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**PALMERSTON NORTH CITY COUNCIL**

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**AGENDA**  
**ECONOMIC DEVELOPMENT**  
**COMMITTEE**

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**9AM, MONDAY 8 APRIL 2019**  
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING  
32 THE SQUARE, PALMERSTON NORTH

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## MEMBERSHIP

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**Adrian Broad (Chairperson)**  
**Leonie Hapeta (Deputy Chairperson)**  
**Grant Smith (The Mayor)**

**Brent Barrett**  
**Rachel Bowen**  
**Gabrielle Bundy-Cooke**  
**Vaughan Dennison**

**Lew Findlay QSM**  
**Duncan McCann**  
**Aleisha Rutherford**  
**Tangi Utikere**

**Agenda items, if not attached, can be viewed at:**

[pncc.govt.nz](http://pncc.govt.nz) | Civic Administration Building, 32 The Square  
City Library | Ashhurst Community Library | Linton Library

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**Heather Shotter**  
**Chief Executive, Palmerston North City Council**

**Palmerston North City Council**

W [pncc.govt.nz](http://pncc.govt.nz) | E [info@pncc.govt.nz](mailto:info@pncc.govt.nz) | P 356 8199  
Private Bag 11034, 32 The Square, Palmerston North



## **ECONOMIC DEVELOPMENT COMMITTEE MEETING**

8 April 2019

### **ORDER OF BUSINESS**

NOTE: The Economic Development Committee meeting coincides with the ordinary meeting of the Sport and Recreation Committee meeting. The Committees will conduct business in the following order:

- Economic Development Committee
- Sport and Recreation Committee

#### **1. Apologies**

#### **2. Notification of Additional Items**

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

**3. Declarations of Interest (if any)**

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

**4. Public Comment**

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

**5. Presentation - The Factory** Page 7

**6. Presentation - RACE Group** Page 9

**7. Confirmation of Minutes** Page 11

“That the minutes of the Economic Development Committee meeting of 11 February 2019 Part I Public be confirmed as a true and correct record.”

**8. Summary report on the December 2018 Manawatū Quarterly Economic Monitor, Major Developments, and the Quarterly Retail Report for January 2019** Page 15

Memorandum, dated 21 March 2019 presented by the Economic Policy Advisor, Peter Crawford and the Chief Executive, CEDA, Linda Stewart.

**9. Committee Work Schedule** Page 53

**10. Exclusion of Public**

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), Chief Infrastructure Officer (Tom Williams), General Manager – Strategy and Planning (Sheryl Bryant), General Manager - Community (Debbie Duncan), Chief Customer and Operating Officer (Chris Dyhrberg), General Manager - Marketing and Communications (Sacha Haskell), Sandra King (Executive Officer) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council’s Executive Leadership Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Committee Administrators (Penny Odell, Rachel Corser and Courtney Kibby), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

*[Add Council Officers]*, because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

*[Add Third Parties]*, because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

## **PRESENTATION**

**TO:** Economic Development Committee

**MEETING DATE:** 8 April 2019

**TITLE:** Presentation - The Factory

**FROM:** Dave Craig – Community Programmes Manager

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### **RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE**

- 1. That the Economic Development Committee receive the presentation for information.**
- 

### **SUMMARY**

Dave Craig, Community programmes Manager, The Factory will provide an overview of the Innovate 2018 Awards and speak about the contribution they make annually to the local economy.

### **ATTACHMENTS**

Nil



## **PRESENTATION**

**TO:** Economic Development Committee

**MEETING DATE:** 8 April 2019

**TITLE:** Presentation - RACE Group

**FROM:** Al Robertson – CEO RACE Group

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### **RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE**

- 1. That the Economic Development Committee receive the presentation for information.**
- 

### **SUMMARY**

Al Robertson, CEO, RACE Group will speak on the success of this year's Festival of Racing and other initiatives at the Awapuni Racing Centre.

### **ATTACHMENTS**

Nil



# PALMERSTON NORTH CITY COUNCIL

## Minutes of the Economic Development Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 11 February 2019, commencing at 9.04am

<b>Members Present:</b>	Councillor Adrian Broad (in the Chair), The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Duncan McCann, Aleisha Rutherford and Tangi Utikere.
<b>Non Members:</b>	Councillors Susan Baty, Jim Jefferies, Lorna Johnson, Karen Naylor and Bruno Petrenas.

### 1-19 **Presentation - Enable New Zealand**

Presentation from Mr Scott Ambridge, General Manager Enable New Zealand and Living Centre.

Mr Ambridge talked about the benefits his organisations had brought to the Palmerston North economy and wider region with over 40 years' of providing disability support services to over 70,000 people per year.

Enable New Zealand had enjoyed 10% year-on-year growth over the last three years and created 17 new jobs in the past two years.

The Easie Living Centre had launched in 2016 and was the first in New Zealand of its kind. The centre had over 11,000 visitors in the past year. Combining a demonstration centre, retail shop and smart home in one made it an informative one stop shop for people with a disability or the aging community who want to stay in their homes.

Funding that had been received from Central Government was effectively money going back into the economy and providing jobs which had also encompassed the disabled.

who want to stay in their homes.

The potential for collaboration between developers and investors around accessible housing and partnering with others had been seen as a significant bonus for the organisation and a regional initiative to implement the success of Mana Whaikaha, which included approximately \$6 million per annum of additional funding from Central Government.

Moved Leonie Hapeta, seconded Vaughan Dennison.

### The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive the presentation for information.

Clause 1-19 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

**2-19 Presentation - International Pacific United**

Presentation from Hiroyasu Tsumakura, Assistant to the International Pacific United board.

Mr Tsumakura spoke about the various ways that International Pacific United (IPU) is contributing to the economic benefits for Palmerston North and the cultural diversity and support to tourism this brought to the region.

IPU had a big contribution to the region's economic success. Over the last 20 years it had brought revenue of \$214m into the city. Most students lived on campus and found jobs in the city, included internships with local businesses, providers and charities. Many that had graduated decided to make Palmerston North their home. IPU's presence in the region had attracted tourists, friends and families of students and also a range of events that had brought visitors to Palmerston North.

Moved Aleisha Rutherford, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive the presentation for information.

Clause 2-19 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

**3-19 Confirmation of Minutes**

Moved Adrian Broad, seconded Lew Findlay QSM.

The **COMMITTEE RESOLVED**

1. That the minutes of the Economic Development Committee meeting of 10 December 2018 Part I Public be confirmed as a true and correct record.

Clause 3-19 above was carried 15 votes to 0, with 1 abstention, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

**Abstained:**

Councillor Duncan McCann.

**4-19 International Relations 6-monthly update**

Memorandum, dated 24 January 2019 presented by the International Relations Manager, Toni Grace.

Moved Adrian Broad, seconded Duncan McCann.

The **COMMITTEE RESOLVED**

1. That the Committee note the progress of International Relations activity over the past six months, contributing to the International Relations Plan and Economic Development Strategy

Clause 4-19 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

**5-19 Committee Work Schedule**

Moved Adrian Broad, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive its Work Schedule dated February 2019.

Clause 5-19 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

The meeting finished at 10.25am

Confirmed 8 April 2019

**Chairperson**



## MEMORANDUM

**TO:** Economic Development Committee

**MEETING DATE:** 8 April 2019

**TITLE:** Summary report on the December 2018 Manawatū Quarterly Economic Monitor, Major Developments, and the Quarterly Retail Report for January 2019

**DATE:** 21 March 2019

**PRESENTED BY:** Peter Crawford, Economic Policy Advisor, Strategy and Planning  
Linda Stewart, Chief Executive, CEDA

**APPROVED BY:** Sheryl Bryant, General Manager - Strategy & Planning

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### RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the December 2018 Manawatū Quarterly Economic Monitor report, Major construction and development projects in Palmerston North and the Manawatū region report, and the Marketview Manawatū region quarterly retail report for January 2019, are received

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### 1. OVERVIEW

- 1.1. This memorandum presents a summary of:
  - a. the key themes in the latest Manawatū Quarterly Economic Monitor for the December 2018 quarter;
  - b. an update on the outlook for major construction projects for the region;
  - c. the latest CEDA retail report for the three months ended January 2019.
- 1.2. The latest Manawatū Quarterly Economic Monitor report indicates a further strengthening in GDP growth in Palmerston North, which is estimated to have increased from 1.9% in the year to December 2017 to 3.3% in the year to December 2018. GDP growth in Manawatū district is estimated to have slowed. GDP estimates for previous quarters have been revised down, suggesting growth in the last quarter of 2017 and the early 2018 was weaker than initially estimated by Infometrics. The estimates are reviewed on an annual basis.

## 2. MANAWATŪ QUARTERLY ECONOMIC MONITOR – DECEMBER 2018

- 2.1 Estimated annual gross domestic product (GDP) growth in the Manawatū region was 3.2% in the year ended December 2018, an improvement from the estimated 2.8% increase in the year to September. New Zealand GDP increased by 2.8% in the year to December 2018.
- a. Palmerston North GDP increased by 3.3%,
  - b. Manawatū district GDP increased by 2.7%.
- 2.2 Annual salaries and wages paid in the region in the year ended December 2017 were \$2,914 million, increasing by 3.9% from the previous year, while earnings for New Zealand increased by 6.0%.
- a. Palmerston North annual salaries and wages were \$2,495 million, increasing by 3.2% from 2016,
  - b. Manawatū district salaries and wages were \$418 million, increasing by 8.2%.
- 2.3 Annual median salaries and wages paid in the region in the year ended December 2017 were \$49,195, increasing by 2.6% from the previous year, while median salaries and wages for New Zealand were \$51,300, also increasing by 2.6% from the previous year.
- a. Palmerston North median salaries and wages were \$49,560, increasing by 2.7% from 2016,
  - b. Manawatū district median salaries and wages were \$47,240, increasing by 2.4%.
- 2.4 Electronic card retail spending in the Manawatū region in the December 2018 quarter was \$379 million, an increase of 5.2% from the December 2017 quarter, while national growth was 3.2%. Statistics New Zealand estimates that retail prices increased by 1.0% in the year to December 2018.
- a. Annual electronic card retail spending in the region for the year ended December 2018 was \$1,358 million, an increase of 5.3% from 2017. This compares with an increase of 3.9% for New Zealand.
- 2.5 Commercial accommodation guest nights in the Manawatū region increased by 10.3% in the December 2018 quarter from the December 2017 quarter, while national guest nights increased by 2.9%.

