



360Value Quarterly Reconstruction Cost Analysis

Q3 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 April 2024 to July 2024 unless otherwise noted.

Cost growth accelerates

Total reconstruction costs in the United States, including materials and retail labor, increased by 5.2% from July 2023 to July 2024. This is a significant increase over cost growth from July 2022 to July 2023 (4.0%) and over cost growth in Q2 2024 (1.6%).

Reconstruction Costs

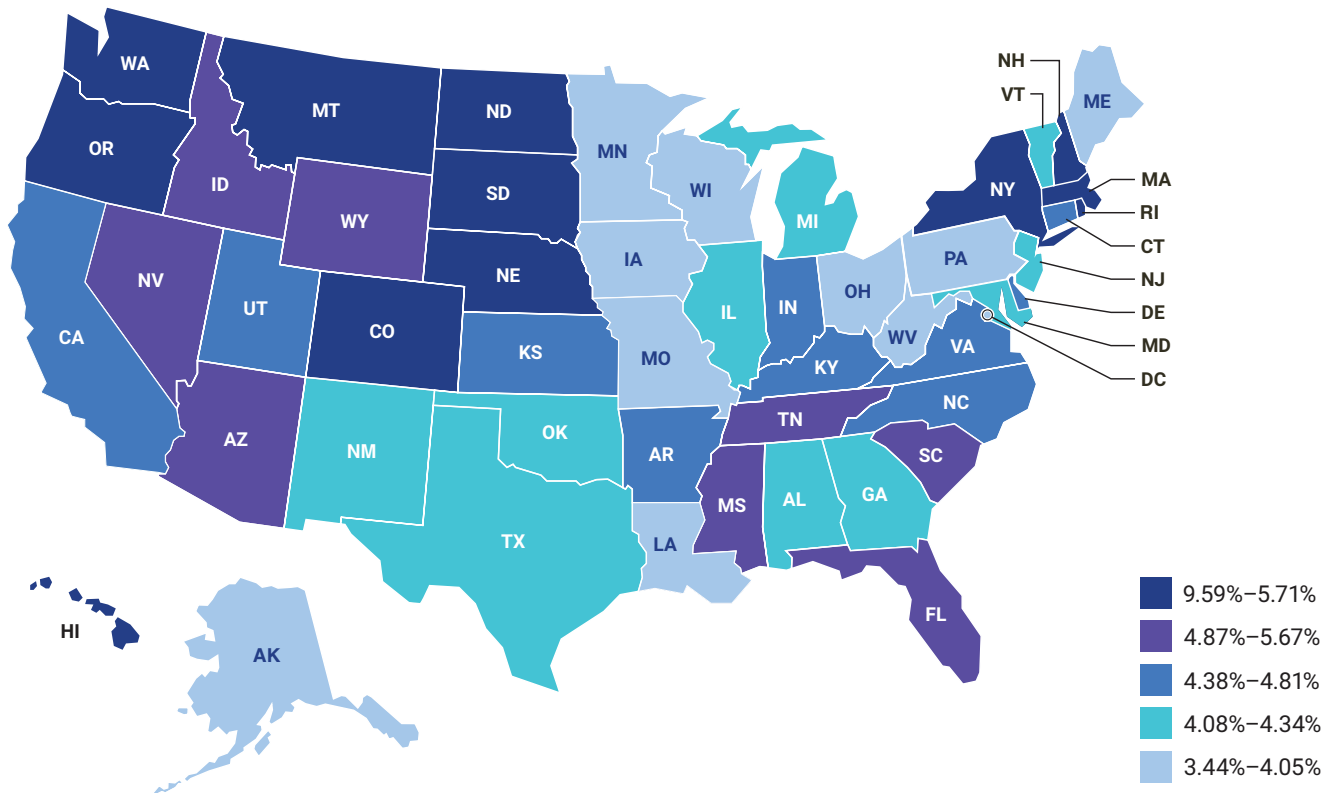
Residential Reconstruction Costs

Total residential costs increased 4.9% from July 2023 to July 2024 and 1.4% from April 2024 to July 2024. Residential reconstruction costs increased year over year in all states. New Hampshire had the largest increase at 9.59%, followed by Colorado (9.05%) and Nebraska (6.37%).

