



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT COMMITTEE

1PM, WEDNESDAY 8 DECEMBER 2021

COUNCIL CHAMBER, FIRST FLOOR,
CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

MEMBERS

Leonie Hapeta (Chairperson)
Vaughan Dennison (Deputy Chairperson)
Grant Smith (The Mayor)

Brent Barrett

Patrick Handcock
ONZM

Susan Baty
Rachel Bowen
Zulfiqar Butt
Renee Dingwall
Lew Findlay QSM

Orphée Mickalad
Bruno Petrenas
Aleisha Rutherford
Ruma Karaitiana

AGENDA ITEMS, IF NOT ATTACHED, CAN BE VIEWED AT

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Heather Shotter

Chief Executive | PALMERSTON NORTH CITY COUNCIL

ECONOMIC DEVELOPMENT COMMITTEE MEETING

8 December 2021

ORDER OF BUSINESS

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. | Retail Health Check Profile - November 2021 | Page 7 |
| | Memorandum, presented by Julie Macdonald, Strategy and Policy Manager. | |
| 6. | Presentation - Andrew Heaphy | Page 53 |
| 7. | Presentation - Central Economic Development Agency (CEDA) | Page 55 |
| 8. | Presentation - Palmy Business Improvement District (BID) | Page 57 |
| 9. | Confirmation of Minutes | Page 59 |
| | "That the minutes of the Economic Development Committee meeting of 15 September 2021 Part I Public be confirmed as a true and correct record." | |
| 10. | Summary report on the September 2021 Quarterly Economic Monitor, Annual Population report and Annual Business and Employment report | Page 63 |
| | Memorandum, presented by Peter Crawford, Economic Policy Adviser. | |
| 11. | Portfolio Update 2020/21 - Education and Students | Page 89 |
| | Memorandum, presented by Councillor Rachel Bowen, Education and Students Portfolio Lead. | |
| 12. | Committee Work Schedule | Page 99 |
| 13. | 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.

[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].

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Retail Health Check Profile - November 2021

PRESENTED BY: Julie Macdonald, Strategy and Policy Manager

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the memorandum titled 'Retail Health Check Profile – November 2021', be received for information.

1. RETAIL HEALTHCHECK PROFILE – NOVEMBER 2021

- 1.1 Attached is a copy of the full Retail Health Check profile and the summary profile, which have been updated.
- 1.2 The sector has a regional workforce of 9,672 people, annual earnings (salaries, wages and self-employment income) of \$351 million and a contribution to GDP of \$486 million.
- 1.3 The purpose of these economic sector profiles for the Manawatū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing.
- 1.4 The retail sector is included in the profiles because it has the largest share of jobs in the region and is the fifth largest sector for employee earnings.

2. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 166	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No

Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Attract investment expansion and new businesses	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reporting on economic trends in the city and the longer-term outlook for growth is important for encouraging local businesses to invest in growing their businesses and attracting new businesses to the city

ATTACHMENTS

1. Retail Health Check Report 2021 Executive Summary [↓](#) 
2. Retail Health Check 2021 [↓](#) 



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MANAWATŪ REGION RETAIL HEALTH CHECK

EXECUTIVE SUMMARY
NOVEMBER 2021

Executive Summary

The purpose of these economic sector profiles for the Manawatū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing.

Retailing isn't mentioned in the sectors above but is a major component of the region's tourism sector, and is an important factor in why people visit the region. A high share of retail spending comes from residents of the region, so the sector's growth is limited by the rate of population growth and growth in incomes in the region.

The retail sector in the Manawatū region (Palmerston North and Manawatū District) is performing strongly compared to national indicators. Retail spending at Manawatū region retailers increased by 13.0% over the 12 months ended June 2021, which was well ahead of the national increase in spending of 8.7%. The high rate of growth in spending in the year to June 2021 was due to COVID-19 restrictions on retailing between March and May 2020.

Growth in online spending has been suggested as a threat to physical retail stores, but Verisk/Marketview electronic card retail data shows physical stores in the region are continuing to experience growth in spending, despite the stronger growth in online spending.

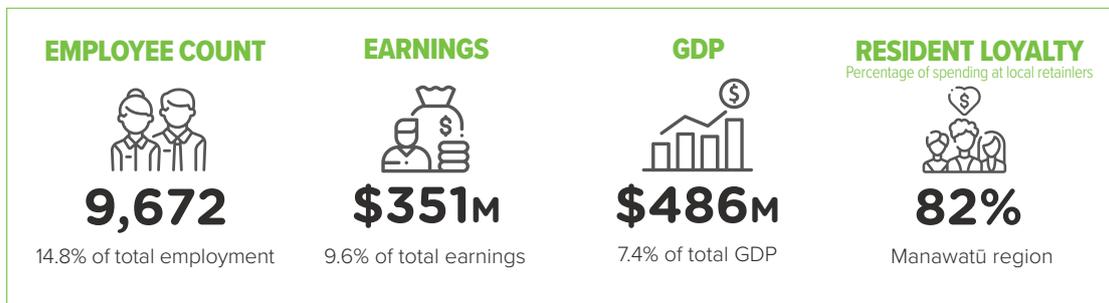
The sector is a significant contributor to regional GDP, with Infometrics estimates for the retail sector suggesting it contributed \$486 million to Manawatū region GDP in the year to March 2020, accounting for a 7.4% share of total GDP in the region. Palmerston North contributed

84% of retail GDP in the region, due to its role as a significant regional retail centre for the lower North Island.

The retail sector contributed 7.9% of Palmerston North GDP in the year to March 2020 and 5.4% of Manawatū District GDP. Statistics New Zealand GDP estimates for the year to March 2020 suggest the retail sector contributed \$18,161 million to national GDP, a 7.1% share of total GDP.

The sector is a significant contributor to regional employment, with a workforce of 9,672 people in February 2020, or 14.8% of the total workforce in the region. The workforce estimates produced by Infometrics include employees and the self-employed. Total earnings (salaries, wages and self-employment income) in the sector were \$351 million in the year ended March 2019, or 9.6% of total earnings in the region. Retail earnings in the region increased by 128% between 2000 and 2019. This regional increase was weaker than national retail earnings growth of 165%.

Infometrics long-term projections suggest the retail workforce is expected to increase to 10,138 people by 2043, an increase of 5% from 2018. That projection is much weaker than the 31% overall increase in workforce for the region, because Infometrics expects the sector will experience strong productivity growth during that period.





Visitor data shows Palmerston North is a significant domestic visitor destination, reflecting its central position in the lower North Island and its strong retail offering. The latest Verisk/Marketview data shows a significant share of electronic card retail turnover in the city is made with non-resident cards, accounting for 36% of total spending at retailers in the city.

Verisk/Marketview retail spending estimates for the year ended June 2021 show a high level of loyalty by Manawātū region residents, with 81.9% of their retail spending going to local retailers (excluding online spending).

Manawātū District is experiencing strong growth in retail spending, which increased by 14.9% in the year to June 2021. The District is also experiencing high population growth, which is supporting the increase in retail spending.

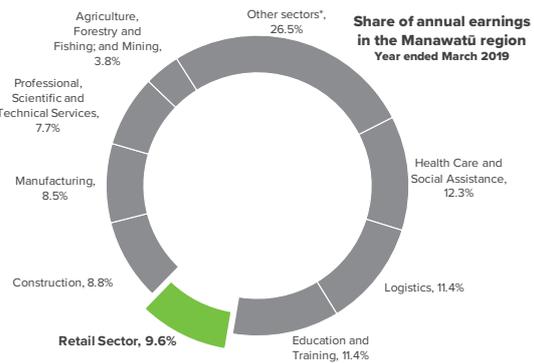
Over the last 10 to 15 years there have been major shifts in the retail sector in Palmerston North, which have resulted in growth in retail activity in some parts of the city and periods of decline or weak growth in others. A high level of investment in the construction of new retail floor space over the past 20 years has created significant additional competition for existing retailers in the city. The increase in the total number of retail stores means that individual retailers have not experienced the rates of growth reflected in the overall data for the city. The most recent retail data shows strong growth in the value of retail spending in the Inner Business Zone despite increased investment in retail activity in the Outer Business Zone.

The retail sector is a significant source of part-time employment in the region and employs a higher share of young people. Data from the 2018 Census shows that the 15 – 24 age group accounted for 33% of employment in the retail sector in the Manawātū region, while this group accounted for 16% of overall employment in the region. The sector also has an important role as the first paid job for many people, who go on to work in other sectors.

Councils have an important role to play in maintaining and supporting a healthy retail sector, particularly in the city or town centre, but retail property owners and retail businesses also play important roles in supporting the health of the sector. Palmerston North City Council centres-based planning policy has been successful in keeping the malls and large format retail developments close to the city-centre. Since 2013, there have been several large retailers move back closer to the city-centre and the further establishment of new businesses in the Outer Business Zone.

Both Palmerston North city-centre and Feilding town centre will face disruption due to the need to replace or strengthen earthquake prone buildings. This will result in the temporary loss of retail activity when buildings are demolished or closed temporarily during refurbishment and disruption for neighbouring retailers. However, this disruption will occur during a period of strong economic growth and expansion of retail activity in the region, providing increased impetus for redevelopment.

The development of new sources of data has provided significant improvements in the range of information available for the region. Further improvements in pedestrian data are being investigated along with new tools for estimating visitor numbers.



* Other sectors includes: Public administration and safety services; Electricity, gas, water and waste services; Information media and telecommunications; Financial and insurance services; Rental, hiring and real estate services; Administrative and support services; Arts and recreation services; Other services

Conclusion

The Manawātū region has experienced strong growth in retail sales over the period since the first Retail Health Check report was produced in 2013. Growth in spending has been supported by strong growth in incomes for residents, faster population growth and increased visitor spending, particularly from the rest of the Manawātū-Whanganui region.

Feilding has experienced stronger growth in spending than the Palmerston North city-centre. The rate of population growth in Manawātū District has been stronger than the growth rate for the city between 2013 and 2020, so is an important contributor to this growth. However, the city's growth rate has accelerated over the past four years, and this is being reflected in the strong retail growth now being recorded.

A focus of the 2013 report was on the health of retailing in Broadway Avenue, due to the impact of the 2010 expansion of the Plaza and the transfer of several retailers from Broadway to the Plaza. However strong growth in retailing in the region means vacancy rates are now low in the city centre, which is supporting redevelopment of low quality buildings in the city and in Feilding.

Palmerston North City Council centres-based planning policy has been successful in keeping the mall and large format retail developments close to the city-centre. Since 2013, there have been several large retailers move back closer to the city-centre and further establishment of new businesses in the Outer Business Zone.

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demolished or closed temporarily during refurbishment and disruption for neighbouring retailers. However, this will be occurring during a period of strong economic growth and expansion of retail activity in the region, providing increased impetus for redevelopment. Low commercial vacancies rates in Palmerston North will further support redevelopment of earthquake prone buildings in the city-centre.

Growth in online spending has been seen as a threat to physical retail stores, but Verisk/Marketview electronic card retail data shows physical stores are continuing to experience growth in spending.

CEDA
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**MANAWATŪ REGION
RETAIL HEALTH CHECK**
NOVEMBER 2021



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Executive Summary

The purpose of these economic sector profiles for the Manawatū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing.

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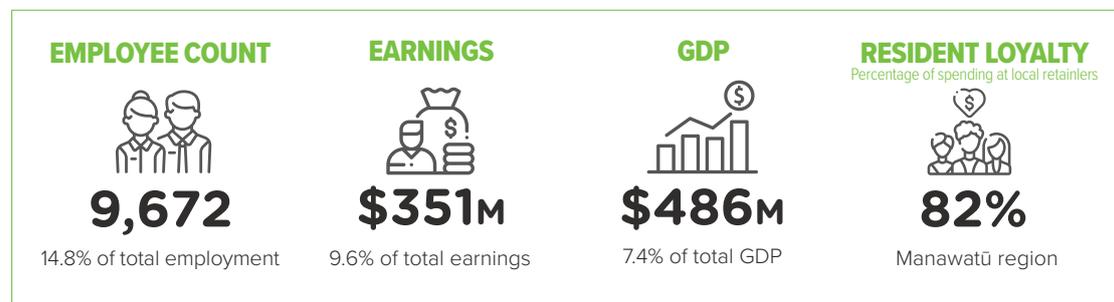
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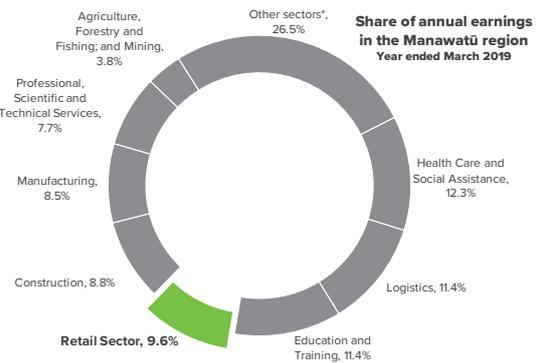
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Both Palmerston North city-centre and Feilding town centre will face disruption due to the need to replace or strengthen earthquake prone buildings. This will result in the temporary loss of retail activity when buildings are demolished or closed temporarily during refurbishment and disruption for neighbouring retailers. However, this disruption will occur during a period of strong economic growth and expansion of retail activity in the region, providing increased impetus for redevelopment.

The development of new sources of data has provided significant improvements in the range of information available for the region. Further improvements in pedestrian data are being investigated along with new tools for estimating visitor numbers.



* Other sectors includes: Public administration and safety services; Electricity, gas, water and waste services; Information media and telecommunications; Financial and insurance services; Rental, hiring and real estate services; Administrative and support services; Arts and recreation services; Other services

Overview

The purpose of this report is to provide an update on the status of retail health in the Manawatū region and to update the framework for future monitoring of the retail sector, reflecting the increased availability of data. It will be used to inform councils when making future decisions involving the development of Palmerston North's Inner Business Zone and Feilding Town Centre.

What is retail health?

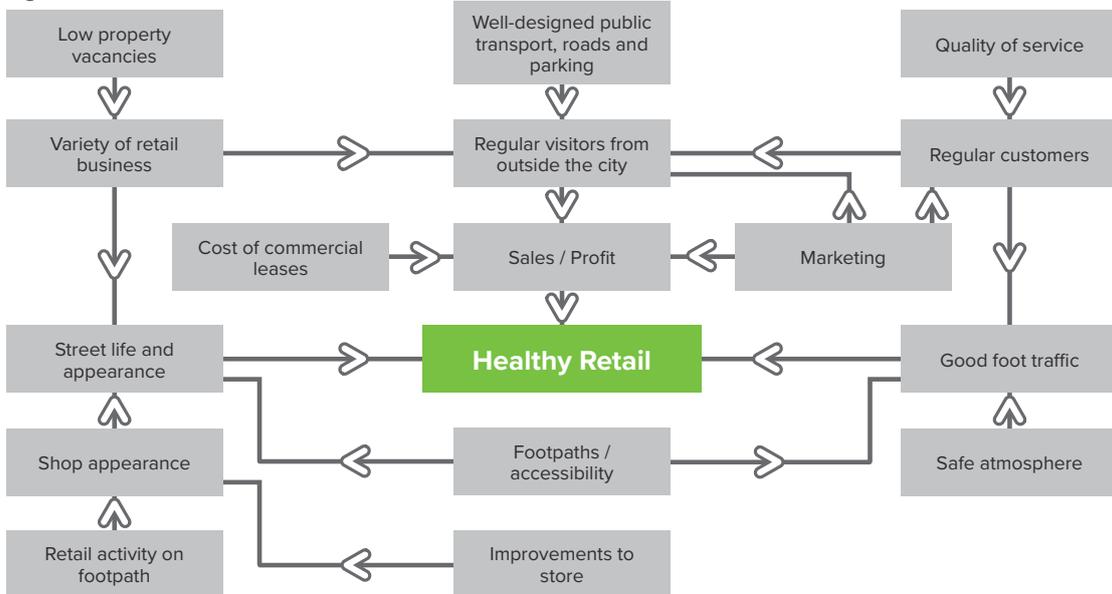
Healthy retailing can be shown through a thriving shop that is appealing, is full of customers and has a high level of sales and profitability. A measure of retail health aims to reflect the status of the retail sector in terms of these attributes.

In order for a community to have a thriving and healthy retail sector there has to be a number of factors working together to create an interesting, comfortable, purposeful and safe shopping experience. Key indicators used to measure retail health are:

- Good foot traffic/pedestrian counts
- Sales and profits
- Availability and cost of parking
- Variety of retail businesses
- Vacancy rates
- Cost of rent
- Footpaths and accessibility
- Safe atmosphere
- Shop appearance
- Street life
- Friendly service
- Number of visitors and visitor spending
- Public transport system
- Digital maturity, including webpage and presence on social media
- Economic performance

Several of these factors are difficult to research and a number of assumptions can be made when gaining and producing the data. The linkages between these factors are shown in Figure 1 below.

Figure 1: Retail Health Check Framework



Background

The Manawātū region had an estimated population of 122,500 people in June 2020, with 90,400 people living in Palmerston North and 32,100 in Manawātū District.

There were 65,384 people employed in the region in February 2020 (employees and self-employed), with 9,672 people employed in the retail sector in the region. Palmerston North had a 74% share of the region's population but an 85% share of the retail workforce in the region and an 84% share of electronic card retail spending, reflecting the city's role as a significant regional retail centre.

Assessing retail health

Electronic card retail spending in the Manawātū region was \$1,582 million in the year to June 2021, an increase of 13.0% from the previous year. Retail spending in New Zealand increased by 8.7% over the same period. The rate of growth in retail spending in the region has been ahead of the national growth rate since October 2017. The gap in the growth rates for the region and New Zealand widened significantly since New Zealand moved down to COVID-19 Alert Level-2 restrictions on 14 May 2020.

Table 1: Dates when different COVID-19 Alert Levels came into force

Date	COVID-19 Alert level		
	New Zealand	Auckland	Wellington
2020			
21 March	2		
23 March	3		
25 March	4		
27 April	3		
13 May	2		
9 June	1		
12 August	2	3	
30 August	2	2.5	
21 September	1	2.5	
23 September	1	2	
7 October	1	1	

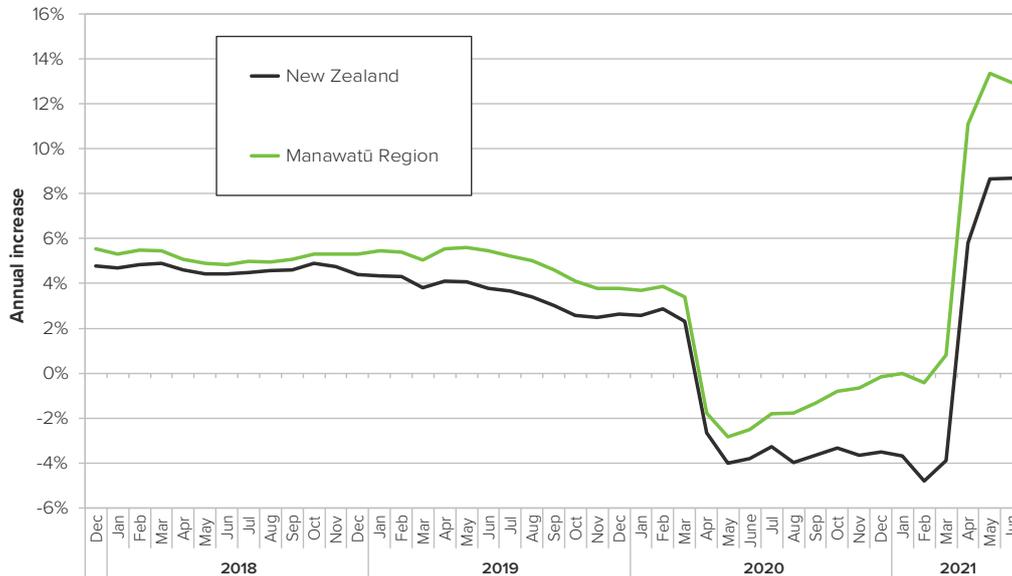
Date	COVID-19 Alert level		
	New Zealand	Auckland	Wellington
2021			
14 February	2	3	
17 February	1	2	
22 February	1	1	
28 February	2	3	
7 March	1	2	
12 March	1	1	
23 June	1	1	2
29 June	1	1	1

Source: New Zealand Government

The retail sector in the region was impacted significantly during Alert Level-4 restrictions, which were in force between 26 March and 27 April, and Alert Level-3 restrictions between 27 April and 13 May. Most shops, apart from supermarkets, dairies and fuel outlets, were required to remain closed, resulting in national electronic card retail spending declining by 55% in April 2020, compared with April 2019, and a 56% decline in the region.

Growth in spending in Manawātū District was 14.9% in the year to June 2021, while there was a 12.6% increase in Palmerston North. The rate of growth in Palmerston North was weaker than the growth rate for Manawātū District because of the impact of the COVID-19 restrictions on conference and other events activity in the city. Limits on the size of gatherings under Alert Level-2 meant indoor events were not possible in the region between 12 August and 21 September 2020 and 22 and 28 February 2021. These limits resulted in cancellation of events and conferences, which are more significant to the Palmerston North economy.

Figure 2: Annual change in Manawatū region electronic card retail spending



Source: Verisk/Marketview

Manawatū retailers enjoy strong loyalty from residents (the proportion of local cardholder’s spending that goes to local merchants), who spent 81.9% of their total retail spending (in-store only¹) at Manawatū region retailers in the year ended June 2021. This support illustrates the health of the retail sector in the region. Resident-spending at Manawatū region retailers was \$1,206 million in the year ended June 2021, increasing by 10.8% from the previous year. Manawatū region resident spending outside of the region (excluding online spending) in the year to June 2021 was \$267 million, an

increase of 23.5% from the previous year, while visitor spending in the region was \$376 million, an increase of 20.6%. The increase in visitor spending is related to the impact of COVID-19 restrictions on overseas travel and the domestic travel restrictions under Alert Levels-3 and 4 from March to May 2020. The restrictions on overseas travel have contributed to an increase in domestic tourist spending. Total New Zealand domestic tourism spending in the year ended June 2021 was \$1.7 billion higher than two years ago, while international card spending declined by \$2.4 billion.

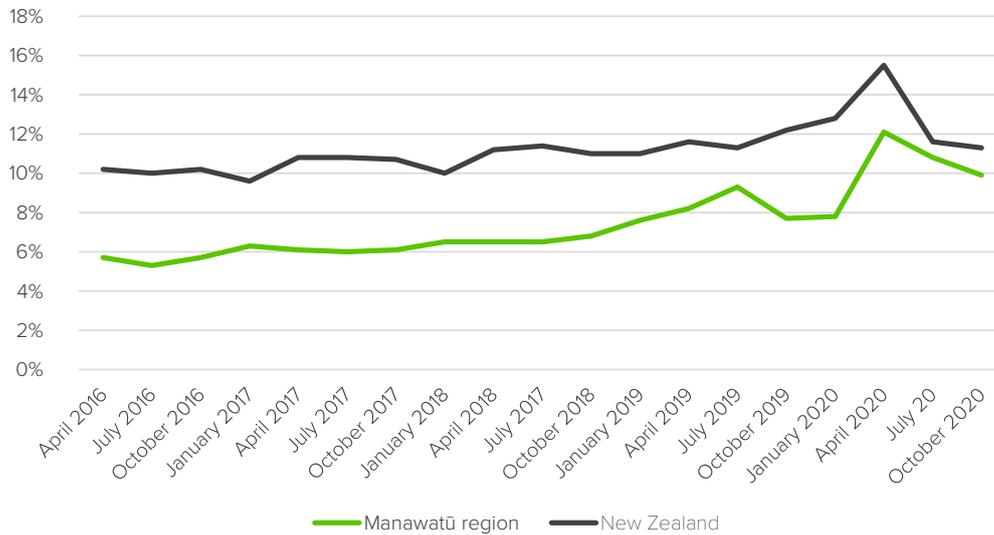
Table 2: Manawatū region retail inflow and outflow

Years ended	June 19	June 20	June 21	Annual change	
	\$ m	\$ m	\$ m	\$ m	%
Resident spending locally	1,100	1,088	1,206	118	10.8%
Resident spending outside region	235	216	267	51	23.5%
Total resident spending	1,335	1,304	1,473	169	12.9%
Visitor spending	336	312	376	64	20.6%
Net gain in spending	101	96	109	13	13.9%
Total spending in region	1,436	1,400	1,582	182	13.0%
Visitor % share	23.4%	22.3%	23.8%		
Resident loyalty	82.4%	83.4%	81.9%		

Source: Verisk/Marketview

¹ Online retail spending is excluded from the loyalty score because Marketview is no longer able to provide data on online spending.

