

POMERLEAU

Pomerleau Economic Radar



Q2 • 2026

02.10.2026

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A WORD FROM THE AUTHORS



A resilient industry in a more uncertain environment

Encouraging signs for construction activity

Several construction indicators improved during the second quarter of 2026. The return to GDP growth, rising investment and a rebound in building permits point to stronger activity following a slower start to the year. Growth in several non-residential segments, particularly institutional and government construction, helped support this momentum despite moderate economic growth.

This resilience is especially noteworthy as businesses continue to operate amid economic, trade and geopolitical uncertainty. While some markets remain more fragile, the latest data highlights an industry that continues to demonstrate a strong capacity to adapt.

More targeted, but still persistent cost pressures

Construction costs remain elevated, although cost pressures are now less widespread than in recent years. Supply chain pressures have eased, and price increases are becoming more concentrated in specific regions, product categories and strategic



commodities. However, developments related to tariffs, energy markets and geopolitical tensions remain important factors to monitor, as they continue to influence cost predictability and project execution conditions. Despite these uncertainties, second-quarter indicators point to a more stable environment than in recent years.

Overall, the second quarter of 2026 serves as a reminder that, despite an environment that remains uncertain, the construction sector continues to demonstrate remarkable resilience and sufficiently strong fundamentals to support ongoing activity.

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KEY HIGHLIGHTS

Activity

Encouraging signs for construction activity

Construction GDP continues to grow
Building investment remains on the rise
Institutional and government permits continue to support activity

Costs

More targeted, but still persistent cost pressures

Construction prices continue to increase
Inflation remains concentrated in certain products and regions
Strategic inputs remain volatile

Activity rebounds despite uncertainty

The slowdown observed in Q1 appears to have been temporary

Labour

A more balanced labour market

Construction employment is slightly lower year-over-year
Job vacancies increased over the past 3 months
The unemployment-to-job vacancy ratio declined

Environment

Uncertainty remains elevated

Supply chain conditions remain stable
Energy market volatility persists
Geopolitical tensions remain a key source of uncertainty

IN BRIEF

ACTIVITY

Sustained momentum, supported by non-residential construction

COSTS

More targeted pressures, but less widespread

RISKS

Ongoing uncertainty to monitor

DASHBOARD

BCPI Non-residential

	Previous period Q1-26	Latest period Q2-26
Quarterly change	0.91%	1.35%
Year-over-year change	3.94%	3.50%



BCPI High-rise apartment

	Previous period Q1-26	Latest period Q2-26
Quarterly change	0.74%	0.46%
Year-over-year change	2.35%	1.96%



Pomerleau Construction

Products Monitor

	Previous period March 26 vs March 25	Latest period June 26 vs June 25
Year-over-year change	2.19%	8.23%



Construction Unemployment Rate

	Previous period March	Latest period June
	5.9%	6.0%



Construction Job Vacancy Rate

	Previous period March	Latest period June
	2.9%	3.2%



CONSTRUCTION GDP

(Quarter avg.)
Quarterly change

Previous period Q1-26	Latest period Q2-26
-1.89%	1.06%



Building Permits

Quarterly change

Previous period Q1-26	Latest period Q2-26
0.37%	2.70%



CPI

Previous period July	Latest period August
3.0%	3.0%



Policy Interest Rate

Previous period July	Latest period September
2.25%	2.25%



GROSS DOMESTIC PRODUCT



GDP by industry - Quarterly average

During the second quarter of 2026, GDP across all industries continued to expand, while the construction sector returned to positive growth. This analysis is based on the industry-based GDP approach, which measures economic activity by sector and may differ from the picture shown by expenditure based GDP measures.

Canadian GDP

+0.93% vs

Q1-2026



Within construction, conditions remain mixed. Residential construction showed signs of improvement following several challenging quarters, although activity levels remain below those recorded one year earlier. Meanwhile, non-residential building construction paused, limiting overall sector growth.

