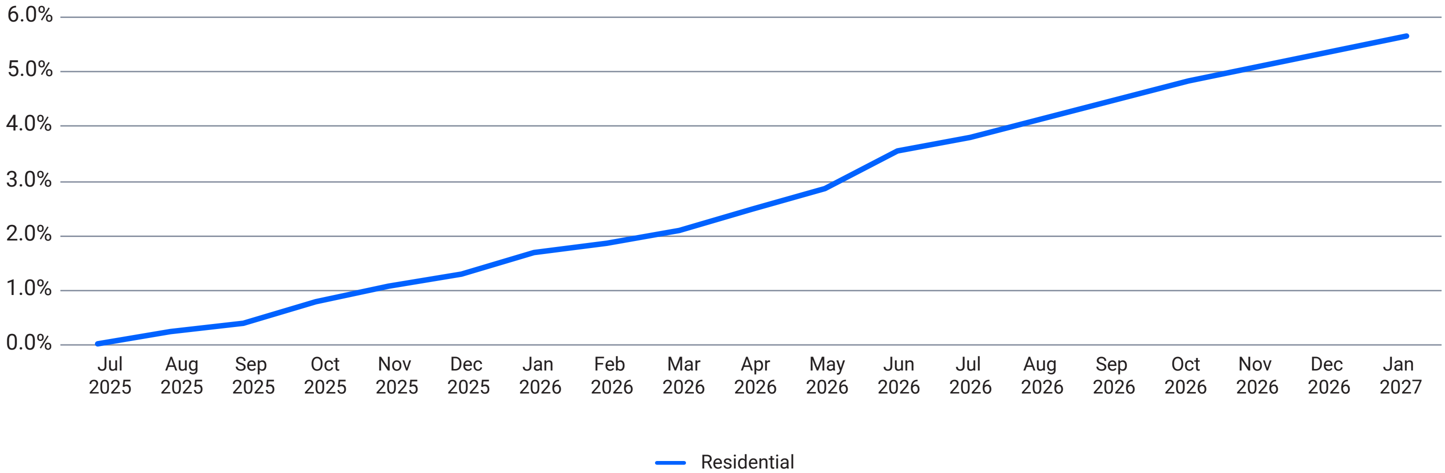
Utah had the largest drop, falling 18 places from 28th to 46th, with a 2.85% increase. South Dakota fell 16 spots, from 13th to 29th, with a 3.58% increase, and New York dropped from 31st to 44th with a 2.93% increase.

Changes in residential reconstruction costs by state



Growth in residential reconstruction costs by month

Market expectations for residential reconstruction costs anticipate a 1.79% increase from July 2026 to January 2027.

