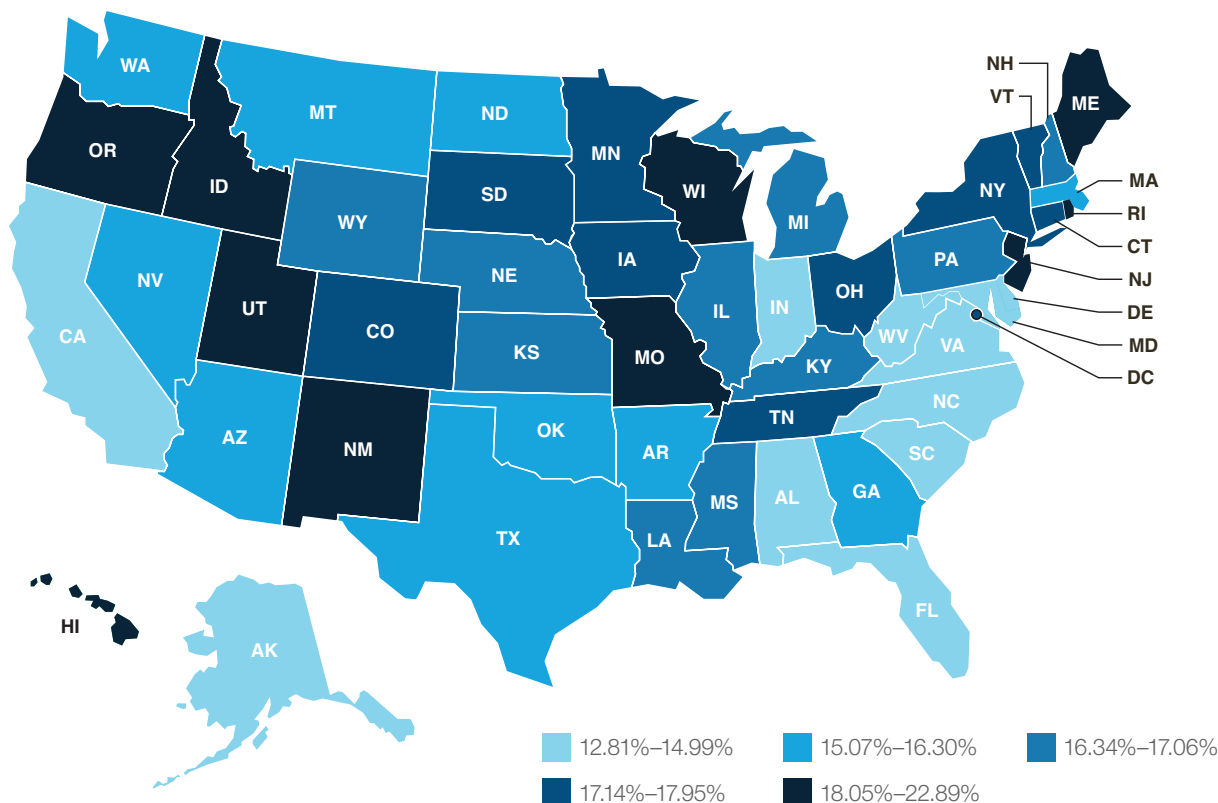


This report provides reconstruction cost trends at the national and state levels. 360Value® Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware.®

Historic lumber price surge boosts overall reconstruction costs

Total reconstruction costs, including materials and retail labor, rose 16.7% from July 2020 to July 2021, doubling the increase from the April 2020 to April 2021 period, when costs rose 8.1%. Lumber is still the primary factor driving reconstruction costs upward, as prices rose 162.7% year over year. This, too, is double the already historic pace noted in April when prices rose 84.7% between 2020 and 2021. Quarterly costs were up 8.8%, a steep increase from the 1.2% gain in the prior quarter.

Reconstruction costs increased in all states. Idaho, Hawaii, and Maine had the biggest increases at 22.9%, 20.2%, and 19.3%, respectively. Florida had the lowest change at 12.8%. The states mirrored the overall national trend, with the rate of price changes growing by leaps.



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.

