
Hawaii's Economy Today and the Near Future

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To the

House Committee on Finance

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Some Encouraging News:

- Visitor arrivals recovered by 23% in November 2020 and 26% in December in comparison to the same months of 2019.
- Hawai'i bankruptcy filings continued declining.
- Personal income increased 8.2% during the first 9 months 2020 compared with the same period a year ago.
- Initial unemployment claims have been stable at below 5,000 level since October 17.
- Flights from Canada resumed in December, first time since April 2020.

Some Encouraging News (continued)

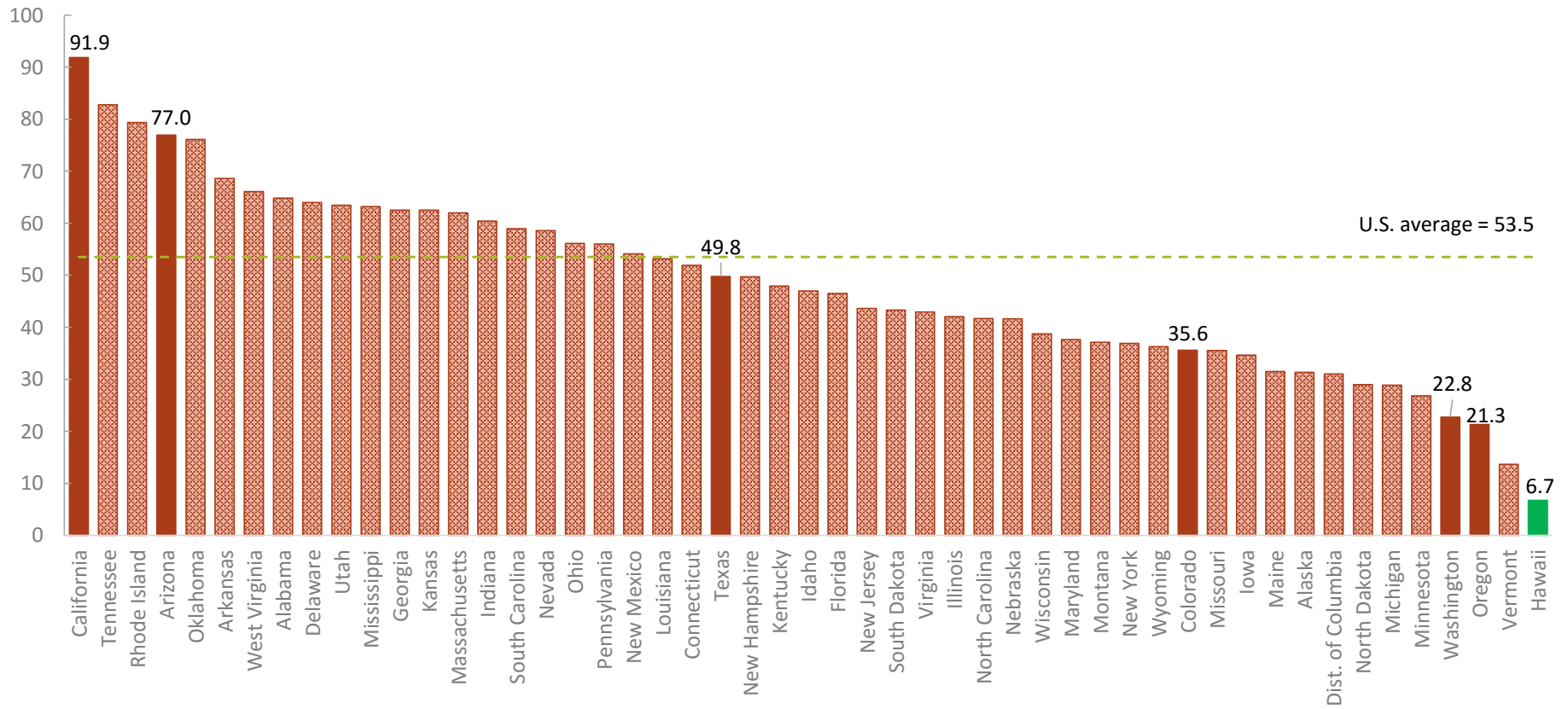
- Real estate market performing well in terms of resale prices.
- In terms of average daily new COVID-19 cases per 100,000 population, Hawai'i's cases currently ranked the lowest in the nation. Cumulative death rate is also the lowest in the nation.
- COVID-19 vaccine will be widely used by the middle of 2021.
- \$1.7 billion Federal assistance money coming, and the number might be possibly doubled.
- Stock market continues performing well.
- The outlook for U.S. economy has continued to improve since May 2020.

Some Challenging Facts:

- High number of new COVID-19 cases on the U.S. mainland, especially California.
- Increasing new COVID-19 cases in Japan, Korea, and Canada.
- New COVID-19 variant found in California.
- All industries started losing payroll jobs.
- Unemployment rate remains the 2nd highest in the nation.
- Construction activities are slowing down.

Daily New COVID-19 Cases per 100,000 Population

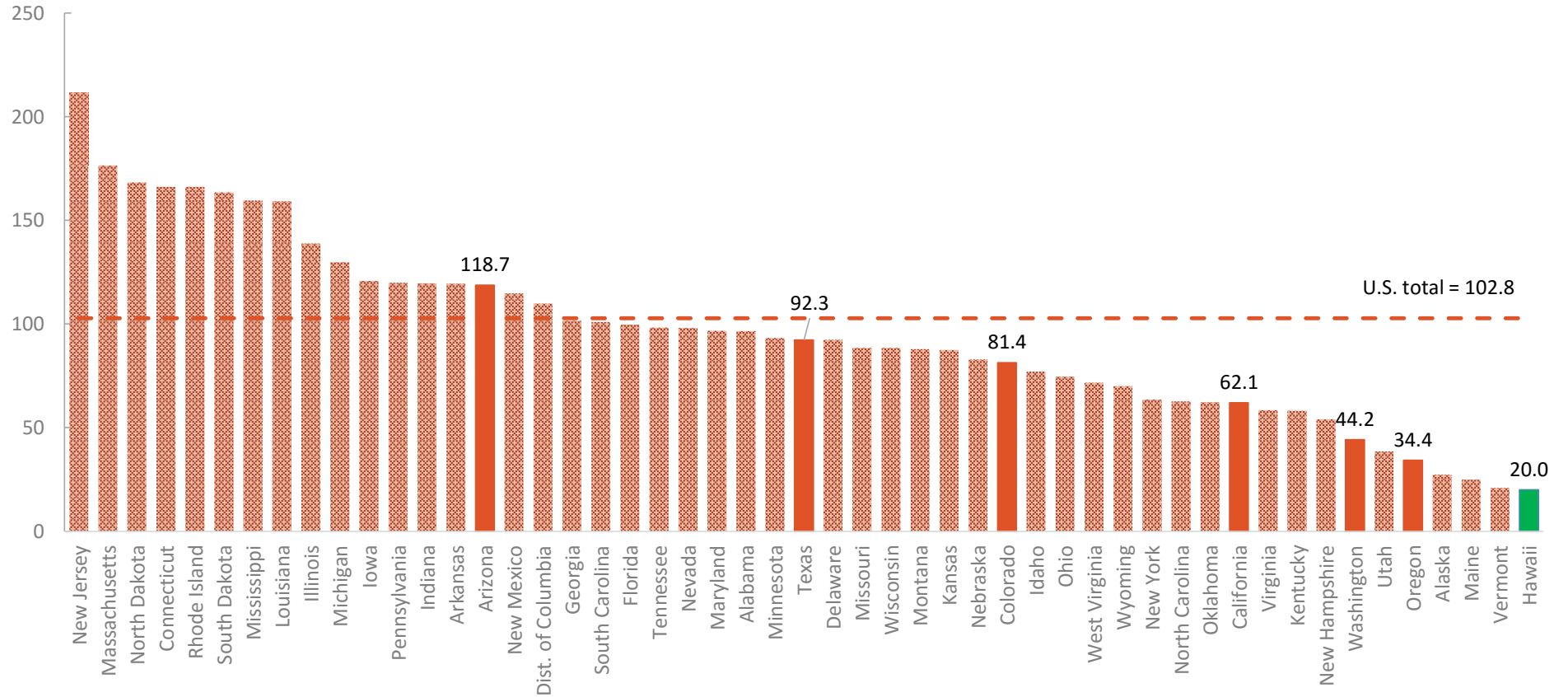
7-day average, for week ending December 30, 2020



