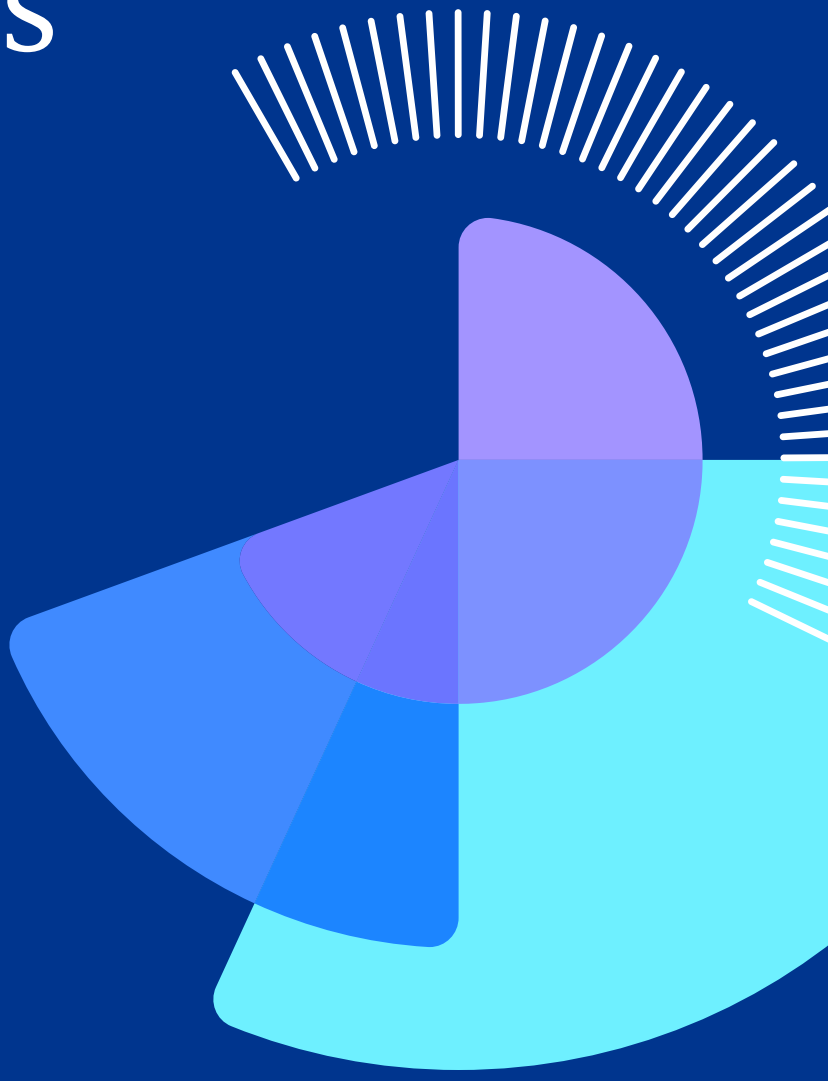
360Value Quarterly Reconstruction Cost Analysis

Q4 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 October 2025 to October 2026 unless otherwise noted.

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Reconstruction costs inch upward



Total reconstruction costs in the United States, including materials and retail labor, increased by 3.9% from October 2025 to October 2026, up slightly from October 2024 to October 2025 (3.8%). Cost growth in Q3 2026 was down from the previous quarter at 0.9%.

Volatile fuel prices flow through to costs

Fuel costs influence construction markets through equipment operation, material transportation, contractor travel, debris hauling, temporary power generation, and the movement of crews and resources between job sites. As a result, changes in fuel prices can affect both direct construction costs and broader supply-chain expenses, particularly when transportation requirements are significant.

Although prices remained below their spring peak, fuel continued to show considerable volatility during the quarter. Remote and geographically dispersed markets, along with projects requiring extensive equipment use or long-haul material deliveries, tend to be the most sensitive to fuel-cost fluctuations.

The path of fuel prices over time can be as important as the quarter-end level. Fuel rose sharply earlier in 2026, retreated from its peak, and then increased again during Q3. Because freight rates, fleet surcharges, supplier pricing, and transportation contracts often adjust at different speeds, fuel-cost movements may take time to fully flow through to construction pricing.

Fuel cost type	Construction cost implication
Material transportation	Higher freight and delivery costs
Heavy equipment operation	Increased operating costs on equipment-intensive work
Debris hauling and disposal	Higher transportation and disposal expenses
Contractor travel and mobilization	Increased travel and crew movement costs
Temporary power generation	Higher operating costs where generators are required