Construction GDP

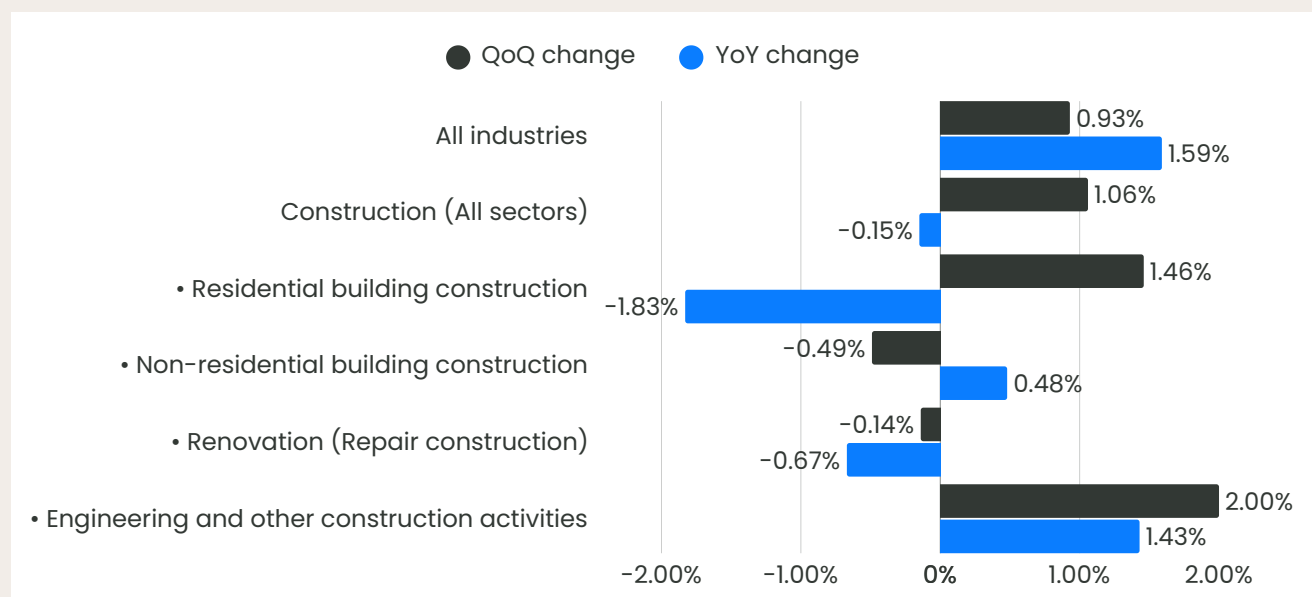
+1.06% vs

Q1-2026



Engineering construction and other construction related activities continued to support sector performance, highlighting the ongoing importance of infrastructure investments and major projects to construction activity across Canada.

GDP - Quarterly average change



Source : Statistics Canada, Table 36-10-0449-01, Gross Domestic Product (GDP) at basic prices, by industry, quarterly average, seasonally adjusted at annual rates, and expressed in 2017 constant prices.

INVESTMENT IN BUILDING CONSTRUCTION



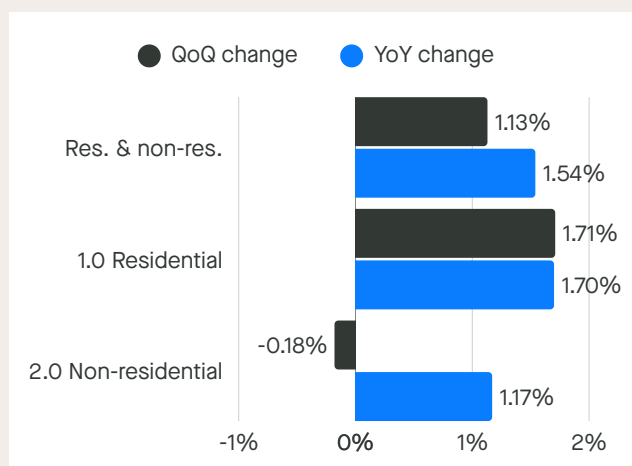
Quarterly analysis



All types of buildings

Building construction investment increased during the second quarter compared with the previous quarter. Growth was driven primarily by the residential sector, while non-residential investment remained relatively stable.

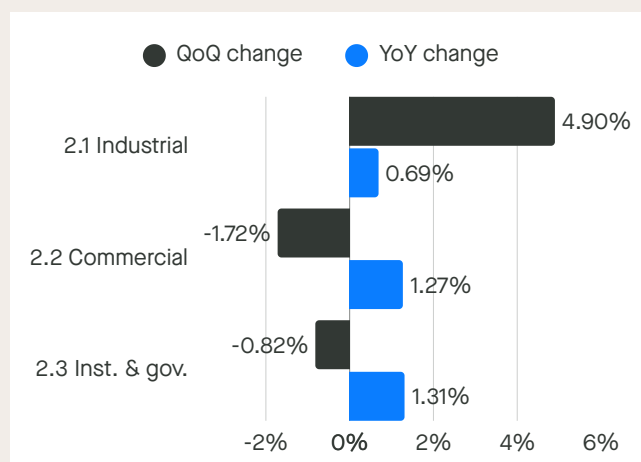
On a year-over-year basis, investment also posted a modest increase. Residential construction remained the primary source of growth, while non-residential activity recorded moderate gains, helping support investment at the national level.



Non-residential buildings - Components

Non-residential investment presented a mixed picture during the quarter. Industrial construction posted strong growth, while the commercial and institutional and government segments recorded modest declines.

On a year-over-year basis, all non-residential components remained in positive territory, with relatively limited differences across the segments.



Source : Statistics Canada, Table 34-10-0293-01 Investment in Building Construction
Seasonally adjusted monthly data, in constant dollars, aggregated on a quarterly basis

BUILDING PERMITS

Value of permits - Quarter analysis

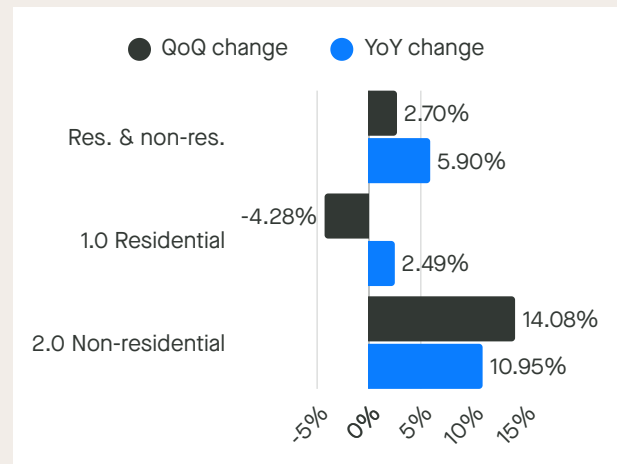
Building permits
+5.90%
vs Q2-2025



All types of buildings

The total value of building permits increased significantly during the second quarter of 2026 compared with the previous quarter. Non-residential construction was the primary driver of growth, more than offsetting the decline recorded in the residential sector.

