

Ontario Highlights

An Assessment of Construction
Labour Markets from 2025 to 2029

OCS 25th Annual State of the Industry & Outlook Conference
March 6th, 2025

Ontario Outlook - Highlights



Investment and employment pulled in 2024 pulled back in 2024 as a contraction in residential offset gains in non-residential.

Residential investment has trended down since reaching a recent peak in 2021 and continues to be constrained by affordability concerns, elevated interest rates and, in the Greater Toronto Area, excess supply among high-rise apartment buildings.

Investment and labour demand slow in 2025 and not expected to return to growth until 2026 and then projected rise slowly across the forecast period. Pent-up demand, easing interest rates, and a growing population will help drive market gains.

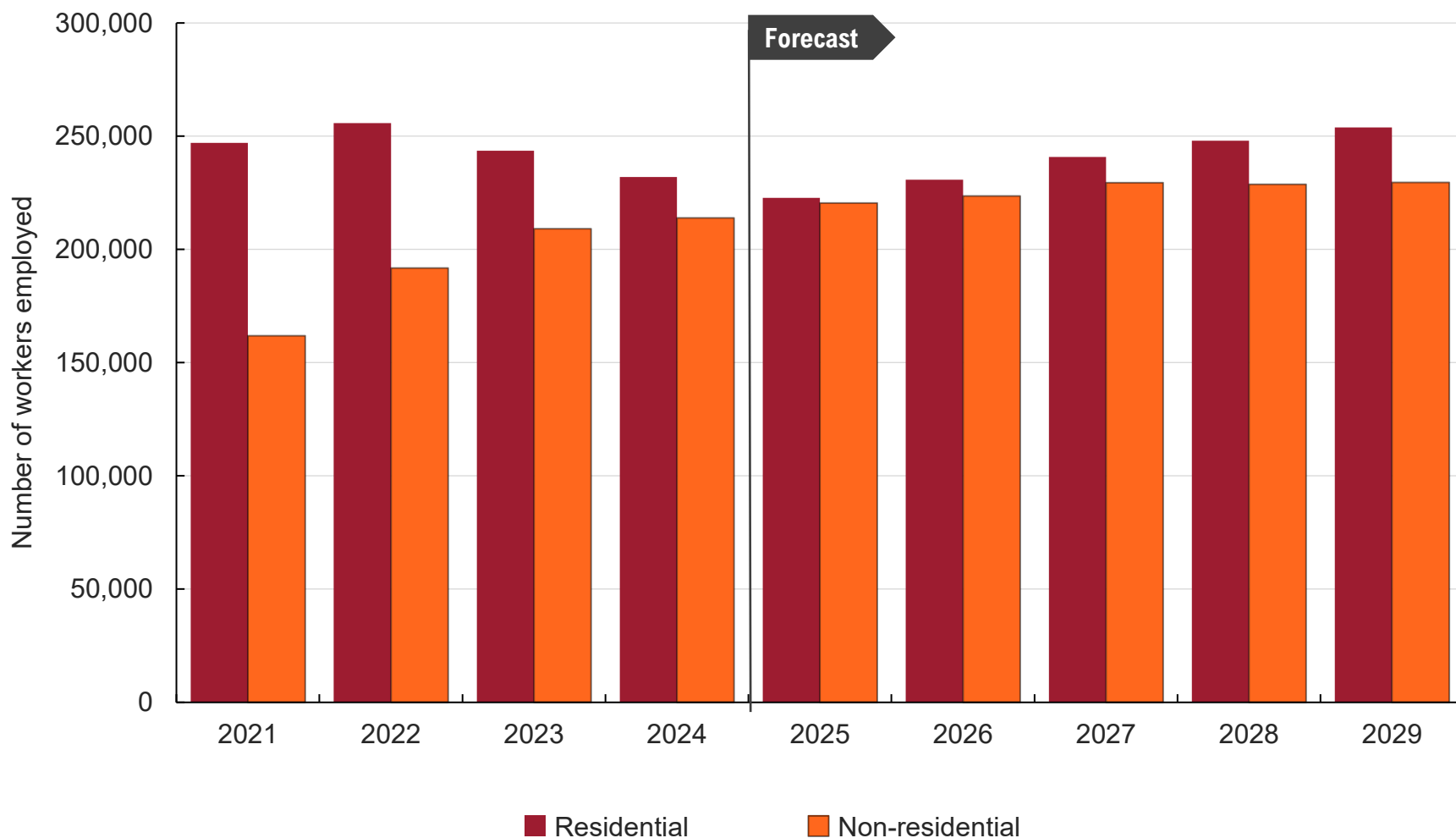
Non-residential investment has been trending up since 2016, and continues to see growth that is supported by a series of industrial, commercial, and institutional buildings driven by major healthcare, education, other institutional, and industrial projects. Engineering construction driven by transit, nuclear refurbishments and other utilities.

Investment levels are projected to peak in 2027 as new major projects are added to those currently underway and then mostly sustained to 2030.

Construction investment and employment outlook was developed prior the increased trade tensions between Canada and the US that could have a significant impact on construction and the overall economy – potential risk of project delays, put on hold, or cancellations.

Construction employment, Ontario

Total direct trades and occupations only**



Residential construction

- Residential construction contracted by 9% between 2022 and 2024. Losses were greatest in new housing employment.
- Employment falls again in 2025 and recovery is expected to begin in 2026 that is projected to carry employment higher across the period.

