



**STATE OF HAWAII**  
*KA MOKU 'ĀINA O HAWAII*

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**DBEDT PROJECTS 1.7 PERCENT GROWTH FOR 2026**  
*Hawai'i's Economy Shows Resilience Despite Global Uncertainty*

**FOR IMMEDIATE RELEASE**

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HONOLULU — The Department of Business, Economic Development and Tourism (DBEDT) released its first quarter of 2026 Statistical and Economic Report today. Following estimated growth of 2.6 percent in 2025, DBEDT projects Hawai'i's economy will grow 1.7 percent in 2026 and 1.8 percent for 2027.

Hawai'i's economy remained resilient through 2025 and entered 2026 with solid labor market conditions, rising incomes and continued strength in visitor spending. However, conditions continue to evolve amid federal policy uncertainty and developments in the Middle East. While global factors are expected to have limited direct impacts on Hawai'i, they are part of a broader environment that could indirectly influence the state's economic performance over time. DBEDT continues to monitor these developments.

## **Labor Market Remains Solid**

The civilian labor force totaled 690,050 in December 2025, an increase of 8,050 people (1.2 percent) compared with December 2024. Civilian employment reached 674,700, up 11,850 (1.8 percent) from a year earlier.

The not seasonally adjusted (NSA) unemployment rate for Hawai'i was 2.2 percent in December 2025, 0.6 percentage point lower than the 2.8 percent recorded in December 2024. By comparison, the U.S. NSA unemployment rate was 4.1 percent, 0.3 percentage point higher than the 3.8 percent recorded in December 2024.

Total nonagricultural wage and salary employment in Hawai'i reached 661,800 jobs in December 2025, an increase of 6,600 jobs (1.0 percent) from December 2024. Year-to-date employment was 1.9 percent higher than in 2024.

Among private sector industries, the largest job gains in December 2025 compared to December 2024 occurred in Natural Resources, Mining, and Construction (+3,100 jobs, 7.9 percent), Health Care and Social Assistance (+2,900 jobs, 3.7 percent), and Food Services and Drinking Places (+2,100 jobs, 3.1 percent). In the public sector, state government employment was essentially unchanged (+0.1 percent), local government employment increased by 300 jobs (1.6 percent) and federal government employment declined by 3,400 jobs (9.5 percent).

Overall, Hawai'i's labor market remains firm. Job growth is expected to stabilize, however, as overall economic expansion slows and population growth remains limited.

## **Income Growth Continues While Inflation Moderates**

In the third quarter of 2025, Hawai'i's annualized nominal gross domestic product (GDP) increased by \$6.7 billion, or 5.7 percent, compared with the third quarter of 2024. In the third quarter of 2025, total annualized real GDP (in chained 2017 dollars) increased \$2.0 billion or 2.2 percent from the third quarter of 2024. In the first three quarters of 2025, total annualized real GDP increased \$2.5 billion or 2.7 percent from the same period of the previous year. DBEDT economists project that real GDP growth for 2025 will be 2.6 percent compared to 2024.

Hawai'i's personal income increased in the third quarter of 2025 compared with a year earlier, with most income components rising except Medicaid and state unemployment insurance benefits. Nominal annualized personal income grew \$4.6 billion, or 4.5 percent, in the third quarter. For the first three quarters of 2025, average personal income reached \$107.5 billion, up 5.2 percent from the same period in 2024. Per capita personal income was \$74,830, a 4.6 percent increase from the third quarter of 2024.

Inflationary pressures, as measured by changes in the Honolulu Consumer Price Index for Urban Consumers (CPI-U), eased during the second half of 2025. The Honolulu CPI-U increased 2.3 percent compared to the same period in 2024, below the national

average increase of 2.8 percent. In January 2026, Hawai'i inflation was 2.4 percent. While inflation has moderated, tariff policies and global risks, including potential energy price shocks linked to geopolitical conflicts, remain an important source of uncertainty for 2026.

### **Tax Collections Reflect Strong Consumer Spending**

State general fund tax revenues declined in the first three quarters of 2025 (latest data available) compared with the previous year, reflecting lower income and corporate tax collections.

In the third quarter of 2025, total general fund tax revenues totaled \$2.3 billion, a 14.7 percent decrease from the same quarter of 2024. For the first three quarters of the year, revenues declined 7.1 percent year-over-year.

