

Outlook 2025

Construction

Build a resilient future using a strong risk management approach as a blueprint for success.



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

What to Expect in 2025

Construction firms will face unpredictable conditions in 2025, including the environment, market disruptions, uncertain interest rates and the overall economy. But tight risk management and the ability to adapt — supported by strong insurance strategies — will help minimize the uncertainty in maintaining profitability, boosting recruiting and retention and staying resilient.

16%

Percentage of construction firms that have sufficient insurance coverage to protect profits.¹

1. Results from HUB's 2025 Outlook Executive Survey, which polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.

Despite optimism, systemic and economic headwinds could pressure profits.

The construction industry will continue to find work on large, multi-billion-dollar projects, largely in infrastructure. But inflation, climate change and interest rates — not to mention the expense of insuring the large risks associated with sizable construction projects — could dampen profits.

Total new Canadian construction spending is projected to reach US\$394.22 billion in 2025, hitting US\$444.99 billion by 2028.² Non-residential construction spending contracted slightly in 2023 but is expected to grow — albeit slowly — through 2033.³

In 2025, cooling inflation and declining interest rates are likely to result in more construction projects but also upward pressure on labour and supply costs. Costs for materials will continue to have a major effect on profitability due to fluctuating prices.⁴

Forty-four percent of construction respondents of HUB International's 2025 Outlook Executive Survey report they are "highly confident" about their companies' performance in 2025, which bodes well for growth and the overall state of the industry. However, any new profits could be significantly impacted by the lack of insurance to protect against risk, with only 16% citing that the coverage they have is adequate.

Equally concerning is the systemic risk of \$203 billion in commercial real estate debt maturing over the next two years.⁵ Refinancing these loans with vacancy rates that are still high⁶ is likely to result in more defaults, potentially causing a broader lending pullback, which would be a major blow to the construction industry's bottom line.

As the business environment remains unstable — and unpredictable — tightly managed financial controls will help construction firm owners compete for a shrinking pool of capital, leading to a trickle-down impact for contractors and subcontractors.



To keep balance sheets strong as construction firms handle larger and more complex projects, companies will need to lean on an experienced insurance broker who can proactively identify alternative insurance options and risk transfer mechanisms, such as parametric insurance and retention strategies.

Companies partnering with other construction firms on large "megadeal" projects will need guidance from their broker and a holistic approach to insurance and risk management as the level of complexity and interconnectivity increases with each partner.

2. Statista.com, "[Value of construction put in place in Canada from 2017 to 2023, with forecasts until 2028](#)," August 7, 2024.
3. Globe News Wire, "[Canada's construction sector is poised to grow through 2033](#)," March 28, 2024.
4. Wood Industry, "[Softwood Lumber, Particle Board, and Plywood Price Index 2012-2024](#)," March 5, 2024.
5. Real Estate News Exchange, "[Lending in Canada: A closer look at office and insured mortgage origination](#)," May 21, 2024.
6. CBRE, "[Canada Office Figures Q2 2024](#)," July 1, 2024.

Address the labour gap with benefits, training and tech.

The construction industry's continuing labour shortage is well documented. What's lesser known is that during the summer of 2024, 45,000 jobs were lost — not because of decreasing demand — but because there are more people retiring than there are joining the industry.⁷

Indeed, construction has a record number of workers over age 55, and it's an industry in which people tend to retire younger.⁸

Severe weather conditions are also a major problem — not only do they increase the danger to workers but are likely to drive down the number of people interested in construction as a profession.

The industry has turned to apprenticeship programs for help. Even the government of Canada has gotten involved, with an additional \$90 million investment in apprenticeship programs and helping smaller businesses to find workplace opportunities for the apprentices.⁹

Technology can also help. For example, drones and robots can assist with the most dangerous construction tasks. There's also wearable technology that detects body heat and fatigue and provides GPS tracking to detect falls or no movement for an extended period.

Personalized benefits can also help attract and retain workers. Most Canadian construction leaders responding to the HUB survey understand that the main reason for offering personal insurance solutions, including home and auto, is to enhance employee loyalty. Nine of 10 respondents agreed with that statement, while nearly half agreed that the coverages increased employee satisfaction and retention. While it's obvious that those specific benefits are important to employees, by digging into the company's population data through a [Workforce Persona Analysis™](#), a customized strategy can deliver other benefits that workers truly want and need.



