

POMERLEAU

Pomerleau Economic Radar



Q4-2025

30.03.2026

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A WORD FROM THE AUTHORS



Q4 2025: An Economic Slowdown Confirmed

Economic indicators for the fourth quarter of 2025 confirm a slowdown in the construction industry. The decline in CPI and the Building Construction Price Index (BCPI), the contraction in GDP, and rising unemployment all point to a shift in momentum after several years of sustained growth.

Although the BCPI still shows an annual increase of about 4% in 2025, this performance masks a more concerning reality: only 1% growth over the past nine months, with near-stagnation observed for the last six months in both the residential and non-residential sectors. This is the first slowdown of this magnitude since 2020.

A Possible Recession, but Likely Short-Lived

In this context, the likelihood of a technical recession is increasing. Should it materialize, current signals suggest it would remain short and primarily cyclical rather than structural. Major investments expected in Canada's defence sector are poised to provide meaningful support to medium-term activity.



Cost Pressures to Monitor

At the same time, several risks remain present. Rising oil prices, driven by geopolitical tensions, could put additional pressure on material and transportation costs. Customs tariffs also continue to affect steel and aluminum prices, contributing to greater volatility in key inputs.

What to Watch in the Coming Months

As in recent months, the environment calls for prudence, anticipation, agility, and rigorous cost management, both to navigate emerging challenges and to seize upcoming opportunities.

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EXECUTIVE SUMMARY

Construction GDP: quarterly decline, but annual growth maintained

In the fourth quarter, construction GDP edged down, following the decline observed across all industries. Over twelve months, however, the sector continued to grow faster than the overall economy, supported by engineering work and repairs, despite a slowdown in non-residential buildings.



Building permits: quarterly rebound, limited annual decline

The value of building permits rose sharply in Q4, both in the residential and non-residential sectors. However, on a year-over-year basis, the level remains slightly lower, mainly due to weakness in single-family and industrial components.



Labour market: persistent tight conditions

Employment in construction remained stable over twelve months. The construction unemployment rate remains below the national average, although the unemployed-to-vacancy ratio continues to point to limited labour availability and sustained market tightness.

Raw materials: cost volatility risks



Price movements for key construction materials remain mixed. Steel is relatively stable, while hot-rolled steel has increased sharply. Aluminum continues to show moderate growth, while lumber remains in decline. Several strategic metals, including lithium, cobalt, and copper, have posted significant increases, contributing to rising volatility in construction input costs.



+0.55%

Construction products: overall stability, but varied movements

The Construction Products Monitor shows moderate growth over twelve months, masking significant differences across categories. Architectural products remain the main contributors to the increase.



Construction prices: steady growth

Non-residential building construction price indexes continue to rise at a moderate pace, similar to the previous quarter. Increases remain more pronounced in certain regions, particularly Québec City, Montréal, London, and Saskatoon.

DASHBOARD



BCPI Non-residential

	Previous period Q3-25	Latest period Q4-25
Quarterly change	0.74%	0.46%
Year-over-year change	4.39%	4.07%



BCPI High-rise apartment

	Previous period Q3-25	Latest period Q4-25
Quarterly change	0.56%	0.19%
Year-over-year change	2.67%	2.18%



Pomerleau Construction Products Monitor

	Previous period Nov. 25 vs Nov. 24
Year-over-year change	1.81%

Latest period Dec. 25 vs Dec. 24
0.55%



Construction Unemployment Rate

Previous period November	Latest period December
4.9%	5.4%



Construction Job Vacancy Rate

Previous period November	Latest period December
2.8%	3.3%



CTN Gross Domestic Product (Quarter avg.) Quarterly change

Previous period Q3-25
1.55%

Latest period Q4-2025
-0.65%



Building Permits Quarterly change

Previous period Q3-25
-5.04%

Latest period Q4-25
10.29%



CPI

Previous period January
2.3%

Latest period February
1.8%



Interest Rate

Previous period January
2.25%

Latest period March
2.25%



GROSS DOMESTIC PRODUCT



GDP by industry - Quarterly average

In the fourth quarter, GDP for all industries posts a slight decline, as does the construction industry, which also decreases. Year over year, however, construction continues to show stronger growth than the overall economy.

Residential construction contracts over the quarter, while still maintaining a slight gain compared with last year. Non-residential buildings rise modestly despite an annual decline. Repair work also decreases but remains higher on a year-over-year basis. Engineering construction shows a more pronounced drop in the fourth quarter, while still maintaining solid growth year over year.

Overall, annual growth in the sector is supported by engineering construction and repairs, while residential construction contributes more modestly. On a year-over-year basis, only non-residential buildings continue to show a decline.

