

Economic Situation in the Community of Madrid

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Disclaimer:

The Community of Madrid does not make its own predictions about the growth of the regional economy. Those included in this report have been published by various independent sources and are cited as such.

Note on the analysis of the evolution of economic indicators in this report.

An assessment of how economic indicators have recovered following the COVID crisis is based on a comparison with the usual levels in the reference months prior to the outbreak of the pandemic. This report, therefore, sheds light on monthly indicator values from March 2019 to February 2020 and the variations in 2024 levels relative to pre-pandemic levels, alongside the usual year-on-year rate of change.

Close date: 25/09/2024

I. Overview of the economic situation

It is becoming a bit of a tradition to start this summary by pointing out a better-than-expected economic performance for the quarter under review. This trend results in upward revisions of forecasts for the current year and postpones the containment of growth to subsequent quarters, at least in the national and regional context, and at least until the second quarter of 2024, which seems to be the turning point of the current expansionary phase.

Among the reasons for this dynamic, in which activity data exceeded expectations only a few months earlier, is the environment of high geopolitical uncertainty and very short-sighted monetary policy statements, which connect the rate cut route to the performance of leading economic indicators in the coming months.

Ongoing wars are not likely to be resolved soon, so the cost of these conflicts continues to rise, as does the threat of escalation. This is particularly delicate in the current context of the highly fragile balance between the major economic and political powers, in their search (and struggle) for positions to occupy in the new configuration of the world order.

In this regard, the long-awaited Draghi report on the future of European competitiveness, published in mid-September, highlights the loss of the European Union's weight as an economic power, conditioned by a loss of productivity in relation to the other major economies, and its high vulnerability, both in terms of security and its high dependence on energy and key technological supplies. It denounces that the innovation deficit has hampered Europe's ability to be present in emerging technology sectors, and jeopardizes maintaining the welfare level of its citizens.

According to this report, action to change the current trend requires a substantial increase in productive investment, which requires completing the Capital Markets Union and making a substantial change in the use of the Community budget, while strengthening European governance, a task that is as complicated as it is essential. All of this so that Europe can continue to play a role on the world stage, where it is already lagging far behind. Solutions, on the other hand, which are not surprising for someone who, as head of European monetary policy, claimed to do whatever was necessary to avoid a continental collapse, and which involved, as now, the mutualisation of debt.

These long-term strategic positions will be the ultimate determinants of the potential growth of national economies. However, the long term ends up determining the short term, and an example of this is that GDP growth in 2024 is not unrelated to the effect of NextGenerationEU investments. Whether these will have a one-off effect in certain quarters, or whether they will be configured as a structural impulse (the purpose for which they were designed), will be something that we will not take long to verify.

In the second quarter of 2024, growth remains robust in the U.S., and the Eurozone has barely overcome the stagnation of 2023—its GDP grew 0.2% quarter-on-quarter, up from 0.3% in the previous quarter.

Of concern in Europe is the weakness of German GDP, which, after growing by 0.2% in the first quarter, lost 0.1% in the second quarter; France and Italy also lost momentum, but remained in positive territory; while Ireland continued to display its unique volatility and lost 1% quarter-on-quarter in the second quarter. Portugal experienced a significant slowdown and went from 0.8% growth in the first quarter, identical to that of Spain, to a meagre 0.1% in the second quarter. Spain, however, maintained a high level of dynamism, with a new increase of 0.8%.

The loss of momentum in the Eurozone looks set to continue for the foreseeable future in light of the recently released composite PMI data. This economic sentiment indicator, which had settled since March at values above 50 in the EU and the Eurozone, has recently lost this support in some territories. With September's figure at 48.9 points, the Eurozone is anticipating a contractionary activity profile in the coming months, with Germany registering 47.2 points, as a result of weakness in the manufacturing sector. In Spain, the PMI remains in expansionary territory.

The shift in monetary policy by the European Central Bank and the Fed, which surprised with a larger-than-expected rate cut at its September meeting, is aimed at stimulating economic activity now that inflationary pressures have been partially reduced, though not eliminated. The evolution of service prices, the main downward drag on core inflation, will have to be closely monitored. Many analysts believe that the easing of rates is more a response to political pressure than to economic reality.

The objective of this report is to portray the economic evolution of the Community of Madrid in the second quarter of 2024. In this sense, activity has shown signs of high dynamism, in line with the national level, with regional GDP growing by 0.9% quarter-on-quarter and 2.9% year-on-year. Underpinning this expansion is the strength of the labour

market, which has continued to generate employment and reduce unemployment. It is noteworthy, as it is extraordinary, that quarter-on-quarter growth continues to be high, and only moderately decelerated at a time of record employment levels.

With more than 3.4 million jobholders in the region and just under 320,000 unemployed, its lowest level since the third quarter of 2008, the unemployment rate has fallen substantially again, to 8.5% of the labour force, the best record in the last fifteen years. The participation rate suffered this quarter, due to the reduction of the labour force in the context of the expansion of the working-age population; thus, it stands at 62.7%, only surpassed in the regional environment by the Balearic Islands this quarter.

The analysis of the labour market, taking households as the unit of measurement, also points to the excellent current moment, with record highs in the number of households with all their members employed, while the absolute and relative number of households in which all their members in the labour force are unemployed continues to fall.

The increase in activity and employment has taken place within a context of normalisation of inflationary patterns towards price growth of around 3% year-on-year, once the risk of a price-wage inflationary spiral has been deactivated. The August data put headline CPI inflation at 2.2% and core CPI inflation at 2.7% in the region, compared to 2.3% and 2.7%, respectively, in Spain.

Although these rates are far removed from those of a year ago, especially for core inflation (5.3% in the Community of Madrid and 6.1% in Spain in August 2023), they nevertheless show a resistance to approaching the *magic* target¹ of 2%. Thus, although core inflation already stood at 2.9% in April in our region, it rebounded in the following two months to 3.1%, to stand at 2.7% in the summer months.

In the immediate trajectory of inflation, the behaviour of service prices, a component that has been contributing 1.8 points on average to inflation since February 2024, with very little oscillation, will be essential. This resistance to join the reduction pattern of the rest of the major groups is making it difficult for core inflation to return to the 2% target.

Those that are showing a clear process of normalisation are international trade flows, which have been strongly altered in volume and composition in recent years². Here we can note the disruptive effect of the health crisis, which generated, among other changes, historic levels of exports of pharmaceutical products, as certain vaccines against Covid were produced in the Community of Madrid, and were subsequently distributed worldwide from Belgium; the profound alteration of energy flows resulting from the war between Russia and Ukraine and the massive supply of liquefied natural gas (LNG) which, in the national environment, was practically all attributed to Madrid; as well as the distortions that energy prices and the effects on global supply chains generated in the amounts of export and import flows.

The return to trade patterns prior to these shocks is the origin of a major part of the high year-on-year declines that are being recorded in the region's export and import flows in 2023 and, to a lesser extent, in the second quarter of 2024, as well as the reason for the differential between reductions in the national and regional aggregates. The return to the previous pattern explains the recomposition of the structure by type of goods of these flows and the year-on-year changes in the map of the region's main clients and suppliers. Therefore, no alarm bells should be sounded from the declines in current flows, as they are not related to changes in the competitive capacity of regional companies; in fact, exports of goods have shown occasional increases in recent months.

Consistent with the above, current economic forecasts point to a continuation of the positive performance of activity in the region, in a national context that has performed better than initially estimated for the first half of 2024. Estimated growth for the Community of Madrid in 2024 is between 2.1% and 2.9%, up from the 1.7% - 2.5% estimated at the close of the previous report. This revision is part of a national environment for which the same forecasting agencies estimate growth between 2.2% and 2.7% for 2024, when at the end of May it ranged between 1.8% and 2.1%. As a result, the slowdown profile of activity in 2024 is softening compared to that seen in previous forecast waves.

¹ There is no scientific reason why a 2% CPI is better than a 1% CPI; quite the contrary. Only the New Zealand experience in the late 1980s and the Fed's adoption of that target for purely expectational reasons under Bernanke in 2012 can explain the setting of such a level of CPI increase.

² It is interesting, in that sense, to recall how it was pointed out that the war in Ukraine, COVID and their effects on the supply chain were part of the explosion of inflation that we've experienced from April 2021; and how, once the situation in Ukraine had unfortunately stabilized and supply chains fully recovered, with freight rates below those of 2020, inflation nevertheless continues at levels well above those set by politically correct canons; no one seems to want to assume that it is the uncontrolled issuance of debt and its monetisation that, as history teaches us, is behind inflation.

II. International context

Symptoms of resilience in the global economy

The international economy is showing signs of resilience, although growth remains moderate compared to historical averages. The latest outlook for the world economy presented by the IMF in July points to a 'less to more' scenario in 2025 for the Eurozone and a recovery in the US. China's economy continues to be weighed down by its real estate crisis and the resulting slowdown in consumption and investment.

In the U.S., GDP grew 0.8% quarter-over-quarter in the second quarter of 2024. This growth is double that recorded in the first quarter, a figure that reflects the positive dynamics of the U.S. economy. This improvement is due to a rebound in private inventory investment and an acceleration in consumer spending. For their part, euro zone countries recorded 0.2% growth in Gross Domestic Product in the second quarter of the year, slightly below the 0.3% recorded at the start of the year. These two figures are replicated in the case of the EU27. Of the large Eurozone economies, the Spanish economy shows one of the best performances in the EU. It is the fourth fastest-growing economy in the second half of the year, at 0.8%, while France recorded a rebound of 0.2% between April and June after starting 2024 with a 0.3% rise in GDP. The Italian economy, meanwhile, posted a similar dynamic, with growth of 0.2% in the second quarter and 0.3% in the first quarter. And not to be forgotten is Germany, which recorded the sixth worst performance in the second quarter of 2024 with -0.1% compared to 0.2% in the first quarter.

According to Eurostat's analysis, household consumption had no effect on GDP in the second

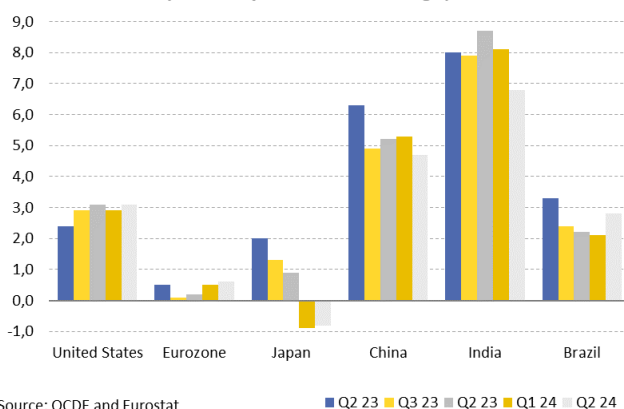
quarter. It fell by 0.1% in both the Eurozone and the EU, after growing by 0.3% and 0.4%, respectively, at the start of the year. Public spending had a positive impact, rising 0.6% in the EU20 and 0.7% in the EU27. The trade balance was positive. Exports increased by 1.4% in both regions, after starting 2024 with growth of 1.1% in the euro countries and 0.7% in the EU, while imports fell by 0.5% in the Eurozone and 0.6% in the EU.

Lastly, China is slowing down as it moves into 2024. Thus, the country's economy grew by 4.7%, less than expected by the authorities and below the 5.3% that it grew in the first quarter of the year. The country's GDP has not recorded such low growth since the end of 2022. Despite the slowdown in the economy, industrial production did meet the expected rise, but the country has been weighed down by other sectors such as retail trade and, in addition, the prolonged demand and real estate crisis since the end of 2023 remains in place. This has been offset by the recovery of external demand.

In July 2024, the annual inflation rate in the United States stood at 2.9%, marking an almost inappreciable slowdown from the 3% recorded in June, although, that said, it is the first time since March 2021 that it has grown less than 3%. In August, Eurozone headline CPI stood at 2.2%, down from 2.6% in July, while core CPI remained at 2.8%. Both the Fed and the ECB have lowered their reference rates; in doing so, the central banks intend to send a signal that inflation is starting to be brought under control.

In August 2024, the U.S. Composite Purchasing Managers' Index (PMI) stood at 54.6. This index, which combines data from the manufacturing and service sectors, signals an expansion in economic activity, as always when it is above 50. In the Eurozone, the composite PMI rose again in August to 51 points, but remains fragile.

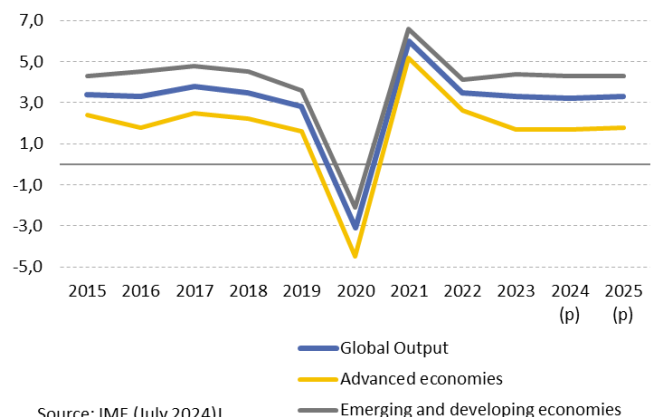
Evolution of main economies
(Year on year rates of change)



Source: OCDE and Eurostat

■ Q2 23 ■ Q3 23 ■ Q2 24 ■ Q1 24 ■ Q2 24

World economic growth 2015-2025



Source: IMF (July 2024)J

— Global Output
— Advanced economies
— Emerging and developing economies

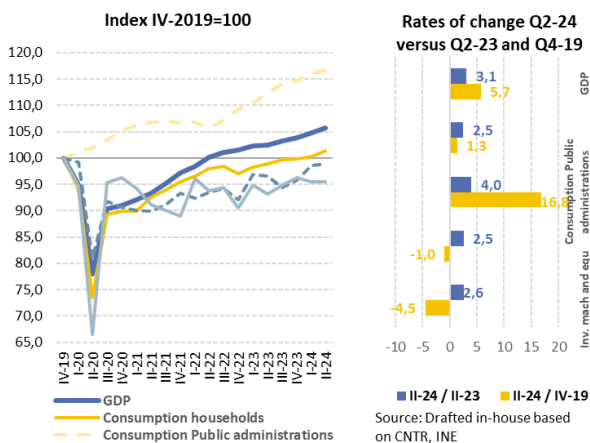
III. National framework

1. Growth

The Spanish economy surprised again in the second quarter with growth of 0.8%. According to the advance data of the quarterly accounts (QNA) of the INE, this increase in national GDP is similar to that of the previous period, although with a lower domestic contribution, mainly due to the deceleration of investment, and with a significant foreign contribution.

Household consumption moderated its growth by one tenth of a percentage point to 0.3%, although that of Public Administrations recovered from a drop in the previous quarter and increased by 0.2%. Gross fixed capital formation (GFCF) did not extend the upturn of the previous quarter and advanced by 0.9%, with investment in construction slowing to 1.3% and in machinery and equipment to 0.1%. External demand maintained its contribution of 0.5 points, highlighting the drop in imports during the quarter.

Evolution of GDP, consumption and investment in Spain



In year-on-year terms, GDP growth accelerated by three tenths of a percentage point to 2.9%, thanks to external demand, which increased its contribution by six-tenths of a point, to 0.9 points, due to the higher growth of exports, the highest in the last five quarters. However, domestic demand moderated its contribution from 2.3 to 2 points.

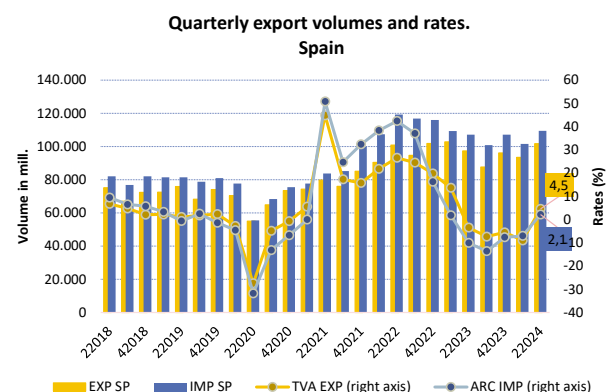
Consumption slowed its growth rate by five tenths of a percentage point, held back by the growth of consumption by Public Administrations, which decelerated by more than one percentage point; and by that of households, which slowed by two tenths of a percentage point. GFCF also decelerated to 1.2%, due to the slower growth of investment in construction, which

was not offset by investment in machinery and equipment, and which recovered from the previous quarter's decline and increased by 1.3%. It should be noted that both continue to be below their pre-pandemic levels.

2. Foreign sector

In the second quarter of the year, Spain's trade balance resumed gains in both exchanges, boosted by the extraordinary performance in April. Spanish exports of goods increased by 4.5% in the second quarter of 2024 compared to the same period in 2023, and posted a volume of €101.676 billion. On the other hand, imports advanced in the second quarter to €109.3933 billion, 2.1% more than in the second quarter of 2023. The trade balance recorded a deficit of €7.7174 billion (€9.8421 billion in the same period of 2023). The coverage rate stood at 92.9%, 2.1 percentage points (p.p.) higher than that recorded in the April-June 2023 period.

The performance of the second quarter offsets the reductions of the first quarter and thus, in the computation of the first half of 2024, exports soften the contractions to -2.4% (4.6% in the same period of 2023), similar to the decrease in imports which is -2.5%, a less intense reduction than that of the first half of 2023 (-4.5%).



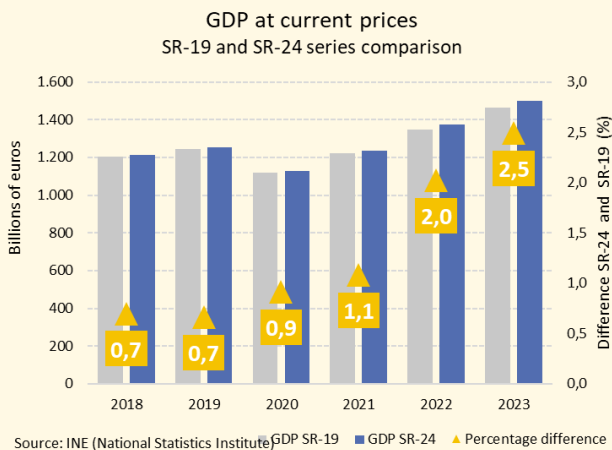
In the first half of 2024, the sectors that sink the export rate the most are *chemicals*, *non-chemical semi-manufactures* and *energy products*. The most notable upward contribution came from *food*, *beverages and tobacco*. For imports, *energy products* and *chemicals* make the strongest negative contributions. The latest data published for July shows an increase in both exchanges of 9.3% for exports and 3.2% for purchases.

Box I. Spanish National Accounts 1995-2023: Statistical Review 2024

The INE recently published the results of the **Spanish Annual National Accounts (CNE), 1995-2003 series** in which, in addition to the usual updates derived from the ordinary revision policy of INE's accounts operations; it incorporates the Statistical Revision 2024 (SR-2024). This extraordinary revision, which is introduced every five years, aims to 'provide at all times as accurate a measurement of the economy as possible', which 'makes a periodic updating of the statistical sources and estimation methods used for their compilation necessary'. It is carried out every five years, in a coordinated manner in all EU Member States, to ensure consistency and comparability of national accounts data in all countries.

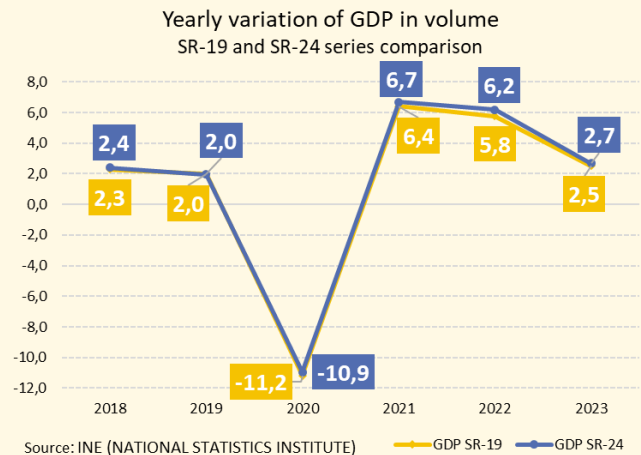
Therefore, the INE published a homogeneous 1995-2003 series that includes the changes derived from the SR-2024, with the data for the years 2021, 2022 and 2023 being affected, as well as by the update derived from the ordinary annual revision.

According to this new data, Spain's GDP at current prices amounted to 1.498324 trillion euros in 2023, 2.5% higher than the level estimated in the previous baseline with significant revisions also in the two previous years. Considering the entire 1995-2023 series, the RE-24 revision places current GDP 0.5% above the previous series on average.



