



GRAN CANARIA TOURIST BOARD

STATUS OF THE TOURIST SECTOR

FEBRUARY 2005

BEGINNING OF THE
WINTER SEASON
AND FORECASTS FOR
THE SUMMER SEASON

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(*) Most data in this report refer to January 2005.

The 2005 tourist year is underway and the Plan for the year has been activated by the Gran Canaria tourist sector.

This Plan is simply the evolution and application of the precepts of the Gran Canaria Tourist Summit, the island's true strategic plan, edited under consensus by all the destination's tourist agents in 2004. In 2005, we continue to work to fulfill our commitments and on the idea of profiling the Summit's approach, adapted to the rapid changes involved in the evolving world of tourism.

In this context, the Gran Canaria Island Council is going to operate along two main lines: strengthening the island's tourist product and consolidating the Island's external image as a solid and safe destination with a variety of holiday possibilities.

This coordinated process will enable us to attract clients with a higher economic profile, thus generating more income and added value for the Island and the sector's agents.

In the international context, we will have to heighten our awareness of the consequences of the terrible tsunami that devastated south-east Asia last December, assessing its effects on international tourism and its possible impact on the Canary Islands and the hopefully prompt recovery of the affected destinations.

Continuing with the worldwide scenario, we find the IGTM scheduled for December in Gran Canaria. This is unquestionably the star event of 2005 and the ideal platform to show the world our organisational skills, the possibilities of our destination and, particularly, the great potential of golf tourism on the Island.

We hope this event helps us close a good year of tourism for us all, in which local society realises that tourism is the driving force behind our economy and our lives, and that, if we look after it properly it will ensure a future for the generations to come.

Juan José Cardona González
Councillor-Chairman of the
Gran Canaria Tourist Board

INDICATORS:

1. Overseas inbound.

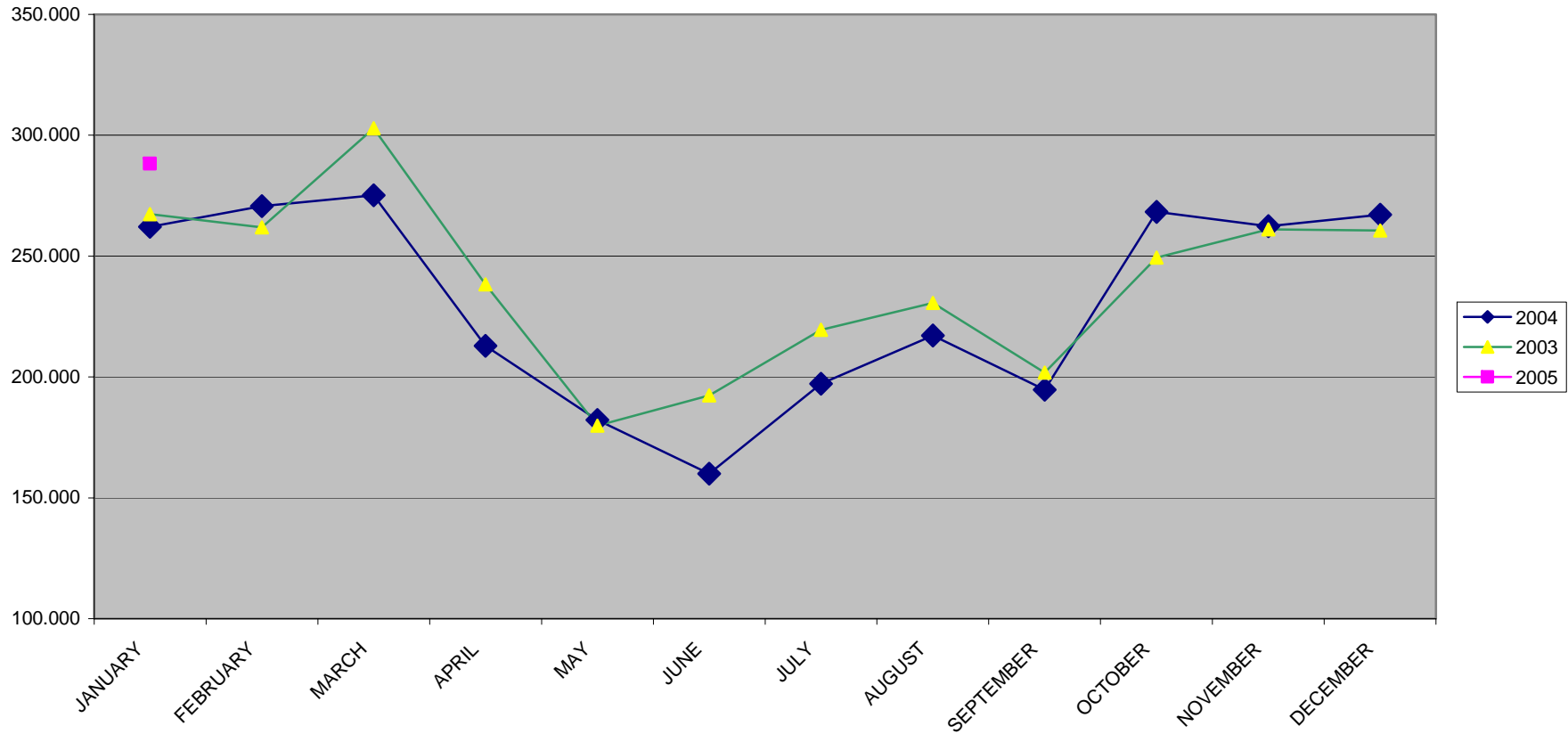
1.1 Gran Canaria. Data by area and country. January 2005.

