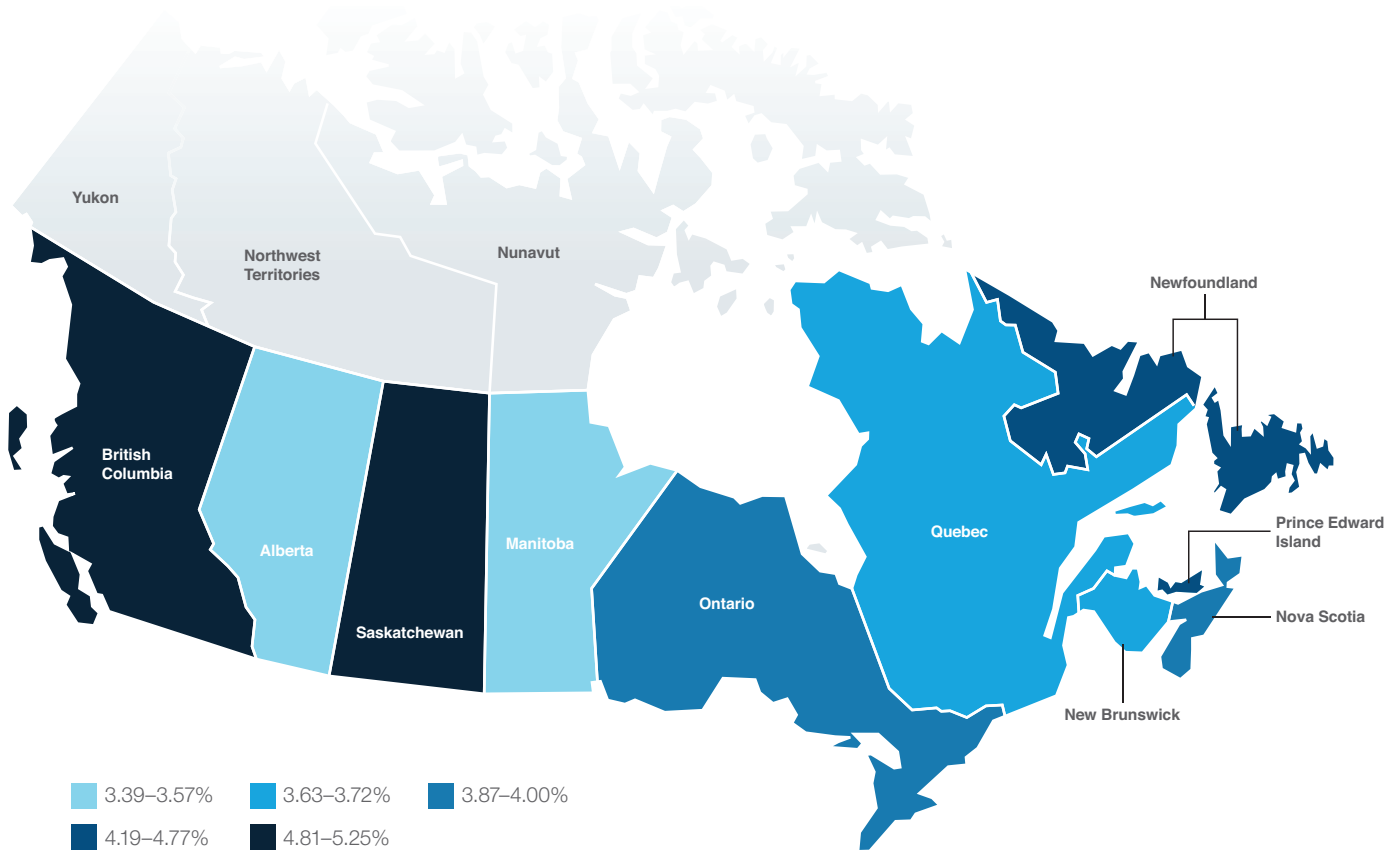


This report provides reconstruction cost trends at the national and provincial levels. *360Value® Quarterly Cost Updates* are derived from building cost research conducted by industry leader Xactware®.

