

Report on the economic situation of the City of Barcelona for the Commission of Economy and Finance

Barcelona City Council's Department of Employment,
Business and Tourism

Barcelona, April, 2016



Contents

1. Macroeconomic and situational analysis
 2. Barcelona's labour markets and social cohesion
 1. Social security members
 2. Rates of activity, employment and unemployment
 3. Registered unemployment
 4. Employment contracts
 5. Social cohesion
 3. The economy of Barcelona
 1. Businesses
 2. Commerce and Markets
 3. Tourism
 4. Research and innovation
 5. Mobile technology
 6. Green economy
 7. Foreign trade, foreign investment and international positioning
 8. Port and airport
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Executive summary

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- **The economies of Catalonia and Spain continue on their upward trend**, with Catalonia's GDP growth **up by 3.4% for the whole of 2015, the highest rate in nine years**. However, economic stakeholders' decisions are still conditioned by instability in the financial markets, fiscal adjustment and debt, and the most recent indicators show a slowdown and increased uncertainty at a level global.
 - The strong performance seen in 2015 including **domestic demand** indicators like retail sales rates, trends in **industrial activity** and an improvement in **business confidence** reflect the economic recovery in Catalonia and the Barcelona area, boosted by external factors such as a fall in oil prices and an quantitative easing measures set in place by the ECB.
 - Barcelona closed the fourth quarter of 2015 with 1,027,455 **Social Security members, a rise of 3.4% on 2014. This is the best annual performance since 2006**, meaning affiliate numbers stood at the same level seen in 2005. Moreover, the city had 87,760 registered unemployed in March 2016 and the unemployment rate stood at **13.3%** in the fourth quarter of 2015, with a significant annual decline in both indicators- while 2015 was **the best year in the data series in terms of the total volume of contracts**.
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Executive summary (2)

•However, the labour market continues to pose challenges such as the **reduction of the active population, the high levels of temporary and short contracts, youth unemployment, the weight of long-term unemployment**, with varying levels of intensity between neighbourhoods, or the **continued decline in the percentage of unemployed on no benefits**. The economic situation increases the **polarization of income levels between areas**, with a reduction in the weight of the average incomes and a significant increase in the weight of lower incomes.

•Barcelona has **170,197 companies as of 1st January 2015 and it is expanding its business fabric** for the first time since 2009 **(+1.6%)**. Barcelona has incorporated 7,707 business es in 2015, which is 486 more than in 2014, and this is the highest figure since 2008 with an annual increase of +6.7%. On the other hand, there are **more than 4,700** companies and initiatives from the social economy sector in Barcelona.

•The internationalization of the economy of Barcelona is certainly one of the main drivers of business activity. In 2015 exports from the Barcelona area exceeded **50,000 M€** (+6.1% annual) for the first time ever and this is a fifth of Spain's (20.0%) total. Moreover, Catalonia has attracted **more than € 4,700M€ in productive foreign investment, with an annual growth of +57.8%**.

•**The highlights of the sector analysis** for 2015 shows increases in the number of employees in **information and communications** -over 10% - hospitality, real estate activities and the arts and leisure and services for businesses (> 5% annual). Knowledge-intensive sectors account for 54.2% of the city's jobs and technology services represent 6%.



Executive summary 1/3

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- Data from 2015 continues to show improvements in economic activity. The Catalan economy grew **+3.4%, the rate highest in nine years**, and importantly it reached a GDP growth of + 3.9% in the fourth quarter, which indicates it is still in a growth phase.
 - Other indicators show the economy's strong performance in 2015. The **increase in retail sales continues, up +3.2%**, while the industrial production index (IPI) increased by 2.4% in Catalonia, and also industrial GVA increased by 3.4% for the year in the fourth quarter of 2015, although the usage rates of **productive capacity was still at 75% in the fourth quarter**, and the province of Barcelona reached a **record volume of exports (50,057 M€)**, and productive foreign investment in Catalonia increased by 57.8% and various reports and indicators locate the city of Barcelona in a very strong position in terms of attracting investment, global competitiveness, livability, cultural interaction and accessibility.
 - The main forecasts show **continuity in economic growth for 2016**, with continued trust in private consumption and investment growth, as well as a consolidation of exports. But there are uncertainties about the evolution of the world economy, the risk of further periods of deflation, **with household savings still 4.2 below values seen in 2009** and high levels of **precarious employment**, which may affect the forecasts of increased activity, as has been confirmed by the recent downgrade in forecasts by the IMF.



Executive summary 2/3

- The fourth quarter of 2015 registered the **best year-on change (+3.4%)** since 2006, with the **number of members paying into different types of Social Security** reaching **1,027,455**. The employment rate in Barcelona stood at 69.2% in the fourth quarter of 2015, the activity rate was 79.8% and **unemployment stood at 13.3%, a reduction of 3.1 points during the year. The youth unemployment rate**, although dropping 10.1 points, still stood at **24.9%** at the end of 2015.
- Of the **87,760 people registered** at SOC offices in Barcelona in March 2016, **52.2% are women** (-9.4% in a year), **52.2% are older than 45 years** (-7.18 % in one year) and **41.6% have been unemployed more than a year** (-14.5% in one year). Only 48.58% of unemployed people are women receiving benefits. The weight of the **long-term unemployment (>2 years)** in Barcelona has increased in recent years, reaching **26.6%** of the total with a volume of **23,309** people in March 2016.
- **927,498 contracts were signed in 2015** in Barcelona, of which only 123,231 are permanent contracts (13.3% of total). The best year since 2008 regarding permanent contracts, with an increase of +15%. Despite this trend, **39.7% of the contracts signed in Barcelona lasted a month or less, and 56.6% were for 6 months.**



Executive summary 3/3

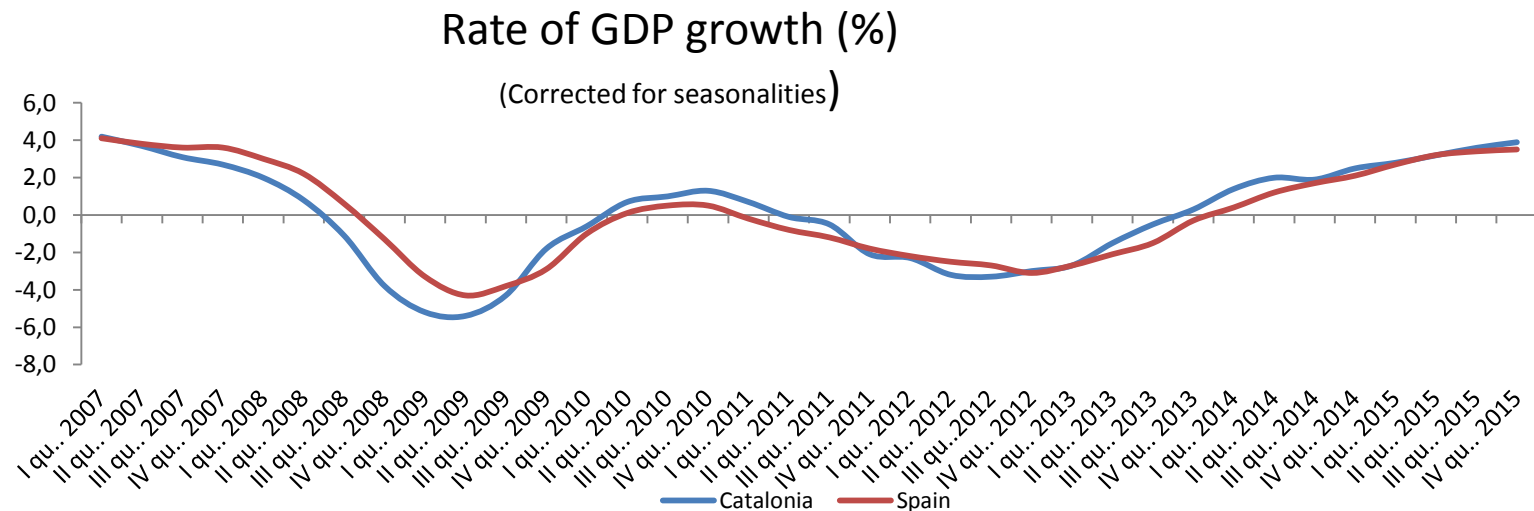
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- The data continues to show territorial inequality in Barcelona. In 2014, household disposable income per capita increased by 1.1% compared to 2013, and the index varied between 184.3 in Sarrià-Sant Gervasi and 53.7 in Nou Barris (BCN=100) and the **ratio between the value of the neighbourhood with highest income (Pedralbes) and that with least income (Trinity Nova) rises to 7.3. The majority of the population has average incomes (46.8% of total)**, although its weight has been reduced by 11.7 points since 2007; and low incomes have increased from 21.7% to 36.6% of the population, taking the place of average incomes.
 - Barcelona has **170,197 companies** as at 1st January 2015, **of which only 42.5% have employees**. The annual rise in the number of companies was **the first registered since 2009 (+1.6%)**. But the number of companies with employees decreased moderately (-0.6%). On the other hand, there are more than 4,700 companies and initiatives in the social economy sector in Barcelona.
 - **GDP at current market prices in Catalonia:** in 2000, € 122,056,805 €, in 2008, 209,004,722 € and in 2015 204,666,273. While GDP has not reached the levels seen just before the recession, the recent growth rates are closing in on it. **It is still 2% below the 2008 value.**
 - In terms of GDP per capita, the evolution is very similar: in 2000, € 19,383 / inhabitant, in 2008, € 28,332 / inhabitant and in 2015, € 27,663 / inhabitant. **It is still 2.3% below its 2008 value.**
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1.1. Macroeconomic and situational analysis

Catalonia's GDP trend is positive, but it is still below pre-recession rates

- The world economy grew by +3.1% during 2015 -the lowest rate since the recession of 2008- as a result of the slowdown of the Chinese and other emerging countries' economies, which has caused tension in the financial markets. Regarding advanced economies, the US economy grew by +2.5% and the European Union by a more modest pace (+1.9%), although it does show excessive fragility, as seen in the recent downward forecast by the International Monetary Fund (IMF).
- In Catalonia, economic activity improved gradually during 2015, reaching GDP growth of +3.9% in the fourth quarter, higher than the averages seen in Spain (+3.5%) and the EU (+2.0%). In 2015 the Catalan economy grew +3.4%, the highest rate in nine years, thanks to positive growth in the industrial sector (2.7%), construction (3.4%) and -especially- services (3.6%).

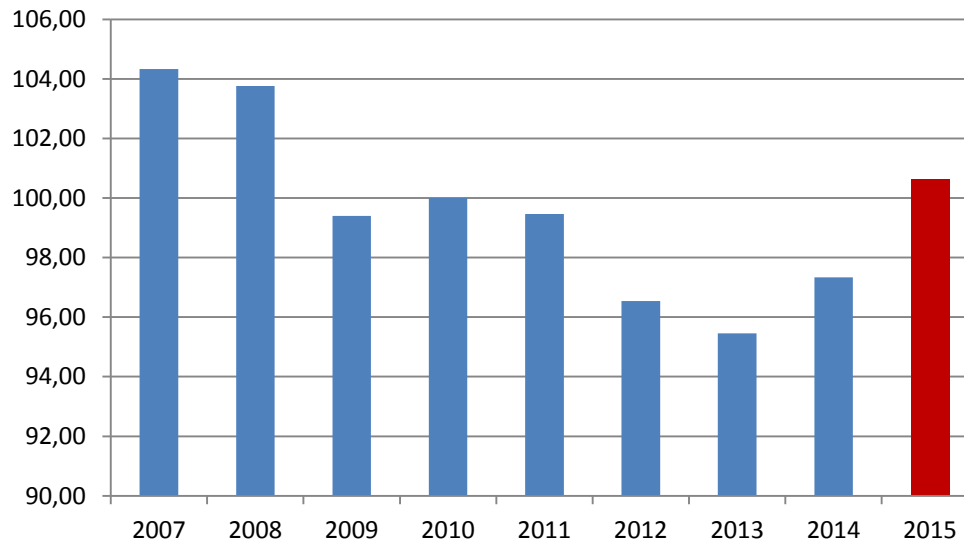


Source: Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from Idescat and INE.



1.1. Macroeconomic and situational analysis (2)

Catalan GDP 2007-2015
(Constant prices, index base 2010 = 100)



'Source: Idescat, Annual economic accounts for Catalonia. Base 2010 March 2016.

