Quarterly Property Report January–March 2025

Verisk Property Estimating Solutions

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

What's inside

Executive Summary

Claims volume continued to decline in the first quarter of 2025, reaching a five-year low despite significant weather events in several regions. This continues a downward trend that began with a 15% decrease from 2023 through 2024, followed by a 7% reduction this year.

However, while overall claim volume decreased, **the national average replacement cost value jumped 46% compared to the same time last year**. This dramatic increase was significantly skewed by the California wildfires; the Palisades and Eaton fires alone generated approximately 48,000 claims totaling roughly $10 billion, with an average estimate of $337,000 per claim.

Key material and labor trends include:

- Total reconstruction costs nationwide rose 5.2% year-over-year
- In California, reconstruction costs increased 1.67% on average (January to April), but the fire-ravaged Pacific Palisades region saw a much steeper 4.24% increase
- Labor costs continue to outpace material costs, and concrete masons continue to experience the highest increases
- Fuel costs provided some relief, rising only 3.63% in the U.S. and 3.58% in Canada this quarter

The market faces additional challenges from recent policy changes. New tariffs are affecting key construction materials, while shifting immigration policies are impacting an industry where 26% of the workforce comes from immigrant communities. Combined with reconstruction demands from recent catastrophes, these factors signal continued cost pressures through 2025.

Return to Table of Contents

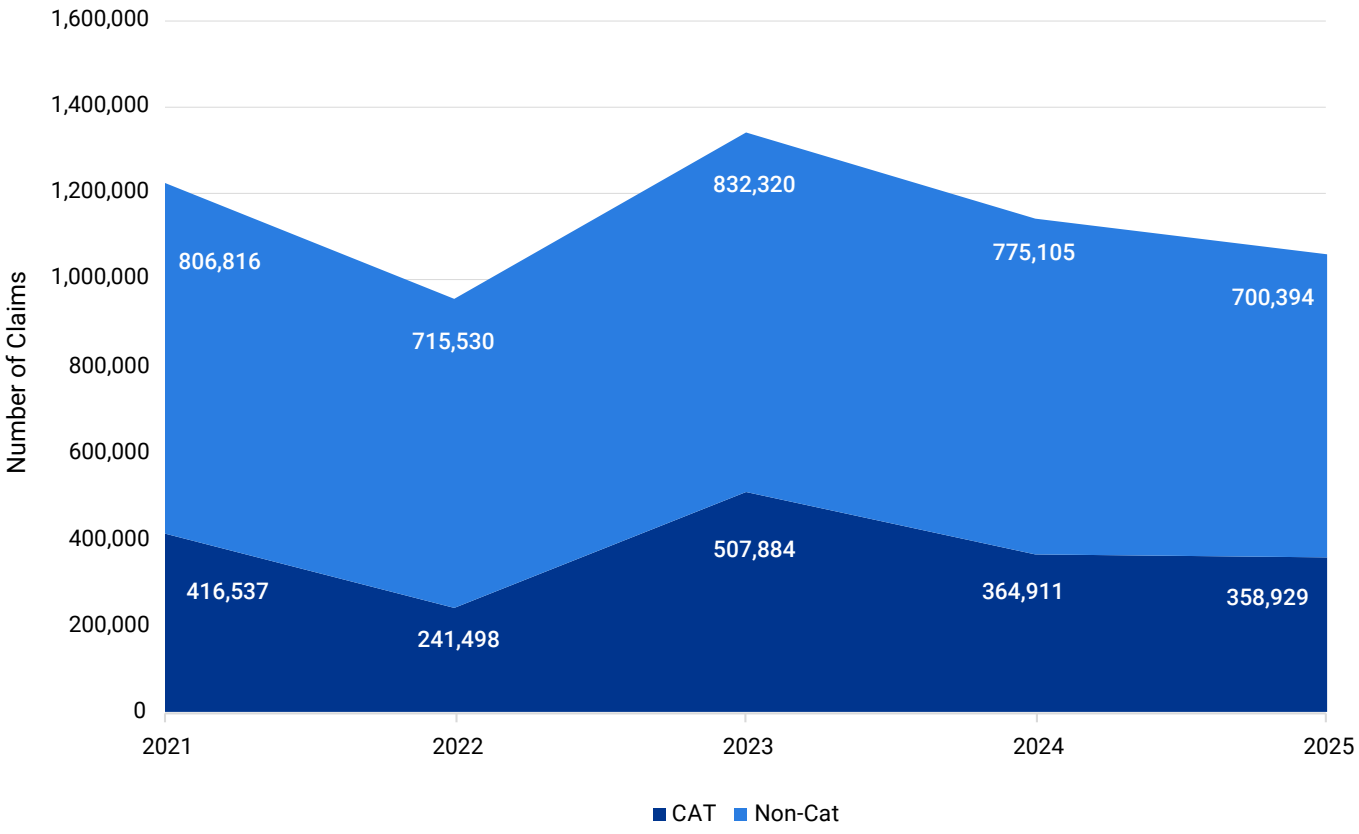
Claims Trends

Volume

The first quarter continued the downward trend in claims we've tracked since 2023. This quarter ended with our lowest non-CAT claims count in five years. Catastrophe claims also stayed quiet, giving us the second-lowest total assignment volume since before the pandemic.

Overall claims dropped about 7% from last year, which already saw a 15% reduction from 2023. Last year's decrease came mostly from fewer catastrophe claims (down 28%), while this year, non-catastrophe claims dropped and catastrophe claims held steady.

Q1 Total Assignments by Year (2021–2025)



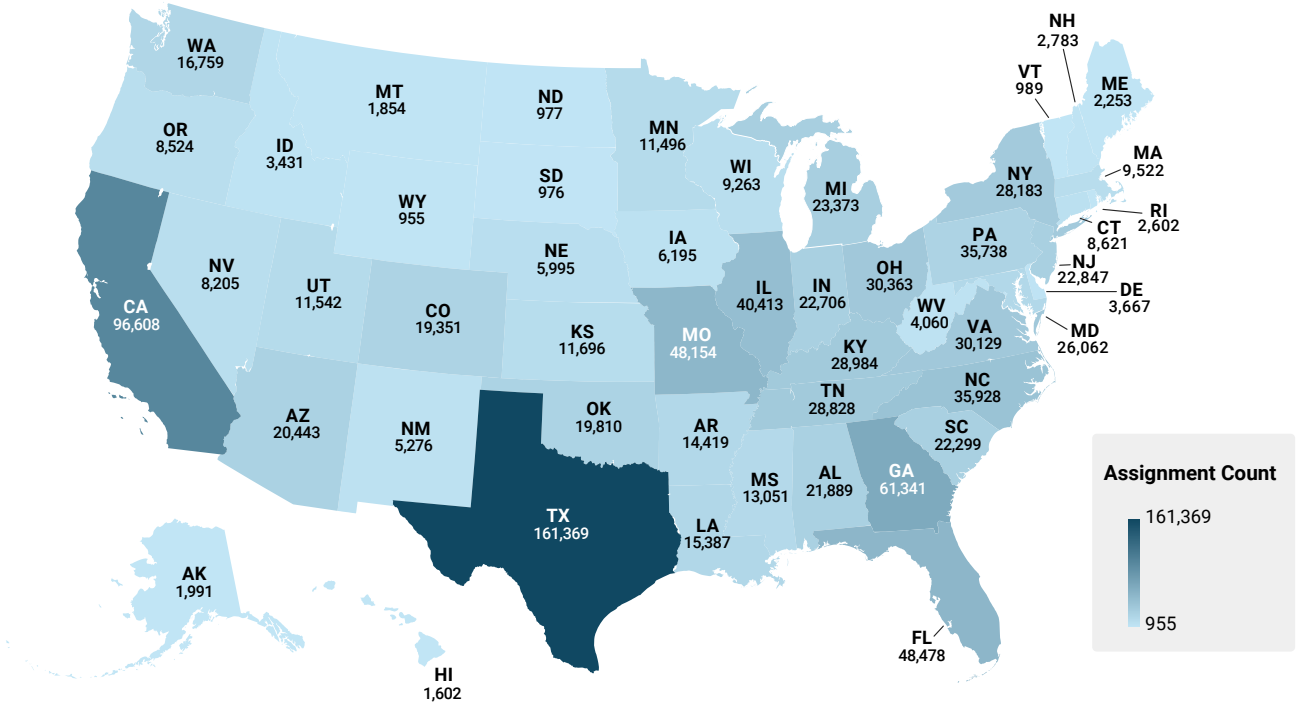
Return to Table of Contents

Regional impact analysis

Texas led the country in claim volume for Q1, driven by significant wind and hail events. These events made up 95% of all Q1 CAT claims and 72% of all claims in the state. California ranked second, with non-CAT water claims accounting for 29% of its Q1 claims and CAT fire, wind, and smoke claims from wind-driven wildfires making up 33%.

Most non-CAT water claims in Claifornia came from two winter weather events in early January and early February.

Q1 2025 Assignment Volume by State



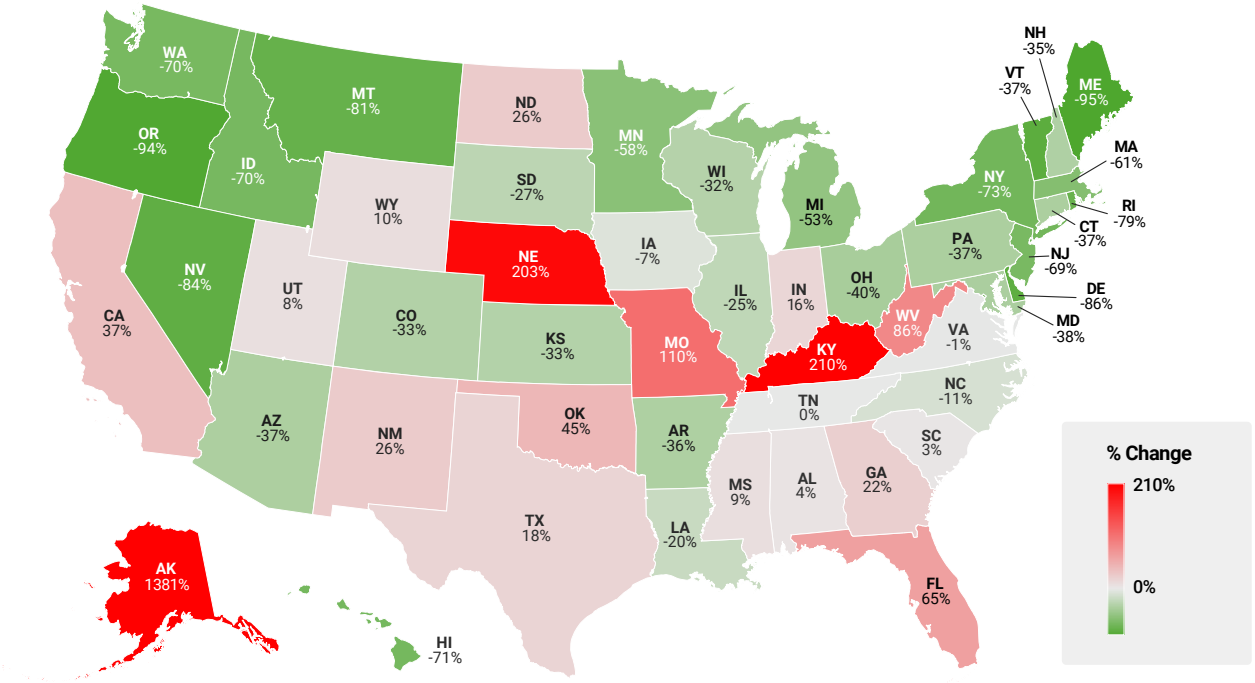
CAT claim count by state

While California and Texas still lead in total claims, they didn't see much change in catastrophe activity compared to last year. Instead, states in "Tornado Alley" saw substantial increases in Q1 tornado activity and resulting claims. The map below shows this pattern. Many states saw significant increases in CAT claims, ranging from 45% in Oklahoma to over 200% in Kentucky and Nebraska between Q1 2024 and Q1 2025. Most of these increases came from wind and hail claims tied to tornadoes.

