

An Overview of Albania's Economic Development Indicators 6M-I 2025

Secretariat of the Investment Council

July 2025

This is a summary of the main macroeconomic indicators in Albania published by official sources or international organizations.

This document does not represent the views of the Secretariat or the Investment Council.



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Population and Housing Census 2023

The Population and Housing Census 2023 is the third census conducted in Albania, since 1990, and the twelfth in the history of censuses in the country, since 1913.

THE POPULATION

- ❖ The resident population in the Republic of Albania on September 18, 2023 was 2,402,113, with a decrease of 420 thousand people, compared to the 2011 Census.
- ❖ • The population density of Albania is 83.6 inhabitants per km².
- ❖ • The gender ratio of the population is 98.2 males for 100 females.
- ❖ • Five out of six centenarians in Albania are women. Approximately, one third of the Albanian population (31.6 percent) lives in the district of Tirana

EDUCATION

- ❖ The literacy rate for the population aged 15 and over is 97.7 percent.
- ❖ Census data show that 96.8 percent of the population aged 15 and over have completed or are attending school.
- ❖ The percentage of women with higher education has been continuously increasing, from 41.1 percent in the 2001 Census to 51.0 in the 2011 Census and 55.7 percent in the 2023 Census.



Population and Housing Census 2023

FAMILY ECONOMY UNITs AND FLATs

- ❖ The total number of FEU is 755,950, increased by 4.7 percent, compared to the 2011 Census.
- ❖ The average size of FEU is 3.2 members, compared to 3.9 members per PE in the 2011 Census.
- ❖ About one in four FEUs - 24.3 percent - have a woman as a reference person, the person who generally takes the main decisions in PEs and is recognized as such by all its members.
- ❖ The majority of FEUs with 82.5 percent are owners of the apartment where they live.
- ❖ 11.4 percent of FEUs own solar panels, 8.7 percentage points more, compared to the 2011 Census.
- ❖ The percentage of unoccupied ordinary dwellings is 32.9 percent.

A family economic unit (FEU) refers to a group of persons or a person related by blood or not who reside together in a dwelling and share a partially or fully common economy.



Main Macroeconomic Indicators

Economic Growth Q1 2025 - GDP Growth: 3.39% increase compared to Q1 2024. **Key Sectors with positive impact:** "Public Administration, Education and Health", "Real estate" and "Trade, Transport, Accommodation and Food Service". Key Sectors with negative impact are Industry and Agriculture.

International Trade - Exports: 203 billion ALL during first 6M 2025 (2.1% increase compared to the previous year). **Imports:** ALL 431 billion (2% decrease compared to the previous year). **Trade deficit:** 228 billion ALL (5.4%% decrease compared to the previous year). **Import coverage:** 47.1%

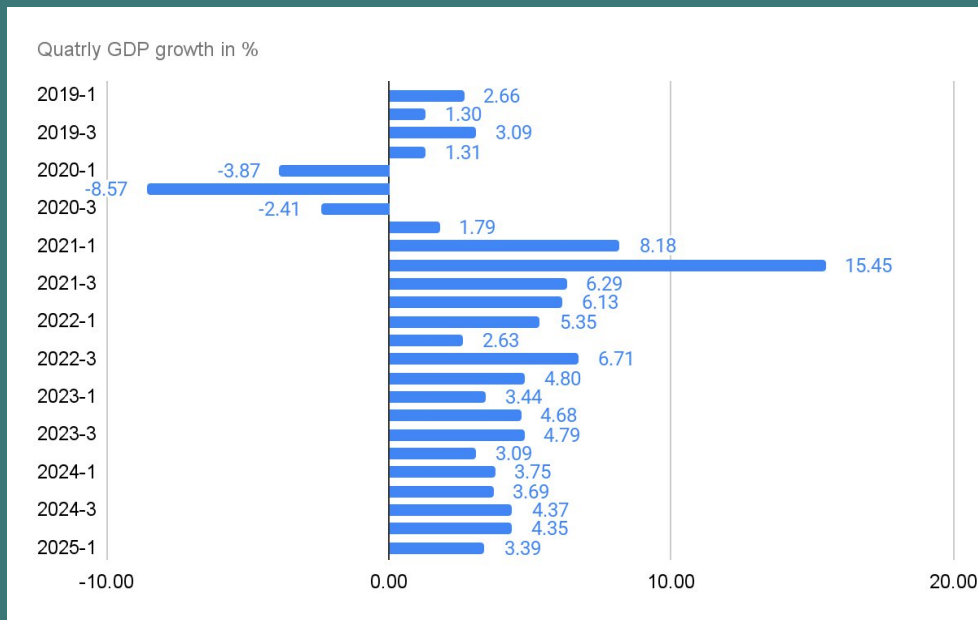
Inflation and Exchange Rates - Average Inflation: 2.1% in the first half of 2025, lower than the previous year's 2.5%. **Exchange Rates:** Strengthening of the lek against the Euro and USD.

Labor Market - Unemployment Q1 2025: 8.7% for 15+ a decrease of 0.1 percentage points compared to the previous year. **Employment: Average Salary:** 82,210 ALL in Q1 2025, with a 11% y.o.y..

Foreign Direct Investments (FDI) - FDI Inflows Q1 2025: 2.3% increase compared to the previous year, 14.4% decrease compared to the previous quarter. **FDI Stock Q1 2025:** 13.5% increase compared to the previous year, reaching 15.543 million Euros. **Top Sectors for FDI:** Real estate, financial and insurance activities, extractive industry.



