

Quarterly Property Report

October – December 2025



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Executive Summary

Q4 2025 closed the year with historically low claim volume—down 41.1% from Q4 2024 and 31.4% below the five-year average—driven primarily by the absence of major hurricane landfalls in the United States. This quiet conclusion to 2025 solidified the year as having the fewest total claims in the past five years, with annual volume 19% below 2024 and 13.6% below the five-year average.

The lack of 2025 hurricane landfalls dramatically reshaped regional claim patterns. Hurricane claims dropped 89% nationally from 2024, with states like South Carolina and Florida leading year-over-year decreases at 61.4% and 55.1% respectively. Meanwhile, a severe wind event around December 17th drove extraordinary increases in Idaho (577%) and Montana (358%) for Q4 CAT claims.

Severity data reveals an important development from last quarter: Q3 2025's average RCV matured 9.5% to \$18,346, confirming it as the highest Q3 severity on record—1.27% larger than 2023 and 5.49% larger than 2024. However, current Q4 2025 severity sits at \$17,167, expected to mature to approximately \$18,420–\$18,816, in line with historical norms.

Key pricing and cost trends include:

- Total reconstruction costs increased 3.78% year-over-year in the U.S. and 2.83% in Canada
- Labor costs rose 1.14% in the U.S. and 1.45% in Canada for the quarter
- Concrete masons continue to lead all trades with quarterly increases of 5.26% (U.S.) and 5.44% (Canada)
- Material costs remained relatively flat, with lumber experiencing notable declines of 0.86% (U.S.) and 7.55% (Canada) for the quarter
- Fuel costs decreased 9.85% in the U.S. and 9.15% in Canada this quarter
- Builder confidence improved modestly to 39 on the Housing Market Index—seven points higher than the previous quarter but still below the critical 50-point breakeven threshold for the twentieth consecutive month.

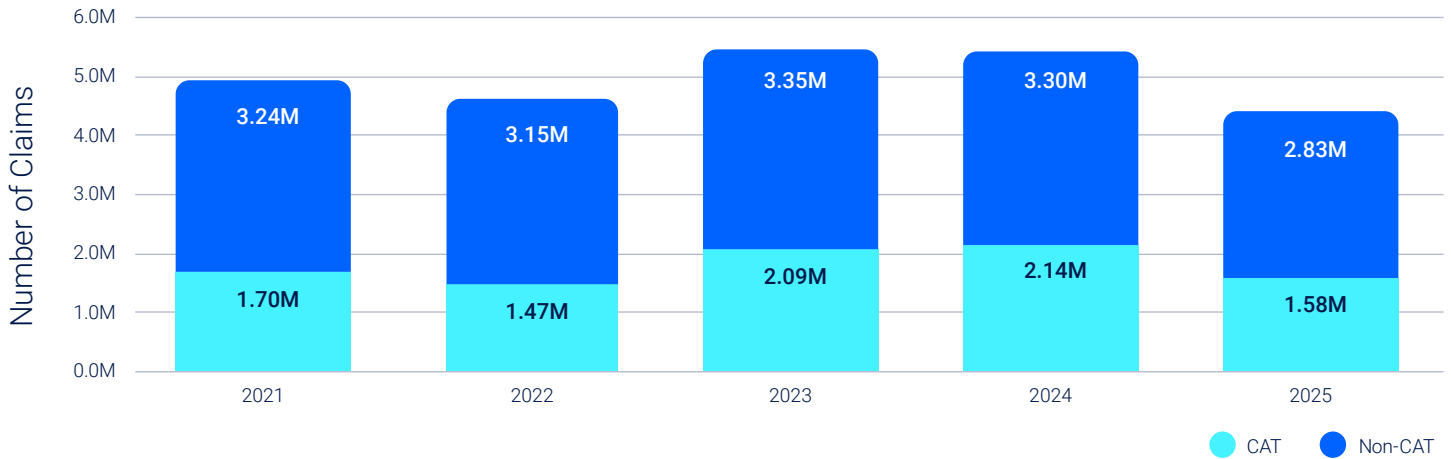
Year-end analysis

2025 U.S. claims overview

2025 closed the year with the fewest total claims in the last five years, with only 4.4 million claims—19% lower than 2024 and 13.6% lower than the five-year average. The lack of a hurricane season on U.S. soil played a significant role in this trend, with hurricane claims down 89% from 2024. States like South Carolina and Florida led the year for the largest decrease in claim volume at 61.4% and 55.1% respectively.

The Wyoming-centered hail event covered in our Q3 2025 property report resulted in Wyoming having the largest increase in claim volume from 2024 to 2025, doubling their claim volume for the year. Kentucky experienced the largest increase in state ranking, rising 11 places from 28th to 17th largest claim volume in 2025.

CAT vs. Non-CAT Assignment Totals by Year (2021–2025)



2025 U.S. claims severity

While 2025 severity numbers may look startling at first glance, they are largely impacted by the Q1 California Palisades and Eaton Fires—an unprecedented event with an extreme number of total losses of high-valued properties. Without including those losses, the average RCV per claim drops to a more reasonable \$18,269, which is only a 1% increase from 2024.

Claims take time to mature at the end of a quarter, so there is still room for the final annual figure to rise as larger Q4 claims are completed. Utilizing the currently forecasted mature Q4 severity, the annual severity excluding the California wildfires would rise to \$18,552—a 2.59% increase from 2024.

U.S. Total Replacement Cost Value by Year (2021–2025)



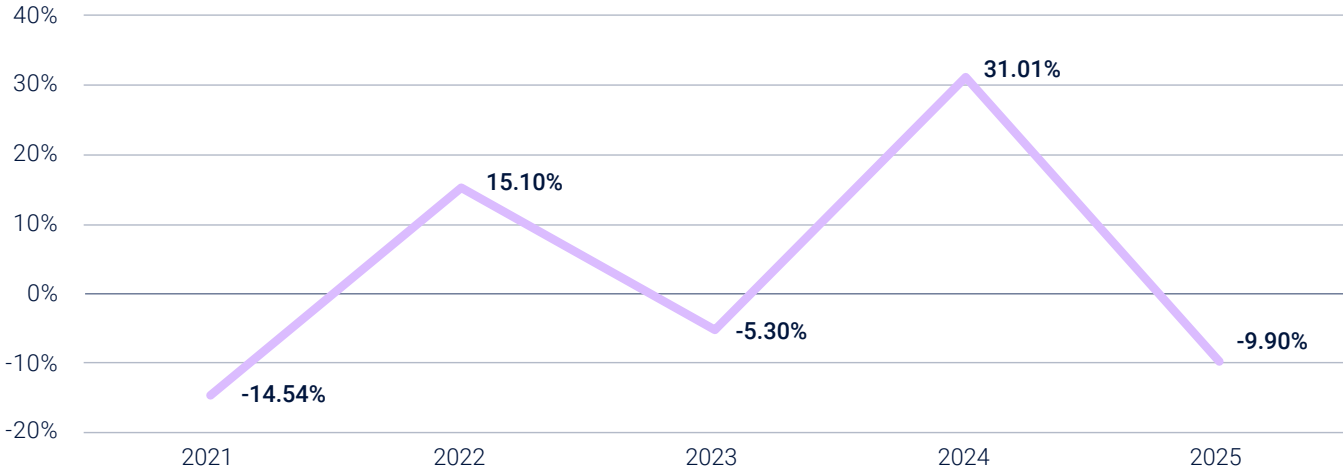
*Subject to Q4 data maturity

Taking inflation into account, with 2025 average Consumer Price Index (CPI) inflation sitting at 2.7%, 2025 has more or less kept pace with inflation, as with most years in recent history. This is unsurprising as property repairs incorporate a large overlap of both goods and labor that also factor into CPI calculations.

2025 Canadian claims overview

Canada finished 2025 9.9% below 2024 and 10.2% below the five-year average. CAT claims accounted for 16% of 2025 annual volume, down 51.6% from 2024 and lower than the five-year average of 20%.

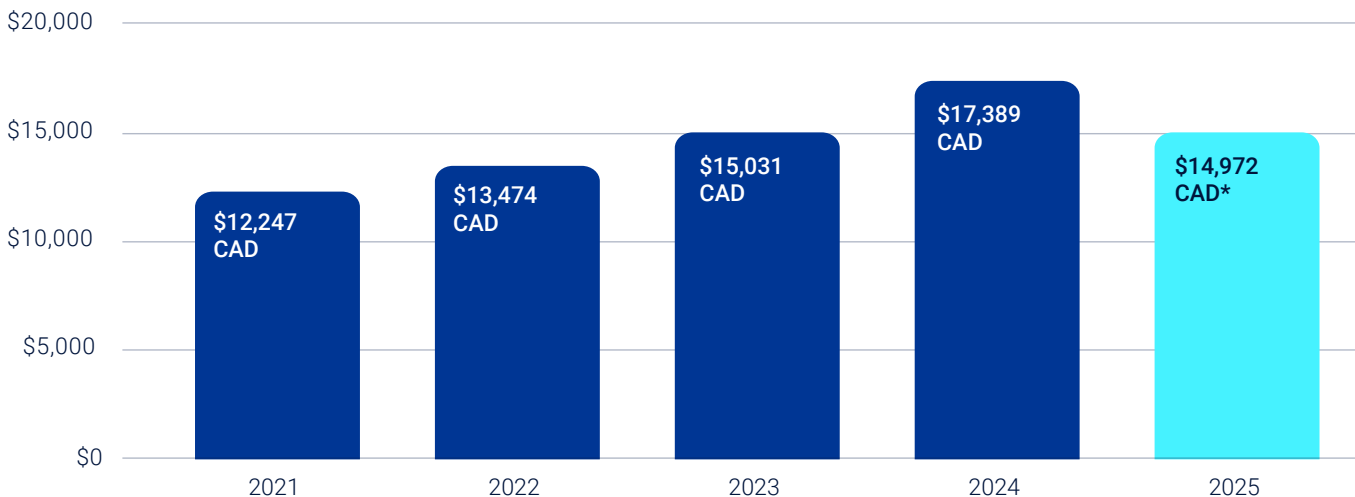
Canada Assignment Volume Trends (2021–2025)



Ontario led the country in both claim volume and percent change from 2024 at 14.8%. Alberta experienced the largest decrease in claims from 2024 to 2025 at -38.3%. Hail claims were down 72.3% annually followed by a 56.7% decrease in flood claims. In contrast, Ice/Snow claims increased a staggering 991% from 2024.

Canada saw a 13.9% decrease in claim severity from 2024—a significant departure from the double-digit increases experienced over the past five years. This discrepancy is expected to narrow as larger Q4 claims continue to be completed.