For instance, childcare benefits could help attract more women to the business as it has long-prevented women from working in the industry,¹⁰ while mental health benefits are key to combat high rates of suicide within the industry.¹¹

Other creative solutions could include access to financial wellness tools to take an additional layer of stress off employees' plates.

This strategy can deliver [quality employee experiences \(QEX\)](#) that create an environment in which employees are more engaged and productive than those without personalized benefits.

7. Policy Magazine, "[Fewer Workers Means Fewer Homes: Fixing the Construction Labour Shortage](#)," October 7, 2024.
8. Real Estate Magazine, "[Canada's construction industry faces severe labour shortage, warns economist](#)," June 21, 2023.
9. Canada, "[Government of Canada invests to recruit, retain and train more apprentices in skilled trades](#)," August 16, 2024.
10. NAWIC, "[The Importance Of Childcare Support In Construction Workforce Development](#)," accessed October 17, 2024
11. Journal of Commerce, "[Construction's role in World suicide Prevention Day](#)," September 10, 2024.

Preparedness and new solutions are essential as resiliency is tested.

Challenges ranging from economic to atmospheric will test construction firms' resiliency in 2025.

Weather extremes will continue to disrupt project timelines and more seriously put workers at risk. Extreme heat is a top cause of death for workers labouring outside,¹² and adjusting work schedules to protect against sweltering temperatures makes physical construction work take 36% longer.¹³ Compounding concerns are the continuing risks of unpredictable materials costs and the prospect of refinancing trillions of dollars in commercial real estate.

Modular construction can help construction firms stay resilient against climate-related and economic challenges, offering safer working conditions and an entrée into mega-construction projects. These mega-projects offer opportunities to improve efficiencies, capacity and share risk through strategic partnerships or mergers. Construction megadeals (valued more than \$1 billion) began surging globally early in 2024,¹⁴ with the Top 100 Projects in Canada expected to represent \$293 billion.¹⁵

As catastrophic events, inflation and supply chain constraints affect insurance costs and availability of required limits, rigorous risk management is critical for resiliency in 2025.

Parametric insurance, which pays policyholders when weather thresholds pass a prespecified mark, is an alternative to traditional insurance programs that don't cover losses associated with heatwaves, for example.¹⁶ Another alternative, project-specific insurance, is customized for the job with coverage and costs shared among owners, general contractors and subcontractors. Project-specific insurance helps insulate and protect the rest of the business if there is an incident or claim on a large project.



Firms who work in lockstep with a best-in-class broker to develop a comprehensive claims management plan will be best positioned to weather the uncertainties of any type of business disruption. Additionally, having an effective loss mitigation strategy can help reduce the severity of the claim by leveraging coverages, such as Extra Expense, to reduce downtime and minimize loss of profits.

Construction firms readying themselves for the challenges of 2025 will get their houses in order to take advantage of the good and weather the bad. An experienced broker is key to help evaluate the adequacy of insurance programs and provide risk management resources that support business goals.

12. Statistics Canada, "[The impacts of extreme heat events on non-accidental, cardiovascular, and respiratory mortality: An analysis of 12 Canadian cities from 2000 to 2020.](#)" June 19, 2024.
13. Bisnow, "['Adaptation Cost of Anguish': How Extreme Heat Is Slowing Down Construction.](#)" September 5, 2023.
14. MileHigh CRE, "[US Construction Outlook: Megaprojects will Define the Industry in 2024.](#)" January 2, 2024.
15. Cision, "[Canada's Top 100 Infrastructure Projects Unveiled.](#)" January 12, 2024.
16. Insurance Business, "[Hard market steering Canadian insureds towards parametric programs.](#)" October 3, 2023.

Turning to tech in search of solutions.

Technology stands to transform nearly every facet of the construction business, potentially alleviating long-standing pressures like safety, productivity and the labour shortage. But many firms are overwhelmed by it and have neither the skills nor the budget to invest, and they are unprepared for the accompanying risks, such as bad actors hacking systems or shutting down websites entirely for ransom.

