



Ajuntament  
de Barcelona

**Department of Economy, Enterprise  
and Employment Barcelona City Council**

Barcelona, July 2014



## Executive summary

- **The Catalan and Spanish economies have shown positive** evolution, with four and three consecutive quarters of growth, respectively, and **the GDP was up year-on-year in the first quarter of 2014**. The fiscal adjustment and restructuring of the financial system continue to have an impact on the decisions taken by stakeholders, while the latest measures by the ECB are expected to foster increased activity.
- The positive evolution of **internal demand** and **industrial activity** –with increased investment in capital goods, production and GVA- has gone hand in hand with a progressive increase in the **business confidence** in the BMA as of mid-2013, despite the fact that overall business performance is still unfavourable.
- **Barcelona inspired confidence in investors and companies in 2013**, as can be seen in the significant increase in number of projects, volume of foreign investment – more than €3,500M- and the favourable business-creation rate.



## Executive summary

- **The indicators regarding internationalisation continue to improve: exports rebounded in the first quarter of 2014**, after holding steady in 2013, **tourism** hit record levels in 2013 and the **El Prat Airport** welcomed ever more passengers. Furthermore, over the January to May period of 2014 the **Port** saw its first increase in container transit since 2011.
- **Barcelona has received international recognitions for its business-friendliness:** the **fDi Award**, ranked first overall and in promoting foreign investment among cities in southern Europe; the **European Capital of Innovation** for the city's innovative ecosystem geared towards residents' quality of life; and El Prat was named **best airport in Europe in the large-airports category**. The city's rankings as the **fourth Smartest City in Europe and sixth in the world in global brand** are also noteworthy.



## Executive summary

- **Net job creation has marked the beginning of the recovery of the labour market** in Barcelona, with 21,600 new jobs created between May 2013 and 2014 and significant growth (+2.7%) in knowledge-intensive activities. **Registered unemployment** in Barcelona is down year on year overall, as well as in most sectors of the economy, all professions and all of the city's districts.
- Nonetheless, **the labour market continues to pose serious challenges:** registered unemployment stands at 100,943 people, the city's **unemployment rate** is 18.9%, **long-term unemployment** made up 44.1% of the total in the month of May and the proportion of workers hired on **permanent contracts** in the first five months of 2014 (13% of the total) is clearly below the levels seen before the recession, while the active population continues to shrink.
- The **improvement to the city of Barcelona's credit rating**, limited by Spain's sovereign debt, reflects the changing trend of the economy and confidence in the markets.



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# 01

## Macroeconomi context and current state of affairs

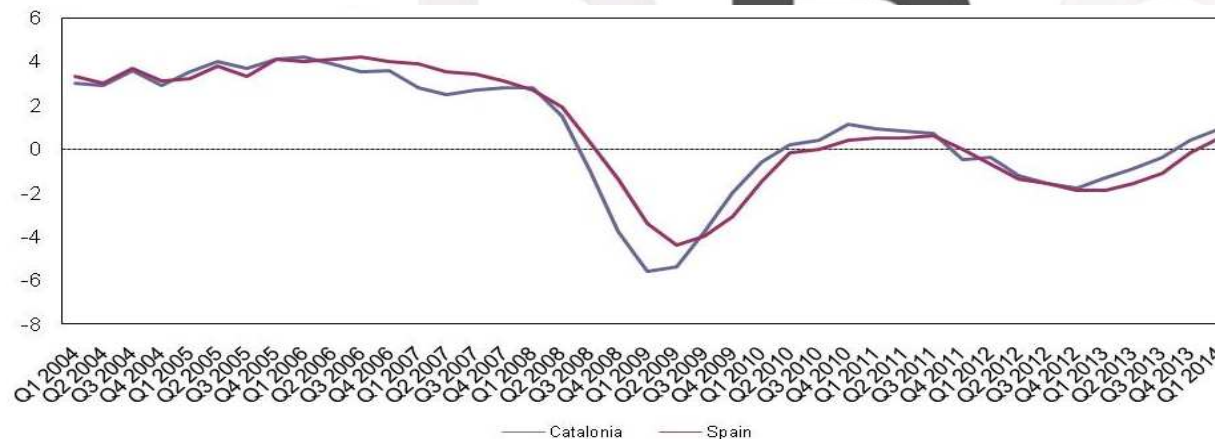
## Catalan and Spanish economies kick off 2014 with GDP growth

- Economic activity picked up steam in 2013, reaching overall economic growth of **+3%**, thanks to better results in advanced countries. While the GDP growth in the USA and Japan has held steady at roughly 2%, the Eurozone is beginning to recover at a more modest pace (+0.5% year on year in Q4) and the growth of the main emerging economies has slowed as a result of increased financial tensions.
- **The Catalan economy posted quarter-on-quarter GDP growth for the fourth consecutive time in the first quarter of 2014 (+0.5%)** and the year-on-year GDP growth was +0.9%, both slightly more favourable than the figures for the Spanish economy (+0.4 QOQ and +0.5% YOY). External demand continues to be the main pillar of recovery, with internal demand also showing signs of improvement.

### Year-on-year GDP growth (%)

Corrected for seasonally

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from Idescat and INE.





## Restructuring of the financial system, fiscal adjustments and recent measures implemented by the ECB are conditioning the decision-making of stakeholders

- **The risk premium hovered around 150 basis points, the same level seen in May 2010**, although the macroeconomic context in Catalonia and Spain continues to show significant risk given the persistence of the credit crunch, the effects of public budget cuts and the situation in the labour market.
- In the EU, **progress towards the Banking Union** made in 2014 –as the sole supervisory body- and approval of an ample range of **wide-reaching measures by the president of the European Central Bank** –which, among other things, promote lines of credit for SMEs- are expected to contribute significantly to recovery of activity.
- The efforts of the Government of Catalonia and the Government of Spain in 2013 towards **fiscal consolidation** have led **Catalonia and the rest of the Autonomous Communities to close out the year with public deficit levels between 1.97% and 6.62% of the GDP**, respectively. These figures are lower than those seen in 2013 but still higher than the target deficit levels –set at between 1.58% and 6.5% of the GDP.
- ✗ The drop in primary household income –despite the drop in private consumption- meant the **savings rate** of Spanish families held steady at **10.4%** of disposable income in 2013. Furthermore, financial burden levels are still far from long-term sustainability and bank defaults reached an all-time high by the end of 2013 (13.6%).
- ✗ While the **process of restructuring, recapitalising and rationalising the banking system** continues, credit given to the private sector by financial entities continued to drop, although less pronouncedly, at a rate of -6.3% in Catalonia and -10.1% in Spain year on year in 2013. The slowing of the credit shrinkage is particularly notable with regard to productive activities.





## Significant improvement in internal demand

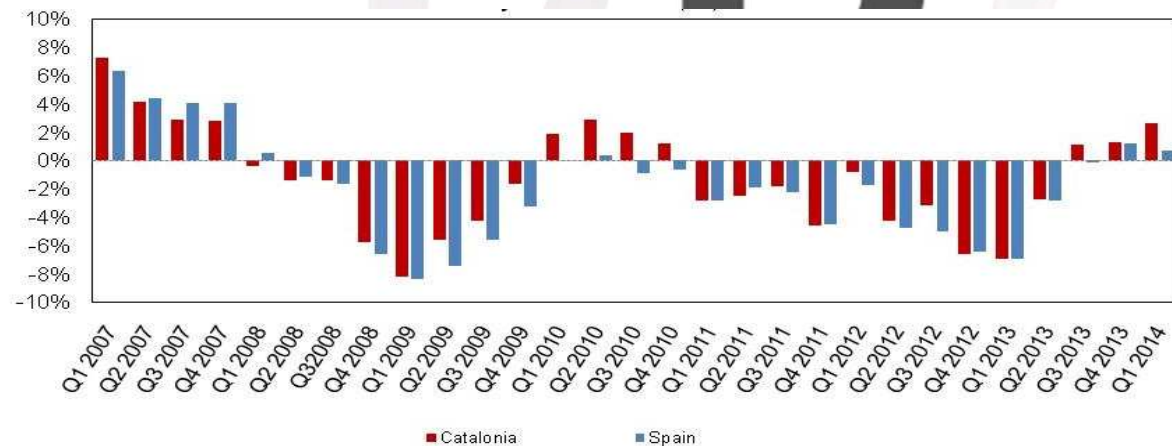
- **Retail sales** in Catalonia posted three consecutive quarters of growth (with year-on-year variation of 2.6% in the first quarter of 2014) for the first time since 2010, while growth was more moderate for Spain as a whole (+0.7%).
- **Vehicle registration** in Barcelona in the first half of the year was up year on year (+14%), partially due to the positive results in March and April (up 38% year on year), which must be linked to the promotion of the PIVE Program.
- Inflation showed a predominantly downward trend in 2013 but it seems that the risk of deflation is behind us in 2014, with the year-on-year variation of the **Consumer Price Index (CPI)** for the month of June at +0.5% for the province of Barcelona. This is slightly higher than the figures for Catalonia and Spain (+0.4 and +0.1%, respectively). The HCPI for Spain was +0.2% in May, below that of the European Union (+0.6%).

### General retail-trade index\*

Year-on year variation (%)

\*In current prices, excluding service stations.

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the INE.



