



PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT

COMMITTEE

9AM, MONDAY 11 DECEMBER 2017

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



MEMBERSHIP

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

Brent Barrett
Susan Baty
Rachel Bowen
Gabrielle Bundy-Cooke
Vaughan Dennison
Lew Findlay QSM
Jim Jefferies

Lorna Johnson
Duncan McCann
Karen Naylor
Bruno Petrenas
Aleisha Rutherford
Tangi Utikere

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

Palmerston North City Council

W pncc.govt.nz | E info@pncc.govt.nz | P 356 8199
Private Bag 11034, 32 The Square, Palmerston North



ECONOMIC DEVELOPMENT COMMITTEE MEETING

11 December 2017

ORDER OF BUSINESS

NOTE: The Economic Development meeting coincides with the ordinary meeting of the Community Development Committee meeting. The format for the meeting will be as follows:

- Community Development Committee will open and adjourn immediately to following Economic Development Committee
- Economic Development Committee will open, conduct its business and then close.

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. 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.)

4. **Presentation - Poppy Clapperton - Industry Training Solutions** Page 7
5. **Presentation - Michael Saywell - Design School** Page 9
6. **Presentation - Kevin Pratt, Director - Kamada Park** Page 11
7. **Confirmation of Minutes** Page 13
“That the minutes of the Economic Development Committee meeting of 13 November 2017 Part I Public be confirmed as a true and correct record.”
8. **Summary Report on the September 2017 Manawatū Quarterly Economic Monitor, Major Developments and Quarterly Retail Report for October 2017** Page 17
Memorandum, dated 20 November 2017 from the Economic Policy Advisor, Peter Crawford and the Chief Executive, CEDA, Linda Stewart.
9. **Committee Work Schedule** Page 51
10. **Exclusion of Public**

To be moved:

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

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

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

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

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

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), General Manager, City Enterprises (Ray McIndoe), General Manager, City Future (Sheryl Bryant), General Manager, City Networks (Ray Swadel), General Manager, Customer Services (Peter Eathorne), General Manager, Libraries and Community Services (Debbie Duncan), Human Resources Manager (Wayne Wilson) and Communications and Marketing Manager (or their representative (name)) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Management Team) and also from their specific role within the Council.

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

Governance and Support Team Leader (Kyle Whitfield) and Committee Administrators (Penny Odell, Carly Chang and Rachel Corser), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

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

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

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 11 December 2017

TITLE: Presentation - Poppy Clapperton - Industry Training Solutions

ITEM 4

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Poppy Clapperton, Managing Director, Industry Training Solutions will make a presentation to the Committee regarding operating a successful business nationally based in Palmerston North.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 11 December 2017

TITLE: Presentation - Michael Saywell - Design School

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Michael Saywell, Managing Director, Design School will make a presentation to the Committee regarding supporting young people in employment training opportunities in Palmerston North.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 11 December 2017

TITLE: Presentation - Kevin Pratt, Director - Kamada Park

ITEM 6

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Kevin Pratt, Director of Kamada Park will make a presentation to the Committee regarding local property investments and promotion of the racing industry in Palmerston North.

ATTACHMENTS

Nil

PALMERSTON NORTH CITY COUNCIL

Minutes of the Economic Development Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 13 November 2017, commencing at 9.02am

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

Apologies: Councillor Leonie Hapeta (early departure).

Councillor Leonie Hapeta left the meeting at 9.08am during consideration of clause 48. She was not present for clauses 48 to 52 inclusive.

47-17 Apologies

Moved Adrian Broad, seconded Rachel Bowen.

The COMMITTEE RESOLVED

1. That the Committee receive the apologies.

Clause 47-17 above was carried 15 votes to 0, with 1 abstention, the voting being as follows:

For:

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

Abstained:

Councillor Leonie Hapeta.

48-17 Presentation - Plumbing World NZ

Presentation from Sarah Vining, NZ Marketing Manager, Plumbing World

Councillor Leonie Hapeta left the meeting at 9.08am

Plumbing World had been in operation for 53 years and was a co-operative of plumbers, gasfitters, drainlayers and builders and had 47 branches nationwide, with two support offices split over Palmerston North and Auckland. There were seven executives, 43% of them female and the range of

age was reducing.

Palmerston North support office employ 40 staff and had high staff retention. Staff in Palmerston North have a great work/life balance especially with no long commutes like the Auckland staff face. Staff retention was not always about remuneration, but about having flexibility, such as being able to attend school events etc. Flexibility leads to loyalty.

New Zealand was approximately 600 plumbers short and trades generally were struggling with numbers. Plumbing World had started talking to schools (Palmerston North Boys High) regarding opportunities for a trade career and planned to continue to do this in 2018.

Plumbing World were supportive of many events and school sports teams and enjoyed being part of the community.

Moved Adrian Broad, seconded Aleisha Rutherford.

The **COMMITTEE RESOLVED**

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

Clause 48-17 above was carried 15 votes to 0, the voting being as follows:

For:

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

49-17

Presentation - Real Estate Institute - Manawatu Branch

Presentation from Andy Stewart, Palmerston North Ambassador, REINZ

The Palmerston North housing market continues to show positive trends however there is a lack of available listings. The main demand is for properties for first home buyers. There is also big demand for sections, but there is an issue regarding the amount of sections available for purchase. Following on from that there is a shortage of builders so wait times to build new homes is growing longer.

In September there were 126 residential house sales in Palmerston North, 5 in Ashhurst and 26 in Feilding. Of the house sales in Palmerston North 31% were under \$300,000 and 63% were under \$400,000, which indicates Palmerston North is still a very affordable city to live in.

The lifestyle market has picked up again after winter. There may be some private sales however, Mr Stewart did not believe there were many properties

being sold this way.

Moved Gabrielle Bundy-Cooke, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

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

Clause 49-17 above was carried 15 votes to 0, the voting being as follows:

For:

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

50-17

Presentation - i-SITE - CEDA

Presentation from Kristy Rodgers, Acting Regional Manager and Janet Reynolds, Marketing Senior CEDA.

The Palmerston North i-SITE had been located in The Square since December 2003 and was part of a nationwide network of over 80 i-SITEs that were owned and managed by Tourism NZ. It was open seven days per week, with two late nights until 7.00pm.

There were 133,000 people that visited the i-SITE in the year ending July 2017, 56% being local and 19% international visitors. The move of the regional bus terminal to The Square had created a positive impact and created more local awareness.

The i-SITE provided a booking service for transport, accommodation, activities and events nationwide and also for local events such as Magic of Christmas.

Moved Vaughan Dennison, seconded Duncan McCann.

The **COMMITTEE RESOLVED**

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

Clause 50-17 above was carried 15 votes to 0, the voting being as follows:

For:

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

51-17 Confirmation of Minutes

Moved Adrian Broad, seconded Rachel Bowen.

The COMMITTEE RESOLVED

1. That the minutes of the Economic Development Committee meeting of 9 October 2017 Part I Public be confirmed as a true and correct record.

Clause 51-17 above was carried 13 votes to 0, with 2 abstentions, the voting being as follows:

For:

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

Abstained:

Councillors Gabrielle Bundy-Cooke and Duncan McCann.

52-17 Committee Work Schedule

Moved Adrian Broad, seconded Tangi Utikere.

The COMMITTEE RESOLVED

1. That the Economic Development Committee receive its Work Schedule dated November 2017.

Clause 52-17 above was carried 15 votes to 0, the voting being as follows:

For:

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

The meeting finished at 10.09am

Confirmed 11 December 2017

Chairperson

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 11 December 2017

TITLE: Summary Report on the September 2017 Manawātū Quarterly Economic Monitor, Major Developments and Quarterly Retail Report for October 2017

DATE: 20 November 2017

AUTHOR/S: Peter Crawford, Economic Policy Advisor, City Future
Linda Stewart, Chief Executive, CEDA

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the September 2017 Manawatu Quarterly Economic Monitor, Major Developments and Quarterly Retail Report is received

1. OVERVIEW

- 1.1 This memorandum presents a summary of the key themes in the latest Manawātū Quarterly Economic Monitor for the September 2017 quarter, the outlook for major construction projects in the region and the latest CEDA retail report for the three months ended October.
- 1.2 The latest Manawātū Quarterly Economic Monitor report indicates strong GDP growth in the region in the September 2017 quarter. Further improvement in the rate of growth in economic activity is expected over the next 12 months due to stronger population growth, increased building activity, jobs being transferred into the region (such as Fairfax and Ernest Adams) and continuing strength in primary sector incomes.
- 1.3 Net overseas migration in the region increased by 12% in the year to September, well ahead of the national increase of 1%, a good indication of improving economic prospects in the region. The increase in population growth is being reflected in higher house prices and strong growth in consents for the construction of new housing. This is in contrast to national trends, which show a decline in net migration for New Zealand of 7% in the September quarter, very weak growth in new consents for housing, and declines in house values in some parts of New Zealand.