Still, investments are growing in data analytics, the internet of things (IoT) and telematics, not to mention drones, wearables and other devices. One survey found 68% of firms investing in artificial intelligence (AI) alone in 2024; those that do invest improve revenue and profit growth and deliver more projects on time and under budget.¹⁷

Even as more firms test the tech waters, they lack awareness of the heightened risk of cybercrime. Deepfake technology cyber criminals scammed an engineering firm out of US\$25 million in 2024 when bad actors posed as the company's CFO, highlighting the need for ongoing training to help employees spot red flags and request additional verification before making costly mistakes.¹⁸

And HUB's survey found only 32% of construction firms have [cyber insurance](#). One contractor, a HUB client, suffered a quarter-million-dollar fraudulent funds transfer incident but was reimbursed through cyber insurance only eight weeks after the event, proof that the coverage was well worth the investment.

The majority of Canadian businesses are well aware of cyber threats, yet only 3% of global businesses have a "mature" stage of cybersecurity readiness.¹⁹ In addition to

training, insurers are looking for construction businesses that have developed a cyber incident response plan. Being proactive against cyber risk through multifactor authentication (MFA), cybersecurity training and protocols with a solid backup strategy makes businesses much more attractive to underwriters.

An insurance broker who specializes in construction has the knowledge and resources to identify and help address such exposures with creative solutions to balance the growing risks of technology with its lucrative rewards.

17. Deloitte, "[State of Digital Adoption in the Construction Industry 2024](#)," April 18, 2024.

18. CFO Dive, "[Scammers siphon \\$25M from engineering firm Arup via AI deepfake 'CFO'](#)," May 22, 2024

19. Cisco, "[2024 Cisco Cybersecurity Readiness Index](#)," accessed October 10, 2024.

Navigating Your Next Steps

HUB construction insurance, risk management and employee benefits specialists will work with you to develop a tailored strategy that will protect the bottom line, support your workforce and build resiliency for 2025. Here are some initial considerations:

1

Develop a comprehensive risk plan.

Making risk management a pillar of your organization's culture can help identify exposures and develop response plans in case of any type of incident, whether that is a weather-related event, a threat of physical safety or a cyberattack. Make sure your broker understands how to approach risk and can identify gaps in insurance that could disrupt your daily operations.

To compete for a shrinking pool of skilled labour, personalized benefits based on [HUB Workforce Persona Analysis™](#) and data analytics can help your company differentiate itself from the competition. Creating a [quality employee experience \(QEX\)](#) will boost engagement, improve recruitment and retention and promote worker wellbeing.

2

Create a personalized benefits strategy.

3

Remain focused on workplace safety.

Safety is already the focal point of your operation, but with an influx of new and less-experienced workers, injury risks increase. Work with a risk professional to review your safety program at least annually and address any issues.

Stay in contact with your broker and let them know about changes to the business to eliminate surprises at renewal. Review exposures and insurance needs at least 90 days prior to policy renewal to allow your broker to find the optimal coverages for your organization.

4

Be transparent with your broker.

Canada Commercial Rate Guide

HUB International analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants to create an annual rate outlook for Canada.

Below is our outlook on insurance rates in Canada for 2025. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	2025 Canadian Rate Guide	Insights
Commercial Automobile: One to five vehicles	Flat to +5%	Inflation and vehicle thefts continue to push rates upward. Rate increases are being filed in most provinces due to an increase in the frequency of claims and the amount of repair bills rising.
Commercial Automobile: Six or more vehicles	Flat to +5%	Inflation and theft continue to put pressure on rates. An increase in the frequency of claims and higher repair costs have driven rate increases.
Liability	-5% to Flat	Better performance in general liability has helped insurers offset losses in property insurance. Terms and pricing are more flexible as carriers seek to diversify their business.
Excess Liability	Flat	Excess liability premiums remain stable and in some cases are falling, with variability depending on exposure and attachment points. Excess layers with U.S. exposure may see rates increase.
Commercial Property	-10% to Flat	Most segments in commercial property are seeing rate reductions, but property in catastrophe-prone zones is still experiencing rate increases. Rebuilding costs have steadied, but undervalued properties remain a concern, as these properties may not be insured to cover full rebuilding and replacement costs.
Residential/Habitational Property	Flat to +5%	In light of recent natural catastrophes, premium increases and stricter terms and conditions are expected to continue.
Catastrophic Perils	Flat to +5%	Given the increased frequency and severity of weather events, rate increases are expected in catastrophe-prone areas. Climate change continues to push rates higher.
Environmental	-10% to Flat	The environmental insurance market remains favourable as insurers are eager to write new business. However, terms are tightening; insureds need to carefully review exclusions and restrictions at renewal.
Directors & Officers: Private	-10% to Flat	D&O coverage for private companies remains soft with ample capacity as carriers compete to keep business. Rates will be flat at renewal or dropping when there's competition for the business.

