

# Current Hawaii Economic Conditions

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at the

**Hawaii Economic Association  
Seventeenth Annual Conference on Economic Issues**

**April 20, 2007**

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<b>Annual Percentage Growth</b>	<b>March 2006</b>	
	<b>Forecast 2006</b>	<b>Actual 2006</b>
<b>Total Population</b>	<b>1.1</b>	<b>1.0</b>
<b>Visitor Arrivals</b>	<b>3.2</b>	<b>0.0</b>
<b>Visitor Expenditures</b>	<b>4.6</b>	<b>3.0</b>
<b>Honolulu CPI-U</b>	<b>3.5</b>	<b>5.9</b>
<b>Nominal Personal Income</b>	<b>6.8</b>	<b>6.4<sup>1/</sup></b>
<b>Real Personal Income</b>	<b>3.2</b>	<b>0.5<sup>1/</sup></b>
<b>Total Wage and Salary Jobs</b>	<b>1.8</b>	<b>2.6</b>

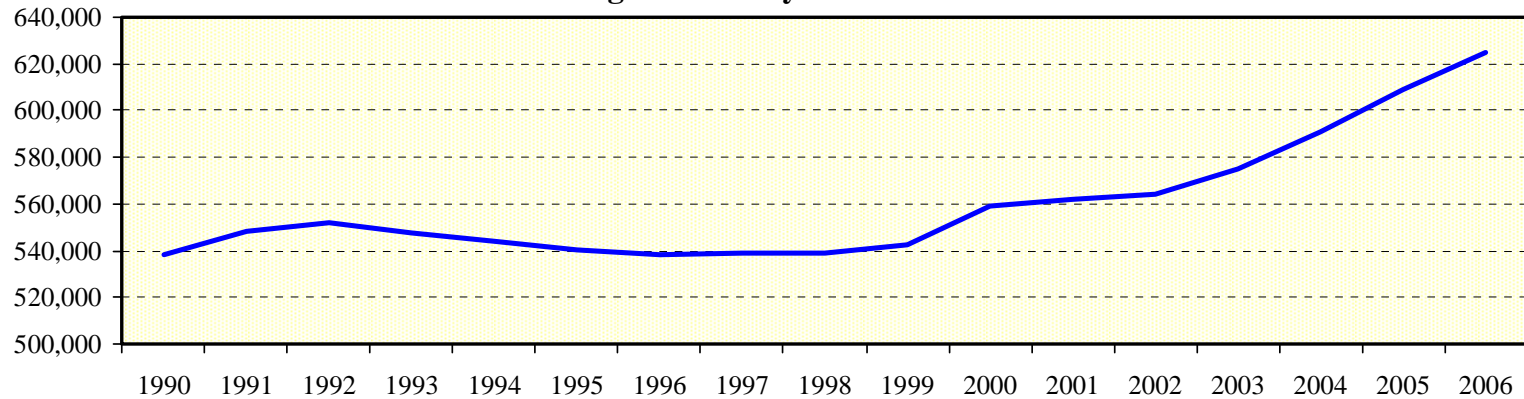
1/ Preliminary.

## Highlights of Hawaii's Economy

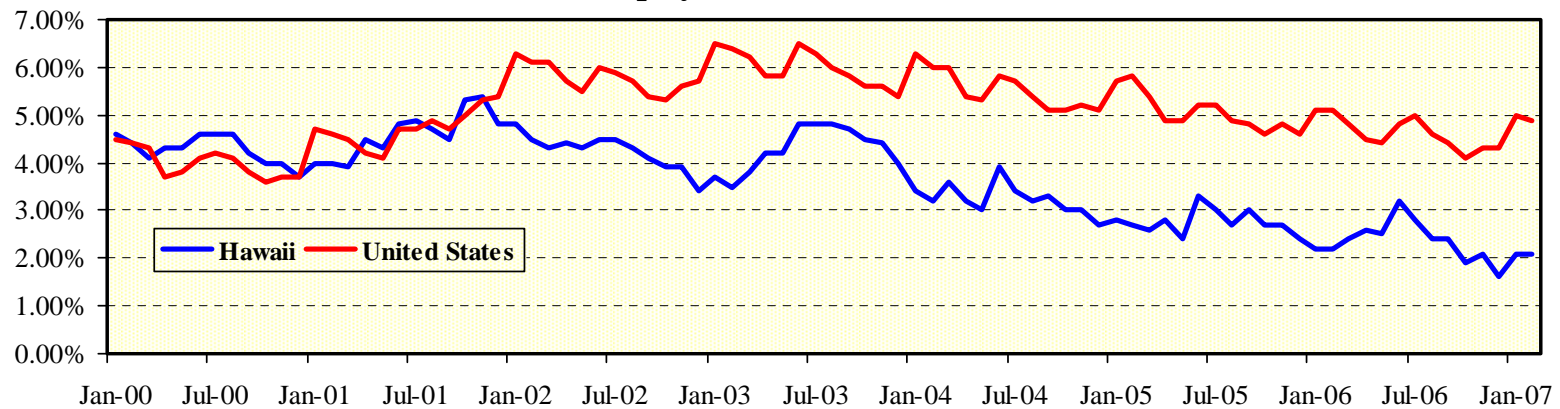
- Hawaii's key economic indicators are positive in most areas
- Unemployment rate is still the lowest in the nation in 2006 and for the first 3 months of 2007
- Robust investment evident in continued strength in building permits and construction activity
- Real personal income growth continues despite sharp increases in prices
- Increase in military presence and overall federal expenditures trends are favorable

