



2022 Property Report

United States



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Pricing overview

Following a turbulent 2021, construction costs continued to be unsettled nationwide in 2022. New construction slowed due to higher interest rates, inflation, low consumer confidence, and the continued impact of supply and demand, distribution issues, and labor shortages. The influx of new workers was insufficient to keep up with demand; as such, labor continued to be an issue, even with the number of permits for construction projects trending downward. Verisk analyzes millions of market price points each year from multiple third-party sources:

- Thousands of in-field estimates submitted through Verisk every day (e.g., estimates used to settle claims)
- Market surveys of industry professionals
- Retail pricing research
- Unit-price research based on surveys of more than 100,000 contractors, subcontractors, suppliers, and equipment rental companies
- Pricing feedback from in-field users
- Customer-specific cost data
- Catastrophe-specific pricing research
- Additional research surveys
- Multiple third-party sources for data, such as workers' compensation and federal, state, and local taxes

The volatility of lumber prices stood out among the key trends of 2022. Lumber increased 41.8% from January to April before dropping to end the year with a 2.4% decrease, the lowest of all tracked key trends as well as the only one to finish the year in the negative. As lumber costs decreased, many other materials experienced significant cost increases, such as interior trim, drywall, and paint. These increases kept the labor and materials index afloat amid the large lumber decrease.

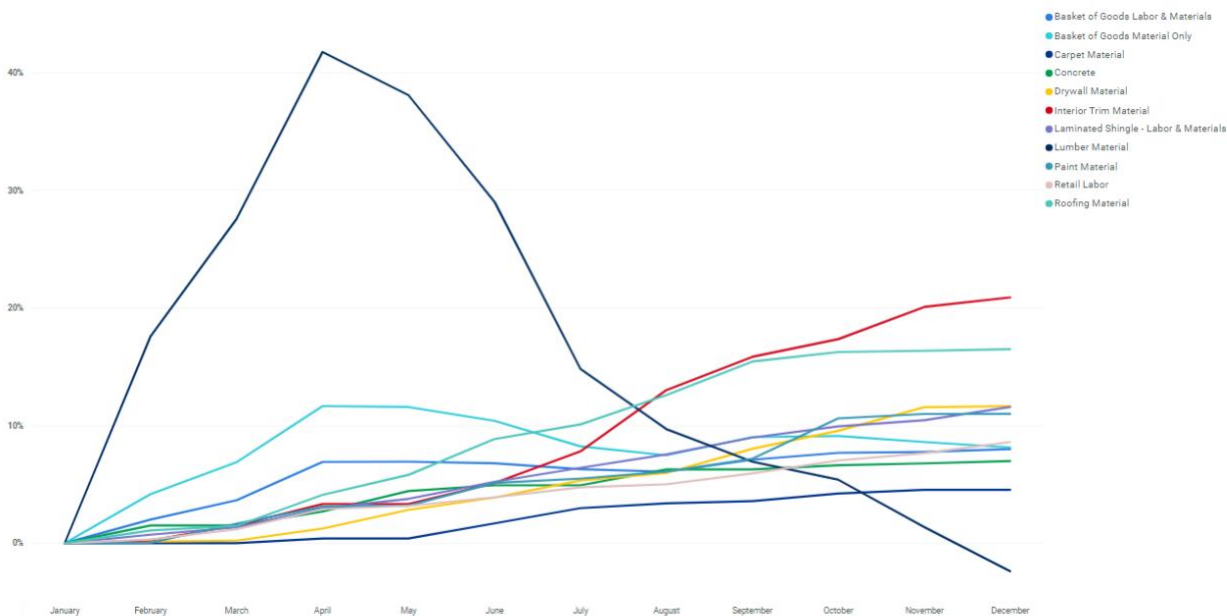


Figure 1. Key pricing trends, 2022. (Source: Verisk)

Labor and materials trends

The [Combined Labor and Materials Report](#), published by Verisk, analyzes monthly cost data for common building items and can indicate trends within the marketplace. This combination of labor and materials makes up most of Verisk’s price list items. Tracking the percent change for the cost of these items provides a valuable gauge of the general market.

The 2022 Combined Labor and Materials Report showed a slowdown in cost increases compared to the previous year: 9.0% in 2022 vs. 2021’s 11.2% increase, which was driven largely by lumber costs.

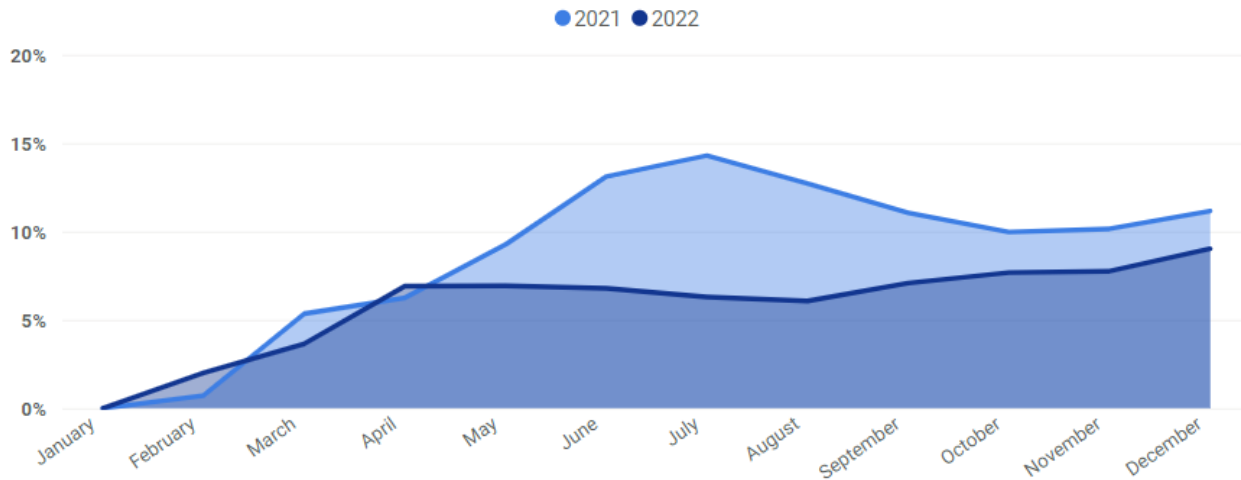


Figure 2. Labor and materials cost increases, 2021 vs. 2022. (Source: Verisk)

The largest increase—6.9%—occurred in the first quarter of 2022, followed by relative stability and small changes for the rest of the year. This was in stark contrast to 2021, which saw large cost swings, ranging from an increase of 7.6% in the second quarter to a decrease of 9.1% in the fourth quarter, due to significant volatility in lumber costs.

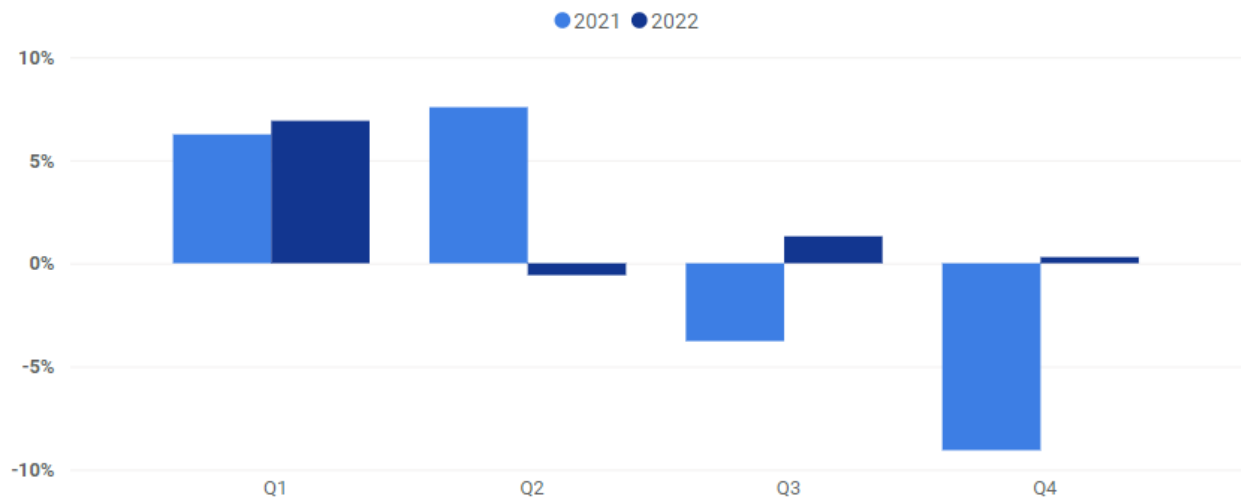


Figure 3. Labor and materials change by quarter, 2021 vs. 2022. (Source: Verisk)

Labor costs

The average hourly billable rate rose 8.6% in 2022, 3.7% more than the 4.9% increase in 2021. Over the past five years, that rate has risen by a total of 34.2%. The largest increase for the year—2.9%—occurred in the first quarter, while the lowest—1.5%—occurred in the fourth quarter.

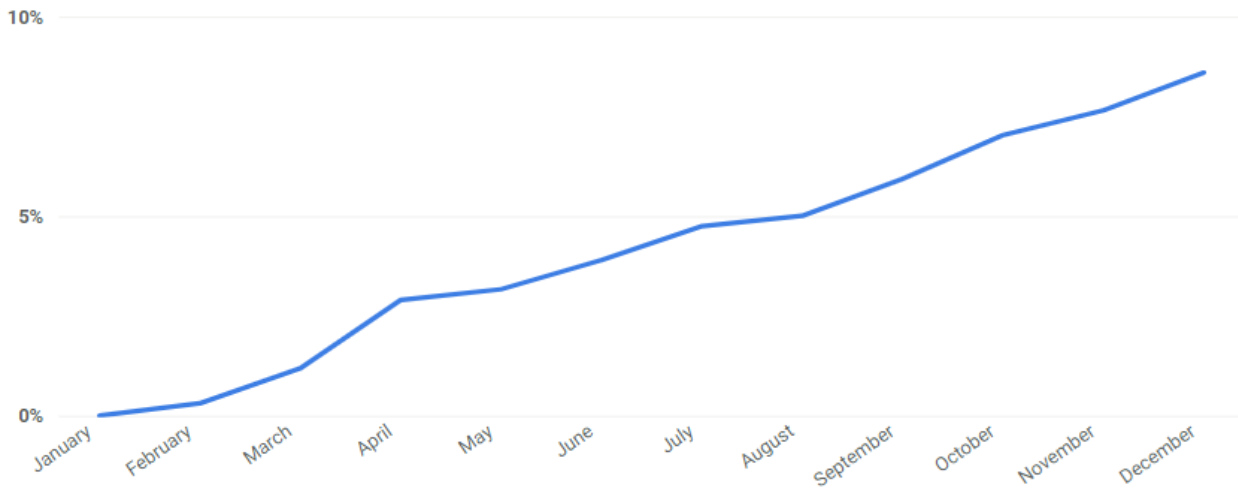


Figure 4. Average hourly billable rate changes, 2022. (Source: Verisk)

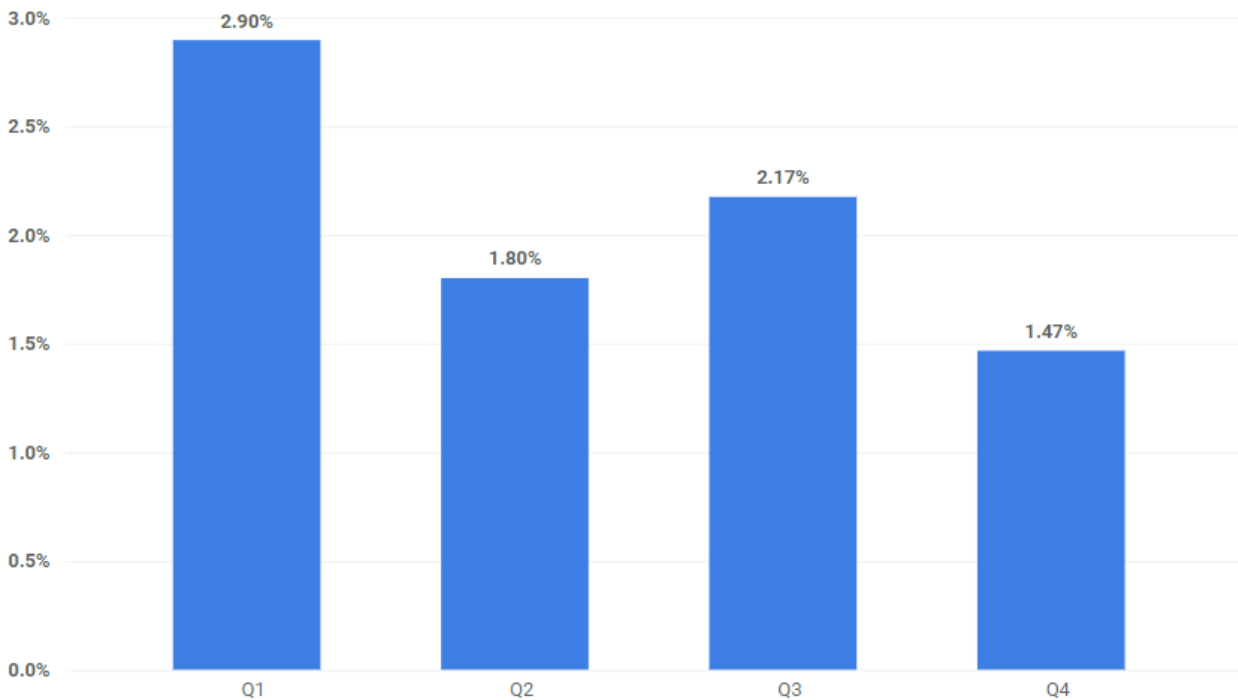


Figure 5. Average hourly billable rate changes by quarter, 2022. (Source: Verisk)

Labor cost increases by state

Florida had the highest cost increase for the average hourly billable rate for 2022, rising by 17.6%. This was fueled by the heightened demand in October due to the landfall of Hurricane Ian, a Category 4 Atlantic storm. Before Ian made landfall, Florida ranked number 29 in labor cost increases. South Carolina had the second-highest cost increase at 15.7%, followed by New Mexico at 13.1% and Utah at 12.0%.

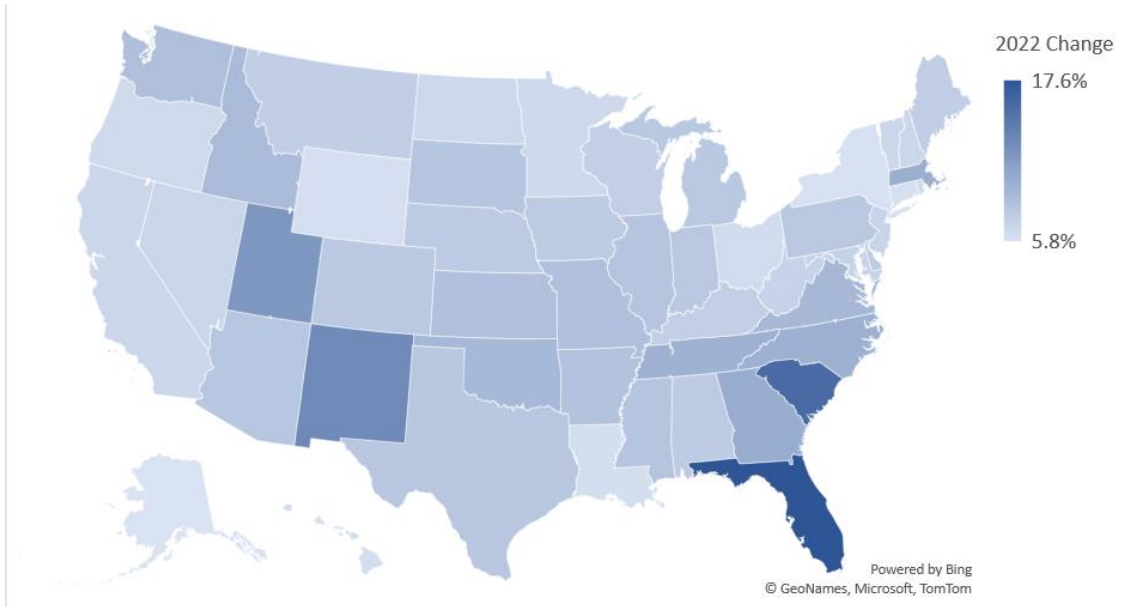


Figure 6. Average hourly billable rate growth by state, 2022. (Source: Verisk)

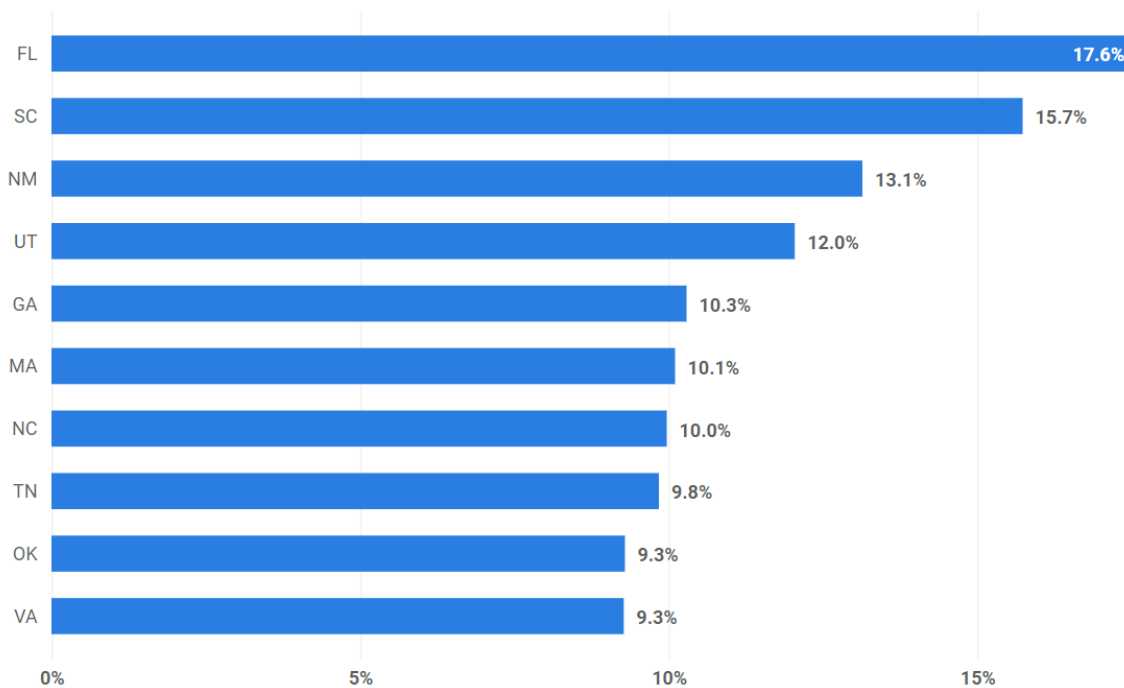


Figure 7. Top 10 states with the largest change in average hourly billable rate, 2022. (Source: Verisk)

Alaska had the lowest hourly billable rate cost growth at 5.8%, 2.5% below the national average. New York had the second-lowest increase at 6.0%, followed by Connecticut and Wyoming, which both increased by 6.1%.

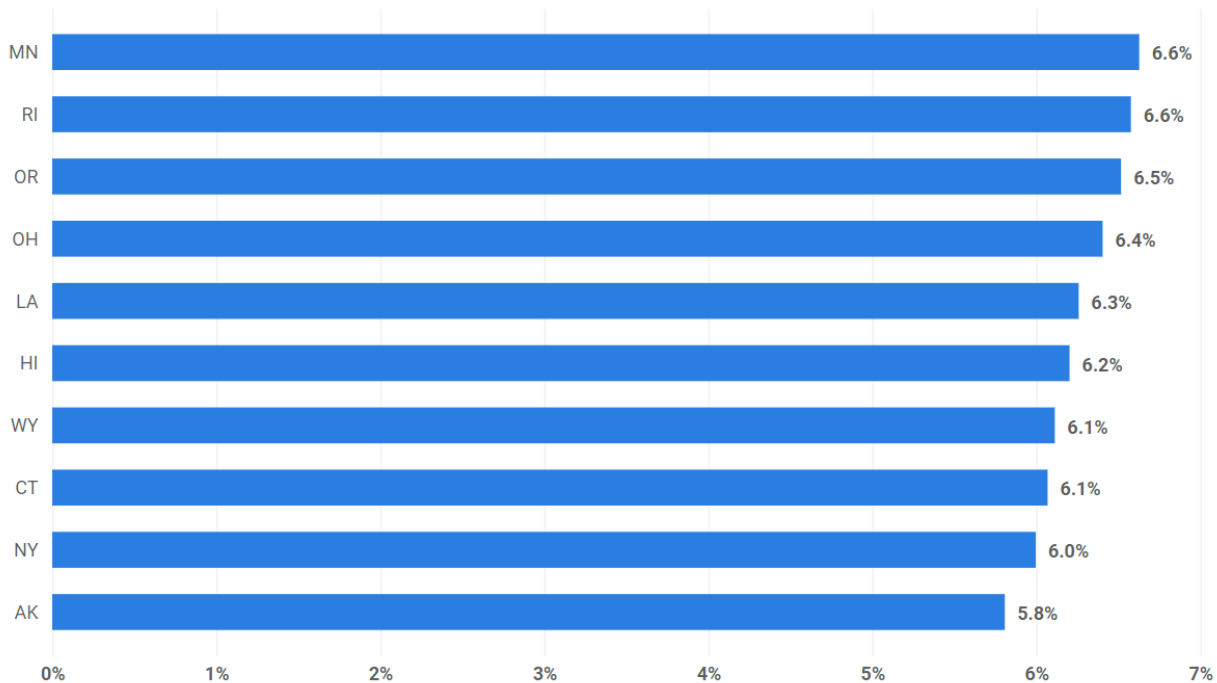


Figure 8. Top 10 states with the smallest change in average hourly billable rate, 2022. (Source: Verisk)

Hourly billable labor rate for key trades

Among individual key labor trades, siding installers saw the largest cost increase in the first half of the year, with a steep increase from February to April. However, drywall installer/finisher costs ultimately surpassed siding installer costs, finishing the year with a 9.9% increase compared to the 7.9% increase for siding installers. Flooring installers had the second largest cost increase at 8.9%, followed by roofers at 8.4%.

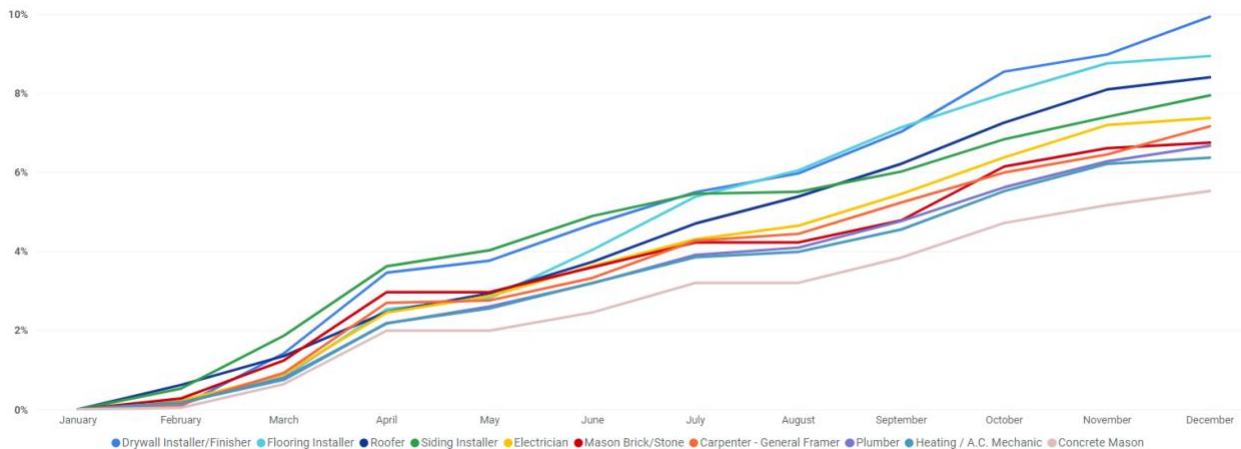


Figure 9. Hourly billable labor rate increases for key trades, 2022. (Source: Verisk)

[Verisk's Retail Labor Rate Index](#) tracks the average hourly billable rate of 32 categories of tradespeople and supervisors across the United States.

Materials costs

As supply chain issues and strong demand persisted, combined costs for materials increased by 8.1% in 2022—a strong surge following a 5.7% gain in 2021. Most categories were up, with interior trim and roofing as the primary drivers; both increased by more than 16%. Interior trim had the largest cost increase at 20.9%, partly due to the costs of interior doors, crown molding, and wooden shakes, all of which are lumber-derived.

Drywall costs rose by 11.7%. Paint costs rose by 11.0%, an increase driven by stains, sealers, and primers. Lumber costs, although showing an increase of 41.8% from January to April, ultimately ended the year with a decrease of 2.4%.