Canadian GDP

-0.11% vs
Q3-2025

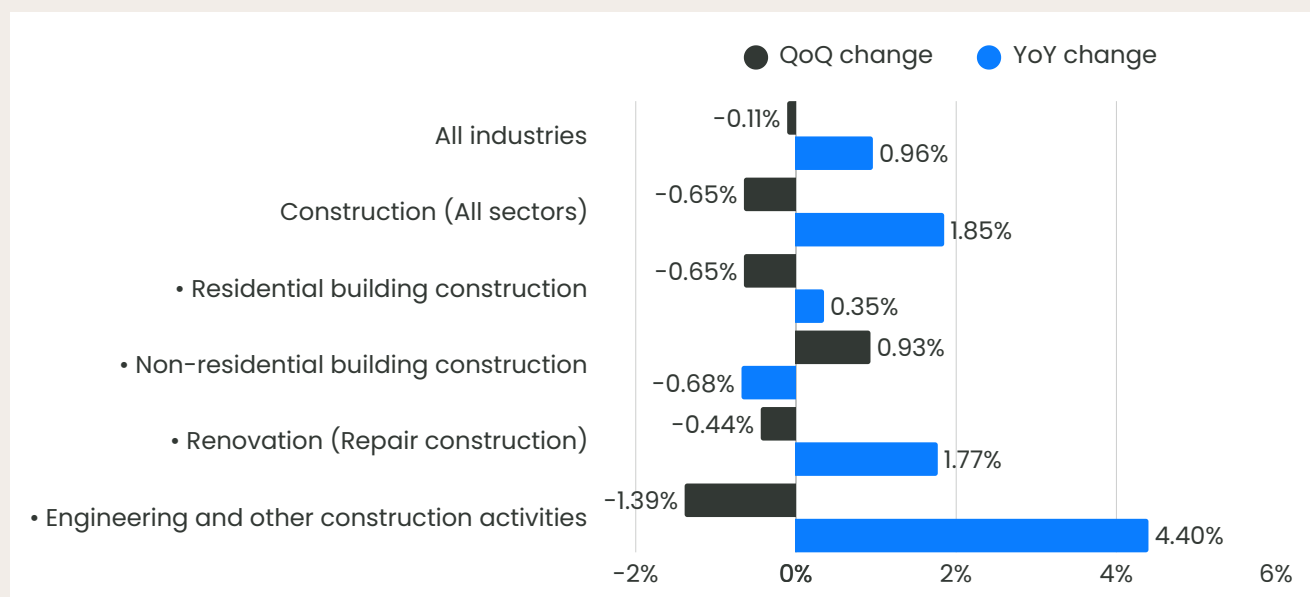


Construction GDP

-0.65% vs
Q3-2025



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

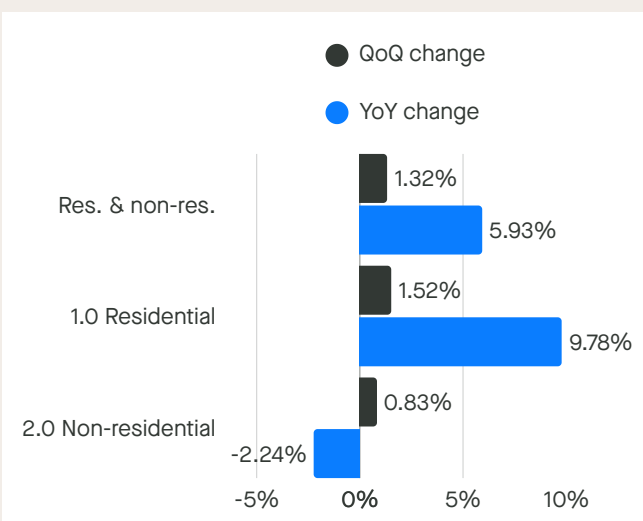
+5.93% vs
Q4-2024



All types of buildings

In the fourth quarter, building construction investment edges up slightly compared with the previous quarter. Compared with the same period last year, growth continues to be driven mainly by the residential sector, while the non-residential sector shows a decline, which moderates overall growth.

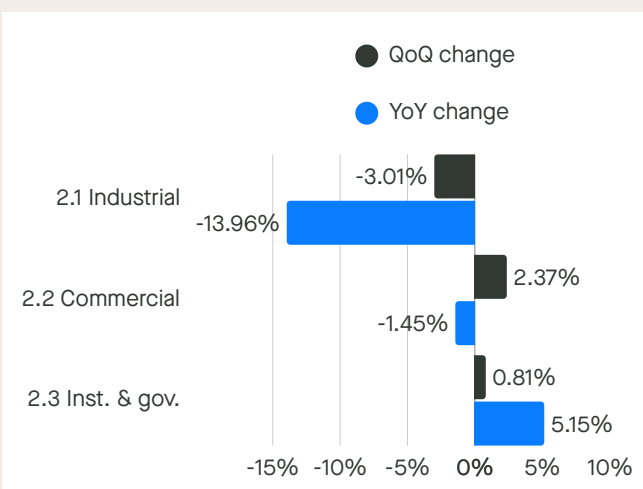
For the 2025 year total, the picture is similar to the year-over-year comparison, with an increase still supported by residential construction, while the non-residential sector records a slight decrease.



Non-residential buildings - Breakdown

In the fourth quarter, non-residential building construction investment shows a mixed profile. Quarter over quarter, the industrial segment records a sharp decrease, while the commercial as well as the institutional and governmental sectors post slight increases.

On a year-over-year basis, the industrial and commercial segments remain in decline, while the institutional and governmental sector stands out as the only segment still showing growth.



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

BUILDING PERMITS

Value of permits - Quarter analysis

All types of buildings

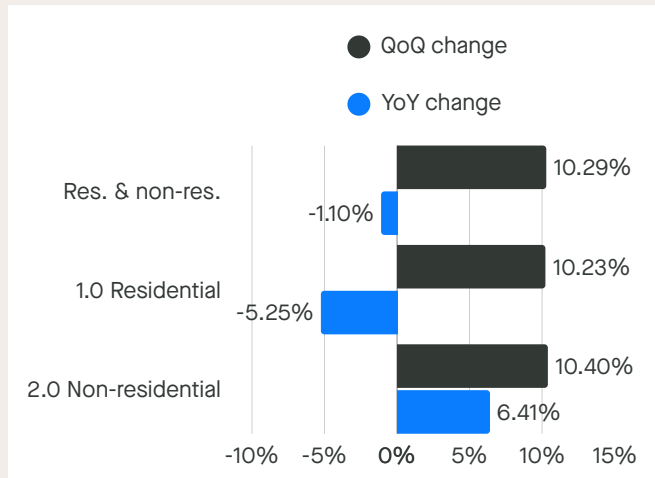
In the fourth quarter of 2025, the total value of building permits posted a notable increase compared with the previous quarter, but remained slightly below the level recorded in the fourth quarter of 2024.