2. MANAWATŪ QUARTERLY ECONOMIC MONITOR – SEPTEMBER 2017

- 2.1 Estimated annual gross domestic product (GDP) growth in the Manawātū region was 2.9% in the year ended September 2017, compared with an increase of 2.3% in the year to June 2017. New Zealand GDP is estimated to have increased by 2.5% in the year to September 2017, a weakening from the 2.8% increase in the year to June.
- a. Palmerston North GDP increased by 2.6%,
 - b. Manawātū District GDP increased by 4.3%.
- 2.2 Electronic card retail spending in the Manawātū region in the September quarter was \$310 million, an increase of 4.8% from the September 2016 quarter, while national growth was 4.0%. Statistics New Zealand estimates that retail prices increased by 1.2% in the year to September 2017.
- a. Annual electronic card retail spending in the region for the year ended September 2017 was \$1,264 million, an increase of 3.7% from 2016. This compares with an increase of 3.8% for New Zealand.
- 2.3 Commercial accommodation guest nights in the Manawātū region declined by 1.1% in the September 2017 quarter from the September 2016 quarter, while national guest nights increased by 0.8%. A change in the timing of the national secondary schools basketball tournament in Palmerston North from 26 September – 1 October in 2016 to 2 – 7 October in 2017 is a key factor contributing to the decline in guest nights in the September quarter.
- a. Annual commercial guest nights in the Manawātū region were 464,813 in the year ended September 2017, an increase of 1.6% from the previous year. This compares with an increase of 2.6% for New Zealand.
- 2.4 The total value of building consents issued in the region in the September quarter was \$92 million, compared with \$50 million in the September 2016 quarter, an increase of 84%. National consent values increased by 13%.
- a. Building consents to the value of \$269 million were issued in the region in the year to September 2017, an increase of 20% from the previous year. National consent values increased by 8% over the same period.
 - b. Consents for 153 new residential dwellings were issued in the region in the September 2017 quarter, compared with 109 in the September 2016 quarter, an increase of 40%. National consents increased by 3%.

- c. Consents for 518 new residential dwellings were issued in the region in the year ended September 2017, compared with 392 in the previous year, an increase of 32%. National consents increased by 6%.
 - d. Non-residential consents to the value of \$80 million were issued in the region during the year to September 2017, a decline of 5% from the previous year. National consents increased by 6% over the same period.
- 2.5 Car registrations in the region increased by 15.3% in the year ended September 2017 (national registrations increased by 5.2%) while the number of commercial vehicles registered increased by 38% (compared to a national increase of 12%).
- 2.6 It is estimated the annual average unemployment rate in the Manawātū region in the year ended September 2017 was 5.0%, which was slightly above the unemployment rate of 4.9% for New Zealand.
- 2.7 The number of people in the region registered for the MSD Job Seekers benefit declined by 1.4% in September 2017 from September 2016, while the number in New Zealand declined by 1.3%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.
- 2.8 Traffic flows in the Manawātū region in the year to September 2017 increased by 3.9% from 2016, while there was an increase of 2.3% for New Zealand.
- 2.9 The Manawātū region experienced a net gain of 804 people from overseas migration in the year ended September 2017, compared with a net gain of 718 people in the year to September 2016. The average annual gain in the region over the last 10 years was 265 people per year.
- 2.10 Ministry of Business, Innovation and Employment tourism spending estimates for the year ended September 2017 show total visitor spending in the region of \$432 million, an increase of 3.3% from the previous year. Total tourism spending in New Zealand increased by 6.4%.
 - a. Domestic visitor spending in the region increased by 2.5% in the year ended September 2017 (3.4% increase for New Zealand). There was a \$7.8 million increase in spending by visitors from the Wellington region, a \$1.4 million gain from the Bay of Plenty and a \$1.2 million increase from the Hawkes Bay.
 - b. International visitor spending in the region increased by 7.9% in the year ended September 2017 (10.5% increase for New Zealand). Countries contributing the most to the increase in spending in the region were Australia, the USA and China.
- 2.11 A copy of the report is attached as Appendix 1.

3. MAJOR DEVELOPMENTS

3.1 Major development and construction projects announced recently for Palmerston North and the Manawātū region amount to more than \$2.0 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest being the MidCentral DHB investment plan, but building consent applications have been received for three projects and a resource consent application has been received for another. There are several projects under development where estimates have not been put on the final value of the project, such as the Countdown supermarket. There is also an increasing number of smaller projects under development.

3.2 A list of projects is attached as Appendix 2.

4. MANAWATŪ REGION QUARTERLY RETAIL REPORT FOR OCTOBER 2017




4.1 The latest CEDA quarterly retail report for the three months ended October 2017 shows a strong improvement in retail growth in the Manawātū region from 3.7% in the three months ended July to 5.7% in the three months ended October. Local residents spent 75.8% of their total electronic card retail spending at merchants within the Manawātū region, a high loyalty rate compared to the average of 64.8% for all New Zealanders. There is also a lower rate of online retail spending in the region, with local cardholders spending 6.1% of their total retail spending with online retailers while the share for all New Zealand was 10.7%.

4.2 The region recorded strong growth in spending from the Wellington region (12.0% increase), Waikato (8.7%), Hawkes Bay (7.4%), the rest of the Horizons region (6.7%) and Auckland residents (6.4% increase).

4.3 Retail precinct data shows a slowing in the rate of growth in Broadway, although it is still at high levels, and a significant improvement in the rate of growth in the rest of Palmerston North CBD.

4.4 A copy of the report is attached as Appendix 3.

ATTACHMENTS

1. Manawātū Quarterly Economic Monitor [!\[\]\(8ba0a8bc08cfb681721719303df69bb8_img.jpg\)](#) 
2. Major Construction and Development Projects [!\[\]\(630eff6382b86f77a4b5cf981ec06d32_img.jpg\)](#) 
3. Marketview Manawātū Region Quarterly Retail Report [!\[\]\(57c2cc3eed2966eaef2ebb697d130483_img.jpg\)](#) 

Peter Crawford
Economic Policy Advisor

Linda Stewart
Chief Executive, CEDA



Quarterly Economic Monitor

Manawatu September 2017

Overview of Manawatu

Manawatu's economy remains in good health, with Infometrics' provisional estimate of GDP growth sitting at 2.9% over the September year. This result follows growth of 1.7% the previous year. Most indicators of spending and investment are showing expansion. Traffic flows rose 3.9% in the September 2017 year.

Recently released population estimates from Statistics New Zealand showed Manawatu's population increased by 1.2% in the June year. International net migration has been a key factor behind the recent rise, with Manawatu gaining a net 804 international migrants over the September year.

An expanding population is adding significantly to household spending in Manawatu. Retail spending in Manawatu climbed 3.7% over the September year, according to electronic card spending data from Marketview. Car registrations increased by 16% over the past year. Residential building consents soared 32%.

Crop yields this spring have been severely reduced because of wet winter weather. But there are reasons to be more optimistic about the year ahead. Commodity prices have risen across the board, including for forestry, meat, and horticulture. Dairy prices have eased slightly over recent months, but remain ahead of last season. Recent falls in the value of the NZ dollar against major currencies will further increase domestic returns for exporters.

The investment outlook for Manawatu is strong. There are some \$1bn of major projects on the horizon relating to defence, the power network, health, and at Massey University. Furthermore, major infrastructure work includes roading investment from Ōtaki to north of Levin, the new Manawatu Gorge replacement and Palmerston North ring road.

Palmerston North's tertiary institutions will benefit from new government policy initiatives in 2018. Enrolments have fallen over recent years, but new initiatives could dampen this decline. Initiatives include increases to loan and allowance rates, as well as the provision of a free year of tertiary study.

Indicator	Manawatu	New Zealand
<i>Annual average % change</i>		
Gross domestic product	↑ 2.9%	↑ 2.5%
Traffic flow	↑ 3.9%	↑ 2.3%
Residential consents	↑ 32%	↑ 3.0%
Non-residential consents	↓ -4.9%	↑ 5.9%
House prices*	↑ 11%	↑ 3.1%
House sales	↑ 1.1%	↓ -17%
Guest nights	↑ 1.6%	↑ 2.6%
Retail trade	↑ 3.7%	↑ 3.8%
Car registrations	↑ 16%	↑ 9.4%
Commercial vehicle registrations	↑ 24%	↑ 19%
Jobseeker Support recipients	↑ 2.0%	↑ 0.6%
Tourism expenditure	↑ 3.3%	↑ 6.4%
<i>Level</i>		
Unemployment rate	5.0%	4.9%
International net migration	804	70,983

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

Overview of national economy

The New Zealand economy had a healthy September quarter. A rosy economic growth outlook, and signs that inflation is set to increase, raise the prospect of mortgage rates beginning to creep up later next year. More expansionary fiscal policy under the Labour government is a key driver of the solid GDP outlook. But capacity constraints in the residential construction sector remain a key risk.

Gross domestic product



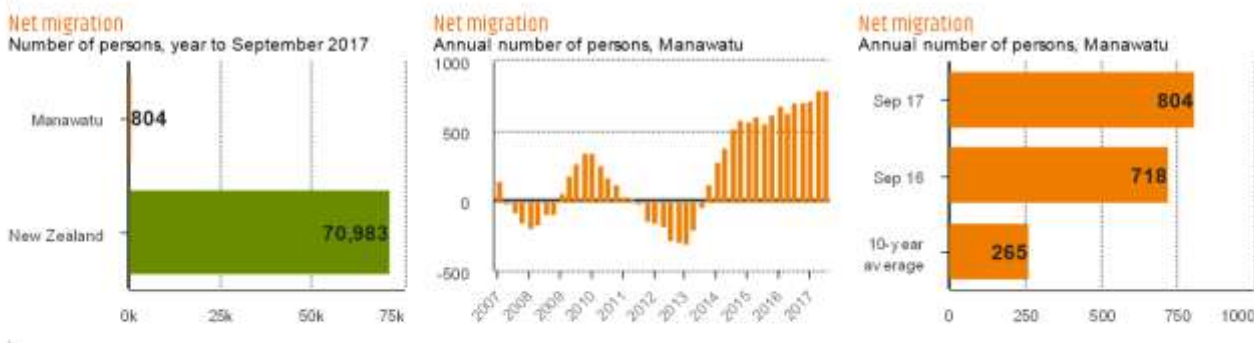
Highlights for Manawatu

- GDP in Manawatu was up 2.9% for the year to September 2017 compared to a year earlier. Growth was higher than in New Zealand (2.5%).
- GDP was \$4,669 million in Manawatu for the year to September 2017 (2010 prices).
- Annual GDP growth in Manawatu peaked at 2.9% in the year to September 2017.