- After the positive developments seen in 2014 and 2015, Catalonia's GDP –measured in constant prices- is below the levels seen in 2007 and 2008.
- In 2014, Catalonia's GDP per capita was 15% above the EU average, while in 2007 this figure stood at 27%.

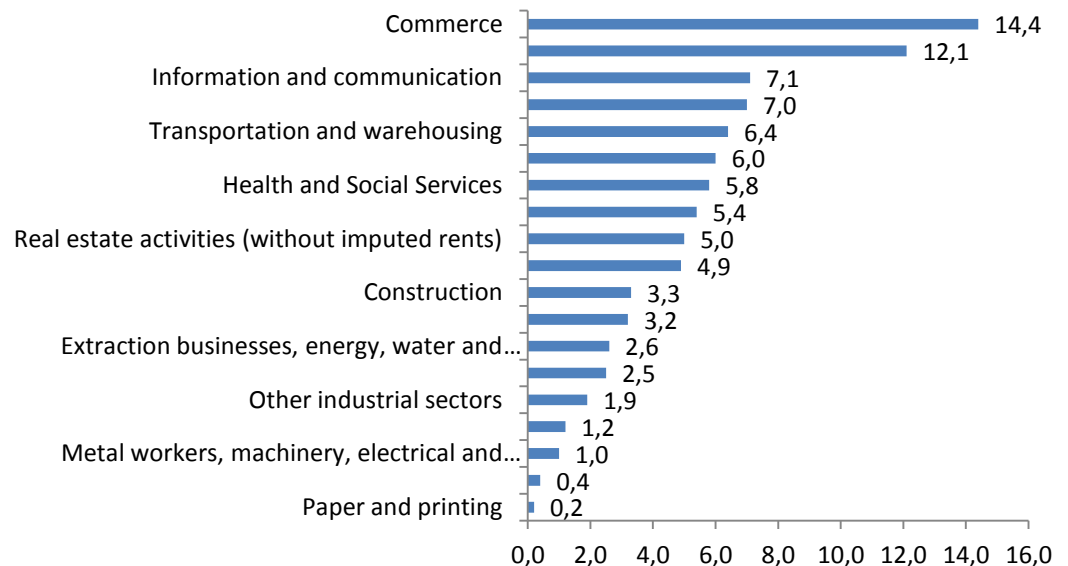


1.1. Macroeconomic and situational analysis (3)

A diversified economic structure

- In 2014 the distribution of gross value added according to classification of activity in Barcelona showed the importance of **commerce and repairs** (14.4% of total), **business services** (12.1%), **group education services, health and social services** (11.8% of total), **information and communications** (+ 7.1%) and **hospitality** (+ 7%).

GVA structure by sector for Barcelona's economy 2014 (% / Total)



Source: Technical Programming Office (2016). *Barcelona's Gross Domestic Product 2010-2014*, Barcelona City Council



1.1. Macroeconomic and situational analysis (4)

The ECB's expansionary measures, the restructuring of the financial system, and the relaxation of fiscal adjustment explain the economic improvement

- In March, the ECB developed its quantitative easing policy with the adoption of a **new package of monetary stimulus** measures that included a reduction of bank base rates to 0%, increasing the penalty on the money banks deposited at the central bank and a rise to € 80,000M monthly of asset purchases. In this context, the interest rate on new bank loans to households and SMEs continue a downward trend, and the Euribor has reached negative values.
- Despite the increase in new loans, the total **stock of credit at Depositary institutions** decreased by 5.8% year on year in Catalonia and in Spain by 3.2% in the third quarter of 2015 . The annual increase in credit in Spain is mainly destined **for industry (+ 1.1%), services (+ 3.2%) and consumer durables (+27.6%)**.
- In relation to fiscal consolidation, the Catalan Government and Spain's public administrations closed 2015 with a public **deficit of 2.7% and 5.2% in terms of GDP**, respectively, which implies a breach of the initial objectives set (-0.7% and -4.2% in Catalonia and in Spain, respectively).
- The increase in consumption during the year is due to a reduction in household savings, given that disposable income has hardly changed. The **savings rate of Spanish households** was 9.4% of disposable income in 2015, four points below that of 2009. The Banking sector's **bad debts** reached a value of 10.1% in December, the lowest level since July 2012.



1.2. Macroeconomic and situational analysis: Prices

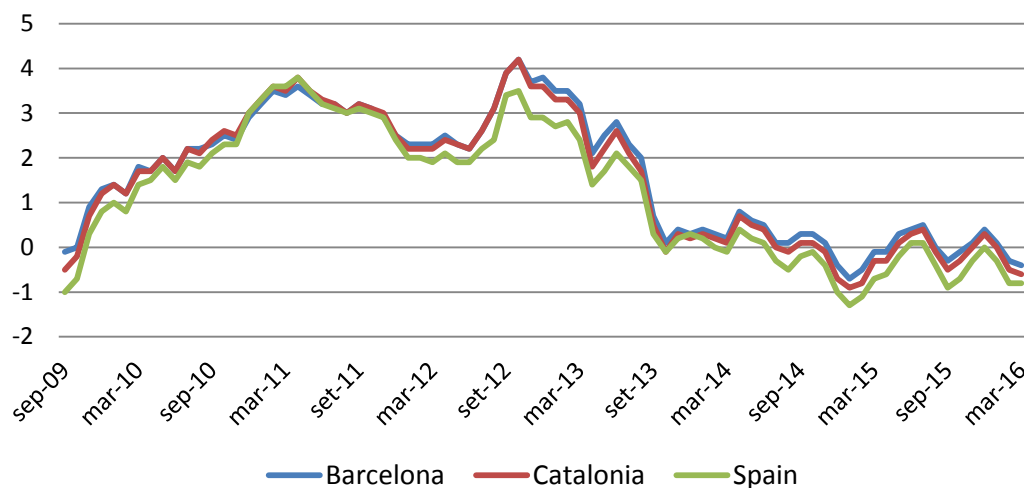
0% average annual inflation in 2015

CPI TREND BY COMPONENTS BARCELONA, March 016

	Var. Inter-annual
Food and non-alcoholic beverages	1,8
Alcoholic beverages and tobacco	0,2
Clothing and footwear	0,6
Housing	-4,3
Household	1,3
Medicine	-0,2
Transport	-5,4
Communications	2,7
Recreation and culture	0,3
Education	1,2
Hotels, cafes and restaurants	1,7
Other goods and services	1,9
General	-0,4

Source: Barcelona City Council's Department of Employment,
Business and Tourism Studies based on data from INE

Year-on change in the CPI by geographical areas (%)



•Within a framework of general deflation, we see very different behaviours depending on components, with inter-annual variations ranging between -5.4% in transportation to +2.7% in communications. Thus, the perception of price stability does not always exist, when food rose 1.8%, and 1.2% in Education.

•In March the annual variation of the consumer price index (CPI) stood at 0.4% in the province of Barcelona, slightly higher than the rate in Catalonia (-0.6%) and Spain (- 0.8%). The average annual inflation in 2015 of the region was 0%, 0.3 points below that of 2014.

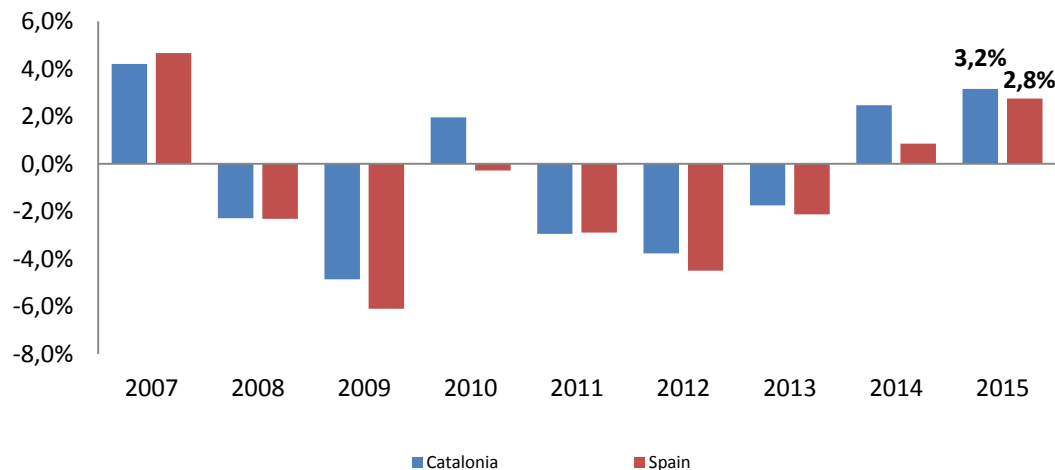


1.3. Macroeconomic and situational analysis: Internal Demand

Continued recovery in household consumption indicators

- **The retail sales trend in Catalonia** was positive throughout 2015, with an inter-annual variation (+3.2%) that was higher than Spain's (+2.8%). The increase in employment and the reduction of household savings, a moderation in inflation -which remains at historic lows-, and improving consumer confidence have encouraged household consumption.
- **Vehicle registration** in Barcelona saw an annual increase of +14.1% in 2015, similar to 2014's rate (+14.7%) -and it shows a clear expansionary trend in Catalonia (+24.6%) and Spain (+23.9%).

General index of retail sales * change (%)



*Constant prices
Source: Idescat



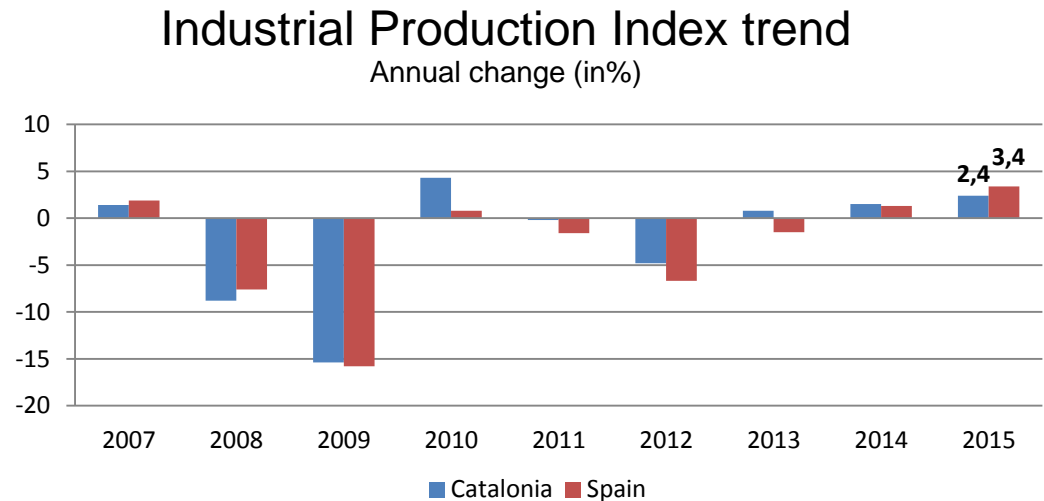
1.4. Macroeconomic and situational analysis: Industrial Activity

Slow recovery in industrial production

- The Industrial Production Index (IPI) trend for the year 2015 shows an increase of +2.4% in Catalonia, which strengthens the positive trend seen the previous year and shows this region is more dynamic than the Euro zone although not as strong as that recorded in Spain (+3.4%). Industrial production in Catalonia in 2015 stood at 12.5% below 2008's rate.

- The industrial GVA has been rising since 2014 and grew at an inter-annual rate of +3.4% in the fourth quarter of 2015. Investment in capital goods grew by an inter-annual rate of +4.6% in the fourth quarter.

- Although production capacity utilisation is increasing, it still stands at very low percentages, 75% in the fourth quarter.



Source: Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from INE.