Nevada's rank changed most significantly, going from the lowest cost increase in April 2024 to the 12th-highest in July 2024; costs were up 5.58% in the state year-over-year. South Dakota and North Dakota had similarly dramatic changes, rising to 5th and 14th highest, respectively. Residential costs rose by 6.29% in South Dakota and 5.43% in North Dakota.

Vermont had the largest drop, going from 8th to 36th place with a residential cost increase of 4.13%. Wisconsin went from 30th to 50th place with a cost increase of 3.54% and Michigan dropped from 14th to 33rd with a 4.19% increase.

Changes in residential reconstruction costs by state



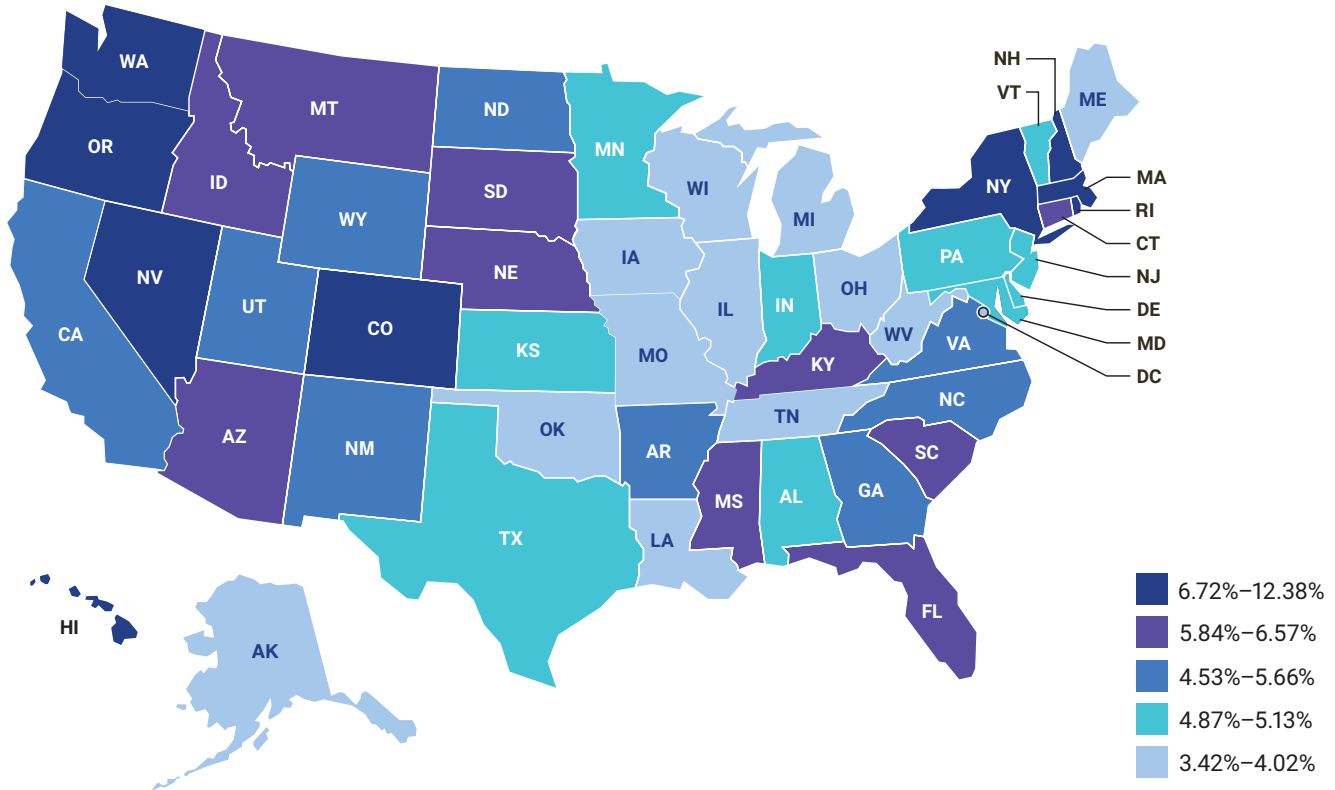
States are grouped in quintiles; each range/color in the legend includes ten states. (Source: Verisk data)

Commercial Reconstruction Costs

Total commercial reconstruction costs increased 5.5% from July 2023 to July 2024 and 1.8% from April 2024 to July 2024. Commercial reconstruction costs increased by at least 3.42% in all states. As with residential costs, New Hampshire had the largest increase at 12.38%, followed by Colorado at 11.57%. Massachusetts had the third-highest commercial cost increase at 8.89%.

