

Calgary and Region

ECONOMIC OUTLOOK 2025-2030

Executive Summary



LAND ACKNOWLEDGEMENT

The city of Calgary, where the Bow and Elbow rivers meet, was historically a place of confluence where the sharing of resources, ideas and opportunities naturally come together. Long before Settlers named it Calgary, the original Indigenous Nations of this area had their own names for the land. In the Blackfoot language, it is called Moh-kins-tsis. The Îlethka Nakoda Wîcastabi First Nations refer to this place as Wicispa Oyade and the people of the Tsuut'îna nation call it Guts-ists-l. The Métis call the Calgary area Otos-kwunee.

We would like to take this opportunity to appreciate and acknowledge that we are gathered on the ancestral and traditional territory of the Blackfoot Confederacy, made up of the Siksika, Piikani, Amskaapiikani and Kainai First Nations; the Îlethka Nakoda Wîcastabi First Nations, comprised of the Chiniki, Bearspaw, and Goodstoney First Nations; and the Tsuut'îna First Nation. The city of Calgary is also homeland to the historic Northwest Métis and to the Otipemisiwak Métis Government, Métis Nation Battle River Territory (Nose Hill Métis District 5 and Elbow Métis District 6). We acknowledge all Indigenous people who have made Calgary their home.

INTRODUCTION

The City of Calgary (The City) tracks economic indicators throughout the year to develop insights about the impacts of external events on the local economy. The results are published in the Economic Outlook semi-annually in the spring and fall and are available to the public.

The timing of the release of The City's Fall Calgary and Region Economic Outlook is late Fall every year.

Purpose

The Fall 2025 Calgary and Region Economic Outlook supports The City's financial and physical planning. The outlook considers several economic indicators. The choice of indicators reflects factors deemed likely to affect local economic performance over the forecast period.

Plan

There are two areas or economies of interest. The first is the local (or city of Calgary) economy. The second is the regional economy (Calgary Economic Region or CER).

The CER is a small open economy affected by changes outside its borders. Consequently, external influences from the provincial, national and world economies get transmitted to the local and regional economies. Outside factors judged to have a substantial impact get presented as forecast assumptions. Most national and international forecast estimates in the assumptions section reflect the average expectations of private sector forecasters. All the CER or City forecast estimates are the output of City of Calgary forecast models, validated by private sector forecasts.

The economic cycle for commodity-based regions helps to inform projections of economic activity in the CER. The level of crude oil sales affects the cash flow of Alberta's energy industry and investment in the local economy.

Calgary Focused

The Fall 2025 Calgary and Region Economic Outlook provides comprehensive estimates of the future conditions for Calgary's local and regional economies. It is the only source that provides the complete set of indicators requested by local decision-makers for the city and CER while still using theoretical and empirical economic underpinnings similar to alternative forecast providers.

Finally, it tackles key recurring questions posed by City of Calgary decision-makers:

- What is the overall forecast for the growth rate in the local economy?
- What are the drivers of local economic performance?
- How many jobs is the local economy expected to create?
- What is the forecast for population growth in the city and region?
- What is the expected inflation rate?
- What are the implications, especially for municipal finance?

EXECUTIVE SUMMARY



Calgary's economy performed better than expected, driven by robust domestic demand due to strong net migration, ongoing infrastructure investment, and USMCA/CUSMA-compliant exports, despite the ongoing uncertainty and volatility from the trade disputes. However, potential headwinds include geopolitical uncertainty, particularly around U.S. trade policy, and a slowdown in net migration in 2025, along with high unemployment, which could impact the pace of growth.



1. Despite ongoing uncertainty and volatility, Calgary's economy has likely been shielded from the worst effects of a full-blown trade war

Exemptions on USMCA/CUSMA-compliant goods, lower exposure to certain sector-specific tariffs, and frontloading have helped reduce vulnerability to ongoing tariff concerns, limiting some of the risks to exports. In addition, strong net migration over the past few years has been instrumental in stabilizing consumer demand and supporting residential investment.

