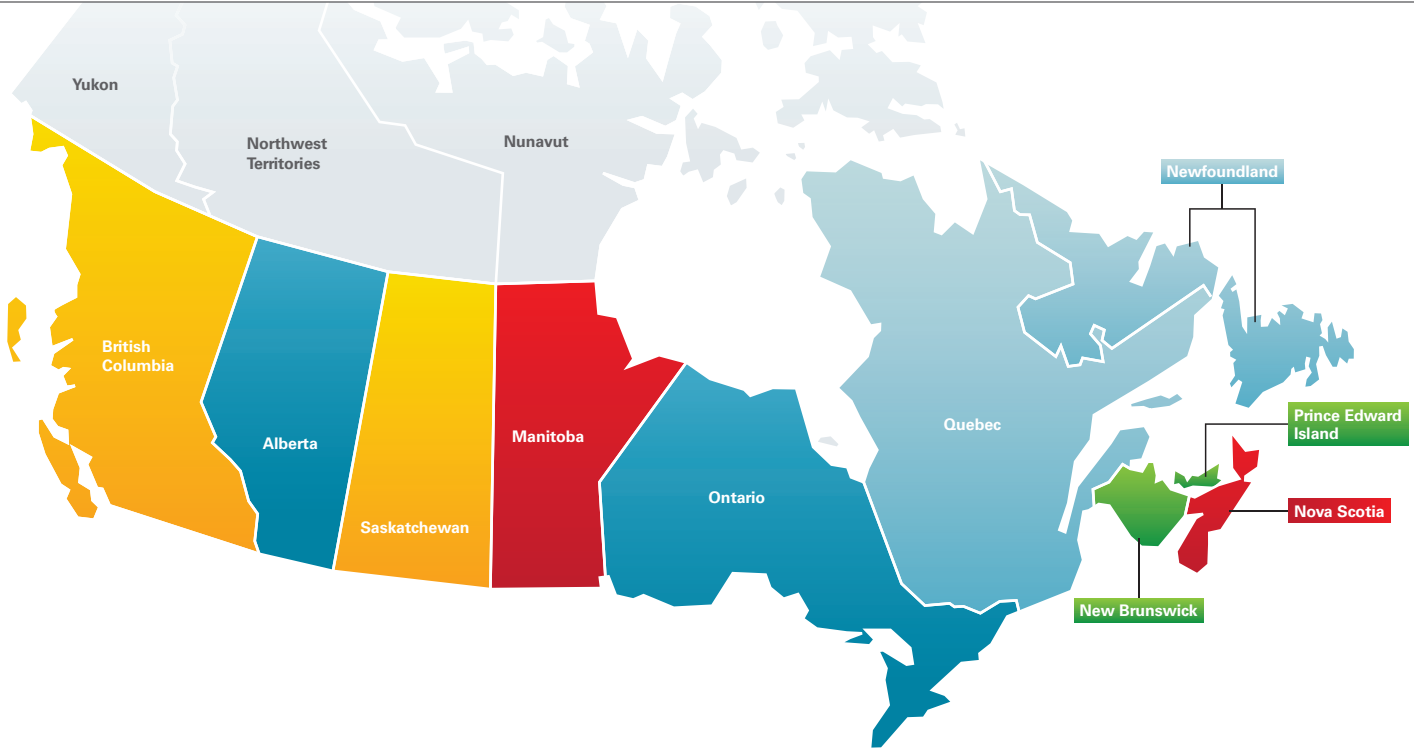




Current, localized, and detailed cost information on reconstruction labour and building materials is essential to create reliable, component-based replacement cost estimates. To supply insurance professionals and underwriters with this valuable information, the underlying reconstruction cost data used to develop 360Value® estimates is continually researched and validated at a highly localized level.

Xactware has developed a comprehensive building cost research process that includes real-time feedback on reconstruction costs from thousands of contractors and claims adjusters in the field, extensive material and labour cost surveys, and analysis of hundreds of thousands of actual damage repair estimates for claims each year. Updated reconstruction cost data is incorporated into 360Value quarterly.