INBOUND TOURISM IN GRAN CANARIA, BY GROUPS. JANUARY 200

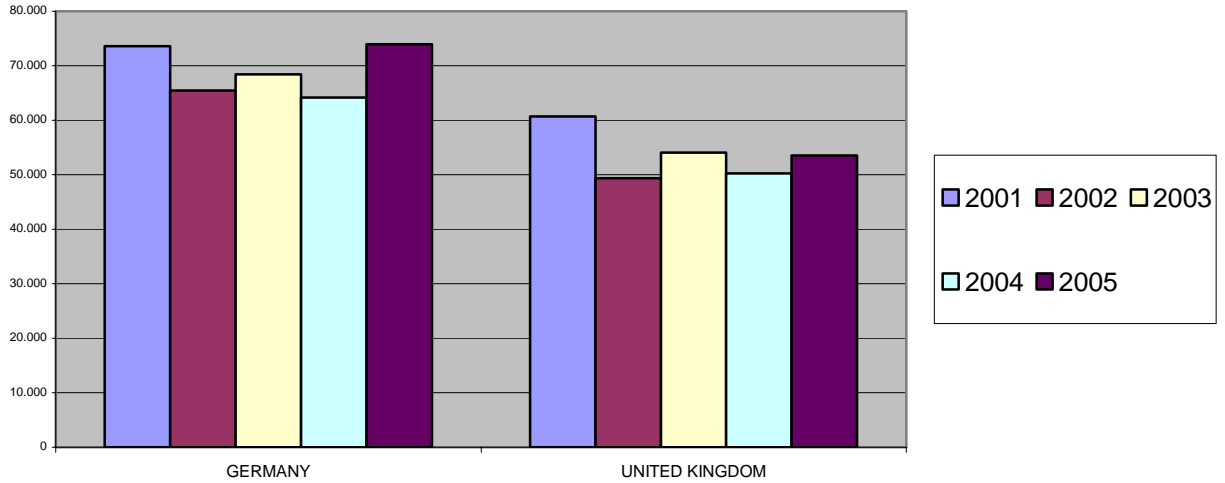
	JAN05	JAN04	YEAR OVER YEAR VAR.	dic-04 MONTHLY VAR.	MKT SHARE	
GERMAN SPEAKING	GERMANY	73.912	64.201	15,13%	67.323	9,79%
COUNTRIES	AUSTRIA	5.029	4.757	5,72%	3.851	30,59%
	SWITZERLAND	3.364	3.937	-14,55%	3.422	-1,69%
	total	82305	72895	12,91%	74596	10,33%
ENGLISH SPEAKING	UNITED KINGDOM	53.518	50.230	6,55%	52.974	1,03%
COUNTRIES	IRELAND	9.450	8.195	15,31%	7.346	28,64%
	total	62968	58425	7,78%	60320	4,39%
SCANDINAVIAN	SWEDEN	30.615	32.505	-5,81%	30.209	1,34%
	NORWAY	31.676	30.160	5,03%	27.771	14,06%
	DENMARK	20.496	16.777	22,17%	19.586	4,65%
	FINLAND	18.506	15.816	17,01%	18.576	-0,38%
	ICELAND	2.522	1.818	38,72%	2.230	13,09%
	total	103815	97076	6,94%	98372	5,53%
BENELUX	HOLLAND	19.764	15.970	23,76%	16.139	22,46%
	BELGIUM	5.487	4.582	19,75%	5.133	6,90%
	LUXEMBOURG	1.033	1.294	-20,17%	1.184	-12,75%
	total	26284	21846	20,31%	22456	17,05%
SPAIN & PORTUGAL	SPAIN	30.801	26.708	15,32%	46.608	-33,91%
	PORTUGAL	470	710	-33,80%	665	-29,32%
	total	31271	27418	14,05%	47273	-33,85%
EASTERN EUROPE	CZECH REPUBLIC	1.094	1.618	-32,39%	1.153	-100,03%
	POLAND	442	277	59,57%	246	-99,76%
	RUSSIA	0	98	-100,00%	89	-101,12%
	total	1.536	1.993	-22,93%	1.488	3,23%
MEDITERRANEAN	FRANCE	2.061	1.295	59,15%	2.863	-28,01%
	ITALY	4.680	3.861	21,21%	1.642	185,02%
	total	6.741	5.156	30,74%	4.505	49,63%
OTHER	total	4.138	4.033	2,60%	4.674	-11,47%
TOTAL	TOTAL	319.058	288.842	10,46%	313.684	1,71%

Source: Aena. Canary islands Government.

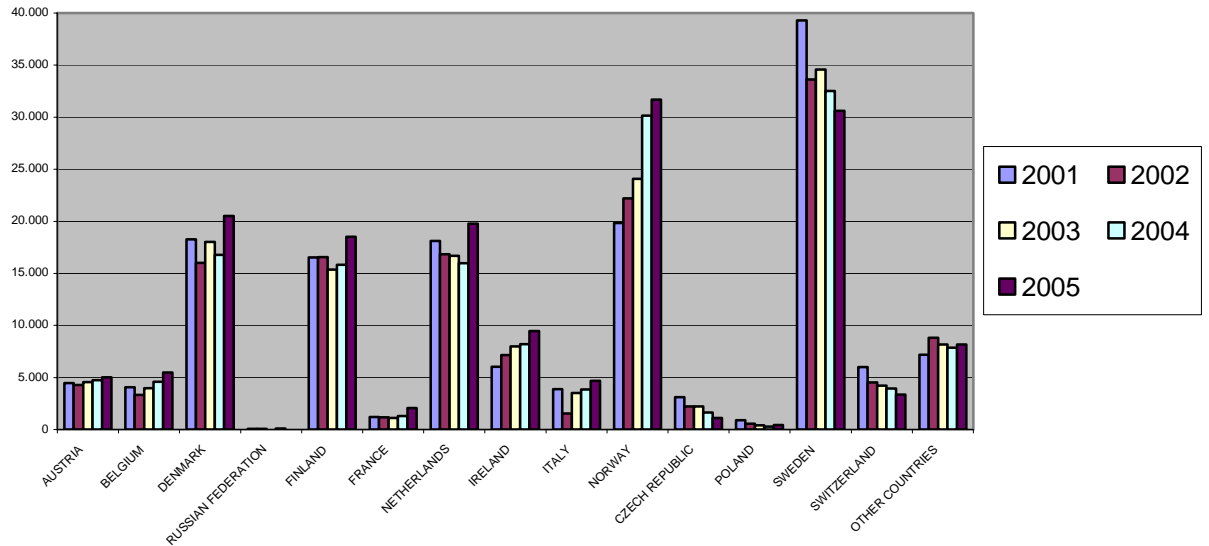
OVERSEAS TOURISM IN GRAN CANARIA, BY MONTHS. 2003-2005.



INBOUND VISITORS TO GRAN CANARIA. GERMANY AND UNITED KINGDOM. JANUARY 2004-2005.



INBOUND VISITORS TO GRAN CANARIA. JANUARY. 2001-2005.

