

# Q3

## RECONSTRUCTION COST ANALYSIS CANADA

2024



# KEY TRENDS

01

**Inflation impacts** remain a concern. Current year-over-year (YOY) increases are calculated off the significant increases recorded between 2019 and 2023, so residential rebuild costs are still at historically high levels.

02

**Extreme weather** during the summer of 2024 has driven significant catastrophic activity, and it is almost certain that roofing and siding component costs will escalate noticeably in western Canada by the end of this year. Labour availability and therefore rates will also be affected.

03

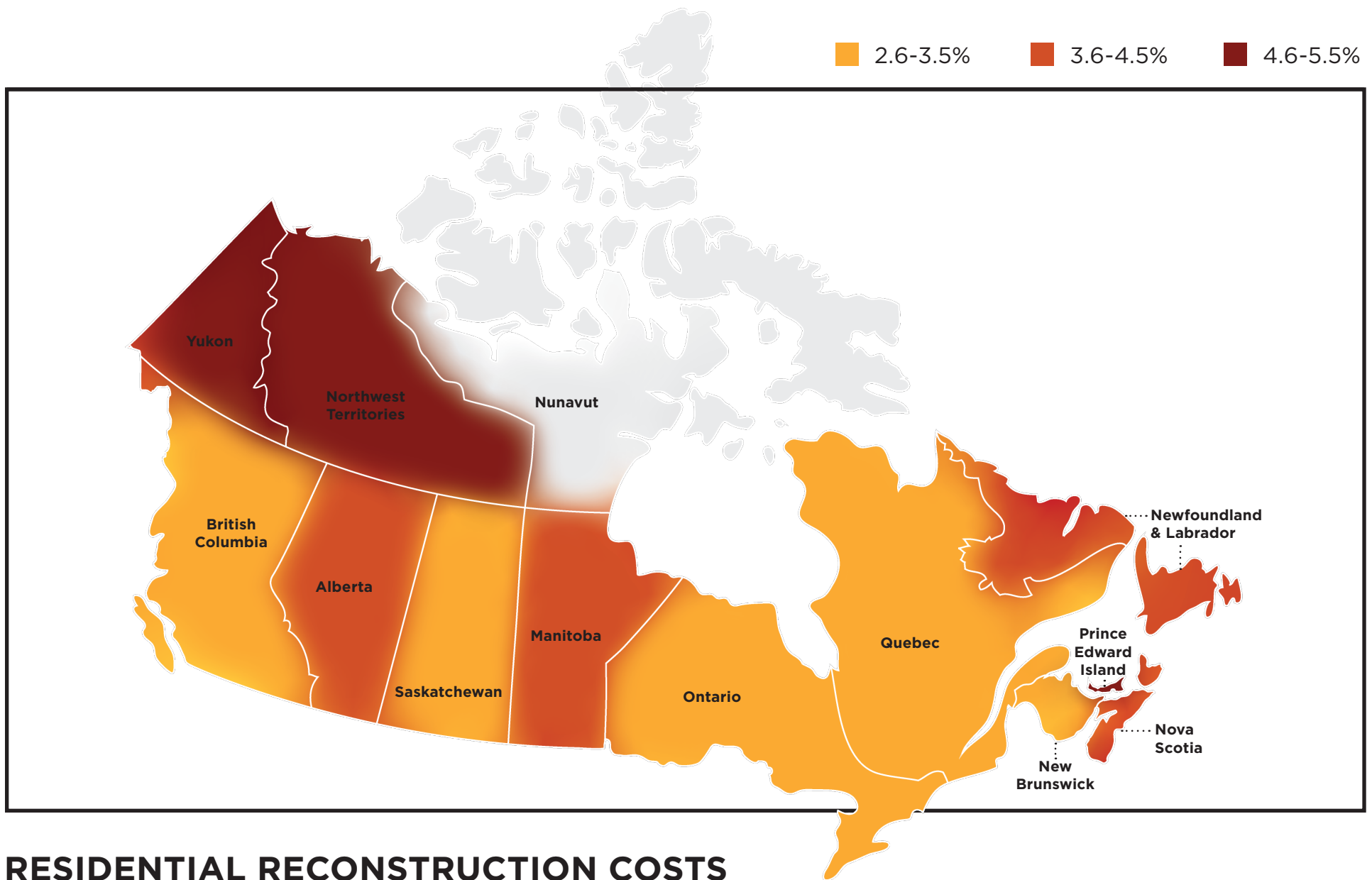
**Labour costs** and availability between May and September 2024 had improved slightly. Declining inflation and lower interest rates pointed to some stability; however, as stated above, severe weather events in Alberta, Quebec, and Ontario have reignited pressure on skilled labour.

