



UHERO
THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAII

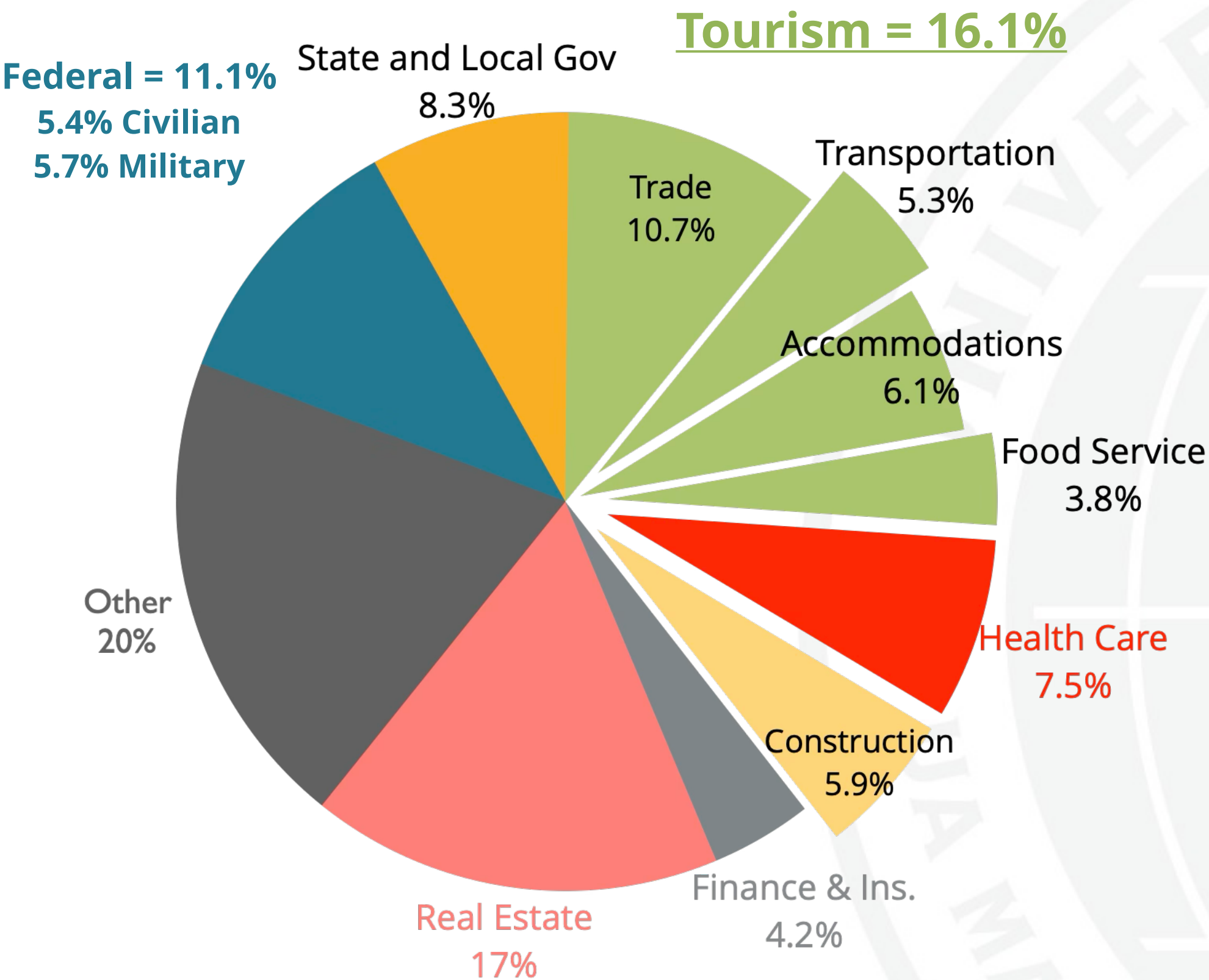
DETERIORATING US OUTLOOK WEIGHS ON HAWAII PROSPECTS: SHORT TERM HEADWINDS & LONG TERM DRAG

DR. STEVEN BOND-SMITH
UHERO ASSISTANT PROFESSOR

HAWAII WATER WORKS ASSOCIATION
ANNUAL CONFERENCE
OCTOBER 17, 2025

Highly specialized in tourism

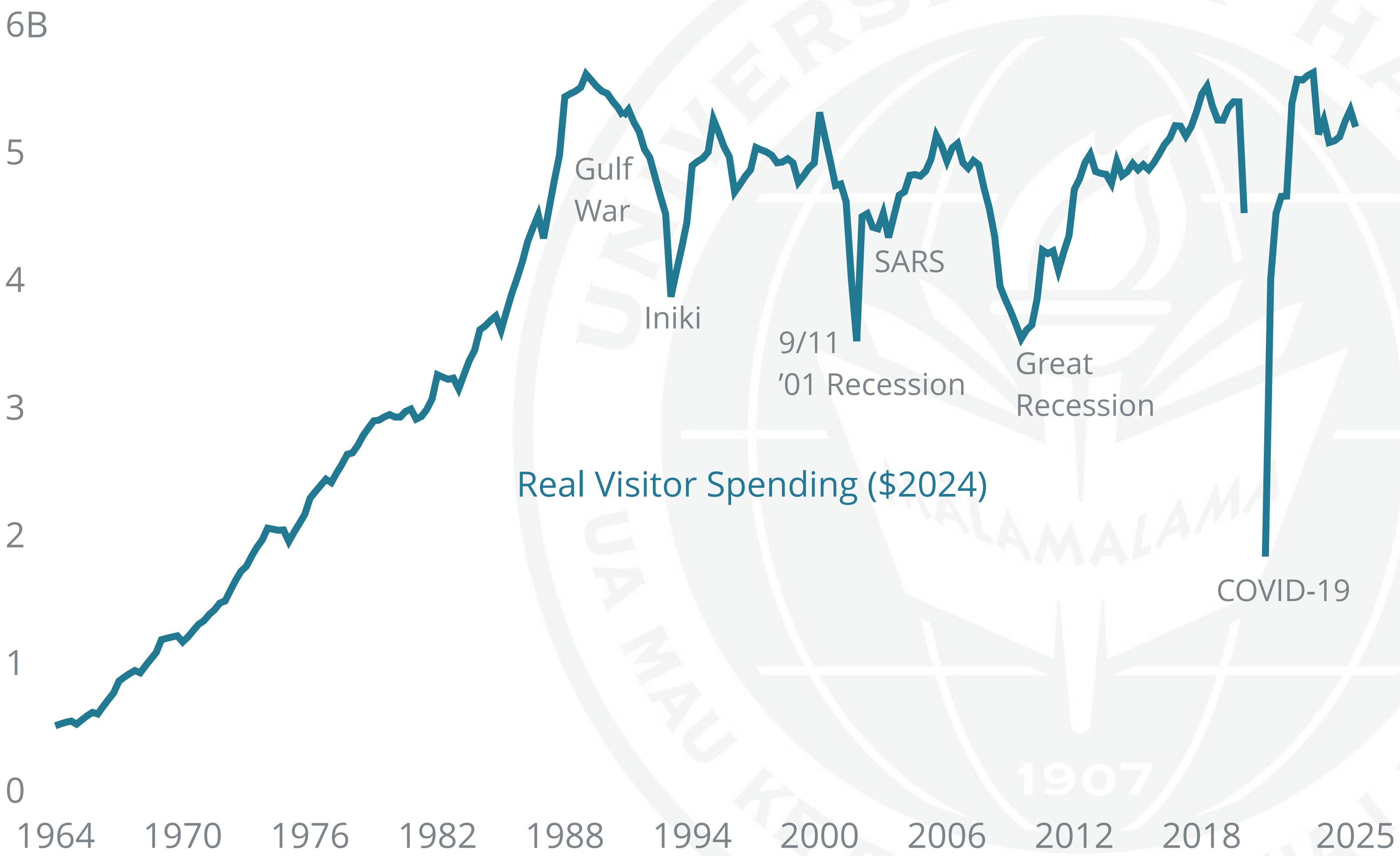
Industry shares of 2024 GDP



Source: BEA, DBEDT, [UHERO.data](#).

Tourism fueled Hawaii growth for close to 30 years

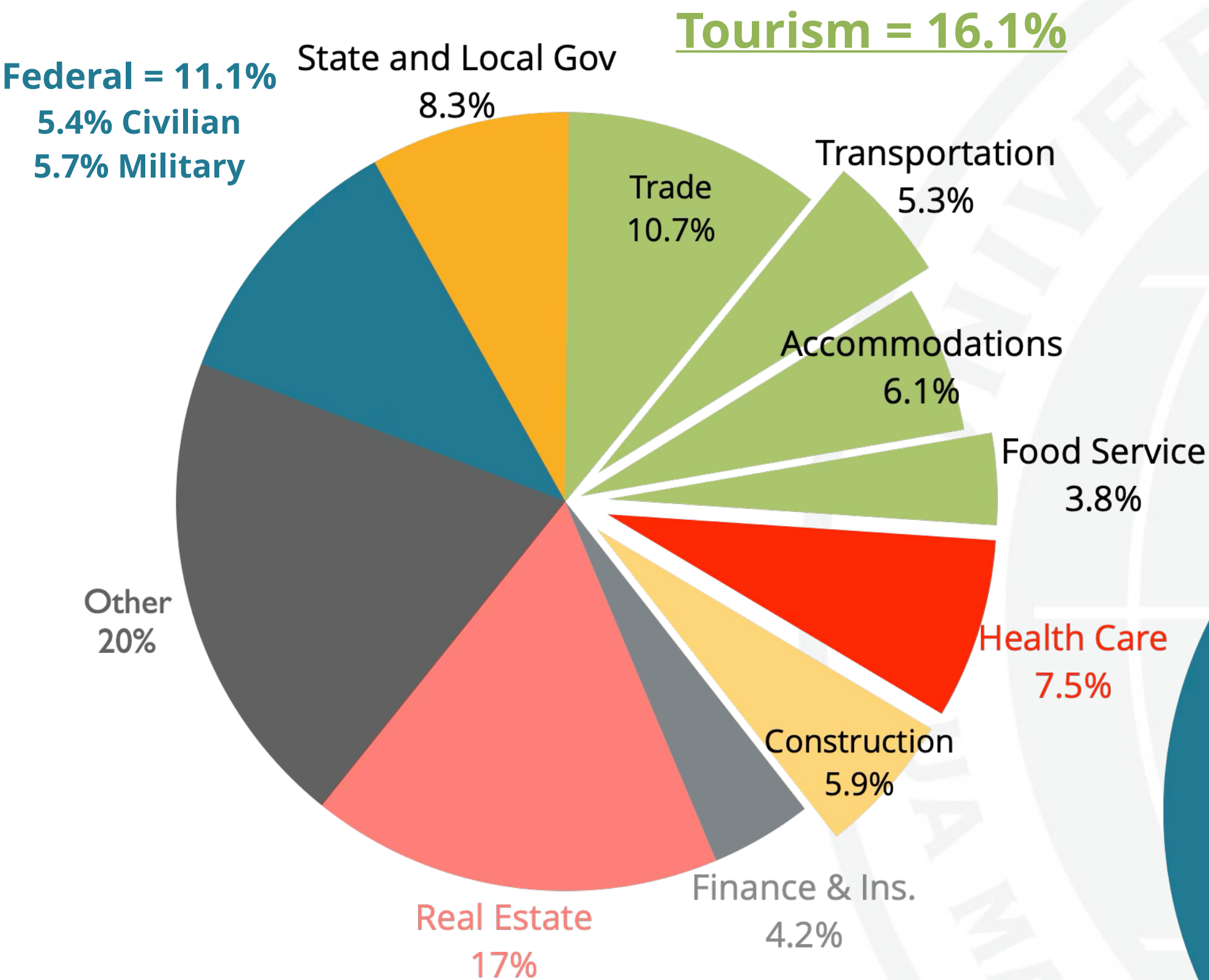
mature market, end of growth phase, repeat visitors all contribute to stagnation



