

Manawatū Economic Outlook

December 2020 Quarter



Key findings

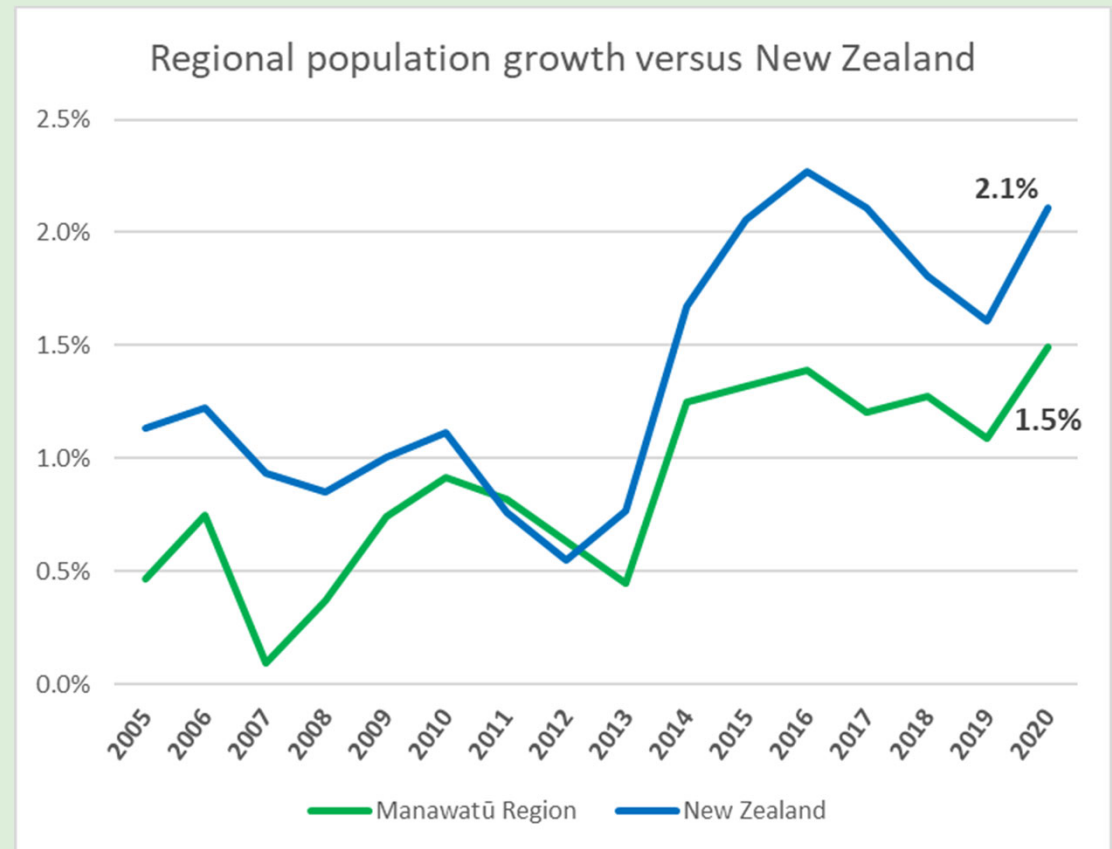
- Population growth and characteristics reflect the growing attraction of the region to new residents
- Quarterly GDP, employment, earnings data and unemployment levels indicate the relative resilience of the regional economy
- Jobseeker and CIRP beneficiaries continue to decline
- Consumer spending compares well with the national average
- New dwelling consents remain elevated across the wider region
- Building consent values signal a strong increase in construction investment
- Inward investment flows will support regional economic activity
- Export conditions for goods produced in the region remain favourable



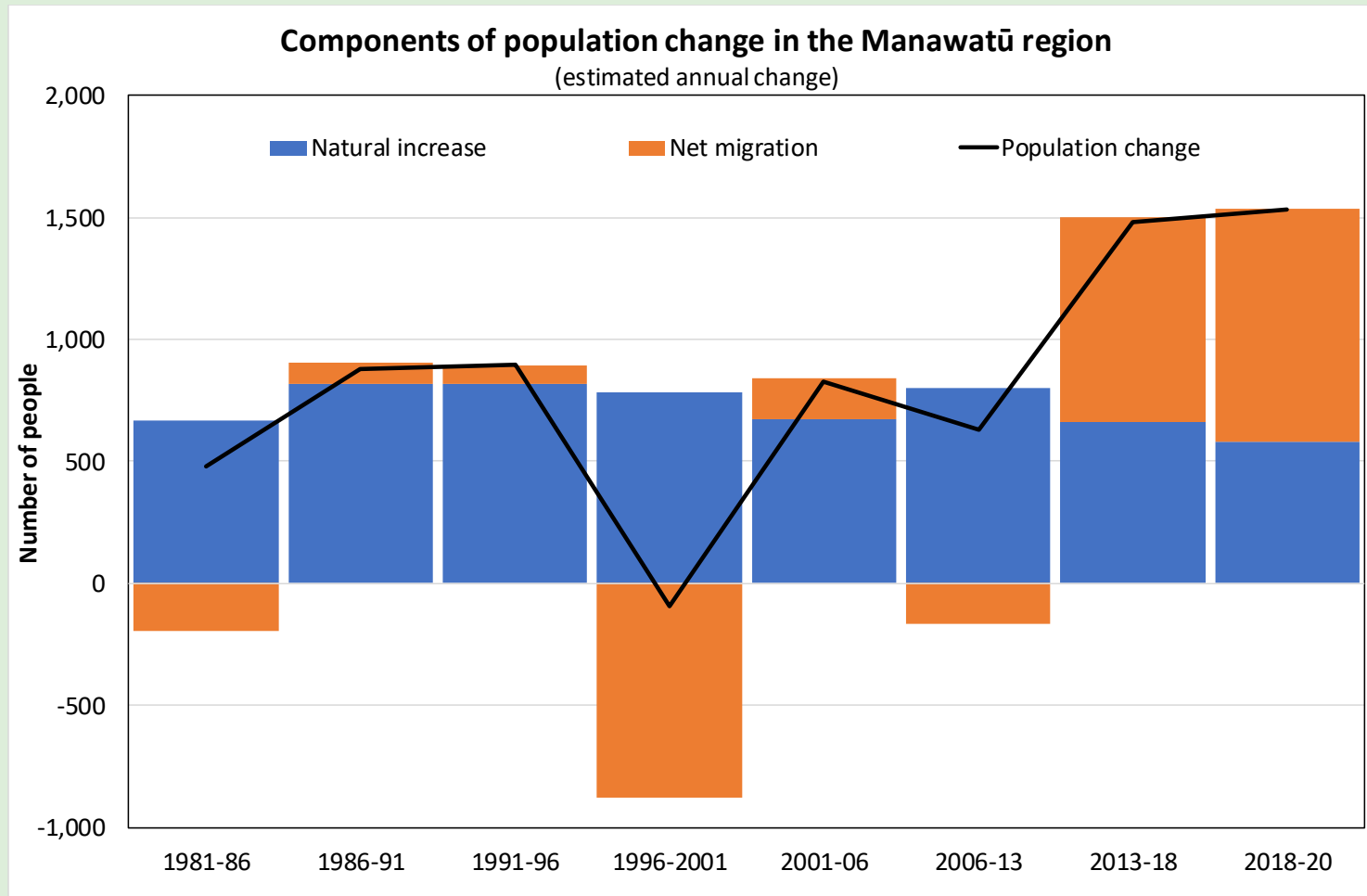
Population growth is strong by historical standards

Regional population – 122,500
(June 2020)