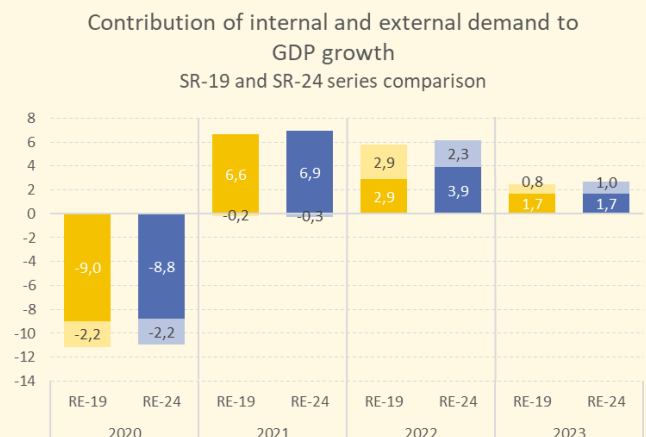
In terms of volume, there are also significant revisions, especially from 2020 onwards, with the contraction in the year of the onset of the pandemic being 10.9%, three tenths of a percentage point less intense than previously estimated. From that moment on, recovery has been occurring at a faster pace, with advances of 6.7% and 6.2%, three and four tenths of a percentage point higher than those derived from the previous RE-19 series. Likewise, growth in 2023 has also turned out to be somewhat more dynamic compared to the previous estimate, at 2.7% compared to the previous 2.5%. For the 1995-2023 series as a

whole, the average revision in the rates of change in volume was 0.1 points.



Broadly speaking, revisions in the demand components have been more relevant in the years 2021 and 2022, as can be seen in the graph showing the contributions to GDP growth of domestic demand and external demand. Thus, in both years, the higher GDP growth is due to greater contributions from domestic demand, three tenths of a point and one point respectively, which offset a worse performance of external demand than previously estimated.

As for the 2023 revision, it is mainly due to external demand, which contributed two tenths of a percentage point to the increase in GDP growth of that year.



From now on, all these changes will be visible in the QNA data that the INE publishes on September 27, and will also affect the growth forecasts of the Spanish economy for this year.

3. Labour market

The LFS shows the typical seasonal pattern of a second quarter, but with slowed profiles. The results of the LFS in the second quarter follow the expected seasonal pattern, with quarter-on-quarter reductions in the number of unemployed and an increase in the number of jobholders, but the intensity of these variations, lower than that observed a year ago, contains the year-on-year rate of growth in employment and slows the rate of unemployment reduction.

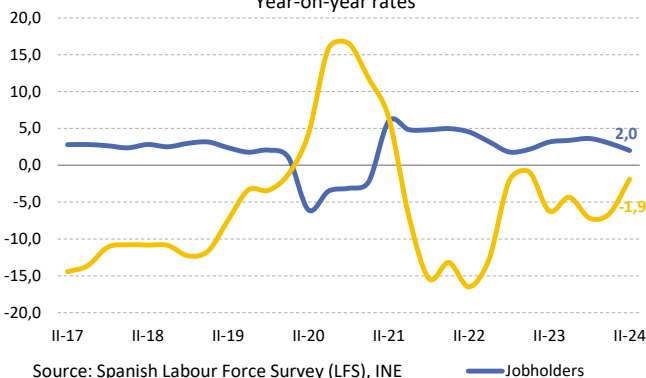
With 21,684,700 jobholders and 2,755,300 unemployed, the Spanish participation rate is up three tenths of a percentage point to 58.9%, and the unemployment rate is down one point to 13.3%, which was only lower before the onset of the financial crisis at the end of 2008.

These results take place in a context of very stable growth of the working-age population, while the labour force, with greater seasonal oscillations, stands out for its greater year-on-year dynamism than that of the population over 16 years of age, a fact that has been repeated since the beginning of 2023.

The year-on-year increase in employment, which had shown an acceleration in 2023, flexed downward in the previous quarter and continued to weaken in the second quarter (to 2%), a pattern also observed in the seasonally-adjusted data.

The year-on-year fall in unemployment, which is more volatile, lost momentum and stood at 1.5%. If we eliminate seasonal behaviour, unemployment in Spain showed the first quarter-on-quarter growth since the third quarter of 2020.

Evolution of employment and unemployment in Spain
Year-on-year rates



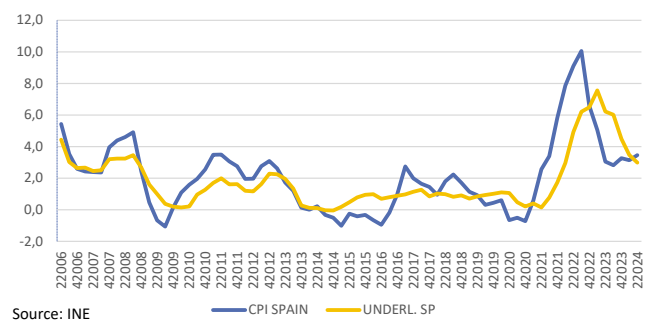
Registration data followed the same trend. Strong volume of new registrations in the second quarter, which grew at a slightly slower pace than in the first quarter, following the seasonal pattern. The drop in enrolment in the summer months of 2024 is slightly larger than that of 2023. The stability of the dynamics is the noteworthy feature of the registered unemployment data, which continues to fall.

4. Prices

In the second quarter of 2024, inflation for the country as a whole rebounded slightly from the first quarter, while core inflation remained subdued. In the second quarter of 2024, CPI inflation reached an average rate of 3.5% (3.1% in the previous quarter), although it reached its highest rate in May with 3.6%; however, the July figure fell to 2.8% and the last figure published, corresponding to August, fell to 2.3%, the lowest figure since July 2023. On the other hand, the core inflation rate remained practically stable throughout the quarter, at around 3%. Moreover, the latest data, for July and August, shows some resistance to containment, 2.8% and 2.7% respectively.

In the analysis by groups, it is worth highlighting the reduction experienced by the 'Food and non-alcoholic beverages' group, which recorded an average inflation rate in the second quarter of 4.7% compared to 11.8% a year ago and 6.1% in the previous quarter. The latest published data continues to show a downward profile and put the group's inflation in August at 2.5%.

Quarterly headline and core inflation for Spain



On the other hand, the 'Housing' group went from an average year-on-year rate in the second quarter of last year of -8.7% to 3.4% in the same quarter of 2024; fluctuations in electricity prices affect year-on-year comparisons. The latest figure puts the group's August rate at 4% (3.2% in July). On the other hand, 'Transportation' also increased its inflation by 1.3 points in the second quarter compared to the first quarter. However, the August figure turns negative, a sign not seen since July 2023, with a -1.3% year-on-year figure. 'Restaurants and hotels' is the most inflationary group in the second quarter with a rate of 5.9%, slightly moderated the August rate to 4.6% year-on-year.

In the international context, according to Eurostat, the indicator for the Eurozone fell slightly in the second quarter to 2.5% (2.6% in the first quarter of 2024). In August, the latest figure published, the rate continued to slow to 2.2%.

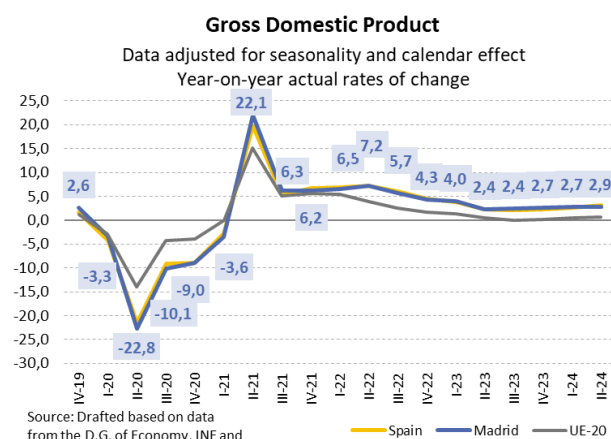
IV. Economic growth and forecasts

IV.1. Economic growth

The Madrid economy intensified its pace of growth in the second quarter, sustaining a particular dynamism. The latest data from the Quarterly Regional Accounts of the Community of Madrid shows growth of 0.9% quarter-on-quarter, one tenth of a percentage point higher than in the previous period, the highest rate in the last eight quarters. It also exceeds national growth of 0.8% and that of the EU-20 of 0.2%.

The increase in activity in the quarter was supported by regional demand, which rose by 0.7% and gained traction due to the momentum of consumption, which grew by 1%. Both household and general government consumption accelerated, although the latter did so more intensely, advancing by 0.9% and 1.2%, respectively. On the other hand, gross capital accumulation recorded a 0.8% drop, caused by the 2.6% contraction in housing investment, while the rest of investment remained stagnant. In contrast, external demand moderated its contribution to GDP by two tenths of a point, to 0.2 points.

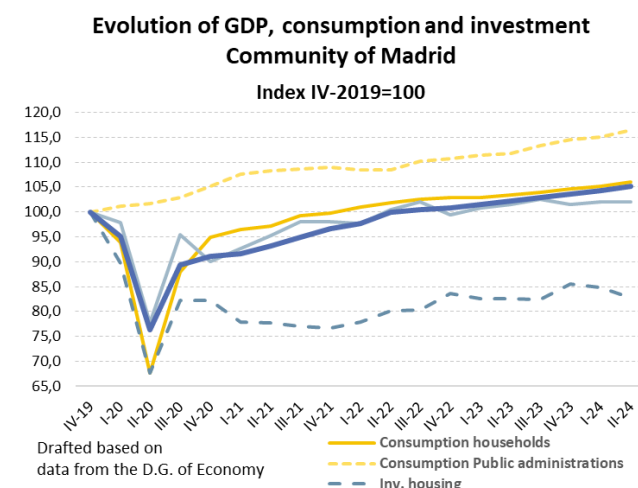
With this evolution, Madrid surpasses the pre-pandemic GDP level in terms of volume, consolidating it 5.2% above; in a national context it is 4.7% above the pre-pandemic volume in the second quarter, and both are far from the position of the Eurozone, which as a whole has improved its activity by 3.9% compared to the fourth quarter of 2019.



In year-on-year terms, Madrid's GDP increased by 2.9%, accelerating its growth rate by two tenths of a percentage point compared to that of the first quarter; Spain, likewise, recorded a year-on-year rate of 2.9%, three tenths higher than that recorded in the previous period. This dynamism is particularly relevant in a European context immersed in a slow and still weak recovery, with an increase of 0.6% for the EU-20 as a whole.

In year-on-year comparison, consumption is also driving GDP growth in the face of weakened investment and external demand that is moderating its contribution. Thus, there was a slight acceleration to 2.5% in regional demand as a whole compared to the first quarter, with a contribution from external demand of 0.5 points, one tenth of a point lower than in the previous quarter.

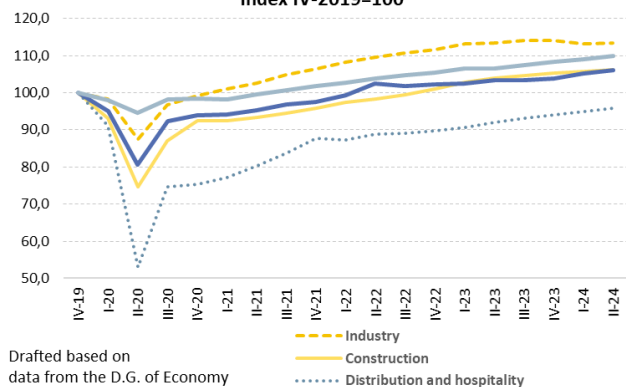
Consumption was boosted to 2.9% year-on-year, mainly due to the growth of Public Administrations, which drove its growth to 4.1%, together with a milder acceleration in the household segment, with an increase of 2.4%. As a result, private consumption exceeded the pre-covid level by 6%, while that of Public Administrations was 16.4%.



Investment, however, slowed down, once again moderating its rate of growth to 0.4%. Both housing and other investment weakened the former more sharply, which after growing by 2.8% in the previous quarter barely grew by 0.1% in this quarter, while other investment advanced by 0.6% year-on-year (1.2% in the first quarter). Residential investment was 17.3% below its pre-covid level, while other investment was 2.1% above its pre-covid level

From the supply perspective, the growth of services stands out in contrast to the slowdown in construction and the deterioration of industry. The service sector grew most vigorously in the second quarter, by 3.2% year-on-year (one tenth of a percentage point more than in the previous quarter), a dynamism which the rest of the sectors did not see.

Evolution of GVA of major industries
Community of Madrid
Index IV-2019=100



Construction intensified the slowing profile it has been showing since the second half of 2023, with a rate of

2.2%, although deterioration in industry was sharper, as it contracted again by 0.2% year-on-year, after -0.1% in the previous quarter. Nevertheless, it is the sector that is best positioned compared to its pre-covid level (13.3% above), while construction is 6.1% above and the service sector as a whole is 4.4% above.

Among tertiary activities, distribution and hospitality services grew by 4.2% year-on-year in the second quarter, although they are still 4.2% away from recovering the pre-covid level. Business and financial services grew by 2.6% year-on-year, and exceeded the pre-covid value by 6.1%. The other services branch is the least dynamic this quarter, with an increase of 3.2%, although it is the only one that is more dynamic, exceeding the pre-covid level by 9.9%.

QUARTERLY ACCOUNTS OF THE COMMUNITY OF MADRID BASE 2013										
(Volume indices, seasonally and calendar-adjusted data)										
			Quarter-on-quarter rate of change (%)							
	2022	2023	III 2022	IV 2022	Q1 2023	Q2 2023	Q3 2023	IV 2023	Q1 2024	Q2 / 2024
Agriculture	-	-	-0,1	0,3	0,6	0,4	0,2	0,0	-0,2	0,0
Industry	-	-	1,0	0,7	1,6	0,2	0,5	0,0	-0,9	0,2
Construction	-	-	1,1	1,5	1,8	1,1	0,6	0,8	0,5	0,3
Services	-	-	0,0	0,6	0,7	0,8	0,5	0,7	1,1	0,9
GVA	-	-	0,1	0,6	0,8	0,8	0,5	0,6	0,9	0,8
GDP	-	-	0,5	0,4	0,7	0,7	0,5	0,7	0,8	0,9
Final Consumption Expenditure	-	-	0,8	0,4	0,2	0,6	0,8	0,7	0,5	1,0
- households	-	-	0,6	0,3	0,0	0,6	0,5	0,5	0,5	0,9
- Public sector and NPISH	-	-	1,5	0,4	0,7	0,4	1,4	1,0	0,4	1,2
Gross Capital Formation	-	-	1,1	-0,3	0,5	0,5	0,6	0,5	0,1	-0,8
- Investment in housing	-	-	0,1	4,1	-1,2	0,1	-0,2	3,8	-0,7	-2,6
- Rest of investment	-	-	1,6	-2,4	1,4	0,6	1,0	-1,1	0,6	0,0
Regional demand	-	-	0,9	0,3	0,2	0,5	0,7	0,6	0,4	0,7
External demand ⁽¹⁾	-	-	-0,4	0,2	0,5	0,2	-0,1	0,1	0,4	0,2
GDP COMMUNITY OF MADRID	-	-	0,5	0,4	0,7	0,7	0,5	0,7	0,8	0,9
SPAIN GDP	-	-	0,9	0,6	0,7	0,2	0,7	0,7	0,9	0,8
			Year-on-year rates of change (%)							
	2022	2023	III 2022	IV 2022	I 2023	II 2023	III 2023	IV 2023	I 2024	II 2024
Agriculture	-0,6	1,0	-1,8	0,2	0,4	1,2	1,4	1,2	0,4	0,0
Industry	6,0	3,4	5,6	4,7	4,7	3,6	3,1	2,3	-0,1	-0,2
Construction	5,3	5,2	5,2	5,4	5,5	5,7	5,2	4,4	3,1	2,2
Services	5,9	2,7	5,2	3,8	3,5	2,0	2,6	2,7	3,1	3,2
GVA	5,9	2,9	5,3	4,0	3,8	2,4	2,8	2,7	2,8	2,8
GDP	5,9	2,9	5,7	4,3	4,0	2,4	2,4	2,7	2,7	2,9
Final Consumption Expenditure	3,1	2,0	2,8	2,6	2,1	2,0	1,9	2,2	2,5	2,9
- households	4,0	1,6	3,3	3,1	1,9	1,5	1,5	1,7	2,2	2,4
- Public sector and NPISH	1,0	3,0	1,5	1,5	2,6	3,0	2,9	3,5	3,2	4,1
Gross Capital Formation	4,1	2,3	4,1	4,0	4,3	1,7	1,2	2,1	1,7	0,4
- Investment in housing	4,1	3,5	4,3	9,1	6,1	3,0	2,7	2,3	2,8	0,1
- Rest of investment	4,1	1,7	4,0	1,6	3,4	1,1	0,6	2,0	1,2	0,6
Regional demand	3,3	2,1	3,0	2,8	2,4	1,9	1,8	2,2	2,4	2,5
External demand ⁽¹⁾	2,9	0,9	2,9	1,7	1,7	0,6	0,8	0,7	0,6	0,5
GDP COMMUNITY OF MADRID	5,9	2,9	5,7	4,3	4,0	2,4	2,4	2,7	2,7	2,9
SPAIN GDP	6,2	2,7	6,1	4,6	3,9	2,4	2,2	2,3	2,5	3,1

(1) Contribution to GDP growth

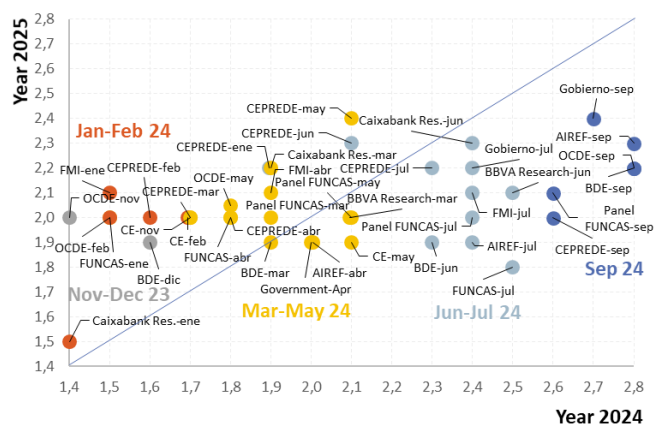
Source: D.G. of Economy and INE

IV.2. Forecasts

New wave of upward revisions ahead of the start of autumn. Among the conditioning factors underlying the most recent projections for the Spanish economy, the most notable has been the publication of QNA data, which reveals higher growth than previously published in both the second half of 2023 and the first quarter of 2024; this, together with an evolution in the second quarter that the INE advance revealed better than expected by many analysts, is motivating further upward corrections in the projections for this year.

However, despite this favourable first half of the year, the second half of the year is expected to be less dynamic in external activity, which will be offset by the gradual strengthening of domestic demand, sustained by the expected decline in interest rates and the gradual recovery of household purchasing power.

Evolution of national GDP growth forecasts 2024 and 2025

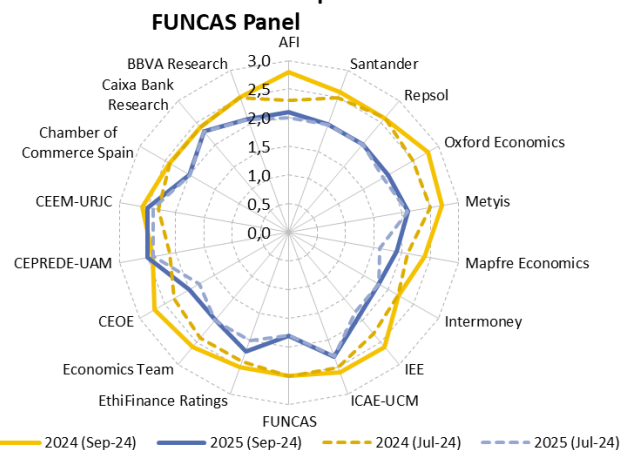


The Bank of Spain raised its national growth forecast to 2.8% for 2024, five tenths of a percentage point higher than forecast three months ago. The bulk of this revision, four tenths of a percentage point, is based on the incorporation of the latest QNA growth data. A three-tenths increase is therefore expected compared to 2023, according to the data available at the closing date of these forecasts. The forecast for 2025 is also corrected upwards by three tenths of a percentage point to 2.2%, decelerating due to the lower contribution of net foreign demand.

According to the Bank of Spain, over the entire forecast horizon, growth will be supported mainly by domestic demand. Private consumption will continue to grow thanks to the strength of the labour market and the favourable evolution of wages and inflation, among other factors. Likewise, investment will continue to make progress in recovering to pre-pandemic levels, thanks to the drop in interest rates and the boost from NGEU funds.

The latest edition of the Funcas Panel also reflects a further improvement in expectations for 2024. Thus, thirteen of the nineteen panellists have revised their forecasts upward in September, none downward. The figures range from 2.2% to 2.8%. On average, they stand at 2.6%, two tenths of a percent above the July forecast and seven tenths of a percent above what was expected six months ago.

Growth forecasts for Spain.

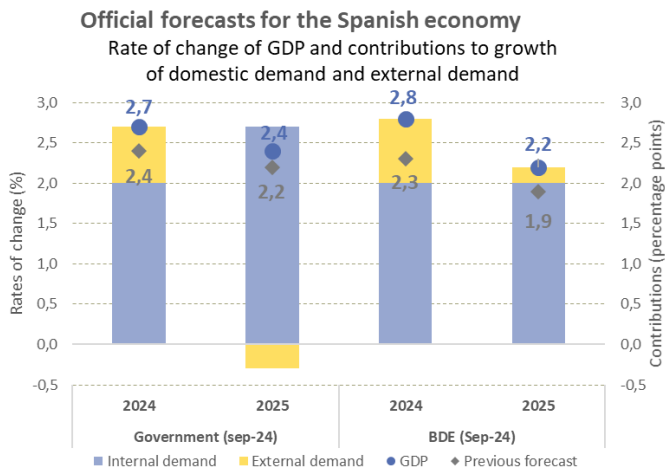


As a result of successive upward corrections to the 2024 figures, and with the 2025 figures remaining relatively stable, more and more panellists are anticipating a slowdown in the Spanish economy next year of between one and eight tenths of a percentage point. The new forecasts, in the [1.8% - 2.5%] range, average 2.1%, just one tenth of a percent above the July consensus.

