The Groundwork

Ontario's $22bn order book, and who will build it

America's builders split: data centres versus the rest

Antalya puts buildings at the heart of COP31

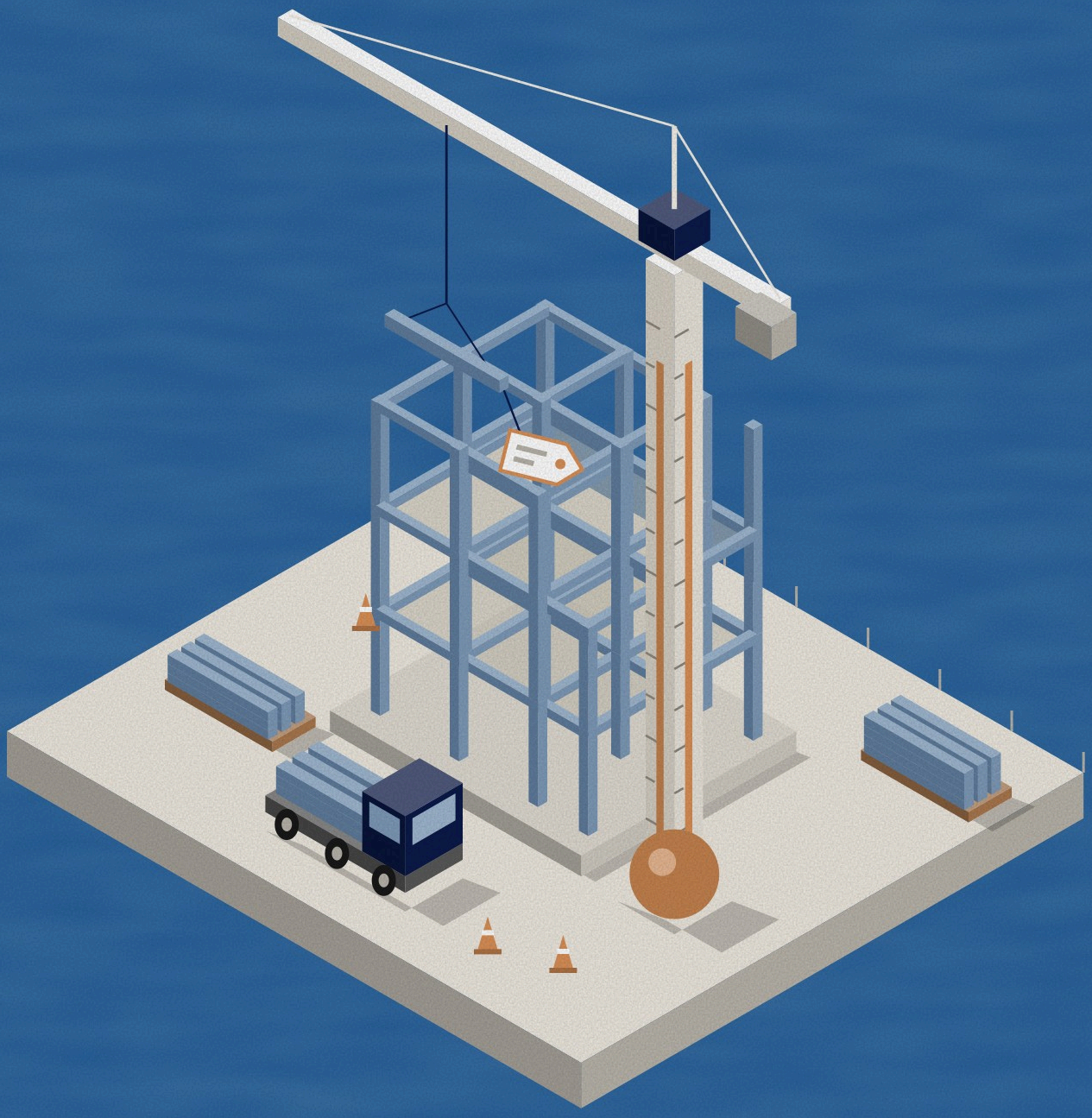
When the arbitrator becomes the advocate

ISSUE 02 · NOVEMBER 14TH 2026

CONSTRUCTION · PROPERTY · CLAIMS

COSTS, RATES AND TARIFFS

Inflation is back on site



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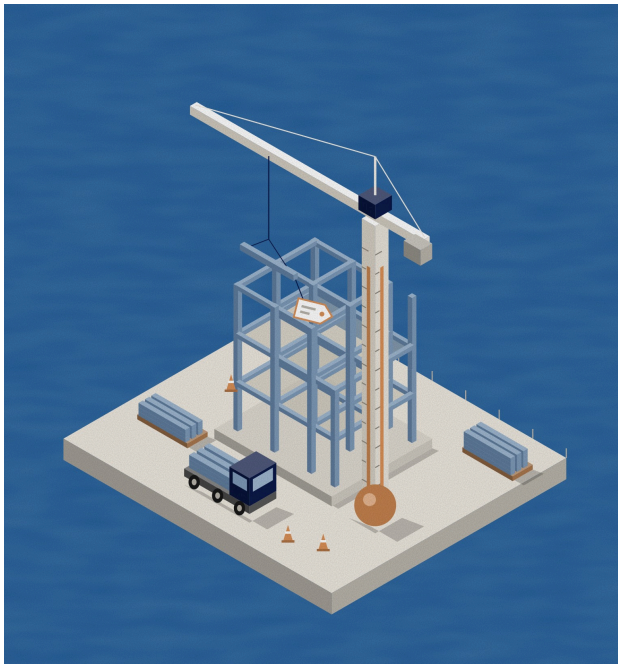
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Price escalation in daylight

Dollar figures are Canadian unless marked US$. Sources are named in each article; full source list on page 19.

The week in five numbers

Rise in Canadian structural steel framing costs, Q3	3.3%
Rise in US construction input prices, year to Sep	11.2%
Fall in Canadian non-residential permits, Q3	$1.7bn
Ontario projects in procurement, IO	>$22bn
US backlog gap, data centres vs the rest	c.4 months

Sources: Statistics Canada; ABC; Infrastructure Ontario



ON THE COVER

Steel framing costs rose 3.3% in a quarter in Canada, American input prices are up 11.2% in a year, and both central banks are raising rates. After two calm years, price risk is back on every project: leader, page 5. What it means for Canadian permits and pipelines: page 7. Why it matters to the whole project team: Critical Path, page 20.

ABOUT THE GROUNDWORK

A weekly briefing on construction, architecture, real estate and construction claims across Canada, the United States and the world, written for the whole project team: owners, contractors and the consultants who work with them. Published every Saturday by Benjamin R. Consulting Inc., Toronto.

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Illustrations and charts: The Groundwork.

The week in building · *Policy and politics*

America's consumer prices rose 0.4% in October, more than the 0.3% economists expected, after 0.6% in September, the Bureau of Labor Statistics reported on November 10th. Core prices, which exclude food and energy, rose 0.3% for a third month running. There is no annual figure: October 2025 prices were never collected during that year's government shutdown. *See United States.*

The Federal Reserve looks set to raise rates again. Christopher Waller, a governor, said that core inflation of 0.3% or more a month means a half-point rise should be considered at the Fed's meeting on December 8th-9th. Futures markets now price a December increase as certain, MPA reported. The target range has been 3.75-4% since a rise in September.

Tiff Macklem told senators on November 5th that Canadian inflation, at about 3% since April, should rise to about 3.5% by the end of the year and stay at or above 3% through much of 2027. The Bank of Canada governor said future rate decisions would be taken one meeting at a time. The bank raised its rate to 2.5% on October 28th, its first increase since July 2023. Its next decision is on December 9th.

Canadian construction added 16,000 jobs in October, a rise of 0.9% after two flat months, Statistics Canada said on November 6th. Employment in the industry was 47,000, or 2.9%, higher than a year earlier, even as total employment was little changed and the national unemployment rate rose to 6.7%. Ontario's rate reached 7.3%.

Municipalities issued $12.9bn of building permits in September, 4.1% less than in August, Statistics Canada reported on November 12th. Multi-family permits fell by $529.3m. In the third quarter non-residential permits dropped by $1.7bn in constant dollars, the steepest quarterly fall since the second quarter of 2020. *See Canada and Graphic detail.*

Building costs keep climbing. Non-residential construction costs rose 1.2% in the third quarter and 4.3% over the year, and residential costs 0.8% and 2.7%, according to Statistics Canada's price indexes. Structural steel framing rose 3.3% in a quarter. Builders blamed materials, fuel, transport and labour; the agency also pointed to Canada's retaliatory tariffs of 15-50% on American goods, in force since September 8th.

Infrastructure Ontario's November market update, published on November 10th, lists 21 projects in pre-procurement or procurement worth more than $22bn, and 20 more in early planning. The Orillia Soldiers' Memorial Hospital redevelopment joins the list.

Ontario's fall economic statement, released on October 29th, raised this year's deficit forecast to $16.9bn from $13.8bn and pushed back a balanced budget to 2029-30. It projects 64,700 housing starts this year, slightly fewer than 2025's 65,400, rising to 75,400 by 2029.

Self-employed builders are bullish. Construction accounts for 13.4% of Canada's self-employed workers, and 30.3% of them planned to expand their businesses as of July, well above the 27.6% average, Statistics Canada reported on November 12th.

COP31 opened in Antalya, Türkiye, on November 9th with buildings among the priority areas of its action agenda. Ministers were invited to endorse the Antalya Compact for Energy Efficient Buildings, which seeks a 25% cut in buildings' in-use energy intensity by 2035, compared with 2020, at a meeting on November 12th. *See Leaders and The world.*

At least 14 countries have backed the COP31 presidency's voluntary "35 by 35" pledge, which aims to raise electricity's share of final energy use from about 23% to 35% by 2035, Climate Home News reported. Britain welcomed the idea but did not endorse it; Brazil and Saudi Arabia did not sign.

Britain's construction purchasing managers' index fell to 43.6 in October from 46.1, its sharpest slide this year, driven by housebuilding, S&P Global reported. The euro area's index fell to 42.5, its 54th straight month below the 50 mark that separates growth from contraction.

America's residential builders shed 16,400 jobs in October, the most since March 2021, according to the National Association of Home Builders. Non-residential firms added 13,300. The pool of unemployed workers with construction experience fell to 363,000, the smallest for an October since 2018, said the Associated General Contractors.

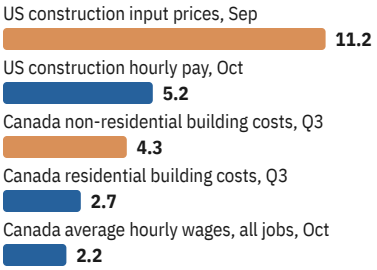
The Ontario Line passed a milestone. Its first tunnel-boring machine, Libby, broke through to the future King West station, having travelled about 1.3km since April. A second machine is due there in December. Ottawa is contributing more than $4bn to the line.

Ontario announced $176m of contracts to 16 local suppliers for the first small modular reactor at Darlington, including about $35m for an administration building and $31m of reinforcing steel. The reactor's basement has been placed, the first new nuclear foundation in Canada in more than 30 years, according to ReNew Canada. *See Canada.*

St Michael's Hospital broke ground on a new neonatal intensive-care unit in Toronto, backed by nearly $14m of provincial money. It is due to open in summer 2027.