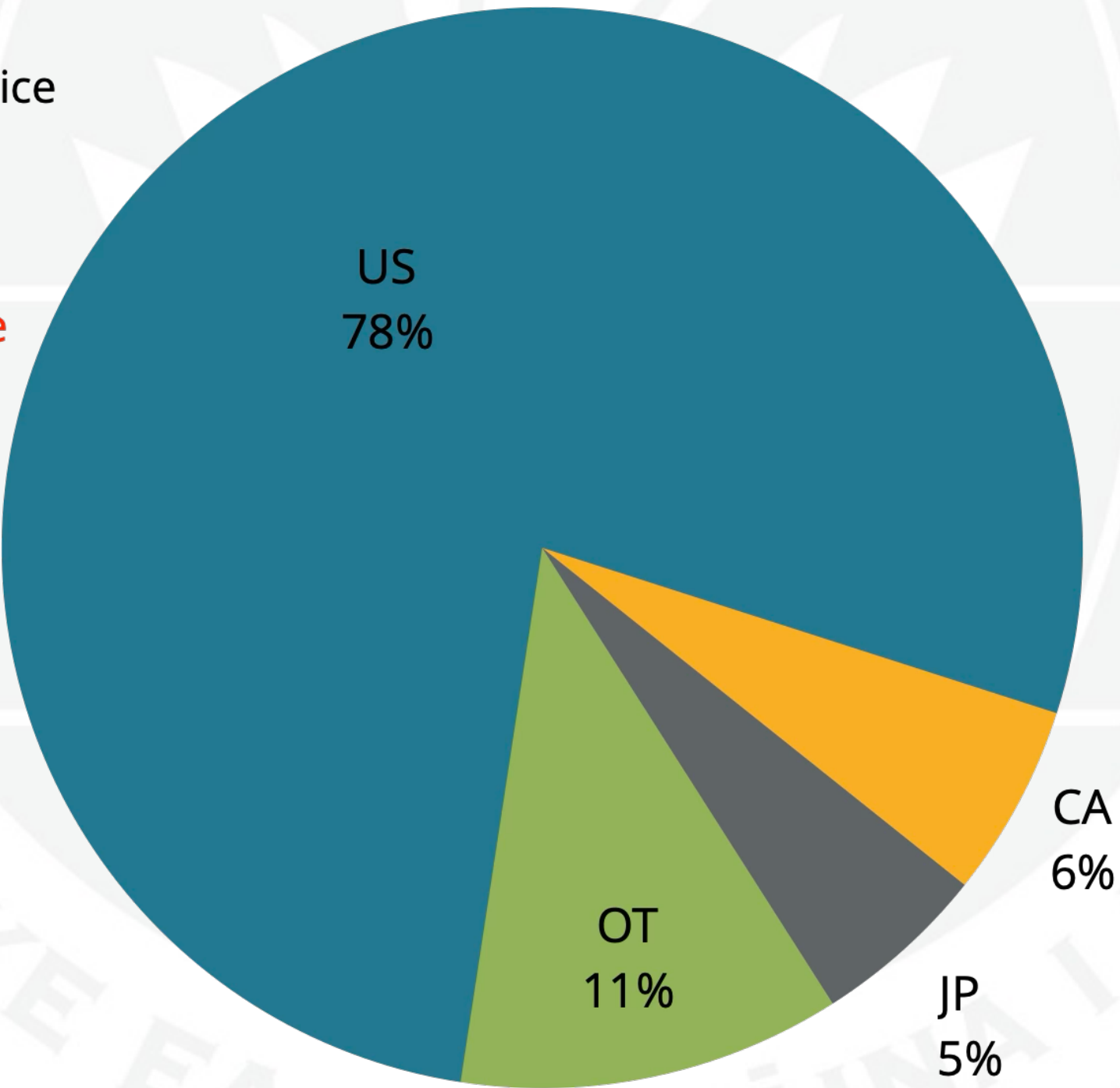
Source: DBEDT, [UHERO.data](#), seasonally adjusted by UHERO nominal visitor spending deflated using Honolulu CPI.

Highly specialized and dependent on the US economy

Industry shares of 2024 GDP



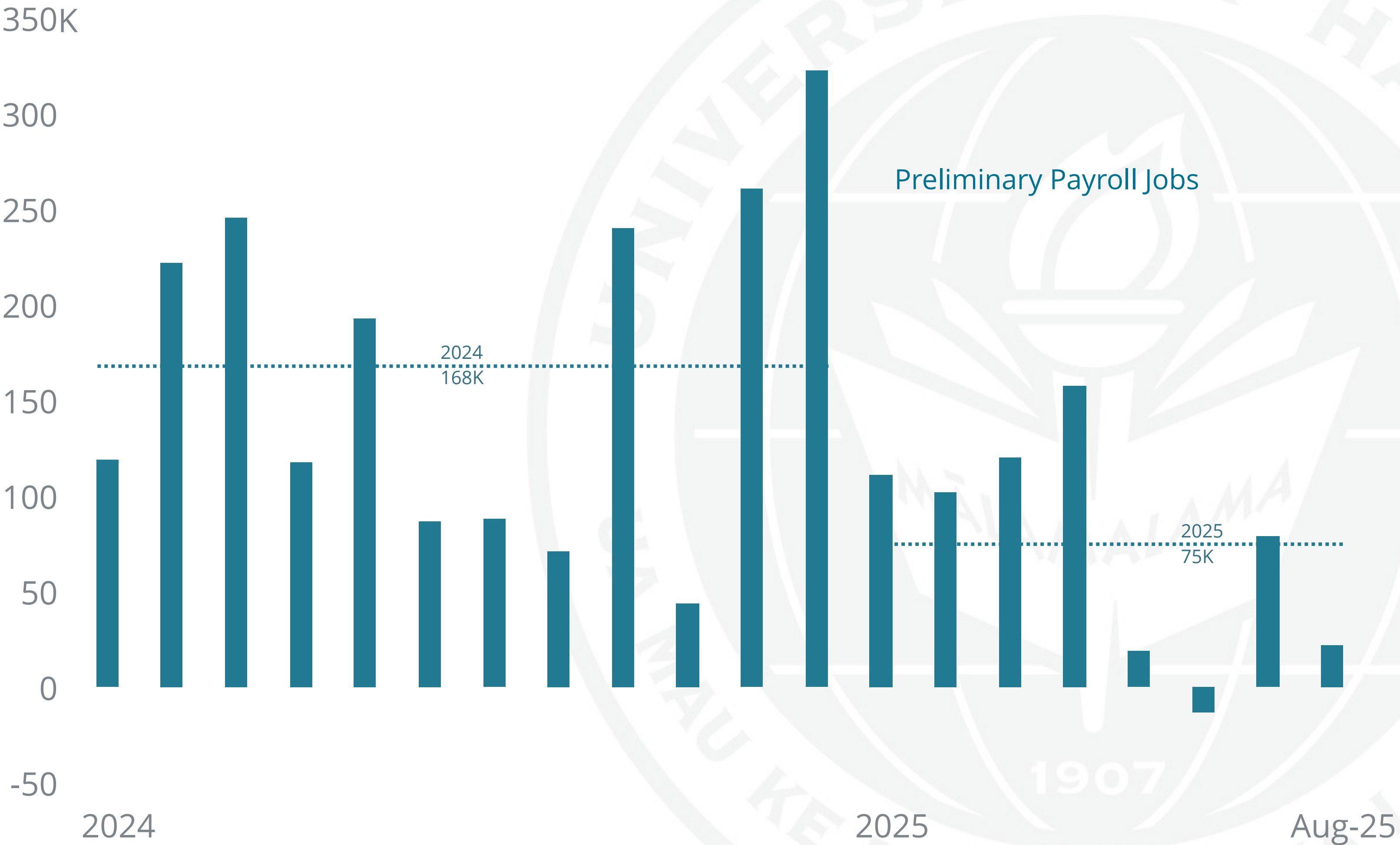
2024 Visitor Census



Source: BEA, DBEDT, [UHERO.data](#).

A resilient US economy has been critical for Hawai‘i

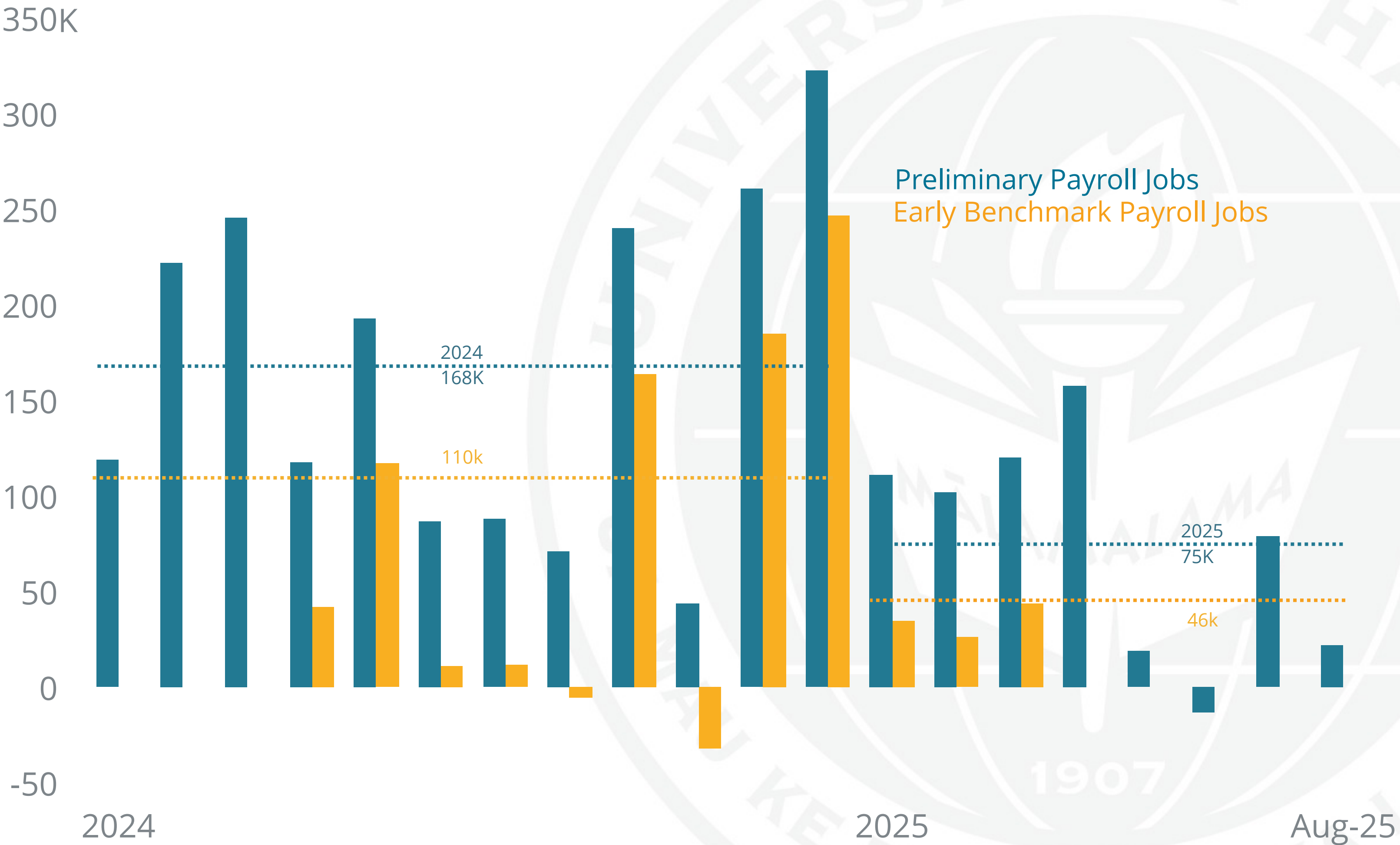
Monthly change in US non farm payroll jobs



Source: BLS, UHERO early benchmark

A resilient US economy has been critical for Hawai‘i

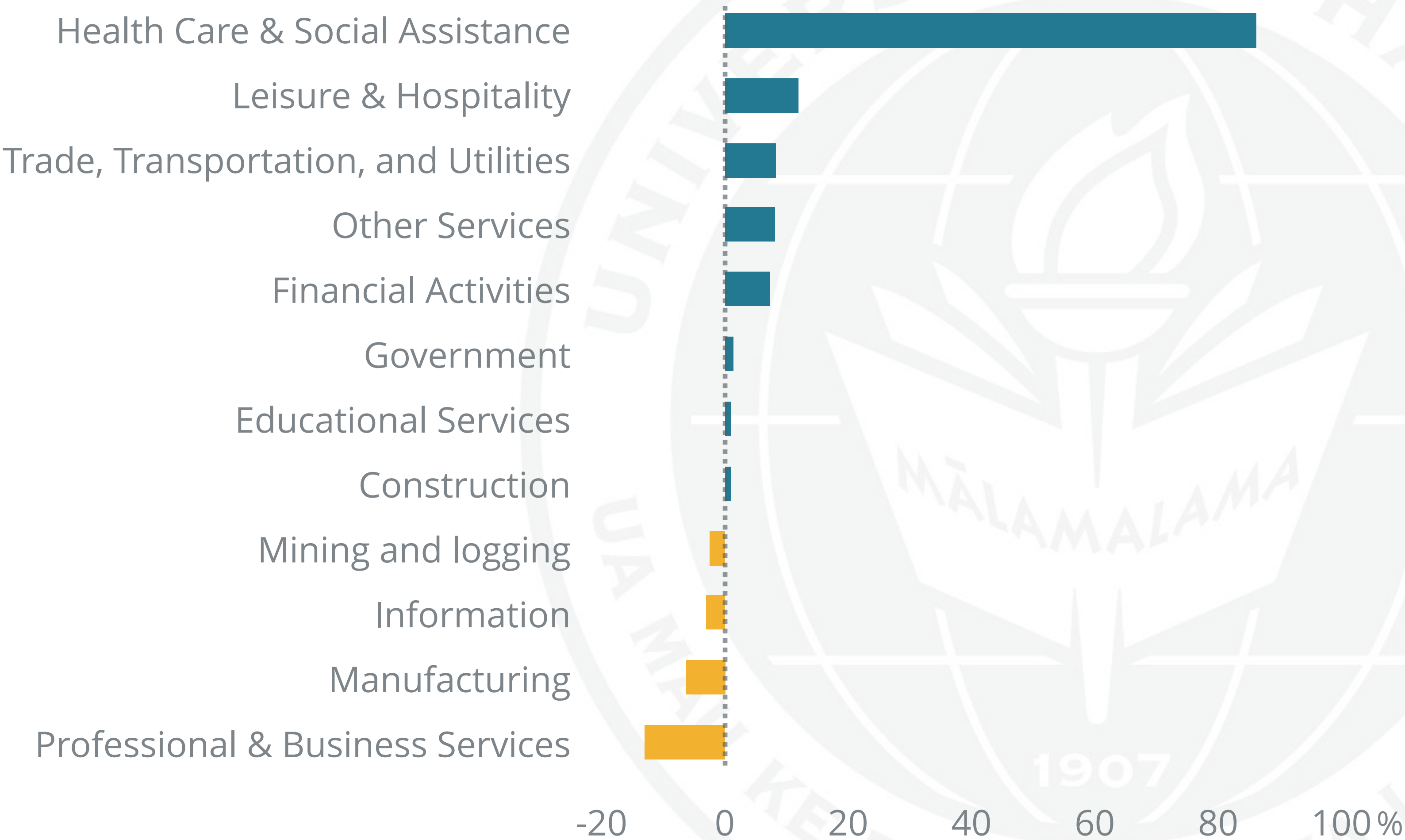
Monthly change in US non farm payroll jobs