Residential reconstruction costs

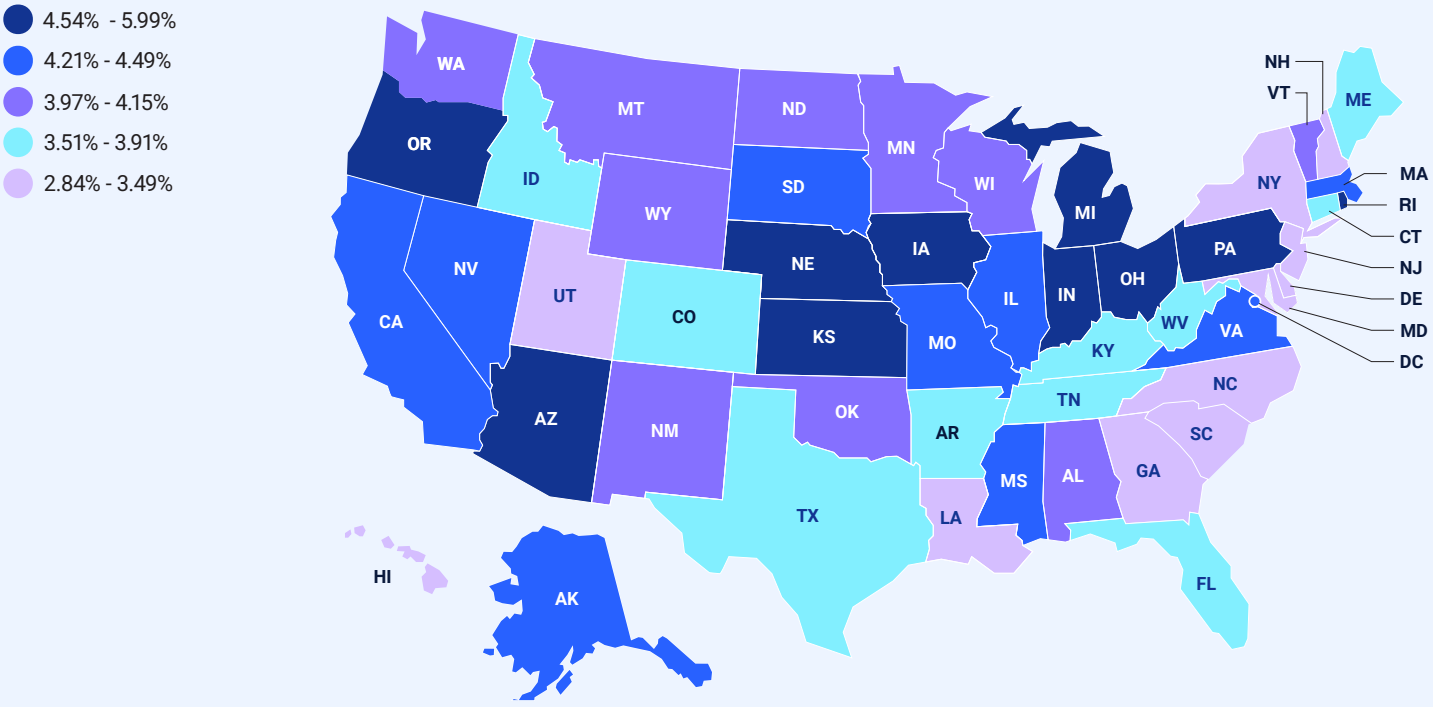
Total residential costs increased by 4.05% from October 2025 to October 2026 and 1.03% from July 2026 to October 2026. Residential reconstruction costs increased year over year in all states. Kansas had the largest increase at 5.99%, followed by Arizona at 5.39% and Rhode Island at 5.38%.

Nebraska and Virginia tied for the most significant rise in rank. Both were up 17 places from July 2026 to October 2026—Nebraska to eighth on a 4.6% increase and Virginia to 17th on a 4.28% increase. Ohio followed with a 14-place rise from 21st to seventh, driven by a 4.61% increase. South Dakota jumped 13 places, from 29th to 16th, with a 4.29% increase.

Oklahoma had the largest drop, falling 23 places from third to 26th, with a 4.02% increase. New Hampshire fell 16 spots, from 28th to 44th, with a 3.36% increase, and Minnesota dropped from 17th to 30th with a 3.97% increase.



