

Current Hawaii Economic Conditions

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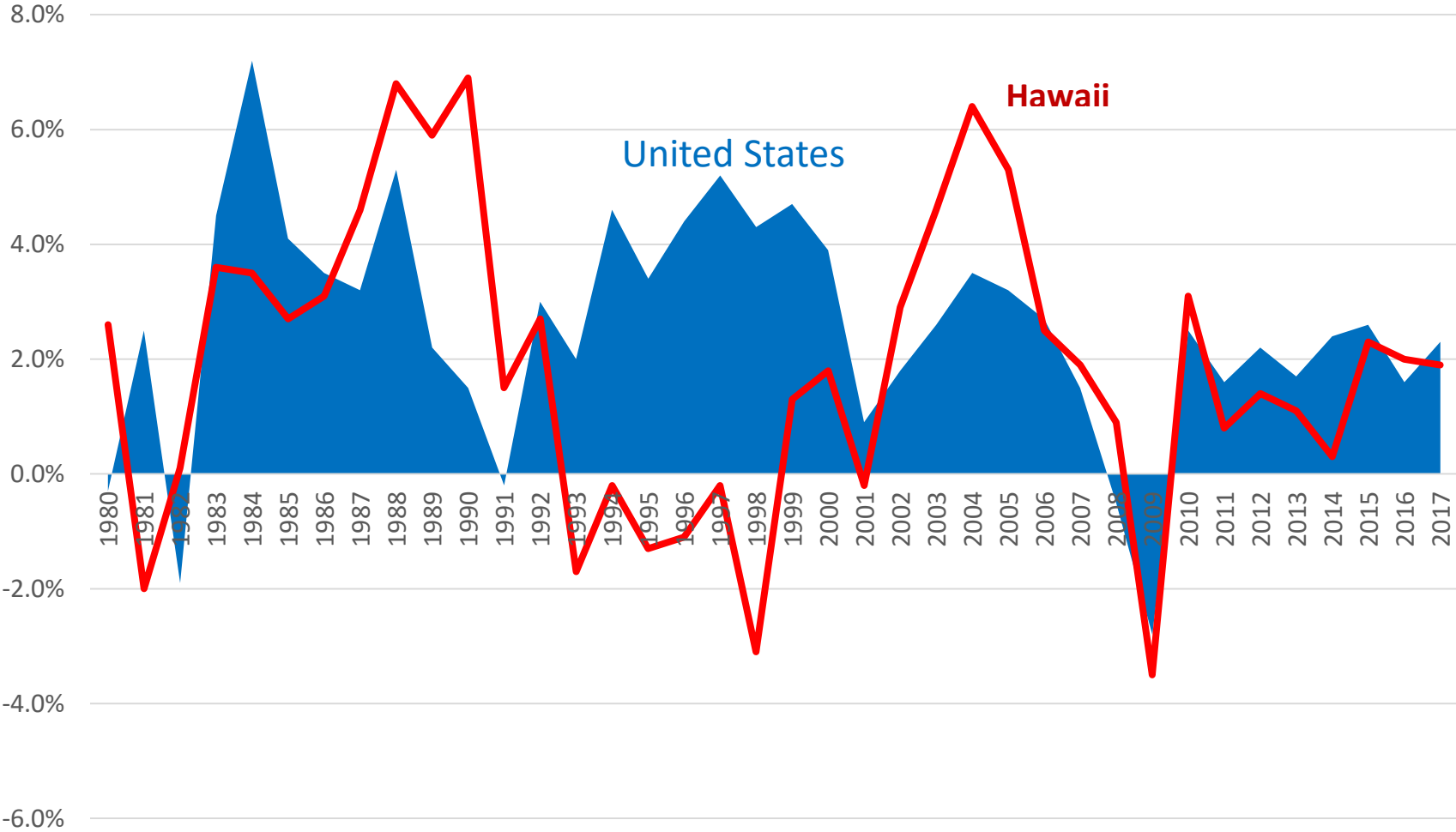
Department of Business, Economic Development & Tourism
to the

Committee on Ways and Means
and
Committee on Finance

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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
Real GDP	1.9	1.4	2.0	1.9
Real personal income	1.8	1.8	2.4	2.6
Honolulu inflation rate	3.0	2.2	2.3	2.6
Non-Ag wage and salary jobs	1.3	0.9	2.0	1.2
Unemployment rate 1/	4.7	5.0	3.3	3.4
Visitor arrivals by air	1.9	1.3	2.3	1.8

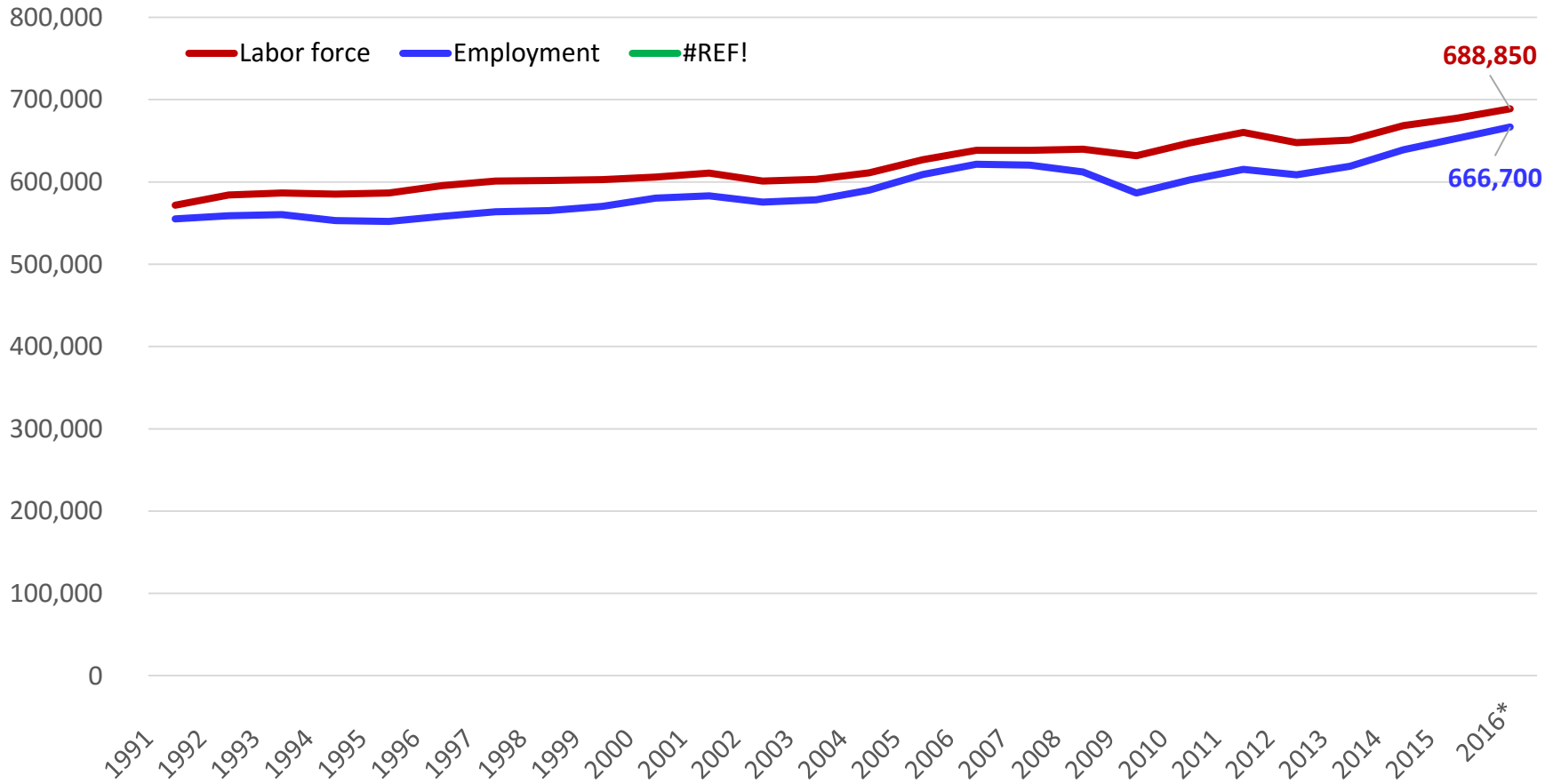
1/ Average of 30 years, 1985 – 2015.
Source: DBEDT