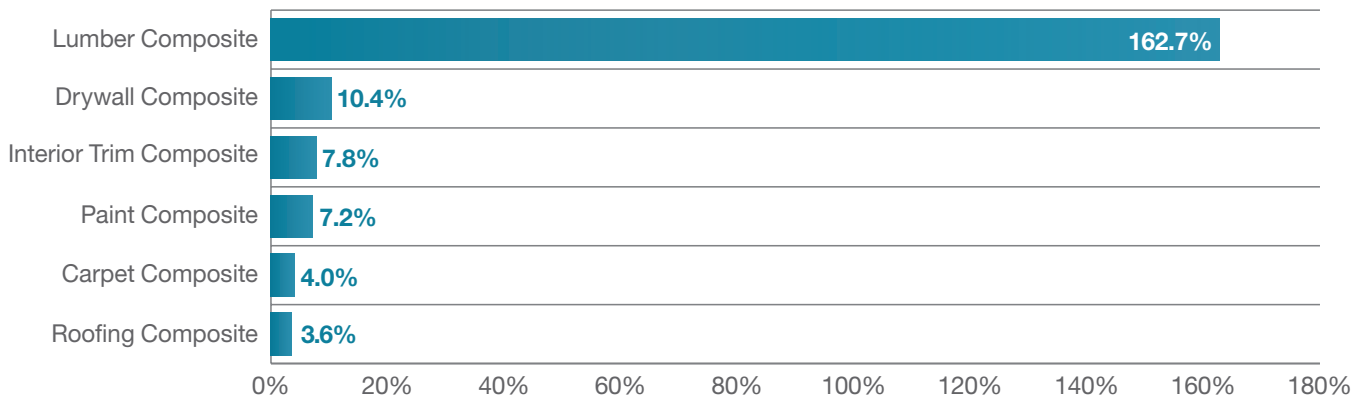
*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from July 2020 to July 2021, unless otherwise noted.



