



PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT

COMMITTEE

9AM, WEDNESDAY 16 JUNE 2021

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



MEMBERSHIP

Leonie Hapeta (Chairperson)

Vaughan Dennison (Deputy Chairperson)

Grant Smith (The Mayor)

Brent Barrett

Susan Baty

Rachel Bowen

Zulfiqar Butt

Renee Dingwall

Lew Findlay QSM

Patrick Handcock ONZM

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

Palmerston North City Council

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Private Bag 11034, 32 The Square, Palmerston North



ECONOMIC DEVELOPMENT COMMITTEE MEETING

16 June 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. **Presentation - The Factory** Page 7

6. **Confirmation of Minutes** Page 9
 “That the minutes of the Economic Development Committee meeting of 17 March 2021 Part I Public be confirmed as a true and correct record.”

7. **Manufacturing Sector Profile - April 2021** Page 17
 Memorandum, presented by Julie Macdonald, Strategy and Policy Manager.

8. **Summary report on the March 2021 Palmerston North Quarterly Economic Monitor, Palmerston North Commercial Property Market Survey and quarterly retail spending** Page 39
 Memorandum, presented by Peter Crawford, Economic Policy Advisor.

9. **Inner City/CBD Portfolio Update (June 2021)** Page 61
 Memorandum, presented by Councillor Leonie Hapeta.

10. **Committee Work Schedule** Page 65

11. **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].

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 16 June 2021

TITLE: Presentation - The Factory

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive the presentation from Mr Dave Craig from The Factory for information.

SUMMARY

Mr Dave Craig, Chief Executive, from The Factory will provide an overview of a business case study which they have undertaken with a company from start up through to maturity.

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 17 March 2021, commencing at 9.00am

Members Present:	Leonie Hapeta (in the Chair), The Mayor (Grant Smith) and Councillors Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.
Non Members:	Lorna Johnson, Billy Meehan, Orphée Mickalad and Karen Naylor.
Apologies:	Brent Barrett (council business) and the Mayor, Councillors Johnson, Findlay and Mickalad (early departure).

Councillor Karen Naylor left the meeting at 9.27am during consideration of clause 2 and entered the meeting again at 9.30am after the consideration of clause 2. She left the meeting at 10.26am during consideration of clause 7 and entered the meeting again at 10.43am after the consideration of clause 7. She was not present for clauses 2 and 7.

Councillor Lew Findlay left the meeting at 9.54am during consideration of clause 6 and entered the meeting again at 10.08am after the consideration of clause 6. He left the meeting at 10.25am during consideration of clause 7 for the duration of the meeting. He was not present for clauses 6 to 11 inclusive.

1-21 Apologies

Moved Leonie Hapeta, seconded Vaughan Dennison.

The COMMITTEE RESOLVED

1. To receive apologies.

Clause 1-21 above was carried 16 votes to 0, the voting being as follows:

For:

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

2-21 Presentation - Andrew Stewart Real Estate Institute of New Zealand (REINZ) Presentation, by Andrew Stewart. Ambassador and spokesperson for the REINZ.

Mr Stewart presented on the housing situation in Palmerston North and the rise of house prices.

Demand was being created by:

- A strong local economy attracting workers to the region.
- Low interest rates making property investment more attractive than leaving money in the bank.
- Borrowing rates are the lowest in 60 years.

Mr Stewart said that there was an extreme shortage of sections available and the process of identifying and designating sections in Palmerston North was too slow. Infill sub-division are being consented at a reasonable speed, but green field sites are too slow to materialise. Council's tools in the consenting space needed to be reviewed to speed up the release of land to the market.

Developers are reluctant to price sections until they are guaranteed a title because the price is going up monthly.

There is demand for all sorts of housing - including apartments in the City.

Councillor Karen Naylor left the meeting at 9.27am

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

That the Economic Development Committee receive the presentation from Mr Andrew Stewart for information.

Clause 2-21 above was carried 15 votes to 0, the voting being as follows:

For:

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

Councillor Karen Naylor returned to the meeting at 9.30am

3-21

Presentation - Manawatu-Wanganui Interim Regional Skills Leadership Group

Presentation, by Mr Ruma Karaitiana, Chair of the Manawatu-Wanganui Interim Regional Skills Leadership Group.

Mr Karaitiana spoke on the role and purpose of the Manawatu-Wanganui Interim Regional Skills Leadership Group, set up by the Ministry of Business, Innovation and Employment. The group was set up to match future skills and workforce needs in the region with demand by gathering information and building regional links.

The Group represent a large geographical area from Ruapehu to Horowhenua with a diverse population, including 16 iwi/hapu.

Set up in July 2020, the initial focus was responding to the effects of the Covid-19 lockdown and assisting with the challenges it created.

The longer term focus is to develop annual workforce plans to identify the challenges and opportunities for the regional labour market. The group produces Local Insight reports which outline what the current state is of the region's workforce and the future skills needs are. These will be shared with Government ministers and agencies to influence policy development.

The group will be formally re-established in July 2021, the structure is being reviewed to allow for co-chairs.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

That the Economic Development Committee receive the presentation from Mr Ruma Karaitiana for information.

Clause 3-21 above was carried 16 votes to 0, the voting being as follows:

For:

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

4-21

Presentation - Central Economic Development Agency

Presentation, by Hayden Pōtaka and Ms Nina Mercer CEDA

Mr Hayden Pōtaka and Ms Nina Mercer spoke on the work being done to create a Rangitāne o Manawatū Tourism Strategy which is a component of the Manawatu Destination Management Plan.

A pillar of the Manawatū Destination Management Plan is to engage with tangata whenua to enable meaningful partnerships and collaboration and to ensure Māori values are upheld.

CEDA is facilitating and supporting the Rangitāne o Manawatū Tourism Working Group to develop a three year tourism strategy that identifies the tourism aspirations of iwi, and an action plan to achieve them.

The future focus of the group is to be an advocate for Maori business owners, tourism venture owners and hapu/iwi in the area.

The working group will communicate the development of their strategy and align it with Council strategies through the MOU between Rangitāne o

Manawatū and Palmerston North City Council and through the Working Group's terms of reference.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The COMMITTEE RESOLVED

That the Economic Development Committee receive the presentation from Hayden Pōtaka and Ms Nina Mercer for information.

Clause 4-21 above was carried 16 votes to 0, the voting being as follows:

For:

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

5-21 Confirmation of Minutes

Moved Vaughan Dennison, seconded Patrick Handcock ONZM.

The COMMITTEE RESOLVED

That the minutes of the Economic Development Committee meeting of 2 December 2020 Part I Public be confirmed as a true and correct record.

Clause 5-21 above was carried 13 votes to 0, with 3 abstentions, the voting being as follows:

For:

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

Abstained:

The Mayor (Grant Smith) and Councillors Lorna Johnson and Aleisha Rutherford.

Councillor Lew Findlay QSM left the meeting at 9.54am

6-21 International Relations 6-monthly update

Memorandum, presented by Toni Grace, International Relations Manager.

Moved Leonie Hapeta, seconded Lorna Johnson.

The COMMITTEE RESOLVED

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

Clause 6-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Susan Baty,

Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

7-21 Summary report on the December 2020 Palmerston North Quarterly Economic Monitor

Memorandum, presented by Peter Crawford, Economic Policy Advisor.

Councillor Lew Findlay QSM returned to the meeting at 10:08am

Councillor Lew Findlay QSM left the meeting at 10:25am

Councillor Karen Naylor left the meeting at 10:26am

Moved Leonie Hapeta, seconded Bruno Petrenas.

The COMMITTEE RESOLVED

That the memorandum titled 'Summary report on the December 2020 Palmerston North Quarterly Economic Monitor, presented to the Economic Development Committee on 17 March 2021, be received for information.

Clause 7-21 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Susan Baty, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

The meeting adjourned at 10.28am

The meeting resumed at 10.45am

Councillor Karen Naylor returned to the meeting at 10:45am

8-21 Defence Sector Profile - March 2021

Memorandum, presented by Julie Macdonald, Strategy and Policy Manager and Peter Crawford, Economic Policy Advisor.

Moved Leonie Hapeta, seconded Aleisha Rutherford.

The COMMITTEE RESOLVED

That the memorandum titled 'Defence Sector Profile – March 2021' and attachments presented to the 17 March 2021 Economic Development Committee, be received for information.

Clause 8-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Susan Baty, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

9-21 Defence Portfolio Update (March 2021)

Memorandum, presented by Councillor Rachel Bowen, Portfolio Member for Defence.

Councillor Bowen put the recommendation below, in place of recommendation 2 of the report, to establish a Heritage Advisory Committee to sit within Council's structure. Portfolio Members felt the new recommendation better reflected the intentions outlined in the report.

Moved Rachel Bowen, seconded Patrick Handcock ONZM.

The COMMITTEE RECOMMENDS

1. That the Annual Progress Report on the development of a Military Heritage Theme across Council Programmes to Arts Culture and Heritage in August 2021 includes detail of the implementation of that theme within the Cuba Street Redevelopment Project.

Clause 9.1 above was carried 14 votes to 1, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Susan Baty, Rachel Bowen, Zulfiqar Butt, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

Against:

Councillor Renee Dingwall.

Moved Rachel Bowen, seconded Patrick Handcock ONZM.

The COMMITTEE RESOLVED

2. That the Chief Executive report to Arts Culture and Heritage on the feasibility and process for establishing a Heritage Advisory Panel in order to strengthen our approach to heritage management and promote a shared understanding of how our shared Rangitāne and European heritage should be identified, managed, protected, conserved, appreciated and celebrated.

Clause 9.2 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Susan Baty, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

10-21 Housing Portfolio Update (March 2021)

Memorandum, presented by Councillor Susan Baty, Lead Portfolio Holder for Housing.

Moved Susan Baty, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

That the Housing Portfolio update report for March 2021 be received for information.

Clause 10-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Susan Baty, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

11-21 Committee Work Schedule

Moved Patrick Handcock ONZM, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

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

Clause 11-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford and Mr Ruma Karaitiana.

The public part of the meeting finished at 11.15am

Confirmed 16 June 2021

Chairperson

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 16 June 2021

TITLE: Manufacturing Sector Profile - April 2021

PRESENTED BY: Julie Macdonald, Strategy and Policy Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the memorandum titled 'Manufacturing Sector Profile – April 2021', presented to the Economic Development Committee on 16 June 2021, be received for information.

1. MANUFACTURING SECTOR PROFILE – APRIL 2021



- 1.1. Attached is a copy of the full Manufacturing Sector profile and the summary profile, which have been updated.
- 1.2. The sector has been experiencing strong growth since 2012, with 5,060 people employed, annual earnings (salaries, wages and self-employment income) of \$312 million and a contribution to GDP growth of \$432 million.

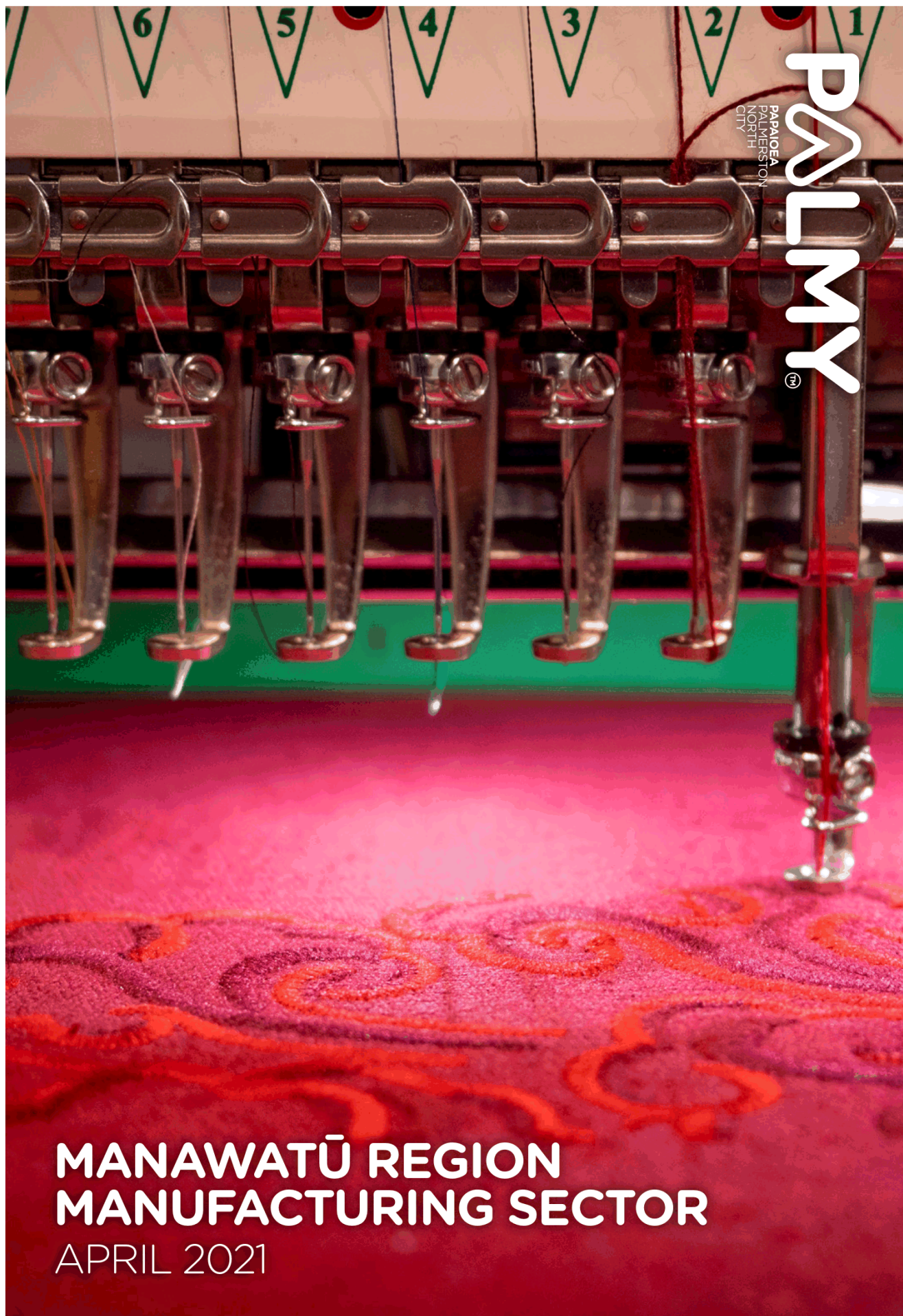
2. COMPLIANCE AND ADMINISTRATION

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 outcomes of the Economic Development Strategy	
The recommendations contribute to the achievement of action/actions in the Economic Development Plan	
The action is: Attract investment expansion and new businesses	
Contribution to strategic direction 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. Manufacturing Sector - full profile (2021) [↓](#) 
2. Manufacturing Sector Profile - Executive Summary (2021) [↓](#) 



**MANAWATŪ REGION
MANUFACTURING SECTOR**
APRIL 2021



Produced by
Palmerston North City Council

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Executive Summary

This purpose of these economic sector profiles for the Manawātū 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.