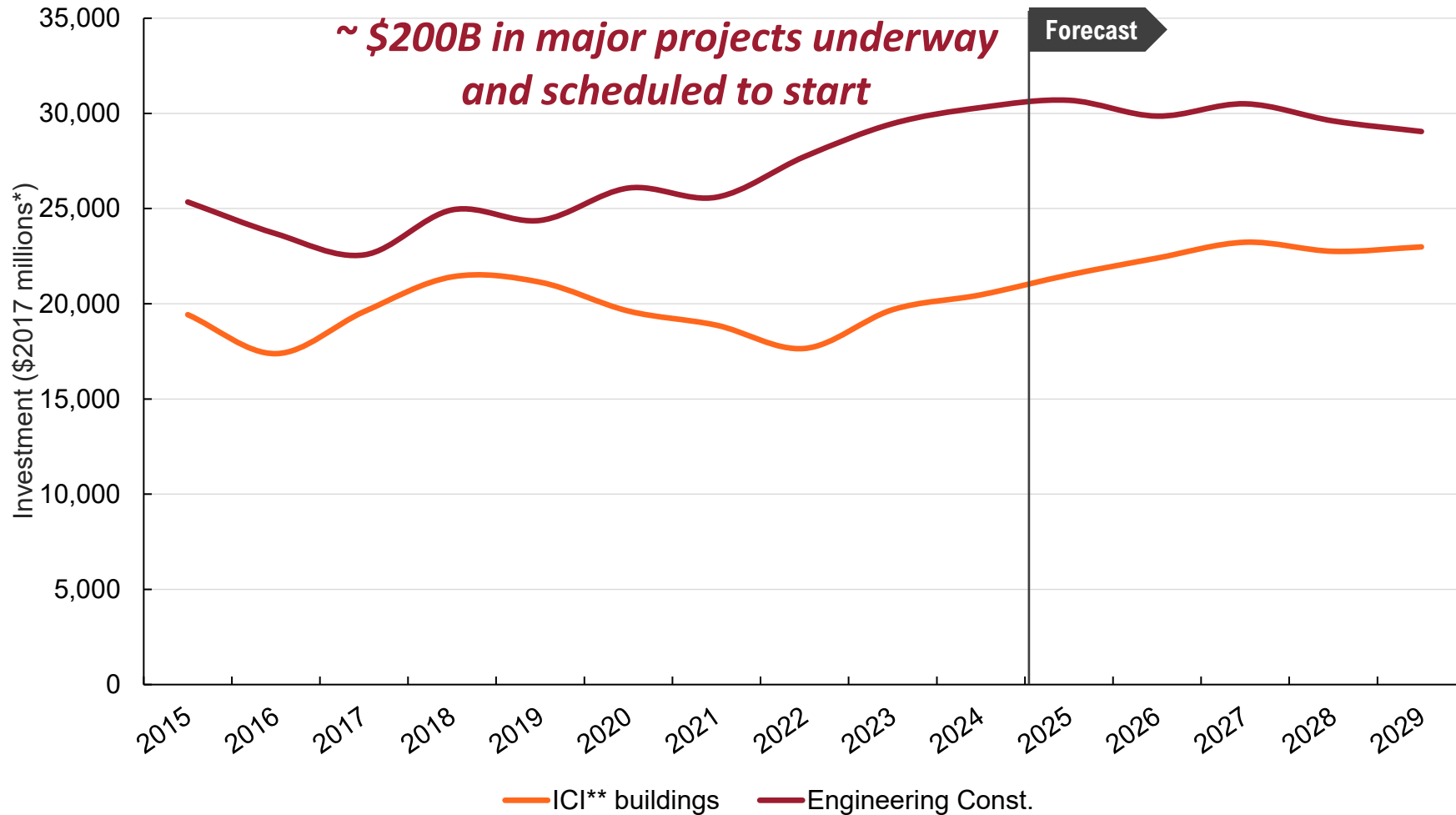
Non-residential

- Employment was up 30% between 2021 and 2023 and increased again in 2024 up 2% driven by a large volume of ICI buildings and engineering construction projects across the province.
- Employment is projected to rise moderately into 2027 with ongoing. Even as some projects end, new investment helps sustain employment across the forecast period.

** Total direct trades and occupations excludes individuals employed within the construction sector in office administration and management positions.

Source: Statistics Canada, BuildForce Canada (2025-2029)

Non-residential construction investment Ontario



* **\$2017 millions** indicates that the investment values are in year 2017 dollars (base year), that is, adjusted for inflation. This is used to calculate the real physical year-to-year change of the value of construction, factoring out growth (increase in value) due to increases in prices.

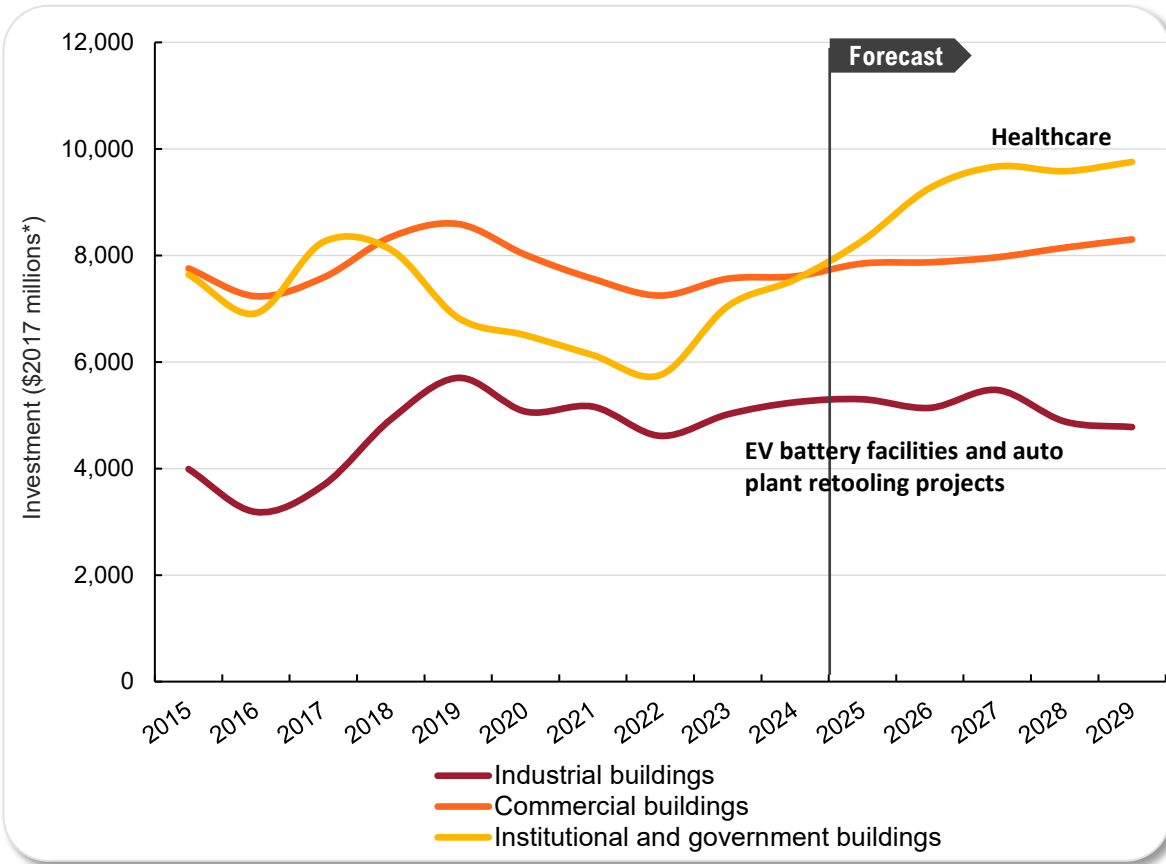
** Industrial, commercial, institutional

Source: Statistics Canada, BuildForce Canada (2025-2029)

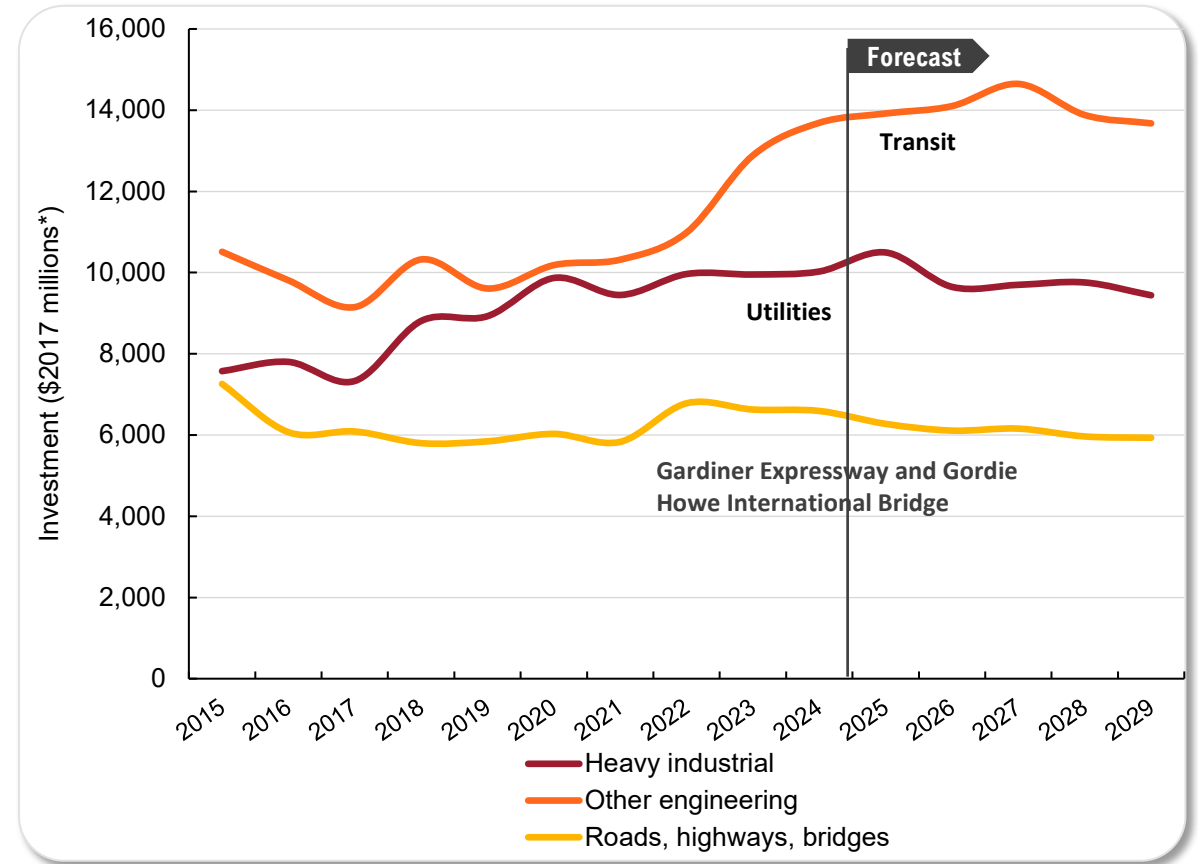
- Engineering construction is expected to dominate the non-residential construction driven by
 - \$48B - transit projects in the Greater Toronto Area (GTA), Central, and Eastern regions,
 - \$35B - power generation including nuclear refurbishment projects in the GTA and Southwest regions, small modular reactor in the GTA
 - \$5B - mining projects Northern ON
 - \$8B - water and wastewater projects across the province
 - \$7B - roads, highways and bridges
 - Many of these projects reach peak activity in 2027 causing investment to recede into 2030.
- ICI buildings driven by
 - \$30B - healthcare
 - \$14B - other institutional buildings
 - \$30B - industrial buildings with largest demands driven by auto retooling and EV battery facilities
- **Tracked not in outlook scenario pending additional information and FID:**
 - OPG's additional SMRs, OPG Pickering Nuclear Refurbishment, CNL Chalk River SMR, Bruce Power New Nuclear, Meaford Pump Storage Hydroelectric Facility (TC Energy)
 - Battery Energy Storage Systems (BESS) \$21B
 - Mining, tracking \$20B
 - High-speed rail (ON-QC), 401 Tunnel

