

Quarterly Economic Update

Economic Development Horowhenua

From the Economic Development Manager



Welcome to the December 2017 edition of Horowhenua's Quarterly Economic Update (QEU), this issue will focus on economic data for the year to September 2017.

As we start to wind down for the year we can all look back and appreciate the economic shift taking place in Horowhenua.

This shift has had a wide reaching, palpable effect on all of us in one way or another. Our towns are busier, our businesses are growing, our property market has been buoyant, and our people are realising opportunities previously not available to them.

We are also on the radar of our neighbours to the north and south of us. We've had 600 people join our community this year, well above what has been experienced over the last decade.



**Population grew
by 1.9% or 600
people to 32,500**

Source; StatsNZ Subnational Population Estimates (provisional) to 30 June 2017

Horowhenua's progress would not have been possible without you; our business leaders and wider community. Thanks for the contribution you have made to the district over 2017.

I look forward to tackling the opportunities and challenges 2018 brings with you all.

Here's to a safe and happy holiday season. Until 2018,
Best regards,

Shanon

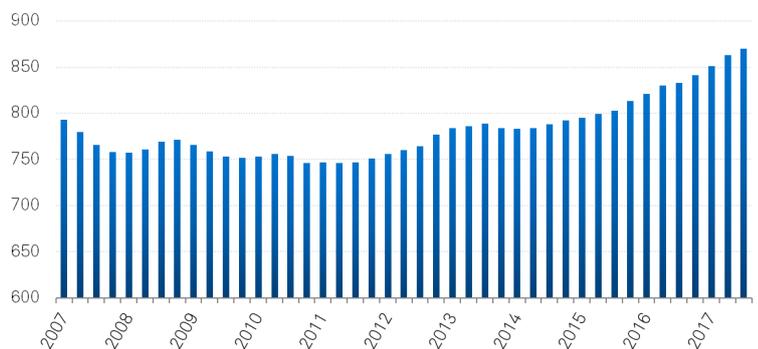
We want to evolve this resource to best meet your needs, and as such have included an electronic mechanism for you to provide feedback. We invite your comments by clicking [here](#).

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

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 economic upturn continues with GDP expanding by 4.5% over the year to September 2017. This compares to 3.2% GDP growth for the wider region, and 2.5% growth for New Zealand.
- Statistics NZ has released population estimates for the district. Horowhenua's population grew by 1.9% or 600 people. This compares to an average of 0.4% p.a between 2006 and 2016.
- The retail sector continues to perform well off the back of population growth and a generally sunny outlook for the district's economy. Electronic card spending grew by 13% over the year.

Lowlights

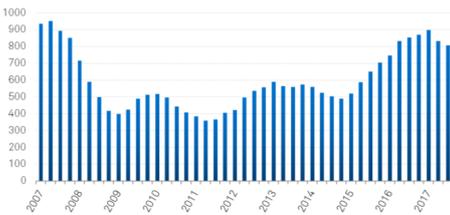
Negative trends included a continued decreased values in non-residential consents, which are down -26% from a year ago to \$11.4m.

The unemployment rate is estimated to have increased slightly from 6.7% to 7%. Despite this, there will be plenty of job opportunities arising over the next year due to business relocations and expansions occurring in the district.

The Property Market

House Sales

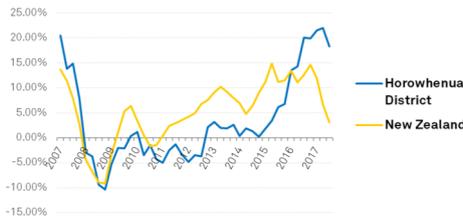
Annual Number, Horowhenua District



Source; RIEENZ via Infometrics

House Price Growth

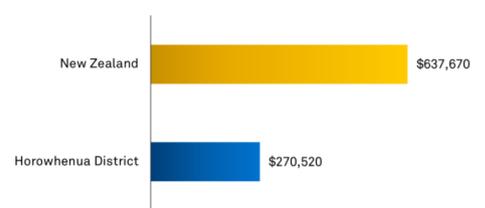
Annual % change



Source; QV via Infometrics

Average Current House Value

Average for 12 months to September 2017



Source; QV via Infometrics

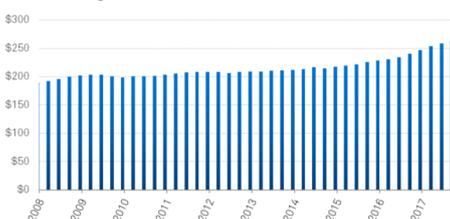
Horowhenua's property market is experiencing a slower rate of growth compared to the previous 12 months. House prices increased by 18%, with the average property in the district now valued at \$270,520. This slowed growth was experienced across most of the country with average values only increasing by 3.1% overall, and values falling in some areas, particularly in Auckland.

