

UK & Ireland

Quarterly Property Report

Executive Insights

October 2026

Verisk™

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Executive summary

Q2 2026 presented a divergent picture for the UK construction and insurance sectors. While claims volumes reduced compared with Q1 - largely due to a significant fall in weather-related claims - the underlying cost environment remained firmly inflationary.

Cost pressures remained concentrated in areas with direct impact on repair and reinstatement activity, particularly labour costs and key commodities. Construction wages increased across all tracked trades and regions, with strong growth among skilled manual trades. Additionally, key commodities, particularly metals, saw significant uplift, placing additional pressure on electrical installations, metal components and wider construction activity.

One of the most notable themes of the quarter was the return of energy-driven volatility. Oil prices jumped sharply following increased geopolitical tensions in the middle east and disruption to global supply routes linked to the Strait of Hormuz. This follows a trend repeatedly seen by the industry in recent years: energy markets remain highly sensitive to global events, creating uncertainty for transport, logistics, waste management and the production of energy-intensive materials.

Overall, Q2 2026 reinforces the view that although claims activity has moderated, the cost of repairing and reinstating property continues to rise. Success in this environment will increasingly rely on accurate market intelligence, informed material selection and a greater focus on repair-first, resource-efficient strategies and solutions to improve resilience, control costs and reduce environmental impact.

Key Trends

- **Q-on-Q claim volumes down, severity up:**

  weather damage fell significantly by 61.91%, marking a clear reversal from storm-driven increase seen in Q1. However, the higher cost of weather damage claims suggests that those that did arise were more severe on average

- **Energy market volatility has returned as a systemic risk:**

  compared to Q1 2026, both WTI and Brent oil prices rose by an average 30% and were well above those seen across most of 2025. For insurers, sustained higher oil prices could renew pressure on fuel-linked costs and, feed into construction pricing, claims severity, and indexation assumptions.

- **Labour cost inflation is broad-based and structural, not cyclical:**

  trades integral to structural, repair, installation and finishing work recorded the strongest uplift indicating continued demand pressure concentrated in skilled and high-demand roles.

- **Y-on-Y metals inflation is squeezing electrical, plumbing and structural repair costs:**

  with substantial increases seen in copper (39.98%), aluminium (46.18%), and steel (15.52%).

Claims trends

Claims activity reduced in Q2 2026, with 5/7 peril categories showing lower volumes than the previous quarter. The below figures indicate a lower-frequency claims environment in Q2 2026, mainly driven by the substantial reduction in Weather Damage and declines across several other categories. However, the rise in Fire Damage shows that this downward trend was not consistent across every claim type, with some areas still experiencing upward pressure despite the broader fall in volumes.

Overall, the claims mix moved away from weather-driven frequency and became more concentrated in Escape of Water. At the same time, the higher average cost of Weather Damage claims suggests that, while fewer weather-related claims were reported, those that did arise were more severe on average.

