Verisk

Verisk Property Estimating Solutions

Quarterly Property Report

July–September 2025

Unless otherwise stated, the pricing values reported in this bulletin are national averages for North America (United States and Canada) and will vary from local prices.

What's inside

Executive Summary

Q3 2025 marked a low point in claim volume while presenting intriguing patterns in claim severity and cost trends. The quarter recorded just over a million total claim assignments—the lowest Q3 assignment volume in the past five years and 28.5% less than Q3 2024. This decline extended across both catastrophe and non-catastrophe claims, continuing the three-year downward trend we've tracked since 2023.

At a state level, Wyoming experienced an extraordinary 6,479% increase in CAT claims due to a major hail event near Cheyenne on August 1. Wind and hail perils dominated the quarter, comprising 51% of all claims when combined. The mild 2025 hurricane season contributed to a 95% decrease in Q3 hurricane claims compared to 2024.

Claim severity averaged $16,755, down 3.3% from Q3 2024, though this figure remains subject to maturation adjustments over the coming months. Historical patterns suggest the final mature average could range between $17,258 and $18,431, potentially making Q3 2025 one of the highest severity quarters in recent history—a notable contrast to its record-low volume.

Cost pressures persisted with U.S. reconstruction costs rising 3.75% year-over-year, while builder confidence dropped to 32 on the NAHB/Wells Fargo Housing Market Index, matching winter-season lows typically seen during construction slowdowns. The combination of declining claim volume and rising costs creates a complex environment for the property insurance industry as we move into the final quarter of 2025.

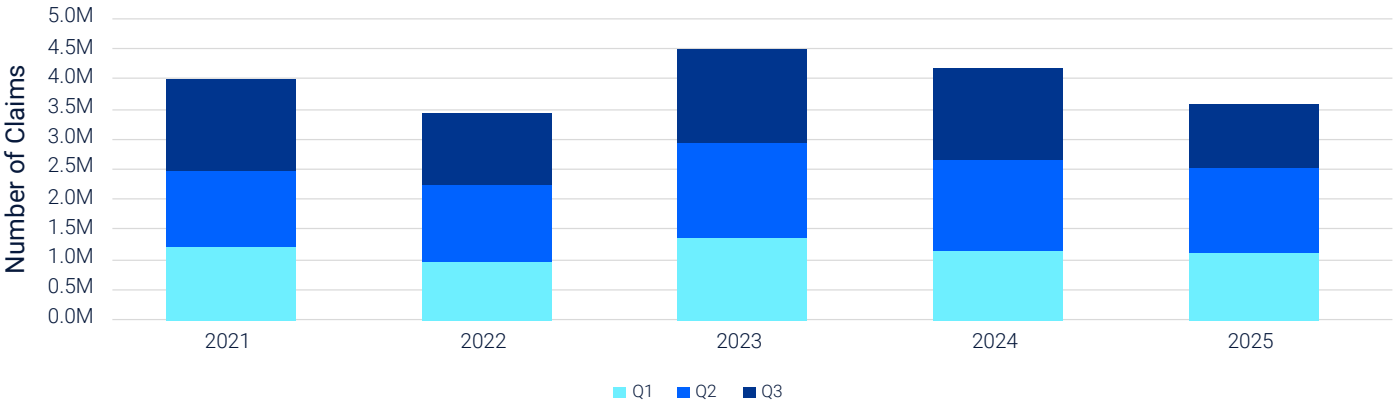
Claims Trends

Volume

The third quarter of 2025 set a five-year record for the fewest Q3 claims, continuing the sustained downward trend that began in 2023. With 1,070,614 total assignments, Q3 2025 fell 28.5% below Q3 2024 and 25% below the five-year average. This decline affected both catastrophe and non-catastrophe claims, with CAT claims dropping 32.7% and non-CAT claims decreasing 26.1% compared to the previous year.

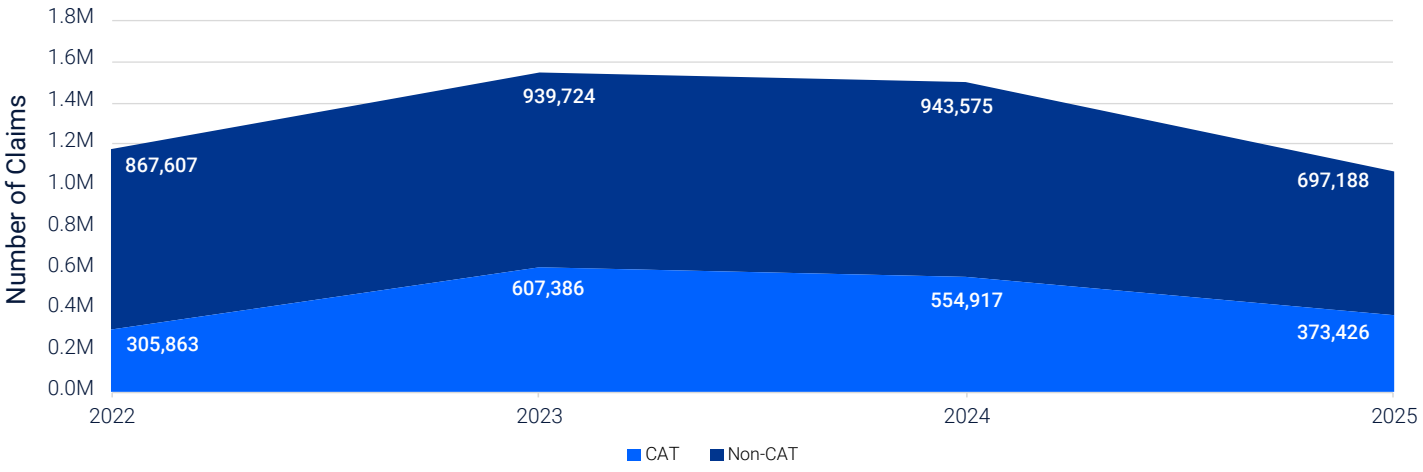
Q4 historically accounts for 20–25% of annual claim volume. Through the first three quarters of 2025, the industry processed approximately 3.5 million claims—the second-lowest year-to-date figure in five years, mirroring 2022's pattern but falling 14% below 2024.

2025 Historical Claim Assignment Totals Thru Q3



Based on historical quarterly distributions, we estimate 2025 total claim volume will reach between 4.3 and 4.5 million claims, which would be the lowest annual claim activity in the past five years. This projection will be refined and covered in full in our forthcoming report for Q4 2025.

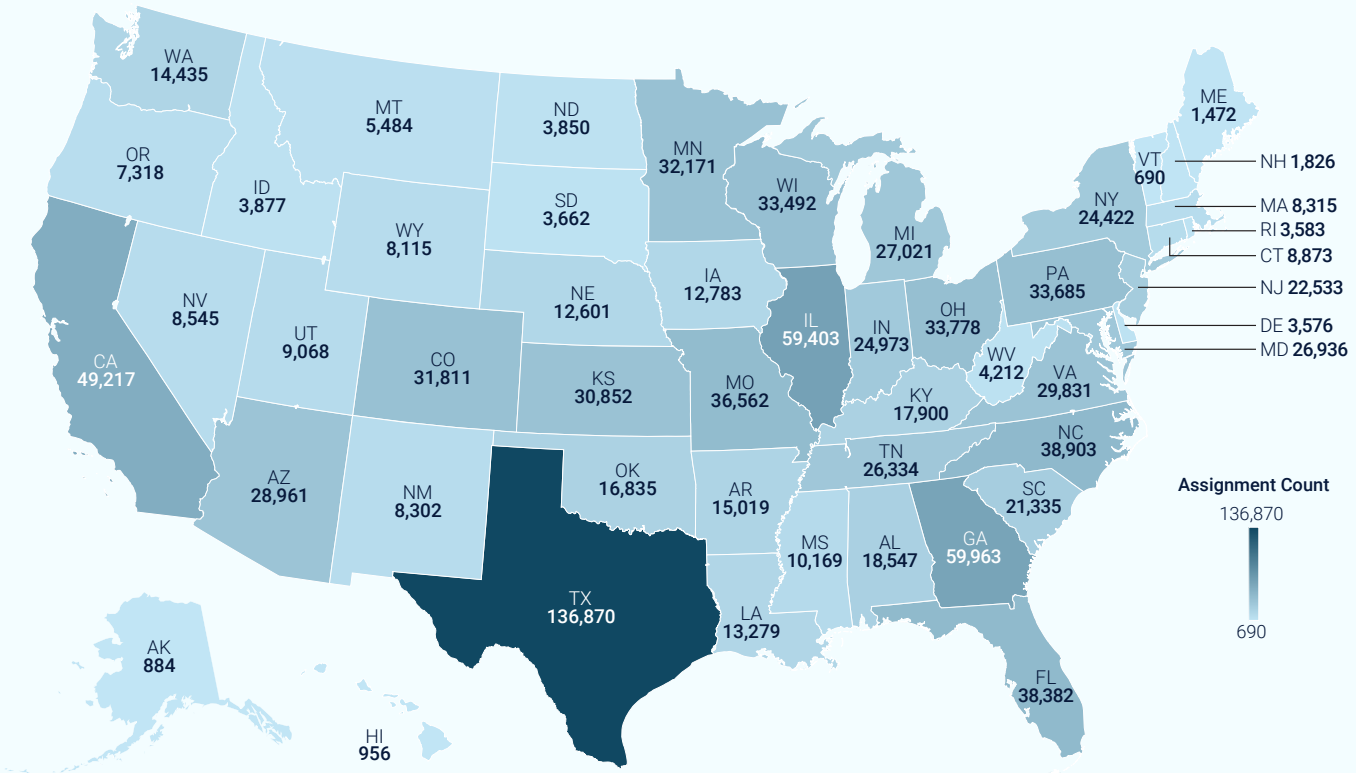
Q3 Total Assignments by Year (2022-2025)



Regional impact analysis

As in Q2, Texas saw the highest claim volume in the U.S. with 136,870 claims in Q3 2025—130% more than second-place Illinois, which recorded 59,403 claims. Compared with Q3 2024, Texas claim volume is down 53%, reflecting the overall trend of declining claim activity. CAT hail claims, including significant late-reported events from late May and early June, accounted for 30% of Texas's volume, while non-CAT water claims comprised an additional 27.5%.

Q3 2025 Assignment Volume by State



Illinois and Georgia held second and third place positions. Nebraska noticed the biggest change in claim volume from 2024 to 2025, falling 16 places from 14th to 30th nationally, while Wisconsin rose 15 places from 25th to 10th.

It may be easy to attribute Texas' continual lead in property claim volume from quarter to quarter, year after year to being a large and populous state.

However, analyzing claim volume through alternative lenses reveals notable findings. While Texas is the second-largest state by both land mass and population, it ranks 18th for claims per square mile, 5th for claims per person, and 4th for claims per household over the past five years. This suggests that factors beyond simple geography (such as weather patterns, building codes, and construction practices) play significant roles in driving claim volume.

