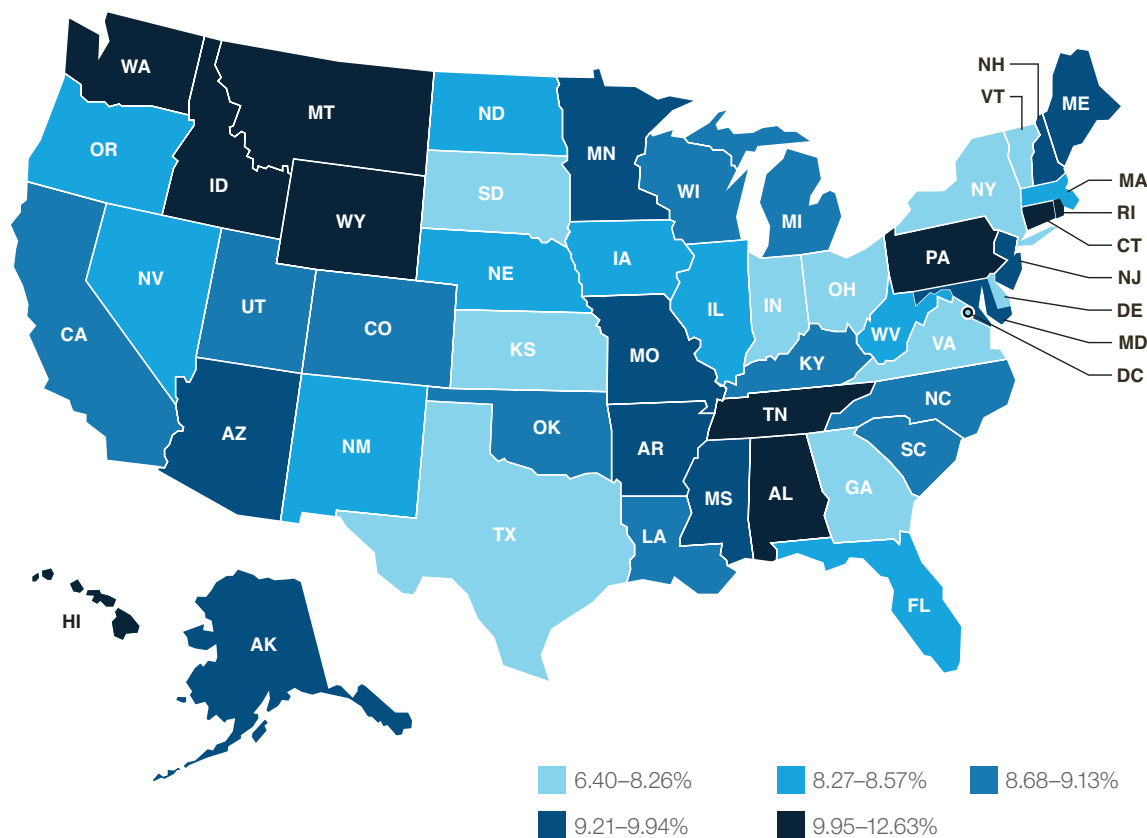


This report provides reconstruction cost trends at the national and state levels. 360Value® Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware.

Reconstruction cost increases soar as lumber prices spike

Total reconstruction costs, including materials and retail labor, surged 9.2% from October 2019 to October 2020 as lumber costs jumped nearly 60 percent.* The overall increase is nearly double the 4.8% growth seen from July 2019 to July 2020. Costs increased sharply in the third quarter of 2020 at 5.0%.

Reconstruction costs increased in all states. Rhode Island and Connecticut had the biggest increase at 12.6%, followed by Idaho at 12.5%. Washington, D.C. had the lowest increase at 6.4%. Cost increases in New Hampshire were the most variable; the state climbed 31 rank positions.



Changes in reconstruction costs by state.