Most of the World Economies will Grow at Steady Rates

	2015	2016	2017
USA.	2.6	1.6	2.3
Canada	1.1	1.2	1.9
Japan	0.6	0.7	0.9
S. Korea	2.6	2.8	2.6
Hong Kong	2.4	1.5	1.6
Taiwan	0.8	1.3	1.8
China	6.9	6.7	6.3
United Kingdom	2.2	2.0	1.0
Germany	1.5	1.7	1.4
France	1.2	1.2	1.2
Eurozone	1.6	1.6	1.4
Australia	2.5	2.8	2.6
Brazil	-3.8	-3.4	0.7

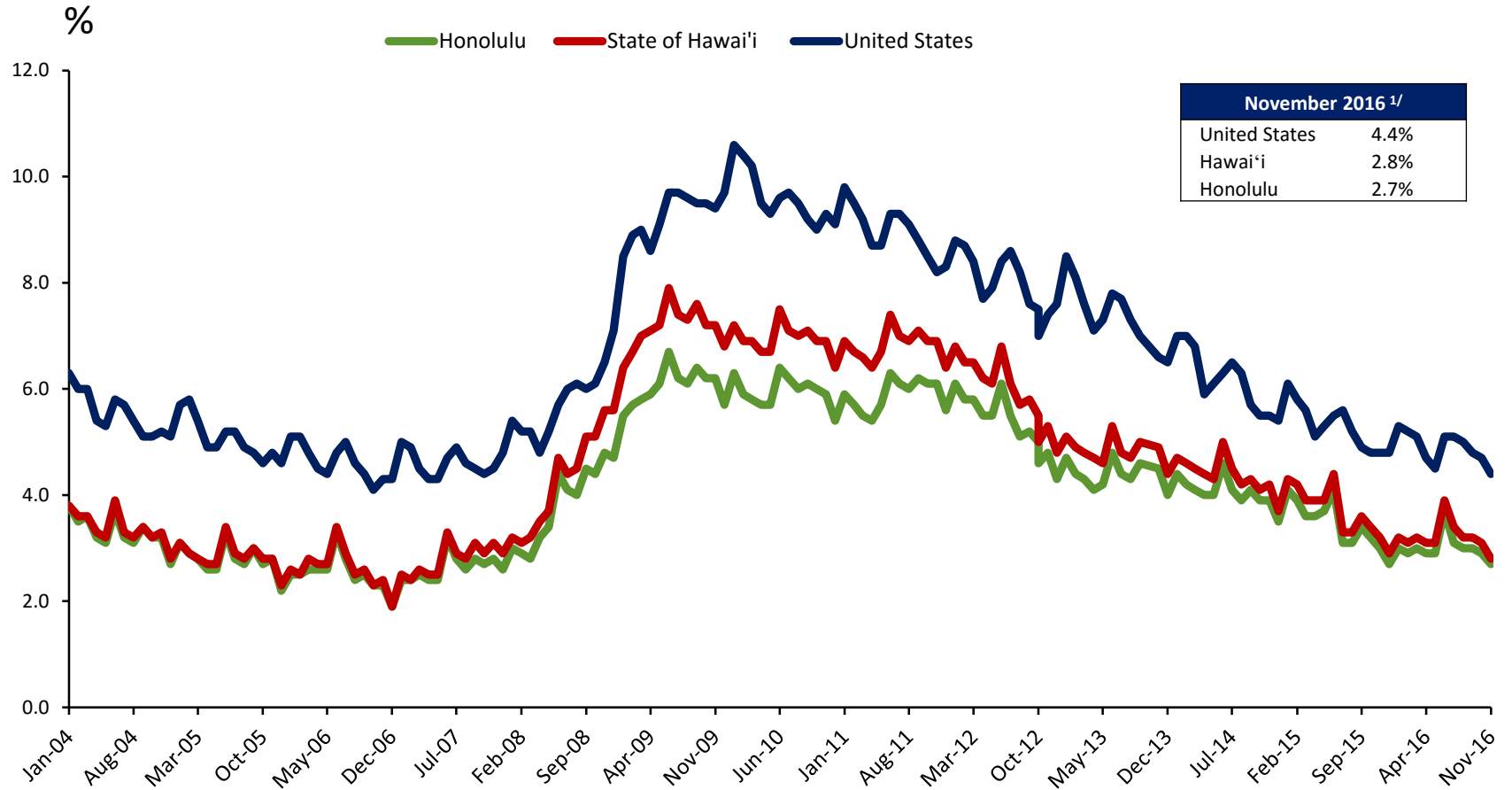
Source: Blue Chip Economic Indicators, December 10, 2016

Statewide Labor Force & Employment Were Historic Record Levels in 1st 11 Months of 2016



