

# Current Hawaii Economic Conditions

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At the

PATA/TTRA

**2017 Annual Outlook & Economic Forecast Forum**

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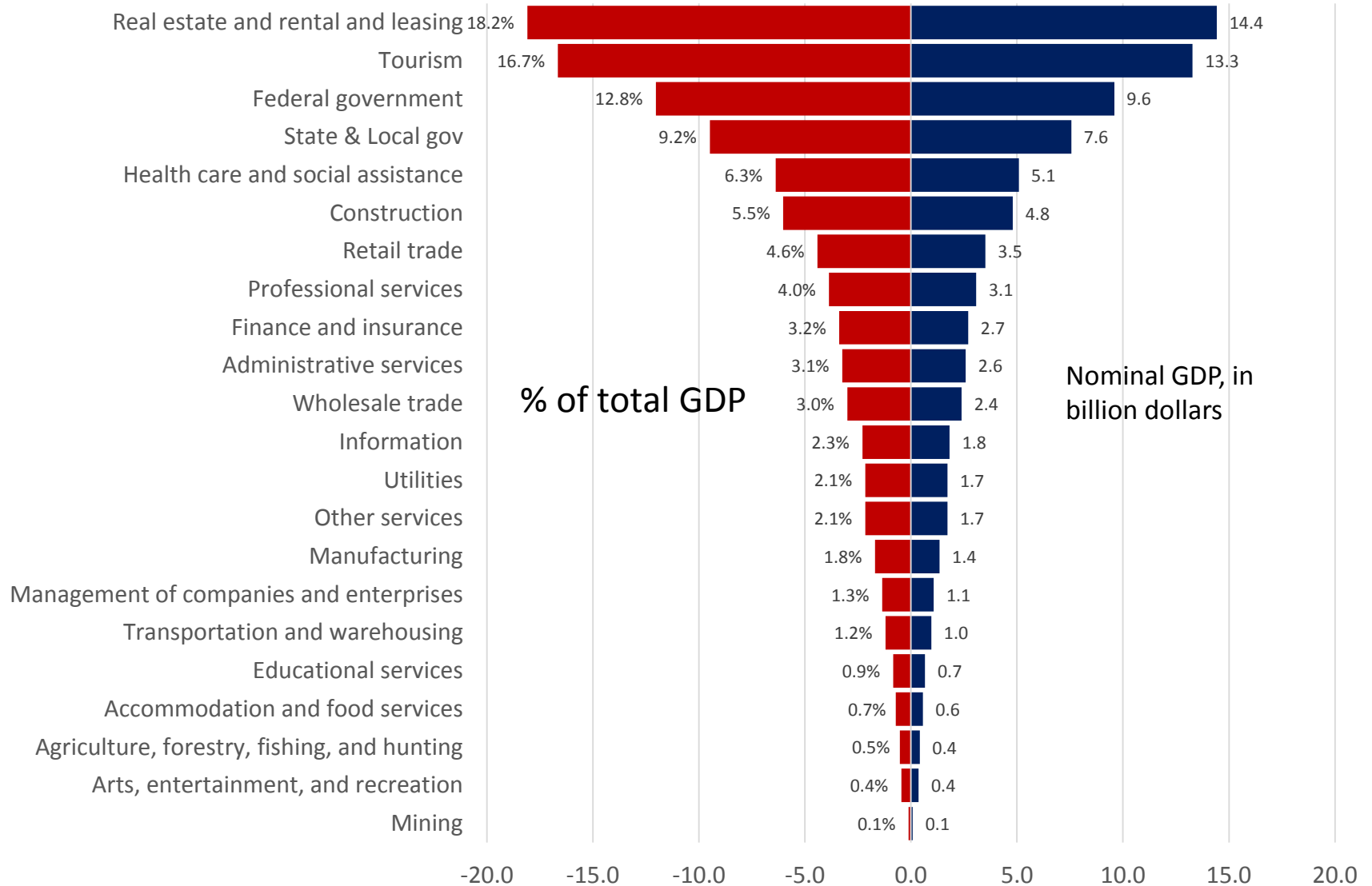
# Presentation Layout

- **A Review on Economic Growth**
- **Labor Market**
- **Construction and Real Estate**
- **Tourism**

