

# Current Hawaii Economic Conditions

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to the

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and  
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# Hawaii's Economy

- Economic forecast for 2014 and 2015
- Industry structure
- Labor market conditions
- Construction
- Tourism
- Real estate

## A Historical Review of Hawaii's Economic Growth

Indicator	Annual average growth, %			
	30 years, 1983 - 2013	20 years, 1993 -2013	2014	2015
Real GDP	2.1	1.2	2.6	2.8
Real personal income	1.9	1.7	2.6	2.5
Honolulu inflation rate	3.2	2.3	1.5	2.2
Wage and salary jobs	1.0	0.6	1.3	1.5
Unemployment rate 1/	4.5	4.7	4.4	4.1
Visitor arrivals	2.1	1.4	0.8	1.9
Real visitor expenditures 2/	1.3	0.7	1.2	1.4

1/ Average of 30 years, 1983 – 2013.

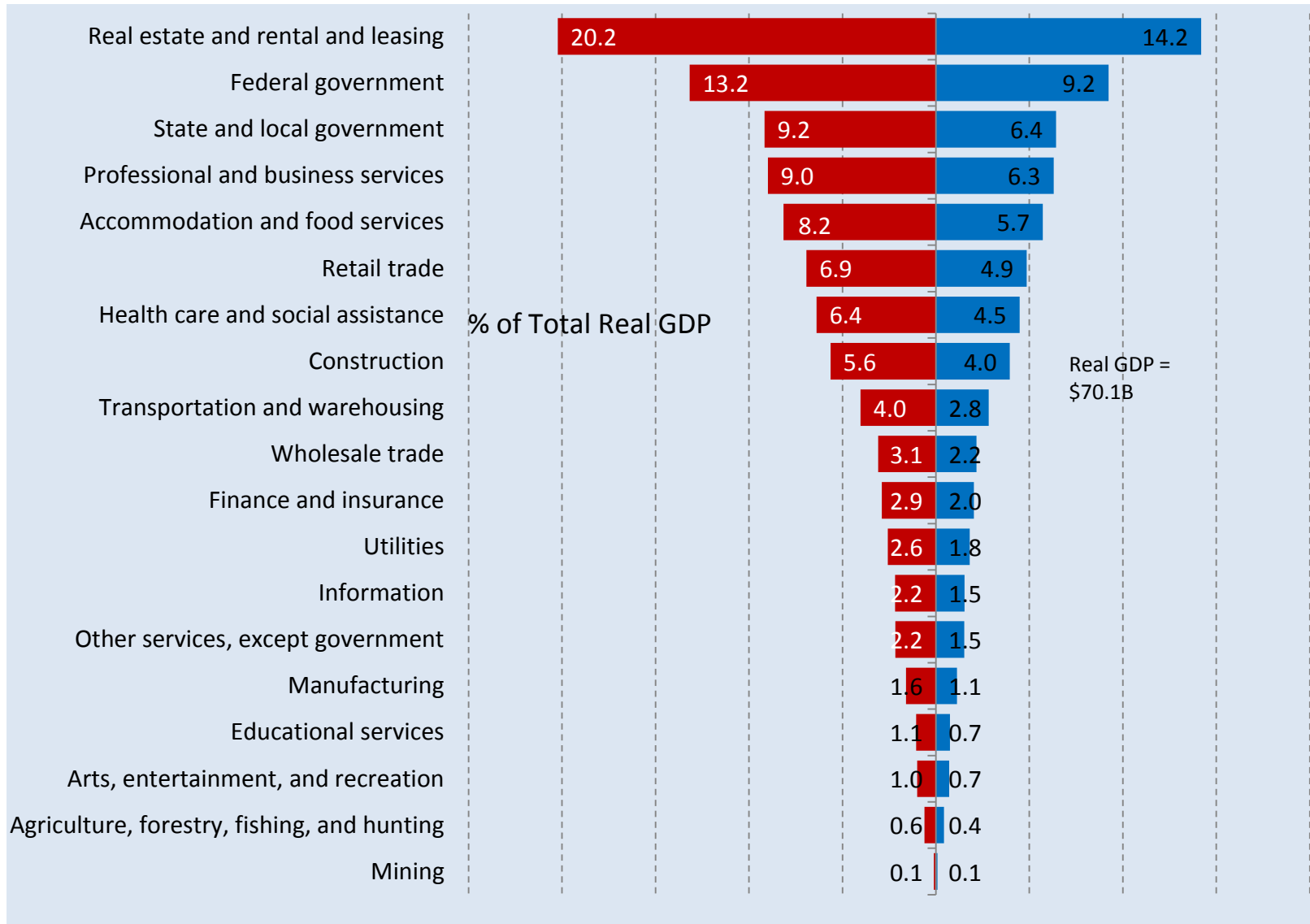
2/ Deflated by Honolulu CPI.

## The Economies of Hawaii Visitor Origin Countries Will Look Better in 2015

	2013	2014	2015	2016
USA.	2.2	2.3	3.2	2.9
Canada	2.0	2.4	2.4	2.4
Japan	1.6	0.6	1.0	1.5
S. Korea	3.0	3.4	3.6	3.7
Hong Kong	2.9	2.3	2.8	2.9
Taiwan	2.2	3.5	3.6	3.5
China	7.7	7.3	6.9	6.8
United Kingdom	1.7	3.0	2.6	2.4
Germany	3.0	3.4	3.6	3.7
France	0.4	0.4	0.8	1.3
Eurozone	-0.4	0.8	1.2	1.5
Australia	2.1	3.0	2.7	2.8
Brazil	2.5	0.2	0.8	1.9

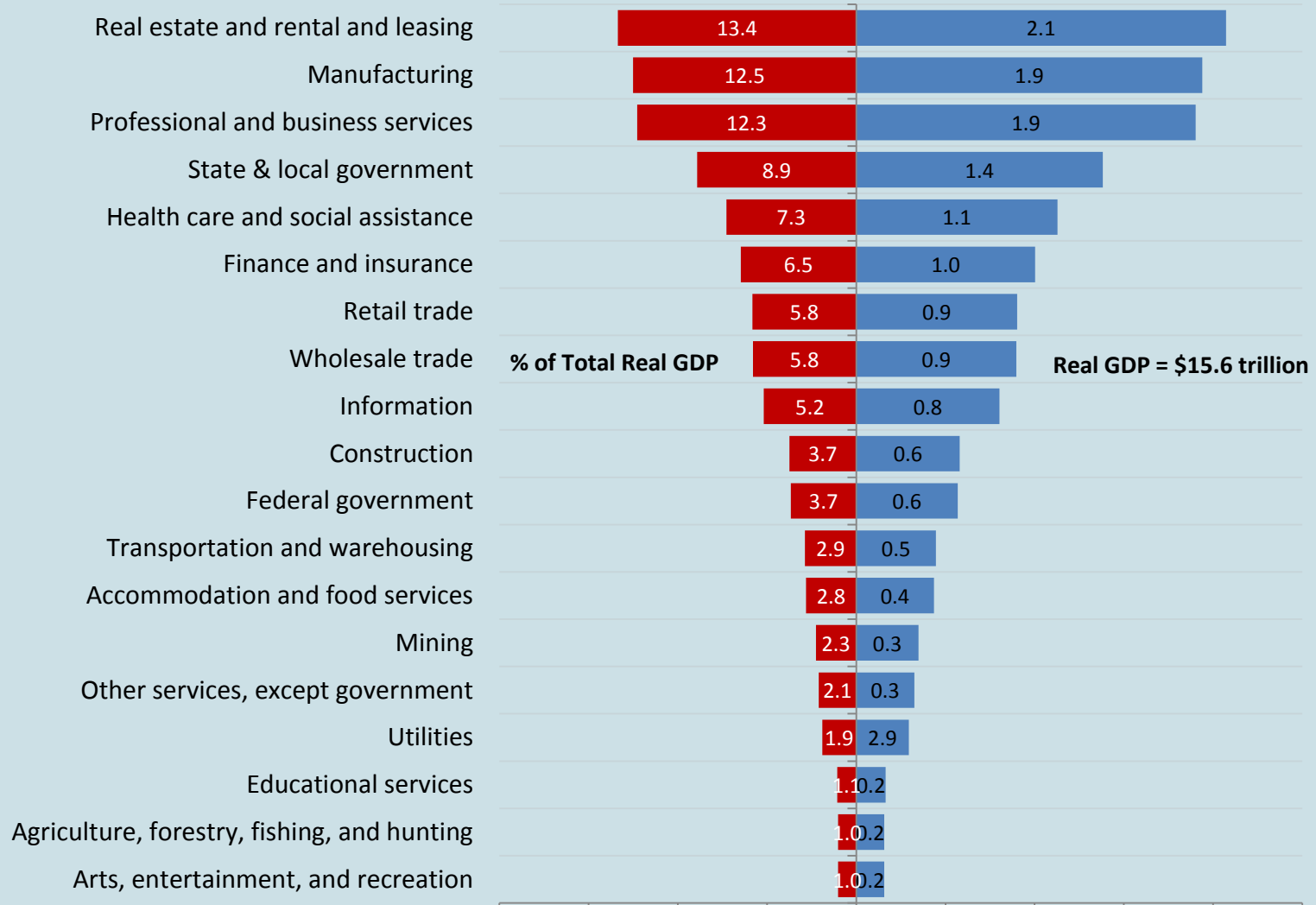
Source: Blue Chip Economic Indicators, January 10, 2015