Manufacturing has experienced significant change over the last forty years, beginning with rapid reform to import controls in the 1980s and the removal of trade barriers in many of the countries New Zealand exports to. Manufacturing has experienced growth in labour productivity and employee earnings but a decreasing share of GDP and jobs. Contributing factors to the decline in GDP and employment share have been increased outsourcing, a large decline in sheep numbers, an increase in dairy production (which is more capital intensive than meat processing), and increased import competition.

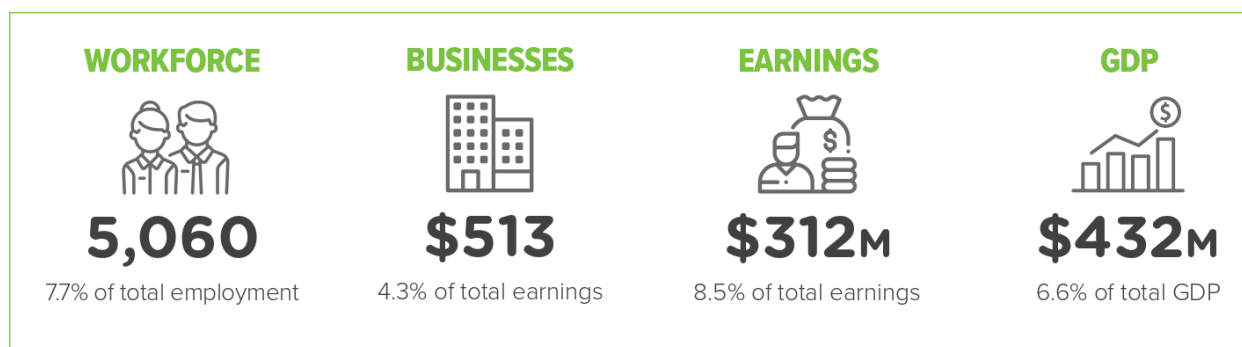
The manufacturing sector is a major source of employment in the Manawātū region, with a workforce of 5,060 people in February 2020, or 7.7% of total employment in the region. Total workforce numbers in the sector declined by 2% between 2000 and 2020, while total workforce growth in the region was 29% over this period. Nationally, the sector has a 9.4% share of total employment. Self-employment in the sector is small, accounting for 300 people; 6% of the total manufacturing workforce in 2018.

Employment in the sector peaked in 2002, when a workforce of 5,390 was recorded, but declined steadily through to 2012, when employment declined to 4,330

people. However, since 2012, employment in the sector has increased strongly, with manufacturing accounting for 12% of workforce growth in the region between 2012 and 2020.

The sector accounted for 10.2% of employment in the region in 2000, but the decline in its share of employment to 7.7% in 2020 does not reflect the current outlook for the sector. Infometrics' projections for workforce growth in the sector suggest the total manufacturing workforce will reach 6,714 by 2043, an increase of 36% from 2020, with an additional 1,794 people working in the sector. The overall workforce in the region is projected to increase by 31% over this time.

Total manufacturing sector earnings (salaries and wages and self-employment income) in the year ended March 2019 in the Manawātū region were \$312 million, or 8.5% of total earnings in the region. Earnings in the sector increased by 79% between 2000 and 2019, well below the average growth rate of 140% across all sectors in the region. Earnings in manufacturing grew by just 23% between 2000 and 2012, while overall growth for the region was 78%. However, since 2012 earnings growth in the sector has been stronger than overall earnings growth for the region, increasing by 44% between 2012 and 2019 compared with 34% growth for all sectors.



Earnings growth in the sector has also been stronger than for New Zealand manufacturing, where earnings growth was 32% over this period.

The contribution to earnings in the region from manufacturing is much higher than its share of employment because the sector has a higher share of full-time employment and a low self-employment share.

The contribution to GDP in the region by the manufacturing sector is estimated to have been \$432 million in the year to March 2020 (6.6% of regional GDP). GDP in the sector increased by 13% between 2000 and 2020, an average annual growth rate of 0.6%.

There were 513 businesses recorded in the manufacturing sector in 2020, a decline of 9% from 2000. In 2020 there were 177 businesses with no employees, 276 businesses with 1 – 19 employees, 48 businesses with 20 – 29 employees and 18 businesses with 50 or more employees.

The average size of manufacturing companies in the region is smaller than the average for New Zealand manufacturing.

Table 1: Manufacturing employment by business size

Number of employees	Manawātū region	New Zealand
1 - 19 employees	33%	28%
20 - 49 employees	27%	14%
50 employees and over	40%	58%

The region's strengths in fabricated metal products, transport equipment and machinery and equipment manufacturing are likely to be a contributor to the small average business size in the region, due to the specialised nature of these companies. In 2020 Statistics New Zealand recorded 81 fabricated metal companies, 36 transport equipment companies and 129 companies making machinery and equipment in the region.

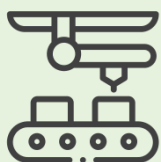
The Manawātū region has a greater proportion of manufacturing employment within the food product, fabricated metal product, machinery and equipment manufacturing, and polymer product and rubber product manufacturing sectors. The strength of these three sub-sectors is linked to the importance of agriculture in the Manawātū region and the strong research and development sector in Palmerston North.



The largest components of the manufacturing sector are:



Food processing, which had 1,950 employees in 2020, increasing by 31% from 2000. Job numbers declined from 1,490 in 2000 to 1,280 by 2008, but by 2020 the number of jobs had increased to 1,950. Meat and meat product manufacturing has been the main contributor to this growth, with the number of jobs in Manawātū District increasing from 310 in 2000 to 1,050 in 2019. The movement of Ovation to Feilding has been the largest contributor to growth in job numbers.



Machinery and equipment, which had 760 employees in 2020, declining by 5% from 2000. The sector experienced the loss of 235 jobs between 2000 and 2010, with the closure of the Ralta/Sunbeam factory the biggest contributor to job losses in this sector. However, since 2010, employee numbers have increased from 485 to 760 in 2020.



Fabricated metal products, which had 630 employees in 2020, increasing by 62% from 2000. The sector covers a diverse range of companies, including foundries, prefabricated metal buildings, aluminium joinery, structural steel fabricating and sheet metal products.



Polymer product and rubber manufacturing, which had 395 employees in 2020, increasing by 10% from 2020.



Transport equipment, which had 340 employees in 2020. Employment in the sector increased from 305 in 2000 to 340 in 2020, an increase of 11%. Key activities in the sector are motor vehicle body and trailer manufacturing, railway rolling stock repair and aircraft repair services.

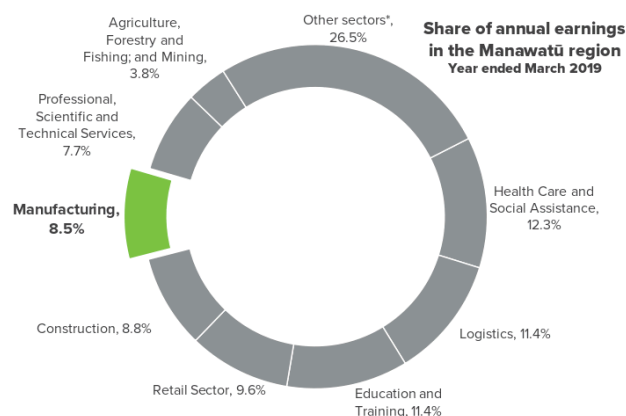
The biggest contributor to the decline in employment in the manufacturing sector in the period through to 2012 was the loss of 455 jobs in textiles, leather, clothing and footwear, a decline of 76% from 2000. Major company closures during this period included Feltex and Lane Walker Rudkin. The number of jobs in the sector has been stable since 2012.

Manawātū region data from the 2018 Census shows that 88% of the manufacturing workforce was employed full-time compared with 77% across all sectors in the region. The Census also showed that just 6% of the region's manufacturing workforce was self-employed compared with 7.8% across all sectors in the region. While 20% of manufacturing sector employees in the region had no qualification, compared with 12.5% of the region's working age population, average earnings in the sector were higher than overall earnings in the region.

Conclusions

The manufacturing sector did not contribute to employment growth in the Manawātū region between 2000 and 2020. However, there has been a strong recovery in manufacturing employment since 2012. The two sub-sectors contributing the most to this recovery have been food processing, and machinery and equipment manufacturing. The growth in food processing was boosted by Ovation moving its meat processing to Feilding and Goodman Fielder shifting the production of Irvines Pies to Palmerton North.

There is a diverse range of companies operating in the fabricated metal products, transport equipment and machinery and equipment manufacturing sub-sectors in the region, which will continue to drive economic growth in the region.



* 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

Introduction

Manufacturing in the new millennium has experienced significant restructuring, a continuation of significant change for the sector which accelerated when major reform to import protection began in the mid-1980s.

Manufacturing in the Manawātū region has experienced immense growth in productivity attributed to more capital investment, better management practices, and higher skilled workers. The total number of employees in the sector declined by 2% between 2000 and 2020, well below the growth rate of 35% for all sectors in the region. Real (inflation adjusted) GDP growth in the sector between 2000 and 2020 was 13%, behind the 49% increase in total GDP in the region.

Outsourcing has been an important factor in the decline in the share of GDP for the manufacturing sector and has contributed some of the growth which has been occurring in the services sector. Before outsourcing activities, manufacturing firms used to provide many of their own service activities in-house. Examples of activities which have been outsourced include; transport, warehousing, wholesale trade, accounting, data processing, cleaning, maintenance and engineering design. Firms have outsourced these due to the cost advantages provided by specialization. Due to the change in accounting, these previous activities are now shown to occur in the services

sector. This has overestimated the growth taking place in services and overestimates the decline in manufacturing. Therefore, there is a significant interdependence between the two sectors, implying one sector cannot exist without the other.

Dairy cow numbers increased by 18% between 2002 and 2020 while sheep and beef cattle numbers have declined by 34% and 12% respectively between 2002 and 2020. There has still been growth in employment in meat processing because of an increase in value-added processing of meat. This has resulted in a 5.1% increase in total jobs in the sector nationally between 2000 and 2020, and an increase of 188% in the Manawātū region.

The reduction of import tariffs by New Zealand has allowed low cost goods to enter New Zealand, forcing many manufacturing firms in New Zealand to close. The most obvious example is the textile, leather, clothing and footwear sub-division of manufacturing. This sub-division experienced a decline in employment nationally of 61% between 2000 and 2020.





Definition

A simple way of defining manufacturing is the act of making a product from raw materials. This includes activities such as bakeries, printing, food processing, clothing and textiles, refining of minerals, synthesizing chemicals and pharmaceuticals, metal products and machinery production.

The definition of manufacturing using the Australia New Zealand Standard Industrial Classification¹ is as follows:

Manufacturing mainly includes units engaged in the physical or chemical transformation of materials, substances or components into new products (except agriculture and construction). The materials, substances or components transformed by units in this division are raw materials that are products of agriculture, forestry, fishing and mining, or products of other manufacturing units.

Activities undertaken by units incidental to their manufacturing industry, such as selling directly to the consumer products manufactured on the same premises from which they are

sold, such as bakeries and custom tailors, are also included in the division. If, in addition to self-produced products, other products that are not manufactured by the same unit are also sold, the rules for the treatment of mixed activities have to be applied and units classified according to their predominant activity.

Determination of the coverage of the manufacturing sector is ambiguous. There is a blurring of the boundary between other sectors of the economy and manufacturing. An example of this is the construction of wall frames and trusses for use in buildings. When the wall frames and trusses are pre-assembled off the construction site they are deemed to be a manufacturing activity, when they are built on site, they are included in the construction sector.

¹ ANZSIC 2006 aligns as far as practicable with the International Standard Industrial Classification of All Economic Activities (ISIC) (Revision 4) and the North American Industry Classification System (NAICS) at the subdivision level.

Why is manufacturing vital?

Manufacturing is vital to the economy because manufacturing is not an island. The manufacturing sector has many flow-on effects, to and from itself.

Job losses in manufacturing will be substantially felt throughout the rest of the economy due to the economic multipliers that exist. When a decline in manufacturing occurs, manufacturing firms will buy lower levels of inputs and produce lower levels of output. These effects then flow on to other firms in the economy. The firms that supply inputs can no longer sell as many inputs to the manufacturing sector and firms which purchase manufacturing output may have a reduced choice of suppliers and potentially increased prices. These firms may then cut costs by laying off workers. This then

reduces wages and salaries, meaning people will spend less. This decrease in spending means other firms will have lower sales and must cut further costs.

Manufacturing is also vital through its contribution to research and development (R&D). This is because manufacturing R&D is a major contributor to economic growth in New Zealand. In 2000, the manufacturing sector contributed 13% of total New Zealand R&D but this had increased to 17.5% by 2018.

Outsourcing by the manufacturing sector

Increased outsourcing by the manufacturing sector has contributed to a decline in the sector's share of total employment and GDP. A case study in France has shown that between 1980 and 1990 that the services sector grew while the manufacturing sector declined². However, the level of manufacturing and industry related activities had not changed significantly. The study showed the same

activities were occurring, just more of the previously considered manufacturing activity is now considered to be part of the services sector. Increased demand for skilled labour in manufacturing has also increased demand for education services.

² OECD The Service Economy (2006)

Manawatū region manufacturing indicators

Workforce

In February 2020 the manufacturing sector workforce in the Manawatū region was 5,060 people, 2.1% of the New Zealand manufacturing workforce (244,400 people). Just over two thirds of the manufacturing jobs in the region were in Palmerston North City and over one third in the Manawatū District. Manufacturing employment in the region declined by 2% between 2000 and 2020 while New Zealand manufacturing employment increased by 2% over this time period.