# General Economic Condition

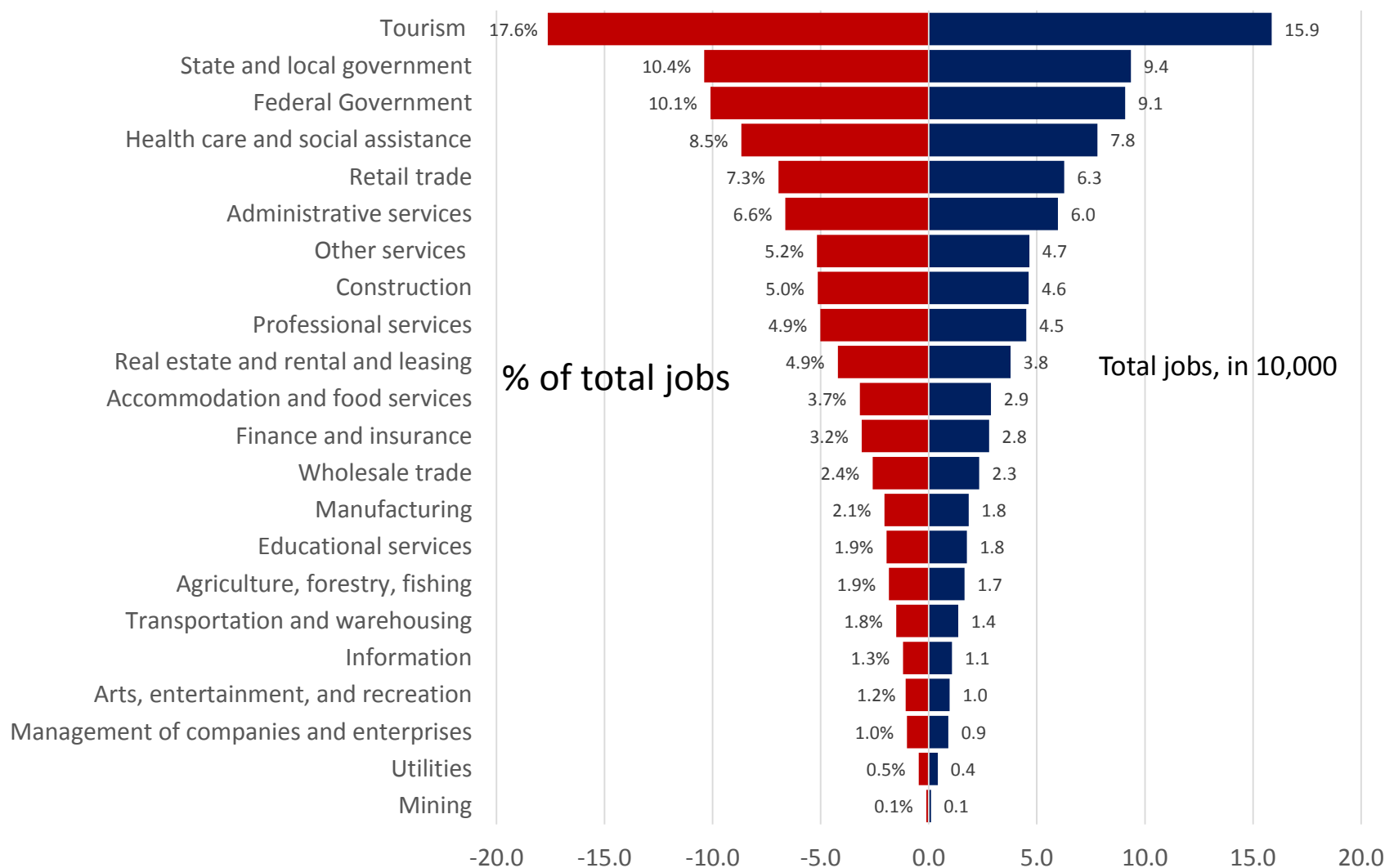


# Hawaii GDP by Industry: 2015



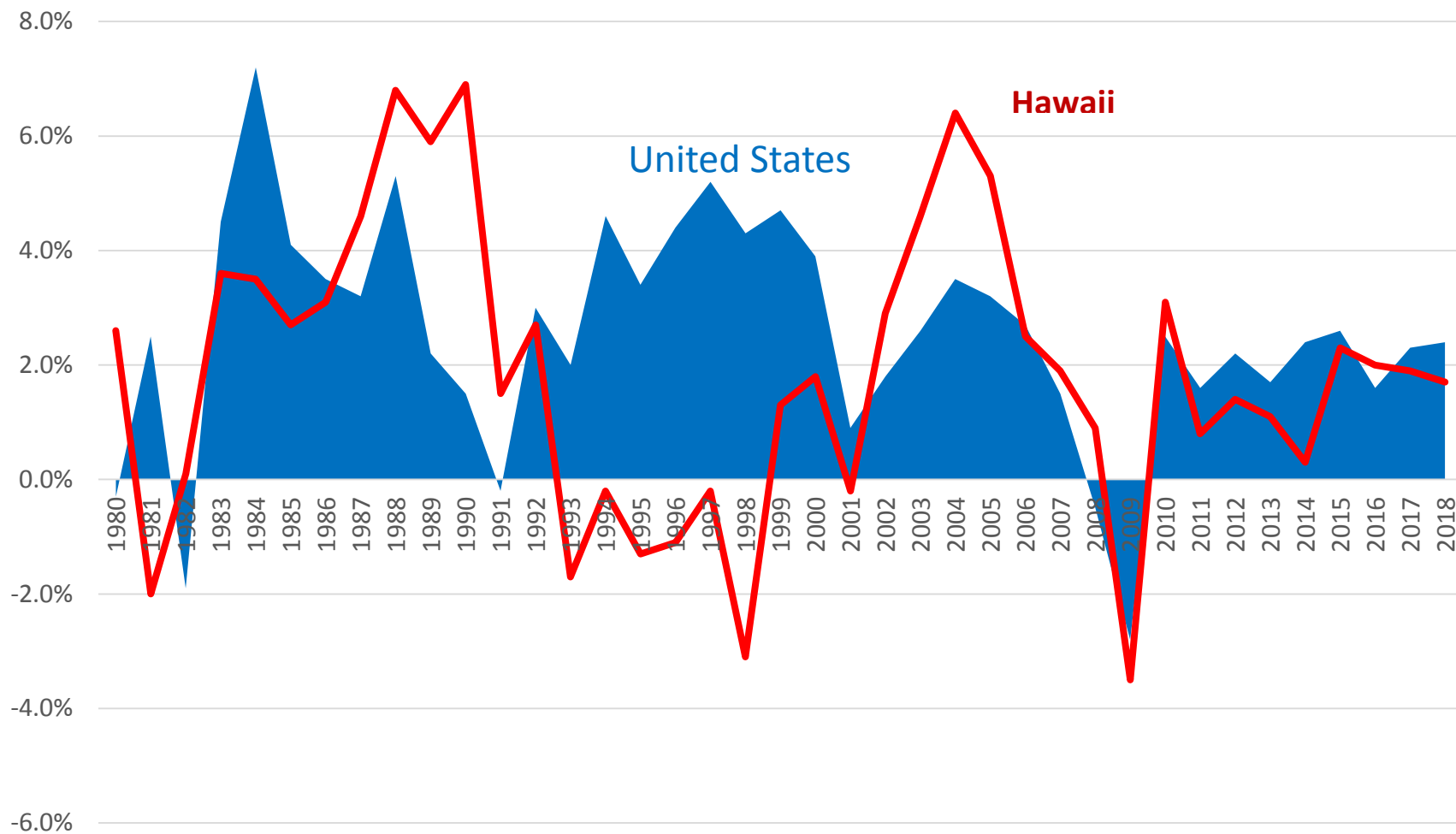
# Hawaii Jobs by Industry: 2015

(Include payroll jobs and proprietors)



# Hawaii's economy has been following the U.S. in the most recent two business cycles

Real GDP growth, % change from previous year



Source: US BEA, DBEDT, NBER, and Blue Chip Economic Indicators

## A Historical Review of Hawaii's Economic Growth

Indicator	Annual average growth, %				
	30 years, 1985 - 2015	20 years, 1995 - 2015	2016	2017	2018
Real GDP	1.9	1.4	2.0	1.9	1.7
Real personal income	1.8	1.8	2.4	2.6	2.5
Honolulu inflation rate	3.0	2.2	2.3	2.6	2.8
Non-Ag wage and salary jobs	1.3	0.9	2.0	1.2	1.1
Unemployment rate 1/	4.7	5.0	3.3	3.4	3.5
Visitor arrivals by air	1.9	1.3	2.3	1.8	1.7

1/ Average of 30 years, 1985 – 2015.

Source: DBEDT

## Most of the World Economies will Grow at Steady Rates

	2015	2016	2017	2018
USA.	2.6	1.6	2.3	2.4
Canada	1.1	1.2	1.9	1.9
Japan	0.6	0.7	1.0	0.7
S. Korea	2.6	2.8	2.6	2.5
Hong Kong	2.4	1.5	1.7	2.1
Taiwan	0.8	1.3	1.9	1.9
China	6.9	6.7	6.4	6.0
United Kingdom	2.2	2.0	1.2	1.3
Germany	1.5	1.7	1.5	1.6
France	1.2	1.2	1.2	1.4
Eurozone	1.6	1.6	1.5	1.6
Australia	2.5	2.8	2.4	2.7
Brazil	-3.8	-3.4	0.7	2.2

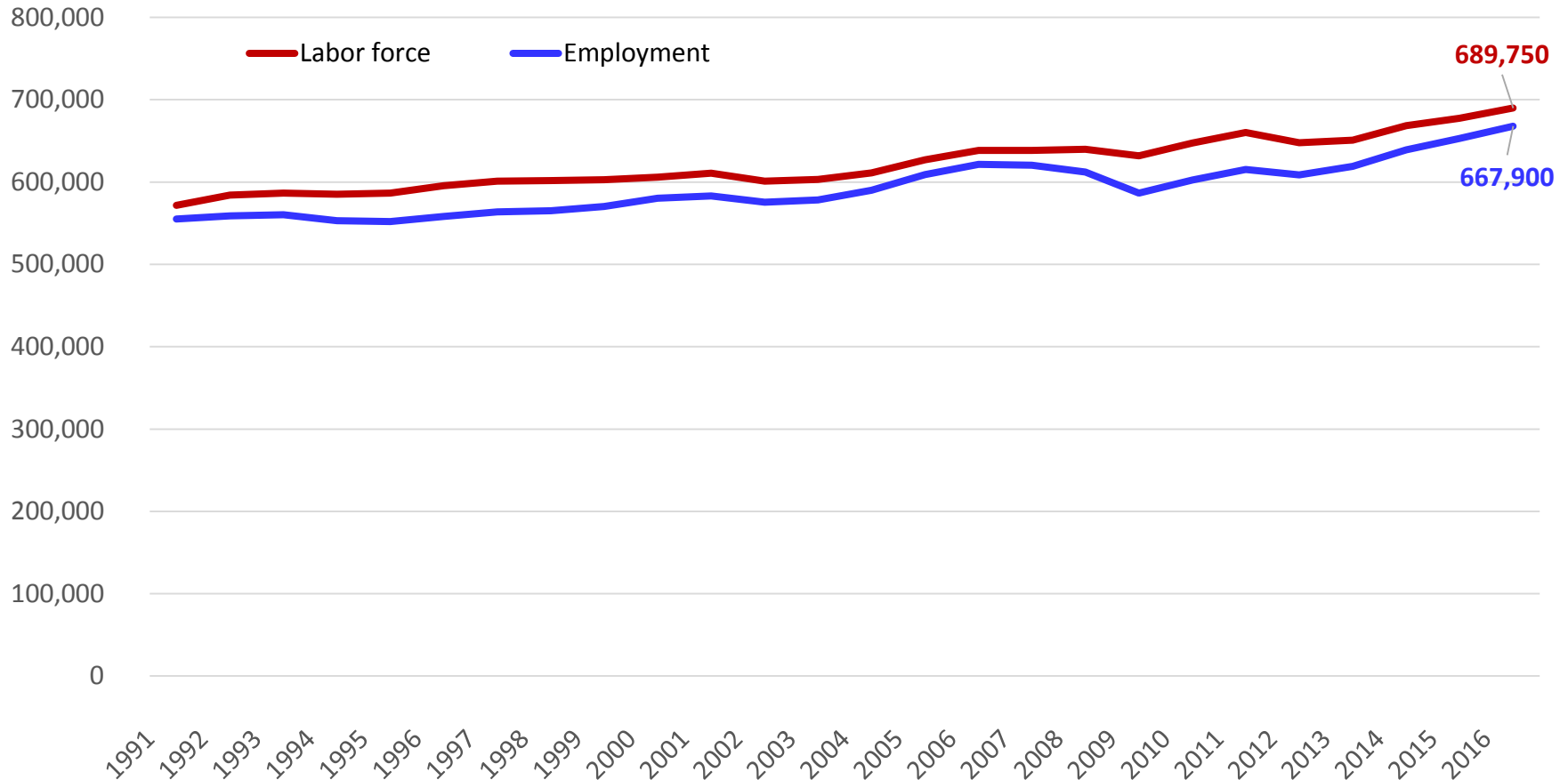
Source: Blue Chip Economic Indicators, January 10, 2016