04

**Construction material costs** are currently stable. We have seen some increases in bathroom costs related to demand, but this is expected to be a temporary issue and should subside by fall. It is likely that roofing and siding costs will peak once repair and replacement of Calgary's historically high numbers of damaged roofs and siding commences.

05

**Component costs** have increased 4.1% YOY (4% YOY in May 2024). Cost increases were led nationally by bathroom (4.6%) and then roofing and siding (4.4% and 4.5% respectively).

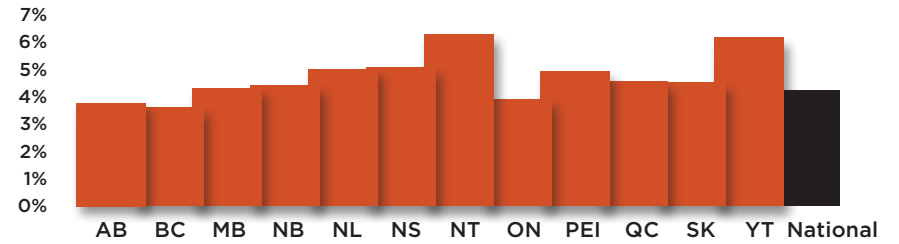


## RESIDENTIAL RECONSTRUCTION COSTS

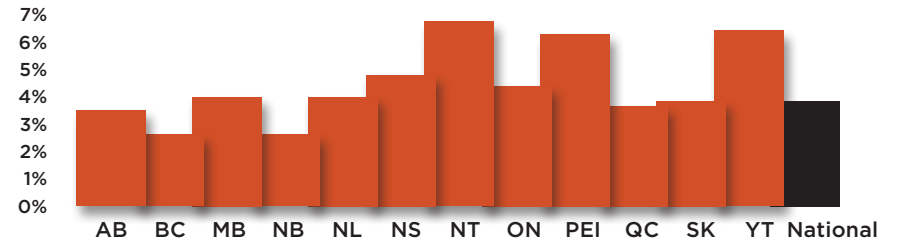
The rate of quarterly price increases has slowed further and points to a general flattening after a turbulent period between 2019 and 2023. Square foot cost increases are highest in Prince Edward Island, driven particularly by the 4,000SF and 5,000SF models. British Columbia shows the lowest overall YOY increase at 2.6% and also the lowest in every model. The reason for this is that British Columbia had the highest increase in square foot prices in September 2023, so the comparison with 2024 (when prices have stabilized) shows a low YOY increase even though actual prices are within the normal range for the Centres of Influence in this province. The inclusion of the 4,000SF and 5,000SF models since January 2024 has resulted in slightly lower national square foot averages, and this effect will continue through 2024.

