

# **Hawaii Economic Outlook**

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**Eugene Tian**

**Department of Business, Economic Development & Tourism**

**To the  
Senate Committee on Ways and Means  
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## December 2023 world economic growth projections

Economy	2019	2020	2021	2022	2023	2024
USA	2.3	-3.4	5.7	1.9	2.4	1.2
Canada	1.9	-5.1	5.0	3.4	1.1	0.7
Japan	-0.2	-4.7	2.3	1.0	1.7	0.9
S. Korea	2.2	-0.7	4.3	2.6	1.3	2.1
Hong Kong	-1.7	-6.5	6.4	-3.5	3.4	2.8
Taiwan	3.1	3.4	6.5	2.4	1.0	2.9
China	6.0	2.2	8.5	3.0	5.2	4.5
United Kingdom	1.7	-11.0	8.7	4.3	0.5	0.3
Germany	1.1	-4.1	3.1	1.9	-0.2	0.3
France	1.8	-7.9	6.4	2.5	0.8	0.6
Euro area	1.6	-6.3	5.9	3.4	0.5	0.5
Australia	2.0	-1.8	5.2	3.7	1.8	1.5
Brazil	1.2	-3.3	5.0	2.9	2.9	1.6

Source: Blue Chip Economic Indicators, December 10, 2023

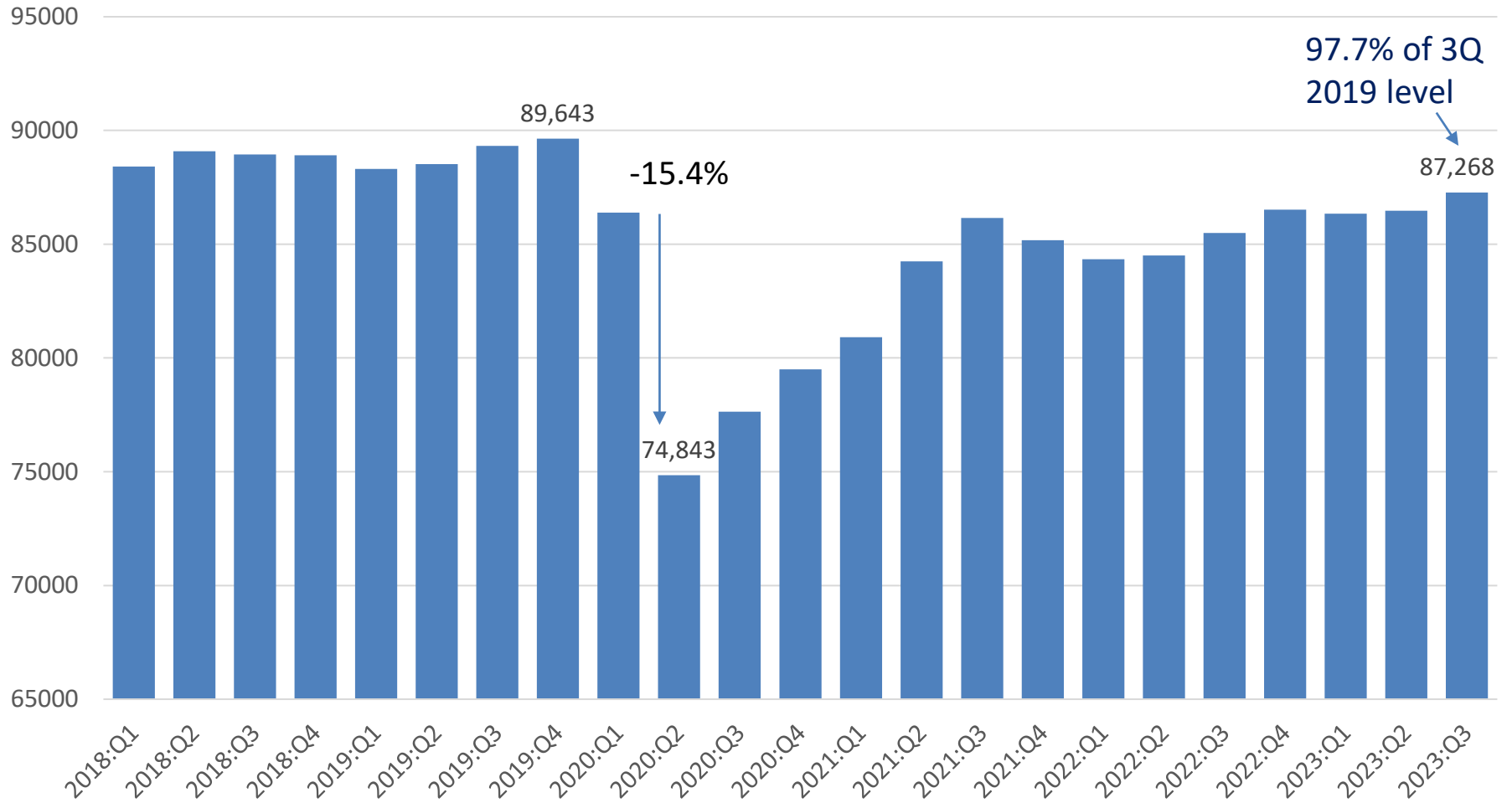