# Labor Market

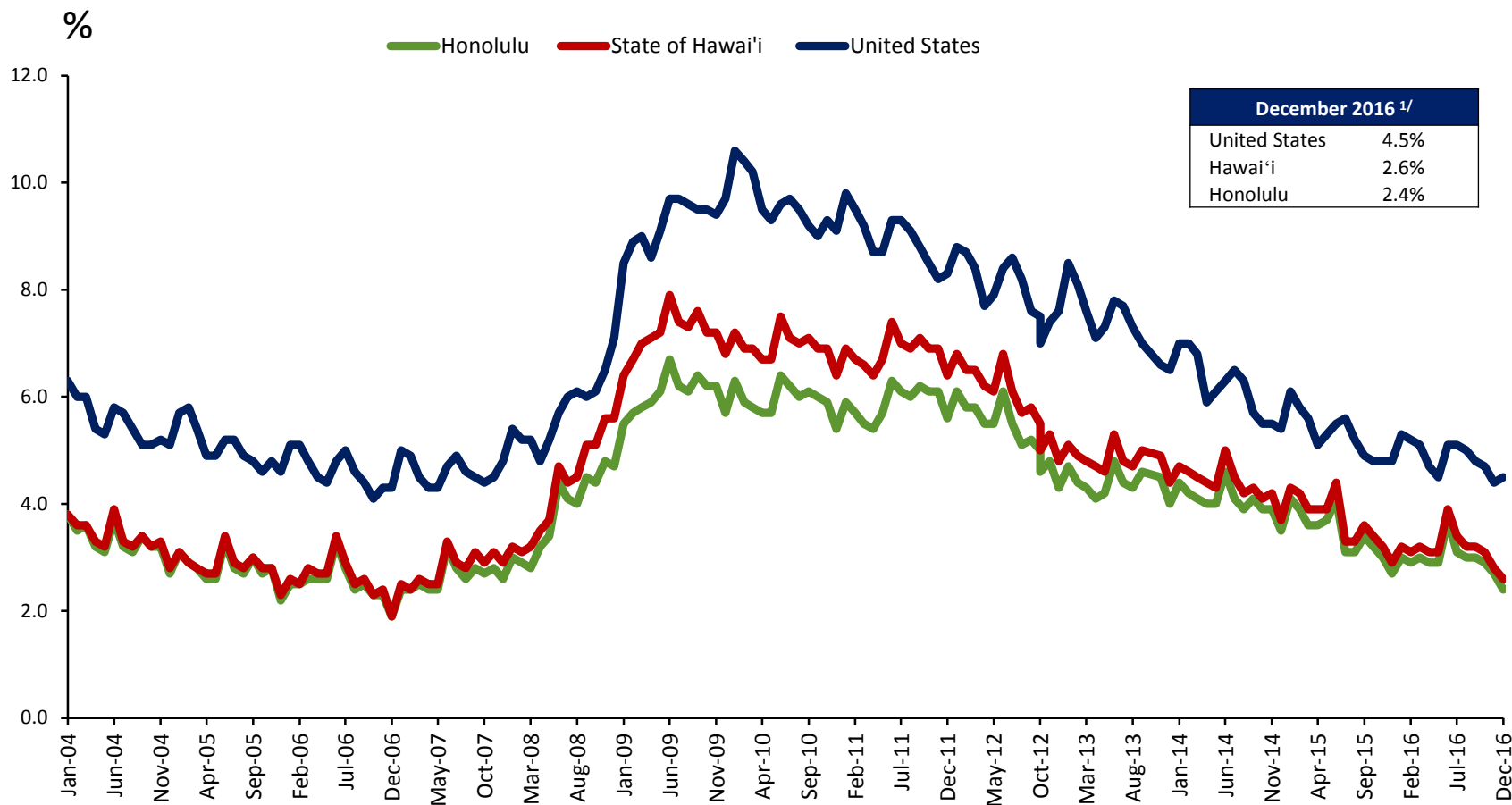


# Statewide Labor Force & Employment Were Historic Record Levels in 1<sup>st</sup> 11 Months of 2016



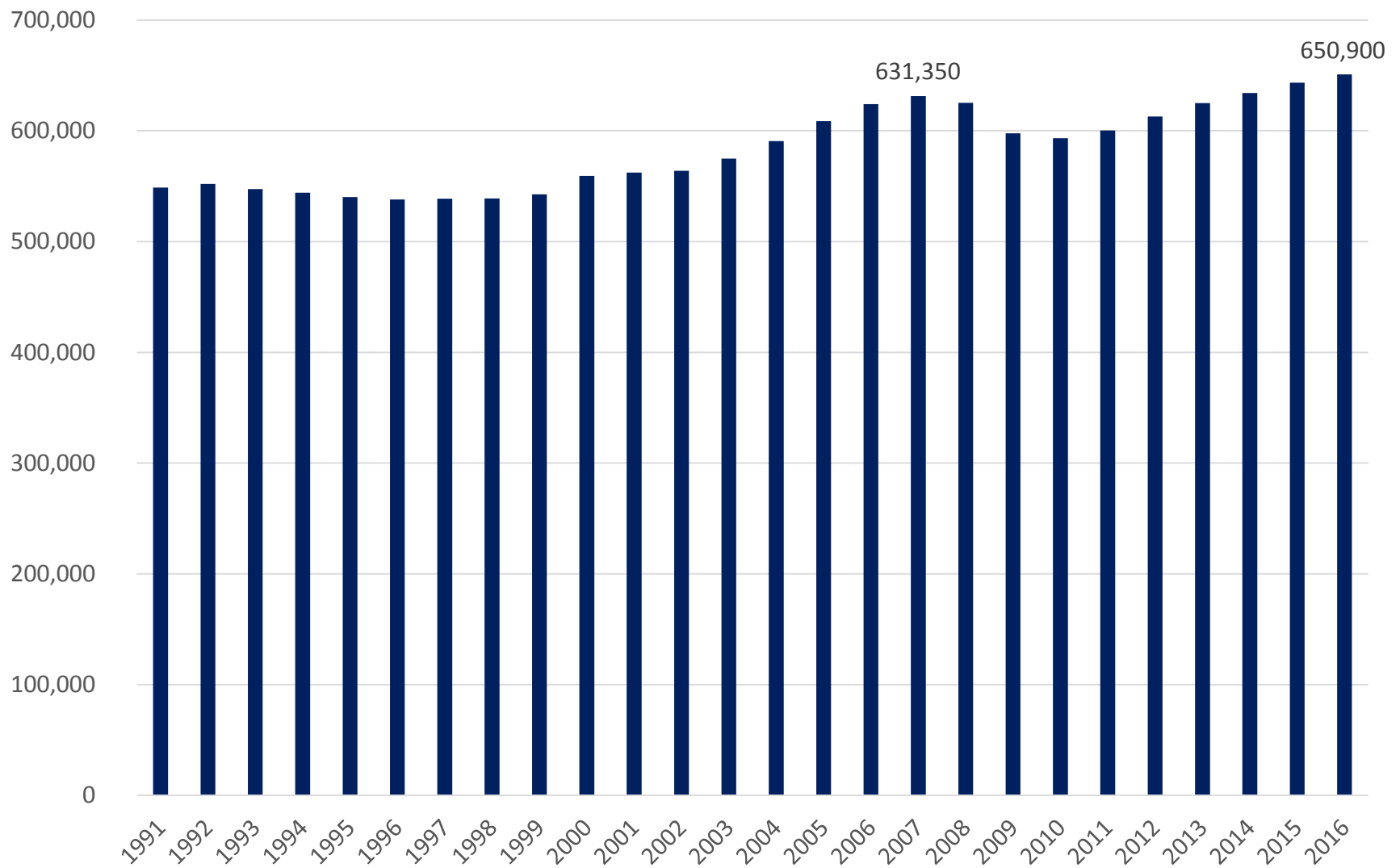
\* 2016 number is the average of first 11 months  
Source: Hawaii State Department of Labor and Industrial Relations

# Unemployment Rate

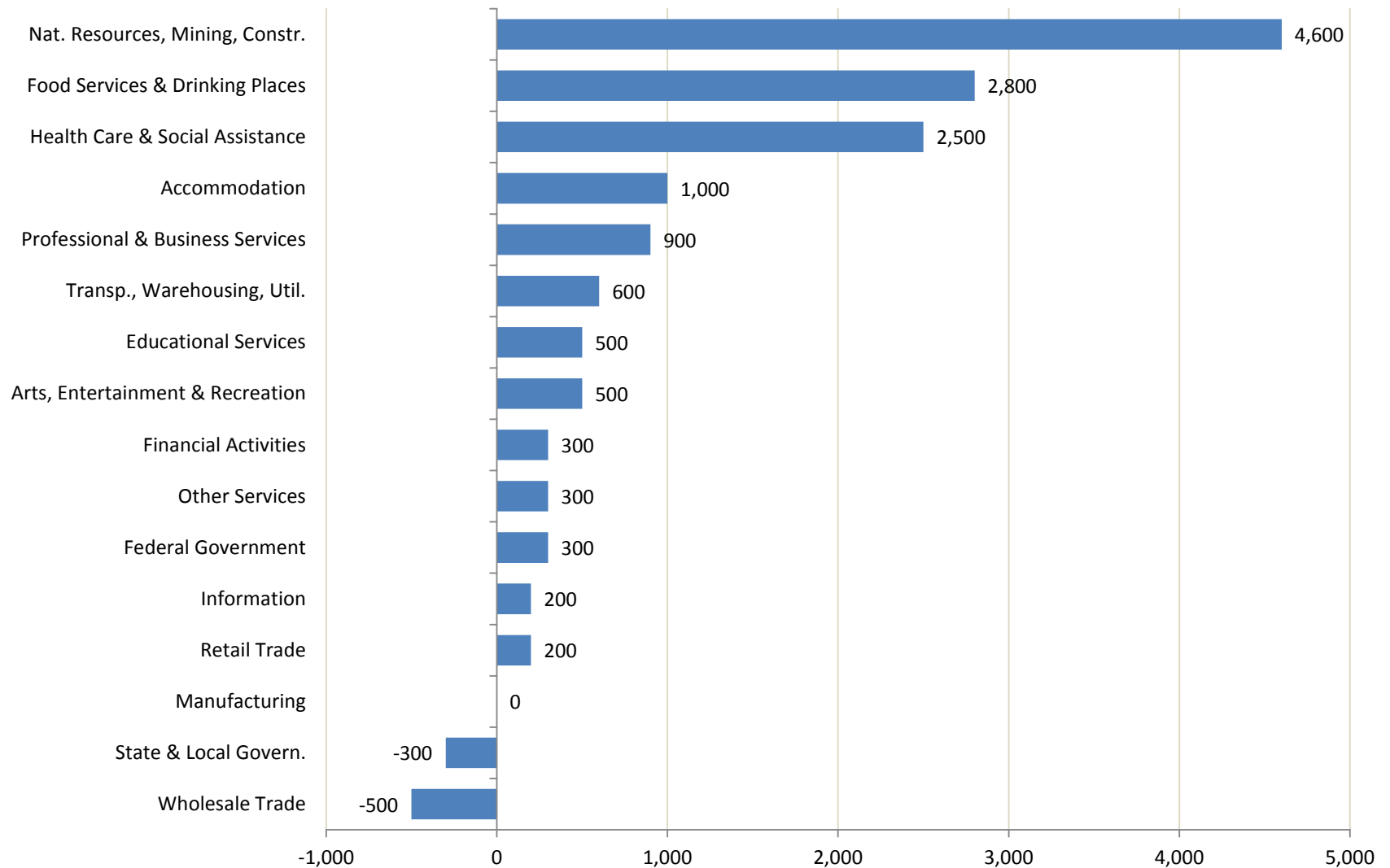


Source: Bureau of Labor Statistics  
\* Not seasonally adjusted.

