



UHERO
THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAII

State of Hawaii Forecast: More Substantial Recovery In Sight

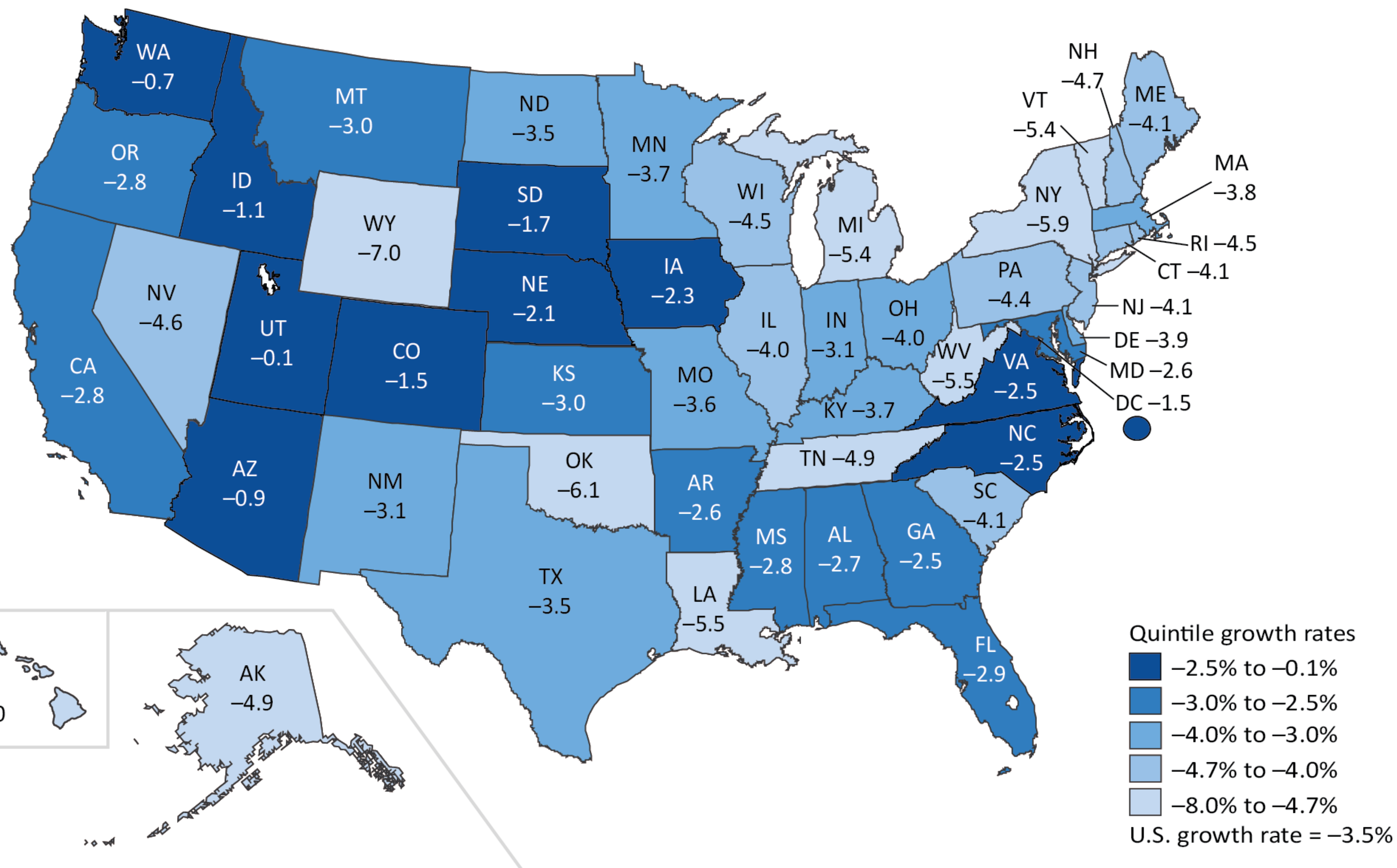
Dr. Carl Bonham
Executive Director, UHERO
Professor, Department of Economics

Construction Financial Management Association

April 8, 2021

The nation's weakest economy

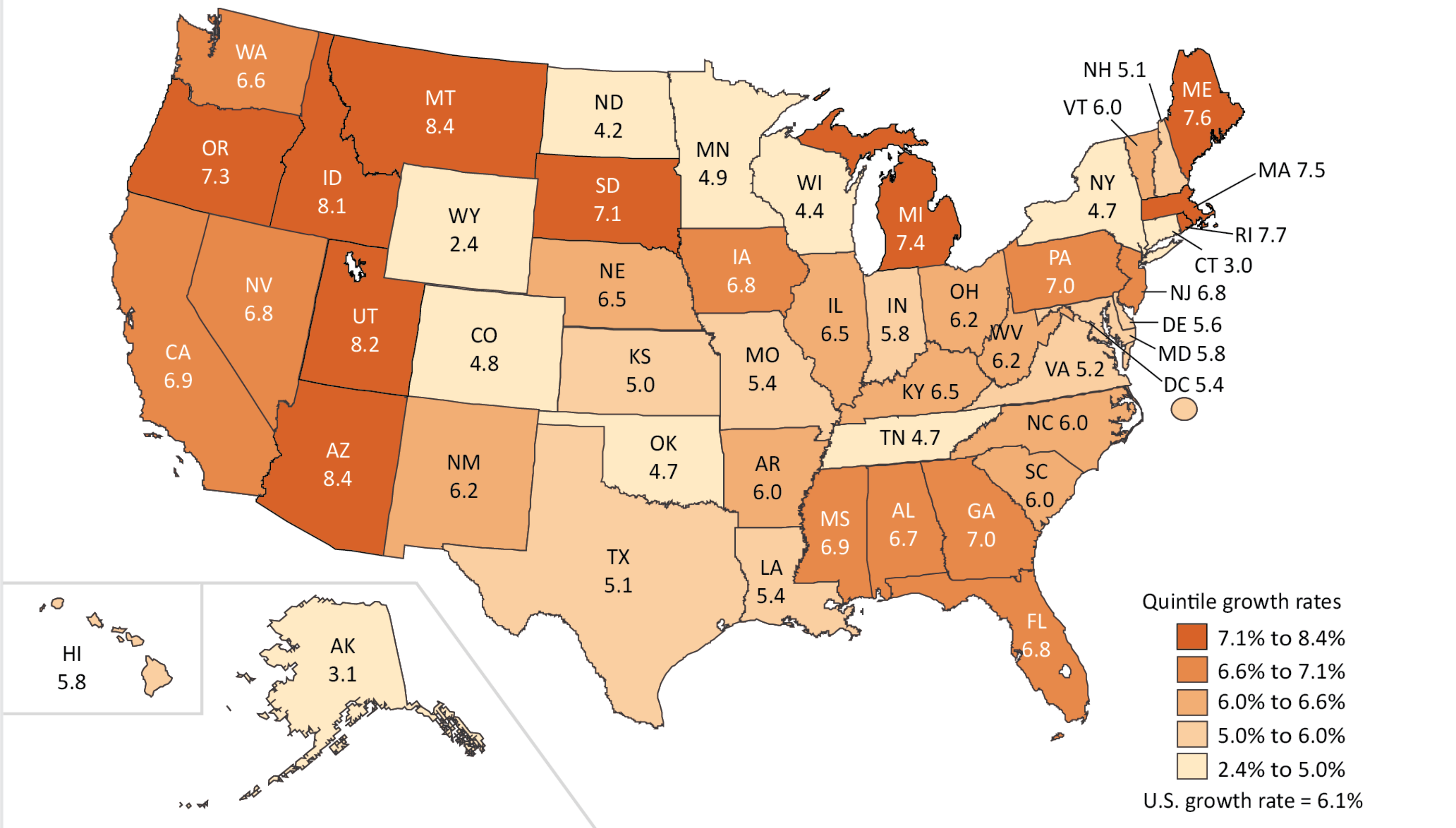
Real GDP: Percent Change, 2019–2020



U.S. Bureau of Economic Analysis

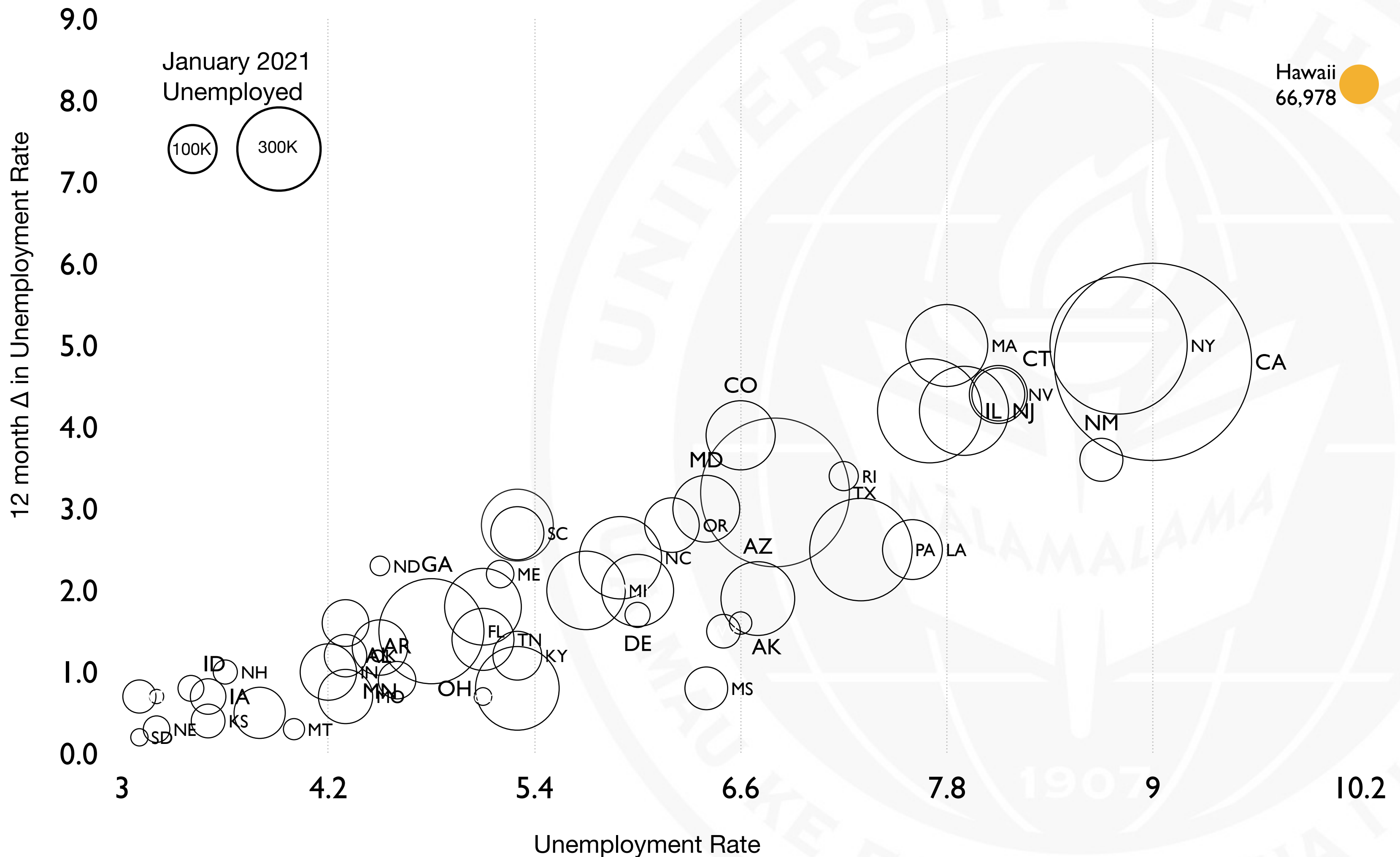
Saw personal income (nominal) grow by almost 6%

Personal Income: Percent Change, 2019–2020



Unemployment rate increased everywhere

nowhere more than in Hawaii



Source: US Bureau of Labor Statistics.

