

The background of the entire page is a photograph of a large-scale construction project. It shows a multi-story building under construction with a complex concrete and steel framework. Two prominent red tower cranes are visible against a bright blue sky with scattered white clouds. The building's facade is partially covered with blue safety netting and scaffolding.

Building repair cost review

March 2026

Quarterly update based on data from October 2025 to December 2025

The review

Every quarter, the quantity surveyors from Sedgwick's repair solutions team review the building and construction market to understand the primary drivers of cost in the insurance repair sector, and ensure that our rates remain fair and competitive. This report provides an overview of the current situation and looks at factors that could affect insurers' building repair costs in the months ahead.

In Q4 of 2025 we've recorded contractor cost increases of 0.03%. This gives a total increase in 2025 of 4.12%. Our forecast for the full year was 5%. Previous quarters showed increases of between 0.89% and 1.79% so the slowing of increases at the end of the year was welcome.

The insurance repair sector remains challenging as business owners look to ensure appropriate staff and tradesmen are recruited and retained.

At the time of writing, the conflict in the Middle East continues and we're monitoring the impact on construction materials carefully to see if price rises attributed to this war are introduced.

Headlines

01 We've recorded total contractor cost increases in Q4 2025 of 0.03%. Materials fell by an average of 1.28%, and costs increased by 0.79%.

02 We've recorded a slowing down in the rate of cost increases. Over the full 12 months of 2025, inflation of 4.12% was recorded. Whilst there is likely to be some disruption to contractors supply chains caused by the conflict in the Middle East, at the moment, the extent of this isn't known and we are therefore forecasting adjustments in 2026 of 4%. Contractors have, however, already advised some notifications of cost increases from suppliers, particularly in respect of fuel use.

03 We classify materials into 24 categories and in the fourth quarter nine categories saw an increase in cost of an average of 1.98%, seven categories recorded an average decrease of 1.8%, and the remaining categories showing no change.

Recruiting and retaining labour remains a challenge. In our contractor end-of-year survey, all respondents highlighted issues in finding quality tradesmen and the pressure on wages through the impact of the National Insurance and minimum wage increases.

04 Sedgwick Repair Solutions contractors show some signs of anticipation of a successful 2026 with an average self-rated optimism score of 6 out of 10.



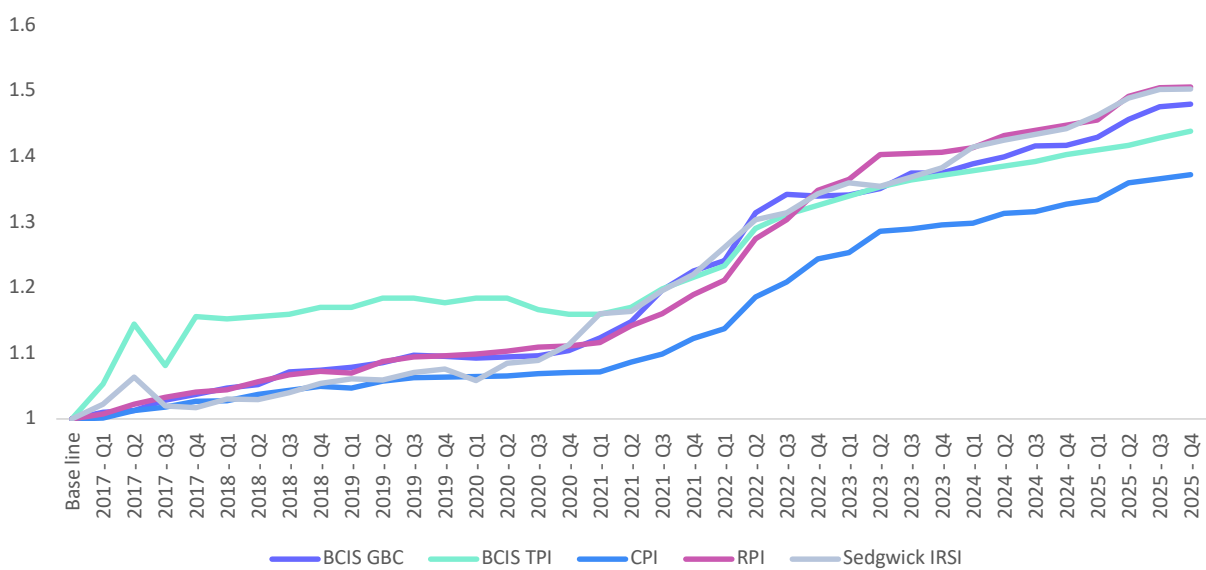
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Building cost inflation

