

POMERLEAU

Pomerleau Economic Radar



Q1-2026

10.07.2026

TABLE OF CONTENTS

A WORD FROM THE AUTHORS	03
EXECUTIVE SUMMARY	04
DASHBOARD	05
GROSS DOMESTIC PRODUCT	06
INVESTMENT IN BUILDING CONSTRUCTION	07
BUILDING PERMITS	08
GLOBAL SUPPLY CHAIN	09
CONSTRUCTION COMMODITIES	10
CONSTRUCTION MATERIALS AND PRODUCTS	11
LABOUR MARKET	12
BUILDING CONSTRUCTION PRICE INDEX (BCPI)	13
ON OUR RADAR	17



A WORD FROM THE AUTHORS



An economy losing momentum in early 2026

Recent economic indicators suggest that growth across Canada is slowing, increasing the risk of a technical recession. This softer economic environment is beginning to affect several industries, including construction, where early signs of reduced activity and slower project pipelines are becoming more evident.

Inflation in transition: easing, not stabilizing

While construction inflation is cooling, cost certainty has yet to return. Ongoing volatility across key inputs continues to complicate forecasting, making disciplined estimating and effective risk management more critical than ever.

A persistently uncertain external environment

Despite easing inflationary pressures, external risks remain elevated. Ongoing geopolitical tensions continue to threaten the stability of energy and material markets, creating the potential for renewed cost volatility and supply disruptions.



In this environment, uncertainty remains a key consideration for project delivery and investment decisions.

A market in transition: cooling today, building momentum for tomorrow

Construction activity is moderating in the near term as the market adjusts to a softer economic environment. However, substantial infrastructure investment and a strong project pipeline continue to provide a solid foundation for future growth. The coming quarters will reveal whether the sector is settling into a new normal—or preparing for its next expansion cycle.

Sean Boyer, Eng., PQS

Vice President of Preconstruction – Building

Jean-François Perras, C.Adm., ECCQ

Manager, Economic and Statistical Expertise – Building

EXECUTIVE SUMMARY

Construction GDP: A Softer Start to 2026



Construction activity contracted in the first quarter of 2026, driven by weakness in residential and engineering construction. Non-residential growth provided only a partial offset, leaving overall sector momentum under pressure.



Building Permits: Stabilization, Not Yet Recovery

Building permit activity improved modestly in Q1 2026, led by residential construction. Despite this rebound, permit values remain below year-ago levels, indicating that a sustained recovery has yet to emerge.



Labour Market: Constraints Begin to Ease

Labour availability is improving across the construction sector as hiring demand moderates and job vacancy levels decline. While labour market conditions remain relatively tight, the balance between labour supply and demand is gradually returning to more sustainable levels.

Raw Materials: Inflation Is No Longer Broad-Based



Raw material inflation remains concentrated in select categories, particularly metals and energy-related products. At the same time, declining prices for lumber and other commodity inputs point to a market characterized by diverging cost trends rather than broad-based escalation. The result is a more volatile pricing environment and greater uncertainty for project budgeting.



Construction Products: Inflation Becomes More Selective

Year-over-year price growth remains moderate, reflecting a market in which inflation is no longer broad-based. Cost pressures are concentrated in architectural products and a small number of specialized inputs, while most other categories show signs of stabilization.



Construction Prices: Stabilizing Nationally, Diverging Regionally

Construction cost inflation continued to ease in the first quarter, supporting a gradual return to more stable market conditions. However, regional differences remain significant, with Québec continuing to experience stronger pricing pressure than many other Canadian markets.

DASHBOARD



BCPI Non-residential

	Previous period Q4-25	Latest period Q1-26
Quarterly change	0.46%	0.55%
Year-over-year change	4.07%	3.56%



BCPI High-rise apartment

	Previous period Q4-25	Latest period Q1-26
Quarterly change	0.19%	0.19%
Year-over-year change	2.18%	1.79%



Pomerleau Construction Products Monitor

	Previous period Feb. 26 vs Feb. 25
Year-over-year change	0.46%

	Latest period March 26 vs March 25
	1.60%



Construction Unemployment Rate

	Previous period February	Latest period March
	5.8%	5.9%



Construction Job Vacancy Rate

	Previous period February	Latest period March
	3.1%	3.0%



CTN Gross Domestic Product (Quarter avg.) Quarterly change

	Previous period Q4-25
	-0.83%

	Latest period Q1-26
	-1.38%



Building Permits Quarterly change

	Previous period Q4-25
	6.41%

	Latest period Q1-26
	0.47%



CPI

	Previous period April
	2.8%

	Latest period May
	3.2%



Policy Interest Rate

	Previous period April
	2.25%

	Latest period June
	2.25%



GROSS DOMESTIC PRODUCT



GDP by industry - Quarterly average

While Canada's industry-based GDP edged higher in the first quarter of 2026, construction activity moved in the opposite direction, posting a decline. This divergence reflects the different methodologies used to measure economic activity, as technical recessions are assessed using the expenditure-based approach to GDP.

Beneath the headline figures, construction performance remained uneven. Residential construction continued to weaken, while non-residential building construction showed resilience and provided a partial offset to broader sector softness.

Repair construction remained stable but contributed little to growth. Meanwhile, sharp declines in engineering construction and other construction activities were the primary drivers of the sector's overall contraction.