Source: USA Facts, US Coronavirus Causes and Deaths

Cumulative COVID-19 Deaths, per 100,000 Population

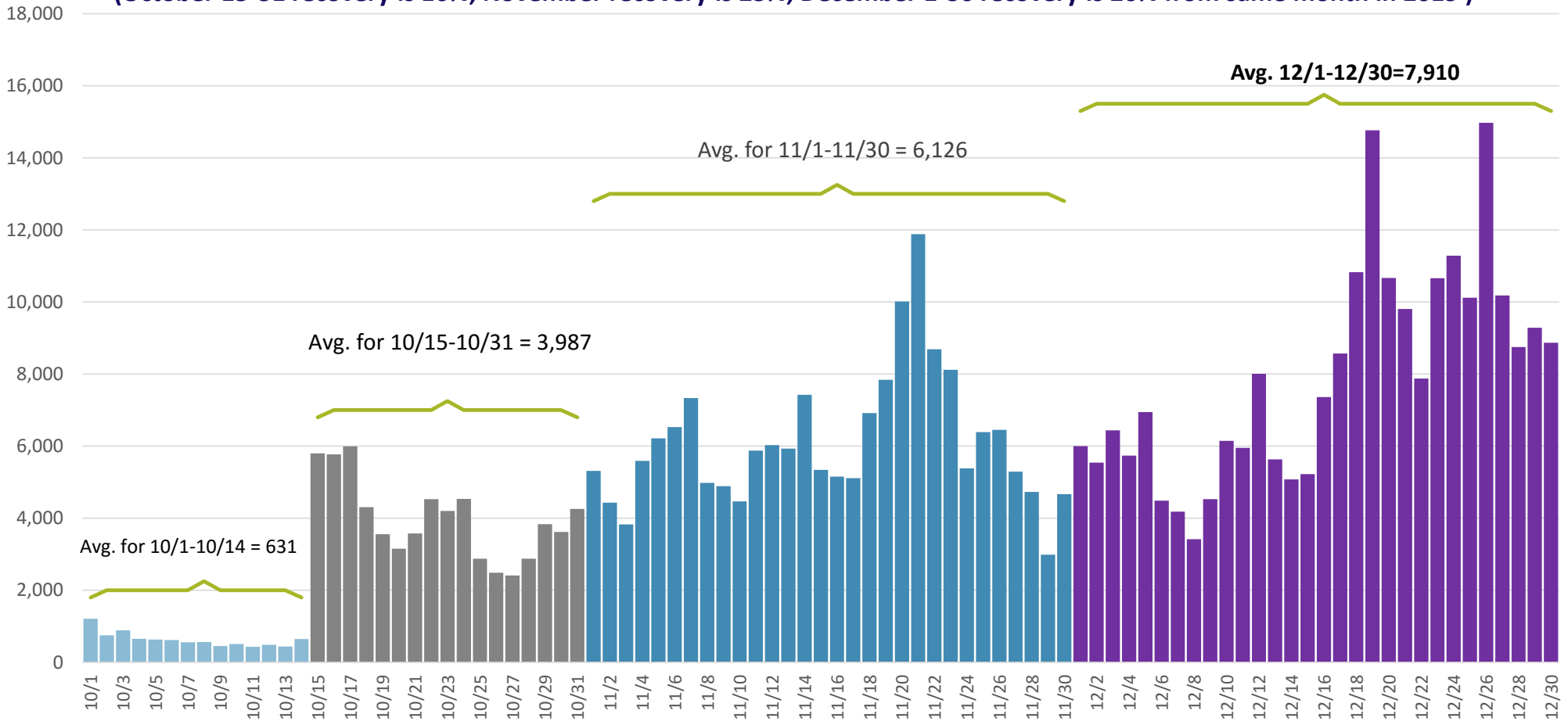
As of December 30, 2020



Source: CDC COVID Data Tracker, United States COVID-19 Cases and Deaths by State

Daily visitor arrivals to Hawaii: October 1 to December 30, 2020

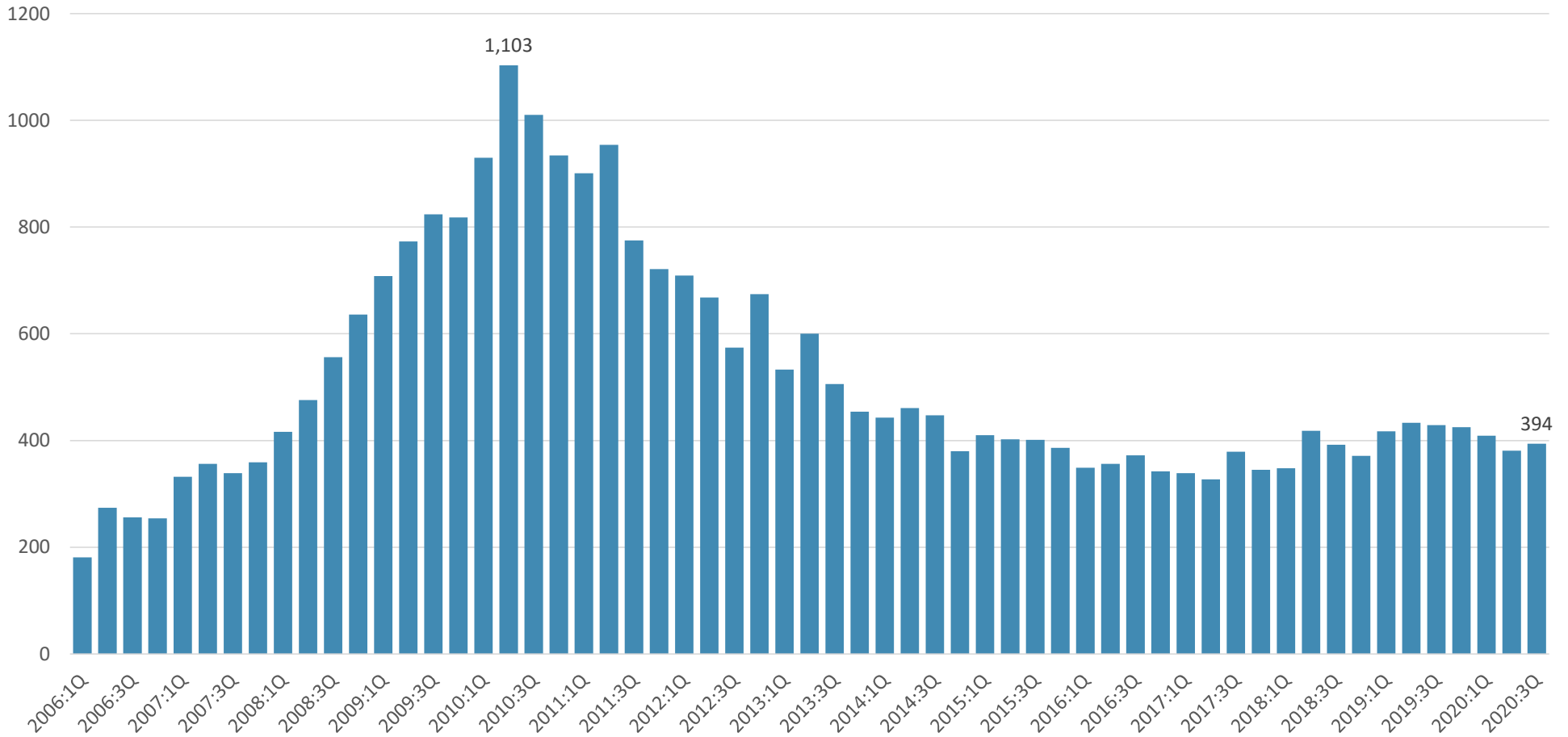
(October 15-31 recovery is 16%, November recovery is 23%, December 1-30 recovery is 26% from same month in 2019)