Alberta and Calgary remain relatively insulated from tariff impacts compared to other exporting regions in Canada, as a significant share of exports falls within USMCA/CUSMA-covered goods. Combined with record post-pandemic migration that has fueled consumption and housing activity, these factors have kept Calgary on track for stronger-than-expected growth.



2. Economic growth in the Calgary region has been revised upward, reflecting a more optimistic outlook on tariffs and easing trade tensions

Although the region has avoided the worst-case scenario of a full trade war, it has not been immune to the effects of prolonged uncertainty. Job losses in the goods sector remain a concern, with manufacturing shedding 5,000 positions in the first half of the year compared to the same period last year. Hiring in this sector is expected to remain subdued as lingering trade uncertainty keeps business confidence cautious. Employment is expected to remain strong in 2025, with roughly 45,700 jobs added, led by gains in retail trade and professional, scientific, and technical services. The region's unemployment rate is projected at 7.5 per cent in 2025, reflecting the ongoing influx of newcomers seeking work in a competitive labour market. In 2026, the number of jobs added is projected to fall to 19,400.

Headline inflation for 2025 has been revised down from 3.0 per cent to 2.2 per cent, reflecting temporary effects of front-loading, inventory hoarding ahead of tariffs, lower gasoline prices, and the removal of the carbon tax. However, inflationary risks remain.

The economy is now projected to expand by 2.9 per cent in 2025 and 2.4 per cent in 2026. Key drivers include relative insulation from tariff exposure, strong net migration in recent years supporting stable consumer and housing demand, and increased energy production. This resilience is further supported by steady infrastructure investment and expanded pipeline capacity, which help mitigate trade-related headwinds and narrow the differential between North American benchmark prices.



3. While avoiding the worst-case scenario has provided some relief, heightened uncertainty remains the main economic risk for Calgary and Canada in 2025 and 2026

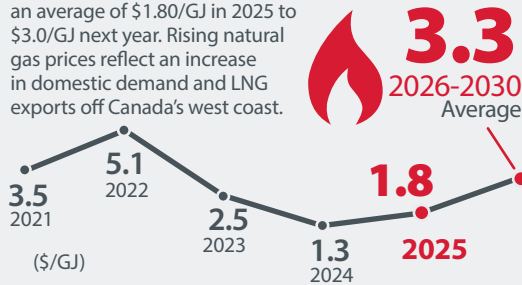
Stability depends on a fragile trade environment where policy shifts can occur quickly and unexpectedly. Unpredictable changes in areas such as tariffs, immigration, and taxation create challenges for businesses and make long-term planning difficult. Spillover effects from renewed trade tensions, including higher input costs, supply chain disruptions, and retaliatory measures, could reduce investment and delay major projects. Even with lower interest rates and borrowing costs, firms may hesitate to hire, expand, or invest in new capacity out of concern that policy changes could alter market conditions or limit access to key inputs and labor.

Another challenge facing the Alberta economy is the current low crude oil price environment. This can significantly impact future reinvestment and employment by reducing government revenues, potentially decreasing capital expenditures in the energy sector, and impacting the province's overall fiscal position and economic outlook. While prices may be high enough to support some new drilling and production, extended periods of low prices can threaten budget stability and could lead to a slowdown in investment, particularly in the more capital-intensive aspects of oil and gas development.

As a result, while growth is expected to outperform forecasts, risks to the regional economy remain, keeping consumer and business confidence subdued and overall economic expansion below its full potential.

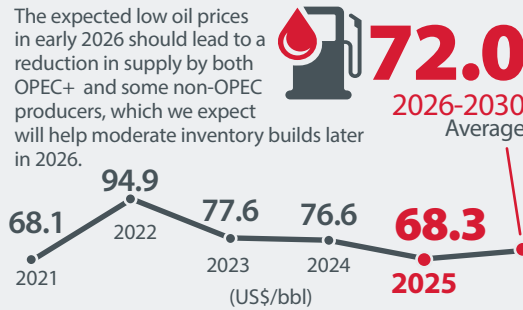
Natural Gas (AECO-C)

Natural gas prices are expected to rise from an average of \$1.80/GJ in 2025 to \$3.0/GJ next year. Rising natural gas prices reflect an increase in domestic demand and LNG exports off Canada's west coast.



