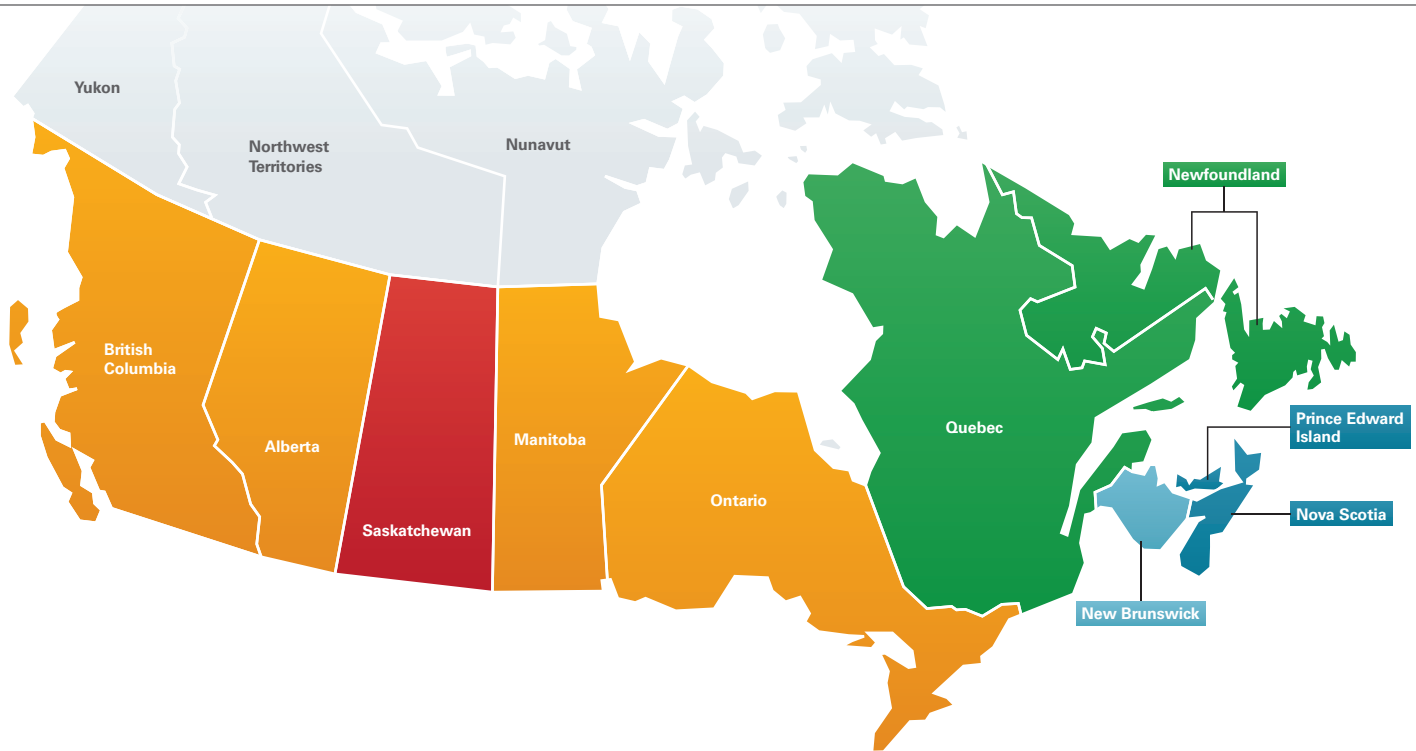




Current, localized, and detailed cost information on reconstruction labour and building materials is essential to create reliable, component-based replacement cost estimates. To supply insurance professionals and underwriters with this valuable information, the underlying reconstruction cost data used 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.

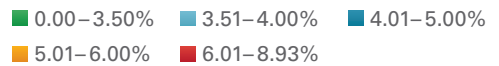
This report provides an overview of current reconstruction cost trends at the national and provincial levels. It gives 360Value users a general understanding of reconstruction cost changes and how they may affect replacement cost estimates over the next quarter. The data contained in this report should 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 3.4 per cent from October 2013 to October 2014, according to Xactware reconstruction cost research. During the past 12 months, all ten Canadian provinces experienced reconstruction cost increases. The largest increase, of nearly 9 per cent, was seen in Saskatchewan. During the third quarter of 2014, reconstruction costs rose 1.5 per cent.