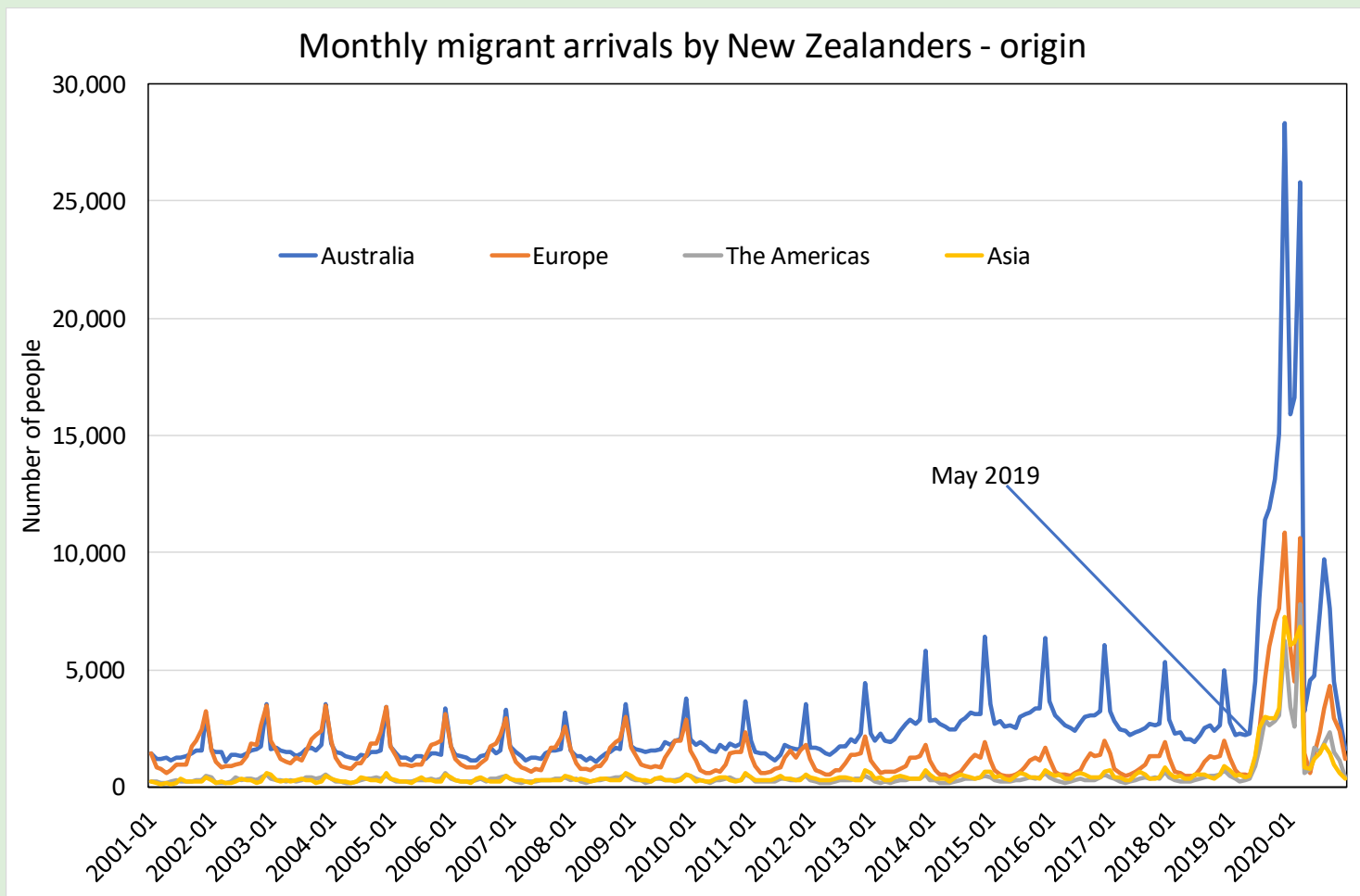
- +1,800 residents
- Palmerston North – 90,400
↑1.5%
- Manawatū District – 32,100
↑1.6%
- 2.4% of national population



Population components reflect the growing influence of net migration on regional population growth

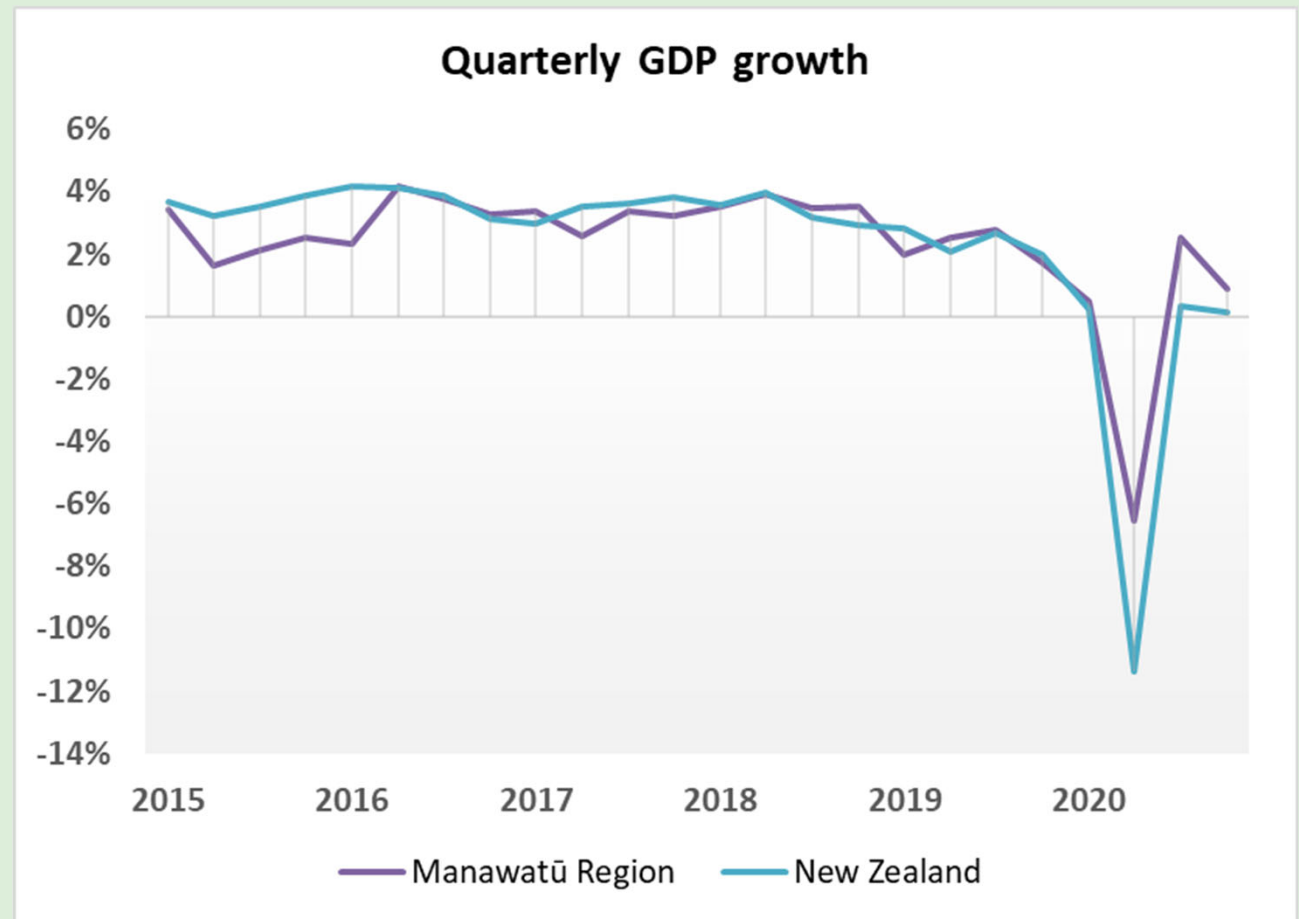


Migrant arrivals reflect the dominance of NZ returnees



Industry structure has resulted in stronger quarterly GDP results for the region than nationally in 2020

- June quarter GDP 2020 declined by 6.5% in the region relative to an 11.3% decline for NZ.
- Regional GDP ↑2.5% (Sep qtr) and ↑ 0.9% (Dec qtr) vs ↑ 0.4% NZ (Sep qtr) and ↑0.9%NZ (Dec qtr)