# Hawaii Real GDP by Industry: 2013



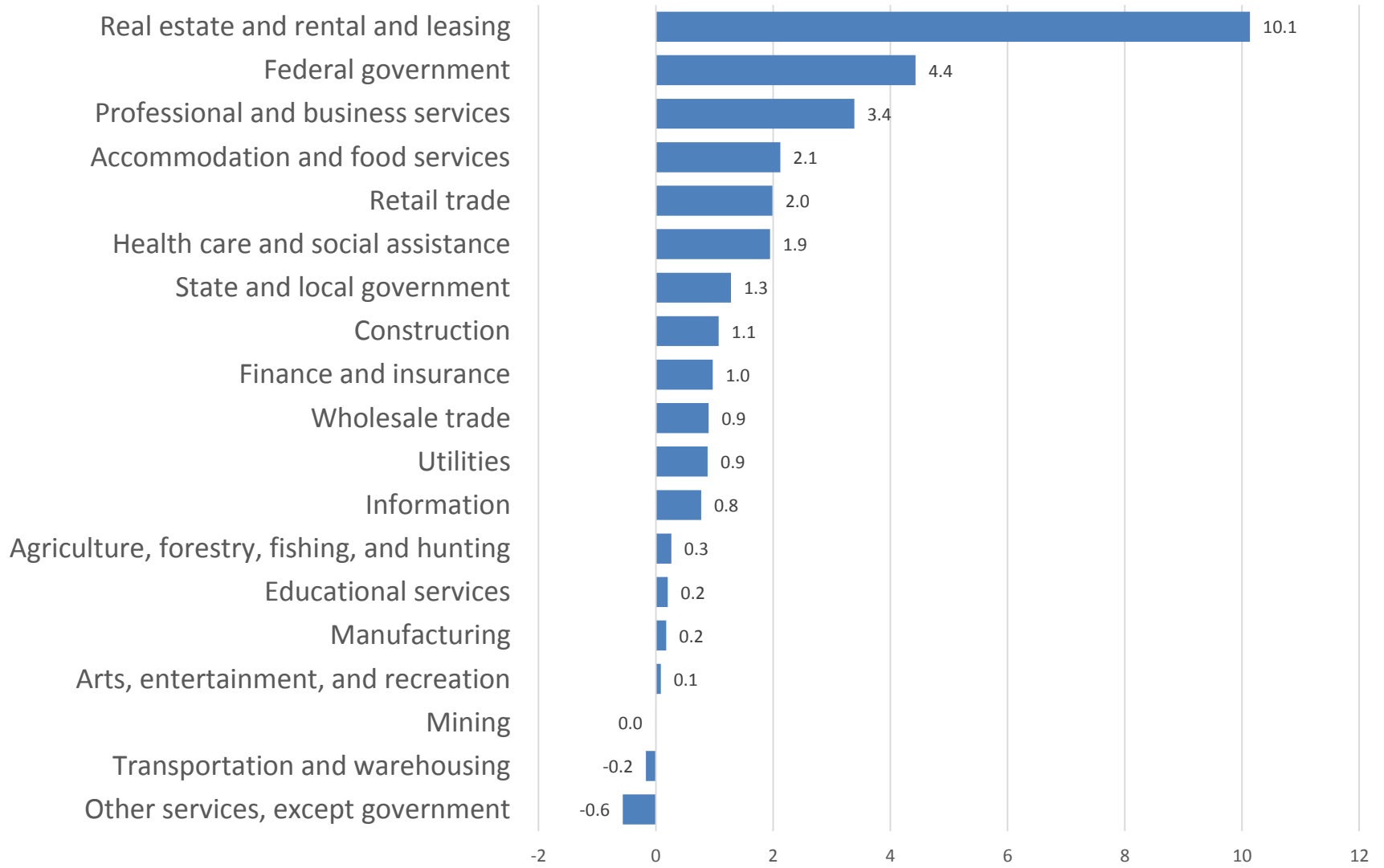
Tourism consists of partial of other industries and contributed 16.7% of real GDP in 2013  
 Source: U.S. Bureau of Economic Analysis

# U.S. Real GDP by Industry: 2013



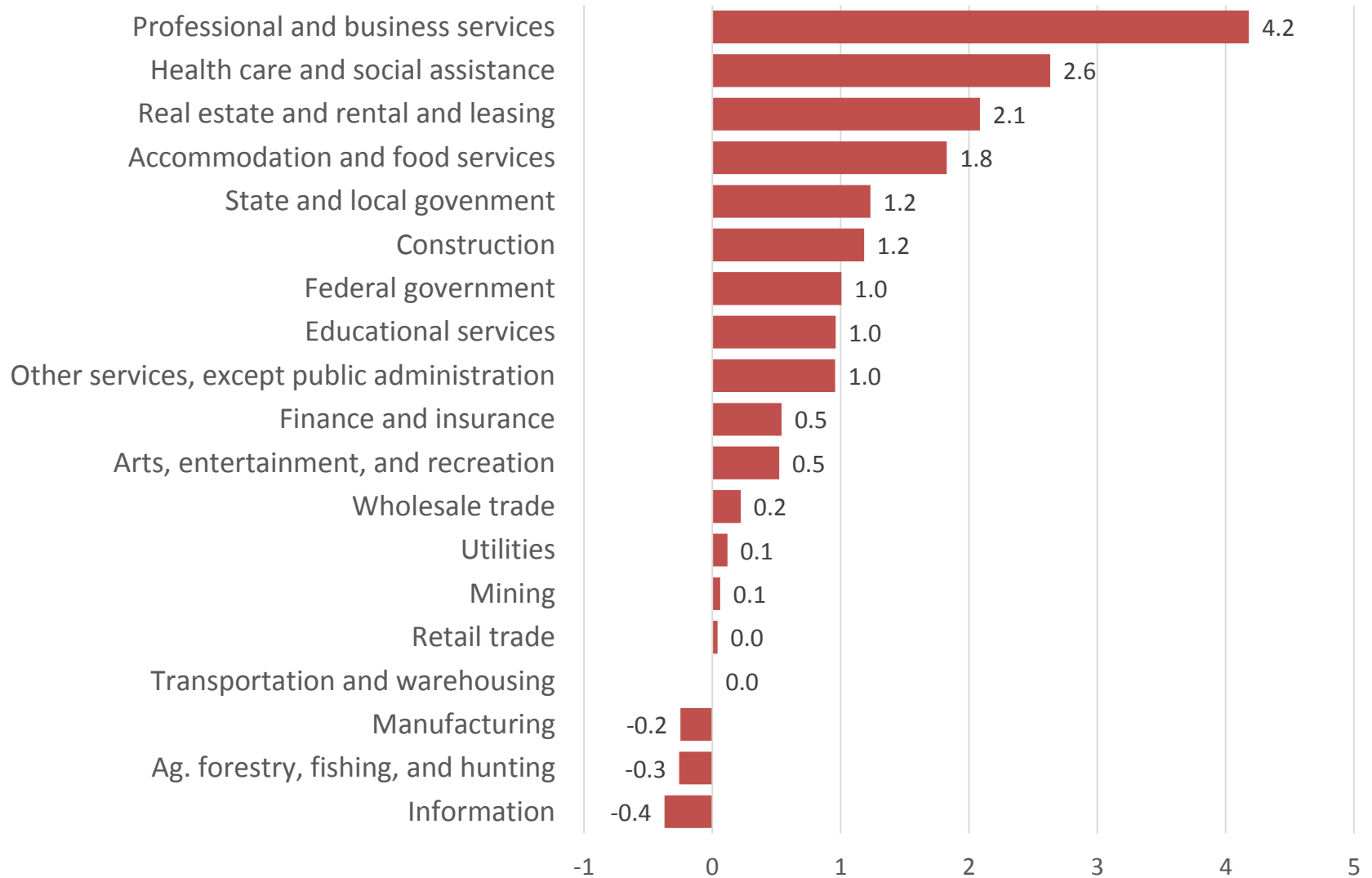
# Industry Contribution to Economic Growth: 1998 to 2013