Q-onQ volume difference by peril

Q1-Q2 2026

+31%

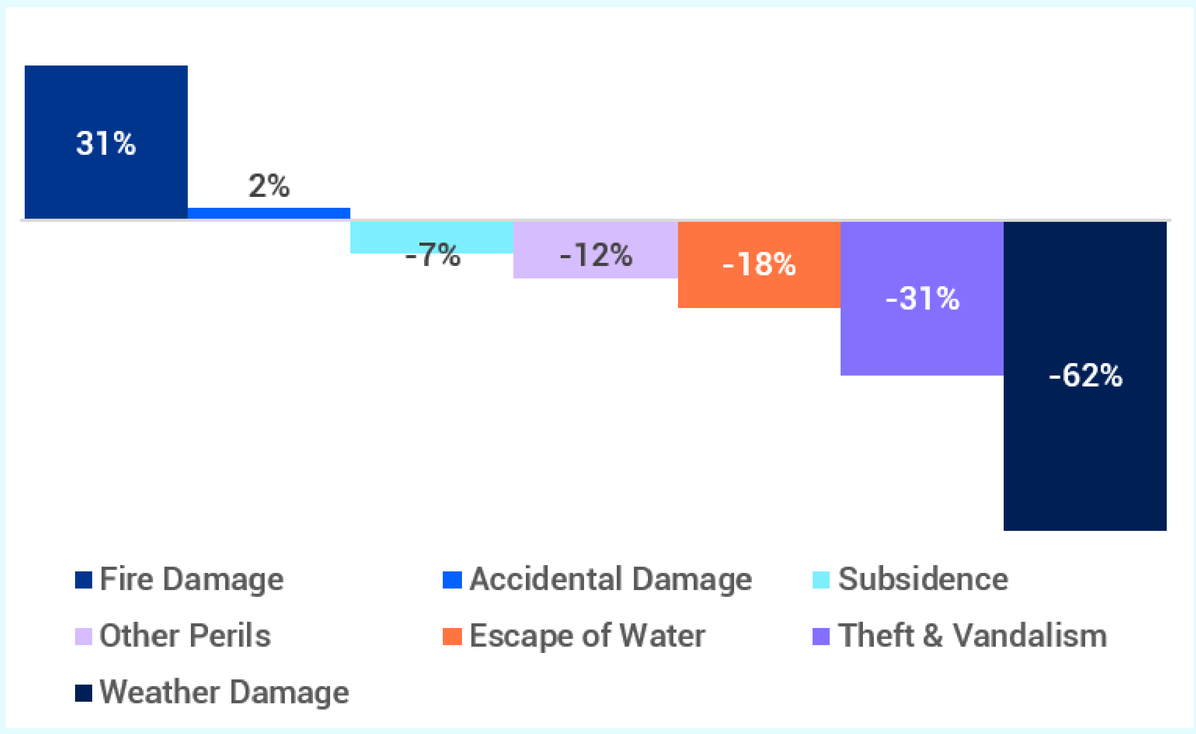
Q-on-Q increase in Fire Damage

The main outlier, posting the strongest increase, may partly reflect warmer and drier summer conditions across the UK that can increase fire risk. However, the data alone does not confirm weather as the primary driver.

−62%

Q-on-Q decrease in Weather Damage

Marking a clear reversal from the storm-driven increase previously seen in Q1 2026, Weather Damage recorded the most significant fall compared to other perils.



