

Growth Dashboard

September 2020

Overview of Horowhenua District

The Horowhenua economy contracted slightly over the past year. Our provisional estimate of GDP growth for the year to June 2020 was 0.5%, ahead of the national decline of 2.1%. The district's economy was growing steadily up until March, so this quarter's negative result is due to a weak June quarter due to the fall out from Covid.

The slower growth of Jobseeker Support recipients in the district confirms the Districts economy is fairing better than many parts of the country. Horowhenua increased by 12.2% over the year to June 2020, compared with 19.0% nationwide. There were 1,854 Jobseeker Support recipients and 45 COVID-19 Income Relief Payment recipients for the district.

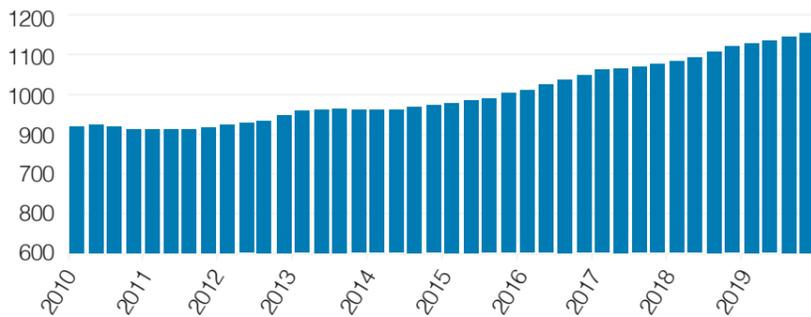
Consumer spending has been relatively resilient in Horowhenua, up by 0.1% over the year, compared to a national decline of 2.8%. The district benefited from Wellington commuters spending more time working from home and spending more locally.

Activity in the housing market is bouncing back, after a sharp reduction in house sales during lockdown. House values have continued to grow over the past year, up by 17%, reaching an average price of \$421,000.00.

A healthy primary sector in the district is helping protect it from some of the negative economic consequences of the pandemic

Gross Domestic Product

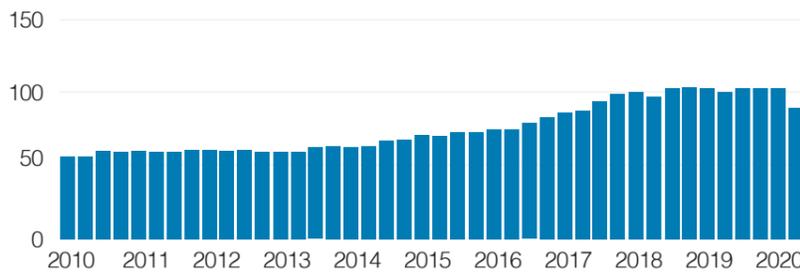
Annual level, Horowhenua District, \$m



GDP (provisional) in Horowhenua District was down 0.5% for the year to June 2020 compared to a year earlier. Growth was higher than in NZ (-2.1%)

Tourism Expenditure

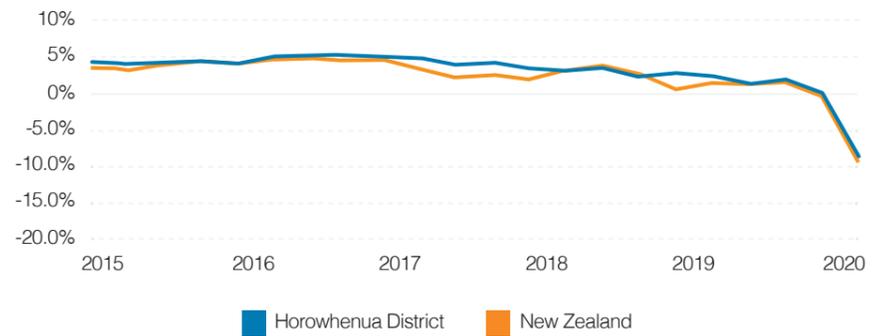
Annual Total, Horowhenua District, (\$m)



Total tourism expenditure in Horowhenua District decreased by 11.6% in the year to June 2020. This compares with a decrease of 12.3% in New Zealand. Total tourism expenditure was approximately \$90m in Horowhenua District during the year to June 2020, which was down from \$101m a year ago.

