



UHERO

THE ECONOMIC RESEARCH ORGANIZATION  
AT THE UNIVERSITY OF HAWAII

Forecast Project

# HAWAII IN PAUSE MODE

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EXECUTIVE DIRECTOR, UHERO

Joint Ways & Means, House Finance  
Pre-Session Briefing  
January 9, 2012



# OVERVIEW

## Hawaii's gradual recovery continues

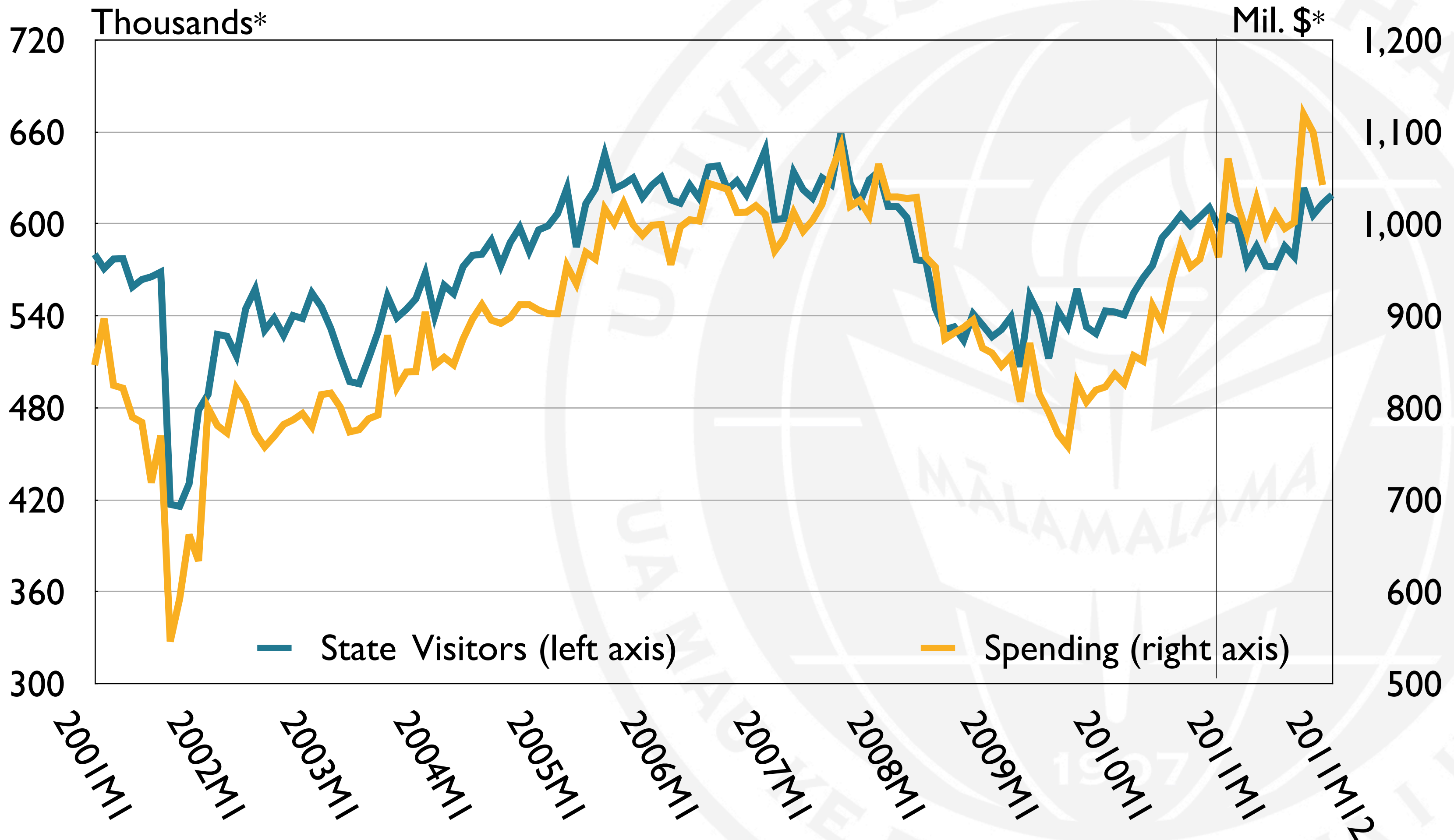
- Strong visitor industry performance has slowed
- Job market remains weak
- Home prices have resumed their decline
- Construction at bottom?

## Risks to recovery are significant

- Oil price uncertainty with Iran sanctions ...
- Recent US strength at risk in election year
  - ▶ DC gridlock and austerity fever
  - ▶ Negative campaign to come
- Global growth has weakened with Euro area recession
- Disorderly Greek default looms. Who is next?