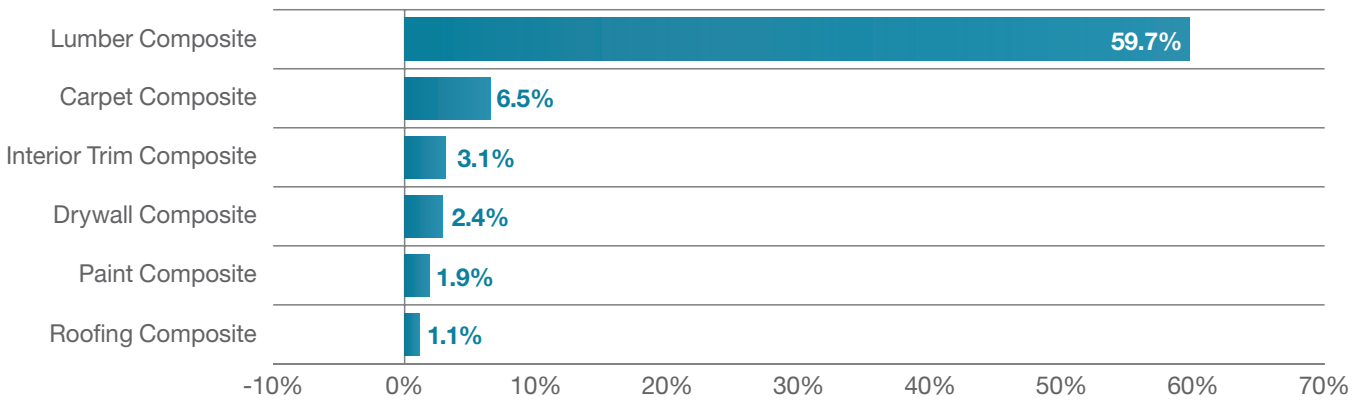
States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

*All rates, percentages, increases, decreases, etc., are calculated as percentage change from October 2019 to October 2020, unless otherwise noted.

