



REPORT

UK property repair market insight

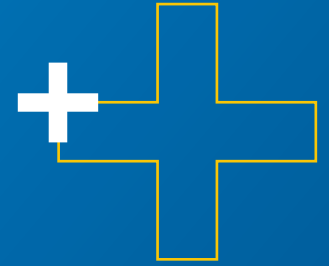
Managing cost, capacity and risk

Executive Summary

Q2 2026 data shows a mixed construction market. Although repair and maintenance activity remains more resilient than new work, sustained workload continues to place pressure on repair pricing, capacity and programme certainty.

- 1. Material price pressure remains a live issue**, with Repair and Maintenance materials prices increasing by 5.7% in the 12 months to June 2026. This increases cost exposure on material-heavy and longer-duration repairs and reinforces the need for early cost monitoring and governance.
- 2. Weather-related claims pressure is widening.** Storm, flood, and escape-of-water remain important, but hot weather, drought and subsidence now require equal consideration in claims planning. ABI reported £72 million of domestic subsidence claims in Q2 2026, with the average subsidence claim reaching a record £20,000. ABI also reported that the average claim for damage from flooding, storms and burst pipes reached £8,548 in Q2 2026, up 12% on the same period in 2025.
- 3. Fraud and exaggerated claims form part of the wider claims cost environment.** ABI reported £1.16bn of detected fraudulent general insurance claims in 2024, including £189m of deceptive property insurance claims. This reinforces the importance of effective validation and repair governance.
- 4. Technology and AI are changing how claims and repair work can be planned, estimated, documented, and monitored.** Crawford's position is that AI can improve visibility and consistency, but it does not replace contractor expertise, trade judgement, or effective network management. The opportunity is strongest where better data, earlier intervention and clear governance support skilled repair delivery.

Sources: ONS / BCIS, BCIS materials data, ABI subsidence update, ABI fraud data, Microsoft AI construction guidance, and Crawford Insights.



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The market conditions, pressures and risks described are industry-wide and should not be interpreted as specific to Crawford Contractor Connection, its contractor network or its clients. This paper supports informed discussion about repair cost, contractor capacity and claims complexity. Its central proposition is that market volatility is most effectively managed through earlier intervention, validated repair scope and disciplined contractor-network governance.



inflation

Market conditions and cost pressures

Latest Q2 2026 data points to a mixed construction market. Overall output rose slightly between Q1 and Q2 but remained below the same period in 2025. New work continues to contract year-on-year, while repair and maintenance remains more resilient. For property claims, this matters. A softer wider construction market does not automatically translate into lower repair cost because repair demand continues to support contractor workload and can sustain pressure on pricing, availability, and programme certainty.

- Total construction output **increased by 0.3%** between Q1 and Q2 2026.
- Total construction output in Q2 2026 was **2.0% lower** than Q2 2025.
- New work **increased by 0.4%** quarter-on-quarter but **fell by 6.1%** year-on-year.
- Repair and maintenance **increased by 0.2%** quarter-on-quarter and by **3.9%** year-on-year.
- Construction output **decreased by 0.1%** in June 2026 and was 2.3% lower than in June 2025.
- June 2026 repair and maintenance recorded no monthly growth, but **annual growth of 2.8%**.

Sources: ONS / BCIS latest construction output figures and ONS construction output dataset.

Labour, materials and contractor capacity

The main repair cost drivers are increasingly structural. Labour availability, specialist trade capacity, material exposure and contractor selectivity can all influence repair pricing, quote validity, and programme certainty. These pressures are not limited to major losses. They can also affect routine reinstatement where works require specialist sequencing, compliance oversight, drying, access arrangements or time-sensitive customer delivery.