National overview

Infometrics' provisional estimate of GDP shows growth of 2.5% over the September year. Looking ahead, more rapid economic growth is anticipated in 2018 due to a stronger primary export sector, increasingly stimulatory fiscal policy, and the continued need for more housing in Auckland. We forecast that GDP growth could peak as high as 3.7% by late 2018. However, labour capacity pressures in Auckland's residential construction sector could still stymie growth, while the spectre of property price falls is hanging over the housing market. Over the medium-term, the economy's recent reliance on an expanding population and growing construction activity is likely to be exposed.

International net migration



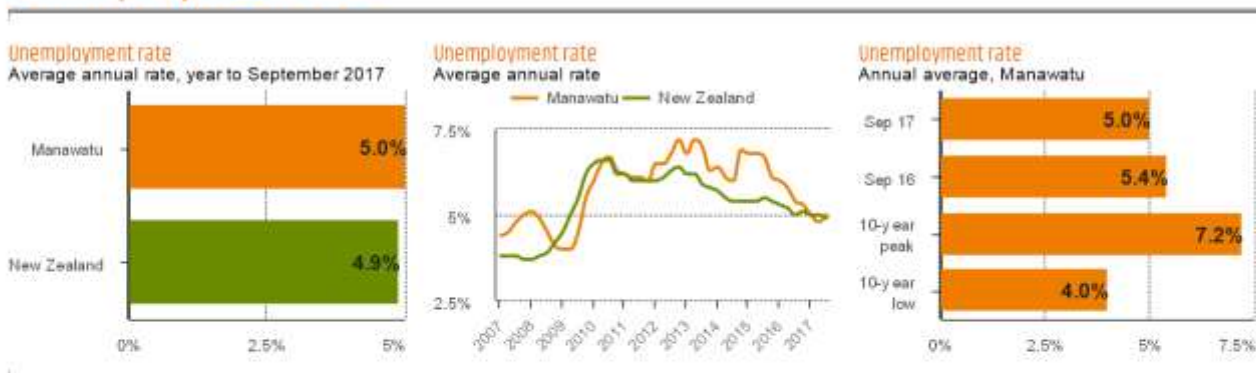
Highlights for Manawatu

- Manawatu experienced a permanent and long-term net migration gain of 804 persons in the year to September 2017. This compares with a gain of 718 a year ago, and a ten year average of 265 (gain).
- New Zealand's annual net migration increased to 70,983 from 69,947 a year ago.

National overview

Annual net migration slipped back from 72,072 in August to just below 71,000 in September. This dip resulted from the combination of a surge in departures and a fall in arrivals, and we are confident that net migration has now peaked. The new coalition government has signalled it will put in place measures to reduce net migration over the coming years, but we think that net migration is already on its way down.

Unemployment rate



Highlights for Manawatu

- The annual average unemployment rate in Manawatu was 5.0% in September 2017, down from 5.4% a year earlier.
- The unemployment rate in Manawatu was higher than in New Zealand, where the unemployment rate averaged 4.9% over the year to September 2017.
- Over the last ten years the unemployment rate reached a peak of 7.2% in December 2012;

National overview

The labour market strengthened further in the September quarter. Employment rebounded from last quarter's fall and this growth was enough to offset a higher level of workforce participation. Consequently, the unemployment rate dipped to its lowest level in nine years, 4.6%, and averaged 4.9% across the September year. Looking ahead, the unemployment rate is expected to remain low. We also think that the tight labour market will see wages begin to climb.

Traffic flow



Highlights for Manawatu

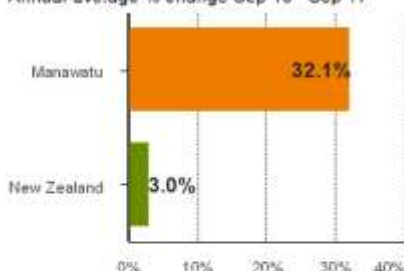
- Traffic flows in Manawatu increased by 3.9% over the year to September 2017. This compares with an increase of 2.3% in New Zealand.

National overview

Traffic flows along the State Highway network climbed 2.3% over the September 2017 year. Earthquake disruptions continue to disrupt traffic in the upper South Island, and pushed up vehicle movements in Tasman by 18% over the past year. Other regions in the South Island with rapid growth in traffic flows are West Coast and Otago where tourism activity is soaring. Regions in the North Island with the most rapid growth in traffic flows include Northland, Waikato, Bay of Plenty, Taranaki, Gisborne, and Hawke's Bay.

Residential consents

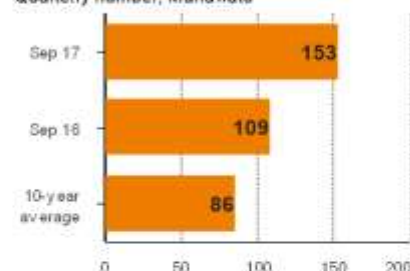
Growth in no. of new dwelling consents
Annual average % change Sep 16 - Sep 17



Residential consents
Quarterly number, Manawatu



Number of new dwelling consents
Quarterly number, Manawatu



Highlights for Manawatu

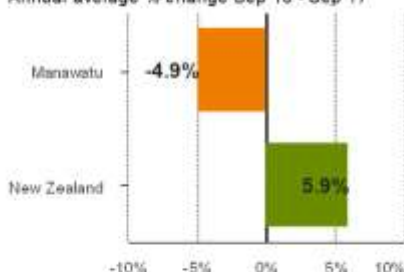
- A total of 153 new residential building consents were issued in Manawatu in the September 2017 quarter, compared with 109 in the same quarter last year.
- On an annual basis the number of consents in Manawatu increased by 32% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 3.0% over the same period.

National overview

Consents for new dwellings rose 3.0% over the September year. Although positive, this growth is far from the levels we're expecting to see over the next 18 months. By September 2018, we expect consent levels to be 24% higher than the same quarter this year. Underpinning this forecast is continued population growth, Auckland's massive undersupply, and the new government's plans to build houses around the country. However, we recognise that acute capacity constraints might still mean that the construction industry struggles to keep up with this demand.

Non-residential consents

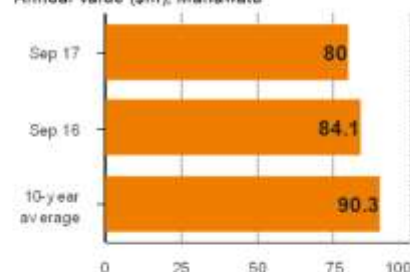
Growth in value of consents
Annual average % change Sep 16 - Sep 17



Non-residential consents, Manawatu
\$m, annual running total, Manawatu



Value of non-residential consents
Annual value (\$m), Manawatu



Highlights for Manawatu

- Non-residential building consents to the value of \$80 million were issued in Manawatu during the year to September 2017.
- The value of consents decreased by -4.9% over the year to September 2017. By comparison the value of consents in New Zealand increased by 5.9% over the same period.
- Over the last 10 years, consents in Manawatu reached a peak of \$145 million in the year to March 2008.

National overview

The value of consents was growing at a rate of 5.9%pa in the September year. Growth during the September quarter was felt throughout the upper North Island and indicates that underlying activity in the sector is solid. Shops, restaurants and bars made the largest contribution to growth, followed by offices and administration buildings. There was also a sharp lift in social, cultural and religious buildings over the period. We expect consents for social, cultural and religious buildings to continue to lift over the coming year, which will see an increase in work put in place from 2019. Social, cultural and religious building activity will be driven up by work on convention centres in Wellington and Auckland, as well as work in Christchurch.

House prices



Highlights for Manawatu

- The average current house value in Manawatu was up 11% in September 2017 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 3.1%.
- The average current house value was \$343,516 in Manawatu over the September 2017 year. This compares with \$637,670 in New Zealand.

National overview

House prices growth slowed to 3.1%pa in September - its slowest pace since December 2011. Since then, outright declines have emerged in Auckland with prices in October down 0.6% from a year ago. We expect prices to fall more than 10% over the next three years as the market undergoes a correction. The Labour government's adjustments to foreign buyer rules will not lead to significant additional price falls beyond what we have forecast. Australian buyers will still be allowed to purchase property, just like we can in Australia. And other foreign purchasing of property has already slowed down due to retail banks' refusal to approve mortgage lending based on overseas incomes.

House sales



Highlights for Manawatu

- House sales in Manawatu in the year to September 2017 increased by 1.1% compared with the previous year. Growth outperformed relative to New Zealand, where sales decreased by 17%.
- A total of 2,052 houses were sold in Manawatu in the 12 months ended September 2017. This compares with the ten year average of 1,802.

National overview

House sales in the September year were 17% lower than a year earlier. Our seasonal adjustment of REINZ data showed that sales volumes were down 4.6% in the month of September alone. Sales weakness has spread out from Auckland and surrounding areas to across almost the entire country. Although some of this weakness can be attributed to pre-election uncertainty, we don't think that there will be a significant uplift in activity after the new government settles. Any increases to sales in 2018 will be lower than we had previously anticipated.