- a. Annual commercial guest nights in the Manawatū region were 487,720 in the year ended December 2018, an increase of 3.8% from the previous year. This was the highest annual number recorded in the region. This compares with an increase of 2.3% for New Zealand.
- 2.6 The total value of building consents issued in the region in the December 2018 quarter was \$108 million, compared with \$71 million in the December 2017 quarter, an increase of 53%. Manawatū district increased by 98% while Palmerston North increased by 34%. National consent values increased by 9%.
- a. Building consents to the value of \$400 million were issued in the region in the year to December 2018, an increase of \$133 million (44% increase) from the previous year. National consent values increased by 7% over the same period. The value of building consents issued in Palmerston North was \$299 million, an increase of 63% from the previous year, while Manawatū district consents were \$101 million, increasing by 8% from the previous year.
- b. Consents for 193 new residential dwellings were issued in the region in the December 2018 quarter, compared with 112 in the December 2017 quarter, an increase of 72%. National consents increased by 6%.
- c. Consents for 597 new residential dwellings were issued in the region in the year ended December 2018, compared with 528 in the previous year, an increase of 27%. National consents increased by 5%. There were 477 consents issued in Palmerston North, an increase of 40% from the previous year, while there were 194 in Manawatū district, an increase of 13%.
- d. Non-residential consents to the value of \$157 million were issued in the region during the year to December 2018, an increase of 77% from the previous year. Consents issued in Palmerston North were \$139 million, an increase of 128% from 2017, while consents were \$18 million in Manawatū district, a decline of 37%. National consents increased by 9% over the same period.
- 2.7 Car registrations in the region declined by 3.2% in the year ended December 2018 (national registrations declined by 6.7%) while the number of commercial vehicles registered increased by 14.5% (compared to a national increase of 1.6%).
- 2.8 It is estimated the annual average unemployment rate in the Manawatū region in the year ended December 2018 was 5.4%, which was above the unemployment rate of 4.3% for New Zealand.
- 2.9 The number of people in the region registered for the MSD Job Seekers benefit increased by 7.5% in December 2018 from December 2017, while the number in

New Zealand increased by 8.9%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.

- 2.10 Traffic flows in the Manawatū region in the year to December 2018 increased by 1.6% from 2017, while there was an increase of 2.7% for New Zealand.
- 2.11 Data for net overseas migration is not currently available at a territorial authority level from Statistics New Zealand so Infometrics has attempted to measure annual population growth using the number of people living in the region who are registered with the Central Primary Health Organisation (PHO). This data has been supplied to Infometrics by the Ministry of Health, which has broken down the PHO data set by place of residence. This data suggests that the number of Palmerston North residents enrolled with the PHO increased by just 468 people between January 2018 and January 2019, with a decline in PHO enrolments of 632 people between October 2018 and January 2019.
- 2.12 Data supplied to Council by the PHO shows that the total number of people enrolled at Palmerston North practices increased from 91,371 in January 2018 to 93,448 in January 2019, an increase of 2,077 people. The number of people enrolled at Palmerston North practices is higher than the estimated population because of the number of non-residents who choose to enrol with a practice here rather than where they live, particularly commuters from other local authorities. In the PHO region it is estimated that around 93% of the population is registered with a PHO, which is the same at the average for New Zealand.
- 2.13 Infometrics agrees with the concern with the data and is currently waiting for a full response from the Ministry of Health. The Ministry's initial advice is that there has been an increase in the number of records supplied by the DHB that have no address data. The PHO enrolment data is one of the datasets being investigated for use with filling gaps in the Census 2018 counts, so it has been timely to identify issues with the Ministry of Health data before the Census is finalised.
- 2.14 Tourism spending in the Manawatū region in the December quarter was \$127 million, an increase of 2.9% from the December 2017 quarter. Total tourism spending in New Zealand increased by 1.3%.
  - a. Total visitor spending in the region was \$476 million in the year ended December 2018 (\$427 million in Palmerston North and \$49 million in Manawatū district), increasing by 4.2% from the previous year (4.3% increase for New Zealand).
  - b. Domestic visitor spending in the region was \$403 million in the year ended December 2018, increasing by 3.5% from the previous year, while there was a 4.0% increase for New Zealand. There was strong growth in spending in the

December quarter from visitors from the rest of the Manawatū-Whanganui region and from the Waikato.

- c. International visitor spending in the region was \$72 million in the year ended December 2018, increasing by 8.2% from the previous year (4.7% increase for New Zealand). Countries contributing the most to the increase in spending in the region were Australia, the rest of Oceania (excluding Australia), and Canada.

2.11 The *December 2018 Manawatū Quarterly Economic Monitor* report is attached.

### **3. MAJOR DEVELOPMENTS**

3.1 Major development and construction projects announced for Palmerston North and the Manawatū region amount to at least \$2.5 - \$3.0 billion of construction activity over the period to 2030. The implementation of the MidCentral DHB investment plan has been delayed due to uncertainty over when the planned expenditure will be approved by the government. While the value of government investment in the purchase of land for a new KiwiRail freight hub has been announced, the amount of investment required for construction of the freight hub is still to be confirmed.

3.2 The *Major construction and development projects in Palmerston North and the Manawatū region* report is attached.

### **4. MANAWATŪ REGION QUARTERLY ELECTRONIC CARD RETAIL REPORT FOR JANUARY 2019**

4.1 The latest CEDA quarterly retail report for the three months ended January 2019 shows a further strength in the rate of electronic card retail growth in the Manawatū region compared with the growth rate for New Zealand. Spending in the region increased by 4.2% in the three months ended January 2019 (from the same period last year), while spending growth across New Zealand increased by 2.4%.

4.2 Growth in spending locally by local residents increased by 6.3% in the three months ended January 2019, and was the main contributor to the growth in total spending at retailers in the region. Spending by local residents in other regions declined by 5.4% in the three months ended January while visitor spending in the region increased by 2.0%.

4.3 Visitor spending from the rest of the Horizons region increased by 4.5% in the three months ended January 2019 while visitor spending from the rest of New Zealand declined by 0.6%. Contributing to this weakness in growth from other regions was a 15.2% decline in spending from Hawkes Bay residents. Growth in spending from

Auckland residents continues, with an increase of 5.7% in the three months ended January, while spending from the Waikato increased by 15.3%.

- 4.4 Retail precinct data shows a 5.9% decline in spending in Broadway, reflecting the impact of the closure of Whitcoulls in May. There was an increase of 4.8% in the rest of Palmerston North CBD, but the strongest growth in the city was in the outer CBD, where spending increased by 13.1% in the three months to January compared with the same period last year. The rate of growth in spending remains higher in Manawātū district, with a 9.3% increase in Sanson in the three months to January and an increase of 5.6% across the district. Spending in the district was boosted by a 12.1% increase in fuel spending in the three months ended January. The fuel sector accounts for 20% of annual spending in the district compared with 11% in Palmerston North.
- 4.5 Manawātū region residents spent \$28.7 million online in the three months ended January 2019, accounting for 7.6% of total electronic card spending by residents in the region. This remains well below the 11.0% online share for all New Zealand residents. Local resident online spending increased by 20.0% in the three months ended January, while national growth was 13.1%. In the year ended January 2019, online retail spending by Manawātū residents increased by \$14.0 million, while total spending by residents and visitors at Manawātū region retail stores increased by \$71.8 million.
- 4.6 The *January 2019 Marketview Manawātū region quarterly retail report* is attached.

Does the Committee have delegated authority to decide?	<b>Yes</b>
If Yes quote relevant clause(s) from Delegations Manual	
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>No</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the Economic Development Strategy	
The recommendations contribute to the achievement of action/actions in the Economic Development Plan	

The action is: Attract investment expansion and new businesses.	
Contribution to strategic direction	Reporting on economic trends in the city and Manawatū region, and the longer-term outlook for growth, is important for encouraging local businesses to invest in growing their business, and attracting new businesses to the city.

**ATTACHMENTS**

1. December 2018 Manawatū Quarterly Economic Monitor [↓](#) 
2. Major construction and development projects in Palmerston North and the Manawatū region report [↓](#) 
3. January 2019 Marketview Manawatū region quarterly retail report [↓](#) 



# Quarterly Economic Monitor

## Manawatu December 2018

### Overview of Manawatu

Manawatu continues to enjoy a strong economic performance on the back of buoyant consumer spending and a healthy primary sector. However, a dip in population growth at the back end of 2018 may signal weaker economic growth is ahead.

Infometrics' provisional GDP growth estimate for the region was 3.2% in the December 2018 year next to a national average of 2.7%. Growth in electronic card spending on retail purchases in the region accelerated to 5.4% in the December 2018 year compared with 4.5% nationally - the third consecutive quarter that consumer spending growth in the region has been above the national average.

Both lamb and beef prices remained high in the December quarter, the forestry sector is in a strong position and Manawatu dairy farmers received a payout of \$289m in 2018, well up on \$267m in 2017. The payout in 2019 is expected to soften to \$271m.

We have recently begun using enrolments at primary health providers as a timely proxy for population growth. In the December 2018 year population growth in the region fell to 1.2%, well down on 2.6% growth in the December 2017 year.

House price inflation refuses to weaken, bucking the national trend. House prices in the region grew 10% in the December 2018 year compared with just 2.3% growth nationally. Building consents in the region were also very strong in 2018 which should keep the region's construction sector busy going into 2019. Residential consents grew a whopping 31% in the December 2018 year compared with 6.1% growth nationally. Non-residential consents in the region grew 77% in the December 2018 year to reach an unprecedented \$157m.

The region's unemployment rate averaged 5.4% in the December 2018 year, compared with 4.3% nationally.

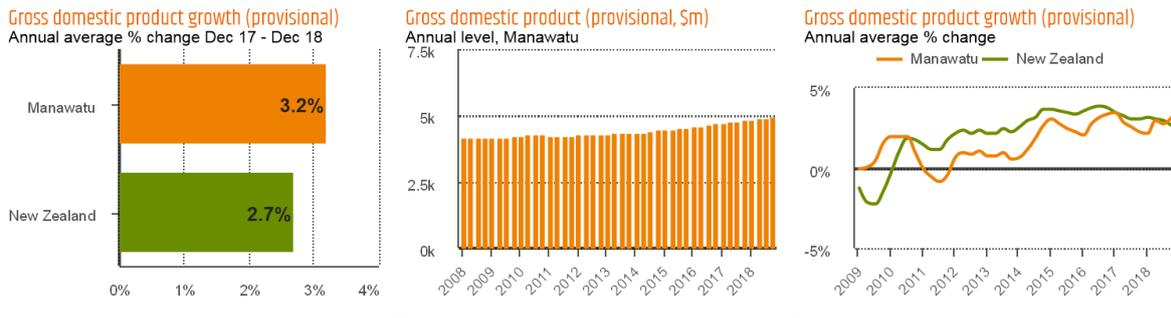
Indicator	Manawatu	New Zealand
<i>Annual average % change</i>		
Gross domestic product	↑ 3.2%	↑ 2.7%
Traffic flow	↑ 1.6%	↑ 2.7%
Health Enrolments	↑ 1.2%	↑ 1.9%
Consumer spending	↑ 5.4%	↑ 4.5%
Residential consents	↑ 31%	↑ 6.1%
Non-residential consents	↑ 77%	↑ 9.0%
House prices*	↑ 10%	↑ 2.3%
House sales	↑ 3.7%	↑ 3.1%
Guest nights	↑ 3.8%	↑ 2.3%
Tourism expenditure	↑ 4.2%	↑ 4.3%
Car registrations	↓ -3.2%	↓ -6.7%
Commercial vehicle registrations	↑ 14%	↑ 1.6%
Jobseeker Support recipients	↑ 6.2%	↑ 4.8%
<i>Level</i>		
Unemployment rate	5.4%	4.3%

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

### Overview of national economy

Throughout 2018, business confidence indicators suggested the New Zealand economy was going to crash and burn. But although growth slowed slightly, there were no other signs we were staring down the barrel of a full-blown recession. Looking to 2019, New Zealand's domestic economy remains in a similar position to 12 months ago: prospects of middling growth, somewhat hampered by capacity constraints and a tight labour market, and with some of the biggest potential shifts being driven by government policies (such as migration or the housing market). In contrast to this largely unchanged domestic picture, many question marks have appeared during the last year over the international economic environment.

