



360Value Quarterly Reconstruction Cost Analysis

Q2 2024: United States



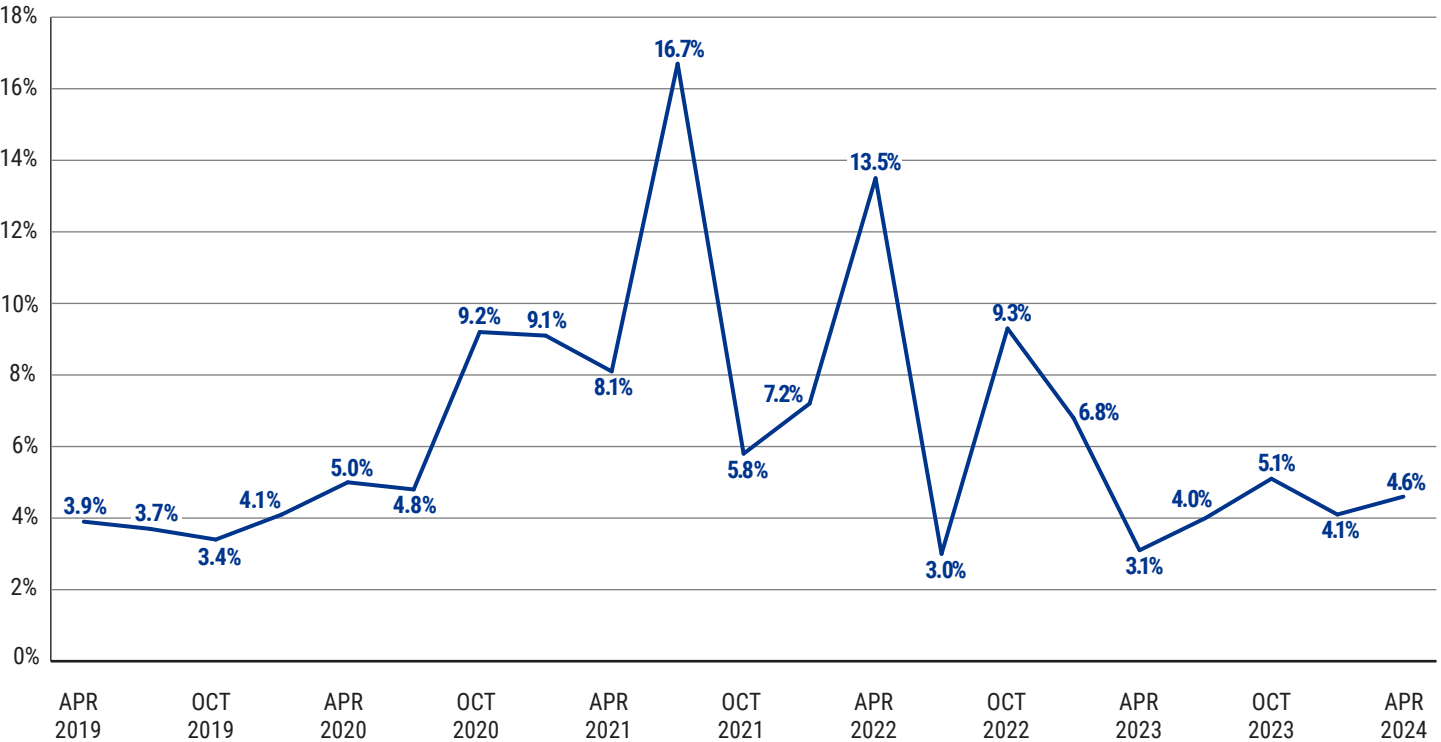
This report provides reconstruction cost trends at the national and state levels. The 360Value® Quarterly Reconstruction Cost Analysis is derived from building cost research conducted by Verisk using the industry-leading Xactimate® estimating solution. All rates, percentages, increases, decreases, etc., are calculated as percentage changes from January 2024 to April 2024 unless otherwise noted.

Reconstruction costs normalizing

Total reconstruction costs in the United States, including materials and retail labor, increased by 4.6% from April 2023 to April 2024, slightly more than their 4.1% rise from January 2023 to January 2024.

The growth rate in reconstruction costs is starting to line up more closely with pre-COVID rates: average increases during the pandemic were 11% per year, as opposed to the historical average of 3% to 4%.