Canada Commercial Rate Guide

Coverage	2025 Canadian Rate Guide	Insights
Directors & Officers: Public	-10% to Flat	Public companies continue to see rate cuts or no increases at all due to increased competition. There is plenty of capacity, and underwriters are pricing with favourable terms and conditions.
Cyber Liability	-10% to Flat	Rates continue to reflect improvement in the cyber market. Carriers will lean toward flat rates at renewal unless competition for business drives rates downward.
Inland Marine	-5% to Flat	Despite trending downward overall, rates are rising in some geographies, largely due to the increased frequency and severity of weather events in catastrophe-prone locations, as well as an increase in theft.

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

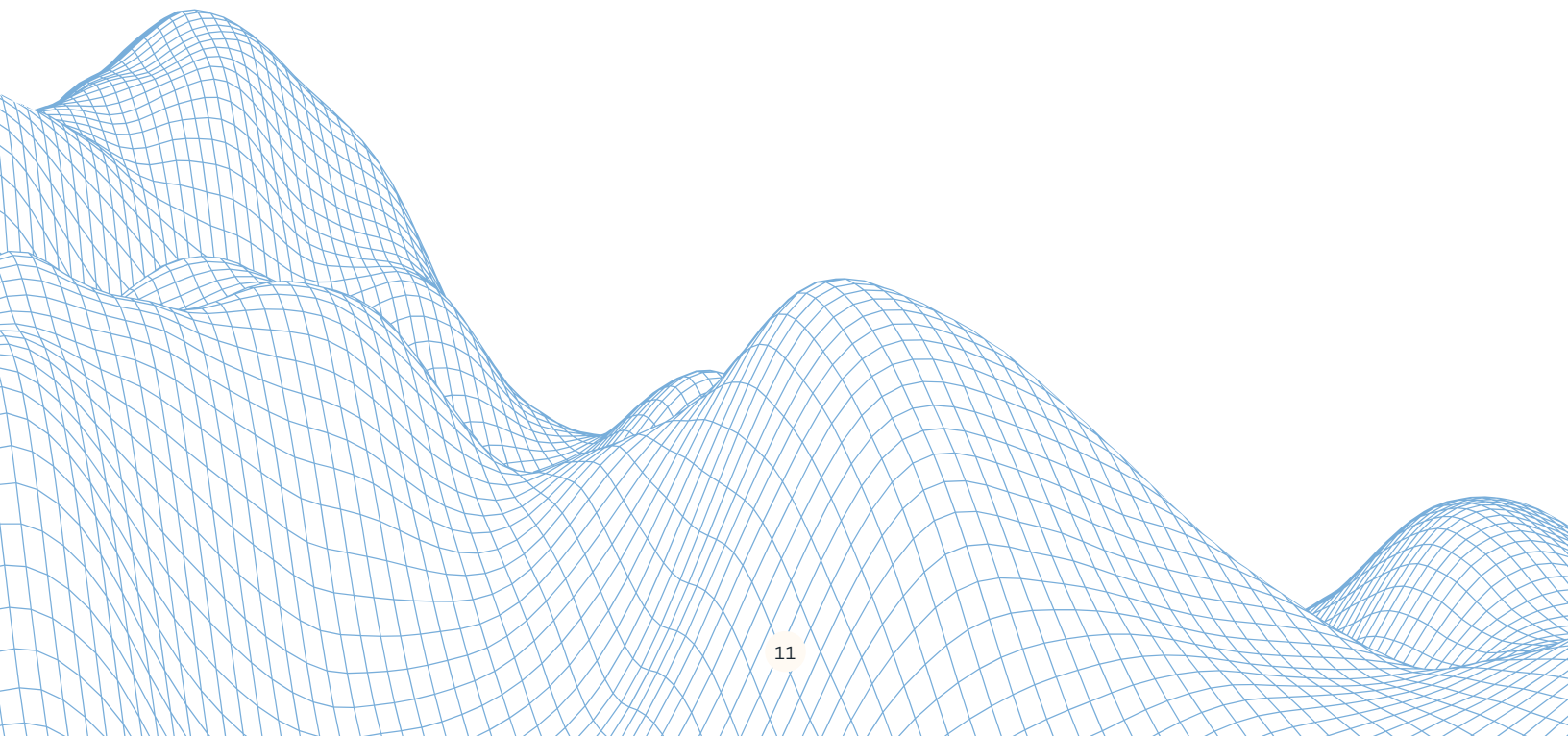
Industry Perspective

Business	2025 Rate Guide	Insights
Agribusiness	-10% to +5%	Additional property capacity is available for best of class construction and protection. Unprotected frame properties remain challenging to cover.
Cannabis	-10% to +10%	<p>Insurance rates for cannabis operations will vary depending upon the type of business and coverage. Commercial auto coverage is likely to rise 5% to 10% due to worsening loss trends. However, insureds may be able to negotiate discounts for general liability insurance and package coverages.</p> <p>Despite an improving market overall, property insurance rates in cannabis are likely to increase as much as 10% due to some significant losses. Following market trends, cannabis insureds will enjoy rate relief for D&O and cyber coverage.</p> <p>Stock throughput insurance rates will rise about 5% to 15%, with rate increases at the higher end for perishable or combustible stock.</p>
Construction	-5% to Flat	When construction operations put their business to market, there may be rate decreases. Several factors will drive reductions in rates: increased capacity, favourable claims experience and a more competitive environment.
Education	-10% to Flat	The property market is competitive, giving rate relief for educational institutions. Rates for cyber and D&O are also declining, giving institutions an opportunity to consider fortifying coverages.
Entertainment & Sports	-5% to +10%	<p>After years of rate increases, the market for property insurance in entertainment and sports has leveled out, with slight decreases or slight increases for 2025. General liability coverage will depend on loss history, with rates falling 5% or rising up to 10%.</p> <p>Excess liability coverage insurance rates will be flat or drop slightly. D&O and cyber insurance will follow general industry trends, with rates stabilizing or falling as much as 10%.</p>
