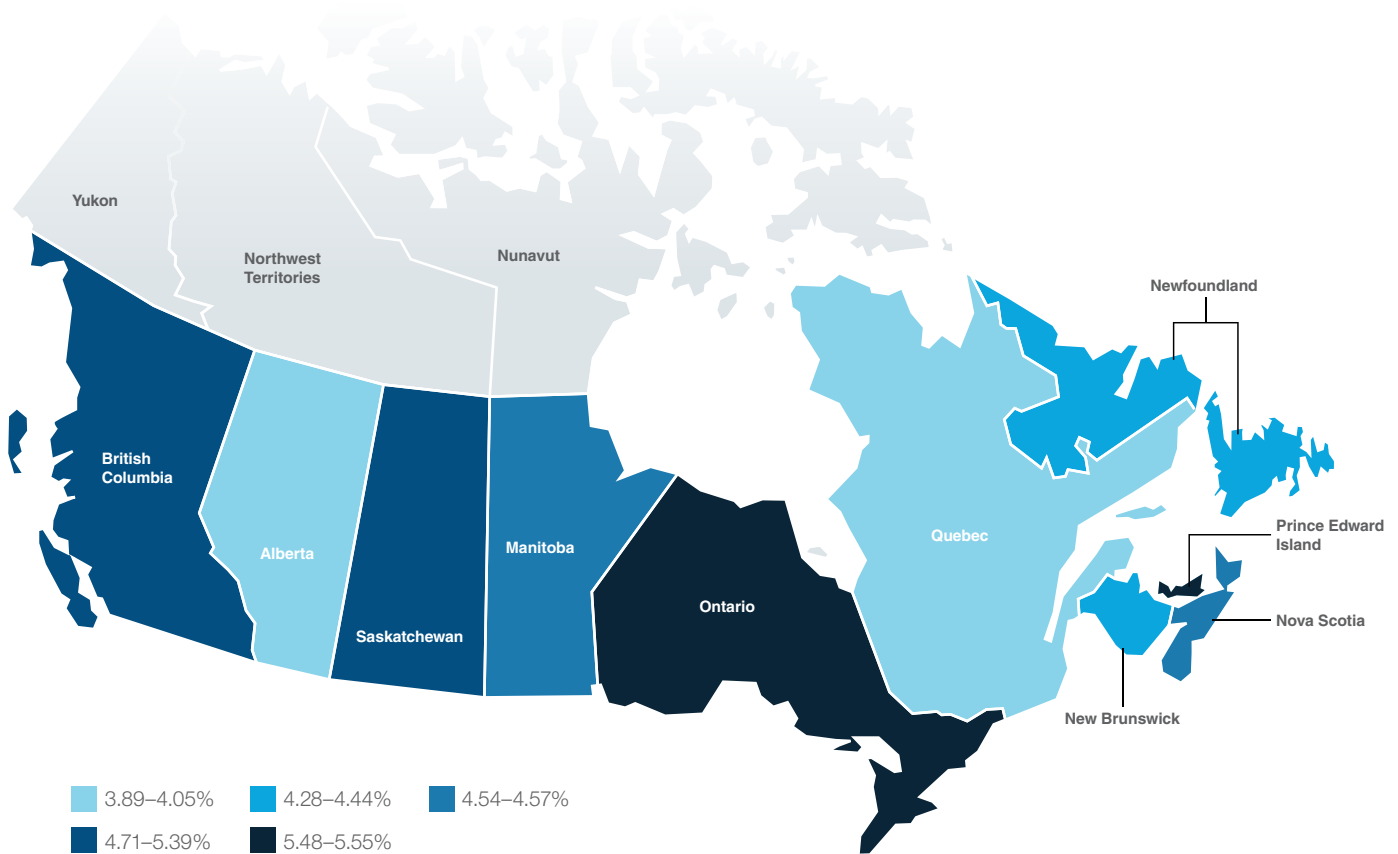


This report provides reconstruction cost trends at the national and provincial levels. *360Value® Quarterly Cost Updates* are derived from building cost research conducted by industry leader Xactware.

Reconstruction costs increase at highest rate in nearly three years

Total reconstruction costs, including materials and retail labour, increased 4.7 per cent* in the past 12 months. This is the highest increase since July 2015 (4.9 per cent). The 4.7 per cent increase is stable from last period,** when costs rose 4.0 per cent. All provinces experienced increases. Costs in Prince Edward Island grew the most (5.6 per cent), followed closely by Ontario (5.5 per cent) and British Columbia (5.4 per cent). Alberta continues to show the lowest increases (3.9 per cent).



Changes in reconstruction costs by province.