Nevada had the largest rank jump, going from 46th to 9th place with increases of 6.91%. South Dakota rose from 36th to 12th with cost increases of 6.47%, while Oregon rose from 28th to 8th, rising by 6.97%. Michigan saw the largest downward change, going from 16th to 46th place with a 3.73% increase, and Illinois dropped from 24th to 43rd place with a 3.95% cost increase.

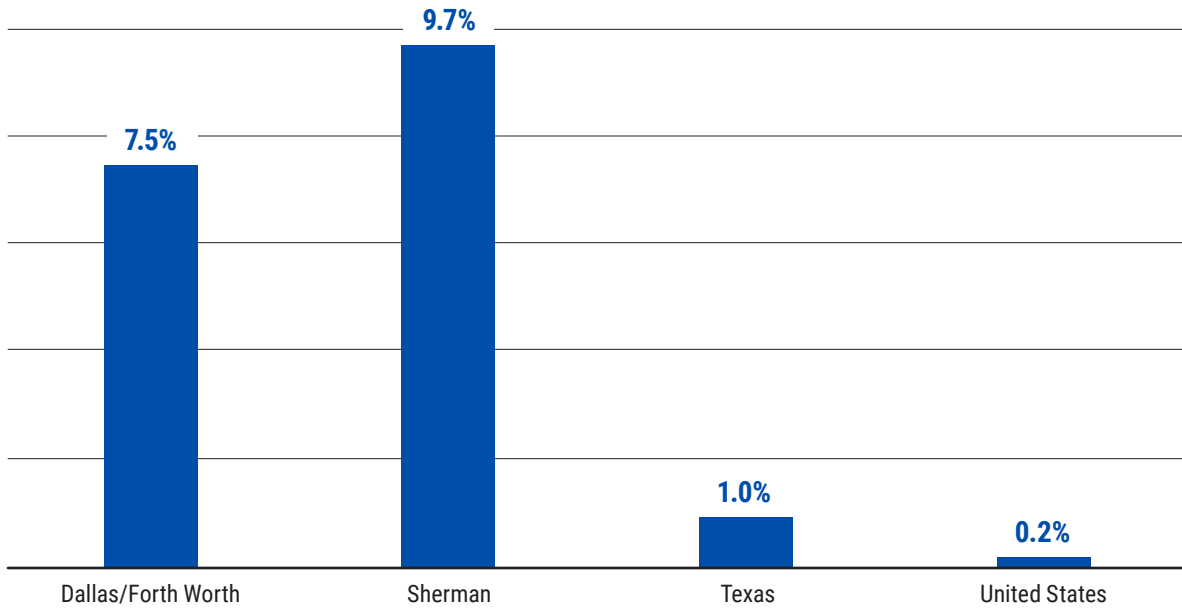
Changes in commercial reconstruction costs by state



