



UHERO

THE ECONOMIC RESEARCH ORGANIZATION  
AT THE UNIVERSITY OF HAWAII

# STATE FACING HEADWINDS AS MAUI RECOVERY BEGINS

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HOUSE FINANCE COMMITTEE  
PRE-SESSION BRIEFING  
JANUARY 3, 2024

# After the Maui wildfires: The road ahead



## [After the Maui wildfires: The road ahead.](#)

August 31, 2023

By Steven Bond-Smith, Daniela Bond-Smith, Carl Bonham, Leah Bremer, Kim Burnett, Makena Coffman, Peter Fuleky, Byron Gangnes, Rachel Inafuku, Ruben Juarez, Sumner La Croix, Colin

## [Jobless claims reveal staggering employment cost of Maui wildfires](#)

By Byron Gangnes Jobless claims for the week ending September 2 have been released. At the national level, new claims ticked down for the fourth

## [Economic Perspective of Maui's Devastating Wildfires](#)

By James Mak, Paul Brewbaker, and Frank Haas Lahaina is a very special place with so much deep, rich history. Over time, it's evolved. It's



## [Reducing fire risk and restoring value to fallow agricultural lands](#)

This blog was conceived via conversations among UHERO faculty and fellows from diverse backgrounds from environmental economics, ecosystem services, economic diversification, and fire and ecosystems.

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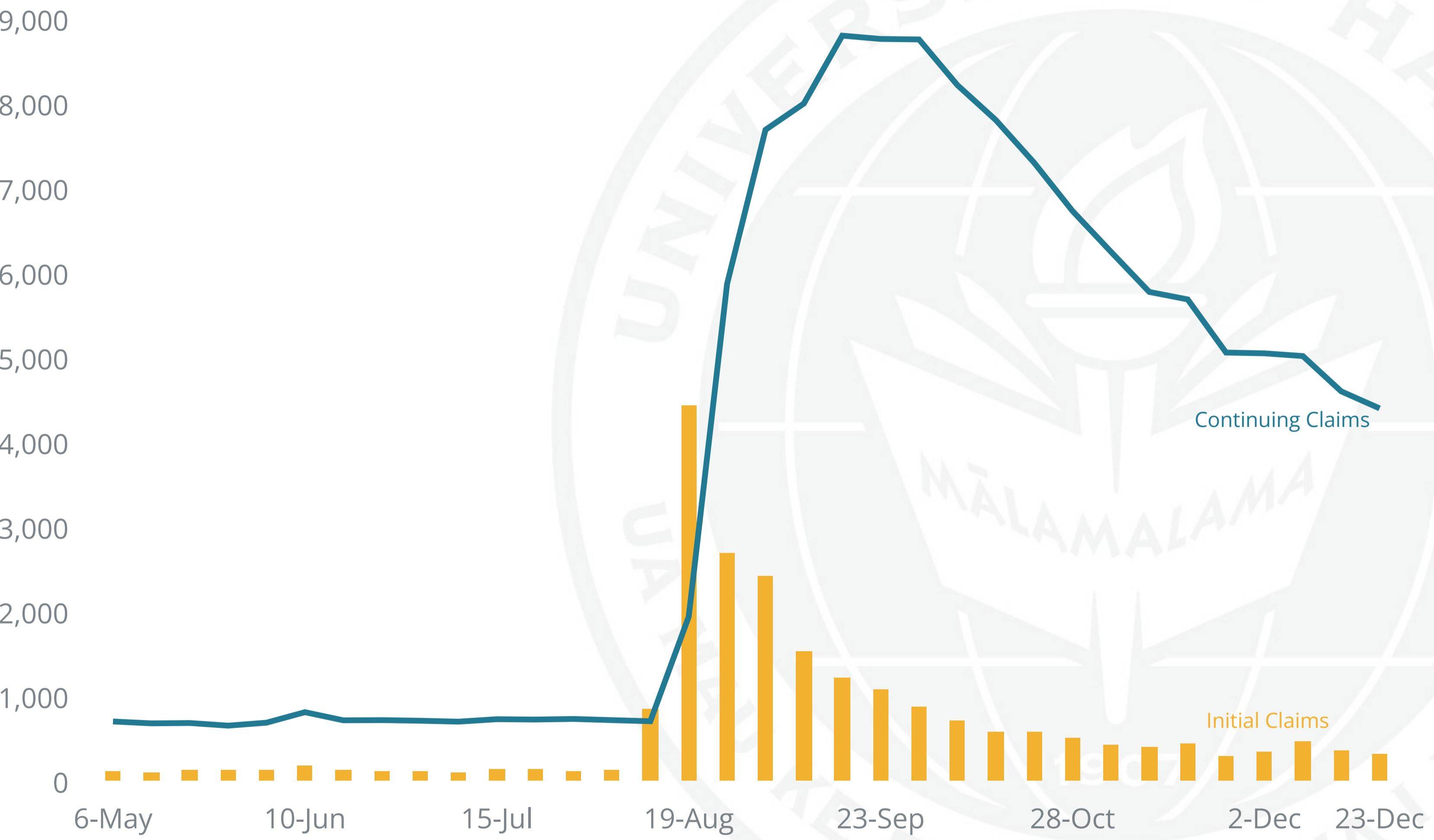
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# Return of visitor spending and recovery work is helping

## Maui county initial and continuing claims for unemployment insurance



Source: DLIR, UHERO.Data

# Initial recovery has been faster than expected

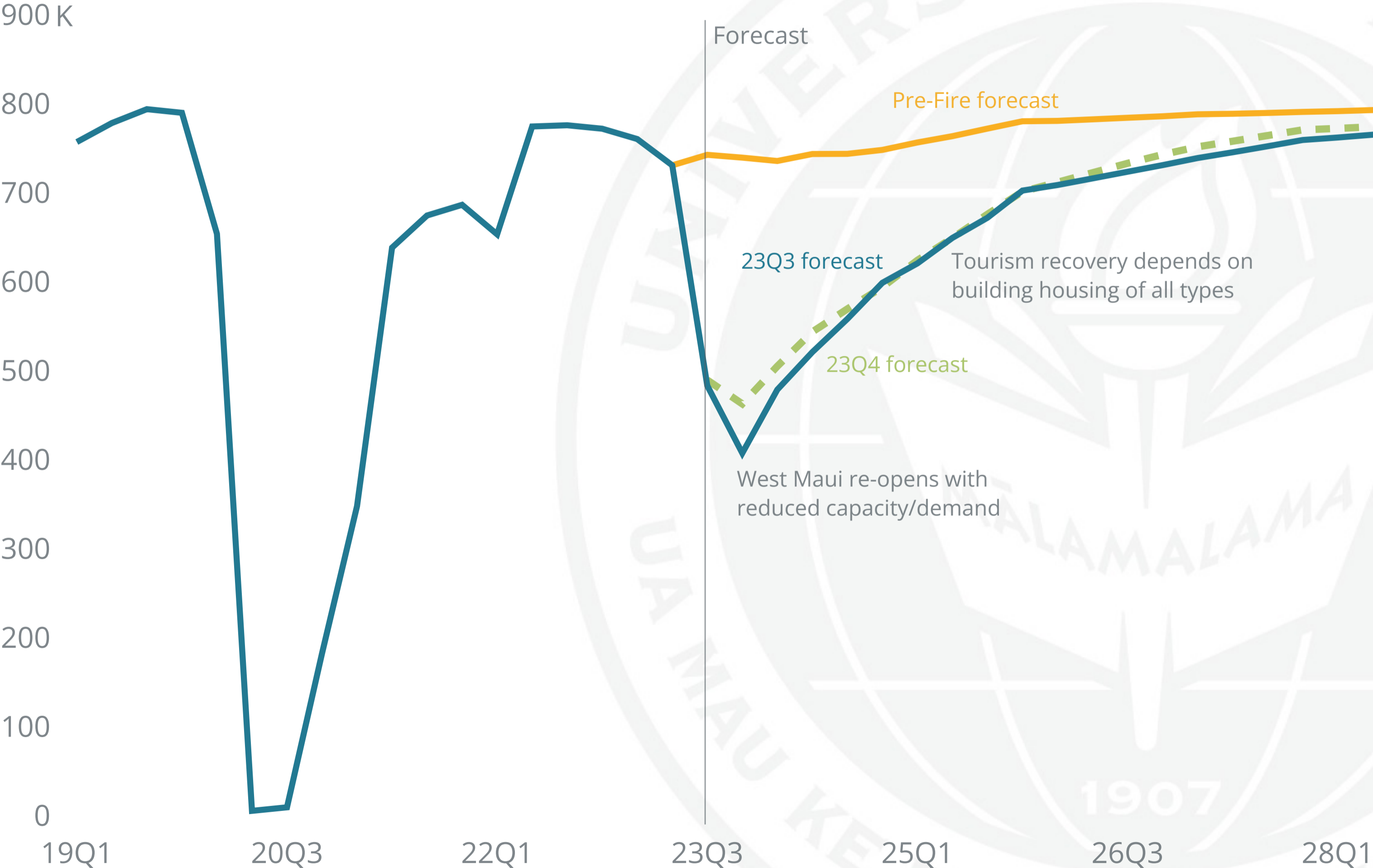
Oct. 8 reopening, and "full" reopening on Nov 1 set the stage