Changes in residential reconstruction costs by state



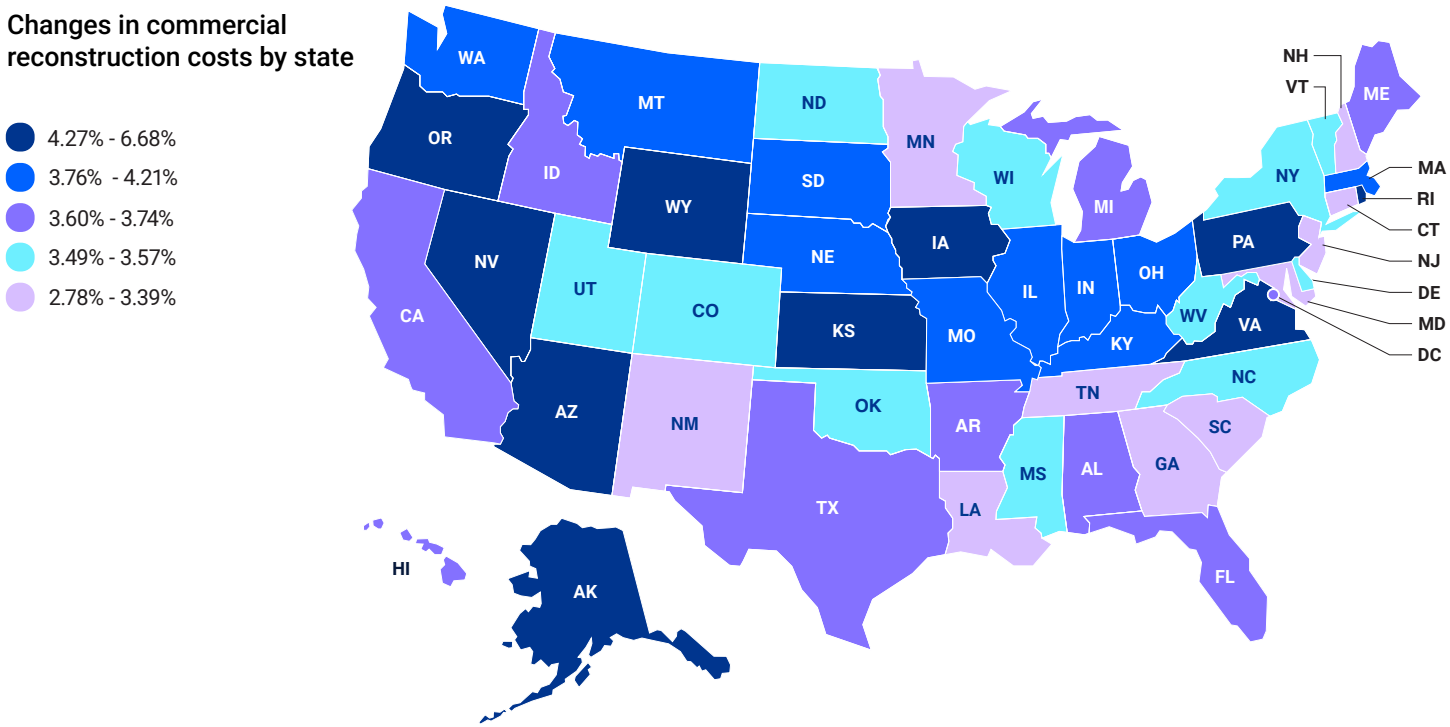
Commercial reconstruction costs

Total commercial reconstruction costs increased 3.81% from October 2025 to October 2026 and 0.83% from July 2026 to October 2026. Rhode Island again saw the largest increase of 6.68%. Oregon followed with a 5.24% increase, while costs in Arizona were up 4.93%.

South Dakota had the most significant change in rank, from 43rd place to 12th, with a 4.15% increase. Montana rose 24 places from 41st to 17th with an increase of 3.96%, and Kansas jumped from 29th to ninth with an increase of 4.29%.

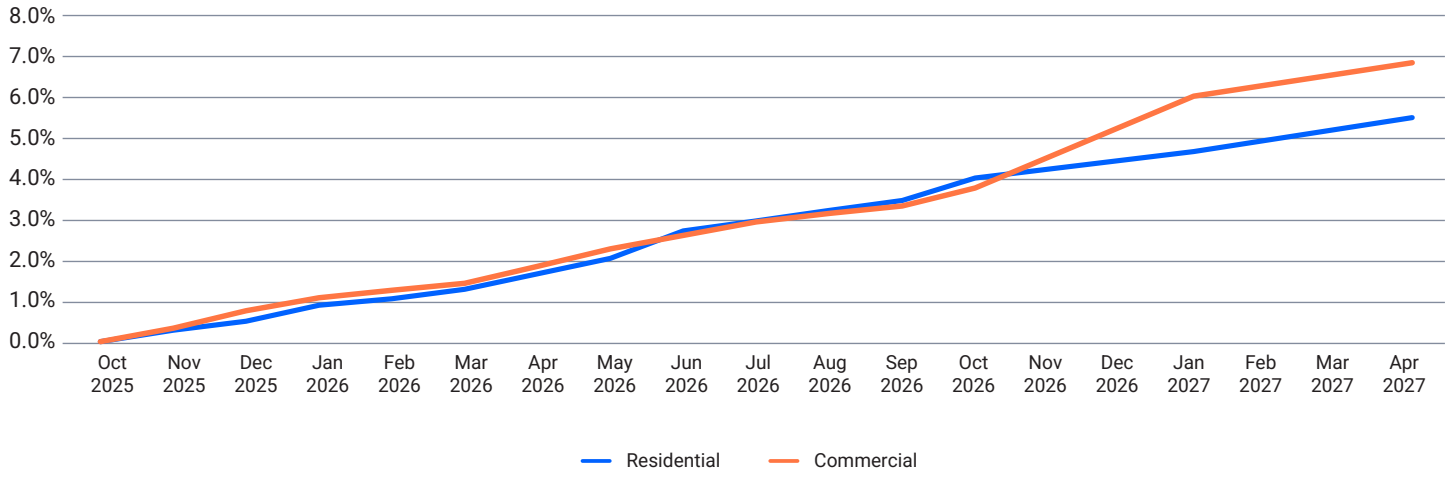
New Hampshire experienced the largest drop in ranking, falling 37 places from fifth to 42nd, with a 3.29% increase in reconstruction costs. Oklahoma fell 35 places, from second to 37th, with a 3.53% cost increase, and Michigan dropped from fourth to 30th, with a 3.6% increase.