Our inflation index focuses specifically on the insurance repair market. To track the impact of inflation on building contractors, the Insurance Repair Specific Index (IRSI) monitors the four main cost components of insurance repairs, i.e. labour, plant, materials, and waste disposal, and takes account of the frequency of use of different materials. This allows us to monitor how changes in trade prices specifically affect the cost of insurance repair work. The IRSI is calculated quarterly. Each month we also track the trade prices of 145 of the most frequently used materials.

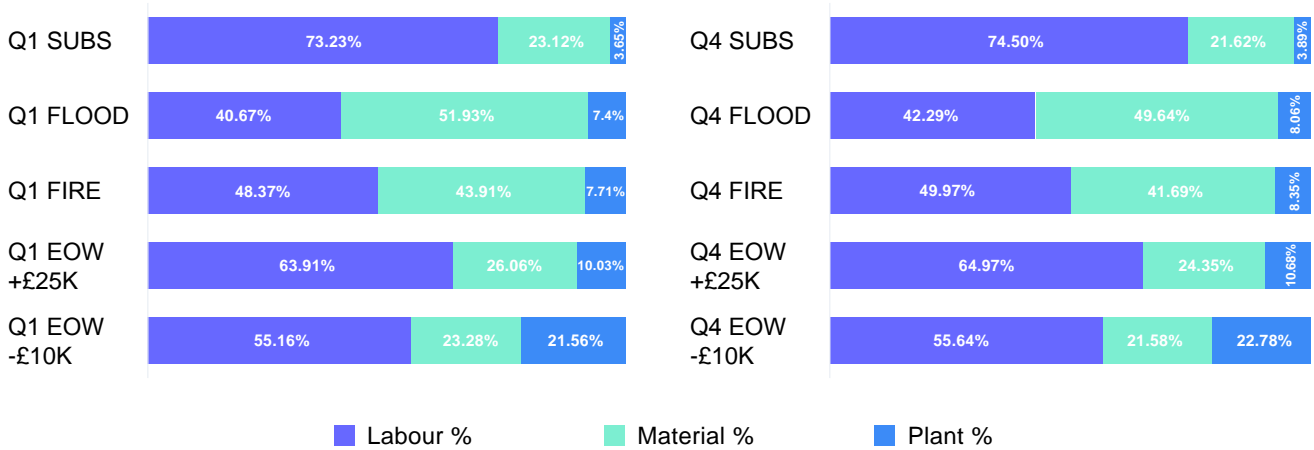
The index highlights how contractor repair costs change over time. In Q4 2025, we saw an overall increase of repair costs of 0.03%. Whilst contractor cost increases continue, these appear to be slowing.

Chart 1 – IRSI Q4 2026



The IRSI value includes costs for labour, materials, plant and waste removal. We weight each of these components to reflect their proportions contained within repair costs. For example, labour comprises c.60%. Chart 2 below shows the proportionate influence of the different components on the overall cost of projects over time. For example, looking at how the cost components make up the total of a flood repair, the proportionate cost of labour in that peril repair has increased over the year by 3.98%, but the proportionate cost of materials has fallen by 4.4%.

Chart 2 – IRSI cost trends by component over time: Q1 2025 v Q4 2025



Subsidence remains the most labour intensive repair, with flood repairs having the highest material cost content.