In contrast, many states—including the entire Pacific Northwest—saw fewer CAT events due to milder winter weather. For example, Washington had a 99% decrease in freeze claims, Oregon had a 98% decrease in ice and snow claims, and Maine had a 98% decrease in wind claims from 2024 to 2025.

Return to Table of Contents

Change in Q1 CAT Claim Count by State (2024-2025)

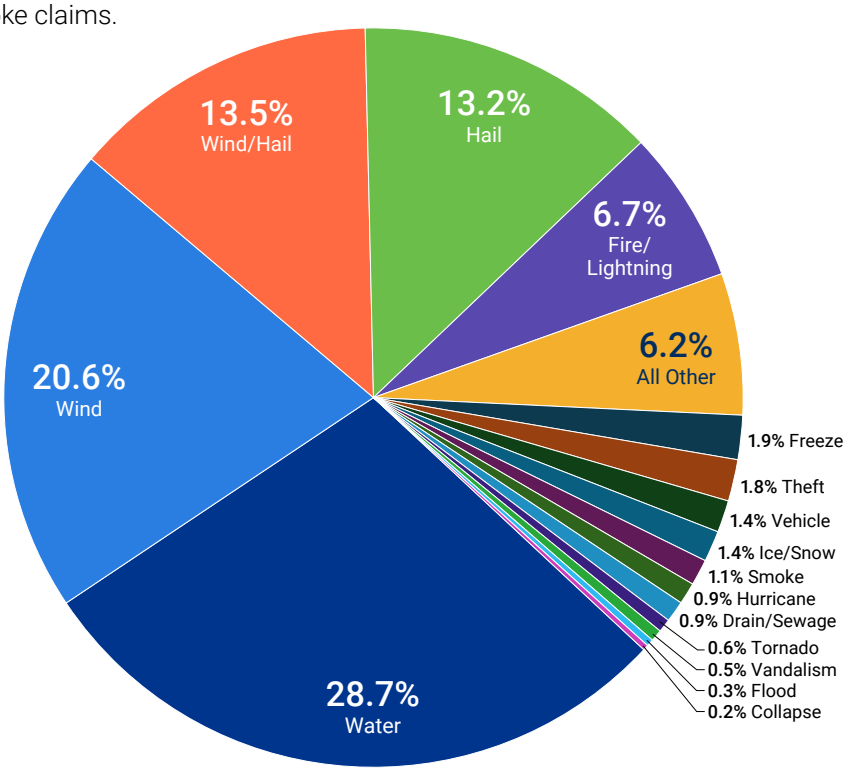


Claims by type of loss

The regional patterns we've seen—more tornadoes in the central states, major fires in California, and milder winters in the Northwest—stand out when we look at claims by type of loss or peril. Interestingly, while fire-related losses increased 40% from 2024 primarily due to California wildfires, the urban nature of these events led to a 300% increase in smoke claims.

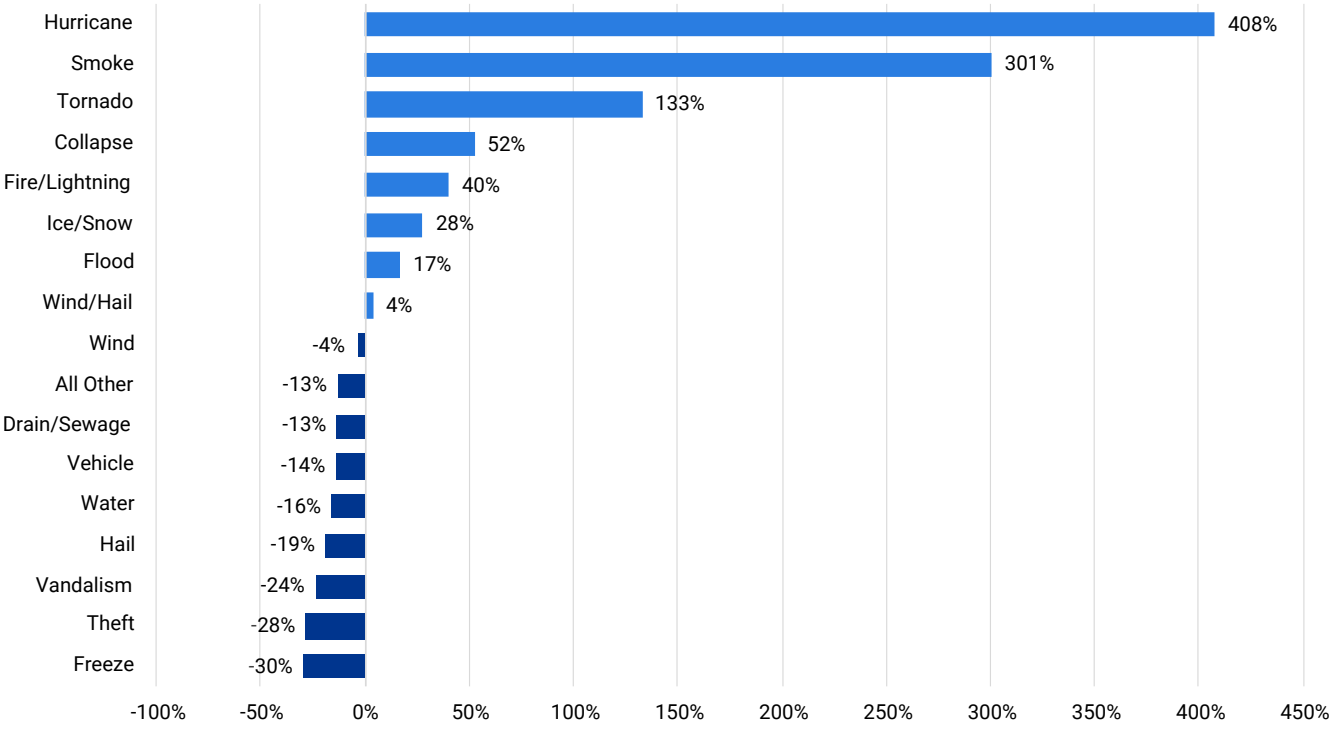
Wind, hail, and wind/hail losses made up 47% of all Q1 claims, a 7% decrease from 2024. This drop came mostly from a 19% decrease in hail claims.

Q1 2025 Claims by Type of Loss



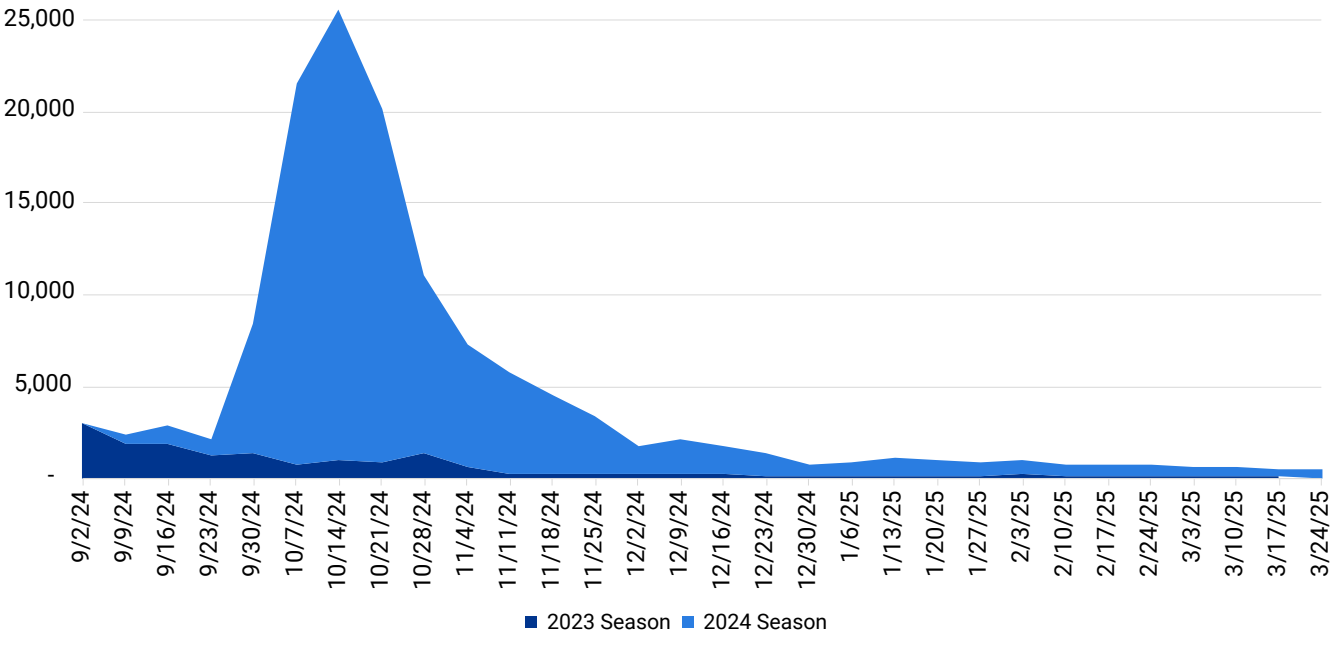
Return to Table of Contents

Change in Q1 Loss Types (2024–2025)



While the 400%+ increase in hurricane claims during Q1 2025 may seem alarming, it's attributable to the later-than-normal conclusion of the 2024 hurricane season, most notably Hurricane Milton, which made landfall in Florida on October 9, 2024. As highlighted in our Q4 2024 report, hurricane claims take time to be received by insurance carriers and to generate estimates due to often hazardous conditions at affected locations.

Hurricane CAT Claim Volumes by Received Date

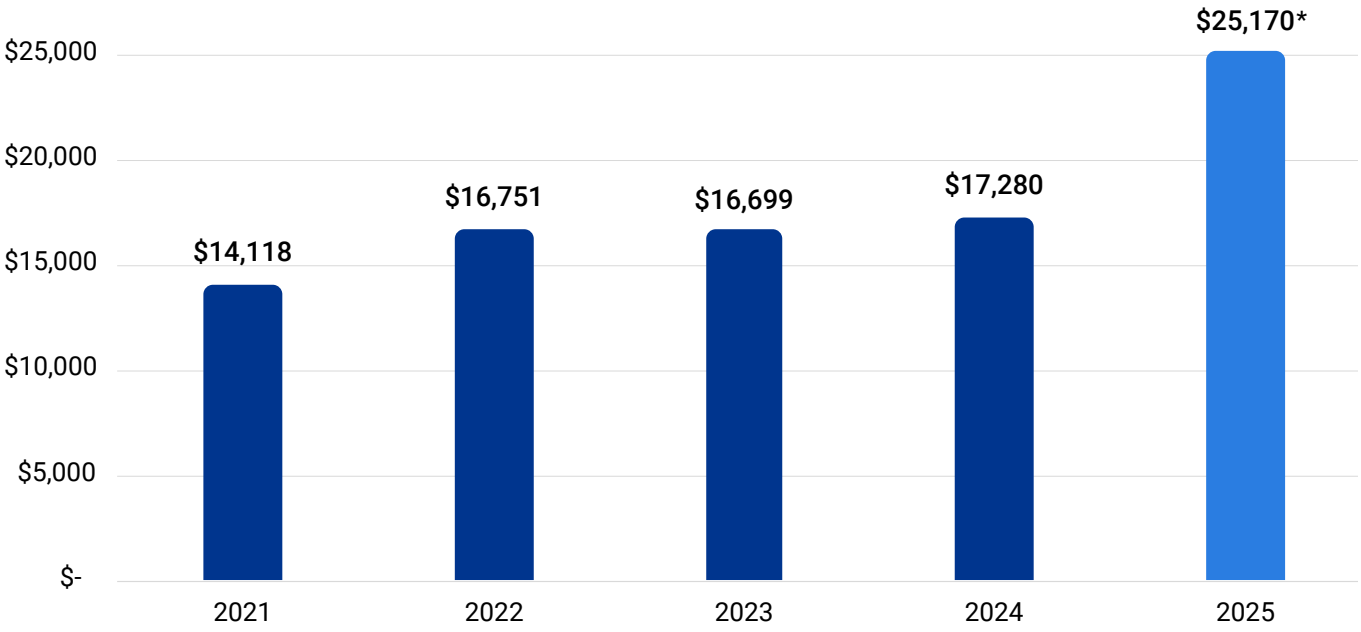


Return to Table of Contents

Severity

Q1 2025 stands out for its severity—average replacement values shot up 46% compared to the same period last year. We know from experience that today's numbers will likely climb even higher in the coming months as the more complex claims work their way through the system. For example, when we released our Q4 2024 report, the average replacement cost value (RCV) was $16,981. Those same claims have now matured to an average of $17,259—a 3.2% increase as larger, more complex claims reached completion. Q4 2024 claims completed in Q1 2025 averaged $25,065, which is 47% higher than claims reported and settled entirely within Q4 2024. If Q1 2025 follows the same pattern, final figures will likely reach about $25,250.

