

Construction costs keep rising in Canada, and it's hitting homebuyers in the wallet

Josh Sherman May 31, 2019

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Photo: James Bombales

Canadian construction costs are rising, and that has contributed to home price increases as developers build in growing expenses to their pricing models.

[According to Statistics Canada](#), residential construction costs climbed 0.3 percent for the first quarter of this year on the heels of a 0.5-percent increase to close out 2018.

The largest quarterly increase was in Montreal, where costs grew 1.5 percent. While Toronto has seen costs edge lower for the past two quarters — most recently decreasing 0.2 percent quarter-over-quarter — they remain up 3.5 percent from a year ago.

“I think they’re most heavily felt in the high-rise sector in Toronto,” says **Paul De Berardis, director of building science and innovation for the Residential Construction Council of Ontario (RESCON)**.

De Berardis points to the RLB Crane Index, which tracks the number of cranes towering above 13 cities across North America. The latest index counted more cranes in [Toronto than in New York, LA and Chicago combined](#).

“There’s a lot of projects on the go,” he tells Livabl.

With a limited pool of skilled trades and developers competing for both access to that labour as well as materials — including cranes — to get projects underway, contractors have been able to charge more and more.

“Everyone’s competing for these limited resources,” De Berardis continues.

The recently removed US tariff on Canadian steel and aluminum should provide some relief to costs, given that steel is a main structural component of condos.

Scott Davie, who advises developers through his company, Davie Real Estate Inc., estimates tariffs were adding millions to the costs of high-rise condo developments. “There’s steel rebars inside the concrete, not just steel beams, so there’s a lot of steel,” he explains to Livabl.

Some other issues are unlikely to abate. “It’s getting more and more difficult to get materials delivered into the city with the amount of congestion and grid lock,” says De Berardis, who suggests these delays cost money.

Davie says the carbon tax, which Ontario Premier Doug Ford’s Progressive Conservative has vowed to fight the federal policy tooth and nail, adds to ballooning construction costs as well.

He notes “it takes a lot of energy” to forge steel and mix concrete, as well as create glass and drywall.