Figure 3: Online retail spending as a share of total retail spending



Source: Verisk/Marketview

Origin of visitors to the Manawatū region

Ministry of Business, Innovation and Employment (MBIE) tourism data shows that the Manawatū region attracted \$268 million in electronic card retail spending by visitors in the year to June 2021, accounting for 17% of total retail turnover at retailers. The tourism electronic card transaction data provided by Verisk/Marketview excludes people who regularly travel to the region for work or education. This means the total visitor spending shown in Table 3 is lower than the spending identified in Table 2, which includes all non-resident spending in the region.

The highest share of visitor retail spending came from residents in the lower North Island, who accounted for 72% of domestic visitor retail spending in the city (Manawatū-Whanganui, Wellington, Hawke's Bay and Taranaki regions). The value of spending from Auckland declined by 4% between June 2019 and June 2021, while total domestic tourism spending increased by 13%. The loss of Jetstar flights between Auckland and Palmerston North from November 2019 is likely to be a contributing factor to the decline from Auckland.

Table 3: Annual domestic visitor retail spending in the Manawatū region by region of origin

Year ended June 2021	\$ million	% share
Manawatū-Whanganui	113	42%
Wellington	49	18%
Auckland	26	10%
Hawke's Bay	18	7%
Waikato	14	5%
Taranaki	13	5%
Bay of Plenty	10	4%
Gisborne	4	1%
Northland	4	1%
North Island	251	93%
Canterbury	9	3%
Otago	3	1%
Marlborough	1	0%
Tasman	1	0%
Nelson	1	0%
Southland	1	0%
West Coast	1	0%
South Island	16	6%
Undefined	1	0%
Total	268	100%

Source: MBIE electronic card regional retail spending tourism estimates (excludes cultural, recreation, and gambling services, passenger transport, and other tourism products)

International electronic card spending in the region was \$12.3 million in the year to June 2021, declining by 26% from the previous year. Total international card spending for New Zealand declined by 69%. COVID-19 restrictions on the number of people allowed to travel to New Zealand since March 2020 were responsible for the decline in spending. International card spending data is based on transactions in New Zealand using overseas bank and credit cards. Holders of these cards can be visitors, or may be people living and working in New Zealand on short-term visas. The increase in the number of New Zealanders returning from overseas also has an impact on the data while they use an overseas card in New Zealand.

Manawatū region retail employment and earnings

The retail sector is a significant contributor to regional employment, with a workforce of 9,672 employees and self-employed in February 2020, accounting for 14.8% of the total workforce in the region. Total earnings (salaries, wages and self-employment income) in the sector were \$351 million in the year ended March 2019, 9.6% of total earnings in the region.

The region has experienced weak growth in retail earnings (salaries, wages and self-employment income) relative to the overall growth rate for New Zealand between 2000 and 2019. There is a similar weakness in employee numbers due to a small decline in employee numbers between 2008 and 2020, following strong growth between 2000 and 2008. Retail earnings in Palmerston North increased by 130% between 2000 and 2019, Manawatū District earnings increased by 117%, while earnings for New Zealand increased by 165%.

Sectors which have contributed to the weakness in employee numbers are:

- Supermarkets – increased use of self-checkout technology and other productivity improvements contributed to no change in supermarket jobs in the city, despite the opening of supermarkets at Summerhill and Kelvin Grove. Job numbers declined in Manawatū District following the closure of the Write Price store and opening of a new New World supermarket. Total food retailing jobs in the region increased by 9% between 2000 and 2020 compared with national growth of 35%.
- Clothing retailing - there was an increase in the number of clothing stores during the expansion to the Plaza shopping mall, but there has since been a decline in store numbers and jobs. Store numbers in the region peaked at 96 in 2013 but had declined to 78 by 2020.
- Ezibuy was impacted when Australia introduced GST on small value imported goods from 1 July 2018, resulting in a decline in staff at the Palmerston North distribution centre.
- Department store employee numbers in the region increased by 4% between 2000 and 2020, while national growth in the sector was 24%.
- Cafes and restaurant employment in the region increased by 20% between 2000 and 2020, while national employment increased by 84%. The region's low share of international tourism spend is likely to be a factor contributing to the weak growth in employment. In addition, the region has a high share of visiting friends and family among domestic and international visitors.

The weakness in retail employment compared with the national trend also reflects weak population growth in the region over the period between 2000 and 2020 compared with the growth rate for New Zealand. Over this time the region's population increased by 18,600 people (an increase of 17.9%), while New Zealand's population increased by 31.8%.

Infometrics long-term projections suggest the retail workforce is expected to increase to 10,138 people by 2043, an increase of 5% from 2018. That is much weaker than the 31% overall increase in workforce for the region, because Infometrics expects the sector will experience strong productivity growth during that period. Table 4 below does not include the self-employed.

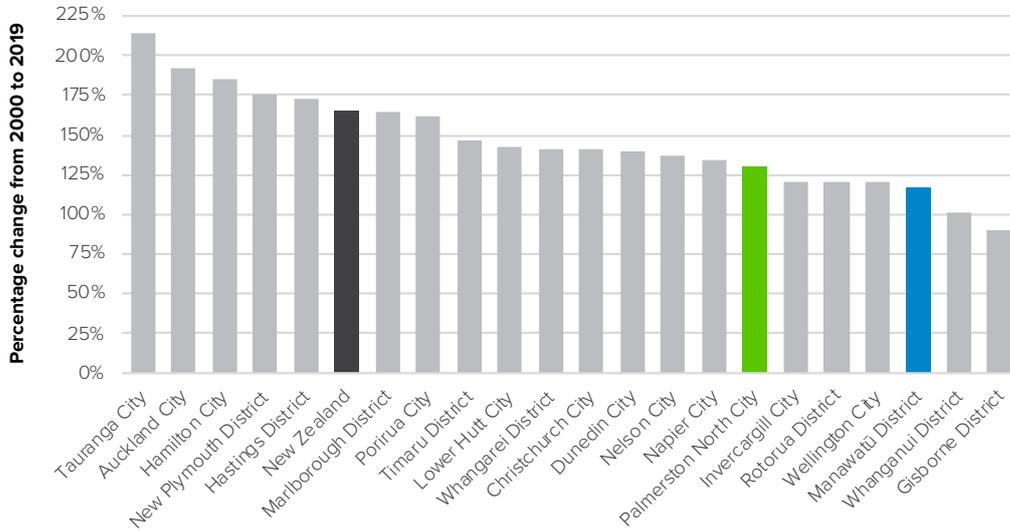
Table 4: Manawātū region and New Zealand retail employment change by sector

Retail sector	Manawātū region			New Zealand		
	Employee count	2000 - 2020 change		Employee count	2000 - 2020 change	
	2020	Number	%	2020	Number	%
Retail trade	5,620	740	15%	221,500	54,400	33%
Motor vehicle and motor vehicle parts retailing	605	125	26%	19,300	4,100	27%
Fuel retailing	210	-130	-38%	8,900	-3,600	-29%
Food retailing	1,580	130	9%	73,300	19,000	35%
Other store-based retailing ¹	3,020	440	17%	116,800	33,900	41%
Non-store retailing and retail commission	210	167	388%	3,200	1,000	45%
Visitor % share	23.4%	22.3%		23.8%		
Accommodation and food services	3,270	410	14%	174,300	69,500	66%
Accommodation	550	-20	-4%	36,100	8,300	30%
Cafes and restaurants	1,590	260	20%	77,500	35,300	84%
Takeaway food services	700	370	112%	28,200	17,300	159%
Catering services	87	-138	-61%	12,500	4,700	60%
Pubs, taverns and bars	300	65	28%	15,900	4,000	34%
Clubs (hospitality)	33	-87	-73%	4,250	100	2%
Retail	8,890	1,150	15%	2,317,000	717,500	45%
Retail earnings (salaries, wages and self-employment income)	Earnings (\$m)	2000 - 2019 change		Earnings (\$m)	2000 - 2019 change	
	2019	(\$m)	%	2019	(\$m)	%
Retail trade	246	131	113%	9,869	5,681	136%
Accommodation and food services	106	67	170%	5,620	3,973	241%
Retail	351	197	128%	15,489	9,655	165%

Source: Statistics New Zealand



Figure 4: Percentage change in retail sector annual earnings (salaries, wages and self-employment income) between 2000 and 2019



Source: Statistics New Zealand

Manawatū District retail earnings increased by 117% between 2000 and 2019, but the Statistics New Zealand earnings data has not been adjusted for the 2021 boundary change between Palmerston North and Manawatū District. The boundary change resulted in Longburn and Bunnythorpe moving from the District into the city, but the small scale of retailing in these two settlements is unlikely to have had a significant impact on the overall growth rate for the District. All other data sets used in this report have been adjusted to take account of the boundary change.

At the time of the 2018 Census, the retail sector in the region had a high share of part-time employees, with 38% of employees working part-time compared with 23% for the overall regional economy. The part-time

share for the New Zealand retail sector was 37%. The retail trade sector is an important source of part-time and holiday employment for school students and students in tertiary education facilities in the region, reflecting the important inter-linkages which occur between sectors. Data from the 2018 Census also shows that the 15 – 24 years age group accounted for 33% of employment in the retail sector in the Manawatū region, while this group accounted for 16% of overall employment in the region. The share of 15 – 24-year olds is highest in cafes, restaurants and takeaways, where they account for 46% of employees in the sector. The retail sector also has an important role as the first paid job for many people, who go on to work in other sectors.





Retail GDP

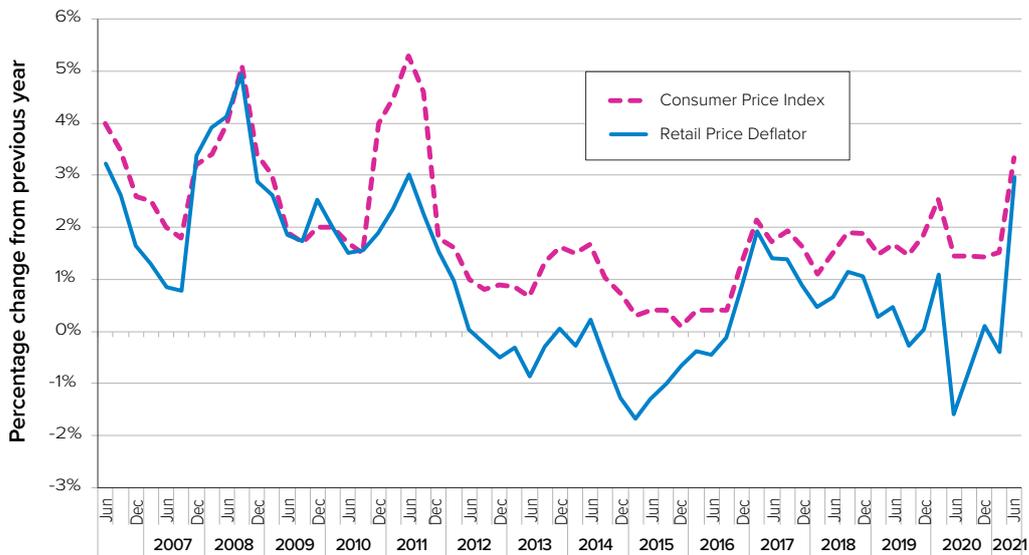
Infometrics estimates for the retail sector suggest it contributed \$486 million to Manawātū region GDP in the year to March 2020, accounting for a 7.4% share of total GDP in the region. Palmerston North contributed 84% of retail GDP in the region, due to its role as a significant regional retail centre for the lower North Island.

The retail sector contributed 7.9% of Palmerston North GDP in the year to March 2020 and 5.4% of Manawātū District GDP. Statistics New Zealand GDP estimates for the year to March 2020 suggest the retail sector contributed \$18,161 million to national GDP, a 7.1% share of total GDP.

Retail price inflation

Retail prices have been rising more slowly than for general consumer price inflation, reflecting the impact of the high New Zealand dollar on the price of imported goods, technology change, and the increase in the share of retail goods being imported from low labour cost countries. Overall retail price growth was 1.5% between June 2011 and June 2021, while the Consumer Price Index (CPI) rose by 14.7% over this period. The high New Zealand dollar and competition in the retail sector from lower cost imports resulted in declines in retail prices between June 2012 and September 2016, and during 2020.

Figure 5: Consumer price index (CPI) and retail price deflator



Source: Statistics New Zealand

Decline in retail prices has been the greatest in the electrical and electronic sector, where prices declined by 50% between June 2011 and June 2021. Other sectors also recorded declines over this period, with four of the fifteen sectors recording declines in prices between June 2011 and June 2021. The strongest rises in prices were in tourism-related sectors, with a 33% increase in accommodation sector prices (includes drinks, meals and other services) and a 25% increase in food and beverage services. Supermarket and grocery stores prices rose by 14%.

Economic outlook for the Manawatū region retail sector

The Manawatū region is experiencing strong economic growth, which is contributing to the much stronger population growth than the region has experienced over the previous 40 years. The outlook for the retail sector over the next 10 – 15 years is very strong, due to a range of factors which are positive for economic growth in the

region. Two key contributors to this optimism are strong prices for agricultural products produced in the region and a significant increase in planned or indicative central government, local government and business capital investment in the region. Work already started or planned for major projects in the region includes:

- Defence Force capital investment at Ohakea and Linton
- MidCentral DHB investment plan
- Massey University investment plan
- Te Ahu a Turanga Manawatū Tararua highway
- Palmerston North regional freight ring road
- KiwiRail freight hub in Palmerston North
- Mercury Energy construction of new wind turbines in Palmerston North and Tararua
- Local authority capital growth and renewal programmes.



Palmerston North retail trends

Total electronic card retail spending in Palmerston North was \$1,337 million in the year ended June 2021, increasing by 12.6% from the previous year.

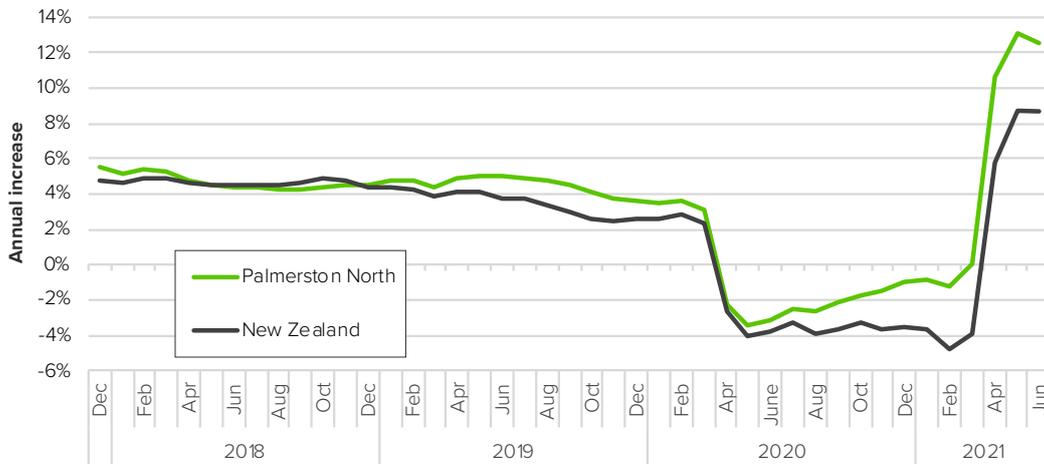
This was ahead of the 8.7% increase across New Zealand. The growth rate in the city has mostly been ahead of the national growth rate since December 2018, with the gap in growth rates widening significantly since July 2020.

The decline in retail spending in the city under COVID-19 Level-3 and 4 restrictions from March to May 2020 resulted in a similar decline to the national trend, but growth in the city recovered much faster when New Zealand moved to Level-2 restrictions in June 2020. Food retailing expenditure increased by 3.9% in the year to June 2021, a much smaller increase than the

overall increase in retail spending in the city of 12.6%. Supermarkets were allowed to continue to operate during COVID-19 Level-4 restrictions, while specialised food retailers were required to close, resulting in a 16.6% increase in spending at supermarkets in April 2020 from April 2019, while total retail spending in the city declined by 59%. Sectors recording large increases in the year to June 2021 were:

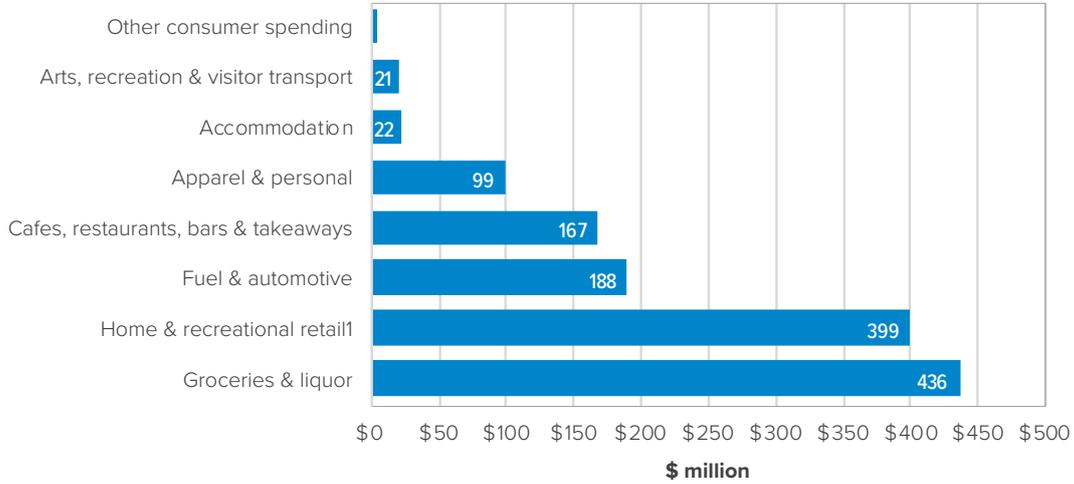
Apparel and personal goods	21.9% increase
Bars, cafes, restaurants and takeaways	23.2% increase
Household and recreational goods	19.6% increase

Figure 6: Annual change in Palmerston North electronic card retail spending



Source: Verisk/Marketview

Figure 7: Palmerston North retail spending by sector (year ended June 2021)



1. Home and recreational retail includes appliances, department stores and furniture/flooring
Source: Verisk/Marketview

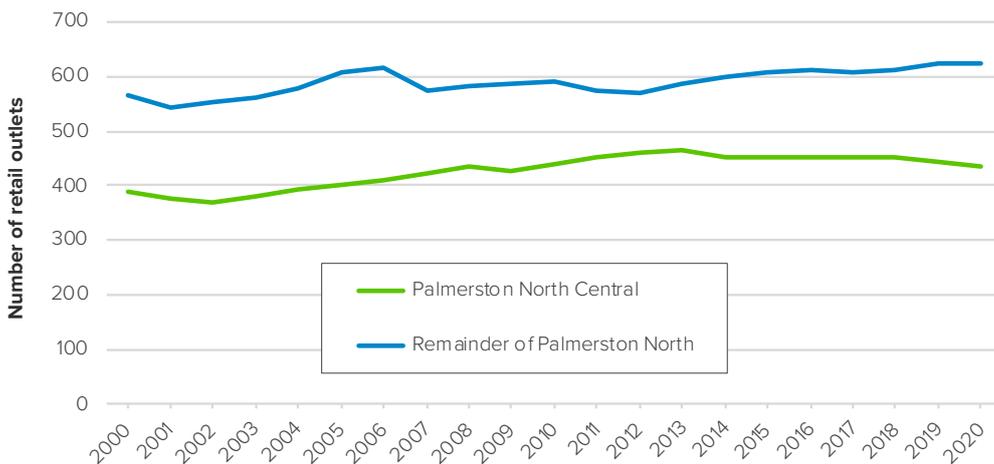
Retail businesses

The number of retail businesses in Palmerston North increased from 957 in 2000 to 1,059 in 2020, an increase of 102 businesses, or 10.6% increase. Palmerston North Central area unit increased by 45 businesses between 2000 and 2020, an increase of 11.5%, while the number of retail employees in the area unit increased by 800, or 22.9% increase over this period.

The number of retail businesses in Palmerston North Central peaked at 465 in 2013 and then has gradually

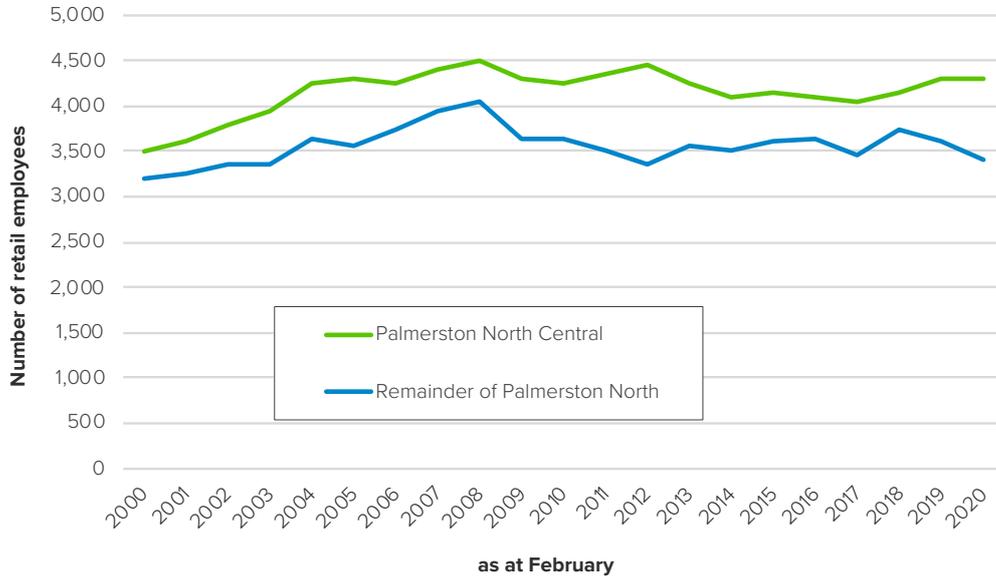
declined. There was a significant increase in the number of clothing stores as result of the expansion of the Plaza, but there has been a gradual loss of stores over the period since the expansion was completed. The strongest growth in store numbers in the Central area unit has been in cafes, restaurants and takeaway food services, with 48 more businesses in 2020 than in 2000 and 410 more employees. Declines in business numbers were recorded in motor vehicle retailing (12 fewer businesses), fuel retailing (six fewer businesses) and recreation goods retailing (nine fewer businesses).