Source: Hawaii Tourism Authority



Hawaii Bankruptcy Filings Dropped 9.4% In First 11 Months of 2020



Source: U.S. Bankruptcy Court

Hawaii Business Operation Status as of Mid-December 2020

Industry	Business never closed	Business closed but is now partially reopened	Business closed but is now reopened	Business is currently closed
Construction	75.6%	9.8%	14.6%	0.0%
Manufacturing	50.0%	27.3%	13.6%	9.1%
Wholesale Trade	32.4%	29.4%	17.6%	20.6%
Retail Trade	17.0%	31.2%	34.8%	17.0%
Transportation and Warehousing	66.7%	19.0%	0.0%	14.3%
Finance and Insurance	77.3%	9.1%	13.6%	0.0%
Real Estate Rental and Leasing	78.2%	15.4%	5.1%	1.3%
Professional, Scientific, and Technical Services	53.8%	19.8%	24.5%	1.9%
Educational Services	38.2%	32.4%	20.6%	8.8%
Health Care and Social Assistance	44.2%	15.4%	35.6%	4.8%
Art, Entertainment, and Recreation	12.8%	50.0%	11.5%	25.6%
Food Services	27.4%	24.4%	36.6%	11.6%
Other Services	25.0%	37.0%	30.0%	8.0%
Total	39.0%	25.6%	24.7%	10.7%

Source: Hawaii Commercial Rent Survey, December 2020

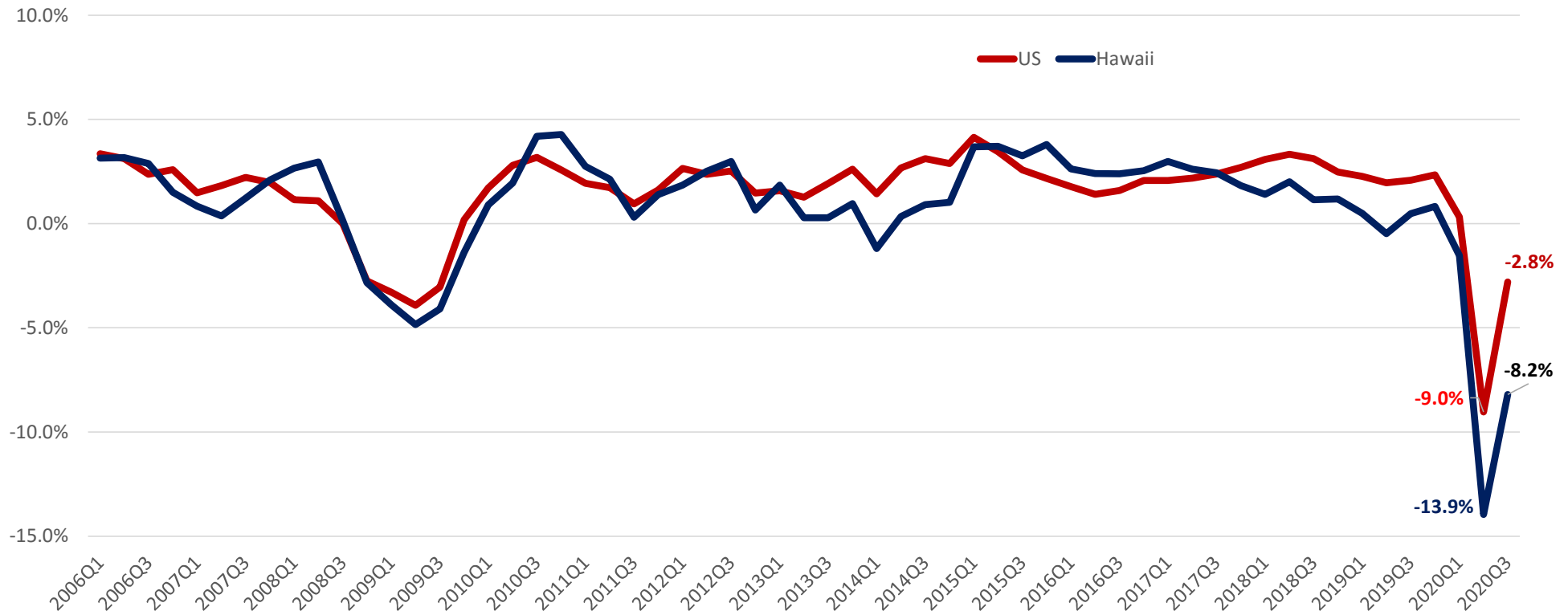
Business Expectation on Revenue Change: 2020 and 2021

Range	2020	2021
>-(50%)	38.8%	27.3%
-(-31-50%)	21.2%	21.6%
-(21-30%)	14.7%	18.1%
-(1-20%)	11.6%	14.3%
No change	4.7%	7.2%
+(1-20%)	4.4%	5.9%
+(21-30%)	0.9%	2.4%
+(31-50%)	0.9%	0.9%
>+(50%)	2.7%	2.4%

86.3% (Grouped for 2020: >-(50%), -(-31-50%), -(21-30%), -(1-20%))
81.3% (Grouped for 2021: >-(50%), -(-31-50%), -(21-30%), -(1-20%))

Source: Hawaii Commercial Rent Survey, December 2020

Real GDP Growth: U.S. and Hawaii



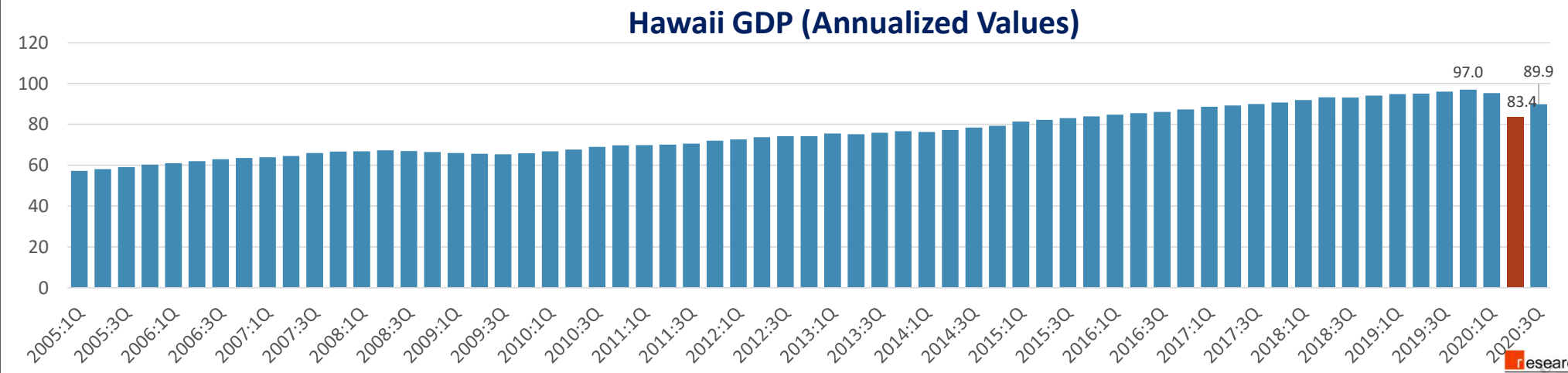
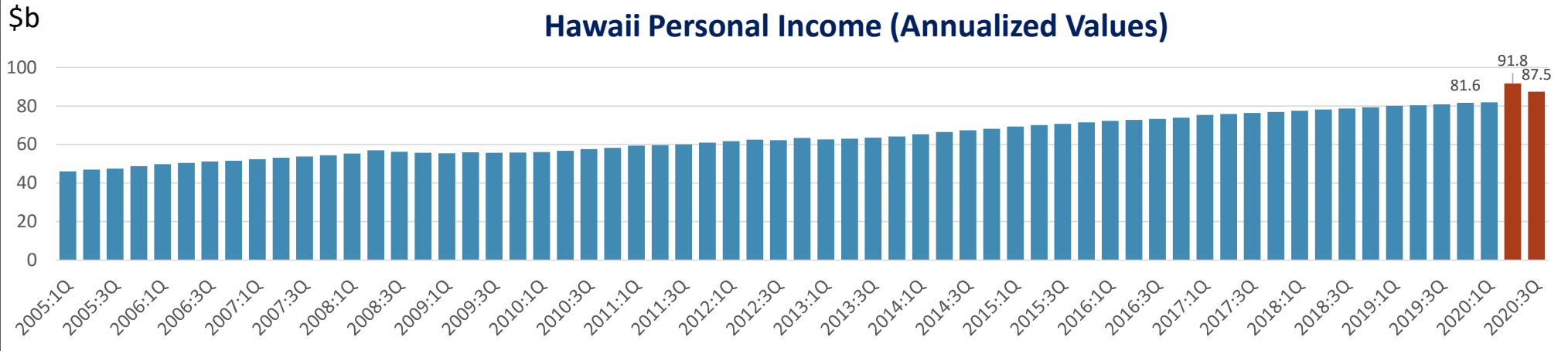
Source: U.S. Bureau of Economic Analysis