Total real GDP growth = 32.2%



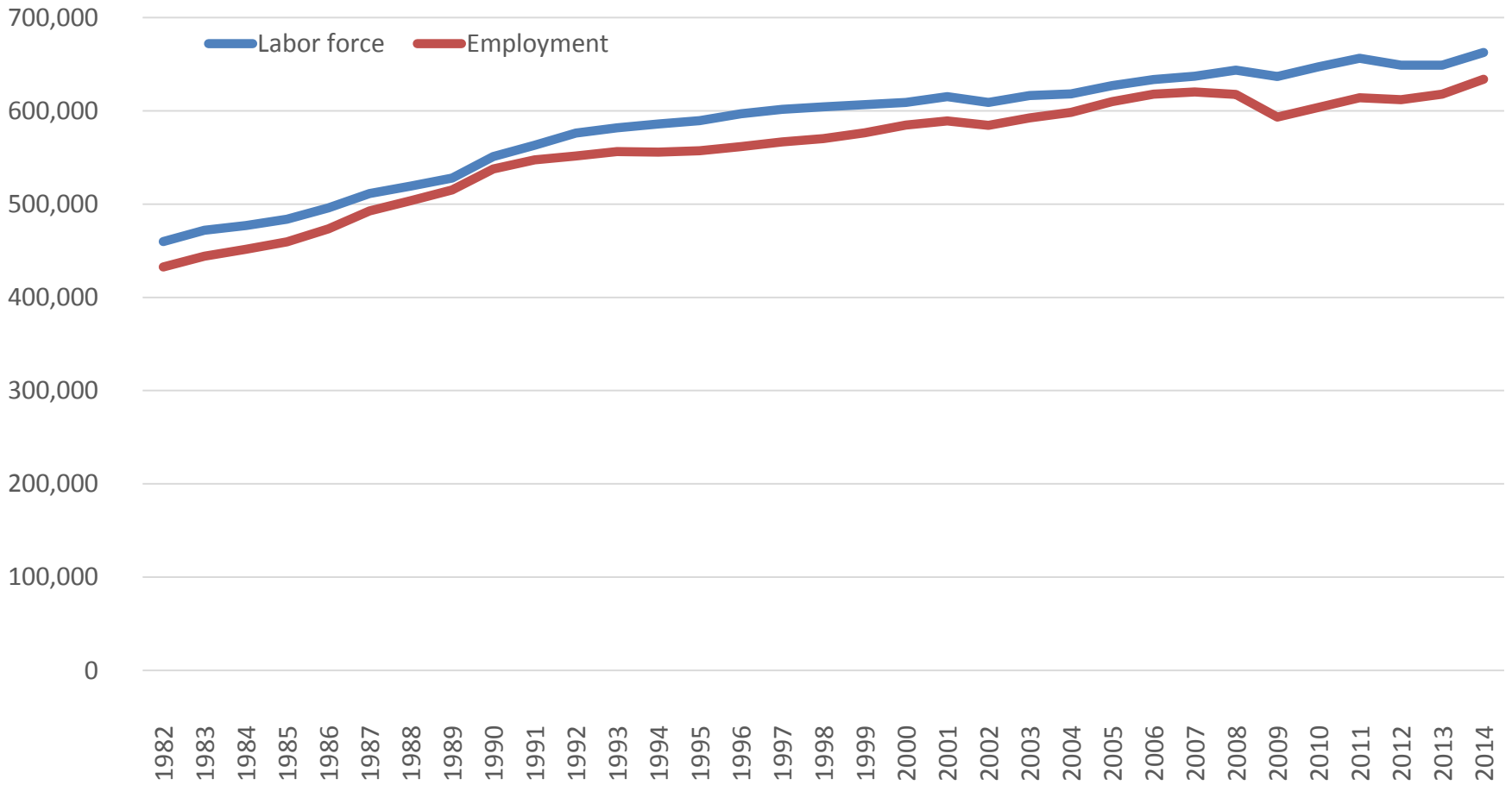
# Industry Contribution to Job Growth: 1998 – 2013

Total job growth = 16.9%





# Statewide Labor Force and Employment Have Reached Historical High Levels During the First 11 Months of 2014



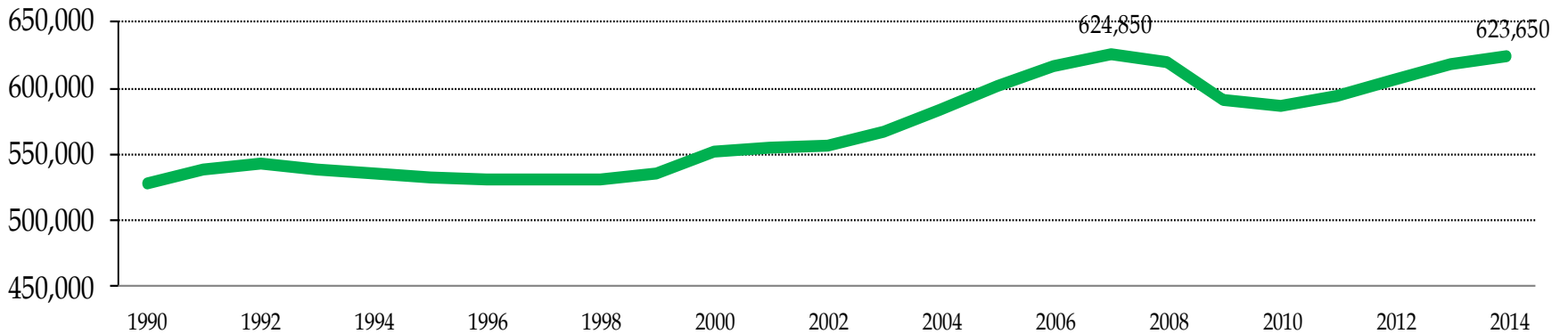
\* 2014 represent the first 11 months

Source: Hawaii State Department of Labor and Industrial Relations

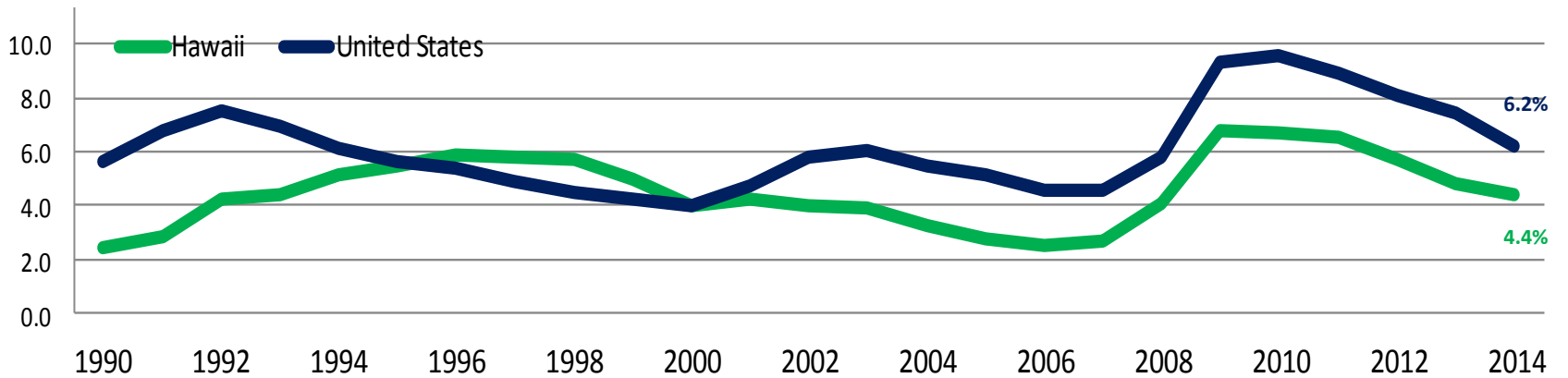
# Job Count / Unemployment Rates

*Job count is approaching the peak level of 2007 during 1<sup>st</sup> 11 months of 2014; unemployment rate averaged 4.4%, which is ranked the 7th lowest in the nation*

