Verisk™

# 360Value Quarterly Reconstruction Cost Analysis

## Q4 2025: 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 October 2024 to October 2025 unless otherwise noted.

# Reconstruction costs continue easing trend

Total reconstruction costs in the United States, including materials and retail labor, increased by 3.8% from October 2024 to October 2025, down from October 2023 to October 2024 (4.9%). Cost growth in Q3 2025 increased to 1.0% from 0.7% in the previous quarter.

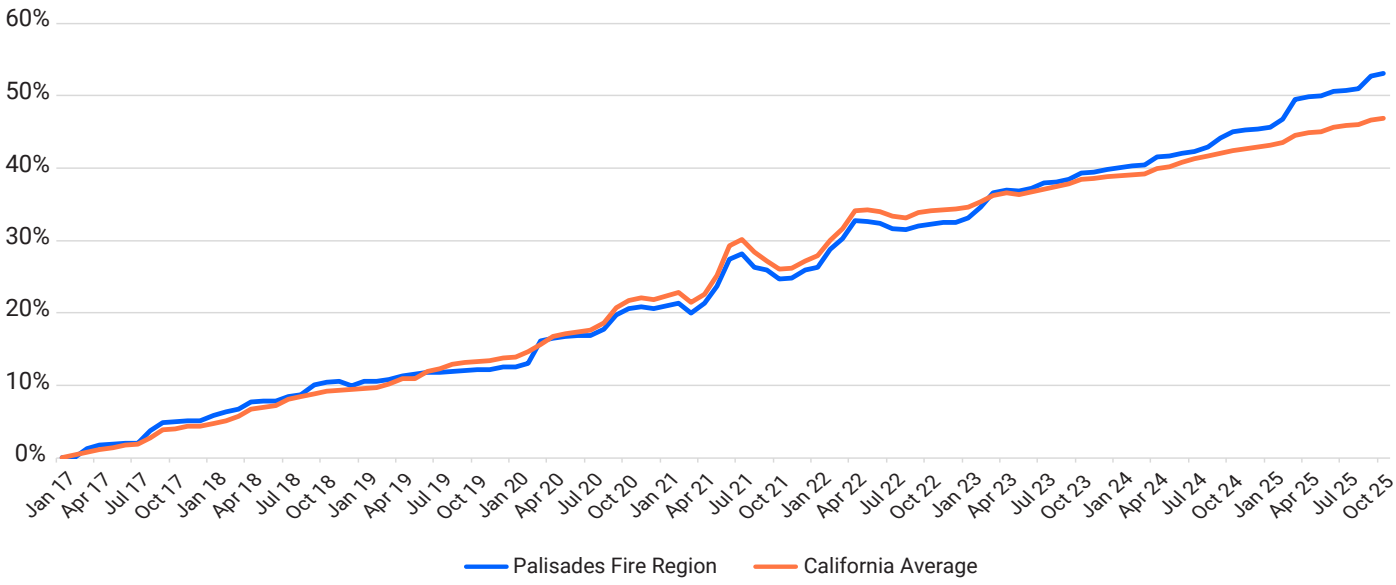
## Fire effects linger in Los Angeles

Residential reconstruction costs increased at a more rapid rate in areas affected by January's Palisades Fire in the Los Angeles area compared with the average rate for the state of California—almost double at a 7.36% increase vs. 3.72%. Labor and materials both saw more accelerated costs in the area affected by the fire compared with California overall, as year-to-date increases in both categories already exceed those for all of 2024. Labor saw the more significant spike at 9.70% in the Palisades Fire area, almost triple the increase for California as a whole since January.