West Texas Intermediate (WTI)

The expected low oil prices in early 2026 should lead to a reduction in supply by both OPEC+ and some non-OPEC producers, which we expect will help moderate inventory builds later in 2026.



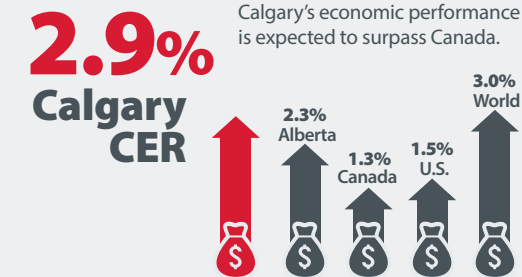
Calgary Building Permit

\$7.2 billion
2026-2030 Average

Total building permit values are expected to stay elevated, driven by continued demand for residential construction.

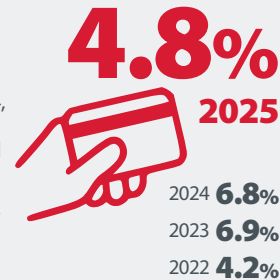
2025 \$7.8 billion
2024 \$8.6 billion **2023 \$6.0 billion**

GDP Growth Comparison



Prime Business Loan Rate

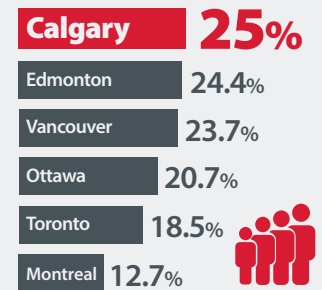
The Bank of Canada (BOC)'s policy rate fell to 2.0 percentage points in September from 4.25 percentage points in 2024, same period. This ease in the policy rate is expected to drive down the prime business loan rate and provide further debt relief to consumers and lower borrowing costs.



Ten-Year Population Growth

Growth Rate Among Canadian CMAs (2014-2024)

Calgary's population growth has outpaced other major Canadian cities in the past ten years. The trend is expected to continue in 2025, albeit with a slowdown in net migration.



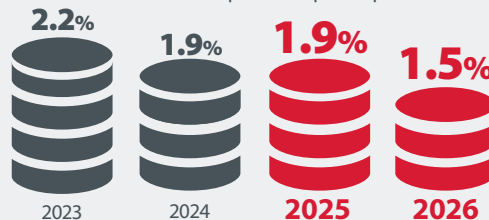
Calgary Consumer Inflation

While tariff risks persist, Calgary's CPI inflation is subdued in 2025 due to the removal of the consumer carbon tax, with food and shelter continuing to show stubborn price pressures.



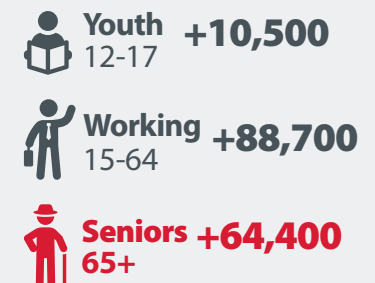
Alberta Wage Growth

As elevated unemployment persists in 2025 due to strong population growth and weaker economic conditions due to elevated uncertainty driven by tariffs, wage growth will remain stable in 2025 as push and pull impacts neutralize.



