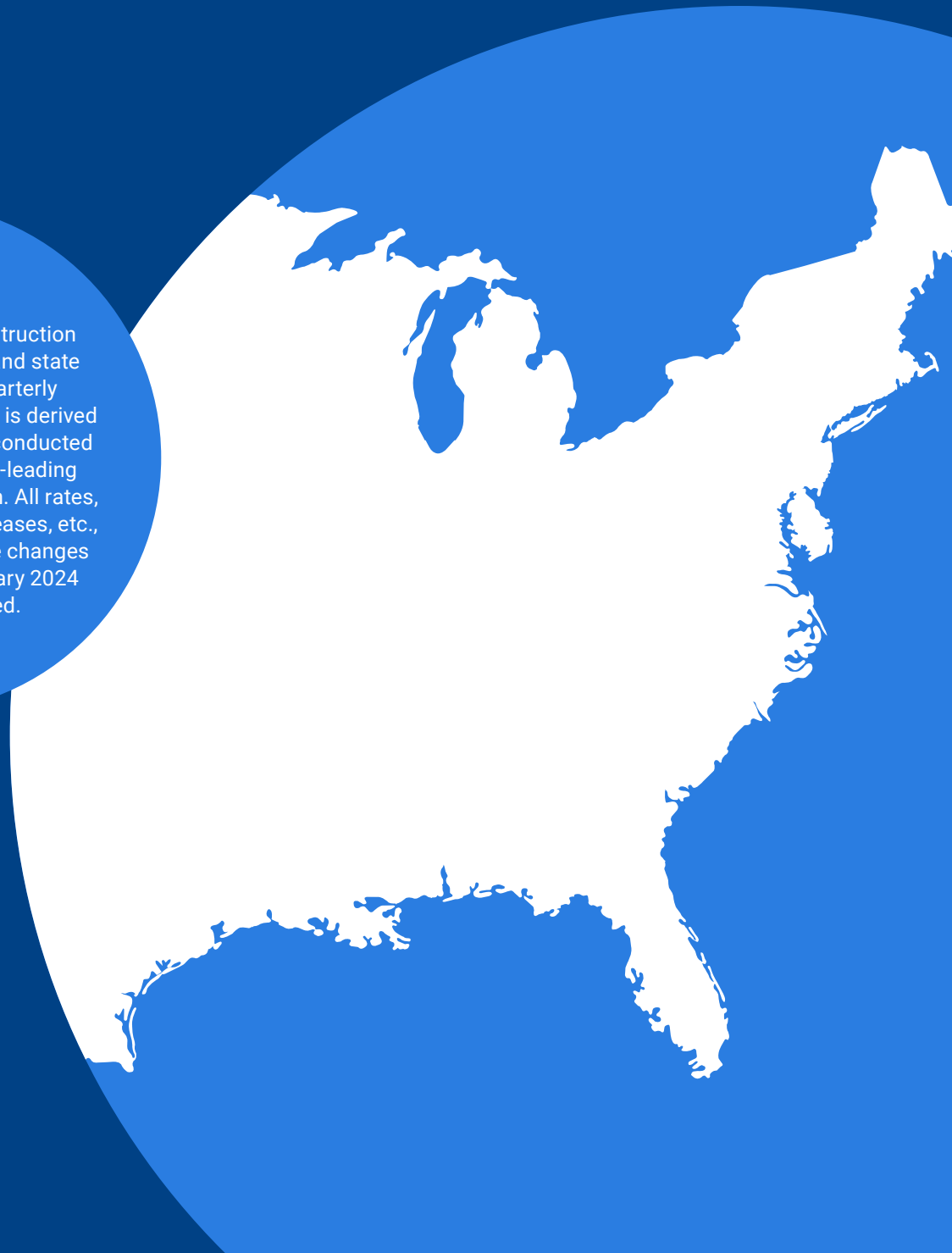




360Value Quarterly Reconstruction Cost Analysis

Q1 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 2023 to January 2024 unless otherwise noted.