## Strong Job Growth Has Continued and Hawaii's 2.4% Unemployment Rate in 2006 is the Lowest in the Nation

Wage and Salary Jobs - 1990 to 2006

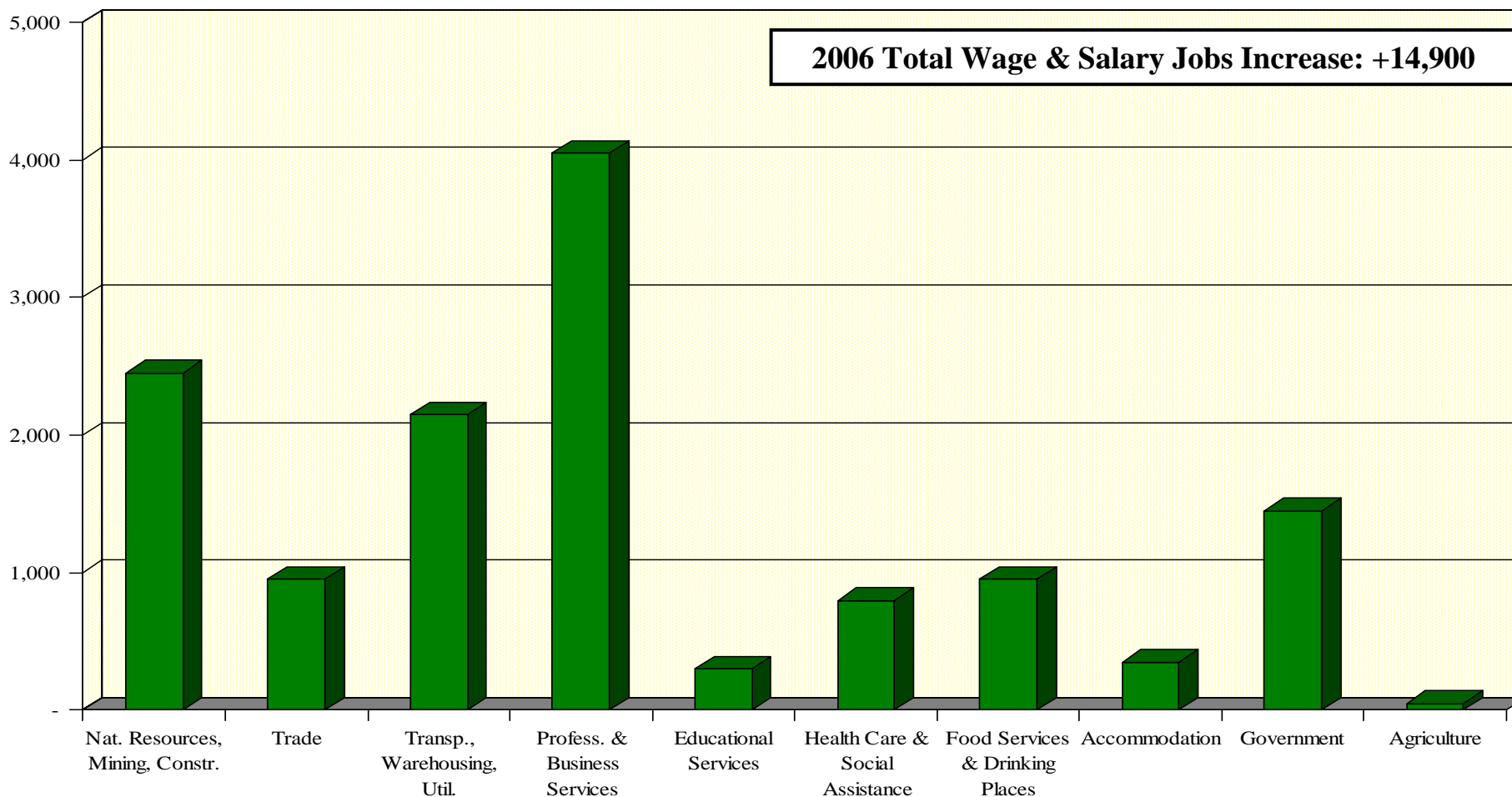


Unemployment Rates - 2000 to 2006



Source: U.S. Bureau of Labor Statistics

## Strong Job Growth is Occurring in Most Sectors



Source: State of Hawaii, Department of Labor and Industrial Relations



**2007**

**2008**

**Total  
Wage and Salary Jobs**

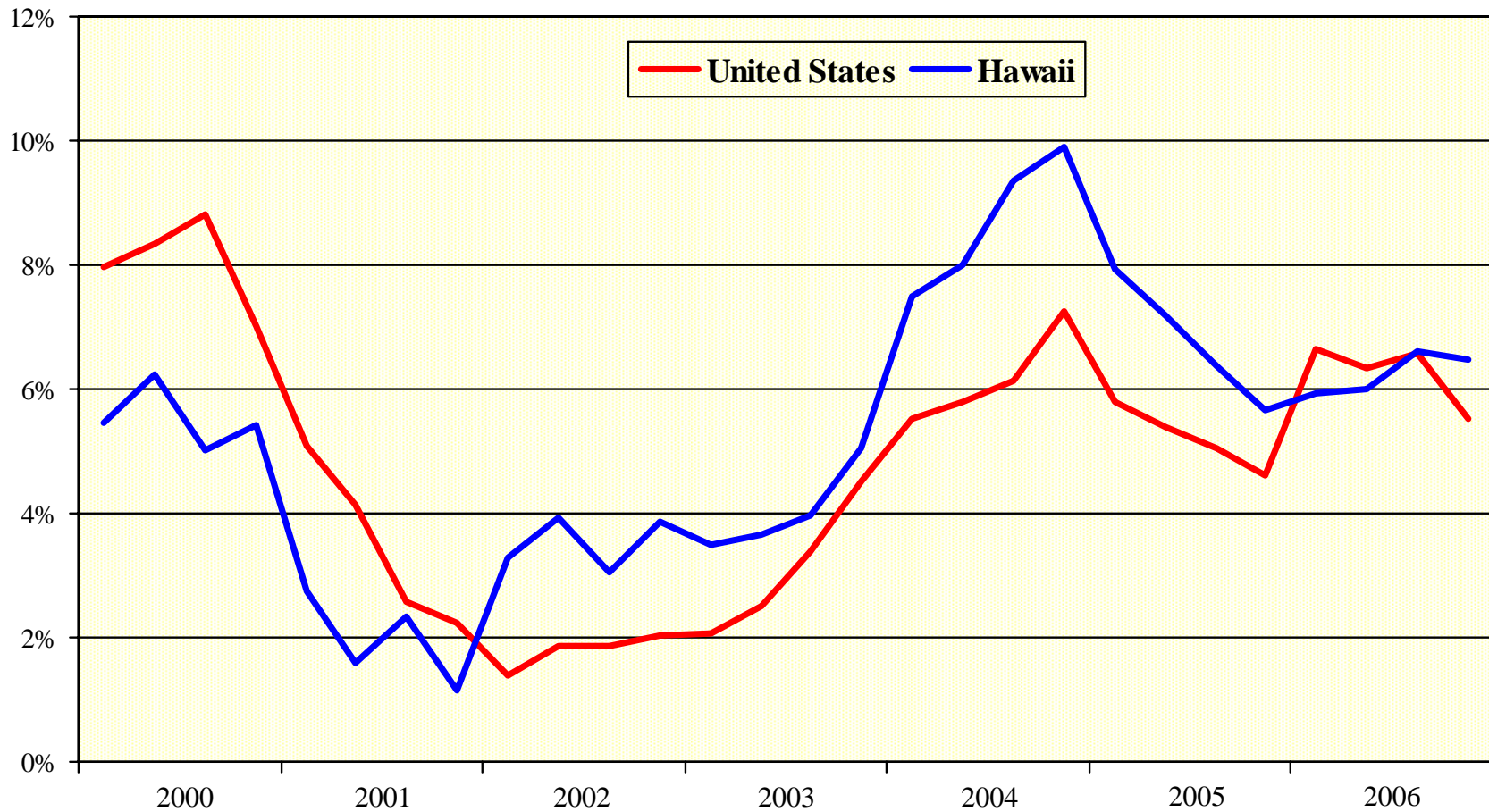
**1.8%**

**1.5%**



## Hawaii Aligned to the Nation in Personal Income Growth

Quarterly Personal Income Growth - 2000 to 2006 (percentage change from previous year)