Changes in commercial reconstruction costs by state



Growth in residential and commercial reconstruction costs by month

Market expectations for reconstruction costs anticipate a 1.45% increase in residential and a 2.99% increase in commercial from October 2026 to April 2027.



Materials vs. labor trends

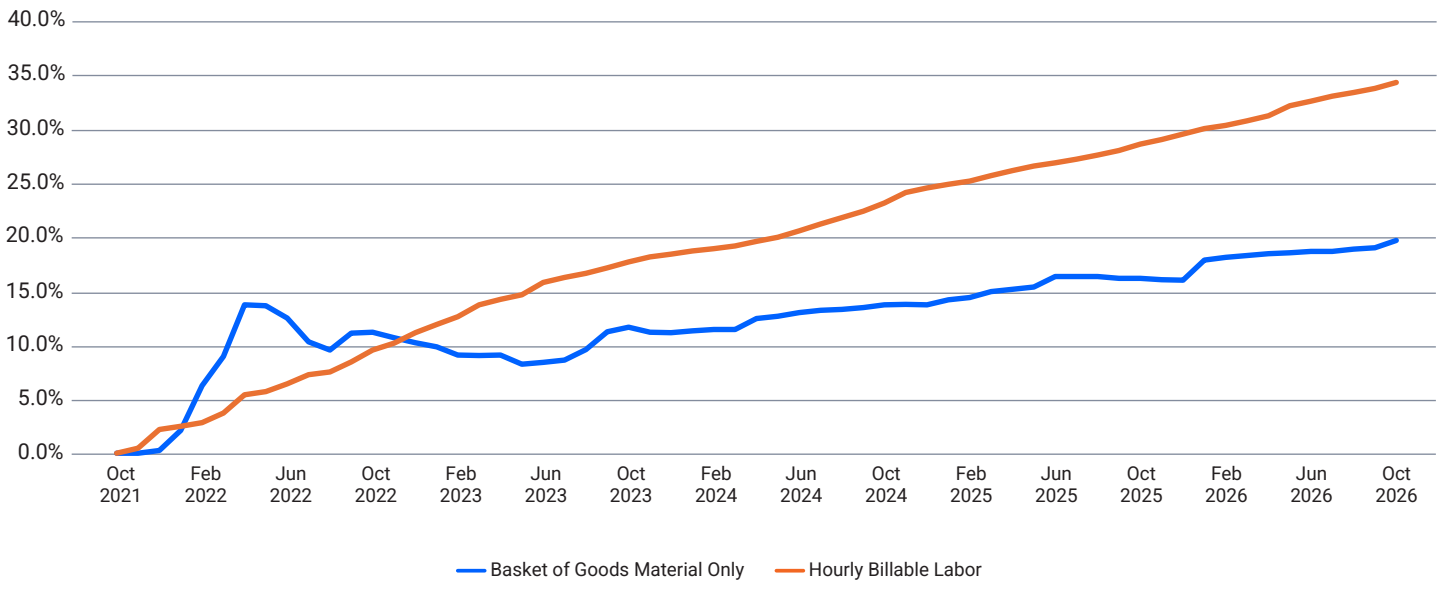
Material pricing ticked upward in the third quarter, with seven of eight categories increasing, bringing the annual rise to 3.09%. Quarterly labor cost growth exceeded material cost growth by just 0.1 percentage point, although the annual gap was wider at 1.42 points. Residential reconstruction costs, up 1.03% for the quarter, outpaced commercial at 0.83%, although both remained below their Q2 quarterly pace.



Labor costs continued to dominate reconstruction cost inflation, with combined labor rising 4.51% year over year. Wage increases persisted across all major trades, supported by ongoing skilled labor shortages, workforce capacity constraints, and sustained demand for specialized construction services.

Reconstruction cost trends remain more heavily influenced by labor market conditions than by material price fluctuations, as labor continues to face broad-based upward pressure, particularly in highly skilled trades. Workforce availability and regional labor market dynamics are among the dominant drivers of cost escalation. The more recent mix, with a larger contribution from material costs, points to broad inflation rather than a single input shock.

Common construction materials vs. hourly billable labor trends

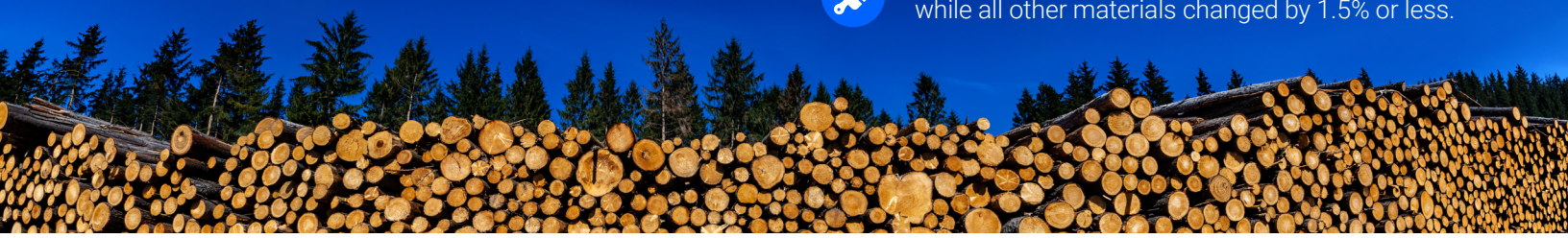


Material cost analysis

Material costs rose by 3.09% in the United States from October 2025 to October 2026. These costs increased 0.85% quarter over quarter. October saw the largest increase in material costs at 0.6%, while changes were negligible in August and September.

