



“Letter of Security” SPECIAL BULLETIN

June, 2021

Skyrocketing Building Costs Review Limits, Add Inflation Guard

Although the following situation may be temporary, we are strongly encouraging you to review policy limits and add the inflation guard to all policies. Remember, we are no longer increasing policy limits annually, effective July 1, 2021, unless inflation guard is on the policy.

Per an article written by Diana Olick and published by cnbc.com on April 30th, 2021:

"Lumber prices seem to set a new record almost daily, **now up 67% this year and up 340% from a year ago**," according to Random Lengths, a wood products industry tracking firm. And lumber doesn't just go into framing a house. Those added costs hit cabinets, doors, windows and flooring.

Lumber prices are skyrocketing for various reasons beyond just high demand from homebuilders and remodelers. **The surge in lumber prices in the past year has added \$35,872 to the price of an average new single-family home and \$12,966 to the market value of an average new multifamily home, according to the NAHB.**

Sheryl Palmer, CEO of homebuilder Taylor Morrison, said in an interview on CNBC's Worldwide Exchange; "We have seen, over the last four or five months, what I have never seen in my career before, is lumber to move to the level it has."

But it's not just lumber. Prices of gypsum, which is drywall, are **up nearly 7% from a year ago.**

Steel mill product prices are at a record high, **up nearly 18%** in March year over year. It's used for beams, sheet metal products and wiring.

The price of copper also set a record high this month and is **27%** year to date.

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