This report provides an overview of current reconstruction cost trends at the national and provincial levels. It gives 360Value users a general understanding of reconstruction cost changes and how they may affect replacement cost estimates over the next quarter. The data contained in this report should not be used as the basis for underwriting or renewal decisions, as changes in replacement cost estimates may vary dramatically at the individual property level.



### National Overview

In Canada, overall reconstruction costs at the national level increased an average 3.1 per cent between April 2013 and April 2014, according to Xactware’s reconstruction cost research. Over the past 12 months, all ten Canadian provinces included in Xactware’s research experienced cost increases. The largest increases were seen in Nova Scotia and Manitoba, each experiencing increases of more than 5.0 per cent.

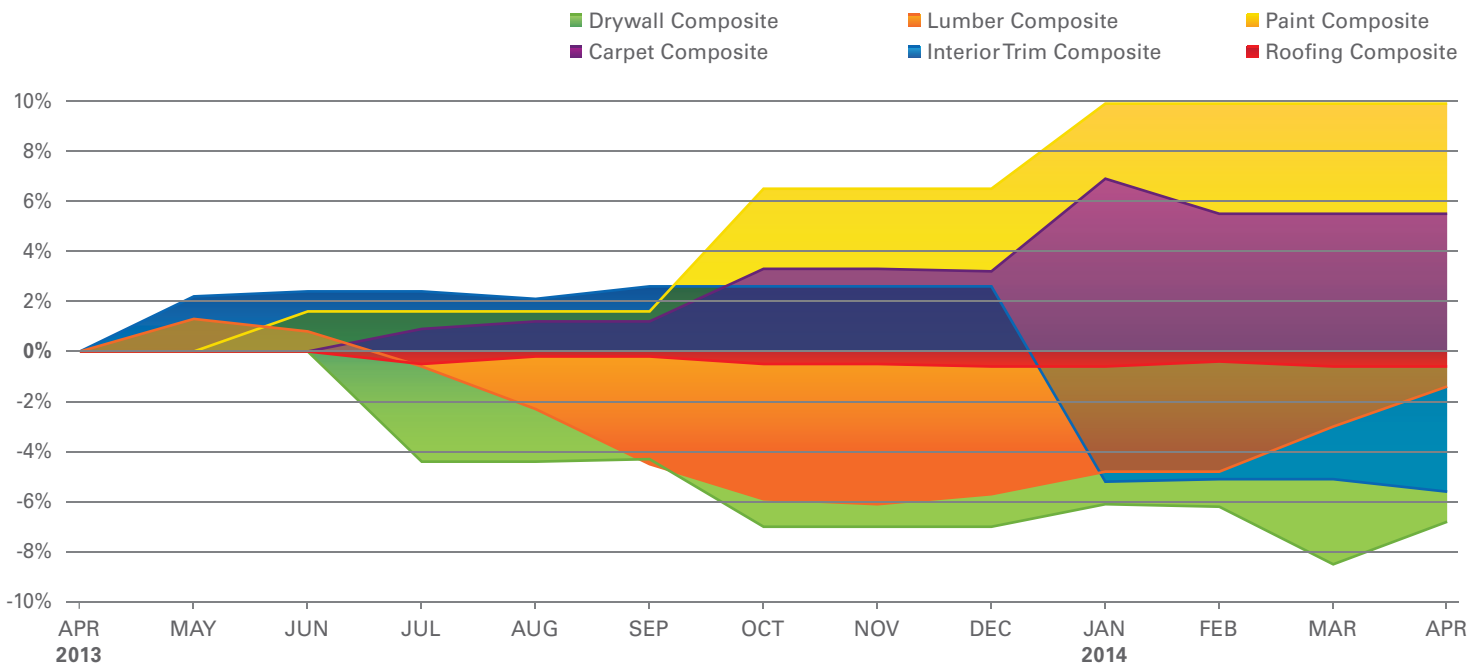
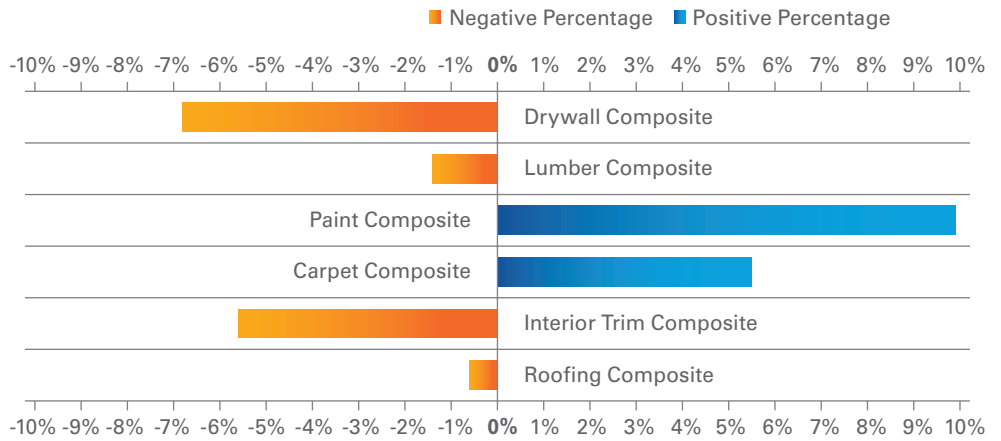
**Legend**

