



# 360Value Quarterly Reconstruction Cost Analysis

Q1 2022: Canada

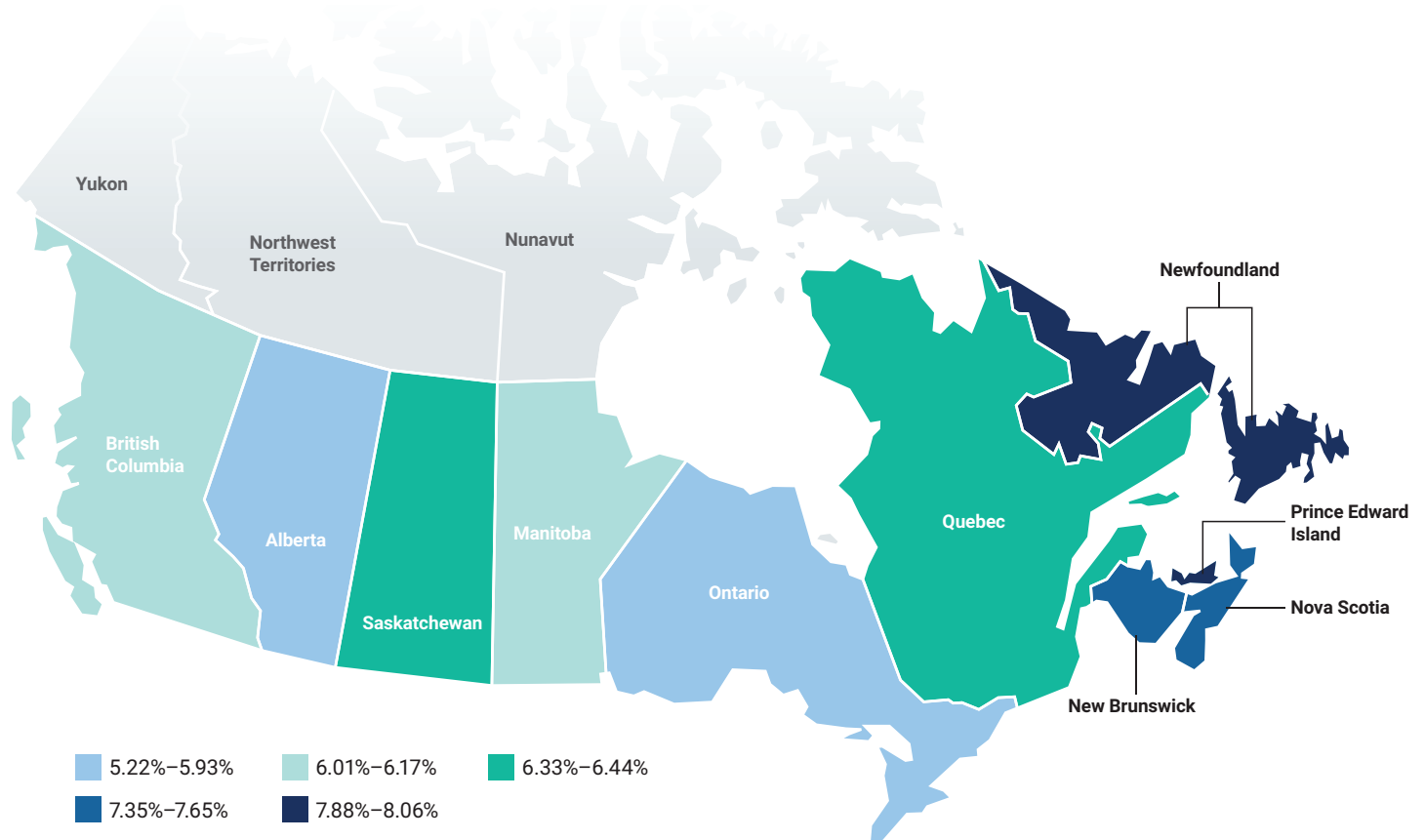


This report provides reconstruction cost trends at the national and state levels. The 360Value® Quarterly Reconstruction Cost Analysis is derived from building cost research conducted by industry leader Xactware.®

# Reconstruction costs rise moderately as prices for lumber continue to climb

Total reconstruction costs, including materials and retail labour, rose 6.7% from January 2021 to January 2022, down slightly from the 8.6% increase recorded between October 2020 and October 2021. Lumber continues to show signs of easing, rising a stable 18.7%, although dipping from the historic peak recorded just a few quarters back. During the fourth quarter of 2021 (October through December), reconstruction costs fell 0.1%, compared to a decline of 3.1% in the prior quarter.

