

# Current Hawaii Economic Conditions

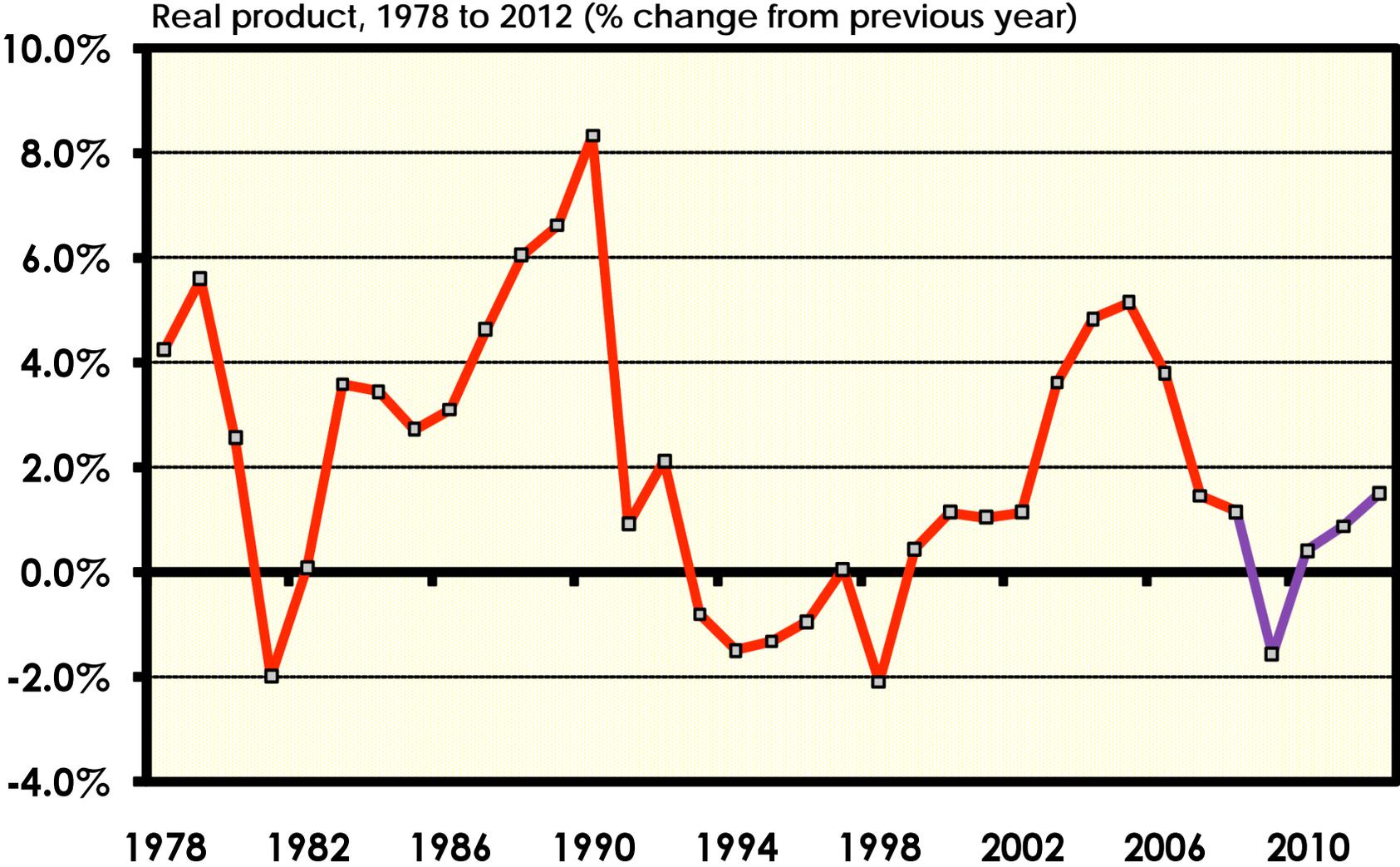
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**Pearl Imada Iboshi**  
**Department of Business, Economic Development & Tourism**

August 21, 2009

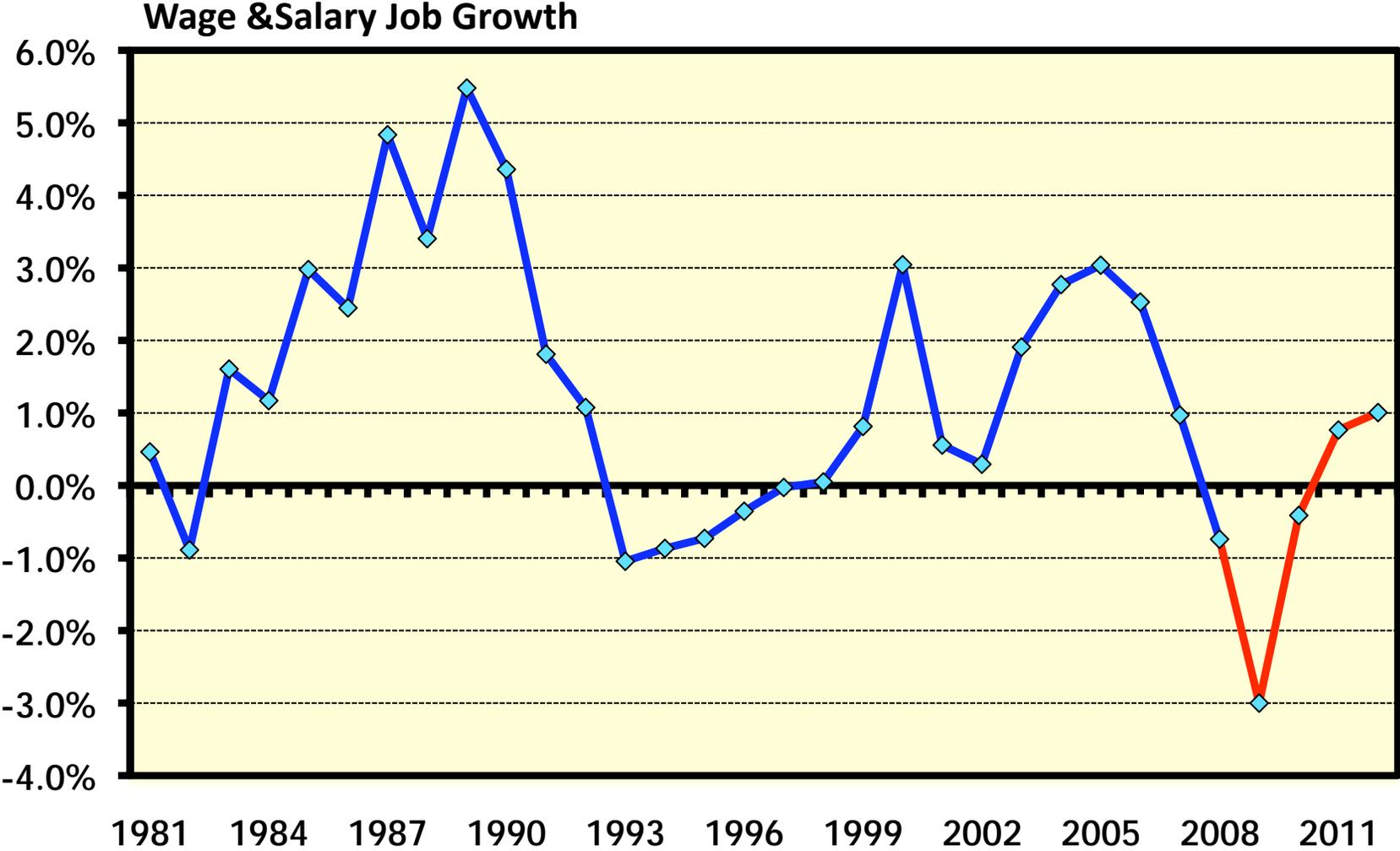
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# 2008-9 have been challenging times for Hawaii