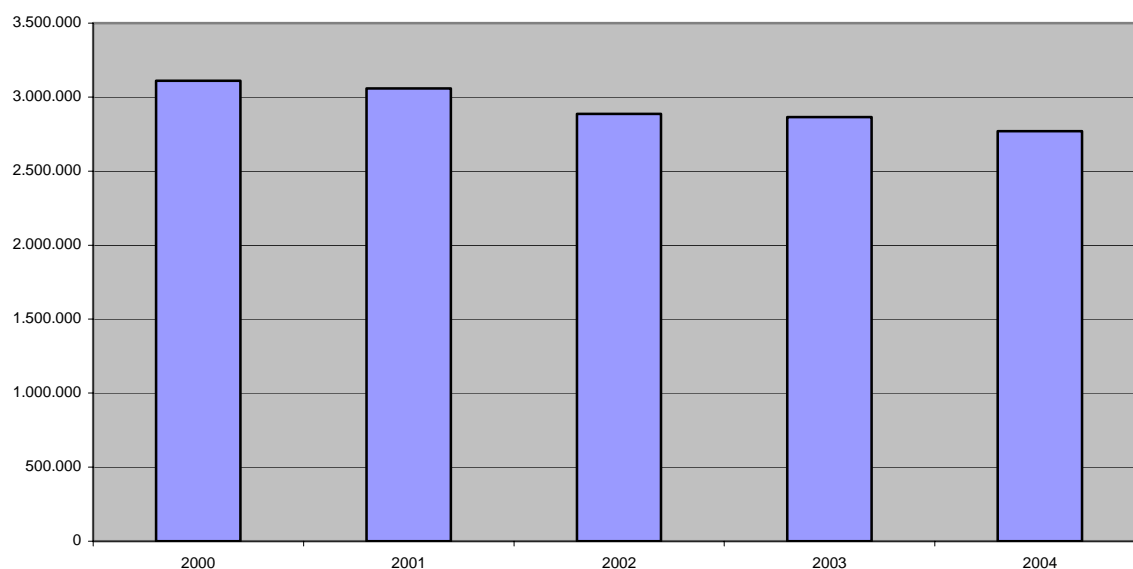


Source: Aena. Canay islands Goverment.

1.2 Summary for year 2004. Inbound tourism in the Canary Islands.

INBOUND TOURISM IN GRAN CANARIA. 2003-2004.				
COUNTRY	2003	2004	DIF.	VAR %
GERMANY	802.403	757.347	-45.056	-5,62%
AUSTRIA	52.275	50.770	-1.505	-2,88%
BELGIUM	55.818	51.602	-4.216	-7,55%
DENMARK	105.115	114.474	9.359	8,90%
RUSSIAN FEDERATION	490	926	436	88,98%
FINLAND	94.101	102.113	8.012	8,51%
FRANCE	20.001	19.977	-24	-0,12%
UNITED KINGDOM	829.381	760.897	-68.484	-8,26%
NETHERLANDS	197.643	188.610	-9.033	-4,57%
IRELAND	123.214	120.781	-2.433	-1,97%
ITALY	39.818	33.068	-6.750	-16,95%
NORWAY	178.643	193.021	14.378	8,05%
CZECH REPUBLIC	24.523	15.570	-8.953	-36,51%
POLAND	3.073	4.832	1.759	57,24%
SWEDEN	197.930	205.391	7.461	3,77%
SWITZERLAND	51.653	51.455	-198	-0,38%
PORTUGAL	23.664	23.411	-253	-1,07%
LUXEMBOURG	15.558	14.690	-868	-5,58%
ICELAND	7.626	11.348	3.722	48,81%
OTHER COUNTRIES	42.546	49.705	7.159	16,83%
SPAIN	421.763	502.286	80.523	19,09%
TOTAL	3.287.238	3.272.274	-14.964	-0,46%

INBOUND VISITORS TO GRAN CANARIA. 2000-2004.



INBOUND VISITORS IN GRAN CANARY, BY GEOGRAPHICAL GROUPS

	2.003	2.004	DIF.	VAR%
GERMANY AND UNITED KINGDOM	1.631.784	1.518.244	-113.540	-6,96%
OTHER CONUNTRIES	1.655.454	1.754.030	98.576	5,95%

	2.003	2.004
MKT SHARE GERMANY-U.KINGDOM	49,64%	46,40%
MKT SHARE OTHER COUNTRIES	50,36%	53,60%

GEOGRAPHICAL GROUPS	2003	2004	DIF.	VAR%	MKT SHARE 03	MKT SHARE 04
SCANDINAVIAN	583.415	626.347	42.932	7,36%	17,75%	19,05%
LATIN COUNTRIES	83.483	76.456	-7.027	-8,42%	2,54%	2,33%
SPAIN	421.763	502.286	80.523	19,09%	12,83%	15,28%
GERMAN	906.331	859.572	-46.759	-5,16%	27,57%	26,15%
UNITED KINGDOM AND IRELAND	952.595	881.678	-70.917	-7,44%	28,98%	26,82%
BENELUX	269.019	254.902	-14.117	-5,25%	8,18%	7,75%
EAST EUROPE	28.086	21.328	-6.758	-24,06%	0,85%	0,65%
OTHERS	42.546	49.705	7.159	16,83%	1,29%	1,51%
TOTAL	3.287.238	3.272.274	-14.964	-0,46%	100,00%	100,00%

1.3 Comparative analysis by island. 2004. January 2005.



GERMANY

INBOUND VISITORS TO THE CANARY ISLANDS. JANUARY 2005. YEARS 2003-2004.

ISLANDS	January		2003-2004	
	Total Var.	Var. %	Total Var.	Var. %
GRAN CANARIA	9.711	15,13%	-45.056	-5,62%
FUERTEVENTURA	3.836	7,90%	-76.810	-10,67%
LANZAROTE	7.913	32,45%	-54.403	-12,46%
TENERIFE	8.181	12,18%	-25.917	-3,71%
LA PALMA	1.727	24,58%	-4.465	-5,13%
CANARIAS	31.368	14,84%	-206.651	-7,53%

UNITED KINGDOM

INBOUND VISITORS TO THE CANARY ISLANDS. JANUARY 2005. YEARS 2003-2004.

ISLANDS	January		2003-2004	
	Total Var.	Var. %	Total Var.	Var. %
GRAN CANARIA	3.288	6,55%	-68.484	-8,26%
FUERTEVENTURA	-3.150	-9,30%	-17.756	-3,93%
LANZAROTE	-10.038	-13,24%	-11.615	-1,25%
TENERIFE	-30.206	-19,29%	-83.506	-4,52%
LA PALMA	-32	-3,65%	-407	-8,24%
CANARIAS	-40.138	-12,65%	-181.768	-4,48%

SWEDEN

INBOUND VISITORS TO THE CANARY ISLANDS. JANUARY 2005. YEARS 2003-2004.

ISLANDS	January		2003-2004	
	Total Var.	Var. %	Total Var.	Var. %
GRAN CANARIA	-1.890	-5,81%	7.461	3,77%
FUERTEVENTURA	-543	-16,25%	-9.177	-37,00%
LANZAROTE	-202	-3,96%	-730	-1,94%
TENERIFE	4.406	35,33%	-3.883	-3,99%
LA PALMA	-	-	0	0,00%
CANARIAS	1.771	3,31%	-6.329	-1,77%

Foreign inbound visitors to Gran Canaria. January. 2004-2005.

