

ECONOMIC CONJUNCTURE

French Polynesia's economy in 2025

Solid results against a less clear outlook for 2026

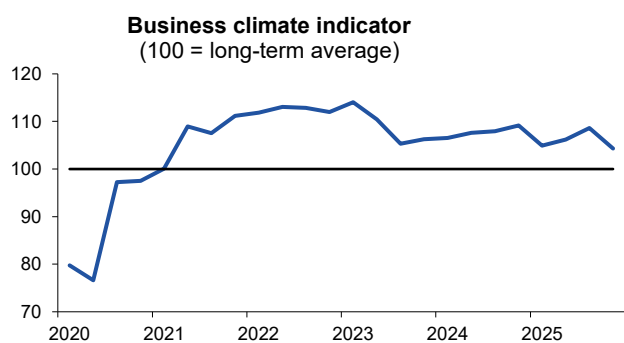


In 2025, the Polynesian economy maintained broadly favourable economic conditions, despite mixed signals at year-end. Business activity remained solid and inflation was under control, while investment recovered, supported by lower interest rates. Household consumption, however, slowed, while the various sectors of activity showed contrasting trends, ranging from still buoyant tourism to a fishing sector faced with a decline in exports. Against this backdrop, financing of the economy intensified and banking risks remained contained. These developments point to a resilient economic landscape, but one marked by uncertainty as 2026 approaches, particularly due to the ongoing conflict in the Middle East.

Favourable economic conditions maintained in 2025

Business leaders remain broadly confident

Despite some nuances over the course of 2025, the business climate indicator (BCI) remained above its long-term average, suggesting that broadly favourable economic conditions were maintained in French Polynesia.



Source : IEOM economic conditions survey

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Companies surveyed as part of IEOM's economic conditions survey reported contrasting developments in their activity in 2025. They notably pointed to a third quarter considered particularly favourable, followed by a less dynamic end to the year.

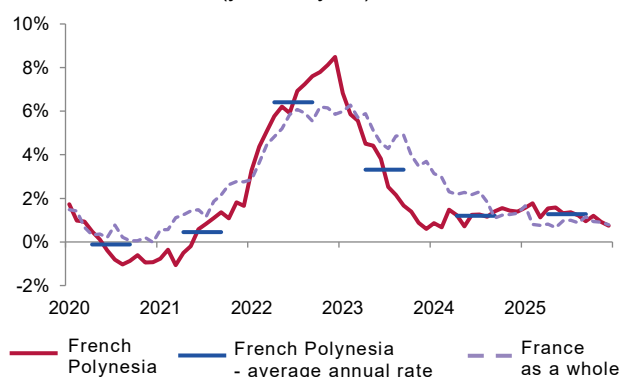
Inflation below 2% throughout the year

In 2025, inflation remained under control. Over the year, the consumer price index (CPI) increased by an average of 1.3%, after rises of 1.2% in 2024 and 3.3% in 2023.

In December 2025, the CPI rose by 0.7% year-on-year. This increase was driven by higher prices for food

(+2.7%), housing-related expenditure (+1.5%), insurance rates (+1.4%) and hotels and restaurants (+1.4%). At the same time, clothing prices fell (-4.7%), as did transport prices (-2.0%) and communication prices (-0.5%).

Change in the CPI
(year-on-year)



Sources : INSEE, ISPF

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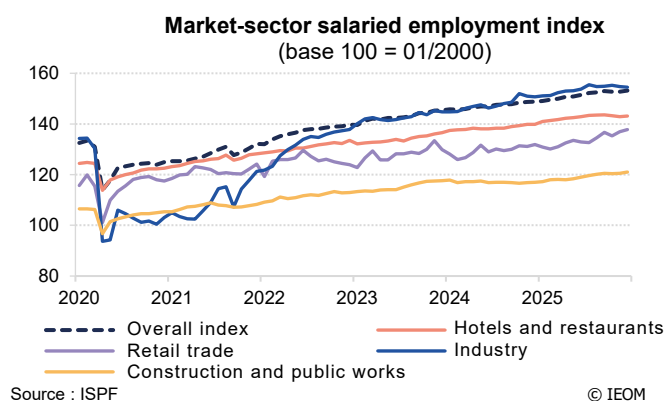
Labour market stabilisation

According to ISPF, the employment rate stabilised at 57.5% in 2025, compared with 57.7% in 2024, while the unemployment rate continued to decline, reaching 6.7%, compared with 7.5% one year earlier. The halo¹ around unemployment also narrowed to 17%, representing 11,200 people in 2025. 25.