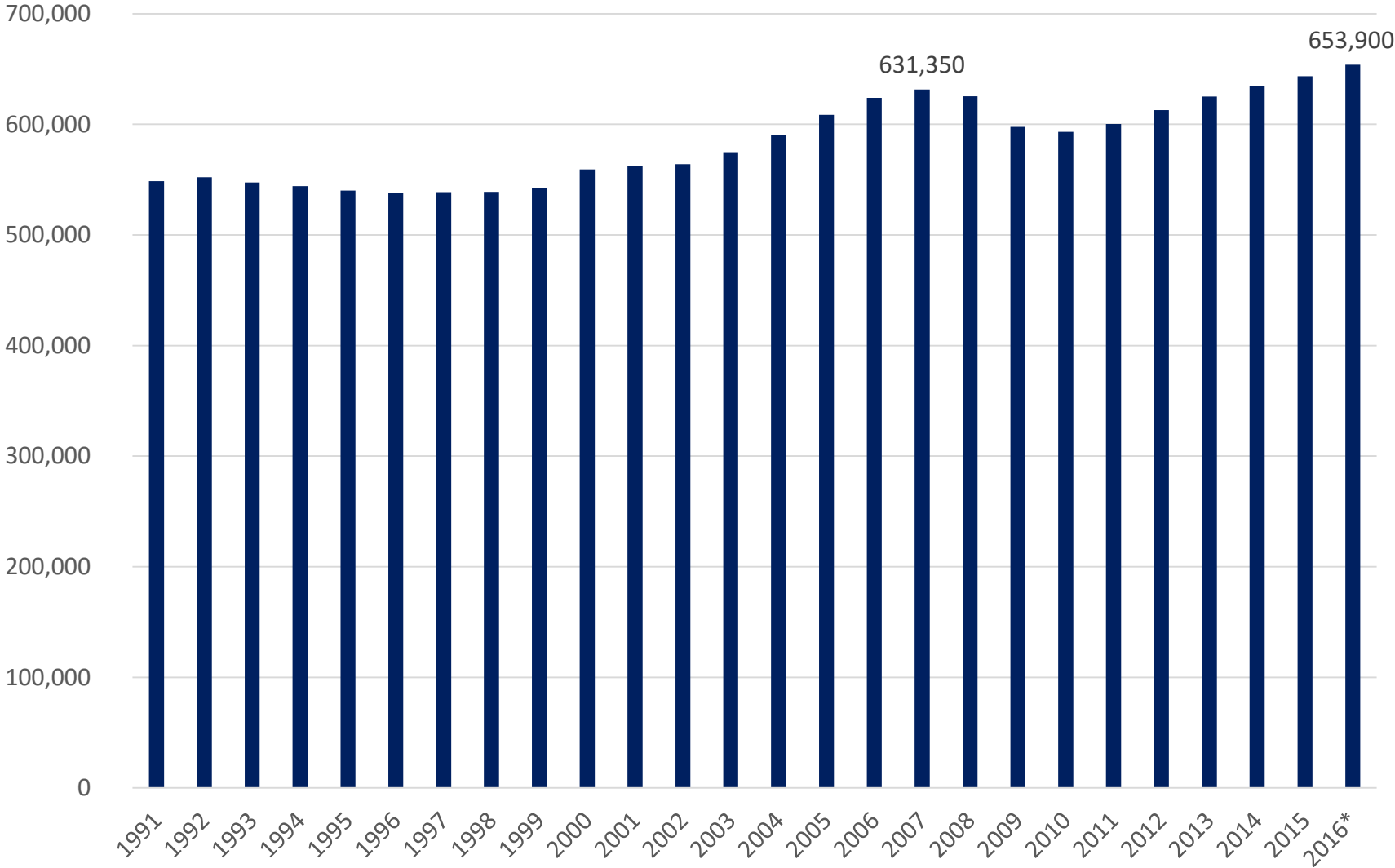
* 2016 number is the average of first 11 months
Source: Hawaii State Department of Labor and Industrial Relations

Unemployment Rate



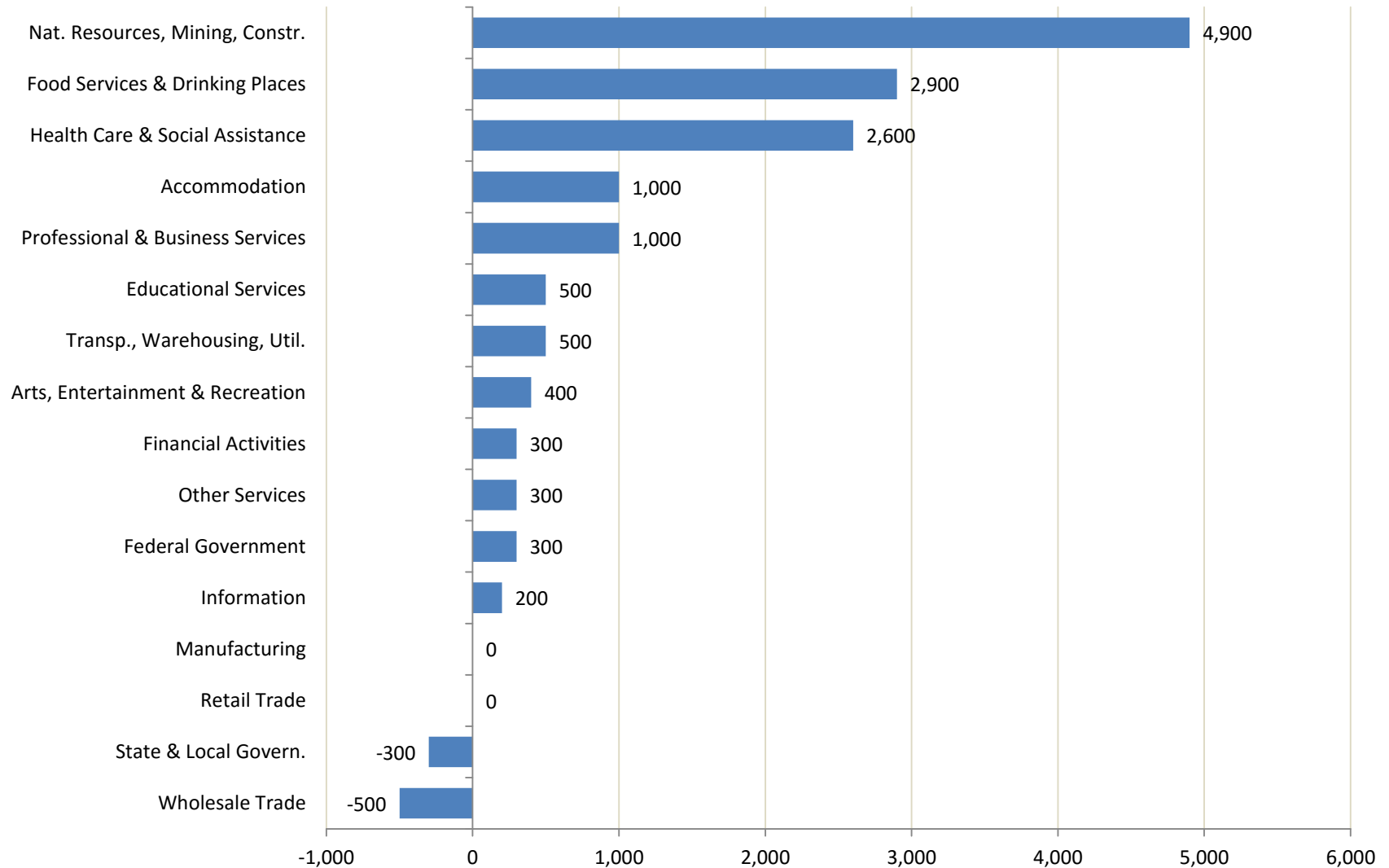
Source: Bureau of Labor Statistics
 * Not seasonally adjusted.