ISLAS	2004	2005	Dif.	Var. %
GRAN CANARIA	262.134	288.257	26.123	9,97%
TENERIFE	336.267	327.849	-8.418	-2,50%
LANZAROTE	143.507	142.648	-859	-0,60%
FUERTEVENTURA	103.488	101.979	-1.509	-1,46%
LA PALMA	11.981	13.243	1.262	10,53%
CANARIAS	857.377	873.976	16.599	1,94%

Foreign inbound visitors to Gran Canaria. 2003-2004.

ISLAS	2003	2004	Dif.	Var. %
GRAN CANARIA	2.865.475	2.769.898	-95.577	-3,34%
FUERTEVENTURA	1.414.108	1.314.017	-100.091	-7,08%
LANZAROTE	1.853.085	1.770.176	-82.909	-4,47%
TENERIFE	3.582.195	3.457.070	-125.125	-3,49%
LA PALMA	121.922	116.104	-5.818	-4,77%
CANARIAS	9.836.785	9.427.265	-409.520	-4,16%

2. Markets of origin. Evolution and forecasts.

Scandinavian market.

As we mentioned earlier the recovery of the Scandinavian market has been gaining strength in the last few months, with continuous growth in the demand received in Gran Canaria being registered throughout the winter.

The explanation for this could lie in a significant degree of macroeconomic recovery, although the decreases in previous years and, to a lesser extent, recent events in south-east Asia could be partly responsible.

English market.

Currently available indicators show that the exchange rate and the competition of countries outside the euro zone are having an impact on our tourist markets of origin.

The data relating to bookings available for winter 2004-2005 and the provisional figures for the summer of 2005 show a certain degree of stability in the overall volume from the United Kingdom, while European traditional coastal destinations are decreasing in even two digits, with significant increases in Mediterranean destinations and the dollar area in view of the relatively higher costs of European packages due to the strength of the euro.

In this respect, and for 2005, the key factor for destinations like Gran Canaria is the specialisation and segmentation of their tourist supply, enabling us to attract market segments with less price elasticity.

German market.

Several figures have been published to date which somewhat explain the negative evolution of this market in the last few years.

On the one hand, there has been a continuous increase in the number of German tourists arriving on the island since September 2004, showing that:

1. German tourist demand on the Island has probably reached its lowest structural level, which is unlikely to alter in view of the considerably loyalty of German tourism to Gran Canaria.
2. In previous seasons, the demand could not be satisfied due to the huge airline cuts in availability; this winter, in view of the destination's

consistency and renovation, the operators have decided to return to their previous capacity, eliminating the bottle neck and thus recovering the demand levels of previous years.

We cannot ignore, however, the economic panorama in Germany: 5 million unemployed persons and 10% unemployment rate, just to give some example. and the drastic cuts in social programmes made in 2005 by the German government will certainly generate more uncertainty among German consumers regarding extra expenses.

Spain and Portugal.

After this market's spectacular growth in Gran Canaria in 2004 (+80,000 pax.), the perspectives of the different tour operators forecast around 15% further growth in 2005.

The vitality of national Spanish tourism, which largely "saved" the summer season on the mainland coast, appears to be maintained, supported with regards to Gran Canaria by the increased number of flights to and from leading Spanish cities in both summer and winter.

Latin Markets.

Italy: its negative results in Gran Canaria contrast with the 10% growth calculated for Spain as a whole in 2004.

In this respect, our absence from the low-cost airline sector and direct competition from Egypt are key factors.

The year 2005 is uncertain for the Island, so our specialisation strategy is of the utmost importance and segmentation.

Portugal: the good figures provided by tour operators in 2004, despite -1% provided by AENA, are added to the considerable increase in regular airline traffic from Portugal via Madrid.

The perspectives for 2005 are positive, with more flights to Madeira and Portugal mainland.

France: this market has great potential for Gran Canaria, with different tour operators presenting important growth rates.

The fact that the 2004 figures were in line with the previous year and the good booking rate for the beginning of 2005, lead us to be optimistic, although we have to realise that the shortage of flights is a bottle neck which is more than likely preventing exponential growth.

Eastern Europe.

Poland: its consolidation within the EU and its major projects for investment in infrastructures in 2005 and 2006 lead us to forecast a higher employment rate and, therefore, more disposable income, with the possibility of some spending on holidays.

At the same time, the possible establishment of low-cost airlines could support the growth of this market in which recent growth has tended towards Egypt, Tunisia and Cyprus, instead of Spain.

Russia: a new direct connection between Madrid and Moscow could favour the arrival of individual tourists to Gran Canaria this winter, supported by the simplification of the visa application process.

Hungary: market with emerging volumes to date in Gran Canaria, (693 pax. in January), with low booking levels for the rest of the winter. Egypt and Tunisia continue to be our main competitors.

Benelux.

Holland: a slight economic recovery could be leading to an increase in holiday spending which, together with the fact that tour operators are encouraging early bookings, is generating a rapid growth in bookings with tourists fearing higher costs if they book later.

In any case, and although there was a slight recovery in the number of Dutch visitors to the Island at the end of 2004, the forecast for 2005 is very uncertain, especially in the summer, where the downwards trend in package deals is making travel to Brazil cheaper than a holiday in the Canary Islands.

Belgium: the economic recovery which began in 2004 is expected to become consolidated, and may foster private consumption by means of the fiscal reforms introduced.

At the same time, we are the Canary Island with the best results, according to some of the leading tour operators, although it is too soon for strict value judgements for 2005.

3. Tourist supply in Gran Canaria.

3.1 Tourist beds in Gran Canaria. Geographical distribution.

TOURIST SUPPLY IN GRAN CANARIA. OCTOBER 2004.