**Wage and Salary Jobs – 1990 to 2014\***



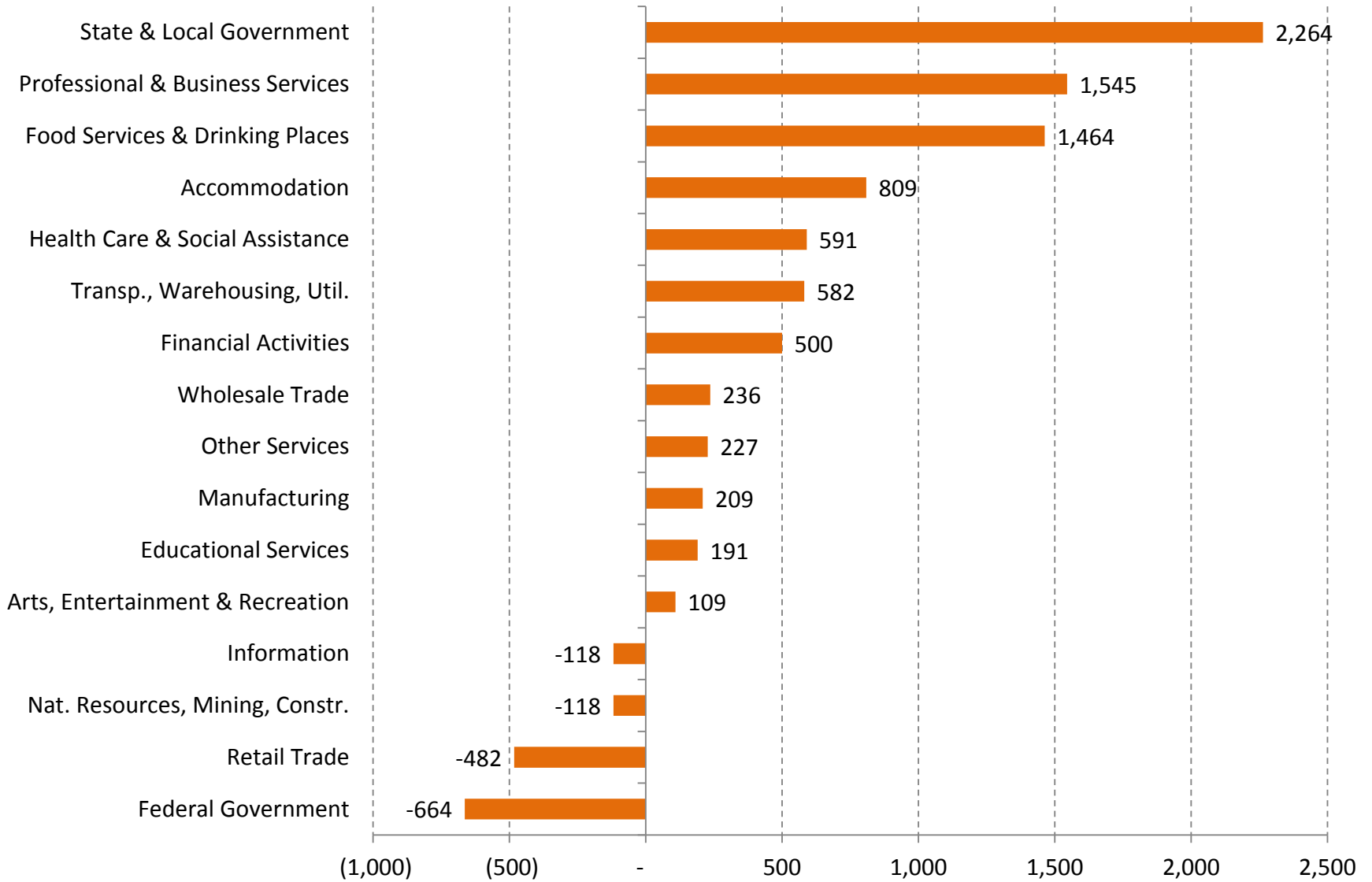
**Unemployment Rates – 1990 to 2014\***



\* 2014 number is the average of the first 11 months

Source: Hawaii Department of Labor & Industrial Relations and U.S. Bureau of Labor Statistics

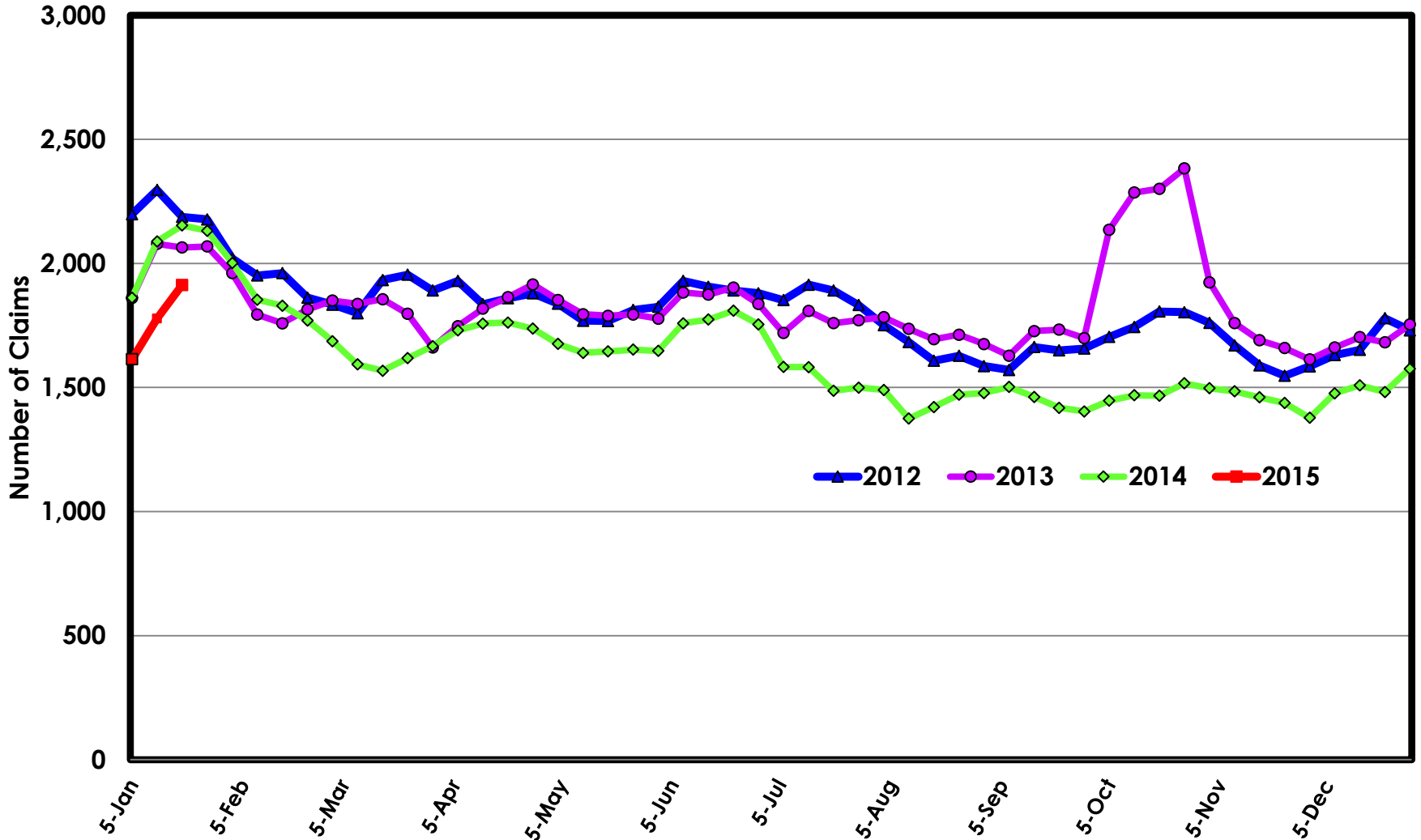
# During the 1<sup>st</sup> 11 months of 2014, Hawaii Gained 7,350 Jobs