Non-Ag. Payroll Job Count Was An Historic Record Level in 1st 11 Months of 2016



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

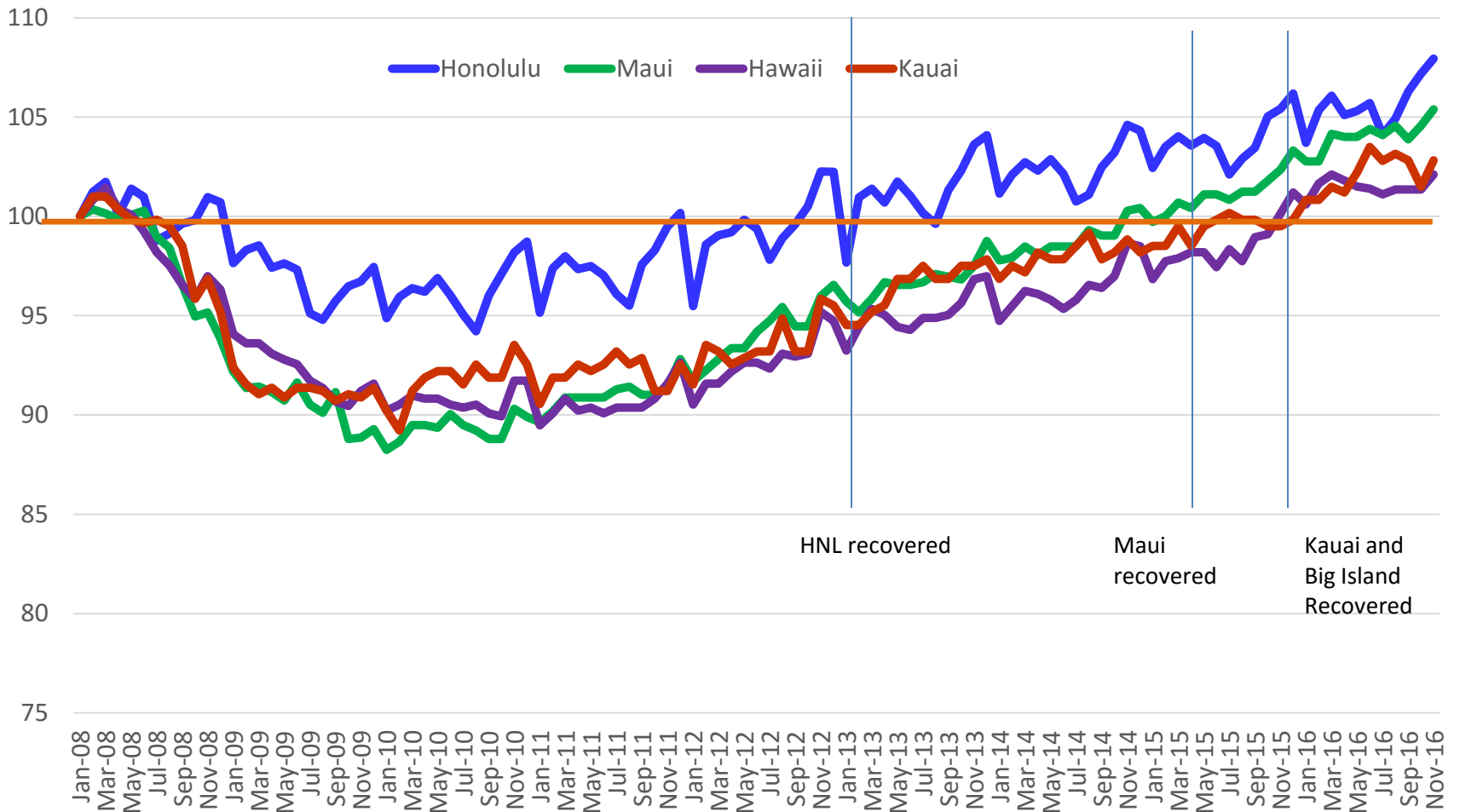
Statewide Gained 14,200 Payroll Jobs in First 11 months of 2016



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

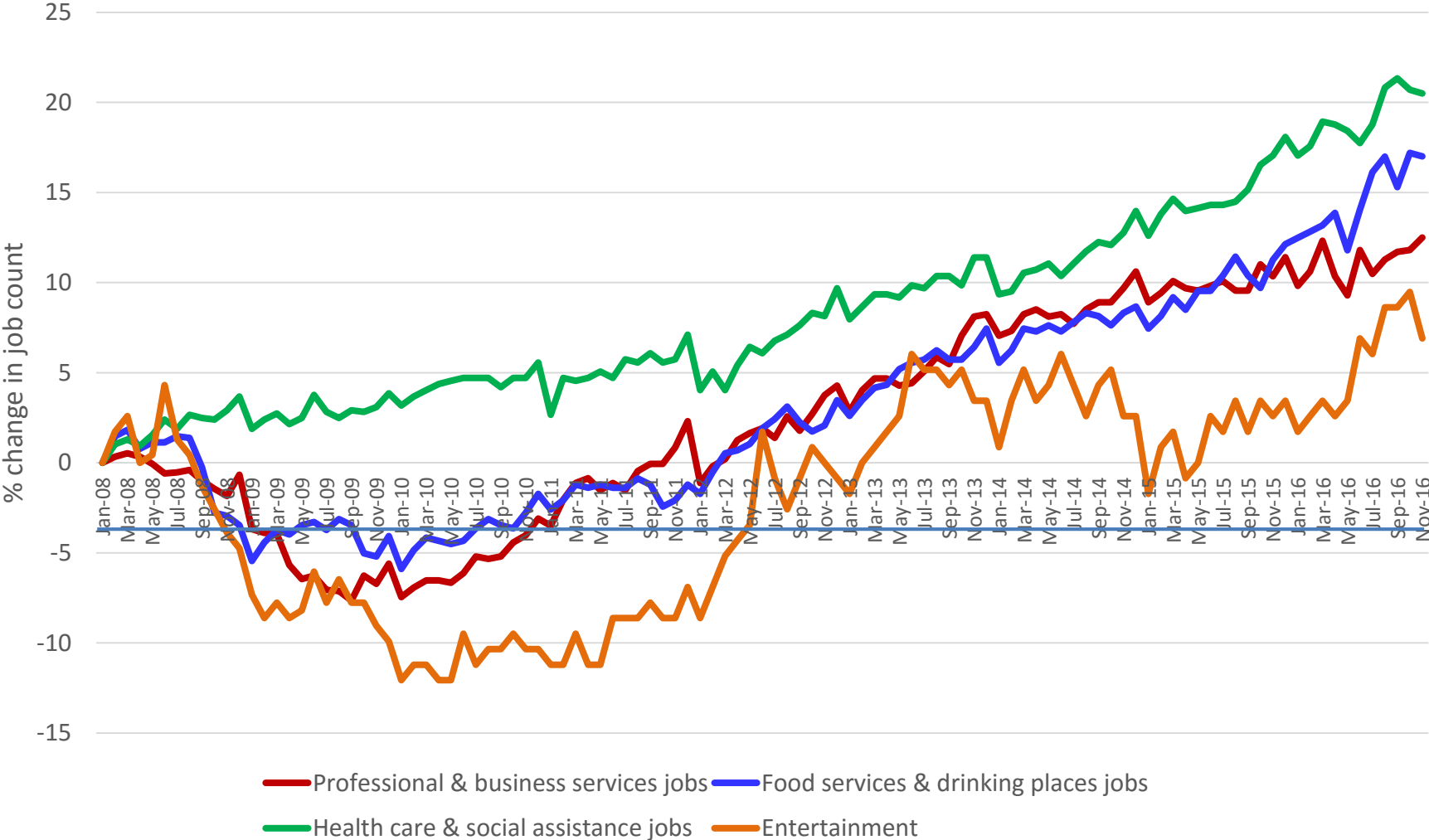
(% recovery from January 2008)



