GOVERNMENT OF THE
VIRGIN ISLANDS
Ministry of Finance

2024–2026

MACRO-ECONOMIC REVIEW AND OUTLOOK

Building a Sustainable Nation:
Pillars of Progress

ACKNOWLEDGEMENTS

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The Ministry of Finance conducted an annual Business Conditions Survey (BCS) to obtain qualitative information for guidance of the Gross Domestic Product (GDP) projections. We are grateful to the business community for its continued support in completing the survey, thereby contributing to the completion of the report. The MERO is a publication of the Ministry of Finance.

EXECUTIVE SUMMARY

he economy of the Virgin Islands has shown impressive strength despite facing a range of challenges, including global inflationary pressures, trade disputes, economic uncertainty, supply-chain issues, and the increasing frequency and severity of weather events. Although these factors have affected the Territory's economic performance across varying sectors, the economy continues to gradually recover and grow to its pre-pandemic status.

The Virgin Islands' National Sustainable Development Plan (NSDP) serves as the guiding framework for the Territory's development. The Government is actively working on its implementation through the budget process to guide its policy decisions and support essential initiatives and infrastructure projects. By linking these initiatives to tourism, along with ongoing investments in reforms within the financial services sector, law enforcement, and the delivery of government services, the Government is laying a solid foundation for economic stability, fostering a sustainable future, and enhancing the well-being of the residents of the Virgin Islands (also referred to in this report as "the Territory").

The MERO summarises economic performance in 2024, and analyses the predicted macroeconomic performance in 2025 and 2026. It examines key indicators, including growth in GDP, tourism, financial services, inflation, employment and earnings, population, and real estate, which collectively reflect the health of the economy and the well-being of the people of the Virgin Islands. In the Virgin Islands, tourism and financial services were the main drivers of the economic performance in 2024, and it was forecasted that nominal GDP will grow by 3.9% and real GDP by 3.3% from levels in 2023 levels. This expected level of growth was supported by 22,109 persons employed from within the population, representing a 2.6% increase from 2023. The variation between nominal and real GDP in 2024 from that of 2023 is linked to the impact of high price changes, with an inflation rate of 3.20% in 2024 when compared to 2.73% in 2023. The performance of the financial services industry remained stable in 2024, with 27,362 new incorporations and $253.56 million in fees collected from the industry.

Economic growth is expected to remain stable, but modest, through 2025 and 2026, albeit slowing down from the growth rates seen in 2024. Growth in 2025 is driven primarily by tourism and related industries, while the implementation of several planned infrastructural works by the Government and the private sector, tourism, and other projects is expected to be an additional catalyst for growth in 2026. Inflation is anticipated to reach 1.84% in 2025 and increase to 2.26% in 2026. The financial services industry will remain the anchor for the economy's continued steady performance in 2025 and 2026.

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AML	Anti-money Laundering
BC Act	Business Companies Act
BCS	Business Conditions Survey
BVITB	BVI Tourist Board
CDB	Caribbean Development Bank
CFATF	Caribbean Financial Action Task Force
CSO	Central Statistics Office
CFT	Counter-Terrorism Financing
FATF	Financial Action Task Force
FSC	Financial Services Commission
GoVI	Government of the Virgin Islands
GDP	Gross Domestic Product
IMF	International Monetary Fund
MERO	Macro-Economic Review and Outlook
MFSEDDT	Ministry of Financial Services, Economic Development, and Digital Transformation
MTCSD	Ministry of Tourism, Culture, and Sustainable Development
NSDP	National Sustainable Development Plan
ROCA	Registry of Corporate Affairs
TCP	Town and Country Planning Department

1. Introduction

Economies in the Caribbean region, like the global economy, has largely recovered from the shocks of recent years, driven by a robust rebound in tourism that reflects a the resilience of the region. The Virgin Islands' economy, in line with its regional counterparts, maintained a steady growth trajectory from 2023 into 2024. This momentum was fueled by notable expansion in the tourism sector, consistent performance in financial services and related professional industries, and significant growth in real estate activity.

The economic outlook of the Virgin Islands is expected to be moderate in 2025 and 2026. While some growth is projected, the growth rate is likely to slow due to factors such as global economic conditions, supply chain issues, and delays in the implementation of large-scale infrastructure projects by both the government and the private sector. Nonetheless, strategic investments in infrastructure, tourism, and financial services are positioned to support long-term economic growth.

Despite facing challenges, the Virgin Islands' economy grew in both nominal and real terms in 2024. Real growth was slowed by, among other factors, a decline in the construction sector due to delays in the implementation of major infrastructure projects. As a result, nominal GDP growth in 2024 dropped to 3.9% from 7.5% in 2023. This growth was supported by strong tourism (over one million visitors), steady financial services performance, and salary-related payments to public officers.

Economic growth in the Virgin Islands continues to be bolstered by steady increases in annual employment, ranging between 1% and 3%. By the end of 2024, the number of employed individuals across the Territory reached 22,109, representing a 2.6% rise compared to 2023, when employment stood at 21,543. Given the Territory's reliance on imported human resources to support economic development, population growth is expected to mirror employment trends, increasing at a similar annual rate. Inflation remains a key factor influencing the health of the economy in the Territory. At the close of 2024, the inflation rate was 3.20%. However, 2025 has marked a notable shift, with the year-to-date average (as of August) declining to 1.81%, and projections indicating a year-end rate of 1.84%.

Construction and real estate remain key drivers of economic growth in the Territory. Any downturn in these sectors can significantly dampen overall growth within the economy. In the report, construction is measured using the importation of construction materials and building starts data. The continued implementation of the Stamp Duty waiver for Belongers purchasing their first homes has had a notable impact on the local real estate market. Conversely, foreign investment in real estate is being affected by various external factors, as well as delays in processing land holding licence applications.

2. Population

Historically, the Virgin Islands has experienced significant economic growth, which has always outpaced the capacity of the local labor force. This reality necessitates the importation of workers to meet workforce demands. As a result, there is a complex relationship between economic development and the increasing number of migrant workers, which significantly contributes to the population growth of the Territory. Typically, the population of the Virgin Islands grows at an annual rate of 1% to 3%.

Growth in economic activity continued up to the end of 2024 and into 2025 but at lower rates of increase than that in 2023. Notwithstanding, this economic development generated an increase in workers coming to the Territory. Consequently, in 2024, the Virgin Islands experienced a population growth of 1.7% from 2023 with a projected 38,984 persons living in the Territory. Due to the delay in the commencement of public and private sector development projects, less workers would have entered the Territory to work. As a result, the rate of increase in the population for 2025 is expected to be lower than that of 2024, but it is anticipated to at least record a 1% growth from the level of 2024.

In 2024, the population was estimated to register a 1.7% growth from 2023. For both 2025 and 2026, the population is expected to grow at its normal rate by between 1 – 3%.

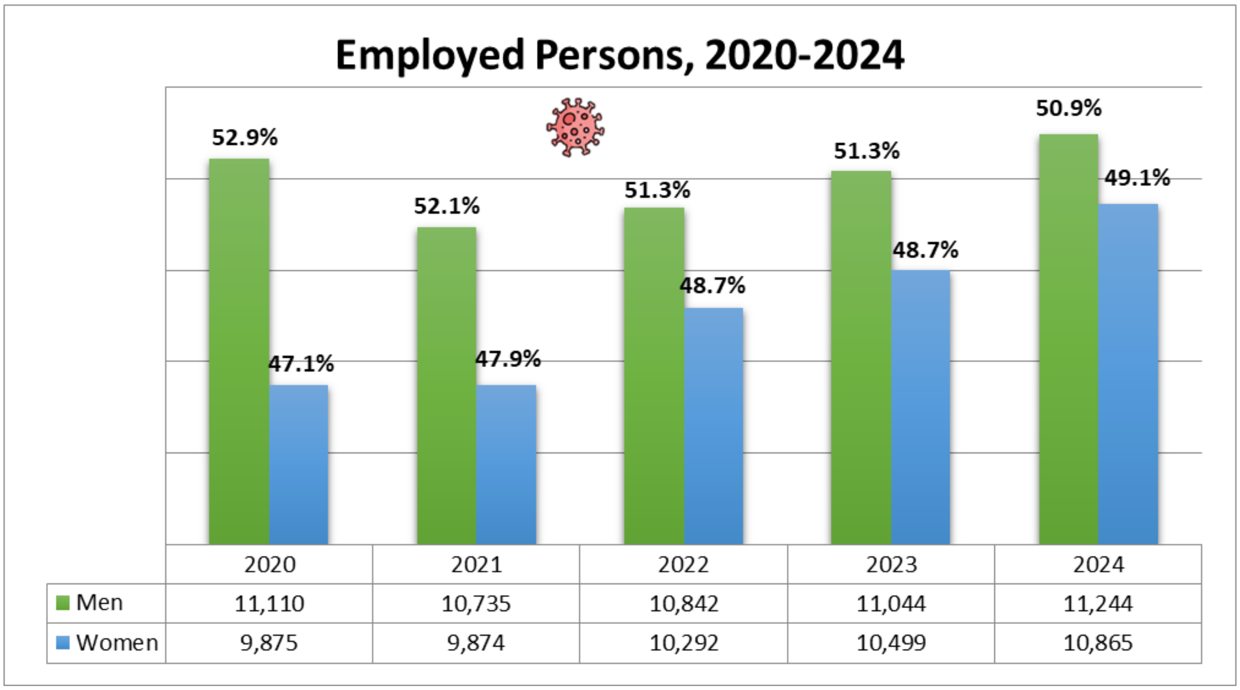
Next year, it is foreseen that there should be another influx of migrant workers to help in executing the plans by the Government and the private sector to undertake extensive infrastructure works in the medium term. As a result, by the end of 2026, the population is projected to grow typically between 1 – 3% from 2025's level.

The estimates presented were derived from administrative records. However, at the time of publication of this report, the data for 2024 was not available to prepare an estimate for the 2025 population. The 2023 Census commenced in August 2023 with the reference date of 15th June 2023 and is still ongoing. Population estimates prepared since the 2010 Census would be revised and updated, once the current census exercise is completed. Field work for the census was concluded at the end of June 2025, and it is anticipated that results will be available by the end of 2025.

3. Employment and Earnings

Even prior to 1991, the Virgin Islands depended significantly on expatriate workers to fuel its growth, as the number of jobs has always exceeded the available local workforce. Over the period 2020 to 2024, the share of expatriates averaged about 73% of all employment (see ***Appendix 1.1***). By the end of 2024, there were 22,109 persons employed throughout the Territory, a 2.6% increase when compared to 2023 (21,543 persons). The increases of 1.8% and 3.5% in male and female workers from 2023 levels, respectively, contributed to the overall rise in workers for 2024 (see ***Figure 1***). Notably, the shares of male and female workers in 2024 were 50.9% and 49.1% respectively which is almost the same share percentage in 2023 (51.3% and 48.7% for male and female workers respectively) a slight variation of 0.4% in favour of males.

Figure 1. Number of Persons Employed

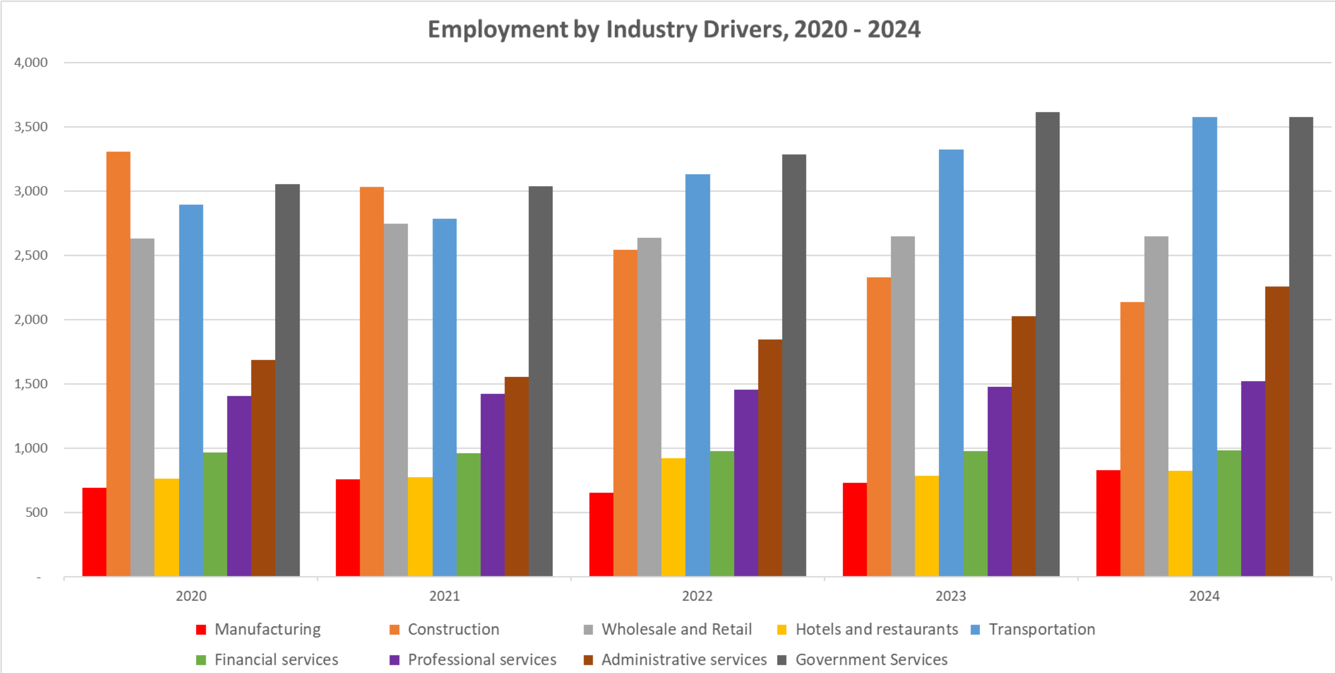


	2020	2021	2022	2023	2024
Men	11,110	10,735	10,842	11,044	11,244
Women	9,875	9,874	10,292	10,499	10,865

Source: Central Statistics Office

Over the period from 2020 to 2024, an average of about 83% of persons employed work in the nine driving industries as shown in ***Figure 2***. In 2022 and 2023, Government Services dominated the numbers employed in the Territory. Construction. Wholesale and Retail, Administrative Services, and Transportation were the other top industries with the highest number of employees. Government Services and Transportation jointly ranked as the leading industries for the number of persons employed. Noticeably, the number of employees in the Professional Services continued its upward trend over the 2020–2024 period, increasing by 3.2% in 2024 compared to 2023. Construction had been the top industry in 2020, driven by extensive rebuilding and rehabilitation efforts in response to the hurricanes and floods of 2017. However, the Construction industry experienced a sustained decline, with the number employed in the industry falling by 8.3% in 2024 following an 8.5% drop in 2023 relative to 2022. The likely contributing factor to this decline was the completion of most of the recovery infrastructure works associated with the hurricanes of 2017, resulting in a diminishing need for the importation of a large number of construction workers.

Figure 2. Employed Persons by Driving Industries



Source: Central Statistics Office

Post-pandemic tourist arrivals rebounded by 2023, and the industry continued to experience steady growth annually, with a 9.7% increase in 2024 compared to 2023. As per work status[1], part-time workers in 2024 (10,491) increased by 28.1% from 2023 (8,191), while full-time persons employed in 2024 (11,618) declined by 13.0% when compared to 2023 (13,352). The growth in part-time workers appears to be aligned with the continued growth in the tourism industry, which can be attributed to the increase in demand for tourism-related services.

For part-time workers, when 2024 is compared to 2023, both the number of male and female workers increased, with males growing by 20.8%, and females by 37.6% (see ***Appendix 1.2***). Over 80% of the growth in part-time workers was within the Hotel and Restaurant, Administrative Services (rental of boats), Wholesale and Retail Trade, Manufacturing, Arts and Entertainment Services and Other Services industries. Notably, all these industries are closely aligned with tourism and related activities, in one way or another (see ***Appendix 1.3***).

Almost all of the decline in full-time workers in 2024 was attributed to Government Services and Construction and their related activities. It can be assumed that as full-time public officers retire or resign from the Government Services, many of them are re-emerging as part-time workers across

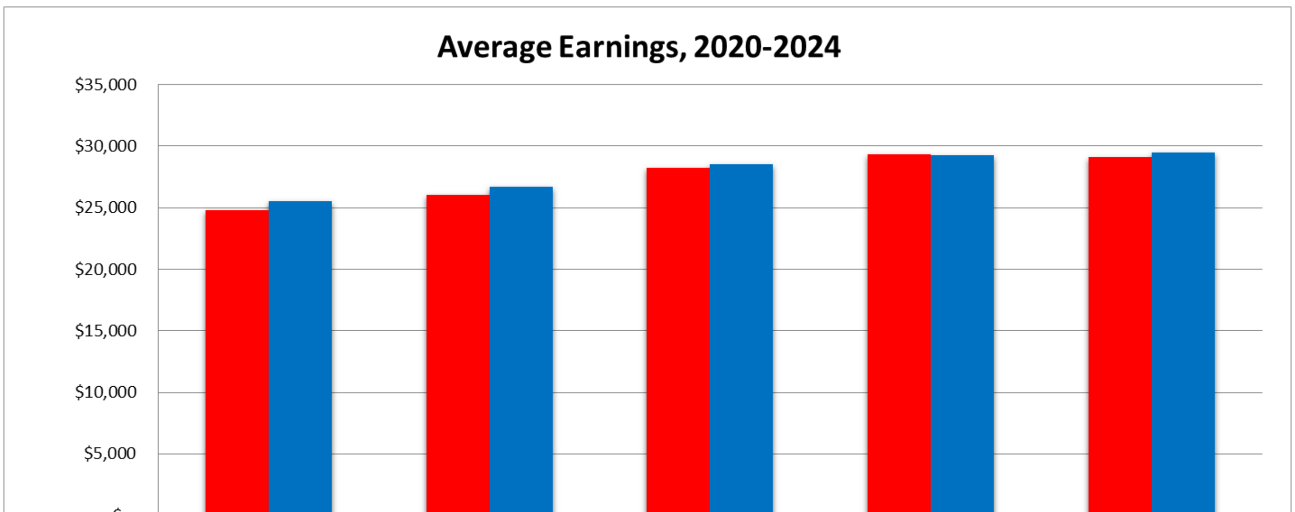
[1] Work status is defined by the number of weeks worked during the year, where 40 weeks or more is considered full-time.

tourism-related sectors. Similarly, as many private sector and public sector construction projects have been delayed, workers within this industry likely shifted to part-time employment as there was not enough work to accommodate full-time engagement.

Despite an overall increase in the total number of persons employed in 2024, with a growth of 2.6% when compared with 2023, the recorded rate of growth in part-time workers have impacted the growth in total earnings and average earnings. Men's average earnings in 2024 declined by 0.6% to $29,148 from $29,321 in 2023, while the average earnings of women increased by 0.7% from $29,298 in 2023 to $29,503 in 2024 (see ***Figure 3***). Overall average earnings were almost identical in 2024 ($29,323) as that for 2023 ($29,310). It is noteworthy that while overall average earnings remained stagnant when comparing 2024 to 2023, it increased by 3.3% when 2023 is compared with 2022. Additionally, total earnings in 2024 grew by 2.7% ($648.29 million) from $631.42 million in 2023.

By the end of 2023, there were 21,543 persons employed throughout the Territory, a 1.9% increase over 2022 (21,134 persons). Employment in 2024 and 2025 is projected to grow between 1-3%.

