NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

News Release

Release 01-15

Total Economic Impact Generated by NELHA's HOST Park Surges to Over $120 million Annually.

KAILUA-KONA – An analysis of the economic impact of NELHA's Hawaii Ocean Science and Technology Park (HOST Park) at Keahole Point found that total economic impact of the park has surged by 40 percent between 2010 and 2013. The Economic Research Organization at the University of Hawaii (UHERO) completed the report for NELHA.

Total expenditures from the businesses at NELHA were $99 million dollars, of which about $72 million were paid to Hawaii entities in 2013. UHERO completed a similar study several years ago using 2010 data. The 2013 data represents an increase in total expenditures of $18 million or 22% and an increase of in-state expenditures by $22 million or 45 percent.

On a broader level, using type II multipliers from the State's input-output model, UHERO estimated the total economic output to the greater Hawaii economy was $123 million dollars. That represents an increase of 40% between 2010 and 2013. State tax revenue generated by NELHA sales also grew to $5.0 million dollars in 2013. The analysis also found that not only do NELHA businesses employ hundreds of people but also that their expenditures contribute to the total of 617 jobs in the larger Hawaii economy in 2013.

"This data reflects pent-up demand from the great recession and a strong focus on investor relations that is leading to more confidence by private sector in making improvements or expansion to existing projects as well as new ventures." said John DeLong Chairman of the NELHA Board of Directors. "We knew that there was a significant amount of investment over the past few years and we are frankly both surprised and delighted that the impact has increased to this extent." said DeLong.

According to Dr. Carl Bonham, the Executive Director of UHERO, "the growth of in-state expenditures is partially driven by substantial increases in expenditures on equipment and to a lesser degree on utilities and transportation." The overall increase in the local (in-state) expenditures has led to the significant increase in the estimated impacts. According to

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Bonham, “this makes sense given NELHA’s recent reports of over $60 million in new investments in the past two years. And these investments are just the kind needed in Hawaii. NELHA’s tenants are engaged in research activities that encourage investment in both physical and human capital and help generate knowledge spillovers so important in Hawaii’s budding technology and innovation community.”

“I think it is significant that the report shows that the growth was across the board in terms of several indicators. For example, the impact on the State’s output (sales) increased by $35.1 million (or 40%). The increase in earnings, tax revenues, and jobs was 17%, 11%, and 6%, respectively” said Gregory Barbour, NELHA Executive Director. “As these new investments mature I think we will see a corresponding growth in employment over the next several years. This is especially rewarding as the growth provides quality jobs in marine science and sustainable engineering will allow our children to stay on the island.” said Barbour.

The assessment of the economic impact of NELHA is based on standard empirical research methods. To estimate expenditures, UHERO researchers developed a survey of total expenditures broken down into 17 categories for 2013. Of the 38 surveys, 21 were completed. Using survey data, data supplied by NELHA, and UHERO estimates, the State of Hawaii’s 2007 20 sector input-output (I-O) model was used to determine the economic impact for direct, indirect and induced economic activities by category.

NELHA administers the world’s premier energy and ocean technology park. This unique master-permitted park is located on 870 acres of prime coastal property in Kailua-Kona Hawaii and offers research support facilities for the development of renewable energy and other demonstration projects that utilize the unique resources found at the park. It is the world’s only facility that continually brings ashore high quality, pristine supplies of both warm surface and cold deep seawater 24 hours a day which allows for various tests to take place with views to reap economic potentials from the dual temperature seawater delivery system and high solar insolation. Businesses located in HOST Park work at the pre-commercial, commercial, research and educational levels. It is the largest diversified economic development project in the State and is solely focused on developing green and sustainable economic projects.

The report is available at www.nelha.org and www.uhero.hawaii.edu.

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