The national manufacturing sector contributed 9.4% of total New Zealand employment in 2020 while 7.7% of total Manawatū employment was contributed by the manufacturing sector.

Infometrics employment projections prepared in March 2020 suggest there will be 6,614 jobs in the region's manufacturing sector by 2043, an increase of 36%, or 1,794 jobs. This is slightly higher than the 21% increase in the region's total workforce between 2018 and 2043.

Ethnicity

The manufacturing workforce in the region in 2018 was predominantly European. However, compared to the total New Zealand manufacturing workforce, there were higher percentages of European and Māori ethnicity and lower proportions of Pacific peoples. Compared with other sectors in the Manawatū region, manufacturing has higher proportions of Māori and Pacific peoples.

Qualifications

Data for the highest qualification gained by manufacturing employees shows more workers with no qualifications and fewer workers with university degrees than the average for all industries in the region. In 2018 the manufacturing sector had 20% of employees with no qualification, 69.2% with a school or post-school qualification (such as a trade course) and 10.8% with university degrees or higher qualification. The average for all industries was 12.5% with no qualifications, 60.9% with a post school qualification and 26.6% with degrees or higher (2018 Census).

Gender

Manufacturing has a greater proportion of males, accounting for 76% of the workforce in 2018 compared with 52% for the total Manawatū region workforce. The male share has been increasing gradually, in part due to the decline in textile, leather, clothing and footwear manufacturing employment, where females accounted for 63% of the workforce in 2018.

Employment status

Manufacturing employees are more likely to be in full time employment, with 88.3% employed full-time in 2018 compared with 77.2% for the overall Manawatū region workforce. The highest shares for part-time employment in the region's manufacturing workforce were in textile, leather, clothing and footwear manufacturing (22.4% part-time) and printing (20.5% part-time).

Self-employment is lower in the sector, accounting for 6% of the total manufacturing workforce in 2018. The share for self-employment for all sectors in the region was 7.8%.

Gross domestic product (GDP)

The contribution to GDP by the manufacturing sector is estimated to have been \$432 million in the region in the year to March 2020 (6.6% of regional GDP). GDP in the sector increased by 13% between 2000 and 2020, an average annual growth rate of 0.6%. The largest contributors to manufacturing GDP in the region were:

- Food product manufacturing \$120 million
- Machinery and other equipment manufacturing \$85 million
- Polymer product and rubber product manufacturing \$48 million
- Fabricated metal product manufacturing \$46 million

Industry sectors within manufacturing

Employment in the Manawātū is reasonably similar to the national manufacturing structure, but three small sectors are absent from the region:

- Beverage and tobacco product manufacturing
- Pulp, paper and converted paper product manufacturing
- Petroleum and coal product manufacturing

The only sector where the Manawātū region shows a greater proportion of employment than the average for New Zealand is polymer product and rubber product manufacturing. The Manawātū region accounts for 3% of national employee numbers in the sector.

Figure 2: Manufacturing employment

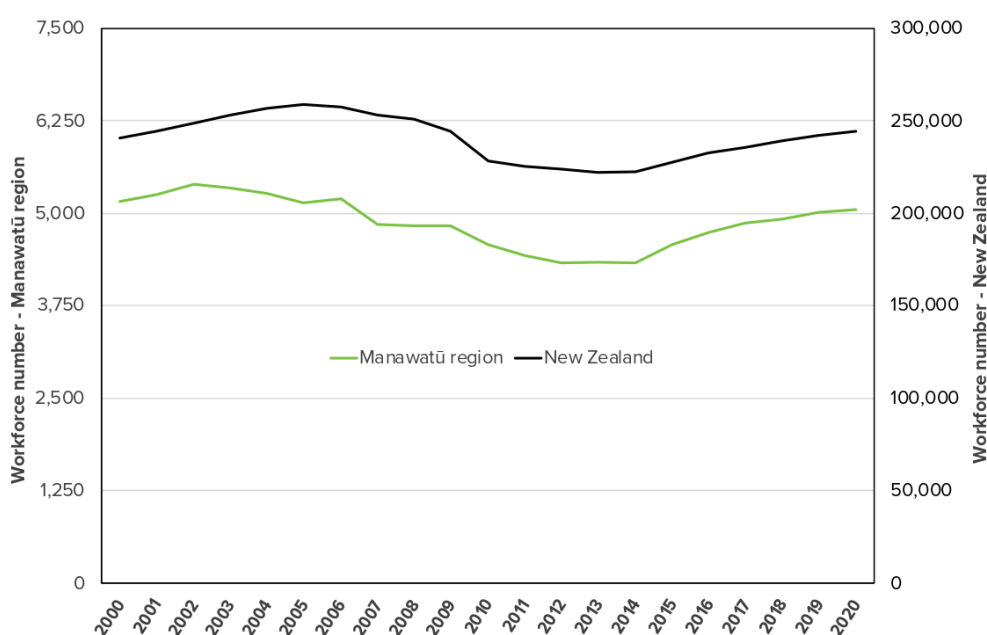


Table 2: Ethnicity of workforce³

	European	Māori	Pacific peoples	Asian
New Zealand - all industries	71.6%	13.5%	6.5%	15.0%
New Zealand - manufacturing	65.8%	16.1%	10.1%	14.5%
Manawātū region - all industries	80.8%	15.1%	3.4%	8.5%
Manawātū region - manufacturing	77.6%	18.4%	4.2%	7.9%

Source: Statistics New Zealand

³ Note: percentages for ethnicity add up to more than 100% because people can identify with more than one ethnic group.

Number of businesses and business size

There were 513 businesses recorded in the manufacturing sector in 2020, a decline of 9% from 2000. The number of manufacturing businesses in New Zealand grew by 1% over the same period. In 2020 there were 177 manufacturing businesses in the region with no employees, 276 businesses with 1 – 19 employees, 48 businesses with 20 – 29 employees and 18 businesses with 50 or more employees.

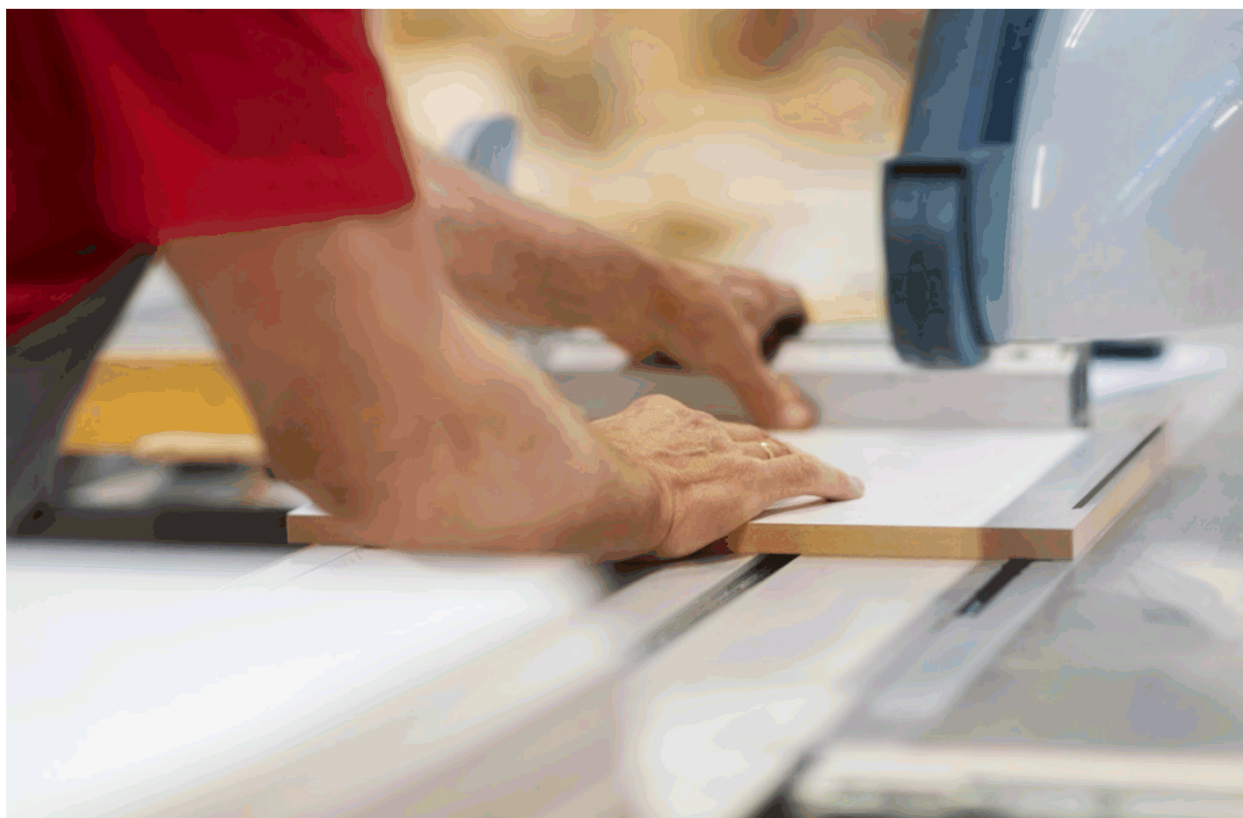
The average size of companies in the region is smaller than the average for New Zealand manufacturing. In the region, 33% of employees in 2020 worked in businesses with between 1 and 19 employees, 27% worked in businesses with 20 to 49 employees, and 40% worked in businesses with 50 employees or more. New Zealand manufacturing employment data shows 28% of employees worked in businesses with between 1 and 19 employees, 14% worked in businesses with 20 to 49 employees, and 58% in worked businesses with 50 employees or more.

Estimates for the number of new businesses that survive more than three years after they were established shows that manufacturing companies are more likely to survive

than other businesses in the region overall. The average three-year survival rate for manufacturing businesses established between 2015 and 2017 is 67% compared with 57% for all businesses in the region. The survival rate was also higher than for the New Zealand manufacturing sector, which had an average survival rate of 60%.

Research and development

The Palmerston North City Council has used Statistics New Zealand estimates to approximate the level of R&D in the Manawātū region, using national data and accounting for the significant contribution from Massey University, the Fonterra Research Centre and the Crown Research Institutes based in Palmerston North. The estimates suggest total R&D expenditure in the Manawātū was \$188 million in 2020, 4.1% of total national R&D expenditure. This shows a significant contribution of the Manawātū region to national research and development. The estimates suggest around 2,500 were people directly employed in research in the region (3.9 percent of total employment in the region in 2020).



Manawatū region manufacturing sub-sectors

Food product manufacturing

The food product manufacturing sub-division is the largest manufacturing employment sector within the Manawatū region, accounting for 39% of total manufacturing employment in the region in 2020. Employment in this sub-division has increased from 1,490 employees in 2000 to 1,950 employees in 2020, an increase of 31% or 460 additional employees. National growth was 19%.

There were 75 businesses in the sector in 2020, an increase of 19% from 2000. National business numbers increased by 47% over the same time period.

Food product manufacturing activities which account for most of the employment in this sub-sector in the Manawatū region are:

- Meat processing
- Dairy product processing
- Bakery product manufacturing
- Other food product manufacturing

Meat and meat product processing accounted for most of the growth in the food product manufacturing sector between 2000 and 2020, with 900 jobs recorded in 2020, an increase of 144% from 2000. The establishment of the Ovation meat processing plant in Feilding has been the biggest contributor to the growth in meat processing employment.

Dairy product processing accounted for 503 jobs in 2020 (36% increase from 2000) while bakery products accounted for 265 jobs (15% decline from 2000). Ernest Adams, a subsidiary of Goodman Fielder, is the largest business operating in the bakery products sector. It has increased employment in the region due to the transfer of the production of Irvines pies production to Palmerston North from Auckland. The decline in overall bakery products employment since 2000 is due to the closure of two bread manufacturing plants in the city since 2000.

Textile, leather, clothing and footwear manufacturing

Employment in this sub-division declined by 77% between 2000 and 2020 due to the loss of 460 jobs in the region. However, employment in the sector has been stable since 2012. National employment in the sector declined by 61% between 2000 and 2020.

The number of business in the sector has declined from 45 in 2000 to 21 by 2020, a decline of 53%. National business numbers in the sector declined by 35%.

Textile, leather, clothing and footwear activities which account for most of the employment in this sub-sector in the Manawatū region are:

- Clothing manufacturing
- Knitted product manufacturing

A major reason for the national and regional decline in this sector has been the reduction of tariffs and other import protection since the mid-80s, resulting in increased competition from imports. The closure of Feltex and Lane Walker Rudkin due to financial issues also resulted in several major factory closures in the region.

Wood product manufacturing

Employment declined in this sector to 165 employees in 2020, a decline of 13% from 2000. National employment in the sector declined by 8% over the same time period.

The number of business in the sector has declined from 54 in 2000 to 30 by 2020, a decline of 44%. National business numbers in the sector declined by 24%.

Wood product manufacturing sectors which account for most of the employment in this sub-sector in the Manawatū region are:

- Log sawmilling
- Wooden structural fitting and component manufacturing (e.g. wood door manufacturing, wooden kitchen cabinet making and roof trusses manufacturing).

Printing (including the reproduction of recorded media)

The printing sector in the Manawātū Region includes off-set printing, digital printing and screen printing.

There were 78 employees in this sub-division in 2020, declining by 46% in the Manawātū between 2000 and 2020, with 67 job losses. National data shows a decline of 43% over the same time period. The number of businesses declined from 30 in 2000 to 24 by 2020, a decline of 20%. National business numbers in the sector declined by 26%.

Basic chemical and chemical product manufacturing

Employment in this sector in the Manawātū region is concentrated in basic organic chemical manufacturing, although there has been growth in employment in pharmaceutical and medicinal product manufacturing. There has been a 29% reduction in employee numbers in the region from 2000 to 2020. This sector employed 180 workers in 2020, making up 3.1% of Manawātū manufacturing employment. Nationally, employment was unchanged between 2000 and 2020.

Polymer product and rubber product manufacturing

Polymer product manufacturing is the only source of employment in this sector in the region, with 395 jobs in 2020. Employment in the sector increased by 10% between 2000 and 2020. National employment in the sector declined by 3%.

The number of businesses operating in the sector declined from 33 in 2000 to 24 in 2020, a decline of 29%. National business numbers in the sector declined by 11%.

