Current Hawaii Economic Conditions

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Department of Business, Economic Development & Tourism

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2008-9 have been challenging times for Hawaii

Real product, 1978 to 2012 (% change from previous year)

Source: US Bureau of Economic Analysis and Hawai’i State Department of Business, Economic Development and Tourism
The sharp decrease in jobs is unprecedented.

Source: Hawaii State Department of Labor and Industrial Relations and Department of Business, Economic Development & Tourism.
Hawaii has lost 29,100 jobs in the last two years

Through 2nd Quarter 2009
Source: Hawaii State Department of Labor and Industrial Relations
Our unemployment rate has also jumped, but remains below the U.S. average.

Unemployment Rates - 2000 to 2009*

*Though June 2009, Not seasonally adjusted.

Source: Bureau of Labor Statistics
From 2003 to 2007, the strongest growth was in construction and transportation.

Source: Hawaii State Department of Labor and Industrial Relations
In 2009, the largest decreases have been in construction and visitor-related industries.

(2009 Year to Date Job Growth)

- Total Wage & Salary Jobs: -19,750 (-3.1%)

- Government: 3,100 (2.5%)
- Health Care & Social Assistance: 1,3% (750)
- Professional & Business Services: -3.1% (-2,350)
- Food Services & Drinking Places: -4.4% (-2,550)
- Retail Trade: -3.6% (-2,550)
- Accommodations: -8.6% (-3,350)
- Transp., Warehousing, Util.: -11.1% (-3,450)
- Nat. Resources & Mining & Construc.: -12.3% (-4,750)

Source: Hawaii State Department of Labor and Industrial Relations
The value of private building permits continues to fall

12-Month Moving Average of Building Authorization Components*

* Additions and Alterations and Commercial & Industrial data do not include Kauai. All data through April 2009
Source: County building departments.
Construction Put-in-Place and Jobs Decline

Through June 2009

Monthly Construction Tax Base in millions $US 1990-2009


Through April 2009

Source: Hawai'i State Department of Taxation and Hawai'i State Department of Labor and Industrial Relations
Federal expenditures will continue to increase as planned military housing privatization is substantial at $3.0 billion over the next ten years.

- Encompassing 15,000 units (approx. 3,900 replacement/renovated units through CY 2008, and 1,400 planned for each of the next few years.)
State Government capital improvement projects (CIP) expenditures increase

Through 1Q 2009
Source: State of Hawaii Department of Accounting and General Services
The Visitor industry has increased its importance in Hawaii’s Economy since Statehood

Job count, State of Hawaii, 1955-2005

Note: Federal job count includes civilian employees but not enlisted military
Source: Department of Business, Economic Development & Tourism Databook, Department of Labor & Industrial Relations, Annual Labor Force Estimates.
The fall in visitor arrivals in 2008 and 2009 has been dramatic.

Visitor Arrivals to Hawaii: 1951 to 2008

Source: Hawai'i State Department of Business, Economic Development and Tourism
Visitor arrivals continued to fall in the first half of 2009, but are beginning to stabilize.
Visitor arrival growth may be affected by modest long term growth path.

Short-term & Long-term visitor projections (millions of visitors)

- Actual
- Short-Term Forecast
- Long-Term Projection
Visitor expenditures have fallen more than arrivals

Total Annual Visitor Expenditure (Arrivals by Air): 2003 to 2008
(in million of $US)

Year over Year Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (in million of $US)</th>
<th>Year over Year Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$9,844</td>
<td>8.2%</td>
</tr>
<tr>
<td>2004</td>
<td>$10,648</td>
<td>9.4%</td>
</tr>
<tr>
<td>2005</td>
<td>$11,650</td>
<td>5.1%</td>
</tr>
<tr>
<td>2006</td>
<td>$12,243</td>
<td>2.7%</td>
</tr>
<tr>
<td>2007</td>
<td>$12,578</td>
<td>-11.1%</td>
</tr>
<tr>
<td>2008</td>
<td>$11,182</td>
<td></td>
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</tbody>
</table>
Scheduled airseats now at 2008 levels

Source: ADI Global Airport Industry Database / OAG Schedule Detail
## External Conditions

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

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>0.4</td>
<td>-2.6</td>
<td>2.3</td>
</tr>
<tr>
<td>Japan</td>
<td>-0.7</td>
<td>-6.2</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: Blue Chip Forecast, August 2009
**Summary of Actual and Forecasted Key Economic Indicators for Hawaii: CY 2007 to 2009**
*(Annual % Change)*

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

*Source: Department of Business, Economic Development & Tourism*
Substantial numbers of people will be leaving the Labor Force in the future.

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

- 0-19 yrs.
- 20-39 yrs.
- 40-64 yrs.
- 65+ yrs.

2007 population base

Additional Growth, 2007 to 2035
Aloha, and welcome to the State of Hawaii’s economic development website.

The Department of Business, Economic Development & Tourism is Hawaii’s resource center for economic and statistical data, business development opportunities, energy and conservation information, and foreign trade advantages.

Hawaii is ready to welcome a global business community. We have the diverse talent, technological infrastructure, economic incentives and the strategic location to take advantage of new markets and unique opportunities.

Hawaii beckons 21st Century business with a secure location, unparalleled recreational advantages and that wonderful, intangible quality of Aloha.

E Komo Mai! We invite you to explore doing business in the most beautiful place on earth.

- Annual Reports
- DBEDT International Events Calendar

What’s New in Hawaii

Press Releases

http://www.hawaii.gov/dbedt/