## Gross domestic product (provisional)



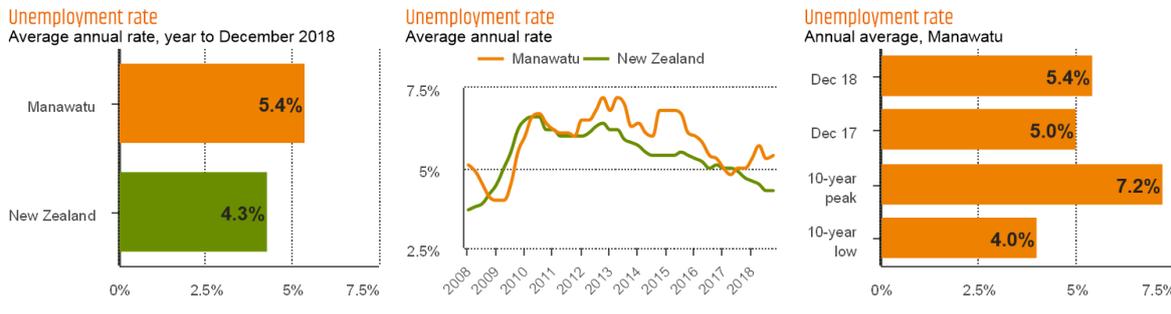
### Highlights for Manawatu

- GDP (provisional) in Manawatu was up 3.2% for the year to December 2018 compared to a year earlier. Growth was higher than in New Zealand (2.7%).
- GDP (provisional) was \$5,011 million in Manawatu for the year to December 2018 (2010 prices).
- Annual GDP growth in Manawatu peaked at 3.5% in the year to March 2017.

### National overview

Infometrics provisionally estimates that the New Zealand economy expanded by 2.7% in 2018. Economic activity has slipped below the 3%pa+ levels that have prevailed over much of the past five years. Key detractors have been lower business investment, weaker construction and slower population growth. Nevertheless, export returns to date have remained relatively strong. We anticipate that economic activity will hold close to current levels in 2019, but remain wary of the US-China trade war, more cautious Chinese consumers, and the flow-on effects from Australia's struggling housing market.

## Unemployment rate



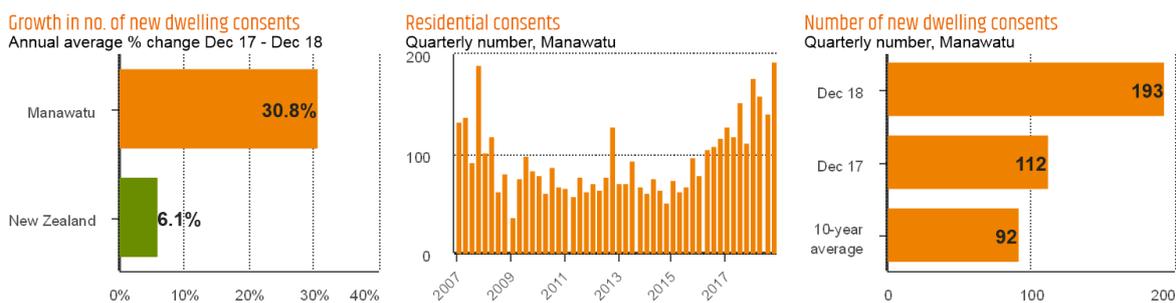
### Highlights for Manawatu

- The annual average unemployment rate in Manawatu was 5.4% in December 2018, up from 5.0% a year earlier.
- The unemployment rate in Manawatu was higher than in New Zealand, where the unemployment rate averaged 4.3% over the year to December 2018.
- Over the last ten years the unemployment rate reached a peak of 7.2% in December 2012;

### National overview

Although the unemployment rate ticked up slightly in December, the labour market continues to remain at its tightest since the Global Financial Crisis. We expect unemployment to remain low over the next few years at just above 4%, with the tight labour market conditions continuing. Wage growth is expected to increase from current levels of just below 2%pa as firms are forced to pay more to attract and retain staff.

## Residential consents



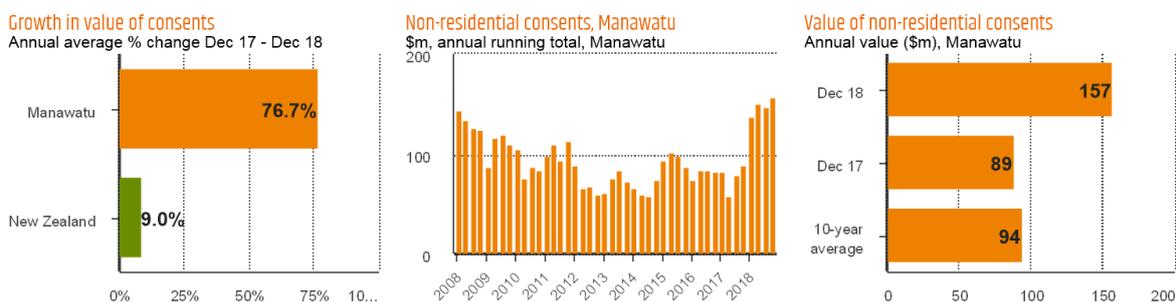
### Highlights for Manawatu

- A total of 193 new residential building consents were issued in Manawatu in the December 2018 quarter, compared with 112 in the same quarter last year.
- On an annual basis the number of consents in Manawatu increased by 31% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 6.1% over the same period.

### National overview

Residential building consents had a mixed final quarter of 2018, but the annual total of new dwelling consents still pushed to its highest level since 2004. Residential consents in Auckland were back in the black in December after heavily contracting in November, even so growth was still tempered by strong capacity constraints in the region. While December showed more life than November, capacity constraints remain a major issue going into the new year, with a tight labour market and constraints on land and financing placing downward pressure on residential construction going forward. Townhouse construction remains a key growth driver, particularly in Auckland, Waikato and Wellington over recent months.

## Non-residential consents



### Highlights for Manawatu

- Non-residential building consents to the value of \$157 million were issued in Manawatu during the year to December 2018.
- The value of consents increased by 77% over the year to December 2018. By comparison the value of consents in New Zealand increased by 9.0% over the same period.
- Over the last 10 years, consents in Manawatu reached a peak of \$157 million in the year to December 2018.

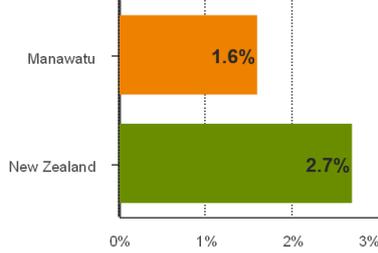
### National overview

Total non-residential consent values rose 9.0%pa in the December 2018 year, driven by an 11% rise in new consent values and assisted by 2.0%pa growth in alterations and additions. But overall non-residential consent growth still remains softer than our forecasts, with continued capacity constraints a barrier to further expansion. Office building remains a poor performer, and our expectations are for office construction to be weaker than we previously expected throughout the next five years as demand for more space in Auckland and Christchurch softens.

## Traffic flow

### Annual change in traffic flows

Annual average % change Dec 17 - Dec 18



### Traffic volume growth

Annual average % change



## Highlights for Manawatu

- Traffic flows in Manawatu increased by 1.6% over the year to December 2018. This compares with an increase of 2.7% in New Zealand.

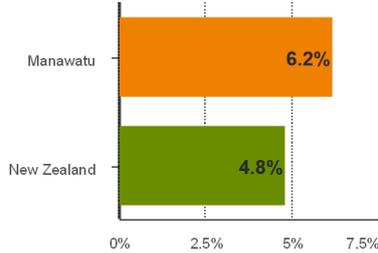
## National overview

Traffic flows increased 2.7% in the December 2018 year, following 2.5% growth the previous year. The volume of traffic continues to grow most rapidly in key visitor hotspots, as well as in Marlborough and Kaikoura as traffic normalises following earthquake disruptions through 2017. Of the urban areas, traffic is growing most rapidly in Tauranga, followed by the Hutt Valley and New Plymouth. Traffic flows in Auckland were up just 0.6% in 2018, as public transport use surged 5.4% to record levels.

## Jobseekers

### Annual change in Jobseekers

Annual average % change Dec 17 - Dec 18



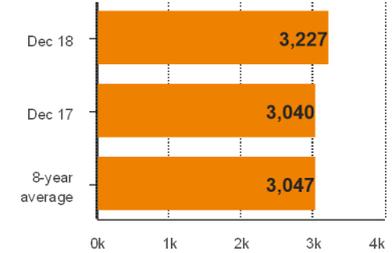
### Jobseekers

Annual average, Manawatu



### Jobseekers

Annual average, Manawatu



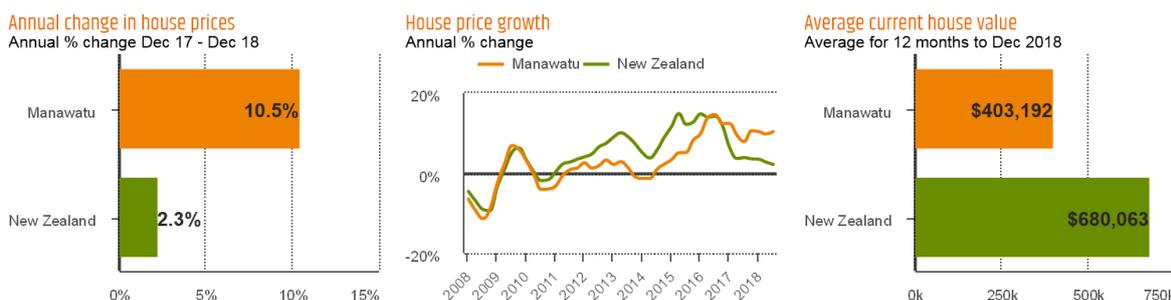
## Highlights for Manawatu

- Working age Jobseeker Support recipients in Manawatu in the year to December 2018 increased by 6.2% compared with the previous year. Growth was higher relative to New Zealand, where the number of Jobseeker Support recipients increased by 4.8%.
- An average of 3,227 people were receiving a Jobseeker Support benefit in Manawatu in the 12 months ended December 2018. This compares with an average of 3,047 since the start of the series in 2010.

## National overview

The average number of Jobseeker Support recipients climbed 4.8% in 2018 to its highest level in more than four years. Employment growth in the December quarter was at its slowest since 2013, coming in at 0.9%pa after averaging over 3% over the last six years. Impending increases to minimum wages will provide some support to those already in employment, but could put pressure on staffing numbers for some employers.

## House prices



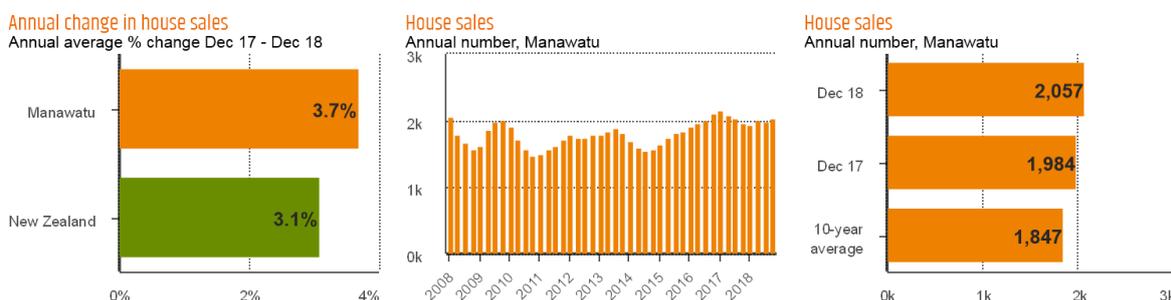
### Highlights for Manawatu

- The average current house value in Manawatu was up 10% in December 2018 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 2.3%.
- The average current house value was \$403,192 in Manawatu over the December 2018 year. This compares with \$680,063 in New Zealand.