Non-metallic mineral product manufacturing

Concrete product manufacturing (such as the production of ready mixed concrete and concrete products) is the key activity in the non-metallic mineral product manufacturing sector in the Manawātū Region.

Strong growth in the construction sector in the region has contributed to the number of jobs in the region increasing from 95 in 2000 to 175 in 2020, an increase of 84%. National employment increased by 34% over the same time period.

While there has been an increase in employment, the number of businesses in the sector has declined from 27 in 2000 to 18 in 2020, a decline of 33%. National business numbers in the sector increased by 7%.

Primary metal and metal product manufacturing

Basic ferrous metal manufacturing (such as iron smelting and steel manufacturing) is the key activity in this sector in the Manawātū Region. Primary metal and metal product manufacturing has the smallest share of Manawātū manufacturing employment, contributing just 30 workers in 2020 employed in six businesses.

Fabricated metal product manufacturing

The fabricated metal product manufacturing sector in the Manawātū Region includes a diverse range of activities involved in the production of metal products. Key activities in the region are:

- Structural steel fabricating for buildings and other structures
- Prefabricated metal building manufacturing
- Architectural aluminium product manufacturing
- Metal roof and guttering manufacturing (except aluminium)
- Other structural metal product manufacturing
- Other sheet metal product manufacturing
- Metal coating and finishing

There has been a strong increase in employment since 2000, with a 62% increase in employee numbers. This is the largest rate of increase of all sub-divisions, resulting in 240 new jobs. There were 630 people employed in 2020. The growth is linked to the strong growth in construction activity in the region and primary sector capital investment. National employment in the sector increased by 23% over the same time period.

While there has been an increase in employment, the number of businesses in the sector declined from 99 in

2000 to 81 in 2020, a decline of 18%. National business numbers in the sector declined by 9%.

Transport equipment manufacturing

Transport equipment manufacturing sectors which account for most of the employment in this sub-sector in the Manawātū region are:

- Motor vehicle body and trailer manufacturing
- Aircraft manufacturing and repair services
- Other motor vehicle parts manufacturing
- Boatbuilding and repair services

Transport equipment manufacturing employed 340 people in the region in 2020, an increase of 11% from 2000. This was slightly stronger than the national increase of 8%. Motor vehicle body and trailer manufacturing is the largest component in the sector, and employee numbers have increased by 45% since 2000. The strength of this sector is linked to strength in commercial vehicle wholesaling in the city, particularly for trucks, and the strong growth that is occurring in the logistics sector in the region.

Aircraft manufacturing and repair services is also an important sector for employment in the region and has experienced a 216% increase in employee numbers since 2000.

The number of businesses in the sector has been stable over the past 20 years. National business numbers in the sector increased by 4%.

Machinery and equipment manufacturing

Machinery and equipment manufacturing is the second largest sector within manufacturing in the Manawātū region, with 760 employees in 2020. Employment declined slightly between 2000 and 2020 due to the loss of domestic appliance manufacturing when Ralta/Sunbeam closed its manufacturing plant. However, there has been strong growth in employment since 2012, when there were 550 employees in the sector. National employment in the sector increased by 12% between 2000 and 2020.

Machinery and equipment manufacturing sectors which account for most of the employment in this sub-sector in the Manawātū region are:

- Electrical equipment manufacturing
- Specialised machinery and equipment manufacturing, including agricultural machinery

- Other machinery and equipment manufacturing

Agricultural machinery and equipment manufacturing is an area of strength for the region, with the 220 employees in the region, accounting for more than 10% of national employment in the sector. Links to Massey University and the other research institutes based in Palmerston North have contributed to this strength.

The number of businesses in the sector has increased from 96 in 2000 to 129 in 2020, an increase of 34%. National business numbers in the sector increased by 9%.

Furniture and Other Manufacturing

There were 169 people employed in furniture and other manufacturing in 2020, a decline of 12% from 2000. National employment in the sector declined by 26%. This sub-division has experienced a decrease in furniture manufacturing employment both nationally and regionally in the Manawātū. The national decline was 34% while the Manawātū region had a smaller 22% decline between 2000 and 2020.

Key categories in the furniture and other manufacturing sector in the Manawātū region are:

- Wooden furniture and upholstered seat manufacturing
- Jewellery and silverware manufacturing
- Toy, sporting and recreational product manufacturing

The number of businesses in the sector has declined from 60 in 2000 to 51 in 2020, a decline of 15%. National business numbers in the sector declined by 17%.





PALMY
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PALMERSTON
NORTH
CITY

MANAWATŪ REGION MANUFACTURING SECTOR

EXECUTIVE SUMMARY
APRIL 2021

Executive Summary

This purpose of these economic sector profiles for the Manawātū 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.

Manufacturing has experienced significant change over the last forty years, beginning with rapid reform to import controls in the 1980s and the removal of trade barriers in many of the countries New Zealand exports to. Manufacturing has experienced growth in labour productivity and employee earnings but a decreasing share of GDP and jobs. Contributing factors to the decline in GDP and employment share have been increased outsourcing, a large decline in sheep numbers, an increase in dairy production (which is more capital intensive than meat processing), and increased import competition.

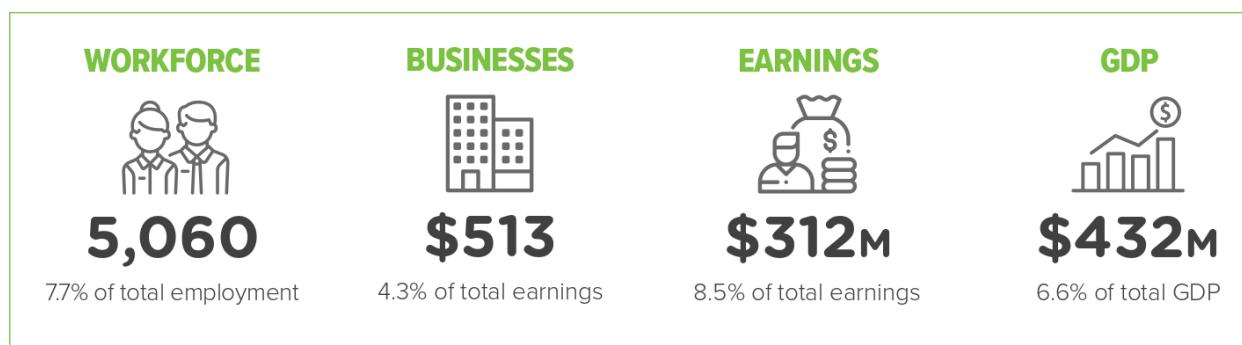
The manufacturing sector is a major source of employment in the Manawātū region, with a workforce of 5,060 people in February 2020, or 7.7% of total employment in the region. Total workforce numbers in the sector declined by 2% between 2000 and 2020, while total workforce growth in the region was 29% over this period. Nationally, the sector has a 9.4% share of total employment. Self-employment in the sector is small, accounting for 300 people; 6% of the total manufacturing workforce in 2018.

Employment in the sector peaked in 2002, when a workforce of 5,390 was recorded, but declined steadily through to 2012, when employment declined to 4,330

people. However, since 2012, employment in the sector has increased strongly, with manufacturing accounting for 12% of workforce growth in the region between 2012 and 2020.

The sector accounted for 10.2% of employment in the region in 2000, but the decline in its share of employment to 7.7% in 2020 does not reflect the current outlook for the sector. Infometrics' projections for workforce growth in the sector suggest the total manufacturing workforce will reach 6,714 by 2043, an increase of 36% from 2020, with an additional 1,794 people working in the sector. The overall workforce in the region is projected to increase by 31% over this time.

Total manufacturing sector earnings (salaries and wages and self-employment income) in the year ended March 2019 in the Manawātū region were \$312 million, or 8.5% of total earnings in the region. Earnings in the sector increased by 79% between 2000 and 2019, well below the average growth rate of 140% across all sectors in the region. Earnings in manufacturing grew by just 23% between 2000 and 2012, while overall growth for the region was 78%. However, since 2012 earnings growth in the sector has been stronger than overall earnings growth for the region, increasing by 44% between 2012 and 2019 compared with 34% growth for all sectors.



Earnings growth in the sector has also been stronger than for New Zealand manufacturing, where earnings growth was 32% over this period.

The contribution to earnings in the region from manufacturing is much higher than its share of employment because the sector has a higher share of full-time employment and a low self-employment share.

The contribution to GDP in the region by the manufacturing sector is estimated to have been \$432 million in the year to March 2020 (6.6% of regional GDP). GDP in the sector increased by 13% between 2000 and 2020, an average annual growth rate of 0.6%.

There were 513 businesses recorded in the manufacturing sector in 2020, a decline of 9% from 2000. In 2020 there were 177 businesses with no employees, 276 businesses with 1 – 19 employees, 48 businesses with 20 – 29 employees and 18 businesses with 50 or more employees.

The average size of manufacturing companies in the region is smaller than the average for New Zealand manufacturing.

Table 1: Manufacturing employment by business size

Number of employees	Manawatū region	New Zealand
1 - 19 employees	33%	28%
20 - 49 employees	27%	14%
50 employees and over	40%	58%

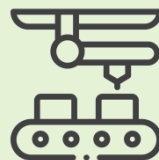
The region's strengths in fabricated metal products, transport equipment and machinery and equipment manufacturing are likely to be a contributor to the small average business size in the region, due to the specialised nature of these companies. In 2020 Statistics New Zealand recorded 81 fabricated metal companies, 36 transport equipment companies and 129 companies making machinery and equipment in the region.

The Manawatū region has a greater proportion of manufacturing employment within the food product, fabricated metal product, machinery and equipment manufacturing, and polymer product and rubber product manufacturing sectors. The strength of these three sub-sectors is linked to the importance of agriculture in the Manawatū region and the strong research and development sector in Palmerston North.

The largest components of the manufacturing sector are:



Food processing, which had 1,950 employees in 2020, increasing by 31% from 2000. Job numbers declined from 1,490 in 2000 to 1,280 by 2008, but by 2020 the number of jobs had increased to 1,950. Meat and meat product manufacturing has been the main contributor to this growth, with the number of jobs in Manawatū District increasing from 310 in 2000 to 1,050 in 2019. The movement of Ovation to Feilding has been the largest contributor to growth in job numbers.



Machinery and equipment, which had 760 employees in 2020, declining by 5% from 2000. The sector experienced the loss of 235 jobs between 2000 and 2010, with the closure of the Ralta/Sunbeam factory the biggest contributor to job losses in this sector. However, since 2010, employee numbers have increased from 485 to 760 in 2020.



Polymer product and rubber manufacturing, which had 395 employees in 2020, increasing by 10% from 2020.



Fabricated metal products, which had 630 employees in 2020, increasing by 62% from 2000. The sector covers a diverse range of companies, including foundries, prefabricated metal buildings, aluminium joinery, structural steel fabricating and sheet metal products.



Transport equipment, which had 340 employees in 2020. Employment in the sector increased from 305 in 2000 to 340 in 2020, an increase of 11%. Key activities in the sector are motor vehicle body and trailer manufacturing, railway rolling stock repair and aircraft repair services.

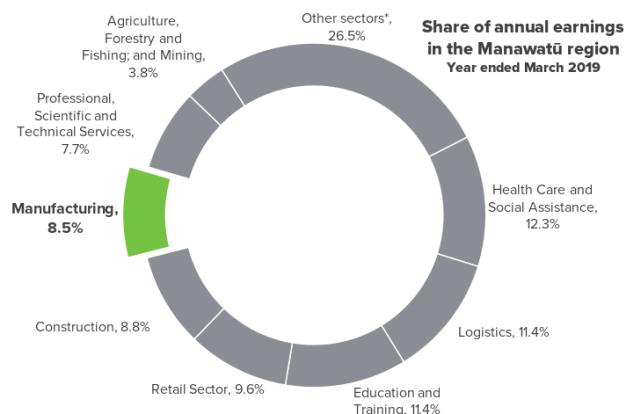
The biggest contributor to the decline in employment in the manufacturing sector in the period through to 2012 was the loss of 455 jobs in textiles, leather, clothing and footwear, a decline of 76% from 2000. Major company closures during this period included Feltex and Lane Walker Rudkin. The number of jobs in the sector has been stable since 2012.

Manawātū region data from the 2018 Census shows that 88% of the manufacturing workforce was employed full-time compared with 77% across all sectors in the region. The Census also showed that just 6% of the region's manufacturing workforce was self-employed compared with 7.8% across all sectors in the region. While 20% of manufacturing sector employees in the region had no qualification, compared with 12.5% of the region's working age population, average earnings in the sector were higher than overall earnings in the region.

Conclusions

The manufacturing sector did not contribute to employment growth in the Manawātū region between 2000 and 2020. However, there has been a strong recovery in manufacturing employment since 2012. The two sub-sectors contributing the most to this recovery have been food processing, and machinery and equipment manufacturing. The growth in food processing was boosted by Ovation moving its meat processing to Feilding and Goodman Fielder shifting the production of Irvines Pies to Palmerton North.

There is a diverse range of companies operating in the fabricated metal products, transport equipment and machinery and equipment manufacturing sub-sectors in the region, which will continue to drive economic growth in the region.



* 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



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Te Kaunihera o Papaioea Palmerston North City Council

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MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 16 June 2021

TITLE: Summary report on the March 2021 Palmerston North Quarterly Economic Monitor, Palmerston North Commercial Property Market Survey and quarterly retail spending

PRESENTED BY: Peter Crawford, Economic Policy Advisor

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the memorandum titled 'Summary report on the March 2021 Palmerston North Quarterly Economic Monitor, Palmerston North Commercial Property Market Survey, and quarterly retail spending', presented to the Economic Development Committee on 16 June 2021, be received for information.

- 1.1 This memorandum presents a summary of the key themes in the latest Palmerston North Quarterly Economic Monitor for the March 2021 quarter, the Palmerston North Commercial Property Market Survey and the quarterly retail spending.
- 1.2 The latest Palmerston North Quarterly Economic Monitor report indicates strong GDP growth in the city in first quarter of 2021, supported by growth in residential and non-residential building construction and strong growth in retail spending. The latest estimates suggest GDP growth in the city was 2.7% in the March quarter compared with a small decline of 0.3% for New Zealand. The Leap Day in February 2020 contributed to the relative decline in GDP in the March 2021 quarter.
- 1.3 The value of residential building consents (new buildings, additions and alternations) was \$199 million in the year ended March 2021, an increase of 83% from the ten-year average for the city (50% increase for New Zealand). The value of commercial/non-residential consents was \$181 million in the year to March 2021, an increase of 111% from the ten-year average for the city (29% increase for New Zealand).
- 1.4 The annual value for commercial/non-residential consents is expected to be lower in the June quarter due to the impact of the \$66 million Countdown distribution centre approved in May 2020, but the value of consents for other projects approved since

May means the annual value for consents will remain well above the long-term average.

