

Attachment 2 (RPT-0129-25)

Tariffs Background & Current Status, from Colliers as at March 17, 2025

The U.S. imposed tariffs on Canadian goods on February 1, prompting Canada to enact retaliatory tariffs. A temporary 30-day suspension was agreed upon on February 3. On March 4 both nations implemented tariffs with the U.S. then temporarily pausing tariffs on USMCA compliant goods.

Events continue to be fluid and further trade policy changes remain likely, particularly with the following upcoming key dates:

- March 12: Announced date that the U.S. may impose additional 25% tariffs on certain industries, including steel and aluminum.
- April 1: Deadline for the U.S. government's America First Trade Policy investigation, which may influence future measures.
- April 2: Potential U.S. implementation of tariffs on USMCA-compliant Canadian exports, and associated Canadian deadline for a [second round of tariffs on additional U.S. goods](#), if the U.S. does not remove tariffs on Canadian goods.

Risks to the Construction Industry

Key risks include:

- **Material cost increases:** Tariffs have already been applied to certain U.S. products, such as lumber, lighting, interior finishes, and furniture. Other construction products are identified on the list of potential March 25 tariffs. We have asked the trades to highlight the most at-risk items on the project.
- **Supply chain disruptions:** Delays and shortages may arise as suppliers adjust pricing and logistics.
- **Labor and skilled trade shortages:** Rising costs and economic uncertainty may impact hiring and workforce availability.
- **Contractual and procurement risks:** Fixed-price contracts are particularly vulnerable, requiring careful review of cost-escalation provisions.

Under most contract forms, including standard consultant and CCDC contracts, the owner typically bears the risk of tariff cost increases unless contract provisions state otherwise. We did not include a specific tariffs clause, but have locked in the trade prices now.

Mitigation Strategies

To minimize the impact of tariffs, the project team will proactively assess risks and seek to implement the following strategic mitigation measures, as needed:

Procurement and Supply Chain Adjustments

- **Secure materials in advance** – Where possible, procure materials ahead of anticipated tariffs or shortages.
- **Diversify suppliers** – Identify alternative domestic or international sources to reduce dependency on tariffed goods.
- **Buy strategically and purchase in bulk** – Lock-in bulk orders or negotiate supplier agreements to hedge against further cost escalations.

Financial and Project Feasibility Planning

- **Adjust Budget Contingencies** – Increase contingency allowances to account for unexpected cost increases.
- **Review Designs** – Assess whether alternative design solutions may be more appropriate in terms of product availability or cost.
- **Monitor Market Trends** – Stay informed on economic indicators and potential policy changes and possibly evaluate project cost forecasts and timelines accordingly.

Communication and Advocacy

- **Engage key parties** – Maintain active discussions with suppliers, lenders and owners regarding cost impacts.
- **Regularly update teams** – Keep your project teams aligned on evolving risks.

Ongoing Support

Given the uncertainty surrounding tariffs and trade negotiations, we are closely monitoring developments and will provide updates, as necessary. Colliers Professional Practice team continues to address specific inquiries and share market intelligence.