



UHERO

THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAII

UHERO FORECAST FOR THE STATE OF HAWAII

SUPPORTER EDITION

FEDERAL CUTS RAISE RISK OF HAWAII DOWNTURN

FEBRUARY 28, 2025





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AT THE UNIVERSITY OF HAWAII

UHERO FORECAST FOR THE STATE OF HAWAII

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Carl S. Bonham, Ph.D.

Executive Director

Byron Gangnes, Ph.D.

Senior Research Fellow

Steven Bond-Smith, Ph.D.

Economist

Peter Fuleky, Ph.D.

Economist

Justin Tyndall, Ph.D.

Economist

Rachel Inafuku, Ph.D.

UHERO Research Economist

Hamza Essaidi

Graduate Research Assistant

Jae Anne Mae Cailao

Undergraduate Research Assistant

Victoria Rhinebolt

Graphic Design and Layout

EXECUTIVE SUMMARY

Hawaii's economic growth is threatened by federal disruptions. While tax cuts may provide some stimulus this year, the Administration's actions—including tariffs, mass deportations, and spending cuts—will impose significant drag thereafter. The clearest near-term risk is federal layoffs, which will result in a loss of more than 2,000 local jobs, fully offsetting growth in construction and the lift from local tax cuts. Together with other federal policies, this places the Hawaii economy at risk of recession over the next few years.

- US Consumer spending continues to drive the US economy, expanding at a buoyant 4.2% annualized pace in the final quarter of last year. Business investment has been weaker, and hiring has slowed. While substantial disinflation gains have been made, some components have moved up in recent months, suggesting an extended pause in further Fed rate cuts.
- Large-scale federal layoffs are now underway, initially targeting probationary workers, mostly those hired less than a year ago. Another 75,000 federal workers have accepted so-called “deferred resignations.”
- Planned federal payroll cuts will include an estimated 2,200 Hawaii-based workers, and cuts to federal contracts will likely increase overall local job losses. The Administration's temporary halt to all contracting—stalled for now by the courts—would be damaging to the University of Hawaii and many charitable agencies. Cuts to federal programs and grants could also impact State funding.
- The Administration has imposed new tariffs, including an additional 10% levy on Chinese imports and a pending 25% tariff on steel and aluminum. Further tariff threats loom. Mass deportations, which apparently have yet to begin in earnest, would have disproportionate effects on agriculture and construction. Altogether, these policies, should they materialize, will raise business costs and consumer prices and slow the US and global economies.
- Visitor numbers are stable, but not growing. Maui's recovery from the wildfires remains slow. The US market may benefit from federal tax cuts this year, but a weakening economy along with higher costs and prices will force a modest pullback in 2026-2027. The Japanese market recovery will advance only very slowly. The recovery of other international markets will continue, although there is a risk that deteriorating global relations could hurt.
- Strong construction activity from both public and private sector projects, including Maui's rebuilding, is driving employment toward a peak of nearly 41,000 construction workers in 2026. This remains the primary bright spot in the local economy. Tariffs on materials and potential labor shortages are looming concerns. There has been progress in efforts to build more affordable housing, although overall home building rates remain lower than in past decades.
- Overall economic growth in Hawaii will feel the adverse effects of federal policies over the next several years, pulling job growth to zero and real GDP growth down to 1.6% this year. More extensive federal layoffs, tariffs, or deportations could well result in a Hawaii recession and undermine long-term growth prospects.

FORECAST SUMMARY

MAJOR ECONOMIC INDICATORS

STATE OF HAWAII FORECAST

	2023	2024	2025	2026	2027	2028	2029
STATE OF HAWAII							
Nonfarm Payrolls (Thou)	633.0	639.7	639.7	640.1	641.9	645.4	650.4
% Change	2.4	1.1	0.0	0.1	0.3	0.6	0.8
Unemployment Rate (%)	3.0	3.0	3.4	3.6	3.6	3.5	3.2
Real Personal Income (Mil 2024\$)	99,167.2	100,563.5	101,278.0	102,266.2	103,203.7	104,362.6	105,882.4
% Change	2.3	1.4	0.7	1.0	0.9	1.1	1.5
Real GDP (Mil 2024\$)	115,140.0	115,473.4	117,273.4	119,174.8	120,461.1	122,071.0	123,911.3
% Change	3.7	0.3	1.6	1.6	1.1	1.3	1.5
Average Daily Census (Thou)	234.8	229.3	235.0	232.7	233.1	240.1	248.3
% Change	1.1	-2.3	2.5	-1.0	0.2	3.0	3.4
Real Visitor Expenditures (Mil 2024\$)	21,584.9	20,584.1	20,548.1	20,048.4	19,723.2	19,957.4	20,286.6
% Change	2.1	-4.6	-0.2	-2.4	-1.6	1.2	1.6
HONOLULU COUNTY							
Nonfarm Payrolls (Thou)	456.0	462.4	462.5	462.4	463.4	465.8	469.0
% Change	2.6	1.4	0.0	0.0	0.2	0.5	0.7
Unemployment Rate (%)	2.7	2.7	3.3	3.5	3.5	3.4	3.1
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Real Personal Income (Mil 2024\$)	72,210.2	73,099.1	73,606.1	74,349.2	75,003.1	75,802.6	76,840.8
% Change	2.6	1.2	0.7	1.0	0.9	1.1	1.4
Average Daily Census (Thou)	111.0	112.4	111.9	109.4	109.1	111.8	114.9
% Change	12.1	1.2	-0.4	-2.2	-0.3	2.5	2.8
HAWAII COUNTY							
Nonfarm Payrolls (Thou)	70.9	72.2	71.8	71.8	72.0	72.4	73.0
% Change	4.1	1.7	-0.5	0.1	0.2	0.5	0.8
Unemployment Rate (%)	3.0	3.0	3.5	3.8	4.0	3.9	3.6
Real Personal Income (Mil 2024\$)	11,461.1	11,713.9	11,815.8	11,945.8	12,068.2	12,223.9	12,430.1
% Change	2.0	2.2	0.9	1.1	1.0	1.3	1.7
Average Daily Census (Thou)	38.4	37.0	37.0	36.5	36.8	38.1	39.5
% Change	1.9	-3.6	0.0	-1.3	0.7	3.5	3.8
MAUI COUNTY							
Nonfarm Payrolls (Thou)	74.4	73.3	74.0	74.3	74.8	75.4	76.2
% Change	-0.4	-1.4	0.9	0.5	0.6	0.8	1.1
Unemployment Rate (%)	4.4	4.3	3.6	3.7	3.8	3.6	3.3
Real Personal Income (Mil 2024\$)	10,774.5	10,935.9	11,003.5	11,102.2	11,216.9	11,359.5	11,551.5
% Change	0.6	1.5	0.6	0.9	1.0	1.3	1.7
Average Daily Census (Thou)	56.3	51.9	57.2	58.2	59.1	61.5	64.3
% Change	-15.6	-7.8	10.2	1.8	1.4	4.1	4.6
KAUAI COUNTY							
Nonfarm Payrolls (Thou)	31.7	31.8	31.5	31.6	31.6	31.8	32.1
% Change	3.0	0.3	-0.9	0.1	0.3	0.6	0.9
Unemployment Rate (%)	2.6	2.6	3.3	3.6	3.8	3.7	3.4
Real Personal Income (Mil 2024\$)	4,723.9	4,814.7	4,852.5	4,869.0	4,915.4	4,976.5	5,060.0
% Change	1.9	1.9	0.8	0.3	0.9	1.2	1.7
Average Daily Census (Thou)	29.0	28.0	28.9	28.5	28.2	28.7	29.5
% Change	1.4	-3.6	3.2	-1.1	-1.3	2.0	2.6

Note: Source is UHERO. Nonfarm Payrolls for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for 2025-2029 are forecasts.

FIRST QUARTER HAWAII FORECAST

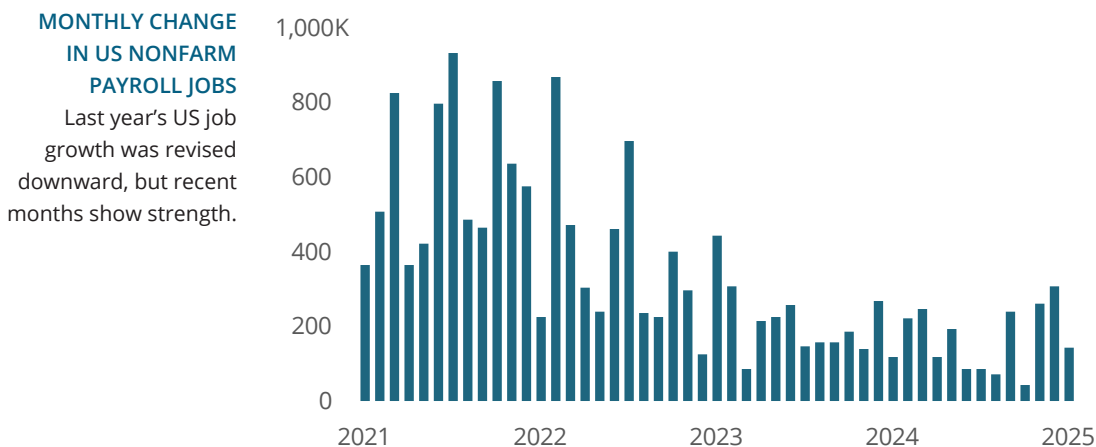
Hawaii's economy remains on stable footing, but actions by the Trump Administration will have an adverse effect. The biggest near-term risk is from mass reductions in the federal workforce, which represents an important part of our local economy. These job losses will offset all of the gains in other sectors over the next few years, and they now raise Hawaii's recession risk to its highest level since the onset of the COVID-19 pandemic.

Consumer spending has maintained national economic growth, but high interest rates, restrained business investment, and a gradually cooling labor market suggest a softer path ahead. Locally, tourism outside of Maui is stable, and construction remains strong, fueled by infrastructure projects and post-wildfire rebuilding. However, higher prices for goods and services—particularly for housing and insurance—continue to strain household budgets. Recent state income tax cuts provide important relief, but the growth environment looks less favorable over the next several years. Longer term, trend expansion will slow along with a slower-growing and aging population.

Beyond the immediate negative effects of federal layoffs and retirements, the Trump Administration's policy shifts introduce significant uncertainty. Tax cuts may provide short-term stimulus, but spending cuts will have an offsetting effect. A wave of new tariffs, including a 10% duty on Chinese imports and 25% tariffs on steel and aluminum, will raise costs for businesses and consumers, exacerbating inflation. Grant freezes threaten public-sector employment and funding for nonprofits and research institutions in Hawaii. Overall, the Administration's aggressive stance on trade, immigration, and federal spending will weigh on medium- and long-term economic performance. The extent of these impacts remains unclear, as legal challenges and congressional negotiations could alter the magnitude and timing of implementation.

Consumers
continue to propel
US economy

The US economy finished 2024 in strong fashion. Real gross domestic product growth in the fourth quarter registered a slowdown from the third quarter, but this largely reflected a big drawdown of business inventories.



Nonresidential fixed investment was weak, particularly in equipment purchases. Exports were also soft, although they tend to jump around quite a bit from quarter to quarter.

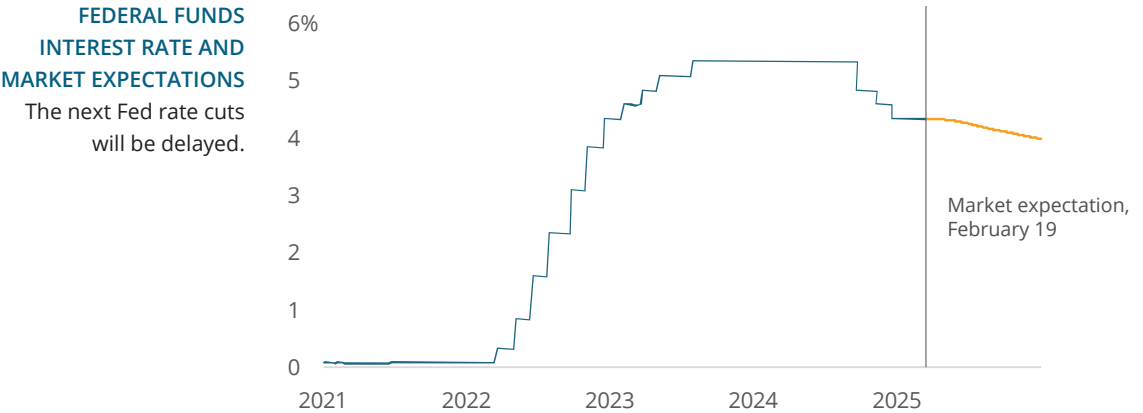
Consumer spending, which accounts for about two-thirds of the economy, grew at a robust pace, rising at a 4.2% annualized rate in the fourth quarter. This is the strongest consumption growth since the beginning of 2023, continuing to defy expectations of slowing. The month of December saw a bit softer 3.1% annualized rise, still above the average pace of the past two years.

Labor markets remain relatively healthy, but have softened over the past year. New jobs have become harder to find. Job openings have receded from the exceptionally large number available during the post-pandemic recovery period, and the rate of hiring has also declined. That said, the overall employment picture remains broadly positive. Layoffs remain low, and the unemployment rate stands at 4%, near levels consistent with stable long-run growth.

The annual benchmark revisions to labor market data reduced estimated March 2024 job counts by about 600,000, a historically large revision. While the revision reduced estimated monthly gains for the April 2023-March 2024 period, they do not affect the moderately strong job growth of the past several months. Estimates of data from the household survey, based on updated population estimates, revised the labor force upward by 2.1 million people as of February. The largest relative revision was an increase among Latino and Hispanic workers, due to revised estimates of immigration. These revisions did not materially affect key ratios, such as the unemployment rate.

While relatively healthy labor markets and solid income gains should support continued consumer spending, savings rates have retreated and credit default rates have risen, suggesting some softening in coming months. Although the eventual extent of tariffs is unknown, they will add to consumer prices, as well as the cost of doing business, creating headwinds for spending.

