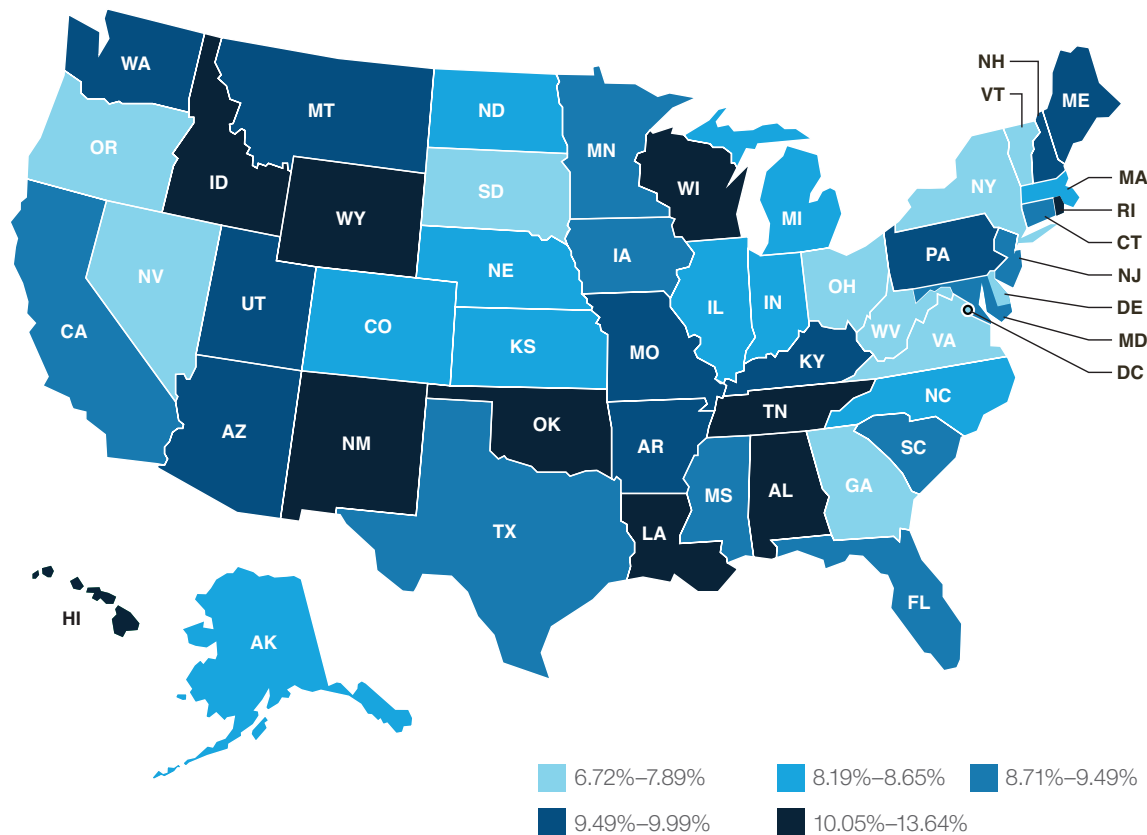


This report provides reconstruction cost trends at the national and state levels. 360Value® Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware.

Reconstruction cost increases continue as lumber price rise persists

Total reconstruction costs, including materials and retail labor, increased sharply again, up 9.1% from January 2020 to January 2021 as lumber costs posted a 54% jump. This continued a surge that began in the previous reporting period with 9.2% growth from October 2019 to October 2020. But the fourth-quarter increase leveled off at 0.8%, following a 5.0% spike in the third quarter.

Reconstruction costs increased in all states. Idaho, Hawaii, and Rhode Island had the biggest increases at 13.2%, 11.2%, and 10.8%, respectively. Washington, D.C., had the lowest change at 6.7%. Cost changes in New Mexico were the most variable; the state had an increase of 34 rank positions.



Changes in reconstruction costs by state.