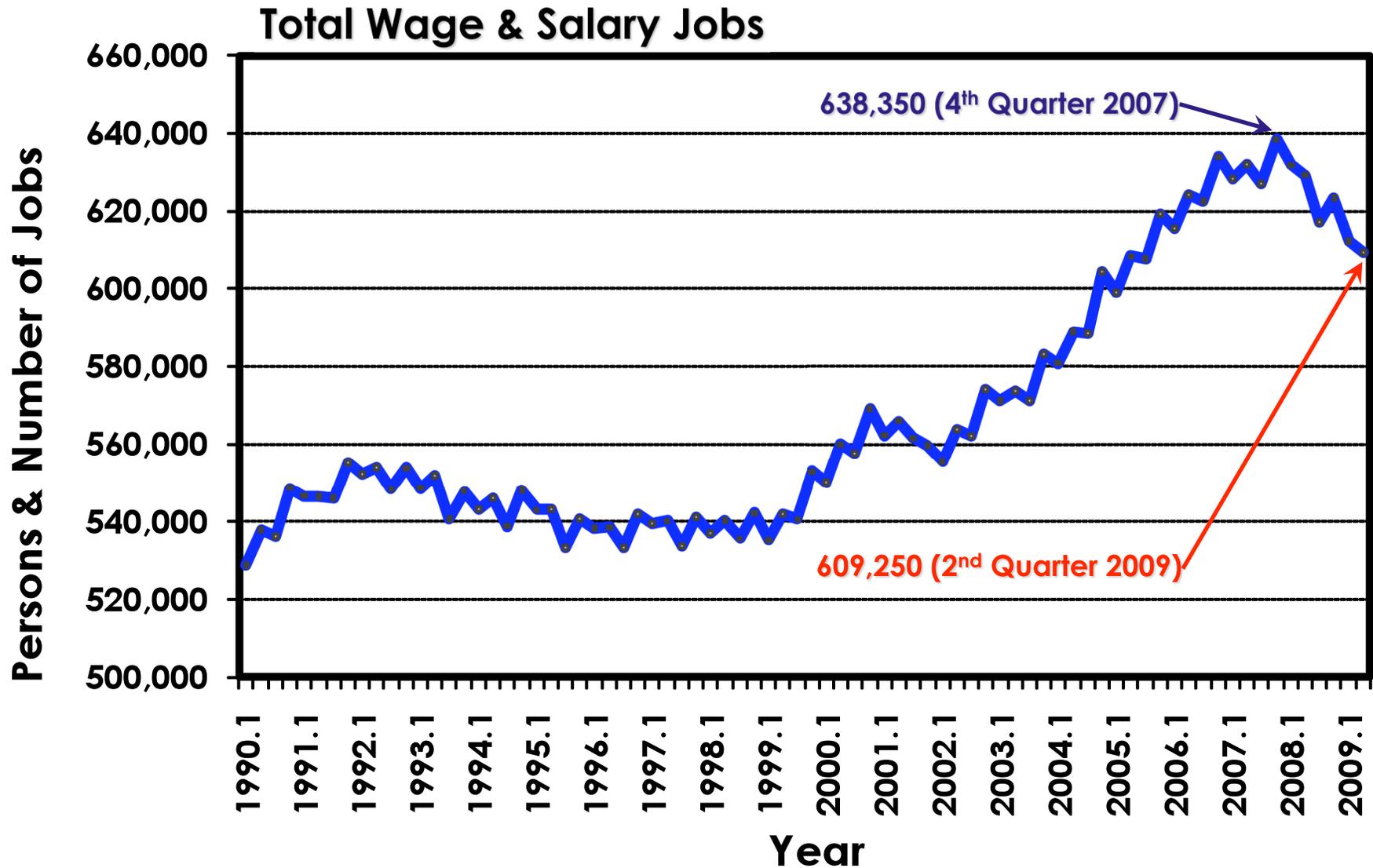
Source: US Bureau of Economic Analysis and Hawai'i State Department of Business, Economic Development and Tourism

# The sharp decrease in jobs is unprecedented



Source: Hawaii State Department of Labor and Industrial Relations and Department of Business, Economic Development & Tourism

