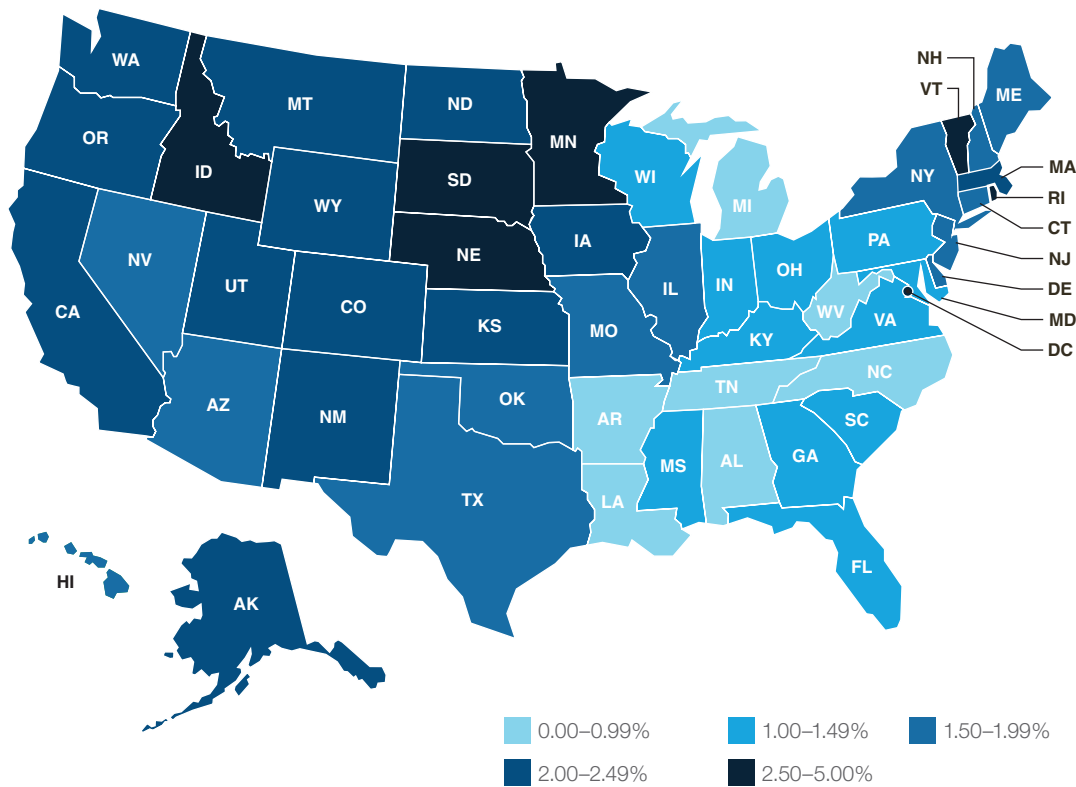


This report provides reconstruction cost trends at the national and state levels. 360Value® Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware.

