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# **Current Hawaii Economic Conditions and Outlook**

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Department of Business, Economic  
Development & Tourism**

**TO  
The Senate Committee on Ways and Means and  
House Committee on Finance**

**January 4, 2022**

## DBEDT Most Recent Economic Forecast

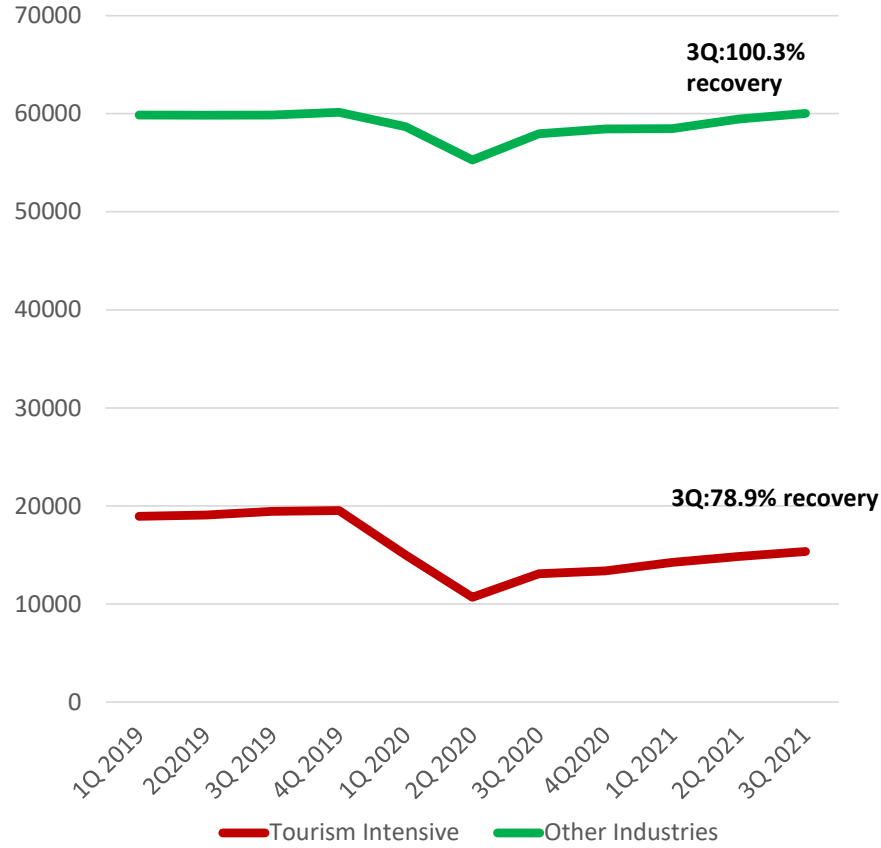
| Economic Indicators                              | 2019   | 2020   | 2021     | 2022   | 2023   | 2024   |
|--------------------------------------------------|--------|--------|----------|--------|--------|--------|
|                                                  | Actual |        | Forecast |        |        |        |
| Total population (thousands)                     | (NA)   | 1,455  | 1,456    | 1,459  | 1,463  | 1,467  |
| Visitor arrivals (thousands)                     | 10,387 | 2,708  | 6,840    | 8,861  | 9,531  | 9,996  |
| Visitor expenditures (million dollars)           | 17,844 | 5,162  | 12,686   | 15,812 | 17,118 | 18,008 |
| Honolulu CPI-U (1982-84=100)                     | 281.6  | 286.0  | 297.7    | 306.4  | 313.5  | 320.0  |
| Real personal income (millions of 2012\$)        | 61,855 | 63,833 | 63,889   | 61,852 | 62,799 | 63,777 |
| Non-agricultural wage & salary jobs (thousands)  | 658.5  | 557.1  | 569.0    | 603.6  | 623.6  | 638.6  |
| Civilian unemployment rate                       | 2.5    | 11.6   | 7.5      | 6.0    | 5.2    | 4.5    |
| Real gross domestic product (millions of 2012\$) | 79,175 | 70,625 | 73,388   | 75,615 | 77,318 | 78,885 |
| <b>Annual Percentage Change</b>                  |        |        |          |        |        |        |
| Total population                                 | (NA)   | (NA)   | 0.1      | 0.2    | 0.3    | 0.2    |
| Visitor arrivals                                 | 5.0    | -73.9  | 152.6    | 29.5   | 7.6    | 4.9    |
| Visitor expenditures                             | 1.1    | -71.1  | 145.8    | 24.6   | 8.3    | 5.2    |
| Honolulu CPI-U                                   | 1.6    | 1.6    | 4.1      | 2.9    | 2.3    | 2.1    |
| Real personal income                             | 0.7    | 3.2    | 0.1      | -3.2   | 1.5    | 1.6    |
| Non-agricultural wage & salary jobs              | 0.0    | -15.4  | 2.1      | 6.1    | 3.3    | 2.4    |
| Real gross domestic product                      | -0.9   | -10.8  | 3.9      | 3.0    | 2.3    | 2.0    |

NA, Not available or not applicable.

Source: Hawaii State Department of Business, Economic Development & Tourism, November 30, 2021.

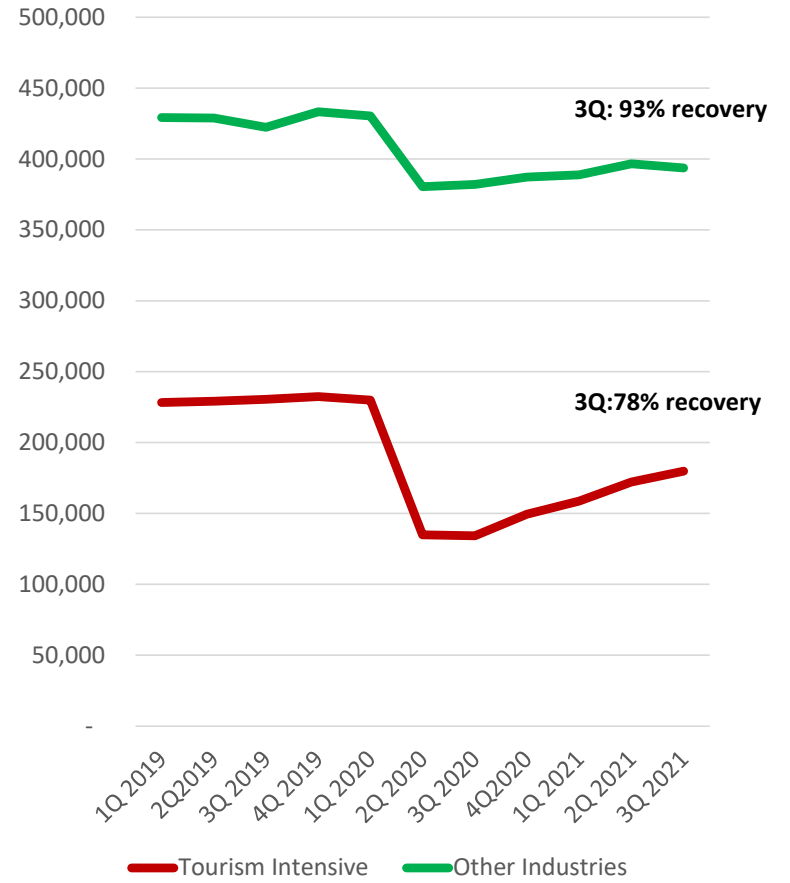
### Real GDP (2012 \$M)