Figure 8: Number of retail stores in Palmerston North



Source: Statistics New Zealand

Figure 9: Number of retail employees in Palmerston North



Source: Statistics New Zealand

Palmerston North retail businesses tend to be larger than average for New Zealand, with an average of 7.3 employees in 2020 compared with an average of 6.6 employees in New Zealand.

Over the last fifteen years there have been major shifts in the retail sector in Palmerston North. The Plaza finished its redevelopment in 2010, adding approximately 40 stores to the mall, along with additional 600 carparks and a larger food court. The expansion to the Plaza resulted in the transfer of Farmers from Broadway to its current site on Church Street. Farmers, K-Mart and Countdown continue to be the main anchor stores in the Plaza. The trend of businesses moving closer to the city-centre has continued. Rebel Sports, Briscoes, Repco, Smiths City, Hunting and Fishing and Mitre 10 Mega have all made the move closer to the city-centre in recent years. Rebel Sports and Briscoes relocated to the old Warehouse building near the corner of Cuba and Rangitikei Street while Mitre 10 Mega moved from John F Kennedy Drive to Featherston Street, opposite Palmerston North Boys' High School. Smiths City and Hunting and Fishing both moved from John F Kennedy Drive, with Smiths City relocating to the former Briscoes store in Main Street from Rangitikei Line, and Hunting and Fishing to Grey Street by the new Farmers Home store.

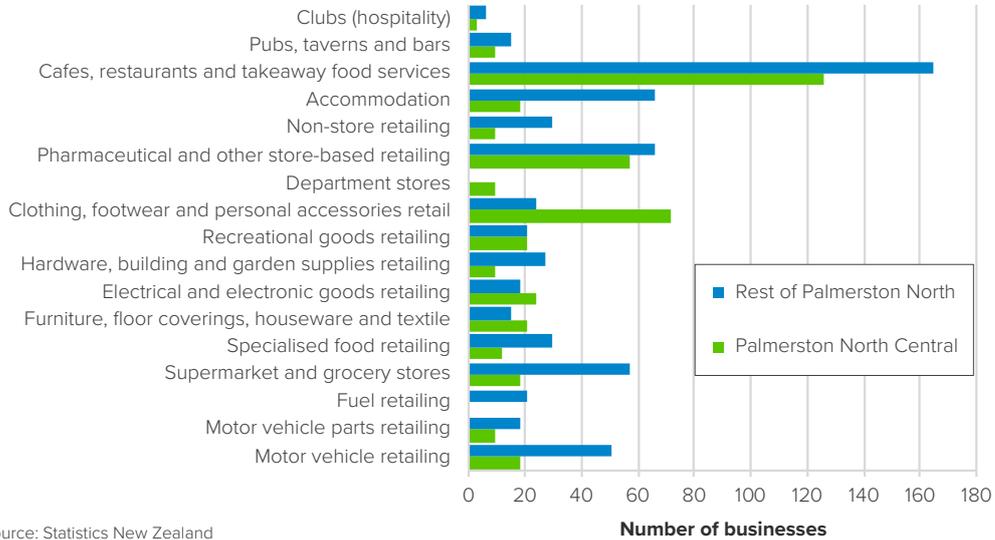
The improvements made to the footpaths and road on George Street and eastern end of Cuba Street, along

with the arrival of the Briscoes store, saw increases in business activity on the western side of the city-centre. Developments made to the Downtown Mall included improvements to the food court and Cotton On moved to a larger site on Broadway from within the mall. These changes, along with the place-making improvements, have increased retail spending in the area.

There has been growth in employment in the cafes, restaurants and takeaways sector outside of Palmerston North Central. This is partly due to investment in new takeaway stores on main arterial routes into and out of the city, particularly on Rangitikei Street.



Figure 10: Location of Palmerston North retail businesses by sector



Source: Statistics New Zealand

Tourism

Palmerston North is a significant visitor destination, ranked 12th among the 67 local authorities in New Zealand in the 12 months ended June 2021. One of the factors that draws people from surrounding areas to Palmerston North is the extensive range of shops it offers that are not available in nearby urban areas and regions.

The strength of the retail offering in the city is also an important factor which keeps residents' spending in the

city, with a loyalty rate of 80% compared with the average for New Zealand of 68%. The city has a 1.8% share of New Zealand's population but attracts 2.4% of total tourism spending. The city's share of national visitor spending is 3.5% for the Retail sales – other sectors category, which includes the items listed in the footnote to Table 5 below.

Table 5: Annual visitor spending in Palmerston North by sector and share of New Zealand visitor spending (year ended June 2021)

Sector	Palmerston North	% share of New Zealand tourism spending
Accommodation services	16	1.6%
Cultural, recreation, and gambling services	3	1.0%
Food and beverage serving services	42	2.0%
Other passenger transport	1	0.5%
Other tourism products	26	3.7%
Retail sales - alcohol, food, and beverages	45	1.9%
Retail sales - fuel and other automotive products	21	1.6%
Retail sales - other sectors*	115	3.5%
Total	268	2.4%

* includes apparel, department stores, electrical and electronic appliances, furniture, flooring, hardware, homeware, pharmacy and recreational goods stores

Source: MBIE

Table 6: Palmerston North retail inflow and outflow

Years ended	June 19	June 20	June 21	Annual change	
	\$ m	\$ m	\$ m	\$ m	%
Resident spending locally	808	794	875	80	10.1%
Resident spending outside region	189	174	214	40	23.0%
Total resident spending	997	969	1,089	120	12.4%
Visitor spending	418	393	462	69	17.7%
Net gain in spending	229	218	248	29	13.5%
Total spending in region	1,226	1,187	1,337	150	12.6%
Visitor % share	34.1%	33.1%	34.6%		
Resident loyalty	81.1%	82.0%	80.3%		

Source: Verisk/Marketview

Palmerston North has an unusually high visitor share of spending in the Inner Business zone. Electronic card retail data for the year to June 2021 showed that nearly 39% of retail spending in the Inner Business zone came from people who weren't residents of Palmerston North, while in the Outer Business Zone the share was 34%.

Centres-based policy planning

Palmerston North City Council uses a centres-based approach when it comes to the District Plan rules for the Inner Business Zone. This zone encourages a significant concentration of commercial buildings and retail activities in the zone. There are limited barriers to new business establishing in the Inner Business Zone (IBZ), due to an adequate level of vacant floor space, along with the absence of strong competition from competing suburban retail centres. In some other New Zealand cities, the presence of suburban shopping malls has been

destructive to retail activity in their city-centres, driving consumers to shop in the suburbs. Current Council policy in Palmerston North results in a wide range of retail activities within the Inner Business Zone, which attract residents and visitors into the heart of the city.

The city's business areas provide a pedestrian-orientated city-centre, fringed by larger, more directly vehicle-orientated business areas, supported by peripheral suburban centres. The Council's Commercial Land Use Strategy identifies the inner business zone as the highest-level business area hierarchy and seeks to ensure retail and office activity is concentrated in the Inner and Outer Business Zones and not dispersed to the industrial fringes of the city. The policy has been successful, with employment data showing growth of 27.8% in employee numbers in the Inner Business zone between 2000 and 2020, an increase of 38.5% in the Outer Business Zone and 34.9% across the city.

Table 7: Retail spending by business zone and retail sector – year ended June 2021 (\$m)

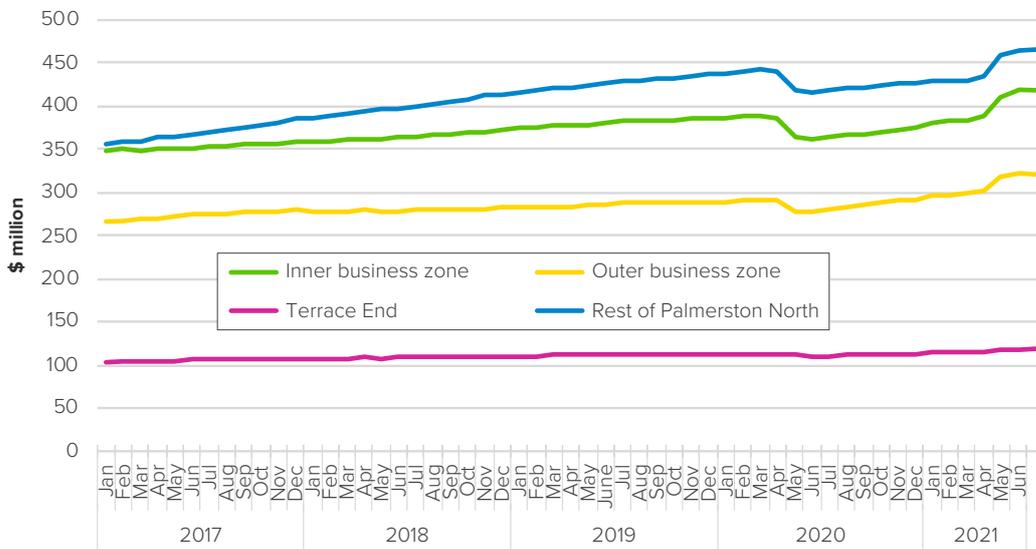
Years ended	Business Zones in Palmerston North				Total
	Inner Business Zone	Outer Business Zone	Terrace End	Rest of Palmerston North	
Accommodation	2	3	1	14	20
Apparel & personal	78	4	5	11	98
Arts, recreation & visitor transport	5	5	2	9	21
Cafes, restaurants, bars & takeaways	74	36	9	47	166
Fuel & automotive	4	28	0	156	188
Groceries & liquor	127	92	92	123	434
Home & recreational retail	129	154	9	103	396
Other consumer	0	0	0	3	4
Total*	419	322	119	466	1,326

* Includes some non-retail tourism items
Source: Verisk/Marketview

Expenditure data by retail precinct shows that 56% of retail spending in Palmerston North occurs within the city-centre, with 32% of spending in the Inner Business zone in the year ended June 2021 and 24% occurring in the Outer Business Zone. Fuel and automotive spending occurs mostly outside of the city-centre, with just \$32 million spent in the Inner and Outer Business Zones in the year to June 2021, while spending in the Rest of Palmerston North area was \$156 million, accounting for 83% of fuel and automotive spending in the city.

In contrast, apparel and personal (such as watches and jewellery, and hairdressers and beauty services) spending is strongly concentrated in the inner business zone. Total apparel and personal spending was \$78 million in the Inner Business Zone in the year to June 2021, accounting for 80% of spending in this storetype. The Inner Business Zone also accounted for the highest share of spending at cafes, restaurants, bars and takeaways, with a 45% share of spending in the city.

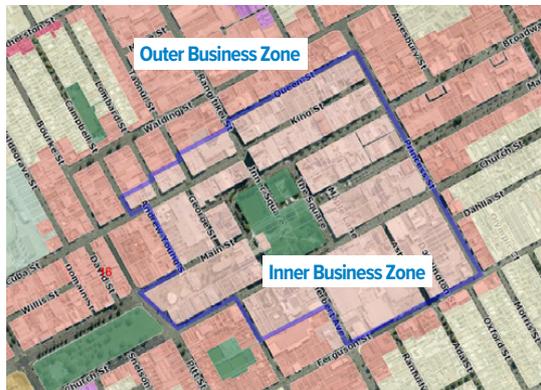
Figure 11: Annual retail spending by precinct



Source: Verisk/Marketview



Figure 12: Palmerston North city-centre



Inner Business Zone (IBZ)

The Palmerston North Inner Business Zone is illustrated in Figure 12 on the next page. The large businesses and activities that are contained in this area include the Plaza (which incorporates Farmers, Kmart and Countdown), Briscoes/Rebel Sports, Central Library, Te Manawa Museum and Art Gallery, Downtown Mall and cinemas, and The Regent.

Approximately 24,109m² of retail gross floor area, predominately large floor-plate in nature, has located in the Inner, Outer and Fringe Business Zones in the period 2011 to 2018. Importantly, the retail sector is increasingly seeing the commercial value of being centrally located in the city's Inner, Outer and Fringe Business Zones. When the 2008 Plaza expansion of 11,425m² is included, then approximately 35,534m² of retail gross floor area has been added in these business zones over this period.

The centres-based Commercial Land Use Strategy was given effect to in the District Plan through Plan Changes 1, 5, 9, 11, and 20 of the Sectional District Plan Review (SDPR) over the period 2011 to 2018. Development on the ground demonstrates the District Plan is achieving the goal of the Strategy which is to maintain retail and office activity in the core of city and discourage dispersal of these activities to the industrial fringes of the city.

Outer Business Zone (OBZ)

There has been a significant movement of large format retail stores in the Inner and Outer Business Zones. Examples of this in the Outer Business Zone included new developments on Rangitikei Street such as Farmers Home Centre, Stevens, Bed Bath and Beyond, Uncle Bills and Harvey Normans, Lews Flooring and Mitre 10 Mega

Trade Centre on Bourke St, and Smiths City on Main and Princess Streets.

Local Business Zones (LBZ)

The primary purpose of the city's local business areas is to provide for the day-to-day shopping and service needs of surrounding residential areas. The city's local business areas are local centres that include a range of small shops, professional services, and community facilities. Terrace End is the largest Local Business zone in the city, with annual retail spending of \$119 million in the year to June 2021. Local centres have established in new residential areas such as Aokautere and Kelvin Grove and have included smaller supermarkets focused on serving their surrounding suburbs. A new Countdown supermarket is currently being built to service the new residential development planned for the western side of the city in the Kikiwhenua and Kākātangiata growth areas.

Changes in the residential zone of the Council's District Plan in 2018 identified local business zones as being key areas for sustainable medium density housing development in the city. This will further support the financial viability of those shopping centres.

Anchor Stores

Anchor stores are the large retail shops that draw consumers to the area, and help surrounding retail business by increasing the amount of foot and vehicle traffic. The opening or relocation of these businesses can make and/or break parts of retailing in the city. In Palmerston North, changes in the location of major stores have been:

- Farmers opening up another store in Rangitikei Street in 2017
- Cotton On moving into a larger site Broadway from within the Downtown Mall
- Smiths City, Hunting and Fishing and Repco moving closer to the city-centre
- Mitre 10 Mega moving closer to city-centre from John F Kennedy Drive to Featherston Street
- Rebel Sport and Briscoes moved closer to the city-centre from Main Street to Cuba and Rangitikei Street
- Farmers moving from Broadway Avenue to the Plaza
- The Warehouse moved away from city-centre from Cuba Street to between Main Street and Church Street

Many businesses around Cuba and George Street welcomed the opening of Rebel Sport and Briscoes, as the building they now occupy had been empty for five years after The Warehouse moved out. Since then the area has thrived, with increased foot traffic between Rebel Sports and Briscoes and Harvey Norman, as these stores offer free parking close to the city-centre.

Downtown Mall and Rangitikei Street have also benefited from the recent changes. The completion of the revamped food court and new Health Hub in Downtown have brought pedestrian and traffic flow back to the area.

In some other cities the development of malls and multiple anchor stores in the suburbs have resulted in the decline in retail business in the city-centre. This is because they draw the consumers out into the suburbs where these anchor stores are located, but there are few small retail businesses located there. For example, in Hamilton, two big shopping malls have been built in the suburbs (Westfield and The Base).

The Plaza

The Plaza remains the primary shopping mall in the city-centre, containing three banks (BNZ, Westpac and ASB, which are the only banks in Palmerston North open seven days a week), Kmart, Countdown and Farmers. The redevelopment was completed in March 2010 and added 40 stores, many of which were new to Palmerston North. It also led to the development of a larger food court and 600 new car parks were added in a new multi-level car parking building.

The Plaza uses principles of a great traditional shopping street to create a great shopping experience, such as walkable, high quality appearance (building and footpath) and active street life, with places where shoppers can meet up with other people in a sheltered environment.

Two bird's eye views of the Plaza before and after the redevelopment are shown in Figures 13 and 14 beside.

Following the redevelopment, the Plaza changed the cost of parking, from two hours free parking to a free first hour, with a maximum daily fee of \$10. These charges remain today, despite the controversy it caused at the time. Other malls like Auckland's Sylvia Park and St Luke's, The Base and Chartwell centres in Hamilton, and Bayfair at Mt Maunganui do not charge for parking. It has been possible for the Plaza to successfully apply parking charges because the streets around the Plaza are also subject to parking charges, unlike the suburban malls in these other centres.

Figure 13: Plaza 2007 (before redevelopment)



Figure 14: Plaza 2012 (after redevelopment)



George Street

George Street is still a prime retail street, benefitting from the foot traffic between the anchor stores (Harvey Norman, Rebel Sports and Briscoes) and the Central Library. The movement of Rebel Sport and Briscoes from Main Street East to Cuba Street has helped to support activity in George Street. Urban design factors that differentiate George Street businesses from other city Centre retail areas is the human scale, variation of shops, quality of the street and buildings. Visual interest in the street includes the appearance of shop fronts, footpaths, vegetation and active street life.

One thing that continues to differentiate George Street businesses from the rest of the businesses in the city-centre is the higher rate of use of the footpath and road in front of their stores. Many businesses located down the street have footpath signs, chairs and tables on the footpath, and parklets to liven up the atmosphere of the street and encourage shopping. George Street has over 50% of businesses using the street to create an attractive shopping environment and create a sense of destination, compared with other streets such as Broadway Avenue (10%), Main Street East (12%), and Square North (23%)².

² Street engagement of Palmerston North central city businesses (by street) (winter 2019) – PNCC City Dashboards

Broadway Avenue

Broadway Avenue had the biggest decline in activity in the Inner Business Zone, mainly caused by Farmers moving to the Plaza from Broadway and the closure of Whitcoulls. The two main attractions on the street are still The Regent and Downtown Mall. Because of these two anchor activities, the focus of Broadway Avenue has increasingly been on night activity, resulting from more restaurants and cafes opening.

Because some of these restaurants are closed during the day or open later in the day, the street is quieter during the day. However recent redevelopments have had a positive impact on the street. More footpath signs, chairs and tables, and parklets have been put in to liven up the atmosphere and improve the appearance. Cotton On moving onto Broadway from within the Downtown Mall, and the updating of the food court brought much needed traffic flow back to the area. Friday remains the busiest week night, with people making use of the late-night shopping, movies and bars/restaurants.

Footpaths and accessibility

Footpaths are the routes that pedestrians take to get from one location to another in the city. If a central city footpath is designed poorly then it can discourage pedestrians from going to a specific area of the central city and, therefore, affect retailers in that area. Changes affecting pedestrian flows in the central city have been:

- The loss of access to Broadway Avenue from King Street through Farmers, which has contributed to loss of foot traffic and business in Broadway and King Street.
- At the corner of George and Cuba Street the roundabout was removed, and the footpath and grass area widened, making it easier for pedestrians to cross the road.
- The redeveloped Plaza has four entrances and, therefore, an increase in its accessibility for the public.
- Redevelopment of the Downtown Mall, making it more appealing and increasing pedestrian flow.
- Redevelopment of paths and roads around the central city to improve accessibility.
- Lighting, public art, and frontage improvements in laneways to improve flow between precincts

The Council's Streets for People programme stages 1 and 2 involved widening pathways, reducing on street parking and improving the streetscape amenity for pedestrians between The Plaza entry (The Square) to

Main St East. Along with increased dwell time by street users this streetscape improvement has already resulted in an 8.5% increase in pedestrian counts between February 2020 and February 2021.

Pedestrian counts

The Manawatū Branch of the Property Institute of New Zealand (PINZ) conducts the annual inner-city pedestrian survey for Palmerston North in November each year. This pedestrian survey has been undertaken by the branch since 1985. Figure 15 shows the sites where pedestrian counts were conducted in 2020. The times counts were taken were:

- Wednesday 7th November
 - 10.30-11am in the morning
 - 2.15-2.45 in the afternoon
- Saturday 10th November
 - 11.30-12.00pm

Figure 15: Sites where pedestrian counts take place

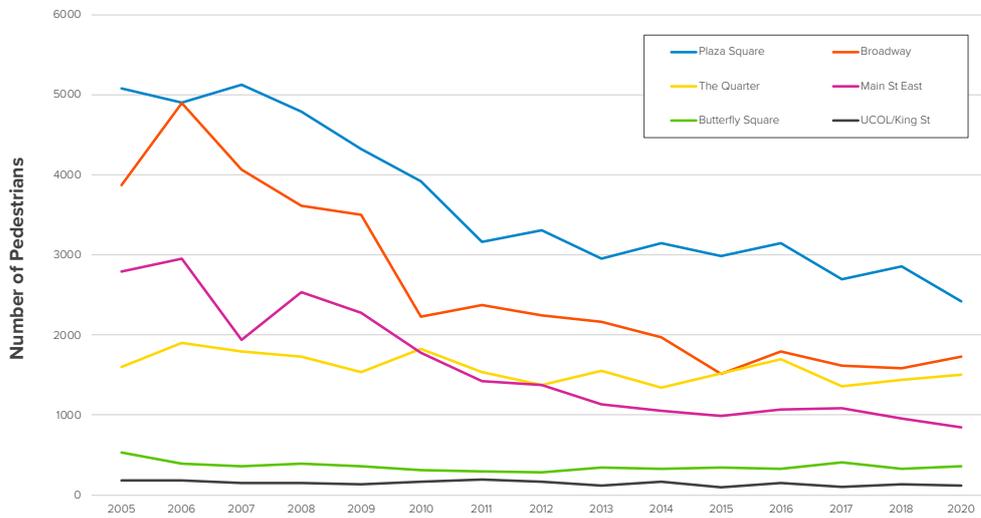


The Property Institute statistics for pedestrians only include adults over the age of 15 who are considered to be likely genuine shoppers. Police, construction, and delivery workers are excluded. Figure 15 above shows the locations where pedestrian counts were taken in 2018.

Pedestrian count data is useful for showing the routes that shoppers take while walking through the city-centre and the popular areas for pedestrians. These are used by retailers and landlords to determine whether there is good foot traffic going past their business and are one factor in determining the amount of rent that is charged for premises.



Figure 16: Pedestrian counts by place³



Source: Property Institute Palmerston North

Butterfly Square (Figures 16 and 17) refers to the pond side of The Square and The Quarter is Coleman Place, Rangitikei, Cuba and George Streets.

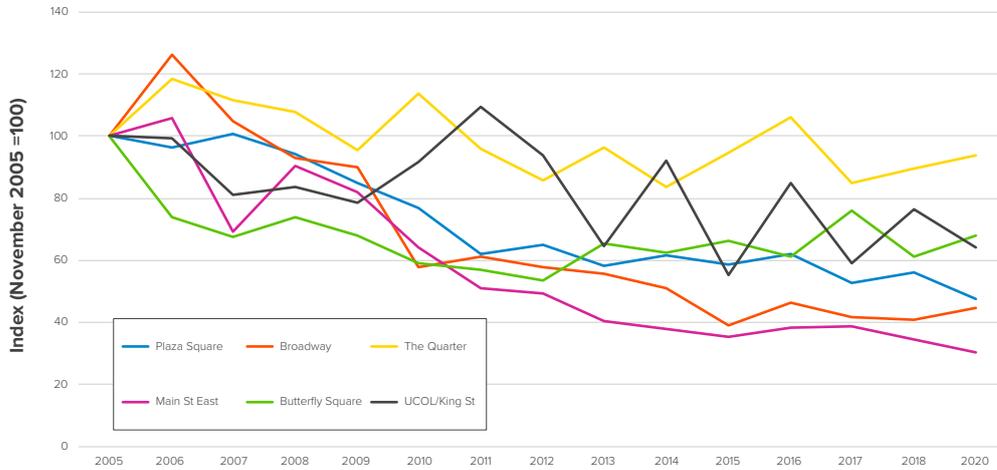
Between 2005 and 2013 all areas saw a decrease in pedestrian counts. The 43% decline in the overall pedestrian count across all sites had a negative impact on all retail in the city-centre. The significant increase in car parks within the Plaza complex, and the increase in the number of stores in the Plaza, were the main factors in the decline in the pedestrian count at the entrance to the Plaza from the Square. Another reason for the decline in other areas was the greater availability of street parking spaces, making it more convenient for customers to drive from one part of the city-centre to another part instead of walking there.