The wave of early executive orders from the Trump administration and the number of corresponding legal challenges makes it difficult to predict how federal spending and taxes will change this year. The historically slim



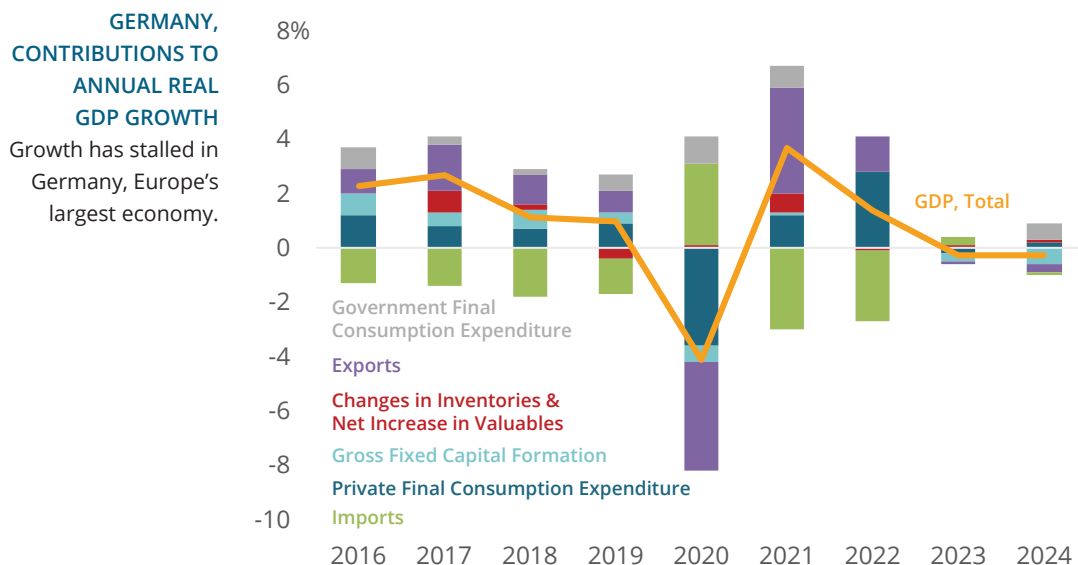
Republican majority in the House adds to this uncertainty. The tax cuts enacted in President Trump's first term will likely be extended, and other tax cuts—such as an exemption of tip income—may be adopted. Federal job reductions are underway, although legal challenges make the eventual extent unclear. On balance, there may be a modest stimulus to the economy coming from federal fiscal policies this year.

We will get somewhat more clarity by Mid-March, when Congress must pass another Continuing Resolution. Current spending authority ends on March 14. The nation's debt ceiling has already expired as of the end of last year, and the government has had to resort to extraordinary measures to manage cash flow and financing since then.

Inflation has come down over the past two years, but it has picked back up in recent months. Core inflation is now back above 3% on a year-over-year basis, because of slow disinflation in shelter costs and other non-energy services, as well as a return to price increases for merchandise. Still, progress on this front and relative softening of labor conditions prompted the Federal Reserve to begin cutting interest rates in September. The Fed has reduced its policy rate a full percentage point since then. With inflation not yet fully in line with the Fed's long-run 2% target, the Fed paused rate cuts in December and has signalled that it may be some time before we see the next cut. The Fed's independence has come under attack from President Trump. The reckoning may come when Chairman Jerome Powell's term ends in May 2026, but it could be earlier if the President attempts to replace Powell before that time.

Global economic conditions remain mixed. Germany's economy shrank by 0.2% in 2024, pulled down by weaker export demand, especially from China, and increased Chinese competition. High energy prices are being felt across much of Western Europe. The outlook for Japan is better. Consumer spending turned the corner last year, and business optimism has improved. This allowed the Bank of Japan to raise interest rates to 0.5% to their highest level since 2008. The yen remains very weak, trading nearly 30% below its level at the start of 2019.

China faces ongoing challenges due to its property glut and falling home prices, significantly reducing consumer confidence and ability to spend. Damaging deflation remains a risk. While the Bank of Canada started



lowering rates earlier than the Fed, consumption will be held back from some time, because of the harsher effect of tight monetary policy on Canada’s predominately shorter-term mortgages. Unlike US households, many of whom benefited from locking in low-rate thirty-year home loans, many Canadians will see their housing costs rise as short-term mortgages roll over into higher rates.

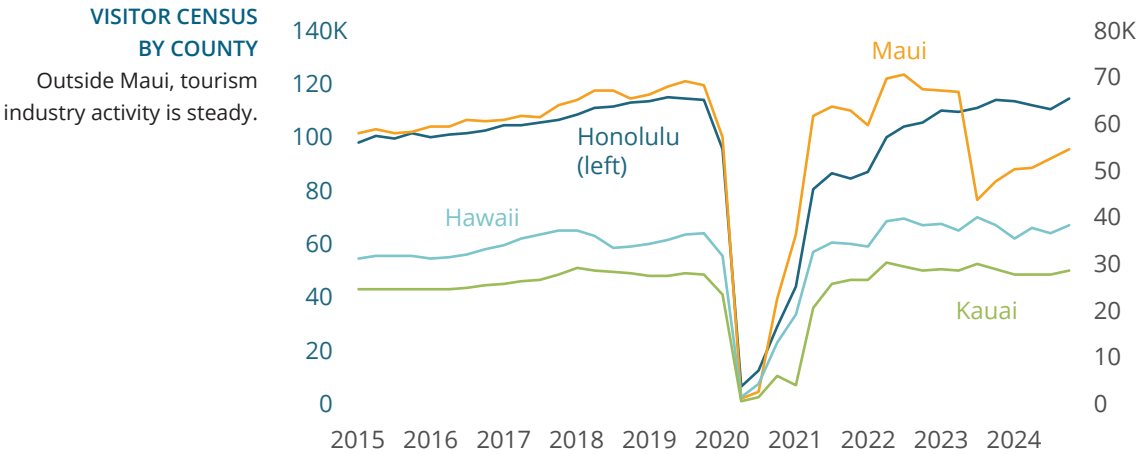
Global uncertainties have increased in recent months. Broad tariff increases by the Trump Administration pose a large near-term risk. After pausing 25% tariffs on Mexico and Canada when they conceded to demands for heightened border security, these are set to begin on March 1. China has seen an additional 10% tariff since early February, and a 25% tariff on steel and aluminum imports from all countries will go into effect March 12. The President also plans “reciprocal” tariffs to bring specific US tariff rates in line with those imposed by foreign countries on US goods. The President sees tariffs as an important source of new revenue to finance tax cuts and other fiscal measures, but they will also raise business costs and consumer prices, and slow overall US growth. Higher trade barriers and a weaker US economy represent a daunting challenge for the rest of the world. We will have more to say about the macroeconomic effects of Trump Administration actions, below.

Other risks to the US and global economies include uncertain prospects for an end to the Russian war on Ukraine, the ongoing potential for conflict in Israel (including the bizarre proposal for the US to take over Gaza), and China’s ambitions for Taiwan reunification. Finally, the spread of Bird Flu has already affected the agriculture industry and the price of eggs. While the CDC states that risk to the general public remains low, there are a few cases of human infection and the possibility that it could evolve into a form that transmits between people.

Tourism sector
flat, Maui slow
to recover

Hawai’i’s visitor industry ended 2024 on uneven footing. Maui is still struggling to recover from the 2023 wildfires, and the average daily visitor census on the other Neighbor Islands fell slightly. The Honolulu visitor census posted a small uptick. The holding pattern exhibited by the statewide visitor census has extended the sideways drift that started in 2023.

Despite the relatively steady visitor numbers, the accommodations sector is experiencing some challenges. Occupancy rates have declined in Neighbor



Island markets, with Big Island establishments experiencing a roughly five percentage point drop, and Kauai close to a three percentage point decline. To maintain competitiveness, many properties have resorted to adjusting their prices. After accounting for inflation, room rates are down slightly on the Big Island and Kauai. Maui hotels, facing lower occupancy, have also cut their nightly rates. Honolulu hotels have experienced flat occupancy and room rates under relatively stable demand.

In a sign that visitors who do come are still willing to open their wallets, inflation-adjusted per-person spending has risen by 6% on the Big Island and 2% on Kauai. This increase has helped to offset part of the revenue impact of lower occupancy. Honolulu, by contrast, has seen a 2.5% dip in inflation-adjusted per-person spending, in addition to a 2.4% decline in the average length of stay, even as more visitors are arriving.

Hawaii's near-term tourism prospects will partly depend on shifting air seat capacity and demand for travel to the islands. Airline schedules for the first quarter of 2025 highlight both promise and caution. Total scheduled seats are projected to rise by about 1% from the same period last year, driven by a more than 6% increase in domestic air seats. But international capacity is projected to fall by about 6% relative to early 2024. The Japanese market will see a 7% year-over-year dip in available seats in the first quarter, as airlines scale back to achieve higher capacity utilization amid the flattening of the recovery from the COVID-19 pandemic.

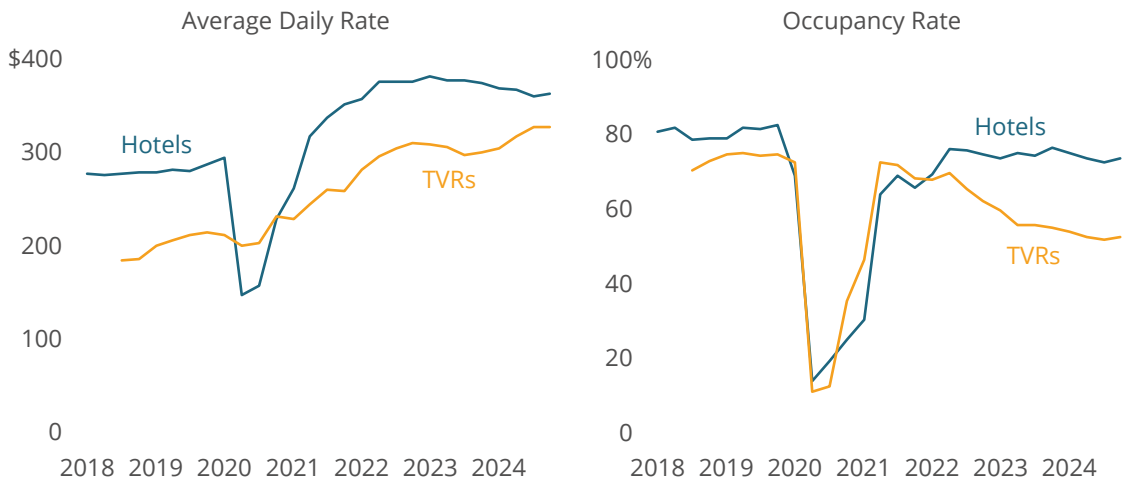
Diverging
Occupancy Rates
between TVRs
and Hotels

Occupancy figures for hotels and TVRs have diverged since travel patterns moved back toward normal after the pandemic. While hotels and TVRs have had similar occupancies in the past, hotels now enjoy much higher capacity utilization than TVRs. Statewide data shows that in 2024, the average gap in occupancy rates between hotels and short-term rentals reached 21% in contrast to a 6% gap in 2019.

The shift in accommodation preferences may stem from evolving visitor tastes, rather than merely a reaction to room rates increases. On the Neighbor Islands, the premium rate for hotels over TVRs actually increased, but TVRs nevertheless lost market share. The situation was different on Oahu, where the room rate premium of hotels over TVRs shrank to just \$18. This difference may reflect a higher TVR occupancy in Honolulu compared with other counties.

AVERAGE DAILY RATE
AND OCCUPANCY RATES
IN HOTELS AND TVRS

While the gap between hotel and TVR prices has narrowed, the occupancy gap has widened.



LA wildfires have limited impact on Hawaii Tourism but add to insurance woes

The recent LA wildfires will have a limited impact on the number of visitors from Southern California. The Los Angeles–Long Beach–Anaheim Core Based Statistical Area is the largest major metropolitan market for Hawaii tourism. In 2023, about 860,000 people from LA visited Hawaii, roughly 9% of all tourists, but the number displaced by the wildfires is much smaller. Still, disruptions caused by the fires may have broader repercussions for that market's performance in coming months.

Yet the wildfires are a grim reminder of the 2023 Maui inferno and its follow-on effects on the cost of insurance. The recent *Annual Report of the Insurance Commissioner of Hawaii* highlights growing instability in the insurance market due to climate-related risks like hurricanes, flooding, and wildfires. Across the country, insurers have raised premiums, reduced coverage, or exited high-risk areas, such as coastal zones. The fires in Southern California could further worsen the national insurance crisis.

State and local tax changes may support growth

The largest income tax cuts in the state's history are now showing up in residents' paychecks as withholdings fell with the new year. The tax changes help to ease cost-of-living pressures, and to the extent that the tax cuts are not matched by state spending reductions, increased demand from local consumers supports short-term growth. Yet a nearly four percentage point decline in general fund revenue growth in the January statement suggests that the State Council on Revenues may lower their forecast for revenue growth at their upcoming March meeting.

Governor Josh Green has proposed extending the half-percent excise tax surcharge on the Neighbor Islands through 2047. The surcharge is currently set to expire in 2030. Kauai and Hawaii Counties can only use these funds for transportation projects like roads and buses. Maui County is permitted to also use its share for housing infrastructure. Sustaining and building new infrastructure supports economic growth on the Neighbor Islands, both at the time of the expenditures and as the infrastructure enables further local economic activity. The Oahu surcharge is still expected to sunset in 2030.

Maui wildfire settlement allowed to proceed, putting dollars in the hands of survivors

The Hawaii Supreme Court has cleared the way for the \$4 billion Maui wildfire settlement to proceed in determining payments to wildfire survivors. The decision overturned a lower court's ruling that had paused the settlement. These payments will help survivors rebuild their lives and stimulate economic activity on the Valley Isle.

The settlement aimed to end lawsuits for liabilities related to the downed power lines that ignited the devastating fires, killing more than 100 people and destroying thousands of homes and businesses. But insurance companies were also suing for a share of the settlement to reimburse claims directly paid out to policyholders, a process known as subrogation. However, a crucial part of the settlement agreement prevents insurance companies from pursuing subrogation claims. This protection for defendants was one factor behind the substantial size of the settlement amount, since it avoids risks of further payouts.