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Personal Income



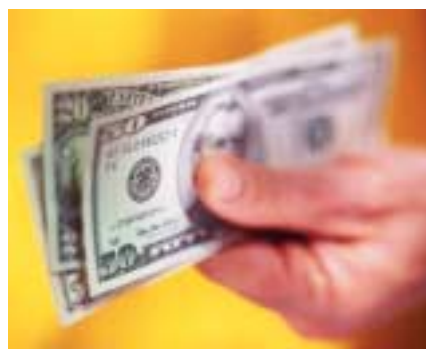
**2007**

**2008**

**Nominal Total  
Personal Income**

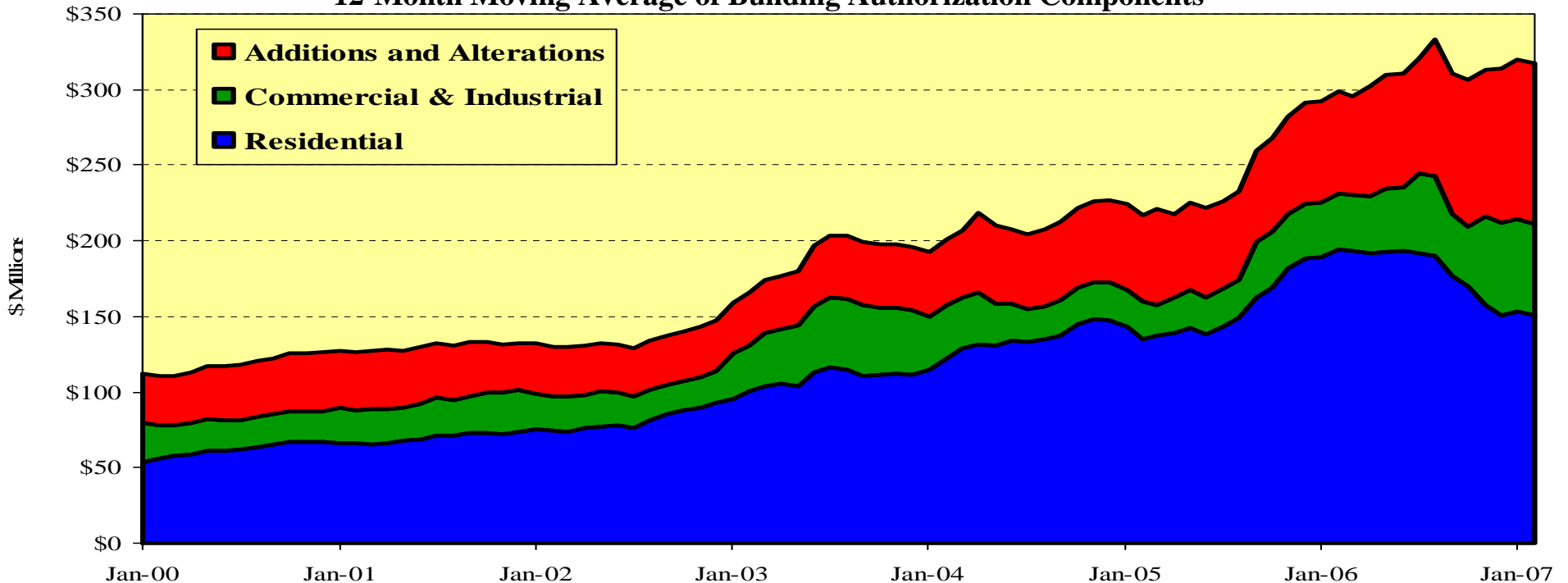
**6.0%**

**5.6%**



## Building Permit Authorizations Remain High

12-Month Moving Average of Building Authorization Components\*



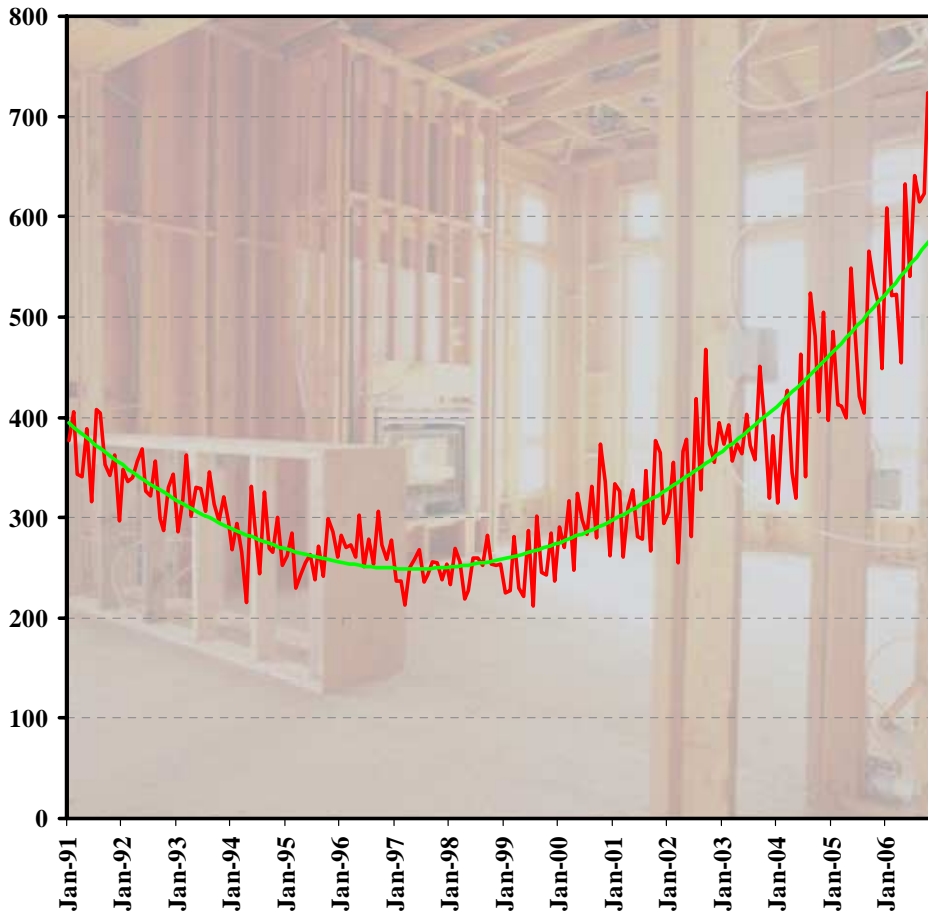
➤ **Military activity continues to further bolster Hawaii's construction market**

- Military construction and defense-related spending are estimated at \$767 million in FY 2006 and \$622 million in FY 2007
- The Public Private Housing Venture includes 17,000 military housing units, construction of over 1,000 of which are planned to be completed in 2007

\* Additions and Alterations and Commercial & Industrial data do not include Kauai. All data through February 2007  
Source: County building departments.

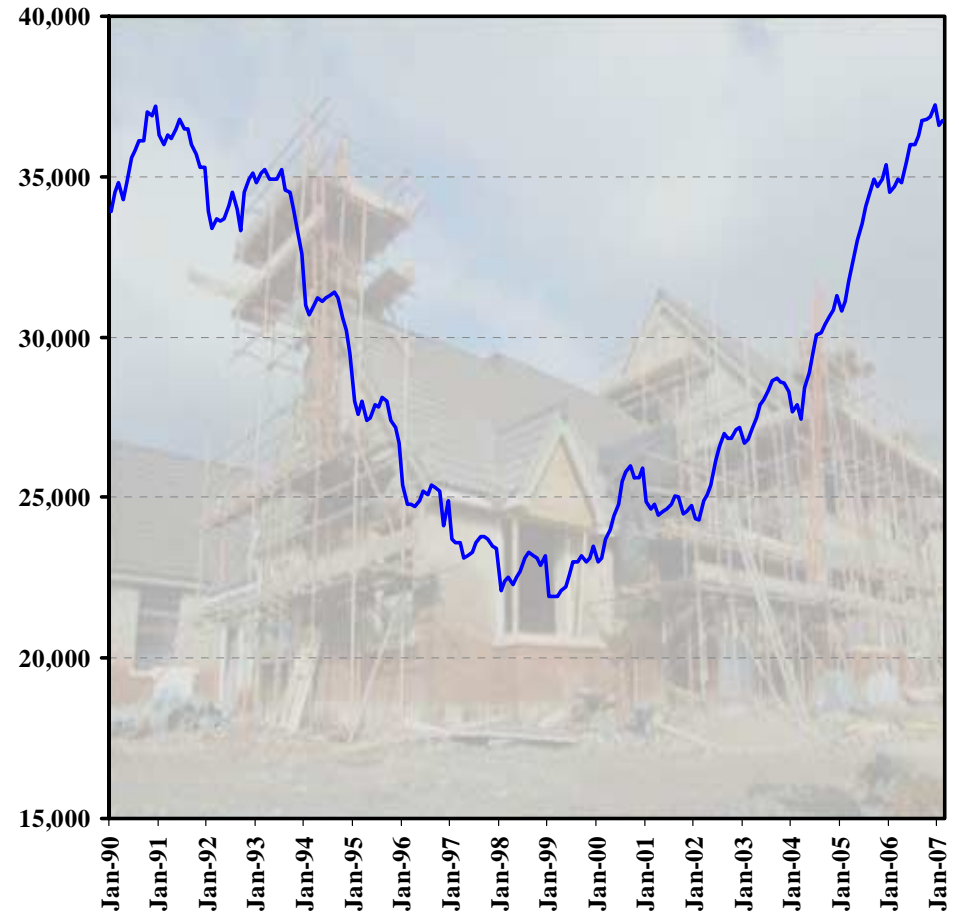
## Construction Put in Place and Construction Jobs Continue to Grow

Monthly Construction Tax Base million \$US



Through November 2006

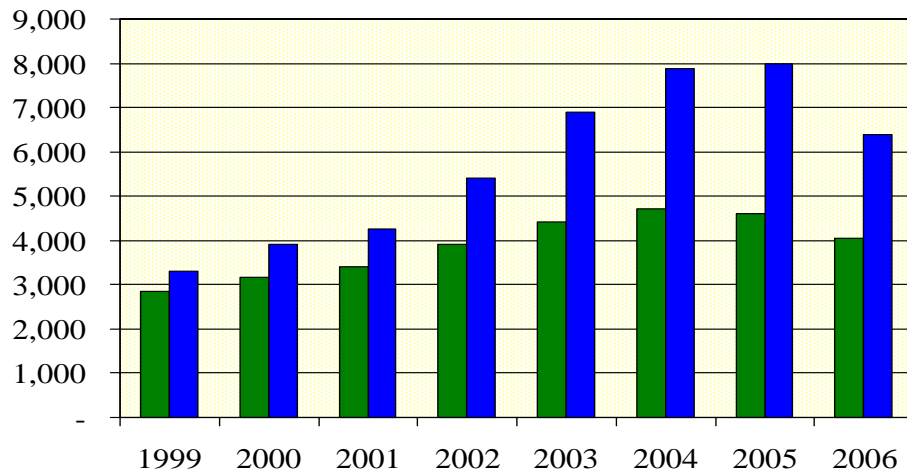
Hawaii Construction Jobs Monthly 1990-2007



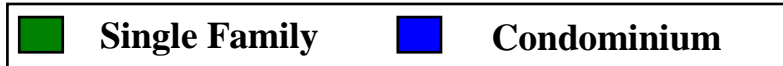
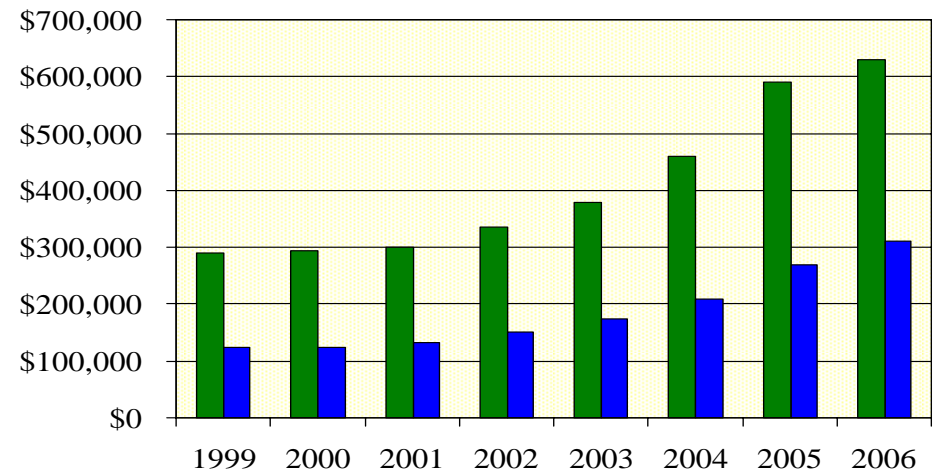
Through February 2007

## Oahu Housing Trends

Number of Transactions  
(1999 to 2006)



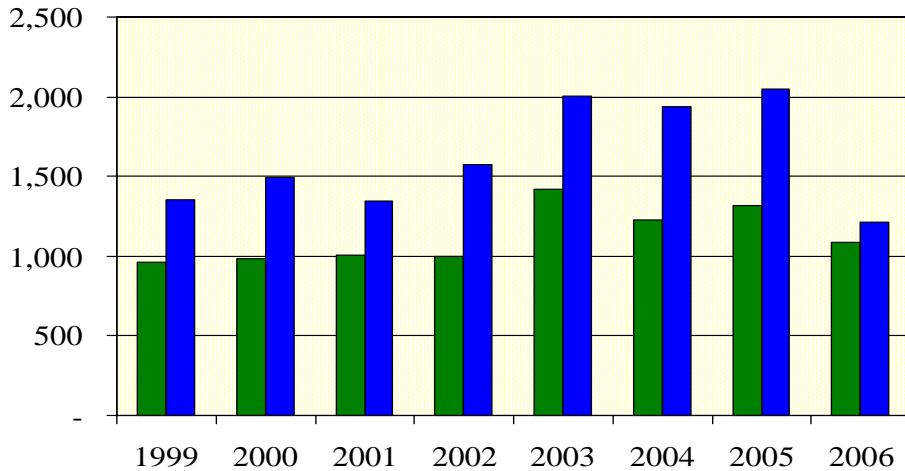
Median Annual Sales Price  
(1999 to 2006)



