



2025 Contractor Survey

CONTRACTORS' INSIGHTS ON THE
ICI CONSTRUCTION INDUSTRY

Contractor Confidence Remains Stable, But Risks are Emerging

As we entered 2025, contractors had a lot on their mind – a second term for President Donald Trump, a possible trade war with the US, a federal leadership campaign and a provincial election. All this noise raises political and economic uncertainty in addition to the day-to-day concerns and challenges of operating a construction company.

Given this environment, it is unsurprising that we see some cracks emerging in contractors' outlook for 2025 with an equal share of contractors expecting more work as those anticipating less. However, two-thirds of contractors are still positive about the future of Ontario's construction industry pointing to significant government investment and a large number of upcoming and current projects. The industry's resilience and adaptability will aid contractors as they navigate the adoption of new technologies, shifting demographics and an evolving political environment.

Key Highlights

Business confidence is high

67% 

say they are positive about the future of Ontario's construction industry

Mixed view on the 2025 work picture

25% **27%**
MORE **LESS**
WORK **WORK**

Skilled labour shortages

41% 

identify skilled labour shortages as a top concern

Costs still a concern but price escalation is easing (for now)

35% say material costs are a top concern, but contractors also note costs are stabilizing as inflation and interest rates drop.



Project cancellations up from 2024

43% 

say projects have been cancelled over the past year, an increase of 7%

Technology adoption is important

85% 

say adopting new tech is important to the future of their business

Supply chain pressures continue to ease

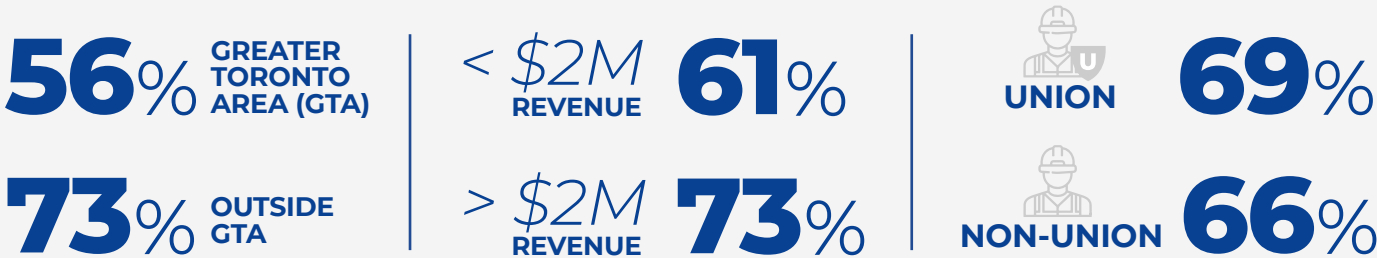
38% 

report supply chain disruptions, down from 58% in 2024

Construction Industry Sentiment Remains Positive

A clear majority of contractors (67%) have a positive outlook for the sector, unchanged from their sentiments in 2024. Larger firms (by revenue and employee size), union firms and contractors located outside of the Greater Toronto Area signal higher rates of positivity.

Positivity varies by location, company size and union status



Contractors point to government investment, a strong project pipeline, economic growth, skilled workforce, and technological advancements as key reasons for positivity

A significant factor contributing to the positive outlook is anticipated growth across various sectors of the construction industry. Specifically, contractors pointed to ongoing and planned infrastructure projects including roads, transit, and institutional sector facilities such as schools and hospitals. This ongoing federal and provincial investment in Ontario's infrastructure results in significant work opportunities for the construction industry.

Economic factors also play a crucial role in shaping contractors' perspectives. Ongoing reductions in interest rates are viewed as a potential catalyst for increased construction activity as is the stabilization of building material costs. This survey was conducted in January and many of the responses would pre-date the current discourse around tariffs and counter-tariffs. The economic and political uncertainty surrounding tariffs presents a significant downside risk to some contractors' outlook.

Technological advancements and the industry's adaptability are also noted as reasons for optimism. Contractors point to the increasing adoption of new technologies as well as sustainable practices such as electric vehicles and net-zero initiatives as sources of optimism to fuel future growth.

Finally, respondents praised the **quality of the workforce and apprenticeship** programs as a sign of creating a resilient and strong sector.