Population Increase by Cohort

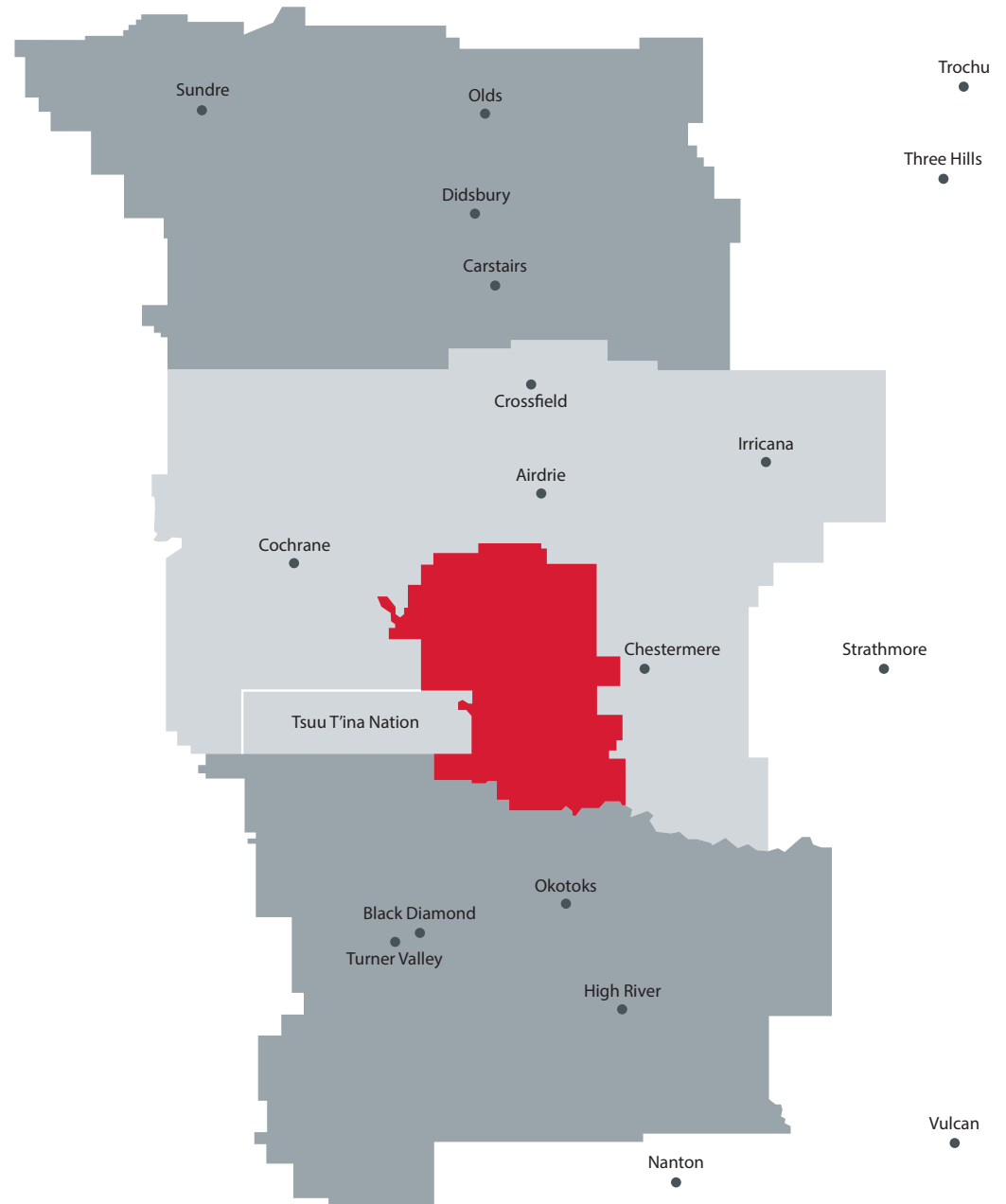
Calgary's senior cohort is expected to experience a solid increase over the forecast window.



CALGARY ECONOMIC REGION MAP

Legend

-  +  +  Calgary Economic Region (CER)
-  +  Calgary Census Metropolitan Area (Calgary CMA)
-  City of Calgary



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Who We Are

Corporate Economics provides services in four areas: forecasting, information provision, policy analysis and consulting. We also monitor the current economic trends which allows us to develop unique insights on how external events are impacting the local economy and the Municipal government. We are experienced at researching different economic topics and have developed reliable methods of forecasting and analysis.

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Sources:

Bank of Canada, Calgary Real Estate Board (CREB), Canada Mortgage and Housing Corporation (CMHC), Canadian Real Estate Association (CREA), Conference Board of Canada, Federal Reserve Bank of the U.S., Government of Alberta, Government of Canada, International Monetary Fund (IMF), Organization of the Petroleum Exporting Countries (OPEC), Statistics Canada, Stokes Economics, The City of Calgary, U.S. Energy Information Administration (EIA), World Bank, and others.