Source: Hawaii State Department of Labor and Industrial Relations

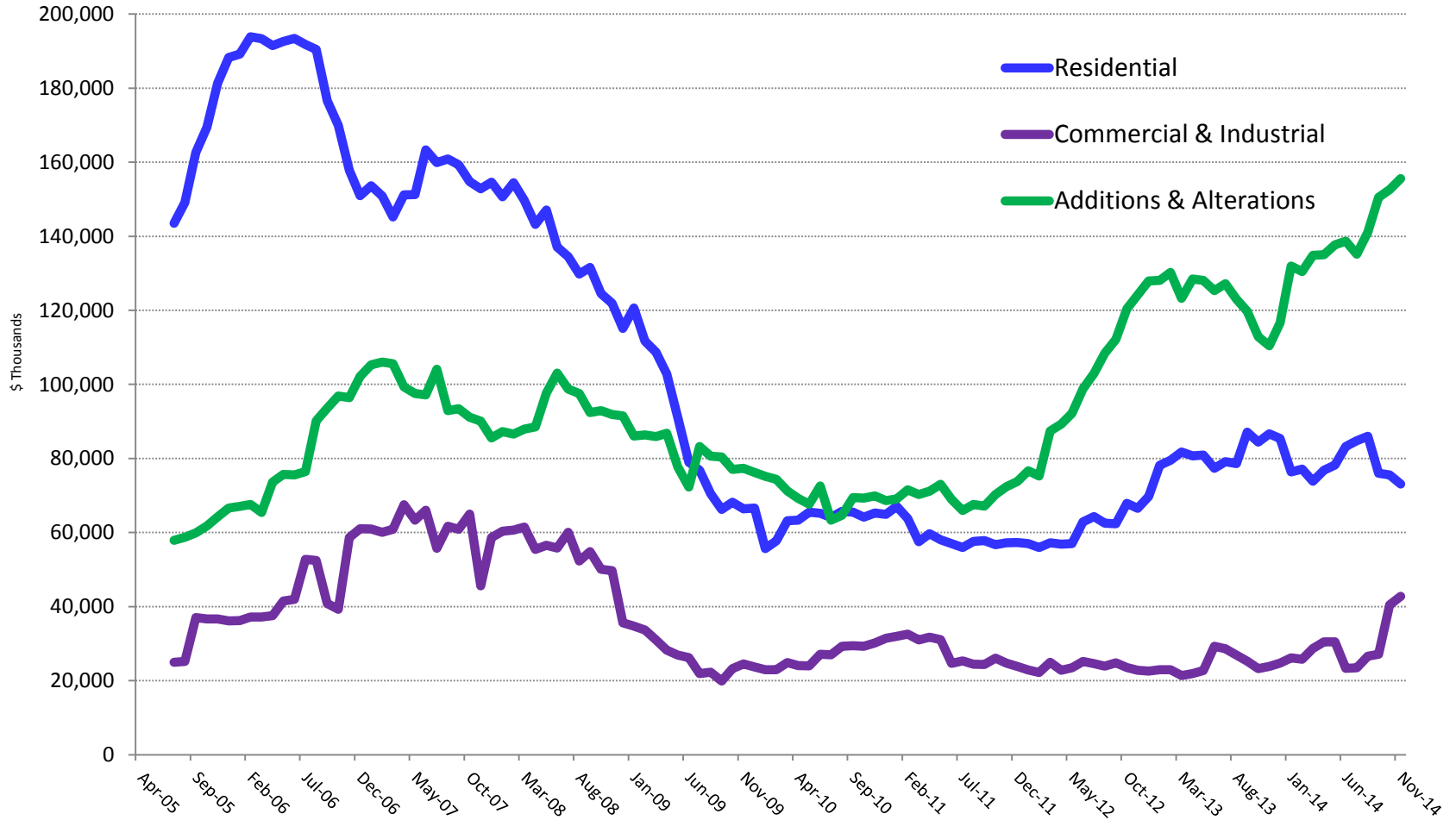
# In 2014, Initial Unemployment Claims Dropped 11.5%

## Comparison of Initial Unemployment Claims 4-Week Moving Averages: State



# Private Construction Continues Recovering

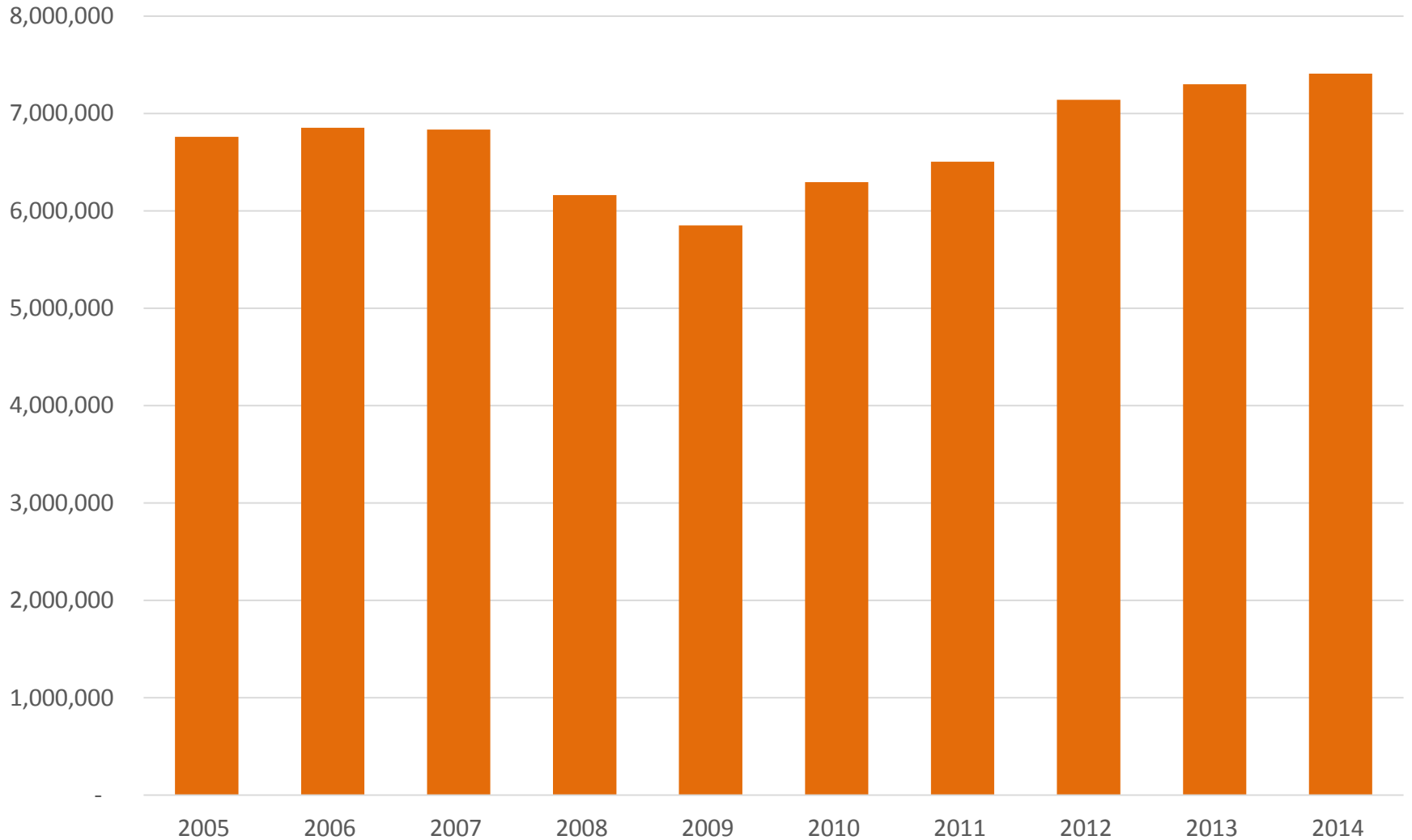
12-Month Moving Average of Building Authorization Components\*



