

Outlook 2026

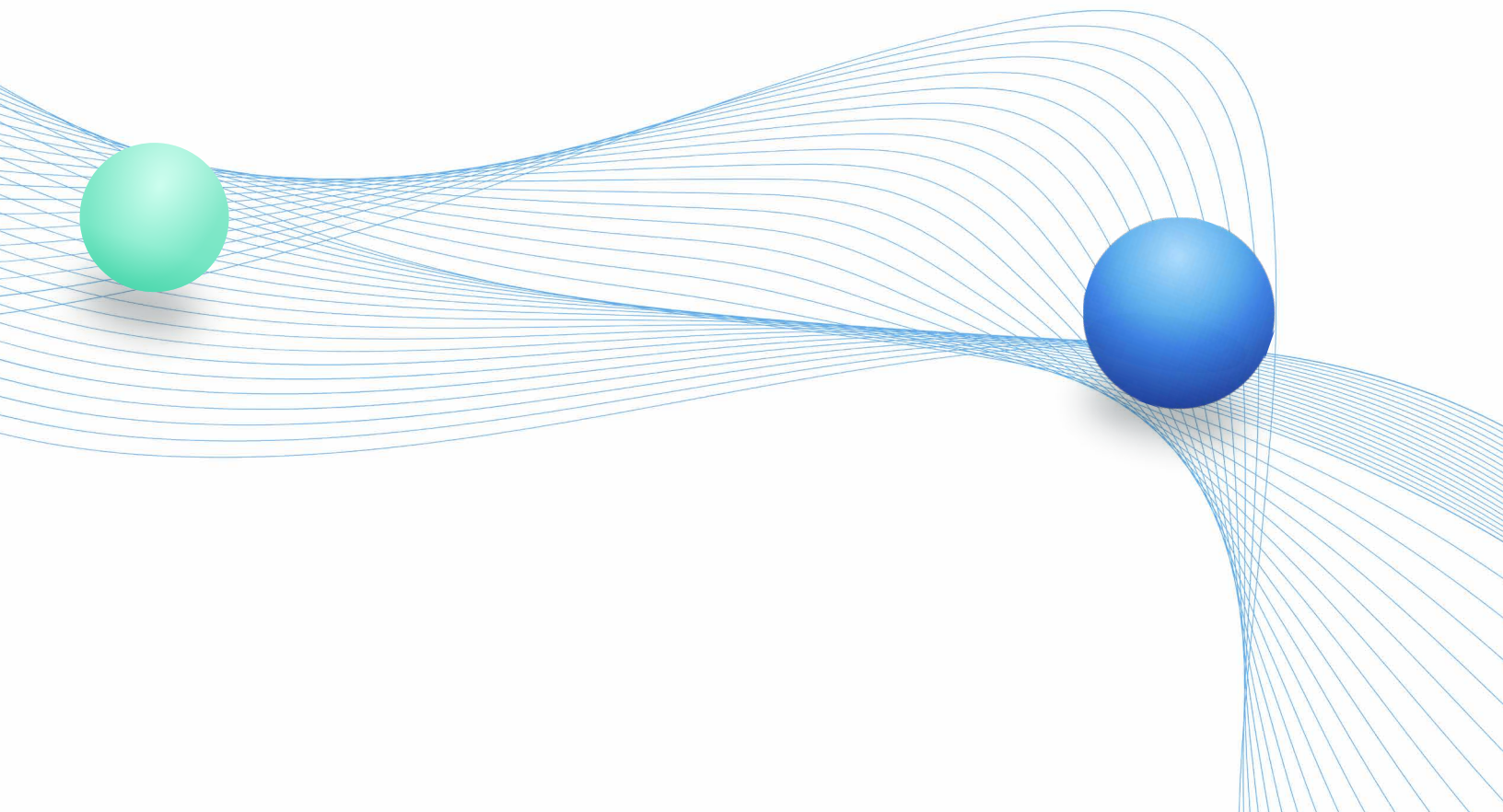
Construction

Tariffs and labour disruptions will test contractor resilience as growth in data centres fuels opportunities.



