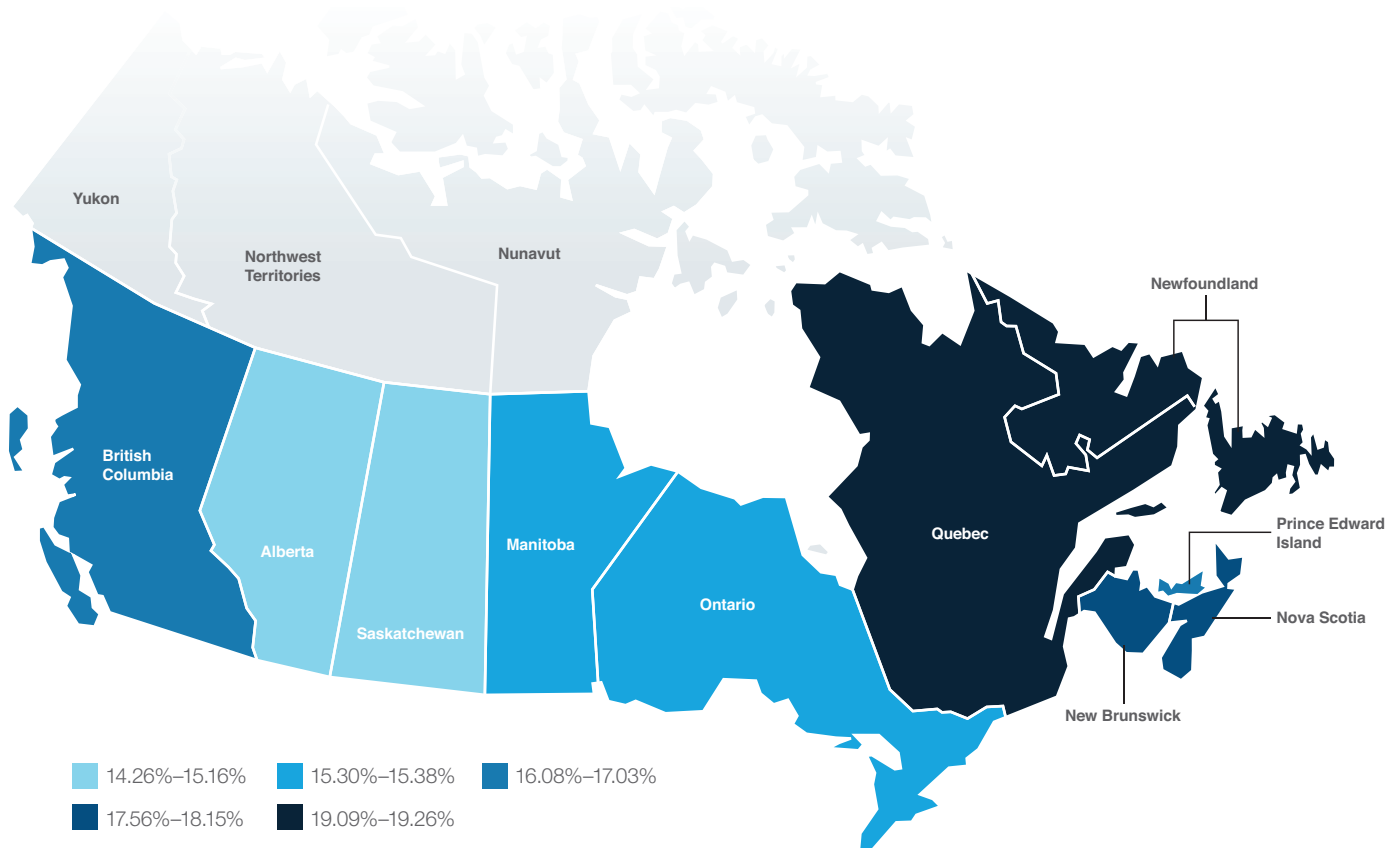


This report provides reconstruction cost trends at the national and provincial levels. 360Value® Quarterly Cost Updates are derived from building cost research conducted by industry leader Xactware.®

Historic lumber price gains continue to fuel surge in reconstruction costs

Total reconstruction costs, including materials and retail labour, increased 16.9% from July 2020 to July 2021. Led by a spike in lumber costs, this increase was more than double the 7.7% rise recorded for the April 2020 to April 2021 period. During the second quarter of 2021 (April through June), reconstruction costs grew 9%, compared with only 0.9% in the first three months of the year.

