

Tourism-Led Growth Amid Slowing Momentum

Press release

November 24, 2025

Today, the Centrale Bank van Aruba (CBA) published the State of the Economy report for the first quarter of 2025. The publication contains a review and analysis of national and international economic developments. The highlights of this publication are presented below.

During the first quarter of 2025, Aruba's economy continued to expand, albeit at a more moderate pace than in 2024. Real GDP grew by 4.2% year-on-year, following the strong 9.7% growth recorded in 2024. On a per capita basis, real economic growth was 3.2% in the latest quarter, indicating that individual economic gains, while positive, were less pronounced than overall economic growth.

Tourism remained the driver of economic activity. The number of stay-over visitors increased by 2.5% compared to the first quarter of 2024. Meanwhile, the average length of stay declined slightly to 7.2 days, continuing a multi-year trend of shorter visits. The hotel sector recorded a strong performance, with the average daily rate (ADR) rising by 10.3% and revenue per available room (RevPAR) increasing by 7.0%. The occupancy rate declined somewhat, partly due to a 12.3% expansion in available hotel rooms.

Domestic consumption indicators pointed mostly upward. Employment relationships registered at the SVB grew by 3.4%, indicative of increased income available for household spending. Likewise, turnover taxes and taxes on commodities expanded. Meanwhile, inflationary pressures remained subdued, with the 12-month average inflation rate easing to 1.4% in March 2025, down from 1.7% in December 2024. Lower energy prices and easing food inflation were the main causes of the decline. Similarly, the end-of-period inflation rate dropped to 0.1%, compared to 0.3% at the end of 2024.

Investment activity presented a mixed picture. The value of new commercial mortgages increased significantly, while the number of new commercial mortgages grew at a slower pace. Construction permits also rose in both number and value. Nevertheless, the Business Perception Index (BPI) declined by 4.8 index points to 102.0, reflecting less optimistic perceptions of businesses on the economy.



On the external front, the current account of the balance of payments recorded a surplus of Afl. 508.7 million in the first quarter of 2025, supported by strong tourism revenues. The financial account showed a rise in net lending compared to the first quarter of 2024. This hike was mainly the result of an Afl. 115.8 million expansion in gold and foreign currency assets held by the CBA. Consequently, official reserves stood at 133.0% of the International Monetary Fund's assessing reserve adequacy (ARA) metric. International reserves also remained robust, covering 8.1 months of current account payments, amply above the minimum of 3.0 months.

The domestic banking system remained sound and stable. Credit to the private sector expanded, mainly through loans to enterprises (+Afl. 48.0 million) and housing mortgages (+Afl. 12.0 million), while consumer credit edged down compared to end-December 2024. Non-performing loans remained low, and the capital adequacy and prudential liquidity ratio both strengthened in the period under review.

Public finances continued to trend positively. In the first quarter of 2025, the fiscal surplus recorded Afl. 42.6 million despite higher expenditures and flat revenues. At the end of March 2025, the debt-to-GDP ratio declined further to an estimated 67.2%, down from 75.9% a year earlier, continuing its downward trajectory since the pandemic peak.

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