### National overview

House prices across NZ are maintaining a two-track race: Auckland prices dropped 1.4%pa in December 2018, while NZ prices (excluding Auckland) rose close to 8.0%pa. It seems that the housing markets outside of Auckland are still in catch-up mode, even as Auckland prices are pulling back from their peak. But we continue to expect house prices to fall nationally over the next year, as greater supply in the regions pushes prices down, and sellers re-evaluate their asking prices in an attempt to achieve a sale. Housing affordability remains an issue for many buyers, with high house prices and anecdotal evidence that mortgage lenders are focusing more on purchasers' ability to service their loans, in anticipation of lending rates rising in 2020.

## House sales



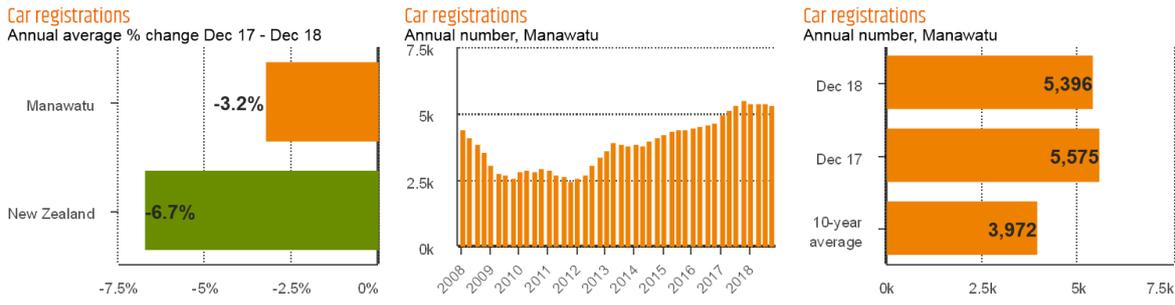
### Highlights for Manawatu

- House sales in Manawatu in the year to December 2018 increased by 3.7% compared with the previous year. Growth outperformed relative to New Zealand, where sales increased by 3.1%.
- A total of 2,057 houses were sold in Manawatu in the 12 months ended December 2018. This compares with the ten year average of 1,847.

### National overview

House sales grew 3.1% in 2018, after having been in decline for much of the past two years. Government policy changes, extending the bright-line test for capital gains and banning foreign buyers, have hit sales. However, another change in policy – reduced loan-to-value ratio restrictions – is expected to breathe some life back into sales this year. Nevertheless, any sales growth will be modest as vendors don't appear to be willing to lower their asking prices to meet what the market will pay.

## Car registrations



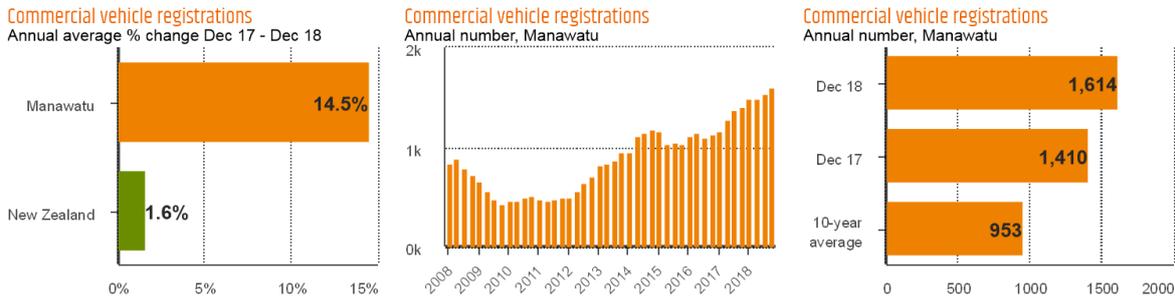
### Highlights for Manawatu

- The number of cars registered in Manawatu decreased by -3.2% in the year to December 2018 compared with the previous 12 months. Growth was higher than in New Zealand, where car sales decreased by -6.7%.
- A total of 5,396 cars were registered in Manawatu in the year to December 2018. This compares with the ten year average of 3,972.

### National overview

Car sales fell 6.7% in 2018 to their lowest levels since 2016. Used large car sales fell steeply for much of 2018 while falls in the sale of used small cars have started to accelerate downwards only in the past couple of months. This downward trend followed a rise in the sale of used small cars in the middle of the year. The direction of new car sales in 2018 has been harder to pin down with sales growing in some months and falling in others. We expect softer economic conditions to continue to stifle sales but it will be interesting to see how different market segments fare. Sales will probably continue to fall overall, but cash-strapped consumers might shift their preferences from new to used cars, and from large to small cars.

## Commercial vehicle registrations



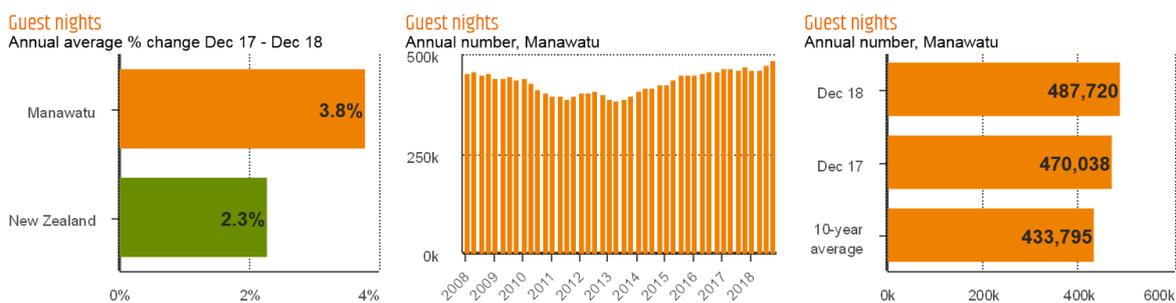
### Highlights for Manawatu

- The number of commercial vehicles registered in Manawatu increased by 14% in the year to December 2018 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales increased by 1.6%.
- A total of 1,614 commercial vehicles were registered in Manawatu in the year to December 2018. This is higher than the ten year annual average of 953.

### National overview

Commercial vehicle sales were up just 1.6% in 2018 – their slowest growth since 2009. The emerging signs of weakness are most prevalent with heavier vehicles. With softer economic conditions expected in 2019, things could get worse before they get better. Growth in light commercial vehicle (i.e. ute) sales firmed somewhat in the final quarter of 2018. The fortunes of both the agricultural and constructions sectors will dictate the direction of ute sales in 2019.

## Guest nights



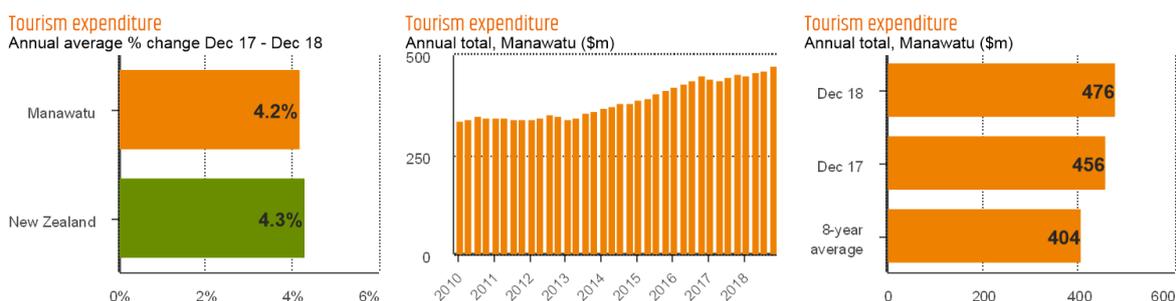
### Highlights for Manawatu

- Total guest nights in Manawatu increased by 3.8% in the year to December 2018. This compares with an increase of 2.3% in New Zealand.
- Visitors stayed a total of 487,720 nights in Manawatu during the year to December 2018, which was up from 470,038 a year ago.

### National overview

Guest nights increased 2.3% over the December 2018 year, with guest nights by domestic visitors rising 2.5%, while international visitor guest nights climbed 2.0%. Domestic guest nights over the coming quarters are likely to be underpinned by stronger wage growth and near full-employment pushing up willingness for recreational travel. Looking at international guest nights, softer growth is anticipated. Arrivals from some of our largest Asian markets fell over the final quarter of 2018. Reports of strained diplomatic relations between China and New Zealand over the last couple of weeks present real concerns about future tourist numbers from China, given the country's contributions to tourism's growth over previous years alongside the fact that increases in Chinese arrivals were already slowing. An outlook of more difficult global economic conditions is also likely to undermine growth from current positive contributors such as the US and the UK.

## Tourism Spending



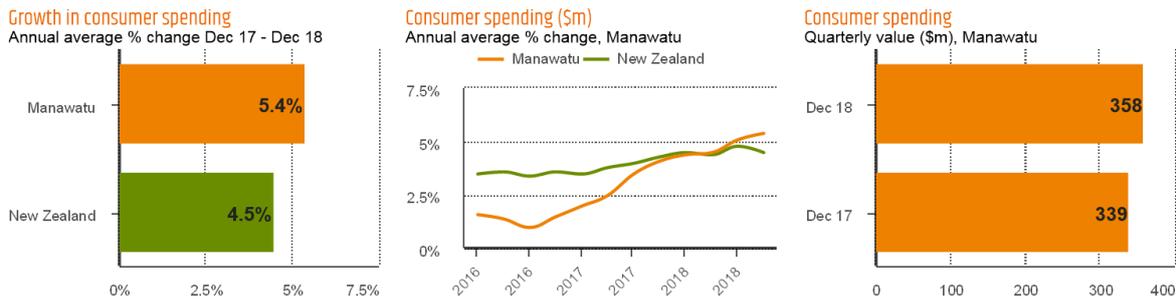
### Highlights for Manawatu

- Total tourism expenditure in Manawatu increased by 4.2% in the year to December 2018. This compares with an increase of 4.3% in New Zealand.
- Total tourism expenditure was approximately \$476m in Manawatu during the year to December 2018, which was up from \$456m a year ago.

### National overview

Spending by international visitors to New Zealand rose from \$11.1bn 2017 to \$11.6bn in 2018, with domestic visitor spending climbing from \$16.7bn to \$17.4bn over the same period. Although strong job prospects will continue to underpin domestic visitor spending for the time being, there are signs of slowing growth in international visitor arrivals. Capacity pressures in the tourism sector, weaker growth in visitor numbers for China, and downside risks to the global economy will present challenges for tourism-related spending throughout the next two years.

