

ACEC-Canada Engineering Business Sentiment

2025 H1

MARCH 2025



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | CANADA

Research Conducted by:

ACEC RESEARCH
INSTITUTE

2025 H1
MARCH 2025

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Executive Summary

Current Business Conditions

- Current sentiment is positive. The Net Ratings for firms' finances (+90) and for the industry (+71) are very high. The Net Rating for the Canadian economy is +14.
- Optimism about the Canadian economy fell by 17 points compared to 2024 H2.
- Current sentiment remains very optimistic within all market sectors. Sentiment is strongest in Energy and Utilities (+70) and Roads & Bridges (+70).
- Sixty percent indicate their firm has a current backlog of less than one year. The median remained steady at eight months.
- Since last year, the overall backlog has remained steady.
- Ninety-two percent of firms have at least one opening, up five percentage points from 2024 H2. The median number of open positions remains consistent at six.
- Many segments saw declines in the number of open positions at firms compared to 2024 H2.
- On average, five percent of positions remain unfilled, consistent with 2024 H2.
- Most segments saw declines in open positions as a percentage of all FTEs relative to this time last year.

Future Business Conditions

- Future sentiment is positive for the firm's finances (+21), but respondents are less enthusiastic about the future of the industry (-8) and very pessimistic about the Canadian economy (-46).
- Future sentiment fell by nine points for the firm's finances, 16 points for the industry, and 44 points for the Canadian economy.
- While most segments saw a decline, all segments remain positive about the future of the firm's finances.
- Political Environment/Uncertainty (90%) and General Economic Uncertainty (76%) are fueling negative future sentiment.
- Most industry sectors saw declines in future sentiment compared to the second half of 2024.
- Roughly one-third of firm executives (35%) believe their firms will see a higher backlog of projects 12 months from now, a decrease of 15 points from 2024 H2.
- While backlog sentiment for one year from now remains positive across all segments, the Net Rating has decreased dramatically since 2024 H2.
- Sixty-three percent predict there will be an increase in hiring over the next 12 months, down from 69 percent in 2024 H2. The resulting Net Rating declined 11 points to +55.
- Although future hiring sentiment remains high across all segments, nearly all segments saw declines relative to 2024 H2.
- Forty-four percent of firm executives agree they are extremely concerned about the impact of inflation on their firm; the Net Rating increased from +4 to +18.
- The likelihood of recession in the next six months is 58 percent according to the average estimate among firm leaders, a significant increase from 2024 H2 (43%).

Hot Topics

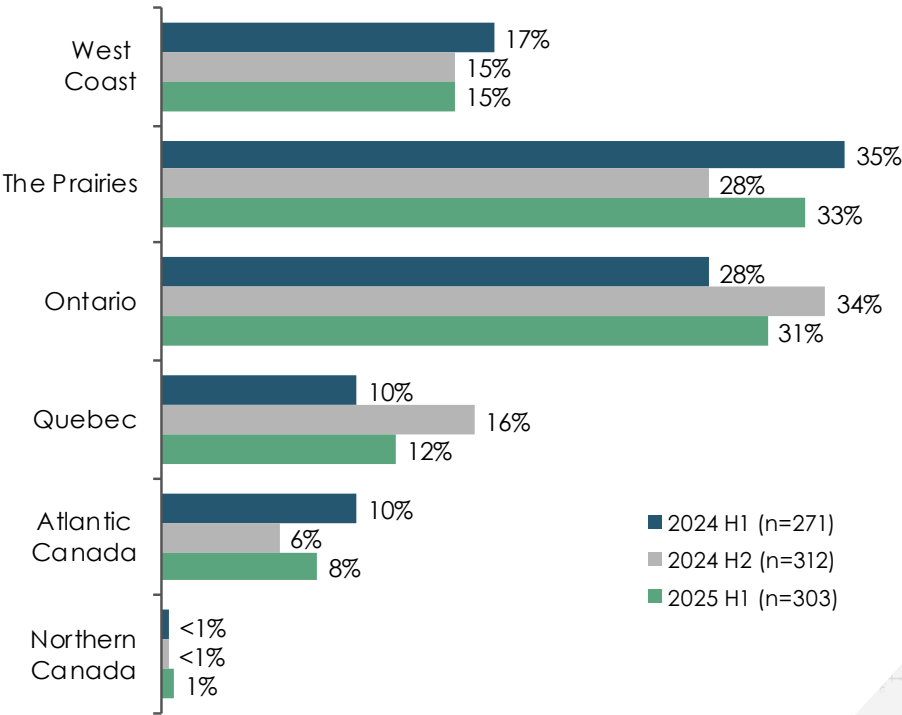
- Political disruption due to the new U.S. administration is the biggest concern among firm executives as they head into 2025.
- The average firm derives 40 percent of its revenue from private clients.
- The average firm derives 11 percent of its revenue from federal public clients.
- The average firm derives 27 percent of its revenue from provincial/territorial clients.
- The average firm derives 23 percent of its revenue from municipal clients.
- Most firms (90%) say that the average salary for new hires at their firm has increased in the past year.
- The average annual salary increase for new hires was seven percent.
- Most firms (90%) report that the average salary for existing employees has increased in the past year.
- The average salary increase for existing staff was six percent over the past year.

Demographics

For reference, this report uses a modified five-region classification for geographic breaks of the data.

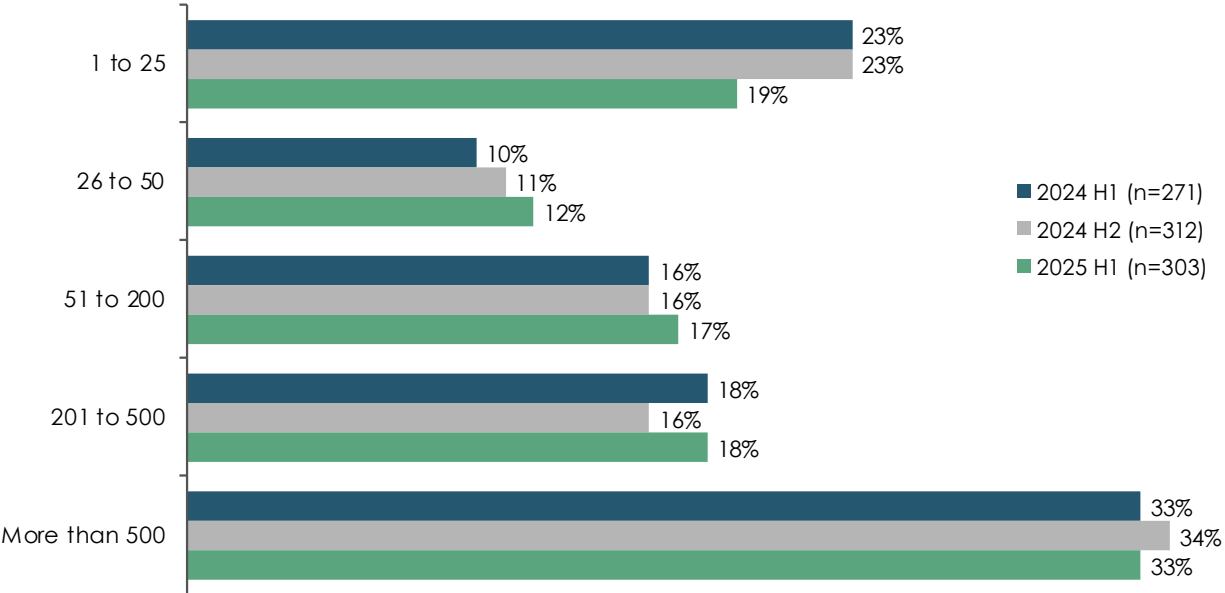
- **West Coast** includes the province of British Columbia.
 - **The Prairies** include the provinces of Manitoba, Saskatchewan, and Alberta.
 - **Central Canada** includes the provinces of Ontario and Quebec; however, they are shown separately in this report.
 - **Atlantic Canada** includes the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick.
 - **Northern Canada** includes the territories of Nunavut, Northwest Territories, and Yukon.
- Respondents' firms are widely dispersed across Canada and have remained broadly consistent across regions throughout this study.

Figure 1: Location of Organization Headquarters – Trend



- The median number of full-time employees at respondents' firms is 250, up from 213 in H2 2024.