# DBEDT December 2023 economic forecast

Economic Indicators	2019	2020	2021	2022	2023	2024	2025
	Actual				Forecast		
	Total population (1,000)	1,457	1,451	1,447	1,439	1,435	1,436
Visitor arrivals (million)	10.4	2.7	6.8	9.2	9.6	9.8	10.1
Visitor expenditures (\$B)	17.7	5.2	13.2	19.7	20.9	21.6	22.5
Honolulu consumer inflation rate (%)	1.6	1.6	3.8	6.5	2.8	2.5	2.4
Non-agricultural wage & salary jobs (1,000)	658.6	560.0	586.9	618.1	631.7	641.8	651.9
Civilian unemployment rate (%)	2.5	11.7	6.0	3.5	3.0	2.8	2.6
Real gross domestic product growth rate (%)	0.1	-10.5	5.7	1.3	1.9	1.3	1.9

Source: Hawaii State Department of Business, Economic Development & Tourism, December 7, 2023

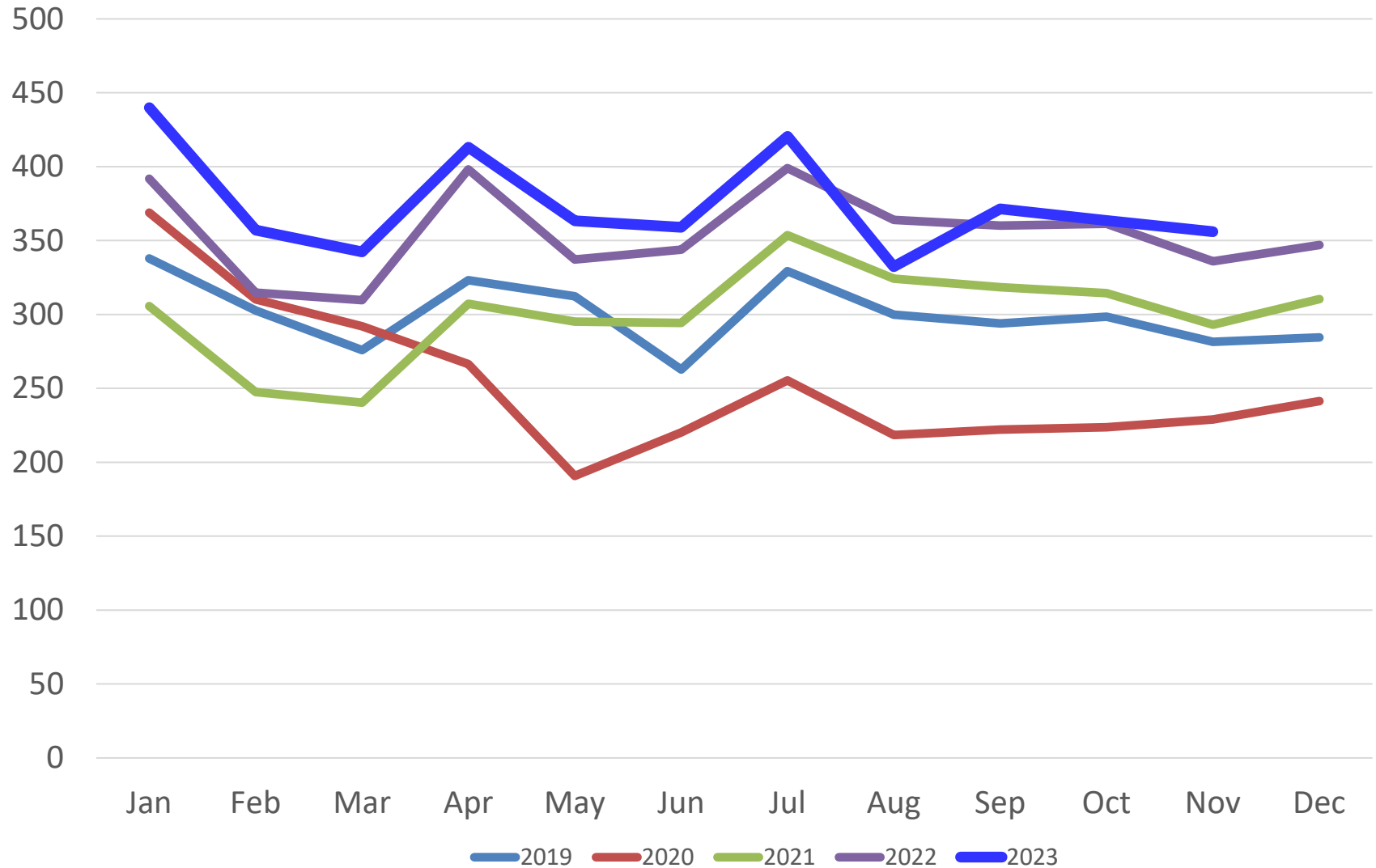
# Hawaii Real GDP: 1Q 2018-3Q 2023

(in mil. 2017\$)



# State GET revenue increased 5.2% during 1<sup>st</sup> 11 months of 2023

\$mil.