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

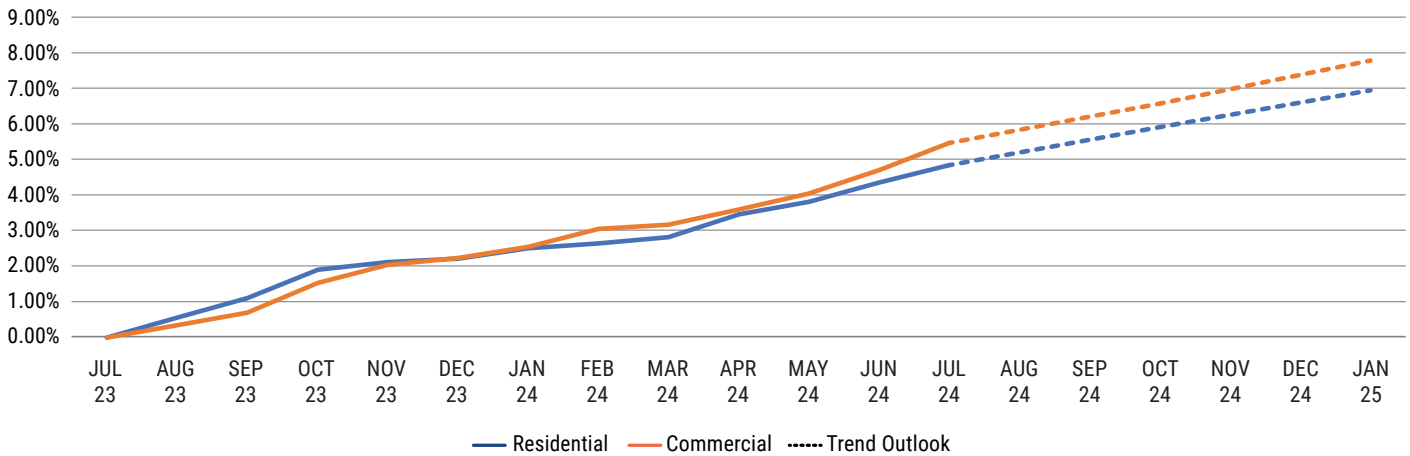
The cost of roof replacement in the Dallas/Fort Worth and Sherman, TX, areas increased significantly due to severe wind and hail storms that occurred in May. For instance, the cost of removing and replacing a 25-square laminated shingle roof increased by 7.5% in Dallas/Fort Worth and 9.7% in Sherman. The primary reason for this increase was the rise in labor costs. Average roof replacement costs across Texas increased 1.0%, compared to the 0.2% increase in the United States overall

Changes in laminated shingle roof replacement costs in northeast Texas



Roof replacement costs rose significantly in the Dallas-Fort Worth area following May storms. (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)

The market expectations for reconstruction costs increased 2% for residential and 2.2% for commercial from July 2024 to January 2025. The most significant indicator was concrete, increasing by 5.6%.

Labor and materials

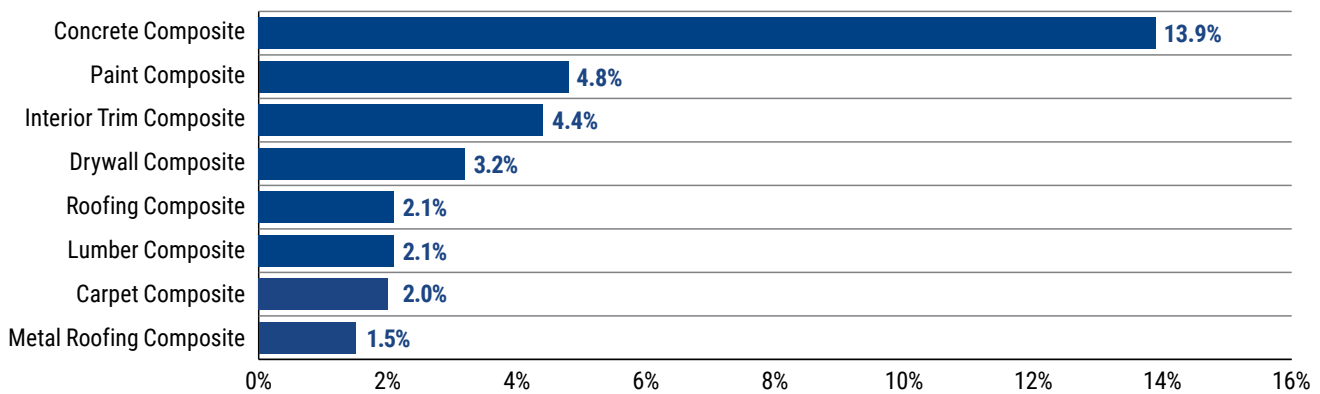
Material cost analysis

Material costs rose by 4.35% from July 2023 to July 2024, though that growth wasn't evenly distributed by month. Material cost increases are accelerating compared to 2023: growth from January 2024 to July 2024 has already surpassed the total growth for 2023, increasing 1.75% compared to 2023's total of 1.20%. If this trend continues, material costs will have an increase of 3.00% in the U.S. for 2024, more than double 2023's growth.