Figure 3. Average Earnings by Gender



	2020	2021r	2022	2023	2024
Men	$24,802	$26,075	$28,243	$29,321	$29,148
Women	$25,529	$26,706	$28,513	$29,298	$29,503

Source: Central Statistics Office

The lower growth rate of 3.3% in total earnings in 2024 versus 2023 when compared to the 5.3% growth experienced in 2023 over 2022, is an indication that there are more employees being paid at lower salaries/wages. The substantial number of persons compared to 2023 earning less can be linked to the volume of part-time workers, and the resulting impact has skewed the growth of overall earnings downwards.

A further confirmation of the impact on overall earnings was verified through a closer examination of the employees that exited the employment pool in 2023 compared to those that entered in 2024. The employees that left in 2023 were earning higher salaries/wages when compared to those who entered the same industries in 2024, see ***Appendix 1.4***, and it can be inferred that the higher paid employees that exited the workforce in 2023 from the financial and insurance services sectors, information and communication, and professional services industries, were not replaced in 2024. Instead, persons that commenced employment in 2024 were at lower-level positions and being paid considerably less than the salaries of those that left these industries. A similar trend was observed in all industries except that of health, where the employees that entered the workforce in 2024 were paid lower salaries than those that departed in 2023 from these industries. This phenomenon could have resulted from employers' reluctance to increase or reduce their wage bill due to the current local, regional, and global economic uncertainty.

This implies either of two possibilities - the workers being employed and entering the workforce in 2024 were placed in positions with lower salary levels or vacant jobs were being filled by part-time workers who will earn lower salaries. The impact of the employees entering the workforce at lower salaries/wages was seen in the levels of the average earnings and the lower rate of growth of total earnings in 2024 compared to 2023.

The influence of the lower salary levels on total and average earnings is also demonstrated in the lower ranges on the three income groups[2] calculated for employees in 2024 ***(Figure 4)***. The upper limit on the low-income group fell from $19,675 in 2023 to $12,535, a 36.3% decline, while the upper limit on the middle-income group fell to $29,411 from $34,125 in 2023, a 13.8% decrease.

The distribution of employed persons across the three income groups also demonstrates the impact on earnings for the Territory from more part-time workers in jobs that pay at lower earnings levels. Female workers in the low-income group decreased by 14.0% to 3,428 from 3,985 in 2023, while male workers increased by 23.3% to 3,941 from 3,196 in 2023. In the middle-income group, female workers increased by 18.3% to 3,667 from 3,099 in 2023. In contrast, male workers in this income group declined by 9.3% from 4,083 in 2023 to 3,703 in 2024. Like the middle-income group, there were more females working than males in the high-income group, with female workers increasing by 10.4% from 3,414 in 2023 to 3,770. For the first time since the pandemic, male workers in the high-income group recorded a decline, moving from 3,764 in 2023 to 3,600 in 2024, a 4.4% decline.

[2] The number of salaries placed in three equal groups from which the lower and upper limits determine the ranges of the groups.

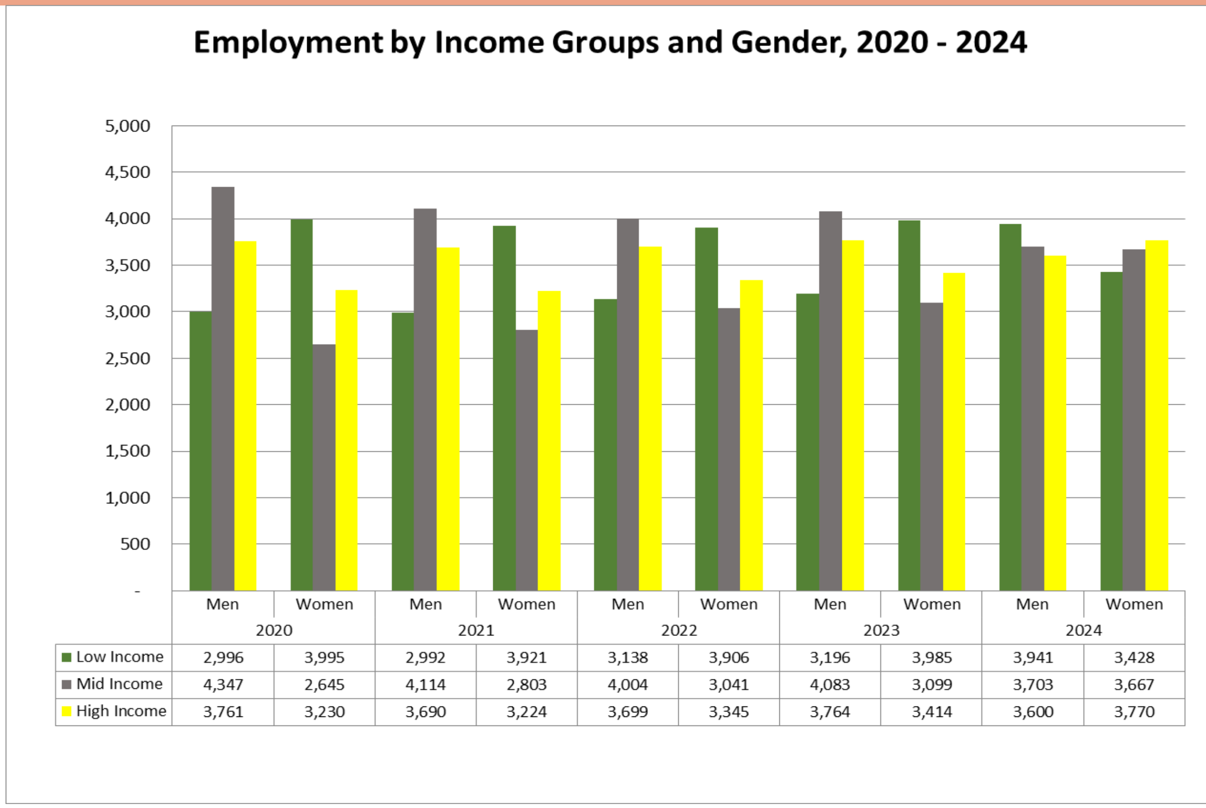


Figure 4. Employed Persons by Income Groups and Gender[3]

Source: Central Statistics Office

The distribution of workers across the three income groups suggests that there may be income inequality between men and women. It is customary to use a statistical measure to better assess if income inequality does exist and to what extent. The Gini coefficient[4] is one of the most frequently used measures for income inequality. A Gini coefficient above zero points to inequality, but the closer this value is to zero the better the equality of the income distribution of the country. Additionally, a Gini coefficient below 0.3 indicates low inequality, while the coefficient above 0.4 points to relatively high inequality. In the Virgin Islands, the Gini coefficient consistently falls between 0.3 and 0.4 (see ***Figure 5***), which indicates that there is some level of low inequality. Between 2020 and 2023, employed women had lower inequality than men. However, in 2024, men

3

Ranges for Income Groups	2020	2021	2022	2023	2024
Low Income	0 - $17,900	0 - $18,142	0 - $19,250	0 - $19,675	1 - $12,535
Mid Income	$17,900 - $30,894	$18,142 - $31,853	$19,250 - $33,150	$19,675 - $34,125	$12,535 - $29,411
High Income	> $30,894	> $31,853	> $33,150	> $34,125	> $29,411

4 The Gini coefficient can take any value between 0 to 1 (or 0% to 100%). A value of 0 indicates perfectly equal distribution of income within the population. A value of 1 represents a perfect inequality when one person receives all the income and other people earn nothing.

recorded lower inequality than women. The quintiles[5] used to generate the Gini coefficients are presented in ***Appendix 1.5*** to further substantiate the income inequality dynamics of the Territory.

Figure 5. Gini Coefficient

Source: Ministry of Finance

Based on the projected growth of the economy in 2025, which will likely materialize as over one million tourists are expected to continue to visit the Territory, employment is expected to grow between 1 – 2% over that of 2024. In the absence of data for 2025, a conservative range of between 2 - 3% will be the best forecast of growth for employment in 2026. Higher growth will be possible based on the development plans of large extensive infrastructural works by Government and the tourism sector, and other projects over the medium-term. However, realisation of increases above the anticipated range of growth will depend on the pace at which these projects are rolled out, stable performance of the financial services industry, maintenance of the performance in the tourism industry, and continued foreign and local investment in the Territory.

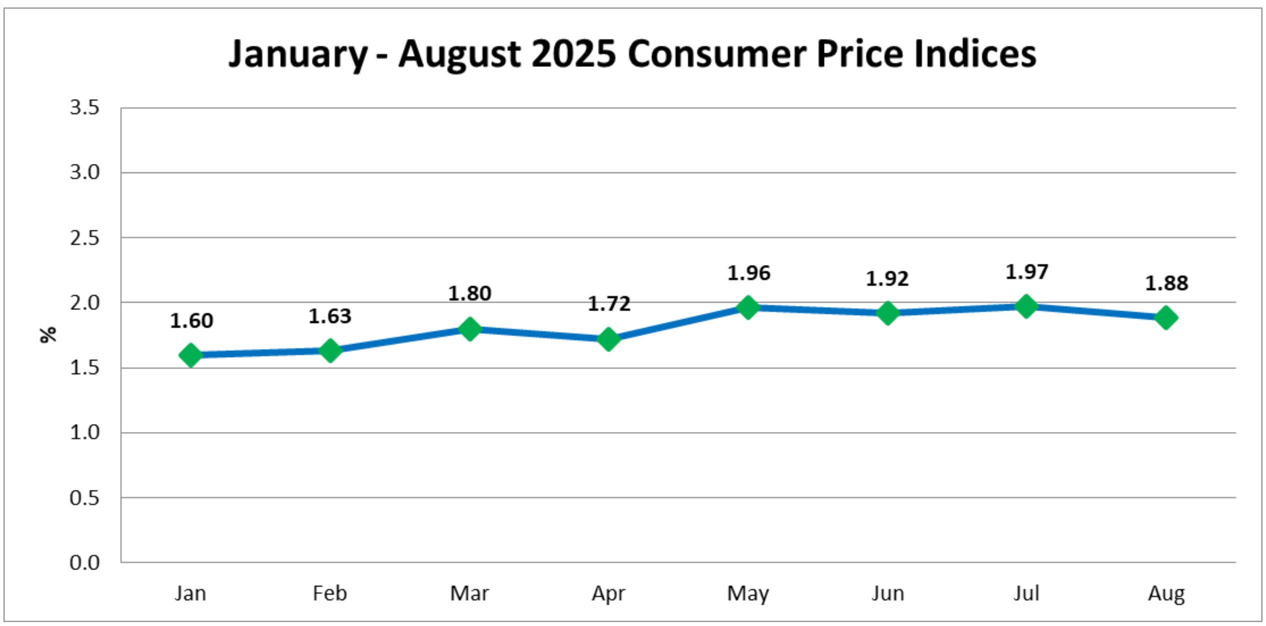
[5] Quintiles are divisions of weekly earnings of all employees into five equal groups/percentages.

4. Inflation

The Virgin Islands, characterized as a small, highly import-dependent country utilising the U.S. dollar, exhibits significant exposure to external price movements. The Territory's reliance on importing nearly all essential goods, including food, fuel, and other manufactured items, renders domestic households and businesses alike vulnerable to volatility in global commodity markets, international shipping costs, and global inflation volatility.

Local price movements are also influenced by the performance of the tourism sector, which affects service-related categories such as accommodation, recreation, and food services. As a result, the Virgin Islands often experiences delayed, but sharper swings in its inflation rate than larger, more diversified economies, with global shocks ultimately directly or indirectly affecting the domestic economy.

Figure 6. Monthly Consumer Price Indices for 2025



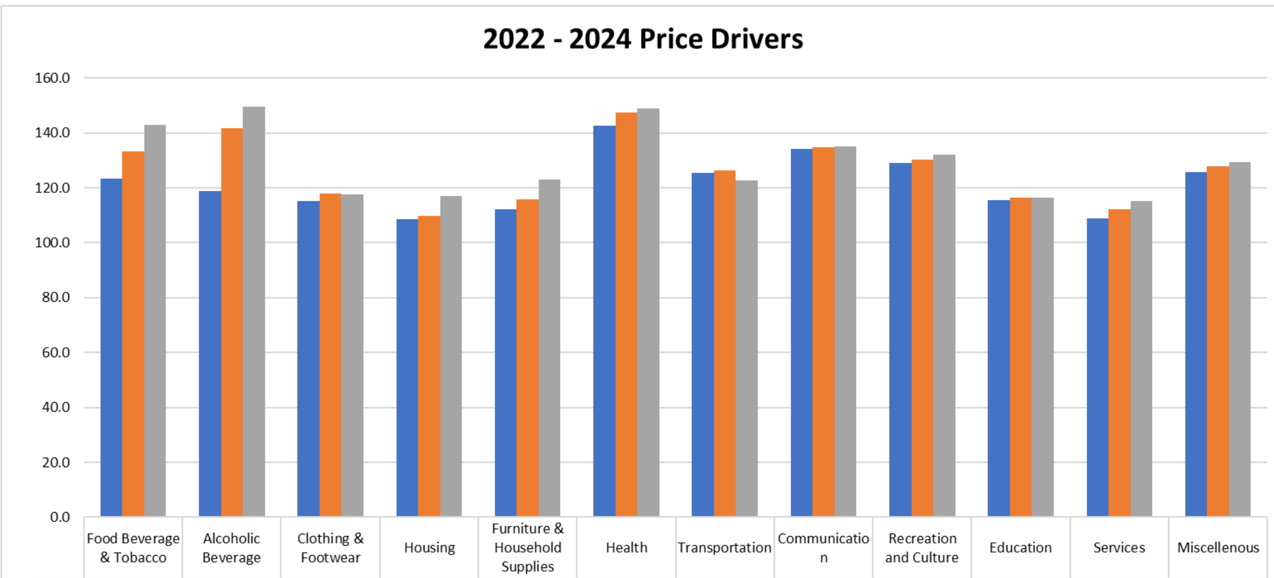
Source: Central Statistics Office

The Central Statistics Office (CSO) recorded the Territory’s inflation rate to be 3.20% at the end of 2024, but through the first eight months of 2025, price pressures have eased considerably. Monthly rates fluctuated between 1.60%and 1.97% between January and July, averaging around 1.81% over the period (see *Figure 6*). These lower inflation rates reflect both the fading of earlier supply shocks and lower year-on-year comparisons as elevated 2024 prices stabilised.

In 2024, certain categories continued to exert upward pressure on prices. The Food and Non-Alcoholic Beverages category remained the main transmission channel for global price increases. The Health Services category saw modest price rises due to higher import costs, while the Communication and Recreation and Culture category was supported by strong tourism-related demand. The Housing and Utilities costs was more stable but remained sensitive to changes in global fuel prices (see ***Figure 7***).

The inflation rate was 3.20% by the end of 2024 and for 2025, it was projected to reach 1.84%. An inflation rate of 2.26% is projected for 2026.

Figure 7. Drivers for Inflation



	Food Beverage & Tobacco	Alcoholic Beverage	Clothing & Footwear	Housing	Furniture & Household Supplies	Health	Transportation	Communication	Recreation and Culture	Education	Services	Miscellenous
2022	123.3	118.9	115.1	108.5	112.3	142.6	125.3	134.1	129.0	115.5	108.8	125.6
2023	133.3	141.7	117.8	109.8	115.8	147.6	126.4	134.8	130.2	116.5	112.2	127.9
2024	142.8	149.7	117.7	117.0	123.1	149.0	122.7	134.9	132.1	116.5	115.1	129.5

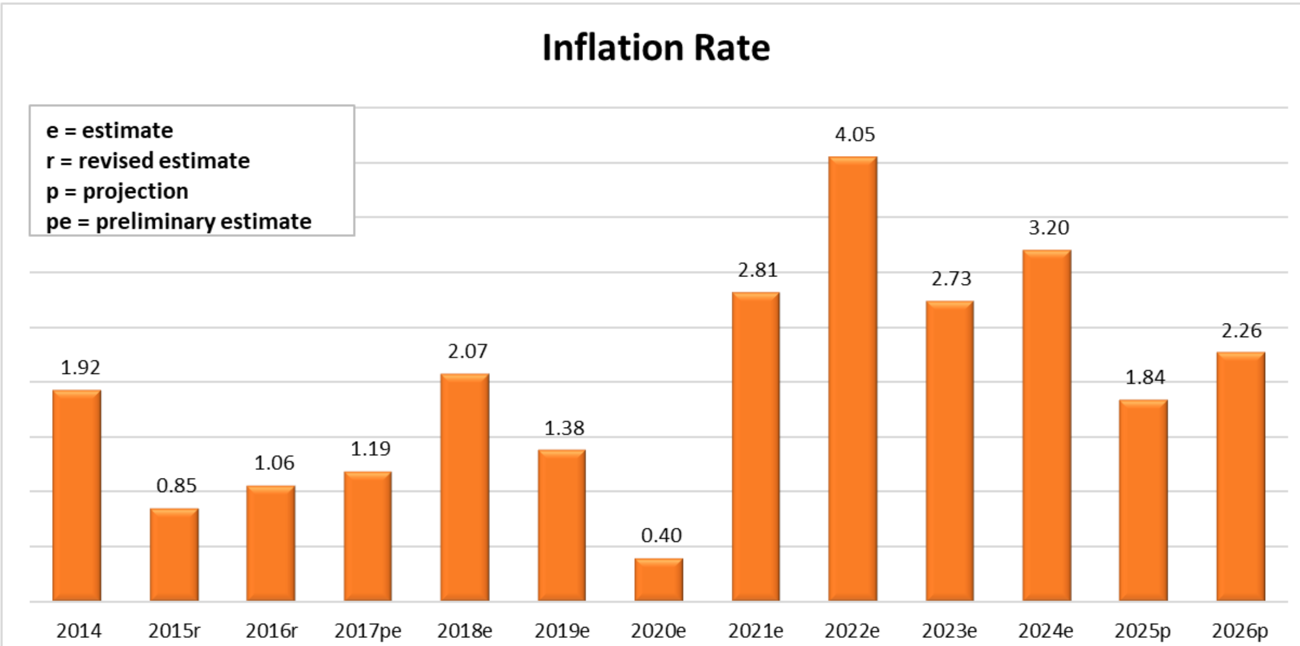
Source: Central Statistics Office

The inflation rate is projected to settle at approximately 1.84% by the end of 2025, significantly below that for 2024 but still above pre-pandemic averages. The anticipated inflation rates for 2025 and 2026 are mainly influenced by price shifts in the food, beverages, household goods and health services categories, along with a more gradual impact from freight and fuel compared to the trends observed from 2022 to 2024.

The pattern of price movements observed in 2024 largely persisted through August 2025, with overall inflation remaining moderate. The Food and Non-Alcoholic Beverages category continues to be the dominant source of inflationary pressure in 2025, reflecting ongoing import cost passed on through from regional suppliers and elevated shipping and handling costs. Housing, Utilities, Gas and Other Fuels showed mild upward adjustments during the first half of 2025 due to fluctuations in global fuel prices and increased domestic electricity demand during the tourism high season.

Health Services also recorded incremental price gains, largely driven by higher medical import and insurance costs. The Recreation and Culture category remained supported by tourism-related activity, particularly during the first two quarters of the year when visitor arrivals were above 2024 levels.

Figure 8. Inflation Rate, 2024 - 2026



Source: Central Statistics Office and, 2025 and 2026 projections from Ministry of Finance

Looking ahead, inflation is projected to increase over the medium term. Forecasts point to rates of 2.26% in 2026 (see ***Figure 8***), and settling around 2.50% in 2027 and 2028, provided that global conditions remain supportive and major supply shocks are averted. While this represents a significant improvement from recent highs, the projected path still sits slightly above historical averages, underscoring the Virgin Islands' continued vulnerability to external factors.