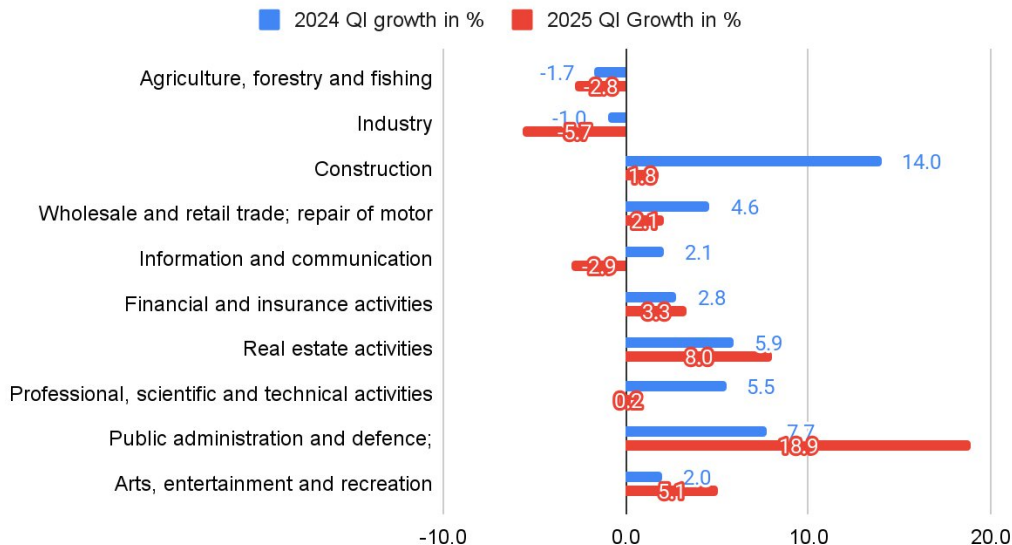
Economic Growth Performance



The Gross Domestic Product (GDP) in the first quarter of 2025 is estimated to increase by 3.39%, compared to the first quarter of 2024. A year ago, this increase was 3.44%.

Economic Growth (Quarterly)

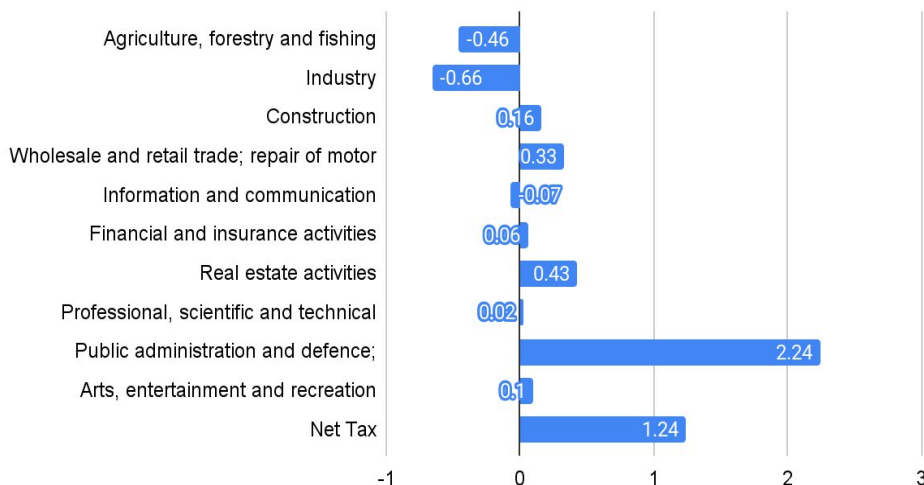
Quarterly annual growth according to economic activities



During first quarter of 2025, "Public administration, education, and health grew by 18.92%, followed by real estate activities with an 8.03% increase. Arts, entertainment, and other services rose by 5.06%, financial and insurance activities by 3.31%, trade, transport, accommodation, and food services by 2.12%, construction by 1.78%, and professional and administrative services by 0.24%. In contrast, industry, electricity, and water declined by 5.66%, information and communications by 2.93%, and agriculture, forestry, and fishing by 2.76%. Net taxes on products increased by 9.08%.

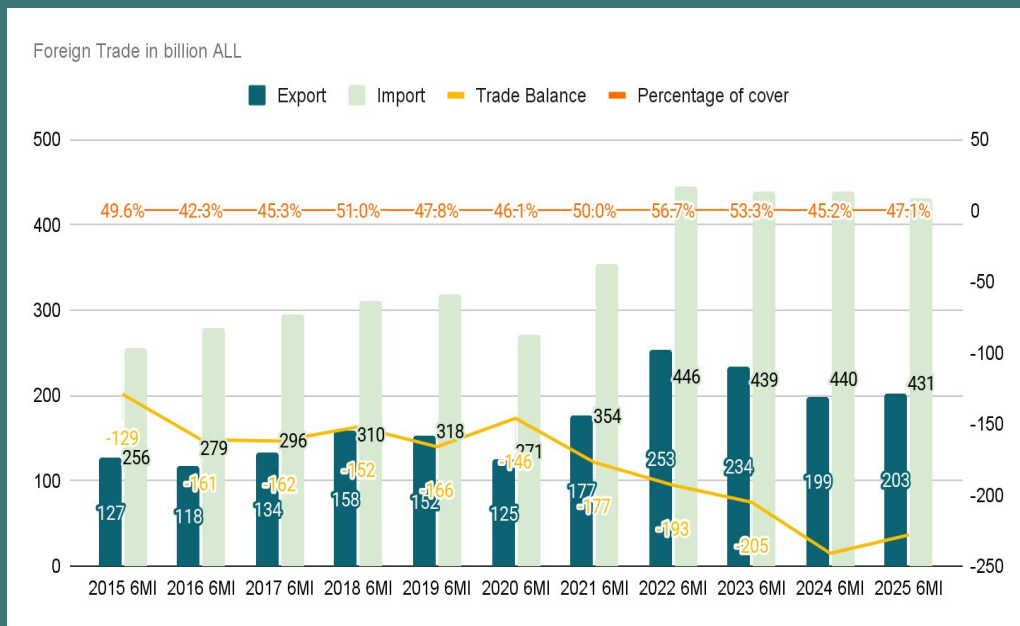
Contribution to Economic Growth (Quarterly)