Costs stabilize as inflation recedes

Total reconstruction costs in the United States, including materials and retail labor, increased by 4.1% from January 2023 to January 2024. This rise was slow at the beginning of the year, jumped in June and August, then slowed again at the end of the year, rising only 0.4% in Q4 2023.

Reconstruction Costs

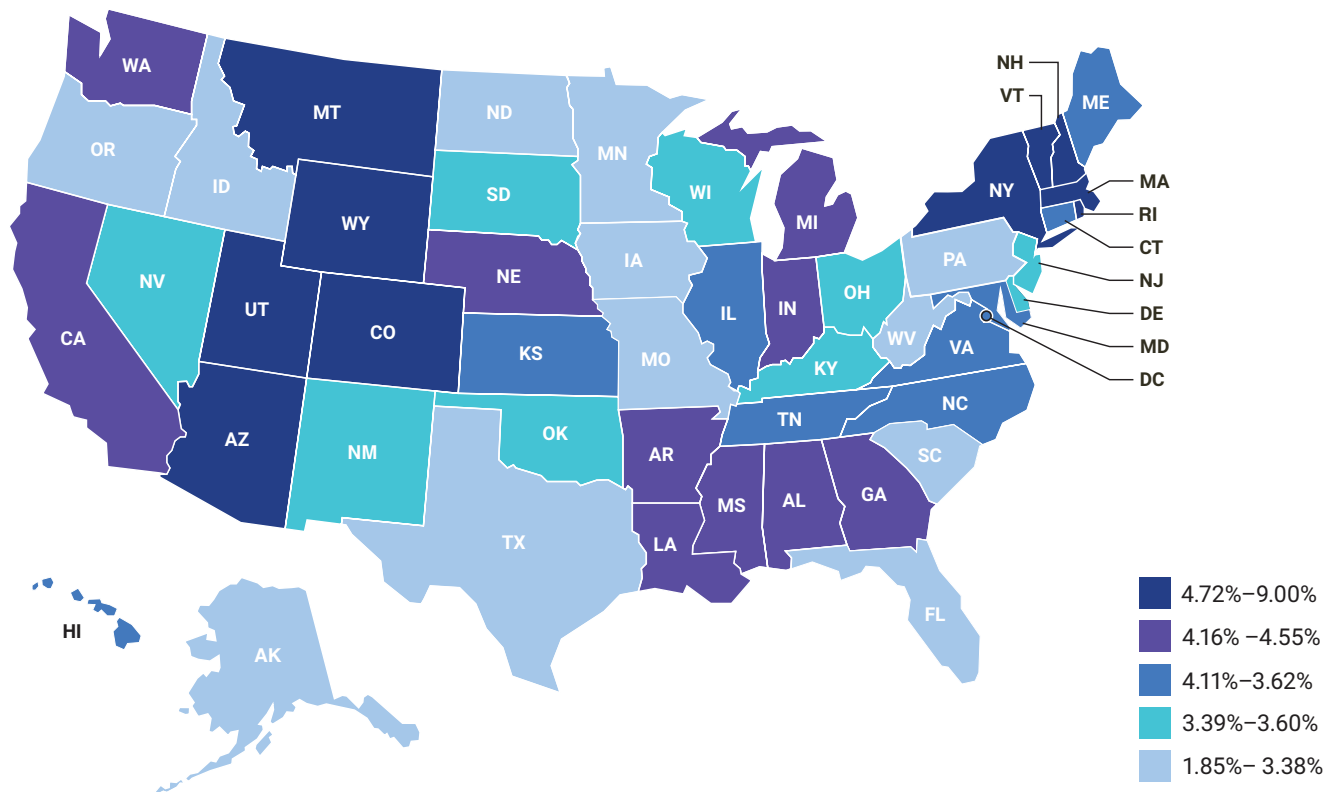
Residential Reconstruction Costs

Residential reconstruction costs increased in all states. Colorado had the largest increase at 9.0% for the year, followed by New Hampshire (7.8%) and Montana (6.0%).