Non-residential investment Ontario

ICI Buildings: Ontario



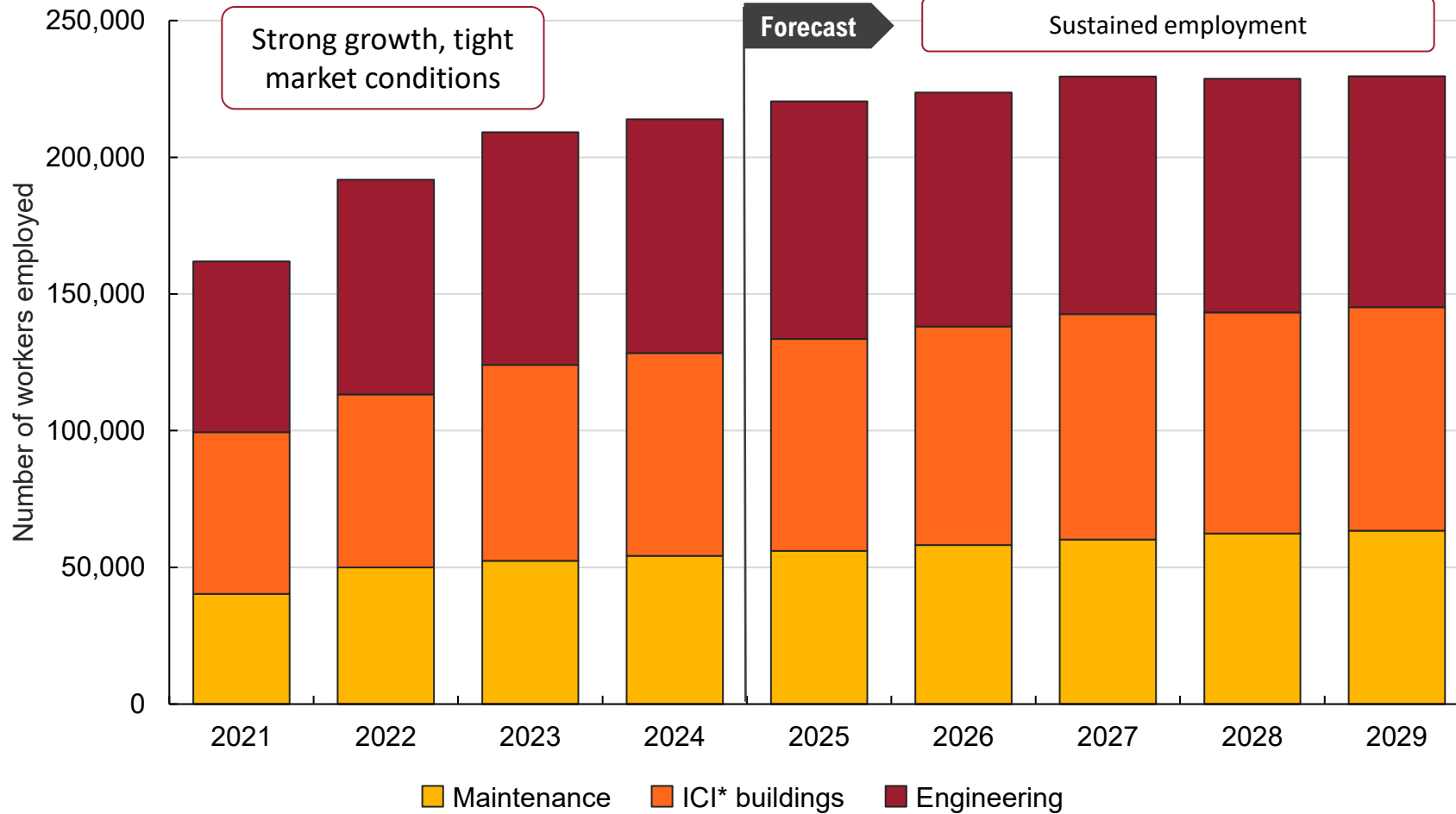
Engineering Construction: Ontario



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Non-residential employment, Ontario

Total direct trades and occupations only**



Market conditions:

- Tight conditions prevailed across most regions in 2022 and 2023 but there were signs of some easing as employment gains were more moderate in 2024.
- 2025 and 2026 will be mixed with pockets of tight markets for some trades / regions depending on how major projects staking up; high demands expected in the GTA.
- Given the volume of projects, any significant projects delays could cause projects to shift and stack up.

* Industrial, commercial, institutional

** Total direct trades and occupations excludes individuals employed within the construction sector in office administration and management positions.

Uncertainty looms large...