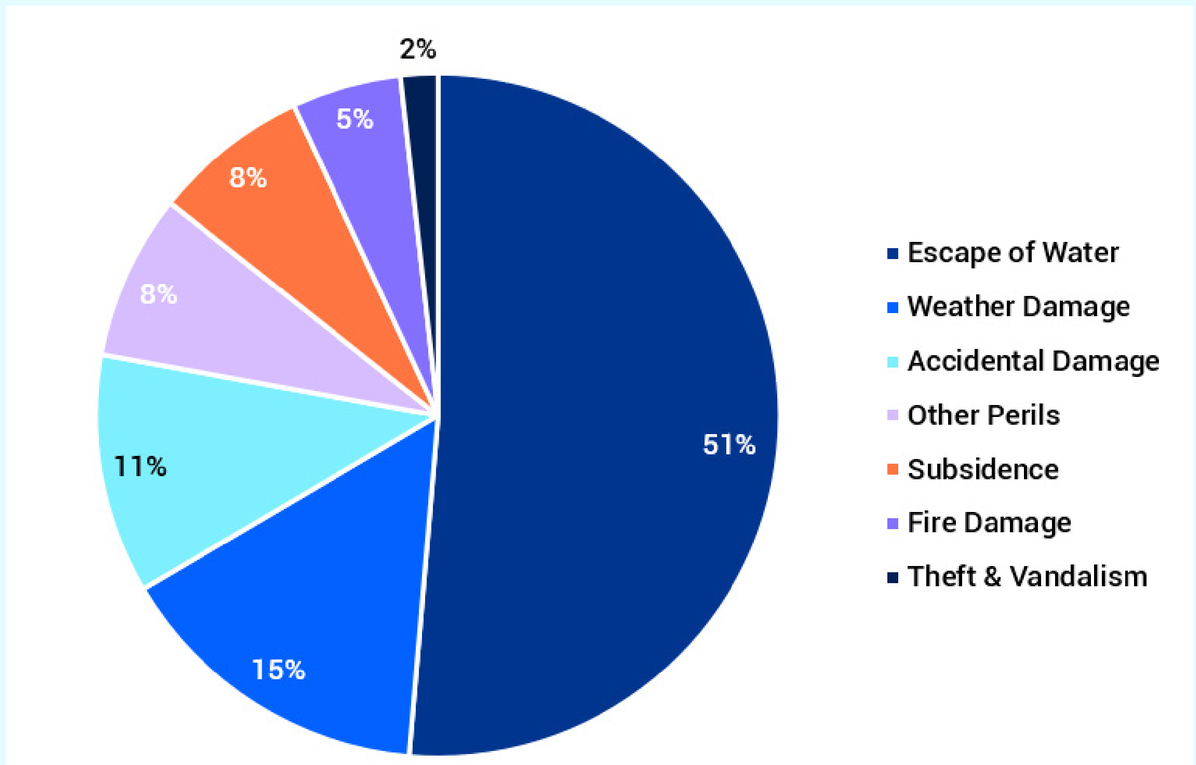
Volume by peril

Q2 2026

Over 1/2

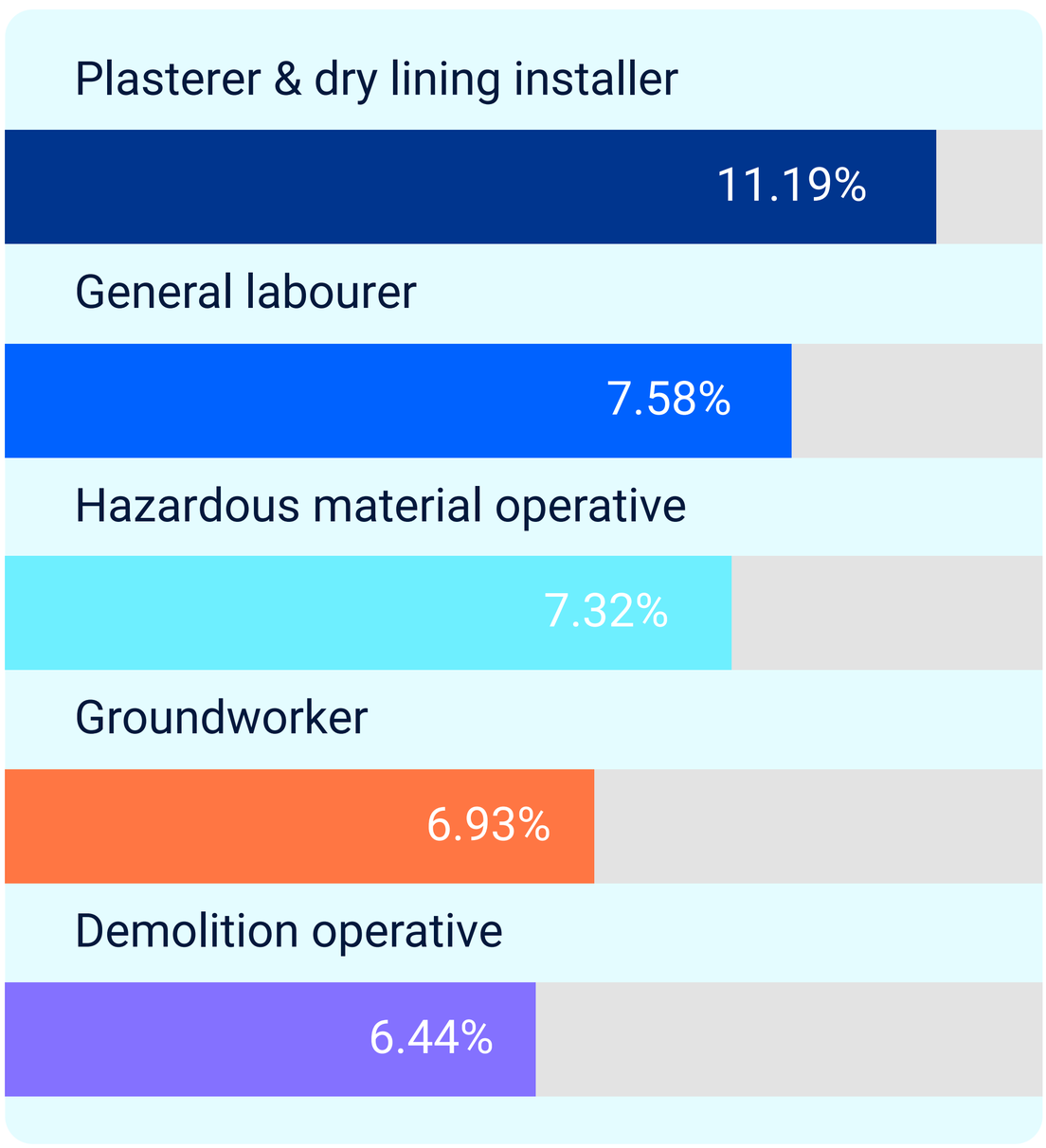
of all claims were attributed to Escape Of Water

From a distribution perspective, Q2 claims were more heavily weighted towards this peril, accounting for 51% of all claims compared with 46% in Q1.



