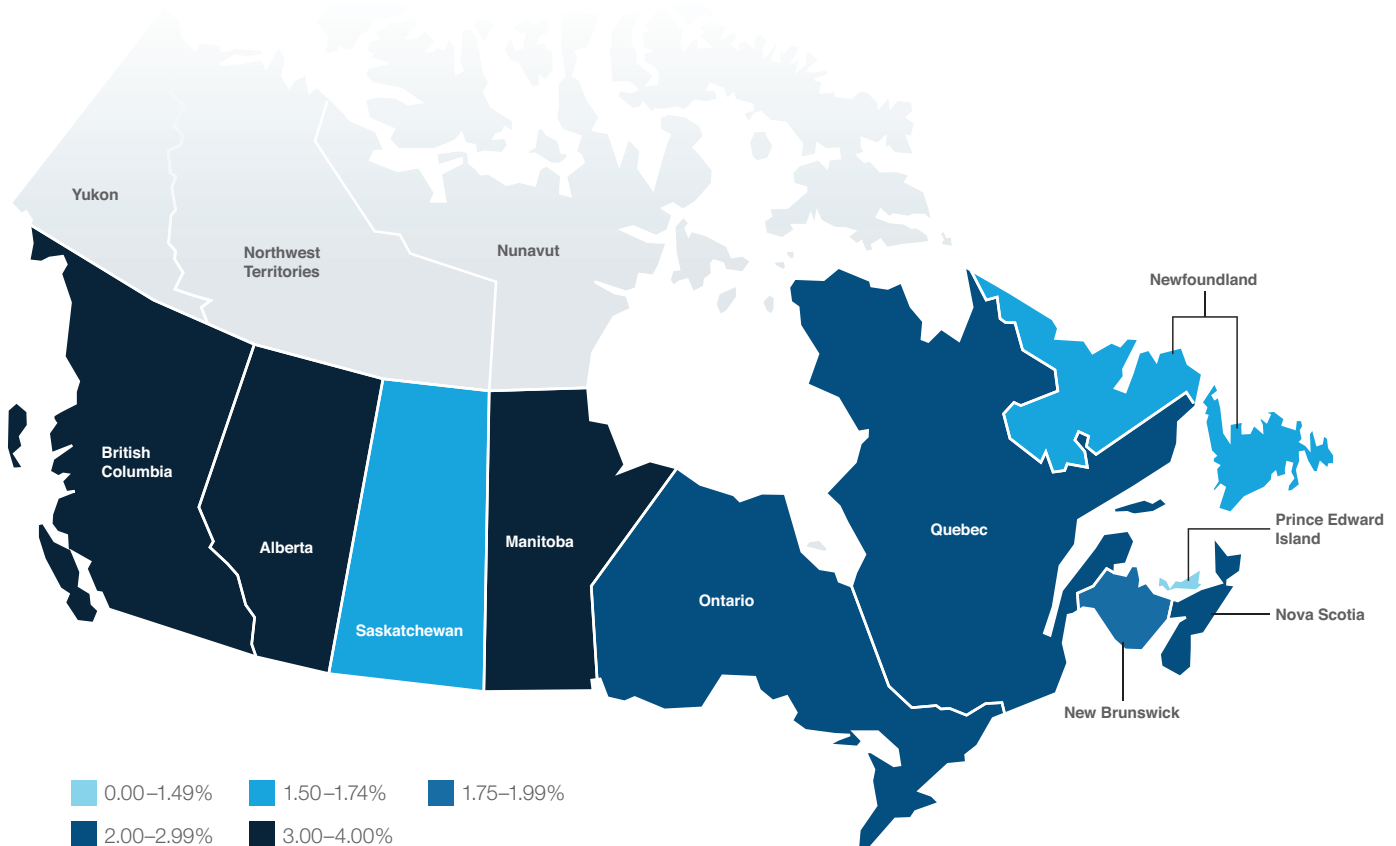


This report provides reconstruction cost trends at the national and provincial levels. *360Value® Quarterly Cost Updates* are derived from building cost research conducted by industry leader Xactware.