Source: Hawaii State Department of Taxation

# Job recovery month of November 2023 VS 2019

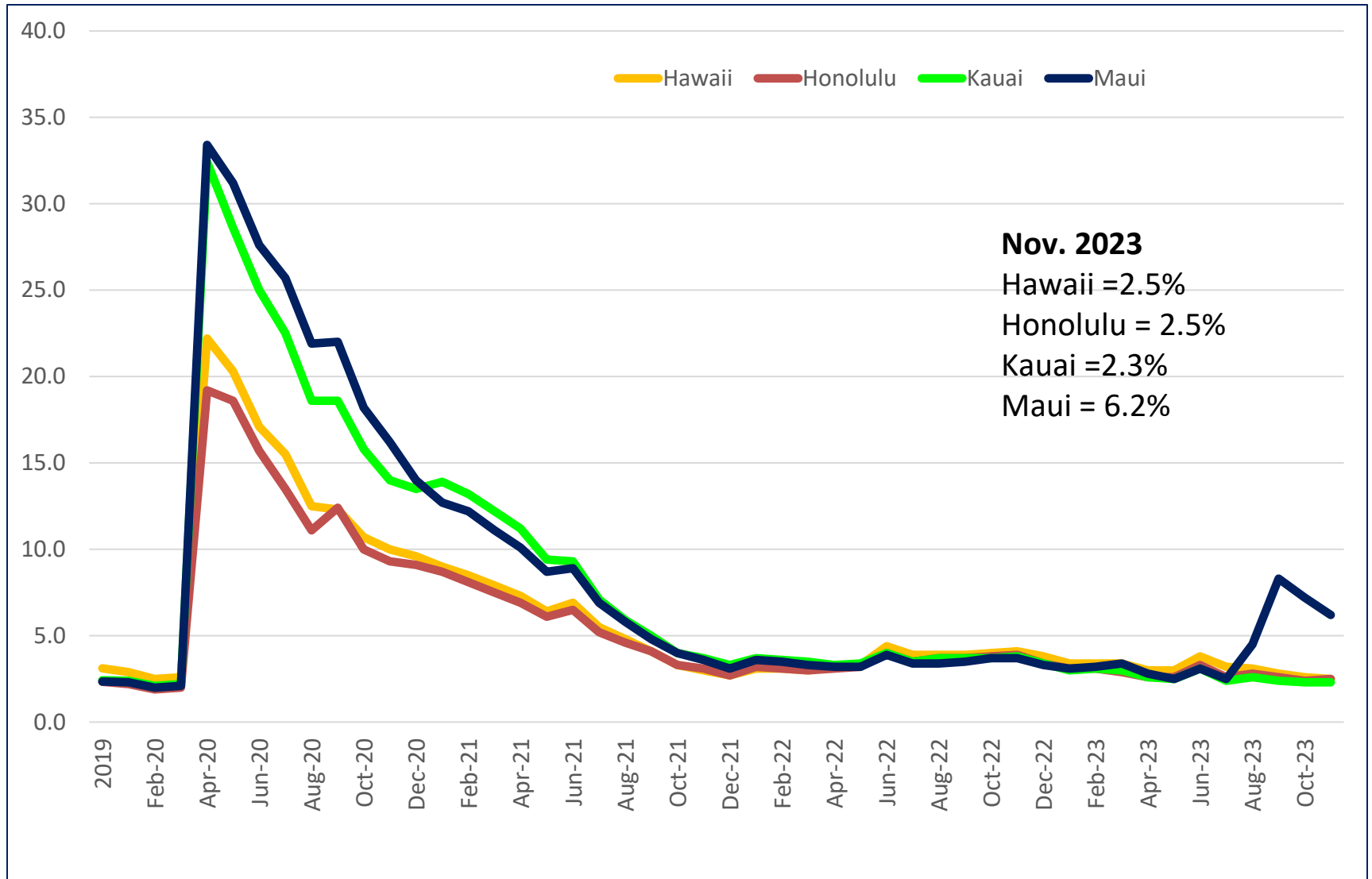
Industry	State	Honolulu County	Hawaii County	Maui County	Kauai County
<b>Number of payroll jobs still lost</b>	30,100	20,500	300	7,700	1,700
<b>Total</b>	95.5	95.7	99.6	90.5	94.9
Construction	99.7	100.4	97.4	100.0	95.2
Manufacturing	93.5	88.1	114.3	108.3	120.0
Wholesale trade	92.9	91.7	105.6	87.5	100.0
Retail trade	89.3	86.7	104.0	84.2	97.6
Transportation & utilities	92.9	91.5	106.3	91.1	112.5
Information	95.7	92.4	100.0	116.7	100.0
Financial activities	88.7	88.8	81.5	93.5	83.3
Professional & business services	97.2	97.4	97.1	93.1	93.8
Educational services	106.8	104.2	123.1	116.7	100.0
Health care	100.3	103.1	88.8	98.8	86.7
Hospitality	93.4	95.7	102.1	82.4	92.3
Other services	94.4	94.0	104.5	91.2	109.1
Government	97.9	97.8	98.7	96.8	96.2

Source: DLIR, DBEDT

# Unemployment rate by county

(Not seasonally adjusted)

