



Economic Outlook

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Overview

Based on the most recent developments in the national and global economy, the performance of Hawai'i's tourism and construction industries, the labor market conditions in the State, the growth of personal income and tax revenues, and the continued impacts of the August 8, 2023 Maui wildfires, the Department of Business, Economic Development and Tourism (DBEDT) expects 1.6% growth in Hawai'i's economy in 2024 and 2.0% growth in 2025.

Labor Force and Jobs

During the first three quarters of 2024, the civilian labor force averaged 670,400, a decrease of 6,500 people or 1.0% compared to the same period of 2023. Average civilian employment decreased 6,500 people or 1.0%. The average number of unemployed remained the same at about 19,900 people. The unemployment rate averaged 3.0%, an increase of 0.1 percentage point from the same period last year.

During the first three quarters of 2024, Hawai'i's economy gained 0.6% or 3,900 non-agricultural wage and salary jobs compared to the same period of 2023. Job gains in the first three quarters of 2024 were due to an increase of jobs in the private and government sectors. Jobs gains were the greatest in Natural Resources, Mining, Construction (added 3,500 jobs or 9.2%), followed by Government (added 2,800 jobs or 2.3%) and Health Care and Social Assistance (added 2,300 jobs or 3.1%). Job

losses were the most in Information (lost 1,700 jobs or 20.2%) and Transportation, Warehousing, Utilities (lost 1,300 jobs or 3.8%).

Tax Revenues

Through the first three quarters of 2024, State general fund tax revenues increased \$512.2 million or 7.0% over the same period of the previous year. General excise use tax collections increased \$51.5 million or 1.5%. Net individual income tax collections decreased \$37.3 million or 1.4%. Net corporate income tax revenues increased \$169.5 million or 72.0%. Transient accommodations tax collections decreased \$25.0 million or 3.8%, compared to the same period last year.

Personal Income

In the first half of 2024, total nominal personal income (not adjusted for inflation) was \$99,128.4 million, an increase of \$5,241.6 million or 5.6% from the same period of the previous year. Wages and salaries (which accounted for about 48% of total personal income) increased \$2,846.7 million or 6.3%.

Supplements to wages and salaries (consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits) increased \$910.6 million or 7.1% in the first half of 2024 compared to the same period of 2023. Proprietors' income, the income most

closely related to entrepreneurial activity, was up \$436.4 million or 6.1% in the first half of 2024 compared to the same period of 2023.

Dividends, interest, and rent increased \$809.8 million or 4.2% in the first half of 2024 from the same period of 2023 while personal current transfer receipts, consisting mainly of retirement and medical payments, increased \$668.0 million or 3.8% in the first half of 2024 from the same period of 2023.

Contributions to government social insurance which are payments subtracted from total personal income, increased \$430.2 million or 5.4% in the first half of 2024 from the same period of 2023.

Earnings increased \$2,845.3 million or 6.1% in the private non-farm sector during the first half of 2024 compared to the same period of 2023. In dollar terms, the largest earnings increase in the private sector occurred in Construction (increased \$511.8 million or 10.6%); followed by Health Care and Social Assistance (increased \$396.3 million or 5.6%); Professional, Scientific and Technical Services (increased \$296.2 million or 7.4%); and Retail Trade (increased \$229.6 million or 6.5%). In the first half of 2024, earnings in the private non-farm sector decreased in Management of Companies and Enterprises (decreased \$45.3 million or 3.7%) and Forestry, Fishing and Related Activities (decreased \$4.9 million or 5.3%).

In the first half of 2024, total government earnings increased \$1,380.5 million or 7.8% compared with the same period of 2023. The earnings of the Federal Government increased \$871.8 million or 8.7%, while the earnings of the State and Local Government increased \$508.7 million or 6.5%.

Prices

According to the most recent data available, in the first half of 2024, Honolulu's Consumer Price Index for Urban Consumers (CPI-U) increased 4.7% from the same period in 2023. This is 1.5 percentage points above the 3.2% increase for the U.S. average CPI-U in the first half of 2024. It is also higher than the 3.4% increase in the Honolulu CPI-U for the first half of 2023 compared to the same period of the previous year. In the first half of 2024, the Honolulu CPI-U increased the most in Housing (8.0%), followed by Food and Beverages (4.1%), Other Goods and Services (3.9%), and Recreation (3.4%). The Honolulu CPI-U decreased in Apparel (2.6%), Education and Communication (1.1%), and Transportation (0.3%) compared to the first half of 2023.