- 0.00 – 2.00%
- 2.01 – 3.00%
- 3.01 – 4.00%
- 4.01 – 5.00%
- 5.01 – 6.00%

*Changes in reconstruction costs by province from April 2013 to April 2014.*

Material Cost Analysis

Overall material costs for common repairs increased 0.4 per cent between January 2014 and April 2014. During the past 12 months, overall material costs rose 2.4 per cent, with the cost of paint rising 9.9 per cent and carpet rising 5.5 per cent. The cost of drywall and interior trim fell most notably, 6.8 per cent and 5.6 per cent, respectively, while lumber fell 1.4 per cent and roofing fell 0.6 per cent.

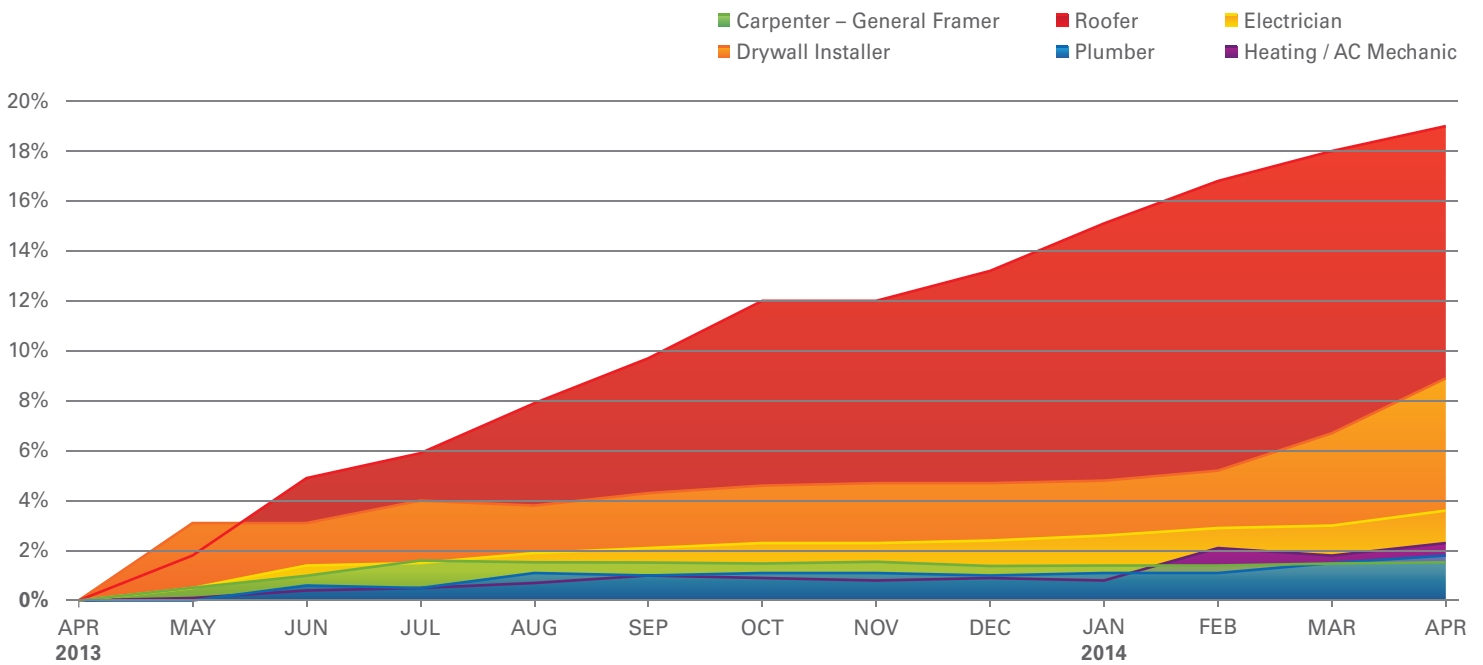
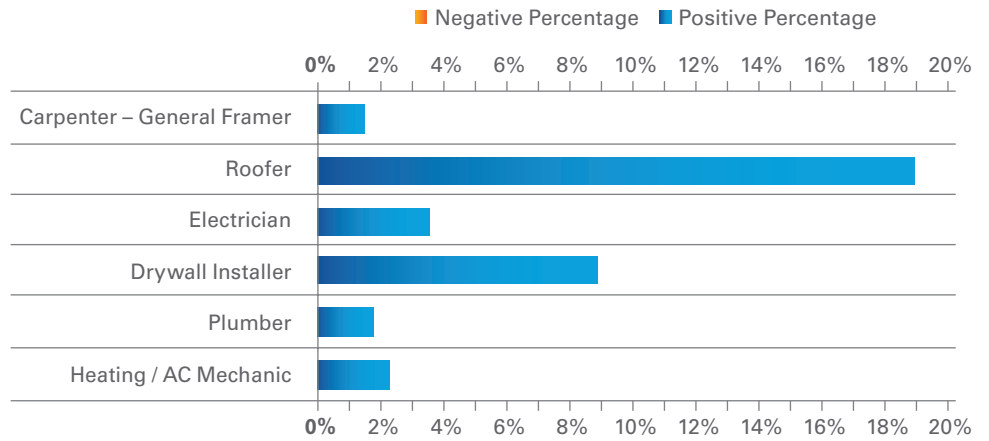


Cost changes for common building materials between April 2013 and April 2014 at the national level. This data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labour Cost Analysis

Between January 2014 and April 2014, labour rates increased 1.0 per cent. The rate of increase during the past 12 months was 5.9 per cent.

Between April 2013 and April 2014, all six major labour trades reported increases in rates. Labour rates for roofers increased the most (19.0 per cent). Rates for plumbers increased the least (1.8 per cent).



Changes in labour costs for some common trades between April 2013 and April 2014 at the national level. Labour costs include wages, burden, and overhead.

The data compiled in this summary is also available in Xactware’s Industry Trend Reports, an online reporting tool that gives users an overview of market changes from one area to another, along with national and provincial averages. These reports contain information about price trends for roofing materials, drywall materials, and much more. Additional reports give users an idea of the movement for a “basket of goods” that includes items typically used in construction, such as shingles, paint, drywall, concrete, cabinets, and 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/>