Year-over-year reconstruction cost changes, April 2019–April 2024



Cost changes (year over year and quarter over quarter) by month for both residential and commercial reconstruction. (Source: Verisk data)

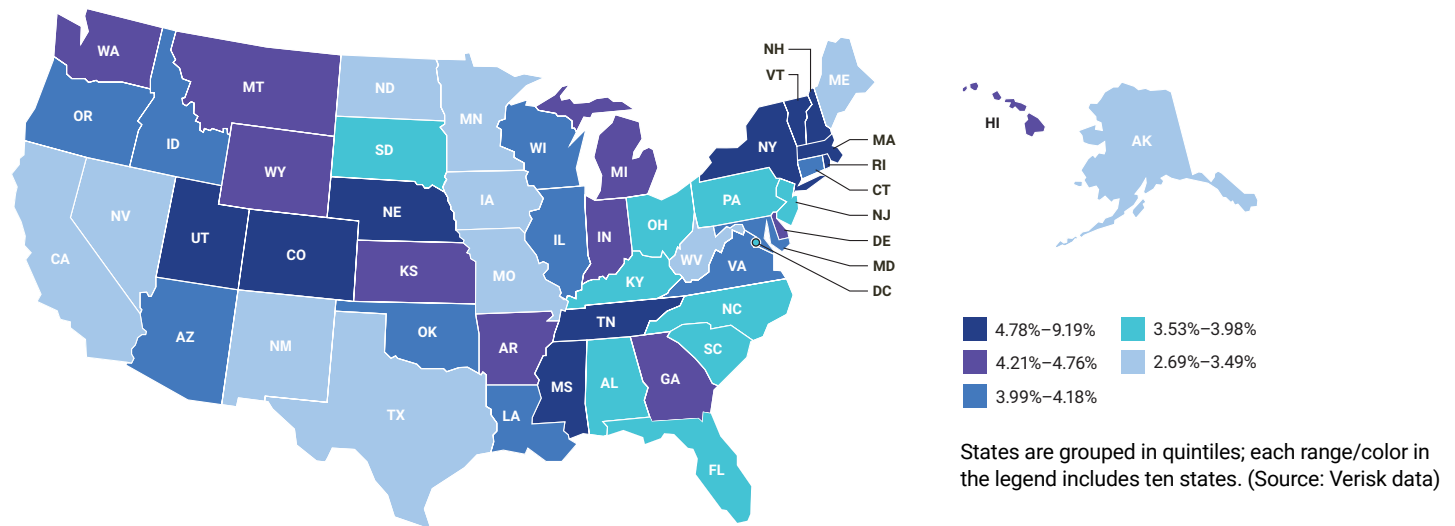
Reconstruction Costs

Residential reconstruction costs

Residential reconstruction costs increased in all states. Colorado and New Hampshire had the two highest residential reconstruction cost increases at 9.19% and 8.66%, respectively. Nevada and Alaska had the two lowest increases at 2.69% and 2.85%, respectively.

California's rank changed most significantly, falling from the 14th-highest cost increase in January 2024 to the 44th-highest in April 2024. Maine's rank dropped from 25th to 46th as its residential reconstruction costs fell by .56%.