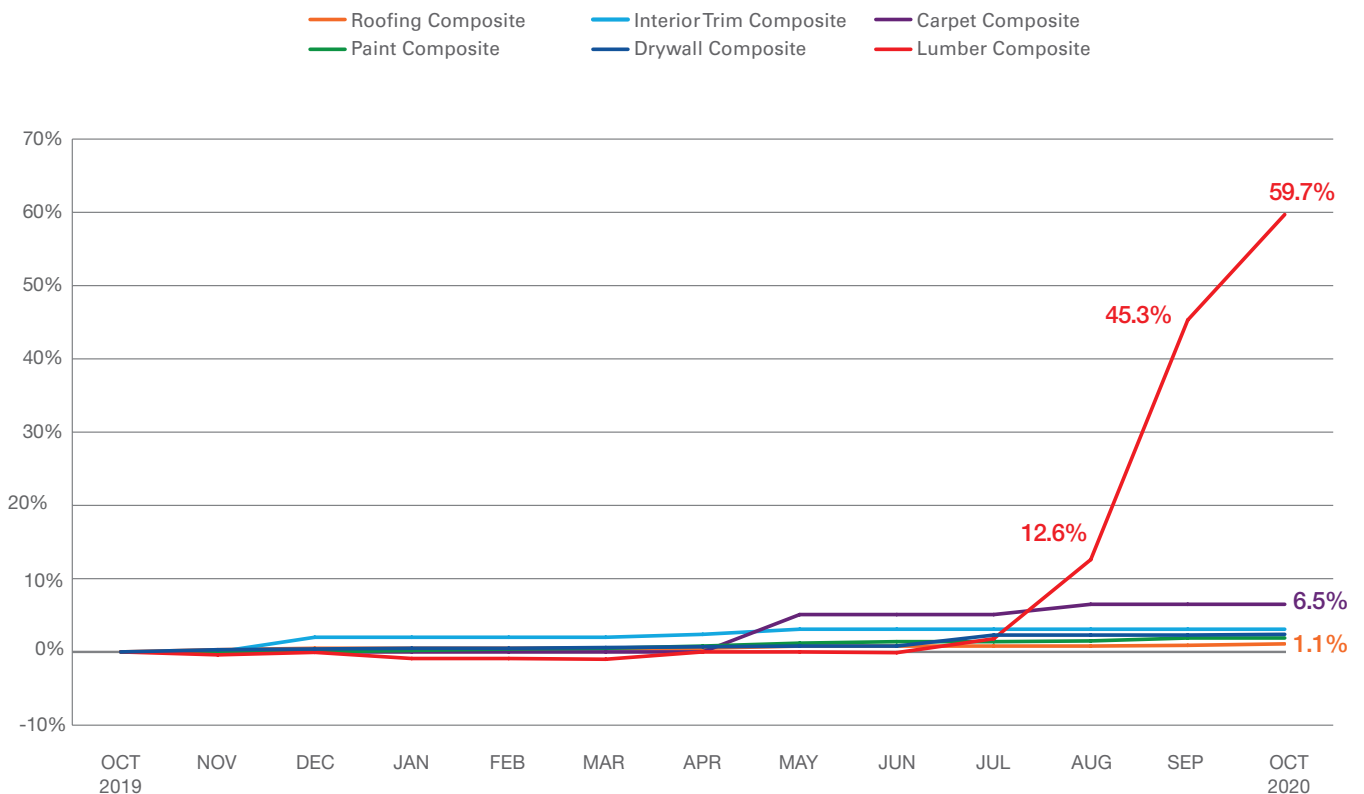
Material Cost Analysis

Combined costs for material composites increased 14.5% from October 2019 to October 2020, compared with 3.9% from July 2019 to July 2020. Costs were up for all categories. Lumber costs were the extreme outlier at 59.7% as the market reflected high demand driven by an increase in building activity; supply shortages stemming from shutdowns related to the pandemic; and U.S. tariffs on Canadian lumber. Carpet was a distant second with a 6.5% increase, and interior trim followed at 3.1%. The remaining categories increased just 1.1% to 2.4%.