Florida's rank changed most significantly, falling from the 14th-highest cost increase in October 2023 to the 47th-highest in January 2024; costs were up 3.0% in the state year-over-year. Texas had a similar decline, from 10th highest to 42nd highest, with a year-over-year cost increase of 3.2%.

Connecticut's residential reconstruction costs grew the most sharply, from 2.5% in October 2023 to 4.1% year-over-year in January 2024, taking its rank from 50 to 21. Montana and Iowa saw no changes in rank: Montana stayed in 3rd, and Iowa stayed in 51st, the lowest possible rank. Total residential costs increased 4.1% from January 2023 to January 2024 and 0.6% from October 2023 to January 2024.

Changes in residential reconstruction costs by state



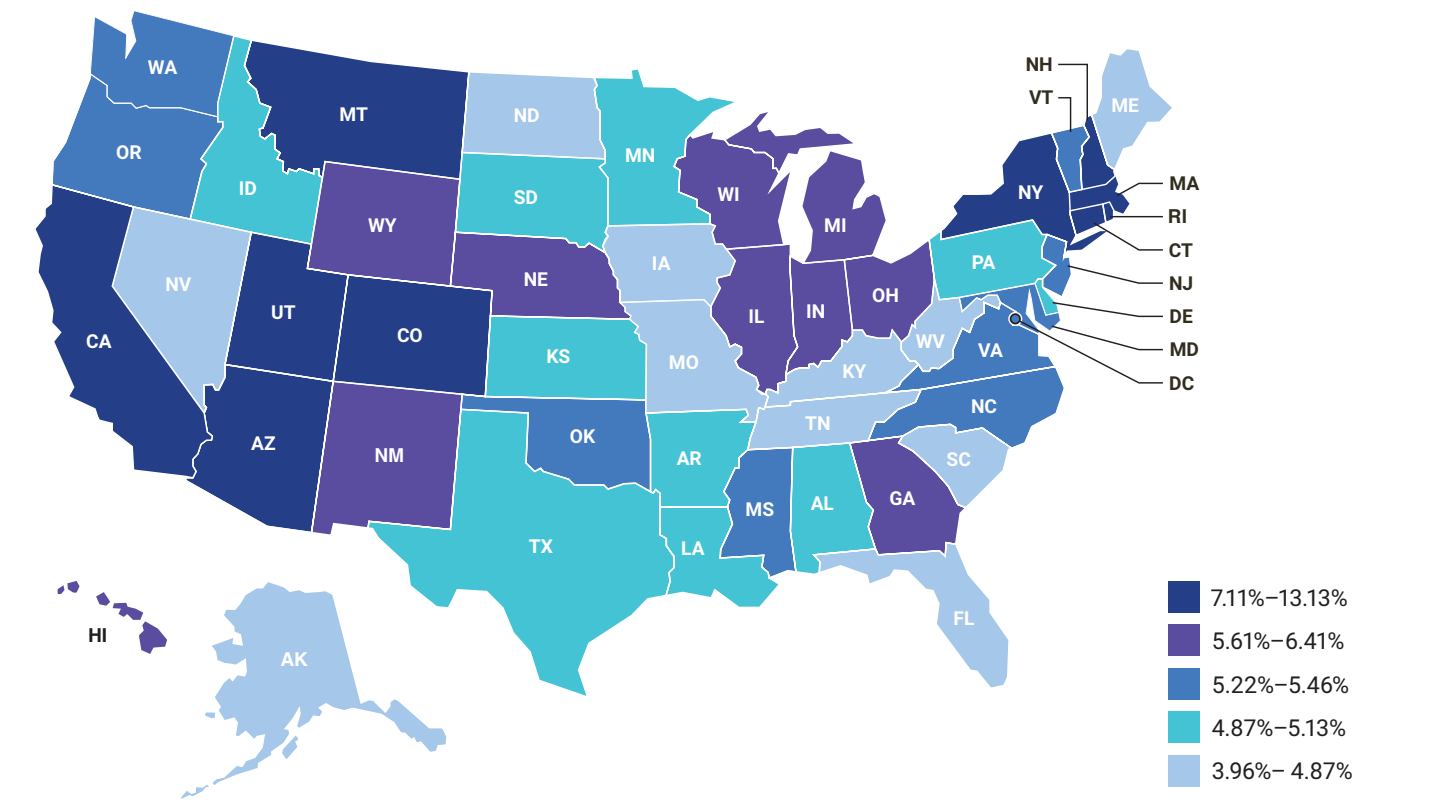
States are grouped in quintiles; each range/color in the legend includes ten states. (Source: Verisk data)