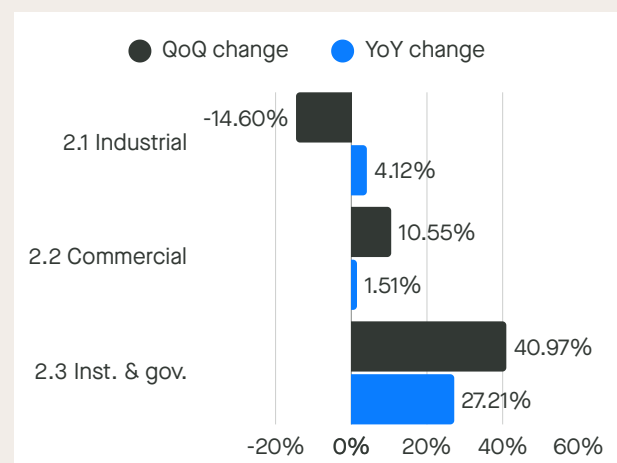
On a year-over-year basis, building permit values also posted strong growth. Non-residential construction remained the main source of expansion, while residential activity contributed more modestly to gains at the national level.



Non-residential buildings - Components

Non-residential building permits advanced strongly during the second quarter of 2026. Robust growth in the institutional and government segment, combined with gains in commercial construction, more than offset the decline recorded in the industrial sector.

The year-over-year picture also remained favourable. Institutional and government construction continued to lead growth, while the industrial and commercial segments remained in positive territory.



Source : Statistics Canada, Table 34-10-0292-01, Building permits by structure
Seasonally adjusted monthly data, in constant dollars, aggregated on a quarterly basis

GLOBAL SUPPLY CHAIN



Global supply chain pressures eased over recent months after reaching a peak in the spring of 2026. While conditions have improved, pressure levels remain above their historical average.

The index below indicates standard deviations from the average of the historical index:
> 0 = more pressure than usual | 0 = normal | < 0 = less pressure than usual



Source : Federal Reserve Bank of New York, Global Supply Chain Pressure Index

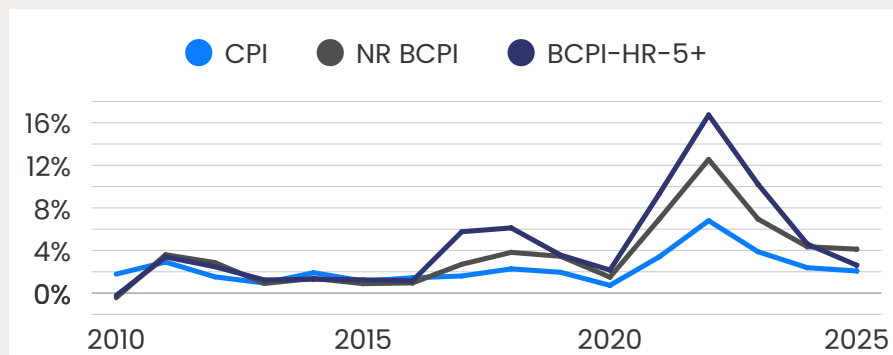
CONSUMER PRICE INDEX



It is important to distinguish between consumer inflation and construction inflation. The Building Construction Price Index (BCPI) measures changes in construction costs and does not move in line with the Consumer Price Index (CPI).

For example, in Canada during 2025:

- Average annual CPI inflation was 2.07%
- Average annual BCPI inflation for non-residential buildings was 4.12%
- Average annual BCPI inflation for residential towers (5 storeys and over) was 2.61%