Changes in residential reconstruction costs by state

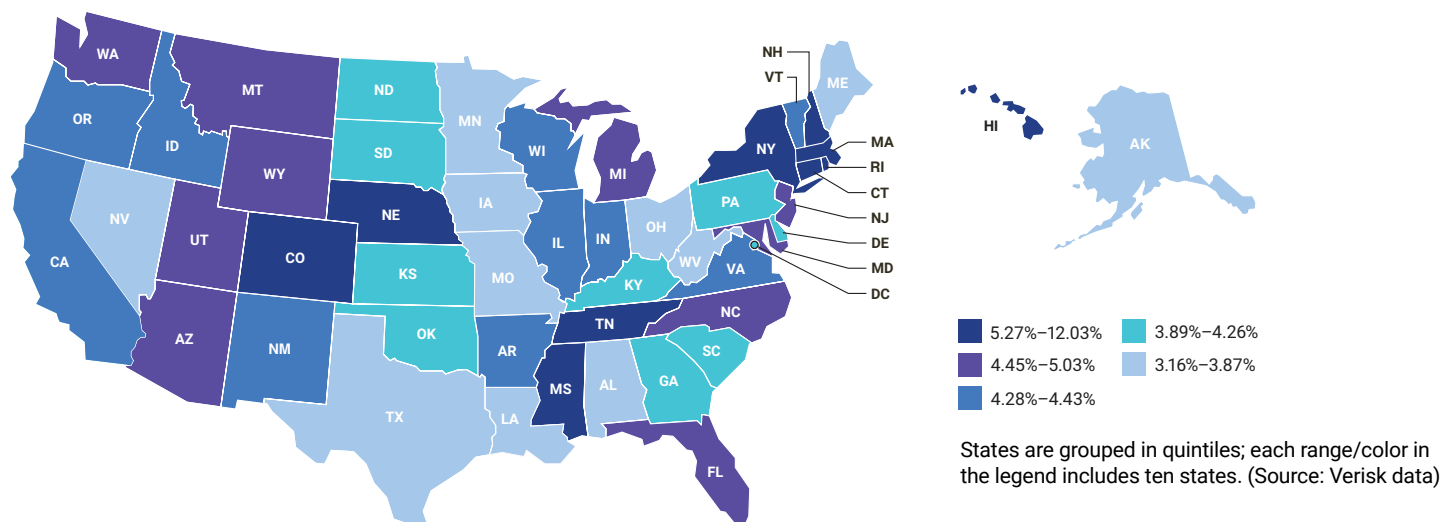


Commercial reconstruction costs

For the second quarter in a row, Colorado and New Hampshire had the two highest year-over-year commercial reconstruction cost increases at 12.03% and 11.77%, respectively. Alaska and Maine had the lowest commercial cost increases at 3.16% and 3.19%, respectively.

Florida and Idaho saw the most significant changes in ranking: Florida rose from 47th to 15th, while Idaho rose from 43rd to 21st. Alabama, Georgia, and Maine saw the largest rank drops: Alabama went from 19th to 48th; Georgia went from 12th to 37th; and Maine went from 25th to 50th.

Changes in commercial reconstruction costs by state



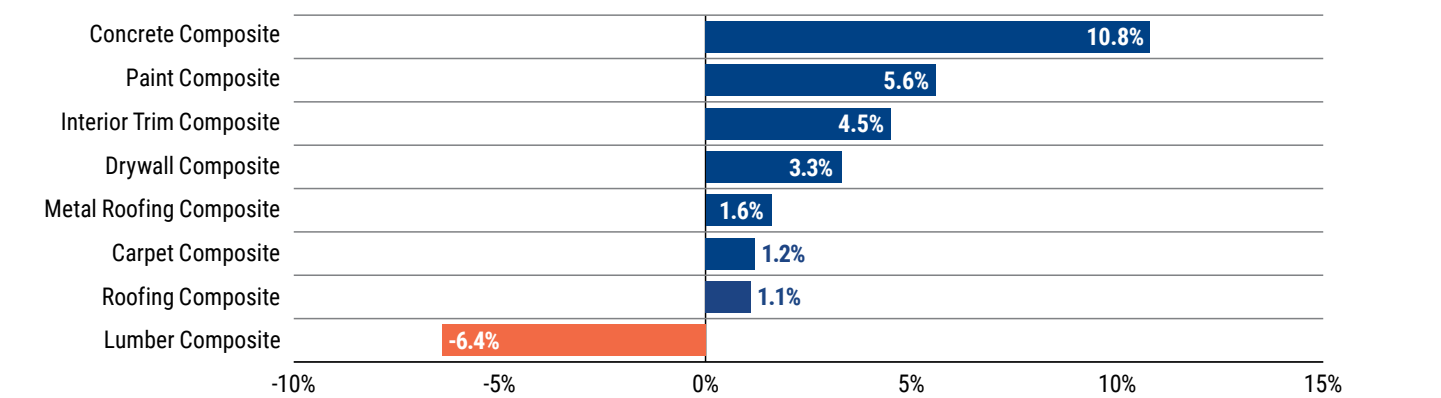
Labor and materials

Material cost analysis

Combined costs for material composites increased 3.2% between April 2023 and April 2024, largely driven by the cost of stucco, OSB sheathing, fascia, soffit, and carpet pads.