Financial Institutions	-10% to +5%	<p>The industry will benefit from trends affecting insurance overall. D&O rates will drop as much as 10% due to strong competition and favourable conditions for insureds, while professional liability rates will reflect aggressive bidding for business.</p> <p>Low claims activity for Canadian private equity firms has attracted capacity for general partner liability coverage. However, firms with U.S. presence are likely to see reduced capacity.</p>
Healthcare	-5% to +10%	<p>Rates for property insurance in healthcare will rise, although the increases are expected to be small. General liability coverage will also increase slightly, with a high rate of renewals; insureds may see a 5% to 10% decrease if they go to market for a lower rate. The same is true for E&O insurance in healthcare.</p> <p>Excess liability rates are expected to remain stable.</p>

Industry Perspective

Business	2025 Rate Guide	Insights
Hospitality	-15% to +10%	<p>A wide range of outcomes in hospitality reflects different market conditions. Underwriters are competing for business for property, general liability and excess liability insurance, driving down rates as much as 15%.</p> <p>Meanwhile, auto insurance remains challenging in some regions though rate increases for larger fleets should be minimal. Like for cyber insurance as a whole, the cyber market in hospitality is also competitive, but can be challenging for hotels, as the risk is shared between the owner, manager and banner.</p>
Real Estate	-15% to Flat	<p>A competitive market will continue to drive property rate reductions for best-in-class properties with favourable loss histories. General liability rates for real estate will remain relatively flat and insureds can negotiate reductions for best-in-class properties.</p> <p>Underwriters are competing for business in excess casualty, moderating or reducing rates for insureds without U.S. exposure.</p> <p>And environmental coverage for property owners could see rates fall as much as 15%, particularly for low-risk residential properties.</p>
Transportation	Flat to +5%	<p>The transportation sector is in a very competitive market cycle. Companies that put their business out to market are likely to get better rates than those simply renewing with their current carrier.</p>

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.



HUB Construction

When you partner with us, you're at the centre of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB construction insurance specialist.

\$2.5B

in commercial insurance premium brokered by HUB

40,600

insurance policies managed

134,000

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