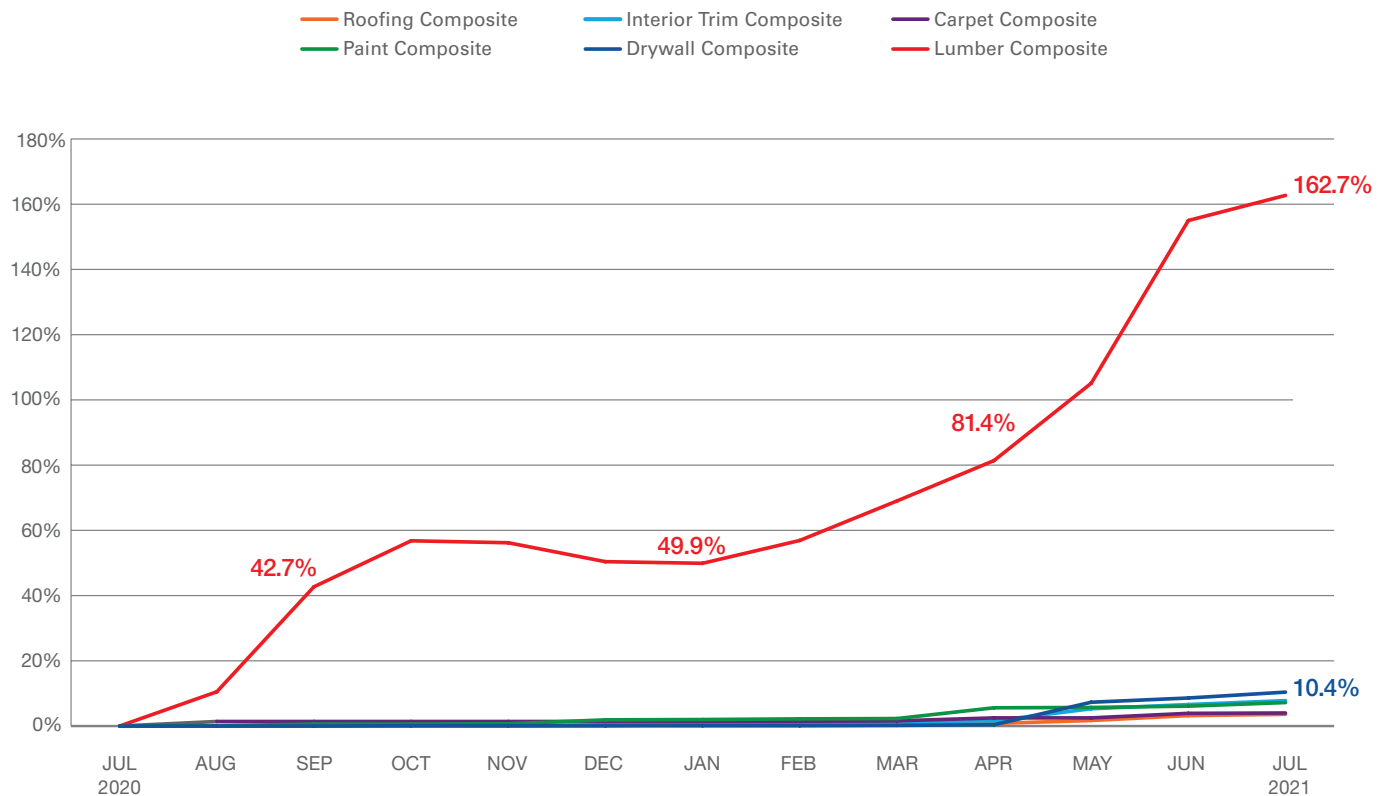
Material Cost Analysis

Combined costs for material composites increased 30.4% from July 2020 to July 2021, a large increase compared with 15.2% from April 2020 to April 2021. Costs were up for all categories. Lumber continued to take the lead, rising 162.7%, as the market reflected high demand from the ongoing boom in building and renovation activity, supply shortages driven by pandemic-related shutdowns, and production not keeping up with demand. Drywall was in distant second with a 10.4% increase, and interior trim and paint followed at 7.8% and 7.2%, respectively. The remaining categories increased 4% to 3.6%.