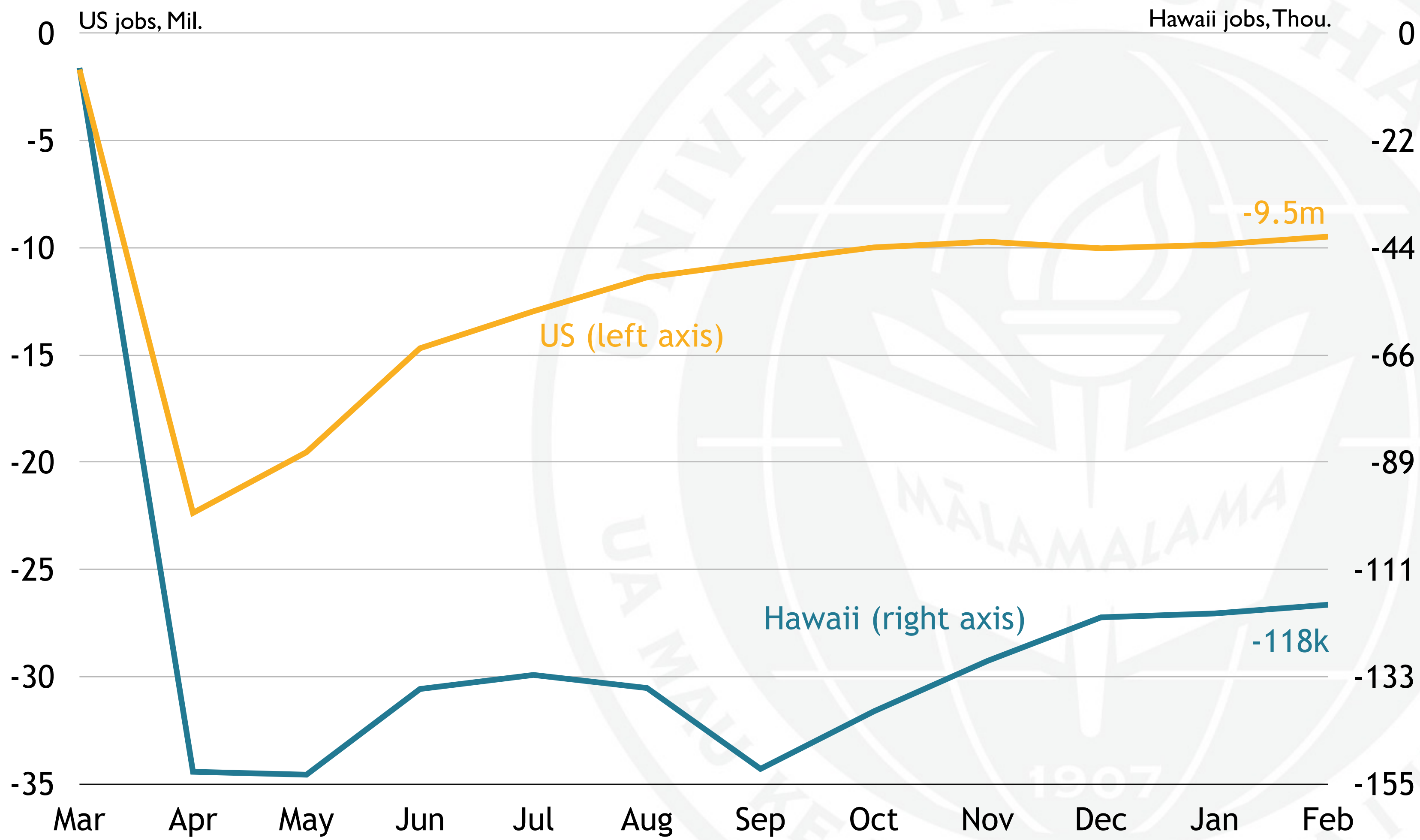
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Despite the Federal support for income, jobs recovery stalls

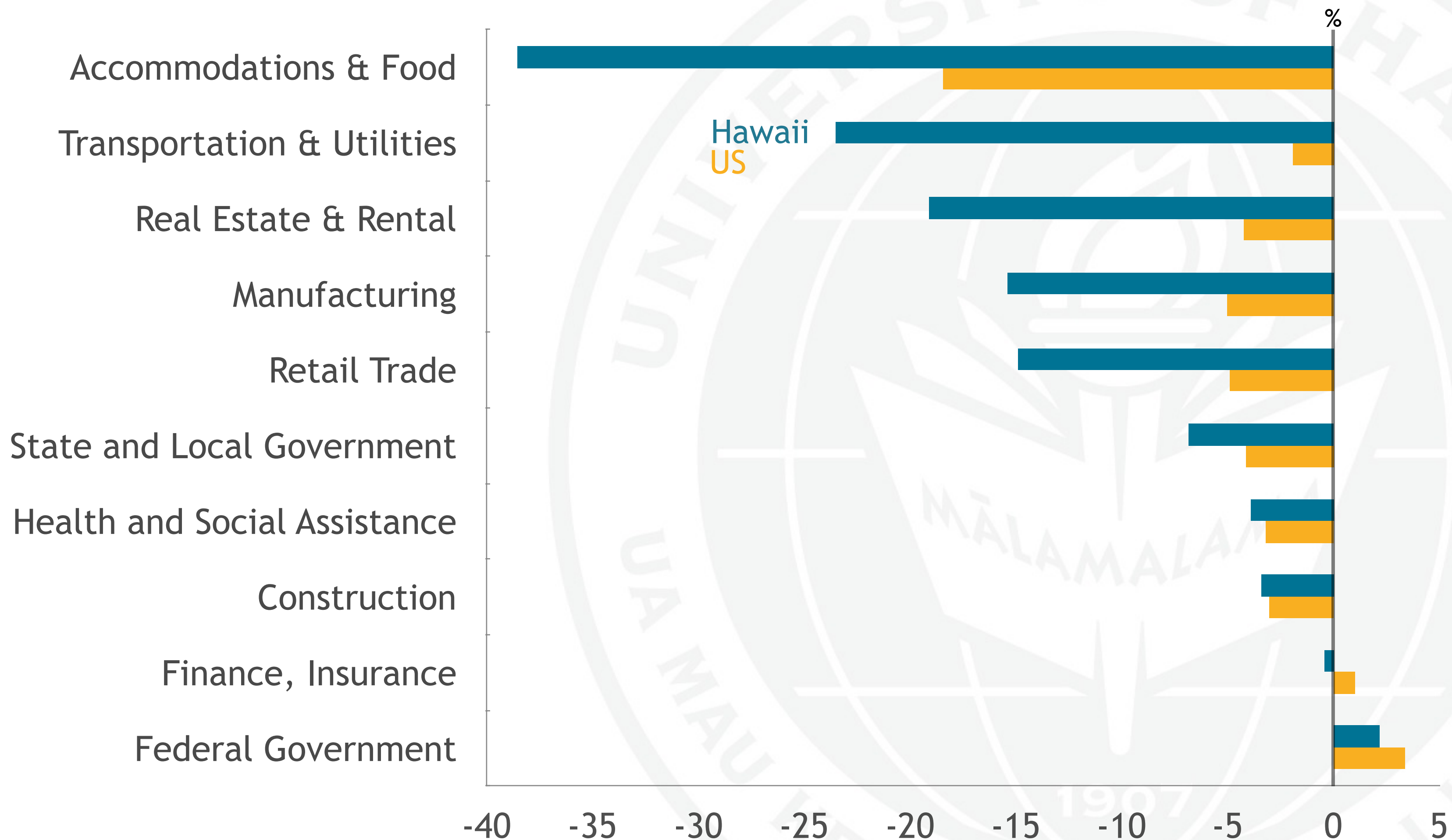
cumulative pandemic induced change in jobs



Source: Bureau of Labor Statistics, UHERO. Cumulative change in Jobs since February 2020.
<https://tinyurl.com/UHERO-ENF-USvsHI>