Source: BLS, UHERO early benchmark

86% of all jobs created in 2025 are in health care

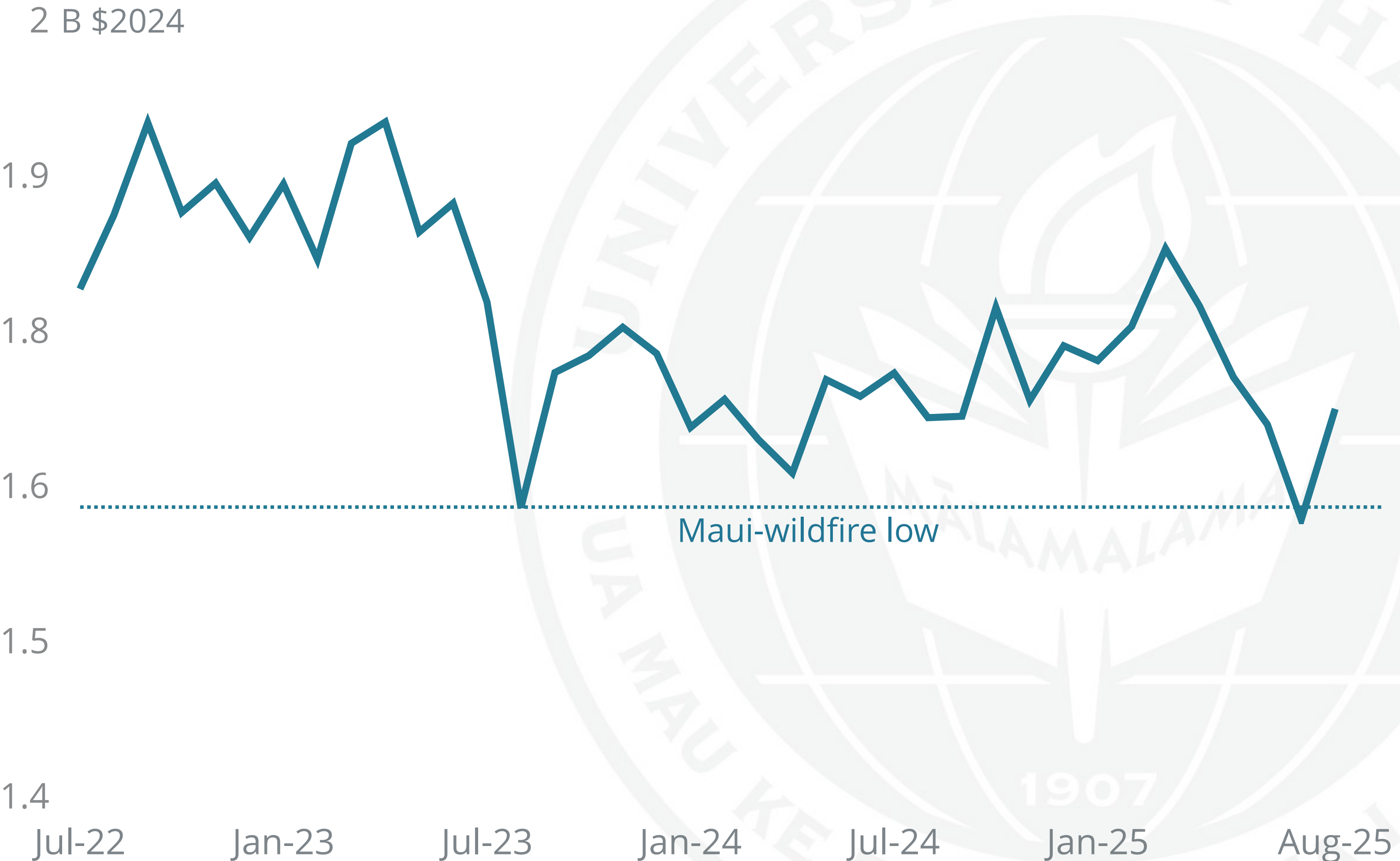
Contribution of industries to job growth in 2025



Source: BLS

A bleak summer for tourism

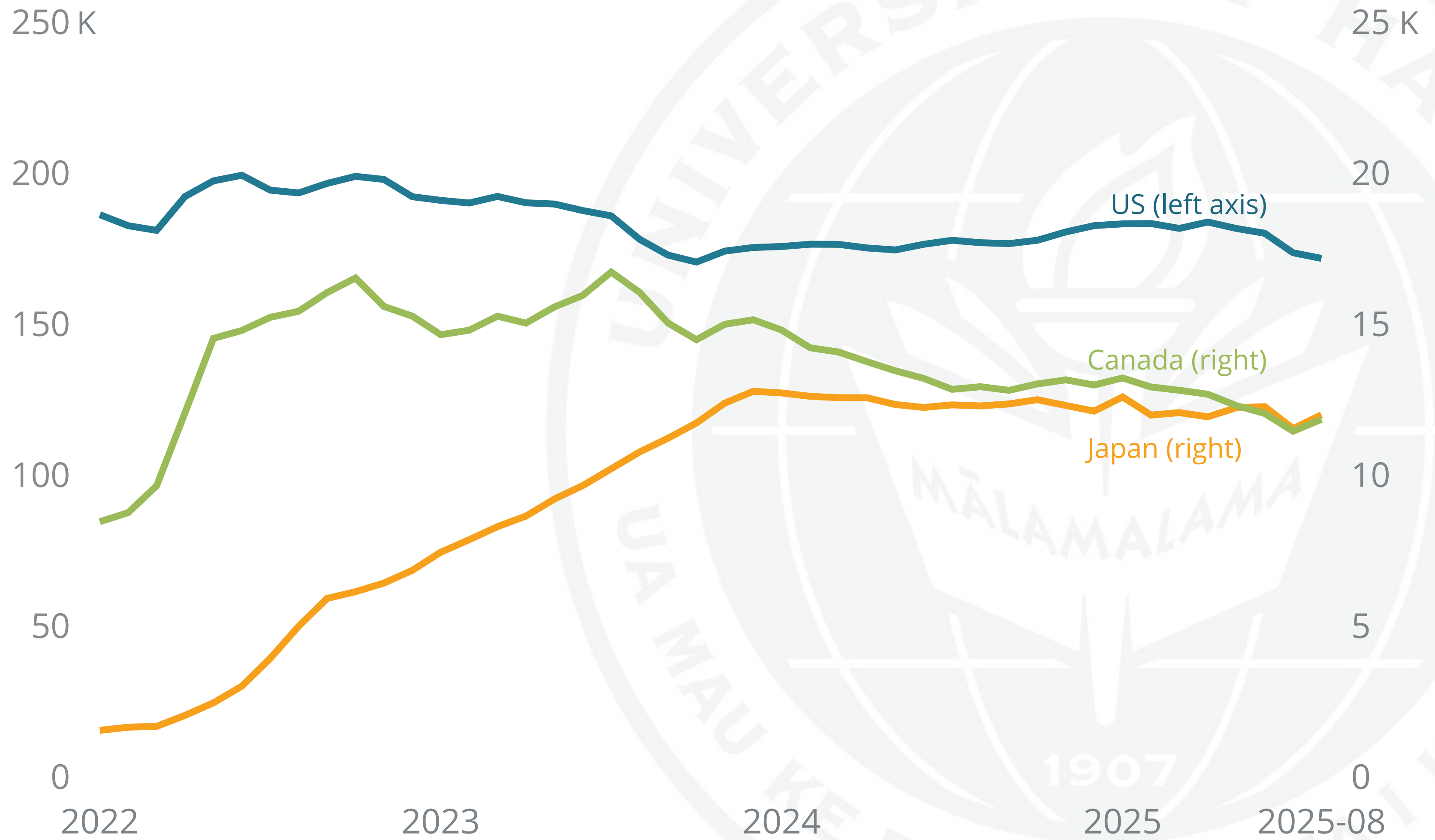
Summer Visitor Expenditures turned down sharply



Source: DBEDT, seasonally adjusted by UHERO, deflated using Honolulu CPI.

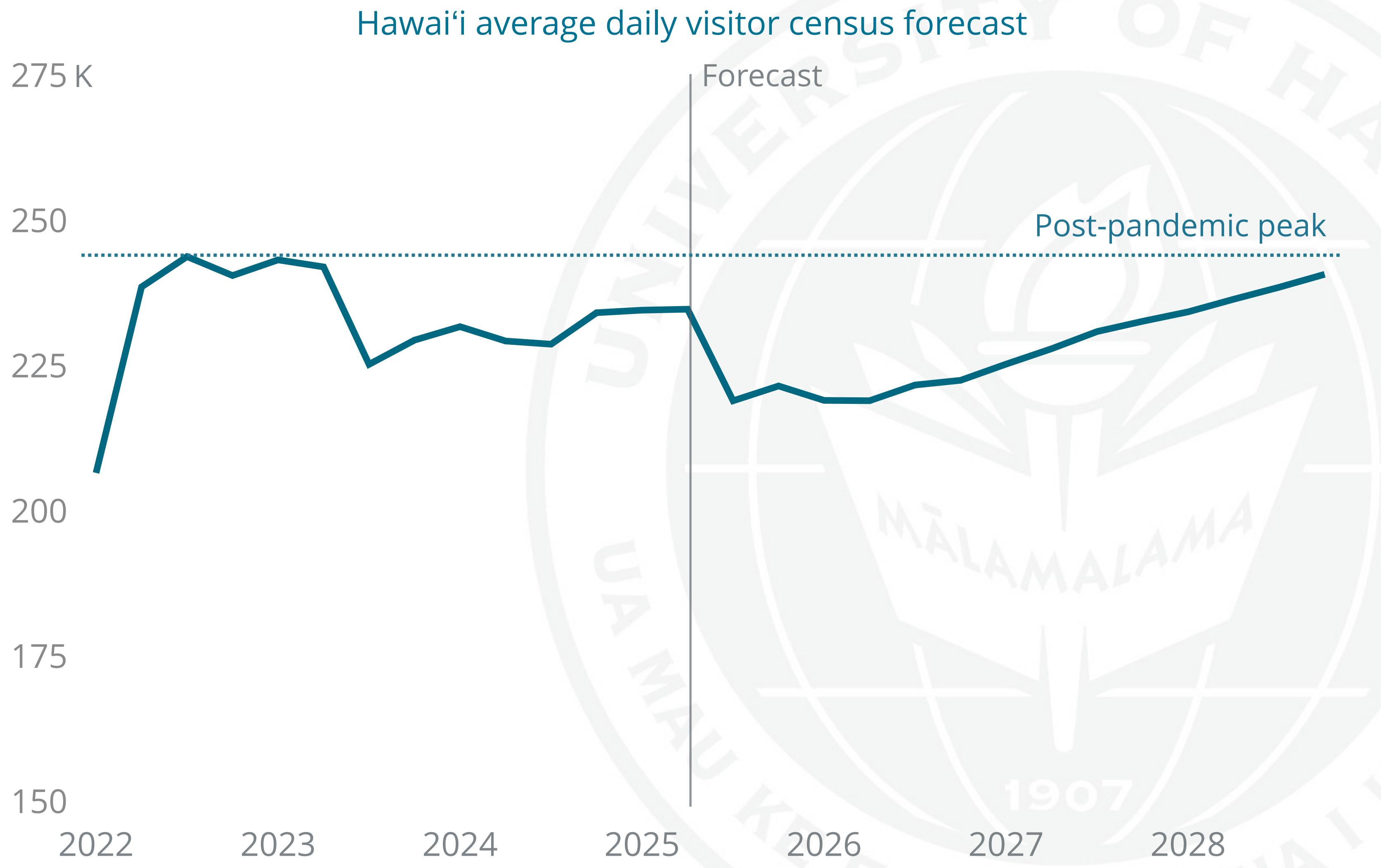
A bleak summer for tourism

Hawaii average daily visitor census (3-month trailing average)