The Court's decision now allows the settlement to proceed, including the condition preventing subrogation. The decision doesn't leave the insurance

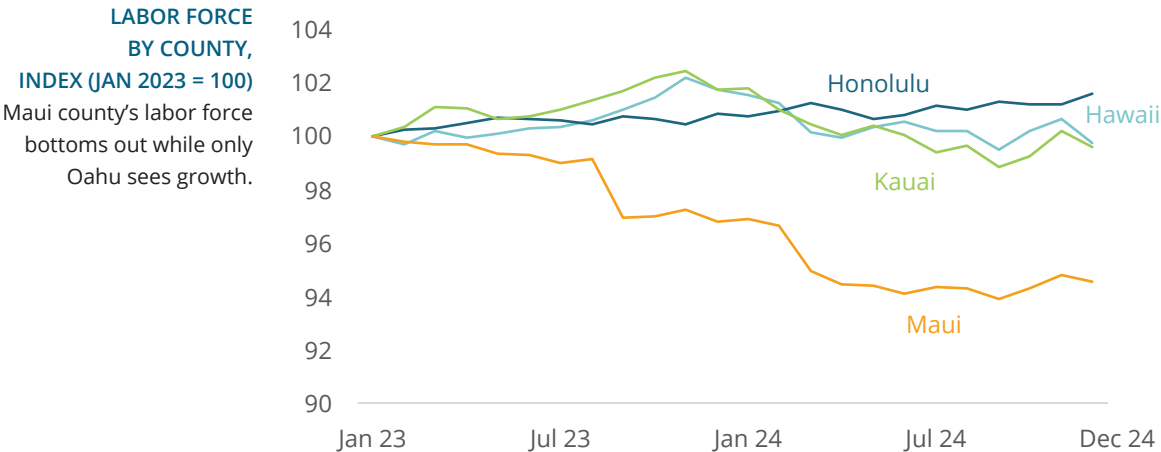
companies entirely without recourse. The ruling suggests they may still have the right to pursue reimbursement from policyholders for money already paid out. It is unclear whether they will want to pursue reimbursement from these fire victims. However, it also introduces a new concern for the insurance market in Hawaii. If insurance companies are prevented from pursuing subrogation, they may face larger risks that losses cannot be recouped from a responsible third party. This could increase premiums or discourage insurers from offering policies.

Maui's labor market stagnates, other counties see mixed trends

Hawaii's overall labor force growth hit a pause last year (Labor force data reflect UHERO estimates of the impact of upwardly revised state population data). All Neighbor Islands experienced losses: Maui County lost workers following the wildfires, while Kauai and Hawaii Counties also saw a 2% decrease in their labor force. Honolulu was the only county that expanded its labor force, adding about 3,000 workers, offsetting the declines on the Neighbor islands. Payroll jobs show the same trends. In December, payroll jobs were up by 2% year over year in Honolulu County, while they were down by nearly 1% in Kauai and Hawaii counties.

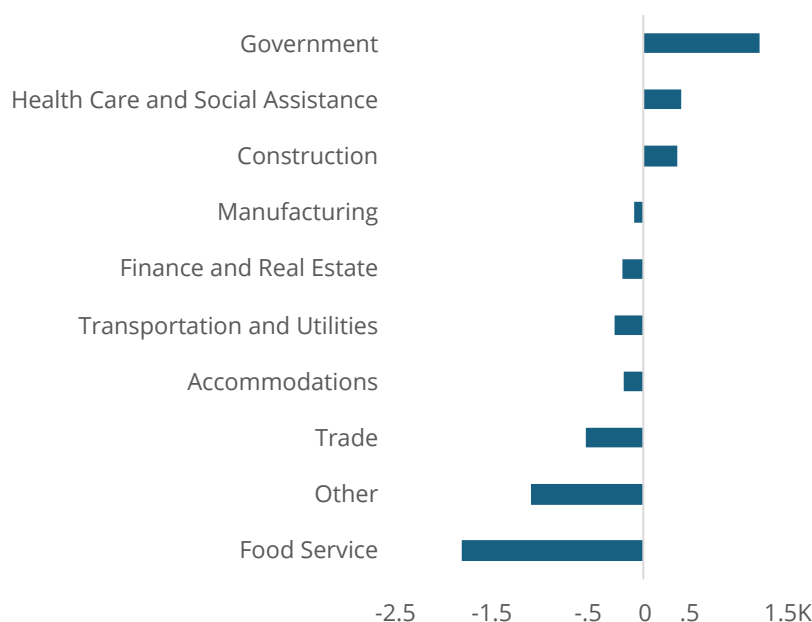
Maui County's labor force and employment dropped sharply following the 2023 wildfires. The labor force reached a low of approximately 83,000 workers in September of last year, about 4,500 fewer than before the wildfires. While there are signs of stabilization, recovery has been slow, with only 600 workers reentering the labor force since September. Several factors may be contributing to this sluggish recovery, first and foremost the lack of available jobs. Other factors that may be contributing to labor force weakness include increased retirements, workforce exits due to health issues, and outmigration for personal reasons. Based on data from a recent UHERO [blog](#), we estimate that the county has lost more than a thousand residents due to increased outmigration and decreased in-migration as a result of the wildfires.

On the demand side, many businesses affected by the wildfires are still grappling with the aftermath. A [survey](#) by the Maui County Office of Economic Development revealed that a large share of Maui businesses were impacted both directly and indirectly by the wildfires. These businesses cited lacking a physical location, scaling back operations, or other impacts, and many are still evaluating the disaster's implication for their future plans. As



CHANGE IN MAUI COUNTY PAYROLLS FROM JULY 2023 TO DECEMBER 2024

Employment in many Maui industries remains well below pre-wildfire levels.



a result, Maui County employment remains largely unchanged from a year ago. By the end of 2023, payrolls in the food service industry had declined by more than 2,100 jobs. A year later, the industry had regained only 250 jobs, leaving food service employment 18% below its pre-wildfire peak. Similarly, payrolls in finance and real estate, transportation and utilities, trade, and other services sectors have shown little change since December 2023 and remain well below pre-wildfire levels. As in the previous year, most job growth has been concentrated in the healthcare, construction, and government sectors.

The construction industry remains a strong and active sector in the state's labor market, driven by high levels of government contracts, new home building, and now the rebuilding efforts in Lahaina. Since July 2023, Maui's construction workforce has grown by 8%, and Honolulu County's construction payrolls are near record highs.

Home affordability remains historically low

The median price of a single-family home rose 9% statewide in 2024. Maui County saw the biggest increase at 13%, while Honolulu County had the smallest at 4%. The median condominium price rose just 3%. Weak appreciation in the condominium market may be linked to the rapid deterioration of the property insurance market, as we discussed above. In addition to the impact of underinsurance on mortgage availability and demand, rising insurance costs have also driven up fees assessed by Associations of Apartment Owners (AOAOs), making condo ownership less attractive. With mortgage interest rates hovering near 7%, home affordability for local residents remains historically low.

Flat or declining condo prices are unlikely to improve affordability much, as some local buyers will struggle to secure mortgages for uninsured buildings or face rising AOAO fees. Hawaii's AOAO fees are already among the [highest in the nation](#) and pose a significant barrier to housing affordability. UHERO has been tracking AOAO fees across for-sale property listings on Oahu, where the median listed condominium had monthly fees of \$836. For a third of listings, fees exceeded \$1,000 per month. AOAO fees vary widely depending on a property's features and the expenses they cover.

HAWAII IS EXPENSIVE, BUT INCOME INEQUALITY IS RELATIVELY LOW

Living in Hawaii is costly, and lower-income households have the hardest time making ends meet. But, interestingly, the state has one of the lowest levels of income inequality in the country.

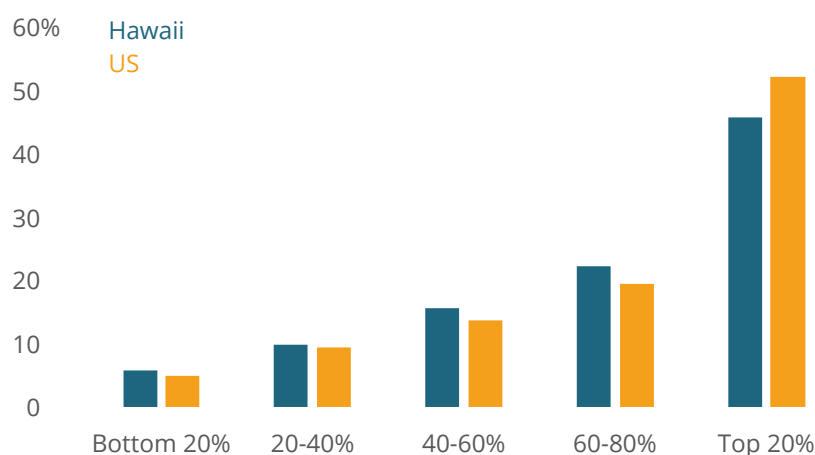
A common measure of inequality is the Gini coefficient. The measure ranges from 0 to 1, where 0 represents perfect equality (everyone has the same income) and 1 represents perfect inequality (one person has all the income).

In 2022, Hawaii ranked as the 10th least unequal state in the country, with a Gini coefficient of 0.45. States with similar levels of inequality include Alaska, Maine, Kansas, and Indiana. And this is not a recent development: Hawaii has seen lower income inequality than the national average for at least the past decade.

Hawaii's relatively lower level of inequality can be attributed to its unique economic structure, attractive climate, and amenities. The state's economy is heavily reliant on tourism, which primarily provides low- to mid-range wages. For these jobs, employers have to pay more in Hawaii to cover the higher cost of living. Higher rates of unionization also play a role. But Hawaii also has fewer high-paying, specialized occupations compared with many other states. One reason is that industries that pay more tend to be small—or nonexistent—in Hawaii. For example, the professional

SHARE OF TOTAL PERSONAL INCOME BY EARNINGS BRACKET FOR HAWAII AND THE US

Hawaii's lower-income earners receive a larger share of total personal income, while higher-income earners receive a smaller share compared to the national average.



and business services sector accounts for a much smaller share of Hawaii's GDP than in the U.S. overall, while the hospitality sector represents a significantly larger share. Secondly, higher-paying workers may be willing to forego higher wages on the mainland because they get to enjoy Hawaii's climate, amenities, and family ties.

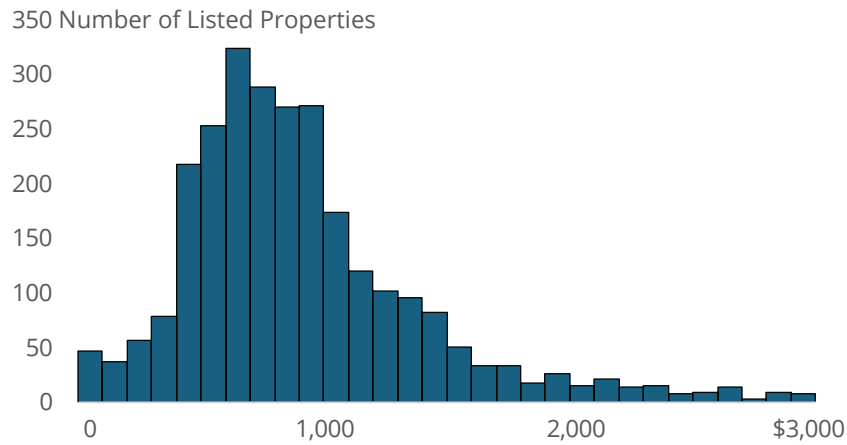
As a result, top-paying positions in Hawaii generally offer lower salaries than their mainland counterparts. As noted in a previous UHERO blog, the average bachelor's degree holder in Hawaii earns less than their mainland peers across most top-paying college majors. In 2022, the top 20% of earners in Hawaii received a smaller share of the state's total personal income, 46% compared with 52% at the national level.

Conversely, individuals at the lower end of the income spectrum in Hawaii tend to earn slightly more than their mainland counterparts. In 2022, the bottom 20% of earners in Hawaii received 6% of all personal income, compared with 5% nationally. And those in the middle-income brackets earned a larger share of the state's total personal income than their peers nationwide.

This combination—higher wages for lower-income workers and lower wages for higher-income workers—results in a narrower income distribution, contributing to Hawaii's relatively lower level of inequality.

**MONTHLY CONDO
FEES FOR PROPERTIES
LISTED ON OAHU**

Distribution of
Associations of
Apartment Owners
(AOAO) fees across listed
properties on Oahu in
January, 2025.



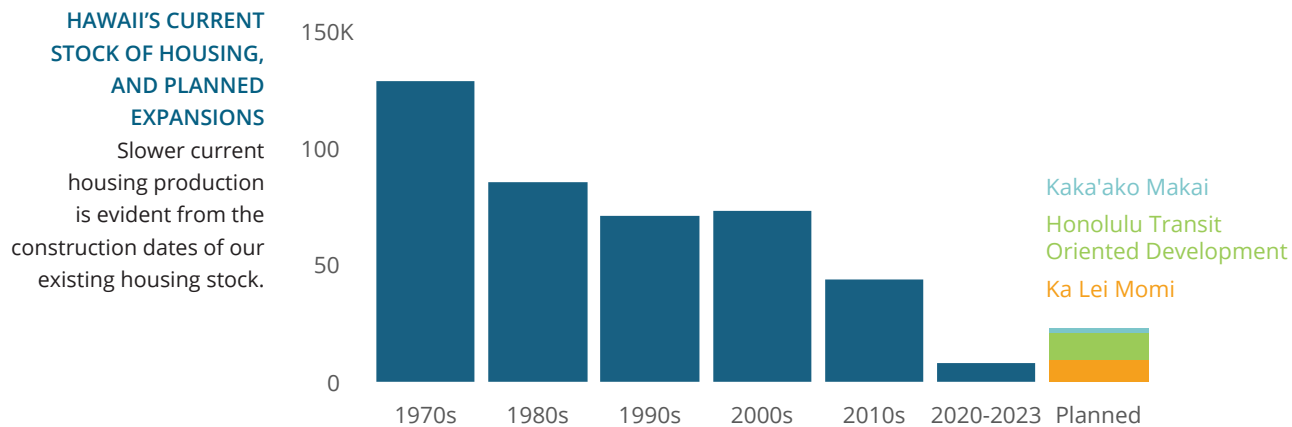
State laws passed during the 2024 legislative session compelled counties to alter zoning codes to allow more new housing. Honolulu recently incorporated these changes by adopting an ordinance that permits up to three housing units to be built on any residential lot and allows multifamily housing to be built in areas that were previously zoned for business use. A second change makes it easier for developers to potentially convert underused office buildings into residential units. These changes remove barriers to housing production, although a web of permitting and infrastructure constraints will continue to prevent or delay many would-be projects.

State investments and policy initiatives aimed at expanding housing supply are beginning to make a measurable impact in addressing the state's severe housing shortage. The state government has identified 63,000 housing units in its "[Affordable Housing Pipeline](#)," which are at various stages of planning and construction. Of these, an estimated 10,000 units are expected to be completed by 2026. A substantial share of new rental developments has been made possible through the state's Rental Housing Revolving Fund, which received a \$300 million State appropriation in 2022. The Governor has proposed to further expand the Revolving Fund by an additional \$250 million over the next two years.