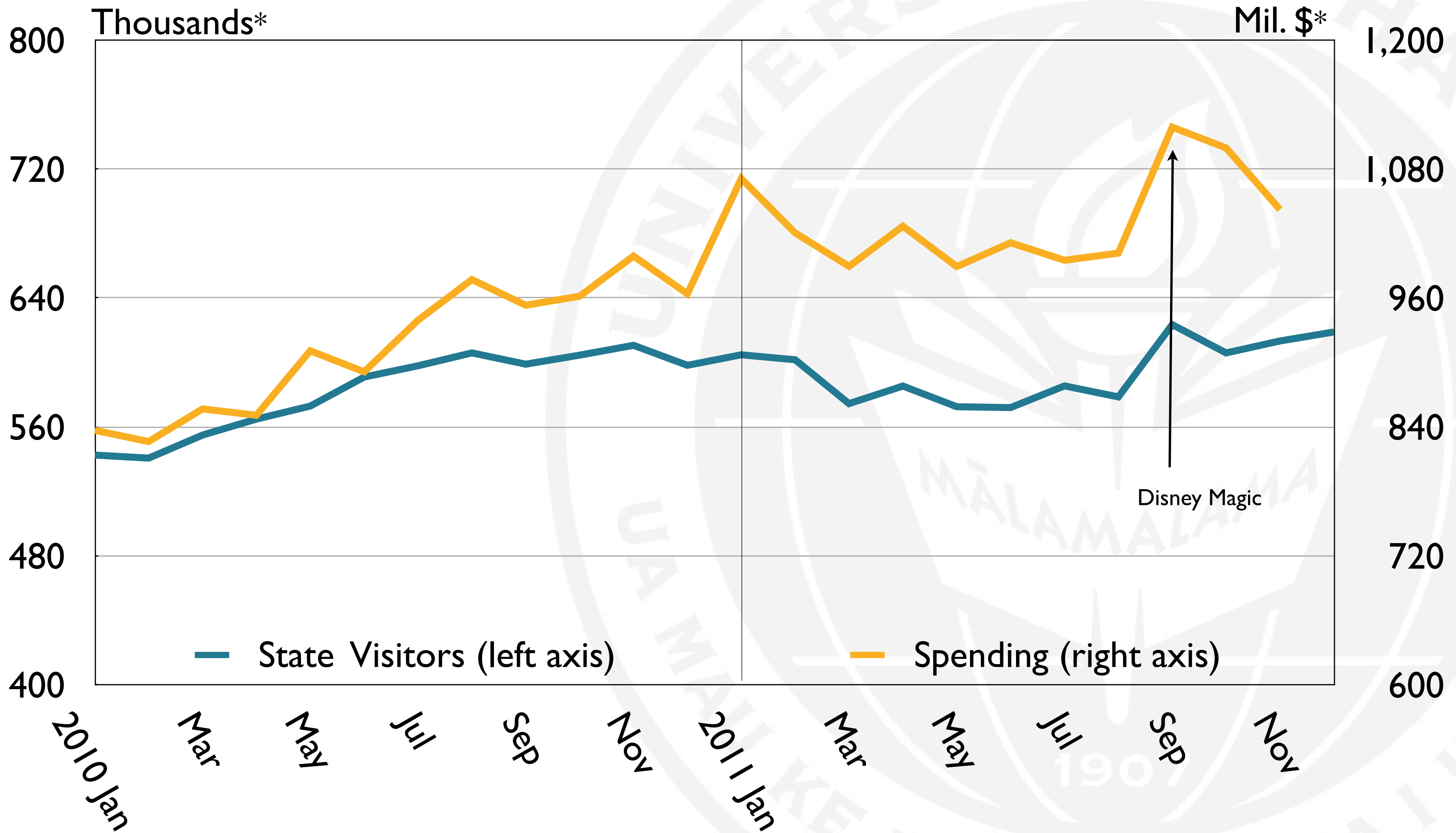
# HAWAII TOURISM RECOVERY A 2010 STORY

## State Visitor Arrivals & Spending



# SPENDING AND ARRIVALS BARELY GROWING IN 2011

## State Visitor Arrivals & Spending

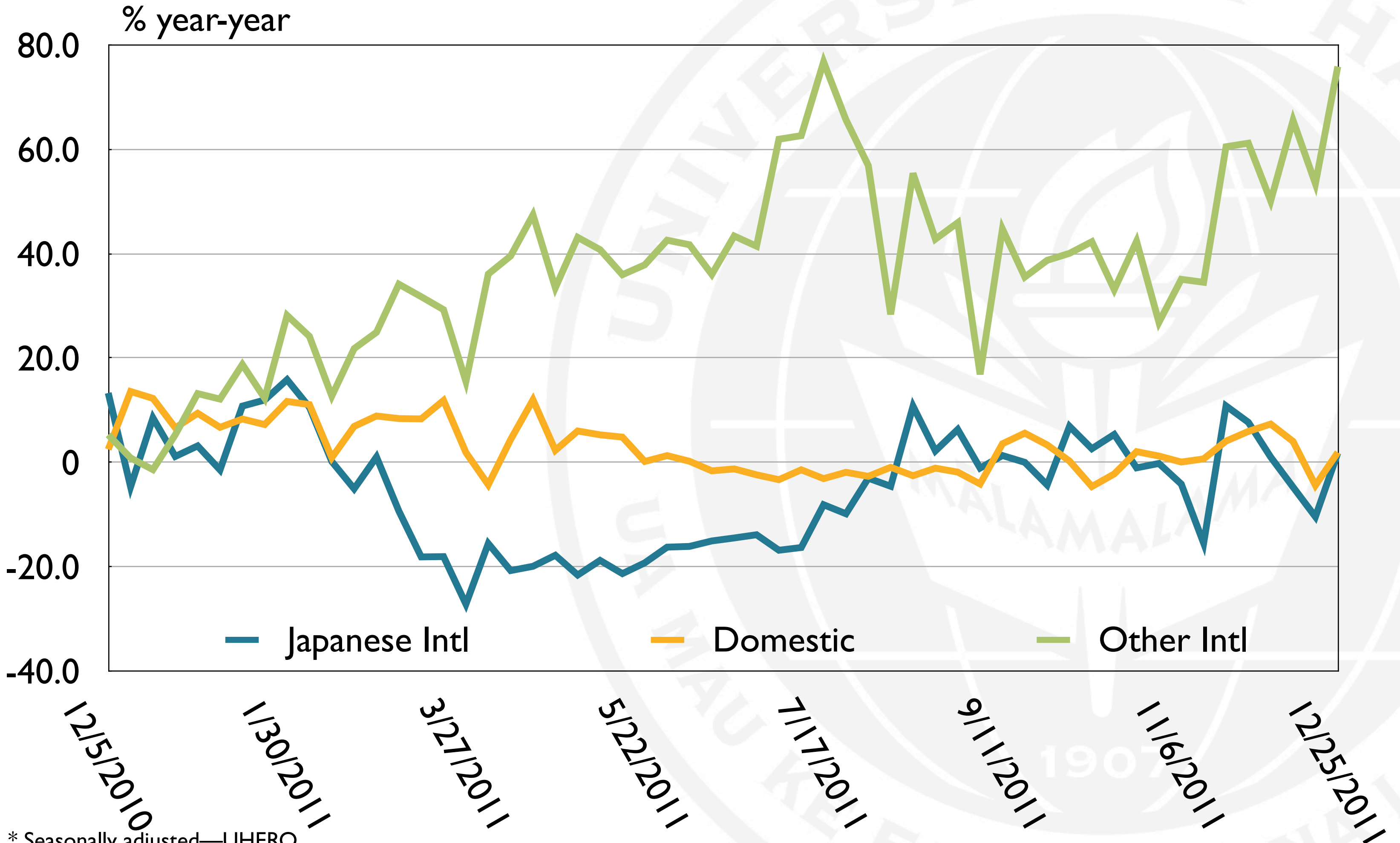


\* Seasonally adjusted—UHERO

Source: HTA

# INTERNATIONAL ARRIVALS DRIVE RECOVERY

## Annual Growth of Passenger Counts

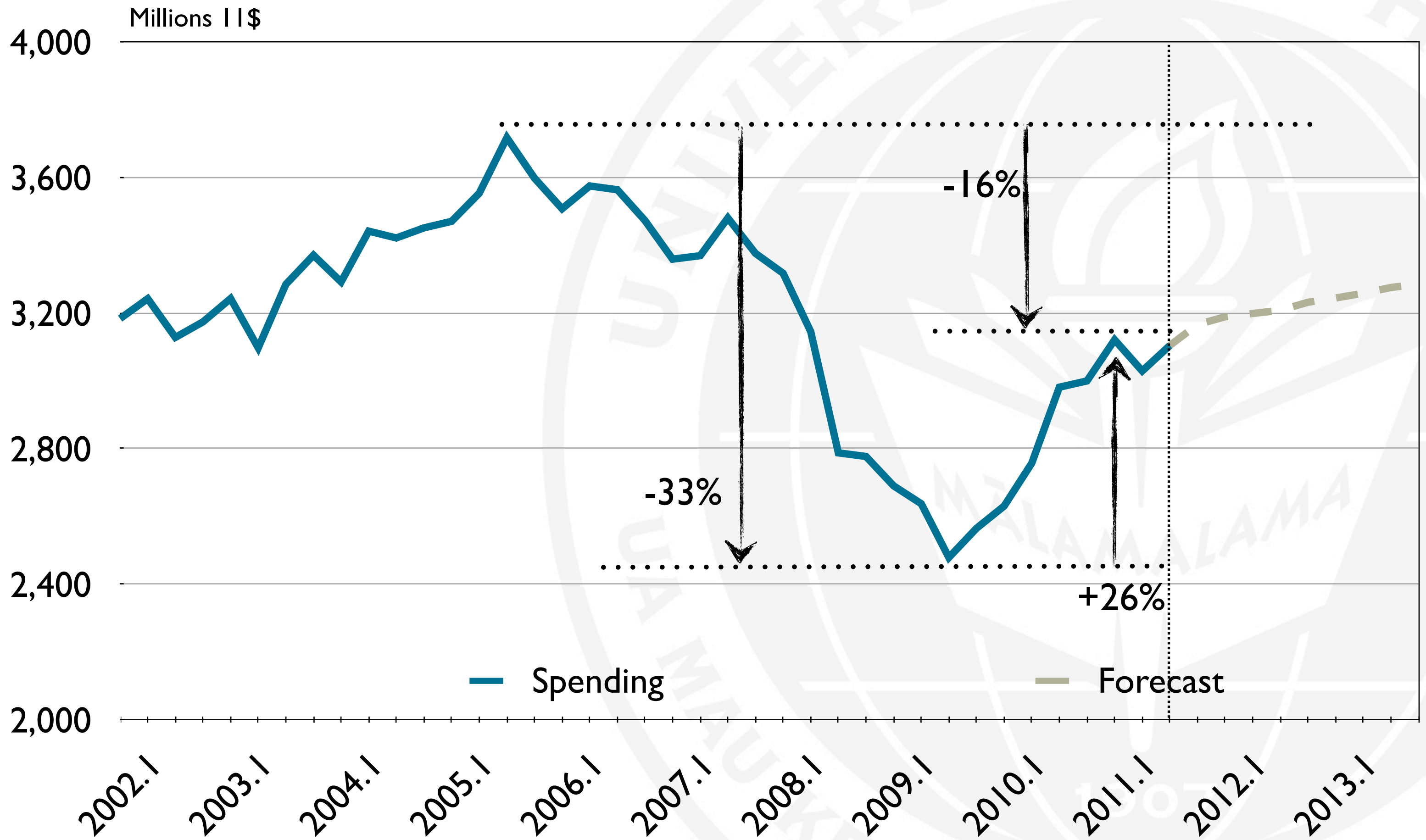


