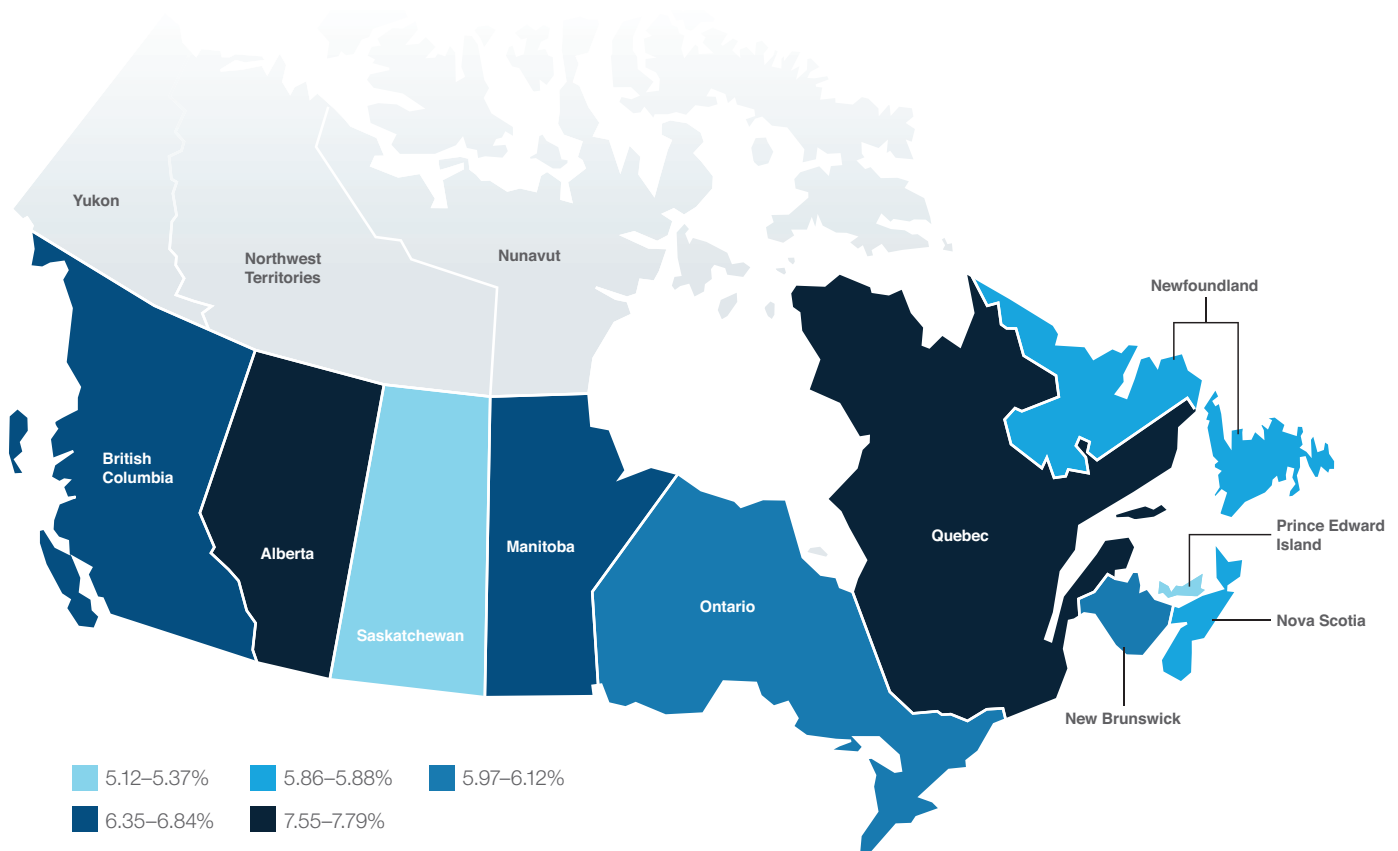


This report provides reconstruction cost trends at the national and provincial levels. *360Value® Quarterly Cost Updates* are derived from building cost research conducted by industry leader Xactware.