# YOY SF CHANGES

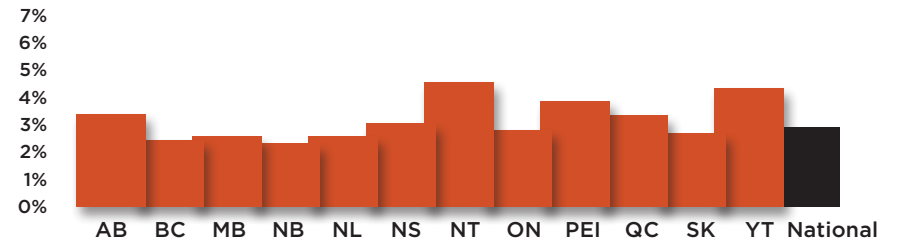
1,000 SF



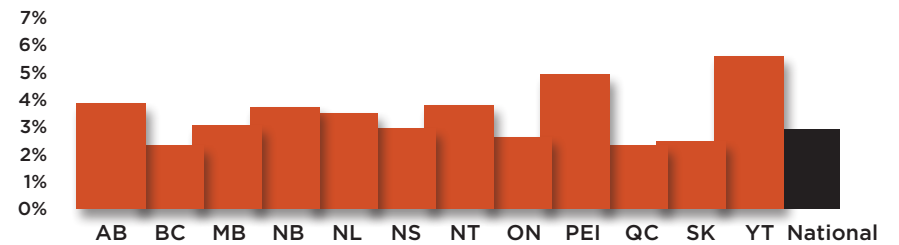
2,000 SF



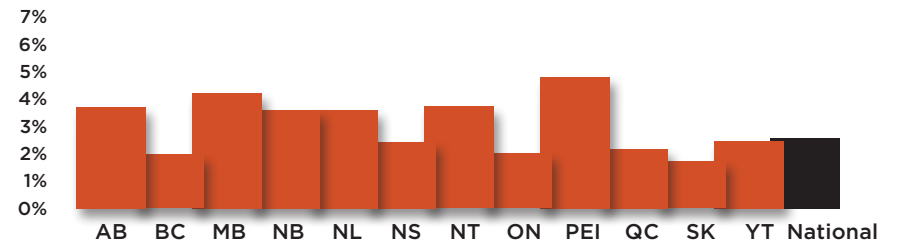
3,000 SF



4,000 SF



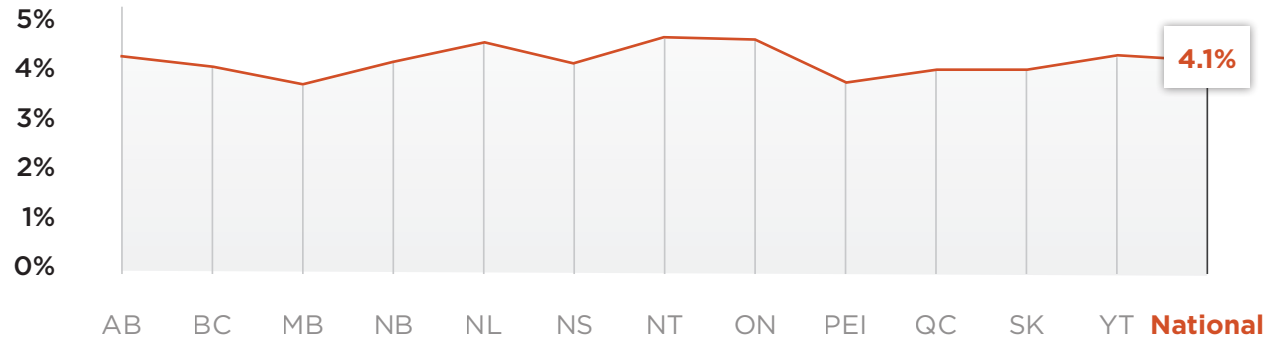
5,000 SF



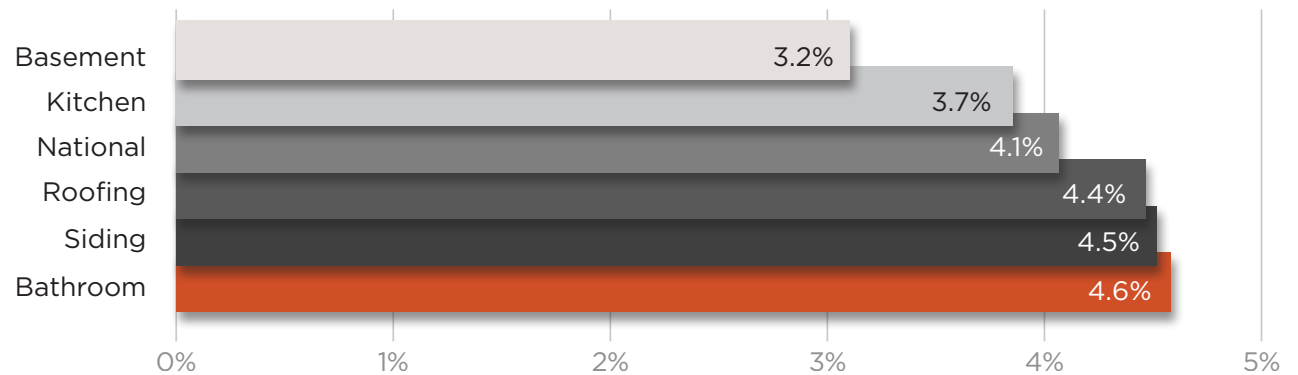
# COMPONENT COSTS

YOY Component costs increased by 4.1% nationally (4% YOY in May 2024). The highest increase was in bathroom (4.6% YOY). This appears to be related to an increase in demand over the summer, and we expect this to subside in the next quarter. This was the case with kitchens in the previous report; the temporary increase recorded has now ended. Amongst the major provinces, only Ontario (4.5%) shows a YOY increase over the national average (4.1%). Alberta (4.1%), British Columbia (4%), and Quebec (3.9%) are all at, just above, or marginally below the national average.