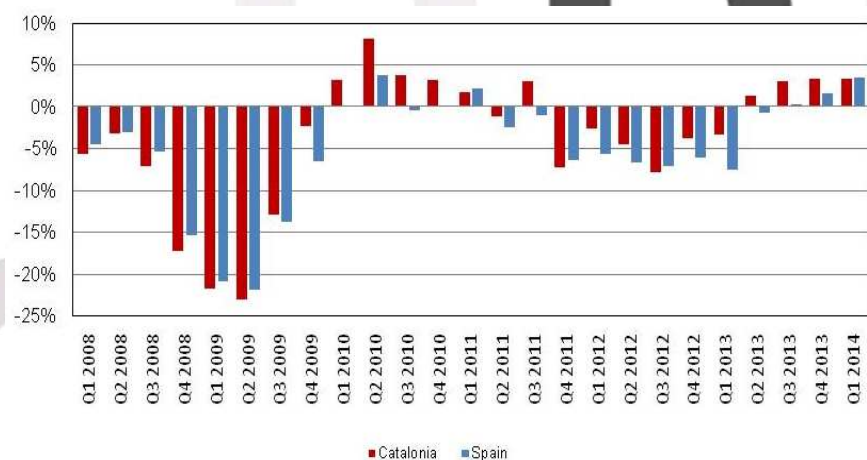
## Industrial activity fuels growth

- Evolution of the **industrial production index (IPI)** in the first quarter of 2014 showed year-on-year growth of +3,4% in Catalonia –the fourth consecutive quarter with positive results. These are similar to those for Spain (+3.5%) and better than those for the Eurozone.
- The Catalan **industrial GVA** grew year on year in the first quarter (+1.5%) for the fifth consecutive quarter, fuelled by increased exports and incipient improvement in internal demand. In 2013, the industrial sector was the only one to contribute positively to GDP growth (+1%).
- **Investment in capital goods** in Catalonia was up significantly in the first quarter of 2014 (+6.5% year on year) with the largest rise since 2007.
- **Capacity utilisation** in the first quarter (71%) was above the average registered for 2013 (69%) and continues to be the highest in the past two and a half years, making this an important early indicator of the recovery of industrial activity.

### Industrial production index in Catalonia (IPI)

Year-on year variation by quarter (%)

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the INE.

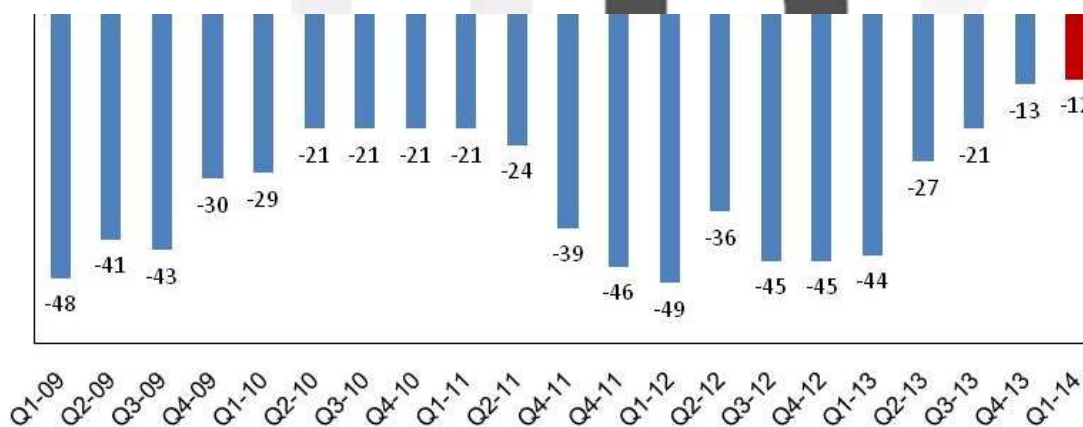


## Business climate improves in BMR, although still unfavourable overall

- After gradual improvement in 2013, business performance in the BMR stabilised in the first quarter of 2014, despite the fact that it is still unfavourable overall -30% of businesspeople surveyed said business is bad, while 18% said it was good. All of the sectors analysed in the BMR Business Climate Survey showed less favourable business performance than one year ago –particularly in the industrial, hotel and non-retail services sectors.
- The **short-term perspectives** of businesspeople regarding business performance have improved and are less negative than in early 2012.
- **Business confidence in Catalonia improved in the first quarter**, as can be seen in the more favourable results of the Business Climate Survey and, above all, the better perspectives for the second quarter.

### Evolution of business performance in the BMR by quarters

Results as a %



Source: Barcelona Chamber of Commerce and Idescat.

## Second-hand housing prices continue on upward trend in 2014

- **Home sales in the province of Barcelona** totalled 13,166 transactions from January to May 2014, up 3% year on year. In the rest of Catalonia and Spain, however, sales were down 1.4% and 7.2%, respectively. The second-hand housing market maintained the positive trend in Barcelona and Catalonia (+5.7 and +4.6%, respectively) that began in 2013.
- Despite the difficult economic outlook for many families, **the price adjustment resulting from the crisis may have come to an end**. The average price of second-hand housing in the city was €3,259/m<sup>2</sup> in June, up +3,9% from the same month in 2013.
- The number of **housing units begun** in Barcelona in 2013 was up +41.4% year on year from 2012, while it continued to drop in the metropolitan area (-40.5%).

### Housing sales

January - May 2014

	January - May 2014			Variation 14 / 13 (%)		
	Total	New	Second-hand	Total	New	Second-hand
<b>BCN province</b>	13.166	3.656	9.510	3,0	-3,4	5,7
<b>Catalonia</b>	20.065	6.270	13.795	-1,4	-12,3	4,6
<b>Spain</b>	136.515	58.935	77.580	-7,2	-17,4	2,5

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the INE.



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### Housing sales

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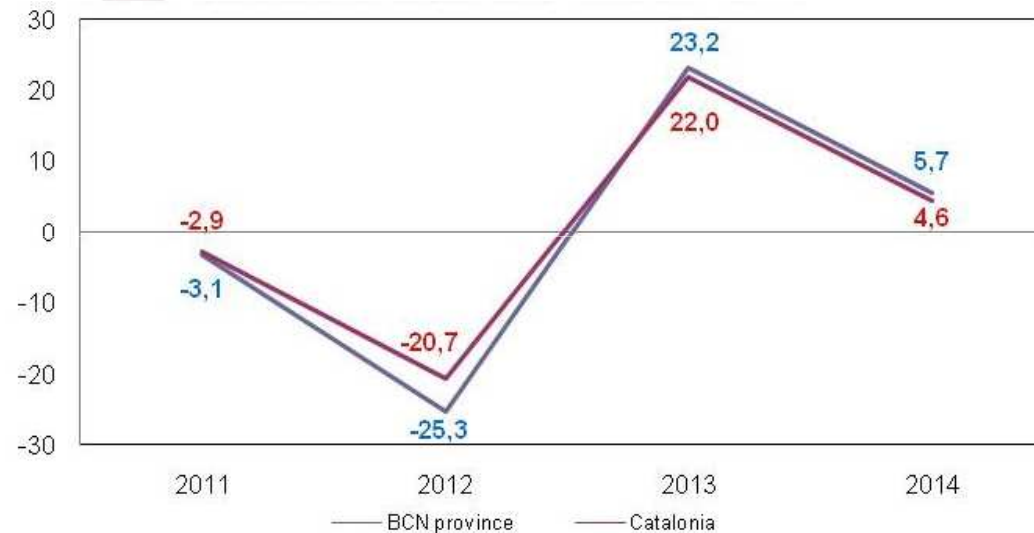
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## Second-hand housing prices continue on upward trend in 2014

### Sales of second-hand homes

Jear-on-year variation (%)  
January - June 2014



Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the INE.



# 02

## Barcelona's economy

## A. Foreign investment, enterprise and entrepreneurship

**Barcelona generates confidence among investors and companies:  
significant increase in foreign investment in 2013**

- **Productive foreign investment** in Catalonia was **€3,511 M in 2013, up 31.5% year on year** to make up more than one fifth (22.2%) of all of that in Spain, with the second best level in history. Over the same period, **Catalan investment abroad** totalled €1,846.4 M, down -6.9% from the previous year.
- In the first quarter of 2014, according to provisional data, the volume of foreign investment in Catalonia totalled €235.3 M, down 51% year on year.

### Foreign investment in Catalonia and Spain

In millions of euros

	2013	Variation 2013/12	Cat/Spain (%)
<b>Catalonia</b>	3.511,01	31,54%	22,2%
<b>Spain</b>	15.814,30	8,79%	-

### Catalan and Spanish investment abroad

In millions of euros

	2013	Variation 2013/12	Cat/Spain (%)
<b>Catalonia</b>	1.846,38	-6,93%	11,7%
<b>Spain</b>	15.733,25	2,66%	-

Note: Total gross investment without entities holding foreign securities (ETVE).

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Ministry for the Economy and Competitiveness.





## A. Foreign investment, enterprise and entrepreneurship

### Barcelona inspires confidence among investors and companies: an attractive urban region for global investors

- The city of Barcelona is ranked **seventh in terms of attracting business according to the Fdi Magazine European Cities and Regions of the future 2014/15**, surpassing Berlin, Amsterdam and Lyon, among others. The same source ranks Barcelona first overall and in promoting foreign investment among cities in southern Europe.
- Additionally, **according to the prestigious KPMG Global Cities Investment Monitor 2014, Barcelona was tenth in the world among urban regions in direct foreign investment attracted in 2013 and fourth in Europe.** The city concentrates 30% of all DFI projects registered in Spain.

### Foreign investment in Catalonia and Spain (2009-2013)



Source: KPMG Global Cities Investment Monitor 2014.



## A. Foreign investment, enterprise and entrepreneurship

Barcelona inspires confidence among investors and companies: an attractive urban region for global investors

### European Cities and Regions with best future perspectives 2014/2015\*

(Global ranking)

2012/2013	CITY	COUNTRY	2014/2015
1	London	United Kingdom	1
	Helsinki	Finland	2
	Eindhoven	Netherlands	3
7	Cambridge	United Kingdom	4
8	Dublin	Ireland	5
6	Munich	Germany	6
<b>22</b>	<b>Barcelona</b>	<b>Spain</b>	<b>7</b>
9	Berlin	Germany	8
15	Amsterdam	Netherlands	9
5	Reading	United Kingdom	10

Source: FDI Magazine. European Cities and Regions of the future 2014/2015, Financial Times.

Note: the table includes the top 10 cities on the ranking.