- Significant downside risk to overall economic growth and construction investment.
- Reduced exports and potential production cuts (across many sectors – steel, aluminum, automotive, forestry, seafood, crude oil and natural gas, etc.), job losses, downward pressure on Cdn \$
- Heavy burden on consumer and business confidence and the ripple effect on investment
- Increased material and equipment costs, supply chain disruptions (diversifying suppliers takes time, logistics, quality controls)
- Some owners / developers putting planned projects on hold or cancel; ‘wait and see’ approach which was happening even with just the threat of tariffs



U.S. and Canadian Trade War

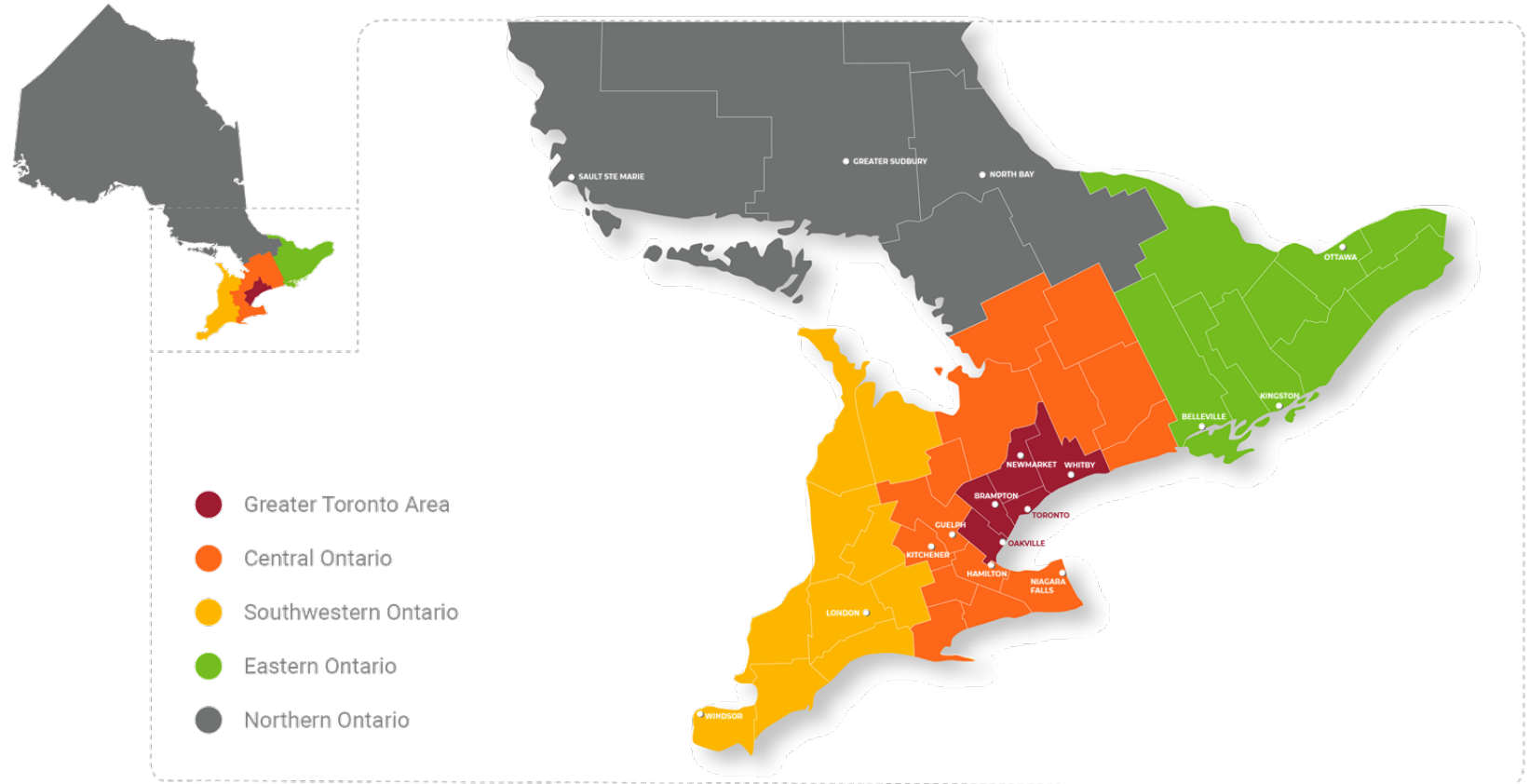
Regional Outlook

- Investment
- Labour markets

Regional Ontario

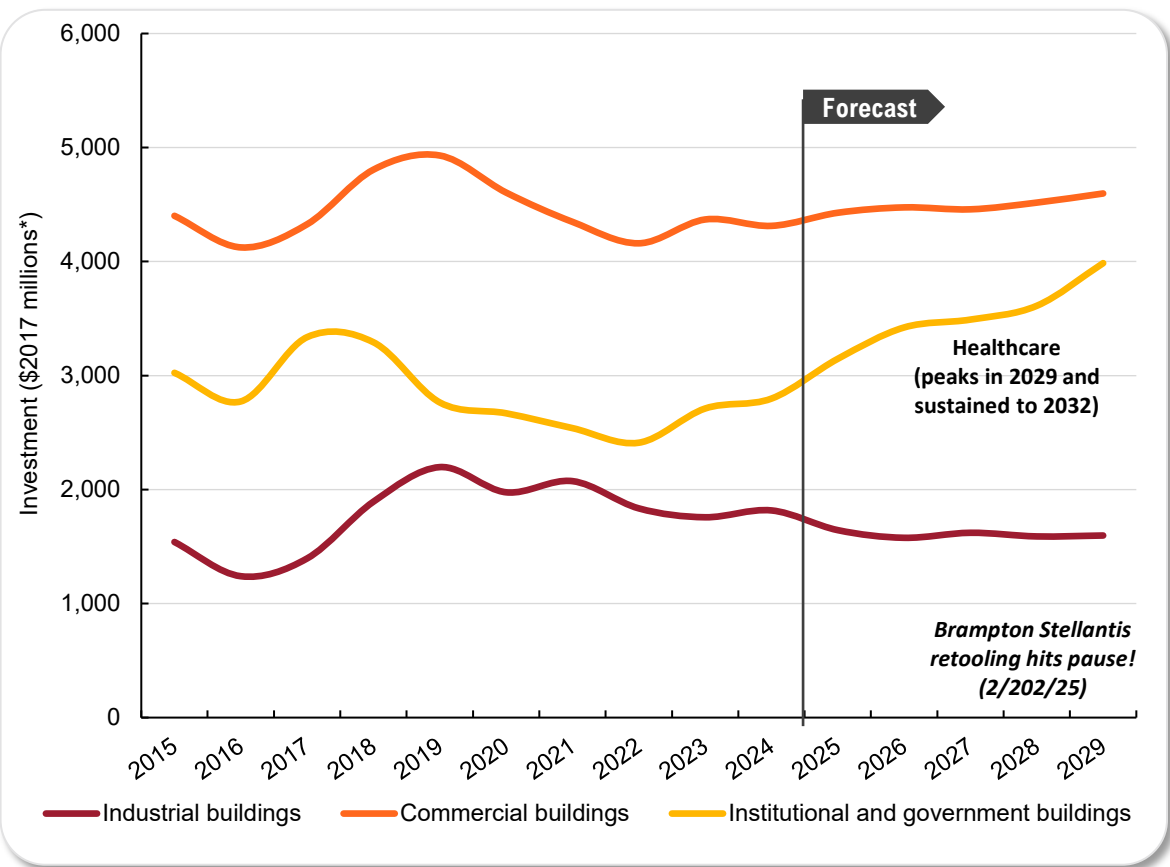
- Due to the large size and diversity of the Ontario construction market, the BuildForce model assesses Ontario as five separate construction markets:
 - Greater Toronto Area
 - Central
 - Southwestern
 - Eastern, and
 - Northern
- ***Interregional mobility may be limited, as elevated levels of demand are projected to exist in most regional markets across the province.***

