

2022 U.S. 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 labor and materials, reconstruction, claims, and other economic trends. The key findings of the analysis are summarized below.

Labor and materials

- **Cost increases for labor and materials slowed in 2022.** 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.
- **Lumber cost changes led materials costs early in the year.** The year started with an 11.7% increase in materials costs, largely due to lumber, followed by a sharp decline in the cost of lumber for the remainder of the year. Among roofing materials, wood shakes increased the most (58.1%).
- **Labor costs continue to rise.** The average hourly billable rate rose 8.6% in 2022; over the past five years, it's risen by a total of 34.2%.

Reconstruction

- **Residential reconstruction costs remain high.** Residential reconstruction costs, including materials and retail labor, increased 7.2% in 2022, largely due to continuing inflation, supply shortages, and labor strains from catastrophic events.
- **Commercial reconstruction costs increased 5.5% in 2022.** Like residential costs, commercial costs were affected by the increased demand of labor and materials as well as supply shortages.

Claims

- **Claims amounts rose significantly after a slight dip in 2021.** The average claims estimate amount in 2022 was \$11,831 for residential properties and \$33,712 for commercial properties.
- **Of the three named hurricanes that struck Florida in 2022, Ian caused the most damage:** \$9.19 billion in residential property damage alone. The total residential damage was greater, given that 72.4% of Hurricane Ian claims occurred in Florida.
- **More roofs were replaced than repaired in 2022.** 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.

Other economic trends

- **In June 2022, fuel costs reached \$5.01 per gallon, their highest point in history.** After reaching that peak, costs decreased by 34.9% 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.
- **Residential construction employee growth was 2.7% in 2022.** This incremental change, combined with steady growth in billable rates, resulted in relatively stable labor costs year over year.
- **Inflation rate increases peaked at 8.8% in June 2022.** By the end of the year, the rate of increase had slowed to 6.6%, still much higher than the pre-pandemic average of 2.3%.