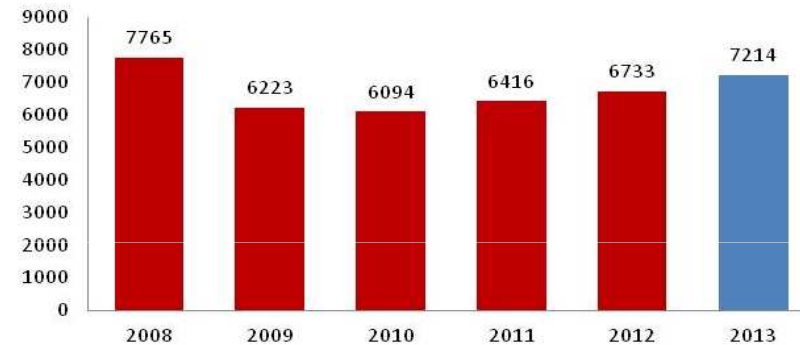


## A. Foreign investment, enterprise and entrepreneurship

### Barcelona generates climate of confidence for investors and businesses: Trading companies

- In Barcelona, 7,067 trading companies were created in 2013, 334 more (+5%) than in 2012. The number of trading companies set up grew for the third consecutive year to the highest number since 2008.
- Between January and May 2014, 3,410 trading companies were set up in Barcelona, for year-on-year growth of 2.2%.
- The **subscribed capital** in trading companies created in the first four months of the year was down 32.7% year on year.
- Barcelona had the highest **business creation rate per 1,000 inhabitants** (2.1) of any large urban area in Spain from January to May.
- According to the INE's *Directorio Central de Empresas*, in January 2013 the province of Barcelona had **438,385 companies**, 191,929 of which had salaried workers and 246,456 of which didn't, down -1.7% from January 2012.

### Trading companies created in the city of Barcelona 2008-2013



### Trading companies created / 1.000 inhab.



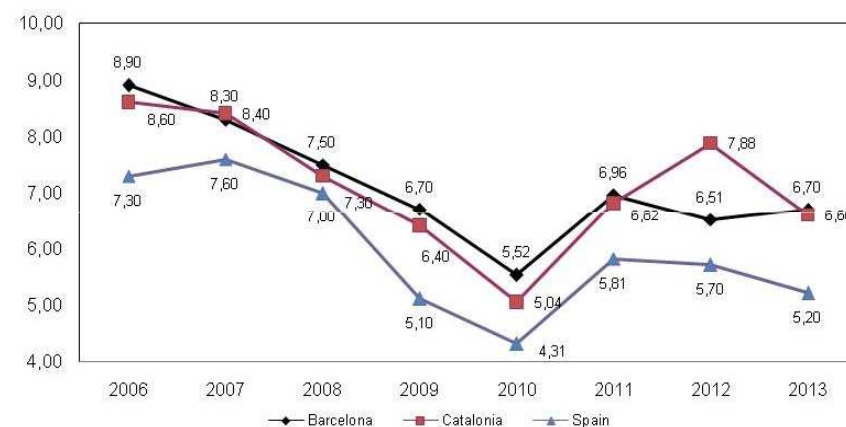
Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the INE.

## A. Foreign investment, enterprise and entrepreneurship

Barcelona generates climate of confidence for investors and businesses:  
Global Entrepreneurship Monitor (GEM)

- The entrepreneurial activity rate (EAR) for the population residing in the province of Barcelona in 2013 was 6.7%, up 0.2% from the previous year, while the EAR for Catalonia as a whole was 6.6%, down 1.3% from 2012.
- The entrepreneurial activity rates for Barcelona and Catalonia are **above those of France (4.6%), Germany (5.0%) and Finland (5.3%)**, as well as the Spanish average (5.2%), but below the European average (8%).
- In Barcelona, 64.8% of all people involved in entrepreneurial activities want to take advantage of a business opportunity, while 30.2% are driven by a lack of other labour alternatives.

### Entrepreneurial activity rate\* by region



\*% of the population. Including recent start-ups (< 3 months) and new companies (up to 42 months of activity).

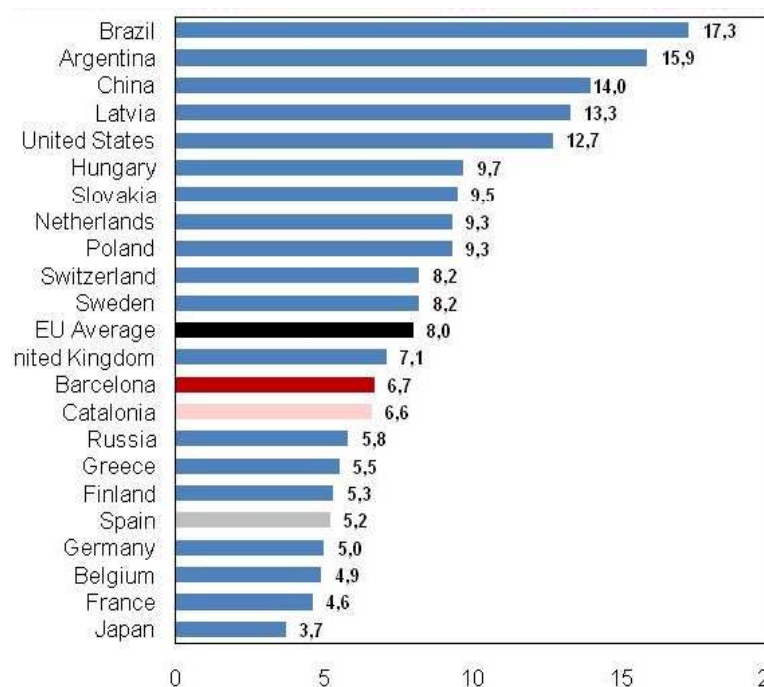
Source: Global Entrepreneurship Monitor, Catalonia Executive Report, various years.

## A. Foreign investment, enterprise and entrepreneurship

### Barcelona generates climate of confidence for investors and businesses: Global Entrepreneurship Monitor (GEM)

- Entrepreneurs in the province of Barcelona are mainly **men (58%) with advanced studies (41%) and income between €20,000 and €40,000 euros (24%) and are employed (62%)**.
- Entrepreneurship in Catalonia as a whole is **more innovative than that seen in previous years of the crisis** –with a significant increase in product innovation and the use of new technology- **and the percentage of entrepreneurs with advanced studies is 38%**.
- In Barcelona, **the female entrepreneurial rate rose, while the male rate dropped** in both Barcelona and Catalonia. Moreover, the entrepreneurial activity rate was forcibly higher in Catalonia than the previous year.

### Entrepreneurial activity in Europe countries 2013 (% of population 18-64 years old)



\*Provincial data.

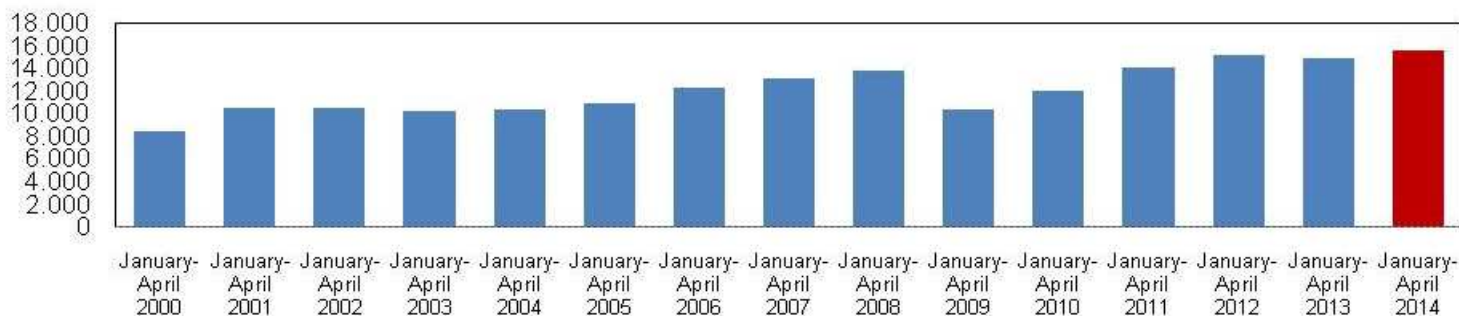
Source: Global Entrepreneurship Monitor, Catalonia Executive Report, 2013.

## B. Internationalisation of the economy

### Exports rebound in first quarter

- After stabilising in 2013 –even surpassing the €45,000-M mark for the second time in history- exports from the province of Barcelona hit a total **volume of €15,466.7 M between January and April 2014**, up +3.8% from the same period in 2013.
- Between January and April 2014, there were **24,447 export companies** in the province of Barcelona, making up **28.7% of the Spanish total**.
- **The Province of Barcelona continues to lead the ranking of exports from Spain** with nearly one fifth (19.8%) of the total.

### Exports from the Barcelona area\* (millions of euros)



\*Provisional data.

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from Datacomex. Ministry of Economy and Competitiveness.



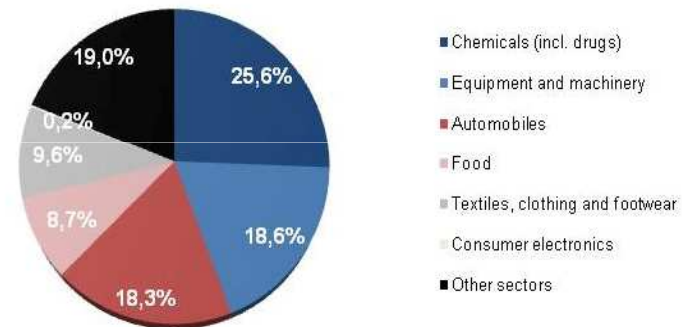


## B. Internationalisation of the economy

- In 2013, Barcelona generated 24.9% of all **Spanish exports with high or mid-high technology content**, with this segment making up roughly 60% of all exports from the province.
- **The chemicals sector made up more than one fourth of all sales abroad** from the province of Barcelona (25.6%) in 2013, followed by **equipment and machinery** and **automobiles** (with 18.6% and 18.3% of the total, respectively).
- The majority of exports from the Barcelona area (**60%**) go to the **European Union**. In 2013, growth was particularly strong in exports to EU countries outside the Eurozone, Africa, Asia and Latin America.