1.5. Macroeconomic and situational analysis: Business climate

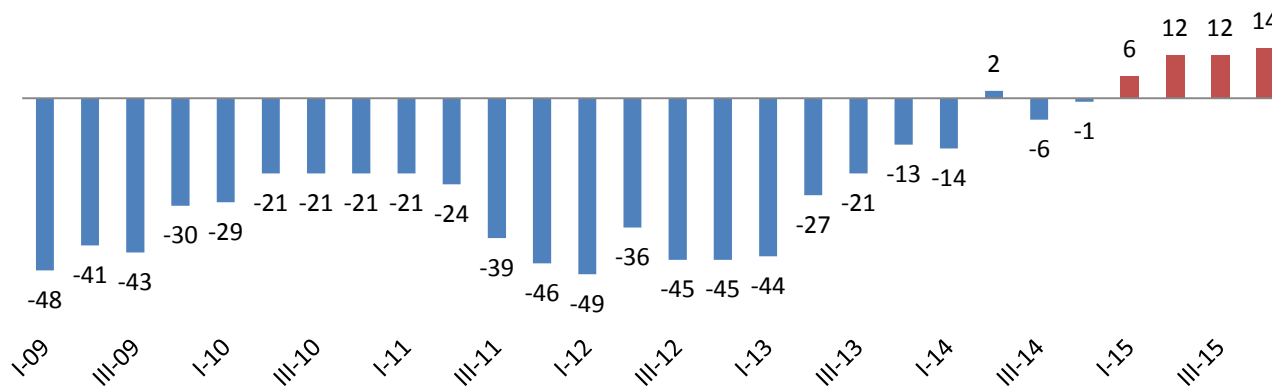
Slight recovery in the business climate in the AMB

• Business performance in the Metropolitan Area of Barcelona (AMB) has been positive in all the quarters of 2015 and it improved slightly compared to the previous year, and in the fourth quarter it registered **the highest positive balance since the beginning of the data series** (Q1 2009). Business performance in Catalonia also improved in 2015, although over the whole year it was more positive in the AMB.

• All sectors **analyzed in the survey reported an improvement in business performance** in the fourth quarter of 2015 compared to the same quarter of 2014, which highlights the improvement in economic activity at the moment.

Quarterly business performance trend in the AMB

(Balance in %)



Source: Barcelona Chamber of Commerce and Idescat.



1.6. Macroeconomic and situational analysis: Real estate market

Greater dynamism in the housing market

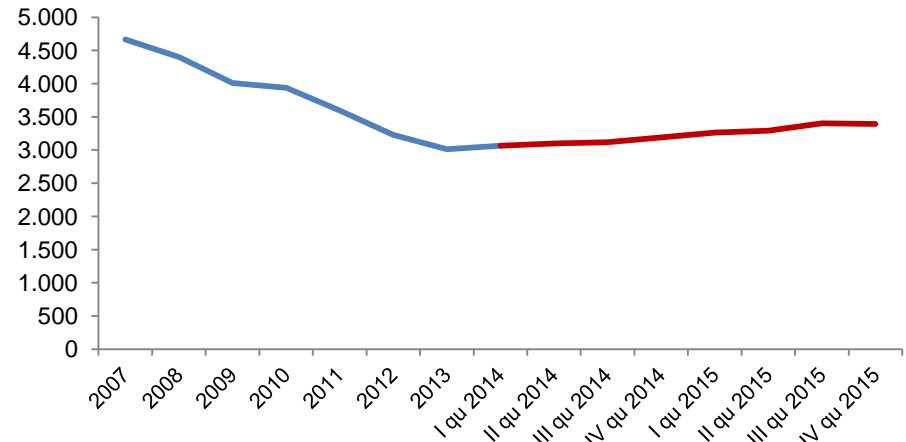
- **Housing sales in Barcelona** stood at nearly 12,000 transactions in 2015 after a year-on increase of +14.3% with an increase of 16.2% in second-hand market transactions.
- House prices rose moderately again: the purchase price of second-hand houses in the city stood at **€3,392 /m2 in December 2015, a rise of +6.4%** on the same month in 2014.
- The number of **new house builds** started in 2015 stood at 1,408 in the city of Barcelona.

Housing sales pices 2015

	2015			Variation 2015/2014 (%)		
	Total	New	2nd hand	Total	New	2nd hand
BCN city	11,944	1,211	10,733	14.34	0.00	16.22
BCN province	36,950	5,537	31,413	20.64	-19.57	32.29
Catalonia	54,571	8,581	45,990	15.83	-29.82	31.83
Spain	354,132	77,865	276,267	10.88	-34.81	38.17

Source: Barcelona City Council's Department of Employment, Business and Tourism
Studies based on data from INE.

Price (€/m2) second hand housing in Barcelona



Source: Barcelona City Council's Department of Employment, Business and Tourism
Studies with data from the Department of Statistics.

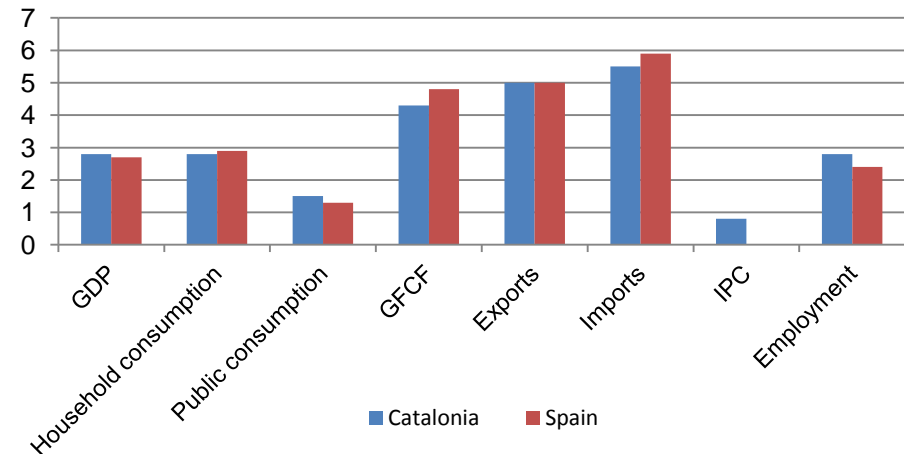


1.7. Macroeconomic and situational analysis: Forecasts 2016

Global uncertainty is conditioning the recovery in activity

- The economic prospects for 2016 are positive, according to recent activity forecasts, with a strong performance that would put **Catalonia's GDP growth at around +2.8%**.
- This trend will be driven by a **recovery in private consumption and investment**, as well as exports.
- The labour market is expected to continue to **create net job creation**, making a significant reduction in the unemployment rate in Catalonia and Spain as a whole possible, although with precarious contract conditions.
- However, the **slowdown in global activity** and the volatility of the stock and financial markets, are signs of weakness and this has led the International Monetary Fund to **revise its macroeconomic forecasts down** recently and this should be followed closely over the coming months.

Economic forecasts for 2016



Note: Annual variation in %

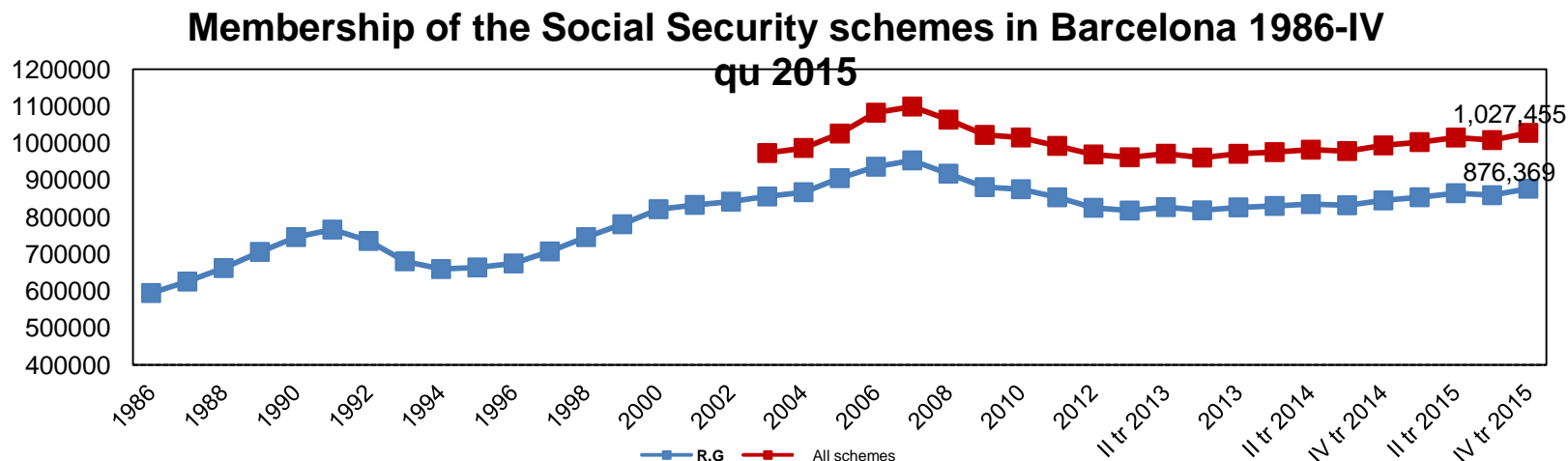
Source: Chamber of Commerce Quarterly Report on the Situation of Catalonia. January 2016 and FUNCAS, Panel estimates for the Spanish economy. March 2016.



2.1. Labour market: Jobs

In 2015 Barcelona consolidates its million Social Security members and records the highest level of annual job creation since before the recession

- Barcelona closed the fourth quarter of 2015 with 1,027,455 members paying into different Social Security schemes -33,943 more than the year previous-, which is the best year year-on change (+ 3.4%) since 2006. The city closed the four quarters of the year with over a million social security members, while the number of jobs in Barcelona continues at a similar level to that seen in 2005 but considerably different (70,000 employees) to the nearly 1.1 million recorded in 2007.
- The annual increase in social security registrations in Barcelona (+ 3.4%) is slightly lower than that seen in Catalonia (+3.6%) and higher than Spain's (+3.2%), which shows the slow recovery in employment in these three geographical areas seen since late 2013.



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies from data from INSS.

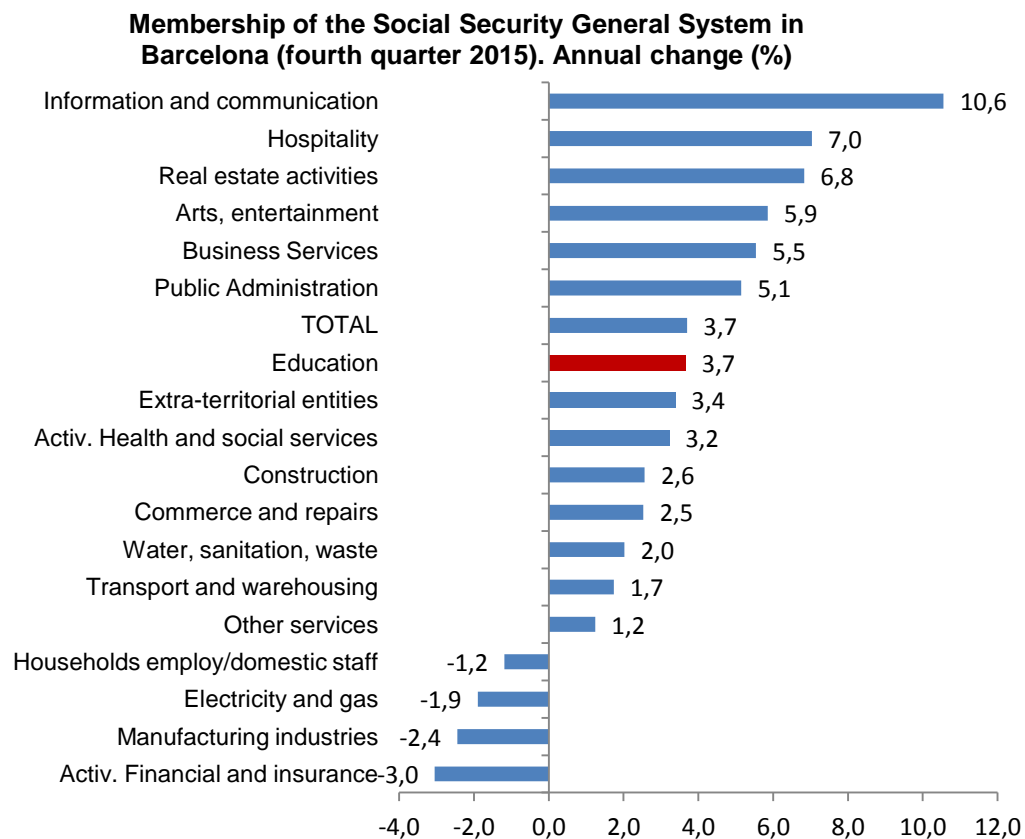


2.1. Labour market (2): Wage earners by economic sector

Strong employment performance in information and communications, hospitality, real estate activities, and artistic and recreational activities throughout 2015

- Importantly in 2015 there was an increase in the number of salaried employees in the information and communications sector (+10.6%), hotels (+7.0%), real estate activities (+6.8%) and artistic activities and recreation (+5.9%), while services to business and public administration increases to over 5% and in education, health, construction, water, sanitation and waste and commerce increases were between 2% and 4%.