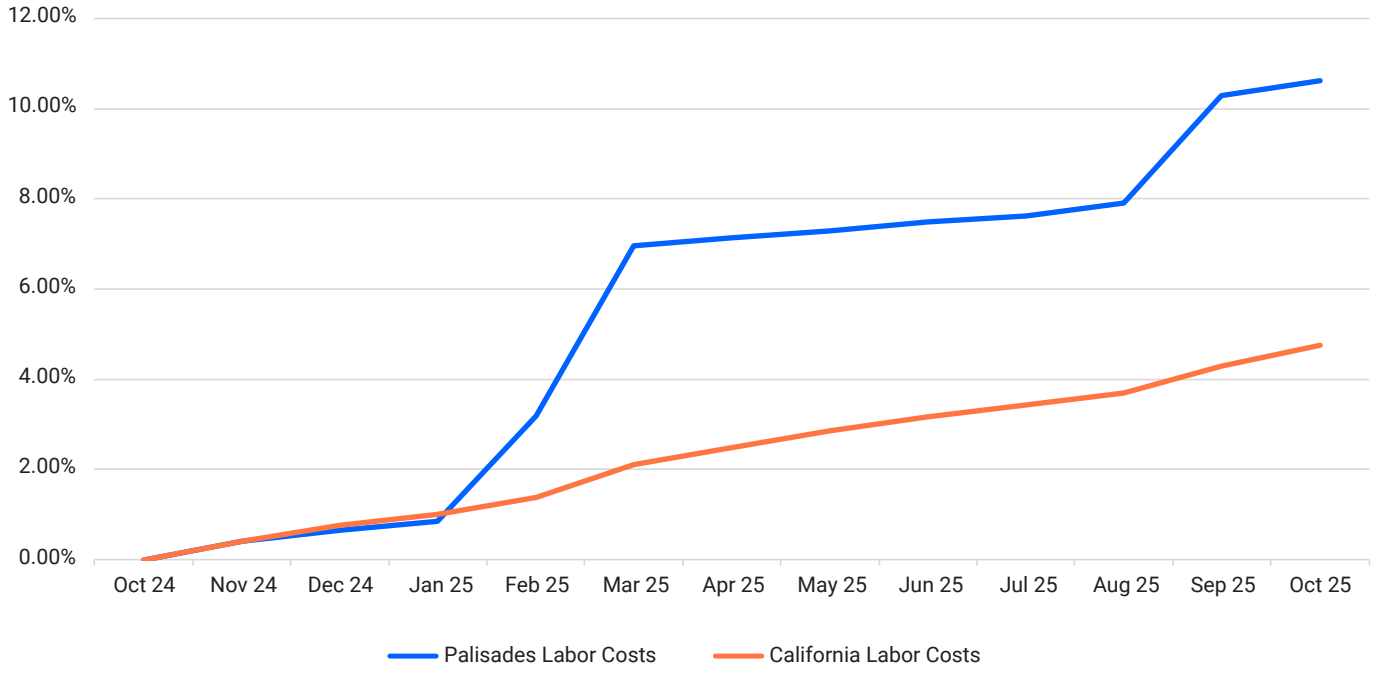
**2025 California residential reconstruction costs**

| Since July | | Since January | | Full-Year 2024 | |
|---|---|---|---|---|---|
| Palisades Fire Region | 2.28% | Palisades Fire Region | 7.36% | Palisades Fire Region | 5.32% |
| California Average | 1.06% | California Average | 3.72% | California Average | 3.92% |

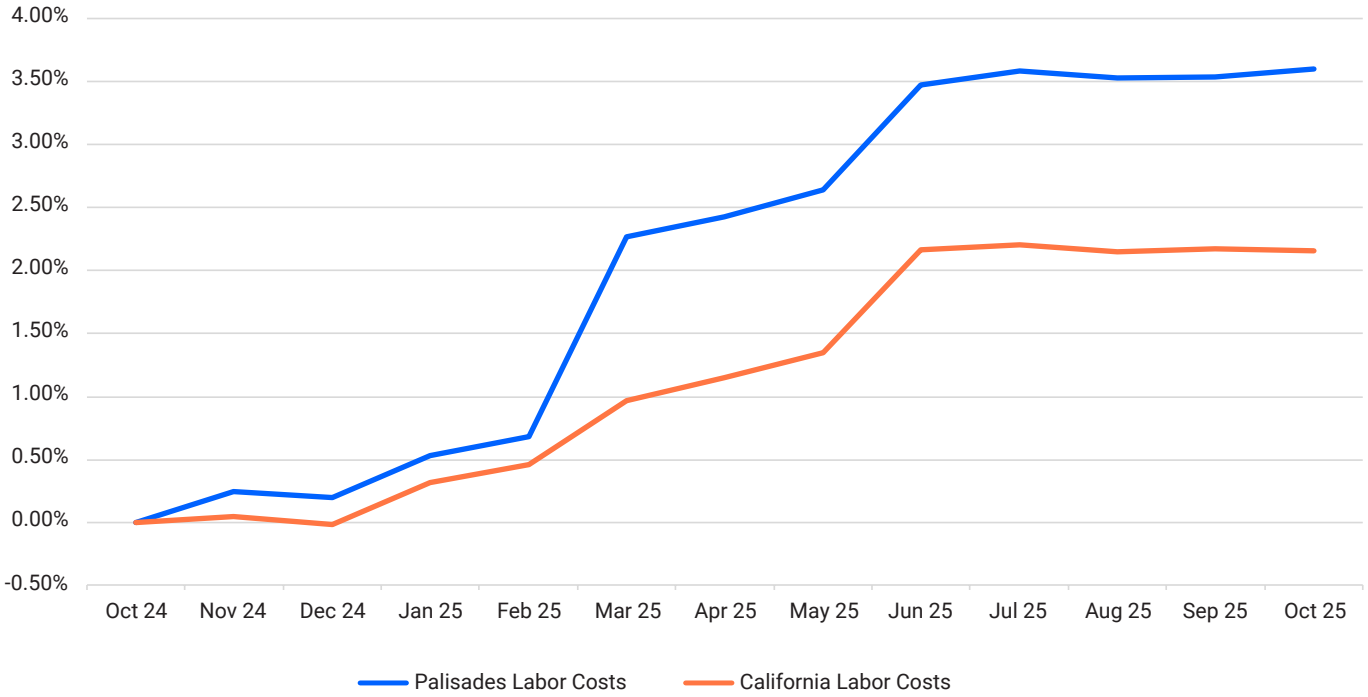
**Palisades Fire Region (January 2017 – October 2025)**



