

Ontario's Construction Market 2026 Outlook

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Construction market conditions and context . . .



Continued ICI
Building Investment

35.63B

 UP **6%**
over 2024



Construction
Employment Stabilizes

577,500
WORKERS

6.6% Unemployment
Rate



Non-residential
construction prices
continue to

RISE

 UP **4.5%**
over 2024

2026 OCS Contractor Survey & Infographic

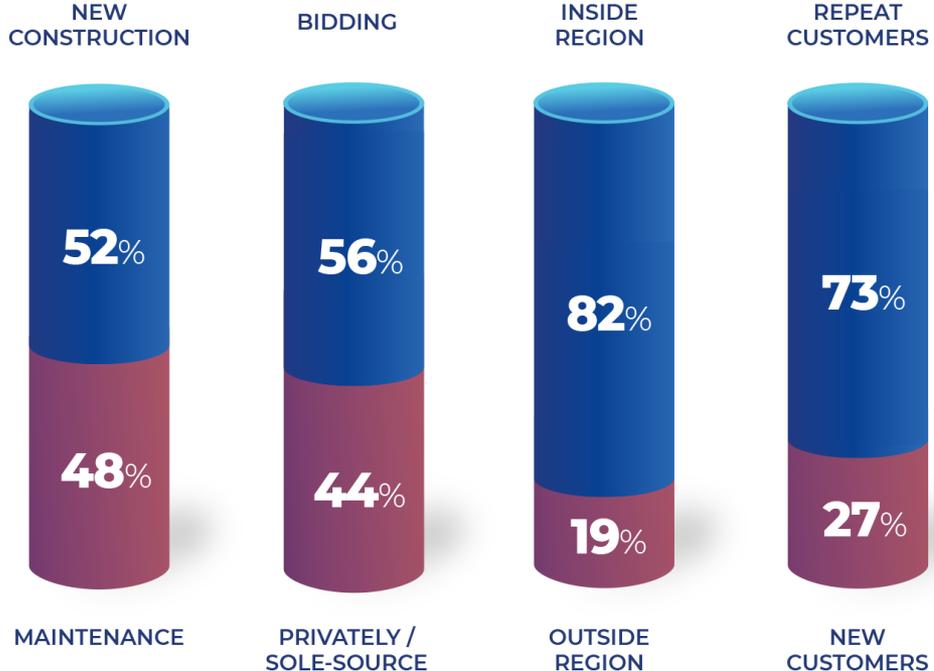


Contractor profile

400 Contractors

- **80%** Trade Contractors
- **19%** General Contractors

Distribution of Work (% Share of the work...)