Source: DBEDT, [UHERO forecasts](#),

After bleak summer, a slow recovery



Source: DBEDT tourism data, [UHERO forecasts](#),

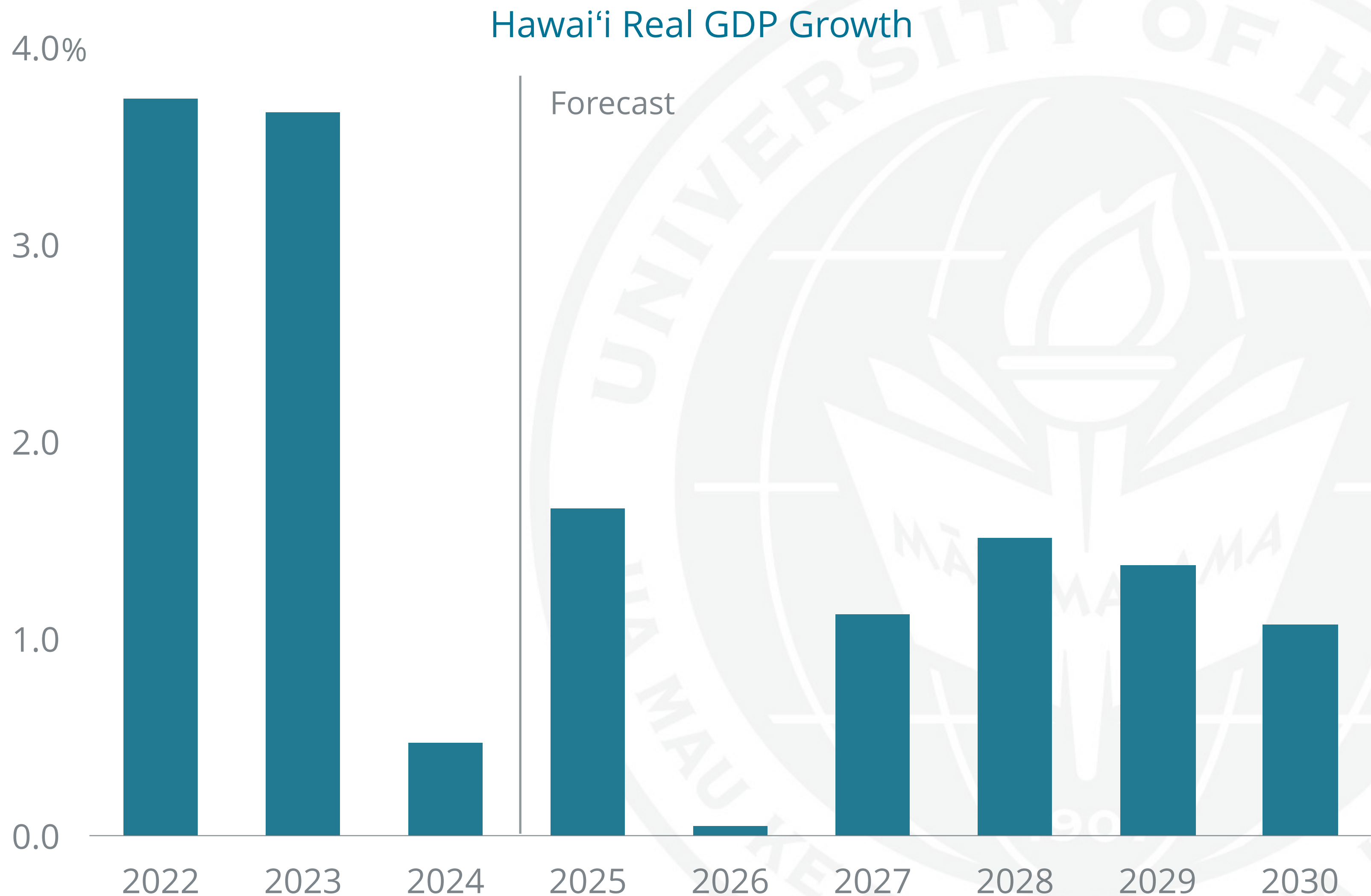
Hawai'i job creation has stalled

as hiring falls to post pandemic lows



Source: BLS, UHERO early-benchmark estimates

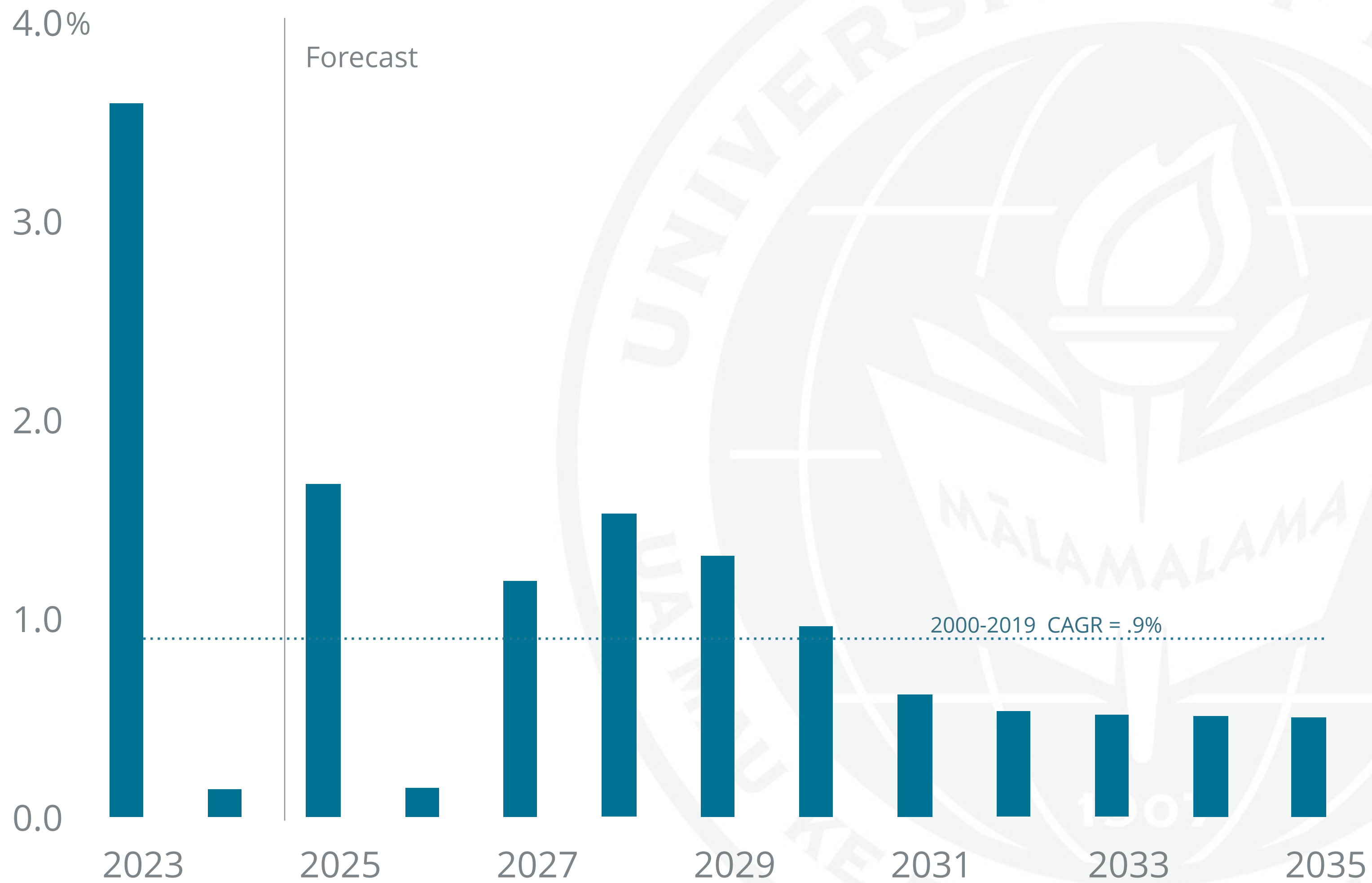
While Federal policies nudge Hawai'i towards recession



Source: BEA, BLS, [UHERO forecasts](#).

And long-term growth is stagnant

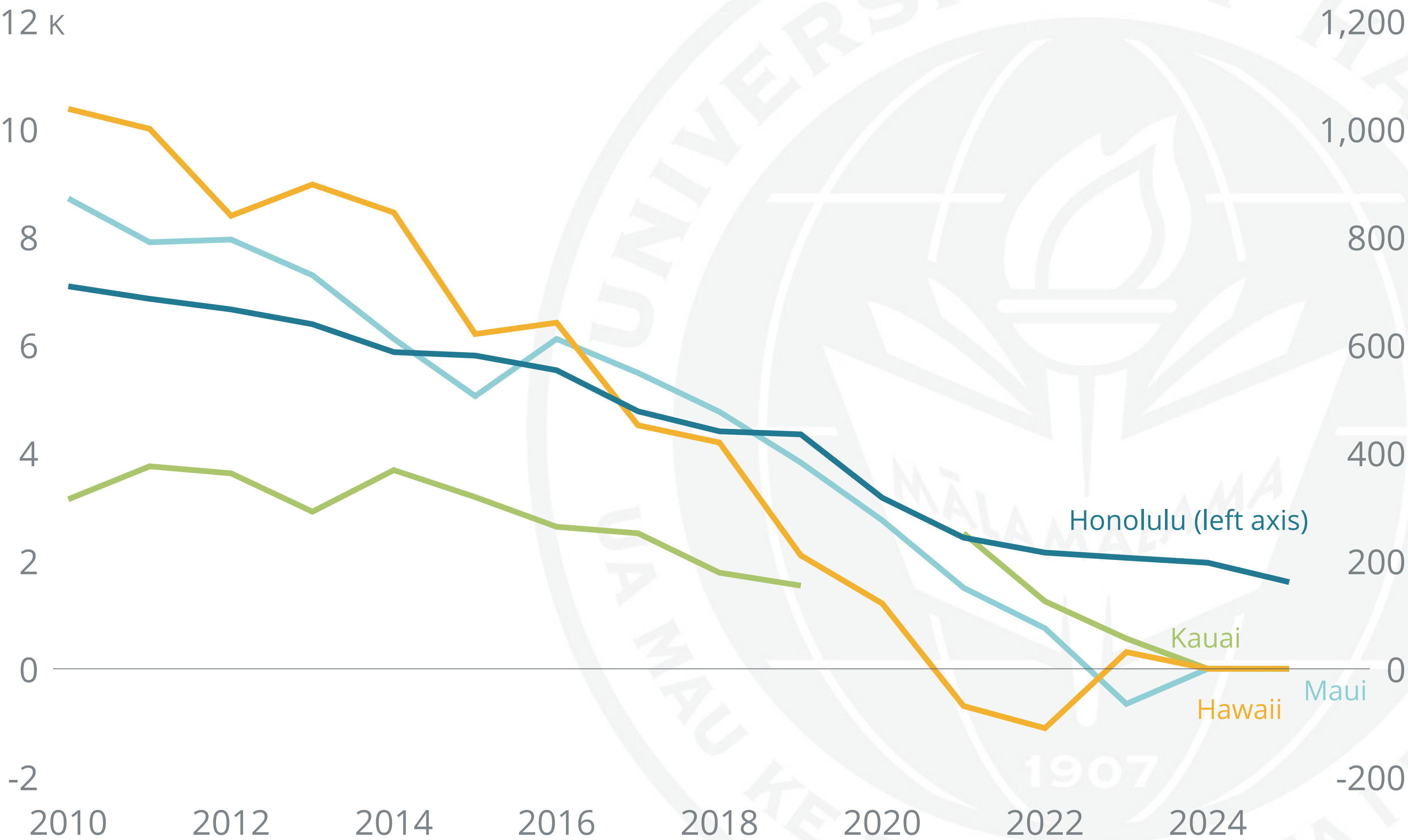
Hawai'i real per capita GDP growth



Source: BEA, Census, BLS, [UHERO forecasts](#).

