



Autonomous Community Outlook

Canary Islands



2,240,000
inhabitants
(2023)



€22,303
GDP per capita
(2022)



3.6%
of Spanish GDP
(2022)



2.5%
anticipated growth
in GDP (2024)

Regional economic structure and position

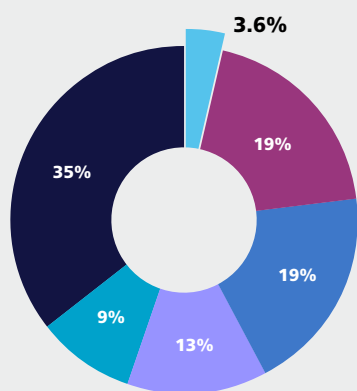
- The Canary Islands have **2.24 million inhabitants, 4.6% of the total population**, making it the seventh most highly populated region in Spain. It is one of the autonomous communities that has seen the strongest population growth over the last two decades and it is among the youngest regions: only 17.9% of the population is over the age of 65 (20.4% on average).
- The GDP of the Canary Islands (49.021 billion euros) accounts for **3.6% of Spanish GDP**, the eighth highest of all regions.
- **GDP per capita** (22,303 euros) is the third lowest in the country and 20.8% below the national average. The region has been falling further behind the average, due to strong population growth coupled with a less buoyant economy.
- The Canary Islands' **sectoral composition** is highly dependent on the tourism sector, which is reflected in the importance of trade, transportation, hotels and restaurants, and leisure (37.8% of GDP vs. 28.4% in Spain); the public sector also plays a key role (21.7% vs. 17.8%). However, the manufacturing industry is of far lesser importance (3.0% vs. 12.5%).
- Reflecting the less prominent role played by industry, **exports of goods** account for a very small proportion of GDP (6.7%, the lowest of all regions); more than 55% are energy products – fuel for aircraft and ships. Exports of **tourism services** are particularly important for the Canary Islands: in 2023, foreign tourists spent over 20.300 billion euros in the region, 19% of their total spending throughout Spain, and tourism's direct and indirect contribution to the Canary Islands' GDP stands at around 35%.

Table of structural indicators

		1992	2002	2012	2022
GDP per capita	Euros	9,037	17,491	18,732	22,303
	100 = Spain	92.3	96.7	85.0	79.2
Population	Thousands of inhabitants	1,531	1,756	2,096	2,212
	Average annual growth over the decade (%)	0.9	1.4	1.8	0.5
	% of the total in Spain	3.9	4.2	4.5	4.6
	% of population > 65 years old	9.8	12.1	14.2	17.5
Exports of goods as a proportion of GDP	%	...	2.5	6.5	6.7

GDP by Autonomous Community

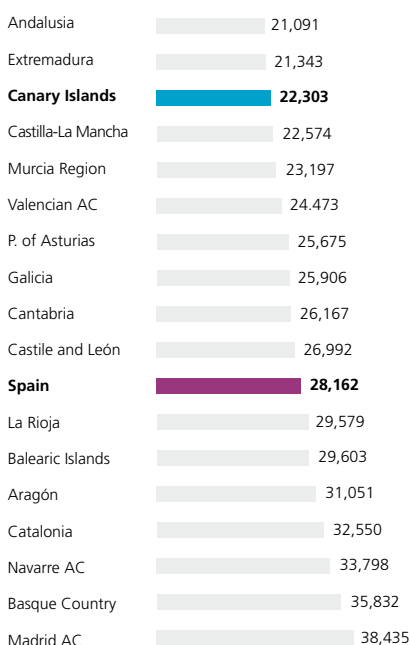
(% OF SPAIN AS A WHOLE)



- Canary Islands
- Community of Madrid
- Catalonia
- Andalusia
- Valencian AC
- Others

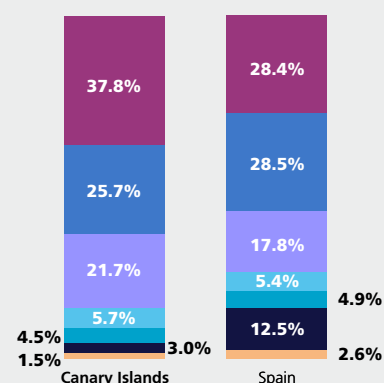
GDP per capita

(EUROS)



Productive sectors

(AS A % OF GVA)



- Trade, transportation, accommodation and leisure
- Industry-related services
- General government and defence
- Construction
- Extractive industry
- Manufacturing industry
- Agriculture

Source: CaixaBank Research, based on data from the National Statistics Institute (INE) and DataComex.

