2025

CANADIAN PERMANENT MODULAR CONSTRUCTION INDUSTRY REPORT

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2025

CANADIAN PERMANENT MODULAR CONSTRUCTION INDUSTRY REPORT

ABOUT THE MODULAR BUILDING INSTITUTE

Founded in 1983, the Modular Building Institute (MBI) is the only international nonprofit trade association serving the commercial modular construction industry. For more than 40 years, MBI has promoted the advantages of modular construction while advocating for the removal of barriers that limit growth opportunities. MBI represents more than 600 member companies in 20 countries, including 72 in Canada, serving as an information clearinghouse for end-users and as an advocate for the industry on public policy matters.

MISSION

As the Voice of Commercial Modular Construction,™ it is MBI's mission to expand the use of offsite and modular construction through innovative construction practices, outreach and education to the construction community and customers, and recognition of high-quality modular designs and facilities.

ABOUT THIS REPORT

In preparing MBI's 2025 annual industry report, a few significant changes were made from prior reports to address growing interest in and greater need for data about the industry. This report focuses specifically on the Canadian market, rather than the North American outlook. A separate report specific to the United States market is also available. Additionally, this report includes more specific regional data based on Canada's two geographic regions: Eastern and Western Canada.

MBI has partnered with FMI Consulting for the economic analysis, market-share calculations, and forecasts in this report. The purpose of these changes is to provide more robust data at both the national and regional levels, and to further demonstrate how the modular industry fits into the overall construction industry.

MAP

MODULAR ADVOCACY PROGRAM

The Modular Advocacy Program ("MAP") is MBI's multiyear, multimillion-dollar campaign to spur investment in, and promote the greater adoption of, the commercial modular construction industry.

In order to meet the growing needs of its members and the greater modular construction industry, MBI's MAP program will drive industry growth in the following areas:

1. Influencing government legislation, regulations, procurement, programs, and codes.
2. Creating new business opportunities for the industry.
3. Expanding outreach efforts to developers, architects, and code officials.
4. Attracting new employees to the industry, including nontraditional workers.

MBI, leveraging its growing international membership, plans to fund this program through a variety of initiatives.

Funding the Modular Industry's Most Important Initiative

Your company can support MBI's Modular Advocacy Program in three ways:

MBI Seals

MBI Seals are 4-inch square stickers that are meant to be affixed inside each module that MBI member manufacturers produce. Each MBI Seal costs $20. These costs are intended to passed along to your customers, which means a net-zero cost to you.

Manufacturers – Order and affix an MBI Seal inside each module you manufacture.

Architects, Contractors, & Developers – Spec the MBI Seal on your future projects.

Fleet Owners – Ensure all new and existing units have the MBI Seal.

Sponsoring the MAP

Annual sponsorships for the MAP program are available for $1,000. If you're not buying Seals, this is an ideal way to show your support of MBI and contribute to MAP funding.

With your annual sponsorship, your company will receive:

- sponsor recognition and logo inclusion in every MBI printed piece (magazines, annual reports, event brochures),
- a dedicated eblast thanking each sponsor, AND
- a special thanks at the next World of Modular annual conference, including logo inclusion in the opening presentation.

Voluntary Donations

- If Seals and MAP sponsorship don't match your company's current objectives, support the MAP by making a voluntary donation in any amount.
- In combination with the revenues from Seals and sponsorships, these donations will be used to grow and protect the commercial modular construction industry through government affairs advocacy, business development, expanding MBI's membership, and industry workforce development.

MBI Needs You to Support the MAP

Full member support of the Modular Advocacy Program will be critical to MBI's goals in 2024 and beyond. And if your company has not yet joined MBI, now is the perfect time. With more resources than ever, the Modular Building Institute is helping to build the future of modular construction. *Join us!*

ABOUT MODULAR CONSTRUCTION

Modular construction can be considered a hybrid between the construction and manufacturing industries. For the purposes of this report, the term "modular" refers to volumetric, three-dimensional boxes (or modules) fabricated at an offsite location. The modular method involves constructing buildings offsite in a factory-controlled environment, then transporting them to the final site for assembly, incorporating elements of both industries:

Construction: Modular construction involves traditional construction practices such as designing the building, planning the site, and assembling the modules into the final structure. Site preparation, foundation work, and utility connections are also part of the construction process.

Manufacturing: The fabrication of building components, such as walls, floors, and roofs, occurs in a factory setting using assembly-line production methods. This approach allows for standardized processes, quality control, and efficient use of materials and labor.

In essence, modular construction bridges the gap between traditional construction and manufacturing by leveraging the benefits of both industries to streamline the building process.

The modular construction industry is regulated at the state and local levels by building-code administrators and authorities having jurisdiction.

KEY ADVANTAGES

Cost Savings and Certainty

Is modular construction cheaper/less expensive?

Generally speaking, yes. There are numerous variables with a modular project, just as there are with a conventional construction project. The availability and cost of onsite labor is a key factor. In larger urban areas where labor is scarce and/or more expensive, shifting construction to an offsite (often rural) location can yield significant cost savings.

Additionally, the overall efficiency of the modular process can lead to cost savings. Fewer labor hours are needed to complete comparable projects, and waste is significantly reduced. The shortened construction schedule can reduce the time needed for a construction loan and dramatically advance the occupancy date, both of which are critical considerations for revenue-generating businesses like hotels and fast-food restaurants.

McGraw-Hill published a Smart Market Report in 2020 titled "Prefabrication and Modularization: Increasing Productivity in the Construction Industry." In that report, 91 percent of all general contractors surveyed indicated that modular had a favorable impact on project budget performance, with 48 percent indicating that costs decreased by more than 10 percent. More than two-thirds of respondents (68 percent) cited a positive budget impact of better than 5 percent.

Additionally, on government-funded projects where Davis-Bacon and state prevailing wages typically apply, offsite fabrication is generally exempt from these inflationary rates. By definition, work done in a modular factory is "offsite."

In a recent 2023 study from the University of Nebraska's Durham School of Architectural Engineering and Construction, Professor Kevin Groskopf found that construction costs for site-built projects in his study averaged $251 per square foot. The cost for modular projects averaged $243 per square foot, approximately 4 percent less than site-built construction.