# Reconstruction cost growth rate shows sharp increase

Total reconstruction costs, including materials and retail labour, increased 6.3% from October 2019 to October 2020.\* This rate, led by a major surge in lumber costs, is up sharply compared with a 2.4% increase from July 2019 to July 2020 and accelerates the rate of growth seen in 2020. During the third quarter of 2020 (July through September), reconstruction costs grew 4.1%.

All provinces experienced cost increases. Quebec and Alberta had the highest growth rates at 7.8% and 7.6%, respectively. Saskatchewan had the lowest increase at 5.1%, followed by Prince Edward Island at 5.4%.



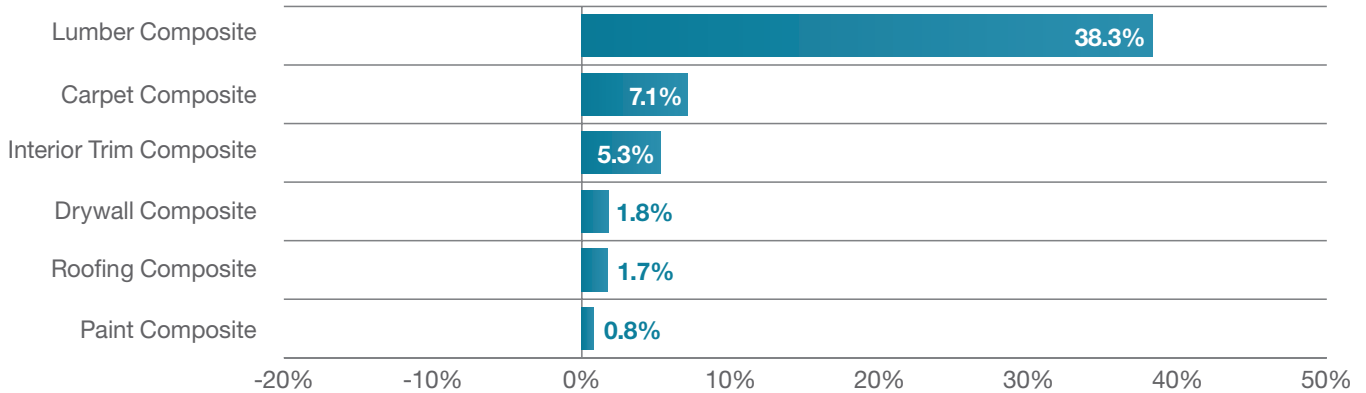
Changes in reconstruction costs by province. Provinces are grouped in quintiles; each range/colour in the legend includes 20 per cent of the total number of provinces.

\*All rates, percentages, increases, decreases, etc., are calculated as percentage change from October 2019 to October 2020, unless otherwise noted.

