



360Value Quarterly Reconstruction Cost Analysis

Q1 2023: 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.

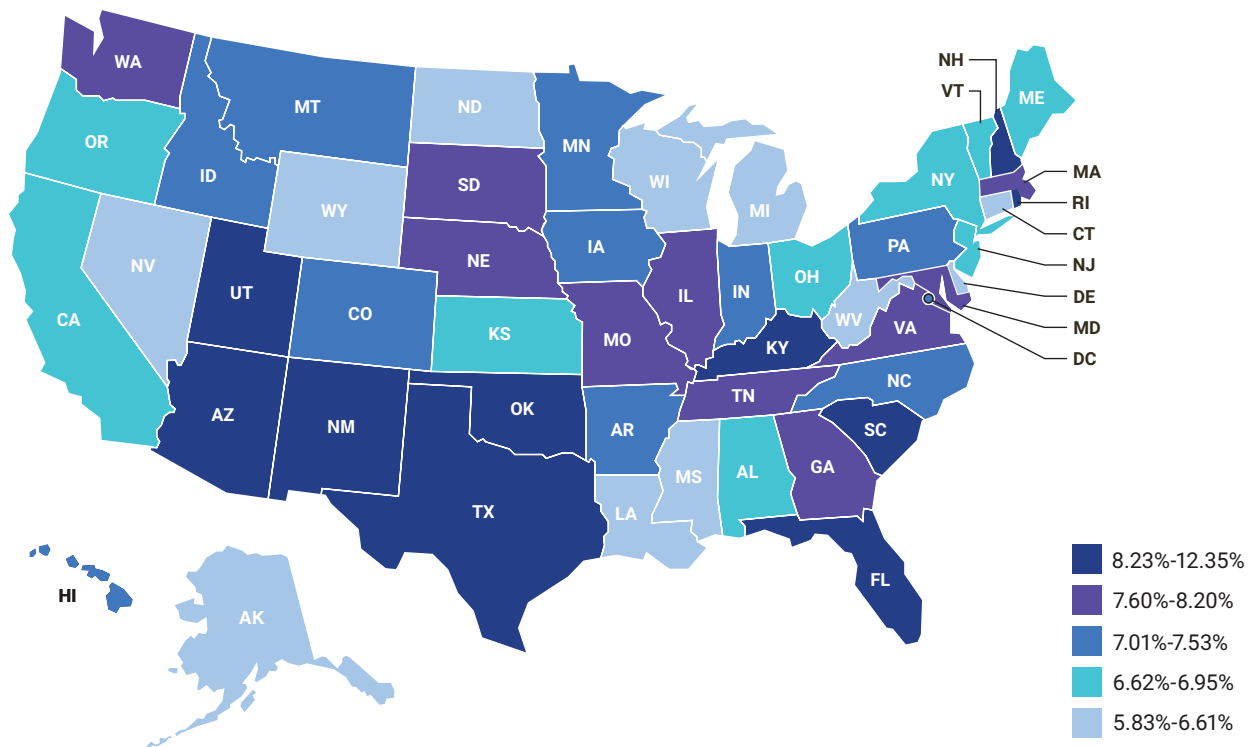
Reconstruction costs show signs of stabilizing

Total reconstruction costs, including materials and retail labor, increased 6.8% from January 2022 to January 2023. This slight drop follows the 9.3% increase from October 2021 to October 2022. Cost increases have started to slow down and become steadier.

Lumber, a key driver of reconstruction cost peaks in recent years, has decreased for nine months in a row. This quarter, lumber is the only category in the negative, declining 5.1%. Interior trim increased the most, rising 22.1%, with roofing following shortly behind at 16.5%. The cost of fuel used to transport and manufacture goods is decreasing. Quarterly reconstruction costs increased by 0.9%, a slight shift from the 1.1% increase last quarter.

Residential Reconstruction Costs

Residential reconstruction costs increased in all states. Florida had the largest increase at 12.4%, followed by South Carolina (11.0%) and New Mexico (10.7%). Arizona's rank changed most significantly, rising from the 47th-highest cost increase in October 2022 to the ninth-highest in January 2023; costs were up 8.3% in the state year-over-year. Delaware increased the least, at 5.8%. Residential costs in total increased 7.5% from January 2022 to January 2023 and 0.4% from October 2022 to January 2023.