Figure 2: Number of Full-Time Equivalents at Firm – Trend

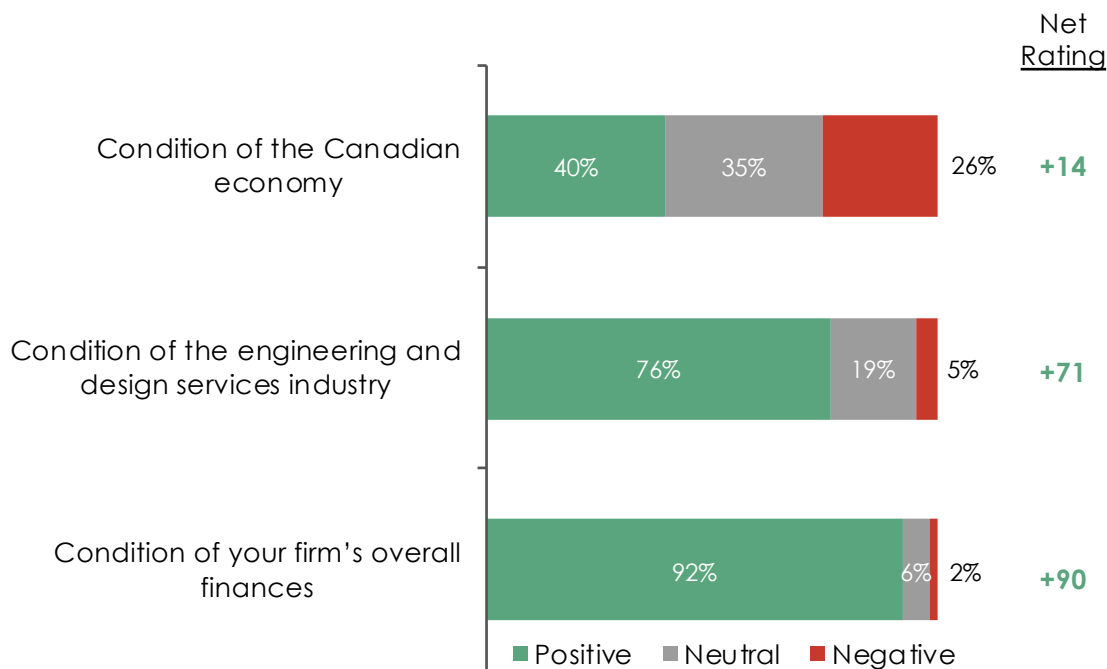


Current Business Conditions

Current Canadian Economy, Industry and Firm Sentiment

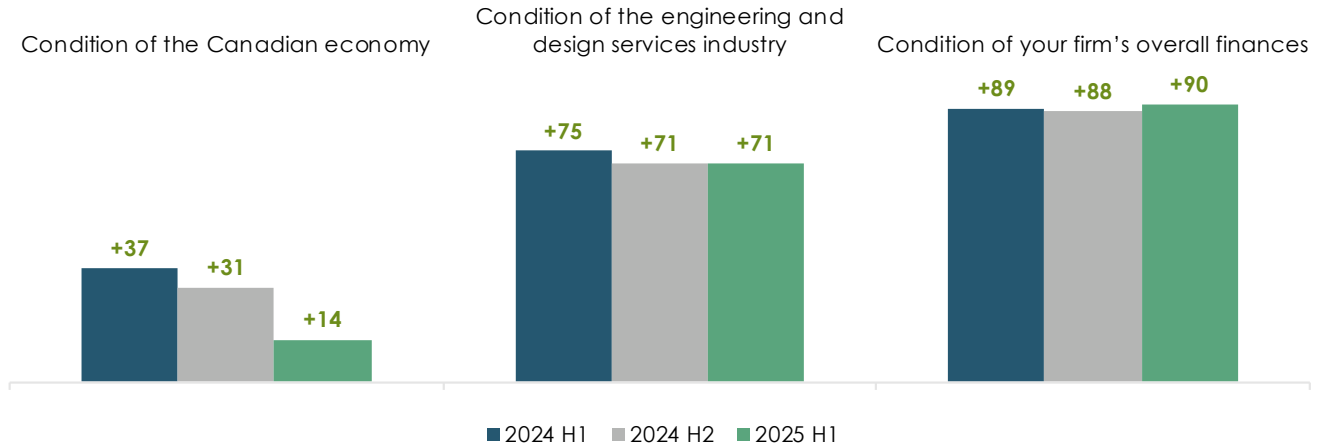
- Current sentiment is positive. The Net Ratings for firms' finances (+90) and for the industry (+71) are very high. The Net Rating for the Canadian economy is +14.
- *U.S. Comparison:* Business sentiment regarding the U.S. economy (+46), as of January 2025, is significantly higher than in Canada. However, similar to Canada, sentiment towards the U.S. economy is lower than industry (+82) and firm finance sentiment (+87).
- Sentiment for the Canadian economy is strongest in Atlantic Canada (+46).
- Sentiment for the industry remains strongest in Quebec (+83), though sentiment also fell the most in Quebec, down five points.
- The largest decrease in firm's finance sentiment was among smaller firms with 26-50 FTEs (+73), down 16 points since last year at this time.

Figure 3: Current Economic Sentiment



- Optimism about the Canadian economy fell by 17 points compared to 2024 H2.
- Optimism about the condition of the industry and firms' overall finances remained consistent.

Figure 4: Current Economic Sentiment – Net Rating Trend



Current Industry Sector Sentiment

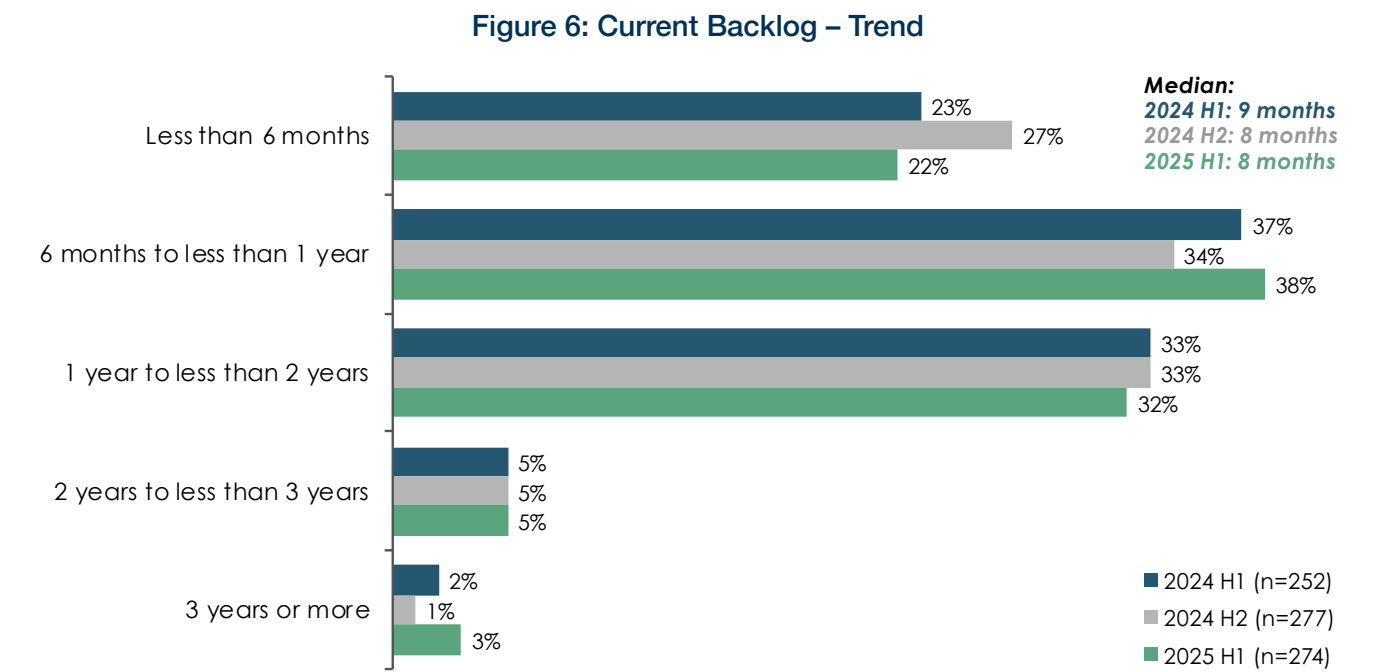
- Current sentiment remains very optimistic within all market sectors. Sentiment is strongest in Energy and Utilities (+70) and Roads & Bridges (+70).
- Each sector has at least a +30 Net Rating.
- Most industry sectors saw declines compared to the second half of 2024 and all sectors declined since last year at this time.