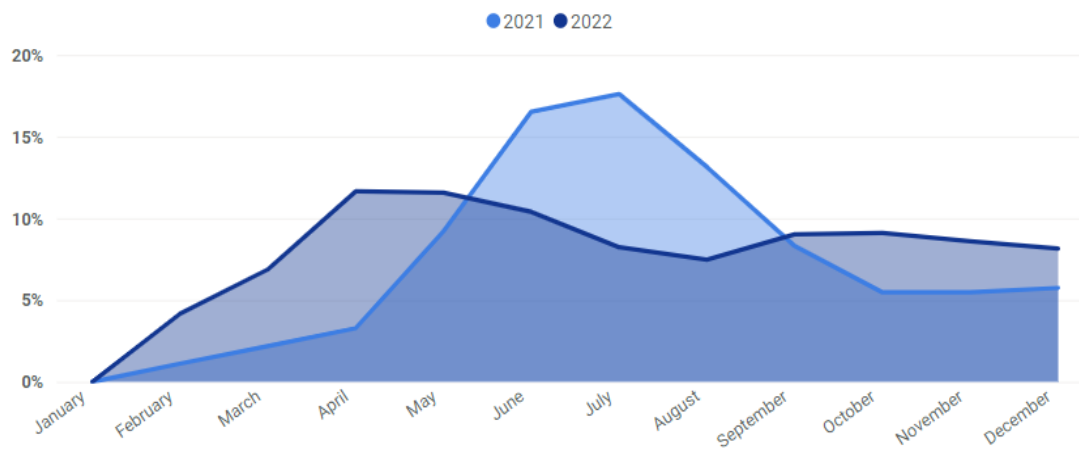


Figure 10. Materials cost increases, 2021 vs. 2022. (Source: Verisk)

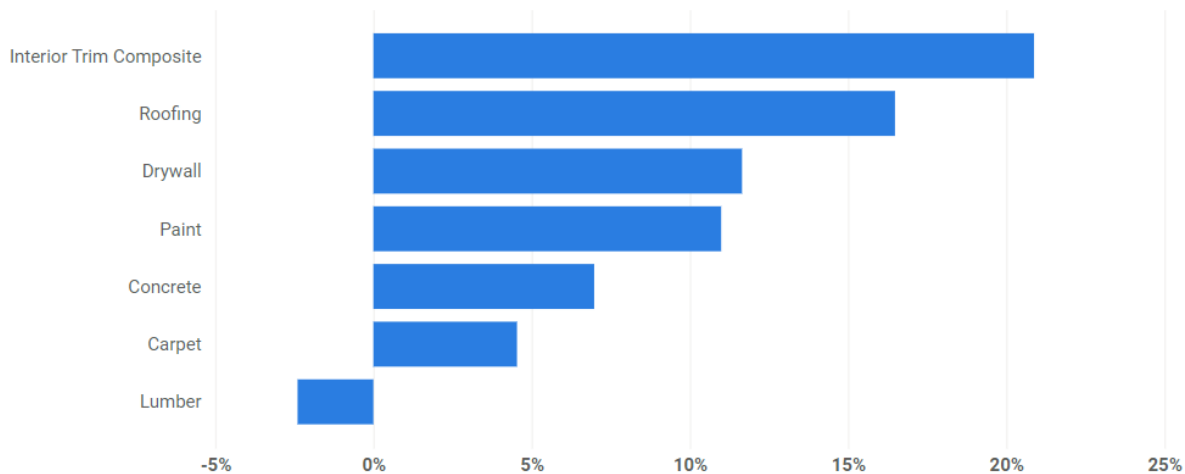


Figure 11. Materials cost changes by category, 2022. (Source: Verisk)

As with labor cost trends, the largest materials cost change occurred in the first quarter of 2022. The year started with an 11.7% increase, largely due to lumber; however, this was followed by a sharp decline in the cost of lumber for the remainder of the year. The first-quarter increase of 11.7% fell short of 2021's largest quarterly change of 13.9% in Q2. After the first quarter of 2022, price changes stabilized, decreasing 3.1% in Q2, increasing 0.8% in Q3, and finally decreasing 0.9% in Q4.

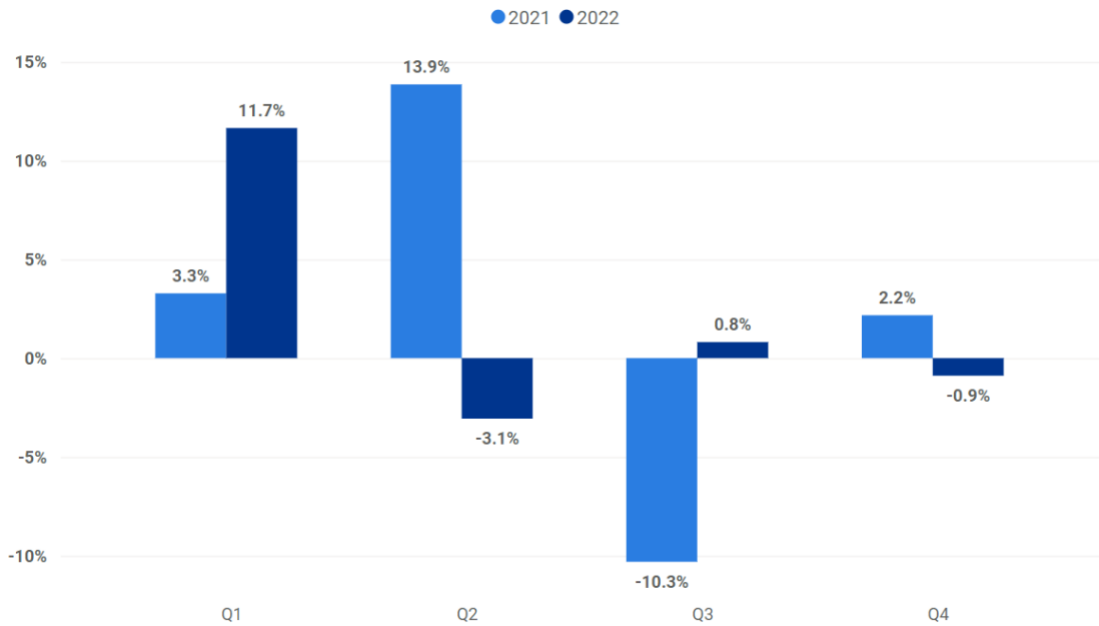


Figure 12. Materials cost changes by quarter, 2021 vs. 2022. (Source: Verisk)

Materials cost trends were heavily influenced by the continued volatility of lumber in 2022. Removing lumber from the basket of goods comprising materials costs makes the trend much steadier (an increase of 10.6%).

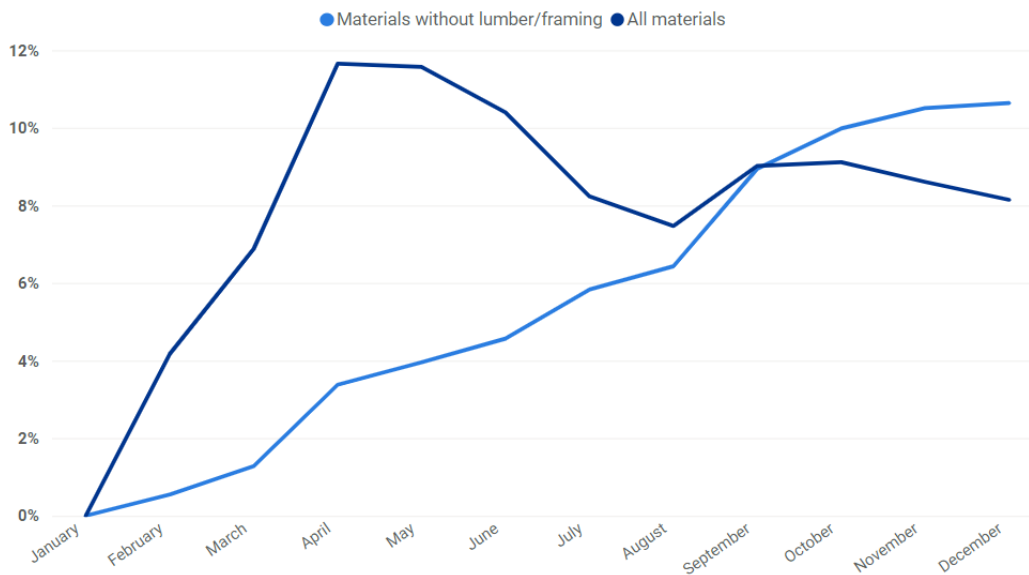


Figure 13. Materials cost changes, with and without lumber/framing, 2022. (Source: Verisk)

Roofing trends

The roofing index tracks costs for multiple types and grades of roof coverings, including laminated and composite shingles, wood shingles, and tile. It also includes other necessary materials such as drip edge, roofing felt, nails, and vents. Because the index aggregates several types of roof materials, any significant changes in the cost of one roof type can be diffused by others in the index.

The roofing index increased 16.5% in 2022, slightly more than the 14.2% increase in 2021. Wood shakes had the greatest cost increase at 58.1%.

Year-over-year cost changes for roofing in the past two years have been significantly (seven and eight-plus times) higher than the change in 2020. The 2020 increase of approximately 2% marked a five-year low, after which the effect of supply chain issues and increased demand began to impact costs.

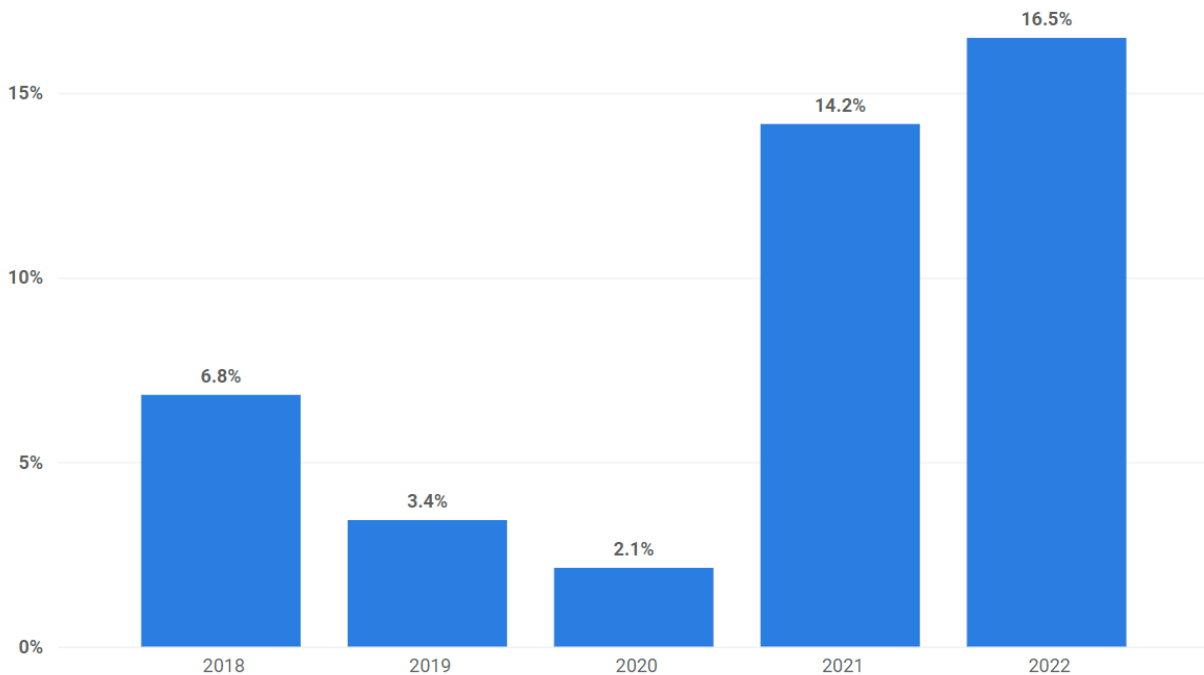


Figure 14. Roofing cost changes by year. (Source: Verisk)

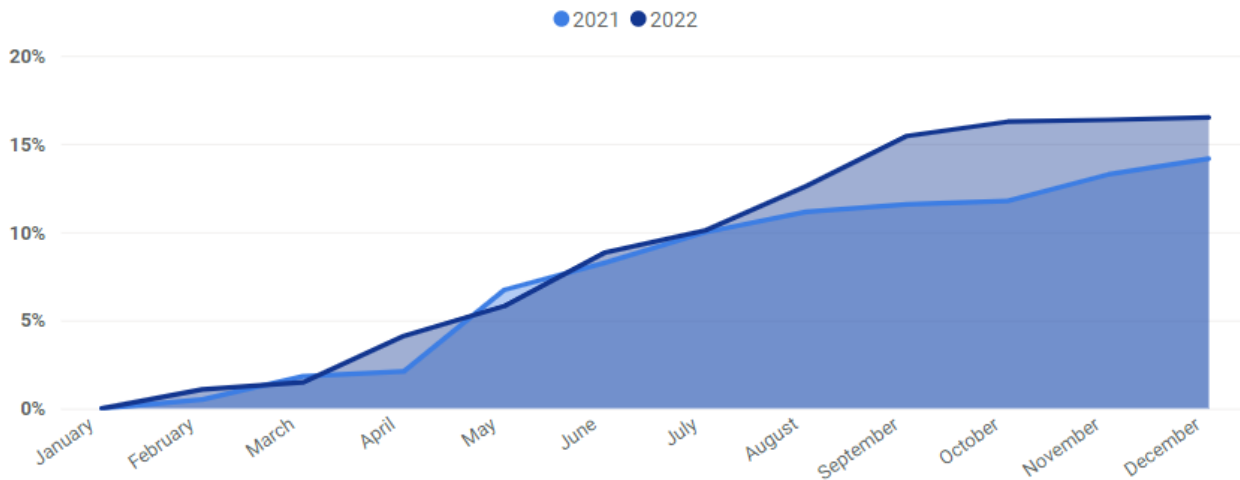


Figure 15. Roofing cost changes, 2021 vs. 2022. (Source: Verisk)

Roofing costs have increased at an accelerated rate since April 2021. From January 2018 to April 2021, the average monthly change was just 0.4%, while the average monthly change rose to 1.4% from May 2021 through December 2022. The average monthly change for 2022 was 1.3%, a mere 0.1% higher than in 2021.

The largest quarterly change of 2022 occurred in the second quarter: a 5.7% increase, followed closely by a 5.6% increase in the third quarter. 2021 followed similar trends: its largest quarterly change also occurred in Q2 (a 7.7% increase).

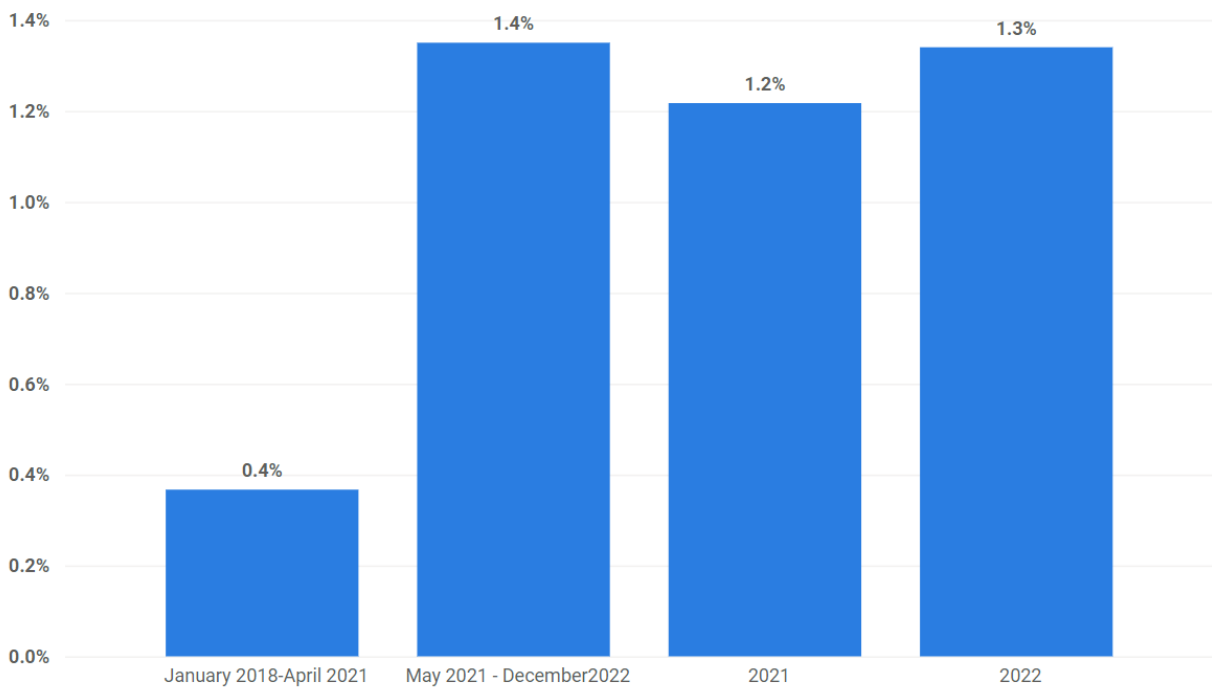


Figure 16. Average monthly changes in roofing costs. (Source: Verisk)

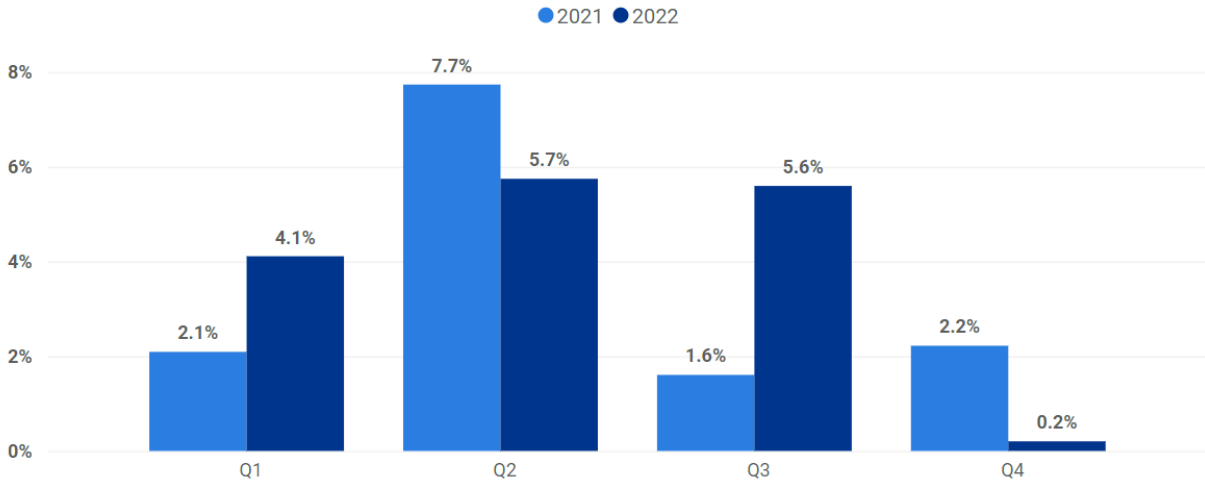


Figure 17. Roofing cost changes by quarter, 2021 vs. 2022. (Source: Verisk)

Interior trim trends

Despite the overall drop in lumber prices, interior trim costs were up 20.9% in 2022, following a 26.2% increase in 2021. This increase likely reflected continuing general inflationary pressures and rising labor costs. The decorative aspects of interior trim demand more labor and resources for production, which may offset any effect of lower raw materials prices.

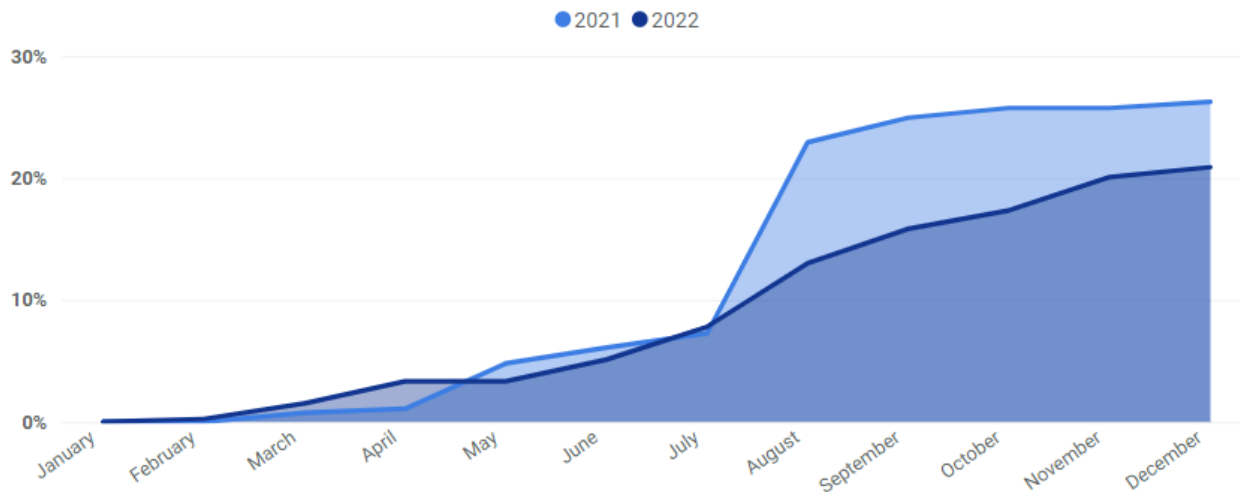


Figure 18. Interior trim materials cost increases by month, 2021 vs. 2022. (Source: Verisk)

The interior trim materials report represents various interior trim items such as baseboard, casing, interior doors, and molding, all made of various wood types and sizes. Prices remain well above pre-pandemic levels; interior trim costs began an accelerated increase in August 2021, going up 17% in that month alone. Pre-pandemic, the yearly change for interior trim materials was 2.5%, with an increase of 1.1% in 2018, 5.4% in 2019, and 1.1% in 2020. Post-pandemic, the average yearly change was 23.6%, mainly driven by the cost of interior doors.

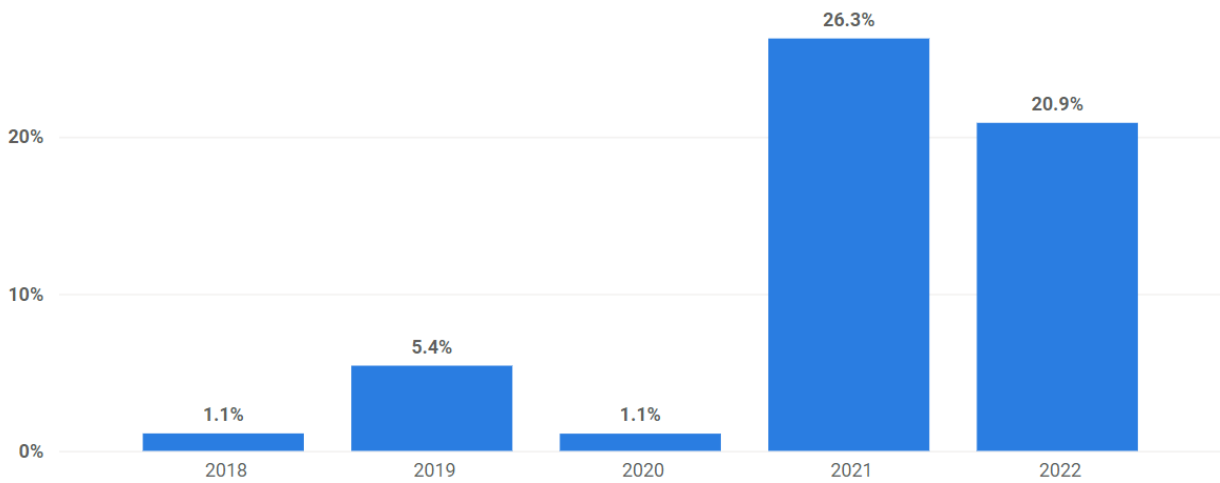


Figure 19. Interior trim materials cost increases by year. (Source: Verisk)

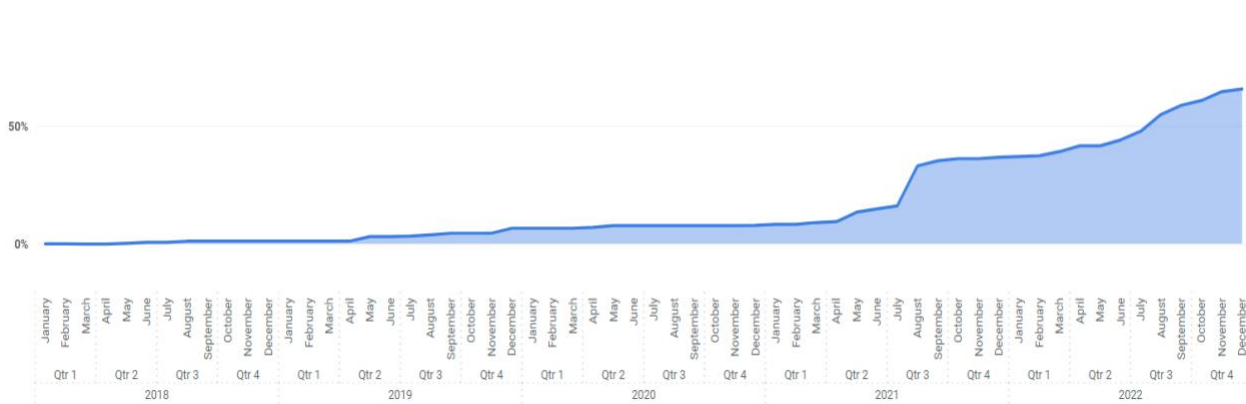


Figure 20. Interior trim materials cost increases, January 2018 – December 2022. (Source: Verisk)

Lumber trends

Costs for lumber in 2022 followed a similar pattern to those of 2021: continued volatility led to cost increases in the first half of the year, followed by a gradual decline. Lumber costs peaked for 2022 in April with a 41.8% increase, compared to 2021’s peak of 75.2% in July. Despite these large spikes, 2021 ended with lumber costs up only 4.1% year over year, whereas 2022 ended with a lumber cost decrease of 2.4%.

The largest quarterly change of 2022 occurred in Q1 (41.8% increase), while the largest change of 2021 occurred in Q2 (44.8% increase). 2021 experienced three quarters of growth, but 2022 had only one quarter of growth (Q1).