Lumber shows a 12-month increase of 2.12% from July 2023 to July 2024, after showing a 12-month decrease of 6.36% from April 2023 to April 2024. Concrete composite saw the largest increase, growing by 13.9%, while metal roofing composite increased the least, rising only 1.5%. Paint, interior trim, and drywall had modest year-over-year growth at 4.8%, 4.4%, and 3.2%, respectively, while roofing grew by 2.1%.

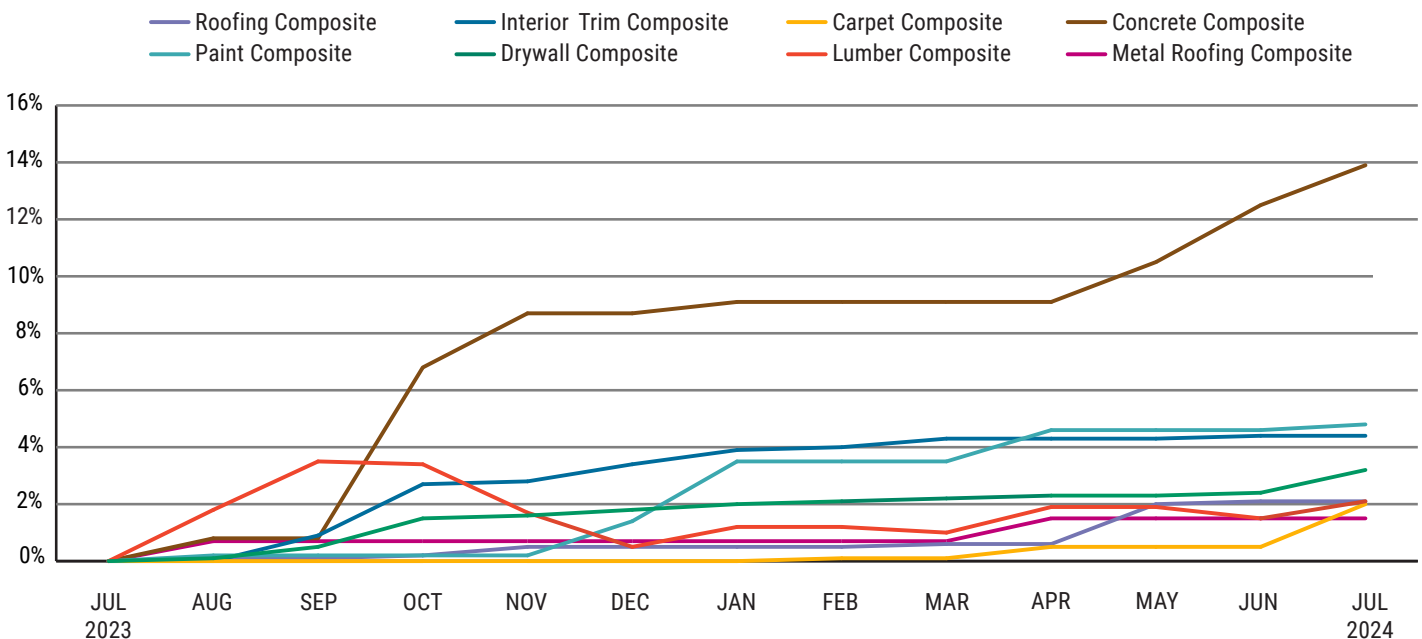
Although costs in 2024 are accelerating compared to 2023, cost increases this quarter appear to be slowing, increasing by 0.30% or less each month after the 0.94% jump in April 2024, to result in 0.7% growth overall. Carpet material had the largest quarterly increase in the U.S. since October 2022, with 1.52%, though its year-over-year growth was just 2.05%.