\*Additions and Alterations and Commercial & Industrial data do not include Kauai. All data through November 2014  
Source: County building departments and U.S. Census Bureau

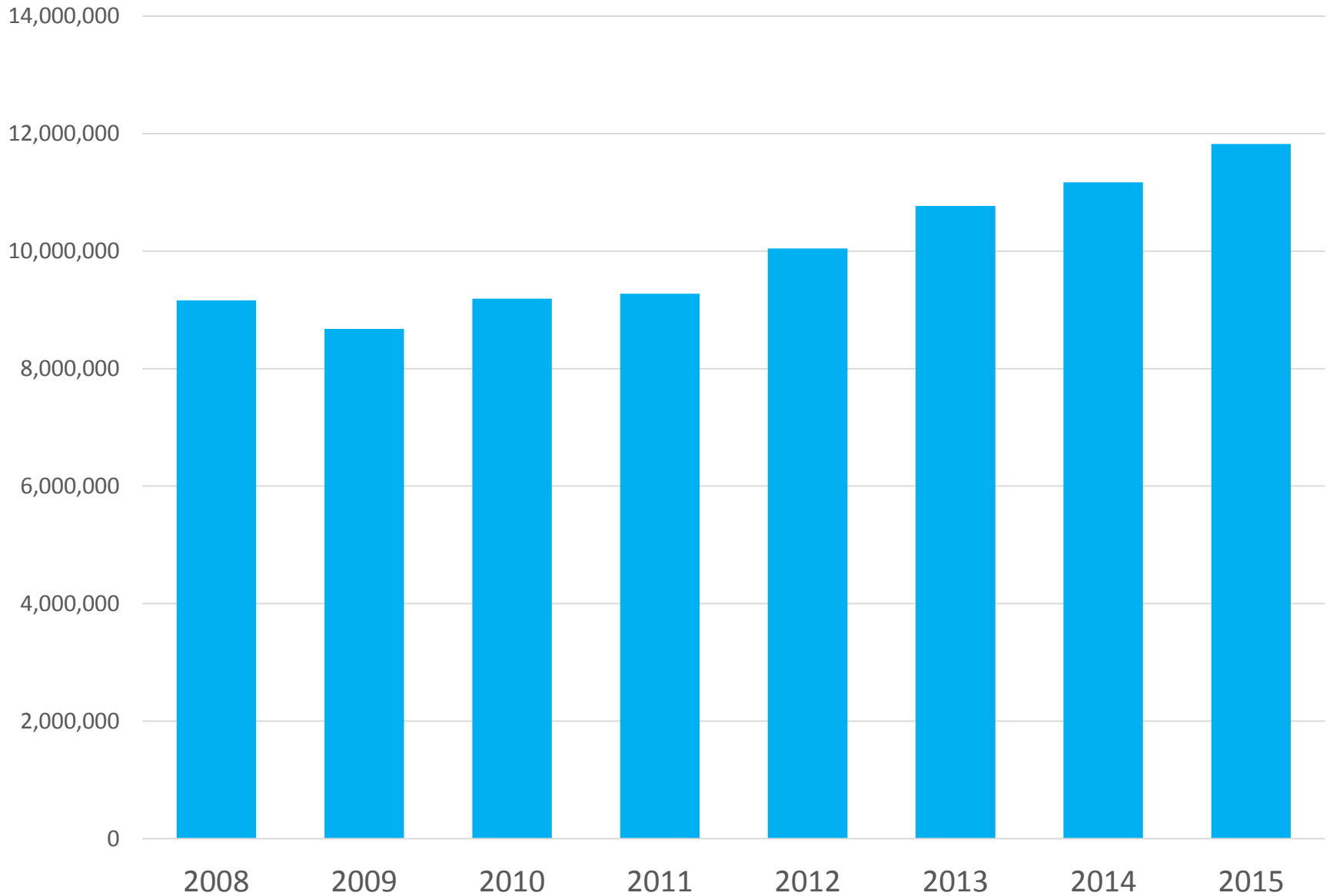
# 2014 is a New Record Year for Visitor Arrivals

## Visitor Arrivals by Air (Jan. – Nov.)



Source: Hawaii Tourism Authority

## Scheduled Air Seats Are Expected to Increase by 5.8% in 2015

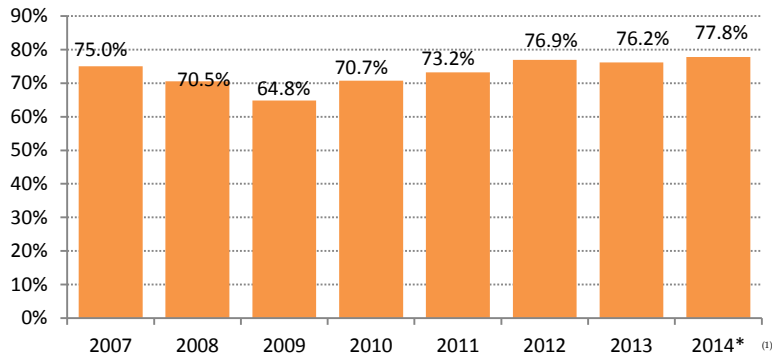


Source: Hawaii Tourism Authority

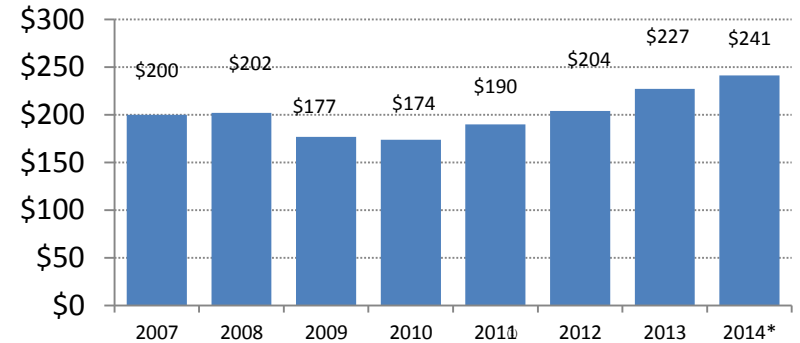
# Hotel room rate and revenues are at record highs