The Government of Spain also joined this trend of revisions and improves its projections for 2024 and 2025. The Government's new macroeconomic table, which already includes the new Spanish National Accounts data, raised the forecast for 2024 by three tenths of a percentage point compared to that prepared in July, to 2.7%, due to the improvement in expectations regarding net foreign demand, which will contribute five tenths of a percentage point more to growth than was estimated in July.

Nevertheless, growth will continue to be sustained by domestic demand, with private consumption expected to grow by 2% and investment by 3.3%, a tenth of a percentage point lower than expected two months ago.

The GDP growth forecast for 2025, 2.4%, is two tenths of a percentage point better than the previous estimate and is in the upper band of the range of forecasts currently used by analysts (suffice it to say that of the 19 panellists of the FUNCAS Panel, 17 forecast growth of less than 2.4%, although it is very likely that many of them will be revised upwards in the near future).



The main driver of this improvement is the greater dynamism expected from investment, for which the rate of growth forecast for 2025 has increased by one percentage point to 5.8%, while the forecast for external demand has worsened to three tenths of a percentage point.

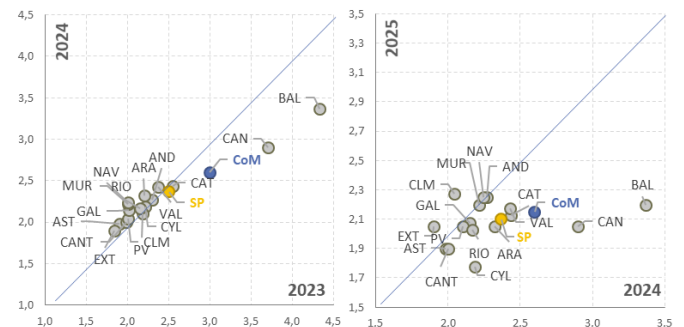
In the same line, AIREF, in its endorsement of the figures of the Government's new economic scenario, announces that it will update its estimates for the Spanish economy when it has complete information from the Fiscal Plan and the National Accounts, but it already stated that, with the available information and with all its limitations, the national GDP could increase by 2.8% in 2024 and 2.3% in 2025, four tenths above the July forecasts for both years.

All these improved expectations for the Spanish economy are taking place in a European context in which a clear upturn is not yet in sight. This is apparent in the latest OECD forecast report, which maintains its projection for the Eurozone in 2024 unchanged at 0.7%, after growing by an anaemic 0.5% in 2023. The German economy will continue to stagnate, with growth even slower than forecast in May, at just 0.1%. The forecasts for France and Italy are somewhat higher and more optimistic than those made in May, with estimated rates of 1.1% and 0.8%. In this environment, the Spanish economy stands out for its dynamism, with an expected growth rate of 2.8%, one point above the previous forecast.

By 2025, the OECD expects European recovery to gain some momentum, thanks mainly to the revival of the German economy, which is expected to accelerate its growth rate to 1%. In a Eurozone expected to grow by 1.3%, Spain will continue to grow at a higher rate of 2.2%, although it is expected to follow a slower profile.

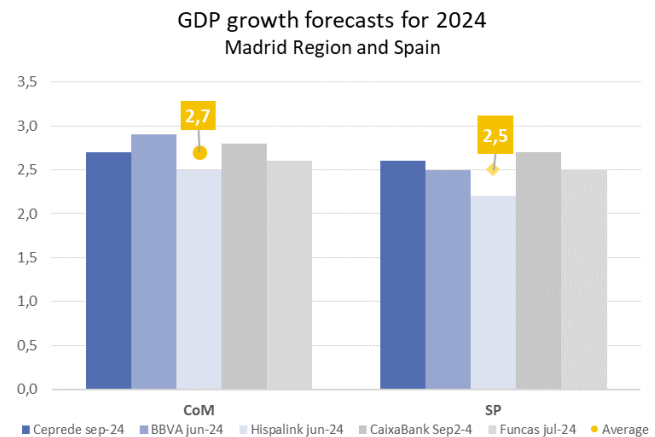
In this national and European context, the regional outlook continues to position the Community of Madrid as the engine of economic activity in the country, both in 2023, a year for which the INE has not yet provided figures by Autonomous Community, but which several analysts estimate at an average of 3%, and in 2024, for which Madrid's growth will continue to be among the highest, surpassed only by the Balearic Islands and the Canary Islands.

GDP growth forecasts by Autonomous Community.
Average of various analysts' estimates for each year



Source: Based on the latest forecasts by Autonomous Community available from CEPREDE, BBVA Research, CaixaBank Research, FUNCAS, Hispalink and AIREF.

Projections for the Community of Madrid in 2024 are in the range of [2.1% - 2.9%], 2.7% on average, slightly above the corresponding national average of 2.4%, improving on the expectations of 2.2% on average four months ago.



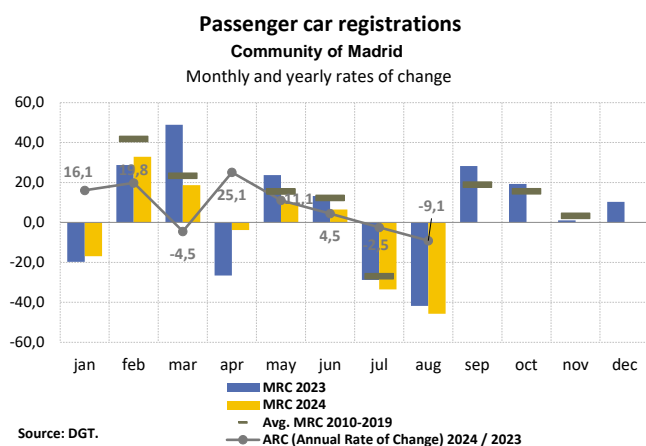
By 2025, expectations point to a slower trajectory for most of the Spanish regions. Specifically, for the Community of Madrid, they reflect a slight moderation in growth, with an average forecast of 2.4%, two tenths of a percentage point above the corresponding national figure, with rates ranging between 2.1% and 2.7%.

It is not unreasonable to suppose that the revision of national expectations will soon be reflected in those of Madrid, as has already been observed in the latest CEPREDE forecasts, which have been modified upwards by three tenths of a percentage point.

V. Recent developments in Madrid's economy

V.1. Demand and production

V.1.A. Domestic demand



Passenger car registrations in the second quarter of 2024 hit the highest volume for this quarter in the series. According to the DGT, passenger car registrations in the second quarter of 2024 amounted to 144,536 units, the highest quarterly figure in the historical series, which represents 15,954 units and 12.4% more than a year ago, adding up to six consecutive quarters of growth. However, the latest data published by the DGT, corresponding to the month of August 2024, deepens the drop in the year-on-year rate started in July (2.5% in July and 9.1% in August), with 18,664 units, 1,867 less than a year ago.

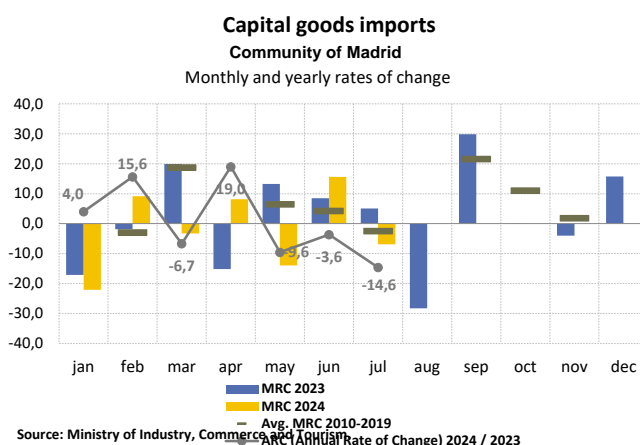
Lorry and van registrations in the second quarter of 2024, at 25,110 units, reached the fourth highest quarterly figure since 2004 and grew by 17.8% year-on-year, once again gaining momentum after increasing by 13.3% in the previous period, making it seven consecutive quarters of growth. However, the latest data, relating to the month of August 2024, saw a drop of 11.1%, the first so far this year; 4,295 units were registered in August, 536 fewer than a year ago, the lowest figure since January 2022. The comparison with the last August prior to the pandemic reflects a drop of 19.1%, contrasting with the situation in the cumulative January-July period, which exceeds the same period of 2019 by 33.7%.

Gasoline consumption reached its highest volume for a second quarter since 2006 and accelerated, versus the previous period, with year-on-year growth of 8.5% (6% in the first quarter). The latest figure, for July, reflects the highest consumption since December 2005, growing by 0.6% year-on-year, although it is up 6.2% year-to-date. For its part, diesel consumption in this quarter breaks with the trend of declines of the previous eight quarters with a rise of 1%, although the different calendar of Easter week in 2023 and 2024, which favours the comparison in this year, must be

taken into account. In fact, in June and July there were significant year-on-year reductions of 6% and 8.2%, respectively. The demonization of diesel is driving down the consumption of these fuels.

Deflated loans to the private sector continued to decline in the second quarter of 2024, completing the fifth quarter in a row with negative rates, and although the pace of decline slowed slightly to 3.6% year-on-year, the volume is the lowest since 2005 because of tighter monetary conditions and higher inflation rates. On the other hand, deflated deposits rose 1% year-on-year this quarter, after declining in the previous six quarters. For the first half of the year, there were year-on-year declines of 3.8% in loans and 0.5% in deposits.

Imports of capital goods in the second quarter of 2024 amounted to €7.6728 billion, the highest figure for a similar period in the historical series, after growing by 1.1% year-on-year. Compared to the second quarter of 2019, the volume is 38.1% higher. However, the latest monthly data available reflect year-on-year declines, which intensified in July to 14.6%. The cumulative January-July 2024 volume was the second highest in the entire series, behind 2023, with a 0.5% year-on-year decline.



V.1.B. External demand

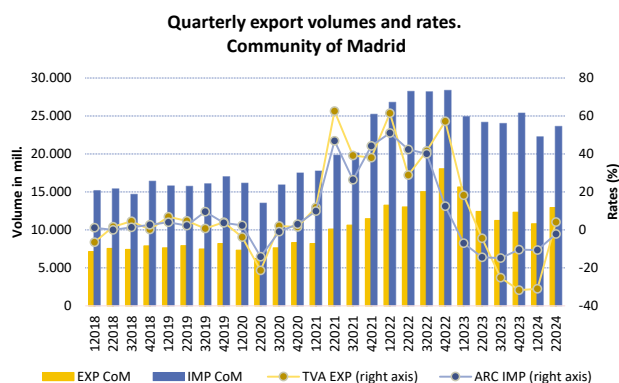
In the second quarter of 2024, the Community of Madrid's trade balance recorded the first increase in exports, after four quarters of year-on-year declines.

This quarter surprises us with an extraordinary figure in April, which, compared to the same month in 2023, the lowest of the year, results in a year-on-year rate of 29.7% for this month. The June figure is even better but the year-on-year comparison is not as favourable. Thus, the increase in sales in Madrid in the third quarter of 2024 was 4.1%, with an amount of €12.938 billion, a figure only surpassed by that of 2022 in the same period.

In the second quarter of 2024, the Community of Madrid imported 2.2% less than a year ago, compared to -10.7% in the previous quarter. The €23.635 billion purchased is the best figure in the series through 2022 for that period.

The latest data published for July shows a new increase in exports (8.4%) and a slowdown in the reduction of imports (-3.9%)

The coverage rate for the second quarter was 54.7%.



In the analysis by TARIC and their contributions to the variation of exports, the most important sales drivers in this quarter were: organic chemical products, which contributed 3.3 p.p. to the rate, and of which we sold 978 million euros, a record figure for a quarter in the history of this series and 62% higher than the previous maximum; aircraft; spacecraft, which added 2.3 p.p.; and machinery and mechanical equipment, with 2.0 p.p., a record sale for a quarter with €1.474 billion exported. In another sense, Madrid sales of *pharmaceutical products*, the leader, remained the area that most drained the rate in the second quarter,

subtracting 2.8 p.p. from the rate, with €1.699 billion euros exported, higher than in the previous quarter, but 17% lower than a year ago. It was followed by *Fuels; mineral oils*, which subtracted 2.3 p.p. with €954 million sold between April and June, the second lowest figure since the third quarter of 2021, after the previous quarter. And finally, *Motor Vehicles*, which subtracted 1.7 percentage points from the rate with a 15% decline in sales over the period, although this TARIC has now posted seven quarters of sales in excess of €1.2 billion, a figure never before reached in a single quarter.

Exports of the top 5 TARIC of the Comm. of Madrid					
2T 2024	Volume	Rate of	Contrib.	%total	
30 PHARMACEUTICAL PRODUCTS	1.698,9	-16,7	-2,7	13,1	
84 MACHINERY AND MECHANICAL APPLIAN	1.473,7	19,6	1,9	11,4	
87 VEHICLES OTHER THAN RAILWAY OR TRA	1.247,7	-14,6	-1,7	9,6	
29 ORGANIC CHEMICALS	978,1	71,8	3,3	7,6	
27 FUELS, MINERAL OILS	954,3	-22,8	-2,3	7,4	
TOTAL TARIC	12.937,7	4,1			

Imports of the top 5 TARIC of the Comm. of Madrid					
2T 2024	Volume	Rate of	Contrib.	%total	
30 PHARMACEUTICAL PRODUCTS	3.762,3	12,3	1,7	15,9	
85 ELECTRIC APPLIANCES AND MATERIAL	3.023,2	6,9	0,8	12,8	
84 MACHINERY AND MECHANICAL APPLIAN	2.798,0	3,2	0,4	11,8	
87 VEHICLES OTHER THAN RAILWAY OR TRA	2.597,4	-2,7	-0,3	11,0	
27 FUELS, MINERAL OILS	1.611,5	-40,0	-4,4	6,8	
TOTALES TARIC	23.635,1	-2,2			

Source: AEAT

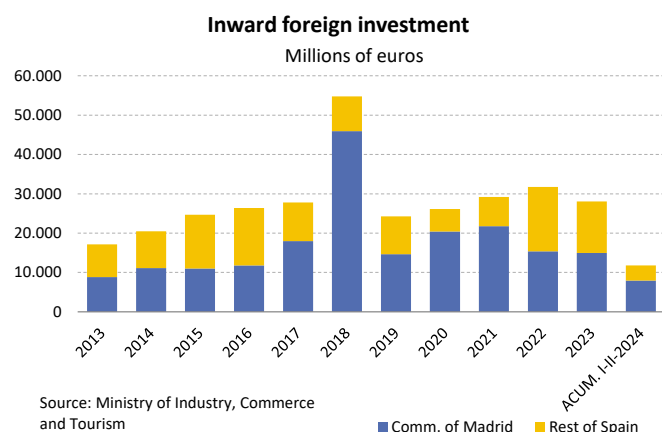
As for Madrid's **imports**, the area that stands out most for its negative contribution is *Fuels and mineral oils*, which subtracts 4.4 percentage points from the second quarter rate; the €1.612 billion purchased in this period reduces the figure of a year ago by 40%; in fact, it is the lowest volume in a quarter over the last four years. *Pharmaceuticals* were up 1.7 percentage points this quarter, with purchases increasing by 12.4% compared to a year ago, and 42% higher than in the previous quarter. It is followed by *electrical material and equipment*, which contributed 0.8 percentage points.

As for the contribution by country to the change in exports in the second quarter of 2024, Ireland and Germany are the biggest drivers of the rate, together adding 6.6 p.p.; the biggest drag on exports with -3.1 p.p. is France (the leader), followed by Belgium and Italy. The Netherlands and France lead the negative contributions to the reduction of imports, which together drain the quarter's rate with -2.2 p.p.; on the other hand, the USA and China are the countries that most boost the rate, together adding 3.1 p.p.

V.1.C. Foreign direct investment

Foreign investment received in the second quarter exceeds the records of the same period in 2023.

Foreign direct investment (FDI) received in Madrid, discounting Entities Holding Foreign Securities (ETVE), decreased in the second quarter of 2024 to €3.738 billion, 11% below the first quarter. Similarly, compared to the second quarter of last year, investment increased by €2.757 billion euros (281%), although the comparison period, the second quarter of 2023, was particularly low, the lowest since the third quarter of 2010. In the country as a whole, there was also a 26.2% decrease compared to the first quarter of 2024, amounting to €4.996 billion, and in year-on-year terms, there was a significant increase of 129.4%. Madrid continues to be the preferred destination for investment in Spain, accounting for 74.8% of the national total.



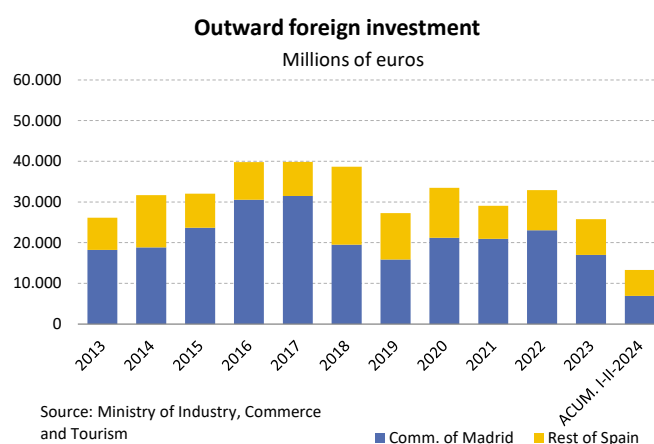
Second-quarter investment by sector in the Community of Madrid was mainly directed towards three branches: *Technical architectural and engineering services*, which accounted for 35% of the FDI received; *financial services, except insurance and pension funds*, with 21.8% of the total; and *office administrative activities*, which accounted for 9% of the total.

By country, there is a high concentration in terms of the origin of the investment received, with the United Kingdom accounting for 31.5% of the total, followed by the USA (22.3%) and the Netherlands (15.4%).

In the first half of the year as a whole, the FDI received amounted to 7.94 billion, 2.2% higher than that invested in the same period of 2023. The UK and the US are responsible for 20.7% and 20.5%, respectively, of the investment received in the first half of 2024, with France also standing out (14%). As for the branches to which this foreign investment is directed, there is a greater dispersion, with the sectors of *architectural and engineering technical services* (20.4%), and *energy supply* (16.4%).

Modest investment abroad so far this year. The gross investment made by Madrid abroad (excluding that made in ETVE) experienced a contraction in the second quarter of 2024 of 57.7% quarter-on-quarter, with €2.063 billion euros. It fell by €1,587 million, 43.5% year-on-year, compared to the second quarter of the previous year. While the investment undertaken by the country as a whole experienced an increase and stood at €7.354 billion, of which Madrid accounted for 28.1% in this quarter.

The top two destinations for FDI issued in the last quarter were European countries: Germany, with 49.6% of the total, and Portugal, which together accounted for 64.2% of the investment.



In sectoral terms, the main branch investing abroad in the second quarter was *financial services except insurance and pension funds* (58.4%), followed by *information services* (14.4% of the total).

In the overall calculation for Q1 2024, the FDI issued by Madrid was 8.1% higher than that of the same period of the previous year, amounting to a total of €6.936 billion. This investment was directed to several destinations, the main ones being the United Kingdom (44.7% of the total), Germany (23.2%) and Mexico (5.2% of the total). Among the branches that invested abroad, Telecommunications stands out, accounting for 41.2% of investment, and *financial services except insurance and pension funds* (35.3%).

Main countries of origin of foreign investment in the Community of Madrid. Sectoral flow breakdown

	Investment origin	Investment sector	Volume (millions of €)	Total weight of each country	Weight over total of CoM
Q2 2024					
1	UNITED KINGDOM	Sector totals	1.178,5	100,0	31,5
		71 ARCHITECTURAL AND ENGINEERING TECHNICAL SERVICES	646,4	54,8	17,3
		82 OFFICE ADMINISTRATIVE ACTIVITIES	336,9	28,6	9,0
		11 MANUFACTURE OF BEVERAGES	118,3	10,0	3,2
2	UNITED STATES	Sector totals	834,3	100,0	22,3
		71 ARCHITECTURAL AND ENGINEERING TECHNICAL SERVICES	656,4	78,7	17,6
		68 REAL ESTATE ACTIVITIES	68,8	8,2	1,8
		35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	31,4	3,8	0,8
3	THE NETHERLANDS	Sector totals	574,7	100,0	15,4
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	537,3	93,5	14,4
		35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	19,9	3,5	0,5
		42 CIVIL ENGINEERING	14,5	2,5	0,4
Subtotal FDI Received Top 3 countries			2.587,5	-	69,2
Total FDI Received			3.738,4	-	100,0
ACCUMULATED I - QII 2024					
1	UNITED KINGDOM	Sector totals	1.643,3	100,0	20,7
		71 ARCHITECTURAL AND ENGINEERING TECHNICAL SERVICES	656,5	39,9	8,3
		82 OFFICE ADMINISTRATIVE ACTIVITIES	336,9	20,5	4,2
		46 WHOLESALE TRADE, EXCEPT OF MOTOR VEHICLES	261,3	15,9	3,3
2	UNITED STATES	Sector totals	1.627,5	100,0	20,5
		71 ARCHITECTURAL AND ENGINEERING TECHNICAL SERVICES	957,5	58,8	12,1
		42 CIVIL ENGINEERING	245,7	15,1	3,1
		68 REAL ESTATE ACTIVITIES	178,2	11,0	2,2
3	FRANCE	Sector totals	1.113,3	100,0	14,0
		35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	785,2	70,5	9,9
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	152,9	13,7	1,9
		38 WASTE COLLECTION, TREATMENT AND DISPOSAL	39,1	3,5	0,5
Subtotal FDI Received Top 3 countries			4.384,1	-	55,2
Total FDI Received			7.940,1	-	100,0

Source: Compilation based on data from the Ministry of Industry, Trade and Tourism

Main countries of destination of outward foreign investment from the Community of Madrid. Sectoral flow breakdown.