What to Expect in 2026

Uncertainty remains high in the construction industry in 2026 as contractors face tariff and supply chain volatility, while changes to immigration regulations pressure an already tight labour market. Areas of opportunity are emerging, however, as data centre construction surges and interest rates stay at a lower rate. Firms that have demonstrated risk maturity and adaptable business plans will find the momentum they need to stay on solid ground.



Profitability

Cost management strategies become crucial amid supply volatility and labour pressures.

While supply chain disruptions, labour shortages and climate-related delays will continue to pressure construction budgets, the biggest source of uncertainty heading into 2026 will be material costs due to tariffs and counter-tariffs.

Between the Canadian dollar hitting a 22-year low in early 2025 and the fact that 8% of construction costs are tied directly to U.S. imports,¹ prices of materials are expected to rise in 2026. The volatility complicates insurance valuations and project financing that can shift dramatically between bid and completion.

According to the HUB International 2026 Profitability & Resiliency Executive Survey,² 92% of organizational leaders across North America believe that rising costs will impact their profitability, a 6% increase over last year.

To adapt to rising costs, contractors are “pre-positioning” materials, buying supplies months in advance to avoid future price spikes. While this shifts cash flow and raises working-capital requirements, it also offers protection against sudden cost surges.

Adding to the pressure is the industry’s chronic labour shortage. New immigration measures around skilled trades will create new pathways for immigrants to find work in the construction industry,³ but it may not be enough to solve the worker shortage.

Still, there are some bright spots. Interest rates, once a major drag on financing, have stabilized and the Bank of Canada announced further rate cuts toward the end of 2025.⁴ This will help restart stalled projects, as lower rates will reopen pipelines for commercial, residential and infrastructure projects. And while home ownership has been dropping since its peak in 2011, with a sharper fall among younger Canadians, the build-to-rent trend is increasingly attractive in Canada because it offers a recurring rental income model, and recent tax and incentive changes have improved its business case.⁵

[Private equity](#) interest in the construction sector is bringing both new capital and heightened expectations around performance, risk and compliance. For construction firms, this creates opportunities and challenges, as navigating investor demands often requires industry expertise.

8% of construction costs are tied directly to U.S. imports.¹

Partnering with an experienced broker with a strong private equity advisory arm can help bridge the gap, ensuring contractors receive tailored guidance, risk management strategies and insurance solutions aligned with investor priorities.

Another area of momentum is data centre construction. Driven by surging demand for artificial intelligence (AI), these large-scale projects are ramping up. While they pose unique insurance challenges, brokers with deep expertise in the industry are helping firms design creative risk-sharing solutions.

Construction firms could find some cost relief on their insurance through [owner-controlled insurance programs \(OCIPs\)](#) and other creative project-specific insurance solutions that can also streamline risks.

1. Smart Capital, “[Construction Costs in Canada: Trade Tensions, Tariffs, and the Path to Stabilization](#),” April 17, 2025.
2. The HUB International 2026 Profitability & Resiliency Executive Survey polled 350 business leaders across North America on the issues facing them on profitability and resilience.
3. Government of Canada, “[Canada takes action to support housing with new immigration measures](#),” March 7, 2025.
4. Reuters, “[Bank of Canada signals likely end to rate cuts, but keeps options open](#),” October 29 2025.
5. Financial Post, “[Garry Marr: Here’s the real reason the Canadian dream of home ownership won’t die any time soon](#),” October 20, 2025.

Vitality

In the face of chronic labour shortages, workforce investments will help mitigate worker issues.