Canadian GDP

+0.14% vs
Q4-2025

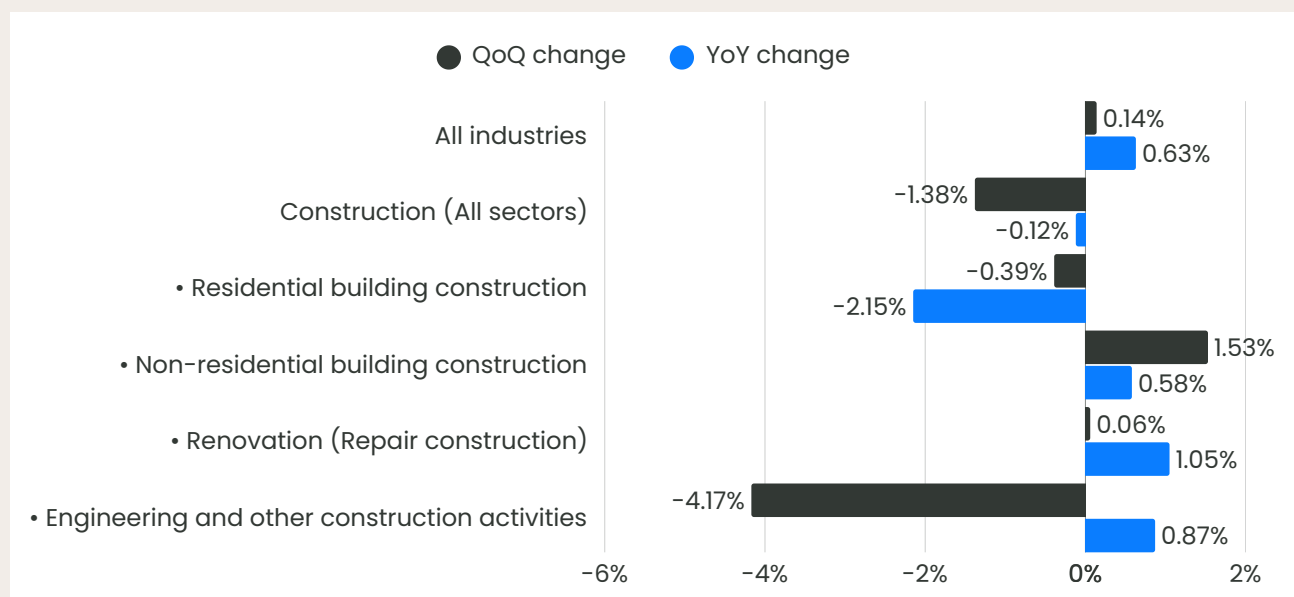


Construction GDP

-1.38% vs
Q4-2025



GDP - Quarterly average change



Source : Statistics Canada, Table 36-10-0434-01, Gross Domestic Product (GDP) at basic prices, by industry, monthly, seasonally adjusted at annual rates, and expressed in 2017 constant prices.

INVESTMENT IN BUILDING CONSTRUCTION

Quarter analysis



Investment in construction

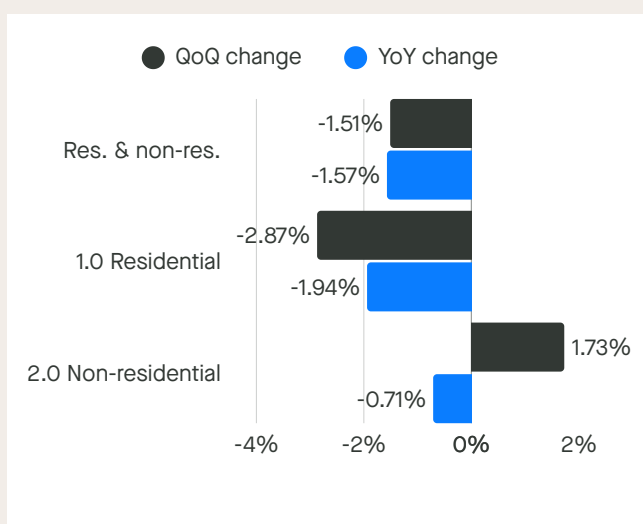
-1.57% vs
Q1-2025



All types of buildings

Building construction investment lost momentum in the latest quarter, driven by ongoing weakness in the residential sector. Stronger non-residential activity helped moderate the decline but did not reverse the broader trend.

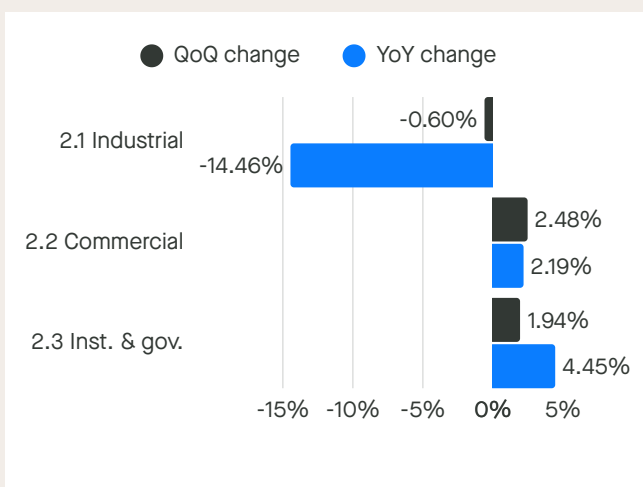
Over the past twelve months, investment levels have remained under pressure. Residential construction continues to be the principal source of weakness, while non-residential construction has emerged as a relative area of strength, partially offsetting the national downturn.



Non-residential buildings - Breakdown

Non-residential investment continues to be shaped by diverging sector trends. While commercial and institutional construction expanded in the latest quarter, declining industrial activity limited overall momentum.

On a year-over-year basis, institutional and government construction remains the key engine of growth. Commercial investment has improved modestly, but ongoing weakness in the industrial sector continues to weigh on non-residential market performance.