Risks to the outlook over the medium-term are balanced. On the upside, renewed volatility in global food and fuel markets, disruptions to shipping routes, or stronger-than-expected domestic demand from the tourism and construction sectors could push prices higher. On the downside, faster disinflation in the United States, lower freight costs, or weaker visitor arrivals would place downward pressure on prices. Importantly, even as the inflation rate eases, low-income households remain disproportionately affected since food and energy costs account for a larger share of their spending.

Against this backdrop, policy responses should focus on cushioning vulnerable households, enhancing resilience in food and energy supply, and maintaining timely monitoring and reporting of CPI movements. Measures to encourage competition in tourism-related services and improved communication of inflation trends will also be essential in supporting both household planning and business confidence.

Inflation in the Virgin Islands continue to be shaped by four key dynamics. Firstly, the Territory's dependence on imports means that changes in global commodity and freight prices remain the most significant determinant of local prices. Secondly, the ongoing recovery in tourism has kept service-sector prices elevated, particularly in accommodation and recreation. Thirdly, the Territory's use of the U.S. dollar means that trends in U.S. inflation and monetary policy influence local prices, albeit with a lag. Finally, the risk of renewed volatility in shipping and fuel markets remains a persistent concern given the Territory's reliance on maritime transport for importation of goods.

5. Gross Domestic Product

According to the International Monetary Fund (IMF) Global Economic Outlook Update, July 2025 issue, global economic growth is projected at 3.6 percent for 2024. This reflects financial conditions that remain accommodative with a dollar that has lost some of its strength, and fiscal expansion in some major jurisdictions. Like the rest of the world, the Caribbean region has largely emerged from the shocks of the past few years, with a strong tourism rebound that is built on a lasting story of resilience.

The Caribbean Development Bank's Caribbean Economic Review and Outlook, 2024-2025, indicates that the Caribbean economy, excluding Guyana, expanded at a moderate pace, buoyed by a steady 1.7% growth, which was supported by the continued expansion of tourism services and increased commodity production. The Virgin Islands economy, like that of its regional neighbours, continued a steady growth trajectory from 2023 into 2024, supported by noticeable growth in tourism, steady performance from the financial services industry and its supporting professional services industry, alongside substantial growth in real estate activity.

According to the preliminary projections from Central Statistics Office, Nominal Gross Domestic Product[6] (GDP) in 2024 stood at $1,817.41 million, while Real GDP[7] measured $1,634.64 million.

[6] Nominal GDP is the measure of output of economic performance that includes prices, called market prices. CSO provided a revised series for GDP from 2010 to 2021 in September 2024. This revised series was then used to inform projections prepared by the Ministry of Finance for 2022 – 2025. Projections were developed from Real GDP with adjustment for prices using a deflator created from the nominal GDP projections.

[7] Real GDP is Nominal GDP with the price removed, so there is a reflection of only volumes. CSO provided a revised series for GDP from 2010 to 2021 in September 2024. This revised series was then used to inform projections prepared by the Ministry of Finance for 2022 – 2025. Projections were developed based on the estimates from CSO, the 2021 – 2024 Business Conditions Indices prepared from the annual Business Conditions Survey conducted by the Ministry and local and global economic impacts retrieved from online sources and available sources within the Ministry.

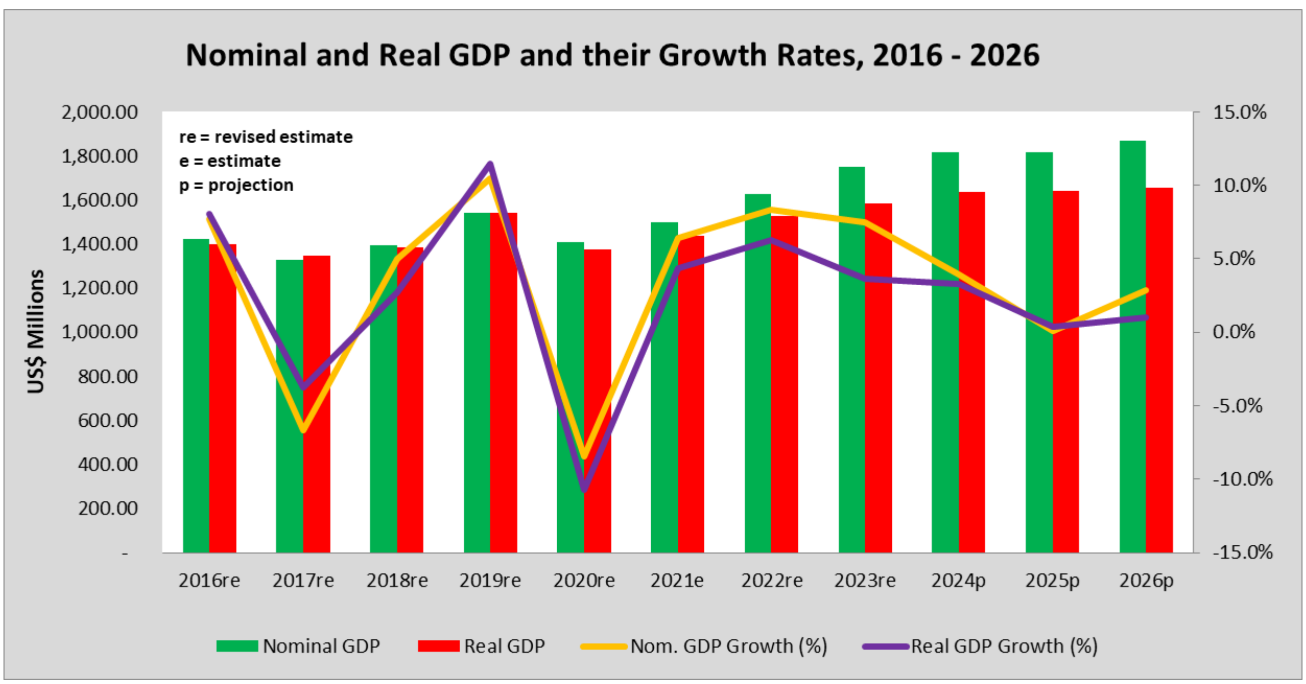
This represents year-on-year increases of 3.9% in nominal terms and 3.3% in real terms when compared with 2023 (*see* ***Figure 9***).

Nominal GDP growth is projected at 3.9%, 0.1% and 2.8% in 2024, 2025 and 2026 respectively.
Real GDP growth is projected at 3.3%, 0.4% and 1.0% in 2024, 2025 and 2026 respectively.
Inflation has begun to loosen its grip on the growth of nominal GDP in 2025.

The rate of real economic growth in 2024 for the Virgin Islands was hampered by the substantial decline in the construction industry resulting from the delays in implementing larger infrastructure projects by the public and private sectors. From the public sector perspective, acquisition of the $100 million loan in October, instead of earlier in 2024, impacted the execution of certain targeted infrastructure projects. There are indications from the private sector that global economic uncertainty, driven by slow growth and local processing delays, played a significant role in the construction industry experiencing approximately a 50% real contraction in 2024 compared to 2023.

Figure 9. Nominal and Real GDP and their Growth Rates

Source: Estimates up to 2021, Central Statistics Office and Projections from 2022, Ministry of Finance



The expansion of both nominal and real GDP continued to be impacted by a combination of short-term and long-term influences, along with impacts from natural disasters, tighter financial regulatory regimes, and sluggish private sector investment. Short-term influences include high borrowing costs, reduced savings, and persistently elevated inflation, even as rates decrease. Long-term influences comprise the lingering effects of the pandemic, growing trade tensions, and the wars in the Middle East and Ukraine.

The manifestation of these impacts was seen in a lower rate of growth for nominal GDP in 2024 at 3.9%, compared to 7.5% in 2023. Despite the tapered rate of growth, there was an increase in value terms during 2024, which was projected at $1,817.41 million from an estimate of $1,748.92 million in 2023. This increase in value terms was primarily linked to the significant growth of the tourism industry, with over one million visitors to the Territory, the steady and positive performance of the financial services industry and its related industries, and outstanding payments to public officers based on a salary review.

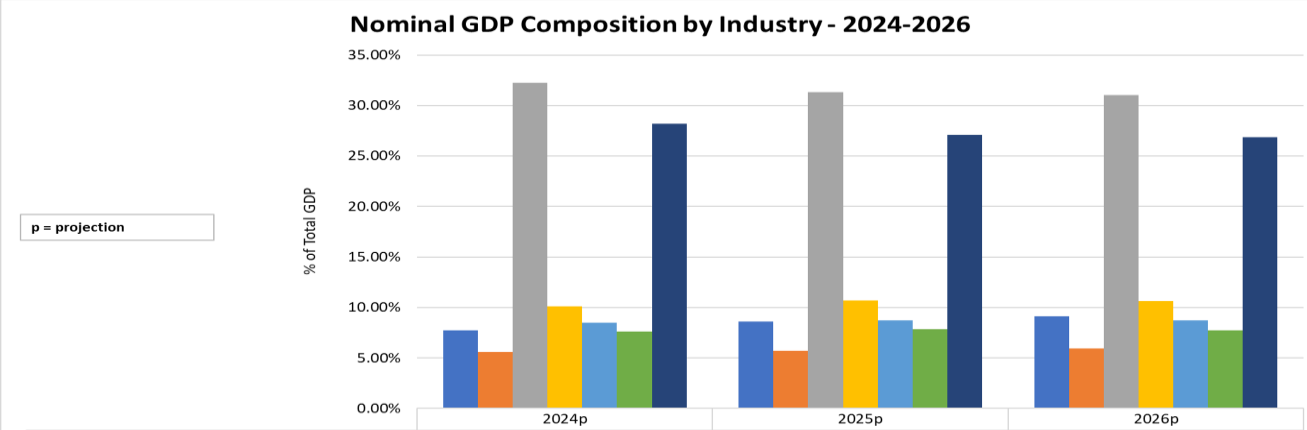
Nominal growth in 2024 was broad-based, though uneven across sectors. Financial and insurance activities remained the largest contributors, accounting for about 32.2% of total nominal GDP in 2024, reflecting the continued importance of the international business and financial services industry to the economy and government. Accommodation and food services, representing the core of the tourism sector, contributed 5.6% to Nominal GDP, while professional services, a key support for the financial services industry, contributed 10.1%. Public administration also contributed significantly to nominal GDP, with a contribution of 8.5%. The increase in visitors, particularly in overnight arrivals, underpinned the roles that accommodation, transportation, and wholesale and retail activities played in the annual nominal GDP for 2024 (see ***Appendix 2.1***). While ongoing infrastructure investment by private citizens, businesses, and Government supported the construction industry (see ***Figure 10***). The real estate industry has benefited from the continued waiver of stamp duty for Belongers, who are first-time homeowners, enabling more residents to purchase lower-valued properties.

Although many economies experienced varying degrees of positive growth in 2024, the outlook for 2025 remains highly uncertain due to concerns over the stability and direction of the global economy. The IMF's Global Economic Outlook Update, April 2025 issue, predicted that global growth will be 2.8% based on anticipated supply shocks from imposed tariffs from the United States. However, by July, global growth was projected to be 2.6%, a slowdown from the 3.6% predicted for 2024. This decline will reflect consumers and investors' uncertainty and the dampening effects of protectionism on trade, even though the tariff shock appears to be lower than anticipated.

According to the Caribbean Development Bank's Caribbean Economic Review and Outlook, 2024-2025, regional growth in 2025 is anticipated to remain moderate, growing by 2.5%[8]. Tourism and

[8] Excluding Guyana. Including Guyana, regional growth is expected to be 4.6%.

construction are expected to continue to remain the key drivers of activity in regional non-commodity-exporting economies. A similar moderate growth trend is expected for economic growth in the Virgin Islands, with nominal GDP virtually flat, growing by 0.1% to $1,818.73 million and real GDP marginally increasing by 0.4% to $1,640.73 million, when compared with the 2024 GDP level.



	2024p	2025p	2026p
Wholesale and Retail	7.74%	8.59%	9.11%
Accommodation and Food Services	5.57%	5.72%	5.94%
Financial and Insurance Activities	32.25%	31.31%	31.05%
Professional Services	10.12%	10.71%	10.61%
Public Administration, Defence and Social Security	8.51%	8.74%	8.74%
Human Health and Social Work	7.63%	7.84%	7.72%
Education, Health, Real Estate, Agriculture, Fishing, Others	28.18%	27.09%	26.83%

Figure 10. Nominal GDP Composition by Industry

Source: Central Statistics Office and Ministry of Finance

These modest projections indicate a small but continued growth momentum stemming from tourism and financial services since 2024, even as the decline in construction continues to temper overall real growth. This decline in construction activity is linked to delays that persist in commencing large public sector infrastructure projects, along with a slow-down in implementing planned large tourism-related projects. The real estate industry, which is also a key contributor to economic growth, continues to be impacted by restrictive mortgage requirements (elevated interest rates and stringent qualifying criteria) and sluggish foreign investment. Nevertheless, this industry has maintained a viable level of performance due to local investment stemming from the waiver of stamp duty for Belongers that are first-time homeowners, and to a sustained demand for rental properties.

By 2026, the economy is expected to regain some momentum, with nominal GDP projected to increase to $1,870.19 million, a 2.8% growth over 2025 and real GDP to grow to $1,657.86 million, a 1.0% increase over 2025. Greater expansion from these projected growth levels will depend on the pace of recovery in tourism revenues from increases in overnight visitors to the performance levels before the pandemic, the completion of ongoing public sector infrastructure and tourism-related projects, and the sustained stability of financial services activity in the face of vast numbers of global regulatory changes. Higher levels of growth will also be affected by continued external pressures such as elevated operating costs, tighter global financial conditions, and slower growth in key source markets.

The economy continues to face vulnerability from global shocks, including commodity price volatility, rising transport costs, and slower growth in advanced economies. Being highly import-dependent, the Virgin Islands is acutely exposed to global energy and shipping disruptions, which could raise operating costs for businesses and erode household purchasing power.

The financial services industry, one of the pillars of the economy, face ongoing international scrutiny. Implementation of anti-money laundering and counter-terrorism financing (AML/CFT) measures, beneficial ownership transparency, and regulatory compliance are being closely monitored by international bodies such as the FATF. Any adverse listing or reputational setbacks could increase compliance costs, reduce competitiveness, and constrain activity in a sector that contributes nearly one-third of GDP of the Virgin Islands. To bolster the industry, there should be continued regulatory upgrades and digitalisation of processes that are critical to strengthening credibility, ensuring compliance with international standards, and maintaining market access.

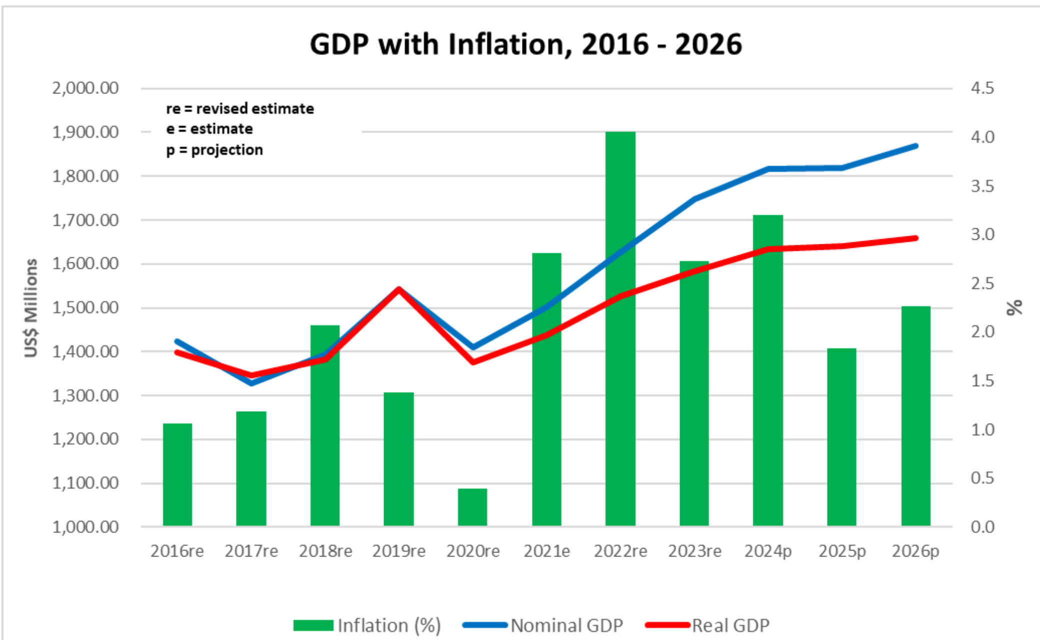
The second of the twin-pillars of the Virgin Islands economy, the tourism industry, is vulnerable to climate and environmental risks. The Territory remains exposed to hurricanes and other natural hazards, which can disrupt infrastructure, accommodation capacity, and hence visitor demand. Moreover, without careful management, the rising volume of cruise and day-tripper arrivals could strain environmental carrying capacity, particularly at beaches and marine sites, undermining the very assets that attract visitors and with that eroding the quality of their experiences.

In tourism, policy focus should remain on diversifying demand toward higher-value overnight stays, supported by new luxury and boutique developments such as the reopening of Peter Island (December 2024), expansion on Oil Nut Bay, continued development of Nanny Cay, and expansion of the Bitter End Yacht Club and at Biras Creek. These projects, alongside infrastructure and regulatory improvements, such as digital embarkation cards and commercial vessel licensing reforms, should raise per-visitor spending and improve competitiveness in tourism.

Since the pandemic, inflation has played a critical role in the growth of nominal GDP, which is directly linked to the prices of goods and services. In 2024, the inflationary pressures, which were higher than in 2023, drove up the cost of doing business and restricted, in some cases, the ability to execute projects at cost-effective prices. The impact of this was seen in the performance of real GDP for 2024. The wide gap between nominal and real GDP is directly linked to the level of inflation recorded in 2024 (see ***Figure 11***). There is also some correlation between the projections for nominal and real GDP in 2024 and the lag in the implementation and completion of public sector investment projects.

Therefore, the easing of inflationary pressures in 2025, after the highs experienced in the immediate post-pandemic period, supported real GDP growth by stabilising household spending and reducing cost pressures for businesses. While prices remained above pre-pandemic levels, modest movements over the year improved consumer confidence and enabled the tourism and its related industries to contribute positively to overall GDP output. The delays in commencing public sector and private sector large-scale projects continued to heavily impact the level of growth of real GDP. With inflation projected around 1.84%, nominal GDP growth is expected to slow to 0.1%. The combination of higher operating costs, import-driven price pressures, and slower external demand will weigh on disposable income and business margins, and stymie overall economic expansion.

Figure 11. The Effects of Inflation on GDP



Source: Estimates up to 2023 and Preliminary Projection for 2024, Central Statistics Office; Projections from 2025 and 2026, Ministry of Finance

By 2026, inflation is forecasted to remain at 2.5 – 3.0%, while the economy is expected to regain modest momentum, with nominal GDP growth of about 2.8%. However, the higher inflationary pressures in 2026 will likely constrain household spending, degrade competitiveness in tourism, and de-stabilise business costs, while global risks to the economy remain significant.

To safeguard recent gains and support sustainable growth, policy efforts should prioritise both resilience and competitiveness. Building fiscal buffers remains an important medium-term priority. External volatility—whether from commodity prices, interest rate cycles, or climate shocks—underscores the need to strengthen public finances and ensure resources are available for disaster response and climate-resilient infrastructure. Investments in resilient transport, utilities, and housing are central to sustaining growth and protecting livelihoods.