The number of house sales fell by -5.5% from September 2016. This compares to a -17.1% fall nationally, which was largely influenced by a slowing housing market in Auckland. Pressure will remain on house prices for the foreseeable future as continued significant infrastructure investment by the government, growing employment opportunities and an affordable market will continue to make Horowhenua an attractive option to buyers in the south and elsewhere.

Rental Market Analysis

Mean Rent

Annual average of mean rents, Horowhenua District



Source; MBIE

Increasing house prices, demand and a growing population have put pressure on the rental markets over the past 24 months.

Mean rental prices increased by 11% over the year to September. Tenants are now paying an extra \$26 per week on average, putting extra pressure on those with low incomes.

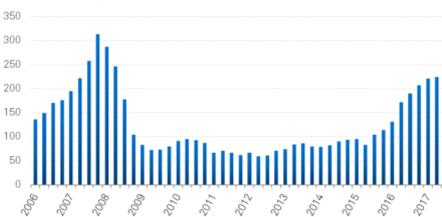
Continued price increases can be expected as population growth continues to drive strong demand in the district.

There is also some speculation that the new government's changes in policy around rental properties may have some effect on prices in the future as some landlords pass on the costs of these changes to tenants.

Residential Consent Activity

Residential Consents

Annual number, Horowhenua District



Source; Stats NZ via Infometrics

New residential consent numbers remain buoyant but have begun to level off after being on a strong incline since March 2016. 222 new homes were consented for the year to September, valued at a total of \$71.1 million, up an impressive \$21 million on the previous year.

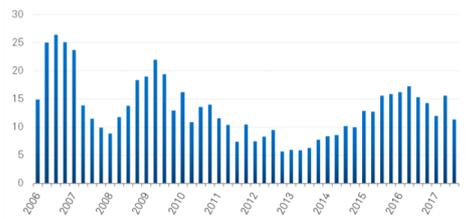
Land supply constraints are starting to develop in the district, particularly in Levin. The need for the establishment of new allotments for residential and lifestyle sections is becoming critical.

New residential consents numbers grew a modest 3% across the country. Despite this, forecasted growth is exceptionally strong due to Auckland's lack of housing supply for a growing population, and the new government's KiwiBuild initiative.

Non-residential Consent Activity

Non-residential Consents

\$m, annual running total, Horowhenua District



Source; Stats NZ via Infometrics

Non-residential consents remain low when compared to 2015/2016 with consent values dropping by -25.6% (from \$15.3 million), totalling \$11.4 million for the year.

The total value for the year sits below the 10-year average of \$12.3 million.

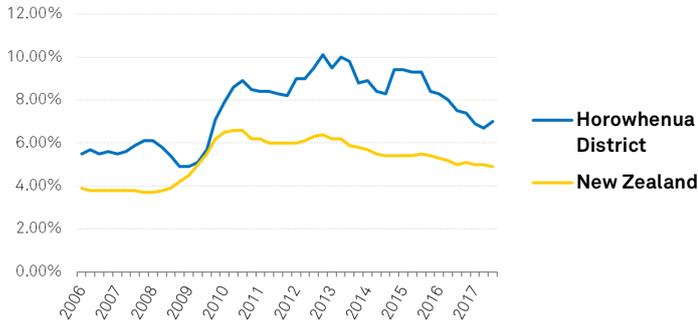
This drop in consents is expected to be temporary as new commercial ventures and expansions are set to start premises development towards the middle half of 2018.

The Labour Market

Unemployment

Unemployment Rate

Average annual rate



Source; Infometrics

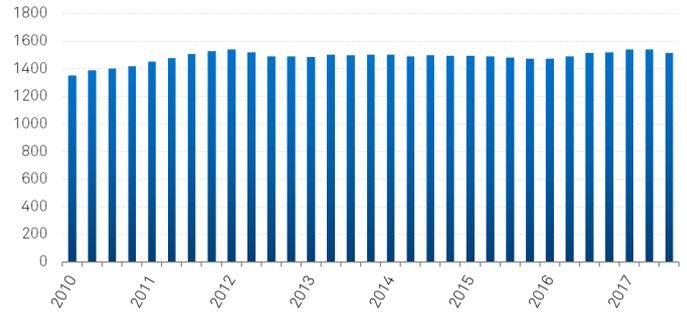
The unemployment rate increased slightly to 7% for the year to September 2017. Despite this, the rate is still lower than the September 2016 level (7.5%), and sits well below the 10-year peak of 10.1% experienced in December 2012.