Source: DBEDT, UHERO.Data

# Maui visitor arrivals forecast was too pessimistic

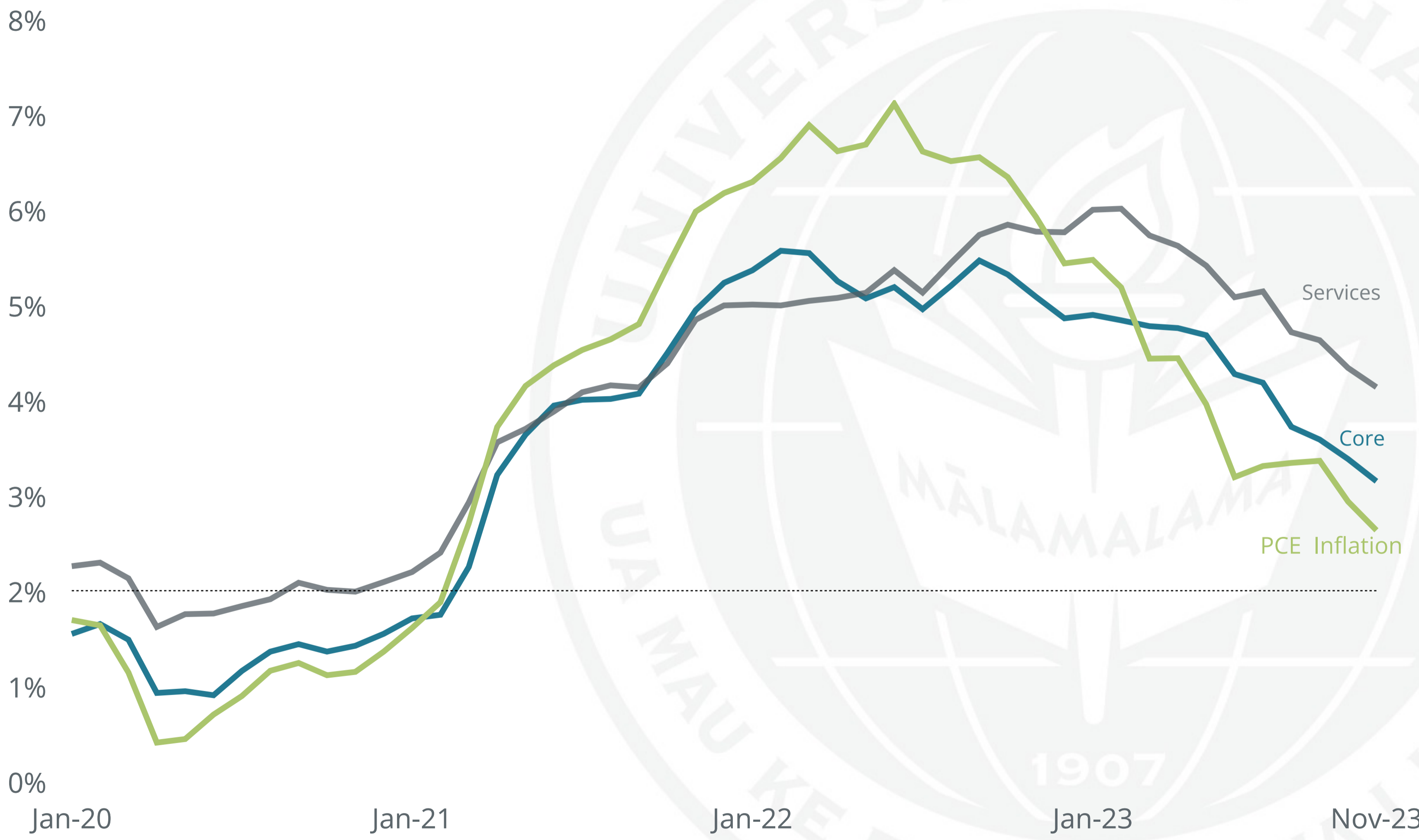
Oct. 8 reopening, and “full” reopening on Nov 1 set the stage



Source: HTA, UHERO forecasts.

# US outlook: Inflation is on path to target

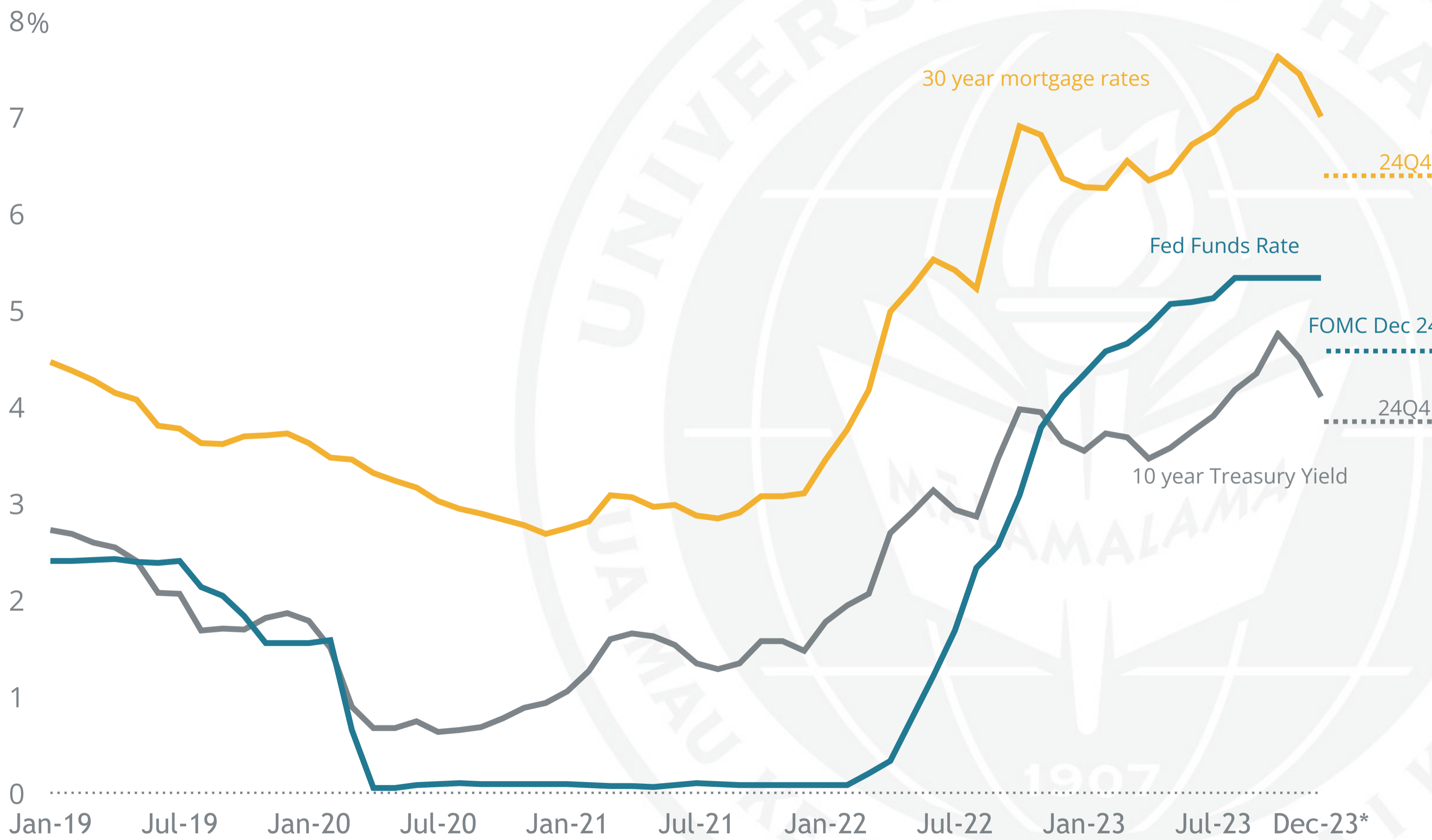
Still a ways to go for services inflation, but FED is going to be patient



Source: BEA, year-over-year growth in Personal Consumption Expenditures Price Index.

# US outlook: Rates will come down a bit in 2024

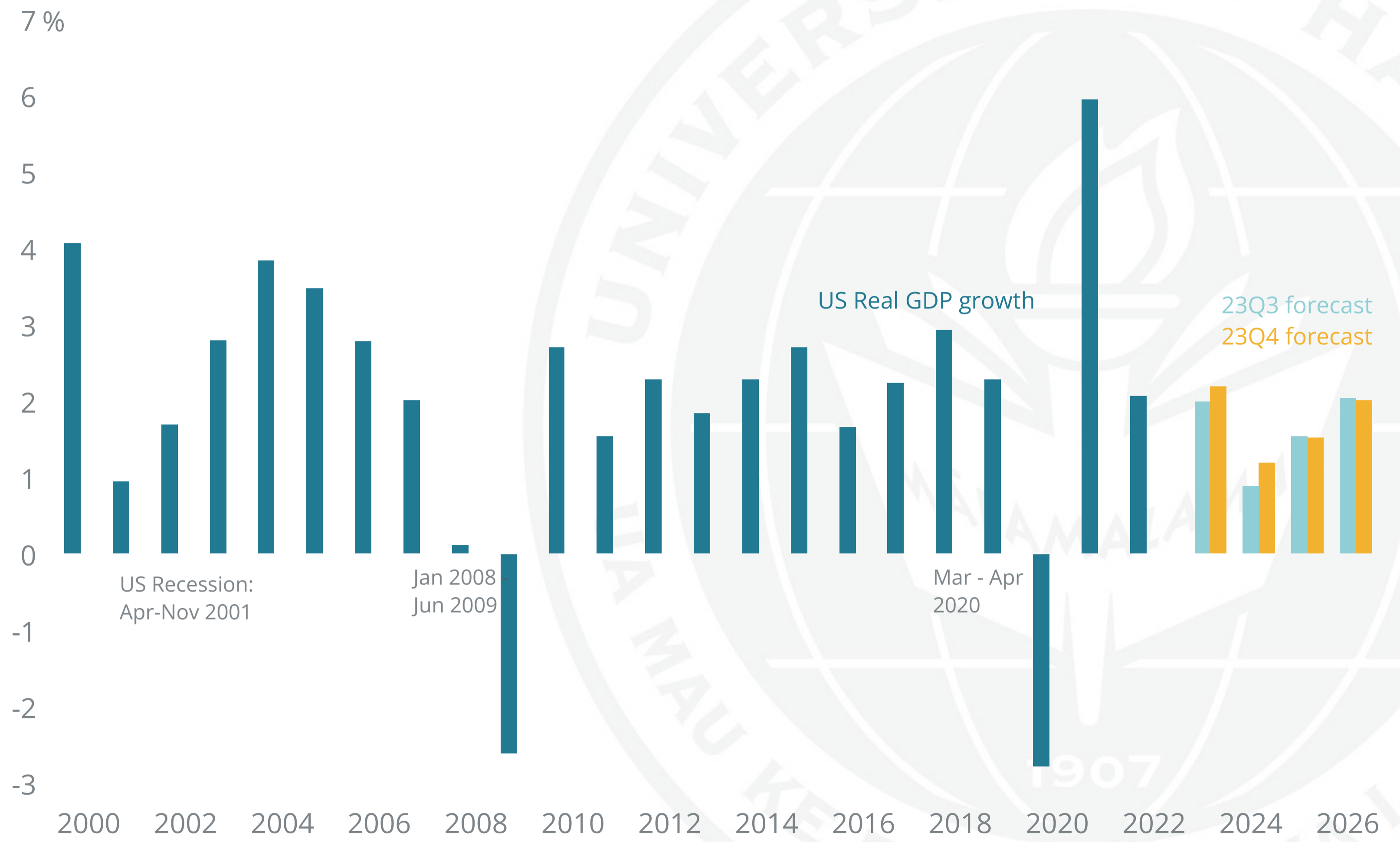
FED is committed to nailing a soft landing



Source: Federal Reserve Board, [UHERO.data](https://www.uhero.org/data), \*December values are UHERO nowcast, 24Q4 are UHERO forecasts.