## Palisades Fire Labor Costs (October 2024 – October 2025)




## Palisades Fire Material Costs (October 2024 – October 2025)



# Reconstruction costs

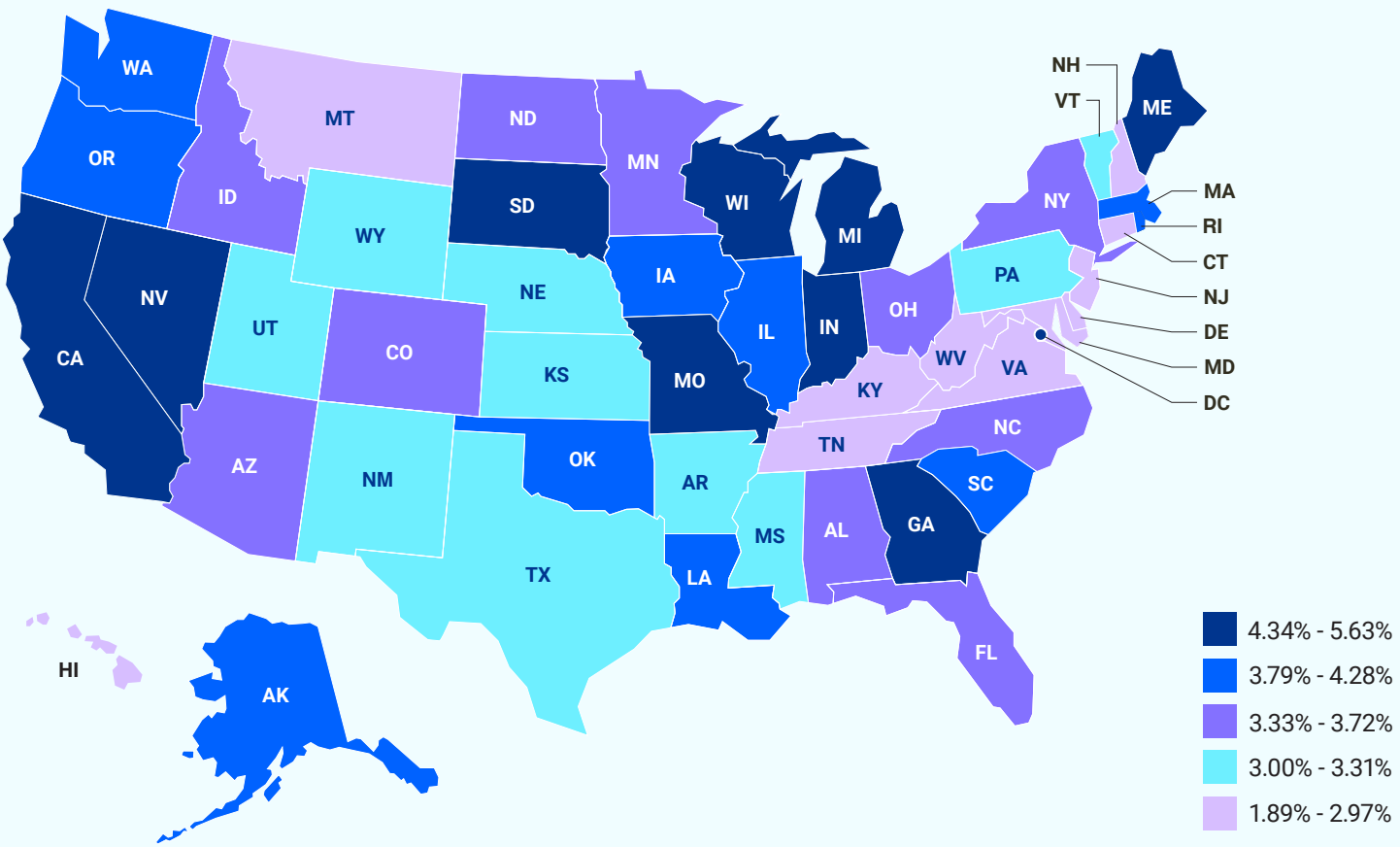
## Residential reconstruction costs

Total residential costs increased by 3.5% from October 2024 to October 2025 and 0.8% from July 2025 to October 2025. Residential reconstruction costs increased year over year in all states. Georgia had the largest increase at 5.63%, followed by the District of Columbia at 4.70% and Indiana at 4.56%.

Alaska's rank rose most significantly, from 50th in July 2025 to 18th in October 2025; costs were up 3.83% in the state year-over-year. Michigan followed with a rise from 40th to ninth on an increase of 4.37%, and Oklahoma jumped 26 places from 39th to 13th with an increase of 4.25%.

Nebraska had the largest drop at 34 places with a 3.02% increase. Montana fell 33 places from tenth to 43rd with a 2.61% increase, and Kansas dropped from first to 31st with an increase of 3.31%.

