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%.