Beyond the Rental Housing Revolving Fund, the current legislative session has introduced proposals to expand investment in several housing initiatives. There is growing support for increasing funding for the Aloha Homes program, which aims to develop leasehold units for local residents. Additionally, an active bill ([HB739](#)) proposes using public funds to purchase deed restrictions on existing housing units, ensuring they remain reserved for local families in perpetuity. The legislature is also considering a proposal to allow the Office of Hawaiian Affairs (OHA) to develop high-density housing in Honolulu's Kakaako Makai area. Draft plans for the OHA-led development would see new condominium towers with 2,000 units of new housing.

Additional State funding is expected to support the Hawaii Public Housing Authority's Ka Lei Momi plan, which aims to develop 10,000 new public housing units, with the largest expansion focused on redeveloping Mayor Wright Homes. At the county level, Honolulu's Strategic Housing Plan projects 11,250 new housing units along the rail corridor by 2029.

Collectively, these initiatives represent a significant expansion of housing supply, but new home production still remains historically low. Over the past decade, construction has occurred at roughly half the pace of the 2000s and just a quarter of the rate seen in the 1970s, when more than 130,000 housing



units were built. While population growth was higher in past decades, our current period of flat population growth is, in part, a result of insufficient housing supply.

The demand for construction workers across the state remains strong. Billions of dollars in federal contracts to Pearl Harbor and the continued construction of Honolulu's rail system continue to generate strong demand for construction labor. In December, the Hawaii State Department of Health awarded a \$337 million contract to Nan Inc. for wastewater treatment upgrades in Hilo. The LA wildfires will generate a strong need for construction work in California, which could entice some workers in Hawaii to relocate in search of higher wages. Federal efforts to deport undocumented workers across the country could further tighten the construction labor supply, contributing to higher costs and longer delays.

THE HAWAII OUTLOOK

Hawaii's slow-growth economy faces daunting headwinds as the Trump administration begins to cut federal jobs, attempts to restrict grants and contracts, begins deportations, and imposes broad tariffs. The potential economic effects of these policies have become larger and much harder to read since the time of our last forecast, because of the vast sweep of Administration actions since the Inauguration, and by the fact that many of these actions are being challenged in federal courts. The outcome of these challenges will determine to what extent the nation and Hawaii residents and businesses will be affected over the next several years.

Despite the increased uncertainty, we expect that the next Continuing Resolution to fund the federal government beginning in March will provide support for US consumer spending later this year, benefitting Hawaii residents and Hawaii tourism to some extent. But significant cuts to the federal workforce will have large adverse effects on employment, both nationally and in Hawaii. This raises Hawaii recession risks significantly. Tariff increases and immigration restrictions will exert upward pressure on costs and prices in 2025-2027, further weighing on the economy. Construction will remain a positive factor locally, as Maui's rebuilding and remaining federal spending adds to a strong construction cycle.

Trump Administration policies may have far-reaching economic effects

The Trump Administration has initiated potentially profound changes to federal employment, government structure, trade policy, and immigration. The frenetic pace of Administration actions and the many legal challenges introduce broad uncertainty for consumer and business decision-making. Some new requirements on agencies that receive federal funding will also come up against state law. Were the Trump Administration to proceed despite court orders, this could have far-reaching adverse effects.

In the sections below, we review by broad category key Trump Administration actions and their potential effects on the Hawaii economy.

The Administration moves rapidly to downsize government and eliminate agencies

The President's advisory group, labeled the Department of Government Efficiency (DOGE), is looking to make cuts across the federal workforce. In some cases these represent ideological opposition to the role of an agency; in others they reflect the Administration's desire to reduce the size of the federal workforce. DOGE has been tasked with finding \$2 trillion in savings from the \$6.75 trillion federal budget, although comments by Elon Musk have suggested these targets may end up smaller.

So far, USAID has been basically shut down, and the Administration plans to eliminate the Federal Department of Education (DOE) as well. Up to 75,000 federal employees accepted a "deferred resignation" offer before court challenges were dismissed and new applications to the program were ended on February 12. Mass layoffs began immediately thereafter, initially targeting probationary employees in a number of agencies. Efforts to fire nearly all workers at the Consumer Financial Protection Bureau have been halted for now by a federal court.

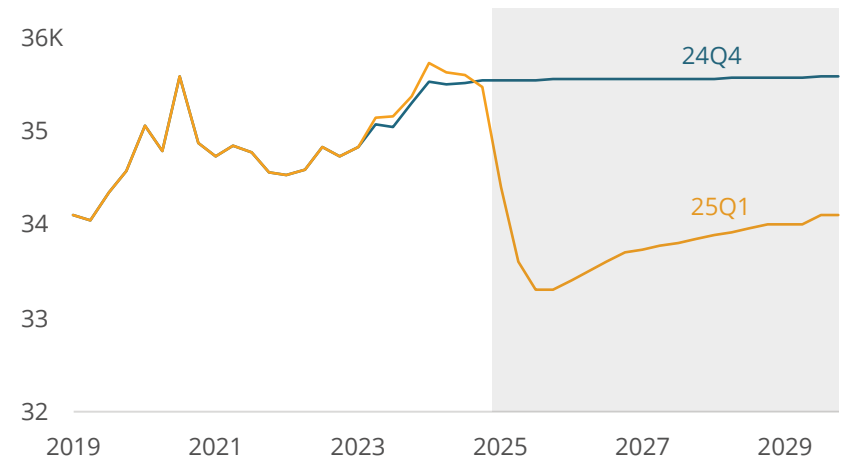
The Trump Administration also moved to halt expenditures on nearly all federal government grants. While this directive has been halted for now by federal courts, there have already been significant impacts. Funds have not yet been restored to some recipients. This poses a particular challenge for Hawaii's significant non-profit charitable sector, interrupting support for local community agencies. And some scientific research projects have or will be abandoned because they cannot be continued without steady funding. These include, for example, scientific studies and clinical trials that require continuous operation. The shuttering of USAID has caused the cessation of life-saving treatments across the globe.

While the express goal of federal firings is to reduce waste and fraud, there is little evidence that these cuts have done so. Instead, the cuts will impose limits on a broad array of federal government services, with adverse impacts on businesses and households that rely on these services. Even if some employees are later rehired by necessity, as we assume, the lost economic support in the meantime could have permanent impacts.

Federal layoffs
will hit Hawaii
payrolls hard

The state has a significant federal presence, including both military bases and civilian jobs. Federal civilian spending makes up 5% of Hawaii's GDP, so a reduction in this spending will have significant follow-on effects. Federal government job losses under the Trump Administration's "deferred retirement" program and mass layoffs across many agencies will have a sharply negative effect on Hawaii employment. While the precise extent and timing of layoffs are not yet known, we do have data from the federal government on jobs by agency for the US and Hawaii. Excluding the Department of Defense, where layoff policy remains unknown, we estimate that out of a Hawaii federal workforce of about 34,500 workers (excluding postal workers), about 1,100 are potentially subject to dismissal because they have been on the job for a year or less. Assuming the same proportion of Hawaii workers have taken the deferred retirement incentive as has been reported nationally, there will be another roughly 1,100 lost federal workers. Although some fraction of laid off workers will eventually need to be rehired to meet actual workforce needs, we assume a net decline of more than 2,000 Hawaii federal workers.

HAWAII FEDERAL
GOVERNMENT JOB
FORECAST
Mass layoffs will
hammer Hawaii's
federal workforce.



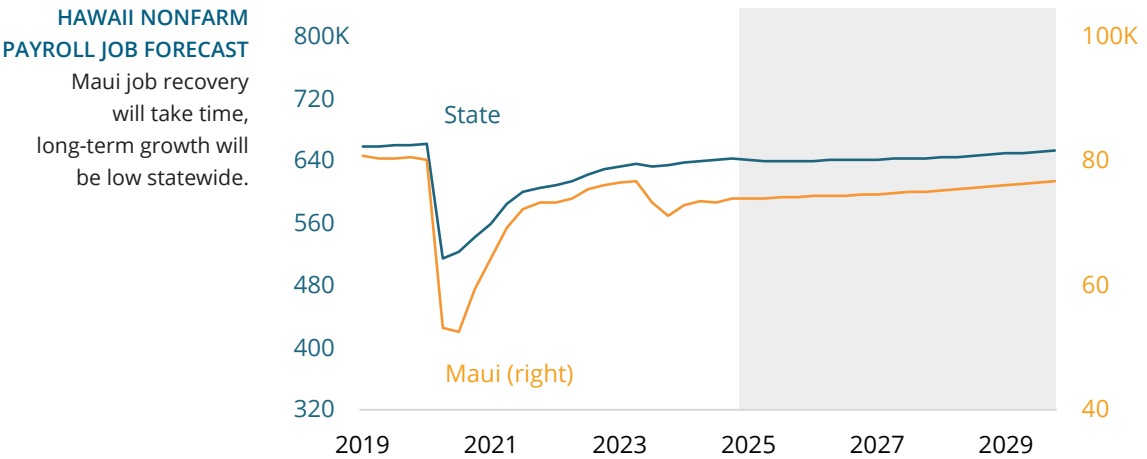
Because this does not include DOD employees, we view this as a conservative estimate. In addition, there may be substantial losses of contract workers who are not federal employees. Therefore the overall losses will be larger than just federal layoffs. And job losses will lead to decreased consumer spending, further slowing the local economy. The overall effect will of course depend on the eventual scale of the downsizing.

Even our conservative assumptions are enough to fully offset job gains in other sectors, reducing Hawaii payroll growth essentially to zero this year. The adverse effects of coming tariff and immigration policies, discussed below, and the peaking of the construction cycle will further weigh on statewide job growth in coming years. Larger losses, or losses in related sectors, would precipitate a Hawaii jobs recession.

Looking at specific sectors, construction will continue to operate at a high level, as we will discuss further below. Tourism-related industries will see moderate job growth in 2025, but with considerable variation across counties. Kauai county will see job losses in accommodations and food service this year, while Honolulu and Hawaii counties see gains. These sectors will soften thereafter as domestic visitors recede somewhat. Statewide employment in the trade sector will be largely unchanged for the next several years.

The accommodation and food service and trade sectors will support a resumption of Maui's overall job recovery this year. After taking into account federal layoffs, the county will see a net gain of about 1,000 jobs over the next two years. Still, employment will remain below pre-fire levels in 2029. The other two Neighbor Island counties began experiencing job losses last summer that will continue this year. Honolulu payroll jobs will be essentially flat for the next three years.

There is now more uncertainty about prospects for the state and local government job base. On the one hand, reduced federal services will increase the need for more state-level activity. But the state relies heavily on federal grants—more than 20% of state revenue in a typical year. Cuts to federal funding would weigh on overall state finances. For now, we are assuming some modest falloff in state and local government employment. We will refine this forecast as more information becomes available.



Tariffs and deportations will push up Hawaii prices, hinder building

On February 1, President Trump imposed a 10% tariff on all Chinese imports and a 25% tariff on imports from Canada and Mexico, although implementation of the Canada/Mexico tariffs was later delayed by one month after both countries agreed to increase security efforts at the border. All three countries announced retaliatory tariffs. On February 10, the President announced a 25% tariff on all steel and aluminium imports. In addition, “reciprocal” tariffs are planned on imports from all countries, matching the tariff level those countries impose on US imports. For example, the US charges a 2.5% tariff on European vehicles, but this would be raised to match the 10% that the EU charges on US vehicles. (The EU has indicated a willingness to negotiate on these issues.)

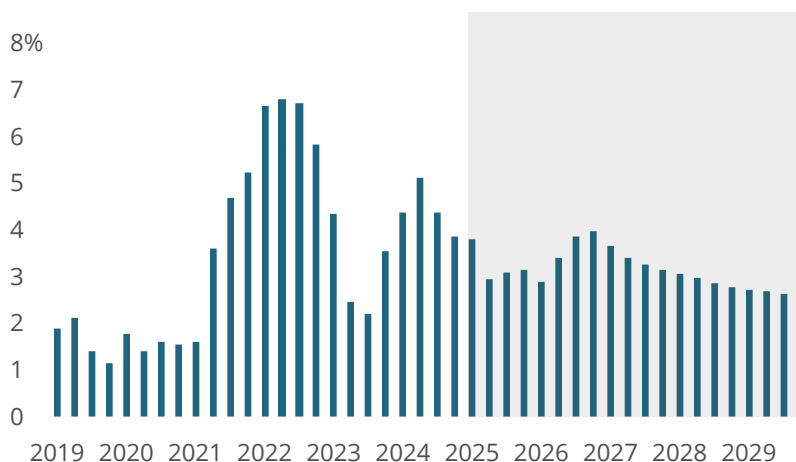
Tariffs on imports to the US will increase the cost of imported products to Hawaii, whether from these tariffed countries or the US mainland. In addition to directly targeted final goods, US manufacturers who are reliant on imported components and materials will face tariffs on production costs that will be at least partially passed on to consumers. The ability to mitigate these costs by shifting to domestic alternatives is very limited, because adjustments to supply-chains could take many years; for many products, there may not be a US alternative.

Mass deportations of unauthorized migrants would also impact prices in the US and Hawaii, particularly for food and construction, where these workers make up a large proportion of the industry labor force. Even if forced removals remain limited, there will be a chilling effect on immigrants that may force so-called “self deportations.” In any case, the resulting reductions in labor supply will lead to higher prices. And it will be more difficult to meet the pressing need for more homebuilding. Hawaii could be less directly affected than the mainland, since migrants crossing the US southern border are probably less likely to have relocated to Hawaii, because of high travel costs, higher Hawaii living costs, and fewer relatives already living here. Still, it will exert upward pressure on the supply and cost of food from the mainland and on construction costs here.

This adds to the pressure on food prices due to the Bird Flu outbreak. The price of eggs rose 55% nationally in 2024, and the US Department of Agriculture predicts egg prices will increase further this year. While eggs are a very small share of the typical household budget, other foods are also affected by the outbreak. Other animals such as cattle are also catching Bird Flu. So far, overall price effects at the retail level have been limited. The CPI

HONOLULU CONSUMER PRICE INFLATION FORECAST

Inflation in Hawaii will rise after tariffs are implemented.



shows food prices are up 2.5% in 2024 (3.8% in Hawaii), with beef and veal up 5.5%. But the Producer Price Index shows the price of livestock was up 14% for the year, suggesting further consumer price increases are on the way.