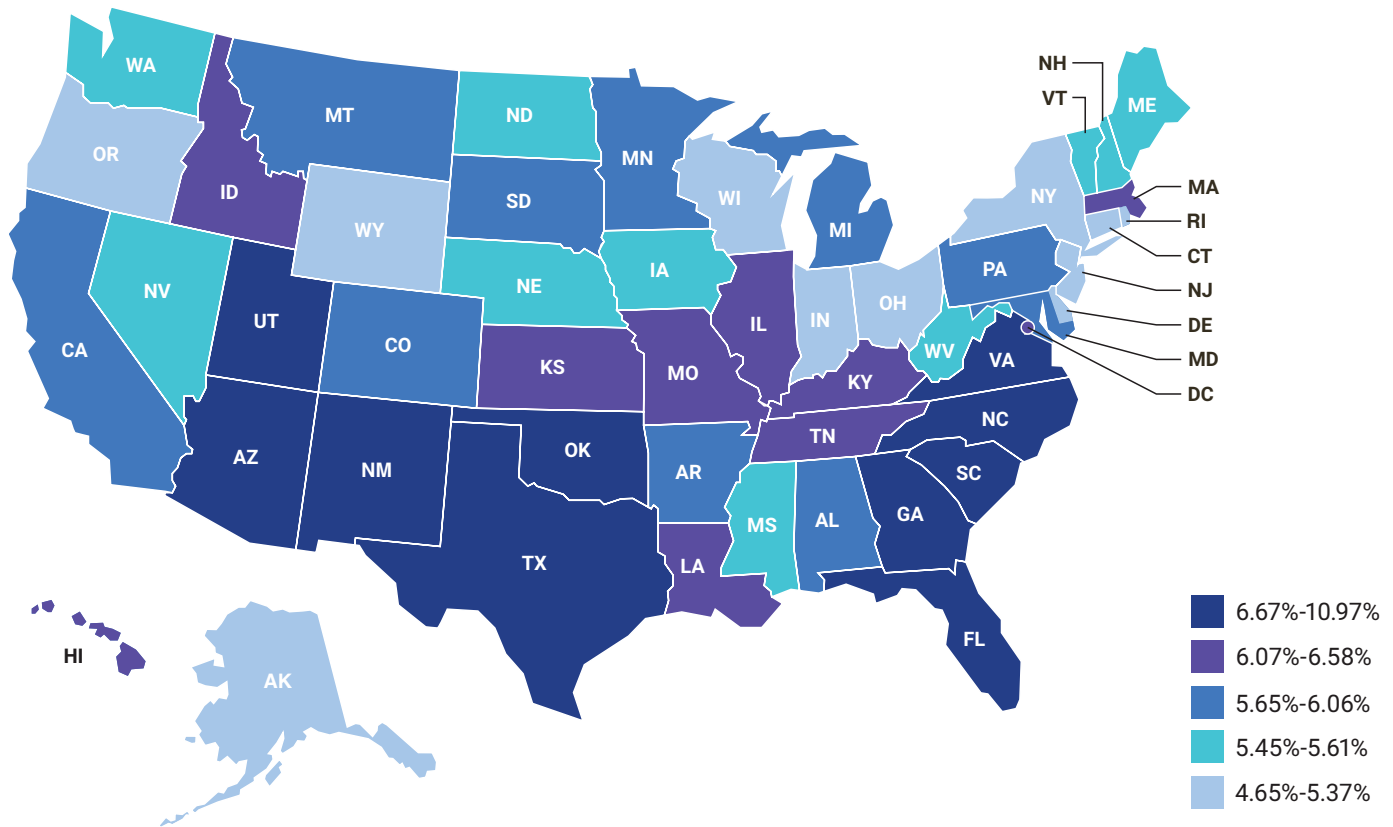
Changes in reconstruction costs by state.

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 changes from January 2022 to January 2023 unless otherwise noted.