Since 2013, pedestrian counts have generally decreased in all areas, but the rate of decline has slowed. Broadway had a significant drop between 2013 and 2015 and then again in 2017. This could be due to the redevelopment occurring during this time, as well as the closure of parts of Downtown Mall for construction. The weather on the day of the counts has an influence on the annual change in count numbers, and events held in the city, particularly on Saturdays, also influences the outcome.

Since the volume of pedestrian counts at each location differs, an indexed graph (Figure 17) is used to show changes in the volume of counts in each area within the city-centre, so the rate of change across different areas is easier to compare.

³ No count was done in 2019

Figure 17: Index for pedestrian counts by place



Source: Property Institute Palmerston North

Earthquake Risk and Earthquake-Prone Buildings Policy

The Canterbury and Kaikoura earthquakes of 2011 and 2016 provided a stark reminder that New Zealand is seismically active, and the impact of a significant earthquake event in an urban environment can be huge. Palmerston North is in a moderate-high risk seismic zone. It lies between the collection zone between the Indo-Australian and Pacific tectonic plates. In July 2017 the Building (Earthquake-prone Buildings) Amendment Act 2016 took effect.

The Palmerston North City Council is implementing a multi-year project to assess which buildings are likely to be earthquake-prone. Buildings must be individually identified and assessed, so the council is still in the process of completing the assessment for all building in the city. The timeframe for the Council to complete the register of earthquake prone buildings is 1 July 2022.

Rents and vacancy rates

Rents and capital values for retail sites indicate what shop owners are willing to pay to operate their business and can be a good indicator of retail health. Low rents and capital values may indicate that there is not much interest in opening retail outlets or that there is a high vacancy rate. However, it may also mean higher profits for retailers if the fixed cost of rent is lower.

The Telfer Young/Blackmores December 2020 Palmerston North Commercial Property Market survey showed a 1% increase in total gross floor area across

the commercial and industrial zones surveyed since the previous survey in June 2018. Vacancy rates across all zones reduced from 5.8% in June 2018 to 3.1% in December 2020. The largest decline was in the Inner Business zone, where vacancy rates declined from 11.9% in 2018 to 5.4% in 2020. Vacancy rates continue to remain low in Grade A buildings, but are much higher in Grade C.

The survey does not separately identify retail vacancies because most sites have a range of potential uses.



Table 8: Commercial property market survey - vacancy rates by zone in 2018 and 2020

Business zone	2018			2020		
	Ground floor	Upper floor	Total	Ground floor	Upper floor	Total
Airport	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fringe Business	6.6%	3.7%	6.4%	5.6%	0.0%	5.4%
Industrial	3.6%	5.9%	3.7%	2.0%	0.7%	1.9%
Inner Business	10.3%	14.0%	11.9%	3.8%	7.9%	5.4%
Terrace End	0.0%	25.7%	4.7%	0.0%	0.0%	0.0%
North East Industrial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outer Business	6.1%	10.8%	7.0%	3.5%	8.2%	4.4%
Total	4.8%	11.5%	5.8%	2.5%	6.5%	3.1%

Source: Telfer Young/Blackmores

Inner Business Zone leasing trends data showed a range of rentals from \$100 to \$800 per m² (total occupancy cost basis). The highest rents were in Grade A buildings, where there were no vacancies, while the lowest rents were in Grade C buildings, where the vacancy rate was 15.4% (see Tables 9 and 10).

Table 9: Inner business zone leasing trends and demand/supply (December 2020)

Property quality	Rents - \$ per m ²		Building grade		Demand	Supply	Gross floor area (m ²)
	Low	High	Grade	Quality			
Grade A	\$300	\$800	A	Good - post-2000	Flat	Sufficient	91,816
Grade B	\$150	\$400	B	Average - 1960s - 1990s	Flat	Sufficient	204,203
Grade C	\$100	\$200	C	Poor - pre-1960	Weak	Surplus	80,843
Total							376,862

Average rents (total occupancy cost basis) at either end of range, without extremes
Source: Telfer Young/Blackmores

The amount of vacant floor area in the inner business zone declined from 44,508 m² in June 2018 to 20,327 m² in December 2020. Construction of new buildings and seismic strengthening and upgrades to existing buildings increased the total floor area of grade A buildings from 72,750 m² in June 2018 to 91,816 m² in December 2020. There were no vacancies for Grade A buildings in December 2020.

Table 10: Inner business zone vacancy levels (June 2018)

Property quality	Ground floor			Upper floors			Total	
	Gross floor area (m ²)	Vacancy		Gross floor area (m ²)	Vacancy		Gross floor area (m ²)	Vacancy (%)
		%	Trend		%	Trend		
Grade A	78,251	0.0%	Flat	13,565	0.0%	Down	91,816	0.0%
Grade B	98,418	1.5%	Down	105,785	6.1%	Down	204,203	3.9%
Grade C	52,966	13.8%	Down	27,877	18.5%	Down	80,843	15.4%
Total	229,635	10.3%		147,227	14.0%		376,862	5.4%

Source: Blackmores

As shown in Tables 11 and 12, rents are much lower in Terrace End and the Outer Business Zone than the inner business zone, where there was a range of \$100 to \$350 per m² in 2020. Overall vacancy rates in Terrace End and the Outer Business Zone were lower than for the inner business zone, averaging 4.0% in the Outer Business Zone, while there were no vacancies in Terrace End.

Table 11: Terrace End and Outer Business Zone leasing trends and demand/supply (December 2020)

Property quality	Rents - \$ per m2		Building grade		Demand	Supply	Gross floor area (m2)
	Low	High	Grade	Quality			
Grade A	\$250	\$350	A	Good - post-2000	Flat	Sufficient	121,583
Grade B	\$150	\$250	B	Average - 1960s - 1990s	Flat	Sufficient	213,024
Grade C	\$100	\$150	C	Poor - pre-1960	Weak	Surplus	95,311
Total							429,918

Source: Blackmores

The vacancy rate in Grade A buildings was 0.8% while the vacancy rate in Grade C buildings was 5.5%. Total vacant space in Terrace End and the Outer Business Zone was 18,732 m² in December 2020, compared with 29,620 m² in June 2020.

Terrace End and Outer Business Zone vacancy levels (December 2020)

Property quality	Ground floor			Upper floors			Total	
	Gross floor area (m2)	Vacancy		Gross floor area (m2)	Vacancy		Gross floor area (m2)	Vacancy (%)
		%	Trend		%	Trend		
Grade A	93,579	1.1%	Flat	28,004	0.0%	Flat	121,583	0.8%
Grade B	168,704	4.1%	Flat	44,320	12.0%	Flat	213,024	5.7%
Grade C	80,245	4.7%	Down	15,066	11.4%	Down	95,311	5.8%
Total	342,528	6.0%		87,390	11.0%		429,918	4.3%

Source: Blackmores

Recent building development in the city-centre

Building consents data shows where construction activity has occurred in the city, so is useful for monitoring where investment is occurring. Building consents issued by the Council include the construction of new retail stores, store-fit-out prior to occupancy, refurbishment between tenancies, and strengthening of earthquake prone buildings. The Palmerston North Central area unit accounted for 63% of the value of commercial building consents issued in Palmerston North between 2003 and 2020.

The consents data does not identify whether the consents are for seismic strengthening or for other building work. Between 2003 to 2020 the total value of commercial building consents issued in the Palmerston North Central area unit was \$244 million, with \$134 million approved for the construction of new buildings and \$111 million approved for additions and alterations, including seismic strengthening.

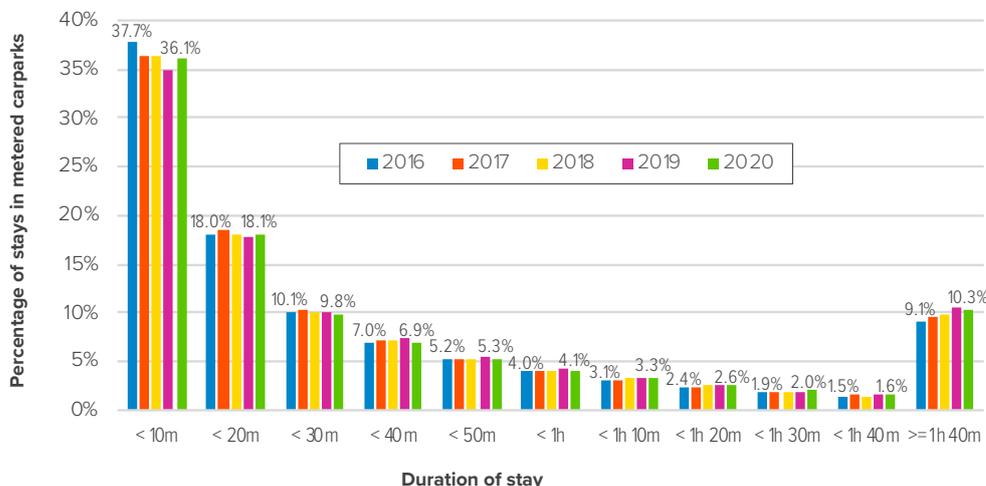
Table 13: Value of building consents for commercial⁴ buildings (new buildings and additions and alterations) (total for 2003 - 2020 December years)

Area unit	\$ m	% share
Palmerston North Central	244.5	63%
Tremaine	57.8	15%
Palmerston North Airport	22.8	6%
Kelvin Grove North	7.6	2%
Papaioea South	7.0	2%
Papaioea North	6.5	2%
Takaro North	6.1	2%
Newbury	3.7	1%
Milverton	3.5	1%
All other area units	27.4	7%
Total Palmerston North	386.8	100%

Source: Statistics New Zealand

³ The commercial buildings category covers: supermarkets; restaurants, bars and cafes; other shops and retail buildings; office and administration buildings; and public transport buildings

Figure 18: Duration of stay in metered car parks in Palmerston North in December (2016 – 2020)



Source: Frog Parking

Parking

Parking has a significant effect on the health of the retail sector. Too much free parking or too many available parks decreases the amount of foot traffic as most consumers will drive from shop A to shop B instead of walking, decreasing the number of ‘impulse purchases’. Too much parking also decreases the environmental qualities that encourages walkability – purpose, safety, interest, comfort and inspirational (the same qualities that shopping malls use to increase walkability). If there is too little parking, it will discourage consumers from visiting and shopping in the city-centre.

Duration of stay in the metered car parks in the city-centre has remained relatively stable between 2016 and 2020. There has been a small increase in the percentage of vehicles staying for longer than an hour, increasing from 18.0% in 2016 to 19.7% in 2020. The percentage of vehicles staying for less than 30 minutes has declined from 65.8% in 2016 to 64.0% in 2020, with the decline coming mostly in the number of vehicles parking for less than 10 minutes.

Safe atmosphere

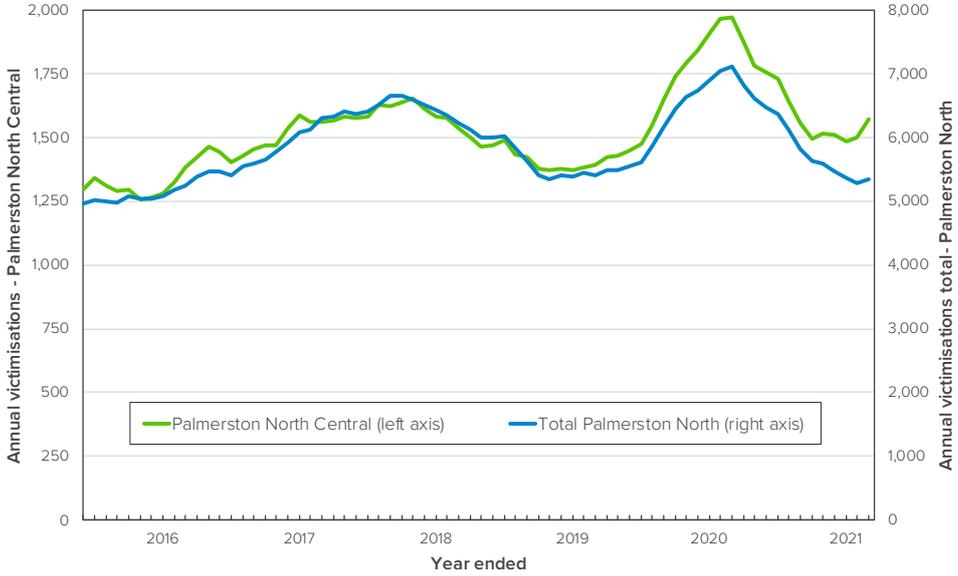
If consumers feel safe both during the day and at night-time in the central city they will be more likely to return to the city-centre to shop. They are also more likely to walk from one part of the city-centre to another if they are not frightened or concerned about being harassed. If a shop is constantly being broken into or vandalised, it is an extra cost for businesses and affects the appearance of the city-centre.

Police recorded crimes data shows an increase in the trend for recorded crime levels in the Palmerston North Central area unit and in Palmerston North, but there have been fluctuations in total numbers recorded (Figure 19). The long-term increase has been higher in Palmerston North Central than for the city as a whole. In the year ended March 2021 Palmerston North Central accounted for 29% of crimes recorded in the city. The data does not identify how many of the crimes recorded were from residents or visitors to the city.

The peak in Palmerston North Central was 1,972 crimes in the year ended March 2020 (Figure 20). The decline from March 2020 is partly influenced by the impact of COVID-19 Level-2 to Level-4 restrictions from March to June and in August and September.

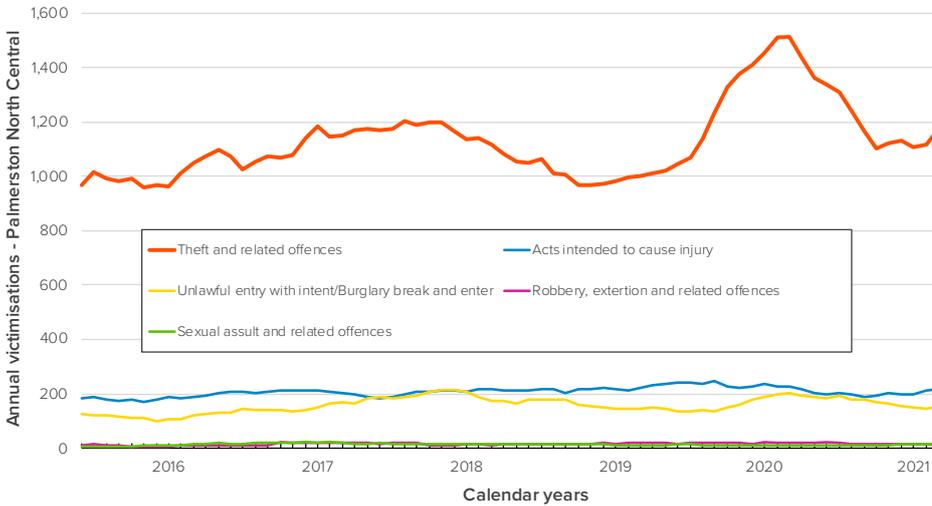
The majority of victimisations recorded in Palmerston North Central are for theft and related offences. These increased during 2019 and early 2020 but declined from March to September 2020 due to COVID-19 restriction.

Figure 19: Recorded annual crime in Palmerston North



Source: New Zealand Police

Figure 20: Recorded crime by type in Palmerston North Central area unit



Source: New Zealand Police

Figure 21: Palmerston North urban and regional bus patronage



Source: Horizons Regional Council

Transport

Transport and transport systems are significant when measuring the liveliness of a city. The availability of public transport, roads and footpaths enable people to travel effectively and influence how much traveling they do. Most people in Palmerston North live in the suburbs which means they have to travel into the city-centre, whether for work or leisure, and therefore a good transport system can be related strongly to good retail in the city-centre. Lack of transport choice and lack of city centre living are closely linked to the quality of the built environment that encourages walkability and pedestrian safety.

Palmerston North has a public bus transport service, with free buses for Massey, IPU, ETC and UCOL students and staff. This free bus service encourages students living on the Massey campus to come into town and shop. It also reduces the daily amount of traffic going to and from Massey along Fitzherbert Avenue.

Figure 21 shows annual Palmerston North urban and regional bus patronage. Patronage declined significantly in 2020 due COVID-19 Level-3 and 4 restrictions from March to May. Bus services continued during that time, but passenger numbers were not collected. There was also an impact from the border closure due to limits on international student and former refugee arrivals. Growth in urban services during 2017 and 2018 was influenced by higher fuel prices and the introduction of new trial services. All services terminate at the city bus terminal in Main Street, and so bring a significant number of people to that part of the city-centre.

The Square

One strength that Palmerston North has is the large park in the middle of its city-centre. Not many cities in New Zealand and around the world have an area of this size in the centre of their city. On a sunny day this can create an excellent vibe to keep current and potential shoppers in the city. This area, if used properly, can draw people from the suburbs into the city-centre. Over the years we have seen different ways the area has been used. A wide range of events held in the Square help maintain vitality in the city centre. More concerted efforts towards increasing the diversity of day-to-day activities will increase its use between events, using upcoming programmes such as City Centre Play.

There are opportunities for building owners and developers to rethink the range of uses of existing and new buildings to increase the amount of people and the time they spend in the city centre, such as mixed use, with commercial activity occurring on the ground floor and residential living on other floors.



Urban design

Urban design is the process of changing the physical features of a city by creating connections between places and buildings. This encourages people to visit and enjoy an area and stimulates activity in retail. For urban design to be effective it must enhance the natural environment and use resources efficiently.

Urban design is a collaborative way of working between individuals, communities, professions and organisations to ensure ongoing sustainable delivery of high quality and well-functioning places and spaces for people to live in and use. It considers appearance and built form along with the environmental, economic, social and cultural consequences of design and focuses on both the process of decision making as well as the outcomes of design. Good urban design outcomes create new opportunities for Palmerston North to prosper and grow.

Sections of the District Plan give effect to positive urban design outcomes, such as enhanced architectural interest, ground floor visibility and activation particularly within the Business Zones. city centre living is enabled with apartments and mixed used buildings providing future residential options for the city-centre. Medium density housing areas are also identified to surround the city-centre and key local business zones.

The Council, through projects like Streets for People, Cuba St link and Central Energy Trust Arena upgrade is investing in public space to enhance the human experience. The goal is a range of transport choices for accessing and moving around the city centre as well as encouraging private investment by building and business owners to enhance retail experiences and housing choice.

City Shaping Plan

The City Shaping Plan contributes to the Palmerston North City Council's goal of a Creative and exciting city. The Plan has three key focus areas:

1. Citymaking
2. City Centre
3. Placemaking

Citymaking is the process of maximising impact on city projects through collaboration and innovation. Council has created a policy and process for enabling Business Improvement Districts to form as key Citymaking partners with distinct agency and expertise in retail and business.

Palmy BID has formed through this process to become a representative of city-centre businesses.

The city-centre chapter has a variety of programmes to support public space activation, rebalancing movement and place, developing precinct development plans, and increasing our data capabilities related to retail health. Council recently initiated the following pilots through Waka Kotahi's Innovating Streets for People Programme:

- Pedestrianising George Street. The street was closed on a series of Sundays to test if pedestrianised events netted any economic benefit. On balance, average sales growth was up 21.2% on road closure days on George Street compared to non-road closure days.
- Improving the human conditions around Square Edge: Introducing landscaping, public art, and seating with Square Edge to increase dwell-time in the space, a greater sense of arrival to Square Edge and better wayfinding.
- Creating a separated cycleway on Main Street west: A parking protected cycle lane now connects the Longburn Shared Pathway, Awapuni, Highbury, and Takaro to a safer connection to the city-centre by bike.

Placemaking is the process of relinquishing public spaces to the community to co-create. These involve programmes that increase businesses' ability to create a destination in their street, for example:

- Match-funding public art investment
- A parklet programme to convert carparks into people spaces
- Low barriers to entry for outdoor dining
- Urban design advice to support retailers when considering investments in their frontage and street space.

These programmes are supported by streetscape renewals and upgrades that increase the amount of public space available for businesses to activate and utilise.

Manawatū District retail trends

Total electronic card retail spending in Manawatū District was \$246 million in the year ended June 2021, increasing by 14.9% from the previous year.

Figure 22 shows this was well ahead of the 8.7% increase across New Zealand. The District experienced a smaller decline in retail spending during the COVID-19 Level-3 and 4 restrictions from March to May 2020, because supermarkets and fuel outlets account for a higher share of spending in the District. In the year ended June 2021 grocery and liquor, and fuel and automotive outlets accounted for 61.5% of annual retail spending, while the share for New Zealand was 49.6%.

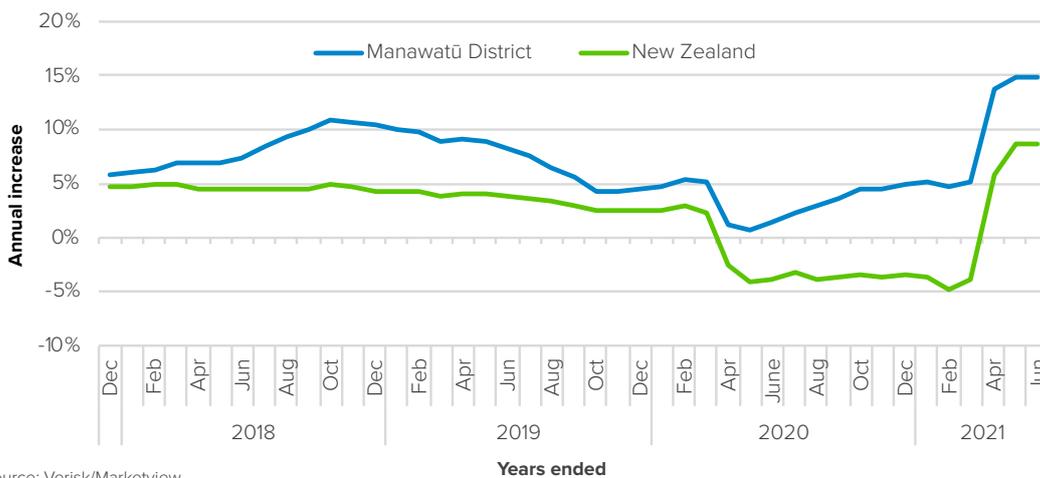
Retail inflow and outflow data shows a high rate of increase in visitor spending in the District in the year to June 2021, with the 26.4% increase stronger than the increase in Manawatū District resident spending outside of the District. However, there was an increase in the net outflow of spending from the District, which totalled \$139 million in the year ended June 2021.

Visitors accounted for 28.3% of spending at Manawatū District retailers in the year to June 2021, while residents in the District spent 45.8% of their retail spending at local retailers.

The rate of population growth in the District has been higher than the rate of growth in the Palmerston North since 2009, so the rate of growth in retail spending in the District has also been consistently higher than in the city. Strong growth in commodity prices is also contributing to the higher rate of growth in spending by residents.

Retail spending and employment in Manawatū District is highly concentrated in Feilding, which accounted for 82% of retail spending in the District in the year to June 2021 (Table 15). The share of spending in Feilding has been declining due to strong growth in spending in the remainder of the District. Sanson and the other small towns on the tourist routes appear to be contributing to this growth. Annual fuel spending in the rest of the District increased by 116% between December 2016 and June 2021. Strong growth in spending was also recorded for cafes, restaurants and takeaways, with an increase of 102%.