9 mo. overall recovery = 95%

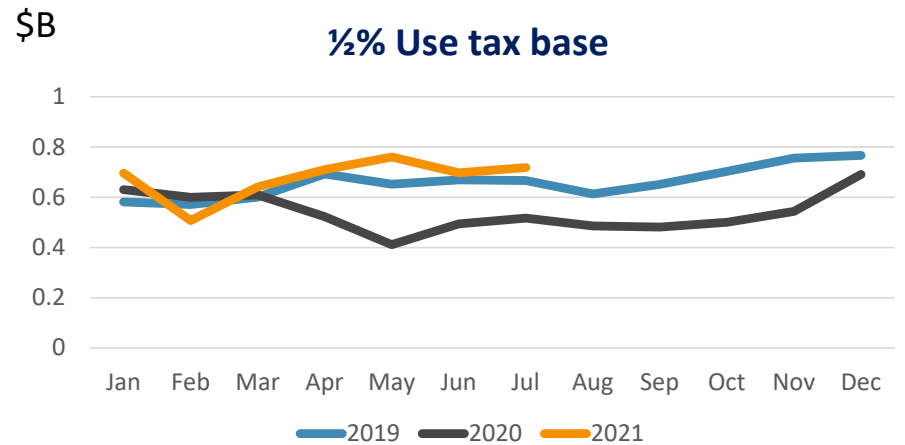
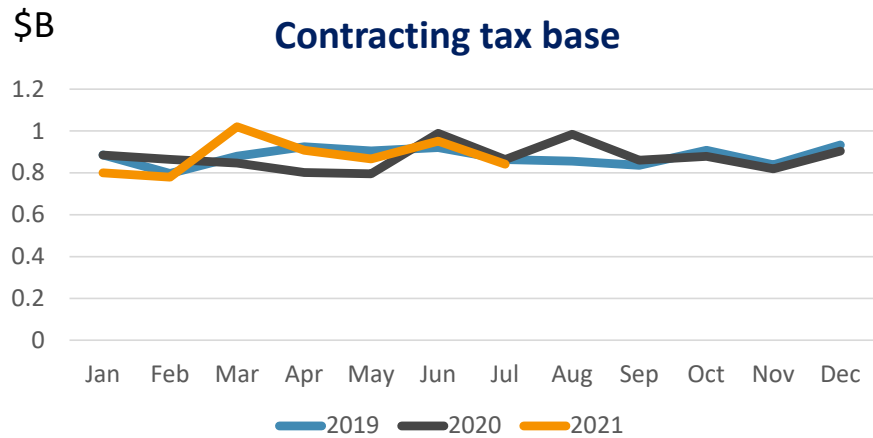
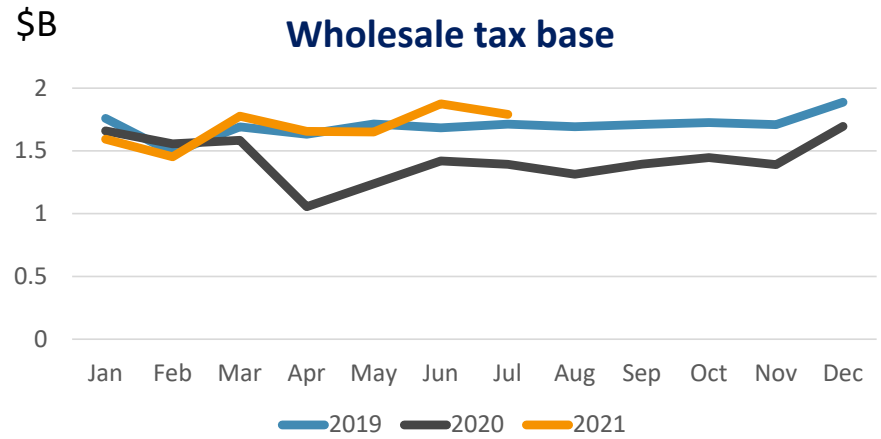
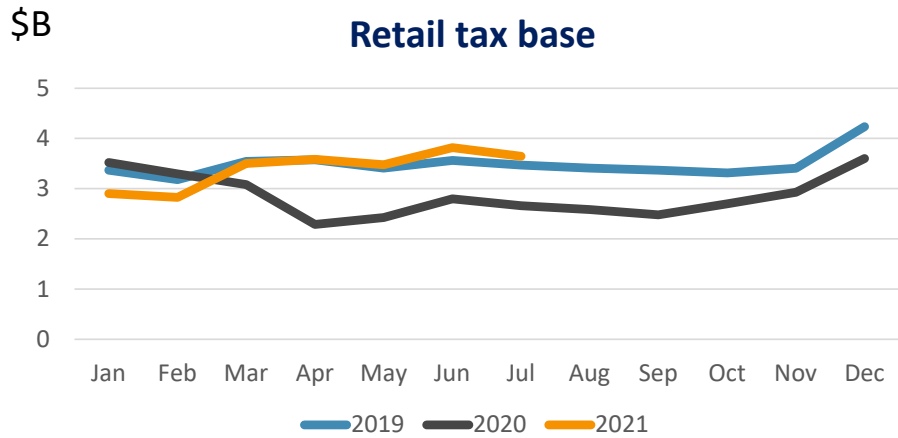


### Non-Ag. Payroll Jobs

11 mo. overall recovery = 86%

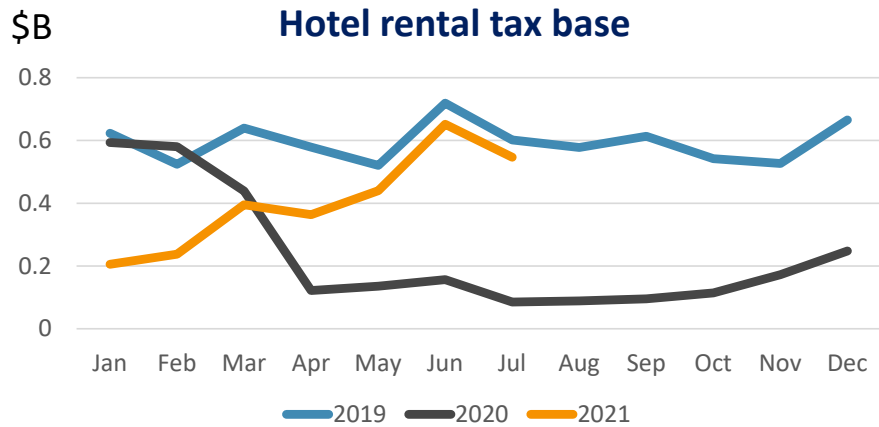
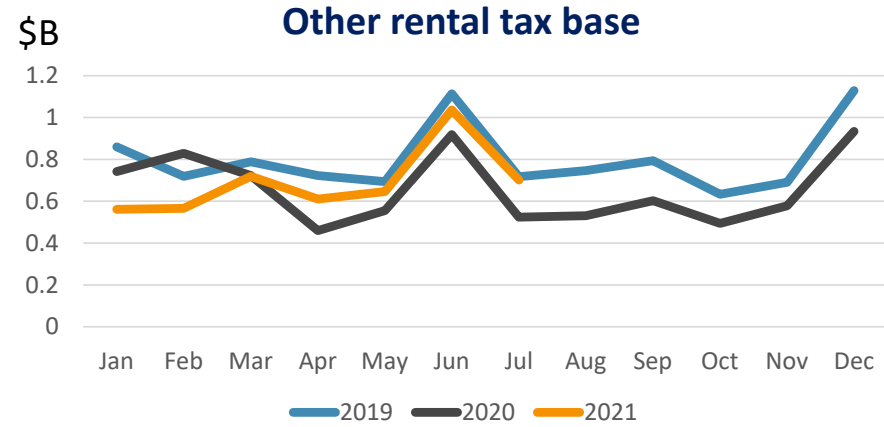
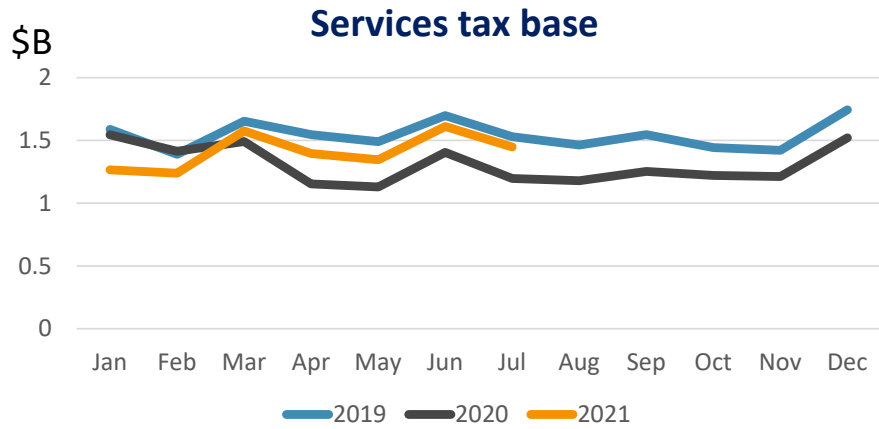