Ontario

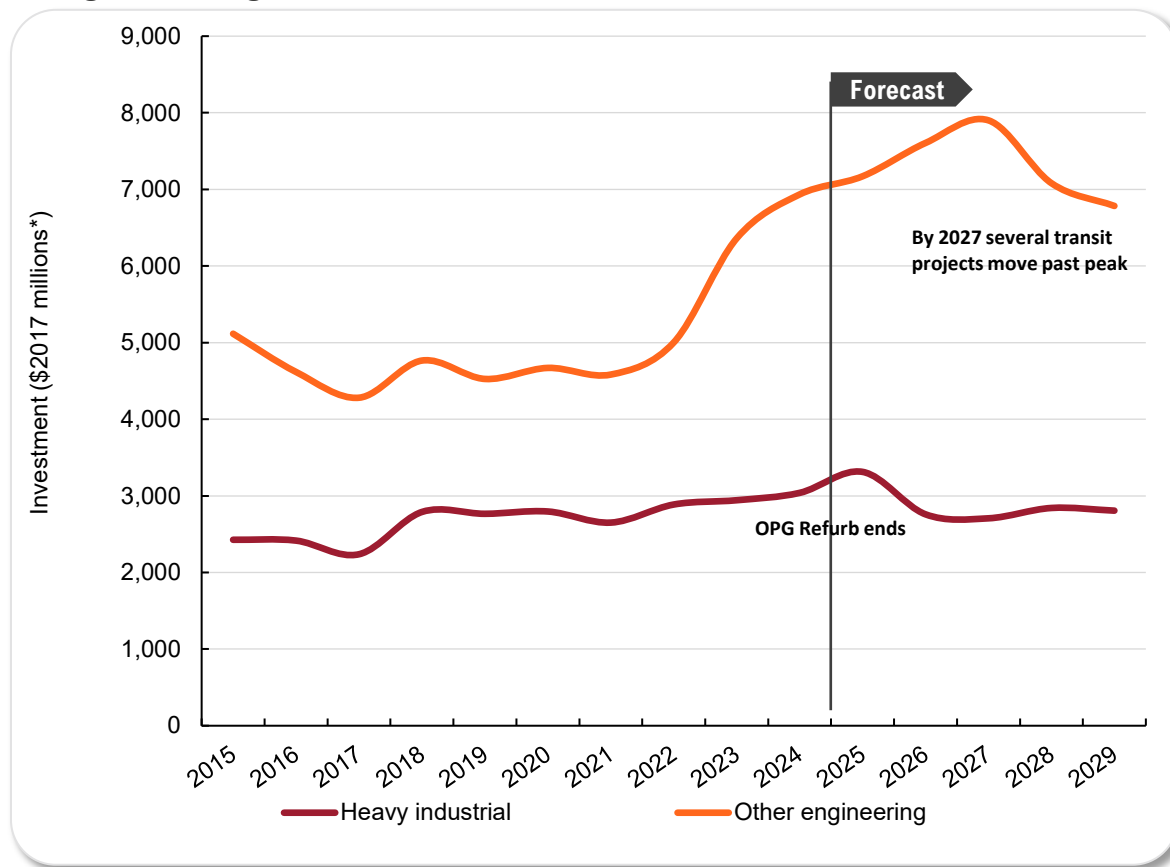


Non-residential investment Greater Toronto Area

ICI Buildings: GTA



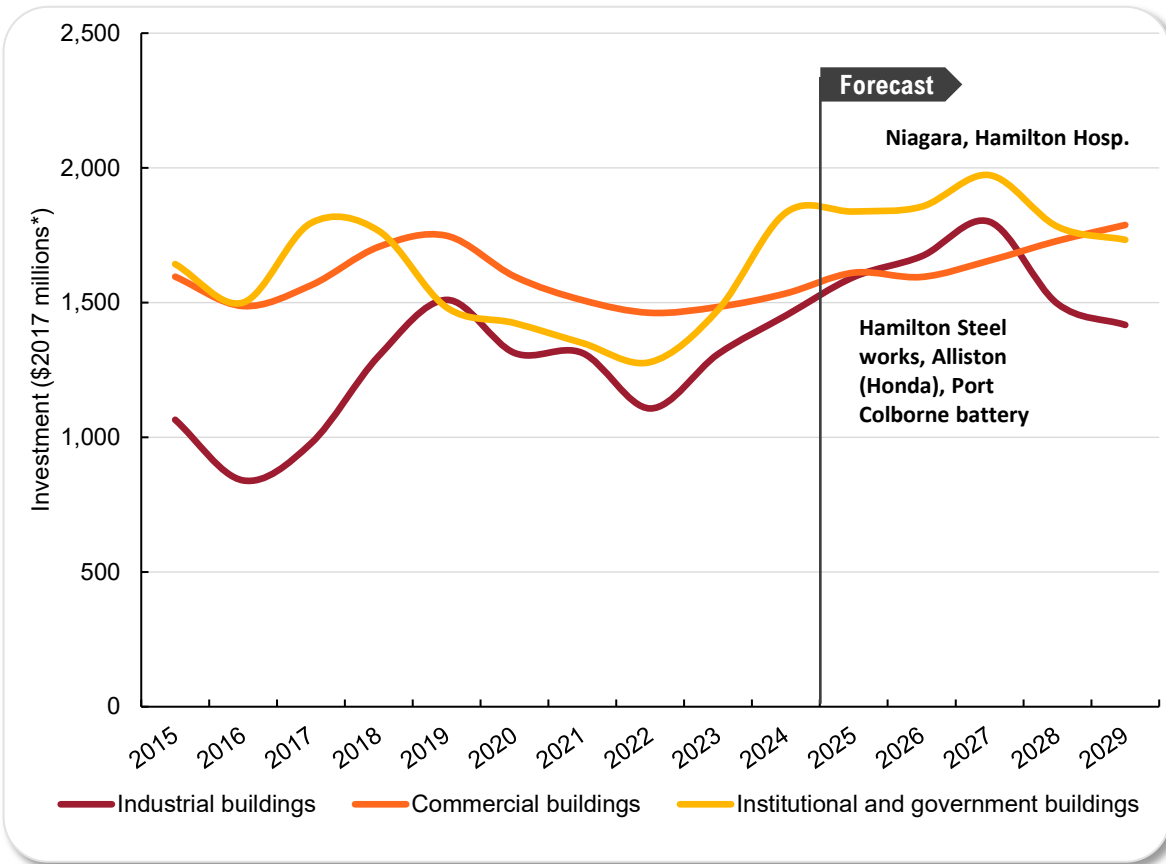
Engineering Construction: GTA



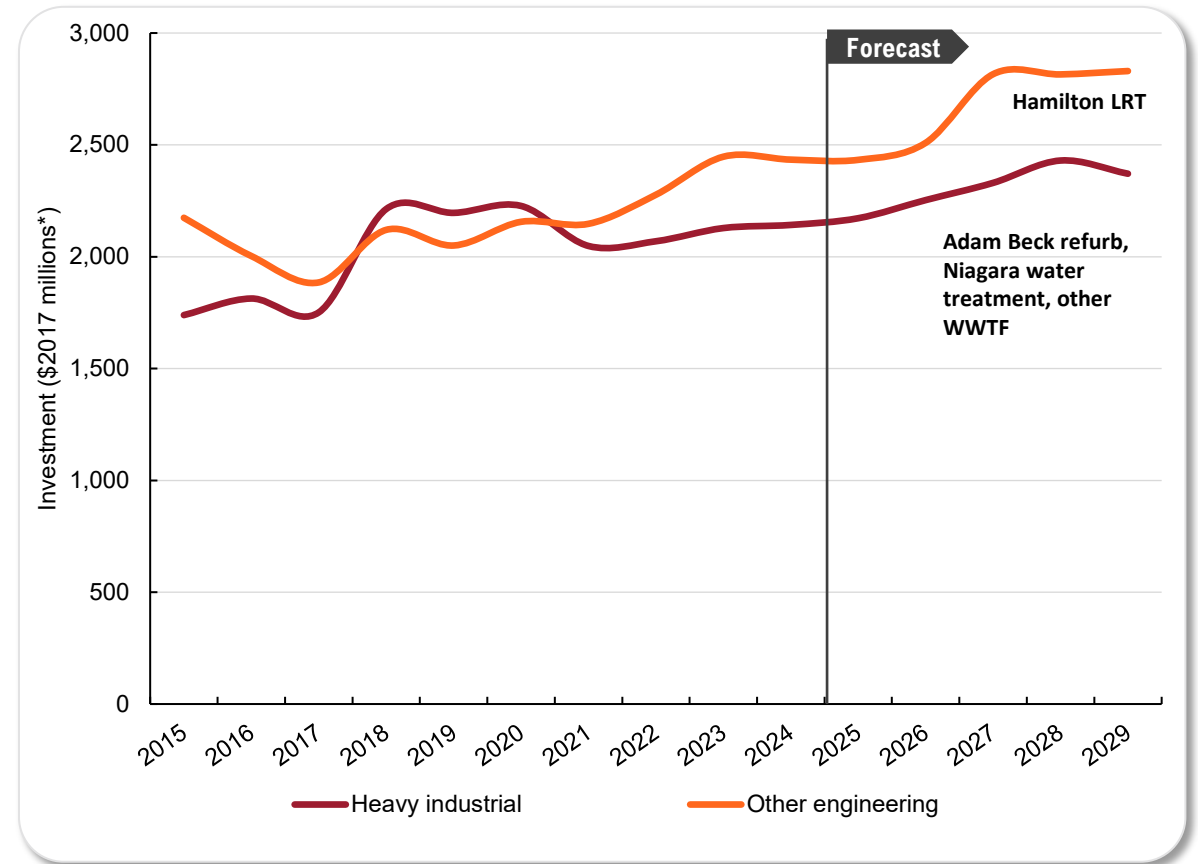
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Non-residential investment Central Ontario

