

POMERLEAU

Pomerleau Economic Radar



Q3-2025

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A WORD FROM THE AUTHORS



Q3 2025: Focus on Agility and Resilience

The third quarter confirms a demanding dynamic: new budgetary directions, major projects, and strengthened procurement rules are redefining our industry. Agility and predictability will be key to success.

In this edition of the Economic Radar, we offer an informed perspective on these challenges and their concrete impacts on our projects and partners.

Federal Budget: Invest, but Plan

The government is focusing on infrastructure, defense, and residential housing (Build Canada Homes Agency). These investments create opportunities but require tight planning to absorb cost and schedule pressures.

Tariffs and Quotas: Competitiveness Under Pressure

Protectionist measures (counter-tariffs, quotas) aim to support domestic production. However, they could lead to cost increases and strain supply chains, requiring mitigation strategies.



Canadian Procurement: Local Priority

Starting in November, federal projects must use Canadian steel and lumber. This evolution, inspired by the U.S. BABA Act, demands rapid adaptation of purchasing practices and increased coordination with local suppliers.

Major Projects Office: The Strategic Pivot

More than ever, this office will be at the heart of decisions to anticipate risks, secure supplies, and maximize opportunities offered by these new rules.

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: Quarterly and Annual Growth

In the third quarter of 2025, the GDP of the construction industry increased by 1.40%, outpacing the growth of all industries (0.52%). Compared to the third quarter of 2024, the sector posted a 2.60% gain, driven by strong engineering activity and stable residential construction.



Building Permits: Sharp Decline, but Limited Annual Trend

Second consecutive quarterly decrease, with a significant drop in residential and industrial sectors. Only commercial permits show slight growth. After nine months, the overall decline remains limited to approximately -2% compared to the first nine months of last year.



Labour Market: Persistent Pressure

Construction employment dipped slightly in September, but annual growth confirms sustained demand despite a temporary slowdown. The unemployed-to-vacancy ratio continues to reflect persistent pressure in the labour market, limiting workforce availability.

Commodities: Mixed trends



+ 6%

Over 12 months, several raw materials show contrasting trends: wood, cobalt, and natural gas have seen sharp increases, while steel has declined and aluminum has posted slight gains.



+ 3.27%

Construction Products: Moderate Pressure

Construction product costs are rising at a slightly stronger pace, reflecting increased pressure. Driven by architectural products, the “Other” and “M&E” segments also contribute to the upward trend.



Construction Prices: Stable Inflation Rate

Price indices continue to rise, but at a slower pace than in the second quarter. The national non-residential index remains stable at approximately $\pm 4.2\%$ y-o-y for a second consecutive quarter, though notable regional disparities persist.

Quotas and Counter-Tariffs: Canada Takes a Tougher Stance



+ 50%

Canada continues to apply counter-tariffs on specific imported products, with a 25% tariff on steel and aluminum from the United States, 25% on steel and aluminum from China, a 50% tariff on steel exceeding the tariff quota threshold, and a 50% tariff on over-quota steel from other countries (excluding the United States and Mexico)

DASHBOARD



BCPI Non-residential

	Previous period Q2-25	Latest period Q3-25
Quarterly change	1,78%	0,55%
Year-over-year change	4,22%	4,20%

BCPI High-rise apartment

	Previous period Q2-25	Latest period Q3-25
Quarterly change	0,85%	0,28%
Year-over-year change	2,78%	2,38%

Pomerleau Construction Products Monitor

	Previous period August 25 vs August 24	Latest period Sept. 25 vs Sept. 24
Year-over-year change	2.11%	3.27%



Construction Unemployment Rate

	Previous period September	Latest period October
	6.7%	6.7%

Construction Job Vacancy Rate

	Previous period August	Latest period September
	2.8%	3.2%



CTN Gross Domestic Product (Quarter avg.) Quarterly change

	Previous period Q2-25	Latest period Q3-2025
	-0.25%	1.40%



Building Permits Quarterly change

	Previous period Q2-25	Latest period Q3-25
	-6.30%	-6.32%



CPI

	Previous period September	Latest period October
	2.4%	2.2%



Interest Rate

	Previous period September	Latest period October
	2.50%	2.25%



GROSS DOMESTIC PRODUCT



GDP by industry - Monthly

Canadian GDP

0.24% vs
August 2025



In September 2025, the gross domestic product (GDP) of all Canadian industries increased by 0.24% compared to August. This growth comes in an economic context marked by fluctuations since the spring. Compared to September 2024, GDP shows moderate growth, illustrating a certain stability despite monthly variations.

