Verisk Property Estimating Solutions

Quarterly Property Report
April–June 2024

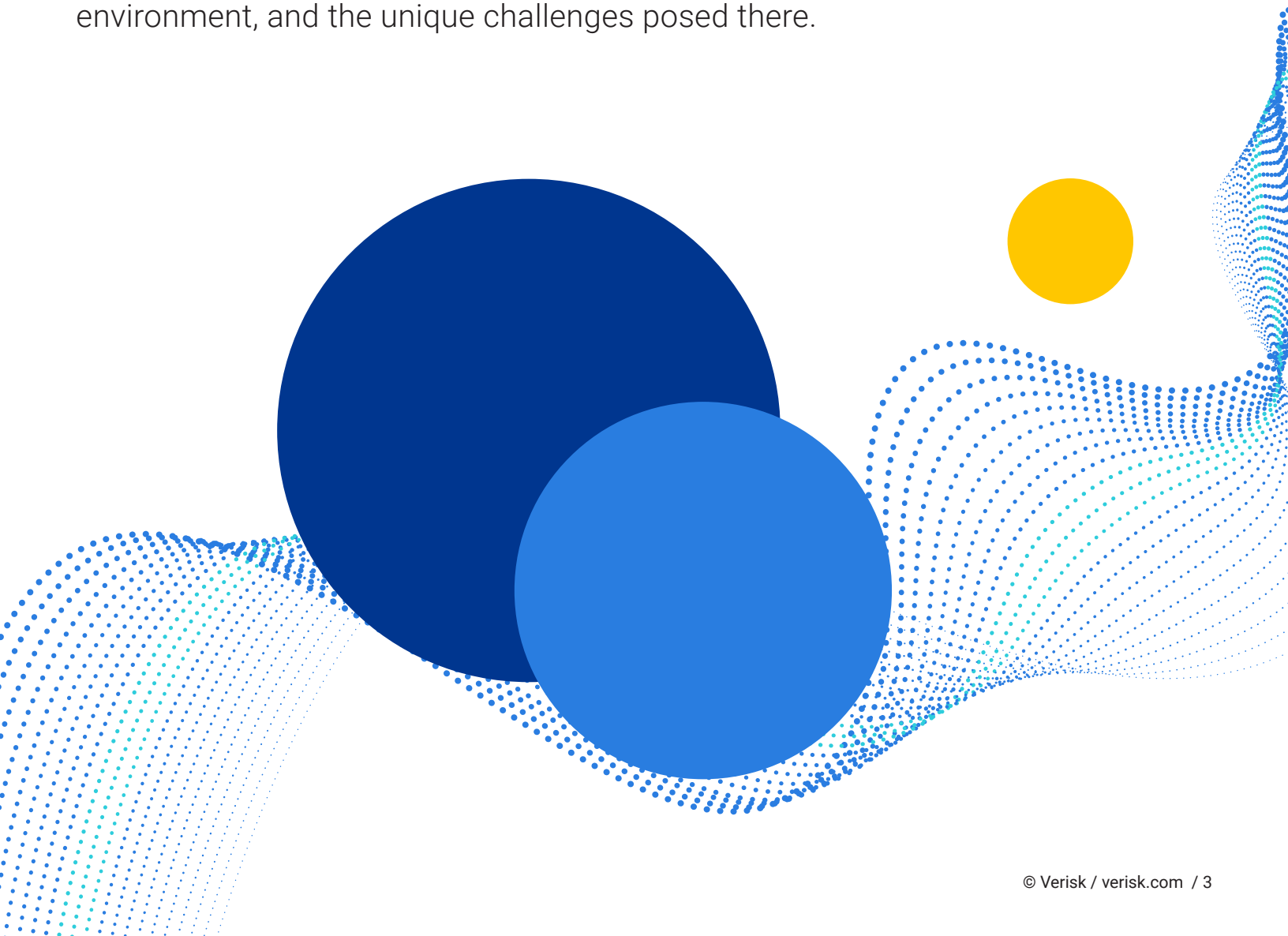
Unless otherwise stated, the values reported in this bulletin are national averages for North America (United States and Canada) and will vary from local prices.

Contents

Executive Summary

Every quarter, Verisk examines vast market price data from many third-party outlets and synthesizes 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 in the United States and Canada. We also review our internal claims data to identify trends, outliers, and comparisons with prior years.

In addition, this report provides a detailed analysis of property claims in North America for the second quarter of 2024. It will highlight trends and compare key metrics for the second quarter of 2024 against the same metrics for the second quarter of prior years. Lastly, it will highlight the Texas wind and hail claims environment, and the unique challenges posed there.



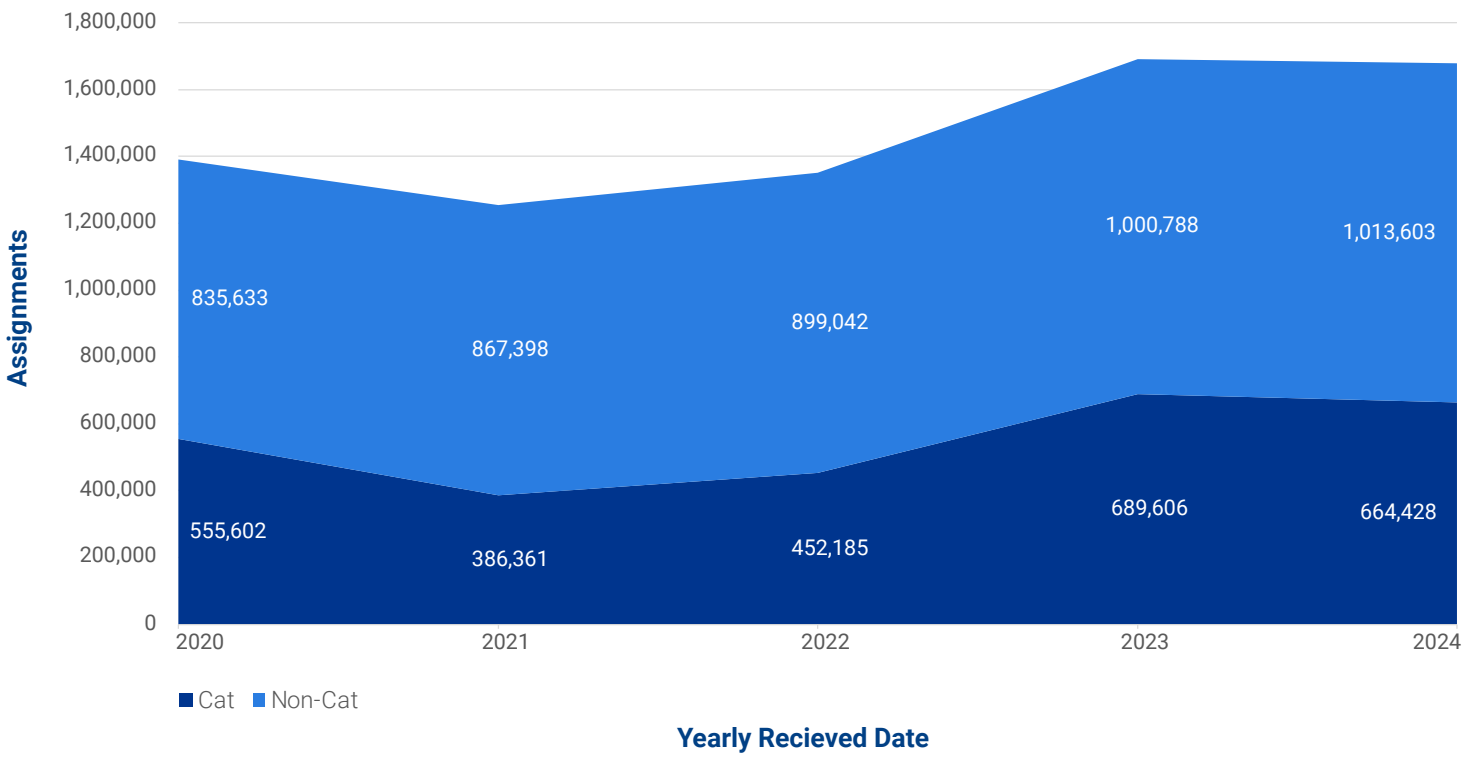
Claims Trends

Volume

The assignment volume for the second quarter of 2024 has leveled off when compared to the same time period from 2023. Non-catastrophe assignments experienced a scant **1.3%** increase, while catastrophe (cat) assignments saw a **3.6%** drop from the previous year.