Commercial Reconstruction Costs

Total commercial reconstruction costs increased 5.9% from January 2023 to January 2024 and 1.0% from October 2023 to January 2024. Commercial reconstruction costs increased in all states. Colorado had the largest increase at 13.13% for the year, followed by New Hampshire (12.31%) and Massachusetts (9.9%).

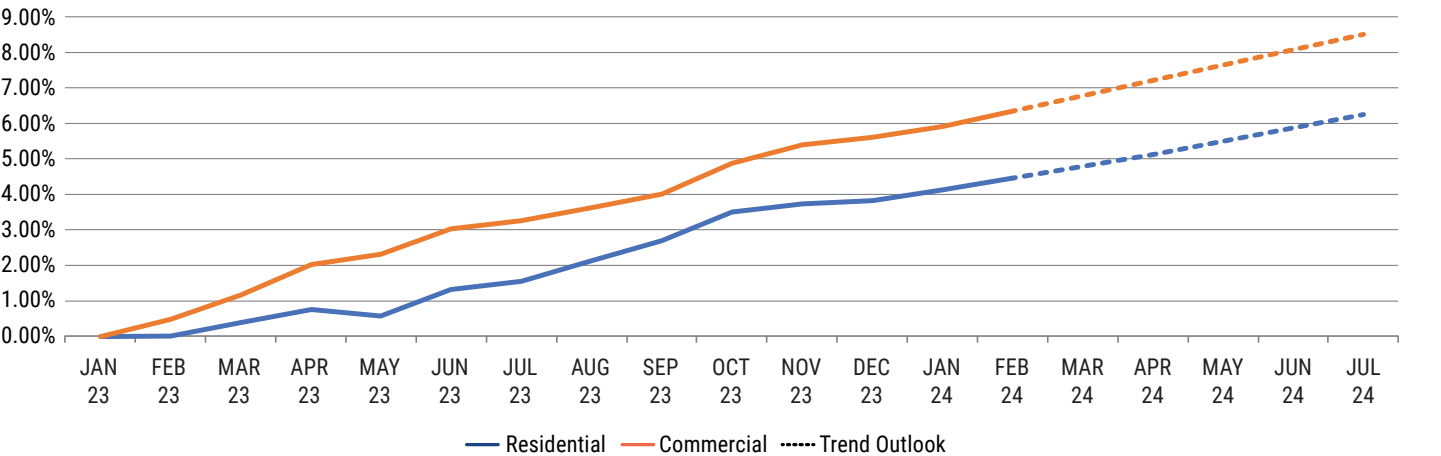
New York and Connecticut saw the most significant changes: New York rose from 41st to 5th, rising by 7.7%, while Connecticut rose from 44th to 8th, increasing by 7.2%. As with residential reconstruction costs, Florida and Texas saw the largest downward changes: 5.0% for Texas, which went from 9th to 36th, and 4.7% for Florida, which fell from 19th to 44th.

