



# Verisk Property Estimating Solutions - Quarterly Property Report

Q1 2024



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.

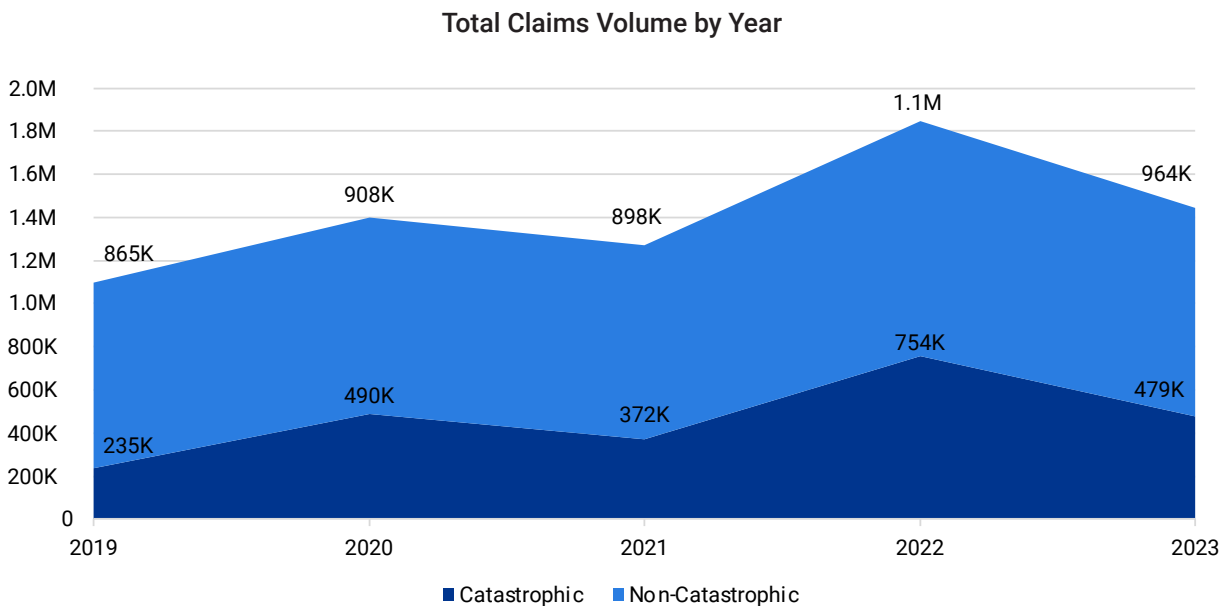
Every quarter, Verisk examines vast market price data from many third-party outlets, synthesizing the results into a comprehensive report to give property insurers a detailed overview of key elements affecting property expenses, encompassing labor and materials, reconstruction, claims, and relevant economic trends. We also review our own internal claims data to identify trends, outliers, and comparisons to prior years.

This report examines developments in claims and pricing from Q4 2023.

- Claims data:
  - Volume
  - Impact of weather
  - Roles
- Pricing data:
  - Materials, including lumber
  - Retail labor rates
  - Labor and materials, aggregated
  - Fuel

## Claims

Claims volume subsided somewhat in 2023, after a 2022 spike caused by multiple catastrophic events. 2023 had a less severe hurricane season, resulting in the total number of claims returning to pandemic-era 2020 levels.