## Non-Ag. Payroll Job Count Was An Historic Record Level in 2016



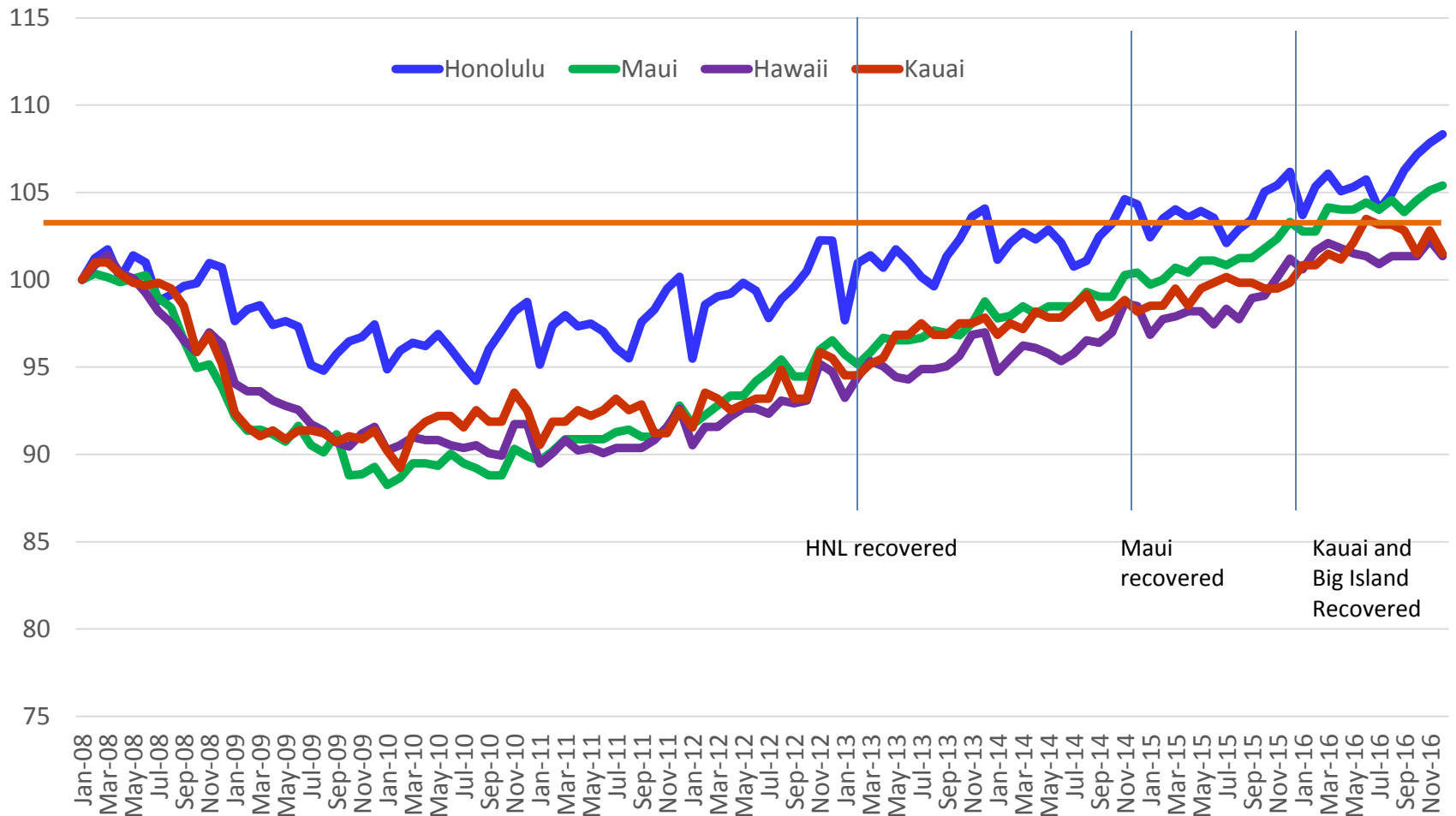
# Statewide Gained 14,00 Payroll Jobs in 2016



Source: Hawaii State Department of Labor and Industrial Relations

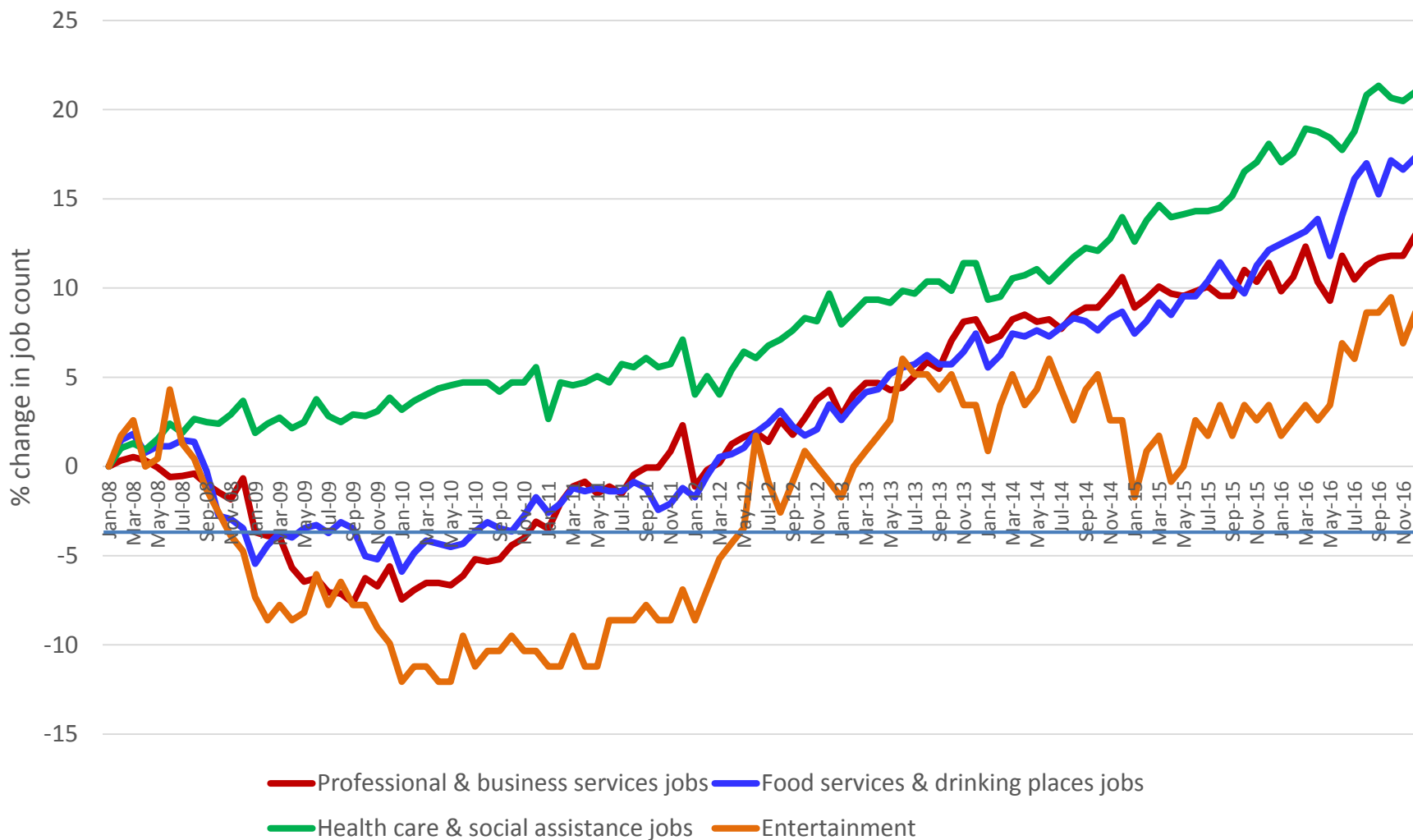
# For Job Count, and As of January 2016, All the Counties Were Fully Recovered From Great Recession

(% recovery from January 2008)



# Hawaii Industrial Winners

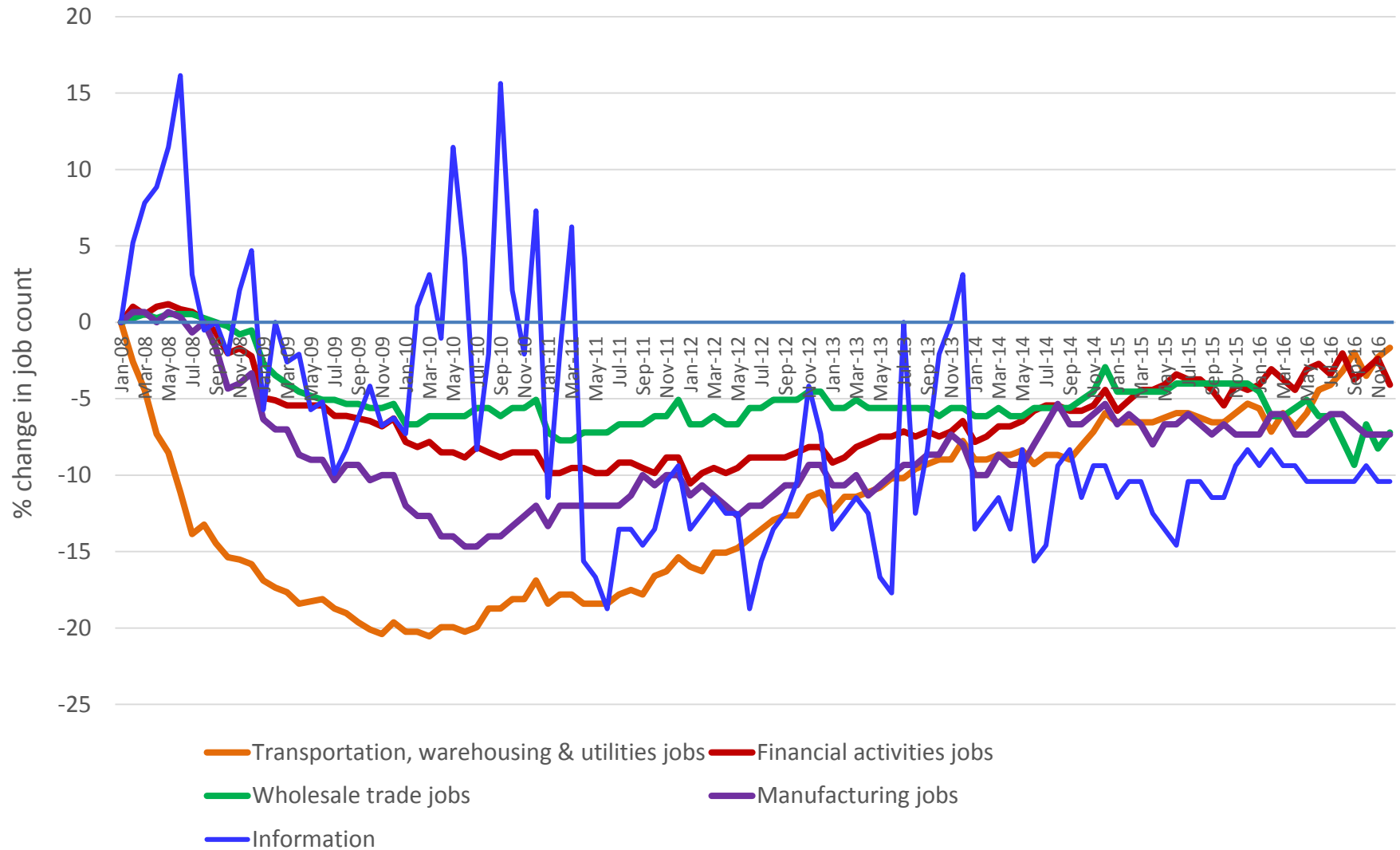
Percent Change in Job Count From January 2008