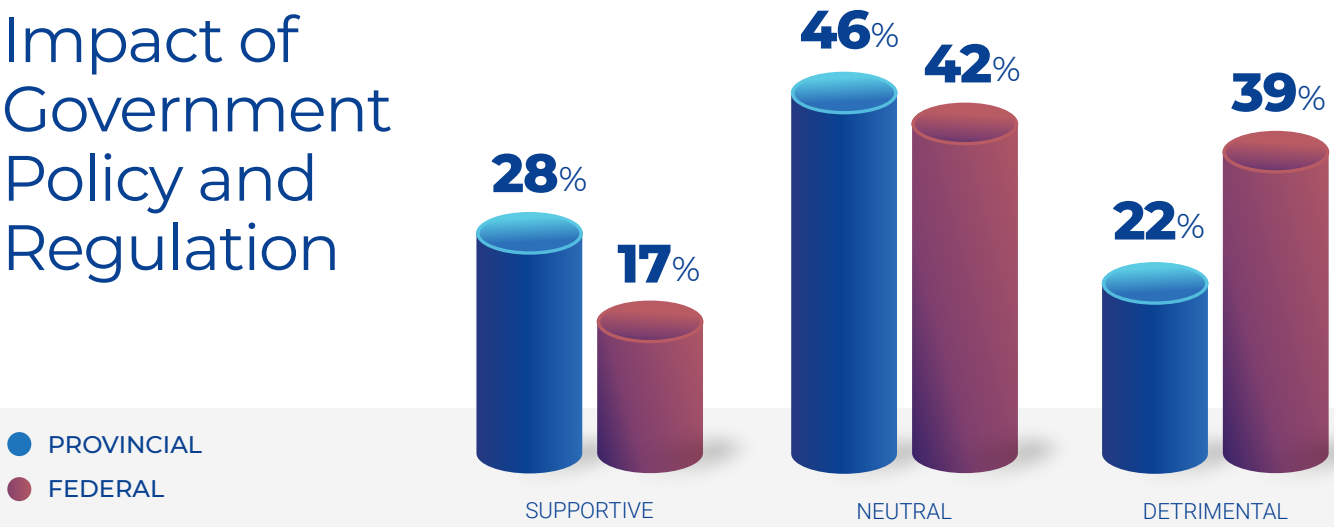


KEY TAKEAWAY

Ongoing federal and provincial investment in Ontario's infrastructure results in significant work opportunities for the construction industry.

Most contractors view the impact of government policy and regulations on the construction industry as neutral. However, close to one-third of contractors feel that the provincial government is supportive to the Ontario construction industry.

Impact of Government Policy and Regulation



Q Thinking about the current provincial and federal government's overall political, regulatory and policy approach, how would you describe the impact on Ontario's construction industry? Would you say it's generally supportive, neutral, or detrimental?

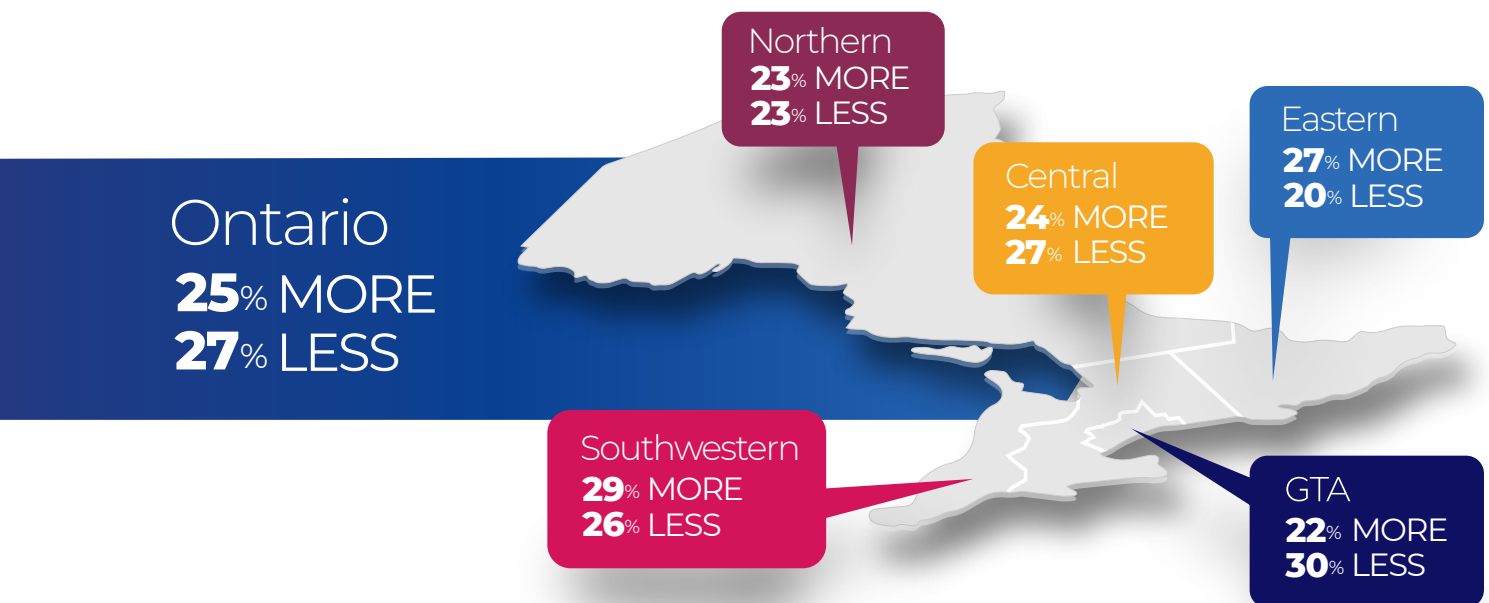


Contractors' Business Expectations Appear Stable Across All Regions ... But Uncertainty Creeping In

Expected growth in business volume for 2025 is generally similar across the province with an average of 25% of contractors expecting to do more work in 2025 compared to 2024. This is in line with what contractors told us this time last year. On the flipside, we continue to see a climb in the share of contractors expecting less work with 27% of contractors predicting lower volumes in 2025. The change in expectations speaks, in part, to changes in project schedules and timing but also to the uncertainty contractors are facing given the current political and economic environment.

