

Quarterly Economic Update

Economic Development Horowhenua

From the Economic Development Manager



Welcome to the June 2017 edition of Horowhenua's Quarterly Economic Update (QEU).

This issue will focus on economic data to the year ending March 2017.

There have been a number of positive trends in the first quarter of 2017, hinting that the progress experienced in 2016 is far from over.

The district's GDP has been on an incline since 2015, continuing its steady march upwards, approaching pre-Global Financial Crisis levels. This is having a noticeable affect on property and labour markets.

There has been a continued reduction in the unemployment rate, which has finally moved below 7%. This decrease has been largely driven by the construction sector, coupled with the expansion of local businesses over the past year.

The retail sector has also been busy with an uptake in spending in Horowhenua. Attracting both local and external shoppers to the district will continue to be a focus over the coming years as the Wellington Northern Corridor develops.

We want to evolve this resource to best meet your needs, and as such have included an electronic mechanism for you to provide feedback. We invite your comments by clicking [here](#).

As always, if there is something we can help you with, please do get in touch.

Best regards,

Shanon

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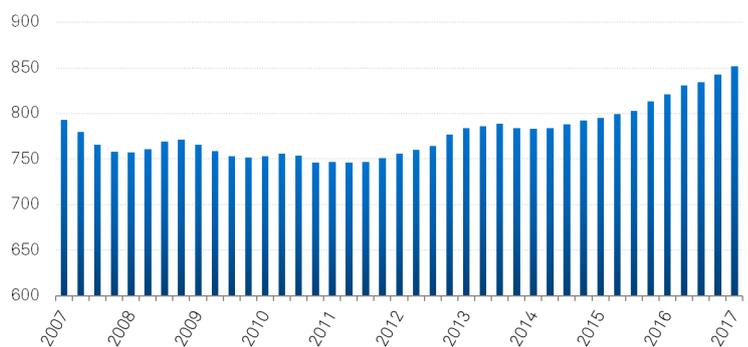
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Trend Summary

Gross Domestic Product

Annual Level, Horowhenua District



Source; Infometrics

Highlights

Positive economic indicator changes over the past year are summarised below. The main body of the report provides further detail on the changes:

- Horowhenua's GDP growth remains elevated, expanding by 3.8% over the year to March 2017. This compares to a national growth of 2.9%, and 2.4% in both the Wellington and Manawatu-Whanganui regions.
- The district's average annual unemployment rate has been steadily reducing over the past year, and now sits at 6.9%; the lowest rate since 2009.
- The property market in the district remains strong, despite a cooling in larger markets such as Wellington and Auckland.
- Retail spending has increased within the district; with electronic card spending rising by 6.1% over the year to March 2017.

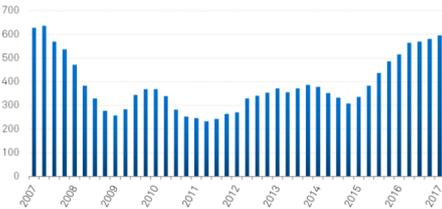
Lowlights

Negative trends included a continued decline in the total value of non-residential consents; decreasing by -26.1% over the year to March 2017. The year to March 2016 saw a number of high value projects, which have had a strong influence on the percentage change in values over the past three quarters, the March 2017 annual value for non-residential consents still sits above 10 year averages. There was also an increase in the number of Jobseeker recipients, but a decrease in the average annual number of MSD beneficiaries overall.

The Property Market

House Sales

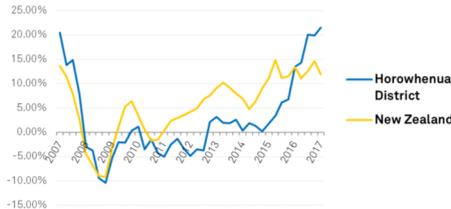
Annual Number, Horowhenua District



Source; RIEENZ via Infometrics

House Price Growth

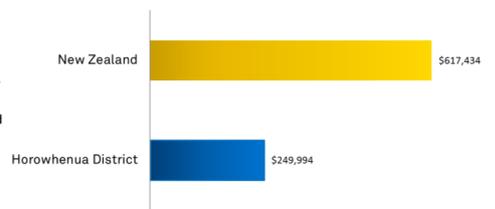
Annual % change



Source; QV via Infometrics

Average current house value

Average for 12 months to March 2017



Source; QV via Infometrics

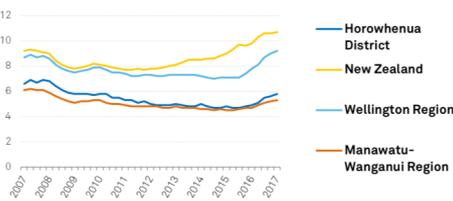
Horowhenua's property market remained elevated over the year to March 2017. Nationally, house sales decreased by -4.5%, this was mainly influenced by Auckland, where sales decreased by -12.3% as investment activity flows out of Auckland. Despite this, house values continued to grow nationally, with prices increasing by an average of 11.9% to \$617,434.