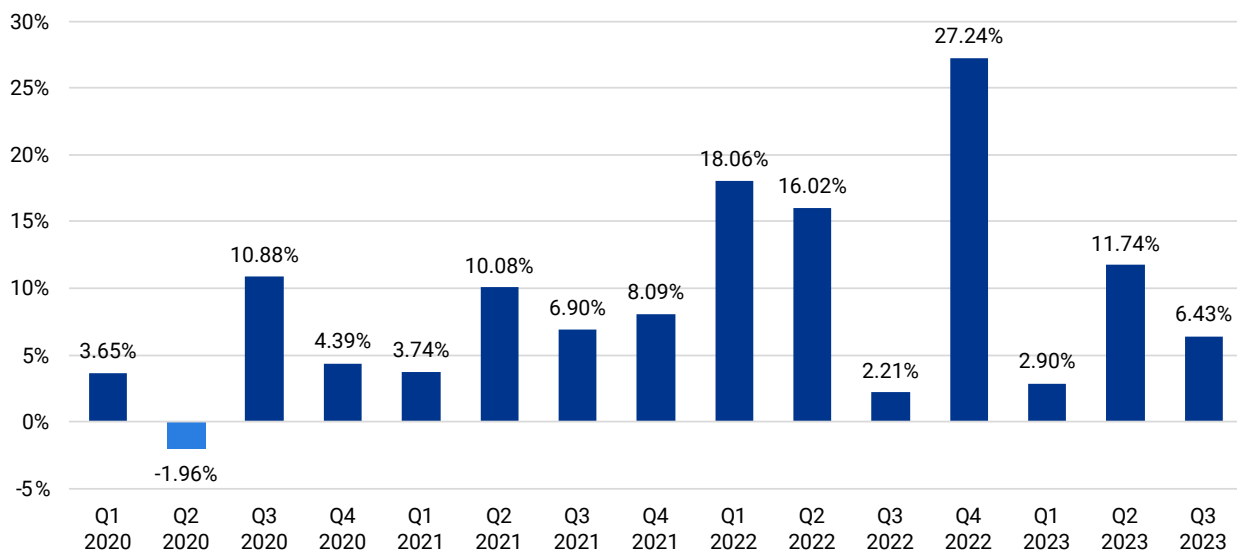


## Weather-related events

Total replacement cost value of assignments sent through XactAnalysis continued to rise in 2023, forming an aggregate five-year trend of gradual increases. Because two of the main anomalous weather events— Hurricane Ian in late September 2022 and Winter Storm Elliott in December 2022—occurred at the very end of a quarter, their impacts were reflected in the RCV increases of the following quarters (Q4 2022 and Q1 2023, respectively).

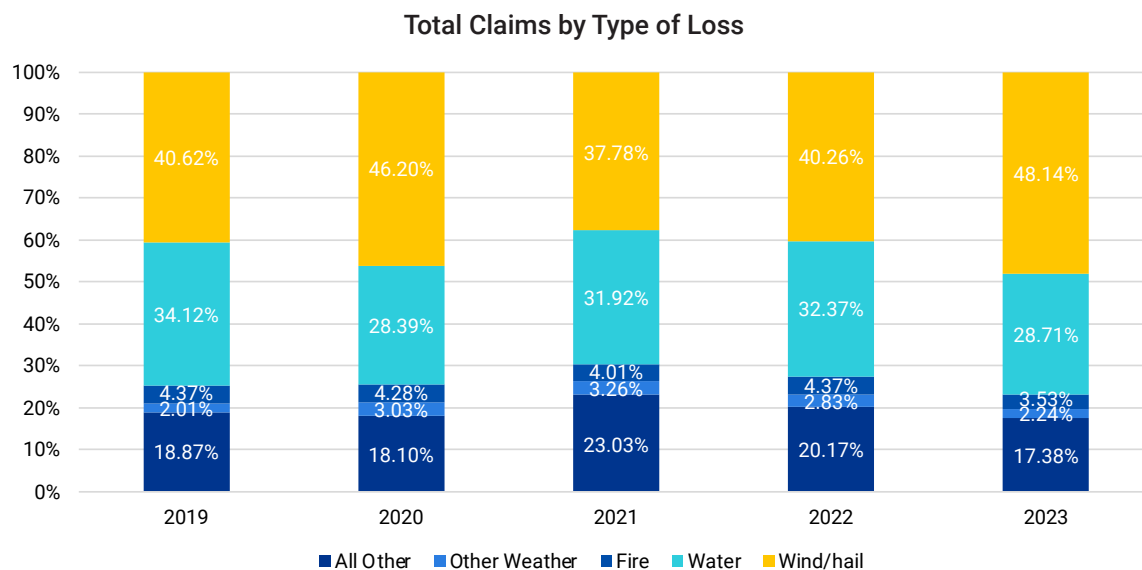
The graph below shows the growth of the average RCV for a quarter compared to the same quarter the previous year. This is more reflective of pricing trends than comparing one quarter to the preceding quarter because the type of losses being incurred can vary widely from one quarter to the next, but generally remains consistent within a given quarter from one year to the next.