5-Year Average Annual Claim Volume by Rank

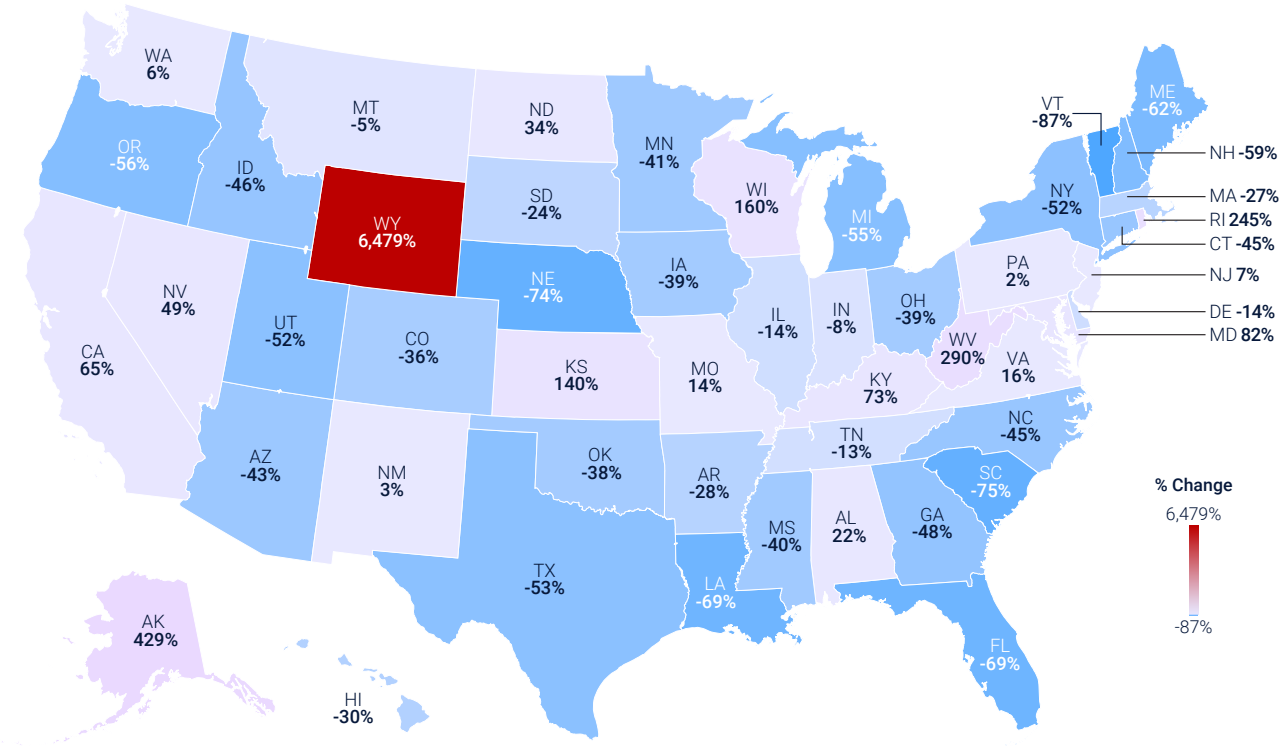
Rank	Claims by Land Mass	Claims by Population	Claims by Household
1	New Jersey	Louisiana	Louisiana
2	Rhode Island	Arkansas	Arkansas
3	Maryland	Nebraska	Georgia
4	Connecticut	Georgia	Texas
5	Delaware	Texas	Nebraska

CAT claims year-over-year analysis

Wyoming showed the most dramatic change in CAT claim volume, with a 6,479% increase compared to Q3 2024. This surge resulted from a highly publicized severe hail event near Cheyenne on August 1. Alaska experienced a 429% increase due to fire claims, while West Virginia saw a 290% increase primarily from late-reported hail claims. Rhode Island's 245% increase is attributable to a wind event during the first week of the quarter.

On the declining side, Vermont posted the largest decrease in Q3 CAT claims at -87%, with reductions spread relatively evenly across most perils. Nebraska and South Carolina both decreased 75%, primarily due to reduced wind and hail activity compared to 2024, combined with South Carolina's lack of Q3 hurricane claims this year.

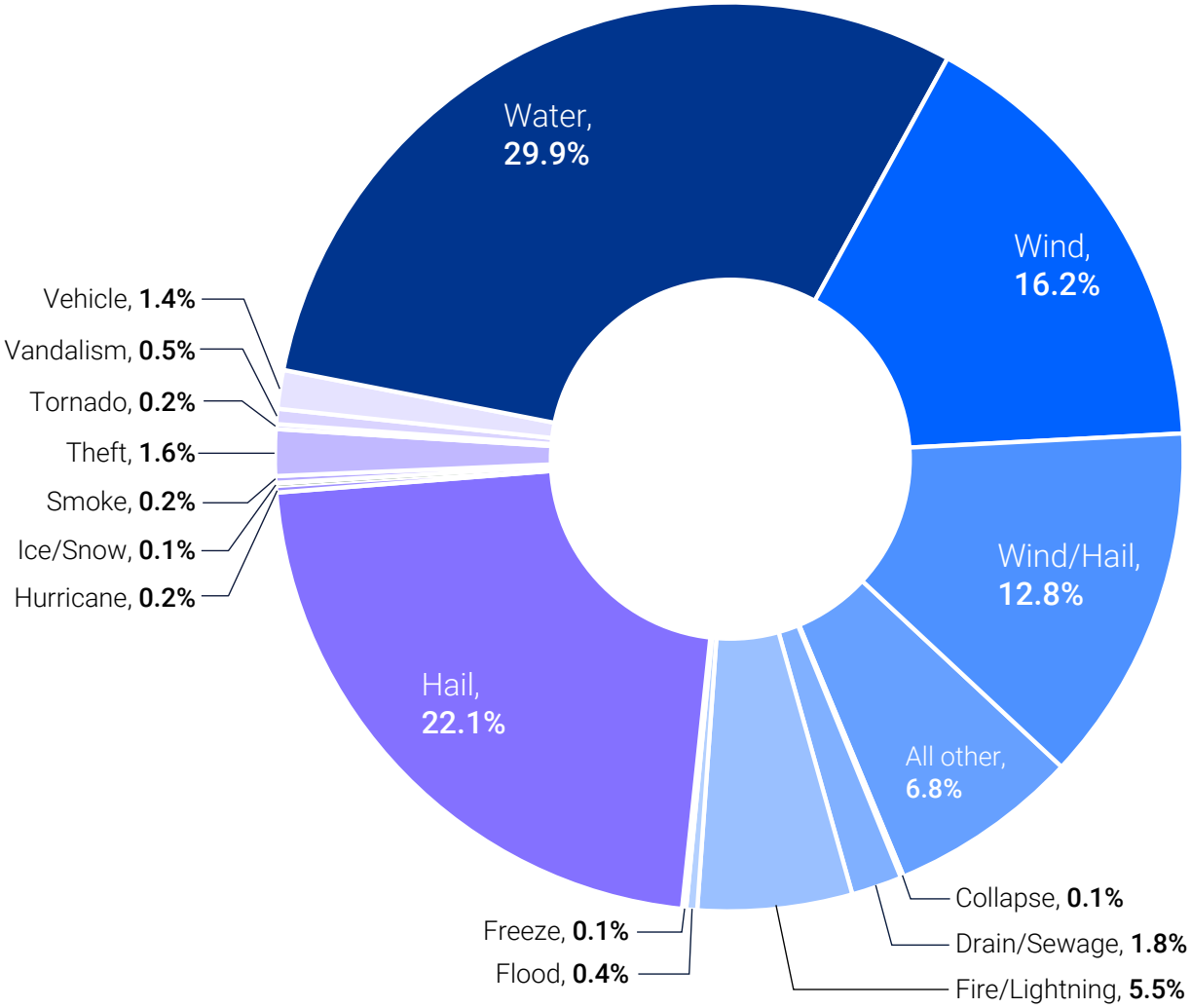
Change in Q3 CAT Claim Count by State (2024-2025)



Claims by type of loss

Wind and hail perils continued their dominance in Q3 2025, representing 51% of all claims when combining wind, hail, and wind/hail categories. The composition remained relatively consistent with Q2 2025, though several notable shifts emerged.

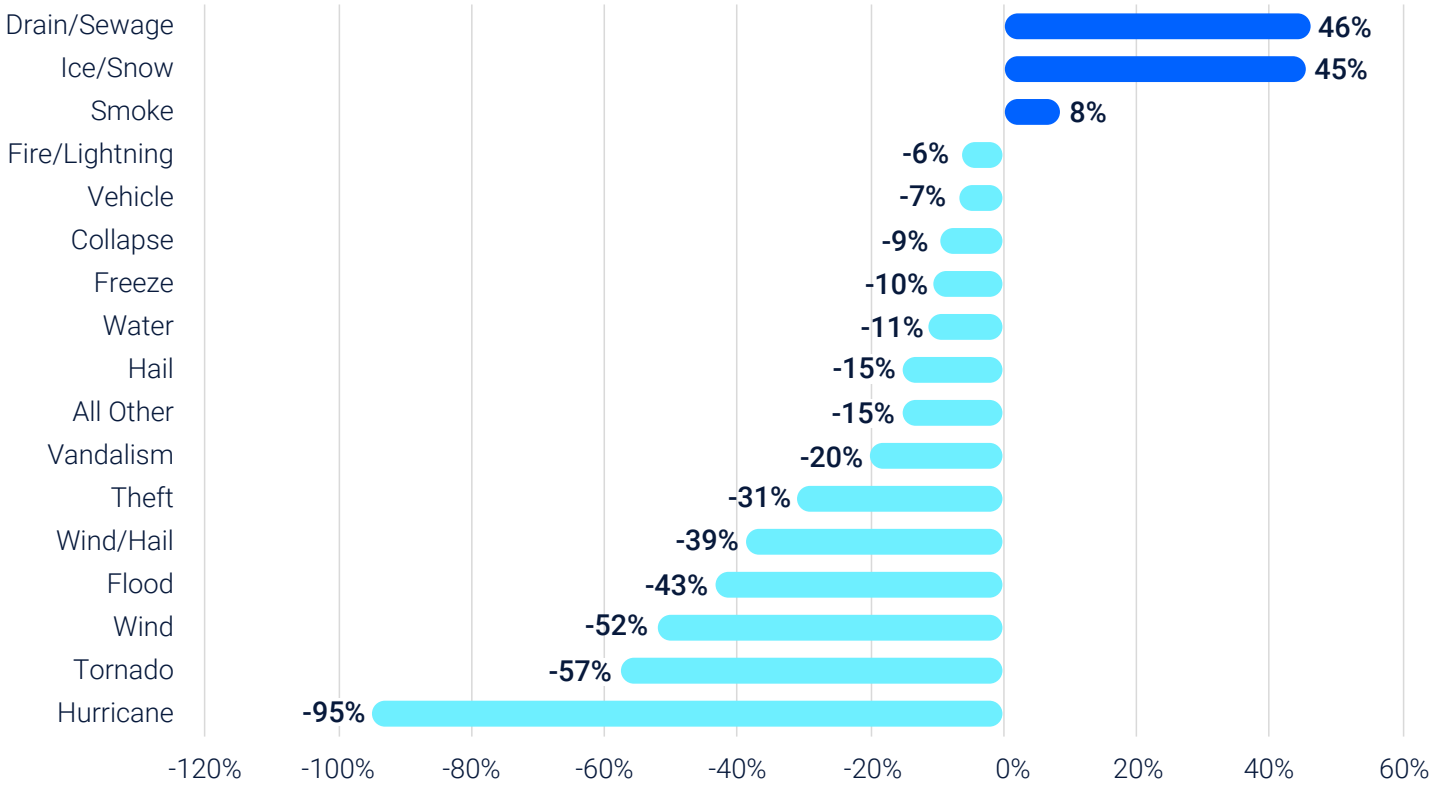
Q3 2025 Claims by Type of Loss



The most significant year-over-year change was the 95% decrease in hurricane claims compared to Q3 2024, reflecting an unusually mild hurricane season through September 2025. This contributed significantly to the overall decline in catastrophe activity and stands in contrast to the more active hurricane seasons of recent years.

Drain/sewage claims showed the largest percentage increase at 46% due to claim activity in Wisconsin and Illinois, though they comprised only 1.8% of total industry claims. Ice/snow claims rose 45%, but this resulted primarily from latereported claims in Michigan and representedan even smaller 0.1% of Q3 volume.