Construction GDP

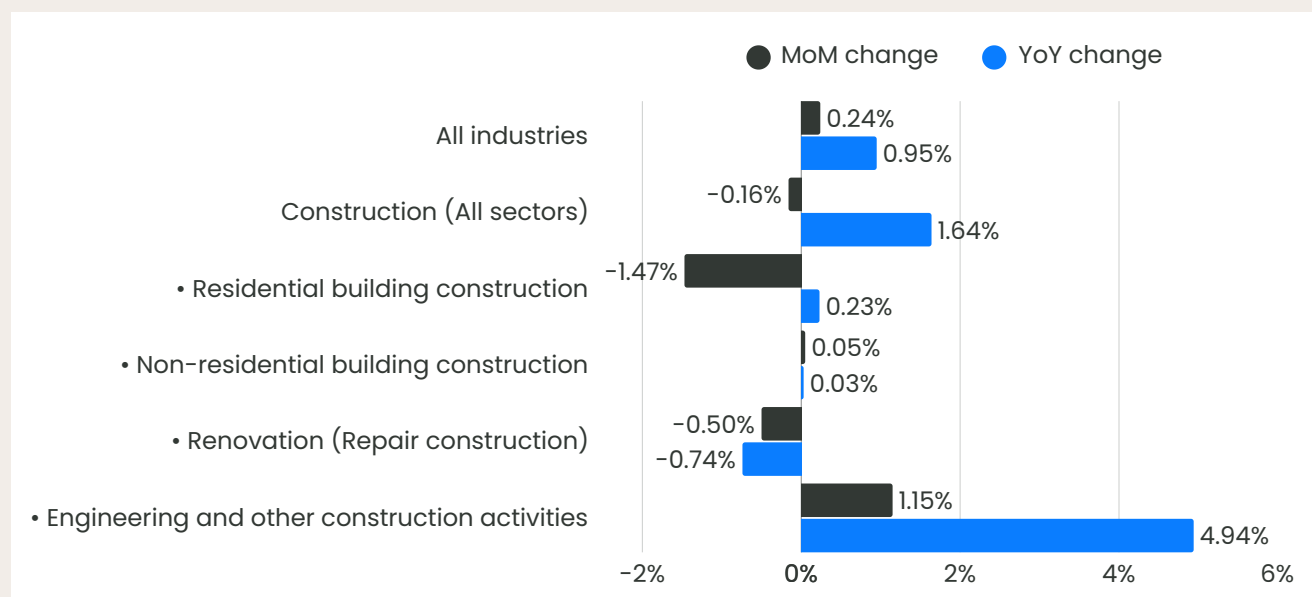
-0.16% vs
August 2025



The construction sector recorded a slight decline in September compared to the previous month. On an annual basis, it remains higher than in September 2024, confirming a positive trend despite sectoral disparities.

Residential construction experienced a significant drop in September, while non-residential building construction posted a slight increase, and engineering works and other construction activities showed a notable rise. Year over year, engineering works stand out with a growth of 4.94%, while residential construction and repairs remain more stable.

GDP - Monthly 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.

GROSS DOMESTIC PRODUCT



GDP by industry - Quarterly average

In the 3 quarter, GDP growth in the construction industry 1.40% outpaced that of all industries combined 0.52%. Compared with the third quarter of 2024, construction rose 2.60%, versus 1.07% for the overall economy.

Most components posted positive results. Engineering construction stood out with a strong increase 4.41%, while repairs and non-residential buildings declined slightly, despite modest annual gains.

Residential construction recorded a slight quarterly increase and strong year-over-year growth, confirming its key role in the sector.

In the other hand, non-residential construction remained down for the quarter, although it grew on an annual basis. Overall, the strength of engineering projects and the stability of the residential segment continue to support growth in the sector.

Canadian GDP

0.52% vs
Q2-2025

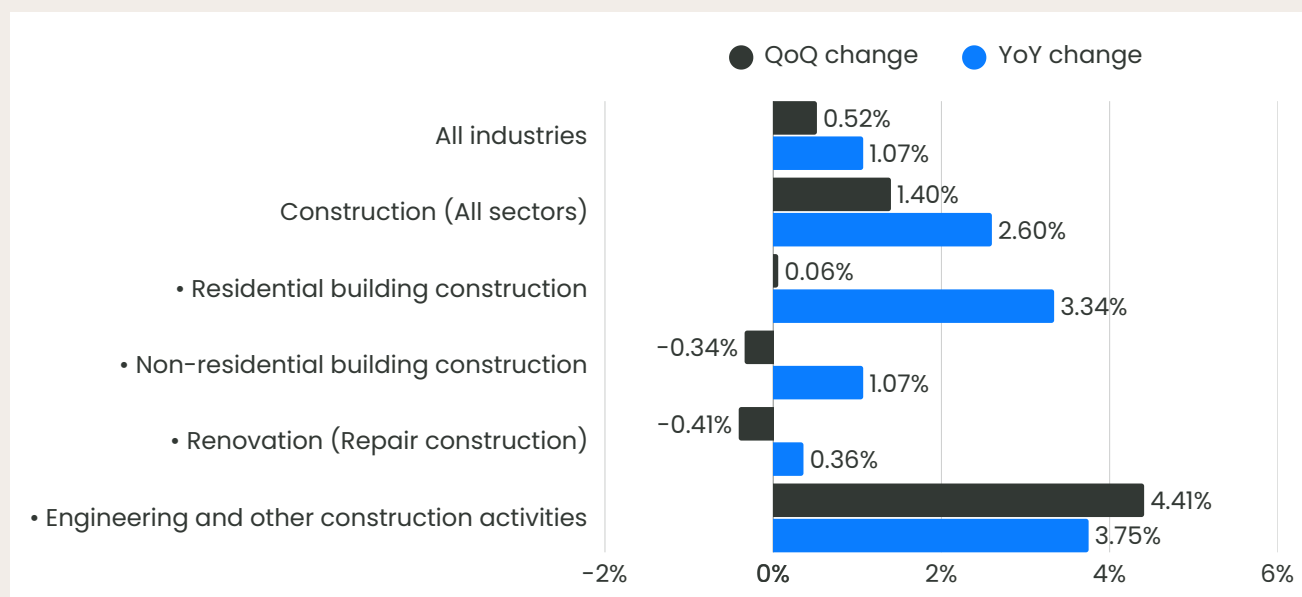


Construction GDP

1.40% vs
Q2-2025



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



Investment in construction

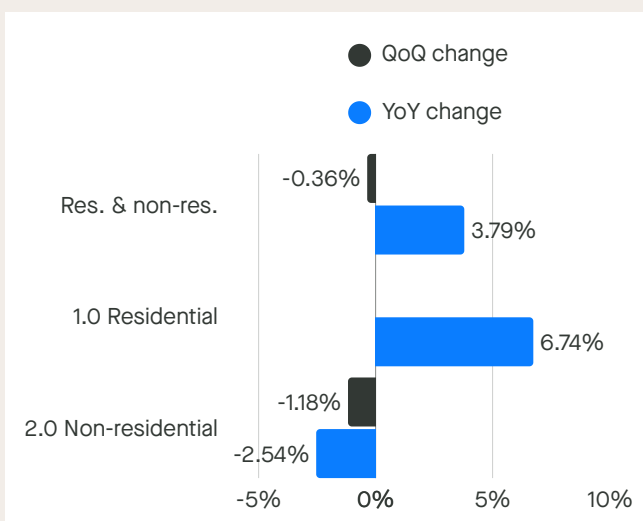
+3.79% vs
Q3-2024



All types of buildings

In the third quarter, building construction expenditures edged down compared to the previous quarter but remain higher than in the same period of 2024. This growth is mainly driven by the residential segment, which held steady during the quarter but posted a strong increase year-over-year.