Consumption-related taxes remained relatively resilient. In the fourth quarter of 2025, General Excise and Use Tax revenues increased 11.0 percent and Transient Accommodations Tax revenues increased 2.9 percent. Similarly, in January 2026, General Excise and Use Tax revenues increased 5.8 percent and Transient Accommodations Tax revenues increased 8.6 percent, both with respect to January 2025. In the fourth quarter of 2025, individual income tax revenues declined 7.8 percent and corporate income tax revenues fell significantly, reflecting reduced personal income tax rates and volatility in business earnings.

These mixed trends suggest that consumer spending remains solid even as income and corporate tax collections fluctuate.

### **Visitor Spending Grows Despite Decline in Arrivals**

Total visitor arrivals by air declined 3.2 percent in the fourth quarter of 2025 compared with the same quarter of 2024, largely due to a decrease in domestic travel. International arrivals increased slightly but remained below pre-pandemic levels in several markets.

Despite fewer arrivals, visitor spending continued to grow. Visitor expenditures by air reached \$5.6 billion in the fourth quarter of 2025, an increase of 8.5 percent compared with the same quarter of the previous year. Total visitor by air spending for 2025 reached \$21.7 billion, up 5.8 percent from 2024. Hotel occupancy also improved modestly, averaging 73.0 percent in the fourth quarter of 2025. These trends suggest that visitor spending per trip remained strong even as overall visitor volumes fluctuated.

More recent data indicate continued strength in early 2026. In January 2026, Hawai'i recorded 874,358 visitor arrivals, including 858,693 arrivals by air and 15,665 arrivals by cruise ship. Visitor arrivals by air increased 11.1 percent compared with January 2025, while visitor days by air rose 7.2 percent over the same period. Expenditures by air

visitors totaled \$2.3 billion in January 2026, 19.1 percent higher than the \$1.9 billion recorded in January 2025.

### **Construction Activity Continues**

Construction employment increased significantly, rising by 2,700 jobs, or 6.9 percent, in the fourth quarter compared with a year earlier. Government contracts awarded increased 24.7 percent in the fourth quarter of 2025 while capital improvement spending declined slightly during the quarter. The value of residential permits for 2025 was up 3.1 percent and the value of commercial and industrial permits increased 26.7 percent compared to 2024.

Housing market conditions showed mixed trends in the fourth quarter of 2025. Purchases by local and mainland buyers increased, while purchases by foreign buyers decreased significantly. The median price of single-family homes in Honolulu increased modestly while condominium prices declined. In February 2026, the median prices for both single-family homes and condominiums increased by 1.7 percent to \$1.2 million and 1.2 percent to \$500,000, respectively.

### **Global Economy Expands but Uncertainty Persists**

The U.S. economy continued to expand in 2025, supported by resilient consumer spending and business investment. Based on data from the U.S. Bureau of Economic Analysis (BEA), U.S. real GDP grew about 2.2 percent in 2025 compared with 2024, indicating continued but tempered expansion. According to the March 2026 Blue Chip Economic Indicators, the U.S. economy is projected to grow at 2.5 percent in 2026 and 2.1 percent in 2027.

Growth prospects for major international economies remain more moderate. Some Asian economies are benefiting from strong demand for technology and semiconductor products, while parts of Europe continue to face elevated recession risks. Overall, the global economy is expected to continue expanding, though uncertainty remains elevated due to geopolitical developments, changing trade policies and evolving monetary policies.

### **Forecast Summary: Moderate Growth Expected During the 2026–2029 Forecast Period**

DBEDT expects Hawaii's economy to continue expanding during the 2026–2029 forecast period. Following estimated real GDP growth of 2.6 percent in 2025, the economy is projected to grow about 1.7 percent in 2026 and increase to 1.9 percent in 2029, reflecting gradual growth in visitor activity, continued expansion in service industries and lower inflation.

Honolulu's Consumer Price Index (CPI-U) is projected to increase to 2.8 percent in 2026 and to decline to 2.3 percent in 2029 as price pressures stabilize. Employment is

expected to expand steadily, with non-agricultural wage and salary jobs increasing from about 651,200 in 2025 to roughly 672,900 by 2029, while the civilian unemployment rate is forecast to remain low at around 2.4 to 2.6 percent over the forecast horizon. Personal income is projected to grow from about \$107.7 billion in 2025 to roughly \$127.6 billion by 2029, while real personal income will increase at stable rates as inflation pressures ease.