# US outlook: US resilience underpins Hawaii's economy

recession risks have decreased with inflation and resilient labor markets



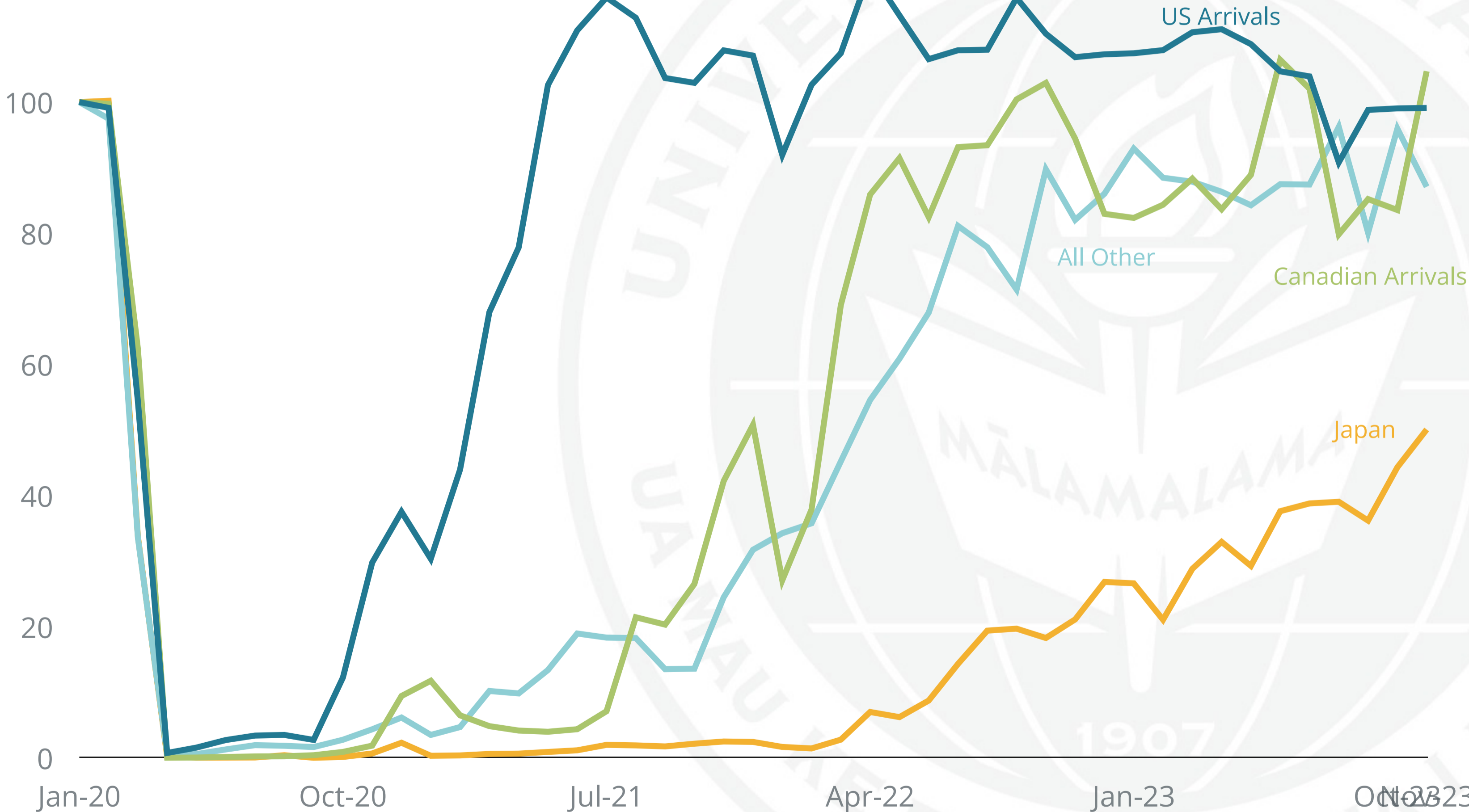
Source: BEA, UHERO forecasts.



# US visitors represent 75% of total arrivals and spending

US market is critical with continued slow Japanese recovery

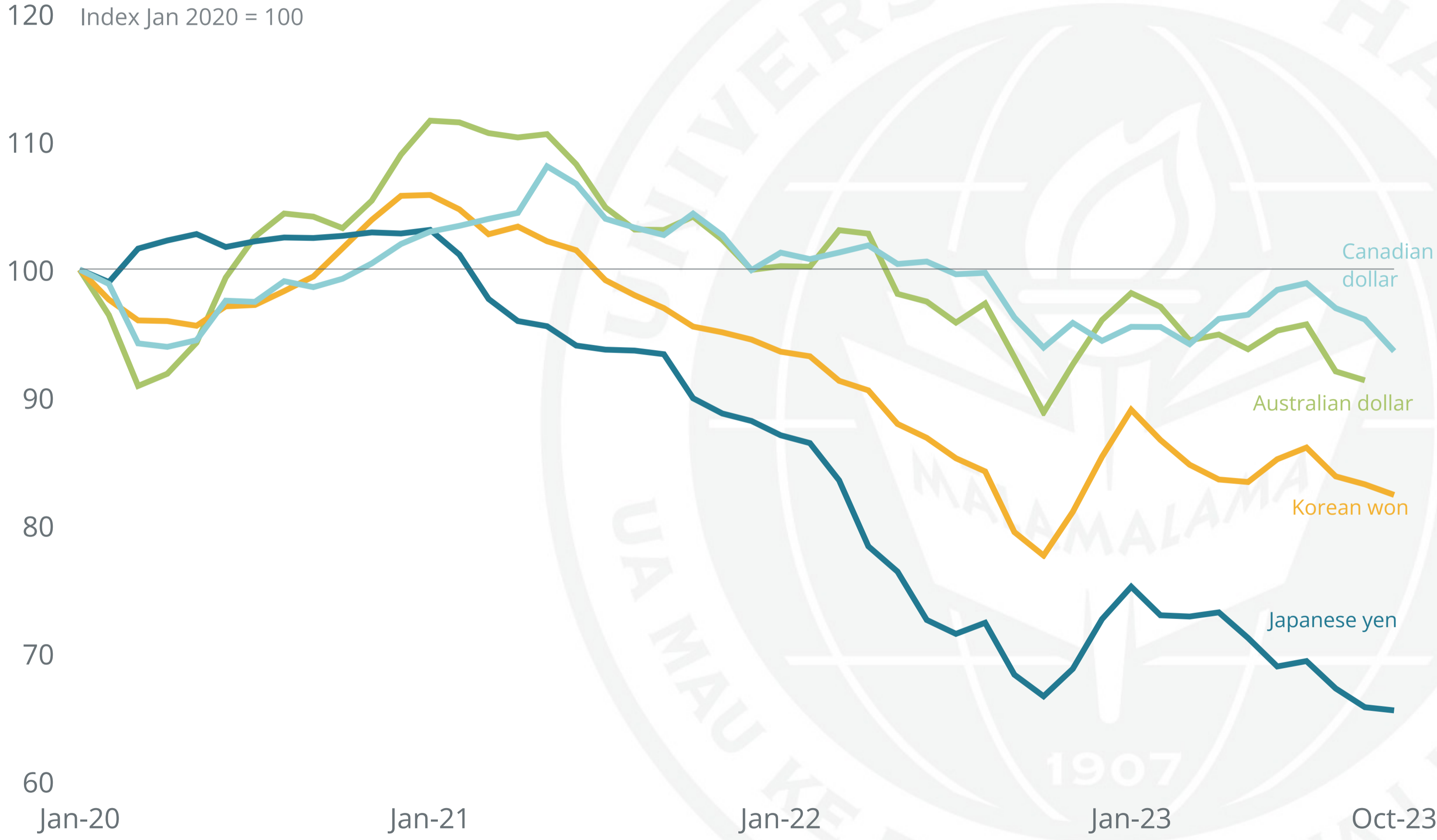
120 Index Jan 2020 = 100



Source: HTA, UHERO.data.