Changes in commercial reconstruction costs by state



States are grouped in quintiles; each range/color in the legend includes ten states. (Source: Verisk data)

Growth in residential and commercial reconstruction costs by month



Commercial reconstruction cost increases were greater than those for residential reconstruction. (Source: Verisk data)

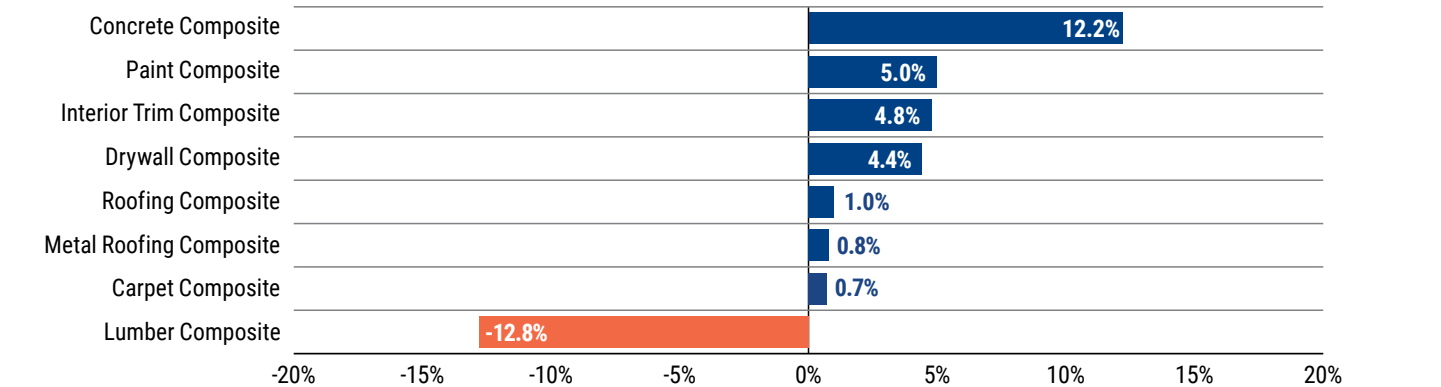
Labor and materials

Material cost analysis

Combined costs for material composites increased 1.4% from January 2023 to January 2024—a major drop from their 7.8% increase the year before but also a rally following their 0.3% loss from October 2022 to October 2023. Concrete composite saw the greatest increases, growing by 12.2%, while lumber saw a 12.8% drop in costs over the year.