Visitor arrivals are forecast to rise gradually, increasing 0.8 percent in 2026 and 0.9 percent each year in 2027, 2028 and 2029. Visitor expenditures are also expected to grow steadily, by 2.6 percent in 2026 to 2.9 percent each year in 2027 and 2028 and 2.8 percent in 2029.

The full report is available at [dbedt.hawaii.gov/economic/qser/](https://dbedt.hawaii.gov/economic/qser/).

### **Statement from DBEDT Director James Kunane Tokioka**

Hawai'i's economy continues to demonstrate resilience, supported by a solid labor market, rising personal incomes, continued construction activity and steady visitor spending. At the same time, the pace of economic expansion is expected to moderate in the near term as federal policy and global economic conditions evolve.

Despite these challenges, Hawai'i remains well positioned for stable growth in the years ahead. Visitor spending remains robust and the state's December unemployment rate was the lowest in the nation. Construction activity will continue to grow due to government contracts as well as residential projects, including the thousands of units in the state's affordable housing pipeline. Looking ahead, DBEDT expects moderate but sustained economic growth as visitor activity gradually increases, inflation pressures ease and business growth continues across several sectors of the economy.

DBEDT will continue to closely monitor national and international developments and provide timely economic analysis to help policymakers, businesses and local communities make informed decisions about Hawai'i's economic future.

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**ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII:  
2024 TO 2029**

Economic Indicators	2024	2025 1/	2026	2027	2028	2029
	Actual		Forecast			
Total population (thousands) 2/	1,435	1,433	1,433	1,435	1,437	1,439
Visitor arrivals (thousands) 3/	9,701	9,643	9,725	9,816	9,908	10,002
Visitor days (thousands) 3/	84,516	83,745	84,167	84,807	85,478	86,169
Visitor expenditures (million dollars) 3/	20,720	21,863	22,422	23,065	23,736	24,395
Honolulu CPI-U (1982-84=100)	340.2	348.9	358.7	367.7	376.6	385.3
Personal income (million dollars)	102,704	107,717	112,482	117,359	122,405	127,628
Real personal income (millions of constant 2017\$)	75,593	77,195	78,676	80,185	81,729	83,297
Non-agricultural wage & salary jobs (thousands)	639.0	651.2	656.7	662.7	667.8	672.9
Civilian unemployment rate (%)	3.0	2.6	2.6	2.5	2.5	2.4
Gross domestic product (million dollars)	117,627	124,172	129,789	135,403	141,419	147,583
Real gross domestic product (millions of chained 2017\$)	91,878	94,280	95,897	97,576	99,411	101,275
Gross domestic product deflator (2017=100)	128.0	131.7	135.3	138.8	142.3	145.7
Annual Percentage Change						
Total population	0.0	-0.1	0.0	0.1	0.1	0.1
Visitor arrivals	0.5	-0.6	0.8	0.9	0.9	0.9
Visitor days	-2.2	-0.9	0.5	0.8	0.8	0.8
Visitor expenditures	-0.7	5.5	2.6	2.9	2.9	2.8
Honolulu CPI-U	4.4	2.6	2.8	2.5	2.4	2.3
Personal income	5.9	4.9	4.4	4.3	4.3	4.3
Real personal income	3.0	2.1	1.9	1.9	1.9	1.9
Non-agricultural wage & salary jobs	1.1	1.9	0.9	0.9	0.8	0.8
Civilian unemployment rate 4/	0.1	-0.4	0.0	-0.1	0.0	-0.1
Gross domestic product	5.3	5.6	4.5	4.3	4.4	4.4
Real gross domestic product	2.5	2.6	1.7	1.8	1.9	1.9
Gross domestic product deflator	2.7	2.9	2.8	2.5	2.5	2.4

1/ Some of the indicators are preliminary or estimated such as visitor expenditures, personal income and gross domestic product.

2/ July 1 count.

3/ Visitors who came to Hawai'i by air and by cruise ship. Expenditures includes supplementary business expenditures.

4/ Absolute change from previous year.

Source: Hawai'i State Department of Business, Economic Development and Tourism, March 12, 2026.