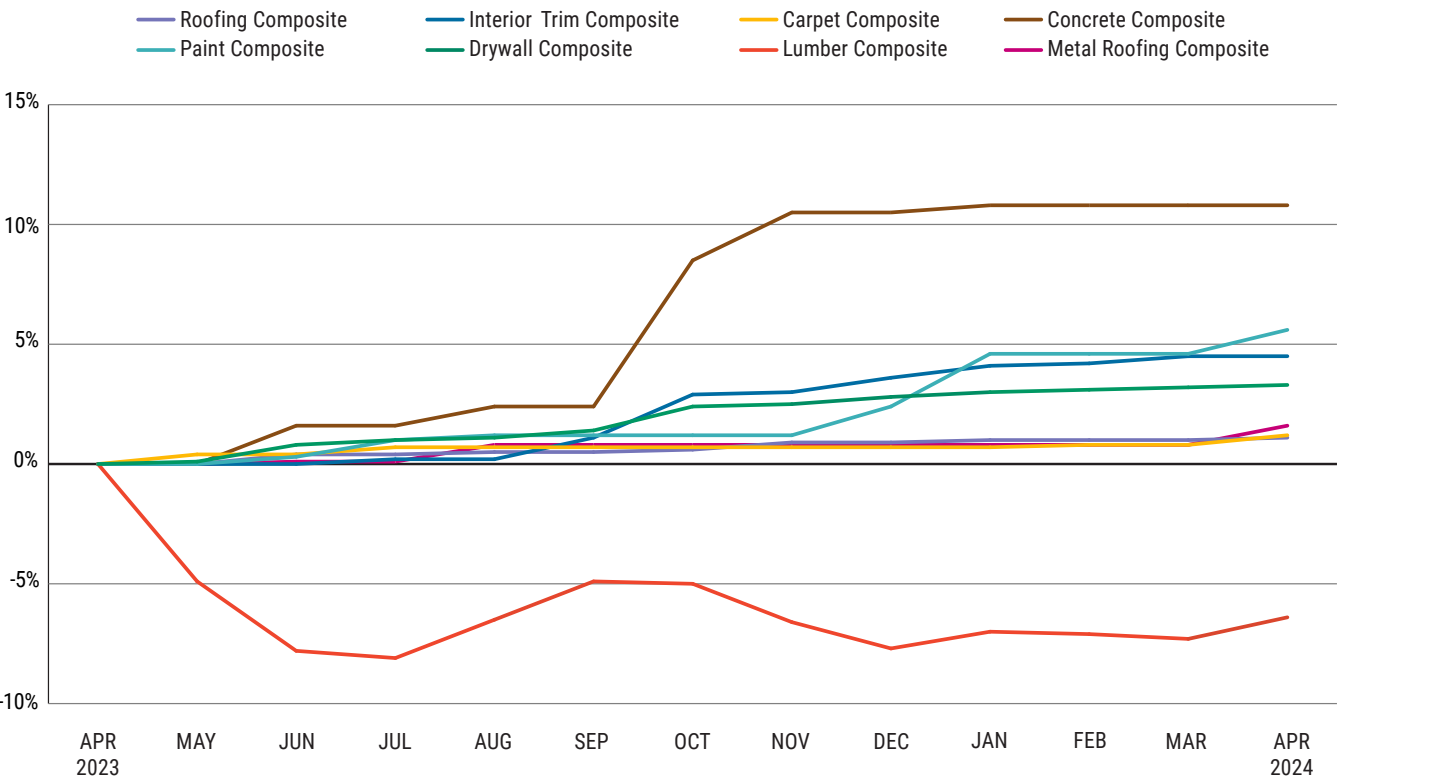
Concrete composite saw the greatest year-over-year increase, growing by 10.8%. Concrete costs increased significantly between August and November 2023, largely due to a jump in the price of fuel, which is needed to manufacture cement and transport concrete. Lumber prices have dropped considerably over the past few years, with the 6.4% drop between April 2023 and April 2024 continuing this trend.

Year-over-year percentage change in material composites costs



Year-over-year percentage changes in material composite costs by category. (Source: Verisk data)

Percentage change in materials costs by category and month



Percentage change in materials composite prices by category and month. (Source: Verisk data)

