

On-Site

CANADA'S CONSTRUCTION MAGAZINE

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2025 FORECAST

ANTICIPATING GROWTH

**POISED FOR GROWTH,
BUT WHERE AND WHEN?**

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RICHARD ARPIN JUNIOR PROJECT COORDINATOR, BIRD

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Building a Better Tomorrow

Since its inception more than 20 years ago, Procore's vision has been to improve the lives of everyone in construction. With the challenges the construction industry continues to face, this vision has never felt more important. Over the past year, we continued to see the impacts of the ongoing labour shortage, economic instability across the industry, and recent declines in productivity growth.

However, we've also witnessed innovation, renewed emphasis on problem-solving, and effervescent pride in the industry. It's the people behind the build who are transforming construction and our communities. Whether it's learning how to harness data and AI to improve your company's operations, or understanding the impact culture has on your bottom line, Procore is proud to partner with you to help solve your biggest challenges.

Moving into the next year, we are likely to see Artificial Intelligence (AI) and Large Language Models (LLM) dominate headlines, while consumer technologies, such as wearables, are repurposed in new ways to improve jobsite safety. Regardless of what operational efficiency, technology or equipment arrives in 2025, successful digital transformation remains a long term, methodical and strategic effort. Ongoing innovation and application of the right technology, platform, or solution that meets your needs today, and in the future, is necessary to build better, safer and faster.

Procore is proud to sponsor this year's Canadian Construction Forecast, which sheds light on the state of our industry and gives us a glimpse into the future. As we move into 2025, we know the industry will face more headwinds, but challenge is what this industry is built on, and every hurdle provides a new opportunity for innovation and success.

Let's work together to build a better tomorrow. □

ANTICIPATING GROWTH

Reductions in the cost of borrowing and continued need for more housing and infrastructure should spell opportunities, if the labour availability can be managed.

BY ADAM FREILL

With lending rates on their way down, paired with a need for additional housing stock and more infrastructure, expectations are for growth in Canada's construction sector in 2025. The question remains where and when, especially in light of ongoing challenges like the steady rise in material and labour costs, and finding enough workers with skills that align to job openings. Technology may help alleviate some of the pain points, however, and 2025 could be the year where Artificial Intelligence (AI) takes a key role.

"Most projections I've seen suggest that we're going to go through a period of relatively slow economic growth," stated Keith Reading, senior director of research at Morguard. "Growth is good."

He, like many who were surveyed for their insights going into next year, expect the two biggest hurdles for the industry to be finding enough skilled labour and navigating rising costs.

"A real driver in terms of economics and costs is the availability of labour and the productivity of that labour," explained Derron Bain, chief executive officer at Concert Infrastructure. Given the number of workers closing in on retirement, his company is putting a significant amount of support into training programs aimed at building tomorrow's workforce.

In the more immediate term, Reading

says the industry needs to keep filling the labour funnel via immigration but acknowledges that the system is not without its flaws. "We, as a country, need to refine that process and make sure that we're bringing in the right workers from other countries to fill the void," he stated.

And the void is real.

"If we don't have the people, and they don't have the proper skillset, projects will have to wait until the labour shortages are closed," explained Chris Atchison, president of the British Columbia Construction Association, who says the labour crunch is on in his province. "This often means waiting for other projects to finish before the labour pool can move on to other projects."

TURNING TO TECH

A greater reliance on technology is helping some companies bridge that labour gap.

"The adoption and the practical use of it is really making a huge stride forward, and that'll lead to boosts in productivity, less rework, more streamlined project execution," said Kris Lengieza, global technology evangelist at Procore. "When trying to address labour, we have to think about the automation of work... automating the dull, the dirty and the dangerous."

It's a sentiment shared by Scott Crozier, vice-president, civil construction at Trimble. "We expect that technology providers will continue innovating with the goal of



helping offset these challenges," he said.

"My favourite example of this is a layout robot that helps you lay out information on a slab for the trades to come behind and do the work," said Lengieza. "That person is still doing that job; they're just using a different tool to do it. It's like going from a hammer to a nail gun."