Change in Q3 Loss Types (2024-2025)



Severity

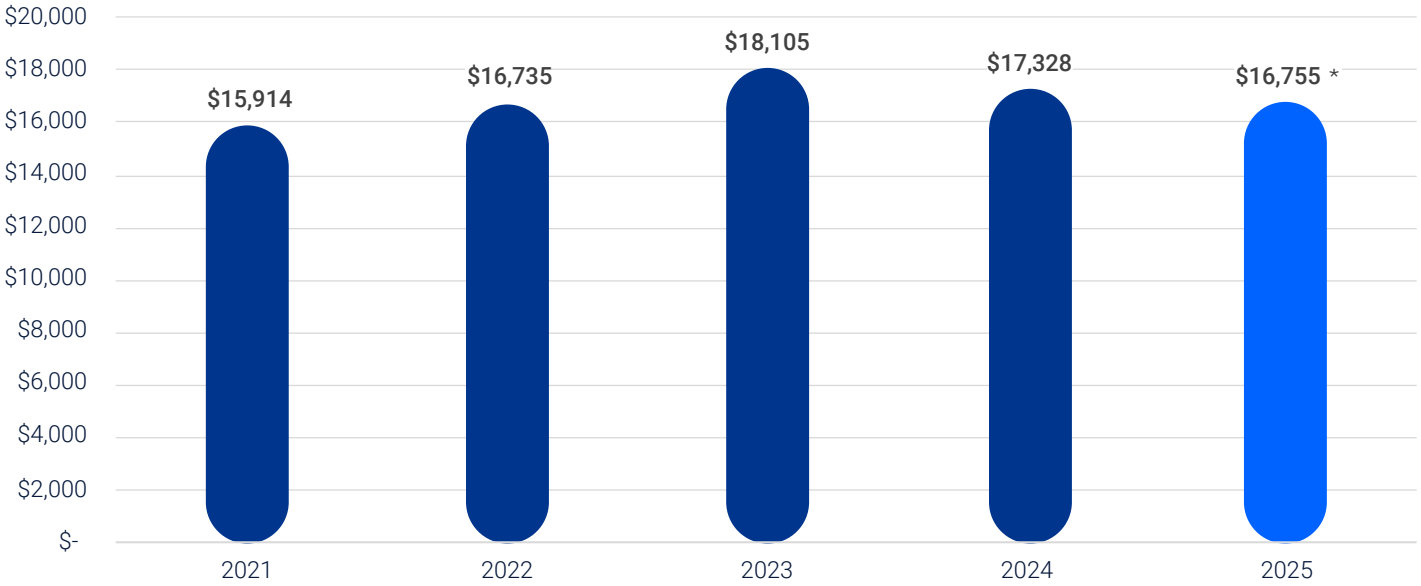
Claim severity for Q3 2025 currently averages $16,755, representing a 3.3% decrease from Q3 2024's final mature average of $17,328. However, this figure requires careful interpretation due to the natural maturation process of claims data.

Larger, more complex claims typically take 2–3 months after their original received date to be completed and returned to Verisk's XactAnalysis® claim analysis platform. During this "immature" period, severity appears artificially low because high-value claims remain in progress. To illustrate this pattern, we reported Q2 2025's average RCV as $16,944 in our previous quarterly report. Since then, that figure has matured to $18,384—an increase of 8.5%.

Projected mature average RCV

If we apply Q2 2025's maturation rate of 8.5% to the current Q3 figure, the mature average RCV could reach approximately $18,179. However, historical maturation rates vary considerably from quarter to quarter, providing a broader estimated range of $17,258 to $18,431. The final mature average RCV value for Q3 2025 will be reported in our quarterly report covering October–December 2025.

Average Q3 Replacement Cost Value (2021–2025)

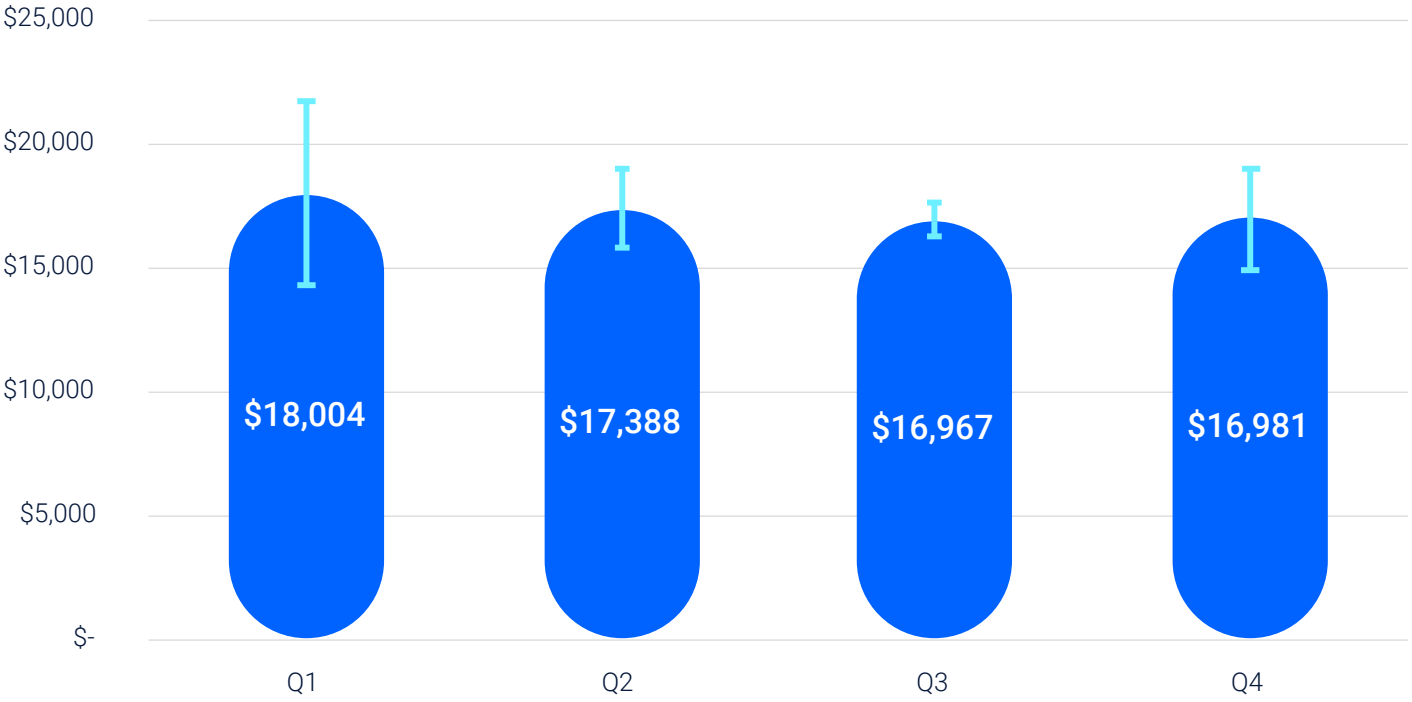


These maturation periods can have significant implications for severity rankings. Q3 2025 currently ranks as the third highest by average RCV over the past five years. Depending on where the final figure settles within the projected range, Q3 2025 could either maintain this position or potentially become the highest average RCV in recent history—a particularly interesting outcome given that Q3 2025 also recorded the lowest claim volume in five years.

Q3 severity consistency

One noteworthy pattern: Q3 claim severity demonstrates remarkable consistency compared with other quarters. Analyzing five years of data reveals that Q3's standard deviation is approximately half that of other quarters, meaning Q3 average RCV figures vary about half as much from their historical average as Q1, Q2, or Q4. This consistency makes Q3 severity patterns more predictable for forecasting and planning purposes.

5-Year Historic Average RCV and Variability by Quarter

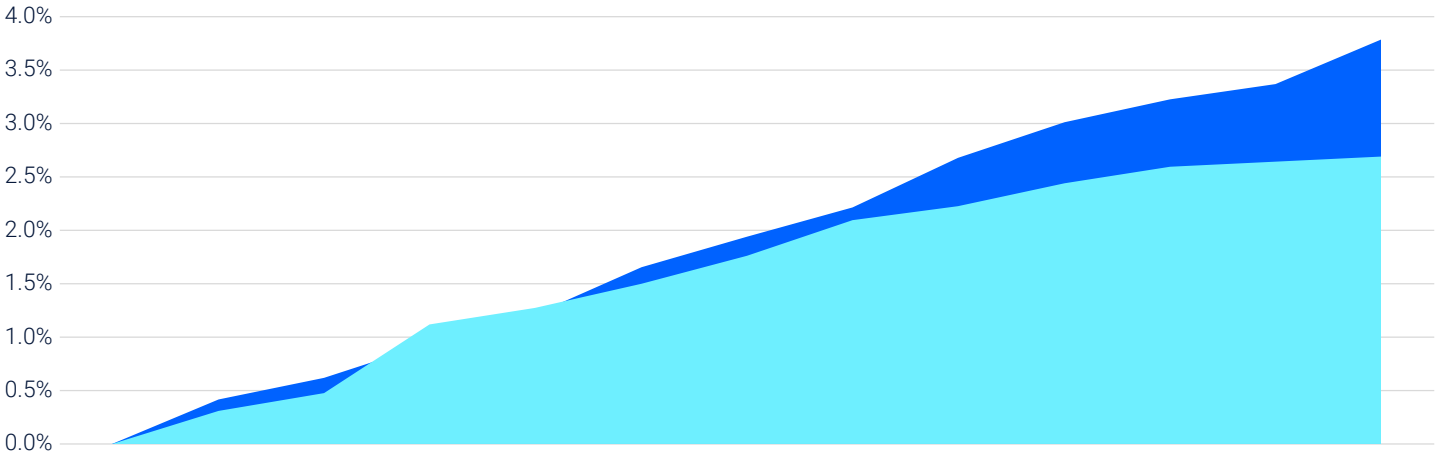


The exception to this pattern appears in Q1, which shows elevated average RCV and significantly higher standard deviation due to the impact of the 2025 Palisades and Eaton wildfire losses. Excluding 2025, Q1's standard deviation closely mirrors Q2 and the final quarter of each year.

Pricing Data Services

Labor and materials

Labor and Materials (October 2024–October 2025)



	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25
United States	0.0 %	0.4 %	0.6 %	0.9 %	1.2 %	1.7 %	1.9 %	2.2 %	2.7 %	3.0 %	3.2 %	3.4 %	3.8 %
Canada	0.0 %	0.3 %	0.5 %	1.1 %	1.3 %	1.5 %	1.8 %	2.1 %	2.2 %	2.4 %	2.6 %	2.6 %	2.7 %

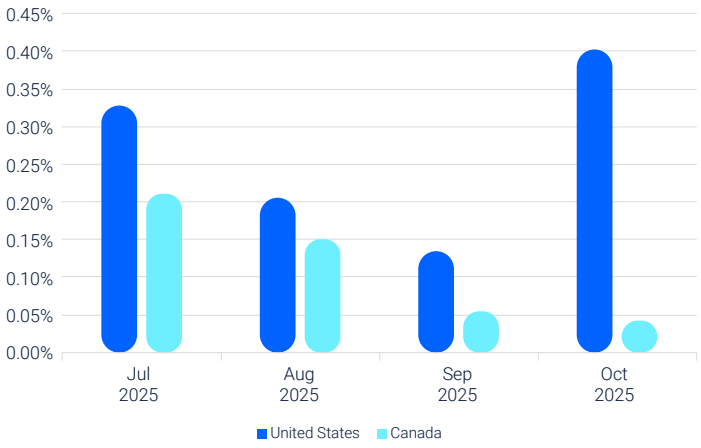
The cost of labor and materials increased by 0.74% in the U.S. in Q3 2025, representing a slowdown from Q2's 1.06% rise. Canada experienced an even more modest increase of just 0.25%, down considerably from the previous quarter's 0.66%.

The growth pattern varied by month in each country. In the U.S., October marked the peak with a 0.40% increase, while Canada's fastest growth occurred in August at 0.15%.