All provinces experienced cost increases. Newfoundland and Quebec had the highest growth rates at 19.3% and 19.1%, respectively. Saskatchewan and Alberta experienced saw the lowest increases with 15.2% and 14.3%, respectively. These provinces mirrored the overall national trend, with the rate of price changes growing by large margins.



Changes in reconstruction costs by province.

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

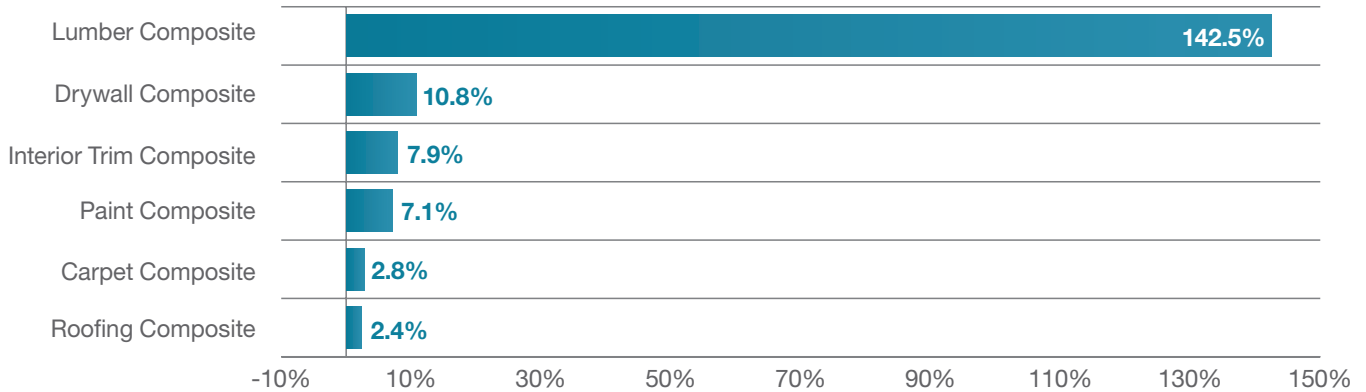
*All rates, percentages, increases, decreases, etc., are calculated as percentage changes from July 2020 to July 2021, unless otherwise noted