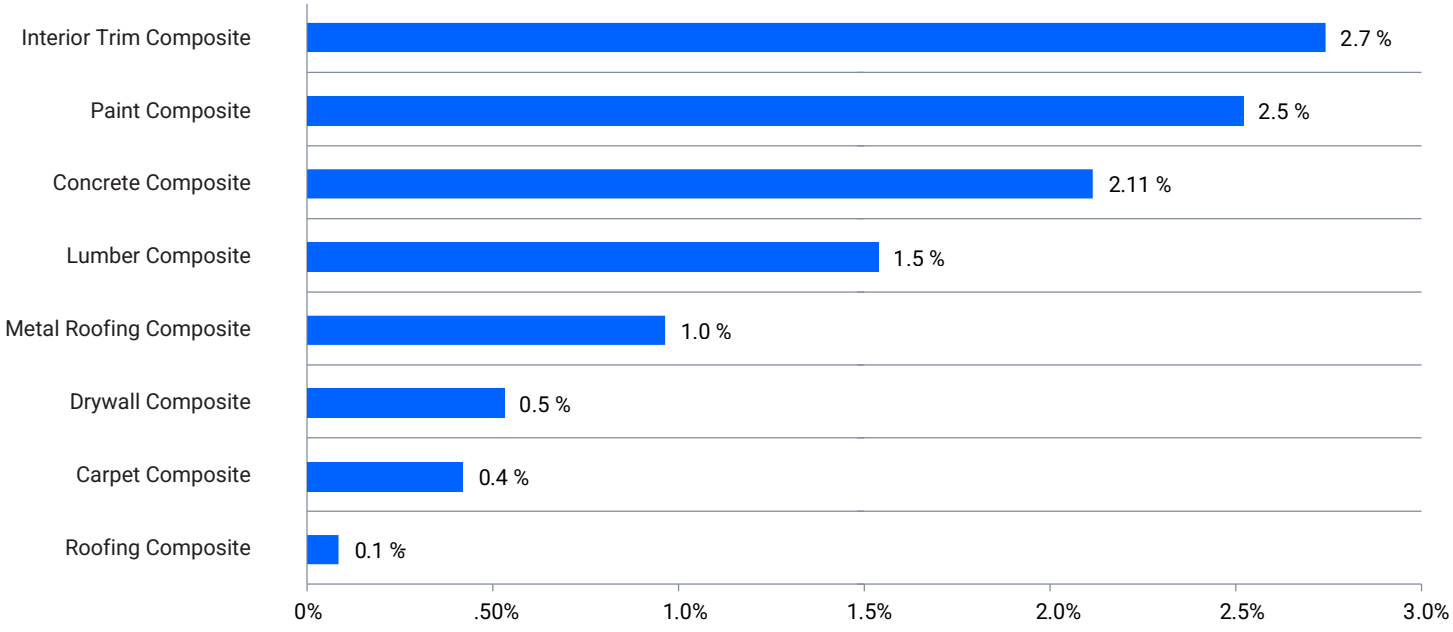
Material prices moved modestly this quarter, with increases across seven of eight tracked composites. The overall range of change spanned from a slight decline of -0.19% to a gain of 2.82%.

- Lumber saw the largest increase at +2.82%, followed by concrete (+1.08%) and interior trim (+0.69%).
- Roofing (-0.19%) posted the only decline, while paint was virtually unchanged.
- Interior trim had the largest yearly increase at 2.7%, after a 2.9% increase in the previous release of this report.
- Paint increased by 2.5% and concrete by 2.11%, while all other materials changed by 1.5% or less.