December showed an improvement from the previous month, but remained below the level observed in December 2024.

For the full year 2025, the total value decreased by 1.3% compared with 2024. This decline was mainly driven by lower activity in the single-family component and the industrial sector.

Building permits

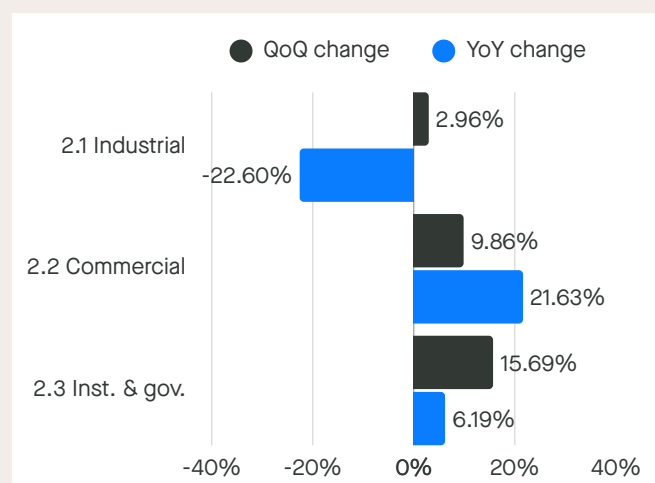
-1.10% vs
Q4-2024



Non-residential buildings - Breakdown

In the fourth quarter of 2025, the value of building permits increased across all non-residential building components. The industrial sector posted a quarterly gain but remained sharply lower compared with the same period last year.

For the full year, the industrial sector also recorded a significant decline, while the commercial component saw slight growth. In contrast, the institutional and governmental sector continued to show strong gains at the national level.



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

GLOBAL SUPPLY CHAIN

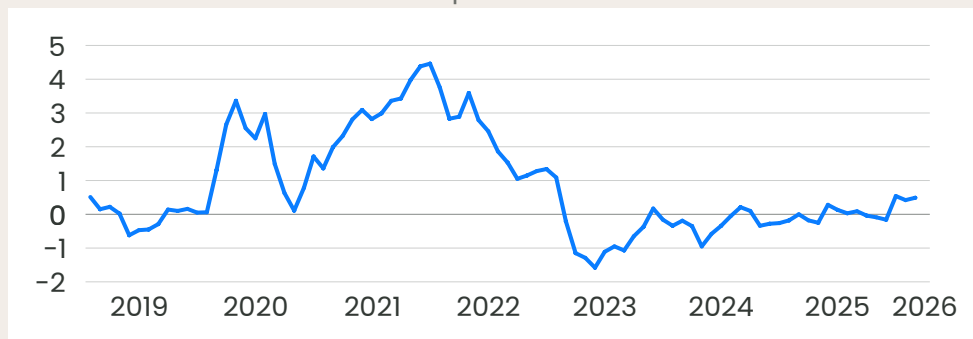


The global supply chain appears to be returning to its historical conditions prior to 2020. The index below indicates standard deviations from the average of the historical index:

> 0 = more pressure than usual

0 = normal

< 0 = less pressure than usual



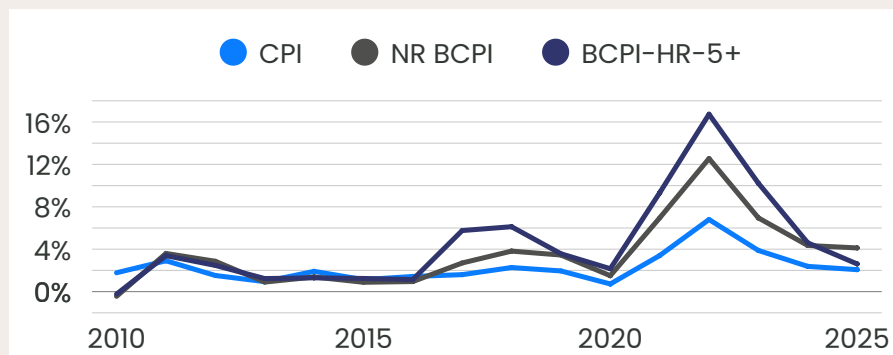
Source : Federal Reserve Bank of New York, Global Supply Chain Stress Index

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 2025 in Canada:

- The CPI yearly inflation stood at just 2.07%;
- The yearly inflation rate of the NR BCPI was 4.12%.
- The yearly inflation of residential high-rise with five floors and above (BCPI-HR-5+) of 2.61%.

