

Weekly Economic Review

Non-residential investment continues to advance

Non-Residential Construction Investment

Momentum in industrial and public investment

Non-residential building construction investment rose for the seventh consecutive month in February. Alberta's seasonally adjusted non-residential investment increased 1.7% month-over-month (m/m) to \$763 million. Institutional & governmental investment led the gain (+3.3% m/m) and hit a three-year high. This was supported by continuing strength in industrial investment and an uptick in commercial investment. The gains were spread across the province, with higher investment in Calgary (+2.0% m/m), Edmonton (+1.2% m/m), and the remaining regions (+2.0% m/m). With the monthly gain, non-residential investment was up 3.4% year-over-year (y/y), driven by industrial (+37% y/y) and institutional & governmental (+34% y/y) categories.

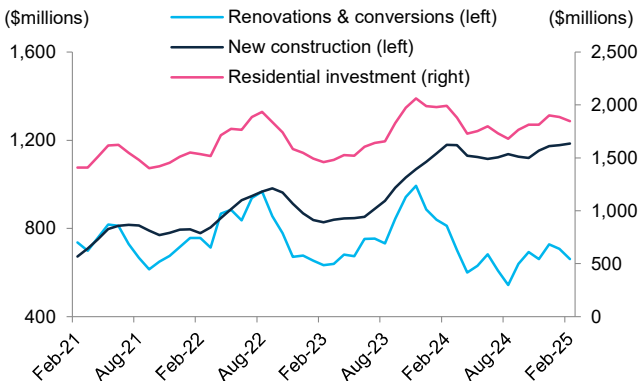
Residential Construction Investment

Renovations & conversions continue to weigh on spending

Alberta's residential construction spending took a step back in February but remained elevated. Seasonally adjusted residential building investment declined 2.1% m/m to \$1.85 billion as a decline in renovation & conversion spending (-6.6% m/m) overwhelmed an uptick in new construction spending (+0.6% m/m) (Chart 1). The monthly weakness was localized to Edmonton and Calgary and within the multi-dwelling segment. Meanwhile, investment in single-dwelling spending continued to forge ahead, and

CHART 1: RENOVATION SPENDING HOLDING BACK INVESTMENT

Alberta residential construction investment by type of work (SA)



Sources: Statistics Canada, Haver Analytics

investment outside the two major cities rose. With investment easing in the first two months of 2025, spending was down 7.2% y/y, with lower renovation & conversions (-18% y/y) overwhelming a modest increase in new construction spending (+0.5% y/y).

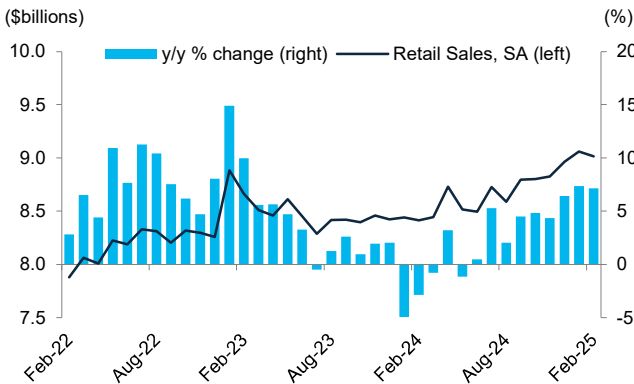
Retail trade

Sales moderate but still robust

Retail sales slipped in February following five consecutive months of solid gains. Alberta's seasonally adjusted retail sales fell 0.5% m/m to \$9.0 billion. With the monthly decline, year-over-year sales growth slowed to 7.1% (Chart 2). The moderation in growth was broad with the most notable slowdowns at clothing and accessory stores, as well as furniture, furnishings, electronics and appliance stores, which fell back after gaining strength over the past few months. Even with the moderation, growth remained robust in most categories. The two exceptions were a pull back in sales at the volatile food & beverage stores, and the ongoing weakness at building, material and garden supplies stores.