Labour shortages and safety issues are increasing readiness to invest in technology agreed Troy Steele, regional sales manager for Western Canada at Brokk, who explained, "Many of our customers have started to shift their mindset toward robotics and automation."

The biggest focus on the tech front will likely remain AI, however.

"Fifty-nine per cent of respondents of a recent Trimble survey said that artificial intelligence and machine learning will be one of the biggest trends in 2025," stated Aviad Almagor, vice-president of tech innovation at Trimble. "It has, and will continue to, transform the construction industry due to the many efficiencies it brings."

"AI is really good at parsing through a tremendously large amount of information and then distilling it down into something," said Lengieza, who added that more focus will have to be put on collection of the data to maximize the technology.

"You cannot deploy AI unless you have



PHOTO: © GELPI / ADOBE STOCK

the data first, that's why everyone in the industry needs to have their path set out and be actively working on it if they want to drive AI in the technology stack," advised Brandon Milner, senior vice-president and chief information officer at EllisDon. "If you do not have a digital strategy for the next two to three years, then the time is now to begin this."

INFRASTRUCTURE RENEWAL

Digital strategies will likely be put to work on a number of significant infrastructure projects, a segment expected to remain a strong backbone for the industry this year.

"It's pretty well documented that, from an infrastructure standpoint, Canada has some catching up to do, and some pretty significant projects. I don't see any slow-down in that regard," stated Reading. "We need more roads. We need better roads. We need more mass transit. The list goes on and on, and a lot of that is population growth driven."

"Governments across Canada, whether federally or provincially, even into municipalities, are facing historic needs in terms of infrastructure requirements and infrastructure investment," agreed Bain. "If you look at the state of some of Canada's infrastructure, it's not been properly maintained. It's not been properly lifecycle renewed.

It's at the end of its useful life, and that requires investment and renewal."

"We see this continuing into 2025, with public investments in everything from new metro lines and wastewater treatment expansions to road and bridge repairs," agreed Brokk's Steele.

THE HOUSING CRISIS

The other major area of focus continues to be the housing crisis.

"Everybody knows that there's not enough inventory. It needs to get built. I think a lot of people were on the sidelines waiting because interest rates and money was so expensive, we're starting to see that relax a little bit," stated Lengieza, who added that growth may not come until late in the year, and into 2026, however.

In the meantime, the desire to turn older, less-optimized properties, into housing developments appears to be gaining some traction.

"There is a growing interest in redeveloping shopping malls into mixed-use communities that integrate residential, commercial and retail spaces," said Bill Ferreira, executive director at Build-Force Canada. "This approach aims to address aging retail infrastructure and urban housing demand, creating multi-functional spaces with greater density. Many malls, situated on sizable plots with established transit access, offer potential for urban intensification, which could increase housing supply in sought-after locations."

"Over the past year, I think every owner of a shopping centre, particularly the larger ones, has looked at adding density to their sites, and often that's residential towers... be it rental apartments or condominiums or the like," added Reading. "Effectively, you're building a mini village... you add a new market for your retail stores, and the value of the site typically goes up."

"While shopping habits may have shifted in recent years, and this was likely exacerbated by the pandemic, shopping malls surrounded by housing will naturally see a boost in activity," agreed Atchison. "We need to look at where there is usable space in our urban areas to build more multi-unit residential, and some shopping

mall parking lots are underutilized, so they make for a great spot."

Another market showing strong potential that is expected to continue in 2025 is the purpose-built rental sector.

"Demand for rental housing remains strong. In fact, we have seen impressive growth in apartment starts for the year to-date in 2024 across Atlantic Canada, and in Alberta and Quebec," shared Ferreira. "Purpose-built rentals remain a promising area for future construction activity as market conditions stabilize and government incentives take further effect."

Beyond housing and infrastructure, Lengieza is seeing growth in data centre construction. "When you think about the amount of data centre equipment we have to bring online to support the AI revolution that's happening around us, these big data centre providers can't build fast enough."