Tourism

In the first three quarters of 2024, total visitor arrivals by air decreased 103,579 or 1.4%, while the average daily census decreased 10,404 or 4.4% compared to the same period of the previous year. Domestic arrivals were down 213,302 or 3.5% and international arrivals increased 109,723 or 9.9%. For arrivals by major market areas, arrivals from the U.S. West were down 112,118 or 2.9%; arrivals from the U.S. East were down 96,974 or 5.1%; and Japanese arrivals were up 125,218 or 31.6%. The domestic average daily census decreased 10,123 or 5.0%; and the international average daily census increased by 281 or 0.8%. Visitor expenditures totaled \$15,448.8 million, a decrease of \$277.1 million or 1.8% from the same period of the previous year.

In the first three quarters of 2024, the number of total available seats increased 0.5% or 53,594 seats; domestic seats decreased 2.5% or 206,318 seats; and

international seats increased 14.9% or 259,912 seats from the same period of the previous year. In the first three quarters of 2023, the statewide hotel occupancy rate averaged 74.4%, 0.5 percentage point lower than the same period of the previous year.

Construction and Real Estate

In the first three quarters of 2024, the value of private building authorizations in the State increased by \$514.6 million or 18.6% compared to the same period in 2023. The value for permits for additions and alterations increased by \$300.9 million or 24.0%, followed by the value for residential permits, which increased by \$244.7 million or 20.7%. The value of commercial and industrial building permits decreased by \$31.0 million or 9.4% during the same period.

Government contracts awarded decreased by \$1,314.8 million, or 30.7% compared with the same period of the previous year. State government capital improvement project expenditures increased \$229.2 million or 23.6%.

In the first nine months of 2024, the number of existing homes sold on O‘ahu increased 5.8% for single-family homes and decreased 5.6% for condominiums, compared to the same period last year. In the first nine months of 2024, the median price for existing single-family homes on O‘ahu was \$1,100,000, up 4.8% from the same period in 2023, and the median price for existing condominiums on O‘ahu was \$510,000, up 1.0% from the same period last year.

In the first three quarters of 2024, the construction sector added 3,500 jobs or 9.2% from the same period of the previous year.

County Economic Conditions

Through the first three quarters of 2024, the average unemployment rate decreased in all counties except Maui County compared to the same period last year. The unemployment rate in Honolulu decreased from 2.8% to 2.7%, the unemployment rate in Hawai‘i County decreased from 3.2% to 3.0%, and the unemployment rate in Kaua‘i County decreased from 2.7% to 2.6%. The unemployment rate in Maui County increased from 3.7% to 4.5% due to the continued increase in unemployment following the Maui wildfires.

Visitor arrivals and visitor days by air decreased in all counties except Honolulu County in the first three quarters of 2024 compared to the same period last year. Visitor arrivals increased 3.7% in Honolulu County but decreased 3.4% in Hawai‘i County, 4.1% in Kaua‘i County and 12.9% in Maui County. Total visitor days by air increased 1.7% in Honolulu. Total visitor days by air decreased 4.9% in Hawai‘i County, 4.2% in Kaua‘i County, and 14.0% in Maui County.

Through the first three quarters of 2024, non-agricultural wage and salary jobs increased in Honolulu County and Hawai‘i County compared with the same period of 2024 but decreased in Maui County and remained the same in Kaua‘i County. Net job increases in Honolulu were due to job increases in the private and government sectors. In the first three quarters of 2024, the private sector in Honolulu added about 6,200 jobs and the government sector gained about 2,000 jobs compared with the same period last year. The largest job increase in the private sector was in Natural Resources, Mining, Construction (added 3,500 jobs), followed by Health Care and Social Assistance (added 2,100 jobs) and Food Services and

Drinking Places (added 1,400 jobs). The Information sector lost the most jobs (1,600 jobs) compared to the same period in 2023.

Hawai'i County gained 700 jobs or 1.0% in the first three quarters of 2024 over the same period of 2023. Job gains were from the private and government sectors. The largest private sector job increases in Hawai'i County were in Accommodation and Food Services and Drinking Places (both of which added 200 jobs each). The government sector added 300 jobs. The sectors that lost the most jobs were Natural Resources, Mining, Construction (lost 300 jobs) and Financial Activities (lost 200 jobs).

In the first three quarters of 2024, Kaua'i County had about the same number of jobs compared to the same period in 2023. The largest private sector job increase occurred in Food Services and Drinking Places (added 200 jobs), followed by Professional and Business Services, Accommodation, and Other Services (added 100 jobs each). Jobs in Natural Resources, Mining, Construction; Manufacturing; Retail Trade; Financial Activities; and Arts, Entertainment and Recreation lost jobs during this period (lost 100 jobs each). The number of government jobs during this period was unchanged.

