



Labour Crunch in Construction Sector Threatens Housing Affordability and Disaster Recovery

Canada needs a plan to address rising skilled labour shortages while ensuring communities are protected from future natural disasters

November 25, 2025 (TORONTO) – Labour shortages in the residential construction sector are contributing to the rising cost of housing and increasing insurance claims costs, according to a report released today by The Conference Board of Canada (CBoC). “[Building Under Pressure – Skilled Trades Shortages and Rising Construction Costs](#)” finds that unless urgent action is taken by governments, the labour shortages will get worse, drive-up inflation and cost Canadians close to an extra \$8 billion annually by 2045.

“The construction sector will continue to face challenges as it deals with an aging workforce and an increased demand in housing, among a variety of other factors,” stated Tony Bonen, Executive Director, Economic Research, at CBoC. “Stakeholders and all orders of government will need to work collaboratively to ensure Canada has the skilled workforce necessary to meet the growing need for housing.”

Key findings in the report include:

- Job vacancies among skilled trades in the residential construction sector have grown at an average rate of 11% per year and that number is expected to increase to 13% per year between 2026 and 2045.
- By 2045, the shortage of skilled trades could reach 32,000 people, which would likely cause prices in the sector to increase by 2.3% and add \$7.9 billion to the annual cost of residential renovations and repairs.
- The rising frequency and severity of natural catastrophes, as well as increasing demand for housing, is adding to the strain on the labour supply.
- Skilled-labour shortages contribute to insurance claims cost pressures by increasing construction labour costs and by lengthening timelines for rebuilds and renovations. These factors go into insurers’ calculations for premiums.

“Insurance Bureau of Canada (IBC) has been raising concerns about labour shortages for years, as they have a significant impact on insurers’ ability to help Canadians recover in a timely manner after a natural catastrophe,” said Maximilien Roy, Vice-President, Strategy, IBC. “At the same time, we are seeing governments across Canada rush to tackle the ongoing housing crisis and, too often, planning decisions are being made that place new housing in areas at high risk for flooding, fire or hail.”

IBC recently released its [Three-Point Resilience Plan to Better Protect Canada from Natural Disasters](#), which outlines key priorities for governments aimed at better protecting communities across the country:

- Stop putting people in harm’s way. This involves improving how and where we build. For example, ensure new homes are not built in high-risk areas and adopt building code standards that account for the increasing risks of severe weather.



- Invest in resilience and help communities mitigate their risks. For example, develop hazard maps and ensure public infrastructure is built resiliently.
- Close insurance protection gaps resulting from our changing climate. To address and close these gaps, Canada must leverage public-private partnerships and prioritize regulatory frameworks that encourage risk-based pricing. Canada must avoid the kinds of harmful home insurance pricing restrictions that have devastated other property insurance markets, such as the one in California.

“IBC supports government efforts to build the new housing Canada needs, but the lack of a plan to ensure communities are protected from the impacts of wildfires, floods and other natural disasters will further exacerbate skilled labour shortages,” said Roy. “In addition, investments in programs to overcome the labour crunch must be complemented with policy decisions that protect vulnerable communities, ensure the continued sustainability of the home insurance market, and reduce the financial and emotional tolls of natural disasters.”

About Insurance Bureau of Canada

Established in 1964, Insurance Bureau of Canada (IBC) is the national industry association representing Canada’s private home, auto and business insurers. Its member companies make up the vast majority of Canada’s highly competitive property and casualty (P&C) insurance market.

As the leading advocate for Canada’s private P&C insurers, IBC collaborates with governments, regulators and stakeholders to support a competitive environment for the P&C insurance industry to continue to help protect Canadians from the risks of today and tomorrow.

IBC believes that Canadians value and deserve a responsive and resilient private P&C insurance industry that provides insurance solutions to both individuals and businesses.

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