Costs are climbing again

Selected construction cost and pay measures, latest, % change on a year earlier



Orange: materials and building costs. Sources: ABC; AGC; Statistics Canada

Rates and prices

Where the two central banks stand

Bank of Canada policy rate, since Oct 28th	2.50%
Canadian inflation, expected by year-end	c.3.5%
Fed funds target range, since September	3.75-4%
US core consumer prices, October, monthly	+0.3%
Market odds of a Fed rise in December	100%

Sources: Bank of Canada; BLS; MPA

The week in building · *Business*

PCL Partnerships won an $856.8m fixed-price contract to design, build and finance the Bowmanville Hospital redevelopment for Lakeridge Health, Infrastructure Ontario said on November 6th. Diamond Schmitt and Cumulus are the architects. Work on site starts early in 2027, for completion in 2030. *See Canada.*

Bird Construction reported more than $1.1bn of new awards and multi-year agreements, including maintenance and turnaround work for six industrial clients over terms of up to five years, a structure for Ontario's nuclear sector, a wind farm in eastern Canada and a district-energy plant in the west.

Gillam Construction Group of Carp, Ontario, will build the administration building for the Darlington new-nuclear project under a contract worth nearly $35m. Mansteel Rebar of Pembroke will fabricate and install rebar for five core buildings for $31m.

More nuclear orders. Armstrong Fluid Technology of Toronto will supply pumps and a pumphouse enclosure for Darlington for $3.9m, and Northern Transformer of Maple power transformers for $4m.

Calgary broke ground on a $170m athletic complex on a 35-acre site in the city's north-east.

American contractors' backlogs shrank to 8.1 months in October from 8.7 in September, Associated Builders and Contractors said on November 10th. Firms working on data centres reported 11.5 months; the 88% that are not reported 7.6, nearly four months less. *See United States.*

Infrastructure backlogs fell to 8.7 months from 9.4, the lowest since May 2025. Even so, contractors' optimism about profit margins improved, although about one in four still expect margins to shrink over the next six months.

Construction input prices in America were 11.2% higher in September than a year earlier, the biggest annual rise in nearly four years, according to ABC's analysis of producer prices. Crude petroleum rose 28.3% in the month.

American construction pay averaged US$39.70 an hour for production workers in October, 21.2% more than the private-sector average, and rose 5.2% over the year, said the AGC.

Mortgage rates eased. The average American 30-year fixed rate was about 7.18% in early November, down from a peak near 7.4% in mid-October, Real Estate News reported.

Greater Toronto home sales fell 7.9% in October from a year earlier, to 5,603, and the average price slipped 2.7% to $1,024,108, the Toronto Regional Real Estate Board said. New listings were 11.9% lower. *See Property.*

Toronto's new-condo pipeline is shrinking fast. Units under construction in the Greater Toronto and Hamilton Area fell 38% to 35,920 in the third quarter, the fewest since early 2012, according to Urbanation.

Canada's office market is tightening. National availability fell to 15.1% in the third quarter, 110 basis points lower than a year earlier, Altus Group said. Only 20 office buildings, totalling 1.7m sq ft, are under construction across the country, near a record low.

Saudi Arabia's contract awards reached US$68.8bn so far this year, 13% less than a year earlier, according to MEED. Awards in the UAE were up 6.1%, and in Abu Dhabi alone 35%. *See The world.*

Laing O'Rourke is seeking a buyer for its Middle East business, MEED reported in its November review.

Saudi Arabia's Sports Ministry has set a December 1st deadline for early works on the King Salman International Stadium in Riyadh, a 92,000-seat venue due for completion in 2029, MEED reported. Petroleum Development Oman has awarded the main contract for its Al-Ghubar gas-oil gravity drainage facility to China's Jereh, according to MEED's sources.

Gulf lenders are reassessing risk, paying more attention to physical security, insurance and the allocation of risk in project contracts, MEED reports, while public-private partnership awards across the Middle East and North Africa have fallen sharply.

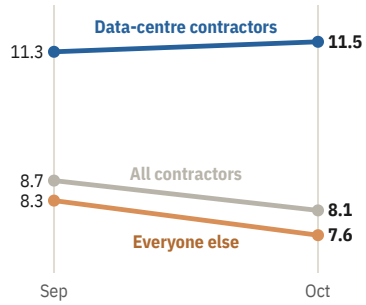
Powerhouse Parramatta opened in Sydney on November 7th. The A$915m museum, designed by Moreau Kusunoki with Genton and built by Lendlease, opened while a law firm investigates whistleblower allegations, not publicly detailed, that touch on governance and procurement. *See Architecture.*

Grimshaw has begun rebuilding 70 Mulberry Street, a former school turned community centre in New York's Chinatown damaged by fire in 2020. Gensler will design a second building of about 30,000 sq ft for ICA Miami, due to open late in 2027.

The World Architecture Festival meets in Fort Lauderdale, Florida, from November 18th to 20th, with 416 shortlisted projects and a water theme. *See Diary.*

Two kinds of contractor

US contractors' backlog, months of work, September to October 2026



Source: Associated Builders and Contractors, via Construction Dive

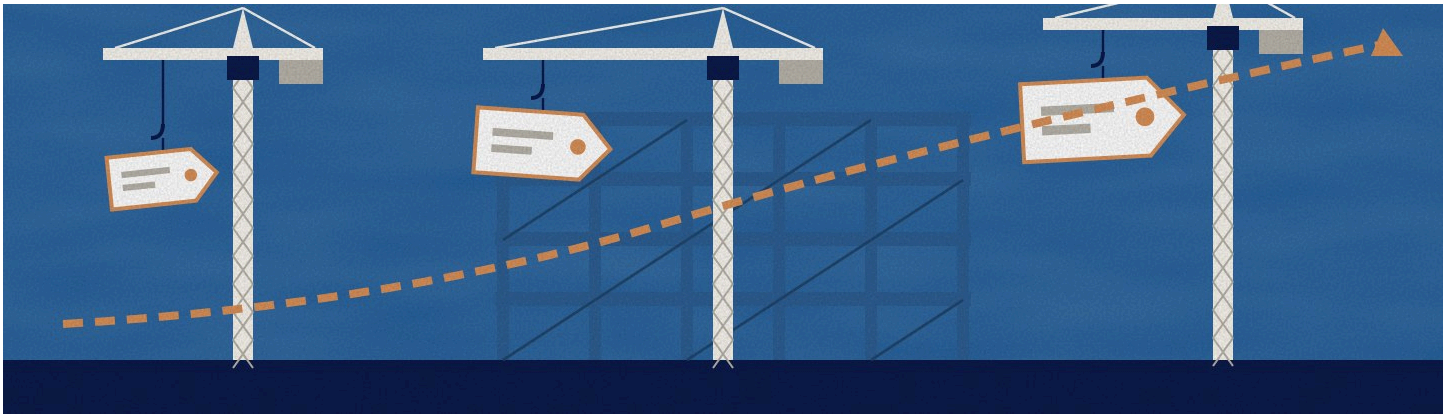
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Leaders

CONSTRUCTION COSTS

Inflation is back on site. Share the risk before it is fought over

After two quiet years, prices and interest rates are rising together. Contracts written for calm weather will not hold



Everything is going up, not just the building · Illustration: The Groundwork

FOR MOST OF the past two years the people who price buildings could take one thing for granted: the cost of materials would not move much between tender and handover. That assumption is breaking down. In Canada, the cost of putting up a non-residential building rose 4.3% in the year to the third quarter, and structural steel framing rose 3.3% in three months alone, according to Statistics Canada. In America, construction input prices were 11.2% higher in September than a year earlier, the steepest rise in nearly four years.

The money is getting dearer too. The Bank of Canada raised its policy rate on October 28th, its first increase since 2023, and its governor, Tiff Macklem, now expects inflation to reach about 3.5% by the end of the year. In America, consumer prices rose 0.4% in October and the Federal Reserve is almost certain to raise rates again in December; one governor has said a half-point move should be considered. Rising costs and rising rates arriving together is the combination that turns thin margins into losses and losses into disputes.

Where the pressure comes from

Some of it is policy. Canada's retaliatory tariffs on American goods, in force since September 8th, run from 15% to 50%, and certain steel and aluminium products face the top rate. Some of it is energy: crude petroleum prices jumped by 28.3% in September alone, according to American producer-price data, and the conflict in the Gulf has disrupted shipping and metals supply across that region, MEED reports. And some of it is labour. Canadian construction added 16,000 jobs in October; American contractors are paying 5.2% more an hour than a year ago because the pool of idle skilled workers is the smallest for an October since 2018.

None of this is an emergency. But it changes what a sensible contract looks like. A lump sum priced in the spring for work that will be bought next summer now carries a risk that neither side can control, and that someone will eventually be asked to pay for.

Three ways to share it

The worst response is to pretend the risk is not there. An owner that insists on a fixed price for volatile packages will pay for it anyway, either as a fat contingency hidden in the bid or as a claim later. A contractor that absorbs it to win the job may not be around to finish it, as a recent English case on over-certification before a contractor's collapse reminds everyone (see Claims & disputes).

Better options exist. First, tie the price of the most volatile materials, such as structural steel, rebar, copper and fuel, to published indices, with a clear base date and a band within which no one adjusts anything. Statistics Canada publishes building-cost indices every quarter; they are an auditable reference that both parties can live with. Second, buy early. Structural steel, metal fabrications and lifts are the packages rising fastest; securing them before the design is complete costs a little flexibility and saves a lot of exposure. Third, agree in writing how a sudden tariff or duty change will be handled, before it happens, rather than arguing about change-in-law clauses afterwards.

A job for the whole team

Consultants have a part to play too. Cost plans should carry an explicit escalation allowance, based on current indices, not last year's. Schedulers should show where procurement dates sit on the critical path, because a package bought three months late may cost 3% more. And everyone should keep the records that show what was known, and when.

Inflation in construction is rarely a single shock. It arrives package by package, invoice by invoice. Projects that talk about it openly at the start, and write down who carries

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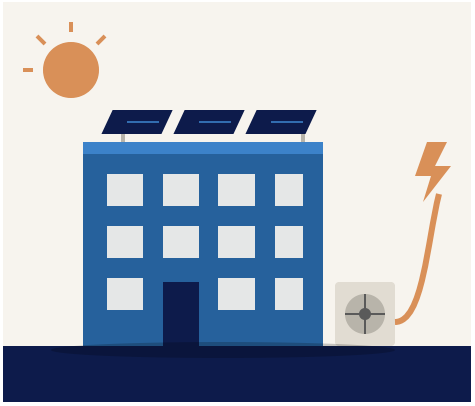


Illustration: The Groundwork

COP31

Buildings move to the centre

Climate diplomats have finally noticed where the energy goes. The industry should help write the rules, not wait for them

For most of three decades of climate summits, buildings were a side event. In Antalya they are on the main stage. Türkiye's COP31 presidency has made buildings one of the priority areas of its action agenda, and on November 12th ministers were invited to endorse the Antalya Compact for Energy Efficient Buildings. Its headline aim is to cut the in-use energy intensity of buildings by 25% by 2035, compared with 2020. A separate pledge seeks to raise electricity's share of final energy use from about 23% to 35% by 2035.