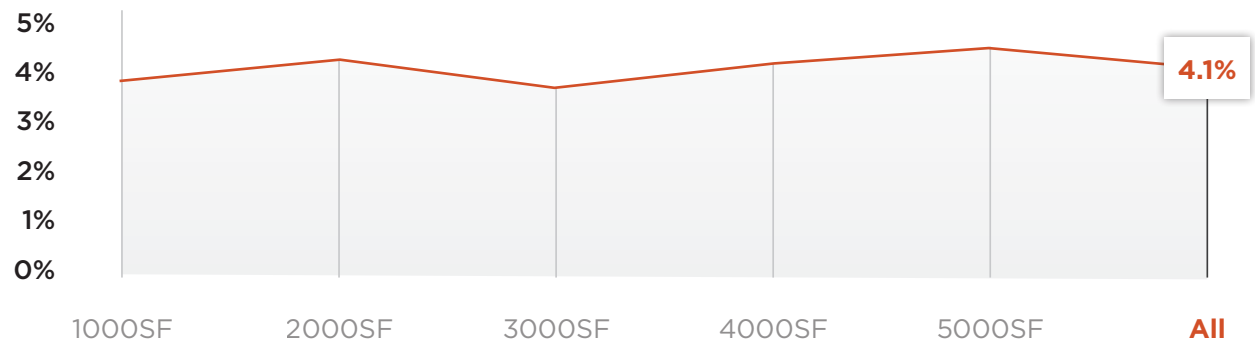
### YOY Component Cost Increases (by Province)