AUTHORISED HOTEL BEDS AND APARTMENTS	AUTHORISED BEDS			LICENSE PENDING BEDS			TOTAL BEDS		
	HOTEL	APARTM.	TOTAL	HOTEL	APARTM.	TOTAL	HOTEL	APARTM.	TOTAL
AGAETE	63	0	63	60	0	60	123	0	123
AGUIMES	10	0	10	0	0	0	10	0	10
ARTENARA	0	0	0	0	0	0	0	0	0
ARUCAS	0	0	0	0	0	0	0	0	0
FIRGAS	0	0	0	0	0	0	0	0	0
GALDAR	12	0	12	0	0	0	12	0	12
INGENIO	0	0	0	0	0	0	0	0	0
LAS PALMAS DE GRAN CANARIA	5555	1945	7500	37	0	37	5592	1945	7537
MOGÁN	7553	24594	32147	5269	1739	7008	12822	26333	39155
MOYA	12	0	12	0	0	0	12	0	12
SAN BARTOLOMÉ DE TIRAJANA	26665	74176	100841	5187	1446	6633	31852	75622	107474
SAN NICOLÁS DE TOLENTINO	47	0	47	0	0	0	47	0	47
SANTA BRIGIDA	131	0	131	0	0	0	131	0	131
SANTA LUCIA DE TIRAJANA	20	0	20	336	0	336	356	0	356
SANTA MARIA DE GUIA	0	0	0	0	0	0	0	0	0
TEJEDA	14	0	14	0	0	0	14	0	14
TELDE	56	0	56	0	0	0	56	0	56
TEROR	0	0	0	18	0	18	18	0	18
VALLESECO	0	0	0	0	0	0	0	0	0
VALSEQUILLO	0	0	0	0	0	0	0	0	0
VEGA DE SAN MATEO	0	0	0	20	0	20	20	0	20
TOTAL	40138	100715	140853	10927	3185	14112	51065	103900	154965

Authorised beds: those that have already been classified and issued a business progress. License pending beds: those with authorization in progress.

Source: Gran Canaria Tourist Board.

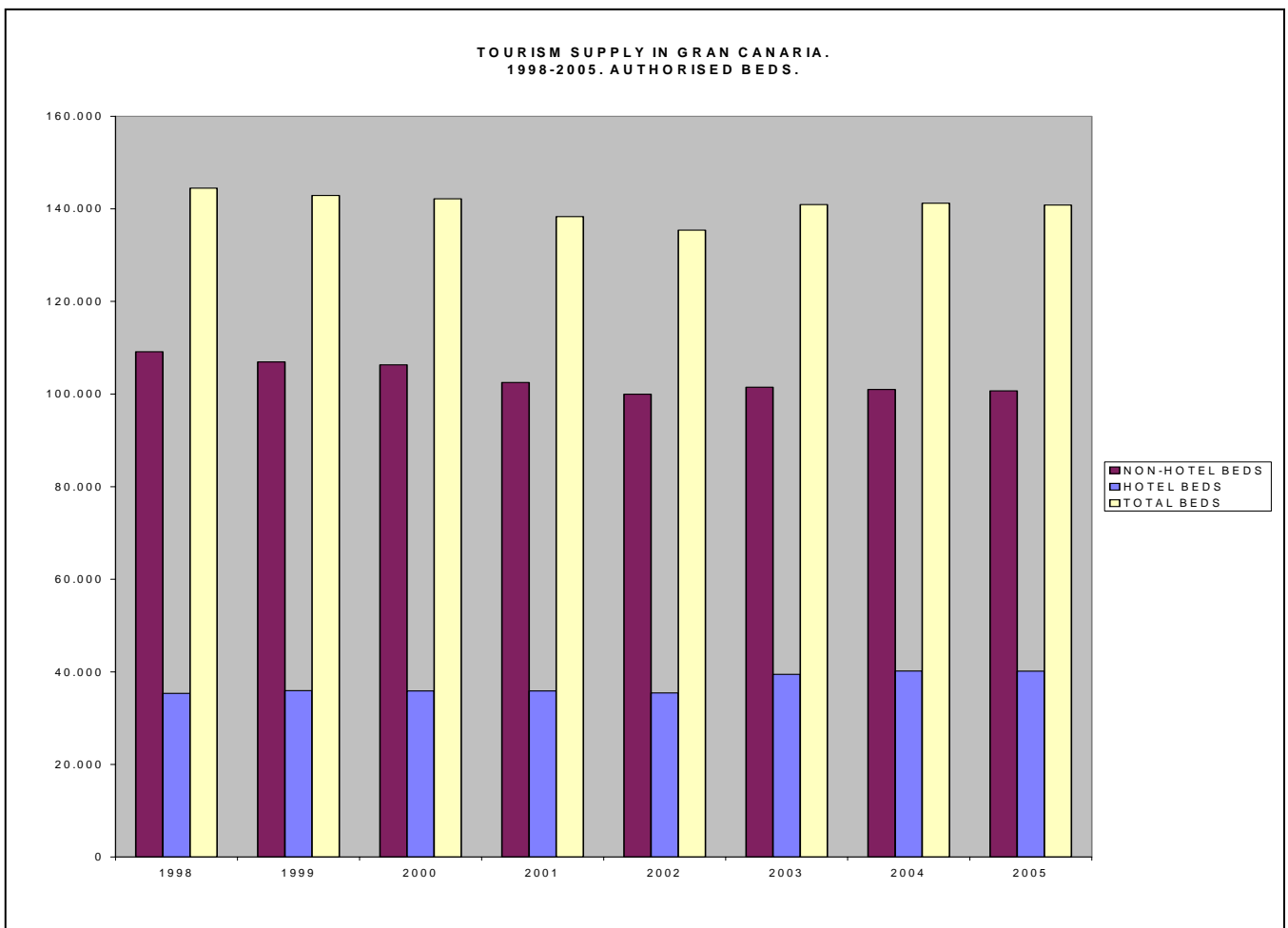
TOURIST SUPPLY IN GRAN CANARIA, BY CATEGORIES. FEBRUARY 2005.

CATEGORY	AUTHORISED	PENDING	TOTAL
1 STAR	2232	56	2288
2 STARS	3315	147	3462
3 STARS	14146	968	15114
4 STARS	16918	7327	24245
5 STARS	3527	2429	5956
TOTAL HOTELES	40138	10927	51065
1 KEY	42439	2583	45022
2 KEYS	47891	588	48479
3 KEYS	10385	14	10399
TOTAL APARTMENTS	100715	3185	103900
TOTAL SUPPLY	140853	14112	154965

Authorised beds: those that have already been classified and issued a business progress.

License pending beds: those with authorization in progress.

3.2 Gran Canaria. Evolution of accommodation capacity.



4. Accommodation sector indicators.

4.1 Hotel accommodation occupancy survey.

Visitors, overnight stays, average length of stay. January 2005.