%



# Average weekly initial unemployment claims

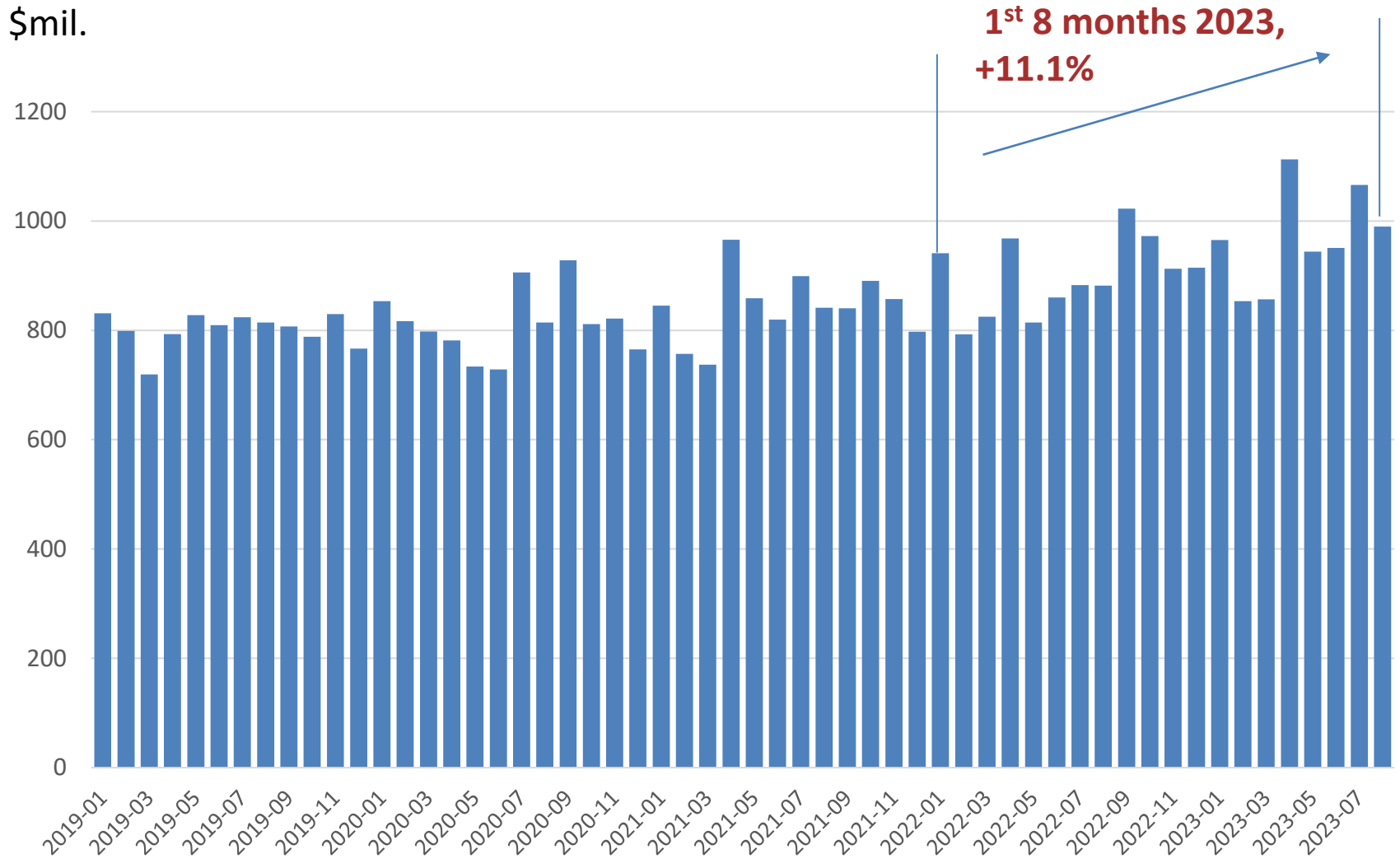
Year	Oahu	Hawaii	Maui	Kauai	State
2008	929	372	299	129	1,729
2009	1,290	494	487	194	2,464
2010	1,207	447	356	182	2,191
2011	1,148	393	281	155	1,976
2012	1,058	331	241	119	1,749
2013	1,088	324	253	114	1,779
2014	965	275	232	107	1,579
2015	796	217	191	84	1,288
2016	743	215	175	74	1,207
2017	796	205	167	70	1,238
2018	777	232	156	72	1,236
2019	746	212	144	73	1,176
2020	5,211	1,070	1,400	587	8,268
2021	1,745	343	367	169	2,624
2022	865	170	150	54	1,262
2023*	715	153	495	57	1,444

\* Through week ending December 23, 2023

Source: Hawaii DLIR



# State contracting tax base increased



Source: DoTax

# Value of building permits increased

(first 11 months)

County	Jan.-Nov. 2022	Jan.-Nov. 2023	% Change
Honolulu	\$2,260.50	\$2,767.69	22.4%
Hawaii	\$865.86	\$840.86	-2.9%
Maui	\$538.03	\$699.72	30.1%
Kauai	\$489.62	\$357.52	-27.0%
<b>Total</b>	<b>\$4,154.01</b>	<b>\$4,665.79</b>	<b>12.3%</b>