## Value of real retail and wholesale sales have recovered since March 2021



Source: DoTax, calculations by DBEDT

## Value of real services and rentals are still recovering



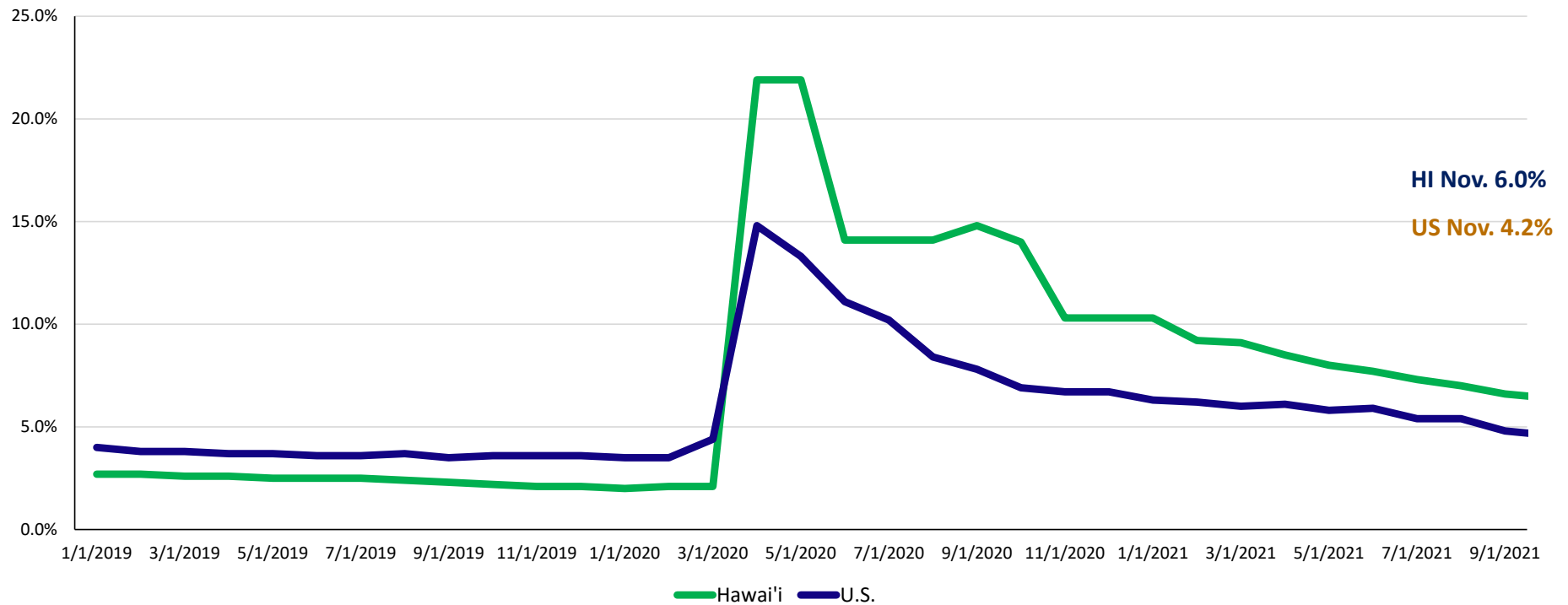
Source: DoTax calculations by DBEDT

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# LABOR MARKET CONDITIONS

# Hawai'i's unemployment rate was the lowest in the nation in 1Q 20, 2<sup>nd</sup> highest in 1Q 21, now 6<sup>th</sup> highest

## Unemployment Rate (Seasonally Adjusted) 2019 to November 2021



Source: U.S. Bureau of Labor Statistics and Hawaii DLIR

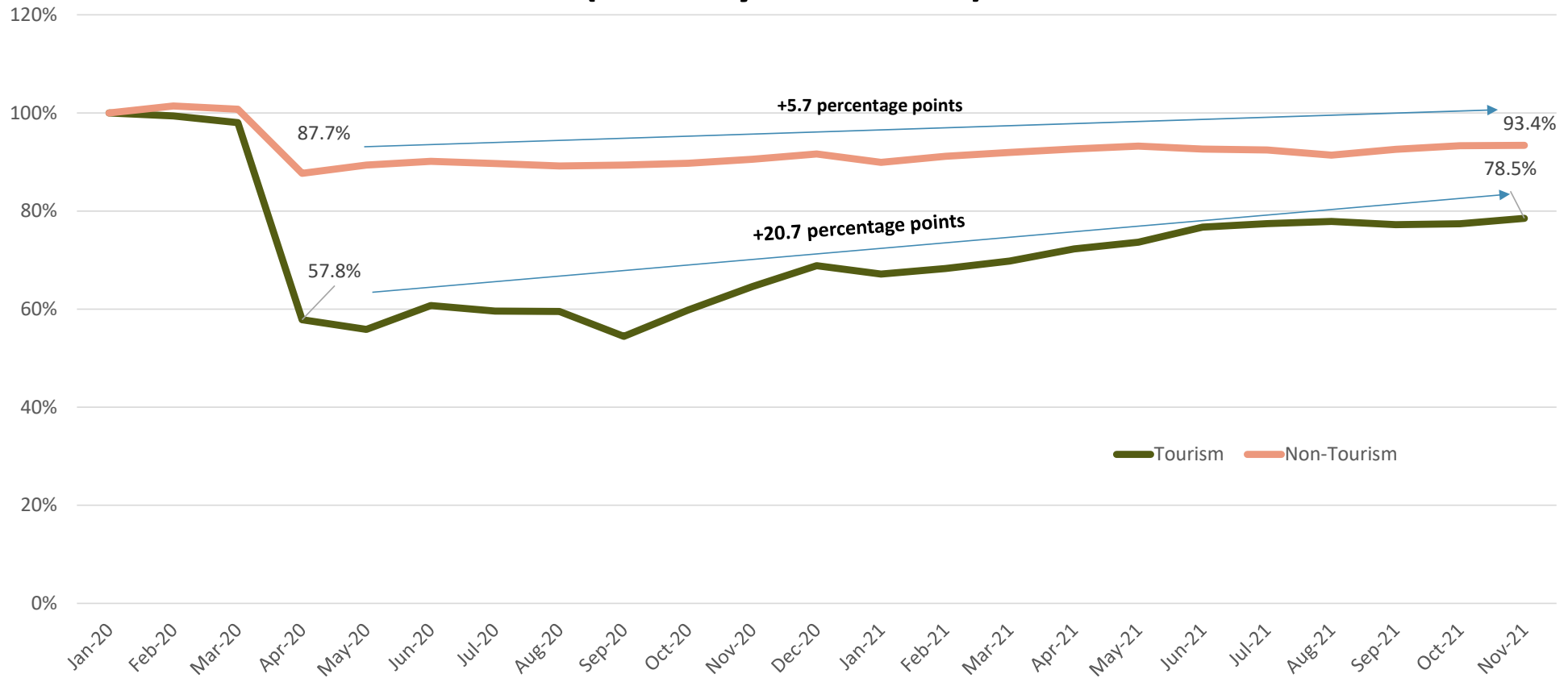
## Tourism sector falling behind in recovery: (avg. payroll jobs Jan-Nov. 2021 as % of same period in 2019)

| Industry                                 | State  | Honolulu County | Hawaii County | Maui County | Kauai County |
|------------------------------------------|--------|-----------------|---------------|-------------|--------------|
| <b>Number of payroll jobs still lost</b> | 91,500 | 55,500          | 9,800         | 18,100      | 8,100        |
| <b>Total</b>                             | 86.1   | 88.3            | 86.2          | 77.6        | 75.6         |
| Construction                             | 99.6   | 101.1           | 94.0          | 97.1        | 95.2         |
| Manufacturing                            | 81.3   | 80.0            | 99.3          | 75.0        | 80.0         |
| Wholesale trade                          | 94.0   | 96.6            | 89.3          | 80.1        | 87.3         |
| Retail trade                             | 83.4   | 81.6            | 93.0          | 82.1        | 84.4         |
| Transportation & utilities               | 77.2   | 80.5            | 74.6          | 67.8        | 62.5         |
| Information                              | 75.1   | 73.7            | 89.9          | 66.7        | 100.0        |
| Financial activities                     | 91.0   | 96.0            | 80.1          | 67.7        | 72.9         |
| Professional & business services         | 93.2   | 96.8            | 84.5          | 72.7        | 86.8         |
| Educational services                     | 85.0   | 84.4            | 89.4          | 84.1        | 107.7        |
| Health care                              | 95.6   | 96.4            | 91.2          | 95.6        | 90.7         |
| Hospitality                              | 70.3   | 75.3            | 69.2          | 65.3        | 48.6         |
| Other services                           | 78.6   | 77.1            | 92.1          | 76.4        | 90.2         |
| Government                               | 93.3   | 92.5            | 94.9          | 94.6        | 98.0         |