- 1.5 Electronic card retail spending in the city was very strong in the March quarter, increasing by 7.6% in the city compared with a decline of 1.7% in the New Zealand. The return of key events in March, particularly the Central District Field Days, provided a significant boost to domestic visitor spending in the city and wider region.
- 1.6 The housing sector continues to face significant pressure, with construction of new houses still lagging well behind demand, despite an increase of 19% in the number of new houses consented. House values in the city were up 26.2% in the year ended March, while average rents in the city were up 10% from the previous year. Despite the strong increase in house values in the city, the average for the city was \$212,000 below the average for New Zealand. In December 2020 the difference was \$206,000.

2. PALMERSTON NORTH QUARTERLY ECONOMIC MONITOR – MARCH 2021

- 2.1 Estimated annual gross domestic product (GDP) growth in Palmerston North was 2.7% in the March 2021 quarter, while GDP for New Zealand was estimated to have declined by 0.3%.
 - a. Provisional GDP in Palmerston North was \$5,263 million (2021 prices) in the year ended March 2021, no change from the previous year. New Zealand GDP is estimated to have declined by 3.0%
- 2.2 Advance data for annual salaries and wages paid to residents in Palmerston North in the year ended March 2021 shows annual earnings of \$1,996 million, increasing by 3.7% from the previous year, while earnings for New Zealand increased by 2.9%. The earnings data is based on place of residence for employees and not their workplace address.
- 2.3 Advance data for total filled jobs for residents in the city shows there were 33,788 jobs in the March 2021 quarter, increasing by 0.4% from the previous year, while filled jobs for New Zealand declined by 0.7%.
- 2.4 Annual median salaries and wages paid in Palmerston North in the year ended March 2020 were \$54,490, increasing by 4.6% from the previous year, while median salaries and wages for New Zealand were \$56,180, increasing by 4.5% from the previous year.
- 2.5 The average quarterly worker turnover rate in Palmerston North in the year ended March 2020 was 13.4%, declining from 14.8% in the year to March 2019. The average worker turnover rate for New Zealand was 14.8%, declining from 16.4% in the previous year.

- 2.6 Electronic card retail spending in Palmerston North in the March quarter was \$309 million, an increase of 7.6% from the March 2020 quarter, while national spending declined by 1.4%. The Leap Day in 2020 accounts for some of the relative weakness in retail spending for New Zealand in the quarter.
 - a. Annual electronic card retail spending in Palmerston North for the year ended March 2021 was \$1,203 million, a decline of 0.6% from 2020. This compares with a decline of 3.8% for New Zealand.
- 2.7 The total value of building consents issued in Palmerston North in the March 2021 quarter was \$103 million, an increase of 22% from the March 2020 quarter. National consent values also increased by 22%.
 - a. Building consents to the value of \$380 million were issued in Palmerston North in the year to March 2021, an increase of 36% from the previous year. National consent values increased by 7% over the year to March 2021.
 - b. Consents for 144 new residential dwellings were issued in Palmerston North in the March 2021 quarter, compared with 115 in the March 2020 quarter, an increase of 25%. National consents increased by 18%.
 - c. Consents for 553 new residential dwellings were issued in Palmerston North in the year ended March 2021, compared with 464 in the previous year, an increase of 19%. National consents increased by 9%.
 - d. Commercial/non-residential consents to the value of \$181 million were issued in Palmerston North during the year to March 2021, an increase of 68% from the previous year. National consents increased by 5% over the same period.
- 2.8 The average value of residential properties in Palmerston North was \$659,430 in the three months ended March 2021, an increase of 26.6% from the March 2020 quarter (QV estimate). The average value for New Zealand was \$871,375, an increase of 16.1%.
- 2.9 Car registrations in Palmerston North declined by 8.7% in the year ended March 2021 (national registrations declined by 19.2%) while the number of commercial vehicles registered declined by 21.9% (compared to a national decline of 16.5%).
- 2.10 It is estimated the annual average unemployment rate in Palmerston North in the year ended March 2021 was 4.3%, which was below the unemployment rate of 4.7% for New Zealand.
- 2.11 The number of people in Palmerston North registered for the MSD Job Seekers benefit increased by 22.2% in March 2021 from March 2020, while the number in

New Zealand increased by 32.7%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.

- 2.12 Traffic flows in Palmerston North in the year to March 2021 declined by 4.0% from 2020, while there was a decline of 9.6% for New Zealand.
- 2.13 Electronic card tourism spending in Palmerston North was \$247 million in the year ended March 2021, declining by 3.1% from the previous year (New Zealand declined by 16.6%).
 - a. Domestic electronic card visitor spending in Palmerston North was \$236 million in the year ended March 2021, declining by 1.0% from the previous year (2.7% increase for New Zealand). Declines in spending were recorded from Auckland (13.1% decline), Hawkes Bay (3.2% decline) and Waikato (10.6% decline). The value of spending from the rest of the Manawātū-Whanganui region increased by 3.0%.
 - b. Electronic international card spending in Palmerston North was \$12 million in the year ended March 2021, declining by 32% from the previous year (73% decline for New Zealand). MBIE is unable to identify the amount of spending on international cards by New Zealanders returning from overseas, so is unable to distinguish between spending by visitors and returning residents.
- 2.14 Population estimates, based on primary health organisation registrations, suggest Palmerston North's population increased by 960 people between March 2020 and March 2021, an increase of 1.2% (1.6% increase for New Zealand).
- 2.15 The Palmerston North Quarterly Economic Monitor report for the March 2021 quarter is Attachment 1.

3. PALMERSTON NORTH COMMERCIAL PROPERTY MARKET SURVEY 2020

- 3.1 The latest Palmerston North Commercial Property Market Survey shows a significant decline in vacancy rates in Palmerston North between June 2018 and December 2020. The average vacancy rate across commercial and industrial zones in the city declined from 5.8% in 2018 to 3.1% in 2020. The largest decline in vacancy rates was in the Inner Business Zone, declining from 11.9% in 2018 to 5.4% in 2020.
- 3.2 Vacancy rates remain low in Grade A commercial properties (Good – post-2000 buildings), declining from 1.4% in 2018 to 0.7% in 2020. Vacancy rates are highest in Grade C properties (Poor – pre-1960) but declined from 13.6% in 2018 to 7.8% by 2020. Grade C floor areas have reduced in all zones except for the Inner Business zone.

3.3 The total floor area of commercial properties increased by 1% between 2018 and 2020. The reduction in vacancy rates over this period suggests the increase in demand for commercial property has been higher than the amount of new space built, suggesting an increased level of investment will be required in future years to meet demand.

3.2 The Palmerston North Commercial Property Market Survey for 2020 is attached as Attachment 2.

4. QUARTERLY RETAIL SPENDING – MARCH 2021

4.1 The CEDA quarterly report is no longer produced by Marketview because the BNZ has recently ended its partnership with Marketview for the supply of retail spending data for its customers. However, the Council has recently subscribed to a new Marketview Council Tool, which provides online access to retail data by main retail sector at a precinct level in Palmerston North and flows in spending into and out of the city. The Council is working with CEDA to produce a replacement Quarterly Retail Report, but Manawātū District will not be starting its subscription for the data until 1 July.

4.2 In the March 2021 quarter:

- a. Resident spending at Palmerston North merchants was \$205 million, increasing by 3.3% from March 2020,
- b. Resident spending outside of Palmerston North was \$58 million, increasing by 15.0%,
- c. Visitor spending in Palmerston North was \$109 million, increasing by 10.5%.
- d. The net gain in retail spending for the city (the difference between the spending by residents in other areas and the inflow of visitor spending) was \$52 million, an increase of 5.8%.
- e. The loyalty rate (the percentage of retail spending at local retailers) for residents was 81% in the year ended March 2021.



4.2 The annual net gain from visitor spending in the city was \$229 million in the year ended March 2021. Visitor spending in the city accounts for 33.6% of total spending at city retailers.

4.3 The strongest rate of growth in the city in the March quarter was in the city centre, with the Inner Business Zone recording growth of 7.9% from the March 2020 quarter. Growth in the Outer Business Zone was 7.6%, Terrace End increased by 0.1% and spending in the rest of the city increased by 4.1%.

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?	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?	Yes
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 outcomes of the Economic Development Strategy	
The recommendations contribute to the achievement of action/actions in the Economic Development Plan	
The action is: Attract investment expansion and new businesses	
Contribution to strategic direction 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 business and attracting new businesses to the city.

ATTACHMENTS

1. Palmerston North Quarterly Economic Monitor - March 2021 [↓](#) 
2. Palmerston North Commercial Property Market Survey [↓](#) 

Overview of Palmerston North City

Palmerston North's economy maintained its momentum in the March 2021 quarter, with Infometrics estimates of economic activity in the quarter 2.7% up on the March 2020 quarter, compared to a 0.3% decline estimated for the national economy.

Consumer confidence appears robust. According to data received from Marketview, consumer spending in the March 2020 quarter was 7.6% higher than in the March 2020 quarter, again a better result than the 1.4% spending decline nationally.

Strong non-residential construction activity suggests that business confidence is also improving. Apart from the record value of non-residential consents issued in the June 2020 quarter, the \$46m of consents issued in the March 2021 quarter was the highest since the March 2018 quarter. For the year to March 2021, non-residential consent values increased by an impressive 68.2%.

Labour market indicators were positive, with employment of Palmerston North residents increasing marginally, by 0.1% over the year to March 2021, in contrast to a national decline in employment of 0.2%. The City's average unemployment rate for the year to March 2021 was 4.3%, compared to 4.7% nationally. Jobseeker numbers retreated from their high in the December 2020 quarter. However, the effects of COVID-19 remain, with the average number of Jobseeker Support recipients over the year to March 2021 still 25.8% up on the previous year.

House price growth remains the major story of the New Zealand economy. House values in the City increased by 26.6% between the March 2020 and March 2021 quarters, well above the 18.2% increase recorded nationally. This coincided with a 5.4% pa decline in the number of house sales for the year, suggesting a trend of vendors holding off on selling in anticipation of further price increases. This house price growth also continued to spur residential construction activity, with the number of consents issued increasing for the third consecutive quarter. The total number of residential consents issued in the year to March 2020 increased by 19.2%, partly as a result of the record consenting activity in the June 2020 quarter.

Overall, Palmerston North's economic performance in the March quarter leaves the City well positioned for further recovery over the remainder of 2021.

Indicator	Palmerston North City	Manawātū-Whanganui Region	New Zealand
Annual Average % change			
Gross domestic product (provisional)	0.0 % ▼	0.5 % ▲	-3.0 % ▼
Traffic flow	-4.0 % ▼	-4.7 % ▼	-9.6 % ▼
Consumer spending	-0.6 % ▼	0.6 % ▲	-3.8 % ▼
Employment (place of residence)	0.1 % ▲	0.6 % ▲	-0.2 % ▼
Jobseeker Support recipients	25.8 % ▲	22.8 % ▲	39.8 % ▲
Tourism expenditure	-3.1 % ▼	-4.0 % ▼	-16.6 % ▼
Health enrolments	1.2 % ▲	0.9 % ▲	1.6 % ▲
Residential consents	19.2 % ▲	17.8 % ▲	9.1 % ▲
Non-residential consents	68.2 % ▲	58.6 % ▲	5.3 % ▲
House values *	26.6 % ▲	22.7 % ▲	18.2 % ▲
House sales	-5.4 % ▼	-3.2 % ▼	13.4 % ▲
Car registrations	-8.7 % ▼	-5.7 % ▼	-19.2 % ▼
Commercial vehicle registrations	-21.9 % ▼	-11.3 % ▼	-16.5 % ▼
Level			
Unemployment rate	4.3 %	4.4 %	4.7 %

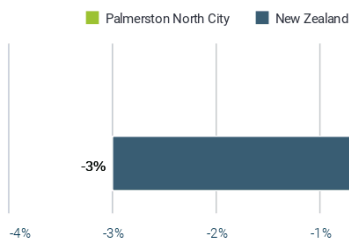
* Annual percentage change (latest quarter compared to a year earlier)

Gross domestic product

Gross domestic product growth

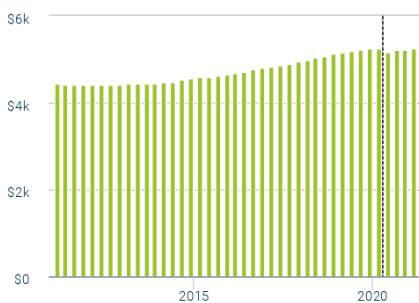
(provisional)

Annual average % change March 2020 - March 2021



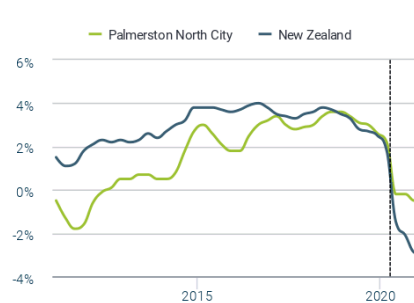
Gross domestic product (\$m)

Annual level, Palmerston North City



Gross domestic product growth

Annual average % change



Highlights for Palmerston North City

- GDP in Palmerston North City was provisionally same 0% for the year to March 2021 compared to a year earlier. Growth was higher than in New Zealand (-3.0%).
- Provisional GDP was \$5,263 million in Palmerston North City for the year to March 2021 (2020 prices).
- Annual GDP growth in Palmerston North City peaked at 3.6% in the year to December 2018.

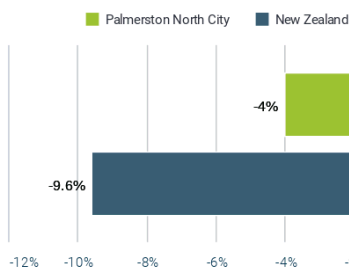
National overview

New Zealand's economic recovery likely faltered slightly at the start of 2021, as the loss of international tourists over the usual "peak" season combined with Alert Level changes to keep activity lower. Provisional estimates from Infometrics point to economic activity falling 0.3%pa in March 2021, following a surprisingly weak result in December, keeping the annual decline to 3.0%pa. More sluggish spending activity and a fall in the total number of hours worked reinforce this slightly weaker view. Although 2021 is set to show volatile economic data, better global economic activity and a domestic vaccine rollout in the second half of the year means there are solid expectations for a more upbeat path ahead.