The logic is hard to argue with. Buildings account for about 40% of energy-related carbon emissions and about 40% of energy demand, according to the UN Environment Programme. Murat Kurum, the COP31 president, said buildings "are at the heart of our cities and of the energy transition".

The commitments are voluntary, and the electrification pledge had only 14 public backers by midweek. Climate Action Tracker reckons current policies would lift electricity's share to only 28% by 2035. Sceptics will say this is another set of targets without teeth.

There is a practical argument as well as a climate one. Buildings that use less energy are cheaper to run, and owners who renovate before the rules arrive can do so on their own timetable. Those who wait may find themselves renovating in a rush, competing for the same electricians, mechanical trades and heat-pump installers that are already the scarcest people on many sites. A wave of electrification work will only add to demand for them.

That is the wrong lesson for builders. Voluntary targets have a way of becoming codes, procurement criteria and lending conditions. The compact's six action areas, from renovating existing buildings to measuring how they actually perform in use, read like a checklist that public owners and banks will soon apply. Firms that already track energy use after handover will find they have a head start in bidding for that work.

Get ahead of it

The firms that will benefit are those that can show measured, not modelled, energy performance. That means commissioning properly, metering what is built and sharing the data. Owners should ask for it in their contracts; contractors and engineers should price it and deliver it; consultants should help both agree what "performance" means before a building is handed over, not after the first winter's bills arrive.

Canada has a head start in some places and none in others. Its buildings are, on average, older and colder than those in most of the countries backing the pledges, which makes the potential savings larger and the work harder. The country's renovation backlog, its cold climate and its electricity grid all make the compact relevant. The industry should be at the table when governments translate Antalya's targets into rules, so that the rules are workable. The cost of measuring and reporting performance should be agreed up front, so that the data proving a building works is not the first thing cut when budgets tighten. ■

ARBITRATION

A referee must not pick up the ball

Active arbitrators can speed up construction disputes. They cannot take sides

Construction disputes are technical, and parties often choose arbitrators precisely because they understand schedules, quantities and site conditions. In Atkinsréalis v. GIP Construction, decided on October 7th, Ontario's Superior Court removed such an arbitrator from a dispute over delays on Ottawa's Trillium Line extension. The parties had agreed to an active, more inquisitorial style. But the court found that his prepared cross-examination of one party's witnesses had crossed from clarifying the evidence into advocacy, giving rise to a reasonable apprehension of bias. His good faith was not in doubt.

The lesson applies to every side of the table. Parties who want an investigative process should spell out, in writing, what the arbitrator may and may not do. Arbitrators should keep their questions balanced, putting the same kind of questions to both sides' witnesses. And anyone who sees the line being crossed should object on the record at the time. A fast process that may have to start again after eight hearing days is not fast.

Construction arbitration's appeal rests on speed and expertise, and both depend on a process that the losing party cannot later attack. Owners, contractors and subcontractors drafting arbitration clauses should treat the arbitrator's role as a term to negotiate, not boilerplate, and consultants advising them should raise it early. A clear agreement protects the arbitrator as much as the parties. ■

Canada

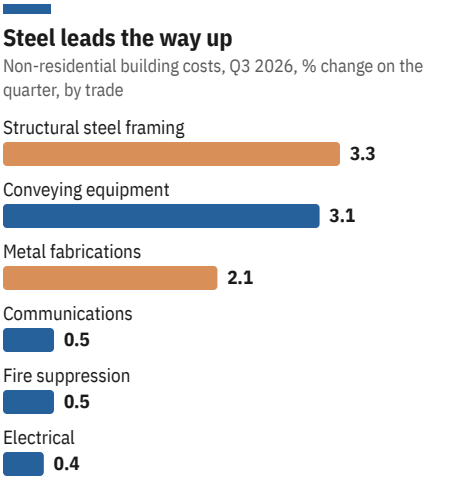
BUILDING COSTS AND PERMITS

Permits slip as costs climb

Fewer projects are being approved just as steel, fuel and labour get dearer. Ontario's public pipeline is the exception



The weight of steel · Illustration: The Groundwork



Orange: metals exposed to tariffs. Source: Statistics Canada, building construction price indexes

CANADIAN BUILDERS are being squeezed from two directions. On November 12th Statistics Canada reported that municipalities issued $12.9bn of building permits in September, 4.1% less than in August. Residential permits fell by 5.8% to $7.8bn, dragged down by a $529.3m drop in multi-family projects. Non-residential permits slipped to $5.1bn, as a $171.5m fall in institutional work outweighed a rise in industrial projects.

The quarterly picture is starker. In the third quarter, measured in constant 2023 dollars, permits fell 4.8% to $34.7bn. Non-residential permits dropped by $1.7bn to $13.8bn, the largest quarterly decline since the second quarter of 2020, when the pandemic shut the economy. Almost all of that came from institutional buildings, such as hospitals, schools and government offices, where permits fell by $1.5bn. Residential permits were virtually unchanged at $21.0bn, but the number of homes authorised fell to 71,300, from 78,500 in the same quarter of 2025.

The cost side

Meanwhile the price of building is rising. Statistics Canada's building construction price indexes, published on October 29th, show non-residential costs up 1.2% in the third quarter and 4.3% on a year earlier; residential costs rose 0.8% in the quarter and 2.7% over the year. The fastest increases came in metals. Structural steel framing rose 3.3% in a single quarter for non-residential buildings, conveying equipment such as lifts 3.1% and metal fabrications 2.1%. Electrical work, by contrast, rose only 0.4%.

Builders told the agency that higher costs for materials, fuel, transport and labour drove the increases. Contractors on the East Coast and in the Prairies reported capacity pressures and higher wages for skilled trades and subcontractors. Québec City and Regina saw the sharpest non-residential rises, 2.4% each, followed by Montreal at 2.0%. Toronto's residential costs rose a more modest 0.4%.

Tariffs in the price

Trade policy is part of the story. Canada's retaliatory tariffs on American goods took effect on September 8th, at rates from 15% to 50%, with certain steel and aluminium products facing the top rate. Statistics Canada's release notes upward price pressure on metal and steel products associated with those tariffs. For owners and contractors, the practical consequence is that a steel package priced before September may cost noticeably more to buy today, and the difference has to land somewhere.

The Bank of Canada sees the same pressures in the wider economy. In his opening statement to the Senate banking committee on November 5th, Tiff Macklem said inflation had been around 3% since April and was expected to rise to about 3.5% by year-end, citing higher energy costs and the pass-through of costs to prices. He also warned that growth would probably slow in the fourth quarter because of new American tariffs, with the economy growing about 1% this year before picking up to about 2% in 2027 and 2028.

Regional pressure

Residential costs rose in every city the agency measures. Québec City led with 2.3% in the quarter, followed by Regina at 1.8% and Moncton at 0.6%; Toronto rose 0.4% and Vancouver 0.2%. Ottawa and Halifax saw non-residential increases of 0.7%. In housing, metal fabrications rose 2.4% and structural steel framing and earthwork 2.0% each, while masonry was flat and plumbing and fire suppression rose just 0.3%. The pattern is consistent: the closer a trade is to steel, fuel and heavy equipment, the faster its price is rising.

Jobs, for now

The labour market is not yet showing strain in construction. The industry added 16,000 jobs in October, according to the Labour Force Survey, and employment was 2.9% higher than a year earlier, outpacing

an economy where total employment barely moved and the jobless rate rose to 6.7%. Average hourly wages across all jobs rose 2.2% over the year, to $37.89.

Small firms are confident. Among self-employed workers in construction, 30.3% said in July that they planned to expand, one of the highest shares of any industry, Statistics Canada reported this week.

Ontario's order book

The public sector, at least in Ontario, is still buying. Infrastructure Ontario's November market update lists 21 projects in pre-procurement or active procurement, with a combined design and construction value of more than $22bn, and 20 more in early planning. Two Runnymede Healthcare Centre projects for a centre of excellence for post-traumatic stress injuries have moved into active procurement, and the Orillia Soldiers' Memorial Hospital redevelopment has joined the list.

Several big jobs reached contract this month. On November 6th PCL Partnerships signed an $856.8m fixed-price contract to design, build and finance the Bowmanville Hospital redevelopment for Lakeridge Health, which will more than double the size of the hospital and expand critical care. PCL will mobilise this autumn and start construction early in 2027, aiming to finish in 2030. The Ottawa Hospital's Civic Campus, the Ontario Place public realm and the Quinte Detention Centre have also reached contract execution, according to IO.

Nuclear work is gathering pace. On November 10th the province announced $176m of contracts to 16 suppliers, 14 of them in the Greater Toronto and Hamilton Area, for Ontario Power Generation's Darlington new-nuclear project, where four small modular reactors are planned. Smith & Long of Markham will supply electrical power systems for $14.6m; ASI Marine of Hamilton will run tunnel-boring operations for $9.2m.

Tunnels and wards

Transit and health care are where the cranes are. The Ontario Line's first tunnel-boring machine, Libby, broke through to the future King West station this month, having travelled about 1.3km and installed about 780 tunnel lining rings since it started in April. It will continue towards Chinatown station; a second machine, Corkie, is due at King West in December. The station will serve about 27,000 residents and 24,200 jobs within walking distance, and the line is expected to support 4,700 construction jobs a year. In Toronto, St Michael's Hospital broke ground on a neonatal intensive-care unit in more than 12,000 sq ft of its Peter Gilgan tower, due in summer 2027. In Calgary, work began on a $170m athletic complex.

Private and utility work continues too. Bird Construction announced more than $1.1bn of awards and multi-year agreements, ranging from industrial maintenance and turnarounds to a wind farm, a district-energy plant and electrical work on a large hospital redevelopment in Alberta.

Housing stays weak

Housing is the soft spot. Ontario's fall economic statement projects 64,700 starts in the province this year, slightly fewer than in 2025, and no growth in 2027, before a recovery to 75,400 by 2029. The province's deficit forecast rose to $16.9bn and its target for balancing the budget slipped to 2029-30.

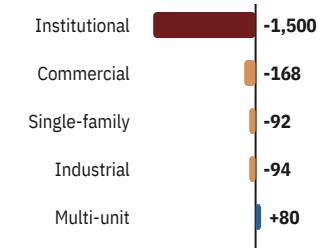
What it means for the project team

Three practical points follow. First, rising costs and a thinning private pipeline make public work more valuable and more contested. Bidders for Ontario's $22bn programme should expect keen competition and price their escalation risk explicitly rather than hoping to recover it later.

Second, owners with steel-heavy projects should review how their contracts handle tariff and duty changes. A clause that names the index, the base date and the threshold for adjustment is cheaper than a dispute. Third, consultants preparing cost plans for 2027 starts should use the latest quarterly indices and show the escalation allowance as a separate line, so that every party can see it.

Institutions pull back

Change in building permits, Q3 2026 on Q2, constant dollars, $m



Non-residential fell $1.7bn, the biggest drop since Q2 2020. Source: Statistics Canada

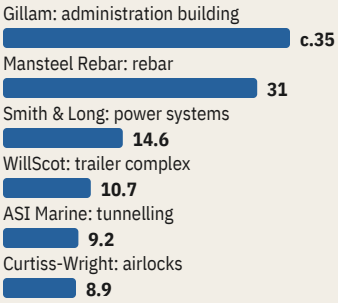
NUCLEAR

A supply chain is born

Darlington's small reactors are now buying locally

Made in Ontario

Selected Darlington SMR contracts awarded Nov 10th, $m



16 contracts worth $176m in all. Source: Government of Ontario, via ReNew Canada

THE REACTOR BASEMENT at Darlington, weighing 2.1m pounds, has been placed: the first new nuclear foundation in Canada in more than 30 years, according to ReNew Canada. Work is under way on the reactor and turbine buildings and on infrastructure for all four planned units.

