

# Manawatū District/Palmerston North City Joint Strategic Planning Committee

9 September 2021



# Correction to the regional GDP data

- Errors were detected in the June 2021 Infometrics GDP result for the District;
- Data was corrected and the GDP model recalculated resulting in:
  - District GDP growth increasing from 3.2% to 5.8% over the year to June 2021;
  - Annual GDP growth for the Manawatū Region rising from 4.5% to 5.4%; and,
  - Regional retail expenditure growth recalculated from 9.2% to 12.9% over the year to June 2021.



# Key findings

## The regional economy continues to outperform relative to much of NZ

- GDP growth compares well with national growth
- Jobs growth exceeds national growth while jobseeker numbers are falling faster
- Strong recovery and growth in consumer and tourism spending
- New dwelling consents remain elevated across the wider region
- Building consent values reflect strong construction investment flowing into the region
- \$8bn in major development and construction projects to 2035 supports the outlook for the regional economy
- Commodity prices and favourable export conditions continue to support the regional economy
- Supply side constraints and inflationary pressures cause concern



# Headline Statistics

Filled jobs (residents)– 55,915 jobs (Jun 2021)

2.7% increase from 2020 (+1,474 jobs) (NZ +1.2)

- +2.3% Manawatū District (+461)

- +2.9% Palmy (+1,013)

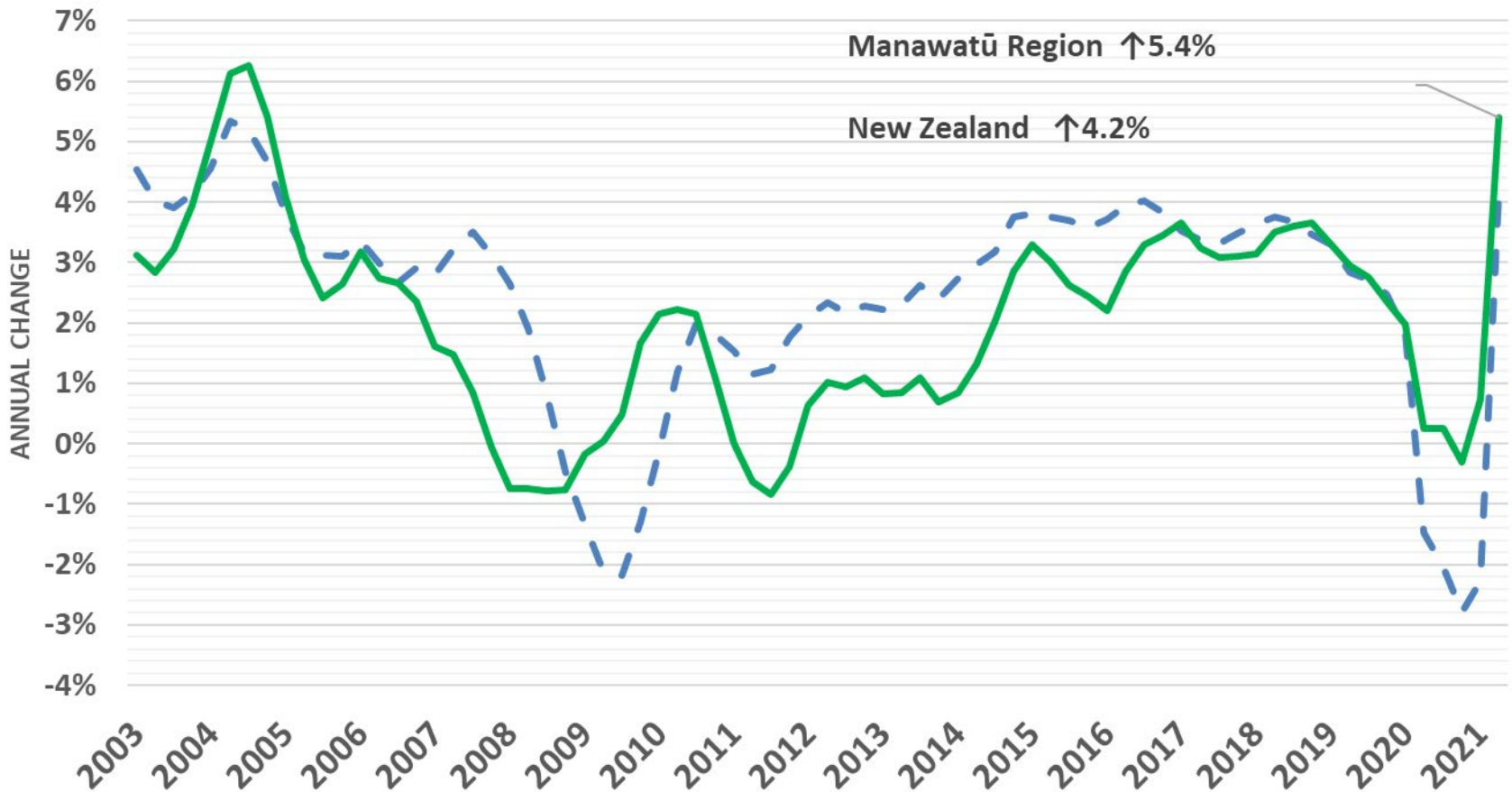
Earnings (salaries and wages - residents) –  
\$3,106 million (year to March 2021)

4.6% annual increase (NZ 2.9% increase)