# Hawaii has lost 29,100 jobs in the last two years

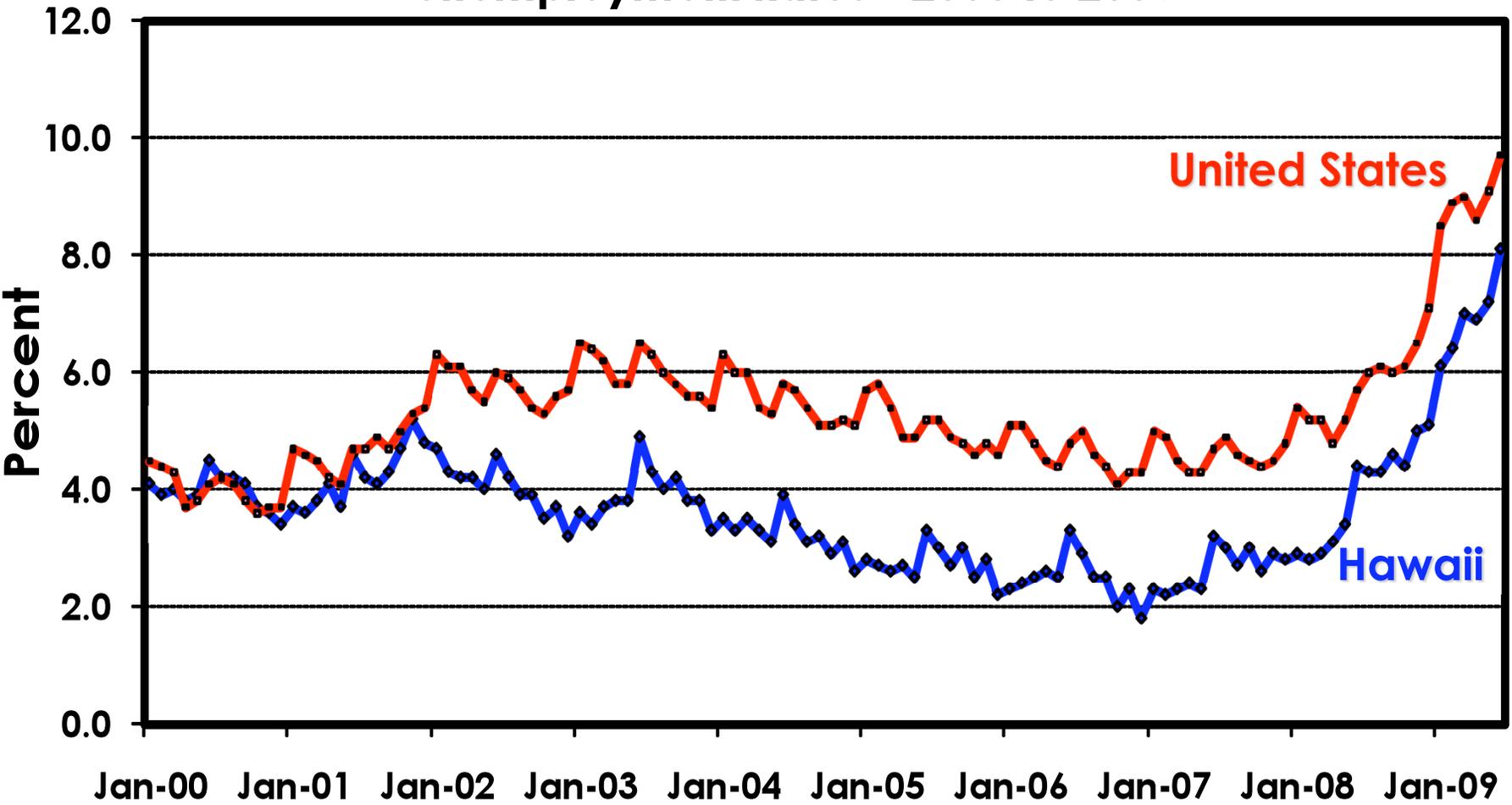


Through 2<sup>nd</sup> Quarter 2009

Source: Hawaii State Department of Labor and Industrial Relations

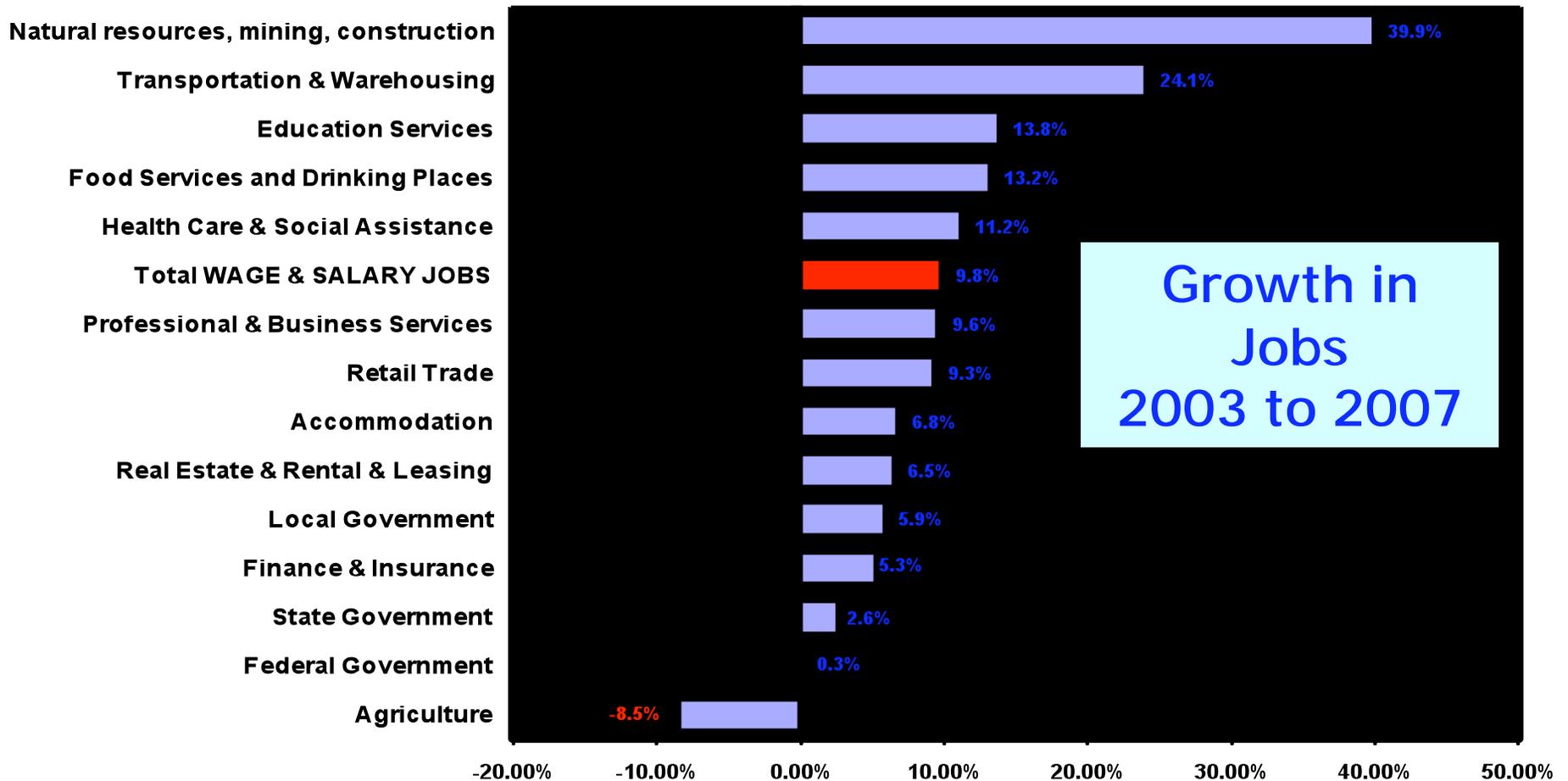
# Our unemployment rate has also jumped, but remains below the U.S. average

## Unemployment Rates - 2000 to 2009\*



\* Though June 2009, Not seasonally adjusted.  
Source: Bureau of Labor Statistics

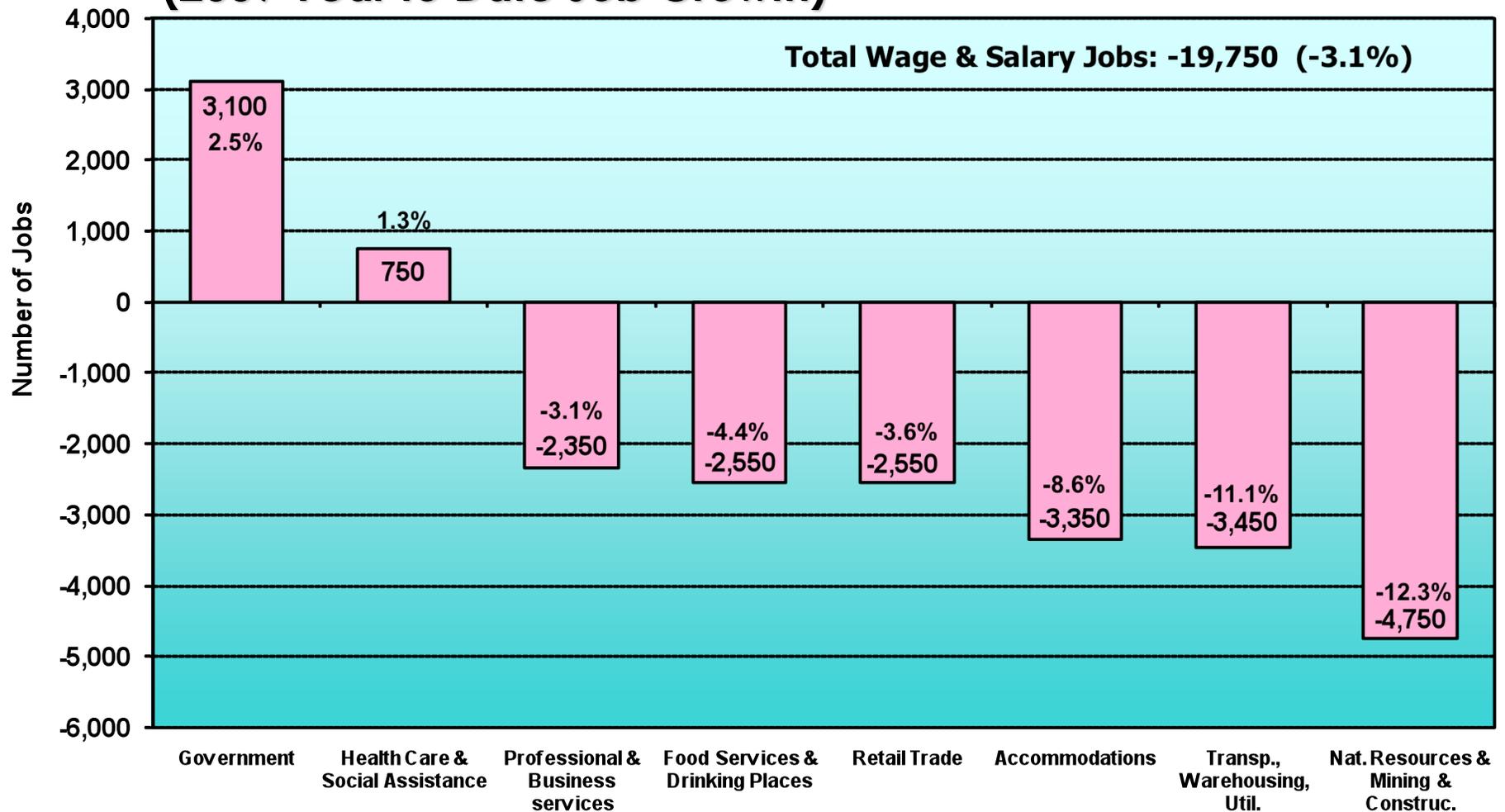
# From 2003 to 2007, the strongest growth was in construction and transportation