Long-term drag

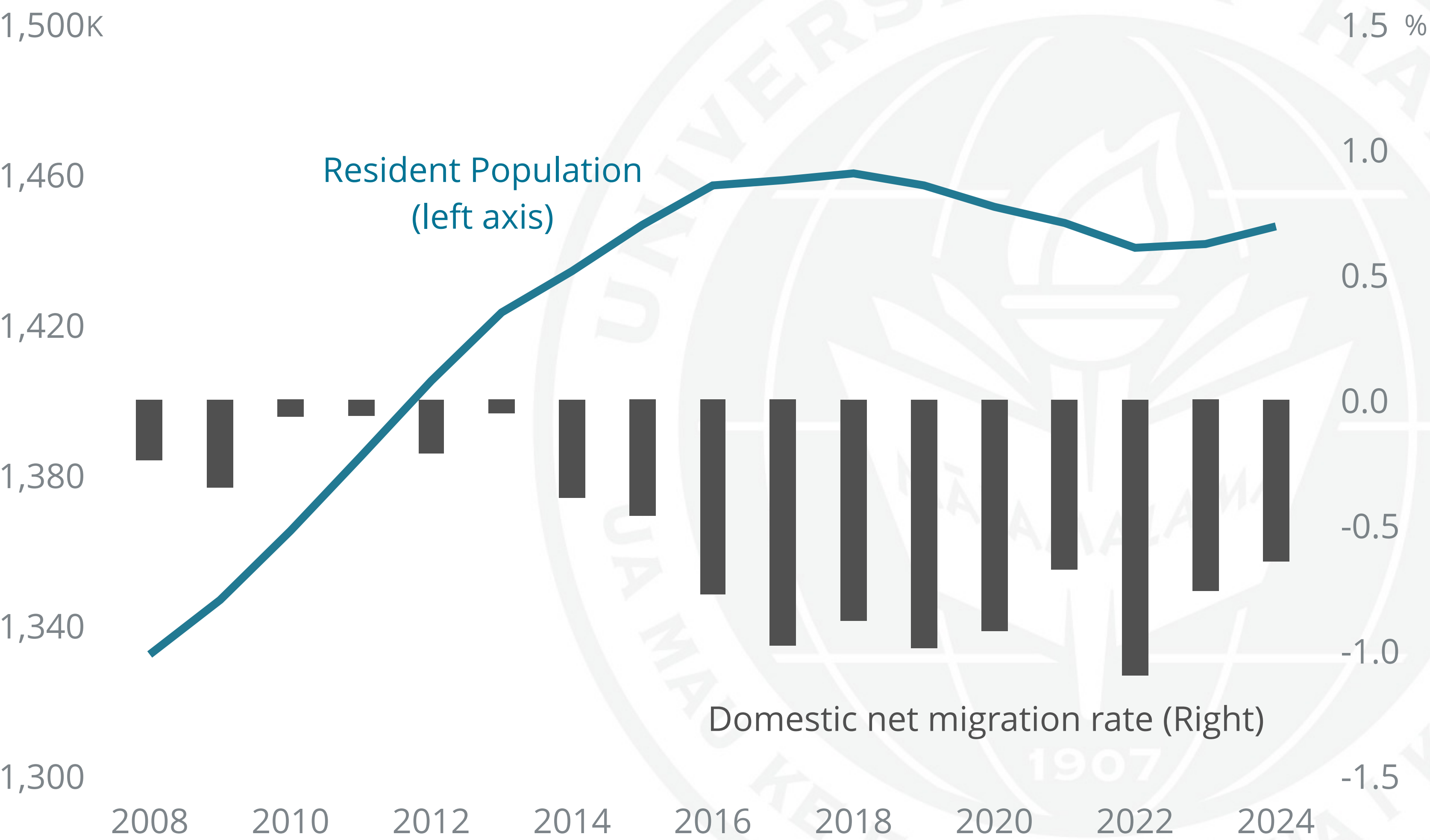
natural population change has fallen to near zero



Source: DOH, UHERO, 2024 estimate based on year-to-date births and deaths.

Priced out of paradise?

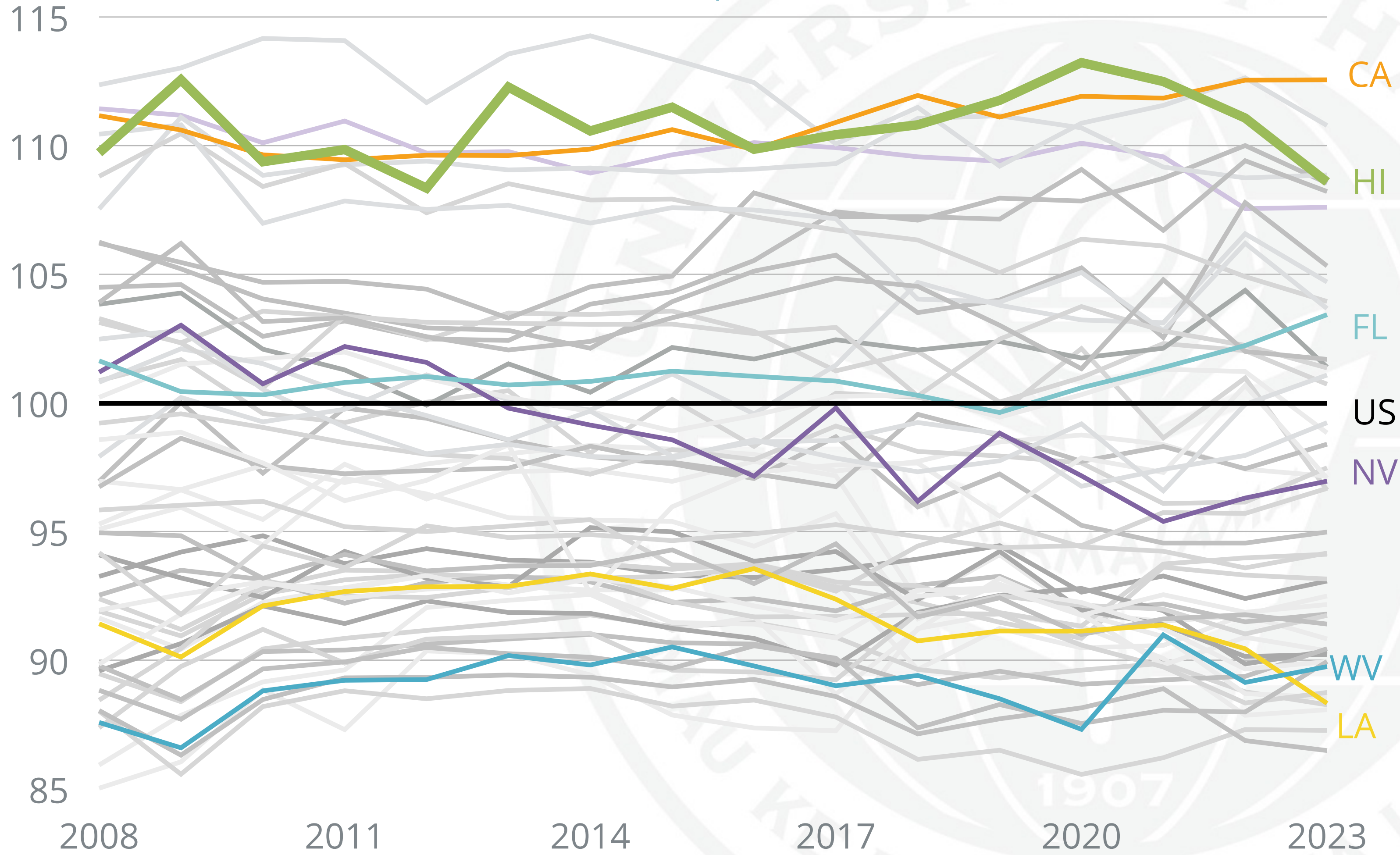
domestic net migration has been negative in 23 of the last 25 years



Source: Census, [UHERO.data](#).

Priced out of paradise?

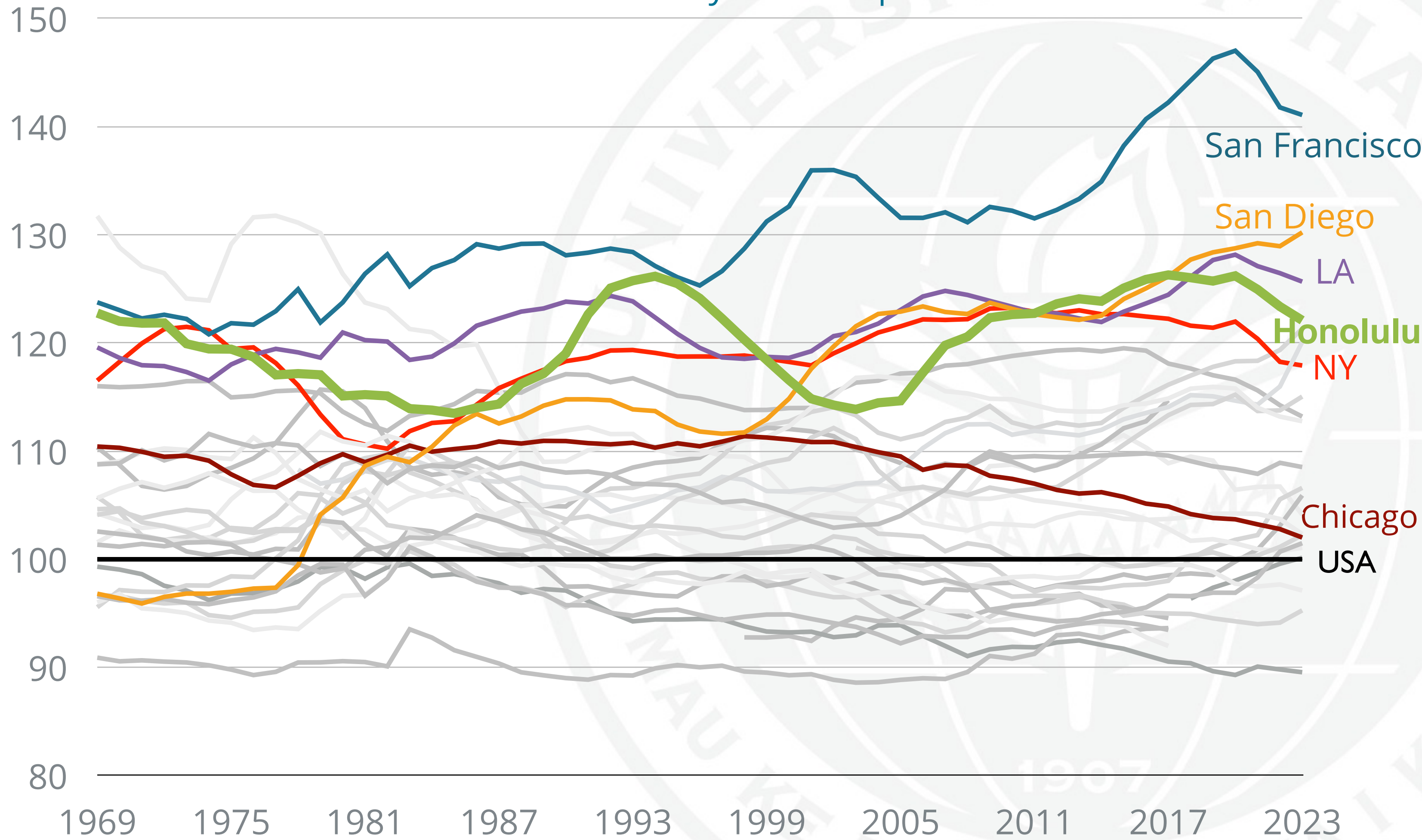
Hawai'i is one of the most expensive states in the nation



Source: Bureau of Economic Analysis, Regional Price Parities (RPP).

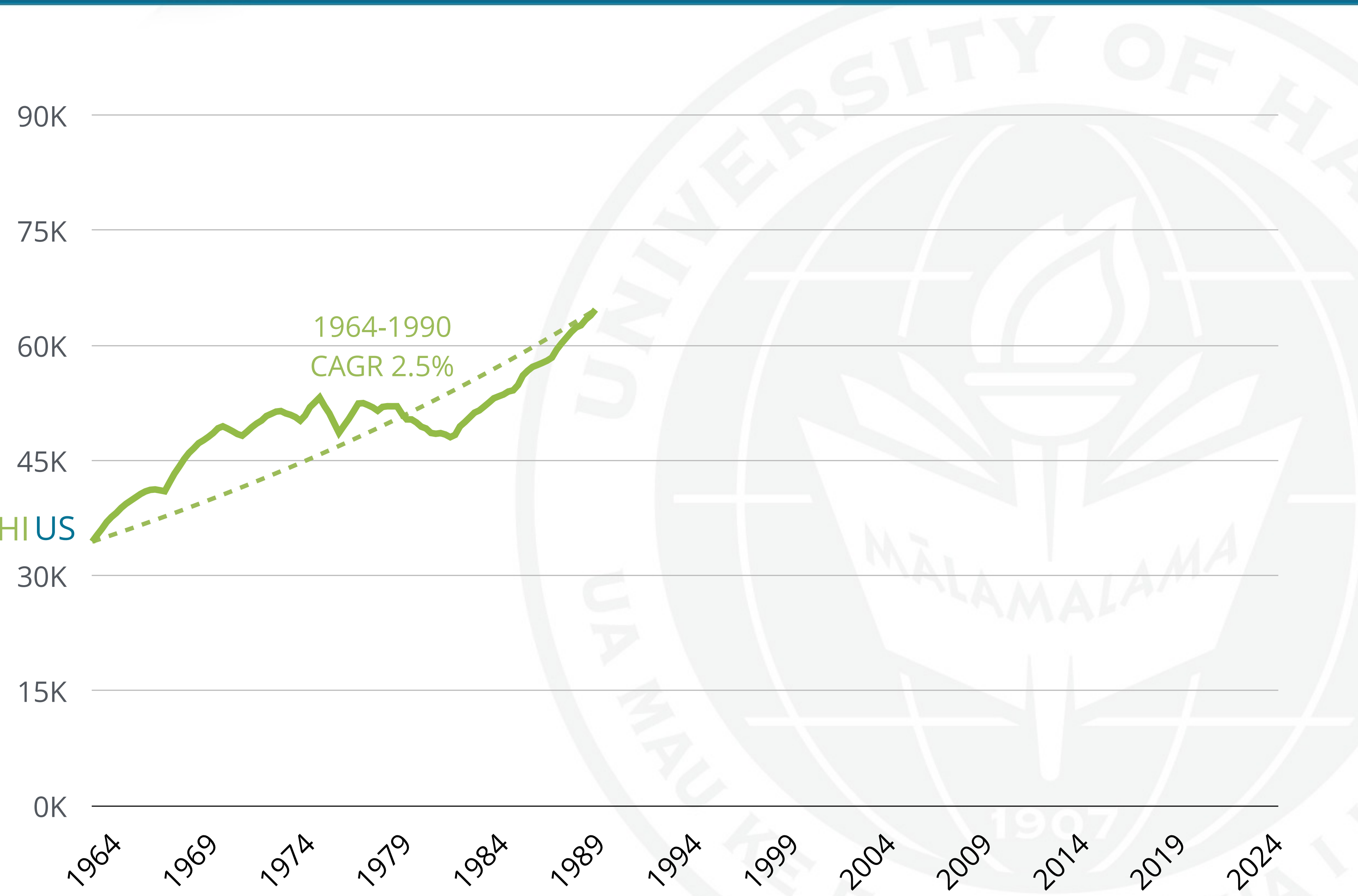
Priced out of paradise?