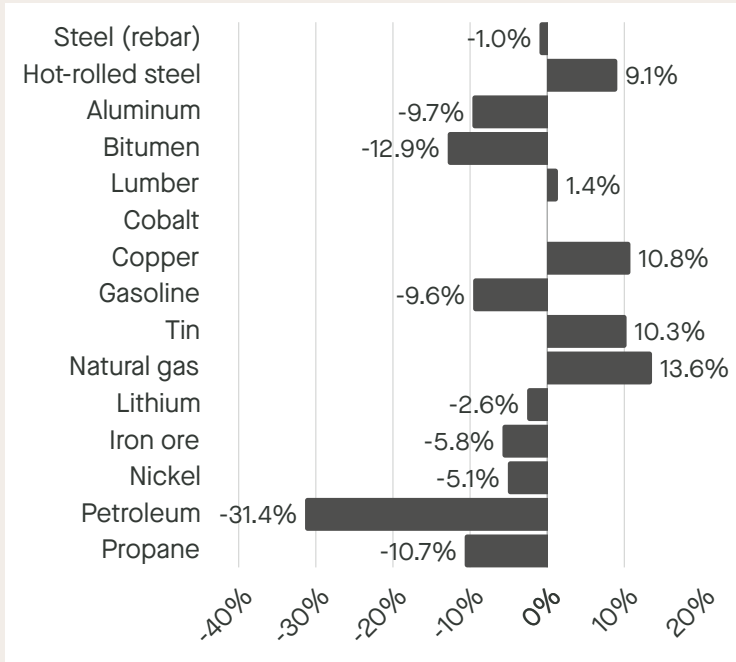


Source : Statistics Canada and Pomerleau

CONSTRUCTION COMMODITIES



3-month change as of June 30, 2026

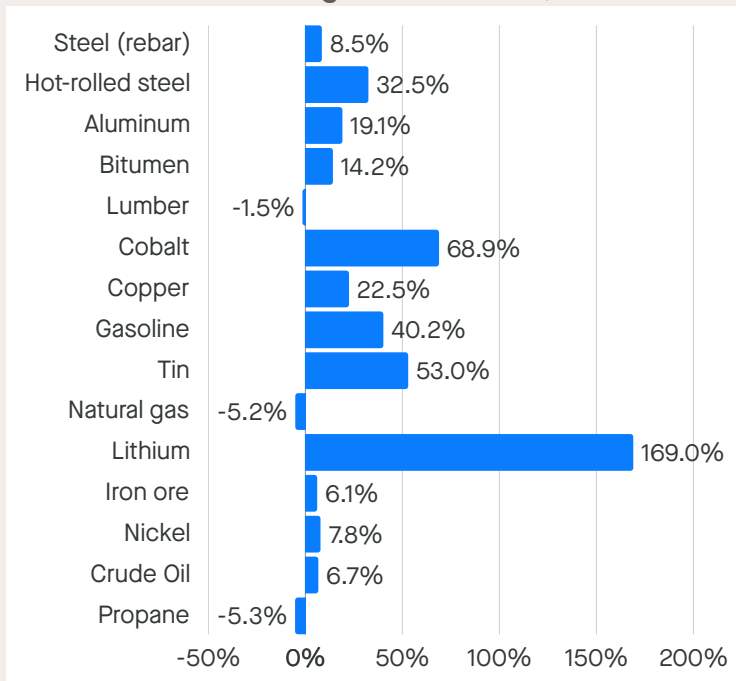


Source : Trading Economics

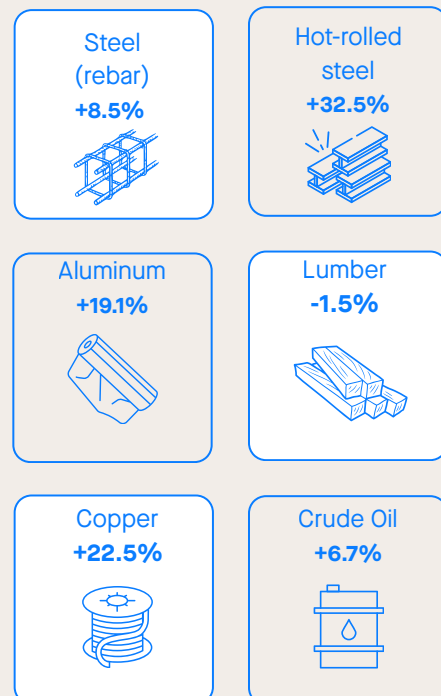
Despite remaining elevated on a year-over-year basis, most of the raw materials tracked declined during the second quarter of 2026. The pullback was led primarily by crude oil, asphalt and aluminum, while several metals continued to post gains over the previous twelve months.

More broadly, hot-rolled steel, aluminum and copper prices remained above levels observed two to three years ago, while lumber and crude oil traded closer to their recent historical averages.

12-month change as of June 30, 2026



Source : Trading Economics



CONSTRUCTION MATERIALS AND PRODUCTS



Monitor
+8.23% vs
June 2025



The Pomerleau Monitor

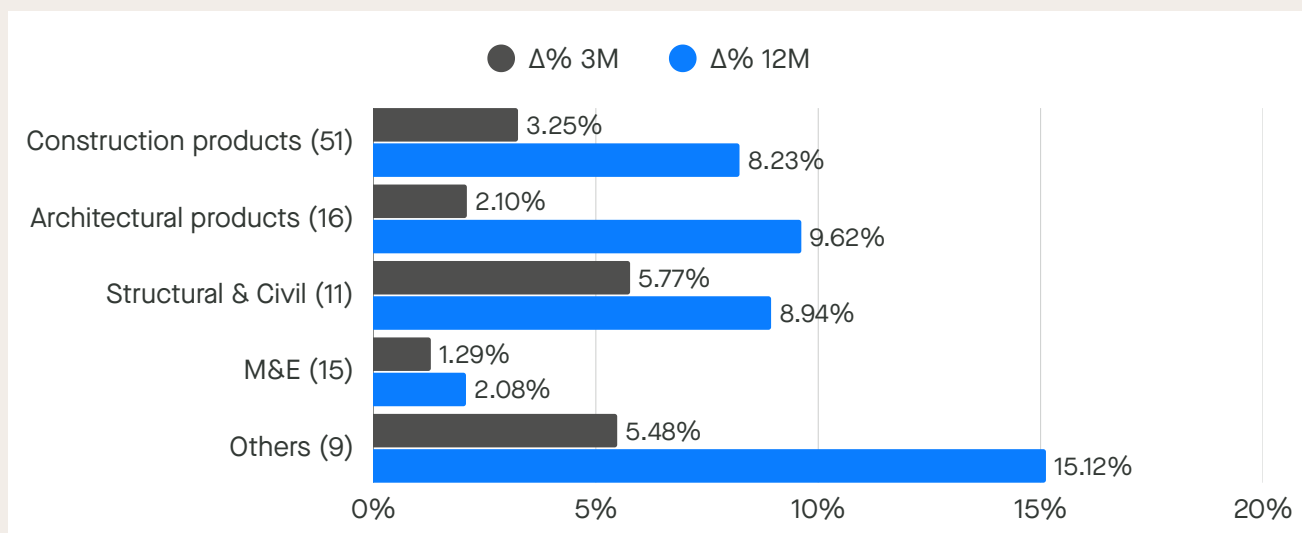
The Pomerleau Construction Products Monitor is based on a selection of products from Statistics Canada's Industrial Product Price Index (IPPI), tracking material cost trends relevant to the construction sector.

During the second quarter, construction material prices continued to rise, driven primarily by structural and civil products as well as the miscellaneous products category. The largest increases were observed in asphalt products, prefabricated buildings and selected aluminum-related products, while mechanical and electrical components remained relatively stable.

On a year-over-year basis, price growth remained particularly strong for refined petroleum products, plastic resins, aluminum and several metal products commonly used in construction. By contrast, mechanical and electrical products continued to show more limited price increases, helping moderate cost pressures in certain project components.

What to Watch : Recent increases in petroleum-based products and aluminum highlight the importance of these inputs within the construction supply chain. Price movements in these commodities remain an important factor influencing the cost of many construction materials.