#### Legend

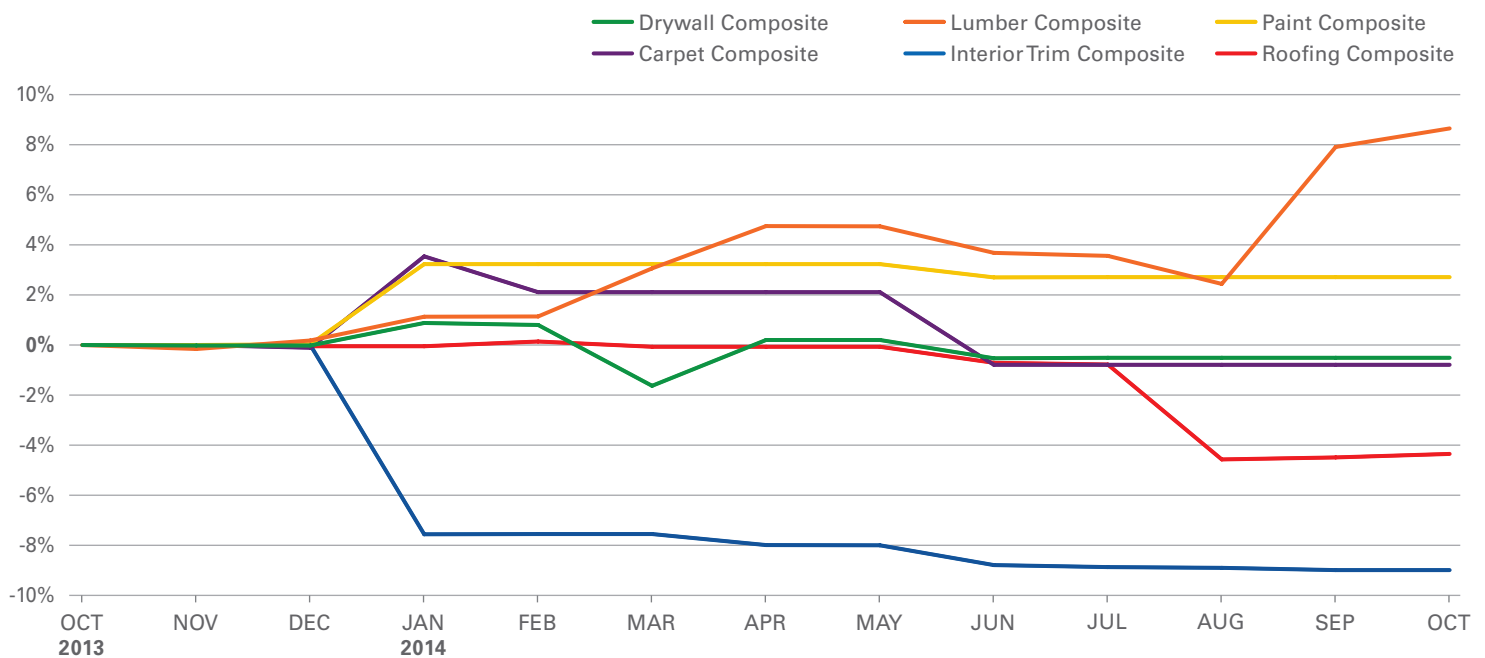
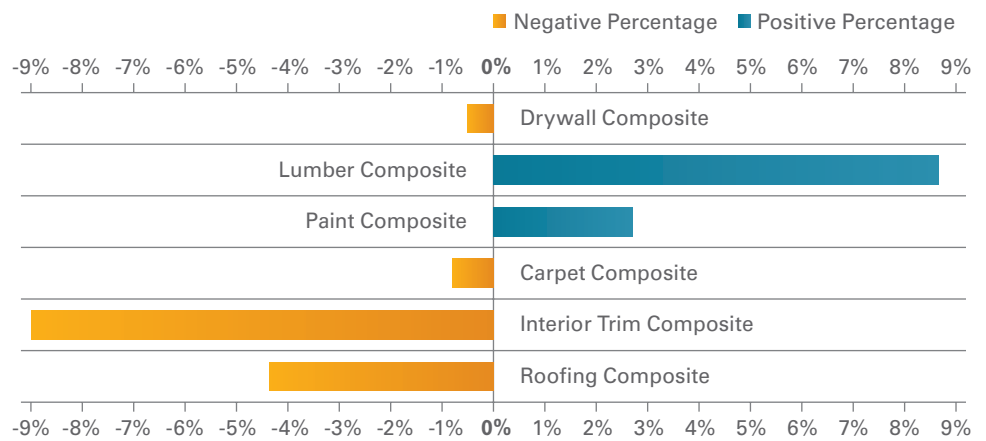


Changes in reconstruction costs by province from October 2013 to October 2014.

## Material Cost Analysis

Overall material costs for common repairs increased 1.2 per cent from July 2014 to October 2014. During the past 12 months, overall material costs rose 2.6 per cent.

Over the past year, Xactware identified changes in several material categories. For example, roofing material costs decreased 4.4 per cent. Additionally, lumber material costs increased 8.7 per cent, and the cost of paint rose 2.7 per cent, while drywall decreased by 0.5 per cent, carpet fell 0.8 per cent, and interior trim decreased 9 per cent.