Figure 5: Current Industry Sentiment by Sector – Net Rating Trend

Current Industry Sector Sentiment Net Rating	2024 H1 (n=115-206)	2024 H2 (n=122-214)	2025 H1 (n=118-217)	Change vs. Previous Half	Change vs. Previous Year
Healthcare Facilities	+69	+59	+67	+8	-2
Federal/Military, Provincial and Local Government Buildings	+63	+46	+52	+6	-11
Natural Resources (Mining, Forestry, Oil and Gas)	+67	+62	+66	+4	-1
Transportation – Transit (Rail, BRT)	+69	+60	+62	+2	-7
Telecommunications	+70	+54	+54	0	-16
Transportation – Airports and Harbours	+78	+62	+62	0	-16
Commercial Real Estate (Office, Hotel, Retail and Multifamily Residential)	+52	+35	+34	-1	-18
Energy and Utilities	+72	+71	+70	-1	-2
Education (K-12 and Higher Education)	+51	+48	+46	-2	-5
Convention Centers, Sports Facilities and Cultural Facilities	+66	+57	+54	-3	-12
Transportation – Roads and Bridges	+74	+76	+70	-6	-4
Industrial and Manufacturing Facilities	+62	+60	+53	-7	-9
Residential – Land Development	+61	+50	+43	-7	-18
Science and Technology	+72	+65	+57	-8	-15
Water/Wastewater	+78	+79	+68	-11	-10
Data Centers	+71	+67	+52	-15	-19

Current Backlog

- Sixty percent indicate their firm has a current backlog of less than one year. The median remained steady at eight months.
- *U.S. Comparison:* Median backlogs in the U.S. are 11 months, higher than in Canada.



- Since last year, the overall backlog has remained steady.
- Backlog increases as firm size increases.

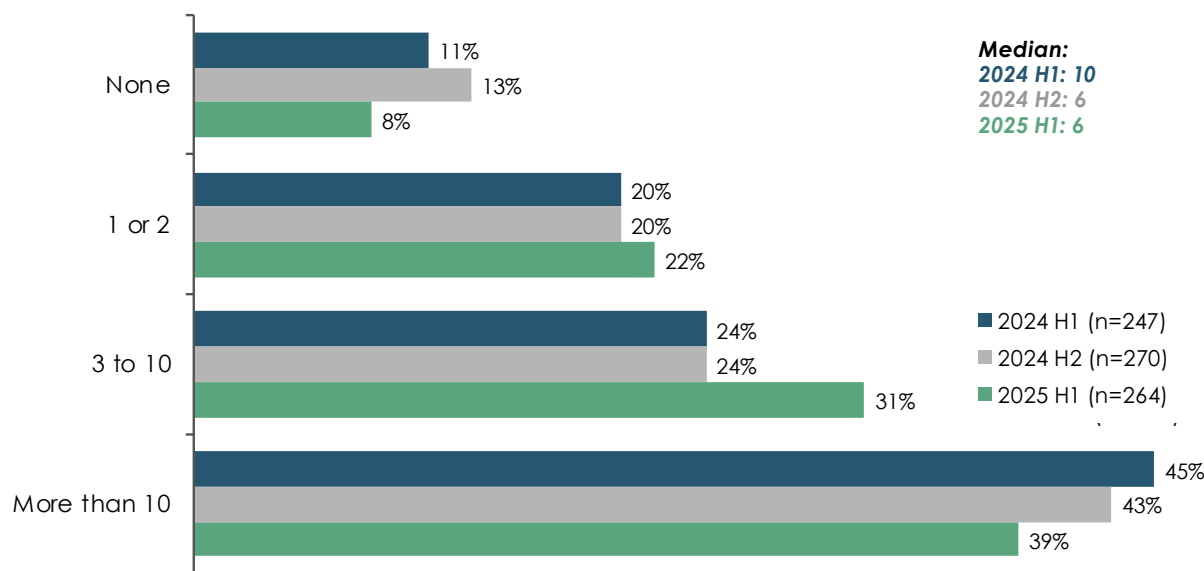
Figure 7: Current Backlog (Median) Trend – By Region and Firm Size

Backlog	2024 H1 Median (n=252)	2024 H2 Median (n=277)	2025 H1 Median (n=274)	Change vs. Previous Half	Change vs. Previous Year
TOTAL	9	8	8	0	-1
REGION					
West Coast	9	6	9	+3	0
The Prairies	10	6	8	+2	-2
Ontario	10	12	10	-2	0
Quebec	12	10	12	+2	0
Atlantic Canada	6	6	6	0	0
FIRM SIZE					
1-25	6	4	5	+1	-1
26-50	6	6	8	+2	+2
51-200	10	6	8	+2	-2
201-500	8	12	8	-4	0
More than 500	12	12	12	0	0

Current Open Positions

- Ninety-two percent of firms have at least one opening, up five percentage points from 2024 H2. The median number of open positions remains consistent at six.
- *U.S. Comparison:* Similar to Canada, nine out of 10 (89%) firms still have at least one opening. The median number of open positions is also six.

Figure 8: Current Open Positions - Trend



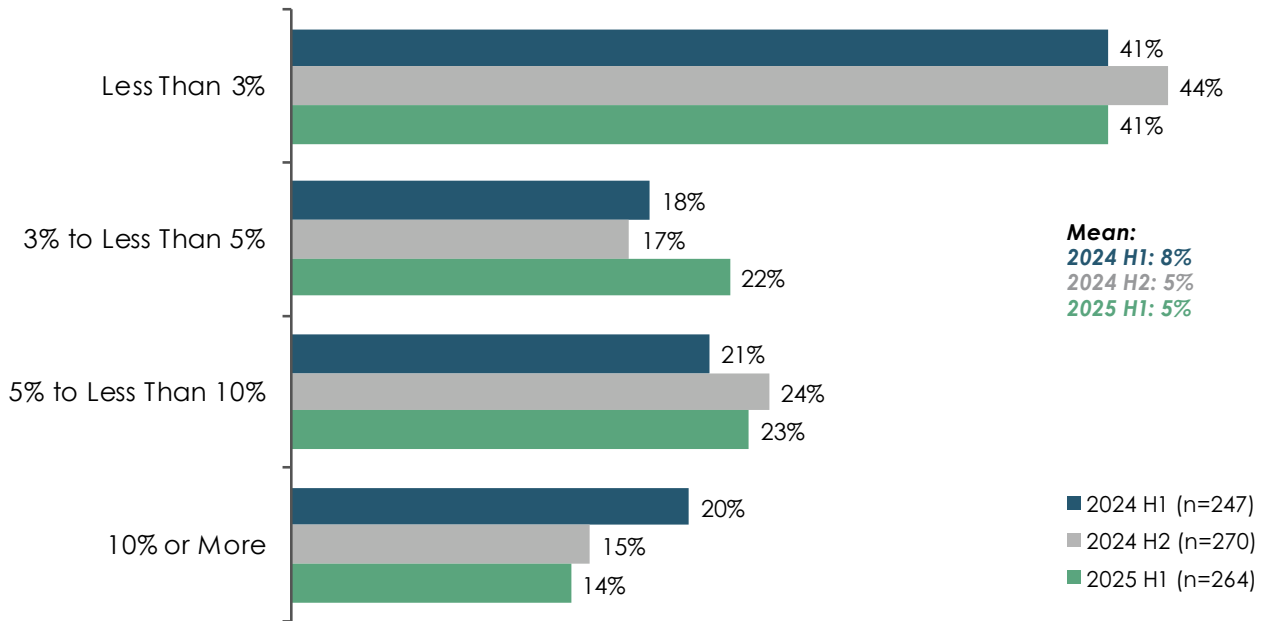
- Many segments saw declines in the number of open positions at firms compared to 2024 H2.
- The largest firms (more than 500 FTEs) have a median of 50 open positions, which is consistent with 2024 H2, but down from 100 last year at this time.

Figure 9: Current Open Positions (Median) Trend – By Region and Firm Size

Open Positions	2024 H1 (n=247)	2024 H2 (n=270)	2025 H1 (n=264)	Change vs. Previous Half	Change vs. Previous Year
TOTAL	10	6	6	0	-4
REGION					
West Coast	11	7	10	+3	-1
The Prairies	3	3	3	0	0
Ontario	15	12	10	-2	-5
Quebec	88	50	75	+25	-13
Atlantic Canada	2	2	2	0	0
FIRM SIZE					
1-25	2	1	1	0	-1
26-50	3	2	3	+1	0
51-200	3	4	4	0	+1
201-500	16	15	12	-3	-4
More than 500	100	50	50	0	-50

- On average, five percent of positions remain unfilled, consistent with 2024 H2.

Figure 10: Open Positions as Percentage of Overall FTEs – Trend



- Most segments saw declines in open positions as a percentage of all FTEs relative to this time last year.