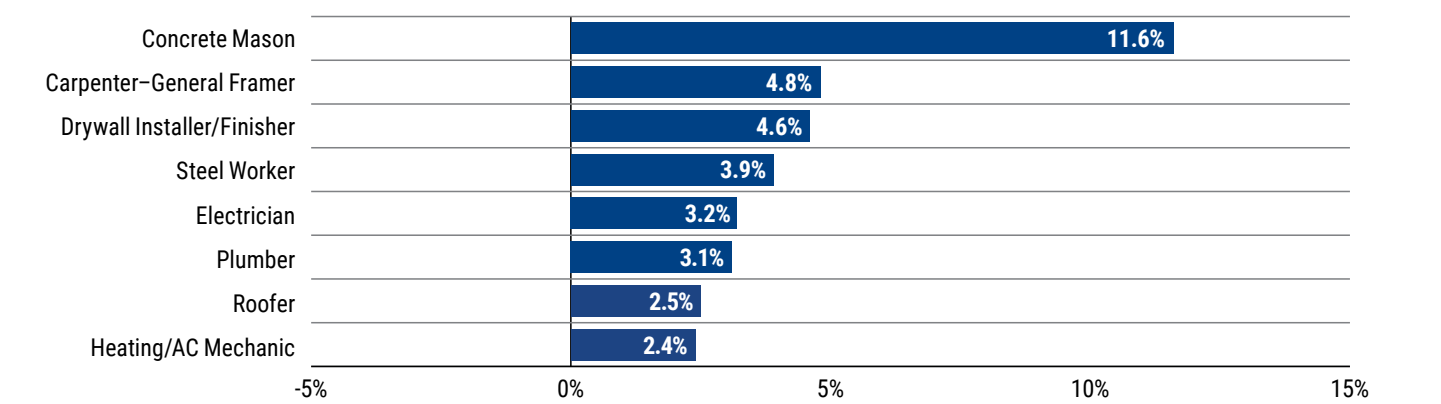
Paint, interior trim, and drywall had modest year-over-year growth at 5.6%, 4.5%, and 3.3%, respectively. Metal roofing, carpet, and roofing were more stable, growing by only 1.6%, 1.2%, and 1.1%, respectively. Paint composite costs barely grew for most of the year, then made several jumps starting in December to have the second-highest year-over-year growth rate, likely due to the increasing cost of paint/varnish stripper.

Labor cost analysis

Combined hourly retail labor costs increased by 4.8% between April 2023 and April 2024. Labor costs have risen for the last few years, but their growth rate seems to be slowing, as evidenced by the minor increase of 0.9% in Q4 2023 and the even smaller increase in Q1 2024.

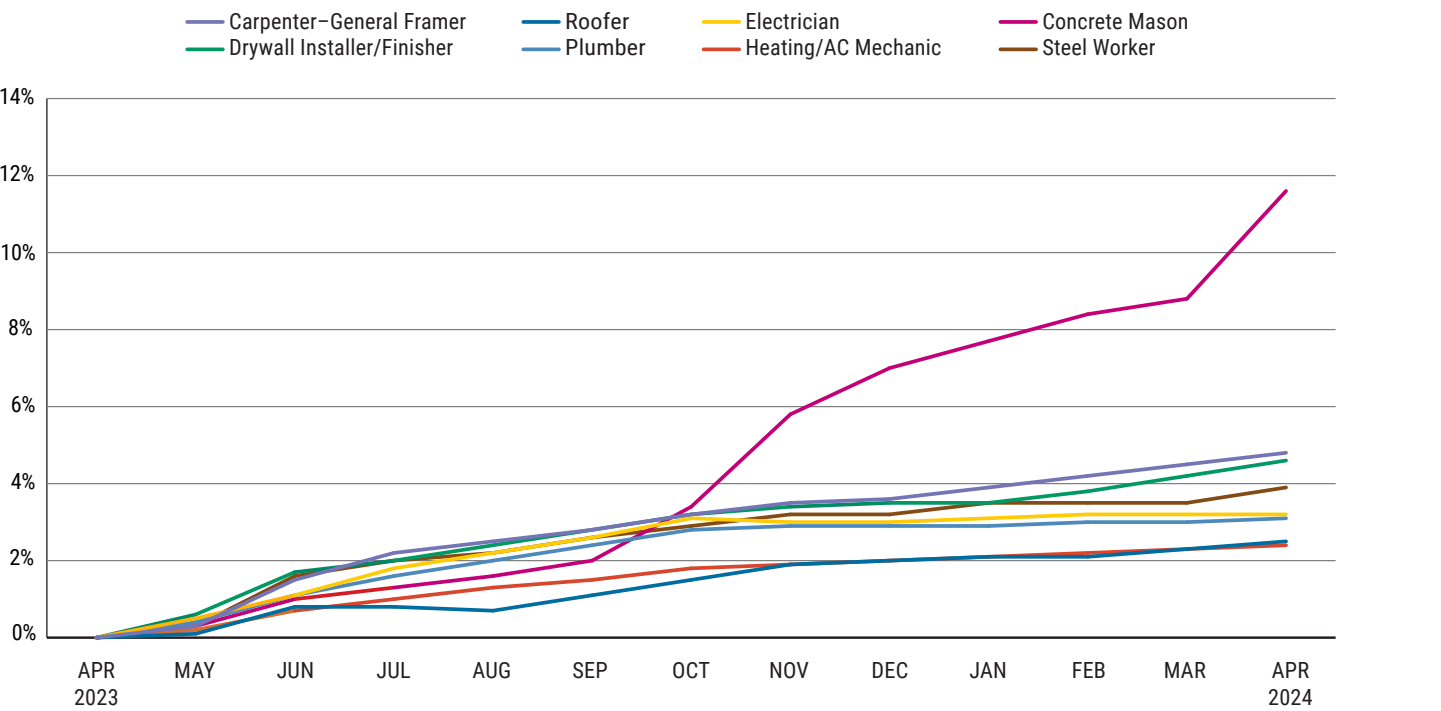
The cost of concrete masons increased significantly, rising 11.6% between April 2023 and April 2024, a very slight easing of their 11.95% increase between January 2023 and January 2024.