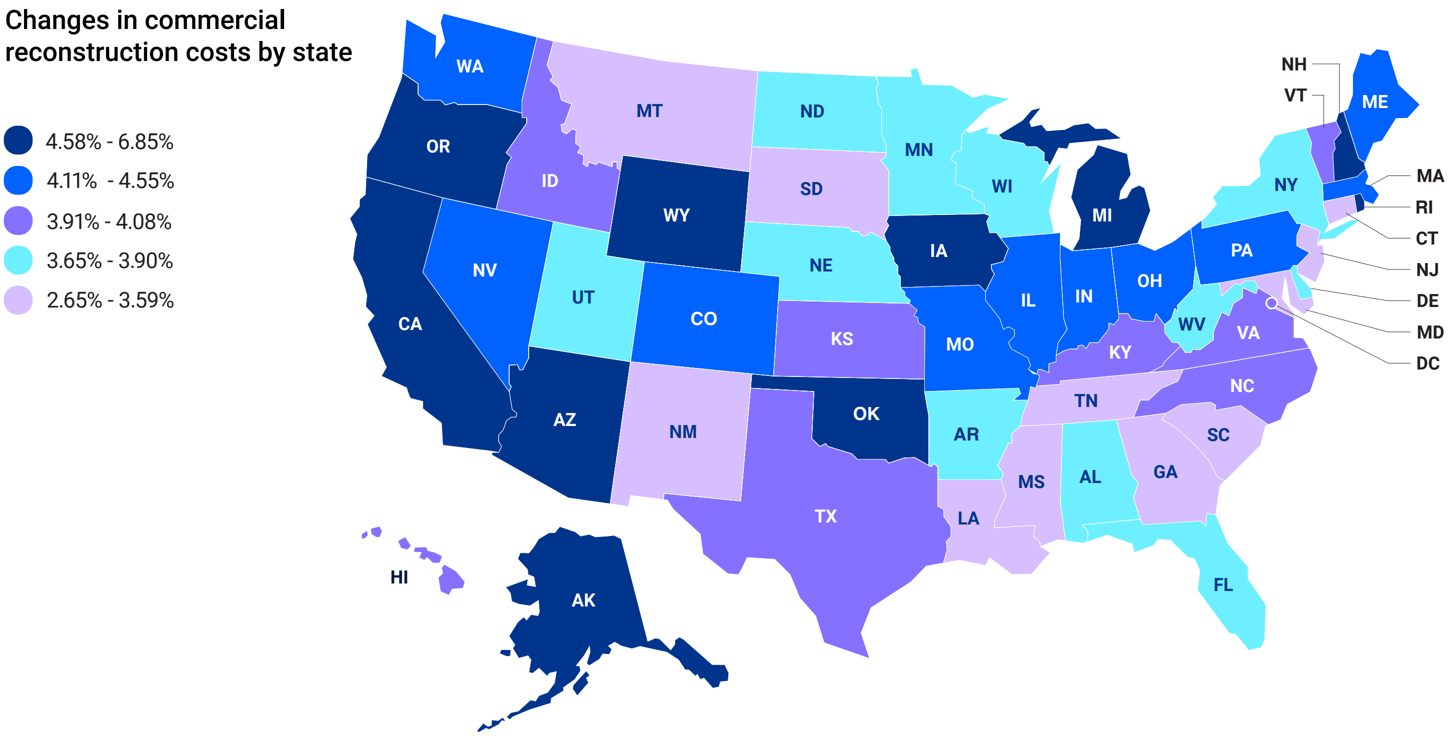


Commercial reconstruction costs

Total commercial reconstruction costs increased 4.1% from July 2025 to July 2026 and 1.08% from April 2026 to July 2026. Rhode Island again saw the largest increase of 6.85%. Oklahoma and Iowa also repeated their second- and third-place rankings from Q2 2026 with increases of 6.57% and 5.79%, respectively.

Arkansas had the most significant change in rank, from 46th place to 30th, with a 3.90% increase. Kentucky rose 14 places from 41st to 27th with an increase of 3.95%, and Texas jumped from 37th to 25th with an increase of 4.01%. South Dakota experienced the largest drop in ranking, falling 28 places from 15th to 43rd, with a 3.49% increase in reconstruction costs. Utah fell 23 places, from 16th to 39th, with a 3.68% cost increase, and the District of Columbia dropped from fourth to 23rd, with a 4.02% increase.