- However, jobs were lost in insurance and financial activities (-3%), manufacturing (-2.4%) and electricity and gas (-1.9%).



Source: Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Centre for Business and Employment of the Generalitat of Catalonia.



2.2. Labor market: Activity rates, employment and unemployment

The unemployment rate stood at 13.3%

•The **employment rate in Barcelona stands at 69.2%** in the fourth quarter of 2015 and remains above the European average after increasing slightly (+1.6 points) compared to the previous year. However, **the city lost jobs compared to the previous year**, despite the activity rate (79.8%) being higher than the average in Catalonia, Spain and EU.

•Barcelona recorded an **unemployment rate of 13.3%** in the fourth quarter of 2015, a lower rate -by 4.6 and 7.7 points, respectively – than the averages of Catalonia (17.9%) and Spain (21.0%) and closer to the EU level (9.1%) than in the Spanish rate. This indicator decreased by 3.1 points in the city last year.

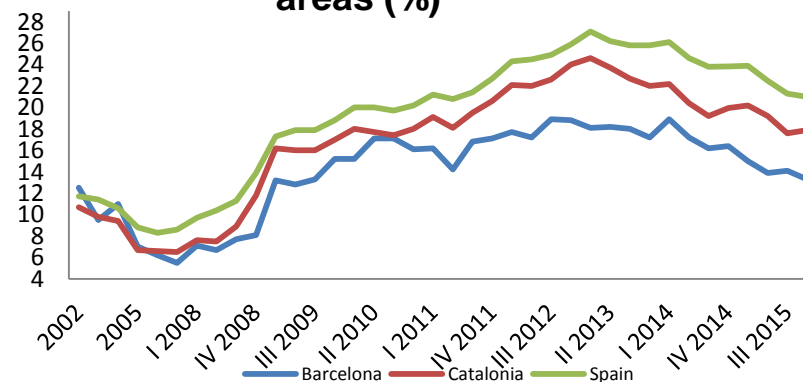
•There continues to be high rates of **unemployment among young people**, although the rate of youth unemployment in the city during the fourth quarter of 2015 (24.9%) is lower by 14.1 and 21.3 percentage points than those in Catalonia and Spain (39% and 46.2%, respectively) and it has decreased by 10.1 points compared to a year ago.

Rates of activity, employment and unemployment IV quarter 2015 (% population 16-64 years)

	Activity Rate	Employment Rate	Unemployment Rate
Barcelona	79.8	69.2	13.3
Catalonia	78.7	64.7	17.9
Spain	75.4	59.5	21.0
European Union 28	72.7	66.1	9.1

•Data for the third quarter of 2015

Unemployment trend by territorial areas (%)



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Survey on the Active Population (EPA).



2.3. Labour market: Registered unemployment in Barcelona

Registered unemployment in the city continues to fall

•Barcelona ended March 2016 with **87,760 people registered as unemployed** at SOC offices -the lowest figure since February 2009- after experiencing an annual decline of 12%

•**More than half (52.2%) of all unemployed people in Barcelona are over 45 years old** and 41.6% have been unemployed for more than a year. Registered unemployment has dropped in annual terms for all age groups.

•The foreign resident population's unemployment **reduced by -11.5% last year** as many people returned to their countries of origin

•Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Council's Department of Statistics.

PROFILE OF REGISTERED UNEMPLOYMENT IN BARCELONA March 2016

	Name	% over Total	Annual variation (%)
Total unemployed	87,760	-	-12,0
Sex:			
Men	41,949	47.8	-14.7
Women	45,811	52.2	-9.4
Age			
<25 years	4,604	5.2	-9.7
25-29 years	7,014	8.0	-11.6
30-45 years	30,305	34.5	-16.3
>45 years	45,837	52.2	-9.3
Studies:			
Primary or not finished	5,547	6.3	-15.6
General education	53,956	61.5	-11.6
FP-Technical	14,520	16.5	-12.5
University	13,737	15.7	-11.5
Length:			
To 6 months	38,383	43.7	-10.6
From 6 to 12 months	12,893	14.7	-9.1
More than 12 months	36,484	41.6	-14.5
Foreigners	15,744	17.9	-11.5
Receiving dole payments	48.58%		-2.11 p.p.

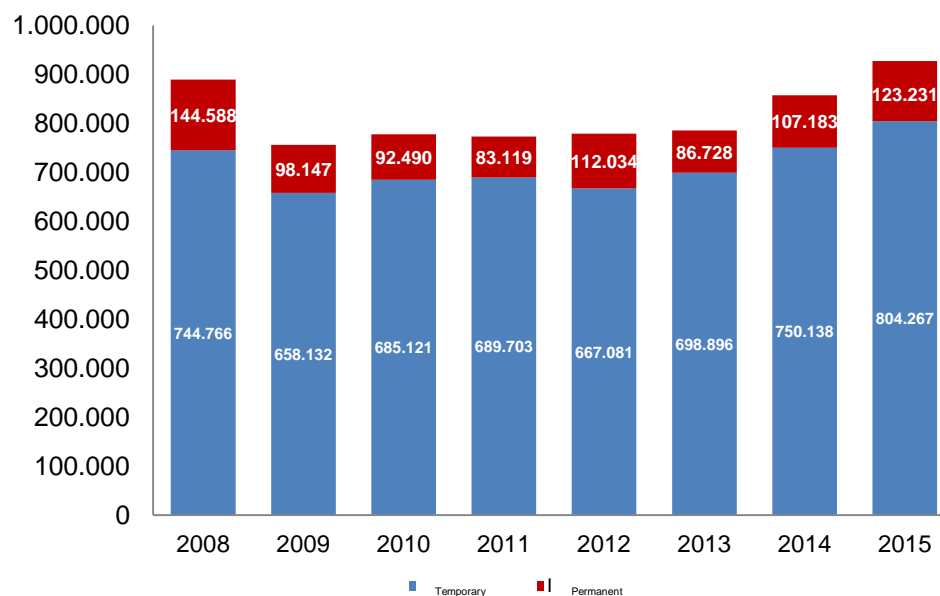


2.4 . Job market: new contracts signed (1)

The number of permanent contracts recover

- **927,498 contracts were signed in 2015 in Barcelona**, of which 123,231 are permanent (13.3% of total) and 804,267 temporary (86.7%).
- Thus, the **city ended with its best year since 2008 in terms of permanent contracts**, with an increase of +15%. However, the number of permanent contracts is still below the number registered in 2008.
- New contracts in the first quarter of 2016 in Barcelona **totalled 228,607**, representing an increase of +4.4% compared to the same period in 2015 and the **highest number seen in the first quarter in the last three years**.

*Accumulated contracts signed in Barcelona. 2008-2015



*Number of contracts signed

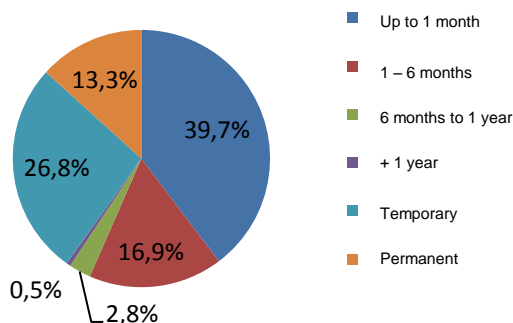
Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Observatory of Business and Employment of the Generalitat of Catalonia.



2.4. Job market: new contracts signed (2)

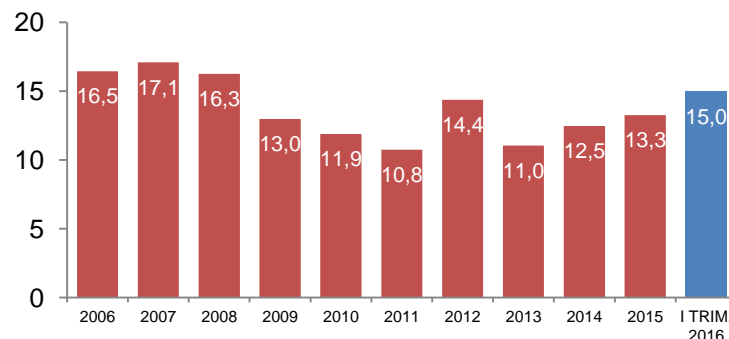
Characteristics of new contracts in Barcelona

Length of the contracts signed in Barcelona in 2015 (% o/total)



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism
Studies based on data from the Observatory of Business and Employment of the Generalitat of Catalonia.

Weight of permanent contracts over total (%) 2006 - 2016 1 QU



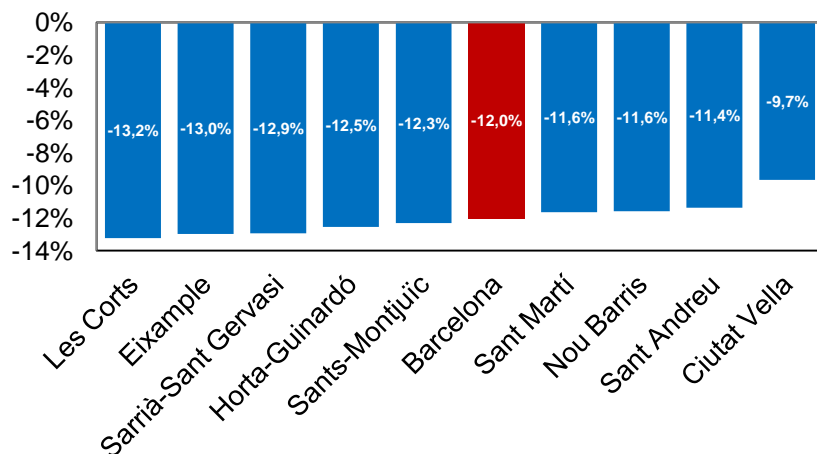
- New hires in Barcelona are still characterized by a high degree of temporary and short term contracts. Thus, **in 2015, 39.7% of all the contracts signed in Barcelona lasted a month or less**, and 56.6% were for 6 months.
- **15% of the contracts signed in the city in the first quarter of 2016 are permanent**, which represents a slight increase for the year and higher than the rate for Catalonia (14.1%) and Spain (9.7%), but still 2.1 percentage points away from the average in 2007 (17.1%), which marked the highest rate in the data series.



2.5. Social cohesion: Unemployment per district

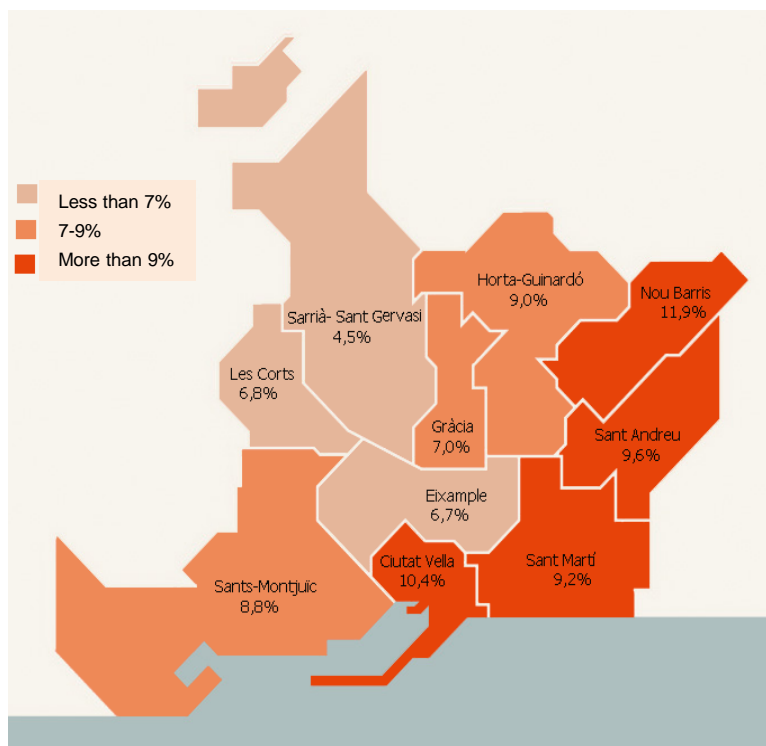
Registered unemployment continues to fall across all districts, but unevenly

ANNUAL CHANGE IN REGISTERED UNEMPLOYMENT PER DISTRICT
March 2015-16 (%)



- In March, the percentage of unemployed compared to the population of working age in Barcelona was 8.4%. The districts with a ratio below the average are St.Gervasi-Sarrià, Eixample, Gràcia and Les Corts, with values ranging between 4.5% for St. Gervasi-Sarria and 7.1% Les Corts. By contrast, Sants-Montjuïc, Sant Martí, Horta-Guinardó, Sant Andreu, Nou Barris and Ciutat Vella are above the city average, with the latter's rate 2.6 times higher than that of Sarrià- St.Gervasi.