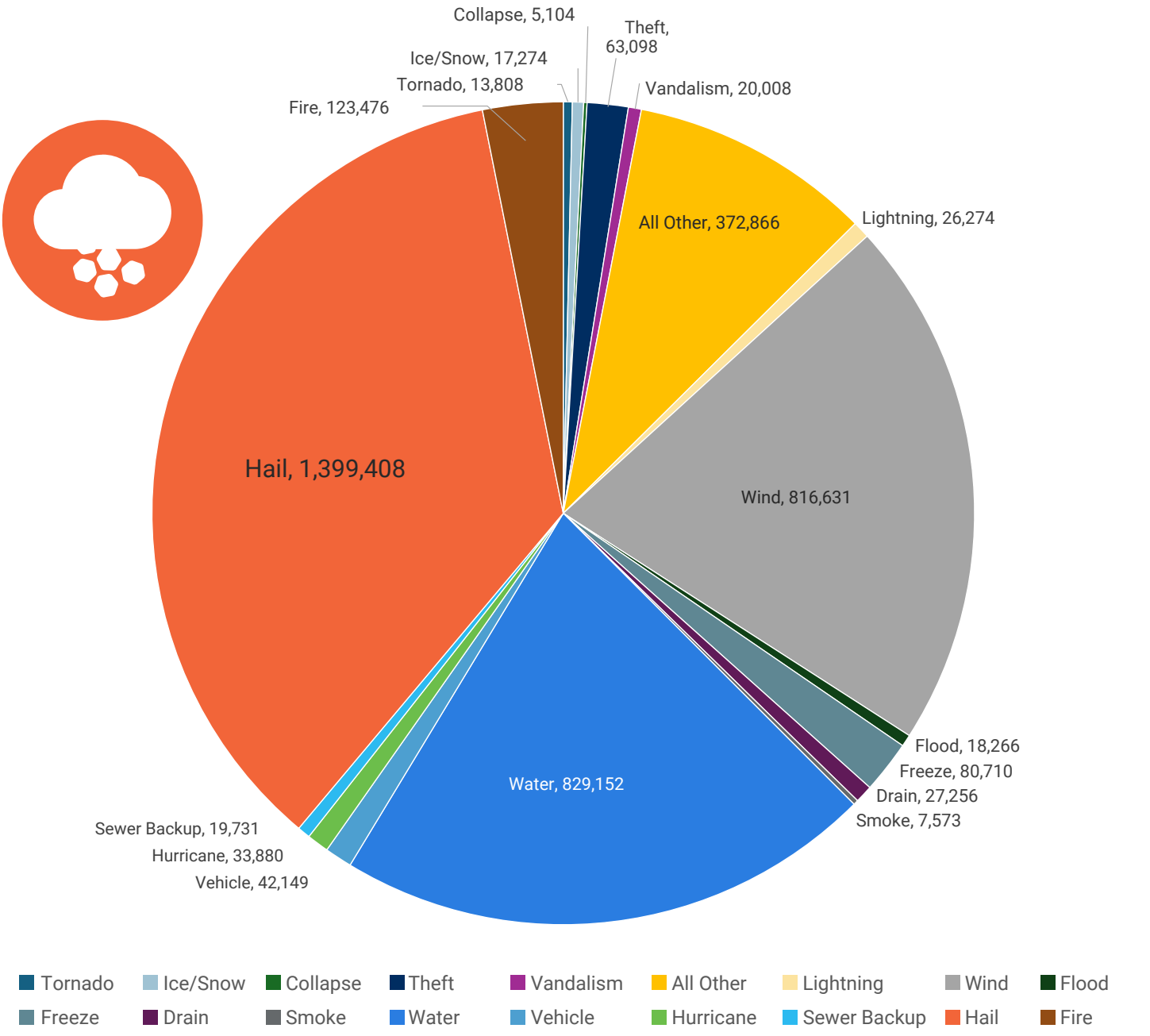
Although claim volume remained stagnant when compared to 2023, it is still up significantly from 2020-2022 and is due in large part to an increase in cat claims. This overall growth, combined with the ongoing challenges posed by cat claims, underscores the growing need for robust disaster response measures for carriers, contractors, and independent adjusters alike.

Figure 1: Q2 Assignment Volume by Year and CAT Status



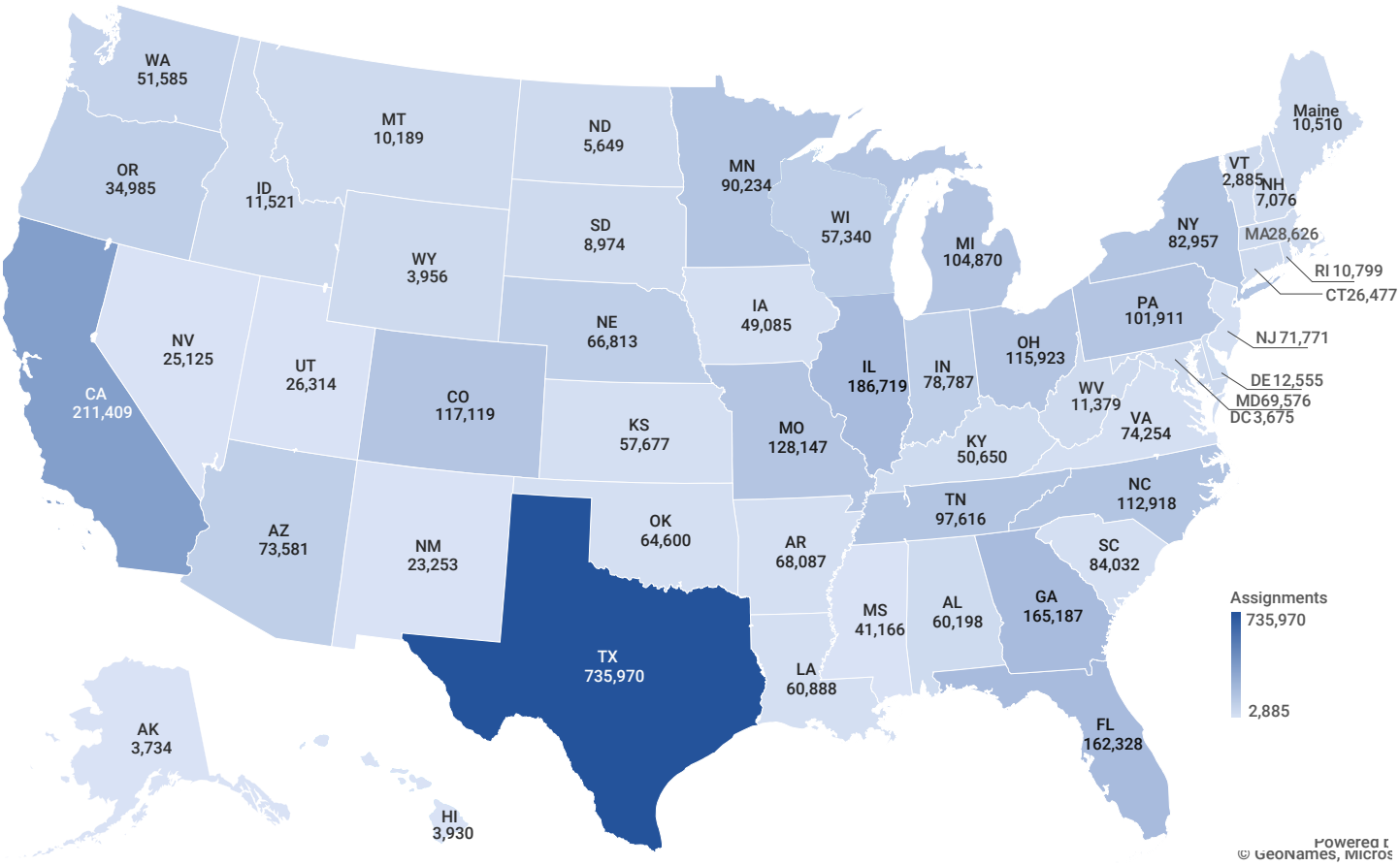
In Q2 2024, hail and wind losses made up about **57%** of all assignments. This high percentage is expected, as these types of losses typically peak during Q2 and Q3 due to seasonal weather patterns. Looking ahead through Q3 and peak hurricane season, we expect this trend to continue. By understanding this distribution, carriers and restoration companies can better allocate resources and prepare for increased demand.

Figure 2: Assignment Count by Loss



As shown in Figure 3, we can see that Texas had a much higher number of assignments in Q2 than neighboring states. This difference was mainly due to Texas having far more wind and hail assignments than these other states and is consistent with previously observed trends. For more details, see our special section on Texas Wind and Hail below.

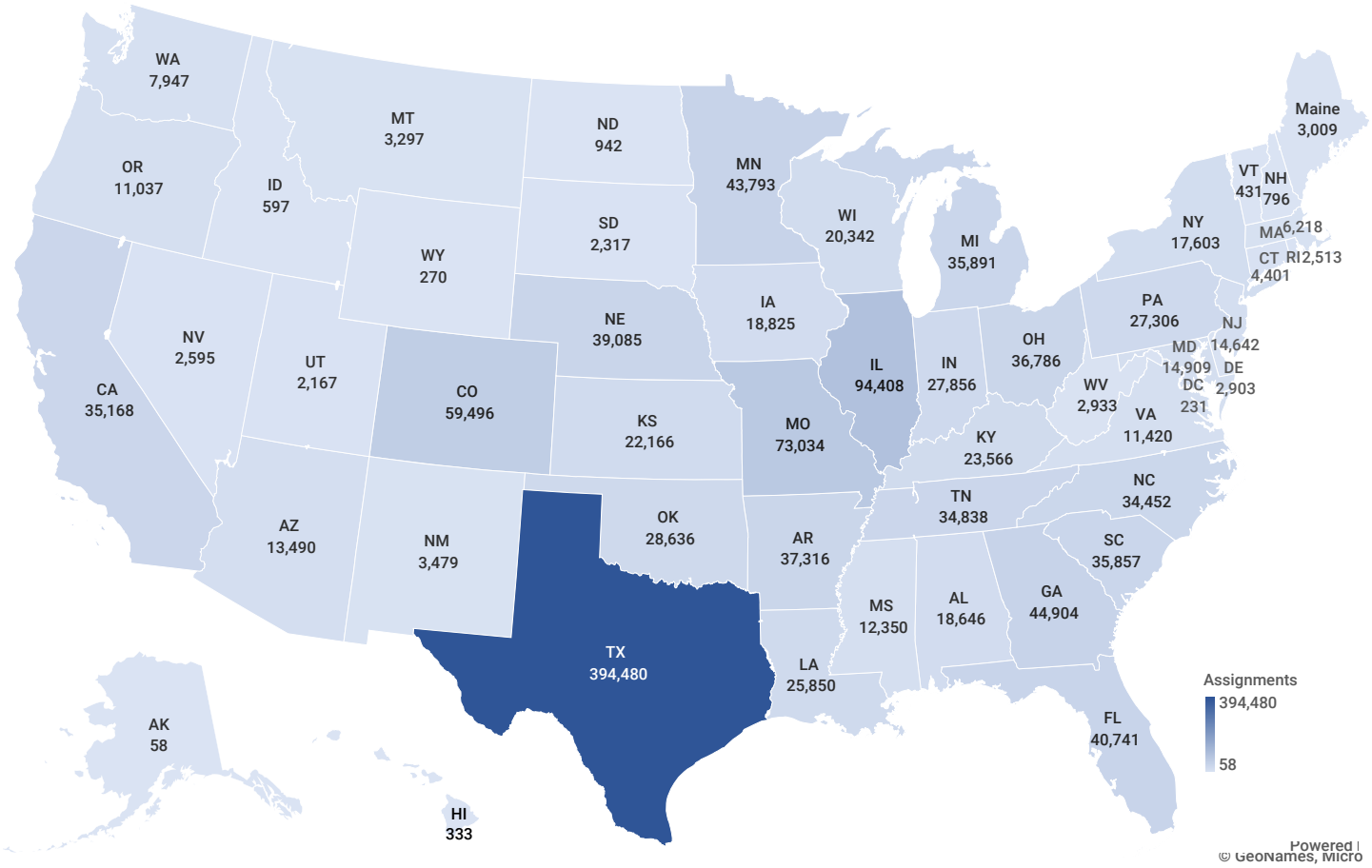
Figure 3: Number of Assignments by State