Reconstruction costs rise slowly, consistently

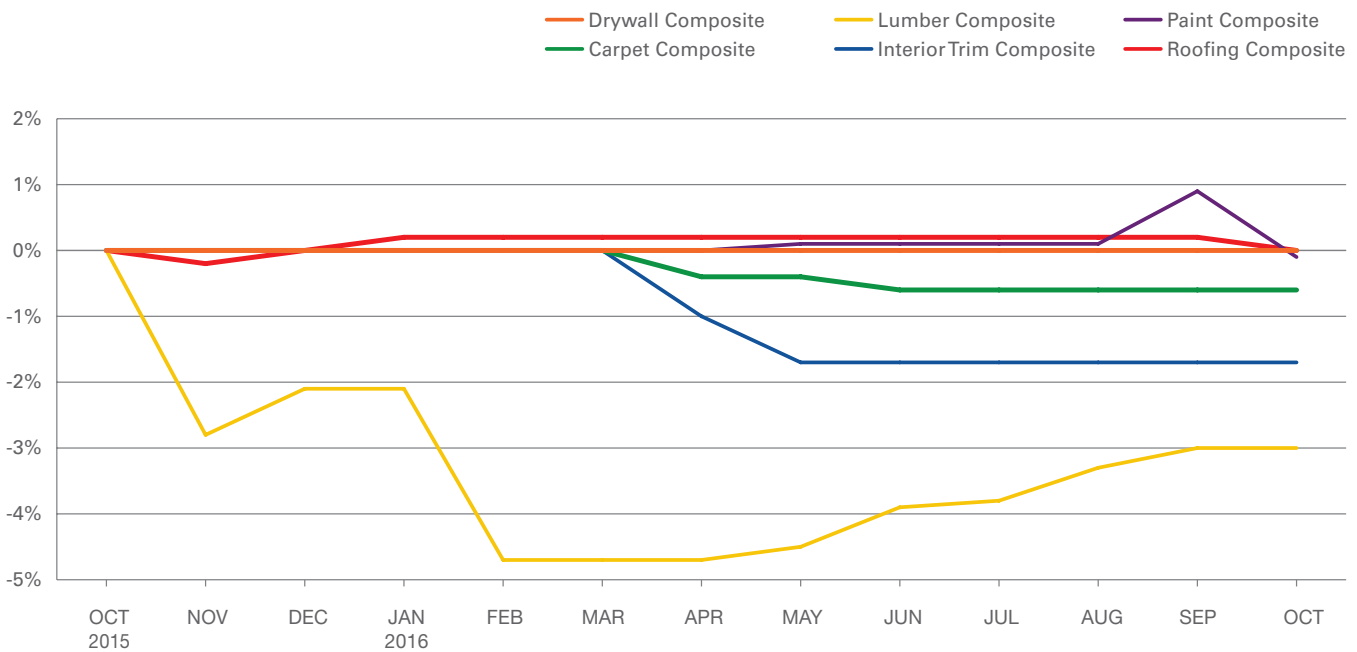
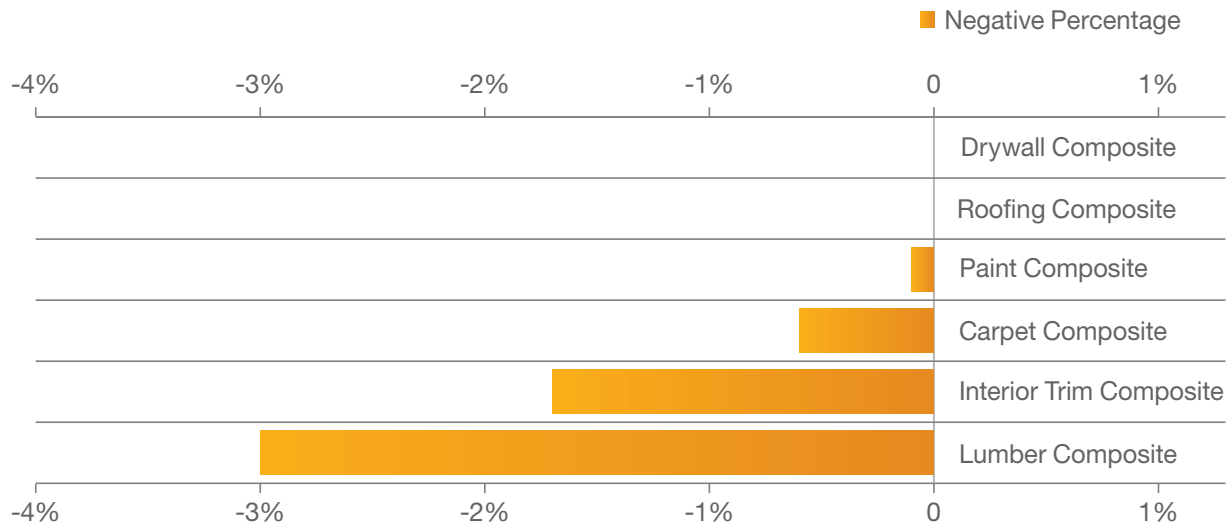
From October 2015 to October 2016, overall reconstruction costs increased 1.7 percent in the United States. During the third quarter of 2016, reconstruction costs were up 0.6 percent. In the recovering housing market, the rate of increase for construction costs has been relatively stable in 2016, with a consistent rate of increase over the last two quarters. All states experienced an annual increase in total reconstruction costs. The District of Columbia had the highest rate of increase in the nation, at 4.4 percent, and Alabama experienced the lowest increase, at only 0.5 percent.



