Calgary Census Metropolitan Area (CMA)

Inflation Review
July 2025

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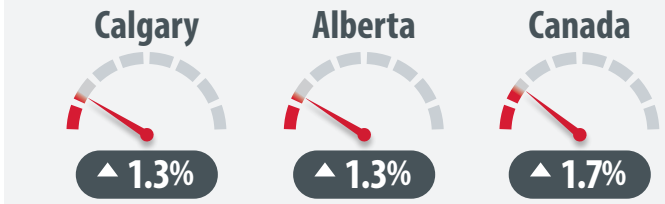
August 19, 2025

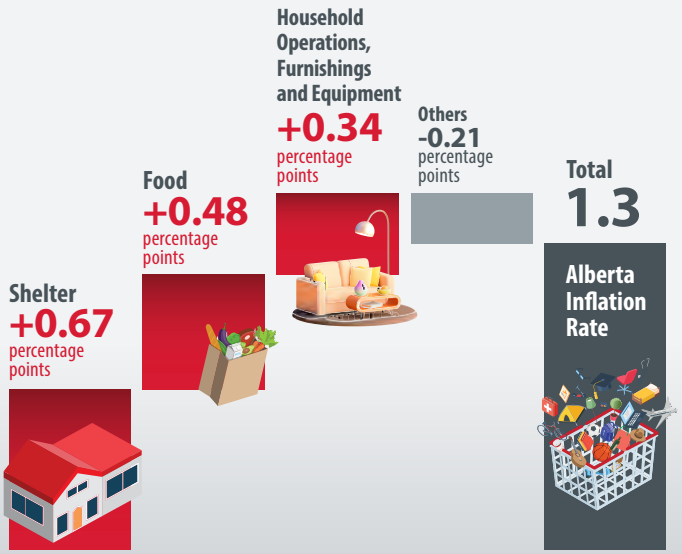
HIGHLIGHTS

Headline Inflation Comparison* July 2025



*Compared to the same month last year

Top Three Contributors to Alberta's Inflation Rate July 2025



The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Inflation Rates

	Relative Importance (%)*	Year-over-year (%) Jul-25	Jun-25	May-25
Calgary: All-items	**100.00**	**1.3**	**1.9**	**1.8**
Shelter	28.73	2.9	3.5	4.0
Rented accommodation	6.12	4.8	3.9	3.8
Owned accommodation	19.12	3.8	4.7	5.3
Water, fuel and electricity	3.48	-5.8	-3.7	-3.4
Alberta: All-items	**100.00**	**1.3**	**1.7**	**1.7**
Alberta: All-items excluding food and energy	78.28	2.6	2.9	2.8
Canada: All-items	**100.00**	**1.7**	**1.9**	**1.7**
Canada: All-items excluding food and energy	77.26	2.5	2.6	2.6

* CPI basket weights are based on the 2024 expenditure data, modified in June 2025.
Sources: Statistics Canada, Corporate Economics, August 19, 2025.

Calgary's overall inflation rate saps, easing to 1.3 per cent in July 2025, while national rate slows to 1.7 per cent

In July 2025, the Consumer Price Index (CPI) for the Calgary Census Metropolitan Area (CMA) rose 1.3 per cent year-over-year (YoY), down from 1.9 per cent in June. Alberta's inflation rate also slowed to 1.3 per cent, compared with 1.7 per cent in June, while Canada's overall inflation eased to 1.7 per cent from 1.9 per cent.

This nationwide deceleration was driven mainly by lower gasoline prices, reflecting weaker crude oil markets due to easing tensions in the Middle East and OPEC's decision to raise output quotas. In Alberta, price growth also softened in clothing and footwear, as well as in recreation, education, and reading. Specifically, traveller accommodation fell 11.4 per cent month-over-month (MoM), the largest decline among provinces. Such a drop is unusual for the summer, as it is typically observed in October or November, and may be attributed to a pullback from heightened activity in June during the G7 in Kananaskis, reduced tourist demand linked to U.S. trade tensions, and an unusually wet July[1]. On July 30, the Bank of Canada (BoC) held its policy interest rate at 2.75 per cent for a third consecutive meeting. The next announcement is scheduled for September 17, 2025.

Ahead of moving seasons, rents in Calgary continue to moderate

Rents in Calgary continue to cool, offering relief and more options for renters and newcomers. Rented accommodation rose 4.8 per cent YoY but declined 1.2 per cent MoM. According to newly released quarterly rent statistics from Statistics Canada for major CMAs, the average rent for a one-bedroom in Calgary in Q1 2025 was $1,630, down from $1,760 in Q1 2024. Out of 16 Canadian CMAs, Calgary ranked 15th in July for MoM rent increases, ahead of only Saskatoon (-1.9 per cent). In July 2025, rented contributed to 0.23 percentage points to Alberta's overall inflation. This marks a sharp reversal from a year ago, when in April 2024 Calgary recorded the highest YoY rent increase on record among all CMAs at 18.6 per cent; in April 2025 Alberta rent alone contributed 0.93 percentage points to the overall inflation. (See Chart 1).