Site-built construction contracts—including firm, fixed-price contracts—usually have change orders and a contingency for unforeseen conditions. By comparison, modular contracts, which typically make up 40 percent or more of a project, are 'locked in' prior to construction, with greatly reduced (or eliminated) change orders and contingency. The modular manufacturer can also consolidate the markups and contingencies of several subcontractors.

Schedule Savings and Certainty

According to the 2019 McKinsey & Company report "Modular construction: From projects to products," overruns of 25-50 percent of projected duration are common with traditional construction. However, recent modular projects have actually established a solid track record of *accelerating* project timelines by 20-50 percent. Construction of modular building components occurs simultaneously with site work, allowing projects to be completed in less time than with traditional construction. Additionally, 60-90 percent of modular construction is completed inside a factory, which mitigates the risk of weather delays. Buildings are occupied sooner, creating a faster return on investment.

Quality Control and Assurance

It is helpful to think of the term "modular" as a *construction process* rather than a *building type.* A modularly constructed building simply means that the materials were delivered to an offsite location (the modular manufacturing facility), assembled into components or three-dimensional building modules, and then transported to the final site for assembly. A building constructed in this manner must still meet all the same building codes and requirements as if it were built onsite. These codes and requirements are most commonly a version of the International Building Code (IBC) in the U.S. or the National Building Code (NBC) in Canada.

There is no specific or unique modular building code. The industry is regulated primarily at the state/provincial

level through administrative agencies that implement and enforce the rules for building in that jurisdiction. The administrative rules of each agency provide for quality control, quality assurance, safety standards, and inspection procedures for industrialized building construction, design, and manufacture. The purpose of these rules is to provide minimum requirements for safeguarding public health, safety, and general welfare, and to address societal and industry challenges for the inspection and regulatory compliance of offsite construction. Once a factory has been approved to build in a jurisdiction, four stages make up a modular building project:

1. Design approval by the end-user and regulating authorities.

2. Fabrication of module components in a controlled factory environment.

3. Transportation of modules to the final building destination.

4. Assembly of modular units to form a finished building and approval by local authorities.

Buildings constructed using the modular process must comply with all applicable building-code requirements, including wind, snow, and seismic conditions where the building will ultimately be located, not the fabrication location.

Because most elements of the building, including electrical and plumbing, are completed and considered closed construction (i.e., concealed behind the drywall when leaving the factory), the inspection protocols must be clear, concise, and coordinated between state and local authorities.

A design package consisting of the aggregate of all plans, designs, specifications, and documentation is submitted by the manufacturer to the design review agency for compliance review, including the compliance control manual and the onsite construction documentation. Where required by the Authority Having Jurisdiction (AHJ), construction documents and other documentation will bear the signature and seal of the registered design professional.

Once the plans are approved, the building components can be fabricated. One key advantage of modular construction is that building modules can be inspected by the staff quality assurance/quality control manager at each station (framing, electrical, plumbing, drywall, etc.), with any mistakes corrected before the modules arrive onsite.

In-plant inspections are conducted by a third-party inspection agency on behalf of a state agency to verify that construction is in compliance with the approved construction documents. The inspection agency inspects each modular or panelized unit in a phase of construction for compliance. A data plate is attached to the modular component that contains identifying information, providing the local code official with all pertinent information in an easily accessible location.

An agency decal (insignia, label) issued by the AHJ is also permanently attached to the modular component, indicating that it has been constructed to meet or exceed the applicable building code requirements.

These necessary steps help assure the local code official that the building has been inspected and will meet all local requirements, thus avoiding destructive inspections of the component onsite.

Once the modules are delivered to the final site (often by third-party transportation companies), other site-related requirements are subject to approval at the local level. These requirements may include land use and zoning, local fire zones, site development, building setback, and side and rear yard requirements. Other considerations might include property-line requirements, subdivision regulations, subdivision control, review and regulation of architectural and aesthetic requirements, foundation design, utility, and module connections.

Onsite inspections of components verify that the installation is compliant with the approved manufacturer's installation instructions, and that connections performed onsite are compliant with approved construction documents.

Environmental Impact

The U.S. Environmental Protection Agency considers construction waste and debris to be one of the largest contributors to landfills annually. While construction demolition of existing structures represents about 90 percent of this landfill waste, new construction activity accounts for 57 million tons of landfill waste.

But it does not have to be this way.

According to a March 2022 article by McKinsey & Company, the world will see a once-in-a-lifetime wave of capital spending on physical assets between now and 2027. This surge of investment—amounting to roughly $130 trillion—will flood into projects to decarbonize and renew critical infrastructure. Ninety-three percent of CEOs indicate that sustainability issues are important for the future success of their business, and 54 percent expect sustainability to be embedded within the core business strategies of most companies within the next decade.

From a sustainable and strategic perspective, modular construction has the potential to dramatically change how we build in four key areas:

- Significant waste reduction
- Lower carbon footprint
- Relocate, renovate, and repurpose
- Greater energy efficiency/tighter building envelope

There have been several studies and reports conducted globally on the impact that modular and prefabrication have on overall waste reduction. According to the groundbreaking "Prefabrication and Modular Construction 2020" report by Dodge Data and Analytics, 86 percent of architect, contractor, and developer respondents said that utilizing modular construction had a medium, high, or very high impact on reducing waste generated by construction activities.

Worker Safety, Productivity, and Diversity

The construction industry typically has about three times the number of annual workplace fatalities as the manufacturing industry. In 2020, the latest year for which construction safety data is available, 1,008 workplace fatalities—about one in five of all workplace deaths—were reported in the construction industry. This is the highest number of reported fatalities of any industry in 2020, and nearly three times the number of deaths (340) reported in manufacturing. (Unless otherwise noted, all data in this section was obtained from the Bureau of Labor Statistics website at BLS.gov.)

Modular construction has demonstrated the ability to provide a safer environment for the construction workforce. Simply by shifting large portions of building construction to an offsite manufacturing setting, the Bureau of Labor Statistics data suggests that the number of fatalities would drop significantly.

Of those approximately 1,000 annual construction industry fatalities, more than one-third is attributable to fall hazards. The ability of workers to construct multistory buildings in modules while remaining on the ground floor of a factory virtually eliminates hazards associated with falls, potentially saving hundreds of lives annually.

