Q4 2025: Canada Construction Monitor

Modest uplift in sentiment but the picture generally remains flat away from infrastructure

- **Construction Sentiment Index picks up slightly in Q4**
- **Infrastructure workloads remain firm while the residential feedback is still negative**
- **Despite subdued trend in activity, skills shortages continue to present a major challenge**

The Q4 2025 RICS-CIQS Canada Construction Monitor shows a small improvement in overall construction sentiment* compared to the previous three-month period, despite the downbeat tone of many of the comments provided by respondents (Chart 1). A large number of the anecdotal remarks focus on the issue of tariffs and trade with the USA. Disaggregating the headline numbers by company size suggests that the slightly better tone to the feedback is most visible among the larger businesses contributing to the survey (where the sentiment index rose from -3 to +27). At a provincial level, the readings also capture this modest turnaround, albeit the series for British Columbia remains in negative territory.

Infrastructure continues to lead the way

When it comes to the insight provided by participants to the survey regarding trends in current workloads, the numbers point to either less negative or more positive results in each sector (when measured in net balance terms). This is demonstrated in Chart 2. That said, this is the fourth consecutive quarter in which the reading for private residential workloads has pointed to a weaker trend, and this appears to be particularly the case in British Columbia. By way of contrast, the infrastructure series is consistent with a resilient pattern of activity, driven by work in both the energy and digital spaces. Looking at the results at a provincial level (as categorised for this survey), the strongest results for infrastructure come from the Atlantic provinces and Ontario.

Meanwhile, reviewing the other feedback around current conditions, it is noteworthy that respondents report profit margins remain under some pressure. The series designed to capture this picture was in negative territory (in net balance terms) for the tenth successive quarter, albeit the latest reading of -15% represents an improvement compared to -28% in Q3. Another notable feature of this dataset is the figures provided by larger companies in the sector. They show that among this cohort, the deterioration in profit margins appears to be stabilising; the Q4 result of +6% represents a significant contrast to the -38% seen in Q3.

Chart 1: Construction Sentiment Index*

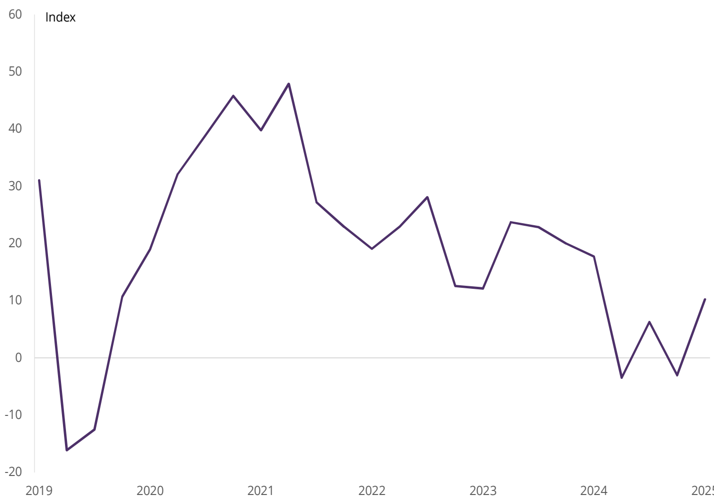
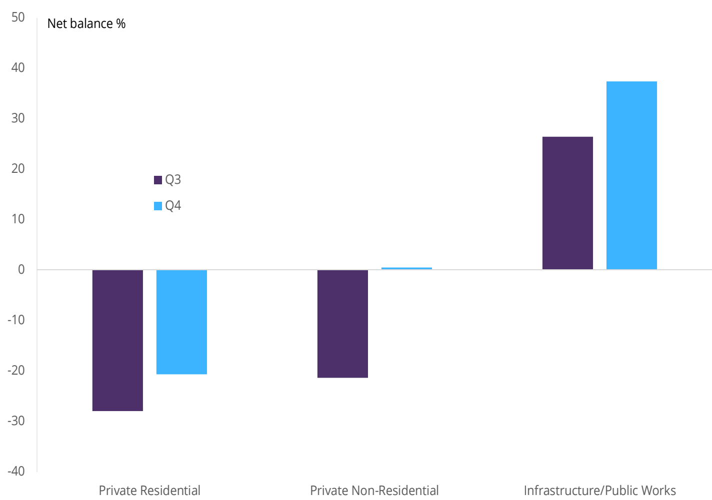


Chart 2: Current Workloads by Sector



*The Construction Sentiment Index is a composite measure encompassing variables on current and expected market activity as well as margin pressures.