And there were few places to hide in 2020

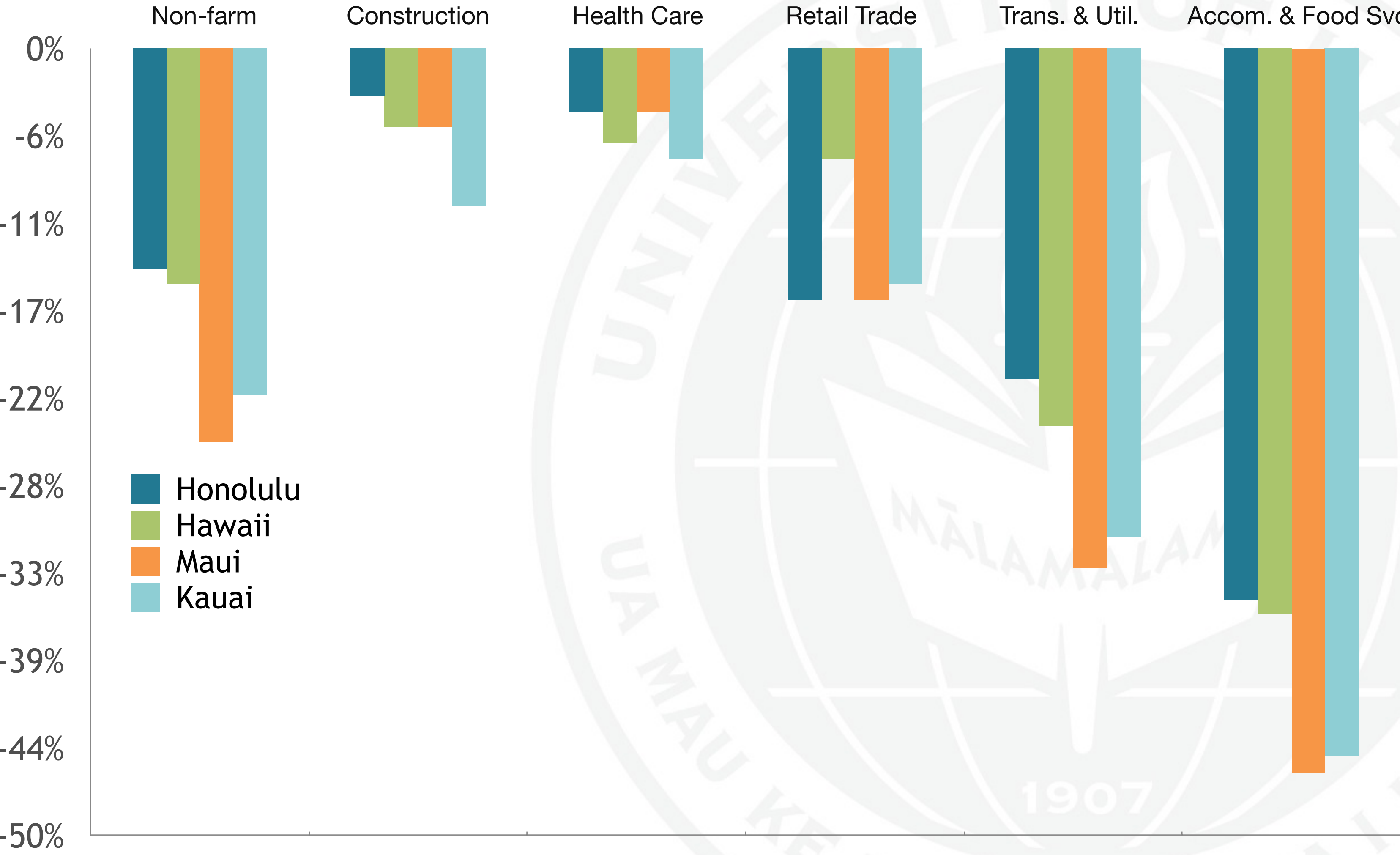
% decline in 2020 payroll jobs



Source: US Bureau of Labor Statistics

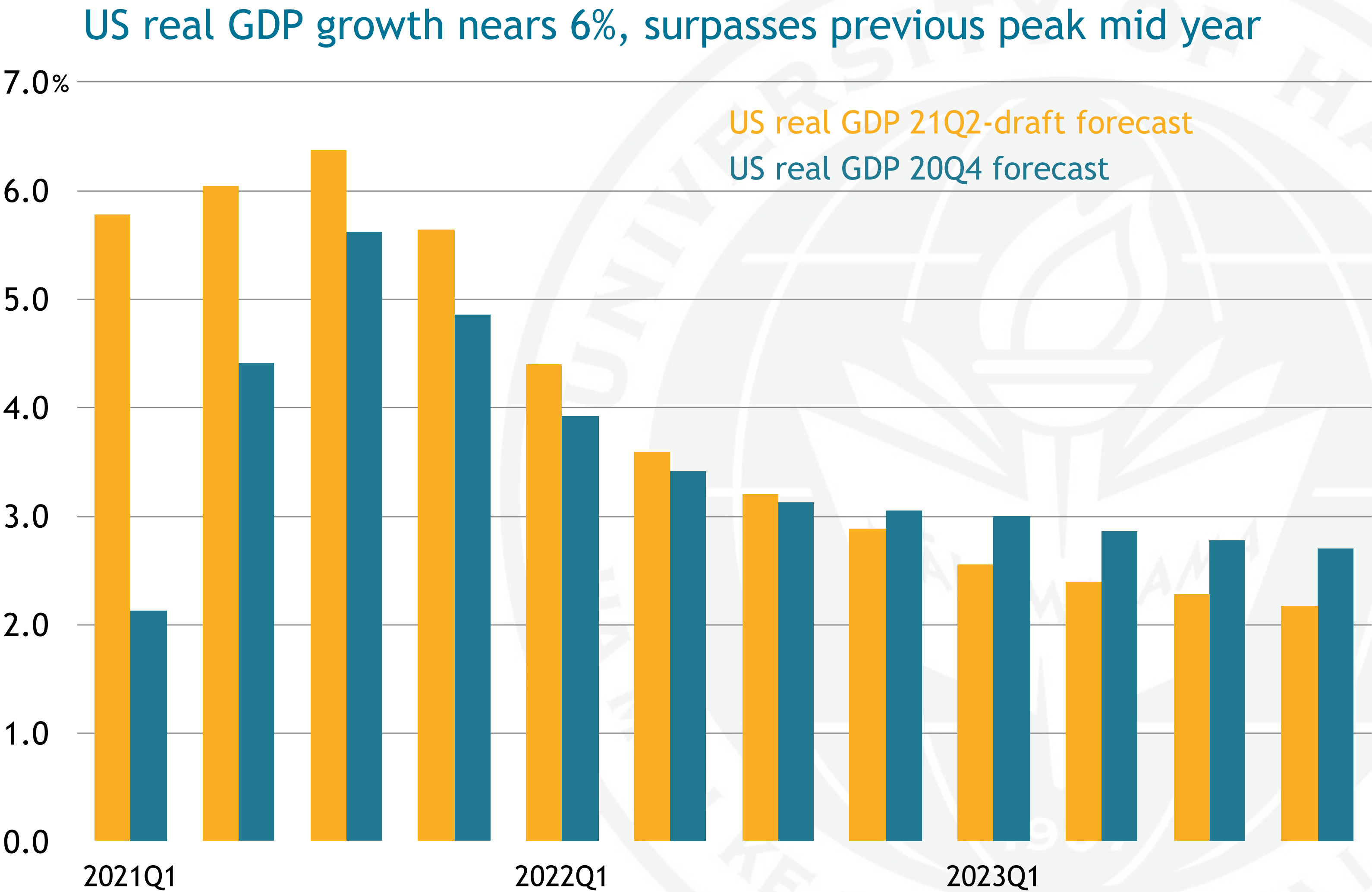
https://data.uhero.hawaii.edu/#/category?id=13&data_list_id=16

Maui and Kauai saw largest % decline in payroll jobs last year



Source: US Bureau of Labor Statistics
https://data.uhero.hawaii.edu/#/category?id=13&data_list_id=16

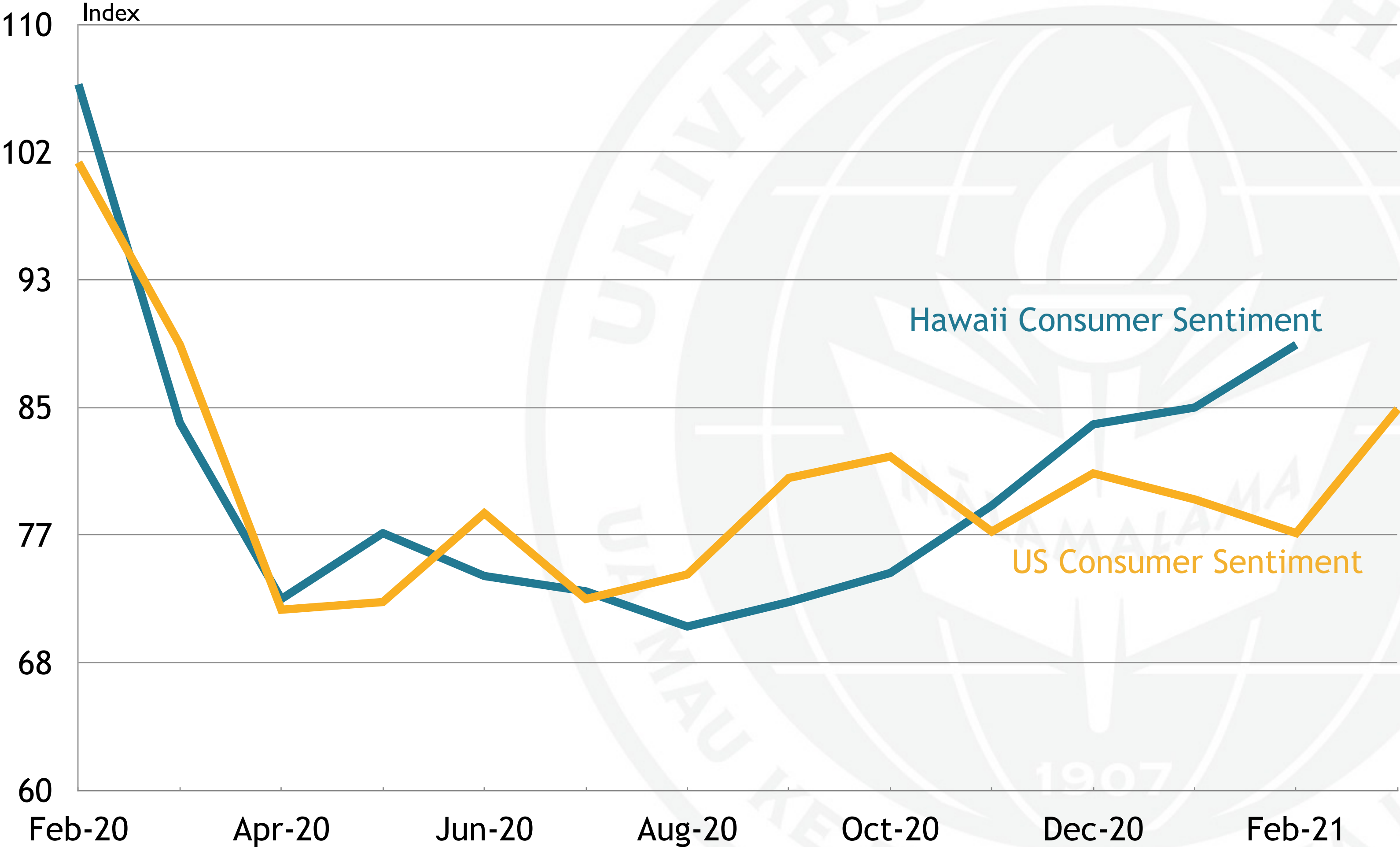
But the outlook brightens with vaccine rollout, ARP



Source: BEA, UHERO. Percent change from preceding quarter, seasonally adjusted at annual rate.