# Yet soaring costs are stifling pent up Japanese demand

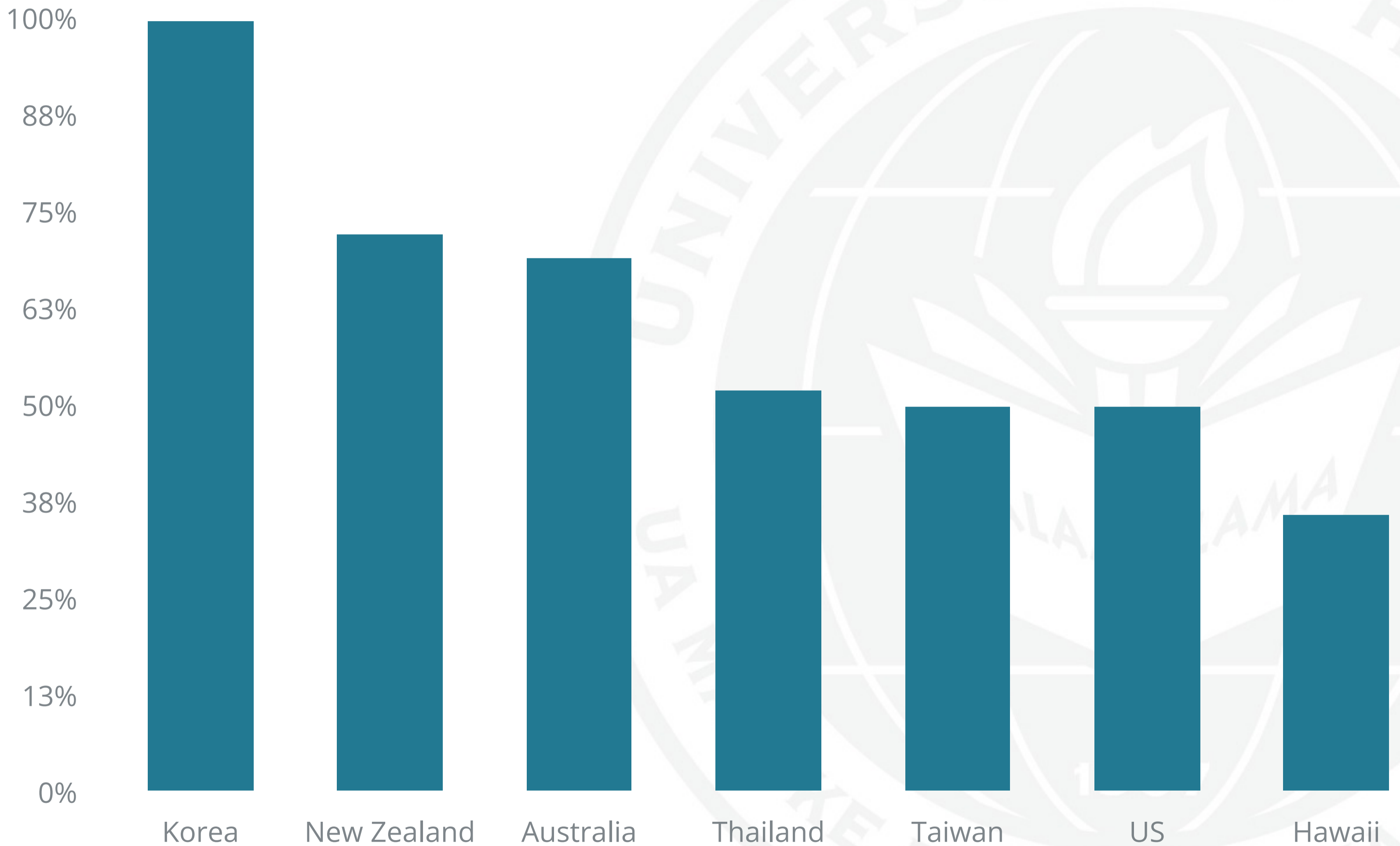
Yen -35%, Hotel rooms +33%, Food and Drink + 27%



Source: FRED. Real exchange rates adjust for CPI inflation in \$ and foreign currency.

# Other destinations have seen much stronger recoveries

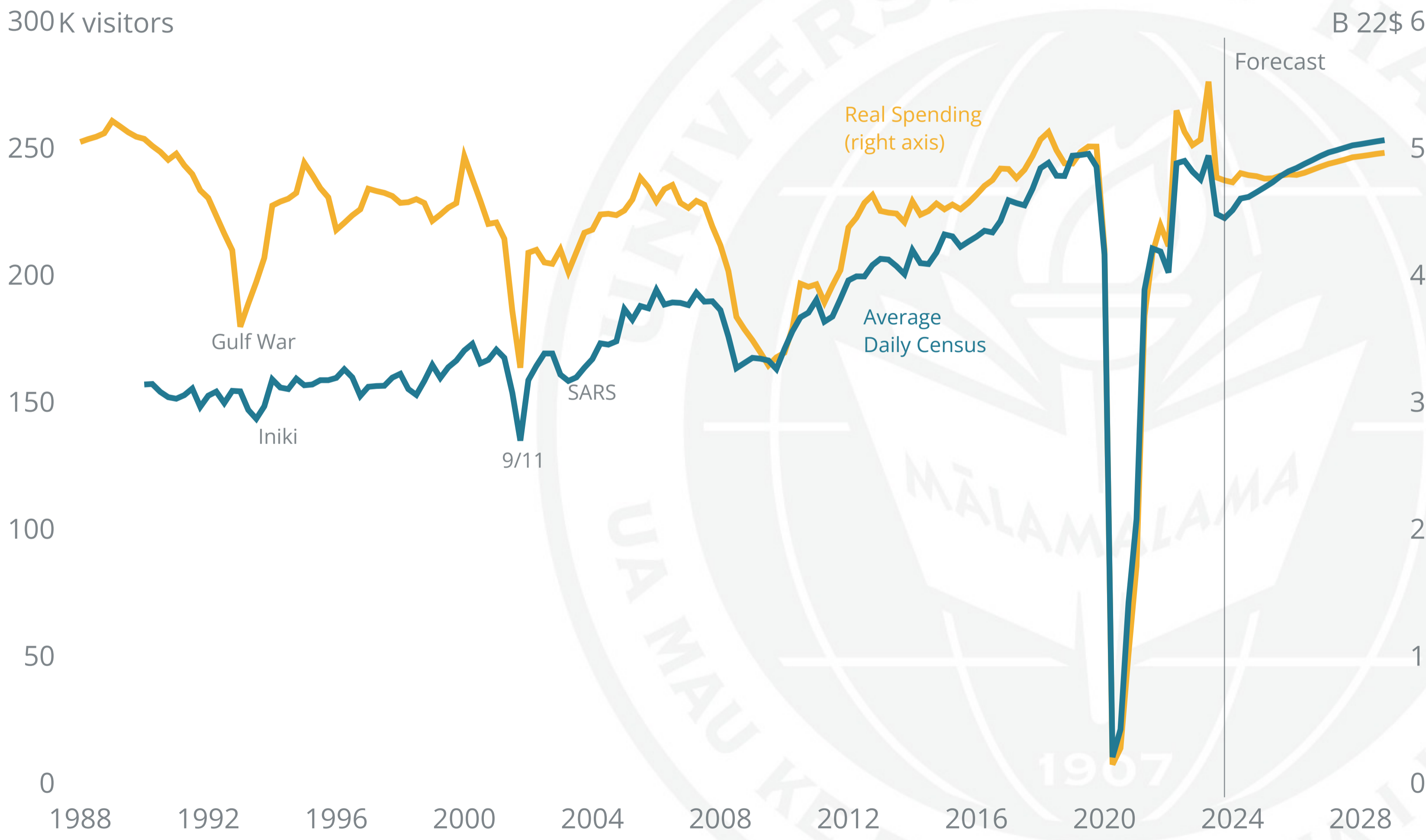
Recovery of Japanese outbound travel: September 2023 vs 2019



Source: JTB, UHERO.

# Tourism now recovering from another shock

after recovery, tourism will return to trend—no growth

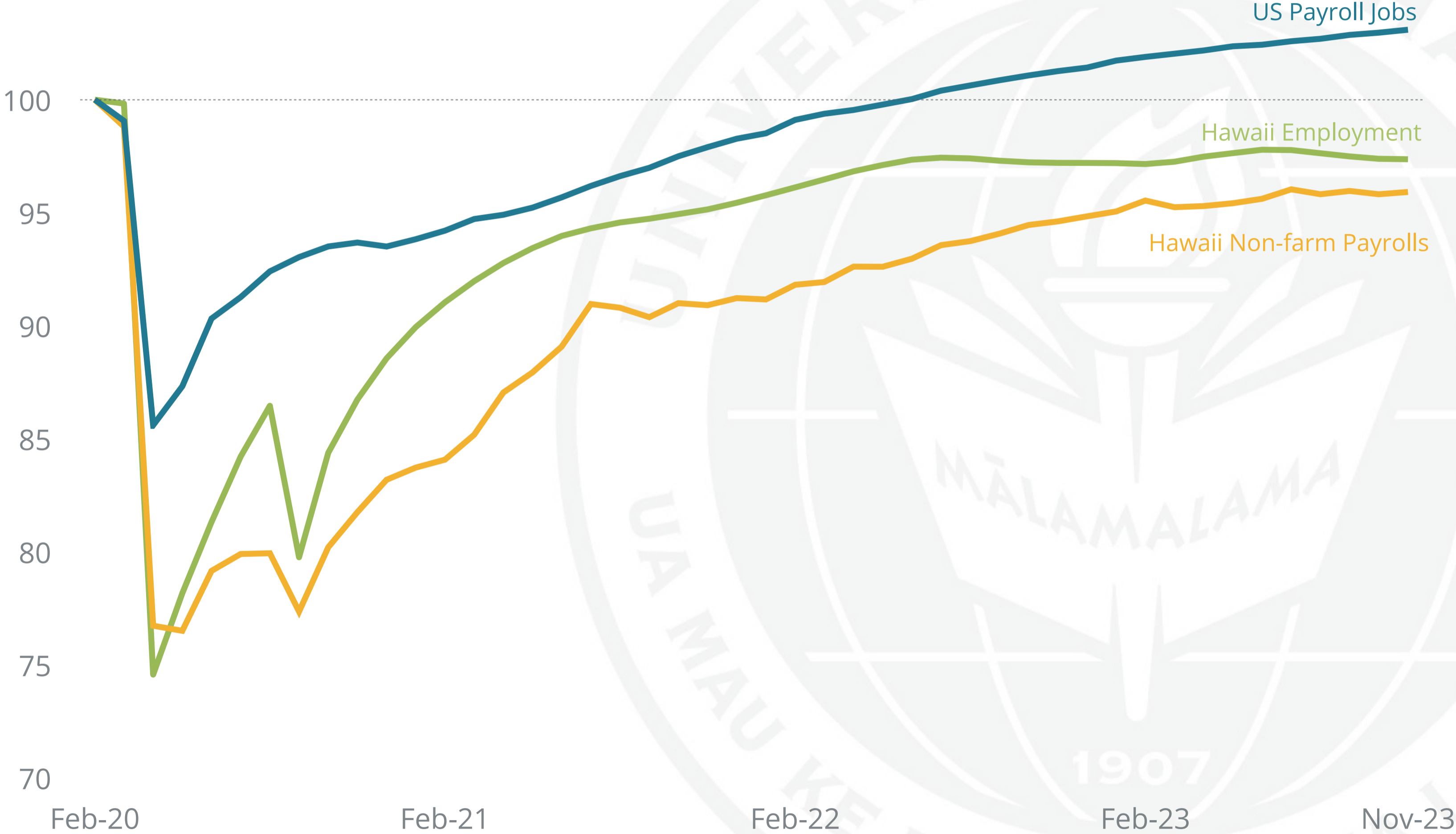


Source: HTA, UHERO forecasts.