Traffic flow

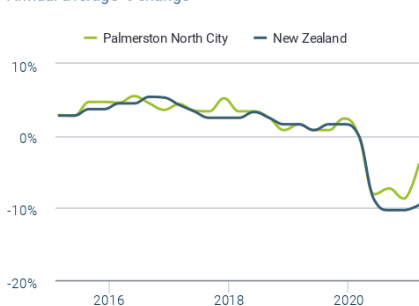
Annual change in traffic flows

Annual average % change March 2020 - March 2021



Traffic volume growth

Annual average % change



Highlights for Palmerston North City

- Traffic flows in Palmerston North City decreased by 4% over the year to March 2021. This compares with a decrease of 9.6% in New Zealand.

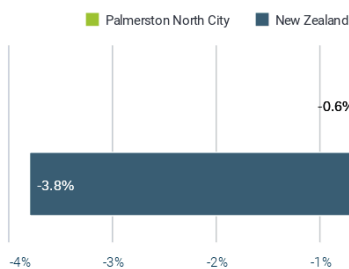
National overview

March 2021 quarter traffic activity lifted 2.4% from a year earlier to leave year-end traffic movements down 8.9%pa. Stronger traffic activity over the past six months has seen a change in traffic momentum, although traffic volumes are still lower than 2019 levels. Lower traffic flows on the West Coast and in Otago underscores lower tourism activity, but higher traffic across the central North Island and in the Wairarapa is encouraging.

Consumer spending

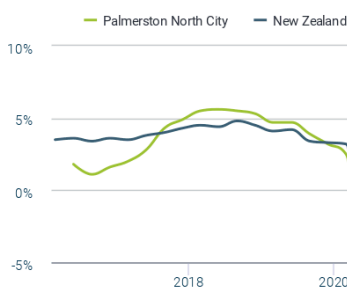
Growth in consumer spending

Annual average % change March 2020 - March 2021



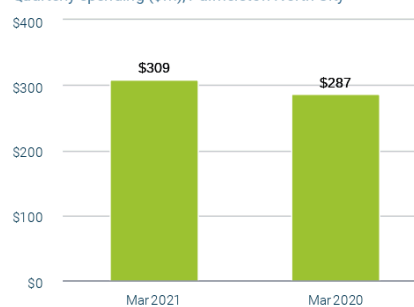
Consumer spending

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, decreased by 0.6% over the year to March 2021 compared to the previous year. This compares with a decrease of 3.8% in New Zealand.

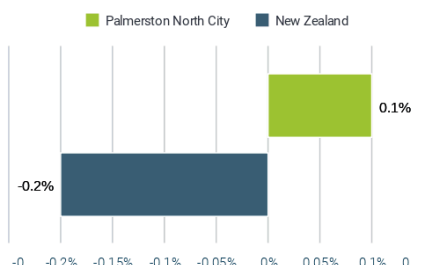
National overview

Consumer spending in the March 2021 quarter was down 1.4%pa, while year-end spending activity was 3.8% lower than a year earlier. Lower spending in the March quarter was driven by the continued lack of international tourism spending and the ten days that Auckland spent at COVID-19 Alert Level 3 in February and March. Spending in areas with higher exposure to international tourism was considerably lower, but areas close to urban centres and with strong primary sectors saw spending rise. A stronger labour market will boost spending activity going forward, although the timing of the vaccine rollout could limit spending intentions in the short term until public immunisations get going.

Employment (place of residence)

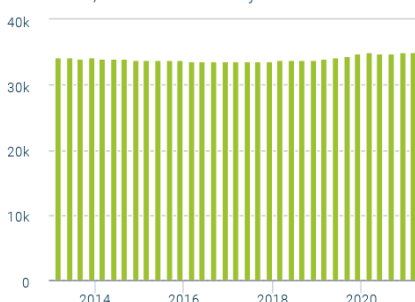
Employment (place of residence) growth

Annual average % change March 2020 - March 2021



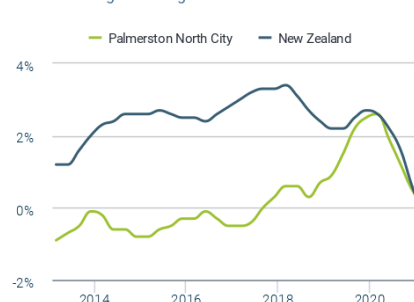
Employment (place of residence)

Annual level, Palmerston North City



Employment (place of residence) growth

Annual average % change



Highlights for Palmerston North City

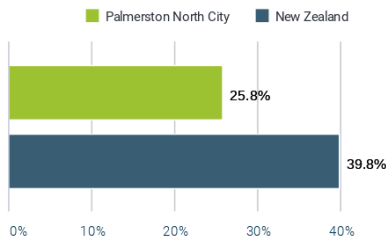
- Employment for residents living in Palmerston North City was up 0.1% for the year to March 2021 compared to a year earlier. Growth was higher than in New Zealand (-0.2%).
- An average of 34,988 people living in Palmerston North City were employed in the year to March 2021.
- Annual employment growth for Palmerston North City residents peaked at 2.6% in the year to March 2020.

National overview

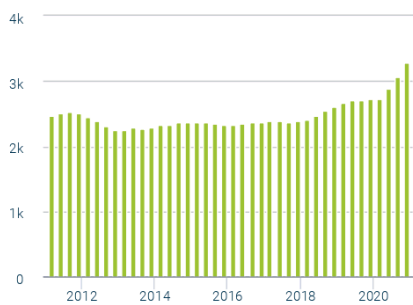
Employment is a new series for the Quarterly Economic Monitor, which represents the number of filled jobs held by residents of a given area (so where people live, not where their job is necessarily based). Nationally, filled jobs have fallen 0.2% over the year to March 2021 – far less than was anticipated in forecasts made this time last year. Although the wage subsidy helped to maintain jobs in the June and September 2020 quarters, there has been a slight unravelling of employment since. March 2021 quarter employment was 1.0% short of March 2020. Job losses have been concentrated in tourism-based industries such as accommodation and food services, arts and recreation services, and transport.

Jobseeker Support recipients

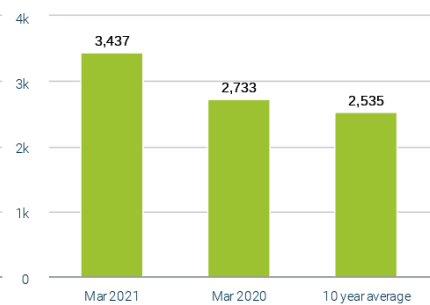
Annual change in Jobseeker Support recipients
Annual average % change March 2020 - March 2021



Jobseeker Support recipients
Annual average, Palmerston North City



Jobseeker Support recipients
Annual average, Palmerston North City



Highlights for Palmerston North City

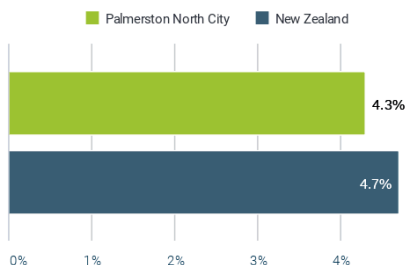
- Jobseeker Support recipients in Palmerston North City in the year to March 2021 increased by 25.8% compared with previous year. Growth was lower relative to New Zealand (39.8%).
- An average of 3,437 people were receiving a Jobseeker Support benefit in Palmerston North City in the 12 months ended March 2021. This compares with an average of 2,535 since the start of the series in 2012.

National overview

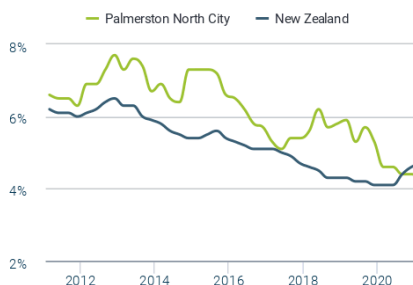
Average Jobseeker Support recipient numbers over the 12 months to March 2021 topped 202,000 – up 40% from a year earlier – but the tide is starting to turn. Jobseeker Support numbers have been trending down over the first few months of 2021, providing encouraging signs of a stronger jobs market. Benefit numbers usually fall between the December and March quarters as the summer peak rolls off, but the fall in 2021 has been more pronounced than normal, supporting more upbeat views. Jobseeker Support levels still remain significantly higher than pre-pandemic and will take time to go back to those levels, but the trend is moving in the right direction.

Unemployment rate

Unemployment rate
Annual average % change March 2020 - March 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 March 2021, down from 4.6% 12 months earlier.
- The unemployment rate in Palmerston North City was lower than in New Zealand (4.7%) in March 2021.
- Over the last ten years the unemployment rate in Palmerston North City reached a peak of 7.7% in December 2012.

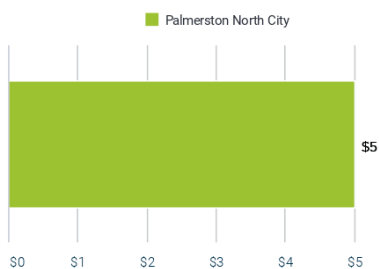
National overview

The unemployment rate fell further at the start of 2021, down to 4.7% on a seasonally adjusted basis and steady at 4.9% unadjusted. A more upbeat labour market will support local economies heading forward, although the hit to international tourism centres is also clear in the data. Higher underutilisation means more people are in work but want to be doing more, revealing that there is still spare resource in the economy. This view is supported by the 2.3% (seasonally adjusted) fall in total hours worked, as economic activity remains below pre-pandemic levels. Full-time employment dropped 0.2% in the March 2021 from December, countered by a 3.6% rise in part-time employment, and total hours.

Dairy payout

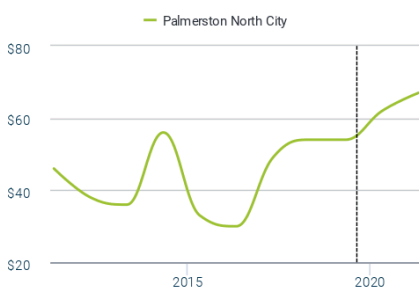
Total dairy payout (provisional)

Change (\$m) between 2019/2020 and 2020/2021 seasons



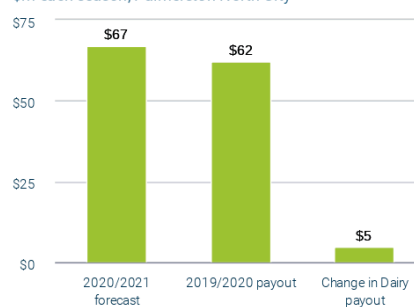
Total dairy payout

\$m each season, Palmerston North City



Total dairy payout

\$m each season, Palmerston North City



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 \$1,080 million higher in the 2020/2021 season.

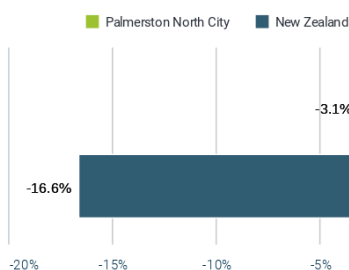
National overview

Dairy sector activity remains strong in the first quarter of 2021, with a total pay-out of just over \$14.6b possible this season – nearly \$1b higher than our previous estimate. Overall dairy production is higher, with milk solid volumes sitting 1.0% higher than our previous expectations after strong collections in the last few months. Fonterra have raised their farmgate milk price higher to a midpoint of \$7.60/kgms (from a \$7.20 midpoint). Our internal estimates suggest that the milk price could push higher, although we also expect prices to be tempered back later in 2021. Overall, the forecast pay-out nationally is now sitting 6.7% higher than what we last reported in February and is sitting at 95% of 2008's record pay-out.

Tourism expenditure

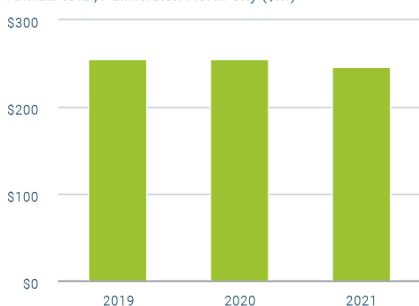
Tourism expenditure

Annual average % change March 2020 - March 2021



Tourism expenditure

Annual total, Palmerston North City (\$m)



Highlights for Palmerston North City

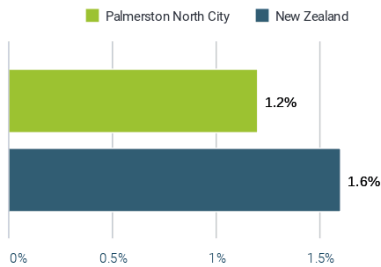
- Total tourism expenditure in Palmerston North City decreased by 3.1% in the year to March 2021. This compares with a decrease of 16.6% in New Zealand.
- Total tourism expenditure was approximately \$247 million in Palmerston North City during the year to March 2021, which was down \$255 million a year ago.

National overview

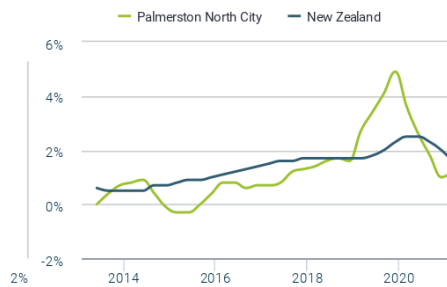
Annual tourism expenditure fell further over the year to March 2021, with domestic tourism unable to make up for the massive spending hole left by the lack of international arrivals through the tourism high season. Total tourism spending for the year declined by 16.6% nationally, with Auckland and key international tourism centres hardest hit. The opening of the trans-Tasman travel bubble may provide some relief to these regions, with the possibility of Australian tourists returning to New Zealand for the upcoming ski season. The decline in tourism spend is also likely to be less pronounced through the middle of 2021, as these are traditionally the low season for international tourism.