Percentage change in costs



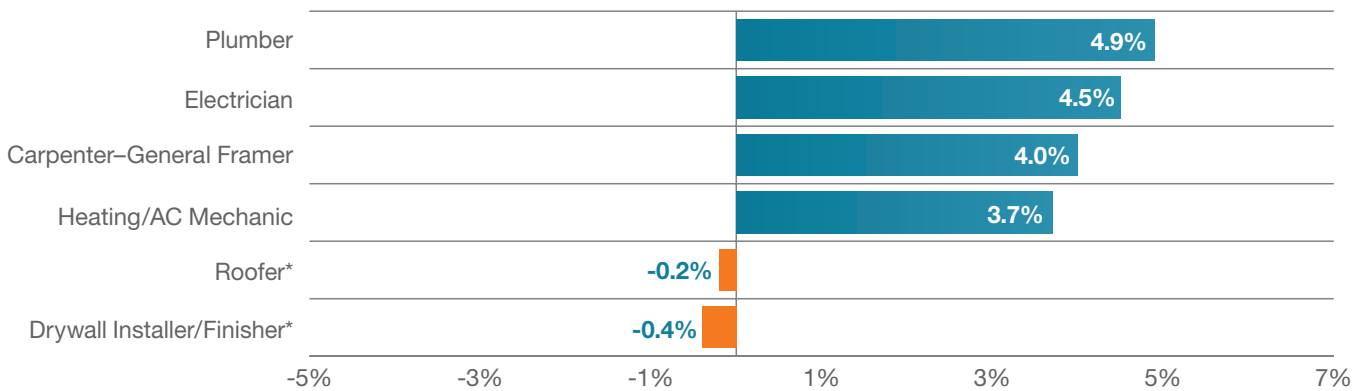
Percentage change in costs by month



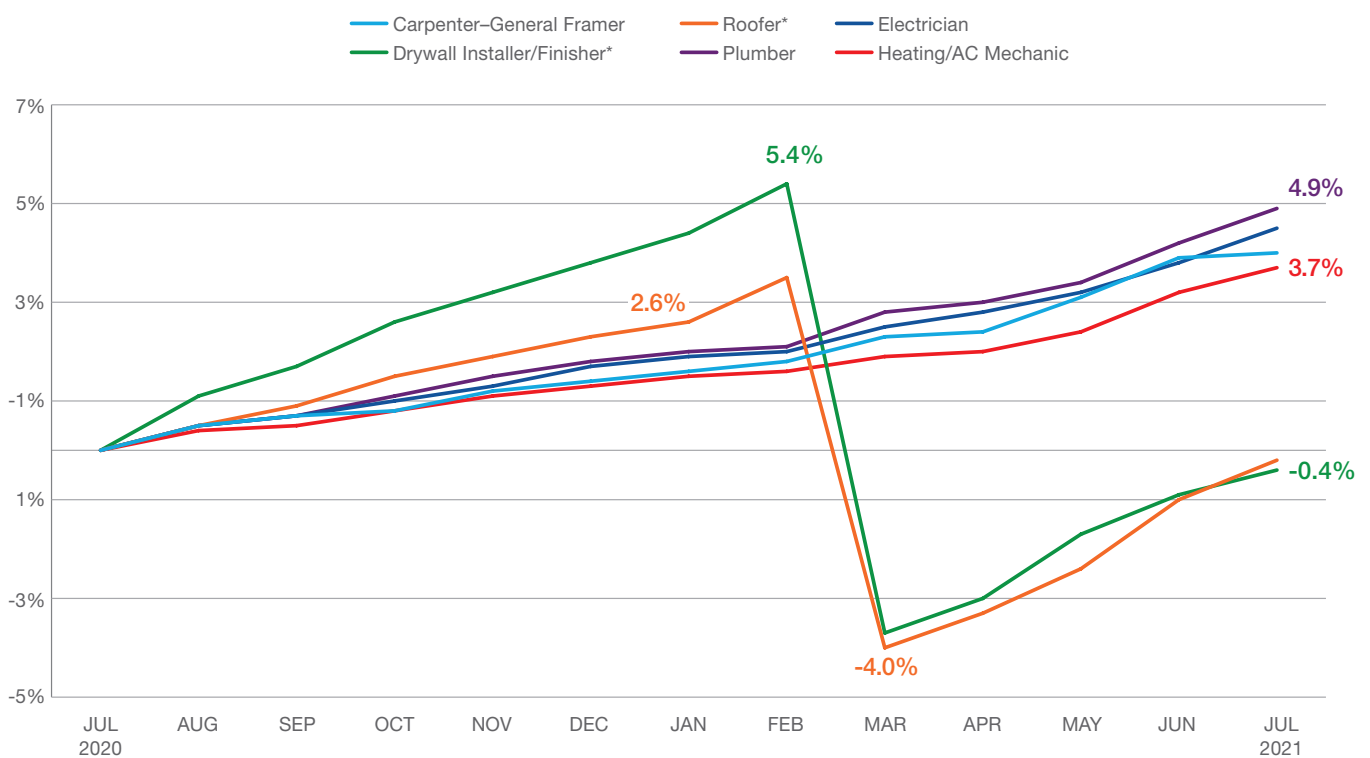
Labor Cost Analysis

Combined hourly retail labor rates increased 4.1% from July 2020 to July 2021, up slightly from the 3.8% increase recorded from April 2020 to April 2021. Plumber costs increased the most, at 4.9%. Electrician cost increases were a close second place at 4.5%. Roofer and drywall installer/finisher were the only categories that declined, falling 0.2% and 0.4%, respectively.

Percentage change in costs



Percentage change in costs by month




* Based on a recent survey conducted with a large group of contractors in multiple states and provinces, we've changed an assumption in our cost calculations, increasing the time for driving and picking up materials/equipment from 30 to 60 minutes. The impact this has on the unit prices and hourly labor rates will vary based on feedback and on recent random sample surveys with contractors for labor and line item pricing. For example, in some trades where it is more common for contractors to quote unit pricing over an hourly labor rate, it may be that the current hourly labor rate was adjusted downward so the unit prices stayed constant.

About this report

360Value Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware, a Verisk business, and validated at a highly localized level.

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.

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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