### YOY Component Cost Increases (by Component)



### YOY Component Cost Increases (by Model)

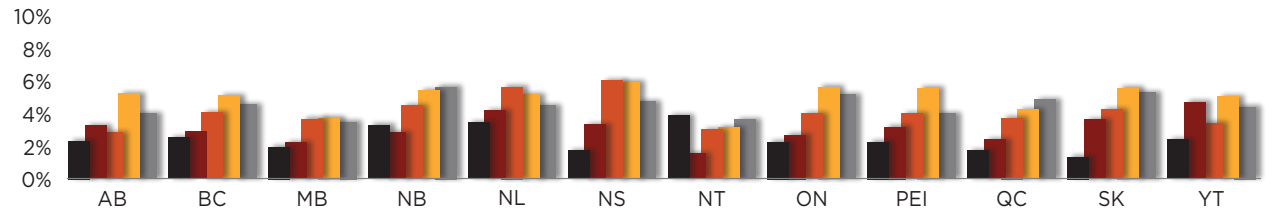


# COMPONENT COST BREAKDOWNS BY MODEL

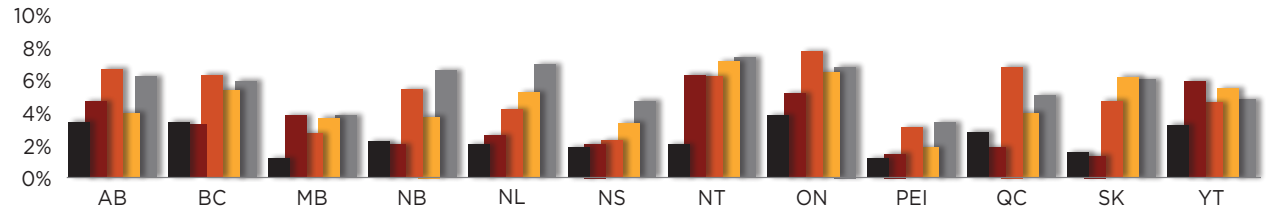
SEPT 2024 VS SEPT 2023

- Basement
- Kitchen
- Bathroom
- Roofing
- Alum. Siding

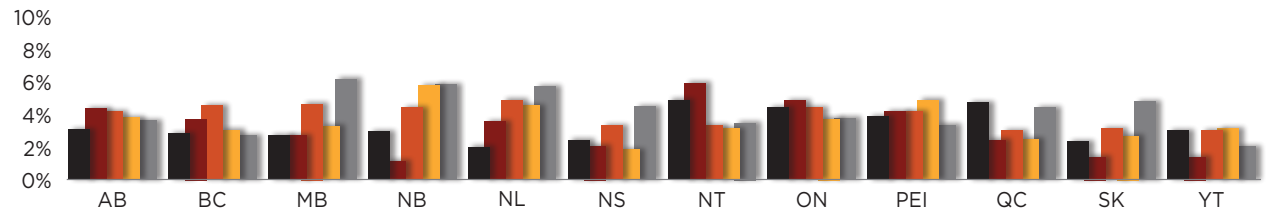
## COMPONENT COSTS - 1,000 SF



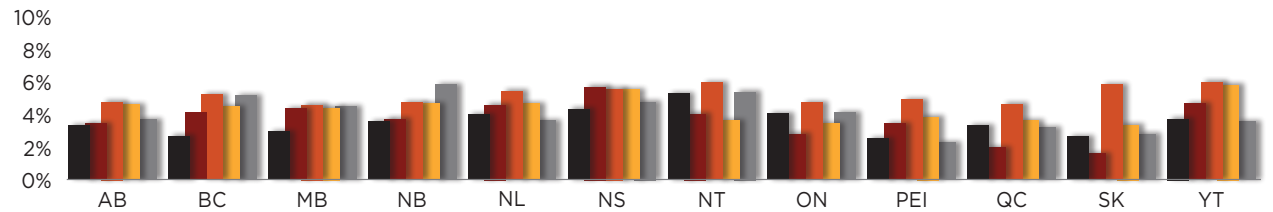
## COMPONENT COSTS - 2,000 SF



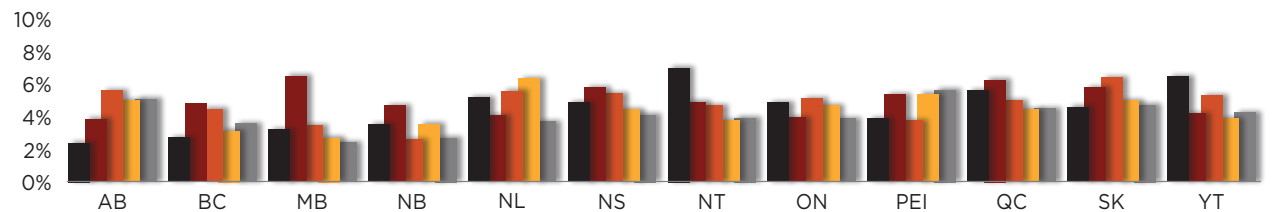