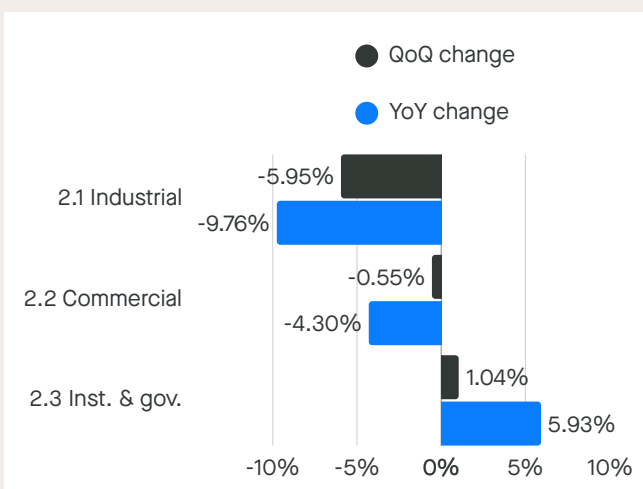
Over the first nine months of the year, investment in building construction rose by 4.46%, supported by residential construction +6.75%, while non-residential construction recorded a slight decline -0.52%.



Non-residential buildings - Breakdown

In the third quarter, non-residential building construction expenditures were supported by the institutional and governmental segment, the only category to show growth compared to Q3 2024.

After nine months, non-residential investment declined in the industrial -5.00% and commercial -2.26% sectors, while the institutional and governmental segment posted a notable increase +5.95%.



Source : Statistics Canada, Table 34-10-0293-01 Investment in Building Construction
Seasonally adjusted figures in constant dollars

BUILDING PERMITS



Building permits

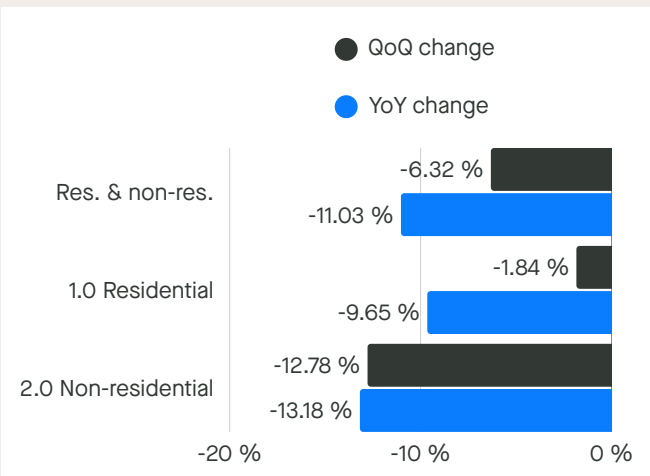
-11.03% vs
Q3-2024



All types of buildings

In the third quarter, the total value of building permits declined for a second consecutive quarter, both compared to the previous quarter and to the same period in 2024. September showed an improvement over August but remained below the level recorded in September 2024.

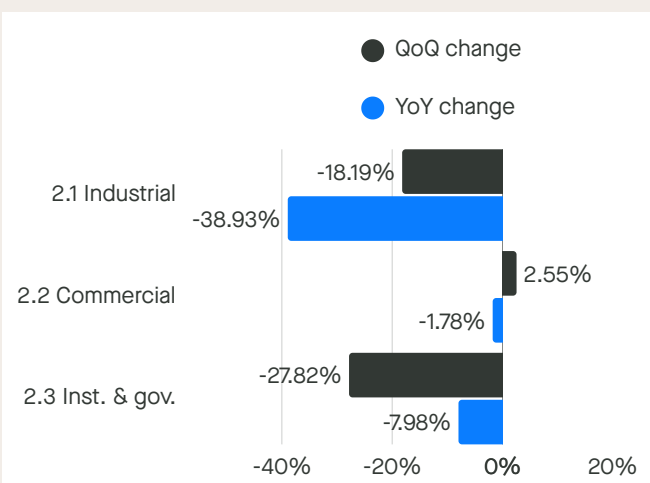
From January to September, building permits declined by 2.06% compared to the same period in 2024. The residential sector remained virtually unchanged, while the non-residential sector posted a significant drop of 5.32%.



Non-residential buildings - Breakdown

In the third quarter, the value of building permits fell sharply in the industrial sector and dropped even further in the institutional and governmental segment. The commercial sector was the only one to post a slight quarterly increase, despite a decline compared to the same period in 2024.

From January to September, the industrial sector recorded a sharp decline of 28.24%, while the commercial sector fell more moderately by 4.37%. In contrast, the institutional and governmental segment experienced a notable increase of 12.66%.



Source : Statistics Canada, Table 34-10-0292-01, Building permits by structure
Seasonally adjusted figures in constant dollars

GLOBAL SUPPLY CHAIN

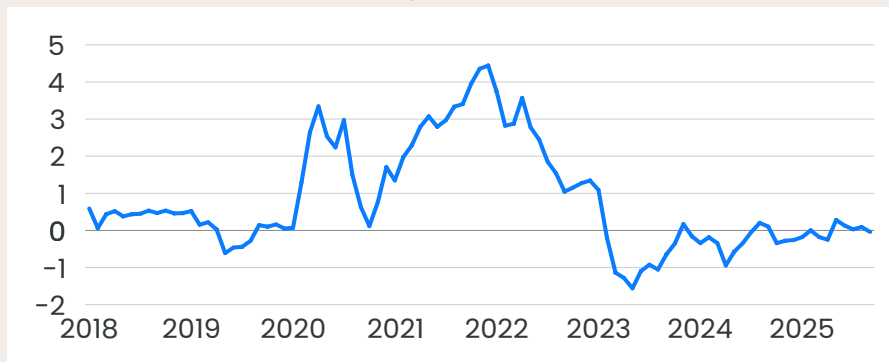


The global supply chain appears to be returning to its historical conditions prior to 2020. The index below indicates standard deviations from the average of the historical index:

> 0 = more pressure than usual

0 = normal

< 0 = less pressure than usual



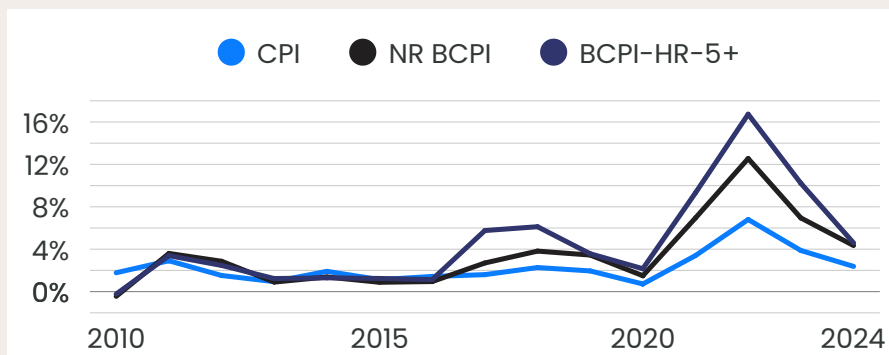
Source : Federal Reserve Bank of New York, Global Supply Chain Stress Index

CONSUMER PRICE INDEX



It is important to note that construction inflation, indicated by the Building Construction Price Index (BCPI), differs from inflation as measured by the Consumer Price Index (CPI). For instance, in 2024 in Canada:

- The CPI yearly inflation stood at just 2.38%;
- The yearly inflation rate of the NR BCPI was 4.35%.
- The yearly inflation of residential high-rise with five floors and above (BCPI-HR-5+) of 4.60%.