Pomerleau Construction Products Monitor



Source : Statistics Canada and Pomerleau, Table 18-10-0266-01 Industrial product price index, by product, monthly
Numbers in parentheses represent the quantity of products categorized accordingly.

LABOUR MARKET

Overview of the labour market in the construction sector

In June, the construction labour market showed signs of stabilization. Employment declined slightly over the previous three months and remained marginally below its level of one year earlier, while the unemployment rate remained below that of all industries and decreased on a year-over-year basis.

The job vacancy rate increased over the previous three months, while the unemployment-to-job vacancy ratio declined. Together, these indicators suggest a modest tightening in labour market conditions compared with the previous quarter.

Despite these recent developments, the construction labour market remains relatively favourable compared with the economy as a whole, as reflected by an unemployment-to-job vacancy ratio that continues to remain below the Canadian average.

Number of employees

June

All industries

21.140M

Δ% 3M: 0.42%

Δ% 12M: 0.47%

Construction

1.630M

Δ% 3M: -0.11%

Δ% 12M: -0.34%

Source : Statistics Canada, Table 14-10-0355-01, Employment by industry, monthly, seasonally adjusted

Unemployment rate

June

All industries

6.5%

Δ% 3M: -0.2%

Δ% 12M: -0.1%

Construction

6.0%

Δ% 3M: 0.1%

Δ% 12M: -0.9%

Source : Statistics Canada, Table 14-10-0291-02, Labour force characteristics by industry, monthly, seasonally adjusted

Job vacancy rate

June

All industries

2.8%

Δ% 3M: 0.0%

Δ% 12M: 0.0%

Construction

3.2%

Δ% 3M: 0.3%

Δ% 12M: -0.1%

Source : Statistics Canada, Table 14-10-0406-01, Job vacancies, payroll employees, and job vacancy rate by industry sector, monthly, adjusted for seasonality

Unemployment-to-job vacancy ratio

June

All industries

2.9

Δ% 3M : -0.2

Δ% 12M : -0.2

Construction

2.7

Δ% 3M : -0.2

Δ% 12M : -0.2

Source : Statistics Canada and Pomerleau

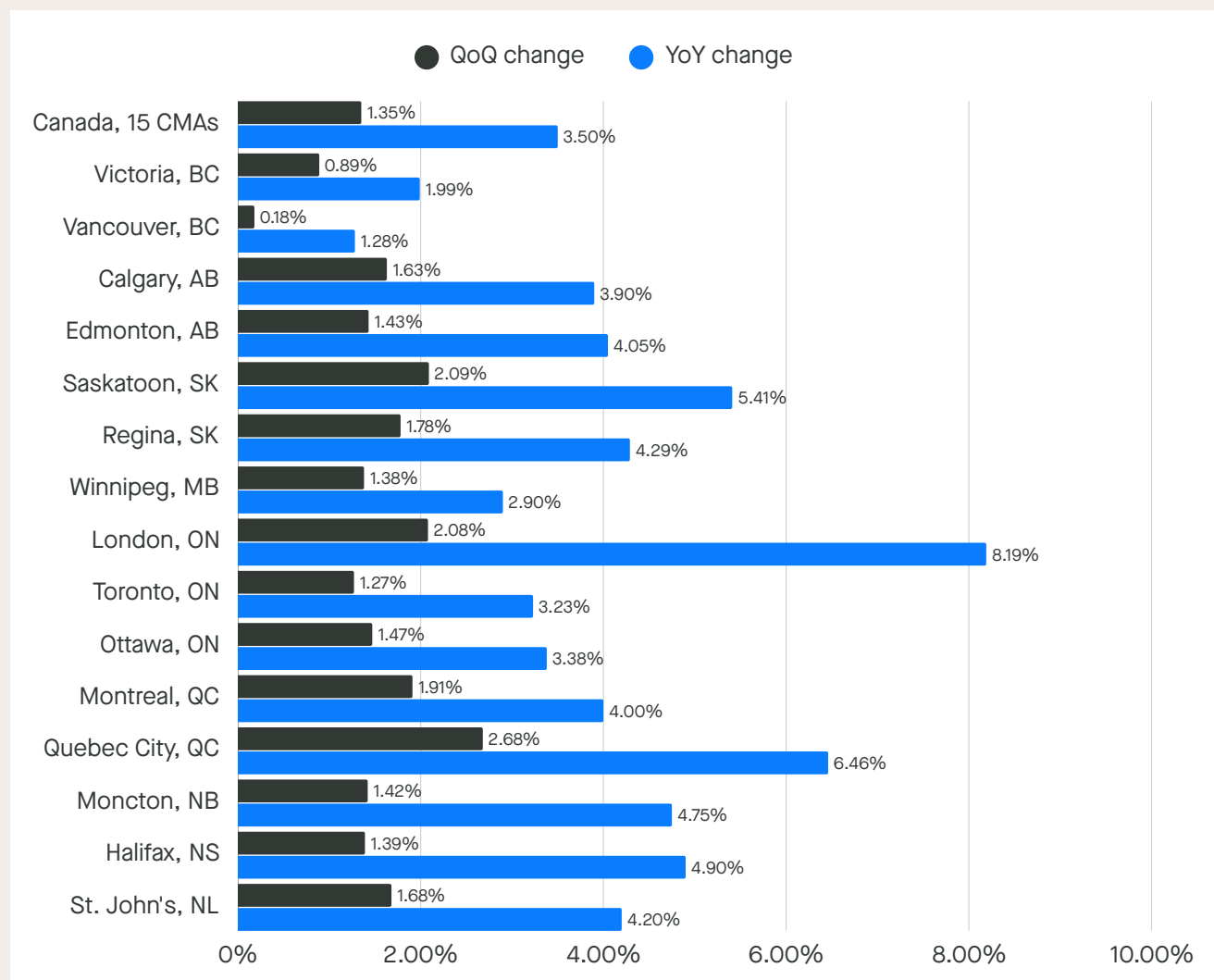
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Composite index

In the second quarter, non-residential building construction prices increased across the country. The strongest gains were recorded in **Quebec City, Saskatoon, London** and **Montréal**, while markets in British Columbia posted more moderate increases.