FINANCIAL FACTORS

The cost of projects, and housing, remains a significant factor in any potential growth, however. And while borrowing costs appear to be coming down, increases in activity may drive material prices higher.

"The reduction in interest rates offered some relief to developers and potential homeowners; however, growth in this segment was constrained by affordability challenges and ongoing tight labour markets," stated Ferreira, who added that modest growth is expected for 2025.

"I think it will probably be in the spring of next year that we'll start to see a real impact," stated Reading. "Over recent history, rates are still relatively high, and depending on the project, you can't always source financing that easily, particularly in the office sector."

Waiting on interest rate relief may have some sitting on the sidelines, but that may not ultimately result in any savings on the final bill.

"When I'm speaking to governments and they complain about the cost of projects or budgets, the obvious answer is, 'Yesterday was the cheapest day to build the project, not tomorrow,'" advised Bain. "That's just the reality of the world we live in in terms of underlying inflation or cost of capital." □

A regional look at major projects

Canada's backlog of significant projects remains robust due to infrastructure and institutional spending.

BRITISH COLUMBIA – Although current construction projects in the province are valued at roughly \$170 billion, a decline of proposed project value to \$160 billion has BCCA concerned that growth is going in the wrong direction. Work that is underway, or soon to be, includes Phase 2 of the Burnaby Hospital redevelopment, which is expected to start in late 2025. The province is also funding a number of new schools in the province with completion dates in 2025 and 2026. BC Hydro is spending \$1.4 billion to construct three new substations, and early works are scheduled for the Fraser River Tunnel Project, as the Cross Fraser Partnership team works towards start of construction.

ALBERTA – Although the Green Line in Calgary is stuck somewhere between cancellation and retooling, the province continues to see significant levels of private and public project investment. For example, the Heidelberg Carbon Capture project, valued at \$1.2 billion, is underway and, with record-breaking housing activity in 2024, the province is upgrading roads and building new schools – the province has committed \$8.6 billion to complete and open 200,000 new student spaces in the next seven years. Over the summer, Linde also announced a \$2-billion clean hydrogen and atmospheric gases facility, and Clark Builders is working

on site preparation for the new patient tower at Red Deer Regional Hospital Centre.

SASKATCHEWAN – In July, a planning and engineering design work contract for the Westside Irrigation Rehabilitation Project (WIRP) was awarded. Construction timing for the \$1.15 billion project is projected for 2026. Highway improvements between Humboldt and Saskatoon are set to continue until mid-year. And a \$543-million OSB mill should start construction this year in Prince Albert. That has a 2027 completion target.

MANITOBA – Manitoba's 2024 provincial budget earmarked \$540 million of capital funding to repair and rebuild Manitoba's public infrastructure. In addition to rehabilitating the Pembina Highway Overpass at Abinojii Mikanah, as well as rebuilding the Louis Riel Bridge in Ste. Agathe, the province is also putting \$47 million towards the rehabilitation of the Rivers Dam to protect against future major flooding events. On the private side, the proposed \$650-million redevelopment of Portage Place is gaining momentum.

ONTARIO – From electric battery and battery component factories to major infrastructure projects, like the Gordie Howe Bridge in Windsor and Toronto's Ontario Line, work is happening throughout in the

province. Projects like the redevelopment of Ontario Place, construction of the Bradford Bypass, and the long-anticipated Highway 413 are all of interest in the provincial capital. That's on top of the \$15.7 billion Go Expansion, as well as a \$13 billion refurbishment of Bruce Power in Tiverton.

QUEBEC – Transportation and energy are key drivers of construction in the province. Work is underway on to replace Île-aux-Tourtes Bridge. That \$2.3 billion project looks to be commissioned a new bridge in 2026. Planning is also underway for a new 19-kilometre tramway line linking the Le Gendre, Sainte-Foy, Saint-Roch and Charlesbourg sectors of the Communauté métropolitaine de Québec (CMQ). Hydro-Québec has a pair of solar projects in its plans. And work continues on the Champlain Hudson Power Express transmission project.