Source: DLIR

# Hawaii Industrial Losers

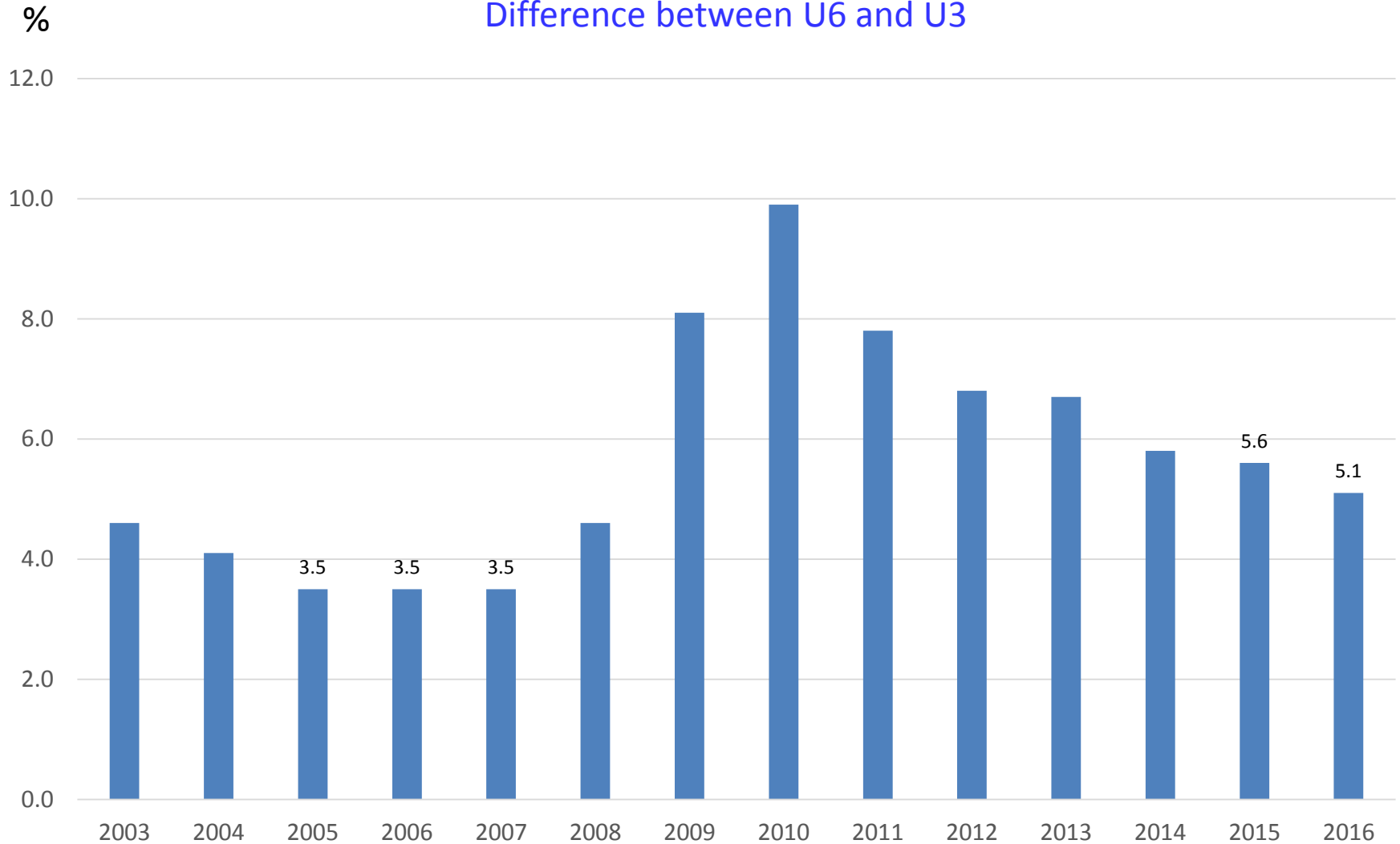
Percent Change in Job Count from January 2008





