

Aruba's economic growth expected to moderate in 2025 and 2026, after robust expansions in recent years

Press release

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Today, the Centrale Bank van Aruba (CBA) published its most recent Economic Outlook. This publication contains economic projections for the short (2025-2026) and medium term (2027-2029)¹.

In 2025, the CBA anticipates a real Gross Domestic Product (GDP) expansion of 3.9%, fueled by a rise in real investments (+11.8%), along with increases in real consumption (+3.1%) and real exports (+1.6%) (see Table 1). For 2026, the CBA foresees a moderation of economic growth to 1.8%, with real consumption (+2.3%) and real exports (+1.8%) continuing to contribute positively. A forecasted contraction in investment activity (–3.2%) is expected to dampen overall economic activity.

Increased investment activity in the private sector (+11.7%) drive projected investments in 2025. Much of the expansion in the private sector investment stems from developments in the hotel industry, including the construction of new hotels and the renovation of existing ones. Similarly, public investment will likely grow (+24.2%), supported by the Government of Aruba's (GoA) budget surplus. In contrast, a drop in private sector investment is likely to cause a contraction in total investment in 2026. The absence of new large-scale projects to substitute those completed in the previous year is the main reason for the projected 3.3% decline in private investment. Meanwhile, public investment is anticipated to increase by 17.1%.

In 2025, growth in real private consumption (+5.2%) thrusts overall real consumption, as real public consumption diminishes by 2.9%. The CBA expects an upsurge in real private consumption due to projected increases in both employment and real average wages. New jobs created through hotel openings help drive employment growth, while a tight labor market and public sector employees benefiting from 'periodieken' and indexation support wage growth. Projected real public consumption declines, primarily due to a smaller number of public sector employees. In 2026, growth in real private

¹ The Economic Outlook contains forecasts that represent assumptions and expectations of the CBA in light of available information up to and including September 2025 (cut-off date). These projections are subject to many uncertainties. The actual results, as published by the Central Bureau Statistics (CBS), may differ from those projected in the Economic Outlook of the CBA. Consequently, no guarantee or warranty is presented as to the accuracy of specific forecasts contained therein. The CBA does not assume any liability for any loss that may result from the reliance on the information in this publication.

consumption (+3.3%) again propels the upward trend in total real consumption, while real public consumption contracts by 1.0%.

In 2025 and 2026, the CBA expects increases in the number of stay-over visitors - partially offset by declines in average daily spending per visitor - resulting in a rise in real tourism exports of 1.5% in 2025 and 1.7% in 2026. Anticipated growth in non-tourism exports (2025: +1.8%, 2026: +2.5%) further supports the overall increase in total real exports.

Imports follow the developments in consumption, investment, and exports. In 2025, growth in all three components shoulder a projected uptick in imports of 3.5%. In 2026, continued growth in consumption and exports will likely be mitigated by a drop in investments, resulting in a slight rise in imports of 0.3%.

For its short-term outlook, the CBA developed three scenarios alongside baseline projections for 2025–2026. Scenarios 1 (mild impact) and 2 (severe impact) take into account the potential impact of a trade war between the United States, China, and the rest of the world. Given Aruba's dependence on U.S. tourism and imports, these scenarios could have significant economic implications for the local economy. Scenario 3 considers a potential closure of the Strait of Hormuz, through which a substantial share of the world's oil is transported, leading to an oil price shock that could dampen growth prospects for Aruba. In all scenarios, growth is lower or negative compared to the baseline. Another risk to the economic outlook is the geopolitical tension between the United States and Venezuela.

In the medium term, the CBA anticipates moderate growth in real GDP. Between 2027 and 2029, the CBA projects real GDP to rise by 0.6% in 2027, 1.3% in 2028, and 1.8% in 2029. The primary drivers of this growth over the forecast horizon are (tourism) exports and private consumption.

With regard to price developments, the CBA projects a twelve-month average inflation rate of 1.1% in 2025 and 1.6% in 2026, driven by the core component (excluding changes in the prices of food and energy), particularly the housing category. Inflation is projected to reach and stabilize at 2.0% during 2027–2029, consistent with its longer-term average.

Table 1 summarizes the estimated growth in GDP and its components (2024-2026). The complete publication is available on the CBA's website (www.cbaruba.org).

Table 1: Baseline growth of real GDP and its components 2024 – 2026 (in percent)

Indicator	2024 e	2025 f	2026 f
Current outlook			
Real GDP	7.6	3.9	1.8
Real consumption	2.4	3.1	2.3
Real private consumption	2.3	5.2	3.3
Real public consumption	2.7	-2.9	-1.0
Real investment	22.9	11.8	-3.2
Real private investment	23.0	11.7	-3.3
Real public investment	10.3	24.2	17.1
Real exports	9.5	1.6	1.8
Real tourism exports	9.6	1.5	1.7
Real non-tourism exports	8.7	1.8	2.5
Real imports	9.0	3.5	0.3

Source: CBA

e = estimate, f = forecast