The 2023 Groskopf study found that fewer workers and shortened construction schedules result in less noise, traffic, and other disruptions to the surrounding community. In contrast to a transient workforce under the control of multiple trade contractors, offsite construction relies on a stable, permanent workforce under a central point of control. The repetitive, less specialized nature of prefabrication in a controlled factory setting also allows fabricators to better utilize a diverse workforce.

Modular manufacturing may also provide opportunities for older workers and those with disabilities to extend their careers, given a more comfortable work environment and fewer physical demands. The average age of workers among modular manufacturers surveyed is 35 years, although several workers were 60 or older. Women comprised 15-20 percent of the offsite workforce. Compared to site-built construction, the higher proportions of women and older workers may be attributed to a less physically challenging work environment. As determined by their respective workers' compensation Experience Modification Rates, offsite worker safety (0.91) was found to be better than onsite worker safety (1.00).

The Dodge Smart Market Report "Prefabrication and Modular Construction 2020" addressed the issue of workplace safety. Of the 203 responses received regarding safety, 89 percent of architects, engineers, and contractors indicated that the use of modular construction demonstrated safety benefits.

The results are even more dramatic among large contractors with annual revenues of more than $100 million. Among the 18 contractors in that subset, half said that modular construction had a "very high" impact on safety. A full 100 percent of these 18 respondents said that modular construction had a medium (11 percent), high (39 percent), or very high (50 percent) impact on worker safety.

Simply put, this means that the modular construction industry has greater access to a larger number of potential workers—those who might not be able to meet the physical demands on a job site over a long period of time. It means fewer bad backs and knees. It means less exposure to inclement weather and heights. It means less heavy lifting. It means workers can go home at night, not be physically exhausted, and have a better quality of life. It means a safer workplace environment that leads to greater employee retention and higher productivity.

Here are some other factors to consider regarding safety:

Controlled Environment

Modular construction often takes place indoors, which can reduce the risks associated with outdoor construction, such as adverse weather conditions.

Quality Control/Consistency

Factory-controlled construction allows for greater oversight and consistency in materials and construction processes, potentially reducing errors and safety risks associated with onsite construction.

Reduced Onsite Labor

With modular construction, a significant portion of the construction work is completed offsite. This can potentially reduce the number of workers needed onsite, minimizing the risk of accidents and injuries.

Efficiency

The assembly process for modular construction tends to be faster than for traditional construction methods, which can reduce the overall duration of onsite construction activities, thereby potentially reducing exposure to safety hazards.

DATA ANALYSIS PROCESS

In spring 2025, the Modular Building Institute and FMI Consulting began a collaborative effort to provide current, detailed, and actionable market insights. The outcome of that partnership, this report is intended to provide a means to measure and monitor changes across the industry, specifically describing five-year historical (2020-2024) and five-year forecast (2025-2029) data for volumes of modular Construction Put in Place (CPiP).

National and Regional (Eastern and Western Canada)

Market segments include: commercial, education, healthcare, lodging, multifamily, office (including data centers), and other (including public safety, religious, and transportation).

Market dynamics, trends, and drivers of change are expected to impact the modular landscape in the near and medium terms. Key elements in the development of these insights include:

Primary market research: Interviews were scheduled and conducted with stakeholders involved in both the modular industry and the construction industry at large. In addition, FMI generated quantitative market data via an electronic survey to inform the market-sizing model.

Market modeling/sizing: FMI developed a custom market model with appropriate segmentations based on research, proprietary internal databases, and industry experience. Forecasts were tested and validated against available industry benchmarks.

Secondary research: Experienced research analysts conducted an extensive search of existing industry data and competitive information, including both print and electronic media.

Analysis and documentation: Market observations were developed based on analysis of the research findings, together with the experience of FMI's consultants.

To derive a market forecast, FMI employs a method that utilizes multiple sources to develop and validate the market's size and direction. The following steps represent the methodology used for each element of the custom forecasts in this report.

Modular Construction

FMI generated a forecast of demand for modular construction based on CPiP for the segments identified in the project scope (e.g., multifamily). This segmentation reflects the unique aspects of each segment, including patterns, demand dynamics, and major projects.

Quantitative Market Model

Utilizing multiple sources, both historical and forward-looking, FMI generated a baseline CPiP forecast. This has its foundation in activity that influences construction opportunities, such as population growth, existing facilities, gross domestic product, shifts in consumer demand, geographic drivers, etc. The data uses a combination of proprietary and public sources and is an input into the forward-looking forecast. The forecast is adjusted based on active and planned projects identified through secondary research.

Note: FMI typically forecasts CPiP. To allow comparison to previous MBI data, CPiP can be scaled down by 0.41 to align to starts in magnitude. Where relevant, "starts" refers to this scaled-down value.

Market-Driven Interviews and Research

A total of 40 Canadian-specific survey responses were received (out of 174 for the North American market). As expected, modular manufacturers were the largest group of participants, with 41 percent of responses. For other groups of respondents, non-MBI members either were equal to or greater in number than MBI members.

Based on interviews, surveys, and research, FMI is able to estimate the market share and growth rates of modular in the various segments. Survey questions discussed in this report cover stakeholder sentiment around the demand for modular, as well as beliefs about how demand will evolve.

