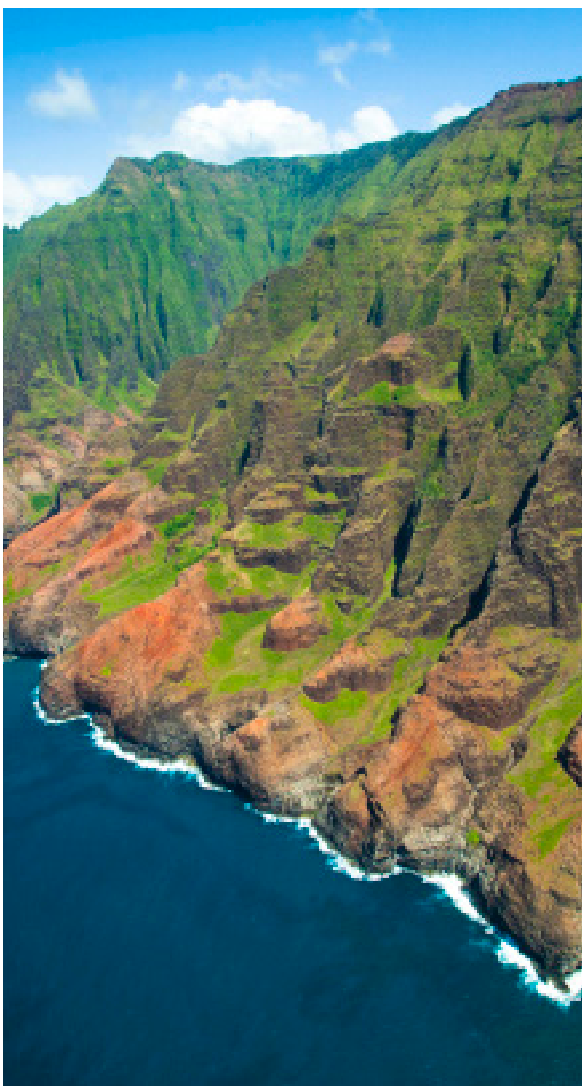
UHERO
THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAI'I

UHERO FORECAST FOR THE STATE OF HAWAII

Deteriorating US outlook weighs on Hawaii prospects

SEPTEMBER 26, 2025



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EXECUTIVE SUMMARY

Hawaii's economic prospects remain poor. US trade policy is impacting key international visitor markets, and tariffs and uncertainty also weigh on the US economy. In Hawaii, visitor numbers are down, job growth has stalled, and housing activity remains weak. Inflation will rise over the next year as tariffs feed through to consumer prices. Construction remains the only major source of strength, supported by large federal contracts and other public projects. We will see a mild recession in the Islands over the next year, with the weakening US economy threatening a potentially deeper downturn.

US and Global Conditions Worsen

Signs of US weakness are increasingly evident. Consumer spending has slowed to a near standstill, and, outside of health care, job growth has ceased or begun to contract. The national unemployment rate remains stable only because of the loss of foreign-born workers. Abroad, Canada has fallen into recession as tariffs cause exports to plunge. Japan's modest recovery will slow as exports fall and interest rates rise. Other key Hawaii visitor markets face similar strains. A deeper global slowdown would inevitably rebound on Hawaiʻi's economy through weaker tourism demand.

Tariffs are Hitting Hawaii Tourism Hard

Visitor industry conditions deteriorated mid-year, and seasonally-adjusted arrivals fell 8% between April and July. International markets have seen the biggest losses, with the Canadian visitor census down 9%. That leaves us dependent on a mainland market that is vulnerable to a US recession. While losses to date are a bit smaller than we anticipated last spring, we see arrivals about 5% lower than last year by the middle of 2026; real visitor spending will decline by more than $600 million.

Stalling Labor Markets will see Widespread Losses

Hawaii payroll job growth has stalled since March, leaving employment still 15,000 jobs below pre-pandemic levels. Many sectors are now contracting, led by federal job losses and tourism sector declines. The drop in federal jobs—down more than 1,200 already—will deepen as deferred resignations take effect at the end of this month. Payrolls are projected to fall through late 2026 before a slow recovery begins.

Inflation will Weigh on Households

Honolulu inflation receded to 2.3% in July, even as overall US inflation picked up. The gradual pass-through of tariffs will lift CPI inflation to about 4% at the end of next year before it begins to ease. By 2026, inflation will have lifted local prices by an average of 1.5% more than it would have been, permanently raising typical household costs by roughly $1,400 annually. State income tax relief worth about $2,000 for the median-income household will help to support purchasing power, but federal SNAP and Medicaid cuts will remove benefits for tens of thousands, hitting the lowest-income families hardest.

Construction is the Only Growth Support

Our sole area of resilience continues to be construction, where recently announced military construction, ongoing Skyline work, and Aloha Stadium redevelopment will sustain industry employment near 40,000 jobs through the end of the decade. Maui rebuilding will also support the industry. The biggest risk to the sector is the impact of tariffs on the cost of materials.

Condo markets are the weakest they have been since 2010, partly because of high mortgage rates and surging insurance costs. The Maui condo market has seen a large plunge in activity, with the value of resales down nearly 50% compared with mid-2023. This reflects in part uncertainty over Bill 9, a proposal to phase out transient vacation rentals in apartment districts. The fate of this bill remains uncertain.

Our Mild Recession Forecast faces Growing Downside Risks

UHERO continues to expect that a mild Hawaii recession is imminent. There will be periods of contraction in payroll jobs, real GDP, and personal income, combined with higher inflation. A gradual recovery will begin by late next year.

Risks are now more clearly tilted to the downside. A US recession would compound global weakness, while prolonged high tariffs, stricter immigration enforcement, and deep federal spending cuts could intensify local impacts. Even if the recession proves shallow, higher prices and tepid growth will impose ongoing costs on Hawaii households.

FORECAST SUMMARY

MAJOR ECONOMIC INDICATORS

STATE OF HAWAII FORECAST

	2024	2025	2026	2027	2028
STATE OF HAWAII					
Nonfarm Payrolls (Thou)	639.1	**643.5**	640.8	642.1	644.7
% Change	1.1	**0.7**	−0.4	0.2	0.4
Unemployment Rate (%)	3.0	**3.0**	3.6	3.7	3.5
Real Personal Income (Mil 2024$)	100,242.6	**101,570.3**	101,717.2	102,633.6	103,926.1
% Change	1.1	**1.3**	0.1	0.9	1.3
Real GDP (Mil 2024$)	115,627.2	**117,541.1**	117,599.4	118,917.0	120,708.3
% Change	0.5	**1.7**	0.1	1.1	1.5
Average Daily Census (Thou)	230.3	**227.2**	220.3	228.7	237.4
% Change	−1.9	**−1.3**	−3.0	3.8	3.8
Real Visitor Expenditures (Mil 2024$)	20,482.2	**20,190.0**	19,010.5	19,417.2	19,909.5
% Change	−5.1	**−1.4**	−5.8	2.1	2.5
HONOLULU COUNTY					
Nonfarm Payrolls (Thou)	460.9	**463.9**	461.8	462.8	464.9
% Change	1.3	**0.7**	−0.5	0.2	0.5
Unemployment Rate (%)	2.7	**2.9**	3.5	3.6	3.5
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Real Personal Income (Mil 2024$)	73,091.6	**73,870.5**	74,056.3	74,715.9	75,628.3
% Change	1.3	**1.1**	0.2	0.9	1.2
Average Daily Census (Thou)	112.5	**109.5**	105.8	109.1	112.6
% Change	1.3	**−2.6**	−3.4	3.1	3.2
HAWAII COUNTY					
Nonfarm Payrolls (Thou)	72.4	**72.5**	72.2	72.3	72.5
% Change	1.7	**0.2**	−0.4	0.1	0.3
Unemployment Rate (%)	3.2	**3.4**	3.9	3.8	3.7
Real Personal Income (Mil 2024$)	11,551.9	**11,766.1**	11,775.0	11,899.4	12,079.7
% Change	0.8	**1.9**	0.1	1.1	1.5
Average Daily Census (Thou)	37.0	**36.0**	34.3	35.4	36.8
% Change	−3.7	**−2.8**	−4.7	3.3	3.9
KAUAI COUNTY					
Nonfarm Payrolls (Thou)	32.4	**33.1**	33.0	33.0	33.1
% Change	1.4	**2.0**	−0.2	0.1	0.3
Unemployment Rate (%)	2.6	**2.8**	3.6	3.8	3.7
Real Personal Income (Mil 2024$)	4,772.2	**4,901.2**	4,900.4	4,943.9	5,010.4
% Change	1.1	**2.7**	0.0	0.9	1.4
Average Daily Census (Thou)	28.4	**28.5**	27.7	28.0	28.4
% Change	−1.9	**0.2**	−2.9	1.3	1.3
MAUI COUNTY					
Nonfarm Payrolls (Thou)	73.4	**74.0**	73.8	73.9	74.2
% Change	−1.2	**0.8**	−0.4	0.2	0.4
Unemployment Rate (%)	4.3	**3.4**	3.8	3.7	3.6
Real Personal Income (Mil 2024$)	10,826.9	**11,032.5**	10,985.6	11,074.4	11,207.6
% Change	0.5	**1.9**	−0.4	0.8	1.2
Average Daily Census (Thou)	52.4	**53.2**	52.5	56.1	59.6
% Change	−6.9	**1.6**	−1.3	6.8	6.2

Note: Source is UHERO. Nonfarm Payrolls for 2024 are UHERO estimates of the March 2026 benchmark revision. Figures for county income for 2024 are UHERO estimates. Figures for 2025-2028 are forecasts.

THIRD QUARTER HAWAII FORECAST

The economic outlook for Hawaii remains unfavorable. Tourism is dropping as tariffs impact our major international markets, employment growth has stagnated, housing activity remains very weak, and inflation is poised to rise as tariffs feed through to consumer prices. These adverse developments will precipitate at least a mild recession in the Islands over the next year. Perhaps the sole remaining area of strength is construction, where newly announced government projects promise to extend the industry boom.

At this point, the Hawaii economy looks likely to pass through the coming recession with limited aggregate losses. But that may prove too optimistic. US and global economic risks have increased markedly in recent months. While we do not currently forecast a US recession, we could yet tip into one, given the effect of deteriorating labor market conditions on households. Weaker US demand threatens Hawaii's mainland visitor market, which so far has fared better than international ones. Abroad, severe negative tariff effects and already-soft domestic conditions threaten further global weakening, which would ultimately rebound on US exports.

Even if Hawaii's recession proves mild, job losses will occur across most industries, disproportionately affecting the lower-income workers prevalent in tourism sectors (and of course laid-off federal workers). State tax relief coming in 2026 will provide important income support, but cuts to Medicaid and SNAP will be a growing weight. As is usually the case, the burden of the looming downturn will fall most heavily on the low-income households who are least able to bear it.

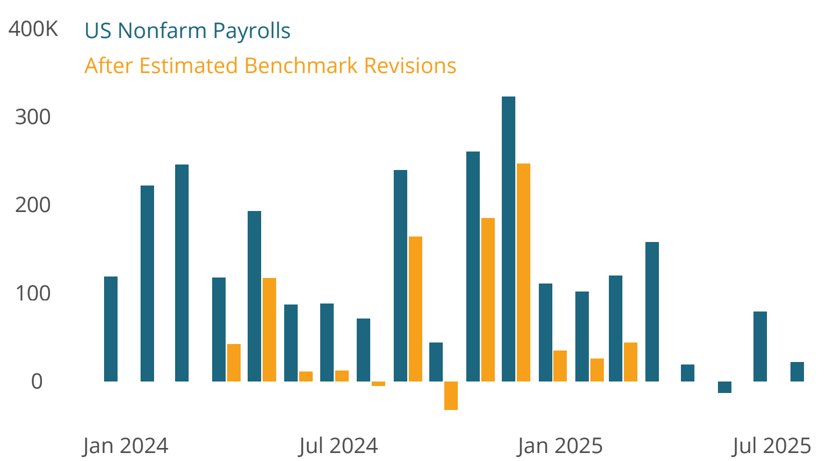
Tariffs and uncertainty burden the US economy

The global economic outlook remains muddled, thanks to continuing uncertainty surrounding US economic policy, the impacts of tariffs, and stubborn inflation in some economies. While some firming of the outlook appeared evident at mid-year, recent developments suggest increased recession risks.

Since the time of our last report, clearer signs have emerged that the US economy has slowed, if not begun to contract. Consumer spending growth

MONTHLY US JOB CHANGES AND ESTIMATED BENCHMARK REVISIONS

Data revisions have confirmed a weakening labor market.



averaged essentially zero over the April-to-June period, although a durable goods pickup was seen in July, and August retail sales were solid. The weakness in overall consumer spending has occurred even as consumers have front-loaded some purchases to get ahead of announced tariffs.

Softer consumer spending reflects, in part, weakening job prospects. There has been a significant slowing of job growth and several large recent downward monthly revisions. Net job creation has averaged 27,000 over the past four months, compared with 168,000 during 2024.