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

-1.31%

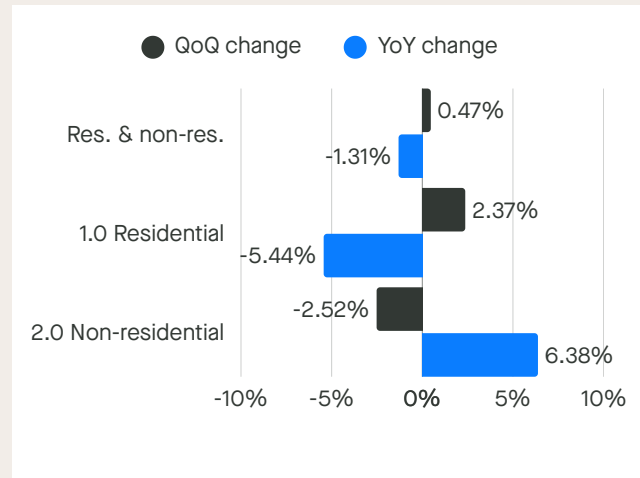
vs Q4-2024



All types of buildings

Building permit activity improved modestly at the start of 2026, led by residential construction. However, weakness in the non-residential sector continues to hold back overall market growth.

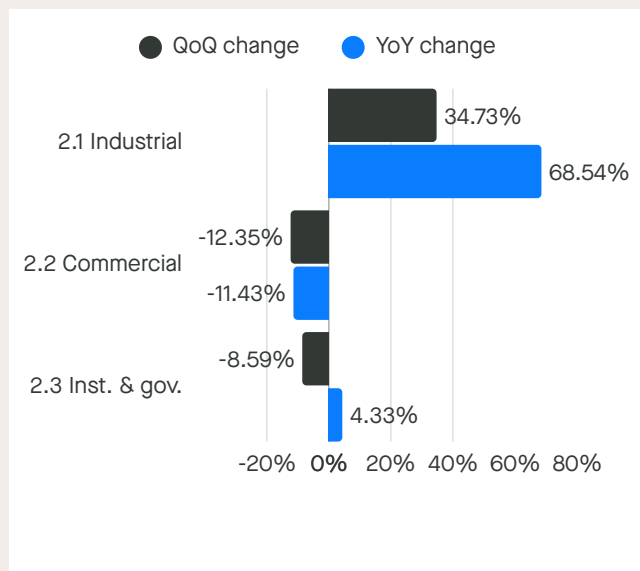
Year-over-year trends remain less encouraging. Lower permit values reflect ongoing softness in single-family housing and a slowdown in industrial activity, underscoring the fragile nature of the current recovery.



Non-residential buildings - Breakdown

Non-residential permit activity softened at the start of 2026, reflecting weaker commercial and institutional investment. While industrial construction remains a key area of strength, it has not yet been sufficient to offset broader market moderation.

Year-over-year trends reinforce the sector's uneven trajectory. Industrial activity continues to drive growth, institutional demand remains resilient, and commercial construction continues to lag, highlighting the increasingly segmented nature of the market.



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



Over the past two years, global supply chains had largely stabilized; however, renewed pressures have emerged since early 2026.

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 Stress Index

CONSUMER PRICE INDEX

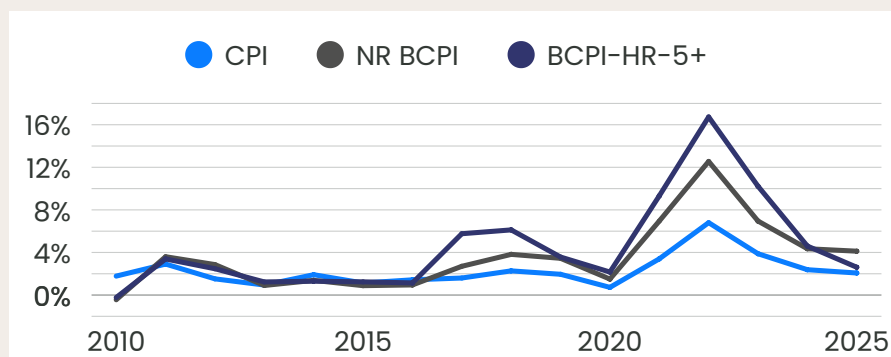


Construction inflation and consumer inflation tell very different stories. While CPI measures the cost of everyday goods and services, the BCPI captures the pricing dynamics affecting construction projects.

In 2025, construction costs continued to outpace consumer inflation in several segments:

- CPI: +2.07%
- Non-Residential BCPI: +4.12%
- Residential High-Rise BCPI (5+ storeys): +2.61%

Stable consumer inflation does not necessarily translate into stable construction costs, particularly in sectors facing ongoing labour, material, and capacity constraints.