MBI 2025 CANADIAN MODULAR CONSTRUCTION MARKET:
SUMMARY REPORT

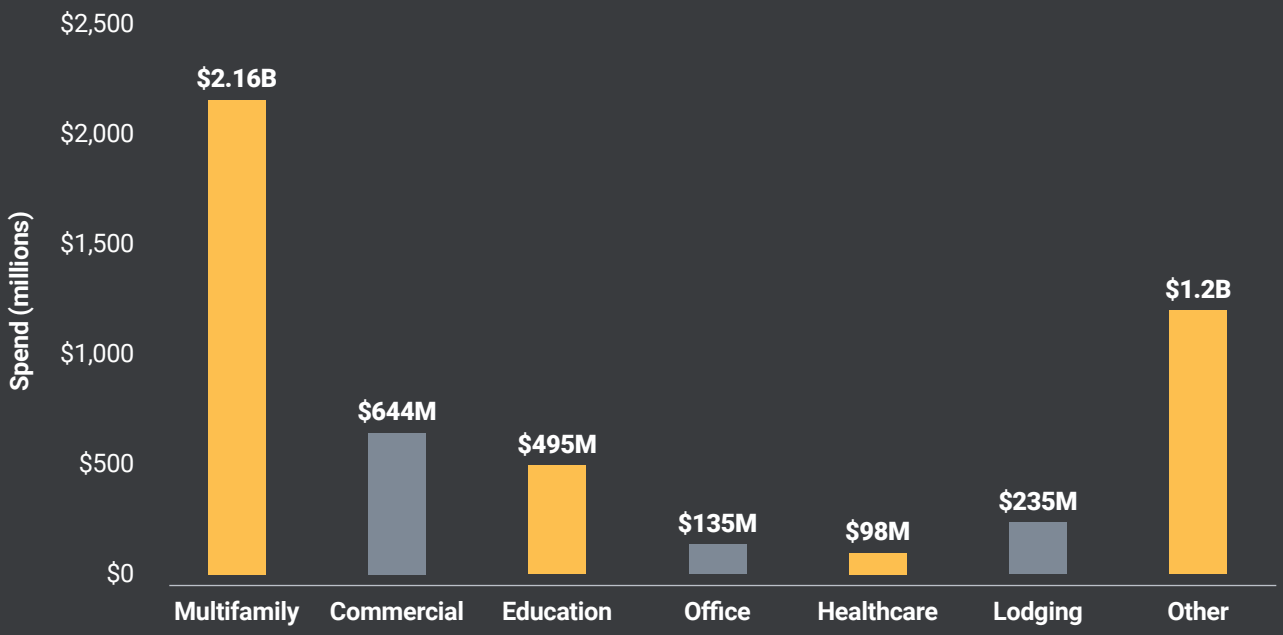
Market Size and Growth

There is strong optimism within the modular construction market, both in performance to date and expectations for the remainder of 2025. Modular stands out as one of the few areas marked for improvement over 2024, signaling its resilience amid broader economic uncertainty. This confidence is further reflected in slightly better-than-expected backlogs reported by many stakeholders. While the sector still faces significant challenges—most notably rising material costs and economic headwinds—these concerns exist across the construction industry.

2024 Market Size

The Canadian modular construction market was valued at **$5.1 billion** Canadian dollars (CAD), representing **7.5 percent** of the overall Canadian construction market.

2024 Spend by Segment



Segment Insights

Segment	2024 Spend (CAD)	Percentage of Segment	Compound Annual Growth Rate (2024-2029)	Comments
Multifamily	$2.16B	8.6%	7.4%	Dominant sector with the highest growth. Driven by urbanization and housing-affordability concerns.
Commercial	$644M	5.9%	0.9%	Slow growth. Better suited for small pad-site retail or mixed-use projects.
Education	$495M	9.6%	0.9%	Public investment helps, but limited CAGR.
Office	$135M	1.9%	2%	Low adoption. Data centers represent a niche opportunity.
Healthcare	$98M	2%	–0.1%	Only segment with negative growth.
Lodging	$235M	12.4%	2.7%	Moderate growth potential, especially around major events like the 2026 FIFA World Cup.
Other	$1.2B	10.2%	5.2%	Includes transportation and public safety. Steady growth.

2025-2029 Forecast

Modular construction in Canada is expected to grow at a CAGR of 5 percent through the forecast period, reaching approximately $6.4 billion CAD by 2029, driven primarily by the lodging, education, and multifamily segments.

Regional Split

- Eastern Canada (New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Price Edward Island, Quebec): $2.8B in 2024, 5.2 percent CAGR through 2029
- Western Canada (Alberta, British Columbia, Manitoba, Saskatchewan, Northwest Territories): $2.3B in 2024, 4.9 percent CAGR through 2029

While Eastern Canada has higher overall modular volumes, Western Canada has had a higher growth rate since 2020. Through the end of the forecast period, growth rates for the regions are projected to be nearly equal.

Modular Construction in Eastern vs. Western Canada

Region	2024 Modular Spend	Share of Canadian Market	Projected Spend (2025-2029)	CAGR (2025-2029)
Eastern Canada	$2.8B	55%	$16.1B	5.2%
Western Canada	$2.3B	45%	$12.9B	4.9%

MARKET TRENDS AND OPPORTUNITIES

Top Drivers

Speed to market is the strongest value proposition, especially for time-constrained projects (e.g., hotels, schools). Modular construction enables schedule compression by allowing site work and module fabrication to occur in parallel. This approach offers a competitive advantage for time-sensitive projects such as hotels, which translates to earlier occupancy and revenue generation. This is also an advantage in the education segment, where projects must be completed during academic break periods.

"Speed to market is the driver of almost everything."

Labor shortages make modular appealing, as it shifts work to factories. Modular construction is frequently cited by stakeholders as a solution to ongoing labor shortages and rising labor costs. By shifting work from the field to a factory setting, modular offers a more controlled environment that typically requires less skilled labor and allows job sites to come to workers, rather than workers having to travel to job sites.

"You're taking a large portion of a project and shifting it offsite to a factory setting, where the rates traditionally are lower."

Cost is important but context-dependent; consistent unit designs improve feasibility. While cost is frequently discussed, its implications are more nuanced, and cost comparisons with traditional construction can vary by project. In this context, cost advantages are a driver when modular designs can leverage economies of scale to both shorten schedules and reduce labor costs. Highly customized projects may struggle to realize these savings due to their unique design requirements.

"Modular is not always cheaper than conventional construction, but if it can get done faster, that can be a cost advantage for the owner."

Top 3 Drivers for Modular

Speed to Market

Cost advantages

Labor availability

Top Obstacles

Client education gaps: Lack of understanding of modular workflows. One of the most commonly observed barriers to modular adoption is the construction industry's overall lack of familiarity with modular construction. Many stakeholders in the industry are accustomed to site-built construction, and are simply unaware of the workflows, cadence, and requirements unique to modular delivery.

Perception challenges: Concerns about quality and durability persist. The misconception that modular is of lower quality and inferior durability is perceived to be a major impediment to modular advancement. This perception often stems from the historical association of volumetric modules with low-quality temporary structures like school portables or trailers.

Codes and permitting: Fragmented regulatory environments and cross-jurisdictional challenges continue. Most building codes were written for traditional construction, and modular construction can often fail to realize its advantages of speed and efficiency in these cases. Permitting and inspections are a particular source of frustration, especially as modular buildings are often built in one state/province and installed in another.