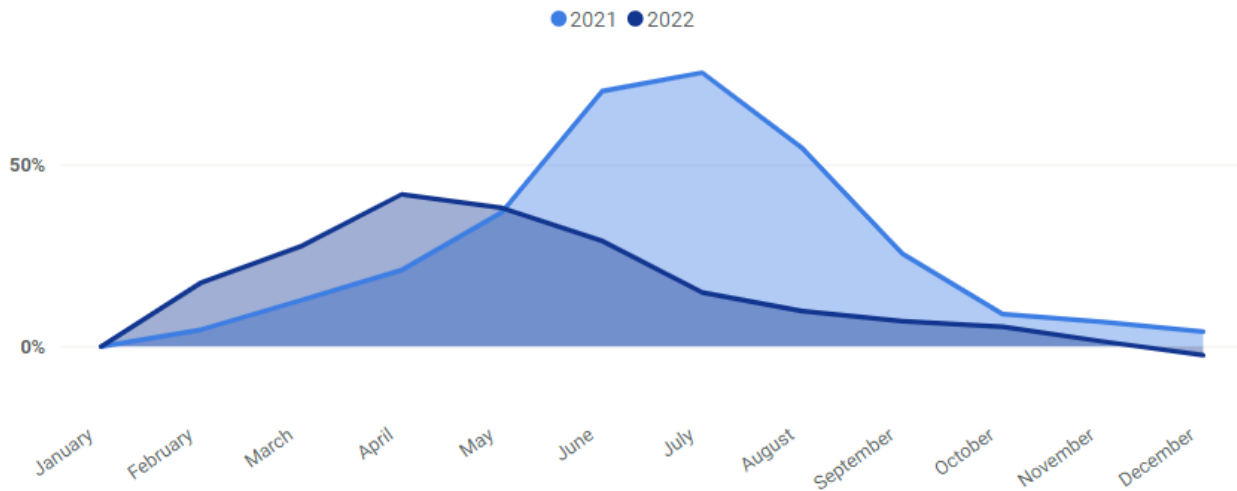


Figure 21. Lumber materials costs, 2021 vs. 2022. (Source: Verisk)

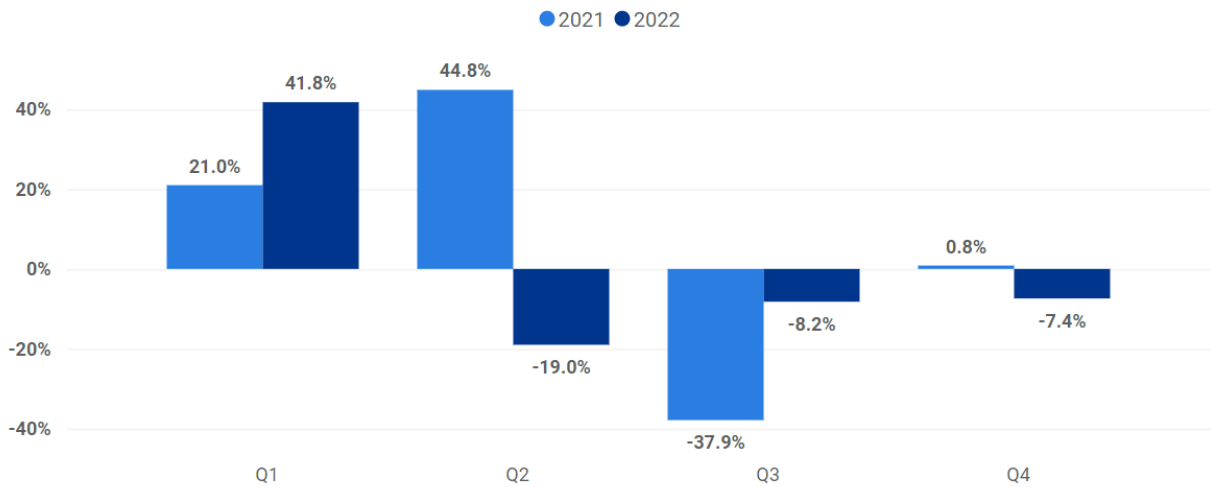


Figure 22. Lumber materials cost changes by quarter, 2021 vs. 2022. (Source: Verisk)

Lumber costs declined 31.1% from April to December in the United States in eight straight months of decreases after peaking for the year in April. All lumber types experienced the same peak-then-decline pattern, with OSB sheathing experiencing the largest peak of 71.2% in April, followed by the largest decrease of 50.8%, resulting in an overall decrease of 15.8% for 2022. Pressure-treated lumber also showed a decrease for the year, falling 6.3%, while plywood sheathing and dimensional lumber ended the year with 2.3% and 1.5% increases, respectively.

Although lumber costs have been decreasing steadily, they have still not reached pre-COVID levels, having risen 65.3% overall since March 2020.

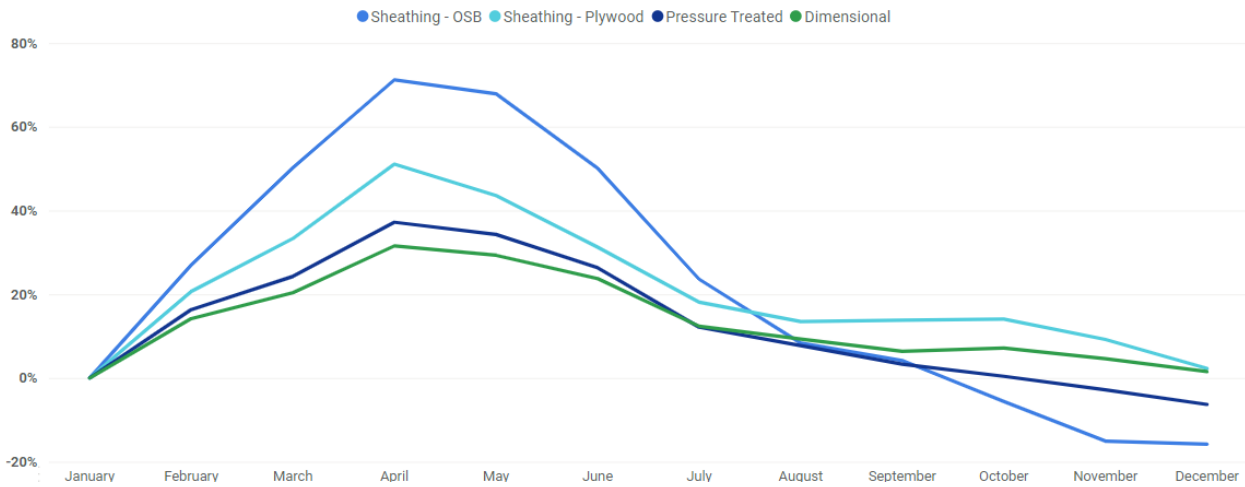


Figure 23. Lumber cost trends by category, 2022. (Source: Verisk)

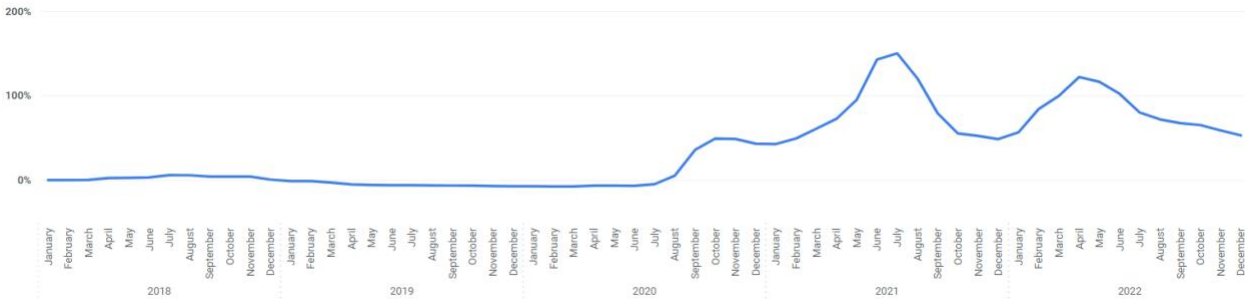


Figure 24. Lumber materials composite index increases, January 2018 – December 2022. (Source: Verisk)

Top 200 items trends

The phrase “top 200 items by use” indicates the 200 items most used in the claims coming through Verisk’s system, while “top 200 items by spend” indicates the 200 items representing the highest total dollar amount spent.

The top 200 items by spend increased 10.9% in 2022, following an increase of 15.9% in 2021. The top 200 items by use increased by 9.4% in 2022, compared to its 12.4% increase in 2021 (its 2022 increase was also slower than the increase for top 200 items by spend).

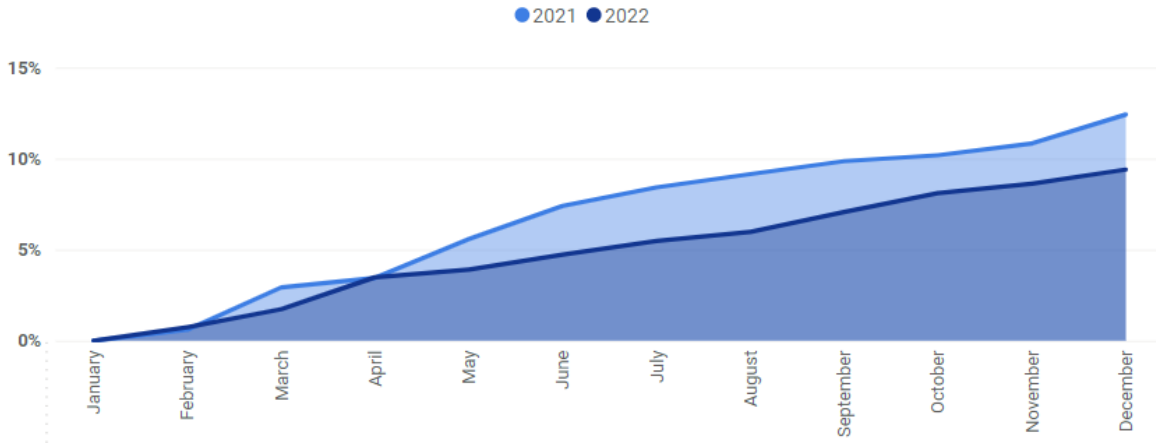


Figure 25. Cost increases in top 200 items as determined by use, 2021 vs. 2022. (Source: Verisk)

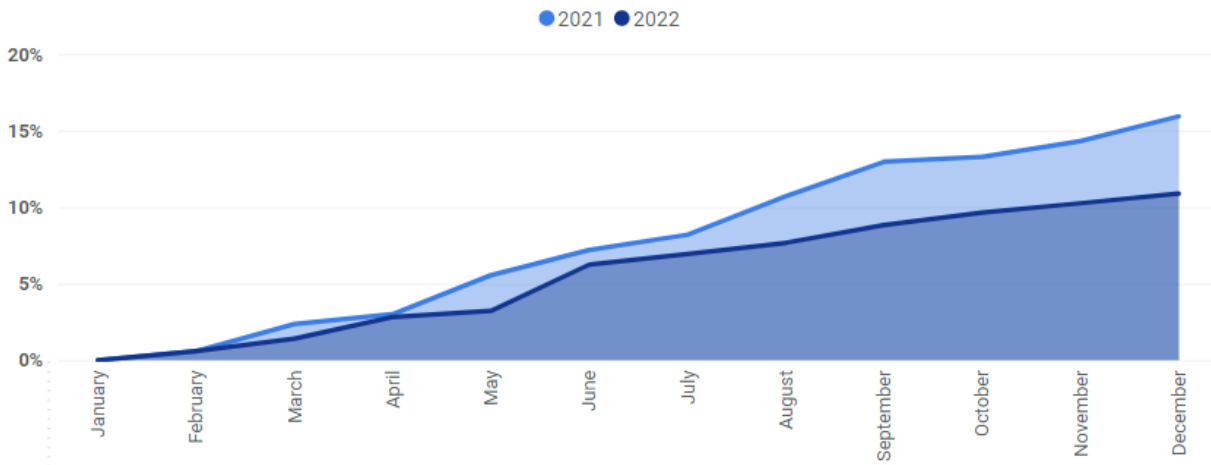


Figure 26. Cost increases in top 200 items as determined by spend, 2021 vs. 2022. (Source: Verisk)

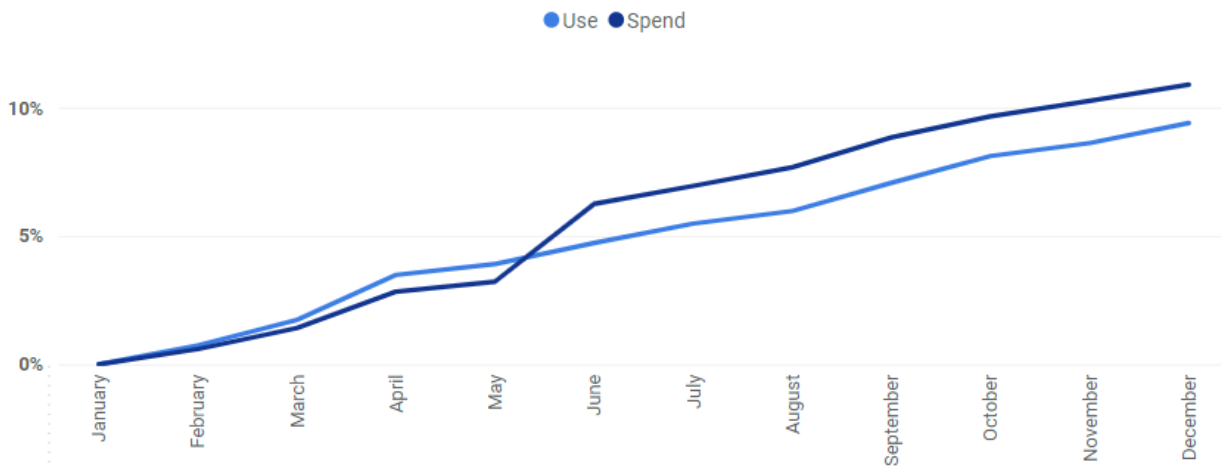


Figure 27. Top 200 items cost increases by use and by spend, 2022. (Source: Verisk)

Paint trends

The raw materials shortages caused by supply-chain issues and high demand affected the costs of many materials in 2022, including paint. Sherwin-Williams and PPG have stated that [supply chain issues are hindering paint manufacturing](#).

Not surprisingly, the [U.S. Paint Materials Composite Report](#) shows an uptick in paint costs due to the shortage. The year-over-year change peaked at 13.8% in October 2022, more than two years after the coronavirus pandemic began. From June 2018 to September 2021, the average yearly change was 4%, while from October 2021 to November 2022, the average was 12%.

Paint shortage continues

Supply-chain issues and pandemic-influenced demand weren't the only contributors to the shortage of paint materials. Events of 2021 continued to affect paint availability:

- The Texas freeze of 2021 halted the production of petroleum, which is necessary to make paint, and resin exports dropped because of [limited production from Texas petrochemical plants](#).
- Hurricane Ida also halted the production of key chemicals and resins needed to make paint. Sherwin-Williams [cut its outlook at the end of September 2021](#) for the second time in three weeks because of Ida's impact on the supply chain.

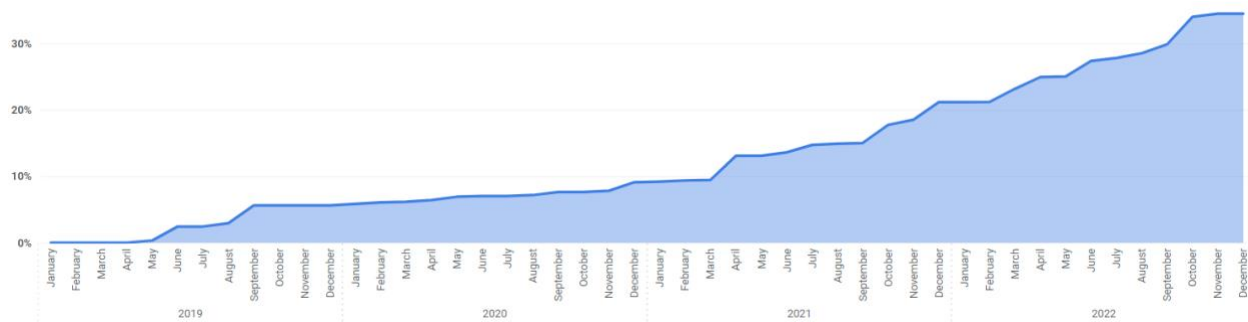


Figure 28. Paint materials cost increases year over year, starting January 2019. (Source: Verisk)

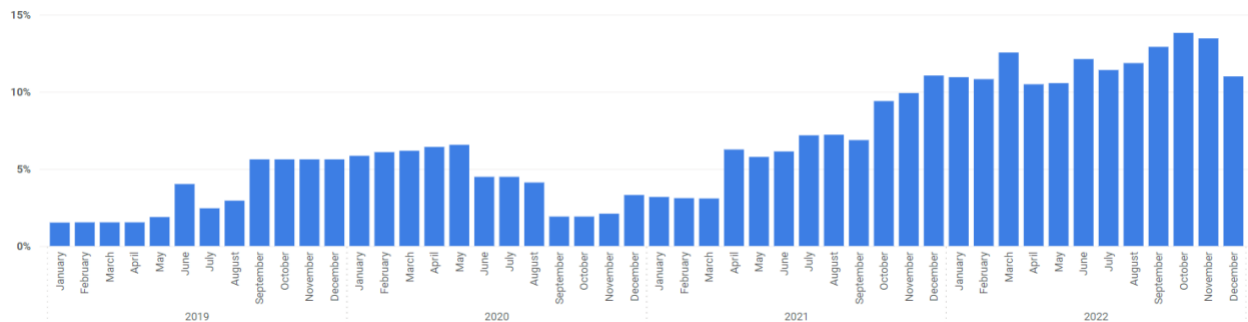


Figure 29. Paint materials cost changes year over year. (Source: Verisk)

Reconstruction trends

Residential reconstruction costs

Residential reconstruction costs, including materials and retail labor, increased by 7.2% in 2022. This uptick followed the 6.1% increase in 2021 but was still lower than the 8.6% jump in costs at the start of the pandemic in 2020. Costs remain high amid continuing inflation, supply shortages, and labor strains from catastrophic events.

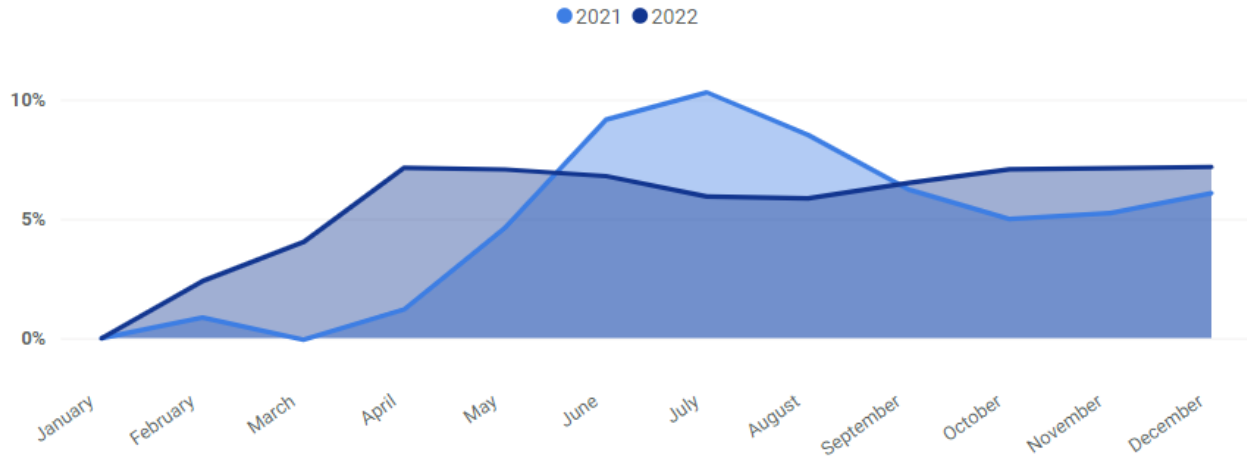


Figure 30. Residential reconstruction cost increases, 2021 vs. 2022. (Source: Verisk)

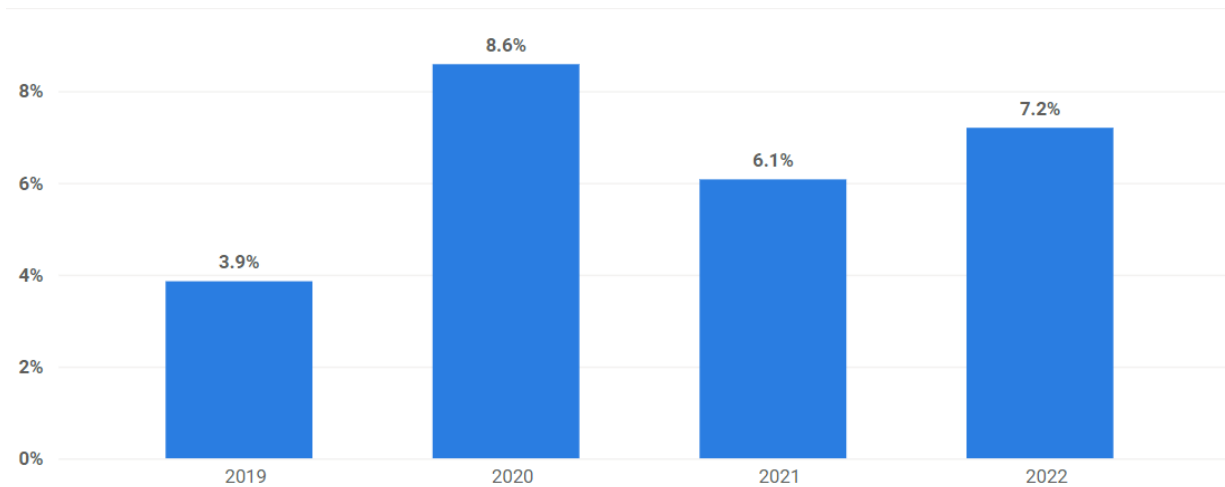


Figure 31. Residential reconstruction cost increases by year. (Source: Verisk)

The minimum and maximum year-over-year reconstruction cost increases (RCIs) in 2022 had a range of 10.5%, with a maximum year-over-year change of 13.5% and a minimum of 2.9%. These ranges measure dispersion and can help analysts identify periods of large variability. 2021 had a slightly larger range at 11.3%, with a maximum year-over-year change of 16.7% and a minimum of 5.4%, signaling a potential slowdown in reconstruction cost growth. Nonetheless, reconstruction costs were much more variable in 2022 than in 2019 and 2020.

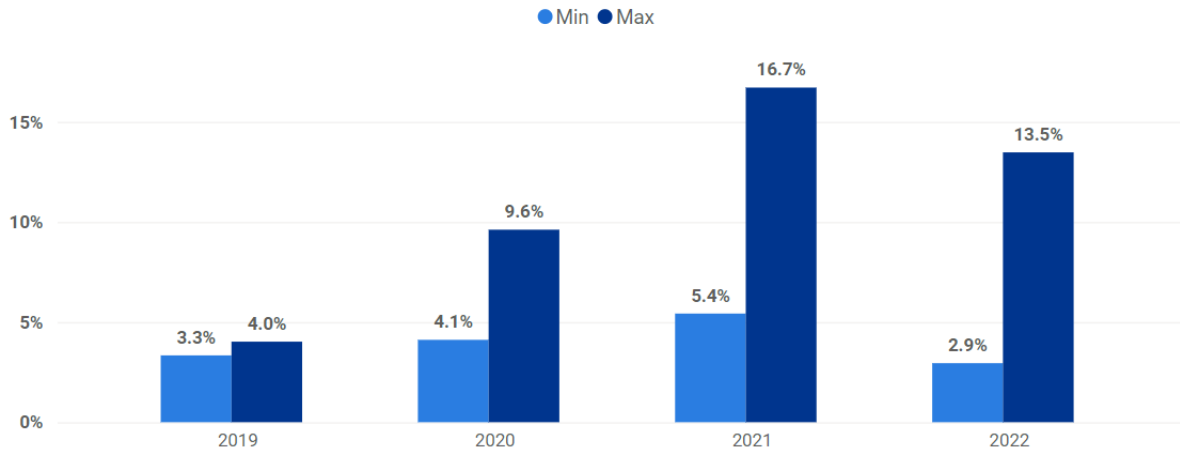


Figure 32. Minimum and maximum changes in residential reconstruction costs by year. (Source: Verisk)

Residential RCIs by state

Residential reconstruction costs increased in all states in 2022. Florida had the largest increase at 11.6%, followed by South Carolina (10.8%) and Rhode Island (9.3%). Costs increased the least in Louisiana at 5.6%, followed by Delaware (5.7%) and Connecticut (5.7%).