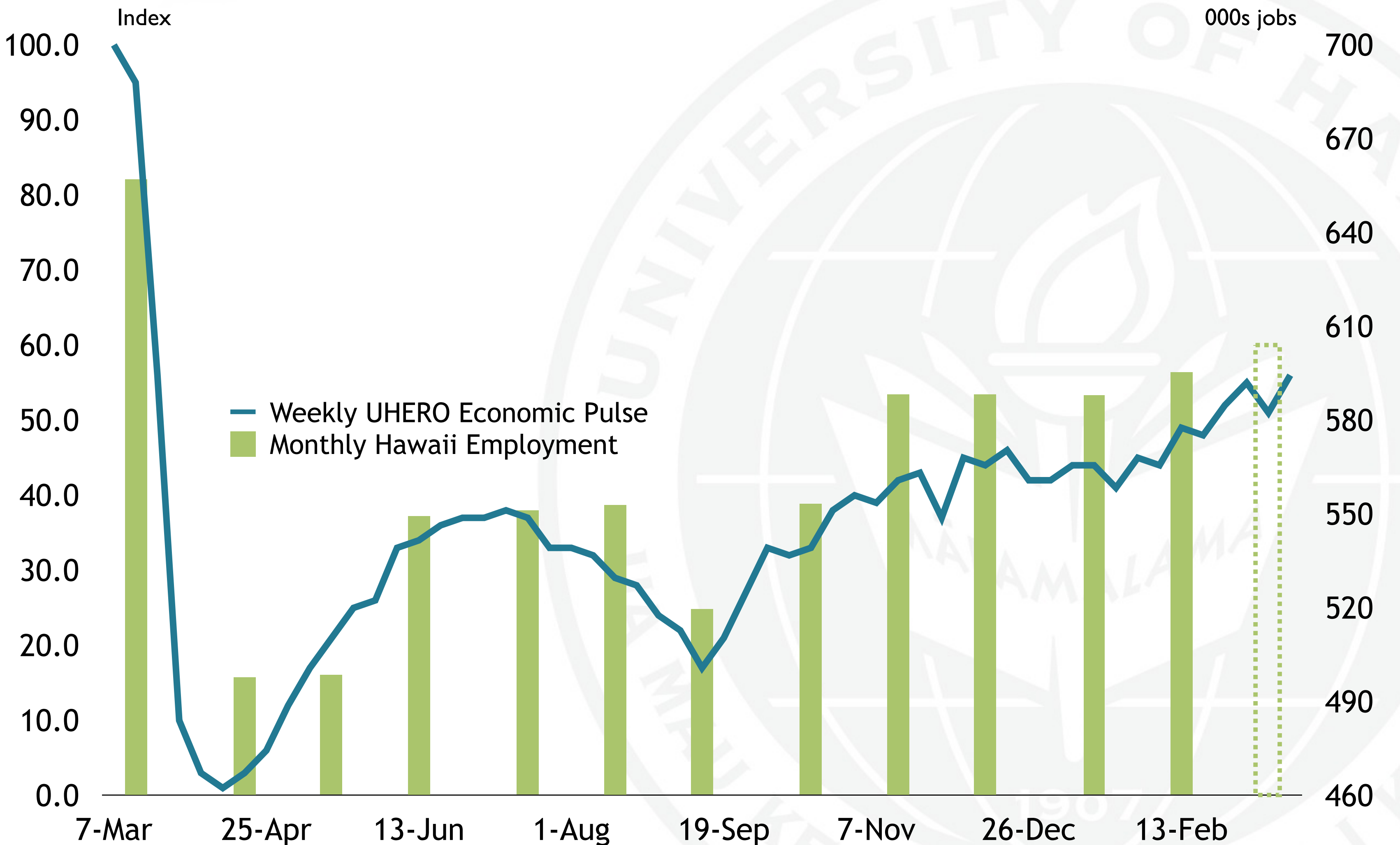
Consumer Sentiment improving as well

steady gains for HI sentiment, US weighed down by winter surge



Source: University of Michigan, Survey of Consumers; Morning Consult Survey. <https://tinyurl.com/UHERO-confidence>

UHERO Economic Pulse suggests near term employment gains

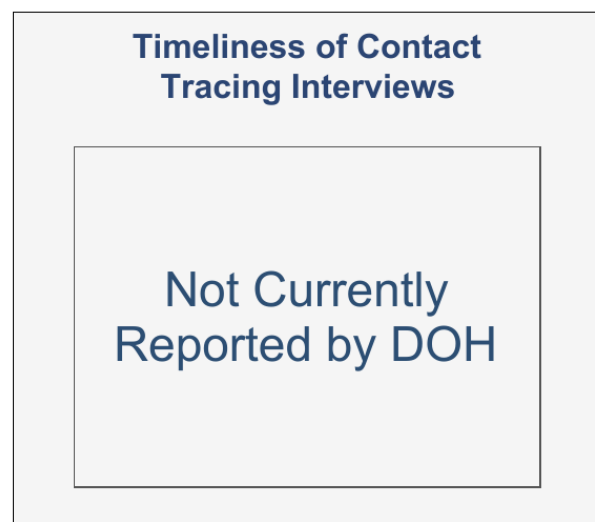
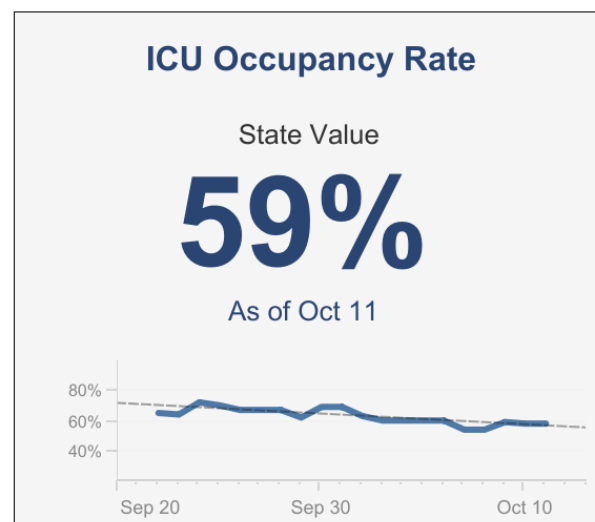
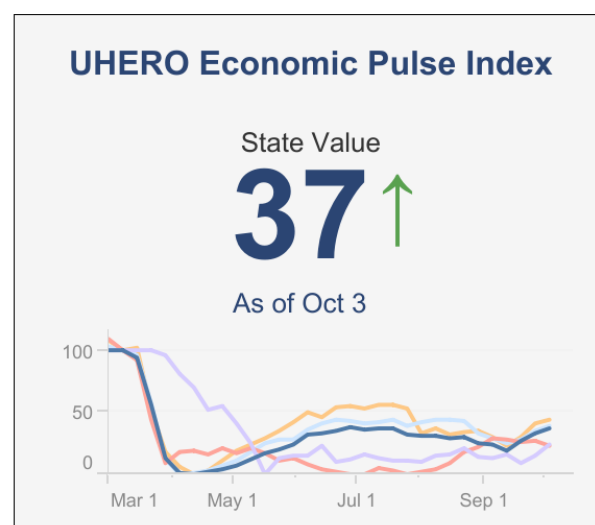
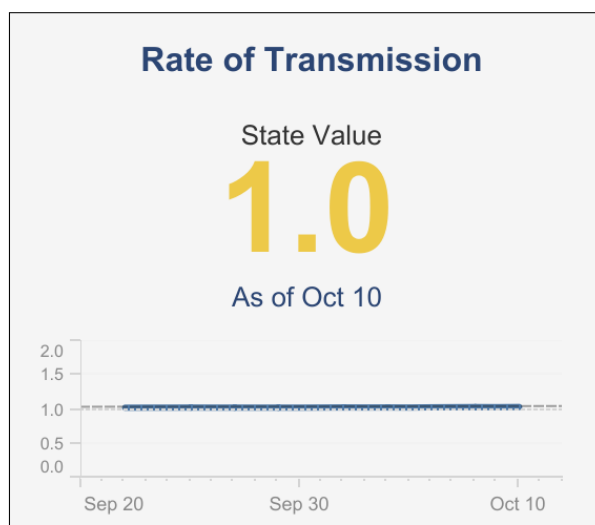
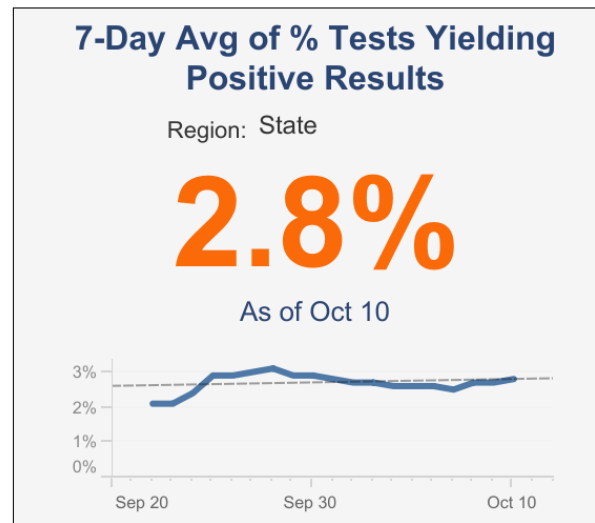
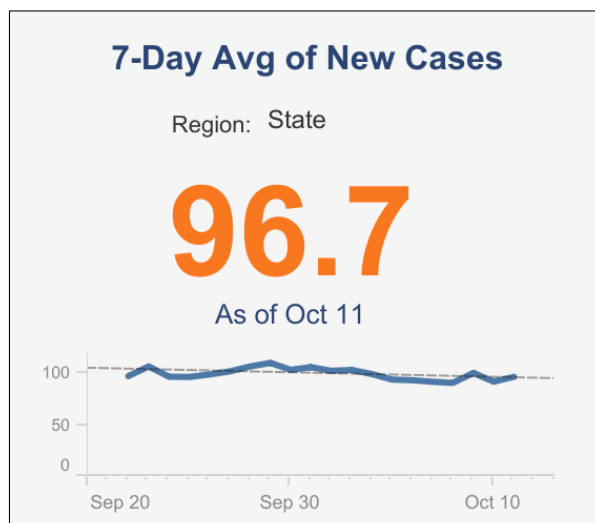


Source: <https://uhero.hawaii.edu/nowcasting-the-trajectory-of-the-covid-19-recovery-the-weekly-uhero-economic-pulse/>
BLS, UHERO. <https://tinyurl.com/UHERO-EPvsEMPL>

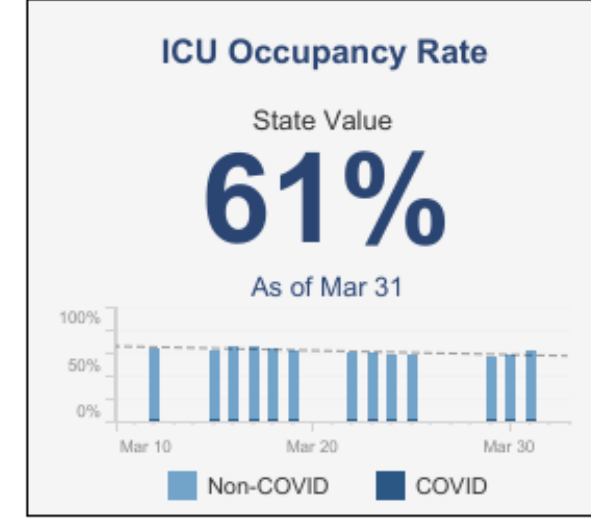
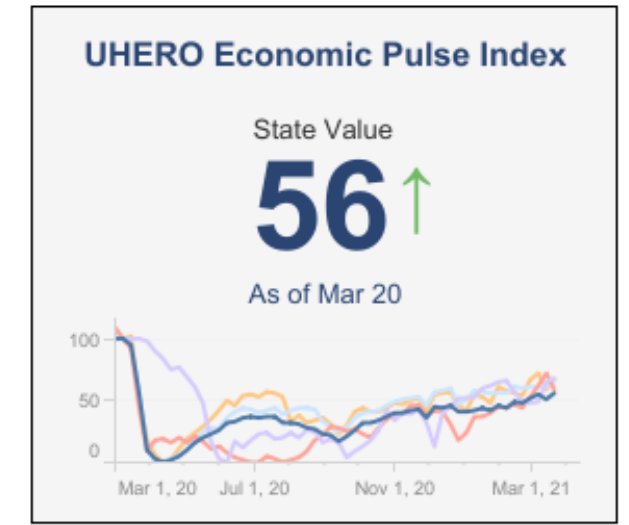
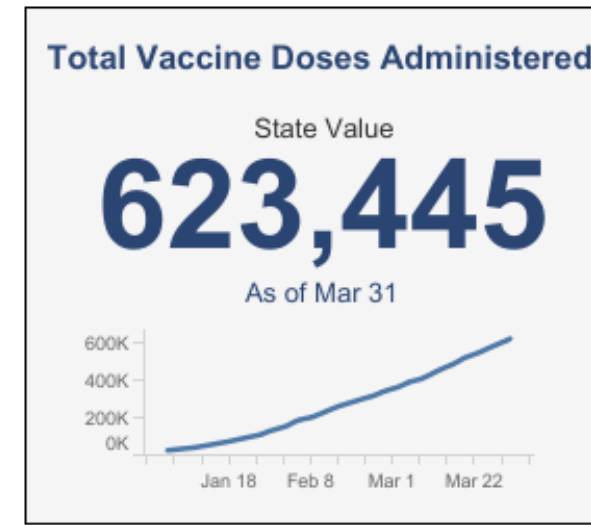
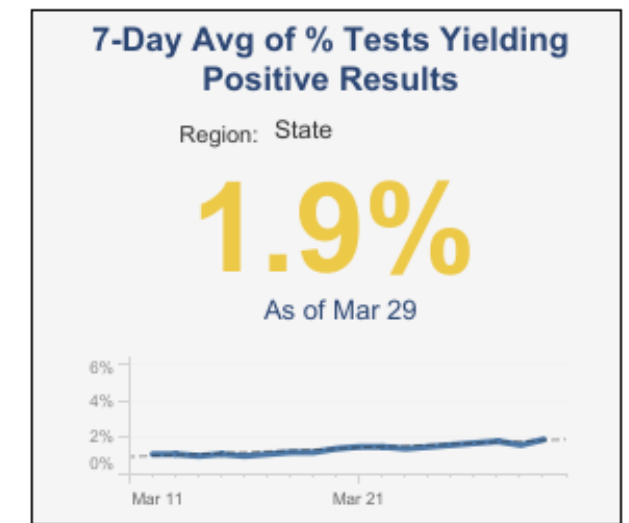
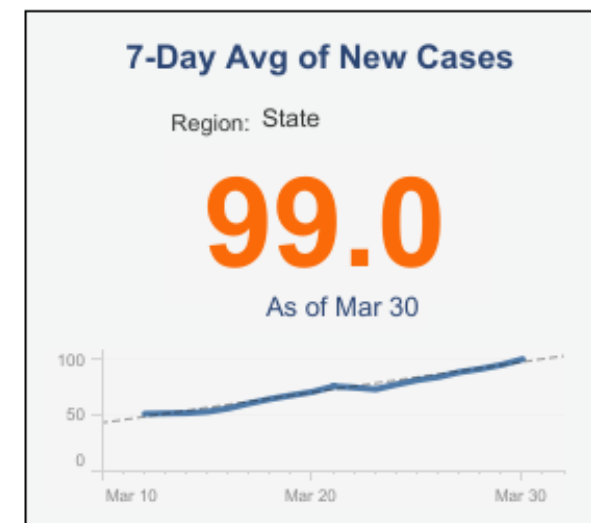
Safe-travels has been as successful as we expected