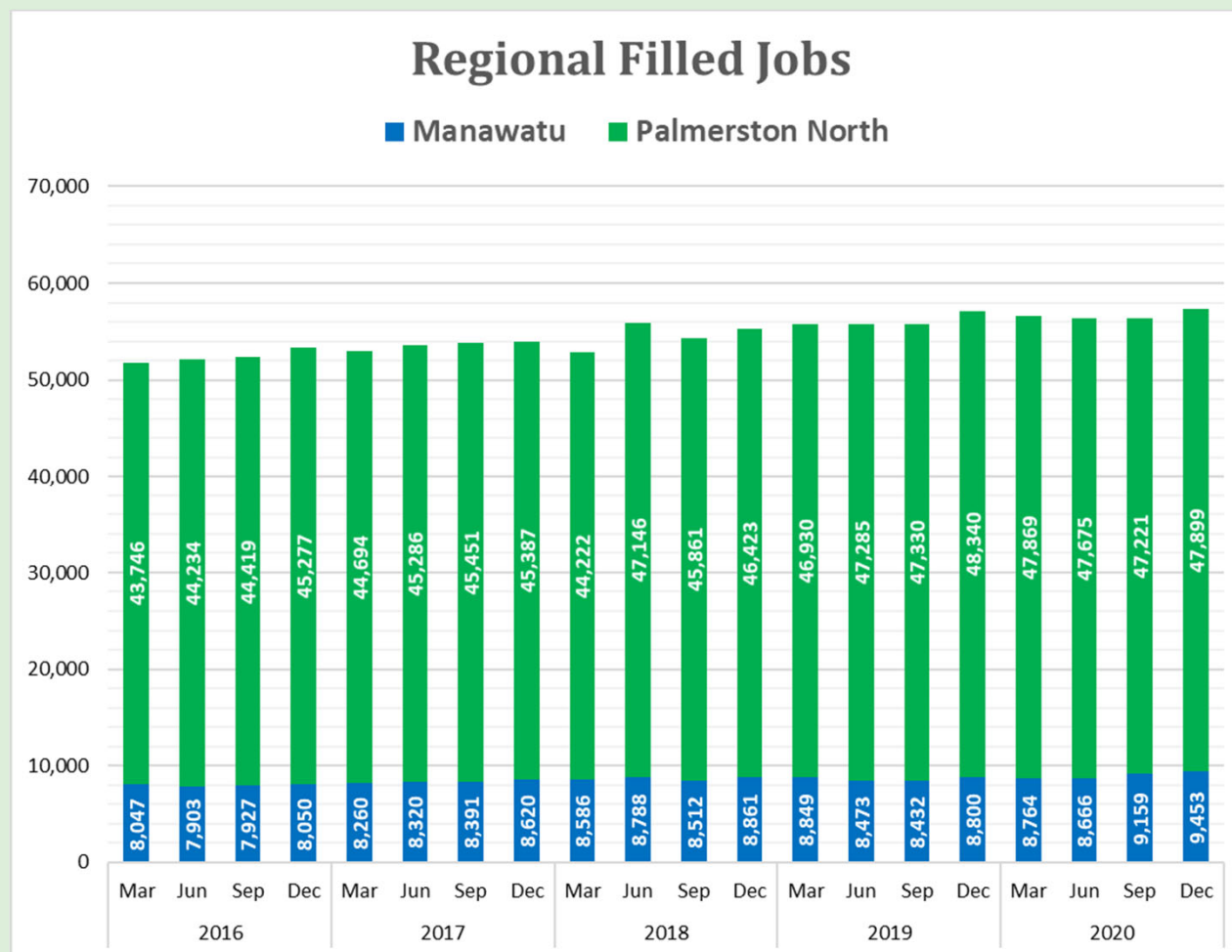
Regional jobs continue to grow

Workforce – 57,352 jobs (December 2020)

- 2.7% of national workforce
- Jobs ↑ 0.4% (212 jobs) compared with NZ ↓0.9%

Palmerston North – 47,899 ↓0.9%

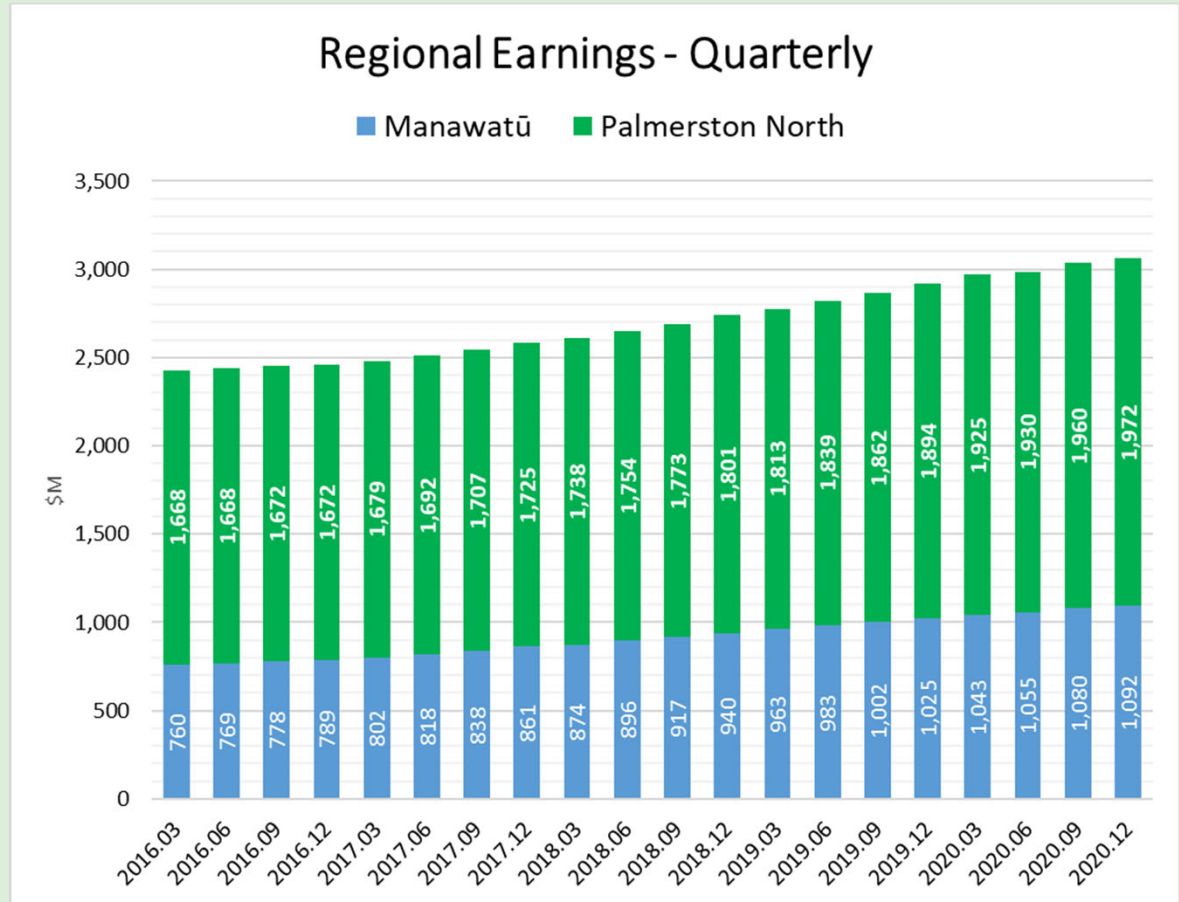
Manawatu District – 9,453 ↑7.4%



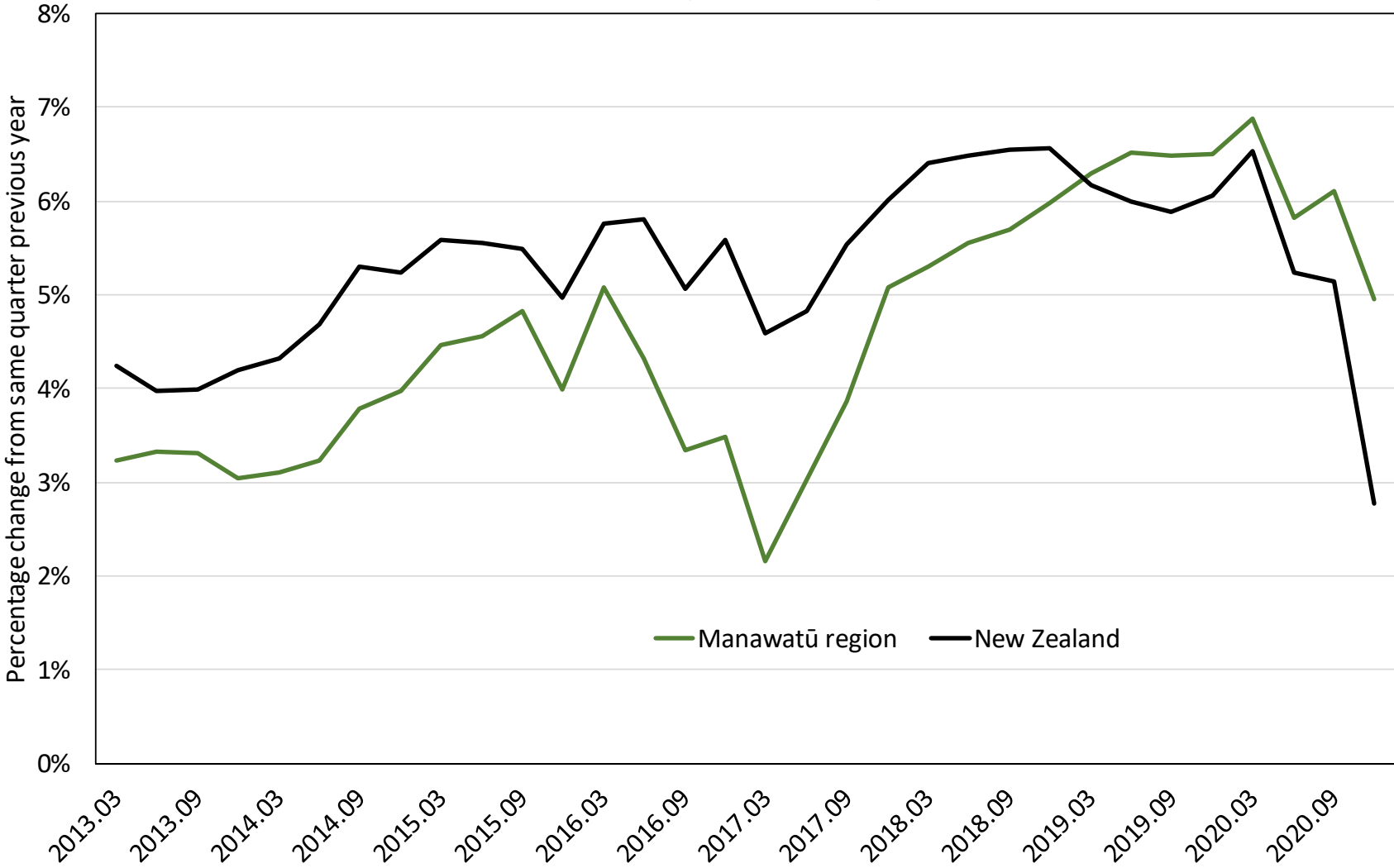
Regional earnings ↑4.9% vs NZ ↑2.8%

Earnings (salaries and wages) – \$3,063million (December 2020)