Figure 22: Annual change in Manawatū District electronic card retail spending



Source: Verisk/Marketview

Table 14: Manawatū District retail inflow and outflow

Years ended	June 19	June 20	June 21	Annual change	
	\$ m	\$ m	\$ m	\$ m	%
Resident spending locally	154	158	176	18	11.3%
Resident spending outside district	184	178	208	30	17.2%
Total resident spending	338	335	384	48	14.4%
Visitor spending	56	55	69	14	26.4%
Net gain in spending	-128	-123	-139	-16	13.0%
Total spending in region	210	213	245	32	15.2%
Visitor % share	26.6%	25.8%	28.3%		
Resident loyalty	45.5%	47.1%	45.8%		

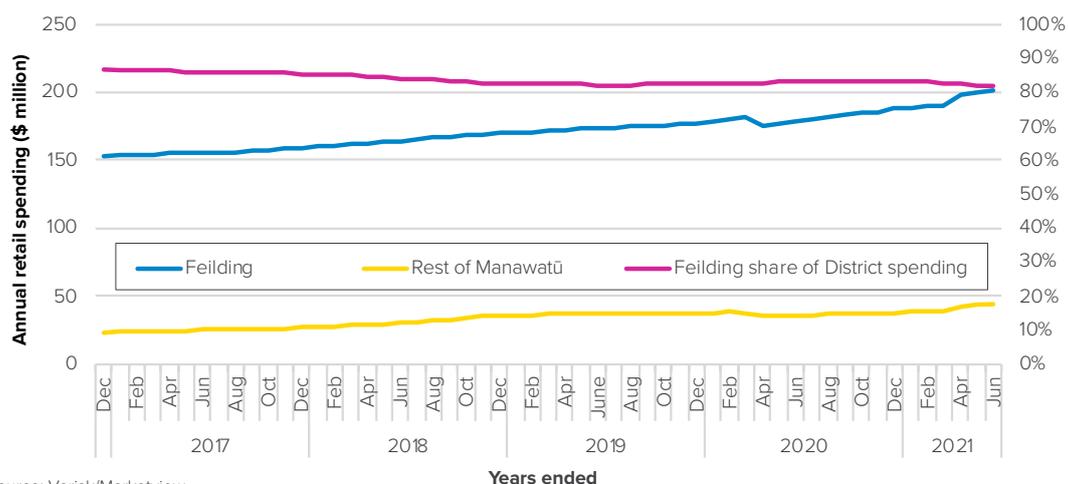
Source: Verisk/Marketview

Table 15: Retail spending by business zone and retail sector – year ended June 2021 (\$m)

Business Zones in Manawatū district			
Retail sector	Feilding	Rest of Manawatū District	Total
Accommodation	1	3	4
Apparel & personal	7	0	7
Arts, recreation & visitor transport	3	0	3
Cafes, restaurants, bars & takeaways	25	7	32
Fuel & automotive	29	24	53
Groceries & liquor	92	7	99
Home & recreational retail	43	3	47
Other consumer	1	0	1
Total*	202	44	246

* Includes some non-retail tourism items
Source: Verisk/Marketview

Figure 23: Manawatū District spending by retail precinct



Source: Verisk/Marketview

Groceries and liquor and fuel accounted for 62% of total retail spending in the District in the year to June 2020, significantly higher than the 50% share for New Zealand. This high share reflects Manawatū District resident spending in Palmerston North at apparel, hardware, homeware, furniture, flooring, department and appliance stores.

Sectors in the District that recorded strong growth in spending in the year ended June 2021 compared with the growth rate for New Zealand were:

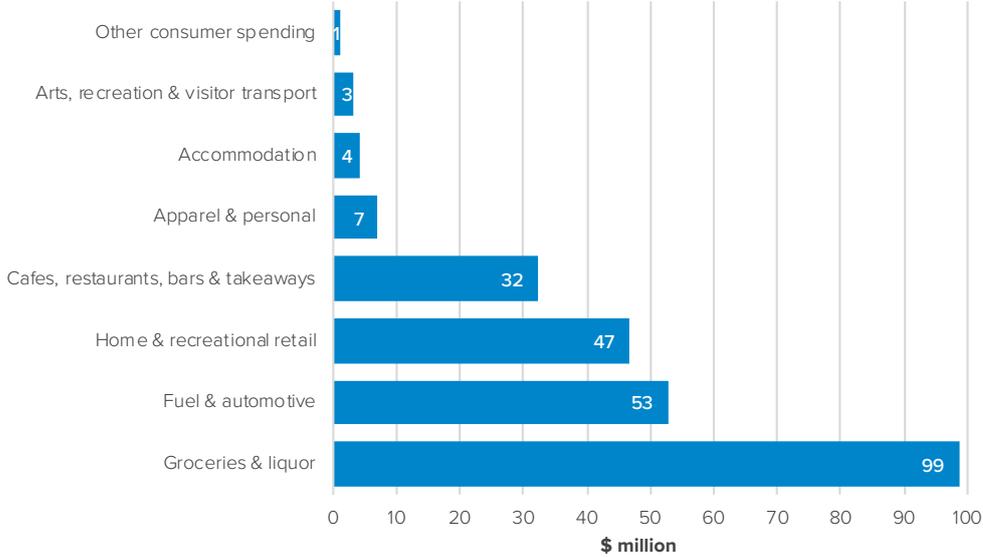
Cafes, restaurants, bars and takeaways	38.8% increase (18.9% increase for New Zealand)
Accommodation	32.4% increase (7.6% decline for New Zealand)
Fuel and automotive	15.8% increase (7.6% increase for New Zealand)
Groceries and liquor	8.3% increase (3.3% increase for New Zealand)

Retail businesses

The number of retail stores in the Feilding Central area unit peaked in February 2007, with 108 retail business locations recorded. The number of businesses declined to 90 in 2013 and has been largely stable since then. The number of stores in the remainder of the District has increased from 108 in 2013 to 138 in 2020. Kimbolton has been the largest contributor to the growth in the number of stores in the remainder of the District (Figure 25).

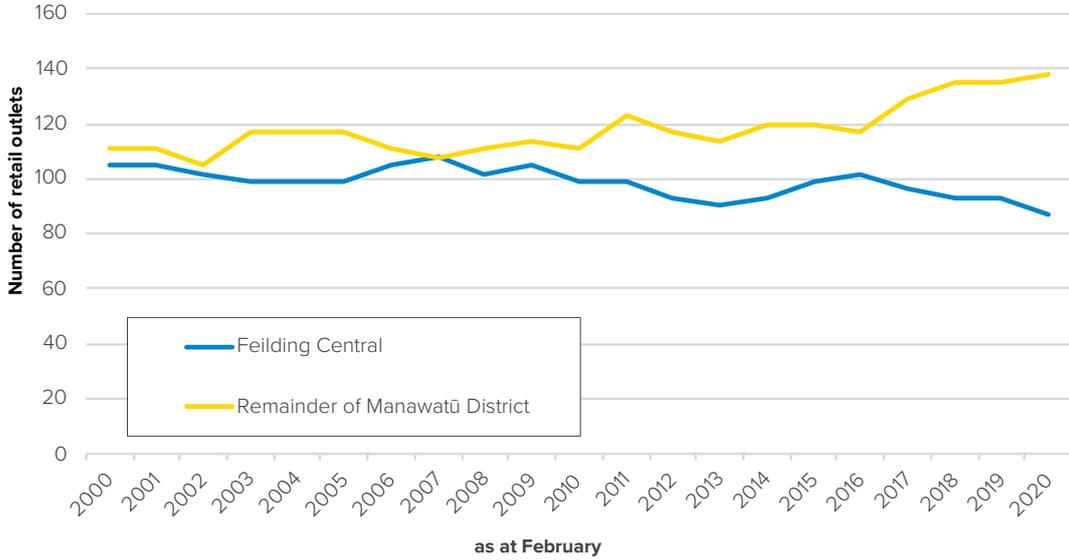
Employment data in Figure 26 shows a much greater share of retail employment in the District is in Feilding Central, which had 800 employees in February 2020, with an average of 8.4 employees per store. There were 340 retail employees in the remainder of the District, with an average of 2.8 employees per store. The main contributor to the decline in employment in Feilding Central was a decline in supermarket employees from 320 in 2012 to 210 in 2020. There were also declines in motor vehicles and recreational good retailing, but growth in hardware, building and garden supplies.

Figure 24: Manawatū District spending by sector - year ended June 2021



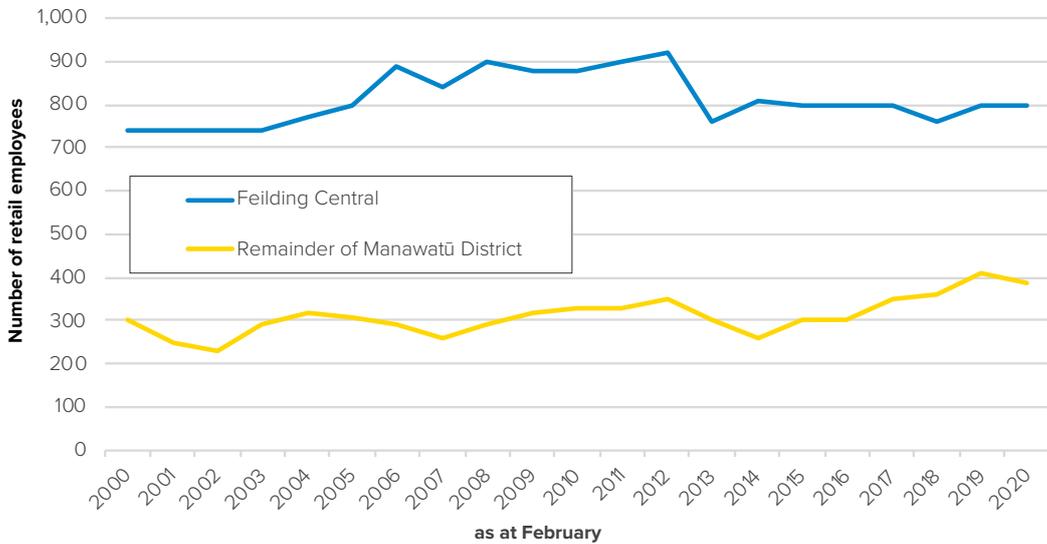
Home and recreational retail includes appliances, department stores and furniture/flooring
 Source: Verisk/Marketview

Figure 25: Number of retail stores in Manawatū District



Source: Statistics New Zealand

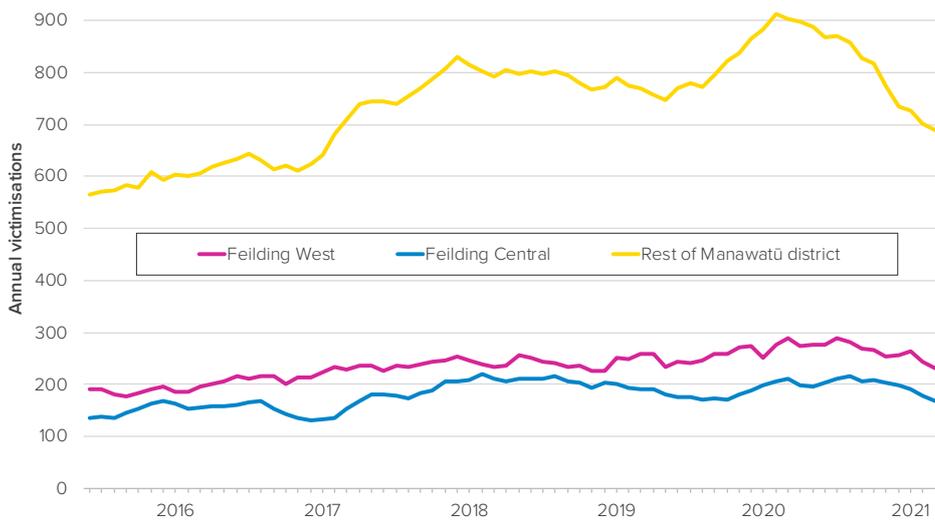
Figure 26: Number of retail employees in Manawatū District



Source: Statistics New Zealand



Figure 27: Occurrence of recorded victimisations in Manawatū District



Source: New Zealand Police

Police

Police-recorded crimes data shows an increase in recorded victimisation levels in the Feilding West area unit and in Manawatū District between June 2015 and late 2017. There has been a gradual decline in the number of victimisations in Manawatū District since December 2017 but the number of victimisations in Feilding West has remained stable. The peak in victimisations in Feilding West was 261 in the year ended March 2019.

Conclusion

The Manawatū region has experienced strong growth in retail sales over the period since the first Retail Health Check report was produced in 2013. Growth in spending has been supported by strong growth in incomes for residents, faster population growth and increased visitor spending, particularly from the rest of the Manawatū-Whanganui region.

Feilding has experienced stronger growth in spending than the Palmerston North city-centre. The rate of population growth in Manawatū District has been stronger than the growth rate for the city between 2013 and 2020, so is an important contributor to this growth. However, the city's growth rate has accelerated over the past four years, and this is being reflected in the strong retail growth now being recorded.

A focus of the 2013 report was on the health of retailing in Broadway Avenue, due to the impact of the 2010 expansion of the Plaza and the transfer of several retailers from Broadway to the Plaza. However strong growth in retailing in the region means vacancy rates are now low in the city centre, which is supporting redevelopment of low quality buildings in the city and in Feilding.

Palmerston North City Council centres-based planning policy has been successful in keeping the mall and large format retail developments close to the city-centre. Since 2013, there have been several large retailers move back closer to the city-centre and further establishment of new businesses in the Outer Business Zone.

Both Palmerston North city-centre and Feilding town centre will face disruption due to the need to replace or strengthen earthquake prone buildings. This will result in temporary loss of retail activity when buildings are demolished or closed temporarily during refurbishment and disruption for neighbouring retailers. However, this will be occurring during a period of strong economic growth and expansion of retail activity in the region, providing increased impetus for redevelopment. Low commercial vacancies rates in Palmerston North will further support redevelopment of earthquake prone buildings in the city-centre.

Growth in online spending has been seen as a threat to physical retail stores, but Verisk/Marketview electronic card retail data shows physical stores are continuing to experience growth in spending.





PRESENTATION

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Presentation - Andrew Heaphy

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Andrew Heaphy, Manager of the Plaza wishes to comment on the Retail Health Check Profile – November 2021.

ATTACHMENTS

NIL

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Presentation - Central Economic Development Agency (CEDA)

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Mr David Wright, Interim Chief Executive and Janet Reynolds, Marketing and Communications Manager will update the Committee on the work CEDA has been doing.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Presentation - Palmy Business Improvement District (BID)

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Mr Rob Campbell, Chair and Ms Amanda Linsley will update the Committee on the work of the Palmy BID including plans for 2022.

ATTACHMENTS

Nil

PALMERSTON NORTH CITY COUNCIL

Minutes of the Economic Development Committee Meeting Part I Public, held in the Conference & Function Centre, 354 Main Street, Palmerston North on 15 September 2021, commencing at 1.12pm

Members Present: Councillors Leonie Hapeta (in the Chair), Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Orphée Mickalad, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

Non Members: Councillors Lorna Johnson, Billy Meehan and Karen Naylor.

Apologies: The Mayor (Grant Smith) (on Council business).

The meeting adjourned at 1.15 pm.
The meeting resumed at 2.15pm.

20-21 **Apologies**

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 20-21 above was carried 16 votes to 0.

21-21 **Presentation - Central Economic Development Agency (CEDA)** Presentation, by Mr David Wright, Acting Chief Executive of CEDA.

Mr Wright reported that CEDA is working with relevant groups on the proposed central New Zealand Distribution Hub. If established this would be one of the three key hubs in New Zealand. It would present significant economic, investment and employment opportunities for the region.

A Food Strategy will be ready by the end of March 2022 and will then be released for public consultation. This area is seen as a significant sector for future growth.

Business and investment is focusing on the retention, expansion and attraction of qualified and skilled staff. The current market and opportunities available are very competitive.

Profiling the city and region is concentrating on the drivers of economic development which include a talent attraction campaign, particularly in the construction and infrastructure industries. A new regional website

will be launched on 29 September 2021.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. To receive the presentation from Central Economic Development Agency (CEDA) for information.

Clause 21-21 above was carried 16 votes to 0.

22-21 Presentation - Manawatū Chamber of Commerce

Presentation, by Ms Amanda Linsley, Chief Executive of the Manawatū Chamber of Commerce.

The presentation centred around the Manawatū Chamber of Commerces' response to the Covid-19 lockdown during August 2021 and the help and assistance they had given members.

Ms Linsley also presented the results of a survey which had been undertaken over a 24 hour period during the Covid-19 alert level 4 lockdown. She outlined the initiatives they would be focussing on in the next few months.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. To receive the presentation from Manawatū Chamber of Commerce for information.

Clause 22-21 above was carried 16 votes to 0.

23-21 Confirmation of Minutes

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the minutes of the Economic Development Committee meeting of 16 June 2021 Part I Public be confirmed as a true and correct record.

Clause 23-21 above was carried 16 votes to 0.

24-21 Summary report on the June 2021 Palmerston North Quarterly Economic Monitor and Major events held during the year to June 2021

Memorandum, presented by Julie MacDonald, Strategy and Planning Manager.

Moved Vaughan Dennison, seconded Aleisha Rutherford.

The **COMMITTEE RESOLVED**

1. That the report titled 'Summary report on the June 2021 Palmerston North Quarterly Economic Monitor and Major events held during the year to June 2021' presented to the Economic Development Committee on 15 September 2021, be received.

Clause 24-21 above was carried 16 votes to 0.

25-21 Research, Science and Innovation Sector Profile - July 2021

Memorandum, presented by Julie Macdonald, Strategy and Policy Manager.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Research, Science and Innovation Sector Profile – July 2021' presented to the Economic Development Committee on 15 September 2021, be received for information.

Clause 25-21 above was carried 15 votes to 1, the voting being as follows:

For:

Councillors Leonie Hapeta, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

Against:

Councillor Brent Barrett.

26-21 Committee Work Schedule

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive its Work Schedule dated September 2021.

Clause 26-21 above was carried 16 votes to 0.

The meeting finished at 3.00pm

Confirmed 8 December 2021

Chairperson

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Summary report on the September 2021 Quarterly Economic Monitor, Annual Population report and Annual Business and Employment report

PRESENTED BY: Peter Crawford, Economic Policy Adviser

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATIONS TO ECONOMIC DEVELOPMENT COMMITTEE

- 1. That the Summary report on the September 2021 Palmerston North Quarterly Economic Monitor, Annual Population report and Annual Business and Employment report is received.**
-

1. ISSUE

- 1.1. This memorandum presents a summary of:
 - a. key themes in the latest Palmerston North Quarterly Economic Monitor for the September 2021 quarter'
 - b. Annual Population report, and
 - c. Annual Business and Employment report.
- 1.2. Covid-19 restriction levels applying in the Manawatū region during the September quarter were:
 - a. Level-1, 1 July – 17 August
 - b. Level-4, 17 August – 31 August
 - c. Level-3, 31 August – 7 September
 - d. Level-2, 7 September – 30 September
- 1.3. Economic activity in Palmerston North has been supported by a significant increase in the value of building consents issued over the past two years. The value of building consents issued in the year ended September 2021 was \$398 million compared with \$238 million in the year to September 2019, an

increase of 67%. These consent values do not include the construction work on the Mercury Energy Turitea wind farm or the Te Ahu A Turanga highway.

- 1.4. Population data for June 2021 and employment data for February 2021 show the impact on the City from the closed international border for students and other migrants. International student numbers declined by 400 over the past 12 months, while there has also been a significant decline in arrivals of former refugees and skilled migrants.
- 1.5. Further tightening of borrowing limits for homeowners and rising interest rates are likely to contribute to a slowing in the rate of growth in retail spending in 2022, but economic momentum in Palmerston North will be supported by strong growth in construction and high prices for agricultural products.

2. PALMERSTON NORTH QUARTERLY ECONOMIC MONITOR - SEPTEMBER

- 2.1 Infometrics estimates gross domestic product (GDP) in Palmerston North declined by 2.6% in the September 2021 quarter. New Zealand GDP is estimated to have declined by 3.7% in the quarter.
 - a. GDP in Palmerston North is estimated to have increased by 4.6% in the year ended September 2021. New Zealand GDP is estimated to have increased by 3.7%.
- 2.2 Infometrics estimates for employment suggest 35,643 people living in Palmerston North were employed in the September 2021 quarter, an increase of 2.2% from the September 2020 quarter, or an increase of 772 people. The number of people in employment in New Zealand was 2.4% higher than the previous year.
 - a. An average of 35,542 people living in Palmerston North were in employment in the year ended September 2021, an increase of 1.4% from the previous year. There was a 0.6% increase for New Zealand.
- 2.3 Electronic card retail spending in Palmerston North in the September quarter was \$301 million, a decline of 6.3% from the September 2020 quarter, while national spending declined by 8.0%.
 - a. Annual electronic card retail spending in Palmerston North for the year ended September 2021 was \$1,316 million, an increase of 9.0% from 2020. There was an increase of 6.0% for New Zealand.
- 2.4 The total value of building consents issued in Palmerston North in the September 2021 quarter was \$87 million, compared with \$62 million in the September 2020 quarter, an increase of 41% from the previous year. National consent values increased by 22%.
 - a. Building consents to the value of \$398 million were issued in Palmerston North in the year to September 2021, an increase of 8.3% from the

previous year. National consent values increased by 22% over the year to September 2021.

- b. Consents for 127 new residential dwellings were issued in Palmerston North in the September 2021 quarter, compared with 97 in the September 2020 quarter, an increase of 31%. National consents increased by 30% from 2020.
 - c. Consents for 543 new residential dwellings were issued in Palmerston North in the year ended September 2021, compared with 542 in the previous year, an increase of 0.2%. National consents increased by 26%.
 - d. Non-residential consents to the value of \$157 million were issued in Palmerston North during the year to September 2021, a decline of 14% from the previous year. National consents increased by 11% over the same period.
- 2.5 The average value of residential properties in Palmerston North was \$732,574 in the three months ended September 2021, an increase of 36.5% (increase of \$196,045) from the September 2020 quarter (QV estimate). The average value for New Zealand was \$970,174, an increase of 29.5% (increase of \$221,214).
- 2.6 Car registrations in Palmerston North increased by 10.6% in the year ended September 2021 (national registrations increased by 8.5%) while the number of commercial vehicles registered declined by 8.0% (compared to a national increase of 13.0%).
- 2.7 It is estimated the annual average unemployment rate in Palmerston North in the year ended September 2021 was 3.9%, while the unemployment rate for New Zealand was 4.2%.
- 2.8 The number of people in Palmerston North registered for the MSD Job Seekers benefit declined by 9.4% in September 2021 from September 2020, while the number in New Zealand declined by 5.1%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.
- 2.9 Traffic flows in Palmerston North in the year to September 2021 increased by 11.3% from 2020, while there was an increase of 7.1% for New Zealand.
- 2.10 Electronic card tourism spending in Palmerston North was \$273 million in the year ended September 2021, increasing by 16% from the previous year. New Zealand increased by 4%.
- a. Domestic visitor spending in Palmerston North was \$261 million in the year ended September 2021, increasing by 17% from the previous year (22% increase for New Zealand).

b. International visitor spending in Palmerston North was \$53 million in the year ended September 2021, declining by 10% from the previous year (63% decline for New Zealand).