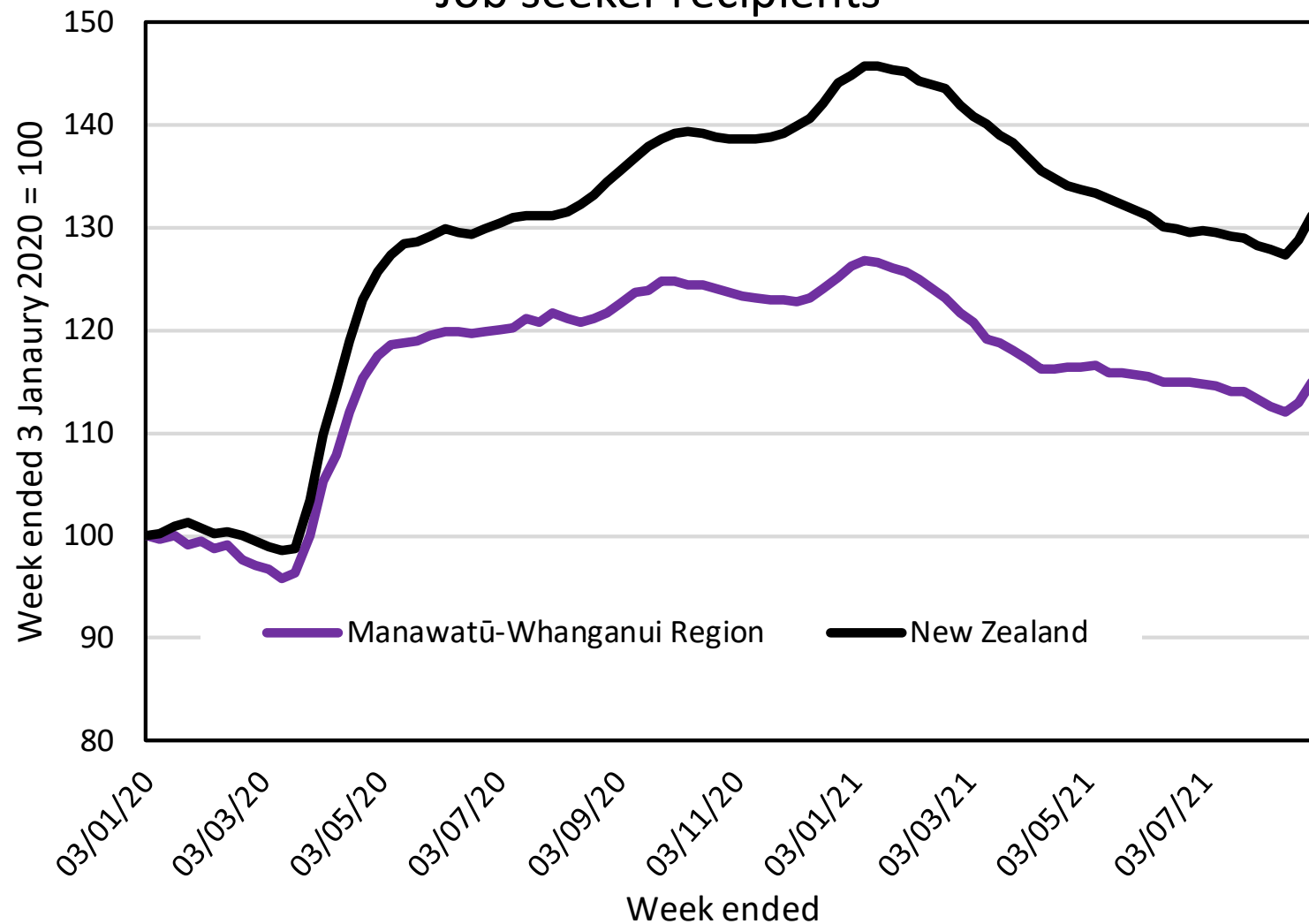


# Annual Gross Domestic Product (Production Measure)

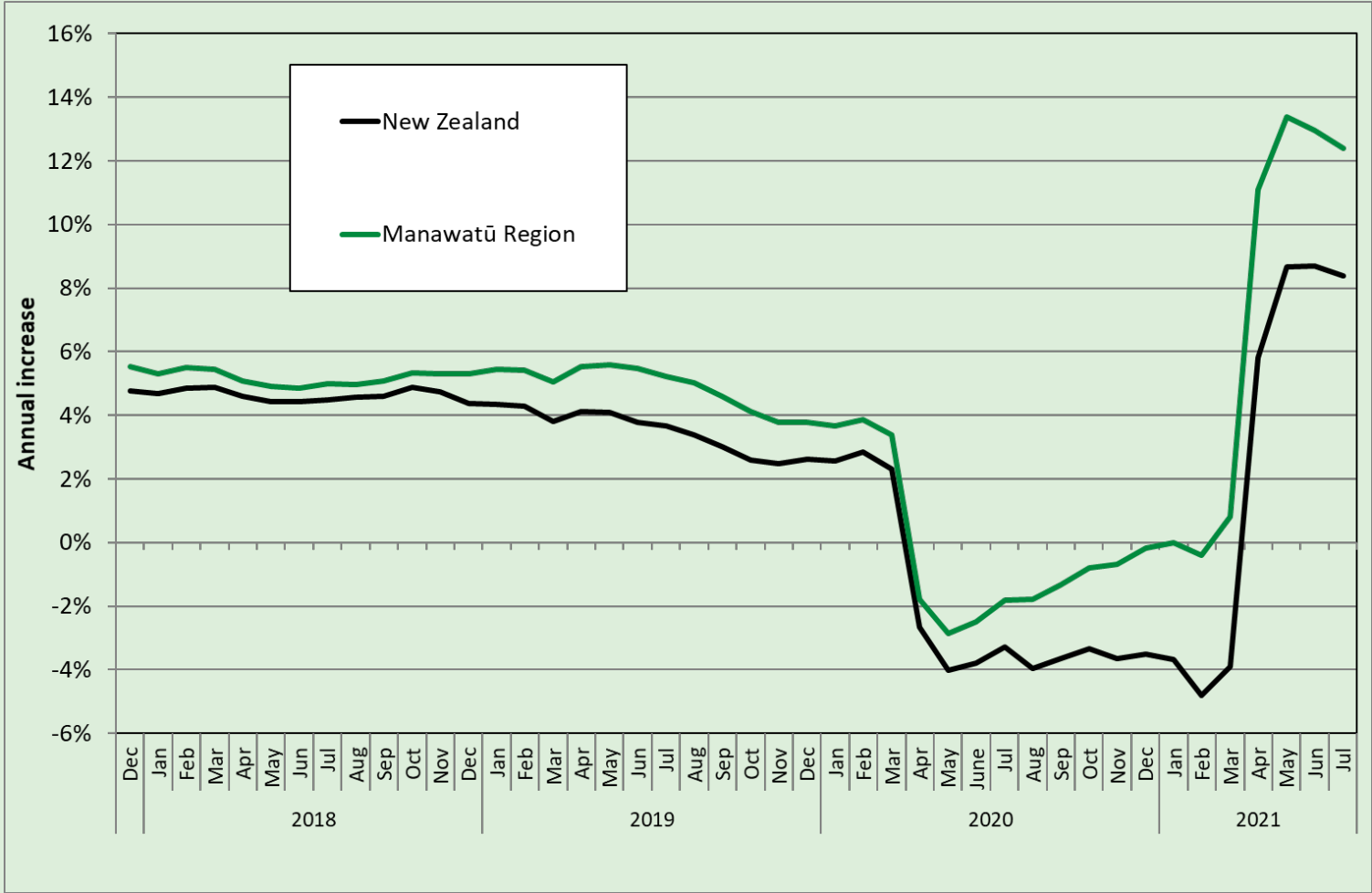