- 2.3% of national earnings
- Palmerston North – \$1,972 m. (↑4.1%)
- Manawatū District – \$1,092m (↑6.5%)



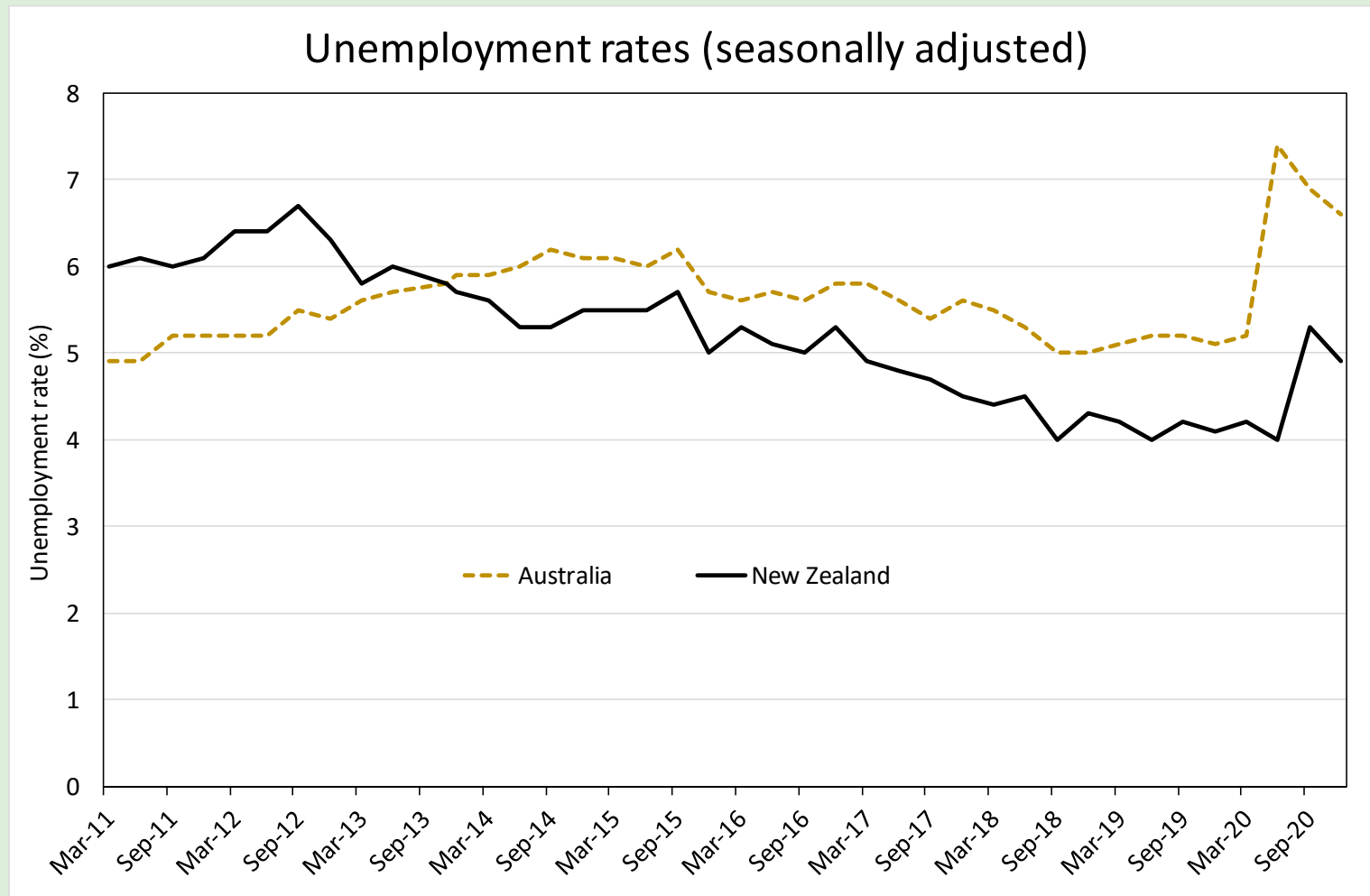
Annual change in earnings



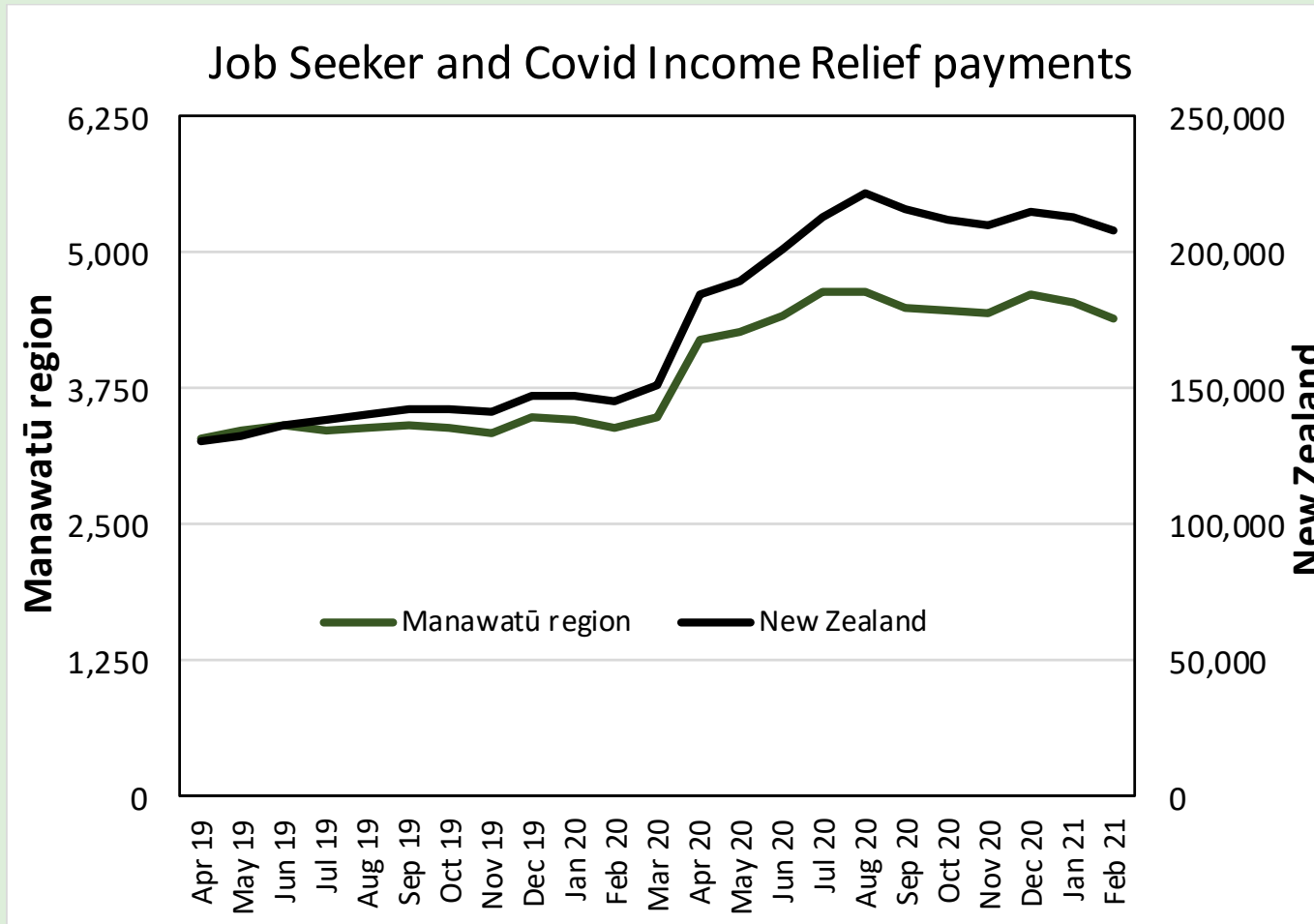
Annual salaries, wages and self-employment income ↑ 139.9% over the period 2000-2019