Changes in commercial reconstruction costs by state



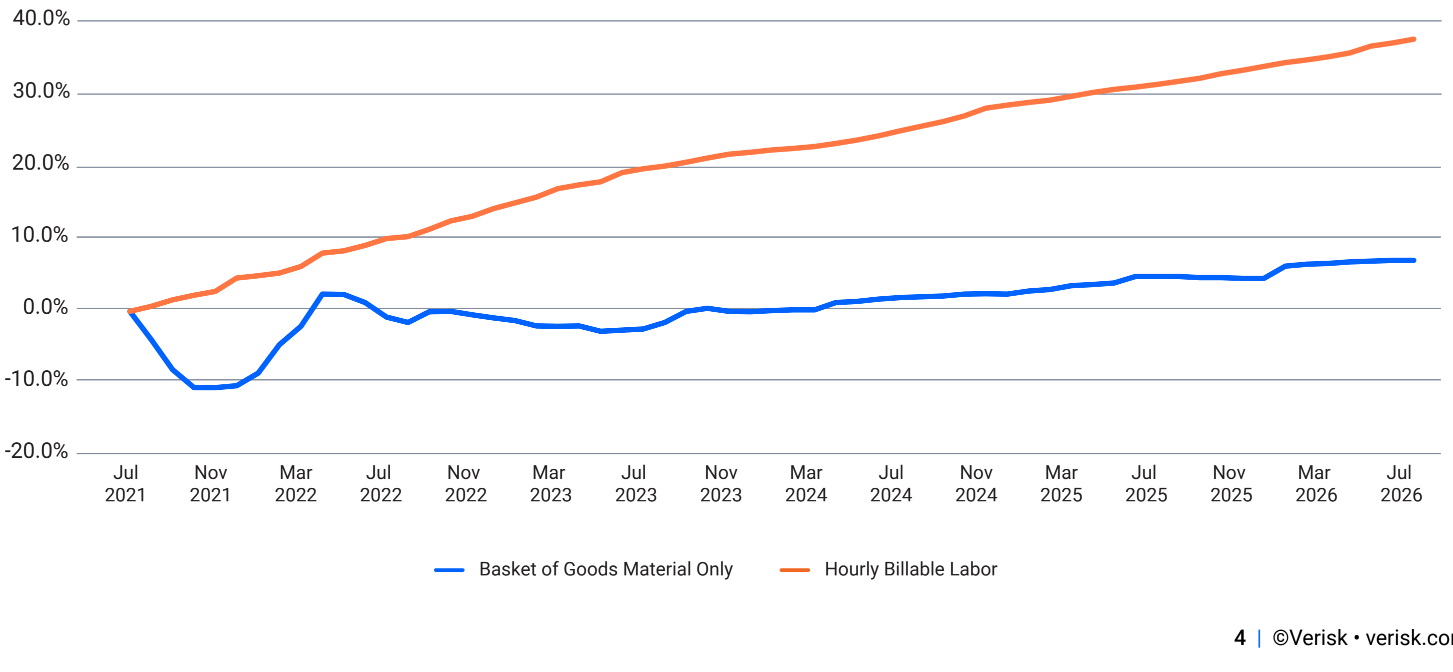
Materials vs. labor trends

Material pricing continued to stabilize through mid-2026. While select categories experienced modest quarter-over-quarter movement, overall material cost growth remained limited, with annual increases totaling just 2.1%. Most material categories showed little change, reinforcing a broader trend of easing material cost pressures and reduced volatility across reconstruction inputs.

Labor costs remained the primary driver of reconstruction cost inflation. Combined labor rates increased 4.7% year over year, more than double the rate of material cost growth. Wage increases persisted across all major trades, supported by ongoing skilled labor shortages, workforce capacity constraints, and sustained demand for specialized construction services.

As a result, reconstruction cost trends are increasingly influenced by labor market conditions rather than material price fluctuations. Material costs have generally stabilized across most categories, while labor continues to experience broad-based upward pressure, particularly among highly skilled trades. This shift reinforces a labor-driven reconstruction environment in which workforce availability and regional labor market dynamics are the dominant drivers of cost escalation.

Common construction materials vs. hourly billable labor trends



Material cost analysis

Material costs rose by 2.05% from July 2025 to July 2026 in the United States. These costs increased 0.18% quarter over quarter. June saw the largest increase in material costs at 0.10%, while July saw the lowest monthly change, just 0.01%.