Source: DILR and calculations by DBEDT

Hawaii Industrial Winners

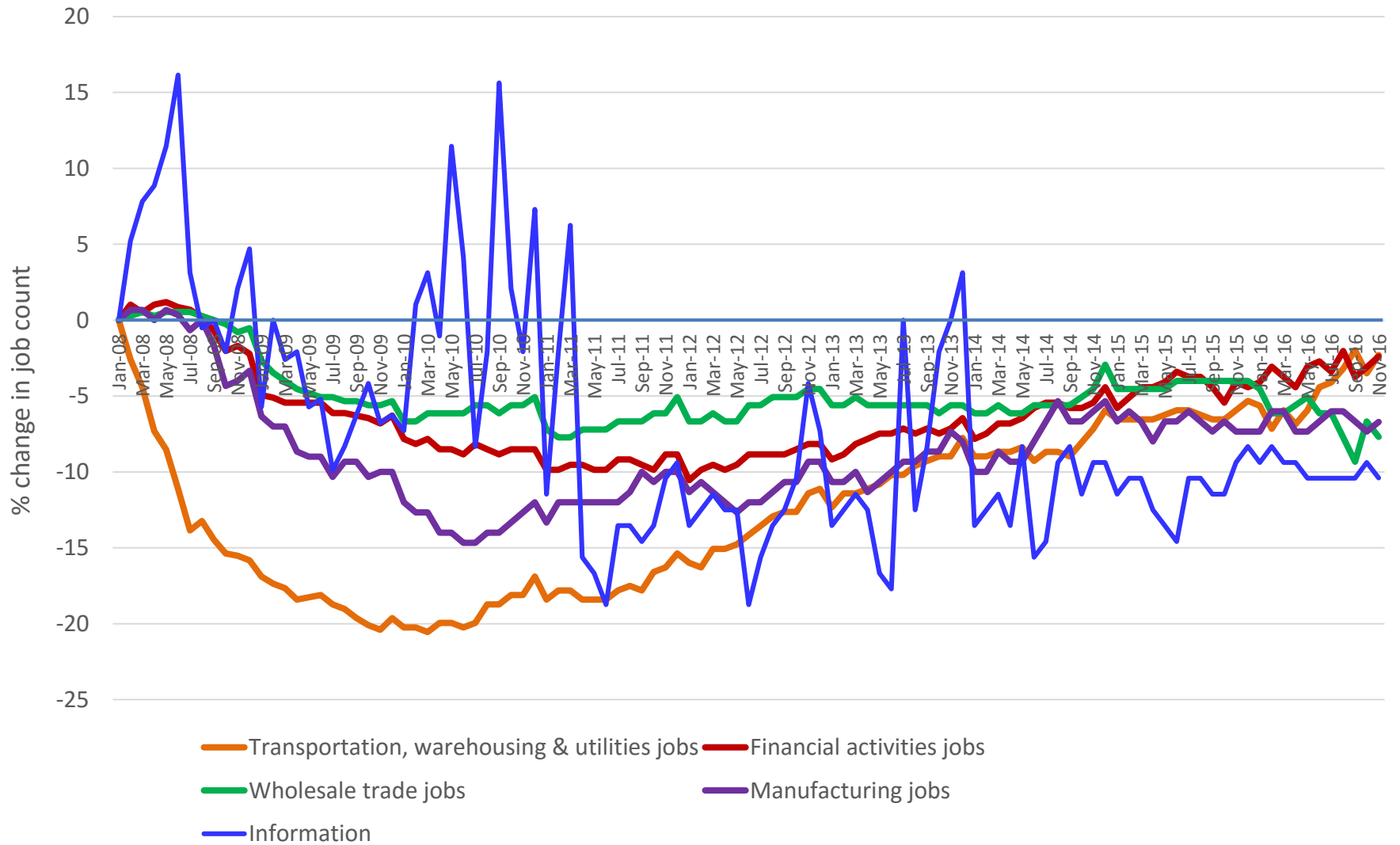
Percent Change in Employment Since Jan 2008 through November 2016



