



UHERO

THE ECONOMIC RESEARCH ORGANIZATION  
AT THE UNIVERSITY OF HAWAII

BEFORE THE IRAN WAR:  
HAWAII MOVES BEYOND RECESSION,  
BUT SLOWLY

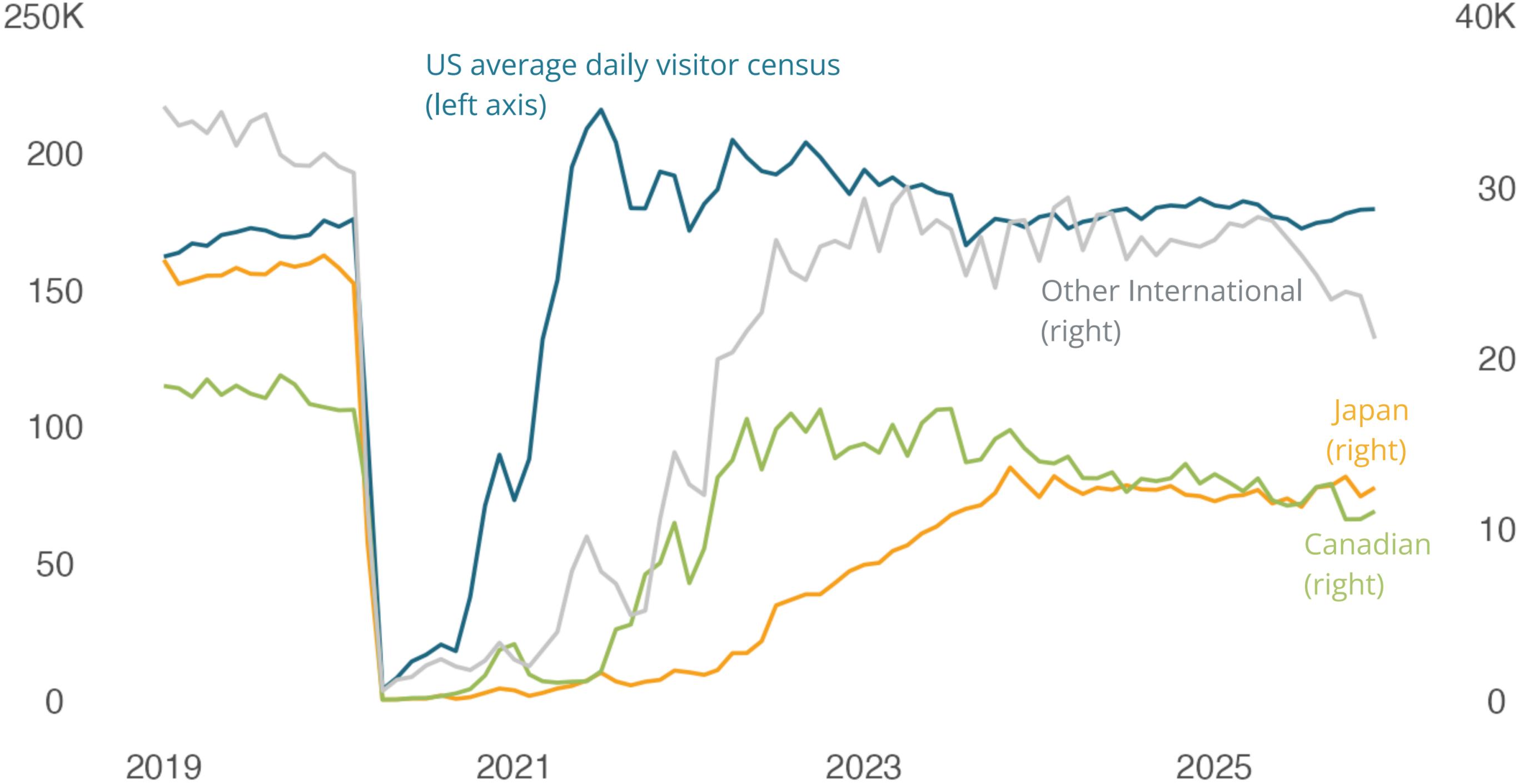
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PROFESSOR, DEPARTMENT OF ECONOMICS

MAUI COUNCIL BFED COMMITTEE  
MARCH 25, 2026

Received at BFED meeting on 03/25/2026.

# Hawai'i outlook relies on US economy, now more than ever

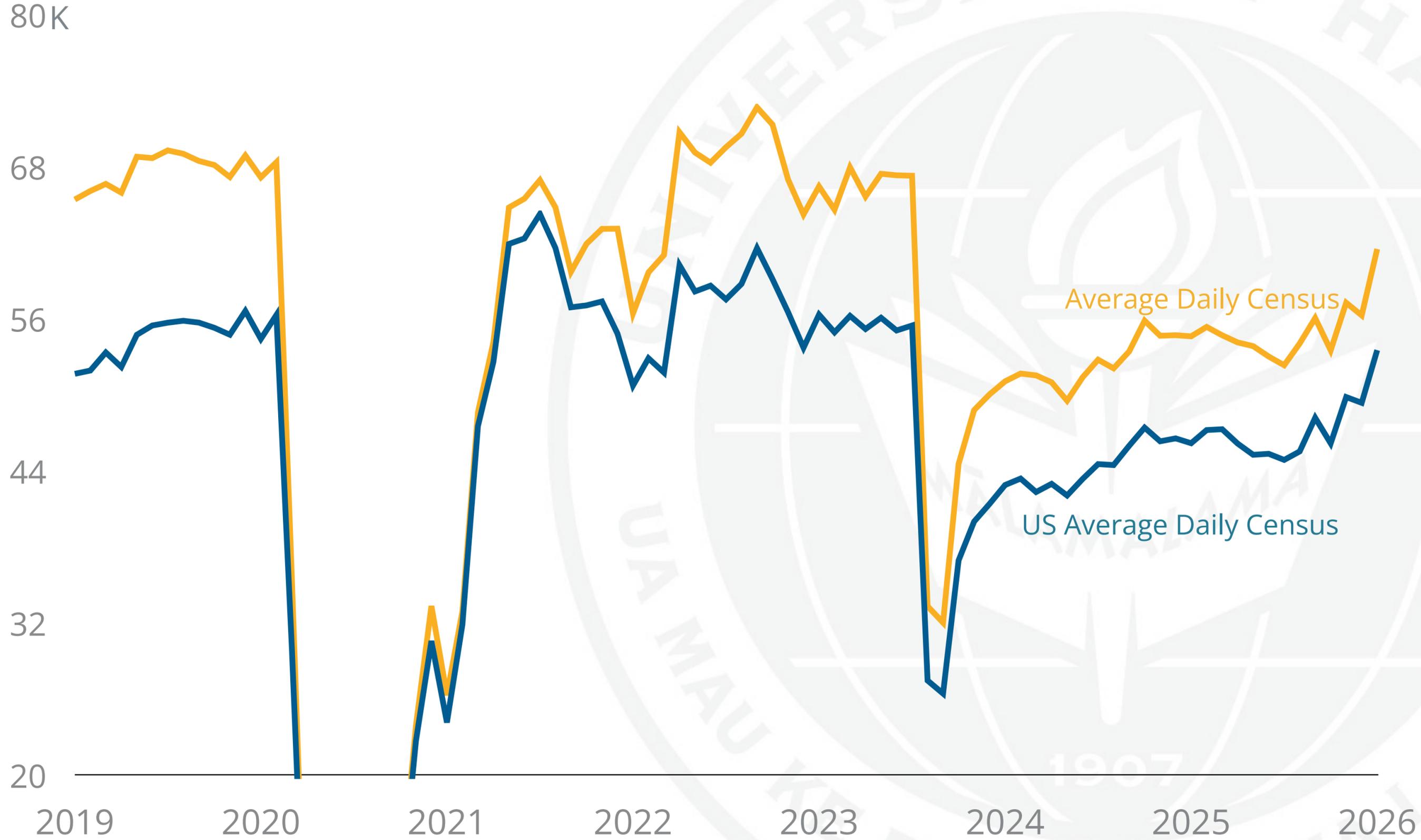
US visitors contribute almost 80% of spending as International visitors stay home



Source: UHERO.data, DBEDT.