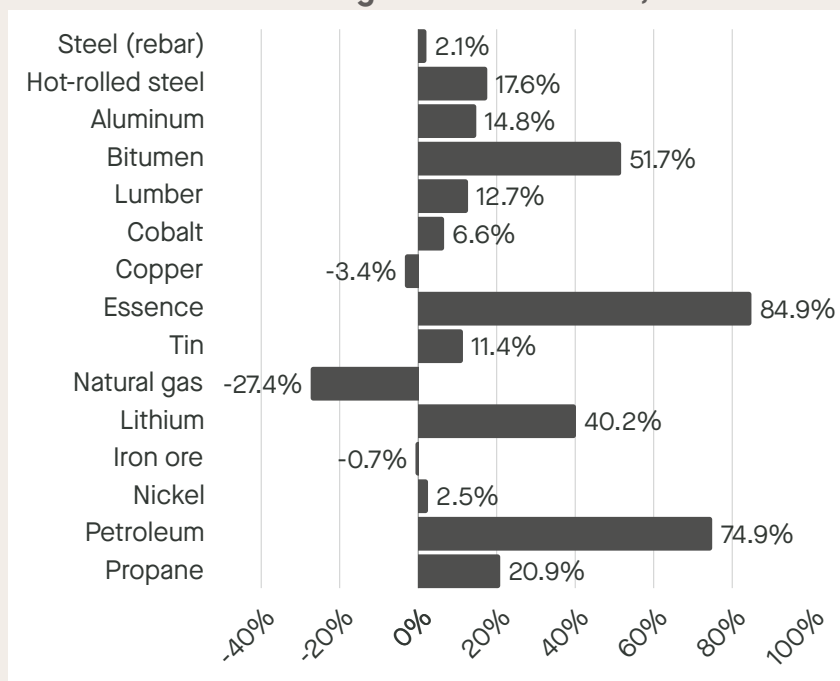


Source : Statistics Canada and Pomerleau

CONSTRUCTION COMMODITIES



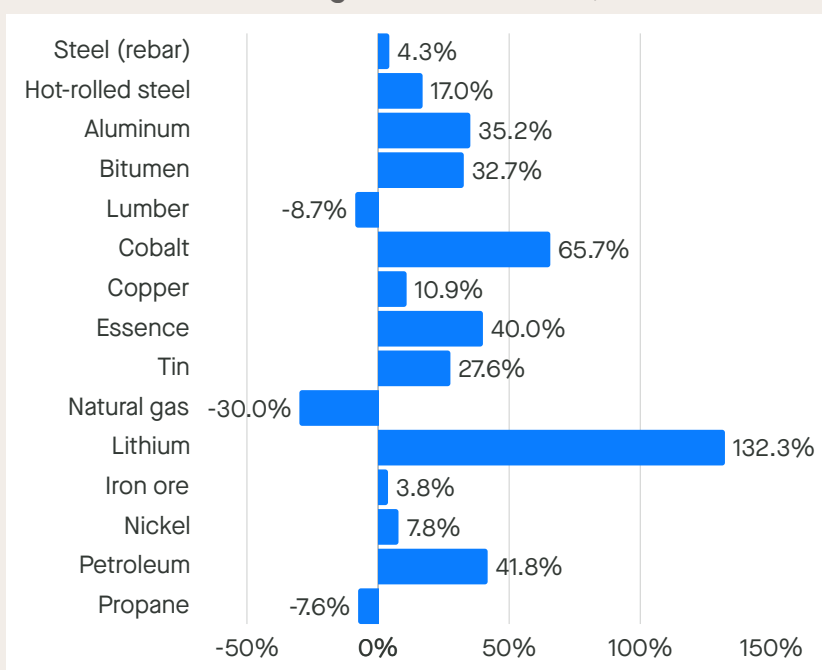
3-month change as of March 31st, 2026



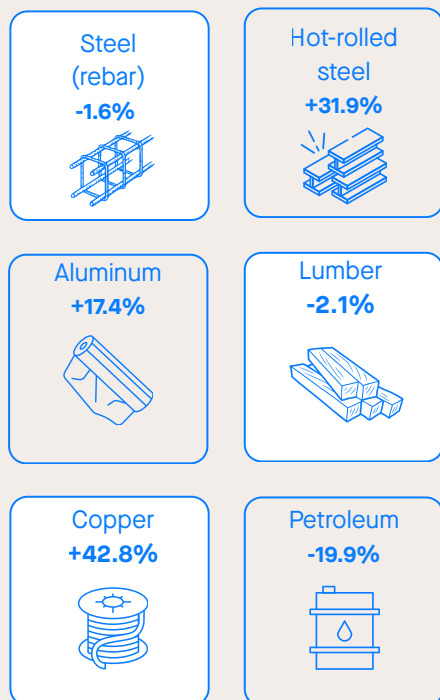
Source : Trading Economics



12-month change as of March 31st, 2026



Source : Trading Economics



CONSTRUCTION MATERIALS AND PRODUCTS



Monitor
+1.60% vs
March 2025



The Pomerleau Monitor

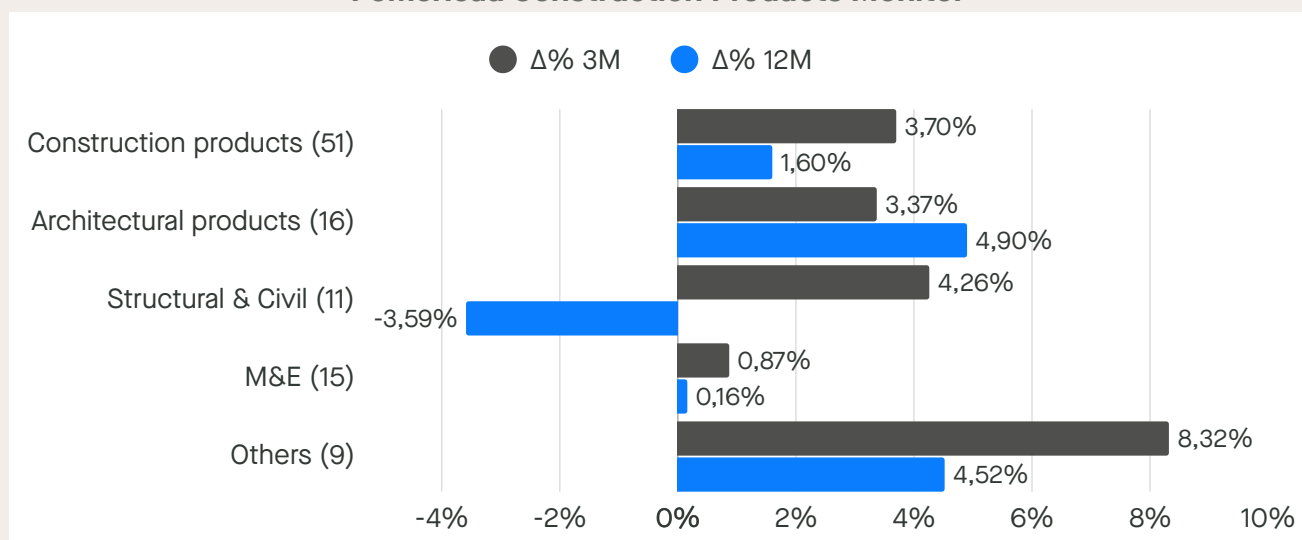
The Pomerleau Construction Products Monitor is based on a selection of products from Statistics Canada's Industrial Product Price Index (IPPI), tracking material cost trends relevant to the construction sector.