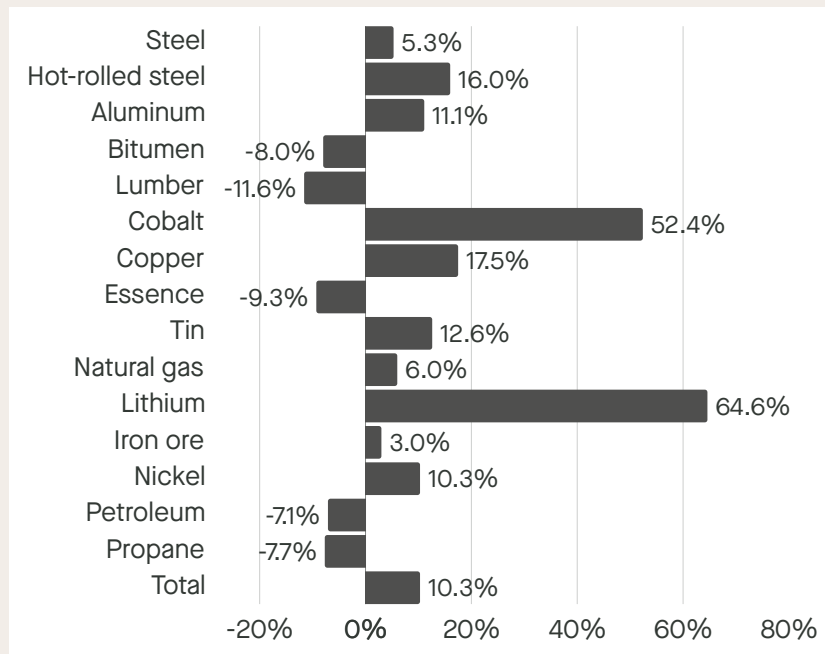


Source : Statistics Canada and Pomerleau

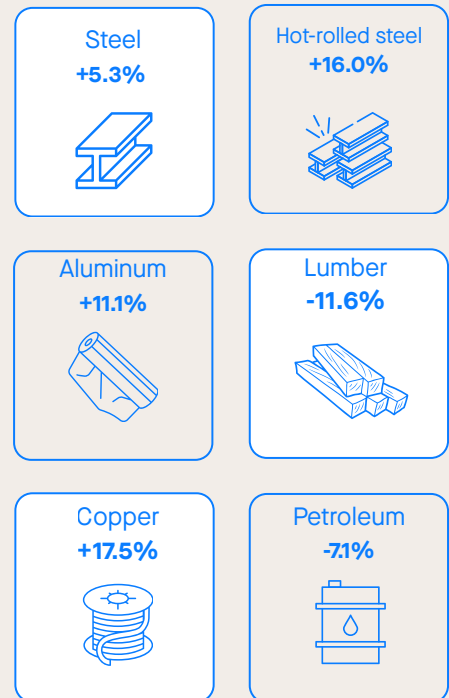
CONSTRUCTION COMMODITIES



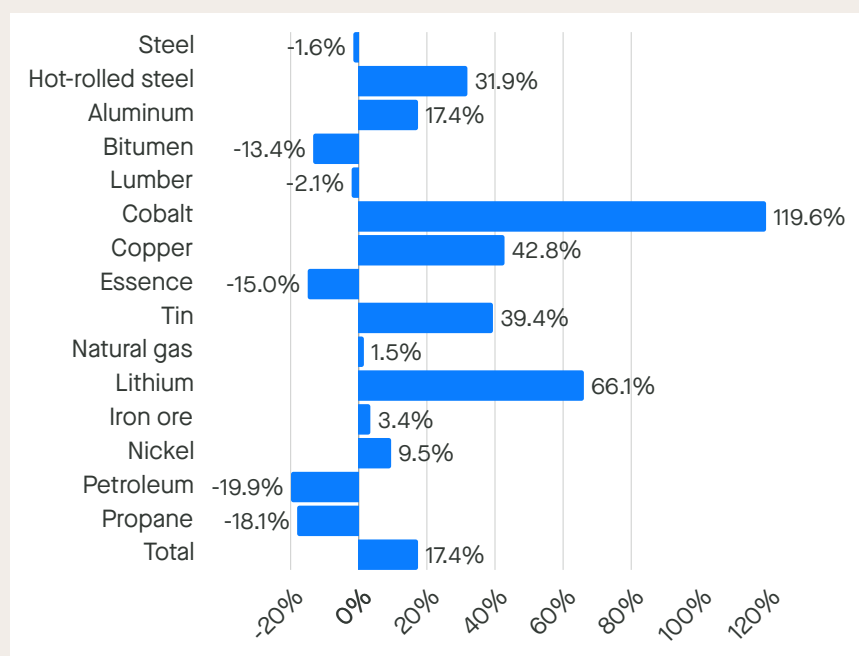
3-month change as of December 31st, 2025



