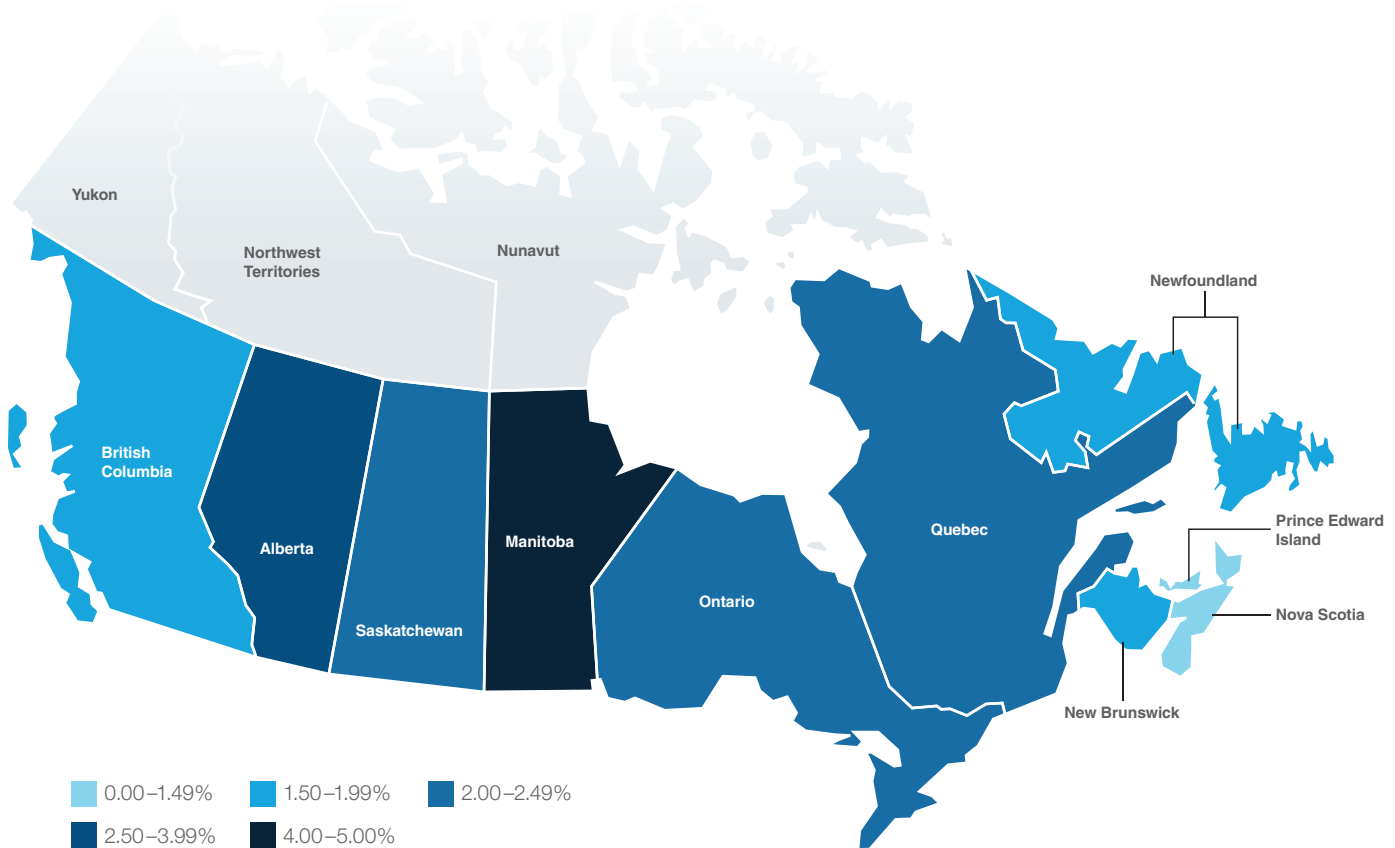


This report provides reconstruction cost trends at the national and provincial levels. *360Value® Quarterly Cost Updates* are derived from building cost research conducted by industry leader Xactware.