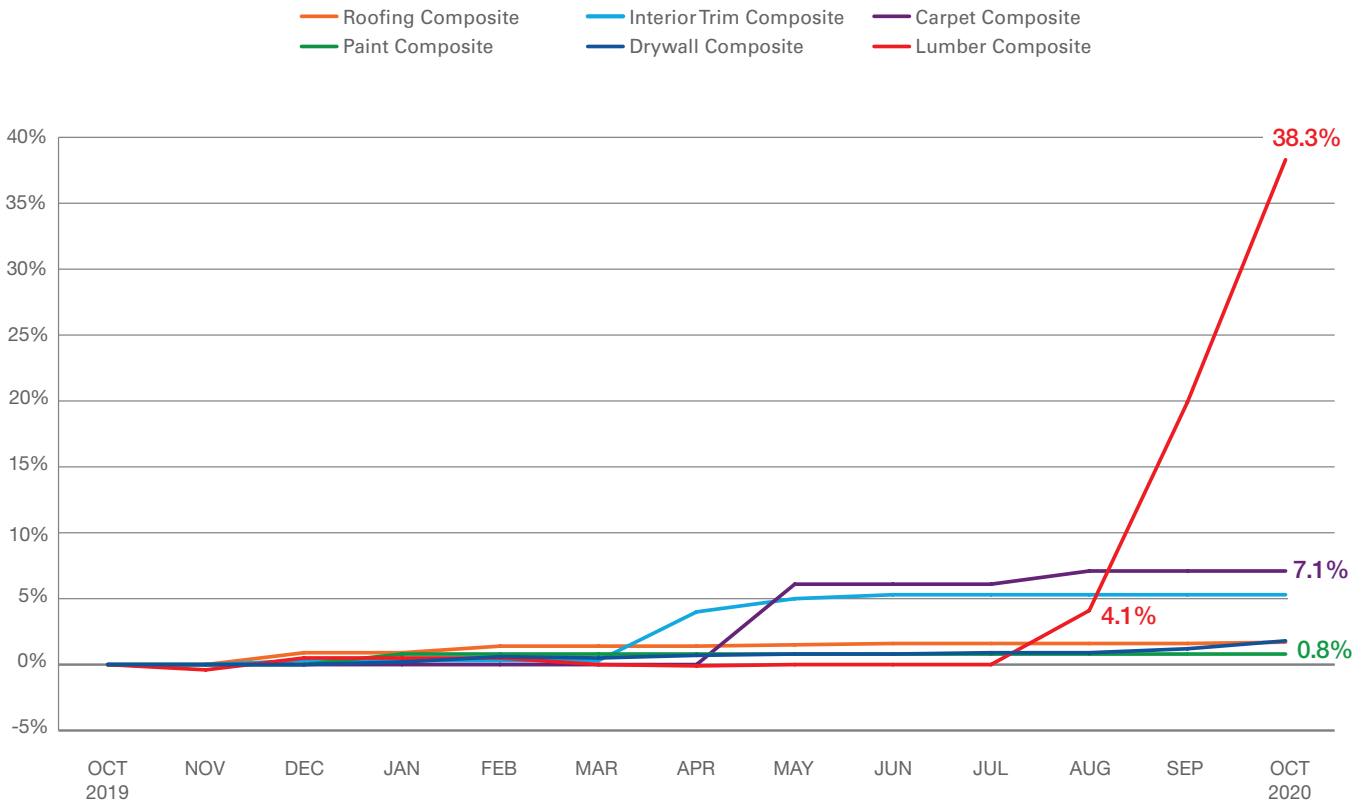
### Material Cost Analysis

Total material costs increased by 8.7% from October 2019 to October 2020. Lumber surged from the lowest category as of July 2020 to the highest at October 2020, with a 38.3% increase. This may reflect pandemic-related constraints on supply amid an increase in building activity. Carpet and interior trim followed distantly at 7.1% and 5.3%, respectively. Drywall composite increased 1.8%, roofing composite increased 1.7%, and paint composite increased by 0.8%.