Canada's trajectory showed consistent deceleration over the past four months, with each month posting a smaller increase than the last. By October 2025, the rate had slowed to a mere 0.04%. The U.S. initially followed a similar downward trend, but took an unexpected turn in the final month. Rather than continuing to decline, October 2025 saw a sharp reversal, with costs jumping 0.40%—the highest increase of any month in the quarter.

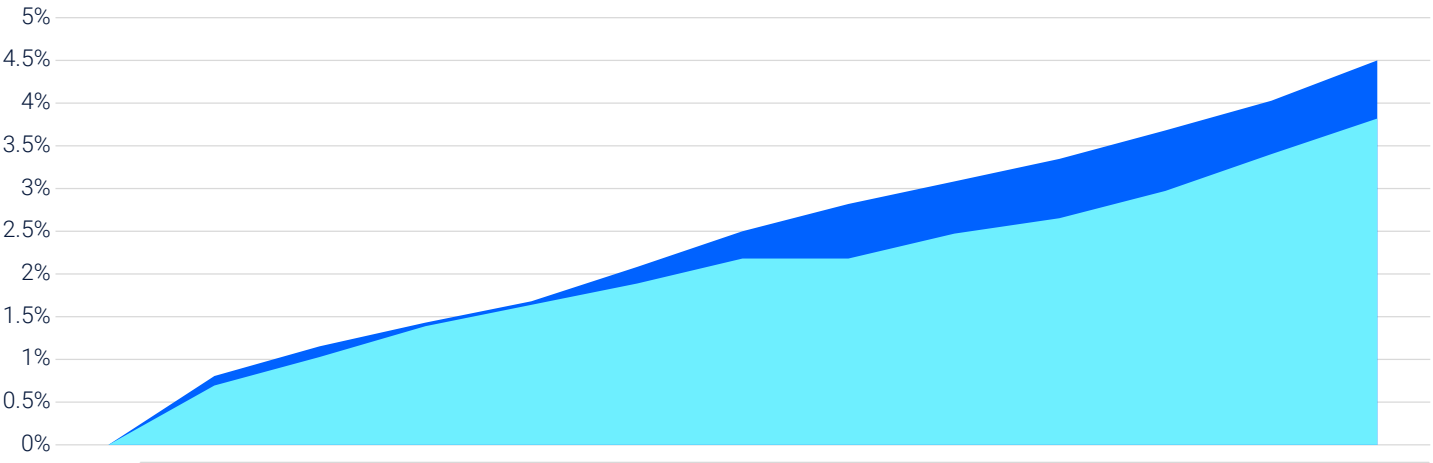
This divergence between the two countries can be attributed to specific material costs. In October, lumber prices declined more steeply in Canada than in the U.S., while forced air furnaces experienced a significant price increase in the U.S. that wasn't mirrored in the Canadian market.

Monthly change (July 2025 – October 2025)



Labor costs

Hourly Billable Labor (October 2024-October 2025)



	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25
US Change	0.0 %	0.80 %	1.14%	1.42%	1.68 %	2.08 %	2.50 %	2.82 %	3.08%	3.34 %	3.67 %	4.02%	4.49 %
Can Change	0.0 %	0.69 %	1.02%	1.39 %	1.63 %	1.88%	2.18%	2.17 %	2.47%	2.65%	2.96%	3.40%	3.82 %

From October 2024 to October 2025, total labor costs have risen 4.49% in the United States and 3.82% in Canada. The U.S. has demonstrated consistent growth throughout this period, with an average quarterly increase of 1.10%. The third quarter followed this pattern closely, recording a 1.12% increase that aligns with the year's overall trend.

Canada's labor cost trajectory has been similarly steady, though with one notable exception. The second quarter saw a modest 0.46% increase, falling below the typical pace. This slowdown proved temporary, as the third quarter showed a strong rebound with a 1.14% rise—nearly identical to the U.S. rate for the same period. Despite the mid-year dip, both countries have maintained relatively parallel growth patterns in labor costs.

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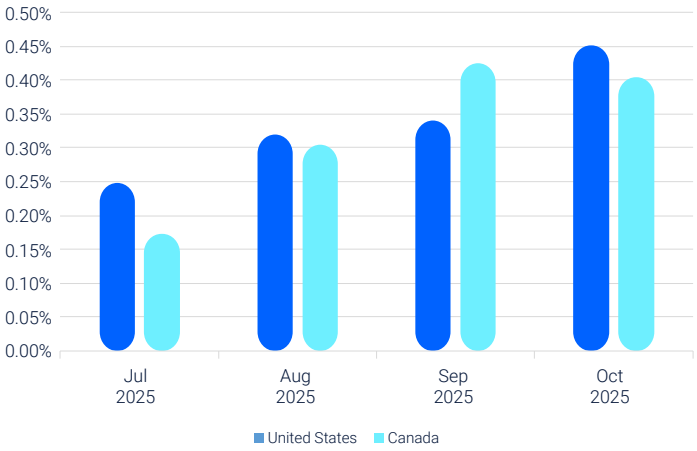
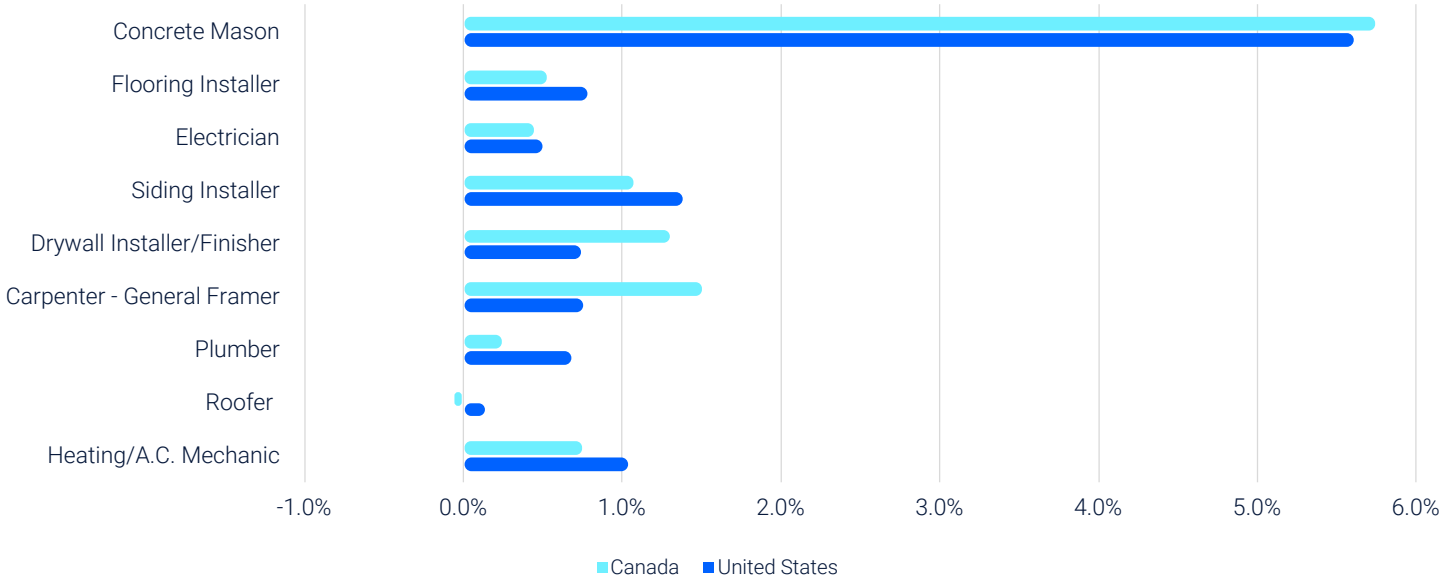
Monthly change (July 2025 – October 2025)



Labor costs by trade

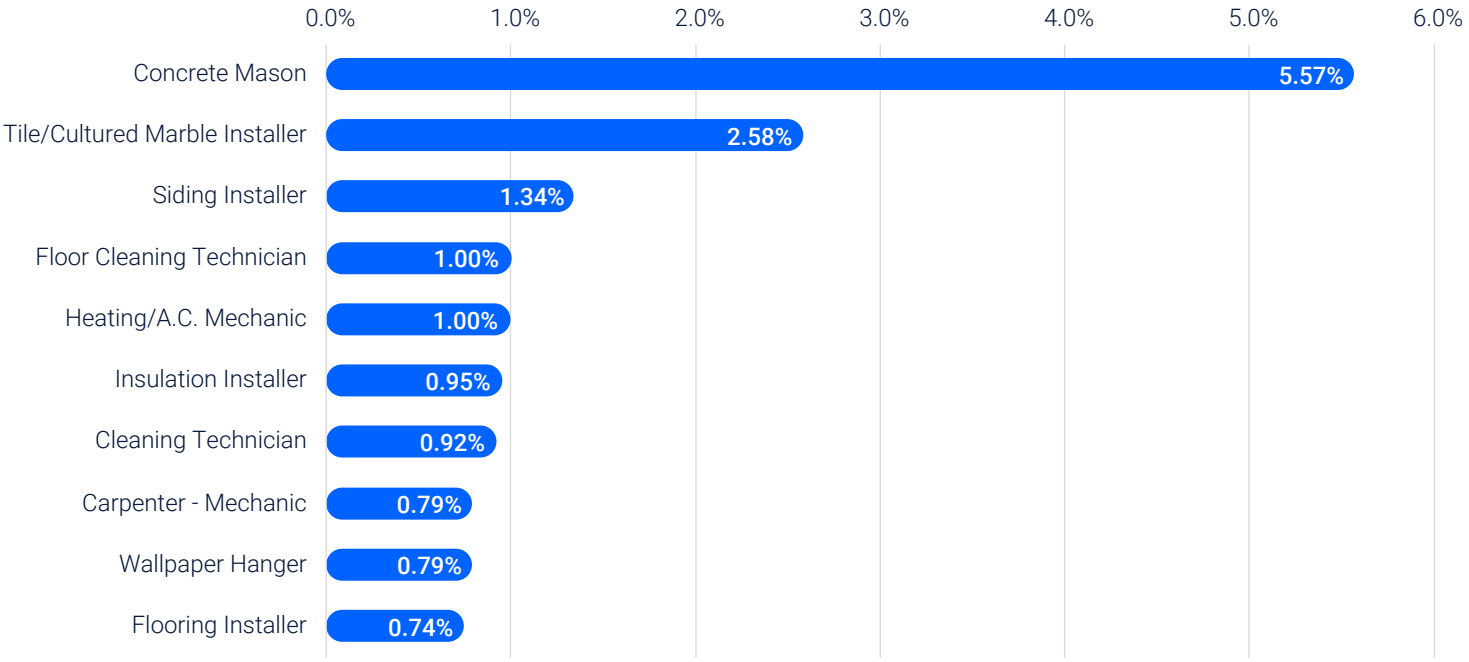
Among all labor categories, concrete masons experienced the strongest growth both annually and quarterly across North America. In the United States, concrete mason wages rose 13.19% over the year and 5.57% for the quarter, while Canadian concrete masons saw greater increases of 18.92% annually and 5.70% quarterly.

