



# Sustainable Tourism Observatory of Malaga

Economics benefits



International Network  
of Sustainable Tourism  
Observatories



UNIVERSIDAD  
DE MÁLAGA



INSTITUTO ANDALUZ  
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E INNOVACIÓN EN TURISMO

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Plan de  
Recuperación,  
Transformación  
y Resiliencia







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# Context

By its nature, the tourism sector is understood to be an essential pillar in the economic market of the global system. With the opening of markets to the world and the internationalisation of the industry, year after year it is situated among the main areas of development.

Its economic role in modern societies is based on three areas of involvement: the generation of wealth, the contribution to employment and as a balance against external debt. It brings a contribution of direct foreign capital, which in addition to promoting international trade strategies and facilitating the exchange of goods and services between nations, has a truly remarkable multiplier effect on other markets.

In Spain, tourism is responsible for contributing an average of 11% of national GDP to our balance sheet. With a value of between 100 and 150 billion euros per year, it generated 13% of total employment before the pandemic. Undoubtedly, it is a fundamental activity for the understanding of the development of our country in recent history, as well as its dependence on the industry.

In its economic bulletin published last October 29th, the Bank of Spain<sup>1</sup> issued a warning about how the dynamism of tourism has defined the behaviour of our finances. In fact, we are the EU Member State with the greatest reliance on the services sector, and this is largely tourism. It is true that the increasing economic reliance on the industry in our country leaves us more vulnerable to changes in the international market. Situations such as pandemics, wars or other political instability have a direct impact on demand behaviour. The main argument advocated by those against the growing contribution of tourism to our market is how this weakens us in the face of disruptions to stability.

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In Andalusia, the Ministry of Tourism, Culture and Sport is responsible for legislating and developing actions that direct the activity of this sector towards the objectives that are established. After facing one of the most complex challenges seen so far in the field with the difficult dilemmas of 2020, the report on “The Tourism Economy in Andalusia” sheds some light on the dark scenarios that were raised.

These data, collected by the Tourism Analysis and Statistics System in Andalusia, indicated that the industry was able to generate more than 22.5 billion euros in 2022 in the Autonomous Community alone. In addition, the levels of production of goods and services associated with this activity, as well as indirectly related activities, increased exponentially.

It is estimated that the Andalusian economy grew by 5.2%, an above-average result for the European Union (3.5%). In a context defined by inflation values above 6% and the growing war tension in the Eurozone, this figure gives an idea of the strategic need to study and develop this sector.





## 02.

# Targets

- To maximise the benefits for residents (stable employment and social services for residents) through measures that seek the social and economic development of the destination.
- To minimise negative impacts through measures that seek the conservation and improvement of cultural heritage.
- To maximise the benefits for the environment and minimise negative impacts through measures that seek environmental conservation and improvement.
- Commitment to green and circular public procurement in tourism (office supplies, food, etc.).



In 2023, revenues per available room of €107.1 were reached.

Tourism spending per capita in tourism follows a growing trend, reaching €37.75 in 2021.

03.

## Results

### Tourism multiplier effect

Regarding tourism's multiplier effect on the economy, we observed that in 2015, for every euro invested in tourism-related spending, a total of €1.47 was generated; while for the last year of sampling (2022) the result stood at €1.48.

*“The budget of travellers who visited the city of Malaga between 2015 and 2022 experienced an interesting increase: from €540.61 to €1,123.97 in 2022.”*

On average, the multiplier effect of tourism in the city of Malaga is €1.5.

In addition, it can be seen that this indicator shows stable behaviour, since even during the pandemic it remained at this level. We note that this indicator has experienced slow growth, but that in 2022 it fell by 0.4 points compared to the previous year, when it recorded the highest value.

### Average Tourist Spending and Budget

In 2015, the average daily tourist expenditure in the city of Malaga was €79.93. By 2019, this indicator had increased to €88.

During the period 2015-2022 we observed a change in demand behaviour after 2017, when tourists went from spending €83 in the previous year to exceeding €117. From that moment on, the average expenditure does not fall below €100.

The best data in this area is reflected in 2022. After the pandemic, daily tourism spending began to rise again to exceed levels not seen before in the city: €286.37 per day on average, with day-trippers spending the most money on their experiences in the city (€154.45).