	Investment destination	Investment origin sector	Volume (millions of €)	Total weight of each country	Weight over total of CoM
Q2 2024					
1	GERMANY	Sector totals	1.022,7	100,0	49,6
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	985,2	96,3	47,8
		42 CIVIL ENGINEERING	37,5	3,7	1,8
		49 LAND TRANSPORT AND TRANSPORT VIA PIPELINES	0,0	0,0	0,0
2	PORTUGAL	Sector totals	300,8	100,0	14,6
		63 INFORMATION SERVICES	295,4	98,2	14,3
		43 SPECIALISED CONSTRUCTION ACTIVITIES	5,1	1,7	0,2
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	0,4	0,1	0,0
3	UNITED STATES	Sector totals	168,7	100,0	8,2
		45 SALE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	150,8	89,5	7,3
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	15,6	9,2	0,8
		42 CIVIL ENGINEERING	1,5	0,9	0,1
Subtotal FDI ISSUED Top 3 countries			1.492,3	-	72,3
Total FDI ISSUED			2.062,9	-	100,0
ACCUMULATED I - QII 2024					
1	UNITED KINGDOM	Sector totals	3.103,3	100,0	44,7
		61 TELECOMMUNICATIONS	2.839,1	91,5	40,9
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	238,2	7,7	3,4
		68 REAL ESTATE ACTIVITIES	15,0	0,5	0,2
2	GERMANY	Sector totals	1.607,1	100,0	23,2
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	1.554,0	96,7	22,4
		42 CIVIL ENGINEERING	49,5	3,1	0,7
		68 REAL ESTATE ACTIVITIES	3,6	0,2	0,1
3	MEXICO	Sector totals	358,1	100,0	5,2
		82 OFFICE ADMINISTRATIVE ACTIVITIES	288,4	80,5	4,2
		46 WHOLESALE TRADE, EXCEPT OF MOTOR VEHICLES	57,1	16,0	0,8
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	10,5	2,9	0,2
Total FDI ISSUED			6.936,0	-	100,0
Subtotal FDI ISSUED Top 3 countries			5.068,5	-	73,1

Source: Compilation based on data from the Ministry of Industry, Trade and Tourism

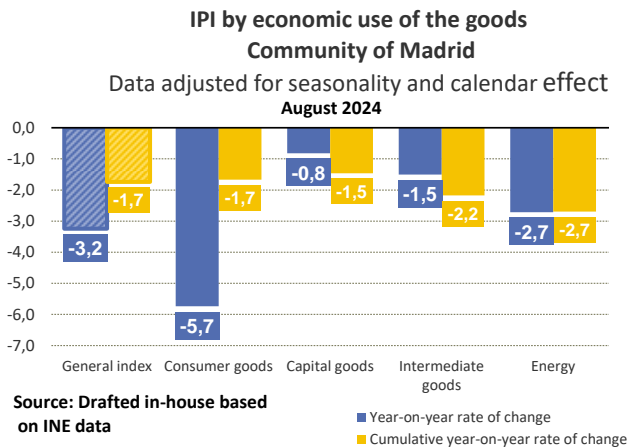
V.1.C. Manufacturing

1. Industry

The Industrial Production Index contracted in the second quarter of 2024. In the annual average up to March 2024, the IPI in the Community of Madrid, with seasonally and calendar adjusted data (SCA), showed a year-on-year decrease of 1.7%, which contrasts with the positive performance shown in the last thirty-six months. In the same accumulated period, the IPI with seasonally and calendar adjusted data (SCA) for Spain as a whole showed a year-on-year decrease of 0.4%.

In the annual average up to June 2024, the IPI in the Community of Madrid, with seasonally and calendar adjusted data (SCA), presented a year-on-year decrease of 1.4% and maintained the negative trend started in March. In the same accumulated period, the IPI (SCA) for Spain as a whole showed a year-on-year variation of -0.2%.

The latest available data for the month of July shows a year-on-year variation of 0.2% and moderates the performance of the first seven months of the year (-1.1%) by three tenths of a percentage point. In Spain, however, the index decreased in July by 0.4% year-on-year, although the accumulated performance up to July remained at -0.2%



By components, the IPI of the Community of Madrid (in year-on-year and SCA terms) presented positive year-on-year variation rates in the accumulated period up to July, in non-durable consumer goods (1.4%) and fell with intensity in durable consumer goods (18.3%). On the other hand, intermediate goods decreased more moderately by 2.3%, capital goods by 1.6% and energy by 2.7%.

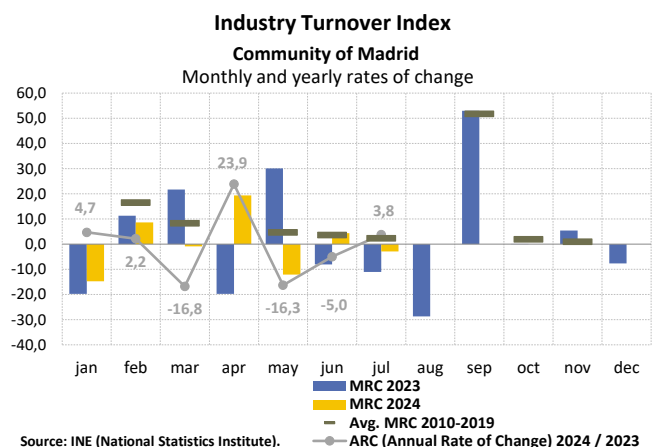
The Industrial Turnover Index shows an unfavourable performance in the first half of 2024.

The Industrial Turnover Index for the Community of Madrid closed the year 2023 with year-on-year growth of 3.5%.

During the first quarter of 2024, the monthly performance seemed to correct itself in January and February with positive year-on-year rates of 4.6% and 2.2% respectively, but was abruptly cut short in March with a year-on-year contraction of 16.8%, representing the largest year-on-year decline since May 2020 and resulting in an average reduction at the end of the quarter of 4.5%.

In the second quarter, the index grew year-on-year in April, but fell again in May and June, bringing the final rate of change for the first six months of the year down by 2.6%.

The latest figure for July shows year-on-year growth of 3.8%.

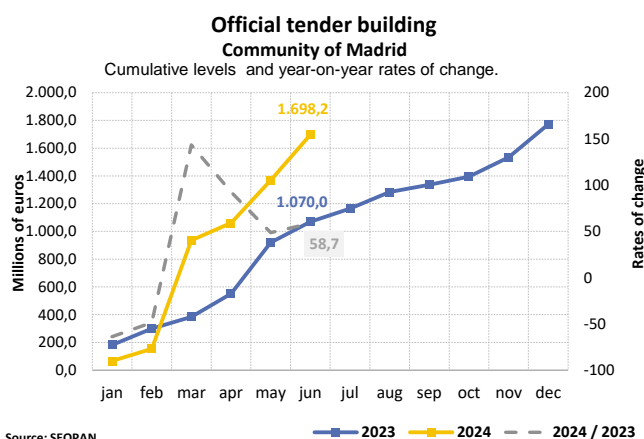


Industry in Madrid continues to perform well in the labour market. In the January-August 2024 accumulated period, enrolment in Madrid's industry grew by 3.4% year-on-year, while registered unemployment in the sector fell by 6.6%.

2. Construction

The slowdown in the sector's GVA continues. The Quarterly Regional Accounts data paints a profile of rapid GVA deceleration in the construction sector, which experienced a singular dynamism during 2022 and the first half of 2023. In the second half of 2023, the growth differential of this sector in relation to the total economy practically disappeared, and in the first half of 2024 its growth was below the sector average, especially in the second quarter (0.3% quarter-on-quarter vs. 0.9% of GDP).

After the historical amount of building tenders in the first quarter, total tenders fell back in the second quarter due to the weakness of civil works. Tendering reached very high amounts in the first half of 2024, with more than €2.350 billion tendered in the region in this period, exceeding those of 2022 and 2009, and only lower than those of the first half of 2005 and 2006. However, whereas before the financial crisis, civil works tenders were the driving force, today it is building tenders that, with nearly €1.7 billion in 2024, mark an all-time high for the first half of the year.



By quarters, the magnitude of construction tendering in March, close to 800 million, together with that of February 2003, the highest in the series, is the ultimate determinant of the dynamism of the first quarter and the first half of 2024. The amounts tendered in building construction in the second quarter grew by 11.2% year-on-year, but the sharp reduction of 80% in civil works, which amounted to around €700 million in the second quarter of 2022 and 2023, generated a drop in total tenders of 35.7% year-on-year in the second quarter of 2024.

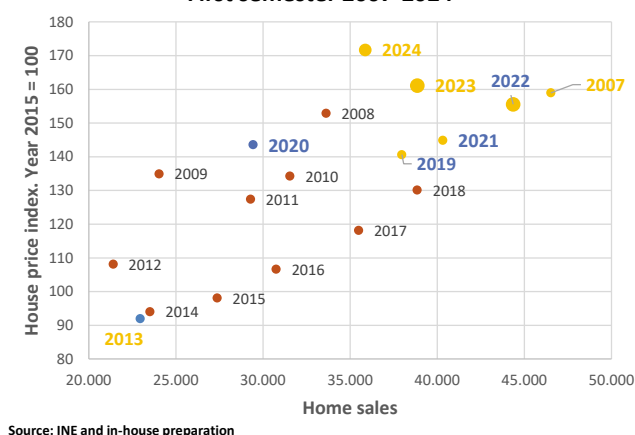
Visa signings are losing momentum, while certifications confirm the rebound in post-COVID residential activity. With regard to the leading indicators relating to the number of visas issued, with data up to May 2024, the number of visas issued for buildings and dwellings decreased year-on-year by around 10%, with a similar variation, but upward, in

terms of amount and surface area. It should be noted that, in 2023 as a whole, building approvals were half those of 2022, and the number of housing approvals, the total surface area approved and the amount of approvals fell by around 20%.

The lagging indicator of completion certifications grew by 56.4% year-on-year between January and May 2024. The number of signatures now exceeds 10,000, a figure that has not been reached since 2010, a far cry, however, from the average of 20,000 certifications in the 2000-2010 period (January-May).

Residential market: quantity adjustments continue while prices continue to rise. The strong rebound after the health crisis of home sales and purchases raised annual levels to over 80,000 transactions in 2021 and 2022, an amount that had only been surpassed in 2007, and the year this series began.

**Community of Madrid residential market.
First semester 2007-2024**

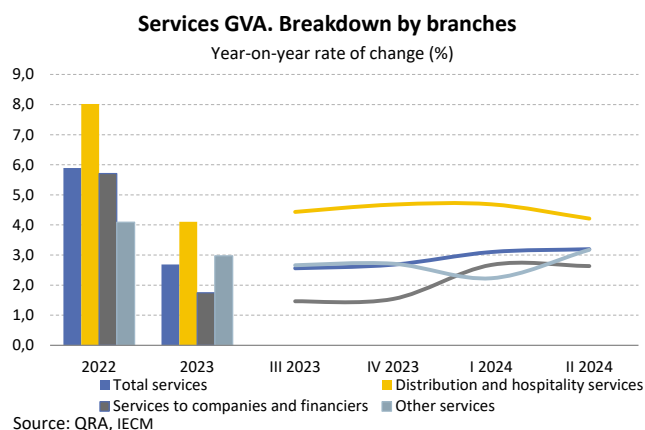


A trajectory of year-on-year declines began in the second half of 2022 and is still continuing, albeit at a cushioned pace, with the fall in the first quarter of 2024 at 8%, and 7.3% in the second quarter, compared to an average fall of 16% in 2023.

Six consecutive quarters of quantity adjustments have not been met with a moderation in prices, which have not only continued to grow, but have accelerated in the first half of 2024 to 6.5%, compared to an average of 3.6% in 2023.

3. Services

Annual service sector GVA growth was consolidated in the second quarter of 2024 in the region. The real GVA of services (SCA) grew 0.9% in Q2 2024 from the previous quarter, or 3.2% year-on-year. This trend consolidates the annual GVA figures for services, which grew by 2.5% in 2023.



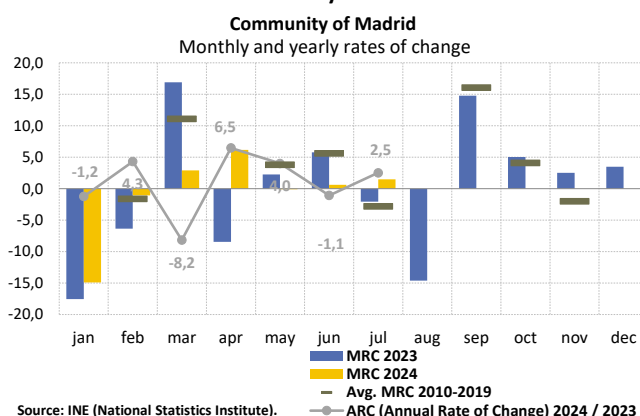
All the branches that make up the services aggregate show increases in real GVA (SCA) with respect to the previous quarter; of note is the 1% increase in *Distribution and hospitality services*; with a 0.9% increase in *Other services*; while *Business and financial services* increased by 0.8%. All branches grew year-on-year in Q2 2024: *Distribution and hospitality services* by 4.2%, *other services* by 3.2%, and *business and financial services* by 2.6%.

The Services Sector Activity Indicators (SSAI) rose in the second quarter. In the second quarter of 2024, SSAI turnover increased by 3% year-on-year in the Community of Madrid, the first positive quarter, thus breaking the pattern of declines that began in the second quarter of 2023, while it grew by 4.2% in Spain. Please note that this indicator is not deflated.

The latest available data, corresponding to July, shows year-on-year growth of 2.5% in the Community of Madrid and 6.5% in Spain.

The SSAI occupancy index shows, both in the Community of Madrid and in Spain, a different evolution from that of the business index; it continues to grow, albeit at a more contained rate. In the Community of Madrid, year-on-year growth in the second quarter of 2024 was 2.1%, up from 1.8% in Spain, consolidating the growth trend initiated in the second quarter of 2021.

Services Sector Activity Indicators. Turnover.



The latest available data for the month of July shows year-on-year growth of 2.2% in the Community of Madrid and 1.7% in Spain.

Both passenger and freight air traffic, as well as metro and city bus transportation at maximum figures. Passenger movements at Adolfo Suarez Madrid Barajas Airport increased in the second quarter of 2024 to 16,855,442 travellers, already very close to the series high of 17.3 million travellers recorded in the third quarter of 2019.

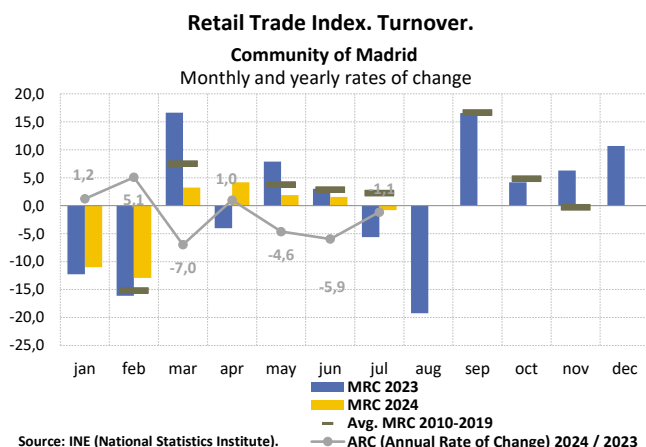
On the other hand, freight traffic at Madrid airport increased by 19.3% year-on-year in the second quarter of 2024, an increase over the previous quarter, and even surpassing that of the fourth quarter of 2023, when the highest volume of goods transported by this means in the series was reached.

In the second quarter of 2024, urban transport in the Madrid Metro showed a year-on-year increase of 9.7%, with metro transport reaching the volume of passengers already very close to the maximum in the fourth quarter of 2019; and a higher increase was observed in urban bus transport with 11.3% year-on-year. In the second quarter of 2024, the number of urban bus passengers was the highest in the historical series. The subsidies for multi-trip passes may be playing an important role in this increase.

In the second quarter of 2024, a new drop in turnover was recorded, while more contained progress was made in the Retail Trade Indices (RTI). In the second quarter of 2024, the deflated index of the RTI turnover in the Community of Madrid fell by 3.3% year-on-year, breaking for the second consecutive quarter the growth path started in the third quarter of 2020, although it should be taken into account that the comparison is made with one of the highest indexes of the series for a quarter since 2005. The latest figure, for July 2024, represents a 1.1% year-on-year drop,

returning for the third consecutive month to negative rates, and also affecting the comparison with the highest index for a July month since 2007

In Spain, the index in the second quarter advanced slightly by 0.5% year-on-year.



In turn, the employment rate in the region, both in the Community of Madrid and in Spain, saw a different evolution from that of the business rate, since it continues to grow, albeit at a lower intensity. In the Community of Madrid, year-on-year growth of 5% was maintained in the second quarter of 2024, while in Spain as a whole it stood at 1.7%, consolidating the growth path initiated in the second quarter of 2021.

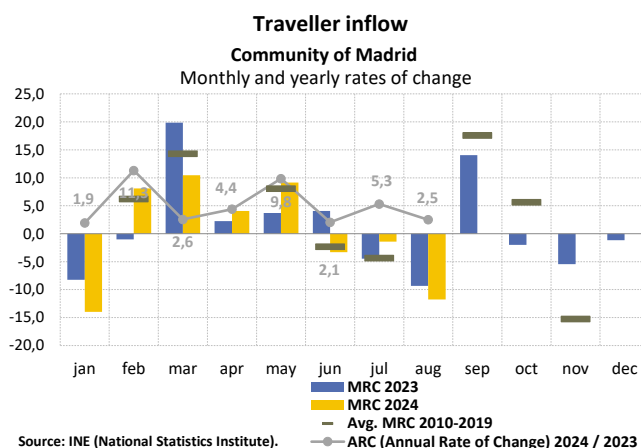
The latest available data, corresponding to the month of July, show year-on-year growth of 3.9% in the Community of Madrid, which is more contained than in previous months in Spain, it increased by 1.8% year-on-year in July.

Record hotel activity in the Community of Madrid in the second quarter of 2024, consolidating its recovery after the pre-pandemic period. In 2024, slightly more than 3.5 million passengers were welcomed compared to 3.4 in the same quarter of the previous year, continuing the upward trend that began in Q2 2023. The current level exceeds the pre-pandemic level, with 3.8% more tourists than in the same period of 2019, when it surpassed 3.4 million travellers, an all-time high for the series in a quarter since 2006.

Overnight stays paralleled the behaviour of incoming travellers. In the second quarter, overnight stays reached 6,722,513 7.15 million, exceeding by slightly more than 440,000 the overnight stays of the same period of the previous year, and far exceeding the value

of 2019, when 6,865,719 overnight stays were reached, which likewise marked the record in the series for a quarter since 2004. In August 2024, the latest data published, overnight stays were again at exceptional levels with 2,054,064, the highest figure for an August since 2007.

By market, the influx of travellers to the Community of Madrid again corresponds mostly to non-residents in Spain (52.2%) this quarter, and its weight exceeds 50.4% of the pre-pandemic period. The number of domestic travellers remained at values similar to those prior to the pandemic, while the number of non-residents exceeded them by 9%. This quarter, overnight stays by non-residents exceed those by nationals, representing 58.9% of the total. Consequently, they are 5.5% higher than those in the same quarter of 2019, reaching pre-pandemic levels.



The latest published data, August 2024, shows year-on-year growth of 2.5% in the number of travellers and 3.2% in overnight stays.

With regard to occupancy, the average of 62.8% for the second quarter of 2024 improves on the 62.2% of the second quarter of 2023 and is close to the levels of the second quarter of 2019, when it reached 64.7%. The figure for August 2024 puts the occupancy rate at 54.3%.