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

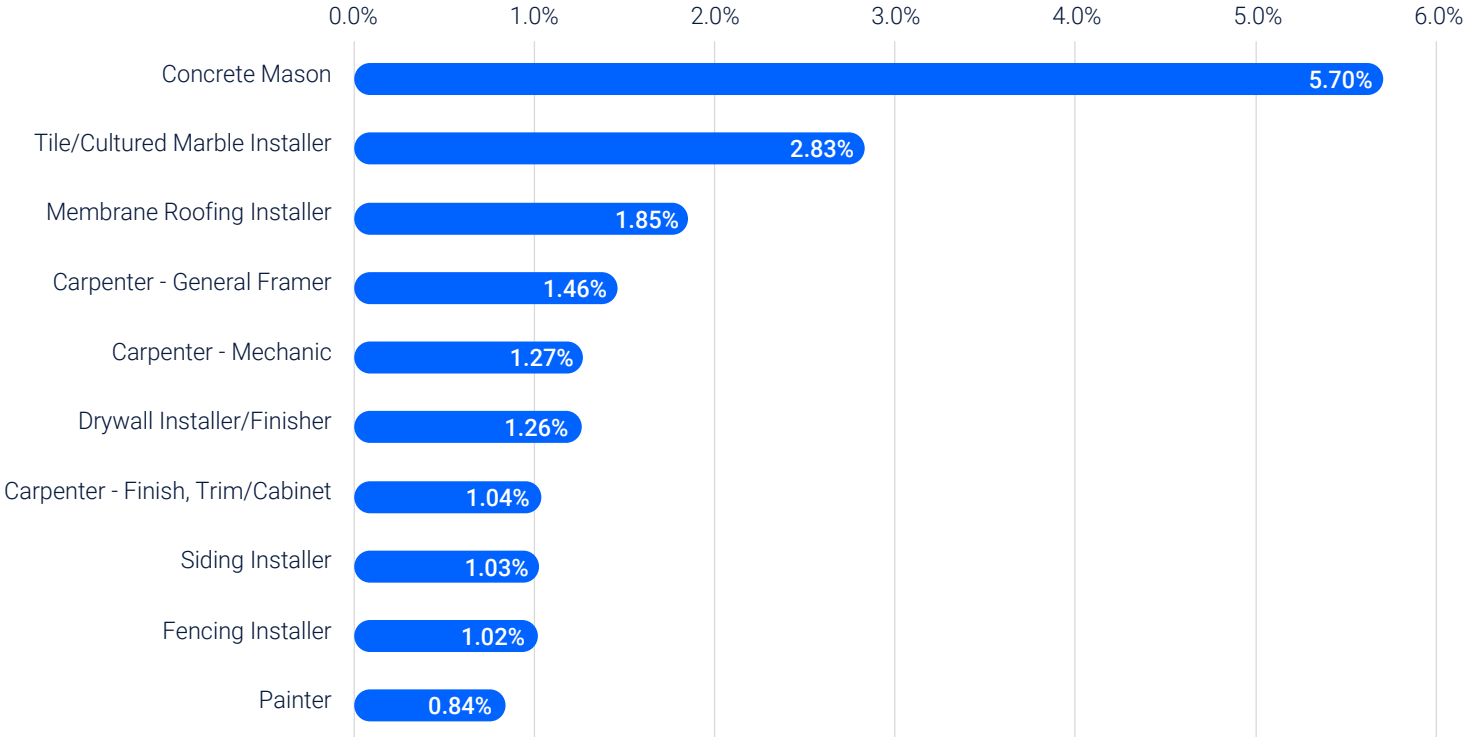


The quarter showed growth across most labor categories, with only a single exception: roofer wages in Canada decreased by a marginal 0.01%. On the opposite end of the spectrum, concrete mason experienced the most substantial growth, with its quarterly increase approximately double that of any other labor type. The second-largest increase came from tile and cultured marble installers, which rose 2.58% in the U.S. and 2.83% in Canada.

Top 10 Trades by Hourly Billable Labor, U.S. (July 2025–October 2025)

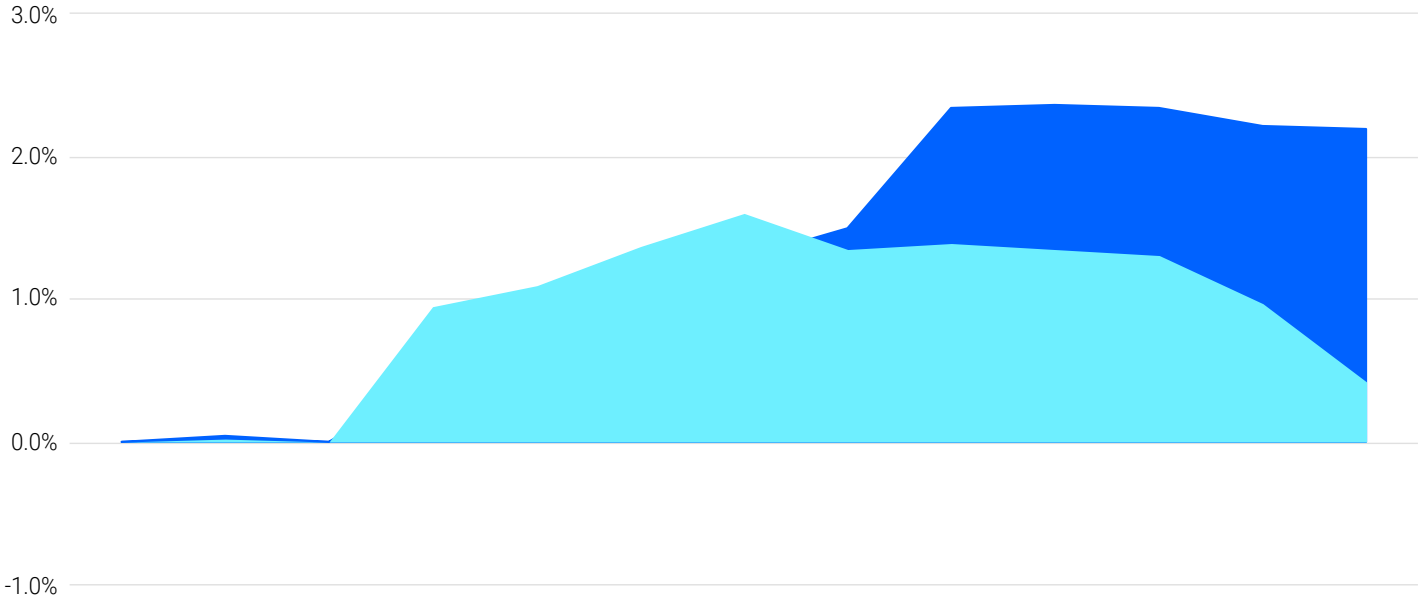


Top 10 Trades by Hourly Billable Labor, Canada (July 2025–October 2025)



Materials

Material Composite Index (October 2024-October 2025)



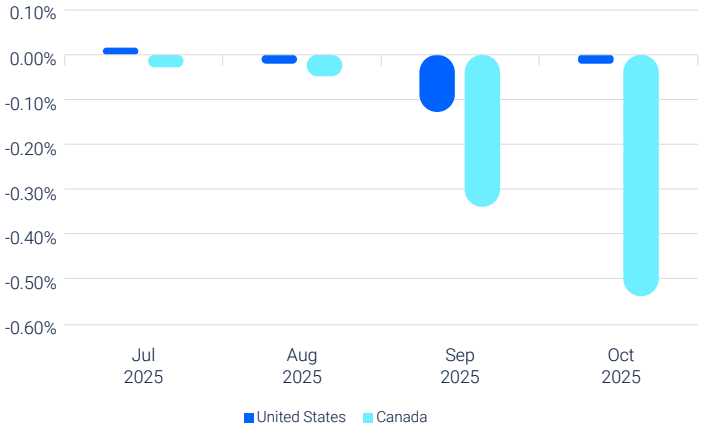
	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25
US Change	0.0%	0.04%	0.01%	0.43%	0.63%	1.12%	1.28%	1.49%	2.35%	2.36%	2.34%	2.21%	2.19%
Can Change	0.0%	0.02%	0.00%	0.95%	1.09%	1.37%	1.61%	1.35%	1.39%	1.36%	1.31%	0.96%	0.42%

Over the year ending in October 2025, material costs in the United States increased by 2.19%, while Canada saw a more modest rise of 0.42%. Despite this annual growth, both countries experienced a contraction in the most recent quarter, with U.S. material costs declining by 0.17% and Canadian costs falling by 0.93%.

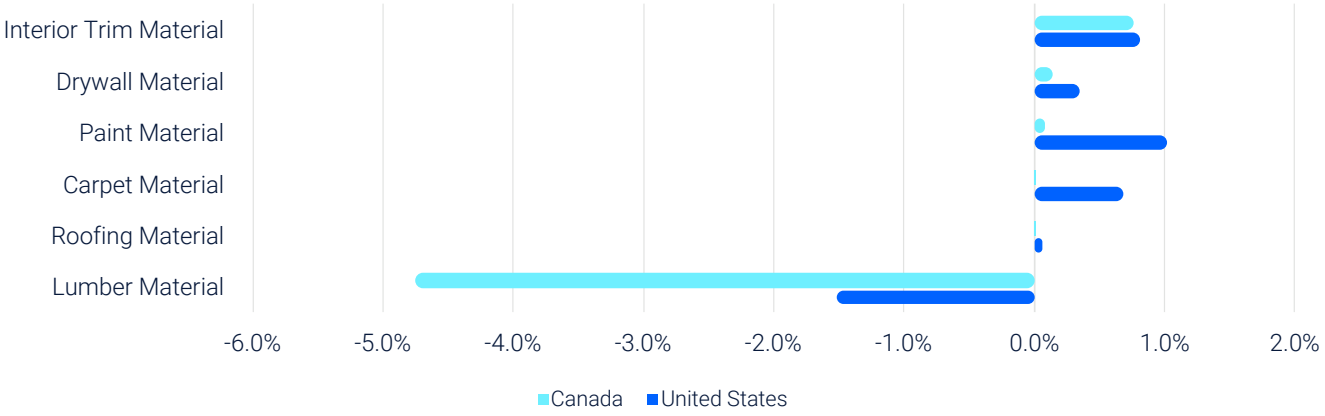
The primary driver behind material price decreases is OSB and plywood sheathing, which affected both the U.S. and Canadian markets. These components are the key materials causing the overall lumber category to decline in price. The most significant monthly decrease in the U.S. this quarter occurred in September 2025 at 0.13%, while Canada experienced its largest monthly drop of 0.54% in October.

Lumber stands out as the only material category that decreased in price during the quarterly period, falling 1.52% in the U.S. and 4.76% in Canada. These quarterly declines were substantial enough to result in year-over-year decreases when comparing October 2024 to October 2025, showing 0.33% drop in the U.S. and a 1.40% drop in Canada. This marks a reversal from last quarter's trend, when the July 2024 to July 2025 comparison had shown an increase.

Monthly Change (July 2025–October 2025)



Key Materials Categories (July 2025–October 2025)



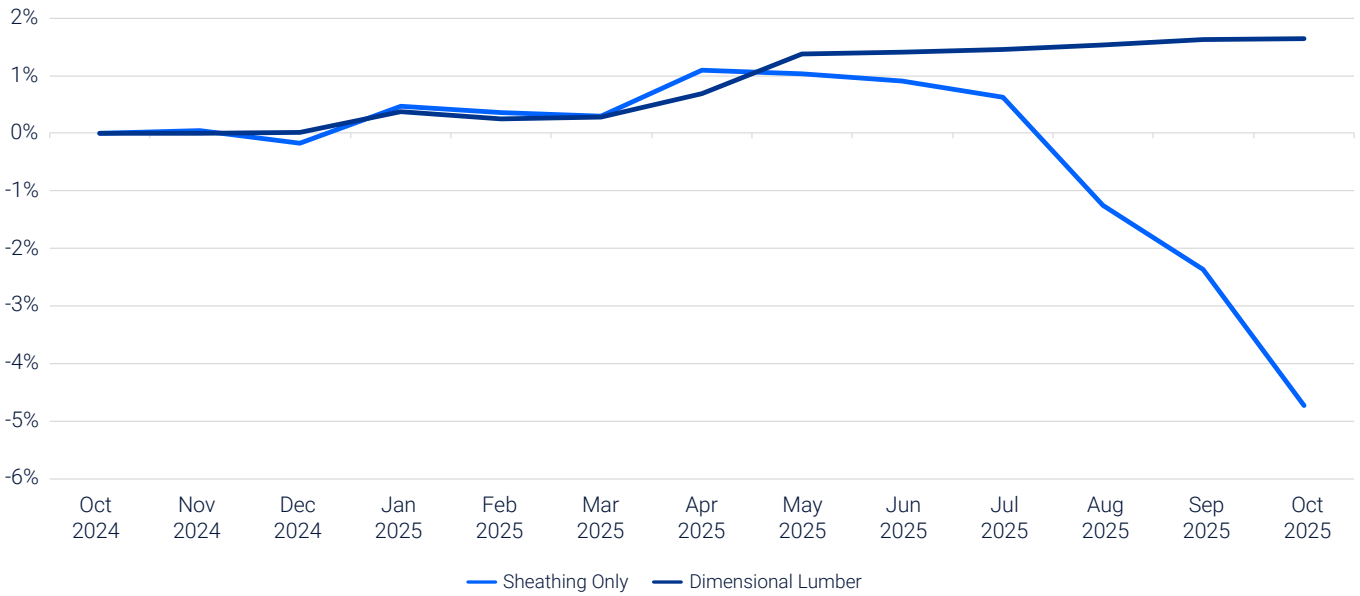
Interior trim material saw the largest yearly increase in the U.S. at 4.03%, while paint material led Canada's increases at 2.54%. Notably, this marks the second consecutive quarter that paint material has posted the largest quarterly increase in Canada. Roofing material in Canada remained the only unchanged material, with carpet material following close behind at just a 0.01% increase.