— New Zealand    — Manawatū Region



# Job seeker recipients

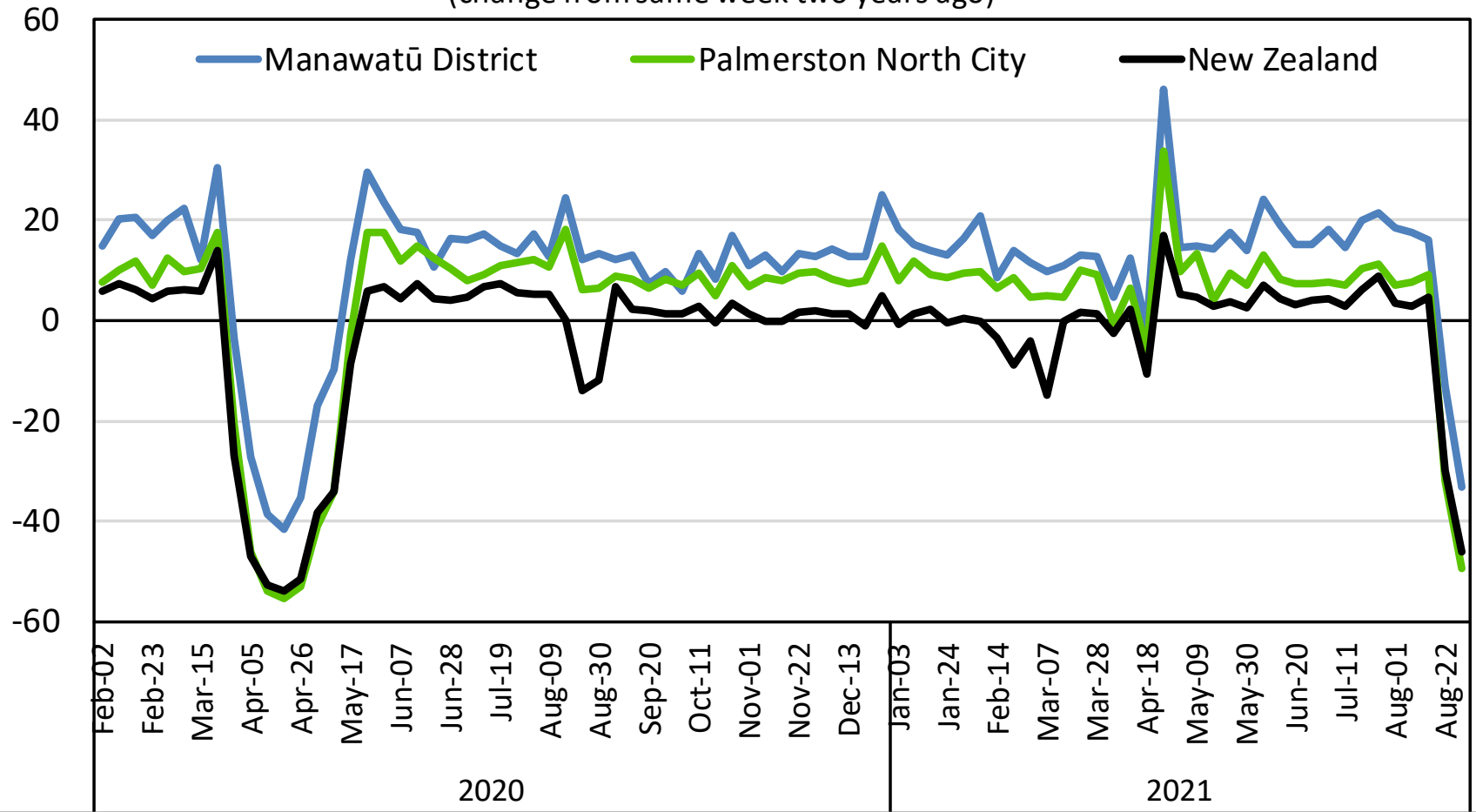


# Retail spending in the region outperformed to July 