Health enrolments

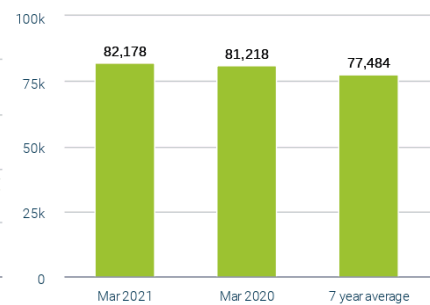
Annual change in health enrolments
Annual average % change March 2020 - March 2021



Health enrolments
Annual average % change



Health enrolments
Annual average, Palmerston North City



Highlights for Palmerston North City

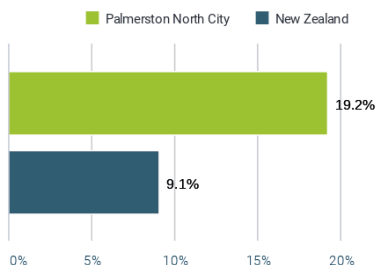
- The number of people enrolled with a primary health organisation in Palmerston North City in the year to March 2021 increased by 1.2% compared with previous year. Growth was lower relative to New Zealand (1.6%).
- An average of 82,178 people were enrolled with primary healthcare providers in Palmerston North City in the 12 months ended March 2021. This compares with an average of 77,100 since the start of the series in 2014.

National overview

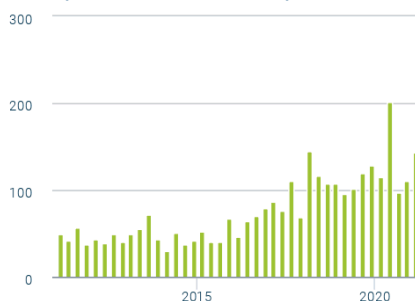
Health enrolment numbers show a continued slowdown in population growth across New Zealand as the plummet in net migration becomes clearer. Health enrolment growth slowed further to 1.1%pa in the March 2021 quarter, slowing average growth back to 1.6%pa over the last 12 months. Quarterly health enrolment growth is now the slowest since the end of 2015, which will drag annual growth lower over the next few quarters. Slower population growth provides some breathing room for stretched resources across New Zealand getting even more stretched but is also seeing some industries challenged by the lack of skilled workers coming into New Zealand.

Residential consents

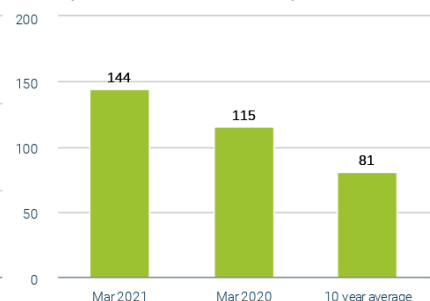
Growth in number of new dwelling consents
Annual average % change March 2020 - March 2021



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 144 new residential building consents were issued in Palmerston North City in the March 2021 quarter, compared with 115 in the same quarter last year.
- On an annual basis the number of consents in Palmerston North City increased by 19.2% compared with the same 12-month period a year ago. This compares with an increase of 9.1% in New Zealand over the same period.

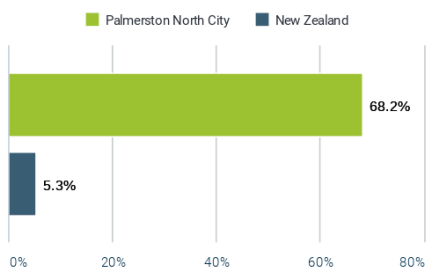
National overview

Annual residential building consents climbed to a record high, lifting 9.1% from a year prior to 41,028 new dwelling consents in the year to March 2021. Townhouses remain the driving force behind consent growth, with the number of townhouses approved climbing 40% over the year to March 2021. It is too early to ascertain for certain how the government's housing package will impact residential consents, with the package both incentivising investors to move to new builds, but also likely taking some of the heat out of house price growth that was encouraging record high consents.

Non-residential consents

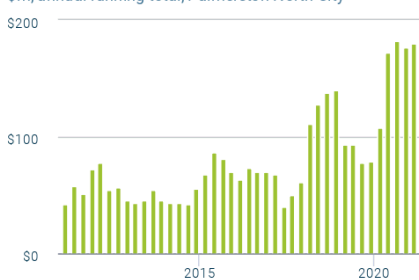
Growth in value of consents

Annual average % change March 2020 - March 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 \$180.5 million were issued in Palmerston North City during the year to March 2021.
- The value of consents increased by 68.2% over the year to March 2021. By comparison the value of consents increased by 5.3% 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.

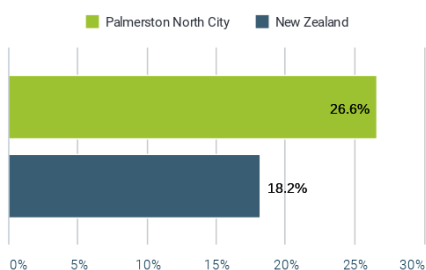
National overview

Non-residential building consent values grew 5.3% over the year to March 2021, driven by growth in education, warehouse, and factory consents (up 46%, 26%, and 24% over the year, respectively). Consents have been stronger in recent months, particularly as we compare to March 2020, when the uncertainty of COVID-19 was starting to hamper new investment. The non-residential construction industry has begun to gain back significant confidence and momentum as the economic outlook has improved. However, capacity constraints and increasing cost pressures could limit future growth investment decisions.

House values

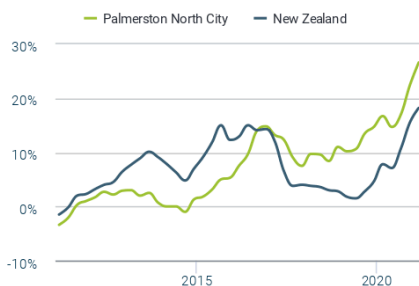
Annual change in house value

Annual % change in house value March 2020 - March 2021



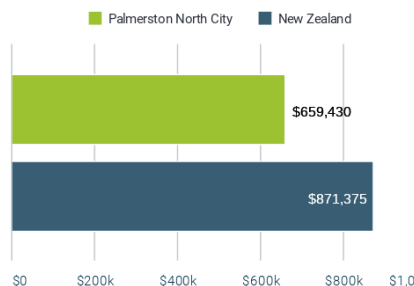
House value growth

Annual % change



Average current house value

Average house value in March 2021 quarter



Highlights for Palmerston North City

- The average current house value in Palmerston North City was up 26.6% in March 2021 compared with a year earlier. Growth outperformed relative to New Zealand, where values increased by 18.2%.
- The average current house value was \$659,430 in Palmerston North City in March 2021. This compares with \$871,375 in New Zealand.

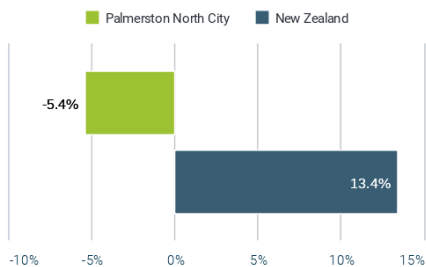
National overview

House values across New Zealand rose 18% in the March 2021 quarter, with strong growth across all regions and values in all regions now sitting at record highs. This wide-spread growth has been largely driven by incredibly low interest rates, coupled with a shortage of housing. House price growth remains particularly strong in Gisborne and Hawke's Bay, with values up 32% and 27% on average over the last 12 months. This growth has made it increasingly difficult for first home buyers without financial backing to enter the housing market. However, the government's Housing Package is expected to help slow growth by reducing investor demand and ability to pay.

House sales

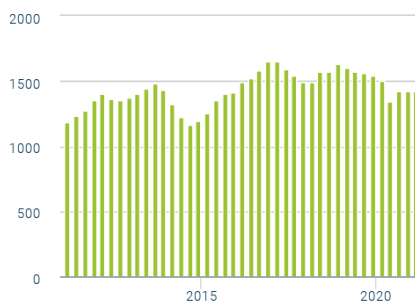
Annual change in house sales

Annual average % change March 2020 - March 2021



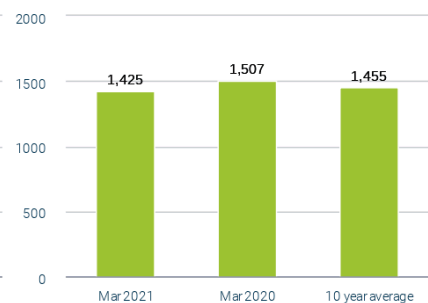
House sales

Annual number, Palmerston North City



House sales

Annual number, Palmerston North City



Highlights for Palmerston North City

- House sales in Palmerston North City in the year to March 2021 decreased by 5.4% compared with the previous year. Growth underperformed relative to New Zealand, where sales increased by 13.4%.
- A total of 1,425 houses were sold in Palmerston North City in the 12 months ended March 2021. This compares with the ten year average of 1,455.

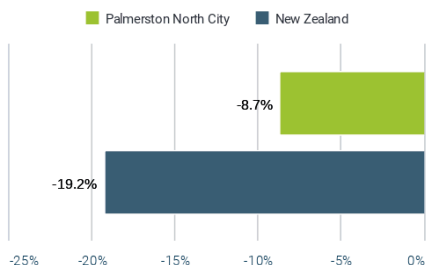
National overview

The number of houses sold in New Zealand grew 13% over the year to March 2021. This annual result has been bolstered by incredibly strong sales growth over the last six months, driven by record low interest rates and hot prices encouraging buyers, although momentum has slowed recently. Sales growth has been particularly strong in both the West Coast and Auckland regions. We expect the government's new housing package will decrease investor demand for existing property, and sales volumes looking forward. This package, coupled with the reintroduction of loan to value ratio (LVR) restrictions will limit investor activity.

Car registrations

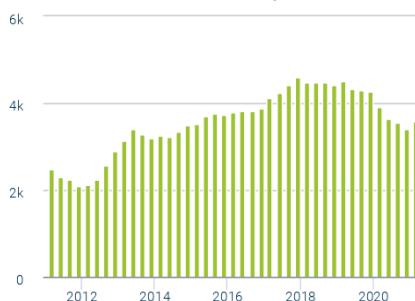
Car registrations

Annual average % change March 2020 - March 2021



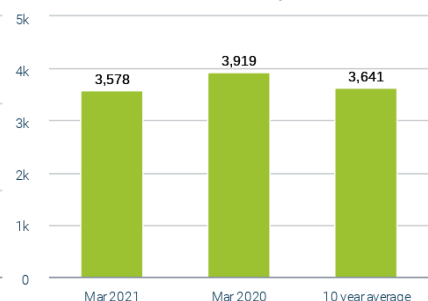
Car registrations

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 decreased by 8.7% in the year to March 2021 compared with the previous 12 months. Growth was higher than in New Zealand (-19.2%).
- A total of 3,578 cars were registered in Palmerston North City in the year to March 2021. This compares with the ten year average of 3,641.

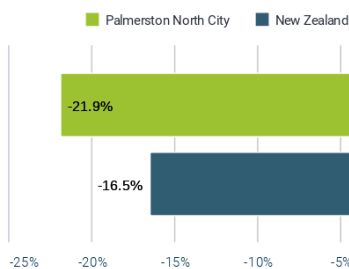
National overview

Car registrations recovered some ground in the March 2021 quarter, up 8.9%pa. Higher import numbers boosted vehicle availability, and rental registrations saw an uptick. Comparative March 2020 quarter figures were likely affected by the early stages of the pandemic, but registrations are still sitting 12% below March 2019 levels. Over the year to March 2021, registrations were 19% down on the previous year. Car stocks remain low despite the recent increase in car import numbers, meaning that there could be more strength in registrations going forward if supplies hold up. However, a shift in spending priorities towards overseas travel could also dampen enthusiasm for further spending on cars.

Commercial vehicle registrations

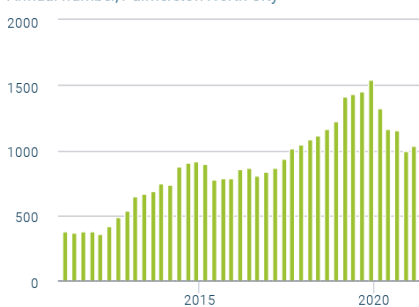
Commercial vehicle registrations

Annual average % change March 2020 - March 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 21.9% in the year to March 2021 compared with the previous 12 months. Growth was lower than in New Zealand (-16.5%).
- A total of 1,037 commercial vehicles were registered in Palmerston North City in the year to March 2021. This is higher than the ten year annual average of 922.

National overview

Commercial vehicle registrations in the March 2021 quarter climbed sharply, up 17%pa, to see the highest number of quarterly registrations since the September 2019 quarter. This increase likely reflects of continued strength in the construction industry and primary sectors, particularly over the harvest season. However, the effects of the June 2020 quarter lockdown remain with registrations over the year to March 2020 down by 16.5% compared to the previous year. Commercial registrations strength is expected to continue, driven by increased availability of commercial vehicle stock, along with continued construction activity and international demand for New Zealand's primary products.

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 averaged across the quarter in question from monthly rental data sourced from MBIE. 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).

MEMO

To Craig Auckram, Senior Planner, Palmerston North City Council

From Bruce Lavender & Garry Dowse

Date 2 March 2021

Subject **Palmerston North Commercial Property Market Survey**

We have now completed the Palmerston North City Council (PNCC) commissioned Palmerston North Commercial Property Market Survey.

Survey has included capture of individual property:

- Land use activity on a tenancy-by-tenancy basis.
- Building frontage photograph.

Critical findings, including occupancy trends and vacancy levels, are recorded in the attached spreadsheet (effective date is 31 January 2020).

Our methodology to determine occupancy and vacancy levels etc. proceeded on the following basis.

NATURE & SOURCE OF INFORMATION

Property data and market information has been sourced from but is not limited to TelferYoung's in-house database, PNCC, the Real Estate Institute of New Zealand, Property Guru: CoreLogic New Zealand, Headway Systems Limited, and local Property Professionals.

EXTENT OF INVESTIGATION

- Survey incorporated a viewing of all property identified in the Palmerston North City District Valuation Roll with zoning:
 - + Inner Business
 - + Outer Business *
 - + Local Business (Terrace End only) *
 - + Fringe Business
 - + Industrial **
 - + Airport **
 - + North East Industrial

* Outer and Local Business zones findings are combined.

** Industrial and Airport zones findings are combined.

- Initial property viewings were undertaken with an external inspection from roadsides and pedestrian ways.
- Where possible internal inspections were undertaken.