# Hawaii labor market recovery has run its course

With very limited job growth in 2023

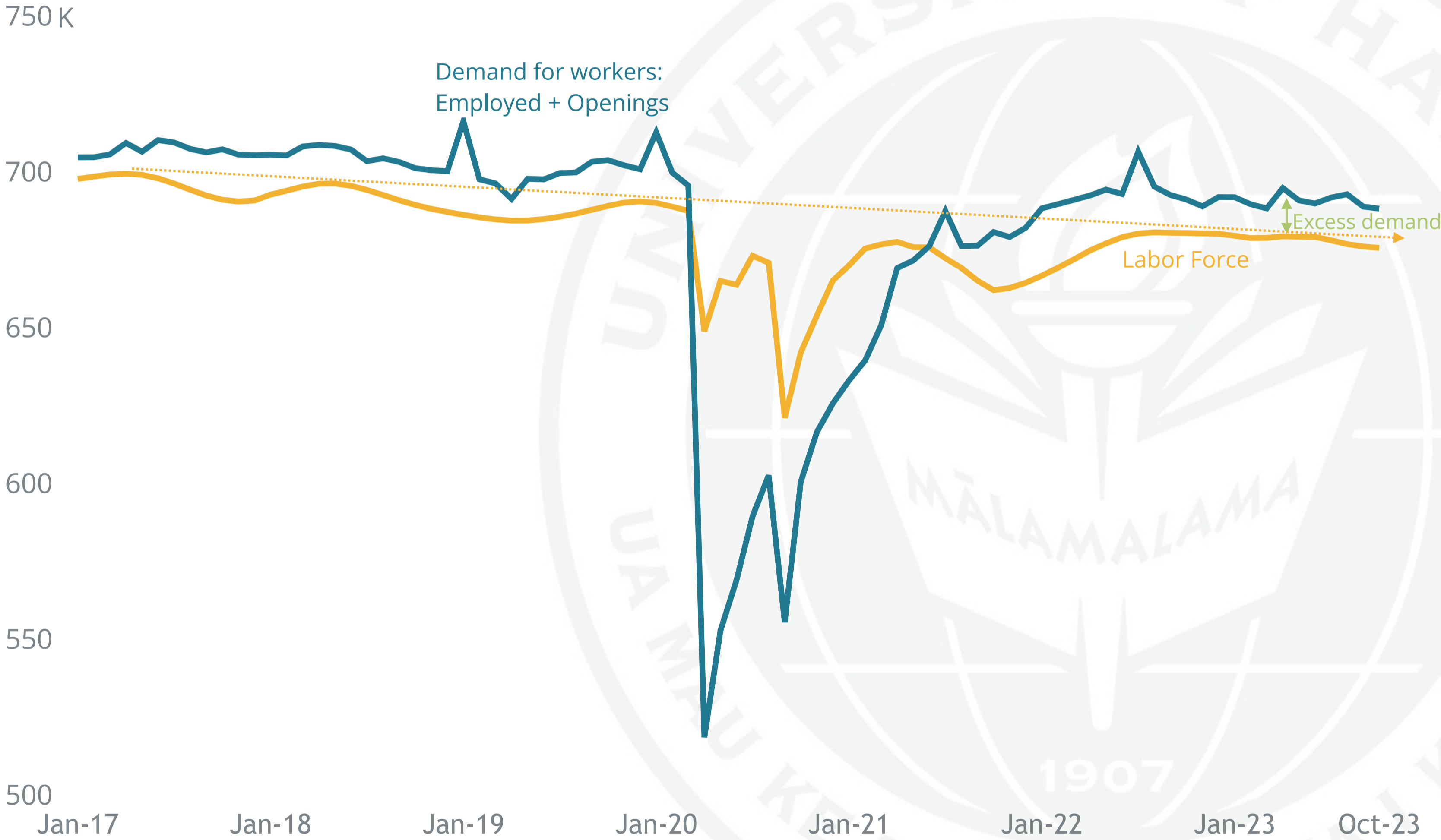
105 Index Feb 2020 = 100



Source: US BLS. UHERO preliminary benchmarked jobs data.

# Back to normal levels of excess demand

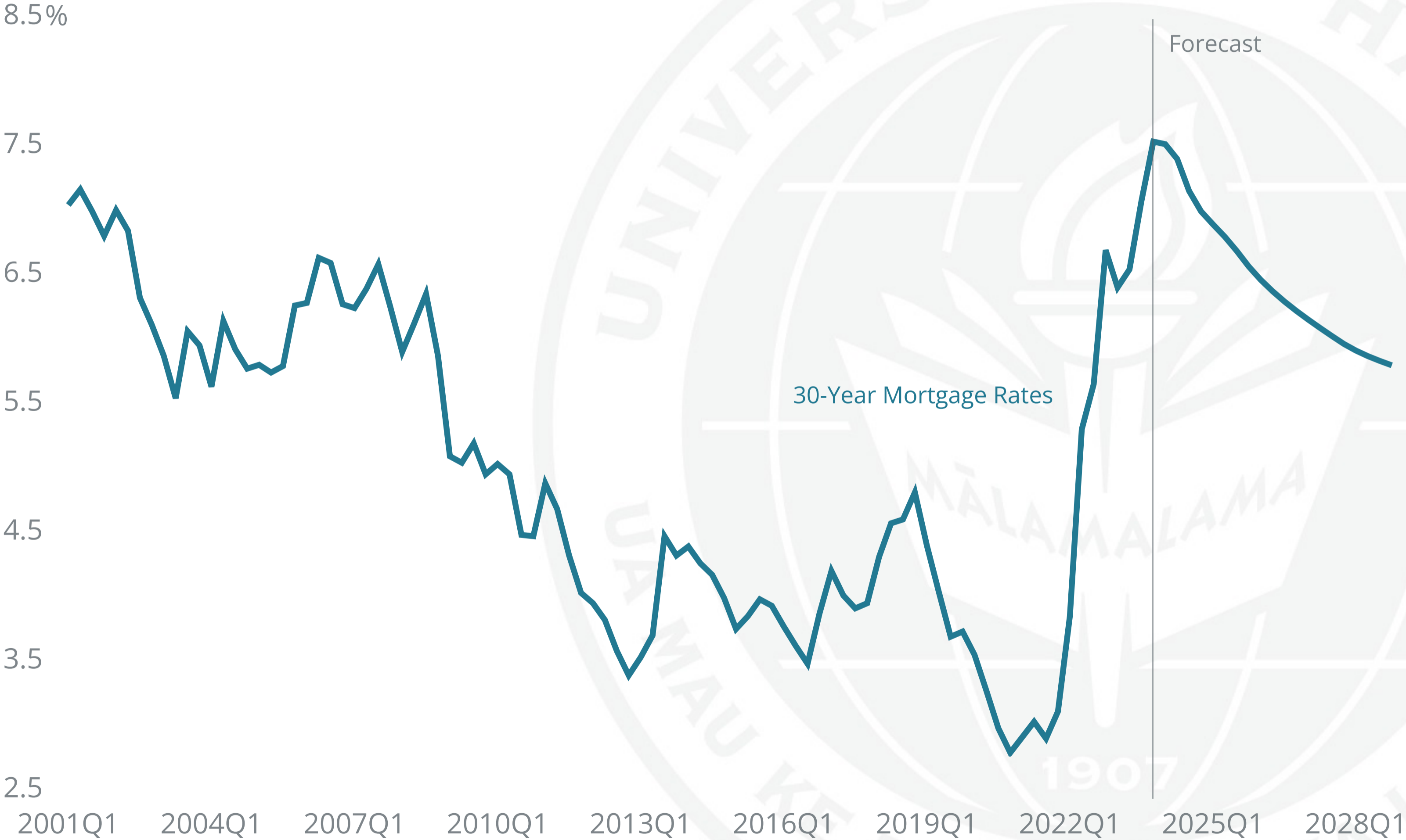
Job openings have declined sharply



Source: US Bureau of Labor Statistics, [UHERO.data](https://uhero.data).