Source: DLIR

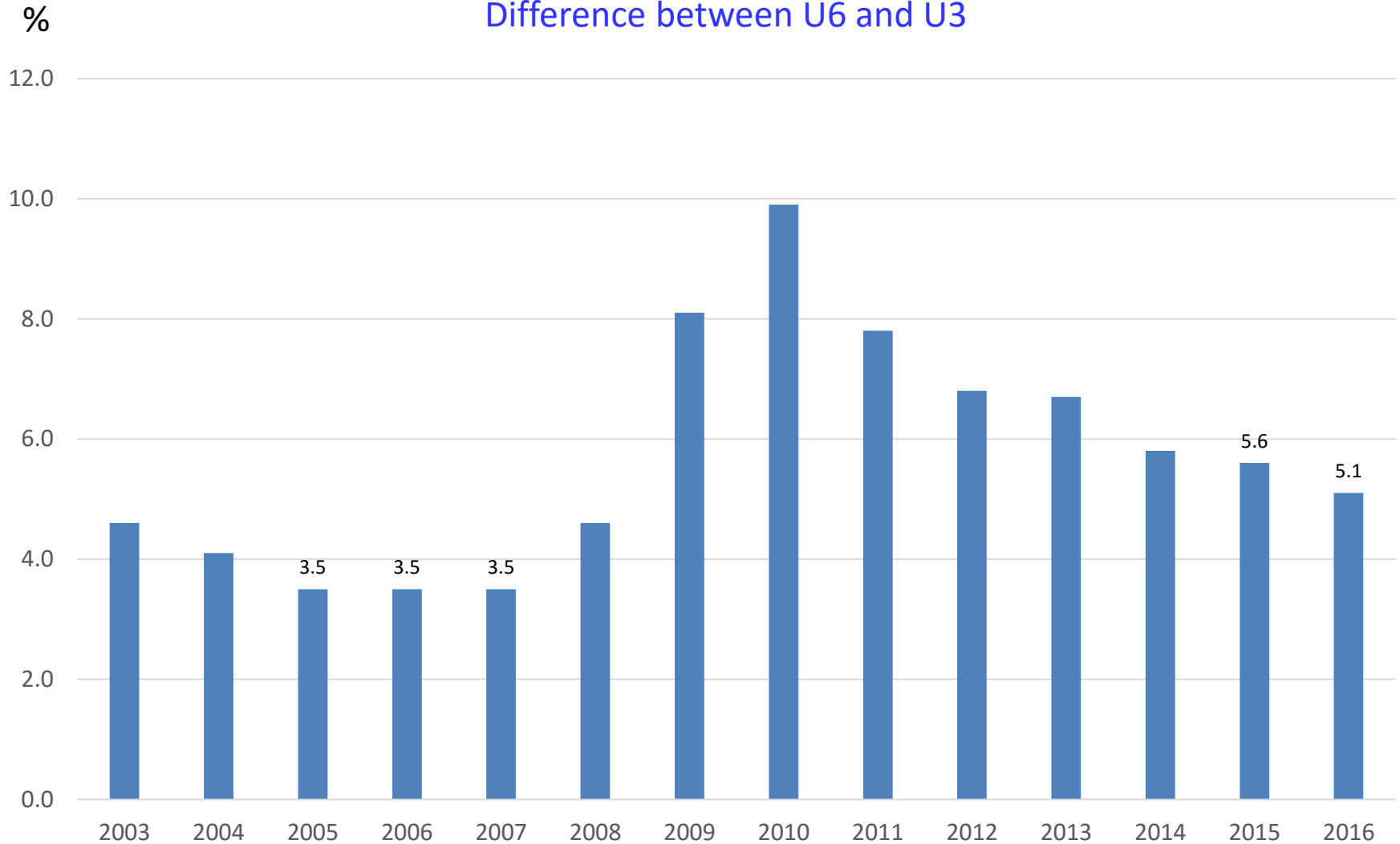
Hawaii Industrial Losers

Percent Change in Employment Since Jan 2008 through November 2016



Unemployment Rate Due to Economic Reasons

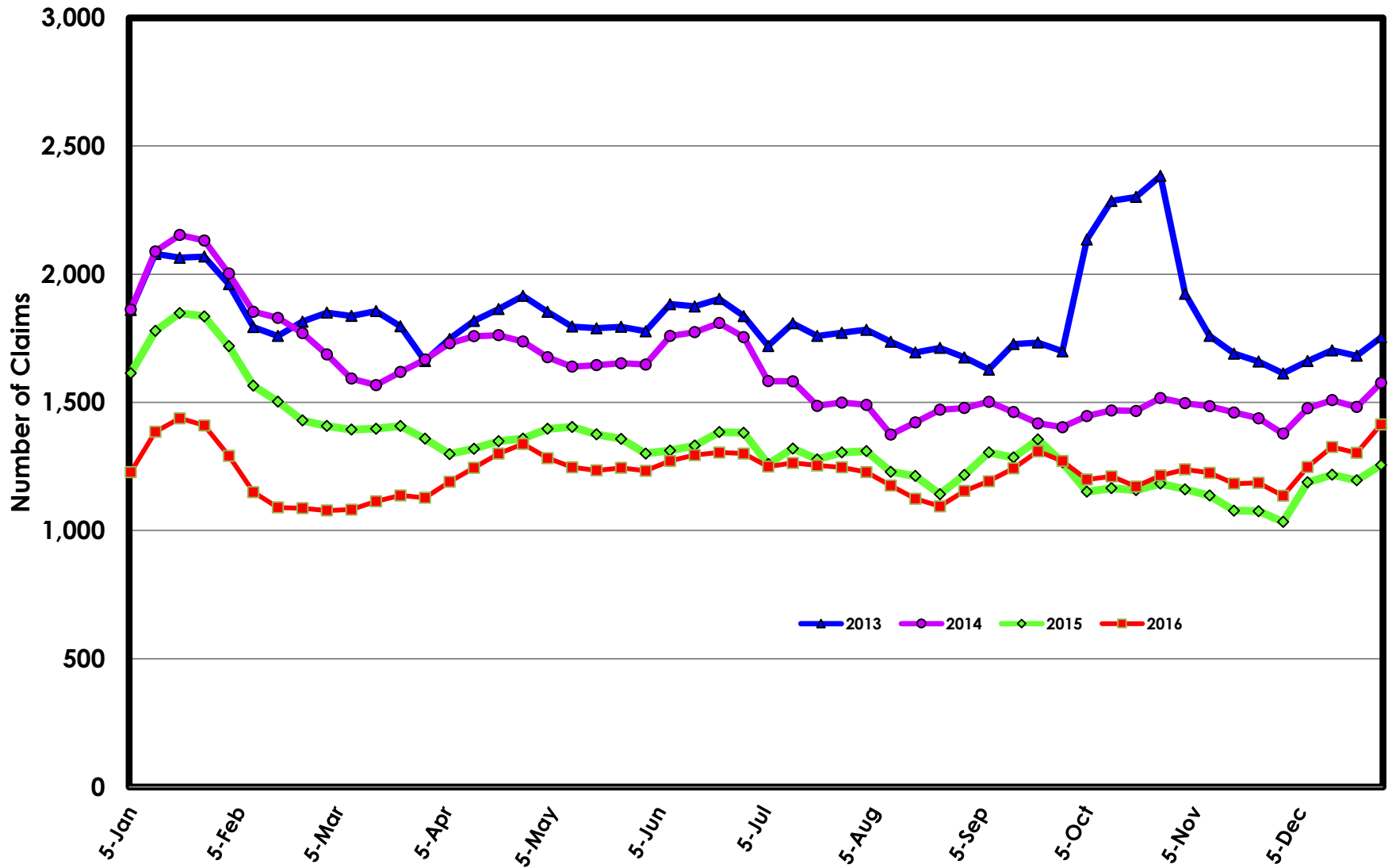
Difference between U6 and U3



Source: U.S. Bureau of Labor Statistics

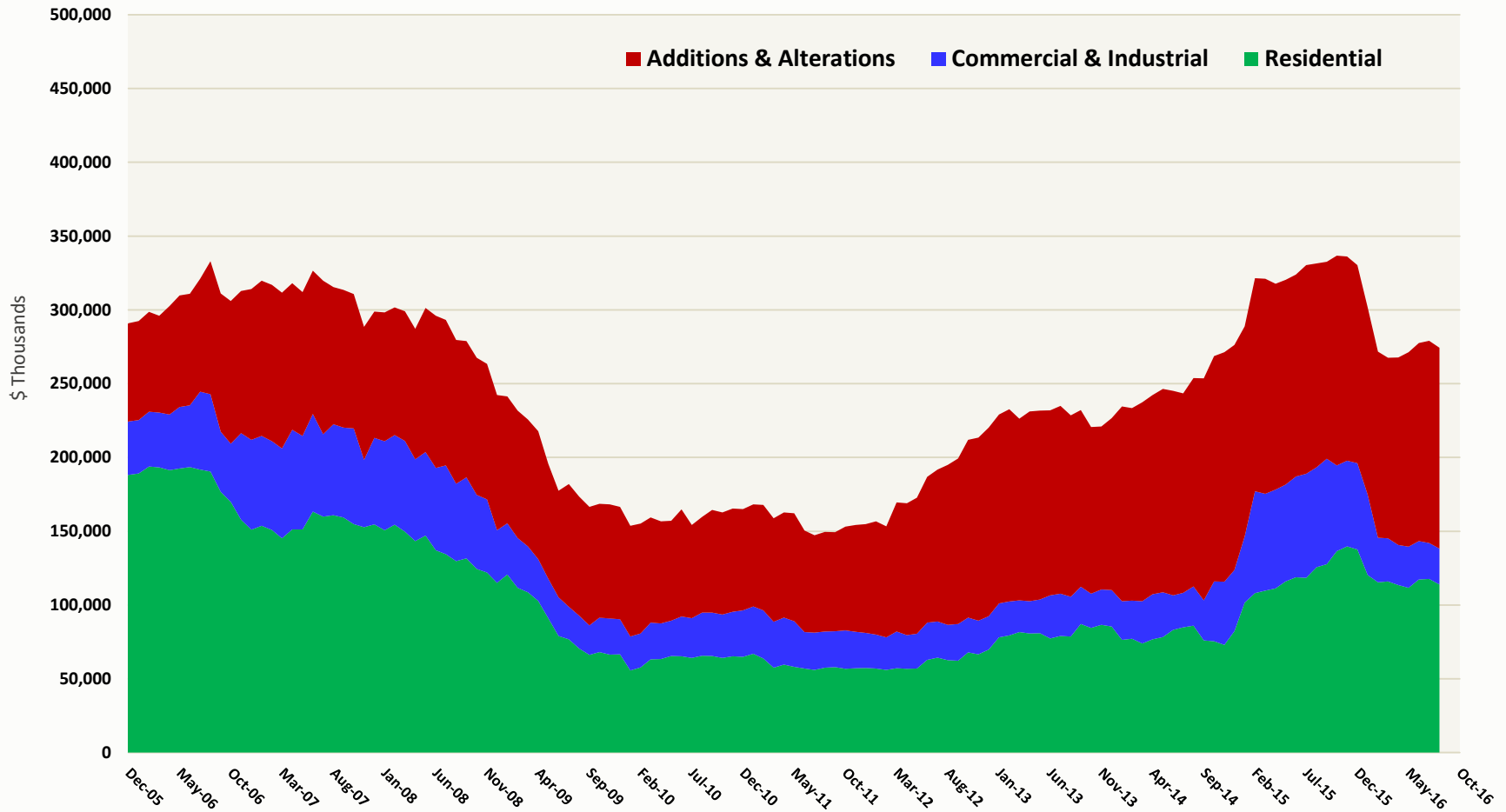
Comparison of Initial Unemployment Claims

4-Week Moving Averages: State



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

Real Estate Sales

(% change 1st nine months 2015 to 1st 11 months 2016)