ICI Buildings: Central



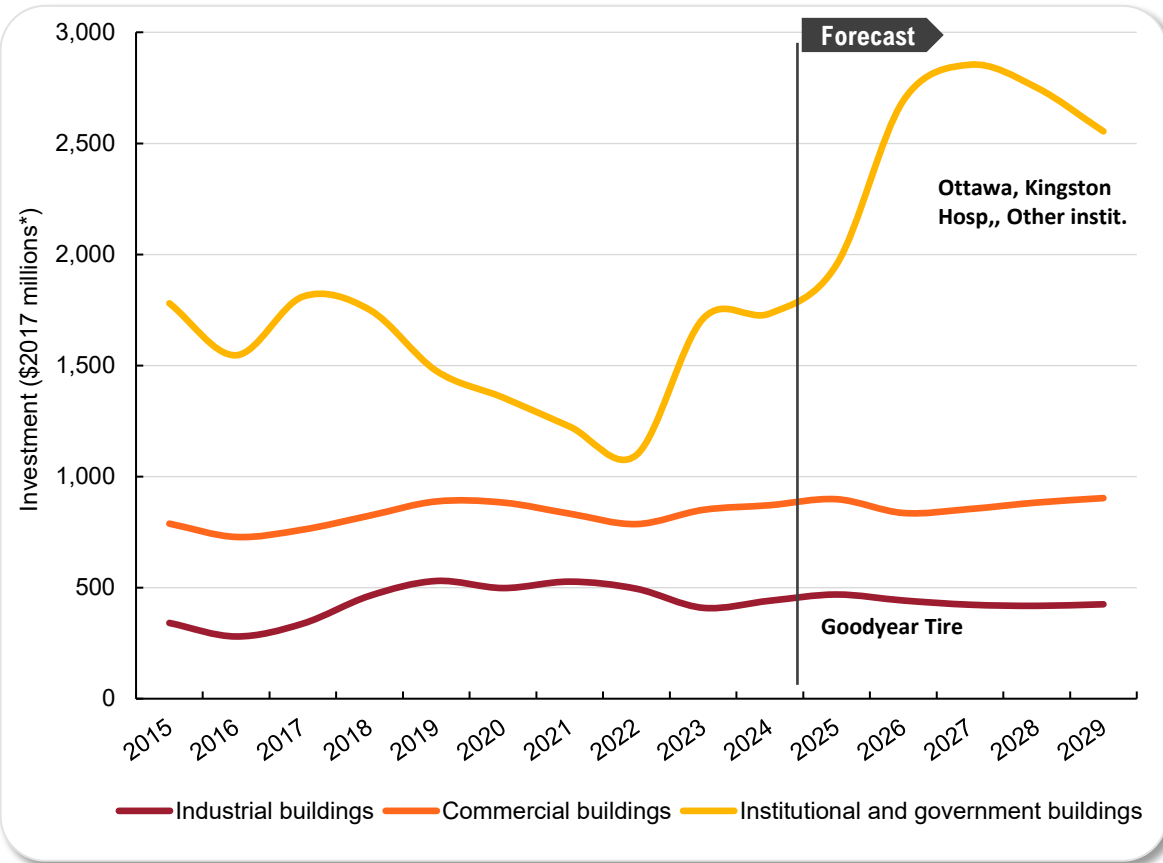
Engineering Construction: Central



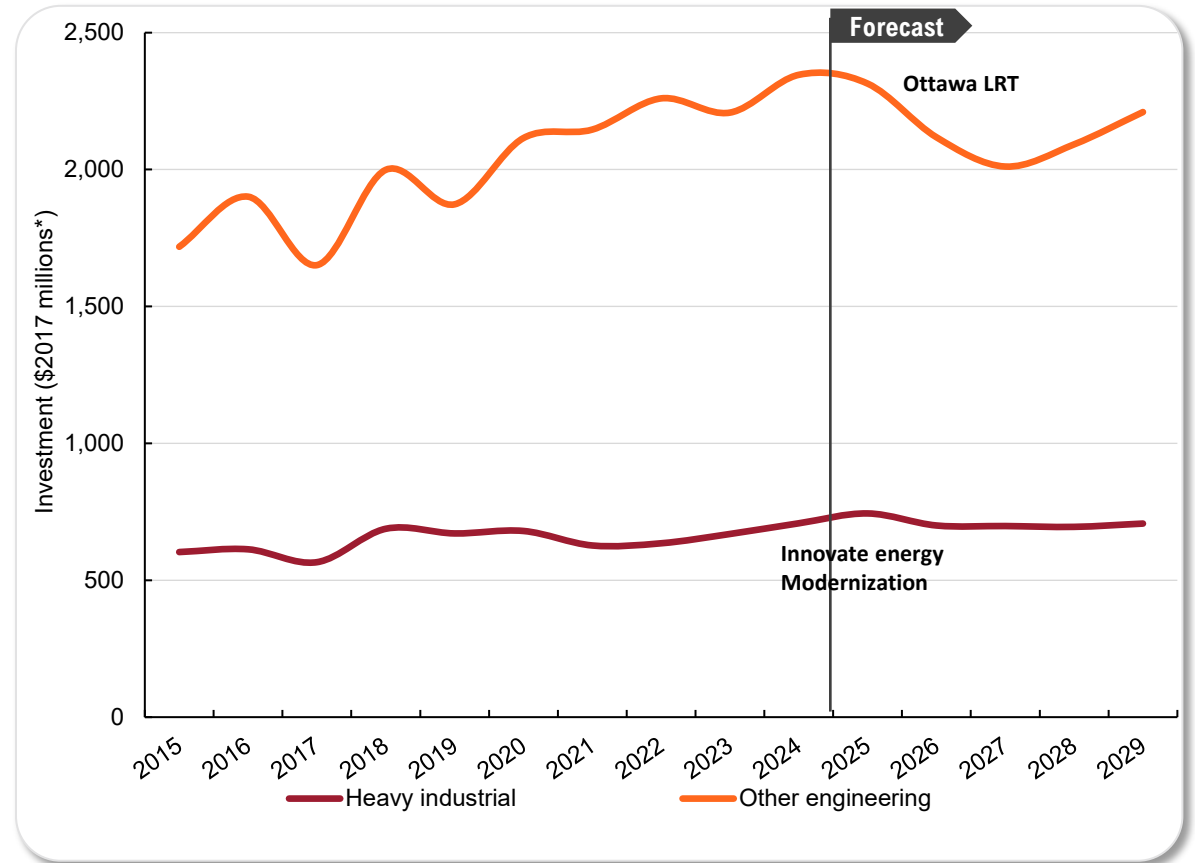
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Non-residential investment Eastern Ontario