Changes in reconstruction costs by state from October 2015 to October 2016

Material Cost Analysis

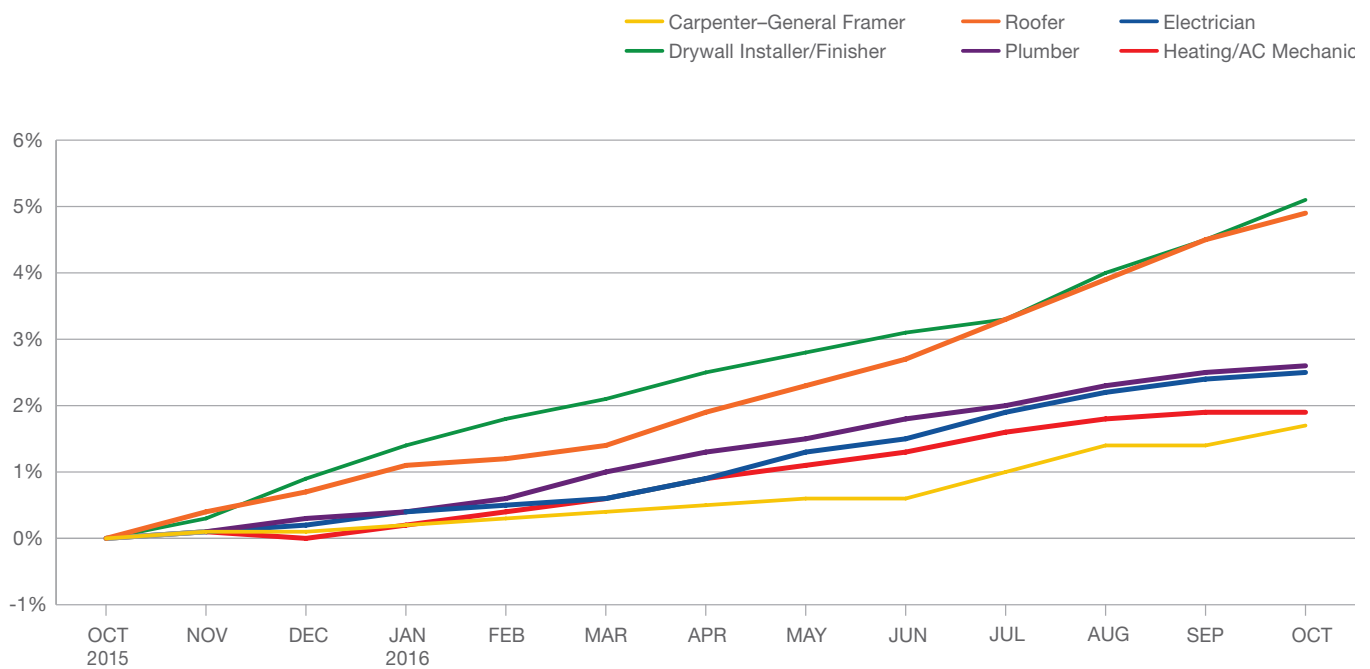
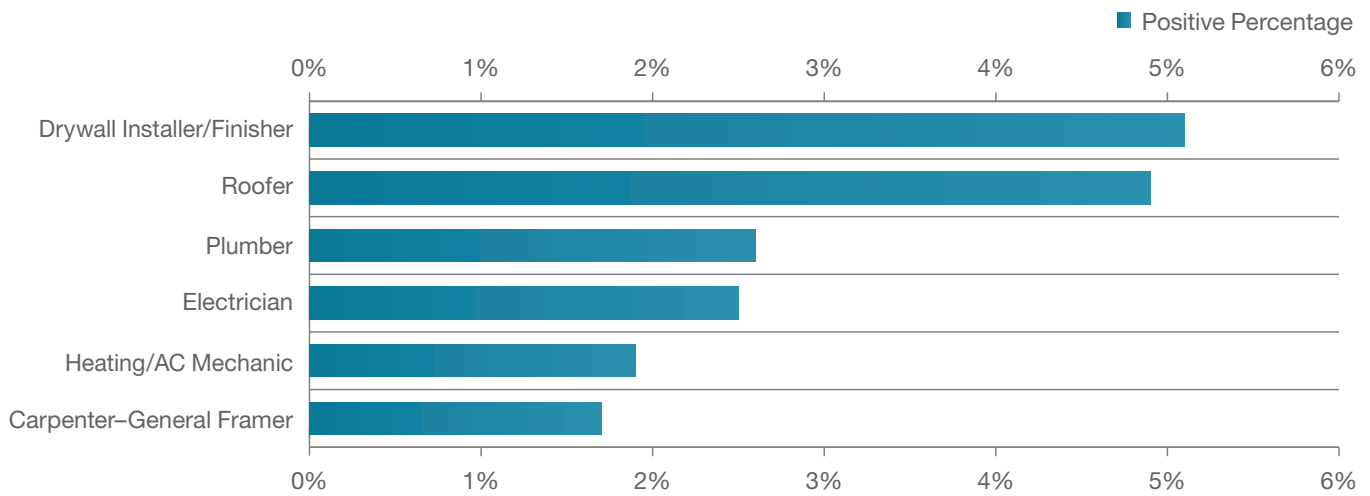
At the national level during the past 12 months, overall costs for material composites that Xactware tracks increased 0.4 percent. During the third quarter of 2016, material costs increased 0.3 percent. During the past year, Xactware identified changes to several material categories. Costs for some materials decreased during the period, with lumber falling by 3.0 percent, interior trim costs down 1.7 percent, and carpet costs decreasing 0.6 percent. Drywall, roofing, and paint costs were largely unchanged.