Unemployment registered over the population 16-64, March 2016



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Council's Department of Statistics.

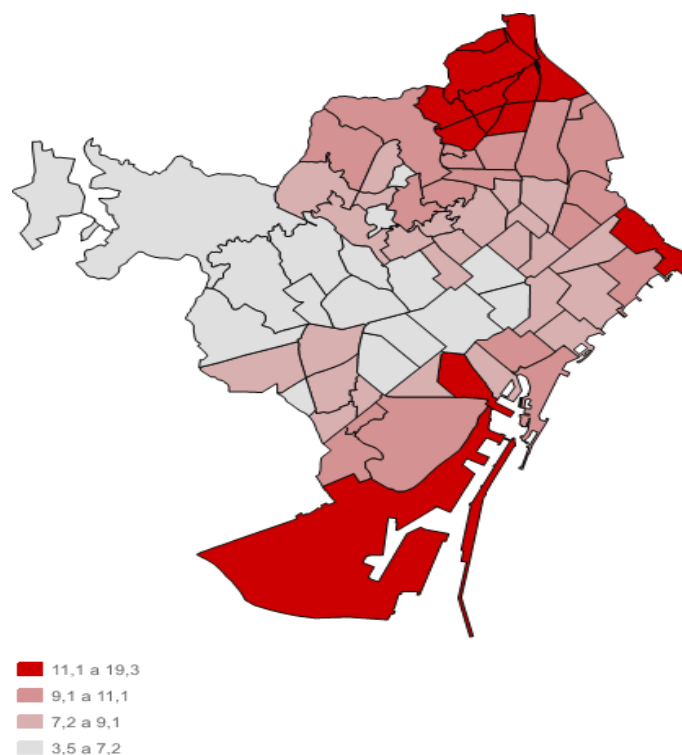


2.5. Social cohesion: Unemployment by neighbourhoods

Most of the neighbourhoods with the highest rates of adult population unemployed belong to Nou Barris

- Seven of the ten districts with the highest percentage of unemployed people aged 16 to 64 years - Ciutat Meridiana, la Trinitat Nova, Vallbona, la Guineueta, Canyelles, Torre Baró and Verdun- belong to the Nou Barris district, the most affected by unemployment.
- In contrast, among the 10 neighbourhoods with the lowest percentage of unemployment amongst the active population, six belong to Sarrià - Sant Gervasi.
- In absolute terms, the neighbourhood with most unemployment is the Raval, with 3,928 people registered at SOC offices in March 2016, followed by Sant Andreu with 3393.

% Adult population unemployed



Source: Department of Statistics Barcelona City Council



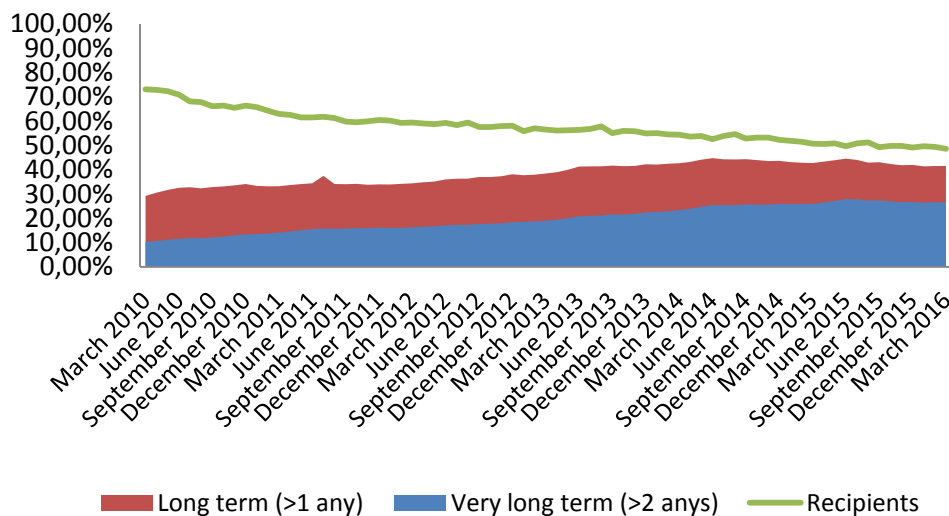
2.5. Social cohesion: the challenge of long-term unemployment

The percentage of those unemployed receiving benefits is below 50%

- The percentage of those unemployed receiving benefits has fallen since 2010 and in March 2016 the rate stood at **48.6% (24.5 points less than March of 2010)**, while the long-term unemployed represents **41.6% of all** unemployment registered in the city.

- The weight of long-term unemployment (> 2 years) in Barcelona has increased in recent years, reaching **26.6% of the total of 23 309 people in March 2016**.

Long-term unemployed and recipients of unemployment benefit in Barcelona 2010-2016 (% / total)



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Observatory of Business and Employment of the Generalitat of Catalonia.

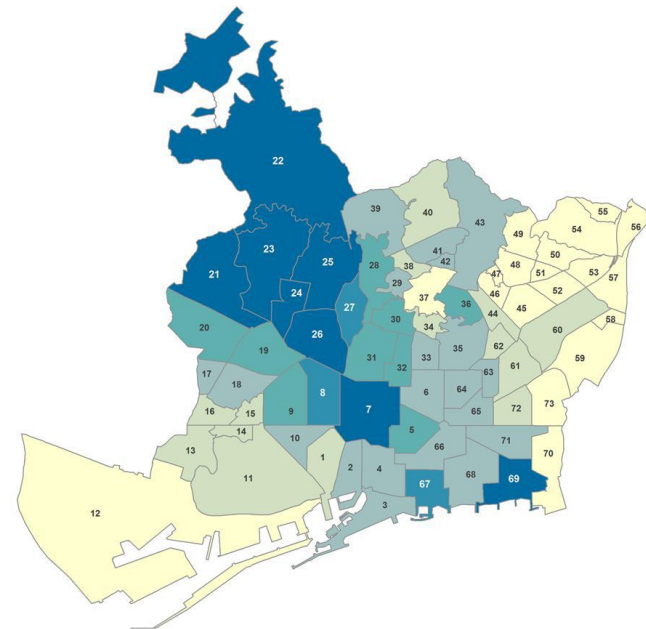


2.5. Social cohesion: Income distribution

The polarization between areas in the distribution of income gets wider

- In 2014, the household disposable income per capita index in Barcelona varied between 184.3 Sarrià- Sant Gervasi and 53.7 Nou Barris (with BCN = 100).
- Its value increased by +1.1% compared to 2013, in contrast to the downward trend seen in previous years.
- The recession has tended to widen across regions. Thus, the ratio of higher income neighbourhoods (Pedralbes) and lowest income neighbourhoods (Trinitat Nova) rises to 7.3 while in 2008 this ratio stood at 4.3 (with Tres Torres and Baró de Viver as the maximum and minimum, respectively).

Per capita disposable household income in neighbourhoods in 2014 (average = 100 BCN)



Source: Technical Department of Programming (2015), 'Regional distribution of household disposable income per capita in Barcelona (2014)', Barcelona City Council.

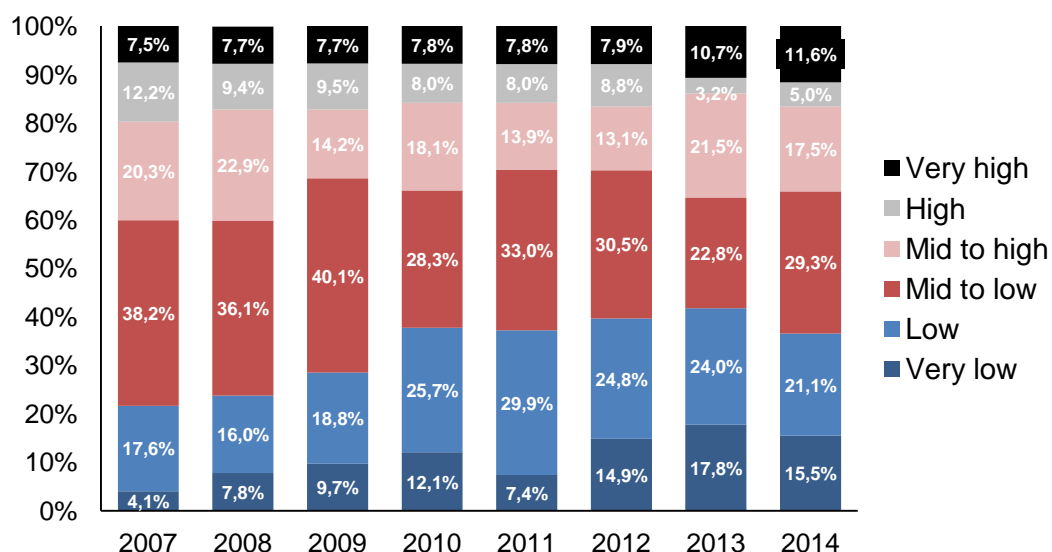


2.5. Social cohesion: Income distribution (2)

The economic recession reduced the weight of average incomes in the city and increased the weight of low incomes

- In Barcelona in 2014 average incomes represented the main weight of incomes (46.8% of total), although its relevance has been reduced by 11.7 pp. since 2007.
- Between 2007 and 2014 **low incomes** have increased from 21.7% to 36.6% of the population, taking the place of average incomes.

Population distribution by level of RFD (2007-2014)



Source: *Barcelona Economia* by the Technical Department of Programming, Barcelona City Council.



3.1. Barcelona's economy: Business

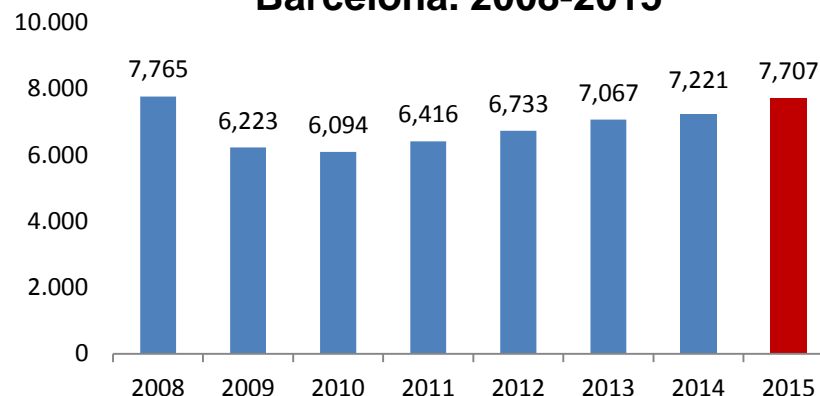
The incorporation of businesses reaches highest number since 2008

- In Barcelona in 2015 , there have been **7,707 new incorporations** of businesses -486 more than 2014-, which is the highest figure since 2008 and an annual increase of + 6.7%.

- Numbers for the province show **15,276 new companies representing an increase (+ 8.6%)**, and higher than Catalonia (+ 6.9%) and Spain (+ 0.5%).

- Barcelona's ratio of businesses created per 1,000 inhabitants is the highest of any of the major urban areas in Spain (4.8). **Commerce accounts for over 16% of new company registrations** in the Trading Register of Barcelona in 2015, which, along with business services (14.3%), make up more than 30% of all the incorporations in the city.

Company incorporations in Barcelona. 2008-2015



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from the Council's Department of Statistics.



3.1. Barcelona's economy: Business (2)

The city stabilizes its business structure

- Barcelona has 170,197 companies as at 1st January 2015, of which 72,314 have salaried employees and 97,883 have no employees. The city accounts for 29.1% of companies in Catalonia and 5.3% in Spain.