## Consumer Spending



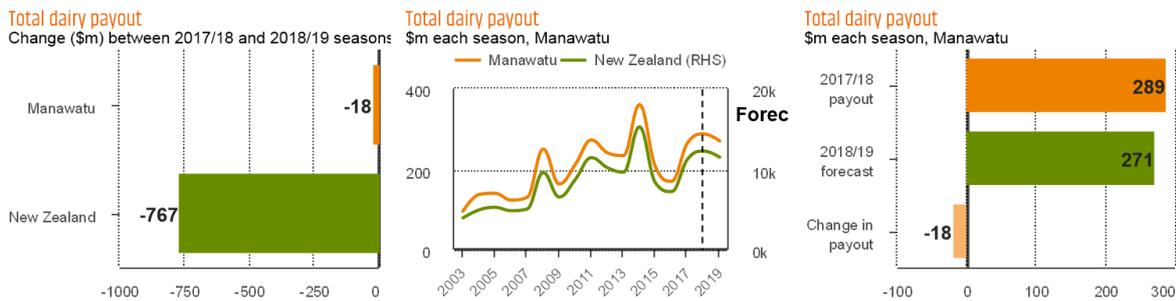
### Highlights for Manawatu

- Electronic card consumer spending in Manawatu, as measured by Marketview, increased by 5.4% over the year to December 2018 compared to the previous year. This compares with an increase of 4.5% in New Zealand.

### National overview

Data from Marketview shows that spending by consumers on electronic cards climbed 4.5% in the December 2018 year, down from peak growth of 4.8% in the September 2018 year. Growth in private consumption has softened as households reined in their spending. More sluggish growth in spending is expected to continue into 2019, which doesn't bode well for economic growth, given that private consumption represents more than 60% of total GDP. In recent years, strong population growth has provided a foundation for increased consumer spending, but population growth slowed in 2018 and growth is forecast to slow further in 2019.

## Total dairy payout



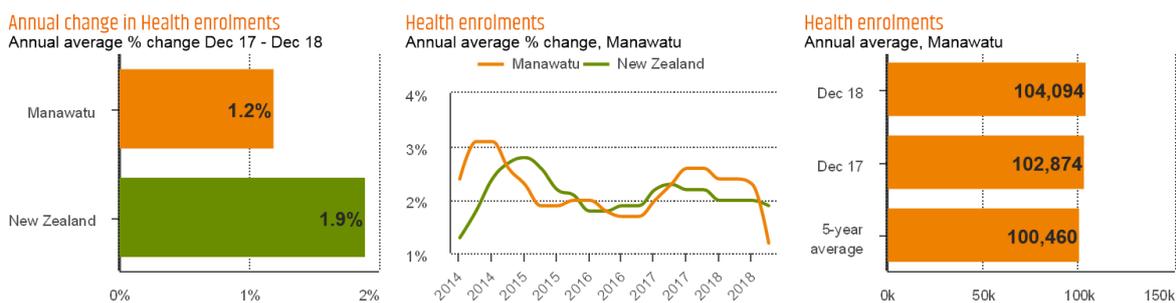
### Highlights for Manawatu

- Manawatu's total dairy payout for the 2017/18 season is estimated to have been approximately \$289m.
- Manawatu's dairy payout for the 2018/19 season is expected to be approximately \$271m, \$18.0m lower than last season, assuming that production levels from last season are maintained.
- The total dairy payout for New Zealand is estimated to have been approximately \$12,308m in the 2017/18 season, and is expected to be \$767m lower in the 2018/19 season.

### National overview

Fonterra's farmgate milk price forecast for the 2018/19 dairy season is currently \$6.30-\$6.60/kgms, a level that is in line with pricing at recent dairy auctions. Recent dairy auction results have generally been positive, and Fonterra's forecast appears well-supported by the pricing at these recent auctions. At these levels, dairy farmers remain in the black, with Dairy NZ's estimates of the breakeven point for the average dairy farmer sitting at \$5.50/kgms. Nevertheless, lingering concerns regarding *Mycoplasma bovis* and recent wobbles for other agricultural export prices will continue to weigh on farmers' willingness to make major purchases.

## Health Enrolments



### Highlights for Manawatu

- The number of people enrolled with a primary health organisation in Manawatu in the year to December 2018 increased by 1.2% compared with the previous year. Growth was lower relative to New Zealand, where the number of enrolments increased by 1.9%.
- An average of 104,094 people were enrolled with primary healthcare providers in Manawatu in the 12 months ended December 2018. This compares with an average of 100,460 since the start of the series in 2013.

### National overview

In the December 2018 year, average health enrolments growth was 1.9% across New Zealand. This growth rate compares to Statistics New Zealand's estimated population growth rate of 1.7% over the same period. From this quarter onwards, we will begin using enrolments at primary health providers (i.e. GPs) as a proxy for population growth in regions. Primary health enrolments capture changes resulting from both natural increase and migration flows. We had previously used net international migration as our quarterly population growth proxy, but the recent removal of departure cards at airports has muddied the timely availability of reliable net international migration data for New Zealand's regions.

## Technical 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. Estimates of GDP for these most recent quarters are provisional until Infometrics updates its annual GDP series in the Regional Economic Profile at the beginning of each year.

### 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.

### Tourism Expenditure

Tourism expenditure data is sourced from the Ministry of Business, Innovation and Employment's (MBIE) Monthly Regional Tourism Estimates. These are estimated values for tourism spending that approximate values found in the International Visitor Survey (IVS) and Tourism Satellite Account (TSA), using modelling of a sample of electronic card spending throughout New Zealand from domestic and international accounts.

### 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.

### Dairy

Dairy data has been sourced from the "New Zealand Dairy Statistics", a publication co-owned by DairyNZ and LIC, as well as calculations made by Infometrics. The data accords to dairy seasons, which run from June to May. Total dairy payouts in each territorial authority have been calculated by Infometrics by utilising milk solids production in conjunction with Fonterra's farmgate milk price (excluding dividends) from the dairy season in question. For the current season, Infometrics calculates a payout forecast using our own expectation of the farmgate milk price and the assumption that milk solids production continues running at the same level from the previous season.

## 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)

## Health Enrolments

Health enrolments are sourced from the Ministry of Health. They record the number of people in each area who are enrolled with a Primary Health Organisation (PHO). Enrolment is voluntary, but most New Zealanders enrol at a general practice for health reasons and for the benefits of enrolment, such as cheaper doctors' visits and reduced costs of prescription medicines. The data provided is only for those people whose addresses are able to be accurately recorded by the Ministry of Health.

## Major construction and development projects in Palmerston North and the Manawatū region

### Summary

Major development and construction projects announced for Palmerston North and the Manawatū region amount to at least \$2.5 - \$3.0 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest being the MidCentral DHB investment plan. There are several projects under development where values have not been put on the final value of the project, such as the construction of the new KiwiRail freight hub.

New capital projects and renewals in the Palmerston North City Council and Manawatū District Council 2018-28 10-year plans total 877 million. The Palmerston North plan proposes that \$125 million (18%) of the capital budget of \$687 million will be funded externally. The Manawatū District plan proposed capital expenditure is \$190 million, primarily on roading and water supply, wastewater and stormwater projects.

Key projects identified in the region are:

1. \$397 million at Linton and Ohakea Defence Regeneration Plan 2016 – 2030 (\$176 million over 2016 – 2021)
2. \$282 million MidCentral DHB investment plan (2016 – 2026) – timing of investment still to be confirmed, but is likely to be delayed from the original plan. The investment is subject to Ministry of Health and Treasury approval
3. \$184 million Massey University Capital Plan (2016 – 2025). Construction projects in progress
4. \$150 million Powerco (Manawatū and Taranaki) - \$60 million over next 5-7 years on growth and security projects, \$90 million renewal programme over five years
5. Redevelopment of the Hokowhitu Campus – 130 housing lots over three stages, with an estimated value of \$90 - \$135 million - resource consent approved and work started to remove some of the existing buildings
6. \$110 million Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade. Construction scheduled for 2024/25 to 2026/27
7. \$58 million Te Manawa Upgrade - Option A. Construction scheduled for 2023/24 to 2027/28
8. \$47.5 million urban growth projects to cater for increased residential and non-residential growth in the City. Projects planned throughout the 10-year plan
9. \$41 million wastewater, stormwater and water supply renewal and growth projects in Manawatū District 2018-28 10-year plan

10. \$40 million BUPA retirement village, Napier Road – construction has started and a second revised building consent approved in April 2018
11. \$39 million Food HQ – consents lodged in July 2017, work started in 2018
12. \$29.1 million City Centre Streetscape upgrade. Projects planned throughout the 10-year plan
13. \$24.5 million Arena Master Plan. Construction scheduled for 2018/19 to 2022/23.
14. KiwiBuild - prior to the election the government committed to building 149 houses in Palmerston North as part of its commitment to build 100,000 houses nationally
15. Countdown Supermarket – resource consent approved
16. Rangitāne o Manawatū Investment Trust and Wallace Development Ltd hotel on the former Blair Tennant hostel site
17. Conversion of old FMG tower into a hotel
18. \$20 million - construction of new Manukura School on Massey University campus
19. Major regional roading investment:
  - a. Whirokino Trestle and Manawatu River Bridge contract is \$70 million. While this is just outside the Manawatū region, local businesses may be involved in this project. Work started mid-2017 and is expected to be completed in 2-3 years
  - b. Palmerston North rural ring road - the initial stage will improve two sections of State Highway 3, between Kairanga and Bunnythorpe, and Napier Rd, from Keith St to Whakarongo. Construction was expected to begin in early 2018. Total project estimated to be around \$200 million
  - c. Manawatū Gorge Road replacement – provisional estimate of \$450-\$500 million – construction expected to begin in late 2019
  - d. Otaki to north of Levin highway – more than \$100 million
  - e. Manawatū District Council 10-year plan - \$95 million
20. P-8A Poseidon Maritime Patrol Aircraft – construction of hangers, runway improvements and other infrastructure – to be completed by 2023 – estimated to be \$150 - \$200 million.
21. KiwiRail regional freight hub
22. Multiple consents already received and expected for earthquake strengthening and refurbishment of buildings for schools, churches and commercial buildings in the City.

### Background Information for Key Projects

#### Defence Regeneration Plan 2016 – 2030

##### Linton indicative five-year programme

Drinking Water Network (<\$3 million)  
 Multi-purpose Unit Facilities (<\$10 million)  
 (Ammo) Hanger and Offices (<\$5 million)  
 Ammunitions Storage Facility (<\$5 million)  
 Logistics Warehouse (<\$15 million)  
 Camp Workshop (<\$20 million)  
 Camp Centre Multi-purpose Building (<\$25 million)  
 Vehicle Shelters (<\$1 million)

##### Ohakea indicative five-year programme

Hangar Fire Suppression Deluge Tank (<\$3M)  
 Hazardous Waste Storage Facility (<\$1M)  
 Refuelling Section Facility (<\$1M)  
 Temporary Multi-Purpose Office Accommodation (<\$3M)  
 Covered Tanker Park (<\$3M)  
 Taxiway Replacement (<\$20M)  
 Air Terminal Freight Loading Area (<\$1M)  
 Aircraft Safe Arming Area (<\$3M)  
 Additional Taxiway Apron Entry/Exit Point (<\$3M)  
 Warehouse (<\$10M)  
 General Equipment Workshop (<\$5M)  
 Flight Rations Store (<\$3M)  
 Base Chapel Relocation (<\$1M)  
 Base Multi-purpose Administration Building (<\$20M)  
 Physiotherapy and Medical Facilities (<\$15M)

#### MidCentral DHB Draft Investment Plan

The Indicative Business Case for the Palmerston North Hospital Campus redevelopment will be further developed into a full business case over the next 12 months.

