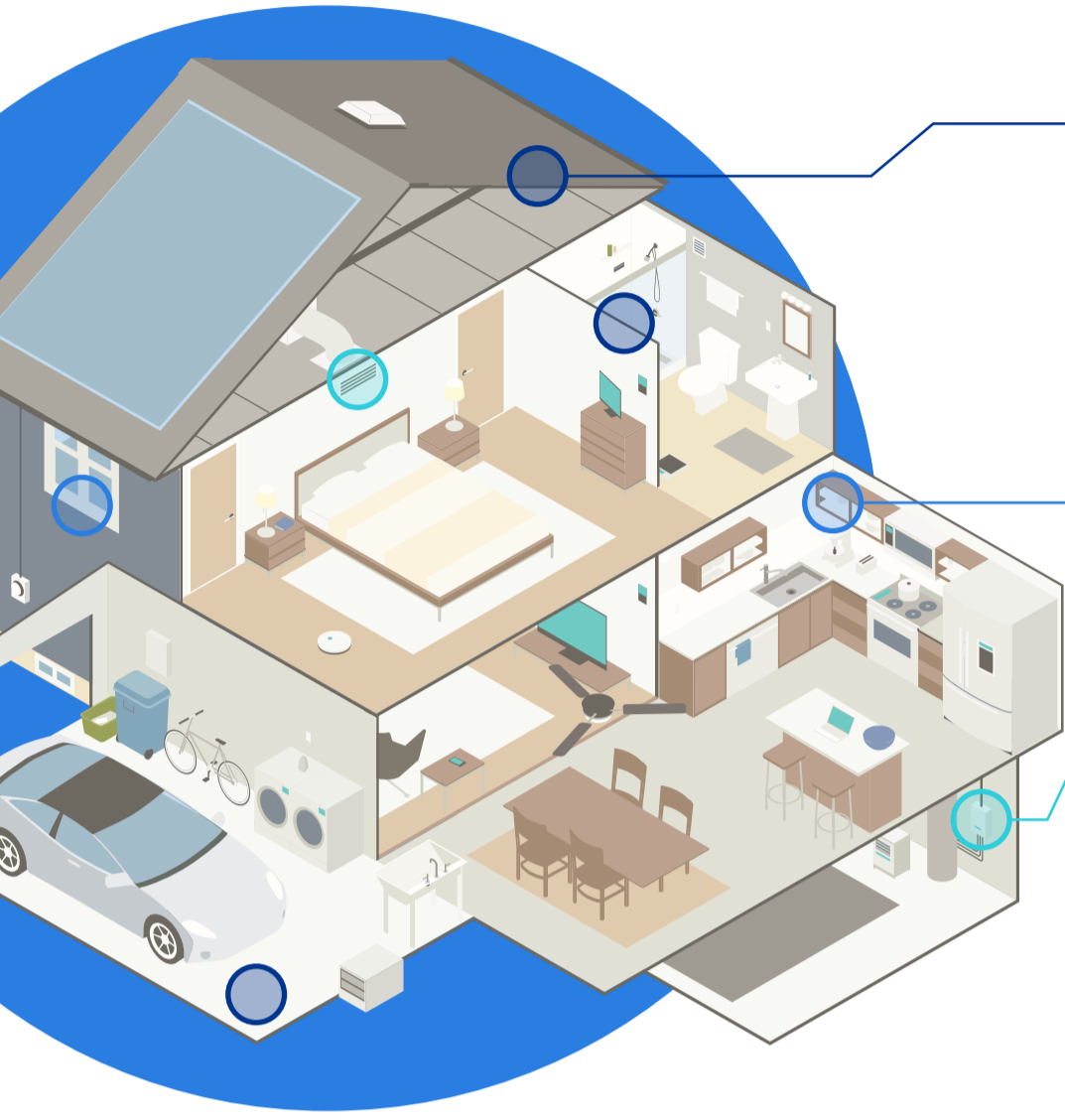


Changes in action

Shifting trends for a fuller picture of reconstruction cost growth

In a time of shifting percentages, growing inflationary pressures, and record-breaking peaks in material composites, reconstruction cost prices have taken a rollercoaster ride. Peak pressure was recorded in the summer of 2021. And while increasing at a more moderate rate now, prices remain well-above pre-pandemic levels.

We looked at a sample house to explore the true impact of reconstruction cost pressures. Looking at key timestamps, we examined actual reconstruction costs and percent change of reconstruction costs for a handful of property characteristics.



	Oct 2019 (pre-pandemic)	Jul 2021 (peak-pandemic)	Sep 2022 (post-pandemic)
Core Components			
Sheathing	\$7,947.21	\$22,480.72 (182.9%)	\$13,023.57 (63.9%)
Dimensional lumber	\$9,515.95	\$19,168.17 (101.4%)	\$15,577.31 (63.7%)
Concrete and asphalt	\$33,721.58	\$40,376.51 (19.7%)	\$43,999.37 (30.5%)
Drywall	\$18,808.73	\$20,513.51 (9.1%)	\$22,536.94 (19.8%)
Roofing	\$11,015.51	\$12,530.82 (13.8%)	\$13,948.42 (26.6%)
Interior Features			
Doors	\$4,520.42	\$5,569.41 (23.2%)	\$7,305.16 (36.4%)
Windows - vinyl	\$5,414.07	\$7,708.98 (42.4%)	\$8,412.78 (55.4%)
Cabinetry	\$14,481.14	\$16,626.31 (14.8%)	\$18,333.88 (26.6%)
System Components			
Heat, vent, air conditioning	\$16,182.81	\$17,704.42 (9.4%)	\$19,438.18 (20.1%)
Electrical	\$10,993.70	\$13,914.04 (26.6%)	\$14,990.79 (36.4%)

*Percentages are comparing identified specified time period to October 2019.



In 'normal' years, we have seen a 2-6% annual increase in reconstruction costs. There was an average of 3.5% annual change before COVID, and 11.2% average since March 2020.

Property characteristics



Core Components

Dimensional lumber and sheathing grew exponentially during the pandemic, yet is starting to retreat from the record-breaking highs. Whereas concrete and asphalt, drywall, and roofing continue to grow at a steady pace.



Interior Features

Interior features have seen a steady increase in price over the last three years. For labor specifically, certain trades are facing shortage, which may lead to spikes in the future.



System Components

Systems components have also seen a steady increase in price over the last three years. For labor specifically, certain trades are facing shortage, which may lead to spikes in the future.

Monthly pricing data makes the difference

- Calculating replacement costs with monthly data means prices are more likely to reflect current market realities.
- While the curve may still bend upward, monthly refinements can help soften the huge spikes that may accompany less frequent adjustments.
- Smaller changes with each update may mean fewer surprises for insurers and agents quoting new or renewal policies.
- And applying RCE data that's updated monthly can help maintain alignment with current market prices for better protection when claims occur.

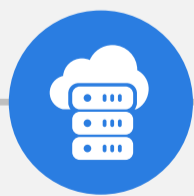


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Itemized labor, material, and personal property components applied



Localized claims, labor, and materials survey data costs applied



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