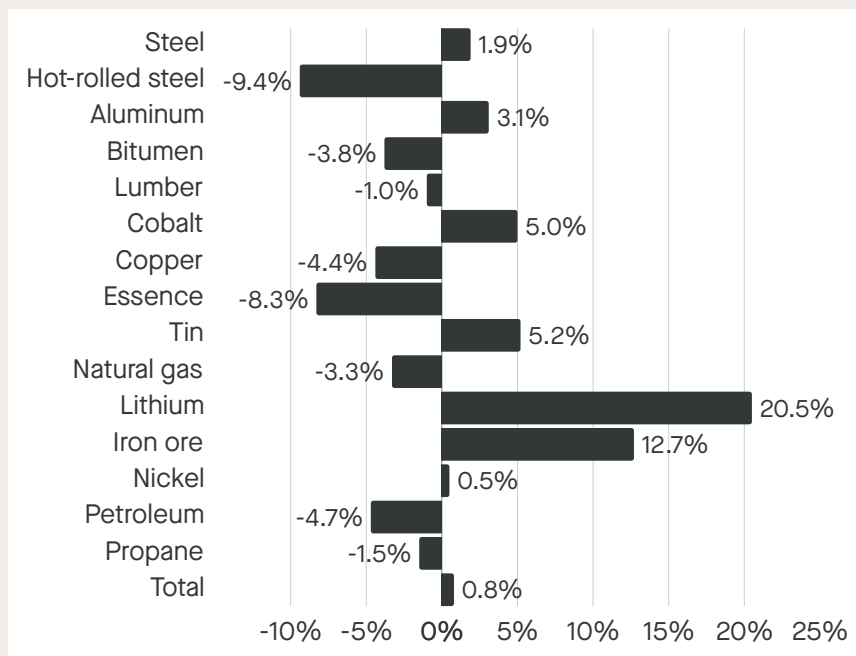


Source : Statistics Canada and Pomerleau

CONSTRUCTION COMMODITIES



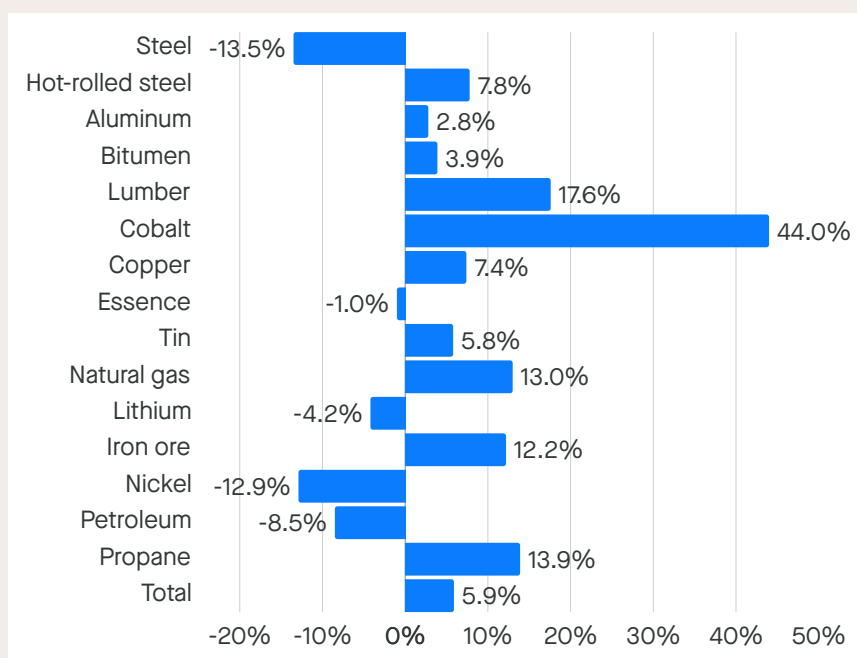
3-month change as of September 30, 2025



Source : Trading Economics



12-month change as of September 30, 2025



Source : Trading Economics



CONSTRUCTION MATERIALS AND PRODUCTS



Monitor
3,27% vs
September 2024



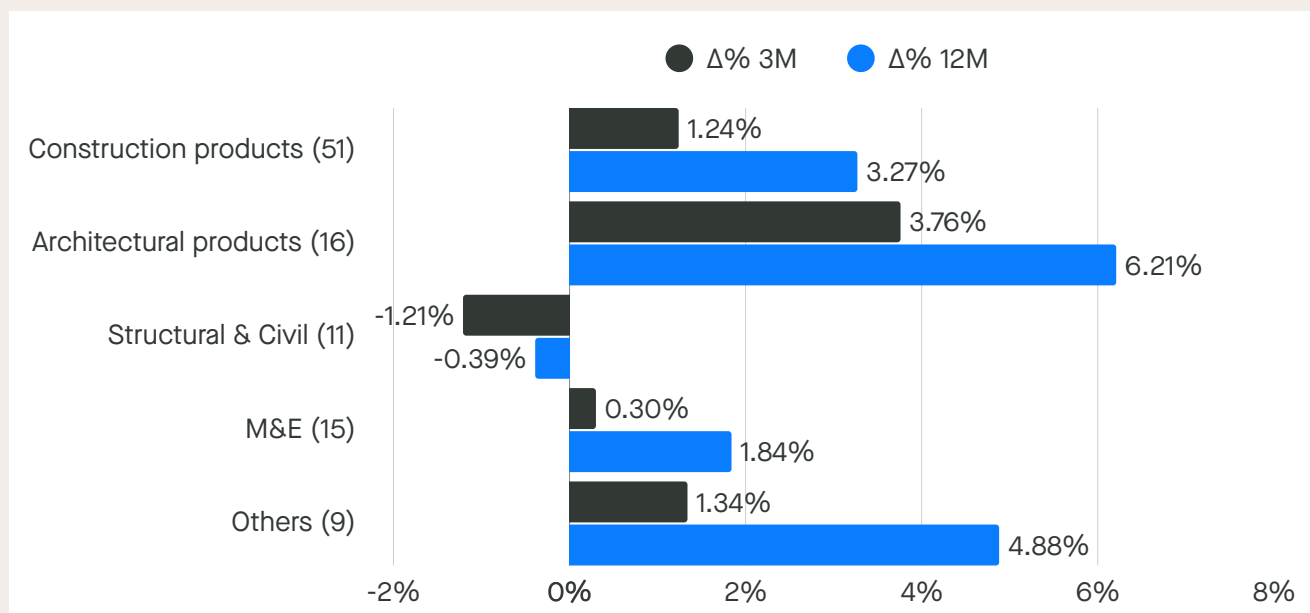
The Pomerleau Monitor

The Pomerleau Construction Products Monitor is composed of a selection and categorization of diverse products from Statistics Canada's Industrial Product Price Index (IPPI), which assesses the prices of goods produced in Canada.

In September 2025, the overall construction products index rose by 3.27% compared to September 2024, indicating moderate cost pressure. However, this average masks significant disparities across segments, with sharp increases for some materials and downward corrections for others, highlighting strong market volatility.

Architectural products lead the trend, with notable gains for hardware and metal doors and windows, two key products for building envelopes and finishes. Added to these increases are primary forms and semi-finished aluminum products, which surged due to sustained demand and supply constraints, as well as iron and steel scrap, which continued to recover in value.

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.



Overview of the labor market in the construction sector

In September, employment in the construction sector edged down month-over-month but remained higher than a year earlier. In contrast, overall industry employment increased on a monthly basis, while the annual trend was similar.

The unemployment rate in construction remains slightly below that of all industries but has increased both month over month and year over year. Job vacancies in construction rose slightly from the previous month but returned to the same level as a year earlier. The rate, however, remains higher than that of all industries.

Finally, the ratio of unemployed persons to job vacancies in construction remained slightly lower than in all industries, indicating persistent labor market tightness and limited workforce availability.