In addition, if we break down the spending of overnight stays versus day-trippers, two other behavioural changes can be detected. Before 2017, tourists and day-trippers tended to spend €40 a day on average. However, day-trippers spent an average of €72, marking a new trend in tourism spending that was repeated by tourists the following year and continued until 2022. In a global context, the expenditure of tourists and day-trippers is usually equal. Since the pandemic, no new data on average spending has been published.

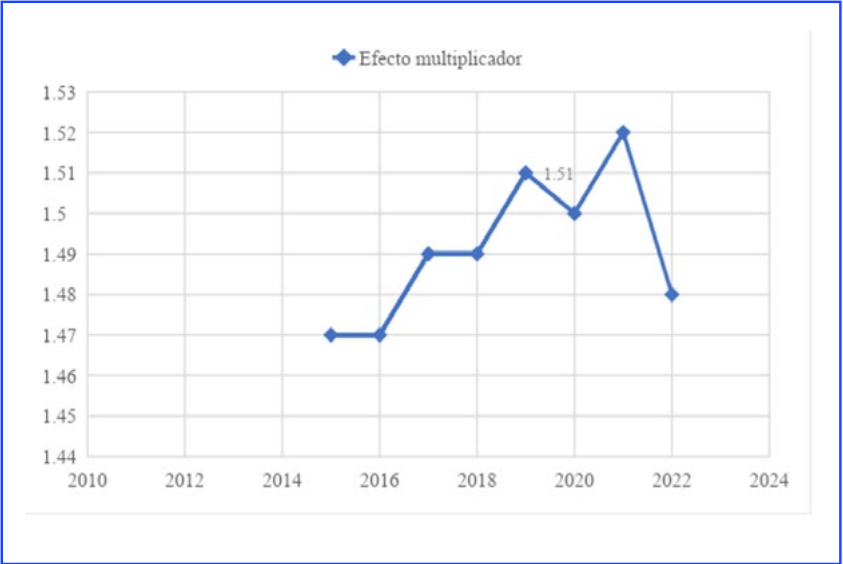
The budget of travellers who visited the city of Malaga between 2015 and 2022 experienced an interesting increase: from €540.61 to €1,123.97 in 2022. The key point for this increase of the budget appears in 2017; when this value showed a variation of 37.11.

From 2017 there was a gradual stagnation that rose again in 2022, with very positive data that placed the budget of travellers 107.91% higher than in 2015, the beginning of the study period.

## Impact of the sector on the economy of Malaga

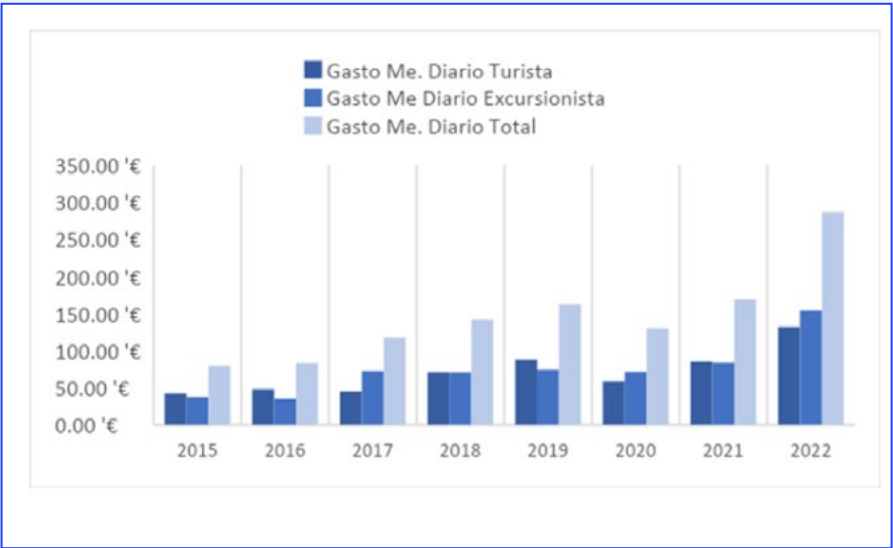
The figures on the economic impact of tourism in the different branches of industry that influence Malaga’s economy are very positive. With the total impact of tourism on the economy standing at 4.7 billion euros in 2022, Malaga has seen an increase in the sector’s value over other sectors of 241.9% in the period 2015-2022.