Over the past three months, price increases have been concentrated in metals, engineered wood, and selected finishing materials, while trends across other product groups remain uneven.

On a year-over-year basis, architectural products continue to experience upward price pressure, whereas several structural and civil materials remain in decline. Mechanical and electrical equipment prices have been relatively stable.

Rising energy prices, particularly oil, represent a key watchpoint as they could drive renewed cost increases for petrochemical-based construction products.

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 labor market in the construction sector

Employment across all industries declined slightly over the past three months but remained above year-ago levels. In construction, employment was broadly stable in the short term, though marginally lower than a year earlier.

The construction sector continues to outperform the broader economy on labour availability, with an unemployment rate that remains below the all-industry average. However, rising unemployment and declining job vacancies point to a gradual easing of labour market tightness.

This trend is further reflected in the unemployment-to-job vacancy ratio, which increased over both the three-month and twelve-month periods. While labour demand remains relatively strong, the balance between available workers and open positions is becoming less constrained, signaling a more normalized labour market environment.

Number of employees March

All industries	Construction
21.051M	1.632M
Δ% 3M: -0.45%	Δ% 3M: 0.07%
Δ% 12M: 0.42%	Δ% 12M: -0.54%

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

Unemployment rate March

All industries	Construction
6.7%	5.9%
Δ% 3M: -0.1%	Δ% 3M: 0.5%
Δ% 12M: -0.1%	Δ% 12M: 0.0%

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

Job vacancy rate March

All industries	Construction
2.8%	3.0%
Δ% 3M: 0.0%	Δ% 3M: -0.2%
Δ% 12M: -0.1%	Δ% 12M: -0.6%

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 March

All industries	Construction
3.0	2.8
Δ% 3M : 0.0	Δ% 3M : 0.4
Δ% 12M : 0.1	Δ% 12M : 0.4

Source : Statistics Canada and Pomerleau

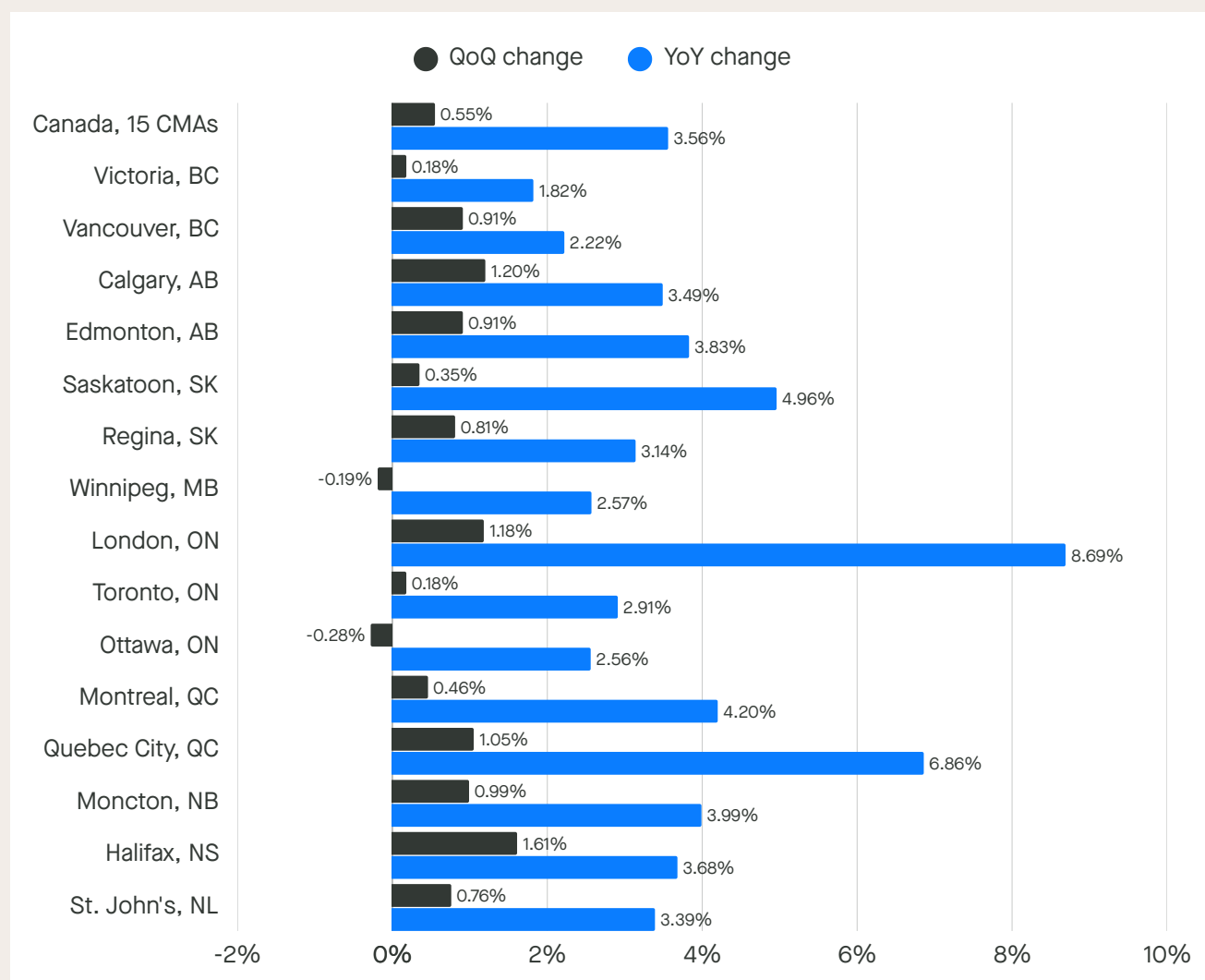
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Composite index