Construction hiring is set to accelerate in 2026, with forecasts calling for 111,600 additional workers over the next decade and an estimated workforce of 380,500 by 2034.⁶ A promising trend is emerging as well: Younger workers are stepping into these roles, with a 13% increase of those aged 24 and under.⁷

Weather-related events are also straining the construction workforce, which faces heightened risks during increasingly frequent periods of extreme heat. Between 2000 and 2021, more than 470 heat-related illness claims were reported across Canada — a number likely to rise as heat waves grow longer and more intense.⁸

[Protecting workers from heat-related illness](#) by establishing a heat-prevention program needs to be a top priority for construction firms. Several provinces, including British Columbia, Ontario and Quebec, have heat-safety rules in place to mitigate these injuries.⁹ Contractors with strong prevention programs will see fewer disruptions and gain a reputation as a safety-minded employer, which can help attract and retain workers.

Protecting workers' wellbeing is both a responsibility and smart business practice, especially given the rising number of days lost to injury in construction.¹⁰ Incorporating wearable safety devices and wellness programs are other ways construction firms can reduce claims and build trust among employees.

Companies that invest in early training and health programs can see meaningful financial returns through lower claims and better productivity, as well as build a culture of caring that shows workers they are valued.

Providing personalized benefits that support workers' specific needs, as well as mental health and general wellness initiatives, is another important way to attract

and retain employees. HUB's [Workforce Persona Analysis™](#) helps construction firms identify what benefits employees need and will use.

73% of employees say personalized benefits would increase the likelihood they would stay with their employer.

Workers appreciate these options, according to [HUB's 2025 Canadian Workforce Vitality Gap Index](#), with 73% of employees agreeing that a comprehensive and personalized benefits program would increase the likelihood they would stay with their current employer. Half of employees indicated they would take advantage of employee wellbeing programs that include extended mental health benefits and gym memberships.

Another innovative approach is offering employees access to retirement resources that can help them reduce financial stress and work toward their retirement goals. Providing these kinds of personalized benefits enhances the overall employee experience, fostering a more engaged and productive workforce.

6. BuildForce Canada, "[Renewed Residential Activity and Ongoing Work on Major Non-Residential Projects Elevate Construction Demands to 2034](#)," April 4, 2025.
7. BuildForce Canada, "[Reviewing Canada's Construction Sector in 2024 — Part 5: Building a Strong Workforce](#)," September 24, 2025.
8. National Library of Medicine: Scandinavian Journal of Work, Environment & Health, "[Heat-related illness among workers in British Columbia, Canada: Extreme hot weather in 2021 compared to 2001-2020](#)," September 30, 2024.
9. CCOHS, "[Temperature Conditions - Legislation](#)," February 18, 2025.
10. Construction Executive, "[The Travelers 2025 Injury Impact Report Reveals First-Year Workers Most at Risk](#)," September 4, 2025.

Resiliency

To maintain their edge, construction firms will need to pair resilience with foresight.

Extreme weather is emerging as a primary factor for risk management in the construction industry. Last summer's record-breaking heat in Toronto boasted twice the number of days over 32-degrees Celsius than prior years¹¹ — and exemplified the new reality. Such events are becoming more common and disruptive to the construction industry, with extreme weather like heat, wind and severe storms responsible for delays and expanded timelines for a growing number of construction projects.

Strategies are now essential for analyzing climate risks and ensuring contractors have appropriate coverage limits. The good news is firms can leverage advanced weather analytics and modelling to identify vulnerable periods in the project lifecycle and adjust schedules accordingly. Insurance brokers can help firms structure coverage that accounts for regional weather patterns and seasonal variations for long-term resilience by utilizing predictive planning, as well.

While traditional insurance remains the cornerstone of risk transfer in construction, climate change-related events are causing businesses to seek alternatives to address coverage gaps. For example, [parametric insurance](#), which gives a payout once a specified weather metric is met, provides construction firms with a strategic supplement for risks that may not otherwise be covered. Firms can bypass lengthy damage assessment processes and receive immediate capital to cover delays and mitigate business disruption.

It's important for construction firms to realize, however, that parametric coverage is not a standalone replacement for traditional coverage and typically doesn't satisfy lender insurance requirements. Experienced brokers can help run scenarios to identify where parametric insurance can be beneficial.

Only 6% of leaders have risk management strategies that qualify as advanced in maturity.