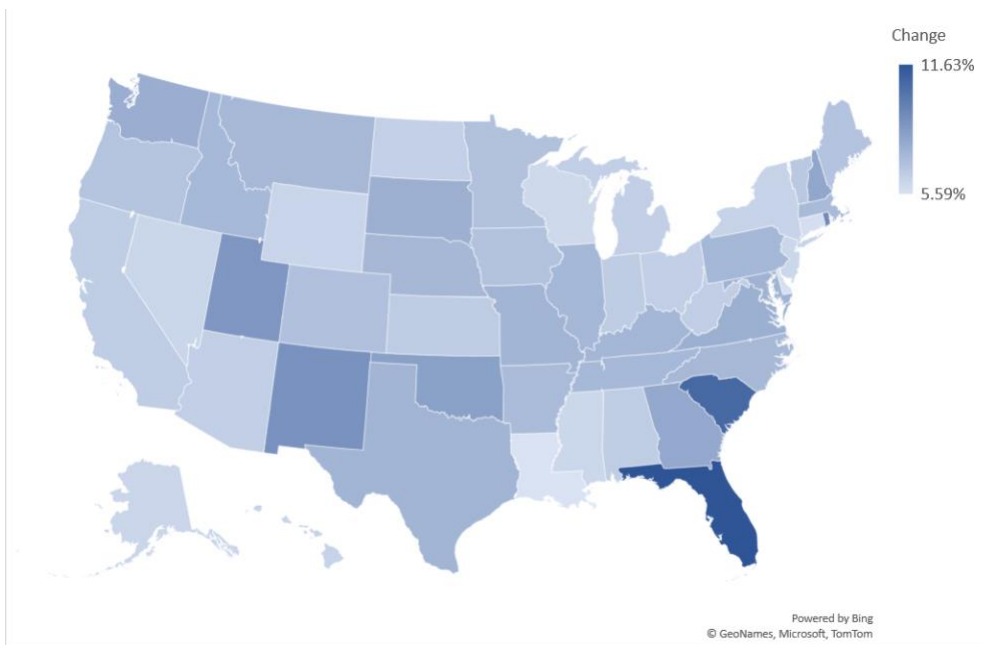


Figure 33. Residential reconstruction cost increases by state, 2022. (Source: Verisk)

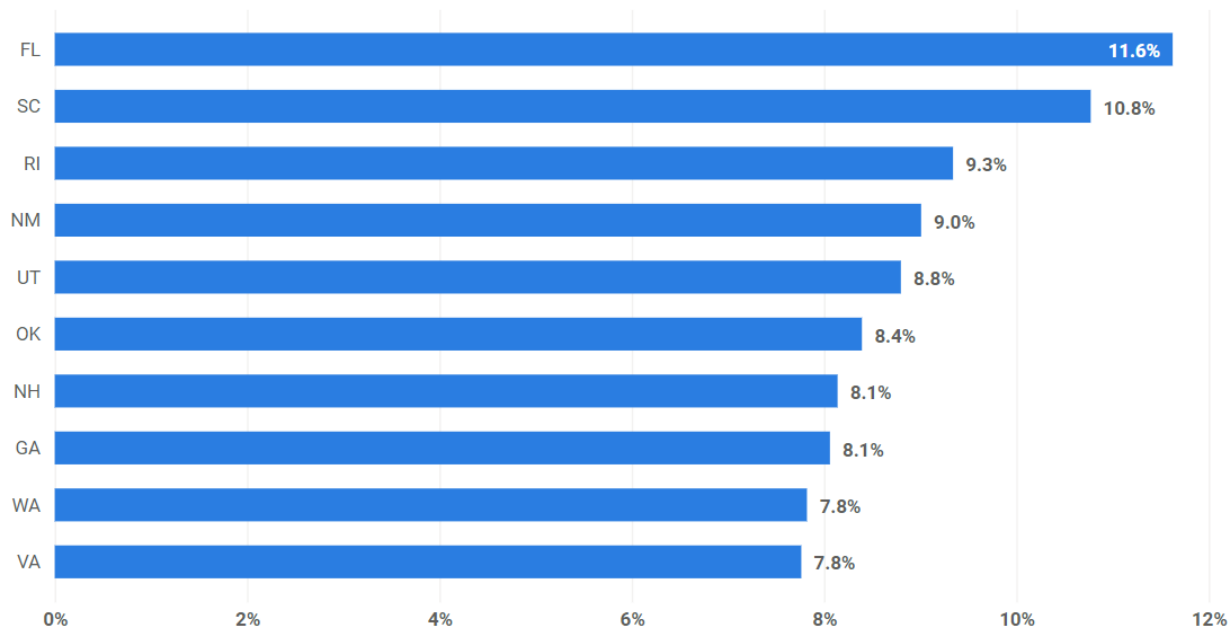


Figure 34. States with highest residential reconstruction cost increases, 2022. (Source: Verisk)

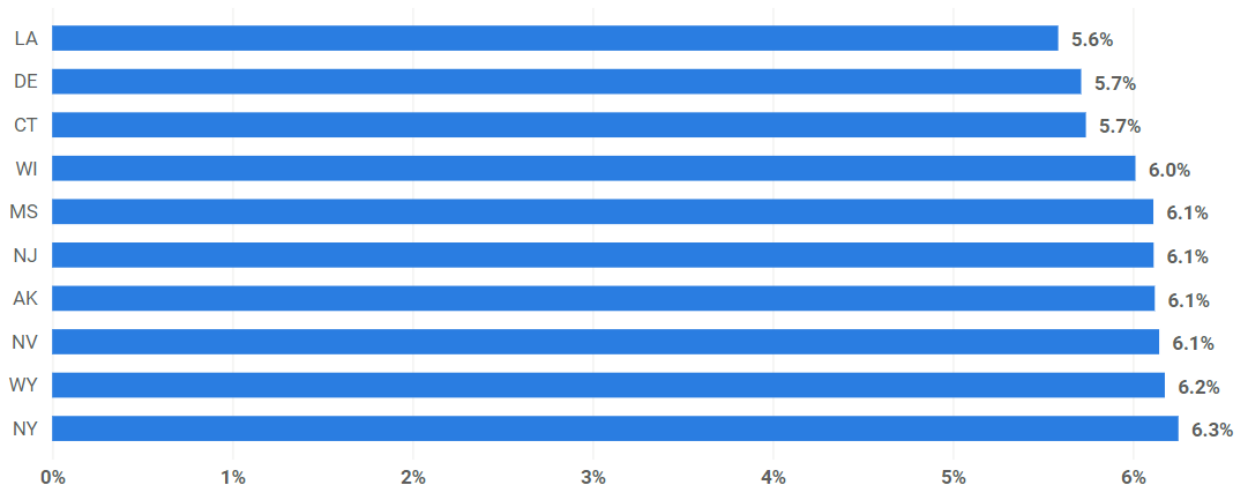


Figure 35. States with lowest residential reconstruction cost increases, 2022. (Source: Verisk)

Lumber costs

Lumber materials costs have significantly driven residential RCIs in recent years. They comprised 18.2% of total reconstruction costs in 2022, continuing a mild downward trend from 2021's 18.8% and 2020's high of 20.6%. In general, as lumber costs rise and decline, reconstruction costs trend similarly.

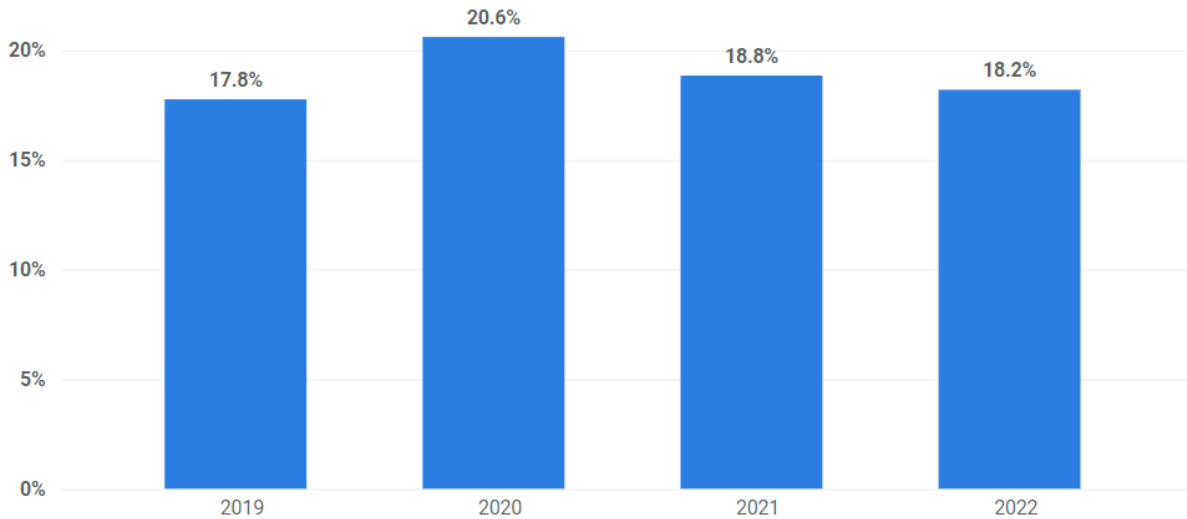


Figure 36. Lumber costs as a percentage of residential reconstruction costs by year. (Source: Verisk)



Figure 37. Cost increases for residential reconstruction vs. lumber cost increases year over year. (Source: Verisk)

Despite the overall impact of lumber costs on reconstruction costs, lumber costs' high volatility was less of a factor in 2022 than in prior years due to significant cost increases in other materials, such as roofing, drywall, paint, and interior trim. In 2021, when lumber experienced a major cost increase, reconstruction costs followed; when lumber costs declined, reconstruction costs declined. However, in 2022 the correlation between the two weakened.

From January to April 2022, lumber and reconstruction costs rose as they did in prior years, but after lumber sharply decreased after April 2022, reconstruction costs remained high, propped up by high cost increases experienced by other construction materials.



Figure 38. Residential reconstruction cost increases vs. lumber materials cost increases. (Source: Verisk)

Commercial reconstruction costs

Commercial reconstruction costs, including materials and retail labor, increased by 5.5% in 2022, following the 8.2% jump in 2021 and the 5.2% increase in 2020.

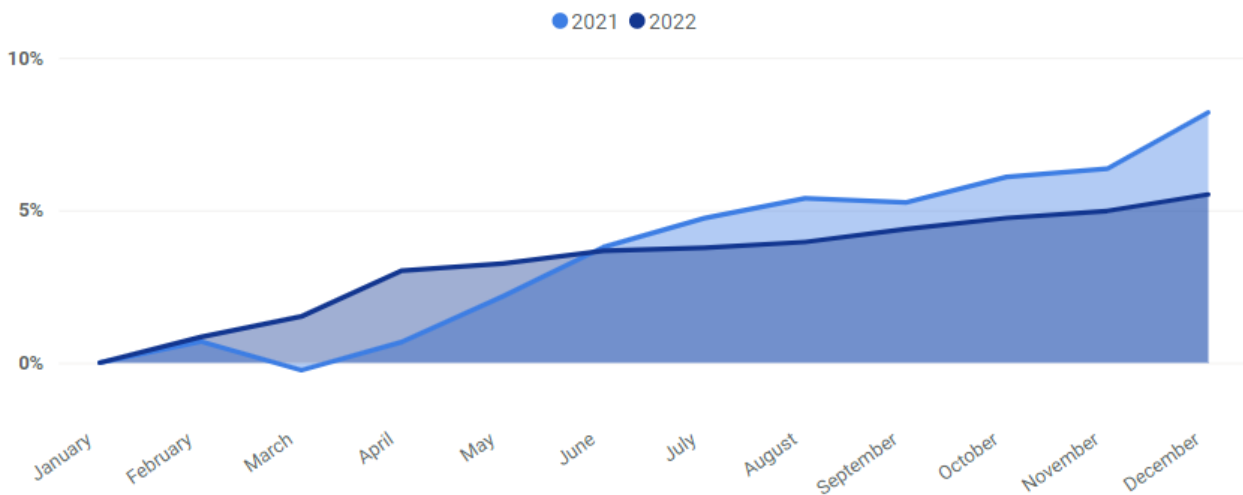


Figure 39. Commercial reconstruction cost increases, 2021 vs. 2022. (Source: Verisk)

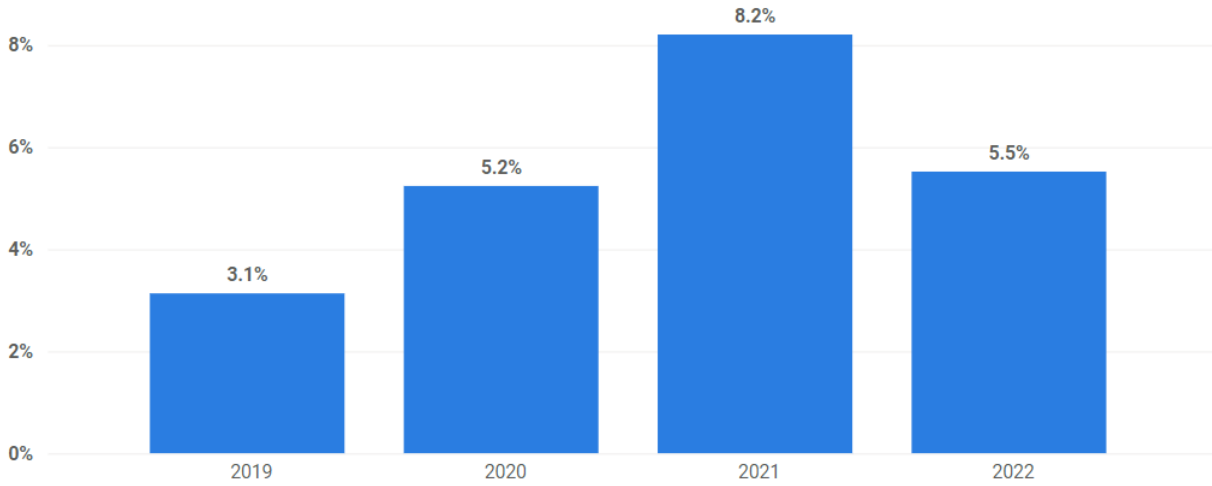


Figure 40. Commercial reconstruction cost increases by year. (Source: Verisk)

Commercial RCIs by state

Commercial reconstruction costs increased in all states in 2022. Florida had the largest increase at 10.1%, followed by South Carolina (8.4%) and New Mexico (7.5%). Costs increased the least in Connecticut at 4.2%, followed by Alaska (4.3%) and Rhode Island (4.4%).

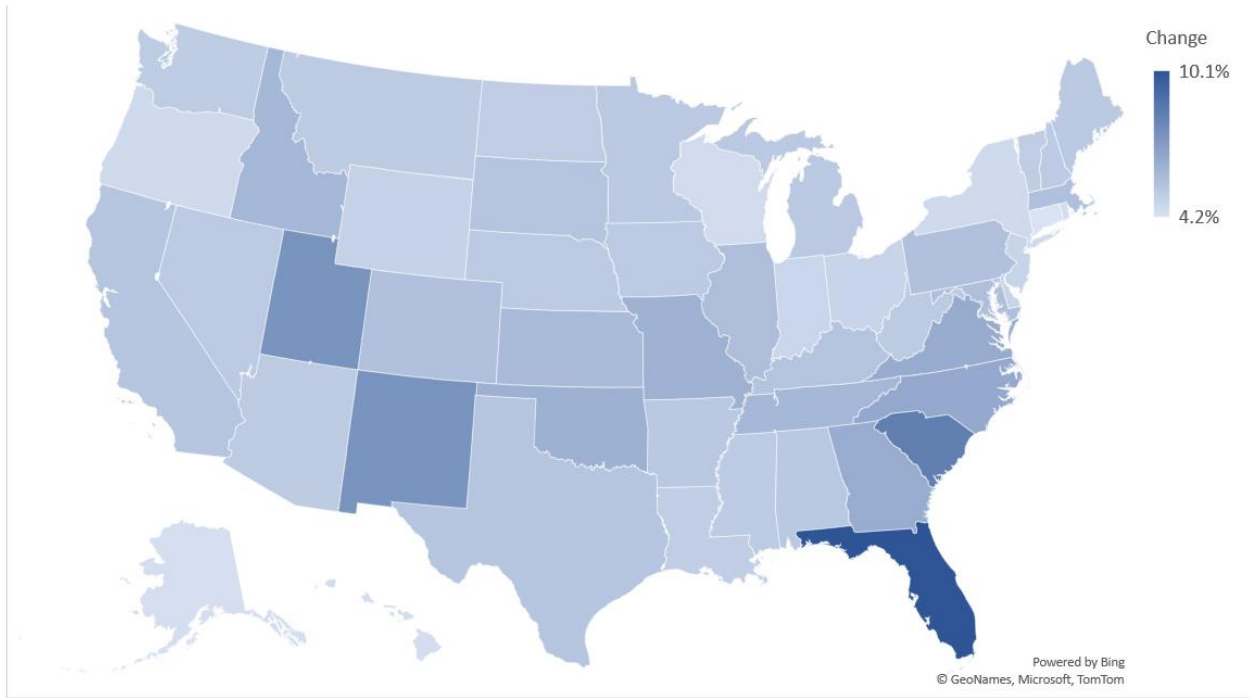


Figure 41. Commercial reconstruction cost increases by state, 2022. (Source: Verisk)

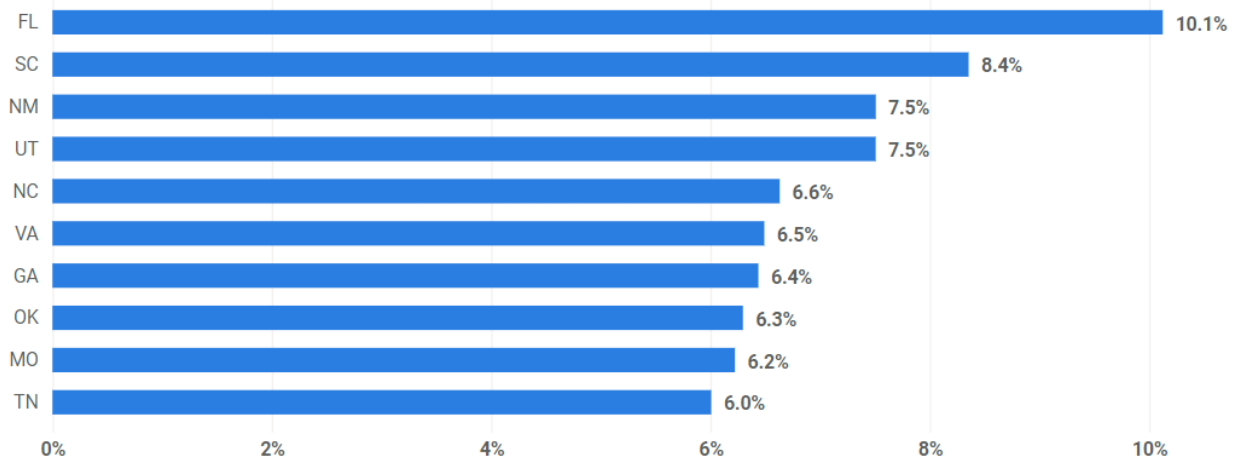


Figure 42. States with highest commercial reconstruction cost increases, 2022. (Source: Verisk)

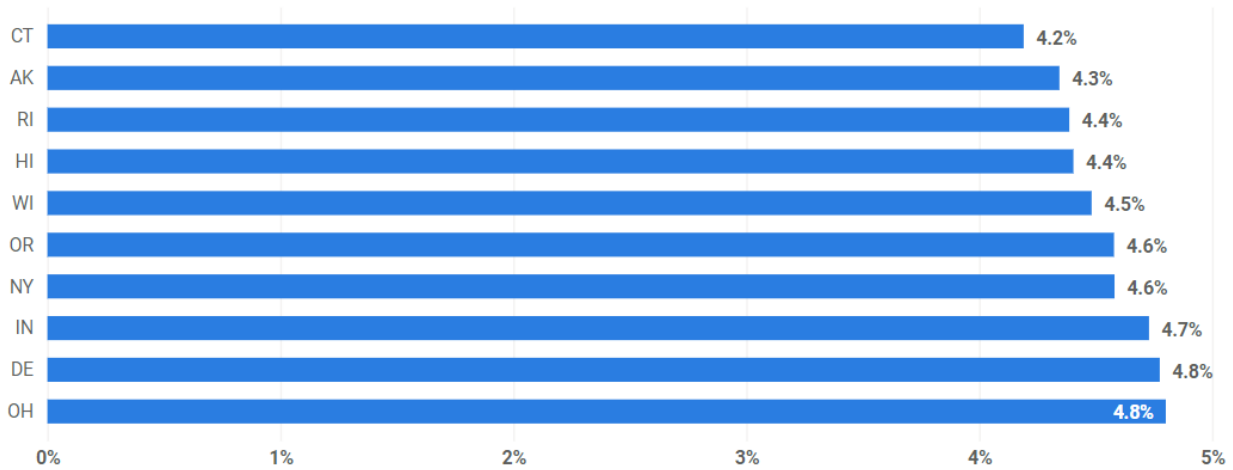


Figure 43. States with lowest commercial reconstruction cost increases, 2022. (Source: Verisk)

Like residential reconstruction costs, commercial costs were impacted by the increased demand for labor and materials as well as supply shortages. From January 2018 to March 2020, the average year-over-year change was a mere 3.1%, but from March 2020 to December 2022, the average year-over-year change was 6.6%, more than double that of prior years.

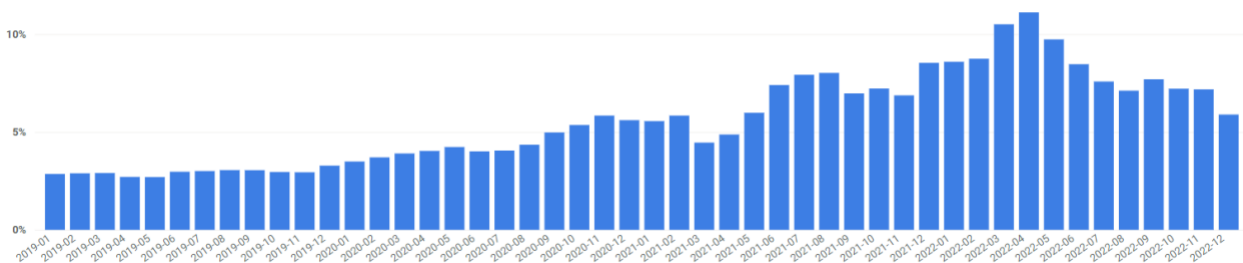


Figure 44. Year-over-year changes in commercial reconstruction costs. (Source: Verisk)

Hurricane Ian's impact on reconstruction costs

Hurricane Ian made landfall in Florida on September 28th, 2022, and again in South Carolina on September 30th, 2022; it was the deadliest hurricane to strike Florida since 1935. Ian significantly impacted costs in affected areas because of a demand surge (which typically occurs following catastrophic weather events).

From September to October, Florida and South Carolina had the largest monthly change in both residential and commercial reconstruction costs. Residential reconstruction costs increased 3.9% and 2.8% in Florida and South Carolina, respectively, while commercial reconstruction costs increased 3.9% and 2.4% in Florida and South Carolina, respectively.

On a more regional scale, cities in these states, such as Fort Myers, Sarasota, Spring Hill, Myrtle Beach, and Charleston, saw a significant uptick in costs, with Fort Myers experiencing the largest cost impact.

To see Hurricane Ian's impact on claims, see page 41.

Water damage mitigation

The [Water Damage Mitigation Index](#) tracks the costs of a sample set of common tasks, such as moving and resetting room contents, extracting water, installing dehumidification and drying equipment, and completing a final cleaning.

Water damage mitigation costs for Fort Myers and Florida increased rapidly from September to October, jumping 13.1% and 6.6%, respectively. The cost increase in Fort Myers was 11 times greater than the national average during that time. In 2022 overall, water mitigation prices increased in Fort Myers, Florida, and the U.S. by 23.8%, 15.9%, and 9.2%, respectively.

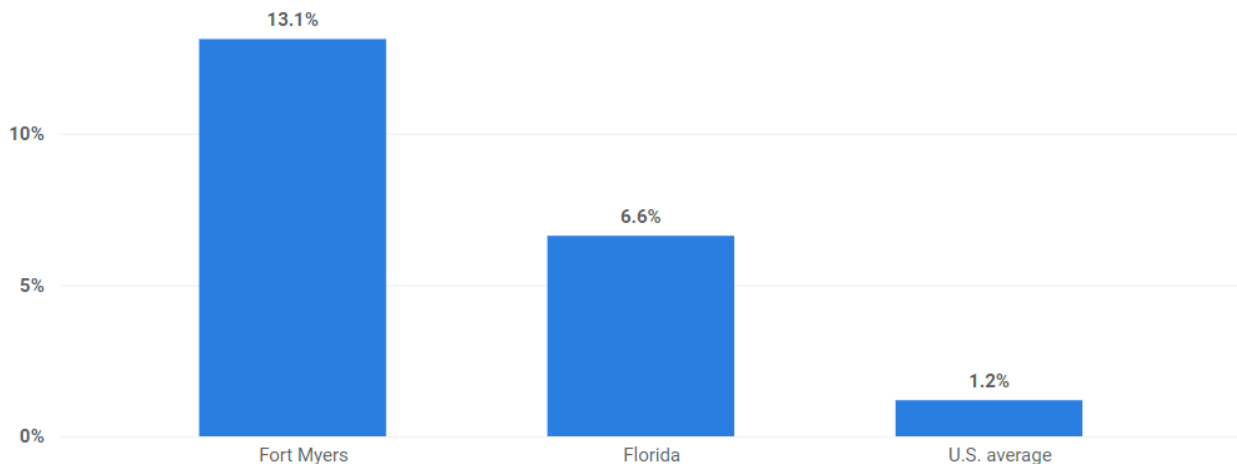


Figure 45. Water damage mitigation cost increases by geographic area, September to October 2022. (Source: Verisk)

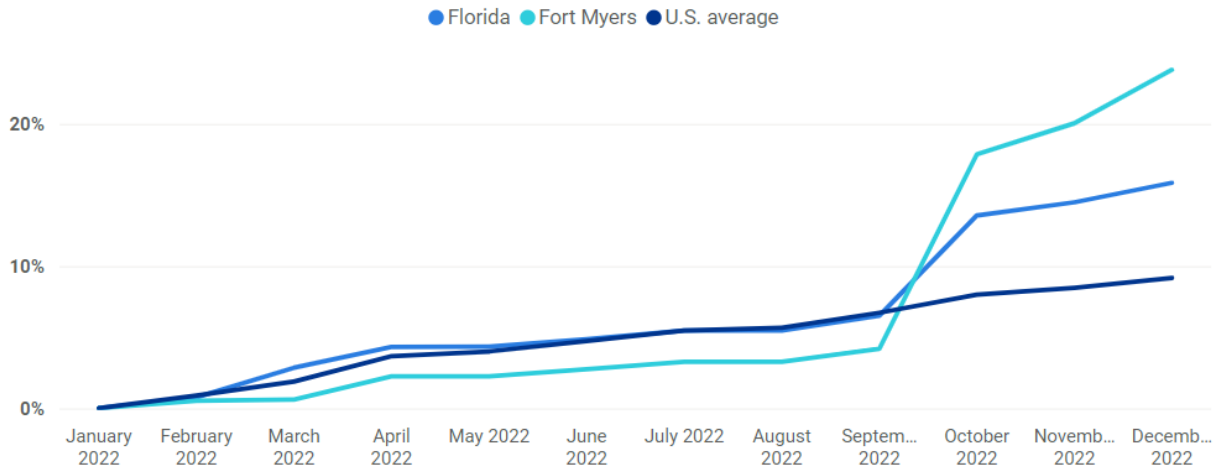


Figure 46. Water damage mitigation cost increases by geographic area, 2022. (Source: Verisk)

Labor and materials costs

The labor and materials index and the hourly billable labor index also experienced major cost changes from September to October for areas affected by Hurricane Ian. Fort Myers had the largest increase in both indexes: 13.6% for hourly billable labor and 8.0% for labor and materials. Florida as a whole saw increases of 8.6% for hourly billable labor and 4.4% for labor and materials. Areas outside of Florida affected by Hurricane Ian had costs increase by 9.1% for hourly billable labor and 4.5% for labor and materials.

