

## RCT PRODUCT UPDATE BULLETIN 2<sup>nd</sup> Quarter 2015

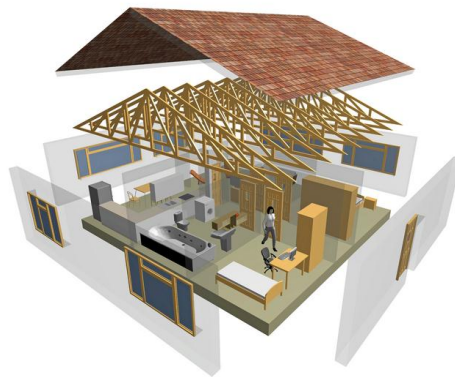
CoreLogic® Insurance Solutions is pleased to provide you with an overview of the updates and enhancements in the **2<sup>nd</sup> Quarter 2015 release of RCT®**. This overview will provide you with an understanding of this quarter's changes in residential building costs as well as any enhancements to the RCT® software.

To ensure that our clients receive the most current building material and labor costs, the CoreLogic® Insurance Solutions data team continuously researches labor, material, and equipment costs (hard costs) including mark-ups. Our research is extended to cover taxes and fringes (soft costs) for reconstruction work performed for the insurance industry in the United States and Canada. Research professionals monitor data from nearly 3,000 unique economies in the United States and over 100 in Canada.

The process includes monitoring demographic and econometric statistics, government indicators, and localization requirements, including market trends. Other factors in this process include:

- Wage rates for more than 85 union and non-union trades
- Over 100,000 line items of construction data
- Productivity rates and crew sizes
- Local cost concerns, such as building code requirements and other localized variables

In addition, we validate cost data by analyzing field inspection records, contractor estimates, phone surveys and partial and full loss claim information.



**NOTE:** The cost information in this bulletin is only intended to give you a *general sense* of reconstruction cost trends in North America. We do not advocate using these factors when adjusting renewal values for specific locations or across your book of business. The building material and labor cost trends presented in this bulletin are broad averages derived from our research of construction trades and building materials used in a typical, 2,400 square foot, single family, 2-story home and do not translate into the property specific localized, detailed results calculated by RCT®.

For more information or explanation, please contact your sales consultant or account manager.

# RCT PRODUCT UPDATE BULLETIN

## 2<sup>nd</sup> Quarter 2015

### U.S. QUARTERLY MATERIAL COST CHANGES

#### FELT

0.1%

#### SHINGLES

0.6%

#### COPPER PIPE

0.5%

#### COPPER WIRE

3.6%

#### DRYWALL

1.3%

#### LUMBER

1.5%

#### PLYWOOD

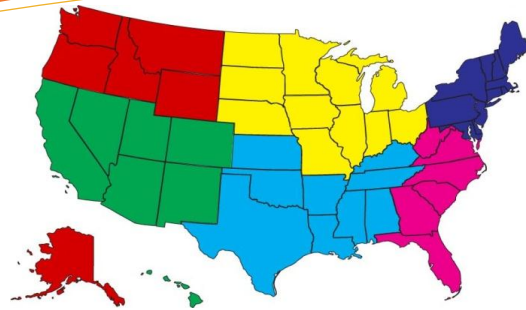
2.2%

#### INSULATION

0.6%

#### READY MIX

2.6%



#### U.S. Regional Quarterly Cost Changes 2<sup>nd</sup> Quarter 2015 compared to 1<sup>st</sup> Quarter 2015

Northwest	0.46%
Southwest	0.29%
Northeast	0.38%
Southeast	0.52%
North Central	0.61%
South Central	0.61%

National Average: 0.49%

#### U.S. Regional RCT<sup>®</sup> Cost Changes

##### Lumber

The CoreLogic<sup>®</sup> research team observed the CME lumber futures prices staying within the \$360 - \$410 (per 1000 board feet) range for the last 12 months. The futures prices are at \$362, which puts it at the lower end of the channel. The CoreLogic<sup>®</sup> independent data confirms the future prices with report of a 1.5% decrease in lumber prices over the quarter. If the futures price breaks below \$360, it may serve as an indicator of lower lumber prices throughout the remainder of 2015.

The average for U.S. building materials decreased 0.5% for the quarter. For labor, the average wage rate increased 0.4%, based on construction trade contracts that were renewed during the quarter.

CoreLogic<sup>®</sup> Insurance Solutions monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

US	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13
Asphalt Felt 15#	-0.1	-0.7	-0.9	-0.3	-0.3	0.0	-0.3	-0.1
Asphalt Shingles 25yr, 3-tab	-0.6	-0.4	-0.6	-1.6	-0.6	-0.2	1.1	-0.8
1/2" Copper Pipe	-0.5	-1.0	0.3	-1.5	-0.2	-0.4	-1.0	-0.4
Copper Wire	-3.6	-0.8	0.3	-3.3	0.3	-0.6	-1.4	-1.7
1/2" Drywall	1.3	0.0	0.4	2.6	3.1	1.5	3.9	4.7
2x4 Lumber	-1.5	1.4	1.7	2.9	0.7	-2.1	1.1	6.3
1/2" Plywood	-2.2	2.9	10.4	0.7	-2.8	-5.0	1.3	6.9
R-13 Fiber Batt Insulation	0.6	0.3	0.6	1.6	2.7	5.6	4.8	1.7
Ready Mix	2.6	0.9	-0.2	-0.7	2.3	1.4	0.1	-0.6

\*Aggregate Material Index of the nine most commonly used building materials – Residential

\*\* This table represents the percent change from one quarter to the next period.