Figure 1: Evolution of the multiplier effect (2015-2022)



Source: Ministry of Tourism, Culture and Sport

Figure 2: Breakdown of average daily expenditure for tourists and day-trippers 2015-2022



Source: Tourism Observatory of the city of Malaga



*“In 2022, 67% of the impacts of tourism in the city are direct and the remaining 33% indirect.”*

The impact levels for 2018 were very positive, reaching more than 3.29 billion euros with a direct consequence on the Andalusian economy. Between 2015 and 2018, the influence of tourism made a positive difference of 1.9 billion euros.

Subsequently, with the arrival of the pandemic in 2020, the impact of tourism was reduced by 11.83% compared to the previous year. The full recovery can be seen two years later, when in 2022 levels of impact never previously recorded were reached.

When the total impact is broken down between direct and indirect impact, similar behaviour can be seen over all years. Of the total, around 67% correspond to direct effects and the remaining 33% to indirect impact. When studying this by activity, the Malaga Tourism Observatory detected that the sectors with the greatest impact on tourism revenues are, in addition to restaurants and hotels, the industry and the real estate sector, with 11.7% and 13.5% respectively in relation to indirect impacts.

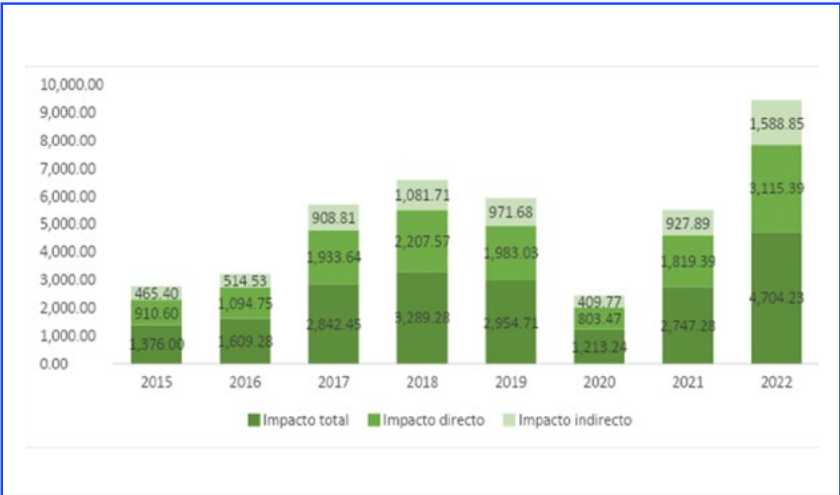
Hotel Profitability Index

As for the Hotel Profitability Index (RevPar), a progressive increase was observed from 2015 to 2023. In 2015 an income per available room of €54.21 was recorded; in 2023 the figure doubled to €107.1. On average, the year-on-year variation shows a positive trend from year to year. Attention must be paid to the unusual figures recorded in 2020, when a stagnation in hotel profitability was observed. The cessation of activity in 2020 is reflected in the complete fall in the index. However, the recovery in the profitability of the hotel sector was impressive, with 2022 showing the recovery of 73% of the general downturn experienced in the two-year period 2020 and 2021. Lastly, the hotel sector in the city of Malaga became 97.57% more profitable during the period 2015-2023, despite the economic damage that the pandemic caused to the sector.

Total tourism costs

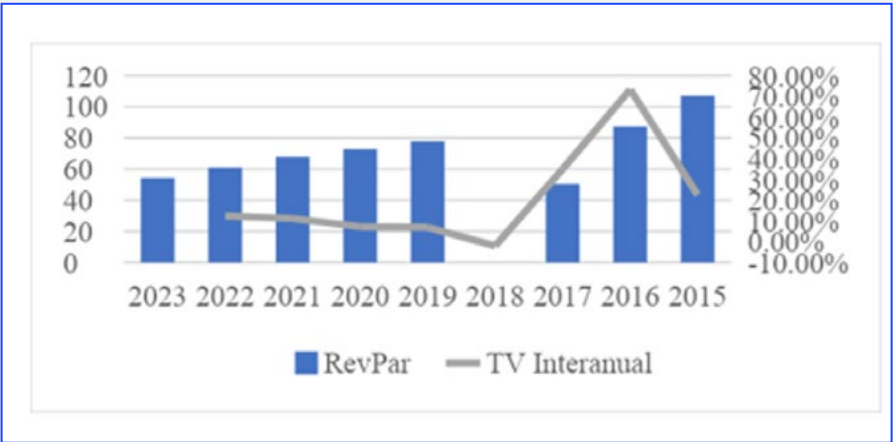
The total tourism expenditure per inhabitant was €950.42 in 2015, reaching the value of €1227.72 in 2021. It should be noted that in the one-year period from 2020 to 2021 it saw an increase of €100.10 per inhabitant.