The latest contracts are a reminder that nuclear construction is mostly conventional work done to unconventional standards: offices, rebar, temporary power, pumps, trailers and tunnels. Gillam's administration building alone is expected to employ 100 people.

For firms that want a share, the price of entry is quality assurance and documentation. Suppliers who can meet nuclear standards for traceability will find a long pipeline.

Ontario's order book

Infrastructure Ontario, November 2026 market update

Projects in pre-procurement or procurement	21
Combined design and construction value	>$22bn
Projects in early planning	20
Bowmanville: target completion	2030

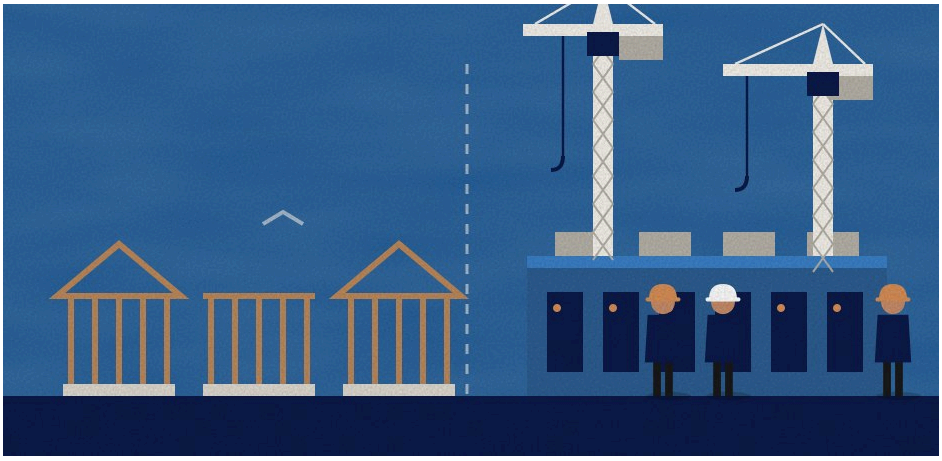
Sources: Infrastructure Ontario; ReNew Canada

United States

INTEREST RATES

Builders brace for a December hike

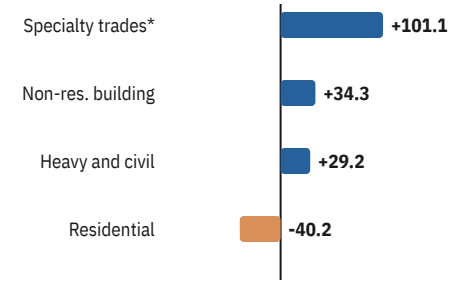
Hot inflation has made another rate rise all but certain. Housebuilders are already cutting jobs; data-centre builders are not



One industry, two markets · Illustration: The Groundwork

Builders of houses shed, the rest hire

US construction jobs, October 2026, change on a year earlier, '000



Residential builders and trades lost 16,400 jobs in October alone, the most since March 2021

*Non-residential. Sources: AGC; NAHB; Bureau of Labor Statistics

America's builders are heading into winter with the cost of money going up again. Consumer prices rose 0.4% in October, more than forecast, the Bureau of Labor Statistics reported on November 10th. Core prices rose 0.3% for the third month in a row, and shelter accounted for more than 30% of the overall increase. September's 12-month rate was 3.7%, and the Fed's preferred measure, the personal consumption expenditures price index, was also 3.7%, with core at 3.1%.

That was enough for Christopher Waller, a Federal Reserve governor, who had said that core inflation running at 0.3% a month or more would justify considering a half-point rise at the Fed's meeting on December 8th-9th. He favours an increase of at least a quarter-point even if inflation improves. Futures markets now price a December move as certain: CME FedWatch shows an 89% chance of a quarter-point and 11% of a half-point, MPA reported. The target range has been 3.75-4% since September, when the Fed raised rates for the first time since 2023.

The October jobs report did nothing to dissuade the hawks. Employers added 165,000 jobs, well above forecasts, and the unemployment rate fell to 4.1%. But wages are not keeping up: annual pay growth of 3.1% trails inflation, and mortgage rates, at about 7.18%, remain close to their October peak.

Houses first

Housebuilders are feeling it first. Residential construction lost 16,400 jobs in October, the largest monthly decline since March 2021, according to the National Association of Home Builders. Total construction employment fell by 3,000, its first monthly drop since February, to 8,367,000. Residential builders and specialty trades now employ 40,200 fewer people than a year ago.

Non-residential firms, by contrast, added 13,300 jobs in October and 164,600 over the year, a rise of 3.3%, according to the Associated General Contractors. Specialty trade contractors, who do the electrical, mechanical and other trade work, accounted for 101,100 of those. Heavy and civil engineering firms added 29,200.

NAHB counts 3.3m people working in residential construction, including 921,000 at builders and remodellers. The construction unemployment rate, measured across all of the industry's workers, fell to 4.1% from 4.3% in September, a sign that those leaving homebuilding are finding work elsewhere on site.

Mortgages near their peak

The housing market is entering its slowest season with borrowing still expensive. The average 30-year fixed mortgage rate peaked near 7.4% in mid-October and has since eased to about 7.18%, Real Estate News reported. Sam Williamson of First American, a title insurer, said stronger job growth gives people more reasons to move, but a stronger economy could also delay relief on rates. Jake Krimmel of Realtor.com called the war involving Iran, and its effect on inflation and mortgage rates, the biggest wildcard for housing.

A thin pool of workers

The industry's labour market is as tight as it has been in years. The number of unemployed jobseekers whose last job was in construction fell to 363,000 in October, the lowest for that month since 2018, and their unemployment rate, 3.6% before seasonal adjustment, tied the lowest October rate in the series' 27-year history. Hourly pay for construction production workers rose 5.2% over the year, against 3.3% across the private sector. Ken Simonson, the AGC's chief economist, said non-residential contractors were raising headcount and pay far faster than the broader economy.

The data-centre divide

The split runs through contractors' order books too. Associated Builders and Contractors' backlog indicator fell to 8.1

months in October from 8.7, a sharp drop. Anirban Basu, ABC's chief economist, put the decline down largely to worsening prospects for the 88% of contractors that are not working on data centres. Firms with data-centre work, most of them with annual revenues above US$100m, reported 11.5 months of backlog, up from 11.3. Everyone else reported 7.6 months, down from 8.3. The gap between the two groups widened to nearly four months.

Infrastructure backlog fell to 8.7 months, its lowest since May 2025, and commercial and institutional work to 8.0. Sales and staffing expectations weakened, although optimism about profit margins improved, which Mr Basu called encouraging given rising materials prices and borrowing costs.

Materials bite

Those materials prices are the other half of the squeeze. ABC's analysis of producer prices showed construction inputs 11.2% higher in September than a year earlier, the steepest annual rise in nearly four years, with a 2.2% jump in the month alone. Energy drove much of it: crude petroleum rose 28.3% and natural gas 5.1% in September. Prices for tariff-affected materials, including iron, copper and other metals, kept climbing.

Unprocessed energy materials rose 22.2% in September alone, according to the same analysis. Energy feeds into almost every input on a site, from steel and cement production to the diesel that runs plant, generators and delivery trucks, so a jump in fuel prices reaches budgets within months. Contractors who priced work in the spring on lower fuel and metal costs are now buying at higher ones, and many fixed-price contracts give them little room to recover the difference.

What it means for the project team

For owners, a rate rise in December raises the cost of carrying land and construction loans just as tender prices rise. Projects that pencilled out at last year's rates should be re-tested now, before contracts are signed. The two-year Treasury yield, a guide to short-term borrowing costs, rose to 4.69% on the day of the inflation report. For contractors outside the data-centre boom, shorter backlogs mean sharper competition; the temptation will be to bid low and hope for change orders. That is a poor bet when input prices are rising 11% a year.

A better approach for both sides is to agree how material price movements will be handled before work starts, using published indices, and to schedule the procurement of volatile packages early. Consultants can help by modelling escalation explicitly in cost plans and showing owners what a quarter-point or half-point rise does to a project's financing costs.

Bidding in a split market

The split creates two very different bidding climates. Contractors tied up on data centres can choose their next job, and many will not bid on ordinary buildings at all. Those outside the boom, with shorter backlogs, will compete harder for schools, clinics, warehouses and apartments. Owners of those projects may see more bidders and keener prices, but they should test whether a low price allows for the input inflation now running through the market. A contractor that wins a job it cannot afford to finish helps no one.

For Canadian firms, the American divide matters because the same electrical and mechanical trades, and many of the same suppliers, serve both markets. Data-centre demand south of the border will keep pulling scarce skills and equipment towards it, whatever happens to rates. ■

The inflation file

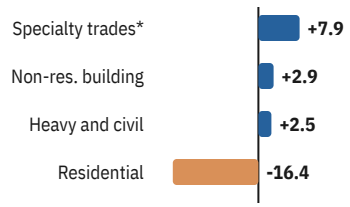
What the Fed is looking at before December 8th-9th

Measure	Latest	Period
Consumer prices, monthly change	+0.4%	Oct
Core consumer prices, monthly	+0.3%	Oct
Consumer prices, annual	3.7%	Sep
PCE prices, annual	3.7%	Sep
Construction input prices, annual	+11.2%	Sep
30-year mortgage rate, average	c.7.18%	Early Nov
Fed funds target range	3.75-4%	Since Sep

Sources: BLS via StockAnalysis; MPA; ABC; Real Estate News

October's split

US construction jobs, change in October 2026, '000



*Non-residential. Total construction: −3,000. Source: AGC

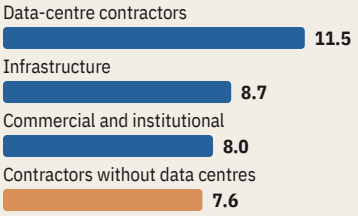
BACKLOGS

Data centres and the rest

One contractor in eight has the work everyone else wants

Where the work is

US backlog by segment, months, October 2026



Source: ABC Construction Backlog Indicator, via Construction Dive

Only 12% of the contractors ABC surveys are working on data centres, but they are the ones with full order books. Most are big firms; they have pulled ahead of everyone else by nearly four months of work.

The rest are watching their pipelines shorten. Infrastructure backlogs are at their lowest in 18 months, and commercial and institutional work has slipped too.

That divide shapes bidding. Smaller firms short of work will price aggressively; large firms tied up on data halls will pick and choose, or not bid at all.

Owners of ordinary buildings, such as schools, clinics and apartments, may find more bidders and keener prices. They should check that a low bid is realistic before they accept it, and that the bidder can absorb the materials inflation now running through the market.