2.11 Population estimates, based on primary health organisation registrations, suggest Palmerston North's population increased by 1.1% between September 2020 and September 2021 (1.1% increase for New Zealand). The number of health enrolments in the city averaged 82,528 people in the year to September 2021 while Statistics New Zealand estimated the total population in the city as at 30 June 2021 was 91,500.

2.12 The Palmerston North Quarterly Economic Monitor report for the September 2021 quarter is attached as Appendix 1.

3. ANNUAL POPULATION REPORT

3.1 The 2021 Manawatū region population report shows the population of Palmerston North is now estimated to be 90,500 people. The latest estimates show a slowing in the rate of population growth in Palmerston North due to the impact of COVID-19 border restrictions on overseas migrant arrivals. In the year to June 2021 the net gain to the city from overseas migrants was 1,000 people, but in the year to June 2021 there was no gain from overseas migration.

3.2 The estimates suggest that births in the city exceeded deaths in the year to June 2021, resulting in a net gain in population from natural increase of 500 people. There was an estimated net loss of 330 people from internal migration, resulting in an annual population increase of 170 people, the smallest annual increase in the city since 2008.

3.3 All university cities were impacted by border restrictions. The annual population increase for Palmerston North was 0.2%, Dunedin increased by 0.3%, Wellington city by 0.1% and Auckland declined by 0.1%. The overall population increase for New Zealand was 0.6%. Hamilton was the only university city which grew faster than the national growth rate.

3.4 The estimate for 2021 is provisional and may be revised next year once Statistics New Zealand has updated its database of linked central government data for individuals, which is used to estimate internal migration. It was not updated in time for the 2021 estimates.

3.5 The Annual Population Report 2021 is attached as Appendix 2.

4. ANNUAL BUSINESS AND EMPLOYMENT REPORT

4.1 The latest employment report shows a 0.2% decline in employment in the city in 2021, or a decline of 100 people, but that followed a revised 3.3% increase in the year to February 2021 (1,700 jobs). Statistics New Zealand initially estimated an increase of 1.8%, or 900 jobs in the year to February 2021. There were 52,900 people employed in Palmerston North in February 2021.

Employment in New Zealand the year to February 2021 declined by 7,700 people, a decline of 0.3%.

4.2 The largest contributor to the decline in employment in the city was tertiary education, where there was a loss of 300 jobs. Other sectors experiencing declines included:

- Department stores
- Air conditioning and heating services
- Gardening services
- Supermarket and grocery stores
- Cafes and restaurants
- Secondary education
- Other allied health services
- Travel agency and tour arrangement services
- Clothing retailing
- Accommodation

4.3 Sectors recording growth in the year to February 2021 include; construction (increase of 200 jobs), health care and social assistance (increase of 200 jobs) and public administration and safety (increase of 100 jobs).

4.4 The 2021 Manawatū Region Annual Business and Employment Report is attached as Appendix 3.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 166	Yes
Are the decisions significant?	Yes
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Implement Inward Investment Strategy	
Contribution to	Reporting on economic trends in the city and Manawatū region,

<p>strategic direction and to social, economic, environmental and cultural well-being</p>	<p>and the long-term outlook for growth, is important for encouraging local businesses to invest in growing their businesses and attracting new businesses in the city.</p>
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ATTACHMENTS

1. Palmerston North Quarterly Economic Monitor - September 2021 [↓](#) 
2. Annual Population Report (2021) [↓](#) 
3. Annual Business and Employment Report (2021) [↓](#) 

Overview of Palmerston North City

Economic recovery in Palmerston North continues to outpace the national average with Infometrics provisionally estimating that economic activity in the city grew 5.3%pa in the June 2021 year compared with 4.2%pa nationally. It has been a mixed bag in employment terms with employment of Palmerston North residents growing just 0.8%pa in the June 2021 year. Job gains in construction, healthcare and professional, scientific and technical services have been offset by job losses in admin and support services, and financial and insurance services. Despite weak job growth, the City's unemployment rate has remained low through the last 12 difficult months. The number of Jobseeker Support Recipients is also trending downwards from a recent high of 3613 in the December 2020 quarter to 3171 in the June 2021 quarter – a fall of 12%. On an annualised basis, Jobseeker Support recipients grew 17%pa, but this is comparing the year to June 2021 with the year to June 2020.

Consumer spending in Palmerston North rose 12.6%pa in the June 2021 year, an abnormally strong result because the previous year includes the lockdown-affected June 2020 quarter. Tourism spending grew 19% in the June 2021 year, a result which was also influenced by the lockdown-affected June 2020 quarter, but also emphasises the strength of domestic tourism in the city.

Worryingly, house price inflation in Palmerston North accelerated to 38% in the June 2021 quarter. House sales are close to their 10-year average. Residential consents, despite falling 9.2% in the June 2021 year, have been strong in the March and June 2021 quarters. If consents result in more properties entering the market, this could help keep the lid on further house price rises.

Non-residential consents are at historically high levels, despite falling 8.0% in the June 2021 year. Two-thirds of non-residential consents in the June 2021 quarter were for factory and industrial buildings.

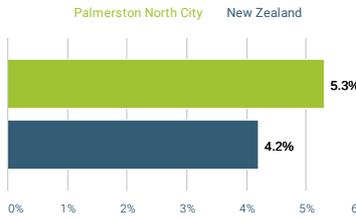
Indicator	Palmerston North City	Manawatū-Whanganui Region	New Zealand
Annual Average % change			
Gross domestic product (provisional)	5.3 % ▲	5.0 % ▲	4.2 % ▲
Traffic flow	15.8 % ▲	14.3 % ▲	9.6 % ▲
Consumer spending	12.6 % ▲	10.5 % ▲	7.7 % ▲
Employment (place of residence)	0.8 % ▲	1.1 % ▲	-0.1 % ▼
Jobseeker Support recipients	17.3 % ▲	15.0 % ▲	27.7 % ▲
Tourism expenditure	19.2 % ▲	16.9 % ▲	5.4 % ▲
Health enrolments	1.3 % ▲	1.0 % ▲	1.3 % ▲
Residential consents	-9.2 % ▼	6.7 % ▲	17.8 % ▲
Non-residential consents	-8.0 % ▼	14.1 % ▲	13.1 % ▲
House values *	38.2 % ▲	39.4 % ▲	27.3 % ▲
House sales	14.5 % ▲	15.5 % ▲	39.7 % ▲
Car registrations	8.2 % ▲	11.6 % ▲	2.5 % ▲
Commercial vehicle registrations	-4.1 % ▼	10.6 % ▲	9.1 % ▲
Level			
Unemployment rate	4.3 %	4.5 %	4.7 %

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

Gross domestic product

Gross domestic product growth (provisional)

Annual average % change June 2020 - June 2021



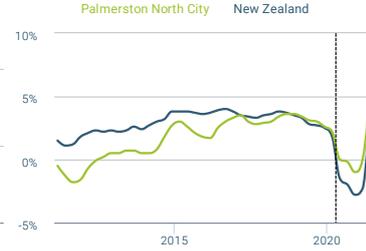
Gross domestic product (\$m)

Annual level, Palmerston North City



Gross domestic product growth

Annual average % change



Highlights for Palmerston North City

- GDP in Palmerston North City was provisionally up 5.3% for the year to June 2021 compared to a year earlier. Growth was higher than in New Zealand (4.2%).
- Provisional GDP was \$5,465 million in Palmerston North City for the year to June 2021 (2020 prices).
- Annual GDP growth in Palmerston North City peaked at 5.3% in the year to June 2021.

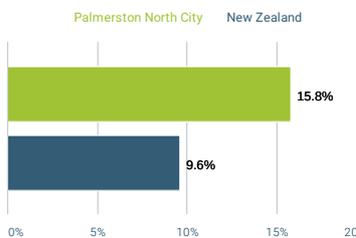
National overview

Economic activity across New Zealand continues to press higher still, with supply chain issues and skills shortages threatening to limit further growth. Provisional estimates from Infometrics show economic activity up a whopping 17%pa in the June 2021 quarter to take year-end growth to 4.2%. However, the strength in activity is clouded by the comparison June 2020 period including the nearly five-week Alert Level 4 lockdown. Compared to June 2019, economic activity is sitting 3.7% higher, with further expansion seen since the surprisingly strong result in March 2021. Strong construction activity, coupled with higher healthcare and manufacturing activity, are leading the continued improvement in economic activity. Although short-term headwinds may restrict growth going forward, risks to longer-term growth also persist as the economy overheats and drags future growth into the here and now. Higher interest rates in response to booming economic activity might well cool down the economy into 2022, towards more sustainable levels.

Traffic flow

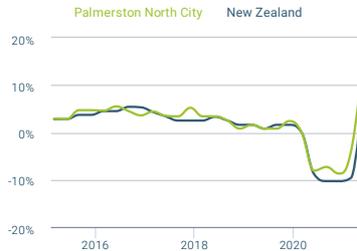
Annual change in traffic flows

Annual average % change June 2020 - June 2021



Traffic volume growth

Annual average % change



Highlights for Palmerston North City

- Traffic flows in Palmerston North City increased by 15.8% over the year to June 2021. This compares with an increase of 9.6% in New Zealand.

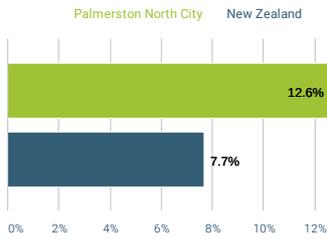
National overview

Traffic activity rose 9.6%pa over the 12 months to June 2021, as the plunge in traffic movements during Alert Level 4 drop out of the numbers. June 2021 quarter traffic flows were sitting 2.6% higher than June 2019 quarter, indicating the strengthening level of traffic movements across the country. Traffic activity remains generally stronger across the North Island, with softer growth in the South Island. Changes to current economic drivers, including across tourism, construction, primary sector, manufacturing, and freight continue to be felt.

Consumer spending

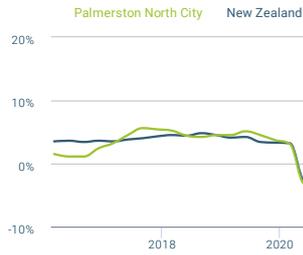
Growth in consumer spending

Annual average % change June 2020 - June 2021



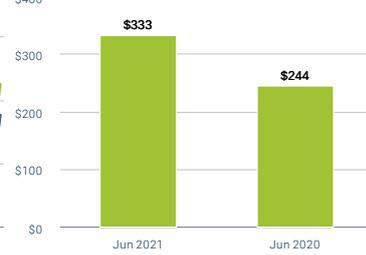
Consumer spending

Annual average % change



Consumer spending

Quarterly spending (\$m), Palmerston North City



Highlights for Palmerston North City

- Electronic card consumer spending in Palmerston North City as measured by Marketview, increased by 12.6% over the year to June 2021 compared to the previous year. This compares with an increase of 7.7% in New Zealand.

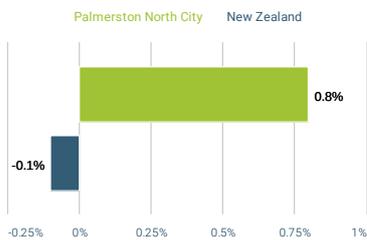
National overview

Spending activity across New Zealand continued to rise in the June 2021 quarter, with strong demand conditions across the economy. Spending rose 33%pa in the quarter to take year-end growth to 7.7%pa according to Marketview data. However, this roaring growth is heavily exaggerated by comparing to the 12 months to June 2020 which includes the nearly five-week Alert Level 4 period. Underlying spending growth remains strong, just not that strong, with June 2021 spending up 6.5% compared to the June 2019 quarter. Unsurprisingly, main urban centres and tourism-based economies continue to show slower growth than other parts of New Zealand.

Employment (place of residence)

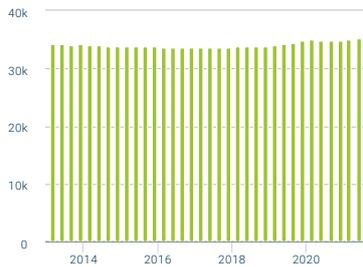
Employment (place of residence) growth

Annual average % change June 2020 - June 2021



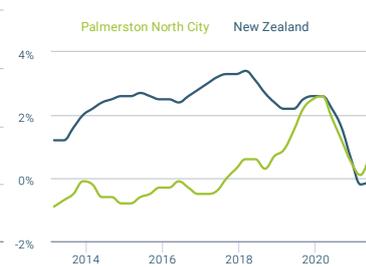
Employment (place of residence)

Annual level, Palmerston North City



Employment (place of residence) growth

Annual average % change

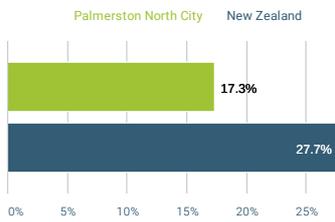


Highlights for Palmerston North City

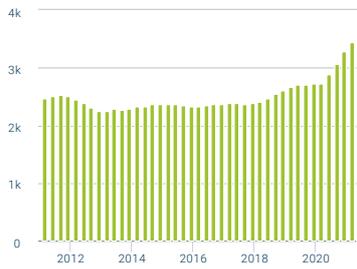
- Employment for residents living in Palmerston North City was up 0.8% for the year to June 2021 compared to a year earlier. Growth was higher than in New Zealand (-0.1%).
- An average of 35,205 people living in Palmerston North City were employed in the year to June 2021.
- Annual employment growth for Palmerston North City residents peaked at 2.6% in the year to March 2020.

Jobseeker Support recipients

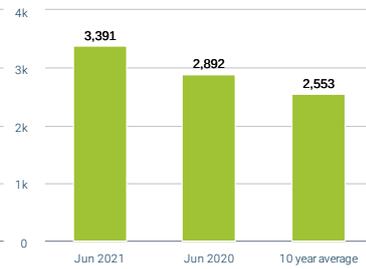
Annual change in Jobseeker Support recipients
Annual average % change June 2020 - June 2021



Jobseeker Support recipients
Annual average, Palmerston North City



Jobseeker Support recipients
Annual average, Palmerston North City



Highlights for Palmerston North City

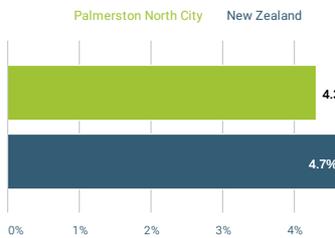
- Jobseeker Support recipients in Palmerston North City in the year to June 2021 increased by 17.3% compared with previous year. Growth was lower relative to New Zealand (27.7%).
- An average of 3,391 people were receiving a Jobseeker Support benefit in Palmerston North City in the 12 months ended June 2021. This compares with an average of 2,553 since the start of the series in 2012.

National overview

Jobseeker Support recipients continue to fall, reflecting a continued improvement in the jobs market and work by government and local job brokers to support better employment outcomes. June 2021 quarter recipient numbers were sitting at 190,260, 0.1% lower than in June 2020, after the bulk of additions to benefit support occurred. Continued falls in quarterly figures, coupled with the June 2020 skyrocket falling out of the current year numbers, means average Jobseeker Support recipients over the last 12 months have stabilised and will show reductions in future quarters. Jobseeker Support recipients remain substantially above pre-pandemic levels, with 54,000 more people on this benefit in June 2021 than in June 2019. With the jobs market strong, issues around skills matching are expected to become more pertinent.

Unemployment rate

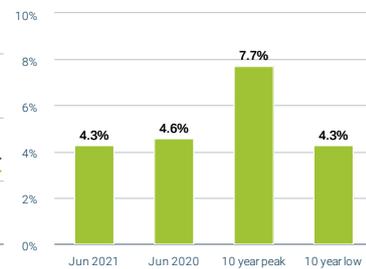
Unemployment rate
Annual average % change June 2020 - June 2021



Unemployment rate
Annual average rate



Unemployment rate
Annual average, Palmerston North City



Highlights for Palmerston North City

- The annual average unemployment rate in Palmerston North City was 4.3% in June 2021, down from 4.6% 12 months earlier.
- The unemployment rate in Palmerston North City was lower than in New Zealand (4.7%) in June 2021.
- Over the last ten years the unemployment rate in Palmerston North City reached a peak of 7.7% in December 2012.

National overview

The unemployment rate plunged to 4.0% on a seasonally adjusted basis in June 2021, as the underutilisation rate also dropped to 10.5%. The fall in the unemployment rate was the sharpest drop on record over the last 35 years, underscoring the substantial improvement in the labour market. The sharp tightening also highlights the pressures faced to meet rampant demand even as the supply of skills remains restricted. The strong labour market performance backs up lower spare capacity in the jobs market, with strong filled jobs growth in June, record job ads, and businesses reporting both the most difficult period to find workers, and highest levels of job churn, on record. Pay increases rose in response, with more pressure on wages expected throughout 2021.

Dairy payout



Highlights for Palmerston North City

- Palmerston North City total dairy payout for the 2019/2020 season is estimated to have been approximately \$62 million.
- Palmerston North City's dairy payout for the 2020/2021 season is expected to be approximately \$67 million, \$5 million higher 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 \$13,537 million in the 2019/2020 season, and is expected to be \$1,168 million higher in the 2020/2021 season.

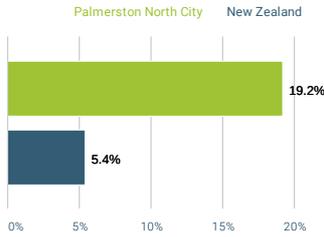
National overview

Dairy sector activity remains robust, with commodity prices coming off their peaks in recent months. Milk production across the country has been stronger than expected, with milk volumes sitting 2.6%pa higher in the 2020/21 season. Higher milk volumes have seen milk prices soften a touch for the season ahead and have also seen Fonterra narrow their farmgate milk price to \$7.45-\$7.65/kgms. This \$7.55/kgms midpoint is 5c below the previous midpoint, but the higher milk collection means our pay-out estimate has edged up 0.6% for the 2020/21 season from our March update, with \$14.7b now expected. This pay-out would be around \$1.2b (8.6%) higher than the 2019/20 season. We expect the 2021/22 season pay-out to decline slightly from the current expected estimate given supply levels.

Tourism expenditure

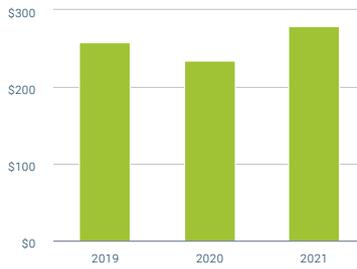
Tourism expenditure

Annual average % change June 2020 - June 2021



Tourism expenditure

Annual total, Palmerston North City (\$m)



Highlights for Palmerston North City

- Total tourism expenditure in Palmerston North City increased by 19.2% in the year to June 2021. This compares with an increase of 5.4% in New Zealand.
- Total tourism expenditure was approximately \$279 million in Palmerston North City during the year to June 2021, which was up from \$234 million a year ago.

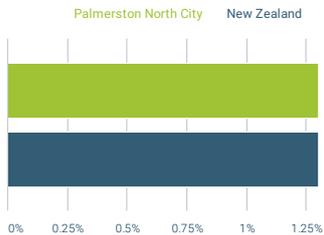
National overview

Total visitor spending over the 12 months to June 2021 was sitting 5.4% higher than in 2020 – a period that included the Alert Level 4 period when tourism was non-existent. This growth overemphasises the position of the tourism sector, but robust tourism activity is supporting spending. Relative to 2019 levels, total tourism spending is 5.2% lower, with international spending down 73%, but domestic tourism spending up nearly 18% from pre-pandemic levels. The Trans-Tasman bubble helped for a period but hopes for further recovery in tourism activity was dashed as the bubble popped and looks unlikely to reopen any time soon.

Health enrolments

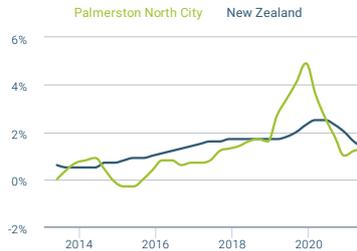
Annual change in health enrolments

Annual average % change June 2020 - June 2021



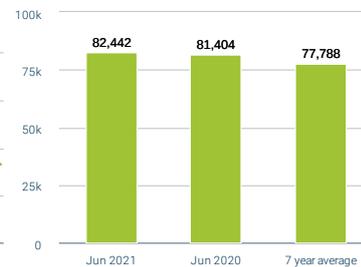
Health enrolments

Annual average % change



Health enrolments

Annual average, Palmerston North City



Highlights for Palmerston North City

- The number of people enrolled with a primary health organisation in Palmerston North City in the year to June 2021 increased by 1.3% compared with previous year. Growth was the same as in New Zealand (1.3%).
- An average of 82,442 people were enrolled with primary healthcare providers in Palmerston North City in the 12 months ended June 2021. This compares with an average of 77,382 since the start of the series in 2014.

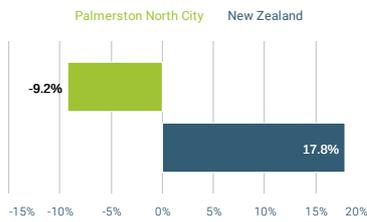
National overview

Slower population growth is evident across New Zealand as the collapse in net migration continues. Health enrolments rose by 1.0% in the June 2021 quarter compared to June 2020, the slowest pace in six years. This continued slowdown dragged year-end growth to 1.3%, considerably lower than the 2.5%pa growth seen in early 2020. The lack of migration into New Zealand has contributed to the pressures in the labour market, with the lack of skilled workers severely impacting a number of sectors. MIQ allocations are if anything lower than previously which will keep a low cap on arrivals into New Zealand.

Residential consents

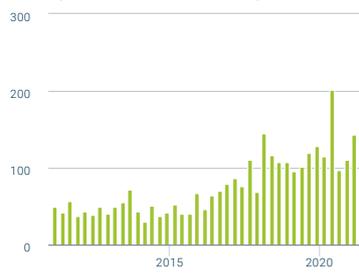
Growth in number of new dwelling consents

Annual average % change June 2020 - June 2021



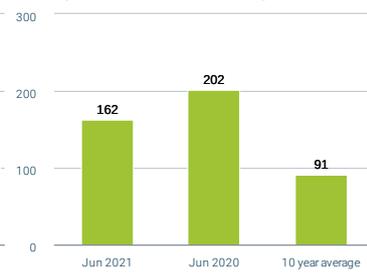
Residential consents

Quarterly number, Palmerston North City



Number of new dwelling consents

Quarterly number, Palmerston North City



Highlights for Palmerston North City

- A total of 162 new residential building consents were issued in Palmerston North City in the June 2021 quarter, compared with 202 in the same quarter last year.
- On an annual basis the number of consents in Palmerston North City decreased by 9.2% compared with the same 12-month period a year ago. This compares with an increase of 17.8% in New Zealand over the same period.

National overview

Residential building consents continue to climb to new record highs. Annual dwelling consents are sitting at 44,299 in the year to June 2021, up a staggering 18% compared to the year prior. Sustained and rampant house price growth has highlighted the need for more housing stock. Additionally, new government policy has been implemented to encourage investors to build new housing. We expect consents to maintain their strength over the remainder of the year, but capacity constraints are becoming a more pressing issue to convert these consents into actual building activity.

Non-residential consents

Growth in value of consents

Annual average % change June 2020 - June 2021



Non-residential consents, Palmerston North City

\$m, annual running total, Palmerston North City



Non-residential consents

Annual value (\$m), Palmerston North City



Highlights for Palmerston North City

- Non-residential building consents to the value of \$158.4 million were issued in Palmerston North City during the year to June 2021.
- The value of consents decreased by 8% over the year to June 2021. By comparison the value of consents increased by 13.1% in New Zealand over the same period.
- Over the last 10 years, consents in Palmerston North City reached a peak of \$181.7 million in the year to September 2020.