All provinces experienced cost increases. Prince Edward Island and Newfoundland had the highest growth rates at 8.1% and 7.9%, respectively. Alberta and Ontario experienced the lowest increases at 5.9% and 5.2%, respectively.



Changes in reconstruction costs by province.

Provinces are grouped in quintiles; each range/color in the legend includes 20% of the total number of provinces.

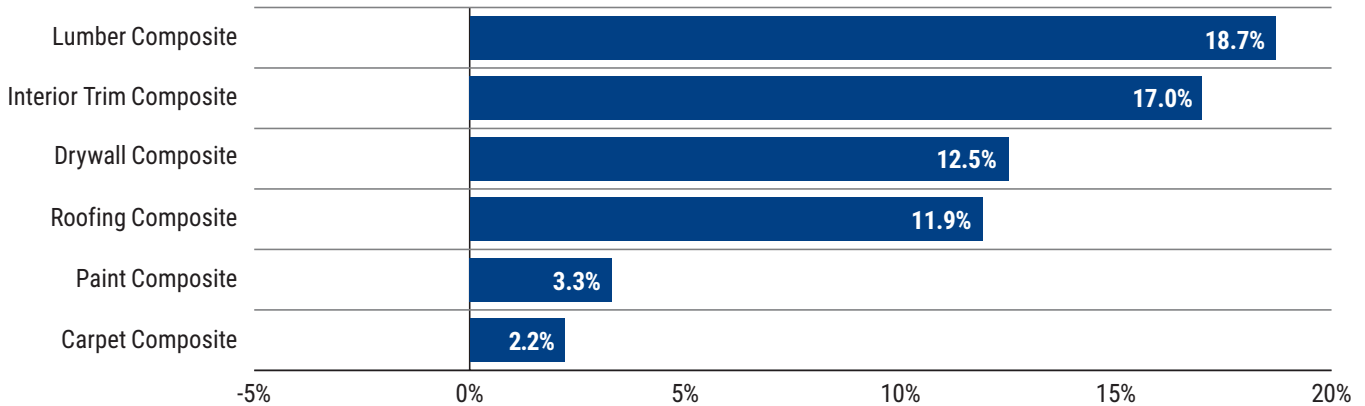
\*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from January 2021 to January 2022, unless otherwise noted

## Material Cost Analysis

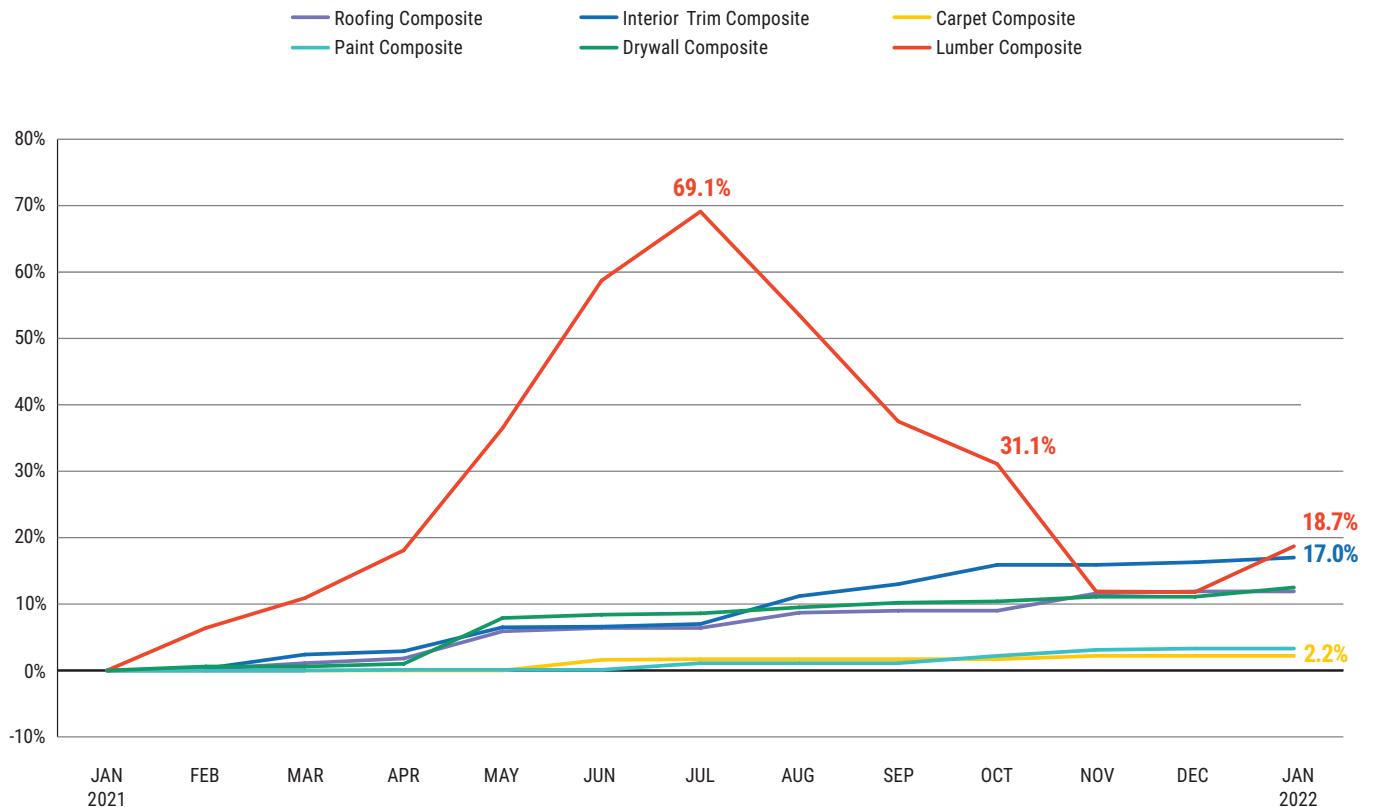
Total material costs increased by 7.2% from January 2021 to January 2022, a slight dip from the 10.9% increase recorded between October 2020 and October 2021. The lumber category continued to experience the largest gain, with a 18.7% increase. However, this increase was well off the 35.9% hike recorded between October 2020 and October 2021.

