

Quarterly Economic Update

Economic Development Horowhenua

From the Economic Development Manager



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

This new resource provides the latest economic data for the Horowhenua District. This first issue focuses on the year to December 2016, with future issues dedicated to providing rolling updates as the latest

quarterly data comes to hand.

The QEU combines information and data from a number of independent sources including Infometrics, Statistics New Zealand, Central Government agencies, and a variety of regional and local organisations.

Aimed at informing local decision-makers and the wider community, we seek to break down the latest statistics for the District and present them in a single and straightforward source. Our objective is to provide relevant economic information to support effective decision making.

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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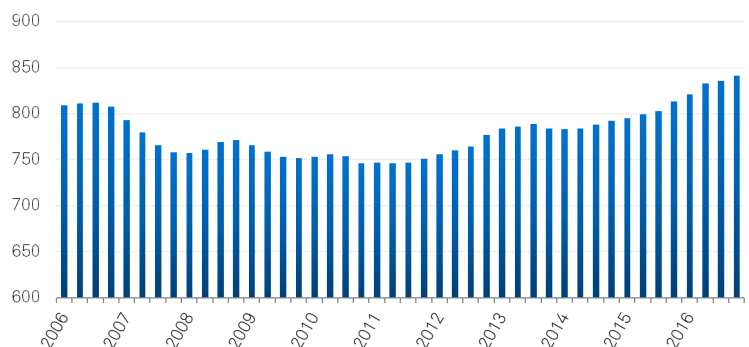
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Trend Summary

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 grew by a rapid 3.5% to \$841 million over the year to December 2016. Compared to a national growth of 3.2%, 2.9% for the Wellington region, and 2.4% for the Manawatu-Whanganui region.
- An estimated total population gain of 500 people or 1.6%, compared to an average of 0.2%pa growth since 2000.
- Total employment in the Horowhenua District averaged 10,326 in the year to March 2016, up 2.6% from a year earlier. Average employment growth for the District has been – 0.4%pa over the last 10 years.
- There were increases in house sales and median sales prices, whilst maintaining housing affordability relative to neighbouring districts in the South.
- The annual average unemployment rate for the Horowhenua District was 7.4% in December 2016, compared to 8.4% a year earlier.

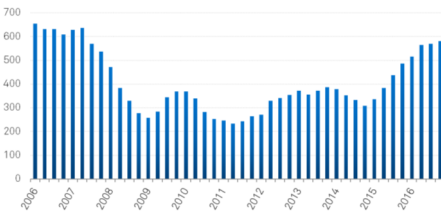
Lowlights

Negative trends included a decline in the value of non-residential consents, despite values still remaining over 20% above the 10 year average. There was also an increase in Jobseeker recipients, but a decrease in beneficiary recipients overall.

The Property Market

House Sales

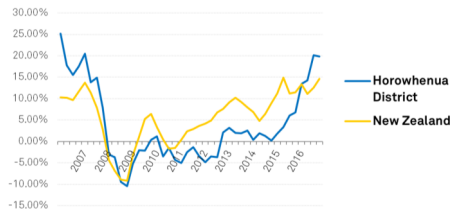
Annual Number, Horowhenua District



Source; RIEENZ via Infometrics

House Price Growth

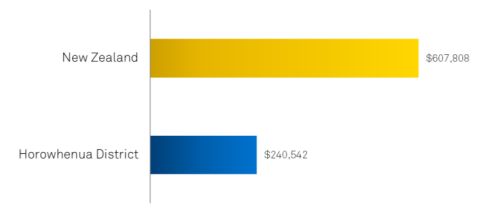
Annual % change



Source; QV via Infometrics

Average current house value

Average for 12 months to Dec 2016



Source; QV via Infometrics

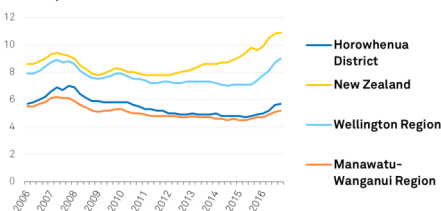
Horowhenua's house price and house sale growth outperformed relative to New Zealand. House sales increased by an impressive 19% compared to a -0.03% decrease nationally for the year ended December 2016. A total of 581 houses were sold in the District in the year to December 2016. This compares to the ten year average of 382 houses suggesting the market is well on its way to returning to pre-GFC levels.

House prices increased by 20% in the year to December 2016, with average house prices sitting at \$240,542. Resulting in an increase of approximately \$40,000 compared to the average price in 2015, with equity gains benefiting homeowners. House price growth in Wellington remained elevated at 22.9%, with house prices for the Wellington region averaging \$539,941 in the year to December 2016. High Wellington prices coupled with a growing shortage of properties to rent is creating some pressures in the Wellington Region.