Year-over-year percentage change in labor coomposite costs



All but one labor category saw modest cost increases from April 2023 to April 2024. (Source: Verisk data)

Percentage change in labor costs, by month and category



Rates for concrete masons rose more than twice as much as the next-highest-rising group (Source: Verisk data)

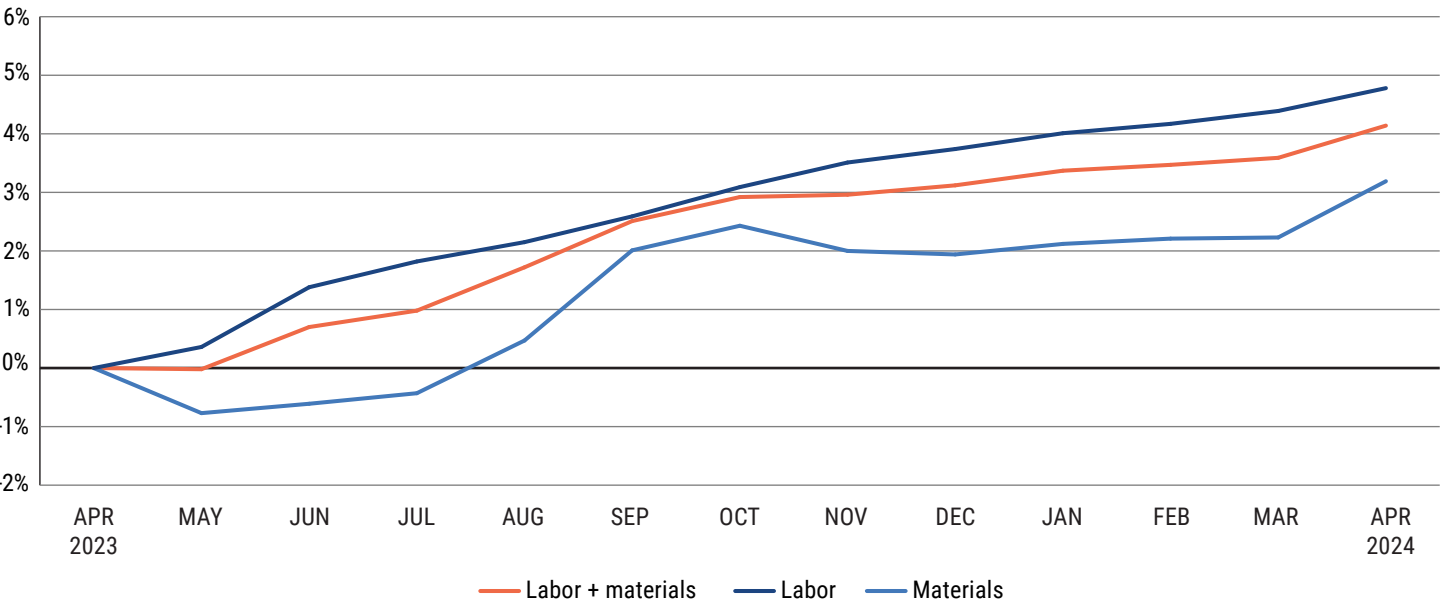
Between April 2023 and April 2024, concrete mason rates rose more than twice as much as the next-highest group: 11.6% vs. 4.6% growth for carpenter/general framer rates. Most labor categories showed mild growth, ranging from drywall installer/finishers' 4.6% to heating/AC mechanics' 2.4%, the smallest growth of any category.