National overview

The value of non-residential building consents climbed 13% over the year to June 2021. Factory building consents have continued to show strength over the past year. Uncertain international supply chains and rising freight costs provide a strong argument for self-reliance and have helped encourage new factory building. Public consents have also shown incredible strength over the past year, particularly for education, hospitals, and social, cultural, and religious building consents. Strong fiscal stimulus to support the economy coming out of lockdown has helped boost public consents by 51% over the year to June 2021.

House values



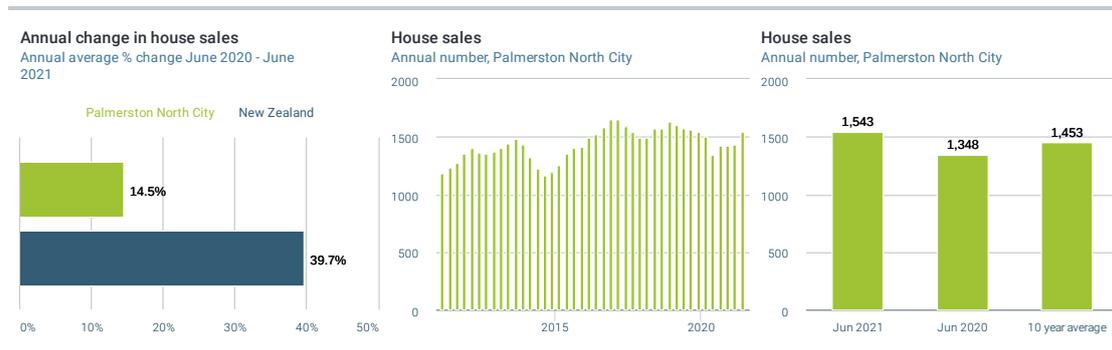
Highlights for Palmerston North City

- The average current house value in Palmerston North City was up 38.2% in June 2021 compared with a year earlier. Growth outperformed relative to New Zealand, where values increased by 27.3%.
- The average current house value was \$714,036 in Palmerston North City in June 2021. This compares with \$922,421 in New Zealand.

National overview

House prices continue their rampant run across the country, with house price growth reaching 27% in June 2021. Record low interest rates have encouraged many buyers into the market, with the low rates keeping mortgage repayments affordable despite record prices. As sales outstrip listings, a lack of supply is contributing to pushing up prices further. In recent months, sustained inflation in the economy has become a much more pressing issue, which will likely lead to an increase in the Official Cash Rate sooner than initially thought, and therefore higher mortgage rates, which may contribute to helping slow house price growth.

House sales



Highlights for Palmerston North City

- House sales in Palmerston North City in the year to June 2021 increased by 14.5% compared with the previous year. Growth underperformed relative to New Zealand, where sales increased by 39.7%.
- A total of 1,543 houses were sold in Palmerston North City in the 12 months ended June 2021. This compares with the ten year average of 1,453.

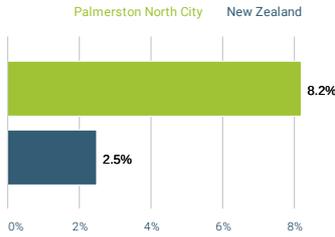
National overview

House sales have grown 40% over the year to June, a growth rate exaggerated by lower sales during Alert Level restrictions in the first half of 2020. Record low interest rates have encouraged buyers into the market. Rampant sales over the past year have meant supply has been unable to keep up with demand. As a result, in recent months house sales have started to show signs of a slowing trend. As prices are continuing their growth, it becomes obvious this slowing of sales is driven by a limited number of listings available for purchase, rather than a drop off in demand. This lack of supply is only contributing to further house price growth.

Car registrations

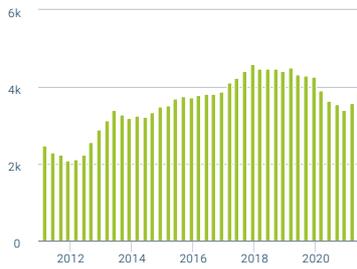
Car registrations

Annual average % change June 2020 - June 2021



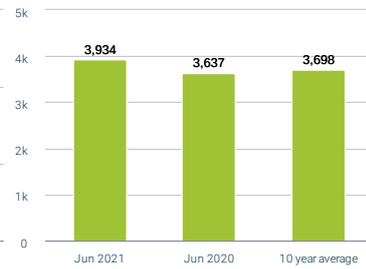
Car registrations

Annual number, Palmerston North City



Car registrations

Annual number, Palmerston North City



Highlights for Palmerston North City

- The number of cars registered in Palmerston North City increased by 8.2% in the year to June 2021 compared with the previous 12 months. Growth was higher than in New Zealand (2.5%).
- A total of 3,934 cars were registered in Palmerston North City in the year to June 2021. This compares with the ten year average of 3,698.

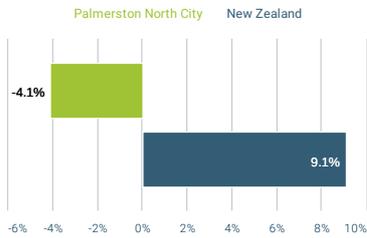
National overview

Passenger car registrations rose 2.5%pa in the 12 months to June 2021, as the fall in registrations during Alert Level 4 in 2020 moves out of the numbers. The underlying trend for car registrations is continuing to strengthen, with June 2021 quarter registrations sitting just 1.3% lower than June 2019 levels. Registrations still have a way to go, with June 2021 year registrations of just under 231,000 still sitting nearly 7% below the 10-year average. Demand for vehicles remains strong, but supply chain issues have hampered registrations, forcing car prices to rise. Stronger demand for EVs is apparent since the government's new rebate was introduced, but its unknown yet how the introduction in 2022 of fees on high-emitting vehicles might influence the market.

Commercial vehicle registrations

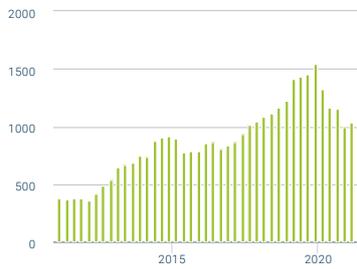
Commercial vehicle registrations

Annual average % change June 2020 - June 2021



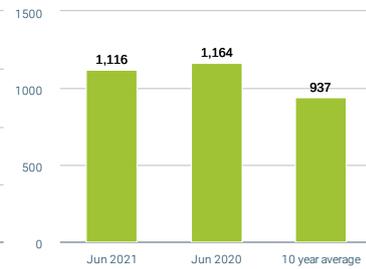
Commercial vehicle registrations

Annual number, Palmerston North City



Commercial vehicle registrations

Annual number, Palmerston North City



Highlights for Palmerston North City

- The number of commercial vehicles registered in Palmerston North City decreased by 4.1% in the year to June 2021 compared with the previous 12 months. Growth was lower than in New Zealand (9.1%).
- A total of 1,116 commercial vehicles were registered in Palmerston North City in the year to June 2021. This is higher than the ten year annual average of 937.

National overview

Commercial vehicle registrations have shown continued strength in 2021, with annual registrations of over 54,600 sitting 9.1% higher than in 2020. Stronger economic activity across construction, retail, primary sector, manufacturing, and freight sectors have boosted commercial vehicle needs, and annual registrations are sitting 8% clear of the 10-year average. Relative to 2019 levels, current registrations look a touch weaker, but the last few years prior to COVID-19 showed exceptionally strong registration levels. Sustained strong economic conditions are expected to keep registration levels up, and recent government moves may bolster light commercial registration numbers in 2021 ahead of new fees being added to high-emitting vehicles in 2022.

Technical Notes

Building Consents

Building consents data is sourced from Statistics New Zealand. The number of residential consents issued for new dwellings is the measure for residential consents. For non-residential consents, the measure is the value of both new buildings and alterations.

Consumer Spending

The consumer 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.

Employment (place of residence)

Employment data is based off a range of Stats NZ employment datasets, and represents the number of filled jobs, based on the area of residential address for the employee (rather than workplace address). This place of residence location means that the employment series reflects trends in employment of an area's residents, which may be different to trends in employment at businesses in an area, particularly when there are strong commuting flows. The most recent quarter is based off the average of Monthly Employment Indicator (MEI) filled jobs from Statistics New Zealand for the past three months, with previous quarters being backcasted using the percentage change in the quarterly Business Data Collection dataset published by Statistics New Zealand.

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. Gross domestic product is measured in 2020 dollar terms.

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. Changes to how the Ministry of Health recorded this data led to Infometrics revising our approach to health enrolment figures for the March 2019 Quarterly Economic Monitor onwards. Our new approach completely revises our timeseries of health enrolments, so care should be taken when comparing the March 2019 report with previously downloaded reports.

Previously, the data provided was only for those people whose addresses are able to be accurately recorded by the Ministry of Health. We have now switched to breaking down TA-level health enrolments based on trends in stated health enrolments by area, to ensure that the total number of enrolees published in the Monitor align with the national-level figures published by the Ministry of Health. A new system for classifying and recording health enrolment addresses from March 2019 onwards by the Ministry means significantly higher numbers of unallocated enrolees, resulting in the need to review our model.

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 values (dollar value) are sourced from CoreLogic. The levels quoted in the report are average values for the quarter.

Jobseeker Support Recipients

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)

Tourism Expenditure

New Tourism Electronic Card Transactions (TECTs) are an interim replacement for the Monthly Regional Tourism Estimates (MRTes). We have removed our previous timeseries of MRTes and published the three annual snapshots provided in the TECTs. The TECTs reflect the expenditure for all electronic card transactions (ECTs) in New Zealand related to tourism. Marketview use a base of spending on the Paymark network (approximately 70 per cent of total ECT spend) to scale up to total ECT spend.

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.

Unemployment Rate

Regional level unemployment rates are sourced from Statistics New Zealand's Household Labour Force Survey. Trends in the number of Jobseekers are used to break down regional unemployment rates to TA levels. The TA level unemployment rates are benchmarked on census following the release of each census. To reduce volatility the unemployment rate is presented as an average for the last four quarters.

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.

Weekly Rents

Rents (\$ per week) are sourced from monthly data provided by MBIE and averaged across each quarter or year using weighted geometric means. Rental data pertains to averages from data collected when bonds are lodged and does not control for specifications of the home (eg. size, number of bedrooms, age of home, etc).



Annual Population Report 2021

Overview

The population of the Manawatū region is estimated to have reached 123,500 people as at 30 June 2021, increasing by 670 people (0.5% increase) in the past 12 months. Estimated population growth for New Zealand was 0.6%.

Palmerston North's population is estimated to have increased by 170 people in the last 12 months, an increase of 0.2%, reaching 90,500 people as at 30 June 2021.

Manawatū District's population is estimated to have increased by 500 people to 33,000 people as at June 2021, or 1.5% increase, in the last year.

The Manawatū-Whanganui region population is estimated to have reached 256,500 people, increasing by 2,000 people in the year to June 2021, an increase of 0.8%. This is first time the annual increase in the region has been higher than the national growth rate. The annual population estimates series began in 1991.

Annual population estimates

Annual provisional population estimates released by Statistics New Zealand on 22 October show the population of the Manawatū region reached 123,500 in June 2021. These suggest the region's population increased by 670 people from June 2020, an increase of 0.5%. Statistics New Zealand revised up its initial June 2020 estimate for Manawatū District by 200 people.

Statistics New Zealand estimates the contributions to population growth in the Manawatū region in the year to June 2021 came from¹:

1. 620 people from natural population growth (the difference between the number of births and deaths),
2. net international migration gain of 70 people, and
3. no change from internal migration within New Zealand.

Population growth in Palmerston North came from natural population growth of 500 people, no net gain from international migration and a net loss of 330 people from internal migration.

Manawatū District growth came from natural population growth of 120 people, net international migration of 70 people and a net gain of 330 people from internal migration.

The strongest rate of population growth in the region was in the 65 years and over age group, which increased by 3.2% between 2020 and 2021. There was a decline of 0.4% in the 0 – 14 years age group.

The median age of the City's population is estimated to have increased to 34.5 years in June 2021, while the median age for Manawatū District remained at 40.4 years. The median age for the total New Zealand population is estimated to have increased from 37.4 years in 2020 to 37.7 years in 2021.

¹ There are small differences between the actual increase in population due to rounding.

Figure 1: Estimated population by age group (as at 30 June)

Year at 30 June	2020	2021	Annual change
Manawatū region			
0-14 years	24,200	24,100	-0.4%
15-39 years	43,800	43,800	0.0%
40-64 years	36,000	36,200	0.6%
65 years and over	19,000	19,600	3.2%
Total	122,900	123,500	0.5%
New Zealand			
0-14 years	966,400	968,600	0.2%
15-39 years	1,750,100	1,745,400	-0.3%
40-64 years	1,581,800	1,589,500	0.5%
65 years and over	791,900	819,100	3.4%
Total	5,090,200	5,122,600	0.6%

Source: Statistics New Zealand

Statistics New Zealand made revisions to its June 2019 and June 2020 population estimates, which increased the estimated June 2020 New Zealand population by 5,900 people. There was no change to the initial estimate for Palmerston North, but Manawatū District was revised up by 200 people.

Manawatū-Whanganui region

The Manawatū-Whanganui region population is estimated to have increased by 2,000 people between June 2020 and June 2021, an annual increase of 0.8%.

Natural population growth in the Manawatū-Whanganui region was 940 people, while migration contributed an additional 1,100 people. Regions which experienced a weaker rate of population growth than the Manawatū-Whanganui region in the year to June 2021 were Auckland, Gisborne, Wellington, Nelson, Southland and West Coast.

Figure 2: Estimated population Manawatū-Whanganui region population (as at 30 June)

	2020	2021	2020 to 2021 change	
			Number	% change
Ruapehu district	12,950	12,900	-20	-0.1%
Whanganui district	47,900	48,400	480	1.0%
Rangitikei district	15,900	16,050	110	0.7%
Manawatū district	32,500	33,000	520	1.6%
Palmerston North	90,400	90,500	170	0.2%
Tararua district	18,900	19,050	160	0.9%
Horowhenua district	35,900	36,500	610	1.7%
<i>Manawatū region</i>	<i>122,900</i>	<i>123,500</i>	<i>600</i>	<i>0.5%</i>
<i>Horizons North-West</i>	<i>76,750</i>	<i>77,350</i>	<i>600</i>	<i>0.8%</i>
<i>Horizons South-East</i>	<i>177,700</i>	<i>179,050</i>	<i>1,350</i>	<i>0.8%</i>
Manawatū-Whanganui region	254,500	256,500	2,000	0.8%
New Zealand	5,090,200	5,122,600	32,400	0.6%

Source: Statistics New Zealand

Horowhenua District had the fastest rate of population growth in the Manawatū-Whanganui region, with annual growth of 1.7% between 2020 and 2021, while Manawatū District increased by 1.6%.

Comparison with other cities

Palmerston North has a 1.8% share of the national population and is the ninth largest territorial authority – the largest territorial authorities ranked by population are Auckland, Christchurch, Wellington, Hamilton, Tauranga, Dunedin, Lower Hutt and Whangarei.

Figure: Estimated major urban area populations (ranked by annual growth rate)

Major urban area	2020	2021	2020 to 2021 change	
			Number	% change
Tauranga city	152,200	155,200	3,100	2.0%
Whangarei district	97,700	99,400	1,600	1.7%
Hastings district	89,100	90,100	1,000	1.2%
New Plymouth district	86,400	87,300	950	1.1%
Hamilton city	176,900	178,500	1,600	0.9%
Napier city	66,200	66,700	470	0.7%
Lower Hutt city	112,000	112,800	840	0.7%
Rotorua district	77,100	77,400	250	0.3%
Dunedin city	132,800	133,300	430	0.3%
Palmerston North city	90,400	90,500	170	0.2%
Wellington city	216,700	217,000	260	0.1%
Christchurch city	391,900	392,100	250	0.1%
Auckland	1,716,900	1,715,600	-1,280	-0.1%
New Zealand	5,090,200	5,122,600	32,400	0.6%

Source: Statistics New Zealand

Auckland was the only major urban area to experience a decline in population in the last 12 months. Statistics New Zealand also revised down its June 2020 estimate for Auckland by 600 people. Growth across the university cities was lower than usual due to the impact of the border closure on international student numbers.

Peter Crawford
Economic Policy Advisor, Palmerston North City Council
 10 November 2021



Manawatū Region Annual Business and Employment Report 2021

Overview

The annual rate of employment growth in the Manawatū region in the year to February 2021 slowed to 0.5%, while employment in New Zealand declined by 0.3%. Declines in international education and tourism were the main contributors to the decline in employment in the region.

Total employee numbers in the region increased to 62,800 in February 2021, an increase of 300 jobs from February 2020. An additional 3,700 jobs have been created in the region over the past three years, an increase of more than 1,200 jobs a year.

Statistics New Zealand revised its Palmerston North employee count estimate for February 2020, adding a further 800 jobs to its original estimate. This lifted annual growth in the city in the year to February 2020 to 3.3%, while the growth rate for New Zealand was revised up to 1.4%.

The employee count estimates do not include the self-employed. Infometrics estimates the self-employed workforce on an annual basis, and these estimates will be available in early 2022. Self-employment contributes a greater share of employment in Manawatū District, accounting for 25.2% of the districts' workforce in March 2020, with the agriculture sector accounting for the high self-employment rate. Self-employment in Palmerston North accounted for just 6.8% of the city's workforce in 2020. The self-employment rate tends to decline when unemployment rates are low.

The latest Infometrics estimates suggest the unemployment rate for Manawatū region residents aged 15 years and over in the region averaged 3.6% over the year ended September 2021 compared with 4.2% for New Zealand. The estimated unemployment rate for Manawatū District over the year to September 2021 was 2.4% and 3.9% for Palmerston North.

Ministry of Social Development (MSD) job seeker benefit numbers in the region declined by 9.4% in the year to September 2021 while national job seeker benefits declined 5.1%. Palmerston North job seeker benefits declined by 9.4% over the year to September 2021 while Manawatū District declined by 9.8%.

There were 11,994 businesses in the region in February 2021, a decline of 0.1% from 2020, while the number of businesses in New Zealand increased by 0.4%. Two factors contributing to the decline in business in the region were consolidation of agricultural units and the decline in self-employment noted above.

The three-year business survival rate in the region improved from 55.7% for businesses created in the year to February 2017 to 56.2% for businesses created in the year to February 2018. The three-year survival rate for all businesses in New Zealand created in the year to February 2018 was 58.2%.

Employee Numbers

Annual employment data for February 2021 shows there were 62,800 jobs in the Manawatū region, an increase of 300 jobs from February 2020 (0.5% increase). National employment declined by 7,700 jobs in the year to February 2021, a decline of 0.3%.

Data for the individual local authorities in the region shows that in February 2021 there were:

- 9,900 jobs in Manawatū District, an increase of 400 jobs (4.2% increase) from February 2020.
- 52,900 jobs in Palmerston North, a decline of 100 jobs (0.2% decline) from February 2020.

Sectors which contributed most to the increase in the number of jobs in the region between 2020 and 2021 were health care and social assistance sector (220 jobs), construction (250 jobs), and public administration and safety (150 jobs). Sectors where there were losses in jobs between 2020 and 2021 were education (240 less jobs), administrative and support service (340 less jobs), and retail (70 less jobs).

The decline in retail employment was due to declines in accommodation (35 less jobs), cafes and restaurants (30 less jobs), department stores (65 less jobs) and supermarkets (50 less jobs).

Figure 1: Manawatū region employee counts – February 2021

Industry sector	Employee count	2020 - 2021 change		2000 - 2021 change	
		Number	%	Number	%
Public Administration and Safety	7,850	150	1.9%	3,750	91%
Health Care and Social Assistance	8,700	220	2.6%	3,220	59%
Construction	5,450	250	4.8%	3,030	125%
Logistics	6,230	30	0.5%	2,310	59%
Education and Training	6,900	-240	-3.4%	1,320	24%
Retail	8,820	-70	-0.8%	1,080	14%
Other Services	2,310	60	2.7%	740	47%
Professional, Scientific and Technical Services	3,030	20	0.7%	500	20%
Rental, Hiring and Real Estate Services	1,070	60	5.9%	455	74%
Administrative and Support Services	2,550	-310	-10.8%	440	21%
Agriculture, Forestry and Fishing	2,090	0	0.0%	280	15%
Arts and Recreation Services	1,040	-20	-1.9%	265	34%
Financial and Insurance Services	980	70	7.7%	175	22%
Manufacturing	5,000	0	0.0%	150	3%
Mining	34	3	9.7%	16	89%
Electricity, Gas, Water and Waste Services	280	-10	-3.4%	8	3%
Information Media and Telecommunications	400	-10	-2.4%	-640	-62%
Total	62,800	300	0.5%	17,100	37%

Note: Employee count data in this table does not include the self-employed

Source: Statistics New Zealand

Over the period from 2000 to 2021, total employment in the region increased by 37.4%, with 17,100 more jobs in 2021 compared with 2000. The public administration and safety sector accounted for the largest share of the increase in employment, with 3,750 more jobs at the end of the 21-year period, an increase of 91%. Other significant contributors to employment

growth were healthcare and social assistance (3,220 jobs increase, 59% increase), construction (3,030 jobs increase, 125% increase), logistics (2,310 jobs, 59% increase), education and training (1,320 jobs increase, 24%) and retail (1,080 jobs increase, 14% increase).

Information media and telecommunications sector was the only sector to record a decline in employment between 2000 and 2021 (640 jobs decline, 62% decline).

Statistics New Zealand business¹ and employment data includes the number of geographic units (business locations) in the region and the distribution of employment by business size. In February 2021 there were 63 businesses in the region with 100 or more employees (less than 1% of total businesses) but they accounted for 33% of employees in the region.

Figure 2: Distribution of employees by business size in the Manawatū region (February 2021)

Business size	Geographic units	Employees	Average employees
zero employees	7,353	0	0
1 to 5	2,628	6,451	2
6 to 9	774	5,615	7
10 to 19	636	8,545	13
20 to 49	303	9,020	30
50 to 99	75	5,650	75
100+	63	20,500	325
Confidential	150	6,864	46
Total	11,988	62,734	5.2

Source: Statistics New Zealand

Businesses and self-employment

There were 11,988 businesses in the region in February 2021, a decline of 0.1% from 2020 (18 less businesses), while the number of businesses in New Zealand increased by 0.4%. Two factors contributing to the decline in business in the region are consolidation of agricultural units and a decline in self-employment. Farm consolidation has resulted in the total number of geographic units in the region's agricultural sector declining from 2,379 units in 2000 to 1,746 in 2021, a decline of 633 units, or 27% decline.

The total number of business units in the region increased by 2,178 between 2000 and 2021, an increase of 27%. Most of this growth was in property and financial asset investing organisations, but there was a 46% increase in the construction sector and 55% increase in health care and social assistance.

The annual business data identified 7,353 geographic units that had no employees in February 2021, 61% of total geographic units in the region. The organisations without employees include the self-employed and other registered entities established for tax purposes. Some of the largest industry sectors with no employees are:

- ownership of rental residential and commercial properties (2,085 organisations in 2021).

¹ Statistics New Zealand uses the term businesses to cover all forms of institution, including government, non-profit, businesses, and sole-trader organisations

- financial asset investing (498 organisations).
- sheep, beef cattle, grain farming and dairy cattle farming (684 organisations).