Annual percentage change in material composite costs

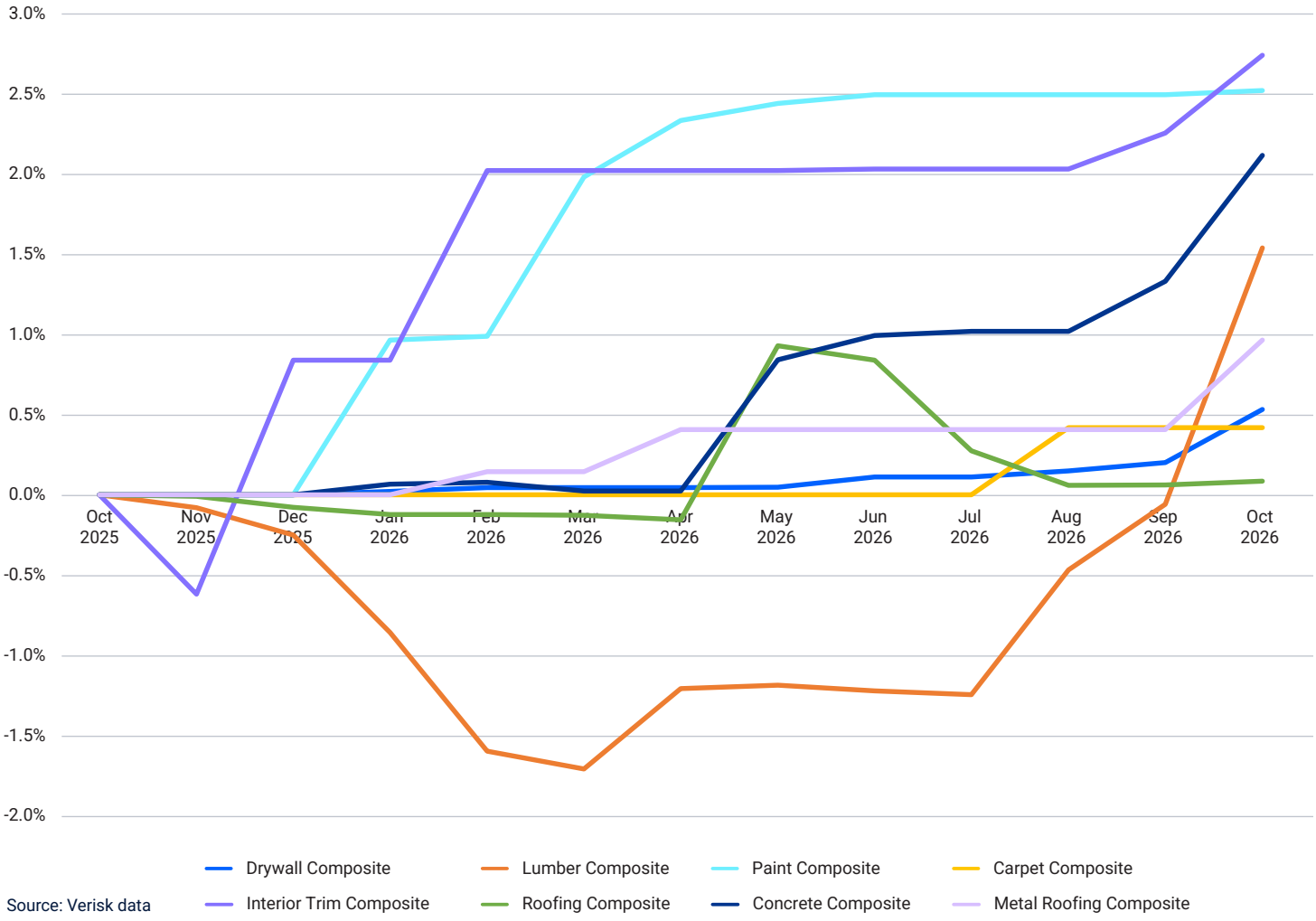
Year-over-year changes in material composite costs are broken down by category.



Source: Verisk data

Percentage change in costs by month

Trends in materials composite prices by category and month



Source: Verisk data



Labor cost analysis



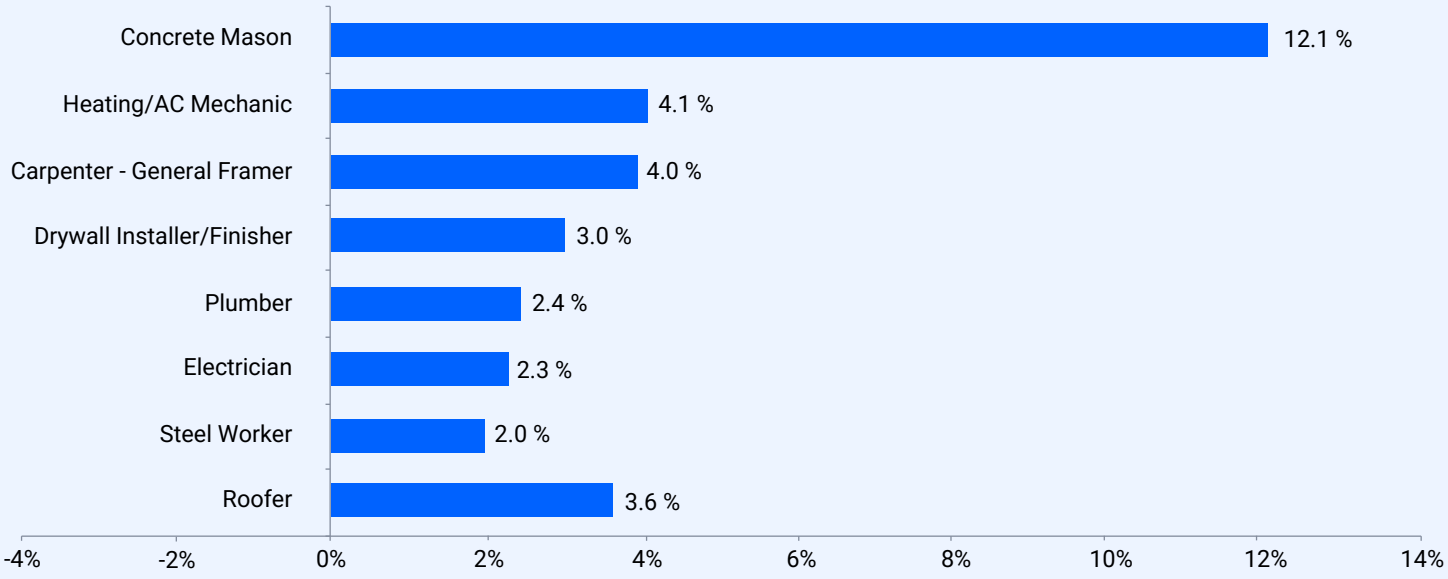
Combined hourly billable labor costs increased by 4.51% from October 2025 to October 2026. The quarterly change was 0.95%, down from last quarter's 1.4% increase.