2021

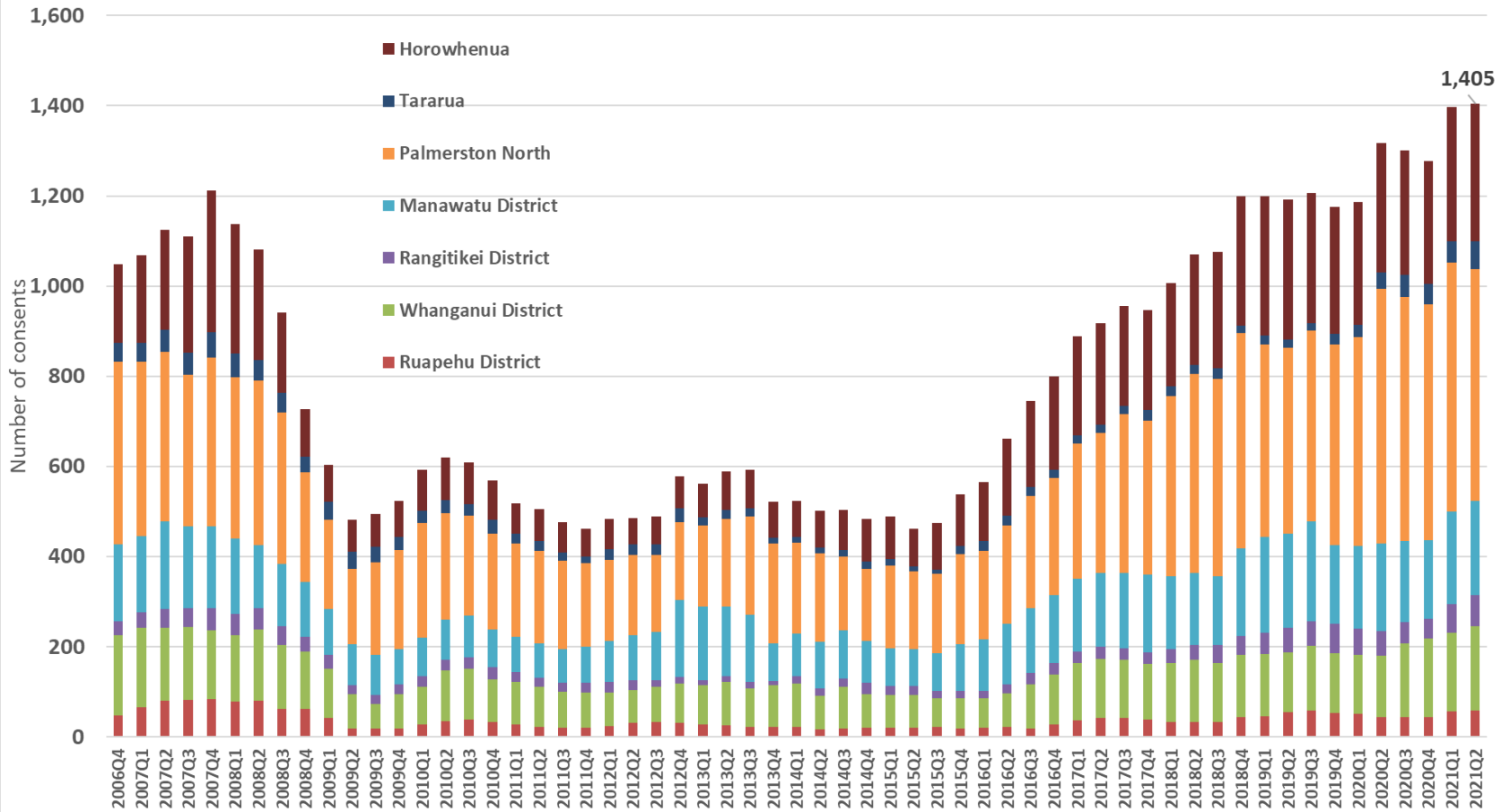


# Weekly change in the value of electronic card spending

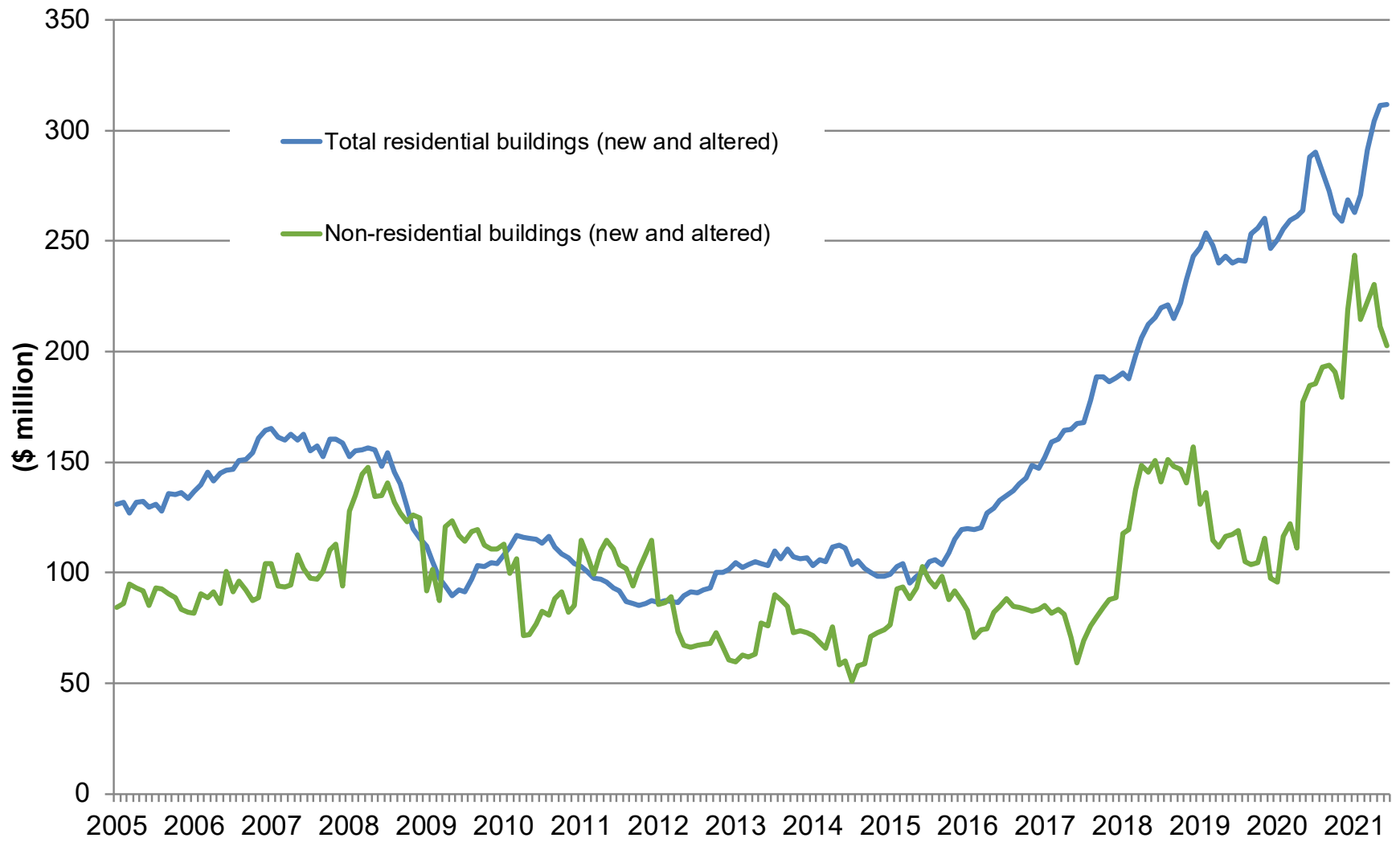