Pricing Data Services

Labour and material costs | Q2 2025 v. Q2 2026



Labour cost - Top 5 Fluctuations

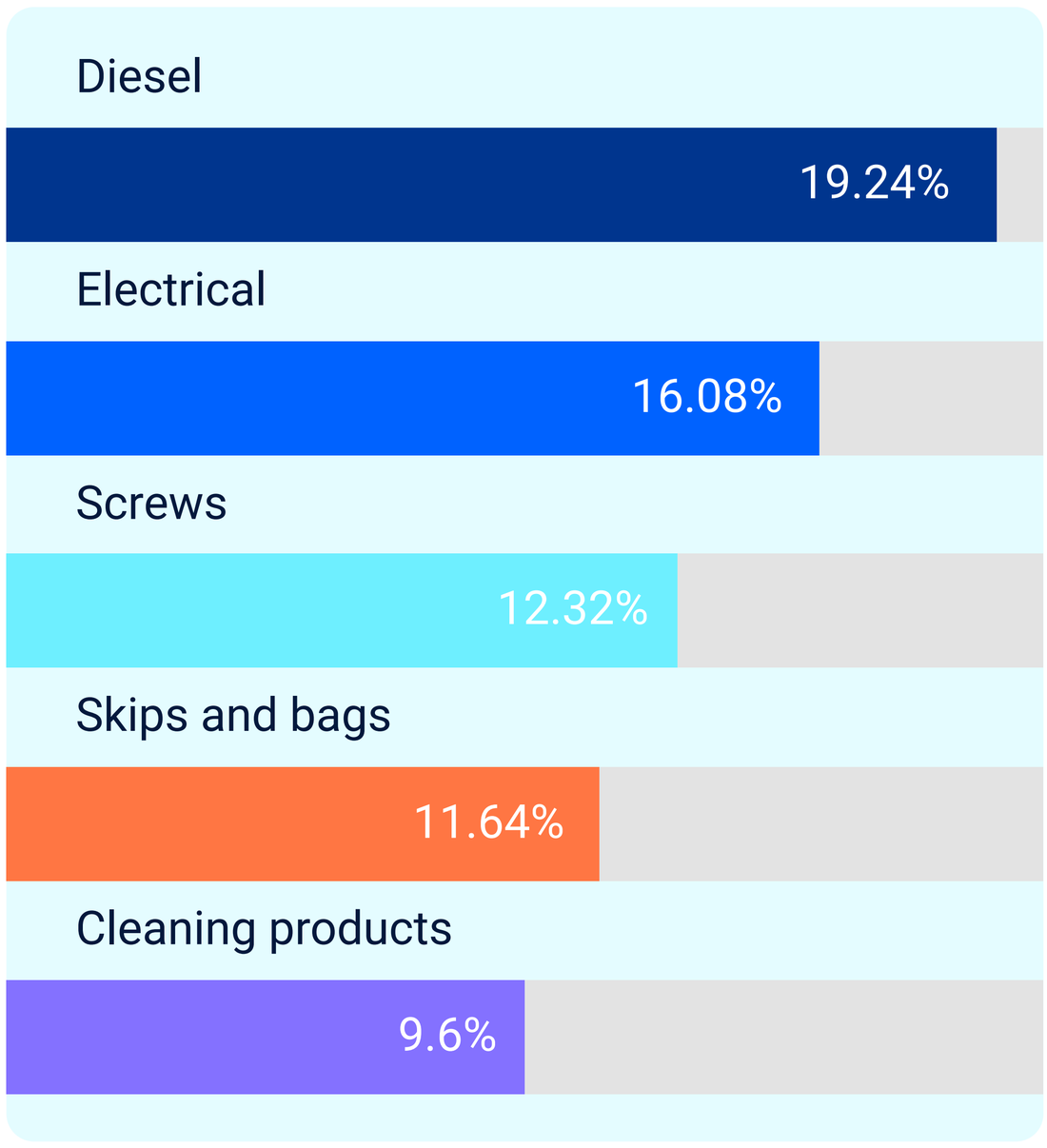
Trade wage movements on a year-on-year basis show a broadly upward trend, with most tracked occupations recording increases over the period. Growth was strongest across core site and finishing trades, indicating that labour cost pressure remains across a wide range of construction roles. One trade recorded a decline, indicating isolated wage softening.