CHART 2: SALES EASE BUT REMAIN ELEVATED

Alberta retail sales, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

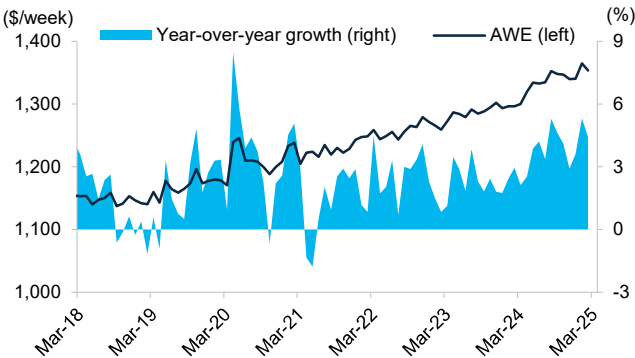
Average Weekly Earnings

Earnings ease after strong gain

Average weekly earnings (AWE) pulled back in February after surging to an all-time high in January. Alberta's AWE edged down 0.9% m/m to \$1,353 after leaping up 1.9% in the prior month (Chart 3). The decrease was concentrated in the service sector (-1.0% m/m), where AWE fell in 11 of the

15 industries. On the other hand, AWE in the goods sector held relatively steady (-0.1% m/m) as declines in forestry, logging, & support and manufacturing were mostly offset by moderate increases in the other industries. Despite falling in the month, AWE were up 4.4% y/y, with gains in both the services (+4.6% y/y) and goods sectors (+3.7% y/y).

CHART 3: AWE EASED FROM RECORD LEVELS
Average weekly earnings in Alberta



Sources: Statistics Canada, Haver Analytics

International Travel

Travel activity slows

The number of non-resident travellers arriving in Alberta dipped in February. The seasonally adjusted number of non-resident travellers entering Canada through Alberta decreased 1.8% m/m to 111,082. Meanwhile, the number of Canadians returning via Alberta (+0.7% m/m) edged up to 255,967. Travel activity has eased from the September 2024 peak, and year-over-year growth in non-resident travellers fell to its lowest level (+3.4% y/y) since the COVID recovery began. Nationally, it turned negative (-5.0% y/y) for the first time since March 2021.

New Housing Price Index

Prices moderate in Calgary

The price of a new home built in Alberta eased in March. Alberta's New House Price Index (NHPI) declined by 0.2% m/m for the second straight month in March. Prices in Calgary fell 0.3% m/m as a pullback in the house-only component (-0.5% m/m) outweighed a modest uptick in land prices (+0.2% m/m). Meanwhile, prices in Edmonton remained unchanged across both components. Despite the setback in Calgary, the NHPI was up 2.7% y/y, with prices higher in both Calgary (+3.7% y/y) and Edmonton (+1.1% y/y).

Industrial Product Price Index (IPPI)

Lower energy prices moderate the increase in prices

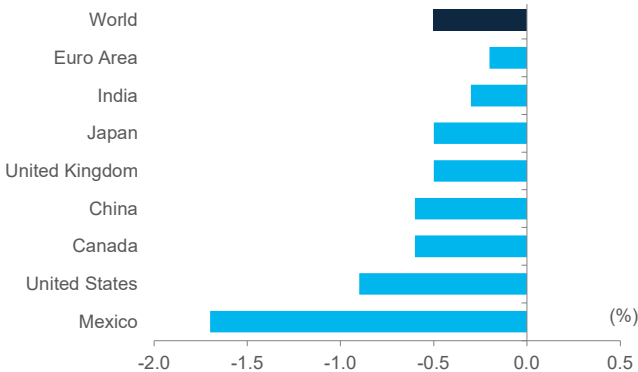
Industrial product prices continued to move up in March despite lower energy prices. Canada's Industrial Product Price Index (IPPI) increased by 0.5% m/m, marking the sixth consecutive monthly gain. However, the pace of price growth decelerated due to lower energy & petroleum products (-3.8% m/m) and plastics & rubber products (-1.7% m/m) prices. In contrast, prices of primary non-ferrous metal products (+3.8% m/m) continued to move higher, while lumber & other wood products (+3.1% m/m), and furniture & fixtures (+2.6% m/m) also contributed to the growth. With the recent strength, IPPI was up 5.1% year-to-date (YTD), led by primary non-ferrous metal products (+27% YTD).

World Economic Outlook (WEO)

Trade war weighs on global growth forecast

The IMF revised down expectations of global economic growth due to rising trade tensions. IMF's April World Economic Outlook (WEO) forecasts global economic growth of 2.8% in 2025 and 3.0% in 2026, down from 3.3 percent for both years in the January 2025 WEO. Growth was revised down in nearly all countries for both 2025 and 2026, but the largest downgrades were for the U.S., China, Mexico, and Canada (Chart 4). The forecast assumes implementation of announced tariffs as of April 4, excluding the 90-day pause and U.S.-China escalation. A scenario including those elements shows slightly lower growth: 2.8% in 2025 and 2.9% in 2026.

CHART 4: ECONOMIC OUTLOOK REVISED LOWER
Change in 2025 real GDP forecast from January WEO



Source: IMF WEO

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