Catastrophe assignments

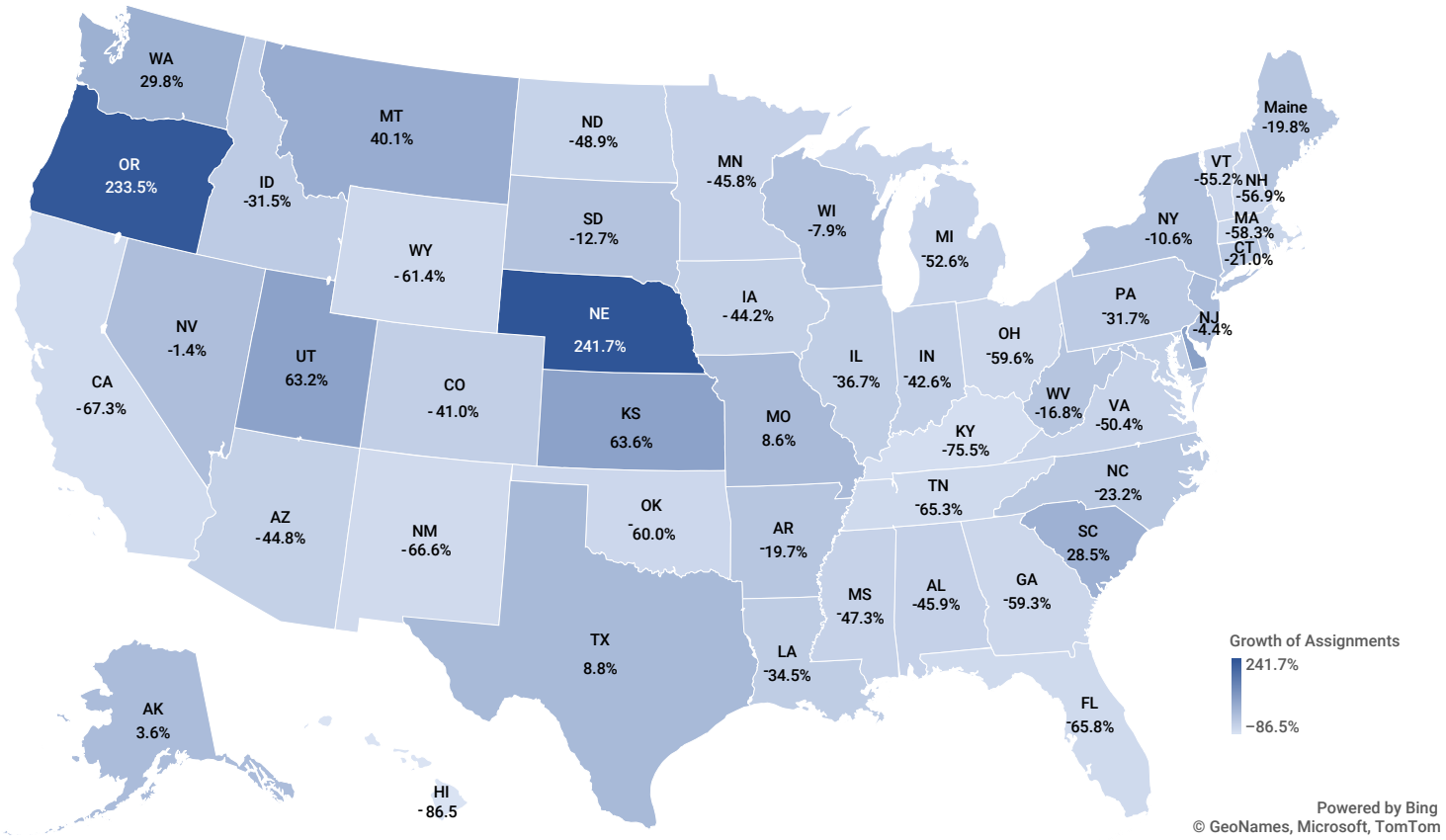
In Q2 2024, the U.S. experienced several cat events. As shown in Figure 4, heavily populated states such as Texas continued to show high volumes of cat assignments. Peak hail season, which typically runs from March through June, led to a significant number of cat assignments in hail-prone areas such as Colorado, Missouri, and Illinois.

Figure 4: Q2 CAT Assignment Volume by State



California, typically one of the states most affected by non-hail cat events, saw a notable decrease in cat assignments—about 67% lower when compared with Q2 2023. This was due to significant decrease in severe windstorms in Q2 2024 compared with Q2 2023. In contrast, Oregon and Nebraska experienced the largest increases in assignment volumes, each seeing surges exceeding 200% compared to the same period last year.

Figure 5: Year Over Year Q2 CAT Volume Increase by State



Severity

Severity is often difficult to report accurately soon after a quarter ends because many of the larger, more complex claims from the preceding quarter aren't yet completed and returned to Verisk's XactAnalysis®. These claims typically bring higher replacement cost values (RCVs), meaning that we usually don't see the average value fully reflected until 2–3 months after the original received date when these larger estimates are usually completed. As a result, severity generally appears artificially low during this 2–3 month "immature" period.

Currently, the average severity in Q2 2024 is about $83 more than the average RCV seen in Q2 of 2023. However, we anticipate this delta to increase as the larger and more complex estimates are returned to us in the coming months.

Figure 6: Average RCV per Assignment by Received Date

Texas Wind and Hail—an outsize impact on assignment volume and price increases

Q2 2024 saw significant weather-related challenges in parts of Texas, particularly affecting the roofing industry. In May, both Fort Worth and Sherman experienced severe weather events that had substantial impacts on property and infrastructure. Sherman reported 31 instances of on-ground hail confirmed by trained spotters, with Doppler radar detecting hail in or near the area on 115 occasions over the past year. A severe thunderstorm on May 9, 2024, brought half-dollar-sized hail and wind gusts reaching 60 mph to Sherman. Meanwhile, Fort Worth faced its own crisis on May 27, 2024, when destructive winds swept through the Dallas-Fort Worth metro area, leaving over 750,000 customers without power. These events set the stage for significant capacity challenges in the roofing market in these regions.

Texas saw a major uptick in wind and hail assignments during Q2 2024. Compared with Q2 2023, these assignments both increased, as shown in Figure 7. Notably, this increase affected both cat and non-cat assignments, with each category growing by more than 45%.