Housing Affordability

Housing Affordability Index

Quarterly level



Source; Infometrics

Horowhenua's housing affordability weakened in 2016, although remains strong relative to the Wellington region and New Zealand.

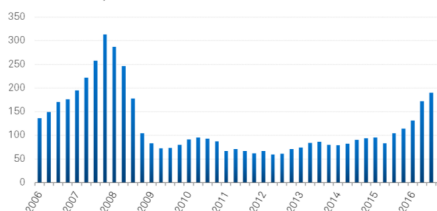
Despite Horowhenua's relative affordability, the District's lower median earnings coupled with rapidly increasing housing prices are likely to impact on locally based families looking to enter the housing market. Furthermore, higher housing costs are putting upward pressure on rental prices which rose 7.8% in the December 2016 Quarter.

Housing affordability will be an important indicator to monitor going forward as demand from neighbouring markets to our south (and further afield) continues.

Residential Consent Activity

Residential Consents

Annual number, Horowhenua District



Source; Stats NZ via Infometrics

Residential consents granted dropped from 68 in the September 2016 to 51 in the December 2016 quarter. Despite this drop, growth for the year ended December 2016 was incredibly strong at 81.6%, compared to national growth of 10.5% for the same period.

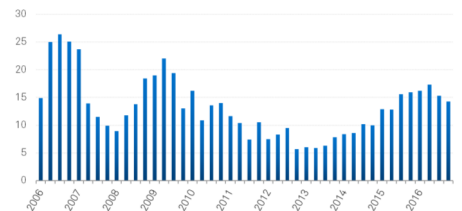
It is also important to note that the December 2016 quarter results exceeded the 10-year average of 30.3 new residential consents issued per quarter.

\$58m of new homes have been constructed in the District in the 12 months to December 2016, compared with \$29m for the same period the previous year.

Non-residential Consent Activity

Non-residential Consents

\$m, annual running total, Horowhenua District



Source; Stats NZ via Infometrics

The value of non-residential building consents dropped by -10% to \$14.3 million over the year to December 2016. This compared to a national increase of 1.7% for the same period.

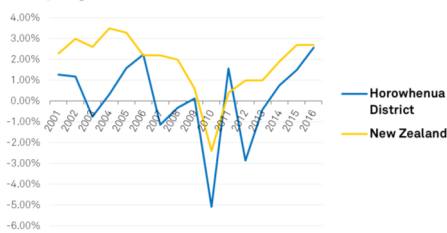
A number of large commercial building projects occurred in the District between late 2015 and early 2016, which relates to the increase in consent values for this period.

It is likely that this area will gain momentum in coming quarters as a number of new projects commence. Improving conditions across key primary industry sectors are also likely to have a positive impact on this area going forward.

The Labour Market

Growth

Employment Growth 2001-2016



Source; Infometrics

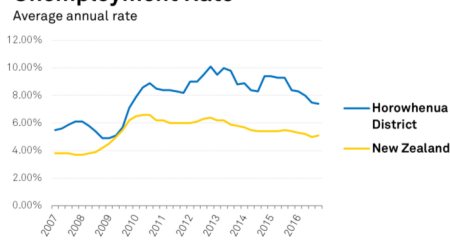
Job numbers grew by an estimated 2.6% in the year to March 2016, averaging 10,326 jobs in the District. This is a notable result, as job growth for the past 10 years has averaged -0.4%pa.

Of the extra 259 jobs, the majority (111 jobs) were created by a strong construction sector which expanded by 16% over the year to March 2016.

LEED data for the year ended December 2015 indicated annual average earnings increased by 4.2% to \$44,290 over the year.

Unemployment

Unemployment Rate



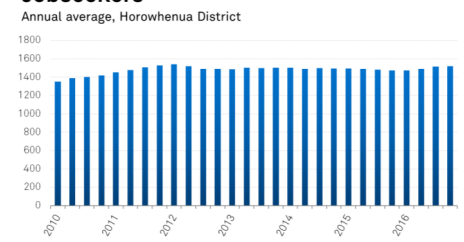
Source; Infometrics

The estimated annual average unemployment rate for Horowhenua was 7.4% to the year ended December 2016. There has been a steady decline in the unemployment rate since September 2015, most likely a reflection of the job growth that has occurred in the District.

Horowhenua's unemployment rate still remains above national figures, which averaged 5.1% over the year to December 2016. Unemployment remains an area of focus for Horowhenua going forward.