Finally, the availability of reliable data and project sequencing will support private investment and policy planning. Recent work to improve the national accounts, and employment and balance of payments statistics, provides a stronger basis for monitoring trends. Clear implementation timelines for major capital projects by the public sector will also help to align private sector expectations with public infrastructure delivery, reducing uncertainty and supporting more robust growth.

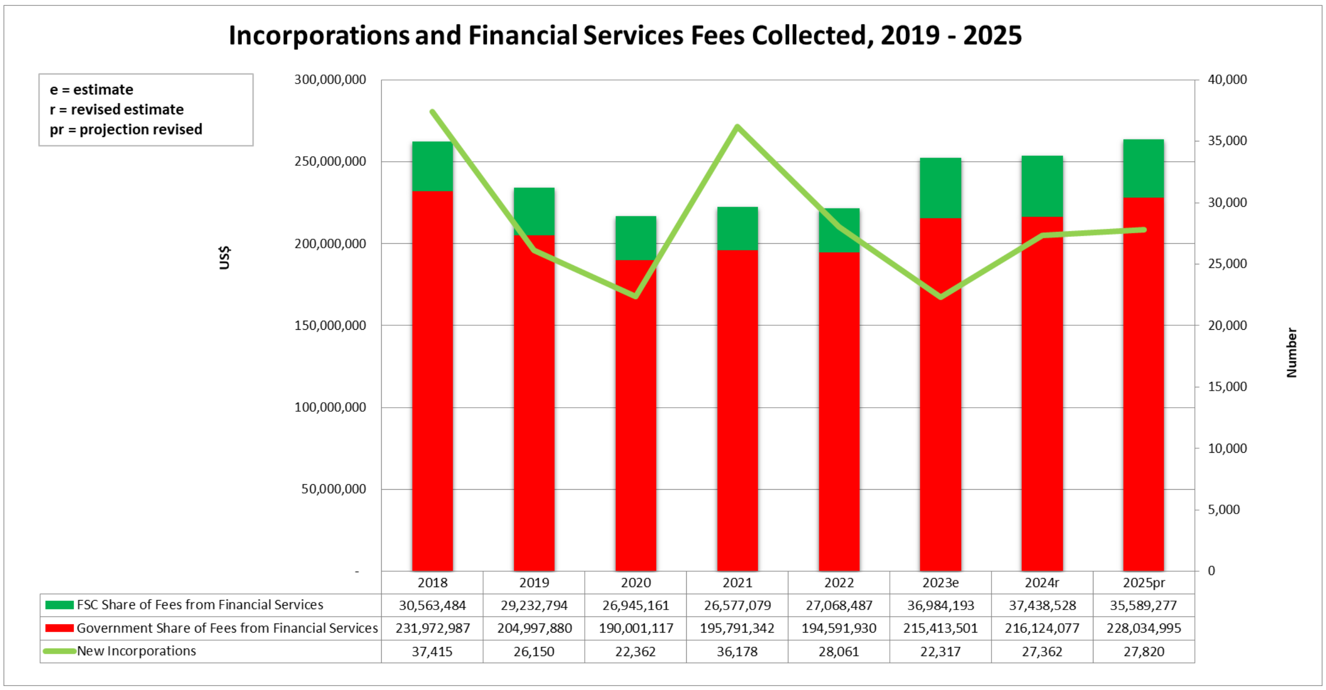
6. Financial Services

The financial services industry continues to face significant external pressures, including compliance with evolving global regulatory standards, the ongoing impacts of the CFATF Mutual Evaluation process, and geopolitical uncertainties. Despite these challenges, the sector remains resilient, with strong ties to the Asia-Pacific region, which continues to account for over 50% of the VI's corporate services business. Transactional activity in 2024 increased, driven by the Asia-Pacific trade recovery and renewed investor confidence.

Over the past five years, new incorporations have fluctuated, reflecting both global economic conditions and local regulatory reforms. After declining in 2023 to **22,317**, new incorporations rebounded in 2024 to **27,362**, a 22.6% increase (see ***Figure 12***). This momentum is expected to continue, albeit modestly increasing into 2025, with projections of approximately **27,800** incorporations, and then contract in 2026 to about **26,500**, reflecting the industry's adjustment to external challenges and structural shifts from the BVI *Business Companies Act (the BC Act)* amendments introduced in January 2023. These amendments accelerated the dissolution of struck-off companies, leading to a reduction in the overall number of active companies on the Register at the end of 2024 to 356,675, a 1.3% decline from 361,491 companies in 2023.

New incorporations as of August 2025 totalled 19,373, a 7.6% growth from the same period in 2024 (18,006). A further analysis of the data revealed that new incorporations in the first quarter of the year (6,971) grew by 13.5% from 6,142 at the end of the first quarter of 2024. Growth continued into the second quarter of 2025 with 7,037 new incorporations, a 2.5% increase from 6,864 at the end of June 2024 (see *Appendix 3.1*). Growth for the remaining months of the year is expected to be consistent with the current trend in 2024.

The increase in new incorporations and renewals has raised both initial registration and renewal fee collections. After increasing to $252.40 million in 2023, revenues increased by 0.5% to reach $253.56 million in 2024. The increase in fees collected from the financial services industry is primarily driven by changes in revenues from the Registry of Corporate Affairs (ROCA), which constituted an average of 96.6% of total revenue from the industry, over the past nine years up to



	2018	2019	2020	2021	2022	2023e	2024r	2025pr
FSC Share of Fees from Financial Services	30,563,484	29,232,794	26,945,161	26,577,079	27,068,487	36,984,193	37,438,528	35,589,277
Government Share of Fees from Financial Services	231,972,987	204,997,880	190,001,117	195,791,342	194,591,930	215,413,501	216,124,077	228,034,995
New Incorporations	37,415	26,150	22,362	36,178	28,061	22,317	27,362	27,820

2024. ROCA revenue in 2024 ($241.35 million) declined by 0.2% from $241.78 million in 2023.

Figure 12. New Incorporations and Fees Collected from Financial Services

Source: Data up to August 2025, BVI Financial Services Commission, and the annual projection for 2025, Ministry of Finance

The Government's share of collections made by FSC in 2024 increased by 0.3% to $216.12 million from $215.41 million in 2023. This share of revenue from the financial services industry represented 52.1% of the total revenue for the government in 2024 ($414.61 million). With the retention of 13.5% of the revenue collected from the industry, FSC retained $37.44 million in 2024, a 1.2% increase from $36.98 million in 2023.

By August 2025, $160.28 million was collected from financial services fees, a 2.6% increase compared to that collected by August 2024 ($156.23 million). Of the total fees collected for this period, $136.55 million was retained by the government to support its operations. The growth trend experienced from September to December 2024 is expected to continue through the remaining months of 2025 (see ***Appendix 3.1***). By the end of 2025, it is expected that the government's share of the revenue collected from the financial services industry will be $228.03 million. Projections of total fees collected for 2025 were revised upward to $263.62 million, based on actual collections up to August. Further growth is expected in 2026 to about $268.75 million in fees collected (see ***Figure 13***). The upward revision primarily reflects higher-than-expected registry and licensing activity across multiple lines of business.

Regulatory and fee reforms implemented over the last two years have expanded the fee base. The Financial Services (Fees) (Amendment) Regulations, 2023, introduced new fee categories, including those linked to Virtual Asset Service Providers (VASPs) and enhanced supervisory filings. Additionally, the Business Companies (Amendment) Act, 2023, and subsequent amendments to the Beneficial Ownership Secure Search System (BOSSS) and restoration provisions have led to greater registry activity, generating an increase in company restorations, filings, and document fees.

Compliance filings following the full enforcement of the phased-in annual return requirements and beneficial ownership filings became enforceable in 2025. There has been no standard filing fee(s) implemented by the BVI Financial services Commission (FSC), up to the time of preparation of this document. However, if companies fail to provide their returns in accordance with the Business Companies Act, then they can be penalised which could result in penalties being assessed and payments made to FSC. Additionally, the Commission's continued investment in RegTech and digital filing platforms has improved efficiency and processing greater volume of transactions, contributing to higher revenue collection.

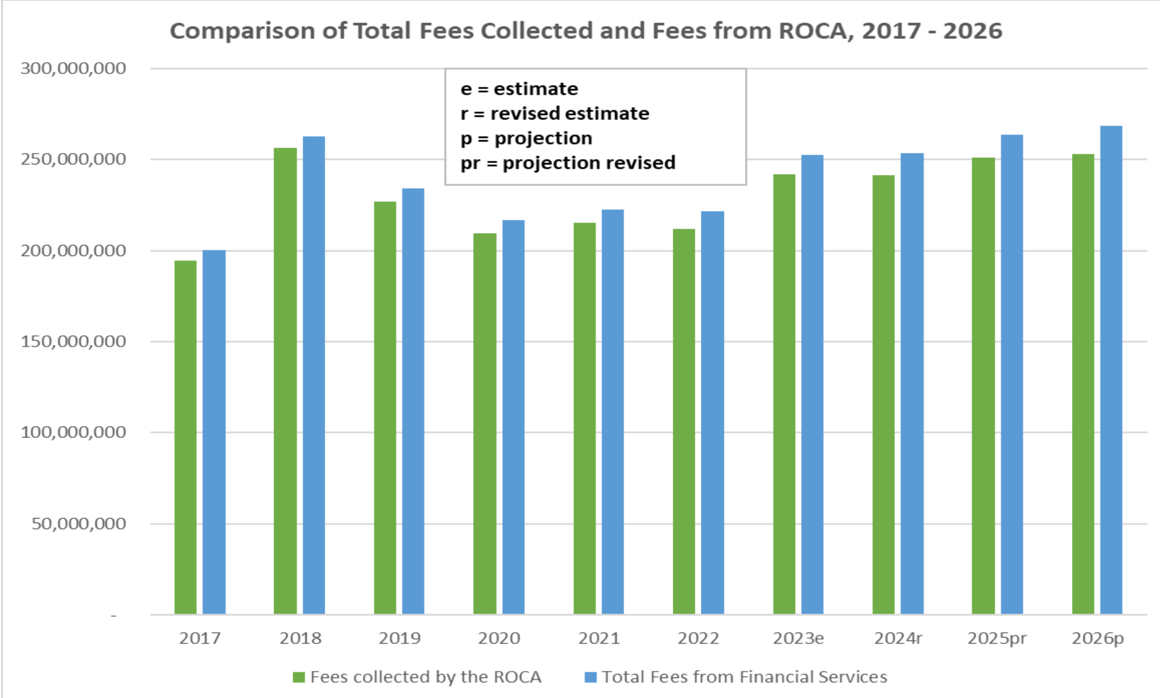


Figure 13. Total Fees Collected from Financial Services and Fees from ROCA

Source: Data up to August 2025, BVI Financial Services Commission, and the annual projections for 2025 and 2026, Ministry of Finance

Looking ahead, the industry faces several notable challenges. Significant among these is the BVI's placement on the FATF[9] Grey List in June 2025, following the identification of strategic deficiencies in its AML/CFT/CPF regime. While the jurisdiction has committed to an action plan to remedy these issues, the grey-listing carries reputational risks and subjects the Territory to heightened monitoring. This could translate into increased due diligence requirements for BVI entities, higher compliance costs for service providers, and cause potential investors or clients to hesitate in establishing new structures in the jurisdiction. As a result of the FATF Grey listing, there is a corresponding concern that the BVI may be placed on the EU's AML list, which mirrors the FATF listing. Therefore, incorporations may experience a temporary slowdown as global clients assess the jurisdiction's standing, and renewals could be affected if businesses opt to migrate to competitor jurisdictions with fewer reputational concerns.

In addition to the grey-listing, the sector must adapt to expanded filing and compliance requirements arising from legislative amendments made in response to the CFATF Mutual Evaluation Report towards achieving full compliance with FATF standards. Although these measures may generate incremental government revenue, they also impose higher administrative costs on firms and could discourage new business formations if the regulatory burden is perceived as too onerous.

New incorporations in 2024 were 27,362. Incorporations for 2025 and 2026 were projected at about 27,800 and 26,500 respectively.

Revenue for 2024 from financial services was $253.56 million, and were projected to be $263.62 million in 2025 and around $268.75 million in 2026.

Finally, ongoing global debates around public access to beneficial ownership registers continue to pose reputational and strategic risks. Good progress has been made towards a "legitimate interest" access regime may require the BVI to adapt its systems and frameworks further, balancing compliance with global transparency expectations against the need to protect privacy and maintain the Territory's competitive advantage. This regime will go live in April 2026.

In 2025, the FSC advanced several strategic projects, including upgrading regulatory technology platforms, strengthening its Virtual Asset Service Providers (VASP) framework, and completing preparatory work for Basel II adoption. These initiatives aim to enhance oversight while maintaining the competitiveness of the jurisdiction. The Ministry of Financial Services, Economic Development

[9] FATF (Financial Action Task Force) is the global standard-setter for anti-money laundering, counter-terrorist financing, and counter-proliferation financing. It maintains the Grey List and Black List. When the BVI was added to the Grey List in June 2025, that was decided at the FATF Plenary meeting.

and Digital Transformation (MFSEDDT) also commenced work on a Medium-Term Development Strategy 2025, which integrates financial services within the wider “Vision 2036” National Sustainable Development Plan (NSDP). A consultant will be hired to assist with the development of a stand-alone *National Financial Services Strategy,* and the Ministry is currently going through the procurement process to facilitate this engagement. The *National Financial Services Strategy and* the Medium-Term Development Strategy, together with the National AML/CFT/CPF Strategy 2024–2026 and its Strategic Action Plan approved in early 2025, will provide a clear framework for strengthening compliance, supervision, and the long-term competitiveness of the sector.

During 2025, the MFSEDDT and FSC focused on several concrete initiatives: amendments to the Beneficial Ownership Regulations (2025) to strengthen compliance and transparency; a consultation process on access to BO registers under a legitimate interest regime; and publication of revised risk assessments for legal persons and arrangements. The National Strategic Action Plan is being implemented across various agencies, outlining legislative, regulatory, and operational priorities to enhance financial crime prevention and supervision.

In 2026, the FSC and the Government plan to deepen this reform agenda with the following initiatives:

1. Full implementation of the Basel II capital adequacy framework for licensed institutions, improving prudential supervision;
2. Expansion of the Beneficial Ownership (BO) regime with new compliance tools to improve reporting efficiency;
3. Broader use of regulatory technology and AI for real-time monitoring and compliance;
4. Exploration of new markets, including South America, as part of BVI Finance’s diversification drive; and
5. Strengthening the virtual assets regulatory regime to align with updated FATF standards and enhance the Territory’s attractiveness for fintech innovation.

The impact of planned trade and other policies by the current administration in the United States, along with other global developments and the continued threat of Publicly Accessible Registers of Beneficial Ownership (PARBOs), must be closely monitored. The Government remains committed to supporting the financial services industry through reforms that reinforce regulatory capacity, boost transparency, and promote competitiveness. Despite the challenges, the Virgin Islands continues to be a trusted global partner, supporting clients in cross-border activities and adapting to an increasingly complex international environment.

7. Tourism

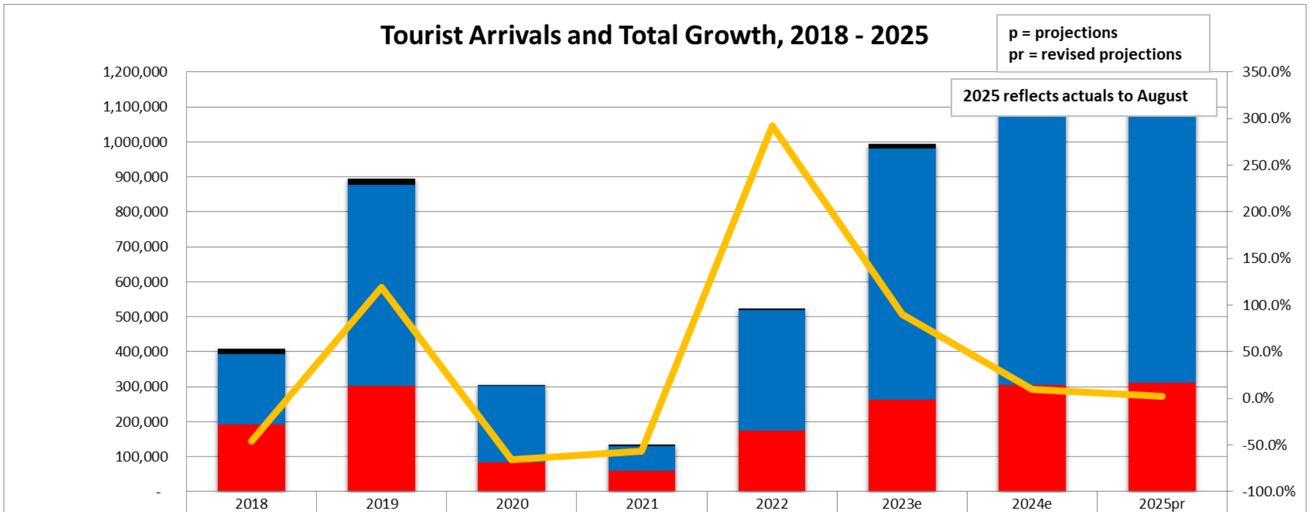
According to the "Caribbean Tourism Performance Review 2024" prepared by the Caribbean Tourism Organisation (CTO), the tourism sector in the Caribbean continued its robust recovery and expansion in 2024, with international tourist arrivals reaching an estimated 34.2 million. This represents a 6.1% increase compared to 2023, and a 6.9% rise above pre-pandemic levels, marking the second consecutive year that the region has outperformed the 2019 benchmark. Like its Caribbean counterparts, the Virgin Islands also continued to record growth, attaining over a million visitors (1,091,742) by the end of 2024, a 9.7% increase from 2023 (994,896). This was the first time since 2016 that the Territory surpassed one million visitors.

The cruise-ship visitors category continued to dominate the total visitor numbers with a share of 70.4%. This category grew by 6.8% moving from 719,519 in 2023 to 768,293 in 2024. The largest increase in visitor categories was from day trippers with a 35.3% rise in 2024 from 13,297 to 17,987. The overnighters category, which has the greatest impact on the economy, grew by 16.6% moving from 262,080 in 2023 to 305,462 in 2024. The day trippers and overnighters categories are expected to continue to grow with the full implementation of the recent amendments to the Commercial Recreational Vessel Licences (CRVL) legislation, the increase in direct flight options for the mainland United States, and the continued and aggressive marketing of the BVITB of the Territory's events calendar and its products and services.

By August 2025, visitor arrivals had reached 816,980, with cruisers and day-trippers accounting for 71.4% (583,515 visitors) of the total. For this group of visitors (cruisers and day-trippers), this was an 5.7% increase over the same period in 2024 (772,734 visitors). Overnight visitors accounted for the remaining 28.6% share of the total 816,980 visitors with 233,465 overnighters by the end of August 2025 compared to 227,447 for the same period in 2024. These figures confirmed that the sector had not only recovered from the pandemic but was once again firmly positioned as the main engine of economic activity in the Territory (see ***Figure 14*** and ***Figure 15***).

During the first quarter of 2025, stayover visitors grew by 6.4% compared to Q1 2024, underscoring a strengthened demand for overnight stays. The growth in total visitor arrivals by August 2025 was anchored on a 26.0% increase in cruisers and day-trippers to the Territory during the second quarter of 2025, compared to the same period in 2024. Based on the year-to-date performance for 2025, total visitor arrivals are projected to reach 1.12 million by the end of 2025, representing an increase of about 2.5% when compared with 2024 arrivals (1.09 million).

