Insurance Council of Australia

News release

Tuesday, 1 September 2026

Disaster repairs compete with new homes as rebuild costs surge

The cost of rebuilding homes after extreme weather is rising faster than inflation with the biggest increases concentrated in the materials and trades needed most after disasters, according to new analysis released today by the Insurance Council of Australia.

Published as part of the Insurance Council's annual *Insurance Catastrophe Resilience Report*, the analysis highlights the growing economic cost of extreme weather and the increasing pressure it is placing on housing supply, construction costs and insurance affordability.

Data from Cotality's Cordell Construction Cost Index (CCCI) shows building costs rose around 30 per cent in the five years to March 2026, against CPI growth of about 24 per cent over the same period.

The sharpest increases occurred in the materials and trades most relied upon after disasters, with many costs rising at more than double the CPI:

- Roof tiles increased 77 per cent in five years, more than three times the rate of CPI.
- Windows, plaster, plywood, copper piping, structural steel, cement and concrete climbed between 37 and 48 per cent.
- The cost of roof, windows and plaster products – elements commonly damaged by hail, storms and cyclones – saw some of the largest increases.
- Labour costs followed a similar trend, with roofers and glaziers recording the most significant wage growth.

Rising rebuild costs are placing pressure on insurance premiums, and this pressure is sharpest where the weather is worst.

Cotality data shows construction costs have climbed most steeply in Queensland and northern Australia, where a standard home now costs around 45 per cent more to build than it did in 2021.

Beyond the inflationary impact, the cycle of rebuilding and repairing homes damaged by extreme weather is diverting the materials, trades, and construction capacity needed to increase housing supply.

Between 2022 and 2026, insurers received more than 400,000 claims to repair or rebuild homes damaged in declared events, at an insured cost of $11.3 billion.

In 2025 alone, declared events damaged 145,392 homes, almost as many as the 172,657 new homes completed nationally that year.

More generally, the Report shows that in 2025-26 seven declared events generated more than $3.98 billion in insured losses, up more than $1.7 billion on the previous year.

The largest event – storms and hail that hit Queensland and New South Wales last November – generated incurred costs of $2.2 billion from more than 95,600 claims.

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Quotes attributable to ICA CEO Andrew Hall:

> Inflation in building costs is adding real pressure to the cost of premiums year on year.
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> Every insurance claim draws on the same builders, trades and materials needed to deliver new housing, stretching an already constrained construction sector even further
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> The building sector has called out sustained labour shortages, higher electricity costs, and climbing prices for specific building materials as the key drivers of inflation in Australia.
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> Shifting market demands for AI data centre construction and the 2032 Olympic Games will add further demand into an already stretched sector.
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> Combined with the exposure to high-risk weather in fastest growing regions of the country, Australia is in urgent need of a plan to tackle both the resilience and the costs of housing over the long term.
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> Resilience investment, stronger homes and smarter planning decisions, combined with producing more skilled labour are critical to bringing downward pressure on these costs.
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> Resilience investment is not just good disaster policy, it's good housing policy that stacks up economically.
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> Australia will not tackle the housing shortage while disasters keep pushing existing homes back into the repair queue, which is why resilience investment must be a core part of the Government's national housing strategy.

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Data from 2025-26 Insurance Catastrophe Resilience Report:

Event type	Code	Event name	Start date	End date	Claims	Insured loss
Hail	SE254	Severe Spring Storms	26-Oct-25	02-Nov-25	41,378	$1,066.2M
Storm	CAT255	QLD & NSW Severe Storms and Hail	20-Nov-25	27-Nov-25	95,692	$2,225M
Man-made	SE256	Bondi Event	14-Dec-25	14-Dec-25	38	$0.6M
Bushfire	CAT261	Victorian Bushfires	07-Jan-26	08-Feb-26	4,852	$598.6M
Man-made	SE262	Middle East Conflict	28-Feb-26	16-Mar-26	1,997	$4.1M
Flood	SE263	Northern Territory flooding	04-Mar-26	13-Mar-26	389	$40.6M
Flood	SE264	Queensland flooding	04-Mar-26	13-Mar-26	3,206	$45.9M
				Total	14,552	$3.98 billion