That said, payment delays continue to be reported more generally (-21% versus -17% in the last iteration of the survey), and for the time being businesses are being cautious in their approach to recruitment (+1% compared with -1% in Q3).

Credit conditions remain challenging

The Bank of Canada, having cut interest rates through 2025, left them on hold at the meeting held during the period when the fieldwork for this survey was being conducted (December 10); it also made no change at the January 28 meeting. Whether this has directly influenced responses to the questions around the credit environment as it pertains to the construction industry or not, it is clear from Chart 3 that businesses are still finding the financial environment difficult. A net balance of -7% indicates that conditions worsened again in Q4, although this was less severe than the -14% reported in Q3. Meanwhile, net balances of -8% and -2% suggest that conditions are expected to continue deteriorating at the three- and twelve-month time horizons, which is somewhat disappointing. Alongside this, in response to the question regarding factors holding back activity, financial constraints continue to be widely cited (57% of respondents highlighted this issue, little changed from 60% in Q3).

Forward-looking metrics show mixed outlook

Chart 4 tracks the 12-month expectations indicators for workloads, employment, and profit margins. Significantly, the feedback received from respondents provides little reason to believe that residential development will see any uplift in activity over the coming year, despite the housing market continuing to be heavily undersupplied. High construction costs, a shrinking population, and subdued investor demand will continue to weigh on developers considering new projects. For commercial construction, the picture looks somewhat better but, once again, it is the infrastructure space where the projections are most upbeat. Moreover, this appears to be the case for businesses of all sizes, although—perhaps inevitably given the nature of the work—the strongest responses come from larger companies, with the softest (even if still positive) coming from the micro category. Alongside this, profit margins across the construction sector are generally seen as beginning to improve, although once again it is amongst the larger businesses where the numbers are strongest.

Skill shortages remain critical

Although the trend in construction activity remains subdued, the issue of skills remains very much at the forefront of respondents' minds. Chart 5 shows that 59% of contributors to the latest survey highlight skills shortages as an impediment to activity, compared to 57% citing financial constraints and 46% insufficient demand. Breaking the data down further, skilled trades continue to be viewed as the area where challenges are most intense (as reported by 63% of participants). For quantity surveyors, the comparable figure is just under 50%, which remains elevated given the current workload environment.