Figure 14. Annual Tourist Arrivals and Growth of Tourists



	2018	2019	2020	2021	2022	2023e	2024e	2025pr
Day Trippers	16,108	17,358	3,235	4,336	6,512	13,297	17,987	24,581
Cruiseship	200,552	575,134	219,434	70,090	343,571	719,519	768,293	783,623
Overnighters	192,312	302,499	82,687	59,289	174,344	262,080	305,462	310,839
Total Growth (%)	-46.0%	118.8%	-65.9%	-56.2%	292.2%	89.7%	9.7%	2.5%

Source: Central Statistics Office up to August 2025, annual projection for 2025 from Ministry of Finance

The Virgin Islands' performance in 2025 is supported by a combination of enhanced connectivity, expanded accommodation, and product diversification. Direct flights from Miami, alongside regional connections, have reduced travel friction and increased accessibility for stayover visitors. Renewed cruise partnerships, including strengthened engagement with the Florida-Caribbean Cruise Association, have ensured consistent cruise berthing and promotional support. During 2025, the reopening of major luxury properties such as Peter Island in December 2024, and the revitalisation of Bitter End are already drawing interest from high-value tourist, who typically stay longer and spend more.

Events have also emerged as a significant demand driver. The launch of BVI Restaurant Week in 2025, complemented by annual food and other festivals, sailing regattas, and specialty tournaments such as sport-fishing competitions and invitational sporting events, has broadened the Territory's appeal beyond traditional sun-and-sea tourism. These events help to mitigate seasonality by attracting visitors during the off-peak months and generate additional local economic benefits. Meanwhile, reforms in the yachting sector, particularly vessel licensing and digital entry systems, have streamlined operations and improved competitiveness in a segment that accounts for a large proportion of overnight visitors.

Industry reports from the BVI Yachting, Hotel & Tourism Association indicate that while demand remains strong, the latter part of 2025 may see some moderation in bookings, with resorts extending summer rates into December to stimulate occupancy. Within the yachting sector, recent fee adjustments and a shortage of trained crew have added cost pressures and constrained margins, even as charter activity remains robust.

Figure 14. Monthly Tourist Arrivals

Source: Central Statistics Office up to August 2025, annual projection for 2025 from Ministry of Finance

The Government of the Virgin Islands has initiated a significant restructuring of the administrative and managerial aspects of its tourism product which is currently being steered by the BVI Tourist Board (BVITB). These aspects will be shifted to the Ministry of Tourism, Culture, and Sustainable Development (MTCSD), while the BVITB will be primarily responsible for marketing of the product. This reorganisation aims to streamline governance and enhance strategic alignment in tourism planning, marketing, and policy implementation, creating a more unified and efficient approach to tourism management. From a legislative standpoint, the restructuring requires updates to existing laws and regulations, such as the Tourist Board (Amendment) Act, 2024, to reflect the new organizational structure, clarify roles and responsibilities, and strengthen oversight and accountability. A new tourism development bill will solidify legislative proposals in 2026.

This reform provides an opportunity to develop tourism through more coordinated initiatives, sustainable planning, and destination branding under a single authoritative body. It allows the VI to respond more swiftly to global travel trends, attract investment, and implement strategic tourism programs effectively. By fostering collaboration among stakeholders and creating a cohesive legal and operational framework, the reform is expected to enhance the growth, resilience, and long-term sustainability of the Virgin Islands' tourism industry.

Tourism performance continues to be shaped by external macroeconomic conditions. With inflation in the United States easing and the Federal Reserve initiating rate cuts in mid-2025, discretionary travel spending among high-income households has remained strong. This dynamic has supported sustained demand for luxury travel across the Caribbean, including the Virgin Islands, even as airline fares have risen moderately (about 3.0% year-on-year). Conversely, slower job growth in the U.S. tourism sector and geopolitical uncertainties could affect demand in 2026, underscoring the need for product diversification and competitive pricing. For 2026, arrivals are forecast at 1.19 million visitors, a further increase of 5.9% from 2025 (projected) visitors of 1.12 million. This is expected to be supported by expanded room capacity and strengthened partnerships with airlines and cruise operators.

The 2024 estimate for overnight visitors is 305,462, while cruisers and day-trippers could reach 786,280.

Total visitors for 2025 is expected to reach 1.12 million, a 2.5% growth above 2024's level (1.09 million).

Recent progress on major tourism-related projects is significantly shaping the sector's supply base and already drawing interest from higher-value tourists who typically spend more and stay longer. The Bitter End Yacht Club has completed major phases of refurbishment, reopening with new accommodations such as beach bungalows and marina lofts, broadening its luxury offering and capacity. Another major milestone was the reopening of Peter Island Resort in December 2024, restoring one of the Territory's flagship luxury properties following extensive upgrades. On Virgin Gorda, the Bitter End Yacht Club has undergone expansion of its facilities and Biras Creek Resort is preparing to relaunch with upgraded facilities, while phased enhancements at Oil Nut Bay and Eustatia Island are further consolidating the high-end villa and resort stock.

Other projects are progressing at varying stages. Long Bay Hotel continues targeted redevelopment, while Nanny Cay Resort redevelopment remains in the planning phase. The proposed JOMA boutique hotel at Port Purcell has advanced under a signed development agreement, and concepts for a Wellness Resort on Jost Van Dyke and planning for the large-scale redevelopment on Norman Island continue to advance. Collectively, these initiatives signal a steady pipeline of investments that has high potential to expand accommodation capacity, improve visitors' choices, and support a gradual shift in the composition of visitors towards higher-spending overnight guests.

Other completed infrastructure improvements continue to support the visitor experience. The Trellis Bay Welcome Centre has been completed, strengthening the arrival experience at a key entry point. Beach Management frameworks have been introduced at popular beaches such as Long Bay, Beef Island, accompanied by the installation of new shower facilities. In parallel, visitor processing has been modernised through initiatives such as an online embarkation/disembarkation card (ED card) system and a small vessel portal, both of which are operational, and improving the efficiency and the quality of tourism data. These regulatory and infrastructural upgrades are particularly relevant for the yachting sector, which represents a substantial share of overnight visitors, and complement the full implementation of the fees under the Commercial Recreational Vessel Licensing Act.

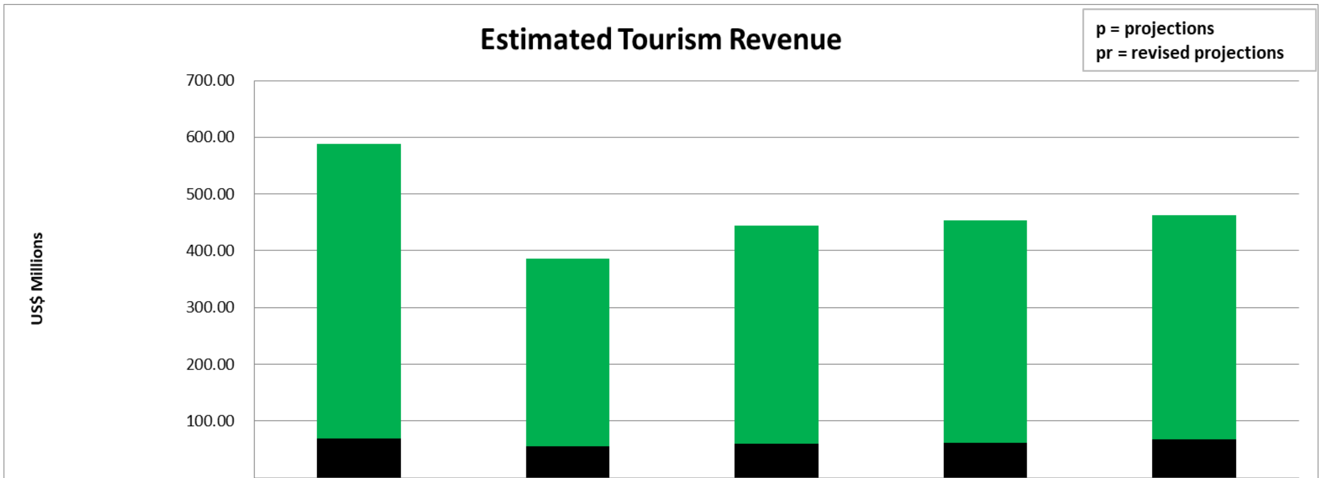
While total arrivals surpassed pre-Irma levels in 2024, tourism revenue has not yet returned to its pre-2017 peak due to the increased share of cruise and day-trip visitors in total visitors. Revenue from tourism in 2024 reached $444.15 million, but was still below the 2016 benchmark, and this is mainly due to the number of overnighters not yet attaining 2016's level. For 2025, tourism revenue is projected at $453.81 million, which, although higher than pandemic-era earnings, remains well below the $588.52 million recorded in 2016 (see ***Figure 15***). This gap underscores the importance of accelerating growth in high-value segments of the sector, such as luxury resorts, boutique hotels, and yachting, where visitors tend to stay longer and spend more.

Tourism revenue from overnighters and cruisers is projected to increase by 1.9% in 2026 to $462.30 million as additional luxury inventory comes online and new boutique properties reach completion. Some are already contributing to higher per-visitor spending in 2025, and further capacity additions and developments will continue this trajectory. Nonetheless, achieving a full return to pre-Irma revenue levels will depend on sustaining momentum in overnight arrivals and ensuring that the Territory encourage a greater increase in visitor expenditure through events, excursions, and on-island services.

Despite the forecasted positive trajectory, the outlook for 2025 and 2026 acknowledges several risks. The pace of growth depends heavily on the timely reopening and completion of major hotel and resort projects. Delays or setbacks could dampen overnight visitor numbers and reduce projected revenue gains. Infrastructure capacity remains a concern and airports, seaports, and inter-island transport must keep pace with demand to avoid bottlenecks that could diminish visitor satisfaction. Rising global fuel costs and shipping disruptions could raise travel expenses and erode the Territory's competitiveness.

Environmental risks are also significant. The Virgin Islands remain vulnerable to hurricanes and other natural hazards that could disrupt infrastructure and travel demand. At the same time, an unchecked increase in cruise and day-trip visitors could strain environmental carrying capacity, particularly at beaches and marine sites, threatening both sustainability and the visitor experience. Managing these risks effectively will be critical to preserving the gains achieved since 2024.

Figure 15. Tourism Revenue Projections[10]



	2016	2023pr	2024pr	2025pr	2026p
Overnighters Tourism Revenue	519.63	330.61	384.63	391.60	394.66
Cruise Tourism Revenue	68.89	55.74	59.52	62.21	67.64

Source: Ministry of Finance

Sustaining growth while maintaining the quality of the visitor experience requires a coordinated approach between public policy and private sector initiatives. Infrastructure development must be carefully aligned with accommodation expansion, ensuring that airports, ports, beaches, and transport networks can handle projected increases in visitor volumes. Strategic emphasis should remain on cultivating high-value overnight visitors by marketing premium experiences, promoting longer stays, and enhancing luxury and boutique offerings.

Expanding the events calendar should remain a priority, as cultural festivals, culinary showcases, and sailing competitions diversify the Territory's product offering and stimulate demand in the slower months. Finalising and fully implementing reforms in the yachting and visitor processing systems will be essential for efficiency, competitiveness, and revenue generation.

Equally important is the embedding of sustainability and service quality into every facet of the tourism sector. Protecting marine and coastal ecosystems, improving waste management, and ensuring reliable utilities are critical to safeguarding the natural assets on which the sector depends.

[10] Cruise tourism revenue represents cruisers spending on taxis, tours, souvenirs, restaurants, shopping, and other. Overnighter's tourism revenue represents overnighters spending on accommodations (less HAT), food & beverage, gratuity/tip/service charges, taxi, car rental, tour/attractions, culture, sporting activities, entertainment, jewelry, perfumes, clothing, tobacco, liquor, souvenirs, phone/internet and other. Revenue collected by Government from tourism activity has been excluded.

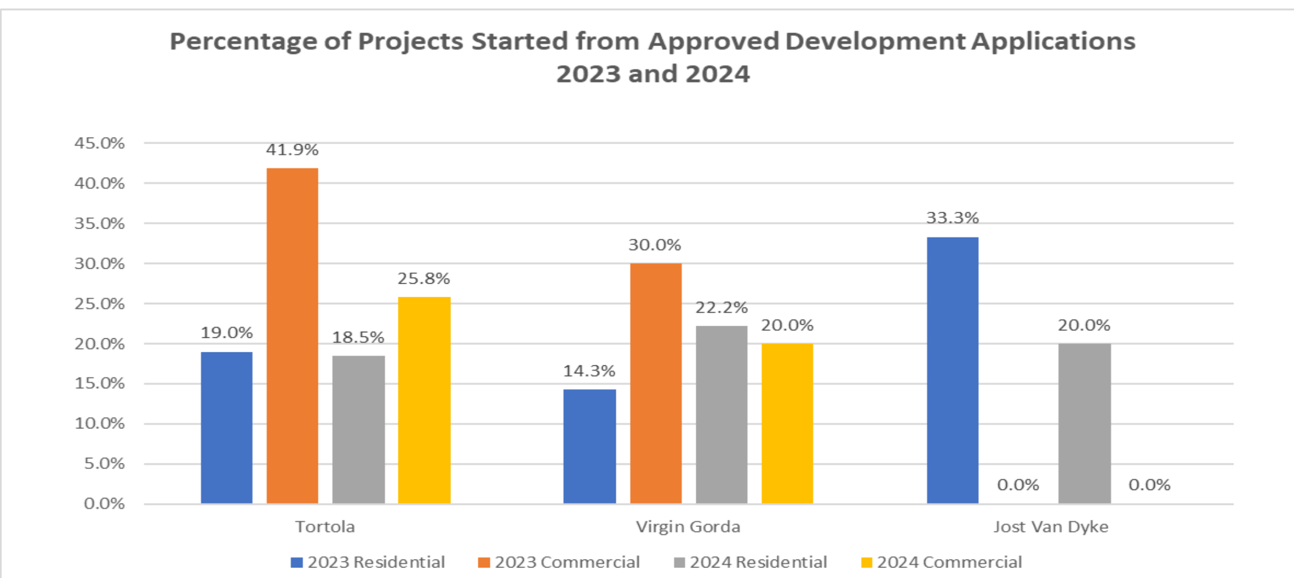
Service quality must also rise in tandem with increased arrivals, with training and professional development supporting the delivery of consistently high standards. The forthcoming National Tourism Policy and its supporting National Tourism Plan will provide a framework to integrate these priorities, ensuring that expansion is not only robust but also sustainable, resilient, and inclusive.

From a macroeconomic perspective, tourism remains central to the Virgin Islands' short and medium-term growth trajectory. With nominal GDP projected to expand by approximately 0.1% in 2025 and 2.8% in 2026, the sector is expected to contribute the largest share of incremental output. Sustaining this growth amid tighter global competition will require balancing expansion with environmental management and infrastructure investment to preserve competitiveness and resilience.

8. Construction

The Construction industry is a key contributor to the economic development of the Territory. The ranking of this industry was elevated during the recovery period following the destruction experienced from the 2017 catastrophic events. The industry continues to maintain its ranking amongst the top industries. In the absence of a Construction Price Index, construction activity is measured by building starts data, the level of construction activity, and related material and equipment imported into the Territory.

Figure 16. Projects Starts from Approved Development Applications



Source: Town and Country Planning Department

Building-starts data received from the Town and Country Planning Department (TCP) for 2023 and 2024 indicated that there was a slight decline of 6% (50 buildings) in 2024 from 53 buildings in 2023. Based on 2024 data, the rate of decline has decreased from a more significant 41.8% in 2023 (53 buildings) when compared to 2022 (91 buildings) (see ***Figure 16***). The declines of 2023 and 2024 likely stemmed from delays in project commencements. Some of the project delays can be linked to investment challenges arising from U.S. inflationary trends and monetary policy decisions. Other factors that could have caused project delays include record high interest rates, supply chain disruptions influenced by the Middle Eastern and Ukrainian Russia conflicts, and the lingering effects of the COVID-19 pandemic.

The delay in building starts highlights how external factors have the potential to negatively impact capital investment in the Territory. Notwithstanding, the construction duration typically exceeds one year for residential projects, and two to three years for commercial projects. Therefore, some projects that started in 2021, 2022, and 2023 would have been ongoing in 2024, along with those that started within that year. While the full impact of the delays for those years would not be fully apparent, some would be reflected in the 2024 GDP for the construction industry.

The share of commercial building starts from approved applications decreased significantly from 41.9% in 2023 to 25.8% in 2024 for Tortola. There was a decrease in share from 30.0% in 2023 to 20.0% for Virgin Gorda by the end of 2024. According to the records, no buildings were started on Jost Van Dyke and Anegada during 2024. The share of residential building starts in 2024 from approved applications sustained a small decrease from 19.0% in 2023 to 18.5% for Tortola. In contrast, the share of residential building starts from approved applications on Virgin Gorda increased from a share of 14.3% in 2023 to 22.2% in 2024 (see ***Figure 16***). On Jost Van Dyke, no construction works had commenced for any of the three applications approved in 2024, while the only approved application for Anegada had started.

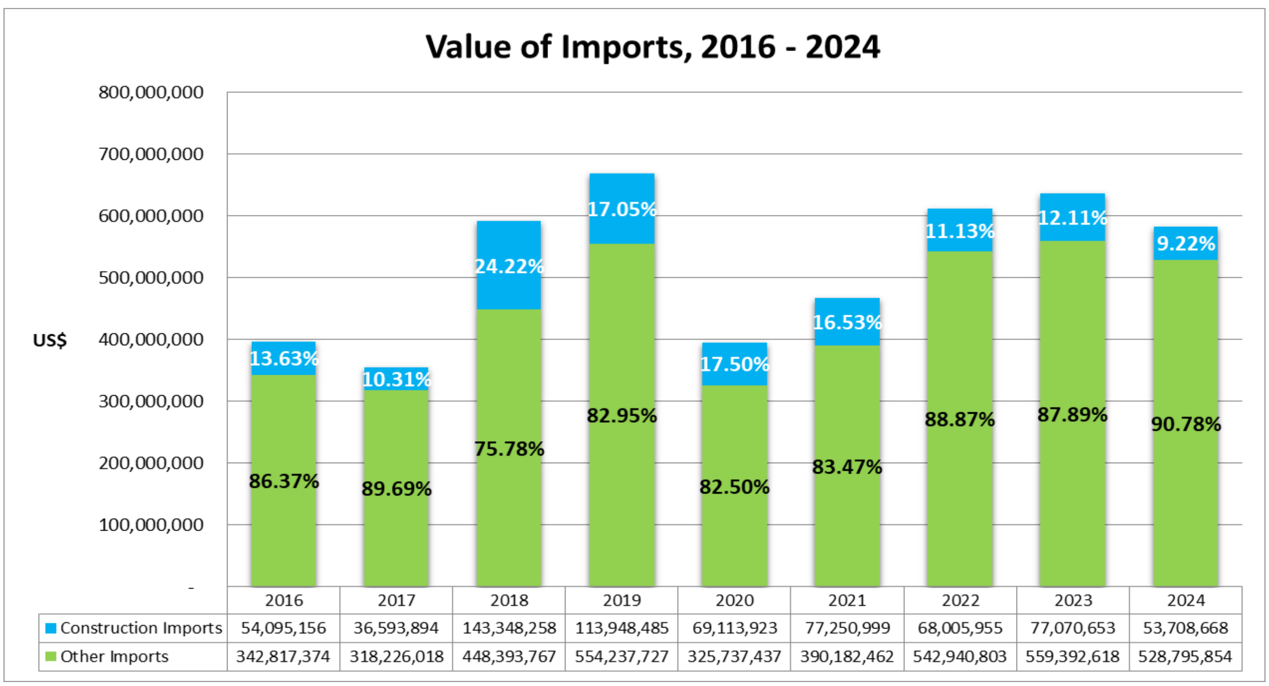
In 2024, construction materials imports[11] of $53.70 million decreased by 30.3% from 2023 ($77.07 million) (see ***Figure 17***), indicating a decline in construction activity over last year. The increase in the volume of imported construction materials provides a better measure of construction growth; however, volume data for imports is not currently available. Instead, the number of items imported was used.