**Year-Over-Year Increase in Replacement Cost Value by Quarter**



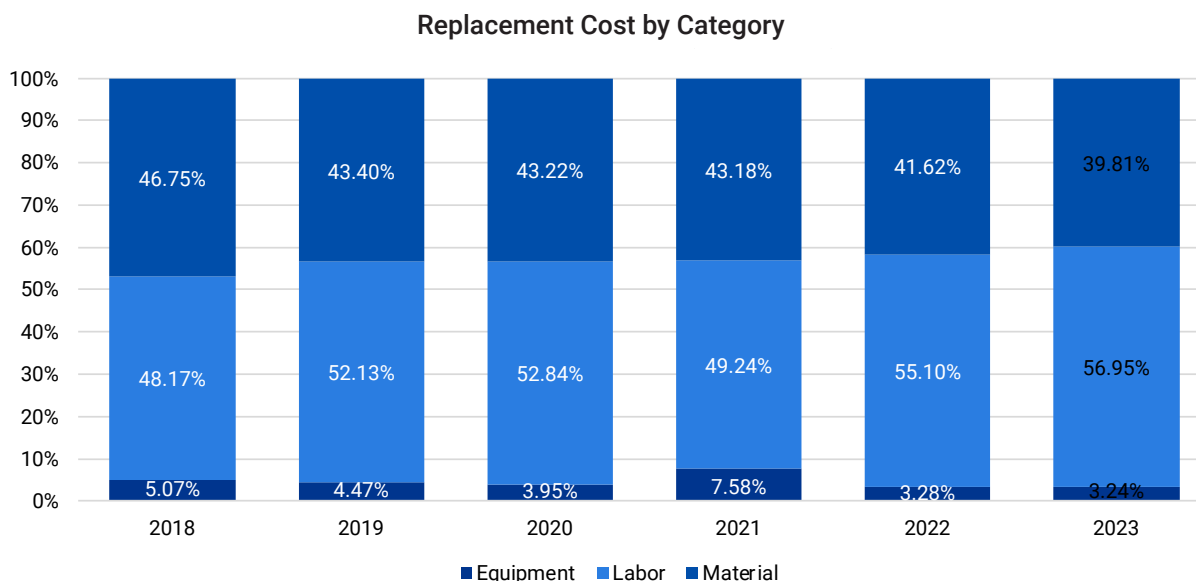
## Weather-related losses

In typical fashion, wind/hail was the most common type of loss in 2023. Nearly 50% of all the year's claims were related to wind/hail, with nearly 30% more coming from water. We'll examine these loss types in our upcoming analysis on solar roofing, which may be an area of increased focus for carriers in 2024.



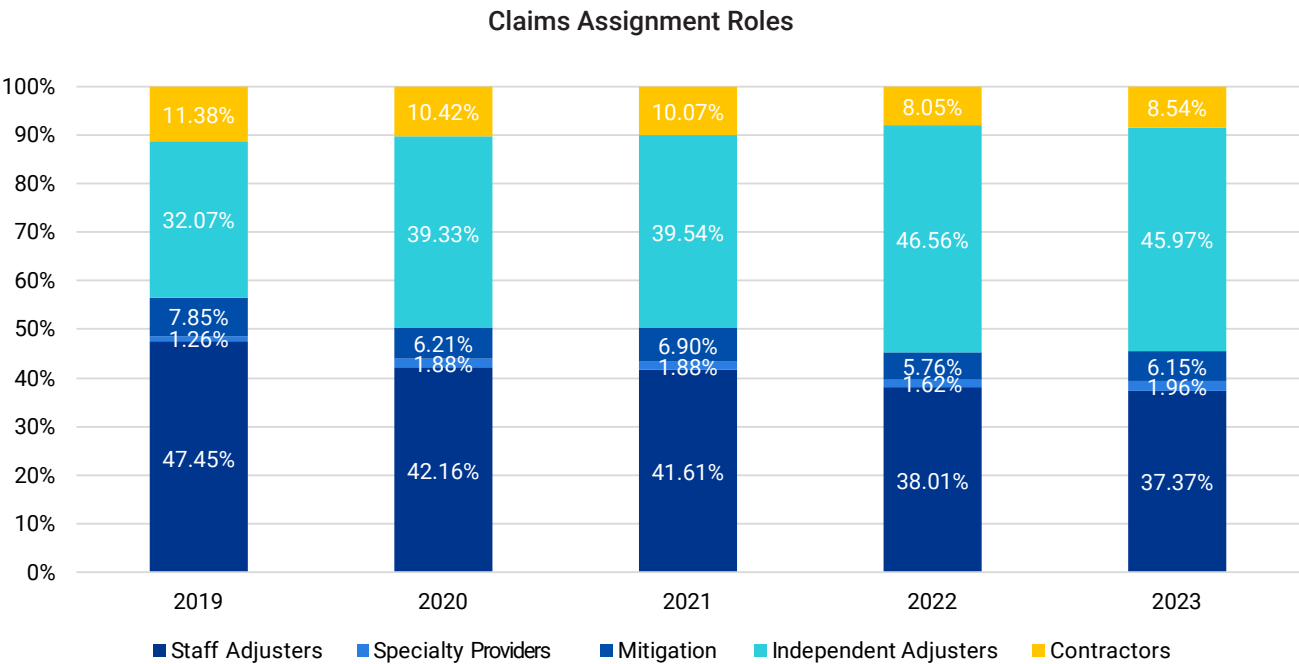
## Claims trends

Labor continues to comprise most of an average line item cost, with 2023 representing the highest percentage of any year on record. It will be interesting to monitor this trend to determine if it's an evolving aspect of the labor market experiencing more demand than supply or if it's a correction and the labor market returns to a pre-pandemic level.



Further analyzing labor data reveals a continued downward trend in the proportion of assignments being handled by staff adjusters and contractors combined with an increase in the contributions of independent adjusters. In 2023, slightly more claims were handled by independent adjusters than by staff adjusters and contractors combined (45.96% vs. 45.91%, respectively).

