Reconstruction Cost Analysis

Q3 2025: Canada

This report presents reconstruction cost trends across Canada—both nationally and provincially—from September 2024 to September 2025, based on data from Verisk Canada's 'Centres of Influence', a network of 86 cities selected for their significance in property cost analysis.

Key Trends in Canada

Q3 2025

Tariffs

Changing trade relations with the U.S. have caused a lot of uncertainty in the Canadian housing market. In May 2025, we estimated a potential 2.25% increase in rebuild costs due to tariffs. Speculative and reactionary responses in costing methods have settled somewhat over the last quarter and currently modelling is not showing a material impact on rebuild costs. Below is a theoretical costing exercise assuming a 25% tariff on select U.S. origin materials for a standard 2,000 square foot model in Ontario:

Material	Units & Cost	25% Tariff
Aluminum-clad Windows	12 @ $1,000 = $12,000	$3,000
Steel Entry Doors	3 @ $800 = $2,400	$600
Aluminum Soffit/Fascia Kit	$2,000	$500
Galvanize Steel Ductwork	$3,500	$875
Metal Roofing	1,000 ft^2 x $15/$ft^2$ = $15,000	$3,750
	Total uplift:	**$8,725**
	Impact on rebuild cost:	**<2%**

Note that metal roofing is not commonly a component in replacement cost which further reduces the overall tariff impact on rebuild costs. This exercise remains theoretical and is not reflected in component or square foot cost data. We continue to monitor developments in Canada–US trade discussions. As of now, tariffs are not contributing to price changes. We are seeing early signs of cost uplifts in Ontario and Quebec that suggest market sentiment may be influencing pricing in anticipation of future trade developments.

Labour Market & Inflation

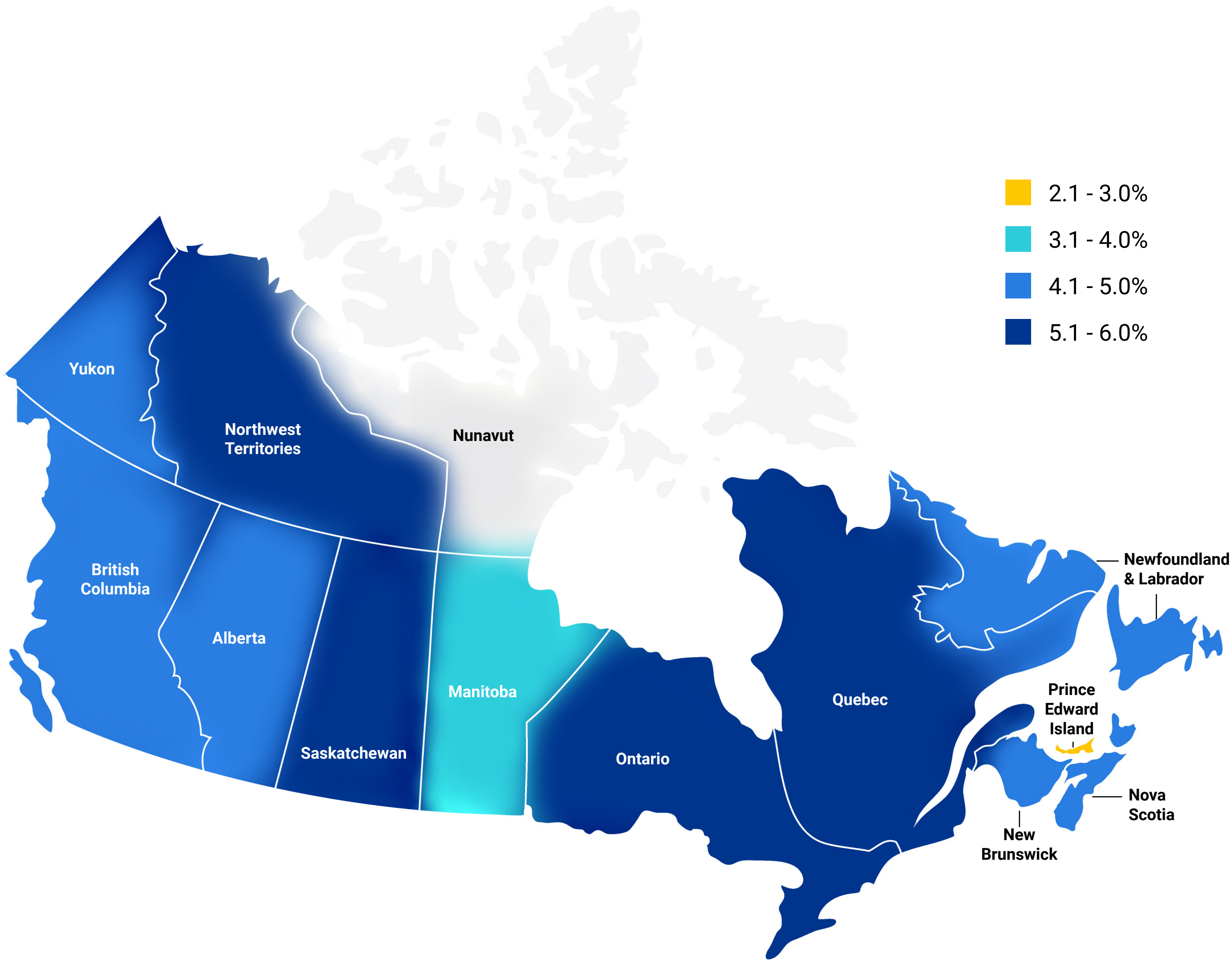
Year-over-year (YOY) cost changes are primarily driven by modest labour shortages, wage growth, and general inflation.