Annual Earnings for the Manawatū Region (salaries, wages and self-employment income)			
Industry sector	Year ended March 2019	2000 - 2019 change	
	\$m	\$m	%
Public administration and safety, mining	467	confidential	
Health Care and Social Assistance	451	308	215.3%
Logistics	419	278	196.9%
Education and Training	419	193	85.5%
Retail Sector	351	197	127.8%
Construction	323	confidential	
Manufacturing	312	137	78.6%
Professional, Scientific and Technical Services	282	163	137.0%
Agriculture, Forestry and Fishing; and Mining	140	49	53.0%
Other sectors	505	307	162.9%
Total	3,670	2,140	139.9%

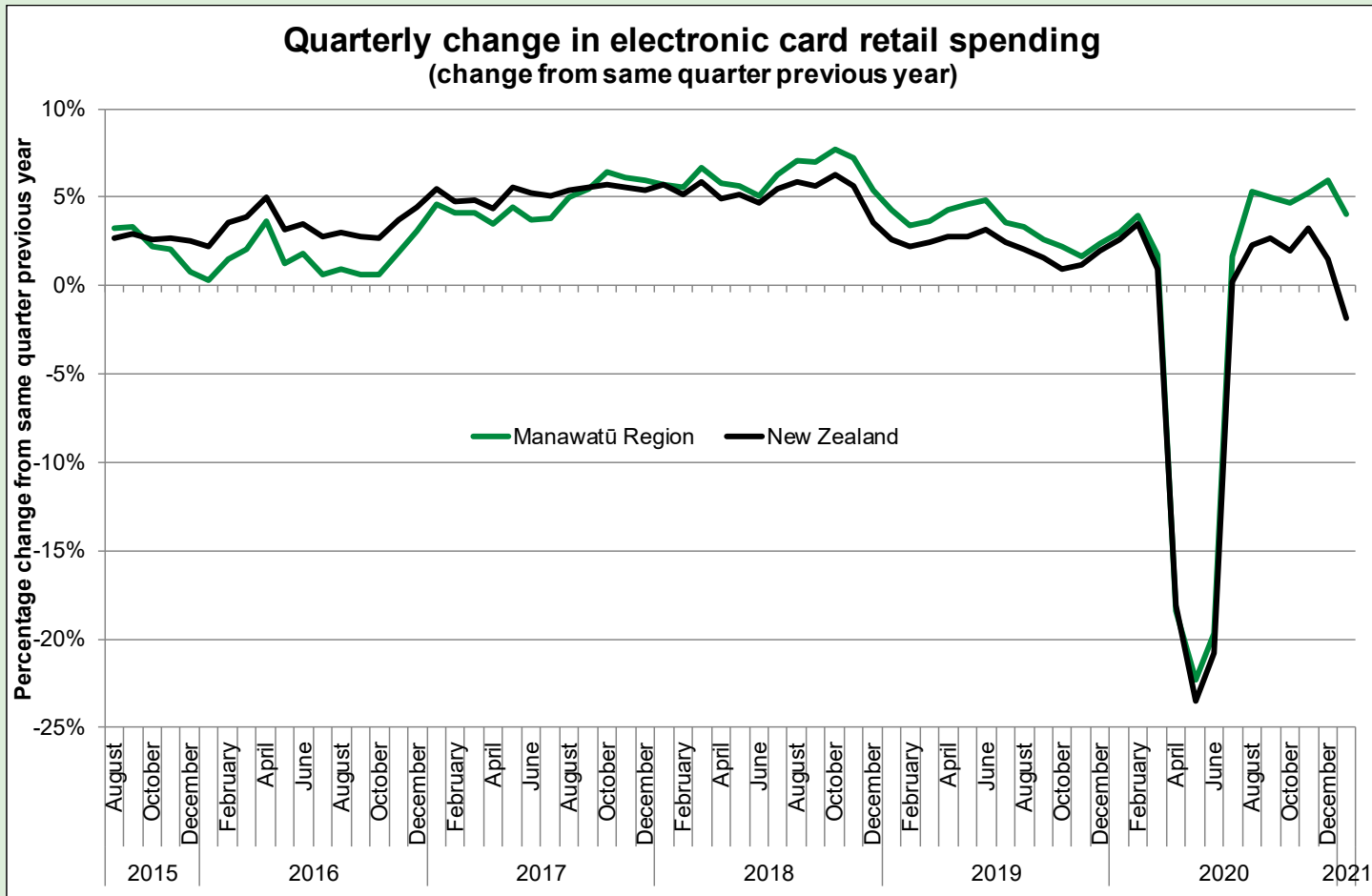
NZ unemployment levels remain low compared to our Aussie neighbours



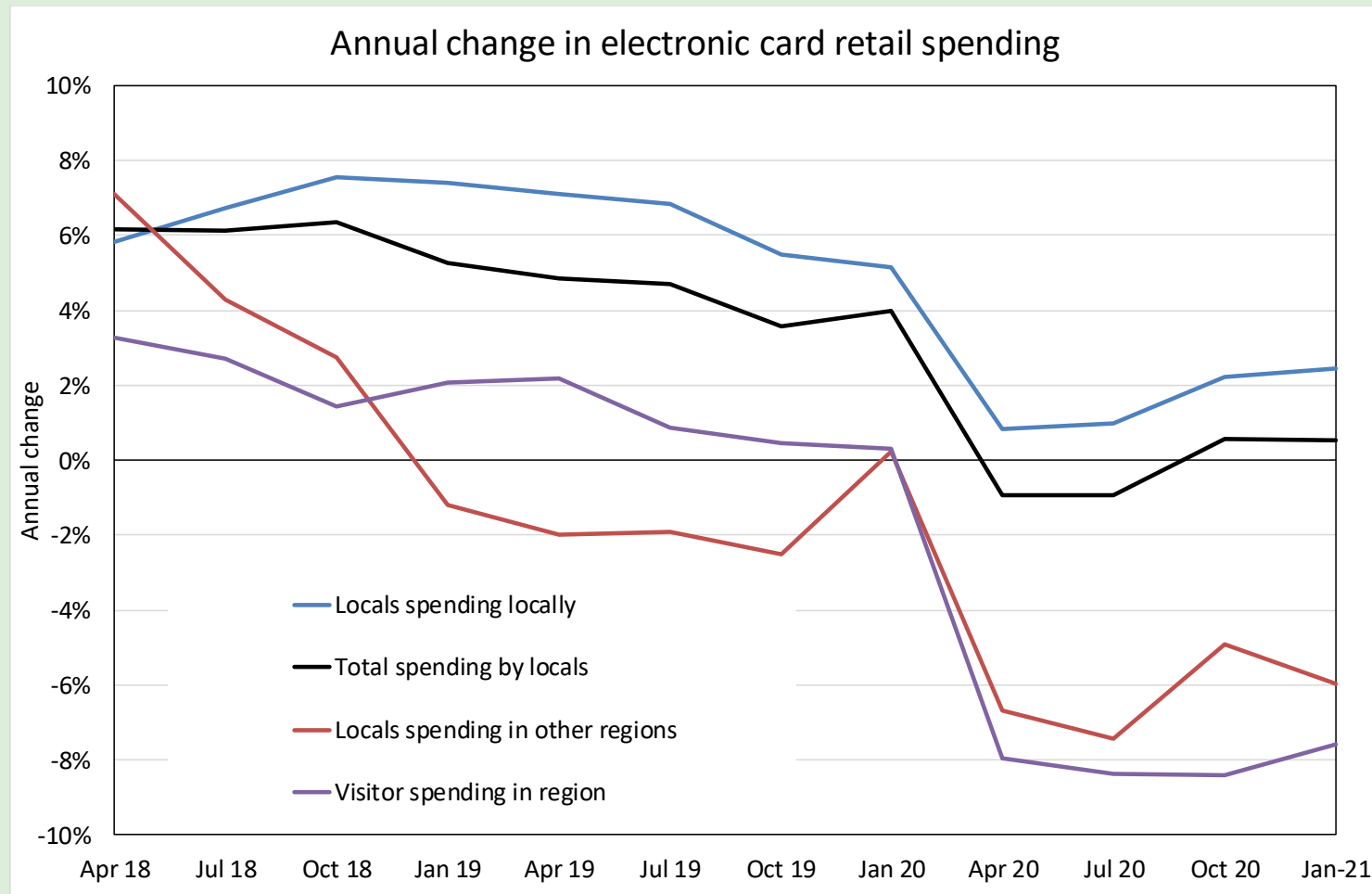
The number of combined Jobseeker and CIRP beneficiaries move in the right direction