Commercial Reconstruction Costs

Every state saw higher commercial reconstruction costs. Florida had the largest increase at 11.0%, followed by Utah (9.5%) and New Mexico (9.4%). Louisiana had the largest shift in rank, up from the 47th-highest cost increase in October 2022 to the 13th-highest in January 2023, with prices rising 6.5% year-over-year. Connecticut stayed in last place, with costs increasing 4.6% between January 2022 and January 2023. Commercial costs in total increased 6.1% from January 2022 to January 2023 and 1.3% from October 2022 to January 2023.



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.

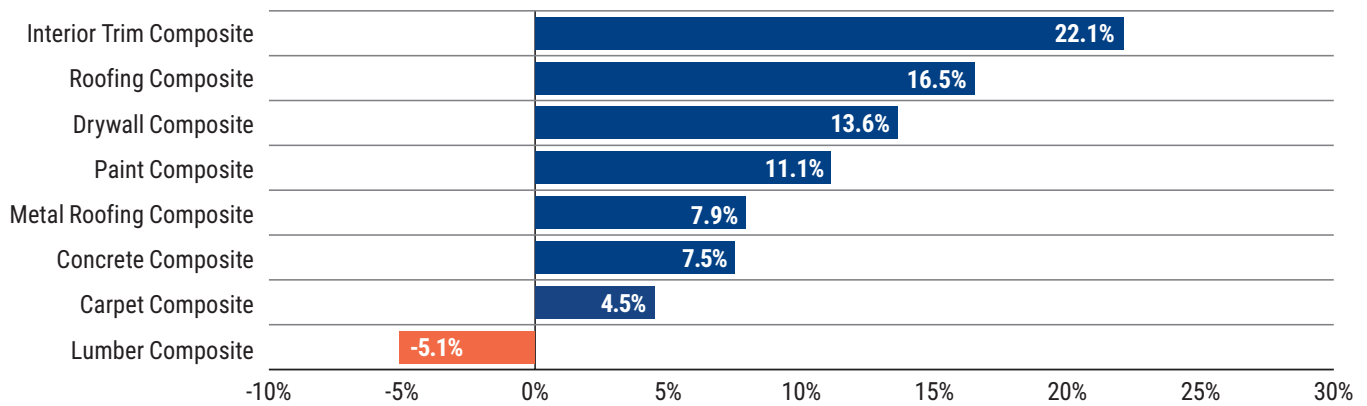
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Material Cost Analysis