The trends shifted significantly from last quarter. While all months showed increases in the U.S. previously, three of the four months observed in this report were decreasing. Similarly, Canada moved from two of four months increasing to all four months showing decreases.

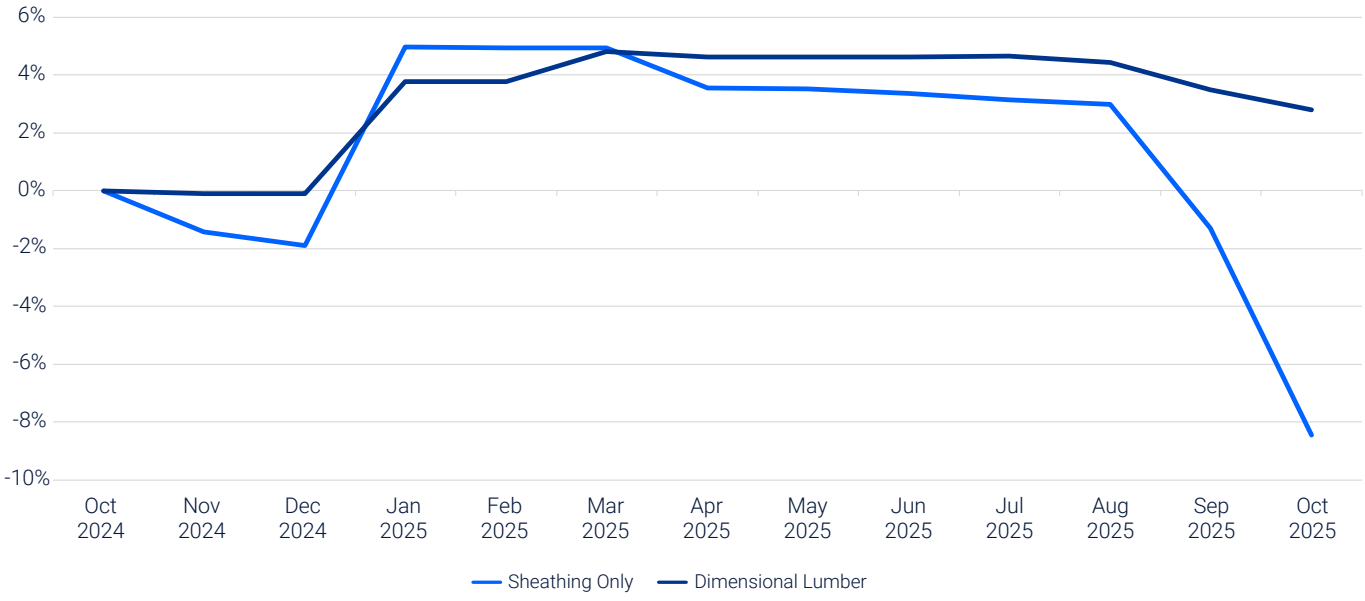
Lumber

Sheathing costs have declined significantly over the past year, falling 4.72% in the U.S. and 8.46% in Canada. The majority of this decrease occurred in the most recent quarter. Dimensional lumber, however, has followed a different trajectory. U.S. dimensional lumber prices rose 1.64% over the same period, while Canadian prices experienced only a modest decline of 0.33%.

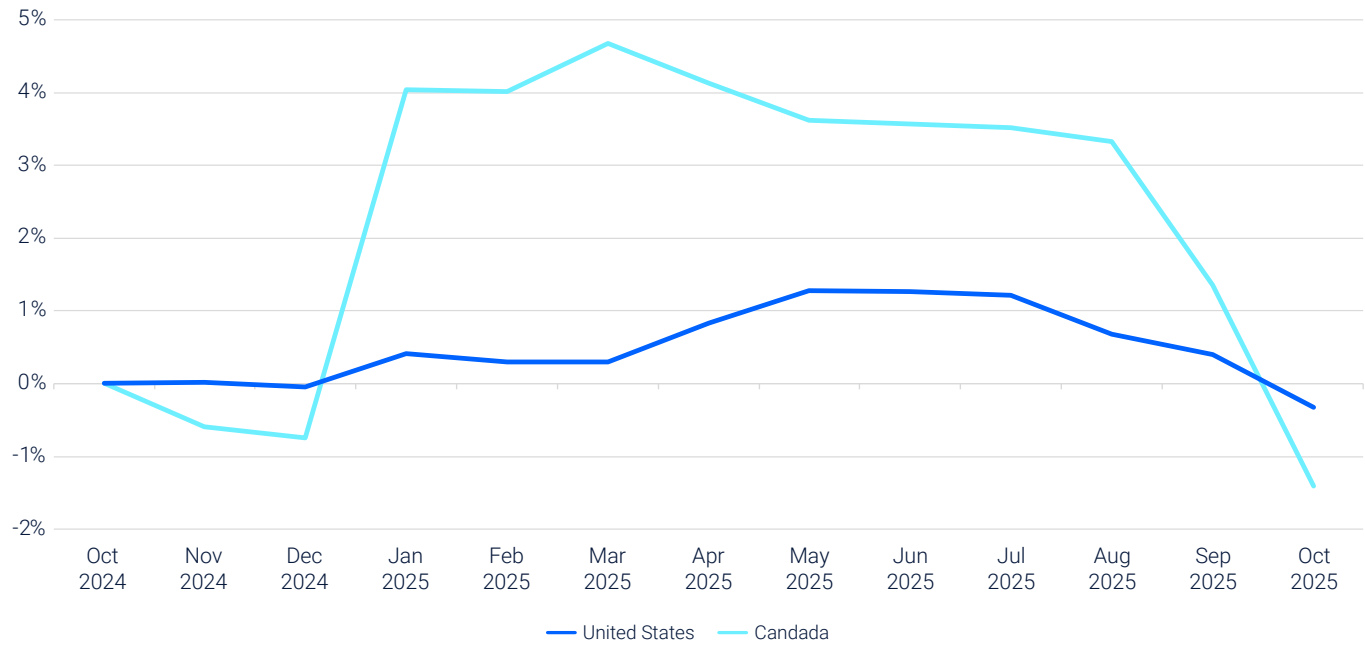
Lumber Material Trend, U.S.



Lumber Material Trend, Canada



Overall Lumber Material Trend



Fuel

Over the last quarter fuel costs decreased 1.45% in the U.S. and 0.70% in Canada. Over the last year, the U.S. has decreased 1.92% and Canada has decreased 6.31%.

For the first half of the last year, Canada typically saw a total increase while the U.S. saw a decrease. Then in April 2025, Canada experienced a drastic downward spike as the U.S. began to see its first total increase of the year.

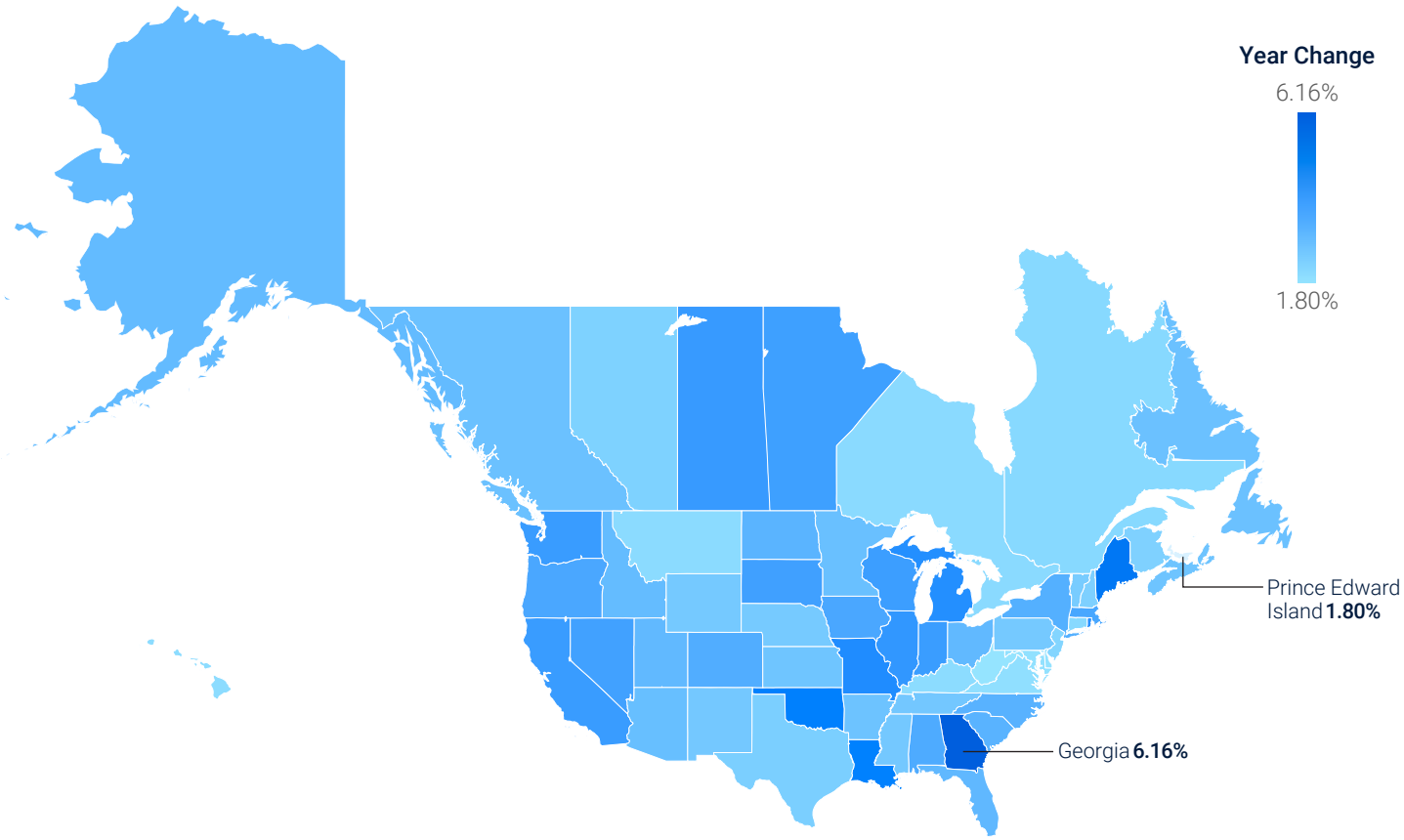
Average Retail Fuel Price

Construction and reconstruction trends

Total reconstruction costs in the U.S., including materials and retail labor, rose 3.75% from October 2024 to October 2025. This marks a deceleration from the 4.83% growth recorded in the previous year. The third quarter of 2025 showed some acceleration, with costs climbing 0.95% compared to the 0.65% increase in the second quarter.

