

Calgary



Financial and Economic Update Second Quarter 2025

EC2025 - 0728

2025 July 22

Recommendation

That the Executive Committee recommends that Council:

Receive the Financial and Economic Update Second Quarter 2025 for information and use it to guide the ongoing budget discussions leading up to the 2026 Adjustments to the 2023 – 2026 Service Plans and Budgets.

Previous Council Direction

On 2024 November 21, during the Mid-Cycle Adjustments deliberations, Council amended C2024-1097 requesting Administration to:

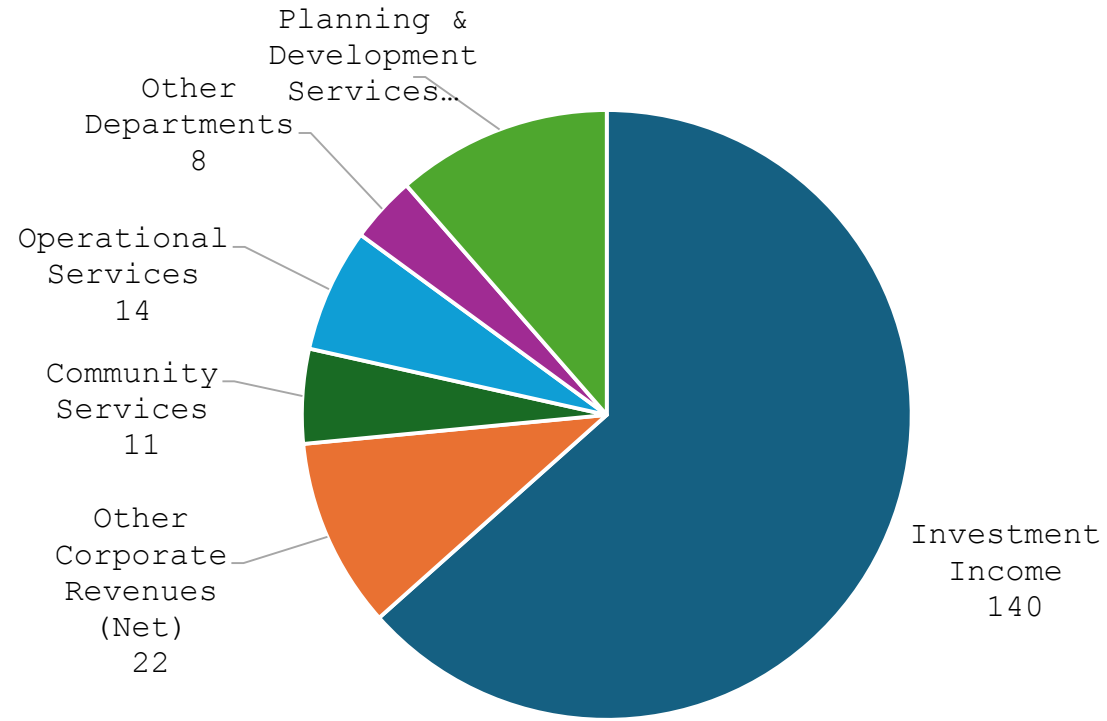
- Conduct quarterly assessments of projected year-end variances (EC2025-0414) and allocate funds to the prioritized unfunded project list throughout the year.



Operating Highlights: Second Quarter 2025

As of 2025 June 30, The City had a favourable year-to-date operating variance of \$ 221 million, as shown below in millions:

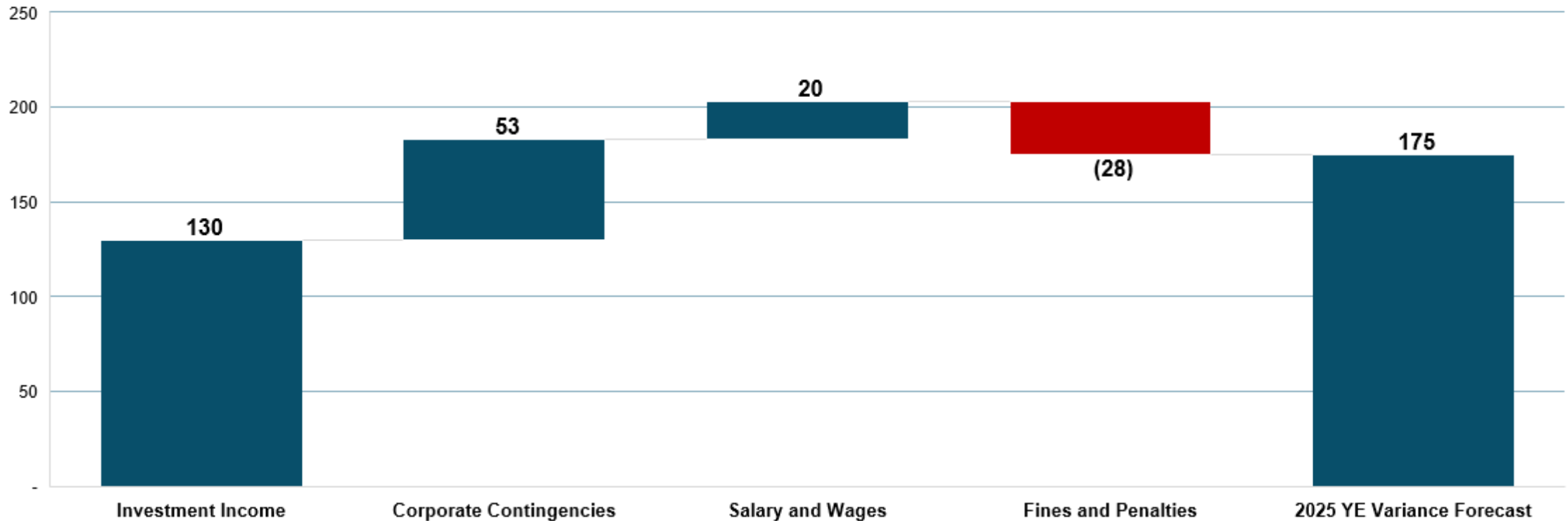
**Q2 2025 Favourable Operating Variance
(\$ millions)**





2025 Year-End Operating Forecast

The City is projecting a favourable year-end operating variance of \$175 million as of June 30, 2025:



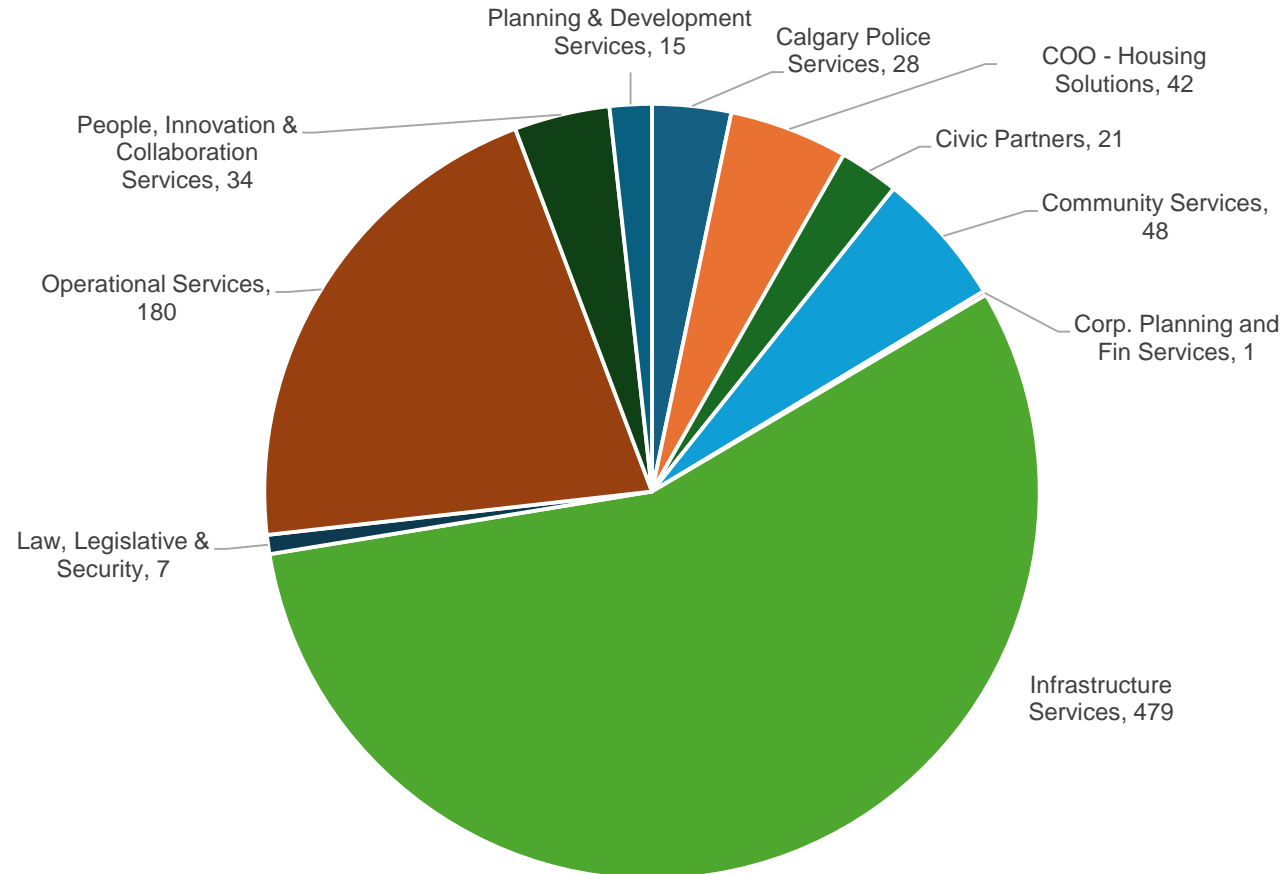
Administration is recommending the remaining forecasted variance be used to fund high priority capital or one-time operating requests during the 2026 November Adjustments.