Hawaii Real GDP Growth by Industry

Industry	2Q & 3Q 2019	2Q & 3Q 2020	% growth
Agriculture	569.6	658.9	15.7
Mining	89.3	83.8	-6.2
Utilities	1,643.8	1,746.5	6.3
Construction	4,099.1	4,024.3	-1.8
Manufacturing	1,731.9	1,499.9	-13.4
Trade	8,487.6	7,746.8	-8.7
Transportation	4,502.0	3,328.2	-26.1
Information	2,162.0	2,072.3	-4.1
Finance and insurance	2,630.7	2,707.3	2.9
Real estate	15,529.8	15,195.8	-2.2
Professional services	3,565.9	3,366.6	-5.6
Management of companies	1,230.3	1,149.8	-6.5
Administrative services	2,380.6	2,094.0	-12.0
Educational services	865.5	702.5	-18.8
Health care and social assistance	5,929.5	5,536.0	-6.6
Leisure & hospitality	8,701.1	4,110.8	-52.8
Other services	1,815.7	1,479.9	-18.5
Federal government	9,161.4	9,377.1	2.4
S&L government	7,202.6	6,709.4	-6.8
TOTAL	82,286.2	73,166.3	-11.1

Source: U.S. Bureau of Economic Analysis

Personal Income Grew 8.2% but GDP Decreased 6.1% In 2020:3Qs



Hawaii retail sales

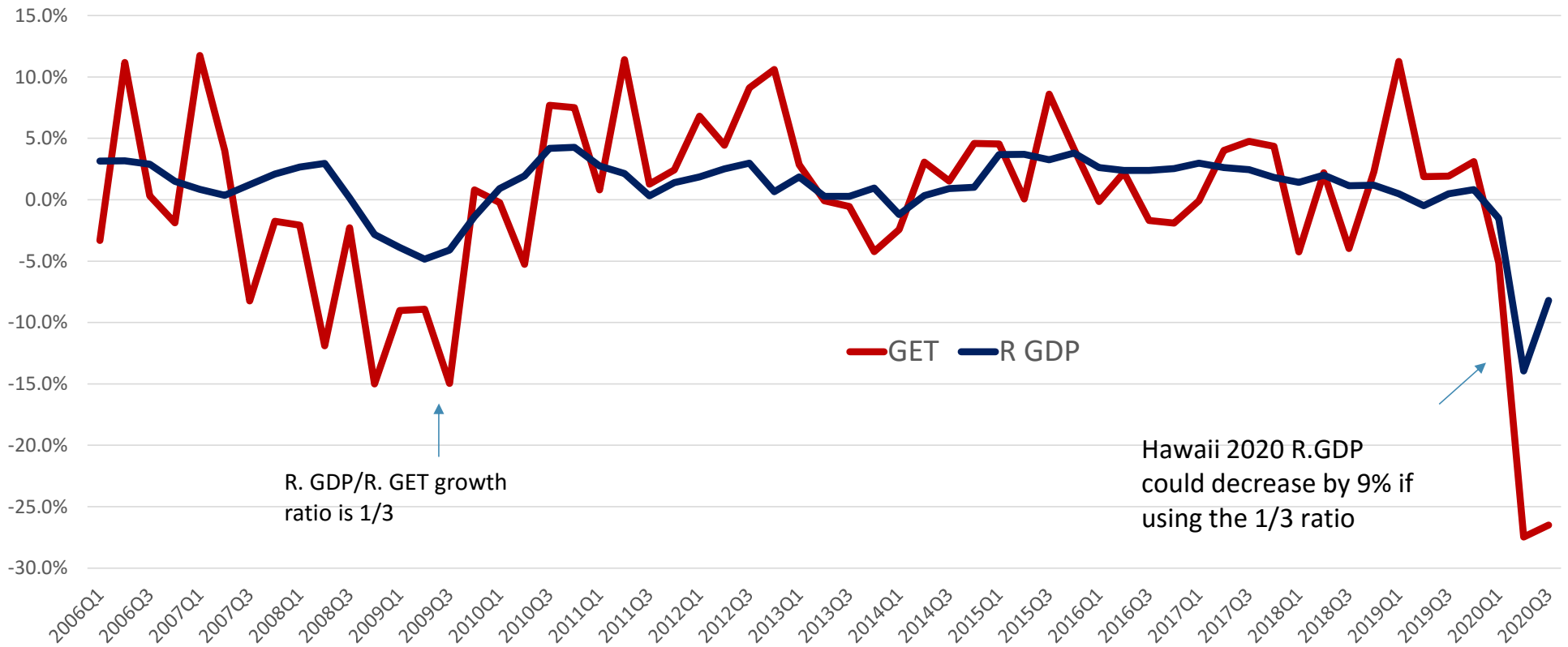
(% change from same month last year)

Stores	Jan. 2020	Feb. 2020	March 2020	April 2020	May 2020	June 2020	July 2020	Aug. 2020	Sept. 2020
Total	2.1	5.4	-11.3	-31.8	-5.4	0.0	-5.1	-10.1	-3.2
Motor Vehicle and Parts Dealers	-3.3	3.1	-29.5	-35.4	-7.6	5.1	3.3	0.8	1.4
Furniture and Home Furnishings Stores	9.4	20.7	-14.1	(1/)	(1/)	11.9	10.1	3.6	3.6
Electronics and Appliance Stores	-1.8	-2.9	3.2	-16.1	-46.2	-3.8	-0.5	-1.5	2.5
Building Material and Garden Equipment and Supplies	0.2	7.4	7.7	7.9	17.7	28.7	19.2	13.9	24
Food and Beverage Stores	-1.6	9.1	20.0	-11.9	19.1	8.2	-8.0	-1.6	4.5
Health and Personal Care Stores	(1/)	2	3.8	-9.8	-2.7	1.3	10.4	2	8
Gasoline Stations	-7.4	-7.1	-27.9	-35.6	-23.7	-14.9	-20.8	-26.8	-27.8
Clothing and Clothing Accessories Stores	-1.3	4.1	-41.5	(1/)	(1/)	-30.4	-24.1	-16	-14.8
Sporting Goods, Hobby, Musical Instrument, and Book	6.6	2.9	-10.3	(1/)	(1/)	(1/)	(1/)	21	(1/)
General Merchandise Stores	10.1	7.3	16.4	-79.8	3.4	17.8	-3.5	(1/)	-9
Miscellaneous Store Retailers	20.1	10.8	-17.1	-53.1	(1/)	-39.8	(1/)	(1/)	(1/)