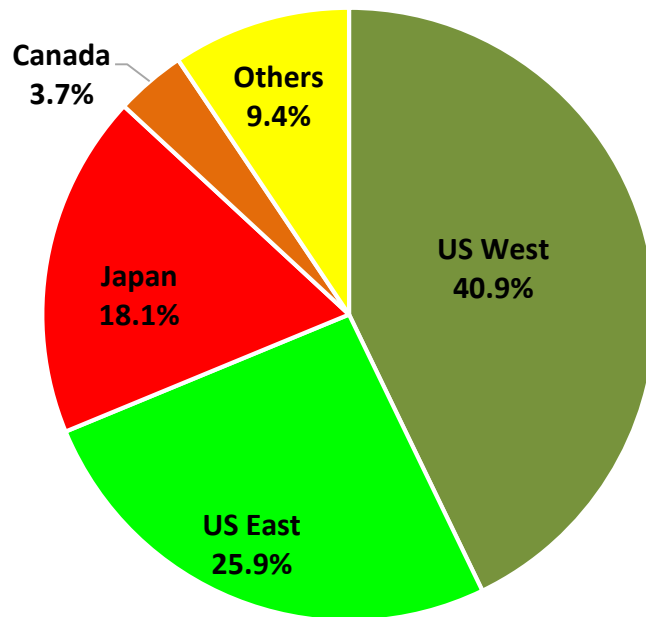
Island	Single Family Homes		Condo Homes	
	Closed sales	Median price	Closed sales	Median price
Oahu	6.1%	5.0%	8.2%	8.1%
Maui	-2.0%	9.0%	9.0%	1.0%
Hawaii	13.7%	1.5%	9.1%	11.8%
Kauai	16.6%	0%	-1.5%	10.8%

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

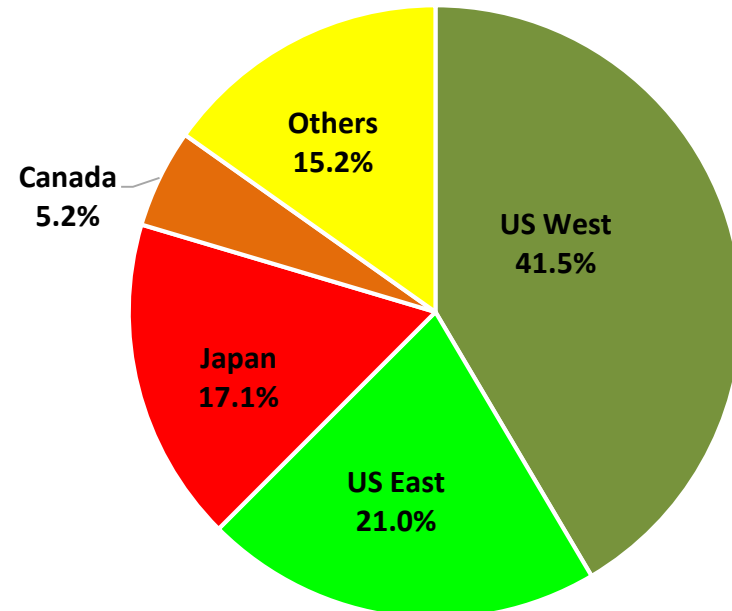
Visitors by Air by Market: Statewide

62.5% of Hawaii Visitors Were From the U.S. with Japanese Visitors Accounting for 17.1% during first 11 months of 2016. Visitors from Canada and other markets are increasing