CAT Losses & Events

Catastrophic (CAT) losses have been less severe in 2025 compared to 2024. However, the August 2024 hailstorm in Calgary significantly affected the availability of roofing and siding materials and continues to influence component costs due to lingering supply constraints. CAT events in Western Canada during 2025 have not yet had a measurable impact on rebuild pricing.

Carbon Charge

The federal fuel charge was removed on April 1, 2025. To date, this change has not resulted in any measurable impact on direct reconstruction costs, and no specific cost factor has been identified.

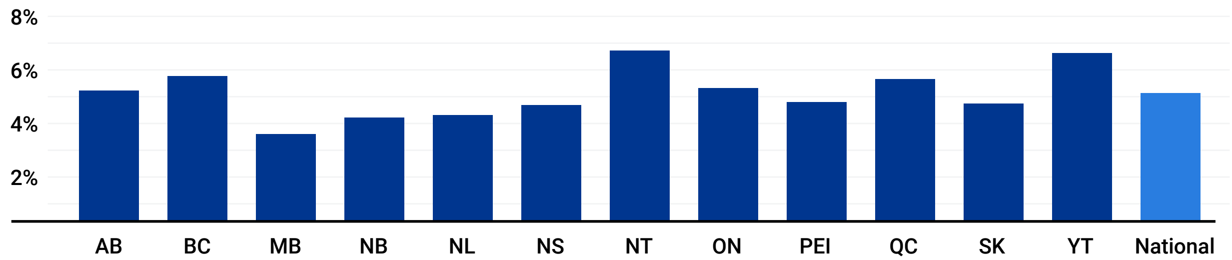


Residential Reconstruction Costs

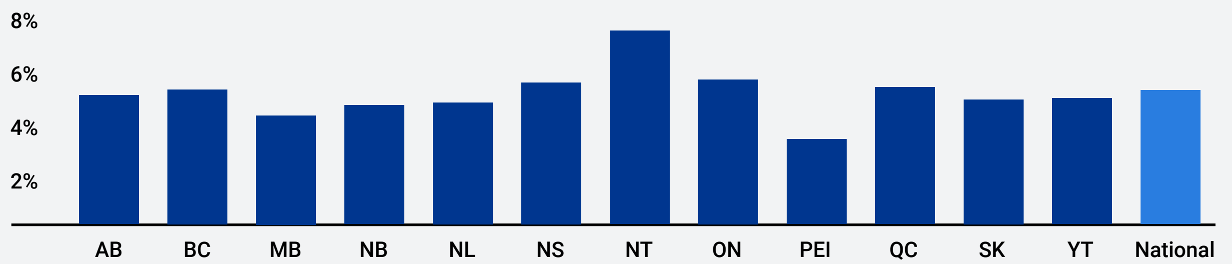
Northwest Territories and Quebec lead with the highest year-over-year (YOY) square foot cost increases at 5.4% and 5.2%, respectively. Prince Edward Island shows the lowest increase at 2.4%. In PEI, the 1,000SF model continues to show cost growth in line with other provinces, while the 3,000SF to 5,000SF models are experiencing a notable slowdown. This uneven trend will be further analyzed in the Q1 2026 report. Some contractors in Ontario, Quebec, and British Columbia appear to be incorporating tariff-related factors—these include profit, taxes, and overhead—into their pricing, resulting in artificially elevated square foot costs. There is currently no evidence that these increases are substantiated. We will continue to monitor this and provide an update in the next report. Northwest Territories data reflects significant YOY increases, which are being treated as a one-off anomaly.