## COMPONENT COSTS - 3,000 SF



## COMPONENT COSTS - 4,000 SF



## COMPONENT COSTS - 5,000 SF



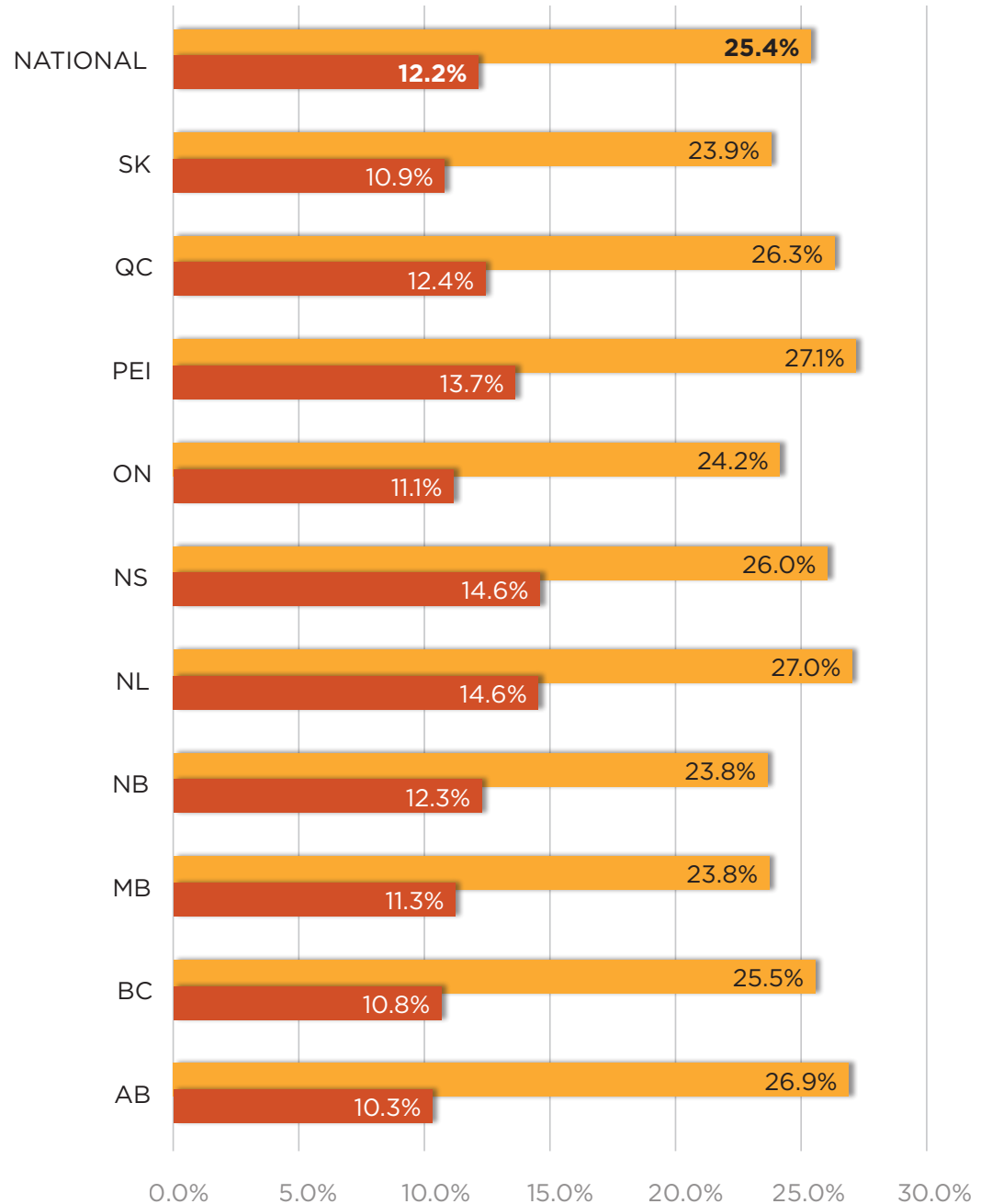
# REBUILD COSTS REVEAL PRICE VOLATILITY— WITH ITV IMPLICATIONS

Opta'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 25.4% in five years from a base year September 2019 and a 12.2% rise in the past three years (base year September 2021). 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