TECHNICAL SUPPORT: 1-888-370-8324 7 a.m. to 7 p.m. CT ♦ [MSBHelpdesk@msbinfo.com](mailto:MSBHelpdesk@msbinfo.com)

© 2015 CoreLogic<sup>®</sup>, Inc. and its licensors.

# CANADA

## QUARTERLY MATERIAL COST CHANGES

# RCT PRODUCT UPDATE BULLETIN

## 2<sup>nd</sup> Quarter 2015

### ASPHALT FELT

0.4%

### ASPHALT SHINGLES

0.5%

### COPPER PIPE

0.8%

### COPPER WIRE

0.6%

### DRYWALL

0.4%

### LUMBER

1.6%

### PLYWOOD

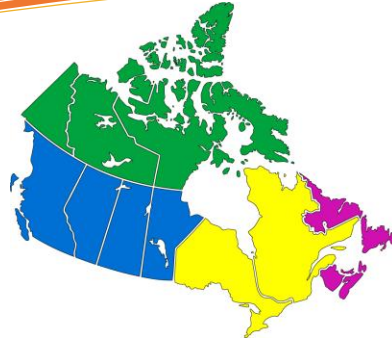
1.8%

### INSULATION

0.2%

### READY MIX

1.3%



### Canada Regional Quarterly Cost Changes 2<sup>nd</sup> Quarter 2015 compared to 1<sup>st</sup> Quarter 2015

North	0.57%
West	0.67%
Central	0.53%
Atlantic	1.27%

National Average: 0.70%

### Canada Regional RCT<sup>®</sup> Cost Changes

#### Plywood and Lumber

Plywood and lumber increased 1.8% and 1.6% over the quarter, as forest product exports out of Canada continue to improve in China and Japan. According to the Forest Products Natural Resources report for Canada, lumber exports to China are expanding beyond low-grade timber to higher value products. In addition, Chinese demand for higher grade lumber has been developing throughout the Canada Wood Export Program. EUWID Wood Products and Panels reports, OSB and lumber deliveries to the US improved 10% early this year for global competitor Ainsworth, as they benefited from the weaker Canadian dollar against the US dollar.

The average for Canadian building materials increased 0.8% over the quarter. For labor, the average wage rate revealed little to no change for the quarter, based on construction trade contracts that were renewed during the quarter.

CoreLogic<sup>®</sup> Insurance Solutions monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

CANADA	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13
Asphalt Felt 15#	0.4	-0.3	-0.6	0.0	0.0	-0.1	-0.3	-1.4
Asphalt Shingles 25yr, 3-tab	0.5	0.4	-1.2	-0.2	0.4	-0.1	-1.3	-1.1
1/2" Copper Pipe	0.8	-0.4	-0.1	-0.3	-0.8	-0.5	-1.1	0.3
Copper Wire	-0.6	0.0	0.2	-2.0	-1.6	-0.3	-1.4	-2.1
1/2" Drywall	-0.4	-1.9	-2.2	-1.6	1.1	-0.5	-0.8	0.9
2x4 Lumber	1.6	1.4	2.4	2.6	2.3	0.1	2.2	4.9
1/2" Plywood	1.8	5.0	9.7	-1.7	-1.0	-3.4	-1.7	3.6
R-13 Fiber Batt Insulation	0.2	-1.5	-0.2	0.9	0.2	0.1	1.9	-0.4
Ready Mix	1.3	0.2	0.1	-1.8	2.6	1.8	-1.1	-1.3

\*Aggregate Material Index of the nine most commonly used building materials – Residential  
 \*\*This table represents the percent change from one quarter to the next period.

TECHNICAL SUPPORT: 1-888-370-8324 7 a.m. to 7 p.m. CT ♦ [MSBHelpdesk@msbinfo.com](mailto:MSBHelpdesk@msbinfo.com)

© 2015 CoreLogic®, Inc. and its licensors.

# U.S.

## ANNUAL MATERIAL COST CHANGES

# CANADA

## ANNUAL MATERIAL COST CHANGES

# RCT PRODUCT UPDATE BULLETIN

## 2<sup>nd</sup> Quarter 2015

### RCT<sup>®</sup> Software Updates for This Quarter

**NOTE:** CoreLogic<sup>®</sup> Insurance Solutions recommends a full program install whenever possible to ensure that you have the latest data and program enhancements.

#### Cost Data Changes

The second quarter 2015 cost data update reflects reconstruction cost changes in both labor and material. Standardized costs in this release reflect localized, updated costs representing the impact of emerging markets and economic trends on construction costs.

**Ohio** – Per the Ohio Department of Taxation, the Ohio sales and use tax rate will increase from 6.75% to 7.0% in Hamilton County; increase from 7.0% to 7.25% in Lucas County; and increase from 7.0% to 7.25% in Mahoning County as of April 1, 2015.

ASPHALT FELT

1.9%

ASPHALT FELT

0.6%

ASPHALT SHINGLES

3.1%

ASPHALT SHINGLES

0.4%

COPPER PIPE

2.7%

COPPER PIPE

0.0%

COPPER WIRE

7.2%

COPPER WIRE

2.5%

DRYWALL

4.3%

DRYWALL

5.9%

LUMBER

4.5%

LUMBER

8.3%

PLYWOOD

11.8%

PLYWOOD

15.2%

INSULATION

3.1%

INSULATION

0.7%

READY MIX

2.7%

READY MIX

0.1%

TECHNICAL SUPPORT: 1-888-370-8324 7 a.m. to 7 p.m. CT ♦

[MSBHelpdesk@msbinfo.com](mailto:MSBHelpdesk@msbinfo.com)

© 2015 CoreLogic<sup>®</sup>, Inc. and its licensors.