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

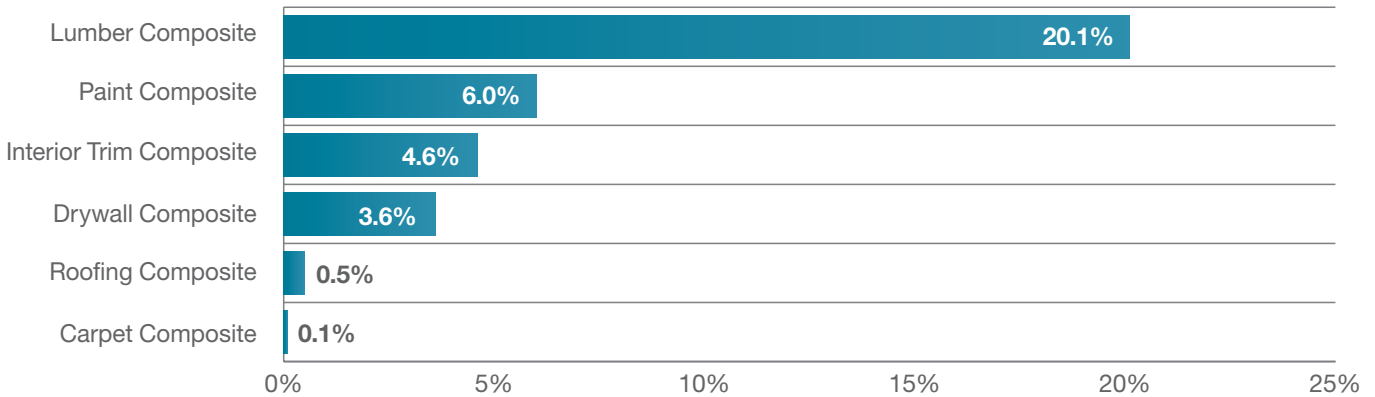
*All rates, percentages, increases, decreases, etc., are calculated as percentage change from beginning of April 2017 to April 2018, unless otherwise noted.

**Last period refers to the 12 months from beginning of January 2017 to January 2018.

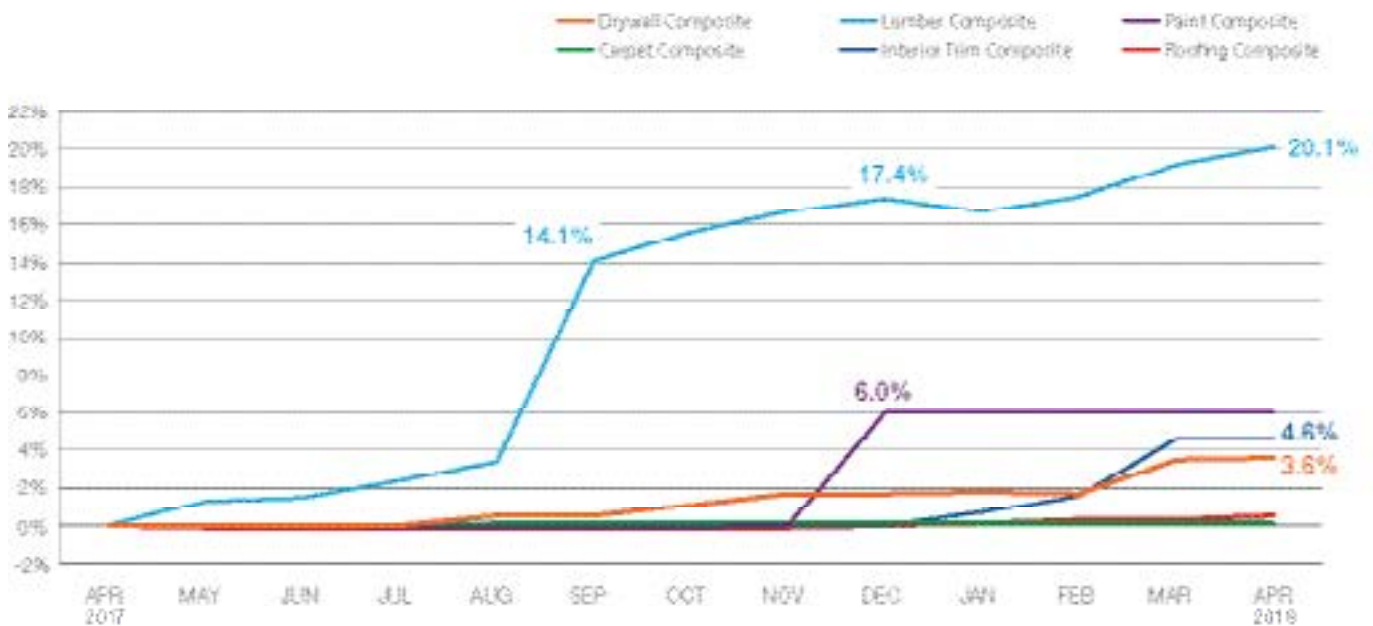
Material Cost Analysis

Total material costs rose 4.4 per cent, which is slightly higher than last period (3.2 per cent). We identified key changes to several material categories. Lumber costs skyrocketed 20.1 per cent, driven by a 10.7-percentage-point increase between August and September due to sheathing (OSB and plywood). Paint costs increased 6.0 per cent, with a 6.0-percentage-point jump between November and December. Increases in the past three months for interior trim brought costs to a total 4.6 per cent change. For drywall, small but steady growth beginning in August 2017 drove a 3.6 per cent total increase. For drywall, small but steady growth beginning in August 2017 drove a 3.6 per cent total increase.