Source: DLIR, DBEDT

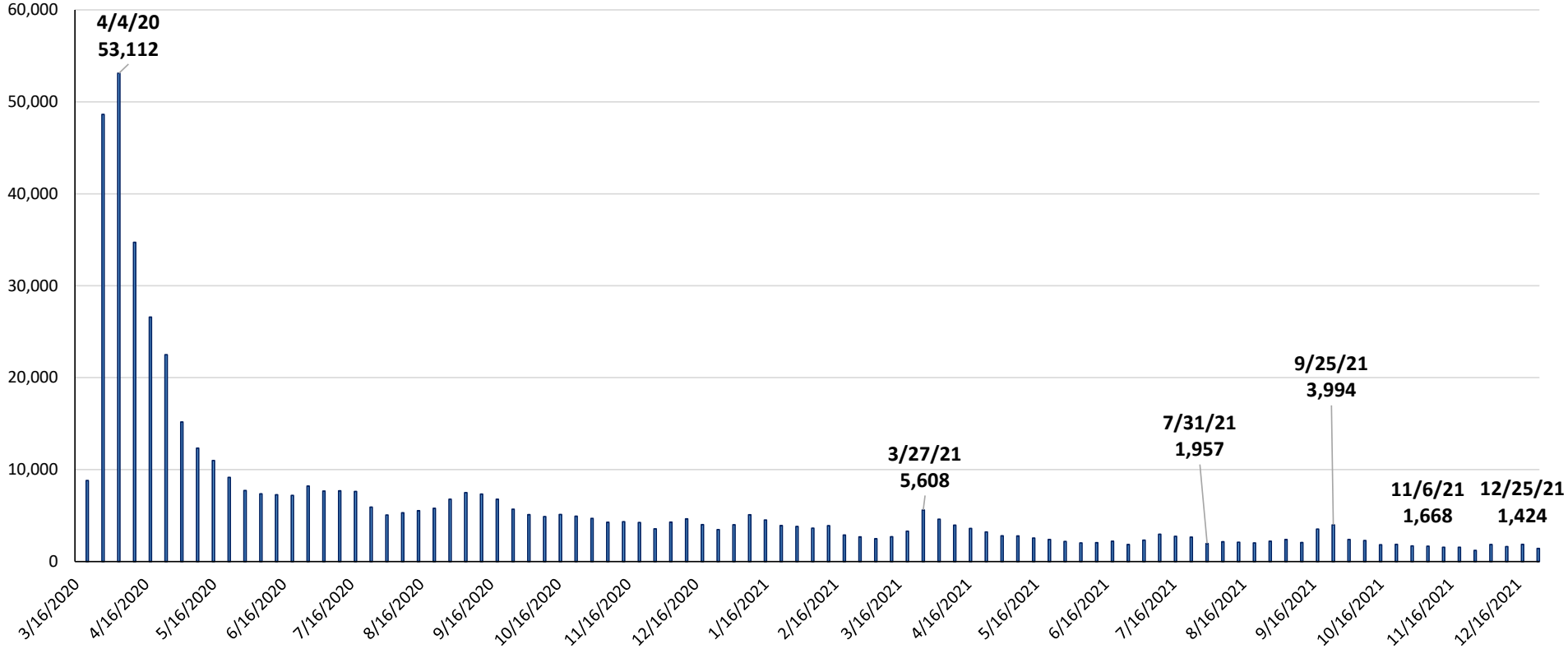


## Job count recovery by Tourism and Non-Tourism Sectors (January 2020=100)



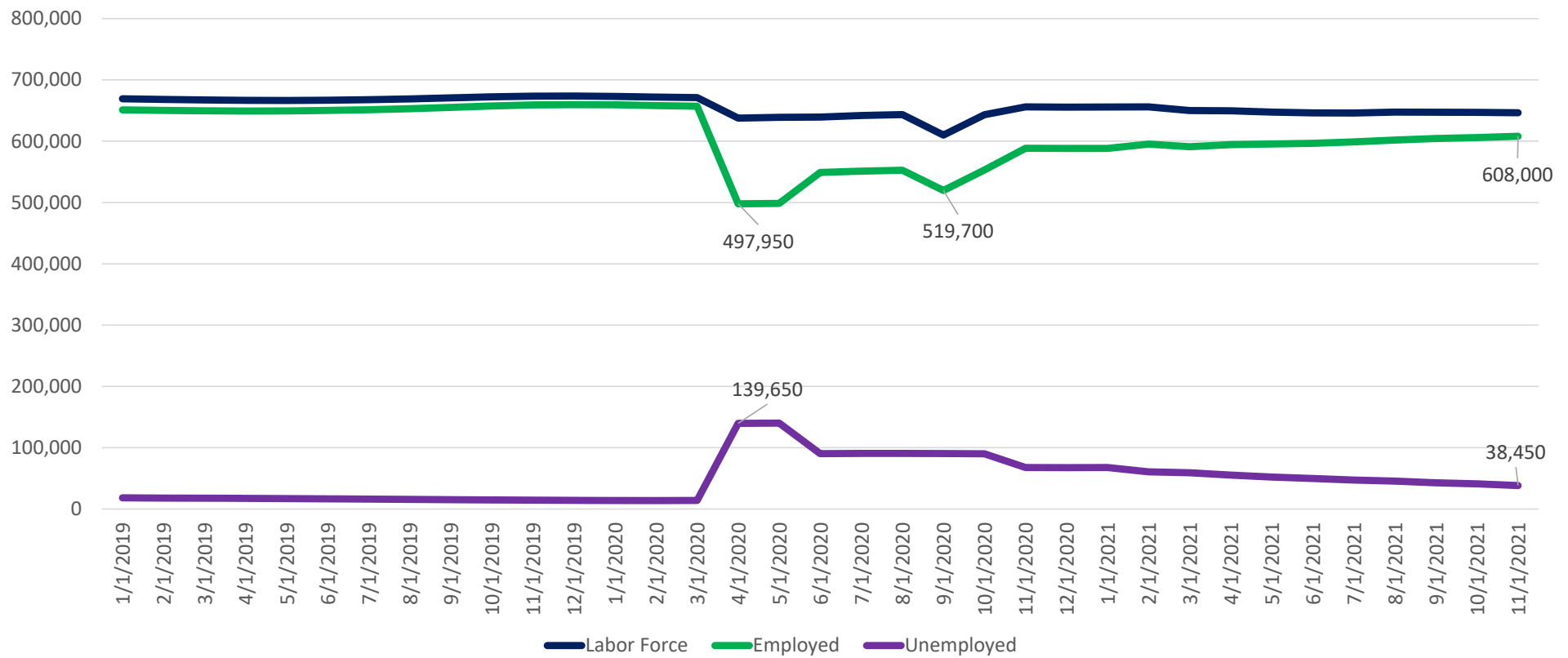
Source: DLIR, DBEDT

# Initial unemployment claims has been under 2,000 since October 9, 2021



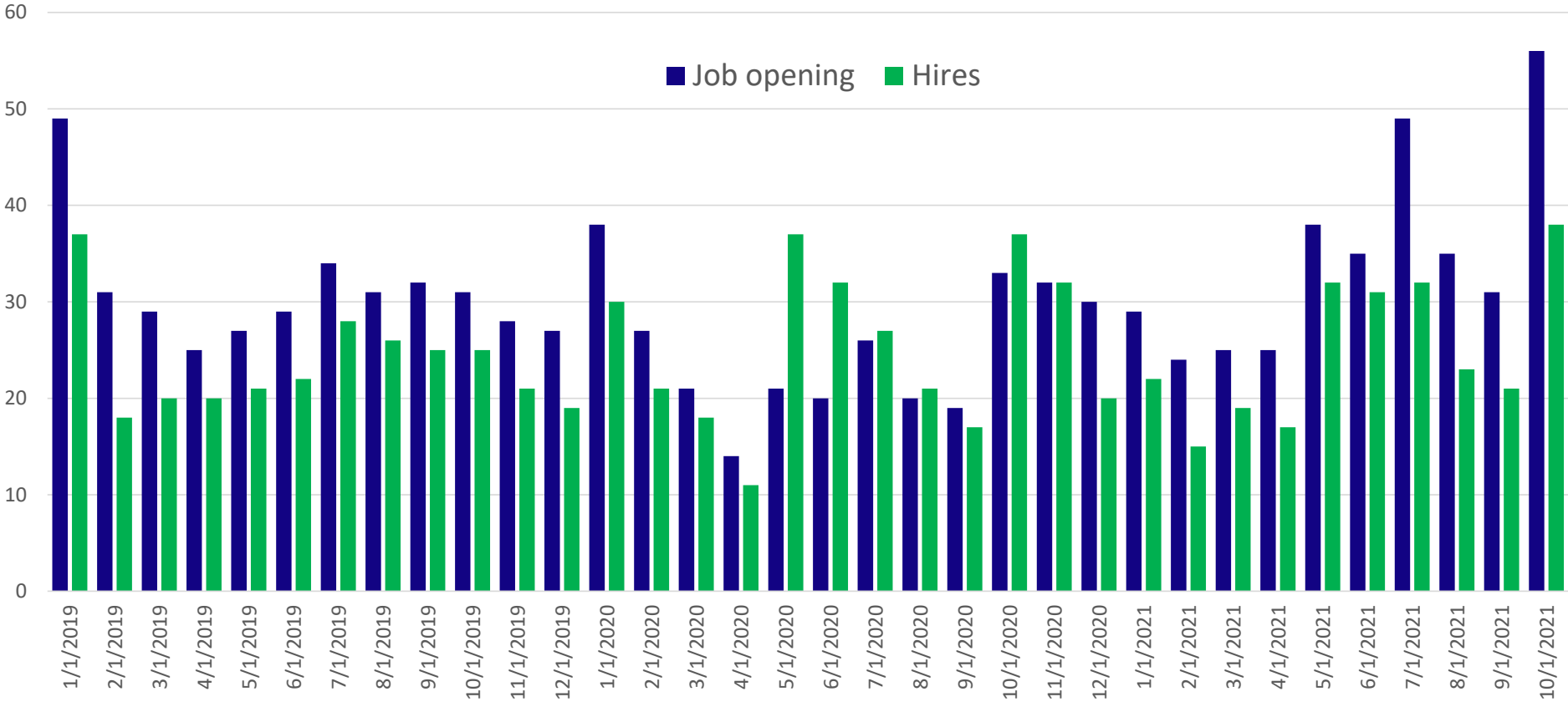
Source: U.S. Bureau of Labor Statistics and Hawaii DLIR