# Maui outlook relies on US economy, now more than ever

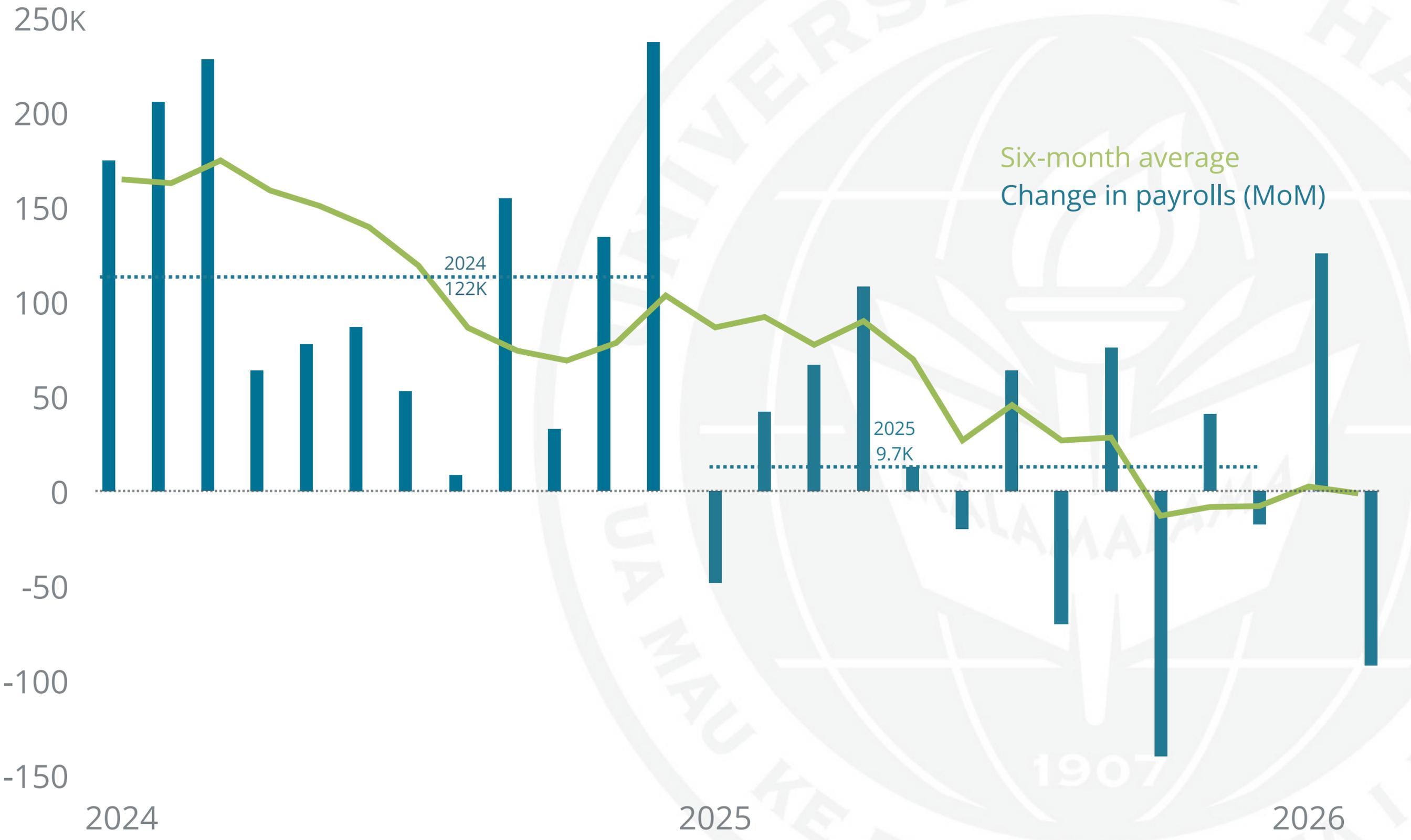
87% of Maui visitors are US visitors



Source: DBEDT, UHERO.data.

# Yet US economic resilience is being tested

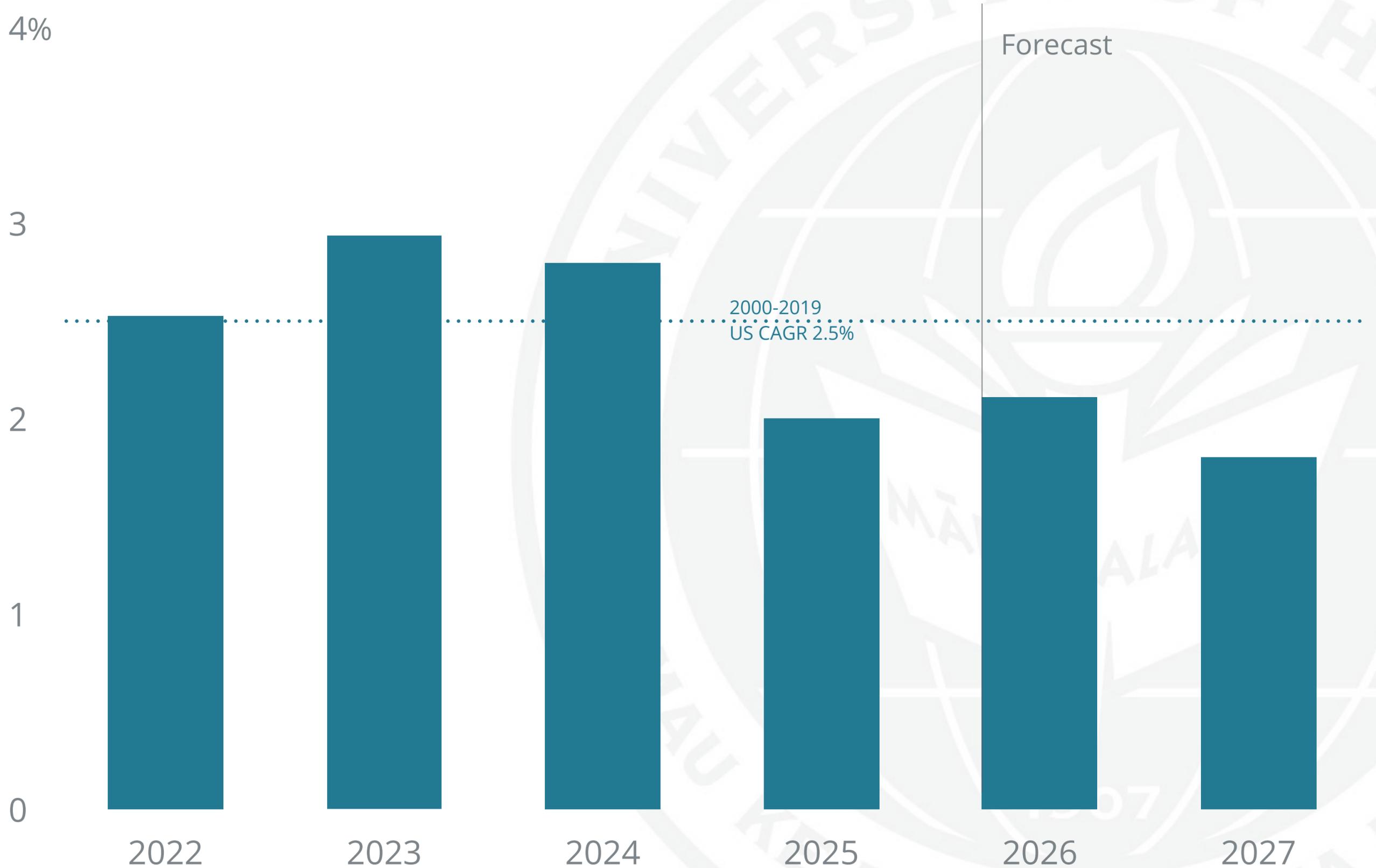
monthly change in US non farm payroll jobs



Source: UHERO.data, BLS.