# Rate of change for reconstruction costs doubles

Total reconstruction costs, including materials and retail labour, increased 4.0 per cent\* in 2017, nearly double the rate of increase in 2016 (2.1 per cent). A 3.7 per cent rise in the third quarter and a 4.3 per cent rise in the fourth quarter drove the increase for the year. According to Xactware research, during the past 12 months, all ten provinces experienced cost increases. Saskatchewan increased the most (5.3 per cent), with Alberta showing the lowest increase (3.4 per cent).



Changes in reconstruction costs by province from January 2017 to January 2018.

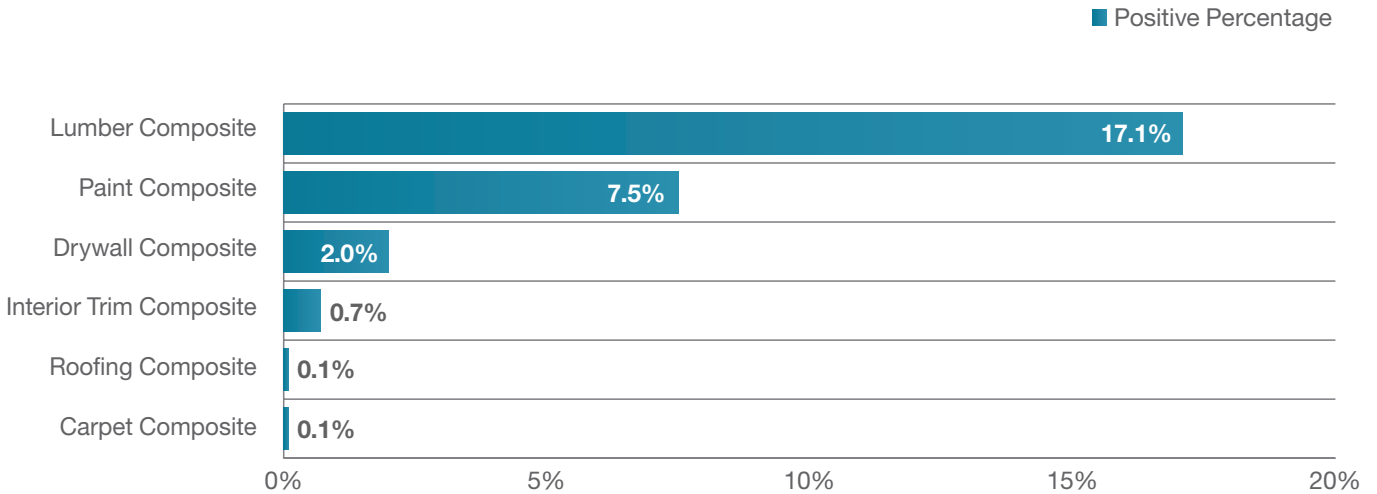
Provinces are grouped in quintiles; each range/color in the legend includes 20 per cent of the total number of provinces.

\*All rates, percentages, increases, decreases, etc., are calculated as percentage change versus the 12th month prior, unless otherwise noted.