Jobseeker Support

Jobseekers



Source; Stats NZ via Infometrics

Annual average working age Jobseeker numbers increased by 3% over the year to December 2016. This compares to a 0.6% increase nationally.

An average of 1,518 people received Jobseeker Support in Horowhenua over the 12 months ended December 2016, this was an increase of 44 people when compared to the same period the previous year.

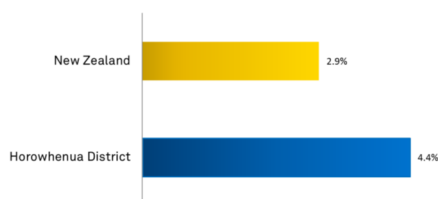
Despite this, total MSD benefits numbers decreased by -0.8% over the year. With a large drop of -6.1% in Sole Parent beneficiary numbers.

Other Economic Indicators

Retail Sales

Growth in Retail Sales

Annual average % change Dec 15 - Dec 16



Source; Marketview via Infometrics

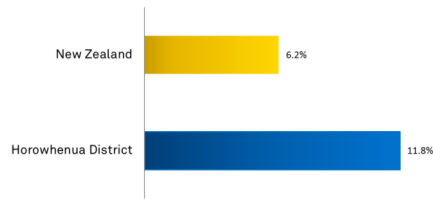
Retail sale growth remained strong for Horowhenua, with electronic card spending on retail purchases increasing by 4.4% over the year to December 2016. This compares to a national growth of 2.9% and a regional growth of 2.2% for the same period.

Electronic card retail spend for Horowhenua came to approximately \$78.8 million for the December 2016, up by over \$6 million when compared to the same period last year.

Guest Nights

Guest Nights

Annual average % change Dec 15 - Dec 16



Source; Statistics via Infometrics

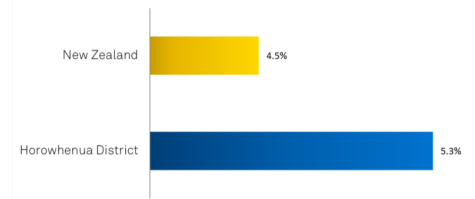
Guest nights numbers for Horowhenua continued to increase over the year, finishing with an 11.8% annual average increase for the year ended December 2016. This compared to a national increase of 6.2%

The total annual number of guest nights for the District came to 82,391 over the year, an increase of over 8,500 from 2015 levels.

Traffic Flow

Annual Change in Traffic Flows

Annual average % change Dec 15 - Dec 16



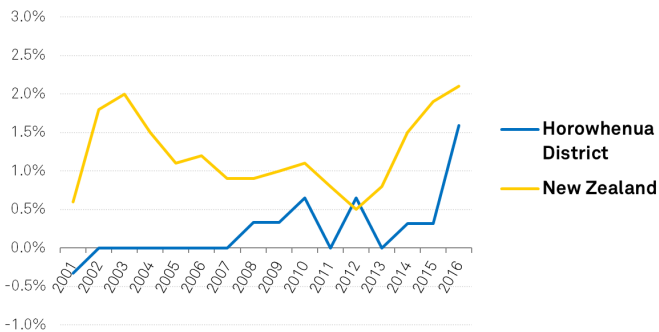
Source; NZTA via Infometrics

Traffic flows also picked up by 5.3% in Horowhenua over the year to December 2016. This compares to a national annual average increase of 4.5%.

Increased traffic on the District's roads may be attributed to improving transport connections to Wellington, and also wider confidence across New Zealand's economy and household spending patterns.

Population Growth

Population Growth: 2000-2016



Source; Statistics New Zealand

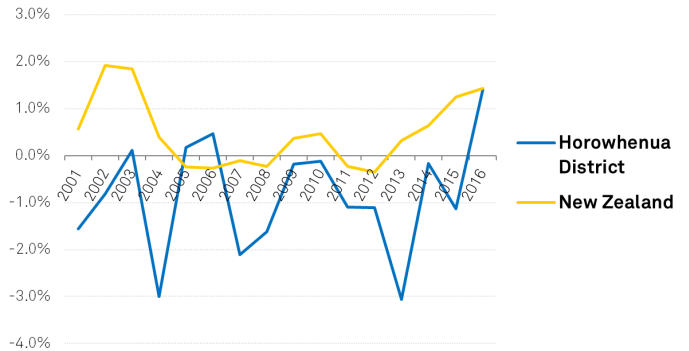
Population growth for Horowhenua was an estimated 1.6% for the year to June 2016, according to subnational population estimates released by Statistics New Zealand. This equates to an extra 500 people moving to Horowhenua, resulting in a total population quickly nearing 32,000.