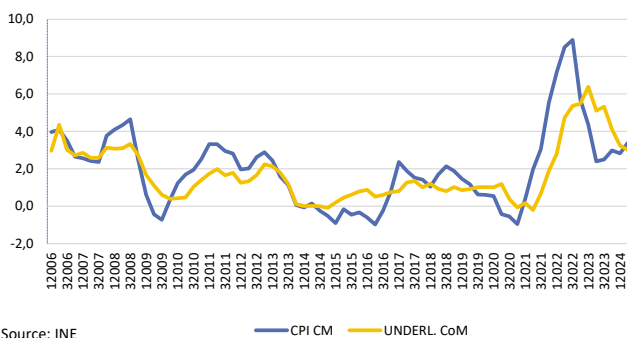
In terms of profitability indicators for the hotel sector, in the second quarter of 2024 the average daily rate per occupied room (ADR) stood at €147.50 in the Community of Madrid. The figure published in August puts it at €108.10. The average daily revenue per available room (RevPAR) stood at €116 in the second quarter of 2024, reaching €66.10 in August.

V.2. Prices and wages

In the second quarter of 2024, headline inflation rebounded slightly from the first quarter, while core inflation slowed its downward trend. Headline inflation, measured in terms of the CPI, reached 3.4% in the second quarter of the year, compared to 2.8% in the previous quarter. It peaked in May at 3.6% and from then on showed an austere profile, with the latest figure for the month of August at 2.2%, the lowest figure since July 2023.

On the other hand, **core inflation**, in which only the most structural and less volatile components are included, recorded an inflation rate of 3% in the second quarter of the year, compared to 3.2% in the previous quarter; along these lines, the data for the last two months showed a slight reduction, recording 2.7% in both months. Thus, headline and core inflation, which had converged in April, with headline inflation ahead of core inflation, reversed again and in August, core inflation again exceeded headline inflation.

Headline and core inflation for Community of Madrid. Quarterly



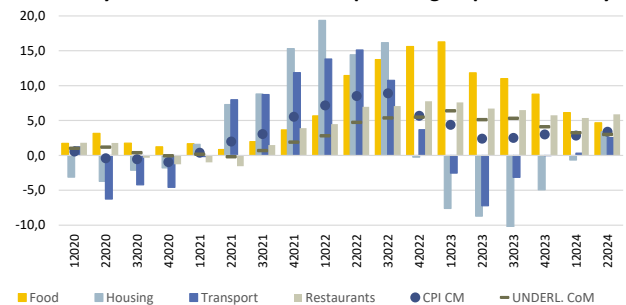
Source: INE

In the analysis by groups, the group that has exerted the greatest upward influence on the rate in the second quarter is 'Housing', whose average rate was 3.4% compared to -0.7% in the previous quarter, due to the rise in electricity prices compared to the decline of a year ago. 'Transportation' and 'Other goods and services' followed far behind in their upward contribution in the quarter. In the opposite direction, 'Leisure and culture' 'Clothing and footwear' and 'Food and non-alcoholic beverages' are the groups that most dragged the rate down in the second quarter.

Regarding the last two months, in which there was a moderation of inflation, the groups that most dragged were 'Transportation' due to a decrease in fuel prices; and 'Food and non-alcoholic beverages' that, despite its downward trajectory throughout 2024, it was in July and August when the decline in food prices intensified, with the last published rate standing at 2.6%, the lowest since October 2021. This is followed by 'Restaurants

and hotels' which managed to cut its June inflation by one point, registering 5.2% in August, although it remained the most inflationary group in the last six months. 'Leisure and culture', 'Communications', 'Housing' and 'Other goods and services' were three other groups with a slight downward influence on the variation of inflation in the last two months.

Quarterly inflation of the 4 most important groups. Community

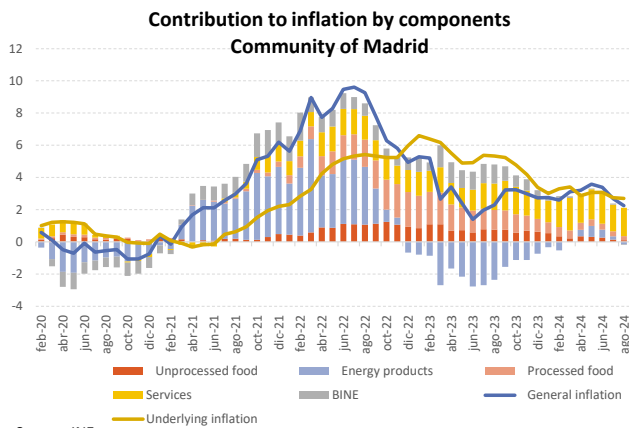


Source: INE

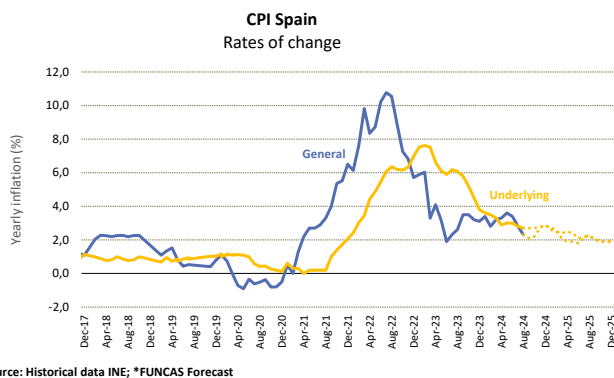
In the analysis of the Food subgroup, the August rate was 2.3%, the lowest since October 2021, although in the last two years *Food* has accumulated a price increase of 13.3%. In the breakdown by heading of this subgroup, milk, grains and pulses are the only ones to record negative rates in August. But if we consider the last 24 months, they have all accumulated increases, ranging from 4.1% for chicken to 58.9% for oils. Of the 21 food items, 14 recorded double-digit increases, including, apart from oil, *sugar* (48.4%), *potatoes and their preparations* (26.4%), *vegetable and pulses preparations* (19.4%) and *pork* (18.3%).

In the analysis by special groups, *Services* has taken on a clear leading role in the evolution of the last few months. Although its contribution has been notable since April 2022, strong contributions at first from *energy products* and subsequently from *Processed Food*, and to a lesser extent *Unprocessed Food*, as well as BINE for much of 2023, have masked its contribution.

However, in 2024 while the contribution to the rate of the rest of the special groups has been cutting back, *Services* maintains or even expands its influence, as in March 2024 it reached its maximum contribution, contributing 2 p.p. to inflation. Thus, in 2024, the special *Services* group has been the main contributor to headline inflation, with contributions of around 1.8 percentage points to the year-on-year rate.



The new Funcas forecasts for the CPI in Spain are lower than those made in August. In recent weeks, the oil price has moved around \$70/barrel, well below the previous central scenario of around \$85/barrel. This, together with lower-than-expected August results, lowered the new forecasts.



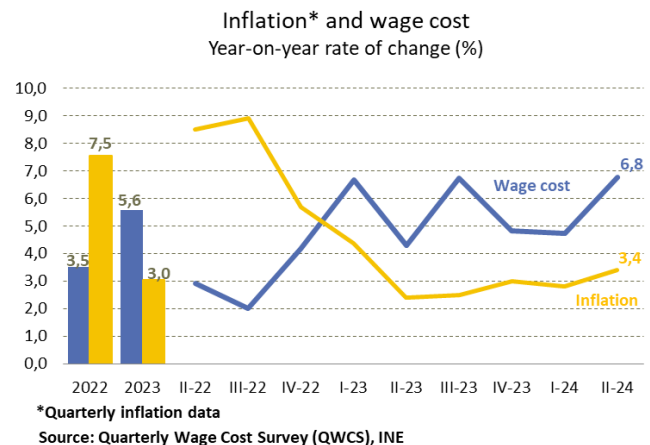
Thus, the average annual headline inflation rate for 2024 is 2.9% and 2.1% for 2025. The core will move around the current level for the rest of the year, and will only start a clear downward trajectory from the beginning of 2025. The expected average annual rates are 3% in 2024 and 2.2% in 2025.

According to data published by the INE for the second quarter of 2024 in the Quarterly Labour Cost Survey, wages continue to rise, accelerating the

pace of progress compared to the previous quarter.

In the second quarter of 2024, the labour cost of companies in the Community of Madrid stood at €3,785.10 per worker per month, the highest in the history of the series, with an increase over the same period of 2023 of 6.3% (4.7% in the previous quarter). This figure exceeds the national average by more than €600, which stands at €3,161.6 (4.1% more than a year ago).

In the analysis by components, *wage costs* grew by 6.8% year-on-year in the region, the highest increase in the last three years, while *other costs* grew by 4.7%, only two tenths of a percentage point more than in the previous quarter.



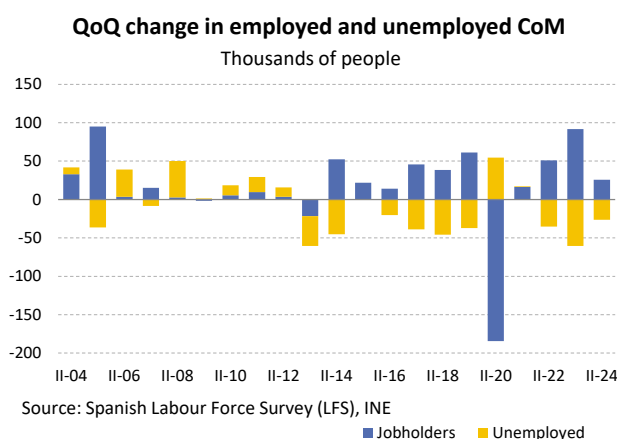
By sector, the increase in salaries was driven by the rise observed in the *Services* sector, which recorded a year-on-year increase of 7.3%, and by the *Construction* sector, which recorded a year-on-year increase of 6.1%; *Industry* recorded the slightest increase, with a year-on-year increase of 1.8%. The significant rise in wages, together with an increase in inflation, put the inflation-wage differential at -3.4 points.

V.3. Labour market

1. LFS

Good results continued in the second quarter, and were exceptional in the first quarter. The regional labour market shows increases in employment and reductions in unemployment in the quarter and in the year, resulting in a new high in the number of jobholders and a notable reduction in the unemployment rate, which is now at the lowest level since the third quarter of 2008.

The notable dynamism of the working-age population, together with the stabilization of labour force numbers, reduces the participation rate, while the number of inactive persons reaches the highest value in the historical series. Against this backdrop of stability in labour force numbers, the reduction in the number of unemployed people has brought the unemployment rate down to 8.5% of the labour force, its lowest value since the outbreak of the financial crisis at the end of 2008.



The **number of jobholders** increased by 25,600 individuals in the second quarter of 2024, a quarter-on-quarter increase of 0.8%, bringing the total number of jobholders to 3,431,800. This increase follows the usual seasonal pattern of employment, which has increased in 84% of the second quarters. Thus, after an exceptional first quarter, the number of jobholders reached a new all-time high in the second quarter. The intensity of the increase in 2024 (0.8%) is moderate compared to that observed in the previous quarter (an outstanding 1.3%), as well as to those of the second quarters of 2022 and 2023 (1.6% and 2.8%, respectively). Thus, the year-on-year growth in the number of jobholders slowed by half, to 2.1%.

The **number of unemployed individuals** in the region fell by 26,400, or 7.7% quarter-on-quarter, to 318,200, the lowest number of unemployed individuals since the third quarter of 2008. This positive evolution is less intense than that observed a year ago, when

unemployment fell by 15.2%, the sharpest drop in the series in the second quarter. Thus, the year-on-year decline in the number of unemployed individuals fell by nearly 8 points to the current 5.5%.

This evolution of employment and unemployment, but especially of the former, could be a sign of a slowdown in a regional labour market that has been extraordinarily dynamic even in the mature growth phase of the current economic cycle.

Given that the reduction in the number of unemployed slightly exceeds the increase in the number of jobholders in the quarter, the **labour force** of the Community of Madrid is reduced by 900 people and remains at around 3,750,000 people, a figure that marked its historical maximum in the previous quarter. This stability contrasts with the 0.9% increase of a year ago and generates a deceleration of nine-tenths of a percentage point in the year-on-year rise in the labour force, to the current 1.4%.

The **number of inactive people** in the Community of Madrid grew again in the quarter, a remarkable 2.4%, an advance only surpassed in a second quarter by that recorded in 2020, which then reflected the most severe effects of the pandemic on the labour market. This increase in 2024 doubles the year-on-year increase to 4.5%, 2.2 million people, and an all-time high.

It is the dynamism of the working-age population, together with the stabilization of labour force numbers, which generates the notable reduction in the participation rate of the region in the second quarter of 2024. The **participation rate** fell six tenths in the quarter and seven-tenths in the year, standing at 62.7% of the population over 16 years of age. As a result, the **unemployment rate** fell seven tenths of a percentage point from the previous quarter to 8.5% of the labour force, six tenths of a percentage point lower than a year ago. The regional and national unemployment rate differential now stands at 2.8 p.p., after the national unemployment rate was reduced by one point to 11.3%.

In the **regional context**, Madrid is the third region in terms of labour force, jobholder and unemployed numbers, behind Catalonia and Andalusia. This quarter it recorded the second highest participation rate in the national context, and the fifth lowest unemployment rate, together with Cantabria. As for the evolution in the second quarter of the year, only seven regions, including Madrid, showed year-on-year reductions in unemployment in a context of almost generalised year-on-year increases in employment.

Box II Labour situation of households in the Community of Madrid according to the LFS. Positioning in the regional context and historical evolution

This box proposes a complementary reading of the LFS data that has just been analysed, if up to now the unit was the number of people; we will now analyse the evolution of the labour market taking the household as the unit.

One of the reasons that justifies this approach is the fact that the household plays a fundamental role as a consumption and investment unit, affecting the labour situation of households and their expectations, in the decisions it makes as an economic agent.

Currently, the LFS household data is only available for the national aggregate. The information presented in this box has been prepared internally from the microdata of the operation, from the first quarter of 2005 for each of the Autonomous Communities.

As a starting point, a descriptive analysis of the temporal evolution and regional comparison of:

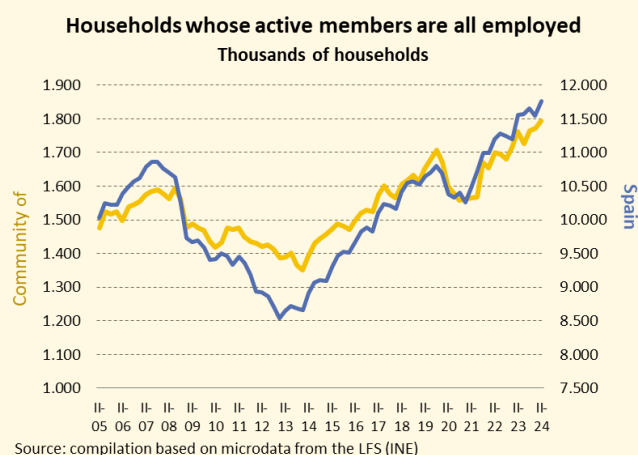
- the number of households with all jobholding members in the labour force and their weight in the total number of households,
- the number of households with all their unemployed members and their weight in relation to households with a member in the labour force.

The number of total households is a measure of the size of the labour market, as is the population over the age of 16 when the unit of measurement of the labour market is the person.

The most favourable situation for a household is that all its members in the labour force are employed, being the proportion of these over the total number of households, a sort of **household employment rate**.

Following the same reasoning, the most unfavourable situation would be presented by households in which all members in the labour force are unemployed. The weight of these households over the total number of households with a member in the labour force could be assimilated to the concept of **household unemployment rate**.

In the second quarter of 2024, the Community of Madrid had close to **1.8 million households with all its members in the labour force employed** the **historical maximum** of the series. Spain also reached its highest level this quarter, 11.8 million.



The current values are 5.1% higher in the region than those existing in the second quarter of 2019, 6.8% in the national set, with both territories observing a similar post-pandemic evolution, although Madrid observes the first increase in these households one quarter earlier than the national set, at the beginning of 2021.

This recent synchrony is not, however, recorded in previous cyclical phases: while the number of households with all members employed in Spain fell in the first quarter of 2008, it was not until the fourth quarter of that year that it did so in a clear way in the region.

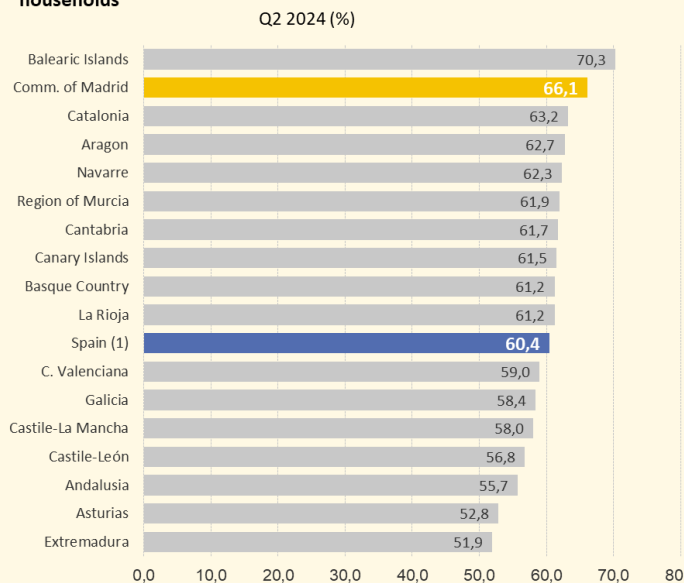
However, the duration of the recessionary phase of this indicator showed hardly any differences in the two territories, flexing upward one year earlier in the country as a whole, which recorded a historic low in the series in the first quarter of 2013.

The regional comparison shows that the 1.8 million households with all members in the labour force employed in the Community of Madrid in the second quarter of 2024 are only behind Andalusia and Catalonia, which have 2.0 and 1.9 million households with these characteristics.

If these values are put in relation to the total number of households in each region, as a 'full' household jobholding rate -or as mentioned above, **household employment rate**-, the Community of Madrid stands out as the region with the second highest **proportion of employed households, 66.1% of the total**, only behind the Balearic Islands, whose activity is notably more seasonal, resulting in a labour market that also shows greater fluctuations throughout the year.

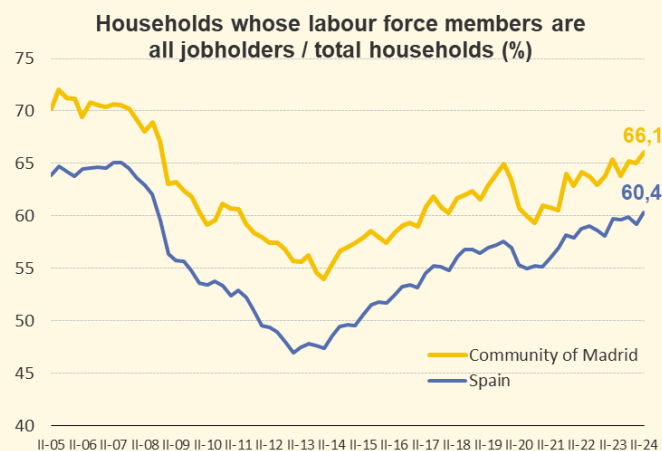
Madrid topped the regional ranking of the household employment rate in the first quarter of 2024, as has been the case in all the first post-pandemic quarters.

Households whose labour force members are all jobholders / total households



Source: Compilation based on microdata from the LFS (INE).
(1) Includes Ceuta and Melilla

As far as the Community of Madrid is concerned, it is necessary to go back to data prior to 2009 to find values higher than the current 66.1%. Similarly, in Spain, with 60.4% of households with all members in the labour force employed, it reached the highest value since the third quarter of 2008.

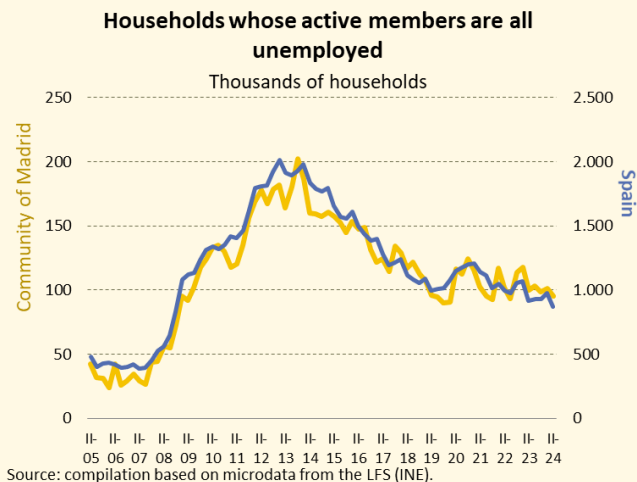


Source: Compilation based on microdata from the LFS (INE).

The historic lows in these series were recorded in the first quarter of 2014 in the Community of Madrid, and a year earlier in Spain, at 54% and 47.5% respectively. This is consistent with the cyclical evolution outlined above of the number of households with all members in the labour force employed.

In contrast to what has been seen so far, the **number of households with all their members in the labour force unemployed** and the weight that these have over the households with some members in the labour force are the variables that show the **most vulnerable flank of the regional labour markets**.

There are currently close to 95,000 households in this situation in the region, 6,000 fewer than in the previous quarter, and around 5,000 fewer than those registered a year ago; their number is 1.3% lower than in the same quarter of 2019.



Source: compilation based on microdata from the LFS (INE).

Spain, with 868,262 households with all members in the labour force unemployed, also shows a pattern of declines with seasonal upturns in the first quarters.

This variable has a more synchronous behaviour between both territories than that observed in the number of households with all their members in the labour force employed.