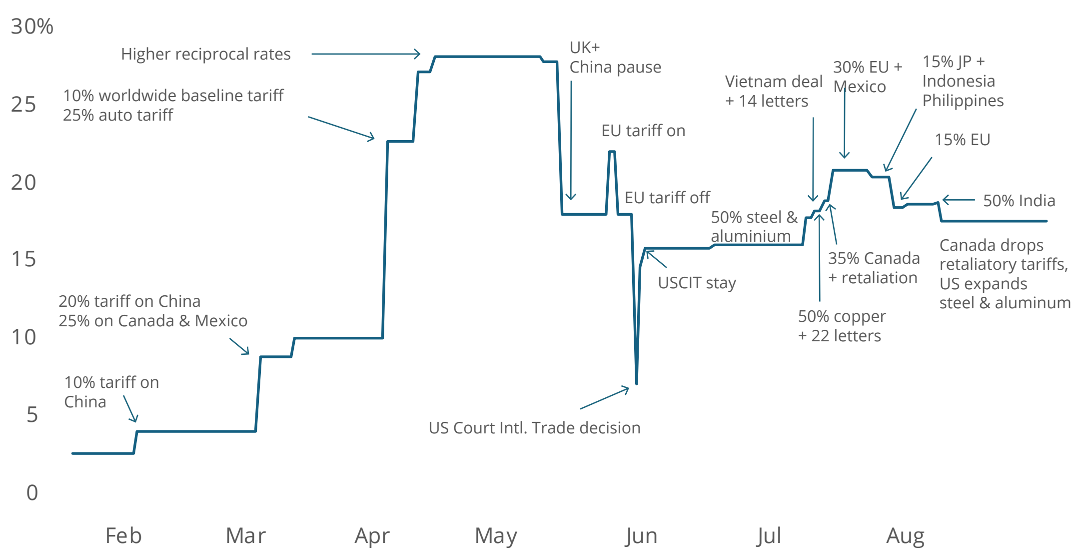
The unemployment rate has not risen above the 4-4.3% range of the past fifteen months, but this largely reflects labor force contraction due to the large loss of foreign-born workers. This will get worse as deportations and self-deportations remove more workers from the American economy.

On top of slow recent data, there has also been a 900,000-plus downward benchmark revision announced for the April 2024-March 2025 period, which shows payroll job weakness began earlier than original data had shown. If similarly-large downward revisions are ultimately made to recent data, the US economy may have already tipped into recession. That will not be known for some time, but it is telling that virtually all of the job growth has been in one sector—health care—with little growth or outright contraction in most other sectors.

The Trump Administration continues to make new tariff threats and "deals." The European Union has agreed to a "permanent" 15% tariff on imports, and similar bilateral agreements have been made with Japan, Indonesia, the Philippines, and Vietnam. A May agreement on more favorable terms had been reached with the UK. Many of these agreements include promises of increased foreign investment in the US and improved access to domestic markets, although it is unclear whether they will actually occur. Tariffs on goods from Mexico and Canada that are not subject to the USMCA treaty were raised to 30% and 35%, respectively. A new 50% tariff on copper imports joined existing levies on steel and aluminum, and President Trump has imposed a 50% tariff on Brazil, purely for political reasons, since the US runs a large trade surplus with Brazil. A 50% tariff on Indian goods went into effect on August 27. Overall, as of September 4, the Yale Budget Lab estimated that the average US tariff rate was 17.4%. Tariffs this year are the highest since 1935.

EFFECTIVE US TARIFF RATES, 2025

Ever-changing US tariffs have created a volatile overall burden.



On August 30, a US Appellate Court upheld a ruling by the U.S. Court of International Trade that found most of the Administration's broad country-specific tariffs to be invalid. The Appeals Court has stayed its ruling for now, and the US Supreme Court has agreed to take up the case on an expedited basis in November.

Perhaps in part because of tariffs and tariff uncertainty, US Investment remains relatively weak, although to be fair anticipated demand weakness and threats to renewable energy projects may also be playing a role. Investment in nonresidential structures shrank in the first half of the year, although equipment purchases expanded. Purchasing managers are downbeat in their assessments of future CAPEX outlays, suggesting more manufacturing weakness in the pipeline.

Business investment prospects will get some support from tax incentives in the Fiscal Year 2025 Budget Reconciliation Act (Public Law 119-21, officially titled the "One Big Beautiful Bill Act of 2025") that was passed by Congress in July. The Act contains sweeping tax, spending, and entitlement changes that will shape the economic outlook for years to come. Some provisions of the Act take effect immediately, but others depend on federal rulemaking or allow for state-level extensions.

In Hawaii, Medicaid-related changes—including substantial provider cuts—are not scheduled to begin until early 2027, giving state agencies some time to adjust. Local insurers and Med-QUEST administrators are still reviewing the law and will notify clients before changes occur. As a result, the economic effects of the Act will reach Hawaii residents gradually (See the box, "What Federal Cuts to the Social Safety Net Will Mean for Hawaii").

The Act will also provide some general fiscal stimulus over the next year or so, although this will be limited by several factors, including the fact that the lion's share of tax cuts simply extend reductions made at the start of the previous Trump Presidency and accompanying cuts to social safety net programs reduce lower-income households' resources. Residential investment will benefit from lower mortgage rates, although we expect them to remain fairly high.

The dollar has weakened this year, down 5.5% against a trade-weighted basket of foreign currencies and by much more for some. These movements reverse dollar strength toward the end of last year. Shifts in exchange rates are among the most difficult data to explain or forecast. In this case, the larger anticipated deficits resulting from the 2025 reconciliation act appear to have raised inflation expectations and risk premia on long-term debt, reducing the demand for the dollar.

Concerns about long-term inflation may mount if the President succeeds in engineering a Federal Reserve policymaking board that is more subservient to his wishes and therefore less cautious about inflationary outcomes. Until now, Fed decision-making has remained clearly independent of the Executive Branch, taking a cautious approach to rate cuts. President Trump has (so far unsuccessfully) tried to remove Fed Governor Lisa Cook, ostensibly for alleged mortgage fraud. His new appointee Stephen Miran was approved by the Senate. On September 17, the Federal Open Market Committee voted to reduce short-term interest rates by a quarter point to the 4.0-4.25% range, with Miran the sole vote for a larger half-percent cut. The projections of FOMC members suggest the likelihood of two more quarter-point cuts before the end of the year.

WHAT FEDERAL CUTS TO THE SOCIAL SAFETY NET WILL MEAN FOR HAWAII

On July 4, 2025, President Trump signed into law Public Law 119-21, the Fiscal Year 2025 Reconciliation Act also known as the One Big Beautiful Bill Act (OBBBA). The budget reconciliation bill cuts federal Medicaid and ACA marketplace funding by an estimated $1.1 trillion and SNAP funding by $187 billion over fiscal years 2025 to 2034. The Congressional Budget Office estimated that OBBBA would lead to 10 million Americans losing health insurance by 2034 and 2.4 million losing SNAP benefits. In Hawaii, where more than 400,000 residents participate in Medicaid, over 160,000 receive SNAP benefits, and 43,000 households receive both, these changes could impact a large segment of the population, with potential ripple effects across the state's economy.

The law tightens eligibility and enrollment procedures for safety net programs, restricts benefit growth, increases the share of benefits paid by states, and adds red tape for both states and beneficiaries. The Kaiser Family Foundation (KFF) projects that 41,000 Hawaii residents will lose Medicaid benefits due to the OBBBA. For Hawaii's SNAP recipients, the Center on Budget and Policy Priorities estimated that 22,000 people in households with school-aged children and 8,000 in households with no children could lose some benefits.

The most consequential changes are the expansion of work requirements and increased verification frequency. Starting in January 2027, Medicaid recipients made eligible through the Affordable Care Act must reapply every 6 months with documentation of at least 80 hours per month of work, school, or work-related activities (e.g., job training, volunteer service) in the previous month. Because the majority of able-bodied adult recipients already work, most of these losses result from eligible adults being tripped up by red tape and improperly denied, or due to job instability, as described below. For SNAP recipients, an existing 80-hour-per-month work requirement now applies to an expanded group of Able-Bodied Adults Without Dependents (ABAWDs), increasing the age range from 18–49 to 18–64 years old, as well as adults with dependent children 14 and older. Hawaii's state agencies responsible for administering these programs can request delayed implementation of work requirements until January 2029. These extensions are at the discretion of cabinet secretaries, and therefore uncertain, but hold out some possibility that Congress may reverse course before Hawaii is affected.

While the stated goal of these provisions is to encourage workforce participation and reduce program dependency, research has consistently found that work requirements do not increase employment (Hamilton Project). In practice, even working recipients may lose coverage due to complicated reporting rules, unstable employment, or a lack of paid sick leave. A Brookings Institution analysis shows that low-wage, service-sector jobs are often unstable: 64% of service industry employees worked fewer than 80 hours in at least one month out of the year, and 65% of low-income workers with irregular schedules report that fluctuations were determined by employers, not employees.

These new requirements for safety net programs are likely to disproportionately affect Hawaii given the state's large concentration of low-wage, service-sector jobs. Moreover, cuts to Medicaid and SNAP benefits under the OBBBA could produce economic ripple effects. Reduced access to Medicaid would lead to poorer health outcomes and increased reliance on emergency care, and strain the finances of healthcare providers serving newly uninsured patients. The loss of SNAP benefits would also cause households to tighten their belts, reducing demand for groceries and other local goods and services. Nonprofits and government agencies may face new pressures as more residents turn to them for assistance.

Despite near-term fiscal stimulus, the drag from imposed and "self" deportations, combined with high tariffs and the gradual pace of Federal Reserve interest rate cuts, will weigh on the US economy both in the short term and over the long run. We anticipate real gross domestic product growth of 1.7% this year, falling to 0.8% in 2026, before picking up to 1.9% growth by 2028. This may prove too optimistic depending on the extent of labor market weakening so far and the global fallout from US policies.

Major visitor markets struggle with weak growth and tariff fallout

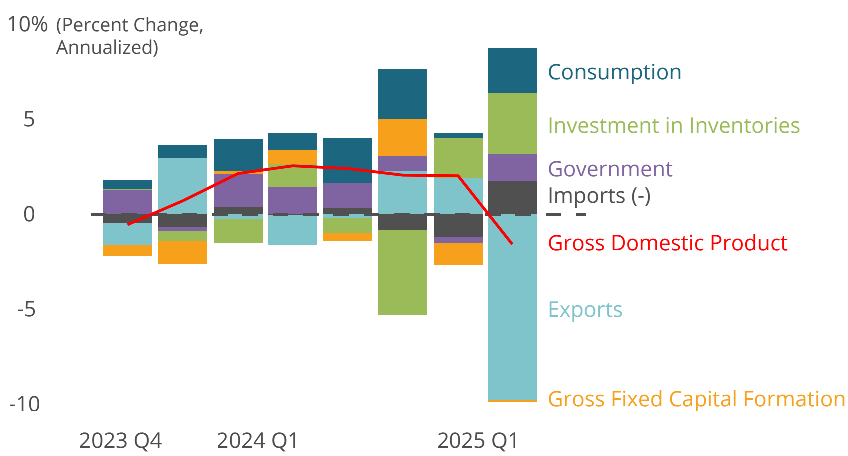
After a dismal 2024, the outlook for Japan appears somewhat better, although this has yet to be seen clearly in official statistics. Real GDP growth firmed a bit in Q2, rising at a 1% annual pace, but its biggest component, consumer spending, slowed to 0.3% annualized growth. (Retail sales have recently picked up a bit.) Unsurprisingly, exports have also been weak, down 2.3% year-over-year in July. The outlook for longer-term interest rates has soared with the expectation that the Bank of Japan will resume policy rate increases as the economy begins to firm. Higher rates will pose a growth challenge. We expect Japan to slow further in coming quarters, with annual growth of 1.1% for 2025 as a whole, decelerating to 0.2% in 2026.

Canada's economy has taken a significant hit from higher US tariffs. In the second quarter, real gross domestic product contracted at a 1.6% annual pace, a much larger decline than anticipated. Plummeting exports subtracted a jaw-dropping ten percentage points from real GDP, offset in part by rising inventories, weaker imports (which adds to GDP), and growing government spending. The sole positive development was moderately strong consumer spending. The disastrous second quarter export showing demonstrates how heavily dependent Canada is on trade with the US. Here, the outlook is somewhat less troubling than it was early in the year, since the Trump Administration is recognizing previously-agreed tariff rates of products under the USMCA treaty. But higher tariffs on other goods and the disruptions to the North American auto industry will considerably harm overall growth. 2025 and 2026 will see sub-par GDP growth before firming in 2027.

Asian and Pacific countries will feel differential effects of US tariff policies. Some have seen a rise in exports as goods are diverted away from heavily-tariffed countries. Others are experiencing adverse effects of baseline

CONTRIBUTIONS TO CANADIAN REAL GROSS DOMESTIC PRODUCT GROWTH

US tariffs have pulled down Canadian exports dramatically.



“reciprocal” tariffs announced earlier this year and commodity-specific levies on products such as steel, aluminum, copper, and autos. For countries of particular importance to Hawaii, Australia will see slowing over the next several years. South Korea struck a trade agreement that imposes a 15% across-the-board tariff, which will reduce exports and economic activity.

The global outlook is shadowed by a deteriorating US outlook

The outlook for the world economy as a whole remains fraught. While some international organizations made modest upgrades to their global economic projections mid-year, that view was not unanimous. On the one hand, forecasters cited lower average US tariffs than those announced in April, extensive pre-tariff front-loading of purchases by US companies, and the weaker US dollar. On the other hand, there was a recognition of softening of consumption in key countries, trade volatility, and rising uncertainty. In each case, these assessments came before the recent accelerating weakness in US labor markets, so the global economy’s prospects are likely worse than the mid-year forecasts suggest.