Top 3 Obstacles for Modular

Lack of client education

Perception of modular

Building codes/ permitting

Stakeholder Sentiment in Canada

Backlog confidence: Modular firms in Canada reported higher-than-expected backlogs for 2025, indicating confidence in demand.

Top concerns: Political environment and economic uncertainty scored higher among Canadian firms than among their U.S. peers.

ADOPTION FACTORS
(FROM NON-MODULAR FIRMS IN CANADA)

Key Influencers for Adoption

Reduced construction timelines (rated 4.1/5 average): Reduced construction timeline was identified as the top factor influencing nonusers to consider modular construction. Seventy-six percent of survey respondents cited it as having a significant or extreme influence on their consideration. In an environment where delays, labor shortages, and permitting bottlenecks can be increasingly common, speed is a potential differentiator. Modular's ability to shorten build times offers a meaningful solution to this growing challenge.

Cost savings (4.0/5): Cost savings was identified as one of the most compelling factors that would influence nonusers to consider modular construction. In the survey, 73 percent of respondents indicated that the potential to save money would have a significant or extreme impact on their interest in modular. This can be a challenge for modular firms, as new market entrants often struggle to perform modular cheaper than traditional construction. With that in mind, this factor presents educational opportunities for both modular firms and MBI.

Design repeatability and consistency (3.5/5): Consistency (e.g., repeatable designs in factory settings) is a key factor in persuading nonusers to consider modular construction. Modular excels in projects with standardized elements by delivering uniform quality and precision. Stakeholders value the advantages that come with modular, such as greater predictability, reduced weather impact, and a stable production timeline. However, this factor applies less to segments in which custom designs and originality are priorities.

Operational Capacity and Delivery Methods

Unused capacity: In the survey, 84 percent of modular manufacturers in Canada reported some or significant unused capacity, indicating potential to scale up. Supply chain dynamics and government initiatives are the most influential factors shaping project delivery across both modular and traditional construction methods, highlighting the significant impact of broader macroeconomic conditions on the industry.

In contrast, decarbonization and the use of recycled materials were ranked among the least influential factors, suggesting that sustainability efforts have yet to gain widespread traction when measured against other factors.

SEGMENT-SPECIFIC HIGHLIGHTS

1. Multifamily Residential

Nearly half of the projected modular market size in Canada will be in the multifamily sector. Multifamily also has the highest projected CAGR, at 7.4 percent, driven by growing populations in the major metro areas.

Eastern Canada is expected to see strong urban-driven demand, especially in Ontario and Quebec. Western Canada (notably British Columbia and Alberta) is also poised for growth, with similar housing pressures. Key drivers here are the housing affordability crisis and urban migration.

2. Commercial

Physical retail is more promising for modular, particularly for smaller units and freestanding shops and restaurants surrounding shopping centers (known as "pad sites"). New brick-and-mortar retail sites are commonly integrated with multifamily, lodging, and office projects as part of planned communities.

Both geographical regions are relatively balanced in modular commercial usage (~5.9 percent of segment share). Eastern Canada has more retail/urban pad-site applications tied to mixed-use projects. Growth is modest (0.9 percent) in both Eastern and Western Canada, due to a decline in the warehouse subsegment.

3. Education

Eastern Canada benefits from institutional funding (e.g., public school boards in Ontario and Quebec). Western Canada has lower base volume, but modernization of facilities presents modular opportunities. Growth remains low overall (0.9 percent), but demand for energy-efficient retrofits could be a lever.

4. Office (Including Data Centers)

This segment represents a relatively small share in both regions. Eastern Canada (Ontario/Quebec) hosts more potential data center developments. Western Canada remains a secondary region in this segment. CAGR is 2 percent in the West and slightly higher in the East. Low adoption is due to the traditional office slowdown.

5. Healthcare

Although policy-driven investments are broader in Eastern Canada, modular penetration is limited. Western Canada faces rural healthcare facility gaps, where modular could be a solution. Notably, healthcare is the only segment in Canada with negative growth (–0.1 percent) overall.

Lack of access to healthcare for rural residents is an increasing concern among public policymakers, and rural areas often lack the necessary workforce to construct them. This is an area in which modular could display a competitive advantage over traditional construction.

6. Lodging

This segment has moderate potential in Eastern Canada, particularly ahead of the 2026 FIFA World Cup (e.g., in Toronto). In the West, growth is tied to industrial and energy sector projects (e.g., in Alberta). Overall CAGR: 2.7 percent, with room to grow if modular delivers cost and timeline advantages.

Opportunities for modular firms include extended-stay projects, particularly in locations with high labor demand due to large-scale manufacturing and industrial projects. The 2026 FIFA World Cup also presents opportunities in 16 major markets across North America, including Canada and

Mexico, with a projected $5 billion economic impact from the event. Modular companies who can leverage speed to market, while convincing owners of modular's quality, will find prospects.

7. Other (Transportation, Public Safety, Religious)

Western Canada shows a slightly higher historical growth trend since 2020. Eastern Canada still leads in total spend and is expected to maintain that edge. Opportunities exist around transit and infrastructure investments, as well as modular civic buildings.

CAPACITY AND DELIVERY DYNAMICS

Manufacturing Capacity

Unused capacity is reported across both regions, especially in smaller or midsized factories. Eastern Canada: Slightly more constrained due to higher demand. Western Canada: Growth could be scaled with better market education and general contractor training.

Delivery Model Preferences

Both regions favor design-build, but design-bid-build remains common in public-sector projects in Eastern Canada. Public-private partnerships are modest in both regions but could grow with more government involvement in housing.

Growth Opportunities

As part of its analysis, FMI forecasted the compound annual growth rate (CAGR) for key markets across Canada from 2024-2029.

The market for modular multifamily has a "medium" growth rate (4-5.9 percent) for the industry. When comparing the modular CAGR in multifamily compared to the overall construction CAGR for the same market and timeframe, the modular market is expected to exceed overall construction by 6 percent or more, indicating a strong opportunity for the industry to increase overall market share in Canada.