1/ Suppressed due to data quality concerns

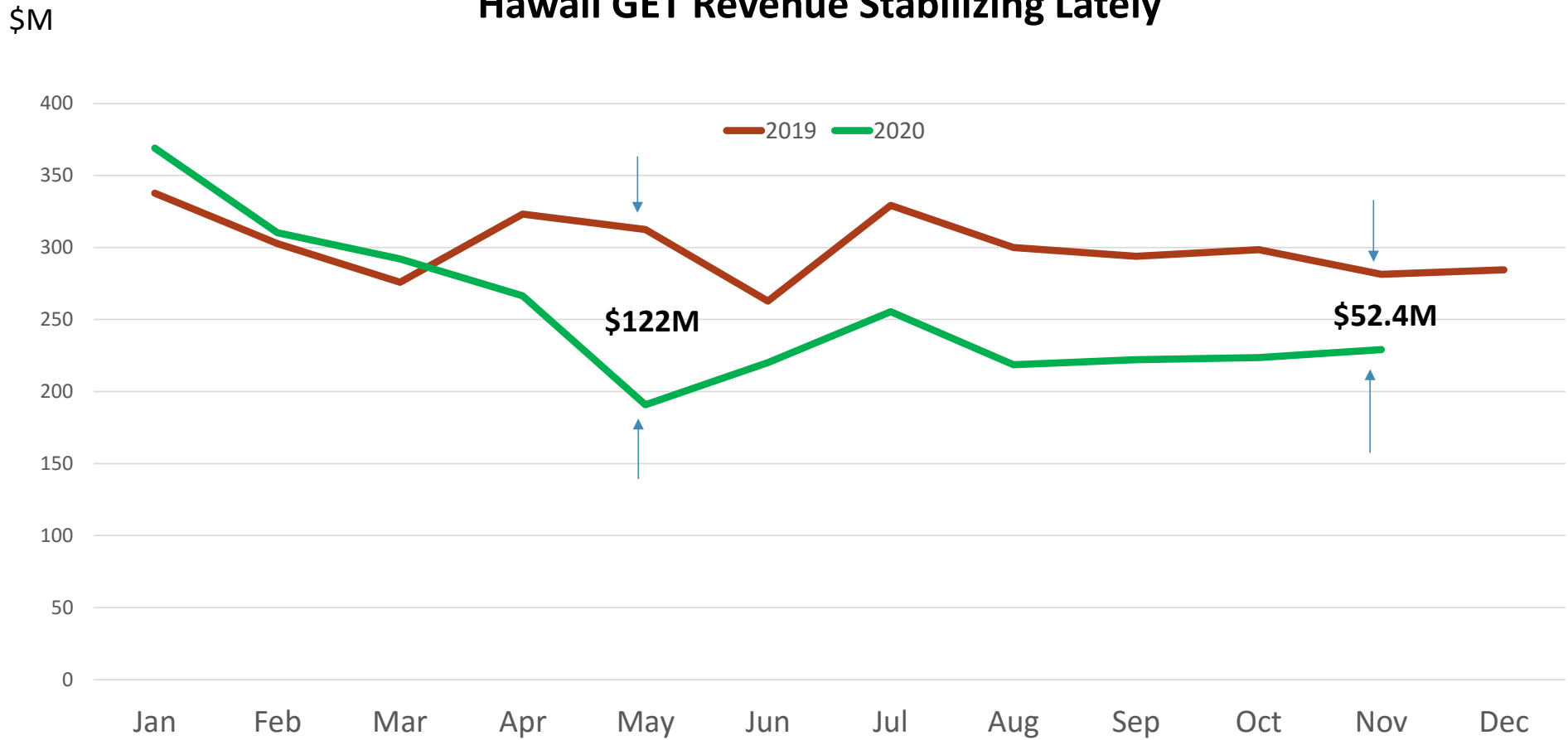
Source: U.S. Census Bureau, Monthly State Retail Sales