Number of employees September

All industries

21.015M

Δ% 1M: 0.3%

Δ% 12M: 1.1%

Construction

1.628M

Δ% 1M: -0.5%

Δ% 12M: 1.2%

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

Unemployment rate September

All industries

7.1%

Δ% 1M: 0.0%

Δ% 12M: 0.5%

Construction

6.7%

Δ% 1M: 0.3%

Δ% 12M: 0.3%

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

Job vacancy rate September

All industries

2.7%

Δ% 1M: 0.1%

Δ% 12M: -0.3%

Construction

3.2%

Δ% 1M: 0.4%

Δ% 12M: 0.0%

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 September

All industries

3.3

Δ% 1M : -0.2

Δ% 12M : 0.6

Construction

3.0

Δ% 1M : -0.3

Δ% 12M : 0.2

Source : Statistics Canada and Pomerleau

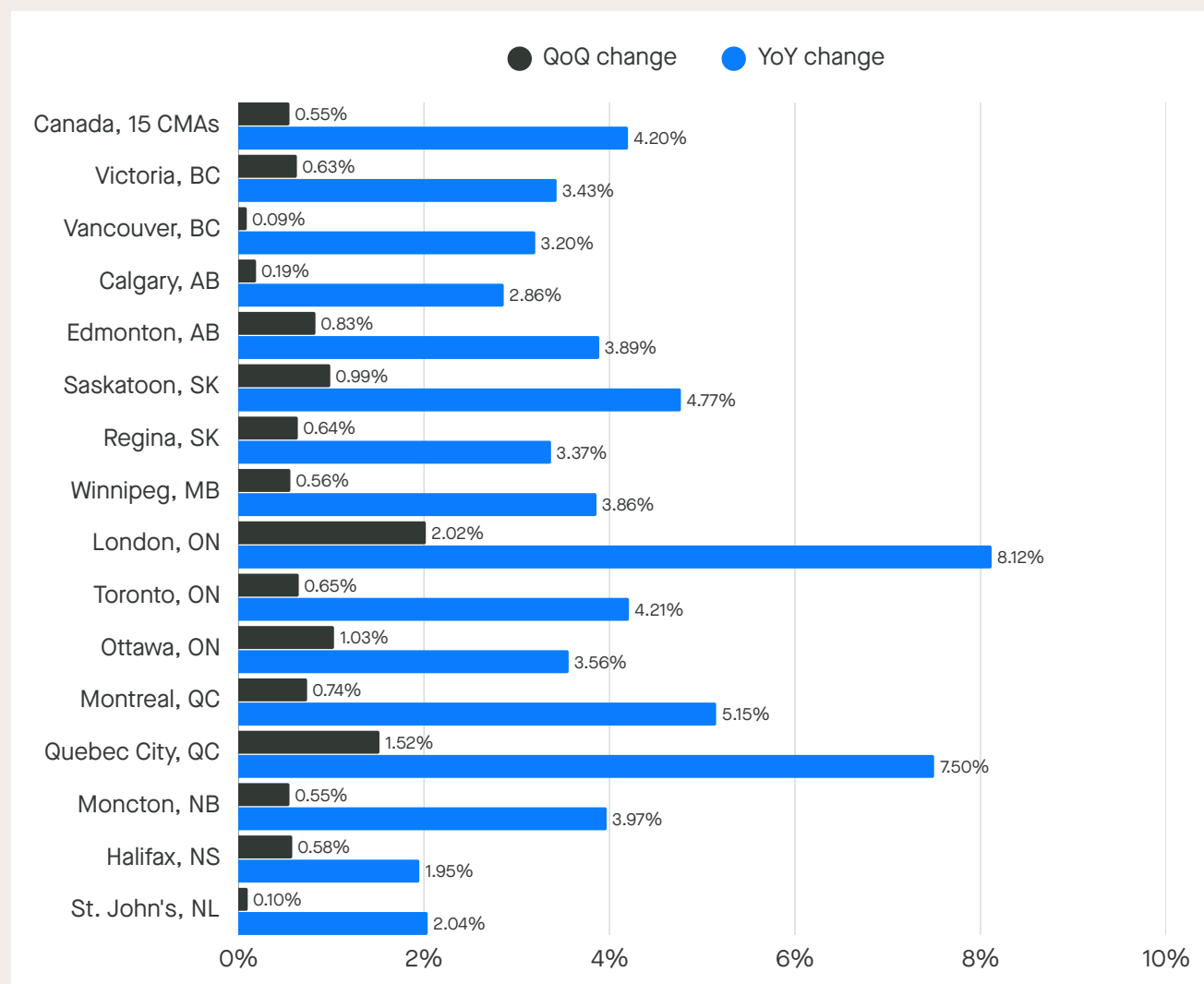
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Composite index

Non-residential construction prices posted a slight increase in the third quarter. London, Québec City, and Ottawa recorded the strongest gains. Montréal saw moderate growth, while Vancouver and St. John's remained relatively stable.

Price growth was more pronounced on a year-over-year basis. London and Québec City stood out with significant increases, followed by Montréal. Halifax and St. John's showed more contained growth.



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

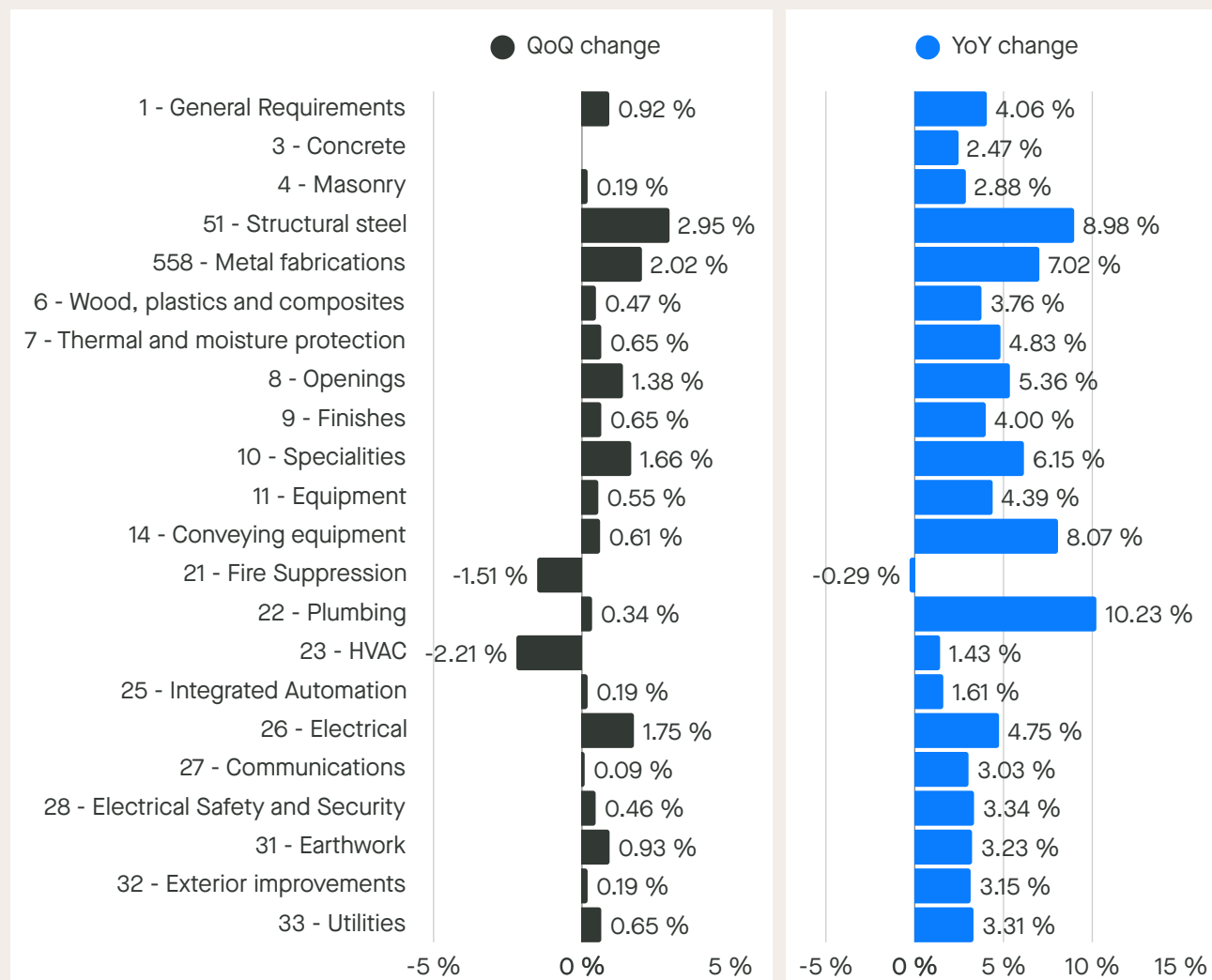
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Indices by division

