Expansion Will Continue, Despite Global Challenges

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Hawaii CCIM Forecast 2016

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Can the US grow faster than 2%? What about Chinageddon?

Source: UHERO
Gov. & Tourism dominate

Contributions to Hawaii 2013 GDP

- State and Local Gov: 9.4%
- Federal: 13.0%
  - Civilian: 5.4%
  - Military: 7.6%
- Tourism: 16.7%
- Accom & Food Srvc: 8.0%
- Transport: 4.4%
- Health Care: 6.3%
- Construction: 5.5%
- Manufacturing: 1.8%
- Other: 41.5%

Source: DBEDT, UHERO.
Where will growth come from?

* Source: HTA, BLS, BEA, DBEDT, UHERO

stool is missing a few legs
Arrivals will break record again

but, not a long-run growth engine

Source: HTA, BLS, UHERO. Nominal visitor spending deflated using Honolulu CPI.
Investment nearing peak?

Statewide authorizations to build

- Government
- Commercial
- Additions & Alterations
- Residential

Source: DBEDT, UHERO
Do values keep up with costs?

real home price dynamics

Thou. 2014$ (SA)

- Median Honolulu Single Family Resale Price (2014$)
- Honolulu Job growth (right axis)

Source: Honolulu Board of Realtors, BLS, UHERO, median home price deflated by Honolulu CPI.
Does slow start prolong this cycle?

still waiting on single family home building

* Source: DBEDT, UHERO

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Is this as good as it gets?

Hawaii jobs and unemployment

- Non-Farm jobs
- Real Income

Source: BLS, BEA, UHERO

January 23, 2016
Mahalo