Non-residential construction prices showed limited movement during the quarter, reflecting a broader moderation in cost escalation. Notable increases were concentrated in Halifax, Calgary, London, and Québec, while Ottawa recorded a modest decline.

The longer-term picture remains more uneven. London and Québec continue to experience the strongest year-over-year growth, with Saskatoon, Montréal, and Moncton also reporting elevated increases. These trends suggest that although inflationary pressures are easing nationally, regional pricing disparities remain a defining characteristic of the Canadian construction market.



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

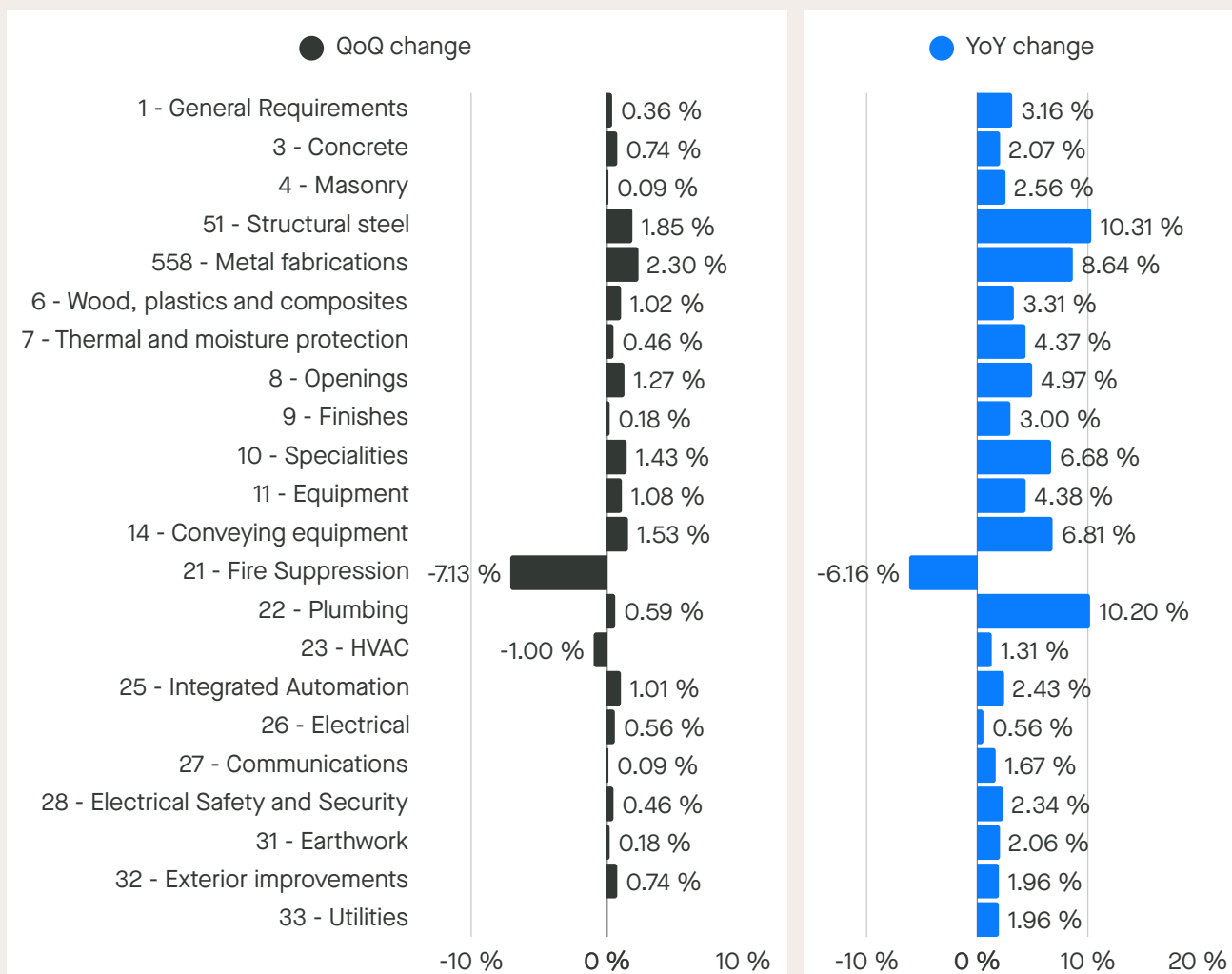
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Indices by division

Pricing momentum remains uneven across construction divisions. In early 2026, cost pressures are concentrated in structural steel, metal fabrications, and conveying equipment, while most other categories have returned to more moderate growth patterns. HVAC and fire suppression continue to experience downward pricing pressure.