In the third quarter, based on national data, the strongest quarterly increases were seen in structural steel, metal fabrications, electrical systems, and openings. In contrast, plumbing, fire protection, and HVAC systems either declined or remained stable, while other divisions posted moderate changes.

Over a 12-month period, still at the national level, the largest annual gains were recorded in **plumbing**, **structural steel**, and **conveyor systems**. Most divisions experienced growth, with the exception of fire protection, which edged down slightly.



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

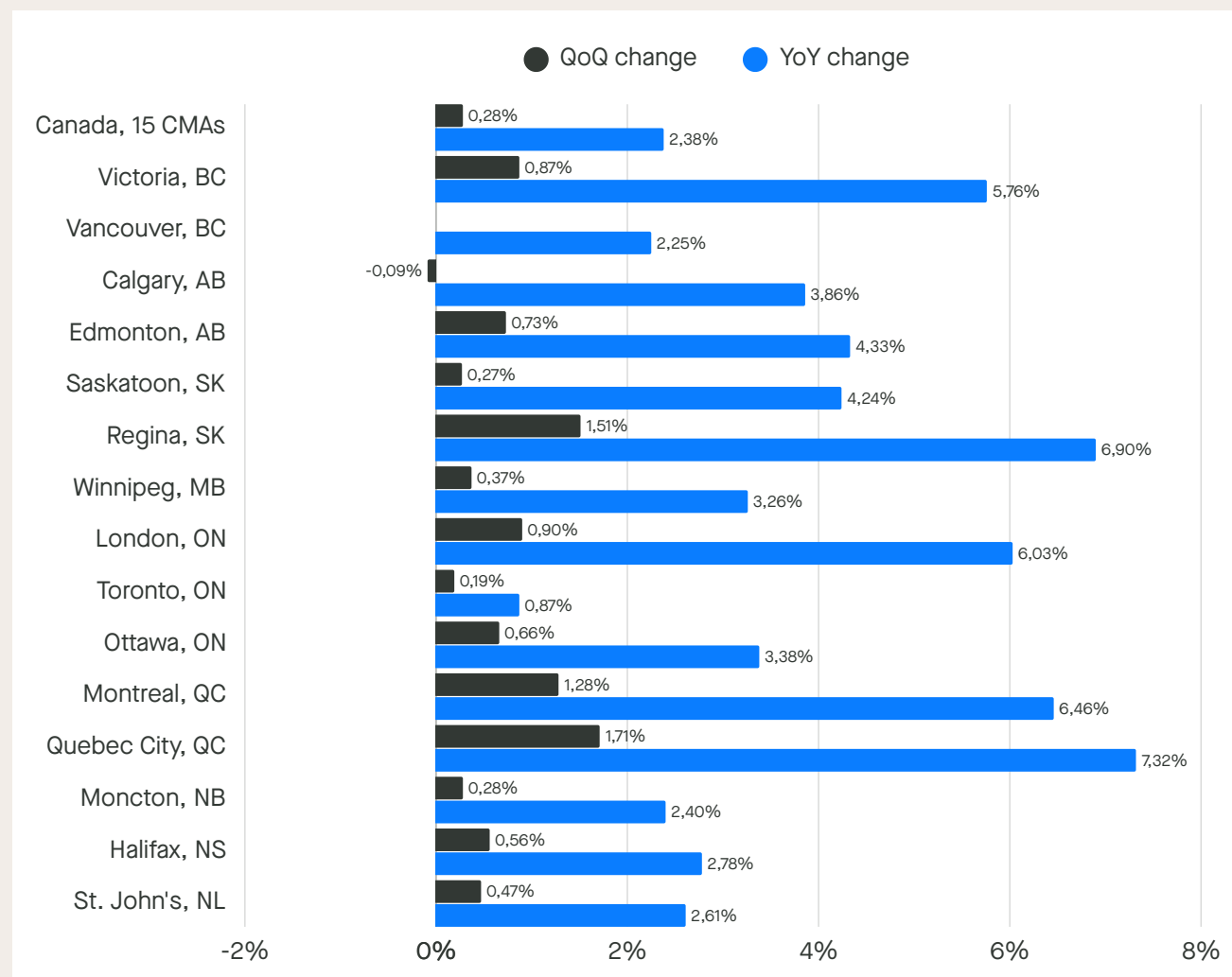
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-rise apartment – Composite Index

At the national level, price increases in the third quarter were moderate. Québec City, Montréal, and Regina posted the strongest gains, while Calgary was the only CMA to record a slight decline. Vancouver remained stable, with no significant variation.

On a year-over-year basis, growth was more pronounced in the CMAs of Québec City, Regina, Montréal, and London. Toronto showed only a very limited increase, whereas Victoria, Edmonton, and Saskatoon displayed sustained momentum. Other regions experienced more moderate changes.



