



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.

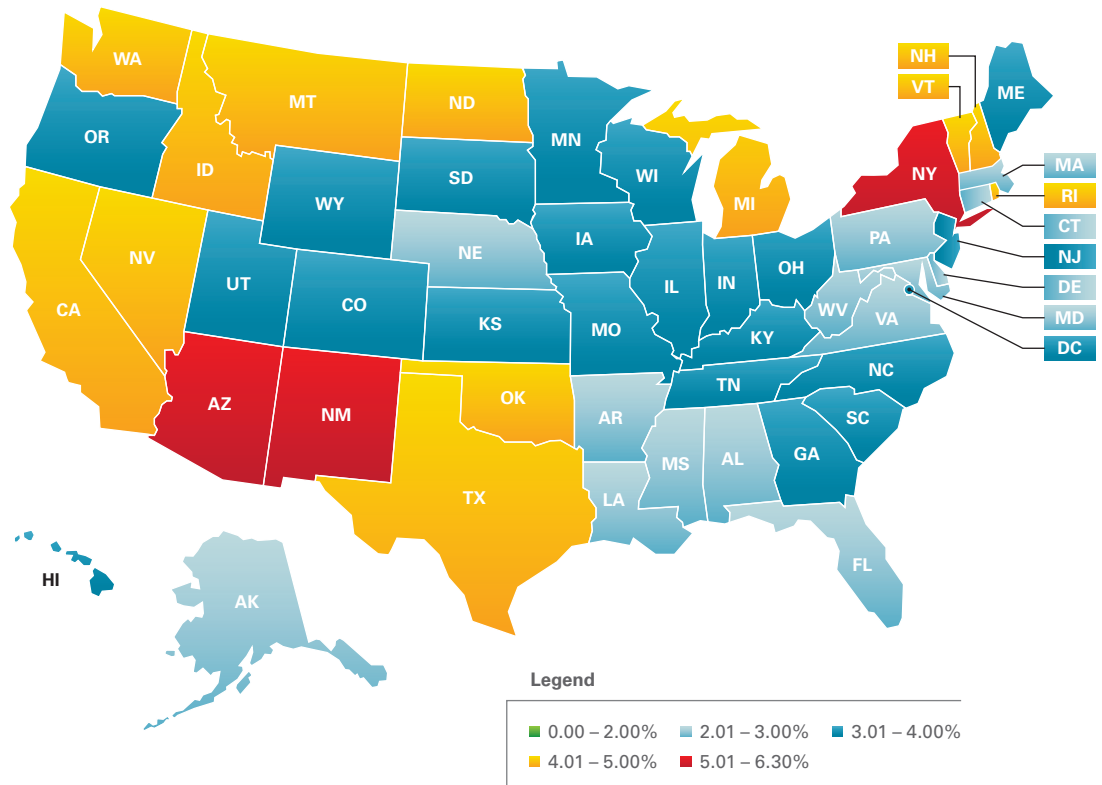
The process includes real-time feedback on reconstruction costs from tens of thousands of contractors and claims adjusters in the field, extensive material and labor cost surveys, and analysis of more than 5 million actual damage repair estimates for claims each year. Updated reconstruction cost data 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 January 2013 to January 2014, overall reconstruction costs increased 3.0 percent in the United States. During fourth-quarter 2013, reconstruction costs increased 0.5 percent, the same rate of increase as third-quarter 2013.

Increases in overall reconstruction costs at the national level carry over to the state level. All states had an increase in total reconstruction costs of at least 2.0 percent during the past year. The four states with the highest increases were New York (6.2 percent), Arizona (5.5 percent), New Mexico (5.2 percent), and Vermont (5.0 percent).