The visitor industry had a bleak summer

This year has seen a deterioration of Hawaii visitor industry conditions. 2025 began fairly well, with statewide arrivals rising 1.3% through July compared with the same period in 2024. But this increase was largely limited to Maui’s continuing post-fire recovery and higher Kauai arrivals, rather than across-the-board gains. More significantly, the year-through-July figure masked a deterioration of industry conditions that had begun to emerge in late spring. That retreat was sharp, resulting in an 8% plunge in seasonally adjusted arrivals for the April-July period. Average daily census, which takes into account not just visitor numbers but also their length of stay, has followed a similar path.

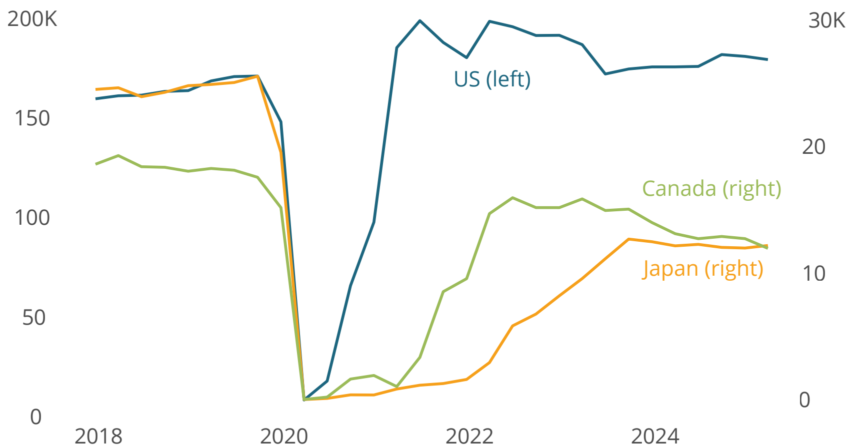
The downward turn has been widespread, with both US and international—especially Canadian—arrivals losing ground quickly. The shift to contraction has coincided with heightened policy uncertainty, stricter visa and border processing, and worsening macroeconomic conditions in some major visitor markets.

As anticipated, international markets have experienced the largest losses this year. Through July, the Japanese visitor census fell 2.5%. The Canadian census plunged 9%. This aligns with a recent UHERO industry survey highlighting the slow return of international visitors and their reluctance to revisit Hawaii. The visitor census for other international markets has been essentially flat for the year to date. (Note that a gradual downward trend in Canadian visitors has been underway for several years, with their average daily census now nearly 30% below the post-pandemic peak reached in mid-2023.)

The international weakness had left domestic visitors as the remaining area of strength. But this too has now turned downward, with marked contraction beginning in May. The US average daily census is now 4.5% lower than at the same time last year.

Not surprisingly, tourism spending has fallen along with visitor numbers. After a strong sowing on Oahu during the spring, by mid-summer total visitor spending growth had turned negative across major markets. Spending by Canadian visitors turned down earlier and has declined every month

AVERAGE DAILY VISITOR CENSUS
This year's drop in Canadian visitors follows a two-year downward trend.



since January of 2024. Through July of this year, inflation adjusted Canadian spending is down nearly 8%.

Sluggish demand has translated into a slight drop in statewide hotel occupancy. On Oahu, the occupancy rate has lingered below 80% and in July stood four percentage points below last year's level. Other counties have shown little change compared with last year. The occupancy rate on Maui has been about 67%, as the county continues its gradual visitor recovery. (Occupancy would rise further if Maui County Bill 9, which would remove short-term rental status from a large number of properties, were to get final approval from the Maui County Council. Because of uncertain prospects for passage, we have not included this in our current forecast.)

Changes to some state visitor policies are likely to shape industry growth in coming years. A Climate Impact Fee, which will raise the Transient Accommodations Tax (TAT) from 10.25% to 11% will go into effect January 1, 2026. This legislation also taxes cruise ship accommodations, which have not been previously taxed in Hawaii, although this provision has been challenged in court. Revenue from the increased and expanded tax are earmarked for projects addressing climate change impacts, economic development, infrastructure within tourism districts, and tourism marketing.

A growing number of visitors now consider Hawaii an expensive destination, according to surveyed industry executives. Rising costs of a Hawaii vacation are affecting the competitiveness of the industry against lower-cost alternative destinations. This issue has been discussed for many years, but clearly it remains an industry concern. In the near term, this year's moderate strengthening of foreign currencies against the dollar will provide some offset to the higher costs of a trip to Hawaii.

Against this challenging background, tourism officials and industry players look to high-volume tourism events to draw in significant numbers of visitors and generate industry revenue. Near-term prospects were dealt a setback with the recent cancellation of the Sentry golf tournament in Kapalua, because of the current water scarcity on Maui. The loss of this high-profile professional golf event will add to the headwinds facing an already lagging tourism recovery on Maui. On the other hand, a record number of early registrations for the Honolulu Marathon provides near-term optimism for a helpful December visitor bump on Oahu.

Employment growth stagnated over the summer

Hawaii's job market is now showing clear signs of slowing. The number of nonfarm payroll jobs has stagnated since March, and June and July saw month-on-month declines. The recent monthly job losses are small in seasonally adjusted terms, and they have not yet resulted in year-over-year declines. Still, this relative weakness stands in marked contrast to the post-pandemic recovery period, characterized by steady, slow employment growth. This apparent pause in job growth comes when payroll counts remain 15,000 lower than before the Covid pandemic.

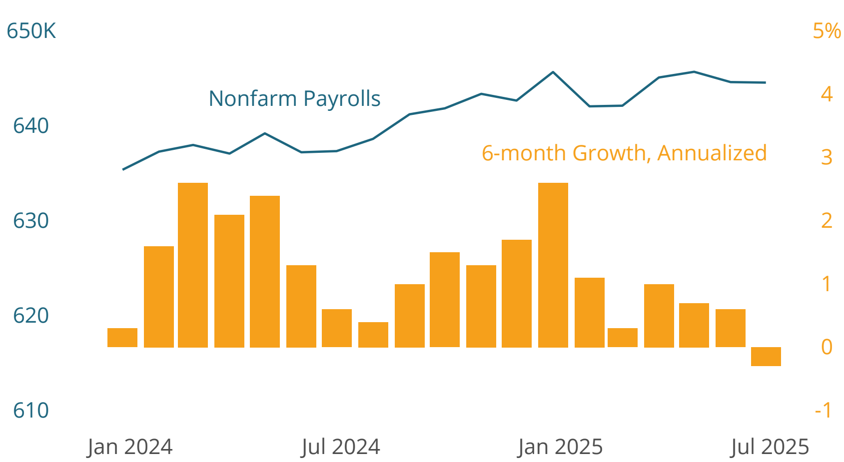
Recent job weakness has been driven largely by a lackluster summer for the leisure and hospitality sector, and by steep cuts in Federal Government employment since the beginning of the year. For leisure and hospitality, weakness in visitor spending caused a decline in all subcategories during the summer, a period when these areas of activity typically experience seasonal growth. On the back of aggressive cuts to many Federal Government departments, federal employment has declined more than 4% this year, about 1,200 jobs on a seasonally adjusted basis. And the data still do not capture most of the anticipated cuts. Those workers who accepted deferred resignations will be paid until September 30, so are not included in this decline.

But the stalling of job growth extends across much of the economy. One way to assess this is through the use of an employment change diffusion index. The index describes whether, on net, there are more sectors expanding than contracting (in our case, weighting the sectors by relative size). A measure below 50 implies that the labor market is contracting across sectors covering more than half of employment, whereas a measure above 50 suggests that it is expanding. The advantage of this measure is that it isn't affected by the size of contractions in a single sector and is therefore more characteristic of the labor market as a whole. This index has trended downwards following the COVID recovery and has now begun to contract. We will be watching this measure closely in the coming months as sustained sub-50 readings signal increased risk of recession.

Still, the extent of overall slowing remains limited. Data on openings, hires, and separations do not yet show a surge in layoffs or quits. The weakness so far lies primarily in job openings. With fewer opportunities available, workers

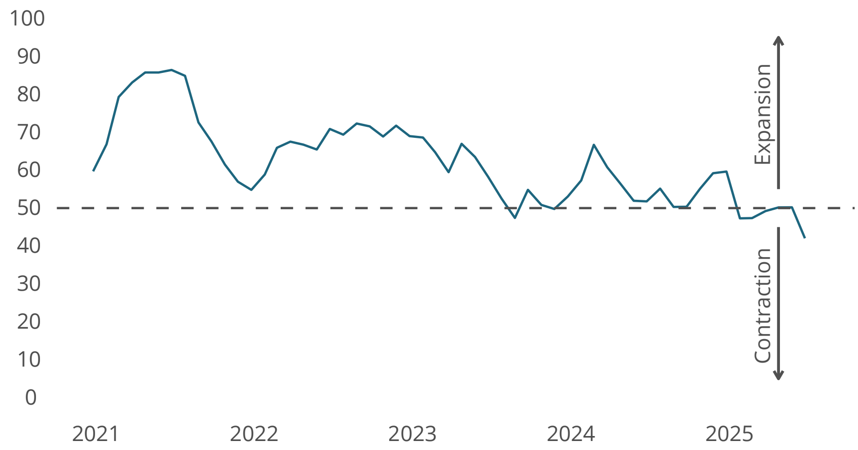
NONFARM PAYROLL JOBS AND THE SIX-MONTH TRAILING GROWTH RATE (ANNUALIZED)

Job creation has stalled, as hiring falls to post pandemic lows.



HAWAII EMPLOYMENT-WEIGHTED DIFFUSION INDEX, 6-MONTH TRAILING AVERAGE

Employment losses are touching more industries.



appear more reluctant to quit, while businesses, facing uncertainty, are cautious about both hiring and firing. Despite the weakening job numbers, Hawaii's unemployment rate edged down to 2.7% in July; in contrast, the national unemployment rate rose to 4.3% in August.

Tariffs are not yet apparent in Hawaii inflation

In July, the Honolulu CPI receded to a 2.3% year-over-year rate. Consumer prices have fallen 0.3% over the past two months alone. The decline in inflation is a sharp contrast to the 4.1% inflation rate observed in January. The most significant price declines were in food categories, gasoline, and services (excluding rent of shelter).

So far, tariffs appear to have had only small effects on the Honolulu CPI. In part, this may reflect the fact that many imports were front-loaded ahead of the new levies, and some tariff rates have come down as a result of numerous bilateral "deals." Tariff effects on the CPI have also been hard to find at the national level, although they are apparent for some detailed product categories and for commodities like metals that are important inputs to production. For this reason, tariff costs can be expected to flow more fully into the Honolulu CPI over the next year. (Note that in Hawaii, we have consumer price data only for the Honolulu area.)

If tariff costs do push up consumer prices, there are some government policy changes that will partly offset the impact of these higher costs, at least for some residents. State income tax relief is coming through a doubling of the standard deduction, which the State estimates will reduce the tax burden for the median-income household by about $2,000 next year. At the federal level, there are new partial tax exemptions for tips and overtime pay. But these will affect only a small number of Hawaii workers. Nationally, about 2% of workers earn tips; we expect roughly double that in Hawaii, but still a small share. The extension of the 2017 federal income tax cuts will be welcome news for many families, although this does not represent a tax cut from current levels.

Condo market slump is worsened by Maui policy uncertainty

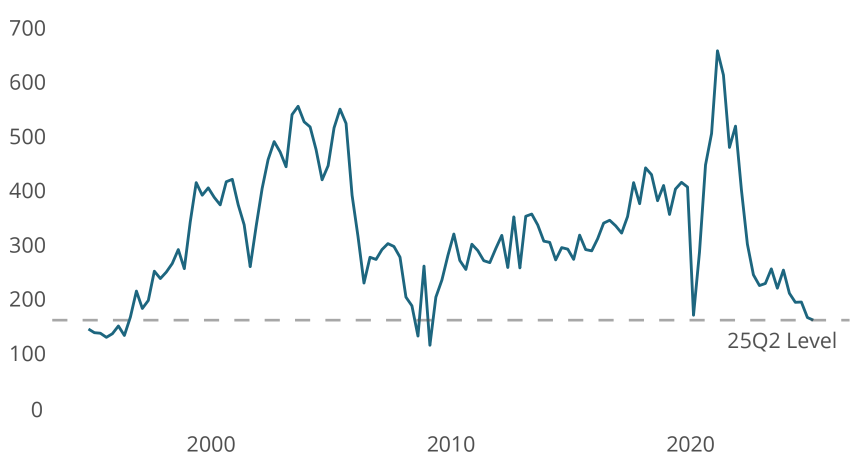
In the face of persistently high mortgage rates and surging insurance premiums, activity in the market for condominiums has slowed to a pace not seen since 2010; Neighbor Island markets are particularly weak. The number of days a typical unit spends on market before sale was at historic lows between 2022 and 2024 but have doubled since. Though resale prices on Oahu and Hawaii Island remain close to all-time highs, median prices on Kauai and Maui have fallen by 10% and 20%, respectively, in the last 24 months, based on trailing three-month averages. The number of transactions, meanwhile, has declined 16% in Honolulu, 19% on Kauai, and 33% on Hawaii and Maui over the same time period. Multiplying these two indicators implies that the market overall has fallen by 26% on Hawaii Island and on Kauai since July 2023. Honolulu fares better with a 17% drop, given its relatively more stable domestic demand.