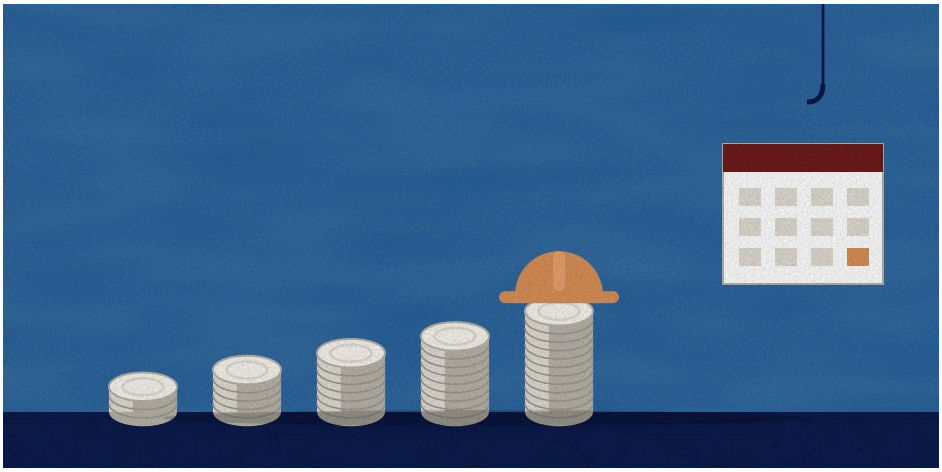
Backlog is not the same as profit. A long order book signed at last year's prices can still lose money if steel, copper and fuel keep rising, which is why even data-centre contractors are watching input costs closely.

Margins are the other worry. About one in four contractors expect them to shrink over the next six months, even though optimism about margins improved in October. ■

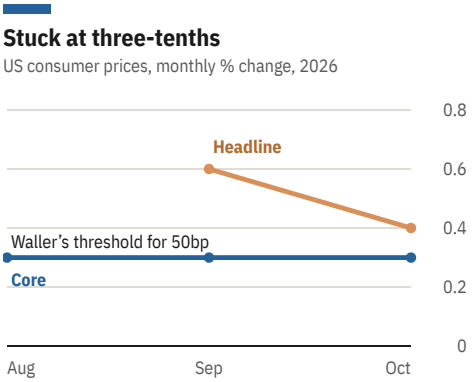
INFLATION AND PAY

Three-tenths a month, and dearer crews

October's figures show why the Fed is worried, and why contractors are worried about something else



The price of a skilled crew · Illustration: The Groundwork



America's consumer prices rose 0.4% in October, after 0.6% in September, the Bureau of Labor Statistics reported on November 10th. Economists had expected 0.3%. Energy prices rose 0.7%, after a 5.2% jump the month before; food rose 0.5%. Shelter, which rose 0.3%, accounted for more than 30% of the overall increase.

For the Federal Reserve, the core figure matters more. Prices excluding food and energy rose 0.3% for the third consecutive month, faster than the 0.2% forecast. Annualised, that is well above the Fed's 2% target. The report contained no 12-month comparison, because the bureau did not collect October 2025 prices during that year's government shutdown; the last annual reading, for September, was 3.7%.

Markets reacted quickly. The two-year Treasury yield rose to 4.69% on the morning of the release, from 4.55% at Monday's close, and stock futures fell. Before the report, traders had priced a better-than-80% chance of a quarter-point rise in December. MPA later reported futures markets pricing a December move as certain.

Why builders should care

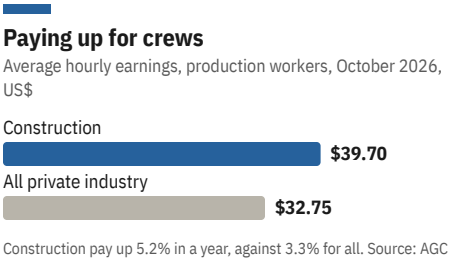
For construction the inflation story has two parts. The first is the cost of money. A higher policy rate feeds into construction loans, land carrying costs and the yields investors demand from finished buildings. Housing is most exposed, which is why residential employment fell by 16,400 in October. The Fed's preferred gauge, the personal consumption expenditures price index, rose 3.7% in the year to September, with core prices up 3.1%, MPA reported, and Mr Waller has argued that a quarter-point rise alone could put the Fed's credibility at risk. The second is the cost of inputs, which is rising faster than consumer prices. ABC's analysis of producer-price data found construction inputs 11.2% dearer in September than a year earlier, and non-residential inputs up by the same amount.

The labour bill

Then there is pay. Production and non-supervisory construction workers earned an average of US$39.70 an hour in October, the AGC said, 21.2% more than the US$32.75 average for all private-sector production workers. Their pay rose 5.2% over the year, against 3.3% for the private sector as a whole. Across the economy, annual wage growth of 3.1% is now trailing inflation of 3.7%, so construction workers are among the few gaining ground in real terms.

Residential construction, which employs 3.3m people including 921,000 at builders and remodellers, is the exception: its employment fell by 16,400 in October as higher mortgage rates bit, NAHB said. Across the whole industry the unemployment rate fell to 4.1% from 4.3%.

That reflects scarcity. Only 363,000 jobseekers with construction experience were unemployed in October, and the industry's unemployment rate tied its lowest October reading in 27 years. Jeffrey Shoaf, the AGC's chief executive, said contractors were eager to hire more workers.



What to watch

The Fed meets on December 8th-9th; the November consumer-price report follows on December 10th, the day after the decision. A half-point rise would be the clearest signal yet that the Fed intends to get ahead of inflation, and would push mortgage and construction-loan rates higher into the spring. A quarter-point rise is the market's central case, with an 89% probability on CME FedWatch data cited by MPA.

For owners and developers, the safest assumption is that financing will be dearer next year than this. For contractors, labour will not get cheaper either. Both sides should build those assumptions into budgets and bids now, and agree how

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The world

COP31

Antalya puts buildings at the heart of COP31

The climate conference has made energy-efficient buildings and electrification its practical agenda. The pledges are voluntary; the direction is not



Renovation, not just new building · Illustration: The Groundwork

THE 31ST UNITED NATIONS climate conference opened at the Antalya Expo Center in Türkiye on November 9th and runs until November 20th, under a Turkish presidency working in partnership with Australia. More than 68,500 people registered to attend, according to Climate Change News, and on its second day heavy traffic and overcrowded buses and trams forced organisers to reschedule early events. Forty-two world leaders were scheduled to speak on the Wednesday.

For the building industry the summit's most important feature is its action agenda, which names buildings as a priority area alongside energy, industry and waste. Its targets are voluntary and create no new legally binding obligations under the Paris Agreement, as Daily Sabah noted. But they set out in concrete terms what governments expect of the built environment over the next decade.

The centrepiece is the Antalya Compact for Energy Efficient Buildings, announced by the COP31 presidency on October 29th and put to ministers at a meeting on buildings and climate on November 12th, during the summit's day on resilient cities and the built environment. It aims to cut the in-use energy intensity of buildings by 25% by 2035, compared with 2020, and to speed up electrification.

Six areas for action

The compact lists six areas for action: making energy efficiency and electrification central to national strategies; promoting buildings with strong energy and carbon performance; speeding up renovation of existing buildings; lowering demand and shifting heating, cooling, cooking and appliances to electricity; improving how buildings perform in real use; and mobilising finance, markets and the capacity to deliver. It was prepared with the Global Alliance for Buildings and Construction, hosted by the UN Environment Programme, which estimates that buildings account for about 40% of energy-related carbon emissions and a similar share of energy demand.

A companion pledge, known as "35 by 35", aims to raise electricity's share of global final energy consumption from about 23% today to 35% by 2035. Climate Action

Tracker, an analysis group, reckons current policies would reach only 28%. By November 12th at least 14 countries, including Australia, Germany, Norway, Finland and South Korea, had backed it publicly, according to Climate Home News, and the European Union was expected to join. Britain welcomed it without endorsing it; Brazil and Saudi Arabia declined to sign. A separate declaration led by Australia aims to double the number of solar-powered households to 300m by 2030.

What it means for builders

Voluntary commitments at a COP rarely change a project overnight. But they shape the codes, procurement rules and lending conditions that follow. The compact's emphasis on renovation and on performance in use is the part to watch. It points towards measured energy data at handover, metering, and contracts that define performance in terms owners can verify.

That is good news for engineers, commissioning agents and contractors who can prove what their buildings do. It is a challenge for those whose work ends at substantial completion. And it is an opportunity for owners with large portfolios of older buildings, if public money and green finance follow the pledges.

Europe's slump deepens

Meanwhile Europe's builders are struggling with the basics. The euro area's construction purchasing managers' index fell to 42.5 in October from 43.4, the steepest decline since April and the 54th consecutive month of contraction, S&P Global reported on November 5th. France fell most sharply; Italy declined least. New orders dropped at the fastest pace in six months, and input-price inflation reached a five-month high.

Britain's index fell to 43.6 from 46.1, well below the 46.5 economists had expected. Housebuilding suffered its biggest slump this year, which Tim Moore of S&P Global attributed to rising borrowing costs and weak consumer confidence. Civil engineering held up better, and firms reported strong demand for data-centre projects and rising workloads in energy and utilities. Purchasing costs rose at the steepest rate since June.

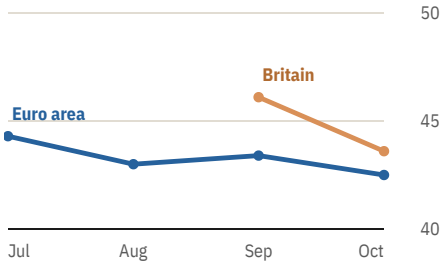
The Gulf holds its nerve

In the Gulf, construction has absorbed almost eight months of regional conflict better than the economies around it, MEED argued on November 1st. The IMF expects every Gulf economy except Oman to shrink this year, Kuwait's by 16.7% and Qatar's by 15.6%. Yet contract awards in the UAE are up 6.1% on last year, and in Abu Dhabi by 35%, as state-backed spending fills the gap. The UAE's consolidated government capital spending rose to AED18.6bn in the first quarter, from AED2bn a year earlier.

Saudi Arabia is weaker. Awards there total US$68.8bn so far this year, 13% less than in 2025, and giga-project awards have fallen to US$9.4bn, from a peak of US$31.7bn in 2023. MEED's November review describes falling residential activity, a retreat in giga-project spending and a sharp decline in tendering. Lenders are paying more attention to physical security, insurance and risk allocation. The region still has more than US$3.4trn of planned but unawarded projects, about half of them in Saudi Arabia. For international contractors and consultants, that pipeline remains one of the largest anywhere, but the terms on which it is let are changing. Contract clauses on force majeure, price adjustment and security now matter as much as the headline value. ■

Europe digs deeper

Construction purchasing managers' indices, 2026; below 50 = contraction



Sources: S&P Global via Trading Economics; ITV News

The Antalya numbers

Buildings and electricity at COP31

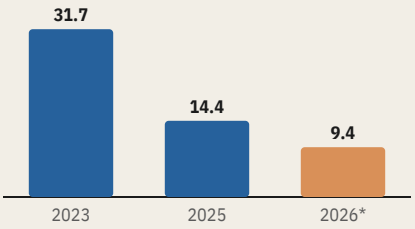
Buildings' share of energy-related CO_2	c.40%
Compact target: cut in building energy intensity by 2035, vs 2020	25%
Electricity's share of final energy today	23%
35x35 target for 2035	35%
On current policies by 2035*	28%
Countries backing 35x35, Nov 12th	14+
Registered participants	>68,500

*Climate Action Tracker. Sources: COP31 Presidency; UNEP; Climate Home News; Climate Change News

THE WORLD IN BRIEF

The giga-project retreat

Saudi giga-project contract awards, US$bn



*To date. Source: MEED

Qatar's gas exports have been hit: Iranian strikes reportedly knocked out about 17% of QatarEnergy's LNG export capacity, MEED reported in its November review, citing an estimated US$20bn of lost annual revenue.