Provinces	Travellers			Overnight stays			Average length of stay
	Total	Spanish residents	Foreign residents	Total	Spanish residents	Foreign residents	
TOTAL	3.370.550	2.146.503	1.224.047	11.117.993	5.086.831	6.031.161	3,30
Andalucía	657.765	430.350	227.415	1.943.549	1.069.410	874.138	2,95
Málaga	170.876	78.684	92.192	775.428	258.833	516.595	4,54
Sevilla	115.376	74.751	40.625	213.135	132.981	80.154	1,85
Balears (Illes)	92.538	39.478	53.060	558.510	174.525	383.984	6,04
Canarias	393.333	91.705	301.629	3.376.184	429.989	2.946.194	8,58
Palmas (Las)	179.666	36.678	142.989	1.600.133	170.970	1.429.163	8,91
Santa Cruz de Tenerife	213.667	55.027	158.640	1.776.051	259.019	1.517.031	8,31
Cataluña	540.512	304.414	236.098	1.296.694	709.856	586.838	2,40
Barcelona	327.724	142.384	185.340	783.272	298.507	484.764	2,39
Girona	88.781	58.058	30.724	200.200	143.095	57.105	2,25
Lleida	64.688	57.043	7.645	193.121	173.872	19.249	2,99
Tarragona	59.319	46.930	12.389	120.102	94.382	25.720	2,02
Comunidad Valenciana	310.877	203.871	107.006	1.194.095	613.608	580.487	3,84
Alicante	169.611	96.188	73.423	859.132	351.241	507.891	5,07
Castellón	32.168	26.612	5.556	92.935	77.424	15.511	2,89
Valencia	109.098	81.072	28.026	242.028	184.943	57.085	2,22
Madrid (Comunidad de)	485.964	306.282	179.682	1.016.421	604.289	412.131	2,09

Stablishments open, hotel beds, occupancy rate, reservations, personnel employed. January 2005.

Category	Number of establishments open	Number of hotel beds estimated in the survey	Occupancy rate		Reservations			Personnel employed
			per hotel beds	per weekends	per rooms	In 2 months' time	In 3 months' time	
TOTAL	11.803	899.636	39,64	43,21	45,28	42,28	39,03	132.663
Andalucía	2.041	181.345	34,38	39,54	39,17	36,18	35,36	25.462
Málaga	451	61.443	40,47	44,01	44,78	36,78	34,45	10.041
Sevilla	288	23.438	29,26	35,04	34,24	40,12	45,88	3.588
Balears (Illes)	174	44.514	40,45	43,12	46,51	54,70	53,27	5.930
Canarias	458	156.317	69,04	69,55	76,49	57,01	48,78	28.629
Palmas (Las)	188	75.753	67,55	67,81	75,35	60,25	50,81	13.409
Santa Cruz de Tenerife	270	80.563	70,44	71,19	77,55	53,97	46,87	15.220
Cataluña	1.479	112.667	36,84	41,77	44,57	46,65	42,36	17.094
Barcelona	701	62.359	40,37	45,30	50,00	54,00	54,78	10.255
Girona	317	21.206	30,08	38,24	35,35	41,23	36,13	2.749
Lleida	287	15.285	39,80	43,19	42,12	50,08	25,65	2.146
Tarragona	174	13.817	28,02	29,66	34,63	14,21	8,89	1.945
Comunidad Valenciana	829	90.664	42,41	45,94	47,20	48,52	42,84	11.815
Alicante	376	54.742	50,52	54,57	53,24	48,34	43,00	7.133
Castellón	144	10.302	29,06	31,63	35,48	44,85	43,39	1.115
Valencia	309	25.619	30,43	33,25	38,86	50,29	42,30	3.566
Madrid (Comunidad de)	1.048	75.323	43,41	50,24	54,44	44,28	44,61	12.028

Source: National Statistics Institute.

Hotel accommodation survey. January 2005.

	Travellers		Overnight stays				Reservations		Average Personne		
	Spanish residents	Foreign residents	Spanish residents	Foreign residents	Per bed places	Per weekend	Por rooms	In 2 months time	In 3 months' time	length of stay	employed
Tourist destinations with higher occupancy rates											
Isla de La Gomera	1816	4.921	4.119	35.054	72,76	76,00	75,79	42,02	26,49	5,81	412
Isla de Gran Canaria	22.843	87.086	93.194	857.588	72,24	72,78	80,92	63,53	54,31	8,65	7.429
Isla de Tenerife	50.892	149.971	248.518	1449.040	71,31	72,03	78,67	54,62	47,62	8,45	14.367
Isla de Lanzarote	11.977	32.566	68.936	336.543	66,46	67,22	71,89	49,03	38,80	9,10	3.401
Isla de Fuerteventura	1857	23.336	8.840	235.032	55,16	53,87	63,58	65,77	56,81	9,68	2.579
Costa Blanca	85.602	70.273	330.647	500.664	51,76	56,05	54,39	49,33	43,58	5,33	6.796
Isla de La Palma	2.017	3.496	5.157	31.811	50,03	49,70	50,99	43,11	40,04	6,71	359
Costa de Barcelona	88.177	154.489	181.672	408.784	44,70	51,51	54,25	57,66	58,92	2,43	7.446

Tourist destinations with higher number of overnight stays

Naut Arán	9.386	1.197	48.836	6.344	80,47	74,25	81,51	65,67	7,43	5,21	478
Adeje	11.355	62.694	74.059	634.702	77,91	77,87	84,38	60,53	53,84	9,57	5.979
Arona	5.816	45.169	32.571	389.586	77,70	78,64	88,23	60,16	54,77	8,28	3.093
San Bartolomé de Tirajana	6.371	61.359	39.686	626.633	76,34	77,06	84,74	64,97	55,17	9,84	5.407
Mogán	288	18.693	3.206	192.174	74,98	75,13	86,38	67,91	59,84	10,29	1.196
Monachil	14.854	3.819	51.418	14.892	72,46	74,94	72,95	43,35	34,42	3,55	454
Puerto de La Cruz	14.761	24.372	81.688	284.433	68,67	70,10	73,44	49,09	37,50	9,36	3.179
Tías	4.154	14.663	25.792	151.776	67,91	69,30	72,00	55,35	44,24	9,44	1.598
Benidorm	26.940	47.153	182.107	447.573	65,82	70,89	66,82	56,46	47,91	8,50	4.064
Vielha e Mijaran	16.186	3.398	51.482	8.070	62,66	70,48	72,11	59,52	16,99	3,04	378

Source: National Statistics Institute.

4.2 Non-hotel accommodation occupancy survey.

Visitors, overnight stays, average length of stay. January 2005.