2006



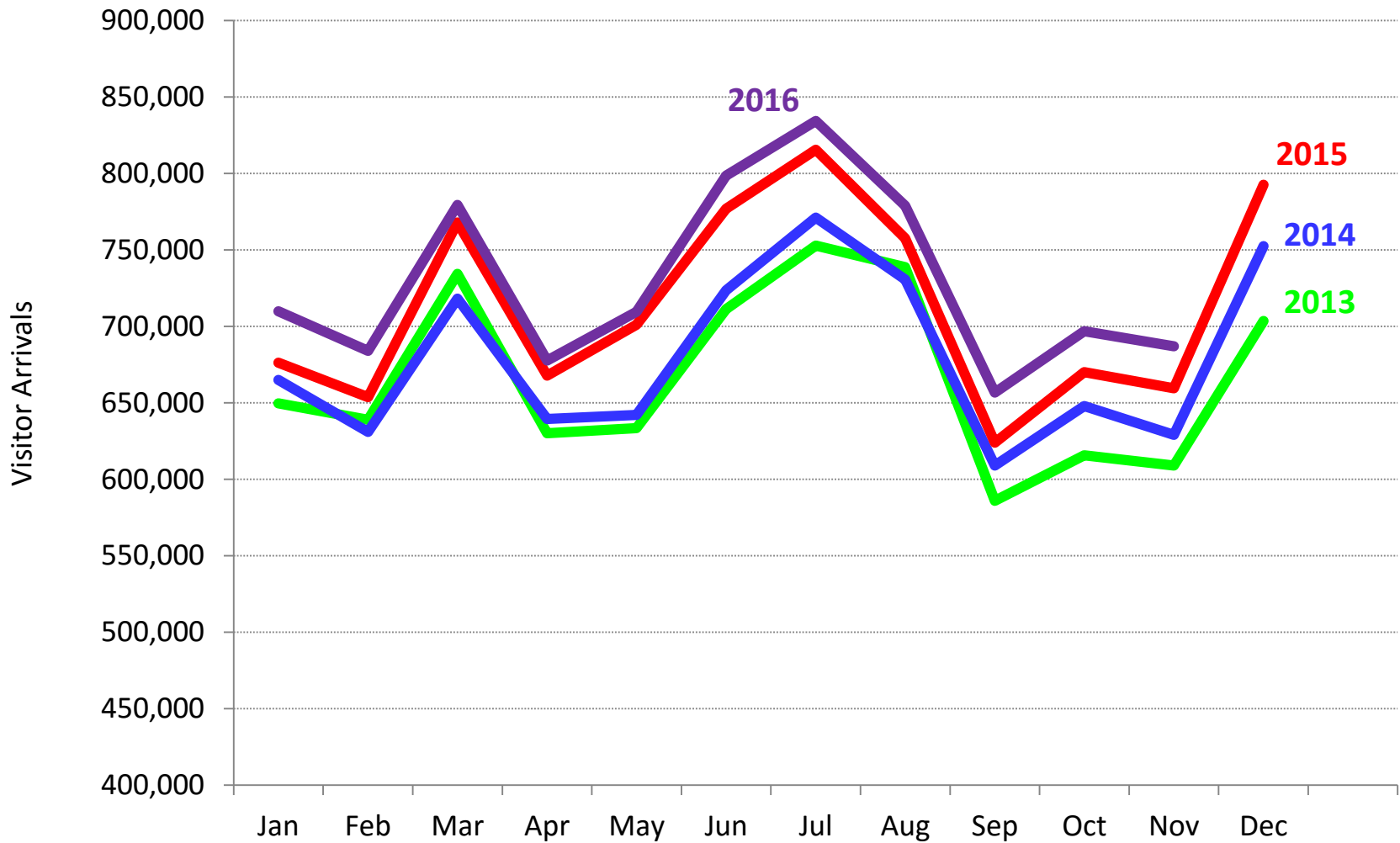
2016*



* first 11 months

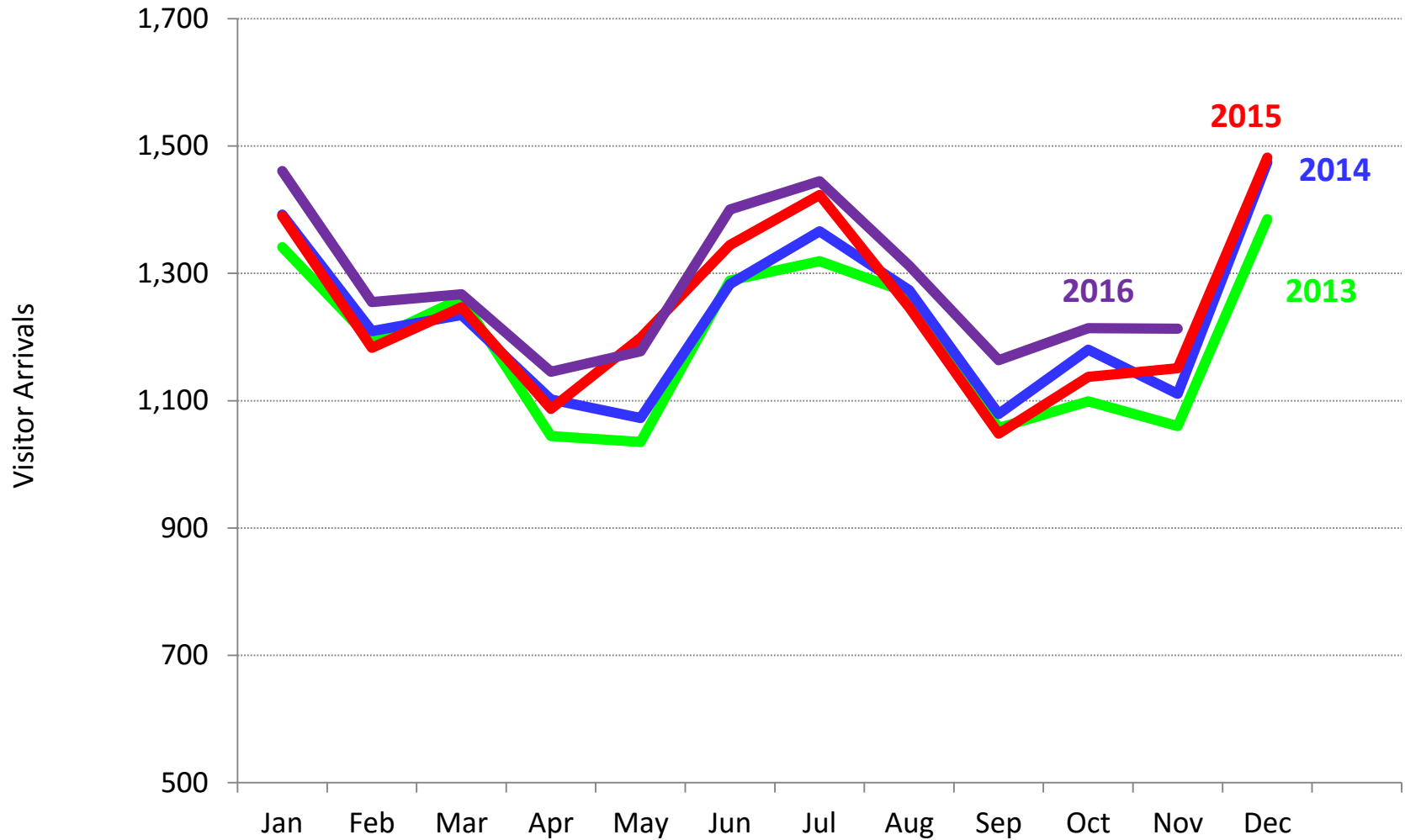
Source: Department of Business, Economic Development & Tourism, Hawaii Tourism Authority

Visitor Arrivals by Air Increased 3.1% During the First 11 Months of 2016



Source: Hawai'i Tourism Authority

Visitor Spending Increased 4.1% During the First 11 Months of 2016



Source: Hawai'i Tourism Authority

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
- Labor market is the best in 1st 11 months of 2016
- As of the beginning of 2016, all counties have recovered in payroll jobs
- Construction industry had record job count in 1st 11 months of 2016
- Hawaii's unemployment rate will still be among the lowest in the nation in the coming year

Challenges in the Economy

- Many Hawaii industries are still recovering
- Unemployment due to economic reasons is still high and initial unemployment claims are rising
- Air seat capacity will decrease by 1.2% in 1Q 2017, will lead visitor industry growth slowing down
- Value of building permit still down as of November 2016