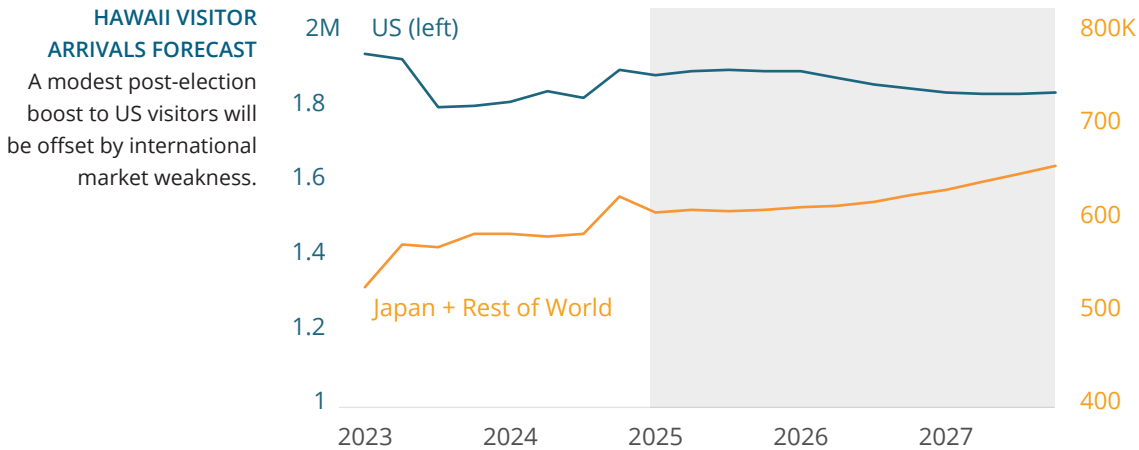
Honolulu inflation averaged 4.4% in 2024, considerably higher than the national average. The jump in overall prices was largely driven by a delayed surge in shelter costs, which have abated somewhat since last summer. Declining energy costs have further helped to offset the elevated shelter component. Following a decline to 3.2% next year, inflation will rise back up and stay near 3.5% until 2027, as tariffs and higher costs from deportations restrict supply, and costs are passed along to consumers.

The inflationary effects of these policies could have broader effects on the macroeconomy. Higher inflation may well cause a lengthy pause in Federal Reserve interest rate cuts, and higher federal budget deficits may further increase longer-term interest rates. Higher interest rates would adversely affect many businesses and household finances. Higher mortgage rates will delay further the recovery of housing markets and act as a drag on new home building.

Fiscal lift for US tourism this year, but policies will hurt in the medium term

The anticipated Continuing Resolution to fund the federal government beyond March 12 is expected to result in a modest near-term stimulus to the US economy. That will provide a slight boost to US mainland visitor numbers this year, before the adverse macro effects of Trump Administration policies weaken the US market beginning in 2026. Deteriorating global political and trade arrangements will hold back the recovery of international markets. Aside from an upward blip at year end, the recovery of visitors from Japan has been largely stalled since the end of 2023; we expect little additional progress through 2026.

A modest upturn in visitors from the rest of the world will offset weaker gains in the Japanese market. Together with the tax-cut-driven US boost, the net effect will be a 2.6% rise in arrivals in 2025, and the visitor census will move up by roughly the same amount. Given the broad extent of disruptive federal policy changes now likely, we have lowered our tourism outlook for 2027-2028. Total arrivals will fall by 1% over this period, rather than growing at 3% as we forecast in the fourth quarter. Visitor numbers will return to a



modest growth path in 2028. The average daily census will also dip lower over the next two years. Following a nearly \$1 billion decline in 2024, real visitor expenditures will stabilize this year, before dropping another \$800 million over the 2026-2027 period.

Maui’s visitor recovery will continue to be gradual

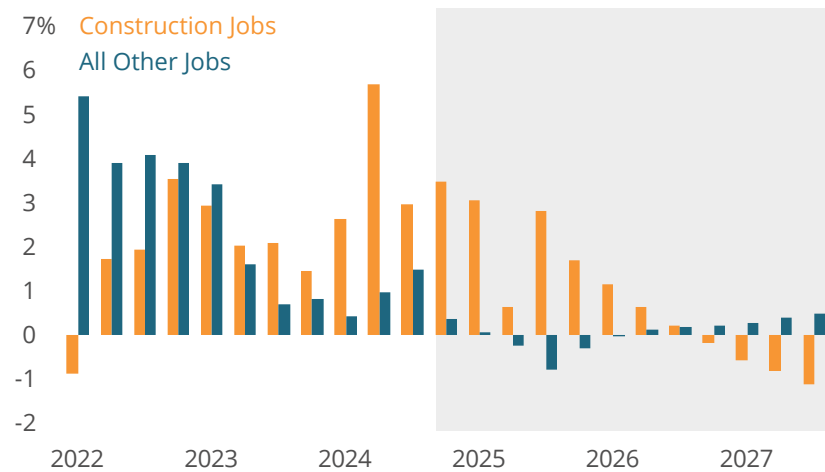
Due to the ongoing post-fire recovery of tourism, the visitor census for Maui County will post solid annual growth in 2025, but the gains will decelerate during the year. Because it is dependent on the US market, Maui will get a slight boost from anticipated US growth, but this does not materially change our expectation of a moderating recovery pace. Over the next three years, growth of Maui’s visitor census will slow below last year’s pace. If the proposed ordinance to ban Minatoya List short-term rentals is adopted, we may well see an even slower recovery. Visitor growth prospects for the other counties are muted: the visitor census on Hawaii and Kauai will change little over the next few years, while Honolulu will face a slight decline amid stagnant demand.

Strong construction growth will remain a key support

As we have noted in past reports, the Hawaii construction industry is in the midst of one of its biggest building booms. This construction surge reflects both an enormous volume of government projects and ongoing residential building. Maui rebuilding is being added to the mix. In 2026, construction employment in the Isles will peak just shy of 41,000, up from less than 37,000 in 2020 (Note that our estimate of pending data revisions has reduced the peak by about 1,000 workers, compared with our fourth quarter 2024 forecast). The cycle will begin to ebb by 2027, but a high level of activity will continue for a number of years. This will impose strain on construction resources through the remainder of the decade.

We have raised our forecast for thirty-year fixed-rate mortgages by a half-percent for 2025 to 6.8%, maintaining its current level. Rates will recede only gradually thereafter, settling at about 6.3% by 2028. There remains both upside and downside risk, depending on whether larger budget deficits result in higher long-term interest rates or whether developing weakness

HAWAII CONSTRUCTION JOB GROWTH FORECAST
Construction will continue to lead job growth, before the cycle slows.



leads to anticipations of slower future growth. The persistent high rates will weigh on resale activity in the near term, but Hawaii's housing shortage will nevertheless propell residential construction forward in coming years.

The overall Hawaii economy is set for slower growth

Last year, Hawaii posted a modest rate of overall growth. The total number of jobs in the state expanded by about 1%, and real gross domestic product—our broadest measure of economic activity—edged up 0.3%. Because of federal policy impacts, growth for the next three years will come in below our previous forecast. Real GDP will increase by 1.6% in 2025, compared with 2.9% in our fourth quarter forecast. Over the next three years, there will be essentially no job growth, and real GDP will expand at a less-than-1.5% annual pace.

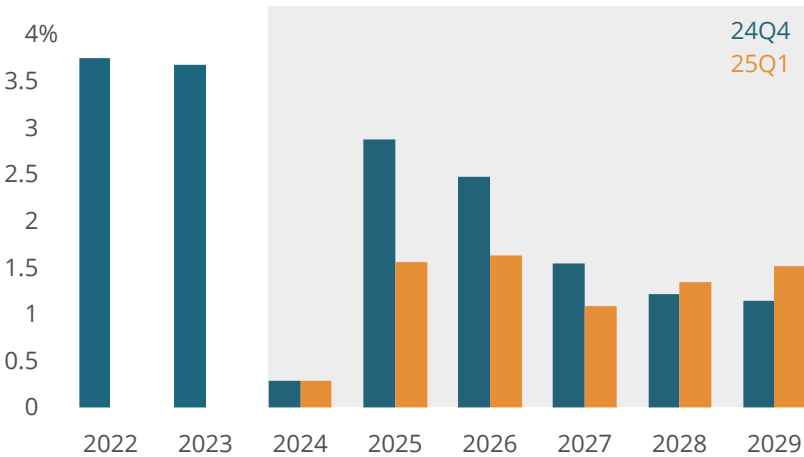
Average hourly earnings gains slightly outpaced the rate of inflation last year, lifting the overall real purchasing power of the typical Hawaii resident. Personal income will benefit from state and federal tax cuts, but, like employment, it will be pulled down below our previous forecast as higher tariffs, federal workforce downsizing and deportations hamper growth and raise costs. Real income growth will decelerate to a less than 1% average pace for the next three years. With little change in population during the forecast period, real per capita income will follow a similar pattern.

While much of our focus in this report is on near-term consequences of federal policy shifts, it is worth repeating here the backdrop against which these changes are occurring. As we have noted in the past, Hawaii has moved onto a slower growth path than in the past as population and labor force growth have slowed and our society has begun to age at a more rapid pace. Further trend slowing will occur in future years as these forces deepen, varying to some extent across the counties. These demographic constraints will pose challenges for business hiring and public finances.

Federal policy changes raise Hawaii recession risks

The first month of the Trump Administration has revealed the scope of change that the President wants to achieve; the haste of actions to achieve these changes has been equally notable. For Hawaii, that gives us more information about potential economic fallout, in particular the adverse

HAWAII REAL GDP GROWTH FORECAST
Expansive Trump policies have reduced our near-term growth forecast.



effects on employment and economic activity here from federal government “deferred resignations” and mass layoffs. We also know that inflation is likely to pick up—temporarily at least—as tariffs are imposed in coming months.

But there remains considerable uncertainty. The legality of a number of the President’s early actions appears doubtful, and many have been halted for now by court orders. The outcomes could affect whether agencies are in fact shut down and how many jobs will ultimately be eliminated. The attempt to freeze federal research grants, or to condition them on criteria that are at odds with State law, would harm UH and local social service agencies. While the Administration has shut down essentially all legal avenues for immigrants seeking entry, as far as we can tell the number of unauthorized immigrants expelled remains at about the same level as the last year of the Biden administration, already a 10-year high. If deportations ramp up further, there could be sharp increases in food prices and a severe shortage of construction workers. On the flip side, it is impossible to know at this stage whether some efficiencies might ultimately be gained from deregulation, and to what extent these might be offset by the loss of critical public services, or from weaker regulatory protections to labor standards, food safety, and the environment.

If there is good news to be had, it is that the Hawaii economy enters this period operating at a high level of activity, albeit one that is now growing very slowly. Tourism, while past the post-pandemic rebound, motors along at a fairly healthy level, save Maui, which has a long recovery road yet to run. Employment is also stable, with moderately low unemployment and some ongoing job growth through last year, and the construction sector remains strong. Even as trend job growth declines, the positive picture going in is helpful when potentially large disruptions loom.

Still, the risk of a Hawaii recession is now higher than at any time since COVID-19 hit. In addition to the federal government risks described above, interest rates look likely to remain high for an extended period, imposing ongoing costs for households and interest-sensitive businesses. The State budget will be impacted by reduced activity and possible federal program cuts, so that too could weigh on growth. To say the least, this is an uncomfortable and uncertain time for the people of Hawaii.

TABLE 1: MAJOR ECONOMIC INDICATORS

STATE OF HAWAII FORECAST

	2023	2024	2025	2026	2027	2028	2029
MAJOR INDICATORS							
Nonfarm Payrolls (Thou)	633.0	639.7	639.7	640.1	641.9	645.4	650.4
% Change	2.4	1.1	0.0	0.1	0.3	0.6	0.8
Unemployment Rate (%)	3.0	3.0	3.4	3.6	3.6	3.5	3.2
Population (Thou)	1,441.4	1,446.2	1,446.3	1,444.6	1,443.5	1,443.3	1,444.1
% Change	0.1	0.3	0.0	-0.1	-0.1	0.0	0.1
Nominal Personal Income (Mil \$)	94,968.3	100,563.5	104,550.1	109,296.5	114,002.4	118,635.8	123,568.9
% Change	5.5	5.9	4.0	4.5	4.3	4.1	4.2
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Real GDP (Mil 2024\$)	115,140.0	115,473.4	117,273.4	119,174.8	120,461.1	122,071.0	123,911.3
% Change	3.7	0.3	1.6	1.6	1.1	1.3	1.5
Real Personal Income (Mil 2024\$)	99,167.2	100,563.5	101,278.0	102,266.2	103,203.7	104,362.6	105,882.4
% Change	2.3	1.4	0.7	1.0	0.9	1.1	1.5
Real Per Capita Income (Thou 2024\$)	68.8	69.5	70.0	70.7	71.5	72.3	73.3
% Change	2.3	1.1	0.6	1.1	1.0	1.1	1.4
TOURISM SECTOR DETAIL							
Total Visitor Arrivals by Air (Thou)	9,657.6	9,685.0	9,939.8	9,887.6	9,857.8	10,116.2	10,472.1
% Change	4.6	0.3	2.6	-0.5	-0.3	2.6	3.5
U.S. Visitors	7,425.3	7,330.1	7,525.1	7,437.0	7,301.4	7,399.6	7,584.3
% Change	-4.0	-1.3	2.7	-1.2	-1.8	1.3	2.5
Japanese Visitors	590.0	720.4	730.9	755.5	834.1	950.5	1,063.8
% Change	205.4	22.1	1.4	3.4	10.4	13.9	11.9
Other Visitors	1,642.3	1,634.5	1,683.8	1,695.0	1,722.2	1,766.1	1,824.0
% Change	26.1	-0.5	3.0	0.7	1.6	2.5	3.3
Average Daily Census (Thou)	234.8	229.3	235.0	232.7	233.1	240.1	248.3
% Change	1.1	-2.3	2.5	-1.0	0.2	3.0	3.4
Average Daily Room Rate (\$)	377.4	364.2	366.9	373.2	380.2	393.9	415.4
% Change	1.8	-3.5	0.7	1.7	1.9	3.6	5.5
Occupancy Rate (%)	69.5	68.7	70.2	69.2	69.1	71.0	73.1
Real Visitor Expenditures (Mil 2024\$)	20,670.3	19,711.8	19,677.4	19,198.9	18,887.5	19,111.7	19,427.0
% Change	2.1	-4.6	-0.2	-2.4	-1.6	1.2	1.6

Note: Source is UHERO. Nonfarm Payrolls for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for income and GDP for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2029 are forecasts.