Regionally, contractors in Southwestern and Eastern Ontario are more optimistic than the provincial average with 29% and 27% respectively expecting more work in 2025. Contractors in Central Ontario mirror the provincial average, while contractors in the Greater Toronto Area are the least optimistic for continued growth in 2025. Only 22% of GTA contractors anticipate more work and one-third expect less. Northern Ontario contractors are also slightly below the provincial average, with an equal share (23%) of contractors expecting higher business volume as those expecting less.

Business volume expectations for 2025



Q Looking forward, how much business do you expect to conduct in 2025 compared to last year, on a 5-point scale where 5 means that 2025 will have much more business than 2024 and 1 meaning much less?

"Our business has experienced steady growth to maintain business levels. We've found prices have regulated in many areas where they were previously increasing, and the labour market has been steady"

- Survey Respondent

"With ICI work there never seems to be a shortage of work specifically with schools and universities"

- Survey Respondent

"The cost of materials is skyrocketing. Insurance premiums, material costs are going up. Increased competition driving the prices down. Very small margins."

- Survey Respondent

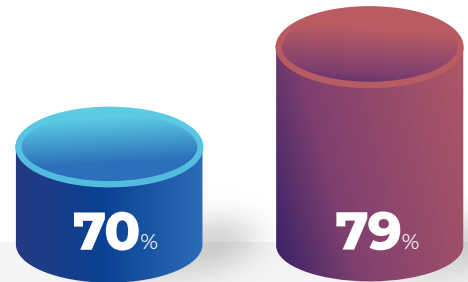
"The potential US tariffs could be problematic. I believe tariffs will impact the price of steel which will hinder new construction."

- Survey Respondent

Revenue and Employment Growth Mirror Business Volume Optimism

Overall, revenue expectations remain strong which is consistent with the majority who have a neutral or positive outlook for work volumes. This year, revenue expectations signal stable to growing revenues for nearly 8 out of 10 contractors, a modest improvement from 2024 when 7 out of 10 contractors noted stable to improving revenues.

8 in 10 contractors noted stable to improving revenues for 2025



2024

2025

Share of contractors with stable to growing revenue expectations

Q Thinking of your anticipated annual revenue for 2024, was it higher, lower, or about the same compared to 2023?

Q Looking forward to 2025, do you expect your firm's annual revenue to be higher, lower, or about the same compared to 2024?

From an employment perspective, 28% of contractors expect to employ more workers in 2025. Although, hiring expectations are modestly softer than those at this time last year, almost three times as many contractors expect their number of employees to increase compared to those who expect a decrease.

These results, coupled with the findings about business volume expectations and the positive outlook lend support to the commentary about an abundance of work on the way. Yet, despite the positive outlook, contractors continue to grapple with longstanding challenges in the industry and must adapt to the changing economic forces and uncertainty.

Hiring Expectations of Contractors

Almost three times as many contractors expect their number of employees to increase compared to those who expect a decrease.



Increase

Decrease

Q Looking forward to 2025, do you expect the number of employees in your firm to increase, decrease, or stay the same? [all staff including onsite skilled labour and salaried office staff]

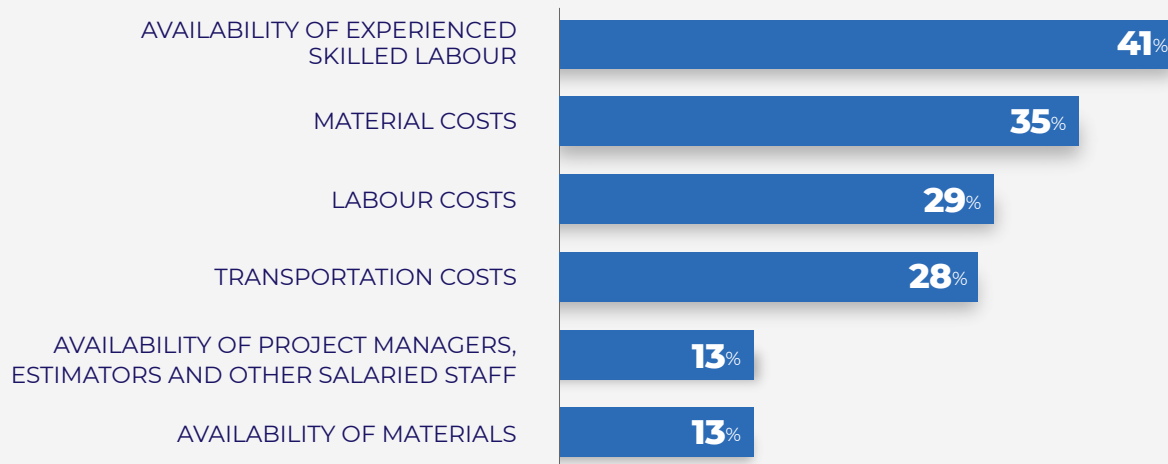
Contractors' Top Concerns Focus on Material Costs and Labour Supply

Each year we ask contractors to rate a series of potential concerns on a 5-point scale. Material costs and the availability of labour dominated contractors' concerns as they headed into 2025.