# Unemployment Rate Due to Economic Reasons

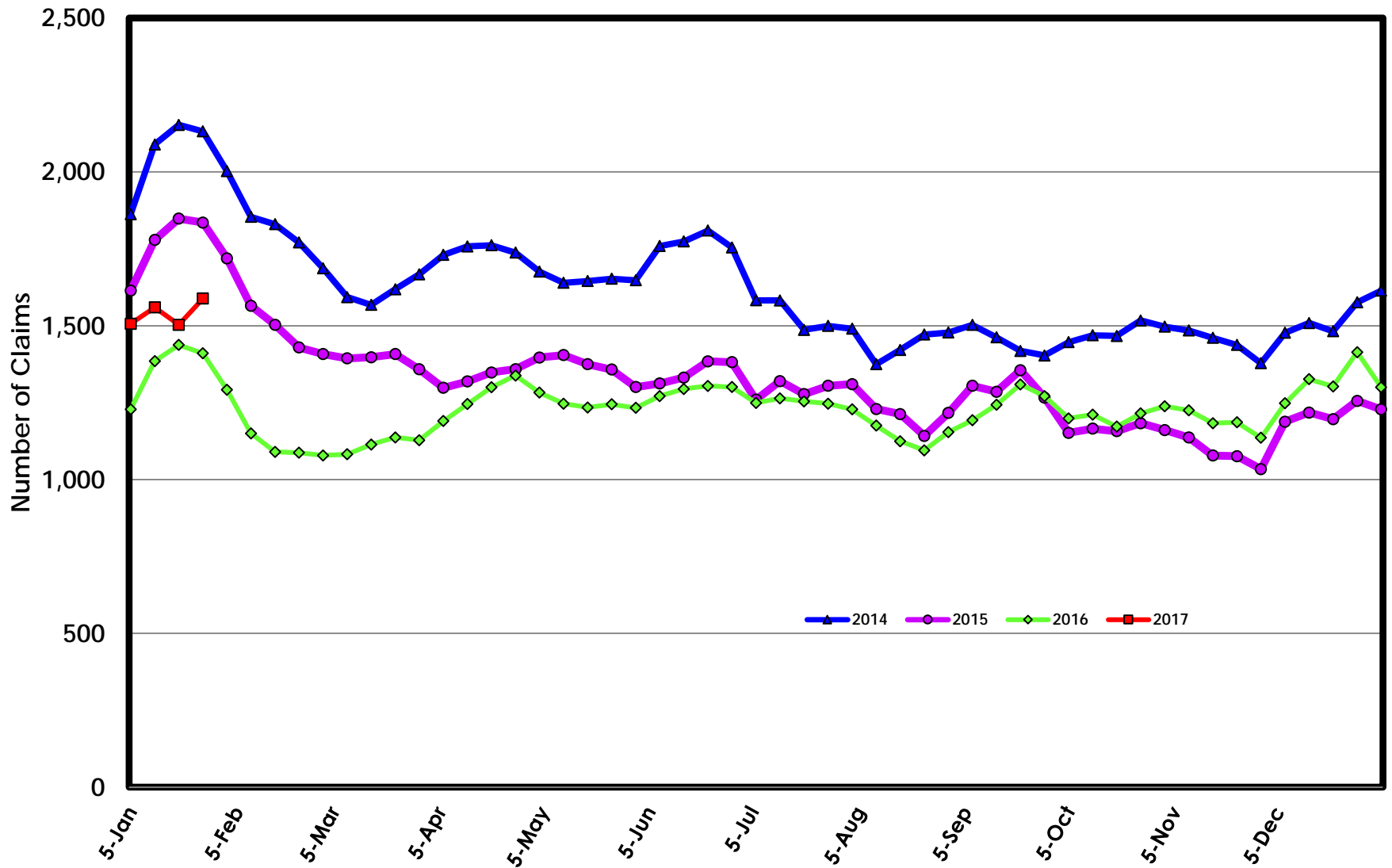
Difference between U6 and U3



Source: U.S. Bureau of Labor Statistics

# Comparison of Initial Unemployment Claims

## 4-Week Moving Averages: State



# Construction and Real Estate



## CURRENT DEVELOPMENTS

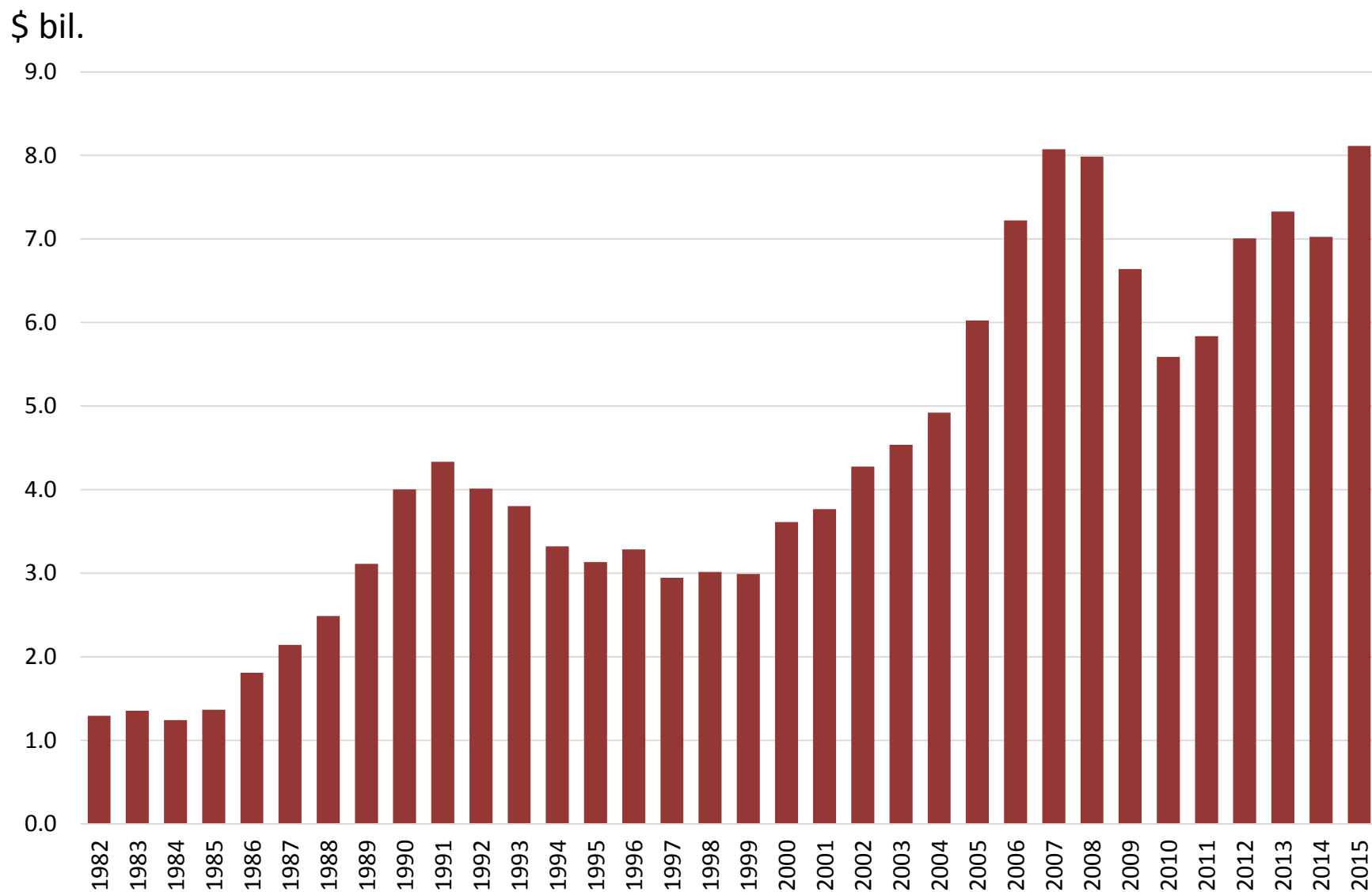
- A. The Collection
- B. Halekauwila Place
- C. 801 South Street - Building 'A'
- D. Ward Village, Land Block 5 - Project 1

- E. Symphony Honolulu
- F. Ward Village, Land Block 2 - Project 1
- G. Ward Village, Land Block 3 - Project 1
- H. Waihonua

## ANTICIPATED DEVELOPMENTS

- 1. Keauhou Lane
- 2. 801 South Street - Building 'B'
- 3. Art Space

# Value of Construction Completed



Source: Hawaii Department of Taxation

**Population has been growing faster than housing units in the last 15 years (2000-2015), especially on Oahu**  
(Annual Average Growth, %)

Category	State	Oahu	Big Island	Kauai	Maui
Population	1.05	0.83	1.76	1.26	1.59
Housing Units	0.96	0.56	2.09	1.23	1.57

Source: U.S. Census Bureau

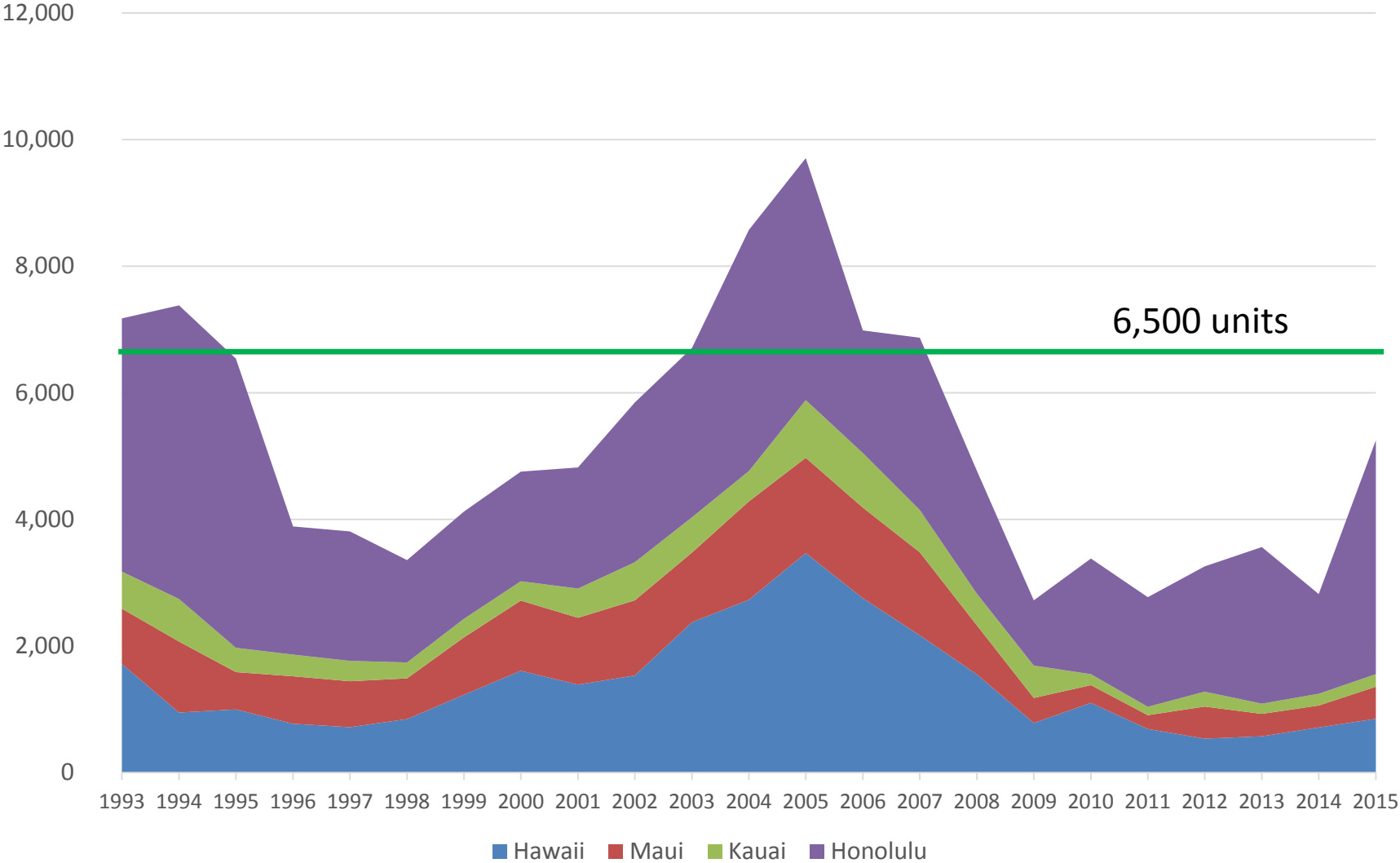
# Residential Housing Demand Projection: 2015-2025

(Units needed per year)

County	Due to household growth	Vacant units and 2 <sup>nd</sup> homes needed	Total demand
Honolulu	2,106	502	2,608
Hawaii	1,629	359	1,988
Maui	1,151	265	1,416
Kauai	442	94	536
State Total	4,178	1,220	6,548

Source: DBEDT

# New Housing Units Authorized: Statewide



# Real Estate Sales

(% change between 2015 and 2016)

Island	Single Family Homes		Condo Homes	
	Closed sales	Median price	Closed sales	Median price
Oahu	6.5%	5.0%	8.4%	8.3%
Maui	-1.0%	10.0%	10.0%	1.0%
Hawaii	13.9%	0.4%	6.6%	10.9%
Kauai	16.2%	2.2%	1.1%	11.8%

Source: Hawaii Information Service, the Honolulu Board of Realtors, and Realtors Association of Maui.