On a year-over-year basis, growth remained widespread across Canada. **London** and **Quebec City** stood out, followed by **Saskatoon, Halifax** and **Moncton**, indicating that cost pressures continue to persist in several regional markets.



Source : Statistics Canada, Table 18-10-0289-01, Building construction price indexes, by type of building

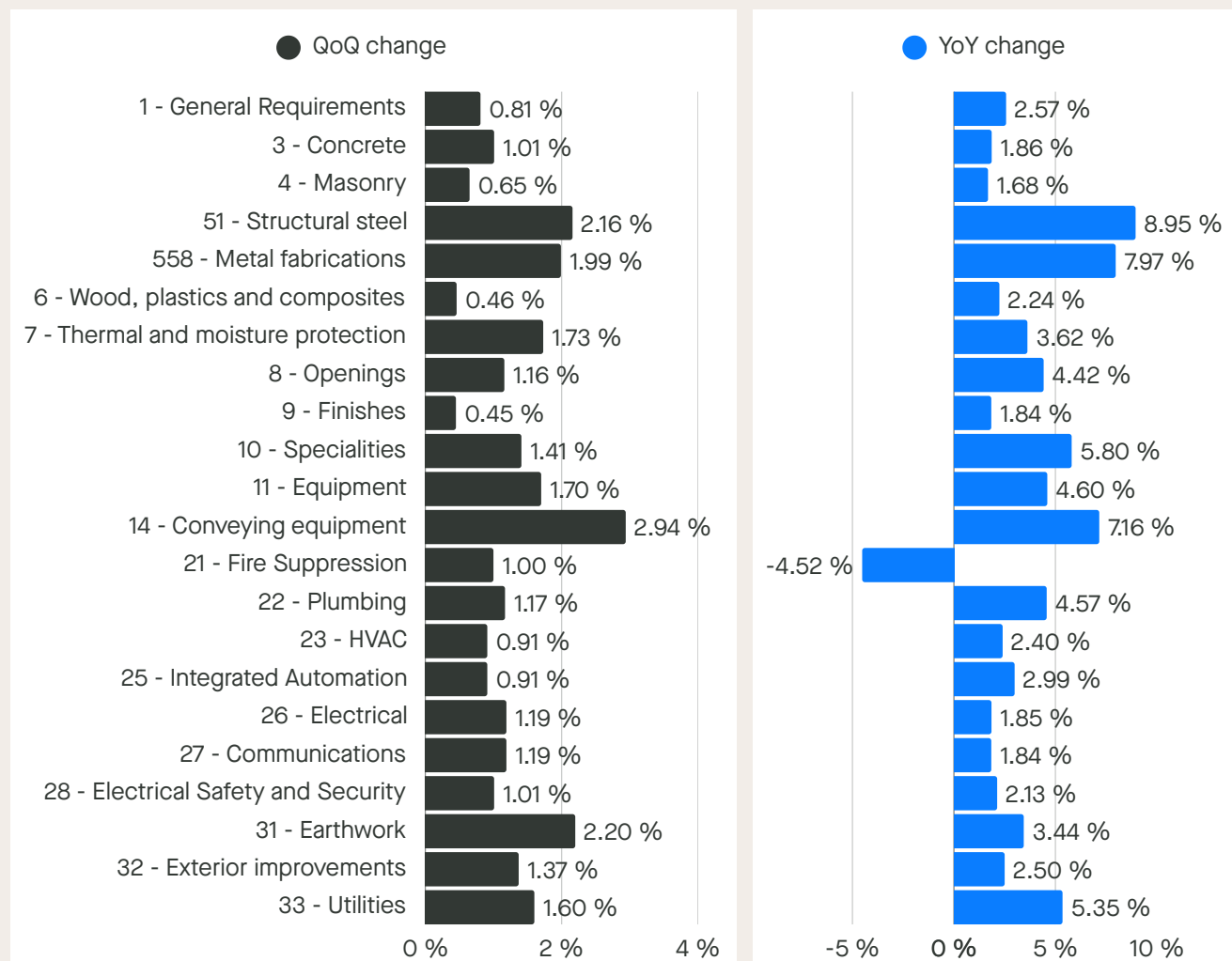
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Division Indices

In the second quarter, the most visible price pressures were observed in **Conveying Equipment, Earthwork, Structural Steel** and **Metal Fabrications**. Most other divisions also recorded increases over the quarter.

On a year-over-year basis, price growth remained concentrated in a limited number of key divisions, notably **Structural Steel, Metal Fabrications, Conveying Equipment, Specialities** and **Utilities**. Other divisions continued to advance at a more moderate pace, while Fire Suppression remained in negative territory despite posting a quarterly increase.