In comparison to 2024, we saw contractors' concern about labour supply decline modestly (down from 48% to 41%) while material cost concerns have heightened (28% to 35%).

These concerns are consistent given the economic context over the last couple of years. Higher interest rates gradually put the brakes on inflation but also dampened economic growth. Slack in the economy manifested in lower job vacancy rates and effectively cooled the demand for labour. On the other hand, material costs remained high and inflation for building construction materials has not come down nearly as much as the headline inflation rate.

Top Concerns (% of contractors assigning highest score)



Q Thinking of the challenges that your firm may be facing in the next year, how much of a concern are the following on a 5-point scale, where 5 means a major concern, and 1 means not a concern at all?



"I believe the apprenticeship program is positive as they have criteria that participants must follow which creates a safe environment for all."

- Survey Respondent

Labour Supply Remains a Challenge

Although contractors expect to hire more workers in 2025, 58% expect difficulty in accessing experienced skill labour. This trend persists in each region of the province and is similar to what was reported in 2024. A much smaller share of contractors (32%) expects to have difficulty in accessing salaried staff such as project managers, estimators and other office staff.

Percentage of contractors expecting access to labour to be more difficult in 2025



58% Experienced Skilled Labour



32% Salaried Staff

Q Looking forward to 2025, do you expect that accessing experienced skilled labour/salaried staff will become more difficult, less difficult, or the stay the same compared to 2024?

Rising costs, project delays, and using less qualified labour are direct outcomes of skilled labour shortages

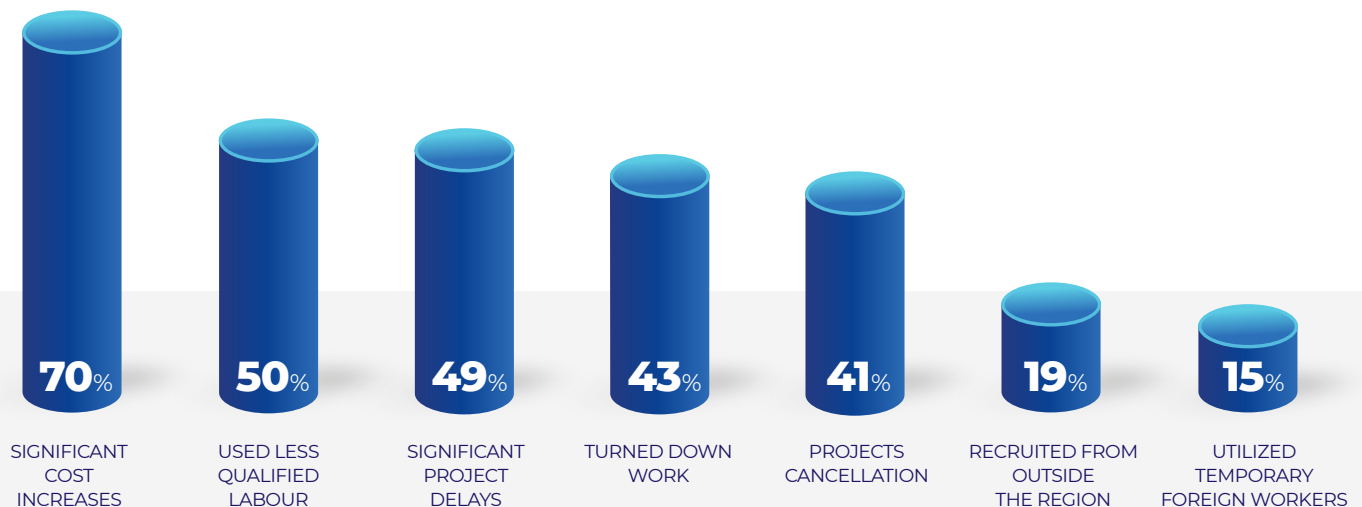
Labour market shortages have a significant impact on project costs and project timelines. Contractors point to rising costs (70%), using less qualified labour (50%), and project delays (49%) as direct results of labour market challenges.

Comparing 2025 responses with those from last year, we observe that skilled labour shortages are linked to an uptick in project cancellations in 2025 (34% from 41%) as well as an increase in the use of temporary foreign workers (11% from 15%).

Apprentice Utilization

64% of contractors employ apprentices (up from 58% in 2024). Union contractors continue to be the backbone of Ontario's apprenticeship system with 80% of union contractors hiring apprentices, compared to the 56% for non-union contractors. In general, larger contractors are more likely to support apprenticeship programs.

Impacts of Skilled Labour Shortages



Q The following is a list of potential consequences of skilled labour shortages. Has your firm experienced any of the following?