Overall, the data points to a generally inflationary wage environment. The strongest annual growth shown on the left suggests continued demand for hands-on site delivery roles and firm pressure across enabling, structural and high-volume site roles. However, more limited movement in technical and access-related trades shows that wage pressure remains uneven across the construction labour market.

Materials cost - Top 5 Fluctuations

A year-on-year review of UK construction material prices presents a generally inflationary picture, with the largest increases concentrated in fuel-related, electrical, fixing, and site-service categories - demonstrating continued cost pressure in areas linked to these materials.

Overall, the Q2 2025 to Q2 2026 comparison indicates a mixed but upward-leaning market. Strong increases across the top 5 fluctuations point to persistent pressure in key operational and high-use categories, while falls in selected core materials suggest ongoing cost correction. Taken together, the data show that inflation remains present but is concentrated in specific areas rather than spread evenly across all construction products, with several sub-1% categories remaining relatively stable over the year.

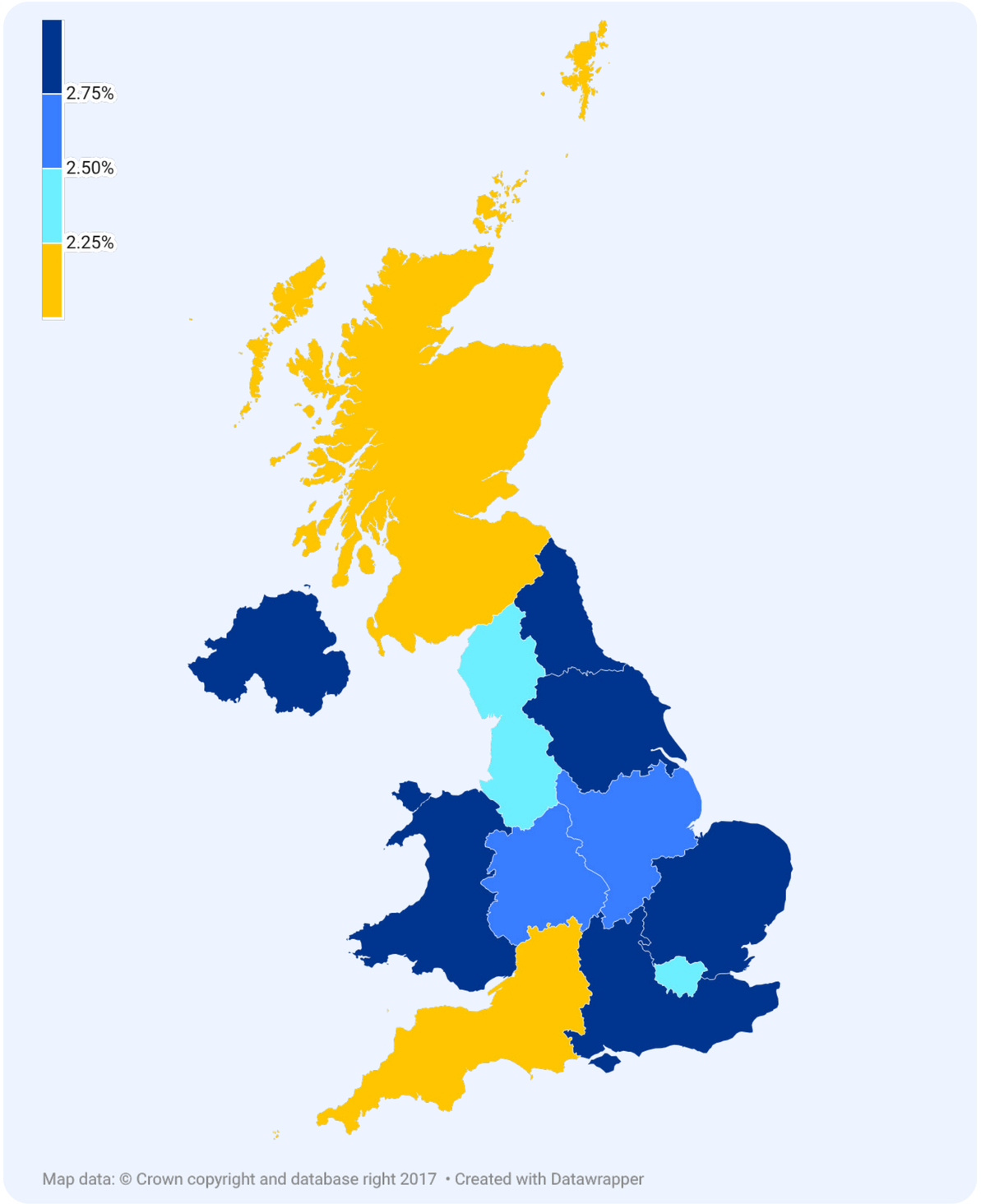


Labour costs by region

Q2 2026

Regional trade wage movements showed a consistent upward trend, with all nine UK regions recording increases over the quarter. This indicates that wage pressure was broad-based geographically, rather than concentrated in one or two high-activity areas. However, the scale of movement varied by region, suggesting that local labour demand, skilled trade availability, and regional project activity continued to shape wage trends.

The strongest increase was recorded in the North East, where wages rose by 3.24%, making it the highest uplift among the regions shown. The South East, Wales, Northern Ireland, and the Midlands followed closely, pointing to firm wage growth across a mix of devolved, central and regional markets, and not limited to traditionally higher-cost London and southern areas. Regional differences in demand, workforce availability, and project pipelines are therefore likely to remain important factors shaping future wage movements.