Capital Highlights: Second Quarter 2025

As of 2025 June 30, The City spent \$857 million or 32 percent of the \$2.7 billion capital budget, as shown below in millions:

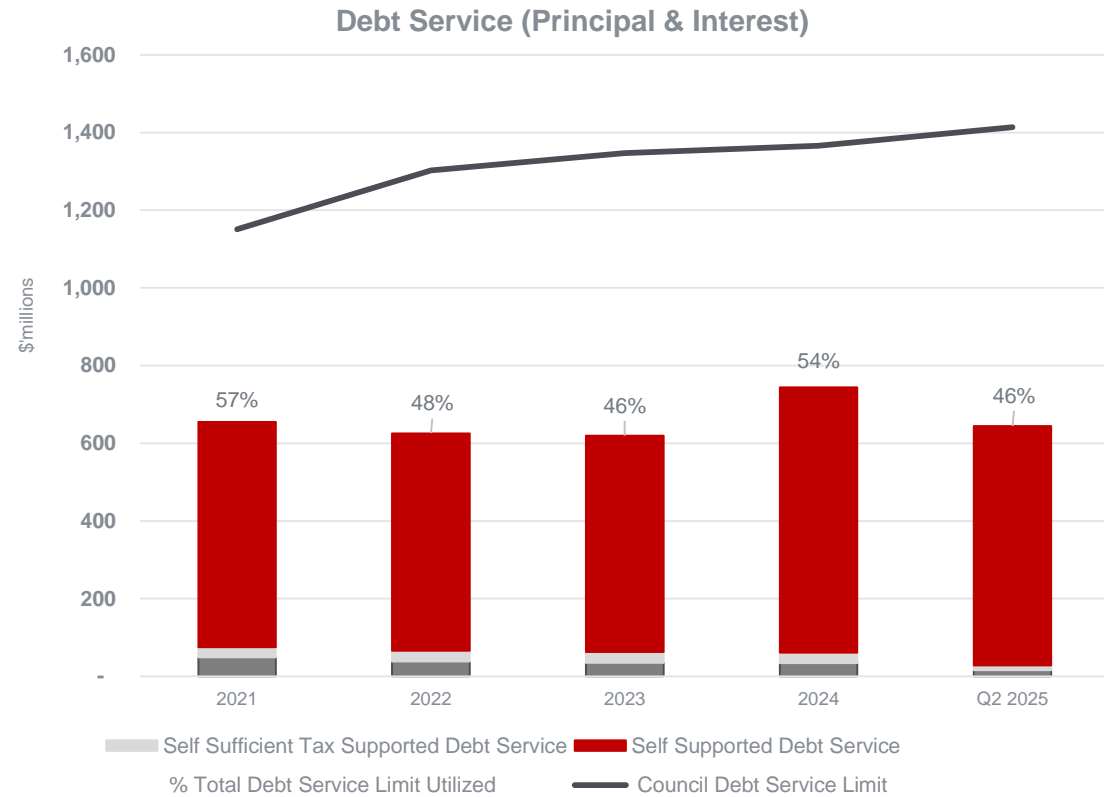
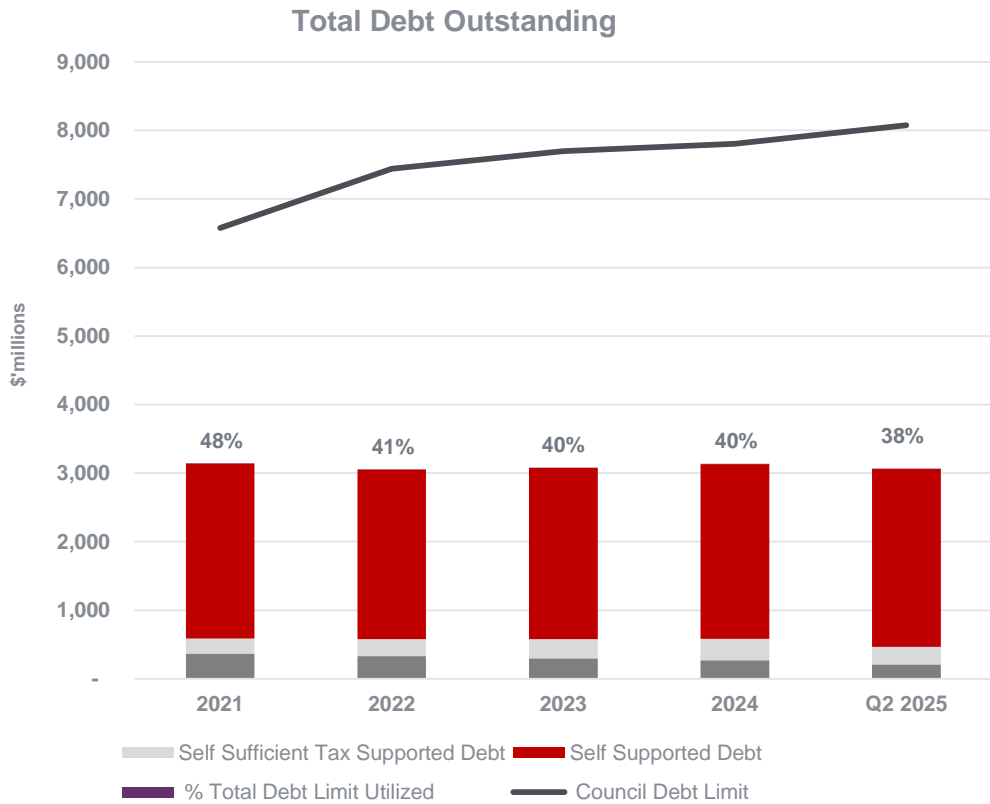
Q2 2025 Capital YTD Spend by Department





Debt Overview

The City continues to use debt prudently in accordance with best practice and remains comfortable within the legislated debt limits





- **Economic performance.** Calgary's economy is projected to grow by 1.6 per cent in 2025, down from 3.5 per cent estimated in 2024.
- **Housing market.** Year-to-date (May 2025) housing starts in the city of Calgary have increased to 10,104, up from 7,458 during the same period last year.
- **Consumer prices.** Calgary's CPI increased 1.8 per cent year over year (YoY) in May 2025, with the removal of the consumer carbon tax temporarily suppressing inflation until April 2026.
- **Labour market.** In May 2025, the unemployment rate in the Calgary Economic Region (CER) was estimated at 8.1 per cent. The labour market is currently facing challenges aligning workforce skills with employer demand.



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