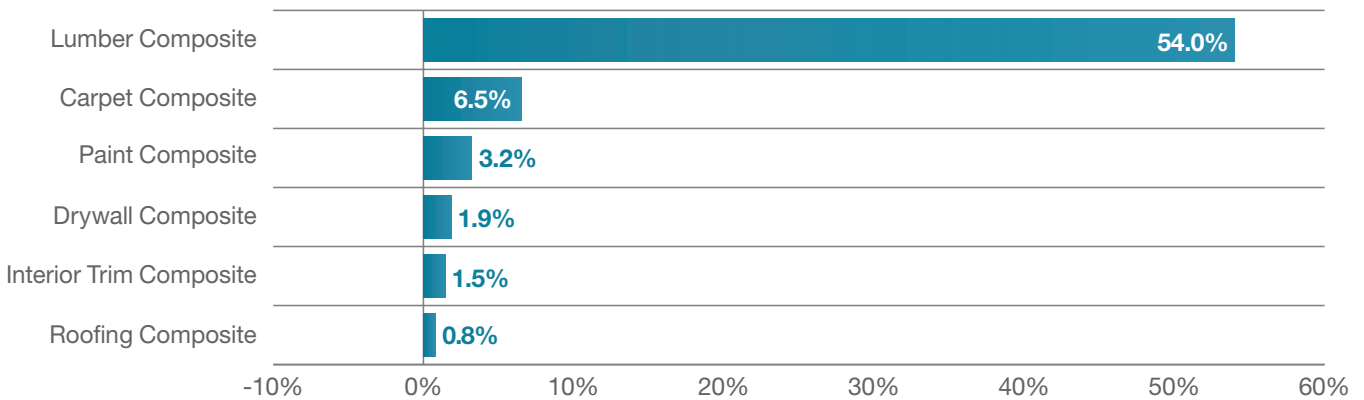
States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