Figure 7: Texas Wind and Hail Assignment Volume

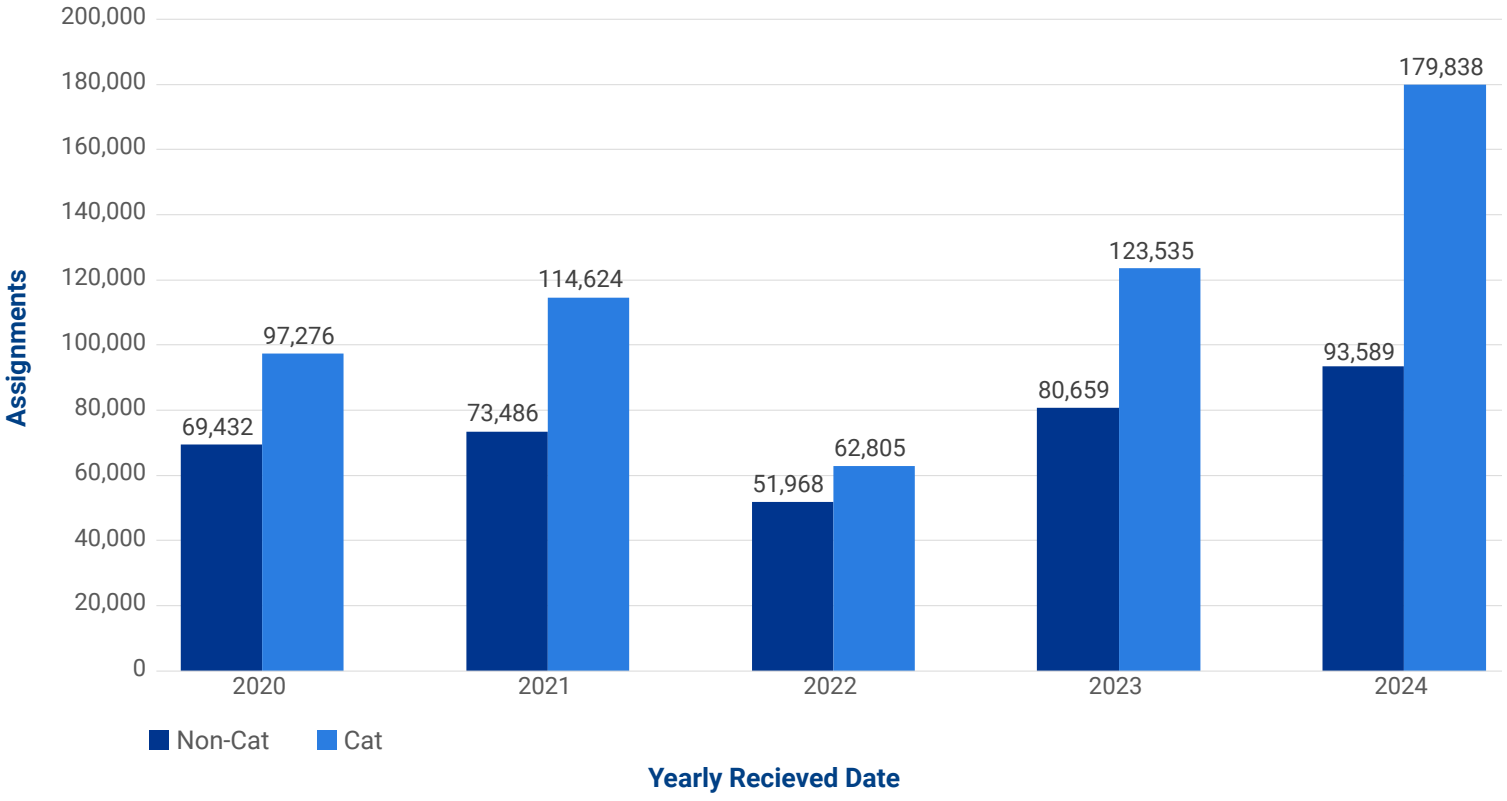
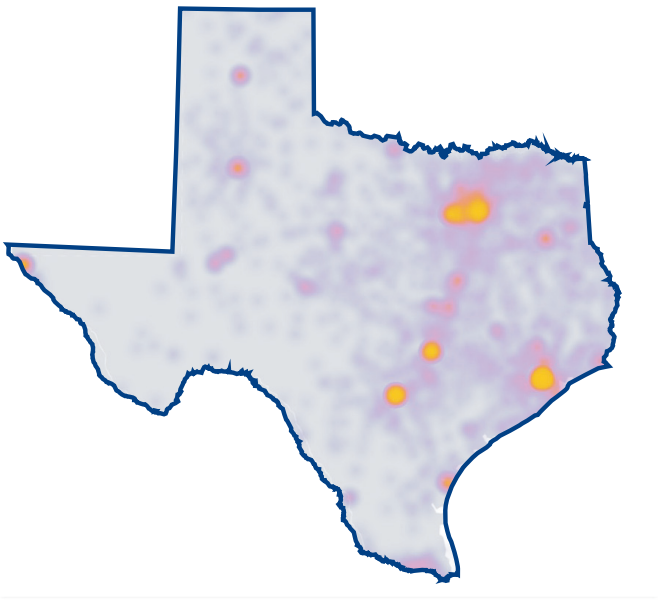
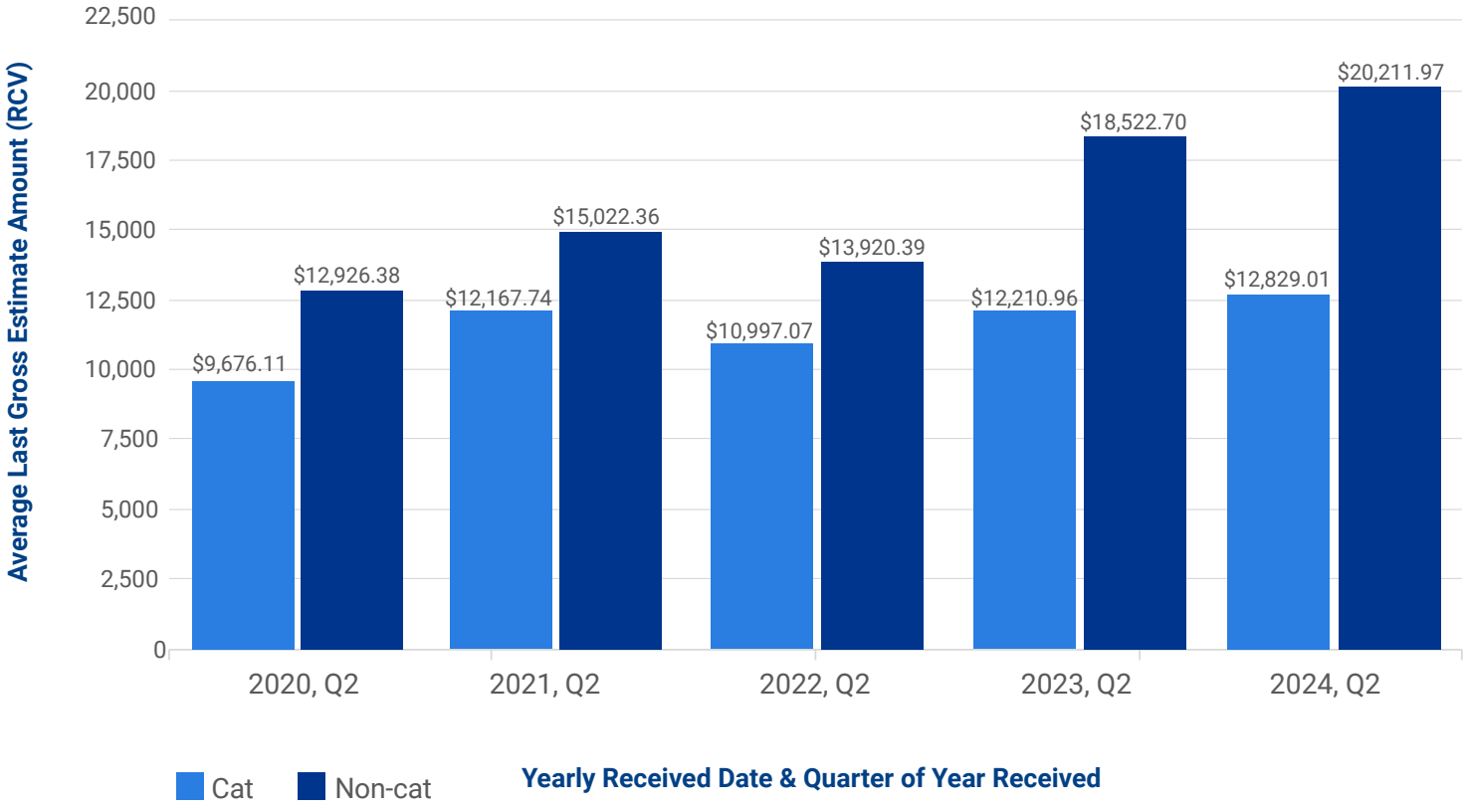


Figure 8: Texas Wind and Hail Assignment Volume by ZIP Code



Looking at specific ZIP codes, we see the biggest jumps in assignment volume in northern and southeastern Texas (Figure 8). These areas show the largest increases in Wind and Hail assignments, signifying a concentrated impact in these regions. This breakdown by location helps us better understand where the damage has been most severe.

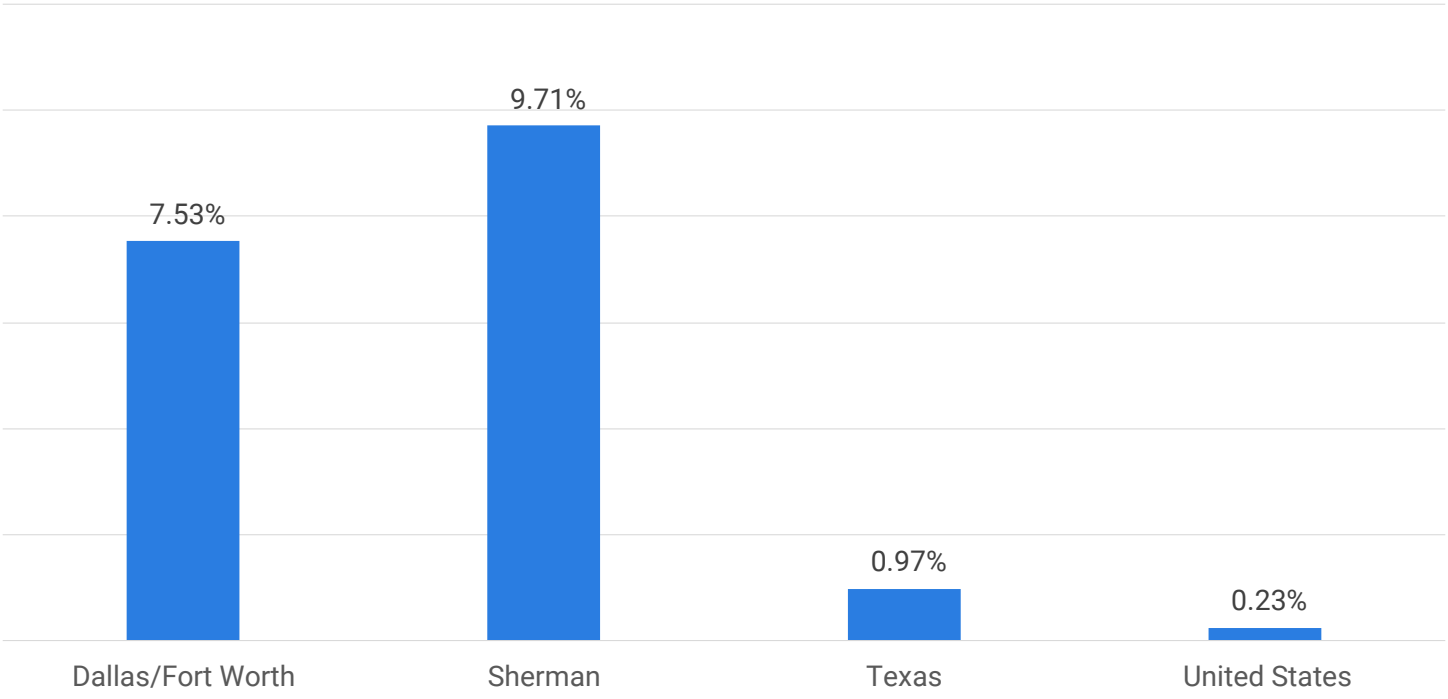
Figure 9: Texas Wind and Hail Average RCV



Texas Wind and Hail effect on pricing

In addition to the significant jump in assignment volume during Q2 2024, the Dallas/Fort Worth and Sherman areas of Texas experienced substantial increases in roof replacement costs as would be predicted by the principle of supply and demand. The per square cost of removing and replacing a 25 square laminated shingle roof saw significant jumps, with Dallas/Fort Worth reporting a 7.5% increase and Sherman an even higher 9.7% increase. These localized spikes were largely attributed to rising labor costs in the aftermath of the storms. In contrast, the broader picture showed more modest increases, with Texas as a whole seeing a 1.0% increase in roofing costs, while the United States average rose by just 0.2%.