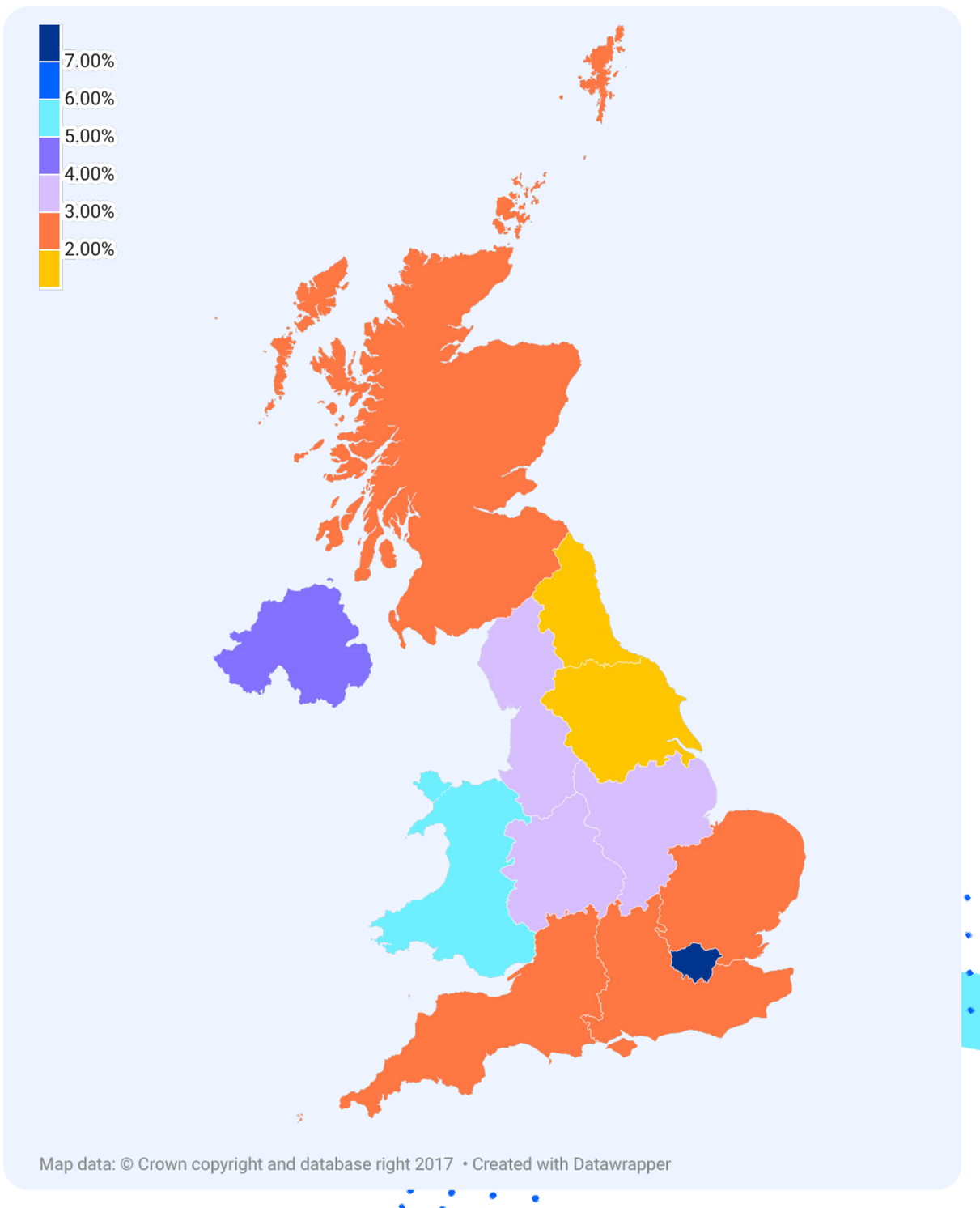


Material costs by region

Q2 2026

Regional construction prices show a clearly inflationary pricing environment, with every area recording an increase, showing that material cost pressure was affecting a broad range of regional markets rather than concentrated in selected areas. London recorded the highest increase, with average prices rising by 7.04%. This was the largest uplift among the regions and indicates that cost pressure remains especially strong in the capital, where labour, logistics, supplier, and operating costs can have a greater impact on overall pricing.

The next largest rises were recorded in Wales, and Northern Ireland, while the North East, Scotland, and southern regions experienced more moderate growth. Altogether, the results suggest that construction material pricing continues to trend broadly upward across the UK, but with differing levels of intensity shaped by local demand, supply routes, and market conditions.



Labour costs by trade

Q2 2026

Overall, the data points to a consistently inflationary wage environment, with growth recorded across all tracked trades for Q2 2026. This points to broad-based labour cost pressure across the sector, led by skilled manual trades illustrated on the left. These indicate continued demand pressure across trades central to structural, repair, installation, and finishing work.

+6.18%
Bricklayer

+4.78%
Plumber

+4.32%
Insulator

+4.31%
Plasterer & dry lining installer

+4.27%
Carpenter / Joiner

While scale of growth varied by role, the absence of any declines suggests a firmer wage environment compared to Q1. Labour costs therefore remain an important upward pressure within construction pricing, particularly for projects requiring specialist trade input.



Material costs by category

Q2 2026

In Q2 2026, overall recorded cost changes leaned upward across many commonly used materials - demonstrating renewed pressure on waste disposal and site-clearence costs alongside continued pressure across access, electrical, and fixing products. However, the stronger rises in several high-use areas outweighed the more modest declines seen in other parts of the basket.

+10.7%

Skips and bags

+6.5%

Scaffolding

+3.48%

Electrical

+3.17%

Screws

+2.34%

Concrete

Diesel - the consistent outlier

In Q1 2026, Verisk reported that diesel had risen sharply by 23.78% compared to Q4 2025. By contrast, diesel saw the sharpest reduction in Q2 and was a notable outlier compared to modest declines recorded elsewhere.

This movement was consistent with a broader fall in UK oil and diesel prices during the latter part of Q2. This fed through to retail prices, indicating that the decline was driven primarily by easing upstream fuel costs rather than the more gradual price movements seen across most construction material categories.