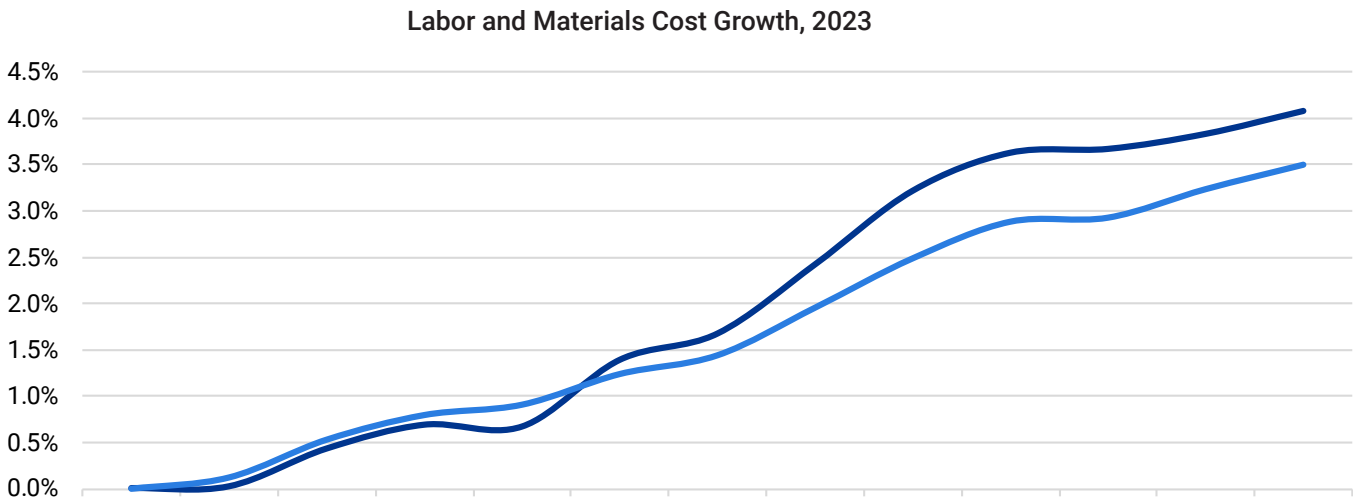
As with the increases in labor costs, this could be indicative of broader trends toward shifting claims handling out of the carrier’s hands or it could be out of necessity due to the drastic year-over-year volume changes we’ve seen in the last few years.



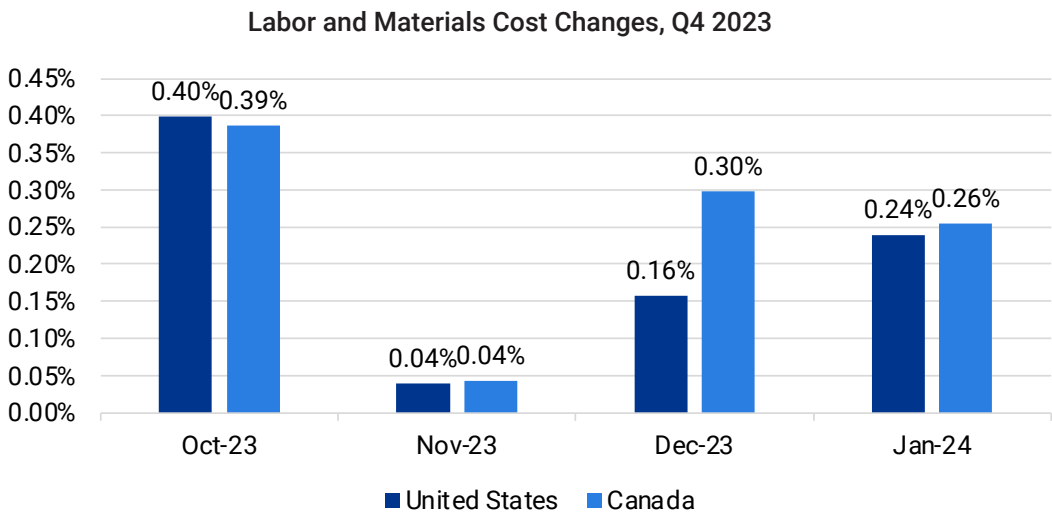
# Pricing Data Services

## Labor and materials

The total costs for labor and materials grew in North America in 2023 slowly and gradually. In the US, the growth of total costs outstripped the total inflation rate for the year at 4.1% vs. 3.2%, respectively. In Canada, costs grew by 3.5%, while the total inflation rate for 2023 was 4.2%.