\* Seasonally adjusted—UHERO  
Source: HTA



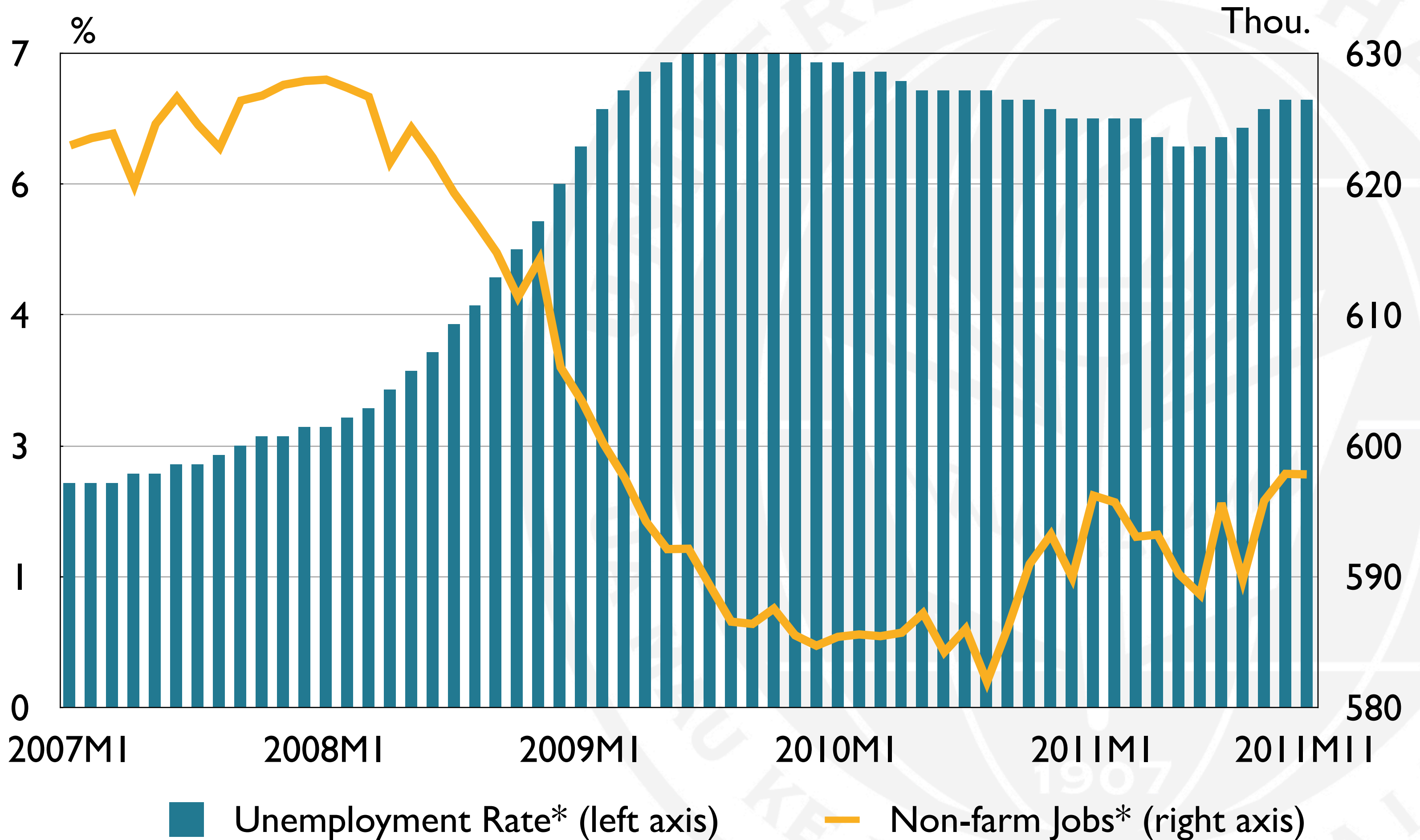
# NOMINAL SPENDING SETTING RECORDS, BUT

## Real Visitor Spending Forecast



# 2011 JOB MARKET STILL VERY WEAK

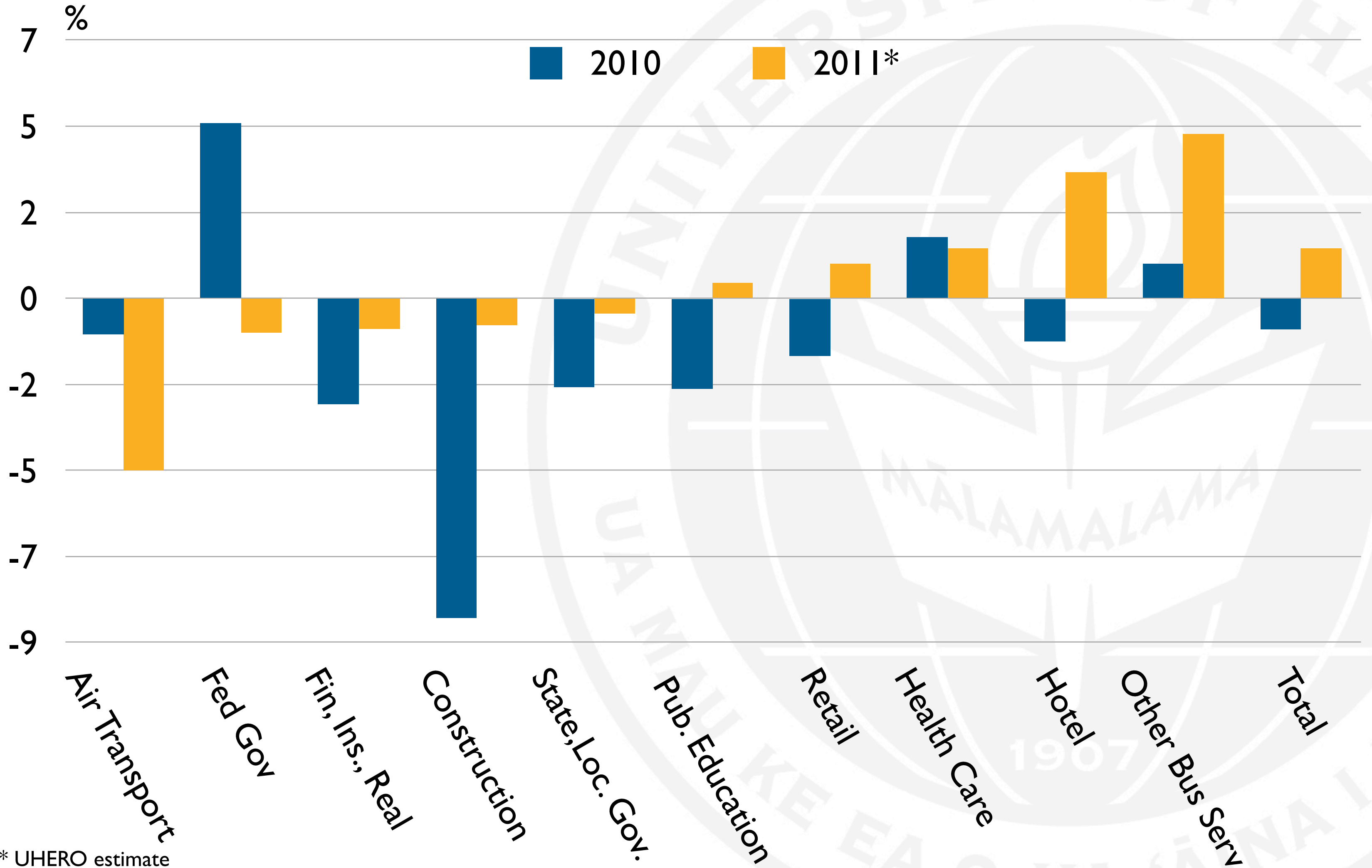
## State Job Count vs Unemployment Rate



\* Seasonally adjusted—UHERO  
Source: BLS