High Costs, Projects Lost

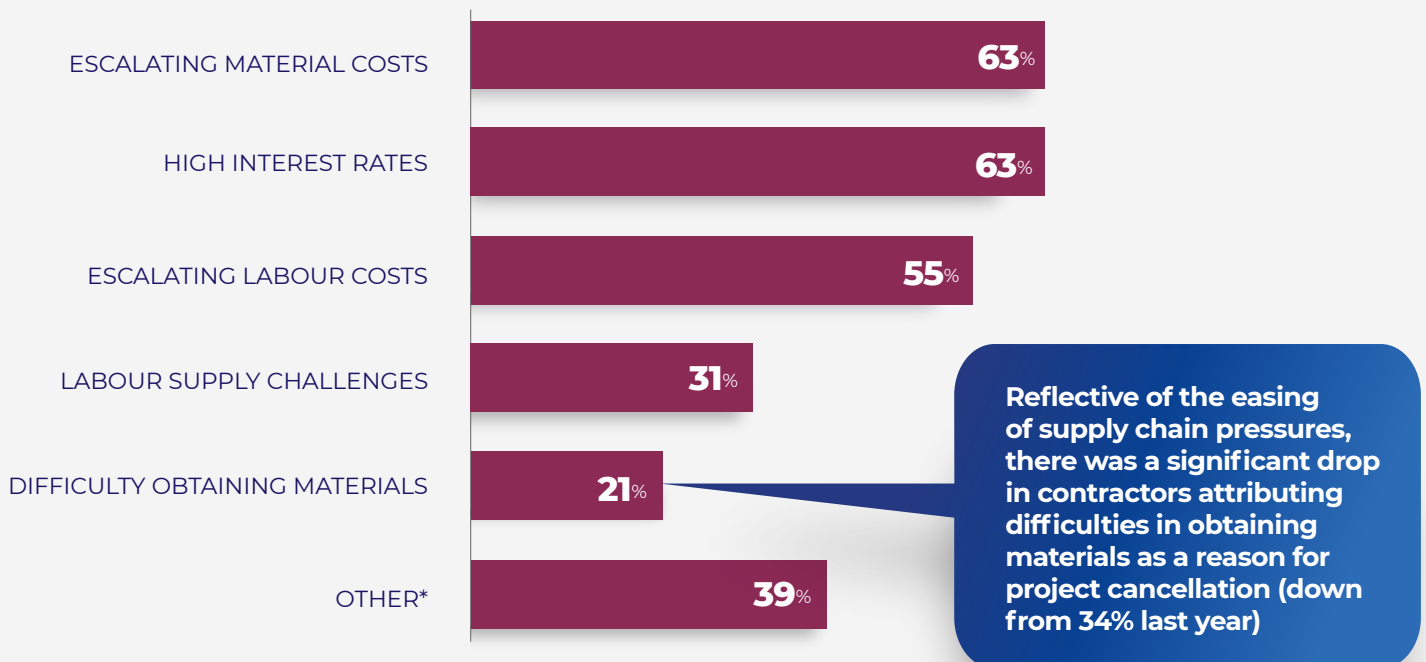
Given the sheer volume of construction activity each year in Ontario, it is expected that some projects will be postponed or cancelled outright. In 2025, the proportion of contractors experiencing project cancellations has risen compared to the 2024 survey. The most commonly cited reason for project cancellation revolved around escalating material costs.

43% of contractors have had projects cancelled by the owner (up 7 points from last year)

54% of contractors have had projects postponed by the owner (stable over the past three years)

Q Have any of your projects scheduled to start in 2024 or 2025 been cancelled by the owner?

Reasons for Project Cancellations



Q Which of the following were reasons for the project cancellations?

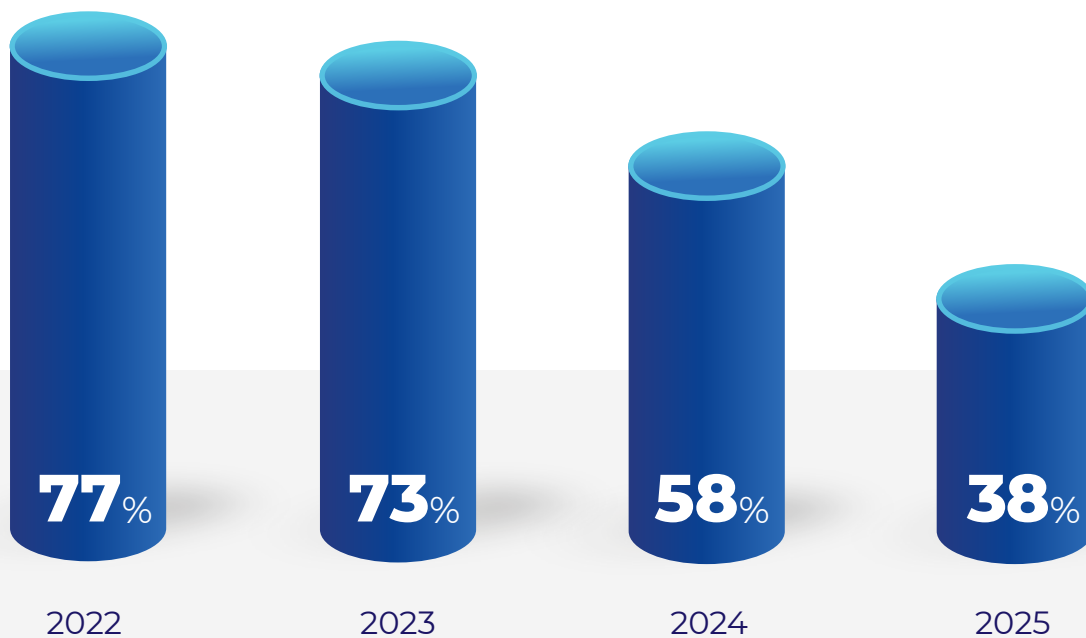
*Other reasons mentioned include financial constraints/financing, market/economic conditions, planning/regulatory, scheduling/logistics, changes in project scope/decision-making, external competitive pressures

Supply Chain Pressures Ease Once Again...