Over the past twelve months, escalation has been driven primarily by structural steel, plumbing, metal fabrications, and conveying equipment. Across most other divisions, pricing conditions have stabilized, with electrical and fire suppression showing only limited upward pressure.



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

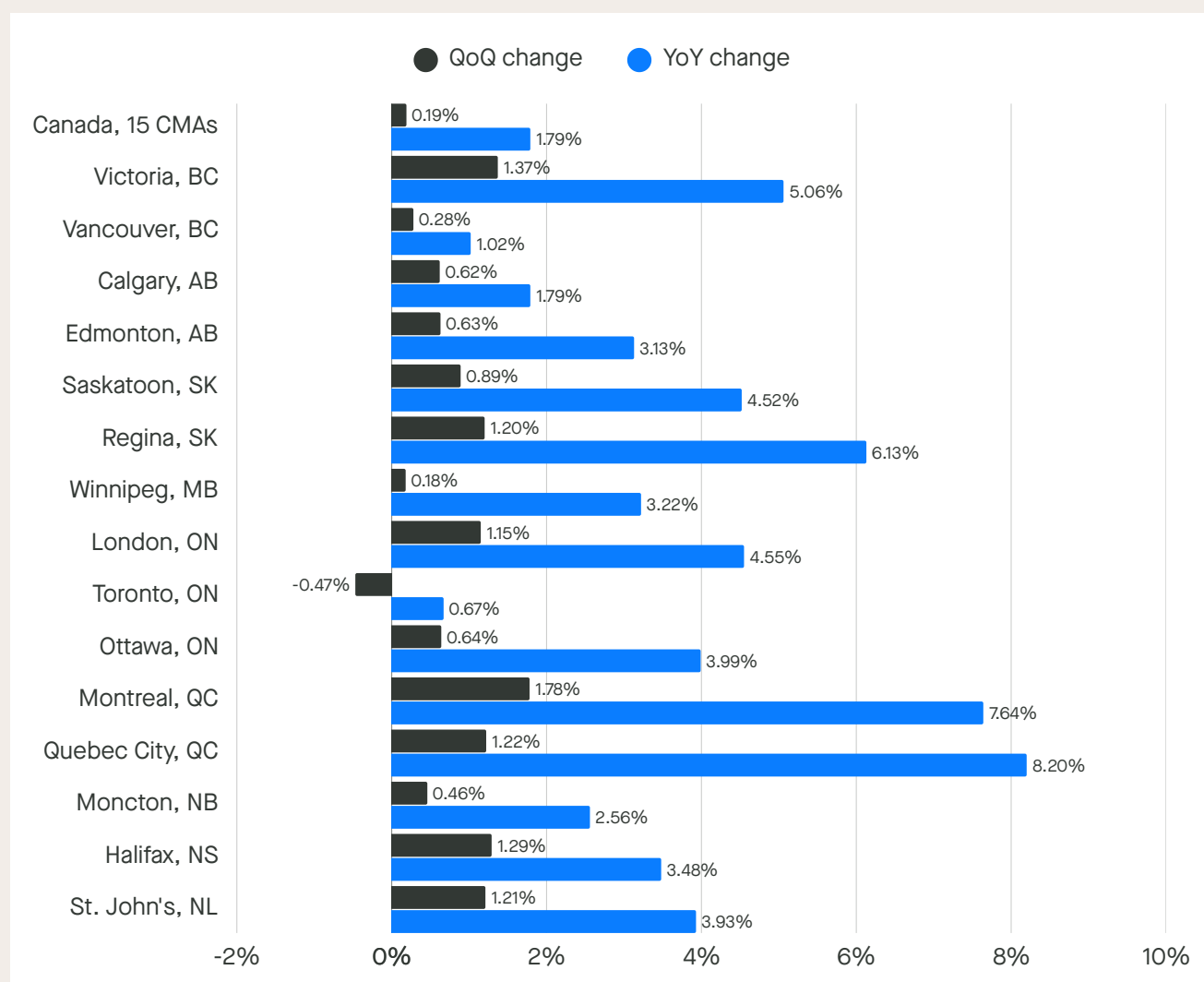
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-rise apartment – Composite Index

Regional pricing trends remain uneven across Canadian markets. While quarterly changes were generally modest, Montréal, Halifax, Québec, and St. John's posted the strongest gains, whereas Toronto recorded a slight decline.

Year over year, cost escalation remains concentrated in a handful of markets. Québec and Montréal continue to outpace the national average, with Regina and London also reporting strong growth, underscoring the resilience of regional pricing pressures.