Figure 10: May to July Change Laminated Shingle Roof Replacement - Labor & Materials



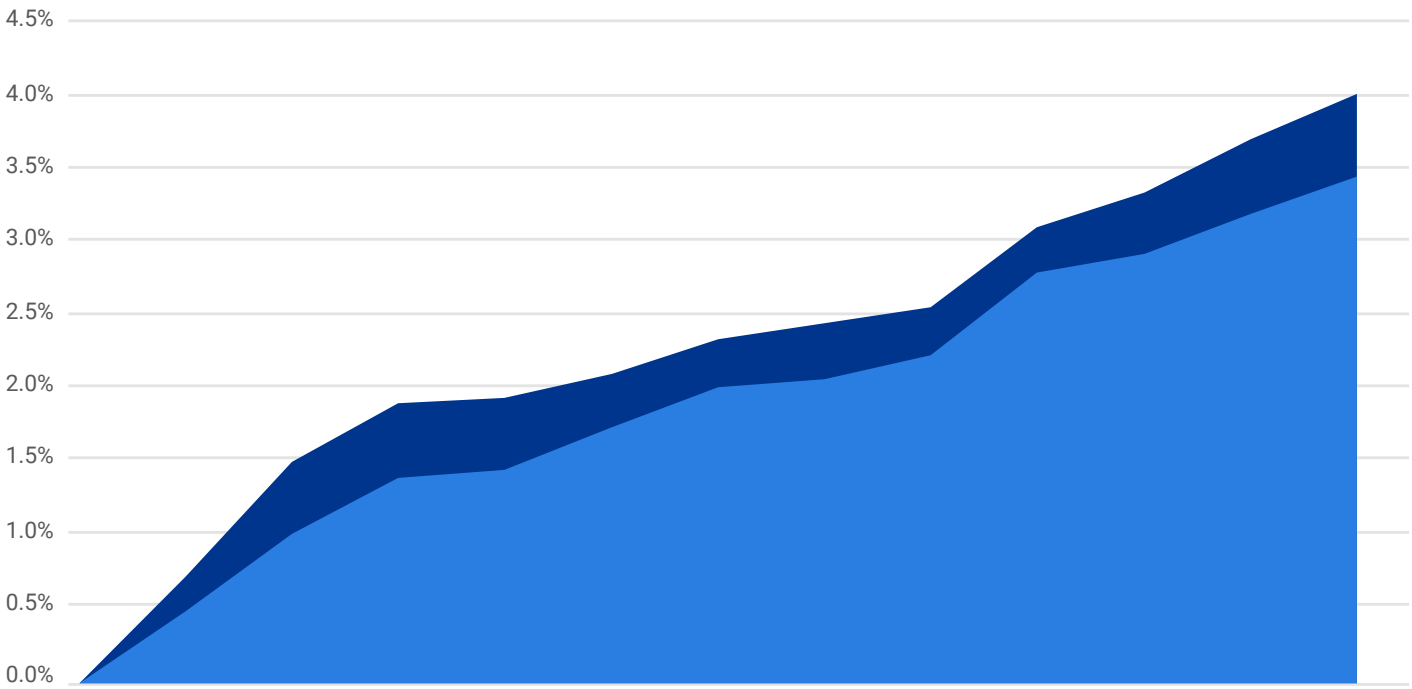
Pricing Data Services

Labor and materials

In Q2 2024, the cost of labor and materials showed varied trends across the U.S. and Canada. U.S. costs increased slightly compared with the previous quarter, with a 0.88% rise (up from 0.75% in Q1). Conversely, Canada saw a deceleration in cost growth, with an increase of 0.65% (down from 0.78% in Q1). The concrete and asphalt category had the most significant impact on these increases this quarter, rising by 4.56% in the U.S. and 2.38% in Canada.

Figure 11: Labor and Materials Cost Increase Trend, U.S. and Canada

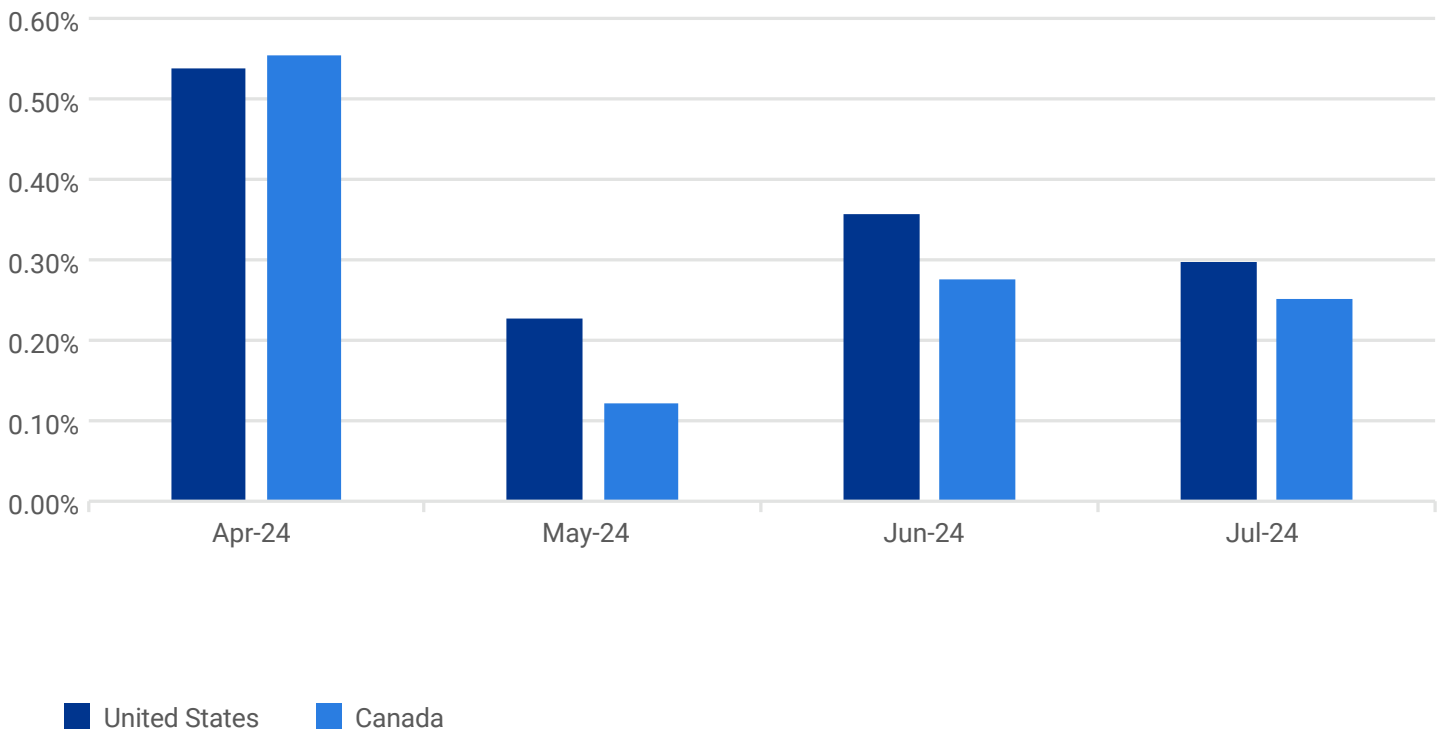
July 2023–July 2024



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
United States	0.0%	0.7%	1.5%	1.9%	2.0%	2.1%	2.4%	2.5%	2.6%	3.1%	3.4%	3.7%	4.0%
Canada	0.0%	0.5%	1.0%	1.4%	1.5%	1.8%	2.0%	2.1%	2.3%	2.8%	2.9%	3.2%	3.5%

Regional variations were notable within both countries. In the U.S., Rhode Island led with the highest quarterly increase at 1.97%, while Washington, D.C., saw the smallest change at just 0.02%. Canada's provincial differences were less pronounced but still significant, with British Columbia showing the largest increase at 1.42% and Manitoba the smallest at 0.38%. Despite these fluctuations, the overall trend indicates a slowing of cost increases in the latter part of the quarter, primarily attributed to stabilizing material costs.

Figure 12: Q2 2024 Monthly Cost Change for Labor and Materials

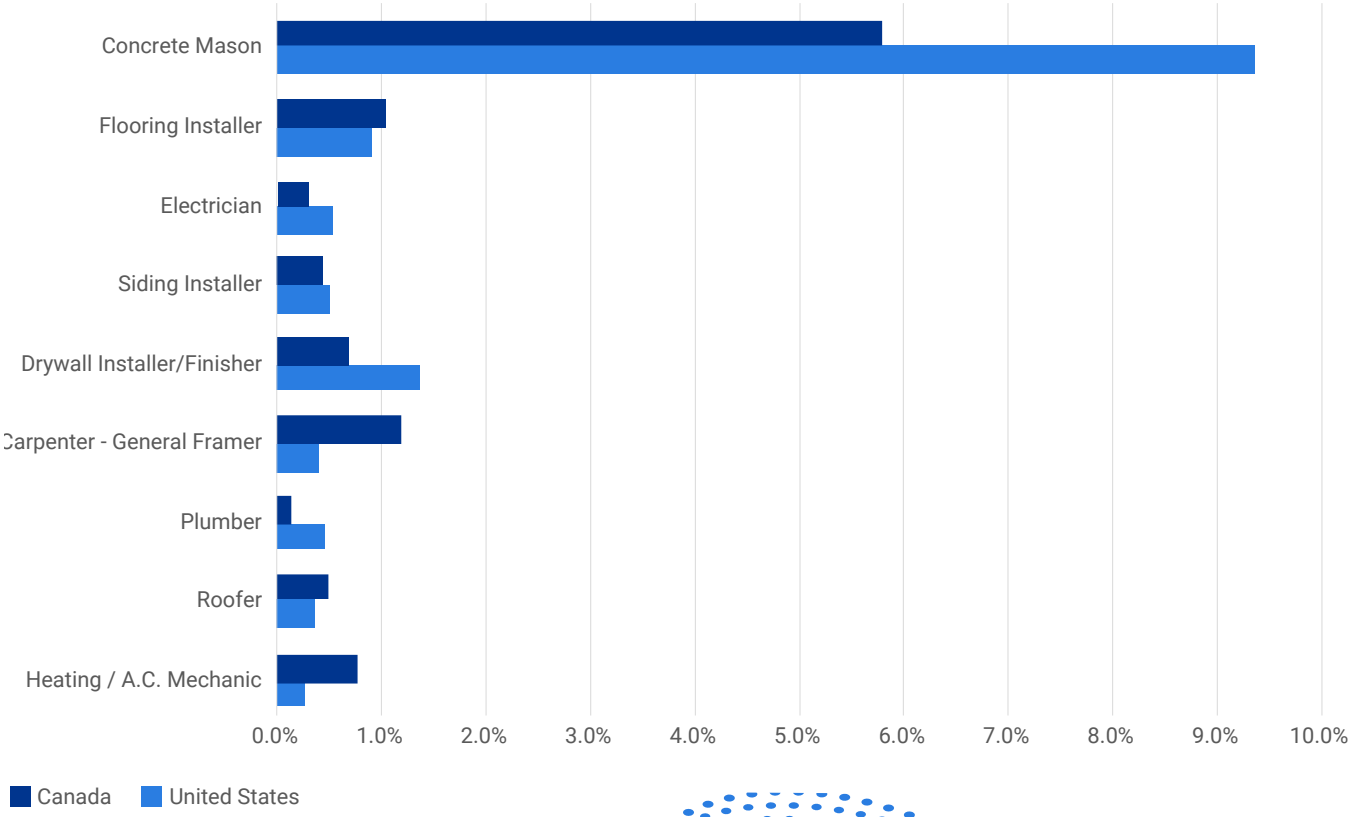


Labor costs

Q2 2024 saw significant increases in labor costs across the U.S. and Canada, with concrete masons experiencing the most substantial rises. U.S. concrete mason costs surged by **9.36%**, while in Canada, they increased by 5.79%. This dramatic increase had a notable impact on overall labor cost trends. When excluding concrete masons, the quarterly increases were more modest: 0.81% in the U.S. and 0.90% in Canada, compared with the overall increases of 1.36% and 1.20% respectively. Similarly, the annual changes, when adjusted to exclude concrete masons, were 3.28% in the U.S. and 3.81% in Canada, lower than the unadjusted figures of 4.3% and 4.2%.