Buildings & Plant	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total	
<b>Capital Landscape</b>												
Indicative Business Case Hot Floor		500	2,000	1,000	13,830	21,100	33,760	27,430	7,380	0	0	107,000
Provisional Strategic Rebuilds, Relifing & Future Ward Blocks		3,080	9,400	11,500	1,000	1,000	2,000	2,500	3,500	21,000	36,000	90,980
Major Known Issues-Mental Health		500	4,500	0	0	0	0	0	0	0	0	5,000
Mental Health-Contingency		0	15,000	0	0	0	0	0	0	0	0	15,000
Infrastructure Refresh/Seismic		12,666	10,920	8,000	6,850	6,700	5,050	2,920	6,720	1,795	2,395	64,016
<b>Total</b>		<b>16,746</b>	<b>41,820</b>	<b>20,500</b>	<b>21,680</b>	<b>28,800</b>	<b>40,810</b>	<b>32,850</b>	<b>17,600</b>	<b>22,795</b>	<b>38,395</b>	<b>281,996</b>

'Hot Floor' building<sup>1</sup>

<sup>1</sup> MidCentral DHB propose to build a "Hot Floor" of theatres, procedure rooms, a critical care unit (CCU), cardiology interventional services, Sterile Support Unit (SSU), Emergency Department (ED), emergency radiology, and telephony within a new facility that meets seismic compliance.

**Massey University Capital Plan**

\$184 million over the next ten years. The projects which have been identified are:

- Walter Dyer Hall \$4.4 million consented in November 2016
- Refectory \$9 million
- Remainder of vet upgrade and expansion \$50 million
- College of Sciences \$11 million
- Building rationalisation from the Hokowhitu Campus \$18 million
- Social Sciences Tower upgrade
- Whare Kai \$650,000

**Palmerston North City Council 10-year Plan (current dollar values)**

\$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
City Centre Streetscape Upgrade	2.9	4.1	3.3	3.9	2.6	2.6	2.9	4.3	2.0	0.5	29.1
Urban Growth	3.3	8.6	7.2	4.0	5.8	3.0	6.7	4.2	2.6	2.2	47.5
Arena Masterplan	6.0	5.6	4.7	6.5	1.7	0.0	0.0	0.0	0.0	0.0	24.5
Major roading network upgrades	1.5	5.6	6.2	3.0	2.2	0.8	1.2	0.0	0.0	0.0	20.5
Social Housing	3.9	1.1	0.5	2.4	2.7	0.7	0.7	0.7	0.3	0.0	13.0
Seismic Strengthening	0.0	1.4	3.7	1.8	2.0	0.0	2.6	0.6	1.7	0.0	13.8
628-Totara Road Wastewater Treatment Plant	0.0	0.0	0.0	0.0	0.0	20.0	40.0	30.0	20.0	0.0	110.0
1460 Te Manawa Upgrade - Option A	0.0	0.0	0.0	0.0	0.6	1.7	1.7	11.6	17.4	24.9	58.0
1518 Central Library Upgrade	0.8	3.5	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5
He Ara Kotahi Bridge and Pathway	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2
Remaining capital new	13.5	19.5	21.9	17.9	12.1	13.0	6.0	6.4	5.8	5.0	121.1
Renewals	23.7	20.7	22.3	22.9	23.2	22.0	23.0	26.6	22.3	25.0	231.7
<b>TOTAL</b>	<b>\$65.8</b>	<b>\$70.1</b>	<b>\$73.1</b>	<b>\$62.4</b>	<b>\$52.8</b>	<b>\$63.8</b>	<b>\$84.9</b>	<b>\$84.3</b>	<b>\$72.2</b>	<b>\$57.6</b>	<b>\$686.9</b>
of which funded externally	13.3	9.0	7.9	11.8	6.9	8.8	6.2	15.3	19.2	26.6	125.0
% funded externally	20%	13%	11%	19%	13%	14%	7%	18%	27%	46%	18%



# MANAWATU REGION QUARTERLY REPORT

For Period Ending January 2019

## Central Economic Development Agency

**Prepared for** \_\_\_\_\_  
Central Economic Development Agency

**Date** \_\_\_\_\_  
February 2019

# CONTENTS

## JANUARY 2019 QUARTER



DATA SOURCE	3
RETAIL OVERVIEW	4
WHERE ARE THE RETAIL HOTSPOTS?	5
WHO IS SPENDING AT OUR RETAILERS?	6
WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?	7
HOW ARE OUR RETAILERS PERFORMING?	8
DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?	9
HOW DO WE COMPARE TO COMPETITORS?	10
HOW HAS RETAIL ACTIVITY VARIED BY WEEK?	11
WHEN ARE OUR RETAILERS BUSIEST?	12
HOW MUCH ARE LOCALS SPENDING ONLINE?	13
APPENDIX	14

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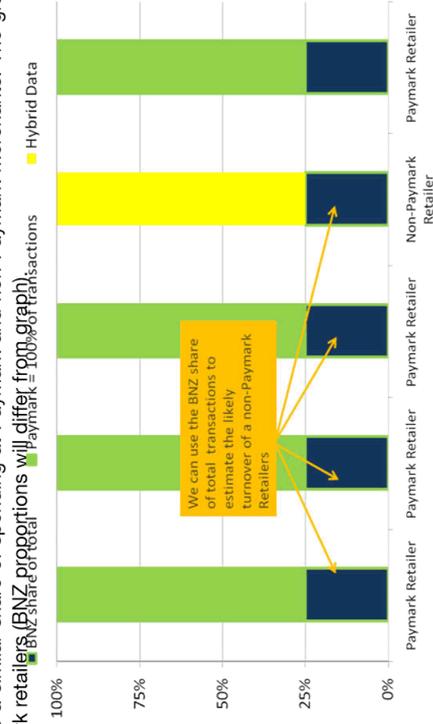
# DATA SOURCE

The data included in this report represents the total value of electronic card retail transactions. For a frame of reference, Statistics NZ report just under 70% of total retail is paid with an electronic card (ECT publication and Retail Trade Survey). The rest is comprised of cash, hire-purchase and any other less-frequent method of payment. The data (referred to as Hybrid Data on the graph below) combines our two primary data sets in order to capture the complete quantity of retail spending.

The first of these is the Bank of New Zealand cardholder base. This set is based on the eftpos, debit and credit card transactions made by BNZ cardholders. BNZ has around a 20% share of the cards market, so on average BNZ Marketview accounts for one in five retail transactions. (As at July 1 2015, there were over 650,000 active BNZ cardholders).

The second is the Paymark merchant database. New Zealand has two eftpos networks. The largest of these is run by Paymark, a joint venture owned by ASB, BNZ, (formerly) the National Bank and Westpac. Approximately 75% of New Zealand retailers use the Paymark network. This data set provides a complete view of all eftpos, debit and credit card transactions made at merchants on the Paymark network, both from New Zealanders and international visitors. (As at July 1 2015, there were over 40,000 active merchants on the Paymark network).

For retailers which are not on Paymark network, there is no transactional data available from on the Paymark database. To fill this data gap we weight the BNZ cardholder spending at non-Paymark merchants. The weightings would be based on BNZ's share of the Paymark transactions. The underlying assumption would be that the BNZ cardholders would make up a similar share of spending at Paymark and non-Paymark merchants. The graph below illustrates how our Hybrid Data is used to account for spend at non-Paymark retailers. (BNZ proportions will differ from graph)



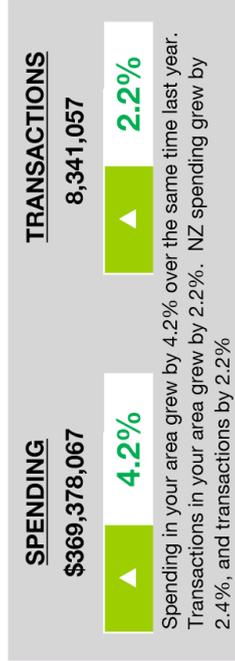


# RETAIL OVERVIEW

FOR PERIOD ENDING JANUARY 2019 QUARTER

## QUARTERLY ACTIVITY

Changes over same time last year

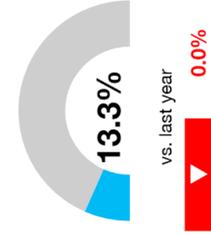


## CARDHOLDER ORIGIN

	CARDHOLDER CONTRIBUTION	VALUE SPENT IN YOUR REGION	CHANGE (VS. SAME QUARTER LAST YEAR)
LOCALS	72.4%	\$267.32 mn	5.5%
REST OF HORIZONS	13.1%	\$48.53 mn	6.8%
REST OF NZ CARDHOLDERS	13.4%	\$49.62 mn	-4.4%
INTERNATIONAL CARDHOLDERS	1.1%	\$3.92 mn	9.0%

## MARKET SHARE

Your Share vs Key Competitors



Market share is your share of spending in the market (yourself and key competitors).

Your key competitors are based on areas you have chosen, in this case Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato territorial authorities

## FASTEST GROWING STORETYPES

Based on Spending

IN YOUR REGION	vs. last year	▲ 12.4%
Furniture/Flooring	vs. last year	▲ 10.3%

Furniture/Flooring in your area had the largest growth amongst storetypes, up 12.4%.

Takeaways had the largest growth in Key Competitor locations, up 10.3%.

## LOYALTY AND OUTFLOW

Destination of Locals' Spending  
Manawatu / Palmerston North residents conducted 70.5% of their retail spending in Man/P North and 4.1% in the Rest of Horizons Region. They spent 7.6% online.



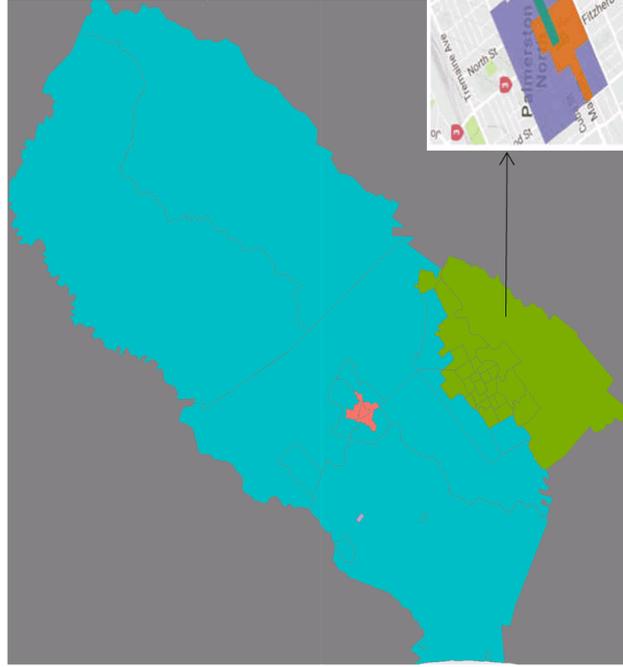
# WHERE ARE THE RETAIL HOTSPOTS?

How does this affect planning? Is it happening where we want it to happen?