The combination of a 10.8% growth in concrete composite material costs and an 11.6% increase in the retail labor rate for concrete mason meant that jobs involving concrete between April 2023 and April 2024 saw a significant cost increase.

Labor and materials in aggregate

Rising labor costs contributed more to the growth in total costs than material costs between April 2023 and April 2024. Labor costs grew 4.8% over those 12 months, while material costs weren't far behind, rising by 3.2%.

Cost growth for labor and materials, April 2023 to April 2024

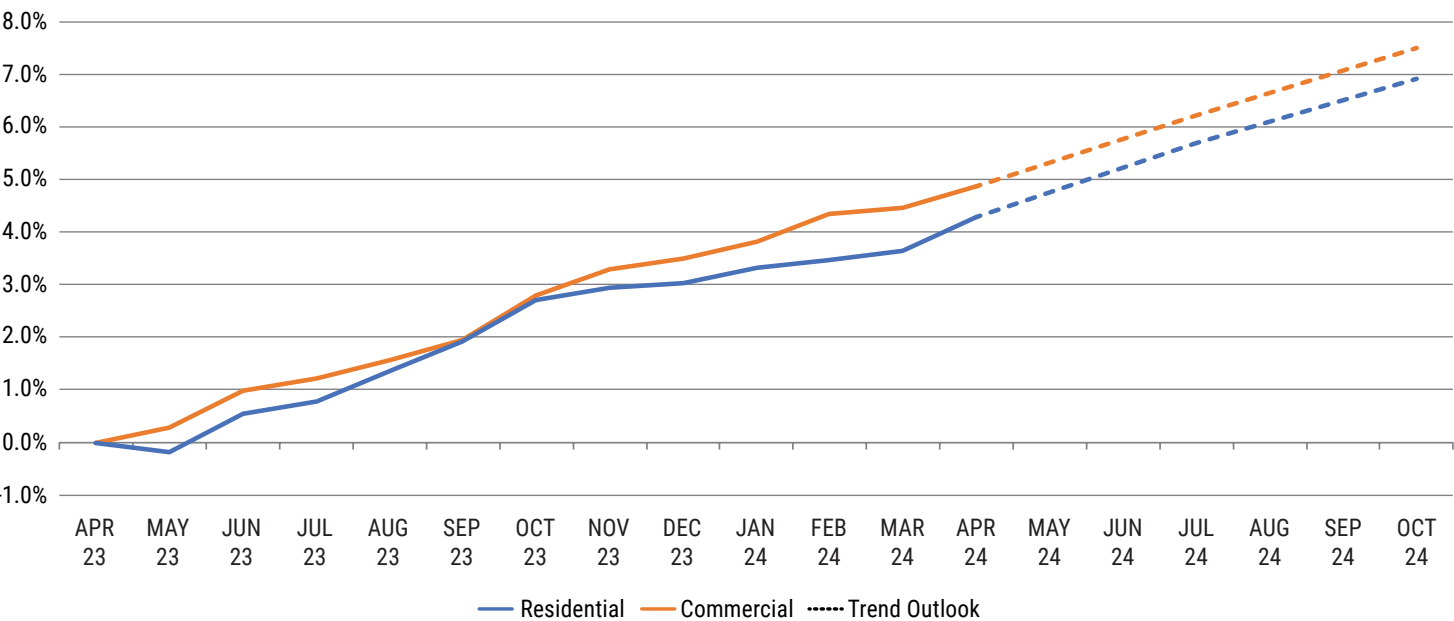


Changes in cost for labor, materials, and labor + materials by month. (Source: Verisk data)

Market expectations

Ongoing volatility due to global warming, extreme weather events, supply chain challenges, labor strains, and other factors continues to pose a challenge for insurers forecasting premiums.

Year-over-year percentage change in material composites costs



Residential vs. commercial reconstruction cost increases by month with projected growth through October 2024. (Source: Verisk data)

Verisk data indicates that commercial and residential reconstruction costs will continue increasing by about 2.5% between April and October 2024.