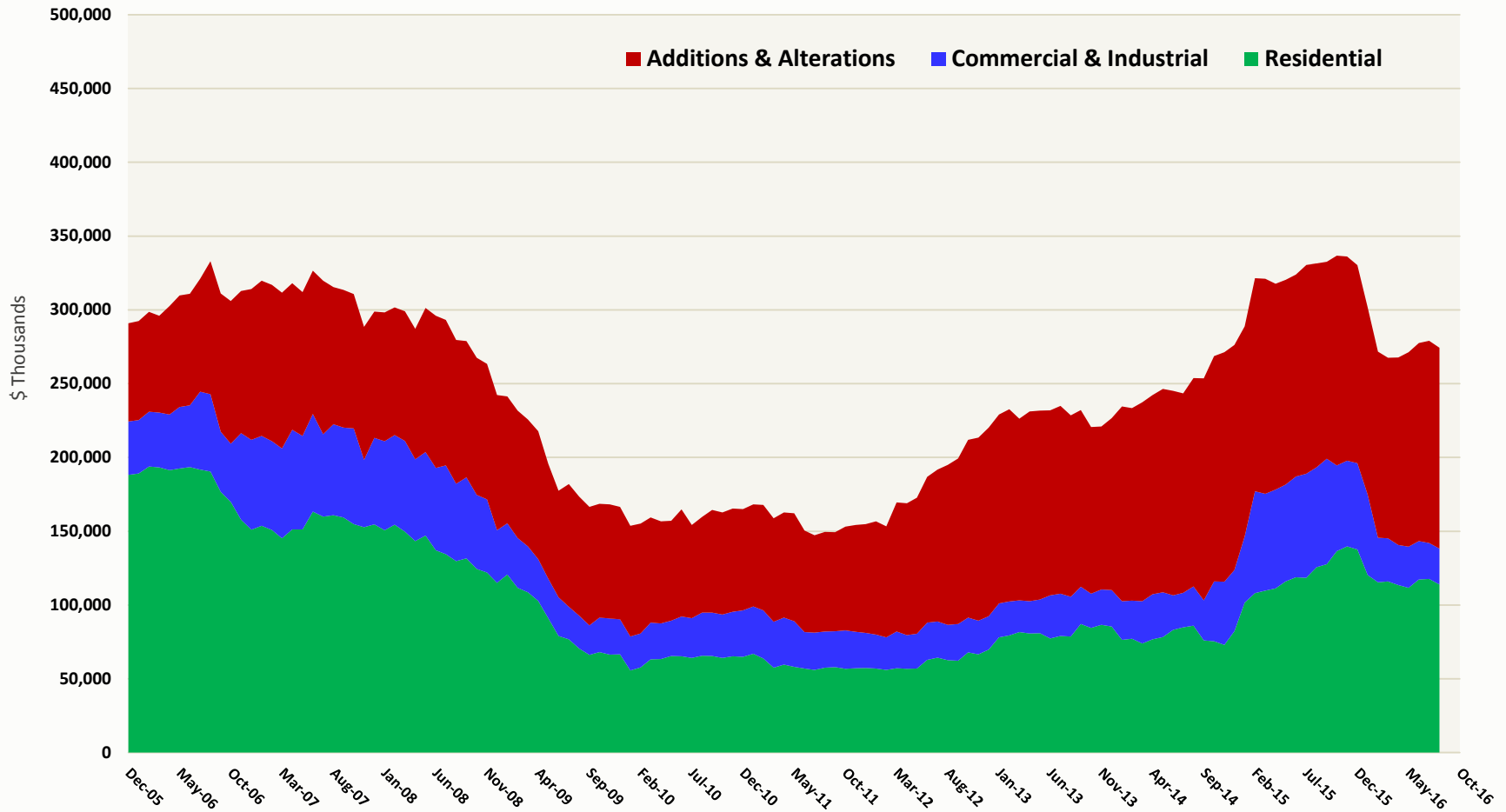
## Median Home Prices: 2015 and 2016

Island	Single Family Homes		Condo Homes	
	2015	2016	2015	2016
Oahu	\$700,000	\$735,000	\$360,000	\$390,000
Maui	\$580,000	\$636,750	\$410,000	\$415,000
Hawaii	\$329,000	\$330,400	\$275,000	\$305,000
Kauai	\$612,000	\$625,500	\$356,250	\$398,250

Source: Hawaii Information Service, the Honolulu Board of Realtors, and Realtors Association of Maui.

# Value of Private Construction Permits Decreased in 2016

12-Month Moving Average of Building Authorization Components\*



\*Additions and Alterations and Commercial & Industrial data do not include Kauai. All data through October 2016

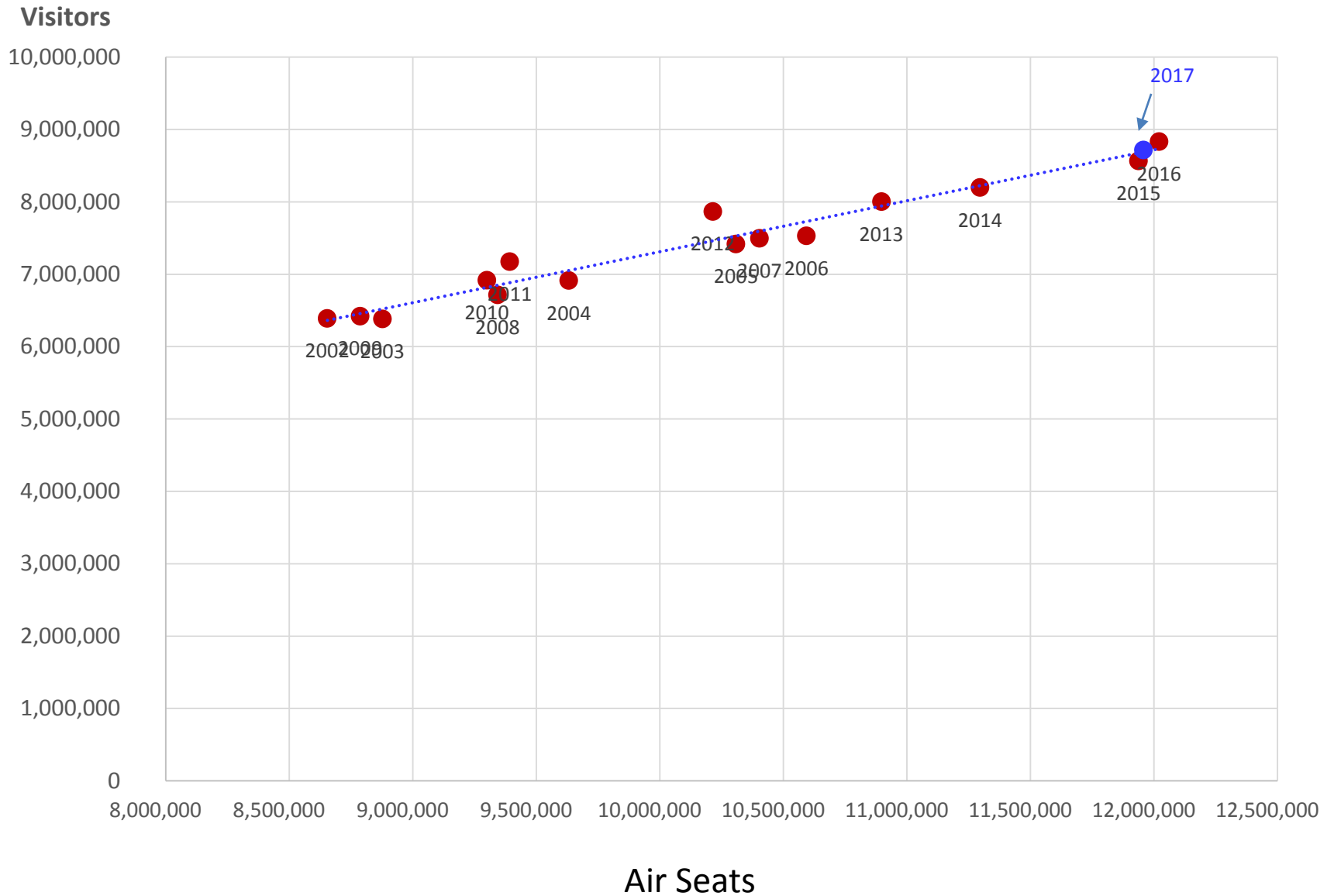
Source: County building departments and U.S. Census Bureau