For Horowhenua, house prices increased by 21.5% in the year to March 2017, with average house values sitting at \$249,942. This equates to an approximate increase of \$44,200 when compared to the average annual values for 2016. The strong market has been driven by the Horowhenua's significantly cheaper housing prices and improving transport connections which have been a major attraction for people outside of the district. Horowhenua locals were only responsible for a third of the LIM requests submitted throughout 2016 and early 2017, with 39.7% of LIM requests coming from residents in the Wellington region.

Housing Affordability

Housing Affordability Index

Quarterly level



Source; Infometrics

Horowhenua's housing affordability for home owners continued to decrease over early 2017, with Infometrics housing affordability index increasing to 5.8 for the quarter compared to 4.9 in March 2016.

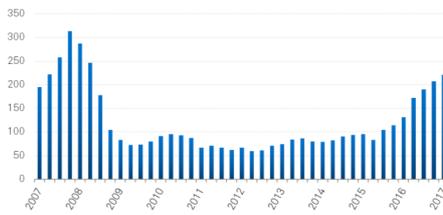
Horowhenua continues to remain highly affordable when compared to the Wellington region, but the district is losing ground to the wider Manawatu-Whanganui Region.

Rising house prices and general demand for housing in the district has continued to place an upward pressure on rental prices. Rents for the March 2017 quarter averaged \$264 per week; a 12% increase on March 2016 quarter prices. The annual average number of active bonds in the district increased slightly when compared to the previous year, suggesting the increasing demand for rentals is outstripping the supply.

Residential Consent Activity

Residential Consents

Annual number, Horowhenua District



Source; Stats NZ via Infometrics

The strong housing market has continued to drive interest in new home builds, with new dwelling consents increasing by 68.7% between March 2016 and March 2017.

48 new dwelling consents were issued in the typically quieter March quarter, which is the largest March quarter number in 10 years.

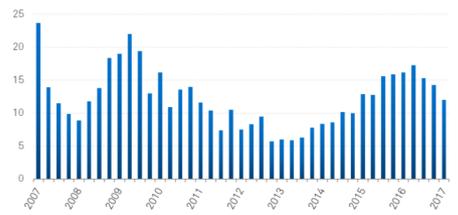
\$64.5m worth of new homes have been constructed in the district in the 12 months to March 2017, this compares with \$34.4m for the same period in the previous year, equating to an increase of around 87%.

A steady supply of skilled workers for the bustling construction sector will be a focus in the coming months, with many parts of the country are already experiencing capacity constraints.

Non-residential Consent Activity

Non-residential Consents

\$m, annual running total, Horowhenua District



Source; Stats NZ via Infometrics

The value of non-residential consents has continued to decline over the past year, decreasing by -26% between March 2016 and March 2017.

The percentage decrease has been strongly influenced by high value projects that occurred across the year to March 2016.

Despite this, annual values for the March 2017 quarter remain above 10-year averages, and builders operating in the commercial arena continue to have a strong pipeline of work in Horowhenua and neighbouring districts.

The sector is expected to gain momentum over this year, as commercial interests in Horowhenua continue to increase.