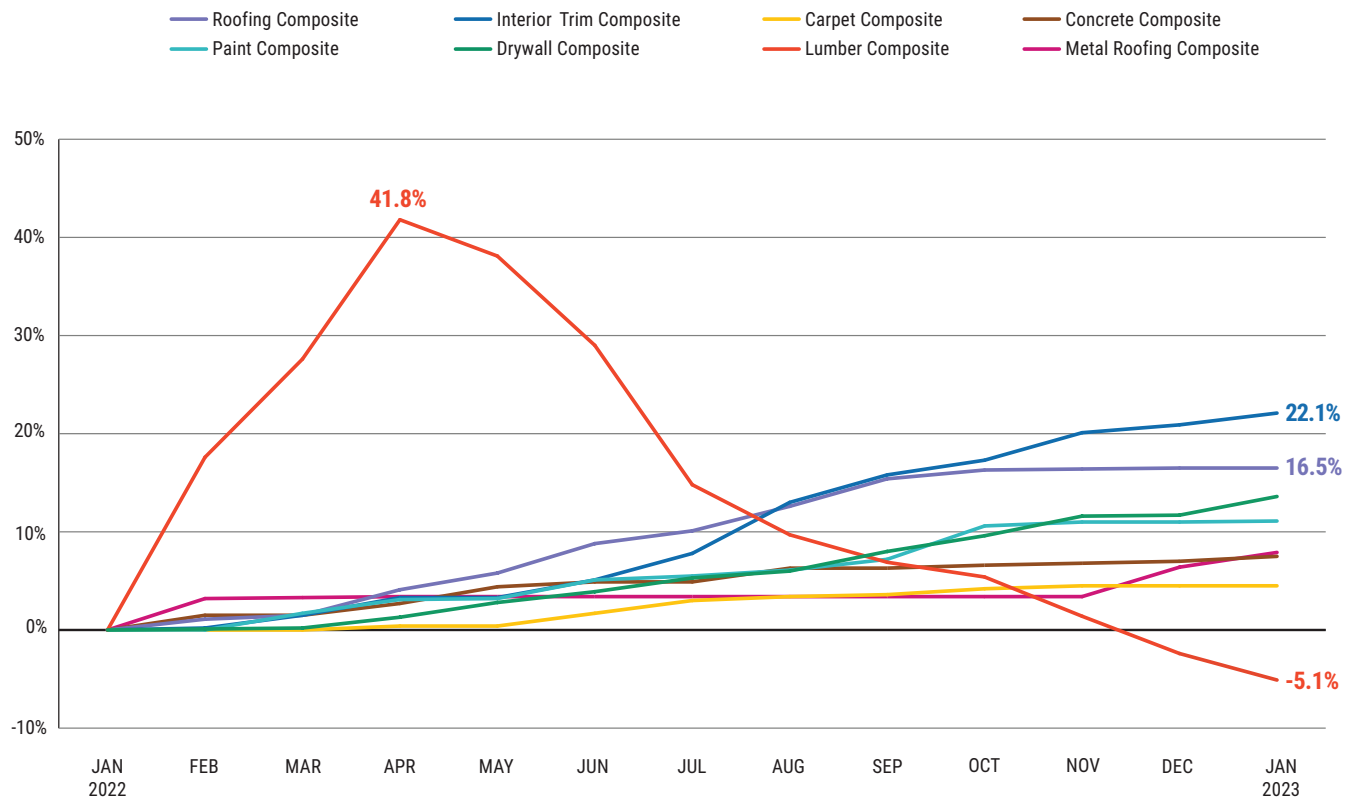
Combined costs for material composites increased 7.8% from January 2022 to January 2023—a dip following the 11.5% gain from October 2022 to October 2023. Interior trim and roofing were the primary drivers, increasing 22.1% and 16.5%, respectively. Lumber costs have decreased consistently for the last nine months, and it stands the only negative composite this quarter at 5.1%.

Drywall costs rose 13.6%. Paint costs, while flattening now from peak levels, trailed closely behind at 11.1%, driven by stains, sealers, and primers. Lumber costs declined 5.1%, a large drop compared to prior quarters.