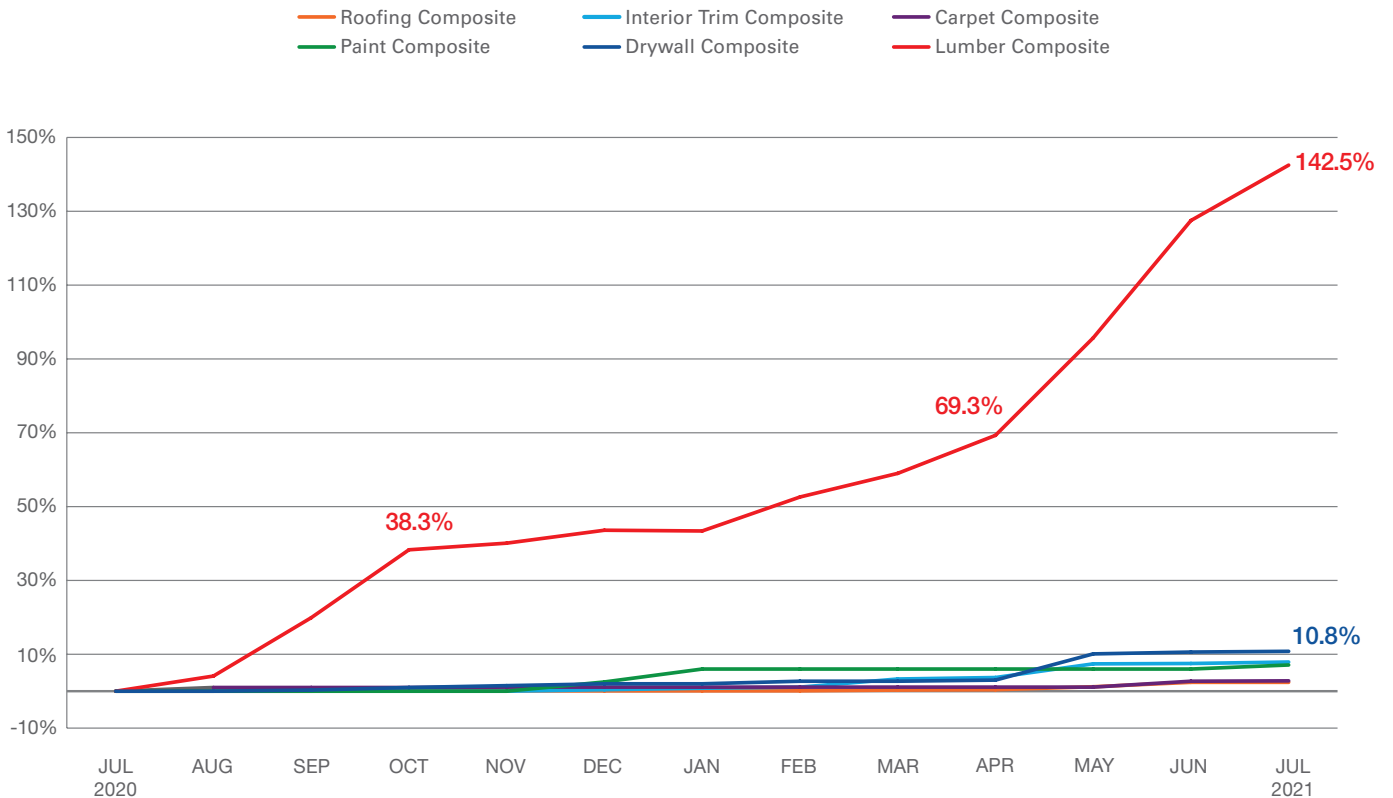
Material Cost Analysis

Total material costs increased by 27% from July 2020 to July 2021. Lumber continued to be the category showing the largest increase, with a 142.5% hike, which was double the increase of 69.5% from April 2020 to April 2021. This may continue to reflect pandemic-related constraints on supply amid an increase in building and renovation activity. Drywall and interior trim composite followed distantly at 10.8% and 7.9%, respectively. Paint increased 7.1%, carpet increased 2.8%, and roofing increased 2.4%.