TABLE 2: JOBS BY INDUSTRY

STATE OF HAWAII FORECAST

	2023	2024	2025	2026	2027	2028	2029
Nonfarm Payrolls (Thou)	633.0	639.7	639.7	640.1	641.9	645.4	650.4
% Change	2.4	1.1	0.0	0.1	0.3	0.6	0.8
Construction and Mining	38.2	39.4	40.4	40.7	40.5	39.8	39.2
% Change	2.6	3.2	2.5	0.9	-0.7	-1.6	-1.5
Manufacturing	12.7	12.7	13.0	13.1	13.3	13.4	13.6
% Change	1.1	0.2	1.7	1.4	1.2	1.2	1.1
Trade	82.9	81.5	81.7	81.6	81.8	82.5	83.5
% Change	0.8	-1.6	0.1	0.0	0.3	0.9	1.2
Transportation and Utilities	34.4	33.8	33.4	33.0	32.8	33.0	33.6
% Change	3.8	-1.6	-1.3	-1.0	-0.7	0.8	1.8
Finance, Insurance and Real Estate	27.8	27.0	26.7	27.1	27.3	27.4	27.6
% Change	0.0	-2.8	-1.1	1.3	0.7	0.5	0.7
Services	314.0	319.5	321.2	321.8	323.3	325.9	329.4
% Change	3.1	1.8	0.5	0.2	0.5	0.8	1.1
Health Care and Soc. Assistance	74.2	76.0	75.8	76.1	76.9	77.8	78.8
% Change	2.5	2.4	-0.3	0.4	1.0	1.2	1.3
Accommodation and Food	105.8	107.1	108.9	109.5	109.8	110.5	111.9
% Change	5.5	1.3	1.7	0.6	0.2	0.7	1.2
Other	134.0	136.4	136.5	136.1	136.6	137.6	138.6
% Change	1.6	1.8	0.1	-0.2	0.4	0.7	0.7
Government	123.1	125.7	123.5	122.7	122.9	123.2	123.5
% Change	1.9	2.1	-1.7	-0.6	0.2	0.2	0.2
Federal Government	35.1	35.6	33.6	33.5	33.8	33.9	34.0
% Change	1.3	1.4	-5.5	-0.3	0.7	0.4	0.3
State and Local Government	88.0	90.0	89.8	89.2	89.1	89.2	89.4
% Change	2.2	2.3	-0.2	-0.8	0.0	0.1	0.2

Note: Source is UHERO. Industry job counts for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for 2025-2029 are forecasts.

TABLE 3: PERSONAL INCOME BY INDUSTRY

STATE OF HAWAII FORECAST

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Mil 2024\$)	99,167.2	100,563.5	101,278.0	102,266.2	103,203.7	104,362.6	105,882.4
% Change	2.3	1.4	0.7	1.0	0.9	1.1	1.5
Labor & Proprietors' Income	68,999.0	70,570.9	70,783.5	71,199.2	71,685.3	72,418.0	73,332.9
% Change	3.6	2.3	0.3	0.6	0.7	1.0	1.3
Construction and Mining	5,197.1	5,426.1	5,614.6	5,761.9	5,787.5	5,748.4	5,706.9
% Change	3.7	4.4	3.5	2.6	0.4	-0.7	-0.7
Manufacturing	1,073.1	1,091.9	1,114.6	1,130.5	1,144.9	1,160.4	1,177.8
% Change	1.8	1.8	2.1	1.4	1.3	1.4	1.5
Trade	5,505.8	5,475.9	5,550.1	5,615.1	5,658.6	5,723.1	5,800.7
% Change	3.1	-0.5	1.4	1.2	0.8	1.1	1.4
Transportation and Utilities	4,154.6	4,006.8	3,953.7	3,921.8	3,917.1	3,971.6	4,072.4
% Change	8.8	-3.6	-1.3	-0.8	-0.1	1.4	2.5
Finance, Insurance & Real Estate	5,115.1	4,946.2	4,871.9	4,925.1	4,964.0	5,002.3	5,057.8
% Change	-1.3	-3.3	-1.5	1.1	0.8	0.8	1.1
Services	28,577.9	29,303.0	29,704.0	29,872.0	30,147.1	30,577.0	31,090.3
% Change	4.2	2.5	1.4	0.6	0.9	1.4	1.7
Health Care & Soc. Assist. (% ch.)	3.5	4.0	1.1	0.2	1.0	1.3	1.5
Accommodation & Food (% ch.)	8.3	1.3	3.1	1.9	0.9	1.8	2.6
Other (% ch.)	2.8	2.3	0.7	0.1	0.9	1.3	1.3
Government	19,000.9	19,975.1	19,635.6	19,633.2	19,725.3	19,892.2	20,081.8
% Change	3.5	5.1	-1.7	0.0	0.5	0.8	0.9
Federal, civilian (% ch.)	3.8	1.3	-3.0	-1.4	0.0	0.3	0.3
State & Local (% ch.)	2.1	2.7	2.1	0.0	0.5	1.0	1.2
Less Social Security Taxes (-)	8,459.5	8,576.1	8,678.1	8,729.1	8,788.7	8,878.5	8,990.7
% Change	8.3	1.4	1.2	0.6	0.7	1.0	1.3
Transfer Payments	18,259.3	18,405.1	18,799.5	19,223.0	19,648.0	20,083.3	20,513.9
% Change	-3.6	0.8	2.1	2.2	2.2	2.2	2.1
Dividends, Interest and Rent	20,371.4	20,166.0	20,376.6	20,576.4	20,662.6	20,743.5	21,030.2
% Change	5.8	-1.0	1.0	1.0	0.4	0.4	1.4
Population (Thou)	1,441.4	1,446.2	1,446.3	1,444.6	1,443.5	1,443.3	1,444.1
% Change	0.1	0.3	0.0	-0.1	-0.1	0.0	0.1
Real Per Capita Income (Thou 2024\$)	68.8	69.5	70.0	70.7	71.5	72.3	73.3
% Change	2.3	1.1	0.6	1.1	1.0	1.1	1.4
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Nominal Personal Income (Mil \$)	94,968.3	100,563.5	104,550.1	109,296.5	114,002.4	118,635.8	123,568.9
% Change	5.5	5.9	4.0	4.5	4.3	4.1	4.2

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2029 are forecasts.

TABLE 4: CONSTRUCTION INDICATORS

STATE OF HAWAII FORECAST

	2023	2024	2025	2026	2027	2028	2029
BUILDING PERMITS							
Total Commitments to Build (Mil 2024\$)	7,996.1	9,136.8	9,046.7	8,678.6	8,308.4	7,950.5	7,645.8
% Change	10.6	14.3	-1.0	-4.1	-4.3	-4.3	-3.8
Private Building Permits	3,788.0	4,971.5	4,895.9	5,070.5	5,002.2	4,930.8	4,821.8
% Change	-1.3	31.2	-1.5	3.6	-1.4	-1.4	-2.2
Residential Building Permits	1,576.4	2,240.0	2,322.6	2,403.5	2,385.8	2,402.3	2,348.7
% Change	-16.5	42.1	3.7	3.5	-0.7	0.7	-2.2
Non-Residential Building Permits	2,211.6	2,731.6	2,573.3	2,667.0	2,616.5	2,528.5	2,473.1
% Change	13.4	23.5	-5.8	3.6	-1.9	-3.4	-2.2
Government Contracts Awarded	4,208.2	4,165.3	4,150.7	3,608.1	3,306.2	3,019.7	2,824.1
% Change	24.0	-1.0	-0.3	-13.1	-8.4	-8.7	-6.5
CONSTRUCTION ACTIVITY							
Real Contracting Tax Base (Mil 2024\$)	12,198.9	13,785.6	14,300.2	13,964.0	13,707.6	13,533.3	13,323.5
% Change	5.3	13.0	3.7	-2.4	-1.8	-1.3	-1.6
Nominal Contracting Tax Base (Mil \$)	11,809.9	13,785.6	15,017.1	15,304.9	15,592.4	15,899.1	16,103.7
% Change	9.3	16.7	8.9	1.9	1.9	2.0	1.3
Construction and Mining Jobs (Thou)	38.2	39.4	40.4	40.7	40.5	39.8	39.2
% Change	2.6	3.2	2.5	0.9	-0.7	-1.6	-1.5
Real Construction Income (Mil 2024\$)	5,197.1	5,426.1	5,614.6	5,761.9	5,787.5	5,748.4	5,706.9
% Change	3.7	4.4	3.5	2.6	0.4	-0.7	-0.7
PRICES AND COSTS (HONOLULU)							
Median Home Price (Thou \$)	1,055.5	1,100.0	1,119.1	1,130.9	1,155.5	1,190.1	1,229.3
% Change	-4.5	4.2	1.7	1.1	2.2	3.0	3.3
Median Condo Price (Thou \$)	508.0	514.1	525.1	529.0	535.4	545.3	559.4
% Change	0.3	1.2	2.1	0.8	1.2	1.9	2.6
Honolulu Housing Affordability Index	53.6	55.8	56.0	59.7	61.3	61.9	62.1
% Change	-5.9	4.1	0.3	6.6	2.6	1.0	0.3
Construction Cost Index (2024=100)	96.8	100.0	105.0	109.6	113.8	117.5	120.9
% Change	3.8	3.3	5.0	4.4	3.8	3.3	2.9
30-Year Mortgage Rate (%)	6.8	6.7	6.8	6.5	6.4	6.3	6.3

Note: Source is UHERO. Figures for 2025-2029 are forecasts. Commitments to Build are the sum of private permits and public contracts awarded. Permits and tax base are deflated by Honolulu Construction Cost Index. Figures for Total Commitments to Build and Real Government Contracts Awarded for 2023 and 2024 are UHERO estimates. Construction job counts for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Income is deflated by Honolulu CPI. Housing affordability index is the ratio of median family income to qualifying income for a loan for the median-priced home (times 100).

TABLE 5: MAJOR ECONOMIC INDICATORS

HONOLULU COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
MAJOR INDICATORS							
Nonfarm Payrolls (Thou)	456.0	462.4	462.5	462.4	463.4	465.8	469.0
% Change	2.6	1.4	0.0	0.0	0.2	0.5	0.7
Unemployment Rate (%)	2.7	2.7	3.3	3.5	3.5	3.4	3.1
Population (Thou)	993.7	998.1	997.7	995.9	994.4	993.8	993.8
% Change	-0.2	0.5	-0.1	-0.2	-0.1	-0.1	0.0
Nominal Personal Income (Mil \$)	69,152.7	73,099.1	75,984.2	79,460.4	82,851.1	86,169.9	89,676.2
% Change	5.8	5.7	4.0	4.6	4.3	4.0	4.1
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Real Personal Income (Mil 2024\$)	72,210.2	73,099.1	73,606.1	74,349.2	75,003.1	75,802.6	76,840.8
% Change	2.6	1.2	0.7	1.0	0.9	1.1	1.4
Real Per Capita Income (Thou 2024\$)	72.7	73.2	73.8	74.7	75.4	76.3	77.3
% Change	2.8	0.8	0.7	1.2	1.0	1.1	1.4
TOURISM SECTOR DETAIL							
Total Visitor Arrivals by Air (Thou)	5,613.4	5,816.2	5,824.4	5,730.8	5,721.7	5,882.6	6,095.9
% Change	15.6	3.6	0.1	-1.6	-0.2	2.8	3.6
U.S. Visitors	3,921.6	3,955.2	3,917.9	3,780.7	3,673.2	3,692.0	3,756.4
% Change	2.4	0.9	-0.9	-3.5	-2.8	0.5	1.8
Japanese Visitors	574.0	704.8	721.6	748.7	827.6	943.2	1,055.8
% Change	208.4	22.8	2.4	3.7	10.5	14.0	11.9
Other Visitors	1,117.9	1,156.1	1,184.8	1,201.4	1,220.9	1,247.4	1,283.6
% Change	32.8	3.4	2.5	1.4	1.6	2.2	2.9
Average Daily Census (Thou)	111.0	112.4	111.9	109.4	109.1	111.8	114.9
% Change	12.1	1.2	-0.4	-2.2	-0.3	2.5	2.8
Occupancy Rate (%)	76.7	77.2	77.1	75.6	75.5	77.5	79.7

Note: Source is UHERO. Nonfarm Payrolls for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2029 are forecasts.

TABLE 6: JOBS BY INDUSTRY

HONOLULU COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Nonfarm Payrolls (Thou)	456.0	462.4	462.5	462.4	463.4	465.8	469.0
% Change	2.6	1.4	0.0	0.0	0.2	0.5	0.7
Construction and Mining	27.5	28.6	29.5	29.8	29.6	29.1	28.6
% Change	2.6	4.1	3.2	1.1	-0.7	-1.7	-1.7
Manufacturing	9.3	9.4	9.6	9.7	9.8	10.0	10.1
% Change	0.6	1.1	2.1	1.6	1.3	1.2	1.2
Trade	56.3	55.4	55.3	55.3	55.6	56.2	56.9
% Change	0.3	-1.6	-0.1	0.0	0.5	1.1	1.3
Transportation and Utilities	25.3	24.6	24.3	24.1	23.9	24.0	24.5
% Change	5.0	-2.9	-1.3	-0.8	-0.8	0.7	1.9
Finance, Insurance and Real Estate	21.2	20.7	20.4	20.7	20.8	20.9	21.0
% Change	-0.3	-2.7	-1.1	1.1	0.5	0.3	0.6
Services	221.9	227.9	229.3	229.2	230.0	231.6	233.7
% Change	3.6	2.7	0.6	0.0	0.3	0.7	0.9
Health Care and Soc. Assistance	55.9	57.1	57.0	57.1	57.7	58.4	59.2
% Change	2.5	2.2	-0.3	0.3	1.0	1.2	1.4
Accommodation and Food	63.5	65.5	66.8	66.8	66.7	66.8	67.3
% Change	7.1	3.2	1.9	0.0	-0.2	0.2	0.8
Other	102.4	105.2	105.6	105.3	105.6	106.5	107.2
% Change	2.1	2.7	0.4	-0.2	0.3	0.8	0.7
Government	94.6	96.0	94.1	93.5	93.7	94.0	94.2
% Change	1.8	1.4	-2.0	-0.6	0.2	0.3	0.2
Federal Government	32.3	32.8	31.0	30.9	31.1	31.2	31.3
% Change	1.4	1.4	-5.5	-0.3	0.7	0.5	0.3
State and Local Government	62.3	63.2	63.1	62.6	62.6	62.7	62.9
% Change	2.1	1.4	-0.1	-0.8	0.0	0.2	0.2

Note: Source is UHERO. Industry job counts for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for 2025-2029 are forecasts.