This moderation is the result of both demand and supply factors. On the demand side, Calgary has seen a slower inflows of temporary workers and students who typically rely on rental housing, partly due to changes in immigration policy[2].

On the supply side, rapid immigration growth between 2022 and 2024, along with the resulting spikes in rents and higher development yields, spurred significant investment in purpose-built rental construction. According to CMHC, 8,897 purpose-built apartment rental units were completed in Calgary in 2024 alone, more than four times the 10-year average of 2,060 units

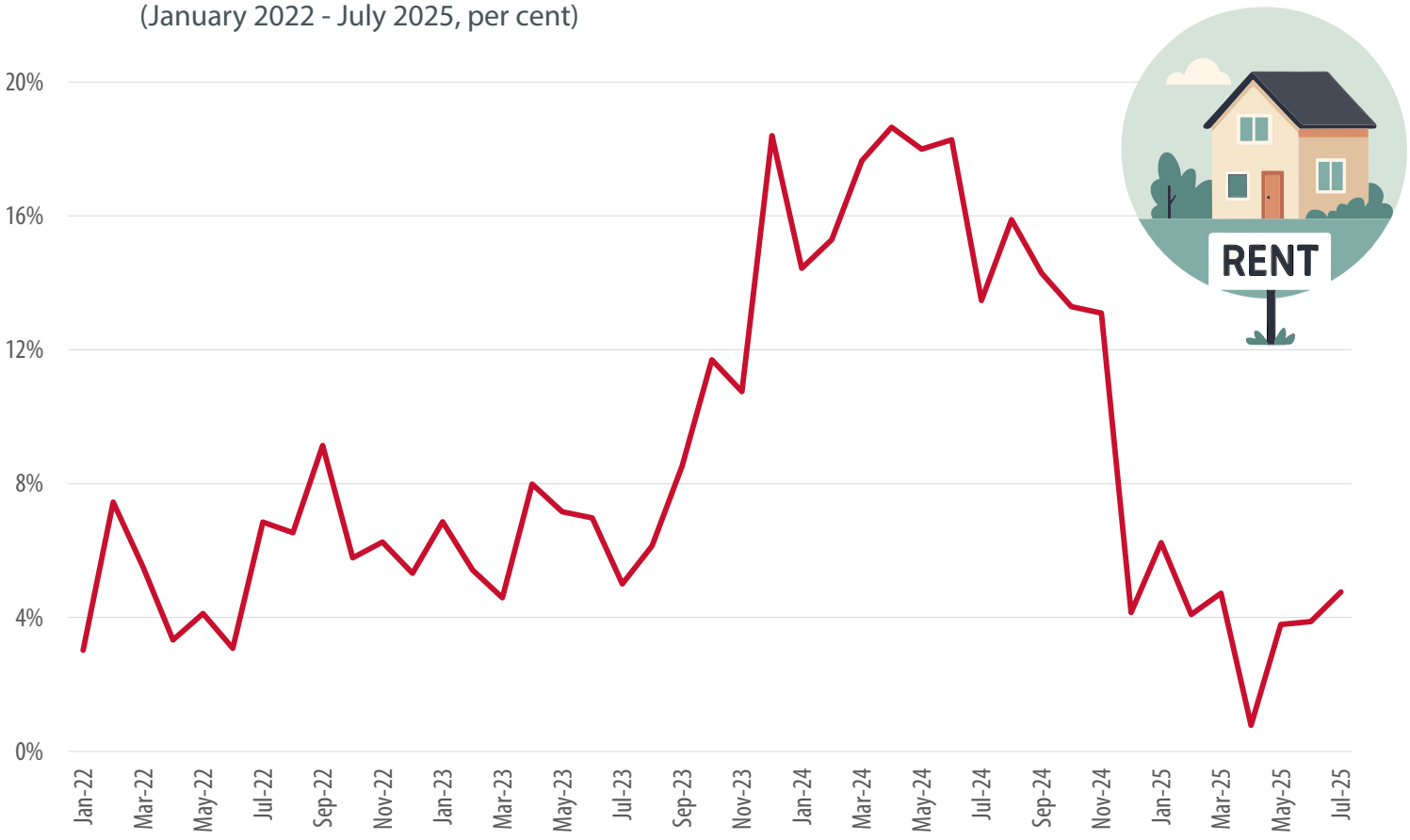
1 https://calgaryherald.com/news/local-news/fifth-wettest-july-record-end-sunny-weather-river-flows
2 Q2 2025 Housing Review, Corporate Economics

per year. Although Calgary's rental supply appears relatively elastic, it remains in a catch-up phase, as increases in supply often trail periods of heightened demand. Purpose-built rental projects, especially larger ones, require significant upfront capital, and financing conditions have recently tightened and become more fragmented[3]. In 2024, the average construction time for a purpose-built apartment rental in Calgary was 20 months, compared to 7.6 months for a new detached home built for homeowners. With more competition for tenants and increased supply from secondary suites, landlords are now offering incentives such as one or two months of free rent, particularly for newer units.