YOY SF Changes

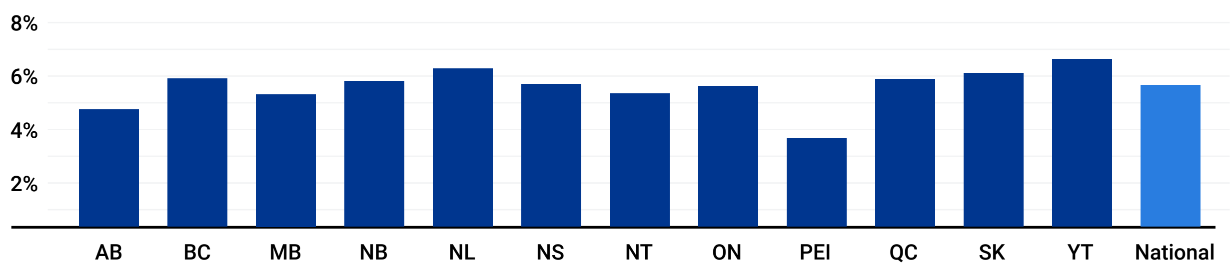
1,000 SF



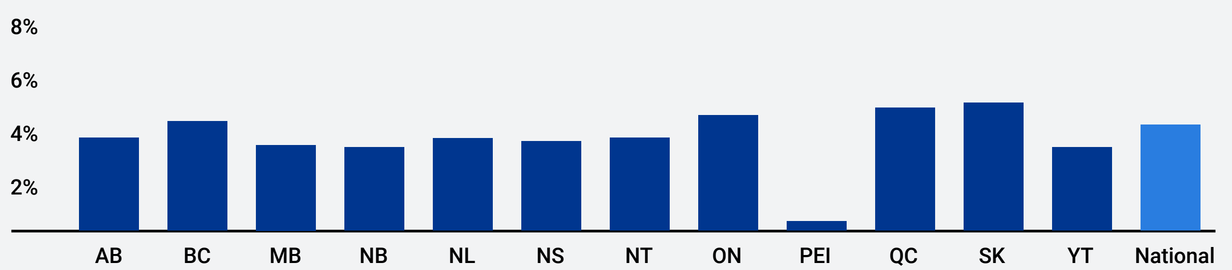
2,000 SF



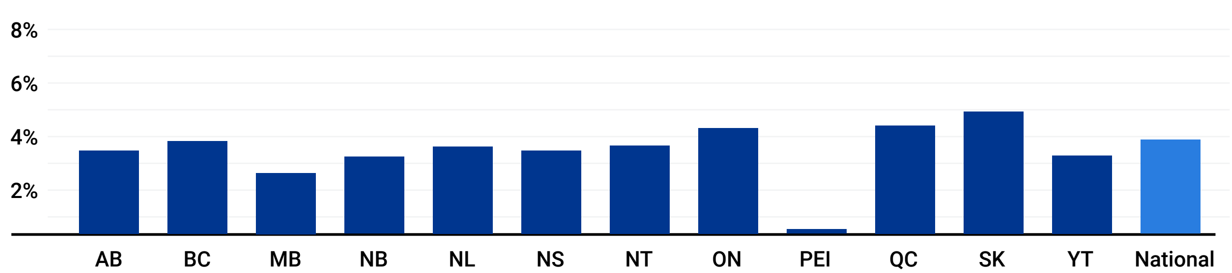
3,000 SF



4,000 SF



5,000 SF



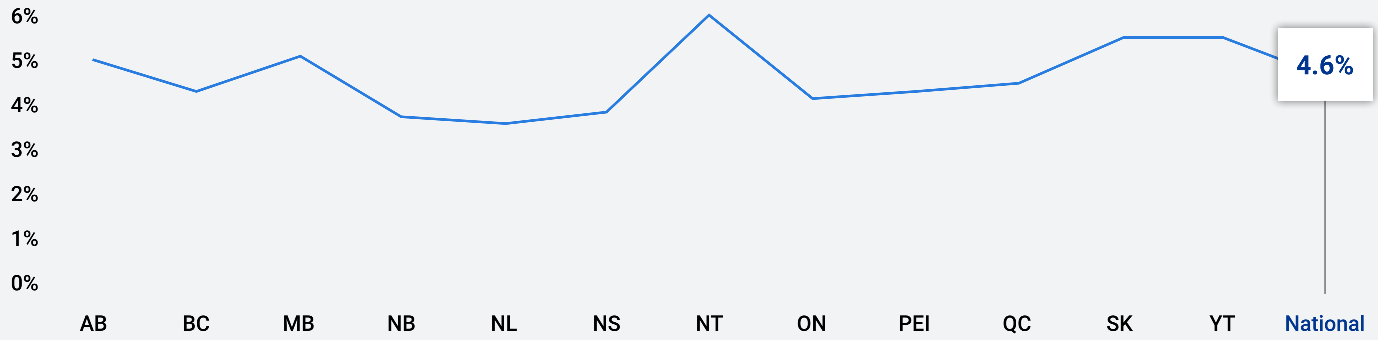
Component Costs

The national year-over-year (YOY) increase in component costs stands at 4.6%, with roofing (5.5%) and aluminum siding (4.9%) leading the growth.

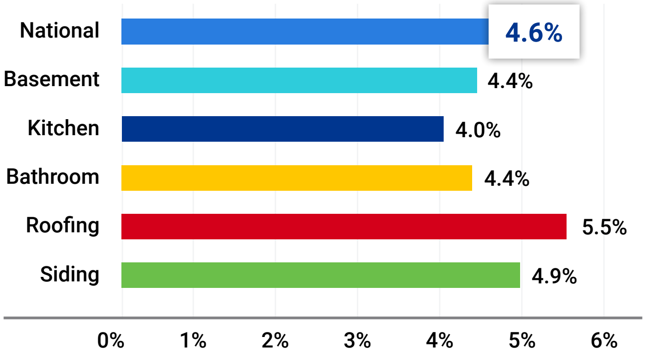
- **Alberta, Manitoba, and Saskatchewan** have all recorded increases above the national average, indicating stronger cost pressures in these provinces.
- **Northwest Territories** experienced a sharp spike, primarily driven by a one-off surge in kitchen, roofing, and siding costs. This is expected to normalize as the building season slows during the winter months.
- **Ontario, Quebec, and British Columbia** reported increases below the national average, reflecting a stabilizing trend in the rebuild industry following a period of uncertainty in the first half of the year. However, these provinces show different trends in fully-loaded square foot costs.
- **Prince Edward Island** saw a notable spike in roofing costs for the 1,000 SF model, attributed to a temporary labour shortage among contractors pricing this model. Other models submitted by different contractors showed lower costs. We anticipate a return to typical rates of increase in the coming months.