Strategic Implications

Theme	Eastern Canada	Western Canada
Growth leadership	Multifamily, education	Multifamily, lodging
Policy leverage	Government housing initiatives, IRA-inspired retrofits	Industrial/logistics support, rural health, remote access
Key barriers	Complex permitting, market education gaps	Manufacturing readiness, geographic distribution of demand
Influential stakeholders	Real estate developers, school boards	Developers, industrial builders, local government

Other markets, including office, lodging, commercial, and healthcare, have a “low” growth rate for modular (0-3.9 percent) over the next five years. Modular construction CAGR does outpace overall construction in the lodging category by 4-5.9 percent, providing another growth opportunity for the industry.

The healthcare sector in Canada has a slightly negative forecasted CAGR—the only market showing a decline. But again, the modular construction CAGR outpaces overall construction in this sector as well.

SUMMARY

Eastern Canada currently leads the Canadian modular construction market in terms of both volume and growth rate, driven by high-density housing needs and public investment in education. Western Canada, while smaller, shows potential particularly in lodging, remote housing, and industrial-supportive infrastructure, and benefits from a slightly faster historic growth trajectory.

Modular stakeholders in both regions should tailor strategies to:

- **Prioritize the multifamily and lodging segments.**
- **Leverage regional policy levers and partnerships.**
- **Focus on education and training of general contractors and developers to increase adoption.**
- **Address capacity gaps to meet the demand surge expected after 2026.**

Where can I learn more about modular construction?
The MBI website at **www.modular.org** is loaded with case studies, research, articles, and links to companies in your area.

Addiction Treatment Centre, Lethbridge

Company: ROC Modular Inc.
Affiliate: MPE Engineering, a division of Englobe
Location: Lethbridge, AB, Canada
Gross Size of Project: 33,852 square feet
Days to Complete: 307

Architectural Excellence

The Fresh Start Recovery Centre is a 50-bed treatment centre providing holistic residential treatment for Albertans with addiction and mental health challenges. The project is part of a province-wide initiative to introduce a new type of intensive addiction treatment through Alberta's Recovery Plan. The facility has an expert staff of clinicians, medical professionals, indigenous liaisons, and counsellors.

MPE Engineering spearheaded the design, with ROC Modular as the modular supplier.

The 33,852-square-foot facility includes 55 modules and 50 treatment beds, along with long-term residential treatment that focuses on supporting those pursuing recovery. The exterior design has a modern, contemporary aesthetic, employing mixed styles of cladding and elevated roof lines to accent the finish of the building, with a modern style that makes use of black and white contrasts. The outside of the building has an attractive amenity/gathering area, promoting community and social togetherness.

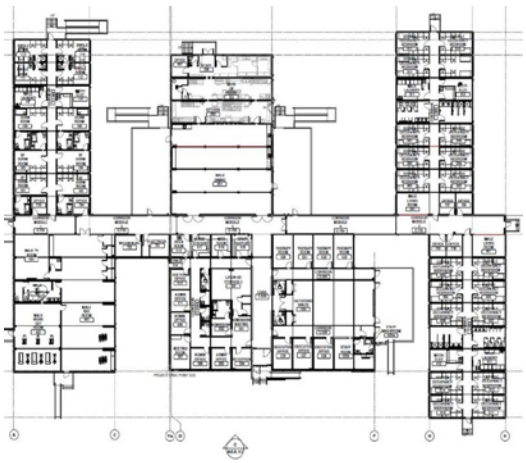
Technical Innovation and Sustainability

The project achieved exceptional ratings for energy efficiency and environmental design, featuring several thermal-performance upgrades. A Persist building envelope reduces the potential for heat loss and gain, and triple-glazed windows with PVC frames provide an additional layer of insulation, reducing heat transfer and improving thermal performance. The roof includes a PVC membrane to reduce the heat-island effect, with white coloring to provide high solar reflectance and minimize heat absorption. Vacancy sensors enhance energy efficiency by automatically controlling lighting and HVAC systems based on occupancy, and low-flow fixtures have been implemented to significantly reduce water consumption. Designed for extreme cold weather, the building includes a number of features intended to improve energy efficiency and reduce carbon footprint.

Utilizing a modular construction process allowed for a faster schedule, while also minimizing waste and maximizing efficiency.

Cost Effectiveness

The project's innovative modular design, led by the team at MPE Engineering, focused on standardized modules, allowing for rapid production at scale and streamlining the design, procurement, and construction phases. By prioritizing offsite modular factory production at the ROC Modular facility, the project achieved notable time and labor cost savings. Key elements included spacious meeting areas and open, vaulted roofs, all of which were constructed with durable finishes and fixtures to reduce operating and maintenance costs and overall life cycle expenses. Following site preparation by the general contractor, the modular units were installed with cranes. Delivered safely and efficiently, this scalable and repeatable project is part of a modern modular solution to help address Alberta's drug-recovery and mental health needs. The facility is set to provide treatment and support for years to come.



CASE STUDIES

Avenue South Residence

Company: Kent Homes, a division of J.D. Irving Ltd.
Location: Alberton, PEI, Canada
Gross Size of Project: 6,200 square feet
Days to Complete: 135

Architectural Excellence

Modular building played a crucial role in this project. Due to the shortage of skilled labor in Prince Edward Island, particularly in rural areas, Kent Homes was brought in to help complete the project for our customer, 720 Solutions Inc. This collaboration significantly reduced turnaround time for the rural community of Alberton, allowing us to complete construction of 10 modular units in just 11 months.

The two-story apartment building, spanning 6,146 square feet over an unfinished crawlspace, features 10 studio and one-bedroom units, a common laundry area, and a 450-square-foot office. The facility fills an essential need for the final client, the Canadian Mental Health Association, which had been lacking affordable housing to support its rural operations.