Canada Total Replacement Cost Value by Year (2021–2025)



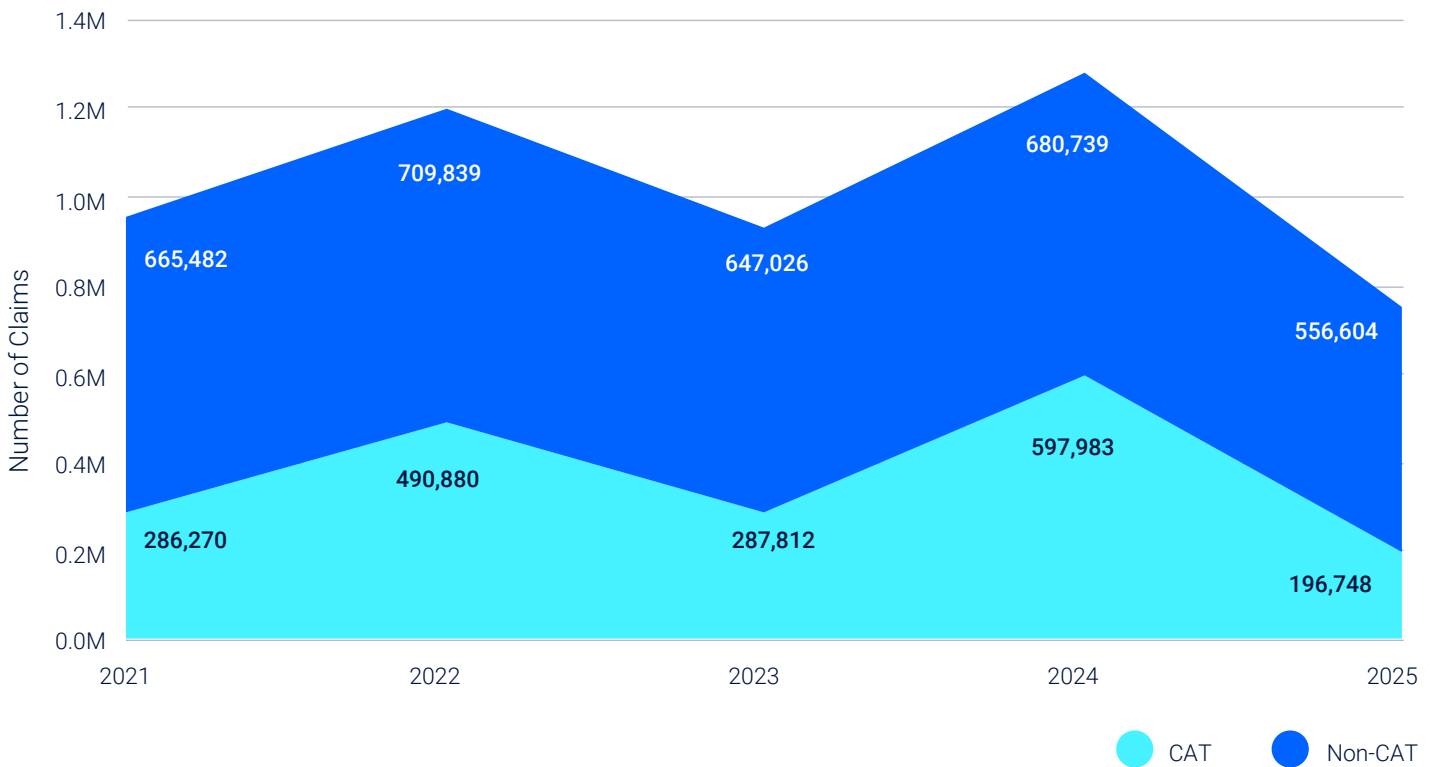
*Subject to Q4 data maturity

Q4 Claims Trends

Volume

Q4 2025 recorded the lowest volume of claims in recent history—down 41.1% from 2024 and 31.4% from the five-year average. This is primarily due to the lack of a U.S. hurricane season, reflected in just 26% of claims being CAT-designated for the quarter.

Q4 U.S. Total Assignments by Year (2021–2025)



Canada had a less dramatic but still notable quarter, with 2025 figures hovering close to 2021 and 2022 levels—down only 4.89% from the five-year average despite being down 18.9% from the abnormally high Q4 of 2024. Similar to the U.S., CAT claims were significantly below average with only 8% of claims being CAT-designated, 70% lower than Q4 2024.

Regional impact

While Q4 2025 was relatively calm, several states warrant attention. Texas continues to lead the country in claim volume, holding steady compared to Q4 2024 with just a 1.3% decrease.

States more directly impacted by hurricane activity in 2024—such as Florida, Georgia, and South Carolina—saw dramatic decreases due to late-landing Hurricane Milton in 2024.

Florida

–86.1% down from 216,048 to 30,099 claims

Georgia

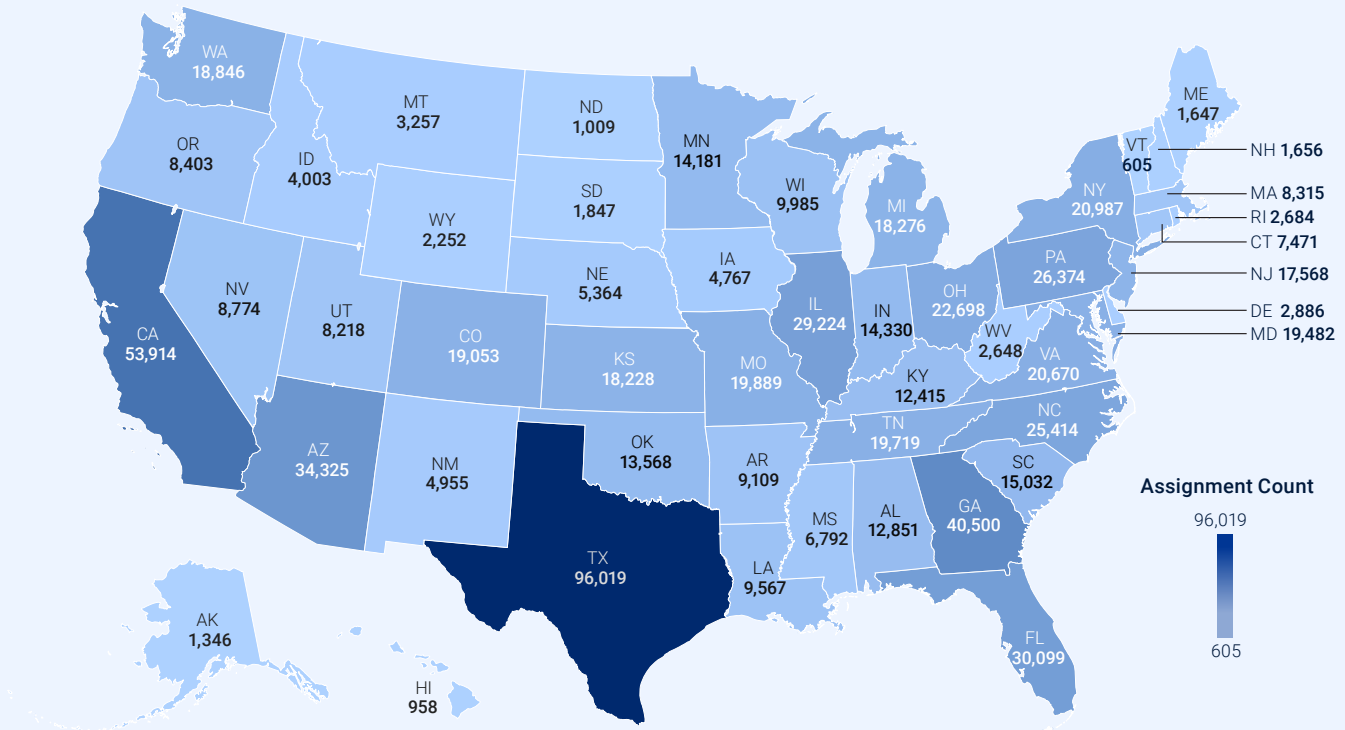
–78.0% down from 184,166 to 40,500 claims

South Carolina

–85.6% down from 104,096 to 15,032 claims and falling 17 places in state rankings

Arizona saw the largest increase in Q4 claims, rising 13 places in state ranking to fourth place overall from a 71.1% increase in claim volume across various CAT types including water, wind, and hail. Kansas also saw a notable increase of 47.4% from 2024, with 67.2% of Q4 claims being CAT-designated.

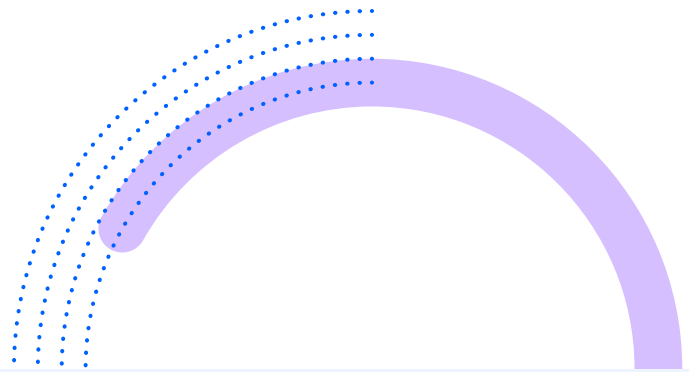
Q4 Claim Assignment Volume by State (2025)



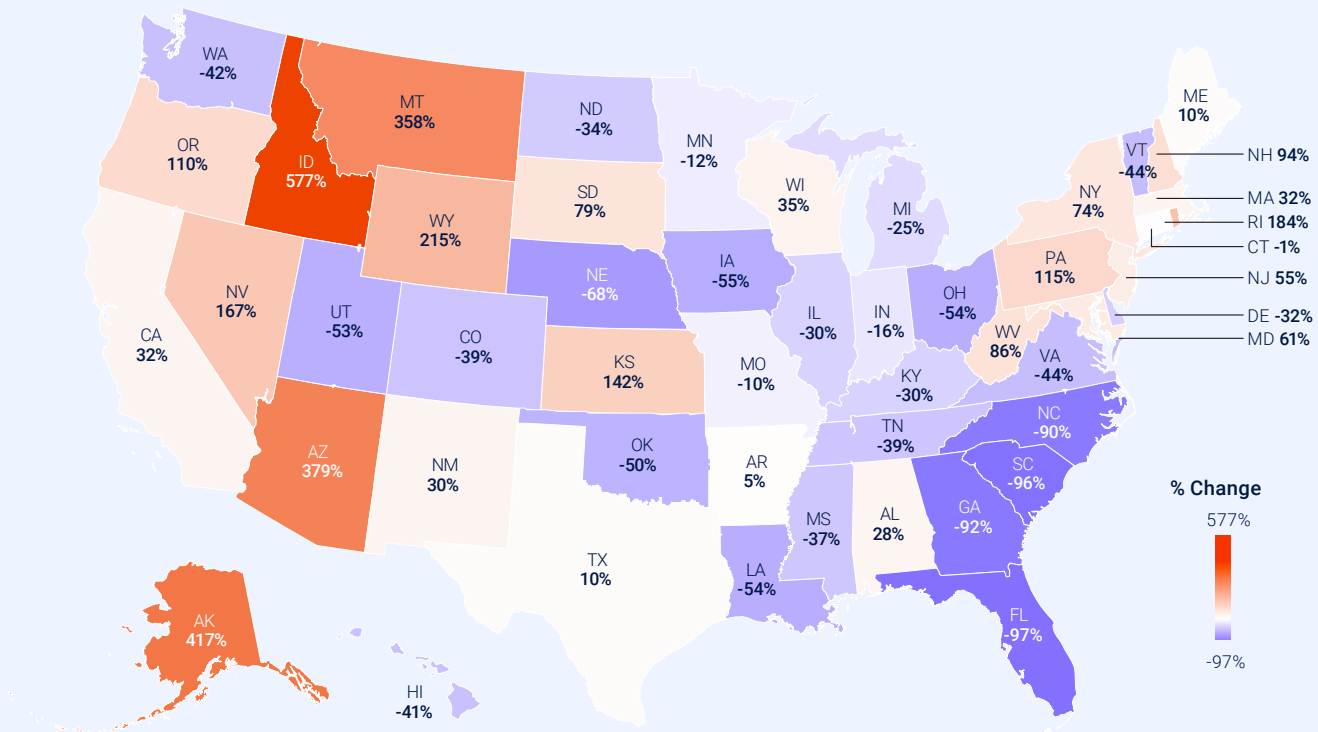
CAT claims year-over-year analysis

The Northern Rockies saw significant increases in Q4 CAT activity due to a newsworthy severe wind event around December 17th.