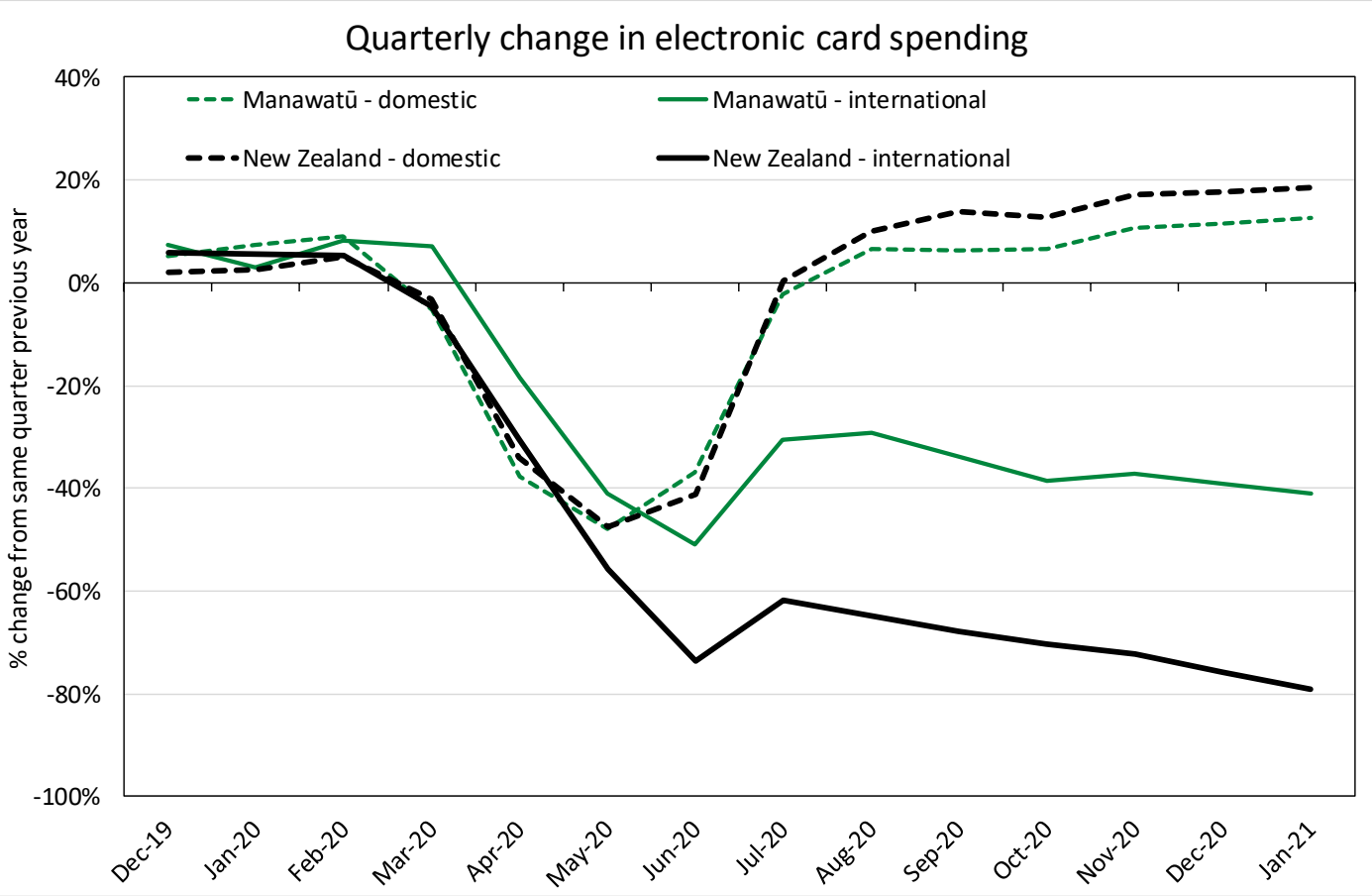
Retail expenditure is recovering faster in the region than nationally



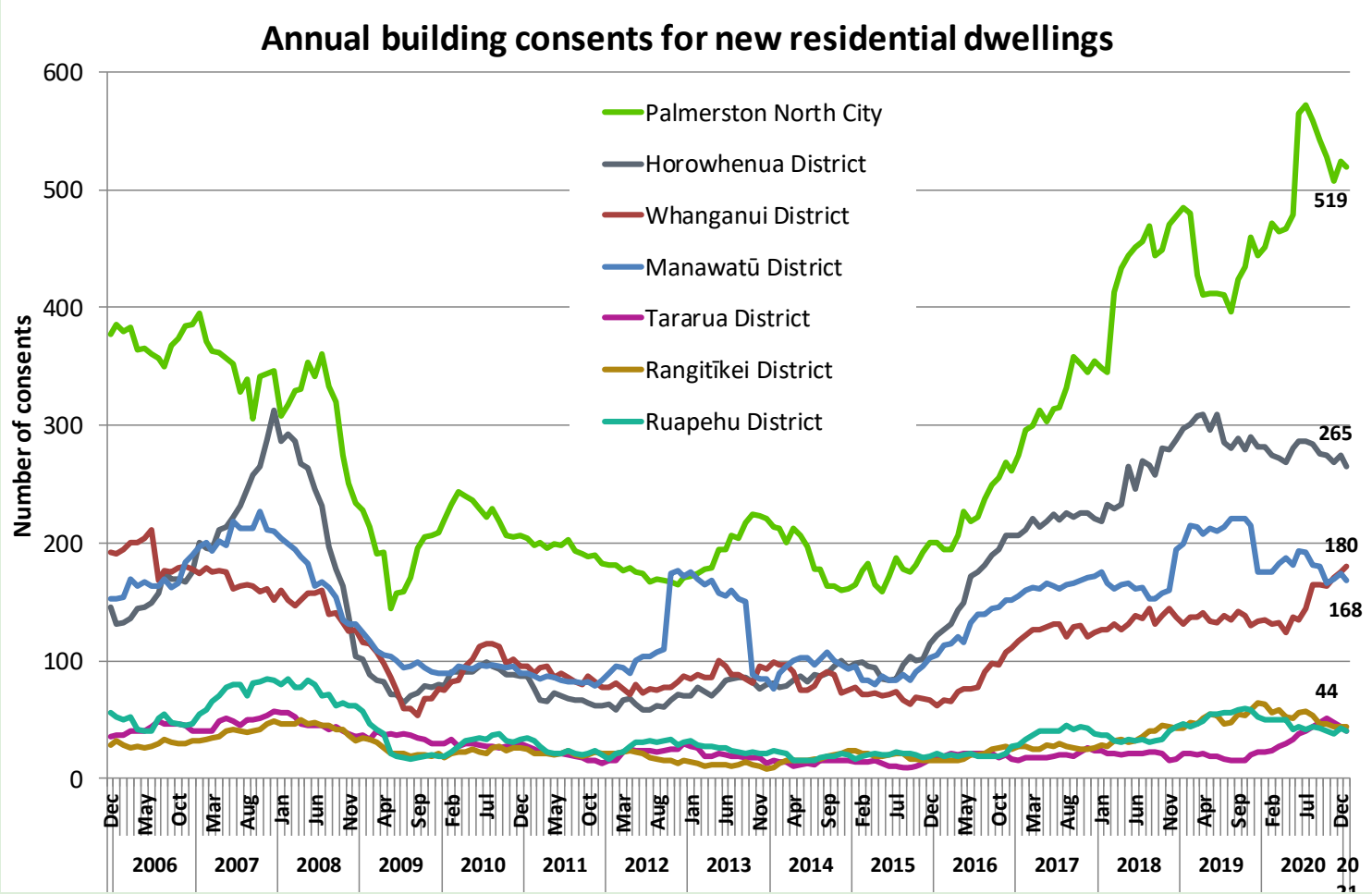
The loyalty of regional consumers supports local retail expenditure