Labor rates increased across all eight tracked trades this quarter, with no declines. On a quarterly basis, roofers led all trades with the highest increase at 1.45%, followed by heating/AC mechanics at 1.00% and electricians at 0.92%. The remaining trades saw more modest gains. Notably, concrete-mason labor rates increased by just +0.86%, down from the rapid rises seen in preceding quarters.

All trades had year-over-year increases. The cost of concrete masons had the largest yearly increase at 12.1%, after a 17.4% increase in the previous release of this report. Heating/AC mechanics and carpenters followed, increasing 4.1% and 4.0%, respectively. The cost for steel workers had the lowest increase at 2.0%.

Annual percentage change in retail labor rates

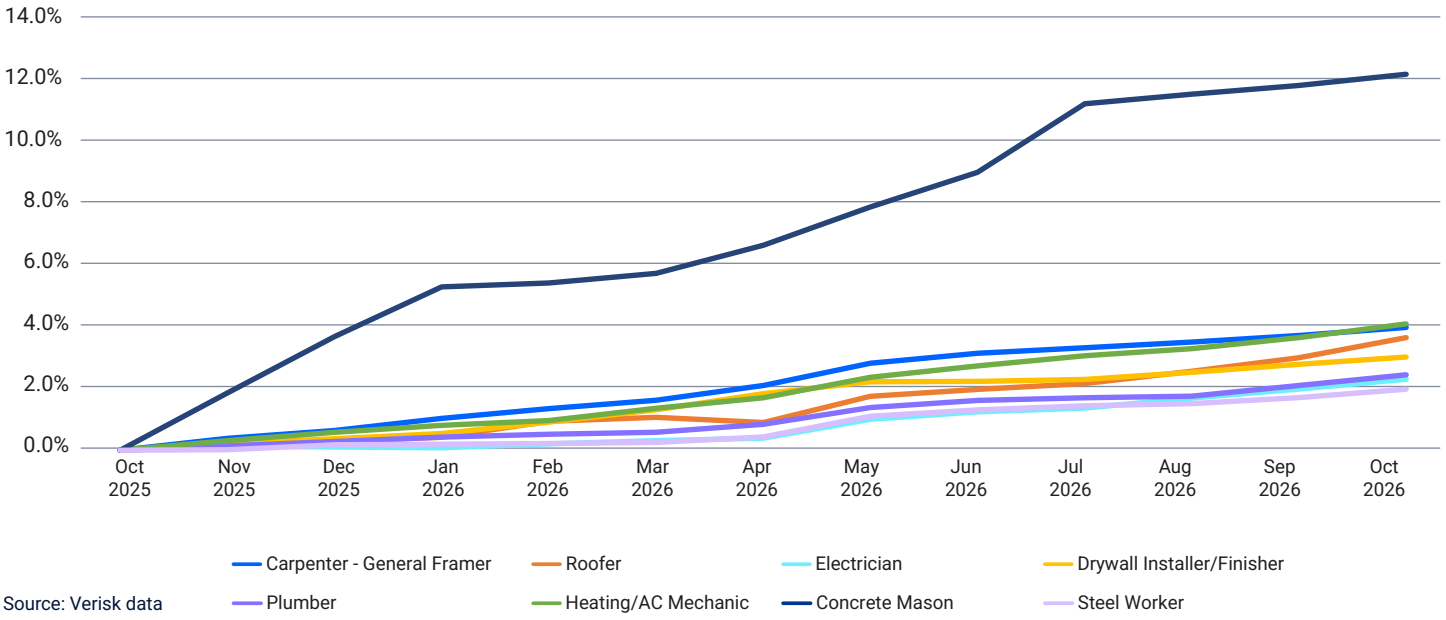
All labor categories saw 12-month increases, ranging from 2.0% to 12.1%.