By comparison, the Maui condo market fares much worse, with resale transaction activity at just 53% of its July 2023 level. This difference likely reflects market expectations that Bill 9, the proposal to phase out transient vacation rentals in apartment districts, will pass within the next few months. Since the time of our last forecast, the Maui County Council has advanced the measure out of committee and formed a study group for revisions. An adopted amendment delays the phaseout to December 2028 in West Maui and 2030 elsewhere. UHERO [previously estimated] that the proposal would reduce condo prices on Maui by 20-40%, improving housing affordability relative to wages, but would also reduce equity for owners, tourism jobs, and tax revenues. Amendments proposed, but not adopted, that would create legal pathways for TVRs to continue operating would attenuate these effects. Because of uncertainty regarding its passage, we are not yet including the measure in our forecast.

A clear mitigating factor is the recent announcement of $900M in housing subsidies for fire-affected households through HUD disaster funds (CDBG-DR). While two of the programs are targeted to single-family homeowners rebuilding within the fire extent, the First-Time Homebuyer Opportunity Program (FTHOP) provides up to $400,000 in assistance to displaced renters seeking to buy a home. This assistance will make these households more competitive with other buyers but will also increase demand for a limited supply of units, increasing prices.

NUMBER OF CONDOMINIUMS SOLD IN MAUI COUNTY

Maui condo resales are very low, near 2009 levels.



Government projects are extending the construction boom

In previous reports, we have noted that the growth impulse from historically unprecedented public projects—Dry Dock 5 (DD5) at Pearl Harbor, Maui wildfire rebuilding, and the Honolulu Skyline—was set to wind down. But recent developments will extend the construction boom. A new $8 billion Multiple Award Construction Contract (MACC) for NAVFAC Hawaii was awarded in June, a leading indicator that major construction work will continue at the Pearl Harbor shipyard after DD5. Comprehensive upgrades envisioned in the Navy's Shipyard Infrastructure Optimization Program (SIOP) were initially estimated at about $6 billion in 2018, but by 2022 Navy estimates had already increased to $16 billion over 20 years according to a GAO report, and more increases are likely when the Navy finalizes its estimates and timeline in 2026.

Work has also begun on the third segment of the Honolulu Skyline, a $1.66 billion design-build contract awarded to Tudor Perini last August. The Stadium Authority voted to approve a contract with Aloha Halawa District Partners last month. Site preparation for stadium demolition was expected to begin in late August, although the work has since been delayed to October. The State has committed $350 million to the public-private partnership, with AHDP covering the remaining roughly $125-150 million in costs for the now 22,500-seat stadium.

Large and capricious tariffs on construction materials such as steel, and other unexpected changes in federal policy, could still delay or reduce the size of these major public projects, as well as private construction activity. For example, the recent budget reconciliation has placed several utility-scale solar projects in jeopardy by phasing out tax credits for renewable energy on an accelerated timeline. State and local officials will need to streamline review to ensure these projects break ground before the end of the year, or we risk losing them altogether. Consumers may also rush to permit and install rooftop solar for similar reasons, testing recent investments in technology and process improvement at the Department of Planning and Permitting.

THE HAWAII OUTLOOK

The economic outlook for Hawaii remains unfavorable. As expected, tourism is taking a hit from tariffs and their impact on our major visitor markets, federal layoffs are reducing employment, and inflation is set to rise as the tariffs pass through into consumer prices. These challenges will precipitate a recession in the Islands, which at this time looks likely to be a mild one. Recent positive developments in the construction outlook will provide welcome support in challenging times.

While the Hawaii economy may pass through this recession with relatively limited aggregate losses, that is by no means assured. In fact, US and global economic risks have increased in recent months. While we are not currently forecasting a US recession, clearly the risk has increased with recent evidence of increased labor market weakness. Abroad, the ongoing struggles in some major trading partners—and dramatic tariff hits to some—demonstrate that vulnerability is a global problem. And regardless of the recession's depth, we are mindful that there are and will be substantial costs for many Hawaii households.

The US policy hit to tourism is increasingly evident

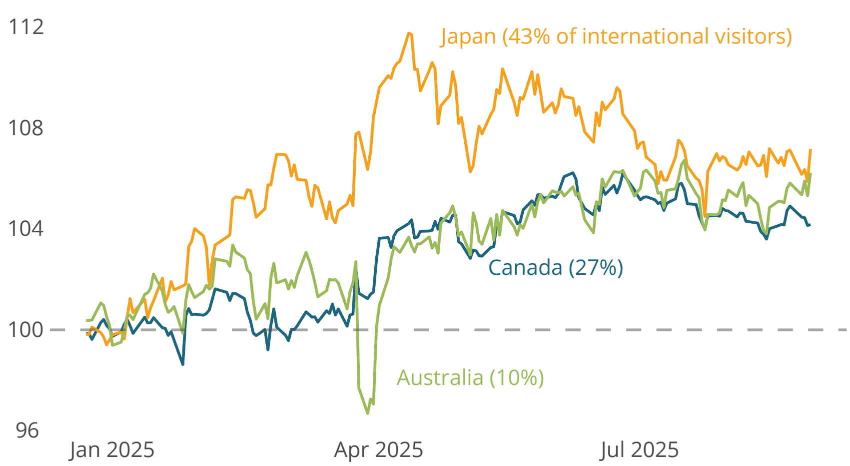
As expected, Trump Administration policies, including the large targeted and across-the-board tariffs, more uncertain international visitor regulations and enforcement, and the accompanying vitriol between the US and allies, has contributed to a sharp decline in the number of visitors from some overseas markets.

We noted above that the biggest tourism hit so far has been to the Canadian market. This is unsurprising given the severe macroeconomic effects in Canada that have developed as tariffs have taken hold. As we noted above, Canada's gross domestic product declined sharply in the second quarter. These adverse macro effects reduce the incomes of potential visitors from our second-largest international market. The outlook for Canada's recovery remains clouded.

Softening economic conditions in other major visitor markets will also continue to weigh on Hawaii tourism, even if there have been markups of

CURRENCY VALUES AGAINST THE US DOLLAR, SELECT HAWAII VISITOR MARKETS. (INDEX, JANUARY 1, 2025 = 100)

The purchasing power of foreign currencies has rebounded this year.



economic outlook for some countries in recent months. We noted above that both Japan and Korea have agreed to 15% tariffs on exports to the US. Australia faces "only" a 10% levy, but they are of course adversely affected by the very high tariffs on metals, as well as levies in autos and parts. That means they will face a smaller direct adverse effect, but they are exposed to reduced exports to a tariff-ridden China.

The US economy has held up longer than expected, but a weaker US labor market and stagnant income growth will weigh on our dominant mainland visitor market, as well.

The adverse effects on tourism of recent US policies will take time to abate, with considerable uncertainty depending on whether the US Supreme Court allows the broad existing tariffs to remain in place, as well as how long it takes for a recovery of foreign residents' willingness to travel to the US.

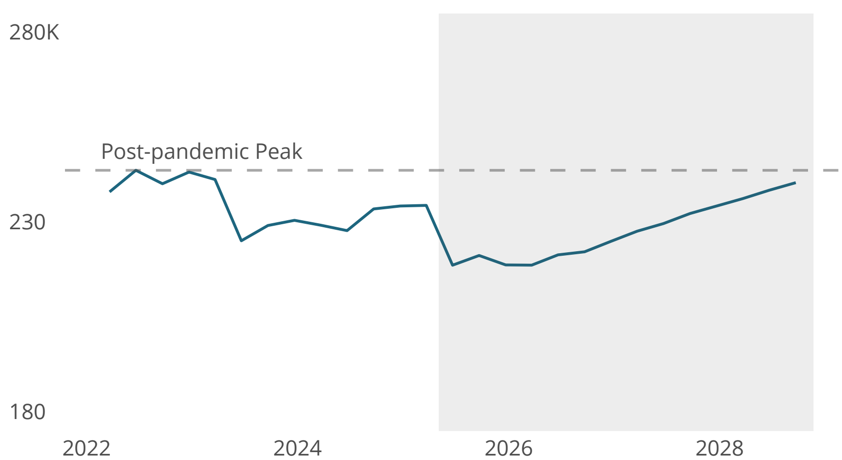
Several factors will provide some offsetting support for tourism. One is the recovery of foreign currency values since the start of this year, which we have noted above. Notably, the Japanese yen has risen by 6% against the US dollar this year, and the Canadian dollar by a smaller 4%. Larger appreciations have been posted by the British pound and the euro, although these do not represent large Hawaii tourism market shares. Still, even a modest rise in foreign currency purchasing power will support tourism.

Another positive factor is the US income and spending support coming from federal fiscal stimulus in 2026. The biggest piece of this is the extension of the 2017 Trump tax cuts, but there are also tax reductions for special groups (tip and overtime exemptions) as well as business investment incentives. These will cushion the blows to the US economy and household incomes from other Trump Administration actions. But as Medicaid and SNAP cuts phase in, they will weigh on lower-income families.

This year's substantial stock market gains are another spending support, particularly for higher-income households who may favor Hawaii vacations. How long that lasts is of course unknown. Finally, the ongoing recovery of Maui from the devastating 2023 wildfires will produce a gradual ongoing return of visitors and spending.

STATEWIDE AVERAGE DAILY VISITOR CENSUS

Visitor numbers have dropped sharply this year and will take some time to recover.



We will see a continuing slowdown in tourism

Against that backdrop, the visitor industry faces a tough road ahead. So far, some adverse impacts have been smaller than anticipated, likely reflecting the somewhat less severe tariffs on major countries than had been feared, and a bit more resilient global economy. But the overall picture for Hawaii tourism remains poor.

We now expect arrivals to be about 5% lower by the middle of 2026 than they were at the end of last year. (On an annual average basis, the decline appears smaller.) The average daily census will decline by a bit more than this. This is a somewhat smaller visitor loss than we projected in our second quarter forecast, but it stands in stark contrast to the modest net visitor growth that we had projected at the start of the year. Spending by visitors will also suffer: Quarterly real visitor expenditures will fall more than $600 million by mid-2026. Visitor industry recovery will begin in the second half of 2026.

Every county is vulnerable to the anticipated decline in travel demand due to the global nature of the shock. The pullback in Canadian travel is having an outsized impact on Maui, which in 2023 hosted more Canadian visitor days than any other county. The decline in Japanese and other international arrivals will have the biggest effect on Honolulu and Hawaii counties, while the downturn in domestic trips will affect Kauai the most. Although the falling visitor census will stabilize by the middle of next year, none of the counties except Maui will reclaim their 2024 levels until 2028.

Tariffs will (eventually) drive up consumer prices

The Trump Administration continued to impose large—in some cases massive—new tariffs over the summer. As a whole, however, the effective tariff rate has gone up somewhat less than initially feared. That, along with softer recent inflation, generates a somewhat lower estimate of the coming inflation surge.

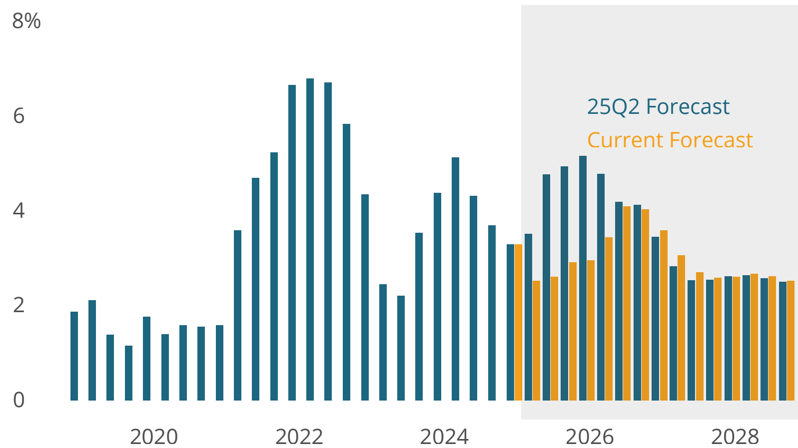
As we have discussed in the past, tariffs have a direct adverse impact on Hawaii residents by raising the prices of goods imported into the US, whether directly to the Islands or via the US mainland. Although some US companies have tried to absorb tariff costs so far, ultimately they will have to pass on to consumers the lion's share of their increased import costs. This is why tariffs act as a tax imposed on US consumers. In some cases, such as the extreme tariffs on Chinese goods, this has effectively halted imports entirely.

Some companies have been able to source needed inputs or final goods from countries that are subject to lower tariffs. Others have attempted to switch to US-produced alternatives, but often no close substitutes are available or they are much more highly-priced. Over the long run, some production will be repatriated to the US, but this takes considerable time and costly up-front investment, and again the resulting US produced goods will generally be more expensive than foreign-souced products.