Source: Hawaii State Department of Labor and Industrial Relations

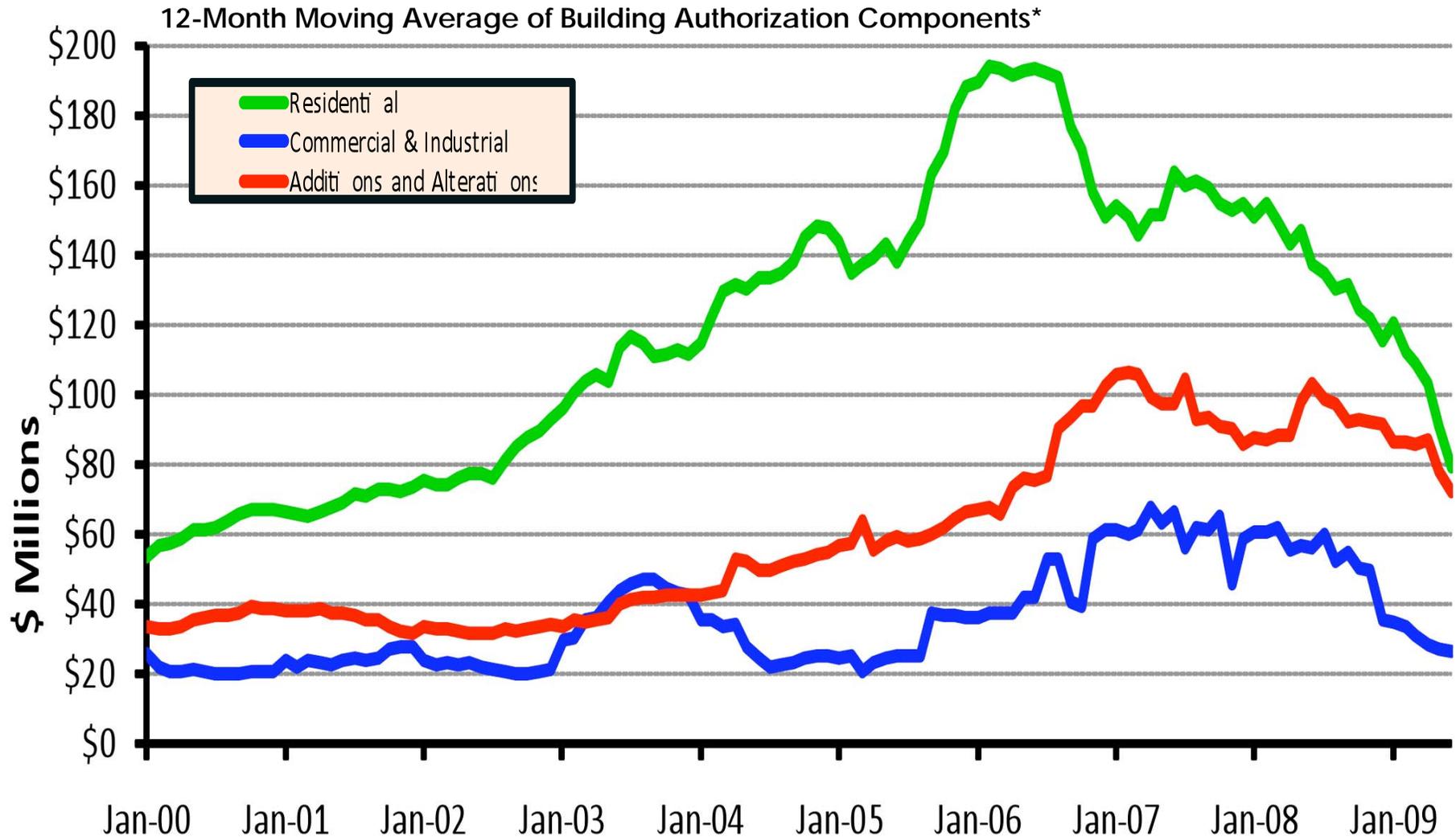
# In 2009, the largest decreases have been in construction and visitor-related industries

(2009 Year to Date Job Growth)



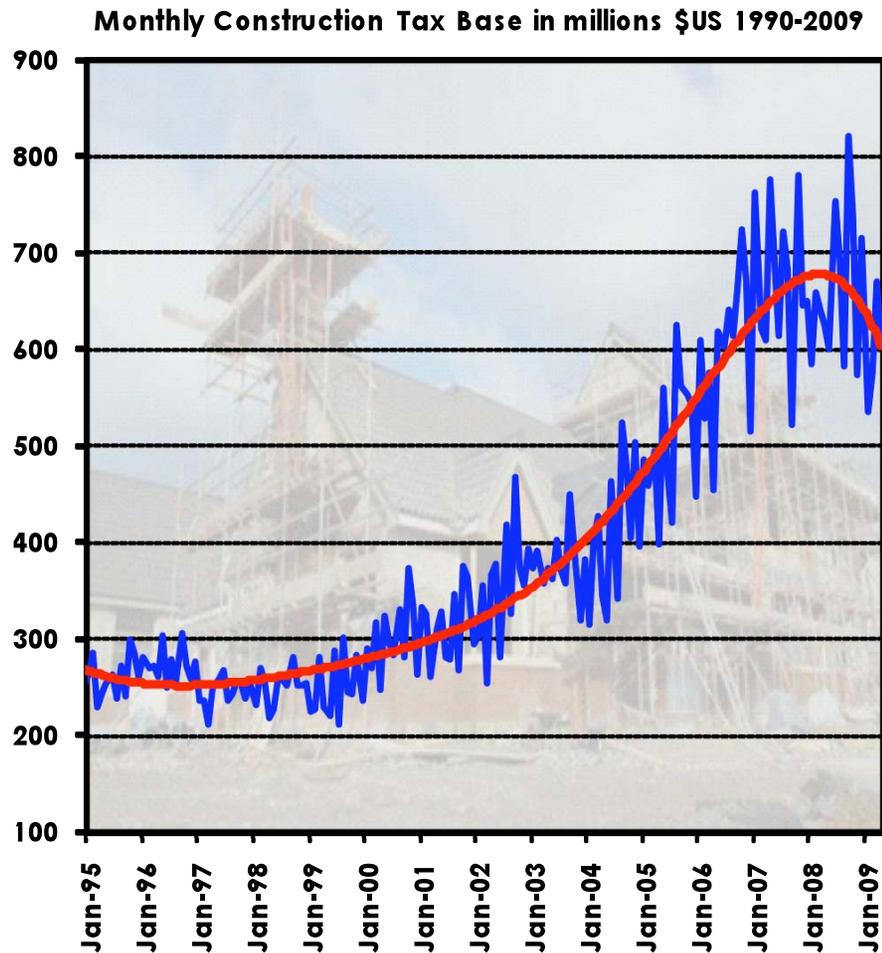
Source: Hawaii State Department of Labor and Industrial Relations

# The value of private building permits continues to fall

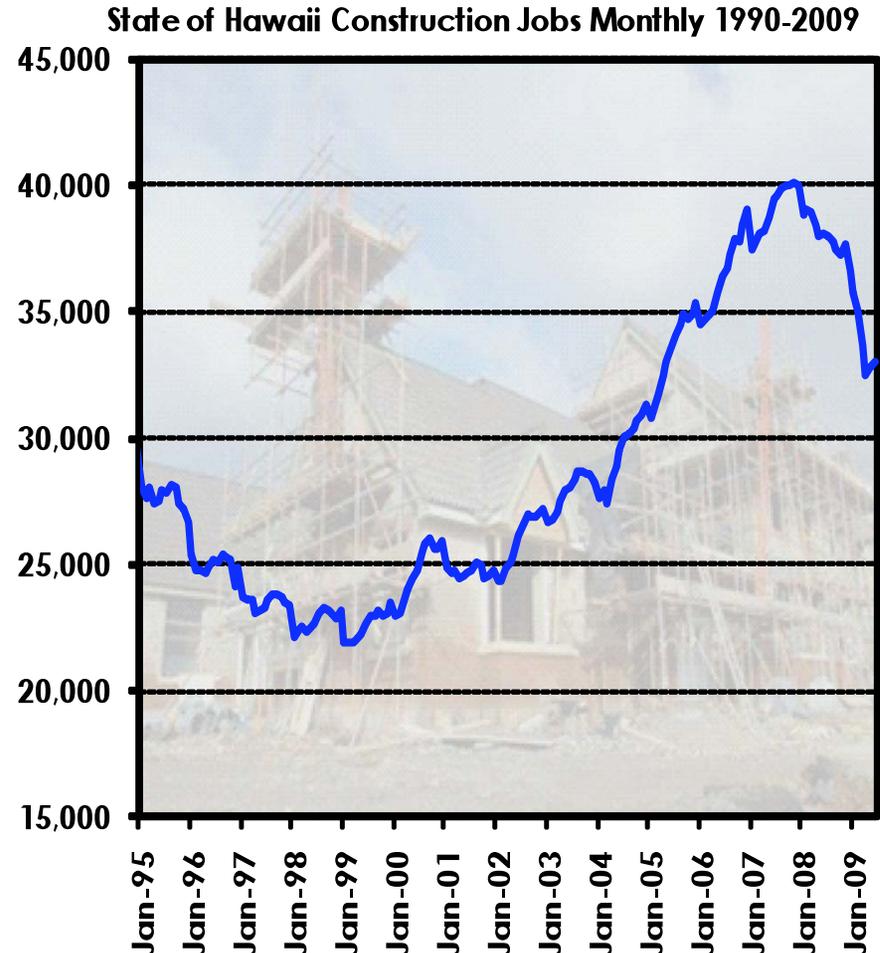


\* Additions and Alterations and Commercial & Industrial data do not include Kauai. All data through April 2009  
Source: County building departments.

