

# Quarterly Economic Update

## Economic Development Horowhenua

### From the Economic Development Manager



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

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

Horowhenua's economy continues to move from strength to strength. GDP grew by 4% over the year to June 2017, the highest level since

2005. This growth was bolstered by strong primary sector and secondary sectors.

Recently Horowhenua's socio-economic projections were recast, details of the full report can be found at <http://www.horowhenua.govt.nz/Business/Strategy-and-Insights/Research>. Sustained growth is projected over the coming years, some exciting takeaways from the projections are as follows:



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.

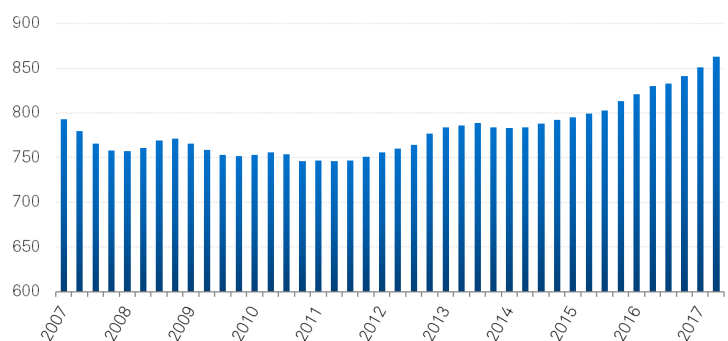
Best regards,

*Shanon*

### 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 outperformed Regional and National GDP growth for the year to June 2017, expanding by 4%.
- The district's average annual unemployment rate has been steadily reducing over the past year, and now sits at 6.7%. The rate peaked at 10.1% in December 2012.
- The retail sector performed incredibly well over the year, with electronic retail card spending up by 9.6%. A strong indication of the confidence and improved spending power within our economy.
- Guest nights in Horowhenua grew by 21% for the year, the highest growth rate in the country.

#### Lowlights

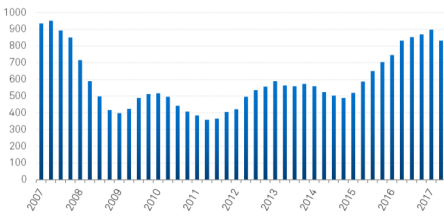
**Negative** trends included a decrease of -9.6% in the value of non-residential consents for the year to June 2017. Despite this, values increased over the June quarter compared to the 6 months beforehand, rising to \$15.6 million.

There was a 3.4% increase in the number of Jobseeker recipients over the year. Despite this being an improvement on the previous quarter's rate of 4.4%, enabling long-term Jobseeker recipients to find pathways into employment will be a growing issue as labour demands increase.

# The Property Market

## House Sales

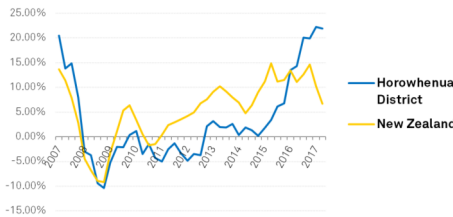
Annual Number, Horowhenua District



Source; RIEENZ via Infometrics

## House Price Growth

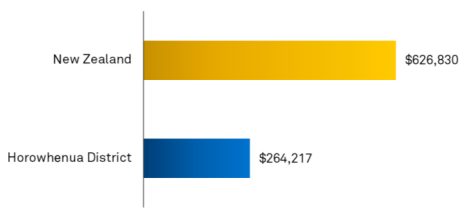
Annual % change



Source; QV via Infometrics

## Average Current House Value

Average for 12 months to June 2017



Source; QV via Infometrics

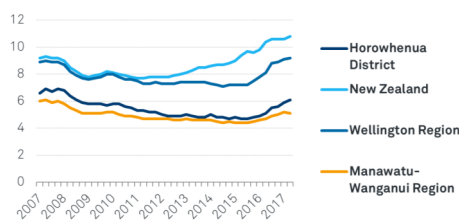
Horowhenua's property market continued to strengthen over the year to June 2017. While house price growth remained elevated (21.9%), the number of house sales has fallen (-0.1%). Nationally house sales decreased by -14% over the same period, driven by a large reduction in activity across the Auckland market.

House prices increased by 21.9% in the year to June 2017, with the average value sitting at \$264,217. While house values in the district remain much cheaper than values nationally and to the south in Wellington, the district continues to lose ground to the wider Manawatu-Wanganui Region. This is the first time house prices have exceeded regional averages (\$259,477) since 2009.