Laing O'Rourke is seeking a buyer for its Middle East business, according to MEED.

Riyadh's King Salman International Stadium, a 92,000-seat venue due in 2029, faces a December 1st deadline for early works.

Oman's PDO has awarded the main contract for its Al-Ghubar gas-oil gravity drainage facility to China's Jereh, according to MEED's sources.

Dubai's contract awards are 0.6% below last year's pace, while Oman and Kuwait are ahead.

Global stadium spending is forecast to rise 39% in 2027, MEED reports.

Fixed-price contracts in the Gulf were not designed to absorb the materials shock caused by the conflict, MEED warned in April; bids priced before the war began face repricing or thin margins. ■

Gulf ledger, 2026 to date

Contract awards, change on a year earlier

Saudi Arabia, awards	US$68.8bn
Saudi Arabia, change	−13%
United Arab Emirates	+6.1%
Abu Dhabi	+35%
GCC unawarded pipeline	>US$3.4trn

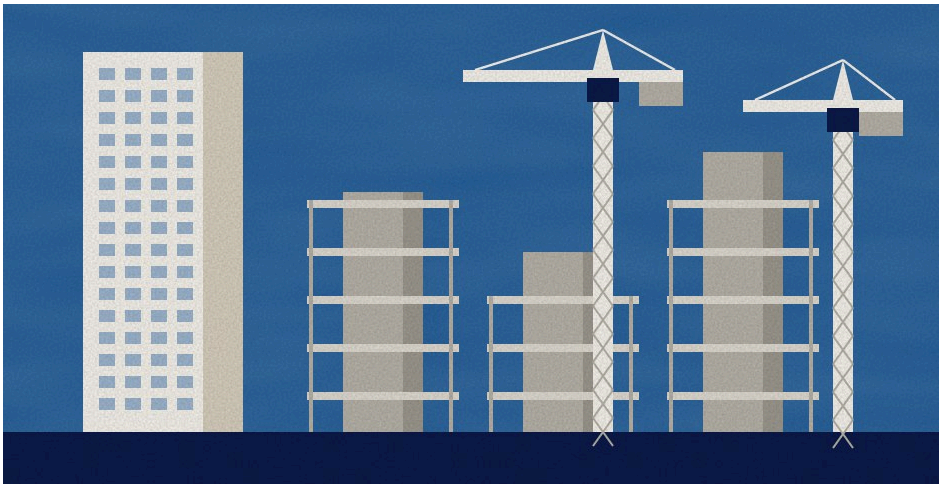
Source: MEED

Property

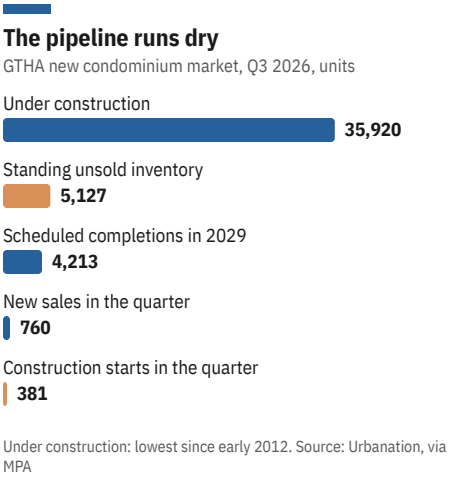
TORONTO REAL ESTATE

The condo pipeline runs dry

Investors are buying finished units at deep discounts. Almost nobody is starting new ones, and that will matter by 2029



Cores without towers · Illustration: The Groundwork



Toronto's new-condominium market is clearing its stock and closing its pipeline at the same time. According to Urbanation, a research firm, 760 new condo units sold in the Greater Toronto and Hamilton Area in the third quarter, twice as many as a year earlier and the second quarterly rise in a row. But sales were still 78% below the ten-year average for a third quarter, and most of the buying was of finished units at a steep discount.

A record 648 sales, 85% of the total, were in completed buildings. Bulk deals accounted for 339 units, 45% of sales, at an average of $763 a square foot, about 40% below the original selling prices in the same buildings. Standing unsold inventory fell 7% from the second quarter to 5,127 units, the first quarterly decline in four years, though it is still 40% higher than a year ago. Pre-construction sales, the lifeblood of new projects, were just 60 units.

Starts collapse

Construction starts tell the real story. Only 381 condo units started construction in the third quarter, and starts so far this year are 82% below the ten-year average. Units under construction have fallen 38% to 35,920, the lowest since early 2012. Scheduled completions drop to 4,213 units in 2029. Shaun Hildebrand, Urbanation's president, warned that the supply pipeline is drying up.

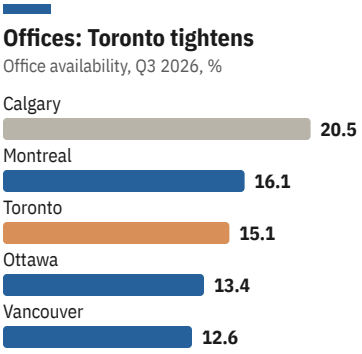
The resale market offers no quick relief. Greater Toronto home sales fell 7.9% in October from a year earlier, to 5,603, the regional real-estate board said on November 4th. The average price fell 2.7% to $1,024,108, and the composite benchmark price was 4.3% lower. New listings dropped 11.9%. On a seasonally adjusted basis, sales and listings did rise from September.

Offices tighten

The commercial market is moving the other way. Altus Group reports national office availability of 15.1% in the third quarter, 110 basis points lower than a year earlier, as tenants seek premium space and new supply dries up. Toronto's availability also stands at 15.1%, down 190 basis points; Class A availability is 11.2% downtown and 14.1% in midtown. Only 20 office buildings, totalling 1.7m sq ft, are under construction nationally, near a historic low. Not every new building is a success: one Toronto office of about 119,000 sq ft was completed fully vacant after receivership.

Investors are returning, Altus says, but they favour premium buildings; older Class B and C offices are increasingly judged on their potential for redevelopment, conversion or demolition.

Calgary, with the highest availability at 20.5%, is converting its surplus. Altus counts 21 approved projects that will remove about 2.68m sq ft of office space and create 2,667 homes and 226 hotel rooms.



What it means for the project team

For condominium developers, the next two years are about finishing and selling what is built. For contractors, the condo slowdown means fewer high-rise residential starts in 2027 and 2028, and more competition for rental, institutional and conversion work. For owners of older offices, Calgary's programme offers a template. And for everyone, Urbanation's warning is worth heeding: when the market turns, it will turn into a shortage, and the firms that kept their teams and their pre-construction relationships will be first to the table. Owners with approved sites should use the lull to finish design and approvals. ■

Architecture

POWERHOUSE PARRAMATTA

A A$915m museum opens under a cloud

Sydney's steel-framed cultural landmark is finished. The questions now are about governance, not design



Column-free inside, steel outside · Illustration: The Groundwork

Powerhouse Parramatta, the first state cultural institution to be built in Western Sydney, opened to the public on November 7th. Designed by Moreau Kusunoki, a Franco-Japanese practice, with the Australian firm Genton, it offers more than 18,000 square metres of public and exhibition space across seven column-free galleries. The largest, on the ground floor, is about 2,000 square metres and 18 metres high, which ArchDaily describes as one of the biggest column-free exhibition spaces in the country. Nearly 22,000 people registered for its opening events, according to The Guardian.

The building's structure does the heavy lifting. A steel exoskeleton, using about 12,000 tonnes of structural steel, frees the main halls of internal columns and beams, according to The Urban Developer. Lendlease won the main works contract in September 2021 and started on site in January 2022, after a design competition in December 2019. The build cost was A$915m, funded by the New South Wales government, within a wider A$1.3bn renewal programme.

The troubles

The opening was overshadowed. The museum's chief executive stepped down in August over allegations of misconduct, which she denies, and its chief operating officer is on leave while a law firm investigates whistleblower allegations, not yet publicly detailed, that touch on governance and procurement, The Art Newspaper reported. More than A$70m was reportedly spent before opening on programmes and installations. The decision to move the Powerhouse from its historic Ultimo site, taken in 2015, remains contested, and some key pieces of the collection will be stored off-site rather than displayed. Flooding concerns raised during design led to changes.

Lessons for owners

None of this is a verdict on the building itself. But it is a reminder that public cultural projects are judged on more than their architecture. Owners of complex public buildings should separate capital budgets from opening and programming budgets, report both openly, and make procurement decisions in a way that can withstand scrutiny years later. Design teams and contractors benefit from that clarity too: it keeps the story about the building.

Celebrating the makers

Builders got a rare moment in the spotlight this week. The United States has chosen "Earth Craft" for its pavilion at the 2027 Venice Architecture Biennale. Curated by Germane Barnes and Vyta Pivo of the University of Miami, it will trace American architecture through earthen materials such as brick, adobe, rammed earth and concrete masonry, and through the brickmakers, masons and earth-builders who use them. Mr Barnes wants to represent the country through its makers rather than its icons. It runs from May 8th to November 21st 2027.

Powerhouse Parramatta by numbers

Sydney's new museum, opened November 7th 2026

Build cost, NSW government	A$915m
Wider renewal programme	A$1.3bn
Structural steel in the exoskeleton	c.12,000t
Public and exhibition space	>18,000m²
Height of the largest gallery	18m
Reportedly spent on opening programmes	>A$70m

Sources: The Art Newspaper; The Urban Developer; ArchDaily

Also on the drawing board

Projects announced or begun, November 6th-13th 2026

Project	Designer	Status
70 Mulberry Street, New York	Grimshaw	Rebuilding after 2020 fire
ICA Miami second building	Gensler	c.30,000 sq ft; late 2027
Elie Khouri Art Foundation, Dubai	Counterspace	Villa conversion; late 2028
Carrier Corps Memorial, Freetown	Oshinowo Studio	Completed
New Mexico Literacy Institute	Multistudio; Design Plus	31,000 sq ft; opens Dec
"Earth Craft", US Pavilion, Venice	G. Barnes; V. Pivo	May 8th-Nov 21st 2027

Source: ArchDaily

Claims & disputes

CONSTRUCTION LAW

When the arbitrator becomes the advocate

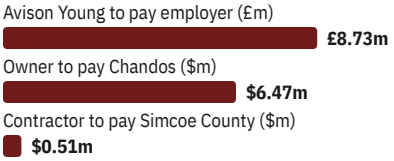
An Ontario court removes an arbitrator mid-hearing; an English court makes a project manager pay for over-certifying. Neutrality and care are not optional



Questions are allowed; sides are not · Illustration: The Groundwork

What the tribunals awarded

Selected 2026 decisions upheld by courts



Plum: money at risk. Currencies differ. Sources: Brodies; Miller Thomson; Law Times

Anatomy of a removal

Atkinsréalis v. GIP, 2026 ONSC 5666

Hearing begins	Dec 8th 2025
Removal sought, hearing day	8
Arbitrator rejects challenge	Apr 18th
Court orders removal	Oct 7th

Source: Ontario Superior Court of Justice

Construction arbitration is supposed to be faster and more expert than court. A decision from Ontario's Superior Court shows what happens when expertise turns into advocacy. In Atkinsréalis Construction (Pacific) Inc. v. GIP Construction Ontario East Ltd., 2026 ONSC 5666, decided on October 7th, Justice F.L. Myers removed a sole arbitrator from a dispute between the prime contractor on the Trillium Line extension in Ottawa and its roadworks subcontractor.