# Wealthy consumers and AI investment power GDP growth

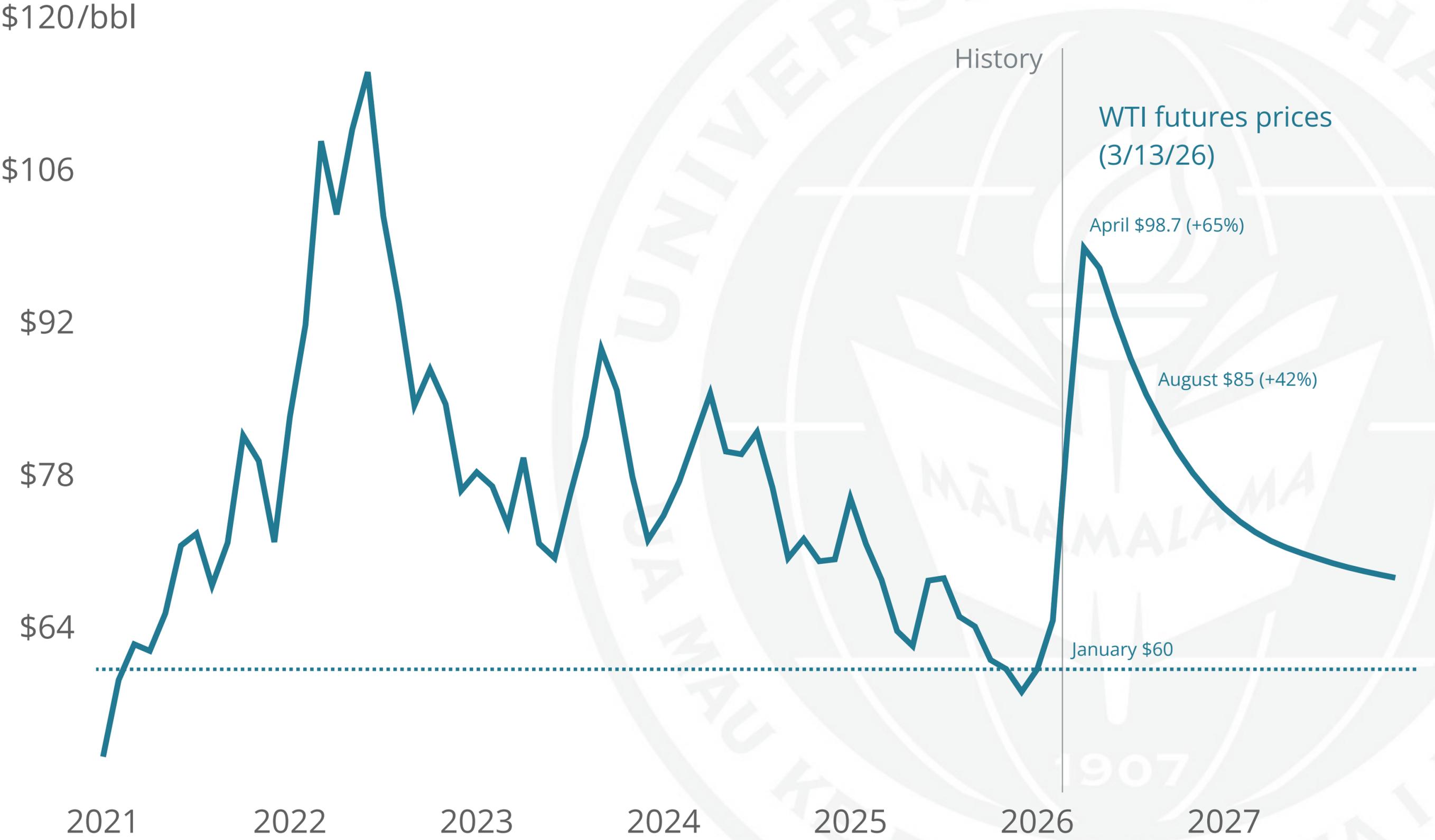
US economic growth has proven resilient, yet below potential



Source: UHERO forecasts.

# Oil Prices surge— April contracts up 60% vs January

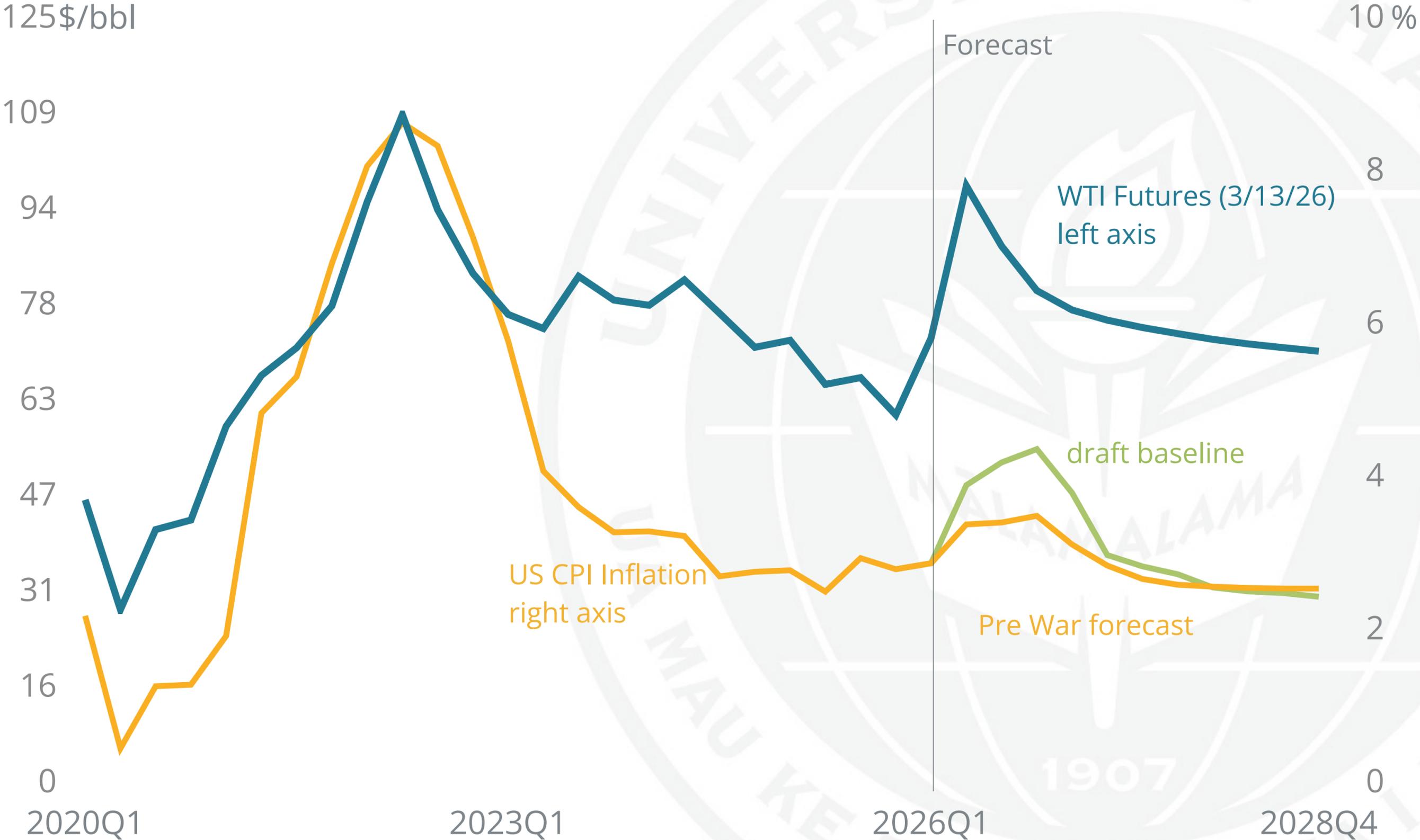
traders continue to bet on quick reopening of Strait of Hormuz



Source: UHERO.data, CME Group CL price.