Inevitably, US and Hawaii residents will be unable to avoid paying higher prices for many of the goods they consume. But there are several factors that will limit the overall effects of tariffs on inflation. One is the willingness of some companies to "eat" the tariff costs, but that can only be sustained in the short run. More important is the limited share—estimates are in the 11-14% range—of imports in total US consumption and production. For Hawaii, a larger-than-normal share of consumer spending is on services, rather than

HONOLULU CONSUMER PRICE INFLATION

Lower tariff hikes and soft recent inflation reduce our estimates of the coming inflation surge.



goods, largely because of pricey housing. So that reduces to some extent Hawaii consumers' average exposure to higher inflation.

Immigration policy changes will also contribute to higher prices. We can see this already in the price of fruits and vegetables, which saw the biggest increase among seasonally adjusted food items in August. Fresh produce relies heavily on unauthorized immigrant labor. Construction costs will also rise as the critical immigrant workforce is reduced.

Our Honolulu inflation forecast, then, builds in a temporary acceleration of inflation over the next two years. Because recent inflation has receded markedly, the feed-through of tariffs into prices will result in a more modest inflation peak of about 4% at the end of next year. For 2026 as a whole, inflation will average 3.6%, up from 2.8% this year. When all is said and done, tariffs will have raised Hawaii prices by about 1.5% over what they would otherwise have been. This will represent a permanent annual cost of perhaps $1,400 for a median-income household. This abstracts from higher interest rate costs that households may face if higher inflation at the national level reduces the pace of additional rate cuts by the Federal Reserve.

Most of the direct effects of tariffs will have fed through to prices by the end of next year, and Honolulu inflation will recede to 2.6% by 2028, near its long-run trend rate.

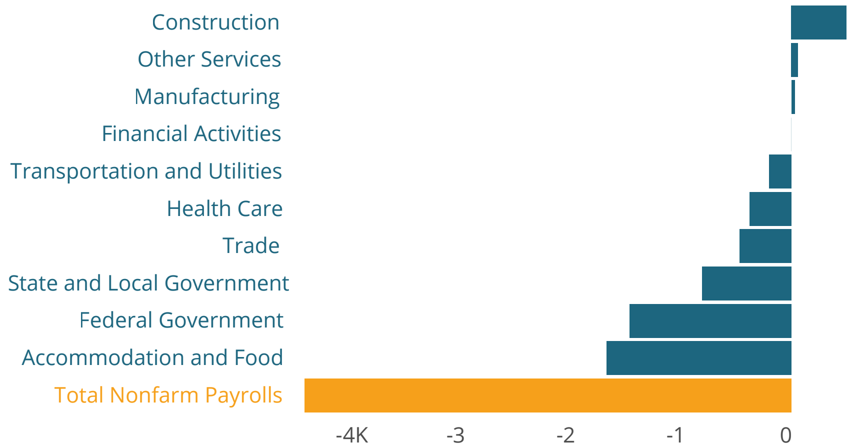
Hawaii's labor market will experience broad losses

We noted above the softening of Hawaii labor market conditions that is already underway. After more than 1% growth in 2024, payroll job growth has stalled this year and will fall by about a half-percent in 2026. In fact, in our underlying quarterly model, we have six consecutive quarters of modest payroll decline beginning in the fourth quarter of this year, representing a relatively long—if shallow—period of labor market recession.

Job losses will be seen across virtually all local industries, although the extent and timing of these losses will vary. (Construction is the sole sector that will not see job losses. We will return to this below.) Payroll employment reductions will be largest in tourism-related sectors and in government. Already, there has been a reduction of more than 1,200 federal government workers in Hawaii as a result of attrition and layoffs. More will show up in the data very soon, as the deferred resignations imposed on some federal workers end this month. Ultimately, we expect a decline of about 2,400 federal workers from the Hawaii workforce. Additional job losses will occur

HAWAII JOBS BY INDUSTRY, PREDICTED CHANGE BETWEEN 25Q2 AND 26Q4

Construction will offset only a small fraction of the job losses in other industries.



through the cancellation of federal contracts and elimination of federal funding for some state and local government positions. (See the box in our second quarter report, "How vulnerable is Hawaii public sector employment to federal cuts?", for an evaluation of the latter.)

Job declines will reflect direct and indirect impacts

The broad labor market weakness that we expect is not due solely to direct impacts of government layoffs and funding cuts, and the tourism industry contraction, but also to the indirect impacts of these and other policy changes on overall local economic conditions.

Non-military federal spending represents 5% of Hawaii's GDP, so a reduction in federal spending and employment will reduce the demand for other local goods and services. The same can be said for hotel and other visitor industry workers. So the overall job decline will be larger than in these sectors alone.

A return to job growth will begin by the end of next year. But the pace of growth will be slow by historical standards, reflecting at first the slow recovery of sectors most impacted by the looming downturn, and then by much slower trend labor force growth than we have experienced in the past. As we have noted in past reports, this demographic drag represents a challenge for future Hawaii economic performance.

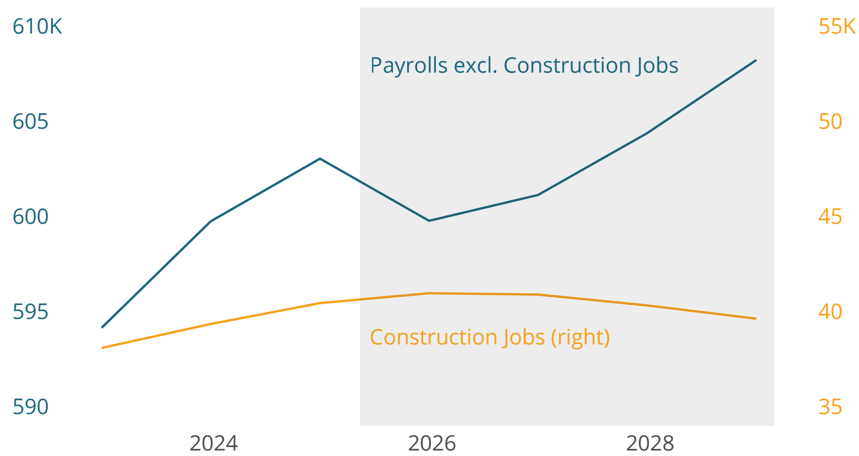
Construction's boom has longer legs

The Hawaii construction industry has been in a period of cyclical strength, driven by ongoing private residential and nonresidential building, but also by an unusually high volume of public-sector activity. Maui rebuilding is adding to the mix. We have been anticipating that the completion of very large military-related federal projects would lead to a drawing down of Hawaii construction activity in the near future.

Instead, recent months have brought news of new federal contracts that will maintain a high level of construction in the Islands for a longer period of time. In particular, a new $8B Multiple Award Construction Contract (MACC) for NAVFAC Hawaii was awarded in June that will fund additional upgrades and improvements at JBPHH. And work may begin on the rebuilding of Aloha Stadium. As a result, we now expect construction sector employment to remain in the 40,000-41,000 range until the end of the decade.

To be sure, there are factors that will weigh on the industry. Higher tariffs will add to construction costs, with upside risk if lumber is included in goods subject to import taxes. Long-term interest rates are likely to remain

NONFARM PAYROLLS IN THE CONSTRUCTION INDUSTRY AND OVERALL
Construction payrolls will remain high, as jobs in other sectors decline.



relatively high, even after the Federal Reserve brings short-term rates lower. Higher rates appear to reflect in part federal budget plans that will significantly increase federal debt, as well as persistent expectations of upward inflation pressure. We expect that the thirty-year fixed mortgage rate will settle near 6% by early next year, not much lower than the current 6.35% rate.

The persistent high mortgage rates will weigh on resale activity in the near term, but Hawaii's housing shortage will nevertheless support residential construction in coming years. At the same time, high rates will prevent significant home price appreciation, at least at the statewide level.

Overall, we expect total commitments to build—a broad measure of industry activity—to peak above $10 billion this year, easing just below $9 billion by 2029.

Hawaii is still in for a mild recession

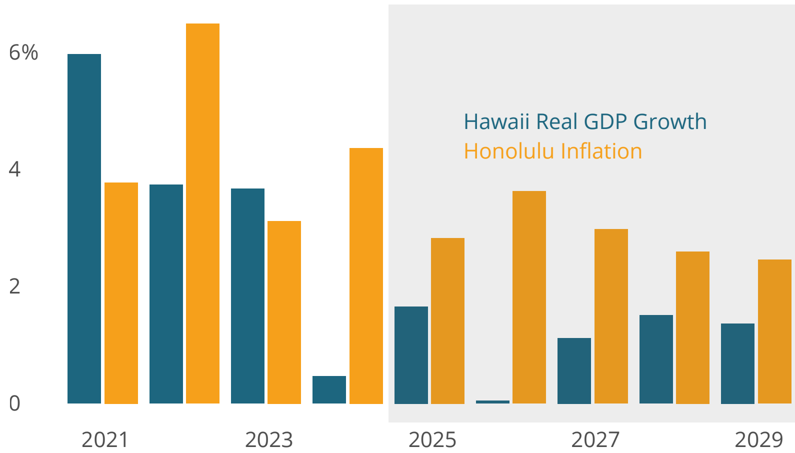
In some important respects, Hawaii's current and prospective economic conditions are looking a little bit better than was evident at the time of our second quarter forecast. Job growth has been tracking closely what we had forecast at that time, but visitor numbers have (so far) fallen less than we feared, and newly-announced federal contracts have raised the construction outlook for the remainder of the decade.

Nevertheless, we continue to expect a mild recession in the Islands over the next year or so. There will be periods of contraction in the number of payroll jobs, real GDP, and personal income. Because the decline will be shallow, real economic activity for next year as a whole will come in at essentially the same level that we are averaging in 2025. The economy will begin to recover by late next year, but at a gradual pace.

There are growing risks to this mild recession forecast, and we will turn to these in the conclusion section, below.

This remains an outlook that is and will inflict significant pain on some Hawaii residents, with the greatest costs to the lowest income households, including workers in tourism-related areas. Laid off federal government workers will of course also suffer severe losses. Even though our inflation forecast is now slightly lower than before, prices will be significantly higher than if the large and damaging tariffs had not been imposed. Every Hawaii resident will feel the effect of these higher prices.

HONOLULU INFLATION AND REAL GDP GROWTH
Elevated inflation and anemic growth lie ahead.



Forecast risks are rising as US growth slows

While we continue to expect the unfolding Hawaii recession to be a mild one, our concerns about downside risks have grown. These center on ebbing US and global growth, including recent data revisions that suggest a much weaker US labor market than had been evident earlier in the year.

We discussed in the first part of this report the virtual end to payroll job creation at the national level that has occurred in the past several months, as well as the large estimated downward benchmark revisions that have been announced for the April 2024 to March 2025 period. US job growth is expected to be more than 800,000 positions lower than originally estimated, including a couple months of outright job contraction last year. If similarly large downward revisions are ultimately applied to recent months, there is a possibility that we may have entered a recession as early as May of this year. Unfortunately, this is one of those cases where "time will tell."

There will be little in the way of strength to offset growing US economic weakness. Tariff policies have eliminated prospects for exports, and consumer spending—which held up longer than many expected—is no longer growing. That will only get worse as the labor market weakens further. Tax cuts next year will help, but remember that most of these are simply continuations of reductions in place since 2017. Business fixed investment may rise in response to new tax incentives, but even here these will be offset at least in part by the premature ending of climate-related energy development and a poorer sales outlook.

A US recession would further harm a global economy that is already struggling under punitive tariffs and global trade weakness. Should a US and global recession indeed occur, Hawaii will not escape a bigger hit to performance than our current forecast predicts.

The great uncertainty at the moment is the prospects for the broad Trump tariffs that have been imposed on or agreed to by US trading partners. If the US Supreme Court were to uphold the Appeals Court ruling that many are in fact illegal, that could provide an off-ramp from the adverse effect on the US and other economies of the high-tariff regime. With oral hearings set for November, it will be some months at least before we know the outcome. Considerable uncertainty would remain, since the President would likely seek to impose tariffs through other authority.

Falling close behind is the future path for monetary policy, which in turn depends on the evolution of two risks: higher unemployment on the one hand and persistent inflation on the other. Addressing this combination of challenges is a particularly difficult one for the Federal Reserve, since reducing rates may improve the former but worsen the latter. And there is the fundamental danger that the Fed's ability to address challenges without political interference could be severely eroded. Even if independence is maintained, we are in for a difficult period of slower growth and still-high inflation.

Of course uncertainties extend beyond tariffs—the extent of adverse effects from deportations, the risk of a stock market correction, whether federal deficits will keep long-term interest rates high—making it very difficult for business investment here and abroad. Unless and until that uncertainty abates, the best we can hope for is an economy that limps along. The worst case is scarier.