## Housing Affordability

### Housing Affordability Index

Quarterly level



Source; Infometrics

Horowhenua's housing affordability continued to increase over the year to June 2017. The district's index now sits at 6.1 compared to 5.1 for the previous year.

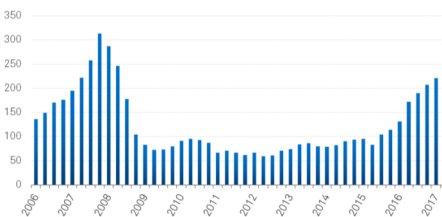
Housing affordability will be a growing issue as transport connections develop to the south, and the district becomes a closer neighbour to the more expensive Kāpiti District.

The growing house prices once again had an effect on rental costs, with average rents increasing by 10.7% over the year to June 2017. For those in the community that rent, this equates to an average increase of \$25 per week in accommodation costs.

## Residential Consent Activity

### Residential Consents

Annual number, Horowhenua District



Source; Stats NZ via Infometrics

The strong demand for housing in the district continued to drive the appetite for new homes. 57 new dwelling consents were granted in the June 2017 quarter, almost twice as high as the 10-year average of 29.7.

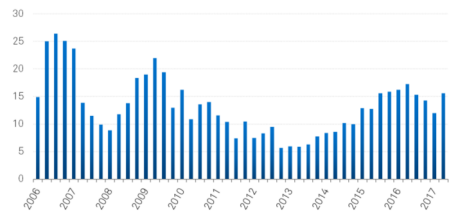
The value of residential consents was up by \$24 million for the year, totalling \$69 million to June 2017. The month of June also saw the highest value of residential consents on record, with \$10.2 million dollars worth of new homes consented.

Demand for quality labour across the construction sector, both locally, regionally, and to the south, is set to become more intense. Ensuring the district's workforce is ready and able to meet this growing demand will remain a focus of employers, educators, and the wider community going forward.

## 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 -9.6% between June 2016 and June 2017.

Despite this decrease, the value of non-residential consents for the June quarter was \$15.6m; this was up from the previous three quarters, and well above the 10-year average value of \$12.4m.

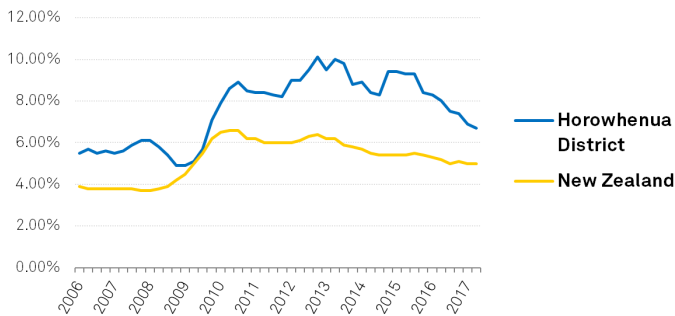
The pipeline for work in the commercial building sector will remain strong over the next 12 months, as a number of large projects take off in the district.

# The Labour Market

## Unemployment

### Unemployment Rate

Average annual rate



Source; Infometrics

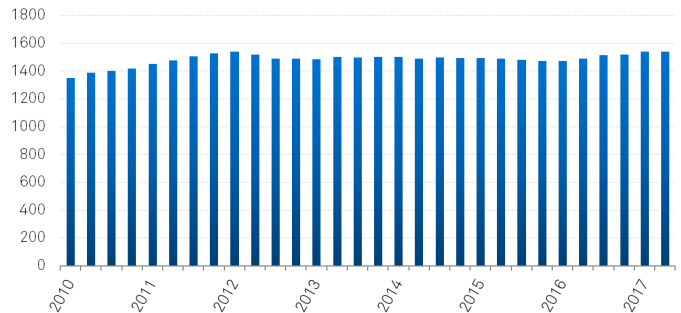
The unemployment rate has decreased further to 6.7% for the year to June 2017. The steady reduction in the rate has been a welcome turnaround from the 10-year peak of 10.1% in December 2012.

This reduction can be attributed to a strong economy, and demand for labour in the construction and manufacturing sectors. To continue this strong momentum downwards, efforts will need to be made to tackle the issue of structural unemployment in Horowhenua, as the number of those readily available to work decreases.