Figure 13: Q2 2024 Cost Increases by Key Labor Category

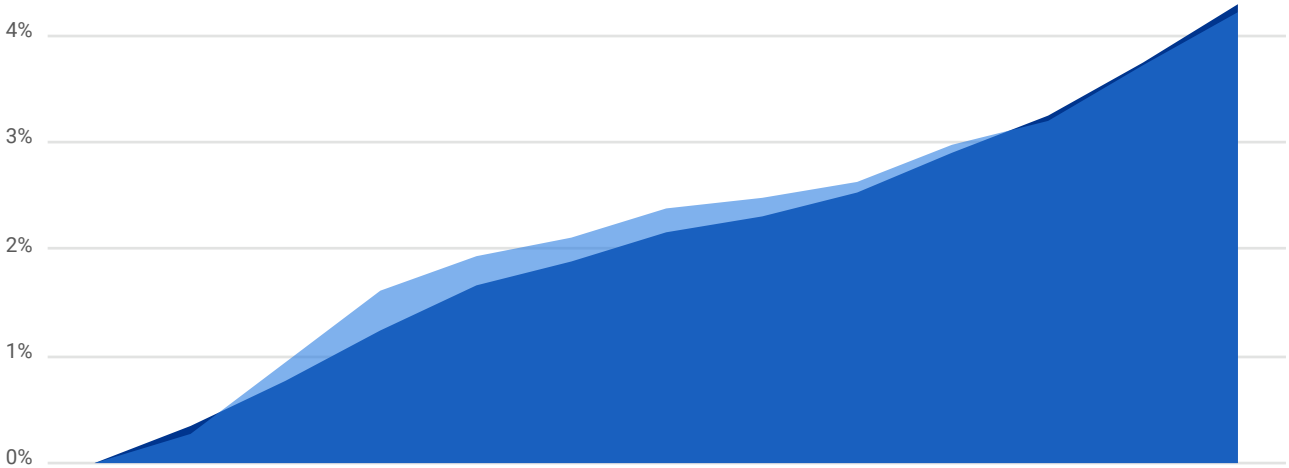
April 2024 - July 2024



Billable labor costs showed monthly increases during the quarter, with the U.S. experiencing its largest spike of 0.55% in July, while Canada saw a 0.50% increase in June. These figures represent a significant acceleration from the previous quarter, when the largest monthly increases were 0.38% in the U.S. and 0.34% in Canada. The average monthly changes also rose considerably, from 0.25% to 0.43% in the U.S. and from 0.21% to 0.38% in Canada. This upward trend could be due to increased demand stemming from heightened building activity during the summer months.

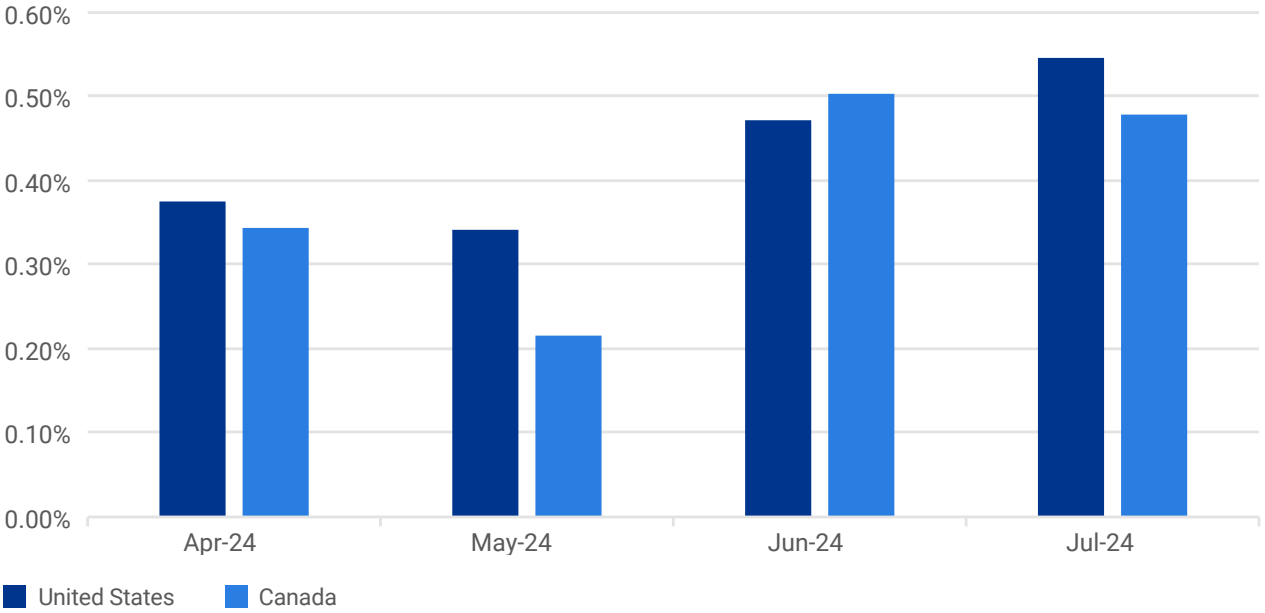
Figure 14: 12-month Cost Increases for Labor

July 2023 - July 2024



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
United States Change	0.0 %	0.3 %	0.8 %	1.2 %	1.7 %	1.9 %	2.2 %	2.3 %	2.5 %	2.9 %	3.3 %	3.7 %	4.3 %
Canada Change	0.0 %	0.3 %	0.9 %	1.6 %	1.9 %	2.1 %	2.4 %	2.5 %	2.6 %	3.0 %	3.2 %	3.7 %	4.2 %

FIgure 15: Q2 2024 Cost Increases by Month for Labor



Labor costs by trade

Q2 2024 saw significant variations in labor cost increases across different trades in the United States and Canada. In the U.S., concrete masons emerged as the clear leader in cost increases, ranking first in **34 out of 50** states. While painters experienced the second-highest cost increase nationally, they ranked as the top increase in only three states.

Canada presented a different picture. Concrete masons, while still showing significant increases, did not dominate to the same extent as in the U.S. They ranked as the top cost increase in four provinces, while the cost of tile and cultured marble installers had the top cost increase in just one province.

Figure 16:Top 10 Trades by Retail Labor % Change

April 2024–July 2024 – United States

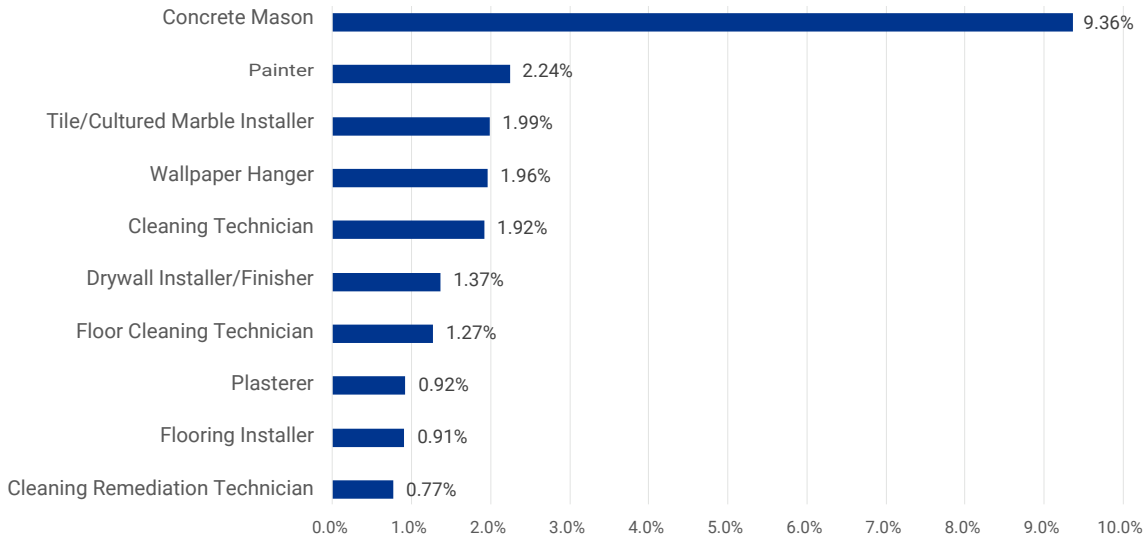
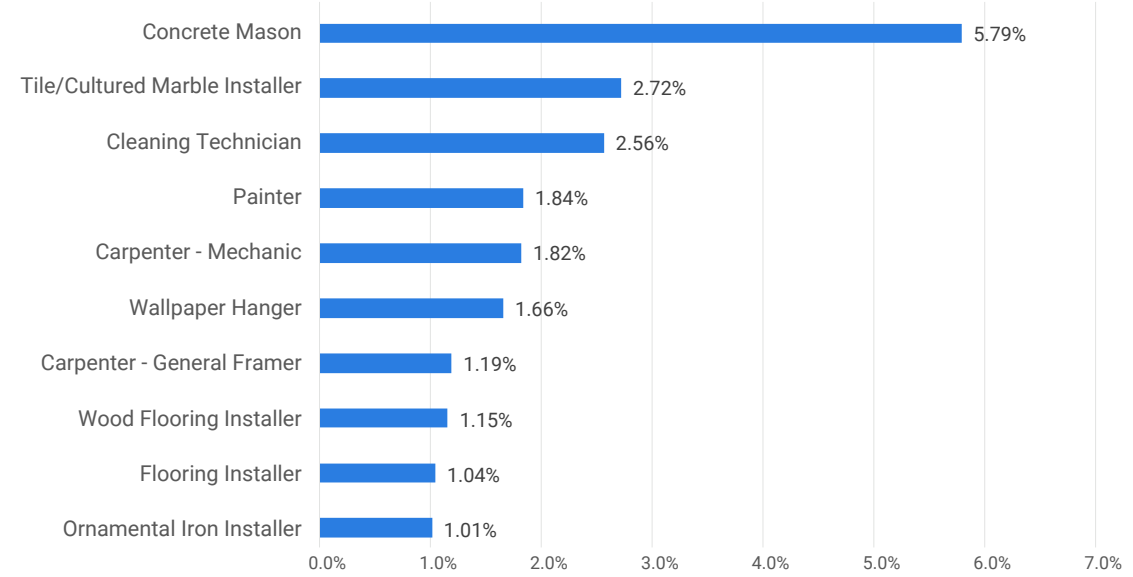