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

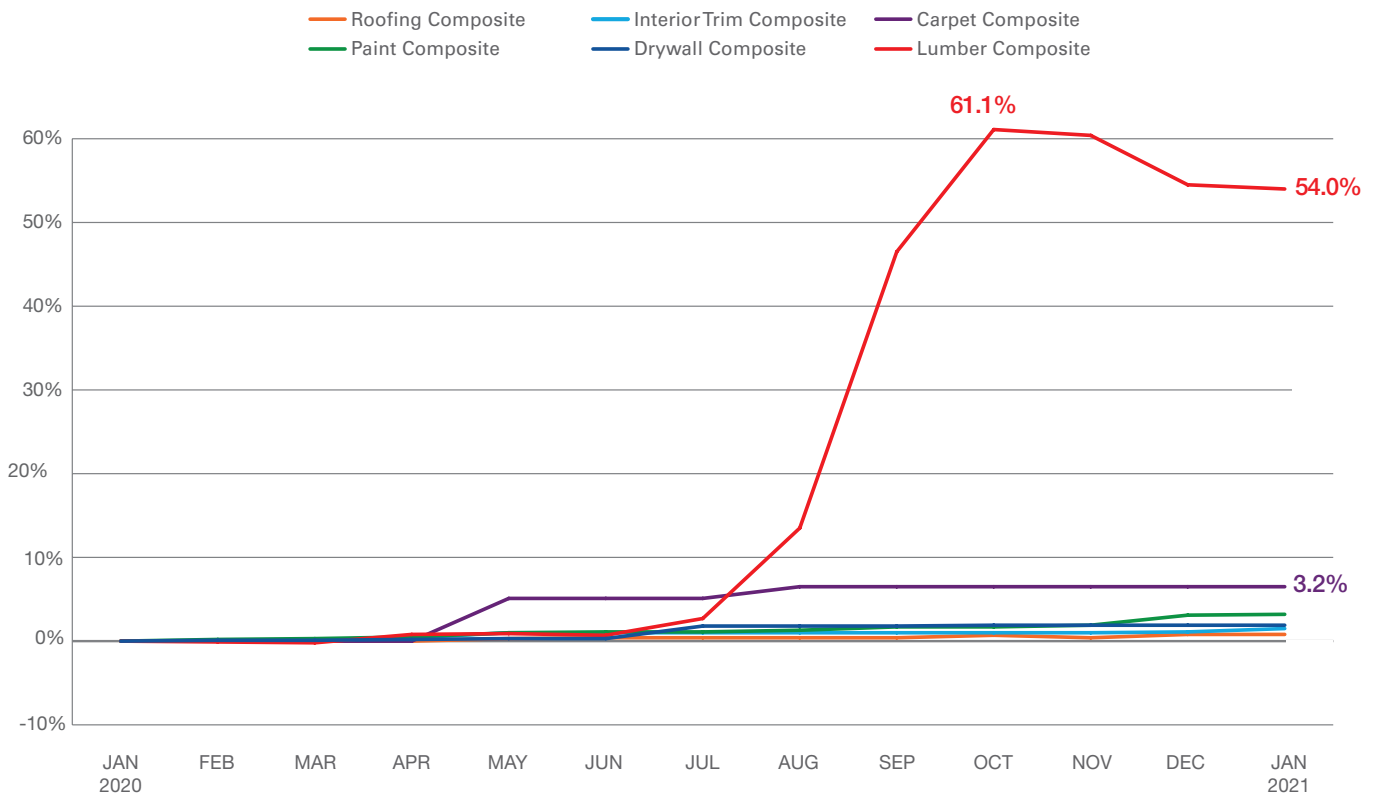
Material Cost Analysis

Combined costs for material composites increased 14.2% from January 2020 to January 2021, compared with 14.5% from October 2019 to October 2020. Costs were up for all categories. Lumber costs continued their extreme behavior with a 54.0% surge as the market reflected ongoing high demand from increased building activity; supply shortages driven by shutdowns earlier in the year related to the pandemic; and reduced production as the slower winter building season starts. Carpet was a distant second with a 6.5% increase, and paint followed at 3.2%. The remaining categories increased just 0.8% to 1.9%.