But Hawai'i has always been expensive



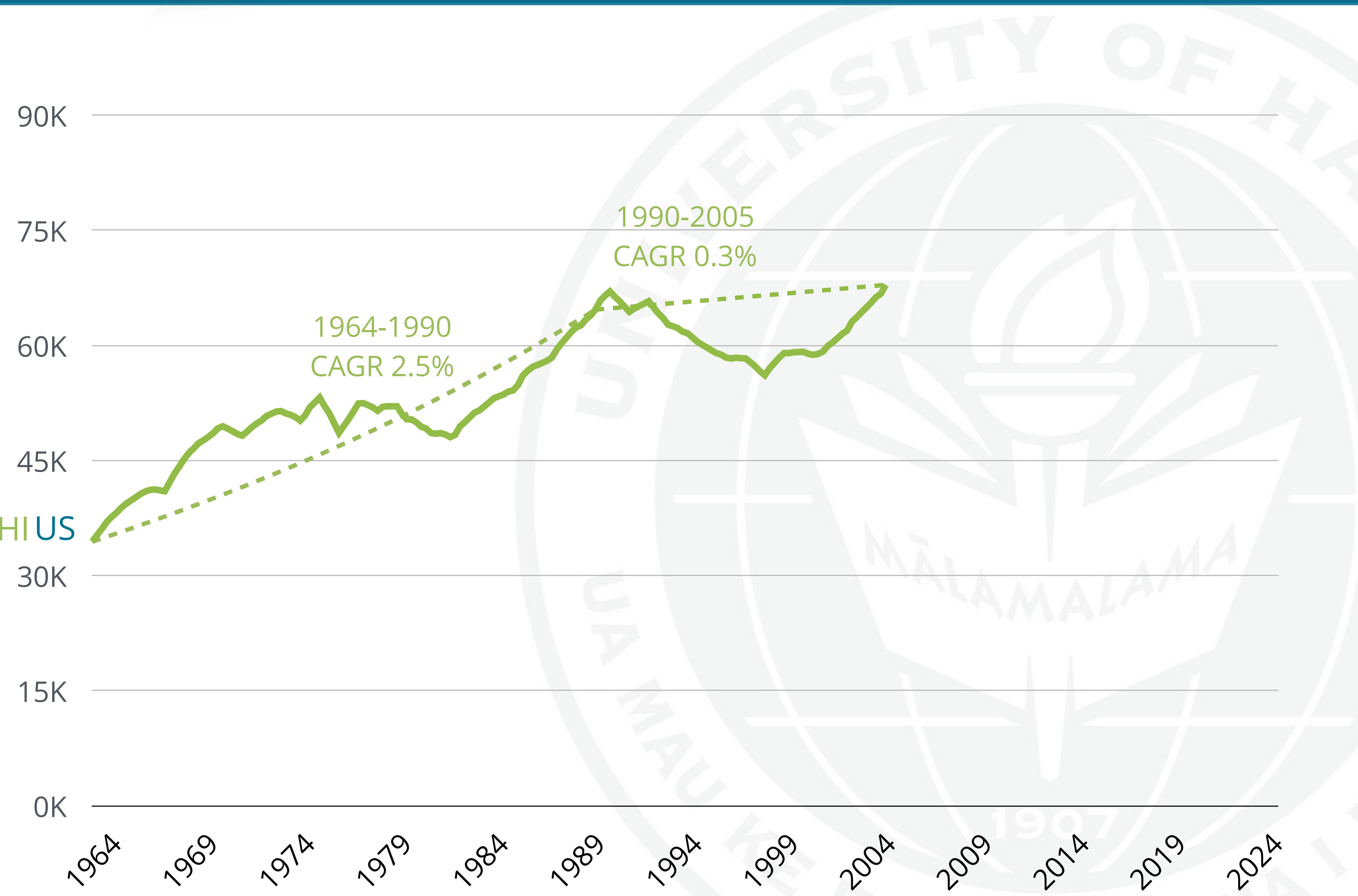
Source: UHERO CPI-based Price Parity Index (Bond-Smith and Lee, 2025)

The lost decade really hurt Hawai‘i’s economy



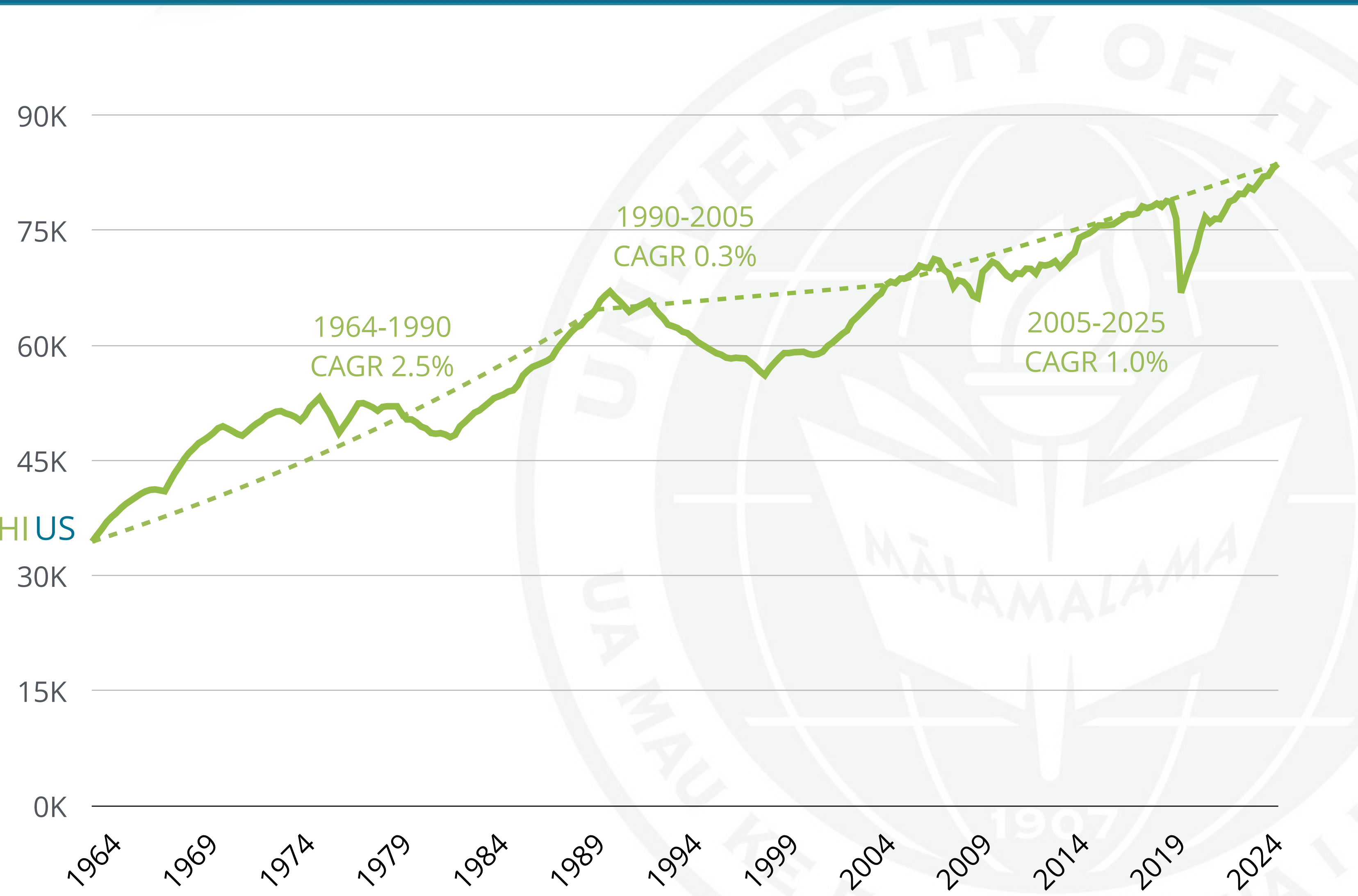
Source: BEA, BLS. All values in 2024 dollars deflated by US CPI.

The lost decade really hurt Hawai‘i’s economy



Source: BEA, BLS. All values in 2024 dollars deflated by US CPI.

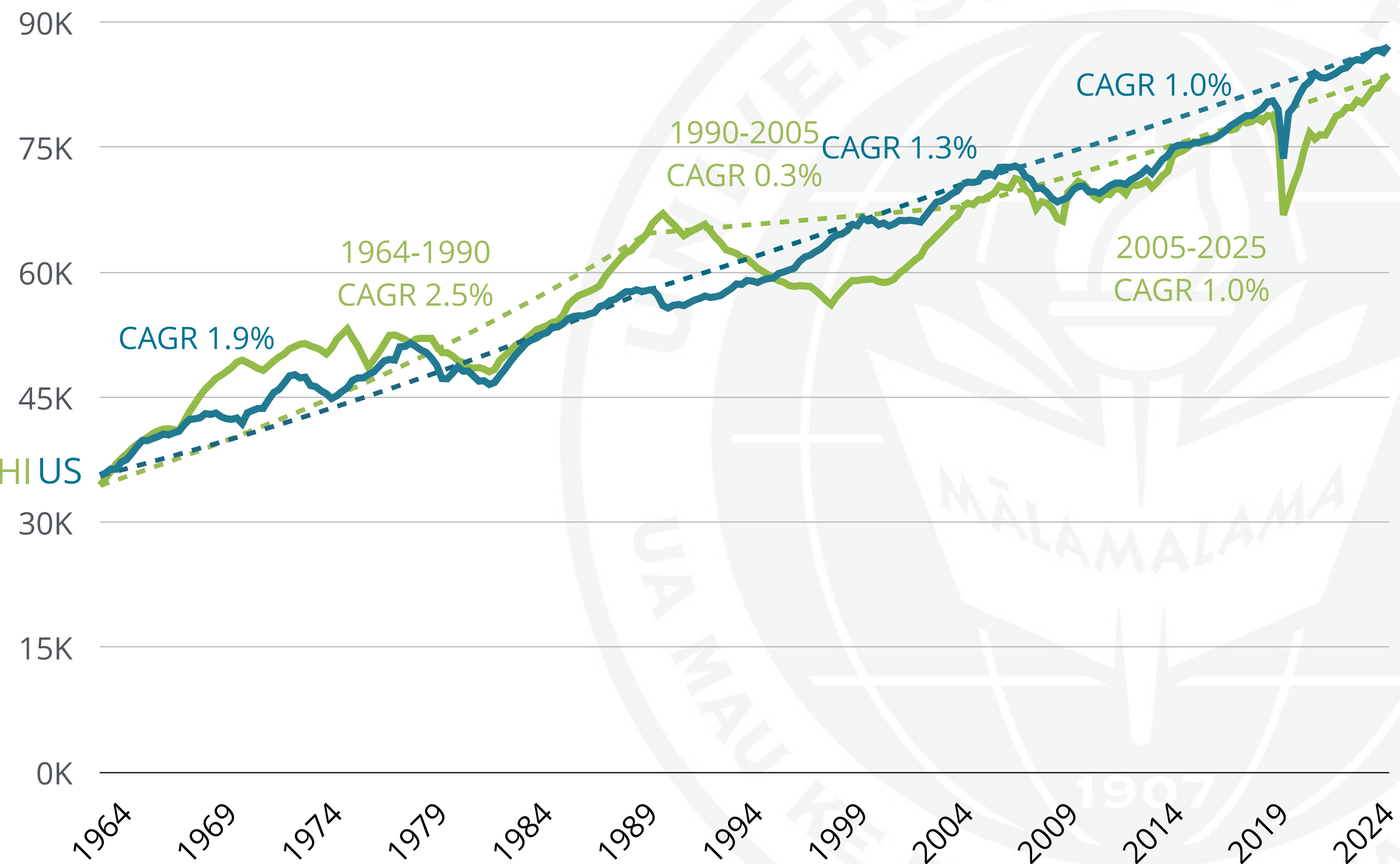
The lost decade really hurt Hawai'i's economy



Source: BEA, BLS. All values in 2024 dollars deflated by US CPI.