Average Q1 Replacement Cost Value (2021–2025)



*subject to change upon data maturity

Q1 is the only quarter in the past year showing a clear upward trend year-over-year, with just a minor 0.31% decline between 2022 and 2023. Over the five-year period, we've seen an average growth of 15% year-over-year, with 10% average growth over the past decade.

For Q1 2025, this increase is due almost entirely to the California wildfires, which resulted in a significant number of total losses. California experienced a 1,805% increase in RCV from Q1 2024 to 2025. This extreme increase was counterbalanced in the overall Q1 severity figure above by the fact that 33 states (including the District of Columbia) experienced a decrease in severity from Q1 2024 to 2025, with Maine, Delaware, Montana, and Oregon averaging an 80-95% decrease in severity. Finally, to ensure this increase in RCV is correctly being attributed to California wildfires, when viewed by type of loss, average fire RCV leads the next leading type of loss (flood) by 66%.

Return to Table of Contents

Palisades and Eaton fires

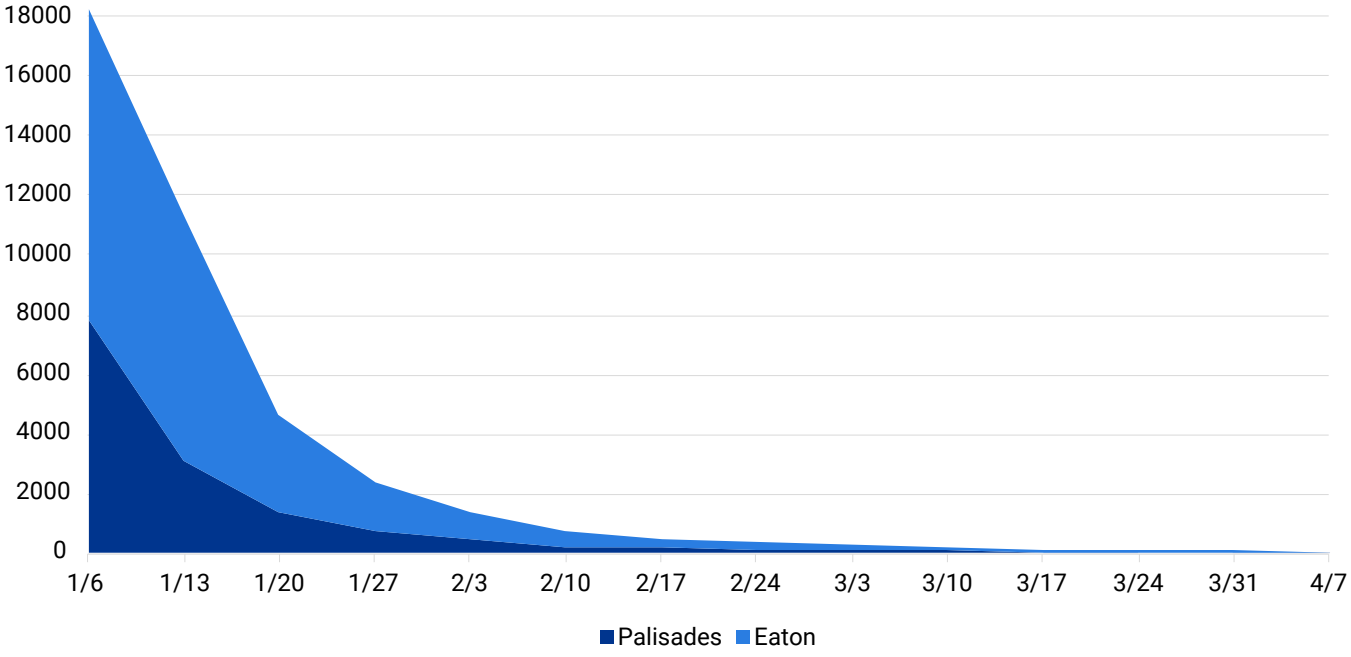
While many fires occurred during the Santa Ana wind-generated events on and around January 7th, such as the Kenneth and Hurst fires, this report focuses on the Palisades and Eaton fires and their affected zip codes due to their substantially larger impact on structures and property claims.

Claims

The Palisades and Eaton fires have become defining events for the industry this quarter. Together, they've triggered nearly 48,000 claims, of which 6% remain outstanding as of the end of Q1, 2025. The financial impact has been staggering: over $10 billion in RCV, with an average estimate of $337,000. Most policyholders acted quickly, with 9 out of 10 claims filed within the first month after the fires. Additionally, 90% of the RCV value was written within five weeks of the initial loss for the Eaton fire and within seven weeks for the Palisades fire.

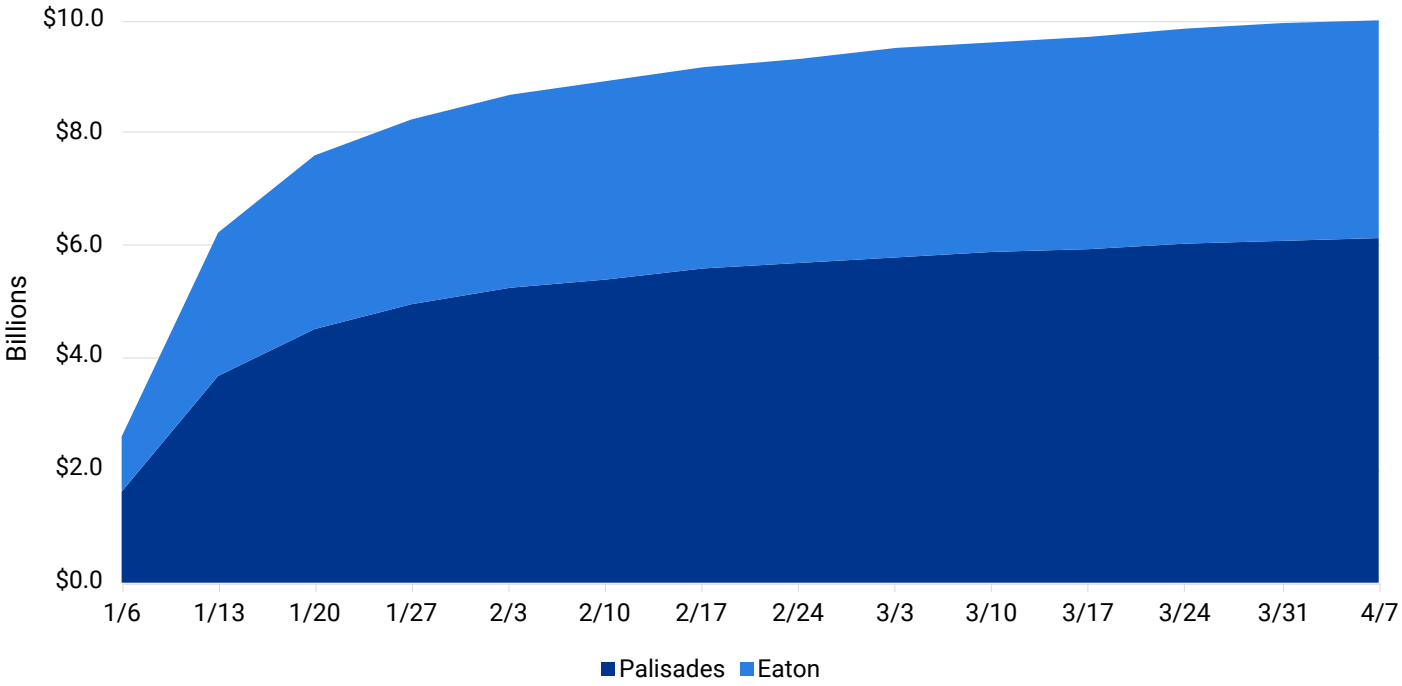
Important note: These figures likely underrepresent the full scope of the disaster. Due to the extensive number of total losses from these fires and many carriers' workflows and best practices, many completely destroyed properties did not result in detailed estimates being written. This means a significant portion of both the volume and value of these events may not be fully captured in these statistics when compared to other catastrophe events.

Recieved California Fire Claims by Week (January–April 2025)



Return to Table of Contents

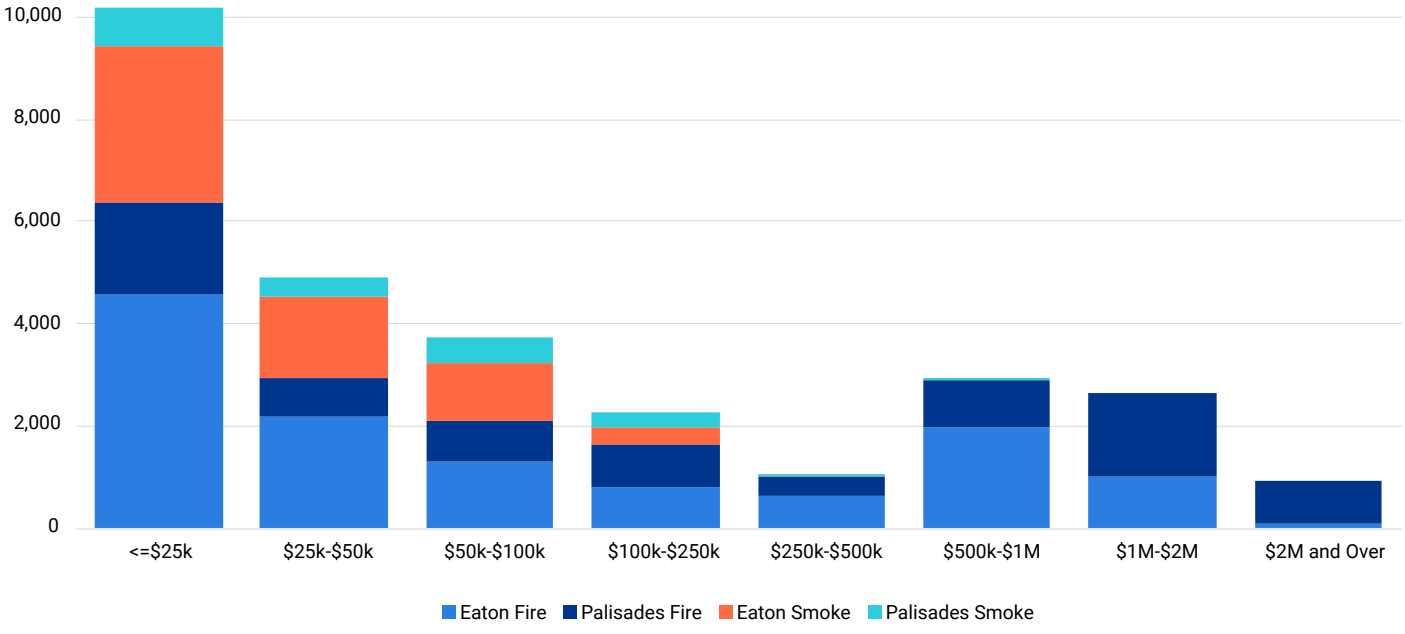
Cumulative RCV of Eaton and Palisades Fires



Severity

The Eaton and Palisades fires stand out from many other CAT events due to their high volume of large losses, with 23% of all losses exceeding $500,000. While fire damage naturally receives significant attention, smoke losses accounted for a substantial 28% of total claims—33% of Eaton claims and 20% of Palisades claims.