Q1 2026

+23.8%

Diesel rose sharply

Q2 2026

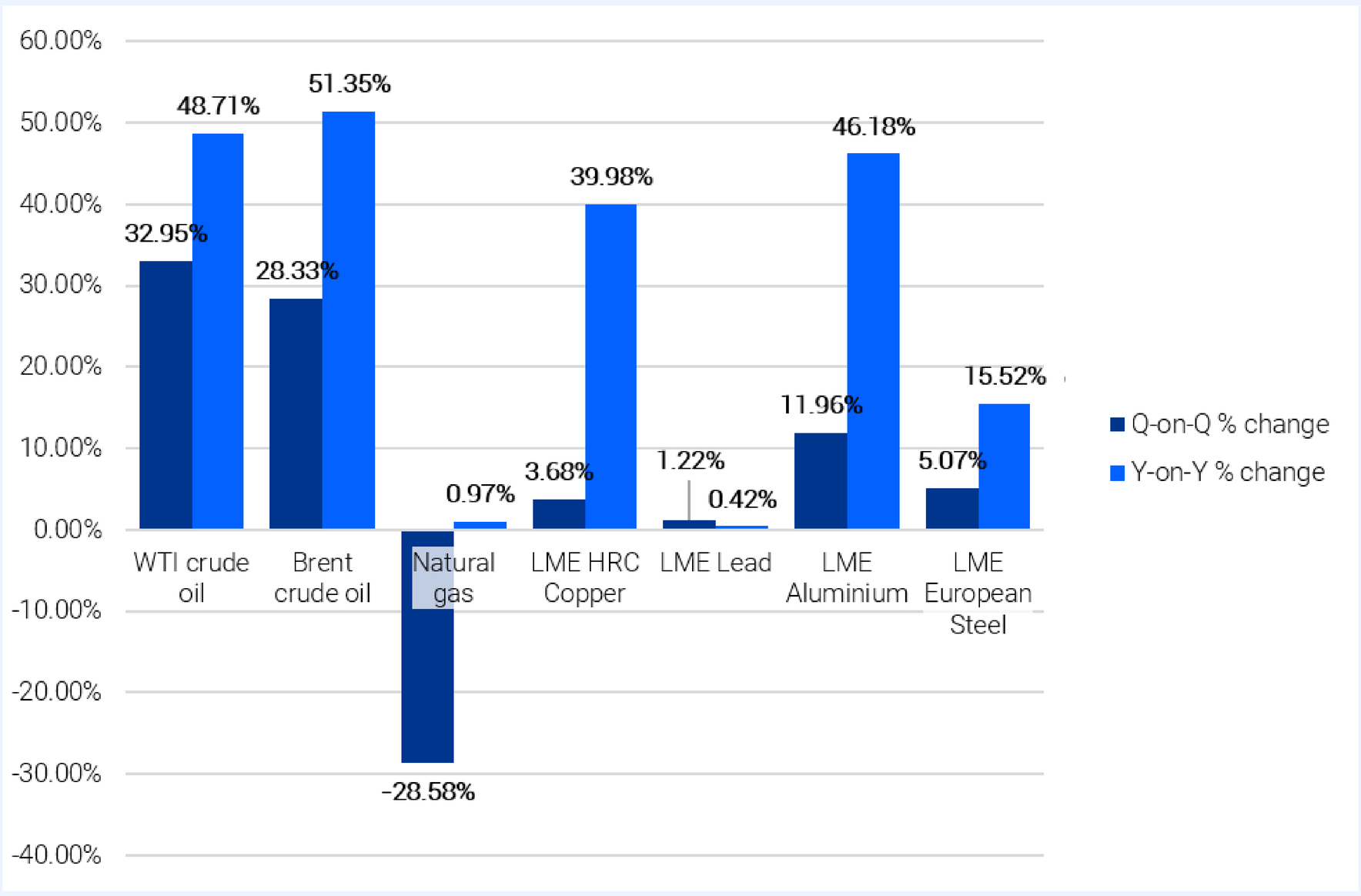
−7.02%

Diesel dropped sharply

Energy and Commodities

Q-on-Q and Y-on-Y change

Oil prices rose sharply in Q2 2026, with both WTI (+32.96% QoQ) and Brent (+28.33% QoQ) reaching their highest quarterly averages across the period, marking a strong rebound from the Q4 2025 low. The increase reflects a clear shift in market conditions, with Brent moving above $100 per barrel on a quarterly average basis.
Natural gas prices fell sharply by 28.51% QoQ in Q2 2026, reversing the upward trend seen since late 2025 after prices reached their highest quarterly average in Q1. The decline suggests that early-year demand pressure has eased, although prices remain influenced by storage levels, supply availability, weather conditions, LNG flows, and wider market expectations.



Impact on insurers and supply chain

For construction and insurance, sustained higher oil prices could renew pressure on fuel-linked costs, such as transport, logistics, and repair networks. If persistent, they may feed through into construction pricing, reinstatement costs, claims severity, and indexation assumptions.

Declines in natural gas prices may ease pressure on energy-intensive materials and repair processes, including manufacturing, drying, and reinstatement activity. However, as prices remain above 2023 and 2024 levels, energy costs still warrant monitoring. Overall, Q2 2026 shows a notable quarterly easing, but not a full return to the lower pricing environment seen pre-2025.



Notes and references

We are in a moment of rapid change in the construction industry, and as always, we are working hard to ensure that our price list accurately reflects the market. As the situation progresses, we will provide our customers with regular updates.

Unless otherwise stated, the pricing values reported in this bulletin are national averages for the United Kingdom and Ireland and will vary from local prices.

- https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/bulletins/constructionoutputingreatbritain/february2026
- https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/april2026



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