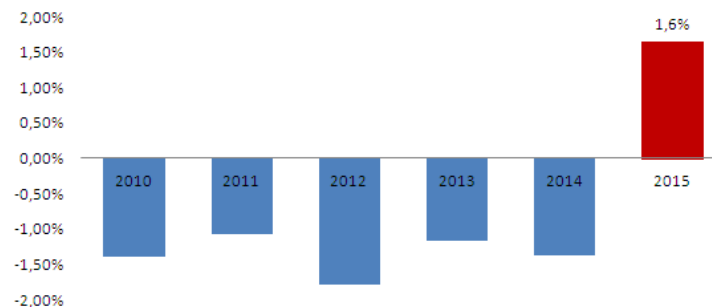
- Barcelona lost more than 400 companies with employees (-0.6%) in the past year, but recorded its first annual increase in the total number of companies since 2009 (+1.6%).

Number of companies by area

	JAN 2015			VARIATION 2014/2015		
	With employees	No employees	TOTAL	With employees	No employees	TOTAL
Barcelona	72,314	97,883	170,197	-0.6%	3.4%	1.6%
Province	187,339	253,780	441,119	-0.8%	3.2%	1.4%
Catalonia	254,426	329,943	584,369	-1.1%	3.3%	1.4%
Spain	1,432,876	1,754,002	3,186,878	-1.0%	4.9%	2.2%

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on DIRCE data provided by from the Council's Department of Statistics.

Number of companies in Barcelona Annual variation %. 2010 - 2015

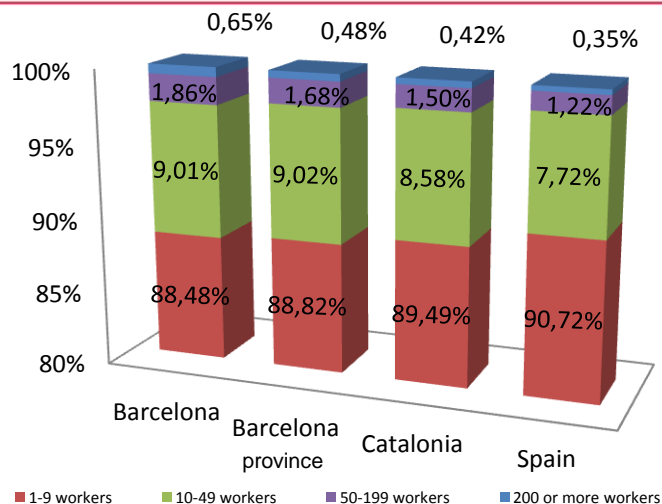


Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data from INE company registration

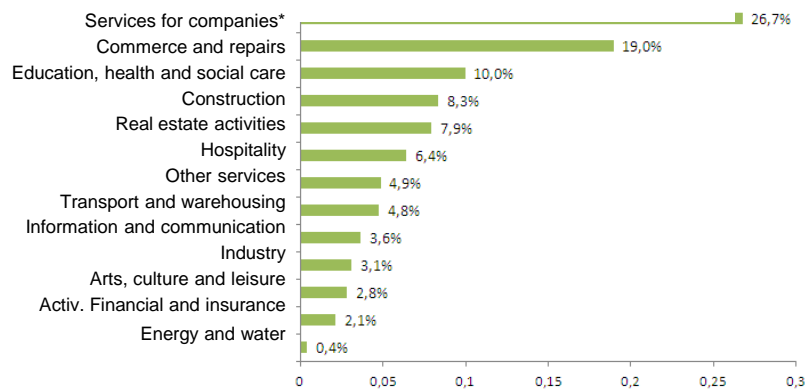


3.1. Barcelona's economy: Business (3)

Excessive weight of micro firms in the business structure



Companies per economic sector in Barcelona January 2015 (% total)



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on DIRCE data from INE's company registration.

• In terms of companies with employees, these are **clearly dominated by micro firms with 1 to 9 employees representing around 9 out of 10 head offices located in the city (88.5%). 9% of companies have between 10 and 49 employees**, while only 1.9% having between 50 and 199 employees and large companies with 200 and more employees represent 0.6% of the total.

• By sector, **services companies represent more than a quarter of all companies and commerce and repairs represent nearly a fifth of all Barcelona's businesses**, while collective services (education, health and social services) have a relative weighting of 10% of the total.



3.1. Barcelona's economy: Social and Solidarity

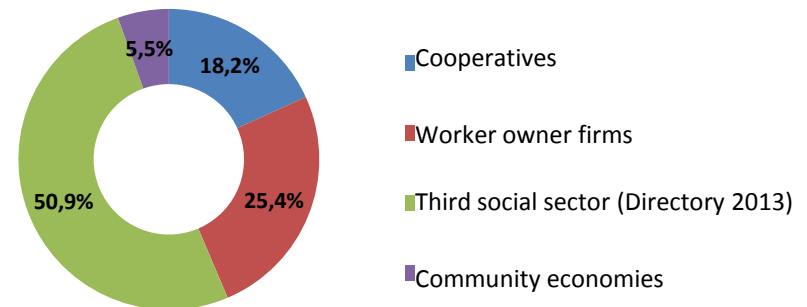
More than 4,700 companies and initiatives from the social economy in Barcelona

- The social economy is a response to the collective needs of cooperation, equality and self-management and it sets forth a social business side and new community formulas.

- The city has 861 cooperatives, 1,200 worker-owned companies, 2,400 third sector organizations and social economy initiatives- 260 time banks, representing 2.8% of all companies in Barcelona.

- The magnitude of these other economies in Barcelona is estimated to run to more than 53,000 people and more than 100,000 volunteers, more than 500,000 consumer members and 113,000 mutual members.

Companies, associations and initiatives of the social economy sector, Barcelona 2015



Source: The Social and Solidarity Economy in Barcelona. Barcelona City Council in 2015.



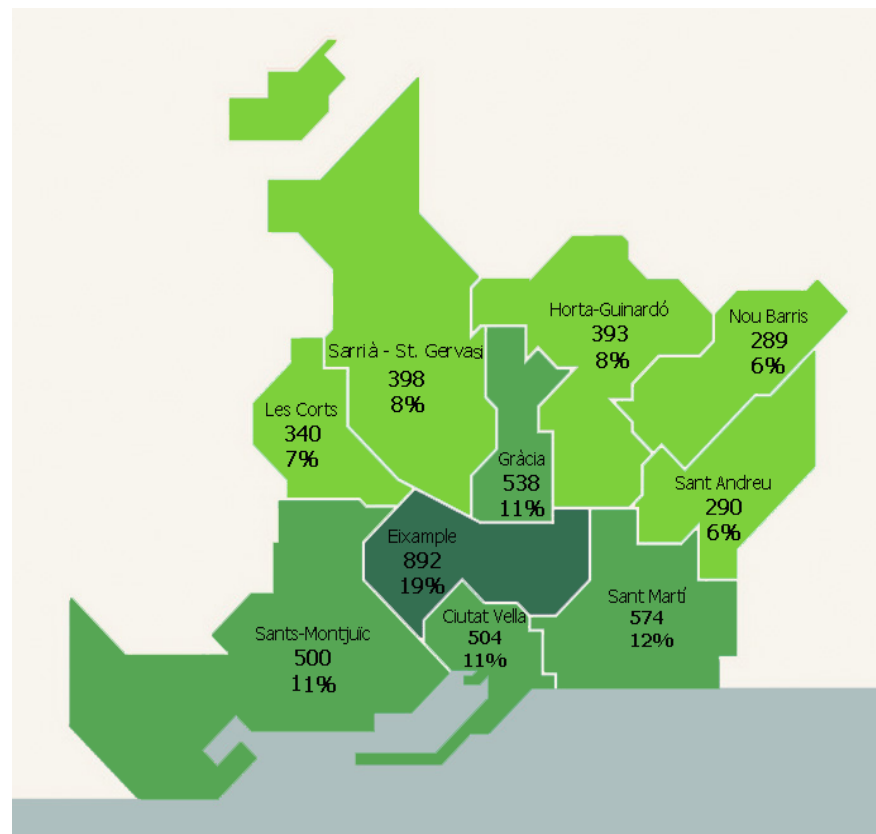
3.1. Barcelona's economy: Social and Solidarity

Specialization by area: Other economies in the Districts

- The Eixample has almost with 20% of social and solidarity companies and initiatives in the city, mainly in the commerce sector.

- Sant Martí, Gràcia, Ciutat Vella and Sants-Montjuïc have almost 11-12% each of the total. In Sant Martí there are a lot of worker-owned firms and cooperatives, in Gràcia community experiences, in Ciutat Vella there are Special Work Centres and Social Initiative Cooperatives and in Sants-Montjuïc there are examples of all the social and solidarity economy.

- The districts with less than 10% of the total are Sarrià-Sant Gervasi –importantly with agro-ecology companies-, Les Corts –with more third sector firms, Sant Andreu - production- and Nou Barris –coop-community management-.



Source: The Social and Solidarity Economy in Barcelona. Barcelona City Council in 2015.



3.2. Barcelona's economy: Commerce and Markets

Slow recovery of local commerce

With **16,225 companies and 143,319 employees**, commerce is one of the most important sectors in Barcelona's economic structure, representing 22.3% of all companies and 14.7% of all workers in the city. During 2015, the sector experienced an annual increase in employment (+ 2%) which is the best result since 2008.

According to ICOB* results for the fourth quarter of 2015, commerce in the city still shows negative margins and it is recovering more slowly than the overall economy in Barcelona.

In the fourth quarter of 2015, and despite an increase in the number of visitors and shoppers to shops, till receipts and turnover in the city's open-air commercial areas have continued to drop by -1% and **-0.8%, respectively, in annual terms. In the whole of 2015, turnover and till receipts show a certain stagnation (-0.2 and -0.7%, respectively).**

* *Indicators of Commerce in Barcelona. 4th quarter of 2015*, ESADE and Fundació Barcelona Comerç.

Commerce in Barcelona

Commerce (IV qu. 2015)		Inter-annual var. 14/15 (%)
Number of firms	16,256	0.6%
Jobs	145,931	2.0%

Municipal markets 2015

foodstuff markets	39
Special markets	4
Number of shops	2,507
Total surface area	260,941 m ²

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data provided by the Council's Department of Statistics and the Municipal Markets Agency.



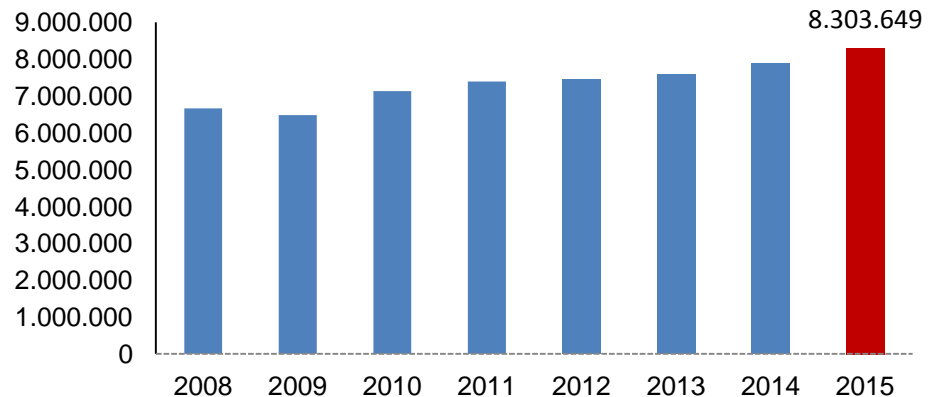
3.3. Barcelona's economy: Tourism

Barcelona receives 30 million visitors in 2015

- In 2015, estimates show the city has received 30 million visitors, 16 million overnights, and about 14 million visitors without overnights (day trippers), representing new records in terms of tourism activity.
- Catalonia received € 43.5 M in overnight tax from stays in tourist establishments (**IEET**) in 2015, 5.5% more than the previous year. Barcelona received 22.2 M € of this money, a 6.58% increase on 2014.

Evolution of the number of tourists staying in hotels in Barcelona

2008-2015



Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data provided by Turisme de Barcelona.