Technical Innovation and Sustainability

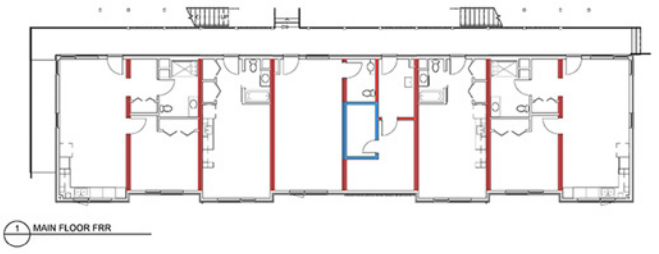
Our green building practices mean less waste and more recycling—savings we pass on to our customers. The project also exceeds energy-efficiency requirements under the 2015 National Building Code by 20 percent. The following represent some of the environmentally friendly practices used by Kent Homes:

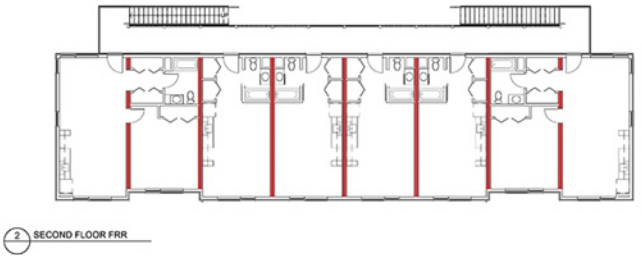
- Our manufacturing process recycles materials and reduces waste.
- Tight construction and special framing reduce internal leaks and draft.
- Fresh-air ventilation reduces dust, odors, and indoor contaminants.
- Heat-recovery and ventilation systems, vents, and pressure balancing reduce moisture.
- Energy-efficient lighting reduces energy consumption.
- Drywall and insulation are made of safely recycled material.

Cost Effectiveness

Kent Homes and 720 Solutions Inc. share a strong, enduring partnership. By leveraging experience gained during prior projects, the overall design phase was shortened by two months.

Cost effectiveness primarily hinged on the efficiency with which project tasks were carried out. The modules left the manufacturing facility 80 percent complete, and the structure was placed onto the foundation within two days, ensuring that the building was fully weather-tight within a week. The project was a significant accomplishment for this community.





Everlasting Tree School

Company: ANC Modular
Location: Hagersville, ON, Canada
Gross Size of Project: 14,079 square feet
Days to Complete: 147

Architectural Excellence

ANC Modular worked closely with the Six Nations community and indigenous architects to develop a design that embodies the highest standards of quality, efficiency, and sustainability. This collaboration ensured that the cultural significance of the school was reflected in every aspect of the design.

We incorporated sustainable design elements, including energy-efficient windows, high-performance insulation, and low-carbon concrete.

The building's three floors include 31 modules, 24 of which are dedicated to classrooms, meeting rooms, and common areas, featuring large, expansive spans.

A creative approach was taken with the design of corridors and stairwells, using distinct steel frames paired with concrete slab corridors.

The shared frame configurations of elevator shafts and mechanical rooms enhanced structural integrity, maximizing ceiling height within corridors and maintaining occupiable space in classrooms.

The unique design elements included cantilevered second- and third-floor modules to boost classroom sizes.

Technical Innovation and Sustainability

The client wished to maximize sustainability and minimize fossil-fuel consumption, so we designed the building to use all-electric heating and cooling—also positioning them to be able to expand into an alternative-energy solution in the future.

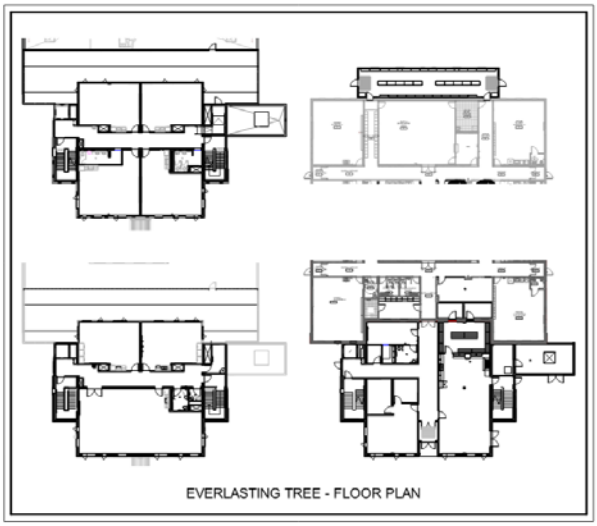
To ensure that this design was energy efficient, we incorporated a wall system of R40 and a roof system of R60+, with heat pumps and heat recovery ventilators included in the mechanical system.

All concrete in the modules, as well as in the footings and foundations, was poured using a low-carbon concrete, eliminating 50 percent of the project's carbon impact on the environment. In the modules we used a Bronze Low Carbon and Lightweight Carbon mix, which in 2022 won the Ontario Concrete Association Award for Innovation.

Cost Effectiveness

Using offsite manufacturing methods and processes allowed us to take advantage of efficiencies and cut back on skilled-labor hours for the overall duration of the project. This type of labor is typically the most expensive part of a construction project. By cutting back on the labor required and using a more efficient process, we were able to reduce the project's overall costs.

Due to the expedited timelines, we were also able to reduce some costs typically associated with onsite construction.



DEFINITIONS

MBI adopted the definitions contained in the ICC/ANSI standard 1200 and 1205 for consistency. Sources for other terms not used in the standard include state administrative programs and the National Institute for Building Sciences.

Accessory dwelling unit (ADU). A smaller, independent residential dwelling unit located on the same lot as a stand-alone (i.e., detached) single-family home. (Source: American Planning Association).

Authority Having Jurisdiction (AHJ). Organization, political subdivision, office, or individual charged with the responsibility of administering and enforcing the provisions of the applicable building code. The authority having jurisdiction shall include a state agency or local building department.

Building Envelope. As the physical separator between the interior and exterior environments of a building, the building envelope serves as the outer shell to help maintain the indoor environment (together with the mechanical conditioning systems) and facilitate its climate control. Building envelope design is a specialized area of architectural and engineering practice that draws from all areas of building science and indoor climate control.

Building Site. A lot, the entire tract, subdivision, or parcel of land on which industrialized housing or buildings are sited.

Building System. The design and/or method of assembly of modules or modular components represented in the plans, specifications, and other documentation, which may include structural, electrical, mechanical, plumbing, fire protection, and other systems affecting health and safety.

Certification Label. A decal, insignia, or alteration decal.

Closed Construction. A building, component, assembly, subassembly, or system manufactured in such a manner that all portions cannot be readily inspected at the installation site without disassembly or destruction thereof.

Commercial Structure. An industrialized building classified by the building codes for occupancy and use groups other than residential for one or more families.

Compliance Assurance Program. Procedures that state the guiding principles and define the framework for ensuring that construction documents approved by a design review agency, or that modular buildings inspected by a third-party inspection agency, comply with the applicable building codes.