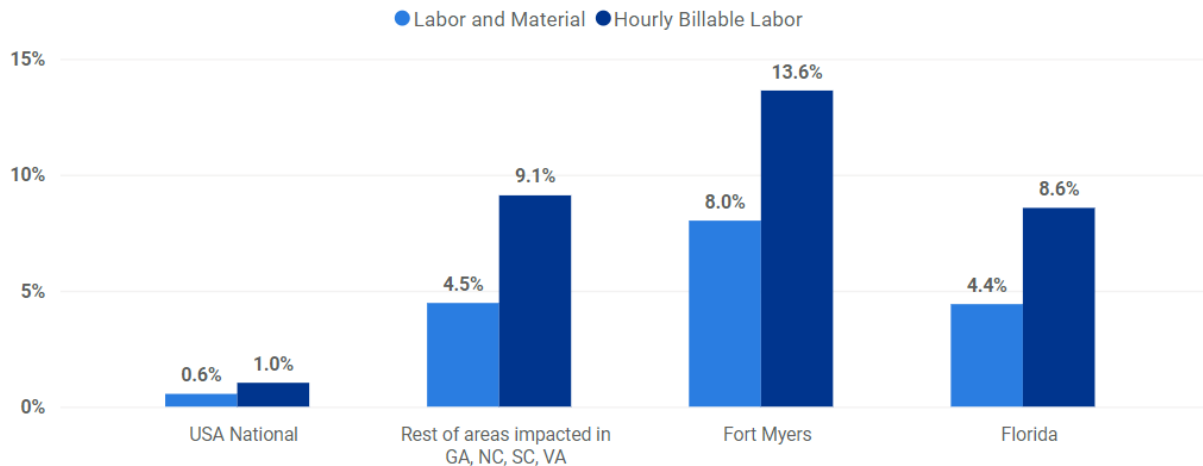


Figure 47. Increases in labor and materials costs by geographic area, September to October 2022. (Source: Verisk)

The top 200 items by spend increased the largest in Fort Myers for both baskets (categories), going up 9.0% for the lan-specific basket and 7.7% for the national basket.

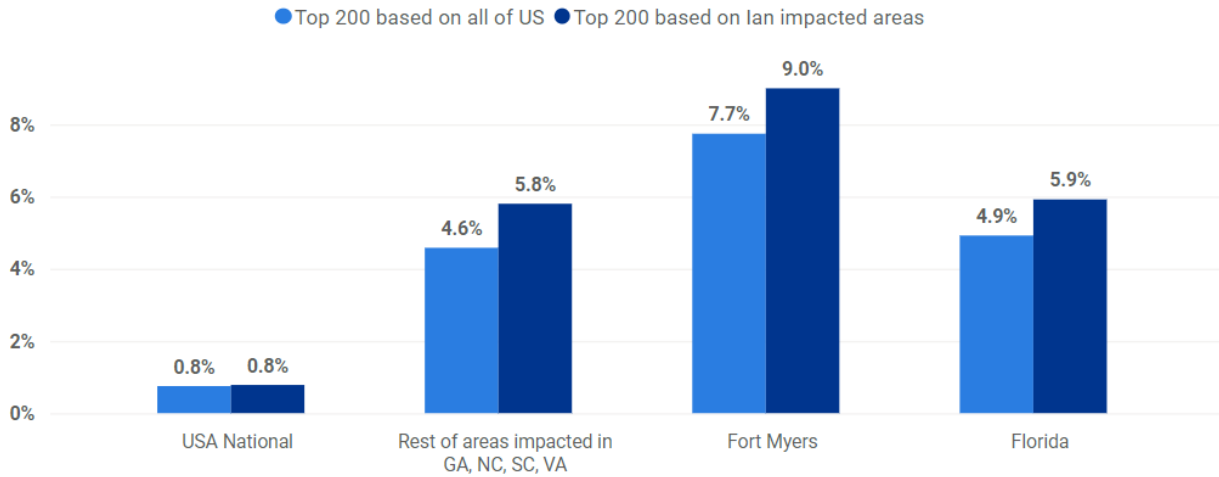


Figure 48. Increases in top 200 items by spend by geographic area, September to October 2022. (Source: Verisk)

Similarly, costs for the top 200 items by use increased the most in Fort Myers for both baskets: 9.9% for the lan-specific basket and 8.3% for the national basket.

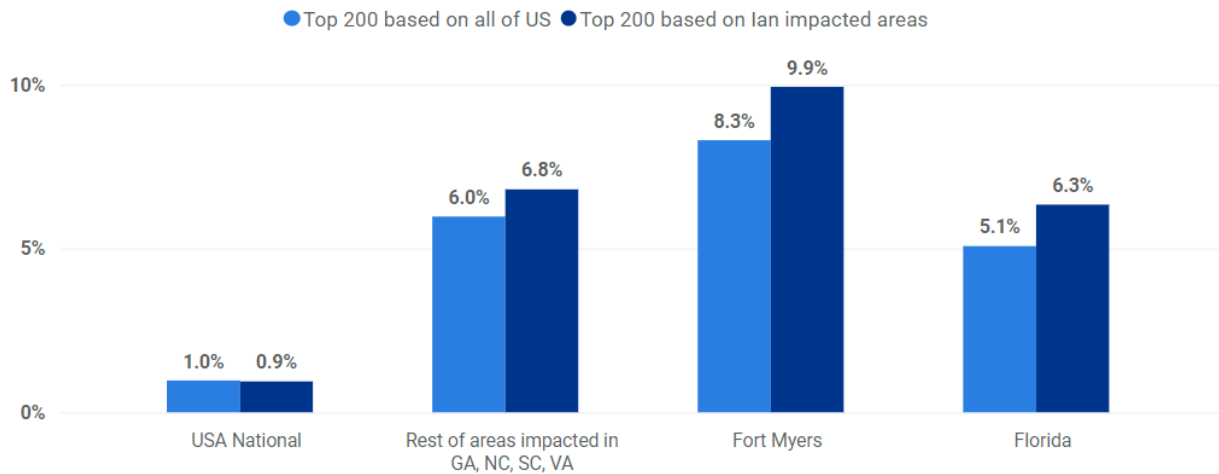


Figure 49. Increases in top 200 items by use by geographic area, September to October 2022. (Source: Verisk)

Verisk’s pricing team continually monitors areas where catastrophes and storms have occurred to investigate how local pricing could change because of increased demand, and the team makes any warranted changes based on our research. Customers can view the [Industry Trend Reports](#) in XactAnalysis for additional information.

Claims trends

Claims value trends

In 2022, the average claims estimate amount for residential properties in the U.S. was \$11,831, while the average estimate amount for commercial properties was \$33,712. The median estimates for residential and commercial claims were \$5,236 and \$9,098, respectively.

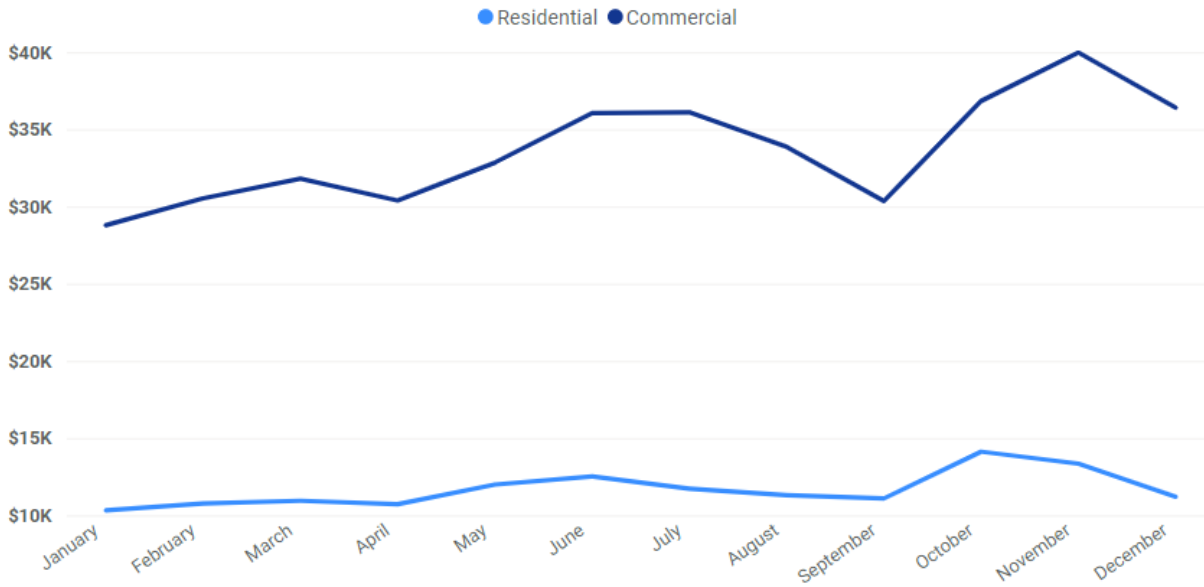


Figure 50. National average claims estimate amounts, 2022. (Source: Verisk)

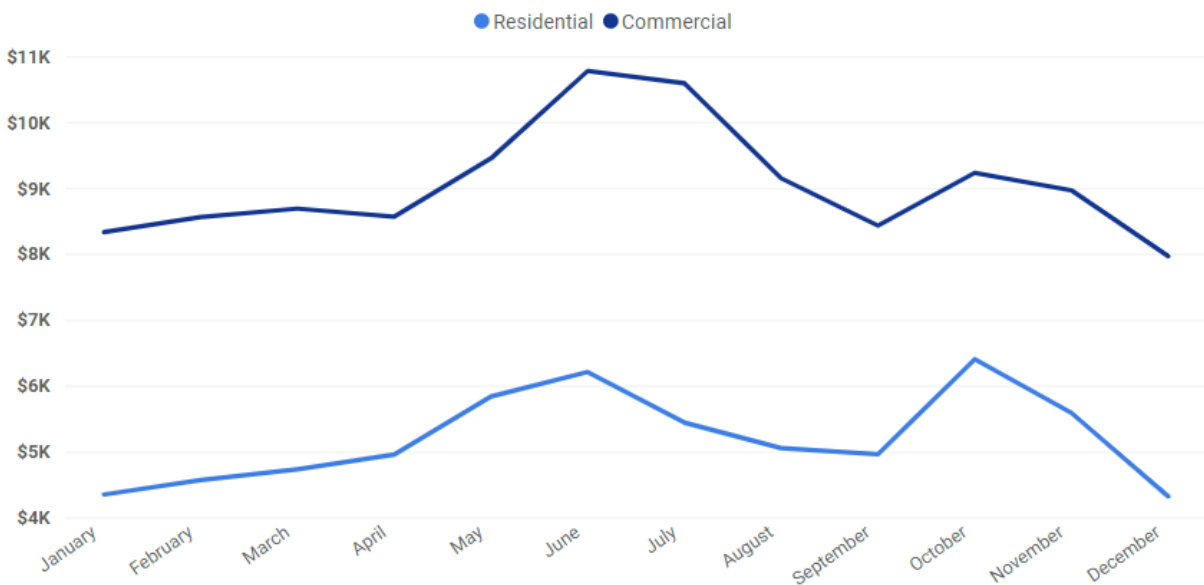


Figure 51. National median claims estimate amounts, 2022. (Source: Verisk)

Within ClaimXperience, the average estimate for commercial properties was \$30,725, and the average estimate for residential properties was \$12,346, an increase from 2021's average estimate of \$11,070.

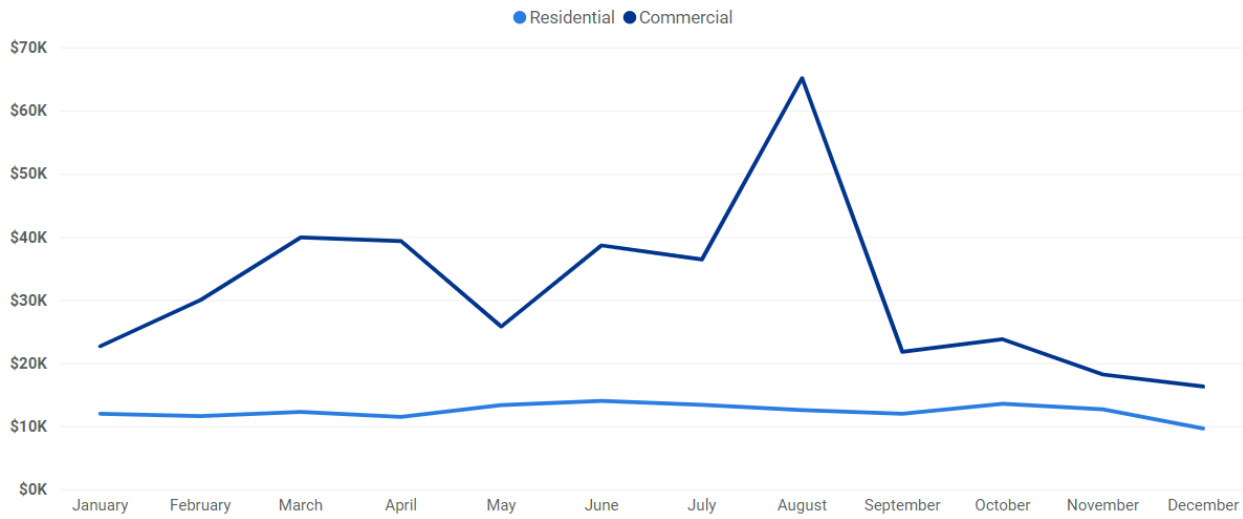


Figure 52. ClaimXperience national average estimate amounts, 2022. (Source: Verisk)

Type of loss

Fire was the most expensive type of loss in 2022; residential fire claims had an average estimate of \$29,525, while commercial fire claims had an average estimate of \$104,722.

All types of loss—aside from flood—have large differences between the residential and commercial average estimate amounts. For example, the average estimate for hurricane loss was \$20,492 for residential claims and \$81,328 for commercial.

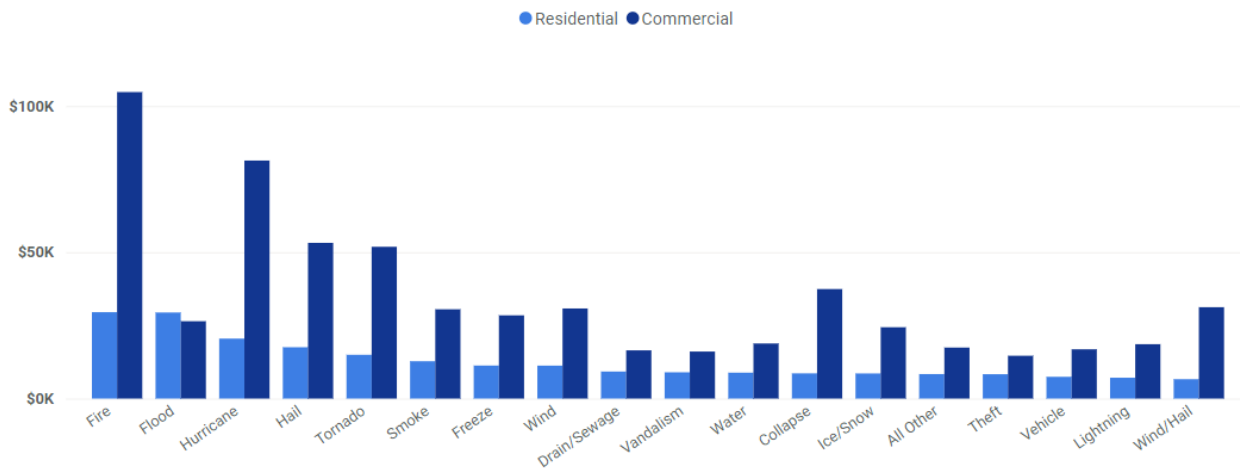


Figure 53. Average estimate amount by type of loss, 2022. (Source: Verisk)

For ClaimXperience claims, floods had the highest residential average estimate of \$38,630, and tornados had the highest commercial average estimate of \$92,883.

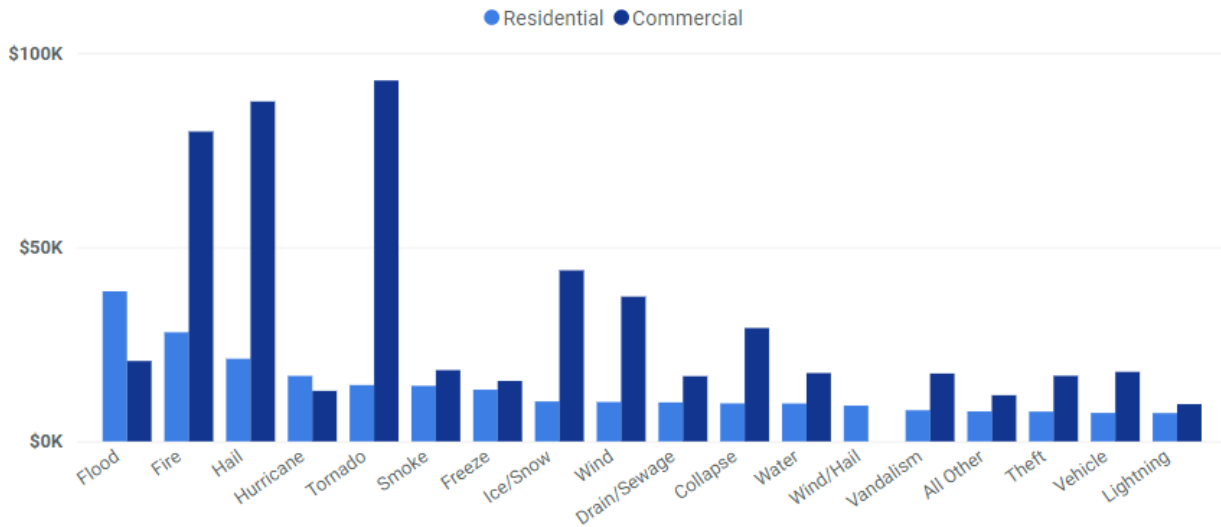


Figure 54. ClaimXperience average estimate amount by type of loss, 2022. (Source: Verisk)

In the top 10 states for average estimate claims, fire and flood both had the highest residential claim amounts in 2022 at \$28,551 and \$32,752, respectively. Fire and hurricane had the highest average estimate amounts for commercial claims, with \$103,148 and \$81,328, respectively.

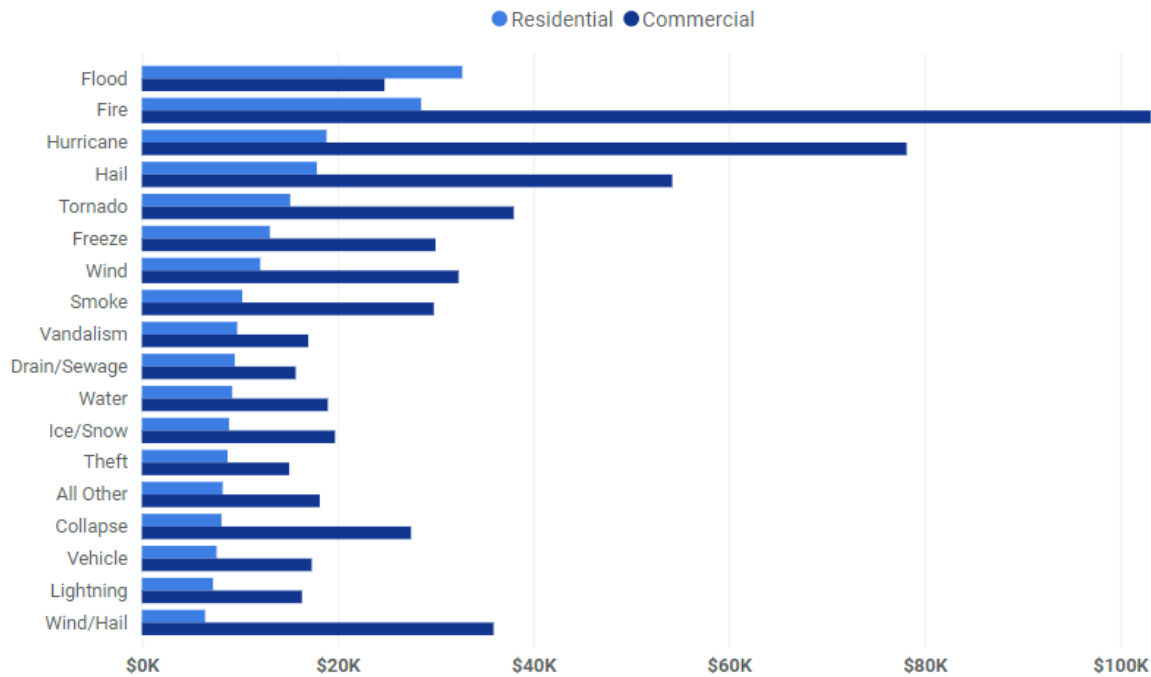


Figure 55. Average estimate amounts for top 10 states by type of loss, 2022. (Source: Verisk)

In the top 10 states, hail had the highest median residential estimate of \$15,423. Fire had the second-highest residential median estimate (\$11,200) and the highest commercial median estimate (\$28,527).

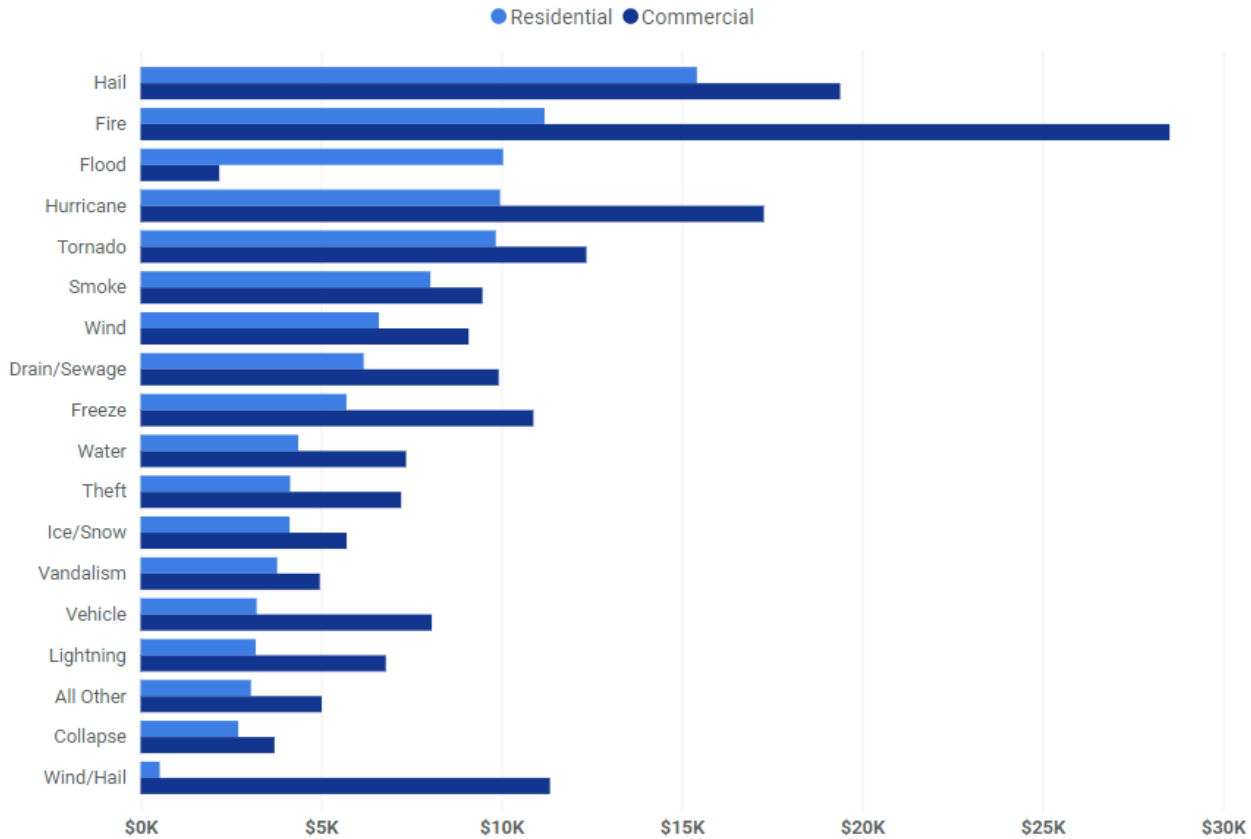


Figure 56. Median estimate amounts for top 10 states by type of loss, 2022. (Source: Verisk)

Assignment volume

Isolating the top 10 states by assignment volume, Minnesota had the highest average residential estimate in 2022, with \$17,519, while Florida had the highest commercial average, with \$53,963. All top 10 states saw substantial differences between residential and commercial amounts.