Source: County Building Departments

# Number of home sales decreased 32% during the 1<sup>st</sup> 9 months of 2023

County	2021	2022	2023	2021-2022	2022-2023
State	19,240	17,237	11,703	-10.4%	-32.1%
Honolulu	11,297	10,998	7,263	-2.6%	-34.0%
Maui	2,436	1,692	1,159	-30.5%	-31.5%
Kauai	1,105	710	487	-35.7%	-31.4%
Hawaii	4,402	3,837	2,794	-12.8%	-27.2%

# Prices also decreased for single family homes

## Average single-family prices

County	2021	2022	2023	2021-2022	2022-2023
State	1,045,179	1,087,736	1,014,574	4.1%	-6.7%
Honolulu	1,196,458	1,355,560	1,265,723	13.3%	-6.6%
Maui	1,472,237	1,431,898	1,410,255	-2.7%	-1.5%
Kauai	1,202,992	1,393,277	1,290,541	15.8%	-7.4%
Hawaii	661,565	623,098	569,793	-5.8%	-8.6%

## Average condo prices

County	2021	2022	2023	2021-2022	2022-2023
State	661,037	716,065	733,076	8.3%	2.4%
Honolulu	586,459	647,489	656,503	10.4%	1.4%
Maui	921,098	977,107	1,160,658	6.1%	18.8%
Kauai	1,009,496	1,200,188	992,791	18.9%	-17.3%
Hawaii	748,345	944,558	922,762	26.2%	-2.3%

# Visitor recovery rate by market: first 11 months of 2023

Market	Arrivals, 11 mon. 2019	Arrivals, 11 mon. 2022	Arrivals, 11 mon. 2023	Recovery rate 2022	Recovery rate 2023	22-23 growth
TOTAL	9,434,232	8,362,096	8,783,688	88.6%	93.1%	5.0%
U.S. West	4,176,799	4,830,023	4,574,590	115.6%	109.5%	-5.3%
U.S. East	2,061,163	2,240,772	2,217,921	108.7%	107.6%	-1.0%
Japan	1,439,570	157,421	505,574	10.9%	35.1%	221.2%
Canada	475,922	352,899	398,176	74.2%	83.7%	12.8%
Other	1,148,583	699,290	946,596	60.9%	82.4%	35.4%
Cruise ship	132,195	81,691	140,831	61.8%	106.5%	72.4%

Source: DBEDT

## 2023 air visitor recovery from the same month in 2019 (%)

Island	23-Jan	23-Feb	23-Mar	23-Apr	23-May	23-Jun	23-Jul	23-Aug	23-Sep	23-Oct	23-Nov
State	96.2	96.0	97.3	97.8	94.6	93.6	93.4	82.7	89.6	90.3	90.9
Oahu	89.2	90.6	93.0	93.2	89.0	89.1	88.2	88.3	94.5	95.5	93.9
Kauai	100.8	96.2	99.8	111.3	103.0	96.4	100.4	109.7	123.3	106.5	103.0
Maui Isl.	98.0	99.6	101.7	98.1	95.5	93.3	95.4	41.0	44.8	55.8	69.5
Molokai	77.9	58.7	88.9	88.4	67.8	66.1	77.8	61.3	56.6	67.2	104.2
Lanai	85.3	81.3	71.7	112.0	99.7	64.1	78.4	93.7	74.0	59.9	100.3
Hawaii Isl.	100.7	99.3	100.1	106.3	97.6	97.1	98.9	97.1	115.4	102.1	103.0

# Scheduled air seats by market: first 11 months

Market	11 mon. 2019	11 mon. 2023	11 mon. 2024	Recovery rate 2023	Recovery rate 2024	23-24 growth
TOTAL	12,283,728	11,952,929	12,264,897	97.3%	99.8%	2.6%
U.S. West	7,783,245	8,667,216	8,520,554	111.4%	109.5%	-1.7%
U.S. East	1,065,284	1,127,574	1,075,549	105.8%	101.0%	-4.6%
Japan	1,825,761	945,249	1,442,091	51.8%	79.0%	52.6%
Canada	424,534	405,681	382,090	95.6%	90.0%	-5.8%
Other Asia	442,387	253,633	271,293	57.3%	61.3%	7.0%
Oceania	454,327	301,031	270,399	66.3%	59.5%	-10.2%
Other	288,190	252,545	302,921	87.6%	105.1%	19.9%