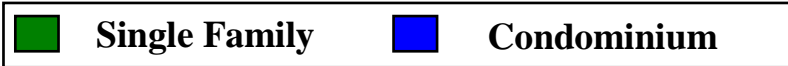
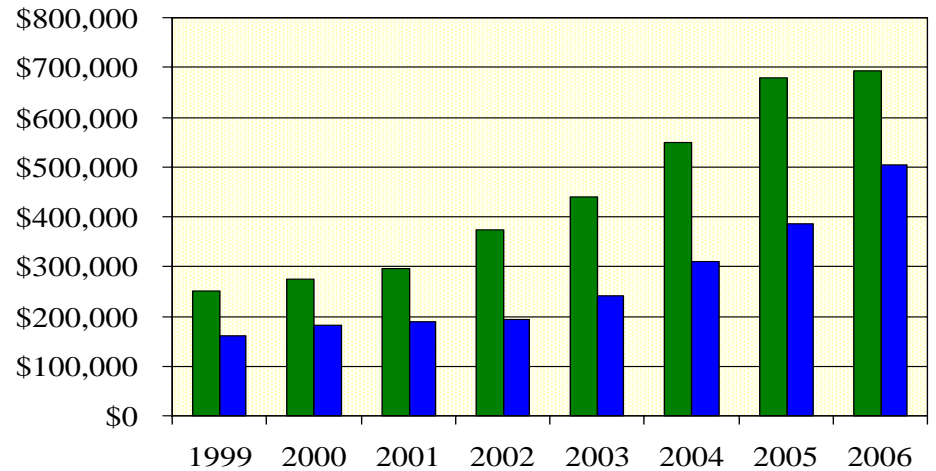
Source: Honolulu Board of Realtors, Research Department

## Maui Housing Trends

Number of Transactions  
(1999 to 2006)



Median Annual Sales Price  
(1999 to 2006)



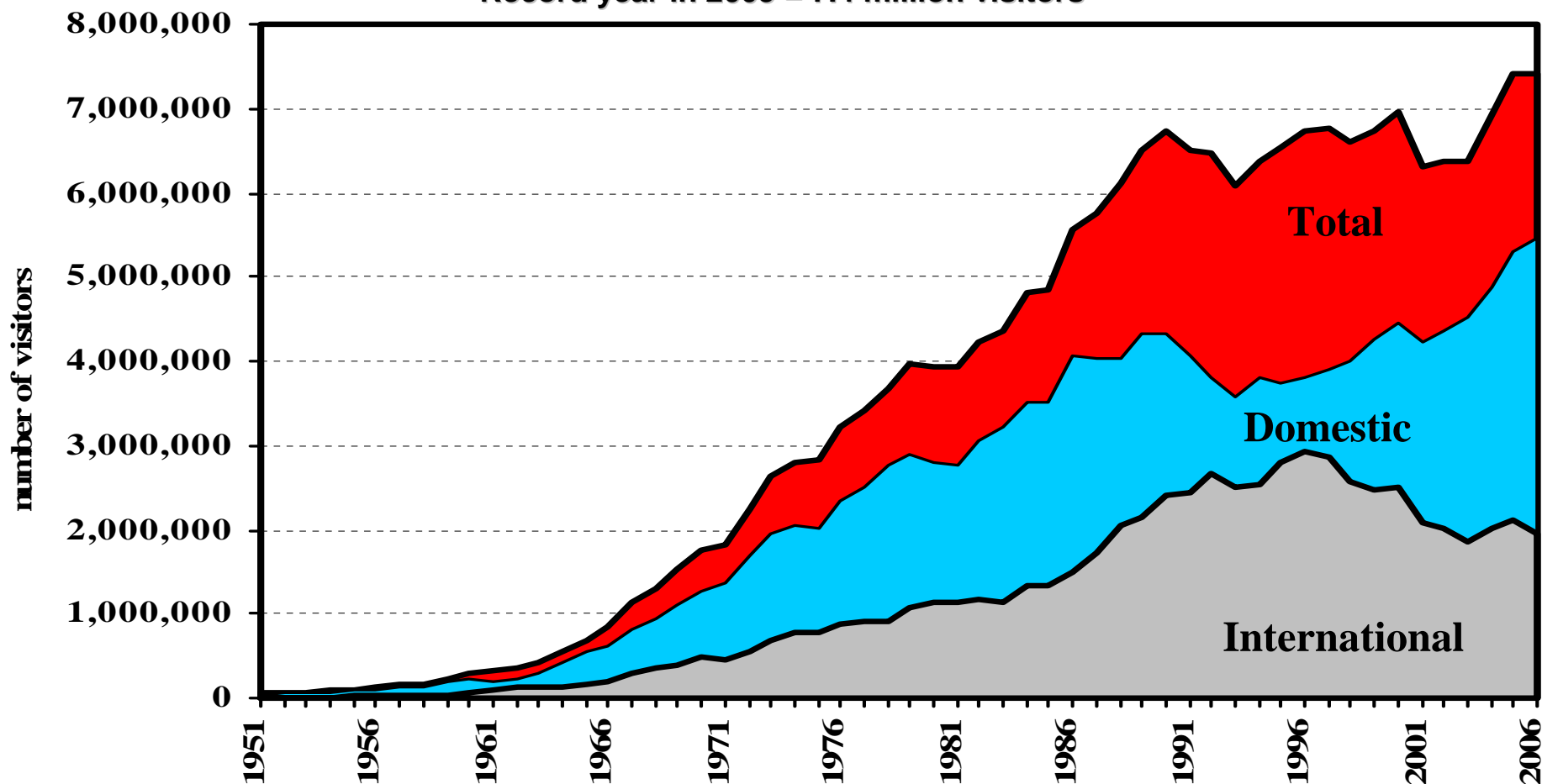
Source: Realtors Association of Maui

## Visitor Arrivals to Hawaii by Air: 1951 to 2006

1960-1990: Fast growth period = 11% per year

1990-2006 mature market = 0.6% per year

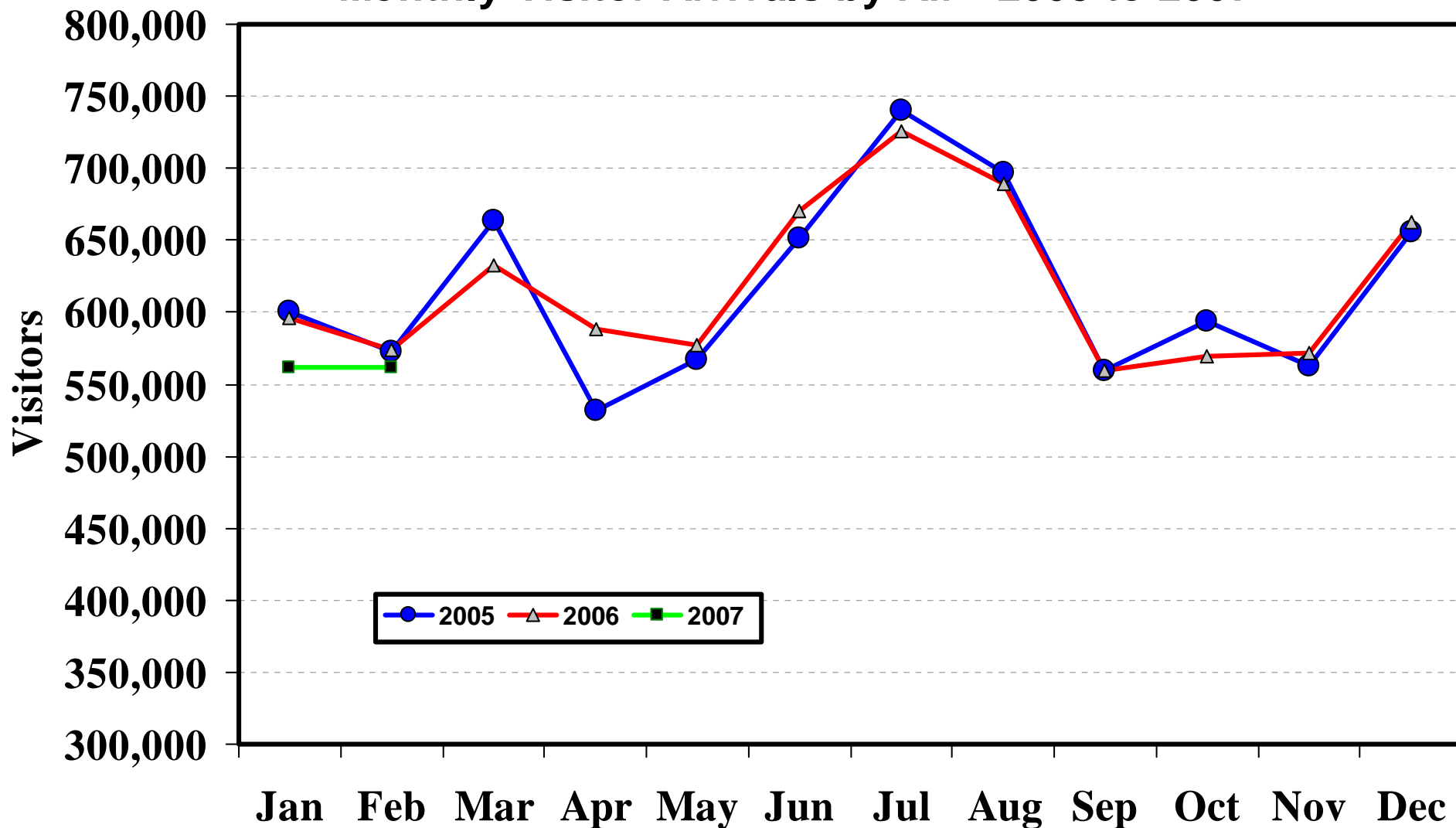
Record year in 2005 = 7.4 million visitors