## Jobseeker Support

### Jobseekers

Annual average, Horowhenua District



Source; Stats NZ via Infometrics

The annual number of Jobseeker recipients increased by 3.4% to the year June 2017.

An average of 1,540 people were receiving the Jobseekers benefit as of June 2017; this was an increase of 51 people when compared to the June 2016 number.

Nationally, Jobseeker numbers increased by 1.2% over the year to June 2017. This can be attributed to a decrease in the number of part-time jobs available, with full-time job numbers expanding by 0.7%

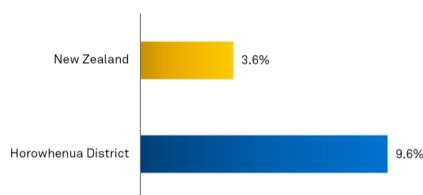
Overall, beneficiary numbers decreased by 77 people between June 2016 and June 2017, mostly influenced by the -12.5% drop in Sole Parent recipients.

## Other Economic Indicators

### Retail Sales

#### Growth in Retail Sales

Annual average % change Jun 16 - Jun 2017



Source; Marketview via Infometrics

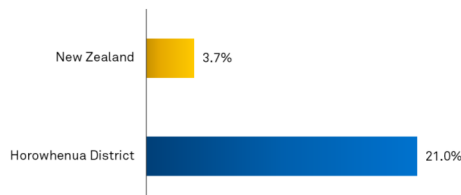
Growing consumer confidence nationally and increasing visitor numbers have boosted retail activity in the district, with electronic card retail spending growing by an impressive 9.6% over the year; \$76.9 million was spent in the district during the June 2017 quarter. This compares to a \$66.1m spend in the June 2016 quarter.

Retail activity also remained buoyant regionally, with spending increasing by 4.4% over the year to June 2017.

### Guest Nights

#### Guest Nights

Annual average % change Jun 16 - Jun 17



Source; Statistics via Infometrics

Guest night numbers for Horowhenua increased by 21% for the year to June 2017 and 47% for the quarter. This was the strongest growth recorded for New Zealand.

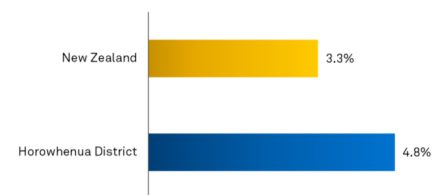
Visitors stayed a total of 91,171 nights during the year to June 2017, up almost 16,000 when compared to the previous year.

These numbers were largely attributed to an increase in local business activity, particularly in the primary sector.

### Traffic Flow

#### Annual Change in Traffic Flows

Annual average % change Jun 16 - Jun 17



Source; NZTA via Infometrics

Traffic flows increased by 4.8% over the year to June 2017, remaining elevated compared to regional and national increases.

Contributing to the increase in traffic flow, car registrations grew by 17%, almost double that of national averages. Over the same period, the number of commercial vehicle registrations increased by 3.1%, reflecting further business confidence in the district.

# Summary Economic Indicators

Indicator (Annual average % change)	Horowhenua District	Wellington Region	Manawatu-Whanganui Region	New Zealand
Gross Domestic Product	↑ 4.0%	↑ 2.6%	↑ 2.7%	↑ 2.8%
Traffic flow	↑ 4.8%	↑ 4.2%	↑ 4.1%	↑ 3.3%
Residential consents	↑ 30%	↑ 19.7%	↑ 39%	↑ 4.7%
Non-residential consents	↓ -9.6%	↑ 28.2%	↓ -9.7%	↑ 1.6%
House prices*	↑ 22%	↑ 15.5%	↑ 10%	↑ 6.7%
House sales	↓ -0.1%	↓ -8.4%	↑ 9.9%	↓ -14%
Guest nights	↑ 21%	↑ 2.0%	↑ 4.2%	↑ 3.7%
Retail trade	↑ 9.6%	↑ 3.0%	↑ 4.3%	↑ 3.6%
Car registrations	↑ 17%	↑ 10.1%	↑ 13%	↑ 9.5%
Commercial vehicle registrations	↑ 3.1%	↑ 23.2%	↑ 11%	↑ 20%
Jobseeker Support recipients	↑ 3.4%	→ 0.0%	↑ 3.0%	↑ 1.2%
Tourism Expenditure	↑ 19%	↑ 2.3%	↑ 6.9%	↑ 5.9%

\*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).