2025-TI Contribution to growth p.p. according to economic activities



Economic activity contributions during Q12025 were as follows: public administration, education, and health (+2.24 pp); real estate (+0.43 pp); trade, transport, accommodation, and food services (+0.33 pp); construction (+0.16 pp); arts, entertainment, other services, and professional services (+0.10 pp); financial and insurance services (+0.06 pp); and professional and administrative services (+0.02 pp). Negative contributions came from industry, electricity, and water (-0.66 pp); agriculture, forestry, and fishing (-0.46 pp); and information and communication (-0.07 pp). Net taxes on products contributed positively by +1.24 pp.

Circulation of Goods in Foreign Trade

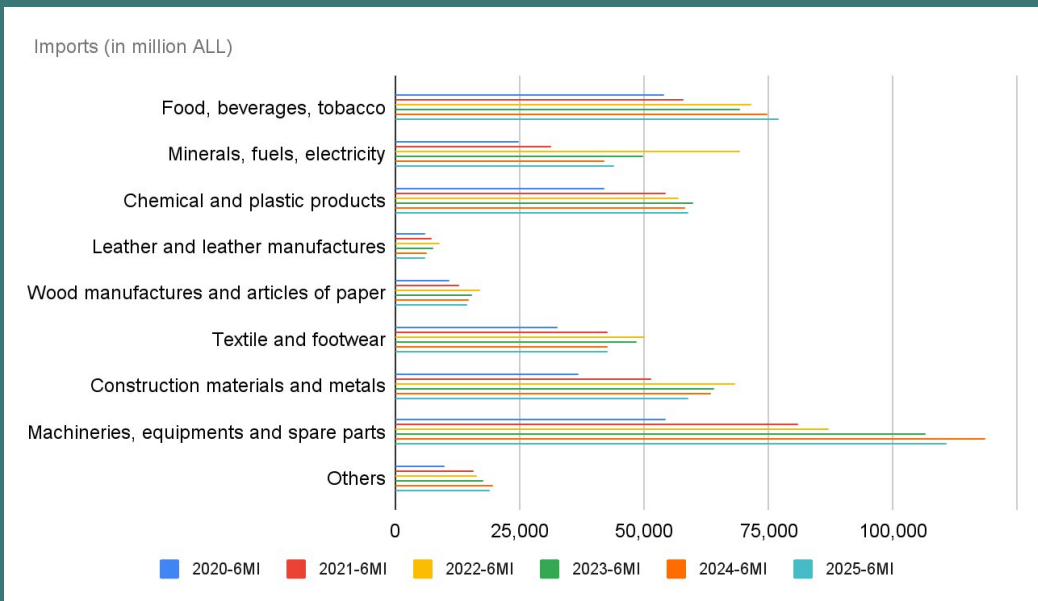


In the first six months, exports totaled ALL 203 billion, up 2.1% from the previous year.

Imports reached ALL 431 billion, down 2.0%.

The trade deficit stood at ALL 228 billion, a 5.4% decrease compared to the same period in 2024.

Imports of Goods



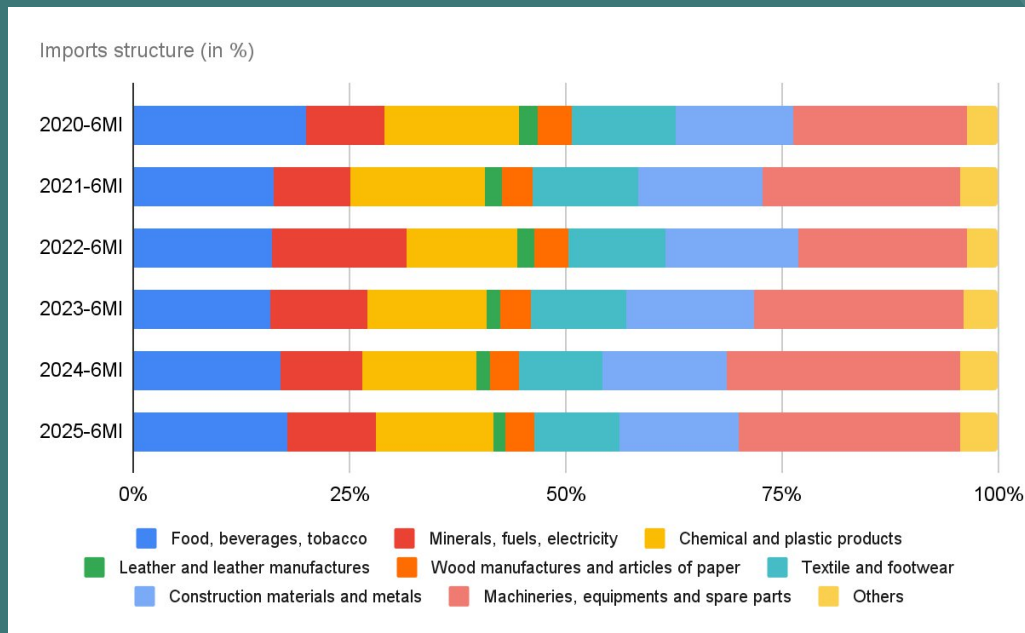
In the first six months of 2025, imports fell by 2.0% compared to the same period last year. The decline was mainly driven by 'Machinery, equipment, and spare parts' (-1.8 pp) and 'Construction materials and metals' (-1 pp). Offsetting this, 'Minerals, fuels, electricity' contributed +0.4 pp and 'Chemical and plastic products' +0.2 pp.