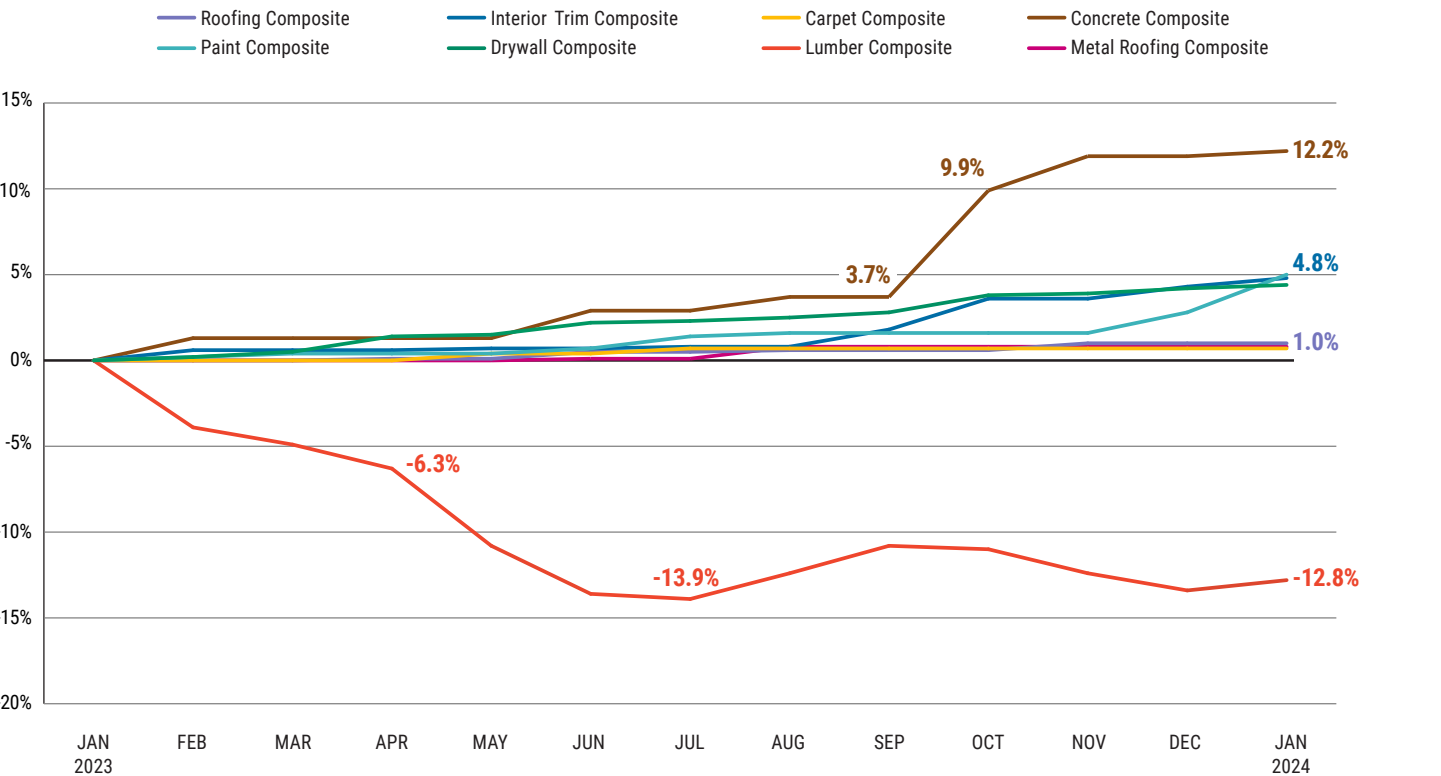
Concrete costs increased rapidly over the last year partially due to the price of fuel, which peaked in September at 20.3% higher than it was in January. Transportation costs increase as fuel costs increase, as does the cost to manufacture cement, a key component of concrete.

Annual percentage change in material composites costs



Trends in materials composite prices by category and month (Source: Verisk data)

Percentage change in costs by month



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

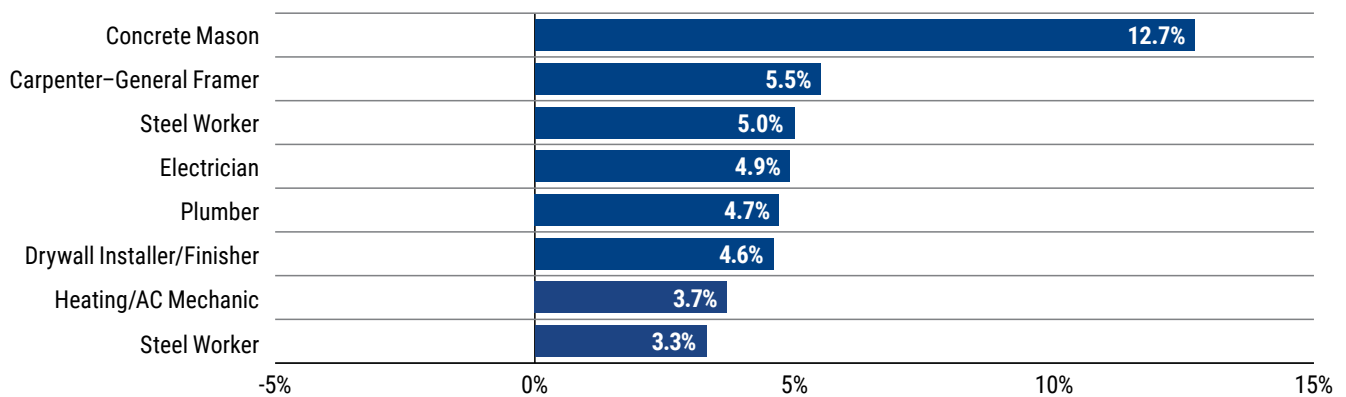
Lumber costs kept dropping, finishing the year at 12.8% below their January 2023 cost. Paint, interior trim, and drywall had modest growth at 5.0%, 4.8%, and 4.4%, respectively. Roofing, metal roofing, and carpet barely changed, growing by 1.0% or less. Paint composite costs barely grew for the first six months of the year, then made several jumps starting in July to end the year with the second-highest growth rate, likely due to the increasing cost of paint/varnish stripper.