Percentage change in costs



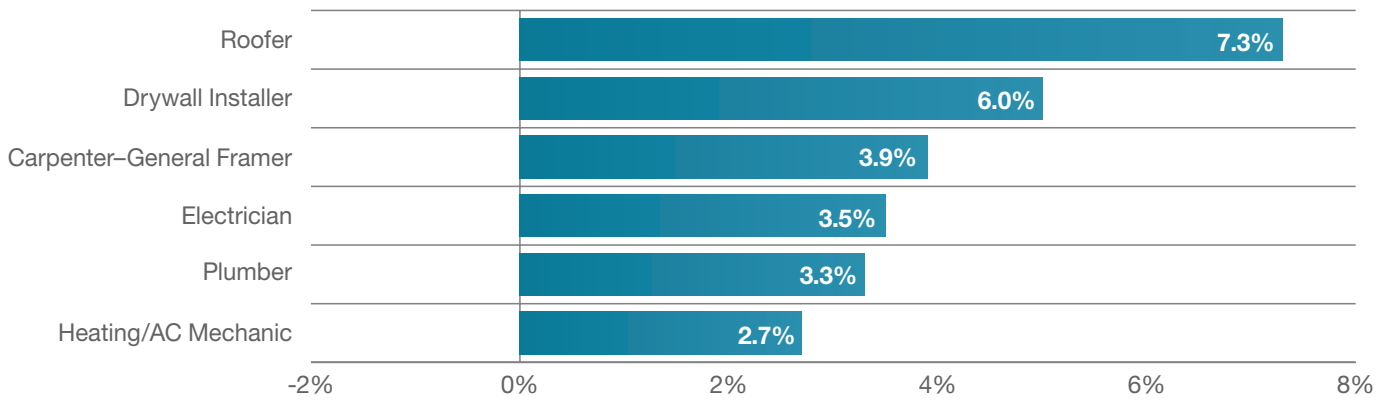
Percentage change in costs by month



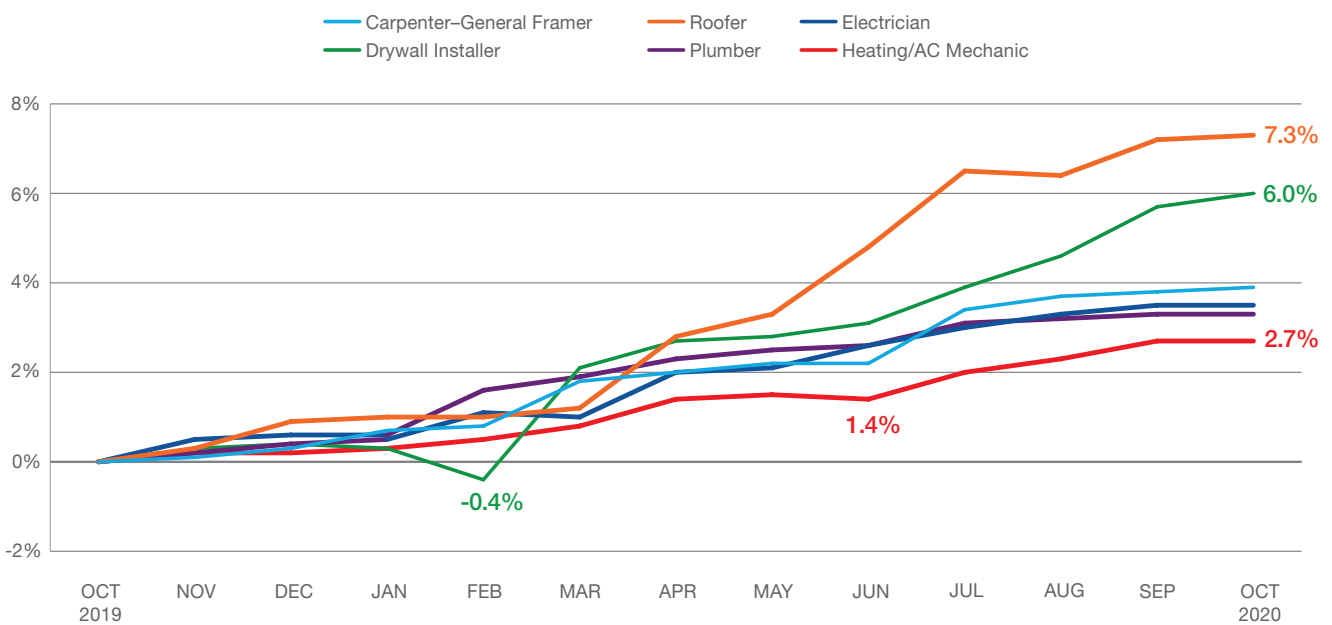
### Labour Cost Analysis

Total labour costs increased 5.9% from October 2019 to October 2020, up from 5.5%. Cost increases for all six major labour trades grew steadily. Roofer costs grew the most at 7.3%. Increases for all other labour trades ranged from approximately 2.7% to 6.0%.

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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