[11] Cover sand, gravel, cement, lumber, plastics, wood, stones, metals, windows, doors, roofing, asphalt and their related products.

In 2024, 25,703 construction material items were imported. This was a 69.3% decrease in construction material items imported into the Territory in 2023 (83,812). This substantial decline in the items of construction materials imported was strongly linked to the 51.1% decrease in real GDP for the construction industry in 2024 ($26.19 million) from $53.52 million in 2023.

Although, construction materials imports over the period 2020 - 2023 remained fairly constant, with imports averaging $72.86 million for this period, 2024 construction materials imports of $53.70 million reduced the imports five-year (2020 – 2024) average to $69.03 million. When comparing the high value of imports due to marked increases in activity to repair and rebuild after the catastrophic events of 2017, $143.35 million and $113.95 million in 2018 and 2019 respectively, construction imports levels continue to fluctuate at lower levels. This fluctuating pattern, over the past five years, is likely due to the influence of inflation on the prices of construction materials, which continues to impact the value of imports.

Figure 17. Value of Imports



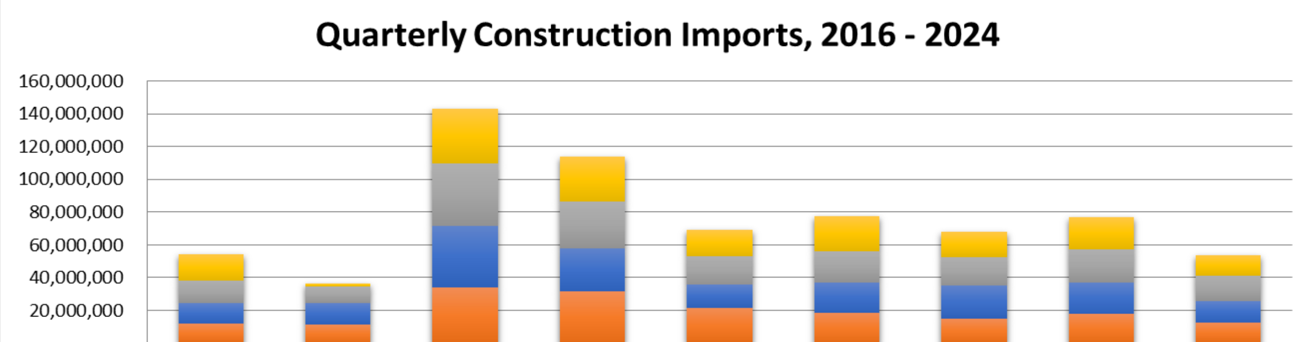
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Construction Imports	54,095,156	36,593,894	143,348,258	113,948,485	69,113,923	77,250,999	68,005,955	77,070,653	53,708,668
Other Imports	342,817,374	318,226,018	448,393,767	554,237,727	325,737,437	390,182,462	542,940,803	559,392,618	528,795,854

Source: Central Statistics Office

Quarterly construction imports for 2024 showed consistent declines for each quarter, with fourth quarter (Q4) imports ($12.78 million) representing the largest percentage decrease of 35.4% when compared to the 27.3% increase of Q4 2023. While the second quarter (Q2) showed the highest quarterly value of imports at $15.05 million, this amount was considerably lower than the imports value of Q2 2023 ($20.05 million) and reflected the second highest decrease for 2024. The lowest value of imports was recorded in the first quarter (Q1) at $12.66 million (see ***Figure 18***). Further indications of a decline in construction imports can be seen in the $13.42 million average for 2024 when compared to an average of $19.27 million for 2023.

The notable decrease in import values and numbers in 2024 may have resulted from a reduction in construction activity from public and private projects that started in 2023 and did not maintain momentum as expected in 2024. Commercial building starts in 2024 returned to 2022 levels at 18 buildings after a slight increase (5.6%) to 19 buildings in 2023. This reflects consistent levels for the last three years (2022-2024). For the public sector, the main infrastructure projects contributing to ongoing construction imports activity in 2024 include the Ralph T. O'Neal Central Administration Complex rehabilitation, the Eslyn Henley Richez Learning Centre, Road Infrastructure Development, and the National Sewerage Programme (Long Swamp Pump Station). The Jost Van Dyke Primary School and the Police Marine Base were completed and/or handed over in early 2024.

Figure 18. Quarterly Construction Imports



	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q4	15,700,114	2,222,703	33,883,285	27,343,958	15,970,490	20,948,886	15,531,623	19,772,515	12,781,003
Q3	13,695,800	9,905,736	38,024,532	28,948,825	17,608,218	19,044,079	17,419,453	20,055,970	15,052,546
Q2	12,721,661	13,071,957	37,208,878	26,283,475	14,122,781	18,640,729	19,924,501	19,263,849	13,205,534
Q1	11,977,580	11,393,498	34,231,562	31,372,228	21,412,434	18,617,306	15,130,378	17,978,319	12,669,585

Source: Central Statistics Office

Some of the larger private sector projects that contributed to ongoing construction activity in 2024 were Oil Nut Bay Villas, Peter Island Resort, Bitter End Yacht Club, and Biras Creek Resort. Despite these ongoing activities on small to large scale projects, it is noted that commercial applications (50) reduced by 13.8% when compared to 2023 approved applications (58).

As the value of construction imports ($53.70 million) returned to near-normal or pre-Irma levels ($54.09 million), the average share of construction imports for 2024 declined to 9.2% from the previous year's 12.1%, and the pre-Irma share of 13.6%. Construction imports for 2019 to 2024 amounted to $459.10 million or 13.7% of all imports, valued at $3.36 billion. While other[12] imports, valued at $2.90 billion for the same period, accounted for the remaining 86.3% of all imports (see ***Figure 19***). Construction imports for 2024 showed a decline in both the value and number of imports. This decline was anticipated in 2023 following the end of the 5% reduction in import duty policy[13] and although delayed, it indicates a fall in economic activity for this industry in the Territory.

As of August 2025, there were 115 applications for residential construction approved, the same as residential applications up to August 2024. This consistency in the number of applications approved could be attributed to residents being cautious about borrowing and investing and also, due to the resumption of normal customs duties for construction material. For the same period, there were 35 approved commercial applications, a rise of 4.2%, showing more investment in commercial development projects of various sizes.

Construction imports in 2024 ($53.70 million) decreased by 30.3% from 2023 ($77.07 million). The value of imports of construction goods in 2025 is expected to be under that for 2024, despite increases in the prices of goods and the numbers imported.

A total of $459.09 million from 2019-2024 was imported in construction materials, which was 13.7% of all imports for the period, $3.36 billion.

Prioritising development projects can stimulate economic growth by creating jobs and fostering trade. Some of the large-scaled public development projects that were budgeted in 2025 could not be implemented effectively due to delays, some of which stemmed from extended design and engineering and procurement phases. Projects such as the Ralph T. O'Neal Administration Complex, the National Emergency Operations Centre (NEOC), the West End Ferry Terminal, the Immigration Detention Centre, the Agriculture and Fisheries Complex, the BVI Health Services Authority infrastructure rehabilitation, water network improvement, water reservoir repairs, and some of the territory-wide road infrastructure works have commenced and are proceeding at varying stages. The year 2025 saw the completion of several projects, including the Eslyn Henley-Richez Learning Centre, the Brewer's Bay Community Centre, Huntum's Ghut Economic Zone, some road infrastructure works, and reconfiguration works at various government offices.

[12] Other refers to food and beverages, household furnishings and supplies, clothes and other personal items, paper and products, vehicles and boats, pharmaceutical supplies, agricultural products, and fuel.

[13] The primary objective of the 5% import duty policy was to provide a temporary ease from the financial burden being experienced by citizens due to the rising cost of goods and shipping driven by escalating global inflation.

In the private sector, large-scaled tourism-focused development projects which have had planning approval and are progress at varying development stages in 2025 are Long Bay Beach Resort, Bitter End/Gorda Estates, Oil Nut Bay and Eustatia Island. Still, there is usually a lag in realising the impact of these investments, which could be as much as a four-year period. This is evident by the reduced employment activity in the construction industry and reduced construction imports signifying decreased construction activity. Despite these indicators, the preceding tourism-focused developments, along with public investment projects such as the North Coast Roads Revetment, the Terrence B. Lettsome International Airport Development, the West End Ferry Terminal, the Long Bay Beach Development (Beef Island), Road Town Development, and Road Construction and Rehabilitation, will positively contribute to the quality of the Territory's tourism product.

In the medium-term (2026 – 2029), there are a number of large-scaled development projects planned by the Government. These projects include the Agriculture and Fisheries Complex, the West End Ferry Terminal, the Immigration Detention Centre, the Elmore Stoutt High School and School of Technical Studies, the Althea Scatliffe Primary School, School Rehabilitation and Design (Primary), territory-wide Road Construction and Rehabilitation, Water Network Improvement, and National Sewerage Programme, Dr. D. Orlando Smith Hospital Improvement, and the Terrence B. Lettsome International Airport Development.

In the private sector, planned large-scaled projects include the Nanny Cay Marina Expansion, the Norman Island Development, expansion and enhancements to Bitter End Yacht Club, Biras Creek Resort and Long Bay Beach Resort and the continued development of Oil Nut Bay Villas and Eustatia Island. The combination of these developments, along with the office developments by JOMA Properties Ltd. and residential housing projects, is expected to: (i) significantly contribute to the development of the Territory, (ii) stimulate economic growth through an increase in construction and related activities, (iii) increase employment, (iv) increase tourist activities, and (v) boost revenue intake for the Government.

The medium-term economic outlook for the construction industry therefore shows potential for increased activity. However, the importation of goods remains vulnerable to external factors like shifting and unpredictable market trends, inflation, supply chain disruptions, shipping costs, and recently imposed U.S. trade tariffs on imports. The current Middle East and Russia/Ukraine wars continue to add to global trade tensions, amplifying concerns about the long-term impact on global growth and economic viability. Additionally, local economic growth may be hindered by decisions made within the Territory's current social and political climate. Factors such as labour policies, cost of living, and disposable income levels can significantly impact economic activity, underscoring the importance of transparency and accountability.

9. Imports of Goods

By the end of 2024, imports of other goods ($528.79) fell by 5.5% from $559.39 million in 2023. Other imports for Q1-Q3 2024 ($400.90) increased by 11.1% when compared to the same period in 2023 ($360.79 million), with Q2 and Q3 of 2024 recording the higher increases of 13.3% and 22.2%, respectively. However, the effects of supply-chain disruptions and a slowing down in economic activity in the Territory were seen in a 35.6% decrease in Q4 2024 for imports of other goods. This decrease was significant enough to counter the impact of the increases recorded in the previous quarters (see ***Figure 19***).

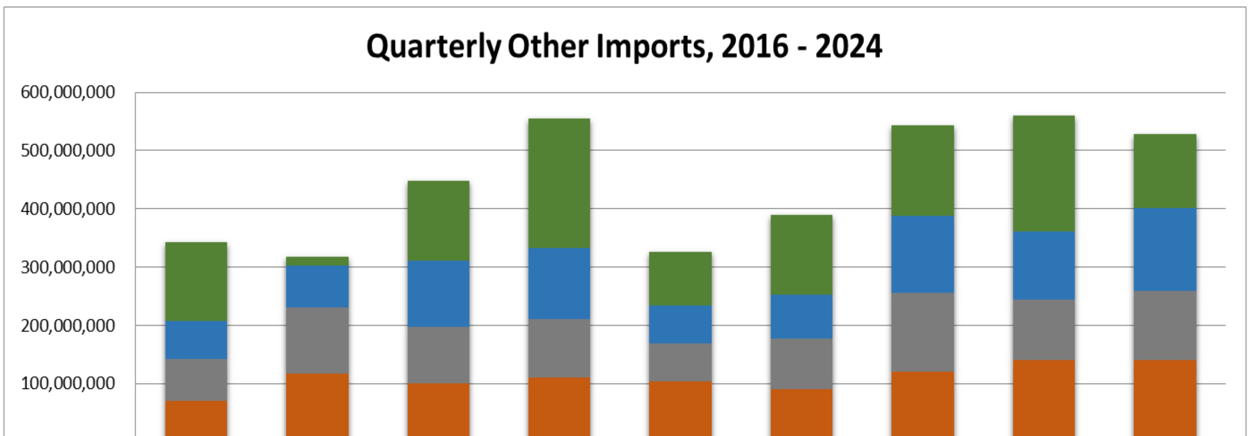
Other imports in 2024 ($528.79 million) declined by 5.5% from that of 2023 ($559.39 million).

Other imports for 2025 and 2026 are expected to continue to be impacted by inflation on the value-side, and volumes are expected to grow at lower rates.

Historically, the highest value of imports of other goods typically occurred in November and December to prepare for Thanksgiving, Christmas, and New Year's holidays, but this trend was disrupted in the fourth quarter of 2024. While Q4 2024 imports of other goods reached $127.89 million, making it the third-highest quarter for this group of imports, it was significantly lower than the $198.60 million recorded in Q4 2023. The Q4 2024 share of the value of imports of other goods (24.2%) was also the lowest for the same quarter over the period from 2020 to 2024.

Figure 19. Quarterly Other Imports[14]

Source: Central Statistics Office



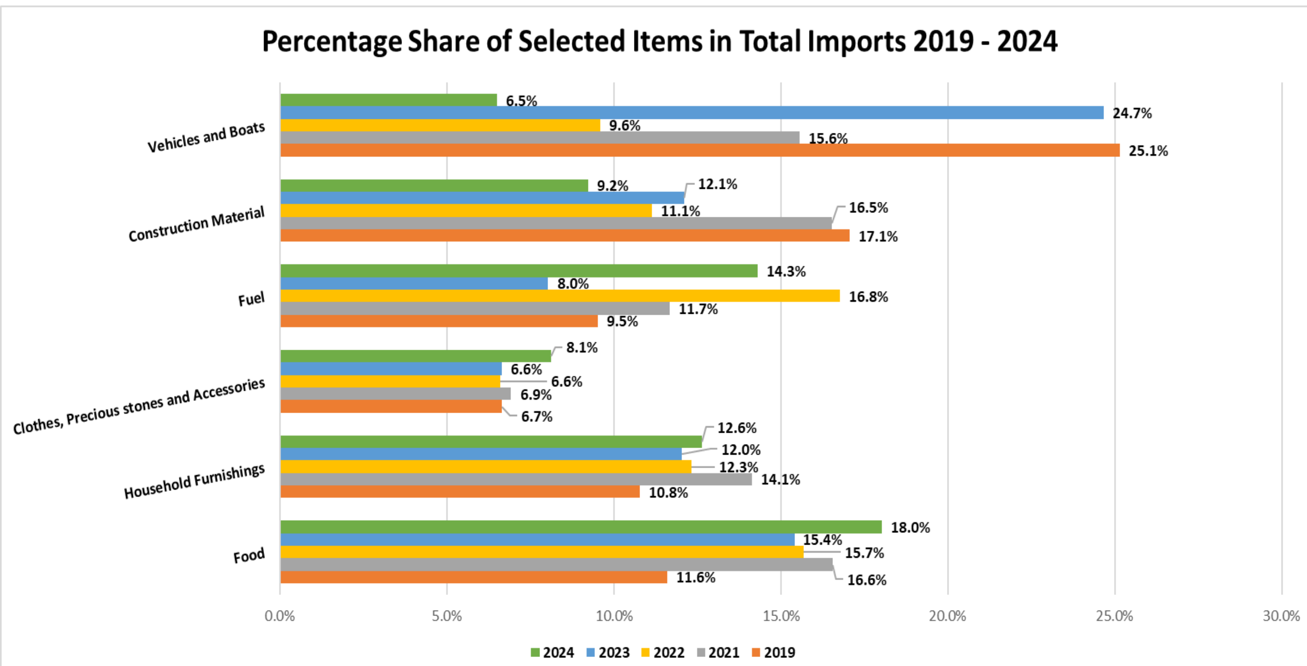
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q4	135,077,580	15,913,639	136,776,436	221,426,612	91,151,066	137,241,433	155,621,401	198,601,124	127,899,996
Q3	65,774,443	72,000,182	113,947,135	121,536,026	65,653,246	75,701,342	131,854,836	116,459,902	142,288,925
Q2	71,024,171	113,449,190	97,049,593	100,904,157	64,359,909	86,860,667	134,572,326	104,357,897	118,226,519
Q1	70,941,180	116,863,007	100,620,603	110,370,932	104,573,216	90,379,019	120,892,239	139,973,695	140,380,415

[14] Other Goods excluded construction materials imported which was reported in the previous section of this document.

Figure 20 depicts the import groups that drove total imports in the years 2019 to 2024. Total imports in 2024 were valued at $582.50 million, a 8.5% decrease from $636.46 million in 2023. In contrast, the number of goods imported increased by a small margin of 1.4%, moving from 569,457 to 577,508 items. This growth in the number of imports in 2024 was mainly attributed to increases in clothing, precious stones and accessories (31.6% over 241,320 items in 2023) and fuel (39.5% over 1,211 items in 2023), along with increases in number of food and household furnishings items imported (see *Appendix 5.1*). The clothing, precious stones and accessories, and food groups accounted for 55.0% and 17.3% respectively of the total number of imports for 2024. When the value of imports is compared across the product groups, the food, fuel and household furnishings groups were the main value drivers at 18.0%, 14.3%, and 12.6% of total imports respectively for 2024.

Figure 20. Product Drivers Share of Total Imports

Source: Central Statistics Office



It is anticipated that the effects of high inflation in 2024 on construction imports will ease and continue to lower at a gradual pace in 2025. Consequently, both the number and value of imports in 2025 are expected to fall short of those recorded in 2024 due to anticipated reduced economic activity in 2025 compared to 2024 projections. For 2026, both value and number of imports are expected to shift directions and register higher rates of growth as construction of large-scaled development projects, for both private and public sectors, are projected to commence in the medium to long-term.