### Changes in residential reconstruction costs by state



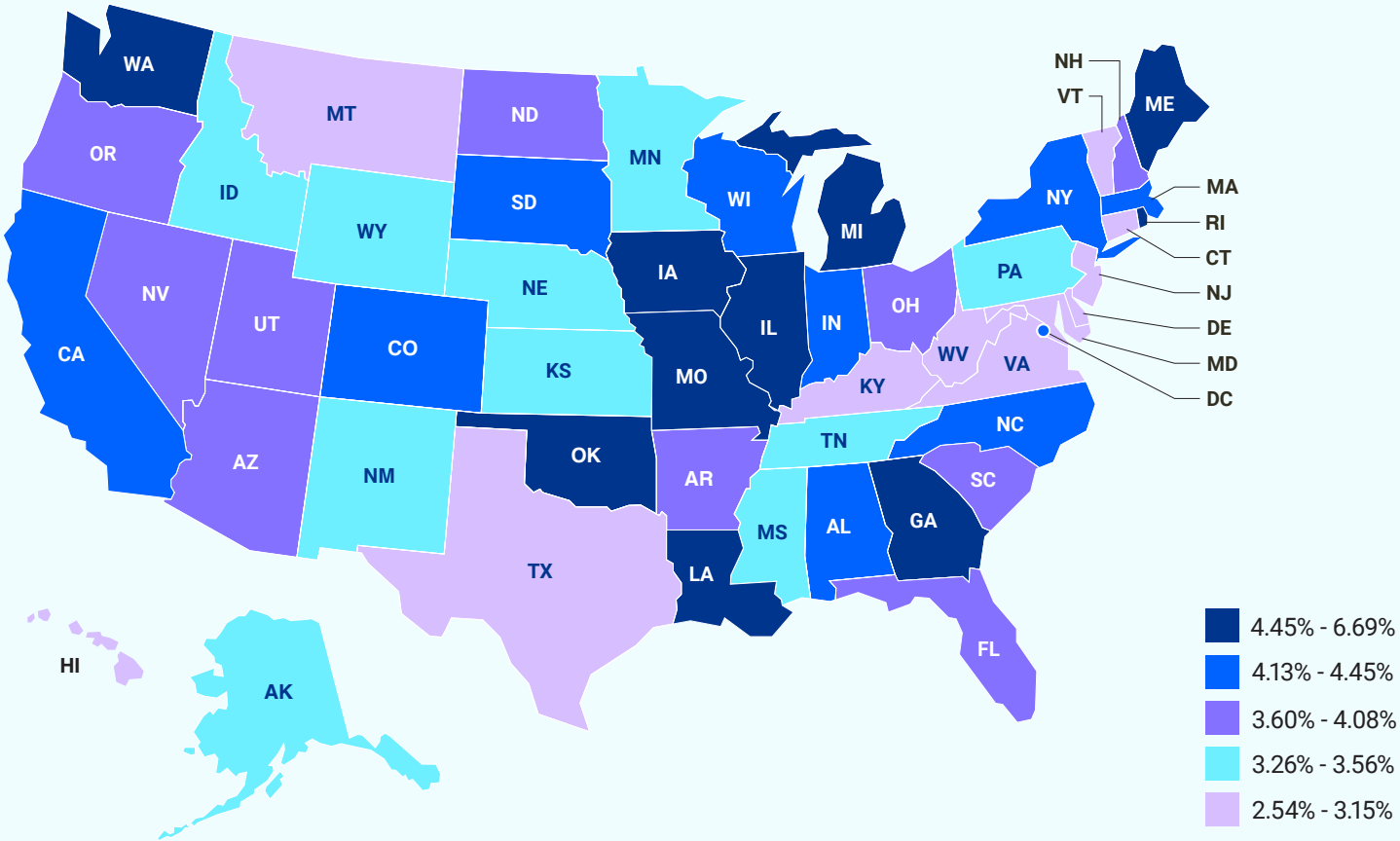

States are grouped in quintiles; each range/color in the legend includes ten states. (Source: Verisk data)

## Commercial reconstruction costs

Total commercial reconstruction costs increased 4.0% from October 2024 to October 2025 and 1.1% from July 2025 to October 2025. As with residential costs, Georgia had the largest increase at 6.69%. Maine and Oklahoma followed with increases of 6.52% and 6.21%, respectively.

Oklahoma had the most significant rank jump—from 42nd to third. Michigan rose from 43rd to seventh with a cost increase of 5.23%, while the District of Columbia rose from 44th to 11th, increasing 4.45%. Montana had the largest drop at 38 places, from eighth to 46th with a 2.77% increase. Kansas followed, falling from third to 39th with a 3.28% rise. Nebraska fell from tenth to 38th with a 3.30% cost increase