# Construction Put-in-Place and Jobs Decline



Through April 2009



Through June 2009

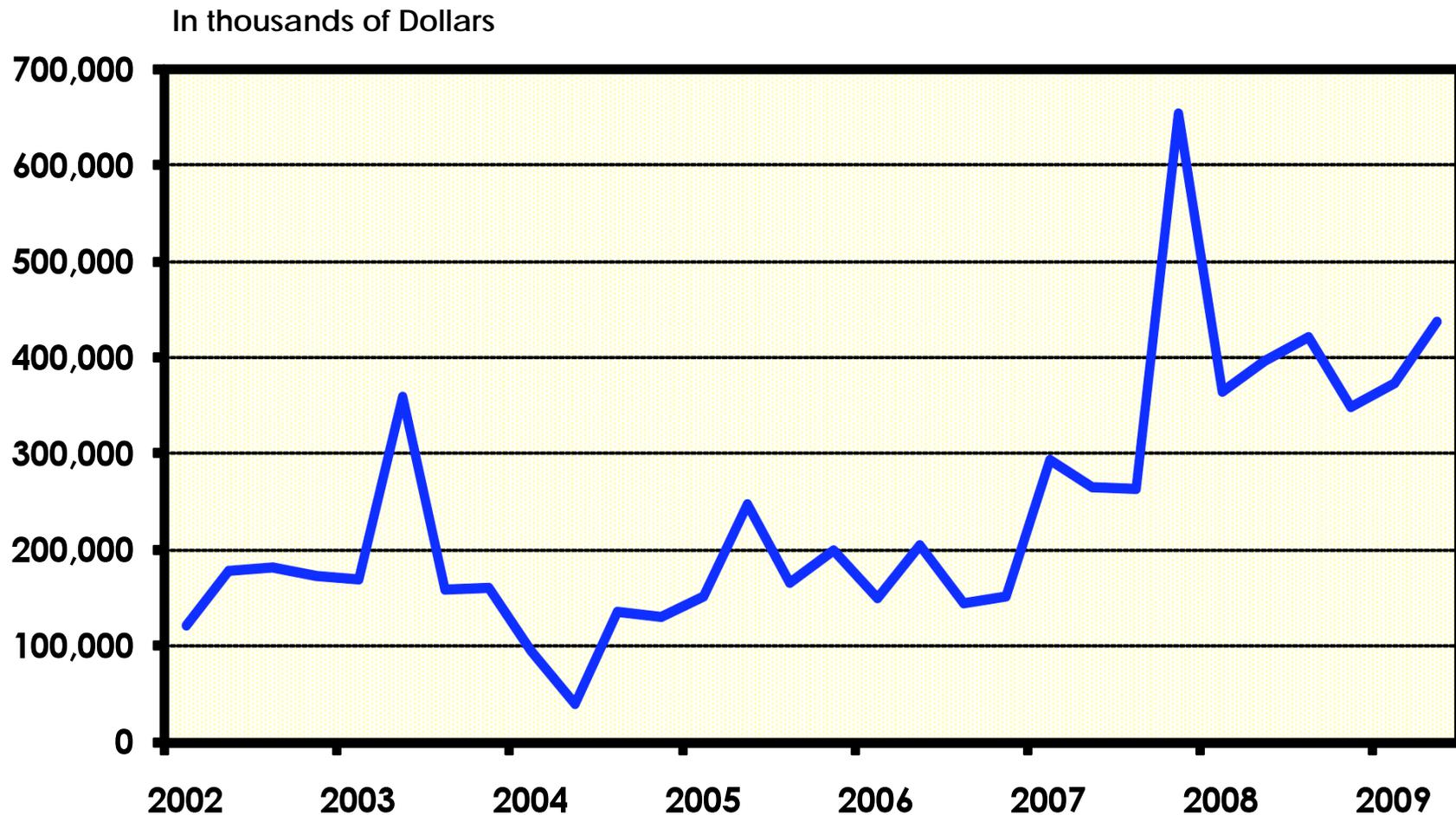
Source: Hawai'i State Department of Taxation and Hawai'i State Department of Labor and Industrial Relations

# Federal spending has helped to cushion the decrease in private construction



- Federal expenditures will continue to increase as planned military housing privatization is substantial at \$3.0 billion over the next ten years
  - Encompassing 15,000 units (approx. 3,900 replacement/renovated units through CY 2008, and 1,400 planned for each of the next few years.)

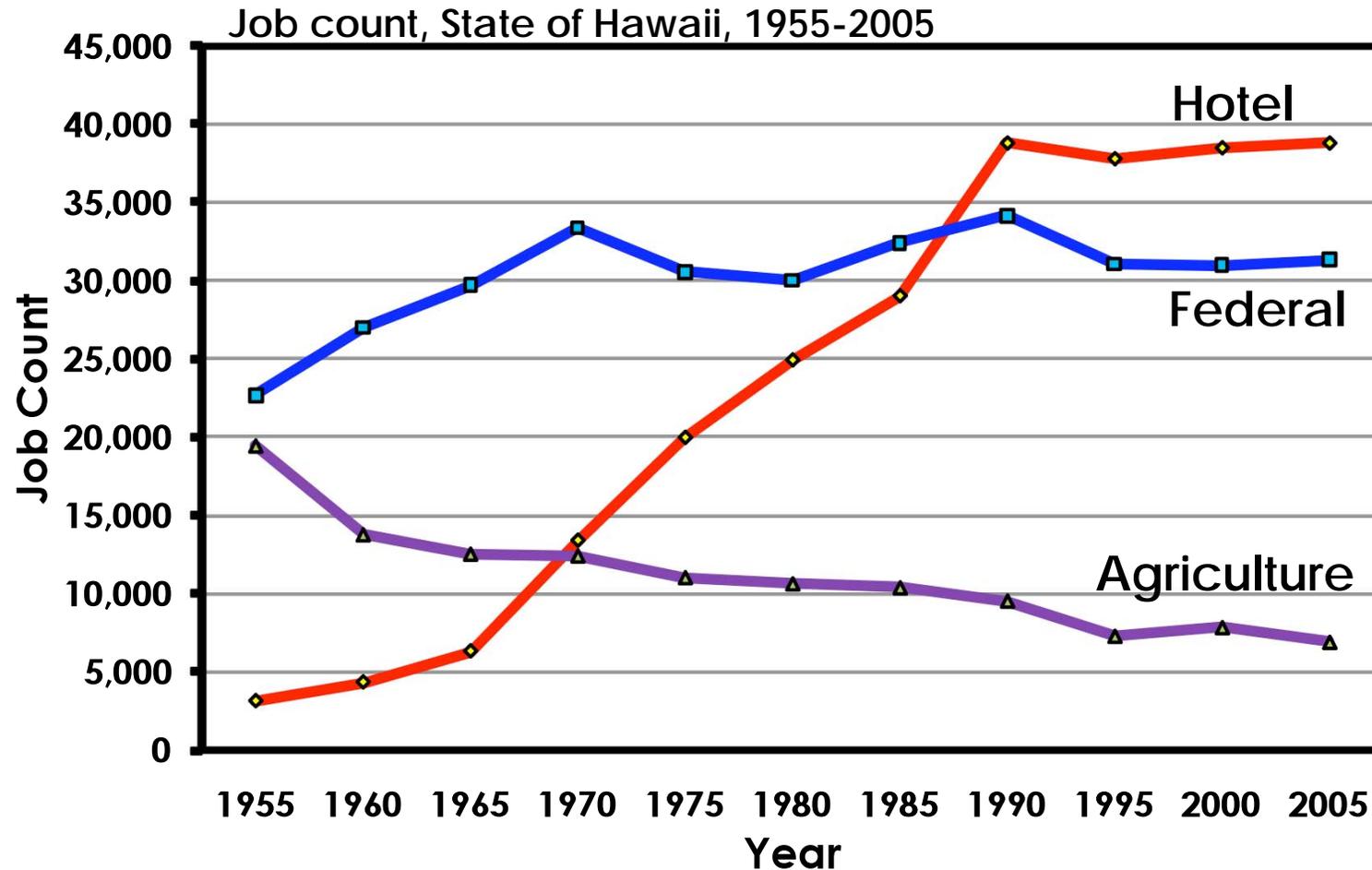
# State Government capital improvement projects (CIP) expenditures increase