Figure 11: Open Positions as Percentage of Overall FTEs Trend – By Region and Firm Size

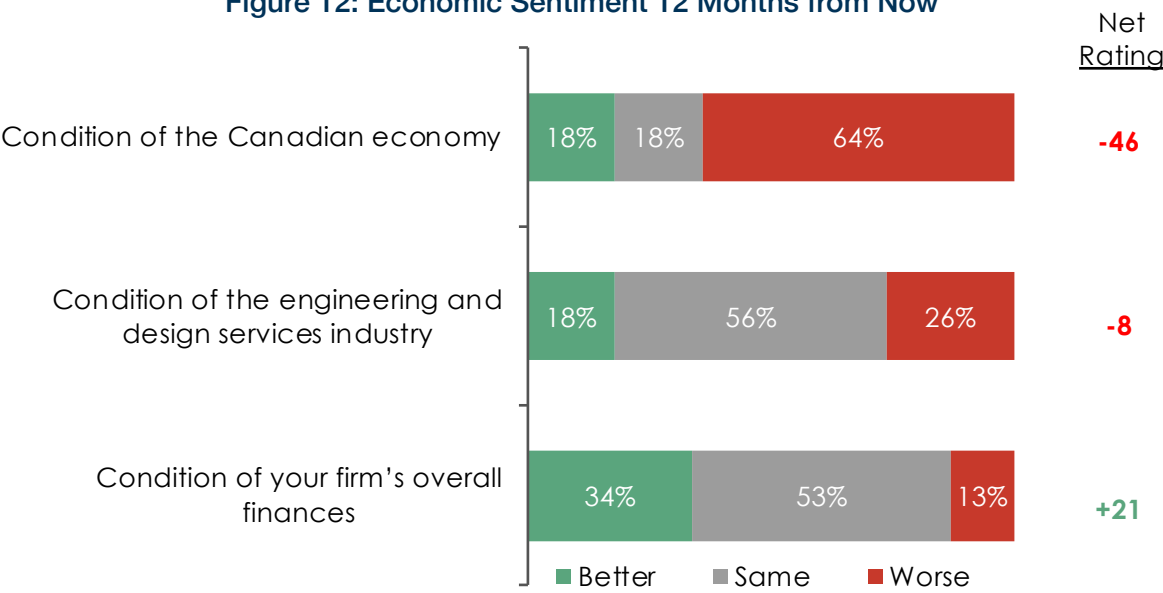
Open Positions	2024 H1 (n=247)	2024 H2 (n=270)	2025 H1 (n=264)	Change vs. Previous Half	Change vs. Previous Year
TOTAL	8%	5%	5%	0	-3
REGION					
West Coast	9%	4%	4%	0	-5
The Prairies	8%	5%	5%	0	-3
Ontario	6%	5%	5%	0	-1
Quebec	6%	6%	6%	0	0
Atlantic Canada	10%	10%	6%	-4	-4
FIRM SIZE					
1-25	15%	10%	10%	0	-5
26-50	15%	6%	9%	+3	-6
51-200	4%	4%	4%	0	0
201-500	5%	5%	4%	-1	-1
More than 500	4%	3%	3%	0	-1

Future Business Conditions

Future Canadian Economy, Industry and Firm Sentiment

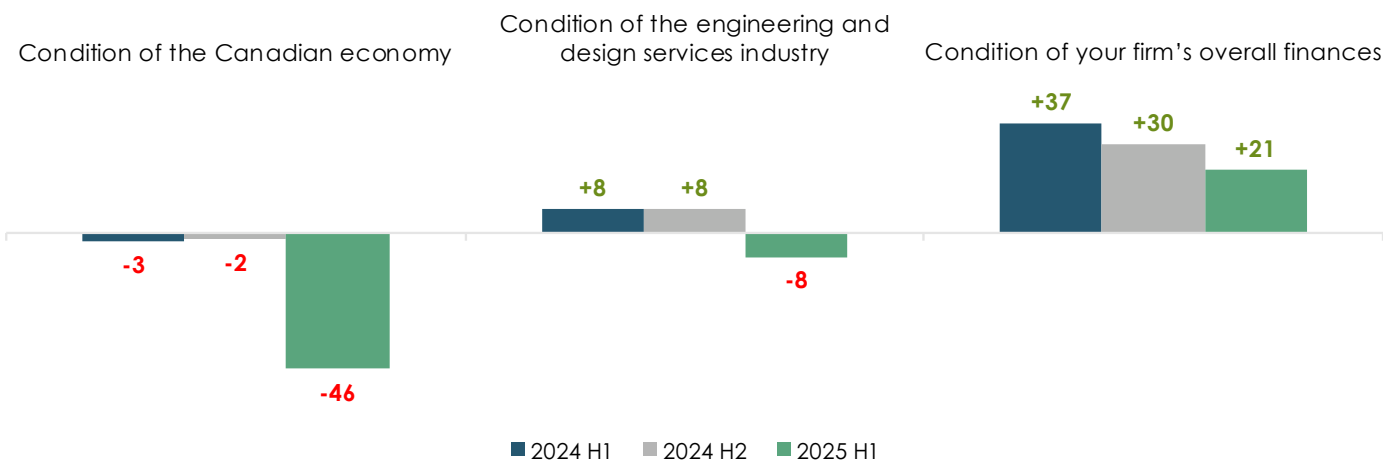
- Future sentiment is positive for the firm’s finances (+21), but respondents are less enthusiastic about the future of the industry (-8) and very pessimistic about the Canadian economy (-46).
- *U.S. Comparison:* Future sentiment remains more positive in the U.S., although the trend is similar in that firm executives are more positive about the firm’s finances (+53) and less positive about the industry (+33) and the overall U.S. economy (+33).

Figure 12: Economic Sentiment 12 Months from Now



- Future sentiment fell by nine points for the firm’s finances, 16 points for the industry, and 44 points for the Canadian economy.

Figure 13: Economic Sentiment 12 Months from Now – Net Rating Trend



- While most segments saw a decline, all segments remain positive about the future of the firm's finances.

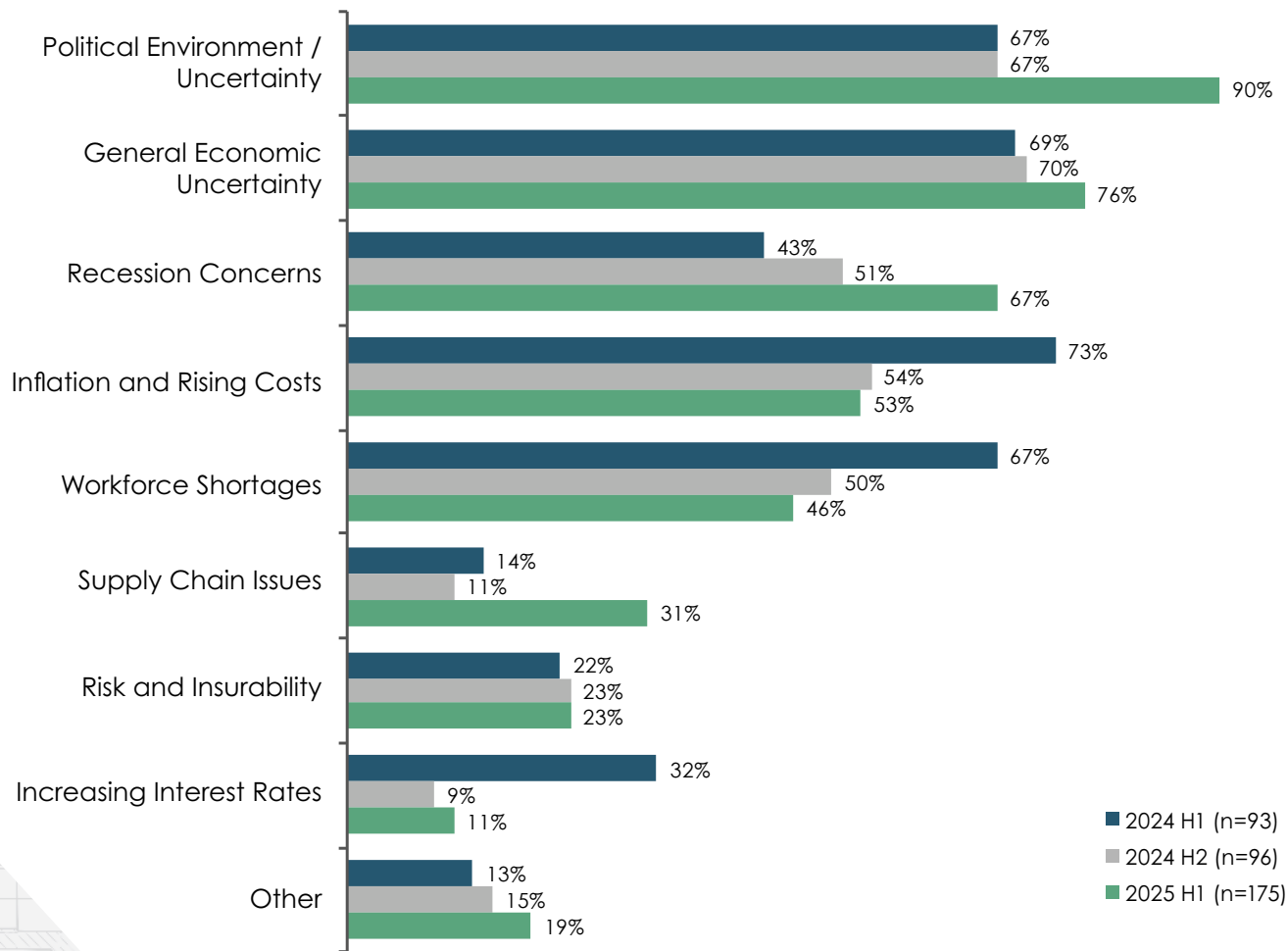
Figure 14: Condition of Firm's Finances 12 Months from Now Trend – By Region and Firm Size