Key hotel indicators from 2007 to the 1<sup>st</sup> 9 months of 2014

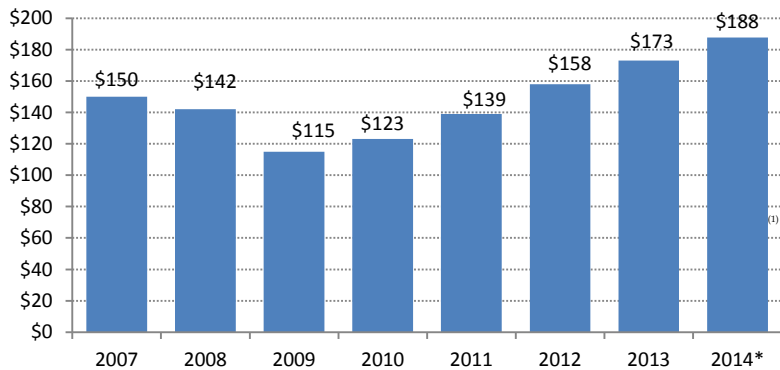
## Occupancy Rates



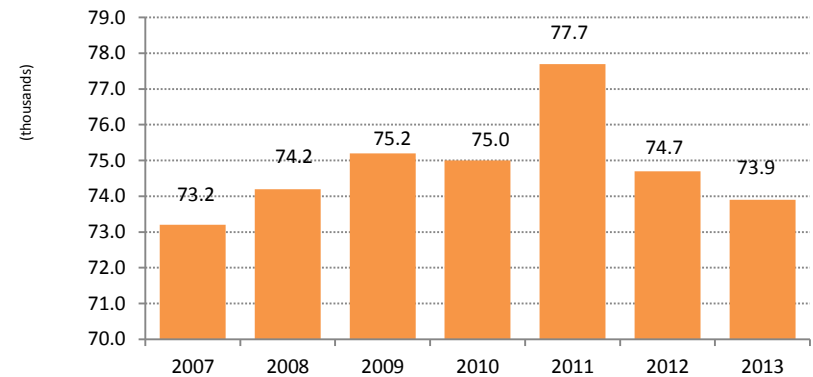
## Average Room Rates



## Revenue Per Available Room



## Room Inventory



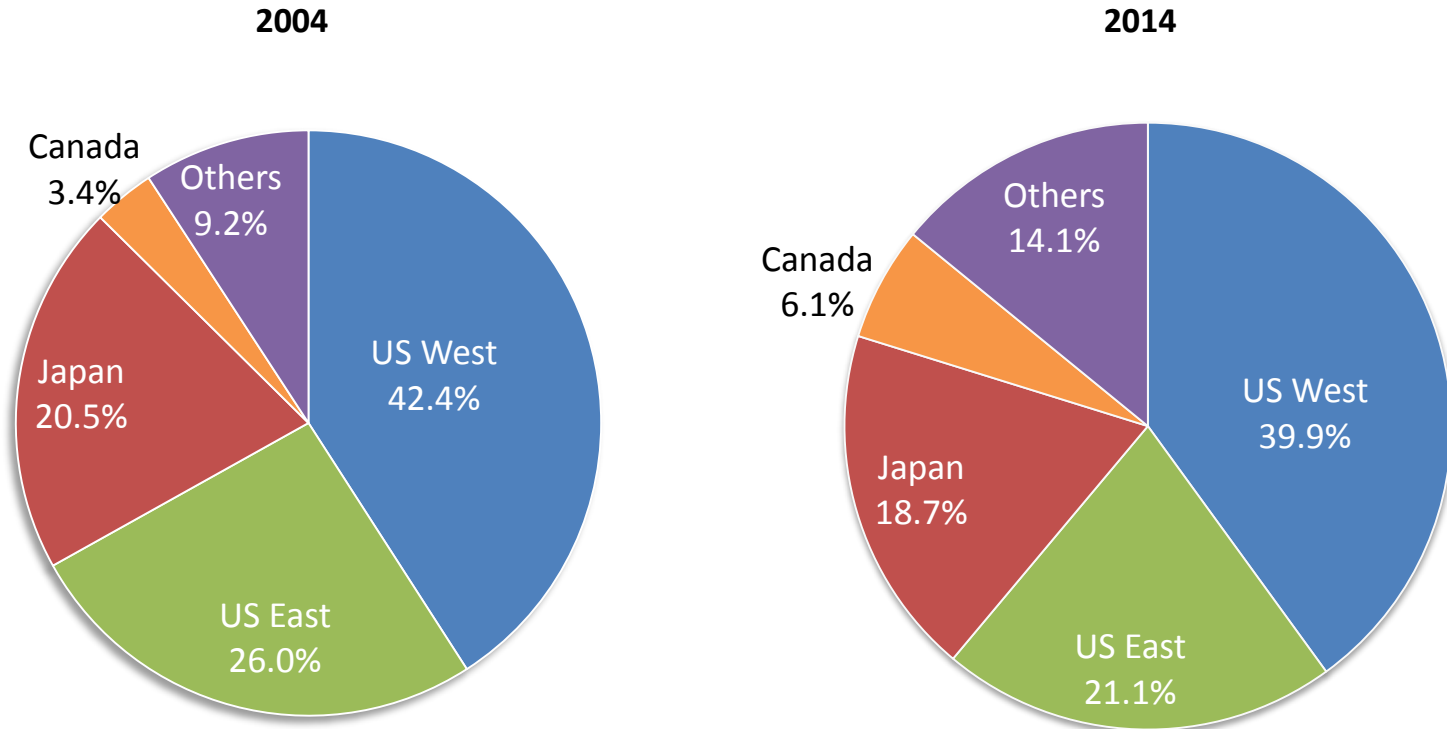
\* First 9 months

Source: Smith Travel Research, Hospitality Advisors LLC and Hawaii Tourism Authority



# Visitors by Major Market

61.0% of Hawaii Visitors Were From the U.S. with Japanese Visitors Accounting for 18.7% during 1<sup>st</sup> 11 months of 2014. Visitors from Canada and other markets are increasing



## Housing Prices Were Up on All the Islands

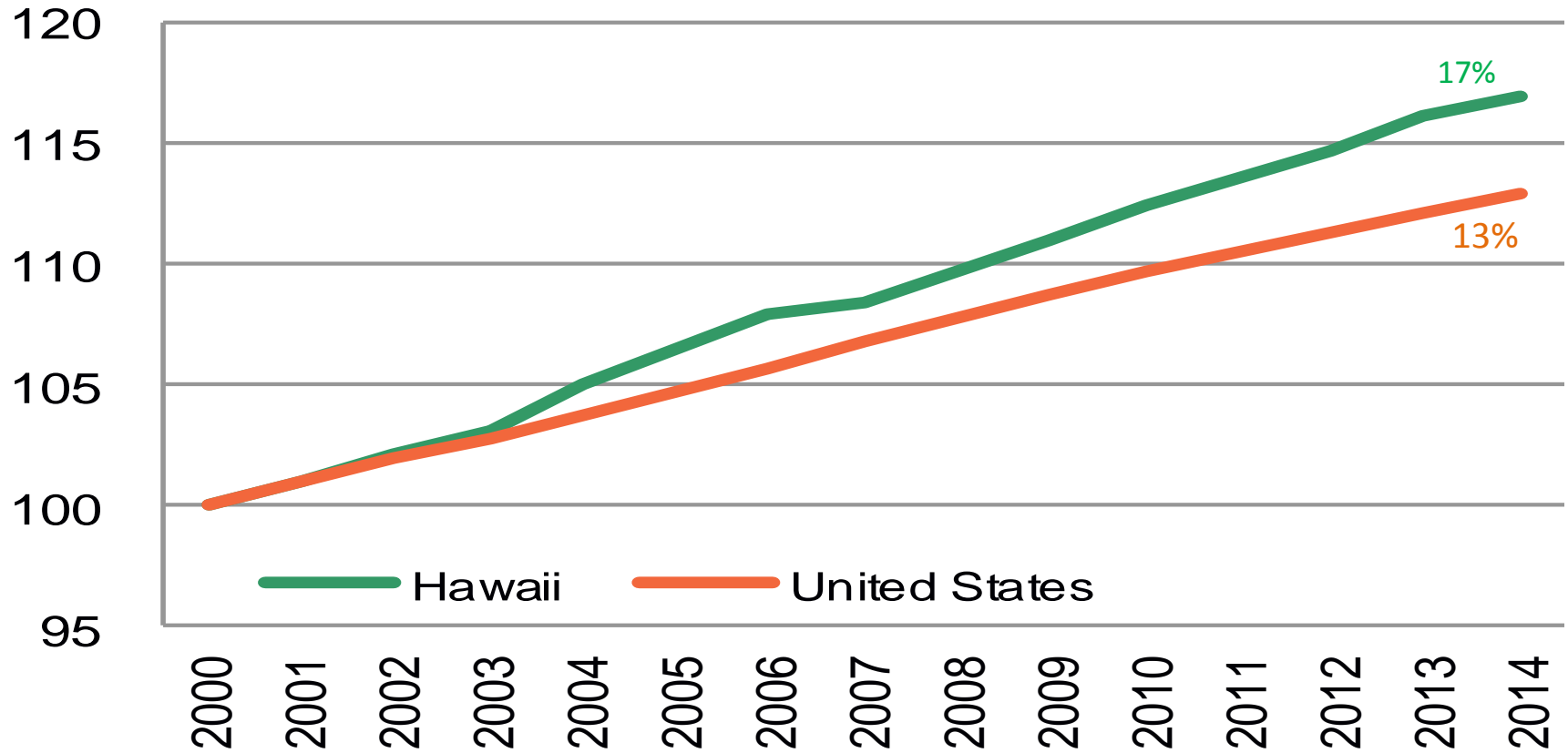
(% change 2013 to 2014)

Island	Single Family Homes		Condo Homes	
	Closed sales	Median price	Closed sales	Median price
Honolulu	-0.8%	3.8%	-1.3%	5.4%
Maui	-4.0%	8.0%	-10.0%	11.0%
Hawaii	-0.5%	7.8%	-0.9%	12.0%
Kauai	4.7%	1.1%	-6.6%	12.1%