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

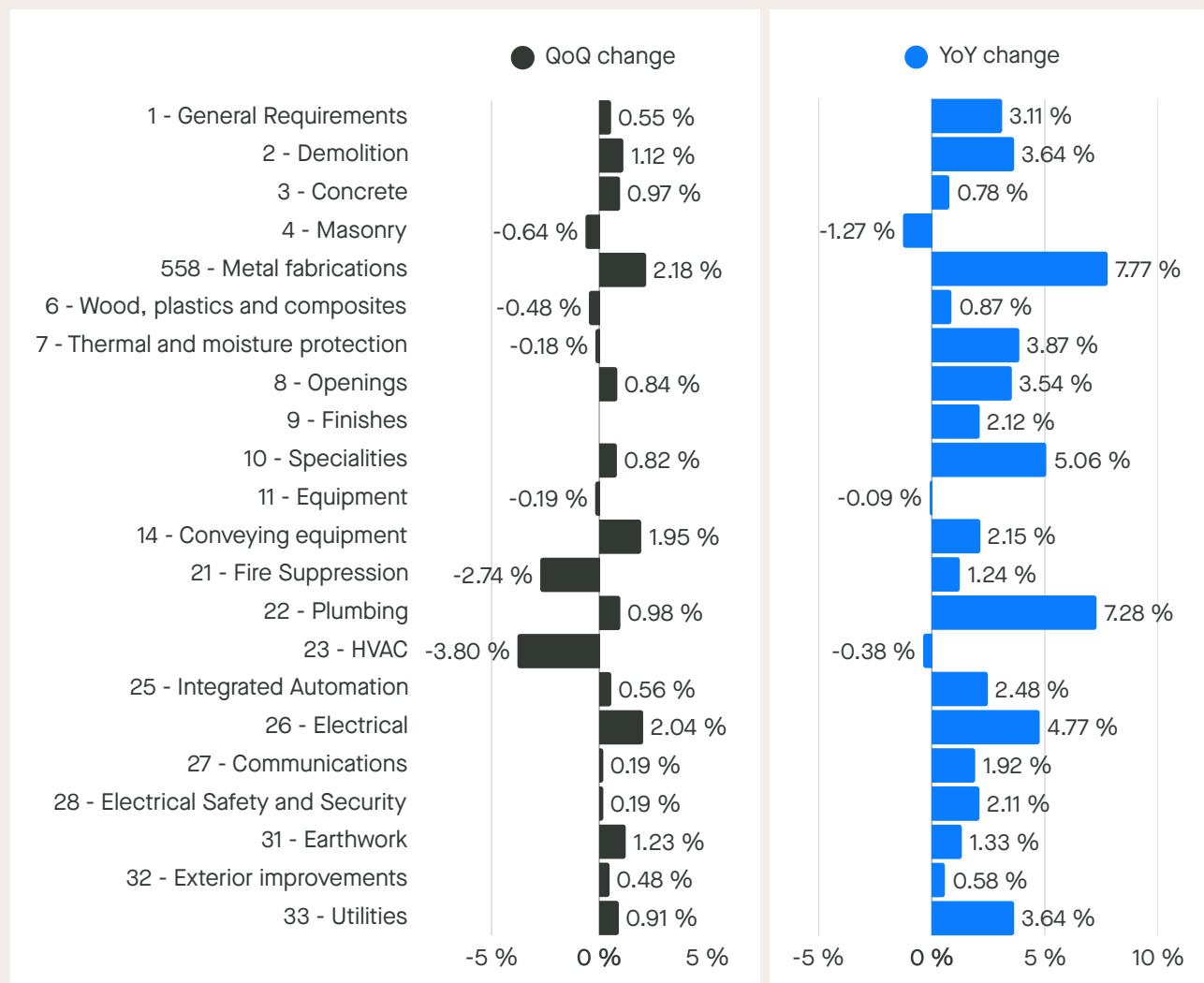
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-Rise apartment – Indices by division

In the third quarter, the strongest quarterly increases were observed in forged metal components, electrical systems, conveyor systems, and demolition. In contrast, masonry, HVAC systems, fire protection, and equipment declined. The remaining divisions posted either moderate or stable changes.

Over the past 12 months, the strongest annual increases were again seen in **plumbing** and **metal fabrications (steel)**, followed by specialty products and electrical. Masonry, HVAC, and equipment posted declines, while most other divisions showed moderate growth.



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



Trends and indicators to monitor for the upcoming quarter

The value of building permits is showing signs of weakness, with a decline observed over the past two quarters. This trend could negatively impact GDP in the coming quarters, particularly in the non-residential sector. Will the recent cut in the key interest rate influence permit applications? The final quarter will be decisive in confirming whether the downward trend continues or a rebound begins.

New federal priorities in infrastructure and residential construction will create opportunities but also impose constraints: mandatory use of Canadian materials, counter-tariffs, and quotas on steel and aluminum. While these measures support domestic production, they complicate supply chains and require greater coordination with suppliers. Anticipating these impacts is essential to maintain project competitiveness.

Non-residential construction price indexes for Q3 2025 reveal significant regional disparities. Québec and Montréal posted increases above the national composite index, while Toronto remained close to that level. In contrast, Ottawa, Vancouver, and Halifax recorded more moderate gains. These differences highlight the importance of continuous monitoring to anticipate costs and adjust project strategies accordingly.



ABOUT THE AUTHORS



The Pomerleau Economic Radar is piloted by two leading experts in their field.

Sean Boyer, Eng., PQS, Vice President of Preconstruction – Buildings, leverages his field experience to drive Pomerleau's preconstruction strategies nationwide. His operational perspective allows him to connect economic data to the concrete realities of projects and the construction industry as a whole.

Alongside him, **Jean-François Perras, C.Ad., ECCQ, Manager of Economics and Statistics Expertise – Buildings**, guarantees the analytical precision of the report. With his knowledge in economics as it pertains to the construction industry, he structures the data to identify relevant and actionable trends.

With the valuable support of their colleagues, Sean and Jean-François present a thorough and knowledgeable perspective on the current market conditions. 



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.