### Exports from the Barcelona area by sector\*

2013 (% of total)



\*Provincial data.

Source: Global Entrepreneurship Monitor, Catalonia Executive Report, 2013.

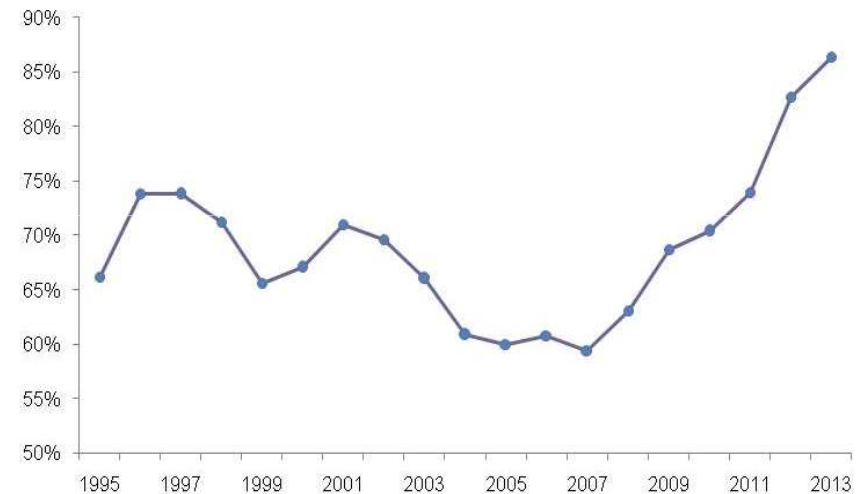


## B. Internationalisation of the economy

### Balance of trade continues to improve

- In 2013, the value of goods imported by companies in the province of Barcelona was **€52,408.6 M**, down -4.6% from 2012.
- **The EU (59.6% of the total) is the main supplier of the Barcelona area. Asia now makes up more than one fifth (21.8%) of all sales abroad.**
- The imports ranking is led by the **chemicals sector and industrial machinery and equipment** (with 22.7% and 18.2% of the total, respectively).
- The **coverage rate** for the Barcelona area was up 3.7% between 2012 and 2013, to **86.4%**, the highest value in recorded history.
- In 2013, **sales from Catalonia to the rest of the world (43.3% of the total) surpassed those to the rest of Spain (32.7%)**, in line with the trend that began in 2010. Catalonia's positive balance of trade with the rest of Spain (+€18,614 M) held steady.

### Coverage rate\* for the Barcelona area



\*Exports/Imports for a specific region and period of time.

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Ministry of Economy and Competitiveness.





## B. Internationalisation of the economy

### Barcelona, fourth Smartest City in Europe and sixth most global brand in the world

- According to the magazine Fast Company, **Barcelona is ranked fourth among the smart cities of Europe**, only surpassed by Copenhagen, Amsterdam and Vienna.
- Moreover, Saffron's **Guardian Cities Global Brand Barometer ranks Barcelona the sixth most global brand in the world** ahead of Rio de Janeiro, San Francisco, Istanbul, Milan and Berlin.

### Global city brands

Ranking	City	Mark*
1	Los Angeles	18
2	New York	17,7
3	London	17,3
4	Paris	17,2
5	Seoul	15,9
<b>6</b>	<b>Barcelona</b>	<b>15,8</b>
7	Rio de Janeiro	15,3
8	San Francisco	15,2
9	Las Vegas	15,2
10	Dubai	14,6
11	Istanbul	14,6
12	Madrid	14,4
13	Chicago	14,3
14	Singapore	14
15	Bangkok	13,6
16	Sydney	13,4
17	Mexico City	13,4
18	Buenos Aires	13
19	Mumbai	13,3
20	Sao Paulo	12,2
21	Mecca	12
22	Atlanta	11,8
23	Melbourne	11,7
24	Milan	11,4
25	Berlin	11,4

\*Note: Overall mark between 1 and 20.  
 Source: Guardian Cities Global Brand Barometer, 2014.  
 Saffron Brand Consultants.

### Smart and sustainable cities 2013

2012	Top 10 smart cities in Europe	2013
1	Copenhagen	1
2	Amsterdam	2
3	Vienna	3
<b>8</b>	<b>Barcelona</b>	<b>4</b>
4	Paris	5
5	Stockholm	6
6	London	7
7	Hamburg	8
9	Berlin	9
10	Helsinki	10



## B. Internationalisation of the economy

### Barcelona's international positioning (II)

- **The Scorecard on Prosperity 2014** -which compares 24 large, competitive cities around the world- **ranked Barcelona the fifth most attractive city for workers**, and 20th on the global prosperity ranking.
- Likewise, Barcelona is ranked **sixth among leading metropolitan areas in the world** regarding commute time, with an average of 56 minutes return. The same ranking puts Barcelona at the top of the list in terms of equality.

•Note: Score between 0 and 1.  
Source: Toronto Board of Trade, Scorecard on Prosperity 2014.

•Note: Average return travel time (in minutes).  
Source: Toronto Board of Trade, Scorecard on Prosperity 2014.

#### Labor attractiveness

Ranking	City	Score
1	Paris	A 0,66
2	London	A 0,64
3	Toronto	A 0,63
4	Calgary	A 0,61
<b>5</b>	<b>Barcelona</b>	<b>B 0,59</b>
6	Vancouver	B 0,57
7	Madrid	B 0,55
8	Montreal	B 0,54
9	Stockholm	C 0,54
10	Sydney	C 0,54
11	Oslo	C 0,53
12	Halifax	C 0,52
13	Hong Kong	C 0,49
14	Berlin	C 0,48
15	Seattle	D 0,48
16	Tokyo	C 0,48
17	New York	D 0,48
18	Dallas	D 0,45
19	Chicago	D 0,44
20	Milan	D 0,44
21	Boston	D 0,43
22	San Francisco	D 0,43
23	Los Angeles	D 0,42
24	Shanghai	D 0,42

#### Commute time

Ranking	City	Minutes
1	Calgary	52,0
2	Oslo	52,0
3	Dallas	53,1
4	Milan	53,4
5	Seattle	55,2
<b>6</b>	<b>Barcelona</b>	<b>56,0</b>
7	Los Angeles	57,2
8	San Francisco	58,3
9	Boston	58,5
10	Vancouver	60,0
11	Berlin	60,8
12	Chicago	61,9
13	Montreal	62,0
14	Sydney	66,0
15	Toronto	66,0
16	Paris	67,4
17	Tokyo	69,6
18	New York	69,8
19	Stockholm	70,0
20	London	74,0
21	Madrid	80,0
22	Shanghai	100,8

## C. Infraestructure and production spaces

### Barcelona, best large airport in Europe in 2014

- The **Barcelona Airport** saw a total passenger volume in 2013 of 35,210,735, up 0.2% on the year. Passenger traffic was up 6.8% in the first half of 2014, reaching a total of 17,233,632 passengers. The Barcelona airport has also recently been designated the best airport in Europe for 2014 in the large-airport category –more than 25 million passengers- by the Airport Council International.
- From January to May 2014, both cargo traffic (+7.9%) and container traffic (+7.4%) through the **Port of Barcelona** posted year-on-year growth after dropping for two consecutive years. The percentage of tonnes loaded was also up, 6.4% on the year.

### Indicators of activity in the port and airport of Barcelona

2014

	2013	January - May 14	Year-on-year variation 14/13	
			Absolute	%
Number of containers Port (TEU)	1.720.383	725.126	49.701	7,4%
Tonnes of cargo Port	41.391.199	18.105.042	1.331.552	7,9%

	2013	January - May 14	Year-on-year variation 14/13	
			Absolute	%
Number of passengers Airport	35.210.735	17.233.632	1.102.161	6,8%
Tonnes of cargo Airport*	100.297	50.357	1.587	3,3%

\* Thousands of tonnes.  
Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Port and Airport of Barcelona.



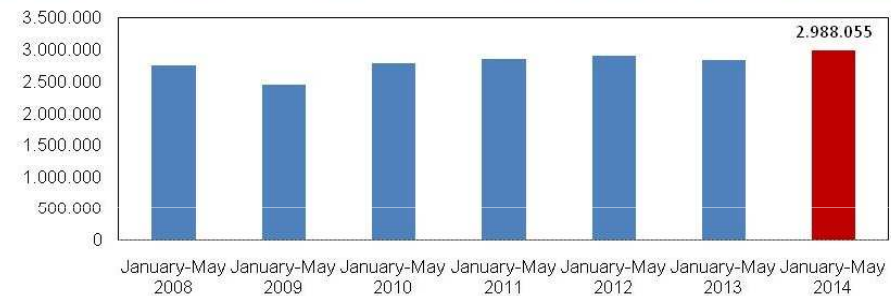
## D. Tourism

### Tourism hits record levels in 2013

- The number of tourists staying in hotels grew in 2013 and hit a new all-time record of **7,571,767 people**. The number of overnight stays was also up in 2013 by more than 500,000 over 2012, for the highest figure in history: 16,485,074.
- From January to May 2014 there was strong year-on-year growth in **credit-card spending** among tourists (+22.2%) and an increase in **overnight hotel stays (+5.5%)** and **tourists (+5.4%)**, while the number of **cruise passengers** dropped -7.8%.
- Catalonia leads all the other AC in international tourism, making up 25.6% of the Spanish total and posting +10.4% year-on-year growth over the first four months of 2014.

•Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from Turisme de Barcelona.