# AND JOB GROWTH STILL HIGHLY UNEVEN

## State Job Growth by Sector

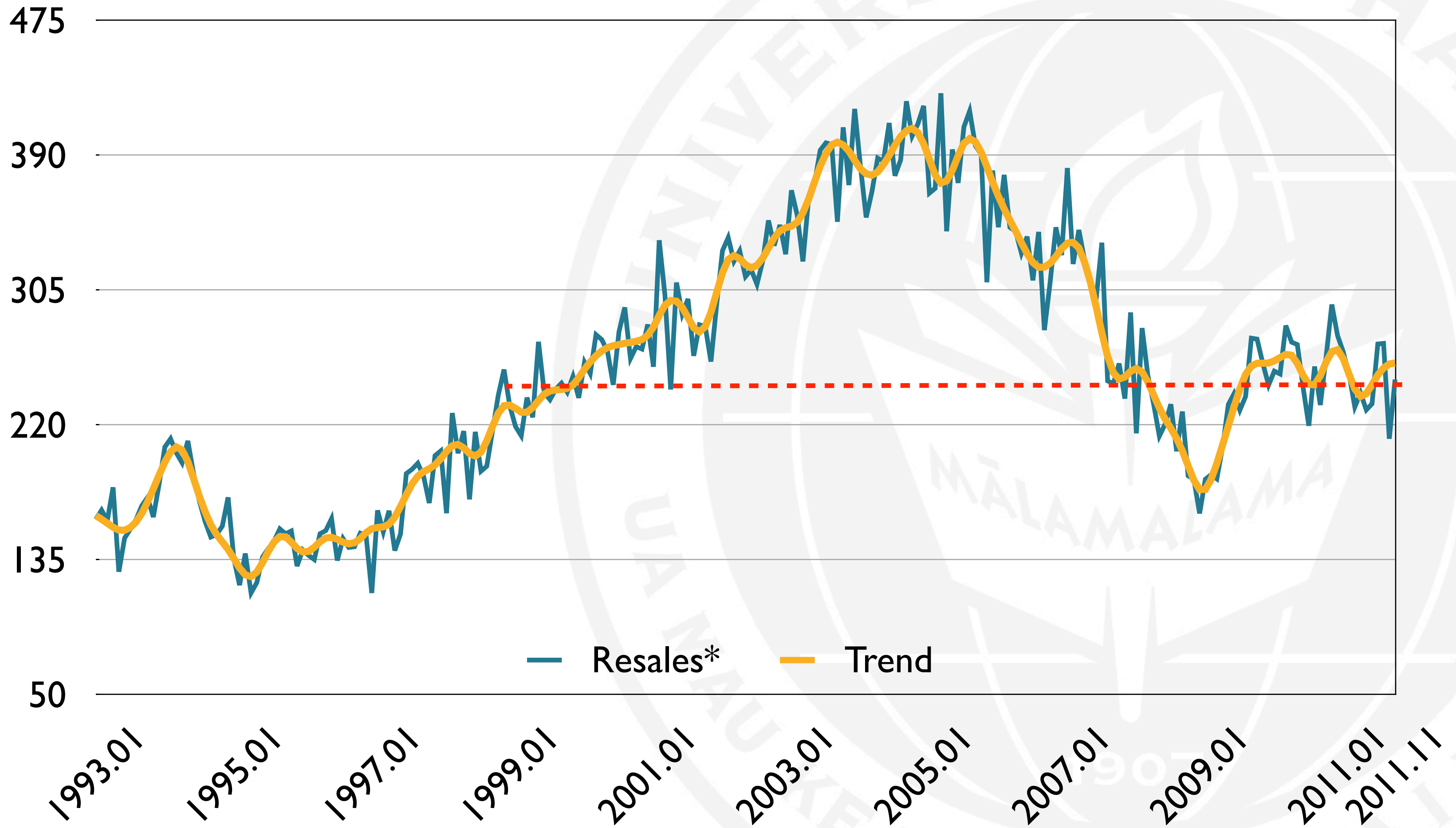


\* UHERO estimate



# HOME SALES DECLINE

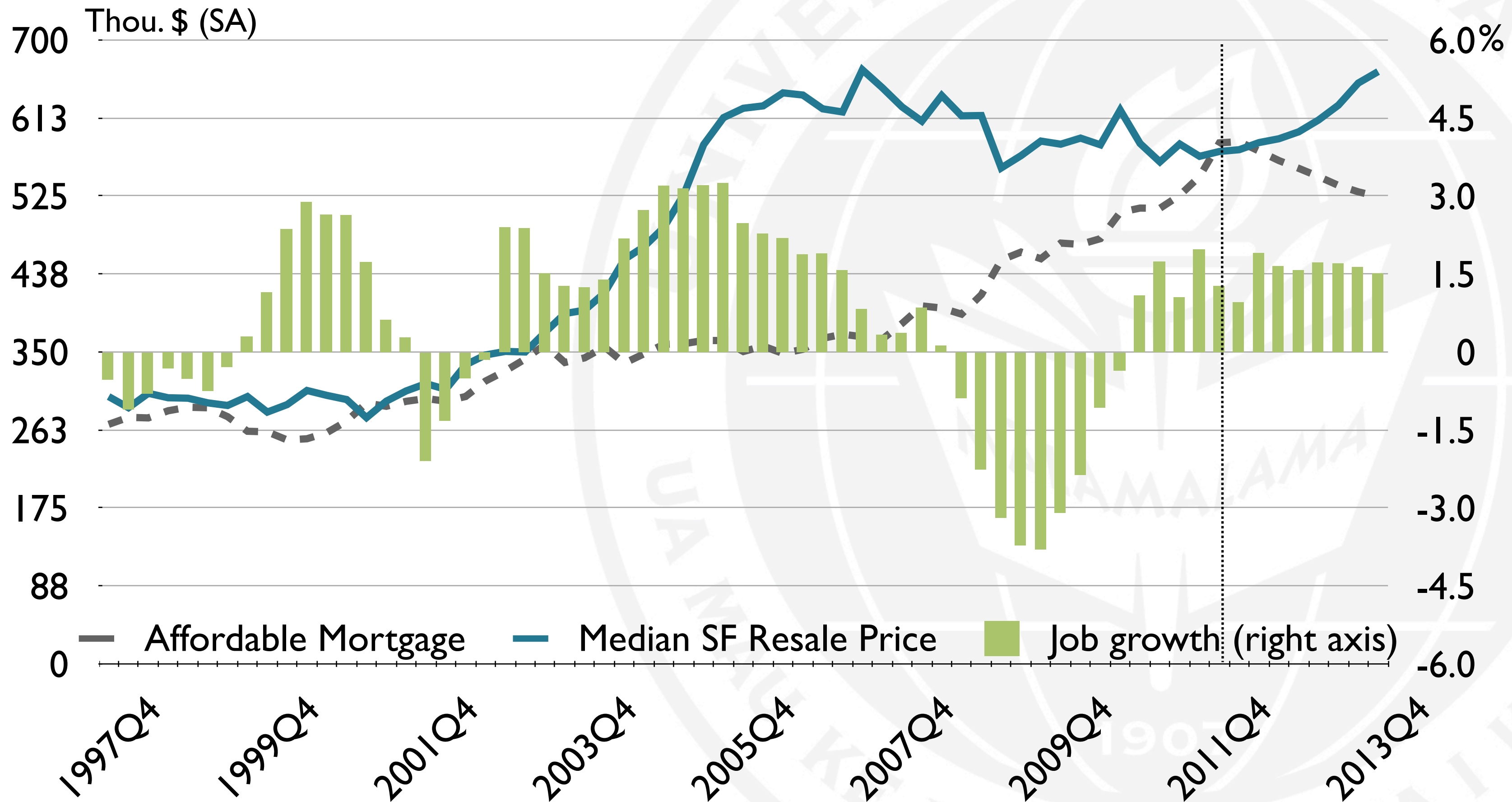
## Oahu Single Family Resales



\* Seasonally adjusted—UHERO  
Source: Honolulu Board of Realtors

# BEST AFFORDABILITY IN A DECADE—FOR NOW

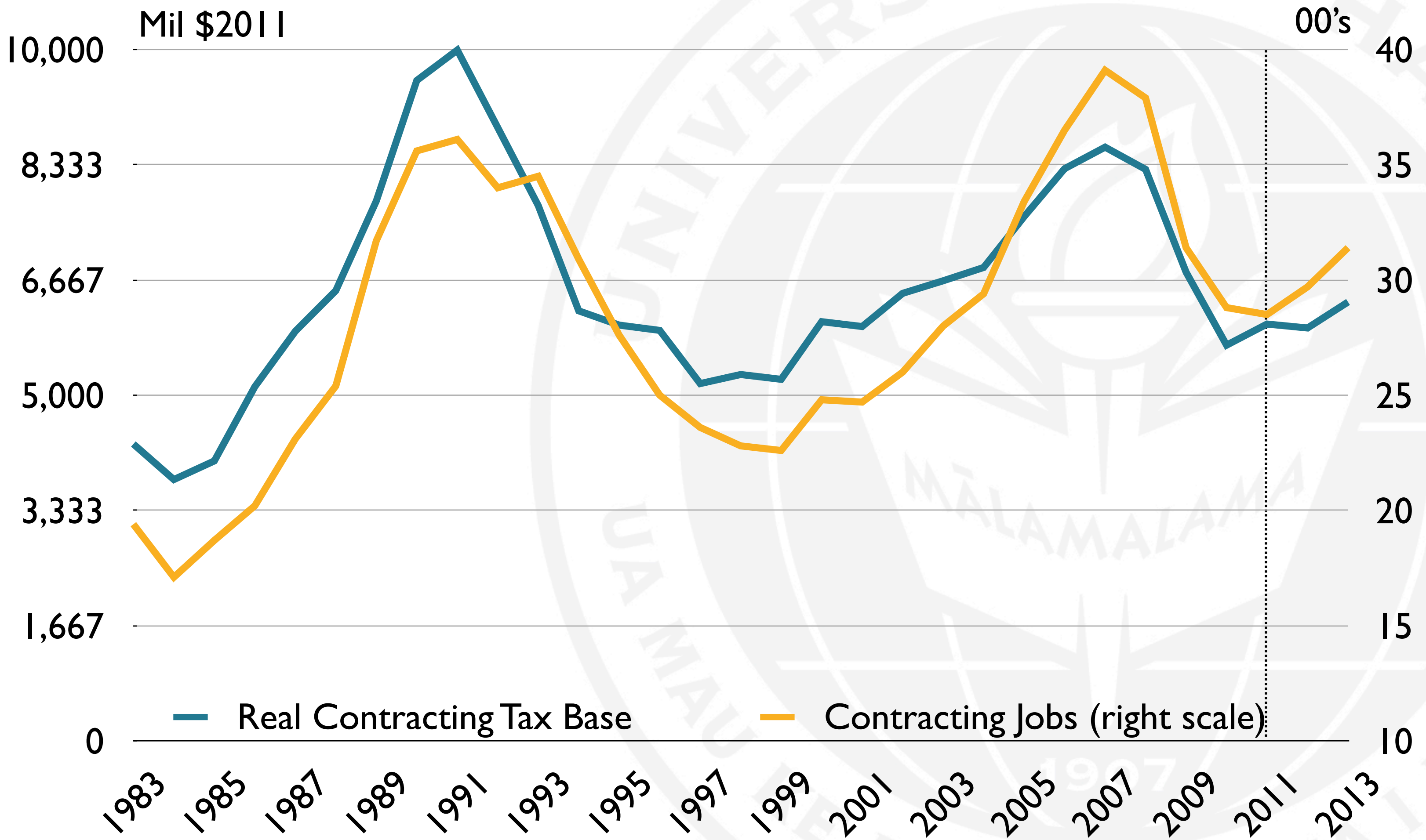
## Honolulu Single Family Median Resale Prices