Contractors divided on the broader construction industry outlook

> Construction Industry Outlook

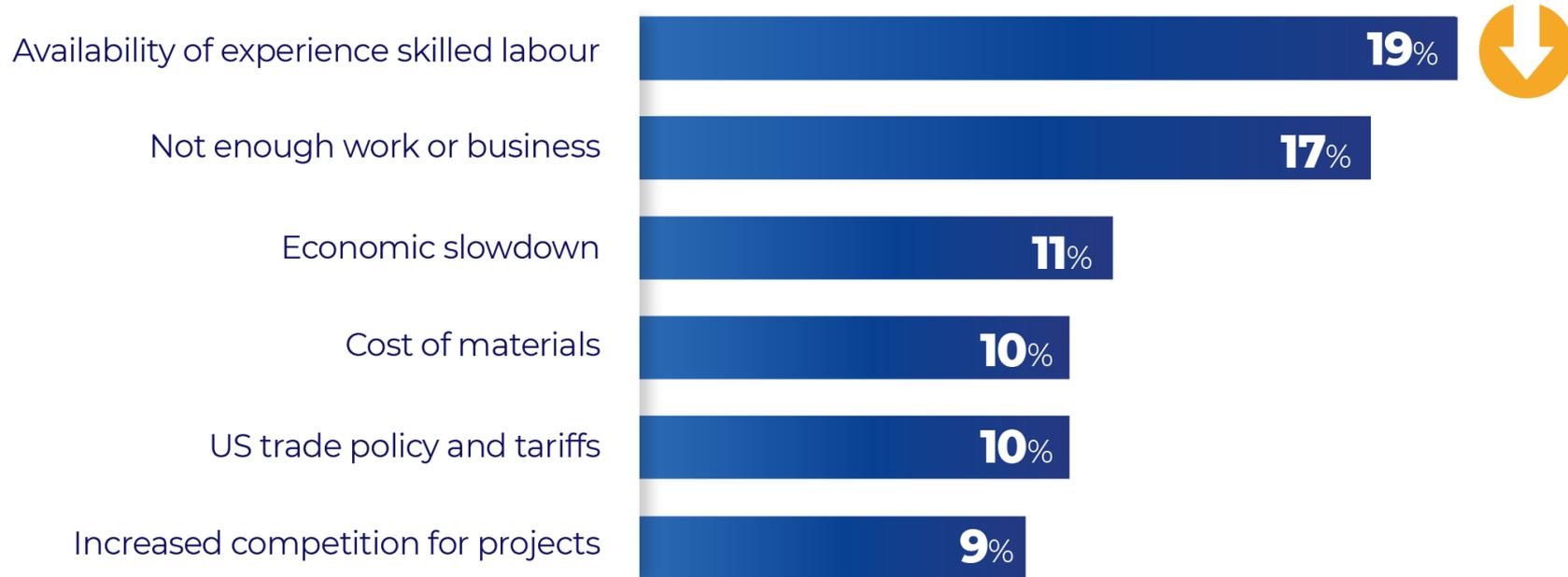
 **49%** OPTIMISTIC

 **46%** PESSIMISTIC

- Only 14% of contractors believe Ontario's construction sector will grow in 2026
- Mid-size firms more optimistic than larger firms (19% vs 10%)
- GTA firms are the least optimistic about Ontario's construction sector with only 6% expecting the sector to grow

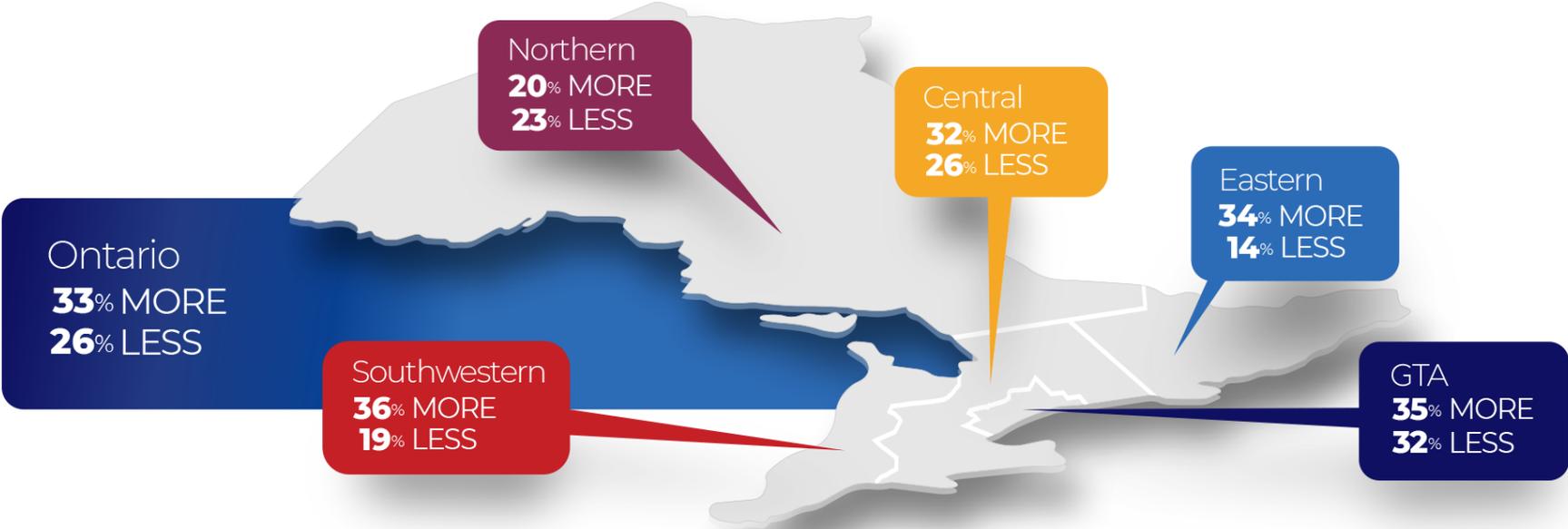
Q. Looking ahead to 2026, how would you describe Ontario's construction market? Would you say it is ...

Top concerns or challenges facing Ontario's construction market in 2026



What, if anything, is your biggest concern or challenge for the construction market in 2026?