Over the first nine months of the year, the average number of employees stood at 66,000 FTEs, compared with 64,300 over the same period in 2024, up 3%. The number of job offers officially published by the

¹ People wishing to work but not meeting all the conditions for unemployment.

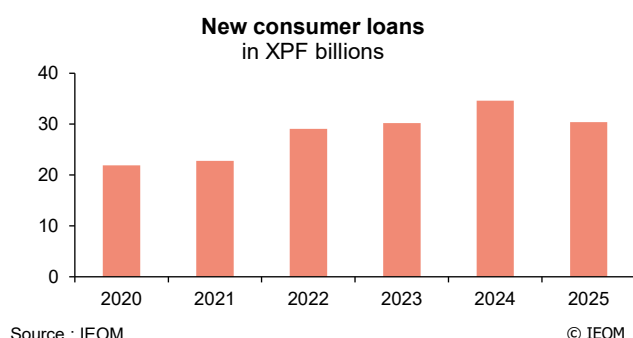
Employment, Training and Professional Integration Service (SEFI) also fell by 8.2% in 2025.



In December 2025, the market-sector salaried employment index rose by 2.9% year-on-year, an increase above its average for the previous five years (+2.6%). The index increased the most in the construction and industry sectors, by +4.4% and +3.5% respectively.

Household consumption slows

In 2025, Polynesian households took on less debt for their everyday purchases. New consumer loans fell by 12%, to XPF 30.4 billion, compared with XPF 34.6 billion in 2024, suggesting a slowdown in private consumption.



Overall, retailers surveyed by IEOM confirmed this trend, reporting a decline in activity, more marked at year-end. Imports of consumer goods nevertheless remained stable, increasing by 0.6% in value terms in 2025, and by 2.2% in volume terms.

In November 2025, 4,605 registrations of private cars² had been recorded cumulatively since the start of the year, representing 79% of registrations in 2024 (5,825 registrations). After an exceptional year in 2023 (6,247), this downward trend could point to demand saturation.

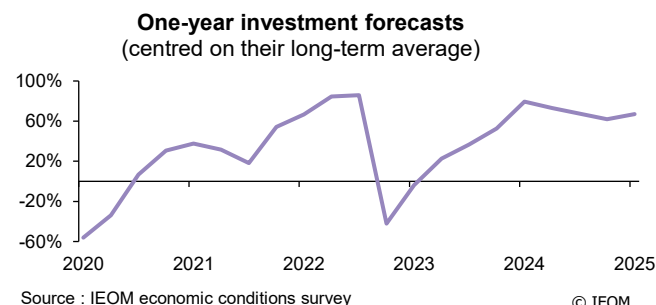
Solid tourist numbers amid more fragile sectors

Polynesian businesses remain solid

In 2025, 57% of companies rated by IEOM, based on their 2024 financial statements, received a favourable rating, after 59% the previous year. The number of business

Businesses and households invested in 2025

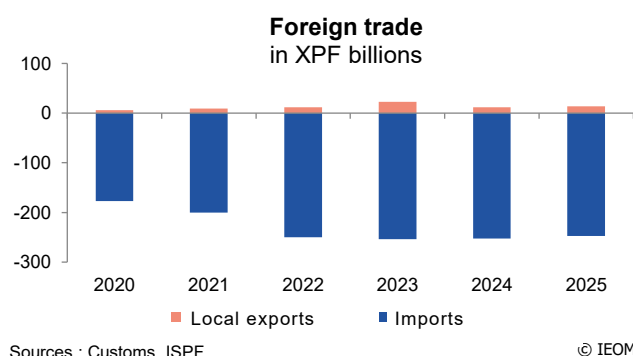
Thanks to a broadly favourable economic context, business leaders surveyed by IEOM reported their intention to invest over a one-year horizon. This is reflected in new equipment loans, which increased by 8.4% over 2025 to reach XPF 39 billion, compared with XPF 36 billion in 2024.



This willingness to invest was also seen among households. After two years of decline in new housing loans (-20% in 2023 and -19% in 2024) the trend reversed in 2025. Over the year, new housing loans increased by 20.5%, totalling XPF 36 billion, in connection with the decline in interest rates. Between end-2024 and end-2025, the average interest rate on housing loans fell by 67 basis points and dropped below the 3% mark for the first time in two years, to 2.9%. This trend was directly linked to the decrease in IEOM's key interest rates in 2025, with four successive cuts of 25 basis points over the year.