# Even a 4-6 week closure will raise inflation for rest of the year

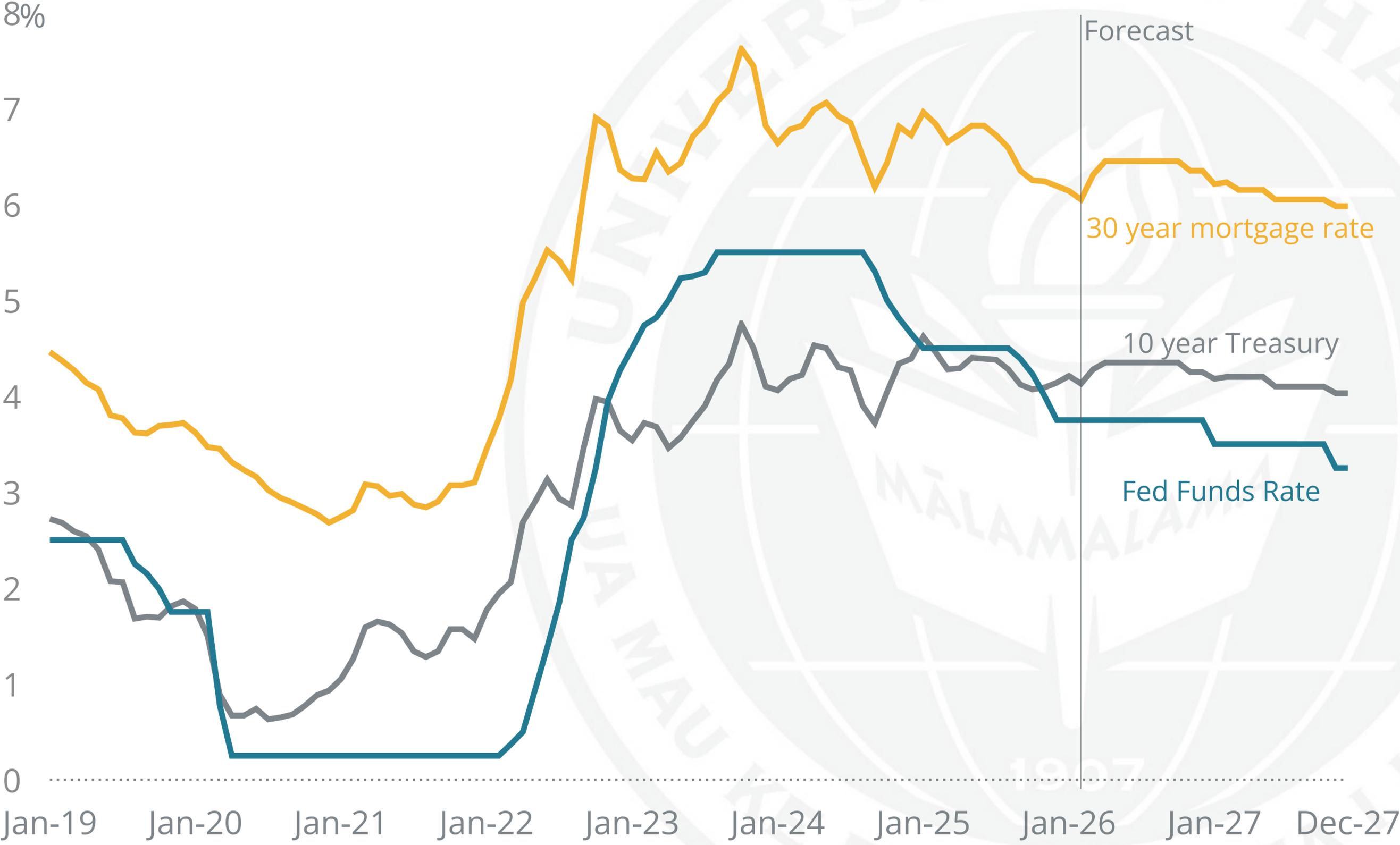
and reinforce the FED pause



Source: Federal Reserve Board, UHERO.data.

# Even a four week closure will raise inflation for rest of the year

and rates are rising even with FED pause



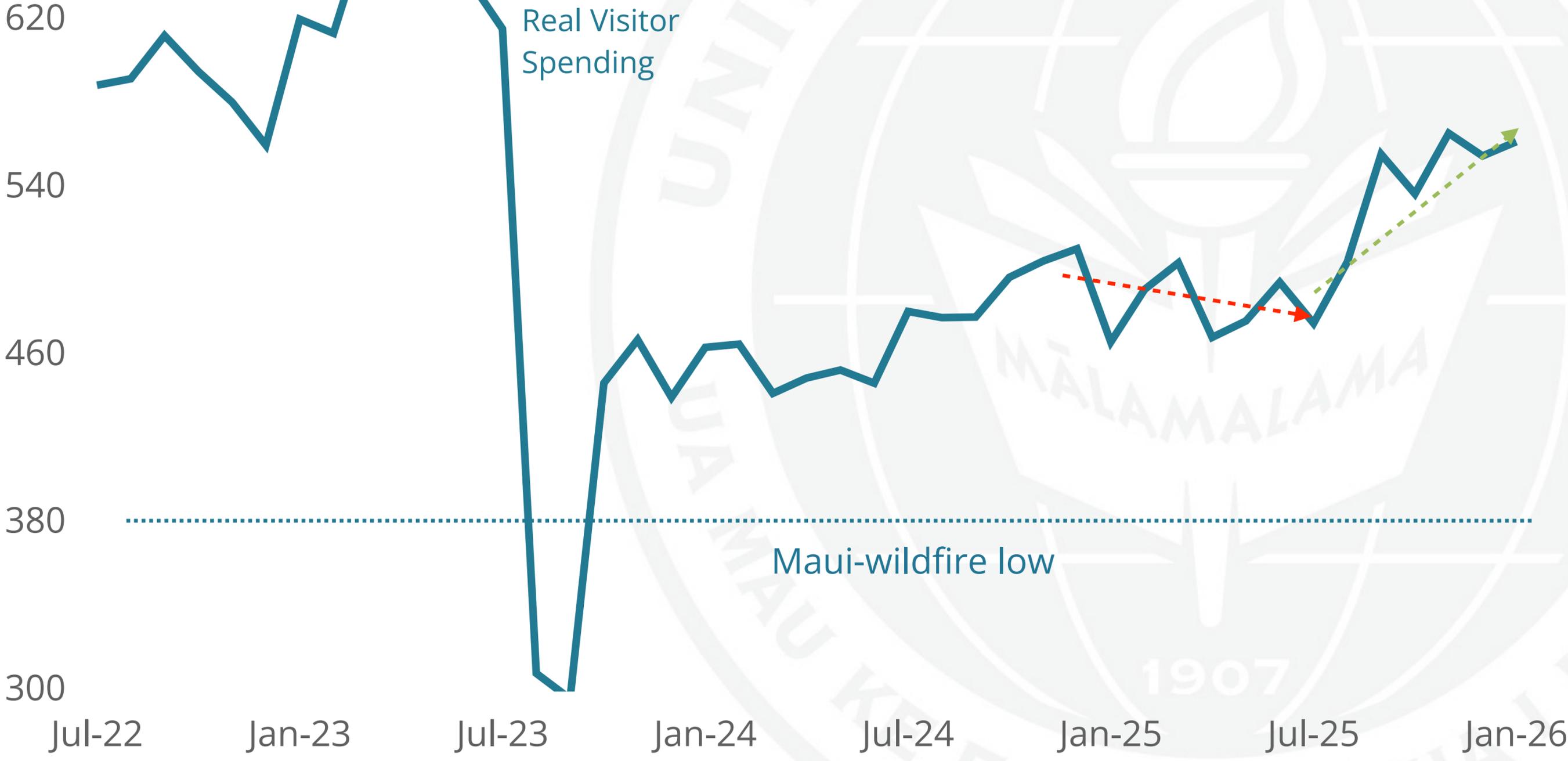
Source: Federal Reserve Board, UHERO.data.

