

Factors Affecting Reconstruction vs. New Construction

Economies of scale	It costs more for a contractor to build one home at a time because materials are not purchased in bulk. A single household item that matches the one that's been destroyed will nearly always cost more than if it had been part of a larger purchase.
Top-down versus bottom-up	Repair work for a partially destroyed home is done from the top of the home down. This is more time consuming and labor-intensive.
Demolition and debris removal	This step is necessary before reconstruction can begin and adds to the total cost.
Use of labor	When a builder constructs many homes at once, they can efficiently schedule labor for carpenters, plumbers, electricians and other workers. For a single rebuild, labor is not as efficient and contributes to higher costs.
Access to worksite	Worksite access is easier for brand new construction. For reconstruction, obstacles such as neighboring homes, trees, lawns, fences and other landscaping prevent easy site access. This makes it difficult to transport materials and can drive up labor costs.
Building code changes	Changes to building codes may require costly updating, even for undamaged parts of a home. This could include updating wiring or other utilities and is costly, especially for older homes.
Natural disasters	After a natural disaster, the costs of building materials and labor rise because of increased demand. Over the past 20 years, there has been a significant increase in the frequency and severity of weather events, resulting in a high number of losses that require repairs.
Protecting undamaged parts of the home and contents	Keeping a partially destroyed home from further damage until permanent repairs can be made adds to the overall cost. This could involve covering a damaged roof or holes in walls.
Specialized labor is more costly	Reconstruction is often completed by contractors who specialize in rebuilding as opposed to new construction contractors. Their specialized labor tends to be more expensive.
Replicating old construction methods and materials	A standard homeowners policy provides for replacement with like kind and quality, which means replicating a home as it stands today. In older homes, interior walls are often made of plaster instead of drywall and exterior brick walls are made of solid brick instead of modern brick veneer. Homes constructed prior to 1940 were built with full dimensional lumber, which is larger and more costly than typical modern lumber. Because of features and materials such as these, older homes, especially those built prior to 1940, cost more to replace. In addition, the rising cost of commodities contributes to higher reconstruction costs. For example, petroleum based materials such as shingles have increased in cost dramatically.