We track the changes in cost of materials which are most frequently used in insurance repairs and we summarise these into categories of the major components of building. Table 1 shows the movement in cost of the categories over Q1-Q4 this year.

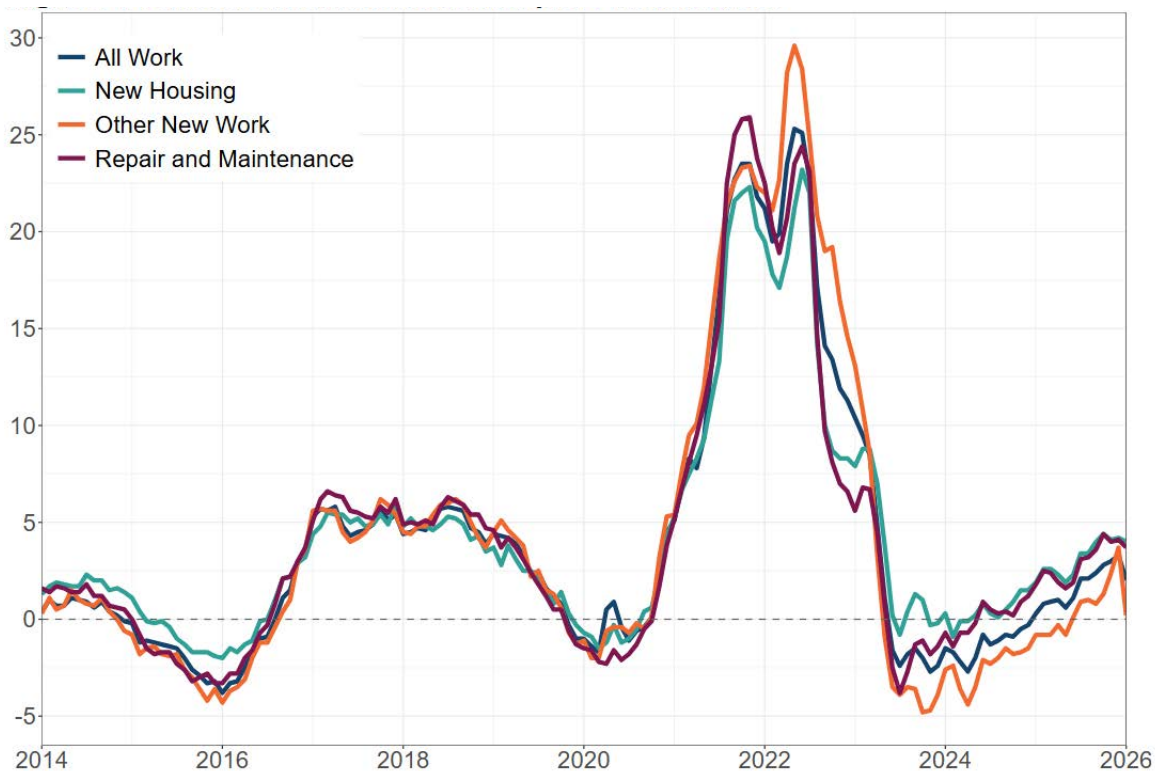
Table 1 – IRSI cost trends of material categories