Distribution of RCV by Type of Loss



Return to Table of Contents

Top categories

To help identify market and labor trends with the greatest potential impact, the following table highlights the top five estimate item categories for the Palisades and Eaton fires across key factors. Notably, the items most frequently used in estimates (see the Times Used in Estimate column) differ almost entirely from the "big ticket" items in the other dollar value metric columns.

For example, framing costs are currently more affected by materials than labor—a key consideration as tariff discussions continue. In contrast, masonry-intensive categories such as Concrete & Asphalt, Fireplaces, and Masonry are now more impacted by labor than materials. This may be relevant as we monitor policy changes that could influence labor trends.

Distribution of RCV by Type of Loss

Ranking	Times Used in Estimate	Total RCV	Weighted RCV	Weighted Material ($)	Weighted Labor ($)
1.	Cleaning	Framing	Framing	Cabinetry	Interior Lath and Plaster
2.	Demo	Concrete and Asphalt	Interior Lath and Plaster	Framing	Concrete and Asphalt
3.	Insulation	Cabinetry	Concrete and Asphalt	Concrete and Asphalt	Framing
4.	HVAC	Cleaning	Cabinetry	Windows	Fireplaces
5.	Hazardous Material Removal	Landscaping	Fireplaces	Art Restoration	Masonry

Return to Table of Contents

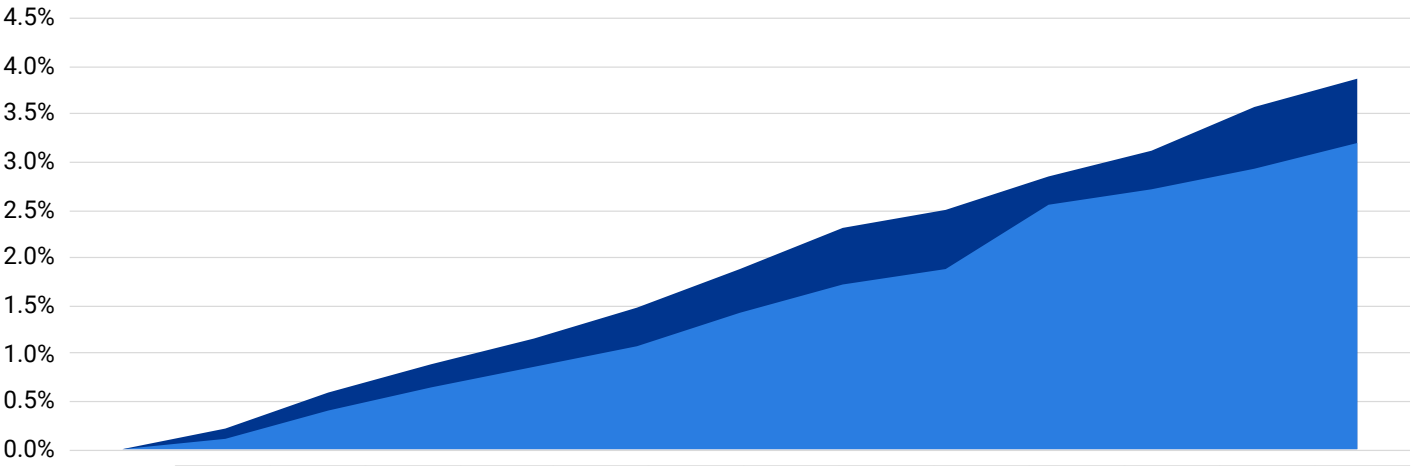
Pricing data services

Labor and materials

Labor and material costs rose 1.00% in the U.S. this quarter, slightly higher than last quarter's 0.93%. In Canada, costs increased by 0.64%, down from last quarter's 1.12%. Canada saw its biggest spike in January (0.64%), mainly due to a .95% jump in lumber material costs.

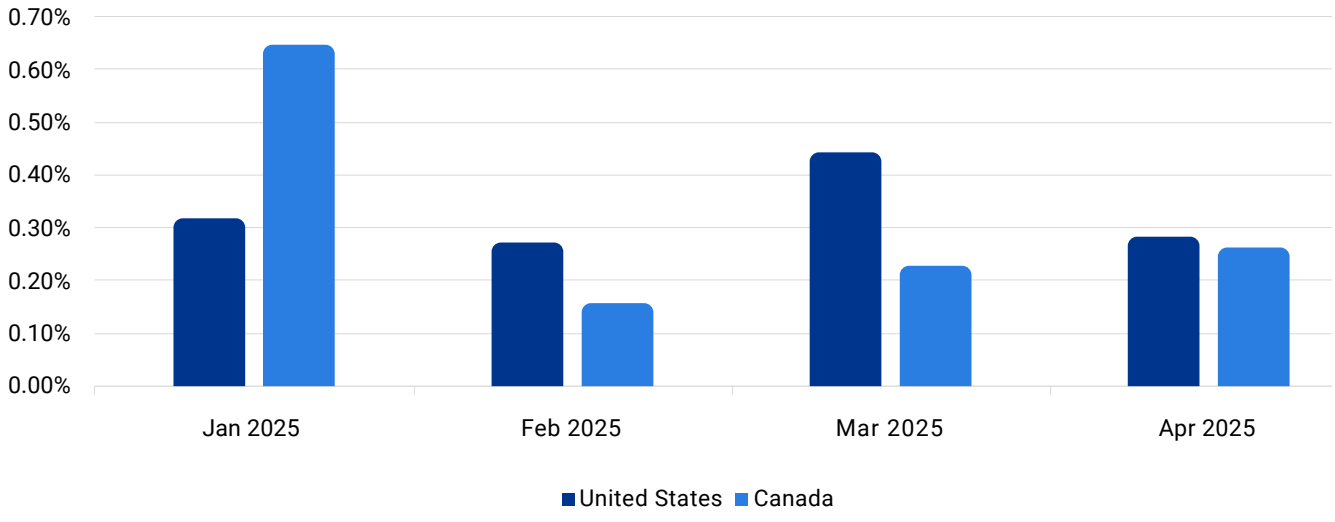
We're closely watching the impact of recent U.S. import tariffs and immigration policy changes. See our analysis on page 24.

Labor and Materials (April 2024–April 2025)



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25
United States	0.0 %	0.2 %	0.6 %	0.9 %	1.2 %	1.5 %	1.9 %	2.3 %	2.5 %	2.8 %	3.1 %	3.6 %	3.9 %
Canada	0.0 %	0.1 %	0.4 %	0.7 %	0.9 %	1.1 %	1.4 %	1.7 %	1.9 %	2.5 %	2.7 %	2.9 %	3.2 %

Monthly Change



Return to Table of Contents

Labor costs

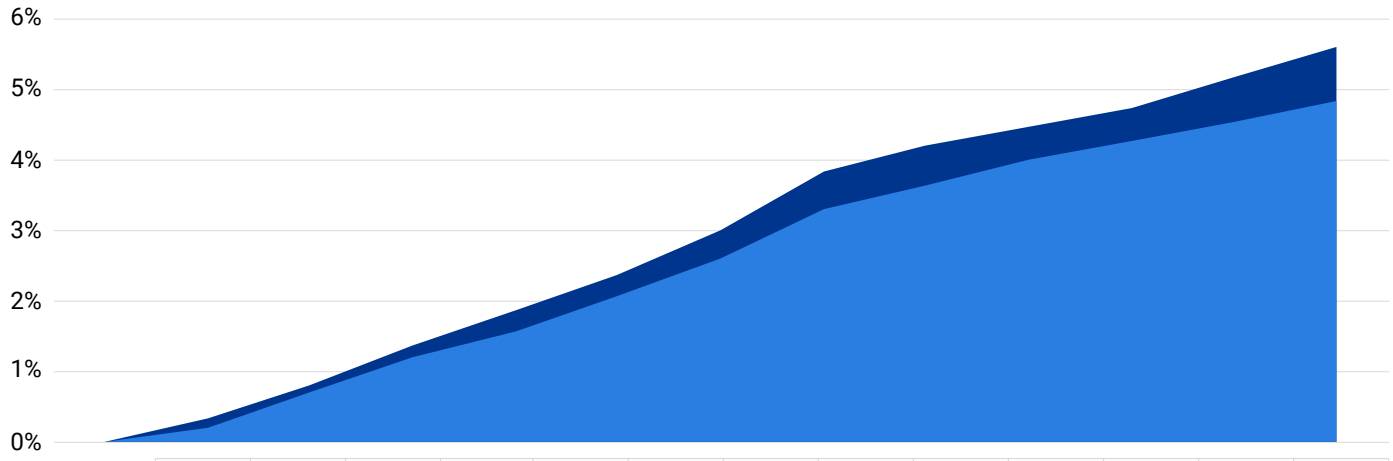
Billable labor costs appear to be slowing this quarter in both the U.S. and Canada. Costs increased 1.06% in the United States and 0.78% in Canada compared to 1.42% in the United States and 1.39% in Canada last quarter.

Since October 2024, billable labor costs have risen 2.50% in the U.S. and 2.18% in Canada. By comparison, from April to October 2024, costs increased 3.02% in the U.S. and 2.60% in Canada.

Combined hourly billable labor costs increased by 5.60% in the United States and 4.84% in Canada from April 2024 to April 2025. This quarter, U.S. labor costs rose 1.06%, down from last quarter's 1.42% increase. In Canada, costs increased 0.78%, compared to 1.39% last quarter.

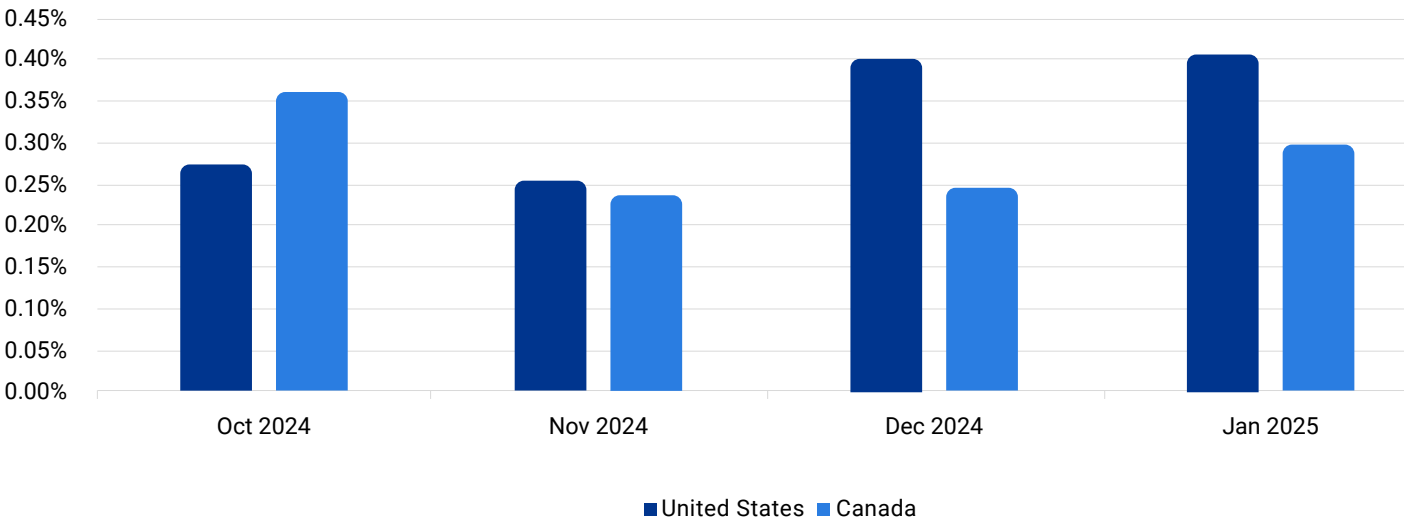
In the U.S., labor costs saw the largest monthly growth in March, rising 0.40%. In Canada, the biggest increase occurred in January, up 0.36%.