Car registrations



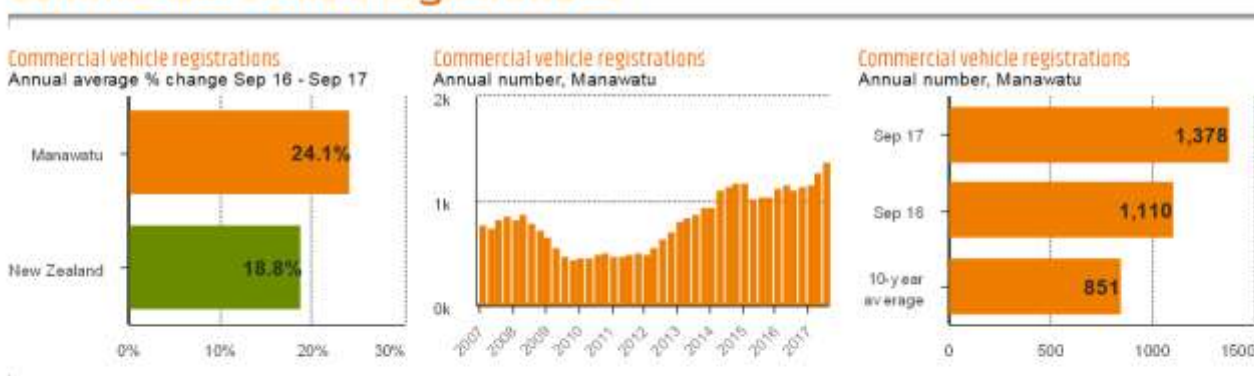
Highlights for Manawatu

- The number of cars registered in Manawatu increased by 16% in the year to September 2017 compared with the previous 12 months. Growth was higher than in New Zealand, where car sales increased by 9.4%.
- A total of 5,376 cars were registered in Manawatu in the year to September 2017. This compares with the ten year average of 3,763.

National overview

Car sales over the September year were up 9.4% from a year earlier. Sales of used imports are particularly buoyant, but new car sales are only growing because of strong demand from rental car companies. Business confidence and investment intentions slipped in September due to uncertainty around the election. But apart from this cooling, business confidence, employment, and investment intentions have been above average over the past few months, according to the ANZ Business Outlook survey. With underlying confidence remaining high, and economic activity still expected to accelerate in 2018 we anticipate that new car sales will pick up again over the next year.

Commercial vehicle registrations



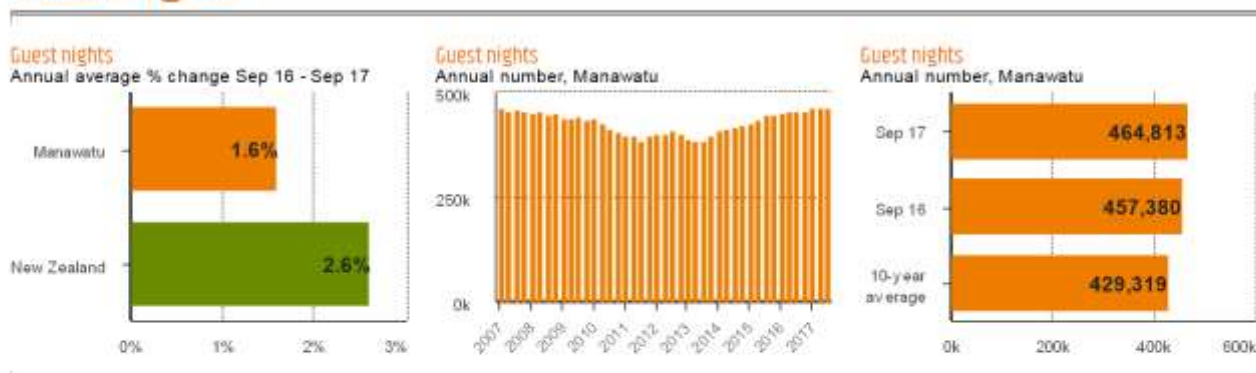
Highlights for Manawatu

- The number of commercial vehicles registered in Manawatu increased by 24% in the year to September 2017 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales increased by 19%.
- A total of 1,378 commercial vehicles were registered in Manawatu in the year to September 2017. This is higher than the ten year annual average of 851.

National overview

Commercial vehicle sales rose 19% over the September year. Scratching beneath the surface shows that sales of heavy trucks are exceeding expectations, while sales growth for light commercials has slowed. Activity in the construction sector has cooled this year, and difficulty getting staff in the industry poses risks either way for light commercial vehicle dealers. Construction firms might use a company vehicle as an incentive to attract new staff. However, it is debatable how effective this strategy will be at boosting employment given that the pool of skilled workers not already in work is small. Increasing prices for wood and dairy exports have translated into a quick recovery in heavy truck sales. Further growth in the export sector will help maintain consistent heavy truck sales growth over the year ahead.

Guest nights



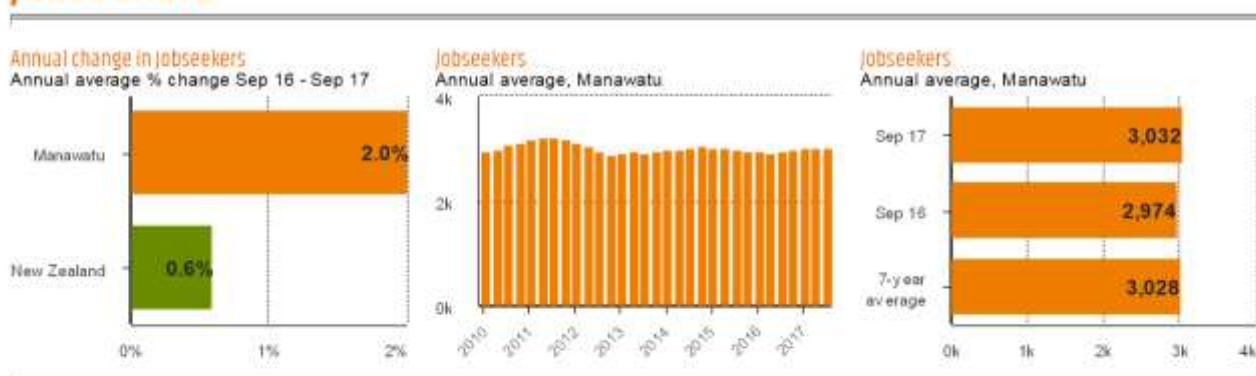
Highlights for Manawatu

- Total guest nights in Manawatu increased by 1.6% in the year to September 2017. This compares with an increase of 2.6% in New Zealand.
- Visitors stayed a total of 464,813 nights in Manawatu during the year to September 2017, which was up from 457,380 a year ago.

National overview

Commercial guest nights over the September year were up 2.6% from a year earlier. This growth was driven by international visitors (up 6.3%), with domestic visitor guest nights levelling off (down 0.1%). Year-end growth in visitor arrivals in September is the lowest it has been since October 2015. Although we expect some headwinds ahead for the industry, there were pockets of promising growth from China and other parts of Asia in September. Capacity issues during the peak summer season is an ongoing challenge faced by the industry, as is maintaining New Zealand's "clean green" image. Higher petrol prices may limit the number of New Zealanders spontaneously heading off in the car on weekend getaways, despite ongoing improvements to job prospects.

Jobseekers



Highlights for Manawatu

- Working age Jobseeker Support recipients in Manawatu in the year to September 2017 increased by 2.0% compared with the previous year. Growth was higher relative to New Zealand, where the number of Jobseeker Support recipients increased by 0.6%.
- An average of 3,032 people were receiving a Jobseeker Support benefit in Manawatu in the 12 months ended September 2017. This compares with an average of 3,028 since the start of the series in 2010.

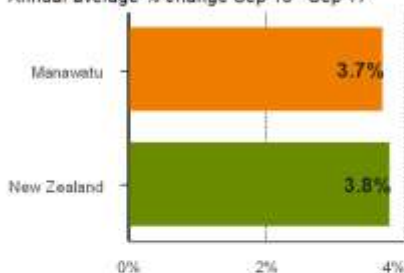
National overview

The average number of Jobseeker Support recipients was up slightly (0.6%) over the September year. Labour market statistics show that employment levels rose 2.2% over the September quarter, more than making up for a 0.1% fall in June (seasonally adjusted). This rebound confirms that the weakness in June was just an anomaly. Both part-time and full-time employment rose over the quarter, suggesting firms are feeling confident enough about the future to continue expanding. The new government's plan to increase the minimum wage will add to wage inflation over the next three years. Higher minimum wages will help those on minimum wages that are already in employment. But the additional cost burden from increases to minimum wages could also dampen some employers' hiring intentions.

Retail trade

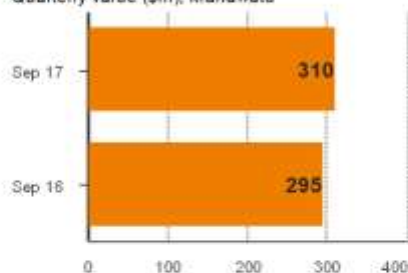
Growth in retail sales

Annual average % change Sep 16 - Sep 17



Retail sales

Quarterly value (\$m), Manawatu



Highlights for Manawatu

- Electronic card retail spending in Manawatu, as measured by Marketview, increased by 3.7% over the year to September 2017 compared to the previous year. This compares with an increase of 3.8% in New Zealand.

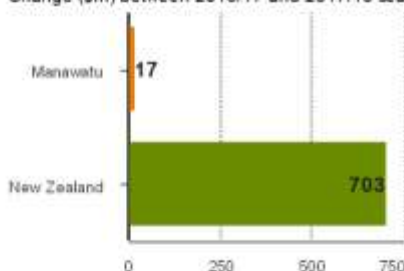
National overview

Retail data from Marketview showed that electronic card spending on retail purchases rose 3.8% over the September year. Data from Statistics New Zealand shows that growth in electronic card spending is being dominated by spending on consumable items, with durable goods spending having slowed. In the September quarter, spending on consumables was up 6.2% from a year earlier according to Statistics New Zealand.