In Canada, Ontario led as the province with the most claims, comprising 40% of the country's claim volume for the quarter despite staying essentially flat with a 1.2% decrease. Nova Scotia stands out with a 6.1% increase and a notable 150% uptick in CAT claim volume due to increased water claims.



Change in Q4 Claim Count by State (2024–2025)



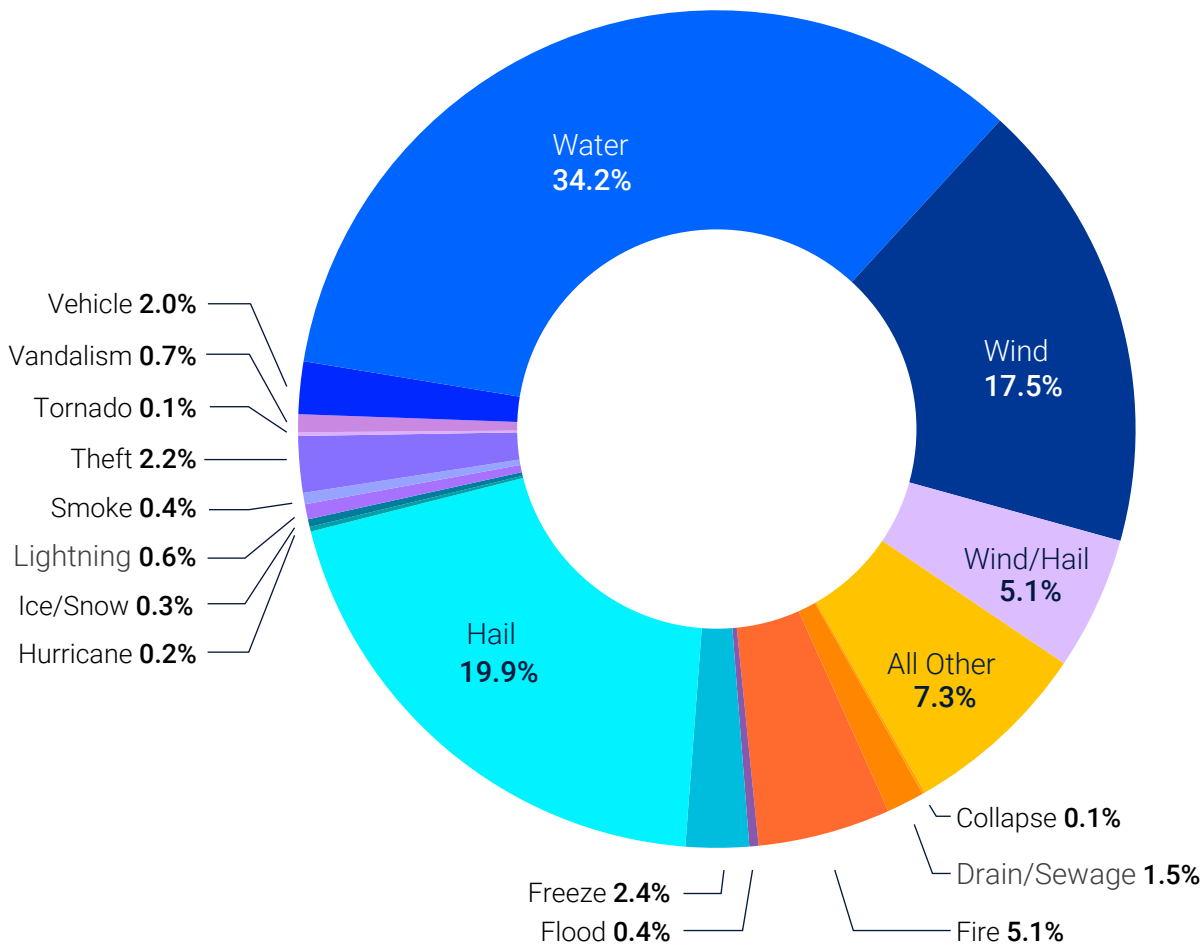
Claims by types of loss

Q4 2025 departed significantly from previous years due to the lack of a U.S. hurricane season, showcased by a 98.9% decrease in hurricane claims for the quarter—making up just 0.2% of all Q4 claims compared to 8.7% in 2024.

Water claims led the quarter at 34.2% of all claims, down 7.1% from last year. Wind claims ranked third at 17.5% of

total volume, falling 69.2% from 2024. These trends also reflect the lackluster hurricane season since type of loss designation varies by carrier based on their reporting standards and best practices. This means many hurricane-related claims may be categorized as similar types of loss like flood, water, or wind according to each carrier’s classification protocols.

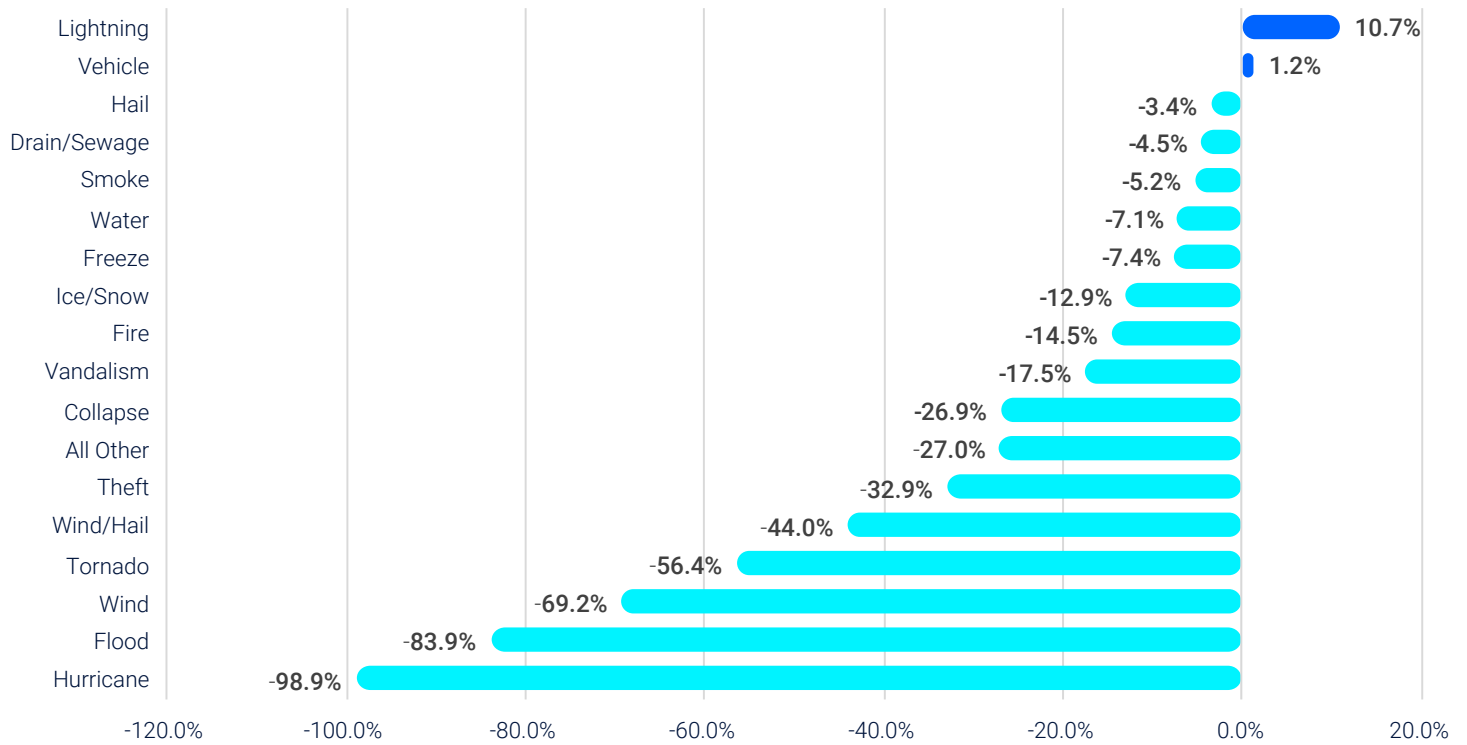
Q4 2025 Claims by Type of Loss



The only types of loss to experience increases compared to 2024 were lightning claims (+10.7%) and vehicle claims (+1.2%), though these proportionally made up a very small portion of total claims.

In Canada, 66.2% of all Q4 claims were identified as water claims, down 10.3% from last year. Freeze claims saw a 50% increase despite making up just 0.1% of total volume. Hail had an 82.8% decrease and comprised only 3.4% of total claims.

Change in Q4 Loss Types (2024-2025)



Severity

U.S. Q4 severity

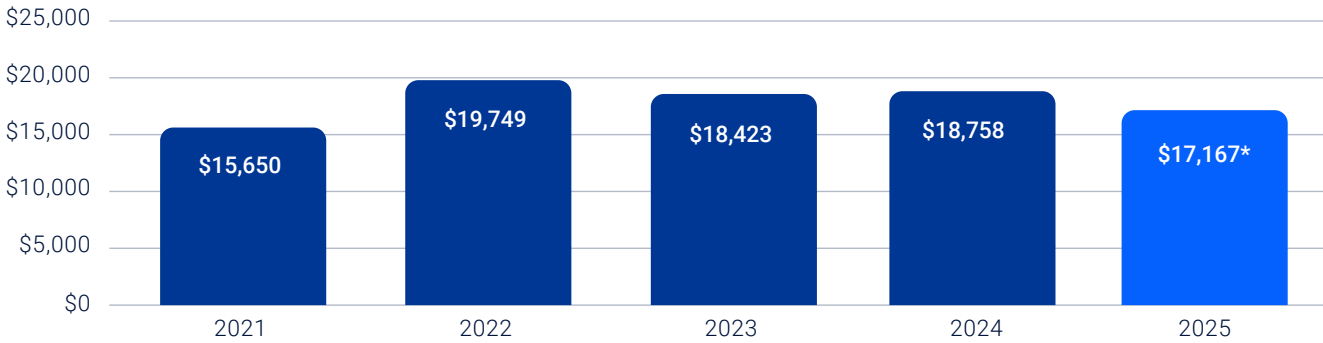
At first glance, Q4 2025 has the second-lowest severity since 2021 at \$17,167—down 8.48% from 2024 but only 0.83% below the five-year average of \$17,311. However, this figure will likely rise significantly as larger, more complex claims continue to be returned to the system.

The average RCV for Q3 2025 was initially reported as \$16,755 with forecasted final mature RCV between \$17,258

and \$18,431. Q3 2025 has now matured 9.5% to \$18,346, confirming it as the largest Q3 severity on record—1.27% larger than 2023 and 5.49% larger than 2024.

Q4 2025 is forecasted to mature somewhere around \$18,420 to \$18,816. While this represents a dramatic increase from the current \$17,167 figure, it aligns with previous years' Q4 values.