Compliance (or Quality) Control Program. The manufacturer's system, documentation, and methods of ensuring that industrialized housing, buildings, and modular components, including their manufacture, storage, handling, and transportation, conform with this chapter.

Component. A subassembly, subsystem, or combination of elements for use as a part of a building system or part of a modular component that is not structurally independent, but may be part of structural, plumbing, mechanical, electrical, fire protection, or other systems affecting life safety.

Data Plate. A plate attached by the manufacturer or installer to a modular building or modular component that contains identifying information, allowing code officials or end-users to determine if the structure is suitable for installation in their jurisdiction, location, or project.

Decal. The approved form of certification issued by the authority having jurisdiction, to be permanently attached to the modular building, modular component, or panelized system, indicating that it has been constructed to meet or exceed the applicable building code requirements.

Deconstruction. The process of taking apart a building or structure, or a portion thereof, with the intent of repurposing, reusing, recycling, or salvaging as many of the materials, products, components, assemblies, or modules as possible.

Design Package. The aggregate of all plans, designs, specifications, and documentation required by these sections to be submitted by the manufacturer to the design review agency or required by the design review agency for compliance review, including the compliance control manual and the onsite construction documentation. Unique or site-specific foundation drawings and special onsite construction details prepared for specific projects are not a part of the design package.

Erection/Installation/Set. The process of blocking, leveling, and anchoring a modular building unit on the building site upon delivery.

Industrialized Building. A commercial structure constructed in one or more modules, or constructed using one or more modular components, that is built at a location other than the commercial site and designed to be used as a commercial building when the module or modular component is transported to the commercial site and erected or installed.

Industrialized Housing. A residential structure designed for the occupancy of one or more families that is constructed in one or more modules or constructed using one or more modular components, and is built at a location other that the permanent site and designed to be used as a permanent residential structure when the module or modular component is transported to the permanent site and erected or installed on a permanent foundation system.

Insignia. The approved form of certification issued by the authority having jurisdiction to the manufacturer to be attached to the modular building, modular component, or panelized system, indicating that it has been constructed to meet or exceed the applicable building code requirements.

Manufacturer. The entity responsible for the manufacturing of assemblies, panelized systems, modular buildings, or modular components.

Manufacturing Plant. The location, other than the building site, at which modular buildings, modular components, modules, panels, or tiny houses are assembled or manufactured prior to transport to the final construction site.

Marriage Wall/Crossover Connections. The joint between the modules in a complex, commonly called a mate-line or mod-line.

Modular Component. A subassembly, subsystem, or combination of elements, including panelized systems, building shells or bathroom pods, for use as a part of a modular building that is not structurally independent, but is a part of structural, plumbing, mechanical, electrical, fire protection, or other systems affecting life safety.

Offsite Construction. The planning, design, fabrication, and assembly of building elements at a location other than their final installed location to support the rapid and efficient construction of a permanent structure. Such building elements may be prefabricated at a different location and transported to the site or prefabricated on the construction site and then transported to their final location. Offsite construction is characterized by an integrated planning and supply chain optimization strategy. (Source: National Institute of Building Science)

Open Construction. A modular building, modular component, panelized system, or tiny house manufactured in such a manner that all portions can be readily inspected at the building site without disassembly, damage, or destruction thereof.

Permanent Modular Construction (PMC). An innovative, sustainable construction delivery method utilizing offsite, lean manufacturing techniques to prefabricate single- or multistory whole building solutions in deliverable module sections. PMC buildings are manufactured in a safe, controlled setting and can be constructed of wood, steel, or concrete. PMC modules can be integrated into site-built projects or stand alone as a turnkey solution, and can be delivered with mechanical, electrical, and plumbing (MEP); fixtures; and interior finishes in less time, and with less waste and higher quality control than projects utilizing only traditional site construction.

DEFINITIONS

Prefabricated. The manufacture or fabrication of sections of a building at an offsite location that are delivered to and assembled at the building site.

Quality Control. Controls and inspections implemented by the manufacturer, as applicable, to ensure that the material provided and work performed meet the requirements of the approved construction documents and referenced standards-applicable building codes.

Registered Design Professional. An individual who is registered or licensed to practice their design profession, as defined by the statutory requirements of the professional registration laws of the state or jurisdiction in which the project is to be constructed.

Relocatable/Industrialized building. A partially or completely assembled building that complies with applicable codes and state regulations and is constructed in a building manufacturing facility using a modular construction process. Relocatable modular buildings are designed to be reused or repurposed multiple times and transported to different sites.

Site or Building Site. A lot, the entire tract, subdivision, or parcel of land on which industrialized housing or buildings are sited.

Third-Party Inspector. An approved person determined by applicable statutory requirements to be qualified by reason of experience, demonstrated reliability, and independence of judgment to inspect modular buildings, and portions thereof, for compliance with the construction documents, compliance control program, and applicable building codes. A third-party inspector works under the direction of a third-party inspection agency.

Thank You, MAP Heroes!

Thanks to these organizations for contributing to the Modular Advocacy Program!

- Al Masaood Bergum
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- Autovol
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- BT Modular
- C & B Custom Modular, Inc.
- Diamond Builders, Inc.
- Falcon Structures
- Fero International
- Geary Pacific Corporation
- GLP Canda
- GP Supply
- Heavy Haul Solutions, LLC
- Indicom Buildings, Inc.
- MMY Global Ltd
- ModCribs, LLC
- Modern Industrial Structures
- MODLOGIQ
- Modular Genius
- Northgate Industries Ltd.
- Northwest Building Systems
- NRB Modular Solutions
- Phoenix Modular
- Phoenix Modular Elevator Inc.
- ProMod Manufacturing
- ProSet Set Services, Inc.
- Ramtech Building Systems, Inc.
- ReMo Homes
- ROC Modular, Inc.
- Specialized Structures, Inc.
- State of Hawaii School Facilities Authority
- Titan Modular Systems Inc
- Whitley Manufacturing Co., Inc.
- WillScot

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CANADIAN PERMANENT MODULAR CONSTRUCTION INDUSTRY **REPORT**

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FMI Consulting

MODULAR BUILDING INSTITUTE

285 Hydraulic Ridge Rd., Suite 6 | Charlottesville, VA 22901 US

888.811.3288 | Fax: 434.296.3361 | info@modular.org | modular.org