Total dairy payout

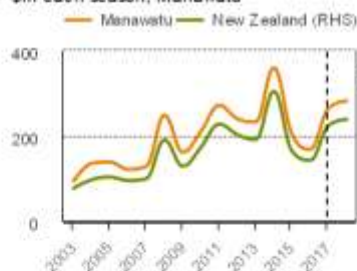
Total dairy payout

Change (\$m) between 2016/17 and 2017/18 seas



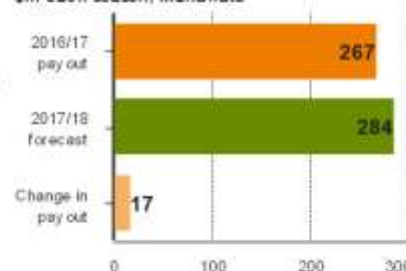
Total dairy payout

\$m each season, Manawatu



Total dairy payout

\$m each season, Manawatu



Highlights for Manawatu

- Manawatu's total dairy payout for the 2016/17 season is estimated to have been approximately \$267m.
- Manawatu's dairy payout for the 2017/18 season is expected to be approximately \$284m, \$16.6m 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 \$11,328m in the 2016/17 season, and is expected to be \$703m higher in the 2017/18 season.

National overview

Milk powder prices eased in September, but both butter and cheese saw strong lifts. Given this volatility most economists are forecasting a farmgate milk price for the current season of \$6.25-\$6.50/kgms for the current season, compared to Fonterra's forecast of \$6.75/kgms. A milk price of \$6.50/kgms will equate to an extra \$703m in dairy farmers compared to the 2016/17 season. Production is likely to rise slightly this season, weather permitting, but new government environmental policies will limit further growth over the longer term.

Tourism Spending



Highlights for Manawatu

- Total tourism expenditure in Manawatu increased by 3.3% in the year to September 2017. This compares with an increase of 6.4% in New Zealand.
- Total tourism expenditure was approximately \$432m in Manawatu during the year to September 2017, which was up from \$418m a year ago.

National overview

Tourism spending climbed 6.4% over the September year to a record \$27.3bn. Spending by international visitors rose \$1.1bn to a total of \$11.8bn, while domestic visitor spending increased \$512m to \$15.5bn. Spending growth has been broad-based throughout the country, apart from earthquake disruptions subduing spending in Marlborough and Kaikoura through winter. Recent falls in the New Zealand dollar (NZD) are likely to push up spending by international visitors across the country over coming months. A weaker NZD makes New Zealand relatively cheaper in foreign currency terms and so allows visitors to spend more once they are here.

Technical notes

Gross Domestic Product

Gross Domestic Product is estimated by Infometrics. A top down approach breaks national industrial production (sourced from production based GDP measures published by Statistics New Zealand) is broken down to TA level by applying TA shares to the national total. Each TA's share of industry output is based on earnings data from LEED. GDP growth in recent quarters is based on a model which uses the various partial economic indicators presented in this report as inputs. Estimates of GDP for these most recent quarters are provisional until Infometrics updates its annual GDP series in the Regional Economic Profile at the beginning of each year.

Net migration

Net migration is the difference between the number of arrivals and departures of permanent and long-term migrants. Data is sourced from International Travel and Migration statistics from Statistics New Zealand.

Unemployment

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

Traffic flow

Traffic flow growth rates are calculated from the number of vehicles passing approximately 110 sites monitored by New Zealand Transport Agency. Each of the sites has been mapped to a territorial authority.

Retail Sales

The retail spending data is sourced from Marketview. It measures total electronic card spending using spending through the Paymark network and adding to it an estimate of non-Paymark network spending using the pattern of BNZ card holder spending at non-Paymark retailers. For further breakdown of the data by storetype and other variables contact Marketview.

Accommodation

The number of guest nights is sourced from Statistics New Zealand's Accommodation Survey. A guest night is equivalent to one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report that they had provided 30 guest nights.

House sales

The number of house sales is sourced from REINZ. The indicator measures the number of house sales at the point when the sale becomes unconditional. The unconditional date is the date when all the terms of an agreement have been satisfied and the sale and purchase can proceed to settlement.

House values

House value (dollar value) are sourced from QVNZ. The levels quoted in the report are average current values over the past 12 months. An average current value is the average (mean) value of all developed residential properties in the area based on the latest house value index from QVNZ. It is not an average or median sales price, as both of those figures only measure what happens to have sold in the period. These average current values are affected by the underlying value of houses (including those not on the market) and are quality adjusted based on the growth in each house's price between sales.

Building consents

Building consents data are sourced from Statistics New Zealand. Non-residential consents include the value of both new buildings and alterations.

Vehicle sales

Car and commercial vehicle sales data are sourced from New Zealand Transport Authority. Sales are based on new registrations which include the first time registration of new vehicles and used vehicles imported from overseas.

Dairy

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

Jobseekers Support

In July 2013 the New Zealand's welfare system changed to better recognise and support people's work potential. As part of this the Jobseekers Support benefit was introduced. This benefit is for people who can usually look or prepare for work but also includes people who can only work part-time or can't work at the moment, for example, because they have a health condition, injury or disability.

Data presented for the September 2013 quarter onwards is provided by the Ministry of Social Development (MSD). Data prior to September 2013 are Infometrics estimates based on re-grouping pre-July 2013 benefit categories to be consistent with the post-July 2013 benefit categories. The pre-July 2013 benefit categories used to estimate the number of Jobseekers Support recipients are: Unemployment Benefit and Unemployment Benefit Hardship; Unemployment Benefit Training and Unemployment Benefit Hardship Training; Sickness Benefit and Sickness Benefit Hardship; Domestic Purposes Benefit - Sole Parent (if youngest child is 14 or over); Women Alone and Widow's Benefit (without children or with children 14 or over)

Tourism Expenditure

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

Appendix 2

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

Summary

Major development and construction projects announced recently for Palmerston North and the Manawatū region amount to around \$2.0 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest being the replacement for the Manawatū Gorge and the MidCentral DHB investment plan. There are several projects under development where values have not been put on the final value of the project, such as the Countdown supermarket. The possible construction of a new wastewater treatment plant for Palmerston North is not included in the estimate.

Key projects identified are:

1. \$397 million at Linton and Ohakea Defence Regeneration Plan 2016 – 2030 (\$176 million over 2016 – 2021)
2. \$282 million MidCentral DHD draft investment plan (2016 – 2025)
3. \$184 million Massey University Capital Plan (2016 – 2025) - \$4.5 million building consent lodged in July
4. \$150 million Powerco (Manawatū and Taranaki) - \$60 million over next 5-7 years on growth and security projects, \$90 million renewal programme over five years
5. \$39 million Food HQ – consents lodged in July 2017
6. \$8.9 million - AgResearch Grasslands - demolition and replacement of PC2 containment glasshouses and partial refurbishment of Lionel Corkill building – resource consent sought
7. \$40 million BUPA retirement village, Napier Road – construction has started and a second building consent was lodged with Council in July
8. \$20 million Westmount School and place of worship – initial classroom consent issued
9. Redevelopment of the Hokowhitu Campus – 130 housing lots over three stages, with an estimated value of \$90 - \$135 million - resource consent application initiated
10. 69 lot residential development in Ashhurst – resource consent received
11. Countdown Supermarket – resource consent approved
12. Massey School of Aviation Facility (\$4.3 million consent received) and accommodation – development proposal, funding to be confirmed

13. Pedestrian/cycle bridge and path to Linton - \$10 million
14. Major regional roading investment:
 - a. Whirokino Trestle and Manawatu River Bridge contract is \$70 million. While this is just outside the Manawātū region, local businesses may be involved in this project. Work started mid-2017 and is expected to be completed in 2-3 years.
 - b. Palmerston North rural ring road - the initial stage will improve two sections of State Highway 3, between Kairanga and Bunnythorpe, and Napier Rd, from Keith St to Whakarongo. Construction is expected to begin in early 2018. Total project estimated to be around \$200 million.
 - c. Manawātū Gorge Road replacement – four possible routes have been identified - \$350-\$550 million .
15. Increased milk processing capacity at the newly rezoned Fonterra site at Longburn. No indication of possible timing or a commitment to invest.
16. Multiple consents already received and expected for earthquake strengthening and refurbishment of buildings for schools, the Plaza, All Saints and other commercial buildings in the City.

Background Information for Key Projects

Defence Regeneration Plan 2016 – 2030 - Linton indicative five year programme

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

Ohakea indicative five year programme

Hangar Fire Suppression Deluge Tank (<\$3M)
Hazardous Waste Storage Facility (<\$1M)
Refuelling Section Facility (<\$1M)
Temporary Multi-Purpose Office Accommodation (<\$3M)
Covered Tanker Park (<\$3M)
Taxiway Replacement (<\$20M)
Air Terminal Freight Loading Area (<\$1M)
Aircraft Safe Arming Area (<\$3M)
Additional Taxiway Apron Entry/Exit Point (<\$3M)

Warehouse (<\$10M)
 General Equipment Workshop (<\$5M)
 Flight Rations Store (<\$3M)
 Base Chapel Relocation (<\$1M)
 Base Multi-purpose Administration Building (<\$20M)
 Physiotherapy and Medical Facilities (<\$15M)

MidCentral DHB Draft Investment Plan

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

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

¹ 'Hot Floor' building

Massey University Capital Plan

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

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

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



MANAWATU REGION QUARTERLY REPORT

For Period Ending October 2017

Central Economic Development Agency

Prepared for
Central Economic Development Agency

Date
November 2017

CONTENTS

OCTOBER 2017 QUARTER



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

SMALL PRINT

Privacy

No personal or household data is shown or can be derived, thereby maintaining the privacy of end customers.