Maui County lost 4,600 jobs or 6.1% in the first three quarters of 2024 compared to the same period in 2023. The largest private sector job decreases occurred in Food Services and Drinking Places (lost 1,600 jobs), followed by Professional and Business Services (lost 1,100 jobs), and the Retail Trade and Transportation, Warehousing, Utilities sectors (lost 700 jobs each). The largest private sector job gains were in Natural Resources, Mining, Construction (added 400 jobs) and Health Care and Social Assistance (added 200 jobs).

The government sector added 500 jobs compared to the same period of 2023.

During the first three quarters of 2024, the value of private building permits increased \$730.0 million or 52.3% in Honolulu; decreased \$189.8 million or 31.9% in Maui County; decreased \$25.2 million or 22.3% in Kaua'i County (residential only); and decreased \$0.4 million or 0.1% in Hawai'i County, compared to the same period of 2023.

Outlook for the Economy

As measured by real gross domestic product (GDP), Hawai'i's economy rebounded to exceed pre-pandemic (fourth quarter of 2019) levels by 0.7% as of the second quarter of 2024. While tourism-related sectors (accommodation, transportation, retail trade, recreation, and food services) only recovered to 93% of pre-pandemic levels, non-tourism sectors have shown firm growth. Based on the most recent data from the U.S. Bureau of Economic Analysis, Hawai'i's real GDP grew 1.7% in the second quarter of 2024 compared to the second quarter of 2023. Hawai'i's nominal personal income grew by 5.4% in the second quarter of 2024 compared to the second quarter of 2023.

During the first ten months of 2024, total visitor arrivals fell by 0.7% from the same period in 2023. U.S. visitor arrivals by air fell 2.9% while international visitor arrivals rose 7.0%. Visitor expenditures, measured in current dollars, decreased by 1.0% year to date through October 2024.

The construction industry continues to boom. Construction payroll jobs reached 43,300 (not seasonally adjusted) in October 2024, a record high level in

Hawai'i's history. The value of private building permits increased 28.6% during the first ten months of 2024. During the first half of 2024, the contracting tax base totaled \$6.5 billion or a 14.8% increase from the same period in 2023. The \$9.8 billion in government contracts awarded in calendar years 2022 and 2023 will have lasting effects for several years into the future.

Hawai'i home sales increased 18% during the first nine months of 2024 as compared with the same period in 2023. Sales of single-family homes increased 14.6% and sales of condominium homes increased 21.2%. The average sale price of single-family homes increased 8.9% and the average sale price for condominium homes increased 2.4% during the first nine months of 2024 compared to the same period a year ago.

Hawai'i's labor force (not seasonally adjusted) for the first ten months of 2024 decreased 0.9% compared to the same period in 2023. Hawai'i's unemployment rate (not seasonally adjusted) averaged 3.0% during the first ten months of 2024, ranking eighth lowest among the states in the nation.

Hawai'i's consumer inflation, as measured by the Honolulu Consumer Price Index for All Urban Consumers, was at 4.2% in September 2024, 2.0 percentage points higher than Hawai'i's inflation rate in September 2023 and 1.8 percentage points higher than the national inflation rate of 2.4%.

At the national level, the most recent (November 2024) Blue Chip Economic Indicators report, the consensus of 50 economic forecasting organizations, projected the U.S. economy to grow at 2.7% in 2024, and 2.1% in 2025. DBEDT estimates that the Hawai'i's real GDP will

increase by 1.6% in 2024, 2.0% in 2025, 2.0% in 2026, and 1.8% in 2027.

Visitor arrivals are projected to decrease by 0.6% in 2024 and will improve starting in 2025 as the Japanese visitor market recovery accelerates. Full recovery in arrivals will not happen until 2027 when 10.4 million visitors will come to the State. Visitor spending is projected to be \$20.6 billion in 2024 and is expected to increase to \$23.2 billion by 2027.

Non-agriculture payroll jobs are expected to increase by 0.9% in 2024, 1.2% in 2025, 1.2% in 2026, and 1.0% in 2027. A full recovery of non-agriculture payroll jobs is expected to occur in 2027 when the total will reach 659,800 jobs.

The State unemployment rate is expected to be 2.9% in 2024 and will improve to 2.7% in 2025 and 2.6% in 2026 and 2.5% in 2027.

Personal income is expected to grow at 4.7% in 2024, 4.4% in 2025, 4.1% in 2026, and 4.1% in 2027.

As measured by the Honolulu Consumer Price Index for Urban Consumers, inflation is expected to be at 4.3% in 2024, which is higher than the projected U.S. consumer inflation rate of 2.9% for the same year. Hawai'i consumer inflation is expected to decrease to 2.6% by 2027.

Hawai'i's population is expected to decrease by 0.2% in 2024, and then increase by 0.1% each year in 2025, 2026, and 2027.