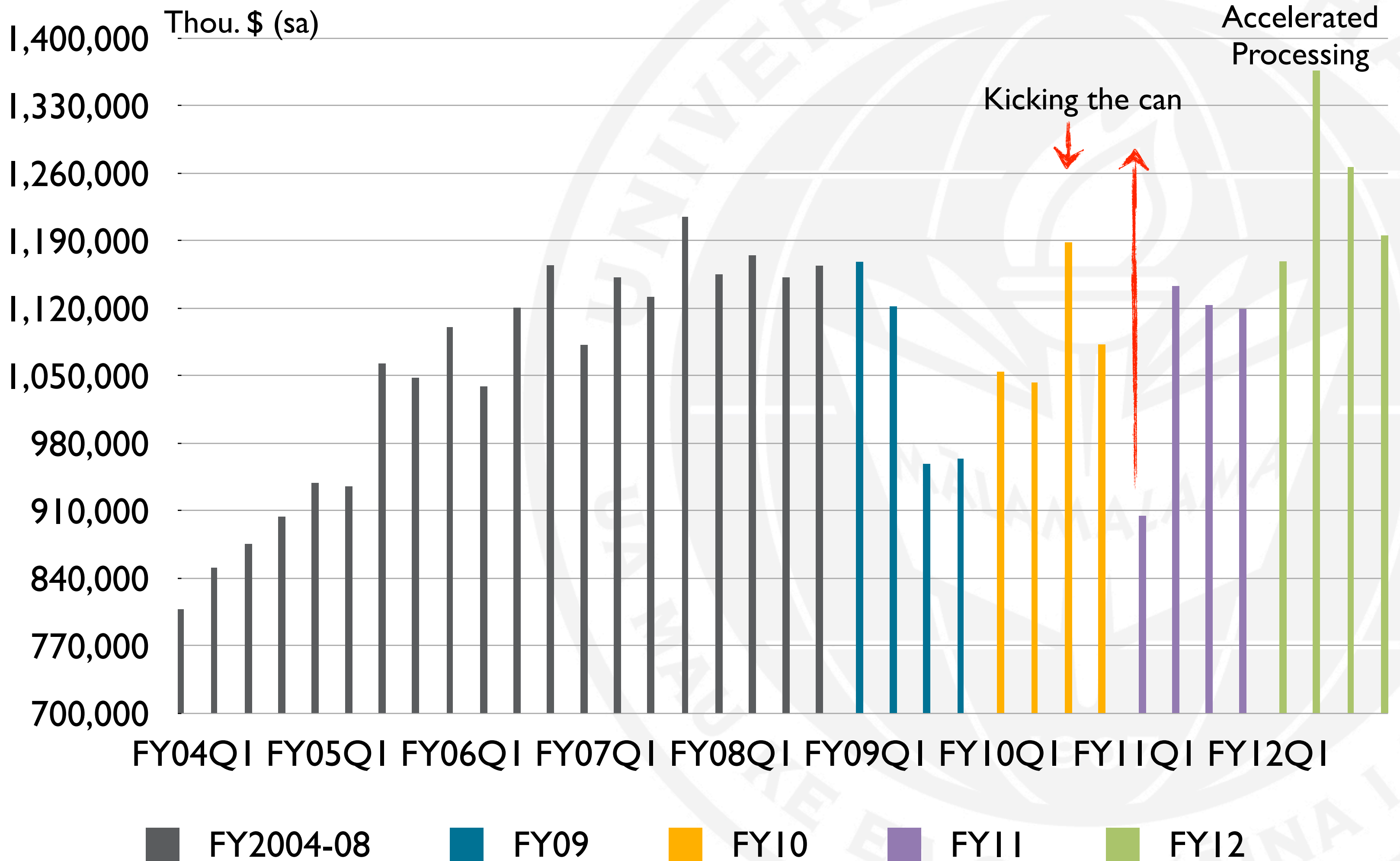
# AND DRIVE CONSTRUCTION JOBS

## Statewide Construction Spending vs Jobs



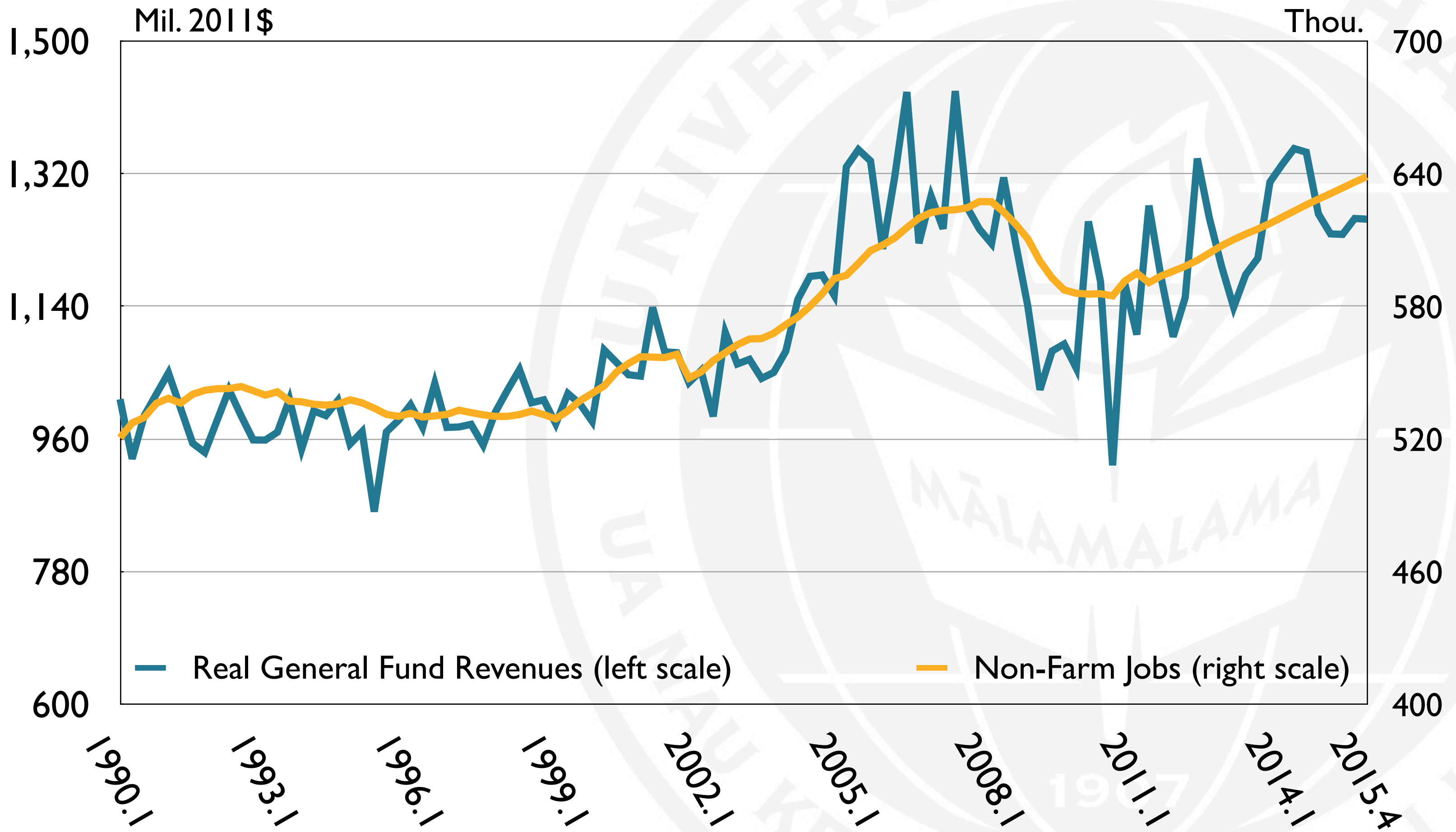
# STATE FISCAL CRISIS ENDS IN FY2012?