Copyright

This report is protected by the copyright and trademark laws. No part of this report can be reproduced or copied in any form or by any means without the permission of Marketview. Any reproduction is a breach of intellectual property rights and could subject you to civil and criminal penalties.

Disclaimer

While every effort has been made in the production of this report, Paymark, the BNZ and Marketview Limited are not responsible for the results of any actions taken on the basis of the information in this report. Paymark, BNZ, and Marketview expressly disclaim any liability to any person for anything done or omitted to be done by any such person in reliance on the contents of this report and any losses suffered by any person whether direct or indirect, including loss of profits.

DATA SOURCE

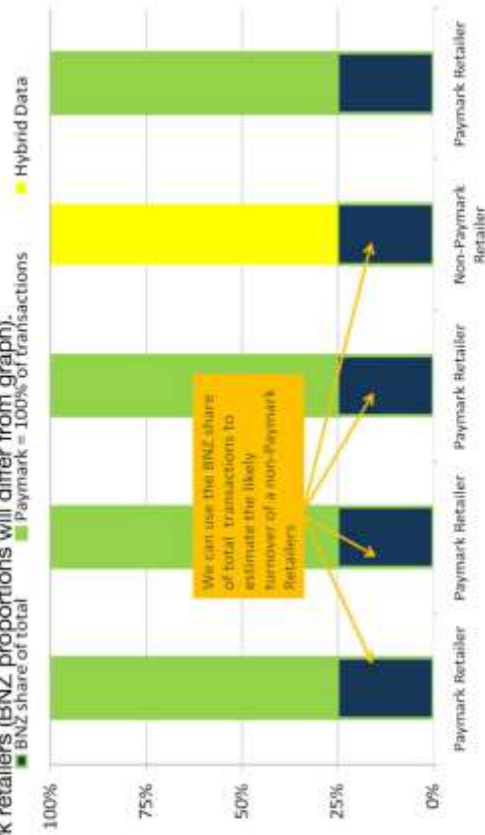


The data included in this report represents the total value of electronic card retail transactions. For a frame of reference, Statistics NZ report just under 70% of total retail is paid with an electronic card (ECT publication and Retail Trade Survey). The rest is comprised of cash, hire-purchase and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

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

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

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



RETAIL OVERVIEW

FOR PERIOD ENDING OCTOBER 2017 QUARTER



QUARTERLY ACTIVITY

Changes over same time last year

SPENDING	TRANSACTIONS
\$313,559,946	7,732,237
▲ 5.7%	▲ 6.1%
Spending in your area grew by 5.7% over the same time last year. Transactions in your area grew by 6.1%. NZ spending grew by 4.3%, and transactions by 5.2%	

CARDHOLDER ORIGIN

	CARDHOLDER CONTRIBUTION	VALUE SPENT IN YOUR REGION	CHANGE (VS. SAME QUARTER LAST YEAR)
LOCALS	70.9%	\$222.36 mn	5.3% ▲
REST OF HORIZONS	12.7%	\$39.74 mn	6.7% ▲
REST OF NZ CARDHOLDERS	15.6%	\$48.97 mn	6.4% ▲
INTERNATIONAL CARDHOLDERS	0.8%	\$2.48 mn	10.7% ▲

MARKET SHARE

Your Share vs Key Competitors



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

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

FASTEST GROWING STORETYPES

Based on Spending

IN YOUR REGION



Takeaways

IN COMPETITOR LOCATIONS



Takeaways

Takeaways in your area had the largest growth amongst storetypes, up 13.1%.

Takeaways had the largest growth in Key Competitor locations, up 11.2%.

LOYALTY AND OUTFLOW

Destination of Locals' Spending

Manawatu / Palmerston North residents conducted 71.2% of their retail spending in Man/P North and 4.3% in the Rest of Horizons Region. They spent 6.1% online.



WHERE ARE THE RETAIL HOTSPOTS?

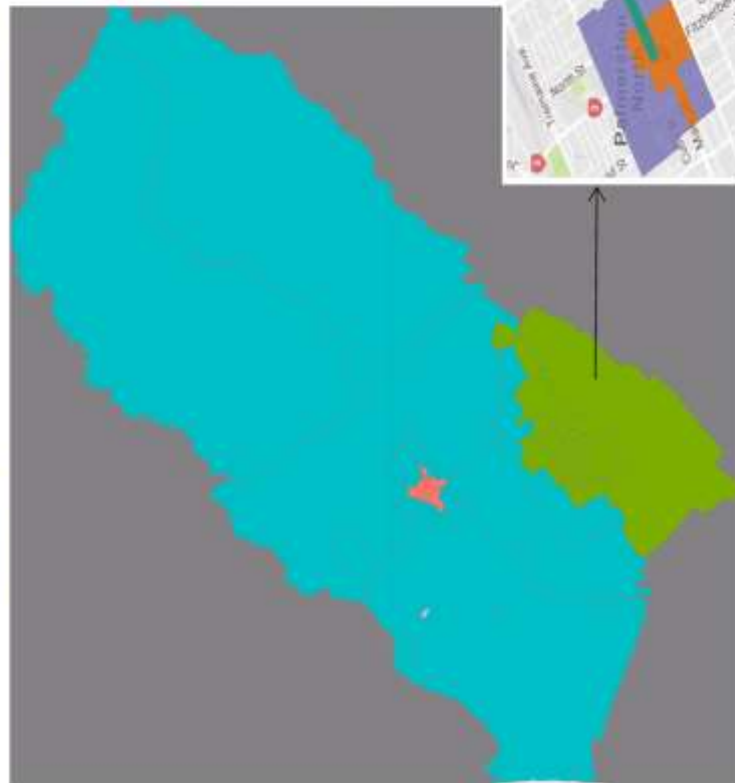
How does this affect planning? Is it happening where we want it to happen?



TOP PERFORMING LOCATIONS

Based on percentage change in spending from same period last year

FOR ALL CARDHOLDERS REST OF MANAWATU INTERNATIONAL CARDHOLDERS REST OF MANAWATU



** Map insert in Appendix

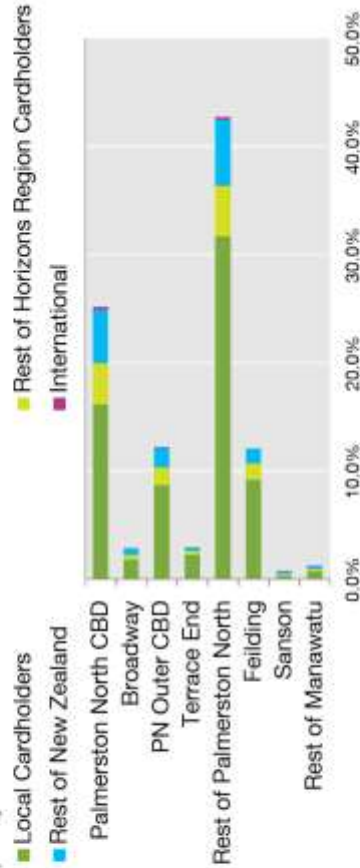
CHANGE IN SPENDING

Change in spending over same period last year

RANK	LOCATION	VALUE OF SPENDING	CHANGE IN SPENDING
1	Rest of Manawatu	\$3,971,837	23.2%
2	Broadway	\$8,960,787	11.2%
3	Rest of Palmerston North	\$133,968,752	6.5%
4	PN Outer CBD	\$38,220,573	5.6%
5	Feilding	\$37,955,465	4.5%
6	Palmerston North CBD	\$78,932,413	4.0%
7	Terrace End	\$9,184,910	3.4%
8	Sanson	\$2,365,209	-0.9%
TOTAL		\$313,559,946	5.7%

DISTRIBUTION OF SPENDING

Split by cardholder location



WHO IS SPENDING AT OUR RETAILERS?

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

SPENDING BY CARDHOLDER LOCATION

Change in spending over same period last year



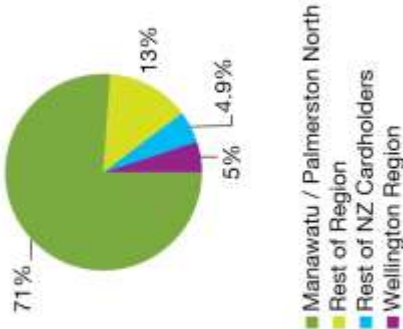
CARDHOLDER AREA	VALUE SPENT	CHANGE ON SAME QUARTER LAST YEAR
MANAWATU / PALMERSTON NORTH	\$222.36 mn	<div></div> 5.3%
REST OF REGION	\$39.74 mn	<div></div> 6.7%
REST OF NZ CARDHOLDERS	\$15.29 mn	<div></div> 0.8%
WELLINGTON REGION	\$14.67 mn	<div></div> 12.0%
AUCKLAND REGION	\$9.91 mn	<div></div> 6.4%
HAWKE'S BAY REGION	\$4.95 mn	<div></div> 7.4%
WAIKATO REGION	\$4.15 mn	<div></div> 8.7%
INTERNATIONAL	\$2.48 mn	<div></div> 10.7%

International cardholder spending within New Zealand is up 8.6% over the same period last year, and transactions are up 13.4%. Regions are chosen based on top spenders in Manawatu/Palmerston North for the quarter.