Source : Statistics Canada, Table 18-10-0289-01, Building construction price indexes, by type of building and division

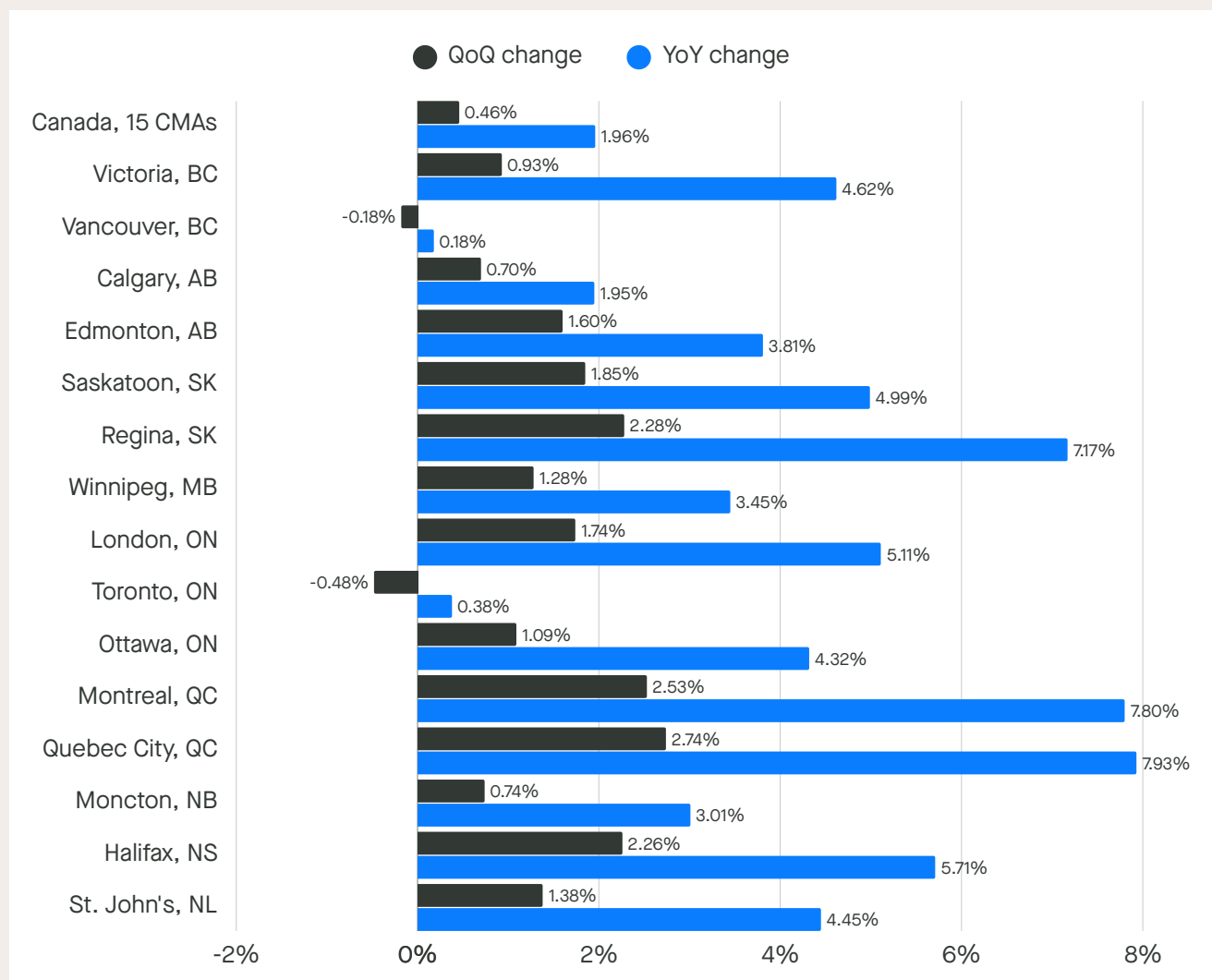
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-rise apartment – Composite Index

In the second quarter, price growth at the national level remained moderate. The strongest increases were recorded in the CMAs of **Québec City**, **Montréal**, **Halifax** and **Regina**, while several other markets posted more limited changes. Toronto and Vancouver stood out with slight quarterly declines.

On a year-over-year basis, growth was more pronounced in several regions. **Québec City** and **Montréal** continued to stand out, followed by **Regina** and **Halifax**, while Toronto and Vancouver posted more moderate annual growth.



Source : Statistics Canada, Table 18-10-0289-01, Building construction price indexes, by type of building