Q4 Average U.S. Replacement Cost Value (2021–2025)



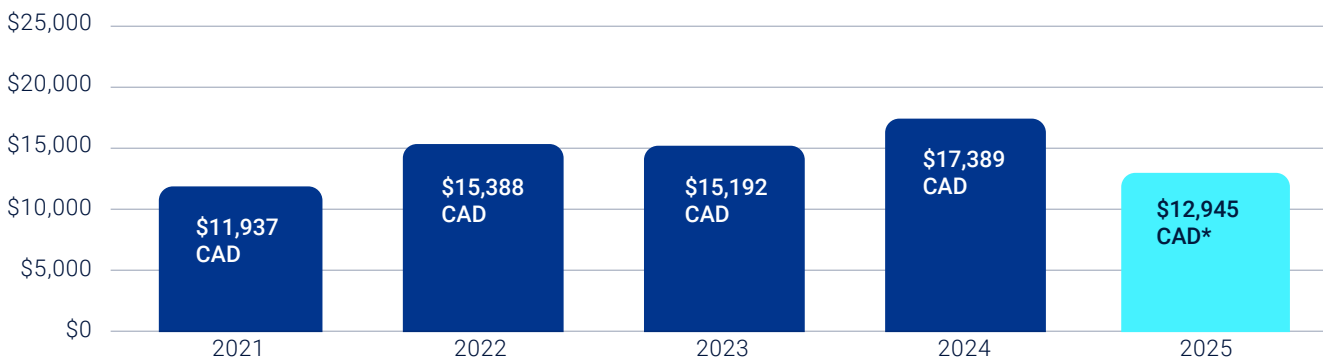
*Subject to Q4 data maturity

Canada Q4 severity

Canada saw a dramatic decrease in Q4 severity, with current average RCV sitting at \$12,945 CAD—down 25.56% from 2024 but only 8.35% below the five-year average of \$14,124 CAD. This is expected to rise as larger claims are

returned to the system, potentially maturing to approximately \$13,980 CAD which would not change its standings as the second lowest average RCV since 2021.

Q4 Average Canada Replacement Cost Value (2021–2025)



*Subject to Q4 data maturity

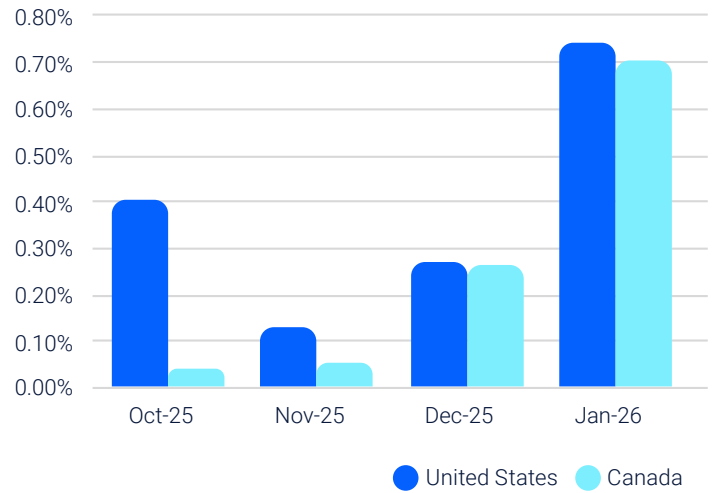
Pricing Data Services

Labor and materials

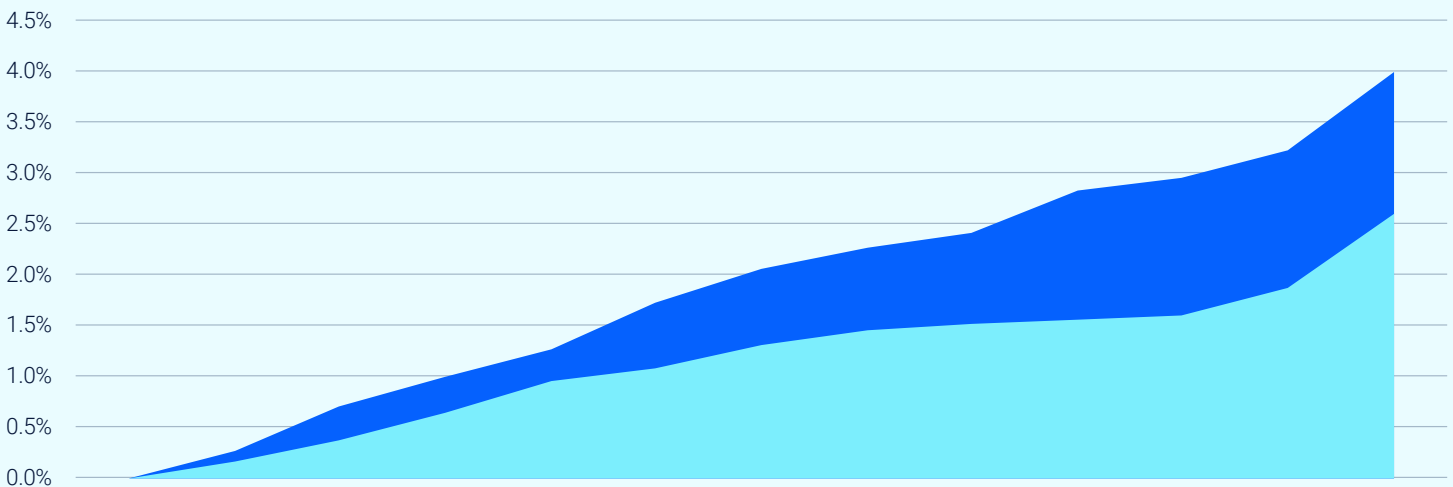
The cost of labor and materials increased 1.14% in the U.S. this quarter, representing a higher increase than Q3 2025's 0.74% rise. Canada experienced a similar acceleration, with costs increasing 1.02% compared to just 0.25% in the previous quarter.

January 2026 marked the fastest-growing month of the quarter in both countries, increasing 0.74% in the U.S. and 0.70% in Canada. This pattern represents a notable shift from Q3 2025, when Canada showed consistent deceleration across all four months. In Q4, both countries demonstrated progressively steeper increases each month, with the exception of October in the U.S., which posted the highest monthly increase before a brief moderation in November.

Monthly Change (October 2025–January 2026)



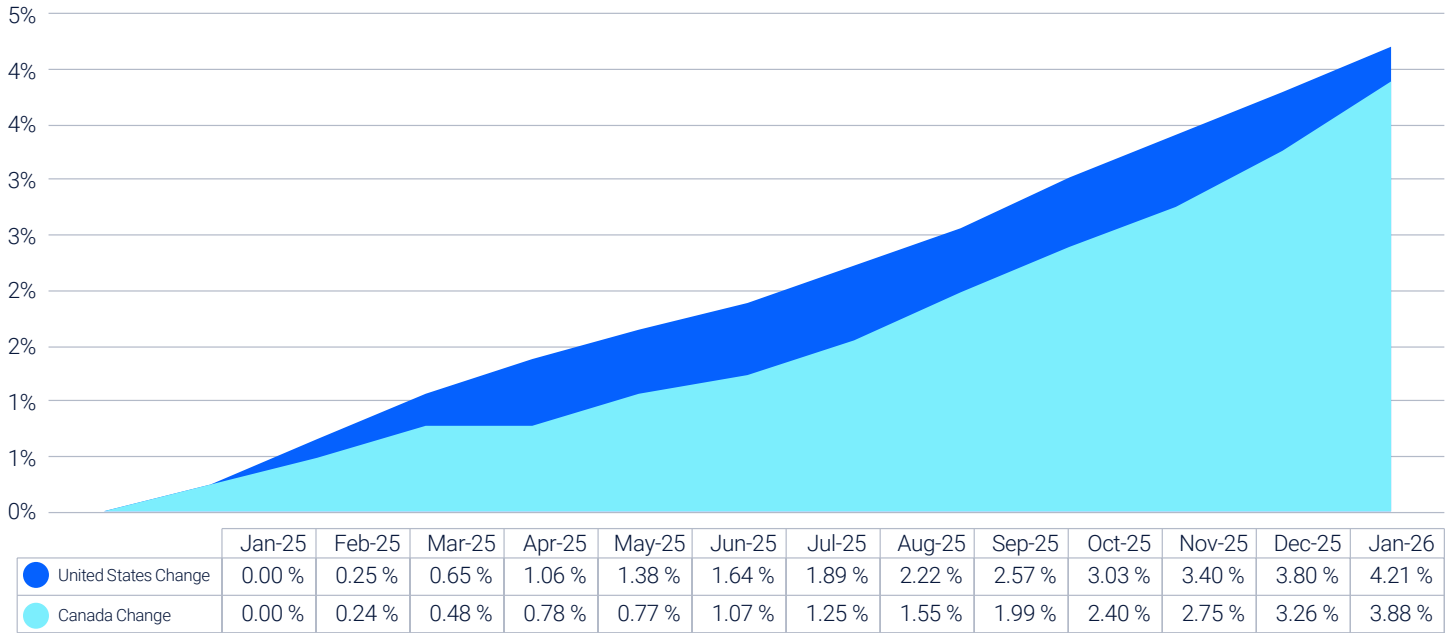
Labor and Materials Cost Changes (January 2025–January 2026)



	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
United States	0.0 %	0.3 %	0.7 %	1.0 %	1.3 %	1.7 %	2.1 %	2.3 %	2.4 %	2.8 %	3.0 %	3.2 %	4.0 %
Canada	0.0 %	0.2 %	0.4 %	0.6 %	1.0 %	1.1 %	1.3 %	1.5 %	1.5 %	1.6 %	1.6 %	1.9 %	2.6 %

Labor costs

Hourly Billable Labor (January 2025–January 2026)



From January 2025 to January 2026, total labor costs increased 4.21% in the U.S. and 3.88% in Canada.

The U.S. maintained its steady upward trajectory with a 1.14% quarterly increase—consistent with Q3 2025’s 1.12% rise. Canada showed more pronounced acceleration, posting a 1.45% quarterly increase compared to 1.14% in Q3. Both countries recorded their highest quarterly increases of the year in Q4 2025 and their lowest in Q2 2025, though the U.S. demonstrated greater consistency throughout the year with quarterly increases ranging from 0.82% to 1.14% (a spread of 0.32%), compared to Canada’s wider range of 0.46% to 1.45% (a spread of 0.99%).

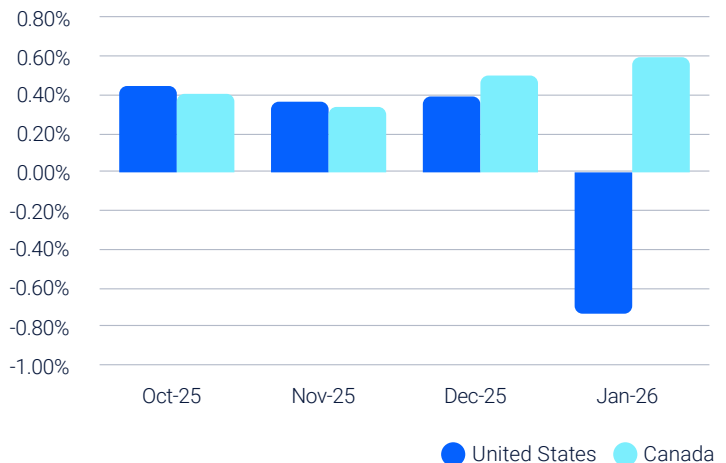
Concrete masons continue to lead all trades with the largest annual and quarterly increases in both countries.

In the U.S., concrete mason wages rose 15.96% year-over-year and 5.26% for the quarter. Canadian concrete masons posted similarly strong gains at 14.96% annually and 5.44% quarterly.