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)

Labor cost analysis

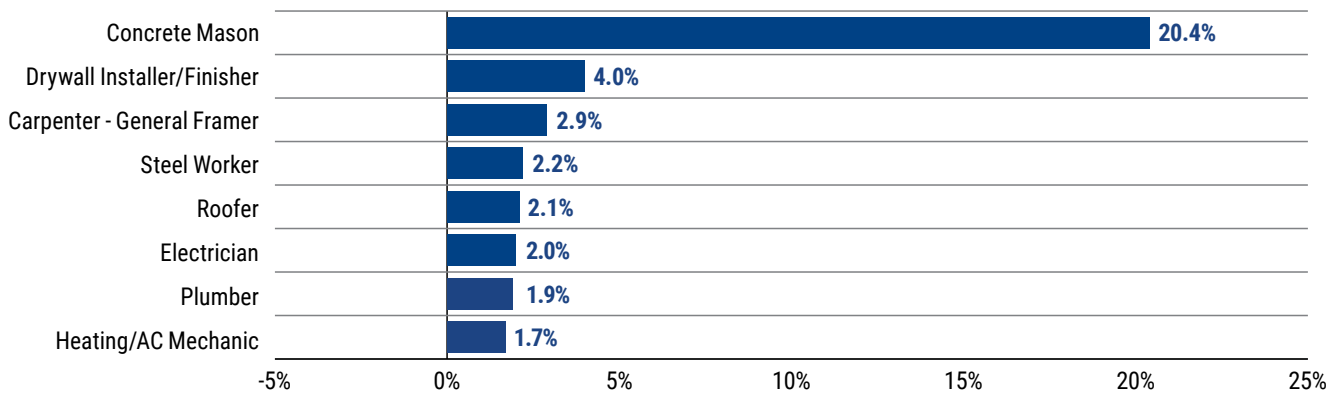
Combined hourly retail labor costs increased by 4.3% from July 2023 to July 2024, a significant drop from their 6.2% increase from January 2023 to January 2024. However, the quarterly change was 1.36% compared to last quarter's 1.05% increase.

This quarter, labor costs had the largest monthly growth in July, increasing 0.55%. Last quarter, the largest monthly increase was 0.38%. Similarly, the average monthly increase this quarter was 0.43%, while the average monthly change last quarter was 0.25%.

Year over year, concrete mason rates rose more than five times as much as the next-highest group: 20.4% vs. 4.0% growth for drywall finisher/installer rates. Most labor categories showed mild growth, ranging from carpenter/general framers' 2.9% to heating/AC mechanics' 1.7%, the smallest growth of any category.

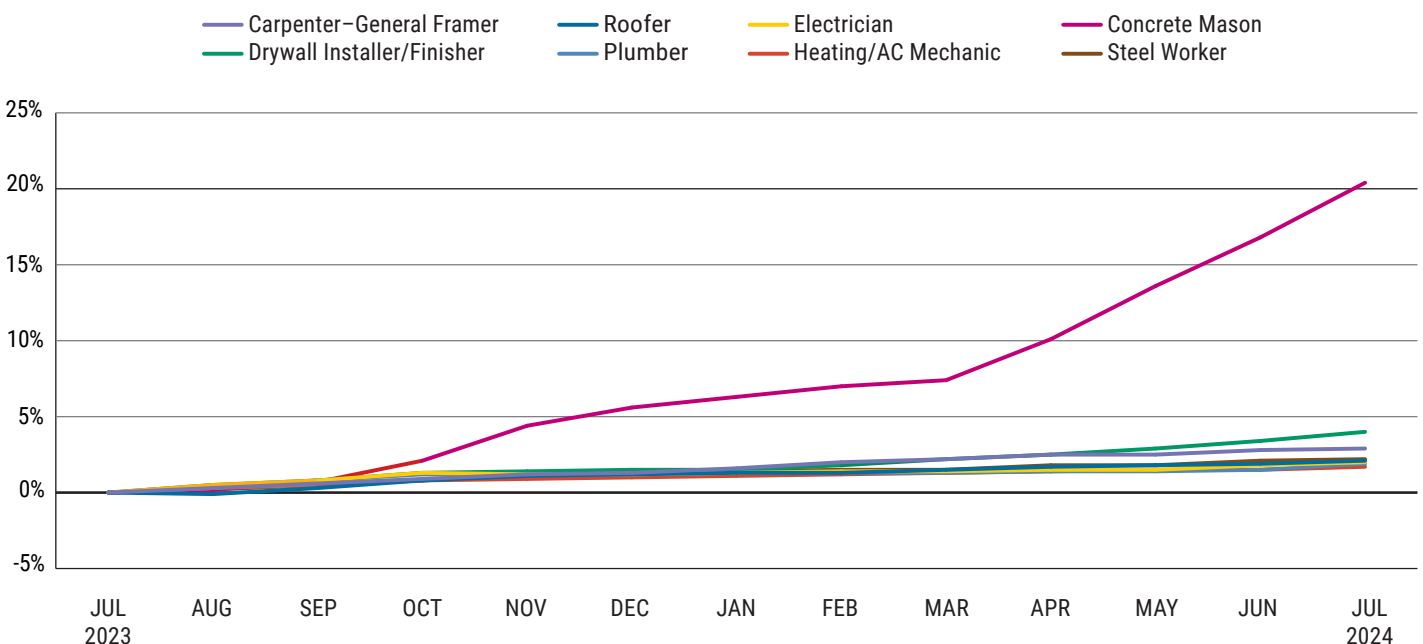
Concrete masons also had the largest quarterly change by far, increasing 9.36% from April 2024 to July 2024. The impact of this jump was reflected in the overall quarterly and 12-month increases: if concrete masons are removed, the quarterly increase goes from 1.36% to 0.81% and the year-over-year increase goes from 4.31% to 3.28%.