### Changes in commercial reconstruction costs by state

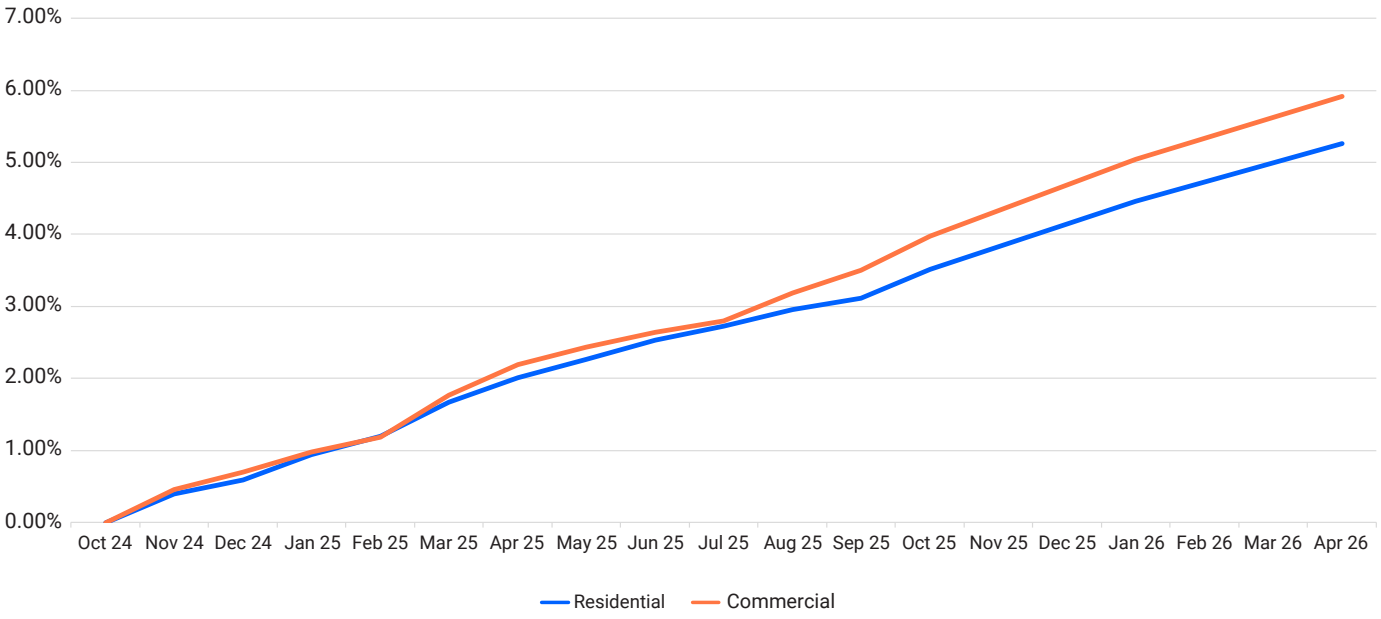



States are grouped in quintiles; each range/color in the legend includes ten states. (Source: Verisk data)

## Growth in residential and commercial reconstruction costs by month

Market expectations for reconstruction costs anticipate a 1.68% increase for residential and 1.87% for commercial from October 2025 to April 2026.

### Growth in residential and commercial reconstruction costs by month




Data after October 2025 represents market expectations data

## Material cost analysis

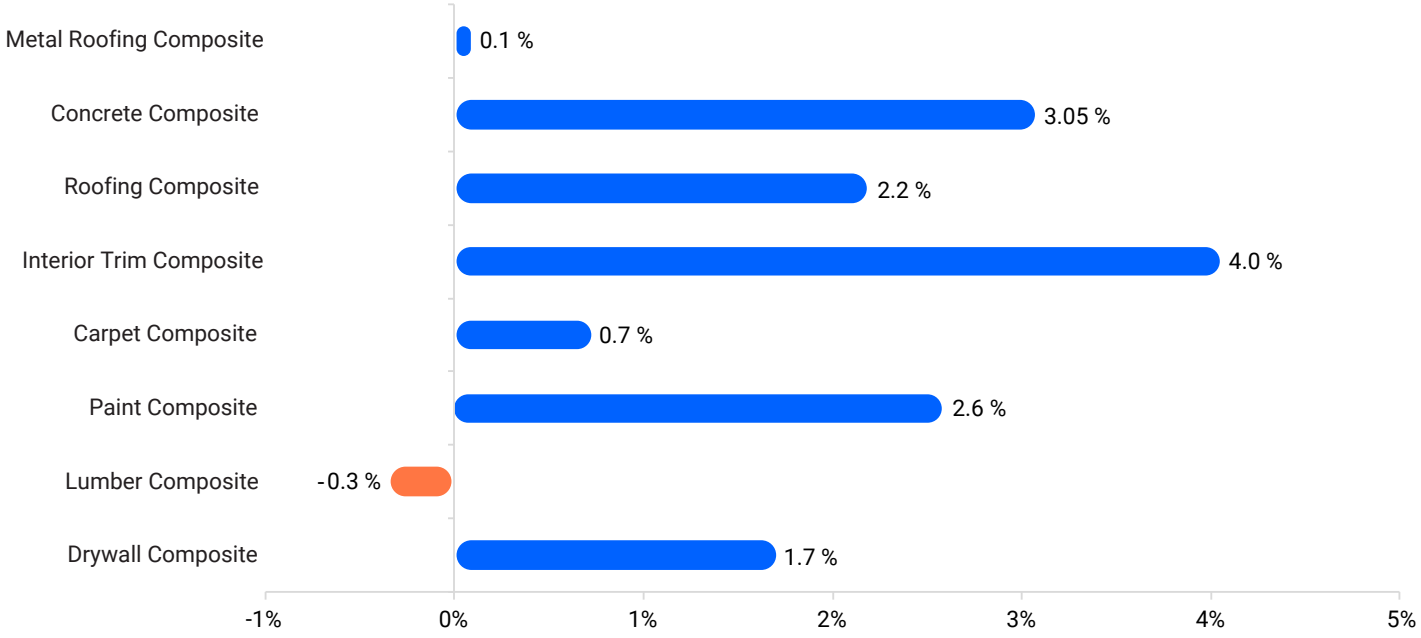
Material costs rose by 2.19% from October 2024 to October 2025. Material costs decreased -0.17% over the quarter.

