Hawaii's economy remained healthy. Unemployment ranked third lowest in the nation, which together with steady population growth and a very attractive climate, continued to drive demand for housing. Home affordability remained a concern as average home prices were well above pre-crisis highs, with the latest year-over-year increase ranking sixth highest in the nation. Per Zillow, the state consistently had the highest home price-to-rent ratio in the nation for over the past five years. While housing permits have been slow to pick up, Moody’s Analytics expects permits and construction (both single-and multi-family) to climb sharply in the next two to three years.

Hawaii’s commercial banks continued to perform well. The average return on assets ratio was in line with the nation. Loan growth during 2016 ranked among the top ten states and exceeded pre-financial crisis levels, but showed signs of slowing. Asset quality, as reflected in the average nonperforming assets to total assets ratio, ranked the best in the nation. Noncore funding dependence increased due to declining levels of short-term investments.

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**Key Economic Metrics** (ranking #1 = highest in the nation)

<table>
<thead>
<tr>
<th>Year-over-Year Job Growth: 1.3%</th>
<th>Unemployment: 2.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-over-Year Home Price Growth: 9.4%</td>
<td>Housing Permit Volume: 2,183</td>
</tr>
</tbody>
</table>

**Year-over-Year Job Growth: 1.3%**

- **Rank:** #24
- **Hawaii:** 1.3%
- **Nation:** 1.6%

**Unemployment: 2.9%**

- **Rank:** #48
- **Hawaii:** 2.9%
- **Nation:** 4.7%

**Year-over-Year Home Price Growth: 9.4%**

- **Rank:** #6
- **Hawaii:** 9.4%
- **Nation:** 7.0%

**Housing Permit Volume: 2,183**

- **Rank:** #33
- **Hawaii:** 2,183
- **Nation:** 747,350

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*Source: Bureau of Labor Statistics*  
*Source: Federal Housing Finance Agency*  
*Source: Census Bureau*
**Key Banking Metrics** (averages across banks; ranking #1 = highest in the nation)

**Year-to-Date Return On Assets: 0.89%**
Rank: #14

**Year-over-Year Net Loan Growth: 9.5%**
Rank: #9

**Nonperforming Assets / Total Assets: 0.12%**
Rank: #50

**Total Risk-Based Capital: 14.2%**
Rank: #43

**CRE Concentration: 149%**
Rank: #24

**Net Noncore Funding Dependence: 13.8%**
Rank: #19

Source: Call Report data for commercial banks based upon headquarters location. Averages are calculated on a “trimmed” basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets and net noncore funding dependence which display the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude "De Novo" banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were five for the state and 5,082 for the nation.

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