Hourly Billable Labor (April 2024–April 2025)



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25
United States	0.00 %	0.34 %	0.81 %	1.36 %	1.87 %	2.39 %	3.02 %	3.85 %	4.20 %	4.49 %	4.75 %	5.17 %	5.60%
Canada	0.00 %	0.21 %	0.72 %	1.20 %	1.58 %	2.09 %	2.60 %	3.31 %	3.65 %	4.03 %	4.27 %	4.53 %	4.84 %

Monthly Change



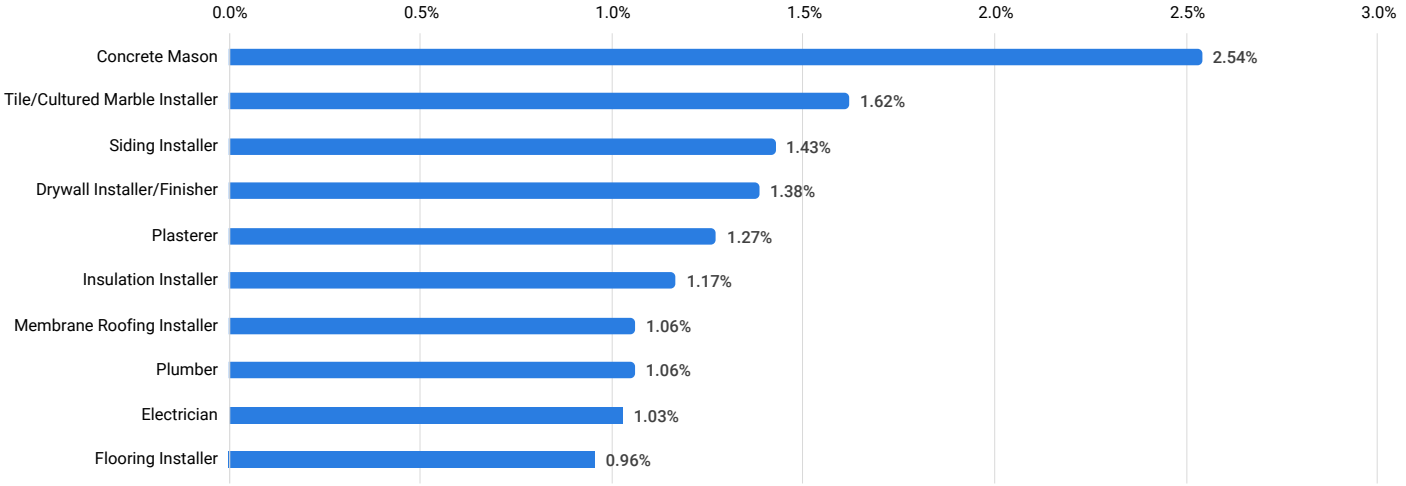
Return to Table of Contents

Labor costs by trade

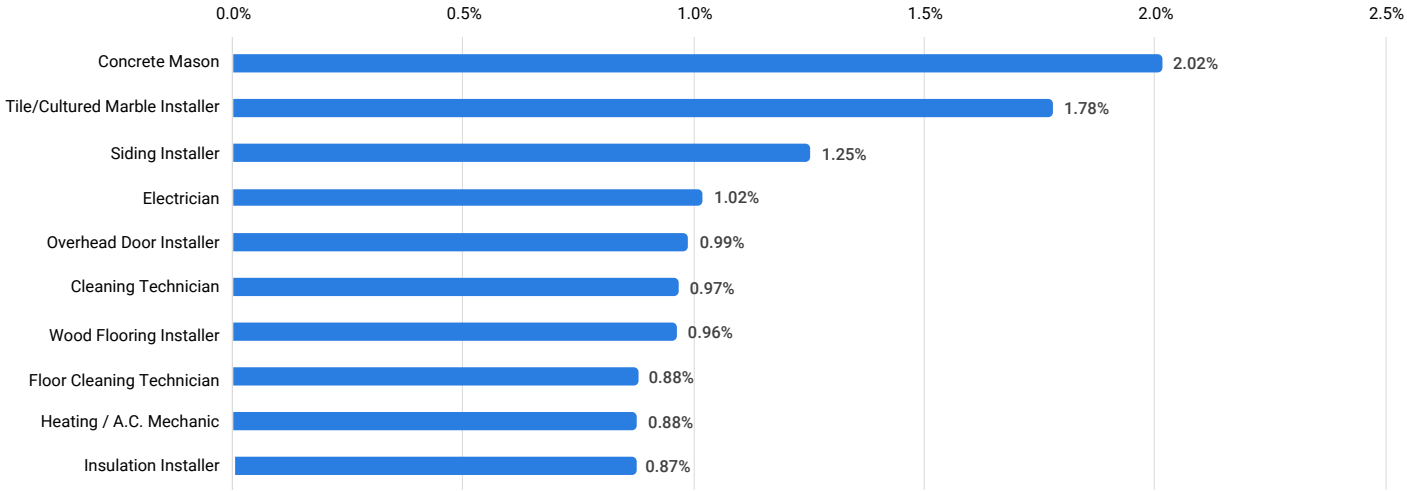
Concrete masons had the largest quarterly increase again, but growth is slowing, especially in Canada. Rates rose 2.54% in the U.S. and 2.02% in Canada, compared to last quarter's increases of 2.74% and 7.79%. Flooring installers in Canada were the only trade to show a decrease, dropping 0.21% this past quarter.

In the U.S., roofers had the lowest quarterly change, rising 0.55%. Roofers also had the lowest 12-month increase in the U.S., up 2.61%. In Canada, electricians saw the lowest 12-month change, increasing 2.31%.

Top 10 Trades by Hourly Billable Labor, U.S. (January 2025 – April 2025)



Top 10 Trades by Hourly Billable Labor, Canada (January 2025 – April 2025)



Return to Table of Contents

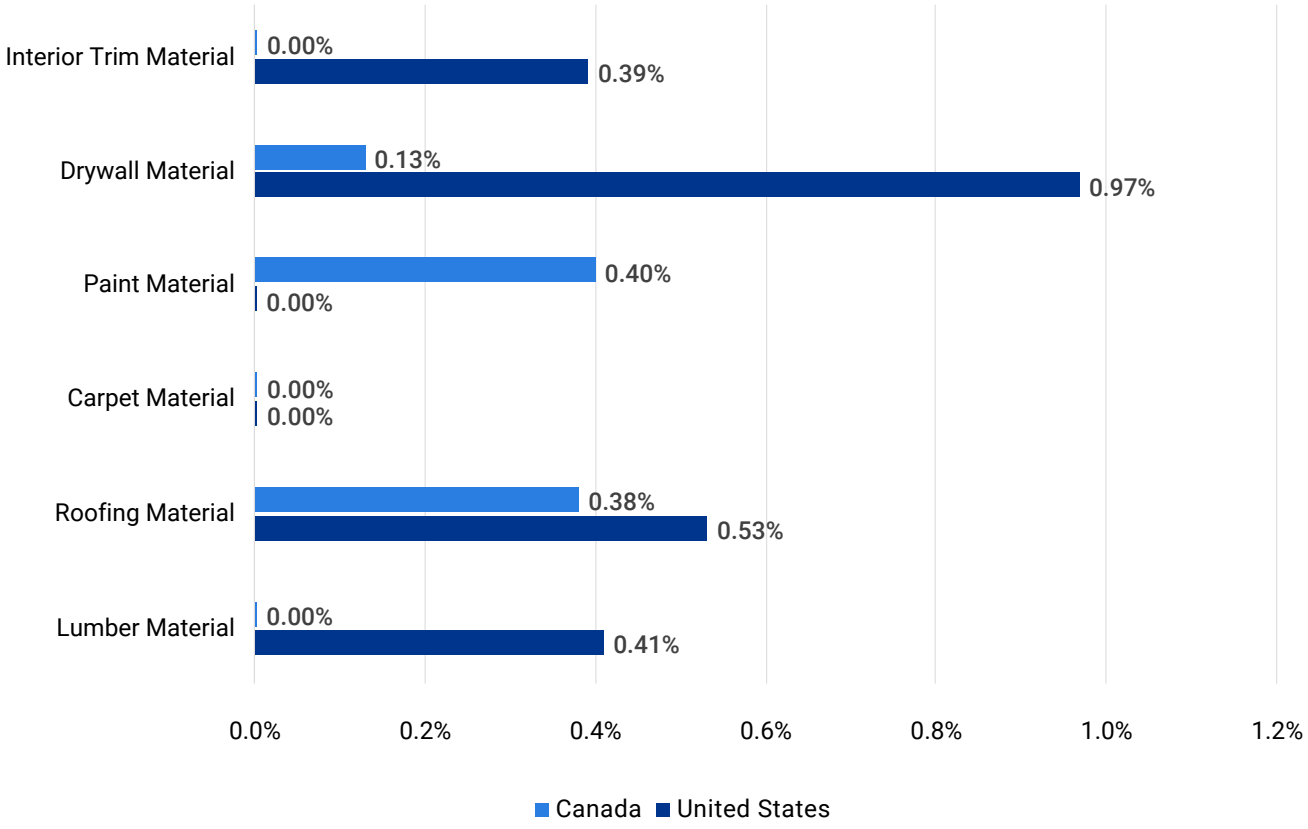
Materials

Material costs rose 2.42% in the United States and 2.18% in Canada from April 2024 to April 2025. The largest monthly increase this quarter in the U.S. was 0.49% in March 2025. In Canada, the biggest jump was 0.95% in January, mainly due to a 4.82% rise in lumber costs.

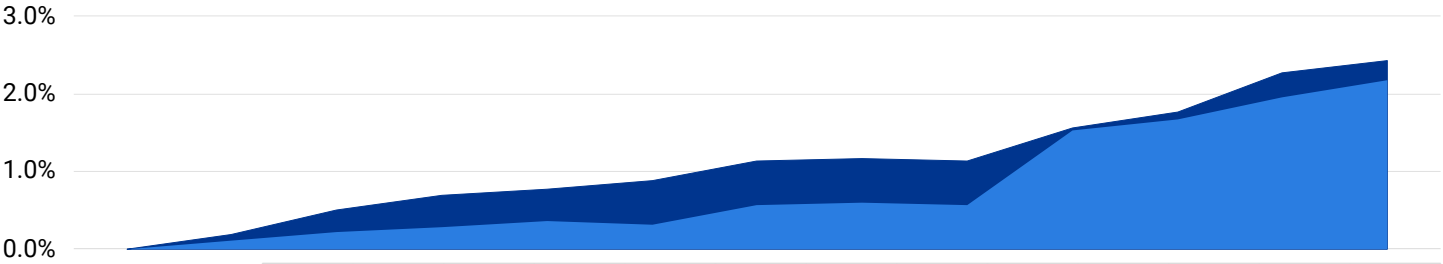
Roofing material saw the largest yearly increase in both countries, up 2.83% in the U.S. and 4.01% in Canada. Over the past quarter, drywall had the biggest increase in the U.S., rising 0.97%, while paint material led in Canada, up 0.40%.

Carpet material costs stayed flat in both the U.S. and Canada. Interior trim material costs did not change in Canada this past quarter, while they increased 0.39% in the U.S.