## Employment in November was the highest and unemployment was the lowest since March 2020



Source: DLIR and DBEDT

# Job openings reached highest in October since the pandemic



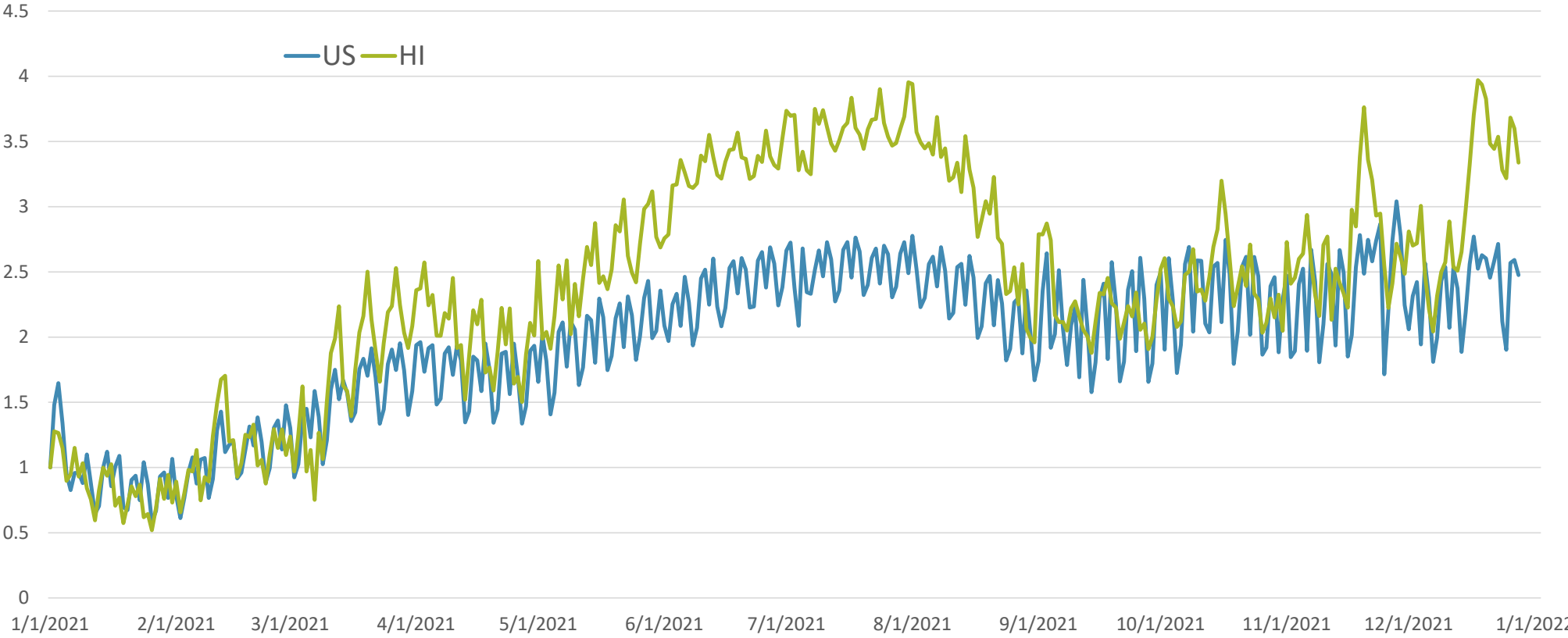
Source: U.S. Bureau of Labor Statistics

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# TOURISM RECOVERY STATUS

# Trend of TSA passenger count U.S. and Hawaii: through 1/2/2022

(January 2021 Average = 1.0)

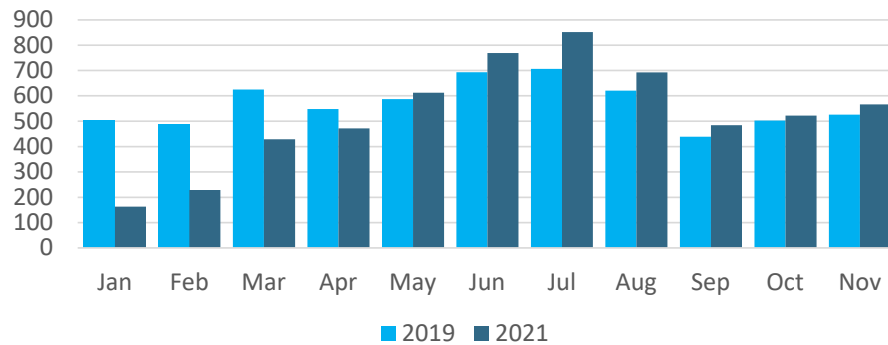


Source: TSA and DBEDT

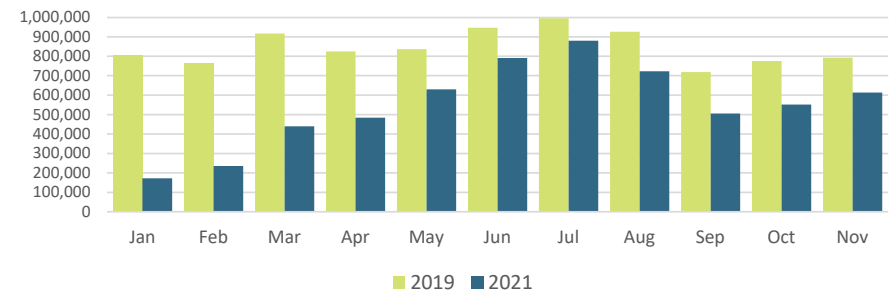
# Tourism industry recovery

Through November 2021, arrivals recovered 63.9%, U.S. visitors have been fully recovered since May 2021

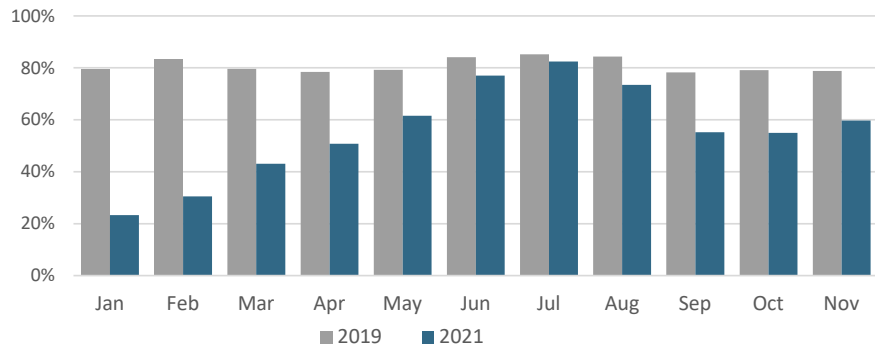
### U.S. Visitor Arrivals



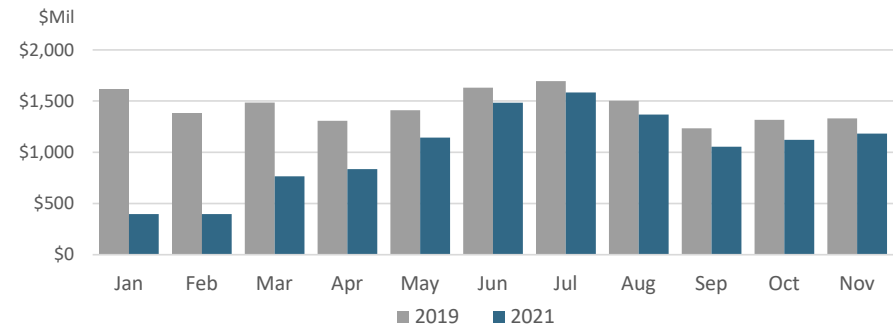
### Total Visitor Arrivals by Air



### Hotel Occupancy Rate



### Visitor Expenditures



## 2021 air visitor recovery from the same month in 2019 (%)

| Island        | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  |
|---------------|------|------|------|------|------|------|------|------|------|------|------|
| State         | 21.3 | 30.8 | 48.0 | 58.7 | 75.3 | 83.6 | 88.4 | 78.0 | 70.5 | 71.0 | 77.4 |
| Oahu          | 16.2 | 23.2 | 39.5 | 45.8 | 61.2 | 70.1 | 75.7 | 64.3 | 53.7 | 54.8 | 62.4 |
| Kauai         | 3.8  | 7.0  | 12.3 | 39.5 | 65.1 | 77.4 | 83.3 | 82.2 | 82.7 | 82.3 | 86.5 |
| Maui Island   | 28.7 | 41.8 | 62.8 | 71.8 | 85.5 | 88.1 | 91.8 | 84.9 | 82.2 | 79.8 | 87.1 |
| Molokai       | 14.7 | 17.9 | 33.6 | 36.1 | 45.0 | 51.5 | 48.0 | 53.4 | 31.9 | 46.7 | 57.9 |
| Lanai         | 14.8 | 25.8 | 28.9 | 62.7 | 65.3 | 55.6 | 65.7 | 72.6 | 68.0 | 68.6 | 80.8 |
| Hawaii Island | 23.3 | 33.6 | 51.3 | 62.9 | 74.2 | 83.6 | 85.9 | 76.1 | 71.7 | 72.2 | 83.9 |