Interior trim composite, which includes finished lumber products such as interior doors, rose 17% in the year-over-year period, on pace with the 16.8% gained in the prior quarter. Drywall was up 12.5%, followed by roofing at 11.9%, and paint at 3.3%.

Percentage change in costs



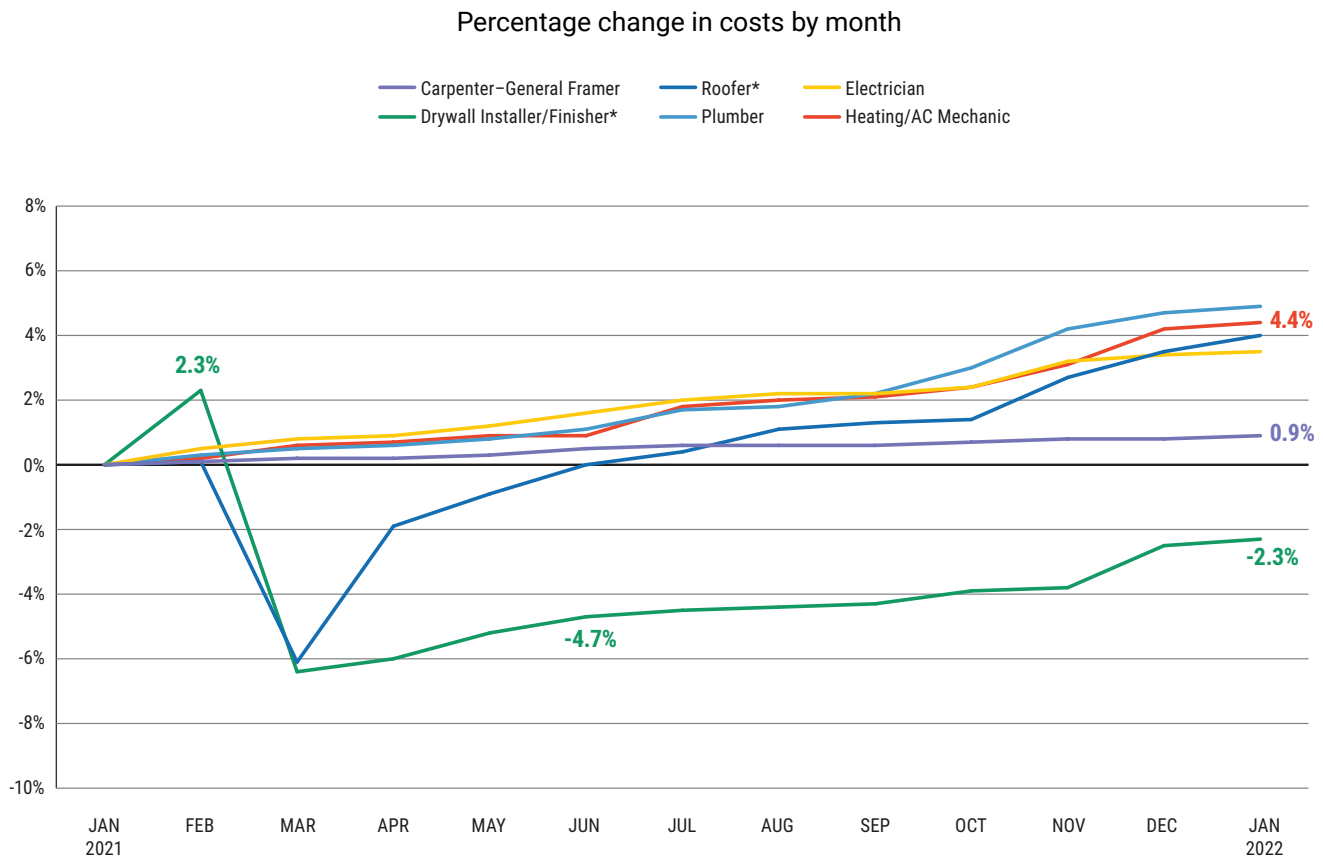
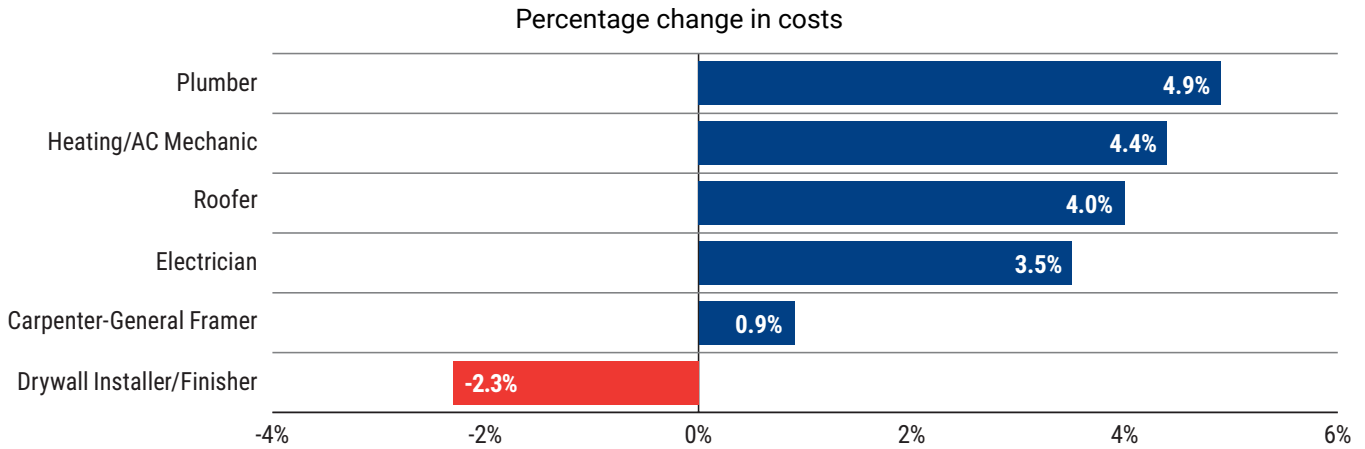
Percentage change in costs by month



## Labor Cost Analysis

Combined retail labour rates increased 4.3% from January 2021 to January 2022, down just slightly from October 2020 to October 2021, when labour rates rose 4.5%. Among the construction trades, plumber costs rose the most at 4.9%.

Costs for heating/AC mechanics followed close behind, rising 4.4% in the year-over-year period. Other trades rose 0.9% to 4%, except for drywall installer costs, which fell 2.3% in the year-over-year period.



\* Based on a recent survey conducted with a large group of contractors in multiple states and provinces, we've changed an assumption in our cost calculations, increasing the time for driving and picking up materials/equipment from 30 to 60 minutes. The impact this has on the unit prices and hourly labour rates will vary based on feedback and on recent random sample surveys with contractors for labour and line item pricing. For example, in some trades where it is more common for contractors to quote unit pricing over an hourly labour rate, it may be that the current hourly labour rate was adjusted downward so the unit prices stayed constant.

## About this report

The *360Value Quarterly Reconstruction Cost Analysis* is derived from building cost research conducted by industry leader Xactware, a Verisk business, and validated at a highly localized level.

Our comprehensive research process includes real-time feedback on reconstruction costs from tens of thousands of contractors and claims adjusters, extensive material and labour cost surveys, and analysis of more than 5 million

actual damage repair estimates for claims each year. Verisk also updates reconstruction costs monthly to support providing reliable and timely pricing information.

The data contained in this report should not be used as the basis for underwriting, coverage, rating, or renewal decisions, as changes in replacement costs vary dramatically at the individual property level.



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