Hawaii Real GDP and Real GET Growth



Source: U.S. Bureau of Economic Analysis, Hawaii DoTax and DBEDT

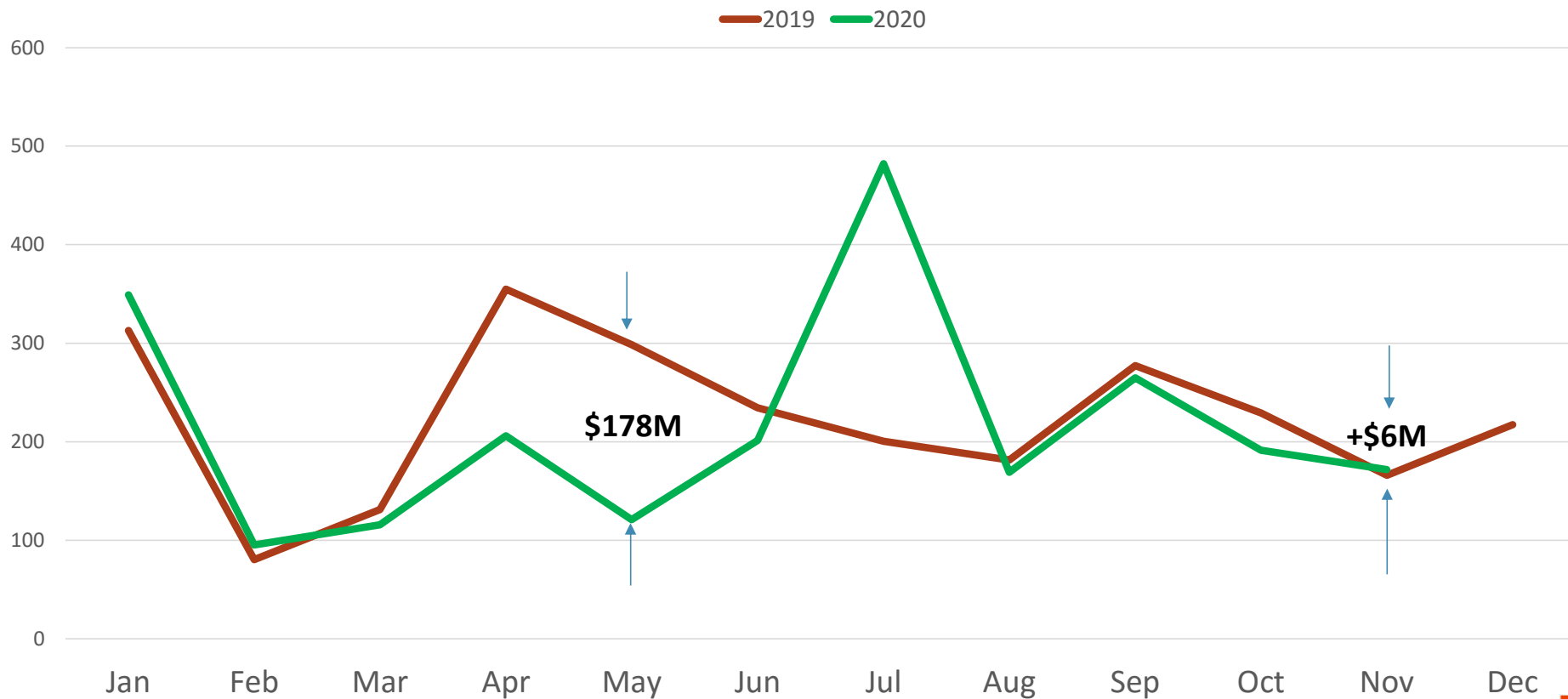
Hawaii GET Revenue Stabilizing Lately



Source: Hawaii Department of Taxation

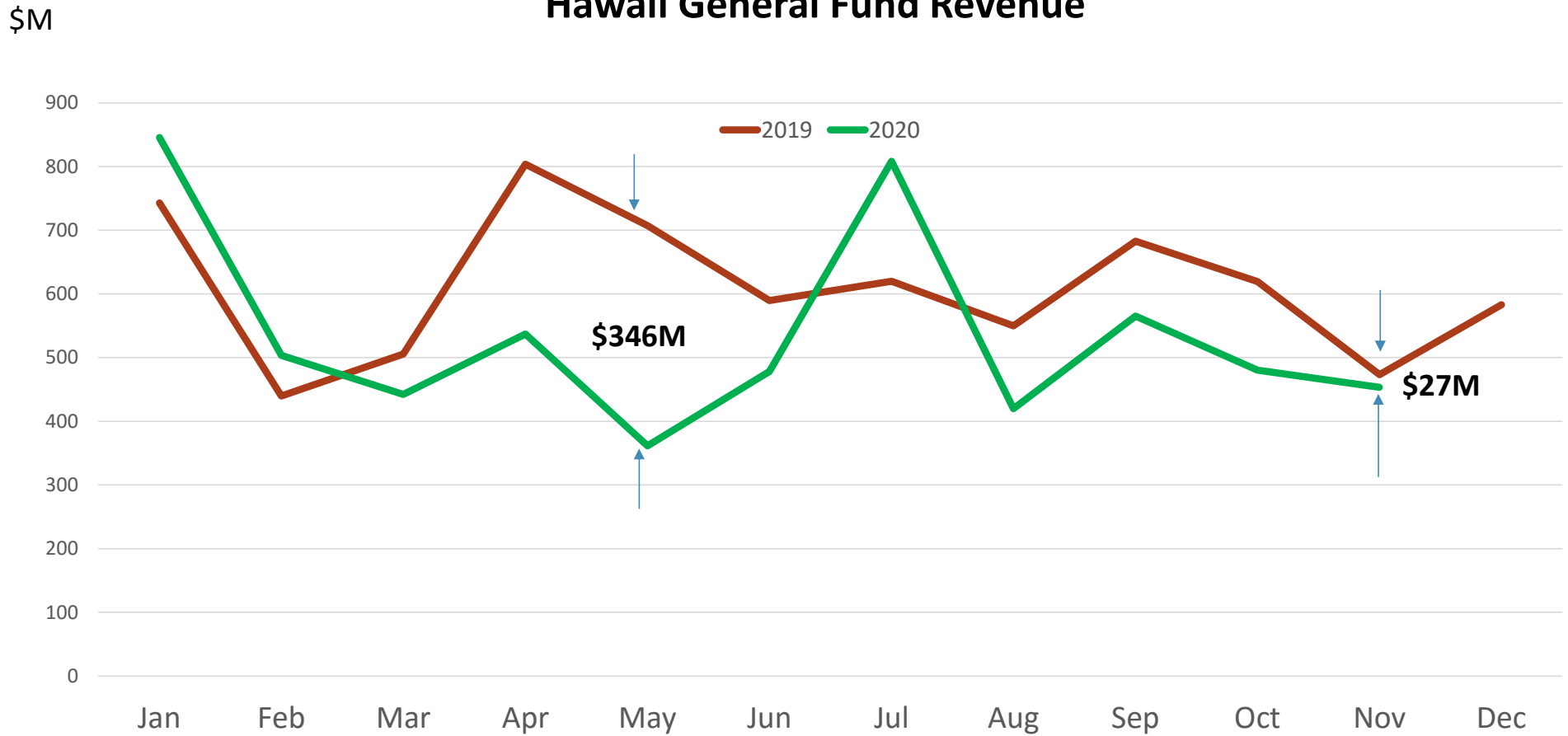
\$M

Hawaii Ind. Income Tax Revenue



Source: Hawaii Department of Taxation

Hawaii General Fund Revenue



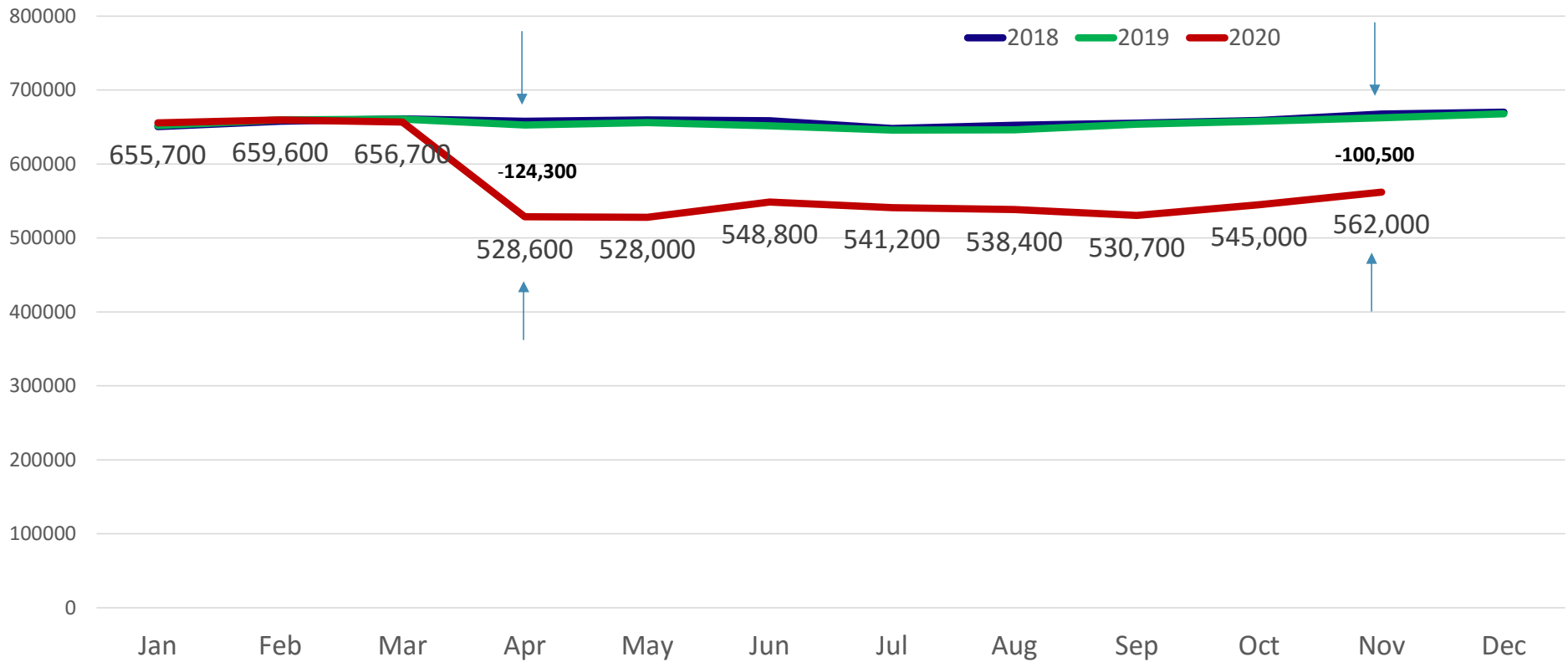
Source: Hawaii Department of Taxation

Major Tax Revenue Collections During the Pandemic

Type	May-Nov 2019 (\$M)	May-Nov 2020 (\$M)	% change
State general fund revenues	4,241.6	3,566.7	-15.9
General excise and use tax revenues	2,078.2	1,559.6	-25.0
Income-Individual	1,587.1	1,601.2	0.9
Declaration Estimated Taxes	418.1	492.2	17.7
Payment W>Returns	126.9	219.8	73.2
WH Tax on Wages	1,234.1	1,151.8	-6.7
Refunds	192.1	263.7	37.3
Transient Accommodations Tax	367.3	33.5	-90.9