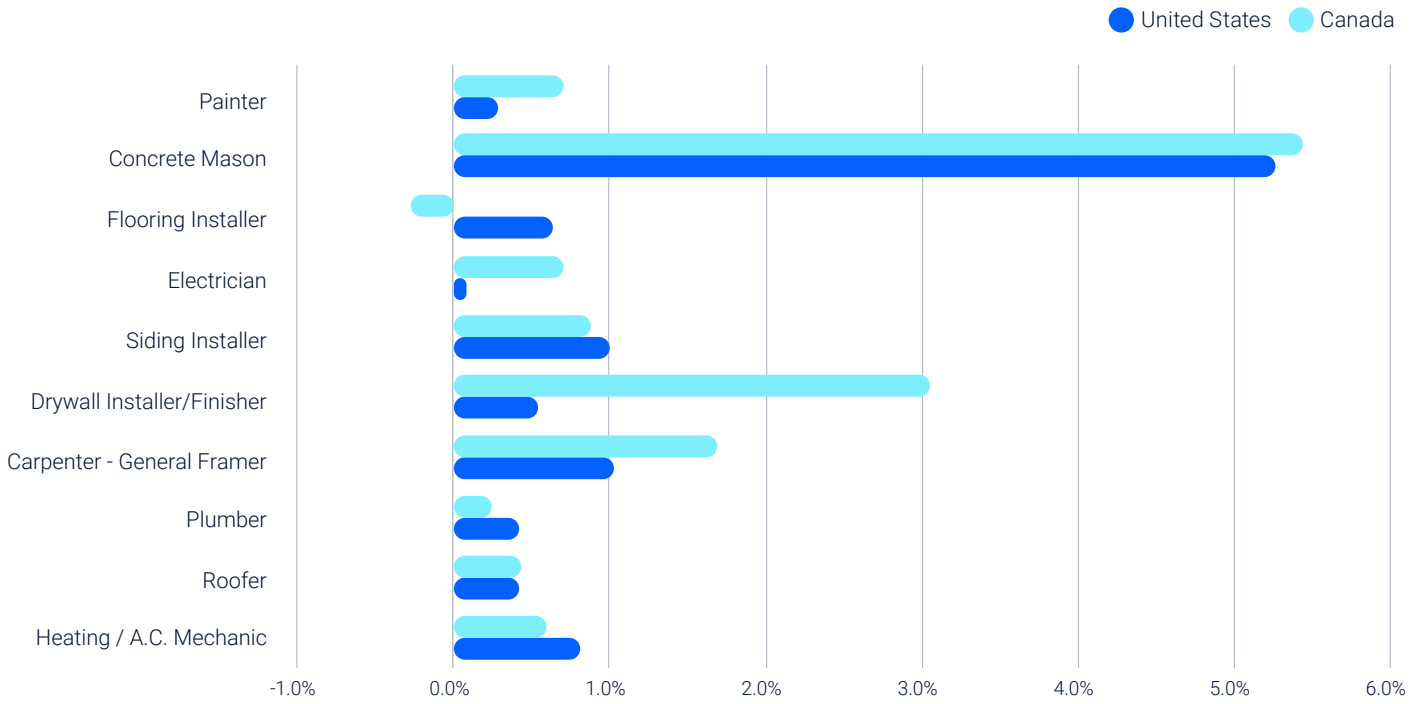
Only one labor category showed a quarterly decrease: flooring installer labor costs in Canada declined 0.25%.

Regional variations persist in certain trades. While painting labor increased 0.29% nationally in the U.S., regional trends ranged from decreases of 0.74% in the Northeast to increases of 0.57% in the South. Roofing labor showed similar geographic dispersion, with the national average rising 0.42% while the Northeast saw decreases of up to 1.19% and the West experienced increases of up to 0.99%.

Monthly Change (October 2025–January 2026)



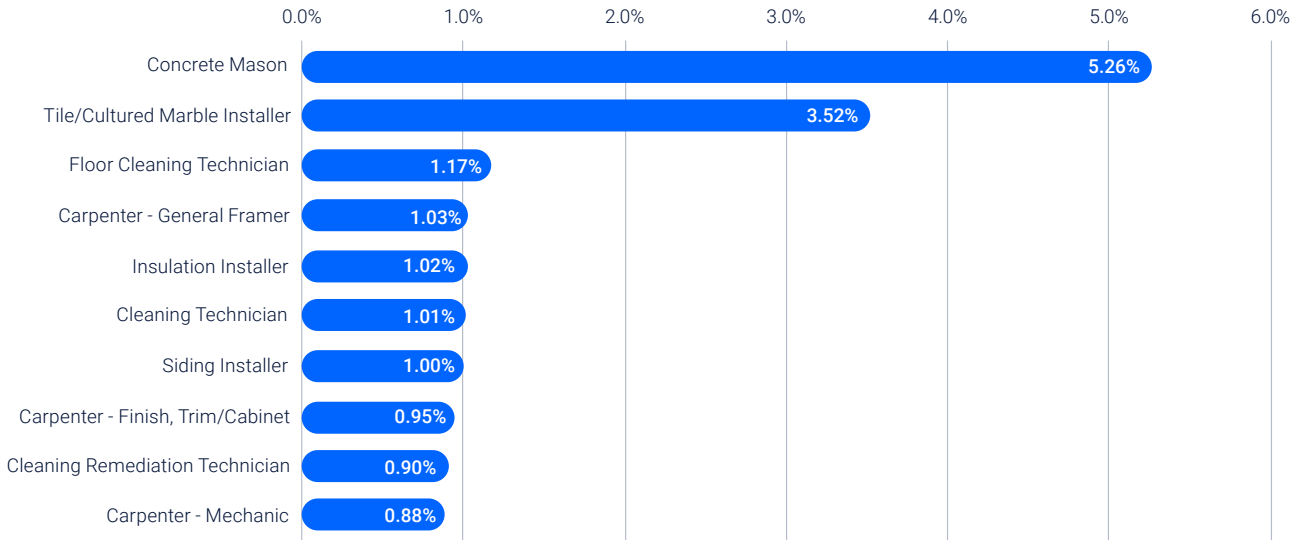
Billable Labor Cost Changes in Key Labor Categories (October 2025–January 2026)



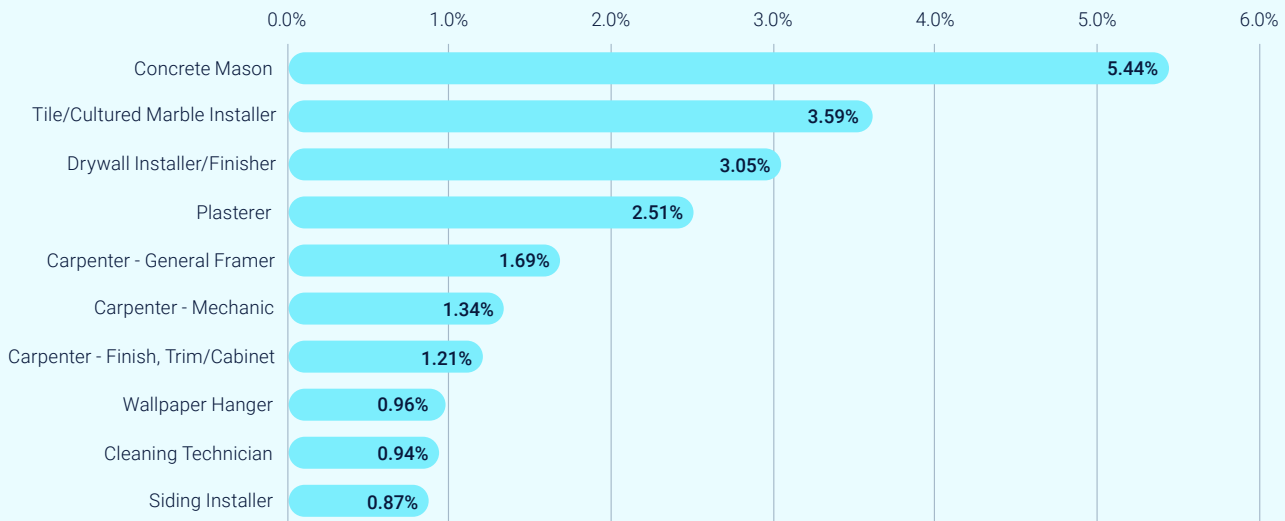
Labor costs by trade

In the United States, labor cost increases are concentrated in concrete masonry and tile/cultured marble installation at 5.26% and 3.52% respectively, while most other trades show modest quarterly growth near 1%.

Top 10 Trades by Billable Labor Percentage Change (October 2025–January 2026) - U.S.



Top 10 Trades by Billable Labor Percentage Change (October 2025–January 2026) - Canada



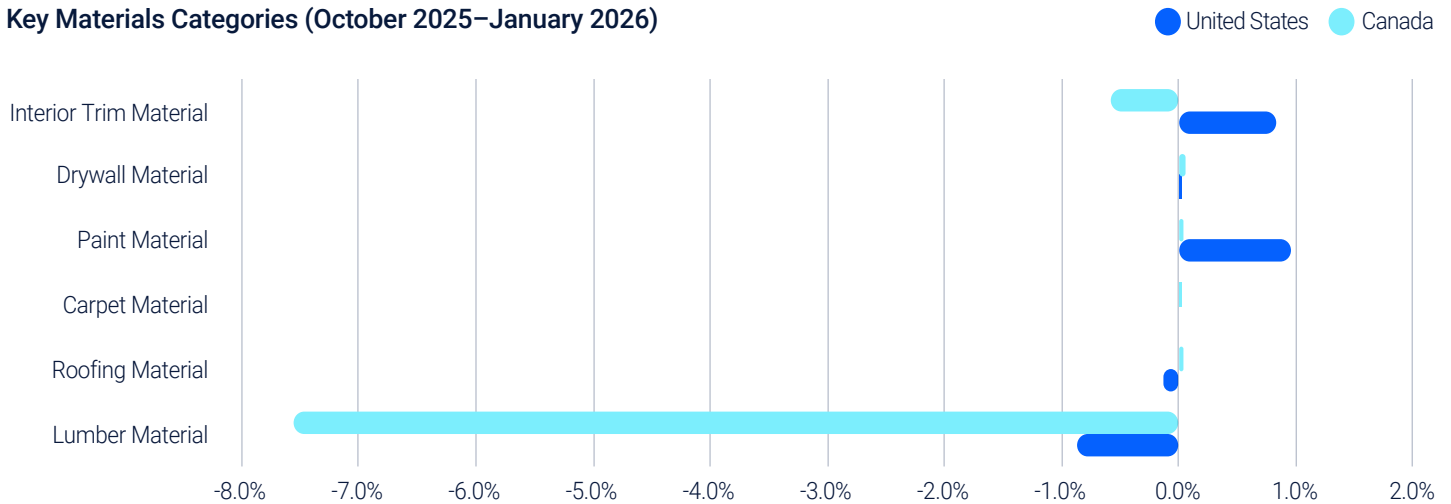
Canada exhibits more broadly distributed labor cost increases, led by concrete masonry at 5.44%, with a more gradual decline across subsequent trades including tile installation at 3.59% and drywall at 3.05%.

Materials

Material costs rose 3.26% from January 2025 to January 2026 in the United States while declining 0.02% in Canada. On a quarterly basis, costs increased 1.49% in the U.S. and 0.50% in Canada. The divergence between the two countries' annual figures is largely attributable to lumber cost trends.

Interior trim material posted the largest yearly increase in the U.S. at 4.90%, while paint material led Canada's increases at 1.76%. Carpet material showed no change in either country for the quarter.