Regions	Travellers			Overnight stays			Average length of stay
	Total	Spanish residents	Foreign residents	Total	Spanish residents	Foreign residents	
TOTAL	483.206	75.511	407.695	4.467.451	408.685	4.058.766	9,25
Andalucía*	35.170	15.176	19.994	250.134	55.303	194.831	7,11
Aragón	3.765	3.634	131	15.076	14.297	779	4,00
Asturias (P. de)	564	555	9	2.966	2.783	183	5,26
Balears (Illes)	8.038	473	7.565	46.840	1.981	44.859	5,83
Canarias	370.617	18.565	352.052	3.582.350	115.407	3.466.944	9,67
Cantabria	1.023	936	87	7.979	7.170	809	7,80
Castilla y León	501	394	107	2.591	1.907	683	5,17
Castilla-La Mancha	1.220	1.204	16	3.675	3.150	525	3,01
Cataluña	16.987	12.696	4.291	120.789	96.471	24.318	7,11
C. Valenciana	22.702	5.351	17.351	343.952	58.313	285.639	15,15
Extremadura	409	402	6	963	920	43	2,36
Galicia	1.161	778	383	5.330	3.210	2.120	4,59
Madrid (C. de)	17.750	12.478	5.272	60.945	32.608	28.337	3,43
Murcia (Región de)	1.143	855	288	15.709	8.359	7.350	13,74
Navarra (C. Foral de)	1.400	1.340	60	5.308	4.745	563	3,79
País Vasco	437	358	79	2.176	1.400	776	4,98
Rioja (La)	318	314	4	669	661	8	2,10
Ceuta y Melilla	-	-	-	-	-	-	-
Year to year rate	-7,61	0,83	-9,01	-4,85	-6,07	-4,73	2,89

Stablishments open, hotel beds, occupancy rate, personnel employed. January 2005.

Regions	Number of		Occupancy rate		Personnel employed
	Beds	Apartments	Per beds	Per apartments	
TOTAL	342.068	100.029	41,80	63,46	19.826
Andalucía	33.921	9.346	23,73	37,18	2.086
Aragón	1.837	412	25,94	33,23	89
Asturias (P. de)	1.675	460	5,64	11,38	185
Balears (Illes)	4.261	1.394	35,43	59,42	317
Canarias	215.510	68.603	53,13	74,65	13.963
Cantabria	1.875	485	13,58	20,24	62
Castilla y León	390	115	21,39	37,84	27
Castilla-La Mancha	767	202	15,36	18,69	65
Cataluña	13.631	3.313	28,38	43,19	617
C. Valenciana	55.164	11.715	20,11	38,73	1.523
Extremadura	537	135	5,74	12,39	40
Galicia	1.230	356	14,03	25,18	102
Madrid (C. de)	4.477	1.906	43,69	62,60	507
Murcia (Región de)	5.699	1.286	8,87	16,52	150
Navarra (C. Foral de)	639	170	26,74	42,46	61
País Vasco	339	103	20,61	42,15	22
Rioja (La)	116	28	18,05	20,86	9
Ceuta y Melilla	-	-	-	-	-
Year to year rate	-0,57	-2,63	-4,05	-1,03	-5,95

Non-Hotel Accommodation Survey. January 2005.

Destinations	Travellers		Overnight stays		Average Bed length of stay	Bed places	Apart-ments	Occupancy rate		Personnel employed
	Spanish residents	Foreign residents	Spanish residents	Foreign residents				Per beds	Per Apart-ments	
Isla de Gran Canaria	3.649	145.862	17.591	1.427.096	9,66	76.705	25.331	60,09	84,55	4.376
Isla de Tenerife	7.041	92.836	42.444	950.897	9,95	56.371	17.821	56,53	78,73	3.897
Isla de Lanzarote	3.834	75.882	25.886	721.509	9,38	46.057	14.092	51,65	70,24	3.305
Isla de Fuerteventura	2.614	31.958	17.257	300.868	9,20	28.404	8.707	35,94	52,79	1.717
Costa Blanca	3.643	15.648	31.039	254.457	14,80	39.791	8.739	23,10	44,27	1.128
Costa del Sol	2.310	15.699	12.547	163.450	9,77	18.623	5.309	30,44	46,59	1.224
Isla de Mallorca	382	7.540	1.520	44.729	5,84	4.053	1.327	36,78	61,61	297
Isla de la Palma	923	3.121	5.591	37.788	10,72	4.342	1.427	32,26	47,11	394
Isla de Gomera	417	2.351	6.134	28.439	12,49	3.184	1.100	34,98	52,87	248
Costa Valencia	370	725	11.453	19.319	28,12	4.389	837	22,90	37,76	164

Municipalities	Travellers		Overnight stays		Average Bed length of stay	Bed places	Apart-ments	Occupancy rate		Personnel employed
	Spanish residents	Foreign residents	Spanish residents	Foreign residents				Per beds	Per Apart-ments	
San Bartolomé de Tirajana	2.983	93986	13.579	949.150	9,93	52.332	17.281	58,82	84,40	2.887
Mogán	184	52354	1.054	464.771	8,87	22.411	6.990	65,67	88,14	1.401
Tias	2.164	48077	13.948	431.085	8,86	25.930	8.220	54,39	74,54	1.719
Arona	1.031	35261	8.846	365.665	10,32	21.783	6.791	55,15	75,99	1.412
Adeje	1.089	34029	6.227	326.170	9,47	18.924	5.558	56,28	81,44	1.324
Benidorm	746	10.715	8.424	184.398	16,82	16.328	3.964	37,93	66,41	516
Teguise	1.035	15.052	5.010	172.354	11,02	11.436	3.466	49,38	63,88	916
Puerto de la Cruz	4.069	11.890	21.901	150.848	10,82	8.071	3.242	68,68	83,44	585
La Oliva	1.021	12.459	8.060	121.126	9,58	9.894	2.854	41,70	61,33	660
Pajara	647	7.867	4.151	97.071	11,89	9.716	3.292	33,50	47,20	551

Source: National Statistics Institute.

5. Prices:

5.1 Retail Price Index.

5.2 Hotel prices and revenue indices.

GENERAL PRICE INDEX. JANUARY 2005. HOTEL PRICE AND REVENUE INDEX. CANARY ISLANDS-SPAIN. 2005-2004.

CANARY ISLANDS		
OCTOBER 2004	MONTH VAR	YEAR-OVER-YEAR
TOTAL	-0,60	2,30
Hotels, cafeterias and restaurants	0,10	2,00

SPAIN	
MONTH VAR	YEAR-OVER-YEAR
-0,80	3,10
0,40	4,00

LAS PALMAS		
OCTOBER 2004	MONTH VAR	YEAR-OVER-YEAR
TOTAL	-0,7	2,20
Hotels, cafeterias and restaurants	-0,10	2,30

S/C DE TENERIFE	
MONTH VAR	YEAR-OVER-YEAR
-0,60	2,50
0,30	1,70

HOTEL PRICE AND REVENUE INDEX. CANARY ISLANDS-SPAIN. JANUARY 2005-2004.

PRICES	YEAR-OVER-YEAR
CANARIAS	1,80%
BALEARES	-1,10%
ANDALUCIA	2,50%
NACIONAL	1,30%

REVENUES	YEAR-OVER-YEAR
CANARIAS	1,50%
BALEARES	3,20%
ANDALUCIA	1,40%
NACIONAL	3,20%

Source: National Statistics Institute.