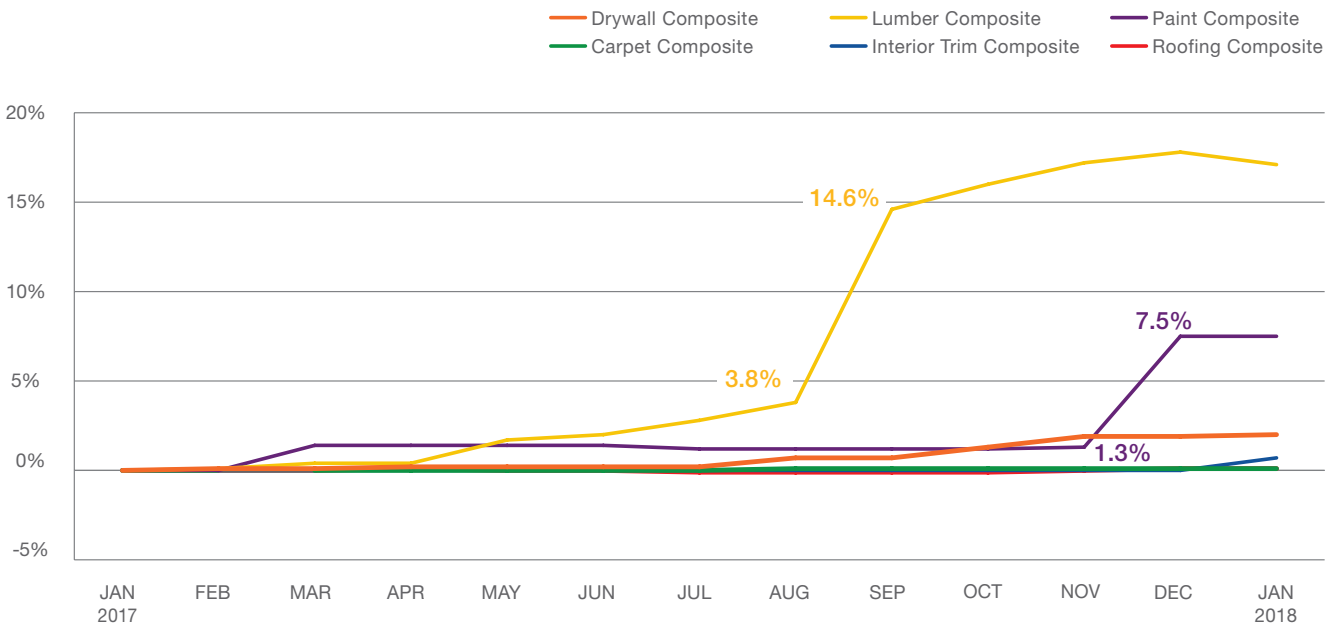
### Material Cost Analysis

Total material costs rose 3.2 per cent in 2017. Xactware identified key changes to several material categories. Lumber costs skyrocketed by more than 17.0 per cent, driven by a significant increase between August and September due to sheathing (OSB & plywood). Paint costs increased 7.5 per cent, with a large jump between November and December. Drywall costs increased 2.0 per cent, and costs for all other materials remained relatively stable throughout the year (less than 1.0 per cent change).