(change from same week two years ago)



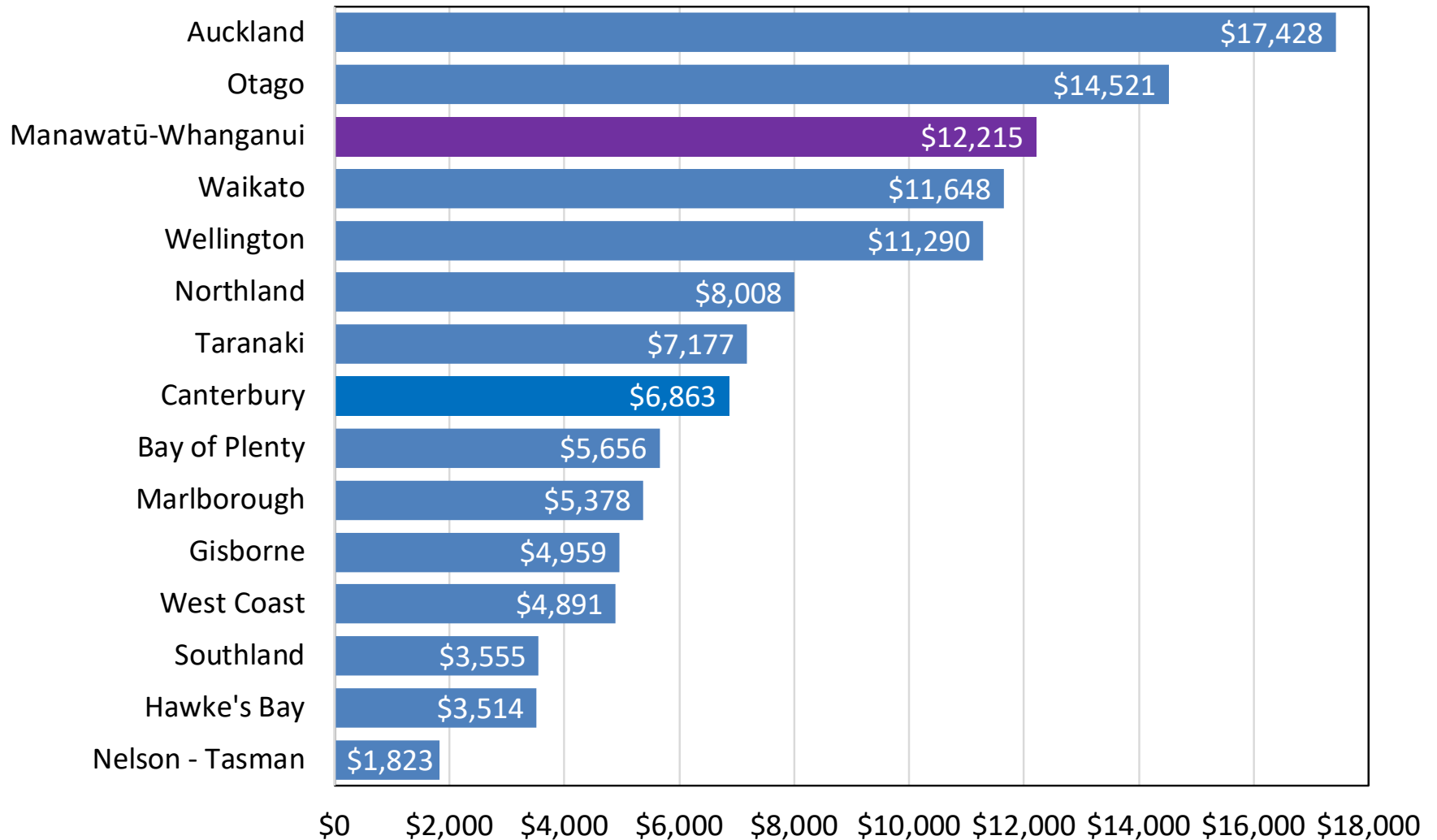
# Rolling annual building consents for new residential buildings