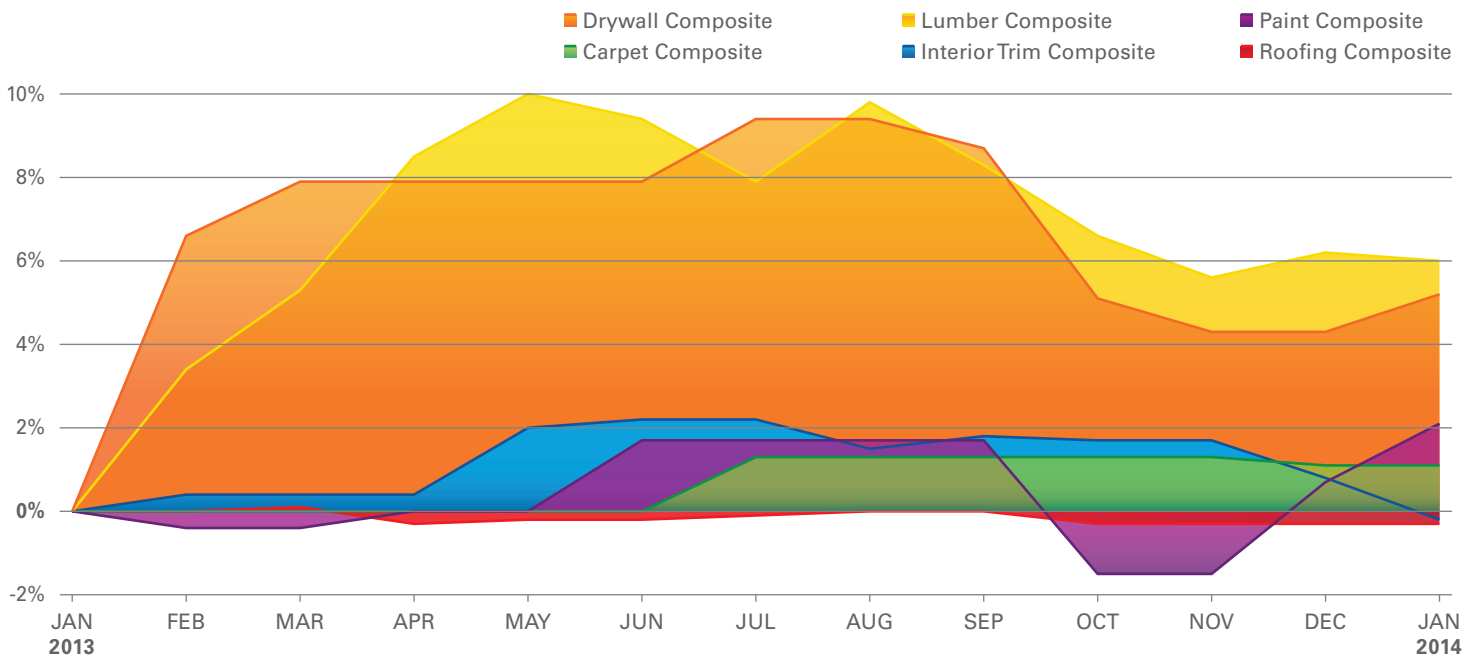
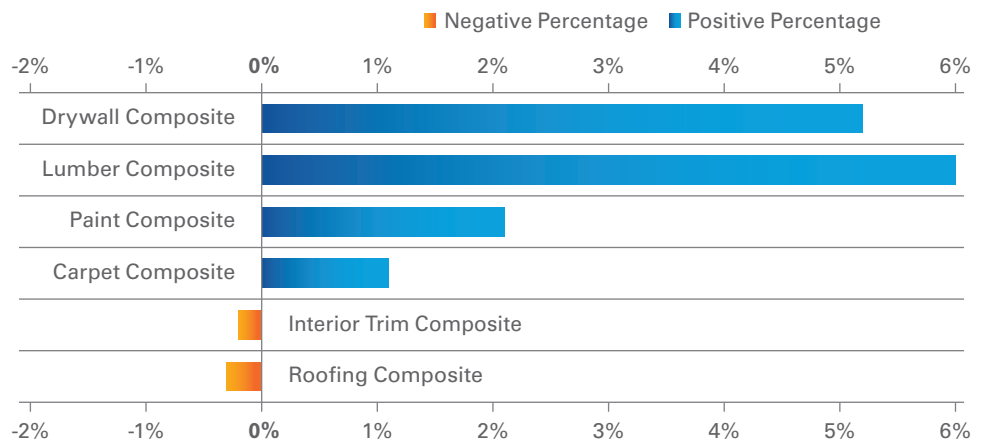


Changes in reconstruction costs by state from January 2013 to January 2014.

Material Cost Analysis

At the national level during the past 12 months, overall costs for material composites tracked by Xactware increased 1.2 percent. During the past three months, material costs increased 0.6 percent.

Between January 2013 and January 2014, the cost of drywall and lumber climbed, rising 5.2 percent and 6.0 percent, respectively. During the same time span, the cost of interior trim dropped 0.2 percent, and the cost of roofing material dropped 0.3 percent.