In the first six months of 2025, Albania saw the largest declines in imports from Italy (-2.5%), Turkey (-18.3%), and Germany (-4.7%), while imports increased from China (+25.2%), Greece (+2.4%), and Spain (+9.9%).



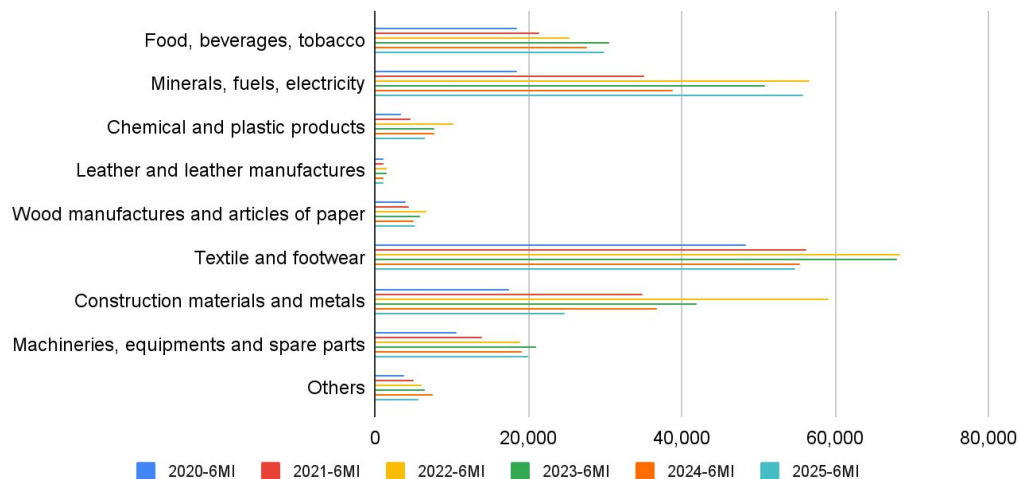
Imports of Goods

The structure of goods imports during 6M-I 2025 is dominated by imports of machinery, equipment (-7% compared to Q1 2024), food, beverages, tobacco (3% increase), chemical and plastic products (+1%) and construction materials and metals (-7%).



Exports of Goods

Exports (in million ALL)



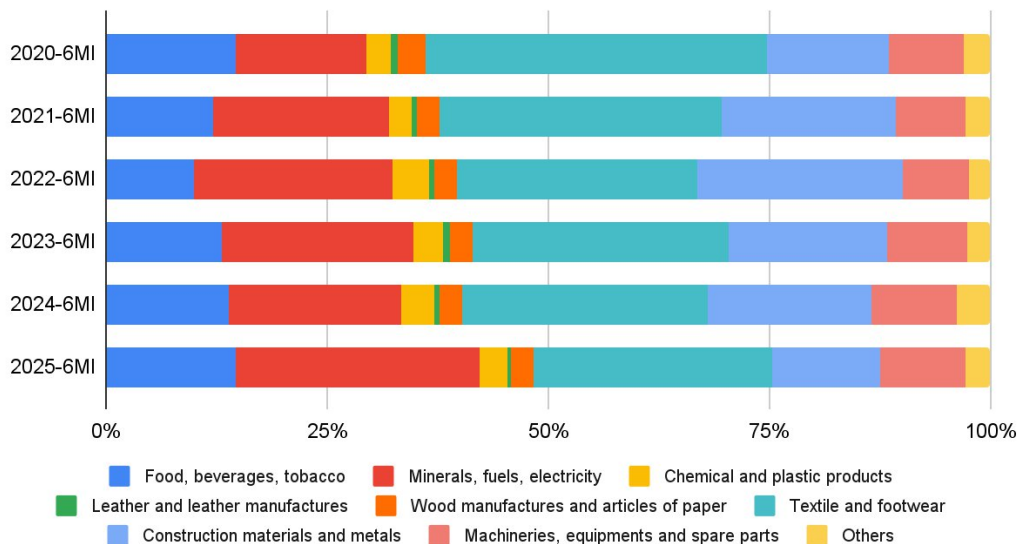
During the first six months of 2025, exports increased by 2.1% compared to the same period of 2024. The main contributors to this growth were 'Minerals, fuels, electricity' (+8.6 p.p) and 'Food, beverages, tobacco' (+1.2 p.p). Conversely, 'Construction materials and metals' (-6.1 p.p) and 'Chemical and plastic products' (-0.6 p.p) contributed negatively.