<i>Condition of your firm's overall finances</i>	2024 H1 (n=251)	2024 H2 (n=270)	2025 H1 (n=267)	Change vs. Previous Half	Change vs. Previous Year
TOTAL	+37	+30	+21	-9	-16
REGION					
West Coast	+43	+41	+23	-18	-20
The Prairies	+41	+35	+22	-13	-19
Ontario	+43	+30	+18	-12	-25
Quebec	+12	+12	+22	+10	+10
Atlantic Canada	+28	+22	+23	+1	-5
FIRM SIZE					
1-25	+37	+12	+17	+5	-20
26-50	+26	+28	+23	-5	-3
51-200	+47	+44	+32	-12	-15
201-500	+45	+33	+28	-5	-17
More than 500	+34	+33	+14	-19	-20

Reasons for Economic Sentiment 12 Months from Now

- Political Environment/Uncertainty (90%) and General Economic Uncertainty (76%) are fueling negative future sentiment.
- Recession Concerns and Supply Chain Issues have also increased since 2024 H2.
- *U.S. Comparison:* Similar to Canada, the three areas fueling negative economic sentiment in the U.S. are: Political Environment/Uncertainty (82%), General Economic Uncertainty (71%), and Inflation and Rising Costs (57%).

Figure 15: Reasons for Economic Sentiment 12 Months from Now Trend – Among those Predicting Worse Business Conditions



Future Industry Sector Sentiment

- Most sectors saw declines in future sentiment compared to the second half of 2024 and one year ago.
- Future industry sentiment is positive in most sectors. It is highest in Data Centers (+39) and Energy and Utilities (+31).
- Future sentiment is weakest in Commercial Real Estate (Net Rating -11) and Convention Centers, Sports Facilities and Cultural Facilities (-17).

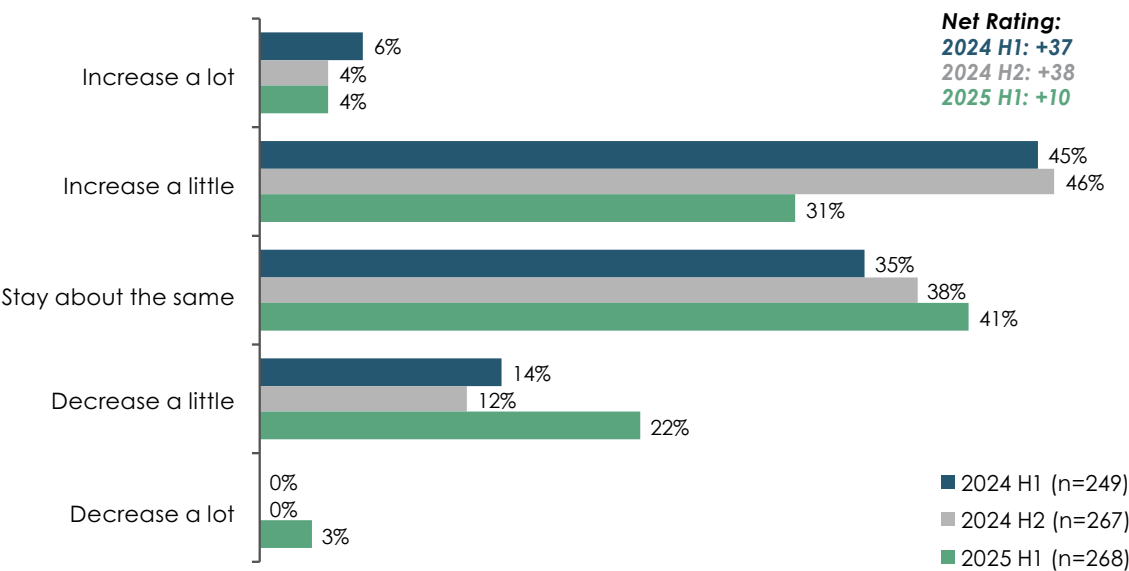
Figure 16: Industry Sentiment by Sector 12 Months from Now – Net Rating Trend

<i>Future Industry Sector Sentiment Net Rating</i>	2024 H1 (n=124-199)	2024 H2 (n=125-200)	2025 H1 (n=121-197)	Change vs. Previous Half	Change vs. Previous Year
Data Centers	+17	+24	+39	+15	+22
Natural Resources (Mining, Forestry, Oil and Gas)	+20	+14	+25	+11	+5
Federal/Military, Provincial and Local Government Buildings	+12	+7	+6	-1	-6
Water/Wastewater	+32	+27	+25	-2	-7
Telecommunications	+14	+11	+8	-3	-6
Energy and Utilities	+31	+36	+31	-5	0
Transportation – Airports and Harbours	+25	+22	+16	-6	-9
Transportation – Roads and Bridges	+29	+28	+19	-9	-10
Transportation – Transit (Rail, BRT)	+20	+27	+17	-10	-3
Healthcare Facilities	+24	+17	+7	-10	-17
Education (K-12 and Higher Education)	+11	+11	-3	-14	-14
Science and Technology	+26	+22	+7	-15	-19
Industrial and Manufacturing Facilities	+23	+9	-7	-16	-30
Residential – Land Development	+32	+24	+5	-19	-27
Commercial Real Estate (Office, Hotel, Retail and Multifamily Residential)	+12	+9	-11	-20	-23
Convention Centers, Sports Facilities and Cultural Facilities	0	+3	-17	-20	-17

Future Backlog

- Roughly one-third of firm executives (35%) believe their firms will see a higher backlog of projects 12 months from now, a decrease of 15 points from 2024 H2.
- *U.S. Comparison:* Future backlog sentiment is much higher in the U.S. (+41) compared to +10 in Canada.

Figure 17: Backlog 12 Months from Now – Trend



- While backlog sentiment for one year from now remains positive across all segments, the Net Rating has decreased dramatically since 2024 H2.
- Firms in Atlantic Canada have the highest future backlog sentiment (Net Rating +14) compared to other regions.
- Smaller firms with 1-25 FTEs have the lowest future backlog sentiment (+6) compared to other firm sizes.

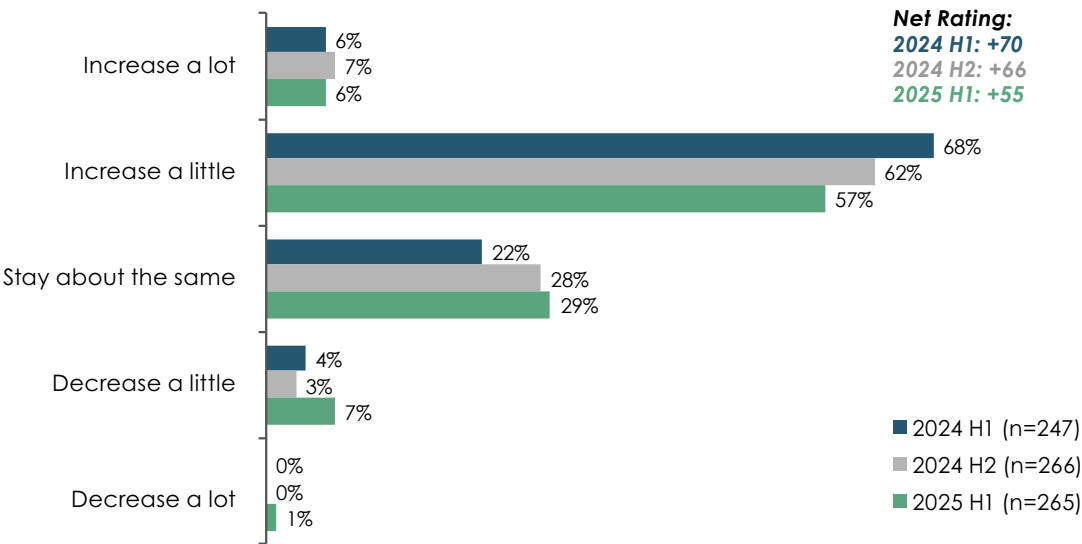
Figure 18: Backlog 12 Months from Now Net Rating Trend – By Region and Firm Size

Future Backlog	2024 H1 (n=249)	2024 H2 (n=267)	2025 H1 (n=268)	Change vs. Previous Half	Change vs. Previous Year
TOTAL	+37	+37	+10	-27	-27
REGION					
West Coast	+37	+27	+10	-17	-27
The Prairies	+36	+46	+10	-36	-26
Ontario	+32	+32	+11	-21	-21
Quebec	+61	+54	+7	-47	-54
Atlantic Canada	+28	+5	+14	+9	-14
FIRM SIZE					
1-25	+34	+16	+6	-10	-28
26-50	+8	+28	+17	-11	+9
51-200	+35	+44	+13	-31	-22
201-500	+51	+31	+10	-21	-41
More than 500	+41	+55	+9	-46	-32

Future Hiring Projections

- Sixty-three percent predict there will be an increase in hiring over the next 12 months, down from 69 percent in 2024 H2. The resulting Net Rating declined 11 points to +55.
- *U.S. Comparison:* Future hiring projections are higher in the U.S. where 75 percent predict there will be an increase in hiring over the next 12 months at their firm, resulting in a Net Rating of +71.