Figure 17: Top 10 Trades by Retail Labor % Change

April 2024–July 2024 – Canada



Materials

The second quarter of 2024 saw significant fluctuations in material costs across various categories in both the U.S. and Canada. Paint material continued its upward trend, showing the largest 12-month increase in both countries, including a 4.77% jump in the U.S. This marks a shift from the previous quarter in Canada, when interior trim material dominated with a 9.24% increase.

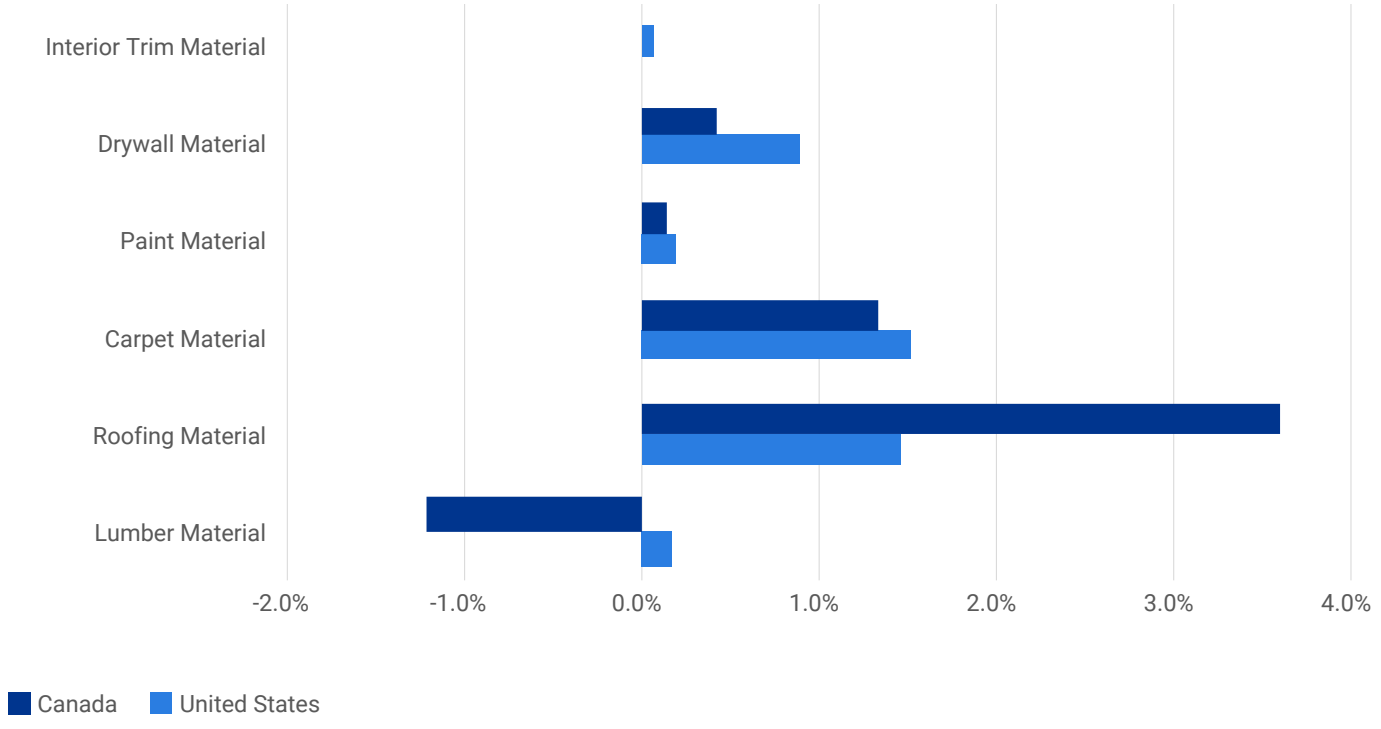
Roofing materials in Canada saw a notable quarterly increase of 3.60%, the largest among commonly used materials in both countries, driven primarily by rising composition shingle costs. This marks the most substantial quarterly increase for roofing materials in Canada since October 2022, when the cost spiked 8.60%.

In the U.S., carpet material led the quarterly increases at 1.52%, its highest since October 2022, despite a modest annual increase of only 2.05%.

Overall, material costs are accelerating compared with 2023. The first seven months of 2024 already surpassed the entire previous year's increases in the U.S., which saw a 1.75% increase from January to July 2024, compared with 1.20% for all of 2023. Canada is following a similar trajectory, with a 1.21% increase in the same period, approaching 2023's total increase of 1.36%. If this trend continues, 2024 could see material cost increases of 3.00% in the U.S. and 2.07% in Canada, more than doubling the previous year's figures. However, it's worth noting that lumber material costs had a major role in 2023's figures, decreasing 13.44% in the U.S and 6.13% in Canada, and achieving more stability in 2024 as costs appear to be moderating this quarter after a significant spike in April.