Source: Hawaii State Department of Business, Economic Development and Tourism

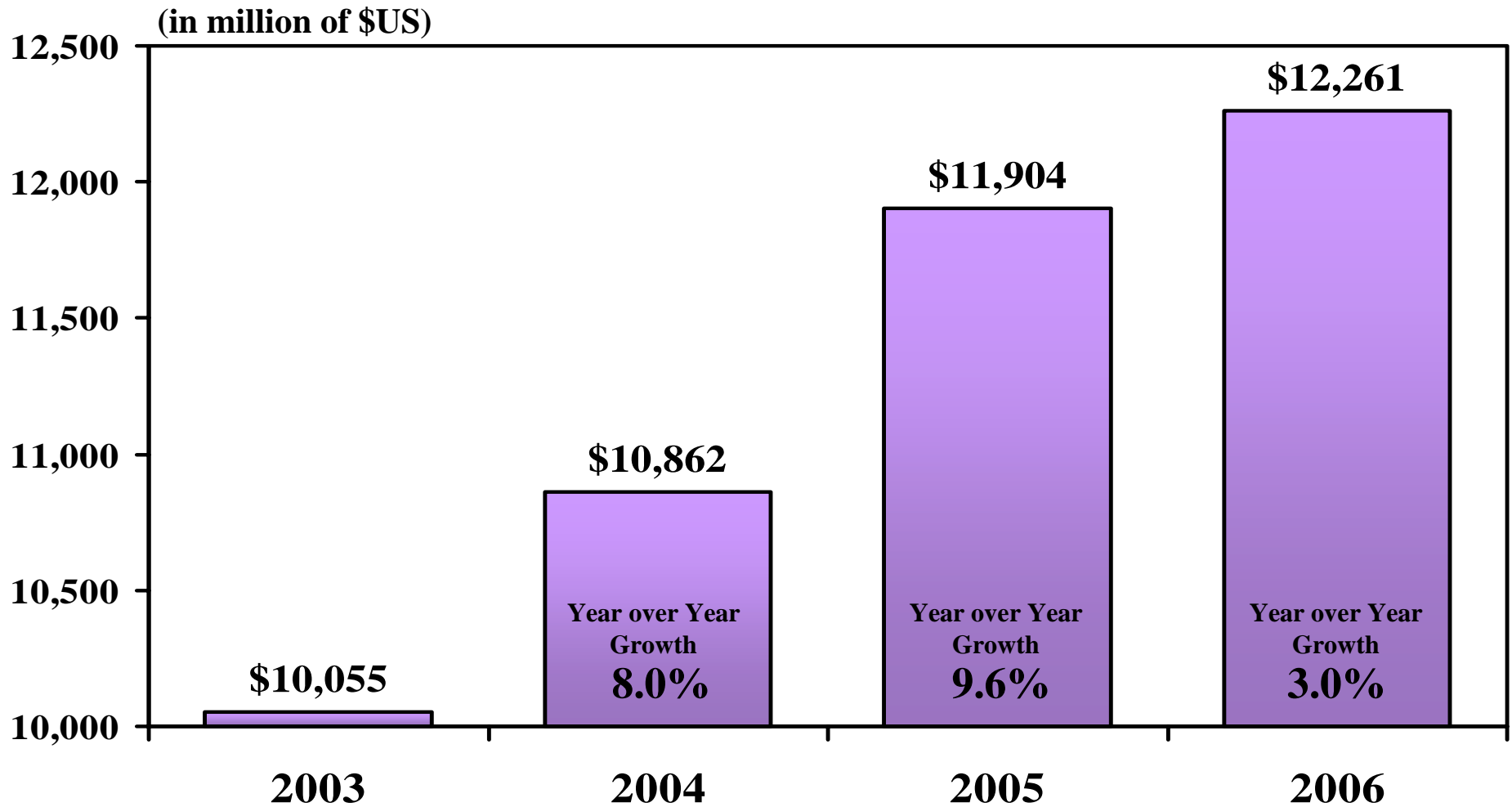
Note: 2006 preliminary figure

### Monthly Visitor Arrivals by Air - 2005 to 2007



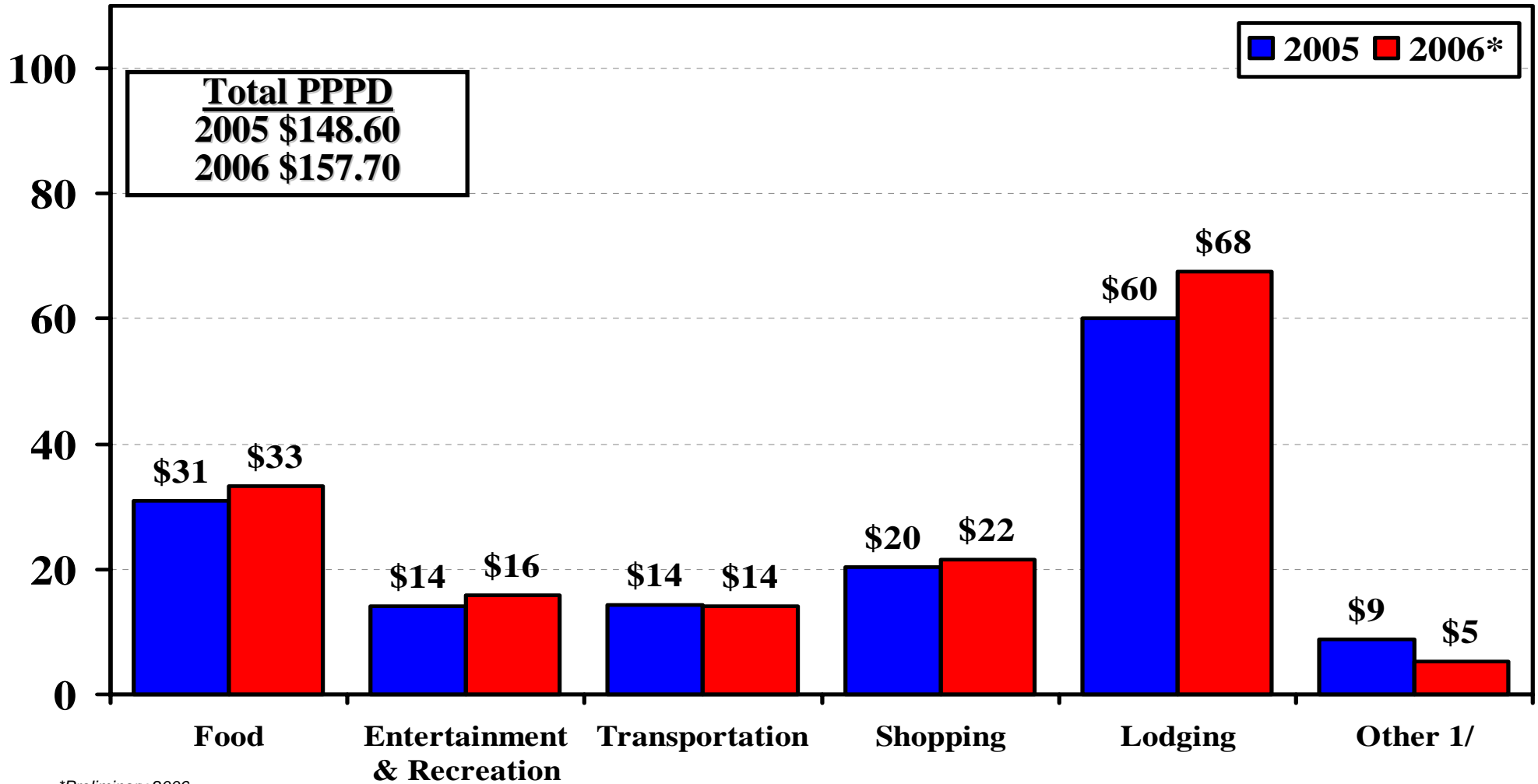
Source: Hawaii State Department of Business, Economic Development and Tourism