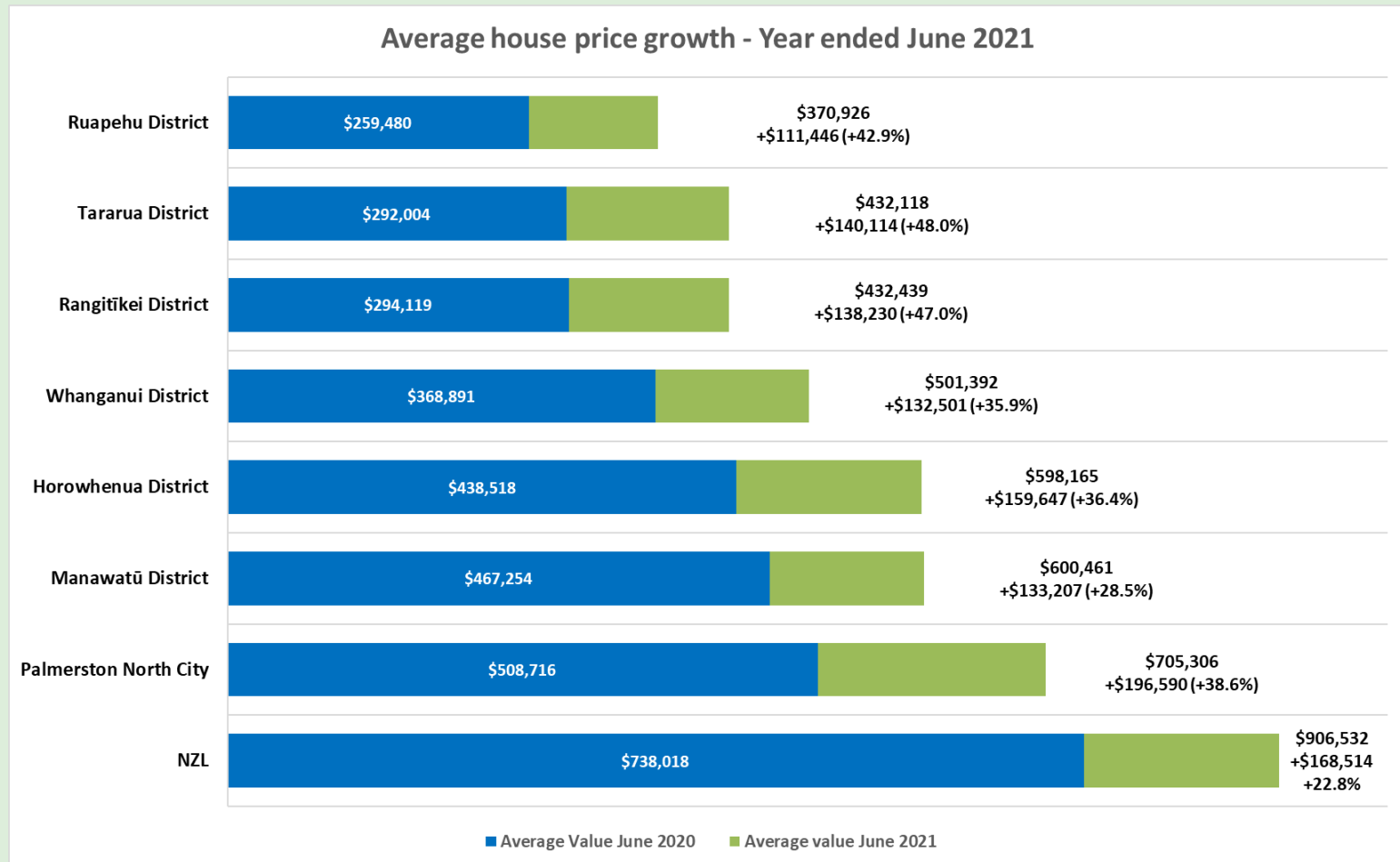
# Annual value of Manawatū region building consents