Material category	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Sep 2025	Oct-25	Nov-25	Dec-25	YTD 2025
Adhesive/sealants	0.00%	0.00%	-0.19%	0.43%	4.49%	-4.32%	1.32%	4.43%	-4.25%	0.60%	4.12%	6.65%
Aggregates	0.00%	0.00%	0.00%	1.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.44%
Cement	-0.51%	0.86%	0.00%	-0.01%	0.10%	1.62%	-0.54%	0.28%	0.10%	0.00%	0.13%	2.03%
Decorations	-0.27%	3.62%	-3.22%	1.68%	1.01%	0.53%	-0.53%	0.71%	-0.90%	0.00%	0.00%	2.64%
Drainage	0.00%	0.00%	0.00%	1.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.35%
Electrical	5.34%	0.05%	0.27%	3.24%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	8.93%
Enablings	2.74%	0.00%	0.00%	0.65%	0.00%	0.00%	0.00%	-4.61%	0.00%	0.00%	0.00%	-1.22%
Floor covering	-0.46%	1.81%	-0.89%	0.00%	-9.45%	10.02%	0.49%	-1.73%	-7.82%	0.00%	0.00%	-8.02%
Gypsum	0.70%	0.13%	0.33%	0.00%	0.00%	-0.05%	0.00%	-1.79%	-1.95%	0.15%	0.73%	-1.74%
Heating	4.10%	0.72%	-0.35%	-1.87%	0.00%	-0.10%	0.10%	1.21%	-0.08%	-0.04%	0.30%	4.00%
Insulation	-1.01%	2.17%	0.99%	13.45%	-4.20%	-1.51%	3.37%	-19.27%	0.00%	-2.93%	2.27%	-6.66%
Ironmongery	0.00%	0.89%	0.00%	-0.44%	0.00%	-0.89%	-3.13%	3.70%	0.00%	-2.05%	2.09%	0.17%
Kitchens	3.62%	1.46%	3.64%	0.95%	0.04%	0.00%	-4.83%	-3.52%	0.27%	3.37%	-3.26%	1.73%
Lead	-1.21%	0.24%	-0.35%	-6.46%	4.76%	-0.12%	0.91%	-7.71%	0.32%	8.17%	-0.12%	-1.57%
Masonry	3.78%	0.43%	0.00%	0.18%	0.00%	-0.48%	-1.93%	1.97%	-1.21%	0.00%	0.00%	2.74%
Pavings	0.00%	0.73%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%
Plumbing	2.85%	0.33%	0.55%	0.00%	0.22%	0.00%	0.11%	0.00%	0.00%	0.00%	0.00%	4.05%
Roofing	0.29%	-0.58%	0.64%	0.15%	-3.63%	3.77%	-4.58%	-0.24%	0.67%	4.39%	0.00%	0.88%
Sanitaryware	-0.74%	-2.82%	4.25%	0.17%	-3.83%	-0.17%	3.68%	0.88%	-1.64%	1.55%	0.28%	1.59%
Screws/nails	1.47%	0.00%	0.00%	-0.09%	0.00%	0.00%	0.00%	0.00%	-0.47%	0.00%	0.00%	0.91%
Taps	-7.71%	0.00%	0.00%	0.00%	0.00%	-3.48%	8.66%	0.00%	0.00%	0.00%	0.00%	-2.53%
Tiles	-3.41%	2.94%	-6.88%	3.71%	-0.49%	0.00%	1.13%	-3.79%	2.20%	0.72%	0.00%	-3.70%
Timber	3.29%	0.67%	-1.27%	-0.52%	0.79%	0.69%	0.95%	6.53%	-1.66%	-1.22%	1.59%	9.85%
uPVC window	0.08%	-1.22%	2.14%	-1.81%	-6.36%	-0.48%	2.55%	2.91%	0.80%	-0.18%	-1.59%	-3.15%

15 categories have recorded increases across the year, with an average 5.89%. Nine categories have recorded price reductions of an average of 6.25%. As noted in our last report, merchant price rises have continued in Q1 this year and increases have been significant in some categories, e.g. bricks, blocks and cement up 9-9%. The early year increases in electrical materials is worth noting in the light of recent significant rises in the cost of the major raw material, copper, used in electrical components. This has now soared in cost by over 35% and material containing components are likely to have large price increases in 2026.

The Department for Business and Trade has published its commentary on materials inflation and the trend seen in the rising cost of materials in Repair and Maintenance – which is most like the insurance repair sector, is seen in chart 3 below which mirrors the trend for continued cost increases we’ve recorded.