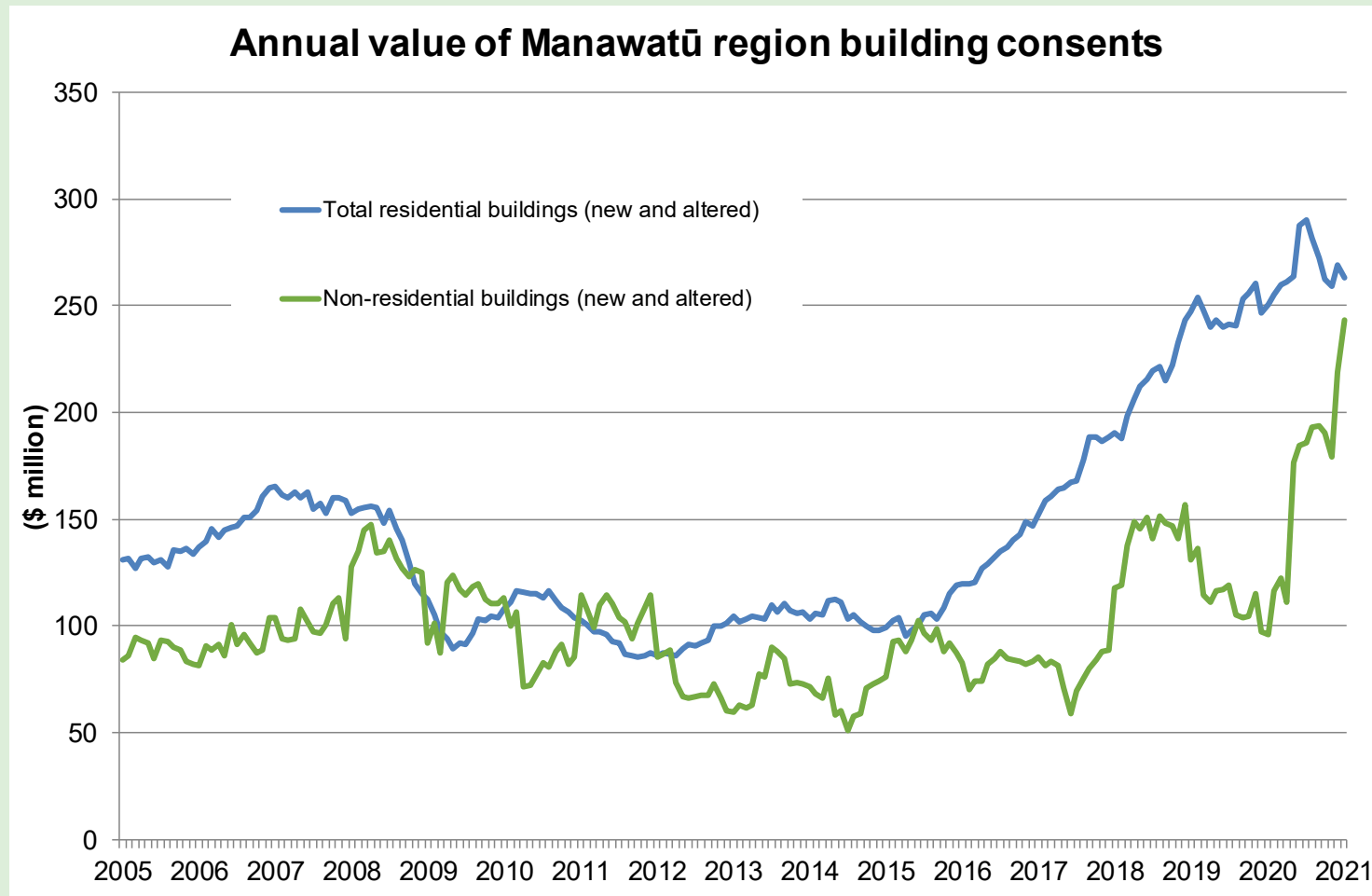
The region is less sensitive to border closures than the national economy



Building consents for new dwellings remain strong across the wider region



Substantial growth in the value of new building consents strongly supports regional economic performance



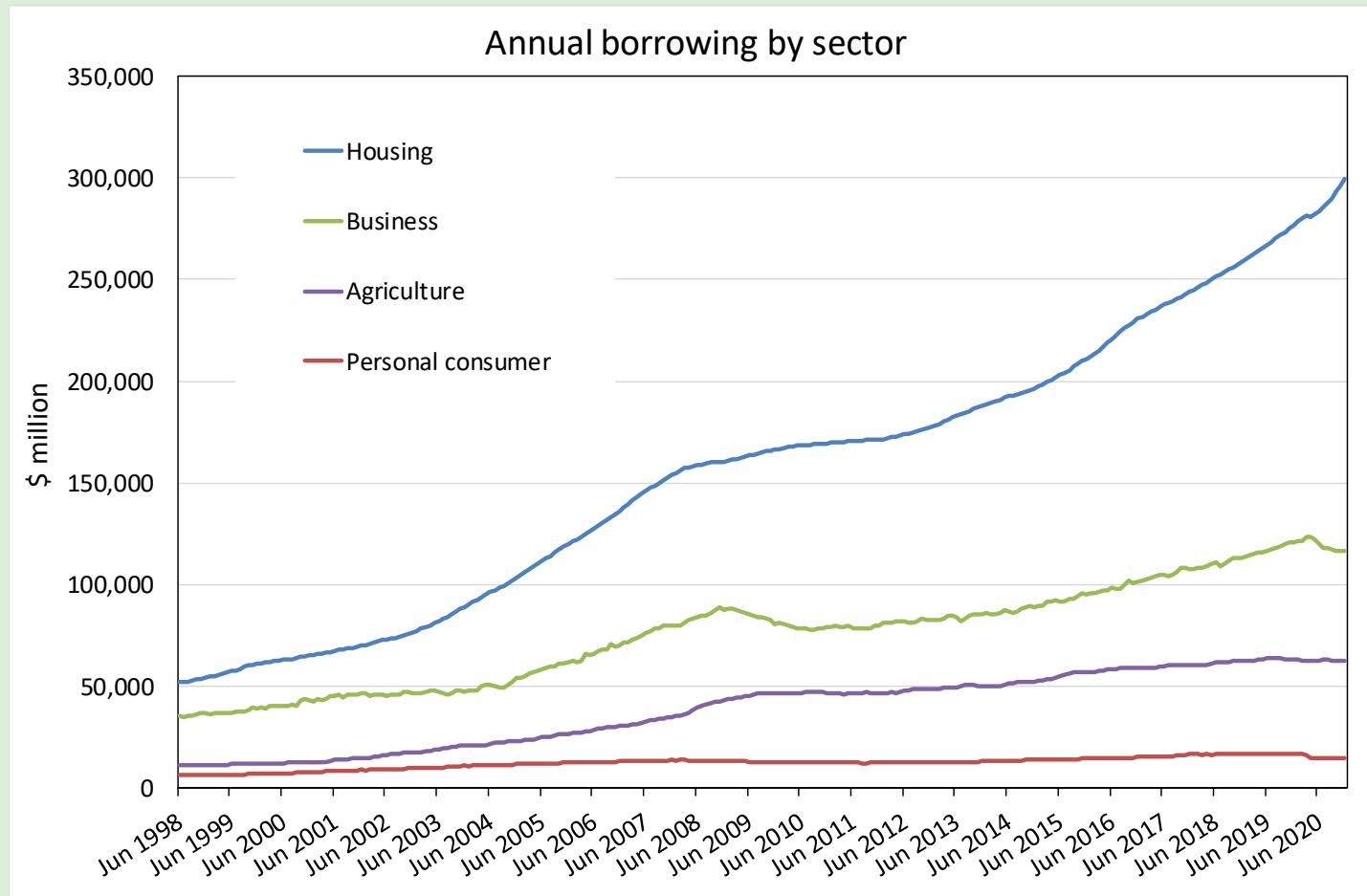
House price growth reflects ↑ demand and favourable investment conditions... but also undersupplied segments of the housing market

QV residential property value change by territorial authority

Area	Average Value January 2020	Average Value January 2021	Change In Value	Annual change	Average weekly change
Ruapehu District	\$248,996	\$309,655	24.4%	\$60,659	\$1,167
Whanganui District	\$338,982	\$426,179	25.7%	\$87,197	\$1,677
Rangitīkei District	\$276,961	\$363,947	31.4%	\$86,986	\$1,673
Manawatū District	\$448,698	\$530,247	18.2%	\$81,549	\$1,568
Palmerston North City	\$489,479	\$600,258	22.6%	\$110,779	\$2,130
Tararua District	\$260,715	\$336,129	28.9%	\$75,414	\$1,450
Horowhenua District	\$412,565	\$491,723	19.2%	\$79,158	\$1,522
New Zealand	\$714,747	\$806,151	12.8%	\$91,404	\$1,758