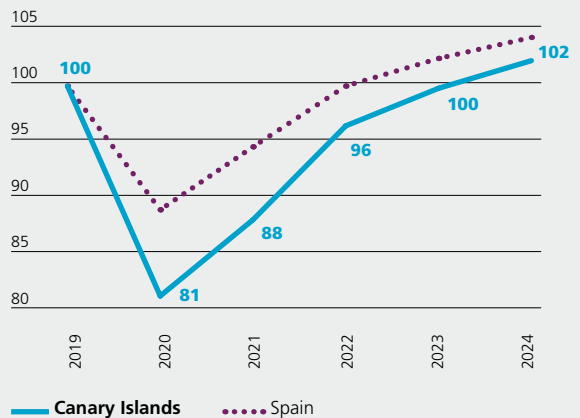
Macroeconomic situation

Given its sectoral composition, the Canary Island's economy was among those that benefited most from the lifting of restrictions after the pandemic. **At CaixaBank Research, we forecast 3.5% GDP growth in 2023** (2.5% in Spain), the second highest in the country, a return to 2019 levels. The upturn in tourism boosted job creation and consumer spending.

For 2024, our forecasts indicate that GDP growth will slow down to 2.5%, but will remain above the average (1.9%).

Tourism will continue to be the main driver; moreover, armed conflicts such as that in the Middle East may make the Canary Islands a more attractive destination than other competitors. We also expect the disbursement of European funds to gather pace, with the Canary Islands being one of the biggest beneficiaries of these funds.

GDP (INDEX 100 = 2019)



Source: CaixaBank Research.



The Canary Islands' labour market is among the best-performing in the country, with average growth in the **number of registered workers affiliated to Social Security** standing at 4.3% in 2023 (2.7% on average in Spain) and up by 4.2% year-on-year in January this year (vs. 2.6%), thanks to jobs created in administrative sectors, healthcare and, above all, hotels and restaurants. Consequently, employment is 12.4% higher than it was in January 2019 (vs. 9.5%). The unemployment rate, among the highest in Spain, stood at 16.2% in Q4 2023 (vs. 11.8%), although this is an improvement on the pre-pandemic figures (18.8% in Q4 2019).



Following the shock caused by the pandemic, **tourism** is recovering strongly, especially in terms of foreign tourist arrivals and spending, which in 2023 far exceeded the 2019 levels, by 6.1% and 20.6%, respectively (1.9% and 18.2% in Spain). However, total overnight stays (domestic and foreign tourists) in tourist accommodation

are lagging somewhat behind and are 0.6% below pre-pandemic figures (vs. +2.1%).



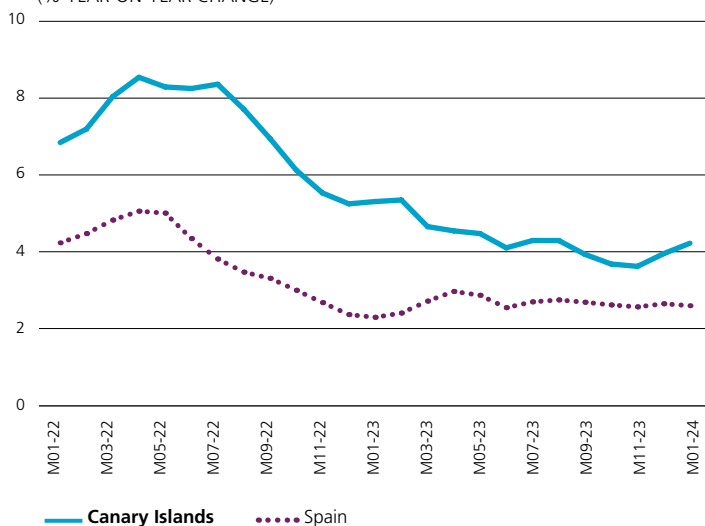
The recovery of tourism and strong performance of employment have had a positive impact on consumption, allowing it to withstand the price pressures. Thus, the volume of **retail trade** grew by 8.9% in 2023, higher growth than in Spain as a whole (7.5%), so it is now 1.2% higher than it was in 2019 (vs. +3.0%).