Chart 3 –DB&T construction material annual price inflation, UK



The Federation of Master Builders has published its Small House Builders survey. These contractors are similar to those specialising in insurance repair, with some in fact building small numbers of houses annually. The survey highlights that:

- **91%** of respondents reported building homes became more expensive in the last year with 53% citing cost increases of 30-50%
- Builders in the North of England were particularly affected with 73% reporting cost increases of **over 30%**
- **58%** of respondents say they are unable to take on apprentices due to cost

At the time of writing, the conflict in the Middle East continues. Chancellor of the Exchequer, The Rt Hon Rachel Reeves MP, told parliament on 9 March 2026 that the war is “likely to put upward pressure on inflation in the coming months”, though noting the extent would depend on the severity and duration. In our previous report we gave forecasts of contractors cost inflation over the next five years. This included base, optimistic, and pessimistic options, the latter including factors such as Geo-Political events. Over the last five years we saw the global pandemic, Russian invasion of Ukraine and the following energy crisis having a significant impact on contractors input costs. Whilst we consider it’s too early to suggest that these recent events will have that pessimistic impact, we have already had anecdotes from contractors that they have been advised by merchants and suppliers that increases will follow. We’ve received copy notices from plant hire companies who are now levying fuel surcharges. We continue to monitor the situation and have created a new limited basket of materials which we are monitoring daily, but the most important factor here is the length of the conflict, but we do think the industry now is better equipped to deal the situation following the events of the last few years.



Rates benchmarking

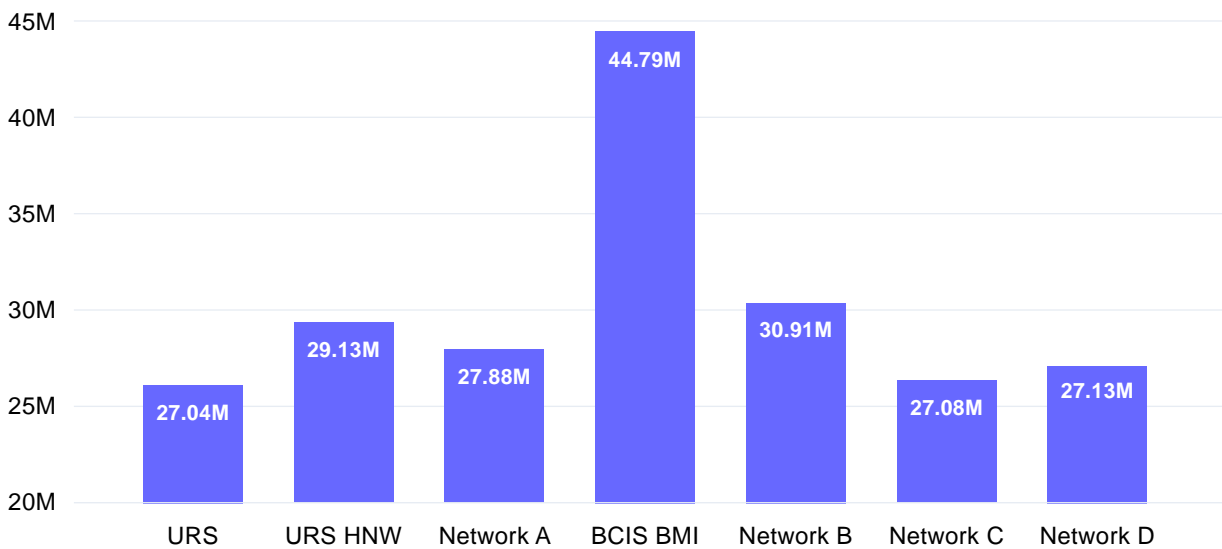
To ensure that the costs of Sedgwick’s repair solutions are competitive, our quantity surveying team undertakes a quarterly rate review.

Known as the URS (universal rate set), the review compares Sedgwick Repair Solutions rates with other market repair costs. This benchmarking exercise includes:

- A cost review of 25 of the most frequently used repair and restoration rates
- A review of the output costs of repairs on model cases of typical escape of water, fire, flood and subsidence claims in a hypothetical large portfolio of cases

The results of this review are shown in chart 4 below. These include the Sedgwick Universal rates which were increased mid-2025. Other network costs reflect increases too. It’s important to note that Sedgwick’s repair solutions rates include all network management costs or fees. To allow comparison, Sedgwick Repair Solutions management costs has been included with the net rates and the results confirm Repair Solutions rates continue to remain competitive.