TABLE 7: PERSONAL INCOME BY INDUSTRY

HONOLULU COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Mil 2024\$)	72,210.2	73,099.1	73,606.1	74,349.2	75,003.1	75,802.6	76,840.8
% Change	2.6	1.2	0.7	1.0	0.9	1.1	1.4
Labor & Proprietors' Income	52,030.3	53,183.2	53,481.0	53,766.9	54,117.1	54,639.3	55,282.8
% Change	3.9	2.2	0.6	0.5	0.7	1.0	1.2
Construction and Mining	3,747.2	3,943.3	4,105.6	4,227.5	4,251.4	4,224.4	4,185.9
% Change	3.9	5.2	4.1	3.0	0.6	-0.6	-0.9
Manufacturing	821.0	844.1	861.9	875.3	888.4	901.2	914.5
% Change	1.9	2.8	2.1	1.6	1.5	1.4	1.5
Trade	3,816.5	3,802.8	3,842.4	3,895.3	3,932.1	3,980.3	4,037.9
% Change	2.6	-0.4	1.0	1.4	0.9	1.2	1.4
Transportation and Utilities	3,291.0	3,180.5	3,129.2	3,112.7	3,107.2	3,147.9	3,230.1
% Change	10.4	-3.4	-1.6	-0.5	-0.2	1.3	2.6
Finance, Insurance & Real Estate	3,764.7	3,651.2	3,588.4	3,621.0	3,641.9	3,662.5	3,697.6
% Change	-1.1	-3.0	-1.7	0.9	0.6	0.6	1.0
Services	20,442.1	21,164.3	21,344.2	21,438.5	21,621.2	21,911.9	22,251.5
% Change	4.5	3.5	0.8	0.4	0.8	1.3	1.6
Health Care & Soc. Assist. (% ch.)	3.8	4.2	0.7	0.2	1.0	1.3	1.6
Accommodation & Food (% ch.)	11.4	3.3	2.1	1.3	0.4	1.3	2.0
Other (% ch.)	2.7	3.2	0.5	0.2	0.9	1.4	1.3
Government	16,019.1	16,476.5	16,497.0	16,484.8	16,563.0	16,699.1	16,853.3
% Change	3.7	2.9	0.1	-0.1	0.5	0.8	0.9
Federal, civilian (% ch.)	3.8	1.4	-3.1	-1.4	0.1	0.3	0.3
State & Local (% ch.)	1.9	3.0	1.2	-0.2	0.5	0.9	1.2
Less Social Security Taxes (-)	6,374.4	6,515.6	6,552.1	6,587.1	6,630.0	6,694.0	6,772.8
% Change	8.0	2.2	0.6	0.5	0.7	1.0	1.2
Transfer Payments	12,092.6	12,114.3	12,370.5	12,636.7	12,906.7	13,182.2	13,470.1
% Change	-3.8	0.2	2.1	2.1	2.1	2.1	2.2
Dividends, Interest and Rent	14,519.3	14,383.9	14,528.5	14,671.3	14,750.0	14,818.0	15,006.6
% Change	5.8	-0.9	1.0	1.0	0.5	0.5	1.3
Population (Thou)	993.7	998.1	997.7	995.9	994.4	993.8	993.8
% Change	-0.2	0.5	-0.1	-0.2	-0.1	-0.1	0.0
Real Per Capita Income (Thou 2024\$)	72.7	73.2	73.8	74.7	75.4	76.3	77.3
% Change	2.8	0.8	0.7	1.2	1.0	1.1	1.4
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Nominal Personal Income (Mil \$)	69,152.7	73,099.1	75,984.2	79,460.4	82,851.1	86,169.9	89,676.2
% Change	5.8	5.7	4.0	4.6	4.3	4.0	4.1

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2029 are forecasts.

TABLE 8: MAJOR ECONOMIC INDICATORS

HAWAII COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
MAJOR INDICATORS							
Nonfarm Payrolls (Thou)	70.9	72.2	71.8	71.8	72.0	72.4	73.0
% Change	4.1	1.7	-0.5	0.1	0.2	0.5	0.8
Unemployment Rate (%)	3.0	3.0	3.5	3.8	4.0	3.9	3.6
Population (Thou)	208.5	209.7	210.1	210.2	210.3	210.6	210.9
% Change	1.0	0.6	0.2	0.0	0.0	0.1	0.2
Nominal Personal Income (Mil \$)	10,975.8	11,713.9	12,197.5	12,767.0	13,331.0	13,895.8	14,506.4
% Change	5.2	6.7	4.1	4.7	4.4	4.2	4.4
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Real Personal Income (Mil 2024\$)	11,461.1	11,713.9	11,815.8	11,945.8	12,068.2	12,223.9	12,430.1
% Change	2.0	2.2	0.9	1.1	1.0	1.3	1.7
Real Per Capita Income (Thou 2024\$)	55.0	55.9	56.2	56.8	57.4	58.0	58.9
% Change	1.0	1.6	0.7	1.1	1.0	1.2	1.5
TOURISM SECTOR DETAIL							
Total Visitor Arrivals by Air (Thou)	1,779.1	1,727.5	1,762.4	1,776.4	1,793.7	1,852.3	1,926.3
% Change	6.7	-2.9	2.0	0.8	1.0	3.3	4.0
U.S. Visitors	1,471.1	1,412.0	1,425.8	1,428.7	1,428.7	1,460.8	1,502.3
% Change	2.4	-4.0	1.0	0.2	0.0	2.2	2.8
Japanese Visitors	44.7	45.9	48.5	52.9	61.5	76.7	95.2
% Change	187.9	2.6	5.7	9.1	16.2	24.8	24.2
Other Visitors	263.2	269.7	288.1	294.8	303.6	314.8	328.8
% Change	22.0	2.5	6.8	2.4	3.0	3.7	4.4
Average Daily Census (Thou)	38.4	37.0	37.0	36.5	36.8	38.1	39.5
% Change	1.9	-3.6	0.0	-1.3	0.7	3.5	3.8
Occupancy Rate (%)	67.6	61.8	62.6	61.8	62.5	64.7	67.1

Note: Source is UHERO. Nonfarm Payrolls for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2029 are forecasts.

TABLE 9: JOBS BY INDUSTRY

HAWAII COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Nonfarm Payrolls (Thou)	70.9	72.2	71.8	71.8	72.0	72.4	73.0
% Change	4.1	1.7	-0.5	0.1	0.2	0.5	0.8
Construction and Mining	3.9	3.9	3.9	3.9	3.9	3.9	3.8
% Change	4.3	0.8	-0.2	0.3	-0.8	-1.4	-1.2
Manufacturing	1.6	1.7	1.7	1.7	1.7	1.8	1.8
% Change	3.8	4.7	0.2	0.6	0.6	0.7	0.9
Trade	11.9	12.0	12.0	12.0	11.9	12.0	12.1
% Change	5.0	0.7	0.1	-0.2	-0.2	0.4	0.7
Transportation and Utilities	3.2	3.4	3.3	3.3	3.2	3.3	3.3
% Change	3.8	4.2	-1.8	-1.8	-0.7	0.8	1.6
Finance, Insurance and Real Estate	2.6	2.5	2.5	2.5	2.6	2.6	2.6
% Change	4.0	-2.5	-1.2	1.7	1.1	1.0	0.9
Services	33.0	33.7	33.5	33.7	34.0	34.3	34.7
% Change	4.7	2.0	-0.5	0.7	0.7	0.9	1.3
Health Care and Soc. Assistance	7.6	7.9	7.8	7.9	8.0	8.1	8.2
% Change	2.9	4.2	-0.8	0.8	1.0	1.0	1.1
Accommodation and Food	13.4	13.3	13.4	13.6	13.7	13.8	14.1
% Change	7.3	-1.0	1.0	1.3	0.7	1.2	1.9
Other	12.0	12.5	12.3	12.2	12.3	12.4	12.5
% Change	3.1	3.9	-1.9	-0.2	0.4	0.6	0.8
Government	14.6	14.9	14.8	14.7	14.7	14.7	14.7
% Change	2.0	2.2	-1.0	-0.8	-0.2	0.0	0.1
Federal Government	1.3	1.4	1.3	1.3	1.3	1.3	1.3
% Change	0.6	2.0	-6.3	-0.6	0.4	0.3	0.5
State and Local Government	13.3	13.6	13.5	13.4	13.4	13.4	13.4
% Change	2.2	2.2	-0.5	-0.8	-0.2	0.0	0.1

Note: Source is UHERO. Industry job counts for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for 2025-2029 are forecasts.

TABLE 10: PERSONAL INCOME BY INDUSTRY

HAWAII COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Mil 2024\$)	11,461.1	11,713.9	11,815.8	11,945.8	12,068.2	12,223.9	12,430.1
% Change	2.0	2.2	0.9	1.1	1.0	1.3	1.7
Labor & Proprietors' Income	6,718.8	6,993.6	6,943.1	6,992.0	7,038.9	7,117.4	7,221.9
% Change	4.2	4.1	-0.7	0.7	0.7	1.1	1.5
Construction	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Manufacturing	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Trade	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Transportation and Utilities	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Finance, Insurance & Real Estate	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Services	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Health Care & Soc. Assist. (% ch.)	—	—	—	—	—	—	—
Accommodation & Food (% ch.)	—	—	—	—	—	—	—
Other (% ch.)	—	—	—	—	—	—	—
Government	1,508.3	1,512.6	1,561.5	1,564.2	1,568.6	1,582.1	1,598.8
% Change	3.6	0.3	3.2	0.2	0.3	0.9	1.1
Federal, civilian (% ch.)	4.0	1.5	-2.5	-1.3	-0.2	0.1	0.1
State & Local (% ch.)	3.3	-0.1	4.2	0.3	0.3	0.9	1.2
Less Social Security Taxes (-)	872.6	869.2	896.9	903.9	911.0	922.4	937.4
% Change	9.8	-0.4	3.2	0.8	0.8	1.2	1.6
Transfer Payments	3,127.9	3,176.6	3,245.2	3,323.0	3,400.8	3,481.7	3,554.6
% Change	-2.5	1.6	2.2	2.4	2.3	2.4	2.1
Dividends, Interest and Rent	2,454.0	2,423.8	2,450.1	2,473.8	2,478.6	2,486.1	2,529.5
% Change	4.7	-1.2	1.1	1.0	0.2	0.3	1.8
Population (Thou)	208.5	209.7	210.1	210.2	210.3	210.6	210.9
% Change	1.0	0.6	0.2	0.0	0.0	0.1	0.2
Real Per Capita Income (Thou 2024\$)	55.0	55.9	56.2	56.8	57.4	58.0	58.9
% Change	1.0	1.6	0.7	1.1	1.0	1.2	1.5
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Nominal Personal Income (Mil \$)	10,975.8	11,713.9	12,197.5	12,767.0	13,331.0	13,895.8	14,506.4
% Change	5.2	6.7	4.1	4.7	4.4	4.2	4.4

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2029 are forecasts. Because of data disclosure rules, industry-level income is not available for some sectors.

TABLE 11: MAJOR ECONOMIC INDICATORS

MAUI COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
MAJOR INDICATORS							
Nonfarm Payrolls (Thou)	74.4	73.3	74.0	74.3	74.8	75.4	76.2
% Change	-0.4	-1.4	0.9	0.5	0.6	0.8	1.1
Unemployment Rate (%)	4.4	4.3	3.6	3.7	3.8	3.6	3.3
Population (Thou)	165.0	163.7	163.7	163.8	164.0	164.2	164.4
% Change	0.3	-0.8	0.0	0.1	0.1	0.1	0.1
Nominal Personal Income (Mil \$)	10,318.3	10,935.9	11,359.0	11,865.5	12,390.6	12,913.1	13,481.1
% Change	3.7	6.0	3.9	4.5	4.4	4.2	4.4
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Real Personal Income (Mil 2024\$)	10,774.5	10,935.9	11,003.5	11,102.2	11,216.9	11,359.5	11,551.5
% Change	0.6	1.5	0.6	0.9	1.0	1.3	1.7
Real Per Capita Income (Thou 2024\$)	65.3	66.8	67.2	67.8	68.4	69.2	70.2
% Change	0.3	2.3	0.6	0.8	0.9	1.1	1.5
TOURISM SECTOR DETAIL							
Total Visitor Arrivals by Air (Thou)	2,531.2	2,379.1	2,657.6	2,718.9	2,744.5	2,833.9	2,947.1
% Change	-14.8	-6.0	11.7	2.3	0.9	3.2	4.0
U.S. Visitors	2,119.5	2,018.9	2,252.9	2,296.1	2,298.1	2,362.7	2,449.4
% Change	-17.1	-4.8	11.6	1.9	0.1	2.8	3.7
Japanese Visitors	11.9	14.7	14.8	14.3	15.0	16.7	18.5
% Change	108.6	23.3	1.0	-3.6	5.3	10.9	10.8
Other Visitors	399.8	345.6	389.9	408.5	431.4	454.5	479.1
% Change	-1.4	-13.6	12.8	4.8	5.6	5.4	5.4
Average Daily Census (Thou)	56.3	51.9	57.2	58.2	59.1	61.5	64.3
% Change	-15.6	-7.8	10.2	1.8	1.4	4.1	4.6
Occupancy Rate (%)	57.8	58.2	62.7	62.4	62.3	64.1	66.3

Note: Source is UHERO. Nonfarm Payrolls for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2029 are forecasts.