ATLANTIC CANADA – New Brunswick recently outlined \$1.5 billion in planned transportation investments, with two-thirds of that on highways. Bridges will receive another \$265 million. In Nova Scotia, work has started on the QEII Halifax Infirmary Expansion Project and a \$118 million CIB loan is supporting construction of the Higgins Mountain wind farm. Prince Edward Island is focussed on new schools and expansion of the Charlottetown Airport. □



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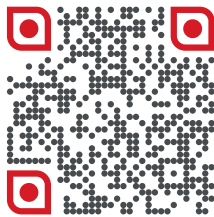
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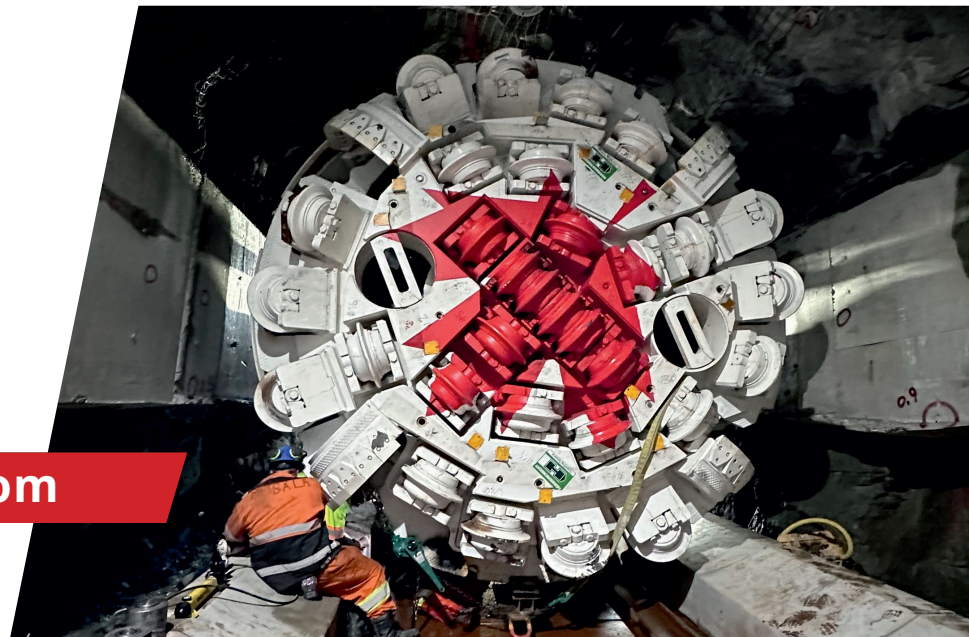
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Top 10 Canadian construction trends to watch in 2025

What are some of the continuing and emerging themes to watch for in the coming 12 months? Canadian Construction Association president Rodrigue Gilbert shares some of the items on his radar.

BY RODRIGUE GILBERT

As we approach 2025, the Canadian construction industry is on the cusp of transformative changes driven by advancements in technology, shifting demographics, and evolving policy and regulatory landscapes. Here are the top 10 trends and policy issues that our organization feels will significantly impact the industry in the coming years.

1 ELECTION: A PRIME TIME TO SPOTLIGHT CONSTRUCTION

As election season heats up, there is an opportunity for conversations around a national infrastructure strategy to take centre stage. The total investment needed to meet Canada's housing targets and develop supporting infrastructure could run into the billions of dollars annually.

Canada's existing, not to mention aging, infrastructure is not prepared for the additional stress. A comprehensive, balanced approach is needed to meet housing targets, repair or replace our aging infrastructure, build for tomorrow, and address labour challenges. With candidates campaigning, now is the time for the industry to work together to elevate infrastructure in national discussions.



PHOTO: IRYNA TOLMACHOVA/GETTY IMAGES

2 BUILDING GREEN: THE FUTURE IS SUSTAINABLE!

Sustainability is no longer optional. The Canada Green Building Council predicts that green construction will make up 25 per cent of the market by 2025. Construction firms have already been embracing the shift to sustainable practices, adopting green materials, energy-efficient systems, and waste-reduction strategies.