The job market is expected to improve over the coming months as new businesses and business expansions in the district bring a range of employment opportunities to residents.

Jobseeker Support

Jobseekers

Annual average, Horowhenua District



Source; Stats NZ via Infometrics

The annual average number of Jobseeker recipients increased by 0.2% over the year to September 2017. Growth was lower relative to Manawatu-Wanganui Region and New Zealand, where the number of Jobseeker Support recipients increased by 1.2% and 0.6% respectively.

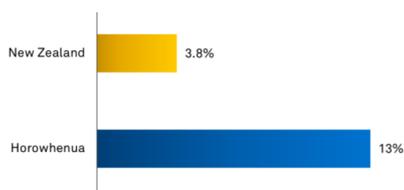
An average of 1,516 people were receiving the Jobseekers benefit over the year; this was an increase of 3 people when compared to the 2016 annual average number. Despite this, Jobseeker numbers have been decreasing over the year and have dropped to 1,464 as at 30 September 2017.

Other Economic Indicators

Retail Sales

Growth in Retail Sales

Annual average % change Sep 17- Sep 17



Source; Marketview via Infometrics

Electronic card retail spending remained elevated over the September quarter, growing by 13% or \$9.3million for the year.

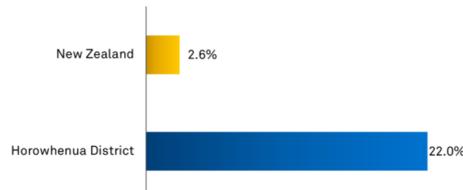
The wider region also experienced modest growth in retail sales, with spending up by 5.5%.

Nationally spending grew by 3.8%, with most of this increase being dominated by spending on consumable items, with a slow down in durable goods spending.

Guest Nights

Guest Nights

Annual average % change Sep 17- Sep 17



Source; Statistics via Infometrics

Once again, Horowhenua outperformed all other districts in New Zealand for guest night growth.

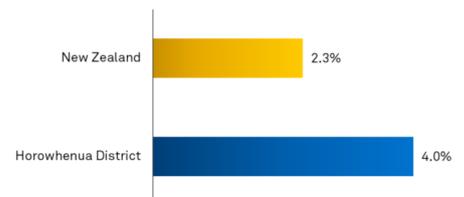
Visitors stayed a total of 93,360 nights during the year to September 2017, up almost 17,000 when compared to the previous year.

Most of the guest night growth can be attributed to visitors coming for work-related purposes. Business expansion throughout the district has required companies to bring in external contractors.

Traffic Flow

Annual Change in Traffic Flows

Annual average % change Sep 17- Sep 17



Source; NZTA via Infometrics

Traffic flows increased by 4.0% over the year to September 2017, continuing to exceed regional and national growth averages.

Car registrations also increased (16.3%), with 1,147 new vehicles being registered in the district. Car registrations were up across the country (9.4%) attributed to growing demand for used imports.

Summary Economic Indicators

Indicator (Annual average % change)	Horowhenua District	Wellington Region	Manawatu-Whanganui Region	New Zealand
Gross Domestic Product	↑ 4.5%	↑ 2.1%	↑ 3.2%	↑ 2.5%
Traffic flow	↑ 4.0%	↑ 3.0%	↑ 3.7%	↑ 2.3%
Residential consents	↑ 17%	↑ 15%	↑ 28%	↑ 3.0%
Non-residential consents	↓ -26%	↑ 24%	↑ 1.7%	↑ 5.9%
House prices*	↑ 18%	↑ 15%	↑ 16%	↑ 3.1%
House sales	↓ -5.5%	↓ -15%	↑ 0.6%	↓ -17%
Guest nights	↑ 22%	↑ 0.2%	↑ 4.5%	↑ 2.6%
Retail trade	↑ 13%	↑ 3.4%	↑ 5.5%	↑ 3.8%
Car registrations	↑ 16%	↑ 7.6%	↑ 16%	↑ 9.4%
Commercial vehicle registrations	↑ 3.1%	↑ 23%	↑ 21%	↑ 19%
Jobseeker Support recipients	↑ 0.2%	↓ -1.5%	↑ 1.2%	↑ 0.6%
Tourism Expenditure	↑ 23%	↑ 2.7%	↑ 6.9%	↑ 6.4%

*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/>

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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) 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 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 are 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) is 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 has 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 is 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 is 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).