



## Tourism Surge Propelled Growth in Aruban Economy in 2024

Press release

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*Today, the Centrale Bank van Aruba (CBA) published the State of the Economy report for 2024. The publication contains a review and analysis of national and international economic developments. The highlights of this publication are presented below.*

During 2024, the Aruban economy grew by 6.9% in real terms compared to the same period in 2023, lower than the 7.7 percent growth recorded a year earlier. Tourism activities and private investments drove the expansion. Although visitors' real spending per night declined, the number of tourist arrivals, particularly from the U.S. and Latin America, increased. On an individual level, however, per capita economic growth was lower than the overall real GDP growth rate, mainly due to a rise in population.

Stronger tourism, alongside domestic demand, boosted consumption. In 2024, all available consumption indicators registered progress, including growth in data on utility usage, consumer credit, and payments via the I-Pago system. Meanwhile, tighter labor market conditions and heightened economic activities led to a jump in the Government's revenue from taxes. Furthermore, consumer confidence also showed improvement compared to the previous year.

In addition to tourism, investment also contributed to growth in the Aruban economy in 2024. Data from the commercial banking sector pointed to an expansion in the number of commercial mortgages. However, a decline in the value of commercial mortgages may indicate the tendency for smaller projects in 2024 compared to 2023. Other investment indicators offered varied insights as the number and value of construction permits and the number of new housing mortgages contracted, while the value of housing mortgages expanded. Despite some contractions in indicators, the Business Perception Survey (BPS) index advanced, signaling strengthened optimism in local business' perceptions of current and future economic conditions.

In 2024, based on balance of payments data, Aruba's economy saw more money flowing in than flowing out. Tourism services were the main driver of the receipts, while payments for imported goods lagged. Additionally, more money entered the economy through investments and other financial transactions than flowed out, resulting in a boost in international reserves in 2024. As such, international reserves were amply adequate, which supports the CBA in fulfilling its primary mandate of maintaining the fixed value of the Aruban Florin vis à vis the U.S. dollar.

At the end of December 2024, prices increased at a slower pace, on average, compared to December 2023. During the period under review, the 12-month average inflation rate decelerated significantly from 3.4% to 1.7%. The main components contributing to inflation were communication, housing, and miscellaneous goods and services. Monitoring inflation closely is crucial, as it impacts consumer spending, investment, employment, and international reserves.

The complete publication is available on the CBA's website (<https://www.cbaruba.org/document/state-of-the-economy>).