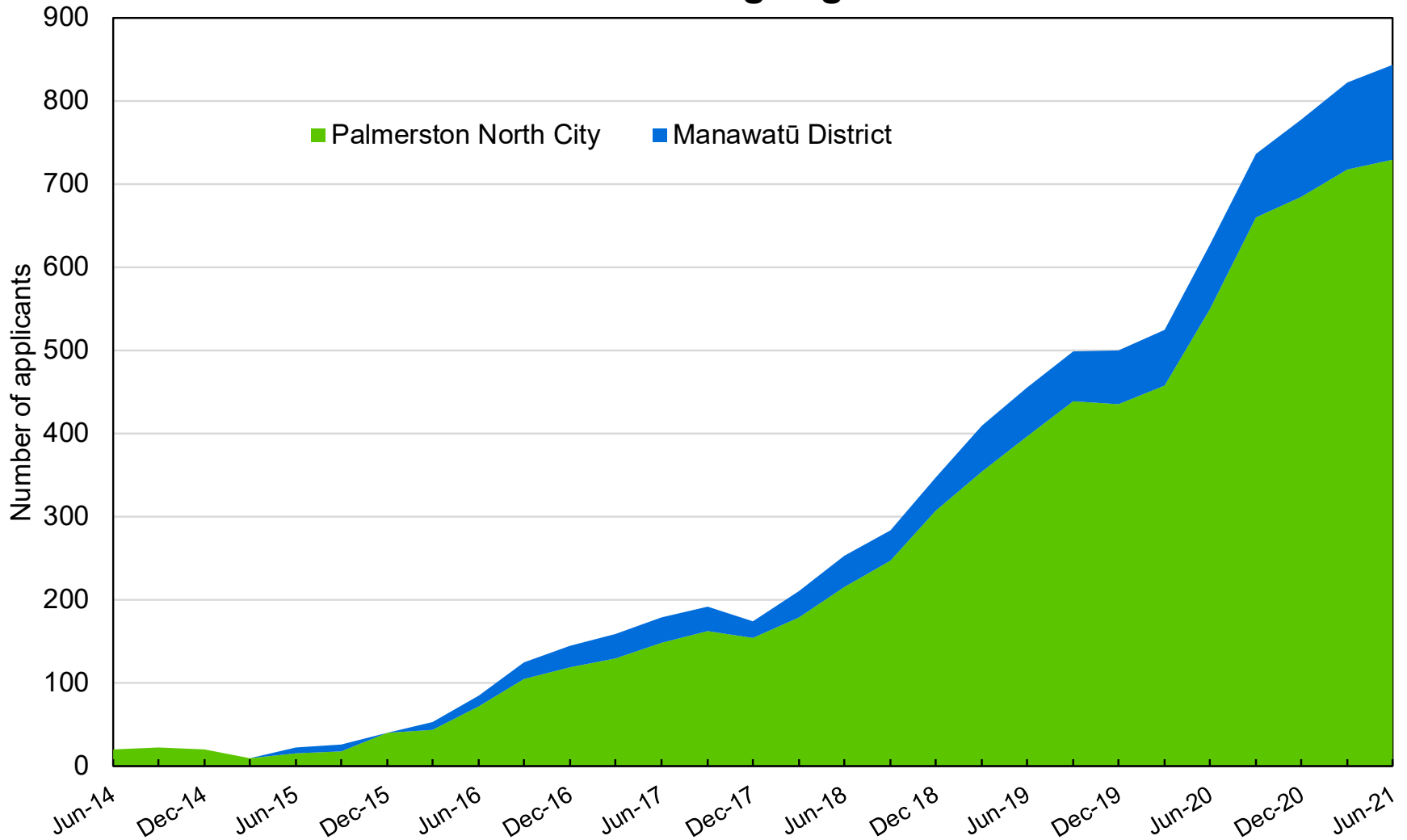
## Estimated per capita construction spending (\$)