Figure 19: Hiring Over the Next 12 Months – Trend



- Although future hiring sentiment remains high across all segments, nearly all segments saw declines relative to 2024 H2.
- Atlantic Canada was the only region to see an increase in future hiring sentiment over 2024 H2.
- Firms with more than 500 FTEs declined 35 points from 2024 H2.

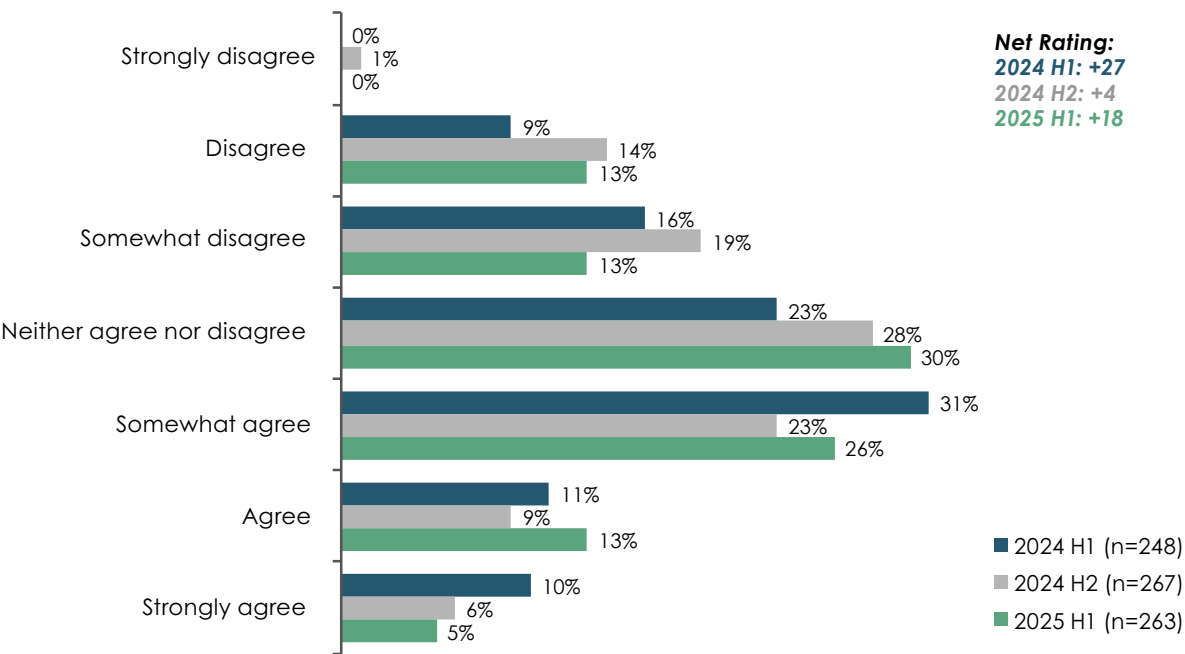
Figure 20: Expectations for Hiring Increases Over the Next 12 Months Net Rating Trend – By Region and Firm Size

Future Hiring	2024 H1 (n=247)	2024 H2 (n=266)	2025 H1 (n=265)	Change vs. Previous Half	Change vs. Previous Year
TOTAL	+70	+66	+55	-11	-15
REGION					
West Coast	+68	+58	+52	-6	-16
The Prairies	+65	+68	+54	-14	-11
Ontario	+74	+70	+58	-12	-16
Quebec	+81	+69	+48	-21	-33
Atlantic Canada	+72	+44	+65	+21	-7
FIRM SIZE					
1-25	+56	+45	+40	-5	-16
26-50	+64	+59	+74	+15	+10
51-200	+71	+68	+60	-8	-11
201-500	+80	+69	+73	+4	-7
More than 500	+77	+82	+47	-35	-30

Inflation

- Forty-four percent of firm executives agree they are extremely concerned about the impact of inflation on their firm; the Net Rating increased from +4 to +18.
- U.S. Comparison:* Inflation concerns are higher in the U.S. where 56 percent of firm executives are concerned resulting in a Net Rating of +33.

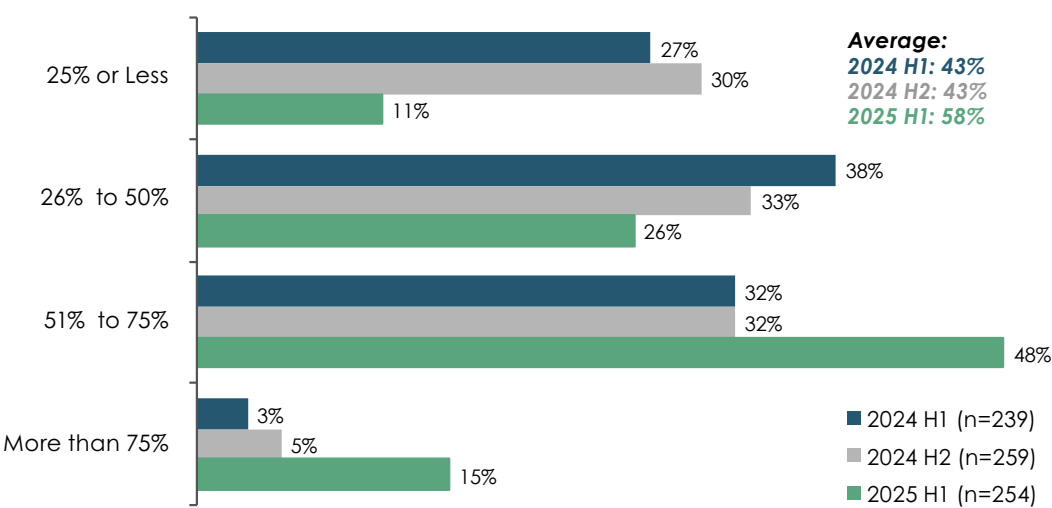
Figure 21: Inflation Concerns – Trend



Likelihood of Recession in Next 6 Months

- The likelihood of recession in the next six months is 58 percent according to the average estimate among firm leaders, a significant increase from 2024 H2 (43%).
- U.S. Comparison:* The likelihood of a recession (35%), according to firm executives, is lower in the U.S as of January 2025.