Contractors' business volume expectations



Q. Looking forward, how much business do you expect to conduct in 2026 compared to last year?

The back story



Positivity Drivers

- Government commitment to build and invest in Canada
- Strong pipeline of projects
- Need to replace aging infrastructure
- Economic factors trending in the right direction (interest rates, inflation)
- Increased opportunities



Yet Risks Remain

- Economic and political uncertainty
- High costs (materials, labour, permits)
- Financial strain
- Market competition

Operating capacity and revenue expectations remain relatively stable



75%

of contractors anticipate **stable to improving revenues**



Two-thirds

of contractors expect their firm will operate at **above 75% capacity in 2026**

Hiring expectations soften from 2025

➤ Labour Hiring Expectations in 2026



1 in 4 firms

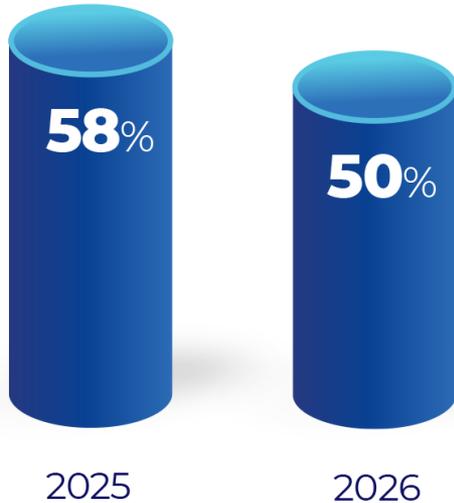
expect to increase their workforce in 2026

- Larger firms (25+ employees) more likely to expect increased hiring
- Contractors (12%) who think their workforce will decrease point to slowing market

Ease in accessing experienced workers improves



Experienced Skilled labour will become MORE DIFFICULT to access



Northern Ontario SPOTLIGHT

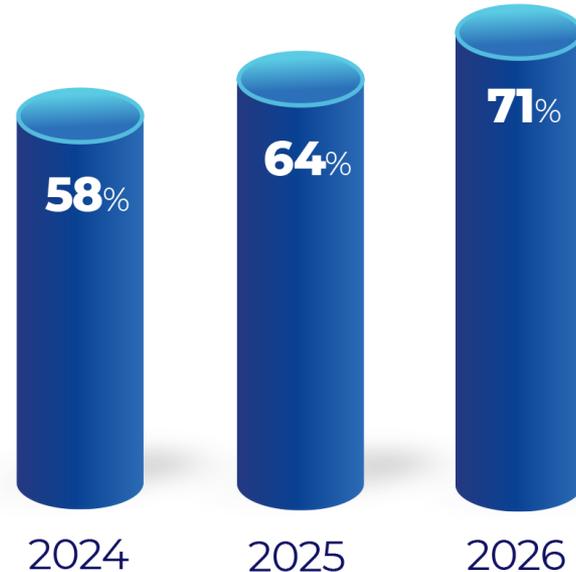


83%

of contractors in
Northern Ontario are
significantly more likely
to believe it will be more
difficult to find skilled labour

Union contractors continue to lead in apprenticeship

Share of contractors employing apprentices continues to rise



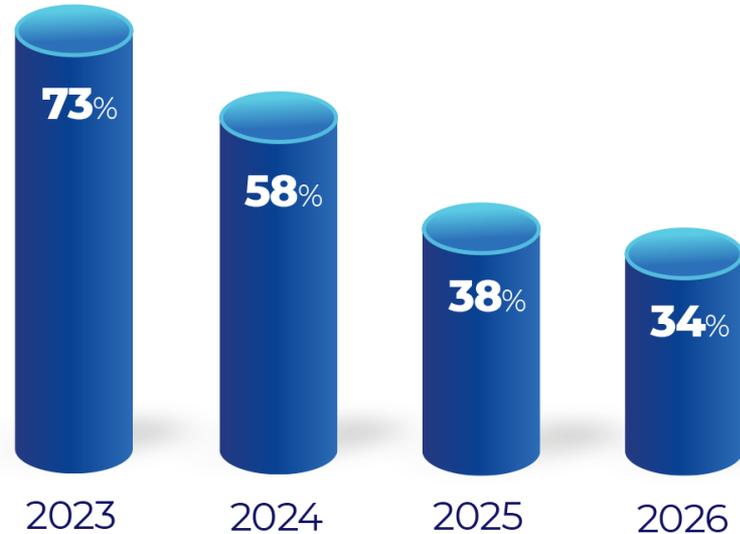
Supply chain disruptions continue to ease