Percentage change in costs



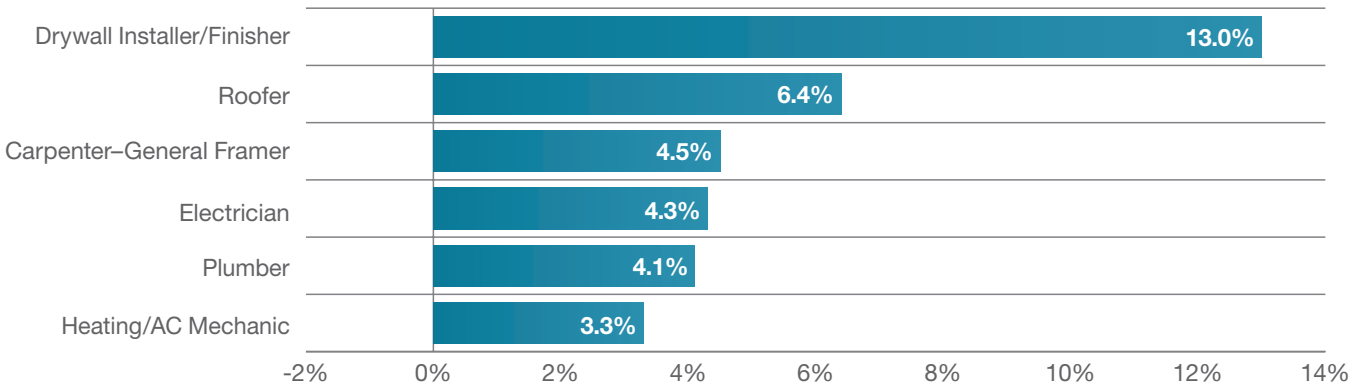
Percentage change in costs by month



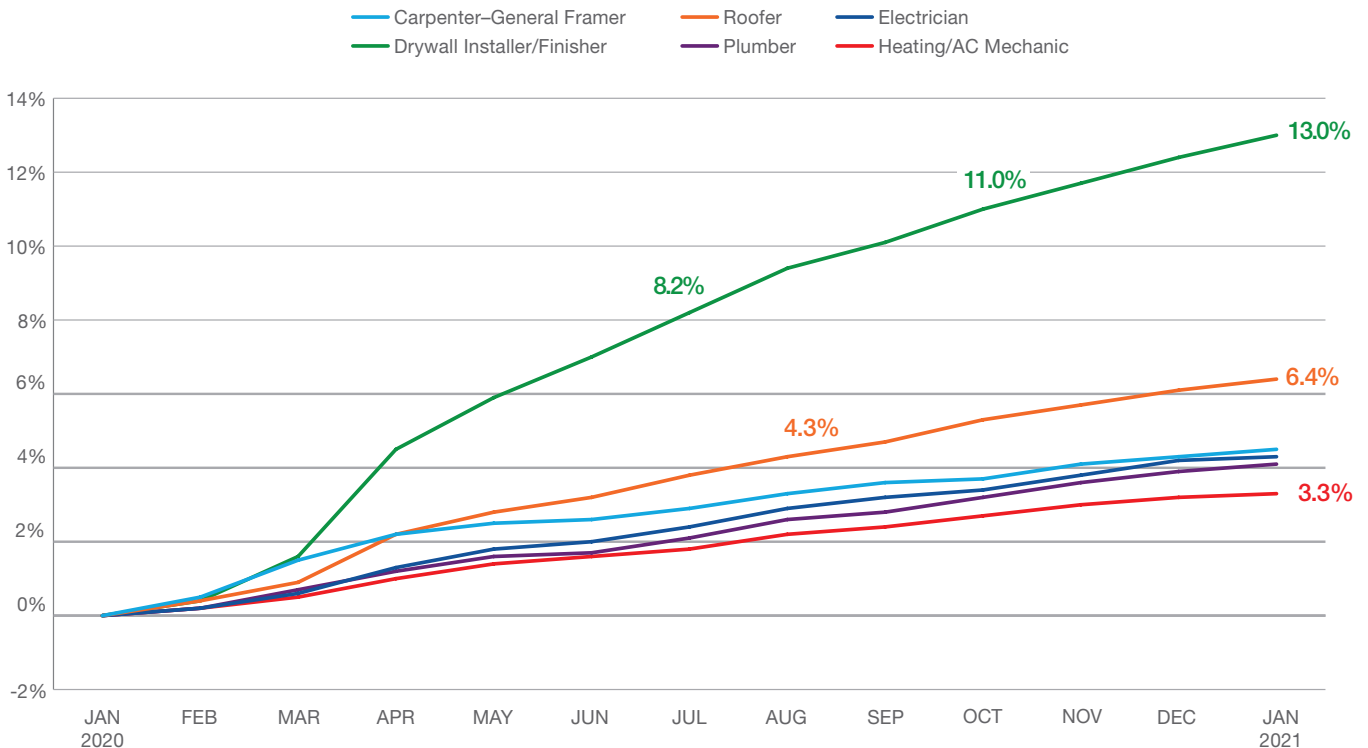
Labor Cost Analysis

Combined retail labor costs increased 7.9% from January 2020 to January 2021, slightly higher than the 7.3% rise from October 2019 to October 2020. All common labor trades saw steady cost increases. Drywall installer/finisher costs continued to increase the most, at 13.0%. Roofer cost increases trailed in second place by a large margin at 6.4%. Heating/AC mechanic costs continued to have the lowest total increase at 3.3%.

Percentage change in costs



Percentage change in costs by month




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.

 1-800-444-4554, option 3

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