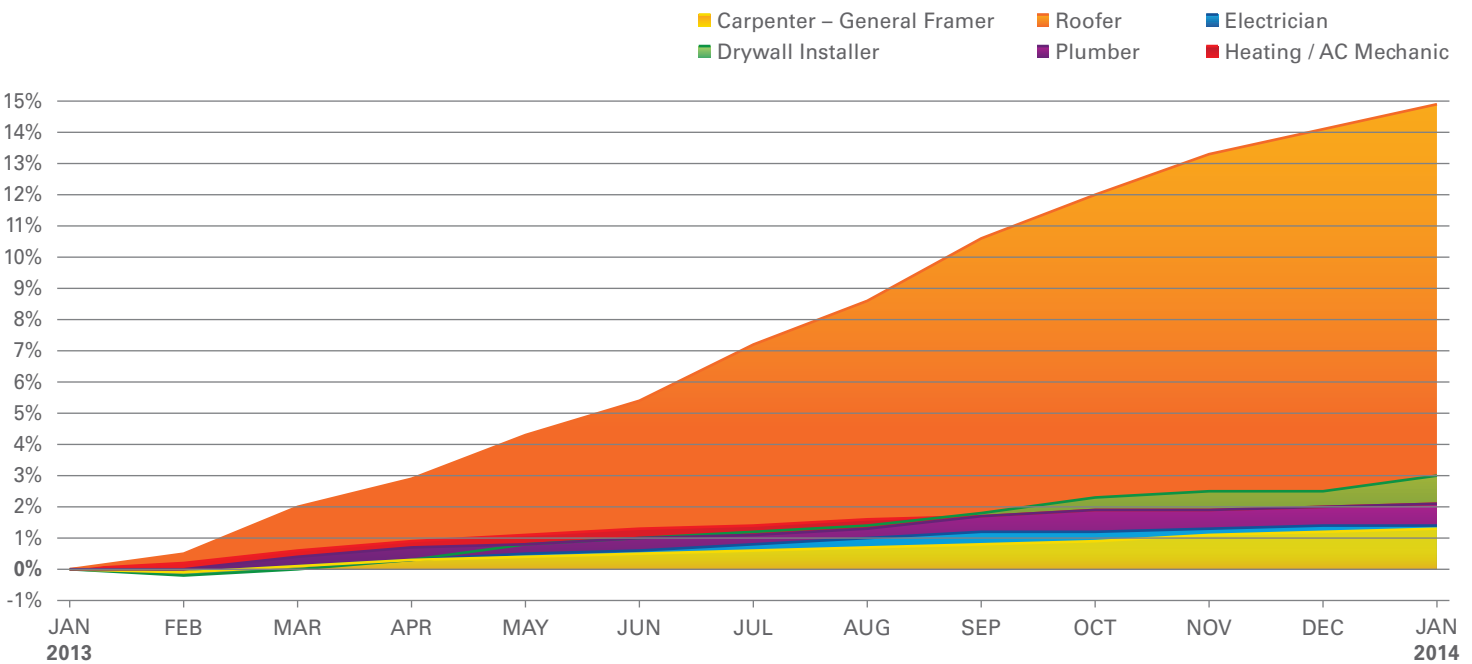
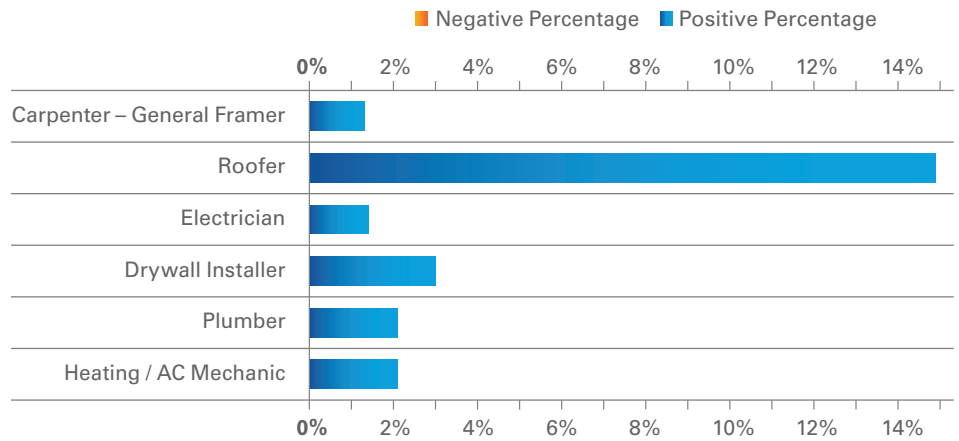


Cost changes for common building materials between January 2013 and January 2014 at the national level. This data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labor Cost Analysis

Overall retail labor rates increased 3.4 percent between January 2013 and January 2014, with all of the six common labor trades tracked in this report showing increases. Rates for roofers rose the most (14.9 percent), and rates for carpenters—general framers and electricians rose the least (1.3 percent and 1.4 percent, respectively).

During this past quarter, average retail labor rates showed an increase of 0.6 percent. All six common labor trades tracked in this report showed increases from the previous quarter, with rates for roofers rising the most.



Changes in labor costs for some common trades between January 2013 and January 2014 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, cabinets, and more.

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/>