Figure 22: Likelihood of Recession in Next 6 Months – Trend

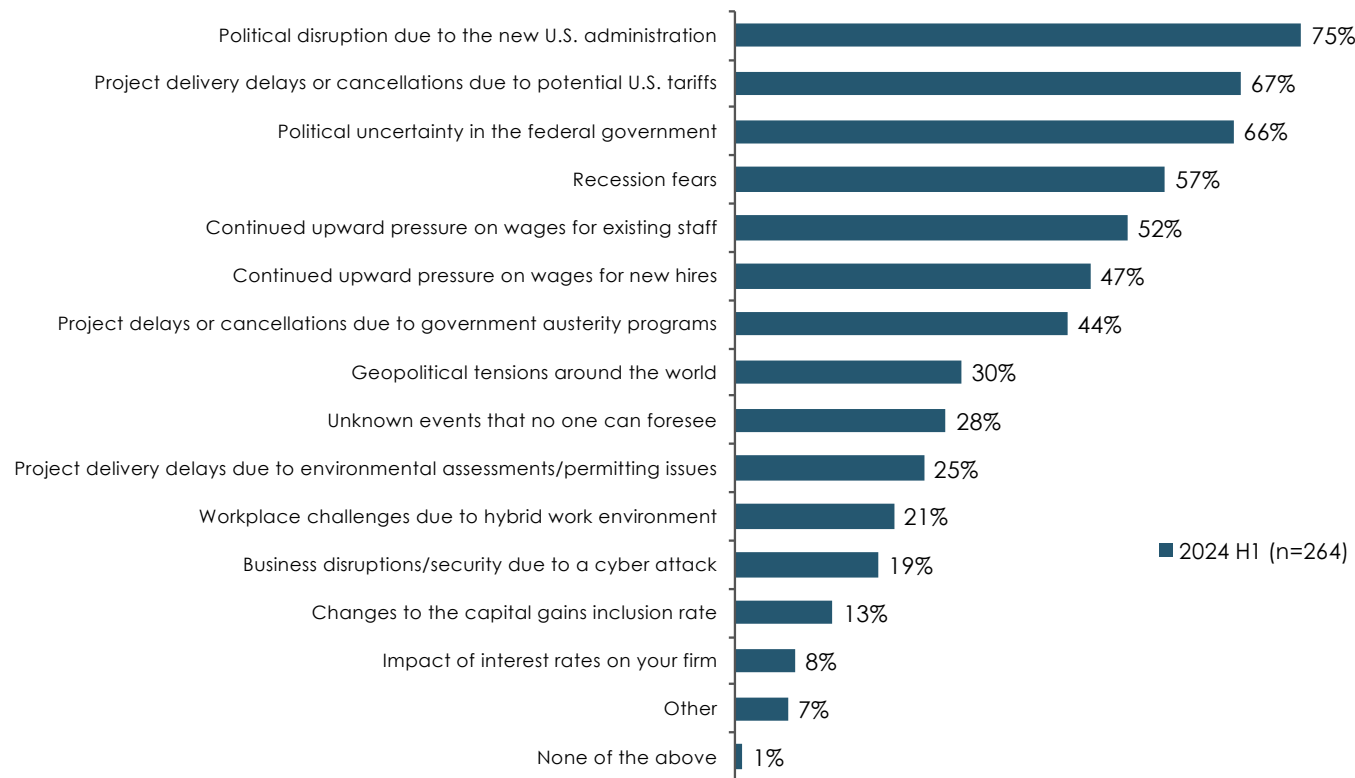


Hot Topics

Biggest Concerns

- Political disruption due to the new U.S. administration is the biggest concern among firm executives as they head into 2025.

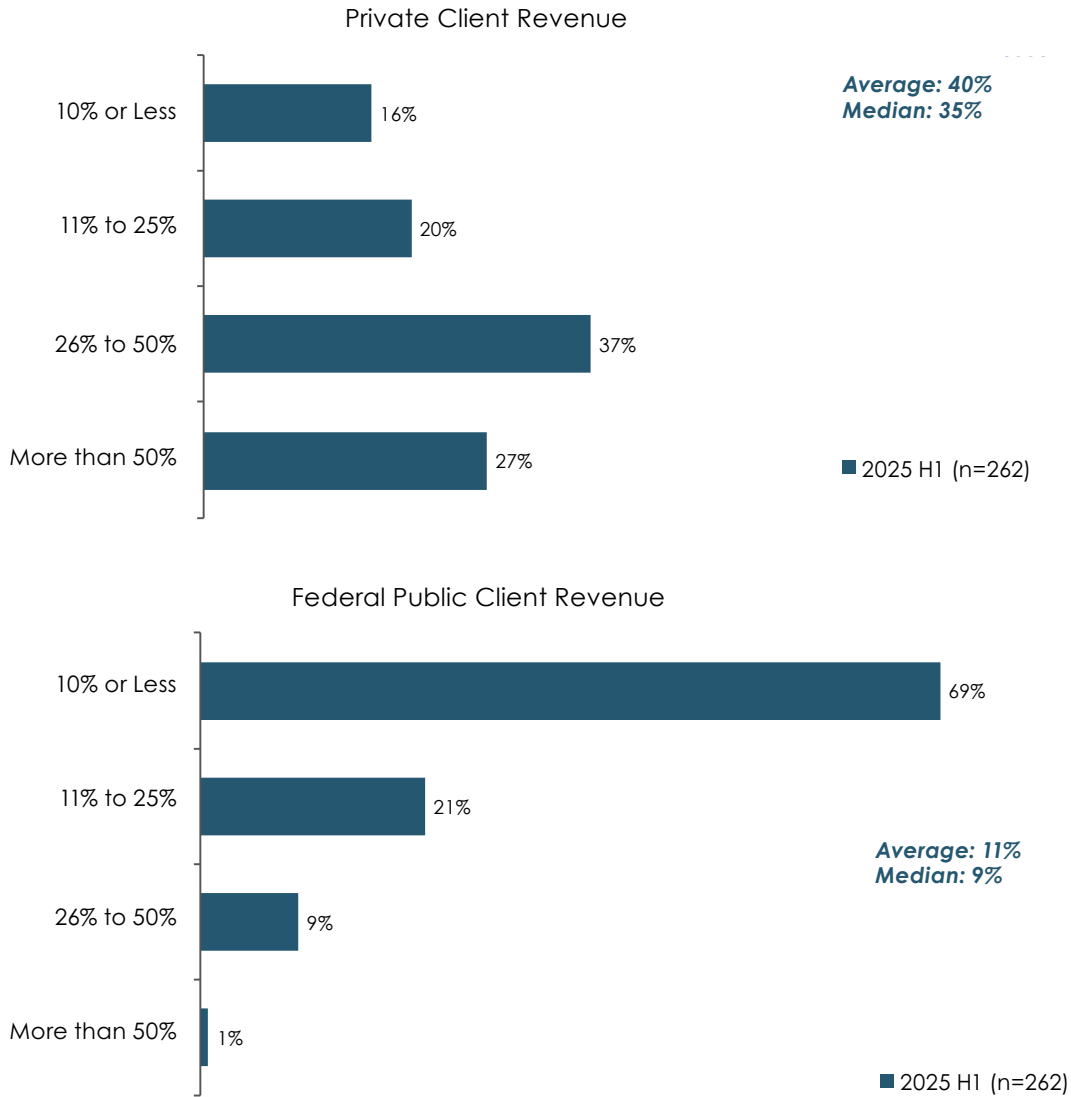
Figure 23: Biggest Concerns for the Coming Year



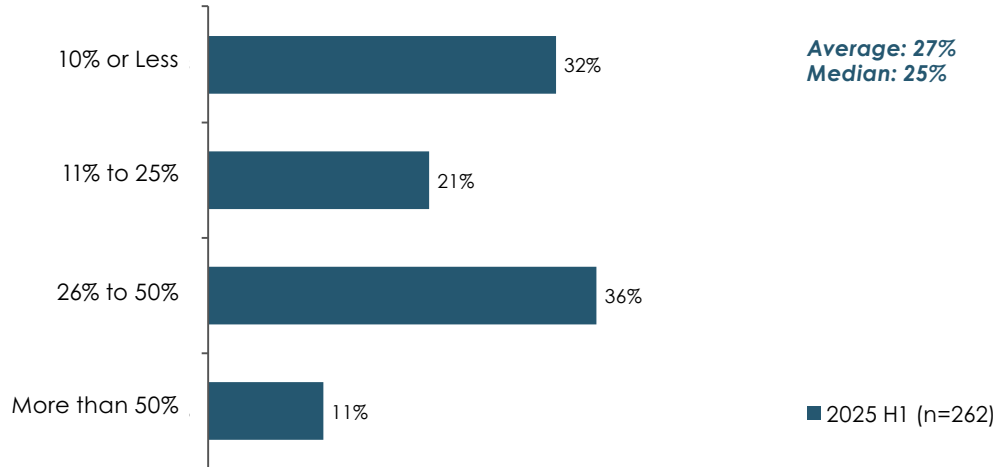
Client Revenue

- The average firm derives 40 percent of its revenue from private clients.
- The average firm derives 11 percent of its revenue from federal public clients.
- The average firm derives 27 percent of its revenue from provincial/territorial clients.
- The average firm derives 23 percent of its revenue from municipal clients.

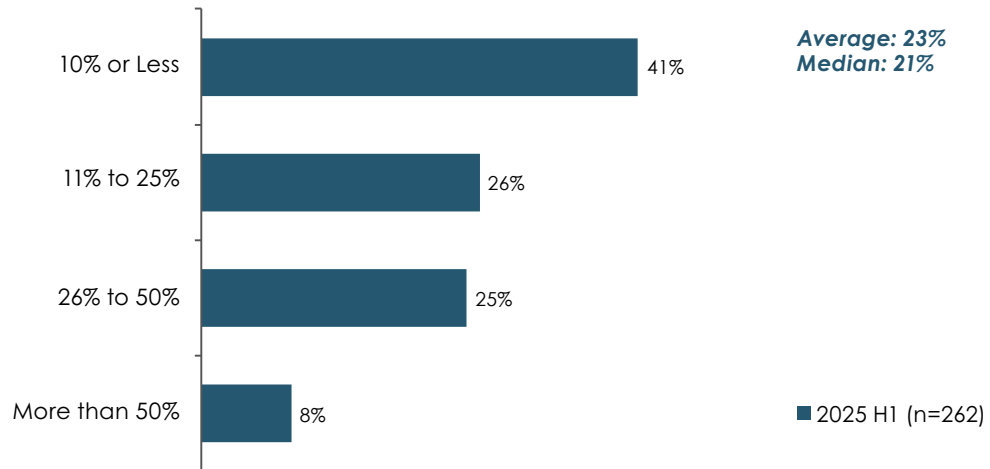
Figure 24: Sources of Client Revenue



Provincial/Territorial Client Revenue



Municipal Client Revenue



New Hire Salary

- Most firms (90%) say that the average salary for new hires at their firm has increased in the past year.
- The average annual salary increase for new hires was seven percent.