Percentage change in costs



Percentage change in costs by month

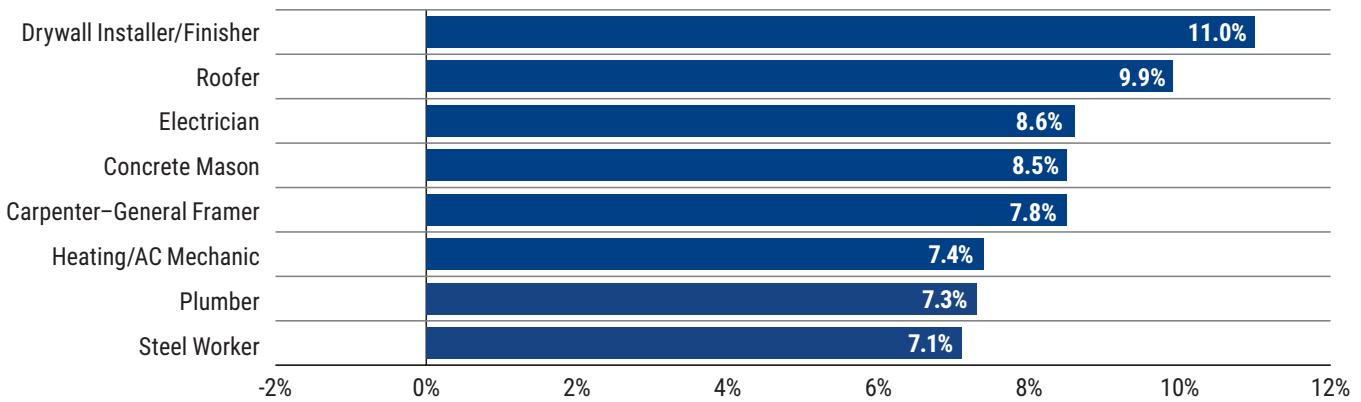


Labor Cost Analysis

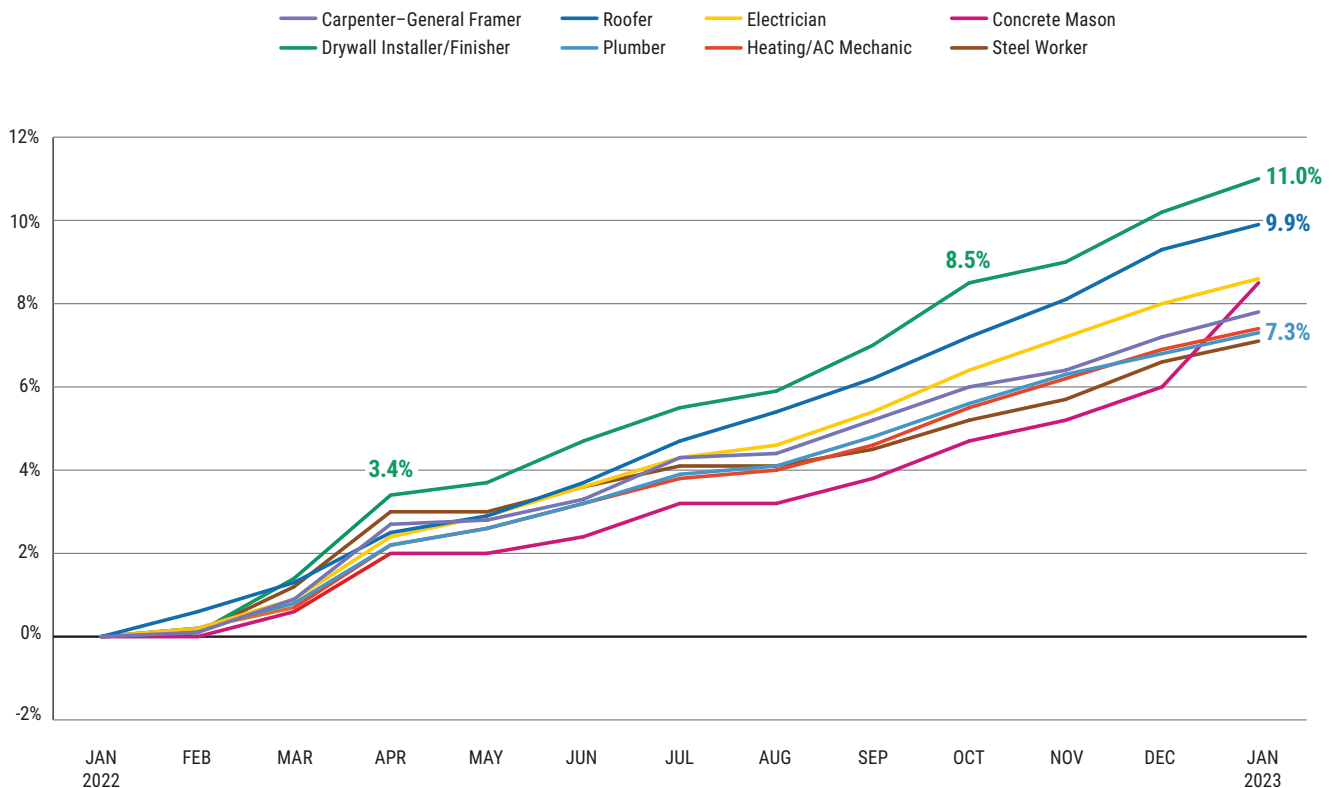
Combined hourly retail labor costs increased 9.4% from January 2022 to January 2023, keeping close pace with the 9.8% increase recorded from July 2021 to July 2022. Labor costs have remained on a steady incline for the last few years.

Drywall installer/finisher and roofer costs increased the most at 11% and 9.9%, respectively. Electrician (8.6%) and concrete mason (8.5%) costs followed. Carpenter-general framer, heating/AC mechanic, plumber, and steel worker cost increases all hovered in the 7% range.

Percentage change in costs



Percentage change in costs 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 million actual damage repair estimates for claims each year.

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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