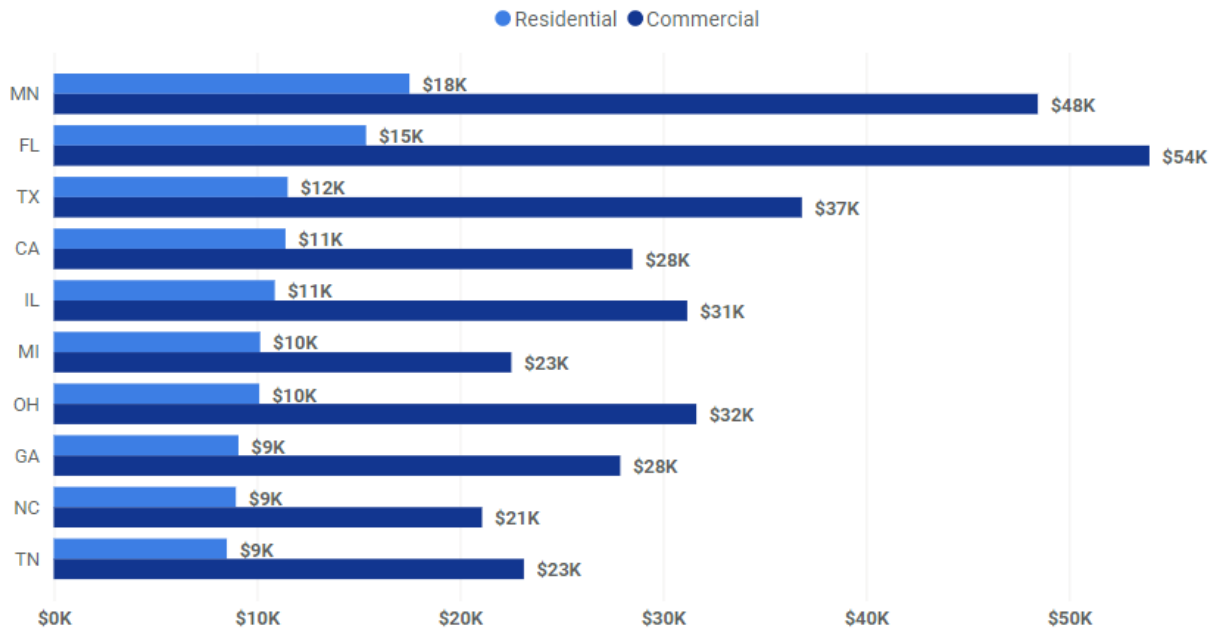


Figure 57. Average residential estimate for top 10 states by assignment volume, 2022. (Source: Verisk)

Minnesota also had the highest median estimates, with \$13,050 for residential and \$16,174 for commercial, followed by Florida, with \$6,990 for residential and \$10,455 for commercial.

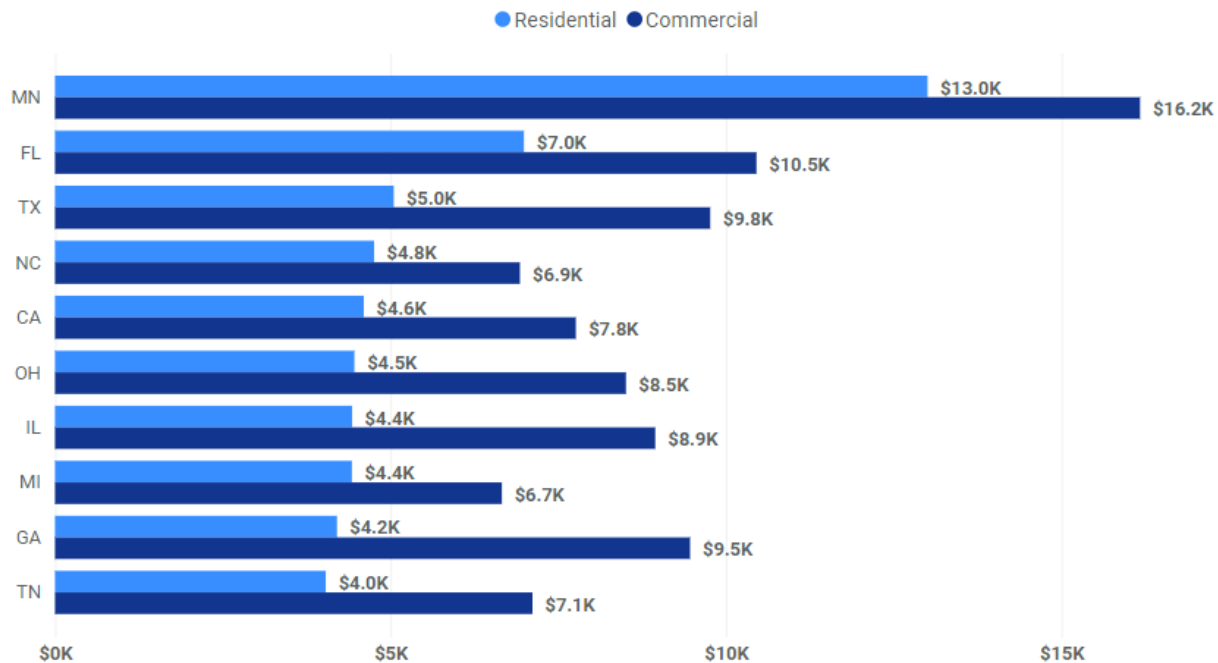


Figure 58. Median residential estimate for top 10 states by assignment volume, 2022. (Source: Verisk)

Deductibles

The average deductible for residential properties in 2022 was \$2,197, while the average for commercial properties was \$3,652. The type of loss with the highest average deductibles was hurricane, which averaged more than \$5,900 for residential and more than \$16,000 for commercial.

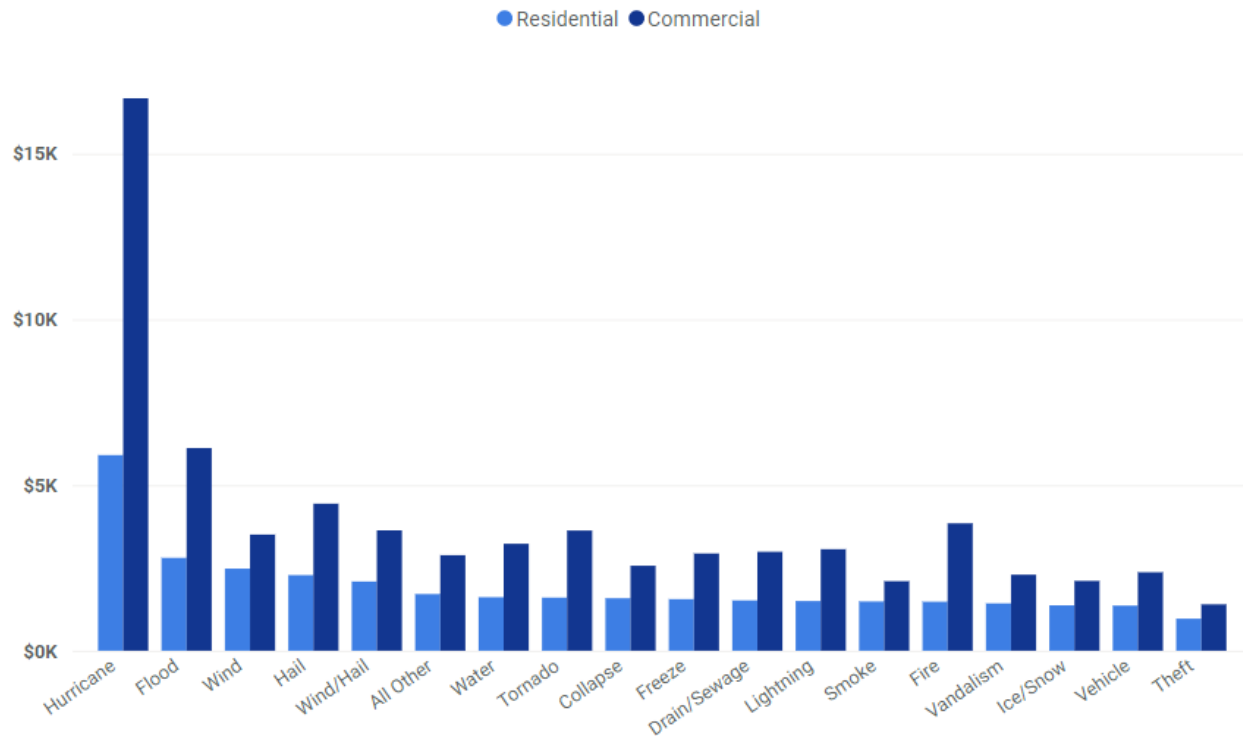


Figure 59. Average deductible by type of loss. (Source: Verisk)

Initial vs. final estimates

Initial and final estimate totals can differ based on pricing trends at submission time, quality adjustments, and other factors. When a claim is first returned, the initial cost of the loss is calculated. That amount may change over time due to quality control checks, overage adjustments, or price list updates, among other things. After a review, the final estimate reflects accurate loss costs, price lists, and other data.

Amount increases

From January through December 2022, the average estimate increased by \$1,118 for residential and \$4,695 for commercial claims. Month to month, residential claims estimate increases ranged from \$300 to \$1,600, while commercial claims estimate increases ranged from \$600 to \$6,200 monthly.

Note that the graph below includes only estimate information received when this report was published. As indicated by the overall downward slopes, not all data has returned.

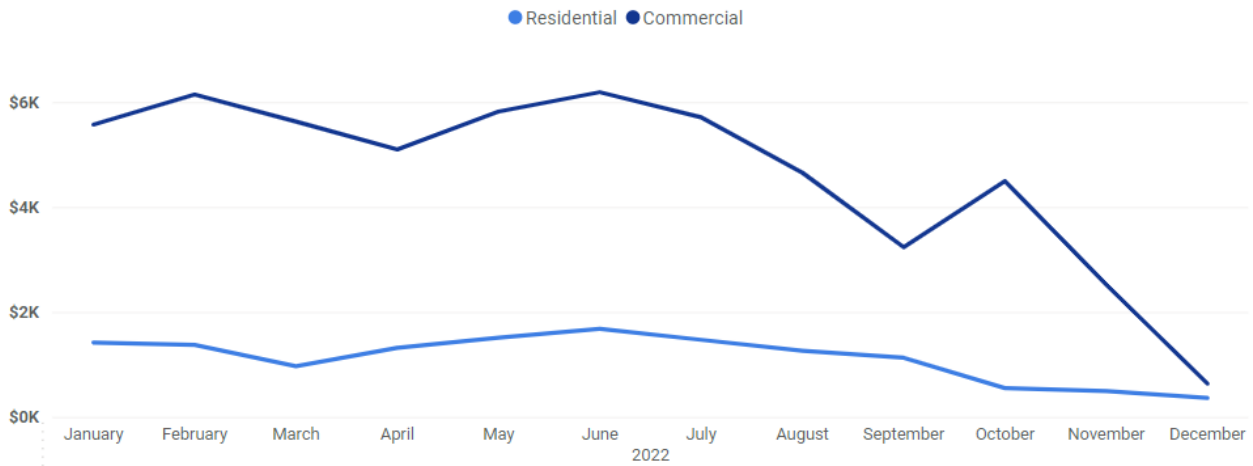


Figure 60. Average increase from first estimate to final estimate, 2022. (Source: Verisk)

Time to first estimate returned

The time between a claim being reported and its first estimate being returned depends on the extent of the damage and other issues that occurred while insurance companies and contractors worked on the claim. In 2022, it took 13.9 days on average for adjusters and contractors to review the project and return the first estimate for residential jobs and 22.4 days for commercial jobs.

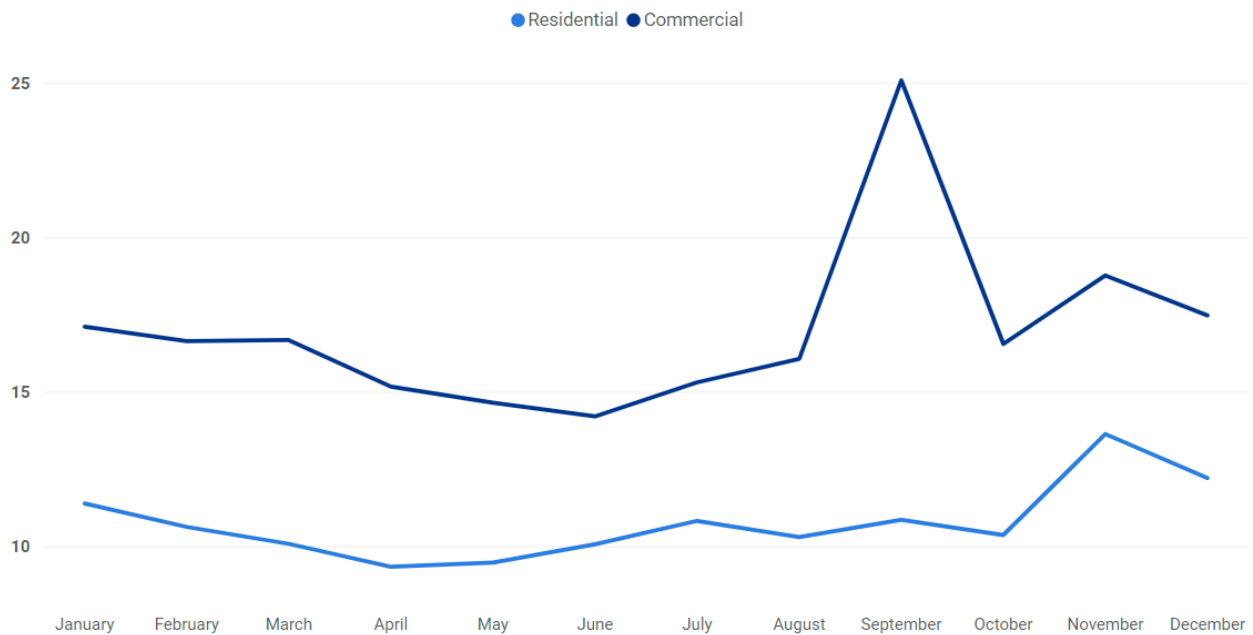


Figure 61. Average days from assignment received to first estimate returned, 2022. (Source: Verisk)

Corrections and supplements

On average, 4.5% of residential assignments had corrections identified, while 5.8% of commercial assignments required corrections.



Figure 62. Percentage of assignments with at least one correction defined, 2022. (Source: Verisk)

A project includes a supplement if an assignment is already submitted but needs to be changed or corrected. In 2022, 1.9% of residential assignments had a supplement, as did 1.8% of commercial assignments.

As with Figure 60, the graph below includes only supplement information received at the time this report was published. The year’s complete data continues to mature.

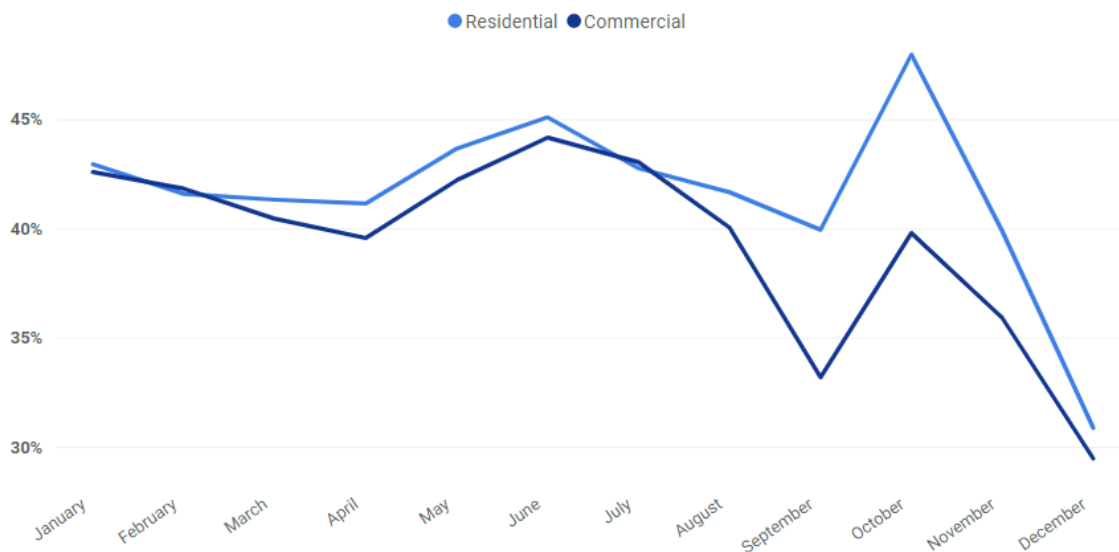


Figure 63. Assignments with at least one supplement, 2022. (Source: Verisk)

Residential assignments were slightly more likely to have changes, fixes, and supplements than commercial assignments in 2022; on average, estimates were uploaded from Xactimate to XactAnalysis 1.88 times for residential and 1.82 for commercial.

Roofing

Roofing line items were included in 1.8 million residential claims and 41,000 commercial claims in 2022, comprising 38.1% of residential and 30.7% of commercial assignments, respectively. Hail was the most common type of loss for roofing-related assignments (82.5% of residential and 79.8% of commercial assignments). In contrast, drain/sewage damage was the least common type of roofing loss, making up only 0.4% of residential and commercial assignments.

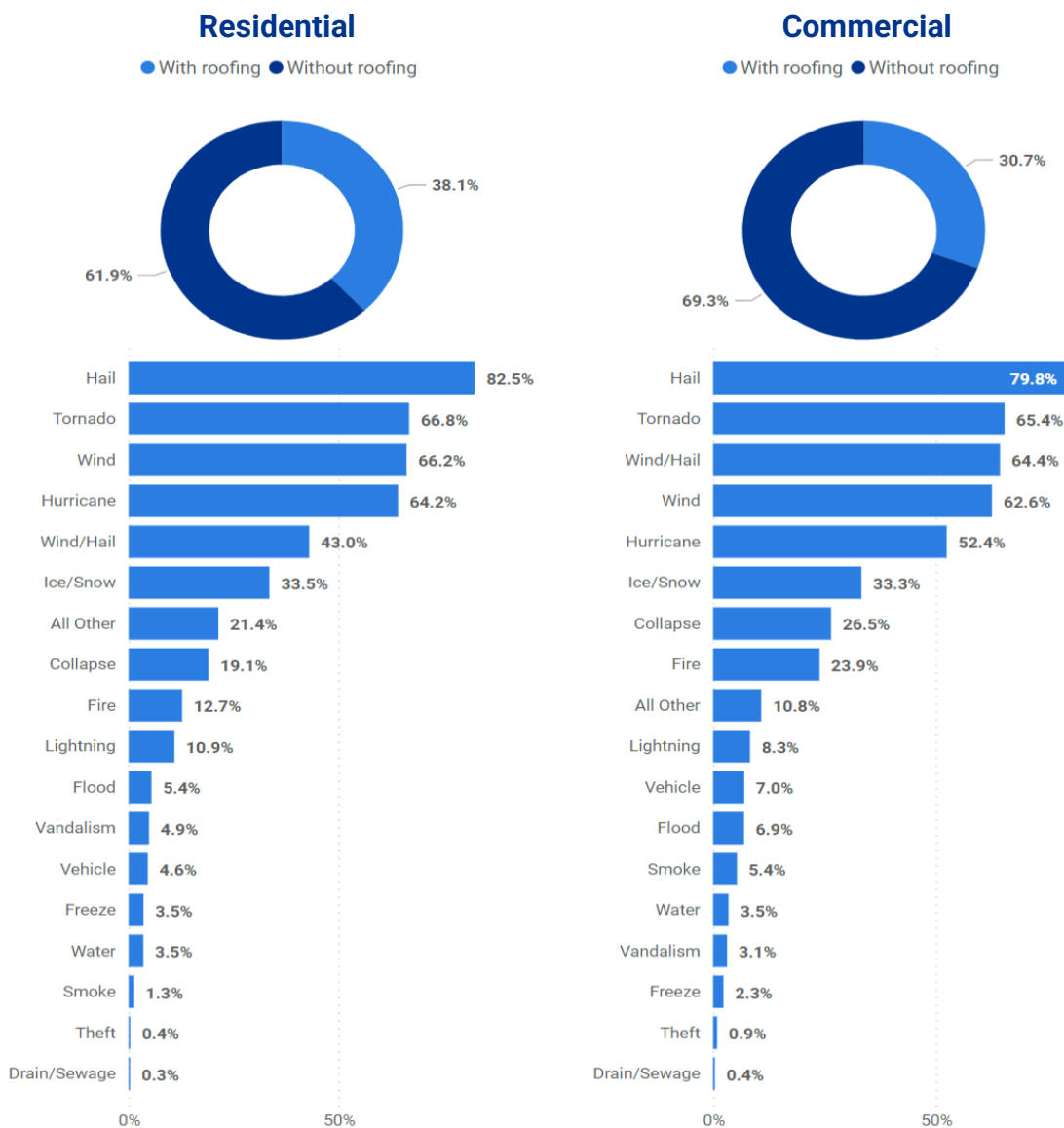


Figure 64. Residential and commercial assignments with roofing line items, 2022. (Source: Verisk)

More roofs were replaced than repaired in 2022. For residential properties, the average roofing replacement cost \$16,000, while the average repair cost \$4,000. For commercial properties, the average replacement cost \$40,000, while the average repair cost \$15,000.

Of all residential roofing losses, around 43.7% were repaired and 56.3% were replaced. The percentage was similar for commercial properties, with roughly 43.3% being repaired and 56.7% being replaced.

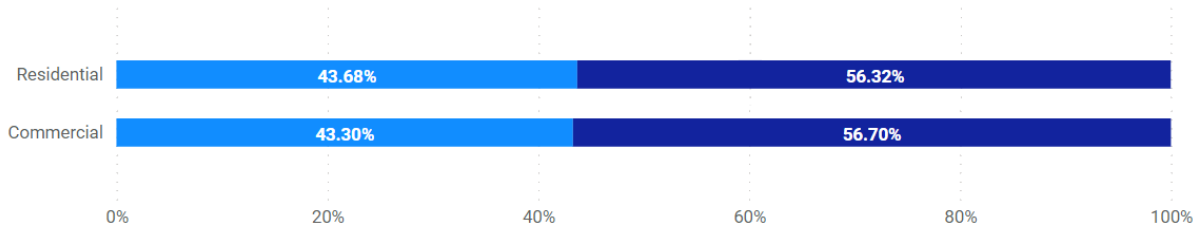


Figure 65. Roofing repair vs. replacement assignments, 2022. (Source: Verisk)

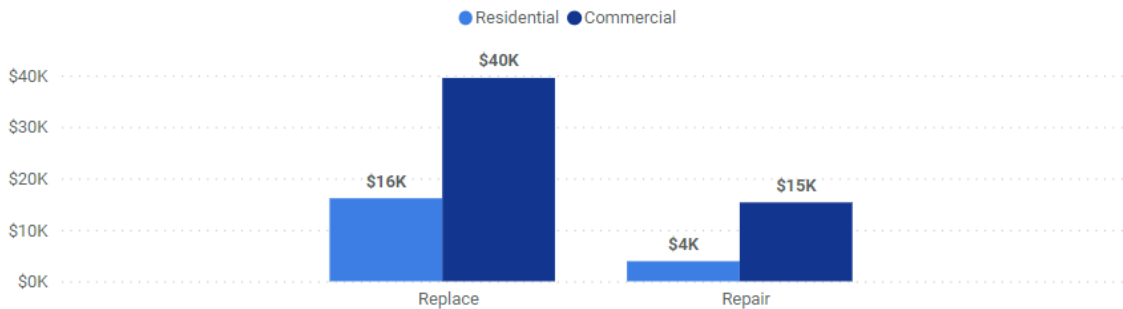


Figure 66. Average cost of roofing repairs and replacements, 2022. (Source: Verisk)

Hail and hurricanes generated the highest costs for both residential and commercial claims. The average roofing amount caused by hail was \$15,000 for residential claims and \$48,000 for commercial claims. The average roofing amount caused by hurricanes was slightly lower, averaging \$13,000 for residential assignments and \$47,000 for commercial assignments.

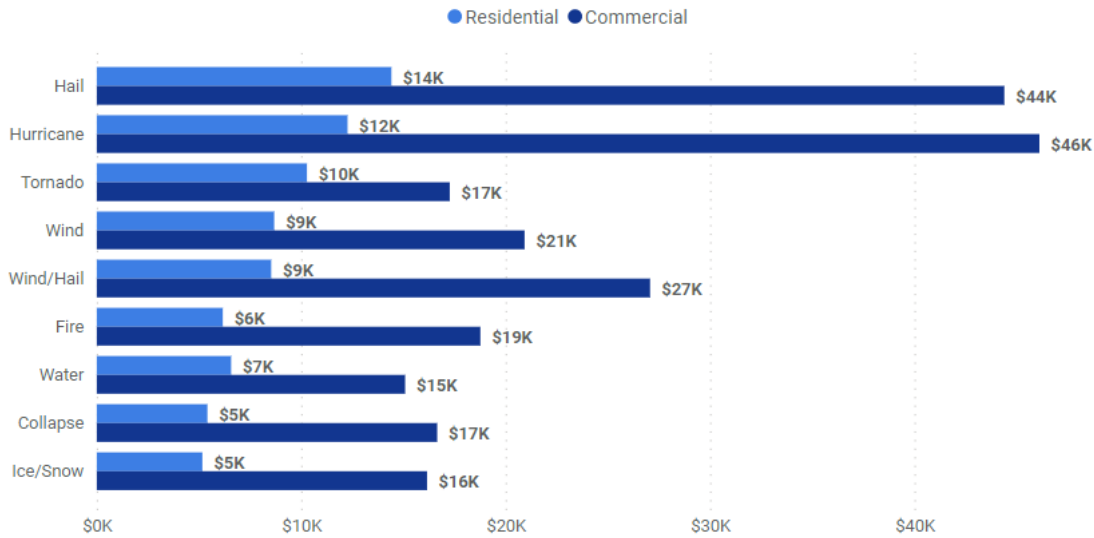


Figure 67. Average roofing amount by type of loss, 2022. (Source: Verisk)

Severe weather

Severe weather significantly affects claims and claim numbers every year, both domestically and internationally. Within the U.S., 2022 featured heat waves, droughts, hailstorms, tornados, wildfires, hurricanes, and more. A single severe weather event, such as Hurricane Ian, often generates more claims than all other causes combined for the same amount of time. Because of this, it's valuable to review claim numbers from weather events to better prepare for the future.

Hurricane Ian

Hurricane Ian hit several states along the Atlantic Coast, but Florida's numbers far surpassed those of the other affected states. Florida claims composed 72.5% of the claims caused by Hurricane Ian. The other states—Georgia, North Carolina, Virginia, South Carolina, and Alabama—had significantly fewer hurricane-related claims: 8.2%, 7.8%, 5.1%, 3.9%, and 2.7%, respectively.