### Evolution of number of tourists in Barcelona 2008-2014



### Tourism indicators for Barcelona

January - May 2014

	January - May 2014	Year-on-year variation 14/13	
		Absolute	%
Number of tourists	2.988.055	152.495	5,38
Overnight stays in hotels	6.357.161	333.327	5,53
Credit-card spending €	1.331.296.481	242.034.063	22,22
Cruise passengers	689.877	-58.679	-7,84



## D. Tourism

### Barcelona, global benchmark in business tourism

- According to the International Congress and Convention Association (ICCA), Barcelona was ranked **fourth in the world in number of international congresses in 2013**, behind Paris, Madrid and Vienna, but ahead of Berlin, Singapore, London and Istanbul.
- The number of international congresses held in the city was up 16.2% from 2012, holding its place in the global top 5 for the seventh consecutive year.
- Other global rankings highlight **Barcelona as an attractive destination for foreign visitors.**

### Number of international congresses in world cities 2013

Ranking	City	Congresses
1	Paris	204
2	Madrid	186
3	Vienna	182
<b>4</b>	<b>Barcelona</b>	<b>179</b>
5	Berlin	178
6	Singapore	175
7	London	166
8	Istanbul	146
9	Lisbon	125
10	Seoul	125

Source: International Congress and Convention Association (ICCA) 2013.



## D. Tourism

### Barcelona, global benchmark in business tourism

#### International tourism rankings

Name of ranking	Topic	Barcelona ranking
<b>MasterCard Index of Global Destination Cities 2013</b>	Visitors and international tourism spending	10th in the world 3rd in Europe
<b>The European Cities Marketing Benchmarking Report 12/13</b>	International overnight stays	4th in Europe
<b>Trip Advisor 2014</b>	Attractiveness for tourists	15th in the world
<b>Euromonitor International Report 2012</b>	Visits by international tourists	23rd in the world 6th in Europe

Source: Reports listed in the table.



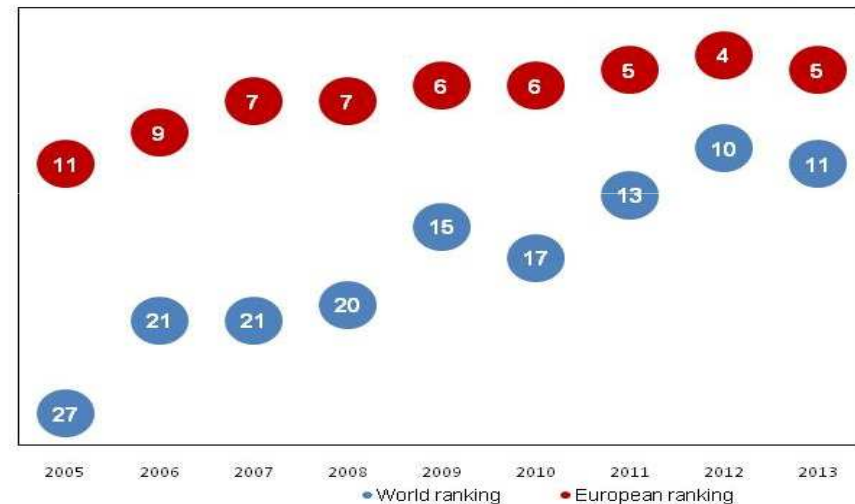
## E. Science and technology

### Research of excellence in the Barcelona area gains international recognition

- Barcelona was ranked **fifth in Europe and eleventh in the world in scientific production in 2013**, according to the yearly report compiled by the Polytechnic University of Catalonia. According to XPCAT, the areas of science and technology with the greatest number of publications in Barcelona are clinical medicine, biological sciences, chemical sciences, basic medicine and physical sciences.
- In 2012, **research and development (R&D) made up 1.51% of the Catalan GDP**, which is above the Spanish average (1.3%) but below the EU average (2.1%) and the target to reach under the 2020 strategy (3%). **Total R&D investment in Catalonia for 2012 was €2,991M**, down for the third consecutive year (-3.6%).

### Top world cities in scientific production 2013

Barcelona ranking



•Source: UPC-Centre of Land Policy and Valuations. Report on the evolution of scientific production in main world cities 2012, compiled for the 2013 Report of the Barcelona Observatory.



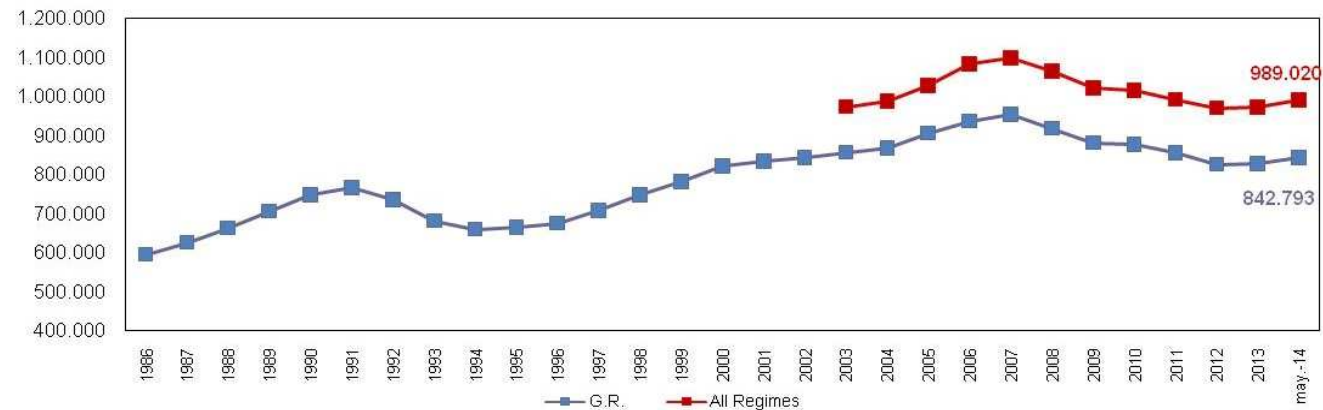
## F. Labour market

### Net job creation marks the beginning of the recovery of the labour market in Barcelona

- Barcelona finished the month of May 2014 with **989,020 affiliates** in all of the **Social Security regimes**, after seeing the **greatest year-on-year variation since June 2007** and the net creation of **21,600 jobs** compared to the same period in 2013.
- The year-on-year growth of the total affiliation in the city of Barcelona (+2.2%) is higher than that in Catalonia and Spain (+1.8 and +1.6%, respectively).

### Social Security Affiliation General Regime and all regimes in Barcelona

1986-2014



Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the INSS.



## F. Labour market

### Salaried employees by economic sector

- In the first quarter of 2014, employment was generated in the **service sectors (+2.1%)**, contrasting with the trend in the sector over the past years, while **net destruction of jobs in construction and industry continues (-5.9% and -2.5%, respectively)**.
- **By branch**, jobs are being generated in business services (+6.4%), real estate activities (+4.5%), hotels (+4.2%), education (+4.0%), information and communication (+3.6%) and government (+1.8%); artistic and leisure activities and health and social services have held steady and, in absolute numbers, there has been a significant loss of more than 1,000 jobs in construction, manufacturing and financial activities (-5.9%, -2.2%, -2.8% and -2.7%, respectively).

### Social Security Affiliation by economic activity in Barcelona

Quarter 2014

Economic activity(CCAE 2009)	Q1 2014	(%) of total	Year-on-year variation (%)
TOTAL	829.712	100,00%	1,5
Agriculture, livestock and fishery	257	0,03%	-8,5
Extraction industries	28	0,00%	-15,2
Manufacturing	58.402	8,80%	-2,2
Power and gas	2.244	0,27%	-1,5
Water and waste	8.834	1,08%	-4,4
Construction	22.231	2,68%	-5,9
Retail and repairs	119.582	14,41%	-0,4
Transport and storage	38.781	4,43%	-2,8
Hotels	62.135	7,49%	4,2
Information and communications	43.898	5,29%	3,6
Financial and insurance activities	37.536	4,52%	-2,7
Real estate	10.323	1,24%	4,5
Business services	164.103	19,78%	6,4
Government	76.076	9,17%	1,8
Education	62.599	7,54%	4,0
Health and social services	80.402	9,69%	0,2
Arts and recreation	18.824	2,27%	0,0
Other services	22.500	2,71%	-0,8
Household employees	4.643	0,56%	-0,9
Extraterritorial bodies	334	0,04%	4,4

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Catalan Ministry for Enterprise and Employment.



## F. Labour market

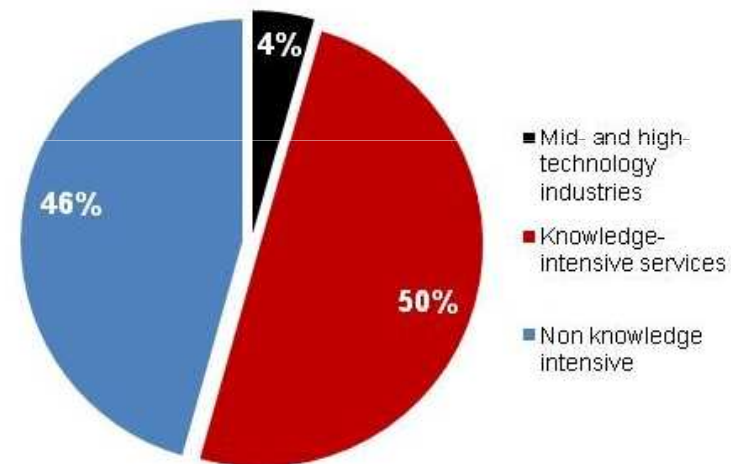
### Salaried workers in knowledge-intensive sectors

#### Employment is up in all knowledge-intensive sectors

- In the first quarter of 2014, more than half of all jobs in the city of Barcelona (54.4%) were **knowledge intensive** and the city is a hub for this type of job in Catalonia, with 44.5% of the total.
- **Social-security affiliation in knowledge-intensive sectors posted the highest year-on-year growth (+2.7%)** since 2010, thanks to knowledge-intensive services (+2.9%).
- **High-technology and knowledge-intensive services showed 3.6% year-on-year growth in the first quarter of 2014.** Information services, cinema and video, and IT services rose (+11.8, +9.9 and +9.5%, respectively), while work in radio and television (-33.2%), telecommunications (-6.5%) and research and development (-3.4%) fell.