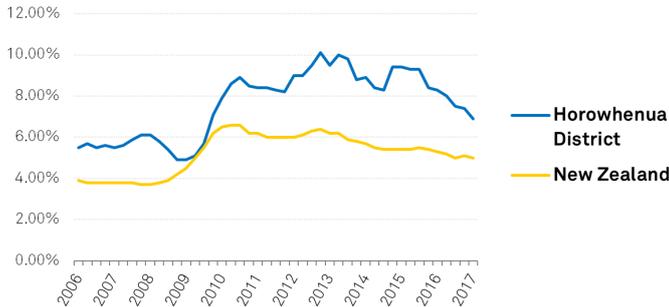
The Labour Market

Unemployment

Jobseeker Support

Unemployment Rate

Average annual rate



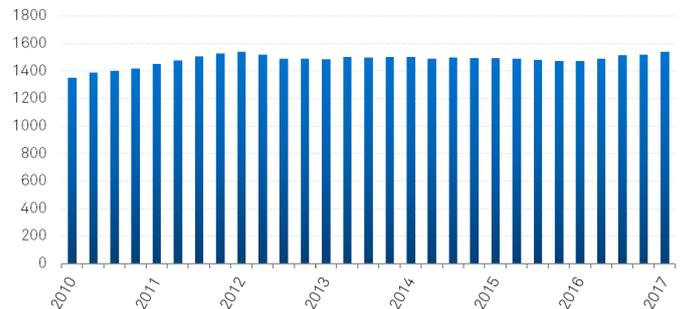
A continued increase in job prospects throughout the district has seen the average annual unemployment rate drop to an estimated 6.9% over the year to March 2017. This compares to the March 2016 rate of 8.3%, and the 10-year peak of 10.1% in December 2012.

While the unemployment rate for the district still remains above the national rate of 5.0%, there has been a continual reduction in the rate since September 2015.

A focus for the coming years will be finding pathways for supporting the long-term unemployed back into the workforce.

Jobseekers

Annual average, Horowhenua District



Annual average working age Jobseeker numbers increased by 4.4% over the year to March 2017. This compares to a 1.1% increase nationally, and a 3.0% increase in the Manawatu-Whanganui Region.

An average of 1,538 people received the Jobseekers benefit over the 12 months ended March 2017, this was an increase of 65 people when compared to the same period of the previous year. Despite this, Sole Parent Support recipients decreased by an average of 60 people, and total MSD beneficiary recipients decreased by -0.1%.

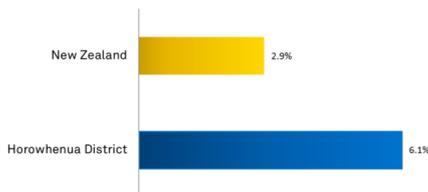
The increase in Jobseeker numbers can be attributed to migration, where by a small proportion of the districts increasing population are on Jobseeker benefits before transitioning into work in the district.

Other Economic Indicators

Retail Sales

Growth in Retail Sales

Annual average % change Mar 16 - Mar 17



Source; Marketview via Infometrics

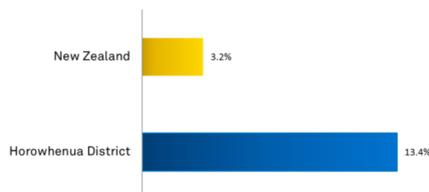
Population growth, increasing job prospects, and expanding visitor numbers continued to have a positive impact on retail spending in the district. Electronic card spending on retail purchases grew by 6.1% over the year to March 2017. This compares to a regional growth of 2.6%.

The quarterly value of retail sales for March 2017 was approximately \$76.6 million, up by over \$8 million compared to March 2016 quarter values.

Guest Nights

Guest Nights

Annual average % change Mar 16 - Mar 2017



Source; Statistics via Infometrics

Guest night numbers for Horowhenua continue to grow, with an increase of 13.4% between March 2016 and March 2017. This compares to a regional increase of 2.1%.

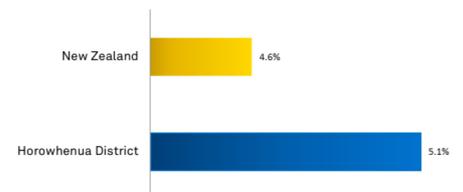
Visitors stayed a total of 83,884 nights during the year to March 2017, up by almost 10,000 when compared to the previous year.

A number of commercial projects currently in development should continue to drive and support guest night growth in Horowhenua.

Traffic Flow

Annual Change in Traffic Flows

Annual average % change Mar 16 - Mar 17



Source; NZTA via Infometrics

Traffic flows increased by 5.1% over the year to March 2017, compared to an increase of 4.3% regionally.

While some of the increase can be attributed to improved transport connections; car and commercial vehicle registrations have also increased for the district over the same period. Car registrations increased by 13.8%, and commercial vehicle registrations grew by 5.7%.