July was the only month to have an increase in material costs this quarter at 0.01%. The largest decrease was in September 2025, -0.13%. The monthly decreases are largely due to decreasing lumber costs, specifically for sheathing material, which dropped -5.31% over the quarter.

Interior trim material had the largest yearly increase, up 4.0% in the last 12 months. Over the past quarter, paint material increased the most in the United States at 1.02%. Roofing material had the smallest increase over the quarter, increasing 0.06%.

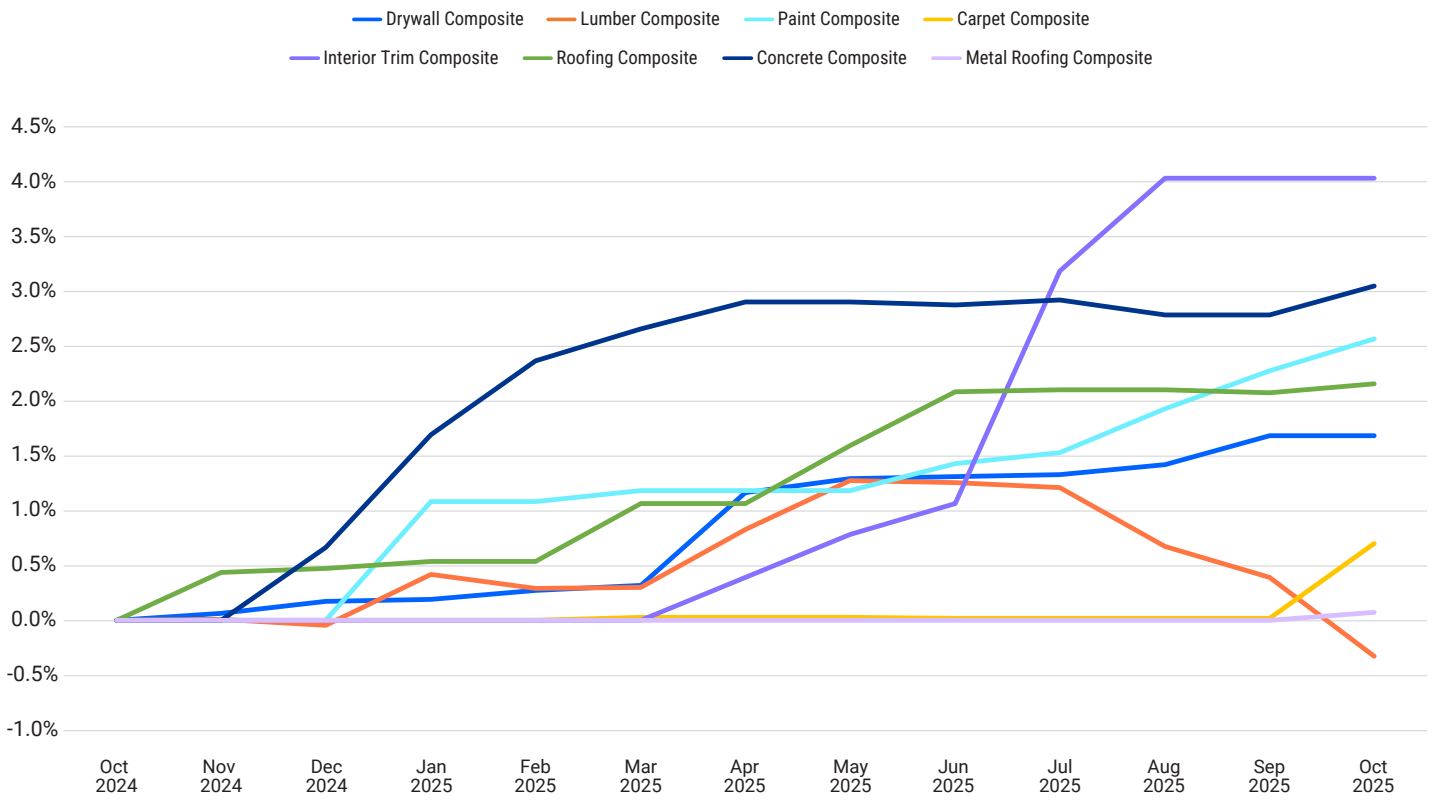
Although overall lumber costs have declined 1.52% in the past quarter, lumber material costs remained stable in the past 12 months, decreasing 0.33% since October 2024. Lumber material was the only common material to show a decrease over the quarter.

