



Current, localized, and detailed cost information on reconstruction labor and building materials is essential to create reliable, component-based replacement cost estimates. To supply insurance professionals and underwriters with this valuable information, the underlying reconstruction cost data used to develop 360Value® estimates is continually researched and validated at a highly localized level.

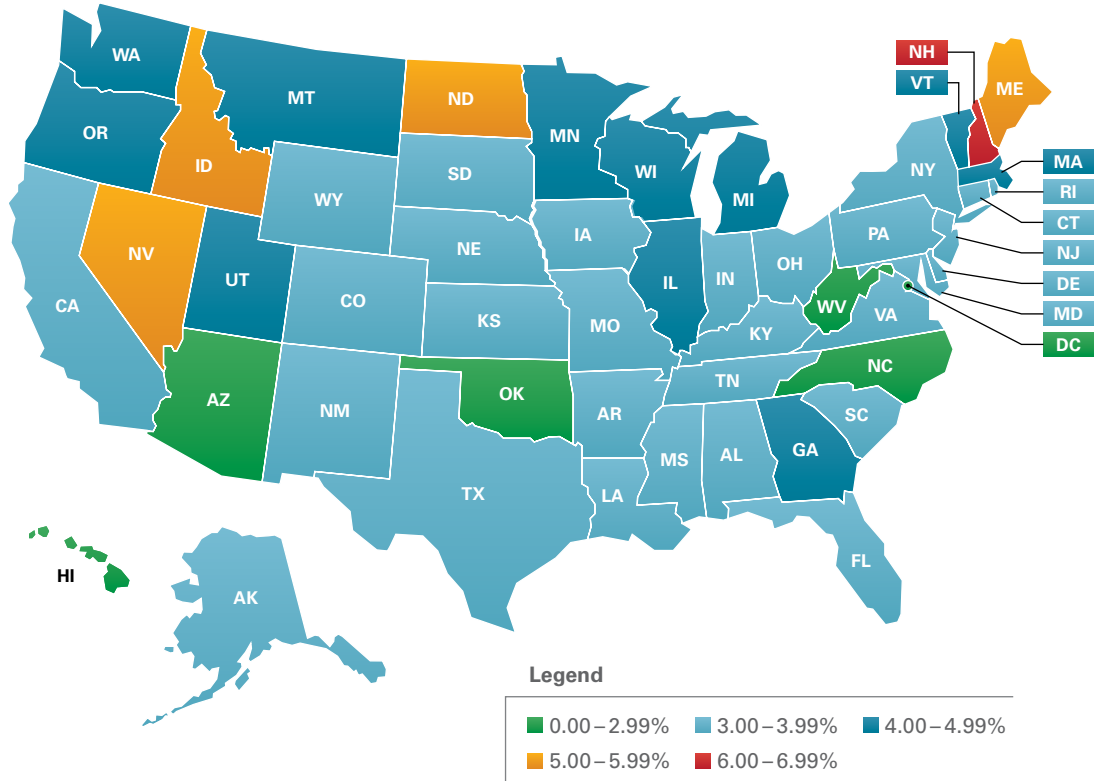
The process includes real-time feedback on reconstruction costs from tens of thousands of contractors and claims adjusters in the field, extensive material and labor cost surveys, and analysis of more than 5 million actual damage repair estimates for claims each year. Updated reconstruction cost data is incorporated into 360Value quarterly.

This report provides an overview of current reconstruction cost trends at the national and state levels. It also gives 360Value users a general understanding of reconstruction cost changes and how they may affect replacement cost estimates over the next quarter. The data contained in this report should not be used as the basis for underwriting or renewal decisions, as changes in replacement cost estimates may vary dramatically at the individual property level.

National Overview

From October 2014 to October 2015, overall reconstruction costs increased 3.7 percent in the United States. During the third quarter of 2015, reconstruction costs were up 0.7 percent. The housing market is recovering, and with it, material costs have risen. All states experienced an annual increase in total reconstruction costs; however, the rate of increase is slowing. In the period ending July 2015, 17 states had recorded annual increases of less than 4 percent. By comparison, in the period ending October, 34 states plus Washington, D.C., experienced increases of less than 4 percent.

The only states with increases of more than 5 percent in the third quarter were Idaho, Maine, North Dakota, Nevada, and New Hampshire. New Hampshire topped the nation at 6.2 percent. Hawaii experienced the lowest increase, at just 1.9 percent.