TABLE 1: MAJOR ECONOMIC INDICATORS

STATE OF HAWAII FORECAST

	2024	2025	2026	2027	2028
MAJOR INDICATORS					
Nonfarm Payrolls (Thou)	639.1	**643.5**	640.8	642.1	644.7
% Change	1.1	**0.7**	−0.4	0.2	0.4
Unemployment Rate (%)	3.0	**3.0**	3.6	3.7	3.5
Population (Thou)	1,446.2	**1,445.9**	1,444.4	1,443.5	1,443.3
% Change	0.3	**0.0**	−0.1	−0.1	0.0
Nominal Personal Income (Mil $)	100,242.6	**104,445.0**	108,395.2	112,632.1	117,021.6
% Change	5.5	**4.2**	3.8	3.9	3.9
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Real GDP (Mil 2024$)	115,627.2	**117,541.1**	117,599.4	118,917.0	120,708.3
% Change	0.5	**1.7**	0.1	1.1	1.5
Real Personal Income (Mil 2024$)	100,242.6	**101,570.3**	101,717.2	102,633.6	103,926.1
% Change	1.1	**1.3**	0.1	0.9	1.3
Real Per Capita Income (Thou 2024$)	69.3	**70.2**	70.4	71.1	72.0
% Change	0.9	**1.3**	0.2	1.0	1.3
TOURISM SECTOR DETAIL					
Total Visitor Arrivals by Air (Thou)	9,706.3	**9,582.3**	9,477.6	9,766.9	10,122.1
% Change	0.5	**−1.3**	−1.1	3.0	3.6
U.S. Visitors	7,377.5	**7,329.3**	7,236.3	7,390.1	7,541.8
% Change	−0.7	**−0.7**	−1.3	2.1	2.0
Japanese Visitors	710.6	**704.8**	702.5	795.7	928.0
% Change	20.5	**−0.8**	−0.3	13.3	16.6
Other Visitors	1,618.2	**1,552.4**	1,538.8	1,581.2	1,652.4
% Change	−1.4	**−4.1**	−0.9	2.8	4.5
Average Daily Census (Thou)	230.3	**227.2**	220.3	228.7	237.4
% Change	−1.9	**−1.3**	−3.0	3.8	3.8
Average Daily Room Rate ($)	364.2	**362.9**	348.9	350.4	365.0
% Change	−3.5	**−0.3**	−3.9	0.4	4.2
Occupancy Rate (%)	69.0	**68.2**	66.1	68.6	71.1
Real Visitor Expenditures (Mil 2024$)	20,480.5	**20,188.4**	19,009.0	19,415.7	19,907.8
% Change	−5.1	**−1.4**	−5.8	2.1	2.5

Note: Source is UHERO. Nonfarm Payrolls for 2024 are UHERO estimates of the March 2026 benchmark revision. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2028 are forecasts.

TABLE 2: JOBS BY INDUSTRY

STATE OF HAWAII FORECAST

	2024	2025	2026	2027	2028
Nonfarm Payrolls (Thou)	639.1	**643.5**	640.8	642.1	644.7
% Change	1.1	**0.7**	−0.4	0.2	0.4
Construction and Mining	39.4	**40.5**	41.0	40.9	40.3
% Change	3.3	**2.8**	1.3	−0.2	−1.4
Manufacturing	12.9	**13.1**	13.1	13.2	13.3
% Change	1.4	**1.6**	0.0	0.4	0.8
Trade	82.0	**82.2**	81.9	82.2	82.7
% Change	−0.9	**0.3**	−0.4	0.3	0.6
Transportation and Utilities	34.5	**34.8**	34.6	34.9	35.0
% Change	0.1	**0.9**	−0.7	0.8	0.5
Finance, Insurance and Real Estate	27.3	**27.0**	27.0	27.1	27.2
% Change	−1.7	**−0.9**	0.0	0.3	0.3
Services	317.0	**319.6**	318.8	319.9	321.9
% Change	1.1	**0.8**	−0.2	0.3	0.7
Health Care and Soc. Assistance	75.7	**76.9**	76.8	77.1	77.5
% Change	2.0	**1.6**	−0.1	0.3	0.5
Accommodation and Food	106.3	**108.3**	107.6	108.0	109.3
% Change	1.0	**1.8**	−0.6	0.4	1.2
Other	135.0	**134.4**	134.4	134.8	135.2
% Change	0.8	**−0.4**	0.0	0.3	0.3
Government	126.2	**126.3**	124.4	124.0	124.3
% Change	2.5	**0.1**	−1.6	−0.3	0.2
Federal Government	35.6	**34.5**	33.5	33.2	33.5
% Change	1.6	**−3.1**	−3.1	−0.6	0.8
State and Local Government	90.5	**91.8**	90.9	90.8	90.8
% Change	2.9	**1.4**	−1.0	−0.2	0.1

Note: Source is UHERO. Industry job counts for 2024 are UHERO estimates of the March 2026 benchmark revision. Figures for 2025-2028 are forecasts.

TABLE 3: PERSONAL INCOME BY INDUSTRY

STATE OF HAWAII FORECAST

	2024	2025	2026	2027	2028
Real Personal Income (Mil 2024$)	100,242.6	**101,570.3**	101,717.2	102,633.6	103,926.1
% Change	1.1	**1.3**	0.1	0.9	1.3
Labor & Proprietors' Income	70,254.9	**71,187.8**	70,956.0	71,391.0	72,019.6
% Change	1.9	**1.3**	−0.3	0.6	0.9
Construction and Mining	5,481.1	**5,651.9**	5,748.6	5,773.9	5,734.6
% Change	5.5	**3.1**	1.7	0.4	−0.7
Manufacturing	1,117.4	**1,161.1**	1,153.8	1,149.4	1,154.9
% Change	4.2	**3.9**	−0.6	−0.4	0.5
Trade	5,503.5	**5,557.0**	5,547.2	5,584.6	5,629.4
% Change	0.0	**1.0**	−0.2	0.7	0.8
Transportation and Utilities	4,182.8	**4,284.6**	4,228.8	4,267.1	4,307.0
% Change	0.7	**2.4**	−1.3	0.9	0.9
Finance, Insurance & Real Estate	4,966.9	**4,913.8**	4,913.8	4,948.2	4,989.8
% Change	−2.9	**−1.1**	0.0	0.7	0.8
Services	29,057.6	**29,336.3**	29,230.8	29,495.5	29,863.2
% Change	1.7	**1.0**	−0.4	0.9	1.2
Health Care & Soc. Assist. (% ch.)	2.2	**1.6**	−0.4	1.1	1.2
Accommodation & Food (% ch.)	0.8	**1.7**	−0.9	0.7	2.1
Other (% ch.)	1.9	**0.3**	−0.1	0.9	0.8
Government	19,582.9	**19,947.9**	19,795.6	19,835.5	20,001.8
% Change	3.1	**1.9**	−0.8	0.2	0.8
Federal, civilian (% ch.)	1.7	**−2.8**	−3.2	−0.5	0.8
State & Local (% ch.)	3.9	**4.8**	−1.3	−0.1	0.4
Less Social Security Taxes (-)	8,510.8	**8,640.7**	8,612.5	8,665.3	8,741.6
% Change	0.7	**1.5**	−0.3	0.6	0.9
Transfer Payments	18,340.8	**18,914.0**	19,332.9	19,706.3	20,049.7
% Change	0.5	**3.1**	2.2	1.9	1.7
Dividends, Interest and Rent	20,159.5	**20,111.0**	20,042.8	20,203.5	20,600.3
% Change	−1.0	**−0.2**	−0.3	0.8	2.0
Population (Thou)	1,446.2	**1,445.9**	1,444.4	1,443.5	1,443.3
% Change	0.3	**0.0**	−0.1	−0.1	0.0
Real Per Capita Income (Thou 2024$)	69.3	**70.2**	70.4	71.1	72.0
% Change	0.9	**1.3**	0.2	1.0	1.3
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Nominal Personal Income (Mil $)	100,242.6	**104,445.0**	108,395.2	112,632.1	117,021.6
% Change	5.5	**4.2**	3.8	3.9	3.9

Note: Source is UHERO. Figures for 2025-2028 are forecasts.

TABLE 4: CONSTRUCTION INDICATORS

STATE OF HAWAII FORECAST

	2024	2025	2026	2027	2028
BUILDING PERMITS					
Total Commitments to Build (Mil 2024$)	9,170.5	**10,086.8**	9,351.8	9,151.1	9,167.2
% Change	14.4	**10.0**	−7.3	−2.1	0.2
Private Building Permits	4,971.5	**5,371.2**	4,685.2	4,554.1	4,505.1
% Change	30.9	**8.0**	−12.8	−2.8	−1.1
Residential Building Permits	2,240.0	**2,849.3**	2,235.6	2,332.6	2,442.0
% Change	41.7	**27.2**	−21.5	4.3	4.7
Non-Residential Building Permits	2,731.6	**2,521.8**	2,449.7	2,221.4	2,063.0
% Change	23.2	**−7.7**	−2.9	−9.3	−7.1
Government Contracts Awarded	4,198.9	**4,715.6**	4,666.6	4,597.0	4,662.2
% Change	−0.5	**12.3**	−1.0	−1.5	1.4
CONSTRUCTION ACTIVITY					
Real Contracting Tax Base (Mil 2024$)	13,917.5	**15,792.8**	15,039.7	14,642.3	14,247.6
% Change	13.8	**13.5**	−4.8	−2.6	−2.7
Nominal Contracting Tax Base (Mil $)	13,917.5	**16,149.9**	16,124.5	16,361.0	16,473.7
% Change	17.9	**16.0**	−0.2	1.5	0.7
Construction and Mining Jobs (Thou)	39.4	**40.5**	41.0	40.9	40.3
% Change	3.3	**2.8**	1.3	−0.2	−1.4
Real Construction Income (Mil 2024$)	5,481.1	**5,651.9**	5,748.6	5,773.9	5,734.6
% Change	5.5	**3.1**	1.7	0.4	−0.7
PRICES AND COSTS (HONOLULU)					
Median Home Price (Thou $)	1,100.0	**1,159.0**	1,157.0	1,173.1	1,200.1
% Change	4.2	**5.4**	−0.2	1.4	2.3
Median Condo Price (Thou $)	513.7	**503.7**	507.6	514.0	524.7
% Change	1.1	**−1.9**	0.8	1.3	2.1
Honolulu Housing Affordability Index	55.7	**55.0**	60.8	61.7	61.5
% Change	3.9	**−1.4**	10.6	1.5	−0.3
Construction Cost Index (2024=100)	100.0	**102.3**	107.2	111.7	115.6
% Change	3.6	**2.3**	4.8	4.2	3.5
30-Year Mortgage Rate (%)	6.7	**6.7**	6.0	6.1	6.2

Note: Source is UHERO. Figures for 2025-2028 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 2024 and 2025 are UHERO estimates. 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

	2024	2025	2026	2027	2028
MAJOR INDICATORS					
Nonfarm Payrolls (Thou)	460.9	**463.9**	461.8	462.8	464.9
% Change	1.3	**0.7**	−0.5	0.2	0.5
Unemployment Rate (%)	2.7	**2.9**	3.5	3.6	3.5
Population (Thou)	998.0	**997.3**	995.5	994.2	993.6
% Change	0.4	**−0.1**	−0.2	−0.1	−0.1
Nominal Personal Income (Mil $)	73,091.6	**75,961.3**	78,918.2	81,994.8	85,158.1
% Change	5.7	**3.9**	3.9	3.9	3.9
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Real Personal Income (Mil 2024$)	73,091.6	**73,870.5**	74,056.3	74,715.9	75,628.3
% Change	1.3	**1.1**	0.2	0.9	1.2
Real Per Capita Income (Thou 2024$)	73.2	**74.1**	74.4	75.2	76.1
% Change	0.8	**1.1**	0.4	1.0	1.3
TOURISM SECTOR DETAIL					
Total Visitor Arrivals by Air (Thou)	5,829.3	**5,698.0**	5,567.6	5,754.3	5,975.3
% Change	3.9	**−2.2**	−2.3	3.4	3.8
U.S. Visitors	4,003.3	**3,904.8**	3,791.0	3,855.5	3,899.7
% Change	2.1	**−2.5**	−2.9	1.7	1.1
Japanese Visitors	685.3	**690.0**	690.8	784.2	915.1
% Change	19.4	**0.7**	0.1	13.5	16.7
Other Visitors	1,140.7	**1,106.4**	1,085.9	1,114.6	1,160.5
% Change	2.1	**−3.0**	−1.9	2.6	4.1
Average Daily Census (Thou)	112.5	**109.5**	105.8	109.1	112.6
% Change	1.3	**−2.6**	−3.4	3.1	3.2
Occupancy Rate (%)	77.2	**75.4**	73.2	75.7	78.2

Note: Source is UHERO. Nonfarm Payrolls for 2024 are UHERO estimates of the March 2026 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2028 are forecasts.

TABLE 6: JOBS BY INDUSTRY

HONOLULU COUNTY FORECAST

	2024	2025	2026	2027	2028
Nonfarm Payrolls (Thou)	460.9	**463.9**	461.8	462.8	464.9
% Change	1.3	**0.7**	−0.5	0.2	0.5
Construction and Mining	28.3	**29.4**	29.9	30.0	29.8
% Change	3.4	**3.8**	1.8	0.5	−0.8
Manufacturing	9.5	**9.8**	9.7	9.8	9.8
% Change	2.6	**2.5**	−0.1	0.3	0.8
Trade	55.7	**56.0**	55.9	56.0	56.3
% Change	−0.7	**0.7**	−0.3	0.3	0.6
Transportation and Utilities	25.1	**25.6**	25.5	25.7	25.8
% Change	−0.1	**2.2**	−0.6	0.8	0.4
Finance, Insurance and Real Estate	20.9	**20.7**	20.7	20.7	20.8
% Change	−1.9	**−0.9**	0.0	0.3	0.3
Services	224.3	**225.5**	224.9	225.6	227.1
% Change	1.4	**0.5**	−0.3	0.3	0.6
Health Care and Soc. Assistance	56.8	**57.8**	57.8	57.9	58.2
% Change	1.7	**1.7**	−0.1	0.3	0.4
Accommodation and Food	64.2	**65.4**	65.0	65.3	66.1
% Change	1.9	**1.9**	−0.6	0.4	1.2
Other	103.3	**102.2**	102.1	102.4	102.8
% Change	0.9	**−1.0**	−0.1	0.3	0.4
Government	97.2	**97.0**	95.3	95.0	95.3
% Change	2.7	**−0.2**	−1.7	−0.3	0.3
Federal Government	32.8	**31.8**	30.8	30.6	30.9
% Change	1.7	**−3.0**	−3.0	−0.6	0.8
State and Local Government	64.4	**65.2**	64.5	64.4	64.4
% Change	3.3	**1.3**	−1.1	−0.2	0.1

Note: Source is UHERO. Industry job counts for 2024 are UHERO estimates of the March 2026 benchmark revision. Figures for 2025-2028 are forecasts.