Source: DBEDT

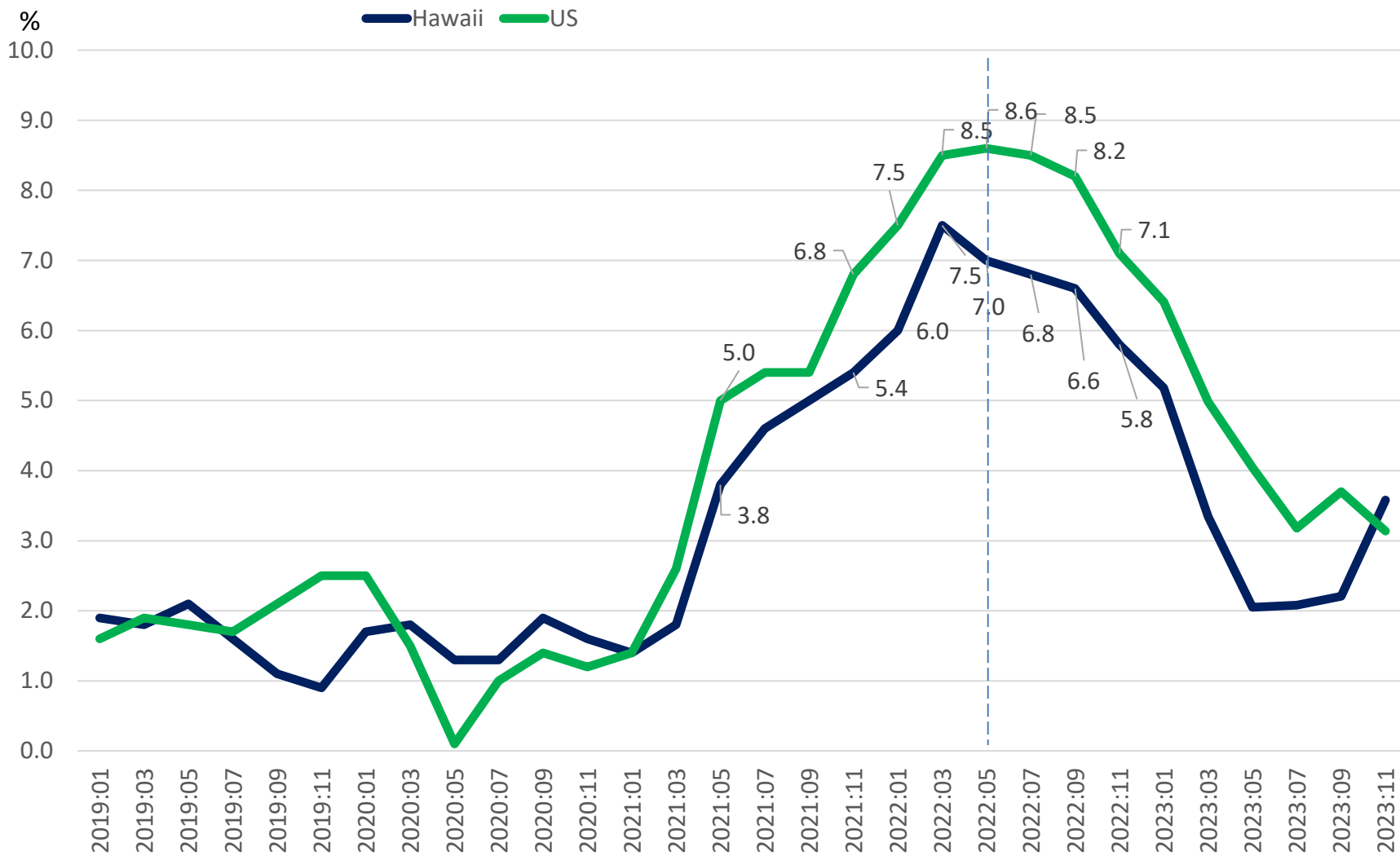
# Scheduled air seats by airport: first 11 months

Airport	11 mon. 2019	11 mon. 2023	11 mon. 2024	Recovery rate 2023	Recovery rate 2024	23-24 growth
STATE TOTAL	12,283,728	11,952,929	12,264,897	97.3	99.8	2.6%
Honolulu	7,573,724	7,202,083	7,721,749	95.1	102.0	7.2%
Kahului	2,614,106	2,600,046	2,410,047	99.5	92.2	-7.3%
Kona	1,146,045	1,252,437	1,235,660	109.3	107.8	-1.3%
Hilo	43,556	1,162	0	2.7	0.0	-100.0%
Lihue	906,297	897,201	897,441	99.0	99.0	0.0%

Source: DBEDT



# Consumer inflation for both U.S. and Hawai'i started to decline since July 2022



# **Industry Structure and Diversification**

# U.S. and Hawaii industry structure: % of 2022 GDP by industry

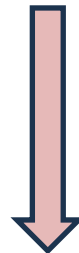
Industry	U.S.	Hawaii	Concentration U.S. =100
Agriculture, forestry, fishing and hunting	1.1	0.5	48.6
Mining, quarrying, and oil and gas extraction	1.8	0.1	4.9
Utilities	1.7	2.5	146.4
Construction	4.2	5.7	133.5
Manufacturing	10.3	1.7	16.4
Trade	12.3	10.8	88.0
Transportation and warehousing	3.6	5.1	142.1
Information	5.4	2.4	44.4
Finance and insurance	7.5	4.0	53.7
Real estate and rental and leasing	13.2	17.2	130.6
Professional and business services	12.9	8.6	66.9
Educational services	1.1	1.1	96.9
Health care and social assistance	7.2	7.4	102.4
Hospitality	4.2	10.9	259.0
Other services	2.1	2.4	115.1
Government	11.4	19.6	171.5
<b>Top 5 Industries</b>	<b>55.3</b>	<b>67.1</b>	<b>121.4</b>

Source: U.S. Bureau of Economic Analysis

Hawaii's economy is more concentrated than the U.S.