The following graphs illustrate YOY results by Province, Component, and Model.

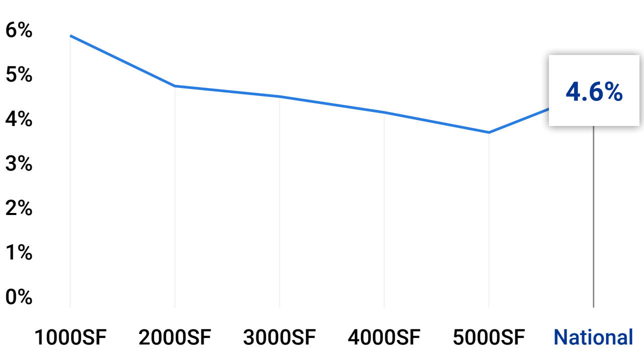
YOY Component Cost Increases (by Province)



YOY Component Cost changes (by Component)



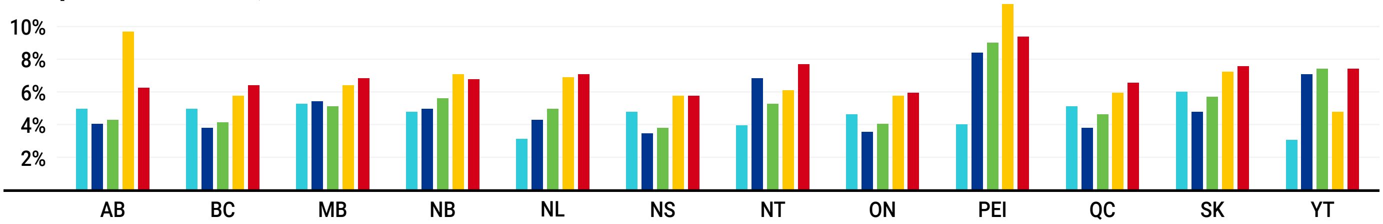
YOY Component Cost Change (by Model)