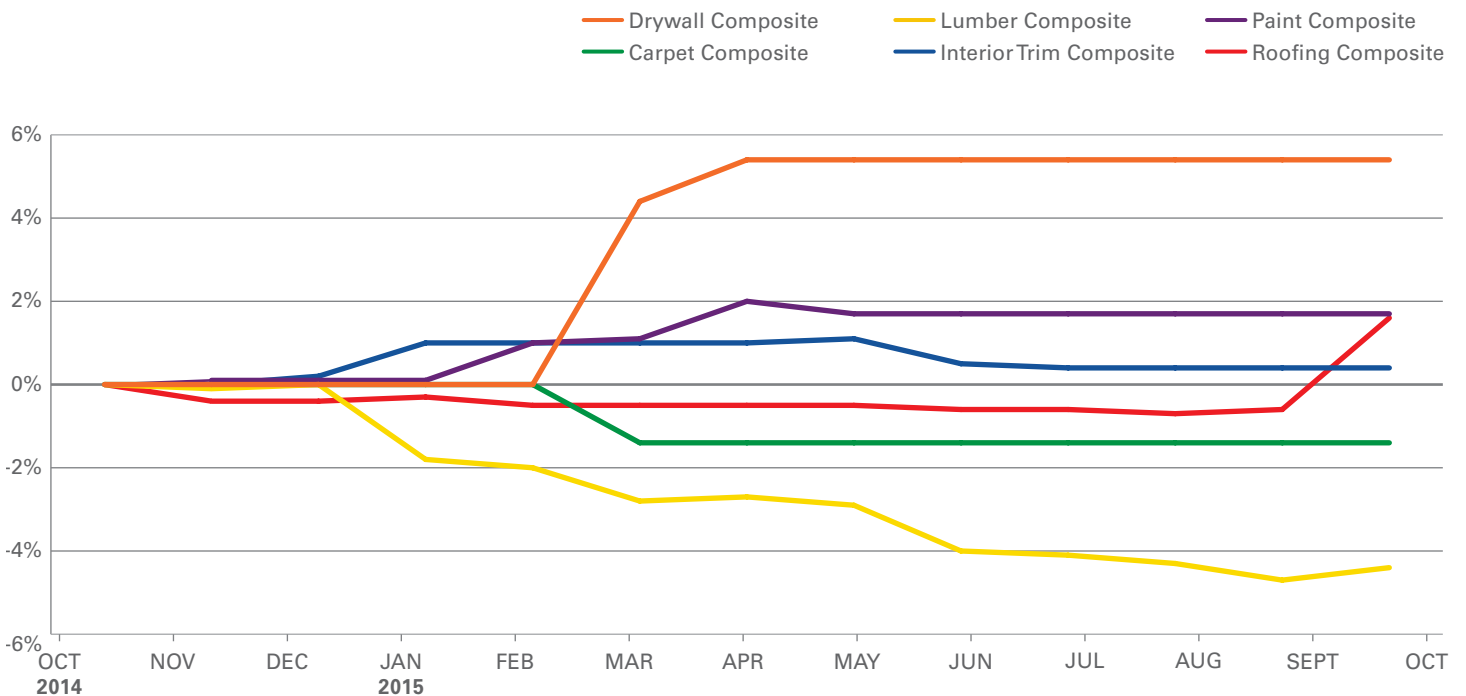
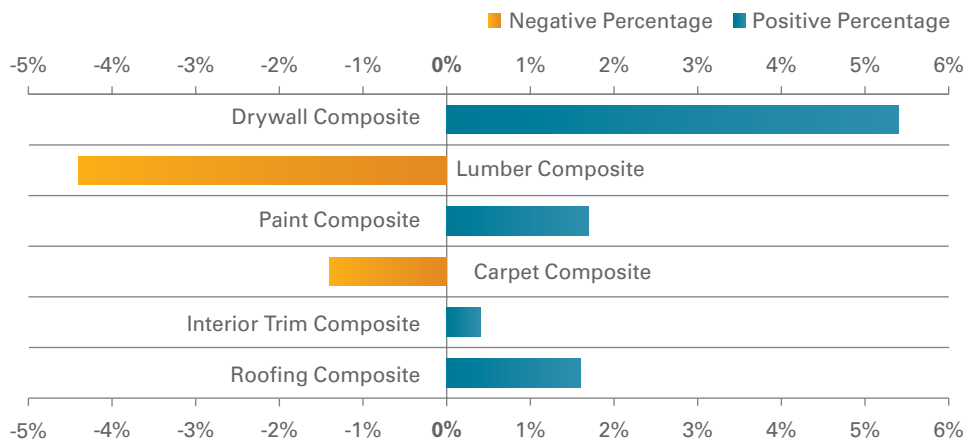


Changes in reconstruction costs by state from October 2014 to October 2015

Material Cost Analysis

At the national level during the past 12 months, overall costs for material composites that Xactware tracks increased 1.3 percent. During the past three months, material costs increased 0.4 percent.

Xactware also identified changes to several material categories occurring in the past year. Roofing material costs increased 1.6 percent. Additionally, drywall material costs increased 5.4 percent, while paint and interior trim costs rose 1.7 percent and 0.4 percent, respectively. Lumber and carpet costs fell 4.4 and 1.4 percent, respectively, during the same period.