Reconstruction costs continue to rise at a consistent rate

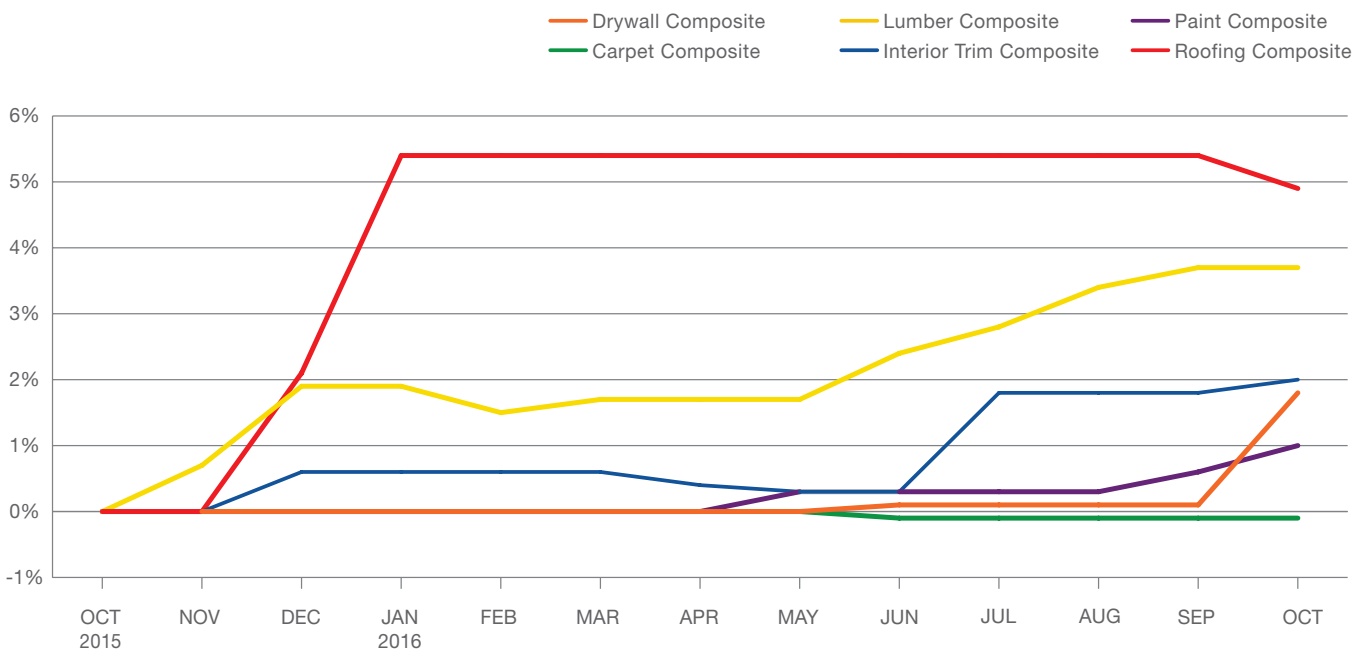
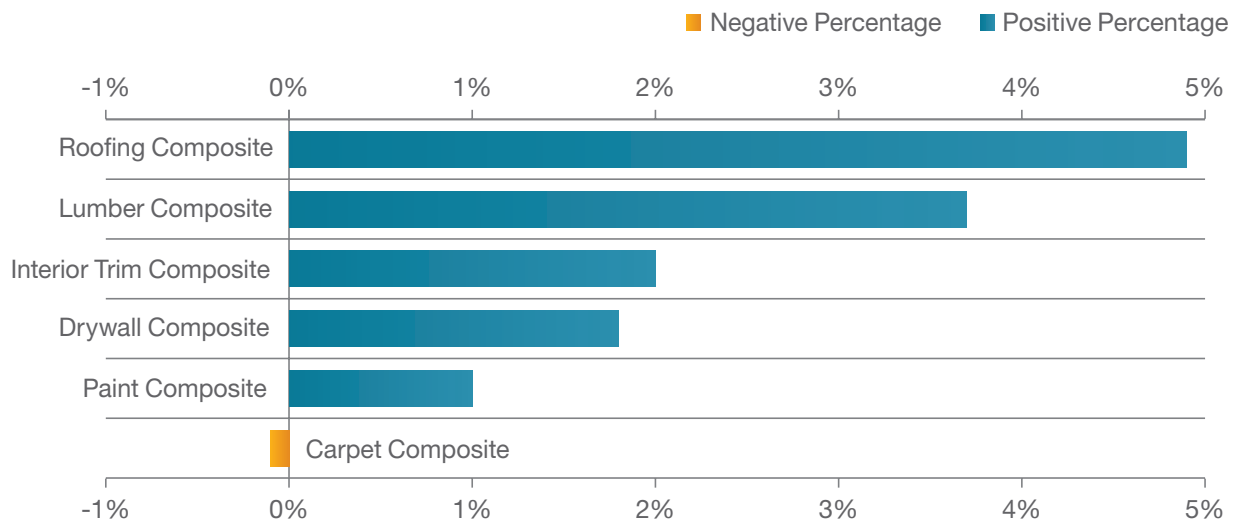
In Canada, overall reconstruction costs at the national level increased 2.4 per cent from October 2015 to October 2016, according to Xactware reconstruction cost research, a rate that has been relatively consistent over the past four quarters. During the past 12 months, all ten Canadian provinces experienced reconstruction cost increases. The largest increase, 3.2 per cent, was in Manitoba. During the third quarter of 2016, reconstruction costs went up 0.4 per cent.