- **Labour:** Skills shortages and wage pressure continue to influence repair costs. CITB estimates that an average of 41,200 additional construction workers will be needed each year between 2026 and 2030, equivalent to approximately 206,000 workers over the five-year period.
- **Materials:** Construction materials prices for All Work rose by 6.0% in the 12 months to June 2026, with Repair and Maintenance materials up 5.7%.
- **Tender and building costs:** BCIS forecasts building costs to rise by 13.1% over the five years to 2Q2031, while tender prices are expected to rise by 15.5% over the same period.
- **Contractor capacity:** Availability is increasingly influenced by commercial certainty, risk profile, payment confidence, and programme viability.
- **Quote validity:** Where material or energy exposure is uncertain, contractors and suppliers may apply for shorter pricing windows or seek re-costing during the repair journey.
- **Programme duration:** Longer repair programmes can increase preliminaries, site management, drying costs, alternative accommodation, and loss of rent exposure.

Sources: CITB Construction Workforce Outlook, BCIS latest construction materials prices and BCIS Construction Industry Forecast 2Q2026 to 2Q2031.

risk



Regulatory Environment: Building Safety Act 2022

The Building Safety Act 2022 continues to influence managed repair activity where works involve higher-risk buildings, regulated works, or compliance-sensitive reinstatement. The Act strengthens safety and oversight, but it can also increase repair timelines, documentation requirements, professional input, and contractor risk pricing.

GOV.UK states that the Act introduced major reforms to building safety regulations, including changes intended to give residents and homeowners more rights, powers, and protections and to improve the way residential buildings are constructed, maintained, and made safe. It also created new bodies including the Building Safety Regulator, the National Regulator of Construction Products and the New Homes Ombudsman.

- **Regulatory delays and extended lifecycles:** Gateway and approval requirements may extend claim duration on relevant works.
- **Increased compliance costs:** Professional fees, inspection, sign-off and documentation requirements can increase overall repair costs.
- **Contractor risk pricing:** Enhanced liability exposure and compliance obligations may reduce contractor appetite or increase pricing on regulated works.
- **Claims severity:** Additional investigation, specification and documentation can increase dispute risk and handling complexity.

Sources: GOV.UK Building Safety Act guidance and Legislation.gov.uk Building Safety Act 2022.

Extreme weather and claims severity

Weather-related losses are now a recurring driver of claims severity. Storm, flood, and escape-of-water events remain important, but hot weather, drought and subsidence now need to be treated as part of the same claims cost picture. Prolonged dry weather can cause soil to lose moisture and shrink, particularly where properties are built on shrinkable clay soils, increasing the risk of ground movement and structural damage.

The cost impact is already visible. ABI reported that home insurers paid £72 million for domestic subsidence claims in Q2 2026, with the average subsidence claim reaching a record £20,000. The average subsidence claim was more than £2,000 higher than in the same period in 2025. ABI also reported that the average claim for damage from flooding, storms and burst pipes reached £8,548 in Q2 2026, up 12% on the same period in 2025.

The weather context is significant. The Met Office confirmed that spring 2026 was the warmest spring on record for England and Wales and the third warmest for the UK, with spring rainfall 14% below the long-term UK average.

For insurers, the issue is not only claim volume. Hot weather and subsidence can increase costs through investigation, monitoring, engineering input, contractor allocation, specialist repairs, longer programmes, customer disruption, and pressure on technical resource.

Sources: ABI subsidence claims update, Met Office Spring 2026 climate statistics and Ground Engineering subsidence surge analysis.



Geopolitical, energy and materials pressure

Geopolitical and energy risk remains a live cost consideration for the UK construction and repair market. The Bank of England maintained Bank Rate at 3.75% on 30 July 2026 and stated that crude and refined energy prices had remained volatile and higher than pre-conflict levels. The Bank also stated that CPI inflation had fallen to 2.6% but was expected to rise later in the year as the effects of higher energy prices continued to pass through.

Construction market commentary is consistent with that risk. BCIS stated that rising energy and materials costs were creating renewed inflationary pressure across the construction supply chain, while weak demand remained the dominant force in the market. This reinforces the longer-term cost outlook outlined in the Inflation section.