Key Materials Categories (January 2025 – April 2025)

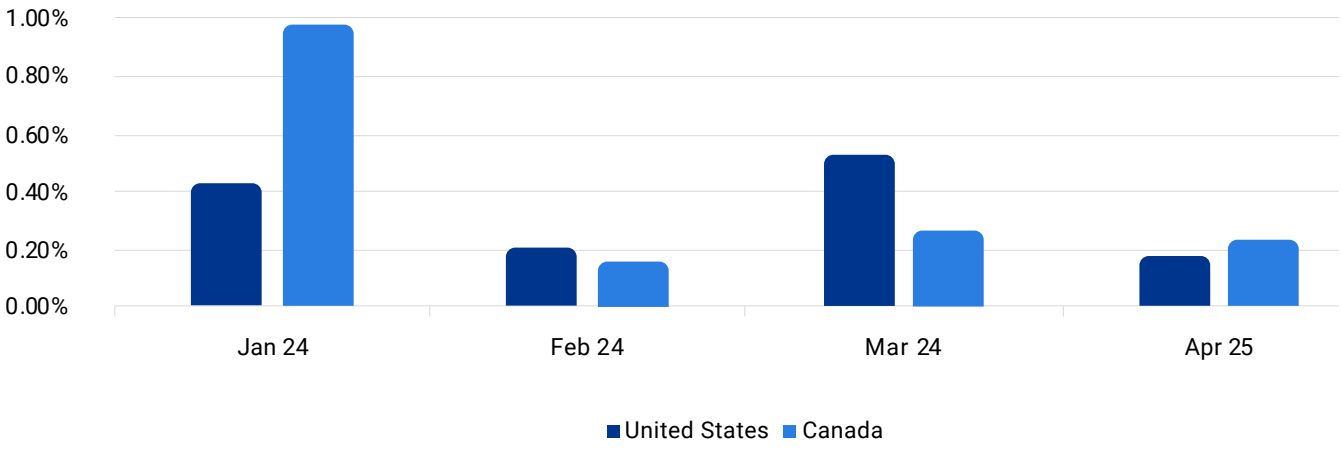


Material Composite Index (April 2024 - April 2025)



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25
United States Change	0.00%	0.19%	0.49%	0.69%	0.77%	0.89%	1.13%	1.17%	1.13%	1.56%	1.76%	2.26%	2.42%
Canada Change	0.00%	0.10%	0.21%	0.27%	0.35%	0.30%	0.57%	0.59%	0.56%	1.52%	1.67%	1.95%	2.18%

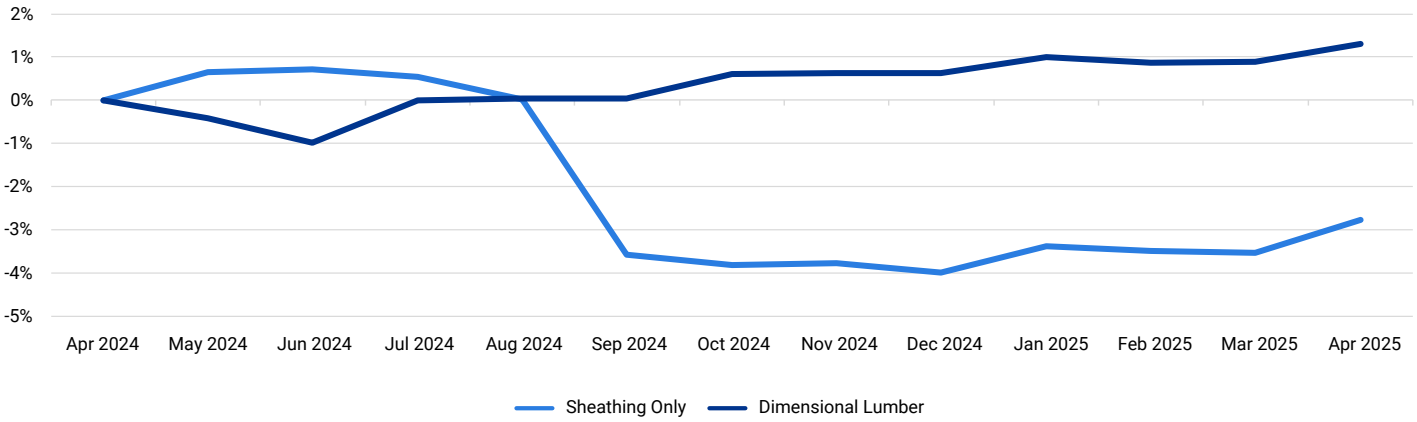
Monthly Change



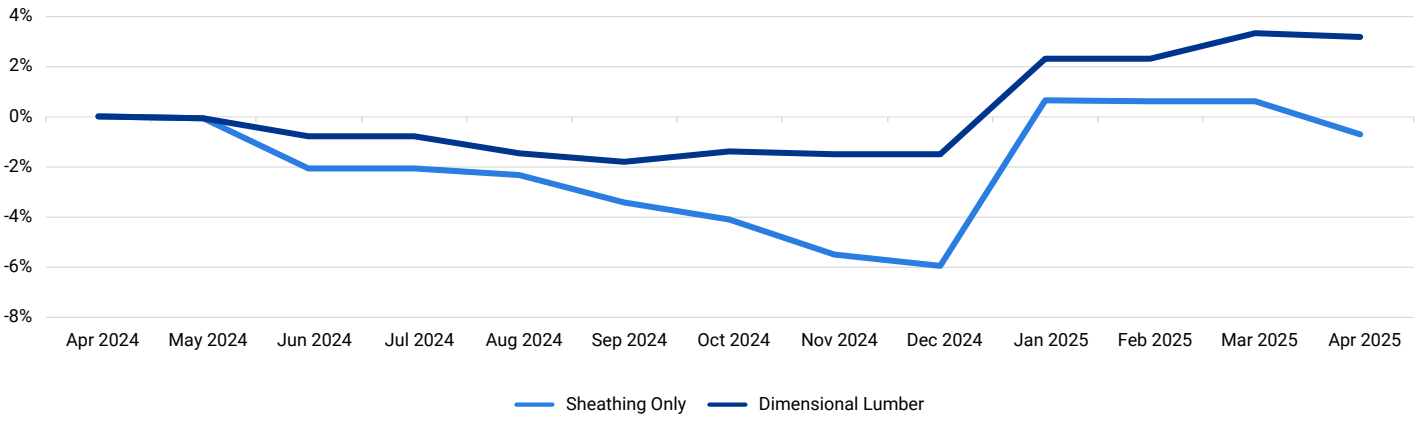
Lumber components showed divergent trends over the past year. While overall lumber material costs remained relatively stable since January 2024 in the U.S. with a modest 0.70% increase, a closer analysis reveals varied performance between components. Sheathing materials decreased 2.77% in the U.S. and 0.70% in Canada over the past 12 months, while dimensional lumber increased 1.31% in the U.S. and 3.17% in Canada during the same period.

The quarterly view shows different patterns emerging. Over the past three months, sheathing materials increased 0.63% in the U.S. while decreasing 1.34% in Canada. Dimensional lumber showed more modest movement, with a 0.31% increase in the U.S. and 0.82% increase in Canada this quarter. These component-level variations help explain why Canadian lumber costs overall experienced slightly higher movement, increasing 1.84% since January 2024.

Lumber In The Rough Trend, United States



Lumber In The Rough Trend, Canada



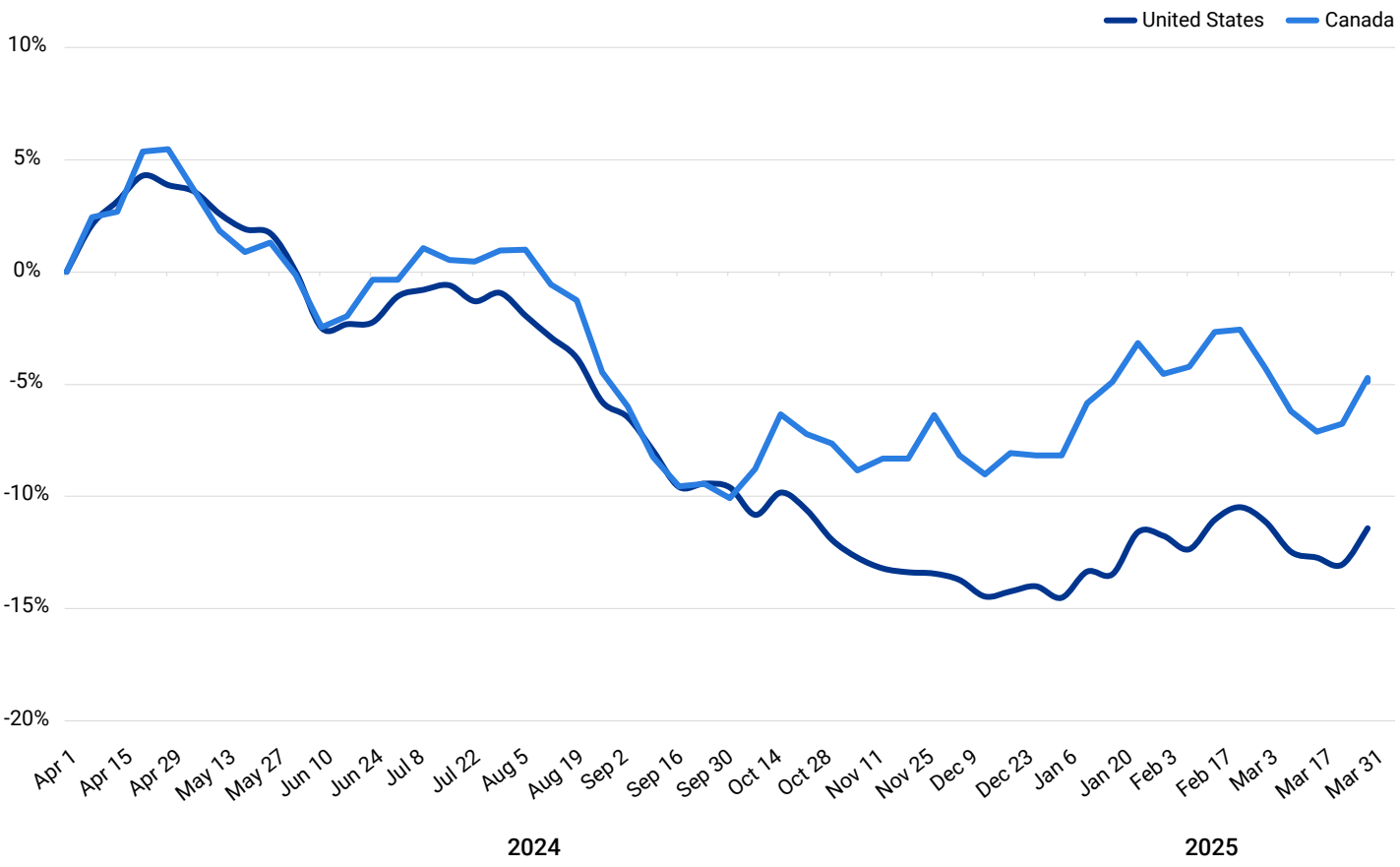
Return to Table of Contents

Fuel costs

Fuel costs increased 3.63% in the United States and increased 3.58% in Canada this quarter. Last quarter, fuel costs decreased 2.84% in the U.S. and increased 3.21% in Canada.

As of the start of Q2, Mississippi has the lowest average gas price at $2.74 per gallon, while Hawaii has the highest at $5.52 per gallon followed by California at $4.98 per gallon. Manitoba has the lowest fuel costs currently in Canada at 132.9 cents per litre, while British Columbia has the highest at 160.4 cents per litre.