■ 3 years

■ 5 years

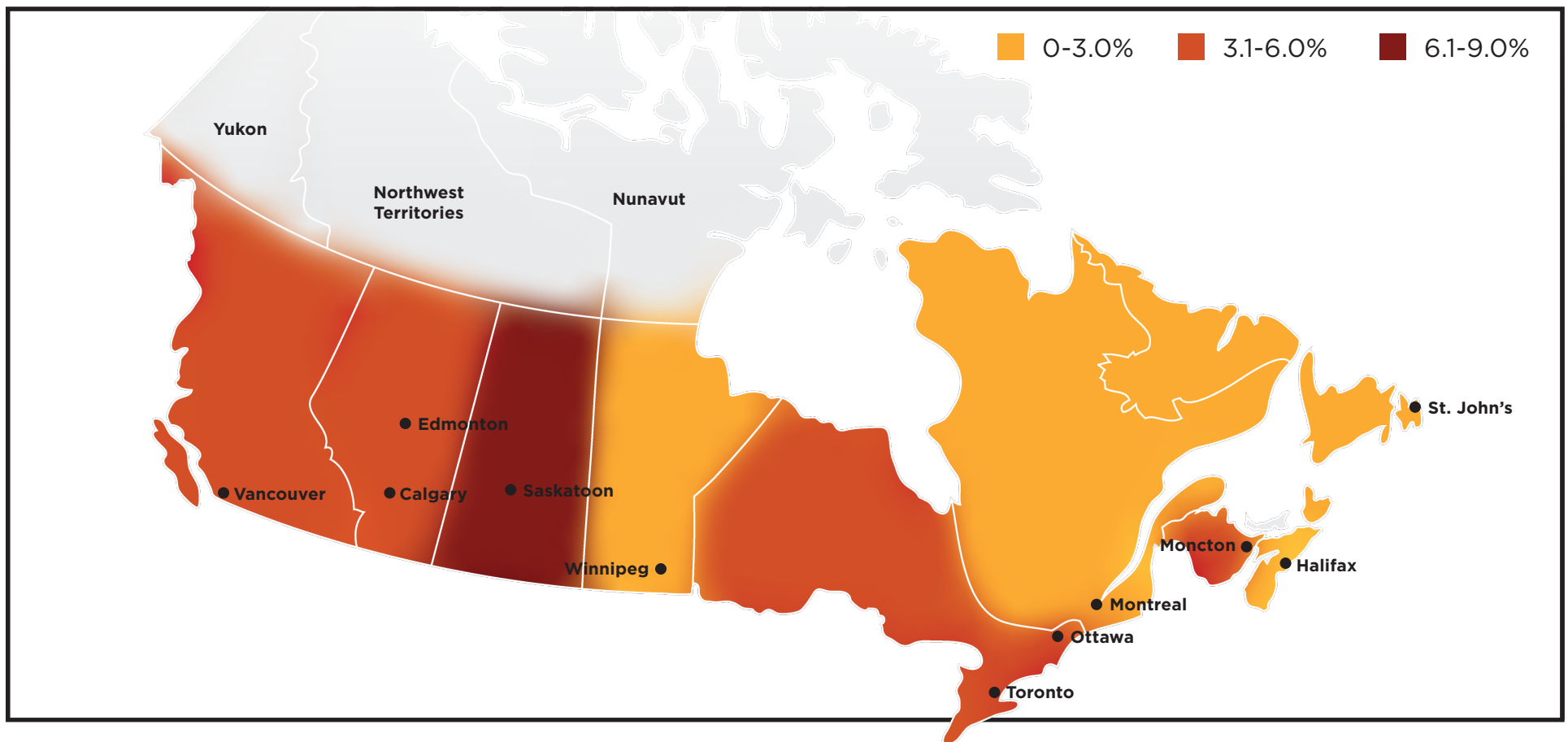


# COMMERCIAL BUILDING CONSTRUCTION PRICE INDEX

## YOY CHANGES (Q2 2024 VS Q2 2023)

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. The series is limited to building construction in 11 census metropolitan areas (CMAs): St. John's, Moncton, Halifax, Montréal, Ottawa-Gatineau, Toronto, Winnipeg, Saskatoon, Calgary, Edmonton, and Vancouver.<sup>1</sup> 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.<sup>2</sup>

The highest change between Q2 2024 vs Q2 2023 occurred in Saskatoon with a YOY increase of 7.0%, while Halifax had the lowest at 2.0%. The YOY change for all 11 CMAs is 4.3%.<sup>3</sup>



<sup>1</sup> <https://www150.statcan.gc.ca/n1/pub/71-607-x/71-607-x2022013-eng.htm>

<sup>2</sup> <https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2317> | <sup>3</sup> <https://www150.statcan.gc.ca/n1/pub/71-607-x/71-607-x2022013-eng.htm>



# ARE YOU PREPARED FOR EXTREME WEATHER EVENTS IN CANADA?

How do you keep up with your customers' exposure to perils? The Insurance Bureau of Canada says this summer saw a record number of insurance claims driven by four major weather events and natural disasters over the span of four weeks: the flooding in Toronto and southern Ontario, the Jasper wildfire, Calgary hailstorm and flooding in Quebec regions.<sup>4</sup>

The recent historical wildfires across Canada have profoundly affected homeowners and businesses, prompting evacuations and causing catastrophic damage to properties and possessions. With 18.5 million hectares of Canadian land area burned, 2023 was the worst wildfire season ever recorded, smashing the previous record of 7.6 million hectares burned in 1989. Wildfires continue to be a costly peril, resulting in billions of dollars in losses in recent years amid an alarming rise in the frequency and severity of events.

Initial estimates from Catastrophe Indices and Quantification Inc. (CatIQ) indicate the flooding in Toronto and Southern Ontario has resulted in more than \$940 million of insured damage.<sup>5</sup> The number of claims is not only putting a strain on the process but also driving increased costs. Among the most prevalent trends are basement renovations with increasingly high-end materials and finishes, raising costs for water damage claims. These exposures call for awareness to help ensure adequate coverage and, where possible, guide loss-control measures to mitigate potential claims. How do you meet these challenges?

<sup>4</sup> <https://globalnews.ca/news/10733223/insurance-bureau-of-canada-2024-natural-disasters/>

<sup>5</sup> <https://www.abc.ca/news-insights/news/july-flash-floods-in-toronto-and-southern-ontario-caused-over-940-million-in-insured-damage>

**Consider these four solutions:**





# 01

## Identify properties more at risk of claims frequency and severity

Opta's Peril Score (1-100, 100=high risk) is a model that predicts the loss cost for six different perils at the residential level and 14 different perils at commercial or business levels to inform whether premiums are adequate with the level of exposure. Understand water damage, sewer backup, wind/hail, and more at the time of underwriting.

# 02

## Determine whether a specific address is in a flood zone

Flood exposure is key to understanding the risk of extreme events on a property. Opta's Flood Score model (0-100, 100=high risk), delivers real-time access to flood exposure within 50-, 100-, and 1,000-year periods. Understand pure premium and average annual losses (AAL) to support decision-making.