ICI Buildings: Eastern



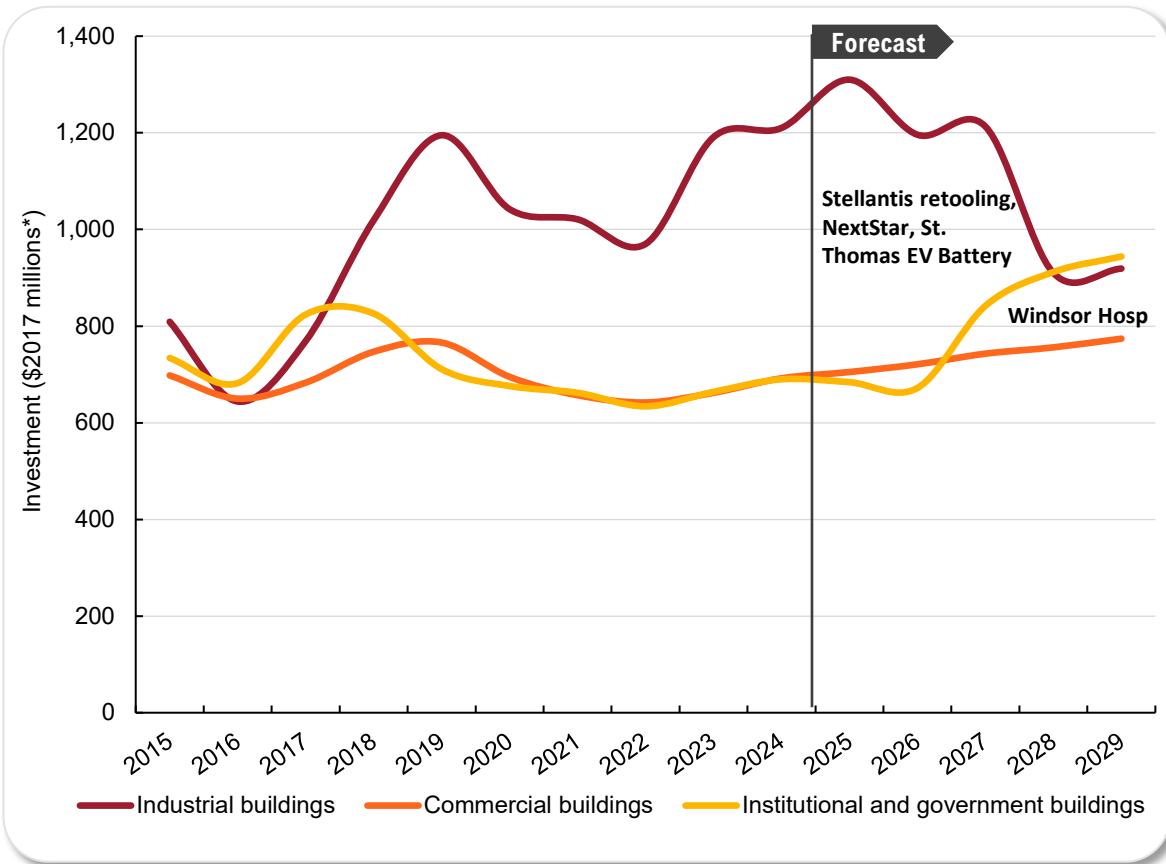
Engineering Construction: Eastern



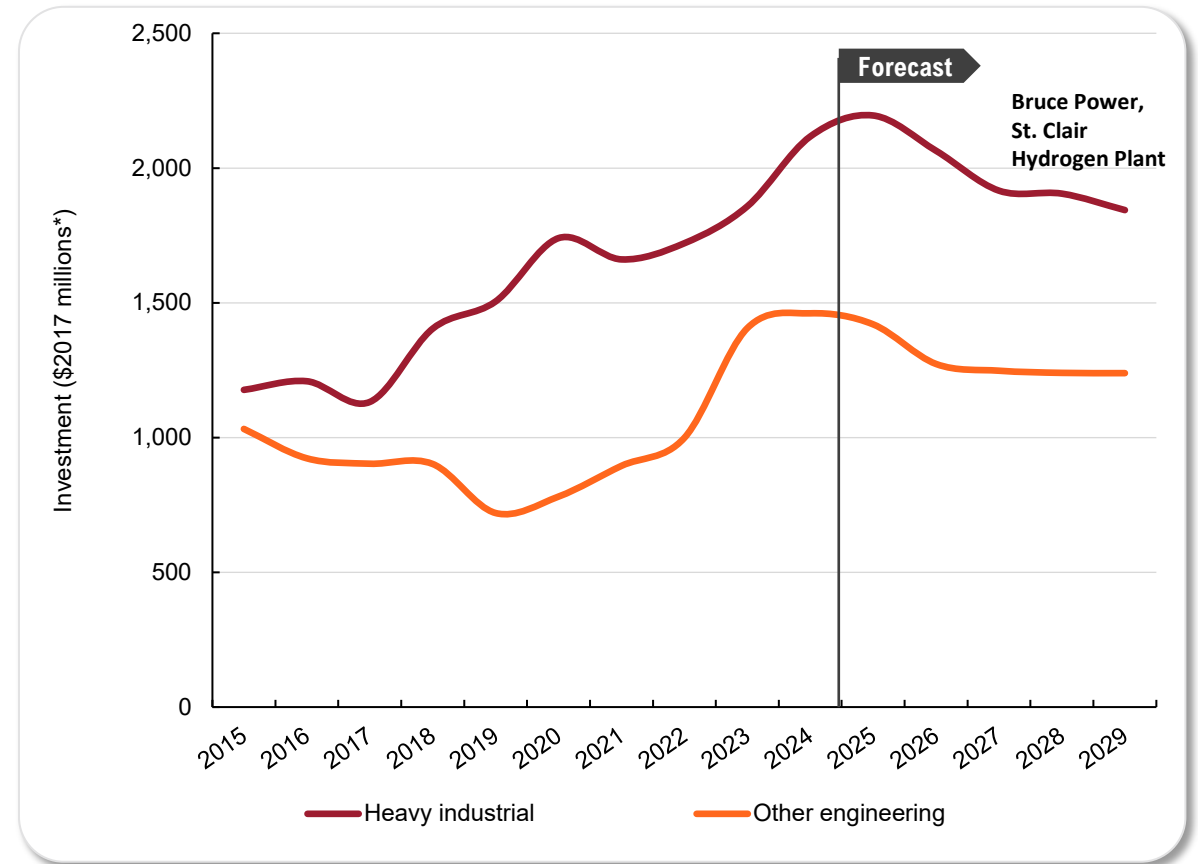
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Non-residential investment Southwest Ontario