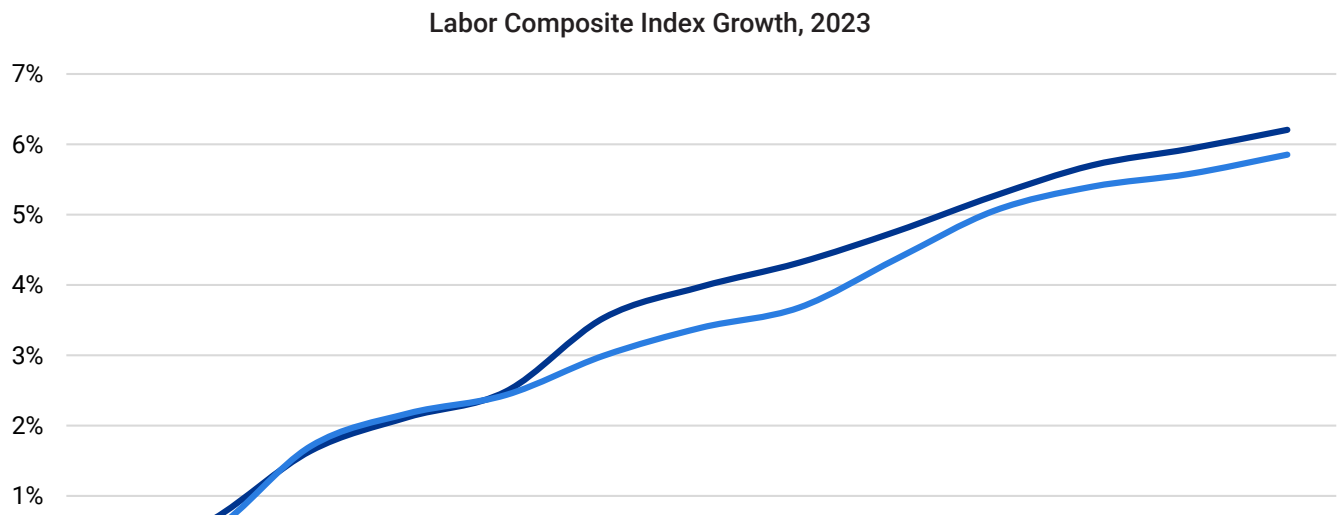


In Q4 2023, both the US and Canada saw barely any change in total costs in November. Price growth had similarly stalled for both countries in May, with costs in the US decreasing by .02% before resuming their upward trend.

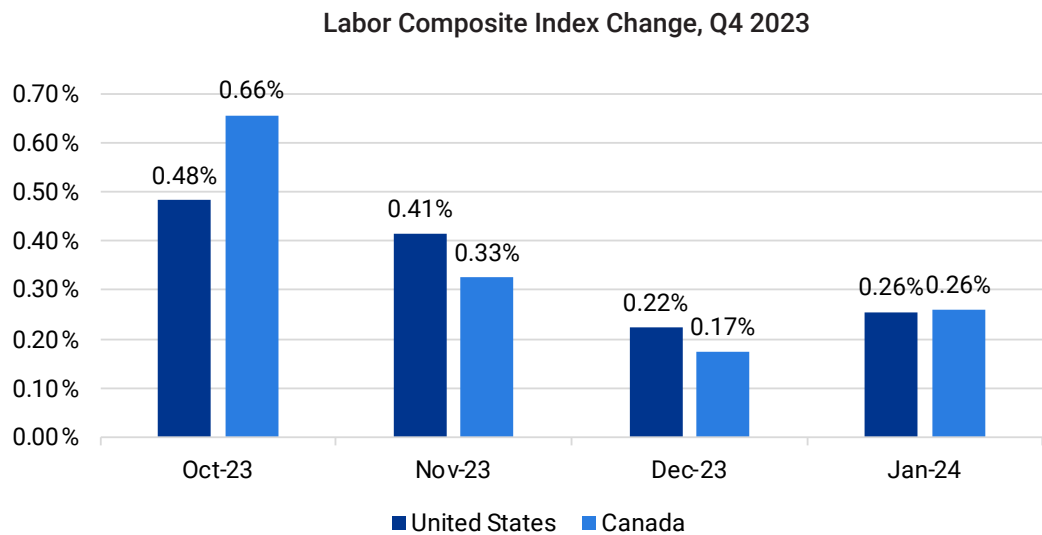


Labor costs

In 2023, labor costs rose more sharply than total costs, at an average cumulative rise of 6.0% for labor in North America vs. 3.8% for total costs.



Labor cost growth began to slow as the end of the year approached, with growth rates decreasing each month in both the US and Canada before rebounding slightly in January.