Source: Hawaii State Department of Taxation

Hawaii Non-Agriculture Payroll Jobs by Month

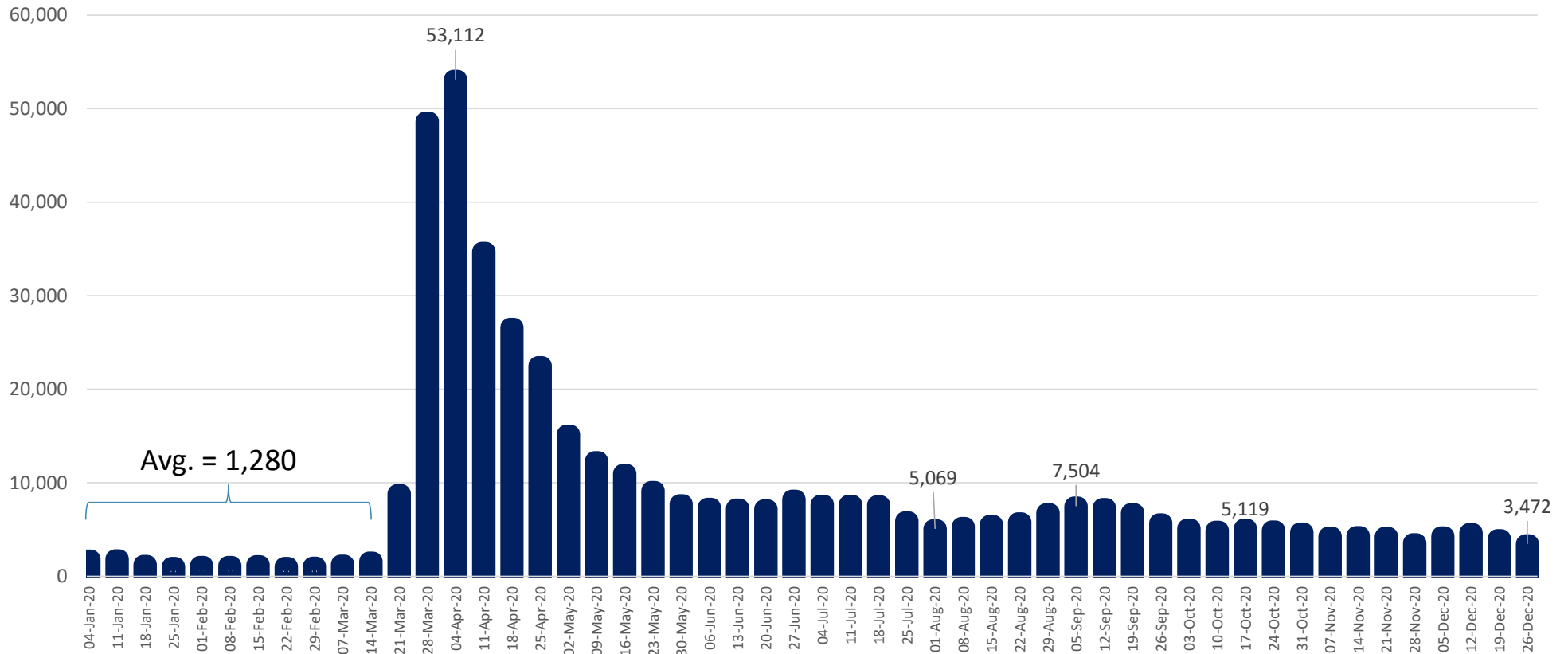


Job Count Growth: April – November 2019 and 2020 (% Change)

Industry	State	Honolulu	Hawaii	Maui	Kauai
Federal Gov't	0.2	0.3	-3.9	-2.8	-8.9
Construction	-0.3	1.6	-5.4	-6.9	-3.0
Local Gov't	-1.7	-3.1	2.3	-1.4	0.9
Health Care	-2.2	-1.6	-3.2	-3.2	-4.7
Financial Activities	-6.8	-5.8	-13.8	-4.9	-22.7
Trade	-9.7	-9.1	-12.0	-8.0	-15.5
Professional Services	-10.7	-10.6	-9.5	-13.6	-14.7
State Gov't	-10.9	-11.9	-9.0	-8.1	-5.9
Other Services	-12.0	-12.0	-2.9	-19.0	-4.5
Information	-12.0	-11.3	-16.7	-31.9	0.0
Educational Services	-19.3	-20.9	-7.8	-18.8	0.0
Manufacturing	-19.9	-20.8	-18.7	-10.6	-39.5
Transp., Whsng., Util.	-26.7	-25.2	-35.0	-28.4	-34.3
Leisure and Hospitality	-52.1	-50.6	-38.2	-64.4	-51.1
Total Non-Ag W&S	-17.3	-15.4	-15.7	-27.6	-24.4

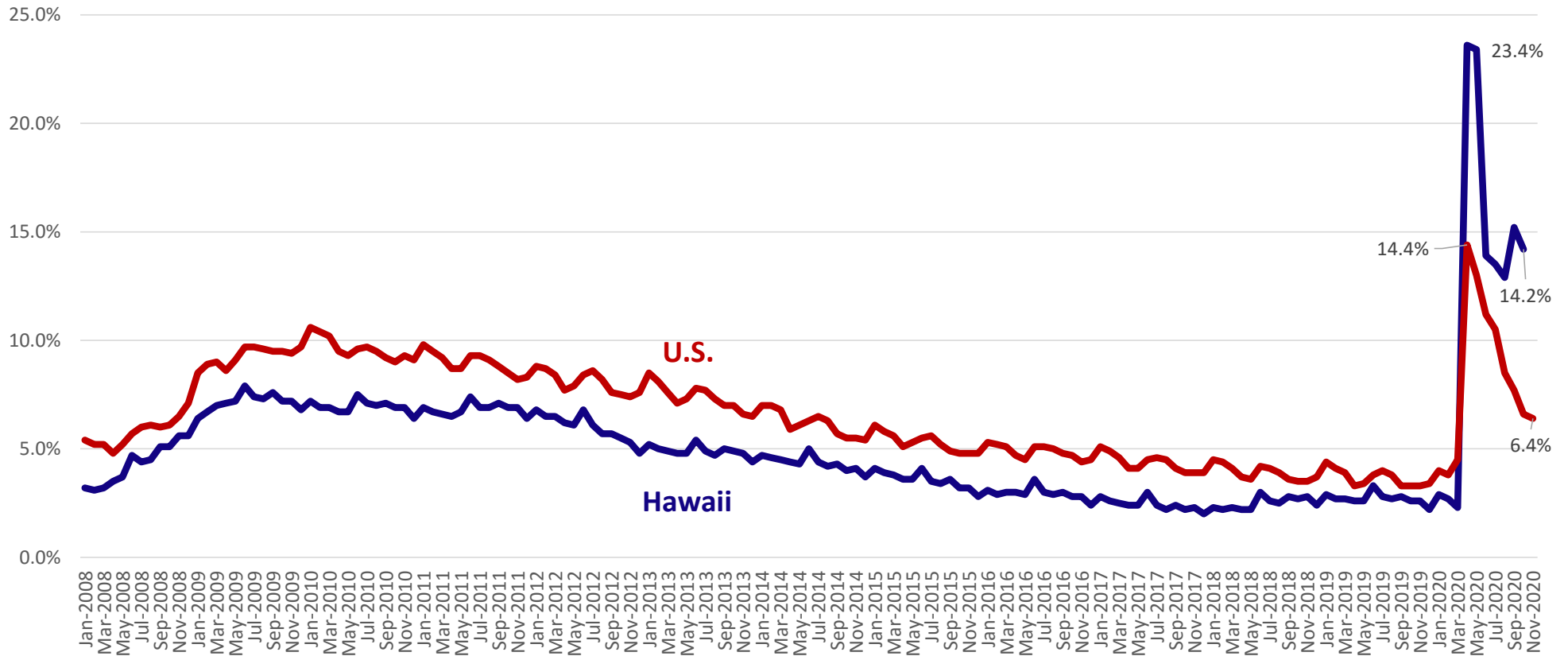
Source: Hawaii State Department of Labor & Industrial Relations.