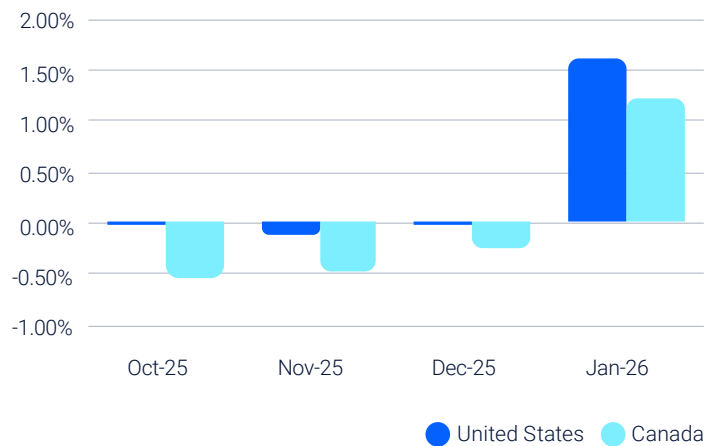
Key Materials Categories (October 2025–January 2026)



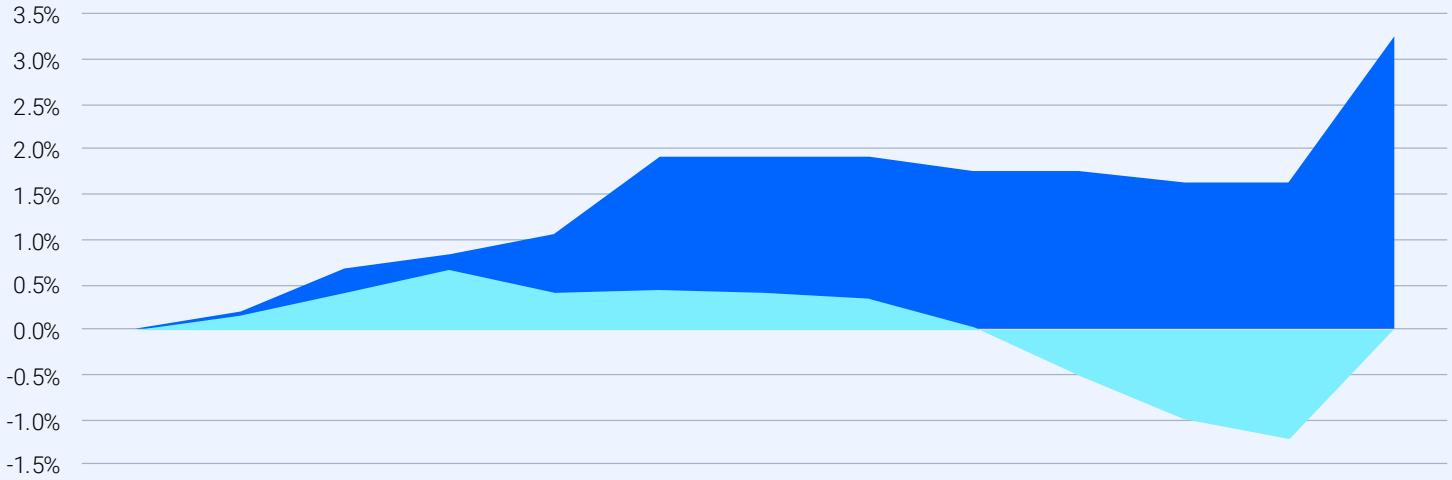
Monthly trends shifted significantly from Q3 2025. While the previous quarter saw three of four months decreasing in the U.S. and all four months decreasing in Canada, the first three months of Q4 continued this pattern before January 2026 reversed course with steeper increases of 1.61% in the U.S. and 1.23% in Canada.

While total roofing materials declined modestly by 0.12% nationally, laminated shingles exhibited greater regional variation, with quarterly changes ranging from a 0.57% decrease in the Northeast to a 0.53% increase in the West.

Monthly Change (October 2025–January 2026)



Material Composite Index (January 2025–January 2026)



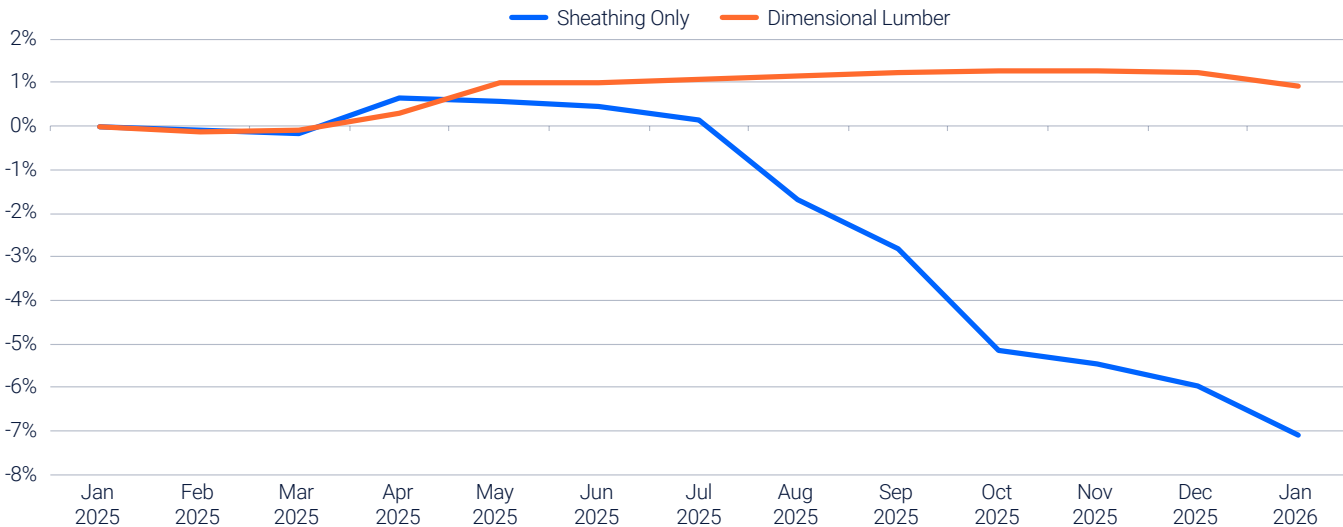
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
United States Change	0.00%	0.19%	0.69%	0.85%	1.05%	1.91%	1.92%	1.90%	1.77%	1.75%	1.64%	1.63%	3.26%
Canada Change	0.00%	0.14%	0.42%	0.65%	0.39%	0.43%	0.41%	0.36%	0.02%	-0.52%	-0.99%	-1.23%	-0.02%

Lumber

Lumber costs in the U.S. decreased 0.86% for the quarter and 1.59% from January 2025 to January 2026. Canada experienced far more substantial declines, with lumber costs falling 7.55% for the quarter and 12.39% year-over-year—the most significant material cost change observed this period.

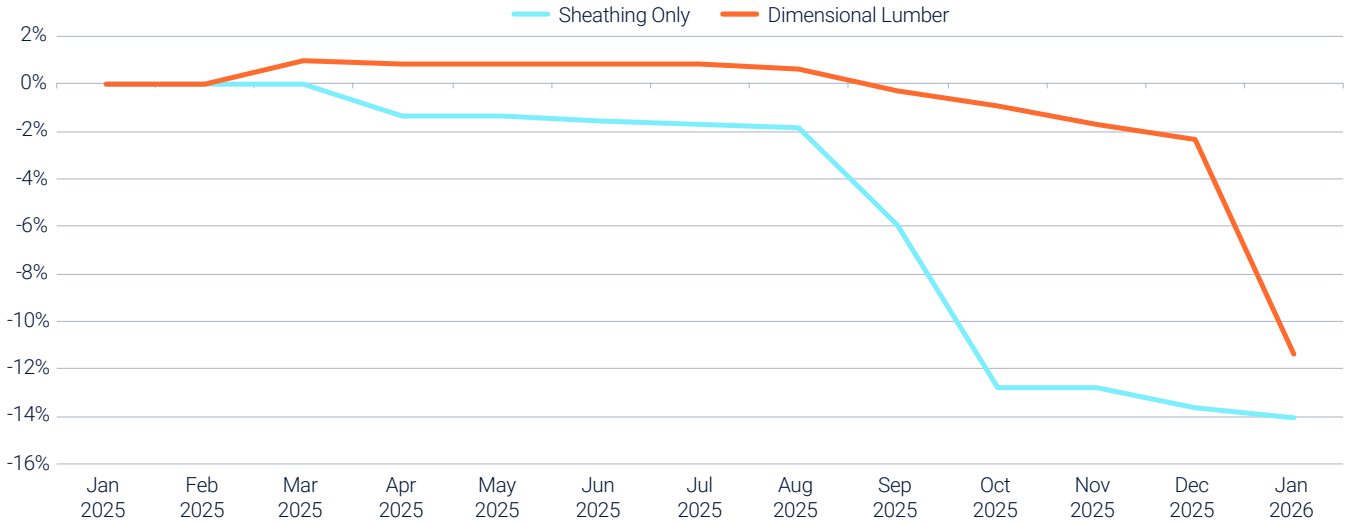
In the U.S., sheathing costs have declined 7.09% over the past year, with the majority of this decrease occurring in the second half of the year. Dimensional lumber, in contrast, increased slightly early in the year before holding relatively steady.

Lumber Material Trend, U.S.

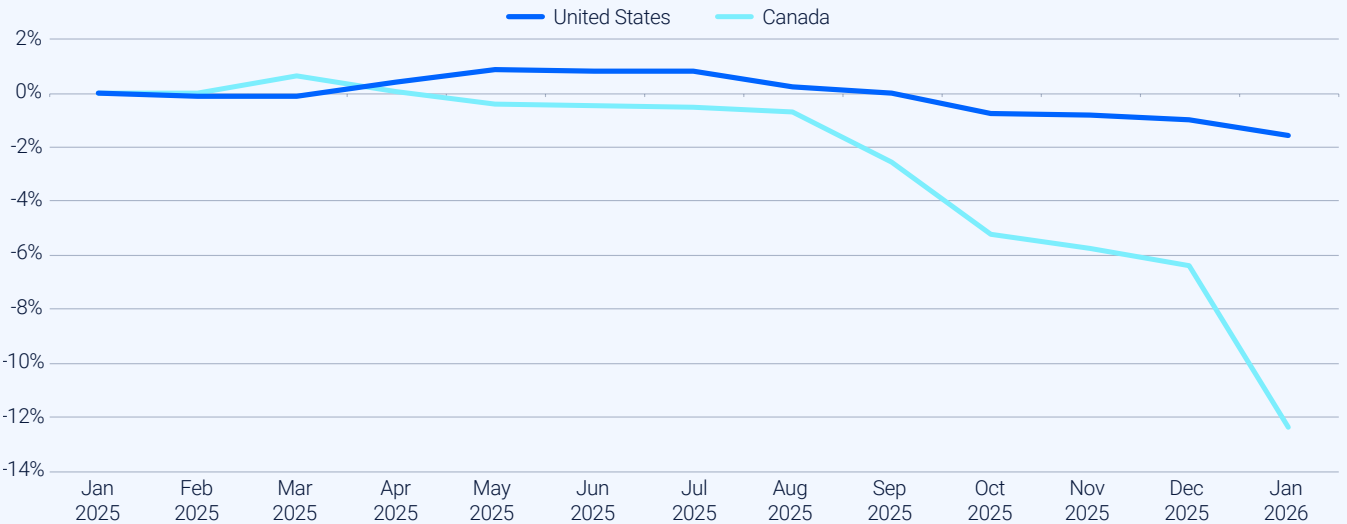


Canada’s lumber market showed more dramatic movement across both components. Sheathing costs fell 14.05% over the past year, while dimensional lumber declined 11.37% during the same period.