## General Fund Revenues





# REAL REVENUES VS JOBS



\* Seasonally adjusted

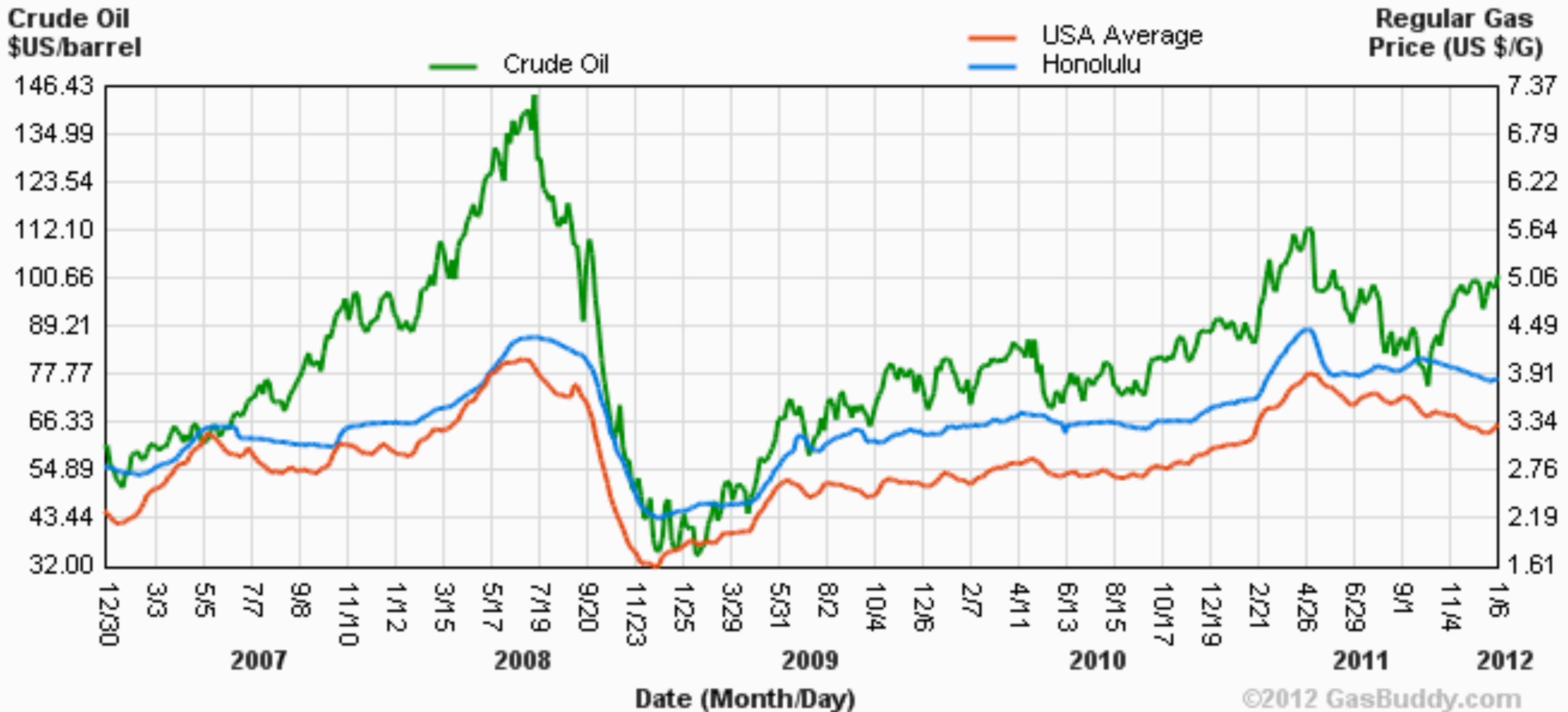
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# RISKS HAVE NOT GONE AWAY