# Tourism Industry

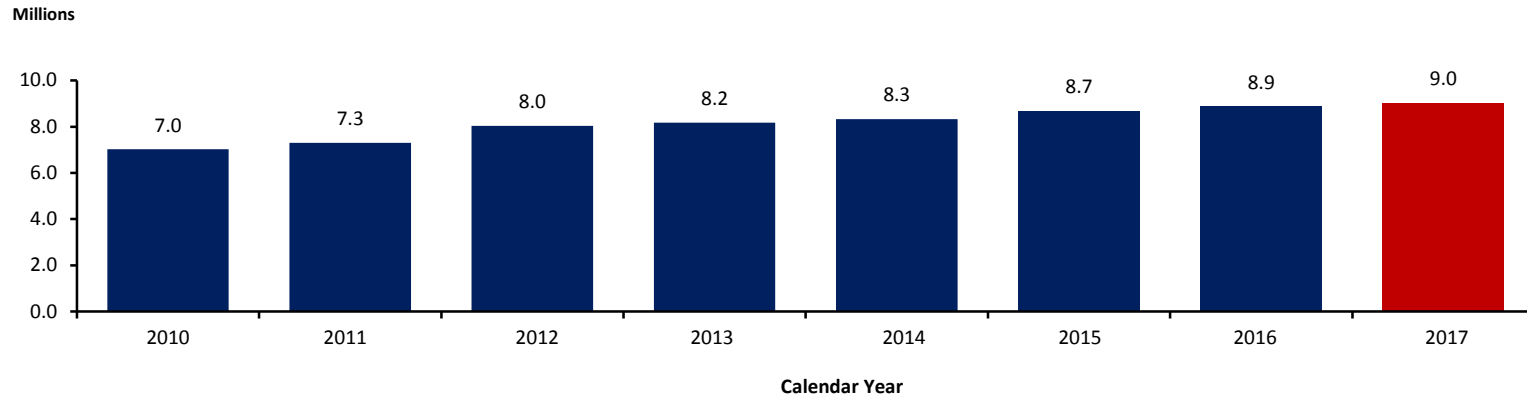


# Air Visitors and Air Seats

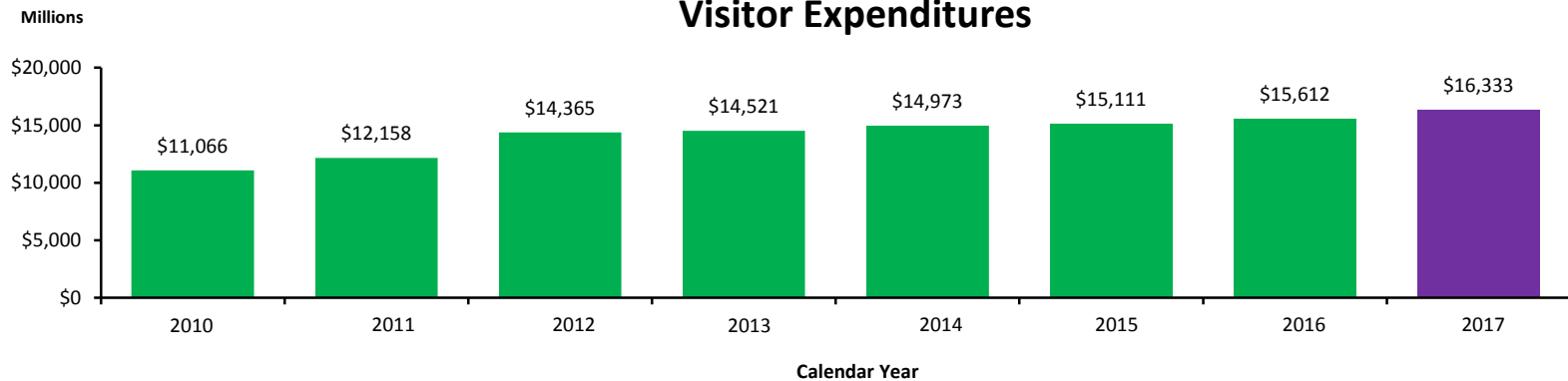


# Total Visitor Arrivals and Expenditures

## Visitor Arrivals



## Visitor Expenditures

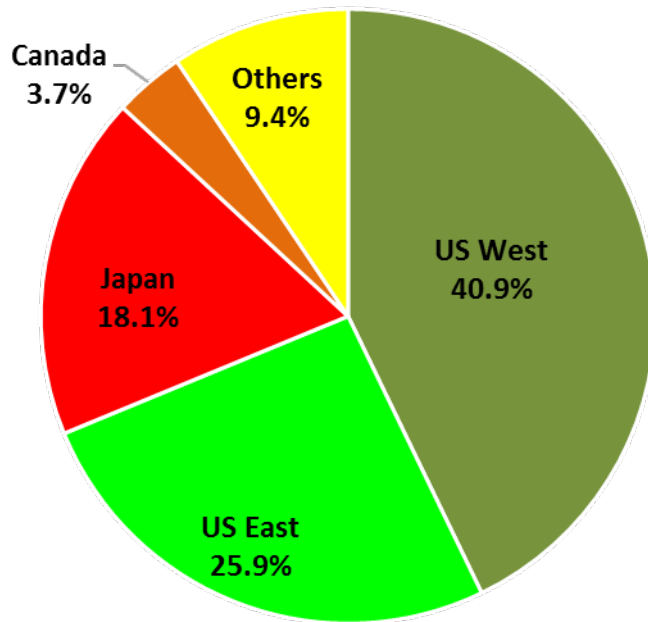


Source: HTA and DBEDT

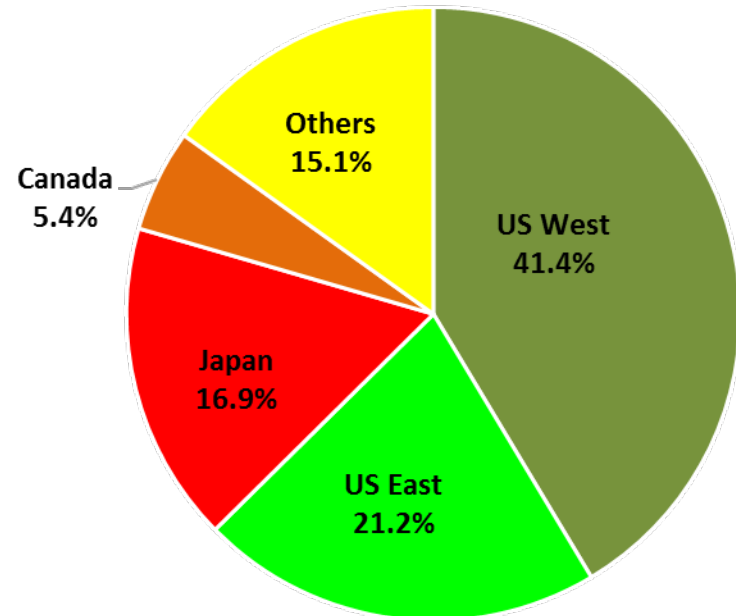
# Visitors by Air by Market: Statewide

*62.6% of Hawaii Visitors Were From the U.S. with Japanese Visitors Accounting for 16.9% in 2016. Visitors from Canada and other markets are increasing*

**2006**



**2016\***

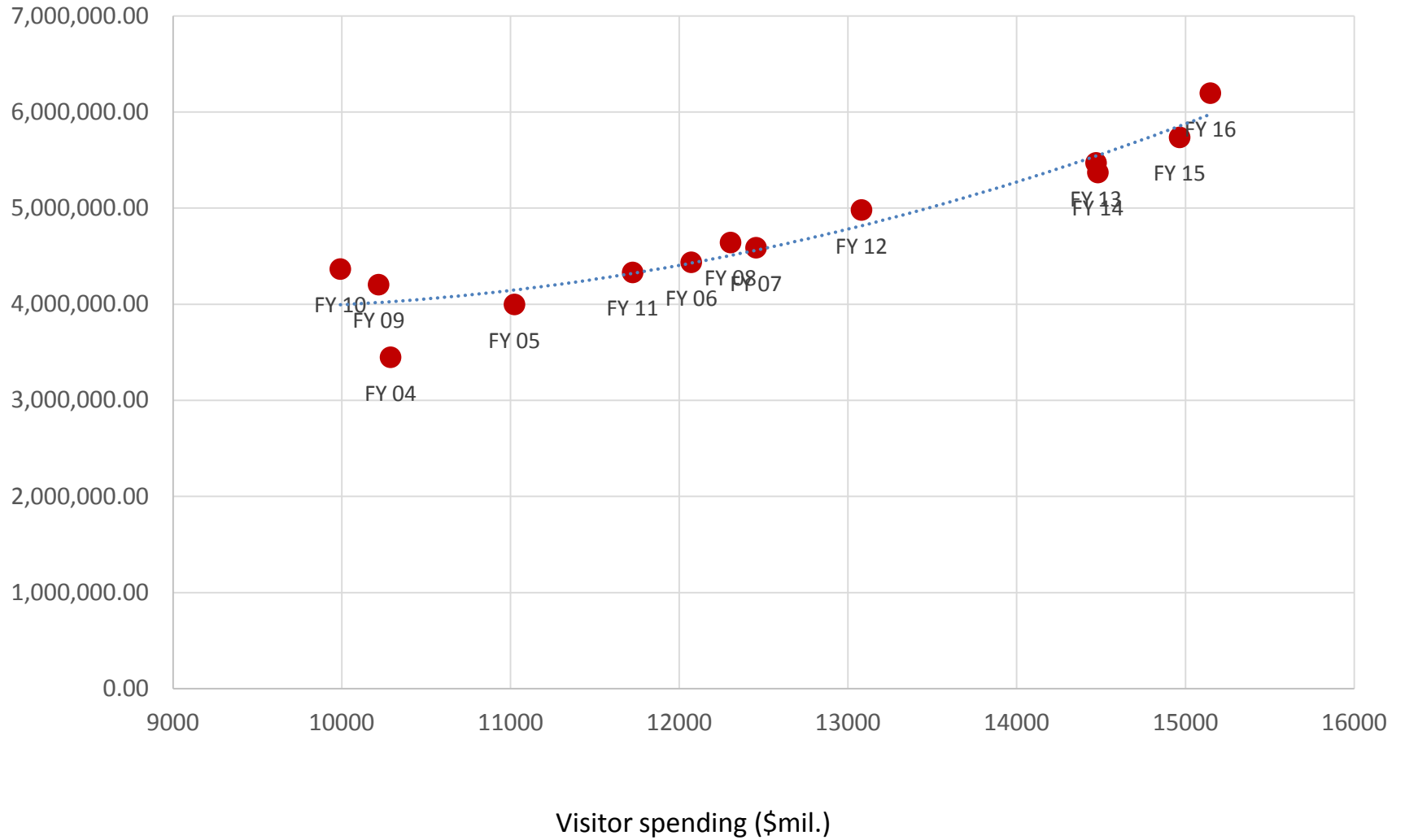


\* preliminary

Source: Department of Business, Economic Development & Tourism, Hawaii Tourism Authority

# Visitor Spending and General Fund Revenue

General Fund  
(\$1,000)



# Positive signs in the Economy

- Most economies in the world will have steady growth
- Hawaii's economy continues to be on a normal growth path
- As of the beginning of 2016, all counties have recovered in payroll jobs
- Employment and job count were at historic high levels in 2016
- Construction industry had record job count in 2016
- Hawaii's unemployment rate will still be among the lowest in the nation in the coming years



# Challenges in the Economy

- Many Hawaii industries are still recovering
- Unemployment due to economic reasons is still high and initial unemployment claims are rising
- As of January 2017 schedule, air seat capacity will decrease by 0.5% in 2017, will lead visitor industry growth slowing down
- Value of building permits was down in 2016, indicating slower construction activity in 2017