Percentage change in costs



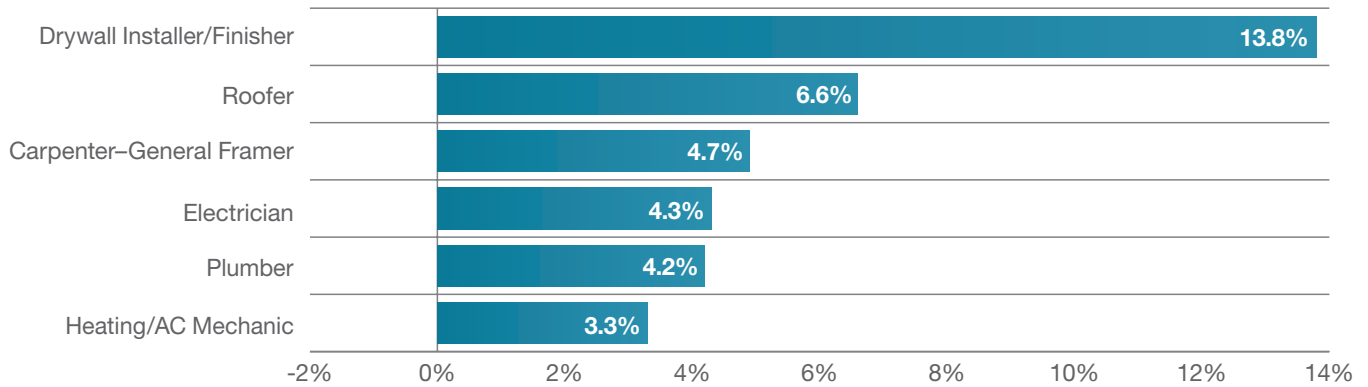
Percentage change in costs by month



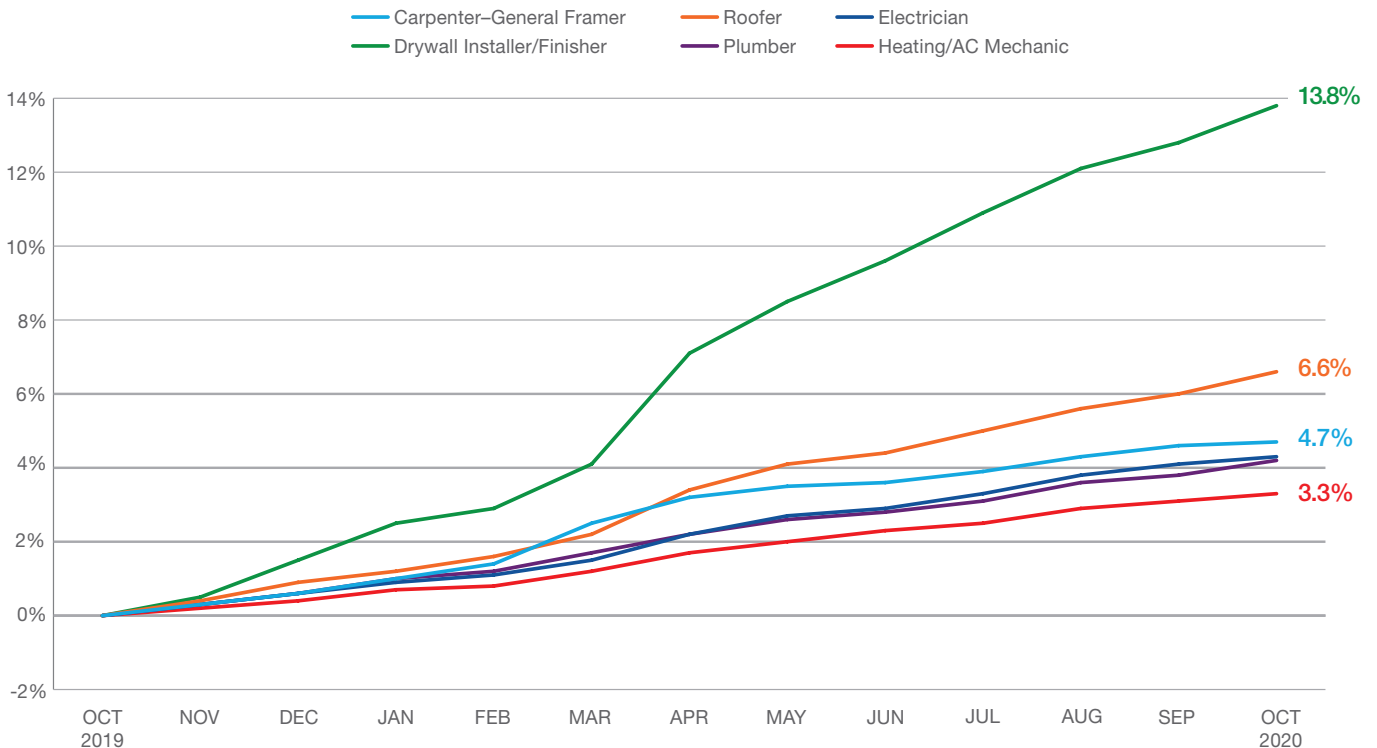
Labor Cost Analysis

Combined retail labor costs increased 7.3%, up from 6.4% in the preceding quarter. All common labor trades saw steady cost increases. Drywall installer/finisher costs continued to increase the most, at 13.8%. Roofer cost increases trailed in second place by a large margin at 6.6%. Heating/AC mechanic costs continued to have the lowest total increase at 3.3%.

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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