A broker with deep industry experience can guide construction firms through scenarios where they would need additional coverage for business interruptions due to supply chain issues, tariffs or labour shortages. They can also evaluate areas where better risk management strategies could reduce the possibility of losses and establish an effective [enterprise risk management \(ERM\) strategy](#).

The HUB International 2026 Profitability & Resiliency Executive Survey found that only 6% of leaders have risk management strategies that qualify as advanced in maturity, highlighting significant opportunities for organizations to strengthen their approach.

11. CBC, "[Toronto's had a summer of extreme heat. In 2050, it might be par for the course, climatologist says](#)," August 24, 2025.

Data Centre Projects

Managing exposures will help firms capitalize on opportunities from the data centre construction boom.

Fueled by artificial intelligence (AI), cloud computing and demand for data storage, data centre construction has emerged as a key growth engine for the construction industry, with projects expected to reach a value of \$2.1 billion by 2030.¹² Capacity is expected to more than triple by the same year, with companies investing at least US\$7 trillion globally in various types of data centre infrastructure. About US\$1 trillion of that investment will go toward the building of these facilities.¹³

Though they resemble giant warehouses, data centres are anything but simple. Developed in phases over multiple years, the structures must be able to continuously expand beyond the original plan parameters to meet the evolving energy demand. Because these facilities consume electricity on par with small towns, they can often overwhelm local power grids.

Companies are now building their own plants to ensure reliability. For example, in mid-2025, Microsoft struck a US\$16 billion deal to restart the Three Mile Island nuclear reactor in Pennsylvania to power its AI data centres.¹⁴ This project underscores how simple warehouse construction can quickly become a complex industrial project that includes data centres and major infrastructure risks.

In addition, the need for skilled labour, electrical systems and physical security presents new challenges, requiring highly specialized trades and design-build expertise, as well as a specialized insurance program.

The insurance markets are racing to keep pace and manage exposure. Coverage must be spread across multiple insurance markets, requiring brokers with expertise in both construction and power infrastructure. Beyond builder's risk insurance, exposures such as cyber liability and equipment breakdown are drawing greater underwriting scrutiny.

At least US\$7 trillion globally will be invested in various types of data centre infrastructure by 2030.¹³

Contractors looking to capitalize on the growth potential of this space and ensure a durable pipeline of work need to partner with an experienced broker who can establish sophisticated coverage structures and risk management strategies.

12. Financial Post, "[Canada Data Center Colocation Supply & Demand Analysis Report 2025-2030: \\$2.11 Billion Market Led by Digital Realty, Equinix, Cologix, Compass Datacenters, and Vantage Data Centers - ResearchandMarkets.com](#)," October 24, 2025.

13. McKinsey & Co., "[The data center balance: How US states can navigate the opportunities and challenges](#)," August 8, 2025.

14. Pennsylvania Capital Star, "[Microsoft describes Three Mile Island plant as a once-in-a-lifetime opportunity](#)," June 25, 2025.

Moving Your Organization Forward

HUB construction insurance, risk management and employee benefits specialists can help you develop a tailored strategy to protect the bottom line, support your workforce and build resiliency for 2026. Here are some initial considerations:

- 1 Develop a comprehensive risk plan.**

Risk management should be a pillar of your organization's culture. By identifying exposures and developing response plans for any type of incident, you will be set up for success. A comprehensive risk plan should also include proactive claims management and mitigation protocols to ensure proper procedures are in place before a loss occurs, helping to minimize both losses and expenses. Your broker should understand how to approach risk and find coverage gaps that could disrupt your daily operations.

- 2 Create a personalized benefits strategy.**

To compete for 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 \(QEX\)](#) boosts engagement, improves recruitment and retention and promotes worker wellbeing.

- 3 Remain focused on workplace safety.**

Safety should already be the focal point of your operation. An influx of new and less-experienced workers can increase injury risks, so working with a risk professional to review your safety program at least annually and address any issues is critical.