Cost changes for common building materials from October 2015 to October 2016 at the national level. The data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labor Cost Analysis

Overall retail labor rates increased 2.8 percent from October 2015 to October 2016, with all six of the common labor trades showing increases. The quarterly change in overall retail labor costs was 0.8 percent. Rates for drywall installers increased the most during the past year, by 5.1 percent, with rates for roofers close behind at 4.9 percent. Labor costs for plumbers and electricians rose approximately 2.5 percent, and costs for heating/AC mechanics rose moderately at roughly 2 percent. Carpenter-general framer was the common labor trade with the lowest increase, at 1.7 percent.



Changes in labor costs for some common trades from October 2015 to October 2016 at the national level. Labor costs include wages, burden, and overhead.

About this report

360Value Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware and validated at a highly localized level.

Xactware employs a comprehensive research process that 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.


Current, localized, and detailed cost information on reconstruction labor and building materials is essential to create reliable, component-based replacement cost estimates. Each quarter, updated reconstruction cost data is incorporated into 360Value.

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.

The data compiled in this summary is available in Xactware's Industry Trend Reports, an online reporting tool that gives users an overview of market changes from one area to another; national and state averages; and price trends for roofing materials, drywall materials, and much more.

For more information or to subscribe to Xactware's Industry Trend Reports, visit:
<http://www.xactware.com/en-us/solutions/claims-management/industry-trend-reports/>

For more information on 360Value, visit:
<http://www.verisk.com/insurance/underwriting/property/360value-residential.html>

 1-800-444-4554, option 3.

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