Verisk’s new Market Expectations Index delivers forward-facing insights every quarter via CSV download. Get 3-, 6-, and 12-month future indexes for residential and commercial structures, based on regional reconstruction costs down to individual ZIP codes.

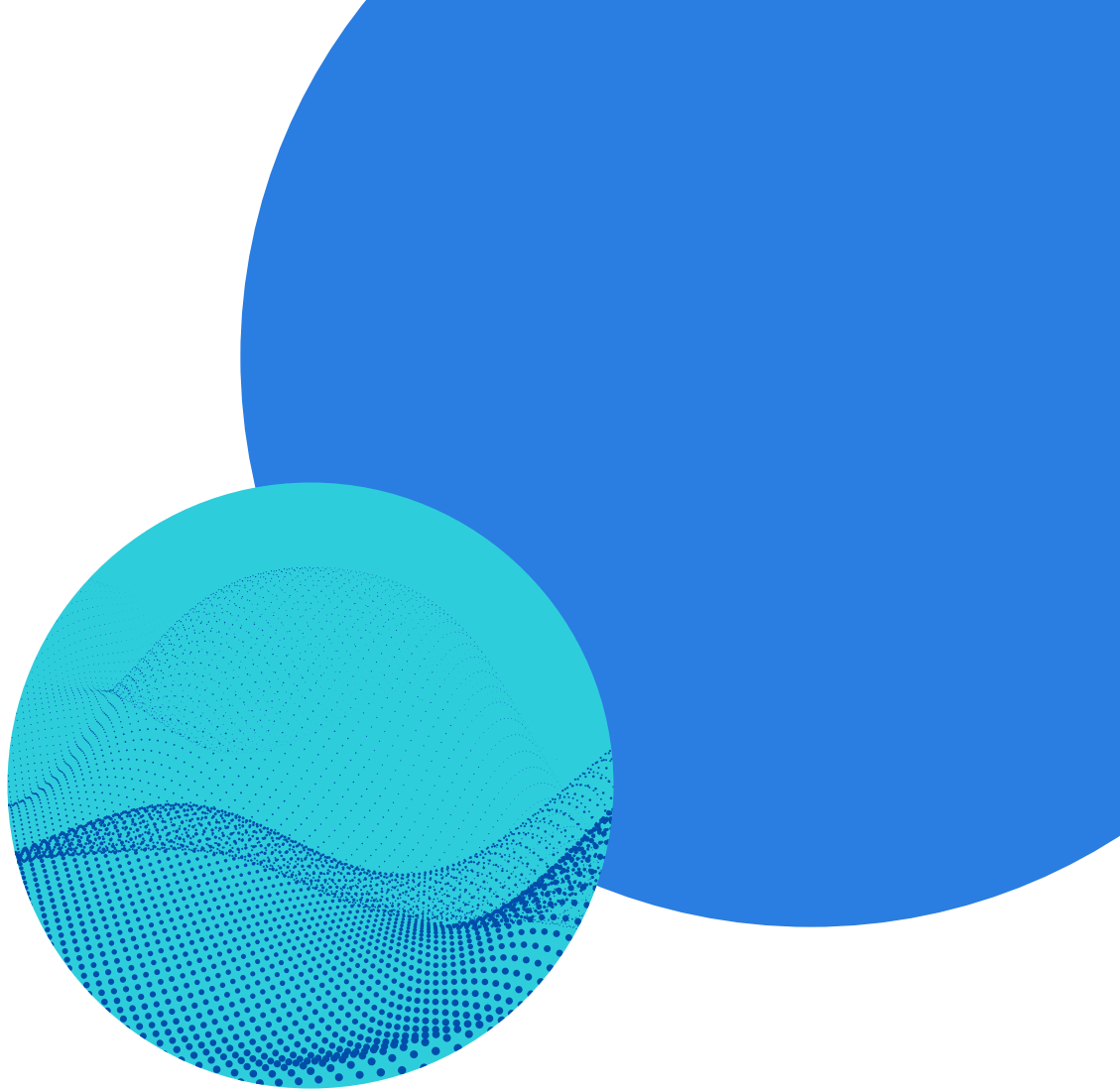
To learn more about the Market Expectations Index, contact Trish Hopkinson at trish.hopkinson@verisk.com.

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 5.8 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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