Property reconstruction costs rise nationally in last year

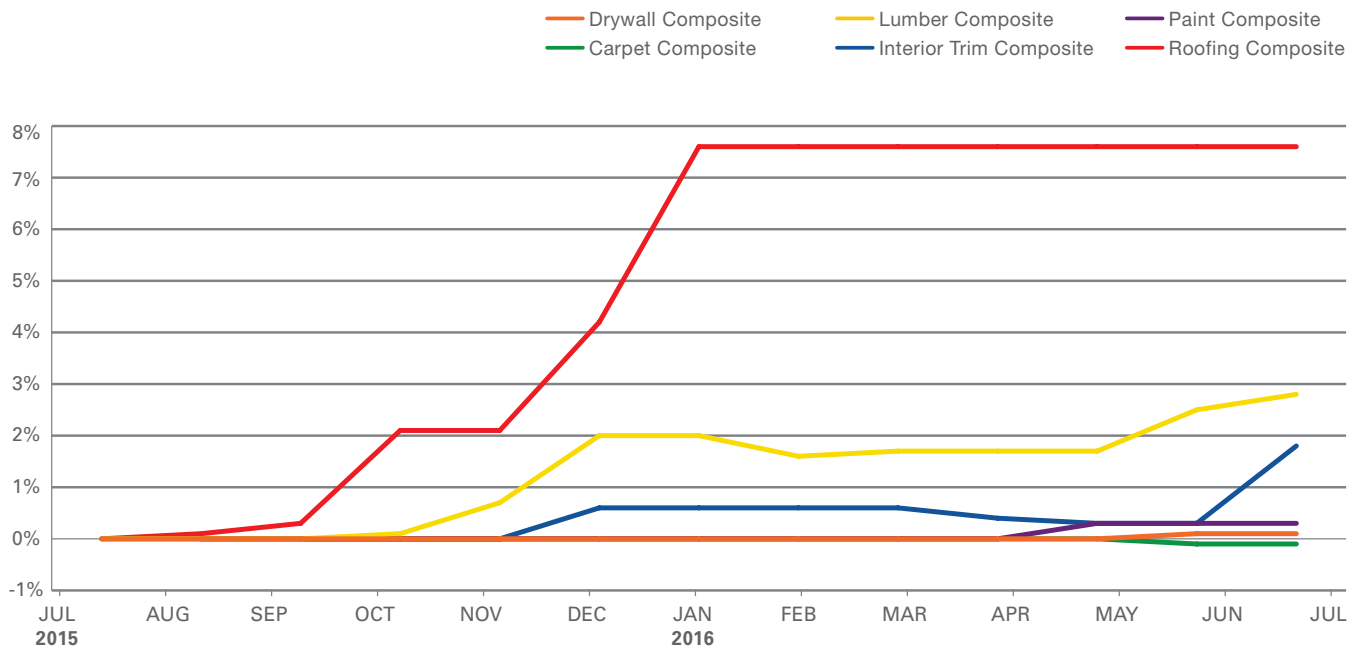
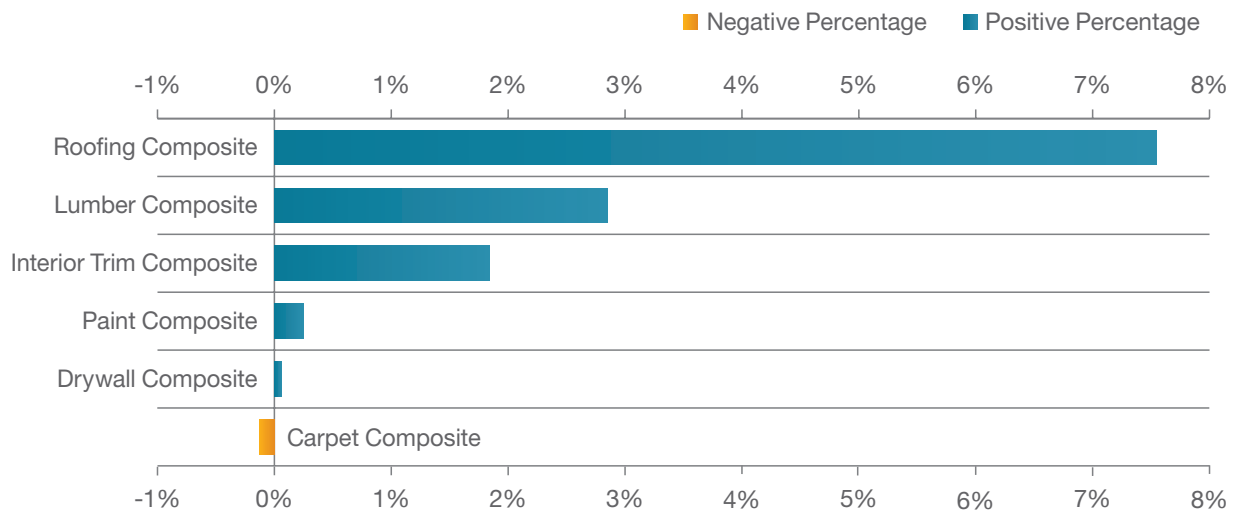
In Canada, overall reconstruction costs at the national level increased 2.3 per cent from July 2015 to July 2016, according to Xactware reconstruction cost research. During the past 12 months, all ten Canadian provinces experienced reconstruction cost increases. The largest increase, 4.5 per cent, was in Manitoba. During the second quarter of 2016, reconstruction costs went up 0.3 per cent.