Source : Trading Economics



12-month change as of December 31st, 2025



Source : Trading Economics



CONSTRUCTION MATERIALS AND PRODUCTS



Monitor
0.55% vs
december 2024



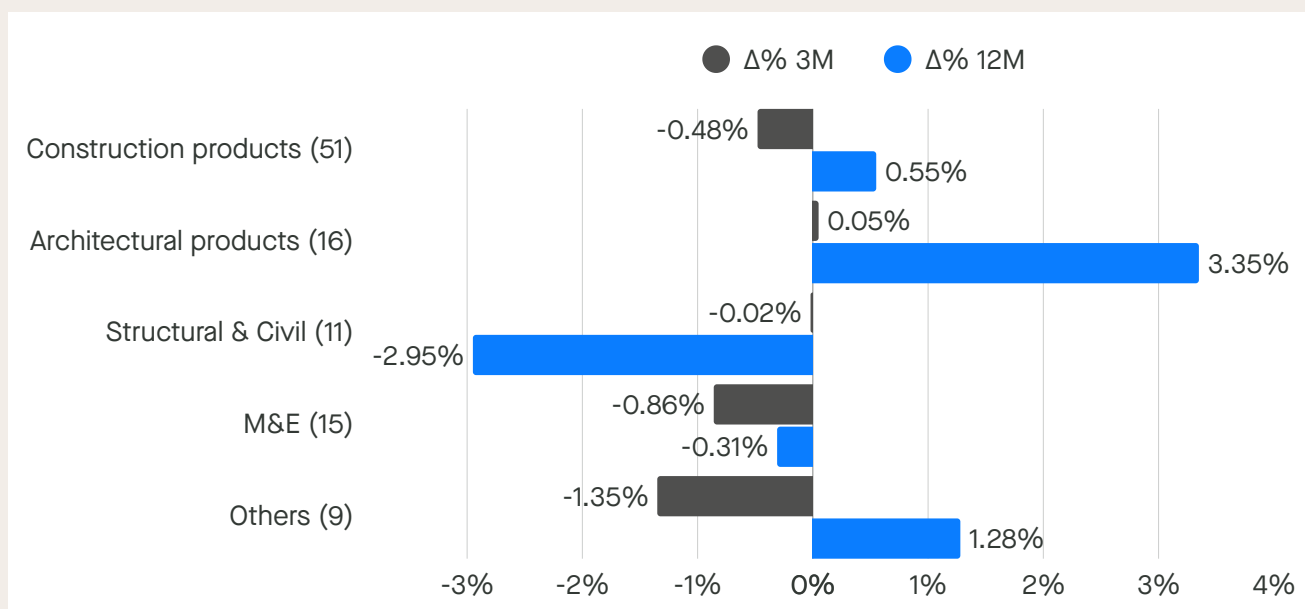
The Pomerleau Monitor

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 December 2025, the overall construction products index increased by +0.55% compared with December 2024, reflecting a context that is now nearly stable. However, this average masks significant differences between segments, with some categories rising and others declining, confirming the persistence of underlying volatility in the markets.

Architectural products are driving the trend, supported by several components showing strong increases, including raw or semi-finished aluminum, hardware, wood cabinets, metal doors and windows, as well as certain finishing products such as paints and coatings. This positive momentum is partially offset by declines in furniture and accessories, veneers and plywood, blinds, and certain textiles, creating a mixed but overall upward-oriented picture for this category.

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 December, total employment increased slightly month over month and continued to grow on a year-over-year basis. In the construction sector, employment rose modestly from the previous month but showed a slight decline compared with last year.

The unemployment rate in construction remained lower than that of all industries. It edged up slightly month over month but decreased compared with last year, while the unemployment rate for all industries increased both month over month and year over year. Job vacancies in construction rose slightly from the previous month but declined slightly compared with the same period last year.

Finally, the unemployed-to-job-vacancy ratio in construction remained slightly lower than that of all industries, indicating persistent labour market tightness and limited labour availability.

Number of employees

December

All industries

21.146M

Δ% 1M: 0.05%

Δ% 12M: 1.01%

Construction

1.631M

Δ% 1M: 0.57%

Δ% 12M: -0.2%

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

Unemployment rate

December

All industries

6.8%

Δ% 1M: 0.2%

Δ% 12M: 0.1%

Construction

5.4%

Δ% 1M: 0.5%

Δ% 12M: -0.3%

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

Job vacancy rate

December

All industries

2.9%

Δ% 1M: 0.2%

Δ% 12M: -0.1%

Construction

3.3%

Δ% 1M: 0.5%

Δ% 12M: -0.2%

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

December

All industries

3.0

Δ% 1M : 0.0

Δ% 12M : 0.2

Construction

2.3

Δ% 1M : -0.2

Δ% 12M : 0.0

Source : Statistics Canada and Pomerleau

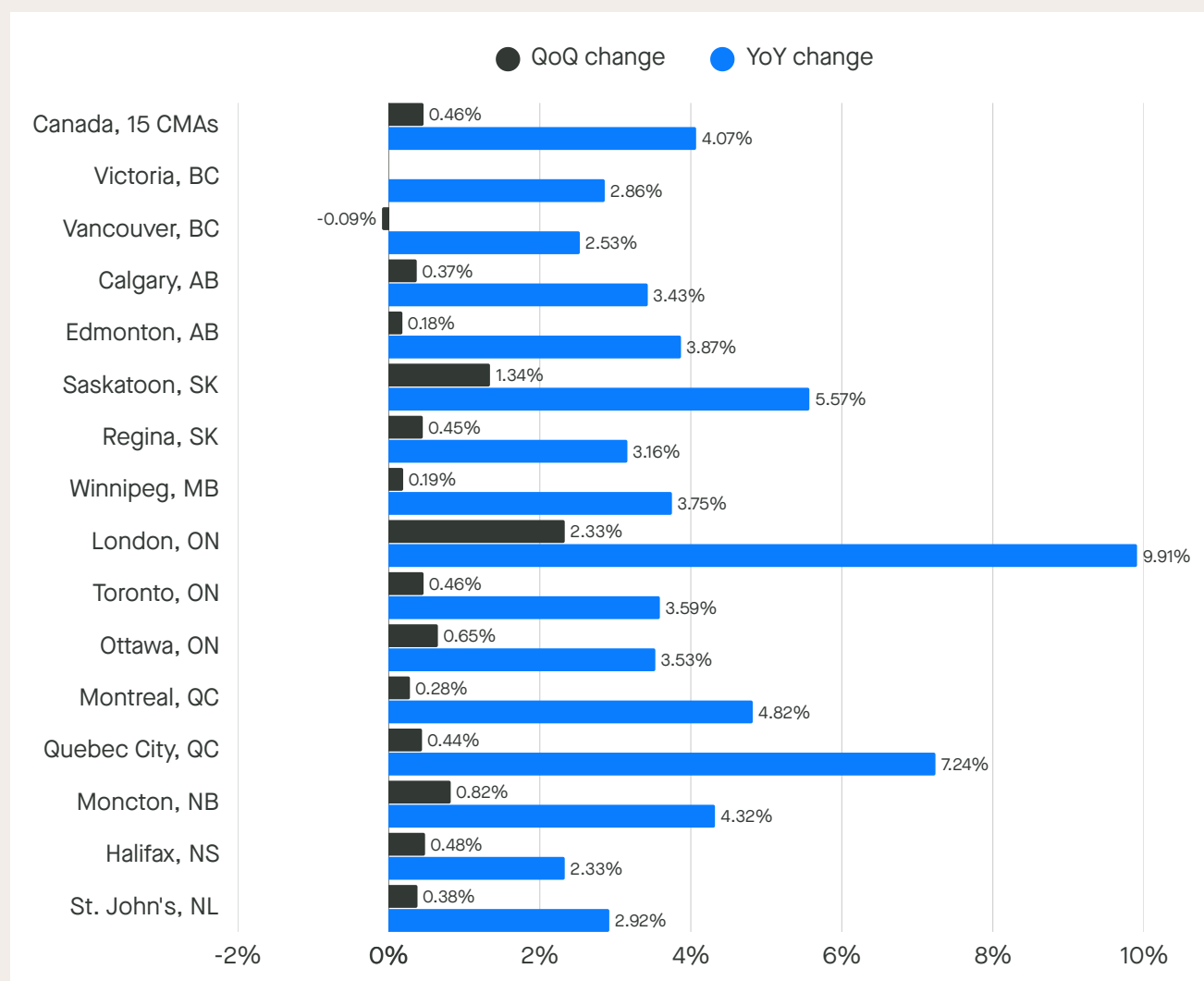
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Composite index