10. Real Estate

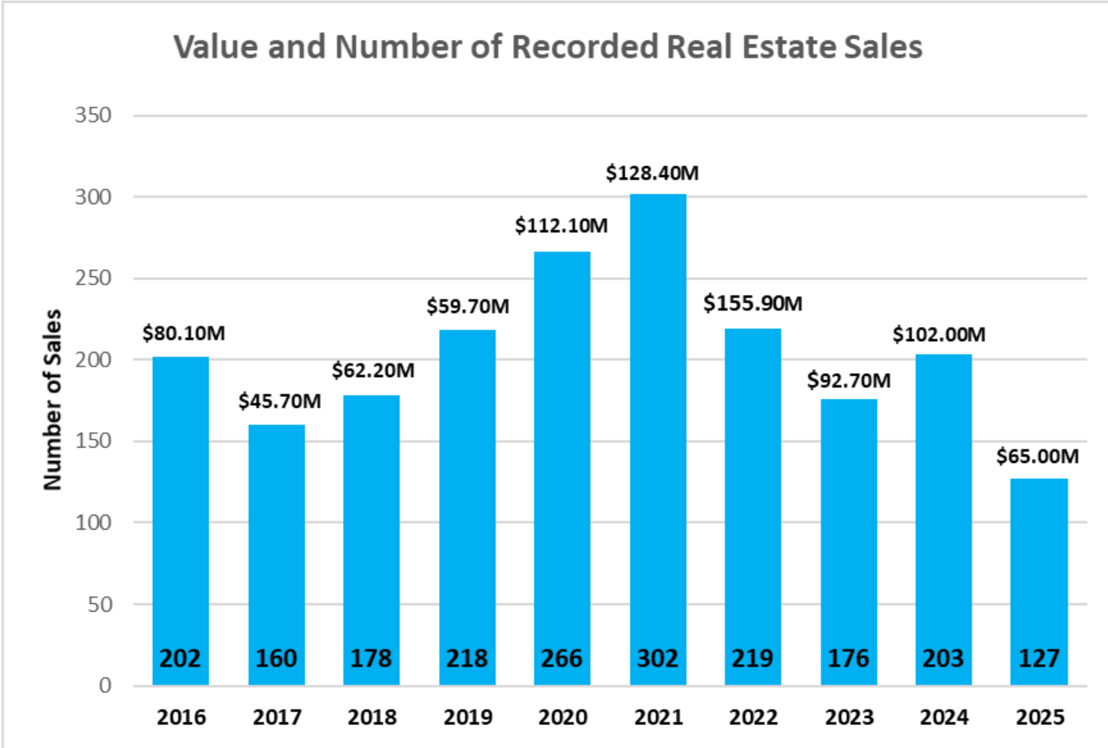
The real estate sector is characterised by its large-scale property sales and rental activities and is a key contributor to the Virgin Islands economy. The ability to purchase property, including land, is one of the core indicators of the overall economic health of the Territory. Many economies measure growth by monitoring the demand for real estate. The demand for real estate development is realised through investments, which is based on risk or the perception of risk in the market.

During 2024, economies across the world, continued to be impacted by many factors that have heightened uncertainty about stability and economic growth, including the war in Ukraine, higher tariffs imposed by the U.S., the conflict in the Middle East, and the lingering effects of the COVID-19 pandemic. These impacts have influenced the perception of risk in the Virgin Islands real estate market, which translated into reduced sales. Additionally, the higher interest rates in the U.S. and Europe at the start of 2024 further curbed the interest of buyers. However, the lowering of the interest rates in Europe anticipated in 2025 can potentially revive the market, opening the real estate market to new investors, and even counteract the effects of higher rates in 2024 on this market.

The Government implemented a waiver of Stamp Duty on the sale or transfer of property to Belongers from May 2020 to December 2021. From 1st January 2022, the waiver was amended to target Belongers that are first-time homeowners. According to information from Smiths Gore BVI Ltd. ("Smiths Gore"), the Virgin Islands local real estate market was impacted by this amendment resulting in declines in the number of sales for 2022 and 2023 of 27.5% and 19.6%, respectively. In contrast, the number of sales in 2024 (203) rose by 15.3%, when compared to 176 in 2023, and was valued at $102.00 million at the end of the year (see ***Figure 21***). Based on data received up to August 2025, there are early indications that there may be a decline in real estate activity in 2025. The number and the value of sales at the end of August 2025 showed declines of 3.1% and 6.2% respectively when compared to the same period in 2024 (see ***Appendix 6.1***).

In reviewing the three years from 2022 to 2024, after the stamp duty waiver was changed from all Belongers to only first-time homeowners, the average number of sales stood at 169. In 2024, the number of sales to Belongers was 178, a 20.3% increase from 2023, (148 sales), after a decline of 18.2% in 2023 from 181 sales in 2022. The number of sales to Belongers represented an average of 84.8% share of all sale transactions over the three years, with the share of the 203 sales made for the year in 2024 reaching 87.7%.

Figure 21. Value and Number of Recorded Sale Transactions, 2016 – 2025[15]



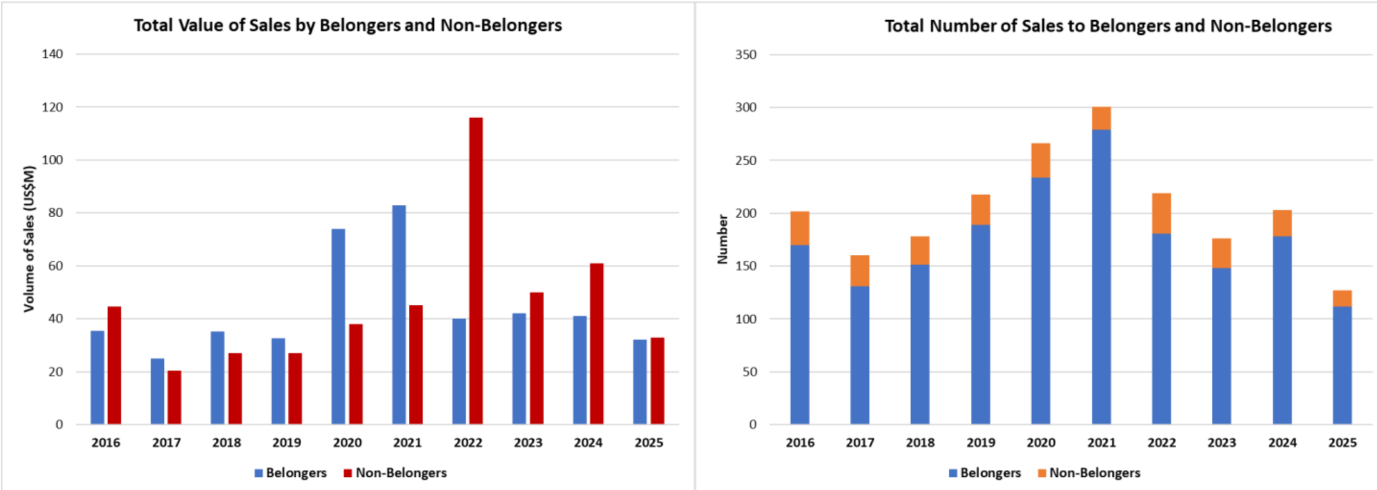
Source: Smiths Gore BVI Ltd.

Similarly, the value of sales annually during this same three-year period recorded increases except for a small decline of 2.4% in 2024 when compared to $42 million in sales in 2023. The average value of sales to Belongers during these three years was $41 million. Therefore, it can be assumed that the waiver has allowed sales made by Belongers to remain stable in value up to 2024.

The 2024 total value of sales ($102.00 million) represents a 10.0% increase from the value of sales in 2023 ($92.70 million), a significant 40.5% decrease from 2022's total value of $155.90 million (see ***Figure 22***). Belonger share of total value of sales (40.2%) for 2024 fell slightly when compared to the 45.7% share in 2023. However, the share held by Belongers of the total value of all sales in 2024 is maintained with their share of the value of sales in 2023. The sustained level for the value of sales and share of the number of sales made to Belongers, along with the significant share of total number of sales made to Belongers is an indication of the continued interest of Belongers to invest in homes and land.

[15] 2025 data reflects transactions up to August 2025.

Figure 22. Value and Number of Sales by Nationality, 2016 – 2025[16]



Source: Smiths Gore BVI Ltd

In 2024, there were 25 sales to Non-Belongers, a 10.7% decline from the 28 sales made in 2023, but only representing a 12.3% share of the 203 sales made for the year. In contrast, the 62.8% average share of the value of sales to Non-Belongers of the total value of all sales over the three years from 2022 to 2024 showed the importance of sales to Non-Belongers in the growth of the real estate market.

The value of sales made to Non-Belongers showed a 22.0% increase in investment in 2024 over that made in 2023, with $61.00 million in sales. This increase followed a drastic 56.5% decline in the value of sales made to Non-Belongers ($50.00 million) for 2023 when compared to 2022 ($116 million). The average value of sales made to Non-Belongers over the three years (2022-2024) was $61.00 million[17] (see ***Figure 22***). The importance of sales made to Non-Belongers (foreign investors) to the real estate market performance is underscored by the 59.8% share of the total value of sales in 2024 made to Non-Belongers, despite only realising comparatively few sales to foreign investors each year.

Real estate sales in 2024 rose to 203 (a 15.3% increase from 176 in 2023), with a value of $102.00 million (a 10.0% increase from $92.70 million in 2023).

87.7% of all sales in 2024 were made by Belongers and BVIslanders.
Over 2020-2024, a total of $280.00 million in residential sales was realised.

Figure 23 provides a breakdown of recorded real estate sale transactions by home sales and by price range. Home sales under $1 million made up 75.9% of all volume sales from 2020 to 2024 and peaked

[16] 2025 data reflects transactions up to August 2025.

[17] Investments in 2022 included a single land sale of $44.3 million which was excluded to calculate the 2022-2024 average sales volume.

at 68 sales in 2020, which was likely due to Belongers taking advantage of the waiver on stamp duty. Home sales over $3 million (16 total) for the same period, made up only 5.1% of all sales. The 16.1% rise in the number of home sales in 2023 (65 sales) from 56 in 2022 may be the result of the lingering impact of the post-pandemic boom in the real estate market in the Caribbean region. In 2024, the total number of home sales (42) represented the highest rate of decline at 35.4% and the lowest levels of home sales for the period 2020-2024. The year 2024 also recorded the lowest level of homes sales when compared to levels during the pre-pandemic (2018 and 2019).

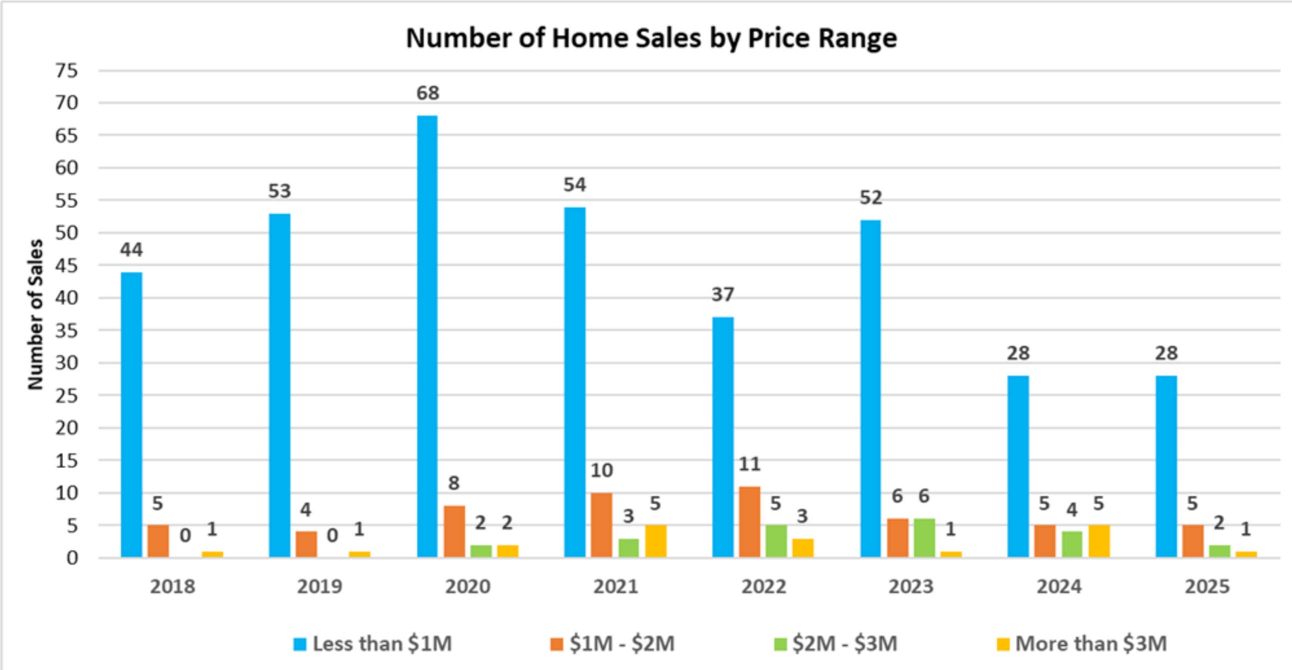
According to information from Smiths Gore, the real estate market for residential lots stayed robust based on the 30.7% increase in sales during 2024 (115 sales) from those in 2023 (88 sales). These figures exclude luxury sales. In addition, Tortola maintained the highest share of residential land sales with 85.3% of all land sales for 2020-2024, followed by an 8.8% share of residential sales on Virgin Gorda. Smiths Gore also indicated that residential land sales under $150,000 made up 83.9% of the land sales market for the period 2020-2025 (up to August). When residential lot sales for January – August 2025 are compared with the same period in 2024, it was noted that sales were down by 5.1%.

The 2023 anticipated prospects for home purchases at the Joe's Hill Manor Estate[18] (the Estate) did not materialise as expected during 2024. Instead, the high purchase costs and buyers' inability to meet bank lending terms prevented the completion of many sales and by October of 2024, only seven (7) sales were finalised for residences at varied costs.

At the end of the first quarter of 2025, three (3) additional owners had signed to the Estate. Effective policy actions that stimulate interest and remove the barriers to first-time home ownership are crucial for improving market conditions, though implementation appears to be slow. The low sale prospects prompted the Social Security Board (the Board) to sign an agreement to lease half of the residences to the Ponce Health Sciences University for its faculty and students. This serves as an alternative for recouping investment in the Estate, but the Board will continue to seek ways to accelerate and promote home purchases at the Estate.

[18] Perched on 7 acres of hillside, the Joe's Hill Manor Estate is a housing community of twenty-five (25) buildings: comprising of fifty-two (52) residential units and one (1) commercial space.

Figure 23. Home Sale Transactions by Price Range, 2019-2025[19]



Source: Smiths Gore BVI Ltd.

Continued investment by local and foreign buyers in the real estate market is key to boosting real estate market activity, which noticeably slowed in 2024 and 2025. As a result, projected year-end sales in 2025 are expected to perform closer to 2024 levels at around $100 million. However, sales in 2026 are expected to perform closer to 2023 levels of around $90 million.

11. Conclusion

The Virgin Islands is making progress in legislative and policy reforms, laying a strong foundation for good governance and transparency, which are key to sustainable development and economic stability. Despite facing a range of challenges impacting economic growth and viability, the Territory's economy has shown resilience, with positive growth trends. In 2024, nominal GDP and real GDP continued to grow at sustainable levels above 3% compared to 2023. Tourism and financial services remain the main economic drivers. However, despite some recent easing, high inflation continues to challenge consumer spending and business investment.

[19] 2025 data reflects transactions up to August 2025.

Under immense pressure from numerous regulatory challenges and evolving requirements, the financial services industry continues to demonstrate resilience. The Asia-Pacific region remains a key driver, contributing over 50% of the Virgin Islands' corporate services business. Transactional activity saw a notable uptick in 2024, reflected in a noticeable growth in new incorporations compared to 2023. This growth in incorporations and renewals contributed to higher collections from both initial registration and renewal fees.

Like its Caribbean counterparts, the Virgin Islands also experienced a record growth in tourist arrivals, attaining over a million visitors. This was the first time since 2016 that the Territory surpassed one million visitors, and this growth was spread across all three categories of visitors - cruisers, day trippers, and overnighters. In addition, this continued growth in tourism, with its multiplier effect across most industries, has contributed significantly to overall economic growth and job creation, resulting in an increase in employment in the Territory.

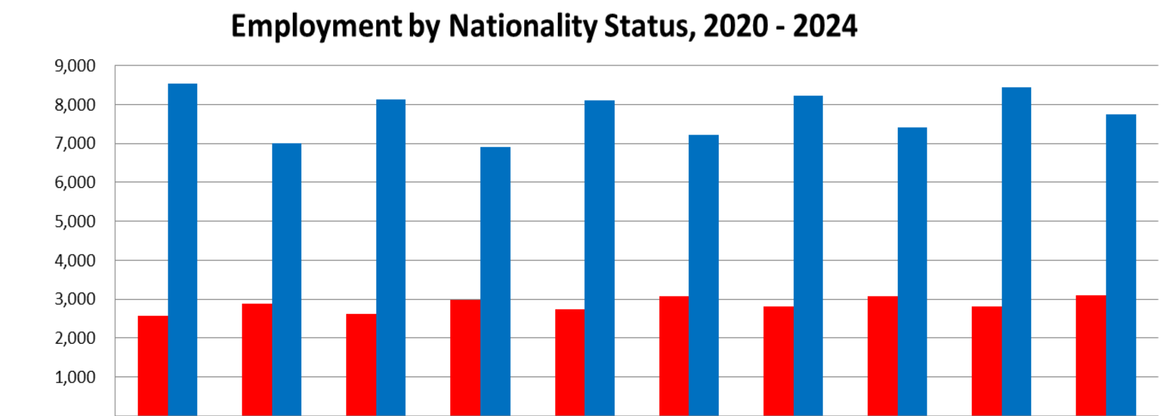
The Territory's economic outlook for 2025 and 2026 remains cautiously optimistic. While growth is expected to moderate compared to 2024, key sectors continue to show resilience. The financial services industry is projected to maintain its strength and uphold its standing in the global market. Similarly, the tourism sector is anticipated to sustain its upward trajectory, drawing over one million visitors annually. Construction activity is set to be a major driver of economic expansion, supported by significant public infrastructure investments and large-scale private tourism development projects.

This report demonstrates the resilience of the Virgin Islands economy, as progress is made towards strengthening the pillars needed for the sustainable development of the Territory. To ensure economic stability and sustainable development, the Virgin Islands must prioritise diversifying the economy, enhancing human capital, and promoting innovation and entrepreneurship.