Albania recorded an increase in exports to Kosovo (+72.5%), Greece (+8.6%), and Germany (+10.3%) compared to the same period in 2024. In contrast, exports to Italy decreased by 10.7% and to North Macedonia by 29.8%.



Exports of Goods

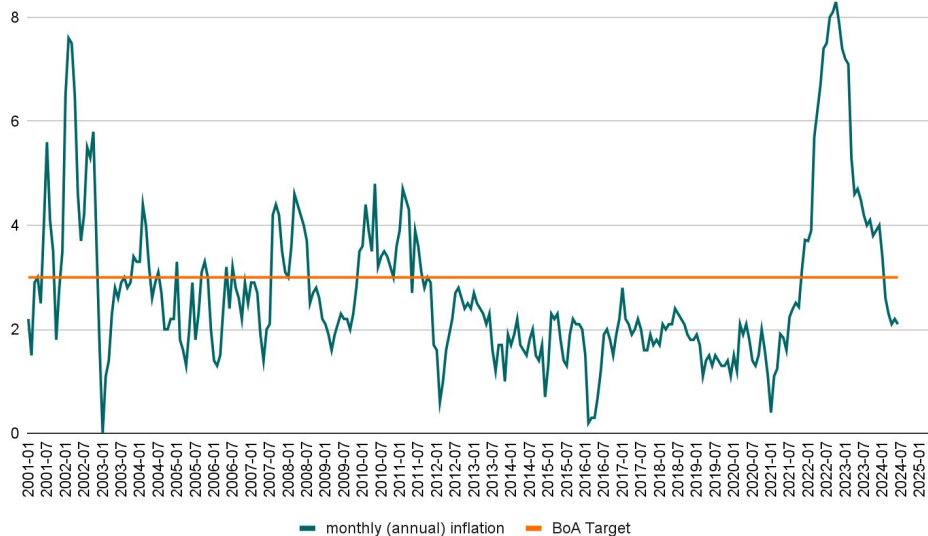
Exports structure (in %)



Exports according to products have changed in Q1 2025 where the majority are Minerals, fuels, electricity (44% increase compared to Q1 2024) followed by Textiles and Shoes down by 1%), Food, beverage, tobacco (+9%) and construction materials and metal (down by 33%).

Consumer Price Index

Consumer Price Index, annual change %

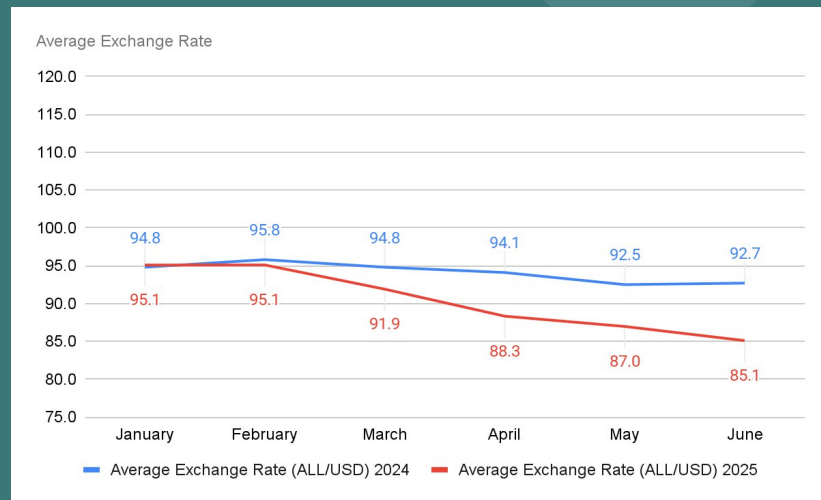
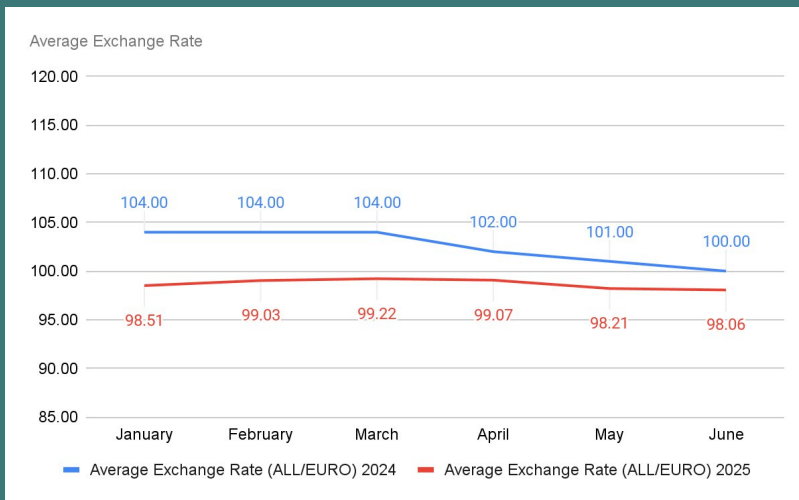


During the first half of 2025, the average inflation on an annual basis recorded the value of 2.1%, which is lower than the level of the previous year of 2.5%.