## TOP PERFORMING LOCATIONS

Based on percentage change in spending from same period last year

FOR ALL CARDHOLDERS  
 REST OF MANAWATU  
 INTERNATIONAL CARDHOLDERS  
 SANSON



\*\* Map insert in Appendix

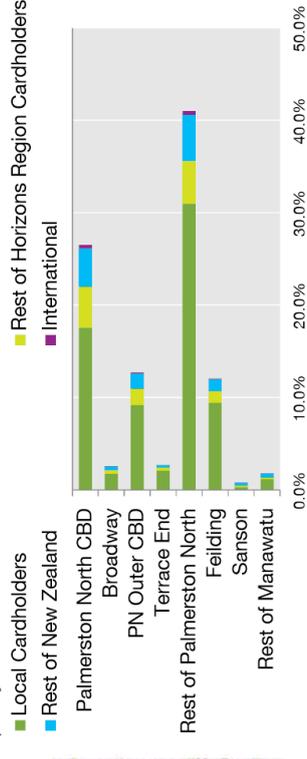
## CHANGE IN SPENDING

Change in spending over same period last year

RANK	LOCATION	VALUE OF SPENDING	CHANGE IN SPENDING
1	Rest of Manawatu	\$6,530,751	24.8%
2	PN Outer CBD	\$46,831,740	13.1%
3	Sanson	\$2,974,054	9.3%
4	Palmerston North CBD	\$97,886,179	4.8%
5	Feilding	\$44,471,204	3.1%
6	Rest of Palmerston North	\$151,392,900	2.2%
7	Terrace End	\$9,824,393	-4.2%
8	Broadway	\$9,466,846	-5.9%
<b>TOTAL</b>		<b>\$369,378,067</b>	<b>4.2%</b>

## DISTRIBUTION OF SPENDING

Split by cardholder location





# WHO IS SPENDING AT OUR RETAILERS?

Is this changing? How appealing are we to visitors/ tourists?

## SPENDING BY CARDHOLDER LOCATION

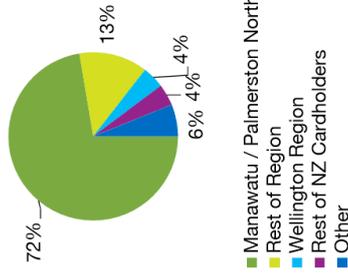
Change in spending over same period last year



CARDHOLDER AREA	VALUE SPENT	CHANGE ON SAME QUARTER LAST YEAR
MANAWATU / PALMERSTON NORTH	\$267.32 mn	▲ 5.5%
REST OF REGION	\$48.53 mn	▲ 6.8%
WELLINGTON REGION	\$15.57 mn	▼ -2.8%
REST OF NZ CARDHOLDERS	\$15.25 mn	▼ -4.5%
AUCKLAND REGION	\$10.17 mn	▼ -5.2%
WAIKATO REGION	\$4.81 mn	▲ 26.4%
INTERNATIONAL	\$3.92 mn	▲ 9.0%
HAWKE'S BAY REGION	\$3.81 mn	▼ -29.0%

## DISTRIBUTION OF CARDHOLDERS

Including international cardholders



## FASTEST GROWING CONSUMER GROUP

Based on spending change from the same period last year



International cardholder spending within New Zealand is up 6.5% over the same period last year, and transactions are up 15.3%. Regions are chosen based on top spenders in Manawatu/Palmerston North for the quarter.

# WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?

How much are we leaking to other areas?

## OVERVIEW OF INFLOW AND OUTFLOW TO/FROM MANAWATU / PALMERSTON THE BREAKDOWN

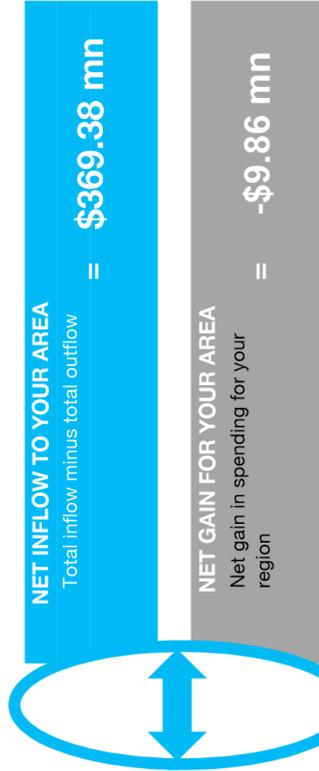
Non-locals include international cardholders



## ORIGIN OF INFLOW BY CARDHOLDER LOCATION

Breakdown of spending in your council

What's coming into your region  
What's spent outside your region



CARDHOLDER LOCATION	YOUR REGION	ELSEWHERE IN NZ
Manawatu / Palmerston North	\$267.32 mn	\$83.27 mn
Rest of Region	\$48.53 mn	\$337.92 mn
Wellington Region	\$15.57 mn	\$1,790.01 mn
Rest of NZ Cardholders	\$15.25 mn	\$6,031.66 mn
Auckland Region	\$10.17 mn	\$5,771.49 mn
Waikato Region	\$4.81 mn	\$1,420.65 mn
International	\$3.92 mn	\$783.85 mn
Hawke's Bay Region	\$3.81 mn	\$549.91 mn
<b>TOTAL</b>	<b>\$369.38 mn</b>	<b>\$16,768.76 mn</b>



# HOW ARE OUR RETAILERS PERFORMING?

Are we keeping pace? Are our retailers maximising the available opportunities?

## RETAIL CATEGORY CHANGE IN SPENDING AND PERFORMANCE

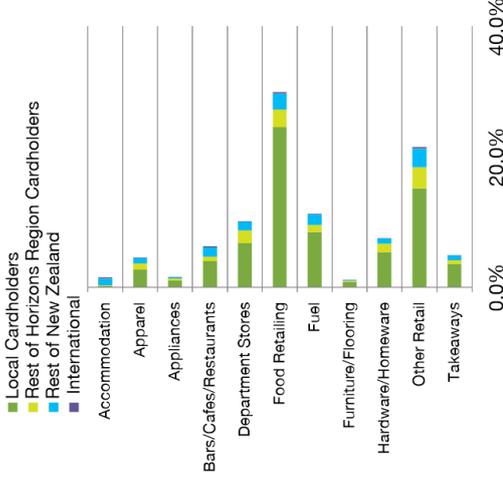
Spending change over same period last year

RETAIL CATEGORY	\$\$\$ SPEND	YOUR RESULT	YOU VS. COMPETITOR GROUP	
			RANK	CHANGE ON LAST
ACCOMMODATION	\$5.50 mn	▼ -0.2%	3	0
APPAREL	\$16.79 mn	▼ -5.8%	5	-3
APPLIANCES	\$5.64 mn	▲ 8.0%	3	2
BARS/CAFES/RESTAURANTS	\$23.23 mn	▲ 4.4%	4	1
DEPARTMENT STORES	\$37.19 mn	▲ 1.3%	3	-2
FOOD RETAILING	\$110.31 mn	▲ 3.6%	2	3
FUEL	\$41.51 mn	▲ 7.3%	4	-2
FURNITURE/FLOORING	\$4.15 mn	▲ 12.4%	3	0
HARDWARE/HOMEWARE	\$27.70 mn	▲ 7.1%	3	-2
OTHER RETAIL	\$79.26 mn	▲ 4.8%	3	0
TAKEAWAYS	\$18.11 mn	▲ 9.6%	3	-1

The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

## ORIGIN OF CARDHOLDERS

Including international cardholders



## FASTEST GROWING CATEGORIES

Domestic/ International split

For ALL Cardholders	For INTERNATIONAL Cardholders
FURNITURE/FLOORING	FURNITURE/FLOORING
NG	NG

# DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?

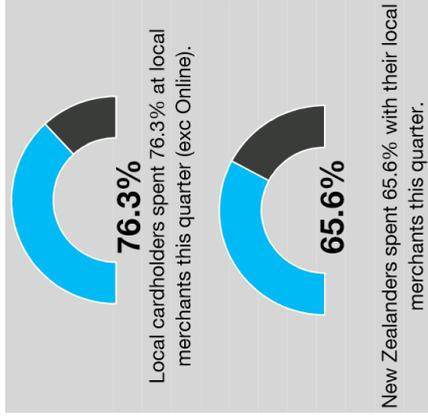
Have we got gaps? Where should be target development?

## PROPORTION OF LOCAL CARDHOLDER'S SPENDING THAT GOES TO LOCAL MERCHANTS

High percentages presume that local cardholders are happy with local options



## OVERALL LOYALTY



## MOST LOYAL CATEGORY



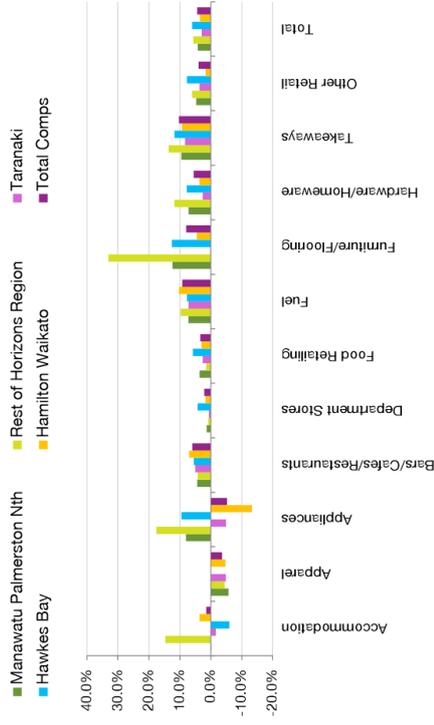


# HOW DO WE COMPARE TO COMPETITORS?

Is your local offering sufficient? How to you compare against competitors?

## CHANGE IN SPENDING BY RETAIL CATEGORY

Over Same Period last year

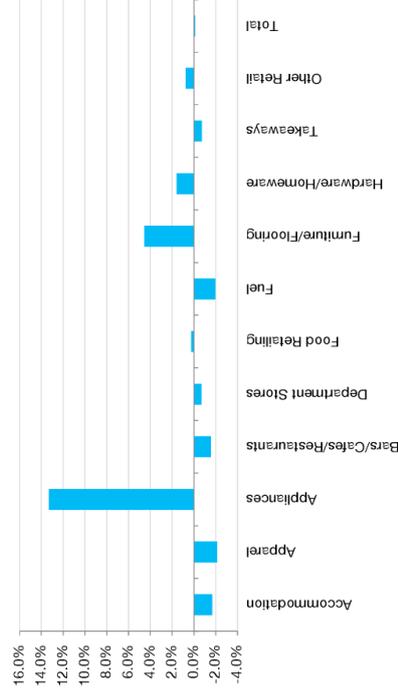


### BEST COMPARED TO AVERAGE PEER

Based on change in spending this year over same time last year



## MANAWATU / PALMERSTON NORTH CHANGE COMPARED TO PEER GROUP AVERAGE



### WORST COMPARED TO AVERAGE PEER

Based on change in spending this year over same time last year



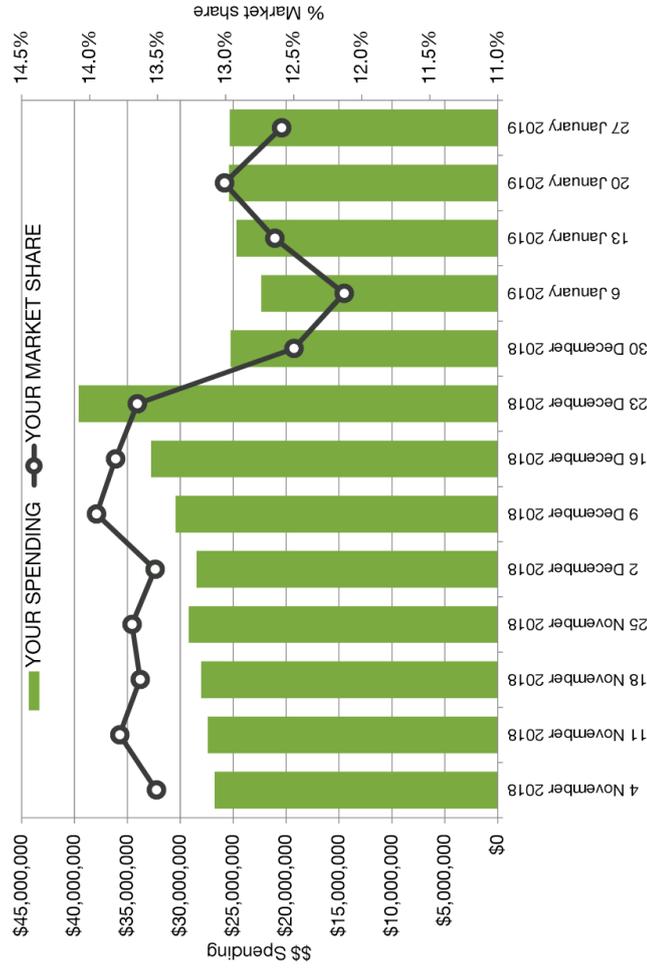
The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

# HOW HAS RETAIL ACTIVITY VARIED BY WEEK?

How does this affect planning? Has any event stimulated activity?

## SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET

By Week Ending:



## BEST PERFORMERS

**YOUR HIGHEST TOTAL WEEKLY SPEND**  
Week ending  
**23 December 2018**

**YOUR HIGHEST WEEKLY MARKET SHARE**  
Week ending  
**9 December 2018**

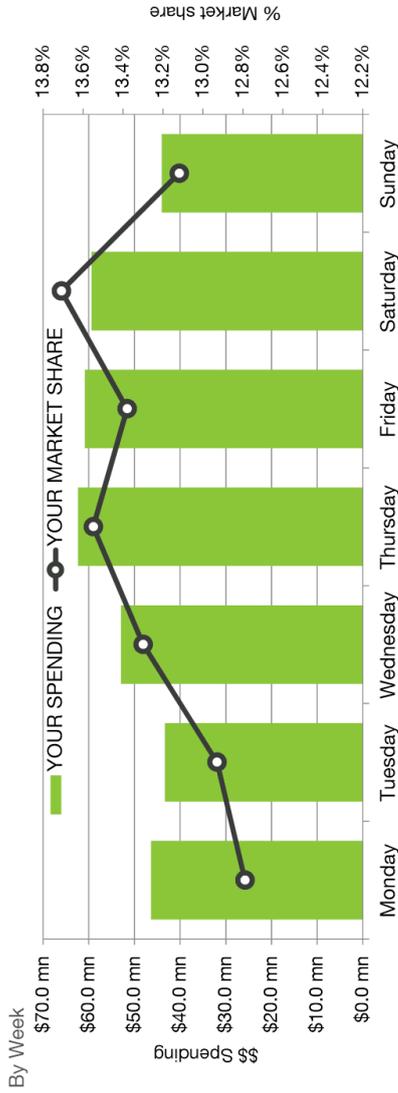
Total market is based on spending at yourself and competitors. The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.



## WHEN ARE OUR RETAILERS BUSIEST?

Are we managing council resources effectively to match these busy periods?

### SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET



### YOUR BEST PERFORMERS

DAY OF THE WEEK WITH MOST SPENDING  
**Thursday**

DAY OF THE WEEK WITH HIGHEST MARKET SHARE  
**Saturday**

TIME PERIOD WITH HIGHEST PROPORTION OF SPENDING  
**Midday - 4pm**

### DISTRIBUTION OF SPENDING AT MERCHANTS IN YOUR REGION - BY TIME OF DAY

The darker the box, the higher the proportion of spending

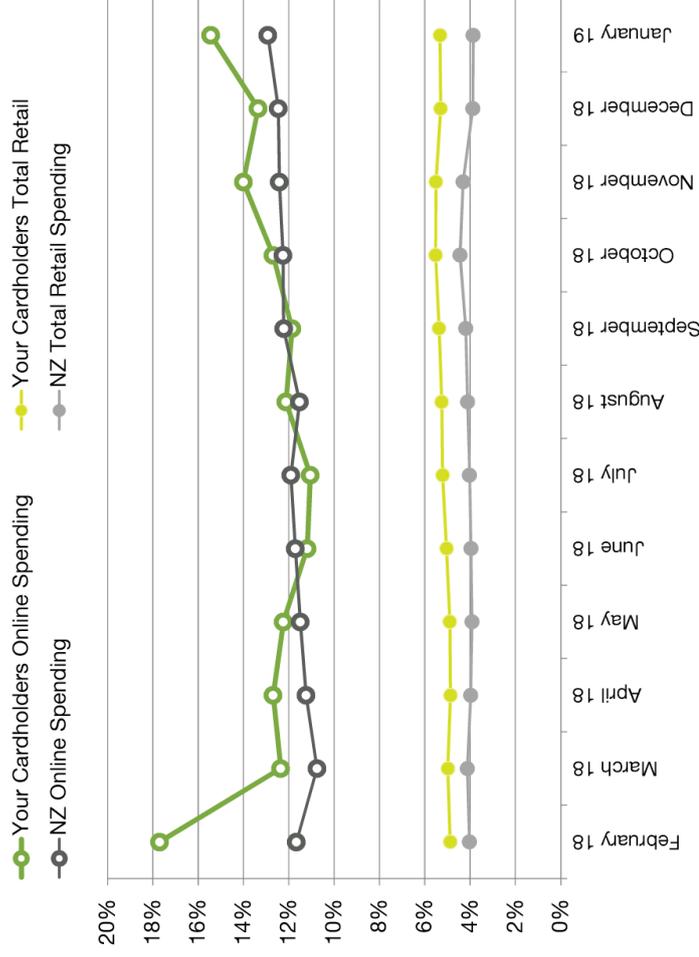
	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Avg. for Period
Midnight - 4am	0.2%	0.3%	0.3%	0.3%	0.3%	0.7%	1.2%	0.5%
4am - 8am	2.8%	3.3%	3.3%	3.4%	2.9%	1.7%	1.4%	2.7%
8am - Midday	27.3%	26.2%	25.7%	25.6%	25.7%	30.7%	27.4%	26.9%
Midday - 4pm	38.3%	36.4%	36.5%	36.4%	37.3%	39.4%	42.0%	38.0%
4pm - 8pm	26.2%	27.8%	28.0%	27.9%	26.9%	21.3%	23.3%	25.9%
8pm - Midnight	5.3%	5.9%	6.2%	6.4%	6.9%	6.1%	4.7%	6.0%
<b>Avg. for Day</b>	<b>13.0%</b>	<b>12.1%</b>	<b>14.3%</b>	<b>16.6%</b>	<b>16.4%</b>	<b>15.6%</b>	<b>12.1%</b>	<b>100.0%</b>

# HOW MUCH ARE LOCALS SPENDING ONLINE?

Is your local offering sufficient? What does this mean for property prices?

## CHANGE IN ONLINE SPENDING VS TOTAL NZ TRENDS

Rolling 12 months change in spending



### GROWTH IN ONLINE SPENDING (this quarter)



### % SPENT ON OVERSEAS WEBSITES (this quarter)



### FASTEST GROWING ONLINE CATEGORY (for local cardholders)



*Fuel may be the highest category as consumers pay fuel cards through credit card*

# APPENDIX



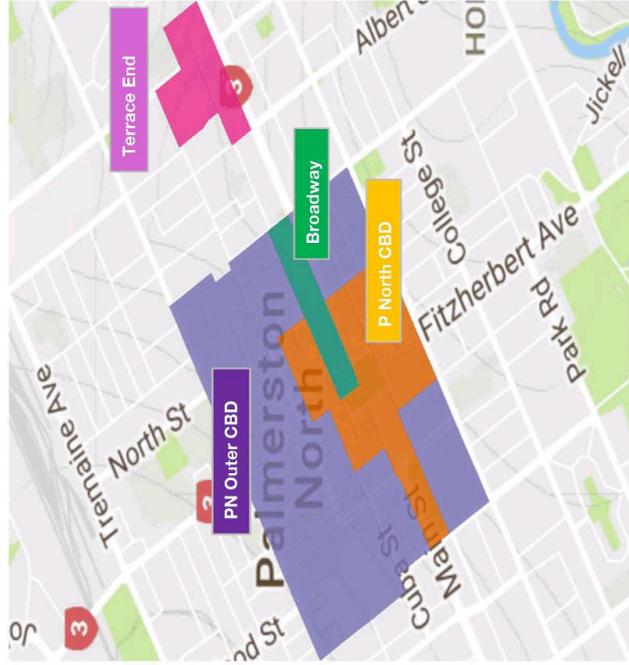
## STORETYPE DEFINITIONS- BASED ON ANZSIC CATEGORIES

<b>Accommodation:</b>	Accommodation
<b>Apparel:</b>	Clothing Retail, Footwear Retail
<b>Appliances:</b>	Domestic Appliances
<b>Bars/Cafes/Restaurants:</b>	Cafes and Restaurants, Pubs Taverns and Bars
<b>Department Stores:</b>	Department Stores
<b>Food Retailing:</b>	Bread and Cake Retailing, Fresh Meat, Fish and Poultry Retailing, Fruit and Vegetable Retailing, Specialised Food Retailing, Supermarket and Grocery Stores
<b>Fuel:</b>	Automotive Fuel Retailing
<b>Furniture/Flooring:</b>	Floor Covering Retailing, Furniture Retailing
<b>Hardware/Homeware:</b>	Domestic Hardware and Houseware Retailing, Building Supplies
<b>Other Retail:</b>	Antique and Used Goods, Automotive Electrical Services, Automotive Repair and Service, Clubs (Hospitality), Fabric and Other Soft Good Retailing, Flower Retailing, Funeral Directors, Crematoria, and Cemeteries, Garden Equipment Retailing, Gardening Services, Hairdressing and Beauty Salons, Household Equipment Repair, Laundries and Drycleaners, Liquor Retailing, Marine Equipment, Newspaper, Books and Stationery, Personal and Household Goods, Personal Services, Pharmaceutical, Cosmetic and Toiletry Retailing, Photographic Equipment, Photographic Film Processing, Photographic Studios, Recorded Music Retailing, Retailing nec, Smash Repairs, Sport and Camping Equipment, Toy and Game Retailing, Travel Agency, Tyre Retailing, Video Hire Outlets, Watch and Jewellery Retailing
<b>Takeaways:</b>	Takeaways

# APPENDIX



Map Insert for Palmerston North breakdown. The map is indicative and the boundaries may vary, due to street/meshblock split. Broadway is inline with council definitions.





## COMMITTEE WORK SCHEDULE

**TO:** Economic Development Committee

**MEETING DATE:** 8 April 2019

**TITLE:** Committee Work Schedule

---

### RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive its Work Schedule dated April 2019.

### ATTACHMENTS

1. Work Schedule  

REF# 8136424

**ECONOMIC DEVELOPMENT COMMITTEE**

**COMMITTEE WORK SCHEDULE – APRIL 2019**

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	April 2019	Quarterly Economic Report	General Manager – Strategy and Planning		
2.	August 2019	International Relations Six Monthly Report	General Manager – Strategy and Planning		