# Renewed mortgage rate surge took us to 20+ year highs

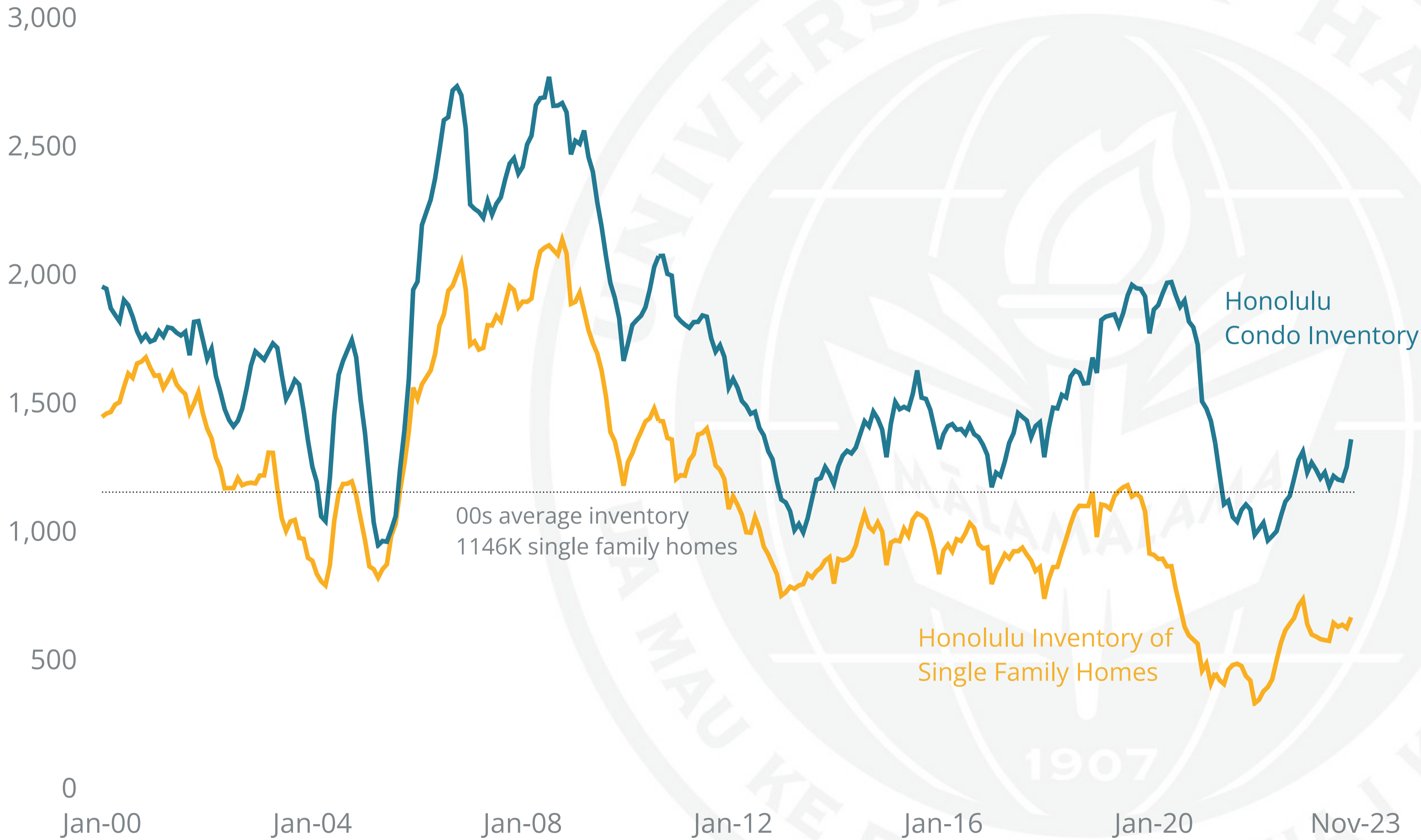
trapping people in their homes!



Source: Federal Reserve Board, [UHERO forecasts](#).

# And constraining desperately needed inventory

Despite weak sales, inventory has barely budged

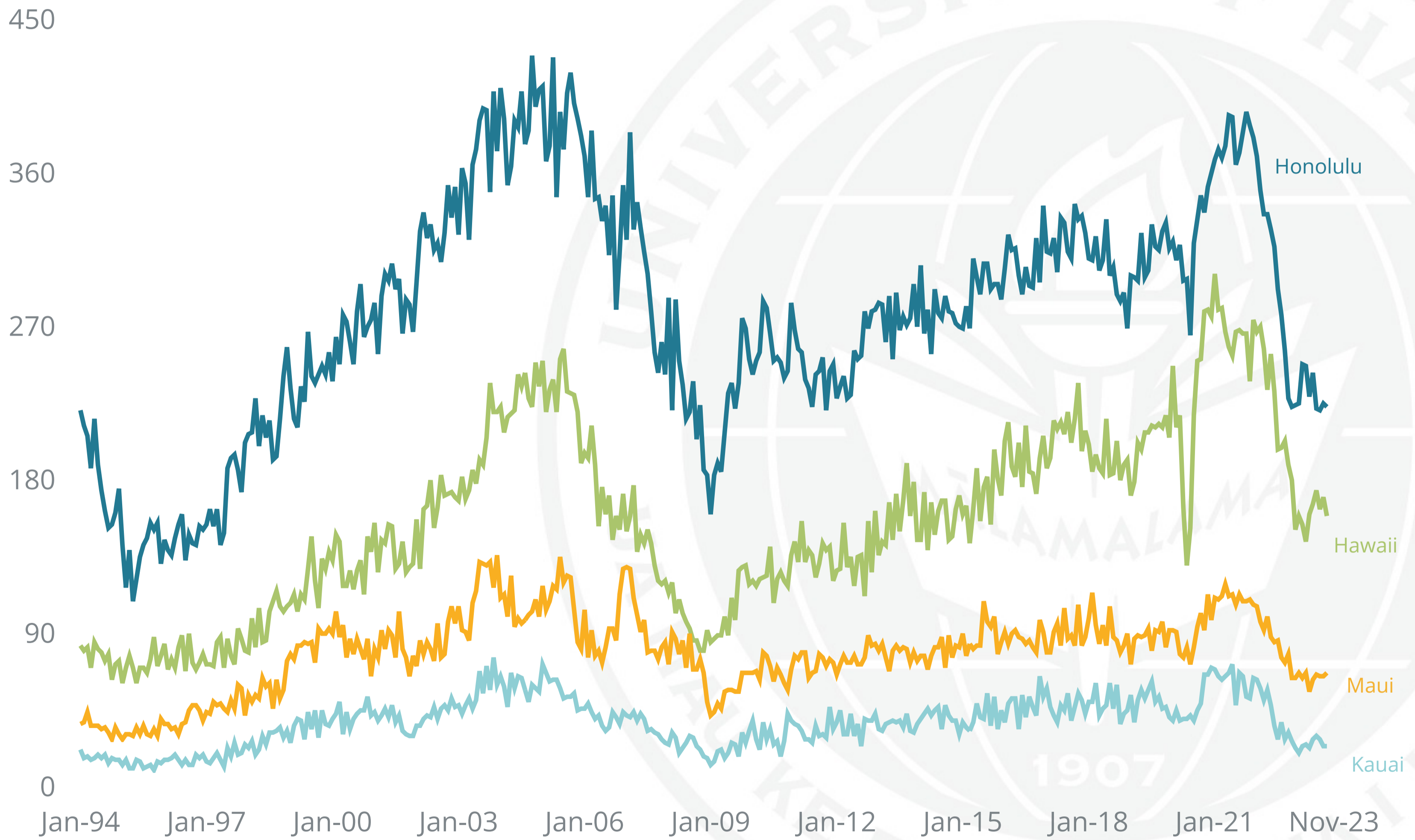


Source: Locations, Inc.



# Resales have fallen to near financial crises levels statewide

resales of single family homes by island

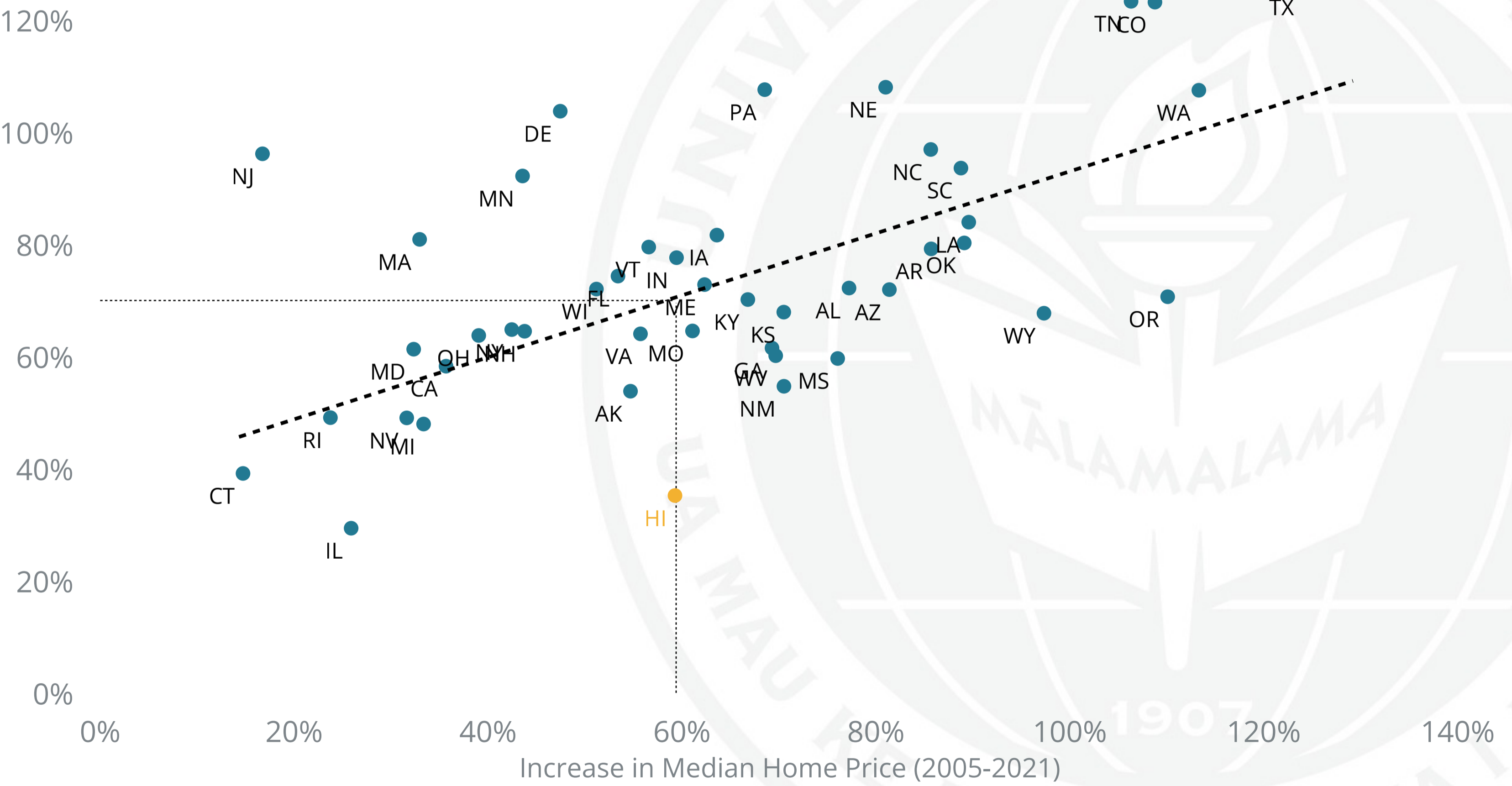


Source: Locations, Inc.