Through 1Q 2009

Source: State of Hawaii Department of Accounting and General Services

# The Visitor industry has increased its importance in Hawaii's Economy since Statehood

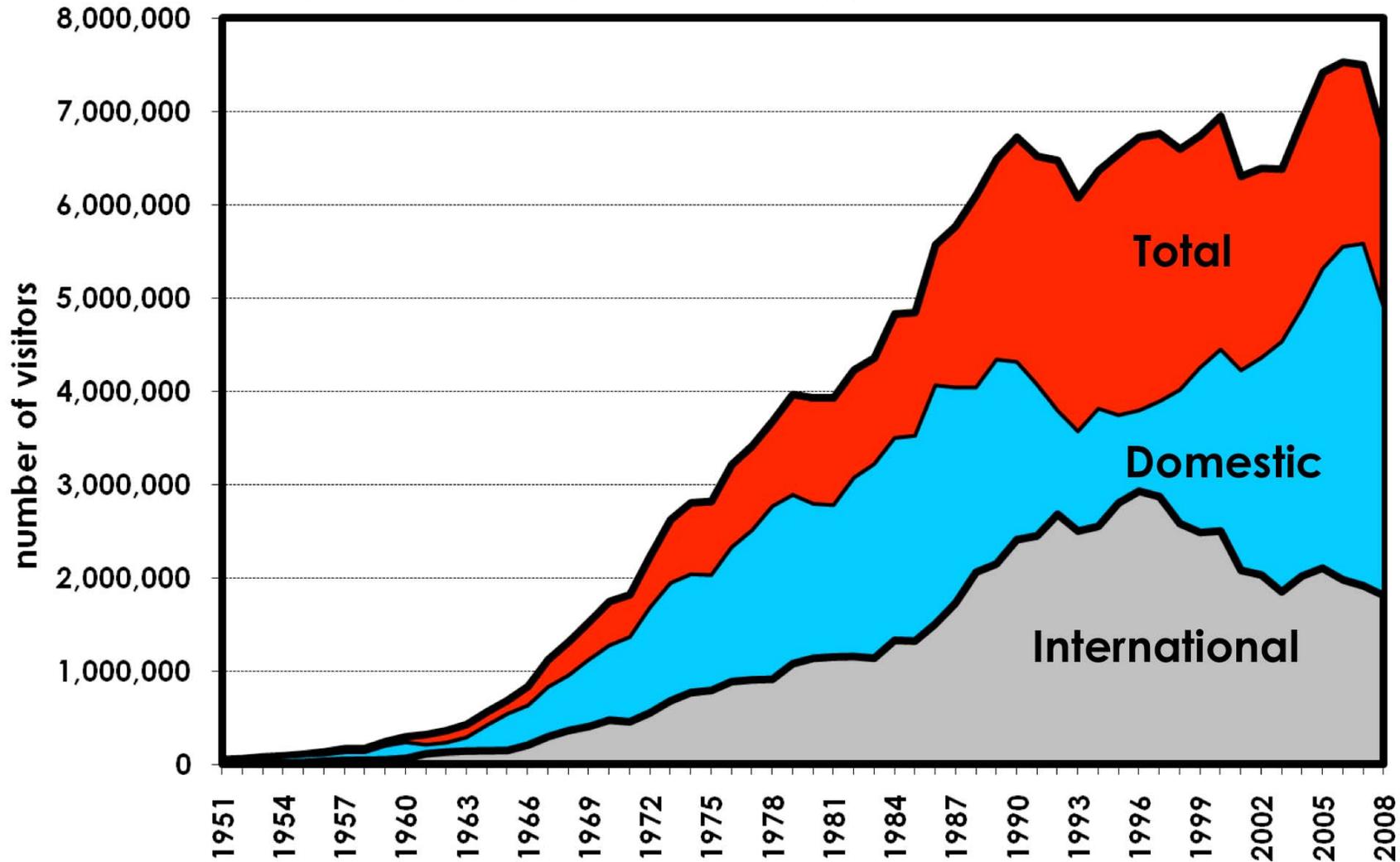


Note: Federal job count includes civilian employees but not enlisted military

Source: *Department of Business, Economic Development & Tourism Databook*,  
*Department of Labor & Industrial Relations, Annual Labor Force Estimates.*

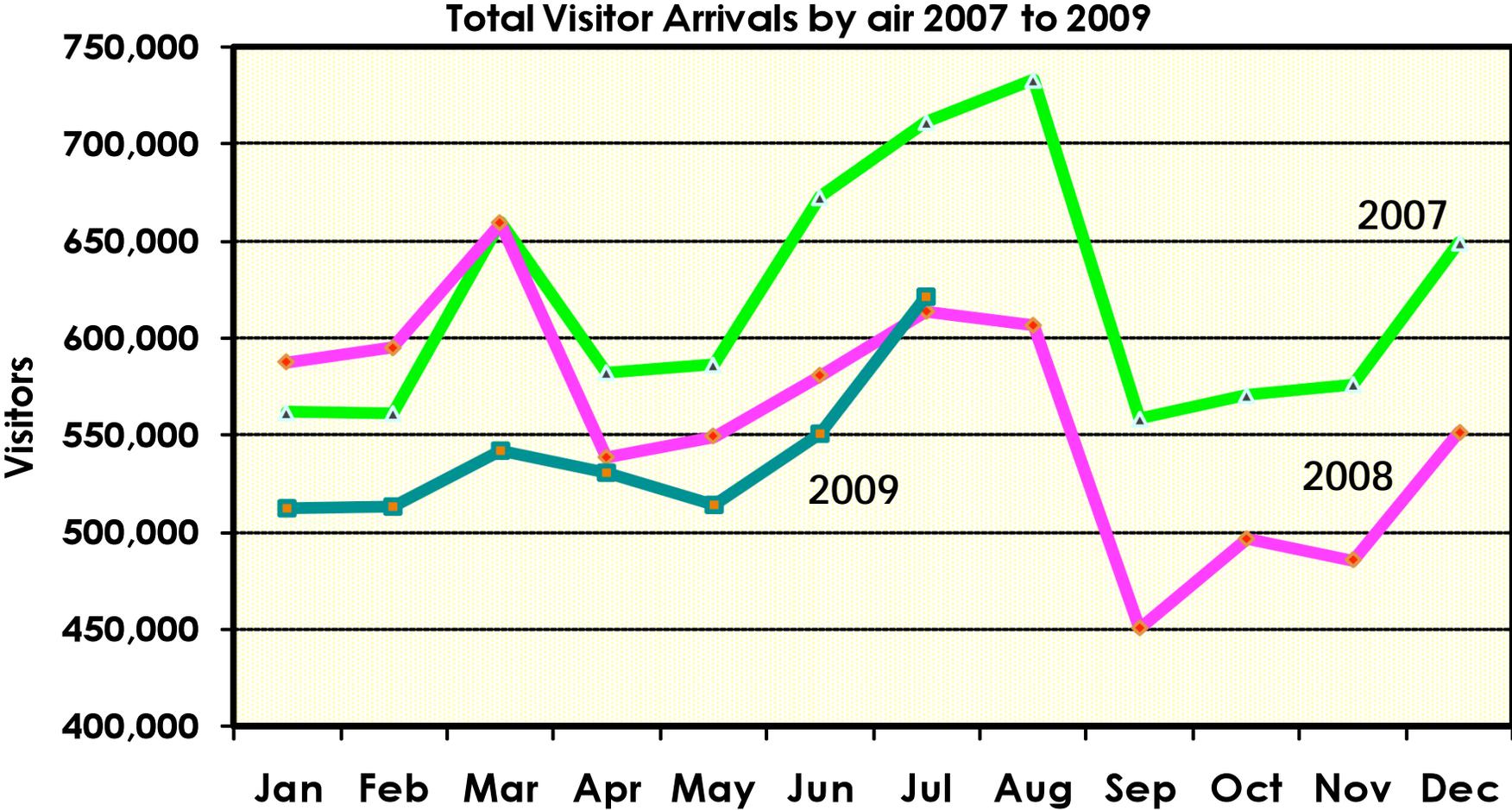
# The fall in visitor arrivals in 2008 and 2009 has been dramatic