Source: HTA and DBEDT



## Statewide scheduled air seats will decrease during the first 2 months of 2022

| Month       | Year            | State      | Honolulu  | Kahului   | Kona      | Hilo   | Lihue   |
|-------------|-----------------|------------|-----------|-----------|-----------|--------|---------|
| Jan-Nov. 21 | 2019            | 12,177,264 | 7,486,825 | 2,597,544 | 1,143,042 | 43,556 | 906,297 |
|             | 2021            | 9,704,601  | 4,900,840 | 2,843,029 | 1,217,460 | 34,040 | 709,232 |
|             | <b>% change</b> | -20.3      | -34.5     | 9.5       | 6.5       | -21.8  | -21.7   |
| Dec. 21     | 2019            | 1,240,436  | 750,881   | 277,908   | 115,152   | 4,316  | 92,179  |
|             | 2021            | 1,195,575  | 593,359   | 336,408   | 147,691   | 4,537  | 113,580 |
|             | <b>% change</b> | -3.6       | -21.0     | 21.1      | 28.3      | 5.1    | 23.2    |
| Jan. 22     | 2019            | 1,194,820  | 728,891   | 261,360   | 119,054   | 2,656  | 82,859  |
|             | 2021            | 1,097,603  | 566,729   | 305,489   | 122,160   | 2,685  | 100,540 |
|             | <b>% change</b> | -8.1       | -22.2     | 16.9      | 2.6       | 1.1    | 21.3    |
| Feb. 22     | 2019            | 1,102,214  | 661,452   | 243,125   | 114,464   | 2,490  | 80,683  |
|             | 2021            | 995,371    | 520,753   | 280,320   | 105,756   | 2,148  | 86,394  |
|             | <b>% change</b> | -9.7       | -21.3     | 15.3      | -7.6      | -13.7  | 7.1     |

Source: DBEDT

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# REAL ESTATE & CONSTRUCTION

## Both sales volume and prices experienced double-digit increase

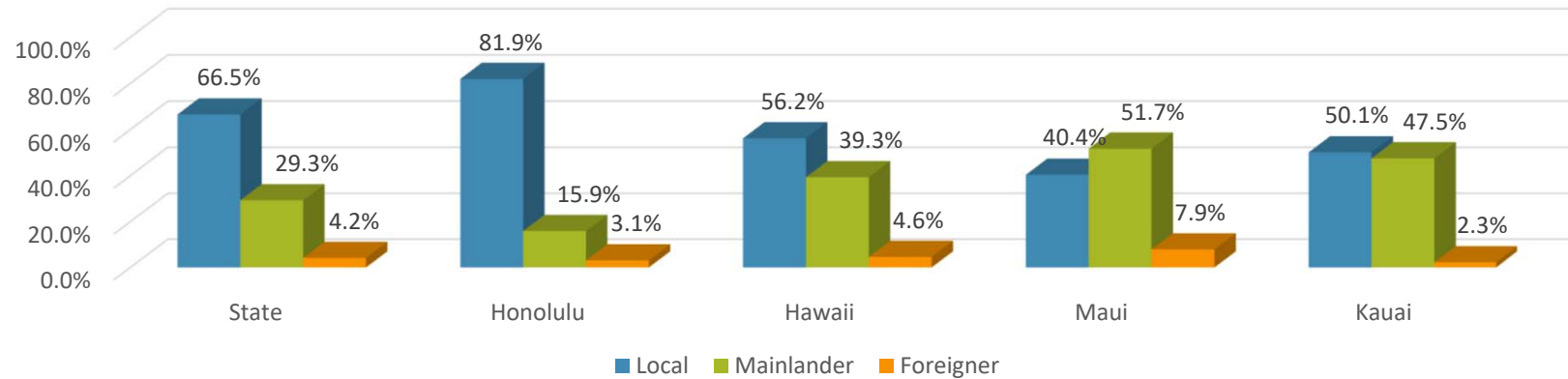
% change between the first 11 months of 2020 and 2021

| Island | Single Family Homes |              | Condo Homes  |              |
|--------|---------------------|--------------|--------------|--------------|
|        | Closed Sales        | Median Price | Closed Sales | Median Price |
| Oahu   | 21.4%               | 19.8%        | 57.7%        | 10.5%        |
| Maui   | 32.2%               | 24.3%        | 79.7%        | 14.3%        |
| Hawaii | 23.2%               | 18.6%        | 66.7%        | 21.5%        |
| Kauai  | 46.4%               | 36.9%        | 101.0%       | 10.5%        |

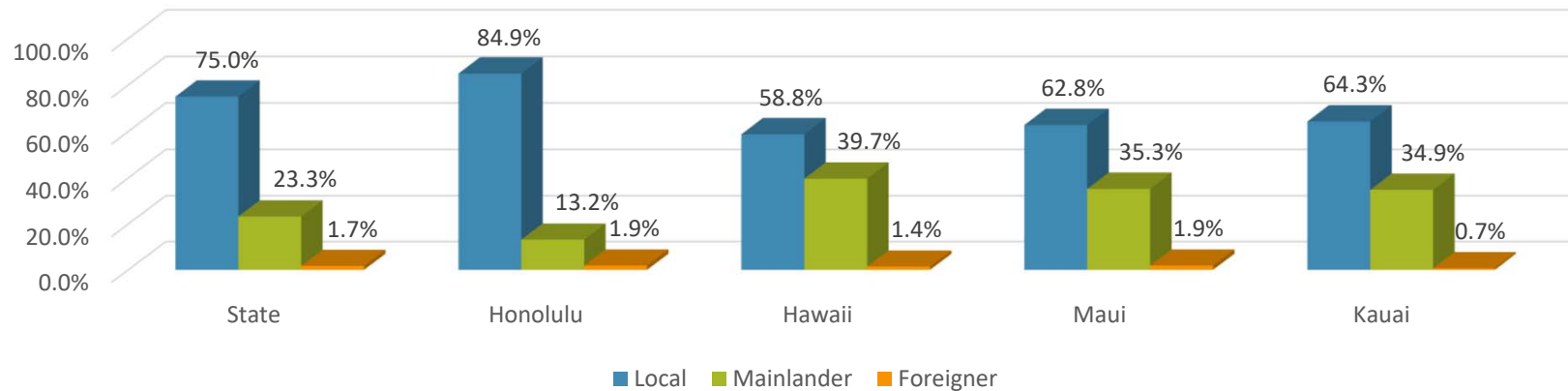
Sources: Hawaii Island Realtors and the Kauai Board of Realtors, the Honolulu Board of Realtors, and the Realtors Association of Maui