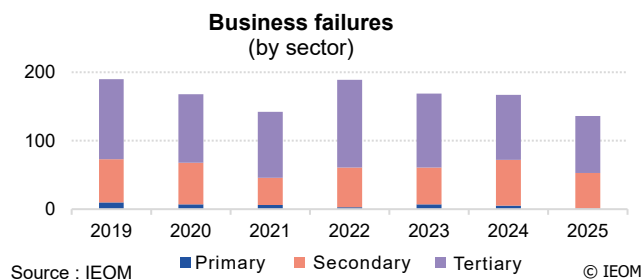
Slight improvement in the coverage ratio

French Polynesia's export revenues returned to growth, reaching XPF 13.8 billion in 2025, compared with XPF 12.0 billion in 2024, up 15%. Imports, meanwhile, fell by 2%, or XPF 0.5 billion, to XPF 247.2 billion, compared with XPF 252.6 billion in 2024. As a result, the import coverage ratio by exports improved slightly, reaching 6%, compared with 5% in 2024.



² Excluding commercial vehicles, particularly pick-up-type vehicles.

Against this backdrop, two thirds of business leaders surveyed as part of IEOM's economic conditions survey reported an increase in their turnover compared with 2024. One third even reported a sharp increase, above 5%.



Tourism: French Polynesia confirms its attractiveness

Since the post-Covid recovery, French Polynesia has experienced sustained growth in its tourism sector, attracting a growing number of international visitors since 2022. 2025 was, therefore, the third consecutive record year in terms of visitor numbers, with 281,277 visitors, up 7% compared with 2024, representing an additional 17,400 tourists. This new record concerned both stay-over tourists, with 227,200 visitors, up 7%, and cruise passengers, with 53,900 visitors, up 4%.

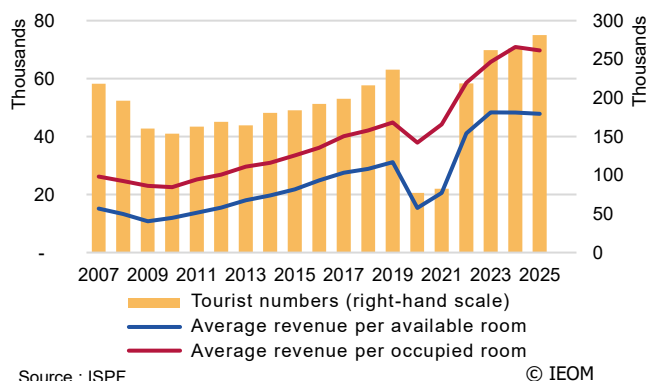
Tahiti-Faa'a airport welcomed more than 820,000 international passengers in 2025. However, this high level of traffic is beginning to generate some capacity constraints, linked both to the size of the infrastructure and to time-zone constraints, which result in long-haul flights being concentrated in the same time slots.

The average hotel occupancy rate remained broadly stable in 2025, at 67.7%, up 0.4 percentage point. Revenue per available room appears to have reached a plateau, down 1%, while remaining at a historically high level: XPF 47,636 in 2025, compared with XPF 31,207 in 2019, the highest point before the health crisis.

According to IEOM's economic conditions survey, sector professionals reported activity considered satisfactory, particularly from the second quarter onwards. Overall, they also reported an improvement in their margins, supported by higher prices and lower expenses.

In 2025, almost all source markets were on an upward trend, with the exception of the South American market. Visitor numbers were mainly driven by three markets: the United States, which accounted for 39% of visitors in 2025, France, with 30%, and the rest of Europe, with 13%.

Tourist number and revenue per room



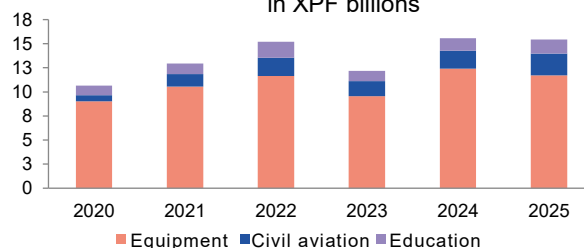
A mixed year for the construction and public works sector

In 2025, the public works sector benefited from liquidated expenditure that remained stable compared with 2024, at a high level: XPF 15,425 million in 2025, compared with an average of XPF 12,845 million over the past ten years.