Labor cost analysis

Combined hourly retail labor costs increased by 6.2% from January 2023 to January 2024, a significant drop from the previous year's 9.4% increase. 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.

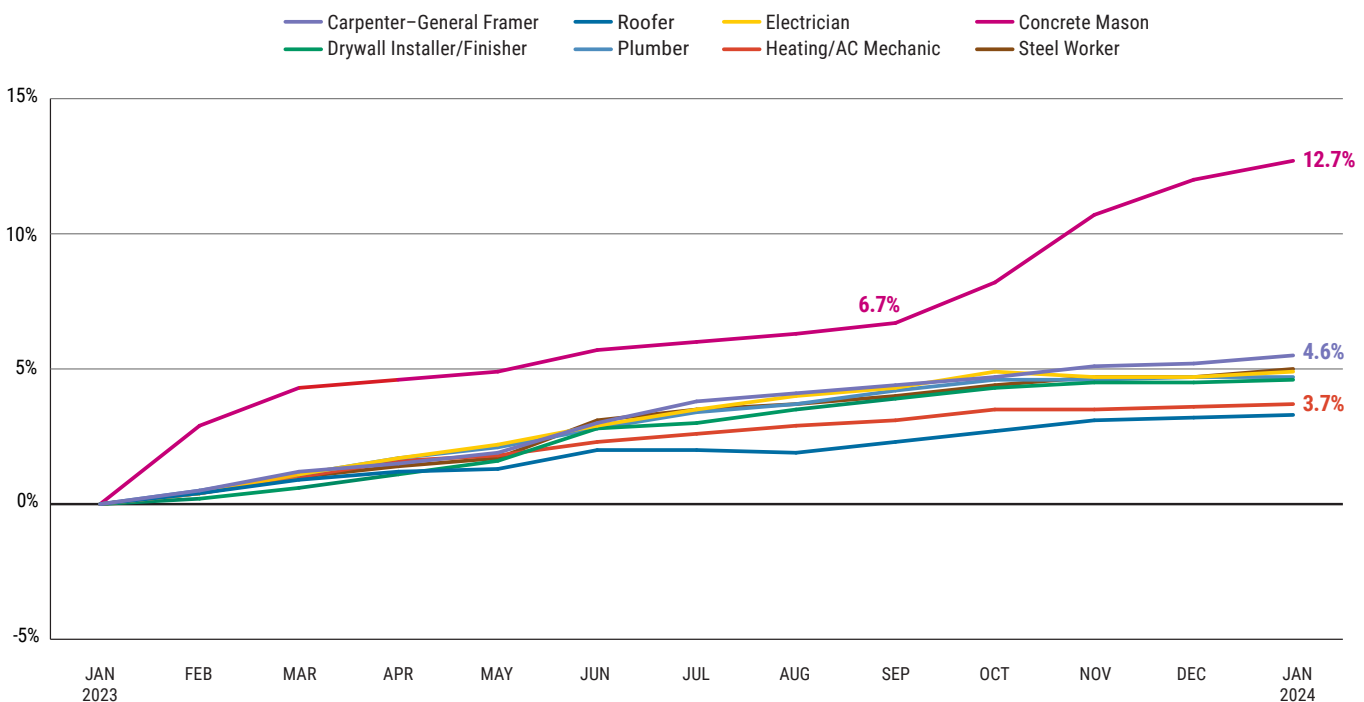
The Raise the Wage Act of 2023 seems to have had a minimal impact on rising labor costs thus far, especially when excluding concrete mason labor rates. In 2022, out of the major labor trades, the labor category with the lowest growth was steel workers, which rose 7.1%. In 2023, the group with the second-highest increase (other than concrete masons) grew by only 5.5%.