# Looking back: Narrow visitor spending gains end tourism stall

High-spending visitors have saved an otherwise weak tourism picture

700M \$2025

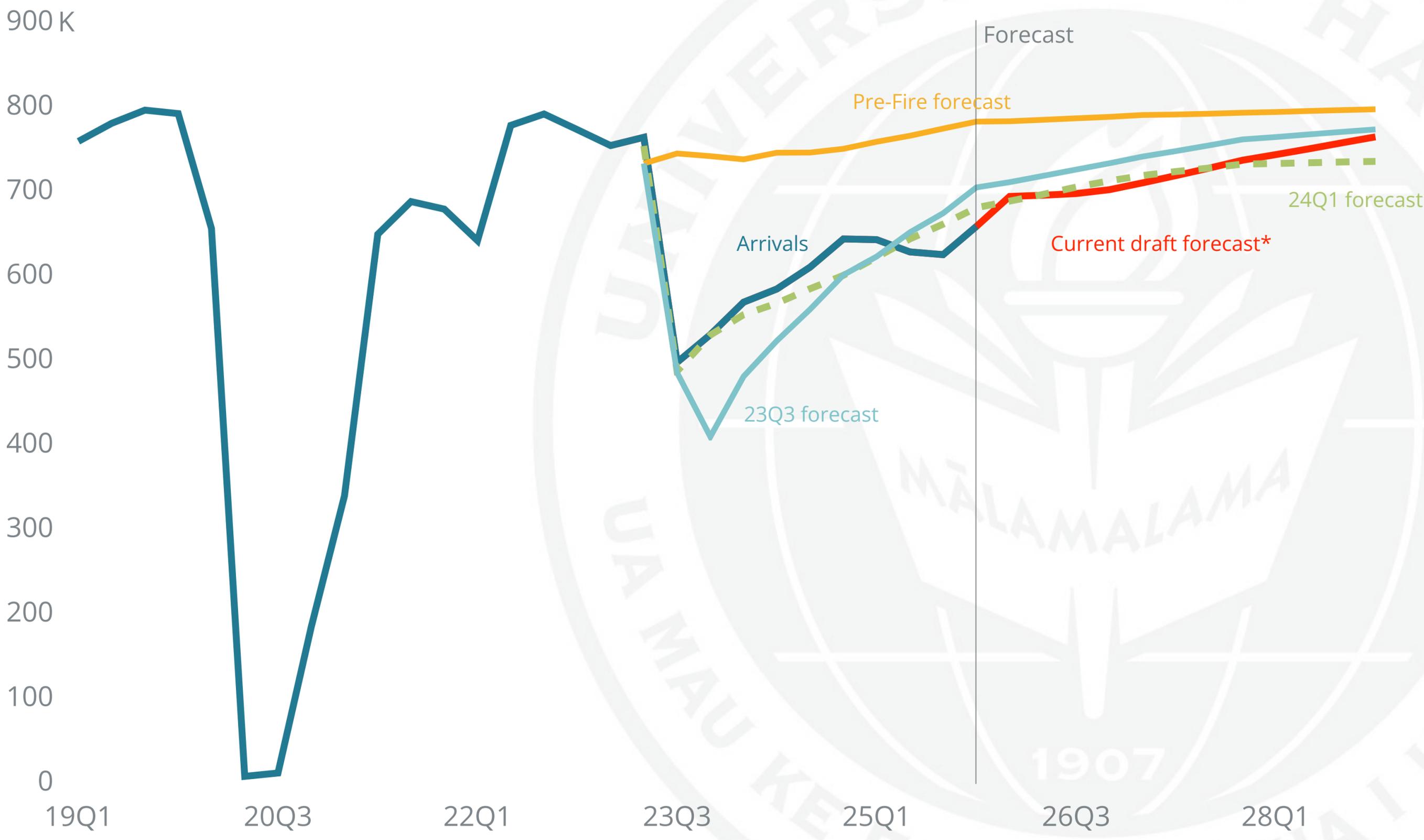
Maui County  
Real Visitor  
Spending



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

# Maui County Visitor forecast without Bill 9 impacts

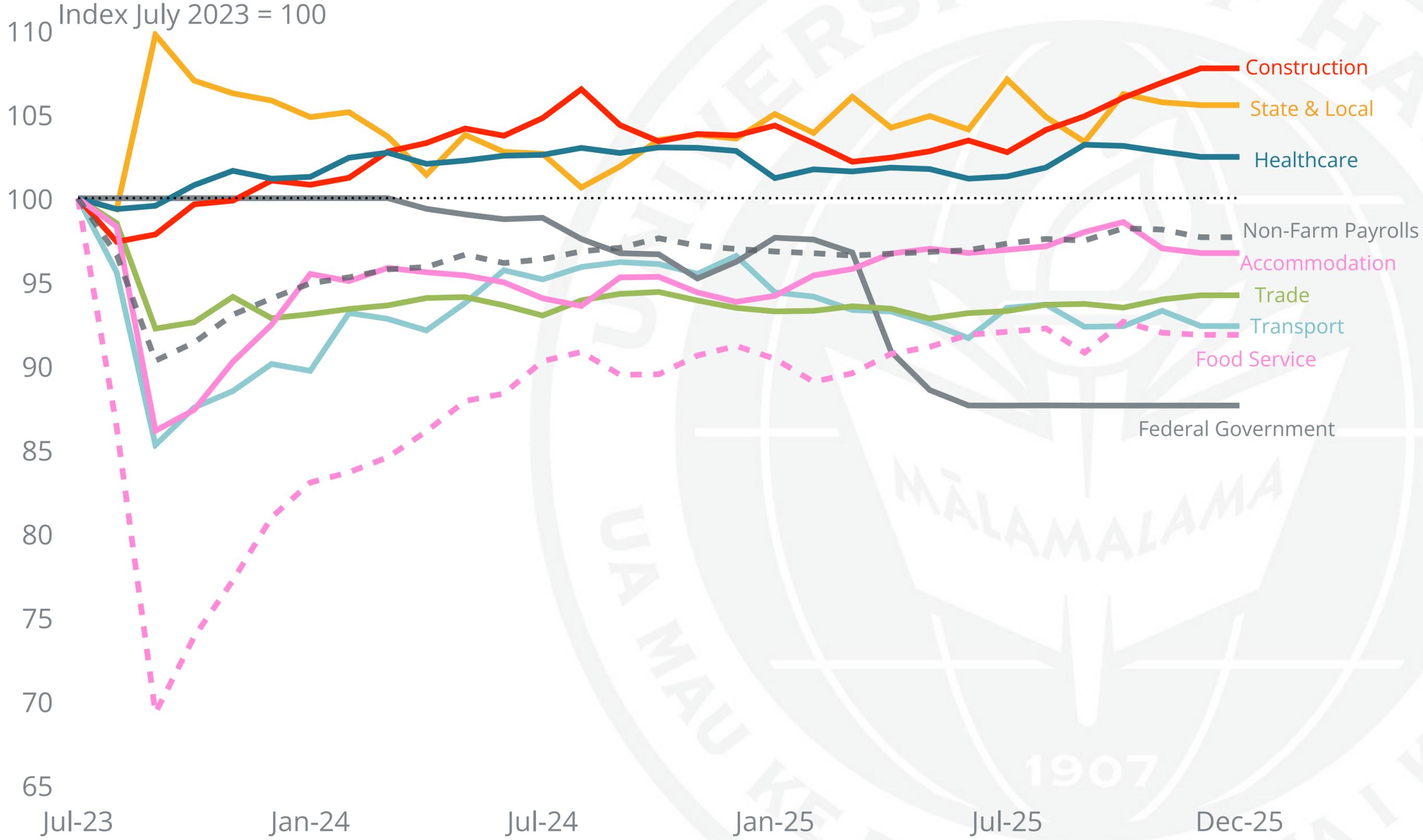
after initial pessimism, forecasts have converged on prolonged recovery



Source: DBEDT, UHERO forecasts, \* current forecast ~26Q1 forecast adjusted for January arrivals but not oil price shock.