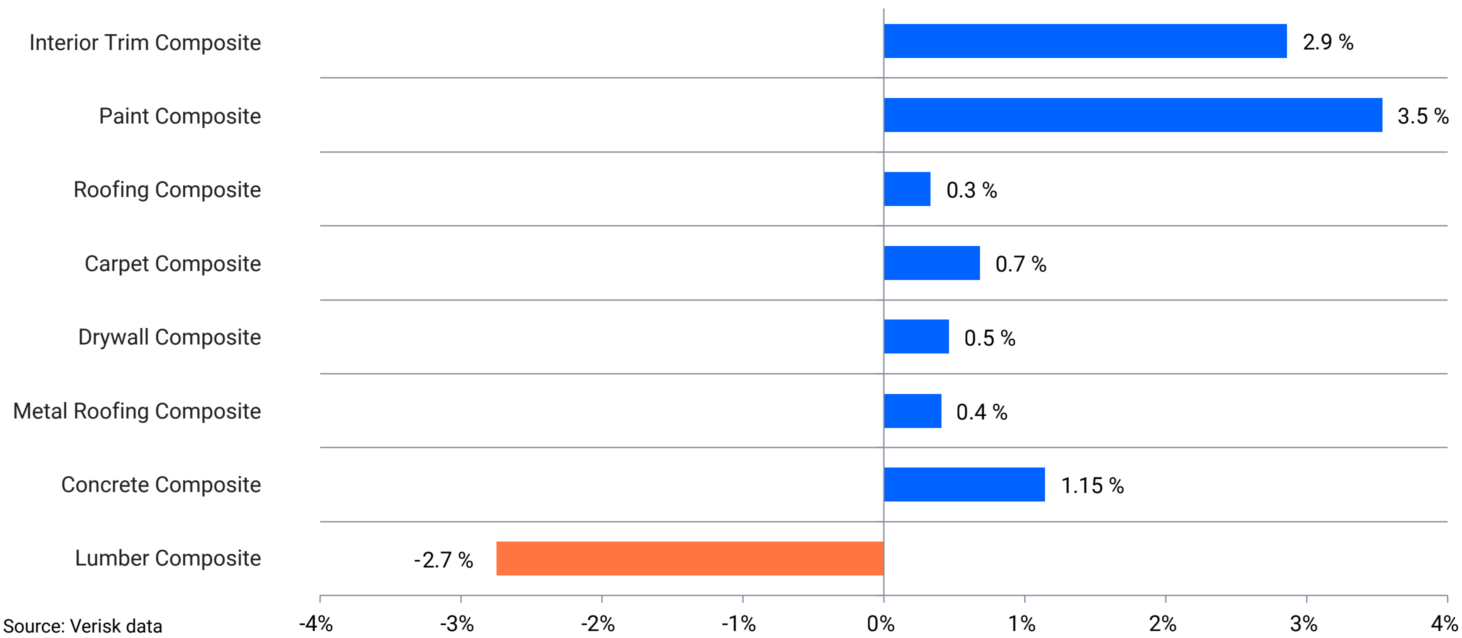
Material prices remained largely stable this quarter, with modest movement across all eight tracked composites. The overall range of change was narrow, spanning from a slight decline of roughly -0.04% to a small gain of 0.99%.

Concrete composite saw the largest increase at +0.99%, followed by roofing composite (+0.43%) and paint composite (+0.16%). Lumber (-0.04%) posted the only decline, while carpet and metal roofing were unchanged.

Paint had the largest yearly increase at 3.54%, after a 3.7% increase in the previous release of this report. Interior trim increased by 2.86% and concrete by 1.15%, while all other materials changed by less than 1%. Lumber was the only material to decrease over the past 12 months, dropping 2.74%.