Chart 4 – Rate benchmarking



The effect of AI on construction and insurance repair

Artificial intelligence and robotics will impact the cost of completing construction work in the UK and that effect may be seen quickly.

We previously reported on the growing role of AI in the building industry, and development has continued at pace. Throughout the history of construction, technology has allowed leaps forward. Across the industry, AI is already changing the way many contractors manage, monitor and complete projects more effectively, with 65% of UK construction leaders reporting that AI is delivering measurable value (ONS). At the same time, the RICS forecasts that AI adoption is set to accelerate dramatically over the next 12 to 24 months, signaling a period of rapid transformation ahead.

From reducing the back-office admin burden to supporting material estimation and AI powered site inspections, contractors adopting AI are already realising efficiency gains, at a time of prolonged global instability and increasing inflationary pressure, these improvements offer welcome relief.

We can look to recent developments in China to see the potential of where production and site work may turn next when AI and robotics converge to not only alleviate the burden on an already overstretched UK workforce but additionally harness the potential of delivering even greater accuracy.

Robotics and onsite autonomous construction

2025 saw China deliver the world's first fully unmanned road resurfacing project, 98 miles of motorway without human labour. Achieved via AI driven autonomous navigation, automated paving and real-time sensing, the project relied on a co-ordinated fleet of autonomous vehicles, drones and robotic platforms. It demonstrated how high precision tasks can be executed using integrated digital and robotic systems.

Humanoid and embodied intelligence robotics

In 2025 China produced 13,000 humanoid robots, 87-90% of the global production total. Increasingly these units are capable of dexterous manipulation and industrial grade interaction, positioning them for deployment in hazardous or complex environments. Whilst not designed specifically for construction their capabilities transfer and hint at what could soon become commercially viable.

Specialised construction robots

Companies such as Partner Robotics are rapidly developing purpose-built construction robots capable of improving speed, quality and safety. Tile laying, precision scribing and bricklaying units operating at 4-6x faster than human labour have already been deployed internationally. These examples show how targeted segments of construction; specifically repetitive tasks can be automated.

Due to its bespoke nature the insurance repair industry itself may be some distance from autonomous AI powered robots delivering repairs. However, the shift in technology emanating from China will likely be embraced in the not-so-distant future by sectors of the UK construction industry, the resultant indirect impact on our sector being the potential of alleviating labour pressures for the more bespoke "human touch" repairs. As previously reported ~250,000 additional trades are required by the UK construction industry up to 2029 to maintain output at current levels. AI powered major infrastructure projects alleviating some of the demand may well be a welcome outcome.

AI will not replace construction workers, but firms that integrate it effectively will outperform those that do not. For the insurance repair industry, AI is a powerful enabler, with the potential to boost productivity and support better decision making whilst indirectly helping to bridge the skills gap.



Contractor survey

We've surveyed contractors who work in the Sedgwick Repair Solutions Network to understand their concerns and optimism for the next twelve months. We asked two questions and we've summarised the responses below, including common threads.

Q1 We asked contractors what challenges and opportunities they think their business will face in 2026, and what their main concerns are and what current labour pressures are they seeing?

"Recruitment is our biggest issue, we try to operate with 70 trades, now we are below 60..... we've multi skilled operatives seeking £20/hr..... I've real concern over rates"

"Our biggest concern is labour... trades are seeking £300/day..... We've had bricklayers coming to us as they are fed up with housebuilders not delivering on promises"

"material & plant costs are still rising significantly"

"it's that what we cannot control, rising minimum wage making the quality of staff becoming expensive in comparison to the minimal change in rates"

Q2 We asked contractors how optimistic they are for an economically successful and productive 2026

(1-10, 1 being not optimistic)

6/10

Average

sedgwick

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