spring surge highlights importance of vaccine race

October 11, 2020



March 24, 2021



Clusters Under Investigation
(Top 3 In Last 14 Days)
Region: State

Exposure Setting	Total Cases	Clusters
Correctional Facilities	93	1
Cleaning Services	40	1
Places of Worship	25	1

As of Mar 25

Source: covidpau.org

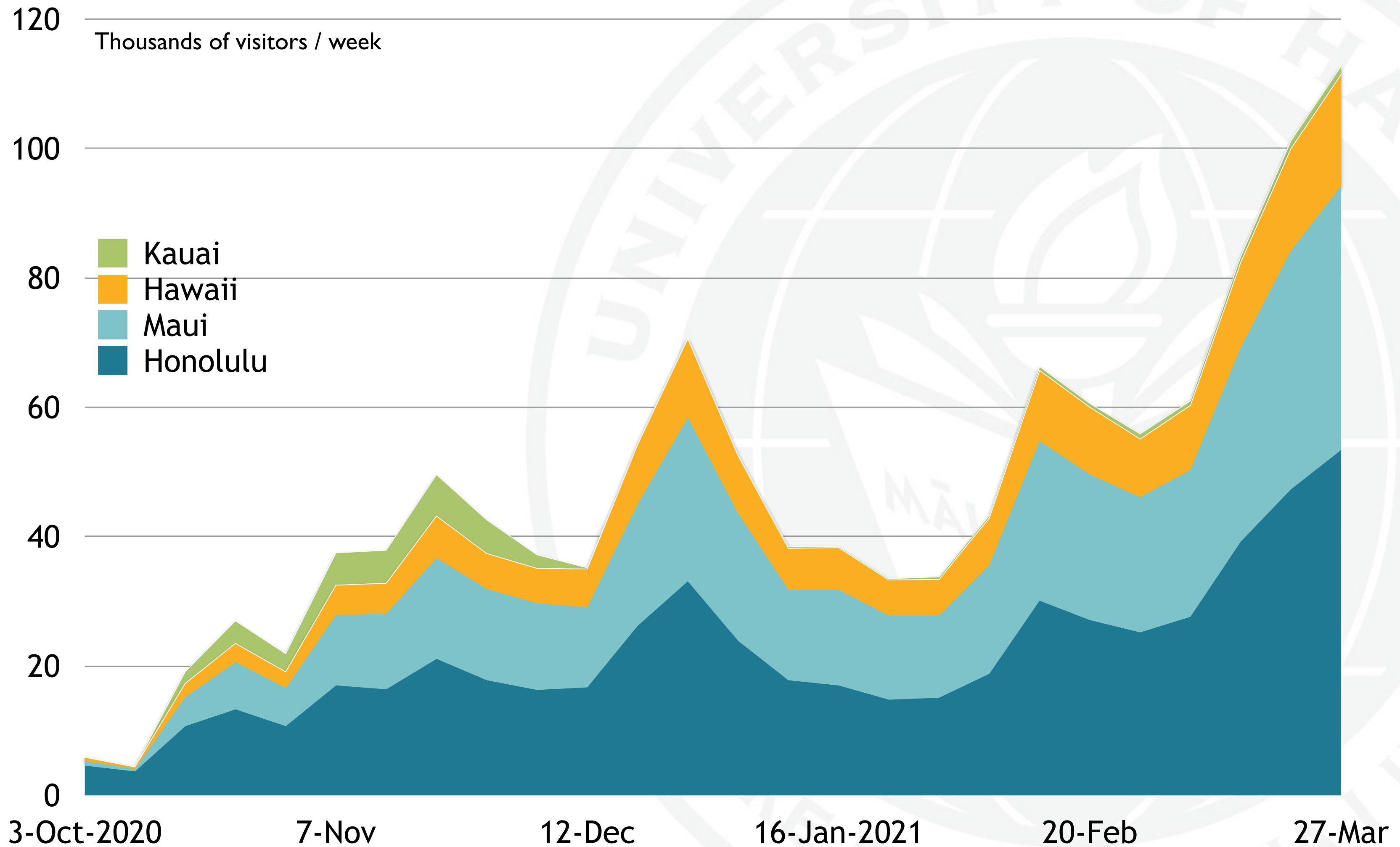
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March visitors close to 45% of 2019 arrivals

recovery stronger than 21Q1 optimistic scenario



Source: OETS via HTA. <https://tinyurl.com/UHEROdailyvisitors>

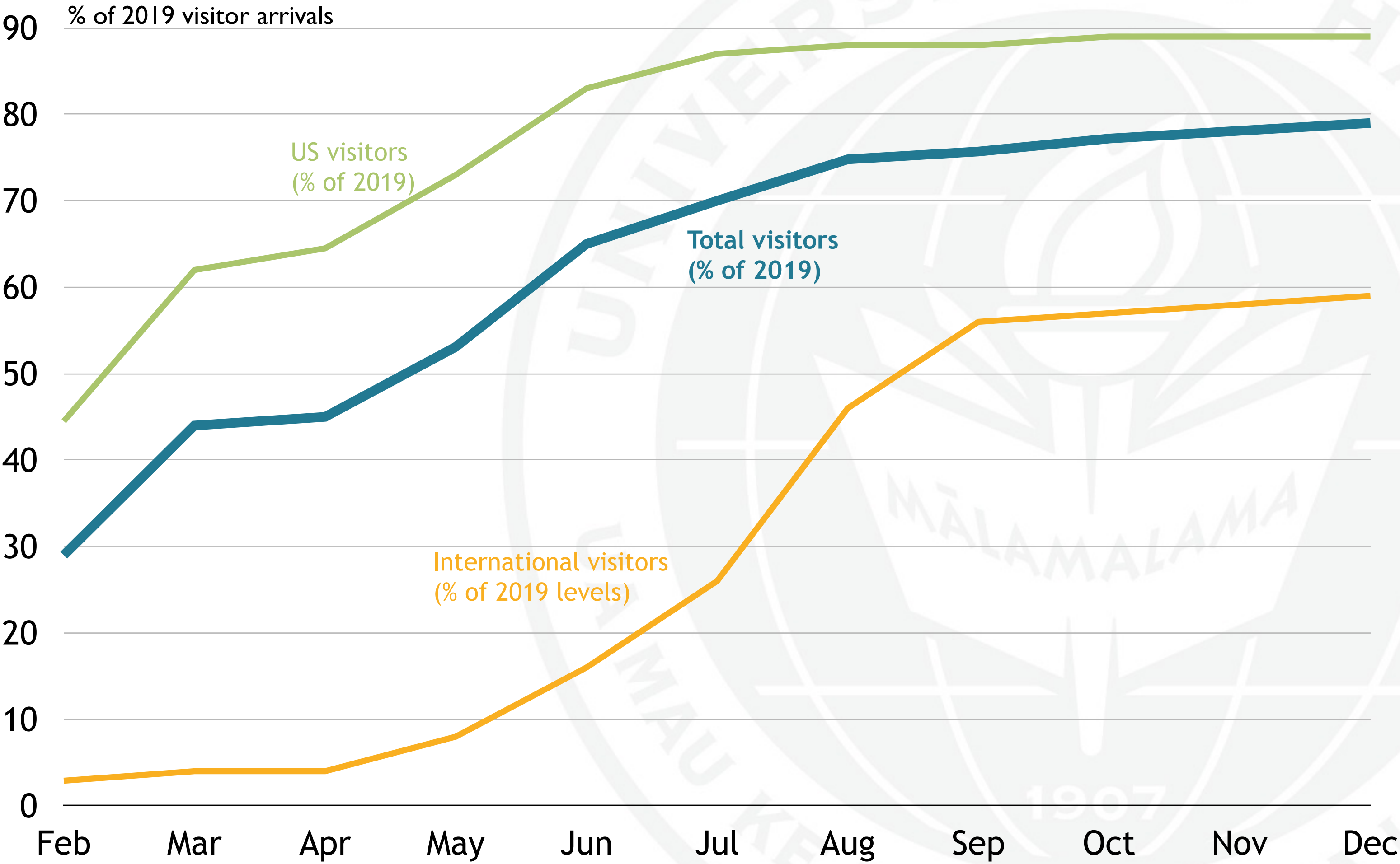
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Non-US markets may determine extent of 2021 recovery