The lost decade really hurt Hawai'i's economy

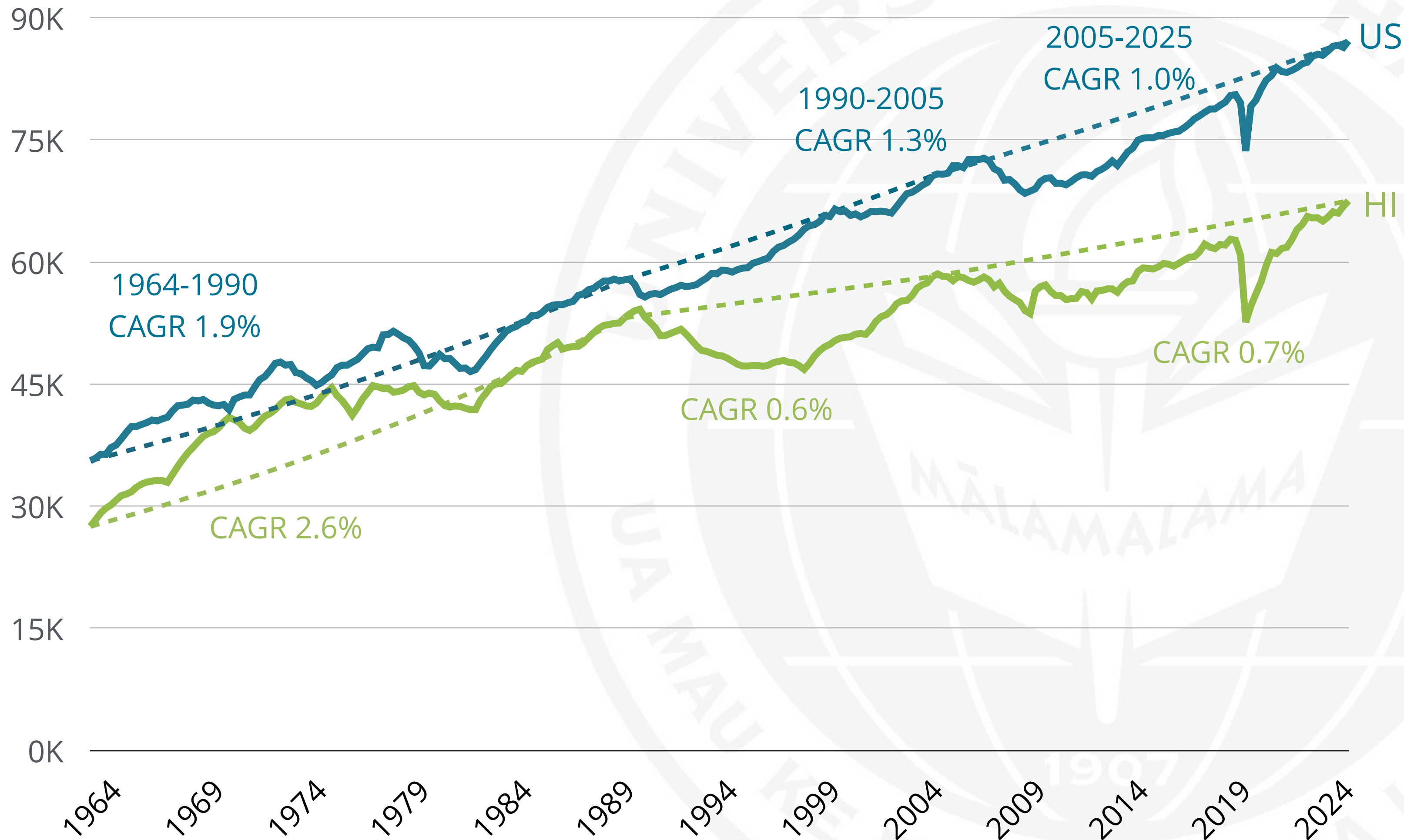
Hawai'i's GDP per capita fell behind in the 90s, but has mostly kept up since then.



Source: BEA, BLS. All values in 2024 dollars deflated by US CPI.

But stagnation in Hawai‘i didn’t actually end in the ‘90s

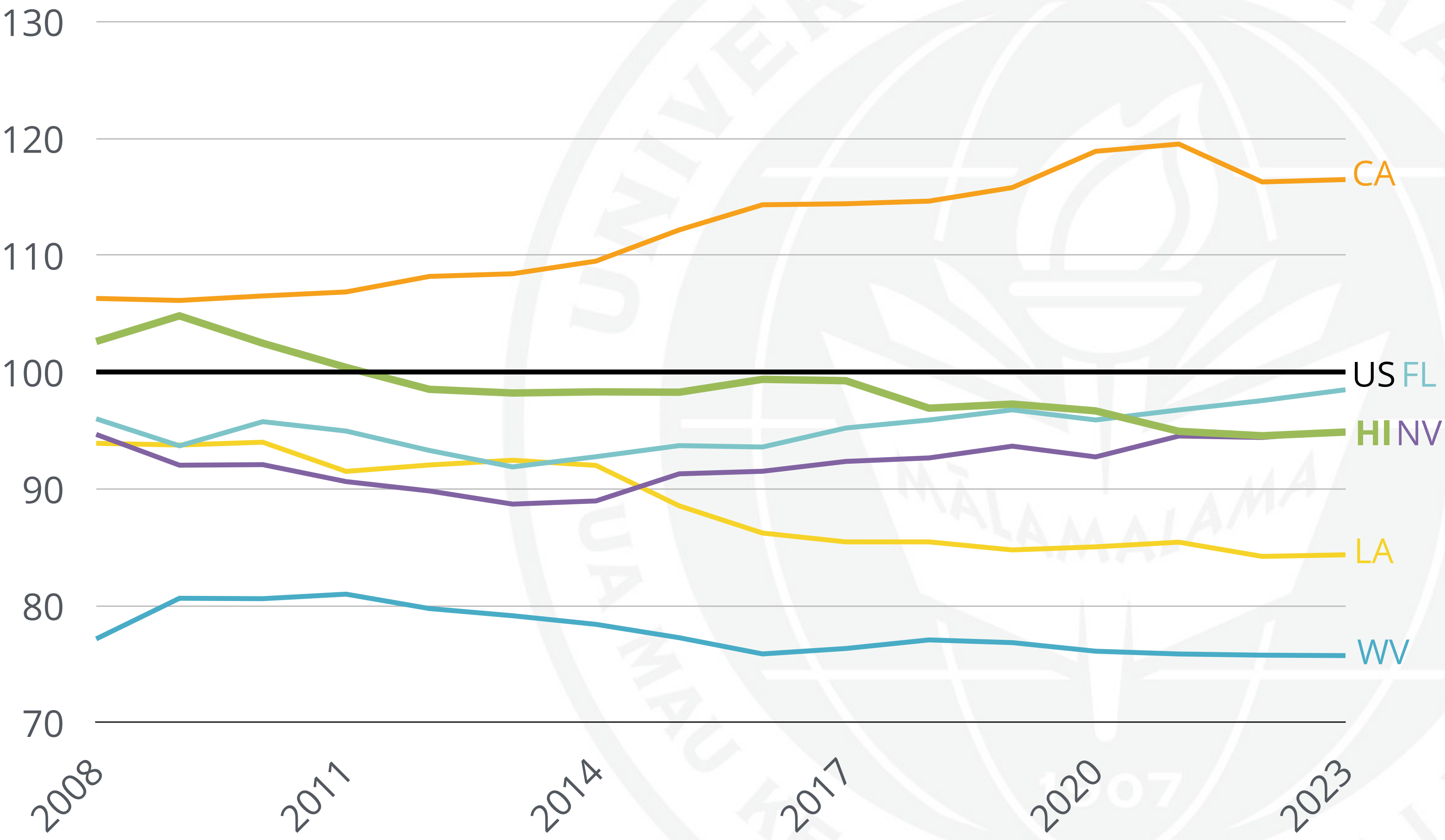
Hawai‘i’s *price-adjusted* GDP per capita continues to fall further and further behind.



Source: BEA, BLS. All values in 2024 dollars deflated by US CPI. Hawaii GDP adjusted for local price levels using Urban Hawaii CPI-based RPP (Bond-Smith & Lee, 2025).

Per-capita income relative to US

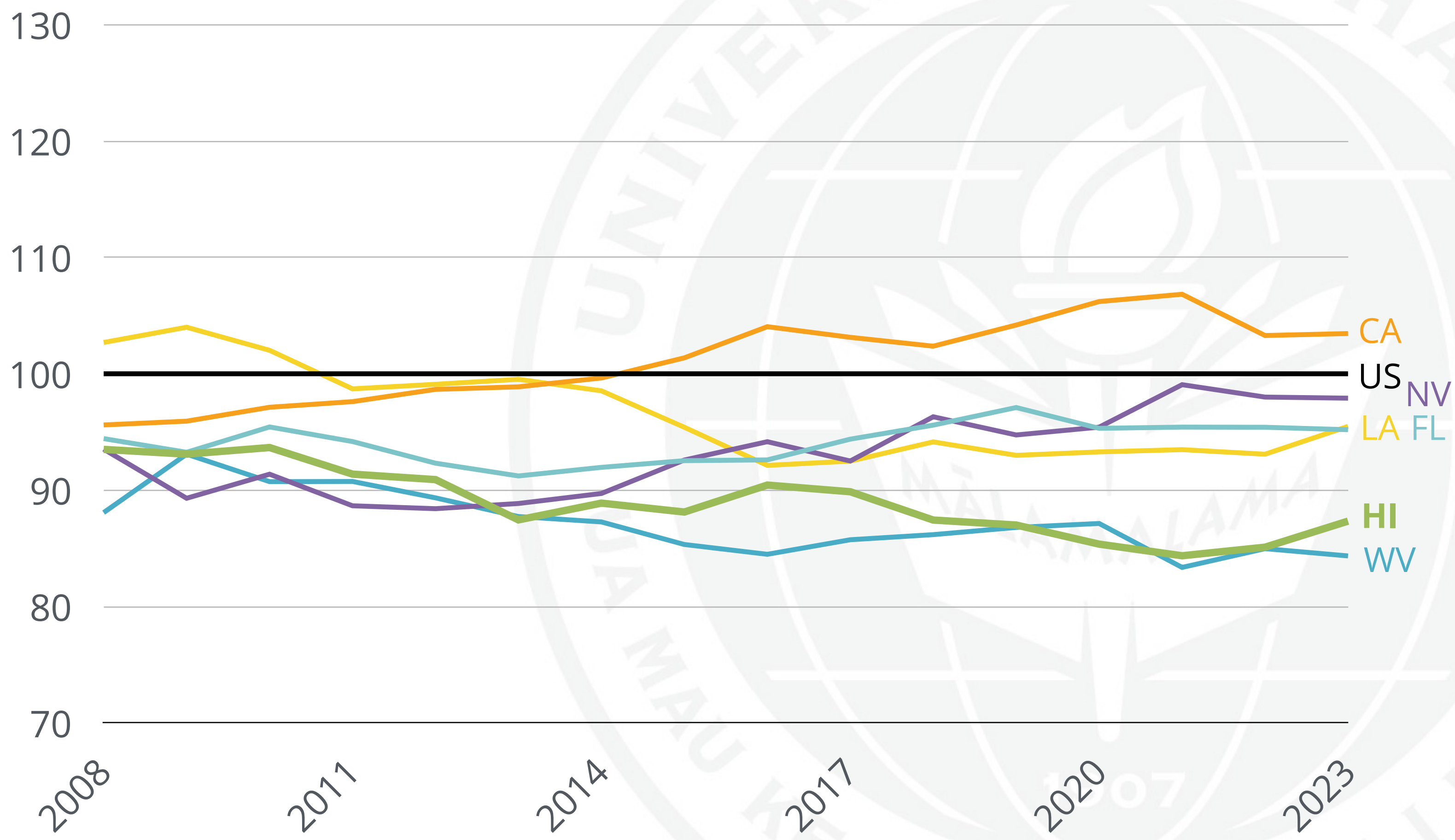
Hawai'i is average before local price adjustments



Source: Author calculations using BEA data.