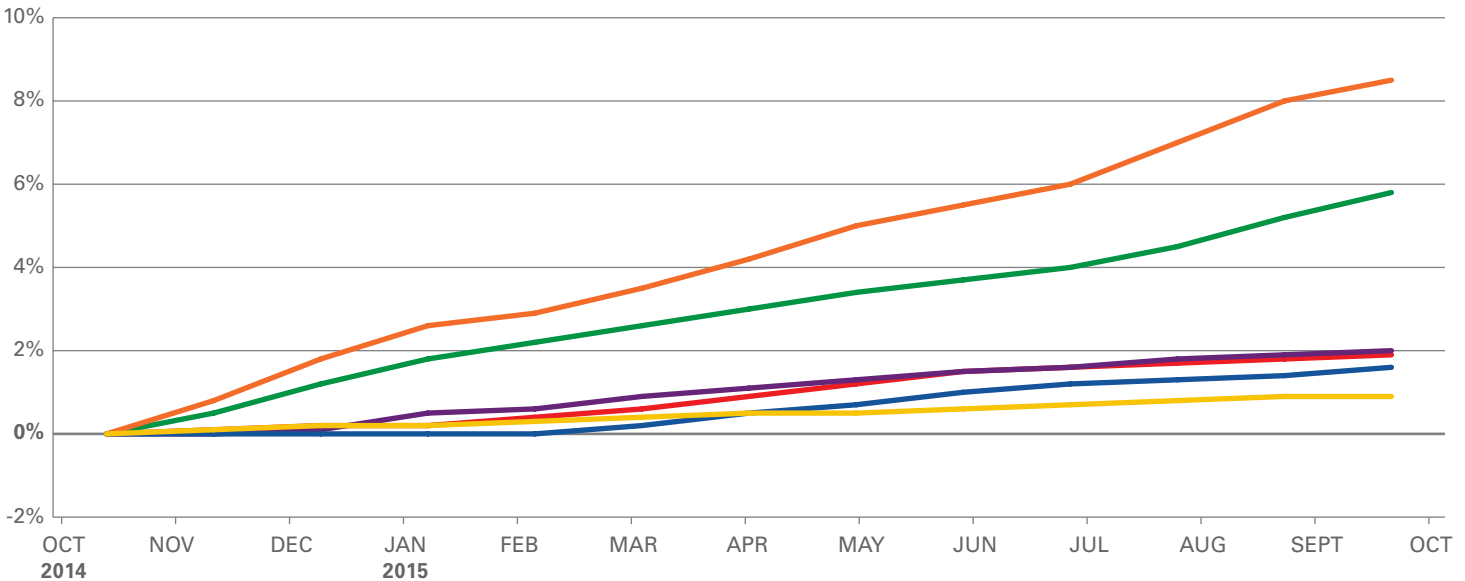
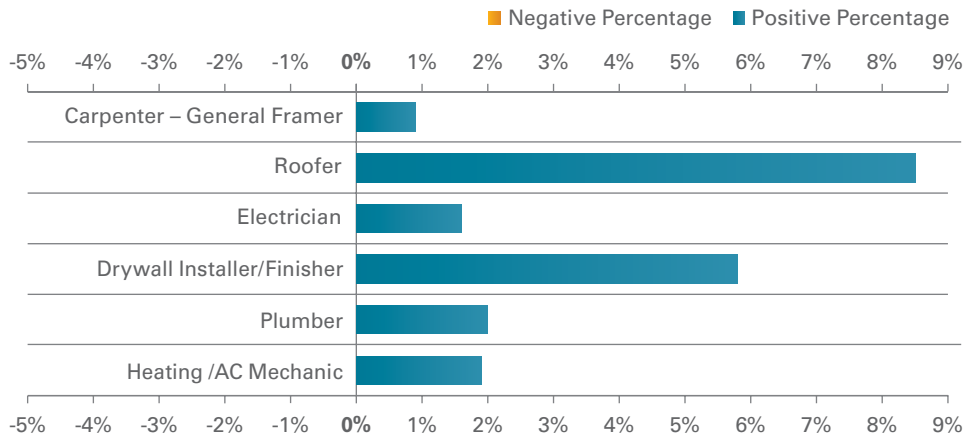


Cost changes for common building materials from October 2014 to October 2015 at the national level. The data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labor Cost Analysis

Overall retail labor rates increased 2.7 percent from October 2014 to October 2015, with all six of the common labor trades showing increases. The quarterly change in overall retail labor costs was 0.8 percent.

Rates for roofers increased the most during the past year (8.5 percent), while rates for drywall installers increased 5.8 percent. Labor costs for plumbers, electricians, and heating/AC mechanics rose moderately, from about 1 percent to 2 percent. Carpenters – general framers were the only monitored profession to increase less than 1 percent.



Changes in labor costs for some common trades from October 2014 to October 2015 at the national level. Labor costs include wages, burden, and overhead.

The data compiled in this summary is also available in Xactware’s Industry Trend Reports, an online reporting tool that gives users an overview of market changes from one area to another, along with national and state averages. The reports contain information about price trends for roofing materials, drywall materials, and much more. Additional reports give users an idea of the movement for a “basket of goods” that includes items typically used in construction, such as shingles, paint, drywall, concrete, and cabinets.

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/>