Non-residential building construction prices edged up in the fourth quarter. The strongest increases were observed in London and Saskatoon. In contrast, Edmonton, Winnipeg, Montréal, Victoria, and Vancouver recorded relatively stable movements during the quarter.

On a year-over-year basis, price growth was more sustained. London and Québec City posted the largest increases, followed by Saskatoon, Montréal, and Moncton.



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

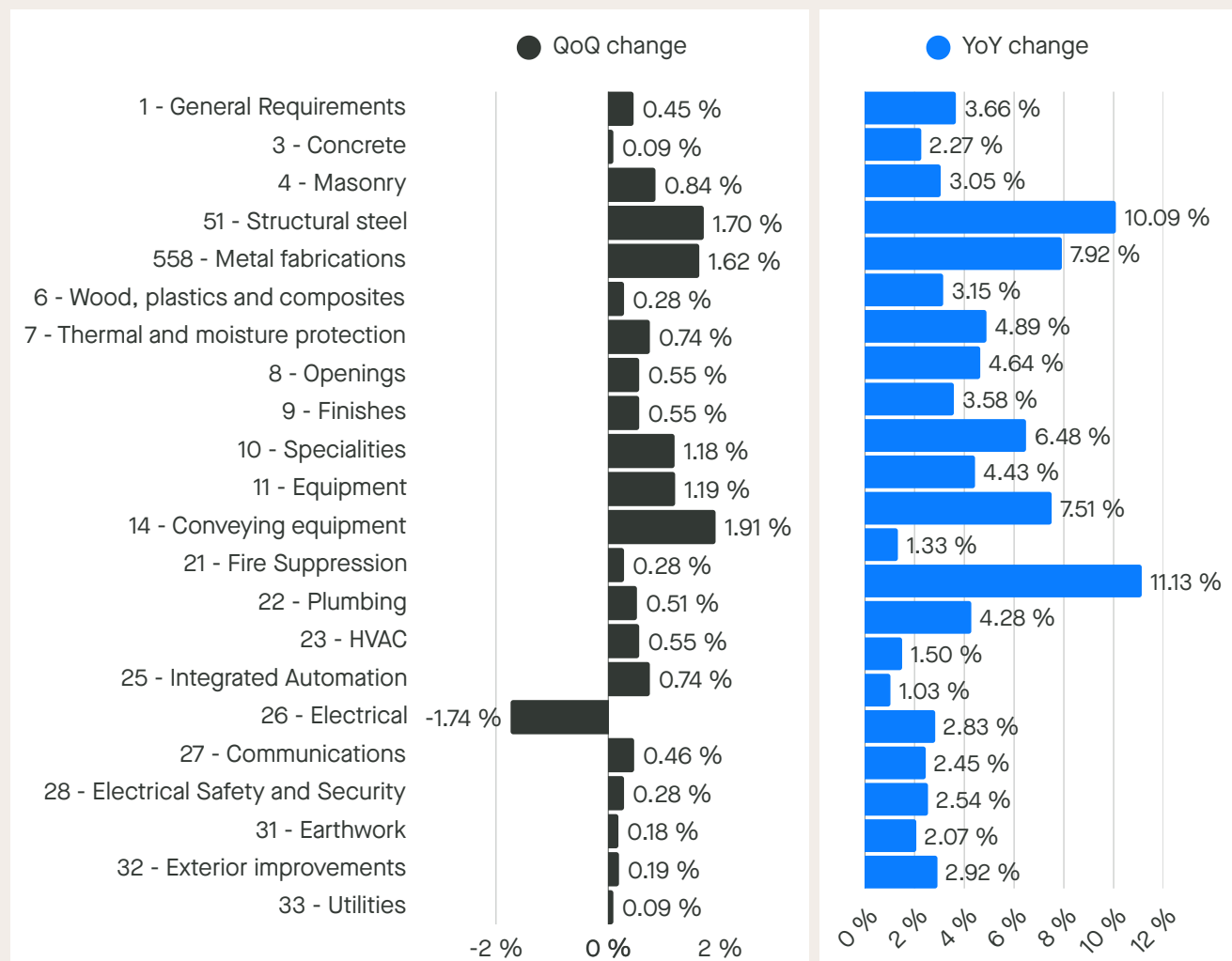
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



Non-residential buildings – Indices by division

In the fourth quarter, the strongest increases were concentrated in structural steel, metal fabrications, and conveying equipment. In contrast, electrical posted a decline, while most other categories showed more moderate movements.