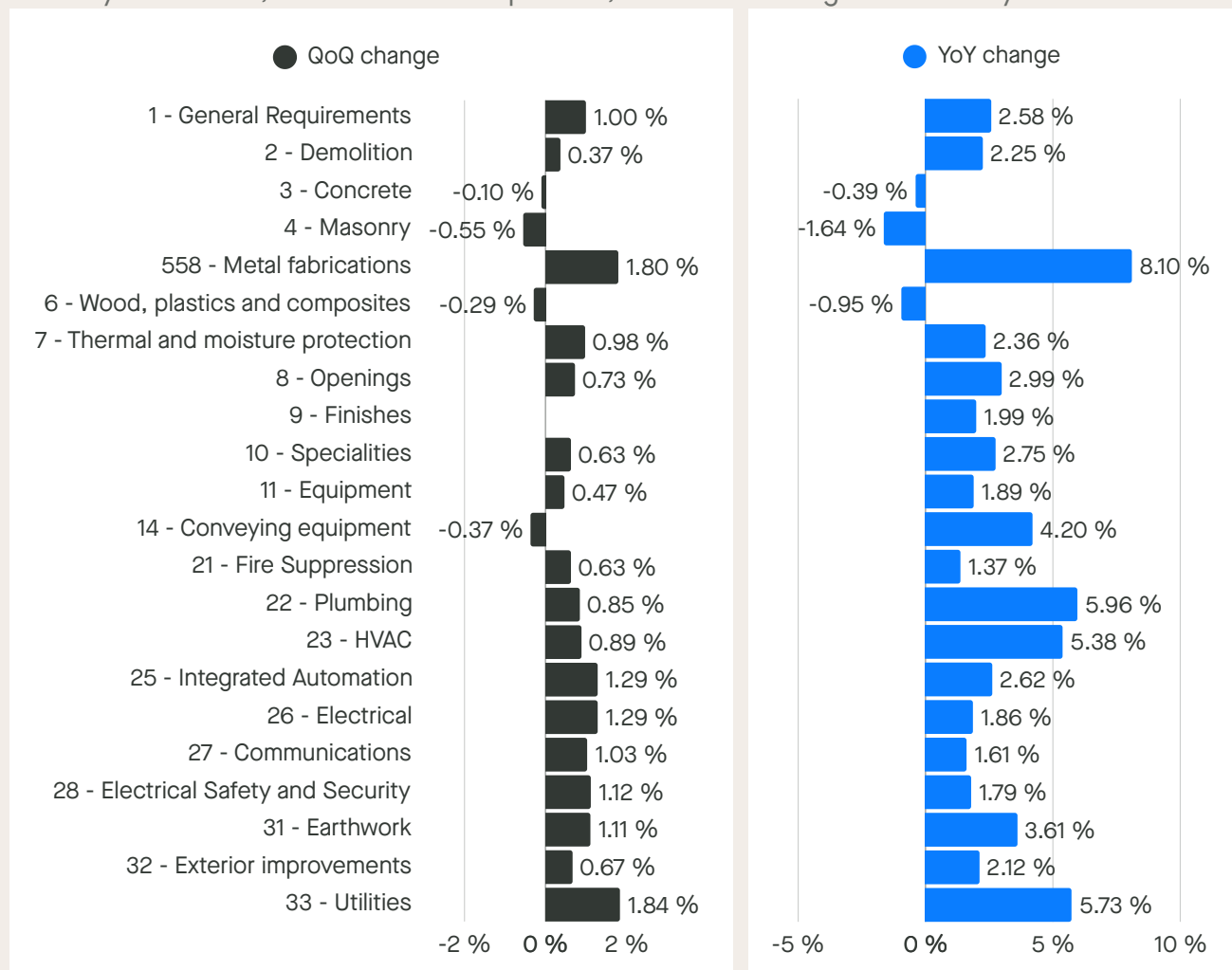
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-Rise apartment – Indices by division

In the second quarter, the most notable price pressures were observed in **Metal Fabrications** and **Utilities**. Several other divisions also recorded more moderate increases. By contrast, Concrete, Masonry, Wood, Plastics and Composites, and Conveying Equipment posted slight declines over the quarter.

On a year-over-year basis, price growth remained concentrated in a limited number of key divisions, notably **Metal Fabrications**, **Plumbing**, **Utilities** and **HVAC**. Other divisions continued to advance at a slower pace, while some categories, including Concrete, Masonry and Wood, Plastics and Composites, remained in negative territory.



Source : Statistics Canada, Table 18-10-0289-01, Building construction price indexes, by type of building and division

ON OUR RADAR

Trends and signals to watch next quarter

Non-Residential Permits: Is the Institutional Rebound Sustainable?

The strong growth in institutional and government building permits supported the non-residential rebound in Q2 2026. The key question remains whether this increase reflects a lasting trend or a limited number of large projects.

Construction Prices: Moving Toward Gradual Normalization?

Price pressures are now concentrated in specific categories rather than being broadly based across the market. This trend points to improved cost predictability, although certain segments continue to face upward pressure.

Geopolitical Environment: What Are the Risks for Costs and Project Delivery?

Trade and geopolitical tensions remain an important source of uncertainty for the industry. Although supply chains have stabilized in recent quarters, developments in energy markets and trade policy could continue to influence costs and project predictability.



ABOUT THE AUTHORS

The Pomerleau Economic Radar combines the expertise of two leaders at the intersection of construction and economics.

Sean Boyer, Eng., PQS, Vice President, Preconstruction – Buildings, contributes a national perspective on project delivery, market conditions, and construction trends, ensuring that economic developments are analyzed through the lens of industry realities.

Jean-François Perras, C.Adm., ECCQ, Manager, Economic and Statistical Expertise – Buildings, drives the report's economic analysis, transforming complex data into actionable insights that support strategic planning and capital investment decisions.

Supported by Pomerleau's team of subject matter experts, Sean and Jean-François provide a data-driven perspective on the trends influencing Canada's construction industry. 



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NOTICE – REVISION PERIODS – DEFINITIONS



Notice: This report is intended solely for informational purposes. The data is derived from publicly accessible sources at the time of its preparation. Certain research, synthesis, and drafting activities were conducted with the assistance of artificial intelligence tools. However, all content was reviewed, validated, and approved by the authors prior to publication.

Revision periods: The information contained in this report reflects the data available at the time of its creation. Since certain statistical sources undergo regular updates, it is possible that some data may vary from what was previously released or from what can be accessed following the report's publication.

The following revision periods apply:

- Building construction price indices: A revision period of one quarter follows the release of data for a specific quarter.
 - Industrial product price indices: Price indices can be revised for a period of six months following the publication of the data.
 - Consumer Price Index: Not revised.
-

Definitions:

Non-residential buildings

Non-residential buildings include all buildings not intended for private occupancy whether on a permanent or temporary basis. For example, buildings used for commercial, institutional, or industrial purposes would fall under this category.

Residential buildings

Residential buildings include all buildings intended for private occupancy whether on a permanent or temporary basis. Dwellings are divided into the following types: single-detached house, townhouse and apartment buildings. This last category is subdivided into high-rise apartment buildings (5 or more storeys) and low-rise apartment buildings (fewer than 5 storeys).

Current dollars

Data reported in current dollars for each year are in the currency value for that year. These series are influenced by the effect of price inflation.

Constant dollars

Constant dollars are used to measure the real growth of an index or commodity by adjusting for the effects of price inflation and purchasing power.