# House prices continue to surge across the region



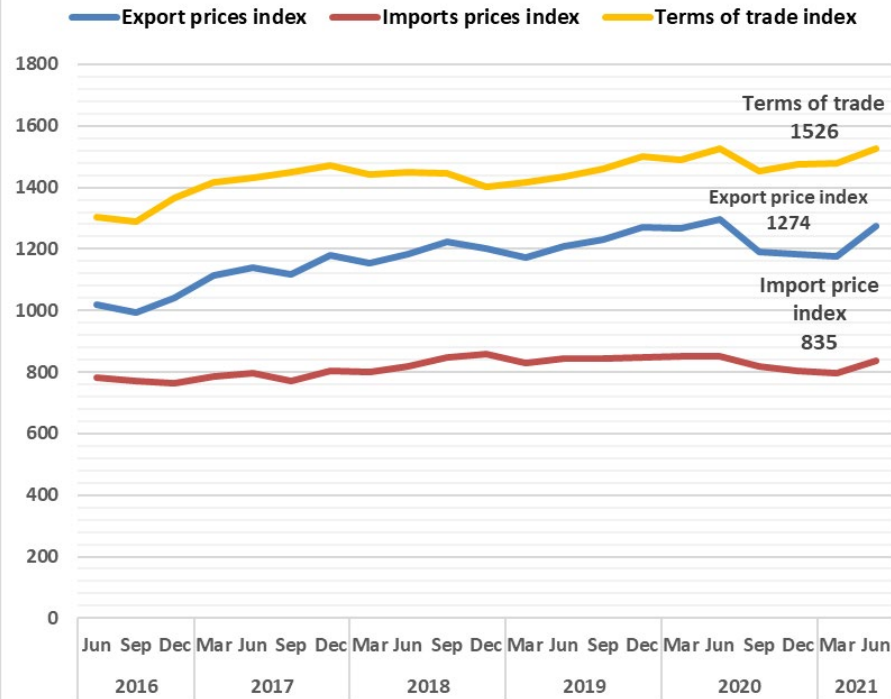
# Social housing register



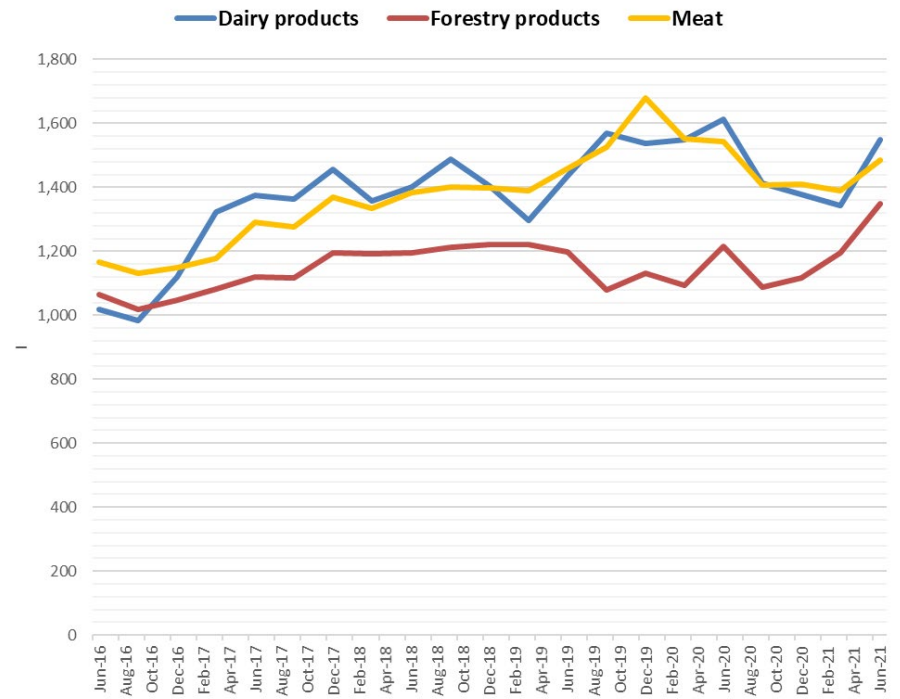
# Trade conditions remain strong for our local exporters

## *Despite the high NZD*

### Merchandise terms of trade



### Commodity prices



# Solid growth in tourism expenditure in the region

Area	Domestic	International	Total % change
Manawatū District	33.9%	-31.5%	↑30.0%
Ruapehu	27.7%	-85.2%	↑2.9%
Whanganui	26.6%	-43.7%	↑20.7%
Rangitikei	27.4%	-73.8%	↑20.1%
Palmy	22.8%	-27.0%	↑19.5%
Tararua	29.2%	-62.8%	↑24.9%
Horowhenua	14.2%	-38.8%	↑11.3%

# Major development and construction projects exceed \$8b

Changes since the last release of major development \$ figures include:

- a. KiwiRail freight hub initial construction cost - \$1,016 million.
- b. Otaki to north of Levin road – initial construction estimate increased from \$817 million to \$1.5 billion.
- c. Palmerston North capital investment increased from \$687 million in the 2018-28 long-term plan to \$1,319 million in the 2021-31 long-term plan.
- d. Manawatū District capital investment increased from \$190 million in the 2018-28 long-term plan to \$308 million in the 2021-31 long-term plan.



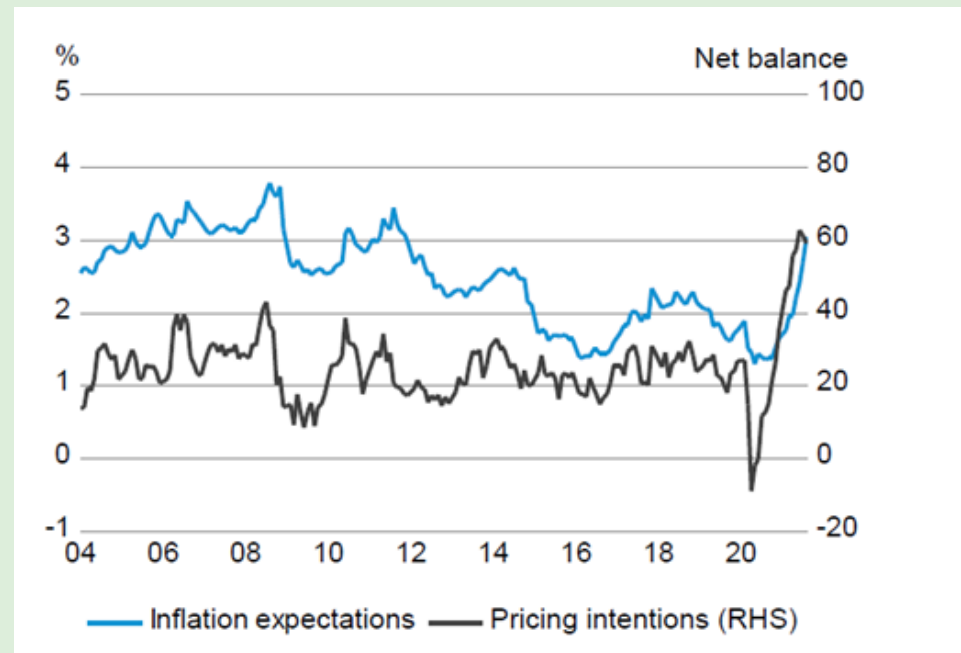
# Supply side constraints and rising inflation expectations

The Treasury (3 September, 2021) reported that “a number of businesses... highlighted that international supply chain issues and labour shortages are growing more acute and are being exacerbated by the current lockdown.”

## Freight Rate Index (FBX)



## Inflation and pricing intentions



## Available CEDA KPIs on track

Indicator	Actual 2021	Regional target
Change in total GDP	5.4% increase in annual GDP (to year ended June 2021)	1.8% average annual increase in total GDP
Electronic card spend by visitors in Manawatū region (domestic and international)	20.5% increase (to \$312 million) year end June 2021 (\$53 million increase)	5.7% pa increase, average annual increase of \$22 million.
Change in MSD benefit numbers	1.9% decline (170 decline to June 2021)	1.6% pa decline, annual average decline of 130



# Summary

- Primary sector outlook remains strong and continues to drive investment and spending
- Inward investment from development and construction projects provide substantial support
- Jobs growth reflective of strong economic performance
- The regional economy has proven resilient and is expected to bounce back from renewed restrictions
- Labour/supply side constraints/inflation are causing concern to businesses