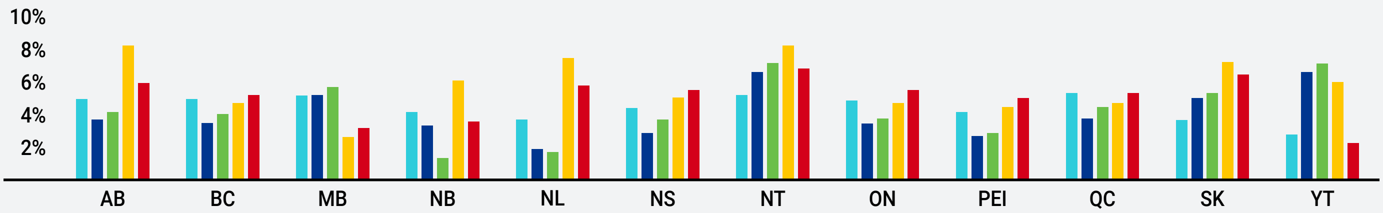
Component Cost Breakdowns by Model

September 2024 vs September 2025

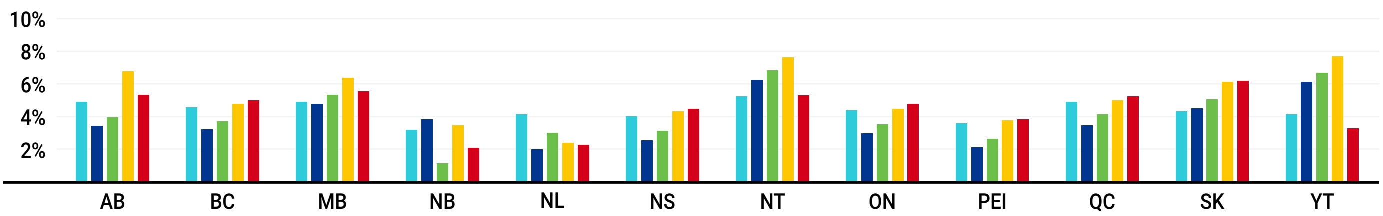
Component Costs - 1,000 SF



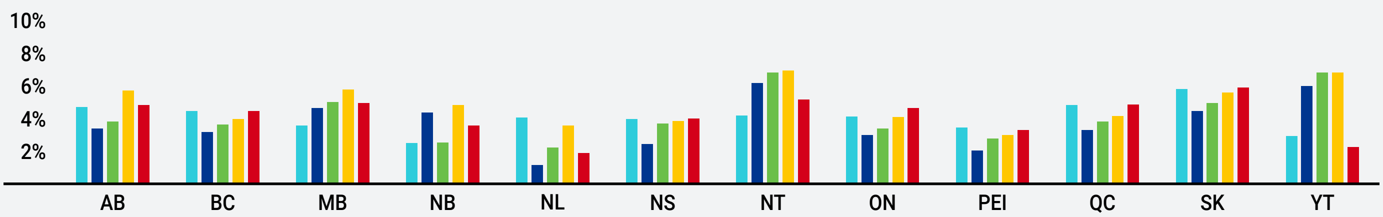
Component Costs - 2,000 SF



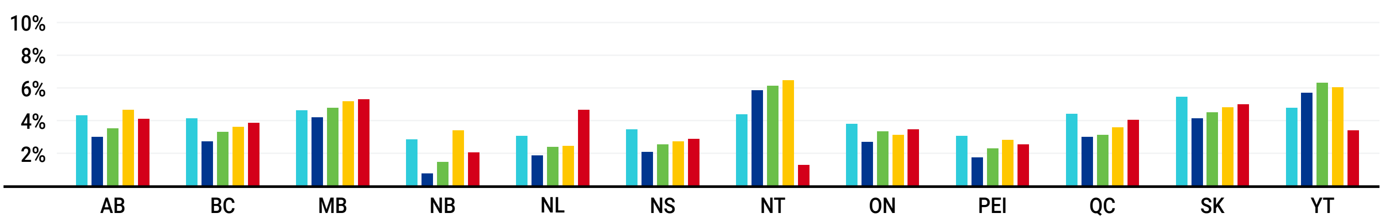
Component Costs - 3,000 SF



Component Costs - 4,000 SF



Component Costs - 5,000 SF

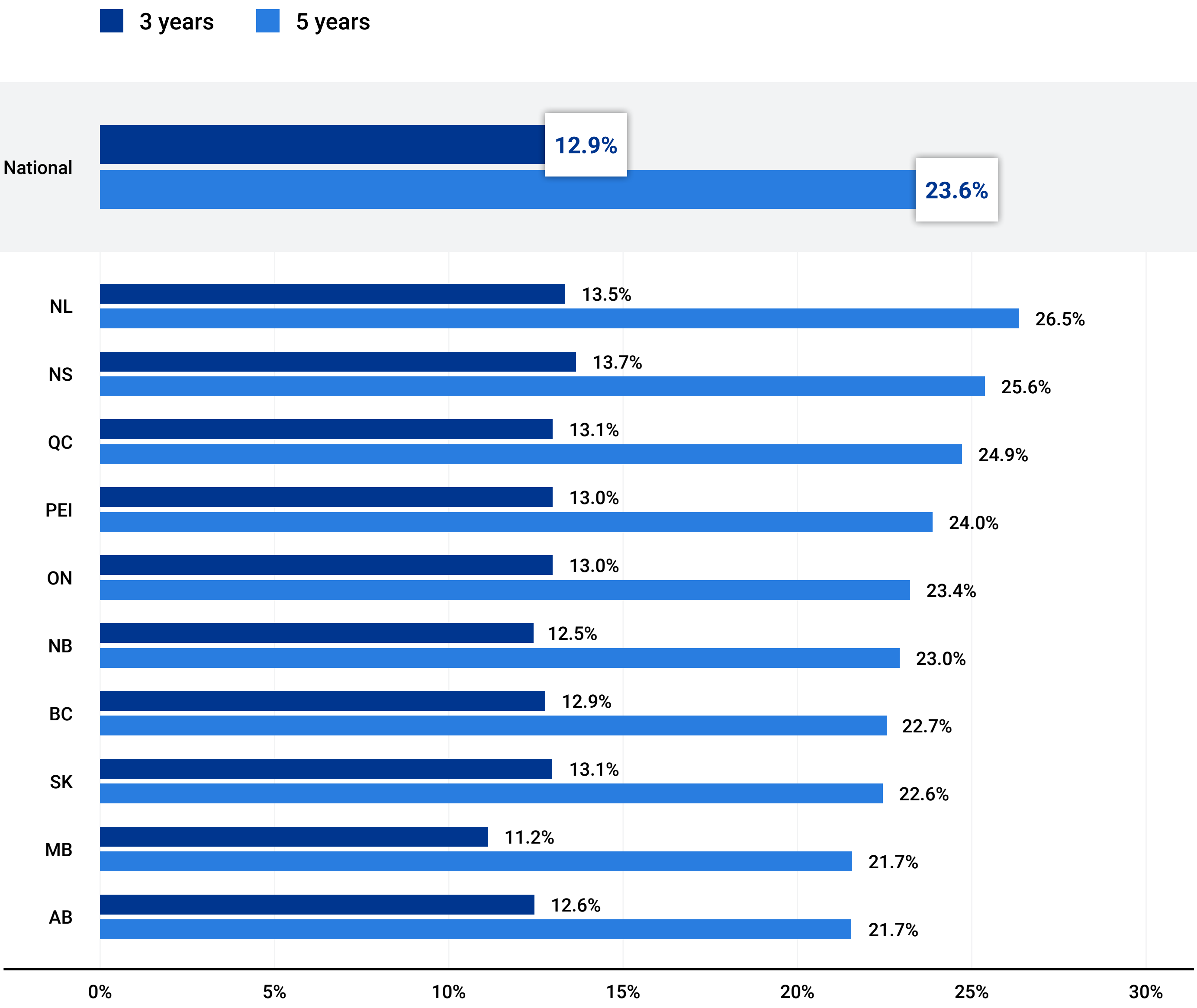


Basement   Kitchen   Bathroom   Roofing   Alum. Siding

Rebuild Costs Reveal Price Volatility With ITV Implications

Verisk Canada's insights reveal how price volatility has grown and persisted over a five-year span of Canadian residential insurance rebuild costs per square foot. This graph shows the annual average percentage increase each year—a cumulative rise of 23.6% in five years from a base year September 2020 and a 12.9% rise in the past three years (base year September 2022). Such market forces could have serious implications for insurance to value (ITV) in a portfolio built on unreliable valuations with outdated or incomplete data.