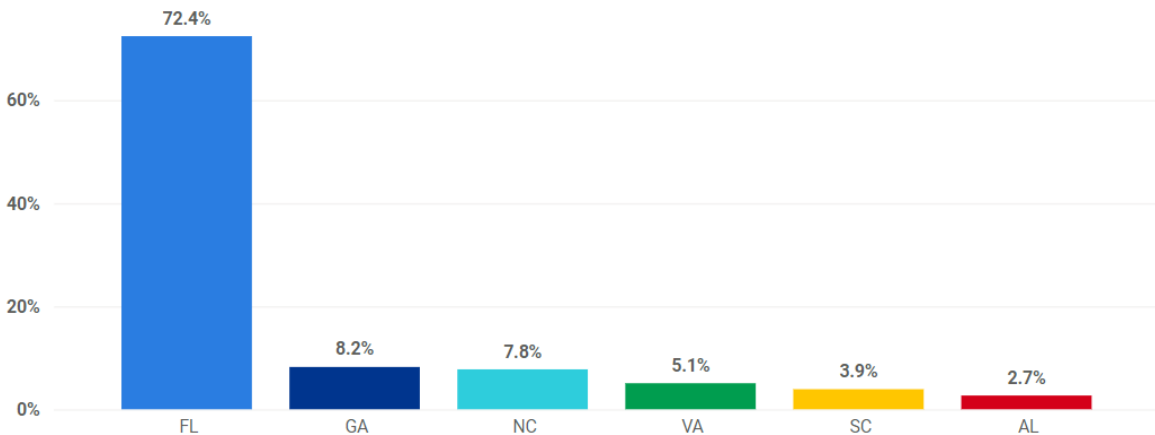


Figure 68. Percentage of Hurricane Ian assignments by state. (Source: Verisk)

The overall claims cost for Hurricane Ian had a similar dispersal to the number of claims, but while South Carolina had a smaller percentage of total storm-related claims than Virginia, the total cost of those claims was greater than those of Virginia.

Florida commercial and residential claims cost \$644 million and \$9,187 million, respectively. North Carolina claims totaled \$20 million commercially and \$376 million residentially, far less than those for Florida; the costs for Georgia, South Carolina, Virginia, and Alabama decreased sequentially, ending with Alabama costs at \$157 million commercially and \$11 million residentially.

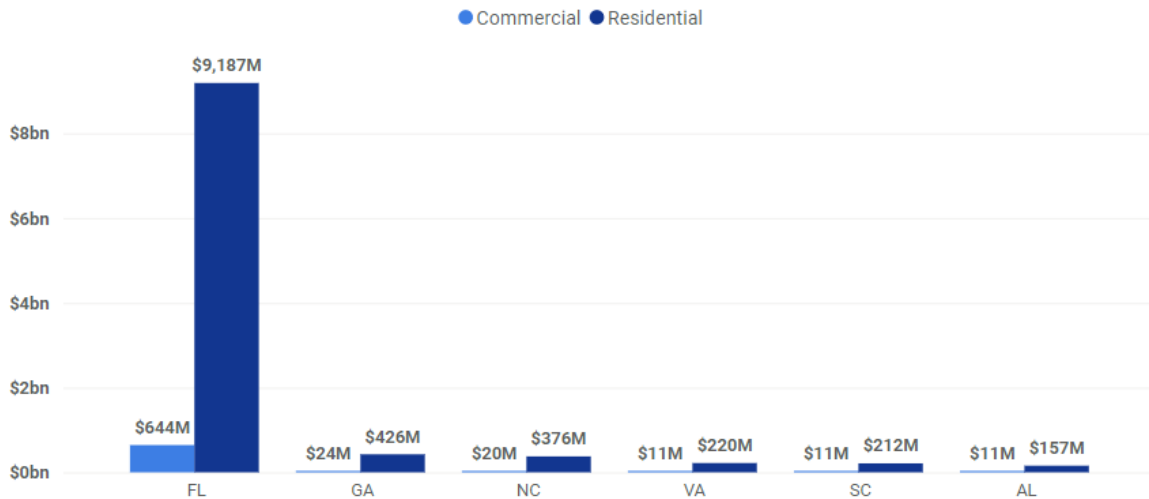


Figure 69. Hurricane Ian estimates by state. (Source: Verisk)

Estimate numbers are less disparate when comparing cities instead of states. Cape Coral, FL, had a total of \$1.62 billion for residential estimates, the largest amount in a specific city. Fort Myers, FL, had the highest amount for commercial estimates, totaling \$109 million. The Florida cities of Port Charlotte, Punta Gorda, and North Port had relatively similar costs to Fort Myers.

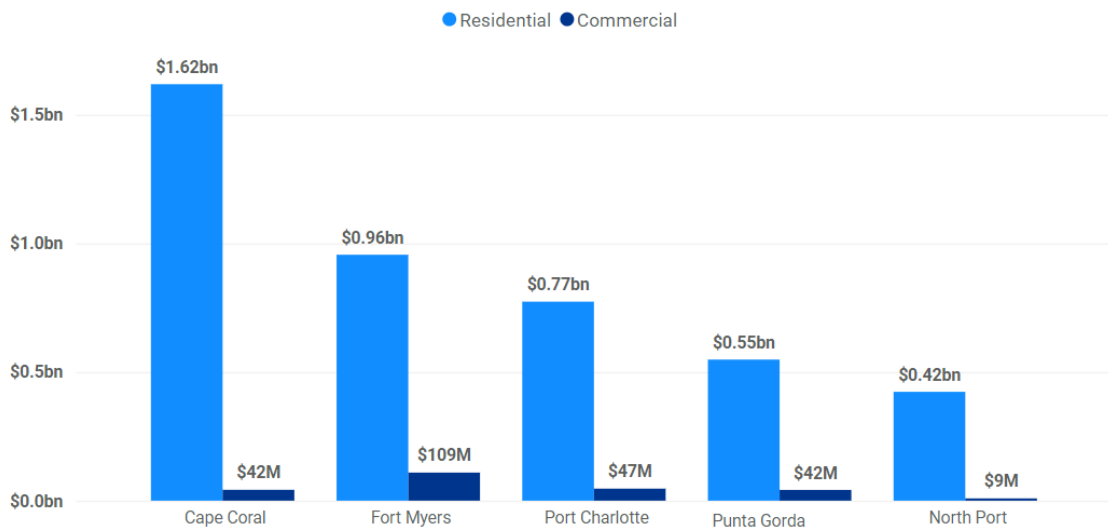


Figure 70. Hurricane Ian estimate amounts for Florida cities hit hardest. (Source: Verisk)

Florida hurricane season overall

Once a hurricane makes landfall, claims activity increases from the day of impact to Day 5, then slowly declines. For the 2022 hurricane season, Day 5 had the highest total percentages (23%) and the highest percentages for Michael and Ian (9% and 8%, respectively). Irma's most active day for claims activity was Day 4, with 7%.

While the data in Figure 71 doesn't include claims more than 30 days after landfall, that amount is considered negligible, as claims beyond 30 days out made up only 2% of the distribution for Michael, 2% for Irma, and 1% for Ian, respectively.

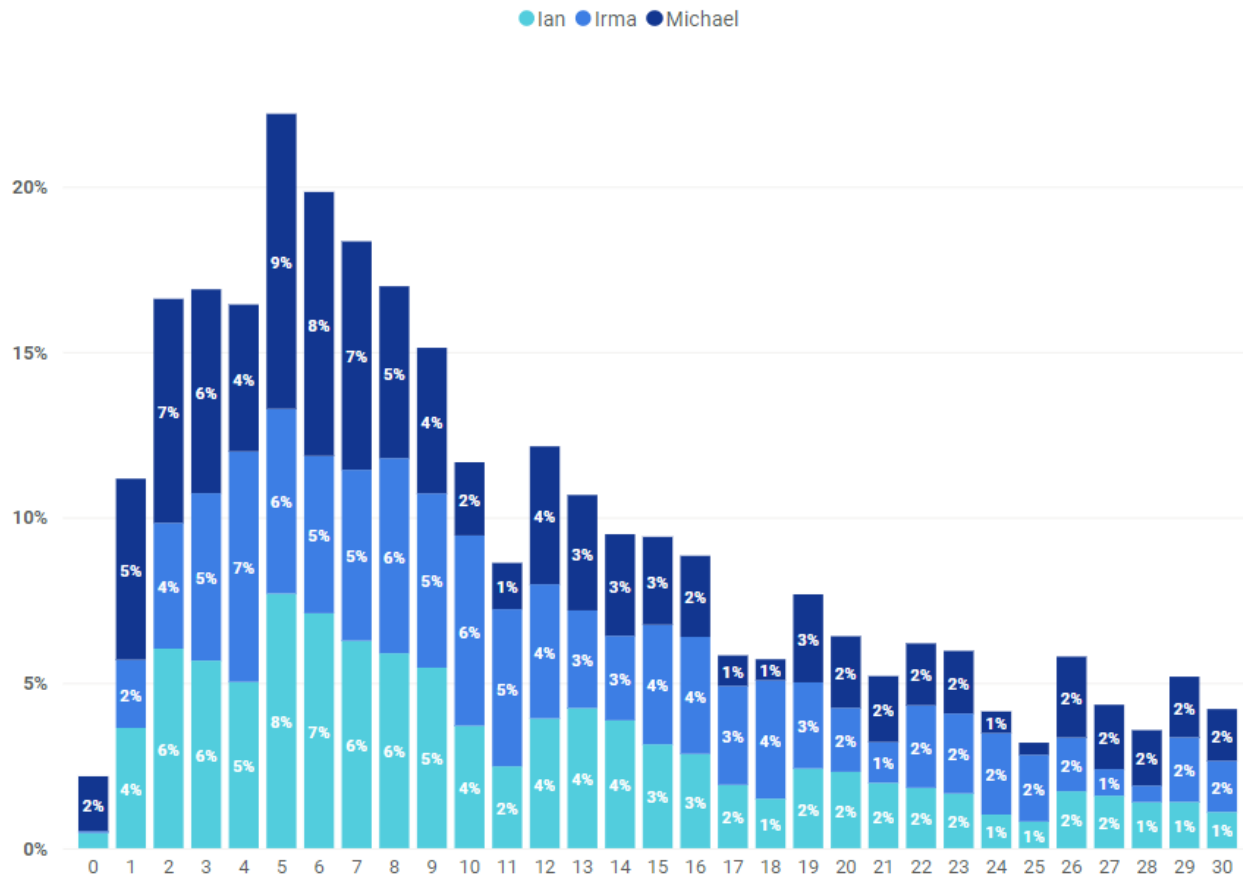


Figure 71. Claims activity distribution by days after landfall for Florida's 2022 hurricane season.
(Source: Verisk)

The average estimate costs by hurricane varied quite a bit, with Michael having the largest and Irma having the smallest averages. Average claims for Hurricane Michael were \$107,000 commercially and \$30,000 residentially; for Hurricane Ian, \$101,000 commercially and \$22,000 residentially; and for Hurricane Irma, \$34,000 commercially and \$11,000 residentially.

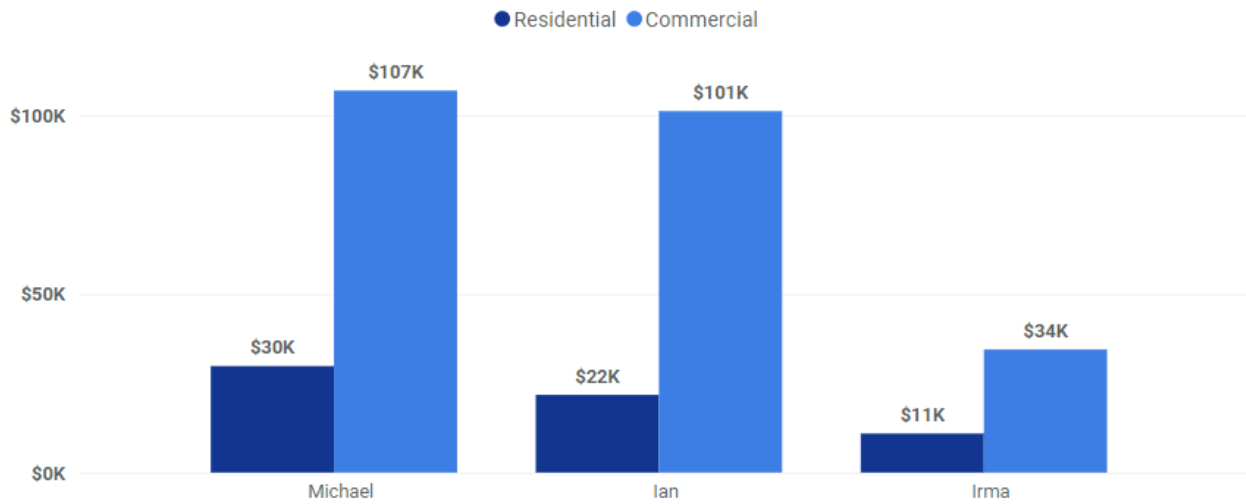


Figure 72. Average Florida estimate amounts by hurricane. (Source: Verisk)

Tornados

The U.S. withstood more than 1,000 tornados in 2022, with the highest estimate volume for tornado-related loss occurring in April. April tornados comprised 16.7% of the tornados in the U.S. in 2022, while February and October had the fewest tornados, comprising 4.1% and 4.6%, respectively.



Figure 73. Tornado assignment volume by estimate date, 2022. (Source: Verisk)

Tornado-related claims costs for 2021 and 2022 peaked in December 2021, with April 2022 coming in second. April's costs reached \$111 million, while October 2022 had the lowest monthly costs (\$20 million).

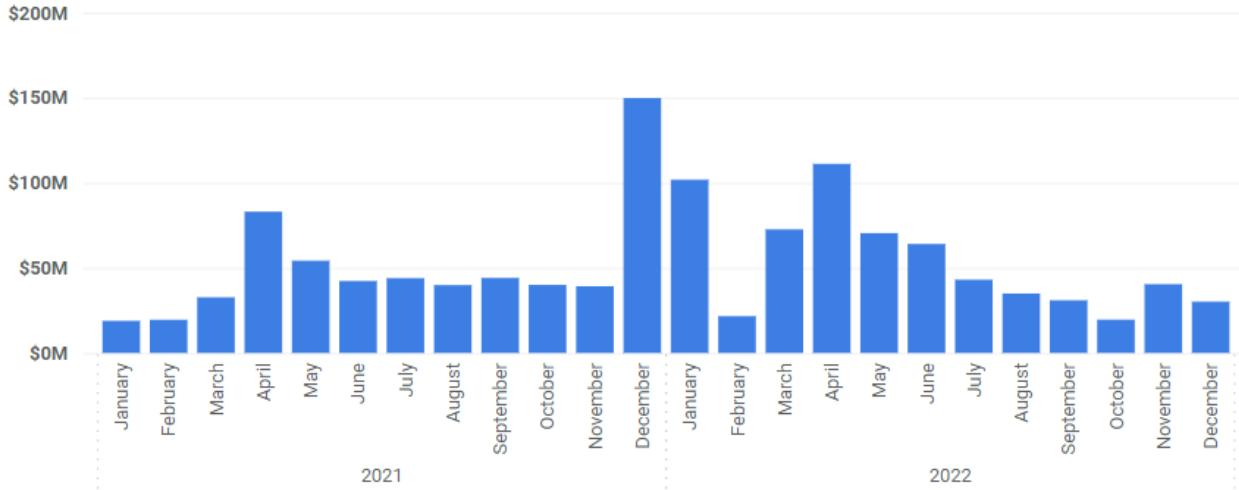


Figure 74. Tornado estimate amount by estimate date. (Source: Verisk)

The average total cost for a claim in 2022 remained relatively consistent between February and November, but the average cost in January was nearly twice as much as those in February; the average claim cost in January was \$31,500, and the average in February was \$17,000. The lowest average was \$13,746 in October.

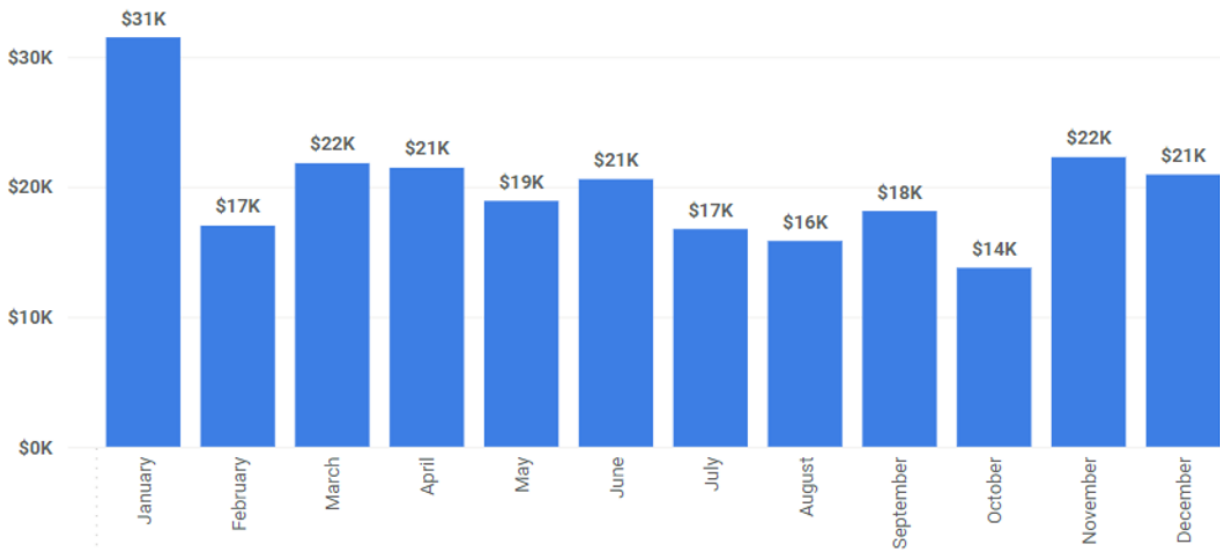


Figure 75. Average tornado estimate amounts by estimate date, 2022. (Source: Verisk)

In March and April, tornadoes caused 42.9% of the claims in Texas. No other state's tornadoes took up such a large percentage of its total claims. The next largest contribution was for Mississippi, with tornadoes contributing 6.9% of its total claims. Montana tornadoes had the least impact, only contributing only .02% of the claims for the state (not depicted).

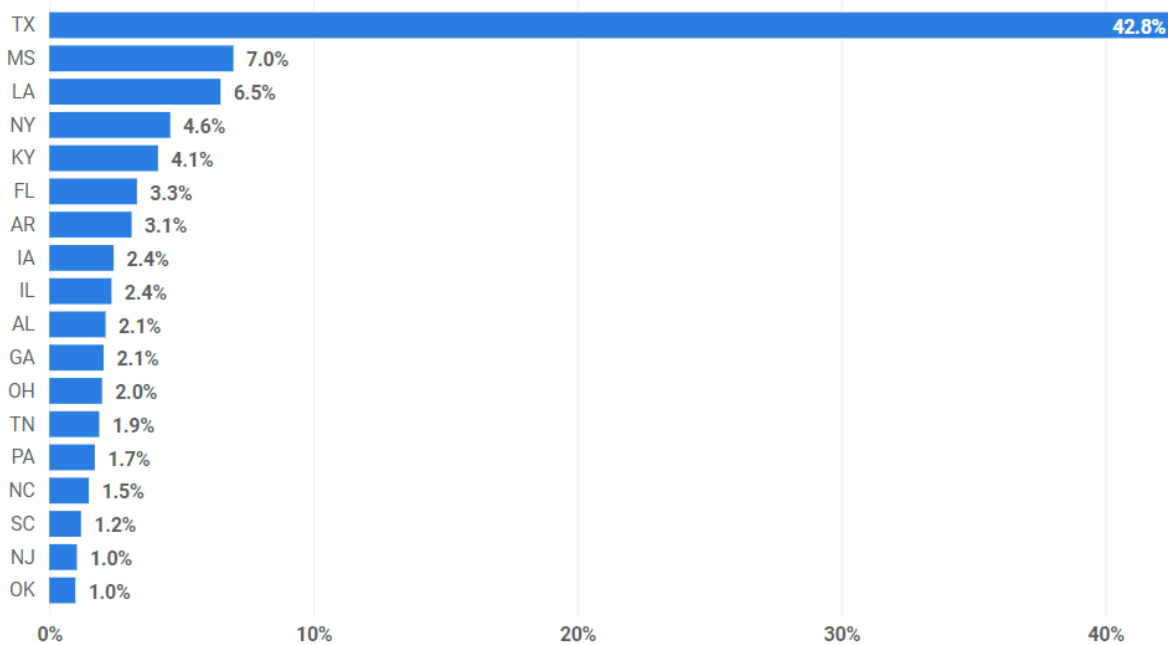


Figure 76. Percentage of tornado assignments in March and April 2022 by state. (Source: Verisk)

Fires

Fires contributed to more assignments than tornadoes did in most states. Fire-related claims comprised 11.7% of the claims in California and 7.6% in Texas. Hawaii had the fewest fire claims, at only 0.01% of total claims (not depicted) in 2022.

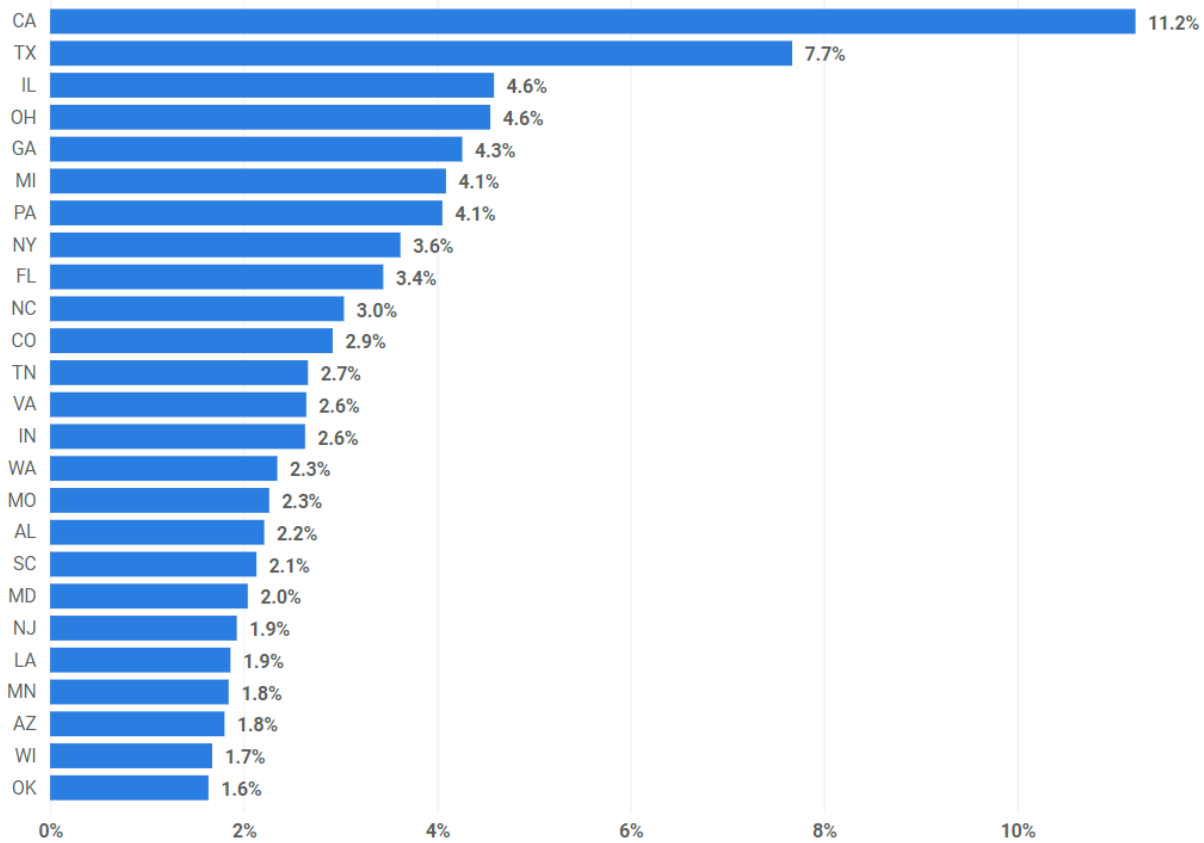


Figure 77. Fire assignment volume by state, 2022. (Source: Verisk)

The number of fire-related claims across the U.S. varied from month to month, but not by a large margin. March had the most claims in 2022 (17,800), while October had the fewest (14,900). Fire-related claims peaked multiple times in 2022, whereas in 2021 they only peaked twice, then continually declined through November, only to climb again in December.

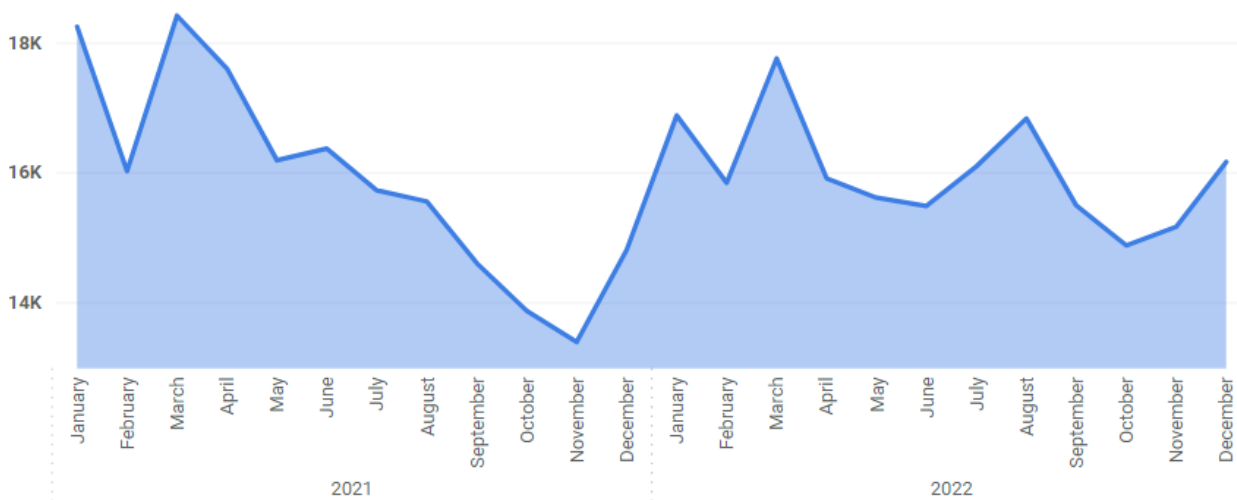


Figure 78. Fire assignment volume by estimate date. (Source: Verisk)

Overhead and profit (O&P)

Most assignments don't include overhead and profit (O&P). In 2022, the overall percentage of assignments with O&P was 21.1% for residential and 25.1% for commercial.