# While payroll jobs remain well below pre-fire levels

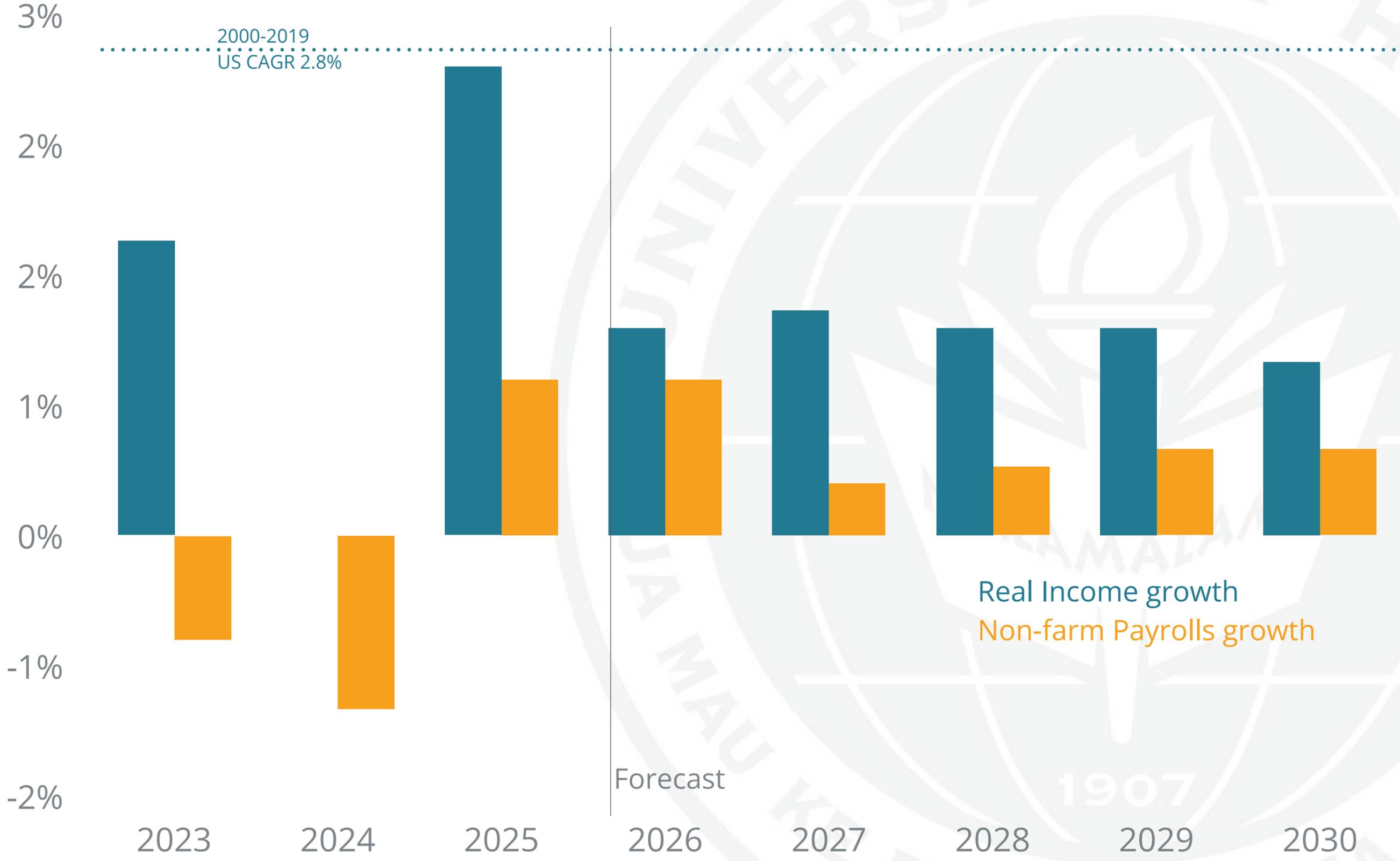
payrolls by sector vs July 2023



Source: DBEDT, UHERO forecasts, \* current forecast ~26Q1 forecast adjusted for January arrivals but not oil price shock.

# Sub-par growth is inevitable without population gains

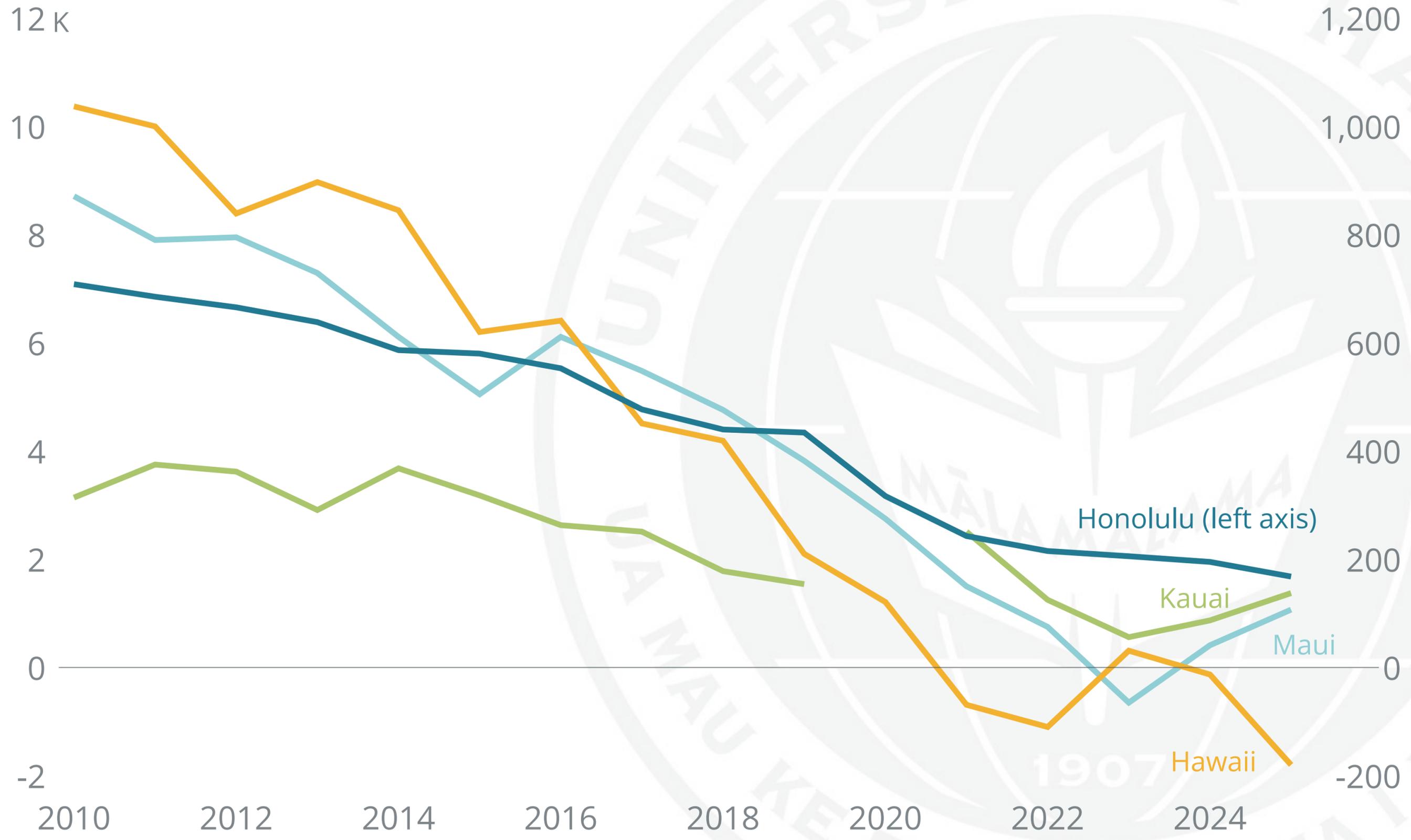
With minimal labor market growth income gains will underperform



Source: UHERO forecasts.

# Long term risk comes from demographics

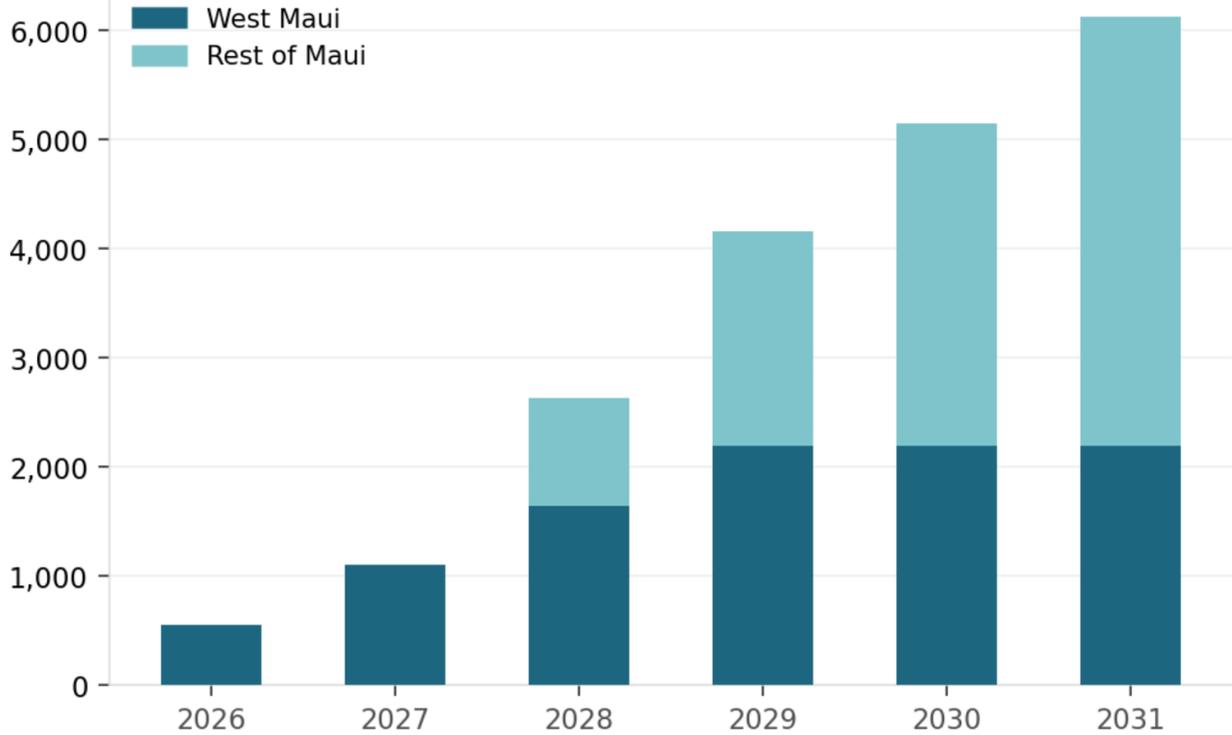
natural population change has fallen to near zero