Business Demography data on business 'births' and 'deaths' shows an increase in the number of businesses that survive for three years. There were 1,083 business births in the year to February 2018 and by February 2021, 609 businesses were still active, a survival rate of 56.2%. The survival rate for all New Zealand businesses established in the year to February 2018 was 58.2%.

Figure 3: Three-year business survival rates

Starting year (to February)	Manawatū region			New Zealand		
	Births	Surviving	Survival rate	Births	Surviving	Survival rate
2015	1,119	657	58.7%	65,952	37,452	56.8%
2016	984	567	57.6%	61,854	35,769	57.8%
2017	1,071	597	55.7%	69,927	41,121	58.8%
2018	1,083	609	56.2%	64,629	37,614	58.2%

There were 1,122 business births in the region in the year to February 2021 and 1,176 business deaths. The number of births increased from the previous year, but there was also an increase in the number of deaths.

Unemployment

Unemployment data for the Manawatū Region is estimated by Infometrics using Manawatū-Whanganui region data from the Statistics New Zealand Household Labour Force Survey. September 2021 quarter estimates suggest the unemployment rate for residents aged 15 years and over in the region averaged 3.6% over the year ended September 2021 compared with 4.2% for New Zealand. The estimated unemployment rate for Manawatū District over the year to September 2021 was 2.4% and 3.9% for Palmerston North. Infometrics uses an average of the last four quarters because regional unemployment rates are subject to high sample error rates.

An alternative indicator of labour force trends is data on the number of people aged between 18 and 64 years receiving the Ministry of Social Development Job Seeker benefit. In September 2021 there were 3,963 people registered for the benefit in the Manawatū region, a decline of 9.4% from September 2020 (a decline of 415 people). National Job Seeker benefits in September declined by 5.1% from the previous year. Job seeker numbers declined by 9.8% in Manawatū District and by 9.4% in Palmerston North.

Between September 2018 and September 2021 job seeker benefit numbers in the Manawatū region increased by 21% while national job seeker benefit numbers increased by 49%. The strongest growth in benefit numbers in the region over this time period was in the 55 – 64 years age group, where there was a 32% increase in the region and a 43% increase nationally. There was a 3% increase in the 18 – 24 years age group in the region between 2018 and 2021 while national benefit numbers for this age group increased by 59%.

The number of people in the region classified as 'work ready' was 2,253 in September 2021, declining by 23% from September 2020. However, there were a further 1,710 people classified with a health condition or disability, increasing by 17% from 2020.

The benefits data suggests that males have benefitted more from the recovery from Covid-19 restrictions in the first half of 2020. There was a 13% decline in the number of males registered for the Job Seeker benefit in the Manawatū region in the year to September 2021 while the number of females registered for the benefit declined by 5%. The respective annual declines for New Zealand were 8% for males and 2% for females.

Figure 4: Distribution of Job Seeker benefits by age

Number of Manawatū region residents registered for a Job Seeker benefit									Sept 18 to Sept 21 change	
	September 2018		September 2019		September 2020		September 2021			
Age group	Number	Annual change	Number	% change						
18 - 24 years	873	7.0%	857	-1.8%	1,155	34.8%	897	-22.3%	24	2.7%
25 - 39 years	1,058	15.5%	1,167	10.3%	1,523	30.5%	1,374	-9.8%	316	29.9%
40 - 54 years	861	9.7%	897	4.2%	1,092	21.7%	1,041	-4.7%	180	20.9%
55 - 64 years	494	13.6%	492	-0.4%	605	23.0%	651	7.6%	157	31.8%
Total	3,286	11.3%	3,413	3.9%	4,375	28.2%	3,963	-9.4%	677	20.6%

Number of New Zealand residents registered for a Job Seeker benefit									Sept 18 to Sept 21 change	
	September 2018		September 2019		September 2020		September 2020			
Age group	Number	Annual change	Number	% change						
18 - 24 years	25,062	9.6%	28,525	13.8%	47,443	66.3%	39,750	-16.2%	14,688	58.6%
25 - 39 years	38,645	12.1%	44,171	14.3%	65,977	49.4%	62,064	-5.9%	23,419	60.6%
40 - 54 years	38,576	3.9%	41,355	7.2%	53,632	29.7%	52,773	-1.6%	14,197	36.8%
55 - 64 years	27,360	4.2%	28,880	5.6%	37,064	28.3%	39,051	5.4%	11,691	42.7%
Total	129,643	7.4%	142,931	10.2%	204,116	42.8%	193,638	-5.1%	63,995	49.4%

Source: Ministry of Social Development

Job seeker data for ethnic groups shows that the New Zealand European ethnic group in the Manawatū region experienced the largest increase in Job Seeker benefits between September 2018 and September 2021, with an increase of 22% from 2018. The Pacific Island ethnic group experienced the smallest annual increase (3%) while Māori benefit numbers increased by 20%.

Figure 5: Distribution of Job Seeker benefits by ethnic group

Number of Manawatū region residents registered for a Job Seeker benefit									Sept 18 to Sept 21 change	
	September 2018		September 2019		September 2020		September 2021			
Ethnic group	Number	Annual change	Number	% change						
NZ European	1,444	7.0%	1,493	3.4%	1,955	30.9%	1,767	-9.6%	323	22.4%
Māori	1,218	19.1%	1,262	3.6%	1,546	22.5%	1,467	-5.1%	249	20.4%
Pacific Island	108	8.0%	102	-5.6%	123	20.6%	111	-9.8%	3	2.8%
All other ethnicities	413	2.5%	420	1.7%	538	28.1%	456	-15.2%	43	10.4%
Unspecified	103	33.8%	136	32.0%	213	56.6%	153	-28.2%	50	48.5%
Total	3,286	11.3%	3,413	3.9%	4,375	28.2%	3,954	-9.6%	668	20.3%

Number of New Zealand residents registered for a Job Seeker benefit									Sept 18 to Sept 21 change	
Ethnic group	September 2018		September 2019		September 2020		September 2021		Number	% change
	Number	Annual change								
NZ European	46,959	4.8%	50,031	6.5%	71,043	42.0%	66,675	-6.1%	19,716	42.0%
Māori	50,063	10.4%	56,581	13.0%	76,918	35.9%	74,439	-3.2%	24,376	48.7%
Pacific Island	10,066	14.1%	11,552	14.8%	18,048	56.2%	17,598	-2.5%	7,532	74.8%
All other ethnicities	18,358	4.3%	19,539	6.4%	29,110	49.0%	27,417	-5.8%	9,059	49.3%
Unspecified	4,197	1.6%	5,228	24.6%	8,997	72.1%	7,506	-16.6%	3,309	78.8%
Total	129,643	7.4%	142,931	10.2%	204,116	42.8%	193,635	-5.1%	63,992	49.4%

Source: Ministry of Social Development

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Portfolio Update 2020/21 - Education and Students

PRESENTED BY: Councillor Rachel Bowen, Education and Students Portfolio Lead

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Committee receive the Portfolio Update – Education and Students for information.
-

Portfolio Membership

Cr Renee Dingwall, Cr Zulfiqar Butt, Cr Rachel Bowen (Lead).

Portfolio Scope

Domestic & international education; Massey University and other tertiary institutions relationships; schools sector; student city programme; workforce & employment.

Portfolio Goals

To enable more effective sector engagement between the Council and the education community through a visible presence in the sector and availability to attend events and meetings as requested.

Recommendations for Consideration

None

Issues Summary

Elected Members annually attend primary and intermediate school events to award certificates to students who have volunteered as Road Traffic Controllers. Some of this activity is captured here as undertaken by Portfolio members in 2020, and we take this opportunity to thank Elected Members who also participated. In November/December 2020 Elected Members attended 35 of these events. Due to the current Covid restrictions, Elected Members are not able to undertake this activity in 2021.

International Education has historically been a focus for activity in this Portfolio. We note here the ongoing difficulty experienced by the Sector and thank the Mayor for his leadership in supporting the International element of our Tertiary sector, and particularly IPU, through this period. CEDA have provided a background report on the International Education Sector which is attached to this report for information. This was originally presented to MDC in response to a request for information.

CEDA has announced that the Sort It Careers Expo will move to a partnership with New Zealand Careers Expo for 2022. New Zealand Careers Expo is a career focused expo and Manawatū will be joining as the first provincial region to experience this nationwide event connecting our future workforce with the best training providers, career resources, and networks to make smarter career choices.

Activity Summary

Quarterly catch up with CEDA Talent and Skills Manager (3)	Stakeholder	Meeting	RB
Parkland School Road Traffic control presentation	Students, school community	Assembly	RB
Palmerston North Intermediate Road Traffic control presentation	Students, school community	Assembly	RB
NZ 2020 Vex IQ National Championships	Local and national students, parents and educators	Competition – awarding prizes. Welcome speech.	RB
The Next Generation	Performing Arts Students	Concert	RB
UCOL/CEDA: Women Leader's Paving the Way	Education sector, students	Public talk	RB RD
Streaking through the 70s – PNBHS, PNGHS	Students, school communities	Performance	RB
Business After 5 function at All Sorts Café / Industry Training Solutions	Education – accessible learning opportunities	Networking	RB
Massey University Drama Society	Tertiary sector, students	Performance	RB
Untitled Creative	Careers expo for	Opening	RB

Futures Conference	Creative sector	conference on behalf of Mayor	
Massey University School of Humanities Media and Creative Writing	Tertiary sector, students	Q&A as part of taught module.	RB
Massey University School of Humanities Media and Creative Writing 20 th Anniversary	Tertiary sector, students, community	Presentation	RB
Performing Arts Competitions Association of NZ	Community educators	AGM – welcome speech	RB
Manawatu Youth Theatre – Aladdin	Students	Visit Performance	RB
Esther The Musical - Cornerstone Christian School	Students, school community	Performance	RB
Creative Journeys	Students	Visit	RB
Carncot Independent School Wearable Arts	Students, school community	Presentation of awards	RB
Terrace End School Gala	Students, school community	Fundraising Gala day	RB
NZIIA Ambassador's Event- NZ/ EU	Community	Function	ZB
Back to the 80s Awatapu College	Students, school community	Performance	RB
UCOL Careers Talks event	Tertiary sector, post-school learning, students.	Careers expo	RB
Combined Secondary Schools student exhibition	Students, school communities, educators	Exhibition opening	RB
UCOL Stakeholder Engagement Lunch	Students, tertiary sector, stakeholders	Presentation	ZB RB

PN Dance Association Gala	Performing Arts educators and students	Gala performance	RB
UCOL Ambitions Graduation Dinner	Students, tertiary sector, stakeholders	Dinner	RB
Visited EnviroSchools programme in Tokomaru	Horizons, Takaro School and other EnviroSchools	Programme	RD
Mentored Pasifika PNINS students as part of the First Voice programme	Palmerston North Intermediate School	Programme	RD
Met with MUSA president	Massey University Students Association	Meeting	RD
Met with EFKS Malamalama Moni Preschool	EFKS Malamalama Moni Preschool	Meeting	RD
Attended YES Night Market	Young Enterprise Scheme, local high schools	Event	RD
Attended Pae Tamariki Kapa Haka	Local schools	Event	RD

ATTACHMENTS

1. Talent and Skills Update for MDC September 2021 [↓](#) 

TALENT AND SKILLS UPDATE JULY TO SEPTEMBER 2021

MDC Request 14 September 2021

In order to understand the vocational and tertiary provision in the region, are you able to provide us with a summary of providers and training in the region including the defence force support for personnel leaving the sector. It would also be useful to understand the challenges and opportunities the wider vocational training and the tertiary sector are facing currently and the future outlook for the sector. If appropriate, we could set up a zoom meeting with providers/experts in the region for discussion? We will take your advice on that.

TERTIARY PROVIDERS IN MANAWATŪ

The Manawatū region (comprised of Palmerston North City and Manawatū District) is serviced by four main tertiary providers – UCOL, Massey University, IPU (Institute of the Pacific United New Zealand) and Te Wānanga o Aotearoa.

UCOL (Universal College of Learning)

[UCOL](#) leads the delivery of vocational education not only in Manawatū, but also has campuses in Whanganui and Wairarapa. Currently, UCOL is also part of the Reform of Vocational Education (RoVE) being led by central government under the umbrella of Te Pūkenga which was established to transform vocational education around New Zealand.

[Te Pūkenga](#) is a new kind of organisation that will bring together on-the-job, on campus, and online vocational education and training across Aotearoa, through a unified, sustainable network of regionally accessible learning, including right here in Manawatū with [UCOL](#). As part of the Reform of Vocational Education (RoVE) there are some other key components that have been created to support the transformation of the Vocational Education Sector, these include the Workforce Development Councils, Centres for Vocational Excellence, and the Regional Skills Leadership Groups. These are outlined below:

1. Workforce Development Councils:

Six [Workforce Development Councils](#) (WDCs) have been established, and are all aligned with the [Vocational Pathways](#) that are used in secondary schools:

- Waihanga Ara Rau - Construction and Infrastructure
- Toi Mai - Creative, Cultural Recreation & Technology
- Maku Tangata – People, Food & Fibre
- Services
- Toitu te Wairoa – Community, Health, Education & Social Services
- Hanga-Aro-Rau – Manufacturing, Engineering and Logistics

Industry and employers will work with the [WDC's](#) to identify the qualifications and skills that their sectors need. WDCs will be responsible for developing qualifications in collaboration with others, which will be and registered on the New Zealand Qualifications Framework.

Te Pūkenga and other providers will develop a programme of study/learning (with associated resources) to meet the requirements of each qualification. We will work with industry, employers, and communities to ensure that how the programme is developed and delivered suits their needs.

2. Centres of Vocational Excellence:

The [Centres of Vocational Excellence](#) (CoVEs) will play a significant role in driving innovation and excellence in vocational education, by strengthening links with industry and communities. The first two CoVEs are a [Construction CoVE](#) and a [Primary Sector CoVE](#).

Each CoVE will operate as part of the vocational education system, working closely with Workforce Development Councils, Regional Skills Leadership Groups, and Te Pūkenga. You can find out further information about CoVEs [HERE](#)

3. Regional Skills Leadership Groups:

There are 15 [Regional Skills Leadership Groups](#) (RSLG) around New Zealand. The one that the Manawātū belongs to covers the Manawātū-Whanganui region. The RSLG's are responsible for providing advice about the skills needs of the regions to the Tertiary Education Commission (TEC), Workforce Development Councils (WDCs), and local vocational education providers.

CEDA was a member of the interim [Manawātū-Whanganui RSLG](#) and provided labour market insights that were sourced from employers, businesses, the Manawātū Chamber of Commerce and Feilding and District Promotions. The permanent Manawātū-Whanganui RSLG is now in place and while CEDA does not have representation on the group, we actively provide regional insights and keep the RSLG up to date with regional activities relating to talent and skills.

Massey University

[Massey](#) leads the delivery of academic programmes in the region through its Manawātū campus, and also has campuses in Wellington and Auckland. Additionally, Massey also provides education opportunities through distance learning. Massey has strengths in veterinary sciences and agrifood and agritech.

IPU (Institute of the Pacific United New Zealand)

[IPU](#) has a range of academic programmes and primarily their student population is made up of international students. This of course has seen their student numbers significantly impacted due to COVID-19.

Te Wānanga o Aotearoa

[Te Wānanga o Aotearoa](#) covers all of New Zealand, with Manawātū's campus coming under the 'Central North Island' grouping. A wānanga is characterised by teaching and research that maintains, advances, and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding ahuatanga Māori (Māori tradition) according to tikanga Māori (Māori custom).

The [programmes](#) include Professional Skills Social Services, Computing, Māori and Indigenous Development and Learning to Study programmes.

PRIVATE TRAINING ESTABLISHMENTS

Aside from the four tertiary providers mentioned above there are a number of Private Training Establishments (PTEs) registered on the New Zealand Qualifications Authority as servicing the Manawātū region.

- The Design School - [HERE](#)
- Industry Training Solutions - [HERE](#)
- English Teaching College (ETC) - [HERE](#)
- Axiom Training (formerly AMS) - [HERE](#)
- BHB Academy - [HERE](#)
- Endeavour Technical Training - [HERE](#)
- English Language Partners - [HERE](#)
- Horizon Education - [HERE](#)
- Get Training - [HERE](#)
- Land Based Training - [HERE](#)
- MediTrain - [HERE](#)
- MySkill - [HERE](#)
- YMCA - [HERE](#)
- NZ Leather & Shoe Research Association - [HERE](#)
- New Zealand Red Cross - [HERE](#)
- New Zealand Sports Turf Institute - [HERE](#)
- NZ Safety Blackwoods Worksafe Training - [HERE](#)
- ProMed - [HERE](#)
- Real World Education - [HERE](#)
- Safety 'n Action - [HERE](#)
- Site Safe New Zealand - [HERE](#)
- St John - [HERE](#)
- The Electrical Training Company Limited - [HERE](#)
- TR Driver Training - [HERE](#)
- Transpower Grid Skills - [HERE](#)

These PTEs offer specialised full and part time study, including compliance training, such as first aid, work safety and drivers licencing. Some of these PTEs are based in the region, while others will provide their training here, but have head offices in other parts of New Zealand.

Other Training Entities

- National Driver Training Centre

OUTLOOK AND OPPORTUNITIES

Challenges and opportunities the wider vocational training and tertiary sector is facing currently and the outlook for the sector.

- RoVE

Depending on how you look at it, the RoVE for UCOL transitioning into Te Pūkenga and all the other components of this piece of work; WDCs, CoVEs and RSLG's could be seen as a challenge or an opportunity. However, when you unpack the outcomes of what is to be achieved, the positive transformation of the vocational education sector, while in the short to medium term could be full of pain, the full transformation will have a positive impact on providing regionally required learning opportunities that meet the needs of employers and learners.

- International Education

Tertiary providers are suffering with significantly reduced international fee-paying students, affecting their budgets and currently with no long-term view of how or when immigration settings will be re-set, it is challenging for them and how they operate their organisations.

Conversley, Massey had to stop taking Semester Two enrollments due to the demand of their study options for domestic students and UCOL has seen good numbers of enrolments on its programmes, including vocational education trades programmes.

- Equivalent Full Time Student (EFTS)

Picking up on the challenge Massey faced with closing its enrolments, tertiary providers are funded for domestic students in two ways. Approximately two thirds are paid per student by the Tertiary Education Commission (TEC) and one third is paid for by the student to the tertiary provider. Each year, tertiary providers are funded up to a total number of EFTS – they are capped on the number of enrolments that they can take. Additionally, to increase the numbers of students enrolling, to address national skills shortages in some sectors and to mitigate unemployment numbers due to COVID many students are currently studying 'fees free', so providers have lost a third of their revenue.

So, what does this mean? It means that for some providers they have not only lost international student revenue, but they have also lost income from domestic students and cannot even try and make this up by increasing the number of domestic students they take, as they would be NO revenue for any student numbers studying with them above their cap.

New Zealand Defence Force

The New Zealand Defence Force (NZDF) supports personnel who are leaving the NZDF and moving into civilian life, including the aspect of work. This support includes, preparing the personnel to be 'work ready', writing CVs and cover letters and preparing for interviews.

CEDA has engaged with the NZDF's Career and Transition Coach to understand their programme of support of personnel transitioning into civilian life and the role CEDA or the wider community can play. We will be working with NZDF and businesses to have a presentation on 'employing NZDF personnel' and a 'how to start up a business' for personnel.

CEDA are also currently leading a Working Group, made up of other EDAs and Councils, to develop and deliver a tailored programme and activities to support the NZDF personnel who are relocating from Whenuapai to Ohakea, along with their families to ensure a positive transition into the region.

Infrastructure and Construction Talent Attraction Marketing Campaign

CEDA is launching a significant targeted campaign to attract talent in the Infrastructure and Construction sector, highlighting the many job opportunities in Manawātū along with the fantastic lifestyle on offer.

To achieve this, we will be presenting our marketing campaign approach to local industry on Tuesday 28 September with the aim of gaining some level of support from key business leaders, partners, and stakeholders in the industry. Both MDC and PNCC have been invited to attend this presentation.

Talent and Skills Business Survey

CEDA is co-designing a survey focusing on gaining data and insights from the business community. We are working with the Welcoming Communities Advisory Group, Manawātū Chamber of Commerce and Feilding and District Promotions. The feedback gained will assist in informing travel of direction of how CEDA can better support businesses in relation to talent and skills.

Employer and Workplace Development

CEDA has commenced exploring the development of a suite of Employer and Workplace tools, which will cover; Talent Management, Employer Branding and Reputation, and Capability Development Planning – all of which are all critical to attracting and retaining staff.

Additional areas being investigated are; Te Tiriti o Waitangi, SDGs, Global Competencies and Workplace Readiness for Employing Youth, People with Disabilities and Migrants

Pathways to Employment and Career Development

CEDA are developing a digital framework to support businesses, schools, tertiary providers, and parents to navigate the cluttered talent and skills ecosystem, with a focus on Pathways to Employment and Career Development – to strengthen our talent pipeline and future proof our region.

Feedback from stakeholders indicates there is appetite for both a large traditional careers expo, as well as sector specific events! This is good news and CEDA is talking with UCOL to see what their plans are for the [Career Talks](#) they held recently. We have also commenced a conversation with [Careers Expo](#) New Zealand. We are also continuing to source additional feedback from the regional secondary schools to see what they do 'on-campus' in relation to careers e.g., career days and career evenings and looking at how we can support them delivering these activities and events, to provide support and complimentary activities instead of duplication.

Sector Profiles

CEDA have recently developed two sector profiles - Food and Fibre, and Infrastructure and Construction - which look at where we are now and what the future will hold in relation to Talent and Skills. These two sectors were selected due to current talent and skills restraints, large skills gaps and the projected growth opportunities.

The final recommendations are being refined, and will be ready early October, these have had input from both PNCCs and MDC, and industry.

From the Sector Profiles, CEDA will work with the two sectors, who are both facing challenges in attracting and recruiting staff and for some of them, they are finding it challenging to retain staff. This in part is due to staff leaving roles, to go to another local or sometime another region, for higher salaries and better incentives e.g., a new Ute or van, provision of a work phone and other benefits.

COMMITTEE WORK SCHEDULE

TO: Economic Development Committee

MEETING DATE: 8 December 2021

TITLE: Committee Work Schedule

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive its Work Schedule dated December 2021.

ATTACHMENTS

1. Work Schedule [↓](#) 

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – DECEMBER 2021

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	December 2021	Sector Profiles: Retail Health Check (full and summary) Research, Science & Innovation (full and summary)	Chief Planning Officer	Waiting for further information to be supplied	
2.	TBC	Portfolio Update – Science, Technology & Innovation	Cr Brent Barrett		
3.	December 2021	Portfolio Update – Education & Students	Cr Rachel Bowen		
4.	December 2021 2022	Sector Profiles: Construction (full and summary) Healthcare & Social Assistance (full and summary) Logistics (full and summary) Government (full and summary) Agriculture (full and summary) Tourism (full and summary)	Chief Planning Officer		
5.	March 2022	Quarterly Economic Report	Chief Planning Officer		
6.	March 2022	International Relations Six Monthly Report	Chief Planning Officer		
7.	March 2022	Sector Profiles: Research, Science & Innovation (full and summary)	Chief Planning Officer		

Oasis # 13972982

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
		Defence (full and summary) Manufacturing (full and summary)			
8.	March 2022	Portfolio Update – Housing	Cr Susan Baty		
9.	June 2022	Portfolio Update – Inner City/CBD	Cr Leonie Hapeta		
10.	June 2022	Sector Profiles: Manufacturing (full and summary)	Chief Planning Officer		