### Annual percentage change in material composites costs




Year-over-year changes in material composite costs are broken down by category. (Source: Verisk data)

## Percentage change in costs by month



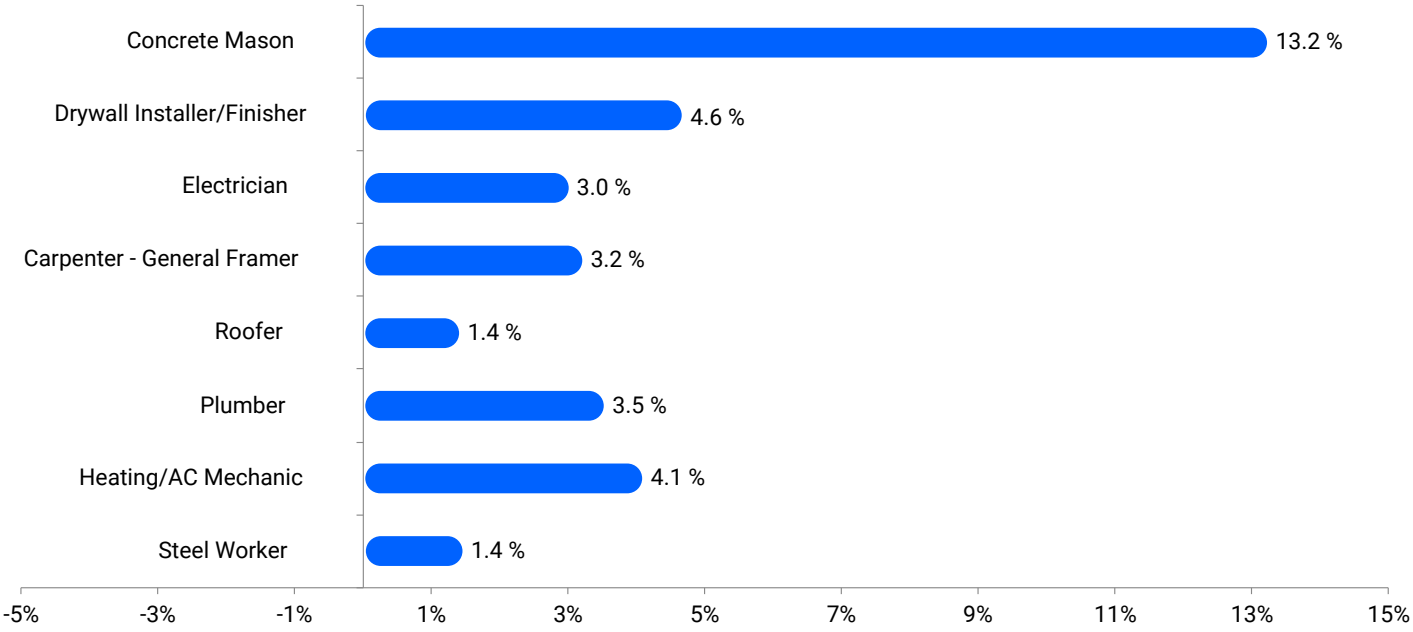

Trends in materials composite prices by category and month (Source: Verisk data)

## Labor cost analysis

Combined hourly billable labor costs increased by 4.49% from October 2024 to October 2025. The quarterly change was 1.12% compared with last quarter's 0.82% increase. Billable labor costs increased more rapidly toward the end of the quarter. This quarter, labor costs had the largest monthly growth in October, increasing 0.45%.

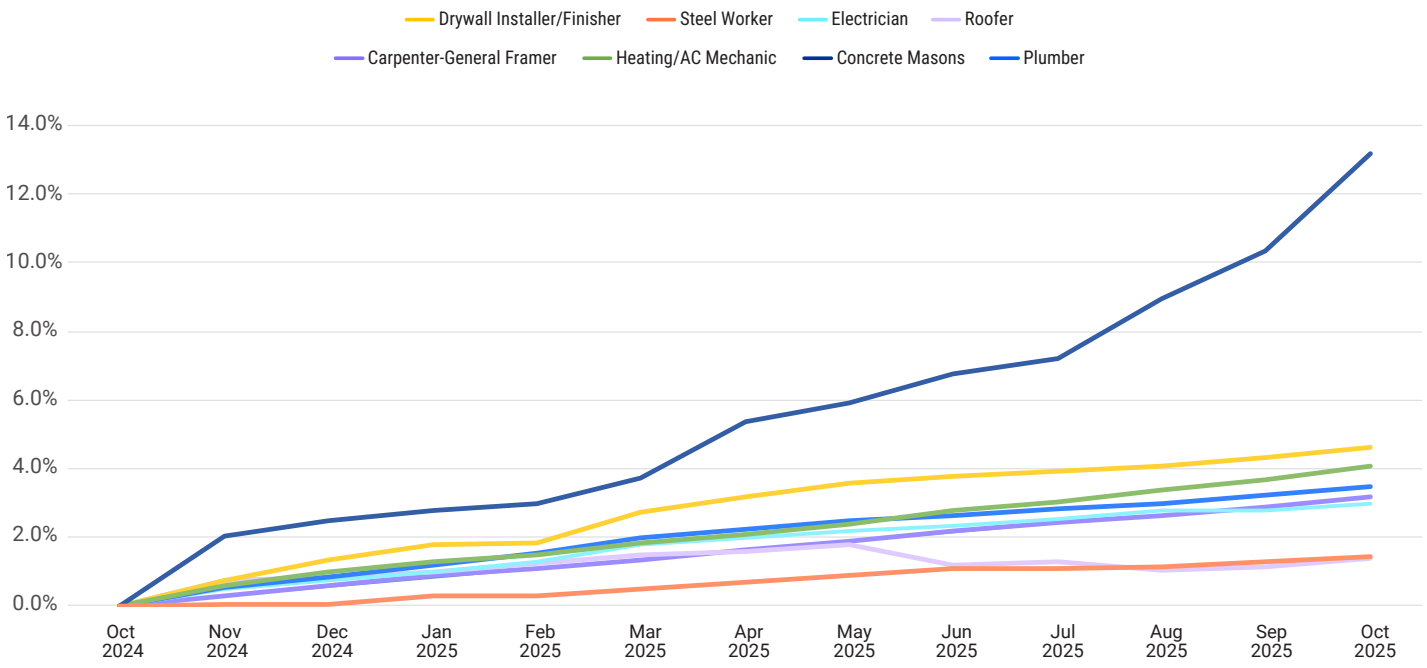
Concrete masons had the largest quarterly change, increasing 5.56%—almost double the increase from the preceding nine months. Heating/AC mechanics trailed far behind with an increase of 1.00%. Concrete masons also had the largest yearly change, increasing 13.2%, followed by drywall installer/finishers, which increased 4.6%. Unlike the previous quarter, no trades had a decrease in costs for the most recent quarter.