# More local home buyers in 2021 than 10 years ago

## 2010 Home Sales

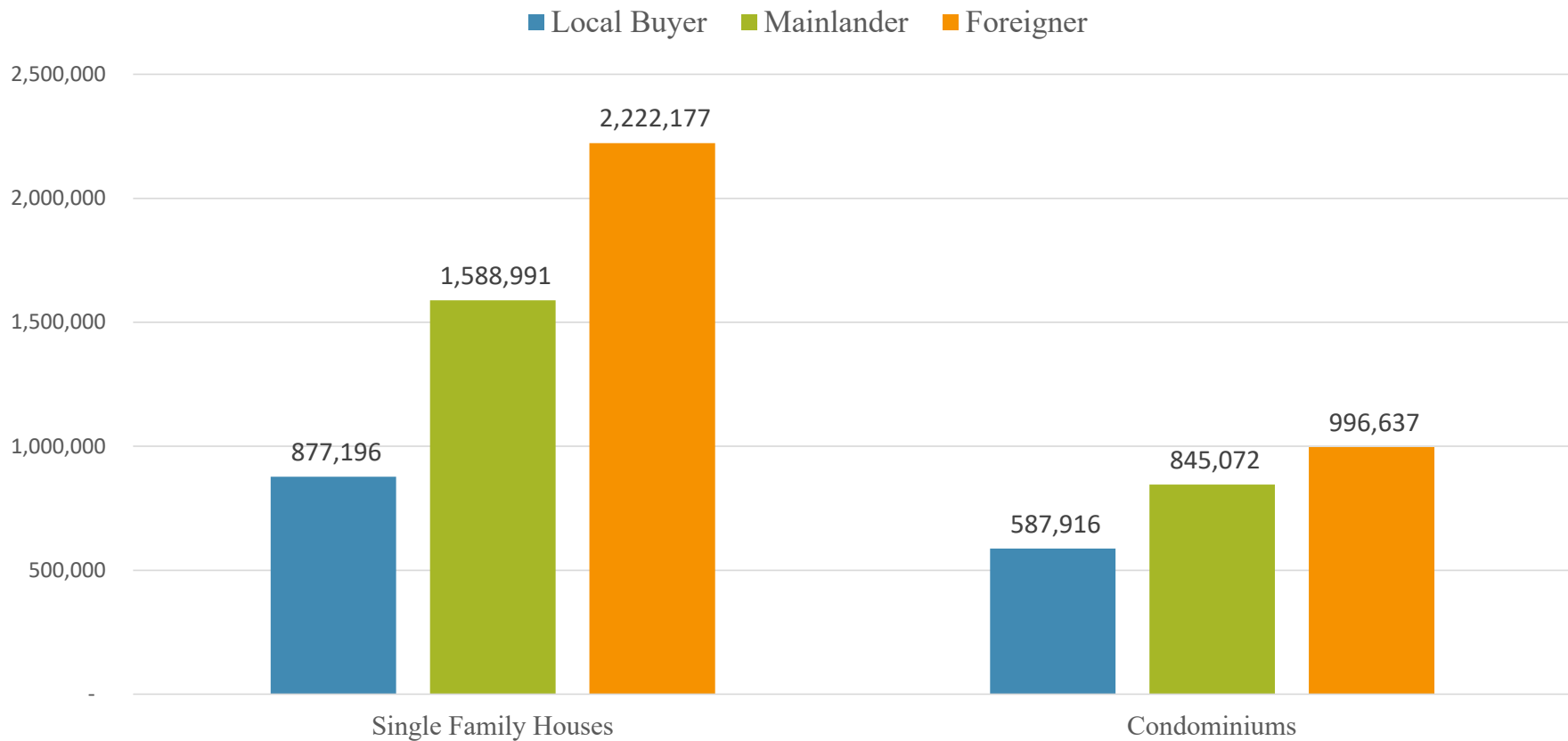


## 2021 Home Sales (the first 9 months)



Source: Title Guaranty

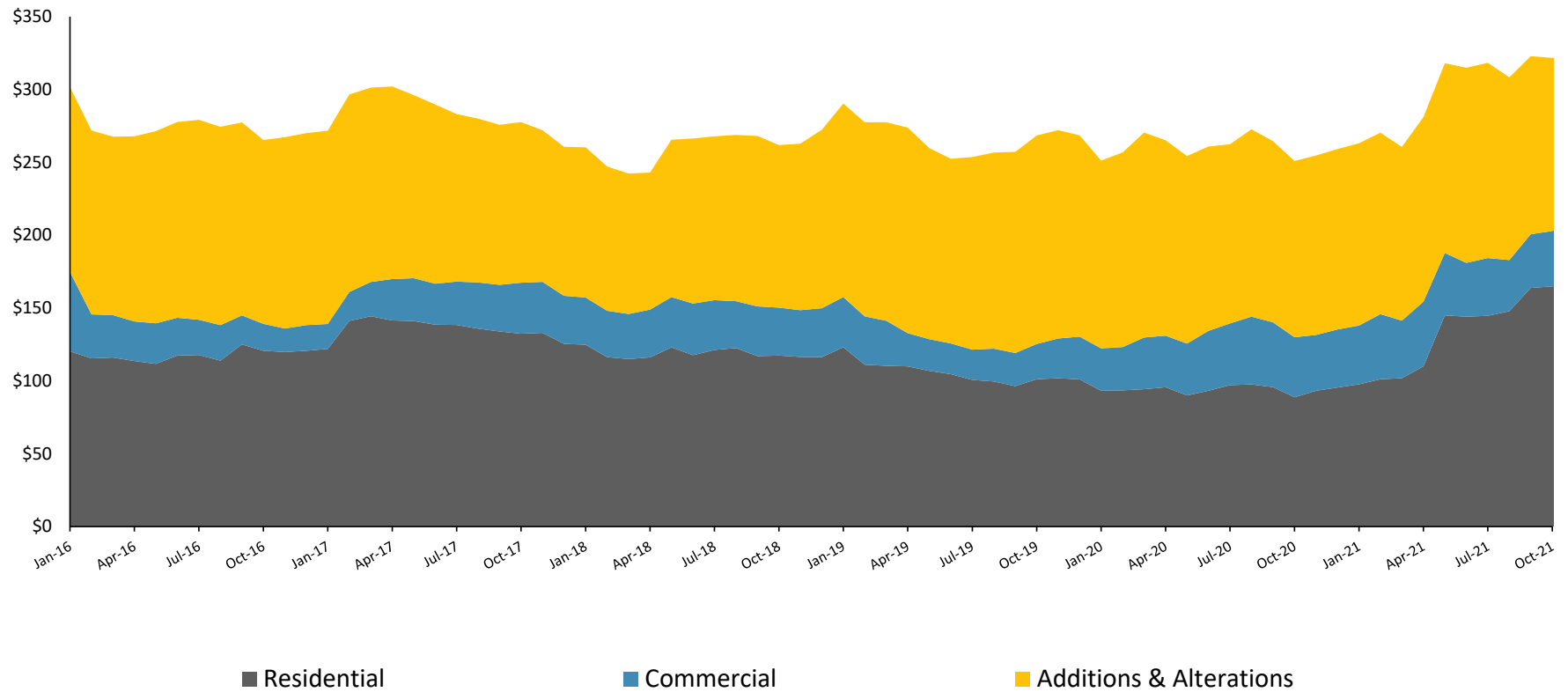
## Out-of-state buyers continues to purchase the high-end homes: the first 9 months of 2021



Source: Title Guaranty

# Value of Hawai'i private building permits issued (\$ in Millions)

26.1% increase during the first 11 months of 2021 (12-month rolling average basis)



Sources: County Building Departments

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# BUSINESS OPERATION STATUS

## 92% of Hawai'i businesses report they are open in the latest survey

% of Businesses

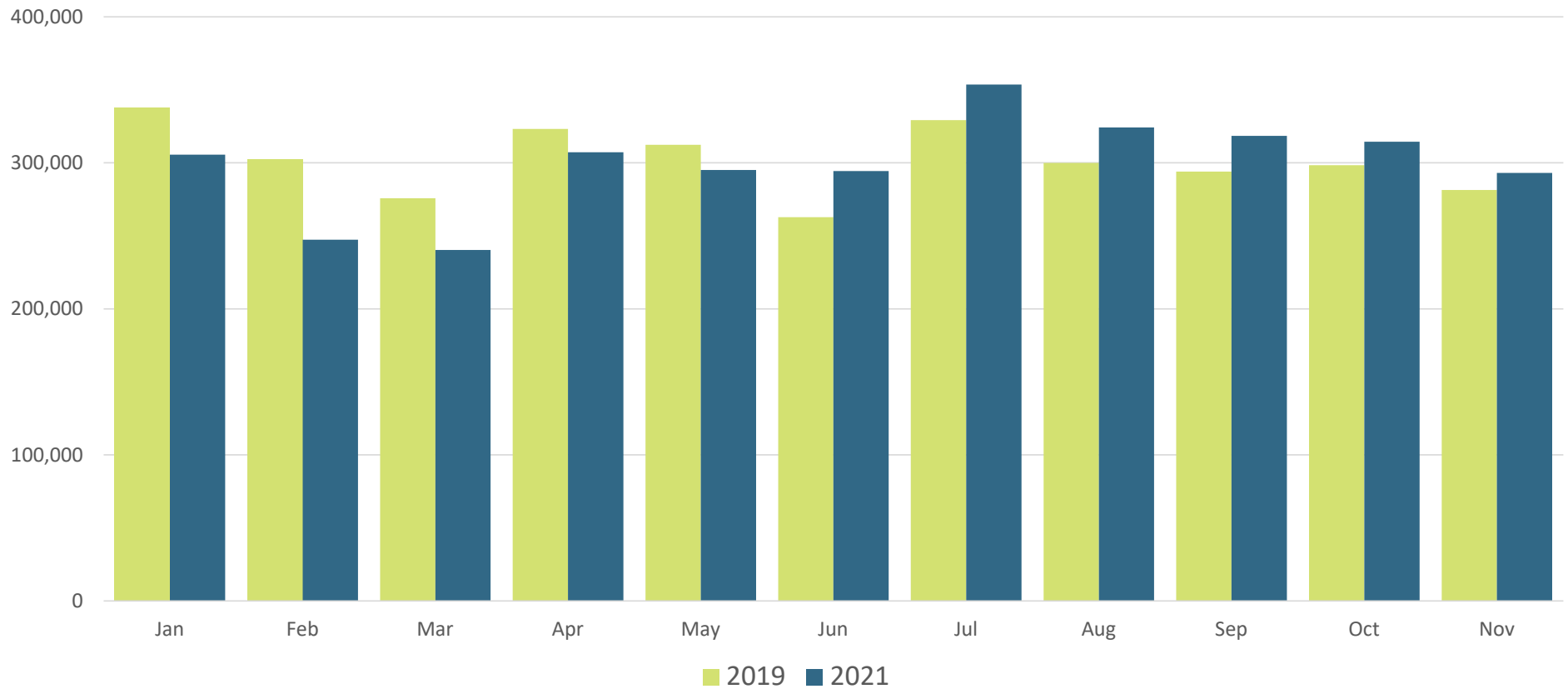
| Survey period  | Business never closed | Business closed but is now partially reopened | Business closed but is now reopened | Business is currently closed |
|----------------|-----------------------|-----------------------------------------------|-------------------------------------|------------------------------|
| July 2020      | 39.8%                 | 21.2%                                         | 23.0%                               | 16.0%                        |
| September 2020 | 39.1%                 | 20.3%                                         | 16.6%                               | 24.1%                        |
| December 2020  | 39.0%                 | 25.7%                                         | 24.9%                               | 10.5%                        |