Annual percentage change in retail labor rates



All but one labor category saw modest cost increases in 2023. (Source: Verisk data)

Percentage change in costs by month



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

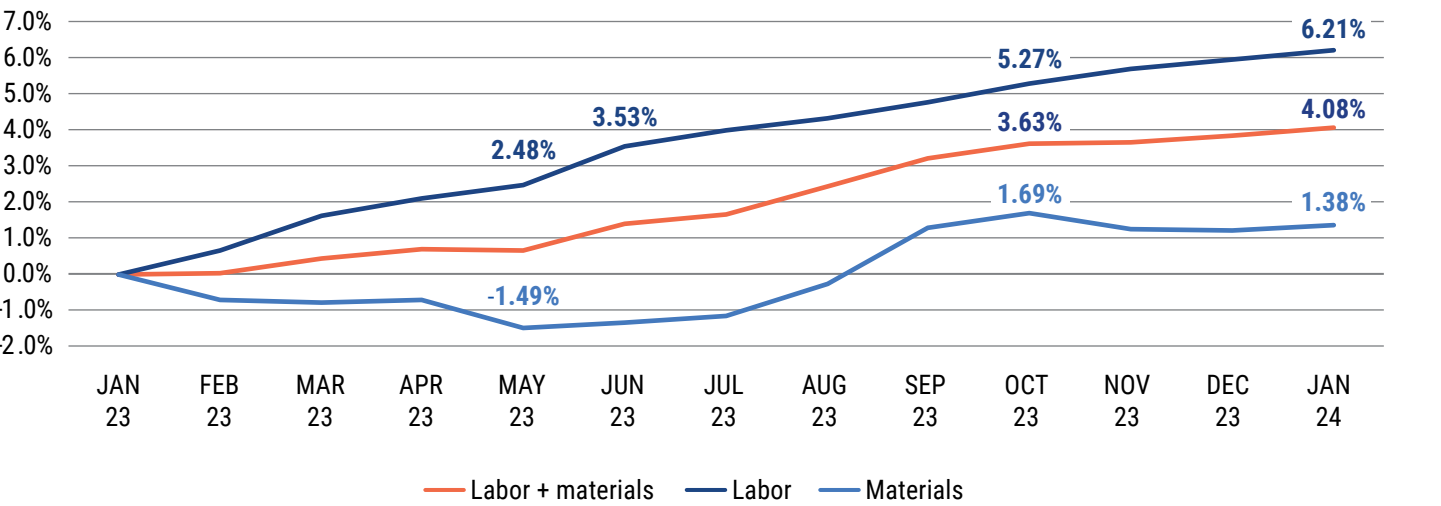
Concrete mason rates rose more than twice as much as the next-highest group: 12.7% vs. 5.5% growth for carpenter–general framer rates. Most labor categories showed mild growth, ranging from steel workers’ 5% to roofers’ 3.3%, the smallest growth of any category.

The combination of a 12.2% growth in concrete composite material costs and a 12.7% increase in the retail labor rate for concrete mason meant that jobs involving concrete in 2023 saw a significant cost increase.

Labor and materials in aggregate

Unsurprisingly, rising labor costs contributed much more to the growth in total costs than material costs. While labor costs grew 6.2% over the year, material costs rose only 1.4%. Both factors slowed their growth in Q4 2023: labor rose by only 0.9% while material costs dropped by 0.3%.

Changes in cost for labor, materials, and labor + materials by month



Labor again led cost increases, while material cost growth didn’t reach positive numbers until September 2023. (Source: Verisk data)

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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