Canadian reconstruction costs followed a similar trajectory, increasing 3.22% year-over-year through October 2025. This also represents a slowdown from the 4.00% growth seen in the prior year. Unlike the U.S., Canada's quarterly growth moderated slightly in Q3 2025, with costs rising 0.52% compared to 0.61% in the previous quarter.

Overall Reconstruction Cost Changes by State (U.S.) and Province (Canada) — October 2024–October 2025



Residential reconstruction costs

Residential reconstruction costs in the U.S. rose by 3.52% over the 12 months ending in October 2025, with a more modest quarterly increase of 0.77% from July to October 2025. Every state experienced year-over-year growth, though the pace varied considerably across regions. Georgia led the nation with a 12-month increase of 5.63%, while Washington D.C. and Indiana followed with gains of 4.70% and 4.56%, respectively. Looking at quarterly changes, Oklahoma saw the steepest rise at 1.88%, with Michigan close behind at 1.65%. Meanwhile, Virginia and South Dakota recorded the smallest quarterly increases at just 0.06% and 0.25%.

Canadian residential reconstruction costs followed a similar upward trajectory, climbing 3.26% year over year through October 2025 and 0.29% during the most recent quarter. All provinces experienced annual increases, with Saskatchewan and Manitoba posting the strongest year-over-year gains at 4.84% and 4.31%. On a quarterly basis, Alberta led with a 0.96% increase, followed by Saskatchewan at 0.90%. In contrast, Quebec and Newfoundland and Labrador bucked the trend, each declining approximately 0.35% over the quarter.

Commercial reconstruction costs

Commercial reconstruction costs in the U.S. rose 3.98% from October 2024 to October 2025, and a 1.14% from July to October 2025. Georgia led the nation with a 6.69% annual increase, closely followed by Maine at 6.52%. For the quarter, Oklahoma saw the steepest rise at 3.56%, with Michigan coming in second at 2.49%. Notably, every state experienced upward cost pressure during this period, with none showing a decrease.

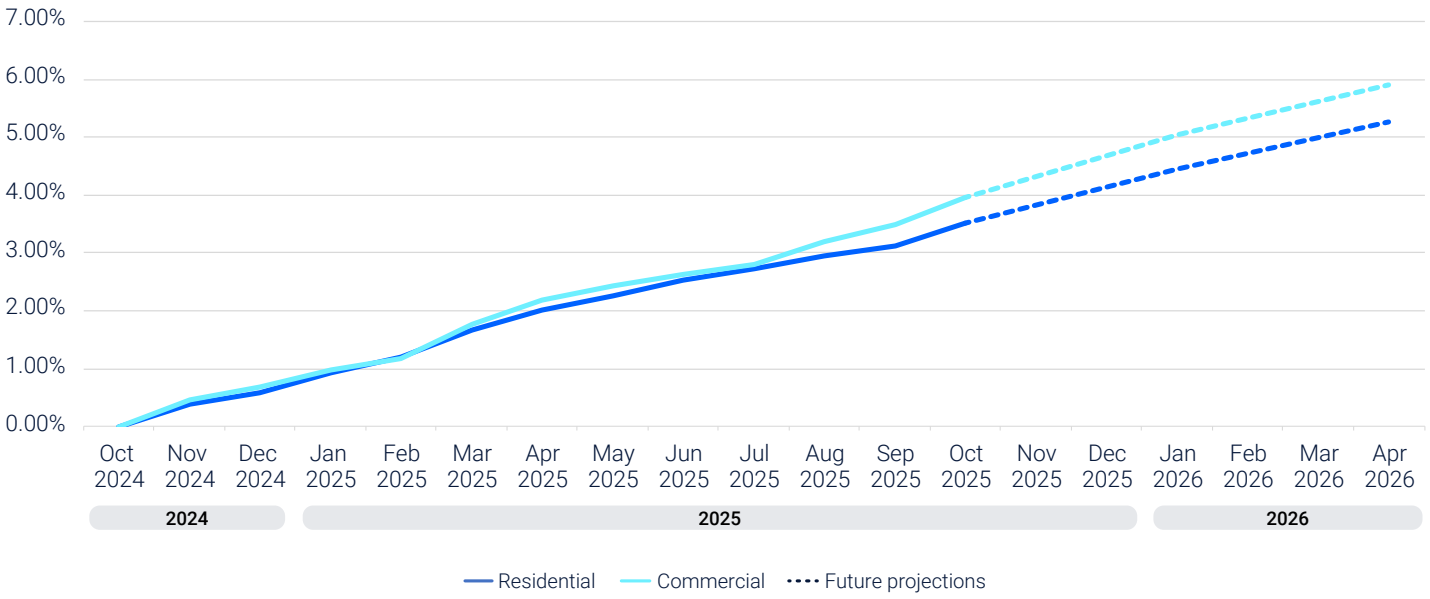
In the U.S., commercial reconstruction costs increased 3.98% from October 2024 to October 2025 and 1.14% from July 2025 to October 2025. Georgia had the largest yearly increase at 6.69%, followed by Maine at 6.52%. Oklahoma had the largest quarterly increase at 3.56%, followed by Michigan (2.49%). No states showed a decrease this past quarter.

Canadian commercial reconstruction costs followed a similar trajectory, increasing 3.17% annually and 0.74% over the past quarter. Manitoba posted the strongest yearly gain at 4.36%, with Saskatchewan close behind at 4.13%. Quarterly increases were led by Alberta (1.71%) and Ontario (1.03%), while Newfoundland and Labrador recorded the smallest increase at just 0.25%. Like the U.S., all provinces experienced rising costs with no decreases observed during the quarter.

Reconstruction cost market expectations

Market expectations for reconstruction costs anticipate a 1.68% increase for residential and 1.87% for commercial costs from October 2025 to April 2026.

Expected Reconstruction Cost Changes, Commercial vs. Residential



Commercial reconstruction cost increases are expected to be greater than those for residential reconstruction. (Source: Verisk 360Value® data)

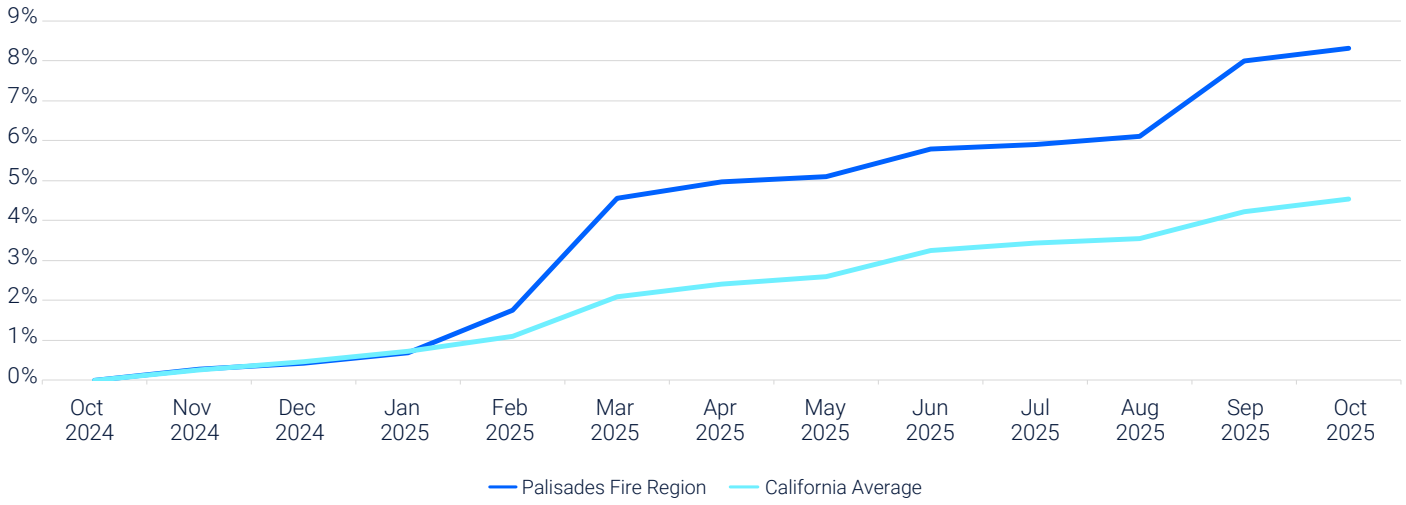
Palisades fire impact on Los Angeles reconstruction costs

The Palisades Fire continues to drive significant cost pressures in affected Los Angeles areas. Since January, residential reconstruction costs in the fire region have increased 7.36%—nearly double the 3.72% increase for California overall.

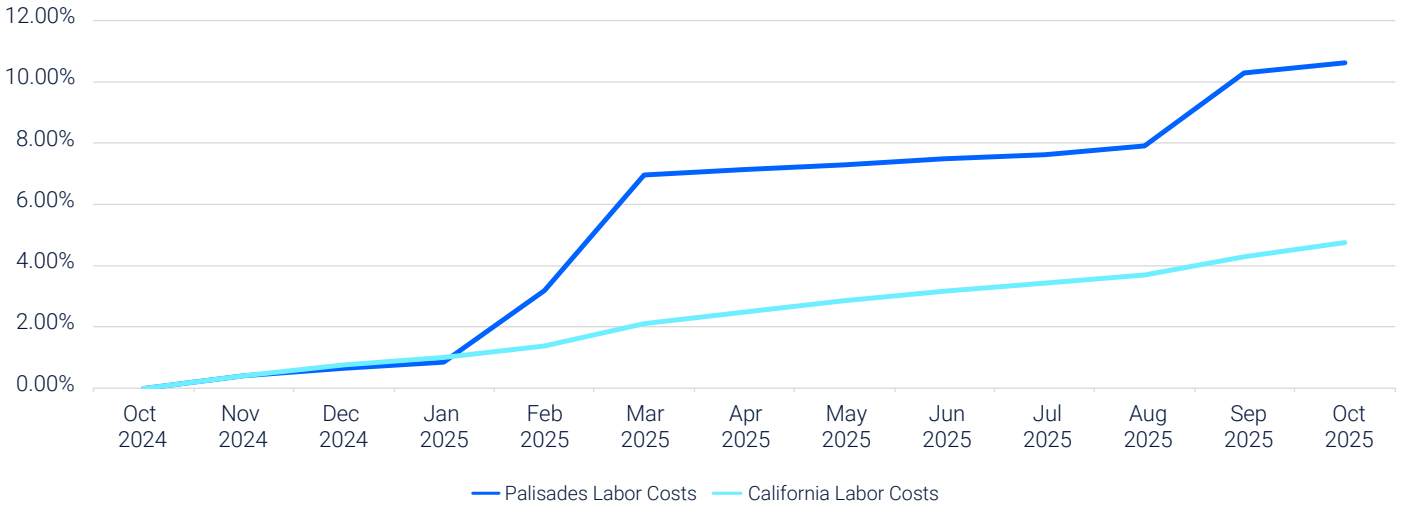
Both labor and materials have experienced accelerated cost growth in the fire-affected area, with year-to-date increases already surpassing the full-year 2024 totals. Labor costs show the most dramatic impact, surging 9.70% in the Palisades Fire region compared to just 3.73% statewide—a nearly threefold difference.