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

Material Cost Analysis

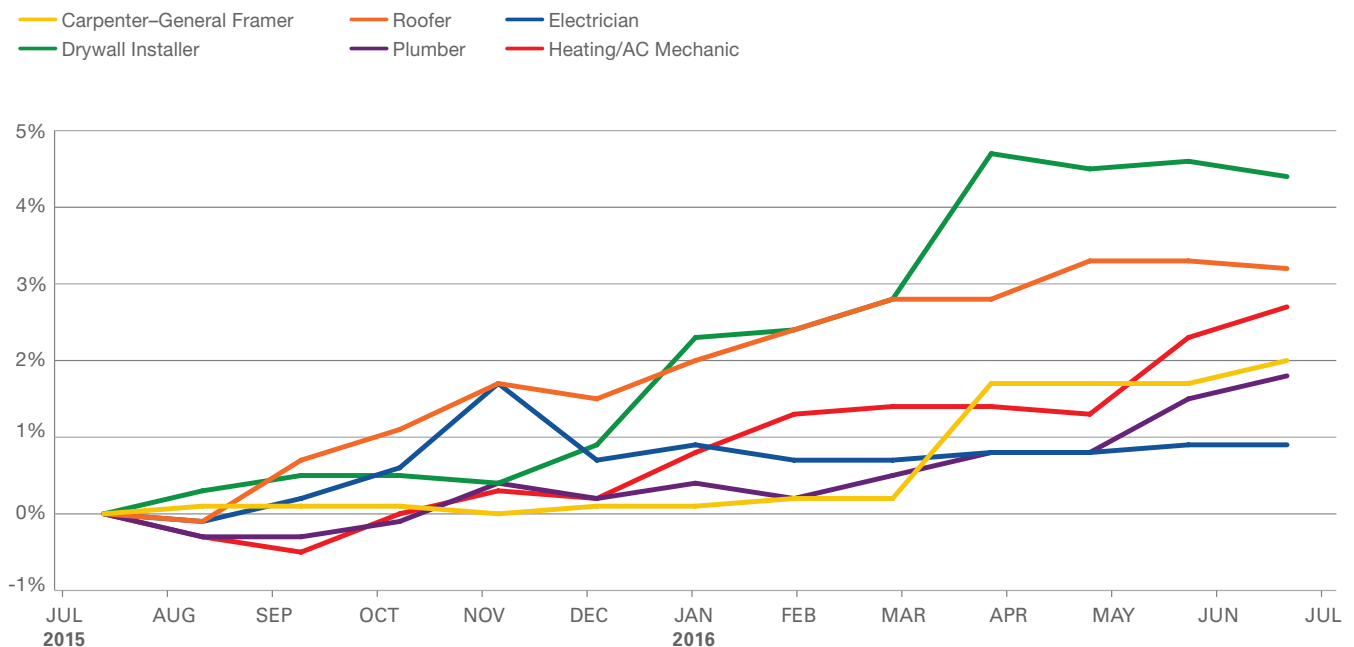
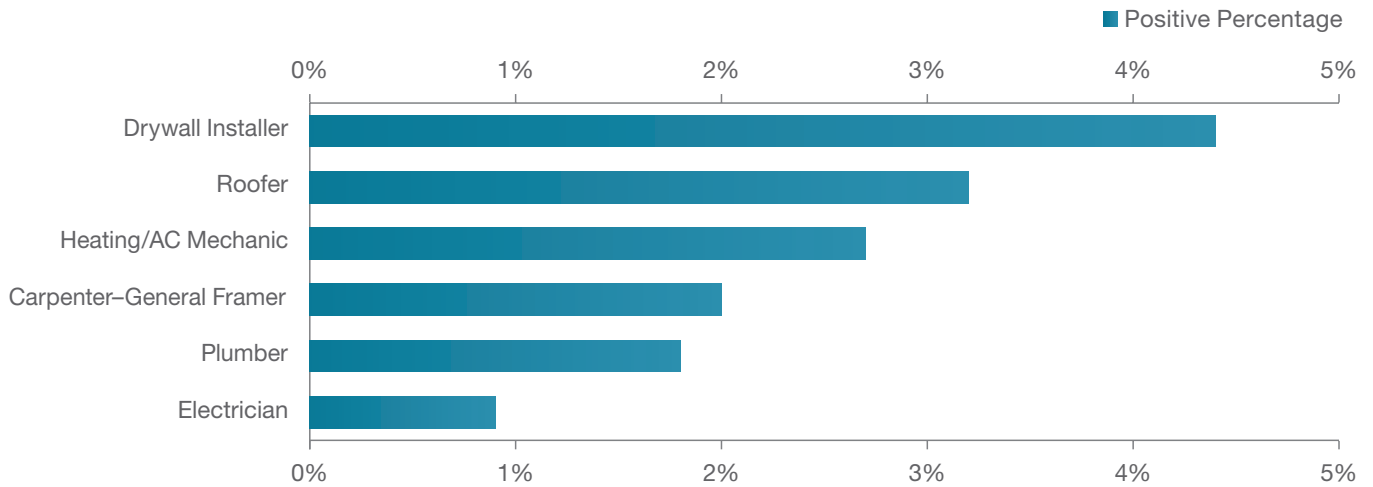
Overall material costs for common repairs increased 0.6 per cent from April 2016 to July 2016. During the past 12 months, overall material costs rose 2.6 per cent. Xactware identified changes to several material categories during the past year. For example, roofing costs had the most significant growth, at 7.6 per cent. Lumber and interior trim costs increased 2.8 and 1.8 per cent, respectively, while paint, drywall and carpet remained largely unchanged.



Cost changes for common building materials from July 2015 to July 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 April 2016 to July 2016, labour rates increased only 0.5 per cent. The rate of increase during the past 12 months was 2.6 per cent. From July 2015 to July 2016, all six major labour trades reported increases. Labour rates for drywall installers increased the most (4.4 per cent). Rates for roofers rose more than 3 per cent, with heating/AC mechanics close behind at 2.7 per cent. Rates were up approximately 2 per cent for carpenter-general framers and plumbers, while the rate of increase for electricians was lowest, at less than 1 per cent.



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.

This report should not be used as the basis for underwriting, coverage, rating, or renewal decisions, as 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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