**Annual percentage change in retail labor rates**.




All but one labor category saw 12-month increases of less than 5%. (Source: Verisk data)

### Percentage change in costs by month

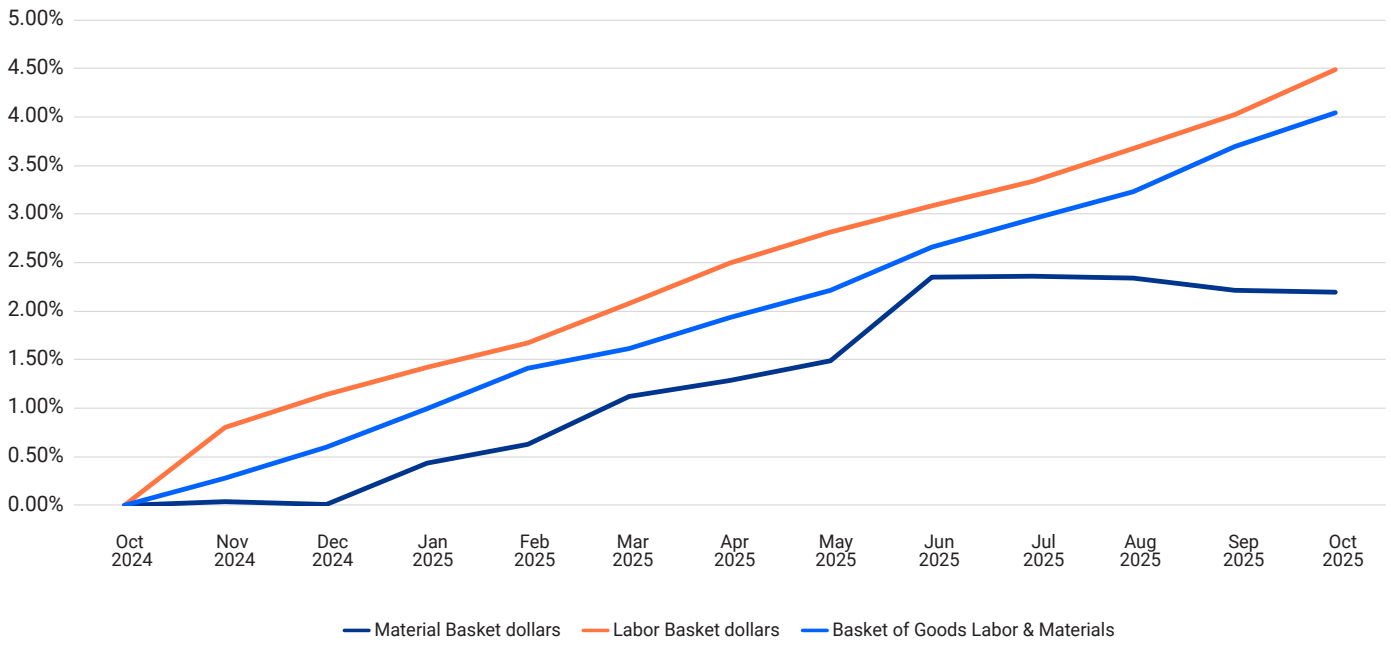



Rates for concrete masons outpaced the next-highest-rising group by eight and a half points in the past twelve months. (Source: Verisk data)

## Labor and materials in aggregate

Relative increases in materials and labor followed a typical pattern in the latest reporting period. Labor costs grew 4.49% from October 2024 to October 2025, while material costs rose 2.19% 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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