Source: Verisk data

Percentage change in costs by month

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

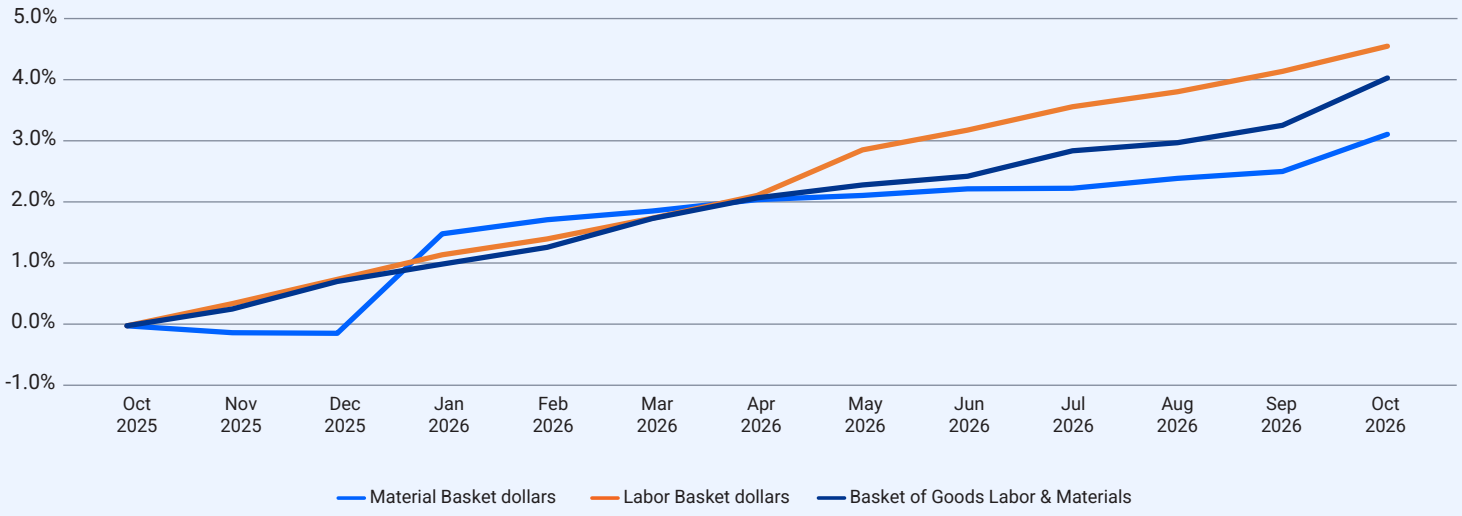


Source: Verisk data

Labor and materials in aggregate

Relative increases in materials and labor followed a typical pattern in the latest reporting period. The combined basket of labor and material costs increased 1.1% over the quarter and 4.0% from October 2025 to October 2026, reflecting continued upward pressure on overall construction costs.

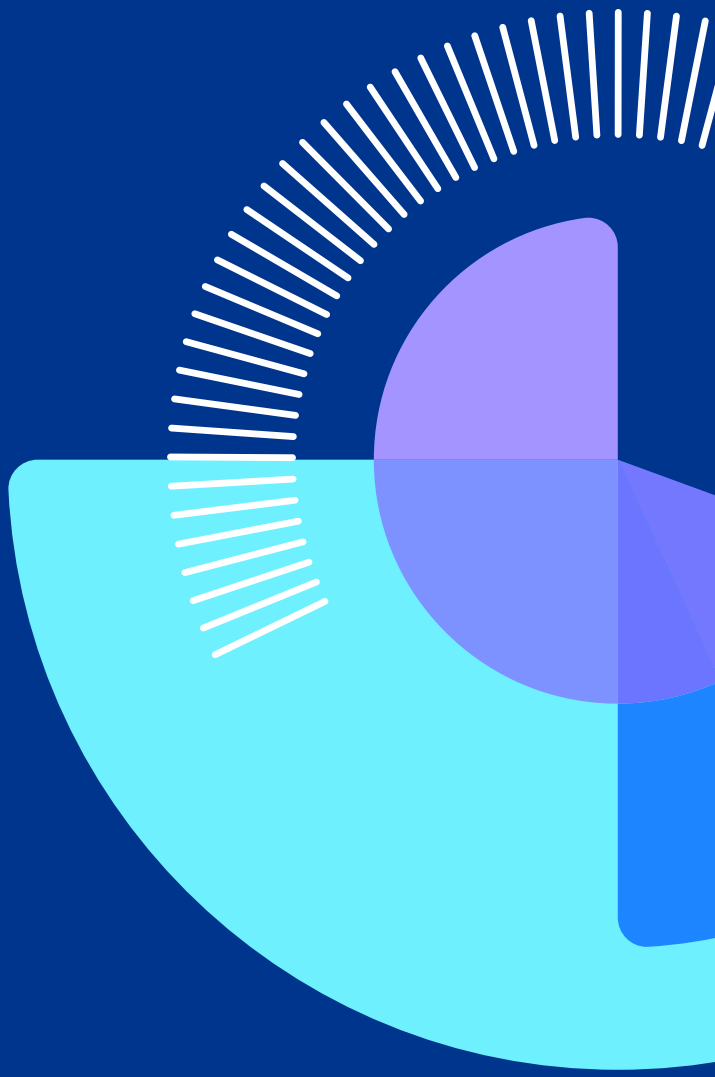
Changes in cost for labor, materials, and labor + materials by month



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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