# Rising prices should lead to more construction

but not in Hawaii

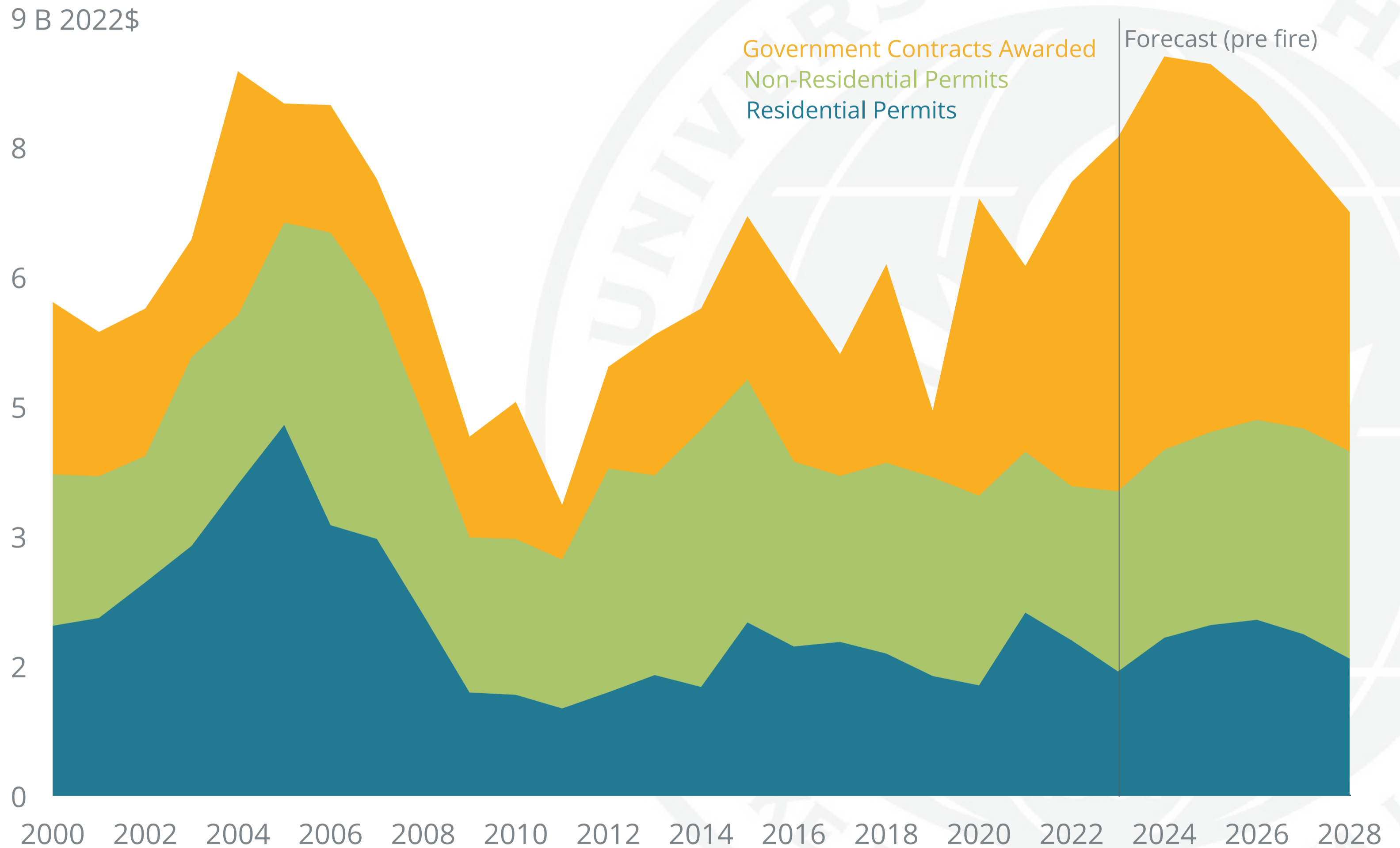
2021 Homes Permitted as share of 2005 level



Source: Census, UHERO forecasts, The Hawaii Housing Factbook.

# Construction spending will replace most lost visitor spending

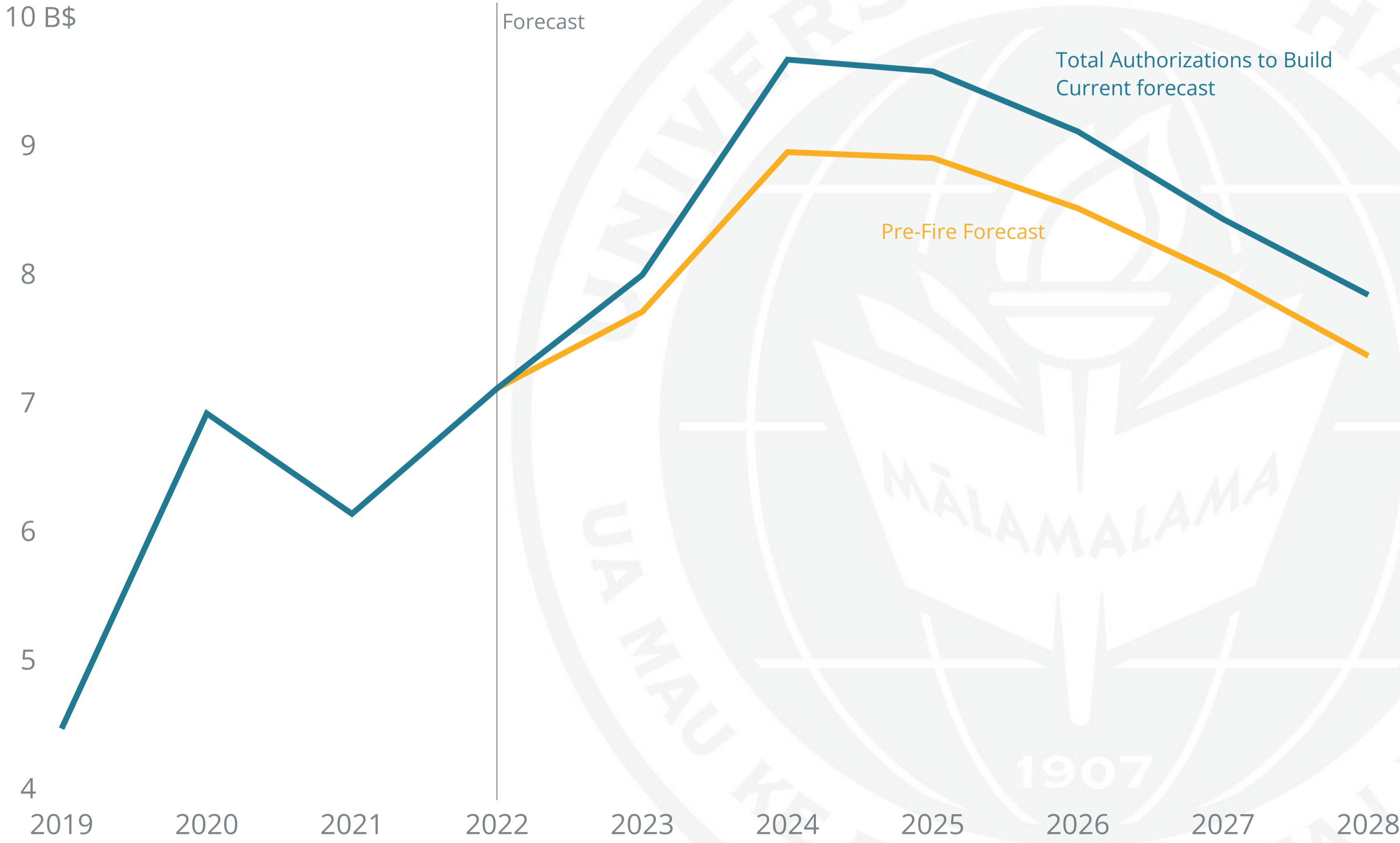
With federal IJA and DoD\$—this time may really be different



Source: DBEDT, UHERO forecasts.