Looking ahead, with increased supply and decreased demand, rent prices are expected to continue cooling, easing inflationary pressures. However, weaker market fundamentals and lower expected yields are making developers in the Prairies more cautious. This is further compounded by anticipated volatility in material costs linked to tariffs. In Q2 2025, the construction cost price index shows that structural steel framing, which has been subject to tariffs implemented on March 12, increased by 3.3 per cent quarter over quarter, compared to 2.6 per cent in Q2 2024. These conditions could slow rental construction in the medium to long term, even though various government initiatives may help support future development.

3 2024 Rental Housing Development Study, EY/CMHC

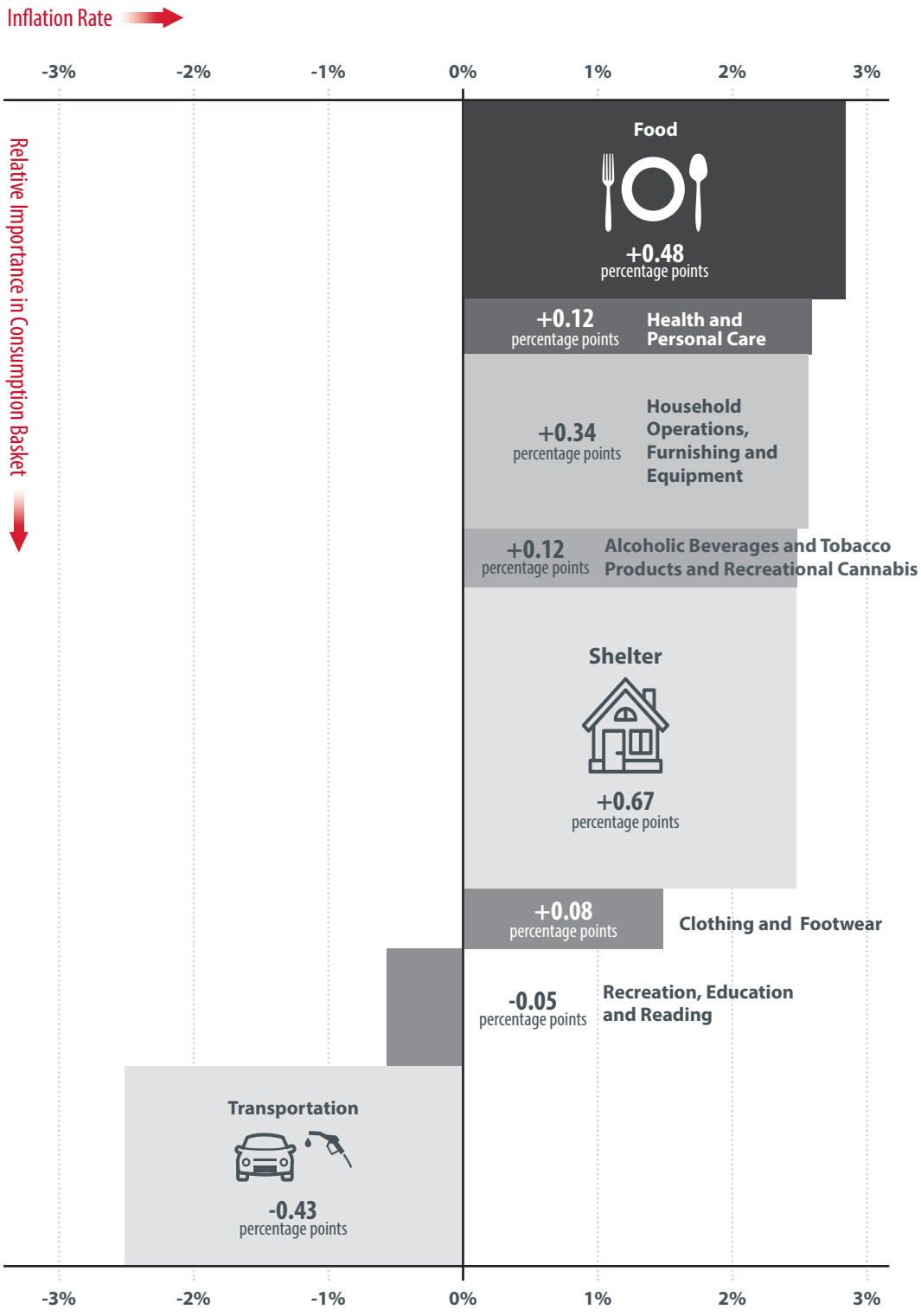
Figure 1: Year-over-year Inflation Rate for Rented Accommodation in Calgary CMA
(January 2022 - July 2025, per cent)



Source: Statistics Canada Table 18-10-0004-01, Corporate Economics

Contribution of Consumer Items to Inflation: Alberta

July 2025



The calculation for contribution incorporates the effects of changes in basket weight. The total contribution of each product component may not exactly add up to the overall inflation figure due to rounding.

Sources: Statistics Canada, Corporate Economics, August 19, 2025.

Next release: September 16, 2025

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Sources:
Bank of Canada, Statistics Canada, Corporate Economics