Percentage change in costs



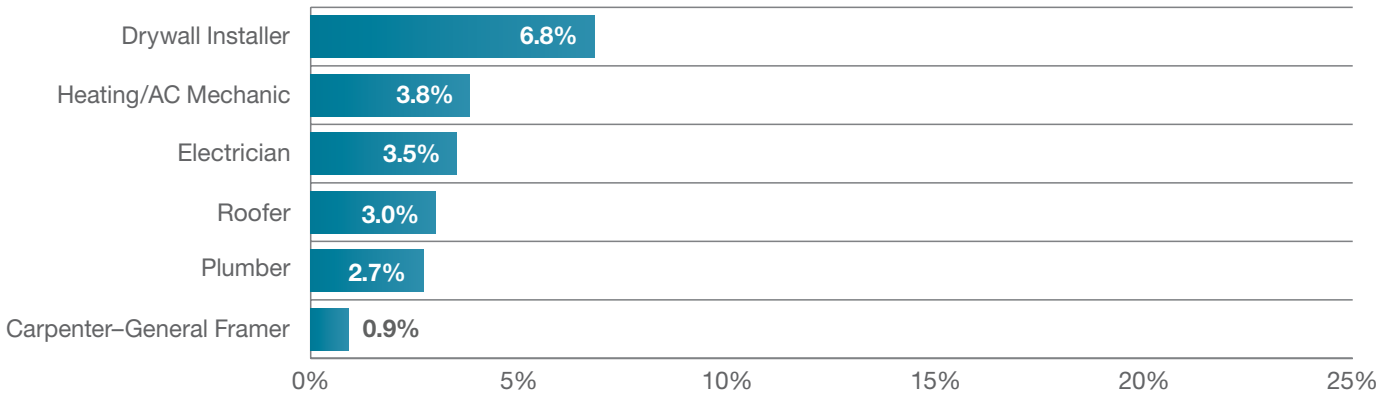
Percentage change in costs by month



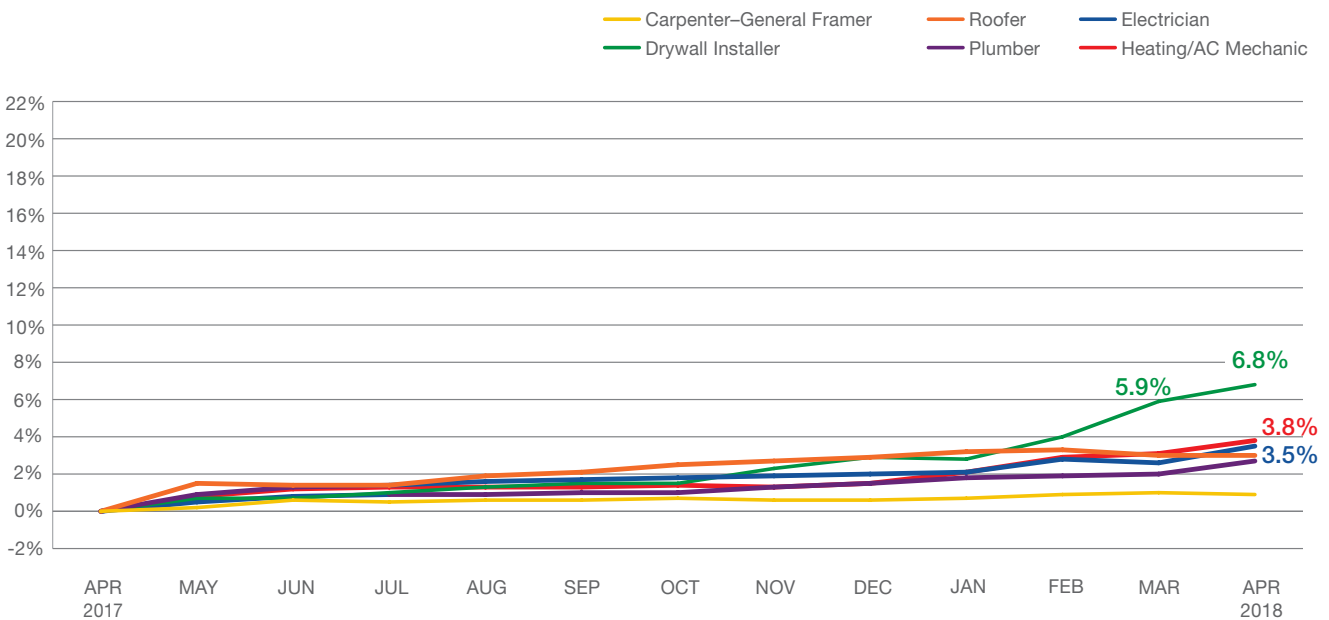
Labour Cost Analysis

Total labour costs increased 4.3 per cent, slightly higher than the increase last period (3.4 per cent). All six major labour trades reported increases. Drywall installer costs increased the most at 6.8 per cent, with small but steady increases over the past 12 months. Heating/AC mechanic and electrician costs grew approximately 3.5 per cent each, while costs for roofers and plumbers increased about 3.0 per cent each. Carpenter costs increased less than 1.0 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, 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.

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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