Figure 18: Q2 2024 Cost Increases by Key Material Category

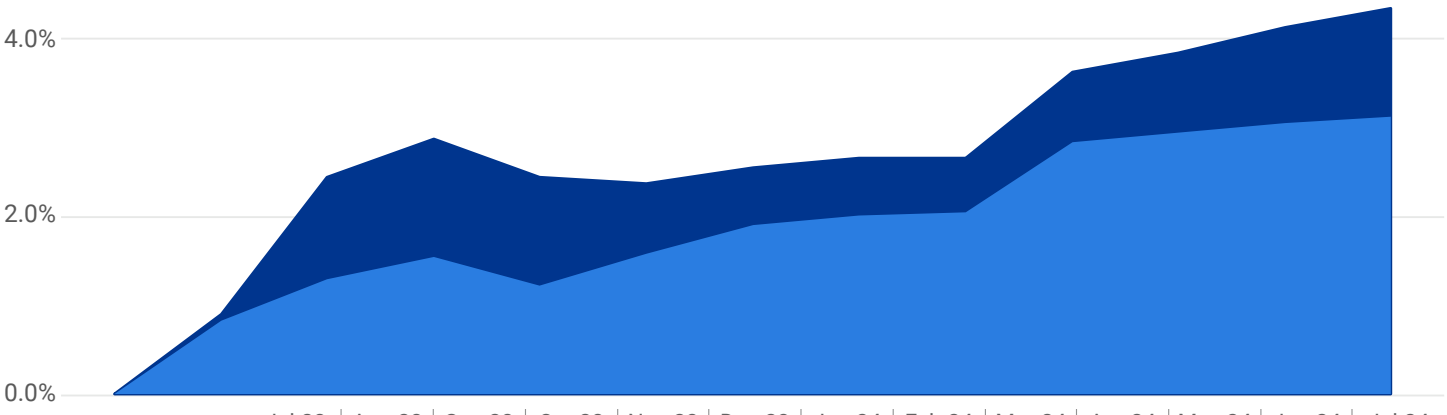
April 2024–July 2024



*Lumber Materials for Canada increased 0%

Figure 19: 12-month Material Composite Index

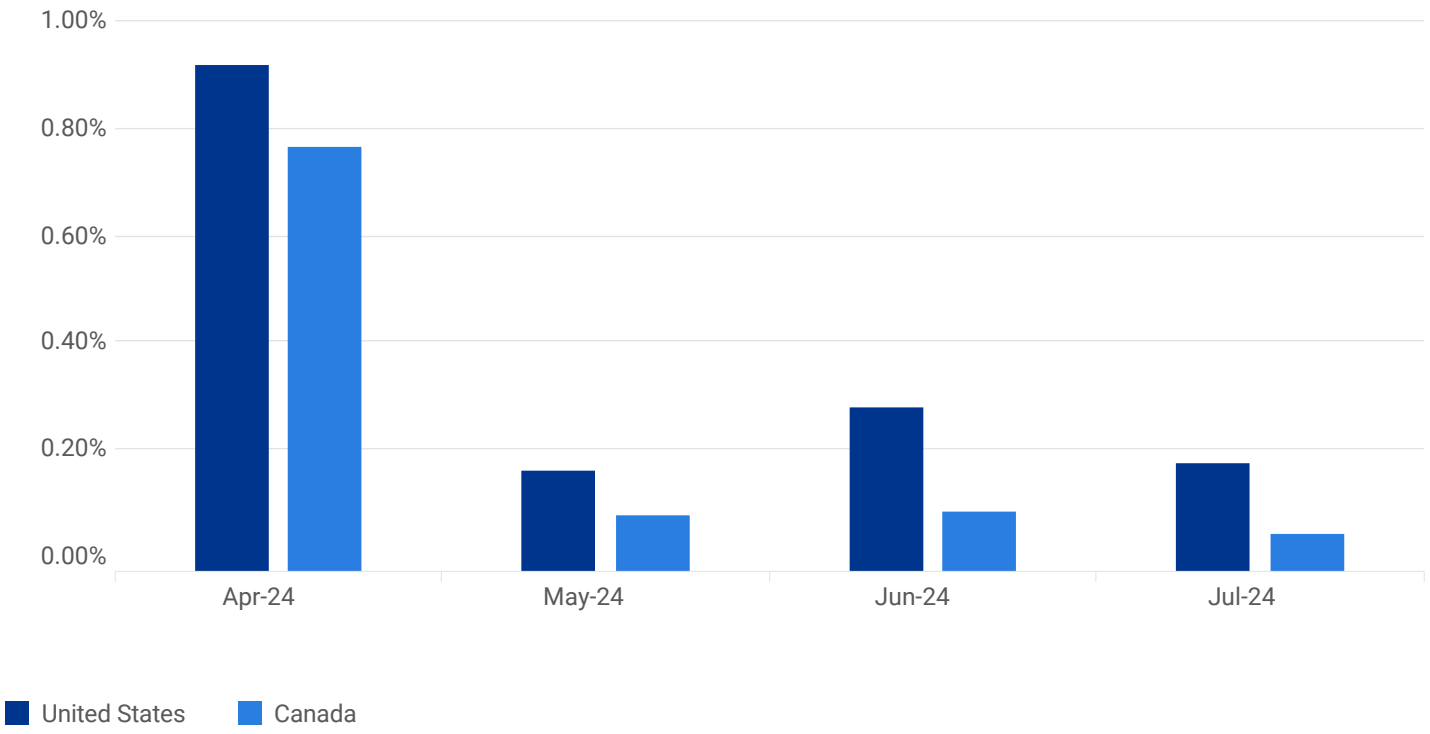
July 2023–July 2024



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
United States Change	0.00%	0.90%	2.45%	2.87%	2.44%	2.38%	2.56%	2.65%	2.67%	3.64%	3.83%	4.15%	4.35%
Canada Change	0.00%	0.81%	1.29%	1.53%	1.20%	1.58%	1.88%	2.02%	2.03%	2.83%	2.94%	3.05%	3.12%

Figure 20: Q2 2024 Materials Cost Increases by Month

April 2024–July 2024

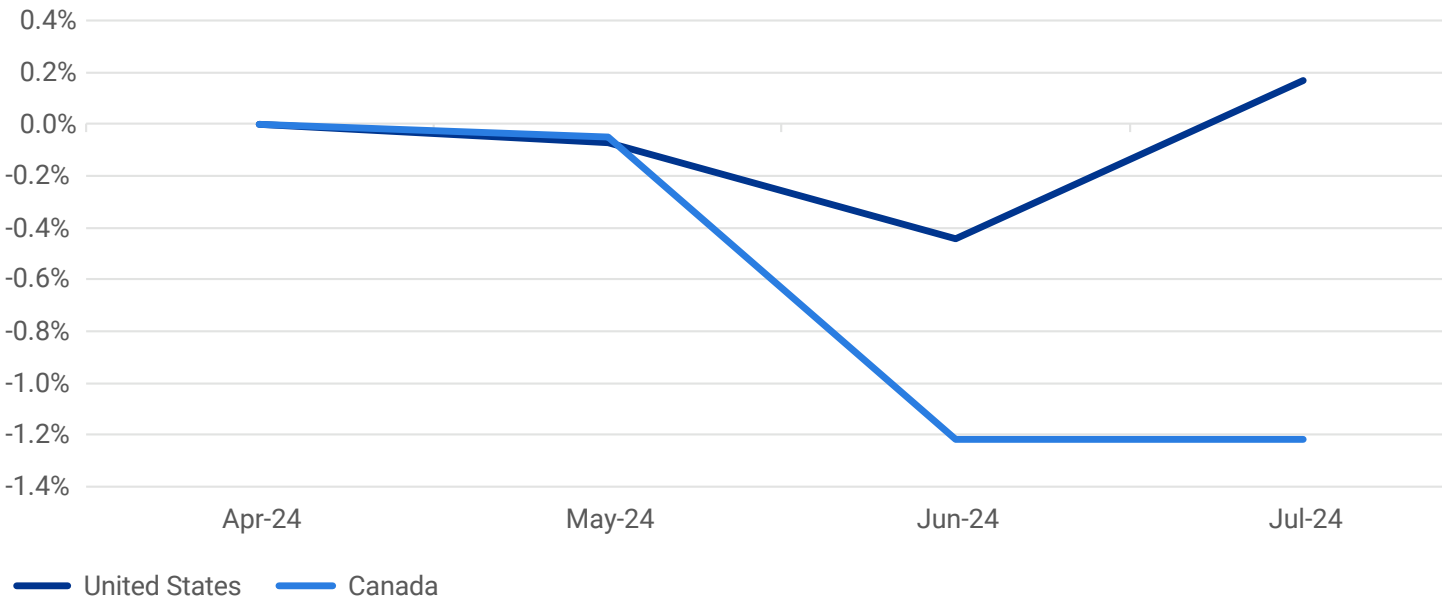


Lumber costs

In Q2 2024, lumber prices demonstrated volatility, with the U.S. seeing a 12-month increase of 2.12%, a stark reversal from the 6.36% decrease reported in the previous quarter. Conversely, Canada experienced a 1.22% decrease in lumber material costs, primarily due to a 2.06% drop in sheathing prices and a 0.79% decline in dimensional lumber from April to July 2024.

Figure 21: Q2 2024 Composite Lumber Material Costs (U.S. and Canada)

April 2024 - July 2024



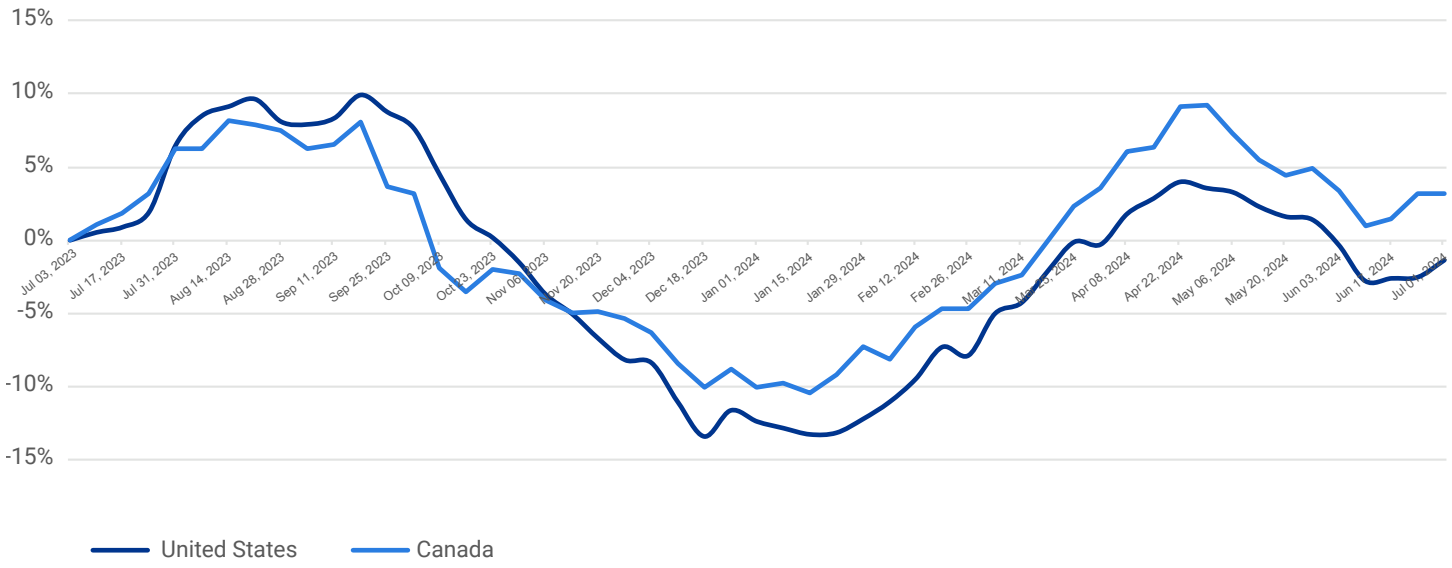
Fuel costs

Despite an overall quarterly decrease in fuel costs of **1.08%** in the United States and 0.36% in Canada, recent trends indicate a potential reversal, with prices rising by 1.46% and 2.14% respectively in the most recent period. Significant regional variations persist across both countries. In the U.S., the Gulf Coast region boasted the lowest fuel costs, averaging $3.07 per gallon on July 1, 2024, while the West Coast faces the highest prices at $4.24 per gallon—a substantial $1.17 difference.

Canada exhibited similar disparities, with British Columbia experiencing the highest average fuel costs at 201.7 cents/litre on July 1, in stark contrast to Manitoba's lower average rate of 141.4 cents/litre.

Figure 22: Average Weekly Retail Fuel Price Changes

April 2023–April 2024



Conclusion

In Q2 2024, property insurance claims and pricing data revealed several notable trends:

- Claim assignment volume in 2024 leveled off when compared to the same time period for 2023.
- Wind and hail losses dominated, accounting for approximately 57% of all assignments, reflecting typical Q2 seasonal weather patterns.
- Average claim severity appeared to be about $83 more than Q2 2023, but this figure is expected to increase as larger, more complex claims mature over the next 2–3 months.
- Texas experienced a substantial 45% increase in Wind and Hail assignments compared with Q2 2023, affecting both catastrophe and non-catastrophe claims equally.
- Labor costs rose across the board, with concrete masons seeing the most significant increases: 9.36% in the U.S. and 5.79% in Canada.
- Material costs accelerated compared with 2023, with the U.S. already surpassing the entire previous year's increases in the first seven months of 2024 (1.75% vs 1.20% for all of 2023).
- Fuel costs showed a mixed trend, decreasing overall for the quarter (1.08% in the U.S. and 0.36% in Canada) but rising in the most recent period, suggesting a potential reversal of the downward trend.

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.

360Value Quarterly Reconstruction Cost Analysis

The 360Value® Quarterly Reconstruction Cost Analysis report gives an overview of current reconstruction cost trends at the national and state levels for the United States.

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