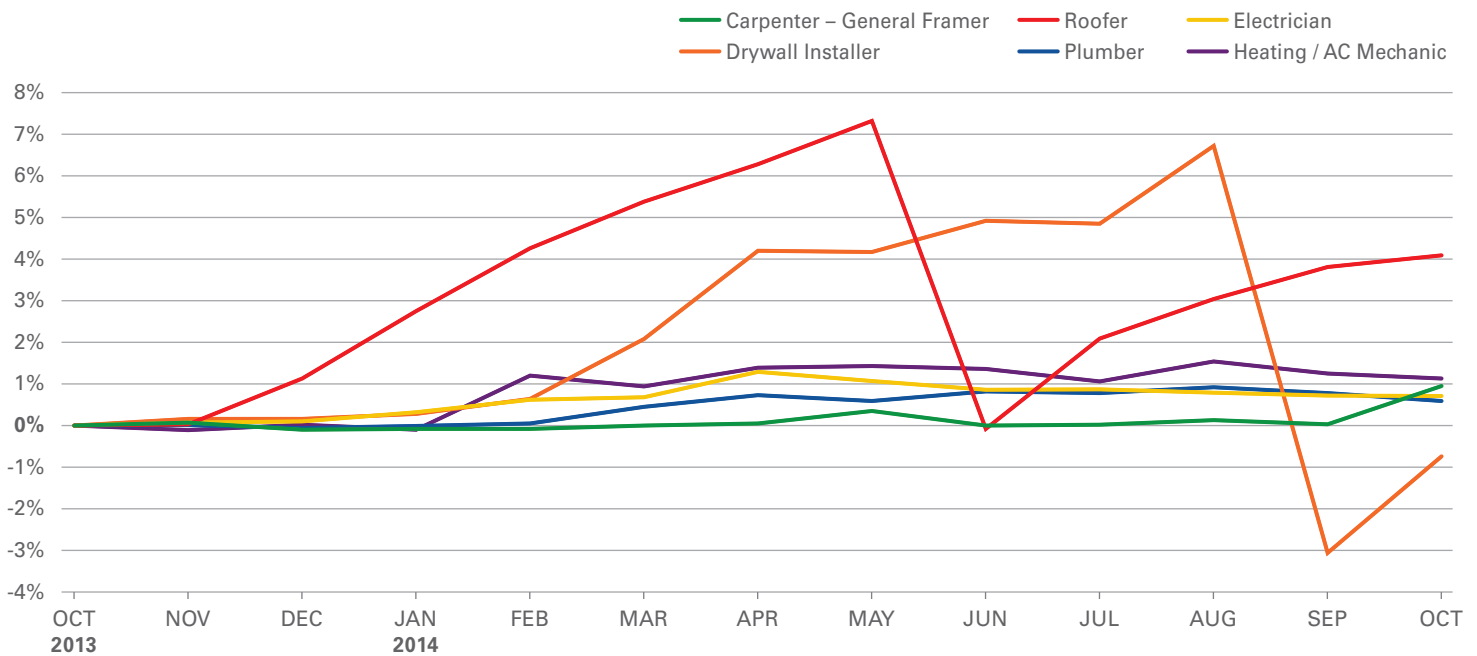
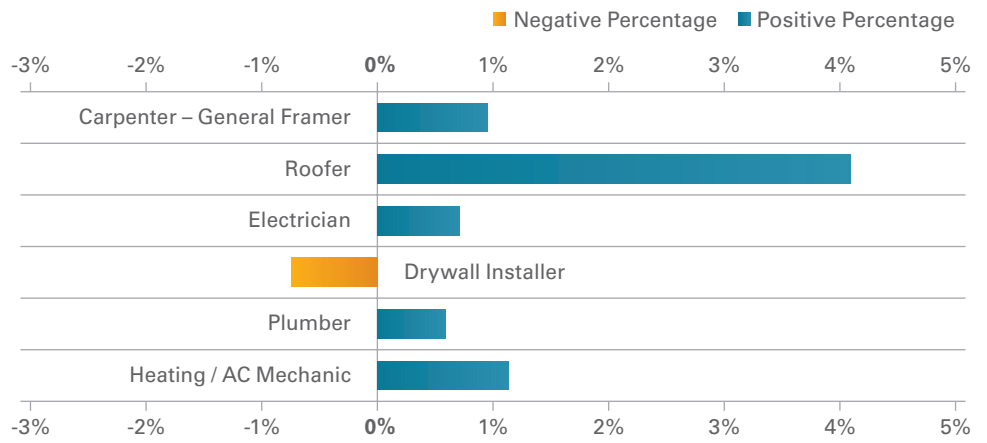


Cost changes for common building materials from October 2013 to October 2014 at the national level. The data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labour Cost Analysis

From July 2014 to October 2014, labour rates edged up 0.3 per cent. The rate of increase during the past 12 months was 2.1 per cent.

From October 2013 to October 2014, five major labour trades reported increases. Labour rates for roofers increased the most over the past 12 months at 4.1 per cent. Rates for carpenters and heating/AC mechanics increased about 1 per cent, while plumbers and electricians saw modest rate increases of less than 1 per cent. Rates for drywall installers fell 0.7 per cent.



Changes in labour costs for some common trades from October 2013 to October 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/>