6. Employment:

- 6.1 Labour Force Survey.
- 6.2 Unemployed persons registered in the Spanish Employment Agency (INEM).

TOURIST EMPLOYMENT FIGURES

WORK FORCE SURVEY. OCT-DEC 2004.

GENERAL FIGURES (IN THOUSANDS)

	CANARIES	SPAIN
EMPLOYED	799,3	17323,3
JAN-MAR VAR.	1,58%	0,48%
YEAR-OVER-YEAR VAR.	1,78%	2,74%
UNEMPLOYED	93,9	2007,1
JAN-MAR VAR.	-6,66%	-1,19%
YEAR-OVER-YEAR VAR..	-13,13%	-5,64%
UNEMPLOYMENT RATE	10,51%	10,38%

	LAS PALMAS	S/C DE TFE.
EMPLOYED	418,7	380,6
JAN-MAR VAR.	47,4	46,6
UNEMPLOYM. RATE	10,16%	10,90%

PERSONNEL UNEMPLOYED RECORDED IN THE PUBLIC OFFICES.
JANUARY 2005.

	CANARIES	SPAIN MAINLAND
UNEMPLOYED	111.445	1.723.449
MONTHLY VAR.	5,10%	3,18%
YEAR-OVER-YEAR VAR.	3,21%	-2,19%

ISLAND	GRAN CANARIA	
	TOTAL	TOURIST SECTOR
UNEMPLOYED	55.073	6.076
MONTH VAR.	8,70%	3,70%
% OVER TOTAL	-	11,03%

TOURIST MUNICIPALITIES	SAN BARTOLOME	LAS PALMAS G.C.	MOGAN
PEOPLE UNEMPLOYED IN TOURISM	815	2.267	246
YEAR-OVER-YEAR VAR.	-1,20%	8,90%	37,90%

CONCLUSIONS

With the publication of the data for January 2005, we can reach a pretty accurate estimate of the final result of the 2004-2005 winter season.

In our local environment, demand figures show reactivation in terms of volume (although less certain in terms of price and average spending).

In January, Gran Canaria registered a 10.46% increase in the number of visitors; the fifth consecutive month of recovery.

Although this can evidently not yet be classified as a trend, it reveals that the market diversification policy of the last few years will enable us to balance the levels of affluence to the destination as soon as the most popular markets balance their situation.

The minimal growth of the German market has enabled us to place even more importance on the progress registered in the Spanish market or the Scandinavian reaction.

The aggregate figures for the first half of the winter appear to show that winter 2004-2005 will be positive for Gran Canaria, thus breaking with the falling trend observed since 2001.

The next few months will be of key importance for verifying that, at least, we have managed to establish a demand *floor*, a structural level helping us to consolidate occupancy and activity levels and, from that perspective, making an intense effort to improve the customer profile.

So, and although existing data identify us as a leading destination in occupancy, (especially in the winter months) we must strengthen the following factors:

- Average stay: within a general trend to reduce length of stay, we have to fight to at least maintain its current value, promoting the combination of leisure possibilities on the Island, together with fostering short breaks, particularly with the mainland Spanish market.

Ultimately, we have to prevent length of stay from falling and increase customer loyalty, since this will enable us to depend less on new tourist growth and also help to support the destination's sustainability.

- Average spending: as in the previous case, we must offer a product that is more interesting, more attractive for visitors, enabling us to attract wealthier tourists more willing to spend. Ultimately, we have to turn the "low quality-low price-low spending customer" vicious circle into an

“attractive service-reasonable price-customer willing to spend” virtuous circle.

- Accommodation prices: based on the previous aspects, we can consolidate the destination's strengths, which are many, to position our accommodation on a logical and sufficient rate level capable of feeding the entire tourist value chain.
- Seasonality: based on the premise that Canary Islands is probably the destination least affected by seasonality in the world, we must calmly analyse the tourist performance curves during the year and attempt to create a special impact on the low season.

The fostering of events spreading the destination's name, an analysis of markets possibly willing to travel at this time or the reinforcement of promotional activities could reduce seasonality and generate a variety of socioeconomic effects: employment stability, etc.

Year End 2004

Tourist year 2004 in the Canary Islands was marked to a considerable extent by the vitality of the Spanish market which compensated for the unstable German and British markets.

However, the lack of accurate indicators of the national demand in the Canary Islands prevents us from precisely measuring progress, although operator figures for Gran Canaria indicate 20% growth in 2004, consolidating the Spanish market as the third most important for the Island.

Overseas inbound to the Canary Islands. 2003-2004.				
ISLANDS	2003	2004	Difference	%
GRAN CANARIA	2,865,475	2,769,898	-95,577	-3.34%
FUERTEVENTURA	1,414,108	1,314,017	-100,091	-7.08%
LANZAROTE	1,853,085	1,770,176	-82,909	-4.47%
TENERIFE	3,582,195	3,457,070	-125,125	-3.49%
LA PALMA	121,922	116,104	-5,818	-4.77%
THE CANARY ISLANDS	9,836,785	9,427,265	-409,520	-4.16%

Source: AENA. Department of Tourism. Government of the Canary Islands.

As for other activity indicators defining the year's overall result, the initial tourist spending figures edited for the Canary Islands on a whole indicate around 1% nominal growth.

Therefore, if we deflate this growth rate (eliminating the effect of inflation), we reach the conclusion that average tourist spending in real terms has fallen in 2004.

These figures coincide with the national data which indicates that, regardless of quantitative changes, average spending per tourist is registering a downwards trend.

This has a direct impact on tourism's capacity to generate employment and wealth, according to estimations provided by Exceltur, with average spending per tourist in 2004 lower than it was in the year 2000.

Competitive destinations

We would like to conclude with a few significant figures concerning the evolution of our main competitors.

In this and previous reports, we have referred to the fact that the tourist market of origin is divided into two, with the so-called *emerging destinations* increasing their market share while traditional European coastal destinations are evidently not progressing further (mainly Spain).

A brief look at the number of visitors shows that Turkey is now close to 18 million visitors per annum, with a 25% increase in 2004.

Or we can consider Croatia, a destination with a geographic position and growing strengths in product quality and security; Croatia registered 8 million arrivals in 2004, placing it on the same demand level as such an important destination as Egypt.

We are evidently referring only to volume of demand, without analysing prices or spending (their strength lies to a great extent in the price factor).

So if our destination works on the four factors described above (average stay, expenditure, accommodation rates, seasonability) we will obtain a customer profile with a spending level which is sufficient to ensure the economic sustainability of tourism on the Island and, above all, satisfied, repeating and loyal customers. If we ensure this goal, our competitors will continue to make things difficult, but we will maintain our status as leaders.