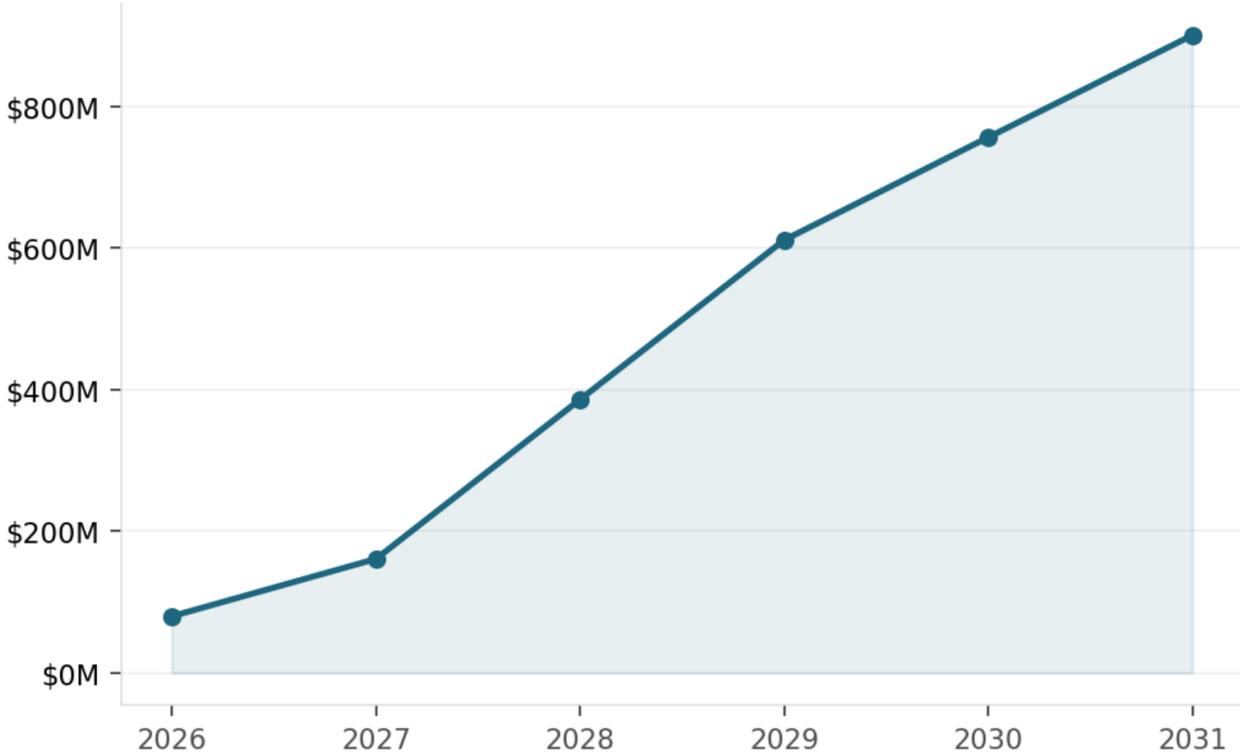
Source: DOH, UHERO, 2025 estimate based on year-to-date births and deaths.

# And risk of spending, jobs and revenue losses as Bill 9 binds

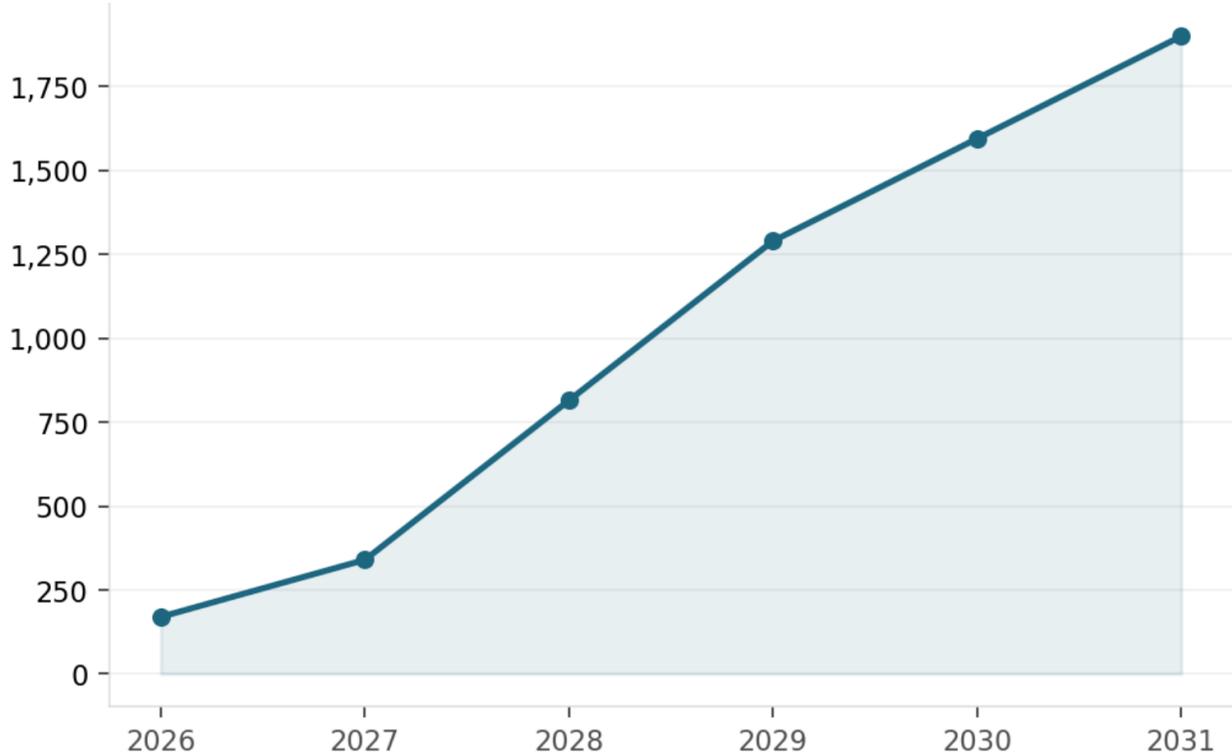
**Potential reduction in TVR supply if units exit as deadlines loom (cumulative)**



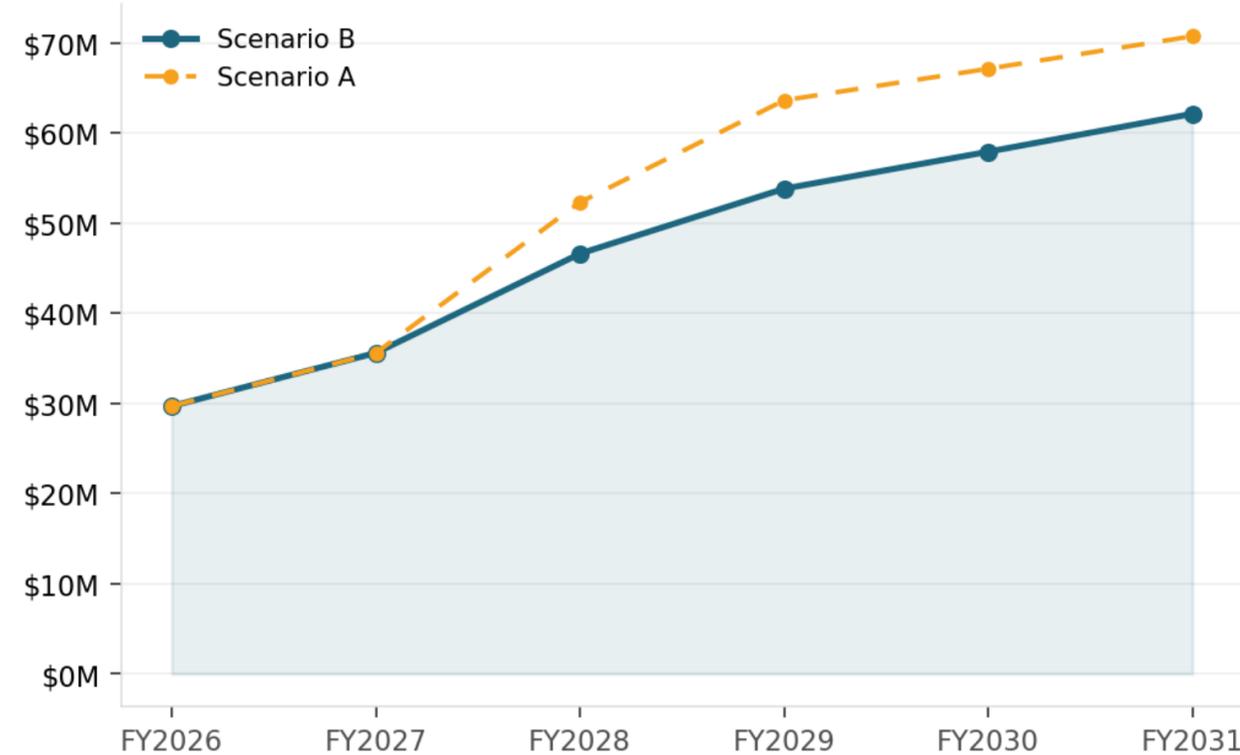
**Potential visitor spending loss (\$M)**