TABLE 7: PERSONAL INCOME BY INDUSTRY

HONOLULU COUNTY FORECAST

	2024	2025	2026	2027	2028
Real Personal Income (Mil 2024$)	73,091.6	**73,870.5**	74,056.3	74,715.9	75,628.3
% Change	1.3	**1.1**	0.2	0.9	1.2
Labor & Proprietors' Income	53,085.9	**53,773.4**	53,613.2	53,962.5	54,458.2
% Change	2.1	**1.3**	−0.3	0.7	0.9
Construction and Mining	3,953.4	**4,115.3**	4,203.9	4,249.1	4,244.7
% Change	5.6	**4.1**	2.1	1.1	−0.1
Manufacturing	863.2	**904.3**	897.9	894.3	897.8
% Change	5.2	**4.8**	−0.7	−0.4	0.4
Trade	3,822.7	**3,874.1**	3,870.3	3,891.5	3,920.9
% Change	0.2	**1.4**	−0.1	0.6	0.8
Transportation and Utilities	3,305.1	**3,419.7**	3,375.5	3,406.6	3,436.5
% Change	0.5	**3.5**	−1.3	0.9	0.9
Finance, Insurance & Real Estate	3,649.3	**3,609.8**	3,609.6	3,631.7	3,663.9
% Change	−3.0	**−1.1**	0.0	0.6	0.9
Services	20,842.6	**20,971.6**	20,892.3	21,084.3	21,338.0
% Change	2.0	**0.6**	−0.4	0.9	1.2
Health Care & Soc. Assist. (% ch.)	1.9	**1.7**	−0.4	1.0	1.2
Accommodation & Food (% ch.)	1.9	**1.7**	−0.9	0.6	2.1
Other (% ch.)	2.1	**−0.3**	−0.2	0.9	0.9
Government	16,524.3	**16,767.5**	16,652.2	16,694.0	16,845.2
% Change	3.2	**1.5**	−0.7	0.2	0.9
Federal, civilian (% ch.)	1.8	**−2.7**	−3.1	−0.5	0.8
State & Local (% ch.)	4.3	**4.6**	−1.4	−0.1	0.4
Less Social Security Taxes (-)	6,443.6	**6,527.1**	6,507.6	6,550.0	6,610.2
% Change	1.1	**1.3**	−0.3	0.7	0.9
Transfer Payments	12,150.9	**12,515.9**	12,796.2	13,045.9	13,267.6
% Change	0.5	**3.0**	2.2	1.9	1.7
Dividends, Interest and Rent	14,365.2	**14,330.9**	14,292.5	14,397.3	14,655.1
% Change	−1.0	**−0.2**	−0.3	0.7	1.8
Population (Thou)	998.0	**997.3**	995.5	994.2	993.6
% Change	0.4	**−0.1**	−0.2	−0.1	−0.1
Real Per Capita Income (Thou 2024$)	73.2	**74.1**	74.4	75.2	76.1
% Change	0.8	**1.1**	0.4	1.0	1.3
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Nominal Personal Income (Mil $)	73,091.6	**75,961.3**	78,918.2	81,994.8	85,158.1
% Change	5.7	**3.9**	3.9	3.9	3.9

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2028 are forecasts.

TABLE 8: MAJOR ECONOMIC INDICATORS

HAWAII COUNTY FORECAST

	2024	2025	2026	2027	2028
MAJOR INDICATORS					
Nonfarm Payrolls (Thou)	72.4	**72.5**	72.2	72.3	72.5
% Change	1.7	**0.2**	−0.4	0.1	0.3
Unemployment Rate (%)	3.2	**3.4**	3.9	3.8	3.7
Population (Thou)	209.7	**210.2**	210.3	210.4	210.7
% Change	0.6	**0.2**	0.1	0.1	0.1
Nominal Personal Income (Mil $)	11,551.9	**12,099.1**	12,548.0	13,058.7	13,601.8
% Change	5.2	**4.7**	3.7	4.1	4.2
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Real Personal Income (Mil 2024$)	11,551.9	**11,766.1**	11,775.0	11,899.4	12,079.7
% Change	0.8	**1.9**	0.1	1.1	1.5
Real Per Capita Income (Thou 2024$)	55.1	**56.0**	56.0	56.5	57.3
% Change	0.3	**1.6**	0.0	1.0	1.4
TOURISM SECTOR DETAIL					
Total Visitor Arrivals by Air (Thou)	1,734.4	**1,698.0**	1,656.7	1,713.2	1,782.6
% Change	−2.5	**−2.1**	−2.4	3.4	4.0
U.S. Visitors	1,415.4	**1,399.5**	1,364.0	1,400.2	1,434.6
% Change	−3.8	**−1.1**	−2.5	2.6	2.5
Japanese Visitors	47.1	**45.3**	47.0	55.0	70.2
% Change	5.3	**−3.8**	3.8	17.0	27.5
Other Visitors	271.9	**252.4**	245.6	258.0	277.8
% Change	3.4	**−7.2**	−2.7	5.0	7.7
Average Daily Census (Thou)	37.0	**36.0**	34.3	35.4	36.8
% Change	−3.7	**−2.8**	−4.7	3.3	3.9
Occupancy Rate (%)	61.8	**61.2**	58.5	60.6	62.9

Note: Source is UHERO. Nonfarm Payrolls for 2024 are UHERO estimates of the March 2026 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2028 are forecasts.

TABLE 9: JOBS BY INDUSTRY

HAWAII COUNTY FORECAST

	2024	2025	2026	2027	2028
Nonfarm Payrolls (Thou)	72.4	**72.5**	72.2	72.3	72.5
% Change	1.7	**0.2**	−0.4	0.1	0.3
Construction and Mining	4.0	**4.0**	4.0	4.0	3.8
% Change	3.6	**0.1**	0.1	−2.0	−3.1
Manufacturing	1.7	**1.7**	1.7	1.7	1.7
% Change	3.5	**−1.7**	0.5	0.7	1.1
Trade	12.1	**12.0**	11.9	11.9	12.0
% Change	1.4	**−0.6**	−0.6	0.2	0.6
Transportation and Utilities	3.5	**3.3**	3.3	3.3	3.4
% Change	2.2	**−3.9**	−0.6	0.9	0.7
Finance, Insurance and Real Estate	2.6	**2.5**	2.5	2.6	2.6
% Change	0.7	**−2.3**	0.3	0.4	0.5
Services	33.4	**33.7**	33.7	33.8	34.0
% Change	1.3	**0.8**	−0.1	0.3	0.7
Health Care and Soc. Assistance	8.0	**8.1**	8.1	8.1	8.1
% Change	5.3	**1.2**	−0.1	0.3	0.4
Accommodation and Food	13.5	**13.4**	13.3	13.4	13.6
% Change	−0.9	**−0.5**	−0.3	0.7	1.4
Other	12.0	**12.3**	12.3	12.3	12.3
% Change	1.2	**2.0**	0.1	−0.1	0.0
Government	15.1	**15.2**	15.0	15.0	15.0
% Change	3.1	**0.3**	−1.0	−0.2	0.1
Federal Government	1.4	**1.3**	1.3	1.3	1.3
% Change	2.4	**−4.1**	−4.0	−0.7	0.0
State and Local Government	13.7	**13.8**	13.8	13.7	13.7
% Change	3.1	**0.8**	−0.8	−0.1	0.1

Note: Source is UHERO. Industry job counts for 2024 are UHERO estimates of the March 2026 benchmark revision. Figures for 2025-2028 are forecasts.

TABLE 10: PERSONAL INCOME BY INDUSTRY

HAWAII COUNTY FORECAST

	2024	2025	2026	2027	2028
Real Personal Income (Mil 2024$)	11,551.9	**11,766.1**	11,775.0	11,899.4	12,079.7
% Change	0.8	**1.9**	0.1	1.1	1.5
Labor & Proprietors' Income	6,883.2	**6,940.3**	6,910.3	6,940.9	6,992.0
% Change	2.5	**0.8**	−0.4	0.4	0.7
Construction	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Manufacturing	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Trade	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Transportation and Utilities	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Finance, Insurance & Real Estate	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Services	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Health Care & Soc. Assist. (% ch.)	—	**—**	—	—	—
Accommodation & Food (% ch.)	—	**—**	—	—	—
Other (% ch.)	—	**—**	—	—	—
Government	1,561.4	**1,616.1**	1,596.5	1,595.0	1,602.9
% Change	3.6	**3.5**	−1.2	−0.1	0.5
Federal, civilian (% ch.)	1.6	**−2.9**	−4.1	−0.5	0.1
State & Local (% ch.)	3.8	**4.4**	−1.0	−0.1	0.5
Less Social Security Taxes (-)	875.5	**889.8**	885.9	889.9	896.4
% Change	0.4	**1.6**	−0.4	0.4	0.7
Transfer Payments	3,127.7	**3,236.4**	3,307.2	3,369.6	3,431.9
% Change	0.0	**3.5**	2.2	1.9	1.9
Dividends, Interest and Rent	2,427.6	**2,418.7**	2,410.1	2,435.0	2,494.7
% Change	−1.0	**−0.4**	−0.3	1.0	2.5
Population (Thou)	209.7	**210.2**	210.3	210.4	210.7
% Change	0.6	**0.2**	0.1	0.1	0.1
Real Per Capita Income (Thou 2024$)	55.1	**56.0**	56.0	56.5	57.3
% Change	0.3	**1.6**	0.0	1.0	1.4
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Nominal Personal Income (Mil $)	11,551.9	**12,099.1**	12,548.0	13,058.7	13,601.8
% Change	5.2	**4.7**	3.7	4.1	4.2

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2028 are forecasts. Because of data disclosure rules, industry-level income is not available for some sectors.

TABLE 11: MAJOR ECONOMIC INDICATORS

KAUAI COUNTY FORECAST

	2024	2025	2026	2027	2028
MAJOR INDICATORS					
Nonfarm Payrolls (Thou)	32.4	**33.1**	33.0	33.0	33.1
% Change	1.4	**2.0**	−0.2	0.1	0.3
Unemployment Rate (%)	2.6	**2.8**	3.6	3.8	3.7
Population (Thou)	74.6	**74.7**	74.7	74.7	74.7
% Change	0.6	**0.1**	0.0	0.0	0.1
Nominal Personal Income (Mil $)	4,772.2	**5,039.9**	5,222.1	5,425.5	5,641.8
% Change	5.5	**5.6**	3.6	3.9	4.0
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Real Personal Income (Mil 2024$)	4,772.2	**4,901.2**	4,900.4	4,943.9	5,010.4
% Change	1.1	**2.7**	0.0	0.9	1.4
Real Per Capita Income (Thou 2024$)	64.0	**65.6**	65.6	66.2	67.0
% Change	0.5	**2.6**	0.0	0.9	1.3
TOURISM SECTOR DETAIL					
Total Visitor Arrivals by Air (Thou)	1,402.6	**1,427.1**	1,391.4	1,411.3	1,428.2
% Change	−1.1	**1.8**	−2.5	1.4	1.2
U.S. Visitors	1,239.4	**1,256.8**	1,228.4	1,242.4	1,250.0
% Change	−0.7	**1.4**	−2.3	1.1	0.6
Japanese Visitors	6.8	**7.7**	7.8	9.0	10.7
% Change	15.7	**12.9**	1.1	16.2	18.2
Other Visitors	156.5	**162.6**	155.3	159.9	167.5
% Change	−4.8	**3.9**	−4.5	3.0	4.8
Average Daily Census (Thou)	28.4	**28.5**	27.7	28.0	28.4
% Change	−1.9	**0.2**	−2.9	1.3	1.3
Occupancy Rate (%)	72.3	**73.3**	71.1	71.8	72.5

Note: Source is UHERO. Nonfarm Payrolls for 2024 are UHERO estimates of the March 2026 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2028 are forecasts.