Ontario: the active arbitrator

The parties had agreed to arbitrate cross-claims arising from delays and changes to scope and timing, and had appointed an arbitrator knowing his construction expertise. The hearing began on December 8th 2025. On its eighth day, after all the fact witnesses had testified and with three days of expert evidence left, the prime contractor moved to have him removed. The arbitrator dismissed the challenge in April, and the contractor applied to court.

The court found that the arbitrator's questioning of two of the contractor's witnesses, designed to undermine its position and their credibility, crossed the line from neutral decision-maker to advocate. It accepted that he had acted in good faith. But the test is not actual bias; it is whether a reasonable, informed observer would apprehend bias. The court also rejected the argument that the contractor's failure to object earlier was fatal to its application.

Commentators have drawn practical lessons. McCarthy Tétrault noted that the parties had agreed to an active, more inquisitorial style, and that the arbitrator had said he would stop any line of questioning a party objected to. That agreement did not save him, because the requirement in Ontario's Arbitration Act that parties be treated equally and fairly cannot be contracted out of. Gowling WLG pointed out that a similar challenge to the same arbitrator had failed in an earlier case; the difference lay in the nature of the questioning, not in a looser standard. Both firms suggest that parties who want an investigative process must define it with great precision.

England: the over-certifier

Consultants have their own lesson from England. In Coventry & Warwickshire Development Partnership LLP v. Avison Young (UK) Ltd, [2026] EWHC 2319 (TCC), the employer on Gateway South, an industrial and logistics park on a 215-acre former sewage works in Coventry, claimed that its NEC3 project manager had overvalued the contractor's work. The contractor, Buckingham Group, had moved about 5m cubic metres of material to form a bund before becoming insolvent, and the overpayments could not be recovered.

An adjudicator found that the project manager could not be liable for the insolvency itself, but awarded the employer £8,729,179.33 plus interest for negligent overvaluation. The Technology and Construction Court enforced the decision in full, rejecting challenges on jurisdiction,

reasons and natural justice, according to a summary by Brodies. The court confirmed that a project manager can be liable in damages for negligently overvaluing sums due to a contractor. The message for certifiers: scrutinise claimed volumes, check the extent of work and look for defects before signing.

British Columbia: notice judged on substance

A third decision tests the notice clauses that owners rely on. In CIMIC Morningstar Investments Ltd. v. Chandos Construction Ltd., 2026 BCCA 2, the owner of a four-storey mixed-use building in White Rock issued hundreds of design changes and more than $2.7m of extra work under a CCDC 2 contract worth $20,245,000, while refusing extensions of time. An arbitrator found that the owner caused the delays and awarded the contractor $6,470,275 plus costs and interest. The owner argued that the contractor had not given proper notice. The arbitrator held that contemporaneous correspondence, formal delay notices and meetings had made the claim clear, and the Court of Appeal refused leave to appeal, according to Miller Thomson. It also held that an extension clause does not automatically displace the prevention principle.

Ontario: "final and binding" means final

In Tedescon Infrastructure Ltd. v. The County of Simcoe, 2026 ONSC 3548, a contractor rebuilding about 2km of county road under a $10m unit-rate contract refused to return to site in spring 2023 unless past-due holdbacks were released. The county treated that as abandonment and hired a replacement. The arbitrator awarded the county a net $511,243.13. The court refused both to set the award aside and to grant leave to appeal, because the parties had agreed that arbitration would be final and binding, Law Times reported. In passing, the judge said he would have found an error in the arbitrator's analysis of repudiation. Contractors who stop work over payment should know exactly where they stand before they do.

England: when the software and the contract disagree

Finally, in United Utilities Water Ltd v. Northstone (NI) Ltd, [2026] EWHC 1057 (TCC), a contractor served a pay-less notice six days late on a West Cumbria aqueduct contract, arguing that the project's cloud-based contract-management platform had shown a different due date. The court enforced the adjudicator's award, finding the evidence did not show how a reasonable recipient would have read the notices. The contract's value had risen from £85m to £131.6m under a deed of variation that also introduced a faster 15-day payment cycle, and the court observed that the contractor had accepted, and benefited from, those amendments.

The case is a warning for every project that relies on software to issue notices and track deadlines. Platforms are configured at the start of a job; contracts are amended later. When the two drift apart, the contract wins, and the party that relied on the screen may lose its right to dispute a payment.

The common thread

Each case turns on a person or a process doing what the contract asked. Arbitrators must stay neutral even when invited to be active. Certifiers must check, not accept. Owners must grant justified time. Contractors must follow the contract's route when they are not paid. And everyone must make sure the dates in their systems match the dates in their contracts.

A checklist for the project team

1. Write the process down. If you want an active arbitrator, define what questioning is permitted and how objections will be handled.

2. Object at the time. A concern about fairness raised on the record is stronger than one raised later.

3. Certify what you have verified. Project managers and payment certifiers should test quantities and quality, and keep notes of how they did it.

4. Grant justified extensions. Refusing time for owner-caused delay invites a larger claim, as the White Rock owner found.

5. Treat notice as substance. Courts look at what the other side knew. Still, give formal notice on time; it is the cheapest evidence there is.

6. Think before stopping work. A suspension over unpaid holdback can be treated as abandonment. Use the contract's and the statute's remedies first.

7. Read the dispute clause. "Final and binding" may close the door to an appeal on law.

8. Align your software. If a platform's dates differ from the contract's, record the difference and agree which governs.

9. Keep the record honest. In every one of these cases the outcome turned on what the documents showed. Contemporaneous letters, minutes, valuations and schedules are what tribunals rely on. Records made at the time, by people doing their jobs, carry far mo prepa

The docket

Recent decisions and what each side of the table can take from them

Case and forum	Issue	Lesson for the project team	At stake
Atkinsréalis v. GIP 2026 ONSC 5666 · Ont. SCJ	Arbitrator's questioning of witnesses became advocacy	Define an active process in writing; object on the record	Not stated
Coventry & Warwickshire v. Avison Young [2026] EWHC 2319 (TCC)	Project manager over-certified before contractor failed	Certify what you have checked, not what is claimed	**£8.73m**
CIMIC Morningstar v. Chandos 2026 BCCA 2	Owner refused extensions after hundreds of changes	Grant justified time; notice is judged on substance	**$6.47m**
Tedescon v. Simcoe County 2026 ONSC 3548	Contractor stopped work over holdback	"Final and binding" means no appeal	$511,243
United Utilities v. Farrans [2026] EWHC 1057 (TCC)	Pay-less notice six days late; platform showed other dates	Fix system dates to the contract	£3.27m

Not legal advice. Sources: court decision; McCarthy Tétrault; Gowling WLG; Brodies; Miller Thomson; Law Times; Solicitors Journal

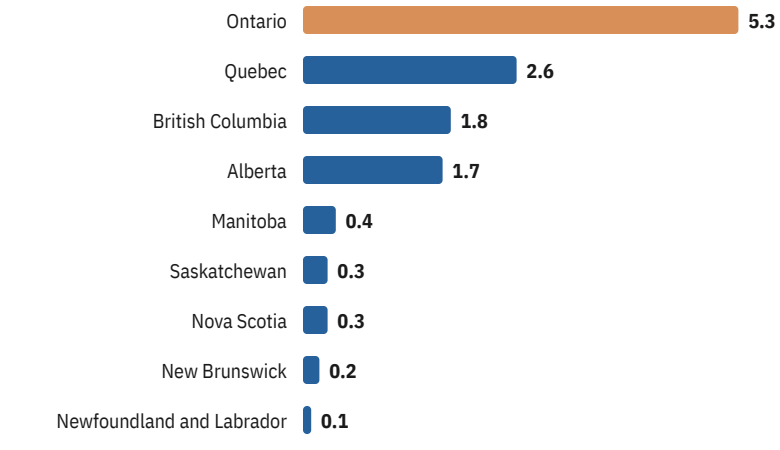
Graphic detail

BUILDING PERMITS

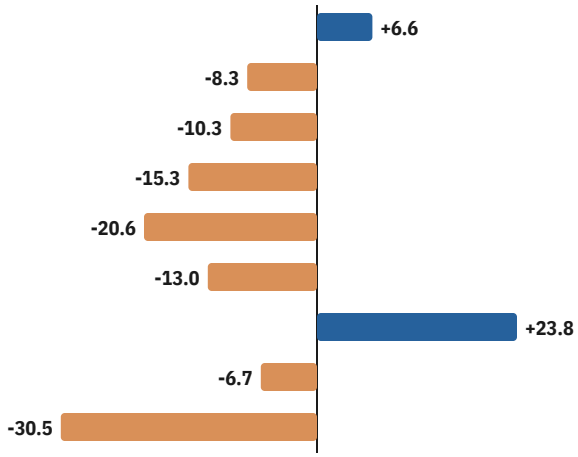
Ontario up, almost everyone else down

September's building permits show one province carrying the country

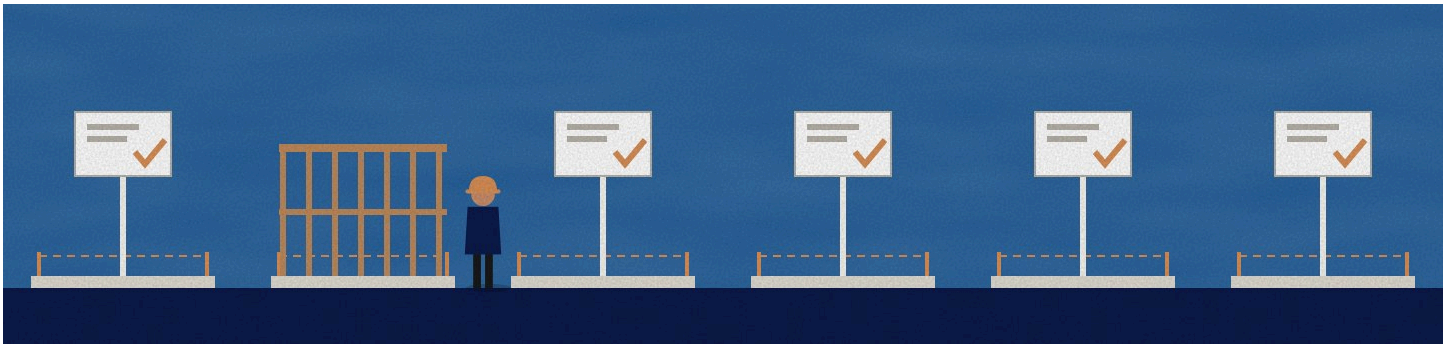
Value of permits, September 2026
$bn, seasonally adjusted



Change on August
%



Prince Edward Island (under $0.1bn, −30.3%) not shown; provincial values rounded to $0.1bn. Source: Statistics Canada, building permits, September 2026



Approved is not the same as started · Illustration: The Groundwork

CANADA'S BUILDING PERMITS fell 4.1% in September to $12.9bn, but the national figure hides a sharp regional split. Ontario's permits rose 6.6% to $5.3bn, more than two-fifths of the national total. Nova Scotia's rose 23.8%. Every other province fell: Alberta by 15.3%, British Columbia by 10.3%, Quebec by 8.3% and Manitoba by 20.6%. Newfoundland and Labrador and Prince Edward Island both fell by about 30%, from small bases.