Traffic Volume Growth

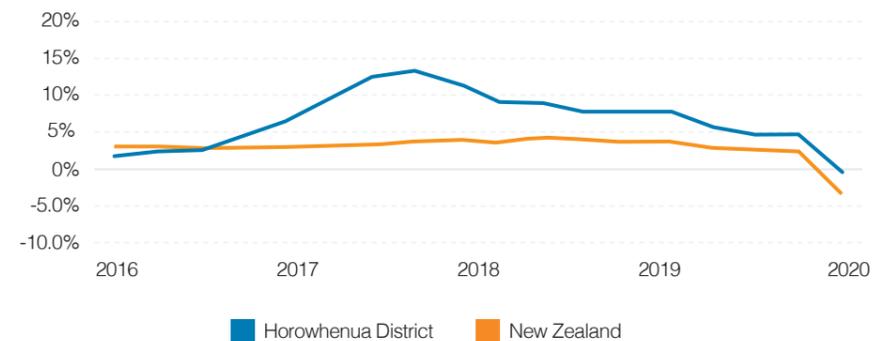
Annual Average % change (Horowhenua District)



Traffic flows across New Zealand hit the brakes in the June quarter, with usually bustling roads left deserted at the start of the quarter as the lockdown was enforced. Freight continued to move across the country, but at reduced levels, with only essential goods ordered and delivered. Transport activity recovered as New Zealand moved down the Alert Levels, with Kiwi road trips bolstering domestic tourism activity, and a dash to online retailing seeing package delivery delays. Traffic levels during Level 4 dropped to 15% of usual in the depths of Level 4, before increasing to just over 80% towards the end of the quarter.

Consumer Spending (\$m)

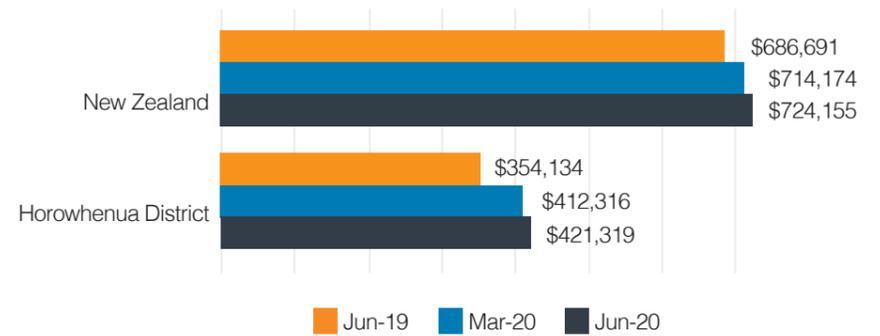
Annual Average % change (Horowhenua District)



Electronic card consumer spending in Horowhenua increased by 0.10% over the year to June 2020 compared to the previous year. This compares to a decrease of -2.8% in New Zealand.

Average Current House Value

Average for 12 months to December 2019

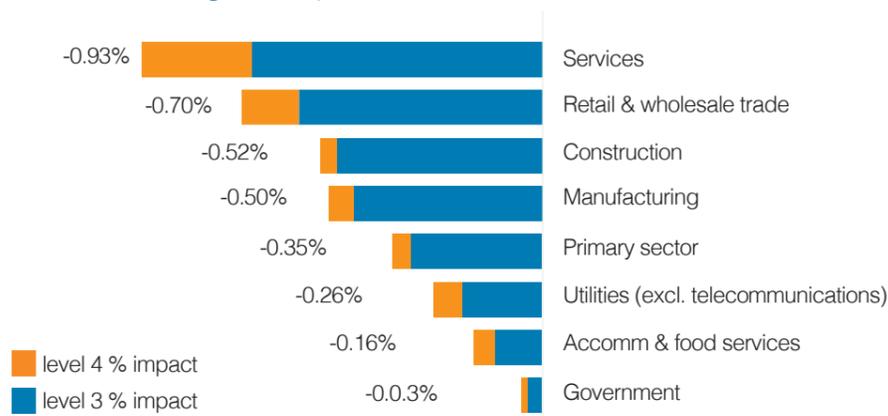


House values have grown strongly in the year to June 2020. Values have bounced back relatively strongly post-lockdown, but the impending removal of the wage subsidy and mortgage holiday schemes will likely slow the housing market.



Estimated impact on total annual Gross Domestic Product (GDP)

Figure 1: Impact of level 3 and level 4 restrictions

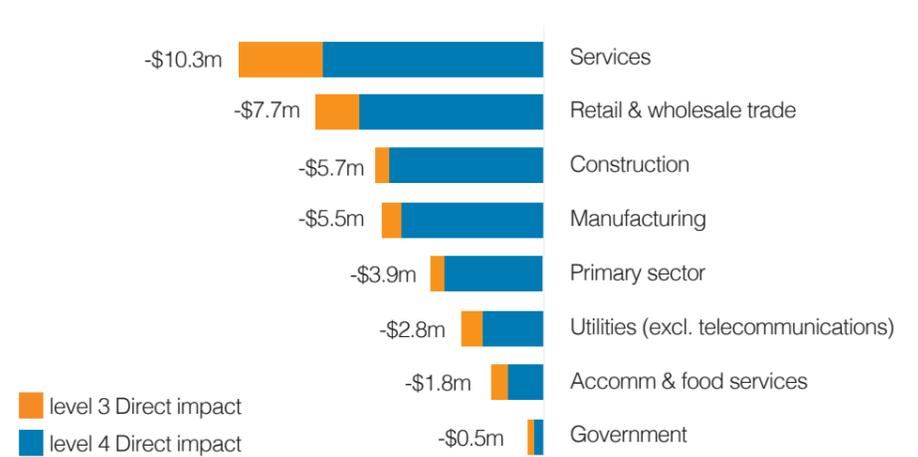


Source: Reserve Bank of New Zealand industry economic impacts applied to the Horowhenua District

This assessment estimates the direct impacts of COVID-19 on the Horowhenua District economy and identifies industry strengths and vulnerabilities that will influence economic recovery over 2020.