### Total Annual Expenditure: 2003 to 2006



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

**Per Person per Day Expenditure, US West: 2005 and 2006\***

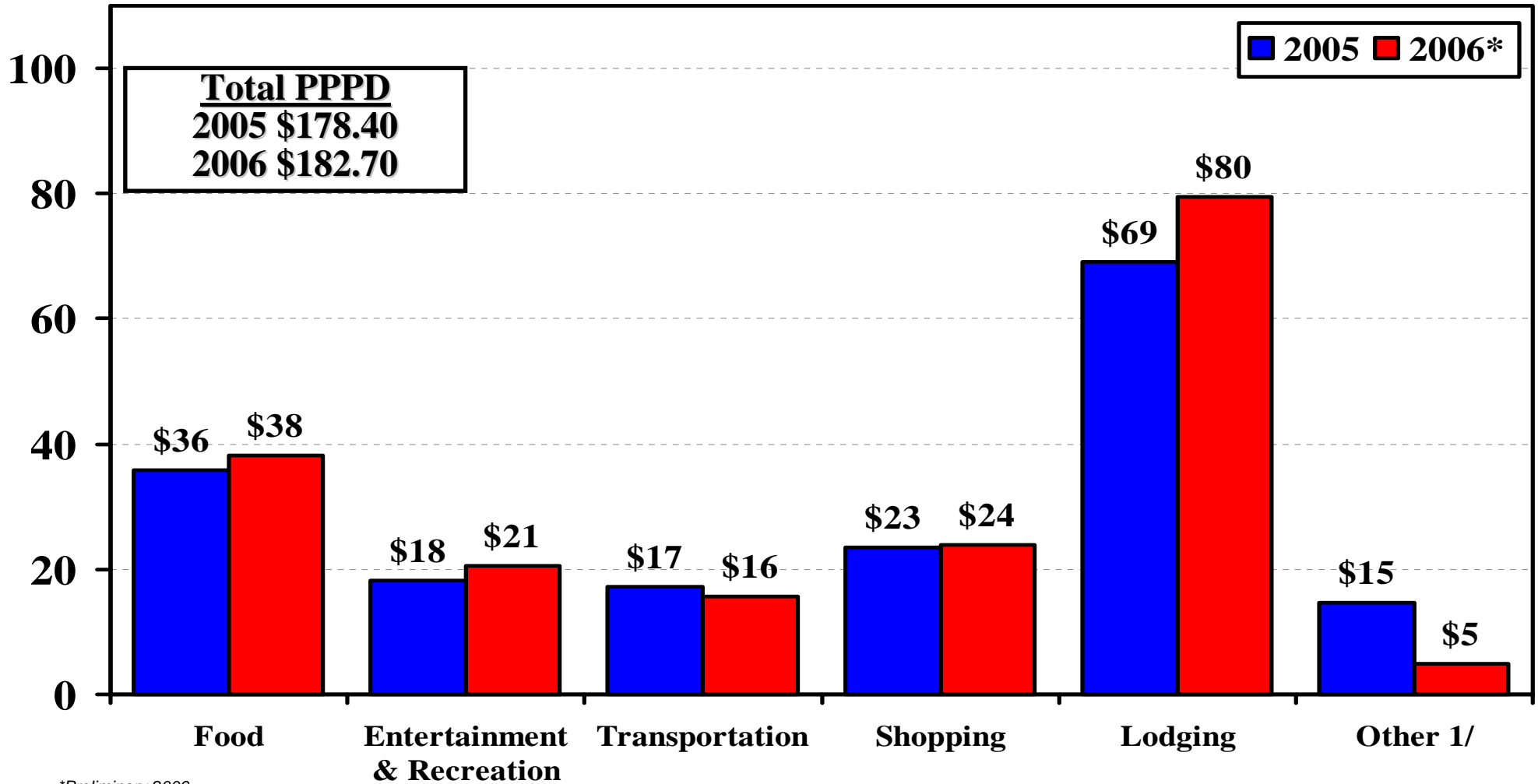


\*Preliminary 2006

1/ Includes cruise package spending on Hawaii home-ported cruise ships.

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

**Per Person per Day Expenditure, US East: 2005 and 2006\***

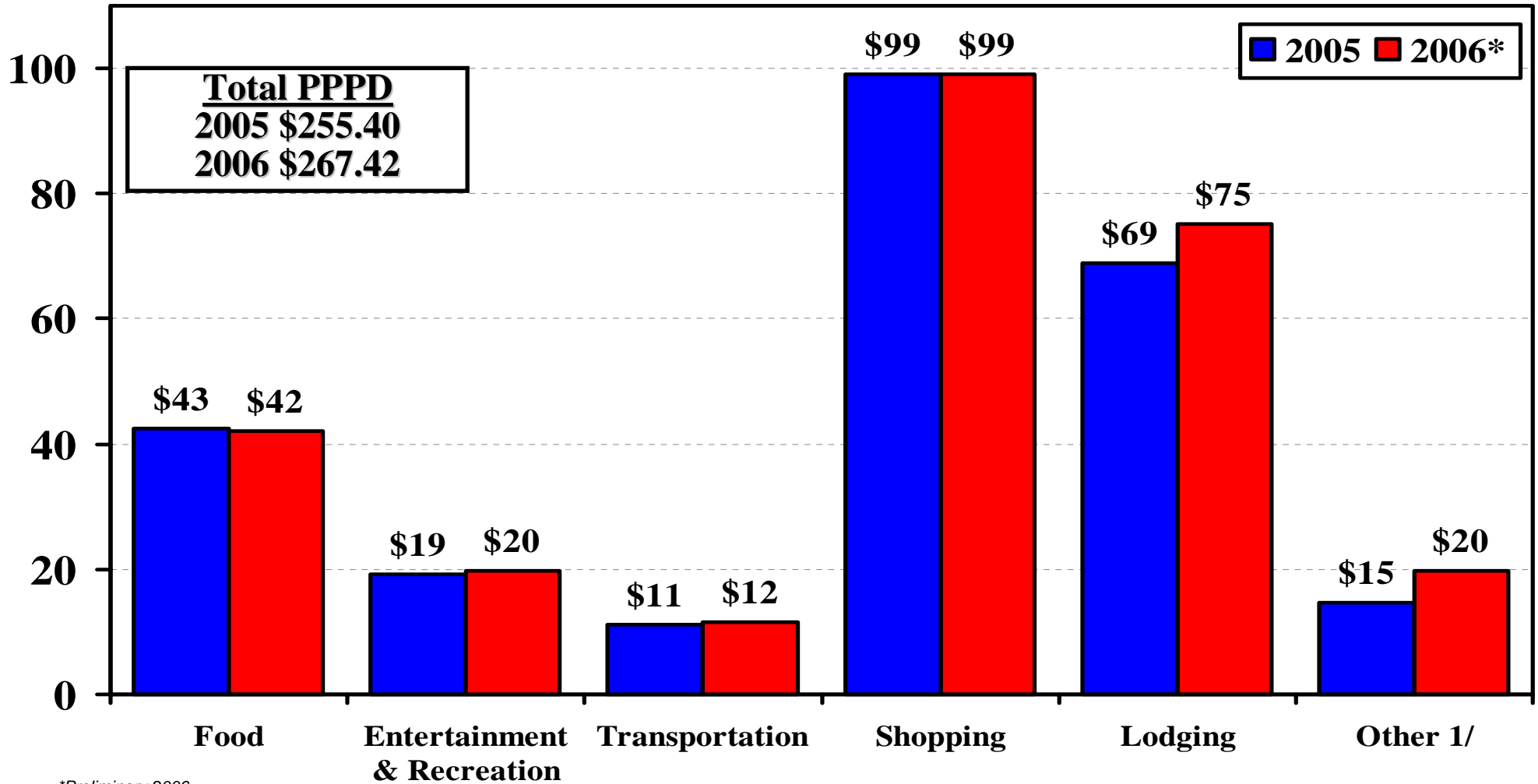


\*Preliminary 2006

1/ Includes cruise package spending on Hawaii home-ported cruise ships.

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

Per Person per Day Expenditure, Japan: 2005 and 2006\*



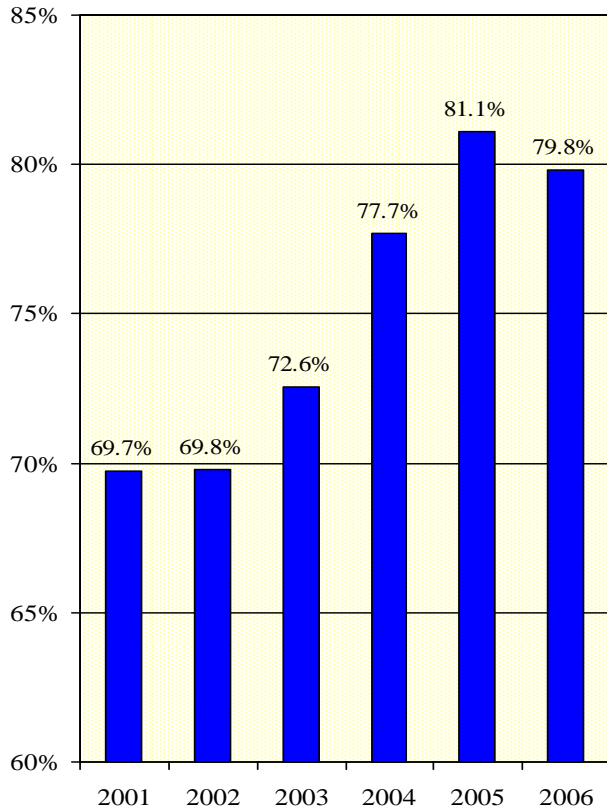
\*Preliminary 2006

1/ Includes cruise package spending on Hawaii home-ported cruise ships.