Annual percentage change in retail labor rates



All but one labor category saw 12-month increases of 4.0% or less. (Source: Verisk data)

Percentage change in costs by month



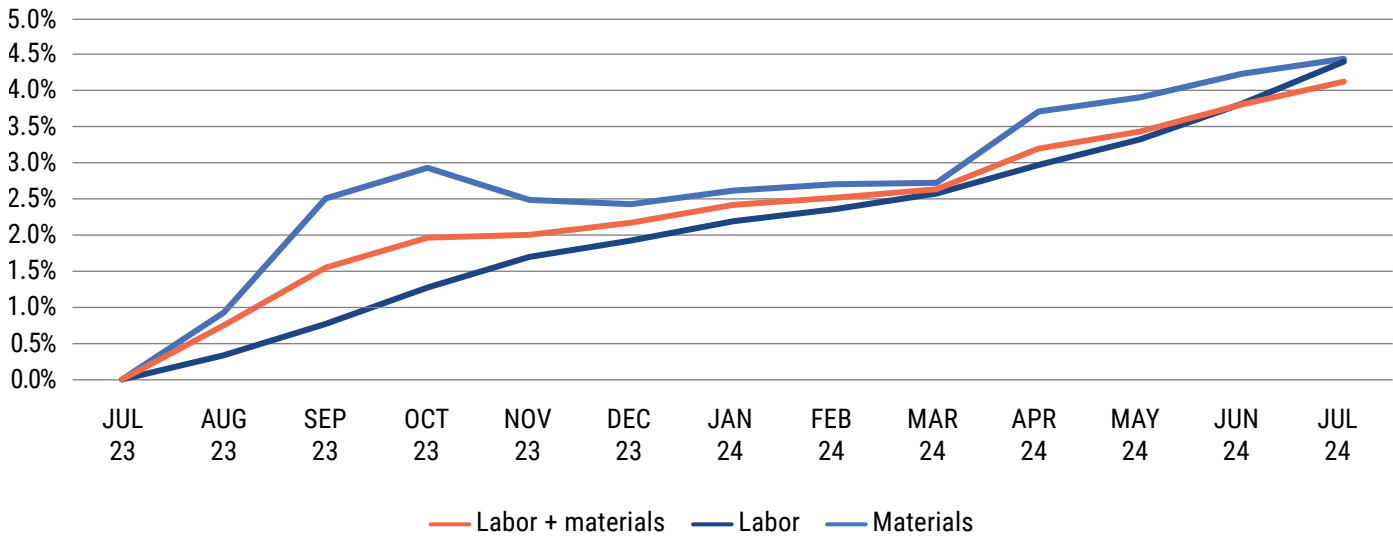
Rates for concrete masons rose more than five times as much as the next-highest-rising group. (Source: Verisk data)

The combination of a 13.9% growth in concrete composite material costs and a 20.4% increase in the retail labor rate for concrete masons meant that jobs involving concrete saw a significant cost increase from July 2023 to July 2024..

Labor and materials in aggregate

For the first time in years, labor costs grew less than material costs. While labor costs grew 4.31% from July 2023 to July 2024, material costs rose 4.35% in that time frame.

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



With no drop in lumber costs, material and labor costs have both risen for the past 12 months. (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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