34%

of contractors reported experiencing significant supply disruptions in the past year

Percentage of Contractors Reporting Supply Chain Disruptions



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

Contractors see increasing project cancellations and/or postponements

58%

of firms saw project cancellations/postponements



- **GTA** (64%) and **Central Ontario** (61%) reported the **highest share** of project cancellations / postponements

Top Reasons

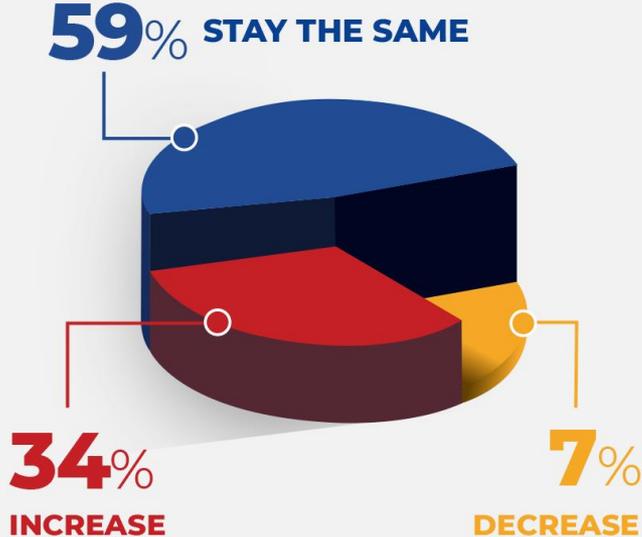
- **Escalating material costs**
- **Lack of financing**
- **Uncertainty due to trade war**
- Interest rates 
- Escalating labour costs 
- Difficulty obtaining materials 

One-third of contractors expect Increasing competition in 2026

89%

of contractors noted they faced **Strong / Very Strong Competition in 2025**

> Competition In 2026 will...



Prequalification viewed as a useful tool

58%

of contractors indicated they **often** are required to **pre-qualify** for projects

- **70%** for **General Contractors**
- **62%** for **Institutional work**

85%



of contractors **agree that prequalification improves the competitive environment** by ensuring all bidders are qualified

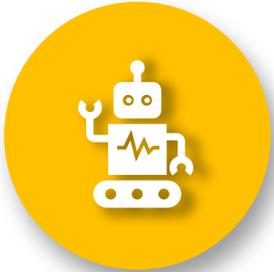
Perceptions of trade disputes, government policy, and AI



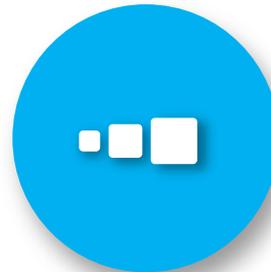
Three-quarters of contractors agree that their firm's business will be negatively impacted by the **Canada-U.S. trade dispute**



Two-thirds agree that the federal government's **plan for nation building infrastructure** will help their business



One-third believe that **artificial intelligence** will positively impact their business in 2026



50% of smaller firms (less than 5 employees) believe that **work** they used to do **no longer exists**

Major projects driving investment

| Region | Value |
|-----------------|--------|
| Greater Toronto | \$100B |
| Eastern | \$32B |
| Central | \$29B |
| Southwestern | \$40B |
| Northern | \$16B |

Over **\$200B**
PROJECT PIPELINE



Preliminary construction investment outlook

- BuildForce Canada's 2026-2035 outlook model is currently under development
- Preliminary analysis shows investment in Non-Residential Construction will remain at high levels through the forecast period
- Activity in Engineering and ICI is supported by a significant project pipeline, especially projects funded through the public sector
- Timing of projects and schedules are in flux

| Sector | Outlook |
|---------------|-----------|
| Institutional | Growth |
| Commercial | Stable |
| Industrial | Moderates |
| Engineering | Stable |

Key takeaways

- Contractors remain resilient in their business prospects despite broader industry concerns
- Uncertainty continues to play a factor, especially for private sector investment - project postponements and cancellations are more widespread
- Labour market imbalances remain a concern for contractors, but data shows there is increased availability of workers
- Fundamentals of the sector remain strong - large pipeline of work, government commitment to build, and a skilled workforce

Questions

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