# Hawaii industry share of GDP: 2002 and 2022 (%)

Industry (by NAICS code)	2002	2022
Real estate and rental and leasing	15.4	17.2
Health care and social assistance	6.3	7.4
Mining and construction	5.2	5.8
Transportation and warehousing	4.2	5.1
Utilities	1.9	2.5
Hospitality	10.9	10.9
Professional, scientific, and technical services	4.5	4.5
Educational services	1.1	1.1
Federal government	12.0	11.1
Trade	11.4	10.8
State & local government	9.8	8.5
Finance & insurance	4.1	4.0
Administrative & support & waste management & remediation services	3.2	2.9
Other services	3.0	2.4
Information	2.8	2.4
Manufacturing	2.2	1.7
Management of companies and enterprises	1.3	1.2
Agriculture, forestry, fishing and hunting	0.8	0.5



Source: U.S. Bureau of Economic Analysis

# Emerging Industry Analysis

6 Sectors, 39 industry Groups, 280 detail industries

## Technology Sector

- Alternative Power Generation
- Biotechnology
- Chemical and Pharmaceutical Manufacturing
- Computer System Design and Related Services
- Engineering and Related Services
- Information and Telecom Technology
- Medical Labs and Imaging Centers
- Other Technology Manufacturing
- R&D Services (except Biotechnology)
- Technical Consulting Services
- Technology Equipment Distribution

## Creative Sector

- Architecture
- Art Education
- Business Consulting
- Computer Services and Software Publishers
- Cultural Activities
- Design Services
- Engineering and Research and Development
- Film, TV, Video Production/Distribution, Cable and Media Streaming
- Marketing, Photography and Related
- Music
- Performing and Creative Arts
- Publishing and Information
- Radio and Television Broadcasting

## Agribusiness Sector

- Agriculture Inputs
- Agriculture Packaging and Warehousing
- Agriculture Processing
- Agriculture Support Services
- Aquaculture
- Farm Production
- Fishing, Forestry and Hunting

## Health and Wellness Sector

- Health Practitioners
- Hospitals and Nursing Facilities
- Pharmacies
- Specialty Health Care Services

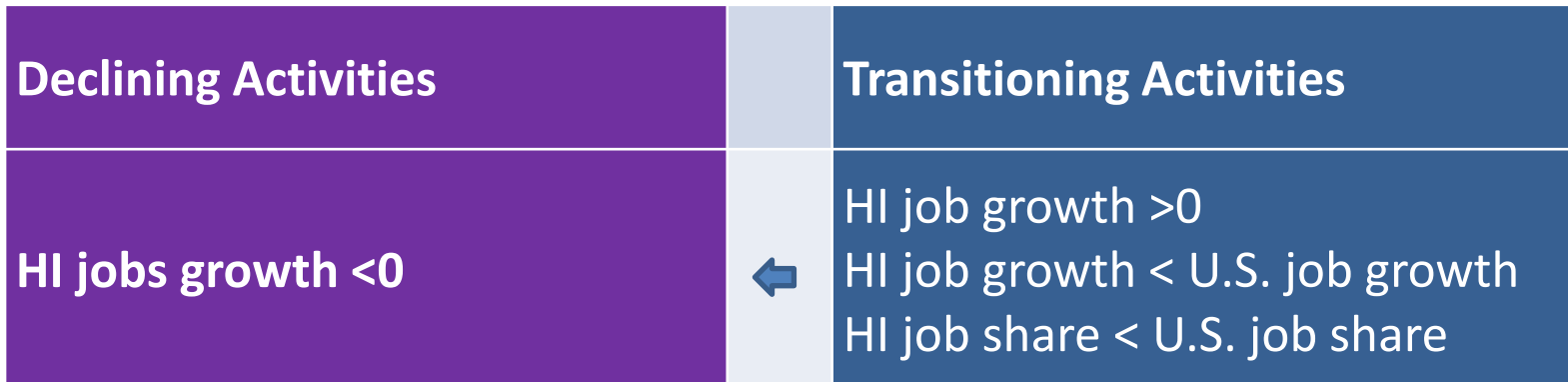
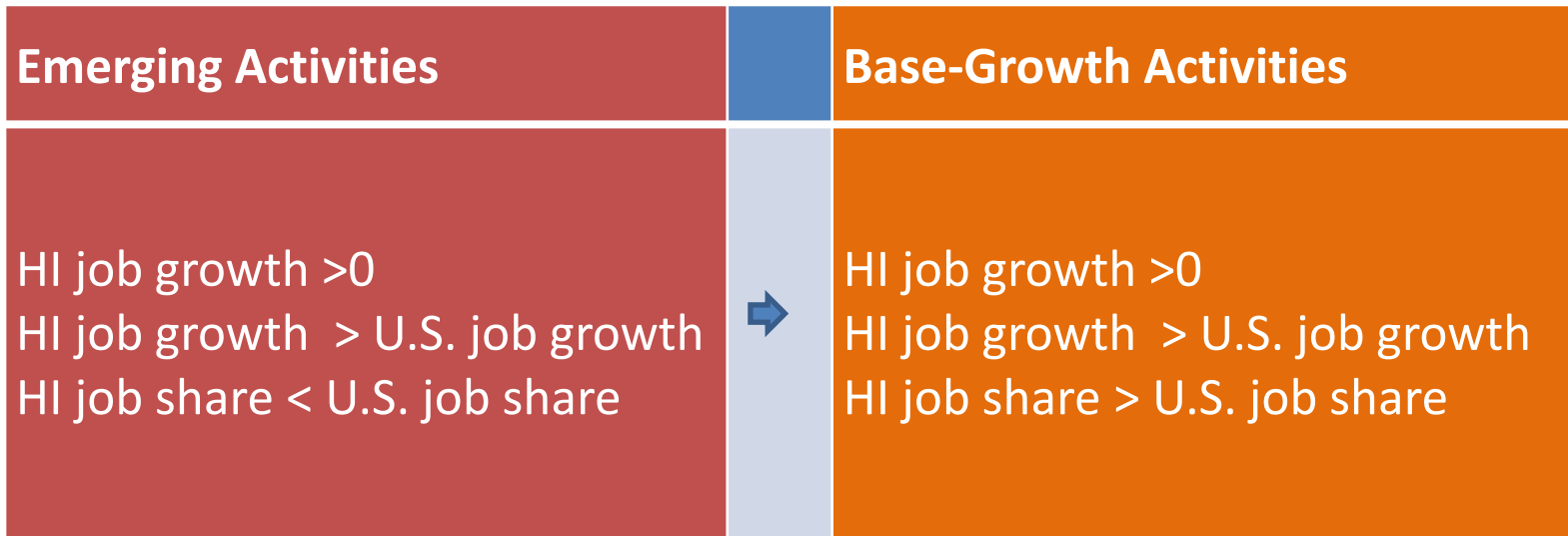
## Education (Private) Sector