# 03

## Identify wildfire exposures

Take appropriate action to mitigate risk across your portfolio with property-level wildfire risk insights powered by **Fire Underwriters Survey (FUS) Wildfire Grading Index**, which features a standardized Wildfire Risk Class (WRC) of 1/low - 10/high for every geocoded property address in Canada. This feature is now integrated into Opta Precise Services reports and available to FUS subscribers.

# 04

## Uncover water damage exposures with an inspection

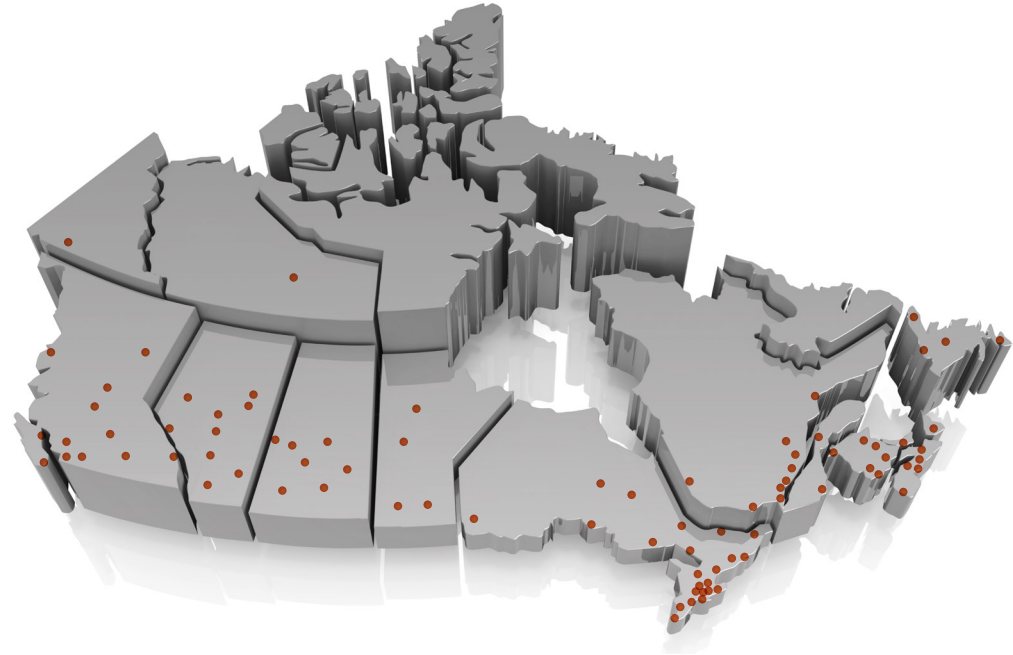
Let Opta Precise Services uncover critical ground-truth insights on plumbing adequacy, fixtures, presence or absence of sump pumps, and flag high-end materials to break down replacement costs in spaces that are more prone to water claims.

# ABOUT THIS REPORT

Opta's cost updates are derived from extensive studies each year gathering local reconstruction cost data from 86 cities across Canada and through on-site loss control performed by Opta Precise Services. Quarterly insights and analysis are also conducted using the largest repository of actual Canadian total loss data.

# OPTA'S 86 CENTRES OF INFLUENCE

Data is collected from 300 licensed contractors across 86 cities in Canada identified as "Centres of Influence" and generates more than 7,750 data points annually that are used to validate the accuracy and regional relevance of iClarify™ replacement costs in Canada. Local taxes, overhead and profit, productivity, debris removal, general conditions, and other essential costs are completely 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

Lloydminster  
North Battleford  
Prince Albert  
Regina  
Saskatoon  
Swift Current  
Yorkton

## Manitoba

Brandon  
Grand Rapids  
Thompson  
Winnipeg

## Ontario

Barrie  
Guelph  
Hamilton  
Kapusking  
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

## ABOUT OPTA

Opta, a Verisk business, is Canada's leading provider of property intelligence and technology solutions. With a history rooted in the Canadian Fire Underwriters' Association (founded in 1883), Opta possesses the most comprehensive structured risk information property database in Canada. Recognized as an innovator for its creation of the industry-leading iClarify™ property validation tool, Opta delivers valuable business intelligence, powering digital transformations for insurers and financial services companies.

For additional information on Opta, visit [optaintel.ca](https://optaintel.ca)

For inquiries related to this report, contact [info@optaintel.ca](mailto:info@optaintel.ca)

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