Annual percentage change in material composite costs

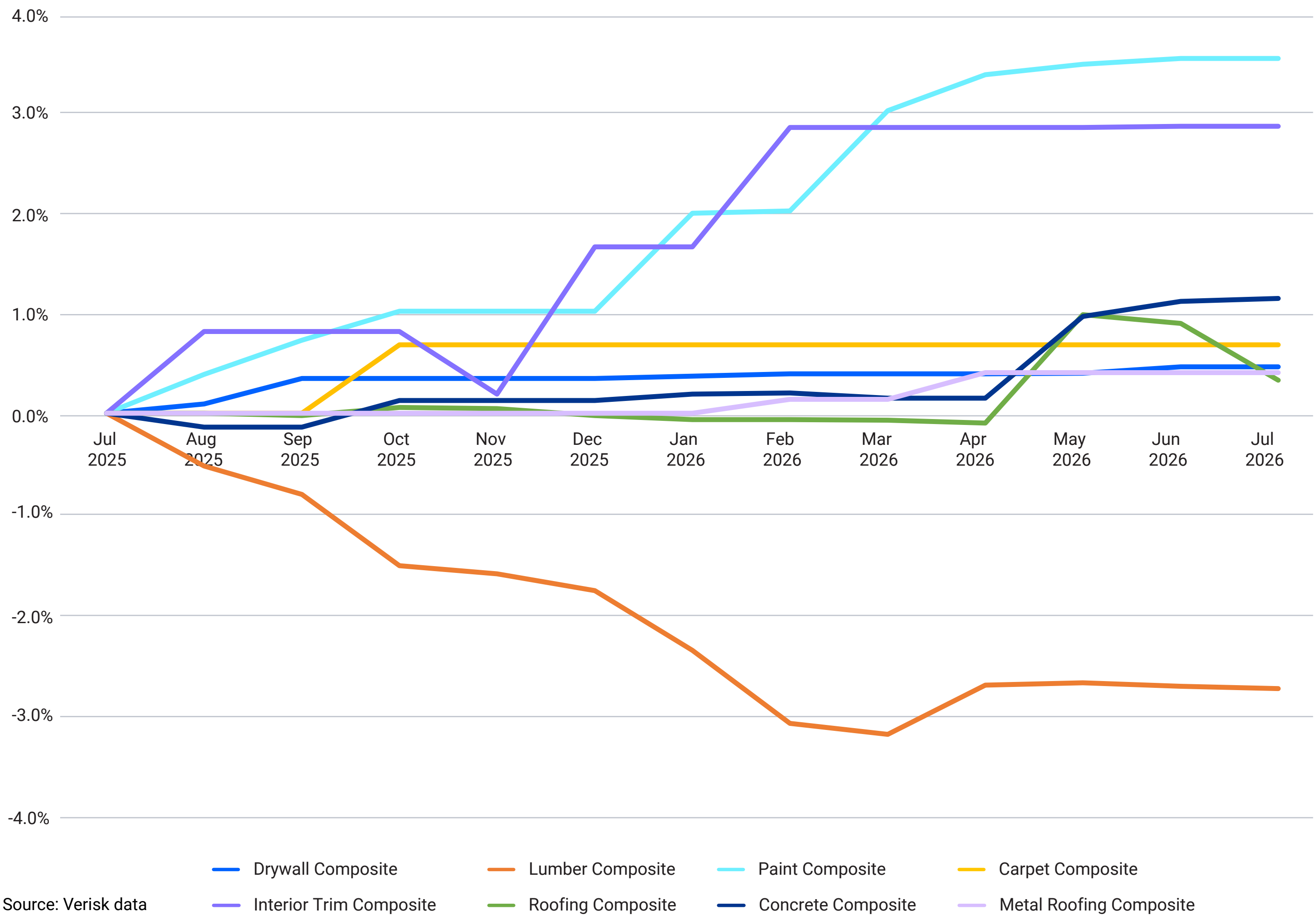
Year-over-year changes in material composite costs are broken down by category.



Source: Verisk data

Percentage change in costs by month

Trends in materials composite prices by category and month



Source: Verisk data

Labor cost analysis

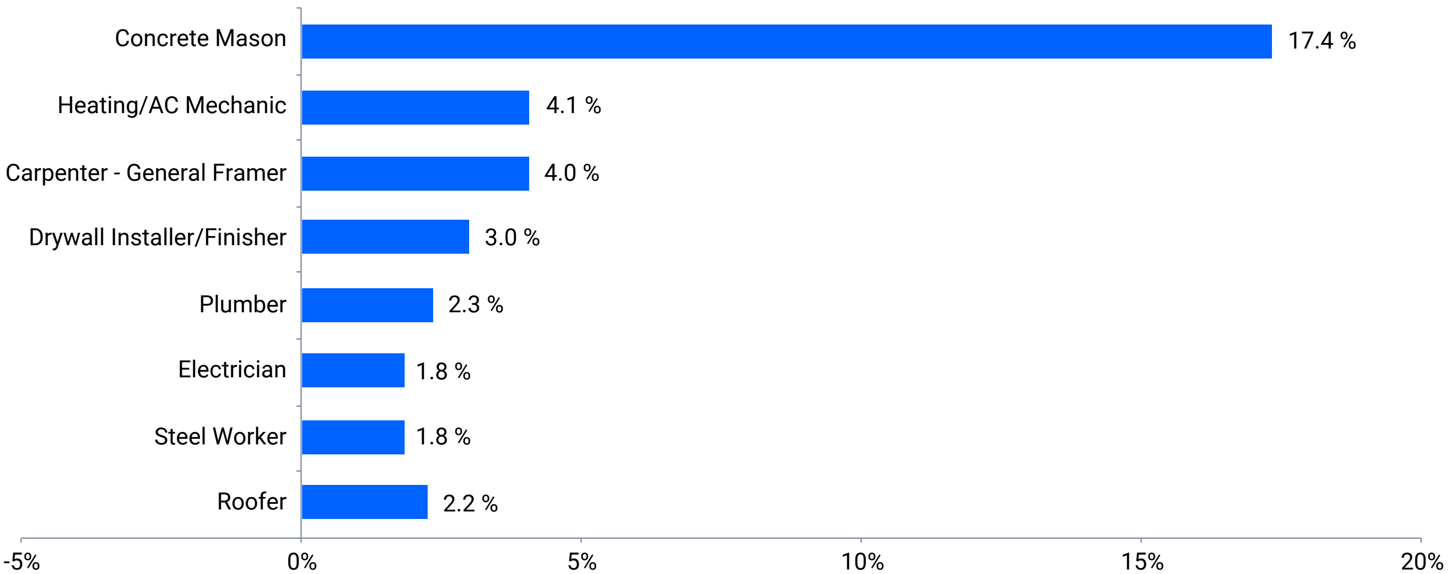
Combined hourly billable labor costs increased by 4.69% from July 2025 to July 2026. The quarterly change was 1.4%, up from last quarter's 0.95% increase.