Lumber Material Trend, Canada



Overall Lumber Material Trend





Fuel

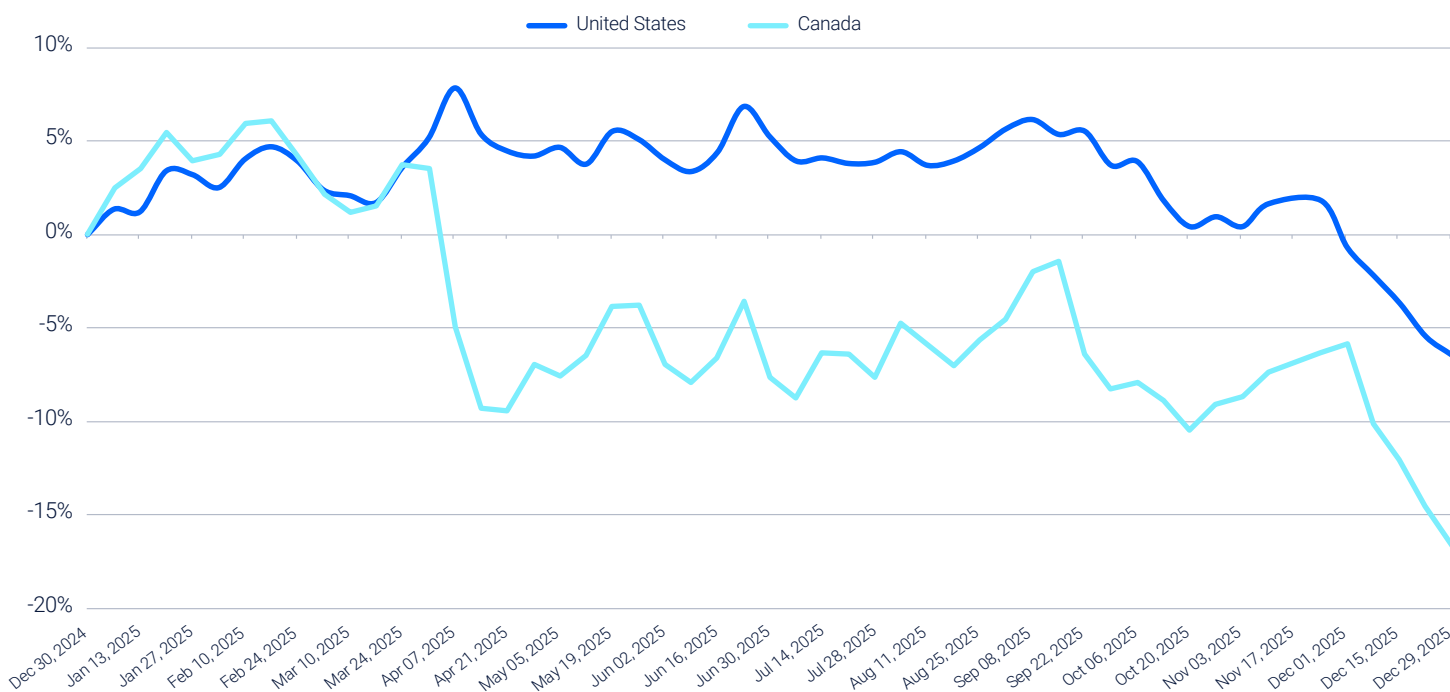
Both countries experienced significant fuel cost decreases this quarter, falling 9.85% in the U.S. and 9.15% in Canada. Over the past year, U.S. fuel costs decreased 6.49% while Canadian prices fell 16.66%. Current fuel prices in both countries are at their lowest levels since early 2021.

The two countries followed notably different trajectories throughout 2025. U.S. retail fuel prices remained above their end-of-2024 levels for most of the year, reflecting a net increase on a year-to-date basis. However, in early

December, prices declined below the year-end 2024 baseline, marking the first point in 2025 at which fuel costs shifted to a net year-over-year decrease.

In contrast, Canadian fuel prices fell below their end-of-2024 levels much earlier in the year and remained in net negative territory for the majority of 2025. While Canada experienced periodic short-term increases, these were insufficient to offset the broader downward trend, resulting in a sustained net decline relative to the prior year.

Average Retail Fuel Price

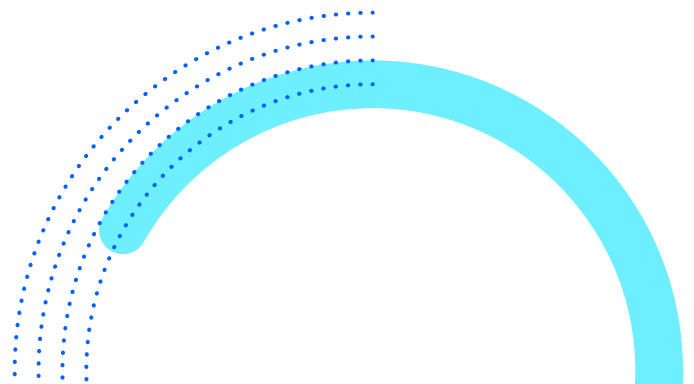


Construction and reconstruction trends

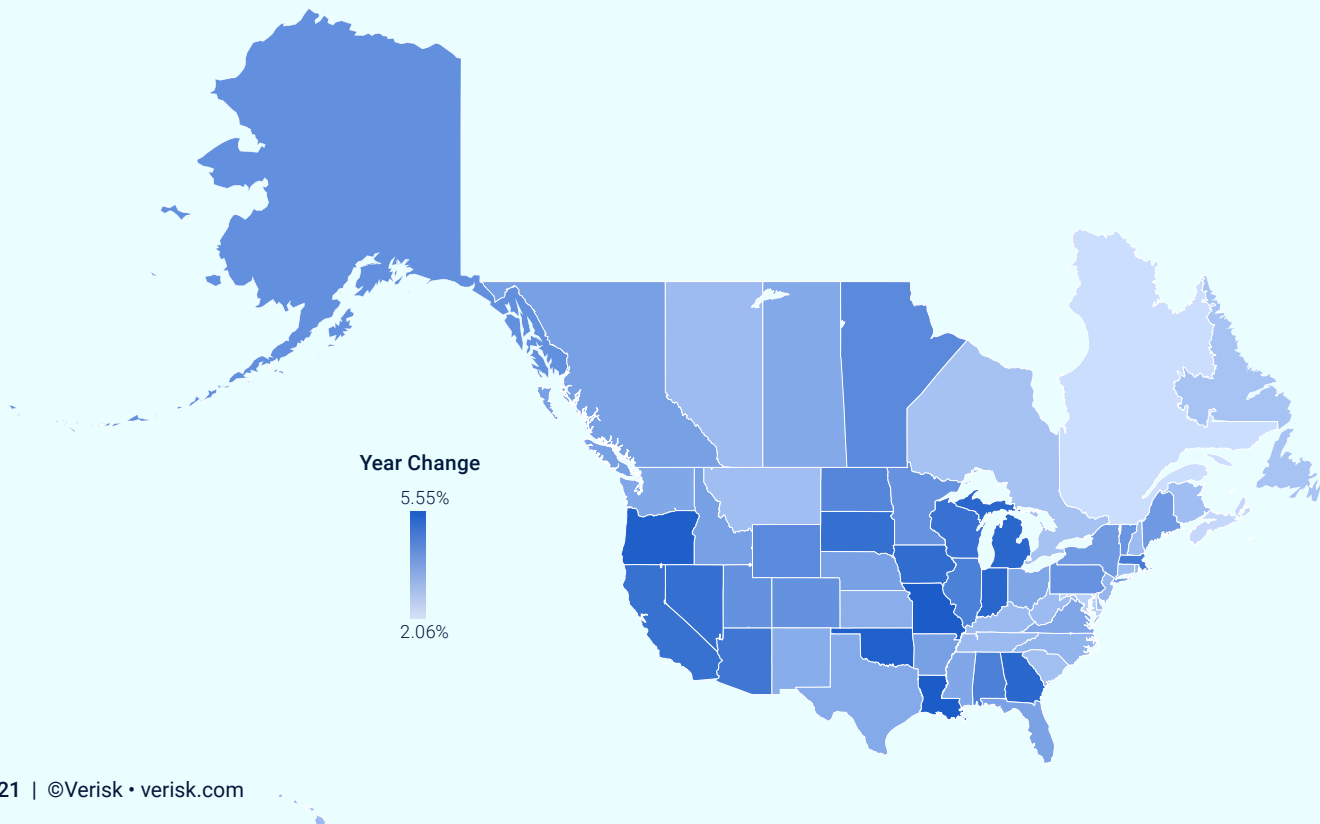
Overall reconstruction costs

Total reconstruction costs in the U.S., including materials and retail labor, increased 3.78% from January 2025 to January 2026—down from the 5.04% increase recorded from January 2024 to January 2025. Cost growth increased in Q4 2025, rising 0.99% compared with 0.95% in the previous quarter.

Total reconstruction costs in Canada increased 2.83% from January 2025 to January 2026, down from 4.58% the prior year. Cost growth in Q4 2025 increased 1.01% compared with 0.52% in the previous quarter.



Overall Reconstruction Cost Changes by U.S. State and Canadian Province, (January 2025–January 2026)



Residential reconstruction costs

Residential costs in the U.S. increased 3.48% from January 2025 to January 2026 and 0.90% from October 2025 to January 2026. Residential reconstruction costs increased year-over-year in all states.

U.S. residential reconstruction highlights:

- Largest 12-month increase: Washington D.C. (+5.82%)
- Second: Oregon (+4.96%)
- Third: Indiana (+4.84%)
- Largest quarterly increase: Washington D.C. (+2.02%)
- Lowest quarterly increases: Rhode Island (+0.11%), New Hampshire (+0.18%)

In Canada, residential costs increased 2.57% from January 2025 to January 2026 and 0.82% from October 2025 to January 2026. All provinces saw year-over-year increases.

Canada residential reconstruction highlights:

- Largest 12-month increase: Manitoba (+3.65%)
- Second: Saskatchewan (+3.35%)
- Largest quarterly increase: Manitoba (+1.89%)
- Lowest quarterly increases: Nova Scotia (+0.25%), Alberta (+0.38%)

Commercial reconstruction costs

In the U.S., commercial reconstruction costs increased 4.09% from January 2025 to January 2026 and 1.09% from October 2025 to January 2026. No states showed a decrease.

U.S. commercial reconstruction highlights:

- Largest yearly increase: Louisiana (+6.17%)
- Second: Oklahoma (+5.98%)
- Largest quarterly increase: Virginia (+2.00%)
- Lowest quarterly increase: Maryland (+0.57%)

In Canada, commercial reconstruction costs increased 3.08% from January 2025 to January 2026 and 1.21% from October 2025 to January 2026. No provinces showed a decrease.