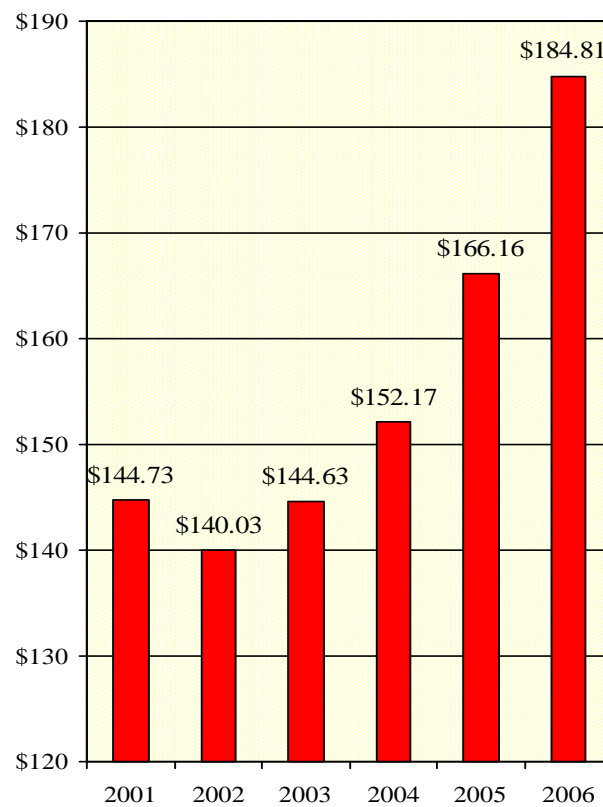
Hawaii State Department of Business, Economic Development and Tourism

## Hotel Occupancy Remains High and Room Rates at Record Levels

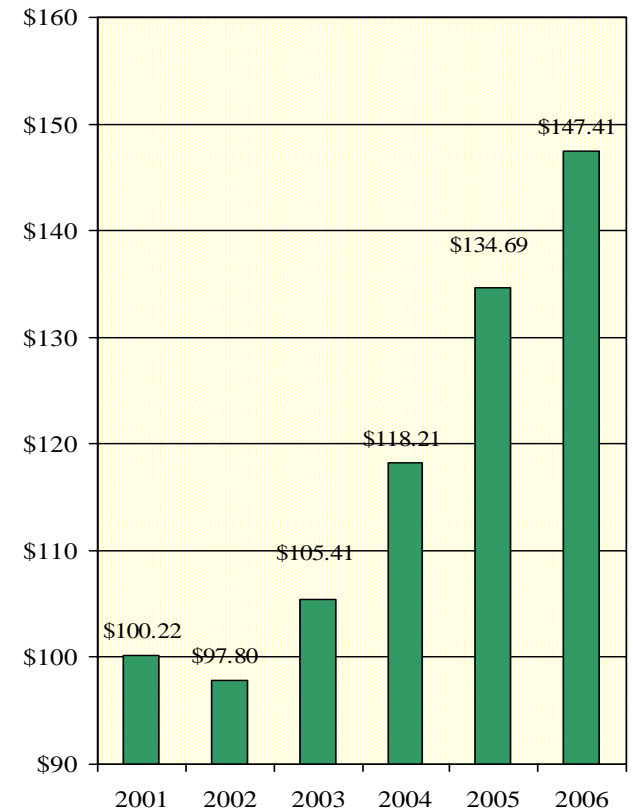
Average Occupancy Rates  
2001 to 2006



Average Hotel Room Rates  
2001 to 2006

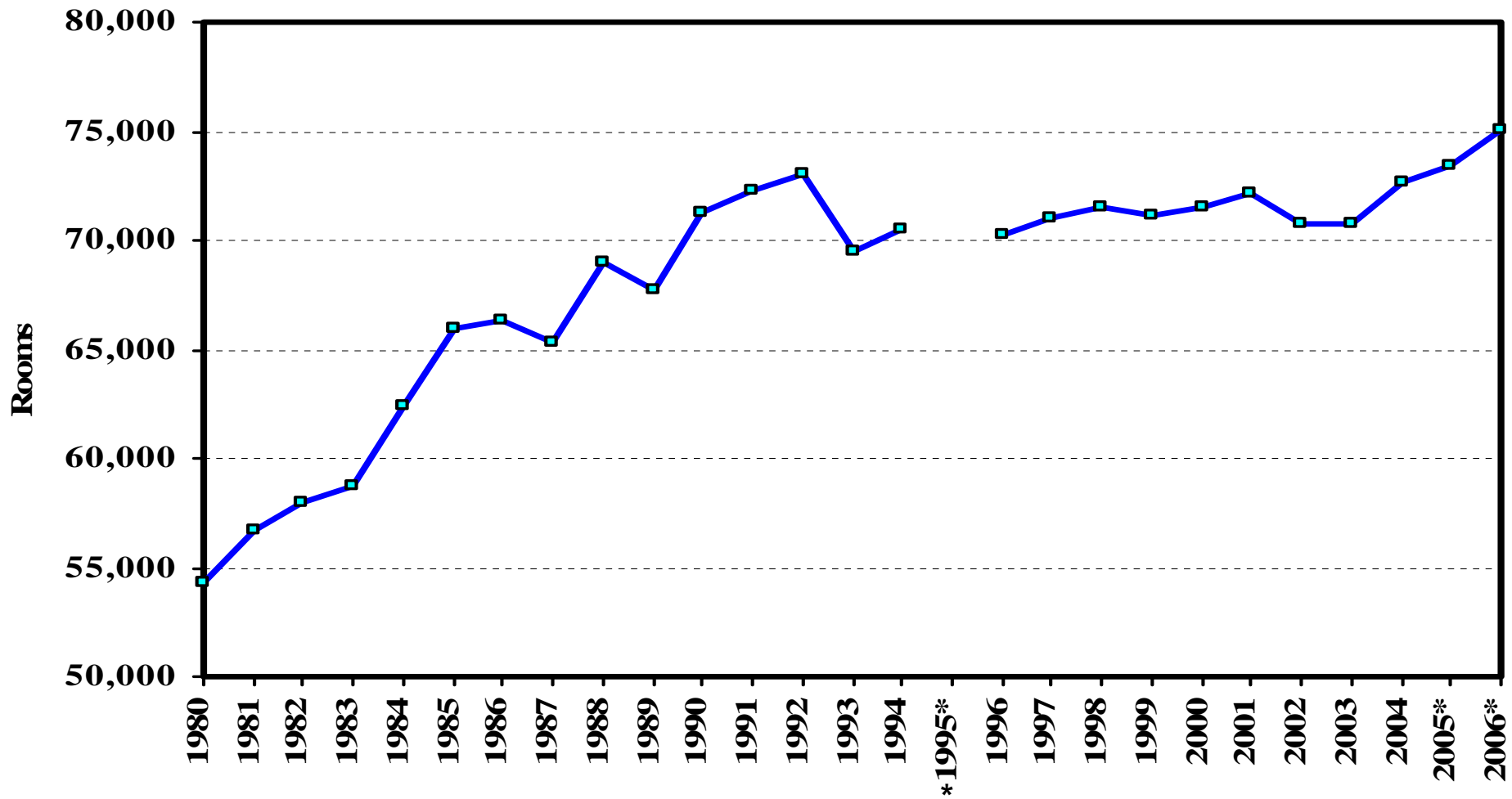


Average Room Revenue per Available Room  
2001 to 2006



Source: Smith Travel Research, Hospitality Advisors LLC

### Available Rooms 1980-2006



\* HVCB did not conduct and update survey in 1995.