TABLE 12: JOBS BY INDUSTRY

KAUAI COUNTY FORECAST

	2024	2025	2026	2027	2028
Nonfarm Payrolls (Thou)	32.4	**33.1**	33.0	33.0	33.1
% Change	1.4	**2.0**	−0.2	0.1	0.3
Construction and Mining	2.1	**2.1**	2.1	2.1	2.0
% Change	0.4	**1.3**	0.3	−1.9	−3.0
Manufacturing	0.5	**0.6**	0.6	0.6	0.6
% Change	−10.0	**6.7**	−0.3	−0.3	0.1
Trade	4.3	**4.3**	4.3	4.3	4.3
% Change	−1.9	**−1.3**	0.0	0.7	1.0
Transportation and Utilities	1.9	**1.8**	1.8	1.8	1.8
% Change	5.2	**−3.3**	−0.2	1.1	0.8
Finance, Insurance and Real Estate	1.1	**1.1**	1.1	1.1	1.1
% Change	0.0	**−3.3**	0.9	0.9	0.9
Services	17.4	**18.0**	17.9	18.0	18.1
% Change	2.1	**3.0**	−0.1	0.3	0.6
Health Care and Soc. Assistance	2.7	**2.7**	2.7	2.7	2.8
% Change	0.0	**−0.7**	0.7	1.0	1.1
Accommodation and Food	9.1	**9.3**	9.2	9.3	9.4
% Change	4.3	**2.5**	−0.4	0.5	1.1
Other	5.7	**6.0**	6.0	6.0	6.0
% Change	−0.3	**5.7**	0.0	−0.4	−0.3
Government	5.0	**5.3**	5.2	5.2	5.2
% Change	2.2	**5.1**	−1.4	−0.7	−0.4
Federal Government	0.6	**0.6**	0.6	0.6	0.6
% Change	0.0	**−1.0**	−3.9	−0.8	−0.2
State and Local Government	4.4	**4.7**	4.6	4.6	4.6
% Change	2.5	**5.9**	−1.1	−0.7	−0.5

Note: Source is UHERO. Industry job counts for 2024 are UHERO estimates of the March 2026 benchmark revision. Figures for 2025-2028 are forecasts.

TABLE 13: PERSONAL INCOME BY INDUSTRY

KAUAI COUNTY FORECAST

	2024	2025	2026	2027	2028
Real Personal Income (Mil 2024$)	4,772.2	**4,901.2**	4,900.4	4,943.9	5,010.4
% Change	1.1	**2.7**	0.0	0.9	1.4
Labor & Proprietors' Income	3,144.4	**3,228.8**	3,217.9	3,231.4	3,254.2
% Change	2.3	**2.7**	−0.3	0.4	0.7
Construction	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Manufacturing	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Trade	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Transportation and Utilities	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Finance, Insurance & Real Estate	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Services	—	**—**	—	—	—
% Change	—	**—**	—	—	—
Health Care & Soc. Assist. (% ch.)	—	**—**	—	—	—
Accommodation & Food (% ch.)	—	**—**	—	—	—
Other (% ch.)	—	**—**	—	—	—
Government	530.6	**574.2**	565.6	562.6	562.5
% Change	2.5	**8.2**	−1.5	−0.5	0.0
Federal, civilian (% ch.)	−0.8	**0.3**	−3.9	−0.7	−0.2
State & Local (% ch.)	3.3	**9.9**	−1.4	−0.6	−0.1
Less Social Security Taxes (-)	387.4	**401.0**	399.7	401.4	404.2
% Change	0.2	**3.5**	−0.3	0.4	0.7
Transfer Payments	1,032.6	**1,068.2**	1,091.0	1,111.3	1,131.5
% Change	0.4	**3.4**	2.1	1.9	1.8
Dividends, Interest and Rent	1,008.0	**1,007.2**	999.8	1,008.0	1,031.3
% Change	−0.9	**−0.1**	−0.7	0.8	2.3
Population (Thou)	74.6	**74.7**	74.7	74.7	74.7
% Change	0.6	**0.1**	0.0	0.0	0.1
Real Per Capita Income (Thou 2024$)	64.0	**65.6**	65.6	66.2	67.0
% Change	0.5	**2.6**	0.0	0.9	1.3
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Nominal Personal Income (Mil $)	4,772.2	**5,039.9**	5,222.1	5,425.5	5,641.8
% Change	5.5	**5.6**	3.6	3.9	4.0

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2028 are forecasts. Because of data disclosure rules, industry-level income is not available for some sectors.

TABLE 14: MAJOR ECONOMIC INDICATORS

MAUI COUNTY FORECAST

	2024	2025	2026	2027	2028
MAJOR INDICATORS					
Nonfarm Payrolls (Thou)	73.4	**74.0**	73.8	73.9	74.2
% Change	−1.2	**0.8**	−0.4	0.2	0.4
Unemployment Rate (%)	4.3	**3.4**	3.8	3.7	3.6
Population (Thou)	163.7	**163.8**	163.9	164.1	164.3
% Change	−0.8	**0.0**	0.1	0.1	0.1
Nominal Personal Income (Mil $)	10,826.9	**11,344.8**	11,706.8	12,153.2	12,619.9
% Change	4.9	**4.8**	3.2	3.8	3.8
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Real Personal Income (Mil 2024$)	10,826.9	**11,032.5**	10,985.6	11,074.4	11,207.6
% Change	0.5	**1.9**	−0.4	0.8	1.2
Real Per Capita Income (Thou 2024$)	66.1	**67.4**	67.0	67.5	68.2
% Change	1.3	**1.9**	−0.5	0.7	1.1
TOURISM SECTOR DETAIL					
Total Visitor Arrivals by Air (Thou)	2,388.8	**2,487.1**	2,468.1	2,616.2	2,761.7
% Change	−5.6	**4.1**	−0.8	6.0	5.6
U.S. Visitors	2,032.0	**2,125.7**	2,119.4	2,244.9	2,355.6
% Change	−4.1	**4.6**	−0.3	5.9	4.9
Japanese Visitors	14.1	**14.1**	14.0	15.3	17.4
% Change	18.2	**0.5**	−1.3	9.5	14.0
Other Visitors	342.7	**347.7**	334.7	356.0	388.7
% Change	−14.2	**1.4**	−3.8	6.4	9.2
Average Daily Census (Thou)	52.4	**53.2**	52.5	56.1	59.6
% Change	−6.9	**1.6**	−1.3	6.8	6.2
Occupancy Rate (%)	58.9	**59.0**	57.7	61.2	64.6

Note: Source is UHERO. Nonfarm Payrolls for 2024 are UHERO estimates of the March 2026 benchmark revision. Income figures for 2024 are UHERO estimates. Occupancy rate includes UHERO's estimate of TVR occupancy. Figures for 2025-2028 are forecasts.

TABLE 15: JOBS BY INDUSTRY

MAUI COUNTY FORECAST

	2024	2025	2026	2027	2028
Nonfarm Payrolls (Thou)	73.4	**74.0**	73.8	73.9	74.2
% Change	−1.2	**0.8**	−0.4	0.2	0.4
Construction and Mining	4.8	**4.9**	4.9	4.8	4.7
% Change	2.3	**1.5**	−0.1	−1.8	−2.8
Manufacturing	1.1	**1.1**	1.1	1.1	1.1
% Change	−9.0	**0.6**	0.3	0.7	1.0
Trade	10.0	**9.9**	9.9	9.9	10.0
% Change	−3.9	**−0.6**	−0.5	0.5	0.7
Transportation and Utilities	4.1	**4.1**	4.0	4.0	4.1
% Change	−2.8	**−0.5**	−1.1	0.6	0.3
Finance, Insurance and Real Estate	2.7	**2.7**	2.7	2.7	2.7
% Change	−3.6	**1.6**	−0.3	0.0	0.0
Services	41.8	**42.4**	42.3	42.5	42.8
% Change	−0.9	**1.6**	−0.2	0.4	0.7
Health Care and Soc. Assistance	8.2	**8.3**	8.3	8.4	8.4
% Change	2.6	**1.0**	0.0	0.5	0.5
Accommodation and Food	19.5	**20.1**	19.9	20.0	20.2
% Change	−2.6	**3.4**	−0.9	0.3	1.0
Other	14.0	**13.9**	14.0	14.1	14.2
% Change	−0.4	**−0.6**	0.6	0.5	0.5
Government	8.9	**8.9**	8.8	8.8	8.9
% Change	0.7	**0.0**	−0.8	0.1	0.3
Federal Government	0.9	**0.8**	0.8	0.8	0.8
% Change	0.0	**−10.4**	−2.7	0.8	1.4
State and Local Government	8.0	**8.1**	8.1	8.1	8.1
% Change	0.7	**1.1**	−0.7	0.0	0.1

Note: Source is UHERO. Industry job counts for 2024 are UHERO estimates of the March 2026 benchmark revision. Figures for 2025-2028 are forecasts.

TABLE 16: PERSONAL INCOME BY INDUSTRY

MAUI COUNTY FORECAST

	2024	2025	2026	2027	2028
Real Personal Income (Mil 2024$)	10,826.9	**11,032.5**	10,985.6	11,074.4	11,207.6
% Change	0.5	**1.9**	−0.4	0.8	1.2
Labor & Proprietors' Income	7,138.9	**7,242.7**	7,212.0	7,253.5	7,312.4
% Change	−0.5	**1.4**	−0.4	0.6	0.8
Construction	639.0	**649.1**	648.4	641.6	630.1
% Change	2.2	**1.6**	−0.1	−1.1	−1.8
Manufacturing	82.2	**83.4**	83.7	84.8	86.4
% Change	−10.6	**1.5**	0.3	1.3	1.9
Trade	640.8	**641.1**	635.6	643.3	654.5
% Change	−4.8	**0.1**	−0.9	1.2	1.7
Transportation and Utilities	369.5	**369.9**	365.4	369.2	372.0
% Change	−2.3	**0.1**	−1.2	1.0	0.8
Finance, Insurance & Real Estate	535.3	**541.2**	540.4	541.3	542.3
% Change	−1.4	**1.1**	−0.1	0.2	0.2
Services	3,852.3	**3,940.8**	3,929.0	3,960.2	4,008.0
% Change	−0.2	**2.3**	−0.3	0.8	1.2
Health Care & Soc. Assist. (% ch.)	3.4	**1.7**	0.0	0.8	1.0
Accommodation & Food (% ch.)	−2.3	**4.8**	−1.2	0.8	1.6
Other (% ch.)	0.2	**0.0**	0.5	0.8	0.8
Government	965.5	**989.0**	980.1	982.7	990.0
% Change	1.1	**2.4**	−0.9	0.3	0.7
Federal, civilian (% ch.)	−0.9	**−9.5**	−2.9	1.0	1.5
State & Local (% ch.)	1.4	**4.6**	−0.9	0.0	0.5
Less Social Security Taxes (-)	804.2	**822.6**	819.1	823.9	830.6
% Change	−2.5	**2.3**	−0.4	0.6	0.8
Transfer Payments	2,029.5	**2,093.4**	2,138.3	2,179.2	2,218.5
% Change	1.2	**3.1**	2.1	1.9	1.8
Dividends, Interest and Rent	2,359.5	**2,355.1**	2,341.2	2,364.0	2,420.1
% Change	−0.9	**−0.2**	−0.6	1.0	2.4
Population (Thou)	163.7	**163.8**	163.9	164.1	164.3
% Change	−0.8	**0.0**	0.1	0.1	0.1
Real Per Capita Income (Thou 2024$)	66.1	**67.4**	67.0	67.5	68.2
% Change	1.3	**1.9**	−0.5	0.7	1.1
Inflation Rate, Honolulu MSA (%)	4.4	**2.8**	3.6	3.0	2.6
Nominal Personal Income (Mil $)	10,826.9	**11,344.8**	11,706.8	12,153.2	12,619.9
% Change	4.9	**4.8**	3.2	3.8	3.8

Note: Source is UHERO. Income figures for 2024 are UHERO estimates. Figures for 2025-2028 are forecasts.

TABLE 17: EXTERNAL INDICATORS

STATE OF HAWAII FORECAST

	2024	2025	2026	2027	2028
U.S. FACTORS					
Employment (Thou)	162,903.8	**163,586.9**	163,399.3	163,635.5	164,457.0
% Change	0.6	**0.4**	−0.1	0.1	0.5
Unemployment Rate (%)	4.0	**4.3**	4.7	4.5	4.2
Inflation Rate (%)	3.0	**2.9**	4.1	3.1	2.6
Real GDP (Bil chained 2012$)	23,305.0	**23,694.2**	23,881.6	24,168.8	24,618.2
% Change	2.8	**1.7**	0.8	1.2	1.9
Population (Thou)	340,212.0	**342,065.1**	342,940.8	343,794.5	344,670.5
% Change	0.9	**0.5**	0.3	0.2	0.2
JAPAN FACTORS					
Employment (Thou)	67,806.7	**68,183.4**	68,002.0	67,645.4	67,231.9
% Change	0.5	**0.6**	−0.3	−0.5	−0.6
Unemployment Rate (%)	2.5	**2.5**	2.5	2.5	2.5
Inflation Rate (%)	2.7	**3.3**	2.0	1.3	1.2
Real GDP (Bil chained 2011 yen)	556,466.6	**562,774.5**	564,199.7	566,548.8	568,857.8
% Change	0.1	**1.1**	0.2	0.4	0.4
Population (Thou)	123,975.4	**123,373.3**	122,712.1	122,026.9	121,324.9
% Change	−0.4	**−0.5**	−0.5	−0.6	−0.6
Exchange Rate (Yen/$)	151.5	**146.3**	140.1	135.3	131.3
% Change	7.8	**−3.4**	−4.3	−3.4	−3.0

Note: Source is UHERO. US Employment for 2024 and 2025 is adjusted by UHERO to reflect population revisions by the US Census Bureau. Figures for 2025-2028 are forecasts.

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