Horowhenua's estimated growth did not exceed the national average of 2.1%, but the District's population increase is a significant turnaround from an average growth of 0.2%pa since 2000.

Overseas migration for Horowhenua fell to 96 people for the year ended December 2016. This compares to a net overseas migration of 118 people for the same period in 2015, and prior to this many decades of net losses, particularly to Australia.

School Roll Data

Student Number Growth:



Source; Education Counts (MoE)

There was a significant increase of 1.4% in student numbers in Horowhenua for the year ended 1 July 2016. The highest growth rate since 2000, resulting in a net increase of 66 students.

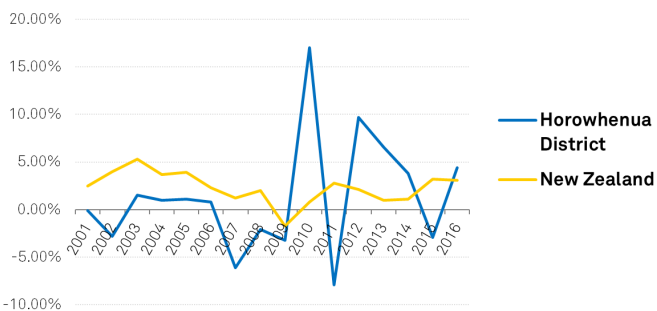
Growth was attributed to a large increase in the number of primary and intermediate school children, with numbers increasing by 127 students. This suggests an increase in young families moving to the District. This has also resulted in schools employing extra staff to meet demand.

Secondary school numbers decreased by -3.9% or 61 students. This decrease can be in part attributed to an increase in local job opportunities for school leavers.

Tourism

Tourism GDP Growth

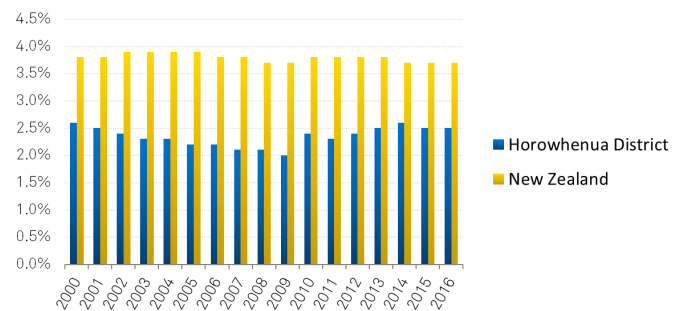
Annual average % change Mar 15 - Mar 16



Source; Infometrics

Tourism share of total GDP

To the year ended March 2016



Source; Infometrics

Domestic

Horowhenua's tourism GDP grew by 4.4% over the year to March 2016. Domestic tourism contributed an estimated \$17.4 million to GDP, making up 2.1% of the District's total GDP.

Domestic tourism expenditure growth has increased dramatically since 2014, and now sits above national growth averages. Projects including; Te Awahou Nieuwe Stroom in Foxton, and improved transport connections between the District and Wellington are expected to increase domestic tourism spending even more over the coming years.

International

International tourism contributed an estimated \$3.3 million to Horowhenua's total GDP, making up 0.4% of the districts economy.

International tourism expenditure growth remains elevated, despite falling since 2015. Growth is also lower than national averages, which have been driven in part by expanding airline and cruise capacity. Historically low inbound international travel costs are expected to help sustain overseas visitor numbers going forward.

Summary Economic Indicators

Indicator (Annual average % change)	Horowhenua District	Wellington Region	Manawatu-Whanganui Region	New Zealand
Gross Domestic Product	↑ 3.5%	↑ 2.9%	↑ 2.4%	↑ 3.2%
Traffic flow	↑ 5.3%	↑ 3.7%	↑ 4.8%	↑ 4.5%
Residential consents	↑ 82%	↑ 15.7%	↑ 49%	↑ 10%
Non-residential consents	↓ -10%	↑ 17%	↓ -8.8%	↑ 1.7%
House prices*	↑ 20%	↑ 23%	↑ 14%	↑ 15%
House sales	↑ 19%	↑ 8%	↑ 25%	↓ -0.03%
Guest nights	↑ 11.8%	↑ 4%	↑ 1.7%	↑ 6.2%
Retail trade	↑ 4.4%	↑ 1.6%	↑ 1.7%	↑ 2.9%
Car registrations	↑ 7.9%	↑ 5.6%	↑ 2.2%	↑ 5.9%
Commercial vehicle registrations	↑ 2.9%	↑ 14.9%	↑ 8.5%	↑ 14%
Jobseeker Support recipients	↑ 3.0%	↑ 1.3%	↑ 2.3%	↑ 0.6%

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

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).