For insurers, the practical response is continued monitoring and active cost governance. Longer-duration and material-heavy repairs are particularly exposed to re-quotes, substitution requests, supplier caution and programme disruption where energy, freight or material indices move during the claim lifecycle.

Sources: Bank of England July 2026 Monetary Policy Summary, BCIS Construction Industry Forecast and BCIS latest construction materials prices.



Materials likely to be impacted

The material categories most exposed to current market pressures are those with high energy use in manufacturing, significant transport exposure, imported content, or reliance on specialist supply chains. The impact will vary by claim type, region, supplier, specification, and repair duration.



These categories should be monitored during scoping, validation, and repair delivery.

- **Timber and sheet materials** may remain exposed to transport, import, demand, and availability pressures.
- **Bricks, blocks, cement, and concrete products** are energy-intensive to manufacture and transport, making them sensitive to fuel, gas, electricity, and logistics costs.
- **Metals and steel-related items** remain exposed, with fabricated structural steel recording annual inflation of 17.7% in June 2026 according to DBT data reported by BCIS.
- **Pipes and fittings** also remain exposed, with rigid pipes and fittings recording annual inflation of 12.0% in June 2026 according to DBT data reported by BCIS.
- **Insulation and plasterboard** may experience pricing volatility where fuel, energy or haulage costs move quickly.
- **Finishes and coatings** may be affected where manufacturing, packaging, chemicals, or transport costs increase.

Sources: BCIS' latest construction materials prices, Bank of England July 2026 Monetary Policy Summary and Crawford Insights.



Fraud, exaggerated claims, and AI-enabled claims management

Fraud remains a material claims cost and market risk for UK insurers.

ABI's detected fraud data shows that £1.16bn worth of fraudulent general insurance claims were identified in 2024, a 2% increase on the previous year. Insurers uncovered more than 98,400 fraud-related claims in 2024, a 12% rise from 2023.

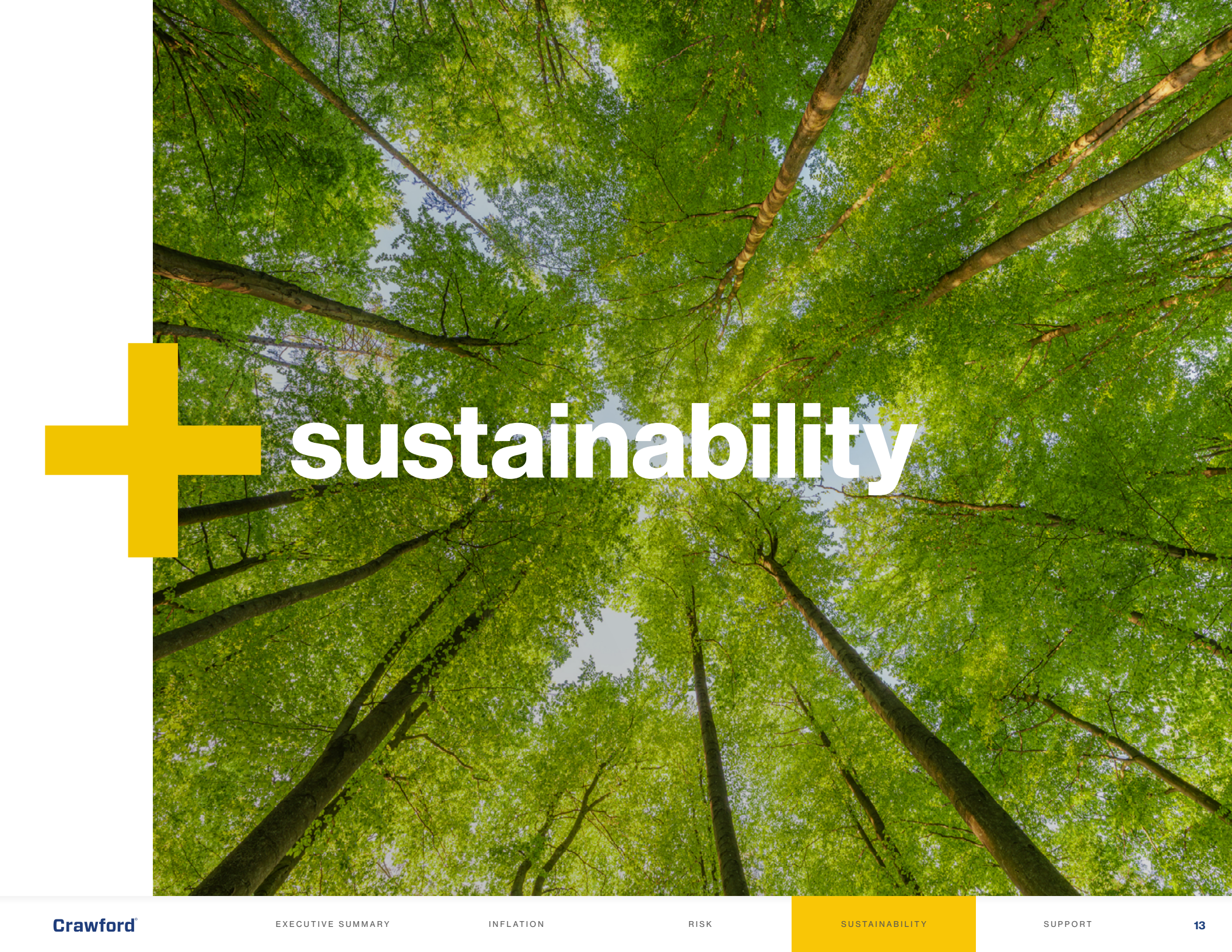
For property insurers, the relevance is clear. ABI identified 18,700 deceptive property insurance claims worth £189m, with the volume of deceptive property claims 11% higher than the previous year. Exaggerated loss remains the most common attempted fraud type and amounted to £466m.