| Survey period | Business is currently fully open | Business is currently partially open | Business is currently closed temporarily | Business is closed permanently |
|---------------|----------------------------------|--------------------------------------|------------------------------------------|--------------------------------|
| March 2021    | 55.4%                            | 36.5%                                | 6.3%                                     | 1.8%                           |

Source: Hawaii Commercial Rent Survey



## Since June 2021, general excise tax collections have been above the 2019 levels



## Hawai'i retail sales

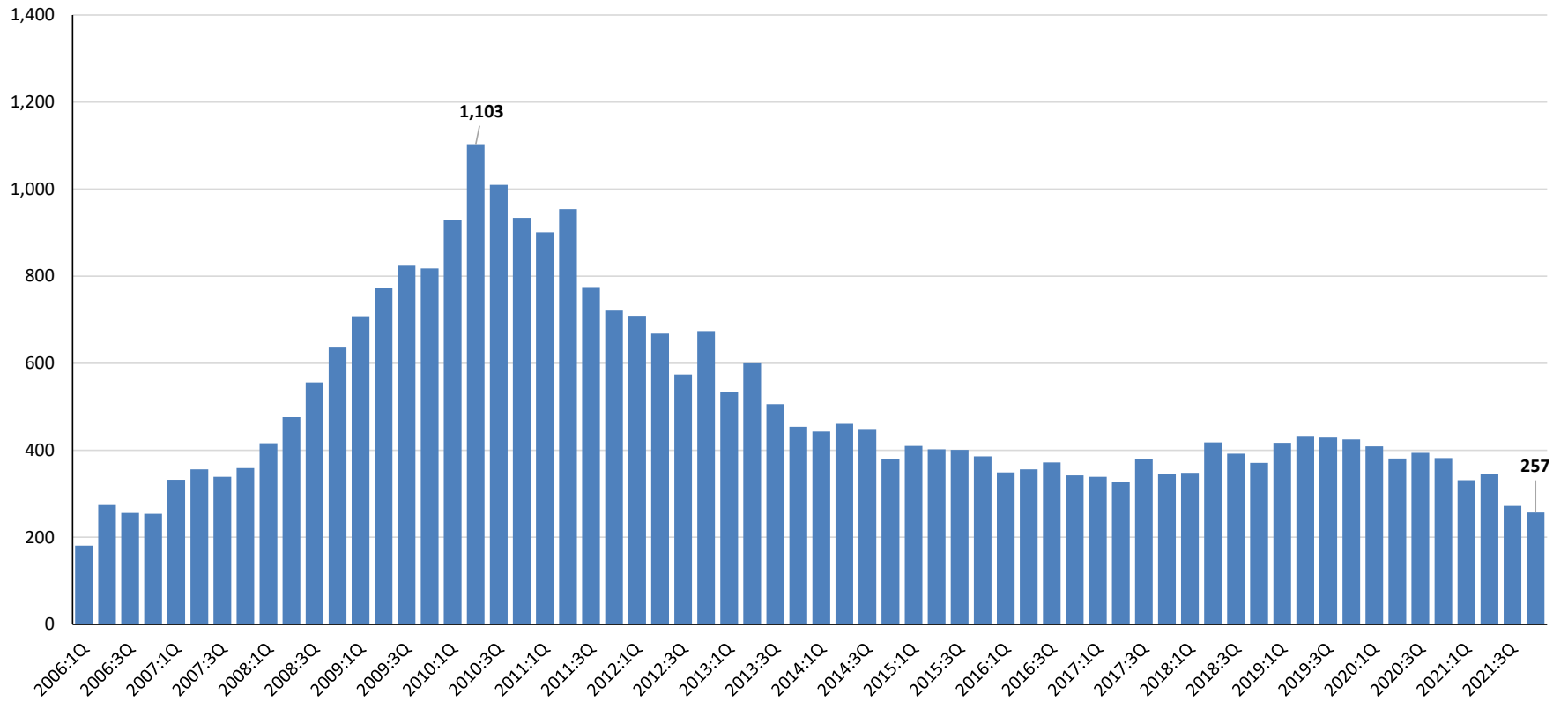
(% change from the same quarter last year)

| Retail Industry                                     | 1Q 2019    | 2Q 2019     | 3Q 2019    | 4Q 2019    | 1Q 2020     | 2Q 2020      | 3Q 2020     | 4Q 2020     | 1Q 2021     | 2Q 2021     | 3Q 2021     |
|-----------------------------------------------------|------------|-------------|------------|------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total</b>                                        | <b>2.2</b> | <b>-1.3</b> | <b>0.3</b> | <b>0.0</b> | <b>-1.6</b> | <b>-16.1</b> | <b>-5.2</b> | <b>-1.9</b> | <b>10.7</b> | <b>43.6</b> | <b>22.5</b> |
| Motor Vehicle and Parts Dealers                     | -3.6       | -4.4        | -0.6       | -1.0       | -11.2       | -16.0        | -2.6        | -1.6        | 27.4        | 52.8        | 10.1        |
| Furniture and Home Furnishings Stores               | -4.3       | -3.0        | 1.2        | 1.3        | 0.8         | -6.9         | 5.1         | 11.4        | 26.7        | 38.3        | 19.3        |
| Electronics and Appliance Stores                    | -8.9       | -21.5       | -3.2       | 8.8        | -5.8        | -30.3        | -3.9        | 1.2         | 15.7        | 115.3       | 29.8        |
| Building Material and Garden Equipment and Supplies | 5.0        | -2.7        | -1.2       | -0.2       | 5.1         | 17.6         | 19.9        | 18.4        | 18.5        | 11.9        | 4.5         |
| Food and Beverage Stores                            | 16.9       | 5.0         | 3.6        | -2.9       | 10.1        | 7.7          | 0.2         | 6.2         | -3.6        | -0.4        | 17.2        |
| Health and Personal Care Stores                     | 4.3        | 2.8         | 1.5        | -0.6       | 3.6         | -9.2         | 3.3         | 2.3         | 4.2         | 15.6        | 8.7         |
| Gasoline Stations                                   | -25.1      | -4.5        | -4.5       | -17.9      | -12.2       | -23.9        | -23.8       | -17.9       | -5.9        | 20.0        | 30.5        |
| Clothing and Clothing Accessories Stores            | -1.3       | 0.4         | 0.8        | 1.6        | -12.1       | -13.7        | -7.9        | -7.8        | 37.4        | 42.8        | 30.3        |
| Sporting Goods, Hobby, Musical Instrument, and Book | -10.7      | -0.9        | 6.0        | 1.1        | 2.3         | 50.9         | 24.1        | 35.0        | 35.5        | S           | 3.9         |
| General Merchandise Stores                          | 8.2        | 1.5         | 0.2        | 3.8        | 8.7         | -17.6        | -14.1       | -7.9        | -4.9        | 173.1       | 25.3        |
| Miscellaneous Store Retailers                       | 0.1        | -1.6        | 3.1        | 5.4        | 9.4         | -52.7        | S           | -20.0       | 9.8         | 91.7        | S           |

1/ Suppressed due to data quality concerns

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

## Hawai'i bankruptcy filings dropped 8.1% in 2020 and dropped 22.3% in 2021



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