The regional comparison places Madrid as the region with the third highest number of households in which all members are unemployed, at a notable distance from Andalusia, which is twice as many, with more than 200,000 households in this situation, and to a lesser extent, from Catalonia, with 120,200.

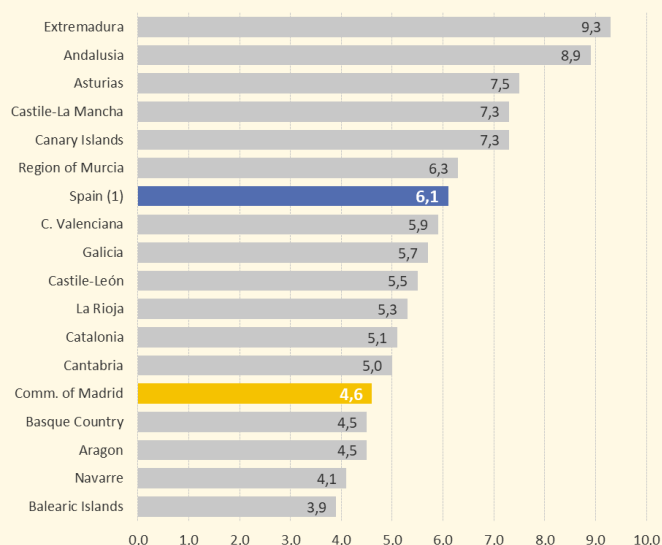
However, if this variable is related to the number of households with a member in the labour force, which would approximate the concept of **household unemployment rate**, it would be 4.6% in the Community of Madrid, compared to 6.1% nationally in the second quarter of 2024.

Only in four regions is the unemployment rate of their households lower than that of the Community of Madrid in this quarter: The Basque Country and Aragón with 4.5%, Navarre with 4.1%, and the Balearic Islands with 3.9%. Doubling these percentages, Extremadura and Andalusia are the regions with the highest proportion of households in the worst employment situation.

Again, seasonal fluctuations are less pronounced in Madrid, which allowed it to have the third lowest household unemployment rate in the first quarter of 2024.

Households whose labour force members are unemployed / households with a member in the labour force

Q2 2024 (%)

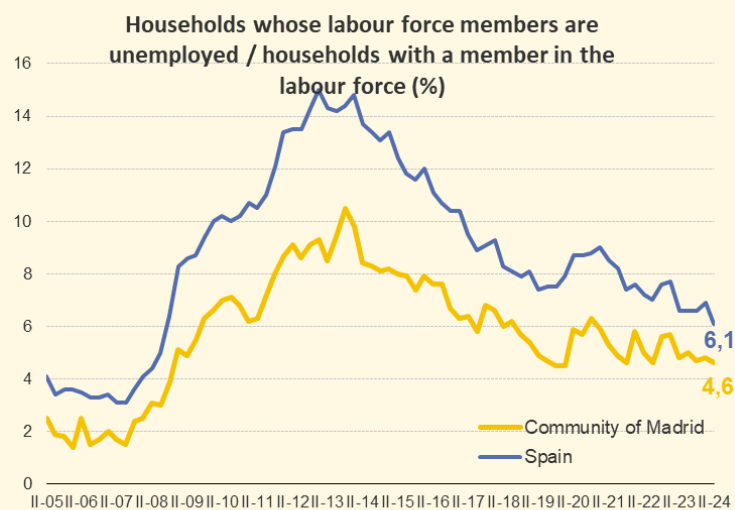


Source: Compilation based on microdata from the LFS (INE).
(1) Includes Ceuta and Melilla

It should be noted that Madrid observed the lowest value of this rate in the regional environment in several quarters, both in expansionary and recessionary phases, the last time in the second quarter of 2021.

Taking non-centred moving averages of order 4, in order to neutralise the seasonal bias, both the number of total households and those with all members employed, reaches the maximum of the series in the second quarter of 2024. The total number of single-person households peaked in the first quarter and in the fourth

quarter of 2023 for those employed single-person households.



Source: Compilation based on microdata from the LFS (INE).

In the following boxes, we will compare the explanatory capacity of the household labour market as a determinant of the evolution of regional GDP, as opposed to traditional variables based on the individual.

To conclude this box, a summary table of the recent behaviour of households in the Community of Madrid in the last year is shown. It provides disaggregated information for single-person households.

	HOUSEHOLDS COMMUNITY OF MADRID (thousands and %)							
	Households whose active members are all employed	Households whose active members are all unemployed	Households whose members are all inactive	All households	Single-person households whose members are all			All single- person household s
					Jobholders	Unemployed	Inactive	
	Level (thousands) [% / total households]							
2023T3	1.725,3 [63,8]	102,9 [3,8]	635,0 [23,5]	2.702,3	373,5 [51,2]	36,0 [4,9]	319,9 [43,9]	729,4
2023T4	1.765,4 [65,2]	98,5 [3,6]	621,5 [23,0]	2.706,3	378,9 [51,9]	33,9 [4,6]	317,2 [43,5]	730,0
2024T1	1.772,6 [65,1]	100,9 [3,7]	644,0 [23,6]	2.724,8	365,3 [49,8]	33,2 [4,5]	335,1 [45,7]	733,6
2024T2	1.793,5 [66,1]	94,9 [3,5]	631,6 [23,3]	2.713,3	359,1 [50,4]	28,4 [4,0]	325,1 [45,6]	712,6
	YOY differences (thousands)							
2023T3	31,1	9,7	13,9	43,4	20,5	10,3	-21,6	9,2
2023T4	83,7	-15,1	-8,8	35,6	25,4	-6,8	-17,5	1,2
2024T1	58,1	-16,5	6,7	39,3	-8,6	-1,5	12,7	2,6
2024T2	31,2	-4,8	3,5	16,6	-27,0	-0,8	8,2	-19,6
	Year-on-year changes (%)							
2023T3	1,8	10,4	2,2	1,6	5,8	40,0	-6,3	1,3
2023T4	5,0	-13,3	-1,4	1,3	7,2	-16,7	-5,2	0,2
2024T1	3,4	-14,0	1,1	1,5	-2,3	-4,3	3,9	0,4
2024T2	1,8	-4,8	0,6	0,6	-7,0	-2,8	2,6	-2,7

Source: Compilation based on microdata from the LFS (INE).

Box III. Actual hours worked according to the LFS. Evolution and analysis by region.

Madrid contributes 16.4% of the hours worked in Spain in the second quarter of 2024.

This box shows the information on effective weekly hours worked from the first quarter of 2005 to the present, reconstructed through the LFS microdata, by Autonomous Community and segmented by gender.

In the second quarter of 2024, the Community of Madrid is, after Catalonia, the region with the highest number of total hours worked, ahead of Andalusia, despite the fact that the latter has a higher number of jobholders. A similar situation occurs in the Canary Islands, which ranks sixth in terms of total number of hours, despite being the seventh region in terms of number of jobholders.

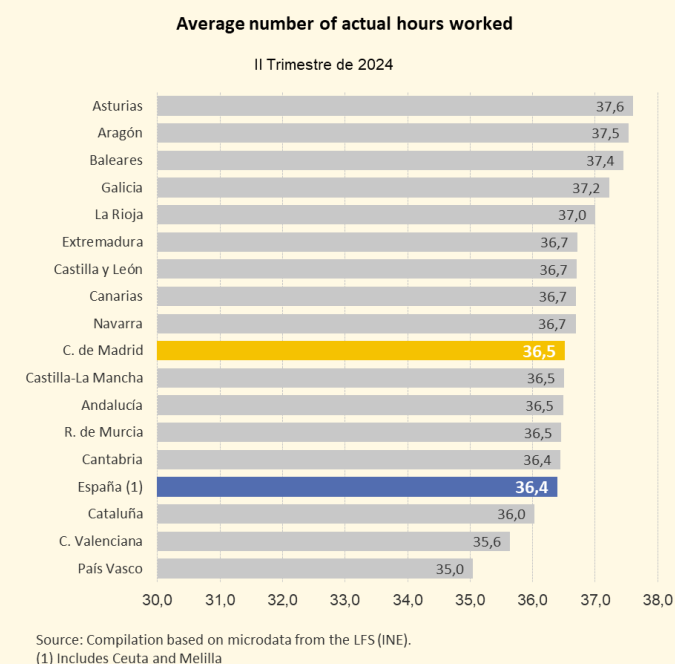


Two factors lie at the root of these discrepancies between the two rankings: territorial differences in terms of average actual hours worked and seasonal patterns linked to the productive specialisation of the region, which may result in a variable percentage of jobholders not working in the quarter in question.

It should be noted that the calculation of average hours worked is based on the number of jobholders who worked during the reference week, which does not coincide with the total number of jobholders in the territory, because some of them may not have worked due to vacation or illness, among the main reasons.

The regional differences in the average hours actually worked are notable, ranging in the second quarter from 37.6 hours in Asturias and 35.0 in the Basque Country. The Community of Madrid, with 36.5 hours, is in a

middle position in the ranking, with a weekly average very similar to the national average.



Recent developments in the Community of Madrid: more hours, but more spread out.

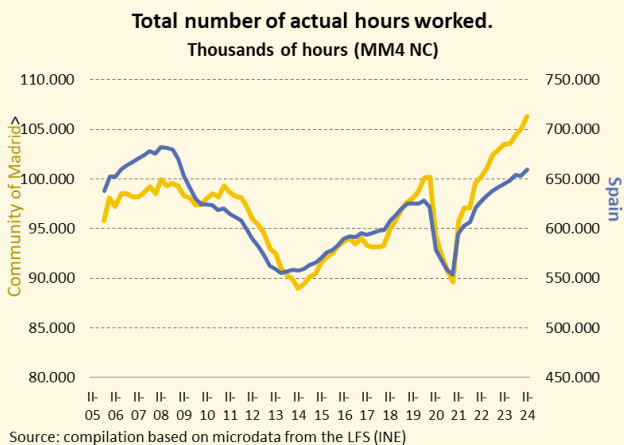
If the number of jobholders shows seasonal behaviour, with systematic drops in the first quarters and increases in the second quarters, the **actual weekly hours worked** accentuate these features.

For this reason, we have chosen, on the one hand, to represent the data on the evolution of the number of effective weekly hours worked through Non-Centred Moving Averages of order 4 (MM4NC), and on the other hand, to make the point comparisons of the second quarter of 2024 in relation to the same quarters of 2019 and 2008. The first comparison is intended to measure the degree of post-pandemic recovery; the second, to show the change observed between the peaks of two different cycles: the one prior to the financial crisis and the current post-pandemic one.

The evolution of the total number of effective hours per week shows important differences in the Community of Madrid in relation to the national average:

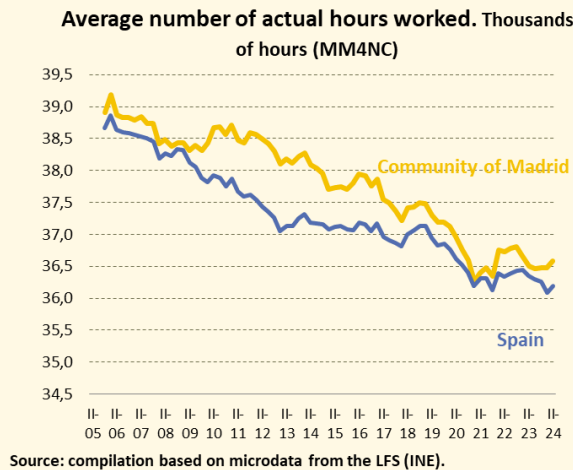
- While current levels in the region are well above the previous highs of 2019 and 2008, in Spain the number of total hours remains below those observed before the financial crisis.
- The adjustment of this variable in the recessionary period of the previous cycle followed different patterns: shorter and less intense in the region.

- The post-pandemic response has, however, been synchronous, but more accentuated in the Community of Madrid.



The **average number of hours worked** shows a marked downward trend in the region and in the country as a whole. In both territories, the MM4NC drew its highest level in the first quarter of 2006, exceeding 39 hours per week on average in the Community of Madrid, 38.8 in Spain, while the figure for the last quarter of 2024 is slightly above 36.5 hours per week in the region and around 36 hours in Spain.

The relative stability of average hours in the national territory between 2012 and 2017 is noteworthy, as opposed to the gradual decline in the region.

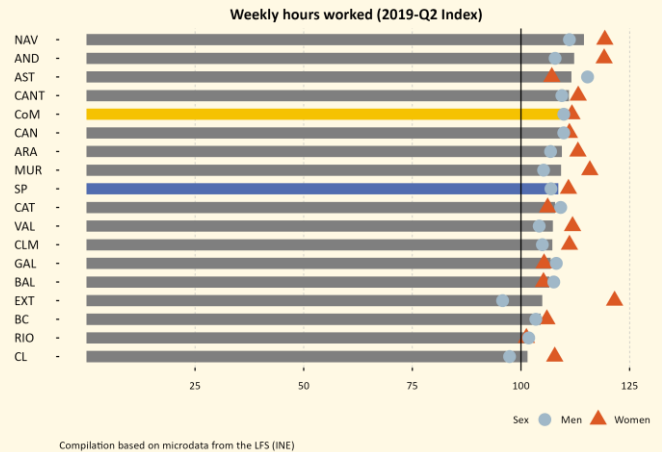


Total hours worked: post-pandemic recovery generalised by Autonomous Communities but with different intensity by gender.

Compared to the values for the second quarter of 2019, the total number of hours worked increased by 10.7% in the region, and 8.6% in Spain, lower growth than that of jobholders.

However, behaviour in relation to the pre-pandemic period shows differences by region. The total number of hours worked increased in all the Autonomous Communities, but the intensity varied notably, ranging

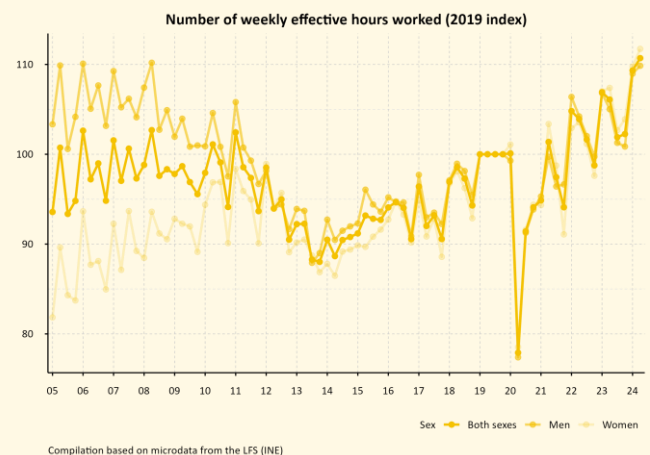
from 1.5% in La Rioja and Castilla y León to 14.5% in Navarre.



This pre-pandemic increase in the total number of hours, generalised by region, hides, however, very different behaviour by gender: it is the growth in the number of actual hours worked by women that is driving the recovery. In all regions, the number of hours worked by women exceeds the pre-pandemic figure; this is not the case for men, whose number of hours in 2024 is below that of 2019 in Extremadura and Castilla y León. Moreover, in all regions except Asturias, Catalonia, Galicia and the Balearic Islands, the growth in hours worked has exceeded that of men.

The asymmetrical post-pandemic behaviour by gender in Extremadura is very notable.

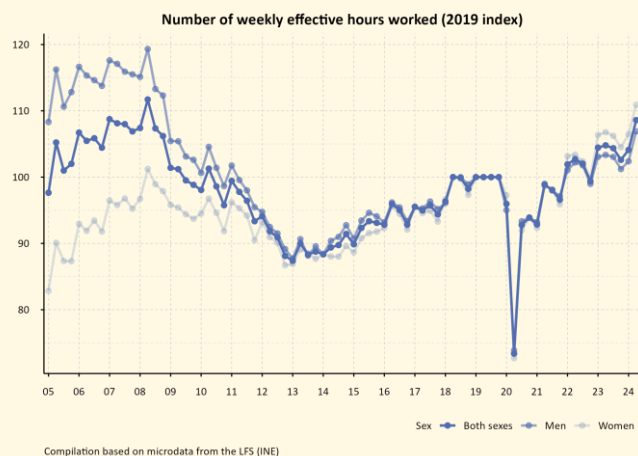
The following graphs show the recovery of the total hours worked in the Community of Madrid and in Spain by gender.



The outstanding progression in the number of hours worked by women in the region is evident, as they are responsible for the fact that the current total number of hours not only exceeds the number of hours worked prior to the health crisis, but also exceeds those prior to the financial crisis.

In Spain, the number of hours in 2019 has also been exceeded, but despite the significant growth in hours

worked by women, which reached record highs in 2024, the magnitude of the contraction in total hours performed by men means that total hours have not recovered the values prior to what has come to be called 'the great crisis'.



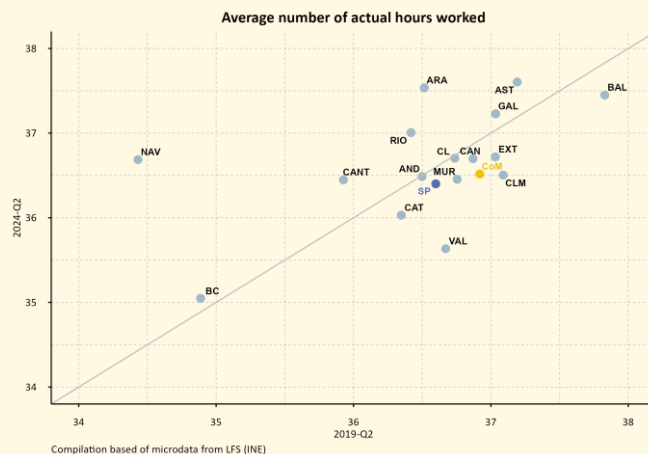
Pre-pandemic comparison: more total hours but heterogeneous response of average weekly hours by Autonomous Communities.

The comparison of average weekly hours in relation to the second quarter of 2019 shows a drop of 1.1% in the Community of Madrid, and 0.5% in Spain, from 36.9 hours and 36.6 hours respectively to 36.5 and 36.4 hours in the second quarter of 2024.

There were also significant discrepancies by region: average weekly hours rose in seven regions, remained stable in two and fell in the remaining eight. Among the regions where it has increased, Navarre stands out, with 6.6%, which, with 34.4 average weekly hours in the second quarter of 2019, goes from being the region with the lowest average weekly hours worked, to currently standing (with 36.7 hours) above the national average. The second largest increase is observed in Aragon, with 2.8%, whose average weekly hours are currently only surpassed by Asturias.

The average number of hours in Andalusia remained stable, and in Castilla y León there were hardly any variations.

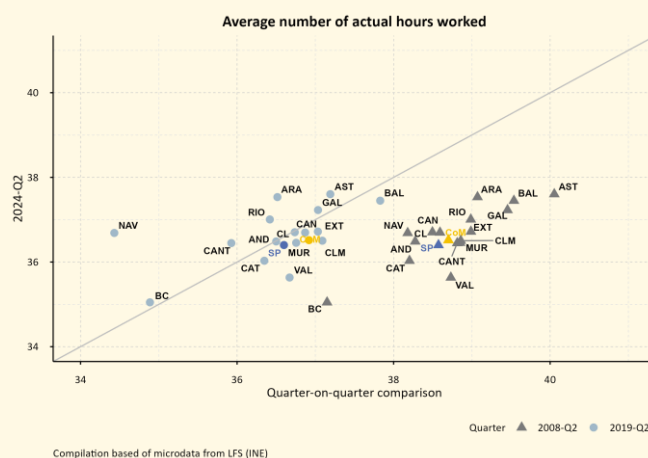
Leading the regions with reductions in this variable is the Valencian Community, which, with a drop of 2.8%, is, after the Basque Country, the region with the lowest number of average weekly hours in the second quarter of 2024.



Financial crisis sees a complete recovery in the Community of Madrid, incomplete in Spain.

If the comparison is made with the total hours in the second quarter of 2008, the peak before the financial crisis, the results are more heterogeneous than in the pre-pandemic comparison. Only four regions currently exceed the figures for the second quarter of 2008, including the Community of Madrid, which posted the highest growth of 7.8%, ahead of the archipelagos and Andalusia. The rest of the regions have not recovered their pre-financial crisis number of hours, leaving the total number of national hours 2.4% lower than that period. Reductions in total hours in Asturias and the Basque Country, of 18.2% and 10.6%, respectively, stand out for its intensity.

In contrast to this uneven recovery of total hours by Autonomous Community, a comparison of average weekly hours shows a reduction in all regions: no territory worked more average weekly hours in the second quarter of 2024 than in the second quarter of 2008.



2. Social Security Enrolment

Social Security enrolment in the second quarter of 2024 reached the historical maximum of the quarterly series, with 3,693,549 average enrolments.

These high volumes are evidence of strong year-on-year growth, up 3.7%, one tenth of a percentage point less than the growth of the previous quarter.

Both genders and the general and self-employment schemes have the highest number of employees for the quarterly series. Once again, the performance of female enrolment and the general scheme continued to be more dynamic, with year-on-year increases in the second quarter of 4% and 3.9%, respectively. The self-employed scheme grew at a more contained rate of 2.2%, but continued to accelerate, this time by half a point above the increase of 1.7% in the first quarter of 2024.

Female enrolment and the general scheme are components that explain the slight slowdown in year-on-year growth in the second quarter, although it is noteworthy that they continue to grow at their current rates (4% and 3.9%, respectively) in a context of peak enrolment levels.