Summary Economic Indicators

Indicator (Annual average % change)	Horowhenua District	Wellington Region	Manawatu-Whanganui Region	New Zealand
Gross Domestic Product	↑ 3.8%	↑ 2.4%	↑ 2.4%	↑ 2.9%
Traffic flow	↑ 5.1%	↑ 4.3%	↑ 4.3%	↑ 4.6%
Residential consents	↑ 68%	↑ 28.6%	↑ 58%	↑ 10%
Non-residential consents	↓ -26%	↑ 25%	↑ 13%	↑ 11%
House prices*	↑ 22%	↑ 19.5%	↑ 15%	↑ 12%
House sales	↑ 16%	↓ -0.1%	↑ 22%	↓ -4.5%
Guest nights	↑ 13%	↑ 1.1%	↑ 2.1%	↑ 3.2%
Retail trade	↑ 6.1%	↑ 1.5%	↑ 2.6%	↑ 2.9%
Car registrations	↑ 14%	↑ 10.3%	↑ 11%	↑ 8.2%
Commercial vehicle registrations	↑ 5.7%	↑ 18.3%	↑ 7.4%	↑ 17%
Jobseeker Support recipients	↑ 4.4%	↑ 1.1%	↑ 3.0%	↑ 1.0%

*Annual percentage change (latest quarter compared to a year earlier)

Source: Infometrics

Resources

This update along with other publications can be viewed in the *Business* section of our website at;

<http://www.horowhenua.govt.nz/Business>

Your feedback is invited, and can be provided [here](#).

Websites of interest;

Statistics New Zealand - <http://www.stats.govt.nz>

Ministry of Business, Innovation & Employment - <http://www.mbie.govt.nz>

Infometrics - <http://www.infometrics.co.nz/>

Disclaimer

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Notes

Gross Domestic Product

Gross Domestic Product is estimated by Infometrics. A top down approach breaks national industrial production (sourced from production based GDP measures published by Statistics New Zealand) is broken down to TA level by applying TA shares to the national total. Each TA's share of industry output is based on earnings data from LEED. GDP growth in recent quarters is based on a model which uses the various partial economic indicators presented in this report as inputs.

Net migration

Net migration is the difference between the number of arrivals and departures of permanent and long-term migrants. Data is sourced from International Travel and Migration statistics from Statistics New Zealand.

Unemployment

Regional level unemployment rates are sourced from Statistics New Zealand's Household Labour Force Survey. Trends in the number of Jobseekers at TA level are used to break down regional unemployment rates to TA level. To reduce volatility the unemployment rate is presented as an average for the last four quarters.

Traffic flow

Traffic flow growth rates are calculated from the number of vehicles passing approximately 110 sites monitored by New Zealand Transport Agency. Each of the sites has been mapped to a territorial authority.

Retail Sales

The retail spending data is sourced from Marketview. It measures total electronic card spending using spending through the Paymark network and adding to it an estimate of non-Paymark network spending using the pattern of BNZ card holder spending at non-Paymark retailers. For further breakdown of the data by storetype and other variables contact Marketview.

Accommodation

The number of guest nights is sourced from Statistics New Zealand's Accommodation Survey. A guest night is equivalent to one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report that they had provided 30 guest nights.

House sales

The number of house sales is sourced from REINZ. The indicator measures the number of house sales at the point when the sale becomes unconditional. The unconditional date is the date when all the terms of an agreement have been satisfied and the sale and purchase can proceed to settlement.

House values

House value (dollar value) are sourced from QVNZ. The levels quoted in the report are average current values over the past 12 months. An average current value is the average (mean) value of all developed residential properties in the area based on the latest house value index from QVNZ. It is not an average or median sales price, as both of those figures only measure what happens to have sold in the period. These average current values are affected by the underlying value of houses (including those not on the market) and are quality adjusted based on the growth in each house's price between sales.

Building consents

Building consents data are sourced from Statistics New Zealand. Non-residential consents include the value of both new buildings and alterations.

Vehicle sales

Car and commercial vehicle sales data are sourced from New Zealand Transport Authority. Sales are based on new registrations which include the first time registration of new vehicles and used vehicles imported from overseas.

Jobseekers Support

In July 2013 the New Zealand's welfare system changed to better recognise and support people's work potential. As part of this the Jobseekers Support benefit was introduced. This benefit is for people who can usually look or prepare for work but also includes people who can only work part-time or can't work at the moment, for example, because they have a health condition, injury or disability.

Data presented for the September 2013 quarter onwards is provided by the Ministry of Social Development (MSD). Data prior to September 2013 are Infometrics estimates based on re-grouping pre-July 2013 benefit categories to be consistent with the post-July 2013 benefit categories. The pre-July 2013 benefit categories used to estimate the number of Jobseekers Support recipients are: Unemployment Benefit and Unemployment Benefit Hardship; Unemployment Benefit Training and Unemployment Benefit Hardship Training; Sickness Benefit and Sickness Benefit Hardship; Domestic Purposes Benefit - Sole Parent (if youngest child is 14 or over); Women Alone and Widow's Benefit (without children or with children 14 or over).