Figure 25: New Hires Salary

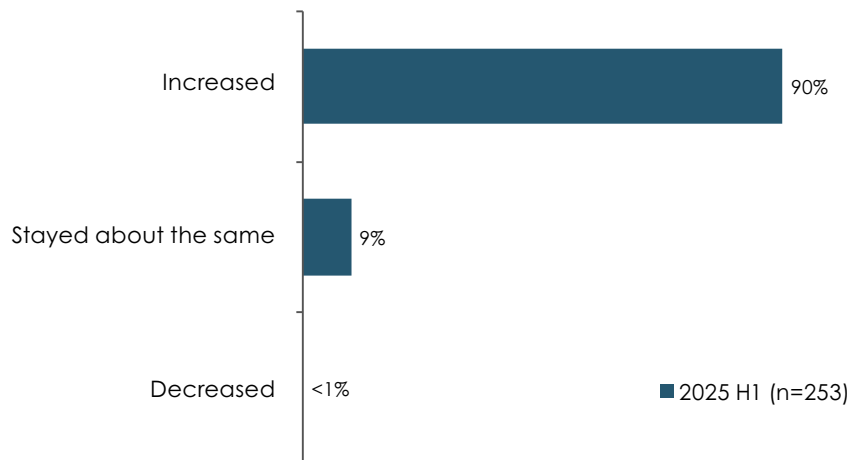
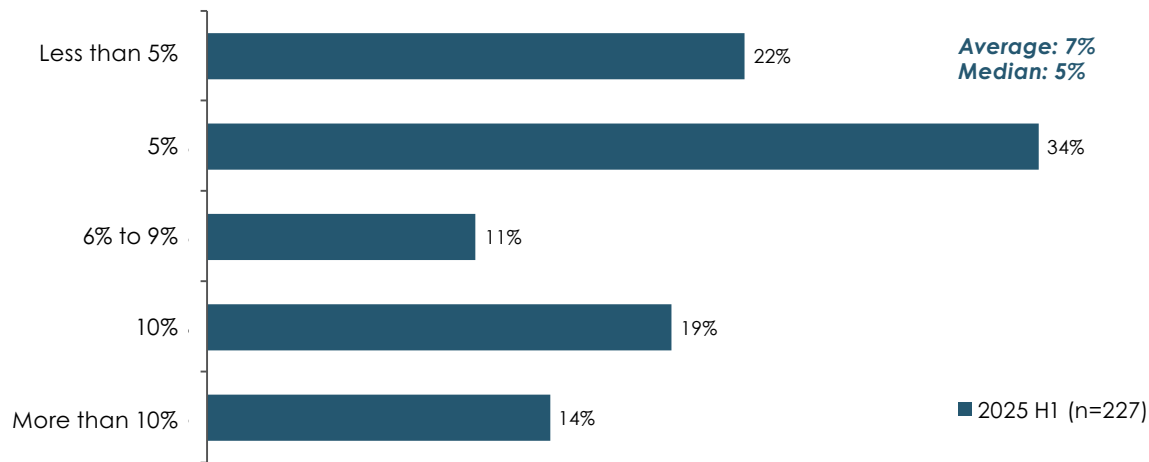


Figure 26: Salary Increase Over the Past Year – New Hires



Existing Employees Salary

- Most firms (90%) report that the average salary for existing employees has increased in the past year.
- The average salary increase for existing staff was six percent over the past year.

Figure 27: Existing Hires Salary

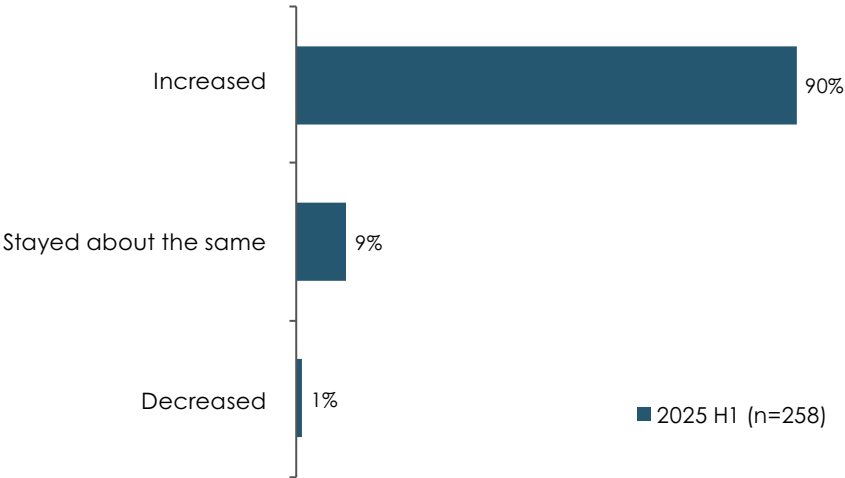
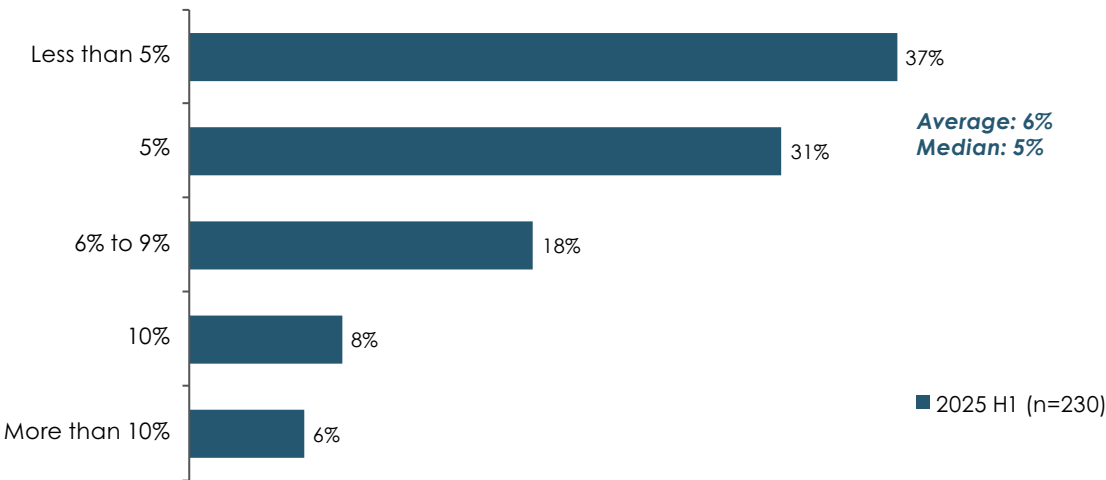


Figure 28: Salary Increase Over the Past Year – Existing Staff



Methodology

The Institute for Association and Nonprofit Research (IFANR) surveyed senior executives from among the database list of members provided by ACEC-Canada. Data collection occurred between February 4 and 19, 2025.

In H1 2025, a total of 1,325 invitations were emailed, although 134 bounced and 9 opted out, resulting in a total of 1,182 potential respondents. Individuals who did not respond to the first email were sent up to three follow-up reminders.

In all, 303 individuals completed the survey for an overall response rate of 26 percent.

Throughout this report meaningful, statistically significant differences are noted for various subgroups, including geographic region and firm size.

NOTE: Throughout this report, “Net Ratings” are shown on many graphs to quantify the sentiment of respondents. The Net Rating is calculated by subtracting the negative ratings from the positive ratings. Therefore, a positive Net Rating indicates overall sentiment is optimistic while a negative Net Rating indicates an overall pessimistic sentiment. The higher the numeric value the stronger the sentiment (either optimistic or pessimistic).

Statistical Notes

Statistically significant differences are evaluated at a 95 percent confidence interval.

There is no margin of sampling error as this was a census of all executive-level individuals at member firms in the ACEC-Canada database.

Although every effort was taken to minimize survey bias, there is no way to eliminate all sources of potential bias. Sources of potential bias include, but are not limited to, the following:

- Non-response bias
- Confounding bias
- Question wording bias
- Question order bias
- Habituation
- Sponsor bias
- Confirmation bias