Since 2005, energy emissions in construction have decreased by approximately 16.5 per cent and GHG emissions related to the production of aluminum, cement and steel have seen a drop by 43.5 per cent, 41.6 per cent and 26.5 per cent, respectively. These are huge successes!

Governments can help move the needle further with incentives to help industry comply with new building codes and green standards.

3 OPTIMIZING DELIVERY AND COST MANAGEMENT: THE POWER OF IPD

Collaboration is key! The trend towards Integrated Project Delivery (IPD) models is gaining momentum, encouraging collaboration among contractors, architects, and owners. Studies have shown that IPD can reduce project delivery times and improve cost predictability. As firms recognize the benefits of shared risks and rewards, this collaborative approach will become more prevalent, fostering innovation and efficiency throughout the industry.

4 BUILDING FOR TOMORROW: RESILIENCE AND CLIMATE ADAPTATION

As extreme weather events become more frequent, the focus on building resilient infrastructure will intensify.

A 2022 report from the Insurance Bureau of Canada found that climate-related damages could cost the country up to \$139 billion by 2030. Expect stricter building codes and increased government funding for climate-adaptive projects.

The construction industry has been advocating for these changes for some time to spur innovation and investment in

resilient construction methods – because tomorrow’s infrastructure must withstand the storms of today.

5 LABOUR SHORTAGES: BOLD GOVERNMENT ACTIONS ARE NEEDED

Canada continues to face a crippling labour crisis across several industries. Without a long-term plan to secure the workforce we need, the construction sector will not be able to meet the needs of Canadians.

With over 30 per cent of construction workers nearing retirement age, industry stakeholders and government agencies will need to work harder to promote careers in construction.

A well-balanced immigration policy that includes a re-evaluation of the current points system and considers the unique needs of our provinces can help ensure that we fill the labour gaps, appropriately, in our sector.

6 THE DIGITAL REVOLUTION

It’s time to embrace technology. In the fast-paced world of Canadian construction, where deadlines loom and accuracy is paramount, effective document management can make or break a project.

This is why the Canadian Construction Association (CCA) has taken a leap forward by developing a digital contract lifecycle management solution designed specifically for standard construction documents (CCDC and CCA) in Canada.

With SignaSur, all stakeholders, including contractors, consultants and owners, will be able to create, collaborate and seal contracts in one cohesive platform, revolutionizing the way documents are handled in the field.

7 POLICY SHIFTS AND REGULATORY FRAMEWORKS

Upcoming changes to building codes and zoning regulations will significantly impact project timelines and costs. The Canadian government is reviewing the National Building Code to improve energy efficiency, which may necessitate additional investments from builders. Municipalities

are also increasingly adopting policies to promote urban density and affordable housing, compelling developers to rethink traditional construction approaches.

8 MODULAR MAGIC: THE RISE OF PREFABRICATION

Modular and prefabricated construction is projected to grow significantly. These methods not only reduce construction time; they also minimize waste, lower labour costs and align with sustainable building goals.

Initiatives such as Canada’s National Housing Strategy are promoting modular construction to address the housing crisis, making this approach more appealing to developers and municipalities. And with our long Canadian winters, building significant portions of a structure within the confines of a factory has the added benefit of mitigating weather delays.

9 CYBERSECURITY: BATTLING DIGITAL THREATS

As digital adoption increases, so do cybersecurity risks. A study by the Ponemon Institute revealed that 57 per cent of construction firms have experienced a data breach in the last two years.

As the importance of cybersecurity grows, companies will need to invest in robust systems to protect sensitive project data and client information. Regulatory bodies may also introduce new compliance requirements to safeguard industry data.

10 BOOSTING EFFICIENCY AND COLLABORATION

Digital tools are revolutionizing project management. A 2020 study by McKinsey & Company found that companies that fully digitize their processes could improve productivity by up to 20 per cent.

Technologies such as Building Information Modeling (BIM) are now being integrated into over 70 per cent of projects, enabling better visualization and collaboration among stakeholders. As more firms adopt digital solutions, the construction landscape will become increasingly interconnected and efficient. □