# Where will the workers/homes come from?

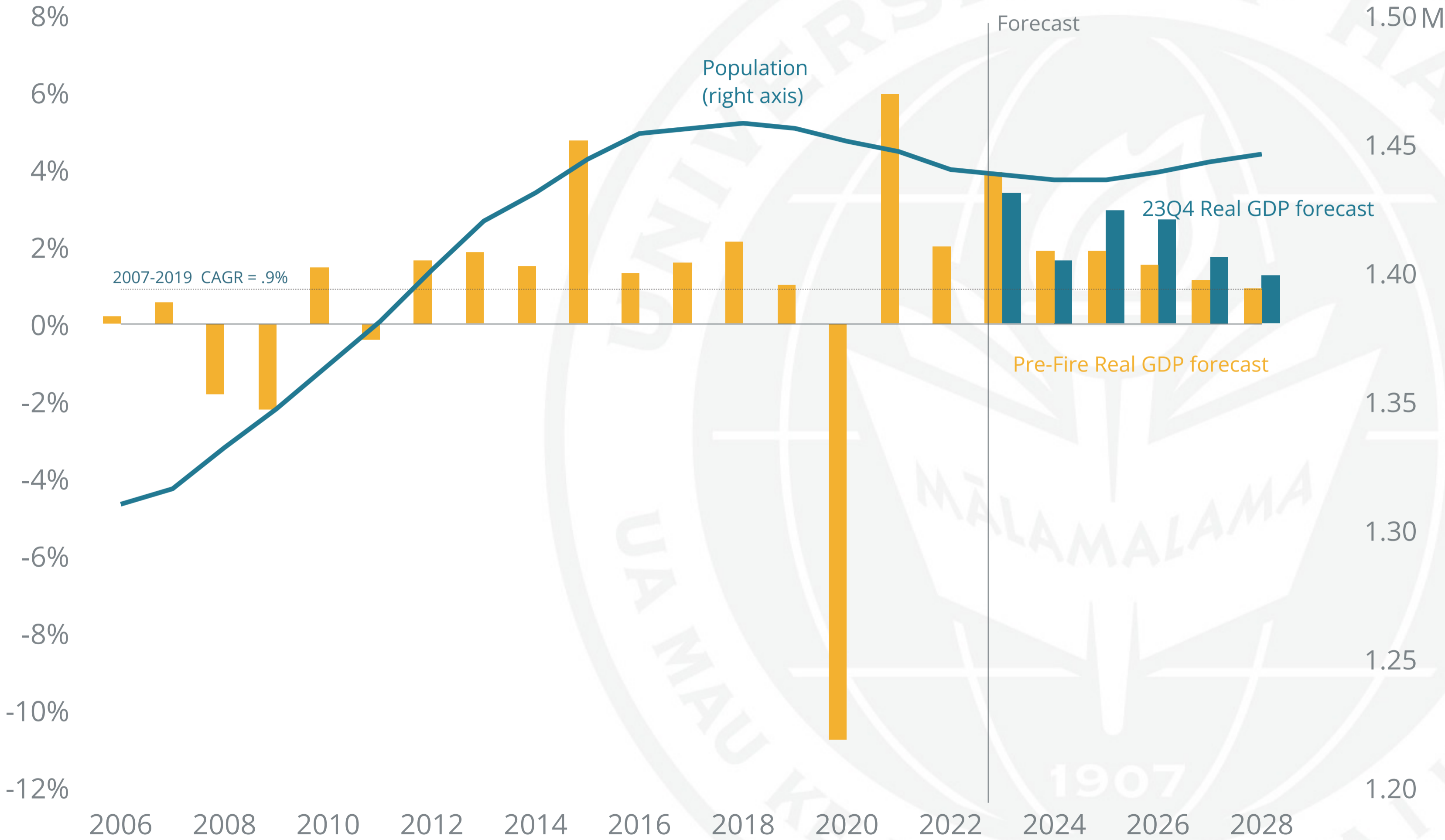
Billions in additional construction on top of 30 year high spurred by Federal \$



Source: DBEDT, UHERO forecasts.

# Maui rebuilding will bolster Hawaii real output growth

but stagnant population will limit long-term growth



Source: BEA, CENSUS, UHERO estimates of intercensal population (2011-2023), UHERO forecasts.

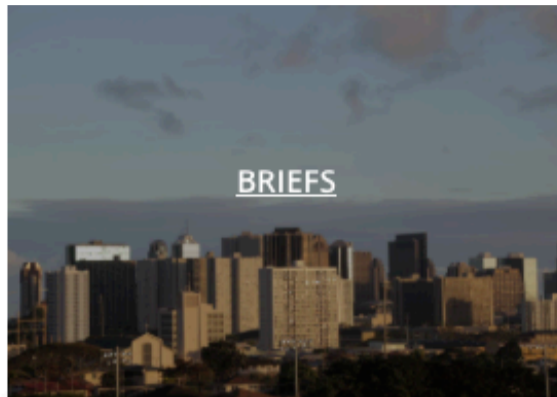
# Insights



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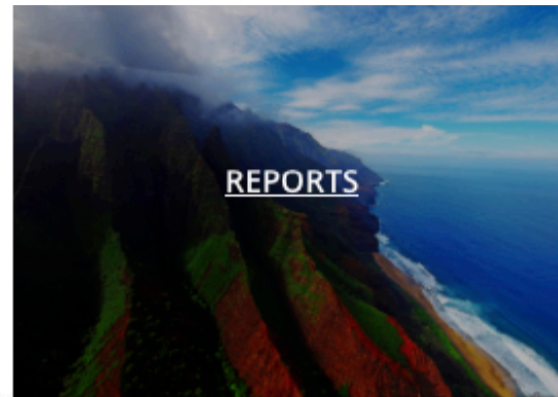
## NEWS



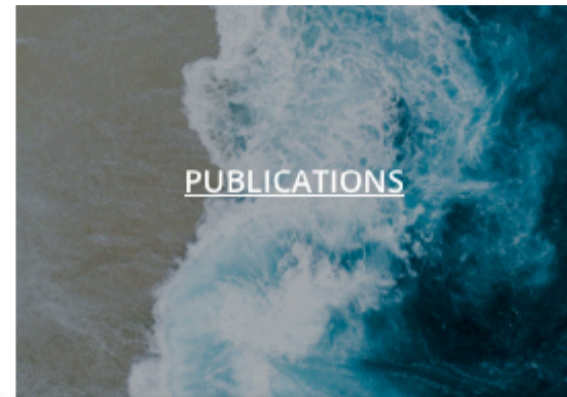
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## REPORTS



## PUBLICATIONS

### [Ecological Economics and the Circular Economy](#)

December 8, 2023

By Kimberly Burnett, James Roumasset, and Christopher Wada The Circular Economy In 1969, Belgian industrial designers Paul Jorion and Jacques Braijt proposed the circular concept

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### [New Hawai'i Study Examines Dynamics of Electricity Pricing](#)

November 28, 2023

In a new study titled "Distributional and Welfare Impacts of Dynamic Pricing for Commercial and Industrial Electricity Users: Evidence from O'ahu, Hawai'i," UHERO Fellow Nori

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### [Dissolving the Hawaii Tourism Authority](#)

April 5, 2023

Read the summary blog post. By Paul Brewbaker, Frank Haas, and James Mak State lawmakers in the 2023 state legislature are bashing the Hawaii Tourism

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### [UHERO Forecast for the State of Hawai'i: Wildfires deliver heavy blow to Maui economy](#)

September 22, 2023

The tragic Maui wildfires have inflicted deep pain and loss on the affected communities, and sorrow among all of Hawai'i residents. There are also economic

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### [The Risks of Sea Level Rise: Perceptions and Policy Preferences among Hawai'i's Elected Officials](#)

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Read the summary blog post. Due to its remote geographic location and extensive coastlines, the State of Hawai'i is particularly vulnerable to climate change and

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### [Effects of alternative pricing structures on electricity consumption and payments in the commercial and industrial sector](#)

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Abstract: We investigate the distributional and welfare impacts when commercial and industrial (C&I) electricity end users face a dynamic pricing structure as opposed to a

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### [Adaptation Strategies for Sea Level Rise: Perspectives from Hawai'i's Elected Officials](#)

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By Ketty A. Loeb and Colin D. Moore Read the full report. Due to its remote geographic location and extensive coastlines, the State of Hawai'i

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### [New Research Reveals How Homeowners Shape Housing Policies](#)

November 6, 2023

A recent study, "Homeowner Politics and Housing Supply," authored by Justin Tyndall and coauthors, offers valuable insights into the relationship between homeowners and city councillors

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### [Public Campaign Financing: Evidence and Opportunities for Hawai'i](#)

February 28, 2023

By Colin Moore Concerns about the corrupting influence of money in politics have led to renewed interest in public campaign financing. Some argue that using

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### [UHERO Forecast for the State of Hawai'i: Promise and Peril for the Hawaii Economy](#)

May 12, 2023

Recent developments bring both promise and peril for Hawaii. Tourism prospects are positive, despite the delayed Japanese market recovery. Construction activity will remain high, and

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August 31, 2023

By Steven Bond-Smith, Daniela Bond-Smith, Carl Bonham, Leah Bremer, Kim Burnett, Makena Coffman, Peter Fuleky, Byron Gangnes, Rachel Inafuku, Ruben Juarez, Sumner La Croix, Colin

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### [Homeowner politics and housing supply](#)

November 1, 2023

Abstract: This paper examines whether homeowner opposition to nearby housing development affects local councillors' votes on housing bills. Homeowners benefit financially from restricted housing supply

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### [When is economic growth too strong?](#)

November 8, 2023

By Byron Gangnes To most of us, faster economic growth is a good thing. It reduces unemployment, raises profits and wages, and generates healthier government

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### [Small Business Survey](#)

October 19, 2023

The University of Hawaii Economic Research Organization (UHERO) has been contracted by the City and County of Honolulu to assist with better understanding the needs,

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### [Hawai'i Tourism in Search of the Promised Land](#)

October 10, 2022

By Paul Brewbaker, Frank Haas and James Mak Public pressure has been mounting on the Hawai'i Tourism Authority (HTA) to shift its focus from mainly

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### [UHERO Forecast for the State of Hawai'i: Hawai'i's Soft Landing Still in the Cards](#)

March 10, 2023

Our Hawai'i outlook continues to see economic slowing but no recession. While international tourism will continue to recover, domestic travel will soften as the US

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### [Public Health Report: Shaping Health in Hawaii – The Influences of Poverty, Housing and Food Insecurity](#)

July 12, 2023

In June 2023, UHERO's public health team, in partnership with the Pacific Alliance Against COVID-19, carried out the third wave of the UHERO Rapid Health

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### [The intergenerational transmission of mental and physical health in the United Kingdom](#)

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### [Legacy of Health Across Generations Unveiled in UK Study](#)

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### [Measuring the Burden of Housing Regulation in Hawaii](#)

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By Rachel Inafuku, Justin Tyndall, and Carl Bonham Home prices in Hawaii are among the highest in the nation: in 2021 the median single-family home resale

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### [UHERO Forecast for the State of Hawaii: Global war on inflation will hinder Hawaii growth](#)

December 16, 2022

The global outlook continues to darken, but prospects for Hawaii remain largely unchanged from our last report. Rising interest rates, dwindling pandemic era savings, and

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### [The Hawai'i Housing Factbook](#)

June 28, 2023

Residents of Hawai'i face the highest housing costs in the nation. High housing costs lower the standard of living for residents and hinder the State's

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### [Embedding local values in Payments for Ecosystem Services for transformative change](#)

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Abstract: The potential for Payments for Ecosystem Services (PES) programs to integrate nature's diverse values into decision-making, and thereby support broader transformative change, is of

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### [The Nature, Causes, and Consequences of Student Deselection and Criminalization](#)

October 9, 2023

By Katherine Irwin and James Roumasset1 A

### [Inclusion of local values underpins success of payments for ecosystem services – read more in UHERO Environment's new publication](#)

October 3, 2023

UHERO Environment's Leah Bremer is lead