The analysis of the general scheme, excluding the special agricultural and domestic workers' schemes, is decisive in determining the distribution by activity of total enrolment. In the first quarter of the year, it accounted for 88.3% of the total, with 87.7% of enrolment in the services sector in this scheme. It should be noted that all sections of this sector in this period experienced year-on-year increases in enrolment compared to the same quarter of 2023, with the exception of *Rest of services*, which fell by 0.7%.

The latest available data, corresponding to July and August 2024, and despite the seasonal month-on-month decline, reached the highest enrolment figures for these months and eleven consecutive months of more than 3.6 million enrolments.

In these summer months, year-on-year increases of 3.6% and 3.5%, respectively, were recorded. This same pattern of behaviour is observed in the breakdown by gender and in the general scheme, which have the highest records in the series. In August, male enrolment increased by 3.4% year-on-year and female enrolment by 3.6%; the general scheme grew by 3.6%, barely a tenth of a percentage point less than the previous month; and the self-employed scheme, which has been showing a profile of accelerated growth, seems to have stabilised its increase at 2.5%.

The analysis of average monthly enrolment in August, by activity sections in the general scheme, and excluding the special agricultural and household employee schemes, does not show maximum enrolment volumes in any of the three large sectors, given the seasonal nature of this month. The tertiary sector peaked in June 2024, although in August one of its sections, *Healthcare and social services activities*, which accounts for 9.2% of total enrolment in the scheme, did so in August. However, the number of employed persons in the services sector was the highest for the month of August, and this was the case in twelve of its thirteen sections, including the aforementioned, and which account for 87.4% of total enrolment in the general scheme.

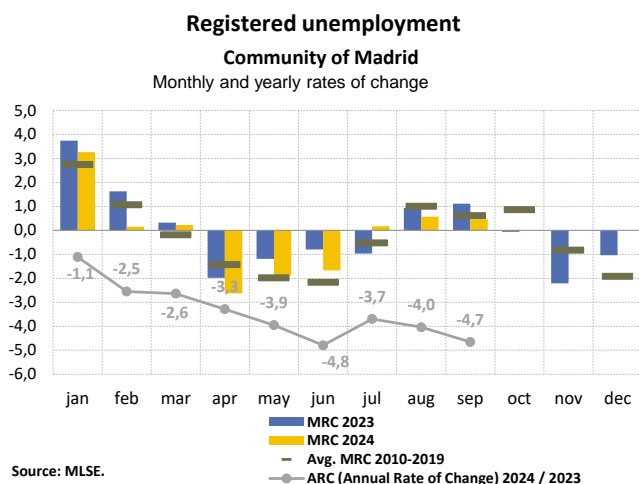
As for the self-employed scheme, like the general scheme, reached its highest level for the month of August. By sector, the tertiary sector recorded the highest number of enrolments in an August, driven by the relative maximum ten of its sections. Among these sections, the following stand out for their participation in the total number of enrolments in this scheme: *Trade and Repair of Vehicles*, 19.2%, *Professional Scientific and Technical Activities*, 15%, and *Transportation and Warehousing*, 8.2%

Average quarterly affiliation to the General Scheme (not farm/domestic) by sections. Structure and changes. Community of Madrid.											
CNAE Sections 2009	II 2024			Year-on-year comparison				Pre-pandemic comparison II 2024 - II 2019			
	Level No.	Weight (%)	COM/SPAIN (%)	Difference		Rate of change		Difference		Rate of change	
				CoM No.	Spain No.	CoM (%)	Spain (%)	CoM No.	Spain No.	CoM (%)	Spain (%)
A - Agric. Livest. Fore. And Fish.	2.607	0,1	3,1	-16	2.422	-1,0	3,0	-44	10.810	-1,7	14,7
B ... E - Industry	215.519	6,1	9,8	7.023	42.505	3,7	2,0	21.341	135.067	11,0	6,6
F - Construction	169.553	4,8	16,8	5.835	17.791	4,6	1,8	24.883	123.642	17,2	14,0
G - Comm. Rep. Vehicles	440.990	12,4	17,0	10.402	53.880	2,6	2,1	26.223	150.606	6,3	6,2
H - Transport. Storage	177.279	5,0	20,7	9.084	36.192	4,8	4,4	29.624	122.790	20,1	16,7
I - Hospitality	213.026	6,0	13,5	10.132	64.952	5,3	4,3	18.861	176.333	9,7	12,6
J - Inform. Commun.	281.110	7,9	43,0	11.149	24.598	4,7	3,9	62.546	158.207	28,6	32,0
K - Act. Finance & Insur	122.734	3,5	37,8	4.996	8.347	4,4	2,6	12.913	1.321	11,8	0,4
L - Act. Real Estate	29.161	0,8	26,5	1.224	4.019	3,3	3,8	4.177	11.291	16,7	11,4
M - Actv. Prof. Tech. Sci.	297.838	8,4	32,0	12.075	35.044	5,1	3,9	57.723	173.039	24,0	22,8
N - Actv. Admt. Serv. Auxil.	340.637	9,6	23,7	9.718	40.362	2,5	2,9	29.215	120.772	9,4	9,2
O - Public Adm Defen., SS	228.176	6,4	19,6	15.768	-74.995	6,1	-6,1	64.278	54.284	39,2	4,9
P - Education	227.974	6,4	18,1	11.891	154.712	5,5	14,0	40.337	299.327	21,5	31,2
Q - Actv. Health Serv. Social	275.292	7,8	14,6	14.113	73.837	5,1	4,1	43.218	332.249	18,6	21,5
R - Actv. Artis. Rec. & Ent	55.876	1,6	17,8	2.409	12.728	4,2	4,2	6.288	43.266	12,7	16,0
S ... U - Rest of Serv.	78.260	2,2	20,4	-749	2.267	-0,7	0,6	-1.387	594	-1,7	0,2
Total services	2.768.351	87,7	20,5	112.212	435.943	4,2	3,3	394.016	1.644.080	16,6	13,9
Total	3.156.030	100,0	18,8	125.054	498.662	4,2	3,1	440.196	1.913.600	16,2	12,9

(*) The average quarterly data are calculated on the basis of the average monthly data.
Source: Ministry of Inclusion, Social Security and Migration.

3. Registered unemployment

The pace of the decline in the number of unemployed intensified in the second quarter of the year. The recent performance of registered unemployment was once again very positive in the second quarter of the year. The number of unemployed people has gone from 305,506 in the second quarter of 2023 to below three hundred thousand in the same quarter of 2024 (293,281). This is the lowest figure for a quarter since 2009 and is already very different from the 2020 figures, when 413,860 people were unemployed.



Registered unemployment data for the region reflects a greater intensity in the rate of decline of unemployment, registering a 4% year-on-year decrease in the second quarter of 2024 compared to 2.1% in the first quarter of 2024, and 1.5% in the fourth quarter of 2023. Thus, the pace of unemployment destruction became more dynamic in 2024, breaking with the gradual loss of

dynamism observed between the second quarter of 2022 and the fourth quarter of 2023. On average for the year 2023, the decline in registered unemployment stood at 4.5%. In August 2024, the latest published data; there was again a 4% year-on-year decrease in registered unemployment.

Both genders participated in the declines in unemployment in the region and improve on pre-pandemic data. Male unemployment continues to show the smallest year-on-year drop, reaching 3.1% in the second quarter of 2024, while female unemployment fell by 4.6%. The latest published data, from August 2024, maintains the trend, with a decrease in year-on-year rates in male unemployment lower than that of female unemployment, 3.4% versus 4.5%.

The year-on-year decreases observed in the second quarter also occurred in all sectors of activity: 10.2% in agriculture, 6.8% in industry, 4% in services, and 3% in construction, while the group 'without previous employment' recorded the smallest decrease of 2.2%. This drop, likewise, is evidenced in its comparison with the second quarter of 2019 in all sectors, although with different intensity.

In August 2024, regional unemployment decreased year-on-year in all sectors; thus, 10.1% in agriculture, 6.4% in industry, 4.2% in construction, and 3.8% in services; as well as in the 'without previous employment' group, which recorded a reduction for the fifth consecutive month.

REGISTERED UNEMPLOYMENT BY SECTIONS Community of Madrid										
CNAE Sections 2009	2Q24					Pandemic maximum		Pre-pandemic variation 2Q19		
	Level	Weight (%)	Diff Annual	ARC (%)	Rep. (1)	Level	Date	Difference	RC (%)	Rep. (1)
A - Agric. Livest. Fore. And Fish	2.126	0,7	-240	-10,2	-0,1	3.470	1Q21	-656	-23,6	-0,2
B ... E - Industry	15.881	5,4	-1.161	-6,8	-0,4	24.732	1Q21	-5.310	-25,1	-1,6
F - Construction	21.333	7,3	-651	-3,0	-0,2	33.085	1Q21	-5.823	-21,4	-1,7
G - Comm. Rep. Vehicles	39.955	13,6	-1.622	-3,9	-0,5	59.641	1Q21	-6.585	-14,1	-1,9
H - Transport. Storage	11.630	4,0	-3	0,0	0,0	17.971	2Q20	-1.045	-8,2	-0,3
I - Hospitality	25.832	8,8	-1.018	-3,8	-0,3	43.980	1Q21	-4.610	-15,1	-1,4
J - Inform. Commun.	12.406	4,2	1.040	9,2	0,3	16.165	2Q20	495	4,2	0,1
K - Act. Finance & Insur	4.195	1,4	-1.143	-21,4	-0,4	6.028	3Q21	-405	-8,8	-0,1
L - Act. Real Estate	2.656	0,9	-20	-0,7	0,0	3.582	1Q21	-54	-2,0	0,0
M - Actv. Prof. Tech. Sci.	30.850	10,5	-140	-0,5	0,0	47.878	1Q21	-8.118	-20,8	-2,4
N - Actv. Admt. Serv. Aulil.	46.057	15,7	-3.227	-6,5	-1,1	74.986	1Q21	-9.758	-17,5	-2,9
O - Public Adm Defen., SS	10.883	3,7	-2.278	-17,3	-0,7	15.366	3Q21	-814	-7,0	-0,2
P - Education	9.534	3,3	-847	-8,2	-0,3	16.956	3Q21	-427	-4,3	-0,1
Q - Actv. Health Serv. Social	14.475	4,9	-898	-5,8	-0,3	20.185	1Q21	-786	-5,2	-0,2
R - Actv. Artis. Rec. & Ent	5.859	2,0	-78	-1,3	0,0	9.458	3Q20	-674	-10,3	-0,2
S ... U - Rest of Serv.	18.668	6,4	533	2,9	0,2	26.142	1Q21	-531	-2,8	-0,2
Total services	233.001	79,4	-9.700	-4,0	-3,2	350.569	1Q21	-33.312	-12,5	-9,8
No previous employment	20.940	7,1	-472	-2,2	-0,2	31.547	2Q21	-2.768	-11,7	-0,8
Total	293.281	100,0	-12.225	-4,0	-4,0	442.805	1Q21	-47.869	-14,0	-14,0

(1) Impact is the contribution of each section to total growth

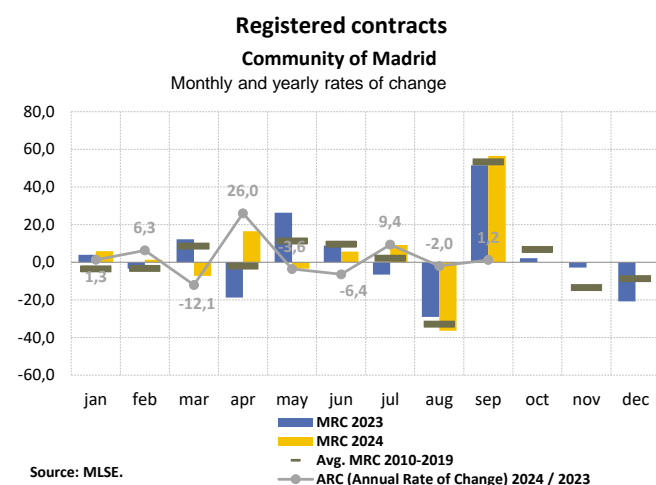
Source: Directorate General of the Public Employment Service. Regional Department of Economy, Taxation and Employment

The breakdown of the services sector by activity sections (CNAE 2009) shows that, in year-on-year terms, unemployment, however, has not decreased in the second quarter of 2024 in all areas, with *Financial and insurance activities* being the one seeing the greatest drop in registered unemployed in relative terms, with a fall of 21.4%; followed by *Administrative and support service activities* and *Public administration, defence and social security* with a fall of 17.3%; and *Education* with a fall of 8.2%. The number of registered unemployed increased year-on-year by 9.2% in *Information and communications* and by 2.9% in *Other services*.

In August 2024, the latest published data, the regional comparison in year-on-year terms shows a generalised decrease in registered unemployment in all the Autonomous Communities, with the exception of the Basque Country and Navarre, where it increased by 2.5% and 0.8%, respectively, with a wide range of oscillation from an 8.2% reduction in Andalusia to a 0.9% reduction in Catalonia. The Community of Madrid has the fourth highest registered unemployment rate in Spain.

All regions show current levels of registered unemployment below pre-pandemic levels, with the Community of Madrid being the region with the second largest drop in absolute terms.

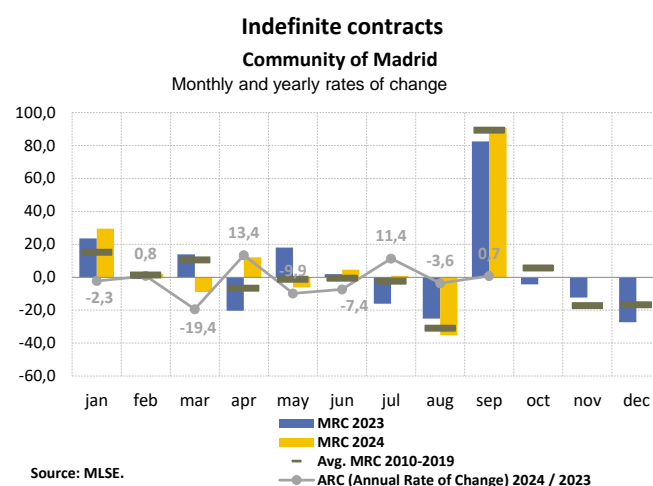
The first year-on-year increase in two years in the number of contracts, driven by temporary hiring in the second quarter. After a downward trend that began in the third quarter of 2022, the number of new hires increased by 3.5% in the second quarter of 2024. The latest data, from August 2024, shows the usual seasonal decline with 131,063 contracts registered, and the year-on-year comparison again turns negative, with -2%.



With the entry into force of the labour reform in 2022, permanent hiring broke records and temporary hiring has showed year-on-year declines since April 2022.

Thus, in the first quarter of 2024, year-on-year levels of permanent contracts, although continuing the downward trend of 2023, already show a very moderate fall of 2.1% compared to the decline in the second quarter of 2023 when it reached a year-on-year drop of 14.9%. The latest data for August 2024 shows a 3.6% year-on-year decrease in permanent contracts.

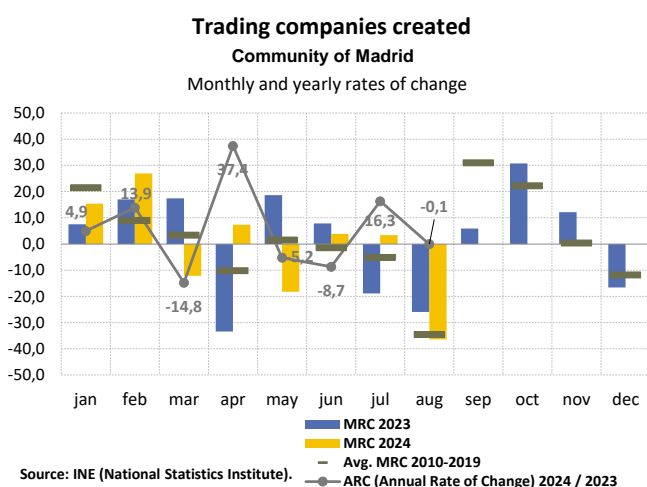
On the other hand, temporary hiring saw a sharp cutback from the second quarter of 2022, followed by notable declines in 2023, which, however, are gradually easing; thus, in the first quarter of 2023, the decline was 43.9% while in the fourth quarter it was limited to 1.5%. In the first two quarters of 2024, temporary hiring showed year-on-year increases of 4.6% in the first quarter and 8.9% in the second quarter. The latest data, from August 2024, shows a seasonal year-on-year drop in temporary hiring of 0.7%.



On the other hand, permanent discontinuous contracts, residual until the entry into force of the labour reform in 2022, reached 15,773 permanent discontinuous contracts in the second quarter of 2024.

V.4. Business environment

Business entrepreneurship has been characterised in the first half of 2024 by continuous ups and downs, growing in the months of January, February and especially April and subsiding in March, May and June; overall the number of companies increased by 2.9% year-on-year. In the second quarter, 6,848 companies were created, 5.8% more than in the same quarter of 2023; this is a low figure, since it is the sixth best for that period, although it is 17.5% higher than in the same quarter of the pre-pandemic period, with 1,020 more companies created compared to 375 companies created a year ago.



The creation of companies totalled 2,254 companies in July (the last known data), the highest number for a month of July, which is 3.3% more than those created in June, breaking with the seasonal pattern that marks declines in the creation of companies in the months of July as usual (-8.9% on average in the historical data prior to the pandemic). In year-on-year terms, it grew by 16.3% after two months of declines, the fourth highest growth for this month since 2006.

The Community of Madrid occupies the first position in the regional ranking of company creation, both in the month of July and in the accumulated January-July 2024 period. The relative figures for the creation of companies are very significant: 23.2% of the total number of companies created in Spain in July and 22.4% in the year as a whole were created in the region.

Capital subscribed in the first half of 2024 increased by 28.2%, showing very volatile behaviour by month, with three-digit year-on-year growth in January and April, and notable reductions in March and May. The second quarter ended with a year-on-year increase of 31.6% and a 19% increase compared to the pre-pandemic period. Investment by new companies was €301.9 million in this period, the highest volume for this quarter

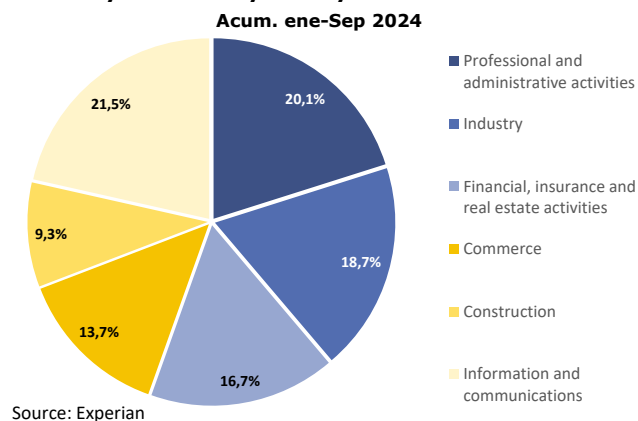
since 2016 and 5.6% higher than in the first quarter of 2024.

July investment was at €69.6 million, 38.8% lower than in June, but 23% higher than in the same month of 2023. Madrid is the region with the second largest amount of capital subscribed in July and the first in the year-to-date total, with 20.3% of the total national investment in this month and 23.6% in the January-July accumulated figure. The average capitalisation per company in July was 12.8% lower than the national average, but 5.2% higher in the total through July.

In the first three months of 2024 the number of dissolved companies decreased month by month, although the number increased in the months of the second quarter. In this quarter, dissolutions fell by 8.4% compared to 2023. In July, business closings are up 0.6% month-on-month, but down 0.4% from July 2023. Since 2017, the average number of dissolved companies in the months of July in the region stands at 529 dissolutions, bringing the 530 in July 2024 to around the average of the last seven years. In the accumulated January-July period, 4,240 companies were dissolved in Madrid, 28.9% of the total number of companies dissolved in Spain.

In the cumulative January-August 2024, the Community of Madrid attracted companies from other regions. According to Experian data, a total of 1,297 entities changed their registered office to the region during this period; the most represented sector is *Professional and administrative activities* with 19.8%, followed by *Industry* with 19.1%; the predominant origin is Catalonia, with 24.5%, followed by Andalusia, with 17.5%. The net balance for the region so far this year is once again positive, with 185 more companies moving to the Community of Madrid.

Companies that relocated their registered address to the Community of Madrid by activity sector.



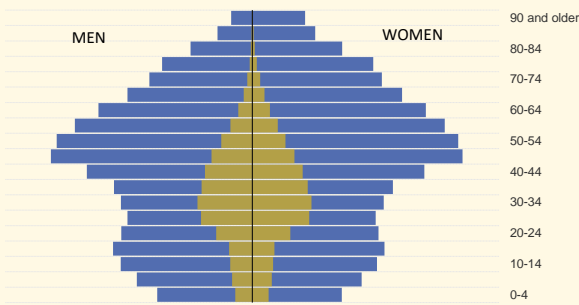
Box IV. Demographic keys 2024.

The National Statistics Institute published its Continuous Population Statistics, provisional data as of 1/7/2024.

The Community of Madrid is the Spanish region with the highest population growth in the last quarter.