Labor rates increased across all eight tracked trades this quarter, with no declines. Concrete mason led all trades with the highest increase at +4.28%, far ahead of the next-highest increases: heating/AC mechanic (+1.33%) and roofer (+1.24%). The remaining trades saw more modest gains. Carpenter-general framer rose +1.19%, while steel worker (+1.00%), electrician (+0.97%), plumber (+0.85%), and drywall installer/finisher (+0.45%) all posted smaller increases.

All trades had year-over-year increases. The cost of concrete masons had the largest yearly increase at 17.37%, after a 14.5% increase in the previous release of this report. Heating/AC mechanics and carpenters followed, increasing 4.08% and 4.04%, respectively. The cost for steel workers had the lowest increase at 1.76%

Annual percentage change in retail labor rates

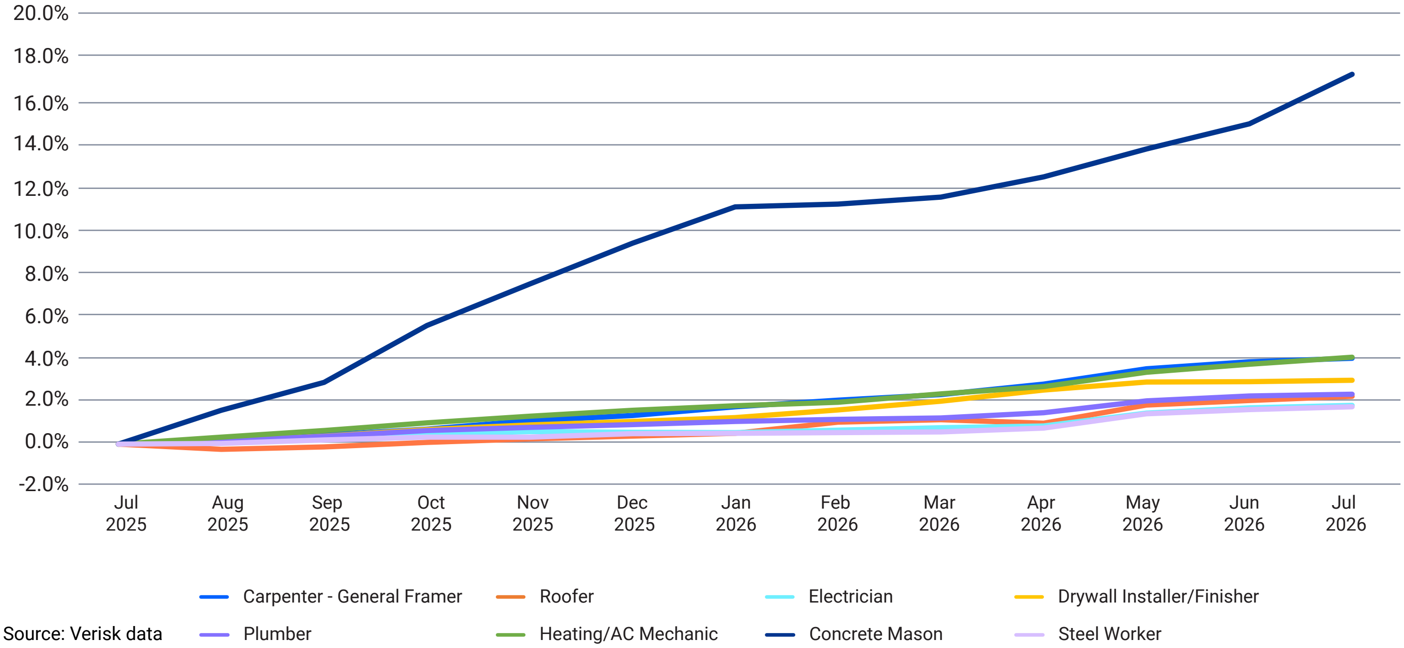
All labor categories saw 12-month increases, ranging from 1.8% to 17.4%.