Chart 3: Credit Conditions

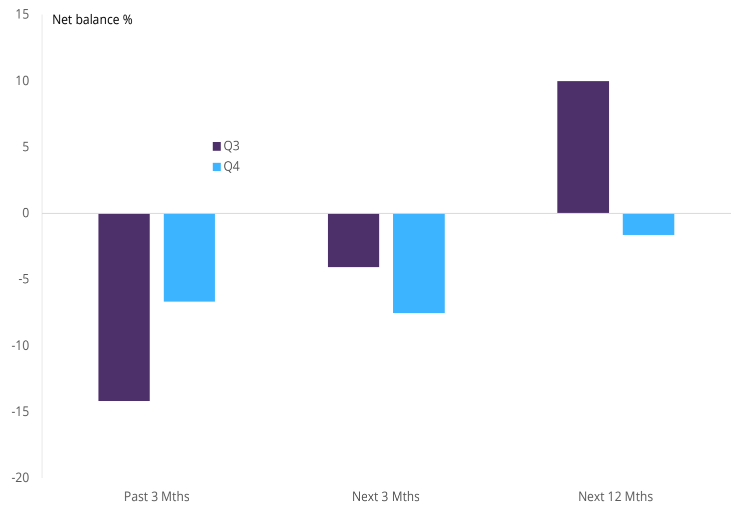


Chart 4: Twelve-Month Expectations

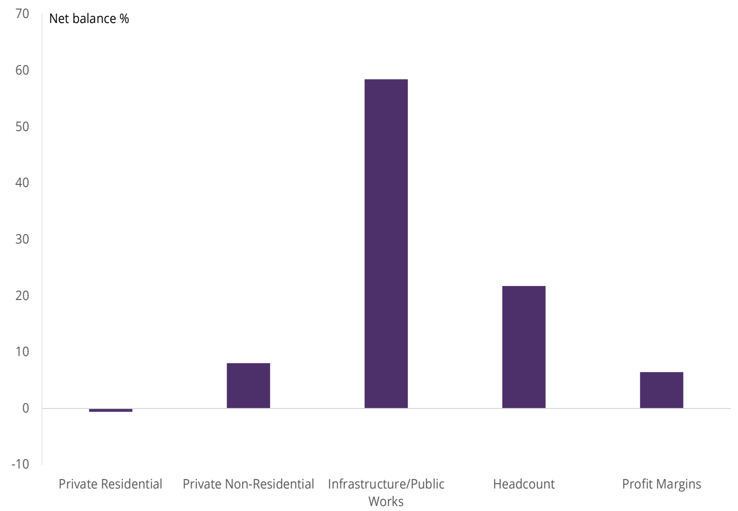
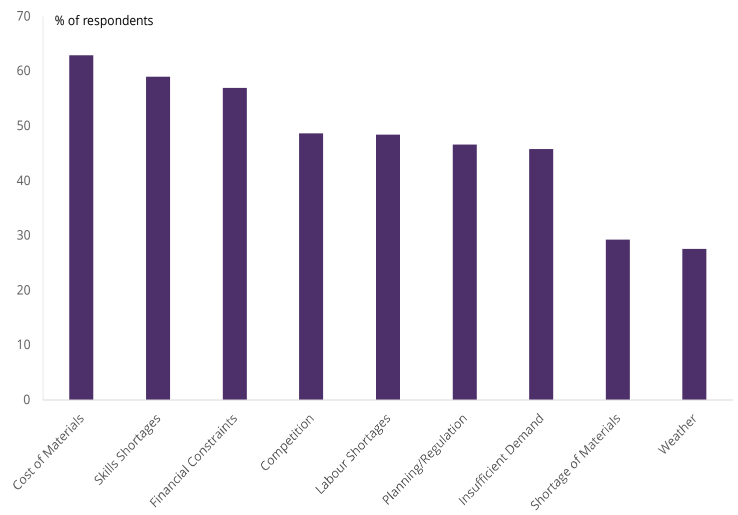


Chart 5: Factors Hindering Activity



Comments from survey participants based in Canada

Alberta

Weak economic growth due to trade war and policy - Calgary

Rate of immigration to Canada has decreased - Calgary

Price of oil should be stable/higher for more infrastructure projects - Edmonton

Currency exchange rate instability - Edmonton

Government employees have a declining understanding of construction - Spruce Grove

Concern about in political instability in the USA - Spruce Grove

British Columbia

Increase of building code requirements and green building requirements, increase in development fees from municipalities, and significant wait times for permit processing and financing - Abbotsford

Less demand in housing - Burnaby

Immigration- Burnaby

Building codes are increasing costs of construction in a poor market without sales and reduced sale prices. Costs to build are too high for what we're able to sell for. On top of that, we're waiting years to receive BP permits and municipalities are increasing their DCC fees - Chilliwack

Purchase prices are still too high for buyers, but now rental inventory is higher and demand may fall - Kelowna

US trade tensions affecting material pricing, lack of buyers for residential units, cost of living and price of real estate remain persistently high - Langley

Changes in public sector contract execution - North Vancouver

Development and permitting charges - North Vancouver

Increased government regulations - Surrey

Weak market demand; wage - housing affordability gap; construction economics for developers challenge due to Land and Municipal Levies - Surrey

Government taxes limiting multi family residential - Vancouver

Highly competitive in infrastructure sector - Vancouver

Insufficient investor demand and unrealistic return expectations for multi-family residential (condo & PBR) - Vancouver

Current residential property prices are very inflated- Vancouver

The rate of construction industry hiring and wages is now lagging behind peers in other economic sectors and it is a matter of time before that impacts pricing - Vancouver

Lack of qualified and experience Quantity Surveyors - Vancouver

Tariffs remain the major threat - Vancouver

Private non-residential construction is down, but institutional work and municipal work are up - Vancouver

In the Vancouver, BC market, construction activity is being impacted by instability in the U.S.–Canada trade relationship. Fluctuating tariffs, trade negotiations, and cross-border logistics issues have increased uncertainty around material pricing and availability, particularly for lumber, steel, and manufactured components. This volatility complicates budgeting and scheduling, contributes to cost escalation, and encourages more cautious investment in construction and real estate development - Vancouver