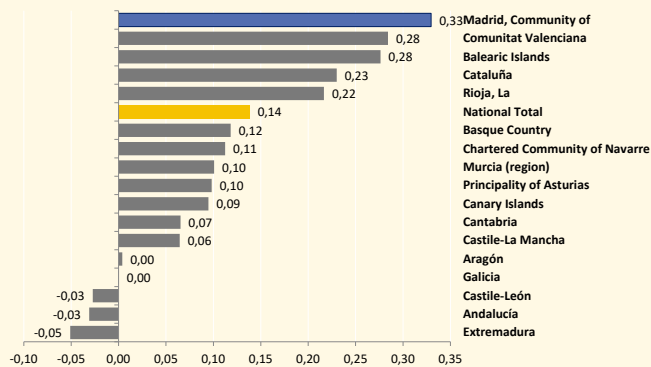
According to the data published by the INE in its 'Continuous Population Statistics', the Community of Madrid had 7,058,041 inhabitants on July 1, 2024, 23,198 more people than the previous quarter, which represents 34.4% of the total national increase (67,367 people) and a growth of 0.3%, the highest of all the Spanish Autonomous Communities.

POPULATION IN THE COMMUNITY OF MADRID. 1/7/2024



Source: Continuous Population Statistics. INE Foreigners Spanish

Relative population growth. April24-July24



Source: Continuous Population Statistics. INE (NATIONAL

The population of foreign origin plays a very important role in this demographic increase; 38.7% of this increase was due to the foreign population (8,976). Moreover, the group of foreign-born individuals increased by 18,405, meaning some 9,429 people who were foreigners acquired Spanish nationality during the period.

The annual increase was led by the Community of Valencia and the Community of Madrid, which rose by 1.7 and 1.6 percentage points, respectively, significantly higher than the 0.9% increase in Spain. Once again, the trend of the foreign population in the Madrid region stands out, with foreigners accounting for 42.7% of the total increase (48,171 foreigners out of a total of 112,860).

During this last year, the number of foreign-born individuals increased by 100,227, a figure which, if we subtract the aforementioned foreign nationals, will give us an approximate number of naturalisations in the period, of almost 52,056.

In analysing the annual differences by gender, nationality and broad age groups, we can observe very interesting aspects of the growth components.

Firstly, it is clear that the foreign population is mainly responsible for the demographic increase, especially in the working-age groups, although all the major groups are represented.

Secondly, there is a decrease in the age group of infants of Spanish nationality, linked to the trend of a progressive decrease in the number of births that has been occurring for several years.

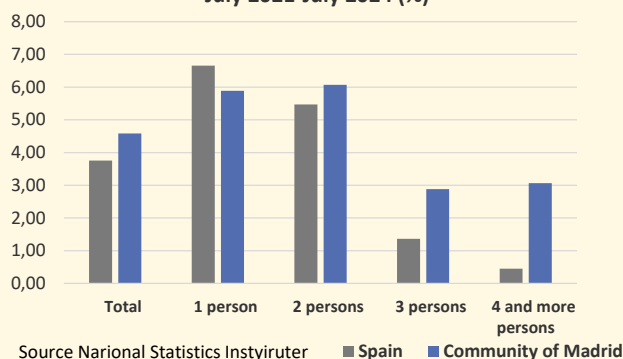
Thirdly, the steady increase continues in the number of people over 65 years of age, especially Spaniards. The steady increase in life expectancy means that there are more and more elderly people who are also living longer and longer.

As a result of the above, Madrid's society is characterised by an increasingly aging population, although to a lesser extent than that of Spain.

As for Madrid households, it should be noted that they increased by 2,147 in the last quarter, and in the last year by 12,862 new households.

DIFFERENCES IN POPULATION 1/4/2023-1/4/2024. COMMUNITY OF MADRID									
	TOTAL			SPANISH			FOREIGNERS		
	Both sexes	Men	Women	Both sexes	Men	Women	Both sexes	Men	Women
Total	118.722	59.744	58.978	62.333	29.593	32.740	56.389	30.151	26.238
Aged 0-14	-13.168	-6.871	-6.297	-16.575	-8.506	-8.069	3.407	1.635	1.772
15-64	1.045.442	537.849	507.593	854.225	438.046	416.179	191.217	99.803	91.414
over 65	38.659	17.386	21.273	33.254	15.372	17.882	5.405	2.014	3.391
Source: Continuous Population Statistics. INE (NATIONAL STATISTICS INSTITUTE)									

**Growth in the number of people per household
July 2021-July 2024 (%)**



The number of households has grown in the last three years in both Spain and the Community of Madrid, although it is in the Madrid region where the increase has been most pronounced. While Spanish households obtained an increase of 3.8%, in the Madrid region it was 4.6%.

Depending on the size of the households, the following particularities can be observed:

In Spain, single-family households have grown the most in the last three years, followed by two-person households. In the Community of Madrid, two-person households grew more than single-family households, although they experienced very similar growth in both cases (6.1% and 5.9%, respectively).

The number of households with 4 or more individuals increased by 3.1% in the Community of Madrid, while in Spain it barely reached half a point. In the case of Madrid, this can be explained by the family regrouping of foreign-born inhabitants.

Lastly, we have a table with a summary of the main data published by the INE for the first quarter in its Continuous Population Survey.

REGIONAL POPULATION RANKING (1/jul/2024)					
TOTAL POPULATION People	(SPANISH POPULATION) People	POPULATION BORN ABROAD People	POPULATION BETWEEN 0-15 YEARS OLD (%)	POPULATION 65 YEARS OLD AND OVER (%)	
Spain 48.797.875	Spain 6.632.064	Spain 9.036.416	Spain 13,6	Spain 20,0	
Andalusia 8.637.152	Catalonia 1.484.752	Catalonia 1.965.171	Region of Murcia 16,1	Asturias 27,4	
Catalonia 8.068.180	Comm. of Madrid 1.136.637	Comm. of Madrid 1.700.669	Navarre 14,6	Castile-León 26,3	
Comm. of Madrid 7.058.041	C. Valenciana 1.003.681	C. Valenciana 1.234.610	Andalusia 14,4	Galicia 26,1	
C. Valenciana 5.359.309	Andalusia 862.166	Andalusia 1.085.763	Castile-La Mancha 14,2	Cantabria 23,5	
Galicia 2.706.953	Canary Islands 331.347	Canary Islands 510.343	Catalonia 14,0	Basque Country 23,3	
Castile-León 2.390.321	Balearic Islands 262.326	Balearic Islands 345.073	Comm. of Madrid 14,0	Aragon 22,0	
Canary Islands 2.246.132	Region of Murcia 245.981	Galicia 313.558	Balearic Islands 13,9	Extremadura 21,9	
Basque Country 2.233.309	Castile-La Mancha 242.862	Region of Murcia 312.010	C. Valenciana 13,8	La Rioja 21,6	
Castile-La Mancha 2.107.420	Basque Country 219.058	Basque Country 304.863	La Rioja 13,7	Navarre 20,3	
Region of Murcia 1.575.171	Castile-León 189.347	Castile-La Mancha 301.825	Aragon 13,4	C. Valenciana 19,7	
Aragon 1.348.206	Aragon 187.477	Castile-León 263.920	Extremadura 12,9	Castile-La Mancha 19,3	
Balearic Islands 1.238.812	Galicia 161.404	Aragon 237.161	Basque Country 12,8	Catalonia 19,0	
Extremadura 1.051.901	Navarre 87.440	Navarre 131.087	Cantabria 12,1	Andalusia 18,3	
Asturias 1.010.058	Asturias 63.011	Asturias 107.982	Canary Islands 11,7	Comm. of Madrid 18,2	
Navarre 680.296	La Rioja 47.606	Cantabria 71.736	Castile-León 11,4	Canary Islands 17,5	
Cantabria 591.546	Cantabria 46.511	Extremadura 59.863	Galicia 11,2	Region of Murcia 16,3	
La Rioja 325.264	Extremadura 43.834	La Rioja 59.397	Asturias 10,3	Balearic Islands 16,2	
TOTAL POPULATION (Quarterly difference)	TOTAL POPULATION (Year-on-year difference)	(SPANISH POPULATION) (Year-on-year difference)	TOTAL POPULATION Year-on-year rate	(SPANISH POPULATION) Year-on-year rate	
Spain 67.367	Spain 415.369	Spain 293.651	C. Valenciana 1,7	Asturias 10,7	
Comm. of Madrid 23.198	Comm. of Madrid 112.860	C. Valenciana 70.539	Comm. of Madrid 1,6	Galicia 10,0	
Catalonia 18.517	Catalonia 89.581	Catalonia 61.855	Balearic Islands 1,2	Castile-León 7,7	
C. Valenciana 15.189	C. Valenciana 88.921	Comm. of Madrid 48.171	Catalonia 1,1	C. Valenciana 7,6	
Balearic Islands 3.413	Andalusia 25.285	Andalusia 23.899	Region of Murcia 1,0	Cantabria 7,0	
Basque Country 2.637	Canary Islands 20.082	Galicia 14.697	Canary Islands 0,9	Extremadura 6,4	
Canary Islands 2.125	Region of Murcia 15.089	Castile-León 13.616	Spain 0,9	Castile-La Mancha 5,6	
Region of Murcia 1.586	Balearic Islands 14.775	Castile-La Mancha 12.776	Navarre 0,8	Basque Country 5,0	
Castile-La Mancha 1.356	Castile-La Mancha 13.723	Basque Country 10.368	Castile-La Mancha 0,7	Spain 4,6	
Asturias 990	Basque Country 11.722	Canary Islands 7.477	La Rioja 0,6	Comm. of Madrid 4,4	
Navarre 764	Galicia 6.322	Region of Murcia 6.557	Basque Country 0,5	Navarre 4,4	
La Rioja 703	Navarre 5.110	Asturias 6.099	Cantabria 0,4	Catalonia 4,3	
Cantabria 386	Castile-León 3.775	Balearic Islands 5.220	Asturias 0,3	La Rioja 3,9	
Aragon 53	Asturias 3.107	Navarre 3.688	Andalusia 0,3	Andalusia 2,9	
Galicia 9	Cantabria 2.093	Cantabria 3.028	Galicia 0,2	Region of Murcia 2,7	
Extremadura -537	La Rioja 1.814	Extremadura 2.643	Castile-León 0,2	Canary Islands 2,3	
Castile-León -652	Aragon 1.505	La Rioja 1.777	Aragon 0,1	Balearic Islands 2,0	
Andalusia -2.673	Extremadura -1.725	Aragon 810	Extremadura -0,2	Aragon 0,4	

Source: Continuous Population Statistics. INE (NATIONAL STATISTICS INSTITUTE)

Annex Company relocations to the Community of Madrid

Year 2024³: January - September

Companies that relocated their registered address to the Community of Madrid														
By autonomous community of origin and sector of activity. Cumulative. Jan-Sep 2024														
Aut.Com./Sector	01	02	03	04	05	06	07	08	09	10	11	s/d	Total	%
Andalusia	3	49	24	35	5	13	18	34	42	4	10	1	238	17,1
Aragon		9	5	7	2		2	6	10	2	1		44	3,2
Asturias		7		6		1		7	4		1		26	1,9
Balearic Islands		3	7		1	7	2	9	4	1			34	2,4
Canary Islands		2	3	1	1	2		3	10	1	7		30	2,2
Cantabria		2	2	3		1		1	3		2		14	1,0
Castile-La Mancha	10	21	17	19	3	12	10	14	26	4	7		143	10,3
Castile Leon	3	15	10	20	3	5	4	11	21	6	5		103	7,4
Catalonia	5	33	29	46	4	14	22	93	83	9	6		344	24,7
Extremadura	1	4	3	1		2	2	4	4				21	1,5
Galicia		4	1	4	2	1	3	2	6	3	2		28	2,0
La Rioja		1	1	1	1		1		1				6	0,4
Murcia		7	5	10	2	1	4	4	5	1	2	1	42	3,0
Navarre		13	3	6	1		2	8	4		1		38	2,7
Basque Country		31	6	11	1	15	2	28	25	1	2		122	8,8
Valencia		59	14	21	5	5	9	8	32	3	3		159	11,4
Others														
Total	22	260	130	191	31	79	81	232	280	35	49	2	1.392	100,0
%	1,6	18,7	9,3	13,7	2,2	5,7	5,8	16,7	20,1	2,5	3,5	0,1	100,0	
Balance. Inputs - Outputs													175	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

Companies that move their registered office outside the Community of Madrid														
By autonomous community of origin and sector of activity. Cumulative. Jan-Sep 2024														
Aut.Com./Sector	01	02	03	04	05	06	07	08	09	10	11	s/d	Total	%
Andalusia	3	17	18	46	6	8	17	37	45	4	10		211	17,3
Aragon		5	5	12	2		1	11	4	3	1		44	3,6
Asturias		2	3	7		1		6	5				24	2,0
Balearic Islands	1	1	3	7	1	4	1	9	8		2		37	3,0
Canary Islands		5	4	1		1	3	7	8		2		31	2,5
Cantabria	1		1	1	2	2		5	6		1		19	1,6
Castile-La Mancha	1	22	5	15	2	2	4	12	14	3	8		88	7,2
Castile Leon	8	20	30	24	6	10	6	16	27	4	9		160	13,1
Catalonia	2	13	9	42	6	9	16	58	46	12	14		227	18,7
Extremadura	4	3	2	9	2		1	3	2		1		27	2,2
Galicia	2	1	8	15	2	1	6	6	14	1	3		59	4,8
La Rioja		1	1				2	1	2	1		1	9	0,7
Murcia	1	3	1	6			1	6	4		3		25	2,1
Navarre		2		1	1		4	5	4				17	1,4
Basque Country		7	4	2		1	10	13	22		9		68	5,6
Valencia		24	12	30	8	4	17	42	24	2	5		168	13,8
Ceuta				1				1					2	0,2
Melilla											1		1	0,1
Total	23	126	106	219	38	43	89	238	235	30	69	1	1.217	100,0
%	1,9	10,4	8,7	18,0	3,1	3,5	7,3	19,6	19,3	2,5	5,7	0,1	100,0	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

³ Source: Experian, with information from the Official Gazette of the Companies Registry (in Spanish: Boletín Oficial del Registro Mercantil, or BORME).

Companies that relocated their registered address to the Community of Madrid														
By autonomous community of origin and sector of activity. September 2024														
Aut.Com./Sector	01	02	03	04	05	06	07	08	09	10	11	s/d	Total	%
Andalusia			2	2				4	2		1		11	11,6
Aragon								1	1				2	2,1
Asturias						1			1				2	2,1
Balearic Islands			1			1							2	2,1
Canary Islands		1							1		1		3	3,2
Cantabria														
Castile-La Mancha		1	3	1		2	2	1	2		1		13	13,7
Castile Leon	1	3		3	1			2	4	1	2		17	17,9
Catalonia		2	6	3		2	1	5	7				26	27,4
Extremadura									2				2	2,1
Galicia				1									1	1,1
La Rioja					1								1	1,1
Murcia		1			1		1	1	1				5	5,3
Navarre											1		1	1,1
Basque Country		1		2					1				4	4,2
Valencia		3			1				1				5	5,3
Others														
Total	1	12	12	12	4	6	4	14	23	1	6		95	100,0
%	1,1	12,6	12,6	12,6	4,2	6,3	4,2	14,7	24,2	1,1	6,3		100,0	
Balance. Inputs - Outputs													-10	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

Companies that move their registered office outside the Com. of Madrid														
By autonomous community of origin and sector of activity. September 2024														
Aut.Com./Sector	01	02	03	04	05	06	07	08	09	10	11	s/d	Total	%
Andalusia		4	1	7	1	1	1	4	4		2		25	23,8
Aragon		1	2	1									4	3,8
Asturias				1									1	1,0
Balearic Islands							1		1				2	1,9
Canary Islands		1	1						1		1		4	3,8
Cantabria	1		1		1			1					4	3,8
Castile-La Mancha		1	1				1	1					4	3,8
Castile Leon	1	1	2	2	1			1	1		2		11	10,5
Catalonia		1		4		1	1	5	5		1		18	17,1
Extremadura				2			1	1					4	3,8
Galicia			2	2			1		2		1		8	7,6
La Rioja							1						1	1,0
Murcia								1			1		2	1,9
Navarre									1				1	1,0
Basque Country								1	2				3	2,9
Valencia		1	1	2			1	5	2				12	11,4
Ceuta				1									1	1,0
Melilla														
Total	2	10	11	22	3	2	8	20	19		8		105	100,0
%	1,9	9,5	10,5	21,0	2,9	1,9	7,6	19,0	18,1		7,6		100,0	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

⁴ Source: Experian, with information from the Official Gazette of the Companies Registry (in Spanish: Boletín Oficial del Registro Mercantil, or BORME).

Concepts, sources and abbreviations used

Frequently used abbreviations and acronyms

P. A.	Public Administrations	ETVE	Foreign Securities Holding Entities
Tax Authority	State Tax Administration Agency	IMF	International Monetary Fund
H&MHT	High and Medium High Tech	FUNCAS	Foundation of the Federated Savings Banks
ECB	European Central Bank	IECM	Institute of Statistics of the Community of Madrid
BDE	Bank of Spain	INE (National Statistics Institute)	National Statistics Institute
AA. CC	Autonomous Communities	MAEYTD	Ministry of Economic Affairs and Digital Transformation
EC	European Commission	MISSYM	Ministry of Inclusion, Social Security and Migration
CoM	Community of Madrid	MITMA	Ministry of Transport Mobility and Urban Agenda
QSNA	Quarterly Spanish National Accounts	OECD	Organisation for Economic Cooperation and Development
QRACM	Quarterly Regional Accounts of the Community of Madrid	OPEC	Organisation of Petroleum Exporting Countries
SPRC	Strategic Petroleum Products Reserves Corporation	GDP	Gross Domestic Product
RAS	Regional Accounts of Spain	SEOPAN	Association of Construction Companies at a National Scale
SCA	Seasonal and calendar adjustment	TARIC	Code for the integrated tariff of the European Union
TC	Trend-cycle component	EU	European Union
DGT	Directorate-General for Traffic	EMU	Economic and Monetary Union
EUROSTAT	Statistical Office of the European Union	GVA	Gross value added

Non-centred moving average of order 12 (MM12).

Series constructed from the original by means of successive arithmetic averages, where each data point is obtained from the average of the last twelve months of the original series. The purpose of constructing a series of moving averages is to eliminate possible seasonal or erratic variations in a series, so that an estimate of the trend-cycle component of the variable in question is obtained.

Trend-Cycle (TC)

A trend is one of the unobservable components into which a variable can be broken down, according to classic time series analysis. It can be extracted or estimated using a variety of techniques and represents the solid evolution underlying the observed evolution of the variable, once seasonal variations and irregular or short-term disruptions are removed. It therefore reflects the long-term evolution of the series. Normally, the trend includes another component, the cyclical component, which includes oscillations that occur in the series over periods of between three and five years, but due to the difficulty of separating them, they usually appear in the so-called trend-cycle component.

Seasonal and calendar adjustment (SCA)

A high-frequency time series analysis technique applied to remove both seasonality (movements that form a pattern and are repeated approximately every year) and calendar effects (representing the impact on the time series due to the different structure of the months or quarters in each year, both in length and composition). The aim of adjusting a variable for seasonality and calendar is to eliminate the effect of these fluctuations on the variable, and thus facilitate the interpretation of the economic phenomenon.

Surveys

These aim to measure the attitude of the subjects to whom the survey is addressed (consumers, the business world, etc.) towards a variable (consumption, production or employment, etc.) in order to anticipate whether in the following months this variable will increase, decrease or remain stable.

Balance of responses

In surveys, the results for the variables under investigation are basically obtained through the differences or balances between the positive and negative responses, although depending on the survey, there are different calculation methods.

Rate of change

A rate of change compares the value of a variable at one point in time with its value at another point in time. Various types of rates of change can be calculated. Among the most common are the following:

- *Month-on-month (quarter-on-quarter, etc.) rate*: Compares the value of a period (shorter than a year: month, quarter, etc.) with that of the immediately preceding period (month, quarter, etc.).
- *Year-on-year rate*: Compares the value of a period with that of the same period in the previous year (same month for monthly data, similar quarter for quarterly data, etc.).
- *Year-to-date cumulative rate of change*: Compares the cumulative value of a period (sum or average, depending on the type of data, of the elapsed months, quarters, etc. of a year) with the same cumulative period of the previous year.

Other periodical publications of the Economics Area

- Notes on the Economic Situation in the Community of Madrid (monthly)
- Foreign Trade Report (monthly)
- Note on EU regional GDP (annual)
- Individual monitoring notes on the main economic indicators of the Community of Madrid (monthly or quarterly depending on the nature of the data):

Social Security Enrolment, Registered Unemployment, Industrial Production Index (IPI), Consumer Price Index (CPI), Mercantile Companies, Retail Trade Indices (RTI), Services Sector Activity Indices (SSAI), Mortgages on homes, Hotel Tourism Situation (HTS), Labour Force Survey (LFS), Foreign Direct Investment (FDI) and Quarterly Regional Accounts (QRA).

If you are not receiving our reports and they are of interest to you, you can request them by emailing us at estudios@madrid.org or consult them on the web page of the Community of Madrid [Economic Reports](#).



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