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

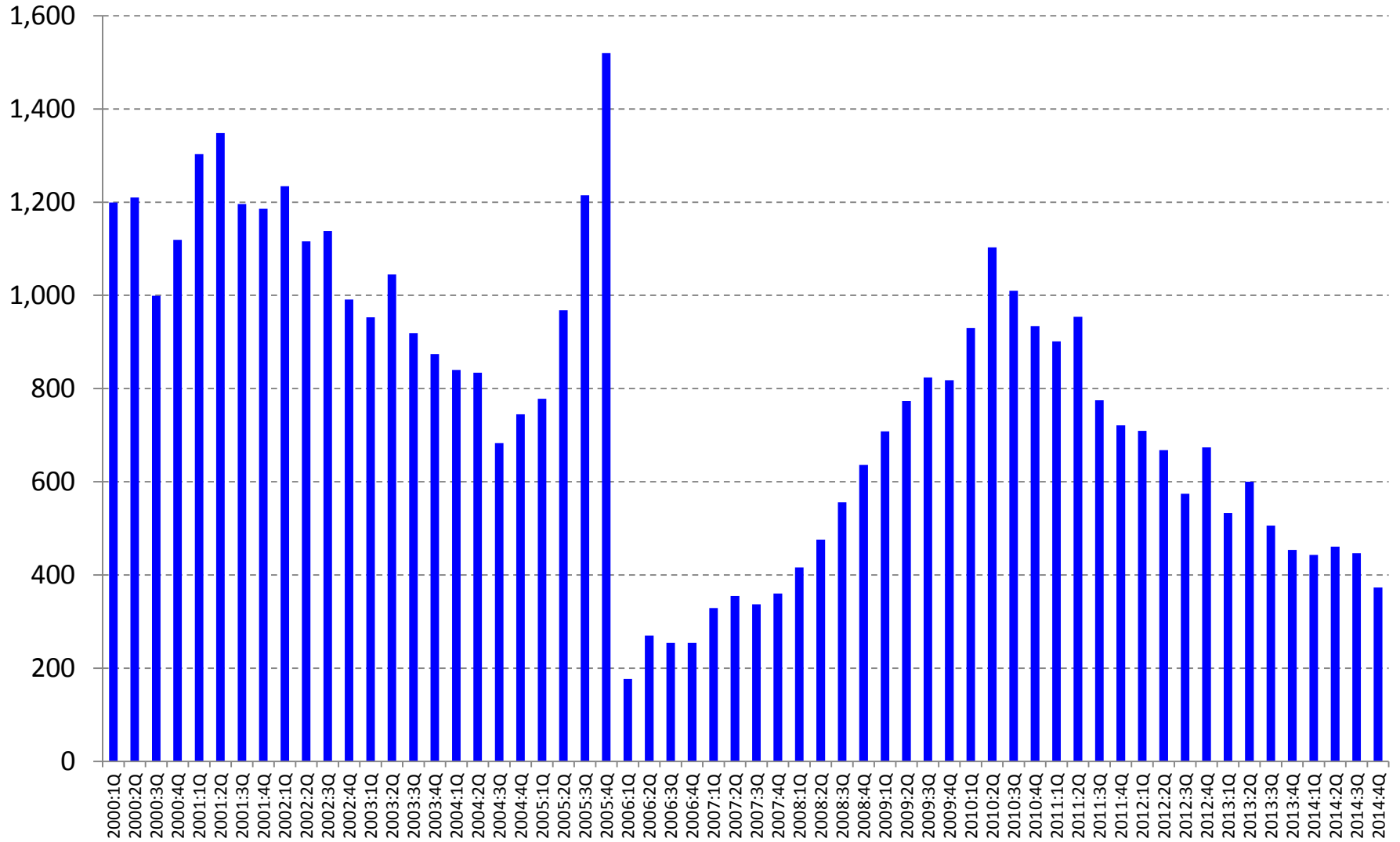
# Hawaii Population Growth Has Been Faster Than the Nation

Index of Population  
2000-2014 (Index: 2000=100)



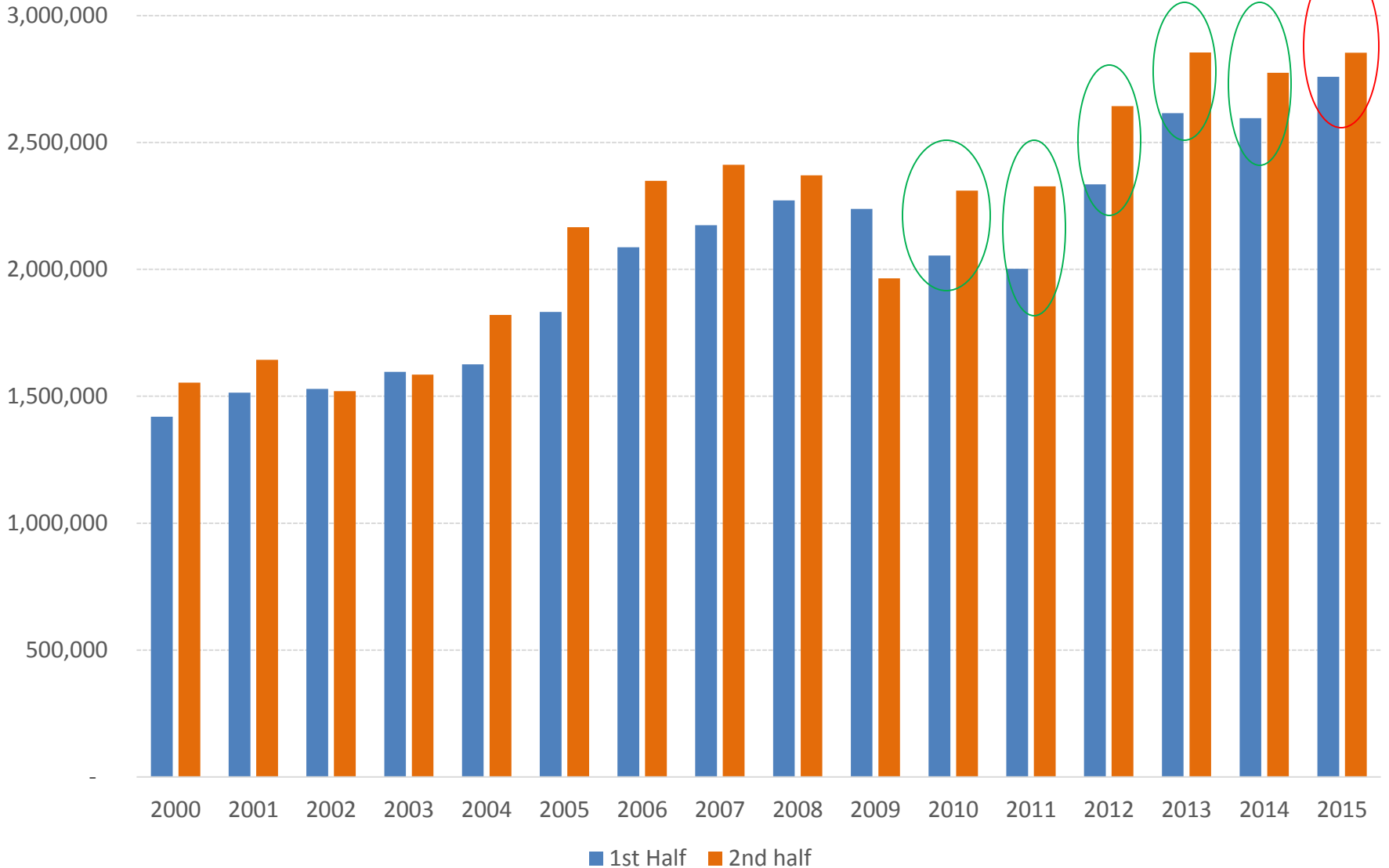
Source: U.S. Census Bureau

# Hawaii Bankruptcy Filings Has Been Declining Since the 3<sup>rd</sup> Quarter of 2010



# State General Fund Tax Revenue

COR's January 6, 2015 forecast might be conservative



## Summary

- All the economic indicators show that Hawaii's economy is on a normal growth path
- Visitor industry growth will be slowing down due to capacity limit but arrivals will create new record in 2015
- Labor market will continue to improve in 2015
- Construction industry will continue to recover in 2015
- Hawaii's economy will grow at the similar rate as the nation in 2015
- Hawaii's unemployment rate will still be better than the nation in 2015