#### Social Security affiliates in Barcelona by degree of knowledge intensity

2014\*



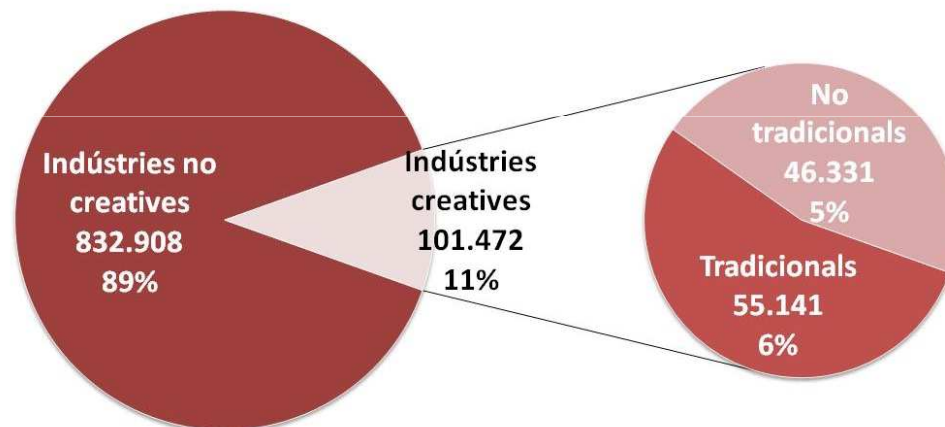
\*Data for Q1, in % of total affiliation.  
Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Catalan Ministry for Enterprise and Employment.



## F. Labour market

### Creative sectors

**Barcelona has more than 100,000 people working in the creative industries**



Font: Elaborat a partir de l'INSS i Lazzereti, Boix i Capone, 2008.

- According to the study *Barcelona metròpoli creativa* compiled by the Barcelona Institute of Regional and Metropolitan Studies (IERMB), in 2012 **11% of all people working in the city of Barcelona (101,472 workers), and 7.5% of those in Catalonia, worked in creative industries.** 49% of creative jobs in Catalonia are in Barcelona. The proportion of this sector with regard to all workers has risen since 2009, mainly due to the growth in non-traditional creative industries.

## F. Labour market

### Unemployment rate 18.9%

- The employment rate in Barcelona was 64.5% in the first quarter of 2014, 9% above the Spanish national average and 0.4% above that of the European Union- but at the second lowest rate since 2002. Moreover, the city has lost assets with regard to last year, despite the fact that the activity rate is 79.5% (7.4% higher than the European average).
- The EAPS unemployment rate for the city (18.9% in the first quarter) rose 0.8% over the past year. This indicator is lower –by 3.3% and 7.2% respectively- in Barcelona than the Catalan (22.2%) and Spanish averages (26.1%), although it is 8.2% above the European rate (10.7%).
- The unemployment rate among young people continues to be high, although the **youth unemployment rate** in the city (42.7%) is 6.8% and 12.8% lower than the Catalan and Spanish averages, respectively.

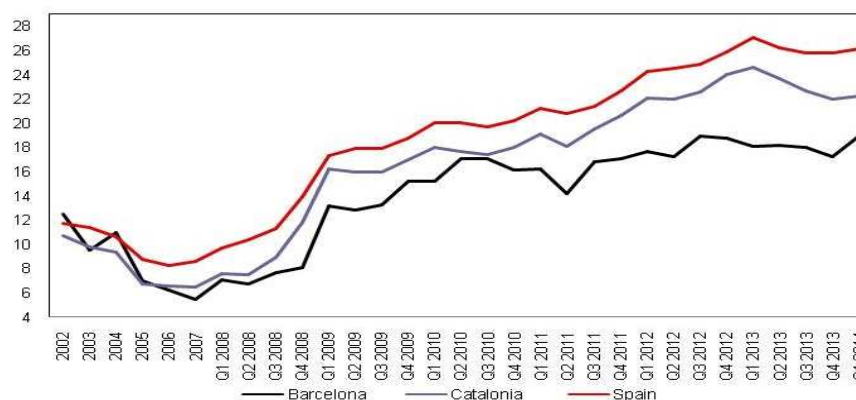
### Activity employment and unemployment rates Q1 2014. %

	Activity rate	Employment rate	Unemployment rate
<b>Barcelona</b>	<b>79,5</b>	<b>64,5</b>	<b>18,9</b>
<b>Catalonia</b>	<b>78,8</b>	<b>61,3</b>	<b>22,2</b>
<b>Spain</b>	<b>75,0</b>	<b>55,5</b>	<b>26,1</b>
<b>European Union-2€</b>	<b>72,1</b>	<b>64,3</b>	<b>10,7</b>

\* Data for the fourth quarter of 2013.

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Active Population Survey.

### Evolution of unemployment rate by region



Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Active Population Survey.



## F. Labour market

### Registered unemployment in Barcelona down year on year

- Barcelona finished the month of June with **100,943 people registered as being unemployed** with the SOC offices (1,841 fewer than the previous month, -1.8%), for the lowest unemployment rate since December 2010 although the month-on-month decrease in the unemployment rate is less than that seen in June 2013 (-3.2%).
- The year-on-year **drop in unemployment in Barcelona** -6,970 fewer people- (-6.5%) is slightly lower than that seen in the **province of Barcelona and in Catalonia** (-7.8% and -7.6%, respectively) and very similar to that seen for **Spain as a whole (-6.6%)**. Catalonia has seen the largest drop in this indicator compared to June 2013 in absolute terms (-47,074 people) of any autonomous community.
- The number of contracts signed in Barcelona in 2013 totalled **785,624, the highest since 2008**.
- **Cumulative hiring for the first half of 2014 was up year on year** in Barcelona (+10.0%) and even more in Catalonia (+13.4%) and Spain (+16.4%).

## F. Labour market

### Profile of unemployed in Barcelona

#### All jobs showed a decreased unemployment rate in the city

- **Workers in the service industry (21.6%), without a degree (19.1%) and administrative assistants (16.7%) had the highest unemployment rates** making up more than half of all unemployment (57.5%).
- The unemployment rate is down in all groups year on year as compared to May 2013, with scientific and technical workers, qualified workers, professional support technicians, machine operators and administrative assistants showing the most pronounced year-on-year decrease in unemployment (-12.9, -11.9, -8.6, -8.1, and -7.9%, respectively).

#### Unemployment by professional groups

May 2014

Economic activity (CGAE 2009)	Registered unemployment	(%) of total
TOTAL	102.784	100,0
Executives	3.472	3,4
Scientists/Technicians	12.037	11,7
Technicians/support personnel	12.449	12,1
Administrative assistants	17.210	16,7
Services	22.251	21,6
Agriculture/Fishing	513	0,5
Qualified workers	10.847	10,6
Machine operators	4.345	4,2
Unqualified workers	19.660	19,1

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Catalan Ministry for Enterprise and Employment.

## F. Labour market

### Registered unemployment by sector

- In May 2014, the year-on-year decrease in unemployment in most sectors, with a particularly significant drop in power and gas (-28%), government (-22%), construction (-16%), ICT (-15.7%), transport and storage (-12.3%) and other services and industrial manufacturing (-11.5 and -11.3%, respectively).
- The unemployment rate is up among those working as household personnel and in financial activities (+37.4 and +17.2%, respectively).

### Registered unemployment by economic sector

May 2014

Economic activity (CCAIE 2009)	Registered unemployment	(%) of total	Year-on-year variation (%)
TOTAL	102.784	100,00	-7,78
Agriculture, livestock and fishing	487	0,47	-4,51
Extraction industries	38	0,04	-19,15
Manufacturing industries	6.870	8,6	-11,27
Power and gas	177	0,17	-28,05
Water and waste	717	0,70	-3,37
Construction	9.998	9,73	-16,00
Retail and repairs	16.925	16,47	-6,46
Transport and storage	3.416	3,32	-12,32
Hotels	10.051	9,78	-2,51
Information and communications	3.662	3,56	-15,68
Financial and insurance	1.844	1,79	17,15
Real estate	1.106	1,08	-1,69
Business services	24.876	24,20	-7,85
Government	1.086	1,06	-22,09
Education	3.305	3,22	-10,17
Health and social services	4.906	4,77	-3,41
Arts and recreation	2.067	2,01	-8,06
Other services	3.729	3,63	-11,47
Personal household employees	1.668	1,61	37,37
Extraterritorial bodies	35	0,03	-10,26
No previous employment	3.831	3,73	0,55

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Catalan Ministry for Enterprise and Employment.





## F. Labour market

### Profile of unemployed in Barcelona

- The average unemployed worker in Barcelona as of May 2014 was a woman **over-45 with general education from the business services, retail, hotel or construction sectors.**
- By age range, unemployment among **over-45s** has stabilised for the first time in history and this group now makes up 50% of the city's employment.
- The unemployed **foreign population** fell 13.9% last year due to many returning to their home country.

### Profile registered unemployed in Barcelona

May 2014

	Number	% of total	Year-on-year variation (%)
<b>Total unemployed</b>	<b>102.784</b>	<b>-</b>	<b>-7,8</b>
<b>Foreigners:</b>	19.006	18,5	-13,9
<b>Gender:</b>			
Male	51.332	49,9	-9,1
Female	51.452	50,1	-6,5
<b>Age:</b>			
<25 years	4.970	4,8	-13,1
25-29 years	8.028	7,8	-17,0
30-45 years	38.189	37,2	-13,7
>45 years	51.597	50,2	-0,4
<b>Studies:</b>			
Primary or none	6.843	6,7	-8,8
General education	62.531	60,8	-6,9
Voc Ed-Technical	17.022	16,6	-8,2
University	16.388	15,9	-10,2
<b>Length</b>			
Up to 6 months	39.076	38,0	-14,6
6 to 12 months	18.339	17,8	-13,0
More than 12 month	45.369	44,1	1,8
<b>Unemployed (%):</b>	<b>53,87%</b>		<b>-2,23 p.p.</b>

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Catalan Ministry for Enterprise and Employment.