For managed repair, one of the key considerations is maintaining effective control. A structured contractor network can help reduce leakage by validating scope, comparing repair methods, monitoring quote movement, checking contractor documentation, maintaining clear audit trails, and supporting consistent challenge where costs or evidence appear inconsistent. This does not remove fraud risk, but it improves visibility and gives insurers a stronger framework for identifying and managing potential exaggeration or irregularity.

AI and data-led tools are beginning to influence how construction and repair work is planned, estimated, managed, and documented. Used appropriately, AI can help improve speed and consistency across administrative tasks, support estimating and cost modelling, identify scheduling or budget risk and help teams make faster, better-informed decisions. Microsoft's construction AI guidance states that AI can support planning, estimating and execution through technologies such as machine learning, computer vision, and natural language processing.

Crawford's position is that AI should support human expertise, not replace it. In practice, the strongest results come from combining data, governance and technology with contractor expertise, trade judgement, and clear claims evidence.

Sources: ABI fraud data, GOV.UK Fraud Strategy, FCA insurance fraud guidance and Microsoft AI construction guidance.



sustainability

Maintaining the focus on sustainability

Sustainability considerations continue to shape repair methodologies and operational decision-making across the UK property claims sector. Sustainable repair choices are most valuable where they also reduce waste, improve resource efficiency or support cost control.

Crawford's focus is on practical, cost-neutral measures that reduce environmental impact without compromising indemnity spend, programme certainty or customer outcomes.

- **Zero to Landfill:** Crawford's partnership with Community Wood Recycling supports the reuse, repurposing, and recycling of recovered timber from property repairs.
- **Planet Positive initiatives:** Practical actions that reduce operational footprint, including fuel-efficient vehicle options and wider use of virtual communication to minimise unnecessary travel.
- **Sustainable repair principles:** Contractor Connection supports sustainable repairs, local sourcing, and waste reduction through practical network engagement.
- **Materials assessment:** Carbon and material choices should be assessed where this can be achieved without increasing claim cost, severity, or repair duration.

Sources: Crawford Insights.

