

What's causing the higher-than-usual increase in property value-ups at renewal?



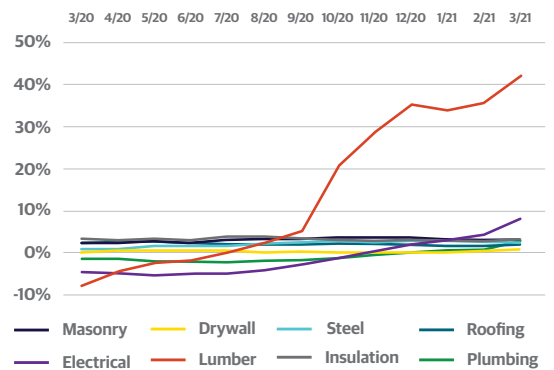
A perfect storm of market forces has driven up the cost of construction – and with it the cost of insuring real property for repair and replacement.

Skyrocketing materials costs

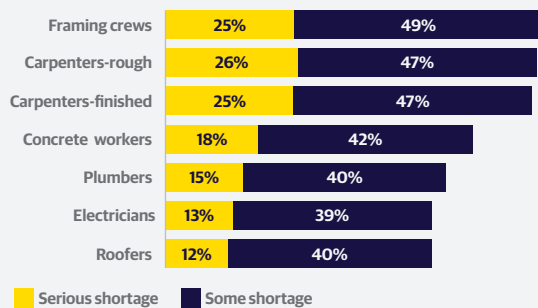
Between 2020 and 2021, the cost of building materials rose 11.9% – prompted primarily by demand for new construction and renovations. Lumber played an outsized role in that increase, rising a staggering 42% over the past year.

Source: CoreLogic Quarterly Construction Insights (Q2 2021)

Material trends: March 2020 to March 2021



Builders reporting shortages of labor: Oct. 2020



A shortage of skilled labor

The construction industry is currently facing a shortfall of at least 200,000 skilled trade workers. About 60% of the surveyed builders report a skilled labor shortage.

Source: Home Builders Institute

Higher property value-ups offset these inflationary factors and keep your customers' businesses insured to value so we can make them whole in the event of a loss.