METHODOLOGY & ITEMISATION

- Vacancy levels are assessed by reference to known floor area measure, scaled from records held, and lease advertising information.
- Vacancy levels are shown as a ratio of assessed vacant floor area to District Valuation Roll floor areas i.e., percentage.
- Where property was being advertised for lease or sublease but was still occupied it was treated as occupied.
- Within each zone, quality comment reflects the effective age and condition of the property:
 - + New and modern builds (i.e., post year 2000 builds) are classified as A grade.
 - + 1960's to 1990's builds are classified as B grade.
 - + Pre-1960's and earthquake prone status properties are automatically classified as a C grade.
 - + Adjustments are made to finalise grading by reference to physical viewing i.e., refurbished, modernised may be B grade rather than C grade.
- Vacant land and dedicated carparking properties in all zones are balance non-graded properties.

MARKET SECTOR OBSERVATIONS 2018 vs 2020

- Over the two years from 2018 to 2020, Blackmores/TelferYoung Palmerston North Commercial Property Market Surveys show:
 - + Grade A accommodation total floor areas have increased.
 - + Grade B accommodation total floor areas have remained relatively steady.
 - + Grade C accommodation total floor areas have reduced except for in the Inner Business zone.
 - + Vacancy levels across nearly all zoning areas and building categories have decreased.
 - + Rental increases are evident across a range of categories, particularly in the new and modern compliant buildings categories where premises rentals are often cost return based.
- The Palmerston North commercial property market over the past 12-18 months has seen modern well-tenanted properties continuing to achieve strong demand at low investment yields (5.0% to 6.0%). Higher priced investments are largely being secured by "out of town" parties whom in other metropolitan locations cannot always recover equivalent yield returns. Older or weaker tenanted properties require higher returns to attract purchaser support.
- There remains strong occupancy in industrial locations, particularly for modern versatile property. Owner occupiers are active in take up of property, influenced by low funding costs.
- Industrial land and construction activities are characterised by strong demand and short supply. This together with low funding costs is influencing upward pressure on prices. For data sources etc. we refer the reader back to Nature & Source of Information heading, page 1 of this memo.
- The North East and East Terrace Industrial Estates are continuing strong growth sectors. Availability of land in the North East Industrial area remains complicated by developer land-banking and a volume of unserviced land holdings. The recent announcement by KiwiRail of a regional transport hub development in the location will further diminish such supply in the location.
- There remains other vacant industrial zoned land within the City boundaries. However, a volume is compromised e.g., there is capacity at Longburn but a large area is held by Fonterra for long-term future development and is not available to the market, nearby Works Road has infrastructural constraints.

-
- Mid-Broadway and Terrace End commercial (Outer/Local Business) remain strong growth sectors.
 - Central Business District continues to evidence significant vacancies in multi-level office buildings with conversion to residential occupancy best alternative usage.
 - The trend continues for a drift of office usage to the Outer Business zone, whereby it is clearly recognised low rise modern buildings with ready access and carparking are preferred.
 - Conventional strip or ribbon development retailing areas now evidence a spread of restaurant/food and pop-up outlets; and there has been little or no rental growth in the sector over recent years. This is influenced by a combination of factors including escalating property operating costs, competition from big box retailing, The Plaza Shopping Centre and internet shopping plus most recently Covid-19 pandemic business interruption.
 - Several property sales transactions have now been completed since New Zealand came out of enforced lockdown period in 2020. To date there appears to be little change in market levels, notably in the industrial sector. The low interest rate environment and a lack of alternative investments appears to be fuelling strong property demand like earlier in 2020. This has been met with a low supply of stock coming to the market.
 - Purchasers may err on the side of caution with reinstatement of higher Alert Levels; however, based on post lockdown sentiment it appears that there will be little impact on the yields initially in favoured sectors of the market. Various sectors have reacted differently with very few transactions in the retail or hospitality sectors indicating a lower confidence from sellers to put these properties on the open market. Industrial properties are typically the least impacted by adverse economic events such as this.

We trust the foregoing comments and attached spreadsheet meet your current needs. We recommend a meeting for debriefing and future reporting.

Yours faithfully

Blackmore & Associates Limited trading as TelferYoung Manawatu



Bruce Lavender - FNZIV | FPINZ

Registered Valuer

Email: bruce.lavender@telferyoung.com



Garry Dowse - FNZIV | FPINZ

Registered Valuer

Email: garry.dowse@telferyoung.com

Guidance
Looking for intuitive guide to prevailing value levels
Ignore extremes and forced transactions
Intuitive feel for Construction Levels

Land Values	Industrial \$psm	Industrial		NE Industrial					
	Size (Ha)	Low	High	Low	High				
Please note average rates psm at either end of range without being extreme or one offs.	< 0.3	\$	300	\$	400	\$	300	\$	400
	< 1.0	\$	200	\$	300	\$	200	\$	300
	< 5.0	\$	100	\$	250	\$	100	\$	250

Commercial Spm Size (Ha)	Inner Business		Outer Business		Fringe Business	
	Low	High	Low	High	Low	High
< 0.2	\$ 800	\$ 2,000	\$ 600	\$ 1,500	\$ 300	\$ 600
< 0.5	\$ 500	\$ 1,000	\$ 400	\$ 800	\$ 250	\$ 500

Capitalisation Rate	A Grade Tenant		B Grade Tenant		C Grade Tenant		Assume six years minimum certain term	
Simple Cap Rate based on 6 yr or more remaining term certain	Low	High	Low	High	Low	High	Grade	Tenants
Commercial								
Property								
Commercial	5.00%	6.00%	6.00%	7.00%	7.00%	9.00%	A	Blue Chip
Industrial	5.00%	6.00%	6.00%	7.00%	7.00%	9.00%	B	Good and/or Substantive
Specialist	5.00%	6.00%	6.00%	7.00%	7.00%	9.00%	C	Average Locals

Construction		Options
Activity	High	High, Moderate, Low
Capacity	Moderate	High, Moderate, Low
Costs	Rising	Rising, Static, Falling

Construction Costs Broad indicative rate psm inclusive of fees etc	Commercial \$psm	Construction Cost	
	Property	Low	High
	Office	\$ 3,000	\$ 5,000
	Retail	\$ 2,000	\$ 3,000
	Warehouse	\$ 1,500	\$ 2,000

[illegible]

Leasing Trends																																	
Please note average rents, on total occupancy cost basis, at either end of range without extremes																																	
Rents (TOC)		Local & Outer Business \$psm				Car Parks \$pa				OPEX \$psm				Local & Outer Business				Gross Floor Area		Vacancy		Gross Floor Area		Vacancy		Building							
Property Quality		Low		High		Low		High		Low		High		Demand		Supply		Ground Floor		Percent		Trend		Upper Floors		Percent		Trend		Grade		Quality	
Grade A		\$	250	\$	350	\$	1,300	\$	1,820	\$	20	\$	50	Flat	Sufficient			93,579		1.1%		Flat		28,004		0.0%		Flat		A	Good - Post 2000		
Grade B		\$	150	\$	250	\$	1,300	\$	1,560	\$	20	\$	50	Flat	Sufficient			168,704		4.1%		Flat		44,320		12.0%		Flat		B	Average - 1960's-1990's		
Grade C		\$	100	\$	150	\$	1,040	\$	1,300	\$	20	\$	50	Weak	Surplus			80,245		4.7%		Down		15,066		11.4%		Down		C	Poor - Pre 1960		

Leasing Trends																													
Please note average rents, on total occupancy cost basis, at either end of range without extremes																													
Rents (TOC)		Fringe Business \$psm		Car Parks \$pa		Yard \$psm		OPEX \$psm			Fringe Business		Gross Floor Area		Vacancy		Gross Floor Area		Vacancy		Building								
Property Quality		Low		High		Low		High		Low		High		Demand		Supply		Ground Floor		Trend		Trend		Grade		Quality			
Grade A		\$	180	\$	250	\$	780	\$	1,300	\$	40	\$	50	\$	20	\$	40	\$	12,130		0.0%	Down		112		0.0%	Flat	A	Good - Post 2000
Grade B		\$	130	\$	180	\$	780	\$	1,300	\$	30	\$	40	\$	20	\$	40	\$	37,421		7.6%	Up		2,065		0.0%	Flat	B	Average - 1960's-1990's
Grade C		\$	80	\$	120	\$	780	\$	1,300	\$	20	\$	30	\$	20	\$	40	\$	11,176		5.2%	Down		1,004		0.0%	Flat	C	Poor - Pre 1960

Leasing Trends	Rents (TOC)		Industrial & Airport \$psm		Car Parks \$pa		Yard \$psm		OPEX \$psm		Industrial & Airport		Gross Floor Area		Vacancy		Gross Floor Area		Vacancy		Building			
	Property Quality		Low	High	Low	High	Low	High	Low	High	Supply	Demand	Ground & Upper Floors	Trend	Percent	Trend	Upper Floors	Percent	Trend	Grade	Quality			
Please note average rents, on total occupancy cost basis, at either end of range without extremes	Grade A	\$	100	\$	200	\$	780	\$	25	\$	35	\$	10	\$	20		235,746	1.1%	Down	11,134	2.3%	Flat	A	Good - Post 2000
	Grade B	\$	75	\$	120	\$	520	\$	15	\$	25	\$	10	\$	20		613,140	1.6%	Down	30,214	0.2%	Flat	B	Average - 1960's-1990's
	Grade C	\$	60	\$	75	\$	260	\$	10	\$	15	\$	10	\$	20		168,134	4.3%	Down	6,898	0.0%	Flat	C	Poor - Pre 1960

[illegible]

Demand	Supply	Trend
Strong	Scarce	Down
Flat	Sufficient	Flat
Weak	Surplus	Up

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 16 June 2021

TITLE: Inner City/CBD Portfolio Update (June 2021)

PRESENTED BY: Councillor Leonie Hapeta, Lead Portfolio Holder for Inner City/CBD

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Inner City/CBD Portfolio update report for June 2021, presented to the Economic Development Committee on 16 June 2021, be received for information.

1. ISSUE

The Inner City/CBD portfolio is reporting to the Economic Development Committee for June 2021.

2. BACKGROUND

The Inner City/CBD portfolio members are encouraged to continue to update their goals and activities throughout the year.

Short description	Stakeholder (group, indiv etc)	Engagement type (event, discussion etc)	Members (note who attended)
BA5 young chamber	talent central	Networking	LH - 4 th May
Chamber event	ASB Economist before Budget delivered	Informing and Networking	LH - 18 th May
Bid meeting	Retailers	Informing group	LH - 12 th May
Ceda – event strategy	All venues in region	Informing group	LH/VD -12 th May
Chamber meeting	Catch up	Informing meeting	LH/VD – 12 May
Beggars meeting	Various stakeholders	Action and Information meeting	PH/LH- 25/5
Cuba Street meeting with Retailers and PNCC	Retailers	Information meeting	GS/LH/VD -13 May
Meet with chamber and colliers	Colliers		LH 23/4

PALMERSTON NORTH CITY COUNCIL

Meet with Chamber			LH/VD 18/3
Cuba Street meeting	Retailers		GS/LH 17/3
Regional economic update	Various		Various 16/3
ED Conference	Various		LH/RB/OM 28 May
City Development and Design Forum	Stakeholders/developer community		29/4 RB
Chamber of Commerce CE			30/4 RB
Chamber of Commerce 10 Year Plan Launch	Various		14/4 All councillors
Weekend George St pedestrian activation trial	Various		RB 2/4 5/4 11/4 26/4

From Councillor Pat Handcock

Actions arising from meetings (various) regarding street people/beggar issues for the CBD

Our own actions locally to mitigate issues caused by street people and beggars within our CBD.

- Formation of a beggars/street people stakeholder group.
 - Includes: Community Mental Health, Hope Church, MASH Trust, Police, Council CD staff, Chamber of Commerce, BID and Safe City Trust.
- Action Plan completed (meeting of 25 May)
 - Scoping our problem (How many involved? Specific issues? Current individual interventions? Needs?)
 - Aligning services
 - Literature review by CD Council staff to determine
 - Overseas studies and successful interventions
 - Preparation of detailed communications support for retailers/stakeholders
 - Consider re-activation of 'Give Wisely' campaign
 - Police also to provide their experience of documented 'best practice' within New Zealand context.
- Next Stakeholder Group meeting is set for 29 June (Coordination under Safety Advisory Board and PNCC Community Development.

I have also had various informal meetings with Paul O'Brien and Chamber of Commerce to discuss the Tram/ shuttle proposal.

Issues summary

1. Beggar issue still continuing for retailers.
2. Urban design issues for developers.
3. Wanting to hold market at Arena – have certain barriers for market holders.

3. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	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 3: A Connected and Safe Community	
The recommendations contribute to the outcomes of the Connected Community Strategy	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Active Citizenship Plan – the portfolios provide an opportunity for Elected Members to report on their engagement with organisations in their sector.

ATTACHMENTS

NIL

COMMITTEE WORK SCHEDULE

TO: Economic Development Committee


MEETING DATE: 16 June 2021

TITLE: Committee Work Schedule

RECOMMENDATIONS TO ECONOMIC DEVELOPMENT COMMITTEE

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

ATTACHMENTS

1. Work Schedule - June 2021 [↓](#) 

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – JUNE 2021

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1:	16 June 2021	Portfolio Update – Inner City/CBD	Cr Leonie Hapeta		
2:	16 June 2021	Sector Profiles: Manufacturing (full and summary)	General Manager – Strategy & Planning		
3.	15 September 2021	Sector Profiles: Retail Health Check (full and summary) Research, Science & Innovation (full and summary)	General Manager – Strategy & Planning	Waiting for further information to be supplied	
4.	15 September 2021	Portfolio Update – Science, Technology & Innovation	Cr Brent Barrett		
5.	8 December 2021	Portfolio Update – Education & Students	Cr Rachel Bowen		
6.	8 December 2021	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)	General Manager – Strategy & Planning		
7.	March 2022	Quarterly Economic Report	General Manager – Strategy & Planning		
8.	March 2022	International Relations Six Monthly Report	General Manager – Strategy & Planning		

Oasis # 13972982

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
98.	March 2022	Sector Profiles: Research, Science & Innovation (full and summary) Defence (full and summary) Manufacturing (full and summary)	General Manager – Strategy & Planning		
10.	March 2022	Portfolio Update – Housing	Cr Susan Baty		