As regards the Canary Islands' industrial sector, this remains extremely buoyant, above average for the country, although it accounts for a very small proportion of its productive sector. Following the previous year's strong figures, **industrial production** gained momentum in 2023, with an increase of 5.6%, the highest of all regions (vs. -0.8% in Spain) and 1.5% higher than in 2019 (vs. -1.2%).

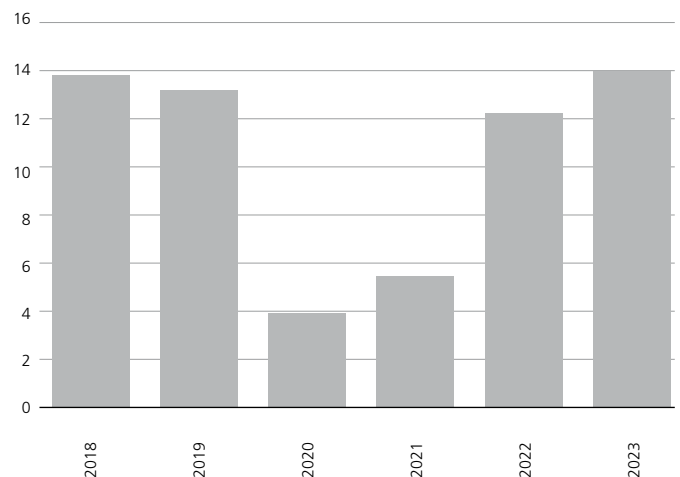
Registered workers affiliated to Social Security

(% YEAR-ON-YEAR CHANGE)



Overnight stays





(MILLION)



Source: CaixaBank Research, based on data from the Ministry of Labour, Migrations and Social Security (MITRAMISS) and the National Statistics Institute (INE).

Table of indicators

Canary Islands
Average in Spain

		2008-2013 average	2014-2019 average	2020	2021	2022	2023	2024	Latest figure
 Activity and prices	Real GDP* (% year-on-year change)	-1.7 -1.8	2.7 2.8	-19.0 -11.2	8.5 6.4	9.7 5.8	3.5 2.5	— —	2023
	Retail trade (% cumulative annual change)	-3.9 -4.6	3.0 2.3	-13.9 -5.6	1.0 2.6	6.9 -1.0	8.9 7.5	— —	December-23
	Industrial production index (% cumulative annual change)	-3.8 -5.3	-0.8 1.8	-10.4 -9.2	2.7 7.1	4.5 2.4	5.6 -0.8	— —	December-23
	Service activity index (% cumulative annual change)	-4.9 -4.6	4.2 5.1	-29.9 -15.6	15.9 15.8	32.4 19.9	6.9 2.4	— —	December-23
	Consumer price index (% year-on-year change)	1.1 1.7	0.5 0.7	0.5 -0.3	2.2 3.1	7.5 8.4	4.6 3.5	4.0 3.4	January-24
 Labour market	Registered workers affiliated to Social Security (% year-on-year change)	-3.3 -3.1	4.0 3.2	-4.0 -2.1	1.2 2.5	7.2 3.9	4.3 2.7	4.2 2.6	January-24
	Registered workers affiliated to Social Security not affected by furlough (ERTE in Spanish) (% year-on-year change)	-3.3 -3.1	4.0 3.2	-18.7 -9.2	7.8 7.3	17.4 7.3	5.4 3.4	4.8 3.1	January-24
	Unemployment rate (% working population)	27.9 20.2	25.3 18.8	22.7 15.5	23.2 14.8	17.6 12.9	16.0 12.1	— —	Q4 2023
	Unemployment rate for under 25s (% working population < 25)	51.2 42.5	48.7 42.5	52.1 38.3	55.5 44.7	44.6 23.9	33.7 27.2	— —	Q4 2023
 Public sector	Public deficit (% of GDP)	-2.2 -2.7	0.2 -0.9	0.5 -0.2	0.5 0.0	-1.3 -1.1	1.3 -0.1	— —	Q3 2023
	Autonomous Communities public debt (% of GDP)	8.1 12.3	15.9 24.1	16.6 27.2	14.9 25.6	13.6 23.6	13.2 22.3	— —	Q3 2023
 Real estate market	Housing prices (% year-on-year change)	-6.8 -8.1	4.0 5.3	1.2 2.1	5.7 3.7	9.1 7.4	6.6 4.5	— —	Q3 2023
	Housing sales (% cumulative annual change)	-9.3 -10.8	4.5 9.7	-20.5 -16.9	22.8 34.8	34.5 14.8	-14.4 -9.7	— —	December-23
 Foreign sector and tourism	Exports of goods (% cumulative annual change)	3.4 4.6	2.3 3.9	-33.4 -9.4	7.4 20.1	71.3 22.9	-28.5 -1.4	— —	December-23
	Tourist overnight stays (% cumulative annual change)	1.1 0.7	0.4 3.0	-69.7 -69.2	44.4 78.3	112.5 73.3	7.0 7.2	— —	December-23