- 4 Be transparent with your broker.**

Communicate regularly with your broker and let them know about changes to the business to eliminate surprises at renewal. Report all claims — even incidents that could potentially lead to a future claim — to your broker as soon as they occur so they can respond quickly and help mitigate potential losses. Review exposures and insurance needs at least 90 days prior to policy renewal so your broker can find the optimal coverages for your organization.

Construction Rate Guide — Canada

HUB International's rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in the construction industry.

Below are rate projections for 2026. It's important to discuss your business' exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2026 Construction Rate Guide	Insights
General Liability	-5% to Flat	<p>Market stability is expected to continue through 2026, assuming no major economic or environmental disruptions. The favourable conditions seen over the past year reflect several years of disciplined underwriting and selective capacity deployment by insurers.</p> <p>Heading into 2026, overall market sentiment remains positive. Established carriers are broadening their appetites, relaxing restrictions on coverage terms and limits, while new market entrants are adding capacity and sustaining competition.</p> <p>Clients demonstrating strong risk management practices and favourable loss histories can expect continued access to broad coverage terms and stable or even reduced rates. Conversely, accounts with elevated risk factors — such as exposure to catastrophic perils or complex, technology-driven construction methods — may still experience modest rate increases.</p>
Commercial Auto	Flat to +10%	<p>The market remains stable, with rates largely flat. However, upward pressure may emerge due to rising replacement costs driven by tariffs and supply chain constraints. Standalone auto coverage is now rarely bundled with other lines, leading to a more segmented underwriting approach and closer scrutiny of fleet safety protocols and maintenance records.</p>
Primary Liability and Construction-Related Coverages	-10% to Flat	<p>General liability and wrap-up liability coverage continue to benefit from market softening, with wrap-up pricing declining substantially over the past year. While further reductions may be limited, competitive dynamics remain strong as new entrants pursue market share.</p> <p>Carriers are increasingly flexible in underwriting well-performing accounts, offering improved pricing and broader coverage options to attract and retain quality risks. The influx of new capacity, combined with disciplined underwriting, is helping sustain a buyer-friendly environment in 2026.</p>
Builder's Risk	-5% to Flat	<p>Rates for builder's risk coverage — especially for non-combustible projects — have declined significantly amid intense competition. Underwriters are showing growing interest in mass timber construction, though they remain disciplined and cautious. Detailed risk assessments, robust loss prevention plans and strong project management continue to be essential for securing preferred terms.</p>

Construction Rate Guide – Canada

Coverage	2026 Construction Rate Guide	Insights
Umbrella and Excess Liability	-10% to Flat	These lines remain in high demand, prompting insurers to accept broader portfolios to secure business. The result is downward pricing across the board.
Contractors Equipment	-5% to Flat	Rates for contractors equipment insurance — often written as part of package policies — are trending downward in parallel with builder’s risk and commercial property lines. Maintenance practices remain a key underwriting focus, with adverse loss experience prompting closer scrutiny from insurers.
Environmental coverage	-10% to Flat	The environmental market, particularly for contractors pollution liability, has softened considerably. Coverage remains a contractual requirement under the Canadian Construction Document Committee (CCDC) standards, ensuring consistent demand. Insurers are competing aggressively for qualified risks, creating downward pressure on rates and broader availability of capacity.
Professional Liability (E&O)	Flat	The professional liability market has shifted dramatically. Where capacity was once constrained and terms restrictive, multiple markets — both domestic and in London — are now actively deploying capital. Rates have stabilized and remain largely flat, even as contractual requirements for E&O coverage expand.
Surety		The Canadian surety market has expanded significantly in recent years, driven by new entrants and strengthened by robust reinsurance support. Increased capacity has heightened competition and improved access for contractors of all sizes. However, industry experts caution that the influx of new capacity could test underwriting discipline over time, potentially leading to higher default rates if market conditions tighten.

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 an individual’s susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

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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.

\$2.9B

in commercial insurance premium brokered by HUB

134,000

insurance policies managed

41,000

construction clients

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