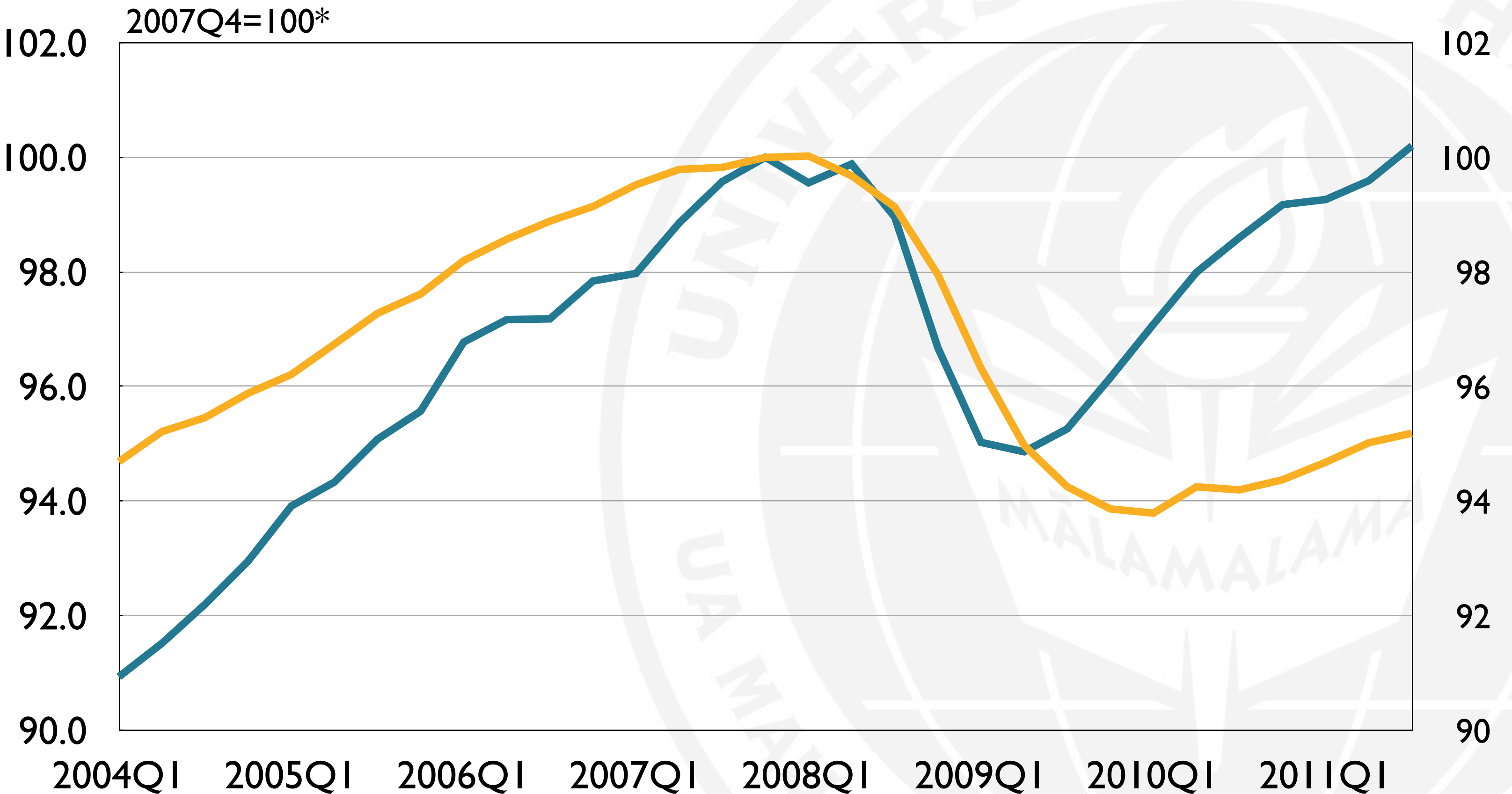
## 60 Month Average Retail Price Chart





# SLUGGISH US ECONOMY LIKELY TO CONTINUE

## US Real GDP and Non-Farm Payroll Employment



\* Seasonally adjusted

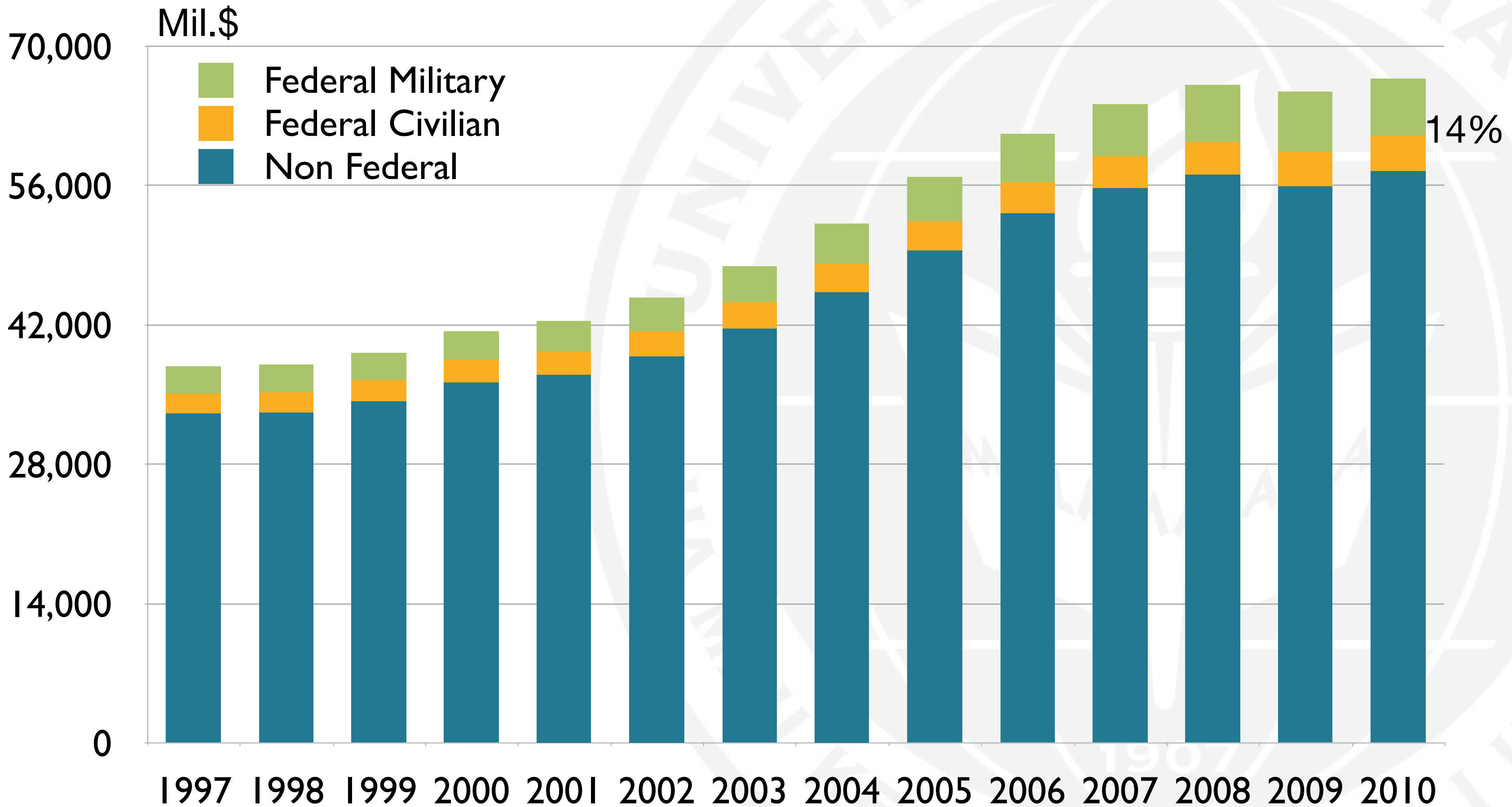
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# FEDERAL DOWNSIZING CAN'T HELP

## Federal Contribution to Hawaii GDP





# EUROPEAN DEBT CRISIS SPREADS

## Ten year sovereign debt yields

### Greece



### Portugal



### Italy



### Germany



# HAWAII ECONOMIC INDICATORS

## YEAR-OVER-YEAR PERCENT CHANGE

	2009	2010	2011	2012	2013	2014
Visitor Arrivals	-4.4	8.8	2.1	2.7	1.9	2.0
U.S. Visitor Arrivals	-3.9	7.3	0.8	1.3	1.3	1.4
Japan Visitor Arrivals	-0.6	6.1	-6.6	5.4	0.5	0.8
Other Visitor Arrivals	-10.5	18.3	17.0	5.1	4.8	4.6
Payroll Jobs	-4.5	-0.8	1.2	1.7	2.1	1.9
Employment	-4.1	-0.2	1.6	1.5	1.8	1.9
Unemployment Rate (%)	6.8	6.6	6.0	5.5	5.0	4.6
Inflation Rate, Honolulu MSA (%)	0.5	2.1	3.2	1.6	2.1	1.7
Real Personal Income	-1.4	1.6	1.3	0.9	2.1	2.3
Real GDP	-1.6	-0.1	1.7	2.1	3.0	3.4

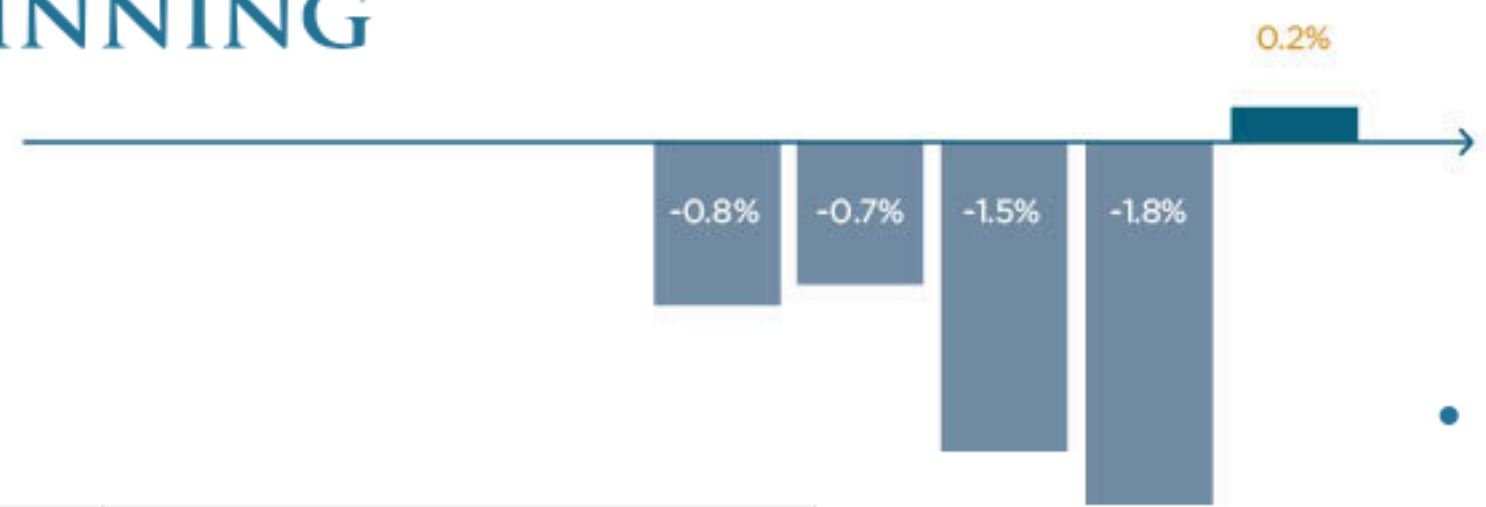
Note: Source is UHERO. Figures for 2011-2014 are forecasts from 2011 Q4 State Forecast Update.