Inter-provincial political disputes on energy development - Vancouver

Loss of market confidence due to ongoing geopolitical volatility - Vancouver

Manitoba

Tariffs - Winnipeg

Nova Scotia

Public sector funding - Halifax

Lack of skilled trades and lack of bidders on tenders - Halifax

Lack of competent skilled labour - Halifax

There is still concern over possible tariff influences from the US market which may affect local pricing, but at present, the cost of materials has not been affected radically - Halifax

Ontario

Too much work in the market at the same time - Brampton

Government-related costs hindering public and private residential developments - Cambridge

US Tariffs - Concord

Downturn in the residentail property market - Concord

Too much competition - Concord

Weak economic growth- Etobicoke

Municipal development charges and regulation, inclusionary zoning, over-supply, stagnated population growth, affordability, government interference - Kitchener

The world is held captive by a narcissist who has learned from a very young age that if he just complains, someone will try to appease him regardless of whether or not there is something to complain about. - Mississauga

The geopolitical climate is disconcerting and a distraction from prime business focus - Mississauga

Demand for housing is high but immigration flow is now reduced so demand is expected to remain high but potentially have peaked now - Oakville

Tarriffs, lack of work for Condo buildings, etc. Tender prices for "easy" or simple mechanical retrofits is down, 10-20%. However difficult retrofits have not decreased at all, sometimes increasing 10%, so it is very difficult to give a general answer on the market - Oakville

Toronto has levelled off. All the Toronto trades are now calling me in Ottawa for work - Ottawa

Trade with the USA, prices of metals are unstable - Ottawa

Market demand has decreased - Ottawa

Unpredictable US government and USMCA renewal this year (unlikely happen) - Ottawa

Market instability due to USA trade tariffs uncertainty - Renfrew

Residential market has completely collapsed with very little signs of improving in 2026. Office and commercial projected to improve as more companies push for back to work in person. This may in the end have a positive affect on the residential market, just by natural progression - Toronto

Shifts in technology. Less work in traditional manufacturing more work in data centes and big pharma - Toronto

Same federal government policies for a decade, little growth along with lack of a trade deal with largest trade partner - Toronto

The instability of the worlds largest economy creates conditions that are hard to understand and to account for - Toronto

Comments from survey participants based in Canada

Combustible cost- Toronto

Tariffs from US- Canada trade dispute - Toronto

Geopolitical instability caused by trade and tariff unpredictability - Toronto

Slow project turnaround - Toronto

Trade tariff imposed by US over Canada. Securing alternative trading partners - Toronto

Economic uncertainty has investors in doubt - Toronto

Foreign buyer ban in residential condo is killing the whole industry while limiting supply as well - Toronto

Canada USA relations have significantly deteriorated and are greatly impacting the economy of both countries - Toronto

Investor confidence remains low - Toronto

Tariffs imposed by President Trump - Toronto

There aren't enough projects to bid on - Toronto

Cost of development permits, uncertainty with tariffs - Vaughan

Quebec

Nous avons espoir que les taux d'intérêt seront baissé d'ici fin hiver (We are hopeful that interest rates will be lowered by the end of winter) - Vaudreuil Dorion

Politique du président Trump vis-a-vis du Canada et le Mexique etr non respect de libre échange de 1994 (President Trump's policy towards Canada and Mexico and non-compliance with the 1994 free trade agreement)- Vaudreuil Dorion

Information

Global Construction Monitor

RICS-CIQS Canadal Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

Methodology

This is the RICS-CIQS Canada Construction Monitor, which received 232 responses in Q4 2025. It forms part of the RICS Global Construction Monitor. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Sentiment Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

Disclaimer

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Canadian Institute of Quantity Surveyors | Institut canadien des économistes en construction

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The Canadian Institute of Quantity Surveyors (CIQS) was founded in 1959 and is the voice for Canada's construction economists. It is a self-regulatory, professional body and the gatekeeper of the ethics and standards for construction and infrastructure economics in Canada and currently represents over 2,000 construction cost professionals from across Canada as well as internationally.

CIQS owns and manages two professional and internationally known designations, the Professional Quantity Surveyor (PQS) and the Construction Estimator Certified (CEC), which can only be used by qualified, certified members of the Institute. PQS and CEC professionals counsel building owners, developers, government bodies, designers, and contractors at every stage of the design, procurement, and construction process to help ensure a return on investment is delivered.

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Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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