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

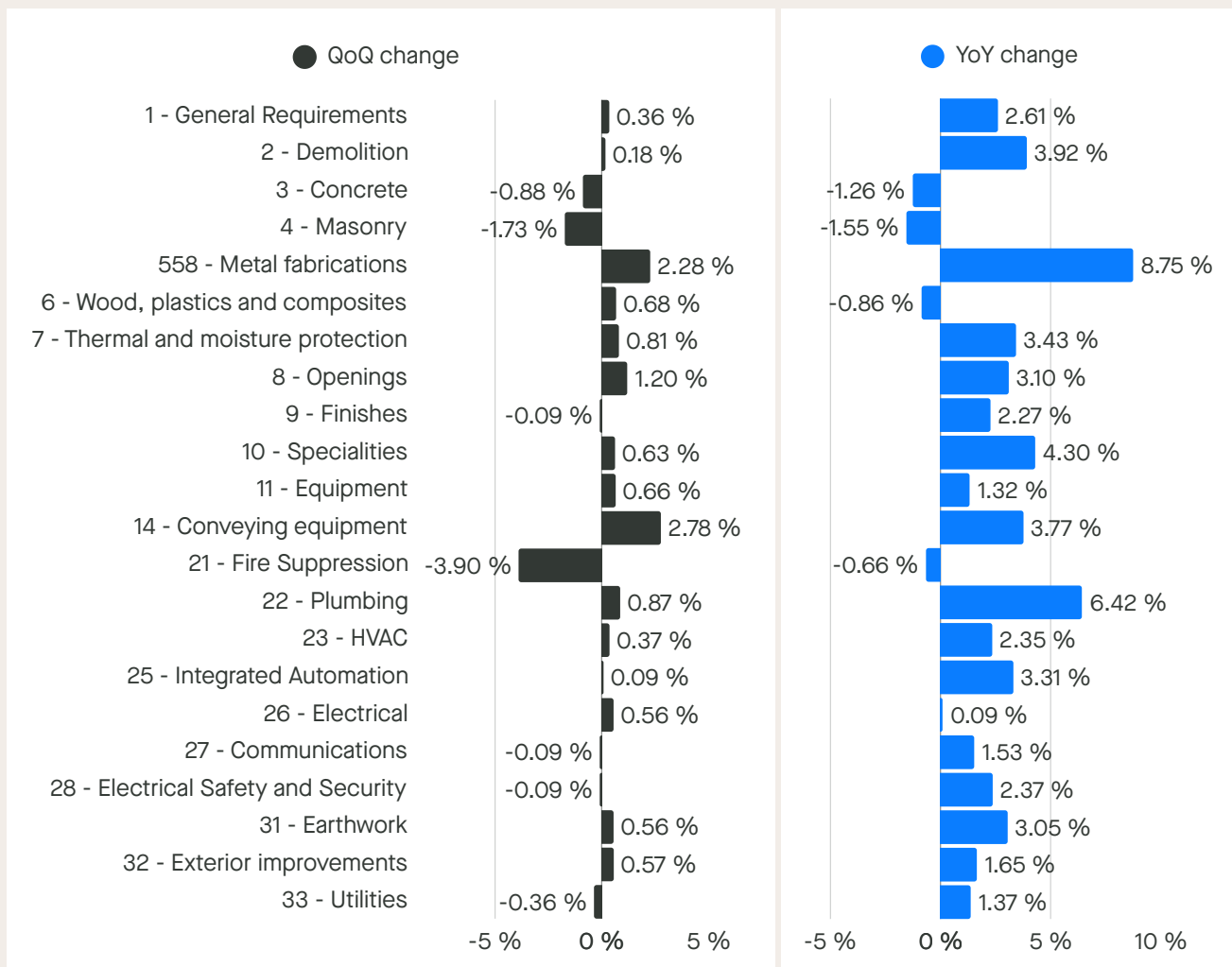
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-Rise apartment – Indices by division

Pricing momentum remains narrowly focused in early 2026. Metal fabrications and conveying equipment continue to experience the strongest cost pressures, while most other divisions have returned to more moderate pricing patterns. Concrete, masonry, and fire suppression remain in decline.

The same dynamic is evident on a year-over-year basis. Metal fabrications, plumbing, and conveying equipment remain the principal drivers of escalation, while pricing in several other divisions has stabilized or moved lower, particularly in concrete and masonry.



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

ON OUR RADAR



Trends and indicators to monitor for the upcoming quarter

Building Permits: A Positive Signal, Not Yet a Trend

The recent rebound in permit activity is encouraging, but the broader trend remains weak. Additional evidence will be required before concluding that a sustained recovery is underway.

BCPI: Inflation Is Moderating, Not Normalizing

Cost escalation is slowing, but market conditions remain uneven. Regional disparities and input-price volatility continue to constrain cost certainty and planning confidence.

Geopolitical and Trade Environment: Uncertainty Remains Elevated

Geopolitical and trade-related risks continue to weigh on the outlook. In a market already facing significant investment demand, these factors are increasing pricing uncertainty and project delivery risk.



ABOUT THE AUTHORS

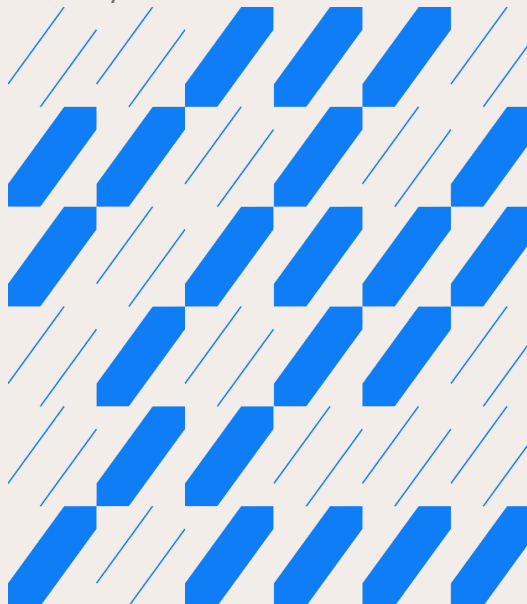


The Pomerleau Economic Radar combines the expertise of two leaders at the intersection of construction and economics.

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, Economics and Statistics 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. 



For inquiries regarding the Pomerleau Economic Radar, please reach out to:
Sean Boyer: sean.boyer@pomerleau.ca
Jean-François Perras: jf.perras@pomerleau.ca



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 creation.

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.

There are several periods for revision:

- 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: No changes.
-

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 building (5 or more storeys) and low-rise apartment building (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.