On a year-over-year basis, the largest increases were recorded in **plumbing, structural steel, metal fabrications**, and conveying equipment. All categories continued to trend upward, while only a few, such as electrical and fire suppression, posted more limited growth.



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

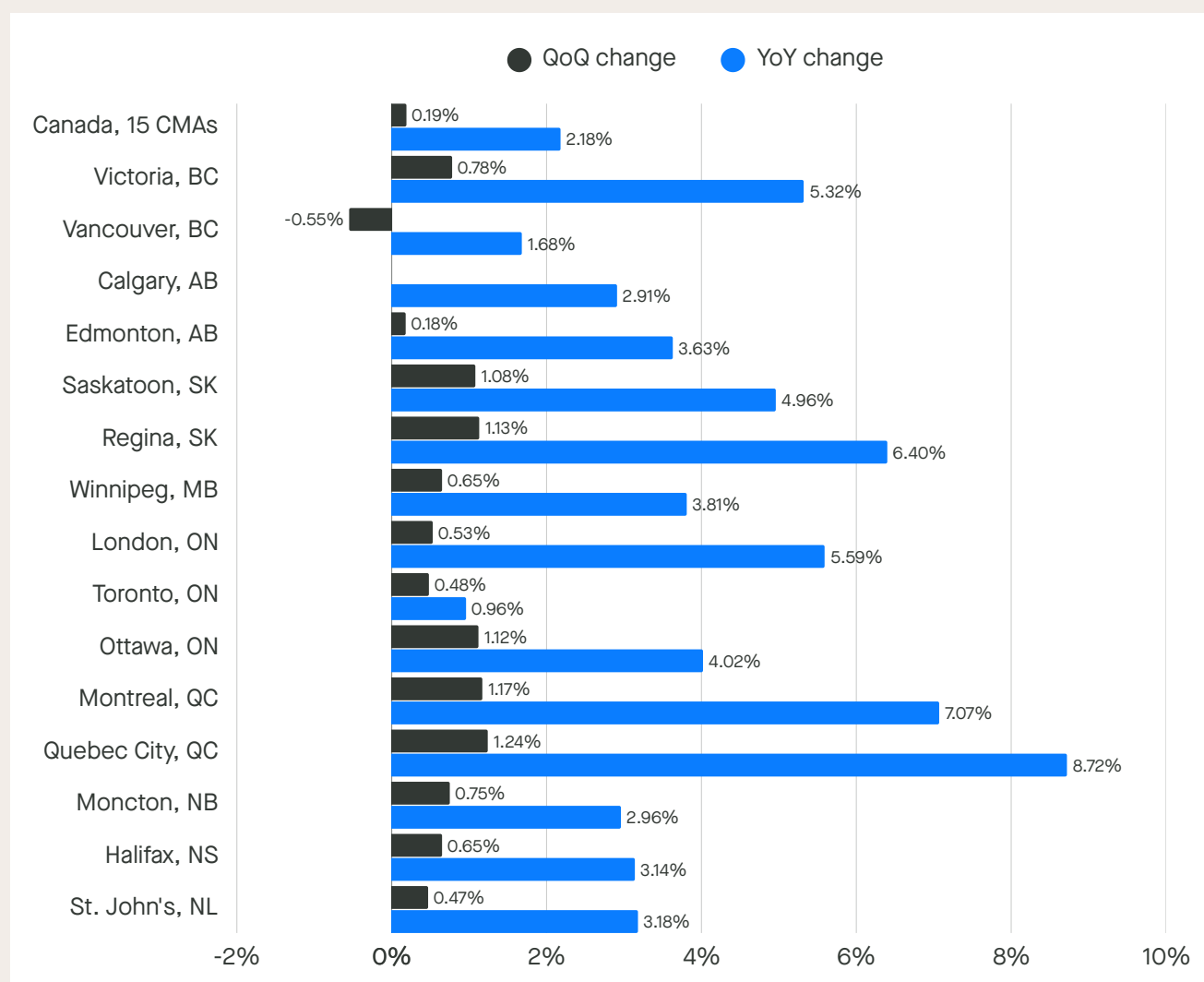
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-rise apartment – Composite Index

In the fourth quarter, national price growth remained moderate. The strongest increases were observed in the CMAs of Québec, Montréal, Regina, and Ottawa, while Vancouver recorded a decline and Calgary remained stable.

On a year-over-year basis, the rise was particularly pronounced in Québec, Montréal, Regina, and London. In contrast, Toronto stood out with a much weaker annual increase (0.96%), a result consistent with the slowdown in the region's new housing market.