Percentage change in costs



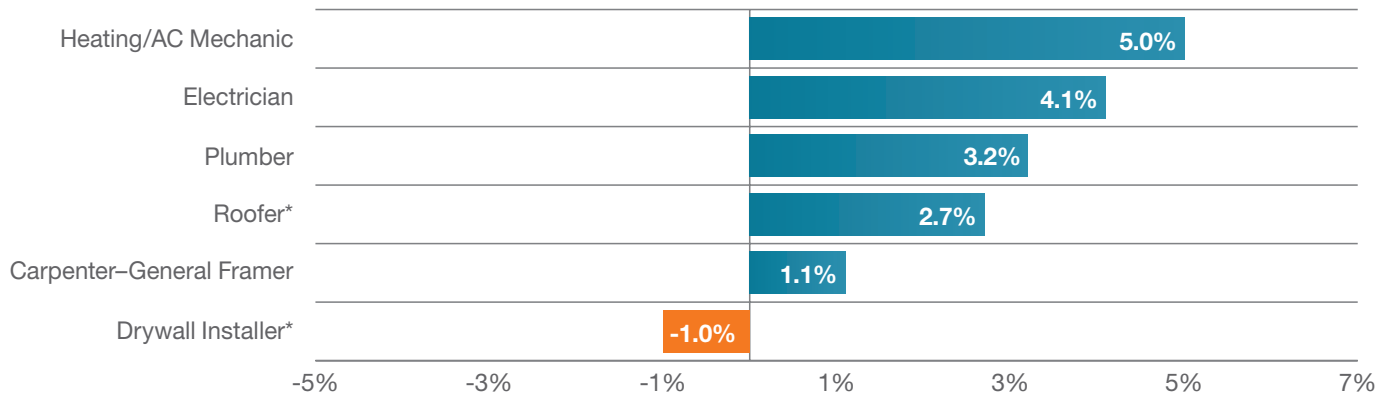
Percentage change in costs by month



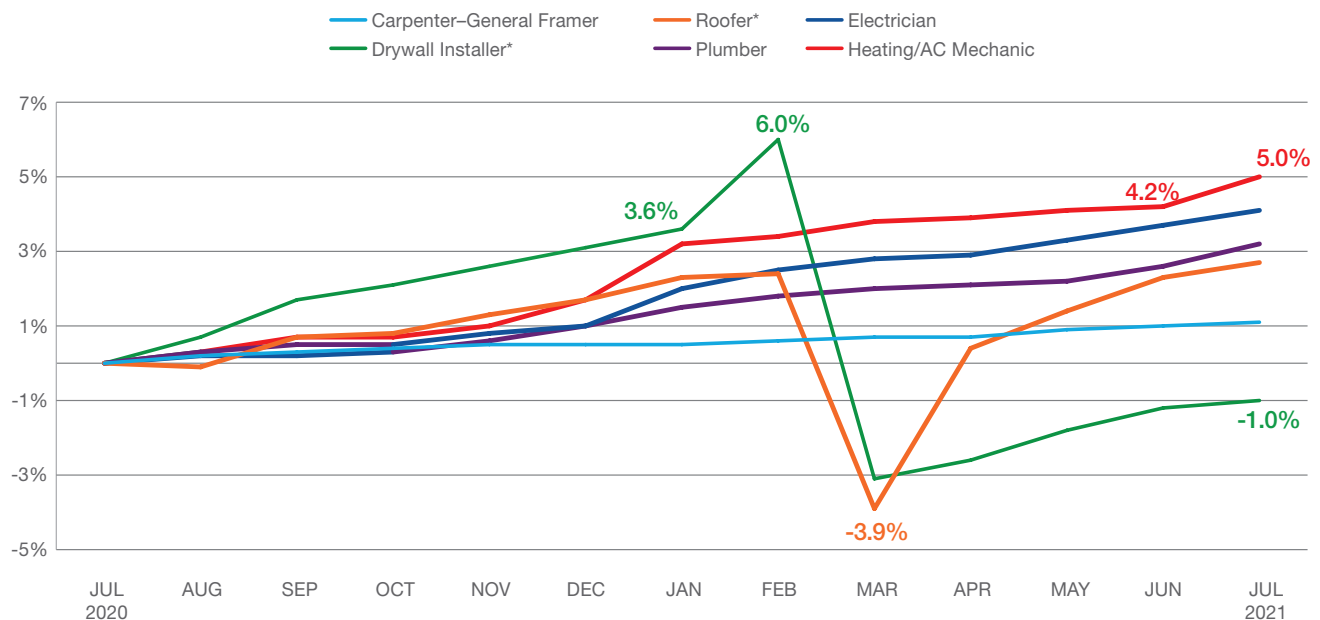
Labour Cost Analysis

Combined retail labour rates increased 4.3% from July 2020 to July 2021, a slight rise from the 3.7% notched in the April 2020 to April 2021 period. Looking at a sample of six construction trades, heating/AC mechanic grew the most at 5%. Other labour trades increased from approximately 4.1% to 1.1%, with the exception of drywall installer, which decreased 1%.

Percentage change in costs



Percentage change in costs by month




* 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

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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