Scenario with US arrivals recovering to 2017-18 levels

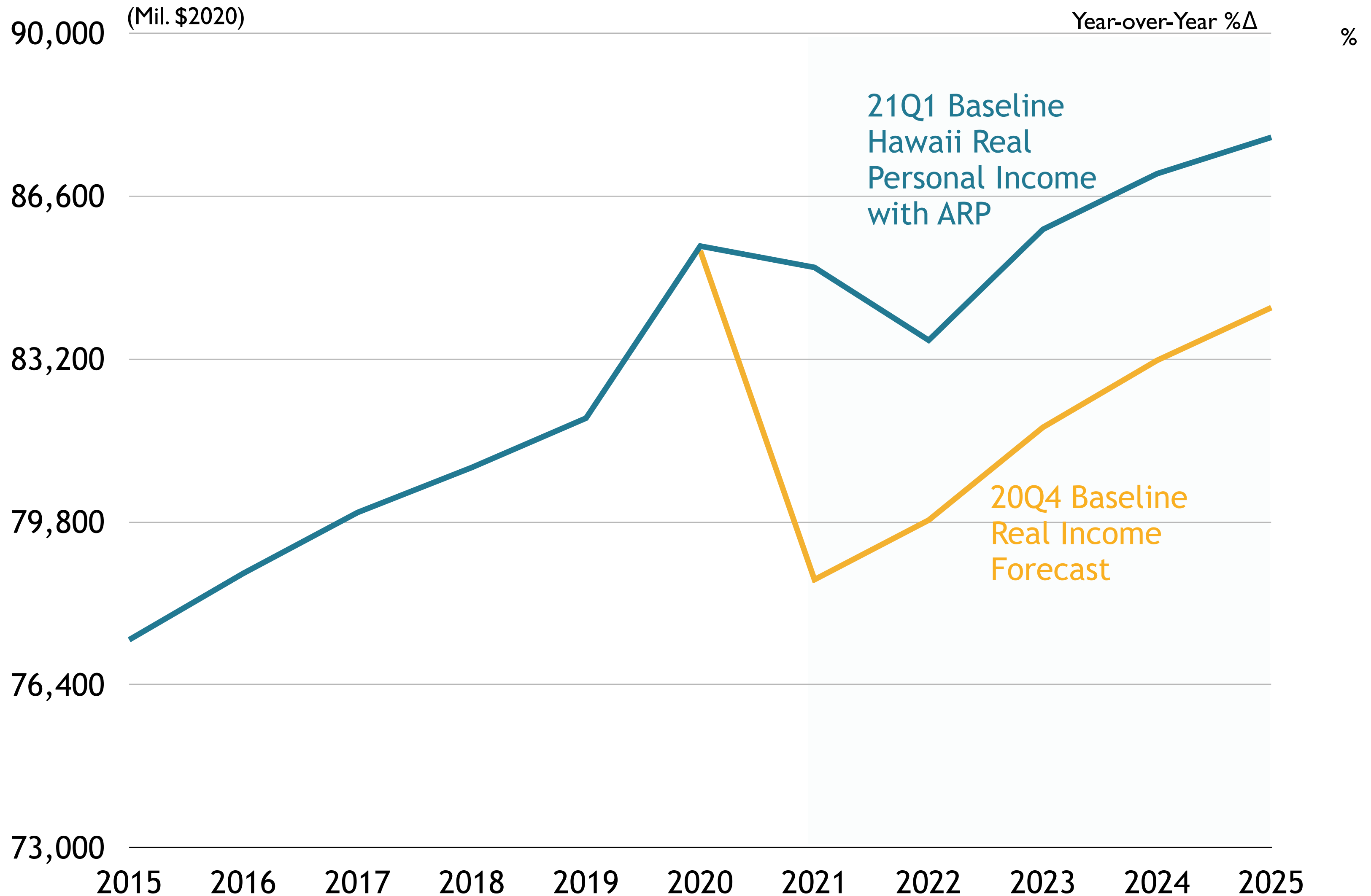


Source: 21Q1 Optimistic Scenario—21Q2 draft baseline.

American Rescue Plan provides critical support during recovery

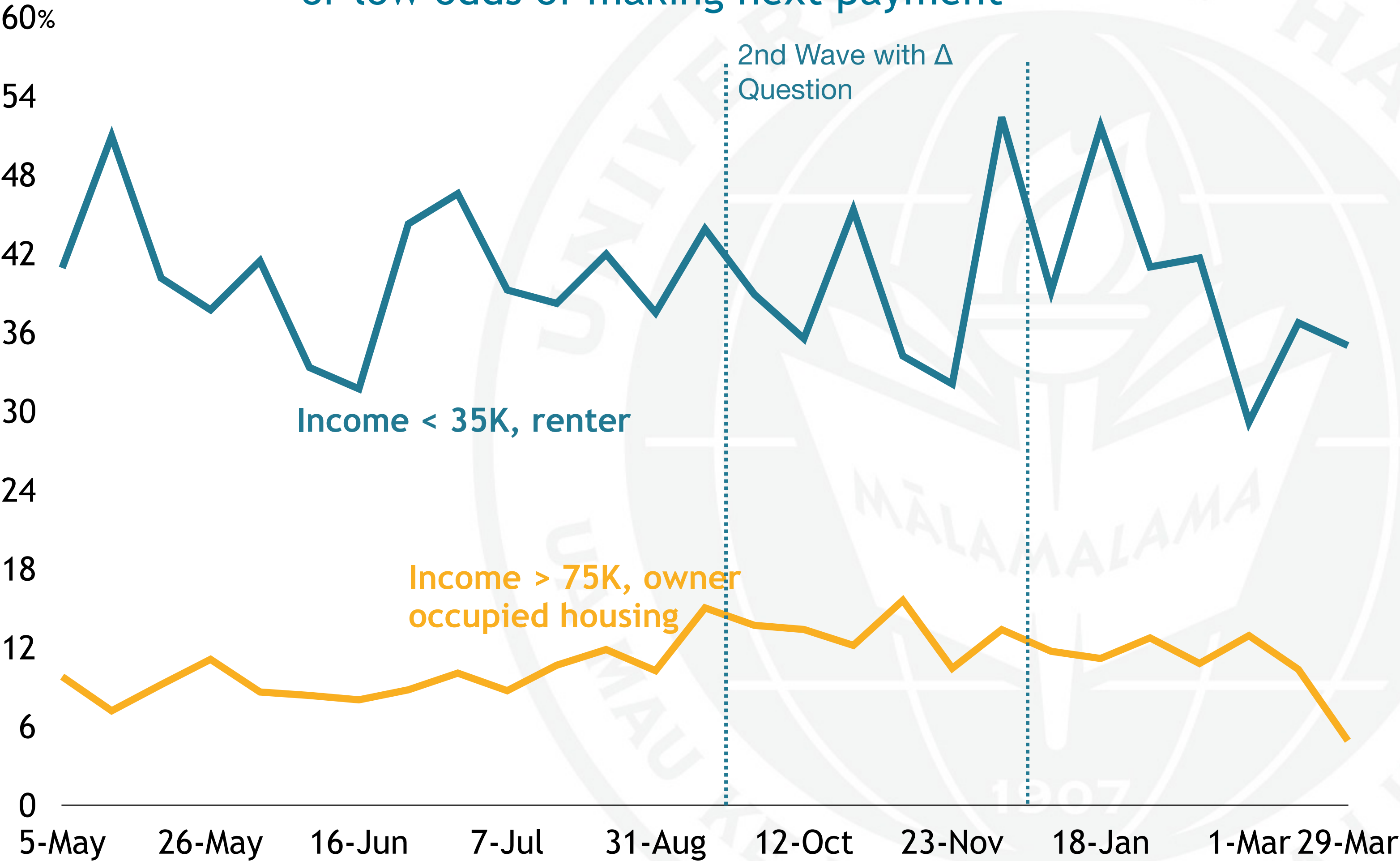
- ▶ Direct Payments to individuals, child and earned income tax credits
 - \$2.2 billion in benefits to Hawaii families
- ▶ \$2.2 billion to support State & County government.
- ▶ Close to \$1 billion in Enhanced Unemployment Benefits
 - extended to September 6 with \$300 plus up
 - \$10,200 of benefits not taxed at federal level
- ▶ Renter & Homeowner assistance, an additional \$152 million for Hawaii renters and \$50 million of mortgage assistance for homeowners
- ▶ Small Businesses
 - additional \$7.25 b nationally for additional PPP loans through March 31, 2021.
 - additional funding for EIDL and EA grants, Shuttered Venue Operators grants.
 - New Restaurant Grant Program, \$28.6b nationally, up to \$10m per business
- ▶ Direct aide to K-12 and Universities, plus childcare block grants

American Rescue plan doing its job



Yet back due rent piles up

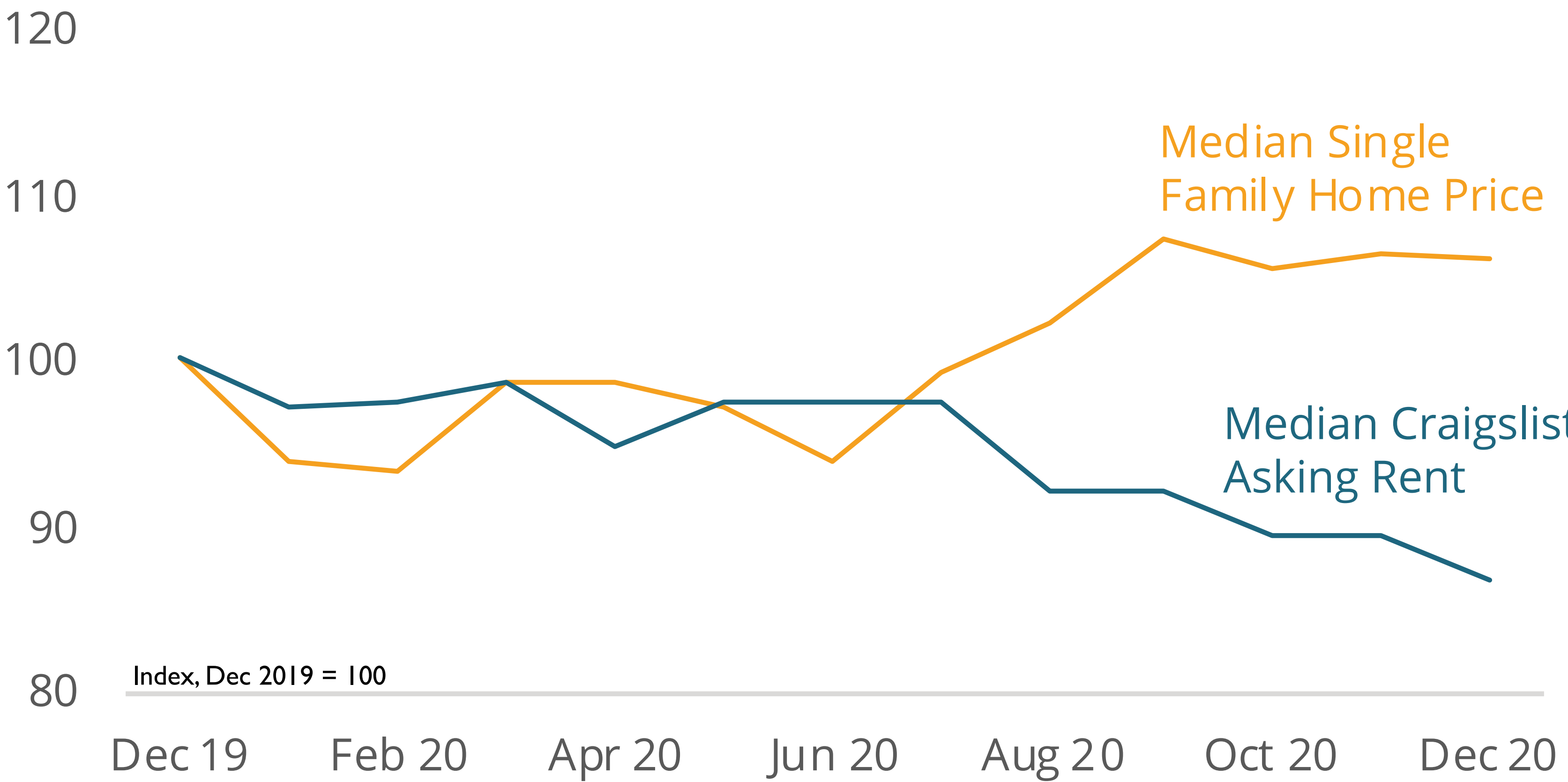
% of Hawaii adults who missed last payment
or low odds of making next payment



Source: US Census Bureau Household Pulse Survey, UHERO.