Revised 2005 and preliminary 2006

Source: Hawaii State Department of Business, Economic Development and Tourism

## JATA Survey on Travel Market Trends

(Diffusion Index, ±100)

	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	Oct-Dec 2006	Forecast Jan-Mar 2007	Forecast Apr-Jun 2007
Hawaii	-17	-13	-12	-16	-29	-22
United States/Canada	-29	-20	-25	-40	-35	-24
Europe	-21	-2	-3	-7	-7	2
Australia/New Zealand	-29	-36	-36	-33	-36	-38
China	-32	-3	11	17	20	24
Asia (other)	-11	0	9	1	9	8

Source: Japan Association of Travel Agents

*Visitor Activity*



**2007**

**2008**

**Visitor Arrivals**

**1.4%**

**2.0%**

**Visitor Expenditures**

**4.8%**

**5.2%**



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

	<u>2007</u>	<u>2008</u>
<b>United States</b>	<b>2.3</b>	<b>2.9</b>

	<u>2007</u>	<u>2008</u>
<b>Japan</b>	<b>2.3</b>	<b>2.2</b>

Source: Blue Chip Forecast, April 2007

**Summary of Actual and Forecasted  
Key Economic Indicators for Hawaii: CY 2006 to 2008  
(Annual % Change)**

	Actual CY 2006	Forecasted CY 2007	Forecasted CY 2008
<b>Total Population</b>	1.0%	1.1%	1.1%
<b>Visitor Arrivals</b>	0.0%	1.4%	2.0%
<b>Visitor Expenditures</b>	3.0%	4.8%	5.2%
<b>Honolulu CPI-U</b>	5.9%	4.0%	3.4%
<b>Personal Income</b>	6.4% <sup>1</sup>	6.0%	5.6%
<b>Real Personal Income</b>	0.5% <sup>1</sup>	1.9%	2.1%
<b>Total Wage and Salary Jobs</b>	2.6%	1.8%	1.5%

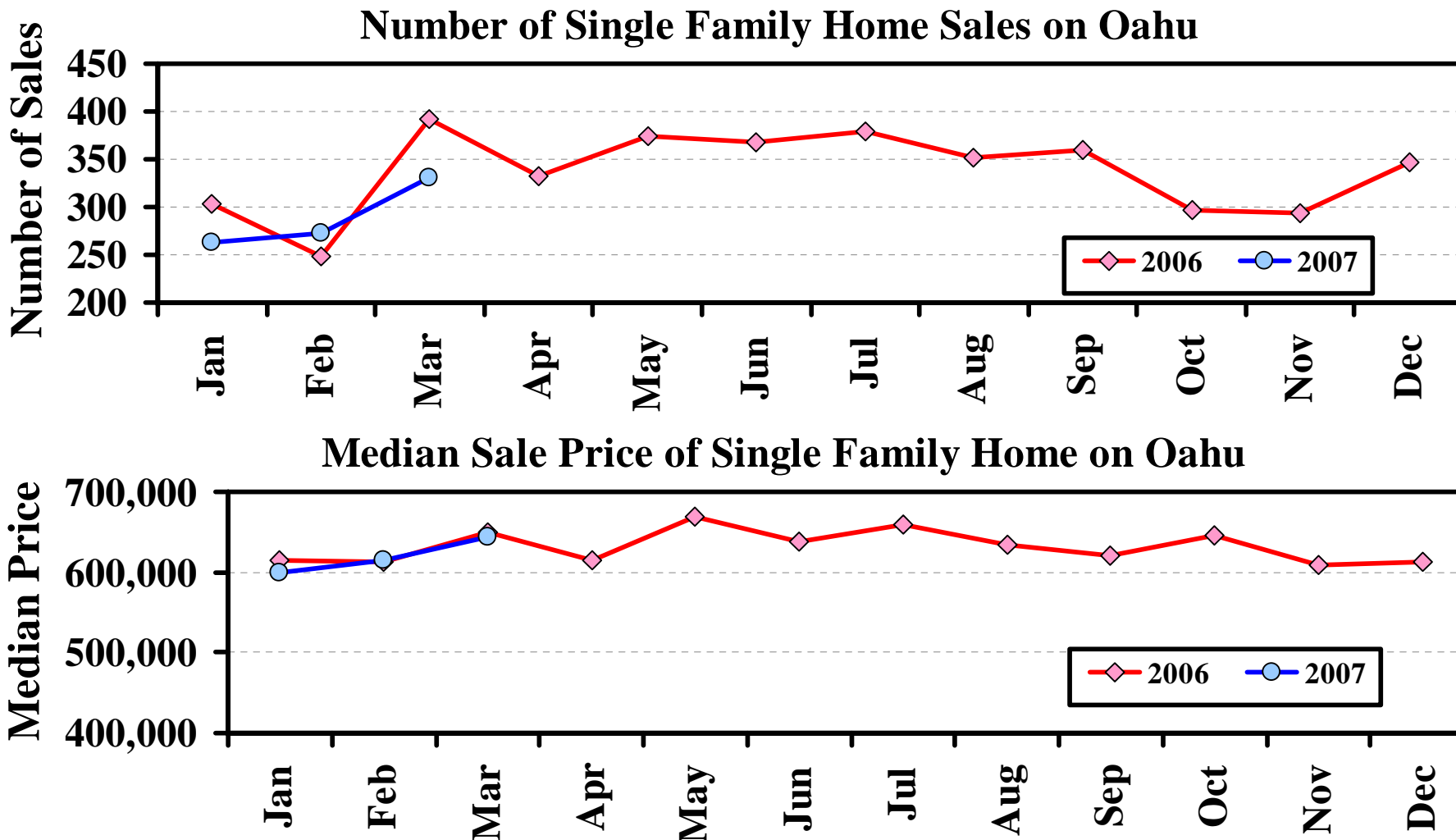
<sup>1/</sup> Preliminary.

Source: Department of Business, Economic Development & Tourism



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

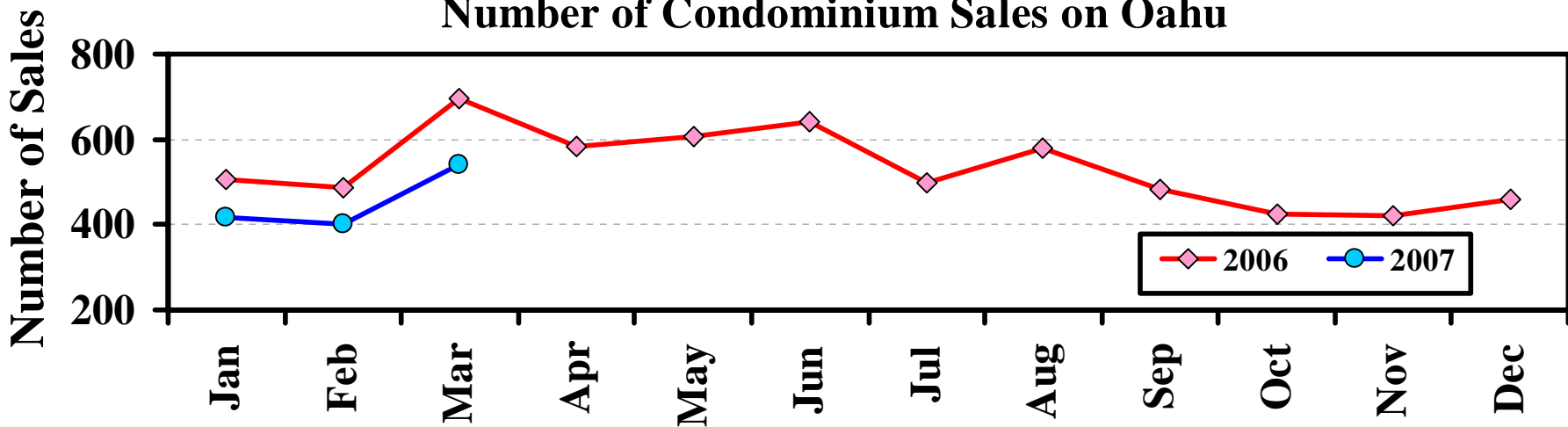
### Single family home transactions and price 2006-2007



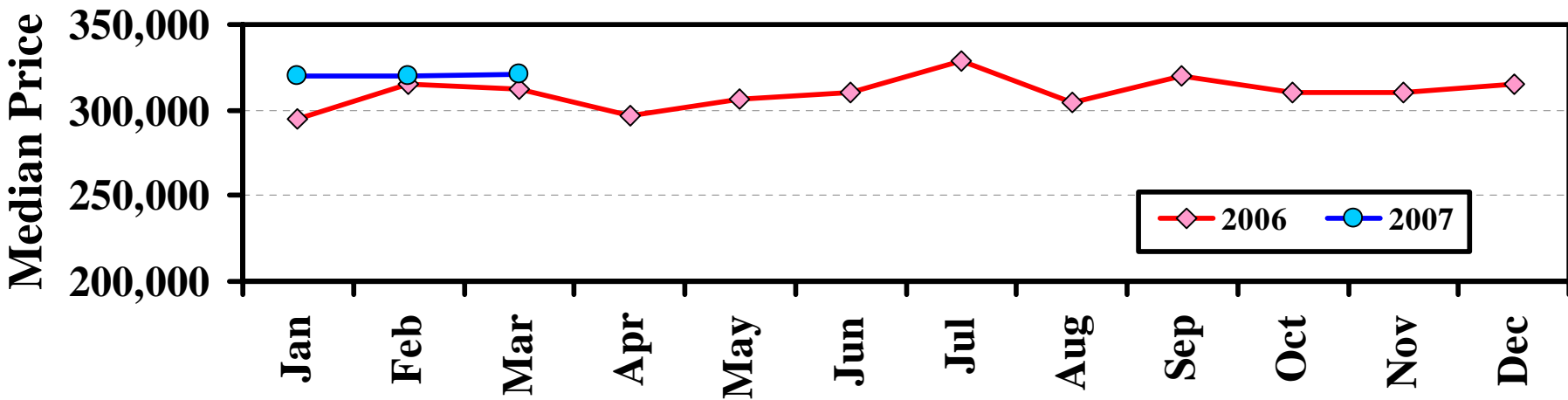
Source: Honolulu Board of Realtors, Research Department

### Condominium transactions and price 2006-2007

Number of Condominium Sales on Oahu



Median Sale Price of Condominium on Oahu



Source: Honolulu Board of Realtors, Research Department