Visitor Arrivals to Hawaii: 1951 to 2008



Source: Hawai'i State Department of Business, Economic Development and Tourism

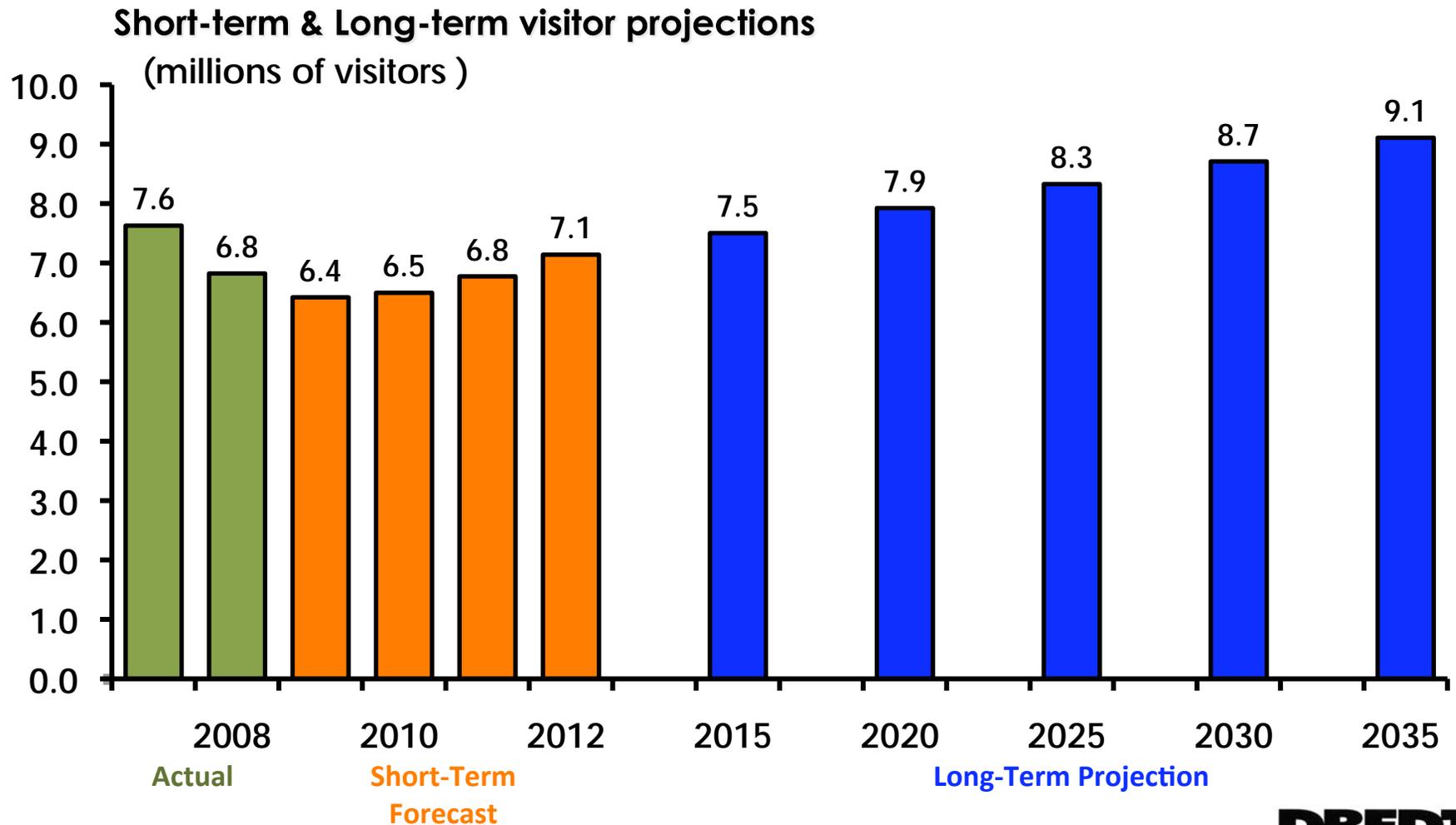
# Visitor arrivals continued to fall in the first half of 2009, but are beginning to stabilize