TABLE 12: JOBS BY INDUSTRY

MAUI COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Nonfarm Payrolls (Thou)	74.4	73.3	74.0	74.3	74.8	75.4	76.2
% Change	-0.4	-1.4	0.9	0.5	0.6	0.8	1.1
Construction and Mining	4.7	4.9	5.0	5.0	5.0	4.9	4.9
% Change	2.9	3.5	1.0	0.6	-0.3	-0.9	-0.8
Manufacturing	1.2	1.1	1.2	1.2	1.2	1.2	1.2
% Change	0.1	-6.0	1.8	1.1	1.1	1.2	1.3
Trade	10.3	9.9	10.1	10.1	10.1	10.1	10.2
% Change	-1.1	-4.3	1.5	0.0	0.1	0.6	0.9
Transportation and Utilities	4.1	4.0	4.0	3.9	3.9	4.0	4.0
% Change	-1.5	-1.9	-0.4	-1.5	-0.3	1.1	1.9
Finance, Insurance and Real Estate	2.8	2.7	2.7	2.7	2.8	2.8	2.9
% Change	-2.2	-4.9	0.2	2.0	1.5	1.3	1.1
Services	42.2	40.9	41.4	41.8	42.1	42.6	43.2
% Change	-1.3	-3.1	1.3	0.9	0.9	1.1	1.5
Health Care and Soc. Assistance	8.1	8.3	8.4	8.5	8.6	8.7	8.8
% Change	1.9	3.2	0.6	1.0	1.2	1.1	1.1
Accommodation and Food	20.2	19.4	19.9	20.2	20.4	20.7	21.2
% Change	-1.2	-3.9	2.4	1.5	1.0	1.4	2.0
Other	13.9	13.1	13.1	13.1	13.1	13.2	13.3
% Change	-3.2	-5.7	0.1	-0.2	0.6	0.7	0.8
Government	9.0	9.8	9.7	9.7	9.7	9.8	9.8
% Change	4.5	9.3	-0.8	-0.3	0.3	0.4	0.4
Federal Government	0.9	0.9	0.9	0.9	0.9	0.9	0.9
% Change	1.0	0.3	-4.4	-0.2	0.7	0.6	0.6
State and Local Government	8.1	8.9	8.9	8.8	8.9	8.9	8.9
% Change	4.9	10.3	-0.4	-0.3	0.3	0.4	0.4

Note: Source is UHERO. Industry job counts for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for 2025-2029 are forecasts.

TABLE 13: PERSONAL INCOME BY INDUSTRY

MAUI COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Mil 2024\$)	10,774.5	10,935.9	11,003.5	11,102.2	11,216.9	11,359.5	11,551.5
% Change	0.6	1.5	0.6	0.9	1.0	1.3	1.7
Labor & Proprietors' Income	7,175.7	7,230.9	7,226.4	7,285.8	7,350.7	7,444.2	7,561.1
% Change	0.9	0.8	-0.1	0.8	0.9	1.3	1.6
Construction	625.6	652.0	652.3	656.7	656.3	653.9	652.3
% Change	2.7	4.2	0.0	0.7	-0.1	-0.4	-0.2
Manufacturing	92.0	87.4	88.3	89.9	91.5	93.4	95.5
% Change	-0.9	-5.0	1.1	1.8	1.7	2.1	2.2
Trade	673.2	651.2	656.4	659.8	663.2	673.6	687.2
% Change	2.6	-3.3	0.8	0.5	0.5	1.6	2.0
Transportation and Utilities	378.3	379.6	374.2	369.5	369.3	375.3	384.4
% Change	2.4	0.4	-1.4	-1.2	-0.1	1.6	2.4
Finance, Insurance & Real Estate	543.5	535.9	533.9	540.0	544.7	549.4	553.7
% Change	-4.0	-1.4	-0.4	1.1	0.9	0.9	0.8
Services	3,862.0	3,821.8	3,834.9	3,883.5	3,933.4	3,998.4	4,079.6
% Change	3.6	-1.0	0.3	1.3	1.3	1.6	2.0
Health Care & Soc. Assist. (% ch.)	2.0	5.6	-0.4	1.3	1.5	1.6	1.6
Accommodation & Food (% ch.)	-1.0	-2.2	1.8	2.2	1.6	2.3	3.0
Other (% ch.)	6.6	-3.2	-0.8	0.1	0.8	1.0	1.1
Government	955.8	1,017.1	1,053.1	1,060.0	1,068.1	1,081.0	1,094.8
% Change	5.6	6.4	3.5	0.7	0.8	1.2	1.3
Federal, civilian (% ch.)	4.2	-0.1	-0.6	-1.0	0.1	0.3	0.3
State & Local (% ch.)	5.5	7.7	4.2	0.8	0.8	1.3	1.4
Less Social Security Taxes (-)	825.7	811.7	837.6	843.0	848.9	858.1	869.8
% Change	8.2	-1.7	3.2	0.6	0.7	1.1	1.4
Transfer Payments	2,005.8	2,063.6	2,109.5	2,162.7	2,213.8	2,265.5	2,310.9
% Change	-4.0	2.9	2.2	2.5	2.4	2.3	2.0
Dividends, Interest and Rent	2,382.1	2,352.7	2,380.2	2,403.7	2,406.5	2,410.8	2,449.3
% Change	6.1	-1.2	1.2	1.0	0.1	0.2	1.6
Population (Thou)	165.0	163.7	163.7	163.8	164.0	164.2	164.4
% Change	0.3	-0.8	0.0	0.1	0.1	0.1	0.1
Real Per Capita Income (Thou 2024\$)	65.3	66.8	67.2	67.8	68.4	69.2	70.2
% Change	0.3	2.3	0.6	0.8	0.9	1.1	1.5
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Nominal Personal Income (Mil \$)	10,318.3	10,935.9	11,359.0	11,865.5	12,390.6	12,913.1	13,481.1
% Change	3.7	6.0	3.9	4.5	4.4	4.2	4.4

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2029 are forecasts.

TABLE 14: MAJOR ECONOMIC INDICATORS

KAUAI COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
MAJOR INDICATORS							
Nonfarm Payrolls (Thou)	31.7	31.8	31.5	31.6	31.6	31.8	32.1
% Change	3.0	0.3	-0.9	0.1	0.3	0.6	0.9
Unemployment Rate (%)	2.6	2.6	3.3	3.6	3.8	3.7	3.4
Population (Thou)	74.2	74.6	74.7	74.7	74.7	74.8	75.0
% Change	0.5	0.6	0.1	0.0	0.0	0.1	0.2
Nominal Personal Income (Mil \$)	4,523.9	4,814.7	5,009.3	5,203.7	5,429.8	5,657.1	5,905.2
% Change	5.1	6.4	4.0	3.9	4.3	4.2	4.4
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Real Personal Income (Mil 2024\$)	4,723.9	4,814.7	4,852.5	4,869.0	4,915.4	4,976.5	5,060.0
% Change	1.9	1.9	0.8	0.3	0.9	1.2	1.7
Real Per Capita Income (Thou 2024\$)	63.7	64.5	65.0	65.2	65.8	66.5	67.5
% Change	1.4	1.4	0.6	0.3	0.9	1.1	1.5
TOURISM SECTOR DETAIL							
Total Visitor Arrivals by Air (Thou)	1,418.7	1,370.4	1,418.0	1,411.4	1,397.9	1,425.0	1,464.2
% Change	5.4	-3.4	3.5	-0.5	-1.0	1.9	2.8
U.S. Visitors	1,248.4	1,207.8	1,244.3	1,231.9	1,213.6	1,234.2	1,265.4
% Change	3.4	-3.2	3.0	-1.0	-1.5	1.7	2.5
Japanese Visitors	5.9	7.2	8.0	8.8	10.1	11.8	13.3
% Change	98.8	22.5	10.3	10.3	15.6	16.3	13.0
Other Visitors	164.4	155.4	165.8	170.7	174.1	179.1	185.4
% Change	21.5	-5.5	6.7	3.0	2.0	2.8	3.6
Average Daily Census (Thou)	29.0	28.0	28.9	28.5	28.2	28.7	29.5
% Change	1.4	-3.6	3.2	-1.1	-1.3	2.0	2.6
Occupancy Rate (%)	74.0	71.1	73.9	72.9	71.7	72.9	74.4

Note: Source is UHERO. Nonfarm Payrolls for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2029 are forecasts.

TABLE 15: JOBS BY INDUSTRY

KAUAI COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Nonfarm Payrolls (Thou)	31.7	31.8	31.5	31.6	31.6	31.8	32.1
% Change	3.0	0.3	-0.9	0.1	0.3	0.6	0.9
Construction and Mining	2.1	2.0	2.0	2.0	2.0	1.9	1.9
% Change	0.2	-5.2	0.6	0.1	-1.0	-1.6	-1.4
Manufacturing	0.6	0.5	0.5	0.5	0.5	0.5	0.5
% Change	5.9	-14.1	-0.1	0.7	0.7	0.9	1.1
Trade	4.4	4.3	4.3	4.3	4.2	4.2	4.3
% Change	1.3	-2.1	-0.1	-0.4	-0.3	0.3	0.6
Transportation and Utilities	1.7	1.8	1.8	1.8	1.7	1.8	1.8
% Change	-0.4	7.8	-1.8	-1.6	-0.6	0.7	1.3
Finance, Insurance and Real Estate	1.1	1.1	1.1	1.1	1.1	1.1	1.1
% Change	1.3	0.3	-2.5	1.8	1.3	1.2	1.0
Services	16.9	17.1	17.0	17.1	17.2	17.4	17.7
% Change	5.3	1.5	-0.8	0.7	0.8	1.1	1.4
Health Care and Soc. Assistance	2.7	2.6	2.6	2.6	2.7	2.7	2.7
% Change	1.4	-1.2	-0.3	0.6	0.9	0.9	0.9
Accommodation and Food	8.6	8.8	8.8	8.9	9.0	9.2	9.4
% Change	8.2	3.2	-0.3	1.5	1.0	1.5	2.1
Other	5.7	5.7	5.6	5.5	5.6	5.6	5.6
% Change	2.9	0.1	-1.9	-0.5	0.3	0.4	0.6
Government	4.9	4.9	4.8	4.8	4.8	4.8	4.8
% Change	-0.6	0.3	-1.6	-0.9	-0.1	0.0	0.1
Federal Government	0.6	0.6	0.5	0.5	0.5	0.6	0.6
% Change	-0.8	-2.6	-6.2	-0.5	0.5	0.4	0.5
State and Local Government	4.3	4.3	4.3	4.3	4.2	4.2	4.2
% Change	-0.5	0.7	-1.0	-1.0	-0.2	-0.1	0.0

Note: Source is UHERO. Industry job counts for 2023 and 2024 are UHERO estimates of the March 2025 benchmark revision. Figures for 2025-2029 are forecasts.

TABLE 16: PERSONAL INCOME BY INDUSTRY

KAUAI COUNTY FORECAST

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Mil 2024\$)	4,723.9	4,814.7	4,852.5	4,869.0	4,915.4	4,976.5	5,060.0
% Change	1.9	1.9	0.8	0.3	0.9	1.2	1.7
Labor & Proprietors' Income	3,076.2	3,159.4	3,129.2	3,150.6	3,174.9	3,213.2	3,263.2
% Change	4.0	2.7	-1.0	0.7	0.8	1.2	1.6
Construction	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Manufacturing	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Trade	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Transportation and Utilities	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Finance, Insurance & Real Estate	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Services	—	—	—	—	—	—	—
% Change	—	—	—	—	—	—	—
Health Care & Soc. Assist. (% ch.)	—	—	—	—	—	—	—
Accommodation & Food (% ch.)	—	—	—	—	—	—	—
Other (% ch.)	—	—	—	—	—	—	—
Government	518.1	508.9	521.9	522.0	523.4	527.7	532.8
% Change	-3.1	-1.8	2.5	0.0	0.3	0.8	1.0
Federal, civilian (% ch.)	0.8	-3.0	-2.5	-1.3	-0.1	0.1	0.1
State & Local (% ch.)	-4.5	-1.7	3.6	0.2	0.3	0.9	1.1
Less Social Security Taxes (-)	387.0	379.0	391.1	394.6	398.2	403.5	410.1
% Change	9.2	-2.1	3.2	0.9	0.9	1.3	1.6
Transfer Payments	1,029.3	1,049.9	1,073.5	1,099.9	1,126.0	1,153.1	1,177.4
% Change	-4.6	2.0	2.2	2.5	2.4	2.4	2.1
Dividends, Interest and Rent	1,017.3	1,006.5	1,018.7	1,028.5	1,028.5	1,029.6	1,045.7
% Change	5.5	-1.1	1.2	0.9	0.0	0.1	1.6
Population (Thou)	74.2	74.6	74.7	74.7	74.7	74.8	75.0
% Change	0.5	0.6	0.1	0.0	0.0	0.1	0.2
Real Per Capita Income (Thou 2024\$)	63.7	64.5	65.0	65.2	65.8	66.5	67.5
% Change	1.4	1.4	0.6	0.3	0.9	1.1	1.5
Inflation Rate, Honolulu MSA (%)	3.1	4.4	3.2	3.5	3.4	2.9	2.7
Nominal Personal Income (Mil \$)	4,523.9	4,814.7	5,009.3	5,203.7	5,429.8	5,657.1	5,905.2
% Change	5.1	6.4	4.0	3.9	4.3	4.2	4.4

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2029 are forecasts. Because of data disclosure rules, industry-level income is not available for some sectors.

TABLE 17: EXTERNAL INDICATORS

STATE OF HAWAII FORECAST

	2023	2024	2025	2026	2027	2028	2029
U.S. FACTORS							
Employment (Thou)	161,969.6	162,903.8	163,893.3	165,193.1	166,486.8	167,767.2	168,911.7
% Change	2.1	0.6	0.6	0.8	0.8	0.8	0.7
Unemployment Rate (%)	3.6	4.0	4.3	4.3	4.2	3.9	3.6
Inflation Rate (%)	4.1	3.0	2.9	3.6	3.0	2.6	2.6
Real GDP (Bil chained 2012\$)	22,671.1	23,302.2	23,871.0	24,302.2	24,562.6	24,853.6	25,339.0
% Change	2.9	2.8	2.4	1.8	1.1	1.2	1.9
Population (Thou)	337,140.8	340,212.2	341,960.9	343,557.9	345,148.6	346,480.8	347,749.0
% Change	0.8	0.9	0.5	0.5	0.5	0.4	0.4
JAPAN FACTORS							
Employment (Thou)	67,469.2	67,806.7	67,997.9	67,704.5	67,401.0	67,063.6	66,653.9
% Change	0.4	0.5	0.3	-0.4	-0.5	-0.5	-0.6
Unemployment Rate (%)	2.6	2.5	2.4	2.3	2.3	2.3	2.3
Inflation Rate (%)	3.3	2.7	2.9	1.4	1.2	1.2	1.2
Real GDP (Bil chained 2011 yen)	559,269.1	558,151.4	565,353.9	567,948.8	571,153.7	574,261.9	576,933.2
% Change	1.6	-0.2	1.3	0.5	0.6	0.5	0.5
Population (Thou)	124,516.6	123,912.4	123,280.2	122,615.6	121,928.0	121,225.3	120,512.5
% Change	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6
Exchange Rate (Yen/\$)	140.5	151.5	151.4	147.5	142.3	136.6	131.1
% Change	6.9	7.8	0.0	-2.6	-3.5	-4.0	-4.0

Note: Source is UHERO. US Employment for 2023 and 2024 is adjusted by UHERO to reflect population revisions by the US Census Bureau. Figures for 2025-2029 are forecasts.

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