Percentage change in costs



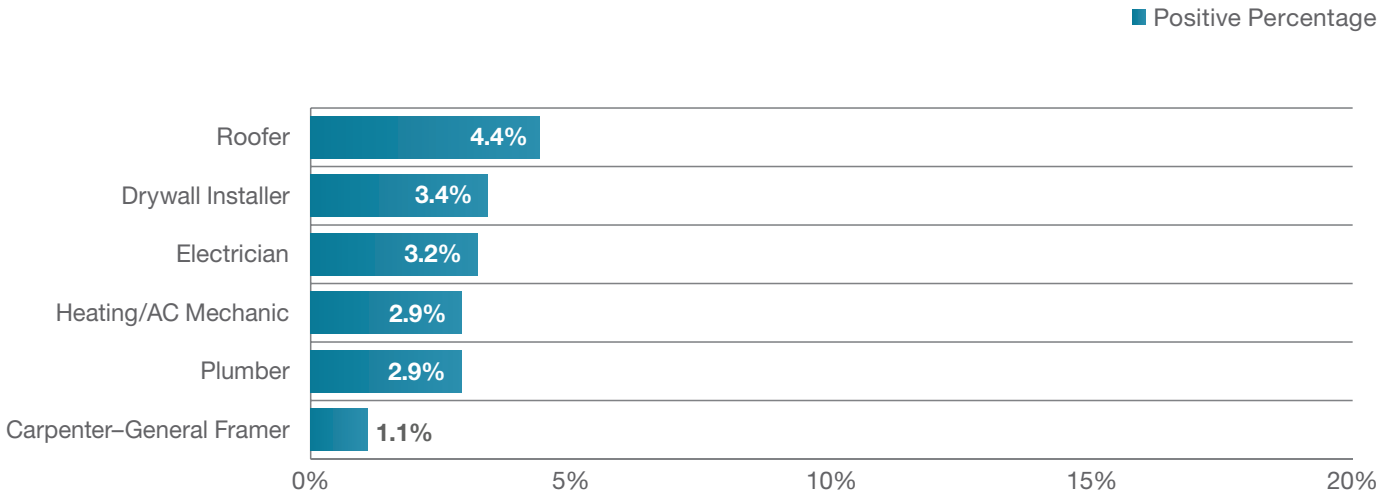
Percentage change in costs by month



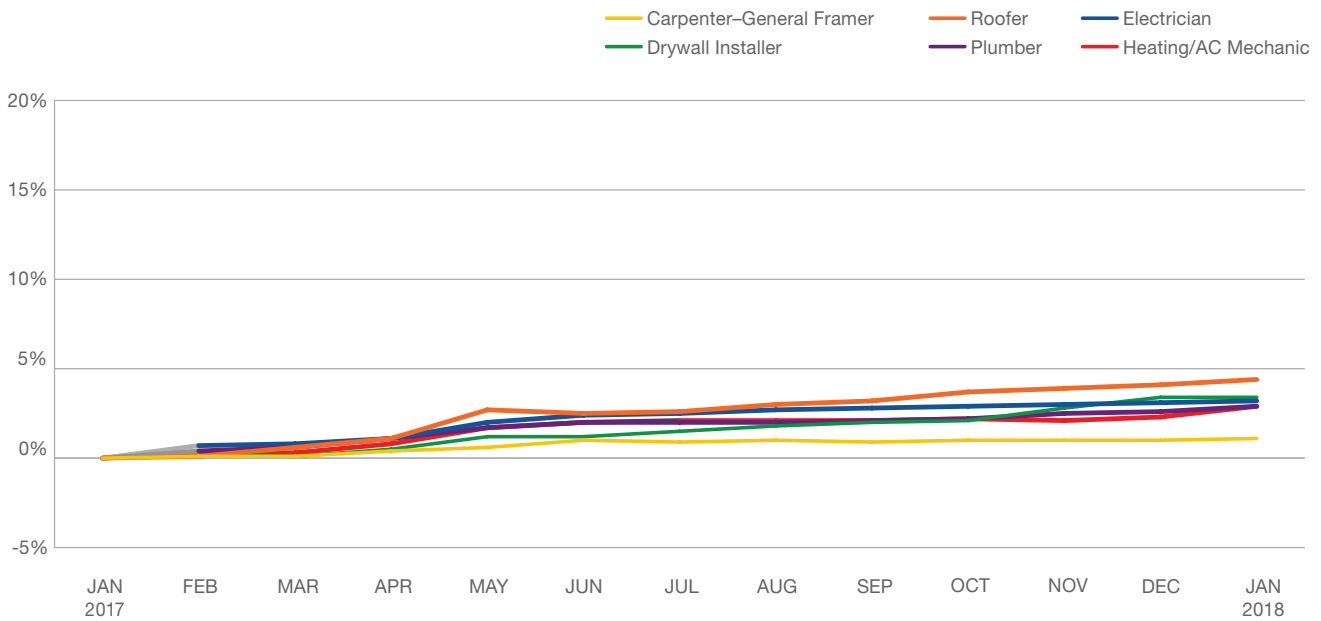
### Labour Cost Analysis

Total labour costs increased 3.4 per cent in 2017. All six major labour trades reported increases. Roofer costs increased the most (4.4 per cent), while rates for drywall installers, electricians, heating/AC mechanics, and plumbers rose by approximately 3.0 per cent each. Carpenters—general framers costs increased the least (1.1 per cent).

Percentage change in costs



Percentage change in costs by month



### About this report

360Value Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware and validated at a highly localized level.

Xactware employs a comprehensive research process that includes real-time feedback on reconstruction costs from thousands of contractors and claims adjusters, extensive material and labour cost surveys, and analysis of hundreds of thousands of actual damage repair estimates for claims each year.

Current, localized, and detailed cost information on reconstruction labour and building materials is essential to create reliable, component-based replacement cost estimates. Each quarter, updated reconstruction cost data is incorporated into 360Value.

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.

The data compiled in this summary is available in Xactware's Industry Trend Reports, an online reporting tool that gives users an overview of market changes from one area to another; national and provincial averages; and price trends for roofing materials, drywall materials, and much more.

For more information or to subscribe to Xactware's Industry Trend Reports, visit:

<http://www.xactware.com/en-us/solutions/claims-management/industry-trend-reports/>

For more information on 360Value, visit:

<http://www.verisk.com/insurance/underwriting/property/360value-residential.html>



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