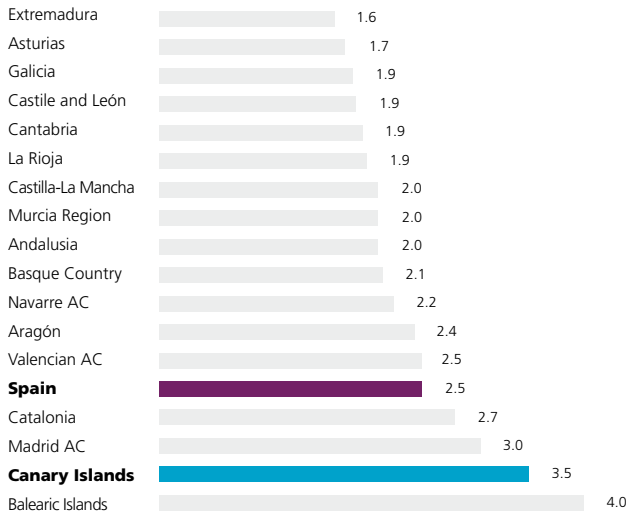
Note: *The 2023 GDP figure for Autonomous Communities is an estimate made by CaixaBank Research.

Source: CaixaBank Research, based on data from the National Statistics Institute (INE), the Bank of Spain, the Ministry of Labour, Migration and Social Security (MITRAMISS), the Ministry of Finance and DataComex.

Regional comparison

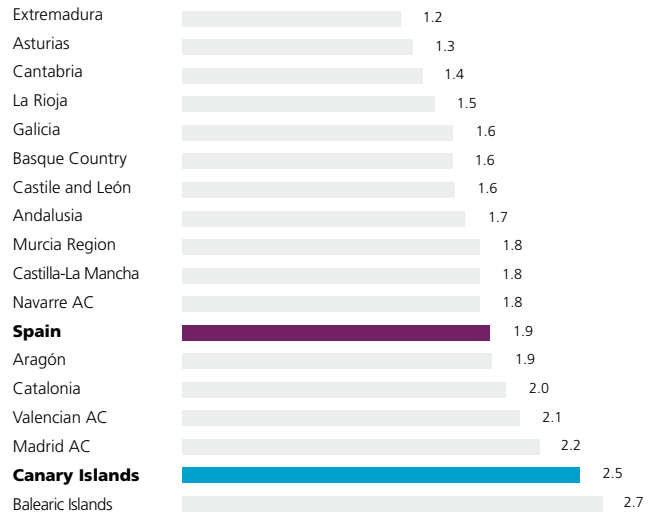
GDP (2023)

(ANNUAL CHANGE)



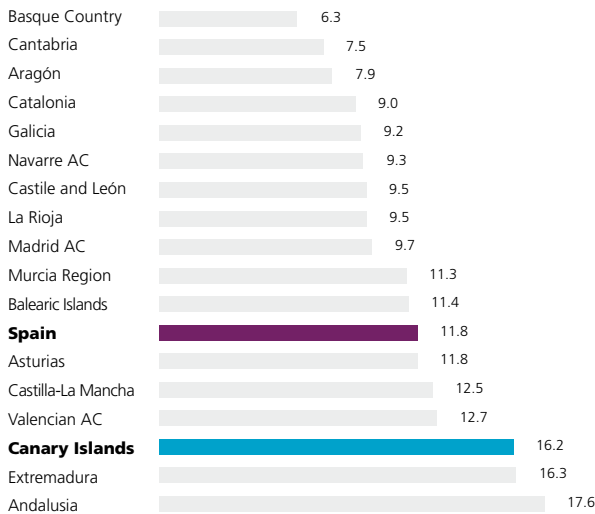
GDP growth forecast (2024)