Source: Verisk data

Percentage change in costs by month

Rates for concrete masons outpaced the next-highest-rising group by nearly 11 points.

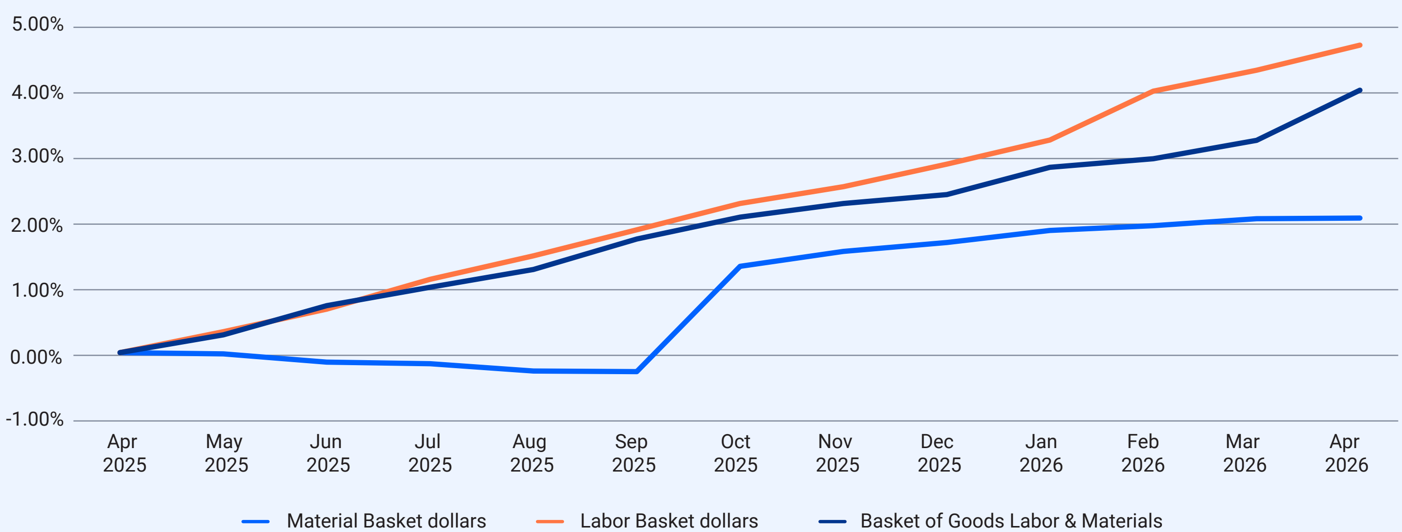


Source: Verisk data

Labor and materials in aggregate

Relative increases in materials and labor followed a typical pattern in the latest reporting period. Labor costs grew 4.69% from July 2025 to July 2026, while material costs rose 2.05% in that time frame.

Changes in cost for labor, materials, and labor + materials 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 5.8 million actual damage repair estimates for claims each year. **Verisk Property Reports** provide expert analysis on North American trends, including claims, construction indicators, and repair rates, using data from Verisk Pricing Data Services and XactAnalysis®, to help the property restoration industry understand past performance and plan for the future.

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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Discover how Verisk is advancing reconstruction cost intelligence, property data, and underwriting innovation in our latest Innovations Brochure.

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