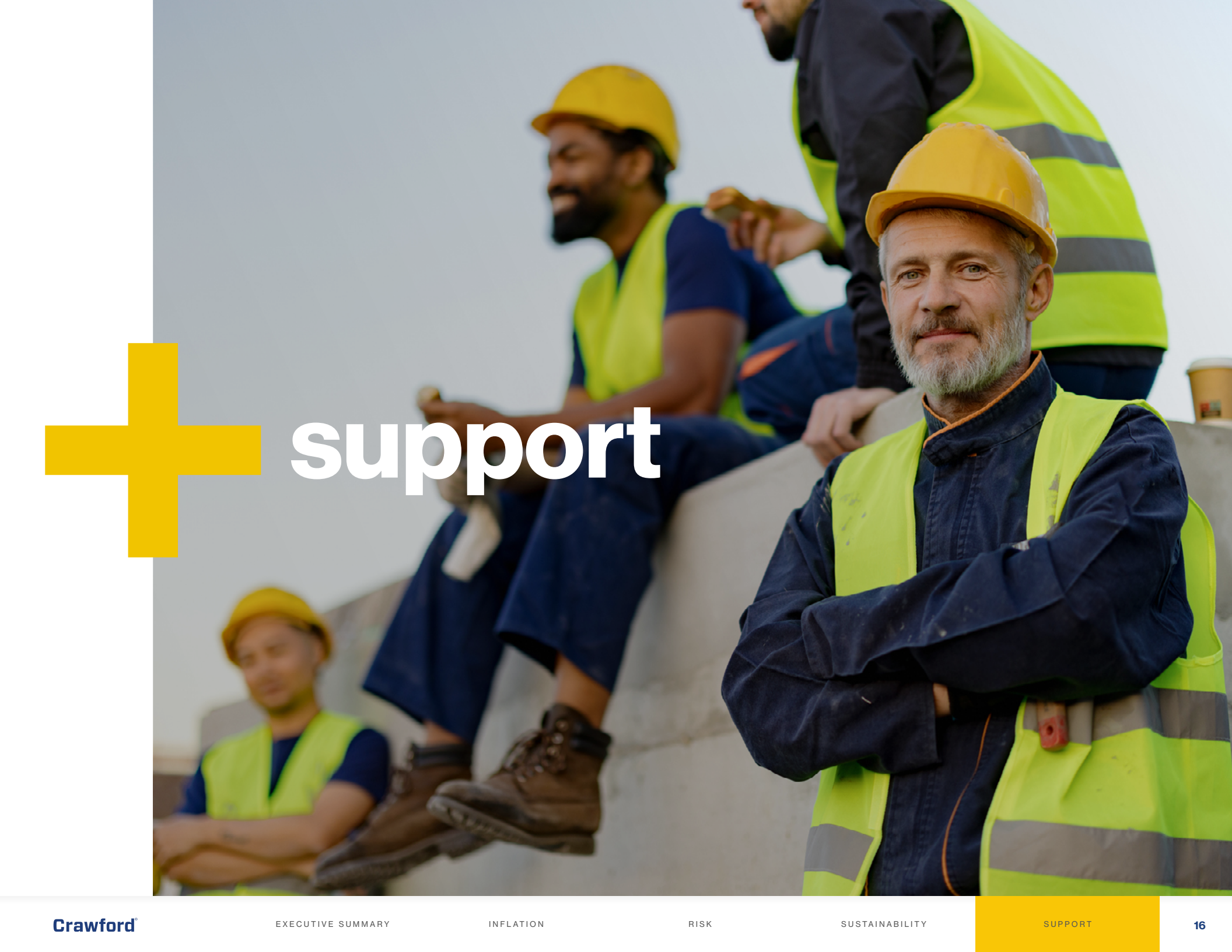


Paint Initiative

Crawford Insights shows that 73% of white emulsion finish coats currently specified are Dulux. Across UK property claims managed by Crawford, this analysis indicates that approximately 230,000 m² of white emulsion paint is used annually across the network, with an estimated footprint of more than 27,000 kg CO₂e.