Contractors continue to note an easing in supply chain disruptions. Over the past four years, contractors experiencing supply chain disruptions declined from 77% (in 2022) to 38% (in 2025).

However, the looming threat of tariffs and a trade war could cause major disruptions for supply chains and put this concern back on the radar. Disruptive political or economic events and supply chain snarls go hand-in-hand. Fortunately, over the past few years contractors have gained experience in managing supply chain disruptions and these strategies may help respond to or off-set supply chain disruptions.

Percentage of Contractors Reporting Supply Chain Disruptions



Q Has your firm experienced significant supply chain disruptions in the past year?



Supply Chain Best Practices

- Seek alternative suppliers
- Accelerate material purchases
- Specify alternate materials/products in contracts
- Stock-pile materials

Technology Adoption and Barriers

While few contractors have a dedicated budget for technology, more than 8 in 10 (85%) say the adoption of new technology is important to the future of their business (unchanged from 2024). They are motivated by increased productivity, client needs, and cost reduction.

Barriers to adoption remain unchanged, with cost and budget constraints cited by one-third of contractors and one in five pointing to concerns about the return-on-investment (ROI) and the need to enhance training.



8 in 10 (85%) say the adoption of new technology is important to the future of their business (unchanged from 2024).

Q How important is the adoption of new technologies to the future of your business?

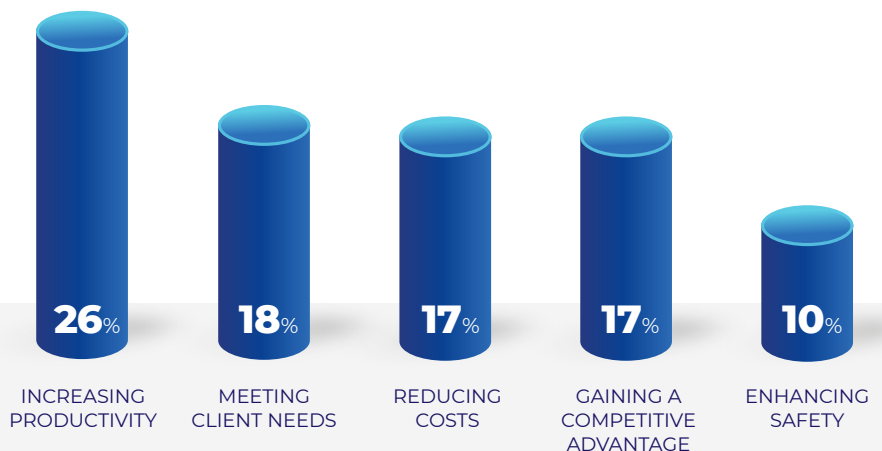
14% of contractors budget for technology

The share of contractors with a dedicated budget for technology has remained the same since our first technology survey in 2018.



Key Motivators for Adopting New Tech

Q Which of the following factors is the most significant motivator to your business when it comes to adopting new technologies?



Top Barriers to Adopting New Tech

Q Which of the following is the most significant barrier to your business when it comes to adopting new technologies?



Which Technologies are Most Popular?

Over the past year, there has been very little change in the adoption trends of various technologies by contractors. Of note, is an uptick in the use of advanced building material (41% of contractors vs 35% in 2024) and artificial intelligence (AI). Although the share of contractors utilizing AI is still low, we saw a jump from 11% in 2024 to 18% this year. Looking forward, 21% of contractors anticipate using AI in the next 5 years.

Top technologies used by contractors*

* 30% – 50% of contractors indicated they used these technologies.