Changes in reconstruction costs by province from October 2015 to October 2016

Material Cost Analysis

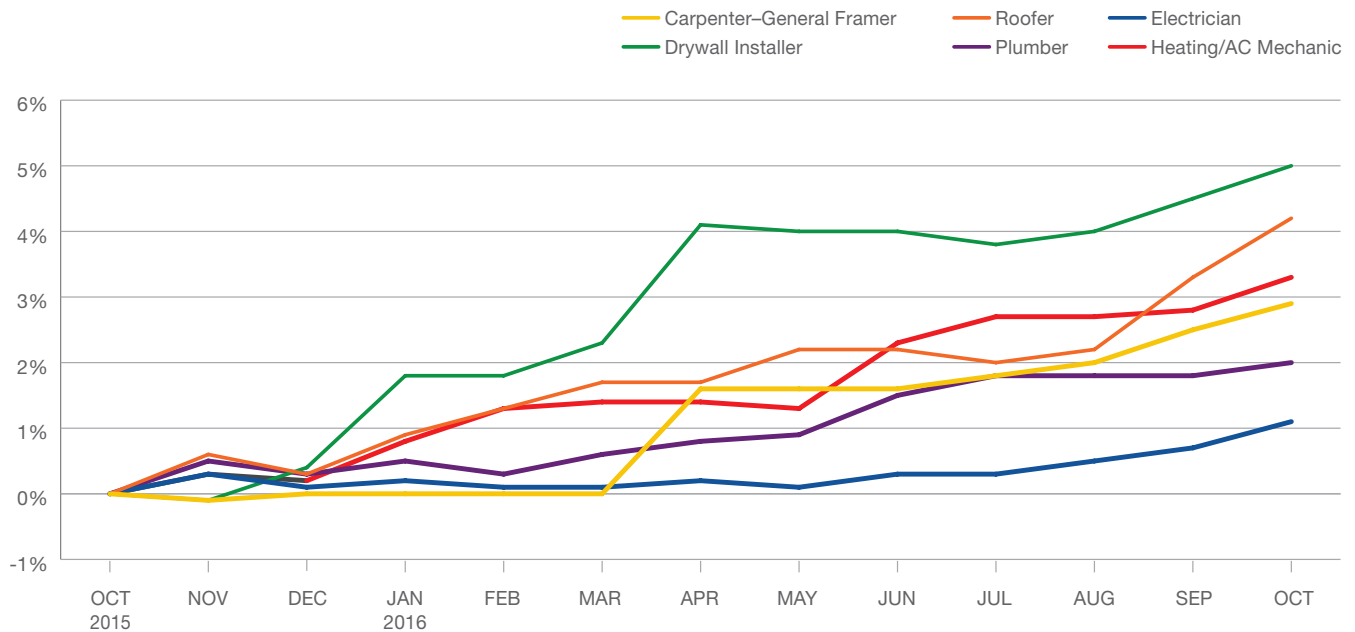
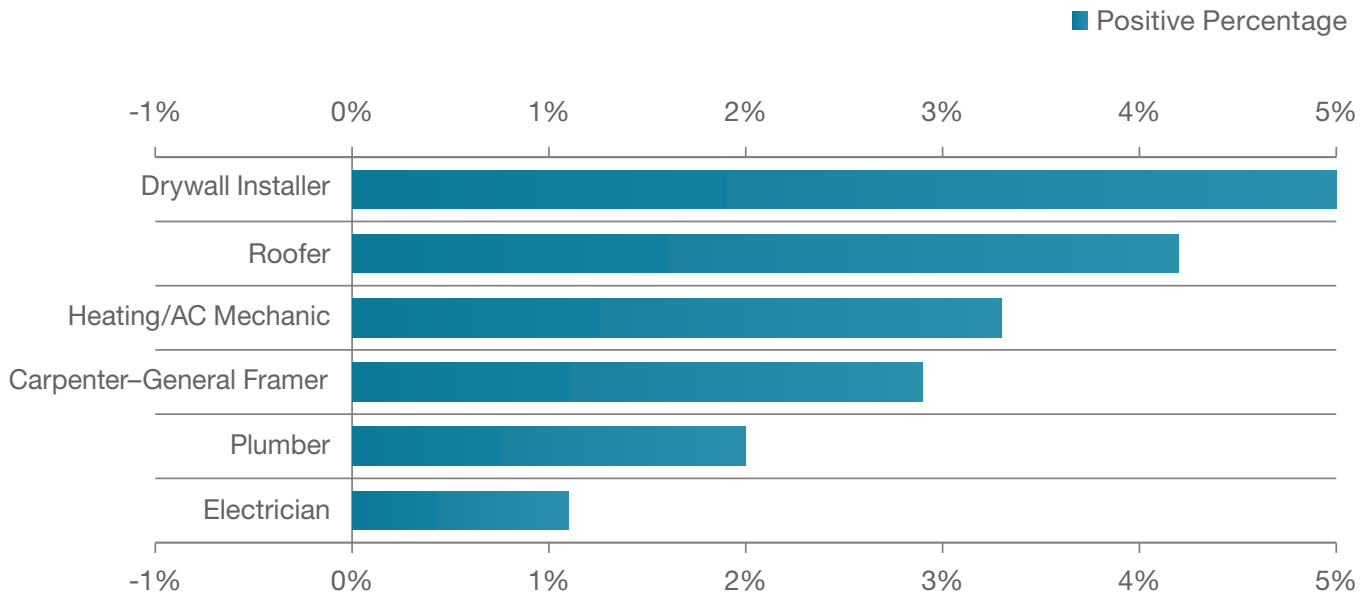
Overall material costs for common repairs did not change from July 2016 to October 2016. During the past 12 months, overall material costs rose 2.6 per cent. Xactware identified changes to several material categories during the past year. For example, roofing costs had the most significant growth, at 4.9 per cent. Lumber and interior trim costs increased 3.7 and 2.0 per cent, respectively, while drywall and paint increased 1.8 and 1.0 per cent. Carpet remained largely unchanged.



Cost changes for common building materials from October 2015 to October 2016 at the national level. The data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labour Cost Analysis

From July 2016 to October 2016, labour rates increased 1 per cent. The rate of increase during the past 12 months was 3 per cent. From October 2015 to October 2016, all six major labour trades reported increases. Labour rates for drywall installers increased the most (5 per cent). Rates for roofers rose more than 4 per cent. Heating/AC mechanics were close behind, at 3.3 per cent, and rates for carpenter-general framers increased 2.9 per cent. Rates were up 2 per cent for plumbers, while the rate of increase for electricians was lowest, at 1.1 per cent.



Changes in labour costs for some common trades from October 2015 to October 2016 at the national level. Labour costs include wages, burden, and overhead.

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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