Average Retail Fuel Price



Return to Table of Contents

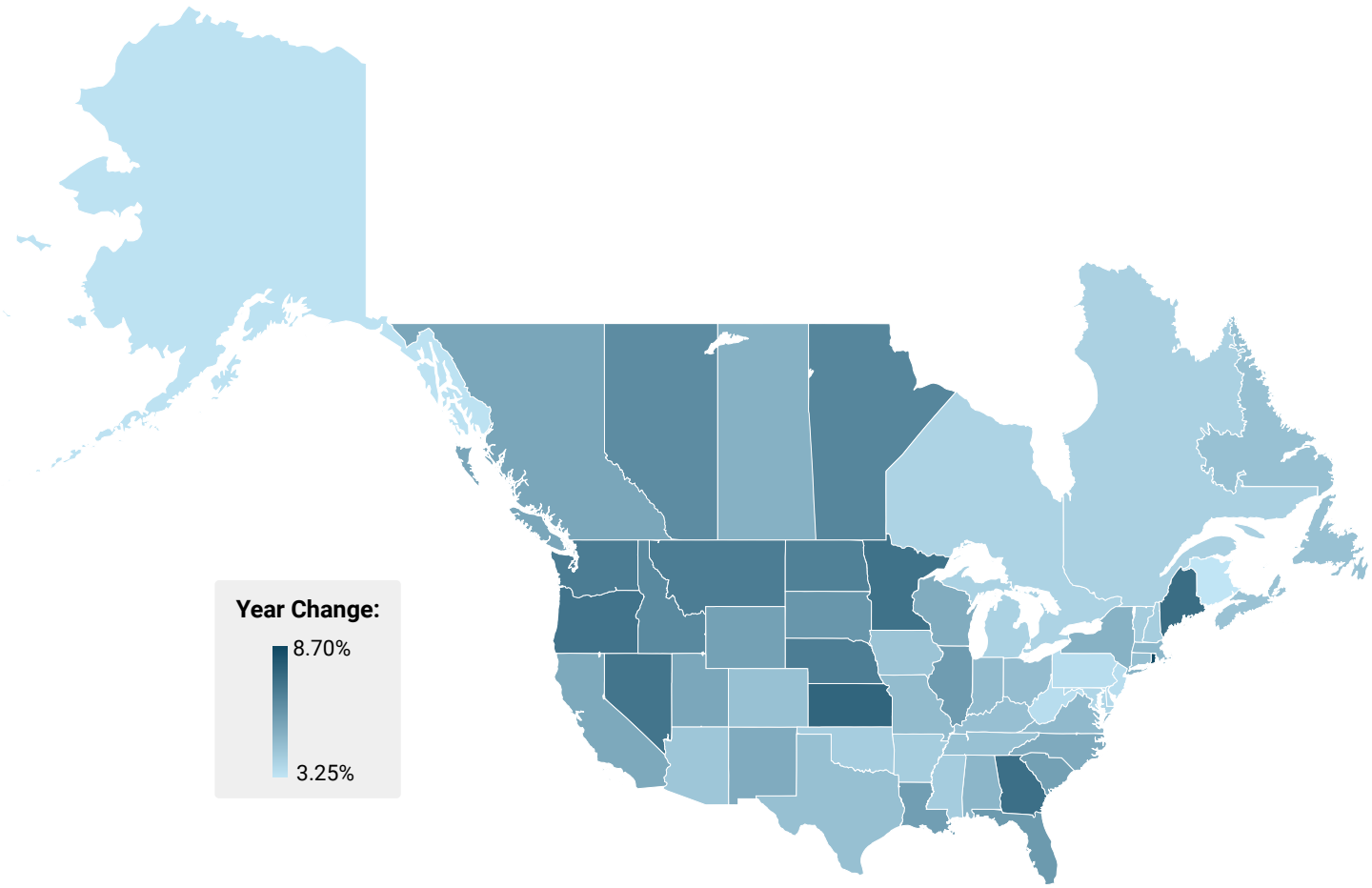
Construction and reconstruction trends

Total reconstruction costs in the United States-including materials and retail labor-increased by 5.2% from April 2024 to April 2025, up from 4.6% the previous year. Cost growth in Q1 2025 was 1.1%, compared to 1.0% in the previous quarter.

The impact of the Palisades fire in California was noticeable this past quarter, as cost increases appear to be accelerating in the region. While California reconstruction costs were up 1.67% on average for the quarter, the Pacific Palisades region saw a 4.24% increase, largely incurred in the last two months of the quarter with rises of 1.06% from February to March and 3.15% from March to April.

Total reconstruction costs in Canada increased by 4.7% from April 2024 to April 2025, up from 3.5% the previous year. Cost growth in Q1 2025 was 0.67%, compared to 1.39% in the previous quarter.

Overall Reconstruction Cost Changes by State (U.S.) and Province (Canada) — April 2024–April 2025



Residential reconstruction costs

Residential costs in the U.S. increased by 4.7% from April 2024 to April 2025, and by 1.1% from January to April 2025. Residential reconstruction costs rose year-over-year in all states. Kansas had the largest increase for the second consecutive quarter at 6.95%, followed by Oregon at 6.81% and Georgia at 6.53%.

In Canada, residential costs increased by 4.48% from April 2024 to April 2025, and by 0.72% from January to April 2025. Residential reconstruction costs rose year-over-year in all provinces. Manitoba had the largest increase at 6.01%, followed closely by Alberta at 6.00%.

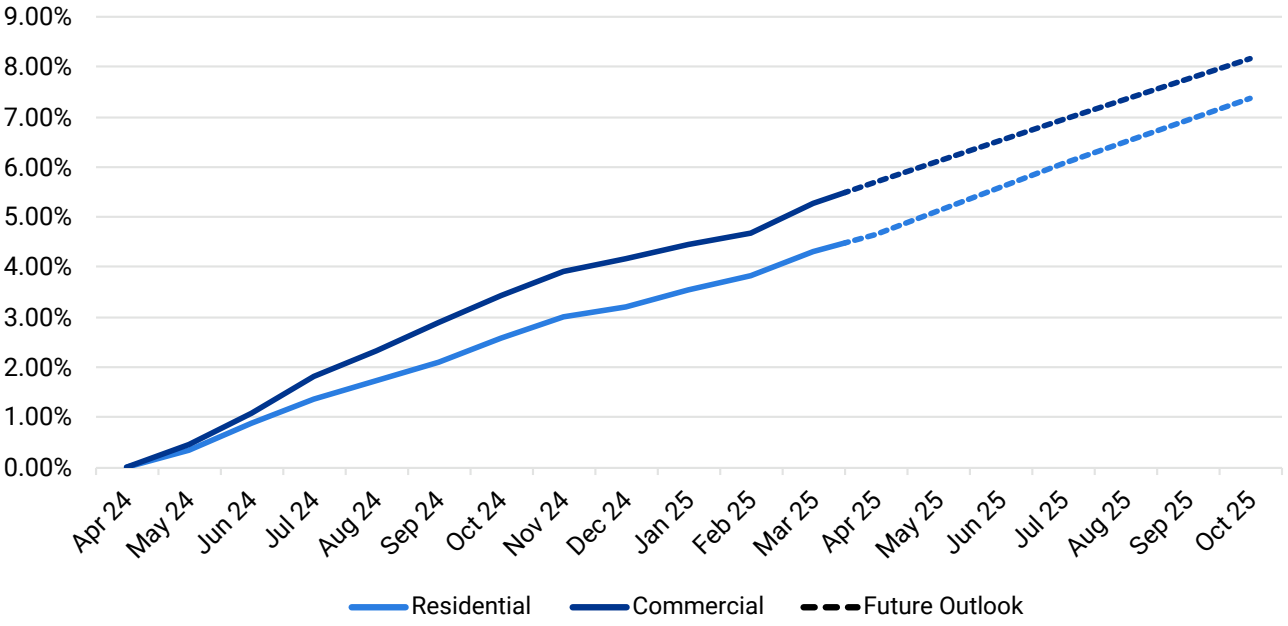
Commercial reconstruction costs

Commercial reconstruction costs increased 5.7% from April 2024 to April 2025 and 1.2% from January 2025 to April 2025. Rhode Island again had the largest yearly increase at 11.04%. Maine and Kansas followed with increases of 8.89% and 8.37%, respectively.

In Canada, commercial reconstruction costs increased 5.00% from April 2024 to April 2025 and 0.62% from January 2025 to April 2025. Manitoba had the largest yearly increase at 7.04%, followed by Alberta, which increased 6.64%.

Market expectations for combined residential and commercial reconstruction costs anticipate a 2.60% increase for residential and 2.32% for commercial from April 2025 to October 2025.

Reconstruction Cost Changes, Commercial vs. Residential



Return to Table of Contents

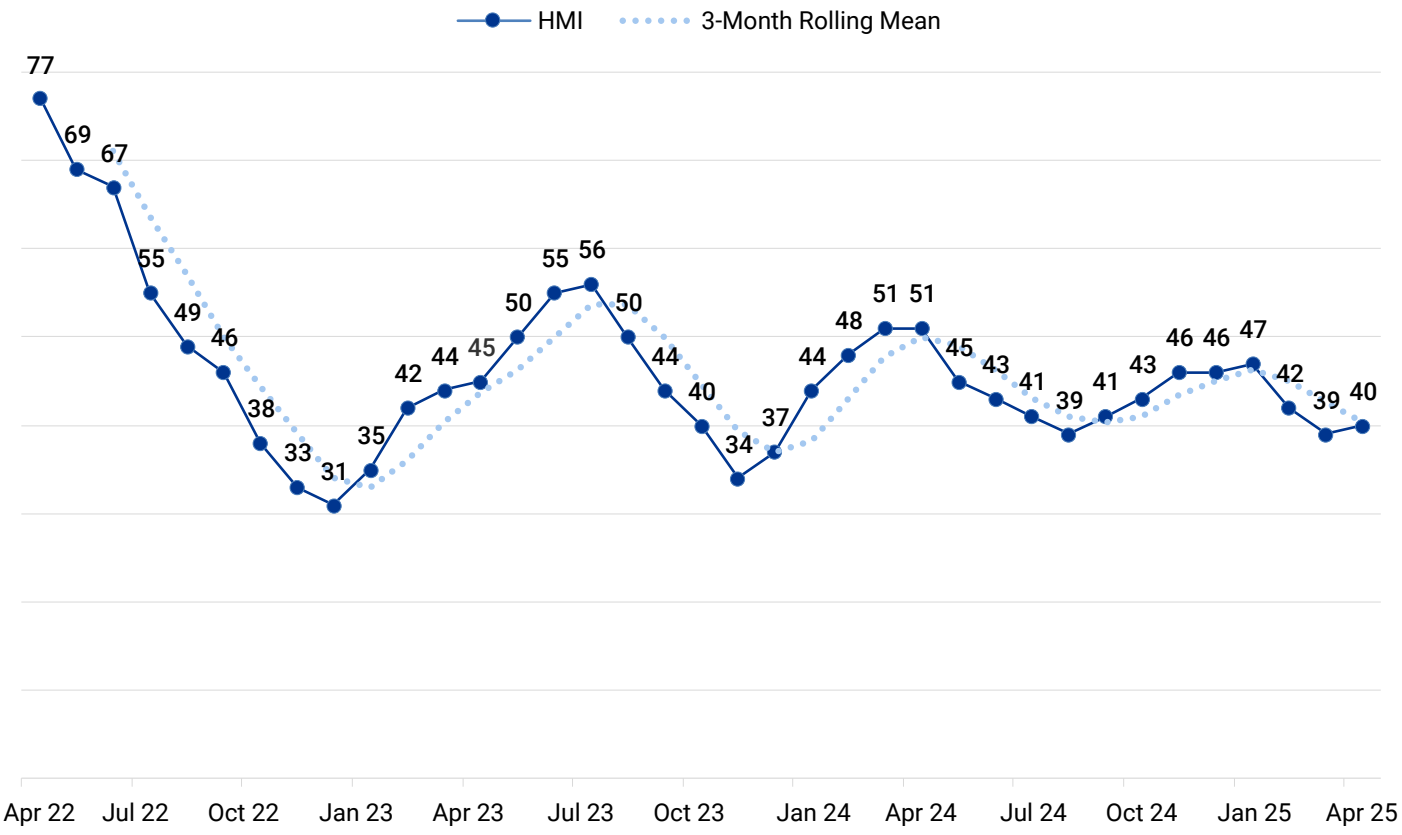
Economic indicators

The NAHB/Wells Fargo Housing Market Index (HMI) shows builder confidence dropped seven points this quarter after rising four points in the previous quarter. Compared to the same time last year, the HMI has fallen five points, signaling a potential market slowdown.