	2015	Inter-annual variation 15/14	
		Absolute	%
Number of tourists in hotels	8,303,649	428,708	5.44
Hotel overnights	17,656,329	564,476	3.30
Cruise passengers	2,540,302	176,020	7.44

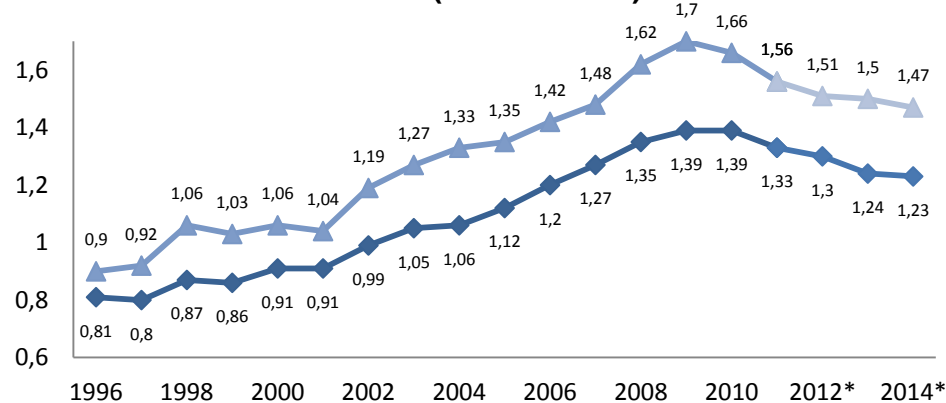


3.4. The economy of Barcelona: Research and innovation

Spending on R&D decline slows

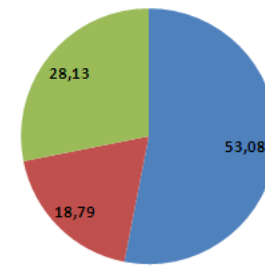
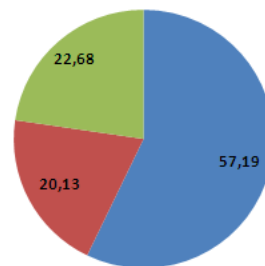
- The total investment in R&D carried out in Catalonia in 2014 was 2,937.7M €, which represents a slight annual decline (-0.8%).
- The rate of R&D in Catalonia stood at **1.47% of GDP in 2014, 0.03 percentage points below the levels seen in 2013**. Catalonia exceeds the national average (1.23%) and remains in fourth place among Spain's regions, led by the Basque Country, Navarra and Madrid.
- Workers dedicated to R&D in Catalonia stood at **43,898 people, 1.4% less than in 2013**.
- Companies generated **57.2% of R&D carried out in Catalonia in 2014**, a figure which is higher than the national average (53.1%), but lower than the European average (63%).

Evolution of R&D (as % of GDP)



Investment in R&D according to implementing sector 2014 (% total)

Legend: Spain (blue line with diamonds), Catalonia (blue line with triangles)



- Companies and PSFL
- Public administration
- Higher education

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data provided by INE.



3.4. The economy of Barcelona: Research and innovation (2)

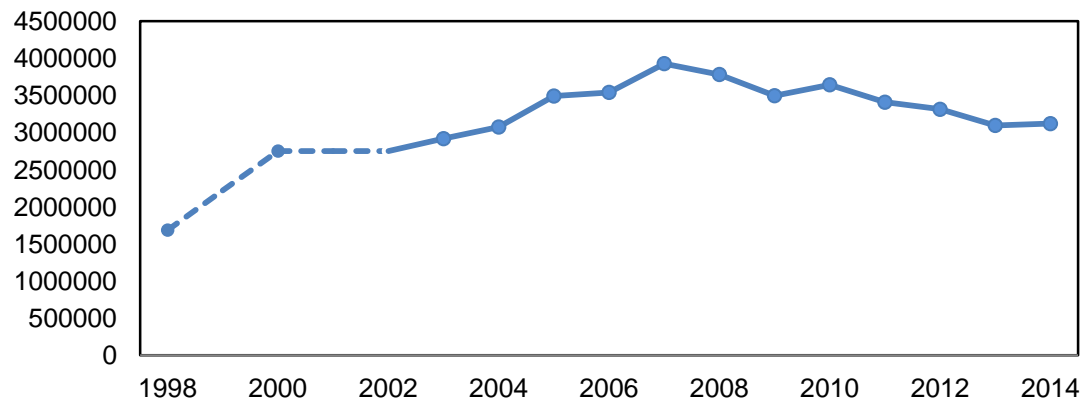
Catalonia generates about a quarter of spending on innovation in Spain

- Catalonia was again the Autonomous Community with the highest number of companies that carry out innovation activities in Spain in 2014, with **3,801 companies** - **24.1% of the total**.

- Catalonia generated **24.1% of spending on business innovation carried in Spain** in 2014, with a volume of € 3,118,8M representing a slight increase (+ 0.8%) compared to the previous year.

- According to a recent study by CESB, universities in the AMB created **51 spin-offs in the period 2009-2013 (65 of the total generated in Catalonia)**.

Evolution of total expenditure on innovation activities in Catalonia 1998-2014 (en M€)



Note: No information is available for the years 1999, 2001 and 2002.

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies based on data provided by INE.

- According to the same study, in 2014, Barcelona's register of Industrial Property in Barcelona **saw 400 applications for national patents, 498 utility models and 251 industrial designs**.



3.5. The economy of Barcelona: Mobile technology

The challenge of bringing the digital revolution to the entire population

- The 2016 edition of the **Mobile World Congress** saw a new attendance record with over 100,000 visitors -of which (for the first time) more than 20% were women-, and more than 2,200 companies from 204 countries.

- According to a recent study on the digital divide in Barcelona, in terms of connectivity, frequency and Internet use, city residents are above the European, Spanish and Catalan average. **84% of locals have Internet at home, and almost nine out of 10 are connected daily.**

- There are, however, regional differences: while in the Les Corts district 96% of households have access to the network, **in Torre Baró this indicator is down to 62%.** The gap appears wider when in low-income neighbourhoods and if the citizen is female, between 65 and 74, has a low educational level and is dedicated to housework or is unemployed.

Citizens with Internet at home according to large neighborhoods in Barcelona (% / total)

3 top	
Les Corts	96%
Bonanova and Putxet	96%
Sant Gervasi-Galvany	95%
Average	
	84%
3 last	
Canyelles	70%
Barceloneta	70%
Torre Baró	62%

Source: MWCcapital (2016), *Digital Divide in Barcelona*



3.6. The economy of Barcelona: Green economy

Summary table of indicators for monitoring the Green Economy in Barcelona

	Unit	Value	Trend
1. Activity Green			
1.1. Green Jobs (2014)	% /total	2,6-3,7%	2008-2014
1.2. Green Companies (2014)	% /total	1,1-2,7%	2008-2014
1.3. Environmental certification (2014)	Number	79	2010-2014
2. Research and innovation linked to sustainability			
2.1. Research Units (2013)	Number	88	2008-2013
2.2. International Green Patents (EPO) (2005-2012)	% /total	4,6	
2.3 OEMP Patents (2005-2014)	% /total	6,6	
3. Efficient use of resources			
3.1. Energy intensity (2012)	MWh/Meuro	277	2010-2012
3.2. Final energy consumption (by sector and structure) (2012)	Gwh/any	16.782	2008-2012
Domestic	% /total	29,3%	2008-2012
Commercial services	% /total	29,0%	2008-2012
Industrial	% /total	18,8%	2008-2012
Other	% /total		2008-2012
Transport	% /total	22,8%	2008-2012
3.3. Water consumption			
Domestic	Million m ³ /year	63.785	2008-2014
Industry and trade	Million m ³ /year	25.252	2008-2014
Total	Million m ³ /year	91.391	2008-2014
3.4. % of consumed electricity generated from renewable sources (2012)	% /total	6,20%	2008-2012
3.5. % selective waste collection (2014)	% /total	36,1%	2010-2014
3.6. % of municipal waste recovered	% /total	40,5%	2012-2013

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies and the Fundació Fòrum Ambiental (2015), study on the Green Economy in Barcelona, Barcelona City Council.



3.6. The economy of Barcelona: Green economy (2)

Summary table of indicators for monitoring the Green Economy in Barcelona (2)

4. Climate Change				
4.1. CO2 emissions per capita (2012)	tCO2eq/inhab*year	2,28	2008-2012	■
4.2. CO2 emissions by sector (2012)				
Transport	% /total	26,5%	2008-2012	■
Domestic	% /total	21,4%	2008-2012	■
Commercial services	% /total	17,3%	2008-2012	■
Industrial	% /total	14,5%	2008-2012	■
Port / Airport	% /total	10,9%	2008-2012	■
MSW Treatment	% /total	8,9%	2008-2012	■
Other	% /total	0,5%	2008-2012	■
5. Pollution Prevention				
5.1. % intra city travel with sustainable transport modes (2014)	% /total	84,9%	2010-2014	■
5.2. Charging electric vehicle (Cumulative May 2015)	Number	366	2011-2015	■
5.3. Electric vehicles / hybrids registered (Cumulative May 2015)	Number	4.581		
6. Greening the City				
6.1. % Current expenditure on urban and environmental services (2015)	% /total	20,2	2013-2015	■
6.2. % Investment Environment (Cumulative 2012-2015)	Million €	61,5	2012-2015	■

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies and the Fundació Fòrum Ambiental (2015), study on the Green Economy in Barcelona, Barcelona City Council.



3.6. The economy of Barcelona: Green economy (3)

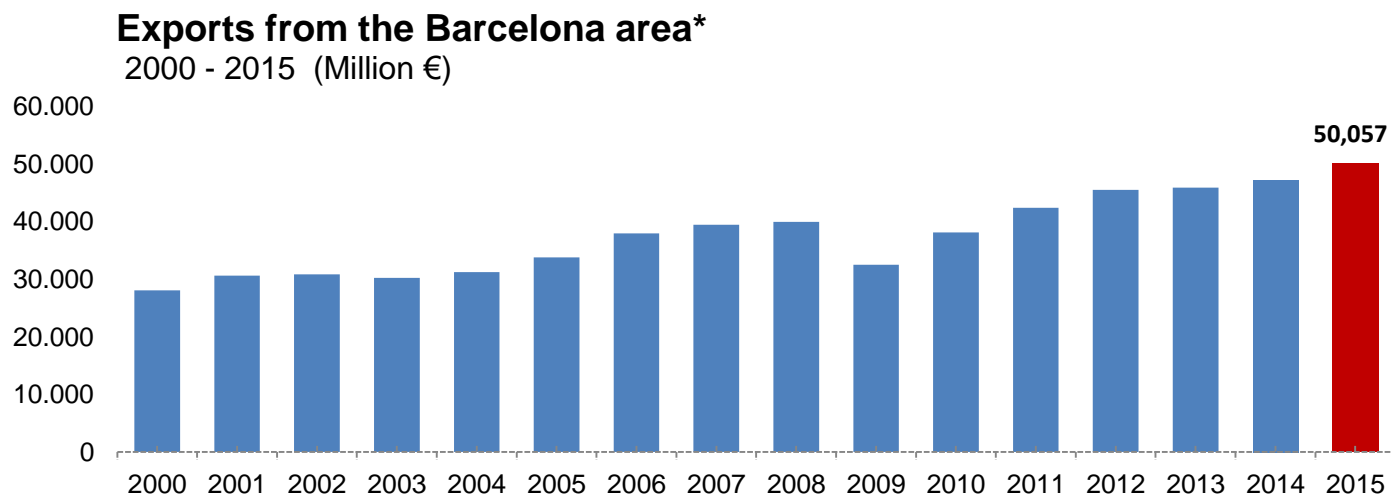
The green economy, a necessary vector for innovation

- The **green economy** is emerging as one of the vectors transforming the production model in Barcelona. Some of the assets that the city has to help it move towards a low-carbon economy include:
 1. **The weight of green employment** in Barcelona in terms of the total number of workers in the city is similar (at a minimum threshold) to services in information technology or artistic and leisure activities.
 2. The presence in the city of **reference centres in environmental research programmes**, and the percentage of green patents at the OEPM, is higher than its weight in terms of employment and business, indicating the green economy is a driver of innovation.
 3. Improvements in the efficient use of resources in recent years reflects the indicators of energy intensity and of energy consumption in economic sectors and in water consumption.
 4. **The low level of CO2 emissions compared to other cities**, and their overall downward trend.
 5. **A model of sustainable mobility** with a high weighting in terms of internal displacements on foot, bicycle and / or public transport and developing relevant infrastructure for electric vehicles.
 6. **More than 20% of current municipal spending** destined to urban services and green economy programmes.
- Moreover, the impact of the **recession on employment and green companies and business commitment to the environment** poses challenges that the city will have to face, as happens with the decline in the percentage of waste collection and the value of these, a trend that goes against any progress towards a circular economy.