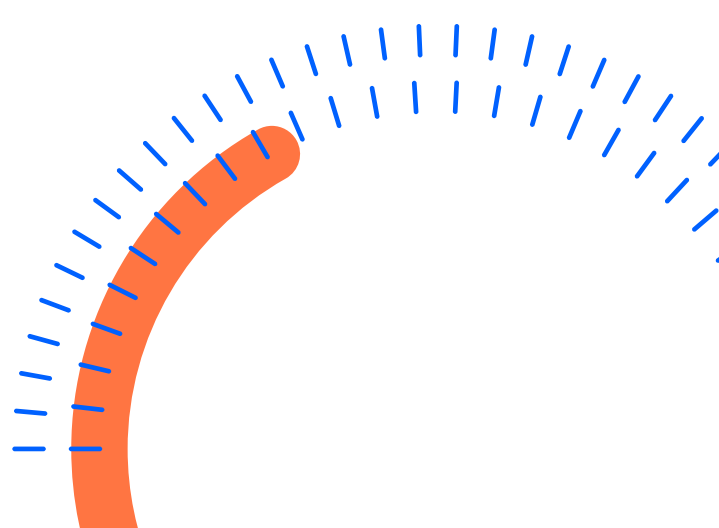
Canada commercial reconstruction highlights:

- Largest yearly increase: Manitoba (+4.37%)
- Second: British Columbia (+3.86%)
- Largest quarterly increase: Manitoba (+2.82%)
- Lowest quarterly increase: Nova Scotia (+0.82%)

Reconstruction cost market expectations

Market expectations for reconstruction costs anticipate a 1.86% increase for residential homes from January 2025 to July 2026, which would result in a 3.56% year-over-year increase (July 2025–July 2026).

Expected Residential Reconstruction Cost Changes



Economic Indicators

Housing Market Index

According to the NAHB/Wells Fargo Housing Market Index, builder confidence stands at 39—seven points higher than the previous quarter and marking three consecutive months of improvement, yet remaining in negative sentiment territory. This modest uptick represents the highest reading in eight months.

The December reading of 39 reflects a 15.2% decline from December 2024's 46-point reading, signaling deterioration in builder confidence over the past twelve months. Builder sentiment remained below the critical 50-point breakeven threshold for the twentieth consecutive month in 2025—the entire calendar year experienced negative sentiment.

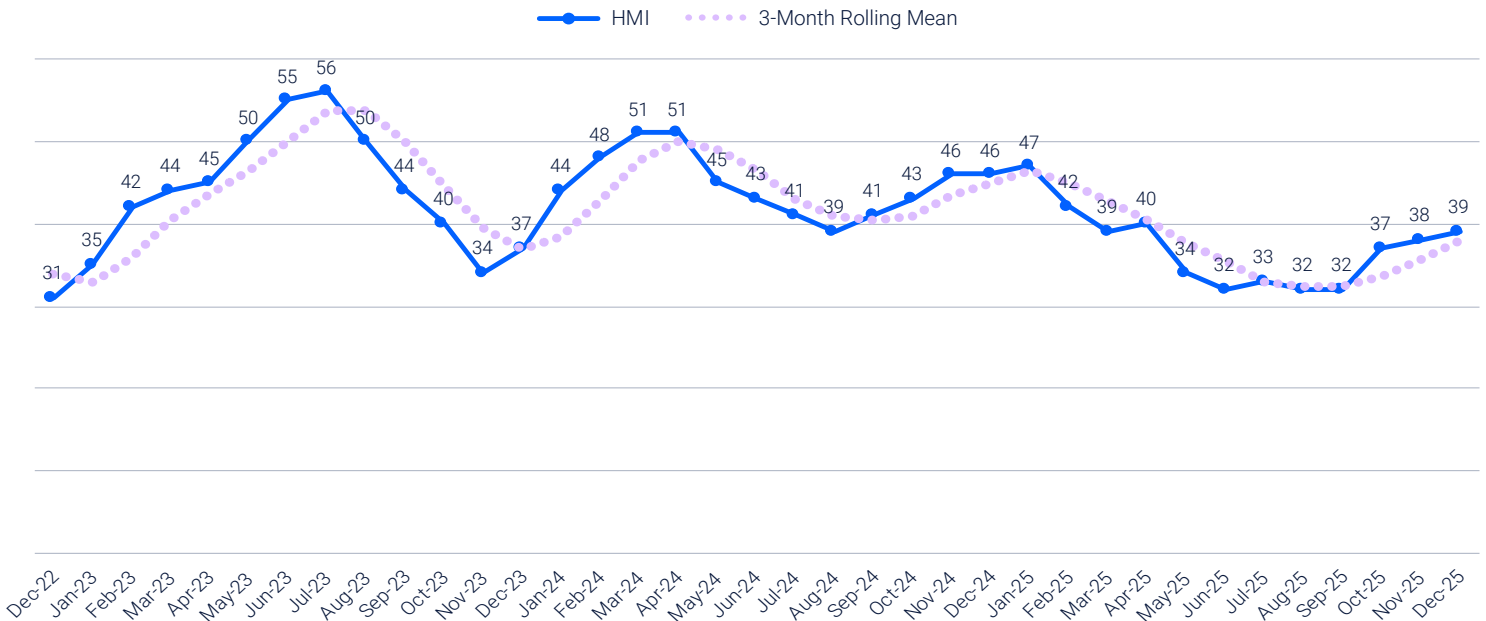
HMI component breakdown:

Component	Dec 2025	Change from Oct
Current Sales Conditions	42	+3 pts
Sales Expectations (6 months)	52	-2 pts
Traffic of Prospective Buyers	26	+1 pts

Regional HMI (December 2025, 3-Month Moving Average):

Region	Index	Change from Oct
Northeast	47	+1 pts
Midwest	43	+1 pts
South	36	+5 pts
West	34	+6 pts

NAHB/Wells Fargo National Housing Market Index



To read more visit [NAHB.org](https://www.nahb.org)

Construction unemployment

The unemployment rate in the construction industry increased 1.20% this past quarter after decreasing 2.00% in the prior quarter. When compared to all industries, construction unemployment is 0.70% lower.

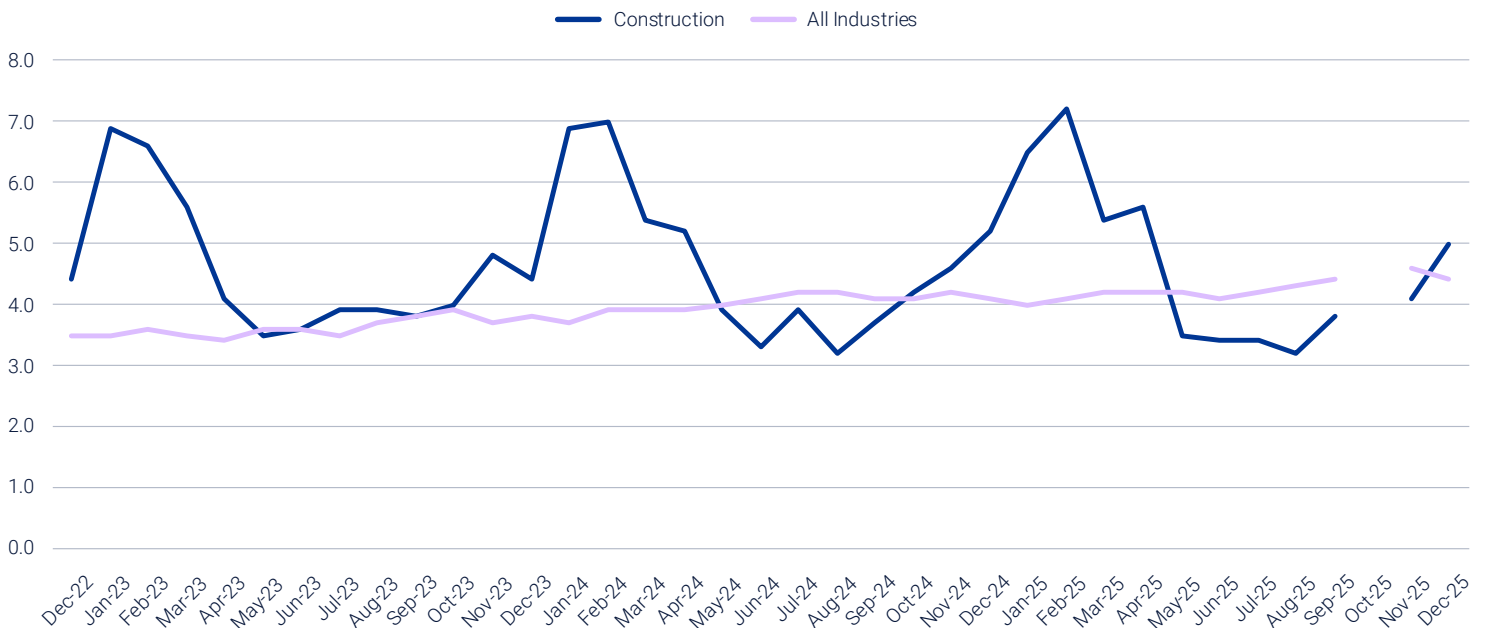
Over the past year, the construction industry's unemployment trajectory diverged from the broader U.S. labor market. While construction modestly improved from 5.2% in December 2024 to 5.0% in December 2025 (a 0.2% decline), the national unemployment rate increased from 4.1% to 4.4% (a 0.3% increase).

The unemployment rate differential between construction and all industries has narrowed substantially over the past 12 months—from 1.1% in December 2024 to 0.6% in December 2025.

To see these as well as more indicators for the construction industry, you can visit the BLS site.



Unemployment Rate



*data for October is unavailable.

Conclusion

Q4 2025 concludes a historically quiet year for property claims, offering several key insights for the property insurance and construction industries:

- **Lowest claim volume in five years**
2025 finished with just 4.4 million claims—19% below 2024 and 13.6% below the five-year average, driven by a 26.5% reduction in CAT claims.
- **Hurricane season absence reshapes patterns**
2025 hurricane claims are down 89% nationally from 2024 due to the lack of major hurricane landfall in the United States. States like Florida (-86.1%) and South Carolina (-85.6%) saw dramatic Q4 decreases.
- **Q3 2025 severity confirmed as record**
Q3 2025 matured 9.5% to \$18,346, making it the largest Q3 severity on record—1.27% larger than 2023 and 5.49% larger than 2024.
- **Q4 severity on track for normal levels**
Current Q4 severity of \$17,167 is projected to mature to \$18,420–\$18,816, well in line with historical norms when excluding the California wildfire impact.
- **Regional volatility continues**
Idaho (+577%) and Montana (+358%) led Q4 CAT claim growth due to the December 17th severe wind event, while hurricane-affected states saw dramatic declines.
- **Labor costs continue rising**
Concrete masons again lead all trades with quarterly increases exceeding 5% in both the U.S. and Canada.
- **Material costs stabilizing**
Lumber experienced notable declines, particularly in Canada (-7.55% quarterly), providing some relief amid continued labor cost pressure.
- **Fuel costs declining**
Quarterly fuel cost decreases of approximately 9% in both countries offer modest cost relief for contractors.
- **Builder confidence improving but still negative**
The Housing Market Index rose to 39 but remained below the 50-point breakeven threshold for the entire 2025 calendar year.



As we enter 2026, the industry faces a complex environment: historically low claim volumes provide operational breathing room, but rising severity trends and persistent cost pressures demand continued vigilance. The contrast between 2025's quiet hurricane season and the January 2025 California wildfires underscores the unpredictable nature of catastrophe risk.

Where to get more insights:

- **Industry Trends Reports**
Examine pricing trends for key material and labor changes across multiple trades on national, state/province, and local levels.
- **Pricing Methodology White Paper**
Gain further insight into Verisk's process for researching and publishing pricing information.
- **360Value Quarterly Reconstruction Cost Analysis**
Get an overview of current reconstruction cost trends at the national and state levels for the U.S.

References

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