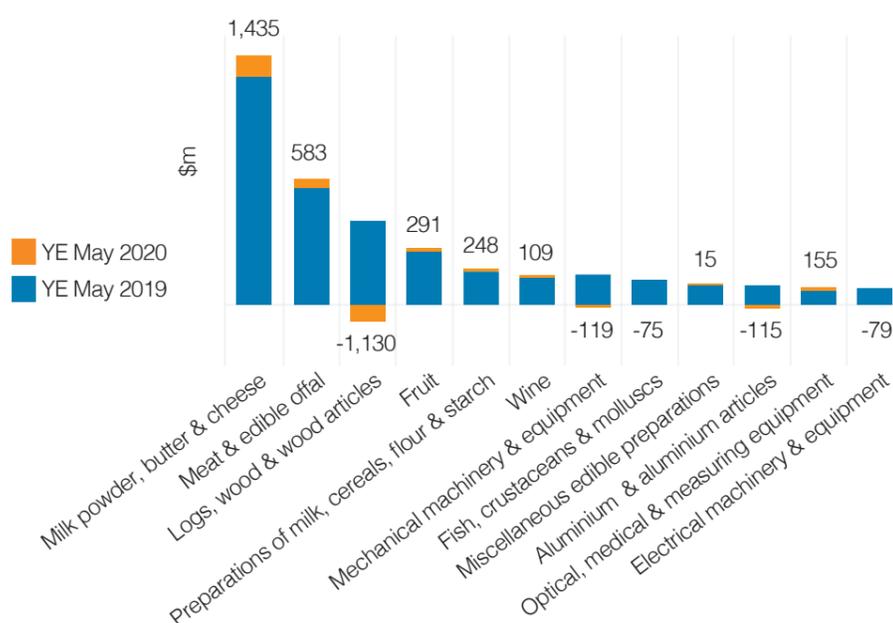
Impact of lockdown by sub-industries

Estimated impact \$m by industry
Figure 3: Impact of level 3 and level 4 restrictions



The service industries were most affected, with accommodation and food services GDP falling an estimated 11.1% of annual GDP. The percentage impact on service industries apart from accommodation and food services was smaller at 3.8% but due to the size of the sector the impact on GDP is estimated at \$10.3m.

Figure 6: Export trade data to the year ended May 2020



Export trade for dairy, red meat, fruit and value-added food products have held up well despite global economic conditions. Although the value of forestry and logging values have declined over the year to May, recent commodity price data and export values indicate some recovery within the sector. This is positive news for the Horowhenua economy.

Table 6: The construction sector

Sub-industry	GDP contribution	Jobs
Construction services	\$34.7m	560
Heavy and civil engineering construction	\$22.2m	179
Residential building constructions	\$14.4m	274
Non-residential building construction	\$2.6m	50
Total	\$73.8m	1,063

The construction sector contributes \$73.8m and 1,063 jobs to the district economy. The local sector is particularly strong in the construction services, heavy and civil engineering construction. Building consent data indicates that planned construction investment is holding up in the district and there is a significant pipeline of infrastructure projects planned for both Horowhenua and the wider Manawatu-Whanganui and Wellington Regions. While the lockdown period placed pressure on the sector at the business level, planned construction investment and infrastructure projects supports the outlook for the sector and district economy over 2020.

Chart	Data Source	Timeframe
Gross Domestic Product	Infometrics - http://www.infometrics.co.nz/	Annual Average Jun 19 – Jun 20
Average Current House Value	Infometrics - http://www.infometrics.co.nz/	Jun 19 – Jun 20
Traffic Volume	Infometrics - http://www.infometrics.co.nz/	Jun 19 – June 20
Consumer Spending	Infometrics - http://www.infometrics.co.nz/	Jun 19 – June 20
Tourism Expenditure	Infometrics - https://www.infometrics.co.nz/	Jun 19 – Jun 20
Estimated impact on total annual Gross Domestic Product	Manawatu-Whanganui Regional Indicators sourced from Reserve Bank of New Zealand	COVID – 19 Level 3 and Level 4
Impact of lockdown by sub-industries	Manawatu-Whanganui Regional Indicators https://www.mwri.co.nz/economic-impact-indicators/	COVID – 19 Level 3 and Level 4
Export trade data to the year ended May 2020	Manawatu-Whanganui Regional Indicators https://www.mwri.co.nz/economic-impact-indicators/	Year end May 2020
The Construction Sector	Manawatu-Whanganui Regional Indicators https://www.mwri.co.nz/economic-impact-indicators/	Year to date August