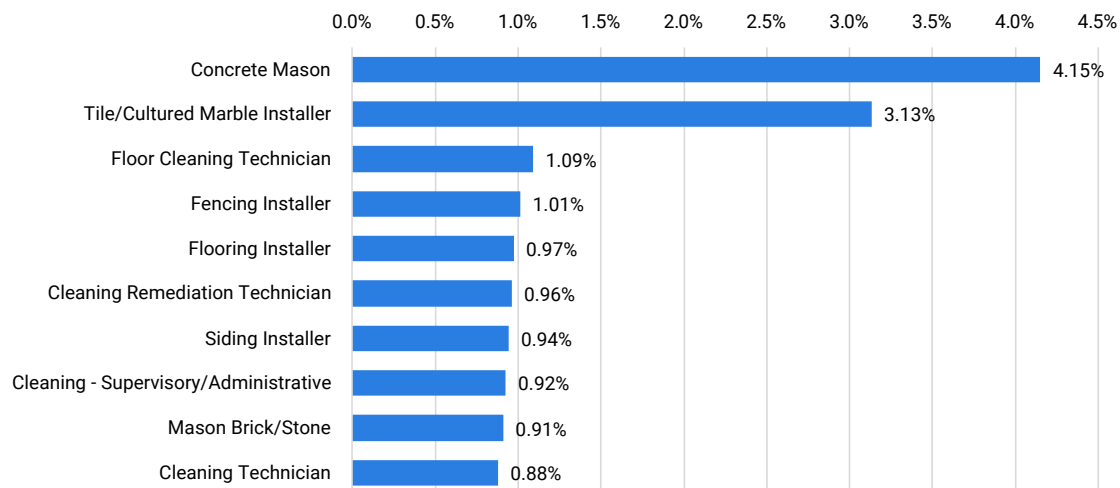


### Labor costs by trade

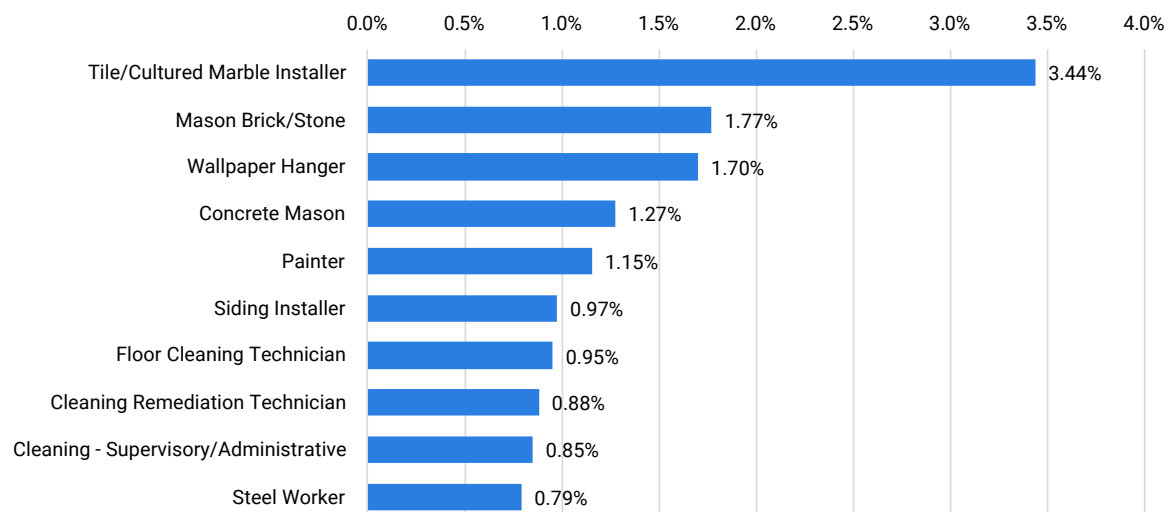
The impact of increasing labor rates differed between trades. Concrete masons saw the largest increase in the US, while tile and cultured marble installers had the second-largest increase in the US and the largest in Canada.

Growth rates among trades for Q4 are further explored in the following charts.