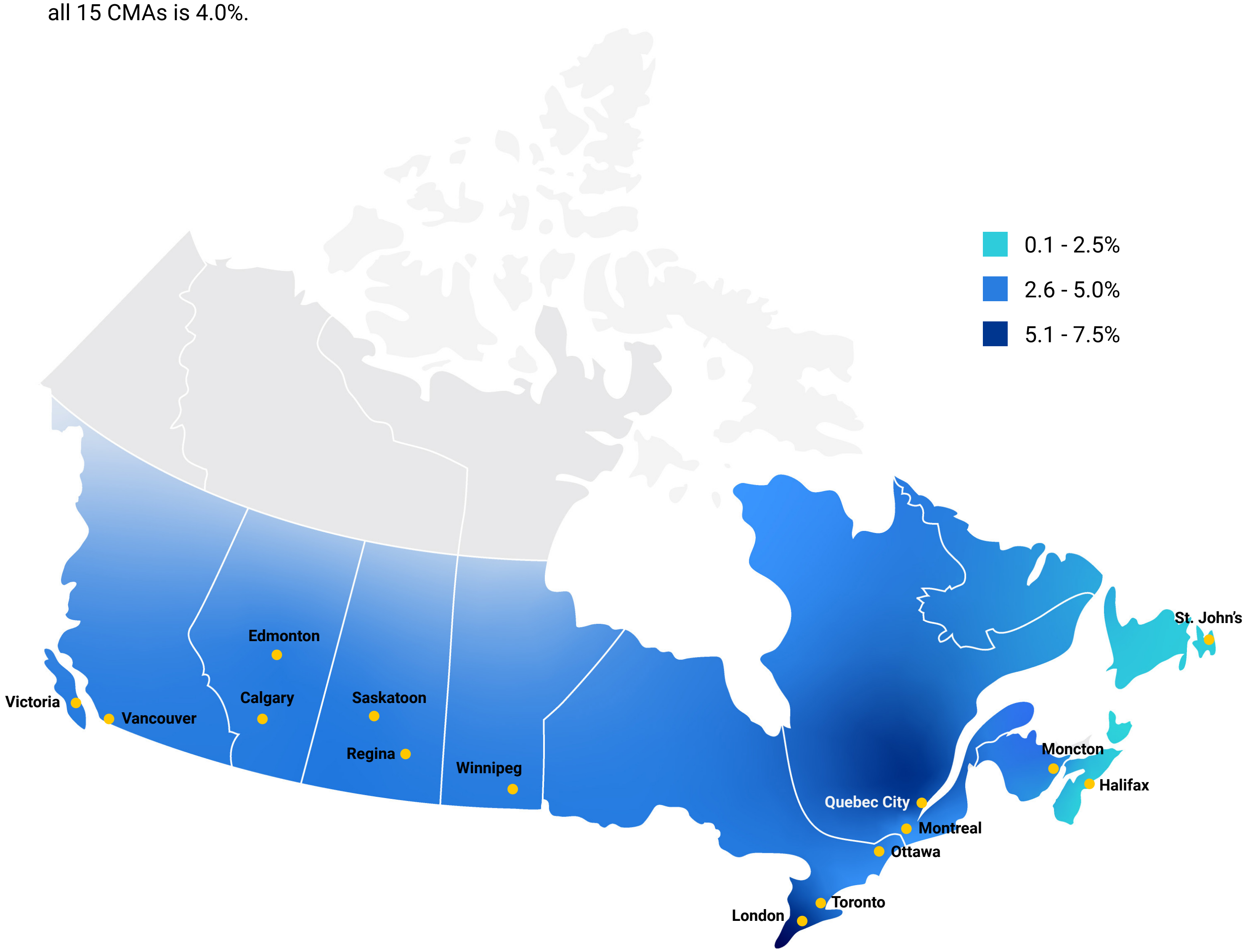
Residential SQ FT Rebuild Change



Commercial Building Construction Price Index YOY Changes

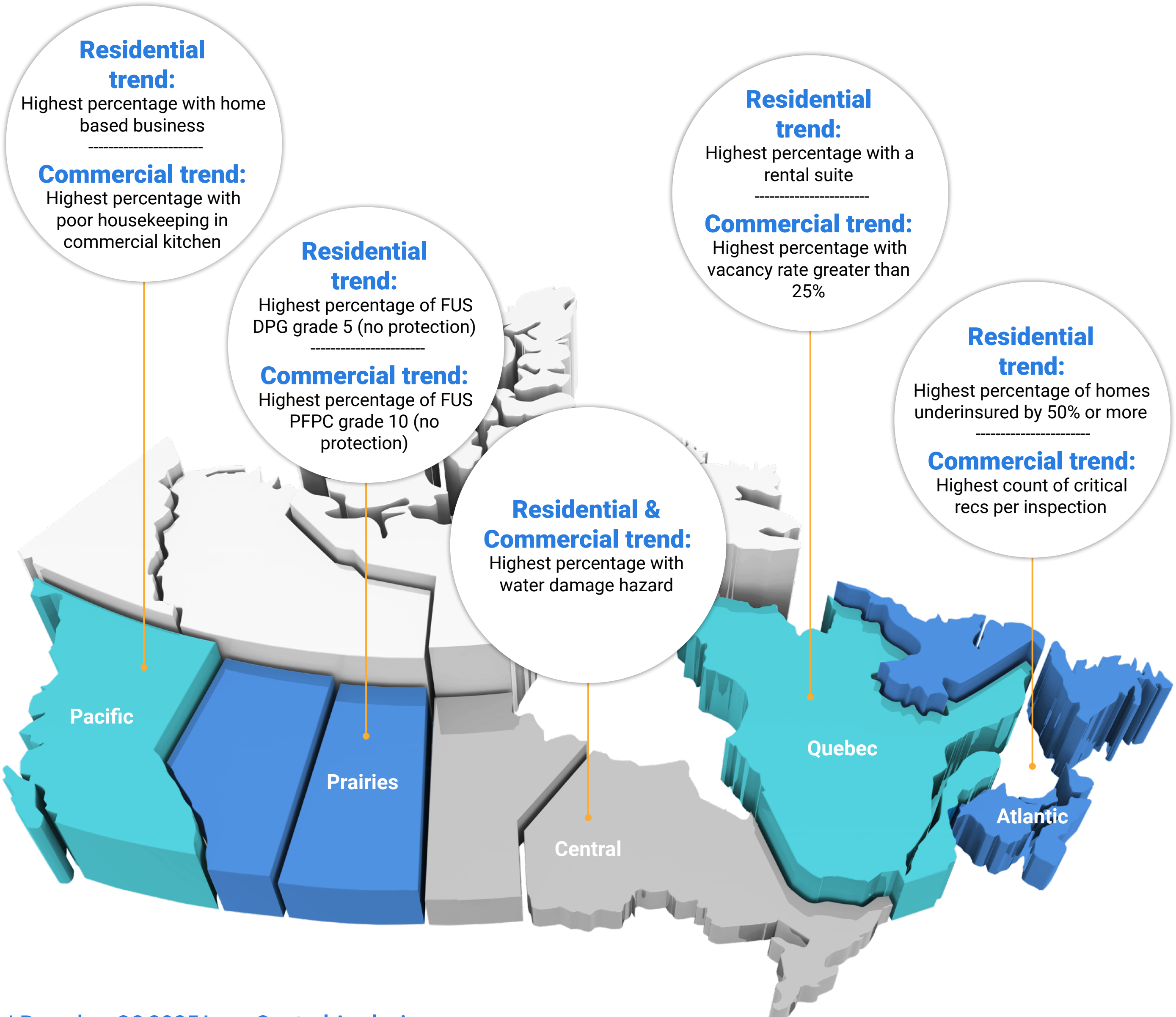
Q2 2025 vs Q2 2024

The Building Construction Price Indexes (BCPI) are quarterly series tracked by Statistics Canada that measure change over time in the prices that contractors charge to construct a range of new commercial, institutional, industrial, and residential buildings.[i] The series is limited to building construction in 15 census metropolitan areas (CMAs): St. John's, Moncton, Halifax, Montréal, Québec City, London, Ottawa-Gatineau (Ontario part), Toronto, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver and Victoria.[ii] The contractor's price reflects the value of all materials, labour, equipment, overhead, and profit to construct a new building. It excludes value-added taxes and any costs for land, land assembly, building design, land development, and real estate fees. The highest change between Q2 2025 vs Q2 2024 occurred in London with a YOY increase of 6.6%, while Halifax had the lowest at 1.6%. The YOY change for all 15 CMAs is 4.0%.



Canada's Emerging Risk Landscape: A Loss Control Perspective

Now more than ever, inspections and appraisals are essential to identifying hidden exposures and protecting your book of business. Across Canada, Verisk's Precise Services experts are uncovering trends daily—on the ground, in every region. Their insights help pinpoint premium-impacting changes and emerging risks, ensuring you stay ahead of loss. This regional snapshot reveals where vulnerabilities are surfacing, so you can take action, mitigate risk, and make confident underwriting decisions.