JOBSITE DATA
COLLECTION APPS



BIM / PROJECT
MANAGEMENT
SOFTWARE



ADVANCED
BUILDING
MATERIALS

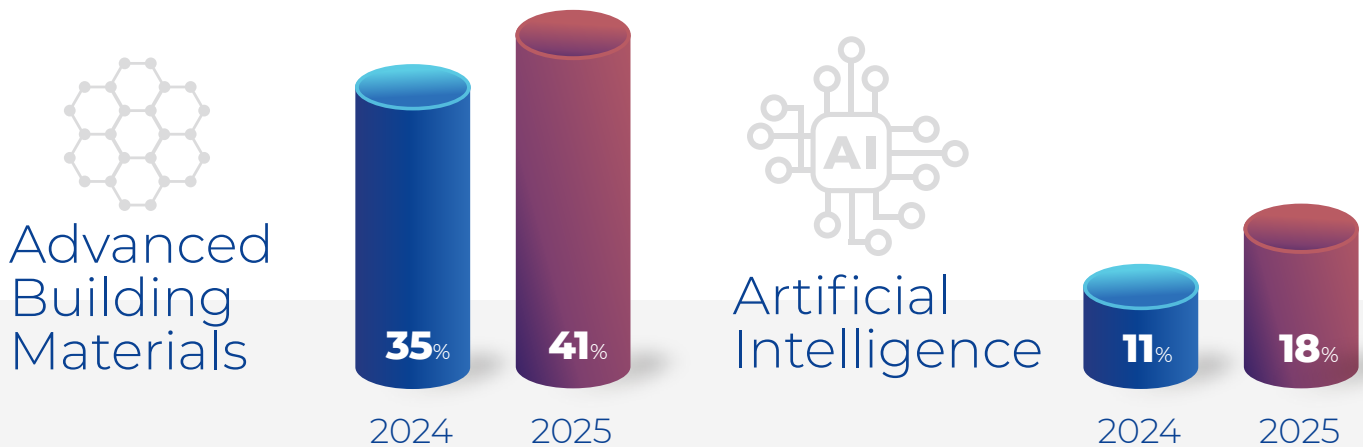


SMART SENSORS /
REMOTE
MONITORING



PREFAB /
MODULAR BUILDING
COMPONENTS

Two technologies showed stronger uptake in 2025



One in five contractors anticipate using AI in the next five years

Artificial Intelligence in Construction Still in its Infancy

Artificial Intelligence has exploded over the past couple of years. We asked contractors to assess their likelihood of adopting various AI tools over the next five years and found that a large majority of contractors do not yet plan to add these tools to their toolbox. As with the adoption of any new technologies, the largest firms will lead the way.

Generative Design

AI that generates a wide range of design options based on specified inputs, such as material types, building codes, energy efficiency requirements, or structural load constraints.

18% Very/Somewhat
Likely to Adopt

Predictive Analytics

This project management tool assists contractors by predicting project timelines, costs, and risks based on historical data. By analyzing past projects and data on labour, materials, weather, or market conditions, contractors have better insights for planning.

22% Very/Somewhat
Likely to Adopt

AI-Driven Robotics and Automation

This AI-driven tool helps transform tasks such as bricklaying, welding and 3D printing of concrete structures.

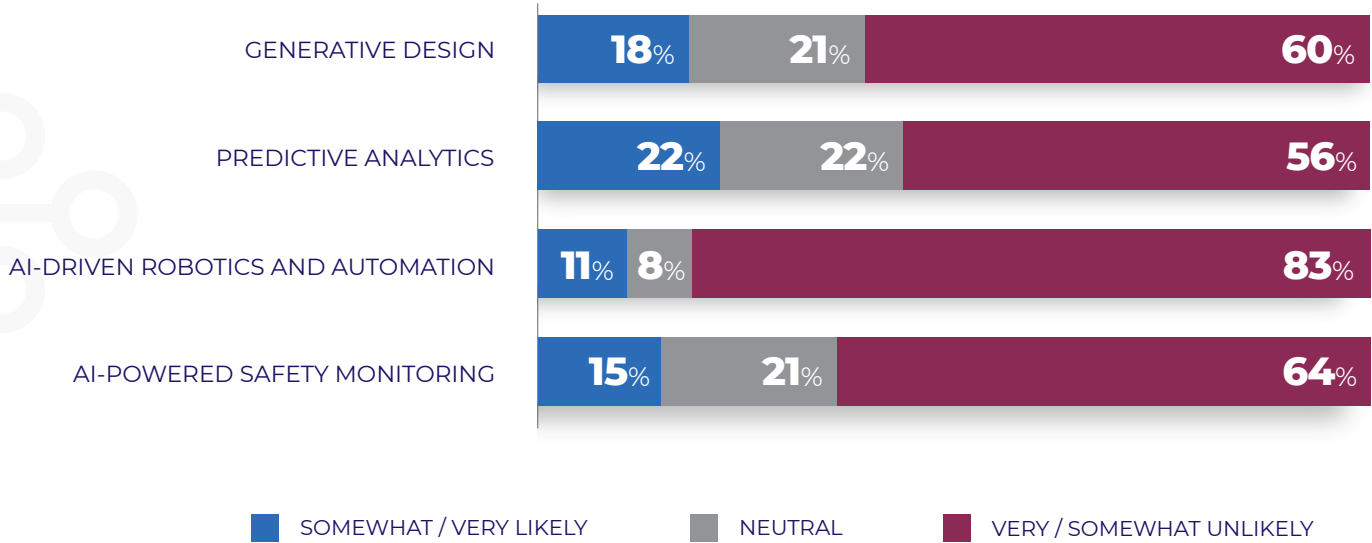
11% Very/Somewhat
Likely to Adopt

AI-Powered Safety Monitoring

This tool is aimed at improving safety through real-time site monitoring and predictive analytics. Using data from cameras, drones, wearables, or Internet of Things (IoT) sensors, AI systems can detect potential hazards or unsafe behaviors and alert workers or supervisors immediately.

15% Very/Somewhat
Likely to Adopt

AI Adoption Propensity



Q Thinking more specifically about examples of Artificial Intelligence or machine learning applications in the construction industry, how likely is it your firm will use each of the following new technologies in the next 5 years? Please rate each on a 5-point scale where 5 means very likely, and 1, very unlikely?