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

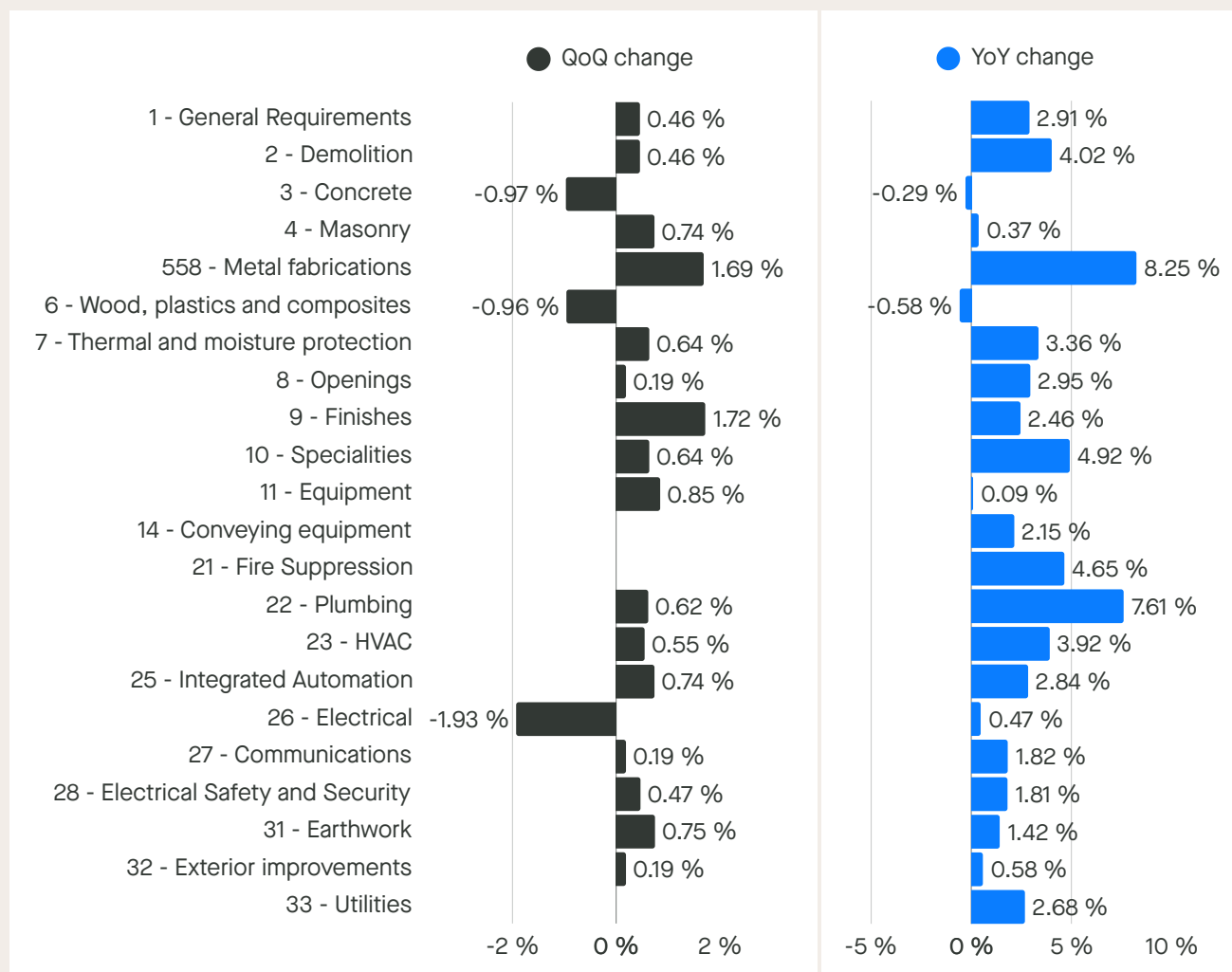
BUILDING CONSTRUCTION PRICE INDEX (BCPI)



High-Rise apartment – Indices by division

In the fourth quarter, the strongest increases were mainly seen in metal fabrications and finishes. In contrast, concrete, wood, plastics and composites, and electrical posted declines, while the other categories showed more moderate or stable movements.

On a year-over-year basis, the largest increases were recorded in **plumbing** and **metal fabrications**. Most categories continued to grow over the year, while a few, particularly concrete and wood, plastics and composites, showed declines instead.



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

Impact of the Collective Agreement in Québec

In 2025, twelve-month inflation in non-residential building construction in Québec, as measured by the Statistics Canada index, is estimated at 4.5%. For projects delivered through the traditional model (design-bid-build), excluding industrial, civil engineering, and collaborative delivery approaches, the new collective agreement contributes between 1.3% and 1.8%, representing a real but limited impact. We continue to monitor this closely.

Tariffs and Geopolitical Conflicts

The impact of customs tariffs and geopolitical tensions is beginning to affect the costs of certain materials. Preconstruction and project teams must monitor this closely in order to make informed decisions and minimize budget impacts on projects.

Building Permits

There was an increase in the most recent quarter, is this the start of a shift or simply a seasonal effect? Data from the next quarter will allow us to determine whether the trend is sustained.



ABOUT THE AUTHORS

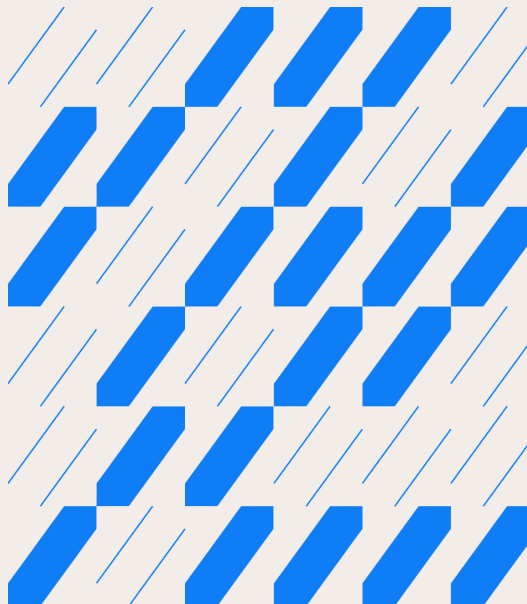


The Pomerleau Economic Radar is piloted by two leading experts in their field.

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. 



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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 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.