- Higher Education
- Specialty Education

## Other Targeted Activities Sector

- Apparel
- Call Centers

# Methodology



# Base Growth Industry Groups

Period measured	Industries in Base Growth
2002-2008	R&D, Medical Lab, Cultural Activities, Music, Aquaculture
2002-2010	R&D, Biotech, Medical Lab, Engineering and R&D, Performing Arts, Aquaculture
2001-2011	R&D, Biotech, Medical Lab, Cultural Activities, Film, Aquaculture
2002-2012	Biotech, Medical Lab, Cultural Activities, Film, Aquaculture
2003-2013	Biotech, Cultural Activities, Music, Aquaculture
2004-2014	Renewable Energy, Cultural Activities, Music
2005-2015	Cultural Activities, Music
2006-2016	Renewable Energy, Cultural Activities, Music, Fishing, Forestry & Hunting, Apparel
2007-2017	Cultural Activities, Film, Design Services, Fishing, Forestry & Hunting, Specialty Health
2008-2018	Cultural Activities, Film, Specialty Health
2009-2019	Cultural Activities, Film, Fishing, Forestry & Hunting, Pharmacies, Specialty Health
2010-2020	Engineering & Related Services, Cultural Activities, Pharmacies, Specialty Health
2011-2021	Engineering & Related Services, Film, Pharmacies, Specialty Health
2012-2022	Pharmacies, Specialty Health

# Emerging Industry Groups

Period	Industries Emerging
2002-2008	Specialty Health, Hospitals & Nursing, Business Consulting, Farm Production, Call Centers
2002-2010	Specialty Health, Hospitals and Nursing, Business Consulting, Ag. Support, Call Centers
2001-2011	Specialty Health, Business Consulting, Call Centers
2002-2012	Specialty Health, Hospitals and Nursing, Renewable Energy, Business Consulting, Ag. Inputs, Farm Production, Call Centers
2003-2013	Specialty Health, Hospitals and Nursing, Renewable Energy, Business Consulting, Film, Ag. Inputs, Farm Production
2004-2014	Specialty Health, Business Consulting, Ag. Processing, Farm Production, Ag. Inputs, Aquaculture
2005-2015	Hospitals & Nursing, Renewable Energy, Ag. Processing, Farm Production, Ag. Inputs, Aquaculture
2006-2016	Specialty Health, Hospitals and Nursing, Business Consulting, Film, Ag. Inputs, Ag. Support, Ag. Processing, Farm Production, Aquaculture
2007-2017	Hospitals and Nursing, Renewable Energy, Engineering & Related Services, Ag. Support, Ag. Processing, Aquaculture
2008-2018	Hospitals and Nursing, Renewable Energy, Engineering & Related Services, Ag. Support, Ag. Inputs, Aquaculture
2009-2019	Hospitals and Nursing, Renewable Energy, Ag. Support, Ag. Inputs, Aquaculture
2010-2020	Hospitals and Nursing, Renewable Energy, Ag. Support, Ag. Packaging & Warehousing, Aquaculture
2011-2021	Hospitals and Nursing, Renewable Energy, Tech Equip. Distribution, Ag. Support, Aquaculture
2012-2022	Hospitals and Nursing, Tech Equip. Distribution, Film, Ag. Support, Aquaculture



# Summary

- Hawaii's economy will follow the U.S. trend and slowing down in 2024
- Full economic recovery will be after 2025 in terms of tourism and job count
- Construction industry will perform well, and real estate will improve in 2024
- Growth in the next decade will be mainly coming from health care, tourism, construction, and professional services
- Industries emerging and in growth and yet still small help diversify our economy, these include renewable energy, film, aquaculture, and some agriculture activities
- Demographic challenges have grown: Hawaii is getting older and losing population