Over the past two years, we've seen notable peaks and valleys, reflecting a volatile market swinging between optimism and pessimism. More recently, from late 2024 to early 2025, the HMI has stabilized somewhat, though at a lower level than previous years, fluctuating between 39 and 47 points.

All three components of the HMI fell this quarter—current sales conditions dropped five points, though they recovered two points from March to April. Sales expectations for the next six months plummeted sixteen points after increasing by two points in the previous quarter. Traffic of prospective buyers decreased seven points after rising three points in the quarter before

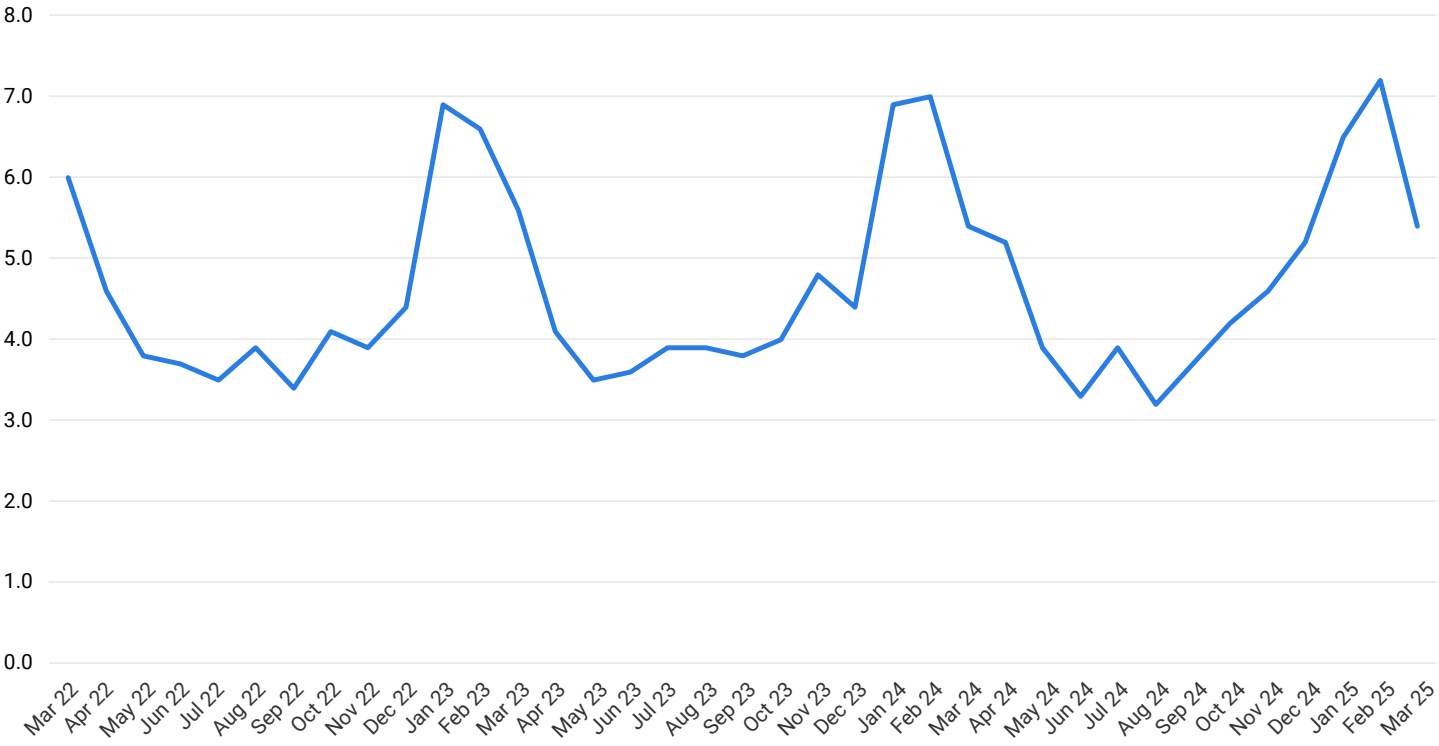
NAHB/Wells Fargo National Housing Market Index



The construction industry's unemployment rate increased 0.2% this quarter, peaking at 7.2% in February before dropping 1.8% in the final month to 5.4%. Historical patterns suggest this number will continue to fall as we approach summer, though the housing market slowdown indicated by the HMI means we might not reach the low levels (3.2%) we saw in 2024.

Visit the Bureau of Labor Statistics to see these and other indicators for the construction industry.

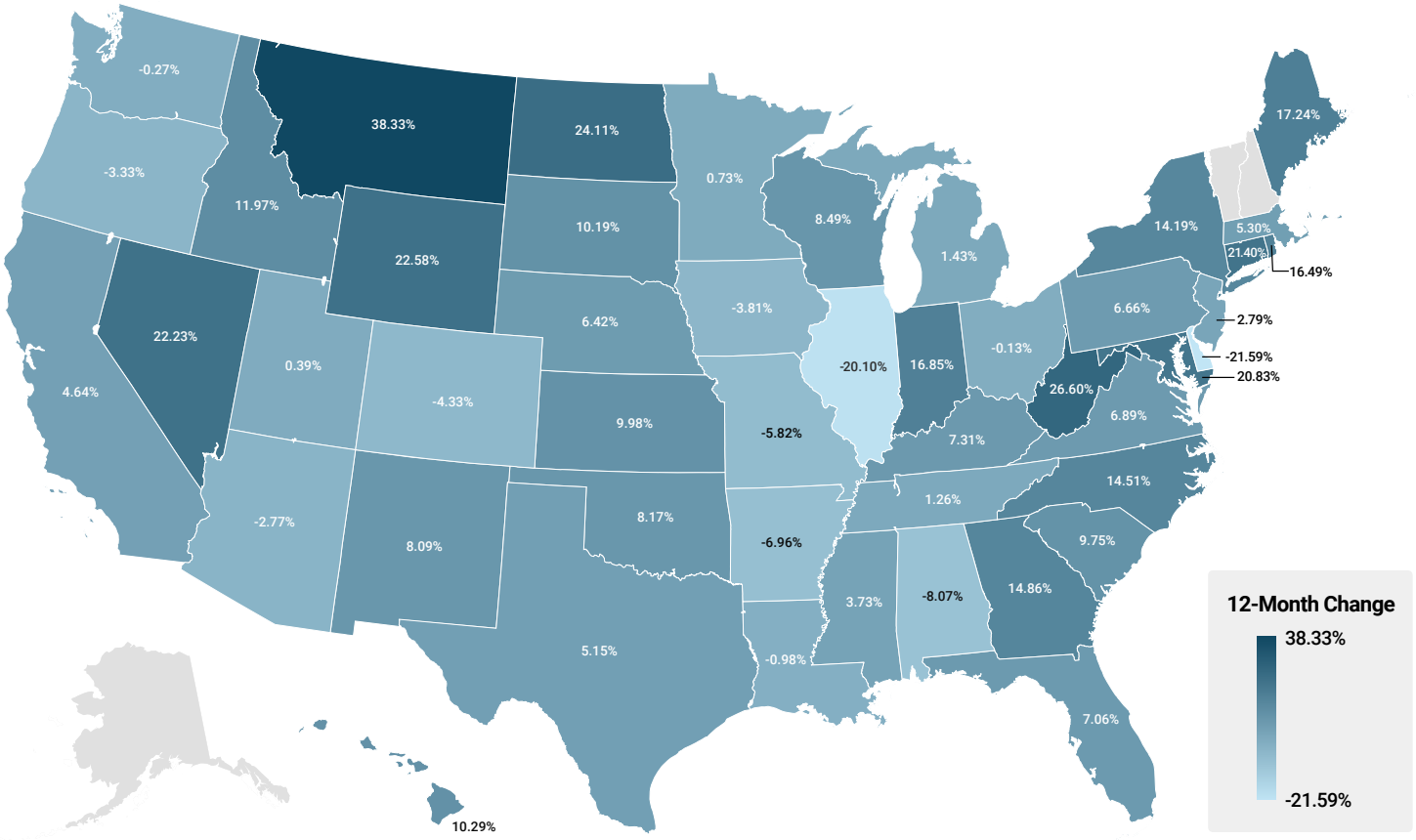
Construction Unemployment Rate (2022–2025)



According to Buildfax, a Verisk company, building permits increased 15.55% over the last three months, a stark reversal after decreasing 15.16% the three months prior, signaling elevated construction activity as weather warms. No permit types showed three-month declines this release. Residential construction permits increased 15.90%, and non-residential permits increased 17.45% over the past three months.

Building permits are up 5.67% from a year ago, with residential construction showing an increase of 6.72% and non-residential construction increasing 0.88%. Montana had the largest increase from a year ago, increasing 38.33%, while building permits in Delaware are down 21.59%. Delaware has ranked last in permit growth for the last two releases.

Change in Building Permits by State



Tariff and immigration policy impact

Verisk is monitoring the potential impacts of recent U.S. import tariffs, especially on four key construction materials—lumber, concrete, drywall, and roofing. In 2024, imports made up about 28% of the softwood lumber used in the U.S., with Canada supplying 83% of those imports. In 2023, imports accounted for 24% of all concrete used in the U.S. For gypsum (used in drywall), 56% of U.S. imports in 2024 came from Canada, Mexico, and China, resulting in an overall import dependency of 36%. New tariffs could cause volatile pricing—especially where import dependency is high—and disrupt supply chains

Recent immigration policies could also have a potential impact on construction costs. The construction industry had a 26% share of immigrant workers in 2023, which is notably higher than the overall immigrant share in the U.S. labor force. Many trades are impacted by new immigration policies, such as plasterers, drywall and ceiling installers, roofers, and others. More information is available in our article, The Role of Immigrants in the Construction Industry.

Conclusion

Q1 2025 has revealed several important trends that will shape property insurance and construction activities throughout the year:

- Claims volume continues to decline, extending the trend that began in 2023. Q1 2025 brought our lowest non-CAT claims in five years and second-lowest CAT claims.
- Despite fewer claims, costs have skyrocketed—with average RCV jumping 46% compared to Q1 2024, primarily driven by the California wildfires.
- The Palisades and Eaton fires alone generated nearly 48,000 claims totaling approximately $10 billion, with smoke damage accounting for 28% of these claims.
- Regional patterns have shifted significantly—with “Tornado Alley” states experiencing substantial increases in CAT claims while the Pacific Northwest saw decreases due to milder winter weather.
- Labor costs continue to rise but at a slower pace than in previous quarters. Concrete masons again lead all trades in cost increases.
- Construction costs in wildfire-affected regions show localized inflation— most notably in the Pacific Palisades region, which saw a 4.24% reconstruction cost increase, significantly exceeding California’s 1.67% average.
- Builder confidence has fallen over the past quarter, suggesting a potential market slowdown as we move further into 2025.
- Recent U.S. import tariffs and immigration policies present additional challenges, particularly given the construction industry’s reliance on imported materials (28% of lumber, 24% of concrete, 36% of gypsum) and immigrant workers (26% of the workforce).

Return to Table of Contents

Where to get more insights:

Industry Trends Reports

Examine pricing trends for key material and labor changes across multiple trades on national, state or province, and local levels. Trends are viewable monthly or over extended periods. Contact your sales representative or call 1-800-424-9228 for more information or access.

Pricing Methodology White Paper

Gain further insight into Verisk's process for researching and publishing pricing information.

360Value Quarterly Reconstruction Cost Analysis

Get an overview of current reconstruction cost trends at the national and state levels for the U.S.

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.

Verisk™

verisk.com