

2022 Canada Property Report - Executive summary

Every year, Verisk analyzes millions of market price points from multiple third-party sources and compiles the findings into a yearly property report. The report gives property insurers a clear picture of the top aspects of property costs, covering labour and materials, reconstruction, claims, and other economic trends. The key findings of the analysis are summarized below.

Labour and materials

- **Cost increases for labour and materials slowed considerably in 2022.** The largest increase—4.2%—occurred in the first quarter of 2022, followed by small changes for the rest of the year.
- **Combined costs for materials increased 1.6% in 2022, a much smaller increase than the 5.6% gain in 2021.** Interior trim and roofing were the primary drivers of this gain, increasing by 14.4% and 24.4%, respectively. Concrete and lumber saw costs decrease in 2022, with concrete decreasing 2.5% and lumber decreasing similarly at 2.3%.
- **Labour costs continued to rise.** The average hourly billable rate rose 8.5% in 2022, more than twice its 3.9% increase in 2021. Over the past five years, it's risen by a total of 32.3%.

Reconstruction

- **Residential reconstruction costs remained high.** Residential reconstruction costs, including materials and retail labour, increased 5.5% in 2022, largely due to continuing inflation, supply shortages, and labour strains from catastrophic events.
- **Commercial reconstruction costs increased 5.1% in 2022.** While more than 2020's 4.2% increase, this change was less than 2021's increase of 6.4%.
- **Hurricane Fiona made landfall on September 24, 2022, causing three deaths and at least \$800 million CAD in damage over five provinces.** Water mitigation costs saw their highest increases in Nova Scotia, going up 7.13% in Halifax and 5.04% in Sydney from September to October.

Claims

- **Claims amounts rose significantly after a slight dip in 2021.** The average estimate amount was \$9,722 for residential properties and \$17,580 for commercial properties.
- **Roofs had a relatively small impact on claims.** Roofing was included in only 18.4% of residential assignments and only 15.8% of commercial assignments.
- **Hail and tornadoes caused the most expensive roof damage.** The average roofing estimate for claims caused by hail was \$9,700 for residential and \$19,700 for commercial claims, while the average roof cost due to tornadoes was \$7,200 for residential and \$11,100 for commercial claims.

Other economic trends

- **In June 2022, fuel costs reached their highest point since 1998 at \$2.09 per litre.** They decreased by almost 31 percent over the next six months.
- **Conventional mortgage lending rates for a 5-year term rose to their highest point in 5 years.** They began the year at 3.5% but finished at 5.9%, nearly one-third higher than their previous peak in 2018.
- **Inflation rate increases peaked at 7.5% in June 2022.** By the end of the year, the rate of increase had slowed to 6.3%, still more than three times higher than the pre-pandemic average of 1.9%.