12. Appendices

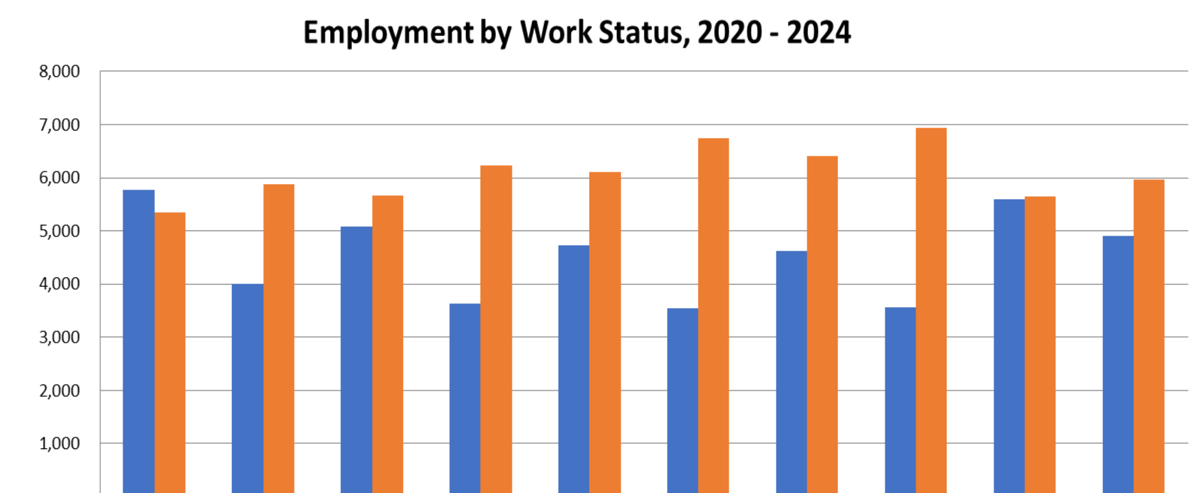
Appendix 1 Employment

Appendix 1.1 Employed Persons by Nationality Status



	2020		2021		2022		2023		2024	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Born in BVI	2,565	2,881	2,612	2,970	2,730	3,079	2,819	3,085	2,802	3,110
Expatriates	8,545	6,994	8,123	6,904	8,112	7,213	8,225	7,414	8,442	7,755

Appendix 1.2 Men and Women Employed by Work Status



	2020		2021		2022		2023		2024	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Part-time	5,764	4,004	5,075	3,635	4,726	3,544	4,630	3,561	5,591	4,900
Full-time	5,346	5,871	5,660	6,239	6,116	6,748	6,414	6,938	5,653	5,965

Appendix 1.3 Employment by Industry Drivers[20] and Employment Status, 2021 - 2024

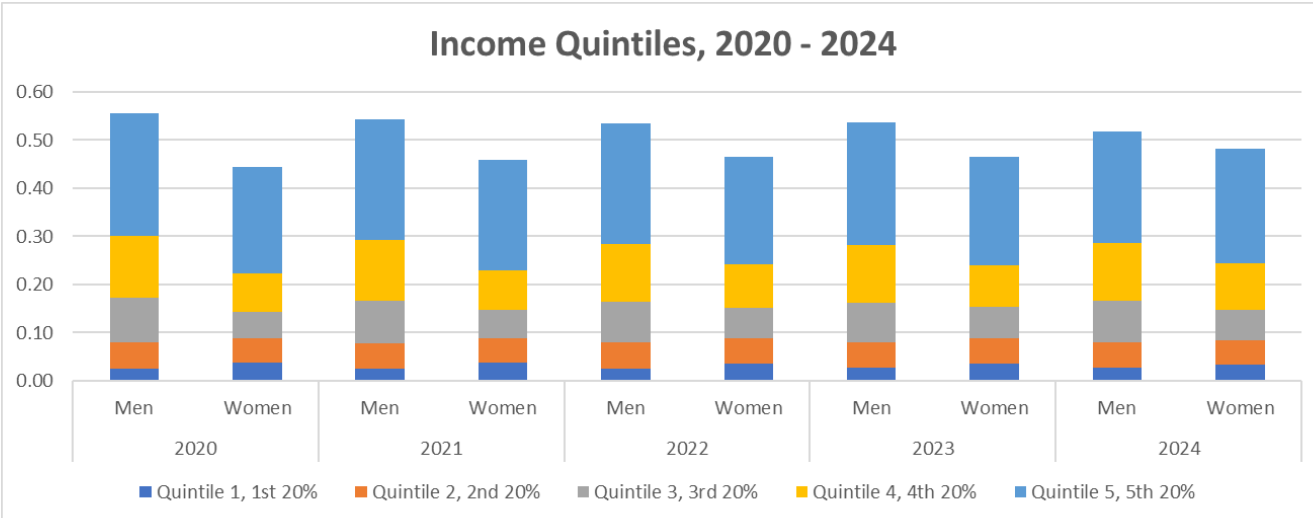
Select Industries	Number of Employees								Growth	
	2021 Part-time	2022 Part-time	2023 Part-time	2024 Part-time	2021 Full-time	2022 Full-time	2023 Full-time	2024 Full-time	2024/2023 Part-time	2024/2023 Full-time
Construction	2,107	1,707	1,529	1,405	924	837	798	729	-8.1%	-8.6%
Wholesale and Retail	1,147	1,054	1,040	1,161	1,598	1,584	1,607	1,488	11.6%	-7.4%
Hotels and Restaurants	1,505	1,429	1,384	1,514	1,280	1,703	1,939	2,062	9.4%	6.3%
Financial Services	160	153	158	153	799	825	817	831	-3.2%	1.7%
Professional Services	437	403	376	395	984	1,054	1,100	1,128	5.1%	2.5%
Administrative Services	778	954	1,046	1,190	776	890	979	1,070	13.8%	9.3%
Total across Key Industries	**6,134**	**5,700**	**5,533**	**5,818**	**6,361**	**6,893**	**7,240**	**7,308**	**5.2%**	**0.9%**

Appendix 1.4 Number of Employees Departing in 2023 and Entering in 2024

Select Industries	Number of Employees		Average Earnings	
	2023 departing the workforce or changing employer	2024 entering the workforce or changing employer	2023 departing the workforce or changing employer	2024 entering the workforce or changing employer
Manufacturing	53	103	10,792	9,411
Wholesale and retail trade; repair of motor vehicles and motorcycles	184	306	9,208	9,131
Transportation and storage	61	92	10,828	7,783
Accommodation and food service activities	348	557	12,250	10,983
Information and Communication	14	27	32,069	11,285
Financial and insurance activities	48	64	50,506	28,141
Professional, scientific and technical activities	99	117	64,829	30,680
Administrative and support service activities	229	393	12,897	9,956
Human health and social work activities	67	100	16,506	22,721
Arts, entertainment and recreation	24	78	12,417	10,079
Other service activities	43	76	7,766	7,054
Activities of households as employers	14	23	7,306	6,564

[20] Professional Services comprises lawyers, accountants, consultants, software design, management services, engineers, advertising and marketing, and veterinary services.
Administrative services include boat rentals, cars, tours, travel agents, and other administrative and support services.

Appendix 1.5 Income Quintiles for Weekly Earnings



Appendix 2 Gross Domestic Product

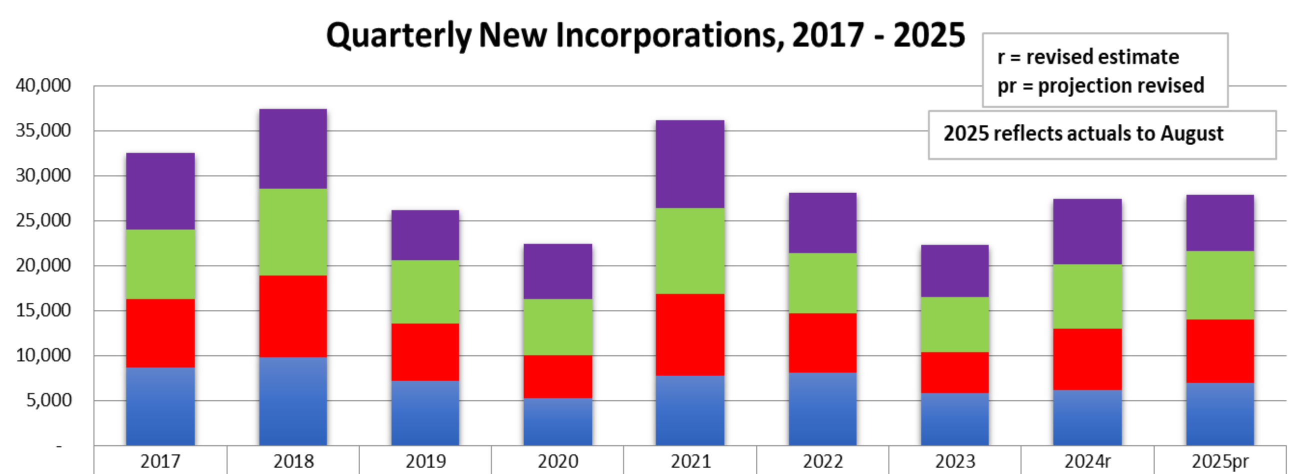
Appendix 2.1 Nominal and Real GDP by Economic Activity/Industry, 2021 – 2026

		Nominal GDP						Real GDP					
Economic activity		**2021e**	**2022e**	**2023e**	**2024p**	**2025p**	**2026p**	**2021e**	**2022e**	**2023e**	**2024p**	**2025p**	**2026p**
A1	Agriculture	0.81	1.25	1.56	2.00	2.26	2.51	0.80	1.17	1.42	1.76	1.97	2.17
A2	Fishing	0.94	1.54	2.08	2.68	3.03	3.37	0.94	1.35	1.69	2.26	2.53	2.79
B	Mining & Quarrying	0.48	0.72	0.49	0.48	0.22	0.27	0.56	0.71	0.54	0.22	0.22	0.26
C	Manufacturing	19.81	26.25	24.19	26.04	29.50	33.20	34.39	32.45	30.65	27.46	30.76	34.21
D_E	Electricity and Water	19.27	20.45	35.66	29.52	31.75	33.32	19.99	22.11	30.37	28.83	27.67	28.78
F	Construction	48.30	66.54	63.40	66.79	31.61	38.31	57.56	75.84	53.52	26.19	26.46	31.75
G	Wholesale and Retail	134.89	143.02	148.12	140.73	156.31	170.41	127.17	126.00	132.86	124.83	137.31	148.29
I	Accommodation and Food Services	50.75	83.89	100.37	101.15	103.98	111.10	23.50	48.42	67.47	77.10	78.64	83.36
H	Transportation and Storage	50.48	72.01	72.24	75.77	79.47	83.34	46.91	56.48	58.52	61.86	64.33	66.90
J	Information and Communication	69.29	73.33	76.51	76.01	72.86	68.80	67.15	69.87	72.43	72.01	68.41	64.00
K	Financial and Insurance Activities	548.51	535.78	568.56	586.10	569.45	580.62	534.60	526.03	550.94	557.08	536.06	541.42
L	Real Estate	60.91	58.04	60.06	60.63	55.53	45.11	60.85	62.02	61.02	118.79	106.91	85.53
M	Professional Services	143.08	150.04	160.67	183.86	194.76	198.37	127.35	134.54	140.12	155.27	163.03	164.66
N	Administrative Services	28.02	43.16	50.92	45.84	50.87	56.44	23.62	37.77	40.23	36.46	40.10	44.11
O	Public Administration, Defence and Social Security	111.45	118.83	132.87	154.68	158.98	163.39	101.22	113.63	118.30	115.93	118.25	120.62
P	Education	38.50	42.22	42.42	47.66	50.55	51.54	39.56	41.25	41.73	45.89	48.18	48.66
Q	Human Health and Social Work	119.04	122.13	124.39	138.73	142.62	144.45	106.76	106.20	102.92	107.74	109.90	110.45
R_S	Other Services	14.52	21.14	25.76	20.62	18.51	20.57	13.42	17.23	22.99	19.80	17.62	19.38
T	Private Households with employed persons	3.25	3.45	3.10	3.22	3.28	3.15	3.45	3.66	3.36	3.36	3.40	3.23
GVA	**Gross Value Added at Basic Prices**	**1,462.28**	**1,583.77**	**1,693.37**	**1,762.51**	**1,755.55**	**1,808.26**	**1,389.81**	**1,476.74**	**1,531.09**	**1,582.84**	**1,581.76**	**1,600.57**
Tax	Taxes less subsidies on products	38.88	42.99	55.55	54.90	63.18	61.93	46.88	49.81	51.65	51.80	58.98	57.29
GDP	**Gross Domestic Product at constant Market Prices**	**1,501.16**	**1,626.76**	**1,748.92**	**1,817.41**	**1,818.73**	**1,870.19**	**1,436.69**	**1,526.55**	**1,582.74**	**1,634.64**	**1,640.73**	**1,657.86**

Source: Estimates up to 2023 and prelimary projections for 2024 from the Central Statistics Office and Projections for 2025 from Ministry of Finance

Appendix 3 Financial Services

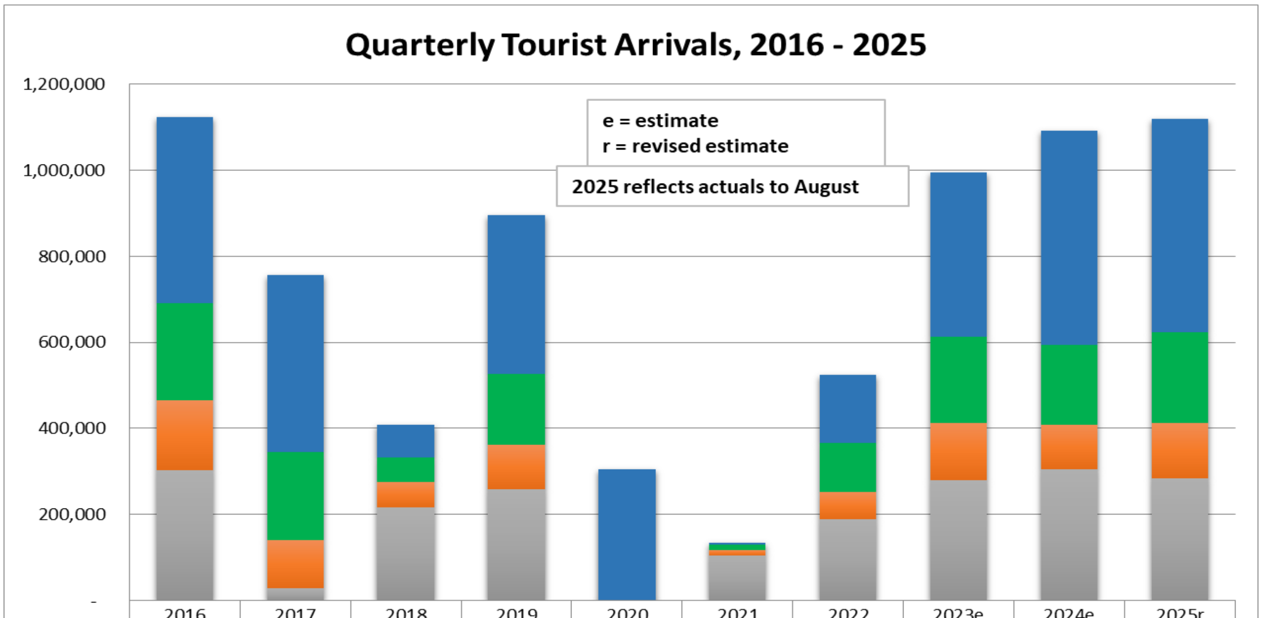
Appendix 3.1 Quarterly New Incorporations



	2017	2018	2019	2020	2021	2022	2023	2024r	2025pr
Q4	8,538	8,916	5,591	6,108	9,809	6,686	5,845	7,229	6,171
Q3	7,639	9,574	6,975	6,254	9,523	6,686	6,124	7,127	7,640
Q2	7,621	9,126	6,365	4,725	9,114	6,630	4,518	6,864	7,037
Q1	8,694	9,798	7,214	5,275	7,732	8,075	5,830	6,142	6,971

Appendix 4 Tourism

Appendix 4.1 Quarterly Tourism



	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025r
Q1	434,158	411,540	77,255	368,412	303,582	3,723	159,366	381,866	497,556	496,325
Q2	225,416	206,258	56,123	165,716	-	14,166	112,255	200,601	185,558	211,093
Q3	162,176	110,578	58,575	101,968	-	12,278	64,827	133,424	103,465	127,959
Q4	302,630	28,637	217,019	258,895	1,774	103,548	187,979	279,005	305,163	283,666

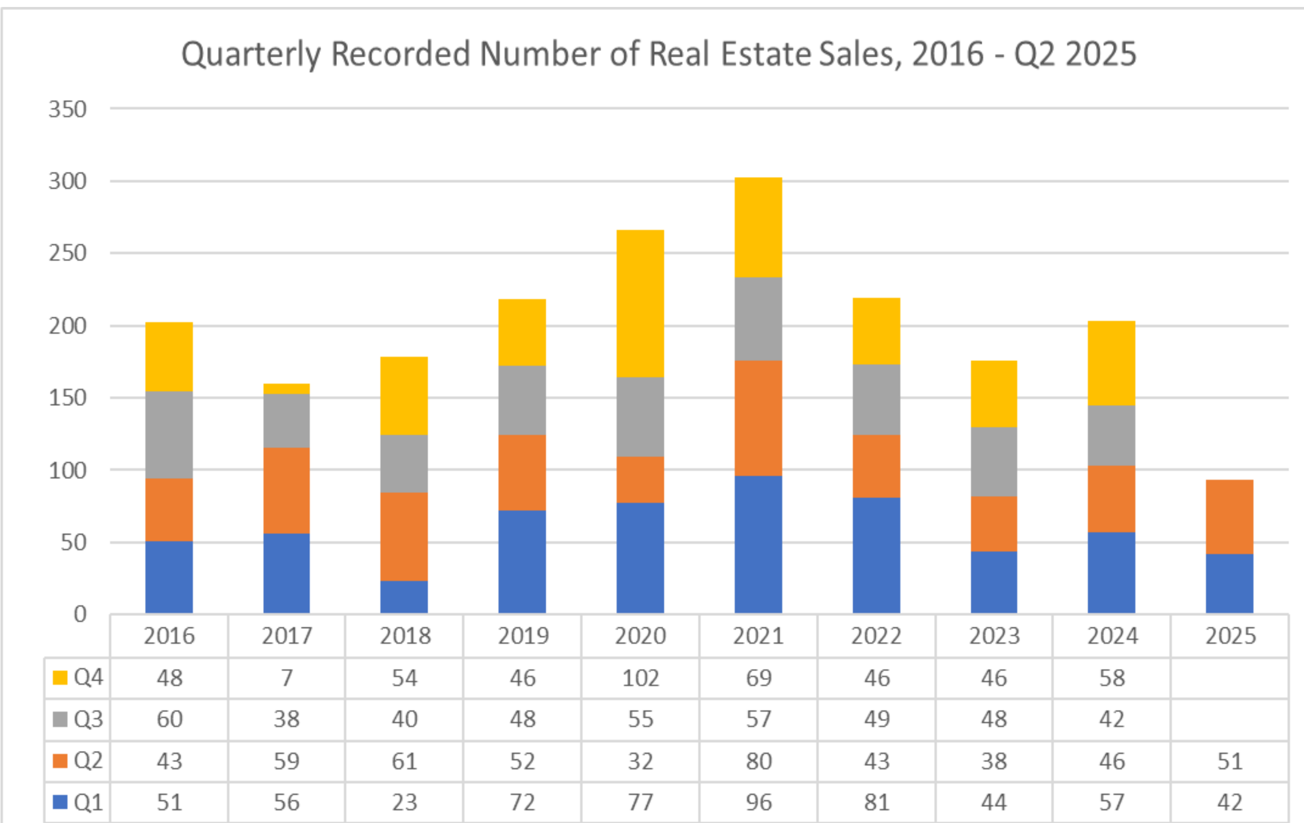
Appendix 5 Construction and Imports of Goods

Appendix 5.1 Growth in Number of Product Driving Imports, 2019 - 2024

Number of Products Driving Imports						Growth in Numbers			
	2019	2021	2022	2023	2024	2024/2023	2023/2022	2022/2021	2021/2019
Food	69,039	99,097	97,867	96,727	99,764	3.1%	-1.2%	-1.2%	43.5%
Household Furnishings	28,585	80,421	75,396	84,189	86,543	2.8%	11.7%	-6.2%	181.3%
Clothes, Precious stones and Accessories	16,926	186,412	157,758	241,320	317,675	31.6%	53.0%	-15.4%	1001.3%
Fuel	899	1,104	600	868	1,211	39.5%	44.7%	-45.7%	22.8%
Construction Material	44,704	72,182	25,295	83,812	25,703	-69.3%	231.3%	-65.0%	61.5%
Vehicles and Boats	6,514	18,008	15,673	19,066	2,551	-86.6%	21.6%	-13.0%	176.5%
Other Products	11,273	31,267	46,649	44,044	44,061	1.3%	-1.3%	-5.6%	313.8%

Appendix 6 Real Estate

Appendix 6.1 Quarterly Number of Real Estate Sales



Government of the Virgin Islands
Ministry of Finance

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