ICI Buildings: Southwest



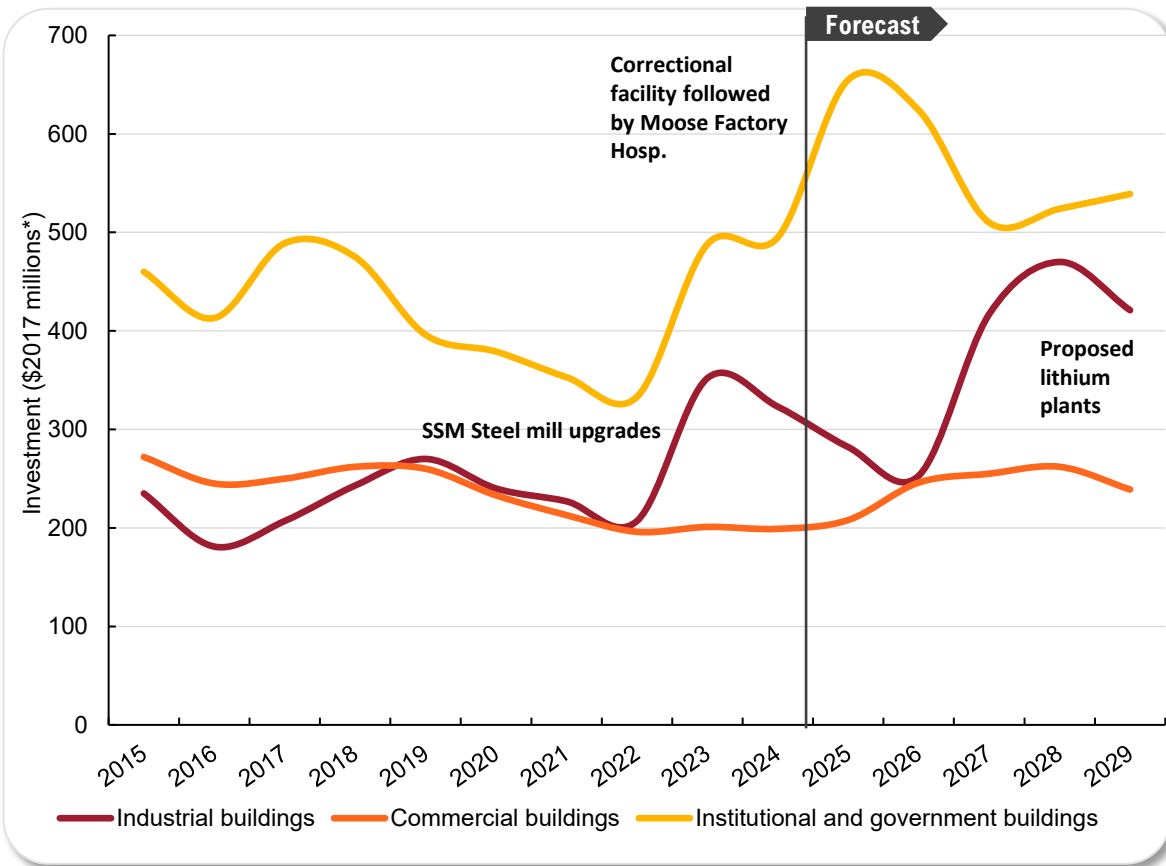
Engineering Construction: Southwest



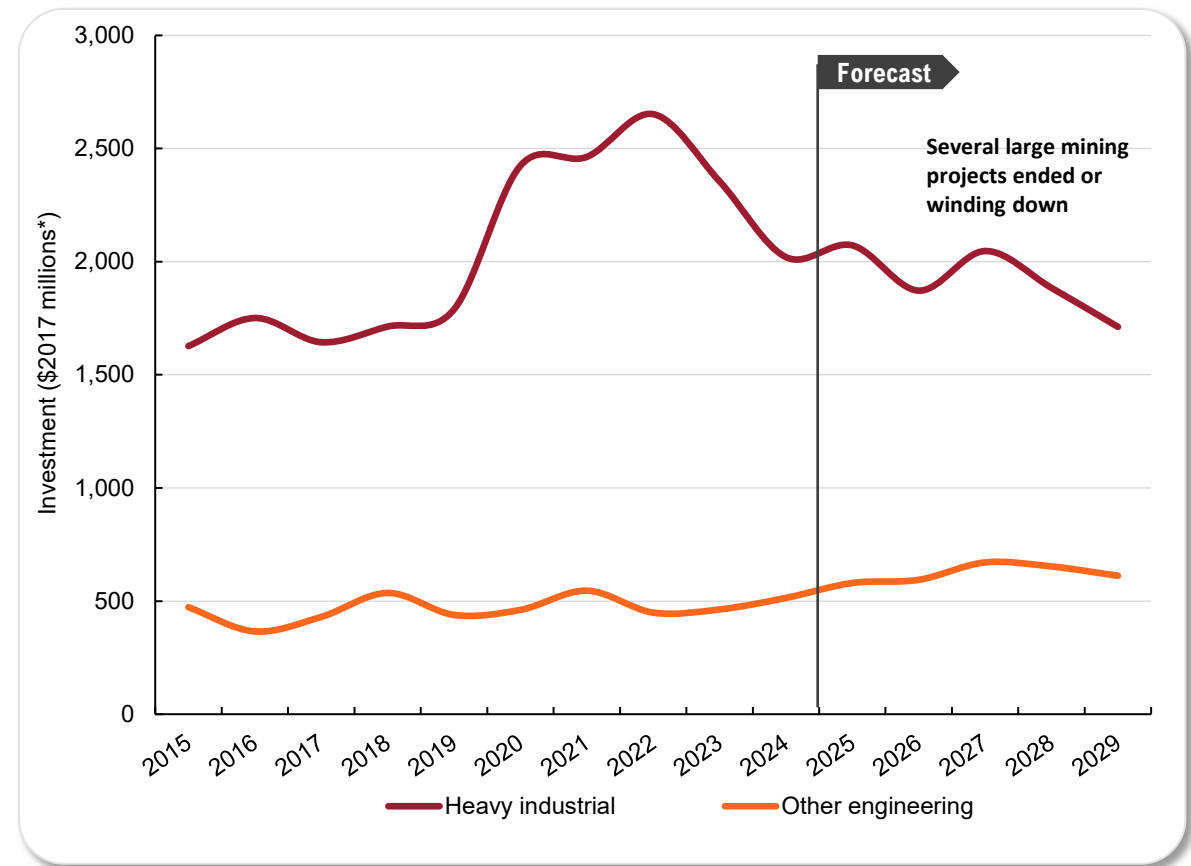
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Non-residential investment Northern Ontario

ICI Buildings: Northern



Engineering Construction: Northern



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Construction Industry

- Known demands projected to remain strong over the near-term
 - residential investment stepped down in recent years from the peak reported in 2021, but renewed growth is expected in 2026 and carry across forecast period.
 - non-residential construction investment has been increasingly since 2021, and is projected to peak in 2027 and then mostly sustained driven by a large volume of with ongoing and proposed major projects across most regions.
 - inter-regional mobility may be challenging over the medium term as many regions are showing higher or sustained levels of activity that are could keep workers in their home market.
 - *Downside risk (2025)*, increased trade tensions could have a significant impact on construction and the overall economy – potential risk of project delays or cancellations.
 - New demands not yet in the outlook scenario (affordable housing targets, conversions to net-zero, major projects waiting FID) could add to job opportunities.
- Looking at overall trends, new entrants to the industry may not keep pace with retirements and overall industry growth.
 - In additional to meeting demand driven by expected growth, industry-wide retirements estimated at 90,000 or 20% of the current work; add to hiring requirements and representation a significant loss of skills and experience
 - competition for younger worker is expected to intensify as all industries are facing similar demographic challenges
 - immigration to supplement domestic recruitment and workforce development will be required.

Uncertainty lies ahead



- Impacts will unfold differently across regions and markets segments, but a path has been set forward that is unlikely to change
- We have already started to review the impact on planned projects, but may be too early to see any significant changes to schedules and final investment decisions
 - EV battery facility delays (*prior to tariff threat*)
- **BMO EconoFACTS** (Mar 4, 2025)
Note, these forecast changes are preliminary and could move considerably in the weeks and months ahead due to financial market behaviour, as well as monetary and fiscal reactions, and if the new tariffs prove shorter-lived than assumed, or additional tariffs and retaliations are announced.

CONSTRUCTION
& MAINTENANCE
INDUSTRY



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