DISTRIBUTION OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CONSUMER GROUP

Based on spending change from the same period last year



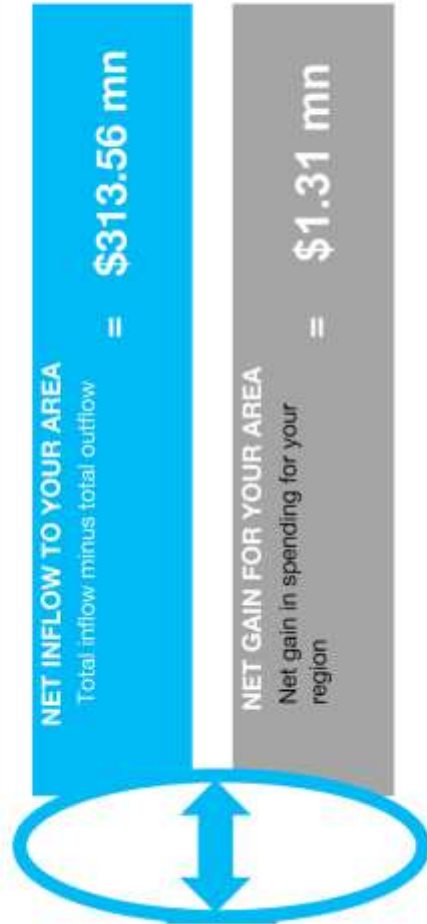
WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?

How much are we leaking to other areas?



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

Non-locals include international cardholders



LOCALS SPENDING LOCALLY
\$222.36 mn
LOCALS SPENDING ELSEWHERE
\$89.89 mn
This figure includes \$70.97mn spent in other areas, and \$18.92mn spent online*

ORIGIN OF INFLOW BY CARDHOLDER LOCATION

Breakdown of spending in your council

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

CARDHOLDER LOCATION	YOUR REGION	ELSEWHERE IN NZ
Manawatu / Palmerston North	\$222.36 mn	\$70.97 mn
Rest of Region	\$39.74 mn	\$281.12 mn
Rest of NZ Cardholders	\$15.29 mn	\$5,155.80 mn
Wellington Region	\$14.67 mn	\$1,535.52 mn
Auckland Region	\$9.91 mn	\$4,910.21 mn
Hawke's Bay Region	\$4.95 mn	\$455.77 mn
Waikato Region	\$4.15 mn	\$1,176.04 mn
International	\$2.48 mn	\$393.23 mn
TOTAL	\$313.56 mn	\$13,978.65 mn

HOW ARE OUR RETAILERS PERFORMING?

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



RETAIL CATEGORY CHANGE IN SPENDING AND PERFORMANCE

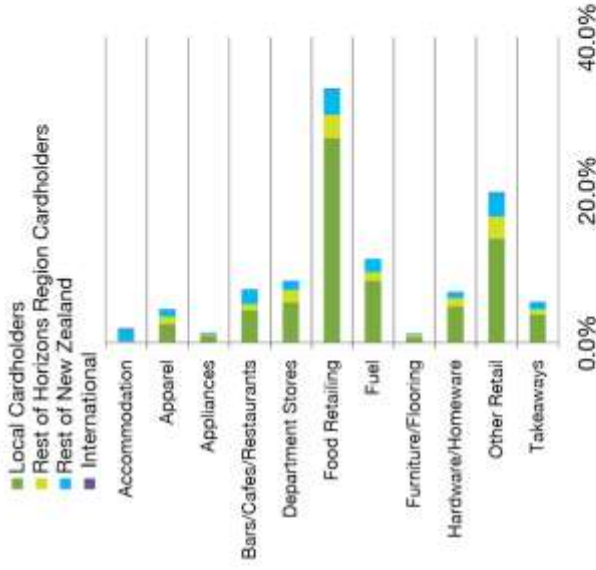
Spending change over same period last year

RETAIL CATEGORY	YOUR RESULT	YOU VS. COMPETITOR GROUP	
		RANK	CHANGE ON LAST
ACCOMMODATION	▲ 7.7%	3	0
APPAREL	▲ 2.3%	3	1
APPLIANCES	▼ -31.4%	5	-1
BARS/CAFES/RES TAURANTS	▲ 5.3%	5	-1
DEPARTMENT STORES	▲ 8.2%	1	3
FOOD RETAILING	▲ 4.7%	4	-1
FUEL	▲ 10.4%	3	2
FURNITURE/FLOORING	▲ 1.8%	3	2
HARDWARE/HOME WARE	▲ 6.5%	4	-2
OTHER RETAIL	▲ 6.5%	2	2
TAKEAWAYS	▲ 13.1%	2	3

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

ORIGIN OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CATEGORIES

Domestic/ International split



DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?

Have we got gaps? Where should be target development?

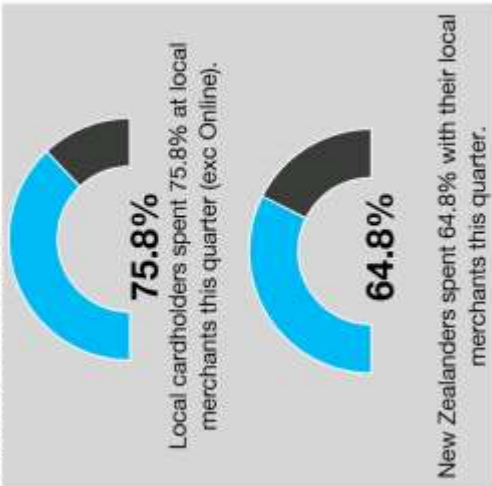


PROPORTION OF LOCAL CARDHOLDER'S SPENDING THAT GOES TO LOCAL MERCHANTS

High percentages presume that local cardholders are happy with local options



OVERALL LOYALTY



MOST LOYAL CATEGORY



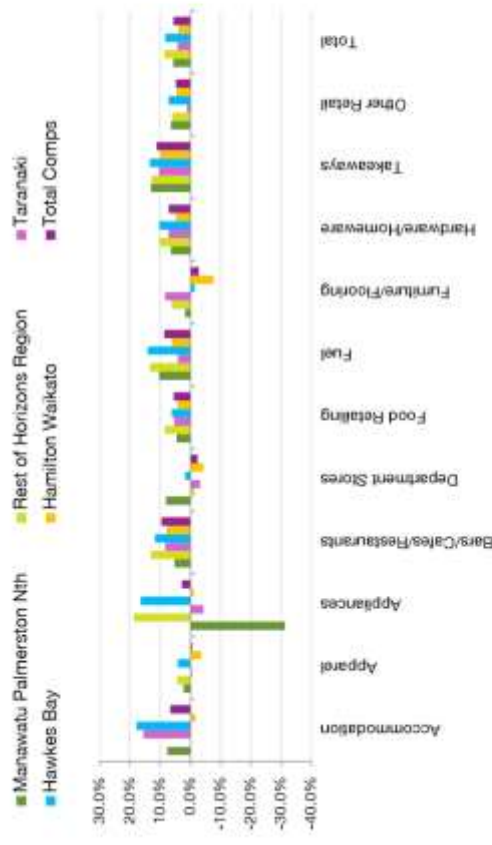
HOW DO WE COMPARE TO COMPETITORS?

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



CHANGE IN SPENDING BY RETAIL CATEGORY

Over Same Period last year



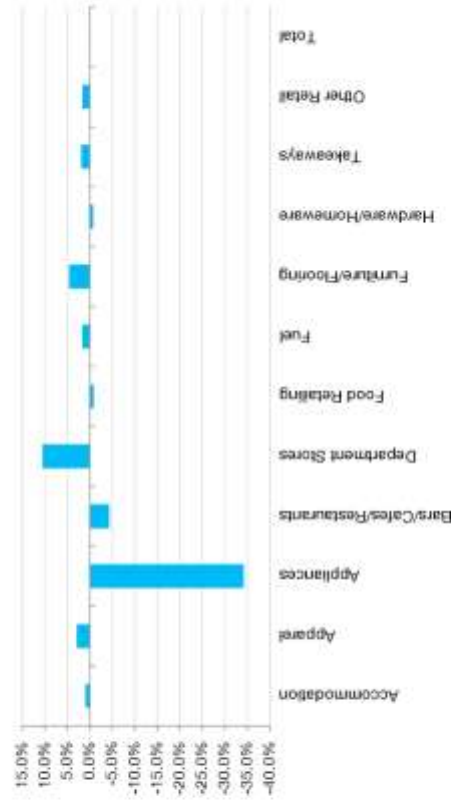
BEST COMPARED TO AVERAGE PEER

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

DEPARTMENT STORES

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

MANAWATU / PALMERSTON NORTH CHANGE COMPARED TO PEER GROUP AVERAGE



WORST COMPARED TO AVERAGE PEER

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

APPLIANCES

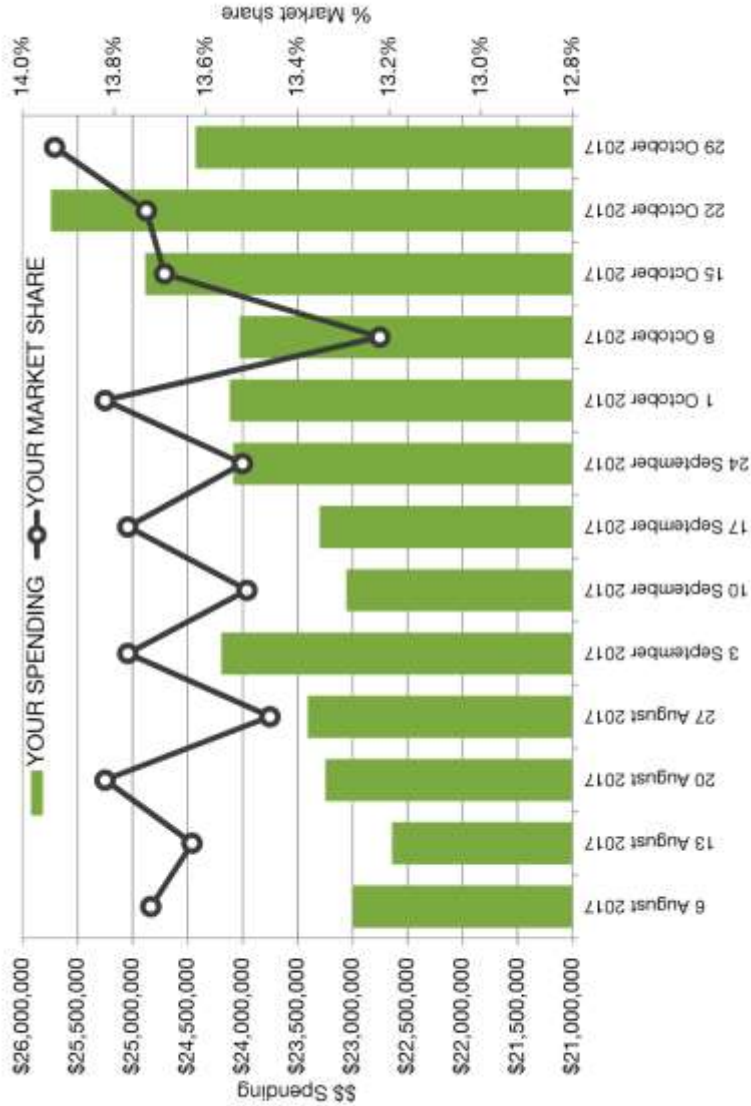
HOW HAS RETAIL ACTIVITY VARIED BY WEEK?