(ANNUAL CHANGE)



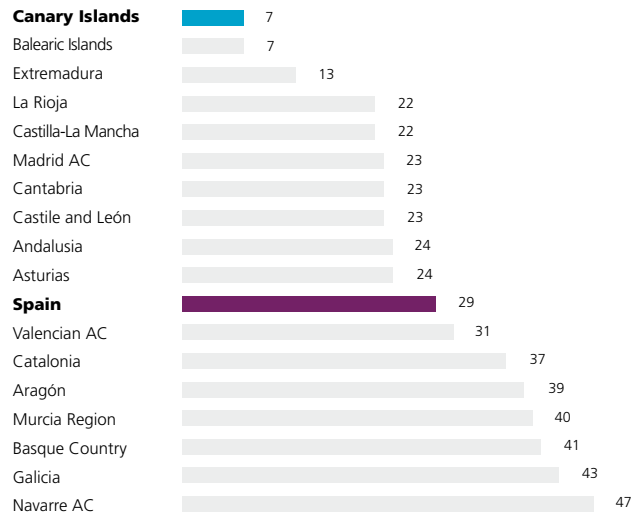
Unemployment rate (Q4 2023)

(% OF WORKING POPULATION)



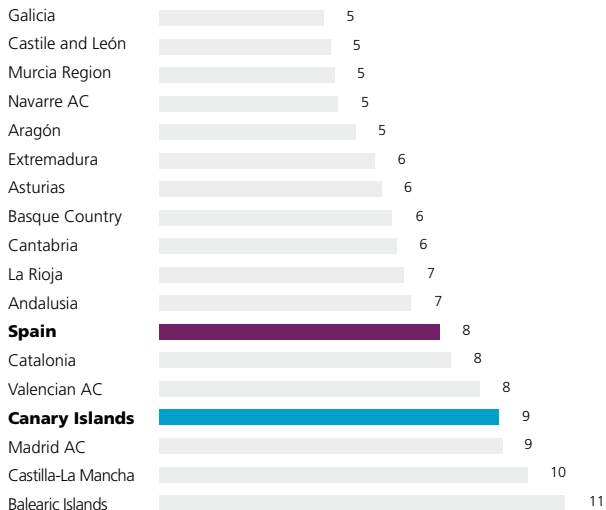
Weight of exports of goods (2022)

(% OF GDP)



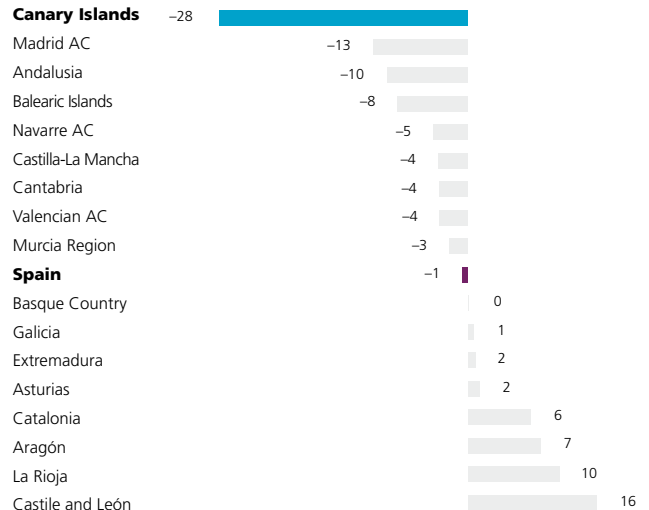
Retail trade* (January-December 2023)

(CHANGE FROM THE SAME PERIOD IN 2022)



Exports of goods (January-December 2023)

(CHANGE FROM THE SAME PERIOD IN 2022)



Note: *Figures adjusted, excluding service stations.

Source: CaixaBank Research, based on our own estimates and data from the National Statistics Institute (INE) and DataComex.



Autonomous Community Outlook is a publication by CaixaBank Research, which contains information and opinions from sources that we consider reliable. This document is for information purposes only. Therefore, CaixaBank does not take any responsibility for whatever use is made of it. The opinions and estimates are those of CaixaBank and may be subject to change without notice.

Closing date of this edition: 23 February 2024