At the same time, the building sector recorded a decline in social housing construction. The Office polynésien de l'habitat, the sector's main operator, delivered 108 grouped housing units and 201 scattered-site housing units, i.e. 309 units in 2025. This level was stable year-on-year, but remained below the average observed over the 2017–2023 period, at 500 homes. Conversely, housing finance, mentioned above, showed more favourable momentum in 2025, supported by sustained growth in new lending.

The construction and public works sector also benefited from more contained costs for certain imported raw materials. Cement prices fell, with the price per imported tonne down 6.1%, as did prices for processed wood, down 1.4%, and bitumen, down 28.4%.

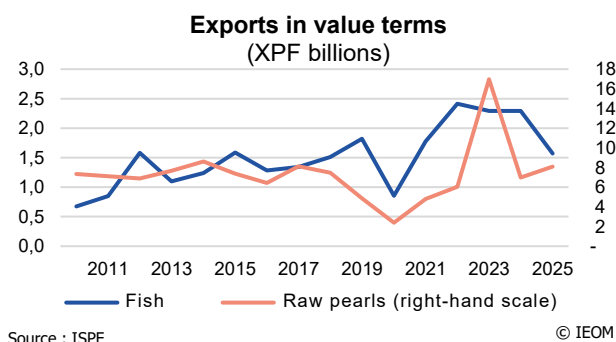
Expenditure disbursed by the public sector in XPF billions



The fishing and pearl farming sectors: opposing challenges

In 2025, exports of Tahitian pearls increased by 32% in volume and 16% in value compared with 2024. The average price stood at XPF 735 per gram, down compared with the previous two years, but still above the average observed over the past ten years, at XPF 590 per gram. The pearl farming sector remained constrained by supply. The decline in the number of available pearl oysters, combined with the introduction of production quotas in recent years, has helped limit production volumes while supporting price levels.

By contrast, the fishing sector faced a contraction in demand. In 2025, fish exports fell by 20% in volume and 31% in value. Export revenues for the sector dropped to XPF 1.6 billion, returning to levels comparable to those seen before the health crisis. The species with the greatest export potential are also those for which catches increased the least. Albacore tuna catches, which saturate the local market, rose by 80% between 2020 and 2024, while catches of yellowfin tuna and bigeye tuna each increased by 8%.



Financing of the economy intensifies

Local banks returned to dynamic lending activity, particularly in business loans and real estate. At the same time, deposits lost momentum.

The net external position of the Polynesian banking system remained largely in surplus, at XPF 60.5 billion, but contracted by XPF 21 billion following an increase in liabilities outside the issuance area.

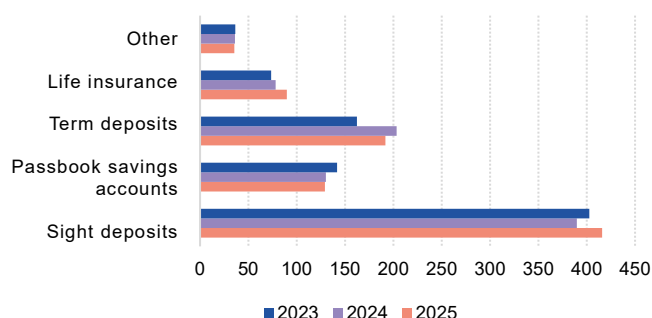
Bank deposits: moderate growth and portfolio reallocations

In 2025, outstanding deposits stood at XPF 862 billion, up 2.9% year-on-year. Households' financial assets, which accounted for almost two thirds of the total, increased by 2.1%, or XPF 11.4 billion. Assets held by companies also rose by 5.5%, equivalent to XPF 11.7 billion.

Unlike the investment behaviour observed the previous year, and against a backdrop of falling interest rates, economic agents favoured sight deposits in 2025, which increased by XPF 26 billion, at the expense of term deposits, which fell by XPF 11 billion. Outstanding passbook savings accounts remained stable.

Life insurance contracts, which account for the bulk of investments outside the issuance area, increased by 14.7% over the year.