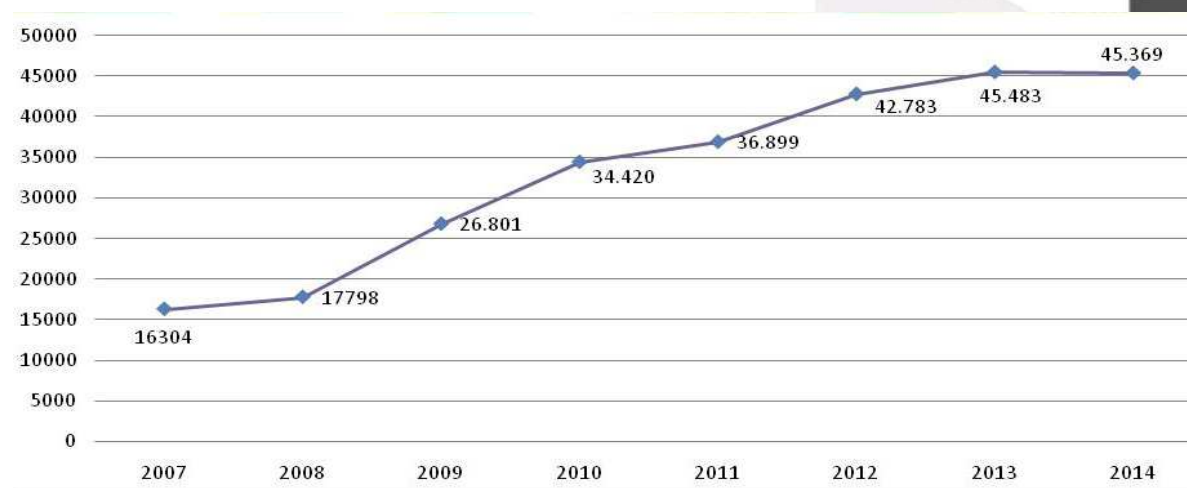
## F. Labour market

### Length of unemployment

#### The challenge of long-term unemployment

- The percentage of people receiving some sort of unemployment benefits or subsidy has fallen steadily in Barcelona since March 2010, and as of May 2014 was 53.9%. This evolution is related to the growing proportion of **long-term unemployment**, which now makes up 44.1% of the total.

#### Long-term unemployed\* in Barcelona



\*More than one year.

Note: figures from 2007 to 2013 are for December, 2014 from May.

Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Barcelona City Council Department of Statistics .



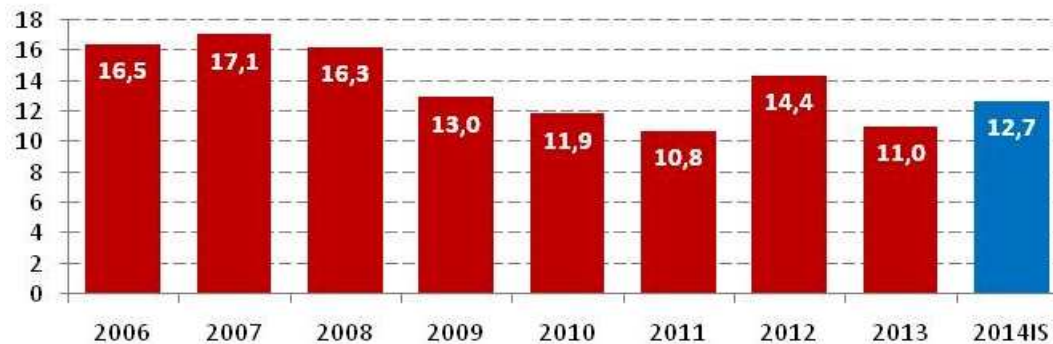
## F. Labour market

### Hiring

#### Permanent contracts

- The relative weight of **permanent contracts** evolved favourably in the first half of 2014, despite being far from the levels seen before the recession (approximately 17%).
- **The cumulative increase in permanent contracts year on year is higher in the city (+19.7%) than in Catalonia (17.9%) and Spain (15,2%), and the proportion of permanent contracts to all contracts remains higher in Barcelona and Catalonia (12.7% and 12.3%, respectively) than in Spain as a whole (8.4%).**

#### Proportion of permanent hires to total (%), 2006-2014



•Source: Compiled by the Barcelona City Council Area of Economy, Enterprise and Employment's Department of Studies based on data from the Barcelona City Council Department of Statistics and the INE.

## G. Proximity and social cohesion

### Retail and markets

#### Barcelona, among top 10 most attractive destinations in Europe to set up retail shops

##### Retail in Barcelona

	Retail (Q1 2014)	Year-on-year variation 13/14 (%)
Number of companies	15.841	0,3%
Jobs	138.407	-0,2%
<b>Municipal markets</b>		
Food		39
Special		4
Number of establishments		2.974
Total surface area		208.465 m <sup>2</sup>
Revenue*		22.658,00 €

\*Average sales per month per establishment. 2010.

Source: INSS and Barcelona City Council Department of Statistics.

#### Attractiveness of European cities for international retailers, 2012

Ranking	City	Global index
1	London	235
2	Paris	217
3	Moscow	196
4	Milan	174
5	Madrid	168
6	Rome	151
7	Munich	146
8	St. Petersburg	142
9	Prague	140
<b>10</b>	<b>Barcelona</b>	<b>138</b>

Source: Jones Lang LaSalle Cross Border Retailer Index, Destination Europe 2013.

- With 15,841 companies and 138,407 workers, **retail sales** is one of the most significant branches of Barcelona's economy, accounting for 22.5% of all companies and 14.7% of the workforce.
- Barcelona is **among the top 10 most attractive destinations in Europe** to set up a retail sales establishment according to the 2013 Jones Lang Lasalle ranking.



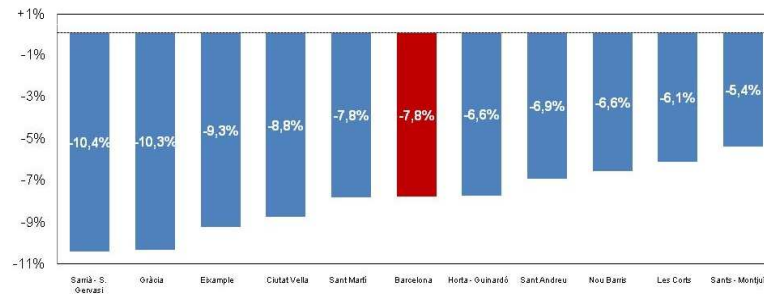
## G. Proximity and social cohesion

### Unemployment by district and neighbourhood

#### Registered unemployment fell in all districts over the past year

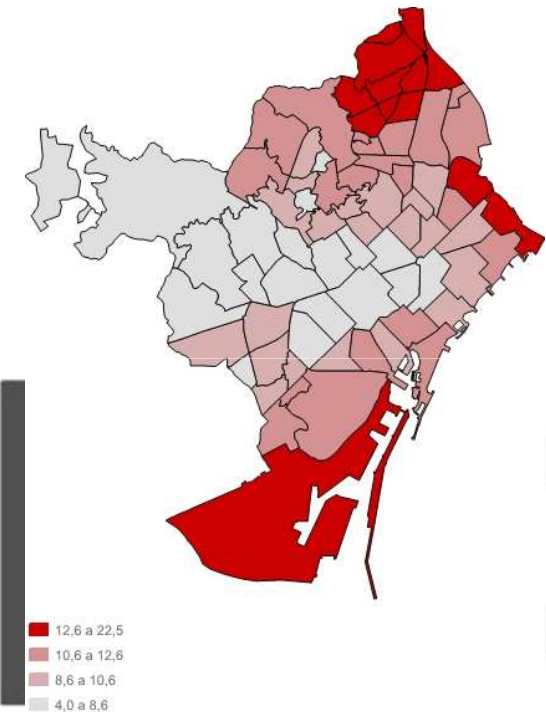
#### Variation in registered unemployment by district

May 2013-2014 %



#### Unemployment rate by neighborhood

May 2014 % employed /population 16-64 years old



- The registered unemployment rate in May 2014 was down year on year in all of the city's districts.
- There is a **negative correlation** between the average household income and the unemployment rate in the **city's neighbourhoods**, so the neighbourhoods with the highest average income also tend to have the lowest unemployment rate and vice versa.



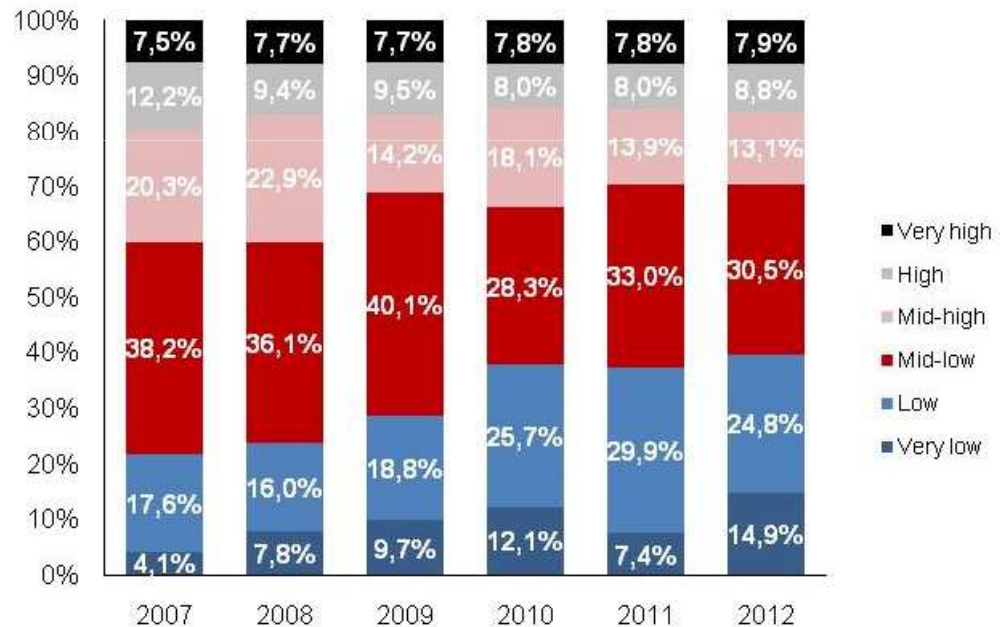
## G. Proximity and social cohesion

### Breakdown of per-capita gross household income

**The economic crisis has reduced the relative weight of the city's middle class**

- In Barcelona in 2012, most households fell into the middle class (43.6% of the total), although this was down 14.9% from 2007.
- With the economic crisis, the population can be seen moving to the lower-middle and lower income levels from the upper-middle class, which is progressively dwindling.