Based on the chart data, starting from the end of 2011, monthly inflation on an annual basis has been consistently below the Bank of Albania's target of 3%, but upward trends have been noticed starting from November 2021, where the recorded inflation exceeded the target of BSH at high rates and this trend continued until October 2022 when inflation began to decline.

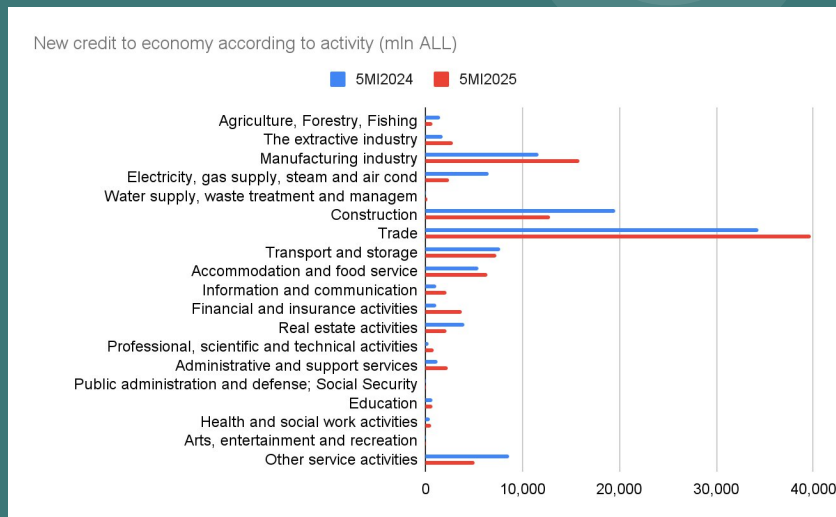
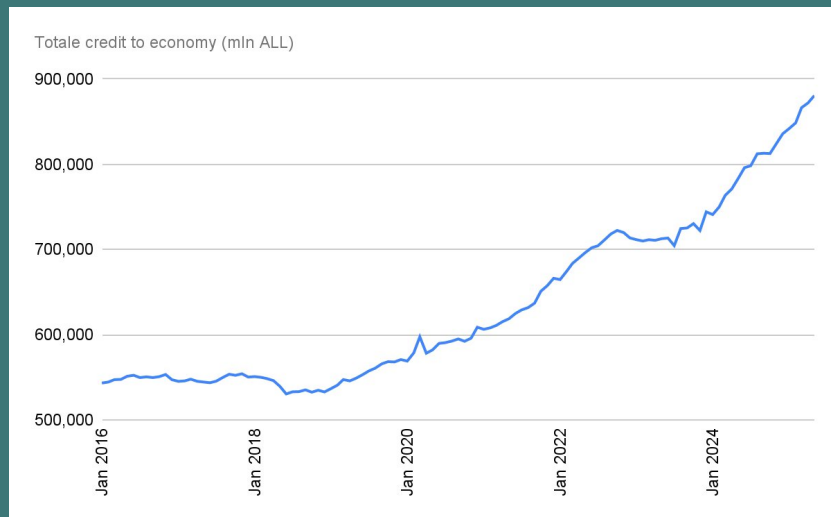


Exchange Rate



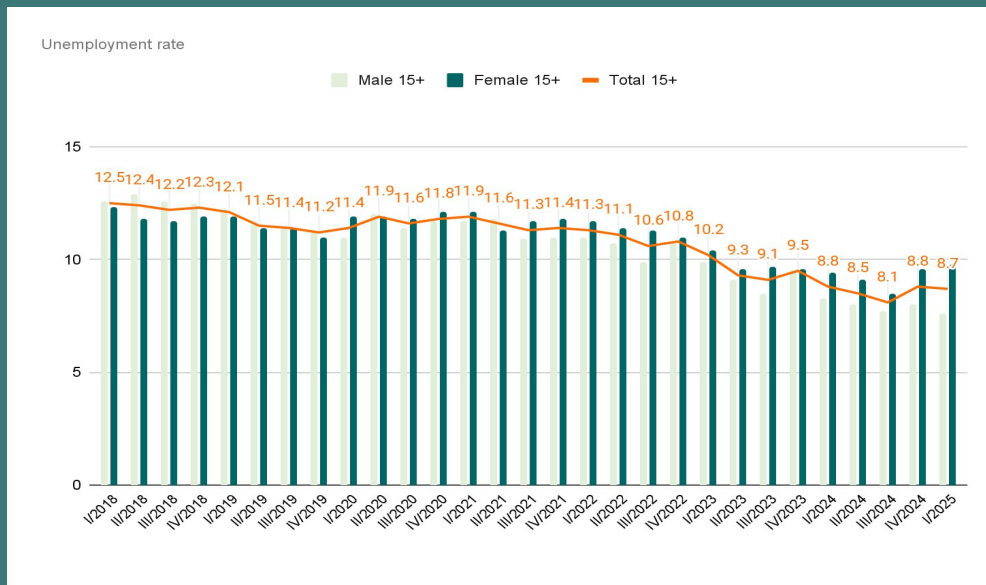
In the first half of 2025, the average exchange rate for the Lek against the Euro was 98.68, down from 102.5 during the same period last year. Similarly, the average exchange rate for the Lek against the US Dollar was 90.4, compared to 94.1 a year earlier. The Lek continues to strengthen against the country's two main foreign currencies.