Figure 3: Breakdown of the impact of tourism in direct and indirect effects 2015-2022



Source: Tourism Observatory of the city of Malaga

Figure 4: Annual RevPar figures and their year-on-year variation 2015-2023



Source: Tourism Observatory of the city of Malaga



Of this total expenditure, €64.95 was allocated to cultural activities. Under the same parameter, 2021 saw a total of €75.01. In 2015 the per capita expenditure on trade was €2.4 and in 2021 the figure amounted to €7.83. This figure grew gradually during this period of time, with the exception of 2017, when the figure decreased to €2.52, after a total of €3.49 in 2016. Per capita expenditure on historical and artistic heritage continued to rise from 2015 to 2021 with figures of €0.16 and €2.51 respectively.

In terms of per capita expenditure on tourism, the same trend as in per capita expenditure on trade can be observed. In 2015, this expenditure was €16.99, a figure that reached €37.75 in 2021. This increase evolved incrementally with the exception of 2017, where we again observed a decrease with respect to the previous year, with 2016 spending being €24.53 and €18.63 in 2017.

Table 1: Distribution of tourism expenditure

	Cost/inhabitant	Cost/inhabitant on culture	Cost/inhabitant on trade	Cost/inhabitant on tourism	Cost/inhabitant on heritage
2021	1227.72	75.01	7.83	37.75	2.51
2020	1127.62	72.56	7.23	27.48	2.43
2019	1089.64	70.05	6.53	26.75	2.26
2018	1068.32	69.66	4.38	26.54	2.15
2017	1048.02	69.01	2.52	18.63	1.64
2016	1012.48	68.11	3.49	24.53	0.17
2015	950.42	64.95	2.4	16.99	0.16

Source: Multi-territorial Information System of Andalusia, IECA

Income from tourist taxes

In terms of income from tourist taxes, it is worth highlighting the contribution of airport facilities with a 2023 property tax rate of €10,173,022.45, as well as that of hotel facilities at €2,064,093.78.





## 04.

# Conclusions

It is important to understand how the economic benefit produced by tourism affects the environment covered by this report, the city of Malaga.

The existence of secure and established economic activity with a prediction of very positive growth and economic impact figures, has a direct impact on the labour market.

The estimated multiplier effects of the spending by tourists and day-trippers in the city of Malaga show a very considerable economic impact, as mentioned in this report. The dynamism that the sector has shown in this destination has led to economic impacts in 2022 that have far exceeded the values reached before the pandemic, the result of a growing trajectory both in the number of visitors and in the amount they spend in the city.

As observed in the employment report, the branches related to tourism show constant growth, and have shown very robust recovery after the pandemic. Thanks to the industry's economic security, more and more secure and stable job offers can be offered. In addition, it is a fairly egalitarian industry; there is parity between the number of women and men employed.

The economic factor is also essential to understand the degree of local satisfaction, giving the local population a positive perception of tourism in terms of wealth generation and infrastructure improvement. An efficient sector with positive economic results improves the quality of life of residents, which allows a natural development of the activity while taking into account the needs of the city.



In this sense, the estimates of the profitability indicators of the hotel sector prepared by the INE (Spain's National Institute of Statistics) how continuously growing RevPar figures in Malaga (except for 2020 and 2021) that are also higher in value and less seasonal than the averages estimated in the Costa del Sol or in the province of Malaga.

Governance, however, is a key factor that is also influenced by the degree of profitability available to the industry. The governance sector and the tourism economy are directly intertwined by legislation and market and development decisions. Tourism that benefits citizens has a direct impact on their governance, constituting productive relationships and improving the quality of service and the perception of the local community.

An activity that attracts incentives from such a varied audience is also positive for the accessibility of the destination. The greater involvement of the private sector is essential, and is directly linked to the forecast of results foreseen by the destination. It can be seen how, as the destination develops economically, together with a governance actively involved in improving accessibility, more diverse tourists with specific needs are attracted. Thus, the greater the economic impact, the greater the interest of private and public companies will have in engaging in welcoming this type of tourist.







<https://sto.malaga.eu/indicadores/beneficios-economicos/>