Contributing to segmented housing market

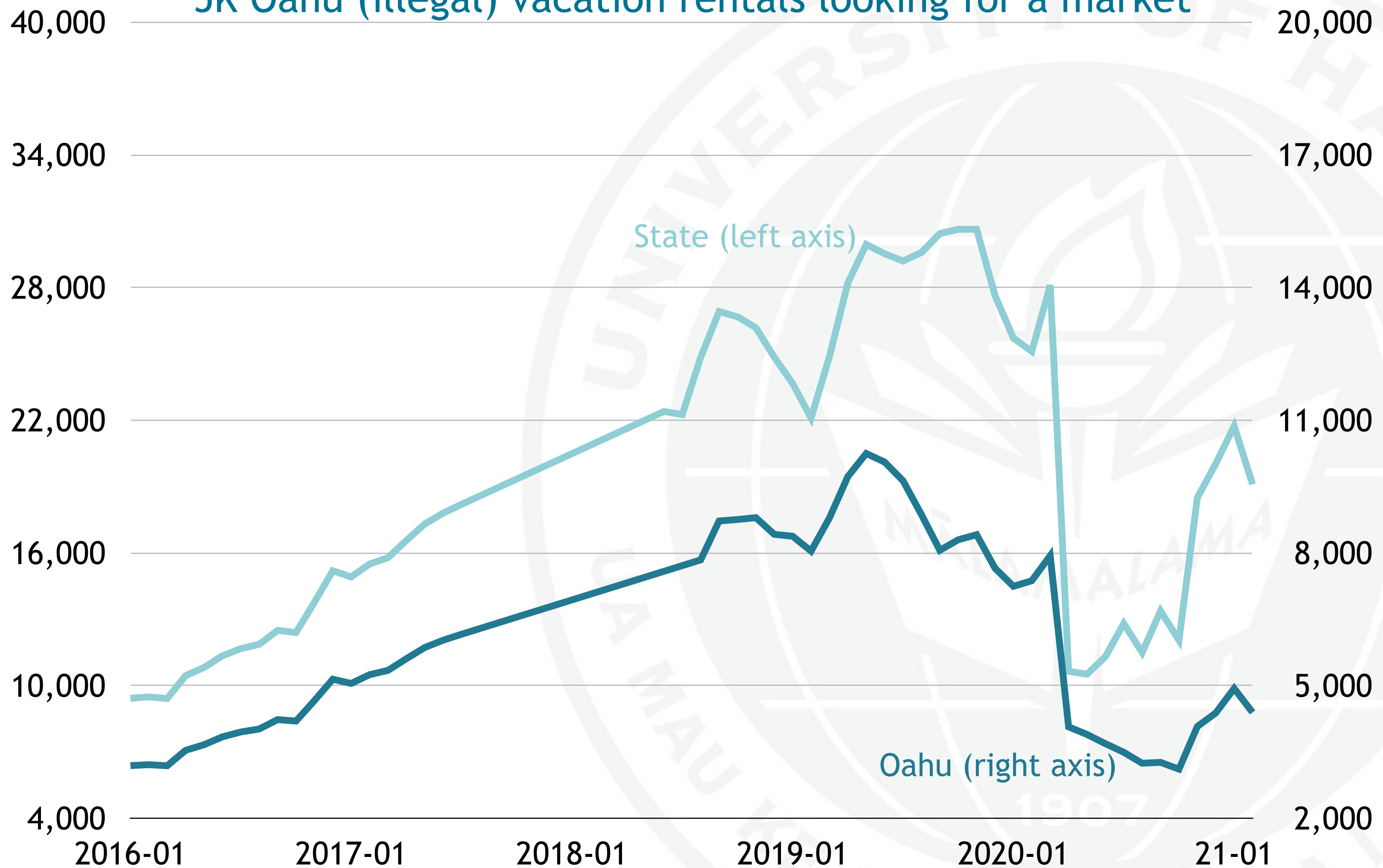
Median Home Price vs Median Rent on Oahu



Source: Honolulu Board of Realtors, UHERO Craigslist scrape.

TVRs are not showing up in single family for sale inventory

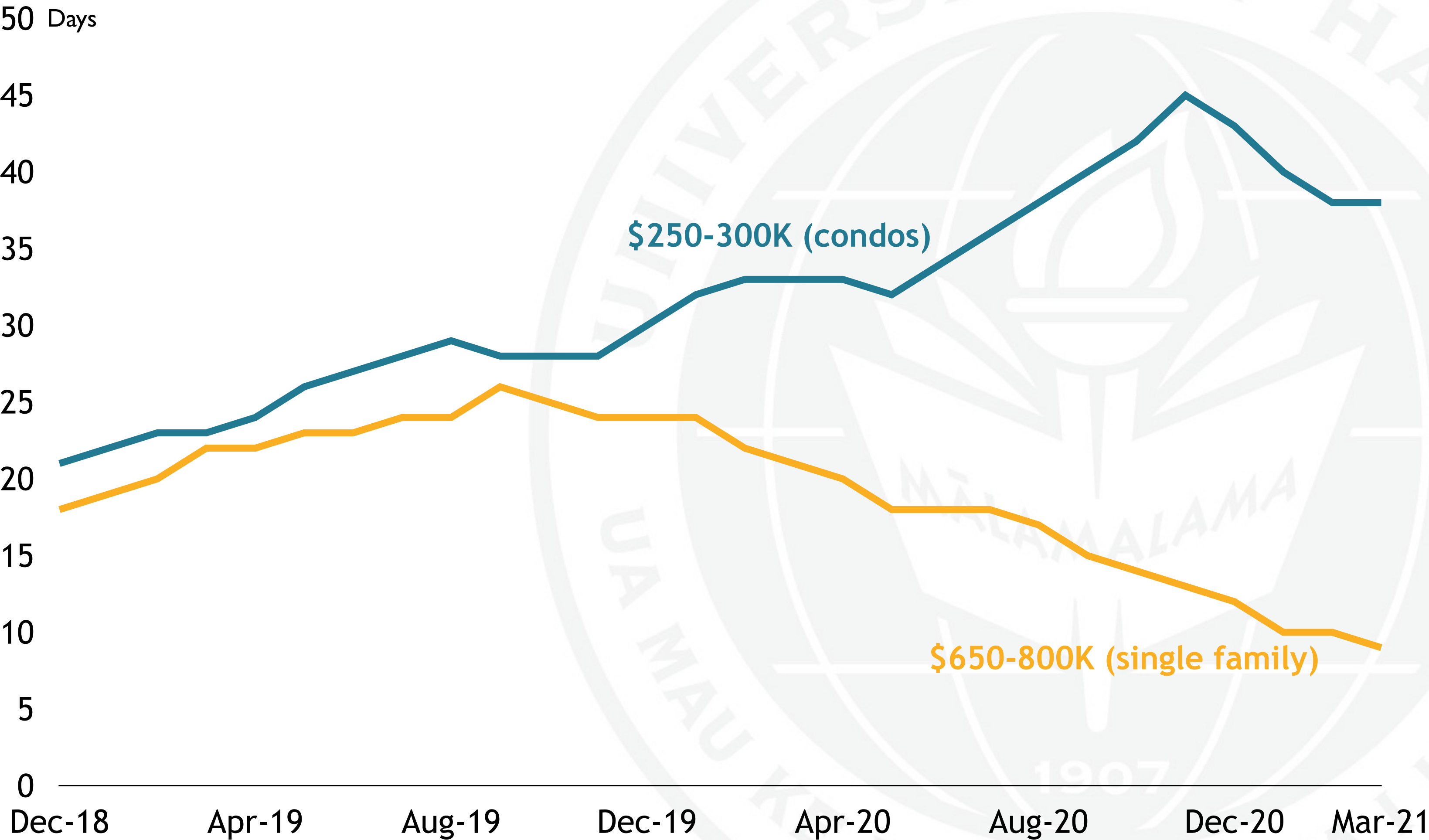
5K Oahu (illegal) vacation rentals looking for a market



Source: AirBnB, HTA, UHERO.

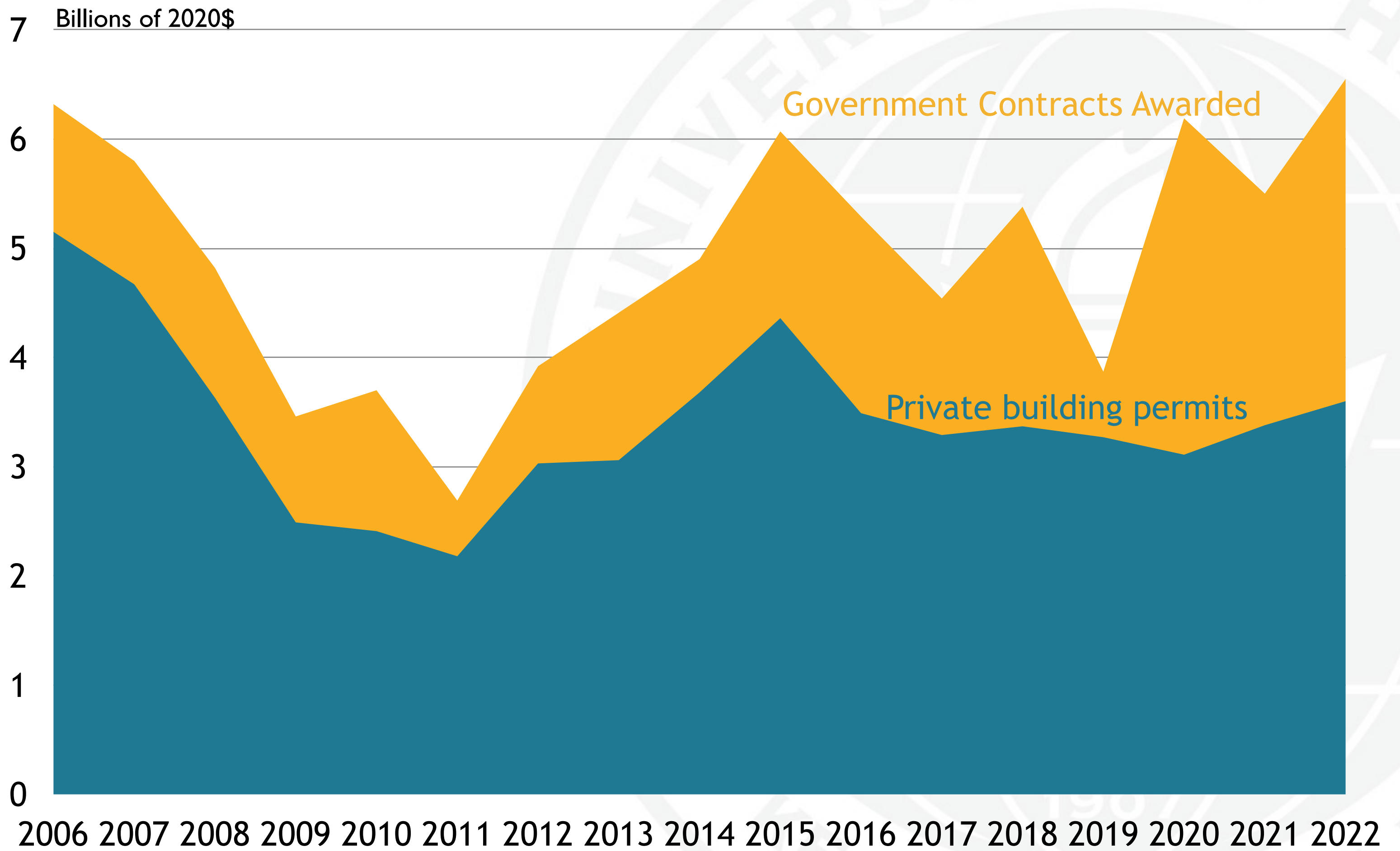
But likely impacting lower end of condo market