Where specification allows, standardising from Dulux to Crown white emulsion can deliver a 38% carbon reduction, equivalent to more than 10.5 tonnes CO₂e per annum, with no material cost impact at claim level. This initiative is based on Crawford Insights and available manufacturer environmental data.

Sources: Crawford Insights and manufacturer environmental data.

A photograph of three construction workers in a construction setting. In the foreground, a man with a grey beard and mustache, wearing a yellow hard hat and a high-visibility yellow vest over a dark blue long-sleeved shirt, stands with his arms crossed, looking directly at the camera. Behind him, another man in a yellow hard hat and high-visibility vest is sitting on a concrete structure, looking to the side. In the background, a third worker is partially visible, also in safety gear. The scene is set against a light, overcast sky.

+ support

Implications for Industry Leaders

Industry leaders should respond through earlier triage, accurate scope validation and active cost governance.

- **Sustained cost pressure:** Insurers should identify claims with combined labour, material and compliance exposure at first triage.
- **Capacity planning:** Capacity planning should reflect resilient repair demand, even where wider construction activity is subdued.
- **Hot weather and subsidence surge readiness:** Maintain surge plans covering early technical triage, surveying and engineering capacity, contractor allocation, monitoring, repair scheduling and customer communication.
- **Governed use of AI:** Define human review points, evidence standards and accountability for AI-supported decisions.
- **Sustainable repair:** Embed cost-neutral sustainable options into specifications and contractor guidance, supported by measurable cost and carbon evidence.

Sources: ONS / BCIS, BCIS materials data, ABI claims data, ABI fraud data, Microsoft AI construction guidance, and Crawford Insights.



Conclusion: managing cost impact through network control

Mixed market activity continues to mask underlying exposure to labour, materials, energy, compliance and contractor-capacity pressures.

The increased severity of subsidence claims demonstrates the potential effect of changing weather conditions on claims cost and complexity. Fraud and exaggeration further reinforce the need for documented scope validation and consistent cost challenge.

A well-managed contractor network gives insurers the controls needed to respond to this volatility through validated scopes, disciplined variation management, reliable capacity, stronger evidence and sustainable repair choices. Its value therefore lies not simply in contractor access, but in maintaining consistent cost, quality and customer outcomes in a more complex market.

Sources: ONS / BCIS, BCIS materials data, ABI subsidence claims update, ABI fraud data, and Crawford Insights.



Reference Links

- ONS / BCIS: Latest construction output figures and statistics: [Open source](#)
- ONS: Output in the construction industry dataset: [Open source](#)
- BCIS: Latest construction materials prices: [Open source](#)
- GOV.UK: Building materials and components statistics July 2026: [Open source](#)
- BCIS: Construction Industry Forecast 2Q2026 to 2Q2031: [Open source](#)
- Bank of England: July 2026 Monetary Policy Summary: [Open source](#)
- CITB: Construction Workforce Outlook 2026 to 2030: [Open source](#)
- GOV.UK: The Building Safety Act: [Open source](#)
- Legislation.gov.uk: Building Safety Act 2022: [Open source](#)
- ABI: Average claim for subsidence reaches record £20,000: [Open source](#)
- Met Office: Warmest spring on record for England and Wales: [Open source](#)
- Ground Engineering: 2026 a subsidence surge year, data shows: [Open source](#)
- ABI: Fraudulent insurance claims continue to top £1 billion: [Open source](#)
- GOV.UK: Fraud Strategy 2026 to 2029: [Open source](#)
- GOV.UK: Fraud sector charter - insurance: [Open source](#)
- FCA: Insurance fraud: [Open source](#)
- Microsoft Copilot: AI in Construction: [Open source](#)
- Microsoft On the Issues: Putting AI to work with the building trades: [Open source](#)
- Crawford Insights and manufacturer environmental data for the paint initiative.
- Crawford Insights and subsidence surge planning context.

Contact Us

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About Crawford & Company®

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10K employees | **50K** field resources | **70** countries | **\$18B** claims managed annually