



UHERO

THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAII

UHERO FORECAST PROJECT

COUNTY FORECAST:
PUBLIC EDITION

COUNTIES SEE SYNCHRONIZED SLOWING

MAY 17, 2019





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UHERO COUNTY FORECAST

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Executive Summary

Over the past year, there has been a broad slowing of growth across the four counties. To varying degrees, each has seen a falloff in tourism activity and a slowing of employment growth in a number of sectors. Our near-term outlook for all counties remains muted, reflecting limits to growth in a still-tight labor market, restrained tourism prospects, and a mature construction expansion.

- The visitor industry got off to a strong start last year, facilitated by a surge in airline seats, particularly to the Neighbor Islands. Arrivals hit a plateau mid year, and visitor spending dropped back somewhat. While slowing was seen statewide, the Kilauea eruption caused a larger setback on the Big Island. An uptick in arrivals is expected statewide in coming months, but visitor growth will generally trend lower than in the past, given a weak external environment, high tourism costs, and capacity constraints.
- County employment levels have also flattened out, in tourism-related areas but more broadly, as well. Unemployment rates have risen from recent lows, but labor markets remain tight by historical standards. Labor force growth has been held back by a marked slowing of population growth and a transitory decline on Oahu. Combined with weaker demand, this will limit employment gains going forward. Population and job growth will continue to be somewhat stronger on the Neighbor Islands than on Oahu.
- Personal income represents perhaps the best summary measure of economic growth in the Islands. Rates of income growth were strongest in the 2014-2015 period and have backed off since then as demand has eased and job growth has slowed. Real Income growth will remain modest over the next several years.
- Construction activity has pulled back a bit in most counties, although it remains at a healthy level. A pipeline of public-sector, resort, and residential projects will maintain industry activity near current levels for the next several years. We will have an in-depth analysis of the sector in our third quarter .
- While all counties have experienced slowing over the past year, their underlying economic health remains largely intact. The generalized slowing does, however, leave them more vulnerable to adverse shocks, whether arising locally or in the global economy. At the same time, a slower pace of growth provides breathing space in counties that have struggled to absorb the impact of sustained growth on resources and communities.

Forecast Summary

COUNTY MAJOR ECONOMIC INDICATORS YEAR-OVER-YEAR % CHANGE

	2016	2017	2018	2019	2020	2021
HONOLULU						
Non-farm Payrolls Jobs	0.9	0.8	0.3	0.6	0.6	0.4
Real Personal Income	1.1	0.7	0.8	0.8	1.0	1.0
Visitor Arrivals	2.0	4.5	4.3	2.9	0.9	1.0
U.S. Visitor Arrivals	3.1	4.2	8.8	4.3	0.9	0.7
Japan Visitor Arrivals	0.4	5.1	-2.2	2.4	0.5	0.2
Other Visitor Arrivals	1.7	4.3	2.2	0.1	1.5	2.3
HAWAII						
Non-farm Payrolls Jobs	3.2	1.4	1.3	0.8	1.0	0.8
Real Personal Income	1.7	2.3	1.3	0.8	1.4	1.3
Visitor Arrivals	2.3	13.6	-2.5	3.3	2.8	1.9
U.S. Visitor Arrivals	3.8	9.9	0.3	4.5	2.1	1.5
Japan Visitor Arrivals	1.7	32.6	-6.4	5.3	3.4	1.1
Other Visitor Arrivals	-1.9	17.4	-8.7	-1.6	5.1	3.8
MAUI						
Non-farm Payrolls Jobs	2.4	2.4	0.9	1.4	0.9	0.7
Real Personal Income	2.1	2.8	0.9	1.3	1.2	1.1
Visitor Arrivals	3.8	4.1	6.3	3.0	1.7	1.4
U.S. Visitor Arrivals	5.6	4.6	8.0	3.4	2.0	1.2
Japan Visitor Arrivals	-9.5	7.6	-11.5	5.6	0.6	0.4
Other Visitor Arrivals	-0.7	1.9	1.9	1.0	0.7	2.4
KAUAI						
Non-farm Payrolls Jobs	2.2	2.4	1.3	0.7	0.8	0.7
Real Personal Income	2.0	2.9	1.9	0.6	1.1	1.1
Visitor Arrivals	1.2	7.8	7.6	0.7	2.5	1.9
U.S. Visitor Arrivals	3.0	7.0	8.5	0.4	2.8	1.9
Japan Visitor Arrivals	-10.6	15.3	-0.7	4.3	-0.5	0.1
Other Visitor Arrivals	-6.3	11.2	4.4	1.6	1.4	2.3

Note: Source is UHERO. Income figures for 2018 are UHERO estimates. Figures for 2019 - 2021 are forecasts.

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