Credit to Economy



In May 2025, total credit to the economy reached ALL 880.6 billion. Most of the new credit during the first five months of 2025 was directed toward wholesale and retail trade, construction, and the manufacturing industry, continuing the trend observed in the previous year. During this period, total new loans to private non-financial corporations remained steady at ALL 106 billion, the same level as in the corresponding period of the previous year.

Labor Force



The official unemployment rate for individuals aged 15 and over stood at 8.7%, reflecting a decrease of 0.1 percentage points compared to both the first quarter of 2024 and the previous quarter. The rate remains higher among women aged 15 and over than among men in the same age group. In the first quarter of 2025, the labour force participation rate for the 15–64 age group reached 76.7%, an increase of 1.2 percentage points compared to both the same period in 2024 and the fourth quarter of 2024.

Average Wage and Minimum Wage

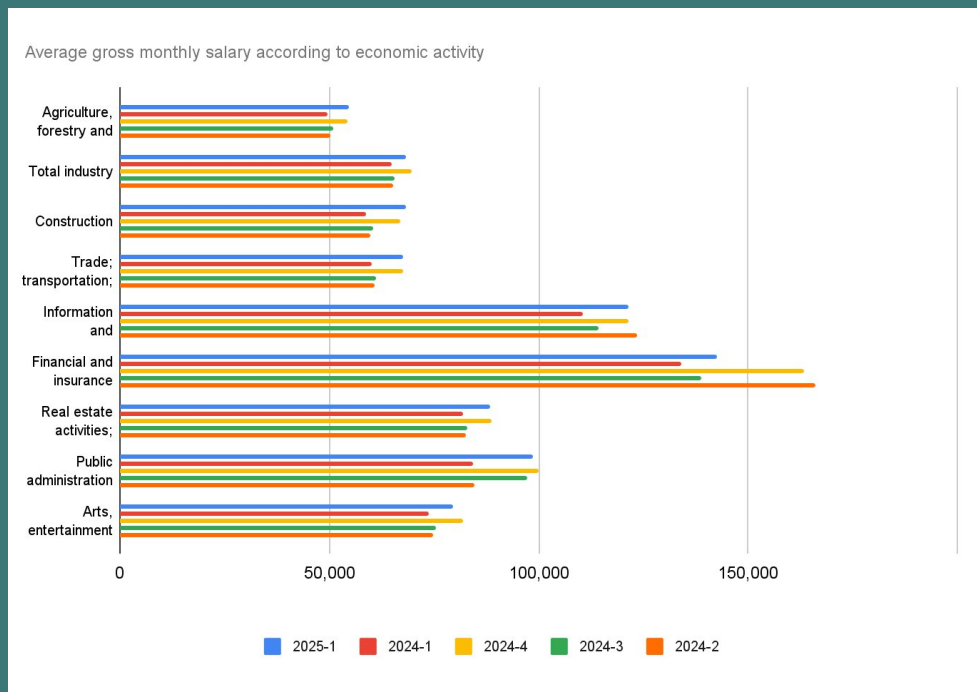


In the first quarter of 2025, the average salary was reported at ALL 82,210, reflecting an 11% increase compared to the same period in the previous year.

The average monthly salary in the private sector reached ALL 75,285, marking a 9.6% year-on-year increase. Meanwhile, public sector employees earned an average monthly salary of ALL 97,990, representing a 15.3% increase compared to the first quarter of 2024.

Note: data are averages of quarterly figures published by INSTAT

Average Salary by Sectors (In ALL)

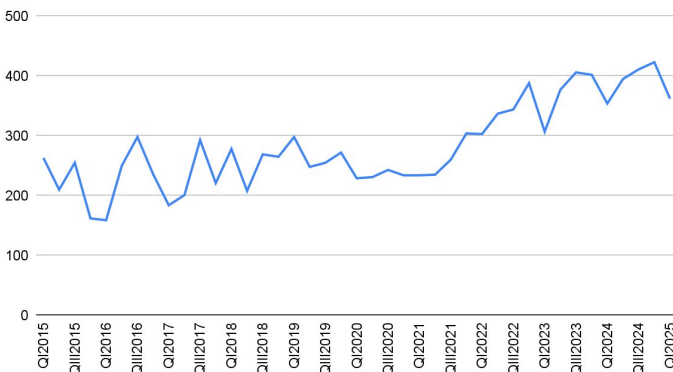


The highest salaries continue to be recorded in the "Financial and Insurance Activities" sector, which saw a 6% increase compared to the first quarter of 2024, followed by the "Information and Communication" sector with a 10% increase over the same period.

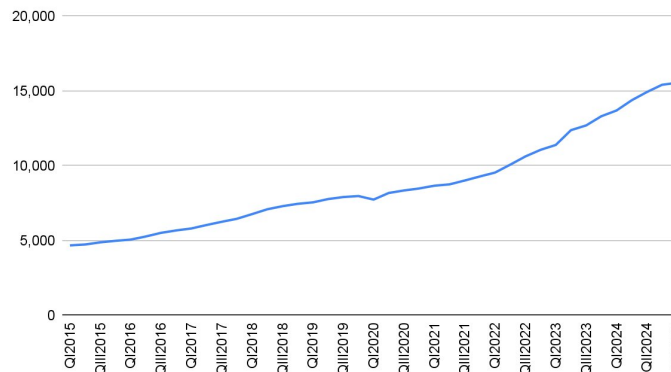
The lowest wages were reported in the "Agriculture, Forestry, and Fisheries" sector; however, this sector still experienced a 10% increase compared to the first quarter of 2024. The largest year-on-year wage increases were observed in "Public Administration" with 17% and "Construction" with 16%.