**Top 10 Trades by Retail Labor Percent Changes, Q4 2023 - US**



**Top 10 Trades by Retail Labor Percent Changes, Q4 2023 - Canada**

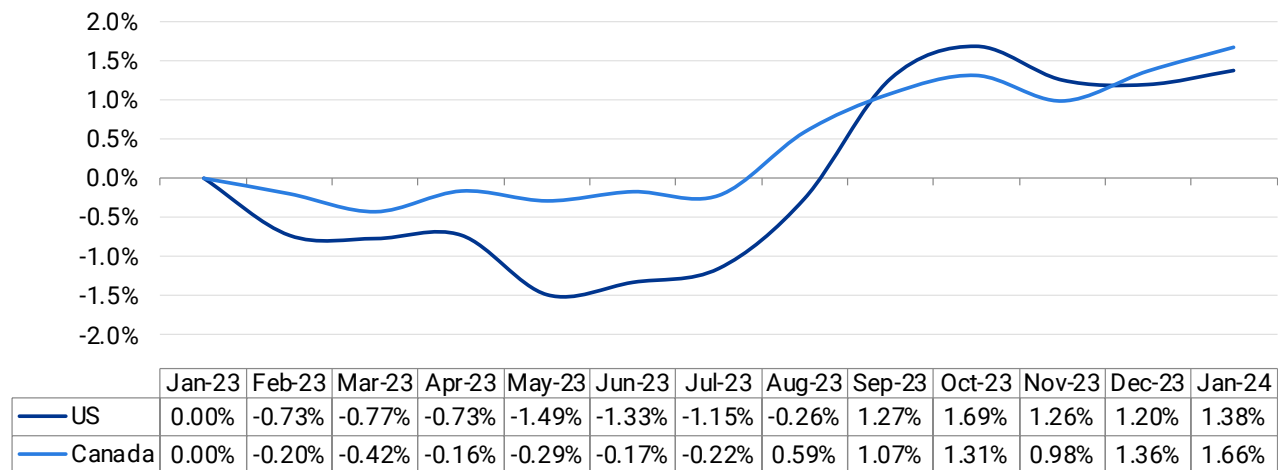




## Materials

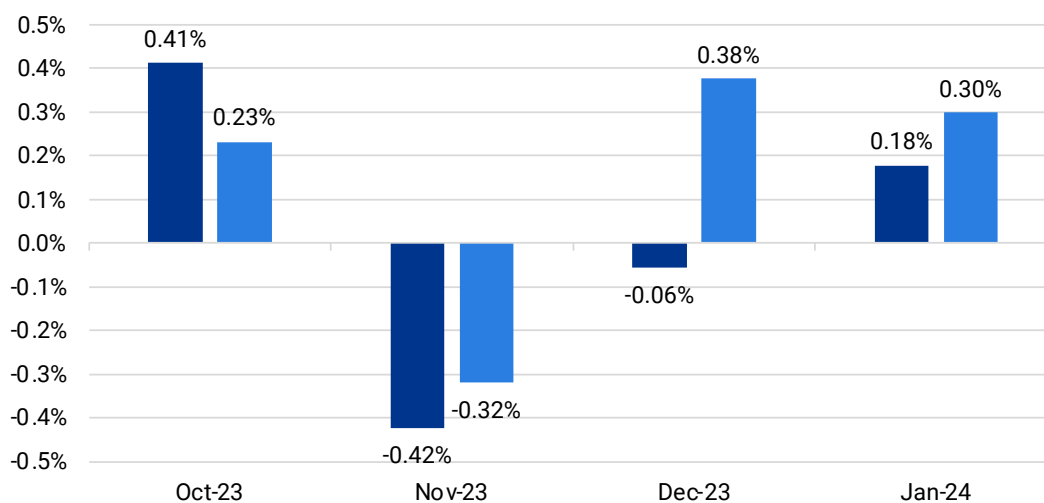
Compared to labor costs, material costs were relatively stable in 2023, with the price of the average material-only basket of goods growing by less than 1.5% in both the US and Canada.

**Material Composite Index Price Changes, 2023**

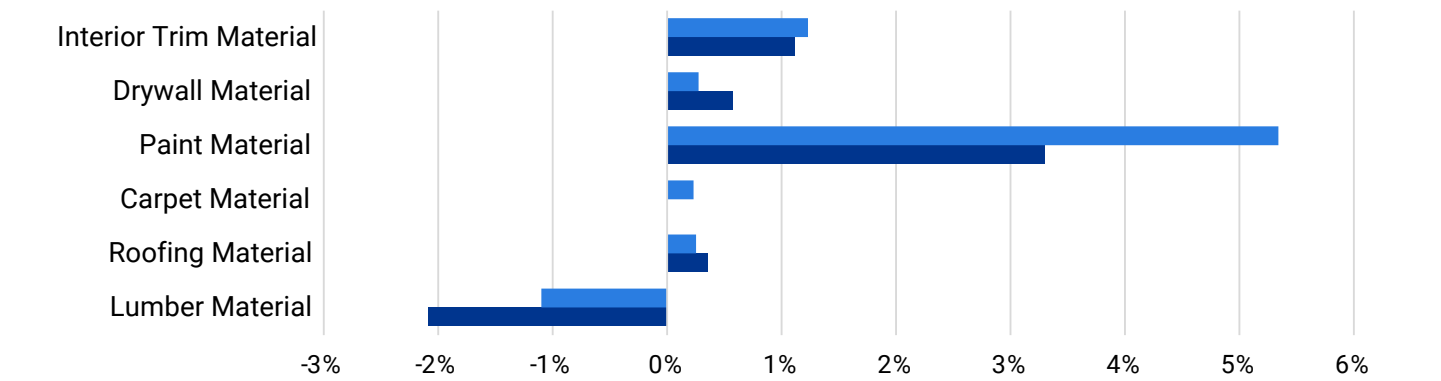


During Q4 2023, the rate of growth for material costs declined fairly significantly for both countries in November. However, the US had experienced larger drops between February and July, and Canada had a larger drop in March.

**Material Composite Index Price Changes, Q4 2023**



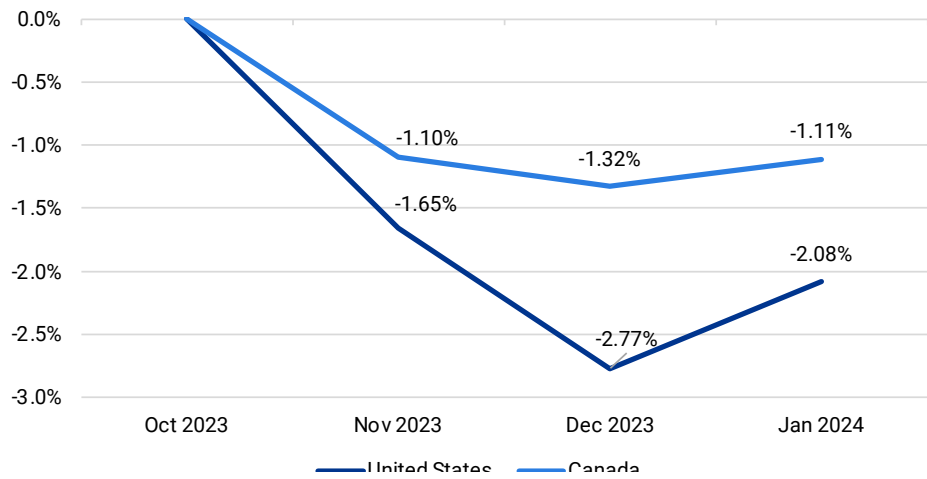
Changes in Key Material Categories, Q4 2023