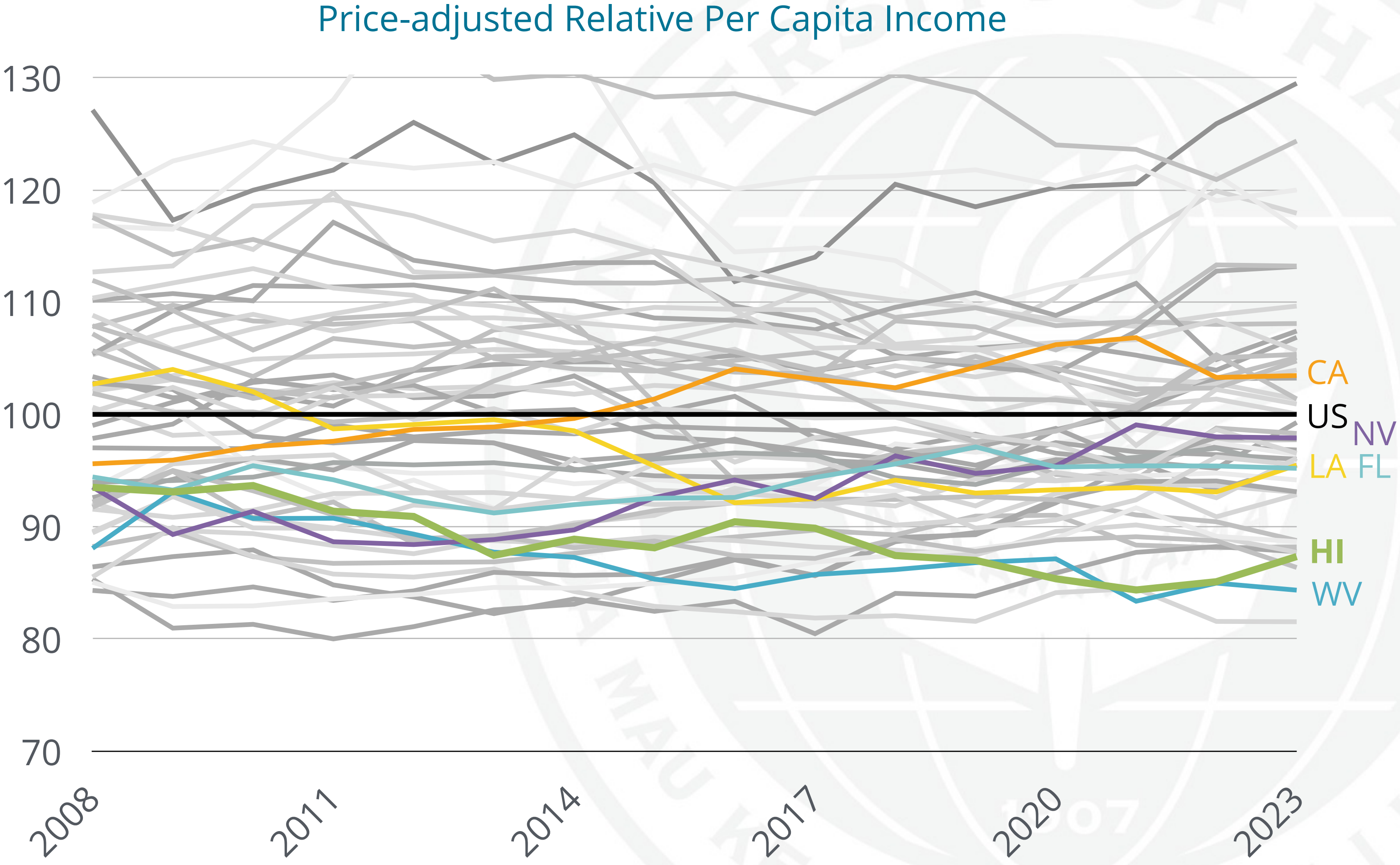
Adjusting per-capita incomes for local prices

Hawai'i falls to the bottom and shares left-behind trend



Source: Author calculations using BEA data.

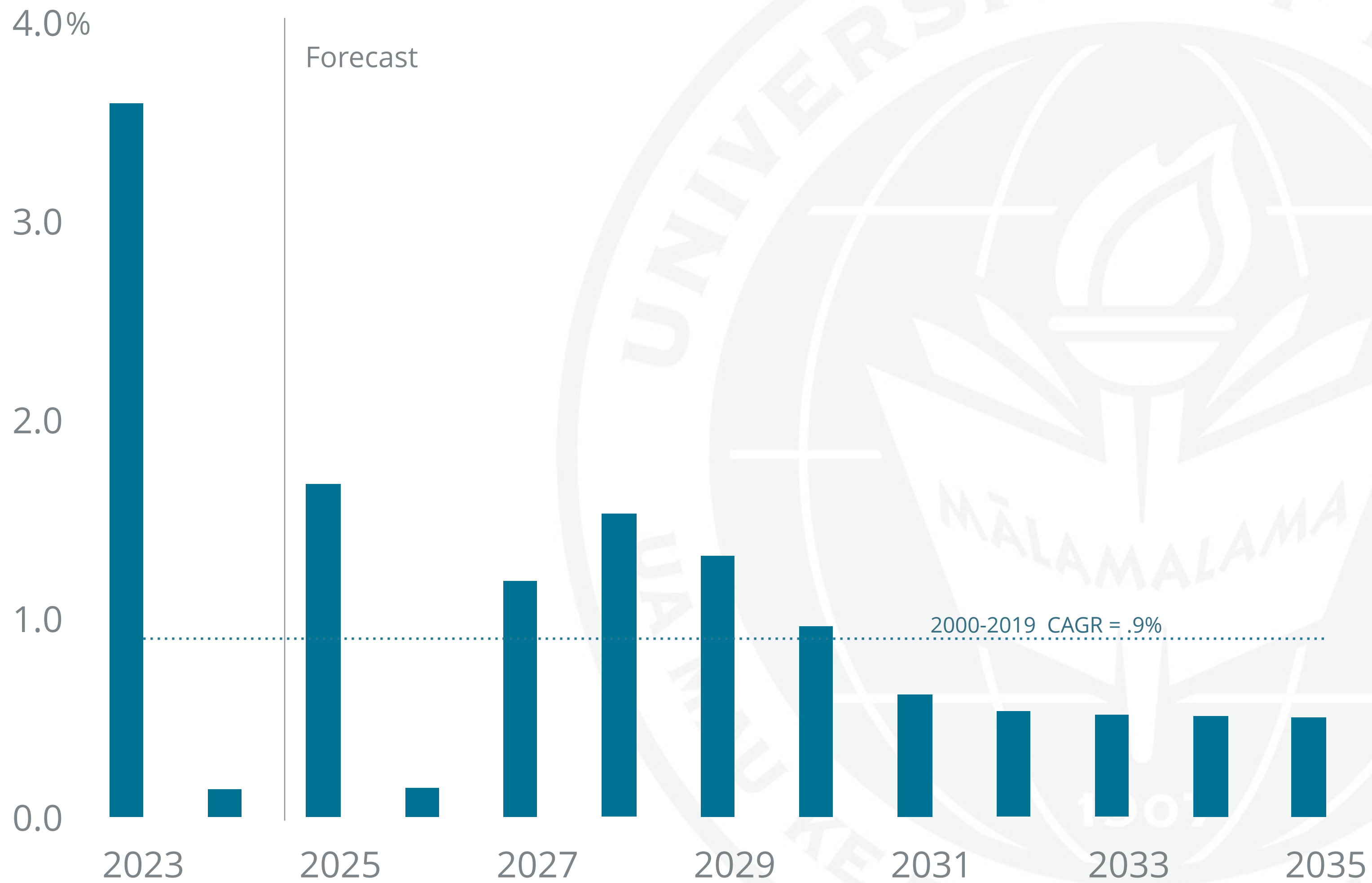
Adjusting per-capita incomes for local prices



Source: Author calculations using BEA data.

Business as usual is not an option

Hawai'i real per capita GDP growth



Source: BEA, Census, BLS, [UHERO forecasts](#).

Addressing low growth requires addressing barriers to growth



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Is water supply
constraining growth?

POTENTIAL OPPORTUNITIES TO DIVERSIFY THE ECONOMY OF HAWAI‘I

JULY 2, 2024



Addressing low growth requires addressing barriers to growth



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JULY 2, 2024



How can the water
supply better facilitate
growth?



Insights

BLOGS



[Immigration Economics](#)

January 31, 2025

By Byron Gangnes Immigrants have always been an important part of America's population. But for just as long there have been concerns about the impact...

[Migration Effects of the Maui Wildfires: Early Indicators from State Tax Filings](#)

January 14, 2025

By Dylan Moore and Baybars Karacaovali (Office of Tax Research and Planning, Hawai'i Department of Taxation)* Executive Summary: An analysis of state income tax filing...

[Maui Wildfire Exposure Study and Registry Workshop](#)

December 23, 2024

By Ruben Juarez and Alika Maunakea Enhancing Resilience: Building Sustainable Health Registries for Disaster-Affected Communities December 4-7, 2024, Lahaina, Maui Workshop Summary, Lessons Learned, and Steps Forward...

[A Honolulu Empty Homes Tax: Impacts on Housing Supply and County Revenue](#)

NEWS



[Carbon Benefits of Agroforestry Transitions on Fallow Agricultural Lands – New UHERO Environment publication in Scientific Reports](#)

February 13, 2025

New UHERO Environment publication in Scientific Reports demonstrates important carbon benefits of transitioning fallow agricultural lands into varying agroforestry systems across Hawai'i.
<https://www.nature.com/articles/s41598-025-87891-y>

[City partners with UHERO to launch Subsidized Housing Tracker](#)

January 16, 2025

Addressing O'ahu's housing shortage and its impact on affordability, the City and County of Honolulu's Office of Housing, in partnership with the University of Hawai'i...

[UHERO's Carl Bonham and Colin Moore on Spotlight Now](#)

January 2, 2025

UHERO Executive Director Carl Bonham and Associate Professor Colin Moore appeared on Hawai'i News Now's Spotlight Now to reflect on the major economic and legislative...

BRIEFS



[Considerations for understanding water availability in West Maui](#)

January 21, 2025

This piece intends to highlight some of the inherent tradeoffs that make managing water in West Maui especially challenging. In particular, subtracting current/authorized use from...

[Wealth by Association? How Social Networks Drive Inequality in Hawaii](#)

April 25, 2024

Studies show that economic connectedness, a poor individual's share of wealthy friends, significantly impacts economic mobility. Hawaii ranks highly in this metric compared to other...

[Taxing Tourists to Generate Revenue to Address the Negative Impacts of Climate Change on Hawai'i Natural Resources](#)

April 5, 2024

There is widespread agreement among Hawai'i residents that the state government needs to spend more money on natural resource stewardship. A critical question is how...

[Brief: Dissolving the Hawaii](#)

FORECASTS



[UHERO Forecast for the State of Hawai'i: Outlook more uncertain as federal policy changes loom](#)

December 13, 2024

Hawaii's economic expansion continues, but slowly. Now the incoming Trump Administration introduces uncertainty. Under the assumption of policy changes that are sharp but limited in...

[UHERO Forecast for the State of Hawai'i: Lagging Maui recovery, slower speed limit for Hawaii growth](#)

September 20, 2024

Hawaii's economic outlook continues to be a story of two economies: a Maui economy that will only gradually recover from its post-wildfire downturn, and the...

[UHERO Forecast for the State of Hawai'i: Expansion intact, but counties poised for slower growth](#)

May 10, 2024

Hawaii's economy will continue to grow, but at a slower pace than in past years. Maui rebuilding and the incremental return of international travelers will...

REPORTS



[Investigating and Tackling Barriers and Needs for Small Business Success in Honolulu](#)

February 3, 2025

This report examines the state of small businesses in Honolulu in 2024, using both quantitative data and qualitative insights to identify key needs, challenges, and...

[Aging and Hawai'i's Generational Economy](#)

December 18, 2024

Hawai'i's population is aging rapidly. By 2035 one in four people will be 65 or older according to the most recent projections. The purpose of...

[One year after the wildfires: Rising poverty and housing instability point to ongoing gaps in assistance](#)

October 8, 2024

The Maui Recovery Survey: Housing & Jobs monitors the housing and economic recovery of fire-impacted households on Maui. This initiative, launched one year after the...

[A Proposal for Real-Time Pricing Tariffs for Large Electricity Customers](#)

PUBLICATIONS



[New Study Reveals Food Insecurity as a Major Driver of Mental Health Challenges in Hawai'i](#)

February 24, 2025

A study published today in Frontiers in Public Health provides a comprehensive examination of how socioeconomic factors, particularly food insecurity, shape mental health outcomes among...

[Carbon benefits through agroforestry transitions on unmanaged fallow agricultural land in Hawai'i](#)

February 12, 2025

There are growing efforts to incorporate agroforestry into ecosystem service incentive programs. Indigenous and other place-based multi-strata agroforestry systems are important conservation and agricultural strategies...

[Co-Production of Knowledge at Sumida Farm Trains a New Generation of Community-Engaged Scientists](#)

May 13, 2024

A collaboration between the University of Hawai'i (UH), Hawai'i Sea Grant, and the fourth generation of Sumida farmers