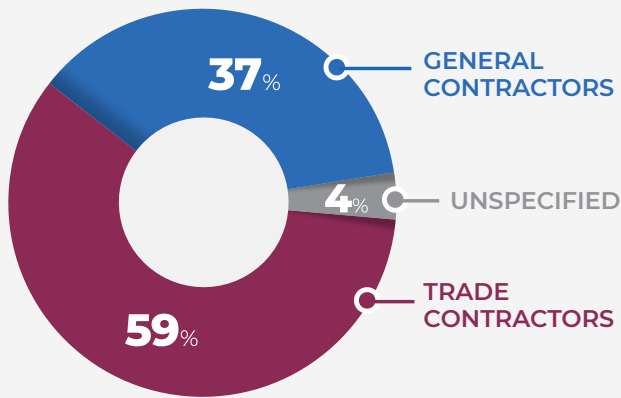
KEY TAKEAWAY
 As with the adoption of any new technologies, the largest firms will lead the way.

Methodology

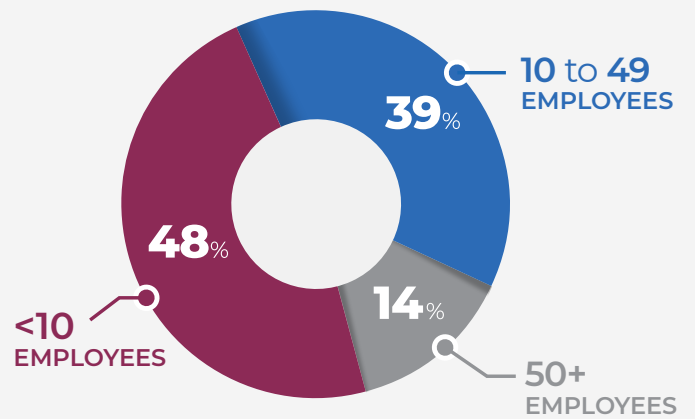
In January 2025, the Ontario Construction Secretariat partnered with Crunch Research to survey 400 construction industry leaders working primarily in the Industrial, Commercial, Institutional (ICI) sector of Ontario's construction industry. Questions focused on market conditions, expectations for work, skilled labour market, top challenges and technology adoption. The margin of error for the sample of 400 interviews is +/- 5%, nineteen times out of twenty (95% confidence level). The margin of error for sub-sections (regions or size) is larger depending on the sample size. Caution was taken in interpreting sub-section data.

Profile

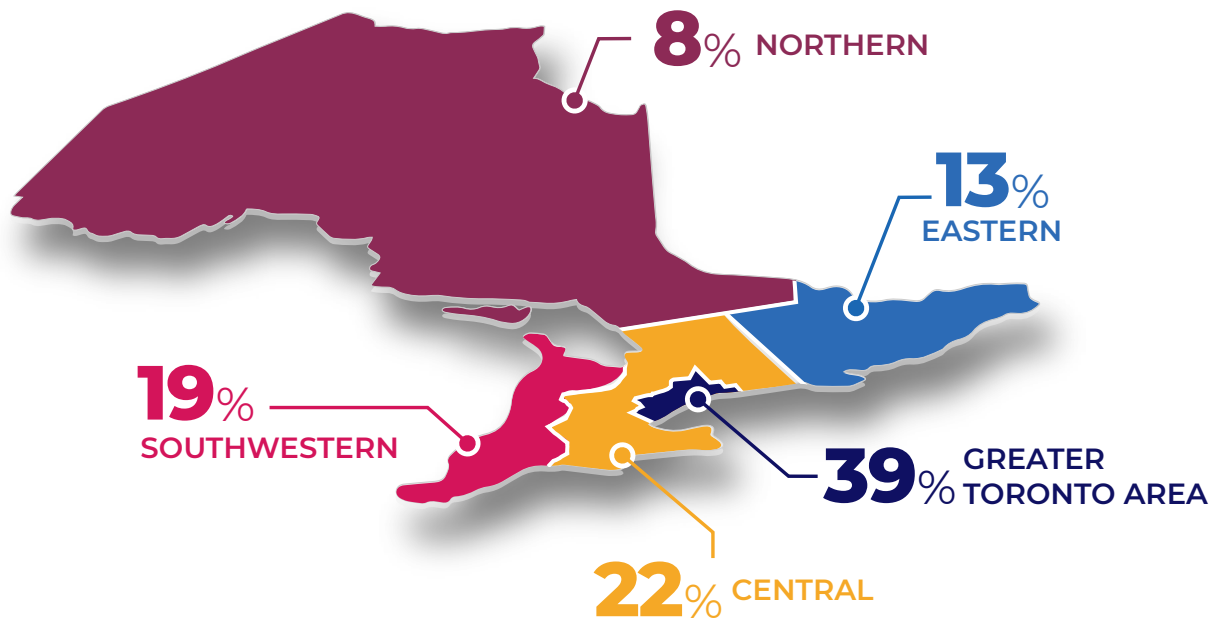
Nature of Firm



Company Size



Regional Breakdown



Notes

The Ontario Construction Secretariat (OCS) represents the collective interests of the unionized construction industry in Ontario’s industrial, commercial and institutional construction sector. A joint labour-management organization, OCS is dedicated to inspiring industry leaders to work as partners to strengthen labour-management relationships, build industry knowledge and awareness, and promote the building trade union advantage. Our stakeholders include the twenty-five unionized construction trades and their contractor partners. Learn more about OCS and our research at [iciconstruction.com](https://www.iciconstruction.com).





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KNOWLEDGE TO BUILD ON