3.7. Barcelona's economy: Foreign trade

Exports in the Barcelona area exceeded 50,000M € for the first time



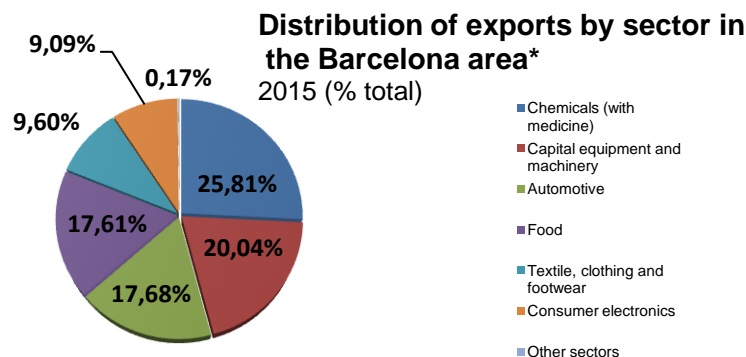
Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies from data from the Ministry of Business and Competitiveness

- In 2015 exports from the province of Barcelona reached **50,057.4 M €**, representing a new high in the data series available and a growth of **+ 6.1%**, **higher than the rates for Catalonia (+ 5.9%) and Spain (+ 4%)**. The province of Barcelona continues to lead the rankings of exporting regions in Spain, with a fifth (20.0%) of all Spanish sales abroad, which is higher than those of Madrid (11.3%) and Valencia (6.7%).

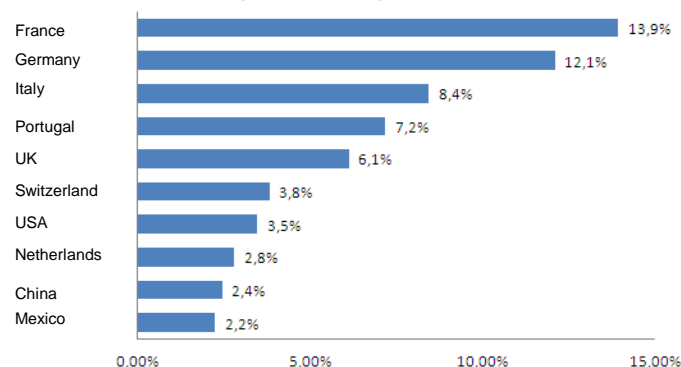


3.7. Barcelona's economy: Foreign trade (2)

The trade balance remains negative



Countries with most exports from the Barcelona area in 2015 (% of total)



- **The Barcelona area's main export activities are chemicals, automotive related products and machinery and equipment sectors**, which represents 63.5% of sales outside the province.
- **The European Union** is the destination of most (61.9%) exports in the province. Sales in this geographical area are growing strongly (+7.2%) compared to 2014, showing particular dynamism, as are exports aimed at North America, Asia and Latin America (+16.3%, +14.9% and +9.4%, respectively).
- Imports into the Barcelona area stood at **€ 62,491.7M** and its growth (+8.2%), exceeded exports (+ 6.1%) during 2015, making the **trade balance even more negative which leaves the coverage rate at 80.1%**, after falling by 1.4 points compared to the previous year.

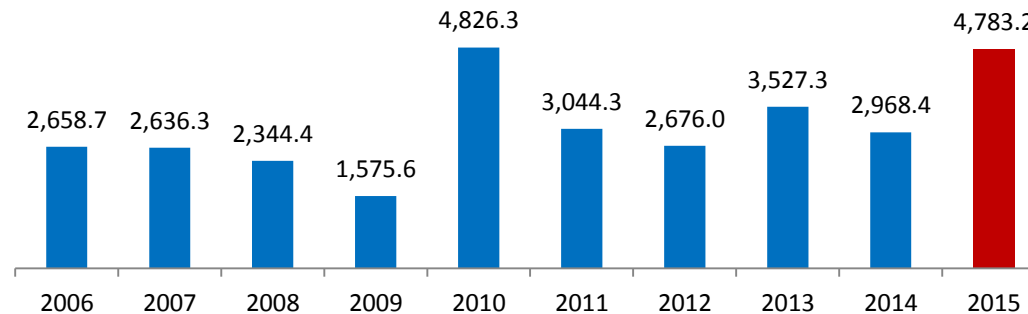


3.7. Barcelona's economy: Foreign Investment

Catalonia attracts more than € 4,700M of productive foreign investment in 2015

- Foreign investment in Catalonia stood at **4,783.2 million in 2015**, representing a growth of 57.8% and the **second highest figure in the data series -after 2010- which was the highest point-**. Productive investment into **Catalonia represents 22% of the total carried out in Spain**, where the annual increase of this indicator was 11%.
- The manufacturing industry attracted most foreign investment (26.7% of the total), followed **by finance and insurance and wholesale and retail (16.4 and 15.3%, respectively)**. Recent announcements of new investments include one by the multinational insurer Zurich, **who chose Barcelona to locate its global 'big data' centre, creating over 200 jobs**.

* Productive foreign investment in Catalonia 2006-2015 (in millions of €)



** Gross Investment without ETVE

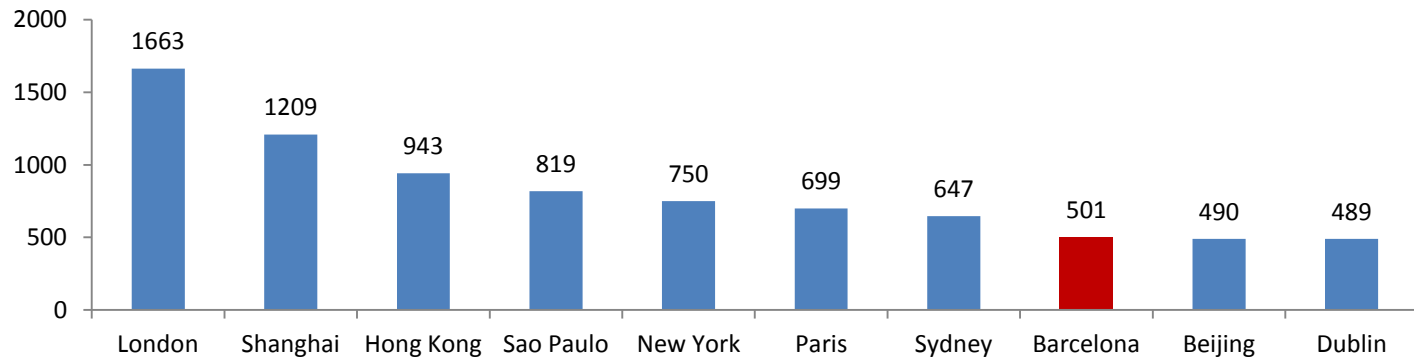
Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies from data from the Ministry of Business and Competitiveness



3.7. Barcelona's economy: Foreign investment (2)

Barcelona and Catalonia, well positioned to attract foreign investment

Major urban areas of the world attracting foreign investment projects 2012-2016



Source: Global Cities Investment Monitor 2016, KPMG

- KPMG's *Global Investment Monitor 2016* ranks Barcelona **eighth among the major urban areas of the world for attracting foreign investment projects in the period 2012-2016**, with more than 500 projects that help the city scale two positions in the rankings with respect to 2010 and 2014's results. In the years 2015 and 2016 the city remained in 11th position worldwide in terms of number of projects.

- Moreover, according to the report *European Cities and Regions of the Future 2016/17* by fDi Magazine, **Barcelona stands out as the best major urban area in terms of strategies to attract foreign investment**, while it ranks as the third best city in southern Europe and tenth in connectivity. For its part, Catalonia won first place in the overall classification of regions attracting foreign investment, as well as amongst those regions of southern Europe.



3.7. Barcelona's economy: Internacional positioning

Barcelona, 6th city with best reputation and 26th in global competitiveness

Cities with the best reputation in the world in 2015

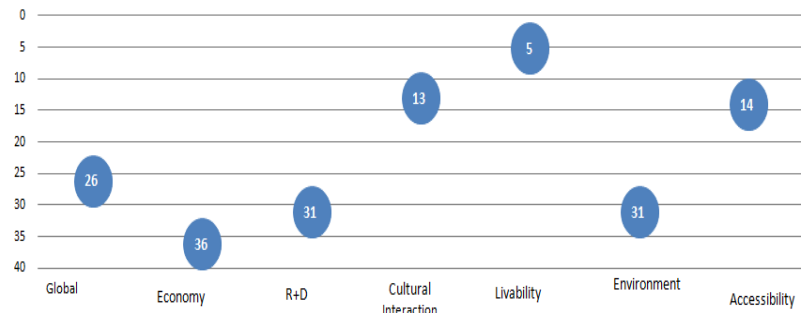
POSITION	CITY	INDEX
1	Sydney	79.1
2	Melbourne	78.9
2	Stockholm	78.4
4	Vienna	76.8
5	Vancouver	76.1
6	Barcelona	75.8
7	Edinburgh	75.6
8	Geneva	75.5
9	Copenhagen	75.5
10	Venice	75.4

Source: 2015 City Rep Trak. Reputation Institute.

- Barcelona is in **sixth place in the 2015 City Rep Trak** ranking developed by the Reputation Institute with over 100 cities around the world, scaling three places compared to last year and given a reputation of 'excellent'.

- According to the *Global Power City Index 2015* ranking by the **Mori Foundation**, **Barcelona ranks as 26th city in the world in global competitiveness**, an improvement on its position compared to 2014. By categories, it was in fifth place in the livability index, and in terms of its positions in terms of cultural interaction and accessibility, it ranks 13th and 14th, respectively.

Categories of urban competitiveness
(positioning of Barcelona)



Source: Global Power City Index 2015. Institute of Urban Strategies, The Mori Memorial Foundation

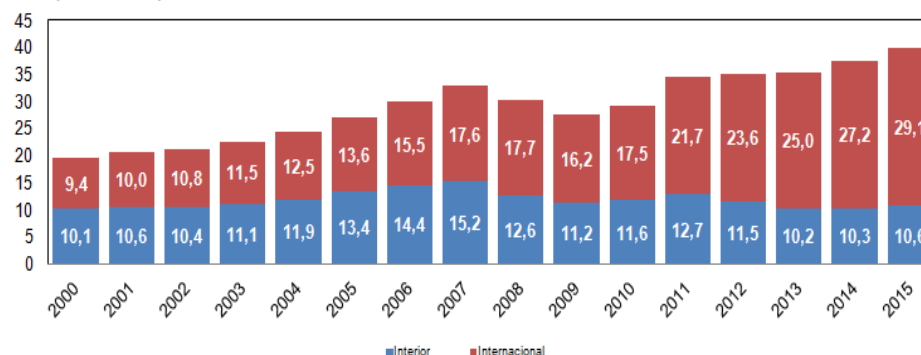


3.8. The economy of Barcelona: Port and airport

Barcelona's airport ends 2015 with near on 40 million passengers

- Barcelona Airport registered **39.7 million passengers in 2015**, representing a new record high and an increase of 5.6%, thanks to buoyant international traffic, which represents about three quarters of the total (73.2%). Internal traffic grew slightly in 2014, up +3.2%.
- At the Port, **container traffic increased by +3.8%** in annual terms in 2015 and stands at almost 2 million TEUs, while the **total amount of goods traffic grew** more moderately compared to the previous year (+1.3%).

Passenger traffic at Barcelona Airport
(In millions)



Source: AENA and Barcelona Airport

Indicators of activity at the port and airport of Barcelona 2015

	2015	Inter-annual var 15/14	
		Absolute	%
Port number of containers (TEU)	1.965.240	71.404	3,8%
Port cargo tonnes	45.921.253	602.472	1,3%

	2015	Inter-annual var 15/14	
		Absolute	%
Airport passenger numbers	39.711.276	2.152.295	5,7%
Airport freight tonnes	117.219	14.513	14,1%

Source: Analysis by Barcelona City Council's Department of Employment, Business and Tourism Studies from data from the Port and AENA



Ajuntament
de Barcelona

B