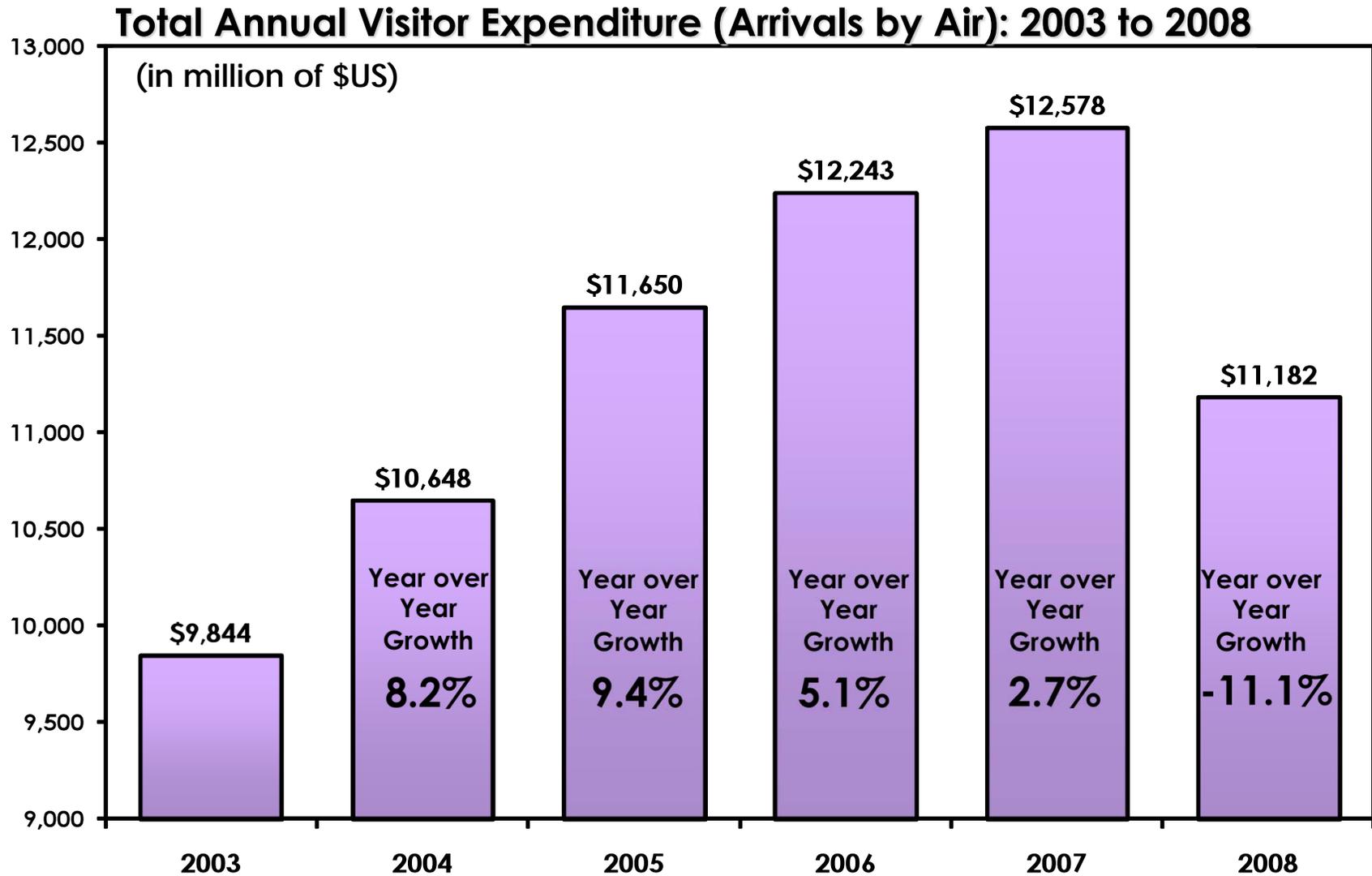
*Through July 2009*

*Source: Hawai'i State Department of Business, Economic Development and Tourism*

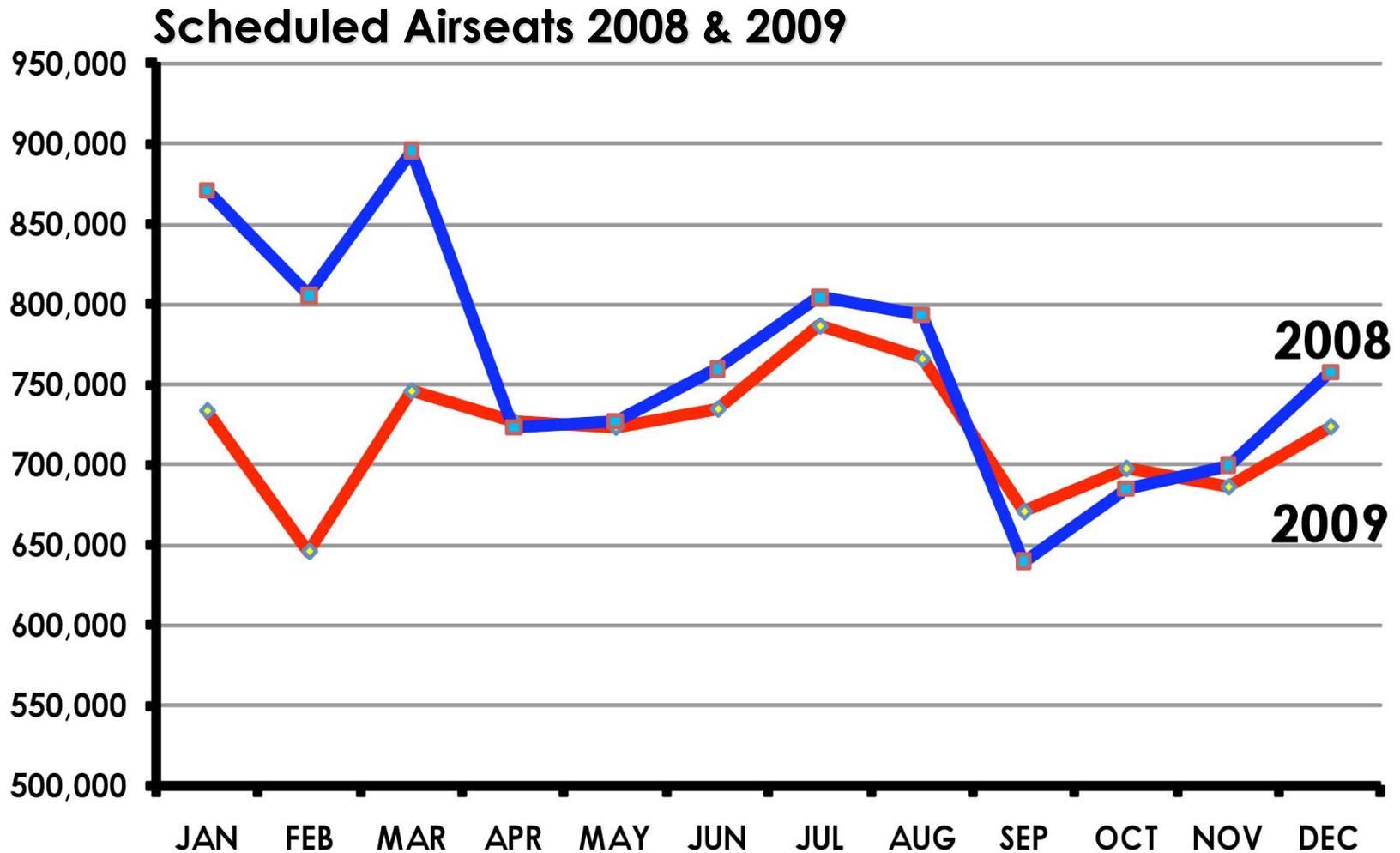
# Visitor arrival growth may be affected by modest long term growth path



# Visitor expenditures have fallen more than arrivals



# Scheduled airseats now at 2008 levels



Source: ADI Global Airport Industry Database / OAG Schedule Detail

## External Conditions

### *Blue Chip Forecast for U.S. and Japan Real GDP Growth*

	<u>2008</u>	<u>2009</u>	<u>2010</u>
United States	0.4	-2.6	2.3

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Japan	-0.7	-6.2	1.3

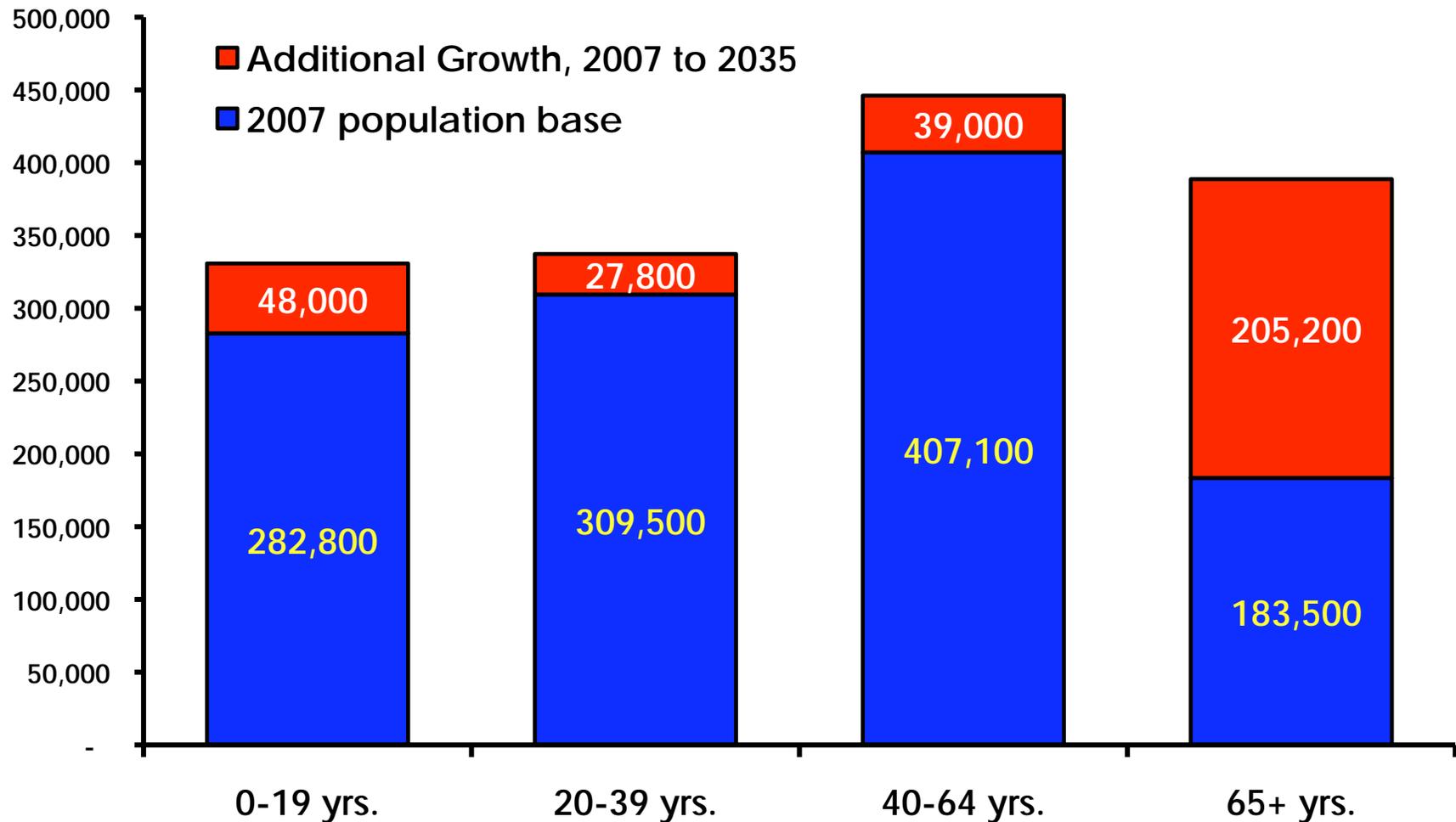
Source: Blue Chip Forecast, August 2009

***Summary of Actual and Forecasted  
Key Economic Indicators for Hawaii: CY 2007 to 2009  
(Annual % Change)***

	<b>Actual CY 2008</b>	<b>Forecasted CY 2009</b>	<b>Forecasted CY 2010</b>
<b>Total Population</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.8%</b>
<b>Visitor Arrivals</b>	<b>-10.6%</b>	<b>-5.9%</b>	<b>1.2%</b>
<b>Visitor Expenditures</b>	<b>-11.0%</b>	<b>-11.5%</b>	<b>2.9%</b>
<b>Honolulu CPI-U</b>	<b>4.3%</b>	<b>0.6%</b>	<b>1.5%</b>
<b>Personal Income</b>	<b>4.0%</b>	<b>1.0%</b>	<b>1.5%</b>
<b>Real Personal Income</b>	<b>-0.2%</b>	<b>0.4%</b>	<b>0.0%</b>
<b>Total Wage and Salary Jobs</b>	<b>-1.0%</b>	<b>-3.0%</b>	<b>-0.4%</b>

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

# Projected Other Civilian Population and Growth to 2035, By Selected Age Groups



- Substantial numbers of people will be leaving the Labor Force in the future

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