By type of building, multi-family residential permits fell by $529.3m to $5.1bn, while single-family permits rose by $53.6m to $2.7bn. Institutional permits fell by $171.5m and industrial permits rose by $90.9m. In commercial building, seven provinces recorded increases, led by Alberta. Measured in constant dollars, the national total was still 1.9% higher than a year earlier.

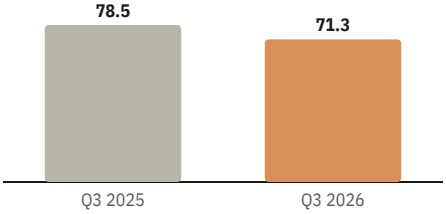
The quarterly figures are weaker. Third-quarter permits fell 4.8% in constant dollars, with non-residential permits down $1.7bn, the biggest quarterly fall since the second quarter of 2020, and institutional permits accounting for $1.5bn of that. The number of housing units authorised fell to 71,300 from 78,500 a year earlier.

Reading the map

Permits are an early signal: they show what owners intend to build in the coming months. A falling count of homes authorised, and a sharp drop in institutional permits, point to a softer pipeline in 2027 for contractors outside Ontario's public programme. For owners, it may mean more competitive tenders in some regions. For consultants, it is a reason to look again at the escalation and market assumptions in cost plans: capacity may loosen in some trades even as steel and fuel push prices up.

Ontario's strength is worth watching. Its permits rose even as most provinces fell, and Infrastructure Ontario alone has more than $22bn of projects in procurement. If that holds, trades and suppliers will be drawn to the province. ■

Fewer homes authorised
Housing units authorised by permits, third quarter, '000



Not seasonally adjusted. Source: Statistics Canada

Indicators

Measure	Latest	Change	Period
Canada			
Building permits, total	$12.9bn	−4.1% m/m	Sep
Residential permits	$7.8bn	−5.8% m/m	Sep
Non-residential permits	$5.1bn	−$77m m/m	Sep
Housing units authorised	71,300	−9% y/y	Q3
Non-residential building costs	+1.2% q/q	+4.3% y/y	Q3
Residential building costs	+0.8% q/q	+2.7% y/y	Q3
Construction employment	+16,000	+2.9% y/y	Oct
Unemployment rate, all industries	6.7%	+0.2 pt	Oct
Average hourly wages, all jobs	$37.89	+2.2% y/y	Oct
Ontario unemployment rate	7.3%	+0.3 pt	Oct
Bank of Canada policy rate	2.50%	+0.25 pt	Oct 28th
GTA home sales	5,603	−7.9% y/y	Oct
GTA average home price	$1,024,108	−2.7% y/y	Oct
GTA new listings	14,173	−11.9% y/y	Oct
GTHA condos under construction	35,920	−38%	Q3
National office availability	15.1%	−110bp y/y	Q3
United States			
Consumer prices	+0.4% m/m	Core +0.3%	Oct
Unemployment rate, all industries	4.1%	−0.1 pt	Oct
Construction employment	8.37m	+1.5% y/y	Oct
Residential construction jobs	−16,400	−1.2% y/y	Oct
Construction hourly pay	US$39.70	+5.2% y/y	Oct
Contractor backlog	8.1 months	−0.6 m/m	Oct
Construction input prices	+2.2% m/m	+11.2% y/y	Sep
30-year fixed mortgage rate	c.7.18%	Below Oct peak	Early Nov
Federal funds target range	3.75–4.00%	Held	Since Sep
Europe			
Euro-area construction PMI	42.5	−0.9 pt	Oct
UK construction PMI	43.6	−2.5 pt	Oct
Gulf (contract awards, 2026 to date)			
Saudi Arabia	US$68.8bn	−13% y/y	To Nov
United Arab Emirates		+6.1% y/y	To Nov
Saudi giga-projects	US$9.4bn	vs $14.4bn in 2025	To Nov

Sources: Statistics Canada; Bank of Canada; TRREB; Urbanation; Altus Group; BLS; AGC; NAHB; ABC; Federal Reserve; S&P Global; MEED

Diary

Nov 17	**CMHC October starts** Housing starts and construction data
Nov 18–20	**World Architecture Festival** Broward County Convention Center, Fort Lauderdale
Nov 20	**COP31 closes** Antalya, Türkiye
Nov 23–26	**Big 5 Global** Dubai World Trade Centre
Dec 1	**Global Property Market** Fairmont Royal York, Toronto
Dec 2–3	**Toronto Real Estate Forum** Metro Toronto Convention Centre
Dec 2–4	**The Buildings Show** Metro Toronto Convention Centre
Dec 8	**CMHC Rental Market Report** Vacancy and rents, national
Dec 8–9	**Federal Reserve meeting** A rise is fully priced in
Dec 9	**Bank of Canada** Rate announcement, 9:45am
Dec 10	**US November CPI** The day after the Fed decides
Dec 15	**CMHC November starts** Housing starts and construction data

Sources this week

Statistics Canada (building permits; Labour Force Survey; building construction price indexes; self-employment); Bank of Canada; Advisor.ca; Infrastructure Ontario and ReNew Canada; Construction Owners; CP24; Urbanation via MPA; Altus Group; CMHC; Bureau of Labor Statistics via StockAnalysis; MPA; Real Estate News; Associated General Contractors; NAHB Eye on Housing; Associated Builders and Contractors via Construction Dive; Daily Sabah; UNFCCC; COP31 Presidency; Climate Change News; Climate Home News via WINS; Trading Economics; ITV News; MEED; ArchDaily; The Art Newspaper; The Urban Developer; McCarthy Tétrault; Gowling WLG; Brodies; Miller Thomson; Law Times; Solicitors Journal; Big 5 Global; Informa Connect; World Architecture Festival.

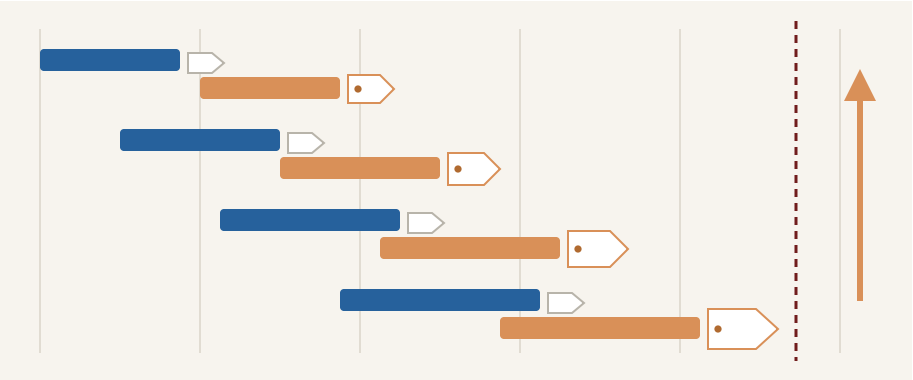
Notes on the figures

Canadian permit values are seasonally adjusted, in current dollars, except the quarterly comparisons, which are in constant 2023 dollars. Building construction price indexes are the 15-city composite. No 12-month change in American consumer prices was published for October, because October 2025 prices were not collected during that year's government shutdown. Contractor backlog is ABC's indicator, in months of work. Purchasing managers' indices below 50 indicate contraction. Gulf awards are MEED's year-to-date totals.

Critical Path

COLUMN

Price escalation in daylight



Blue: procurement on time. Orange: the same packages bought three months later, at higher prices. Illustration: The Groundwork

Costs are rising again. Projects that put escalation on the table at the start will spend next year building, not arguing

By Ben Abbasi

Every project team I work with this autumn is asking the same question in a different way. The owner asks whether the budget still holds. The contractor asks whether the price it tendered in the spring still works. The cost consultant asks which index to use. They are all asking who carries the risk of prices going up.

This week's numbers make the question urgent. Statistics Canada says structural steel framing rose 3.3% in a single quarter. American construction inputs are 11.2% dearer than a year ago. Both central banks are raising rates. None of that is a crisis, but it is enough to turn a fair contract into a fight if nobody has talked about it.

Owners: decide what you are buying

A fixed price is a product, and in volatile markets it is an expensive one. If you insist on it for steel, copper and fuel, the contractor will price the risk, and you will pay for it whether prices rise or not. Often it is cheaper to share it: name a published index, fix a base date, set a band within which nobody adjusts, and agree what happens outside it. And buy the volatile packages early. The cheapest escalation clause is the one you never need. And ask bidders to show the escalation they have included, so that you can compare like with like.

Contractors: show your assumptions

Burying escalation in a general contingency protects you on paper, but it makes your bid harder to compare and invites suspicion later. Show the allowance. State the date your supplier prices expire. When a price moves, give notice early, with the invoice, not at the final account. An owner who sees the evidence in real time is far more likely to agree than one who first hears about it in a claim.

Consultants: make it visible

Cost plans should carry escalation as a separate line, built from the latest quarterly indices, not last year's. Schedulers should mark procurement milestones on the critical path, because a package bought three months late is not just late, it is dearer. And whoever writes the contract should make sure the escalation clause, the tariff clause and the change process actually fit together.

Tariffs and rates

Tariffs deserve their own sentence in the contract. Canada's retaliatory duties on American goods, in force since September 8th, run from 15% to 50%. Whether a duty that appears after tender is a change in law, a supplier's problem or a shared cost should be settled in writing before the steel is ordered, not argued about after it arrives.

Rates matter too. A quarter-point rise in the cost of construction finance is small on its own, but on a two-year build it compounds with escalation. Owners should test their budgets at the rates they expect next year, and contractors should know what it costs them to carry unpaid work.

One conversation, early

The cases in this issue have a common lesson. In British Columbia an owner refused justified extensions and was ordered to pay more than $6m. In England a project manager certified what was claimed rather than what was checked, and became liable for £8.7m. In both, the parties would have been better served by an honest conversation early than by a contest later.

Escalation is the same. It is not anyone's fault that steel costs more this quarter. It becomes someone's problem only when nobody agreed in advance how to deal with it. Put it on the agenda at the first meeting, write down who carries which part, and review it monthly with the schedule. The projects that do will finish on budget, or close to it, with their relationships intact. ■

Ben Abbasi, PMP, is principal of Benjamin R. Consulting, a Toronto project management, project controls and claims firm that works with owners, contractors and consultants, and teaches planning and scheduling at George Brown College.

Five steps to keep escalation out of the claim

1. Name the index, the base date and the band, before tender.
2. Buy steel, metalwork and lifts early; put the dates on the schedule.
3. Agree how tariff and duty changes will be priced.
4. Show escalation as its own line in every cost plan and bid.
5. Give notice with the invoice; review it monthly with the schedule.
6. Keep the record: what was known, and when, by whom.