Median days on market, Honolulu home sales



Source: Honolulu Board of Realtors

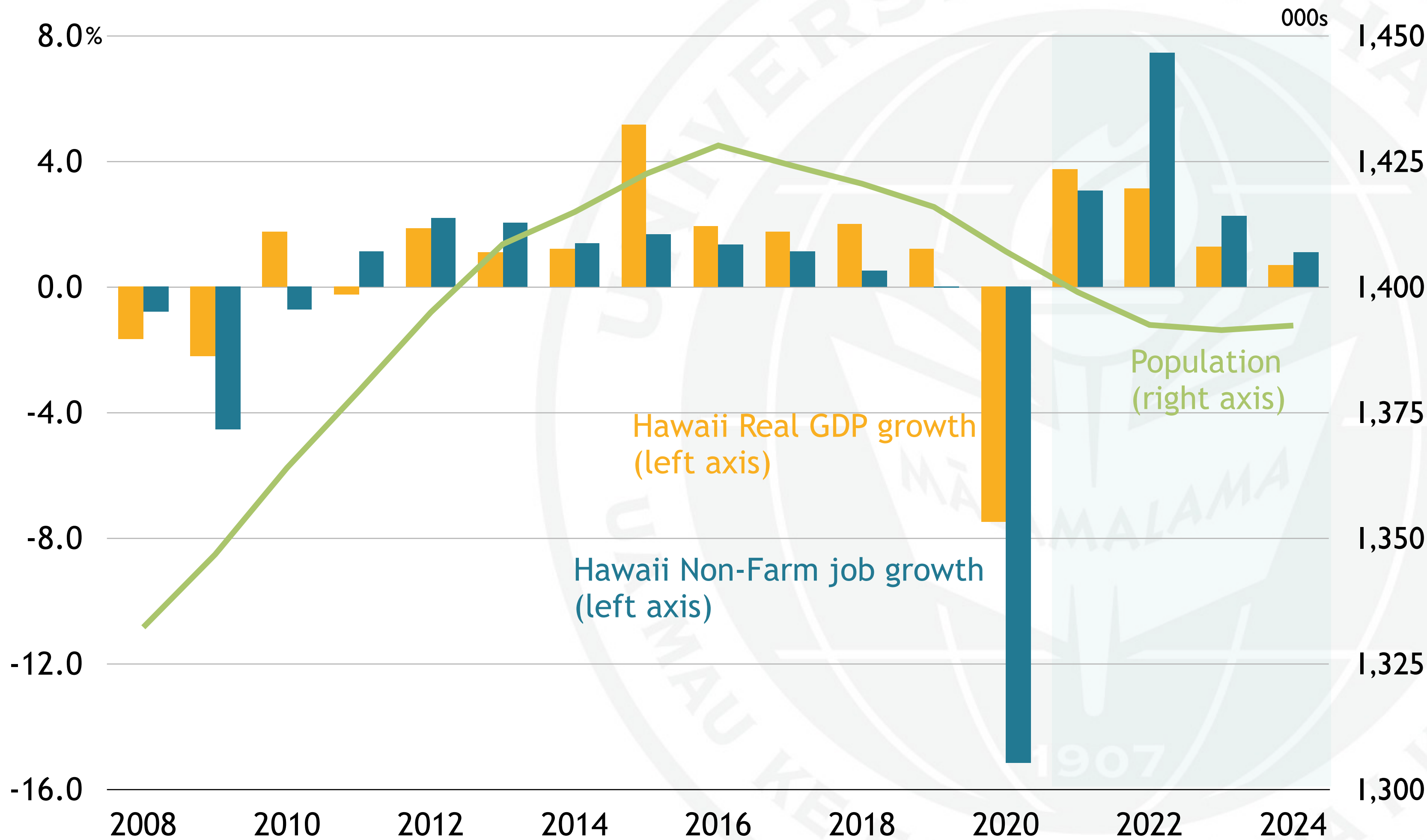
Despite limited home building, federal spending booms



Source: DBEDT, Building Industry Hawaii, UHERO. <https://tinyurl.com/UHERO-Prv-vs-GovPermits>

Hawaii economy bounces back

but what are we bouncing back too



Source: BLS, BEA, Census, UHERO.

Mahalo Nui Loa to Supporters of UHERO's Response to Covid-19

Hawai'i Community Foundation

Kamehameha Schools

First Hawaiian Bank Foundation

Hawaii Medical Service Association

Stanford Carr Development

First Insurance Charitable Foundation

Island Insurance Foundation, and the

Harold K.L. Castle Foundation

Bank of Hawaii Foundation

DGM Group

Hawaiian Electric Industries

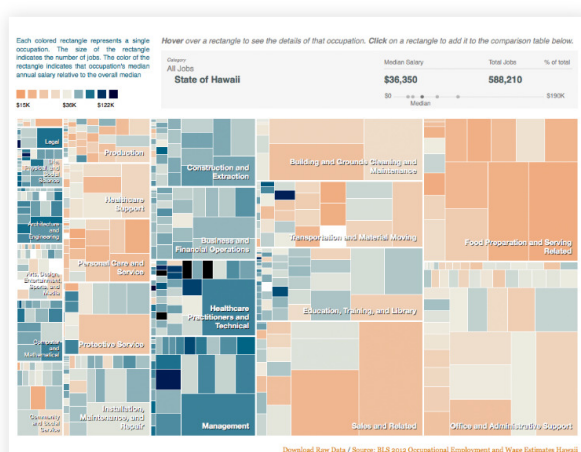
Hawaii Pacific Health

American Savings Bank

HPM Building Supply Foundation

HGEA

Hawaii State AFL-CIO



Analytics

The UHERO Analytics team uses data to generate economic insights that are important to Hawai'i. By leveraging large data resources, we provide unbiased analysis of economic issues. We communicate findings through data visualizations, public data repositories and clear economic analysis.



Energy Policy and Planning Group

UHERO fellows conduct research to evaluate impacts of past and prospective energy-related policies, and engage with policymakers and stakeholders on contemporary and emerging energy issues, such as renewable energy and associated clean air goals, energy efficiency, electric vehicles, and carbon taxes.



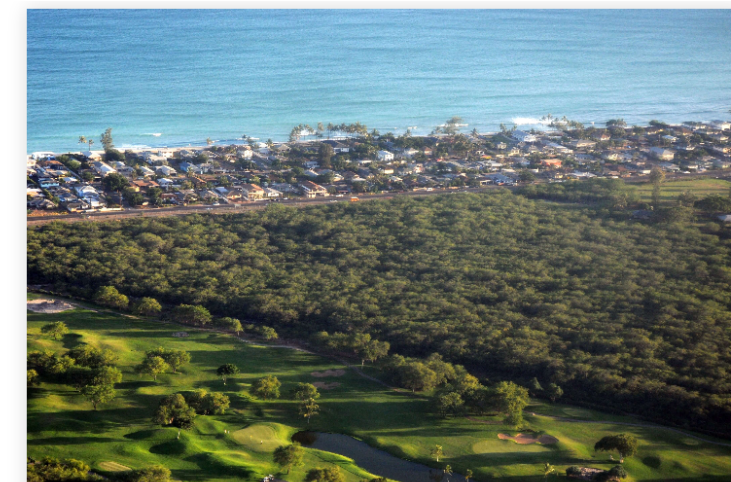
Environmental Policy and Planning Group

The UHERO Environmental & Policy Planning Group partners with government, non-profit, business, and community groups to address Hawai'i's key environmental policy challenges. To do so we employ a diverse set of interdisciplinary methods and tools to study the interconnection between human and natural systems with the purpose of



Forecast

UHERO Forecasts provide the Hawaii community with analysis of economic trends in the State and the Asia-Pacific region.



Housing

The UHERO Housing Policy Group provides rigorous analyses to inform debates regarding housing in Hawai'i, with a focus on the high housing cost burdens experienced by the State's residents. This problem is multiscale in

www.uhfoundation.org/uhero_covidresponse

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BLOGS

NEWS

BRIEFS

FORECASTS

RESEARCH AND
REPORTS[Legalizing Casino Gaming to Fund Homes for Native Hawaiians](#)

February 19, 2021

By James Mak Times are hard at the state legislature as lawmakers grapple with the fiscal crisis caused by the COVID-19 pandemic. Several bills to ...

[November Rental Market: Troubling Signs Remain As State Prepares for an Uncertain 2021](#)

January 14, 2021

[New UHERO publication on agroforestry restoration in Hawai'i](#)

February 25, 2021

Congratulations to former UHERO graduate student Angel Melone and team on publication of her article: "Assessing Baseline Carbon Stocks for Forest Transitions: A Case Study ...

[Publication: Priority watershed management areas for groundwater recharge and drinking water protection: A case](#)[Understanding the Role of the Hawaii Film/TV/Digital Production Tax Credit In Diversifying the Hawaii Economy](#)

March 15, 2021

By Sumner La Croix and James Mak Hawaii is one of 32 states in 2020 to offer a tax credit to film, TV, and digital ...

[Linking Land and Water Management to Culturally and Ecologically Important Groundwater Dependent](#)[UHERO Forecast for the State of Hawaii: More Substantial Recovery in Sight](#)

March 5, 2021

Hawaii is struggling to emerge from the COVID-19 downturn, but the recovery is poised to accelerate. Falling virus counts and vaccination progress set the stage ...

[Annual Hawaii Forecast With Global Outlook: Mainland COVID-19 surge means a bleak winter, but vaccines promise 2021](#)[Nowcasting the Trajectory of the COVID-19 Recovery](#)

September 3, 2020

I develop a weekly coincident index of economic activity in the State of Hawaii. The purpose of the index is to nowcast the recovery from ...

[Estimating water demand using price differences of wastewater services](#)

July 27, 2020