Population breakdown by DHI level  
2011-2012



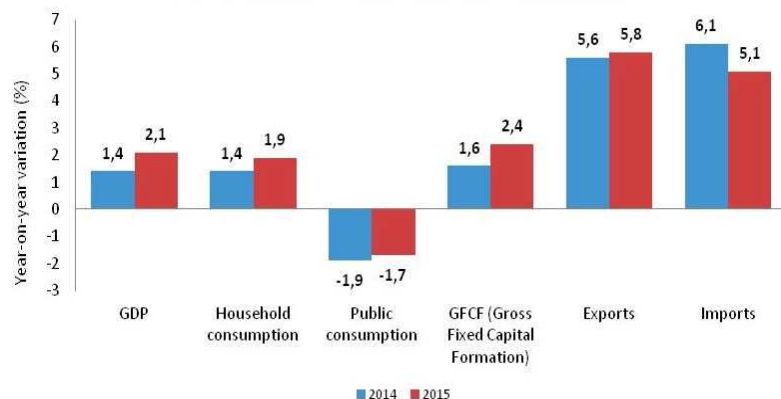
Source: Barcelona Economia, Technical Programming Area, Barcelona City Council.

## H. Forecast 2014-2015

### Recovery gains steam

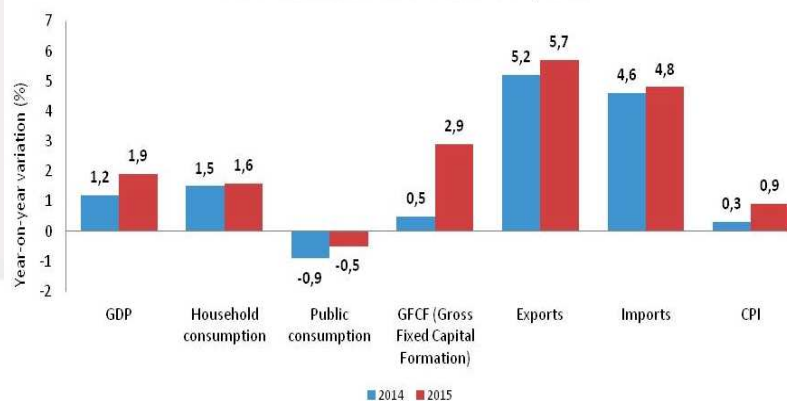
- **The economic perspectives for 2014 and 2015 are positive**, as the Catalan GDP is expected to grow roughly 1.4% to 2.1% per year, respectively, which is above the levels estimated for the Spanish GDP.
- This favourable overall evolution will be driven by **recovery of private consumption**, along with investment – after years of downward movement during the recession- and the **foreign-trade sector**.
- According to the experts, there is no longer a risk of deflation –with moderate increase in the CPI- and the labour market is expected to continue **net job creation**, although with only a **moderate decrease in the unemployment rate** in both Catalonia and Spain.

### Economic outlook for Catalonia



Source: Report on the economic situation of Catalonia by the Barcelona Chamber of Commerce (June 2014).

### Economic outlook for Spain



Note: Data based on consensus of forecasts from different institutions.  
Source: FUNCAS panel on the outlook of the Spanish economy (July 2014).



# 03

## **Economic / financial indicators for the City Council**



## Progressive improvement in indicators

### Financial / economic indicators for the Barcelona City Council

Budget indicators	2011	2012	2013	2014e	Var. 14e/13	Var. 13/12	Var. 12/11
Current revenue	1.884.171	2.235.491	2.357.271	2.423.065	2,8%	5,4%	18,6%
Current expenditure	1.788.380	1.807.697	1.889.764	1.899.831	0,5%	4,5%	1,1%
<b>Gross savings</b>	<b>95.791</b>	<b>427.794</b>	<b>467.507</b>	<b>523.234</b>	<b>11,9%</b>	<b>9,3%</b>	<b>346,6%</b>
% Gross savings w/o current revenue	5,1%	19,1%	19,8%	21,6%	8,9%	3,6%	276,4%
Non-financial revenue	1.996.670	2.261.079	2.384.936	2.446.544	2,6%	5,5%	13,2%
Non-financial expenditure	2.394.973	2.200.999	2.245.651	2.432.826	8,3%	2,0%	-8,1%
Capacity (Need) for Financing	-398.303	60.080	139.285	13.718			
% CNF w/o non-financial revenue	-19,9%	2,7%	5,8%	0,6%			
National Accounting Adjustment	-466.409	-57.559	-147.117				
<b>Debt level (as of 31/12)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>30/06/2014</b>	<b>Var. 14e/13</b>	<b>Var. 13/12</b>	<b>Var. 12/11</b>
Barcelona City Council	1.090.101	1.165.101	1.101.376	1.004.526	-8,8%	-5,5%	6,9%
% Debt w/o current revenue	57,9%	52,1%	46,7%	41,5%	-11,3%	-10,4%	-9,9%
Consolidated Debt according to Excessive Deficit Procedure (EDP) <sup>(1)</sup>	1.090.101	1.165.101	1.101.376	1.004.526	-8,8%	-5,5%	6,9%
Consolidated Debt according to Municipal Charter <sup>(2)</sup>	1.346.790	1.401.032	1.326.050	1.226.293	-7,5%	-5,4%	4,0%
(1) Includes Barcelona City Council (SEC 95 criteria)							
(2) Includes City Council, OQAA, EPEs and Trading Companies held in more than 50%							
<b>Credit ratings</b>	<b>sep.-12</b>	<b>mar.-13</b>	<b>nov.-13</b>	<b>Actual</b>	<b>Spain</b>		
Standard&Poor's (ICL)*	'aa'	'aa'	'aa'	'aa'			
Standard&Poor's	BBB+ (-)	BBB- (-)	BBB- (-)	BBB (st)	BBB (st)		
Fitch	BBB (-)	BBB (-)	BBB (st)	BBB+ (st)	BBB+ (st)		
Moody's	Being revised	Baa3 (-)	Baa3 (-)	Baa2 (+)	Baa2 (+)		

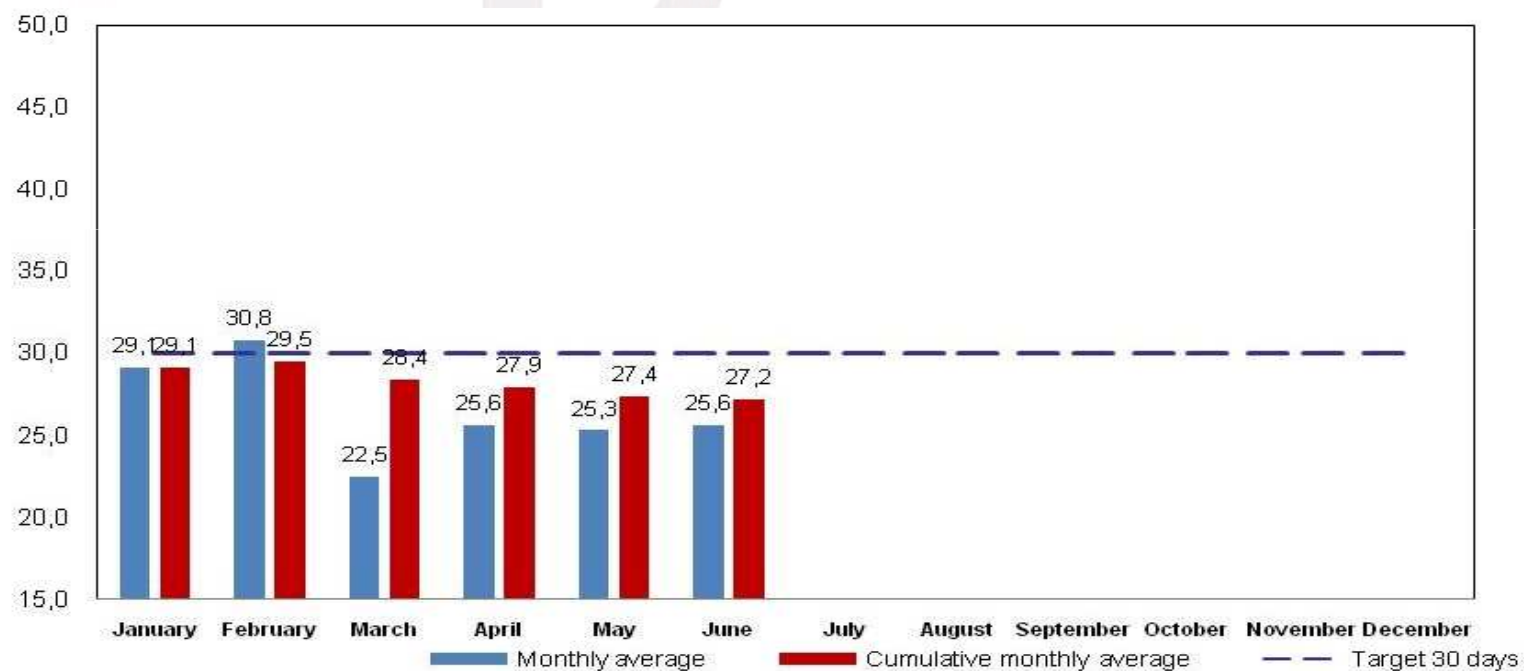
Note: (Perspective)

\* ICL: "Indicative Credit Level". Assesses the intrinsic creditworthiness of the City Council if it were not constrained by the sovereign credit rating.

Source: Barcelona City Council Directorate of Finance.

## Commitment to payment in 30 days maintained

### Average days to payment by numbers of documents, 2014



Source: Barcelona City Council Directorate of Finance.



Ajuntament  
de Barcelona

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