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KITV Project Economy: Super Committee With Super Deadline

Q & A: Super Committee Decisions Due Next Week

**NOVEMBER 11, 2011**  
KITV Project Economy: APEC's Impact On Local Economy

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*Almost four years after the start of the great recession total output of goods and services in the US has surpassed its pre-recession peak.*

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Median Airfare from US Mainland to Hawaii

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## 2011 Q4: STATE FORECAST UPDATE

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PUBLIC SUMMARY



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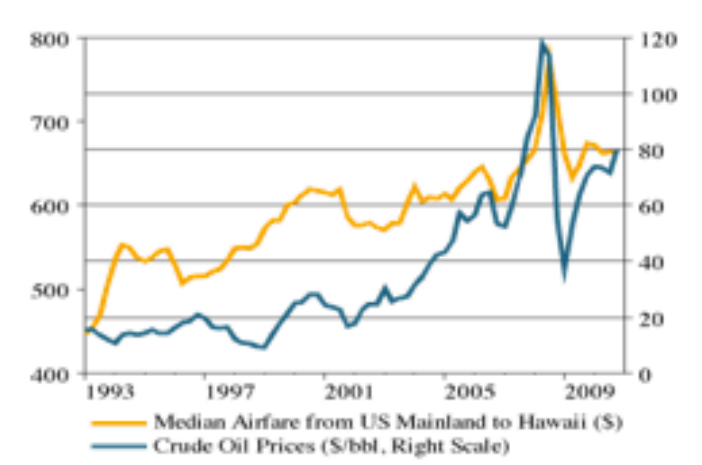
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[Read more...](#)

MORE UHERO ANALYSIS

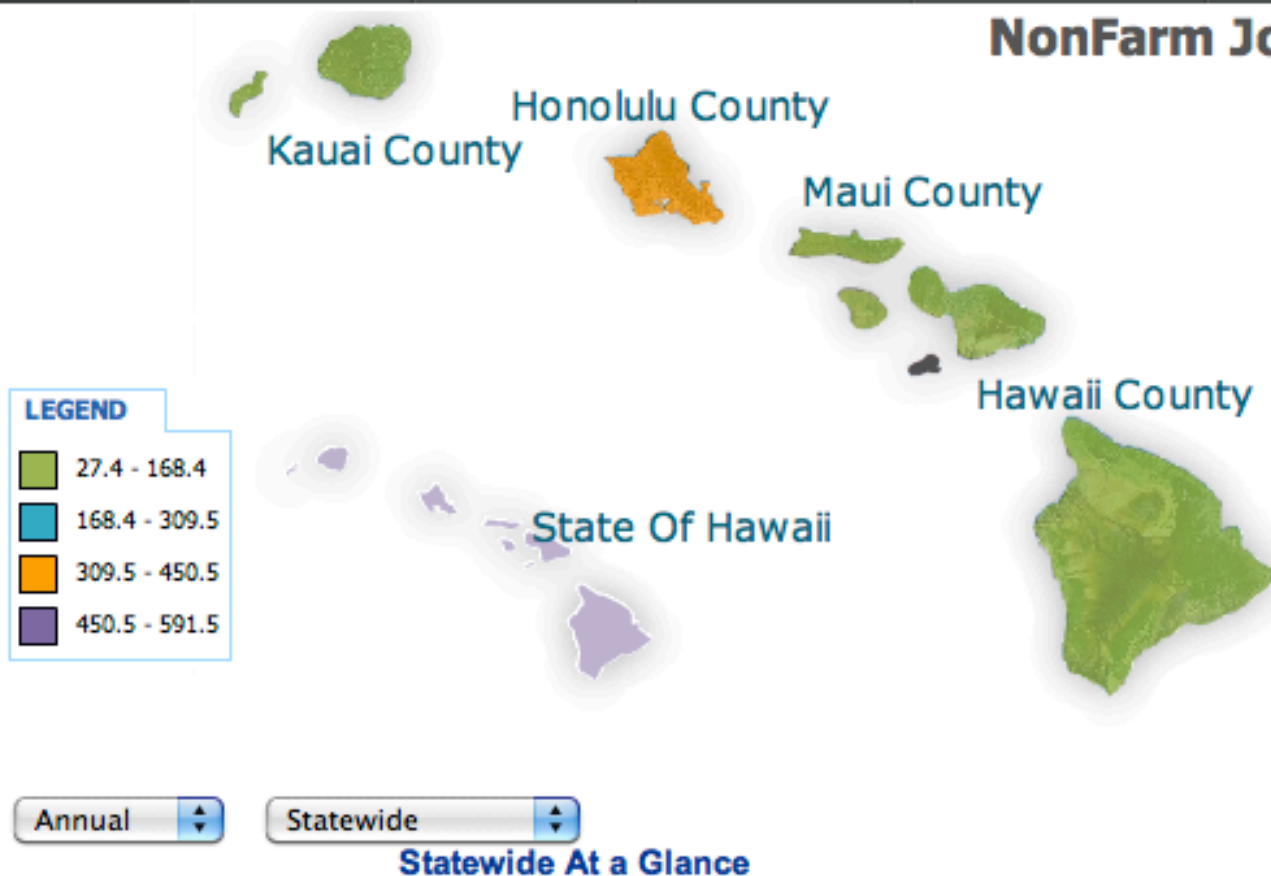
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Median Airfare from US Mainland to Hawaii



BLOG POST

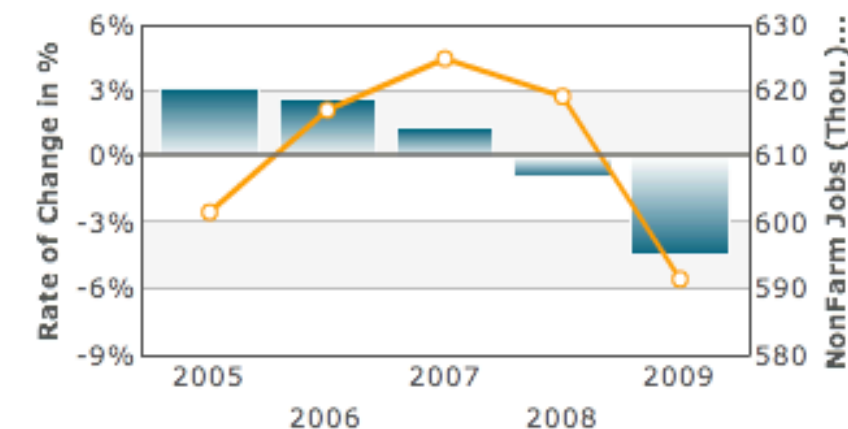
### NonFarm Jobs (Thou.), 2009



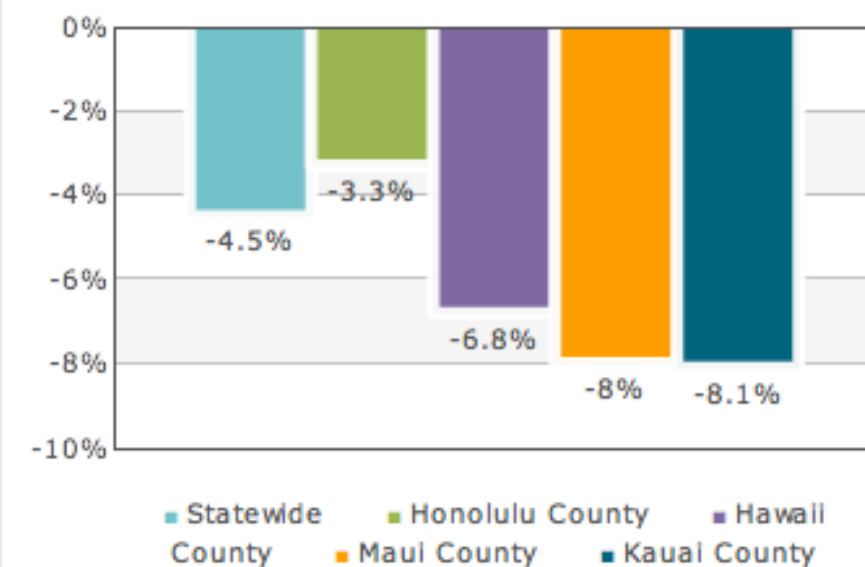
Indicators	Source	2005	2006	2007	2008	2009
NonFarm Jobs (Thou.)		601.6	617.1	624.9	619.2	591.5
Population (Thou.)		1,264.5	1,275.3	1,277.4	1,288.2	1,295.2
Real Per Capita Income (1982-84\$Thou.)		18.1	18.4	18.6	18.4	
Visitors (Thou.)		7,416.6	7,528.1	7,496.8	6,713.4	6,419.1
Unemployment Rate (%)		2.7	2.5	2.6	4.0	6.8

[Click here for more detailed information](#)

NonFarm Jobs (Thou.), Statewide



NonFarm Jobs, 2009



- ▼ Visitor Industry
  - ▼ Visitor Arrival
    - Total Visitor Arrivals
    - Domestic Visitor Arrivals
    - US Visitor Arrivals
    - US East Visitor Arrivals
    - US West Visitor Arrivals
    - International Visitor Arrivals
    - Japanese Visitor Arrivals
    - Canadian Visitor Arrivals
  - ▶ Visitor Census
  - ▶ Visitor Accommodation
  - ▶ Visitor Expenditures
  - ▶ Total Air Seats Outlook
- ▶ Income
- ▶ Employment and Jobs
- ▶ External Indicators
- ▶ Gross Domestic Product
- ▶ Population
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- ▶ Prices
- ▶ Discontinued series

[Source](#)
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 Number of scale:

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Total Visitor Arrivals (Seasonally Adjusted)  
Statewide



Max. 2 series. Hold 'CTRL' key to select second series.

Frequency: 
 From Year: 
 Quarter: 
 To Year: 
 Quarter: 
 Chart Type: 
 Select Area: 
 Compare To: 
 Seasonally Adjusted





# MAHALO

January 9, 2012

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