* Based on Q2 2025 Loss Control Analysis by Verisk Canada's Precise Services

The Rebuild Trend
When Homes Come Back Bigger

Across Canada, property reconstruction trends are increasingly diverging from original home designs. A growing number of homeowners are rebuilding with larger footprints, premium materials, and modern features—often far exceeding the scope of the original structure. This shift presents a significant challenge for insurers. If coverage isn't updated to reflect the new build, premiums may be based on outdated risk profiles, leaving insurers exposed to underinsurance and unexpected claims.

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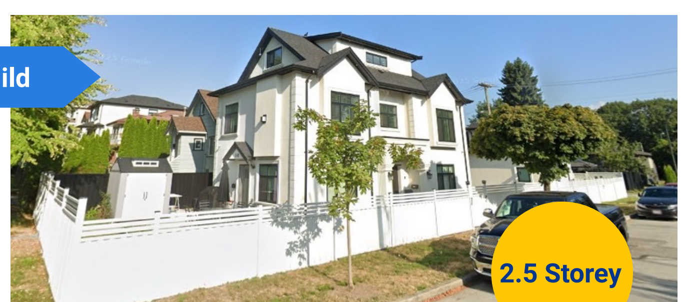

[vi]

Verisk Canada's Approach to Property Valuations

Verisk Canada continuously gathers and validates data through real-time dialogue and ongoing research across the country. Our valuations are reinforced by comprehensive annual studies and on-site inspections conducted by Precise Services, ensuring our replacement cost data remains accurate, relevant, and regionally specific. Through iClarify, we deliver unmatched property valuations that reflect current, local replacement costs—powered by:

30,000+ daily updates via iClarify business transactions

120+ Precise Services loss control experts operating across Canada

86 cities across Canada included in reconstruction cost studies

300 licensed contractors contributing local data

7,750+ annual data points used to validate regional accuracy

86 Centres of Influence

Data is collected from 300 licensed contractors across 86 cities in Canada identified as "Centres of Influence." This network generates more than 7,750 data points annually, which are used to validate the accuracy and regional relevance of iClarify replacement costs. Local taxes, overhead and profit, productivity, debris removal, general conditions, and other essential costs are fully and accurately reflected in the local reconstruction values of homes.

British Columbia
Chilliwack
Cranbrook
Fort St John
Kamloops
Kelowna
Nanaimo
Prince George
Prince Rupert
Vancouver
Victoria
Whistler
Williams Lake

Alberta
Calgary
Canmore
Edmonton
Fort McMurray
Grande Prairie
Jasper
Lethbridge
Medicine Hat
Red Deer
Wood Buffalo

Saskatchewan
Lloydminister
North Battleford
Prince Albert
Regina
Saskatoon
Swift Current
Yorkton

Manitoba
Brandon
Grand Rapids
Thompson
Winnipeg

Ontario
Barrie
Guelph
Hamilton
Kapuskasing
Kenora
Kingston
Kitchener
London
Norfolk
North Bay
Oshawa
Ottawa
Parry Sound
Pembroke
Peterborough
Sarnia
Sault St Marie
St Catherines
Sudbury
Thunder Bay
Timmins
Toronto
Windsor

PEI
Charlottetown

Quebec
Chicoutimi
Gatineau
Montreal
Quebec City
Rimouski
Rouyn Noranda
Saint Hyacinthe
Sept-Iles
Sherbrooke
Sorel-Tracey
Trois Rivieres

Atlantic
Bathurst
Corner Brook
Edmunston
Fredericton
Grand Falls
Halifax
Kentville
Miramachi
Moncton
New Glasgow
Saint John
St. Anthony
St. John's
Sydney
Truro
Yarmouth

Northern Canada
Yellowknife
Whitehorse

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About Verisk Canada

Opta is now Verisk, Canada's leading provider of property intelligence and technology solutions. With roots in the Canadian Fire Underwriters' Association (founded in 1883), Verisk Canada possesses the country's most comprehensive structured risk information property database. Recognized for its innovative, industry-leading property validation tool, iClarify, Verisk Canada continues to deliver business intelligence that powers digital transformation for insurers and financial services companies in Canada —now with deeper resources than ever. For additional information on Verisk Canada, visit optaintel.ca

For inquiries related to this report, contact SolutionSupport@verisk.com

[i] https://www150.statcan.gc.ca/n1/pub/71-607-x/71-607-x2022013-eng.htm

[ii] https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2317

[iii] https://www.ctvnews.ca/atlantic/article/house-fire-displaces-family-of-four-in-moncton-nb/

[iv] https://www.canadafrancais.com/actualite/une-maison-incendiee-sur-la-rue-bellerive/

[v] https://www.chch.com/chch-news/fatal-overnight-house-fire-dundas/

[vi] https://www.ctvnews.ca/vancouver/article/person-found-dead-after-house-fire-in-east-vancouver/