Lumber costs

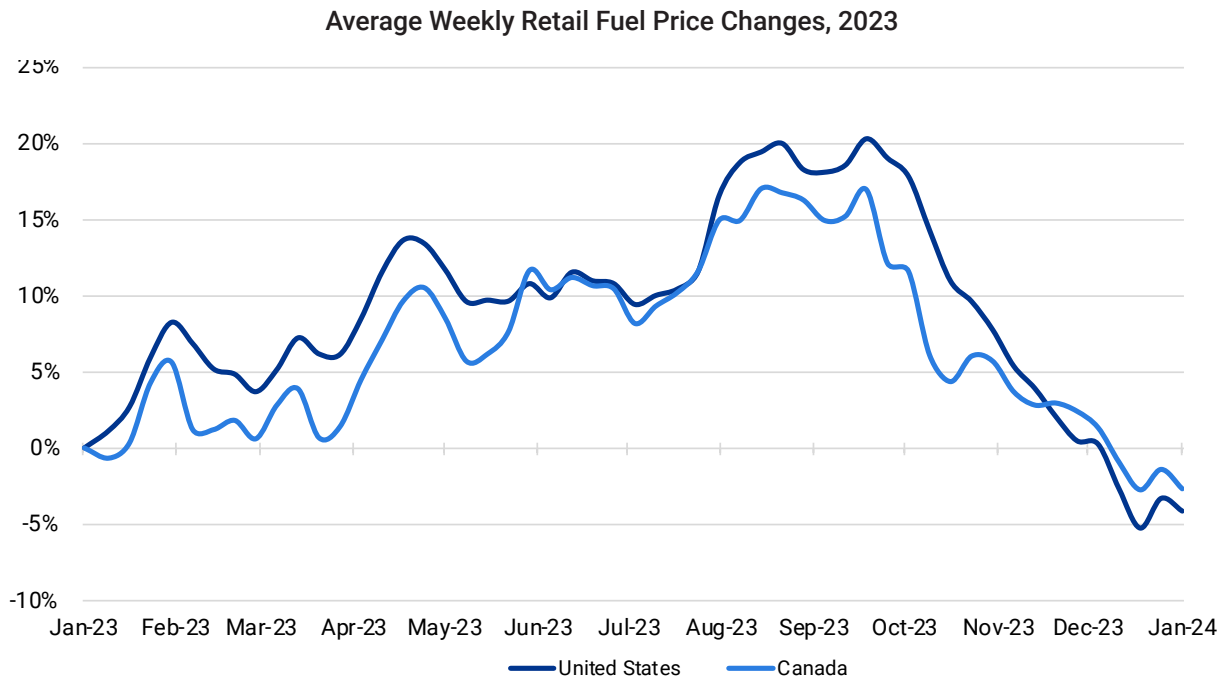
Lumber continued its downward cost trend after peaking in July 2021, once again being the only material with decreasing costs in Q4 2023.

Overall Lumber ITR Trend, Q4 2023



### Fuel costs

After peaking in August and September, fuel costs declined sharply as the year drew to a close, nearly returning to their January prices in the US.



## Conclusion

Overall, the fourth quarter of 2023 brought few, if any, surprises.

- Claims activity continued to decrease year over year, while replacement cost value continued to increase.
- Wind/hail and water continued to be the most common loss types, comprising nearly 77% of all claims for the calendar year.
- Another continuing trend was the increasing use of independent adjusters, who handled more claims in 2023 than staff adjusters and contractors combined.
- Labor costs continued to rise significantly more sharply than material costs in both the US and Canada.
- Lumber costs continued to decrease for an eighth straight quarter, dropping by 2.76% in the US and 1.32% in Canada.
- Fuel costs decreased by 18.7% in the US and 12.8% in Canada over the course of Q4, ending the year lower than they began it.

## Where to get more insights

### Industry Trends Reports

Using [Industry Trend Reports](#), Verisk customers can examine pricing trends on national, state or province, and local levels for key material and labor pricing changes in multiple trades. Trends can be viewed by the month or over extended periods. For more information about Verisk's Industry Trend Reports or to receive access to them, please get in touch with your sales representative or call 1-800-424-9228.

### Pricing Methodology White Paper

For more information about Verisk's methodology for researching and publishing pricing information, please see the Pricing Research Methodology white paper on the [eService Center](#).

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