Initial Unemployment Claims Below 5K for 10 weeks



Source: Hawaii State Department of Labor and Industrial Relations

Unemployment Rate (%)



Source: U.S. Bureau of Labor Statistics

Growth of Private Building Permits by County: First 11 Months 2020

(% change from same period last year)

Type of Permits	State	Honolulu County	Hawaii County	Maui County	Kauai County
Residential	-8.2	-29.2	21.0	-3.8	21.8
Commercial & industrial	36.4	47.1	66.9	8.6	NA
Additions & alterations	-11.8	-9.5	-26.2	-12.3	NA
Total	-5.6	-12.2	10.2	-2.9	NA

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

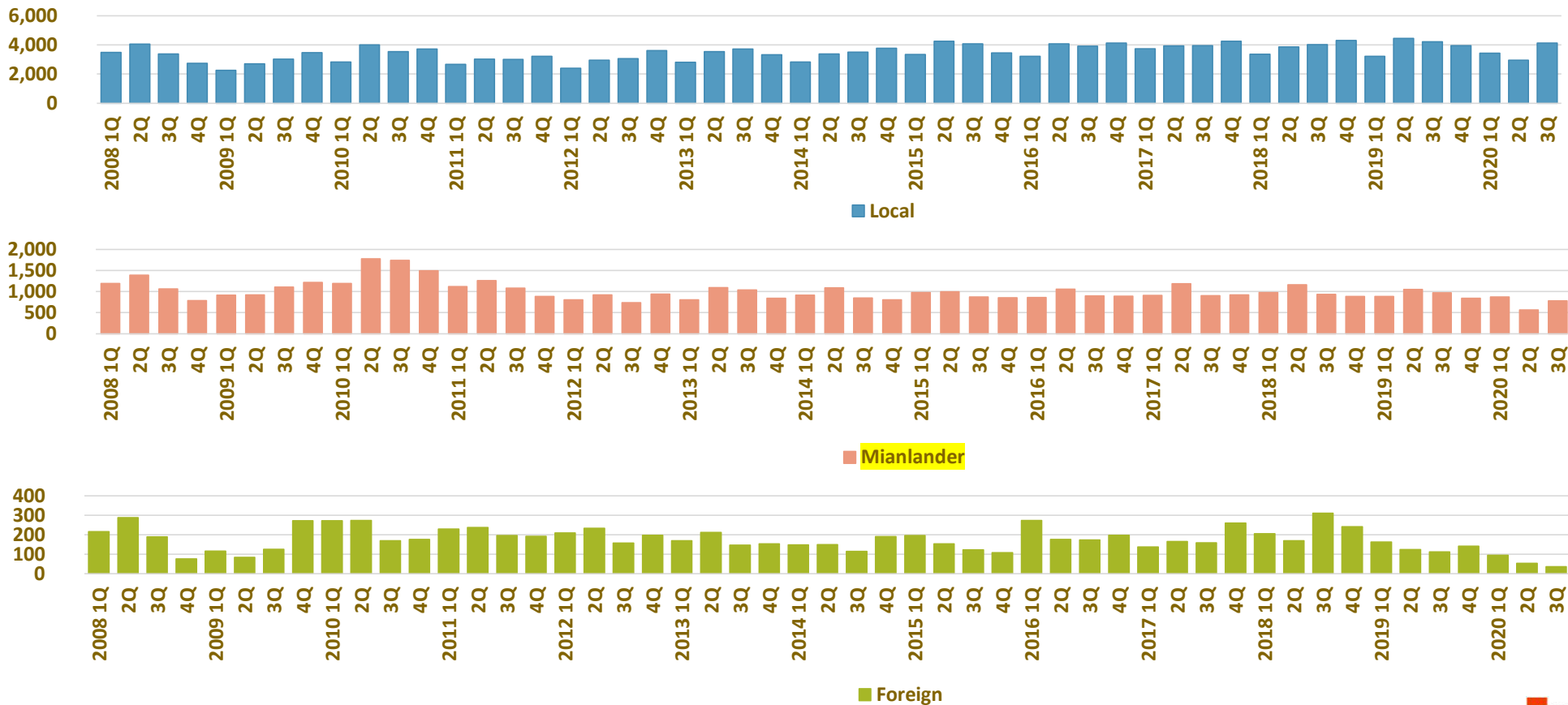
Real estate market statistics are mixed

(% change btw. 2019 YTD and 2020 YTD through November)

Island	Single Family Homes		Condo Homes	
	Closed sales	Median price	Closed sales	Median price
Oahu	-0.7%	4.7%	-15.8%	1.2%
Maui	-7.1%	6.5%	-21.4%	8.4%
Hawaii	6.2%	5.7%	-17.5%	8.2%
Kauai	-14.8%	19.5%	-20.0%	-0.4%

Source: Hawaii Information Service on behalf of Hawaii Island Realtors and the Kauai Board of Realtors, the Honolulu Board of Realtors, and Realtors Association of Maui.

Home Sales Increasing In 2020:Q3



Source: Title Guaranty of Hawaii, Inc

Most World Economies Experiencing Recession This Year

Economy	2017	2018	2019	2020	2021
USA	2.3	3.0	2.2	-3.5	4.0
Canada	3.2	2.0	1.7	-5.6	4.7
Japan	2.2	0.3	0.7	-5.3	2.7
S. Korea	3.2	2.9	2.0	-1.0	3.3
Hong Kong	3.8	2.8	-1.2	-5.6	4.3
Taiwan	3.3	2.7	2.7	2.1	3.5
China	6.8	6.7	6.1	2.0	8.0
United Kingdom	1.9	1.3	1.3	-11.0	5.4
Germany	2.8	1.3	0.6	-5.5	4.1
France	2.4	1.8	1.5	-9.1	6.1
Euro area	2.7	1.8	1.3	-7.3	4.7
Australia	2.5	2.8	1.8	-3.6	3.3
Brazil	1.3	1.3	1.1	-5.0	3.5

Source: Blue Chip Economic Indicators, December 10th, 2020

Scheduled Air Seats by Market: 1Q 2021

Market	January			February			March		
	2020	2021	% change	2020	2021	% change	2020	2021	% change
US West	719,637	527,005	-26.8	682,539	559,656	-18.0	620,400	784,292	26.4
US East	123,403	59,183	-52.0	108,428	86,062	-20.6	98,864	117,069	18.4
Japan	176,196	15,733	-91.1	161,838	55,108	-65.9	127,294	120,376	-5.4
Canada	65,590	12,988	-80.2	61,664	43,713	-29.1	37,627	58,912	56.6
Other Asia	41,139	1,390	-96.6	31,758	5,282	-83.4	13,580	18,724	37.9
Oceania	41,669	0	-100.0	31,016	0	-100.0	23,052	11,718	-49.2
Others	27,186	13,613	-49.9	24,971	18,656	-25.3	4,690	23,742	406.2
Total	1,194,820	629,912	-47.3	1,102,214	768,477	-30.3	925,507	1,134,833	22.6

Source: Hawaii Tourism Authority

Preliminary Tourism and Economic Forecast

Year	Visitor Arrivals		Visitor Expenditures		Unemployment Rate	Econ. Growth Rate
	Thousand	% growth	\$ millions	% growth	%	%
2018	9,889	5.2	17,643	5.1	2.4	1.4
2019	10,387	5.0	17,844	1.1	2.7	0.3
2020	2,730	-73.7	5,112.3	-71.4	11.2	-11.2
2021	6,176	126.2	10,513.3	105.6	7.9	2.1
2022	7,686	24.4	13,373.5	27.2	7.1	2.0
2023	8,763	14.0	15,260.3	14.1	6.6	1.2