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

marketview

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

By Week Ending:



BEST PERFORMERS



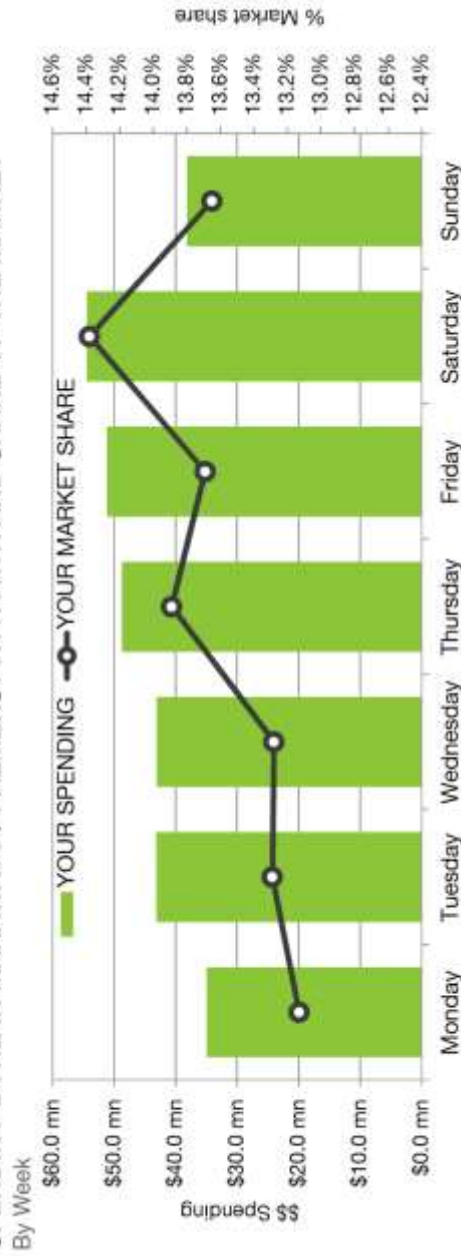
Total market is based on spending at yourself and competitors. The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

WHEN ARE OUR RETAILERS BUSIEST?

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



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



YOUR BEST PERFORMERS



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

The darker the box, the higher the proportion of spending

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Avg. for Period
Midnight - 4am	0.1%	0.2%	0.2%	0.2%	0.3%	0.6%	1.3%	0.4%
4am - 8am	2.7%	3.1%	3.3%	3.4%	2.9%	1.4%	1.1%	2.6%
8am - Midday	26.6%	26.5%	25.3%	25.5%	24.8%	30.0%	26.6%	26.5%
Midday - 4pm	38.6%	37.0%	36.2%	36.1%	37.2%	40.7%	44.6%	38.5%
4pm - 8pm	27.6%	28.4%	29.8%	29.5%	28.7%	21.8%	23.2%	27.0%
8pm - Midnight	4.3%	4.8%	5.3%	5.4%	6.1%	5.5%	3.3%	5.1%
Avg. for Day	11.6%	14.1%	14.1%	15.3%	16.3%	16.4%	12.1%	100.0%

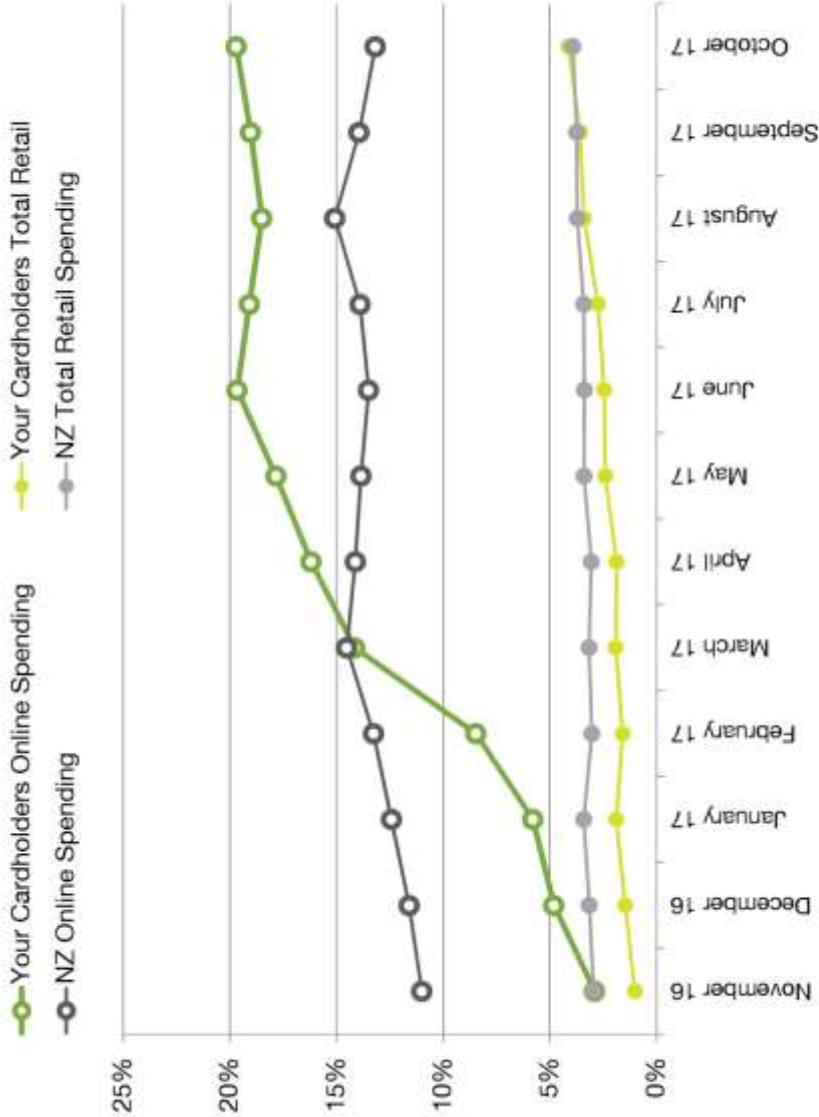
HOW MUCH ARE LOCALS SPENDING ONLINE?

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



CHANGE IN ONLINE SPENDING VS TOTAL NZ TRENDS

Rolling 12 months change in spending



APPENDIX

STORETYPE DEFINITIONS- BASED ON ANZSIC CATEGORIES

Accommodation:	Accommodation
Apparel:	Clothing Retail, Footwear Retail
Appliances:	Domestic Appliances
Bars/Cafes/Restaurants:	Cafes and Restaurants, Pubs, Taverns and Bars
Department Stores:	Department Stores
Food Retailing:	Bread and Cake Retailing, Fresh Meat, Fish and Poultry Retailing, Fruit and Vegetable Retailing, Specialised Food Retailing, Supermarket and Grocery Stores
Fuel:	Automotive Fuel Retailing
Furniture/Flooring:	Floor Covering Retailing, Furniture Retailing
Hardware/Homeware:	Domestic Hardware and Houseware Retailing, Building Supplies
Other Retail:	Antique and Used Goods, Automotive Electrical Services, Automotive Repair and Service, Clubs (Hospitality), Fabric and Other Soft Good Retailing, Floral Retailing, Funeral Directors, Greenhouses, and Commissions, Garden Equipment Retailing, Gardening Services, Hairdressing and Beauty Salons, Household Equipment Repair, Luggage and Equipment, Optical Services, Liquor Retailing, Marine Equipment, Newspapers, Books and Stationery, Personal and Household Goods, Personal Services, Pharmaceutical, Cosmetics and Toiletry Retailing, Photographic Equipment, Photographic Film Processing, Photographic Studios, Recorded Music Retailing, Retailing new, Second Hand, Sport and Camping Equipment, Toy and Game Retailing, Travel Agency, Type Retailing, Video Hire Outlets, Watch and Jewellery Retailing
Takeways:	Takeways

APPENDIX

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



COMMITTEE WORK SCHEDULE

TO: Economic Development Committee

MEETING DATE: 11 December 2017

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive its Work Schedule dated December 2017.

ATTACHMENTS

1. Committee Work Schedule - December 2017  

REF# 8136424

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – DECEMBER 2017

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	February 2018	Quarterly Economic Report	General Manager, City Future		
2.	March 2018	International Relations Quarterly Report	General Manger, City Future		