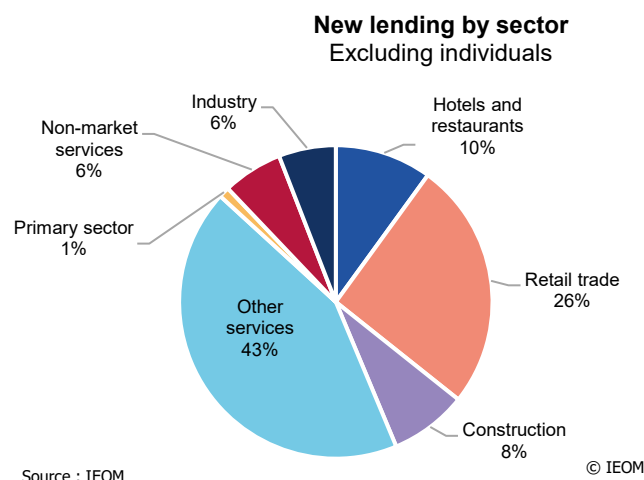
Outstanding amounts of main assets at 31/12
Locally established institutions, in XPF billions



Return to dynamic new lending

In 2025, new lending by the three local credit institutions, excluding overdrafts and trade receivables, was dynamic, reaching XPF 157.9 billion, up XPF 20.4 billion year-on-year, or +15%. This increase was largely attributable to companies, whose financing rose by XPF 16.5 billion year-on-year: XPF 11.6 billion in cash-flow loans, up 61%; XPF 2.9 billion in equipment loans, up 8%; and XPF 2.1 billion in real estate loans, up 33.4%. For households, new housing loans reached XPF 34.2 billion, up 18%, while new consumer loans fell by 8%.

New lending, excluding loans to individuals, was mainly concentrated in the services sector (59%) and retail trade (26%), while the construction sector accounted for 8% of new loans.



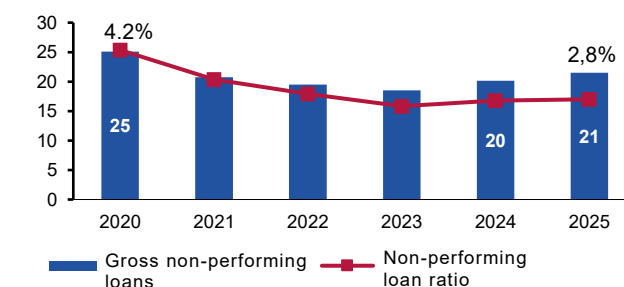
Performing loans held by local institutions stood at XPF 737 billion in December 2025, up XPF 35.9 billion compared with December 2024, or +5.1%. This increase was driven both by companies, whose outstanding loans rose by 5.7% (+XPF 16.9 billion), and by households (+XPF 14.3 billion, +4%).

Risks remained under control in 2025

At end-2025, gross non-performing loans increased by 6.6% year-on-year to XPF 21 billion.

The gross non-performing loan ratio remained stable at 2.8% in 2025, while the provisioning rate rose to 57.1%, compared with 56.5% at end-2024.

Gross non-performing loans of local banks
in XPF billions



Sources IEOM : Surfi - Ruba

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Outlook for 2026

In the last quarter of 2025, one third of business leaders surveyed by IEOM considered it difficult or moderately difficult to forecast how their activity would evolve. Against this backdrop, international tensions at work since February 2026, together with the split within the majority group in the French Polynesian Assembly, are reinforcing the climate of uncertainty.

2026 is set to be a pivotal year for the tourism sector. Hotel supply is temporarily declining due to renovations under way in several high-end establishments. Around XPF 8.9 billion in new loans granted in 2025 by local banks related to hotel renovations. At the same time, French Polynesia is expected to record an increase in cruise passengers in 2026. This trend was already visible in January, with tourist numbers up 0.6% year-on-year, marked by a 9% decline in stay-over tourists and a 40% increase in cruise passengers. However, the global geopolitical context and the rise in hydrocarbon prices, passed on to airfares, could weigh on tourism activity, although sector professionals are not reporting any significant cancellations at this stage.

2026 will also be a decisive year for the fishing sector. Beyond fish exports, French Polynesia will take part in discussions within the Western and Central Pacific Fisheries Commission (WCPFC) ³ on the introduction of catch quotas from 1 January 2027.

The construction sector should benefit from the organisation of the 2027 Pacific Games, with the launch of projects to renovate or build the necessary infrastructure.

Household consumption will be a key point to monitor in 2026. After the slowdown observed in 2025, it could decline more sharply if higher fuel prices and imported inflation are confirmed. Household consumption accounts for around 70% of the territory's GDP and 60% of the country's operating revenues through indirect taxation. In this context, the persistence of the conflict in the Middle East could lead to a reconsideration of the country's debt-reduction path in order to allow measures supporting employment and households to be implemented.

³ Western and Central Pacific Fisheries Commission: an international organisation dedicated to the implementation of sustainable fisheries in the Pacific Ocean. French Polynesia is an observer member, while France is one of the 26 members with voting and veto rights.

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