Residential Reconstruction Costs			
	Since July	Since Jan	1/1/2024 - 12/31/2024
Fire Region	2.28%	7.36%	5.32%
California Avg.	1.06%	3.72%	3.92%
Labor Costs			
	Since July	Since Jan	1/1/2024 - 12/31/2024
Fire Region	2.79%	9.70%	8.40%
California Avg.	1.29%	3.73%	3.59%
Material Costs			
	Since July	Since Jan	1/1/2024 - 12/31/2024
Fire Region	0.01%	3.05%	2.76%
California Avg.	-0.05%	1.83%	2.35%

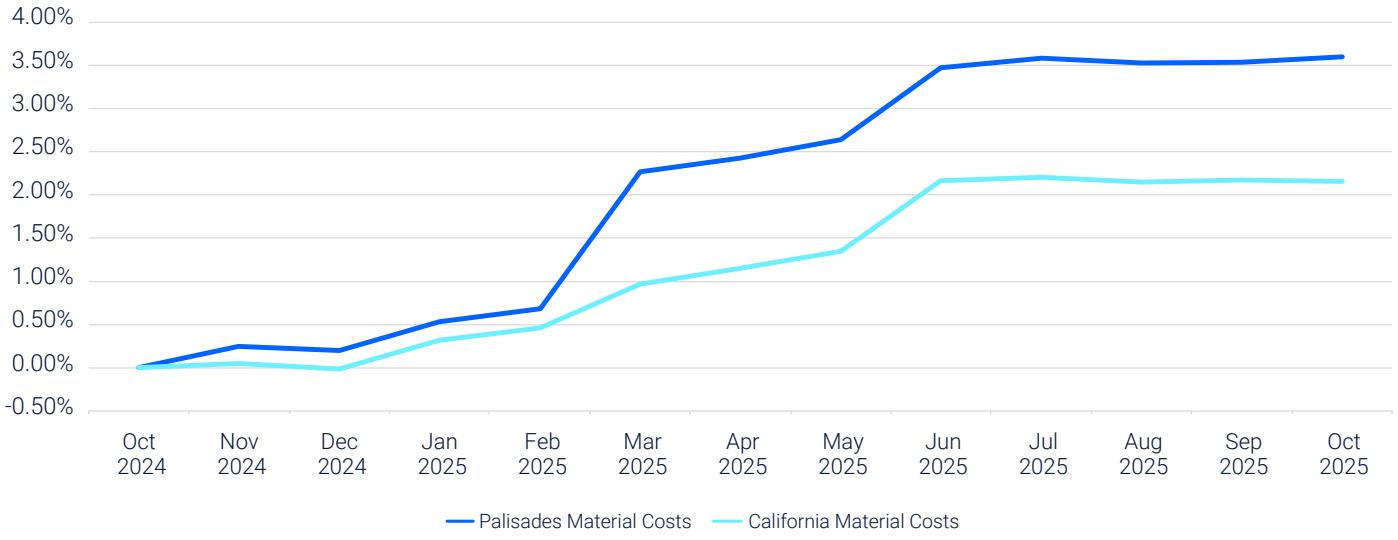
Residential Reconstruction Costs, Palisades Fire Region vs. California Average (October 2024–October 2025)



Labor Costs, Palisades Fire Region vs. California Average (October 2024–October 2025)



Material Costs, Palisades Fire Region vs. California Average (October 2024–October 2025)



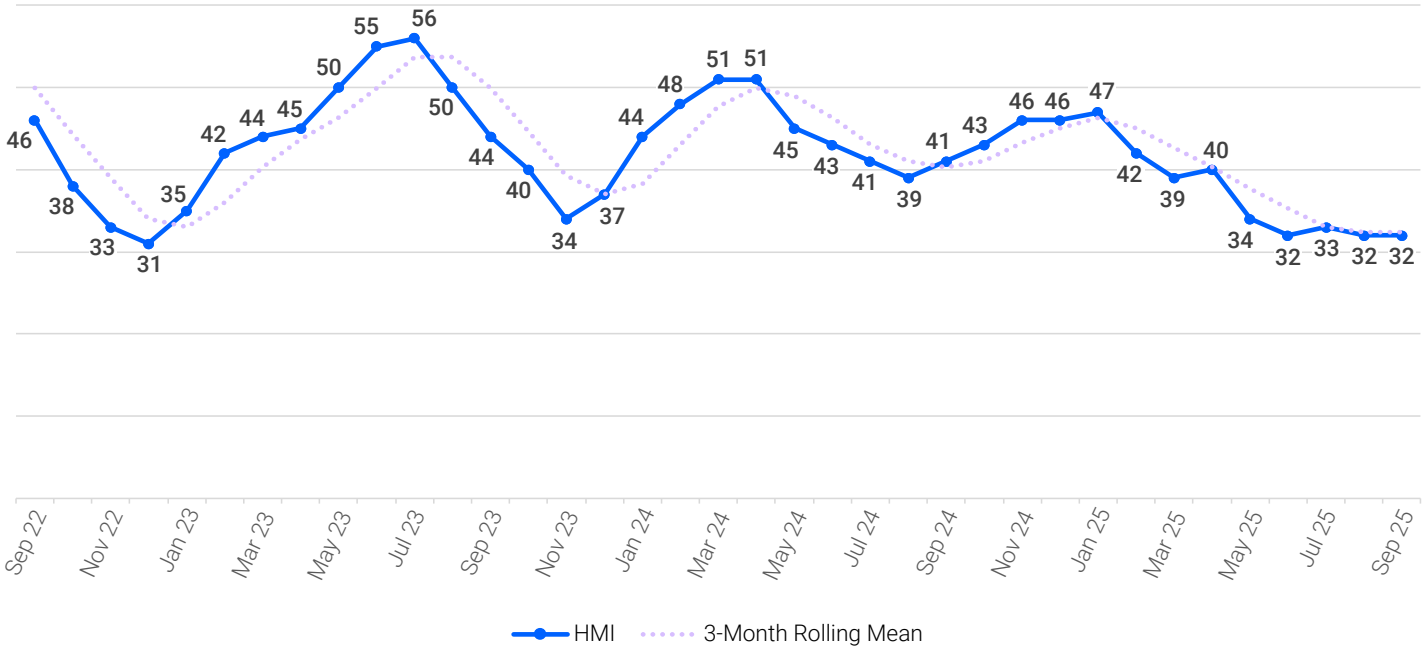
Economic indicators

Builder confidence

Builder confidence remains depressed according to the NAHB/Wells Fargo Housing Market Index. The index stands at 32, unchanged from the previous quarter but down 9 points from a year ago. Since January 2025, the index has fallen 15 points—from 47 to 32—representing a notable downward trend with values consistently below historical norms.

The HMI tracks three component indices, which showed mixed signals this quarter. Traffic of prospective buyers declined 1 point, following a 3-point drop last quarter. Sales expectations for the next six months improved 2 points, recovering from a 7-point decline last quarter. Current sales conditions remained flat after an 8-point decline last quarter. To read more, visit NAHB.org.

NAHB/Wells Fargo National Housing Market Index



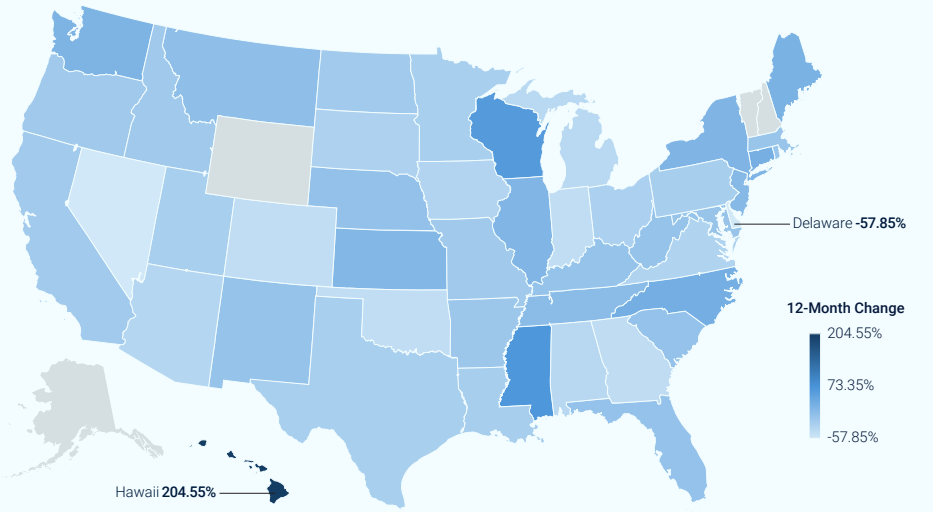
Building permits

Building permit activity signals lower construction ahead. According to Buildfax®, a Verisk Analytics company, permits for new construction decreased 0.85% over the last three months, reversing the 4.00% increase from the prior three-month period. Within this overall decline, new residential construction permits increased 0.63%, while non-residential new construction permits decreased 2.73%.

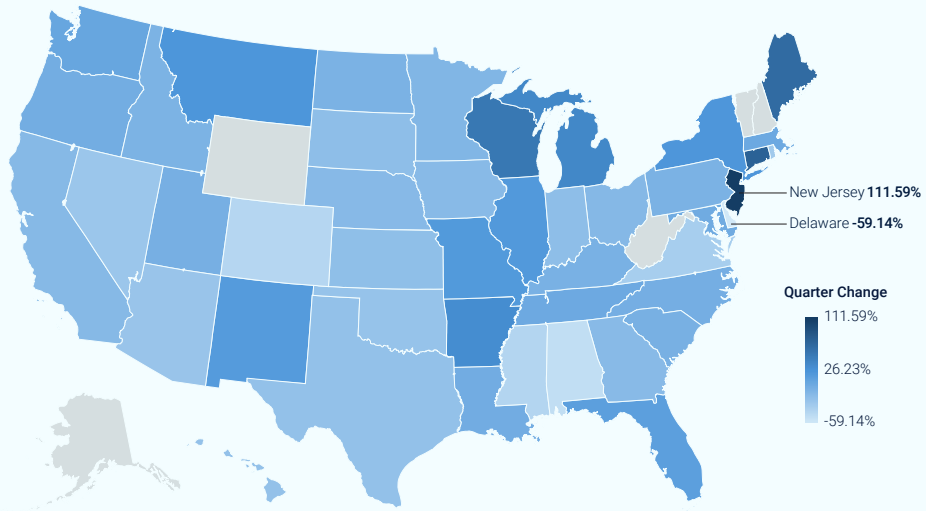
Year-over-year trends show more significant declines. Total building permits for new construction are down 9.16% from a year ago, with residential permits declining 8.16% and non-residential permits falling 18.73%. Twenty-eight states experienced year-over-year decreases.

Regional variation reveals contrasts. For the quarter, New Jersey led with a 111.59% increase in permits, while Delaware saw the largest decrease at 59.14%. Looking at annual comparisons, Hawaii posted the largest increase at 204.55%, while Delaware again decreased the most at 57.85%.

Building Permits by State (12-Month Change)



Building Permits by State (3-Month Change)



Conclusion

- Q3 2025 presents a paradox: the lowest claim volume in five years paired with potentially one of the highest severity quarters on record
- Claim volume declined 28.5% from Q3 2024 due to favorable weather patterns and reduced catastrophe activity
- Projected mature severity ranges from $17,258 to $18,431, signaling individual claims are becoming significantly more costly to resolve
- Reconstruction costs rose 3.75% year-over-year, offsetting operational relief from lower claim volumes
- Regional disparities are significant, with Wyoming experiencing a 6,479% increase in CAT claims from a single hail event and the Palisades Fire region seeing a 9.70% labor cost spike
- Builder confidence declined with the Housing Market Index dropping to 32, while building permits decreased 9.16% year-over-year
- Lower claim volumes in Q4 2025 offer operational breathing room, but rising severity and economic uncertainty demand continued vigilance
- 2025 is on track to be the lowest volume year in recent history, yet cost management remains critical as severity trends continue upward

Where to get more insights:

Industry Trends Reports

Examine pricing trends for key material and labor changes across multiple trades on national, state or province, and local levels. Trends are viewable monthly or over extended periods. Contact your sales representative or call 1-800-424-9228 for more information or access.

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.

Unless otherwise stated, the values reported in this bulletin are national averages for North America (United States and Canada) and will vary from local prices.

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