**Potential job impacts**

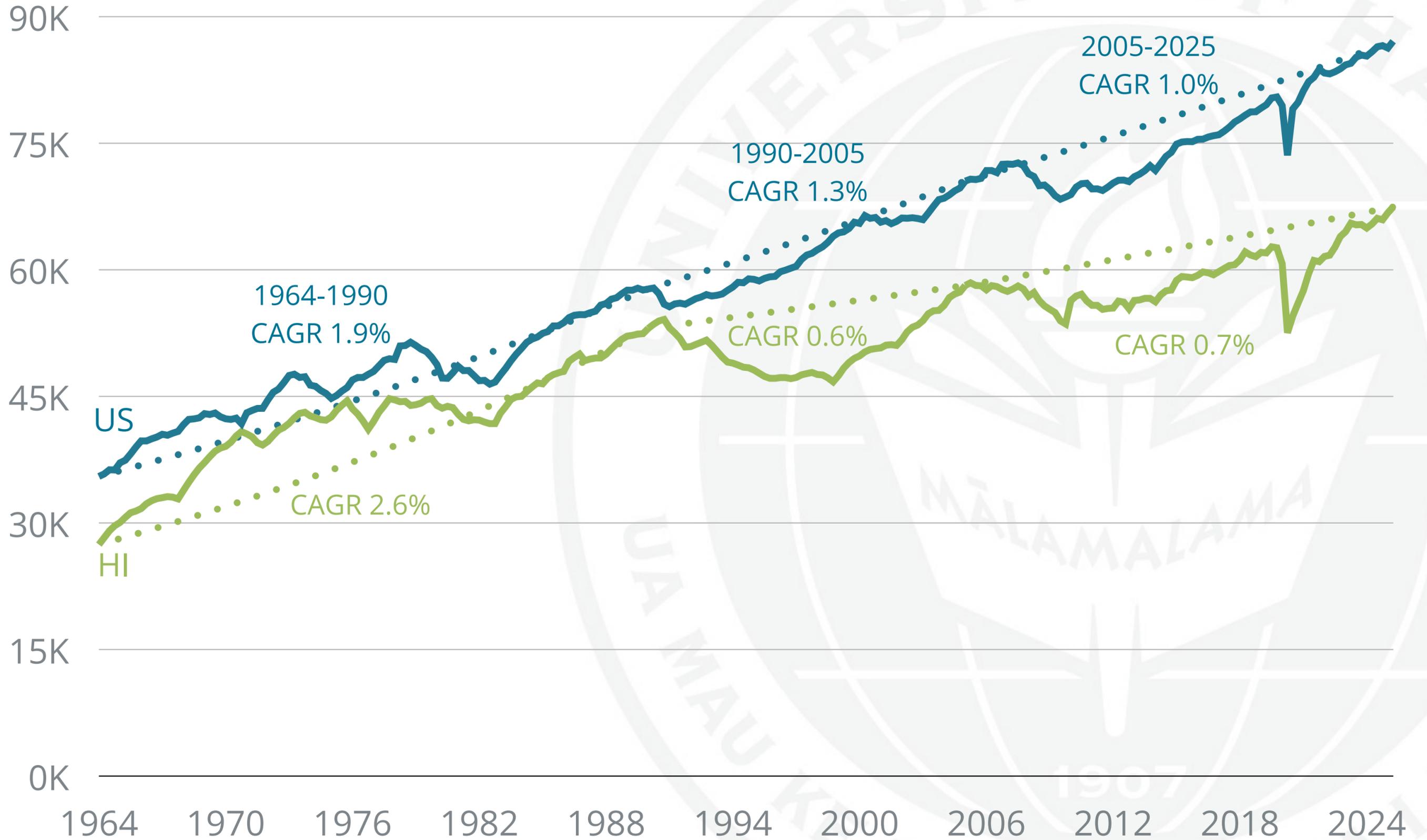


**Potential RPT revenue loss vs. \$116M baseline (\$M)**



# Longer term prospects: Is Hawai'i Being Left Behind?

Hawai'i's Cost of Living-adjusted GDP per capita fell behind the US in 90s



Source: Is Hawaii Being Left Behind, Steven Bond-Smith.

# Insights

## INSIGHTS

## BRIEFS

## FORECASTS

## REPORTS

## PUBLICATIONS

### [Beyond the hype: What research shows about the value of college in the AI era](#)

January 22, 2026

By Rachel Inafuku and Steven Bond-Smith  
Does a college education still provide significant labor market advantages in the Artificial Intelligence (AI) era? Many observers argue...

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### [How Do Industry Views of Tourism in Hawai'i Compare with Residents and Visitors?](#)

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By Colin Moore, Frank Haas, and John Knox Read the full report. Public debate about tourism in Hawai'i is often cast in binary terms, either...

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September 6, 2025

By Byron Gangnes A little less than a year ago, I published a post explaining why the US economy was clearly NOT in a

### [The Vulnerability of Hawai'i's Nonprofit Sector to Cuts in Federal Funding](#)

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Hawai'i's nonprofit sector is facing budget cuts and program changes that could disrupt essential services statewide. A new analysis by UHERO and the Hawai'i Community...

### [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

### [UHERO Forecast for the State of Hawai'i: Mild recession and weak recovery in 2026](#)

December 12, 2025

Hawaii's economy continues to edge into a mild recession. A tourism downturn is now underway, and job losses will occur in a number of sectors...

### [UHERO Forecast for the State of Hawai'i: Deteriorating US outlook weighs on Hawaii prospects](#)

September 26, 2025

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...

### [UHERO Forecast for the State of Hawai'i: Federal policies push Hawaii toward mild recession](#)

May 9, 2025

Hawaii's economic outlook has taken a decisive turn for the worse, as expansive federal policy shifts look poised to tip the local economy into a...

### [UHERO Forecast for the State of Hawai'i: Federal cuts raise risk of Hawaii downturn](#)

February 28, 2025

Hawaii's economic growth is threatened by federal disruptions. While tax cuts may provide some stimulus this year, the Administration's actions—including tariffs, mass deportations, and spending...

### [Beyond the price of paradise: Is Hawai'i being left behind?](#)

February 1, 2026

By Steven Bond-Smith and Erich Schwartz Hawai'i is one of the most desirable—and most expensive—places to live in the world. But for 23 of the...

### [Recovery Through a Disability Lens: Impacts of the 2023 Maui Wildfires on Disability Equity and Shared Prosperity](#)

November 13, 2025

The August 2023 Maui wildfires devastated homes, disrupted livelihoods, and reshaped entire communities. For many Maui residents with disabilities, life after the fires has been...

### [Economic Impact of the City and County of Honolulu's Department of Environmental Services on the State of Hawai'i in Fiscal Year 2024](#)

October 21, 2025

The Department of Environmental Services (ENV) provides essential wastewater and solid waste services for the City and County of Honolulu, and its operations and capital...

### [Enduring Impacts of the November 2021 Red Hill Fuel Spill: Health, Social, Economic, and Trust Implications](#)

October 15, 2025

This report presents findings from a follow-up survey conducted in July 2023—

### [New MauiWES Study Published in JAMA Network Open](#)

August 6, 2025

A new paper in JAMA Network Open, a journal of the American Medical Association, led by Dr. Ruben Juarez, Dr. Alika Maunakea, Dr. Daniela Bond-Smith,...

### [Publication: Shadows and Donuts: The Work-From-Home Revolution and The Performance of Cities](#)

August 1, 2025

In this article, we set out the relationships between the behavioral and spatial responses to working from home. The analytical framework centres explicitly on the...

### [Publication: Vog: Using Volcanic Eruptions to Estimate the Impact of Air Pollution on Student Test Scores](#)

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We pair variation stemming from volcanic eruptions with the census of Hawai'i's public schools' student test scores to estimate the impact of PM2.5 and SOM2...

### [Publication: Rural health disparities: Evidence from Hawai'i](#)

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This article examines how rurality contributes to health disparities in the Hawaiian Islands using data from the June 2023 wave of a statewide health survey...

How New Mass Transit Affects