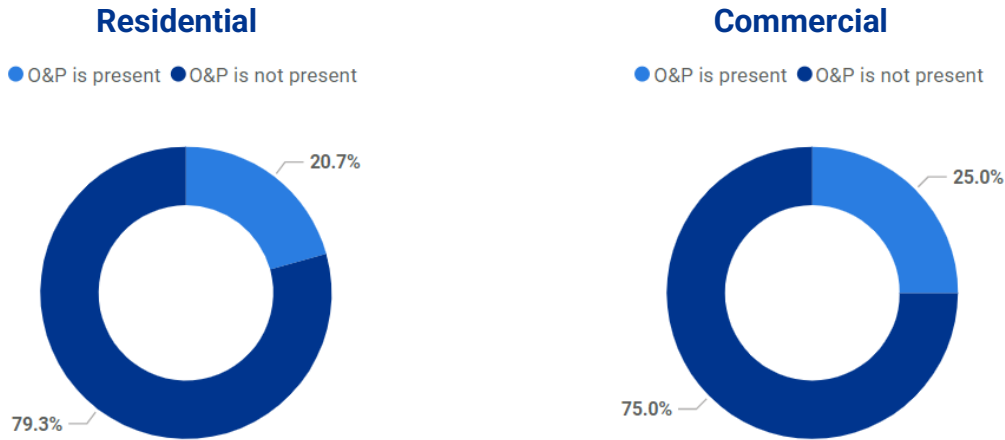


Figure 79. Percentage of assignments with overhead and profit (O&P), 2022. (Source: Verisk)

In 2022, the average amount for an assignment with O&P was \$4,636 for residential and \$11,825 for commercial. The average residential O&P amount stayed in the \$4.2K to \$4.7K range, only to increase to \$4.8K in October and jump to \$5.3K in November, followed by a slight dip in December.

The average O&P for commercial assignments saw more significant changes in 2022. It began the year with fairly slight fluctuations before rising to \$11.8K in July, decreasing to \$10.4K in September, then jumping steeply to \$16.9K in November. O&P averages will continue to mature as we receive final estimates.

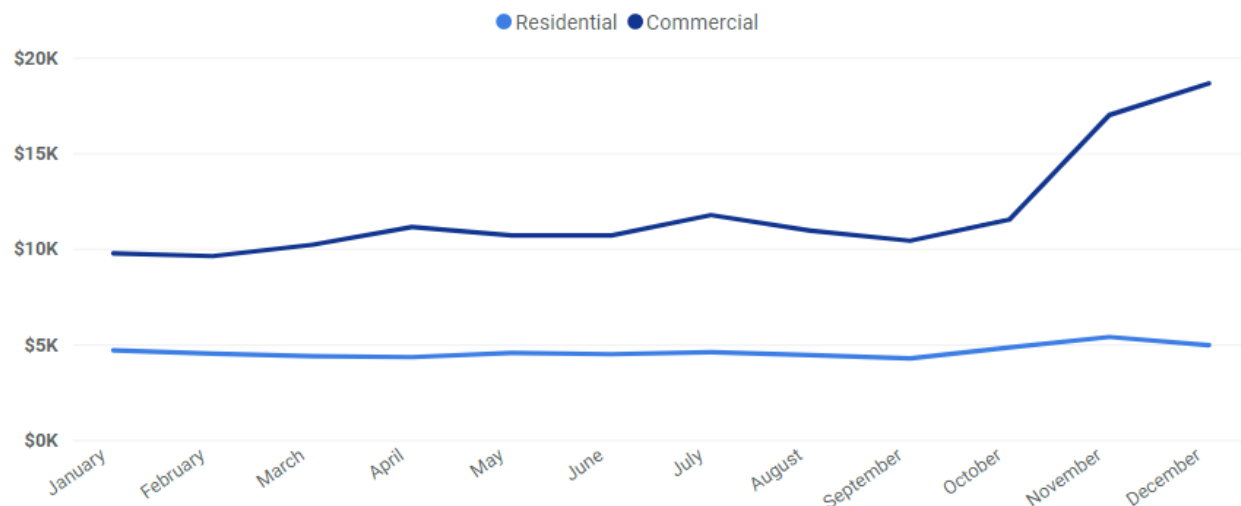


Figure 80. Average overhead and profit (O&P) for assignments with O&P, 2022. (Source: Verisk)

The 2022 median O&P amount for applicable assignments was \$2,116 for residential and \$3,448 for commercial. The O&P median changes for residential and commercial assignments followed similar trajectories, starting at \$1.9K and \$3.2K, respectively, in January and seeing sharp peaks of \$2.7K and \$4.0K in October. Both types of assignments saw median decreases in O&P through the end of the year.

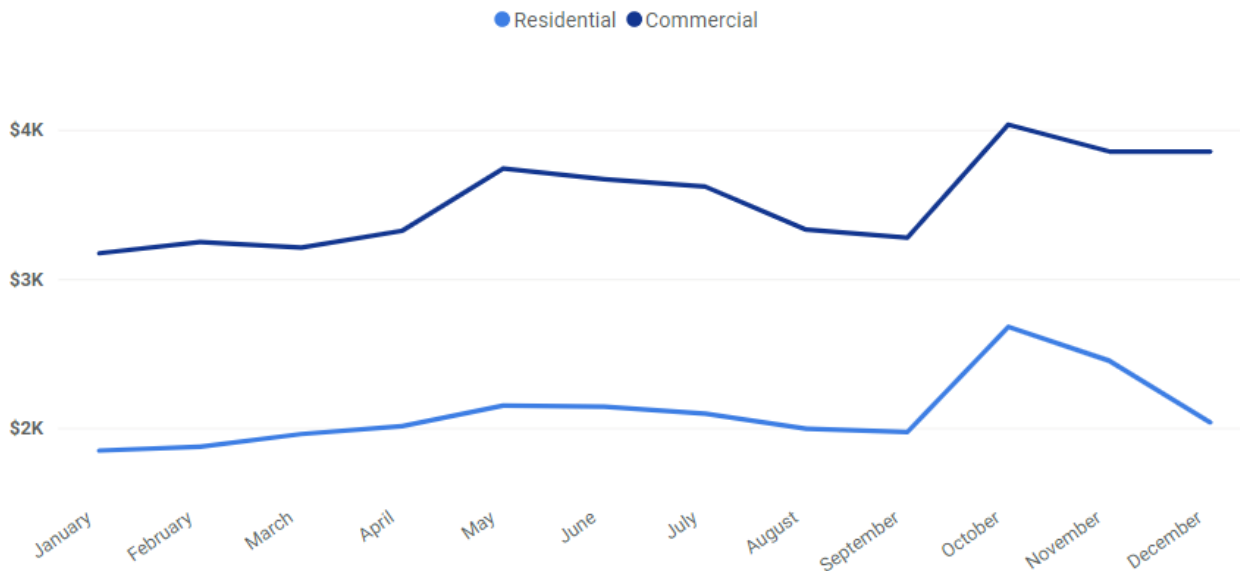


Figure 81. Median overhead and profit (O&P) for assignments with O&P, 2022. (Source: Verisk)

Economic trends

Fuel costs

Increases in the cost of petroleum affect every part of our lives, particularly in the construction and restoration industries. High oil prices can push up the price of some raw materials as the cost to transport materials increases, while overhead costs for nearly every type of repair in the industry can also rise as getting labor to the job site becomes more costly.

Fuel costs began to increase rapidly at the start of the year due to tight supply and increased demand, increasing 52.6% in six months. In June 2022, fuel costs reached \$5.01 per gallon, their highest point in history. Fuel costs then began a swift descent, decreasing 34.9% from June to December.

Although fuel costs have decreased, they are still well above the levels seen before the accelerated increase. [Verisk's Pricing Data Services](#) carefully tracks fuel costs to ensure accurate pricing; 2022's record fuel costs prompted various assumptions about fuel price increases to ensure that labor and materials costs reflect fuel increases appropriately for April, June, and July.

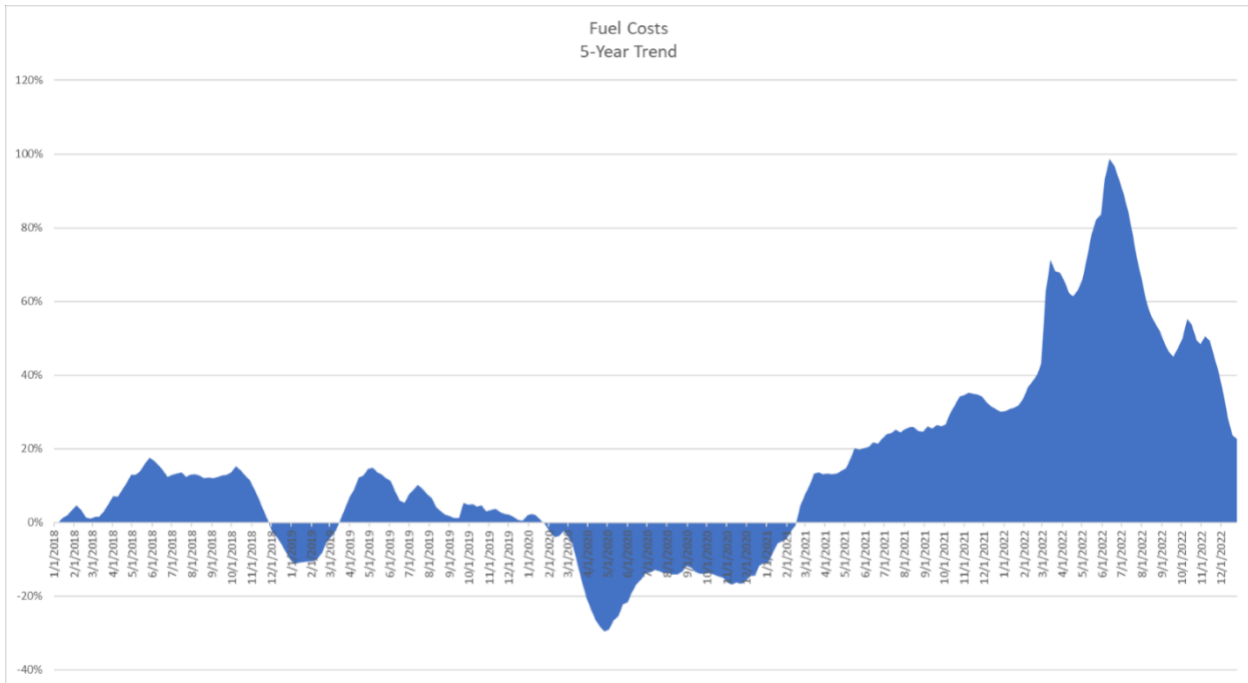


Figure 82. Fuel cost changes, January 2018 through December 2022. (Source: [U.S. Energy Information Administration](#))

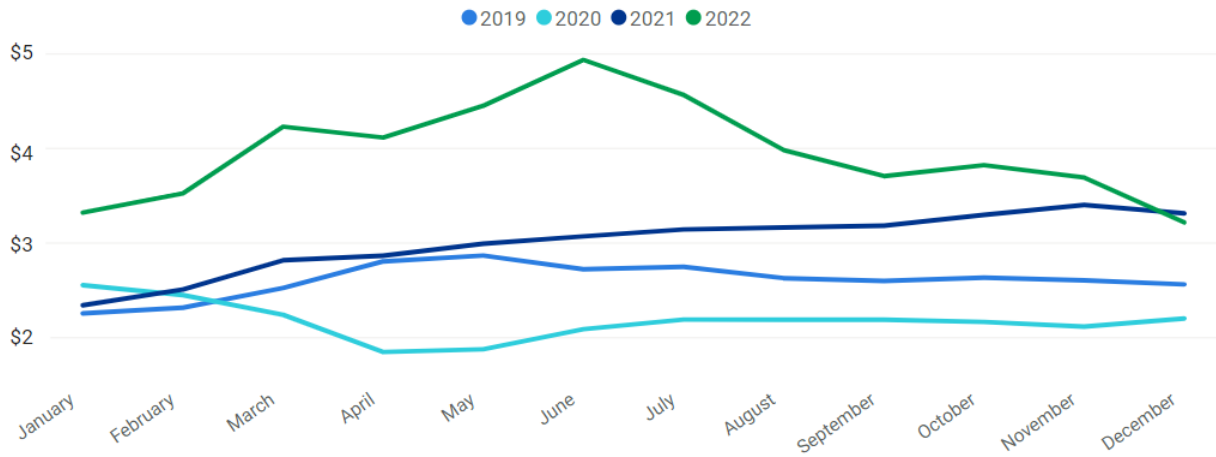


Figure 83. Average cost of a gallon of regular unleaded gasoline. (Source: [U.S. Energy Information Administration](#))

Construction hires and employees

The effects of the pandemic on construction costs, including supply chain issues, are evident in the significant drop in the number of residential construction employees from March to April 2020. This drop of 15.1% (from 833,500 to 707,900) was followed by a rapid recovery in May 2020 with an increase of 9.4% to 774,300. The number of construction employees reached almost pre-pandemic levels nine months later in December 2020 and since then has continued its climb to reach 908,600 in December of 2022.

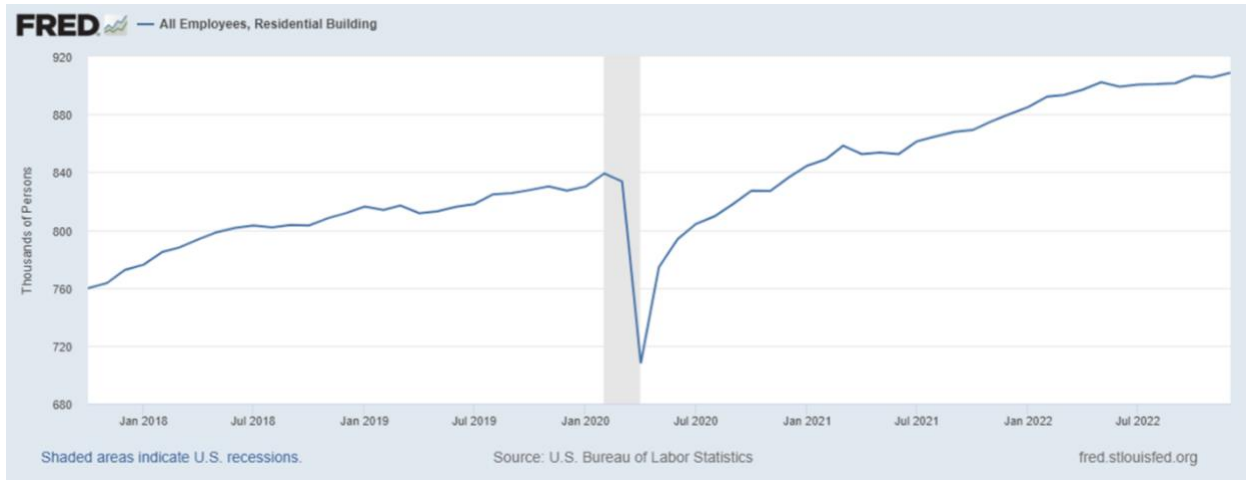


Figure 84. All employees, residential building, January 2018 – December 2022. (Source: [U.S. Bureau of Labor Statistics](#))

Supply constraints and higher-than-expected demand highly impacted materials costs. Labor costs, however, remained relatively stable due to the rapid recovery of the construction labor market. Employee growth was an impressive 4.2% in 2021, followed by another year of growth in 2022 of 2.7%.

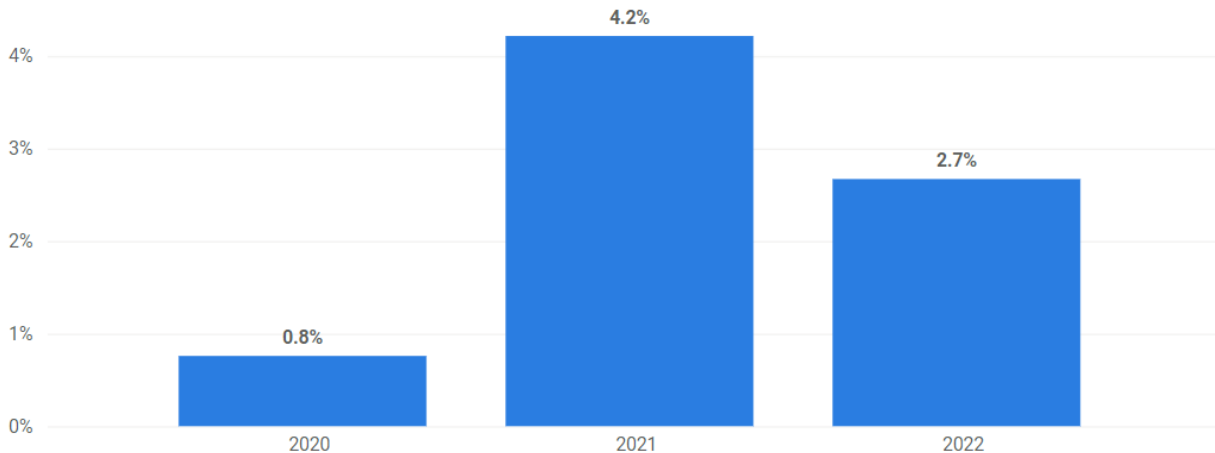


Figure 85. Residential construction employee growth. (Source: [U.S. Bureau of Labor Statistics](#))

Mortgage rates

After hitting the lowest point of the last 50 years in January 2021, mortgage rates dramatically increased in 2022, peaking at 7.1% in November. This was followed by a drop to 6.3% at the end of December 2022.



Figure 86. 30-year fixed rate mortgage average in the U.S., 2013 – 2022. (Source: [Freddie Mac](#))

Mortgage rates have a direct impact on confidence in the construction market: it's high and stable when mortgage rates are low, but decreases when interest rates increase.

Mortgage rates increased from 3.1% to 6.9% between January and September 2022, resulting in a staggering 46-point drop in the NAHB/Wells Fargo National Housing Market Index (HMI). This drop was comparable to the 42-point drop caused by the COVID-19 pandemic in 2020, which was then followed by a strong recovery through the remainder of 2020.

The HMI remained consistent between 80 and 90 through 2021. The increase in mortgage rates in 2022 marked the beginning of another drastic HMI drop of over 50 points that lasted through the end of the year. A quick recovery similar to that of April 2020 seems unlikely, as the drop was seemingly related to the jump in mortgage rates.

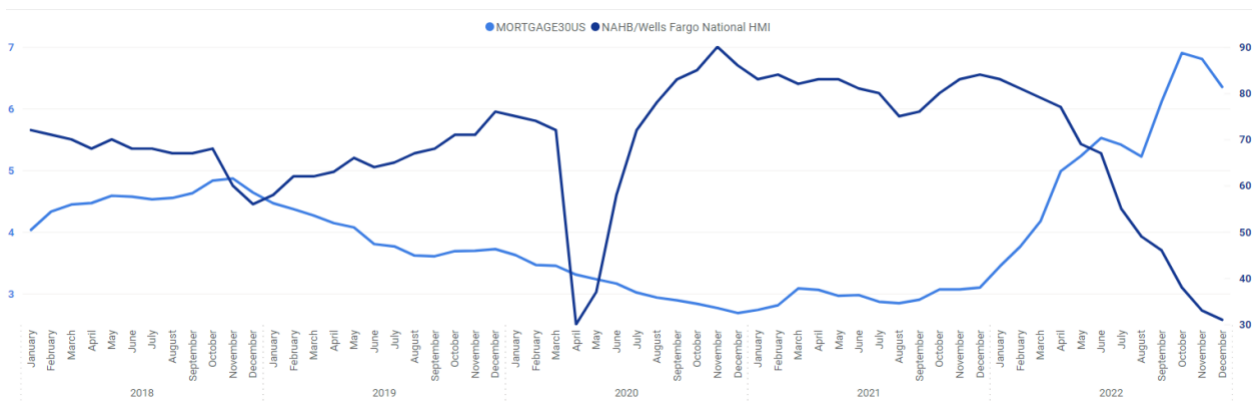


Figure 87. 30-year fixed rate mortgage rates vs. NAHB/Wells Fargo National Housing Market Index, 2018 – 2022. (Source: [National Association of Home Builders](#))

Building permits

Like the number of residential construction employees, building permits suffered a dramatic drop at the beginning of the COVID-19 pandemic, falling to 1,084,000 in April 2020. This too was followed by a quick recovery from May to July and steadily climbed to 1,843,000 in January 2021. This recovery caused a higher-than-expected demand and put increased pressure on prices.

With interest rates rising, building permits have dropped 28.1% since March 2022, which was not too different from the 21.6% drop from March 2020 to April 2020. While the decline in permits might signal stabilization in materials prices due to decreased demand, this could be offset by significant increases in inflation.

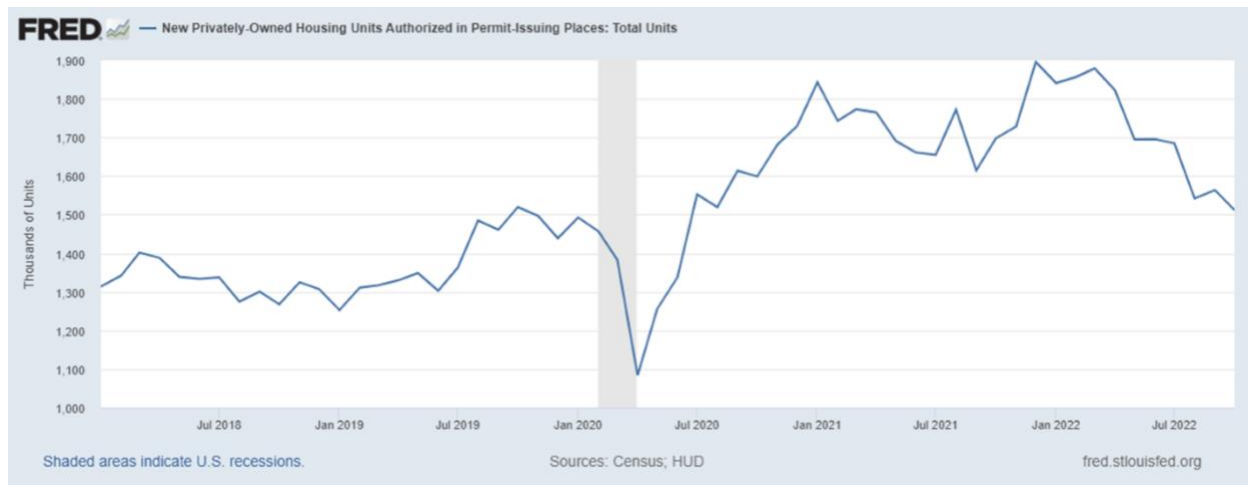


Figure 88. New privately owned housing units authorized in permit-issuing places, 2018 – 2022. (Source: [Census](#); [HUD](#))

Inflation

Supply constraints mixed with high demand also stand out in inflation data published by the Bureau of Labor Statistics, showing a rapid rise from a mere 0.4% inflation rate in May 2020 to peak at 8.8% in June 2022. While recent inflation rate increases appear to have slowed to the current 6.4%, they are still much higher than the pre-pandemic average of 2.3%.

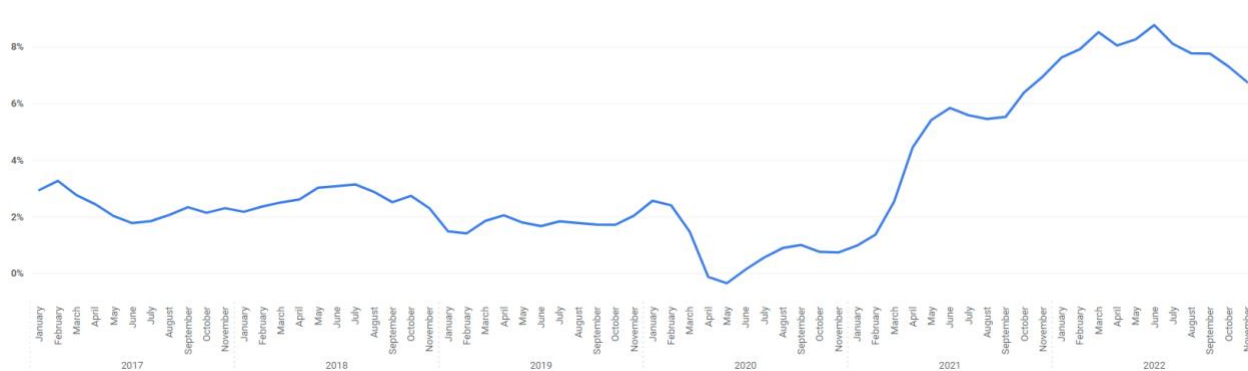


Figure 89. Inflation – all items less food, 12-month percentage changes, 2017 – 2022. (Source: [U.S. Bureau of Labor Statistics](#))

Conclusion

While labor costs and most materials costs continued to rise, cost increases for both slowed considerably in 2022. Materials cost changes were led by lumber, especially in the early part of the year. Over the past five years, the average hourly billable rate has increased by a total of nearly 35%

Residential reconstruction costs remained high and increased by a further 7.2% in 2022, while commercial reconstruction costs grew by 5.5%. Both increases were largely due to continuing inflation, supply shortages, and labor strains from catastrophic events.

The average estimate amount rose significantly after experiencing a slight dip in 2021, reaching \$11,831 for residential properties and \$33,712 for commercial properties. Roofing was a significant component of these claims, being included in 38.1% of residential assignments and 30.7% of commercial assignments.

In June 2022, fuel costs reached their highest point in history at \$5.01 per gallon. They decreased by almost 35 percent over the next six months so the average price of a gallon of gas was slightly lower in December 2022 than it was in December 2021. June also saw the inflation rate peak at 8.8%, before slowing to 6.6% at the end of the year (compared to the pre-pandemic average of 2.3%)

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