Foreign Direct Investments

FDI inflow on a quarterly basis



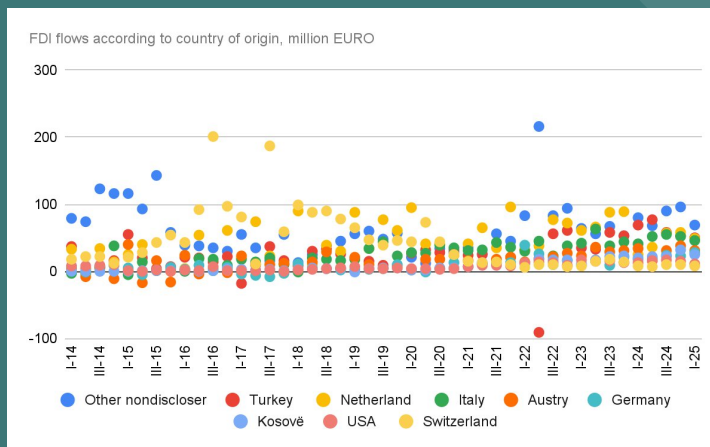
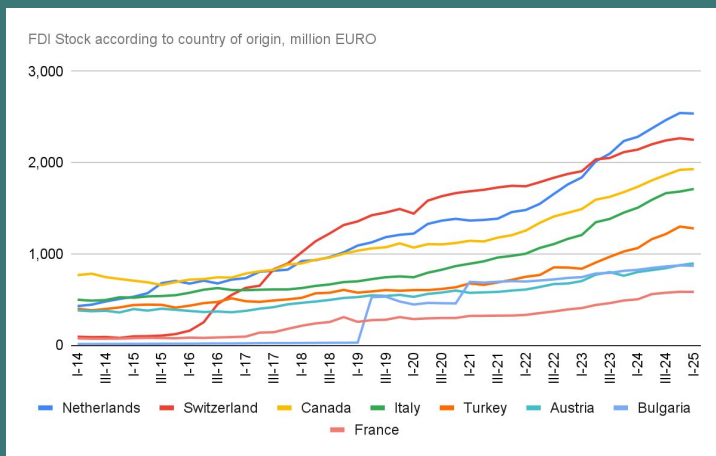
FDI stock on a quarterly basis



In the first quarter of 2025, foreign direct investment (FDI) inflows increased by 2.3% compared to the same period in the previous year, but declined by 14.4% compared to the fourth quarter of 2024.

Meanwhile, the FDI stock for the period January–March 2025 rose by 13.5% year-on-year, reaching €15,543 million, and marked a 0.8% increase compared to the fourth quarter of 2024.

Foreign Direct Investments

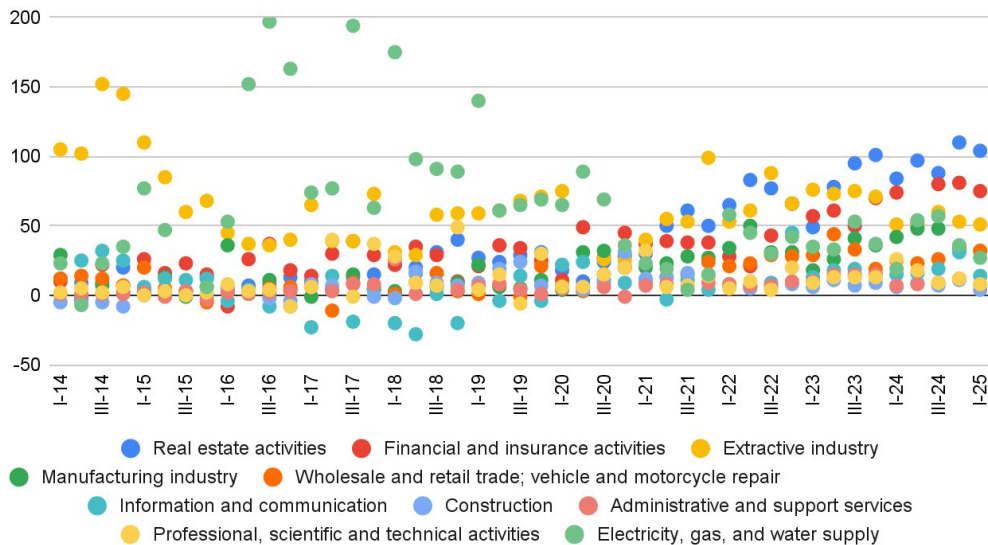


Other countries (confidential) hold the top spot with the highest FDI inflows for Q1 2025, EUR 69 million EURO followed by Turkey with EUR 50 million and Netherland with EUR 49 million.

Meanwhile, the Netherlands leads the stock of FDI in the country for the first quarter of 2025, with 2,538 million euros, followed by Switzerland with 2,250 million euros.

Foreign Direct Investments

FDI flows according to economic activity, million EURO



During Q1 2025, the most attractive sector for FDI is Real Estate Activities, a trend that continues from second quarter of 2023 (104 million euros) followed by Financial and Insurance Activities (75 million euros) and Extractive Industry (51 million euros).