Growth in housing investment is reflected in financial data

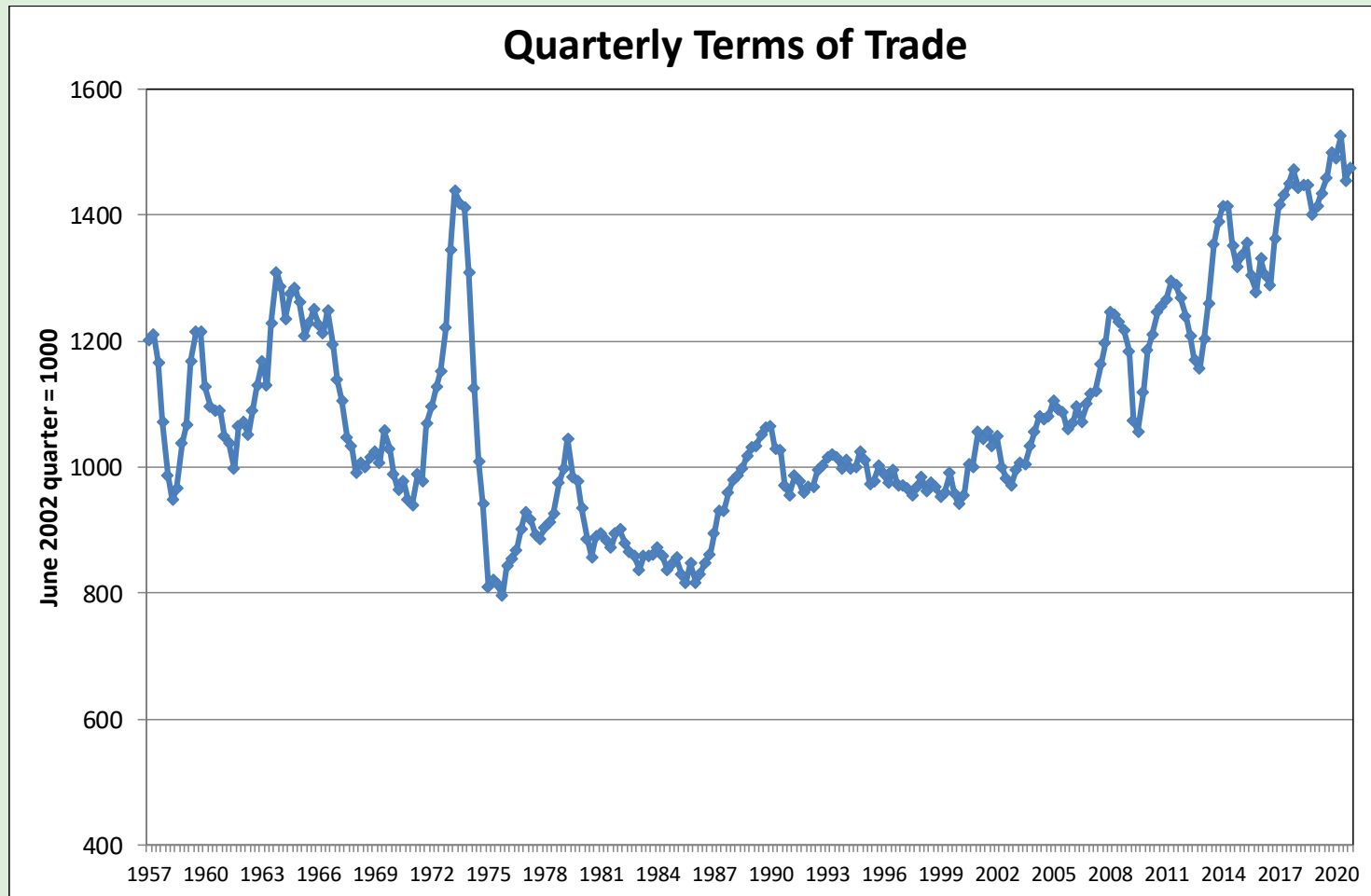


Investment flows will support regional economic performance

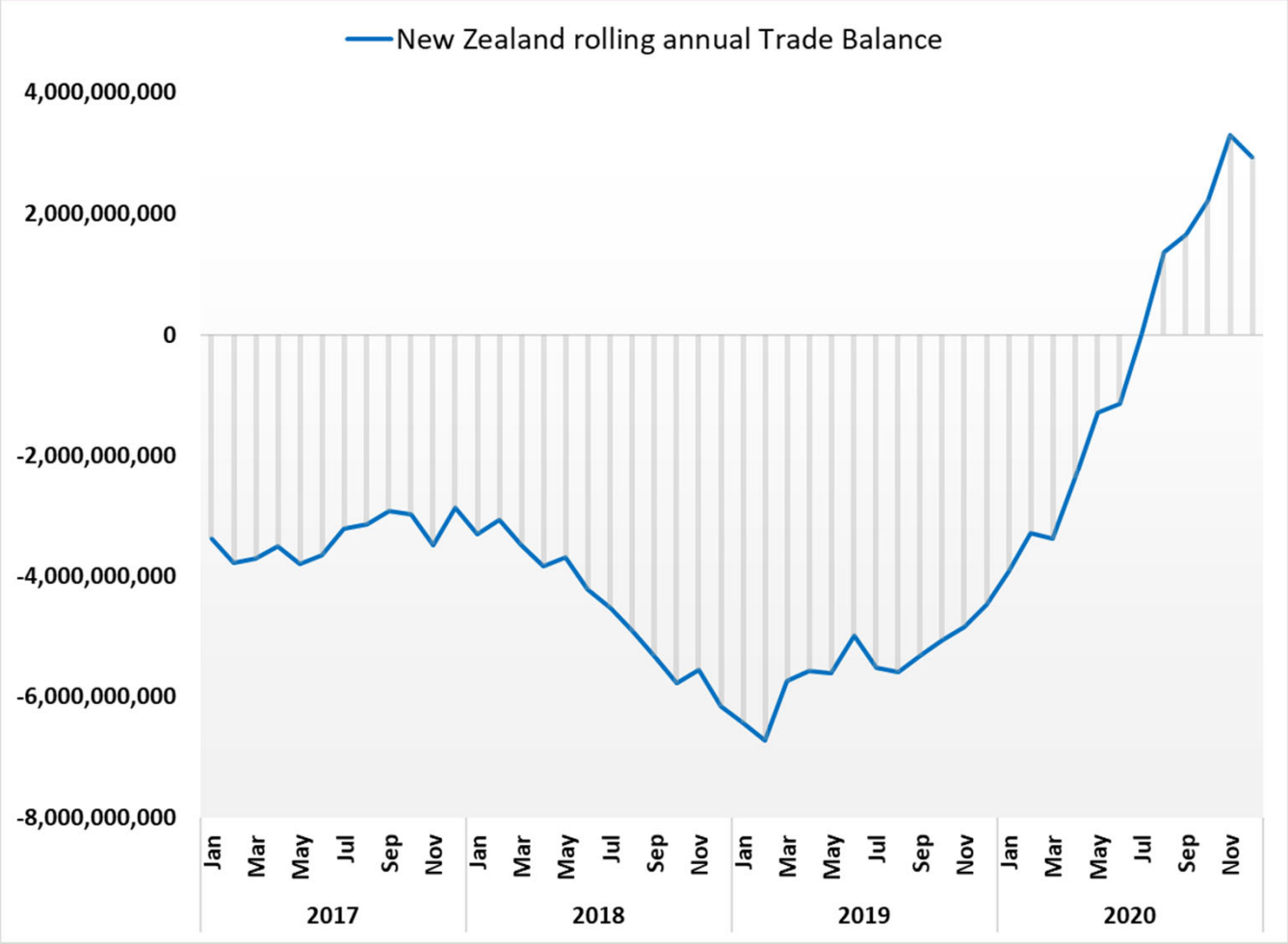
Major construction projects	\$ million	Timing
Te Ahu A Turanga (Manawatū Gorge)	650	start January 2020
Linton and Ohakea regeneration plan 2019	660	2019 - 2035
Mercury Energy - Turitea	450	2019 - 2021
Massey University capital plan	230	2020 - 2030
Powerco growth and security projects	245	2017 - 2024
Hokowhitu campus redevelopment	90 - 135	started late 2019
MidCentral DHB surgical and mental health	57	early 2021
MidCentral DHB acute services block	370	timing uncertain
PN Integrated Transport Investment	335 - 370	timing uncertain
KiwiRail regional freight hub	cost and timing to be confirmed	
<i>PNCC capital investment (draft)</i>	1,317	2021 - 2031
<i>Manawatū District - capital investment (draft)</i>	225	2021 - 2031
Countdown distribution centre	66	2020 - 2021
Total	4,695 - 4,775	



Terms of trade have softened since 2019 but remain strong



Annual trade balance turns positive in 2020



The regional outlook remains positive

- Favourable export conditions continue
- Strong growth in residential construction
- Major non-residential construction projects identified to 2035 - approx. \$5 billion
- Transfer of jobs into the region –Ohakea (2023)
- Risk from tightening of credit for housing



Summary

- Currently experiencing positive economic conditions and strong population growth
- Investment intentions lay the foundations for a strong regional economy to 2035
- Planning for the future – creating the right conditions to boost housing supply, create confidence for businesses to invest, and develop skills and talent to meet the demand
- Most critical pressure on housing prices is expected to be over the next three to four years





QUESTIONS
COMMENTS
CONCERNS

