



PALMERSTON NORTH CITY COUNCIL

AGENDA MINUTES ATTACHMENTS COUNCIL

9:00 AM, WEDNESDAY 25 JUNE 2025

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

COUNCIL MEETING

25 June 2025

12 Palmerston North Quarterly Economic Update - June 2025

1. Palmerston North Quarterly Economic Update - June 2025

4

Quarterly economic update

JUNE 2025

City economy 2025

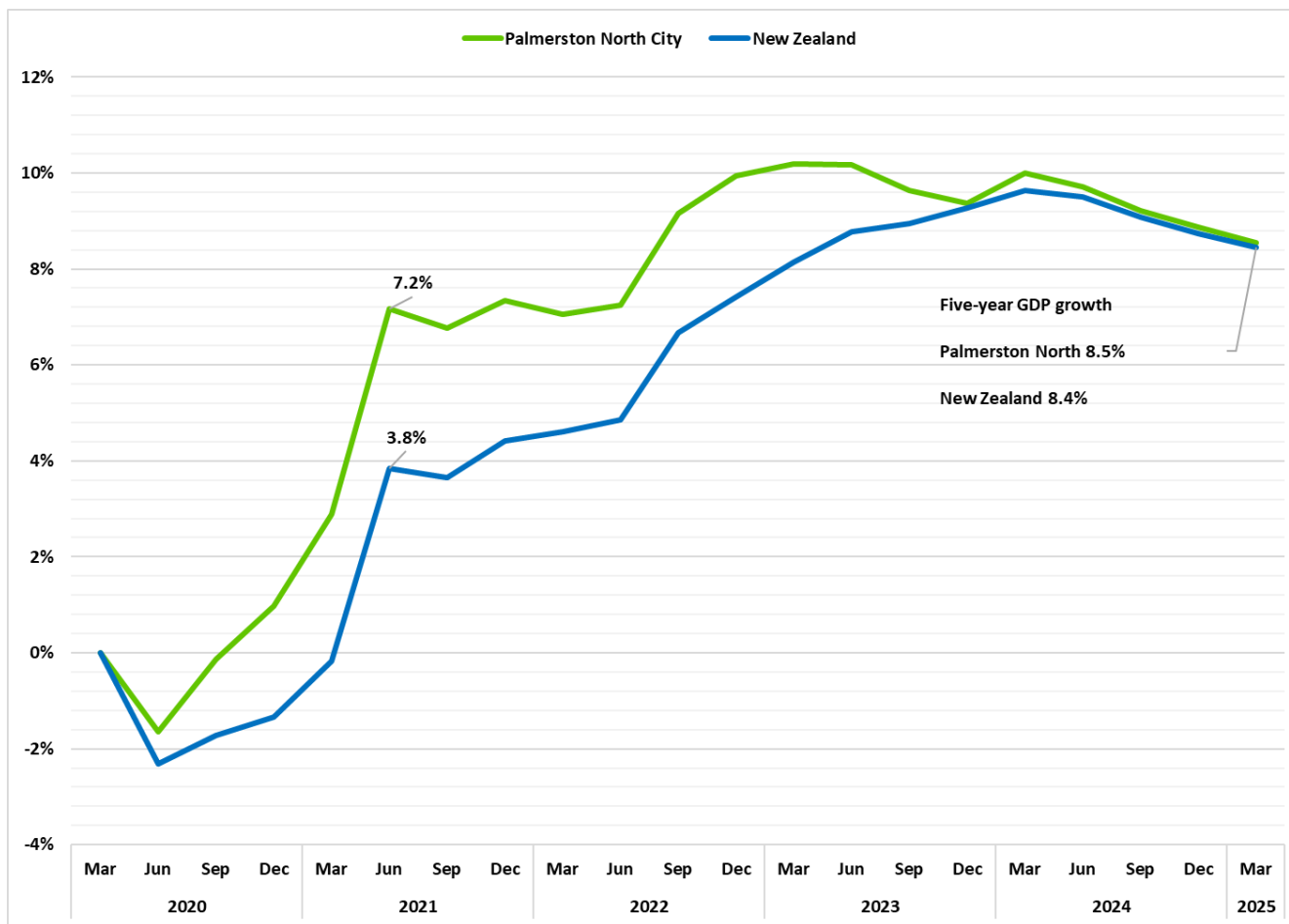
Strengths, opportunities and uncertainty



- Five-year growth continues to **exceed** national growth... just
- More **recent growth indicators** reflect the challenges
- Economic impacts have been uneven
 - **Rural economies bolstered** by strong global demand for exports
 - Industries **exposed to weak consumer demand** have taken the brunt of the economic downturn
- **Sectors** exposed to weak consumer demand will be supported by an increase in spending from lower interest rates and 'stable inflation' in time...
- **Uncertainty, geopolitical chaos** risks lots of things including slowing down interest rate reductions
- Overall, the **economic fundamentals of the NZ** and **regional economy** are strong... if only external factors would settle so we can get on with recovery
- Diverse mix of **public** and **private** sector activity and our **large stable sectors** have supported **economic resilience**

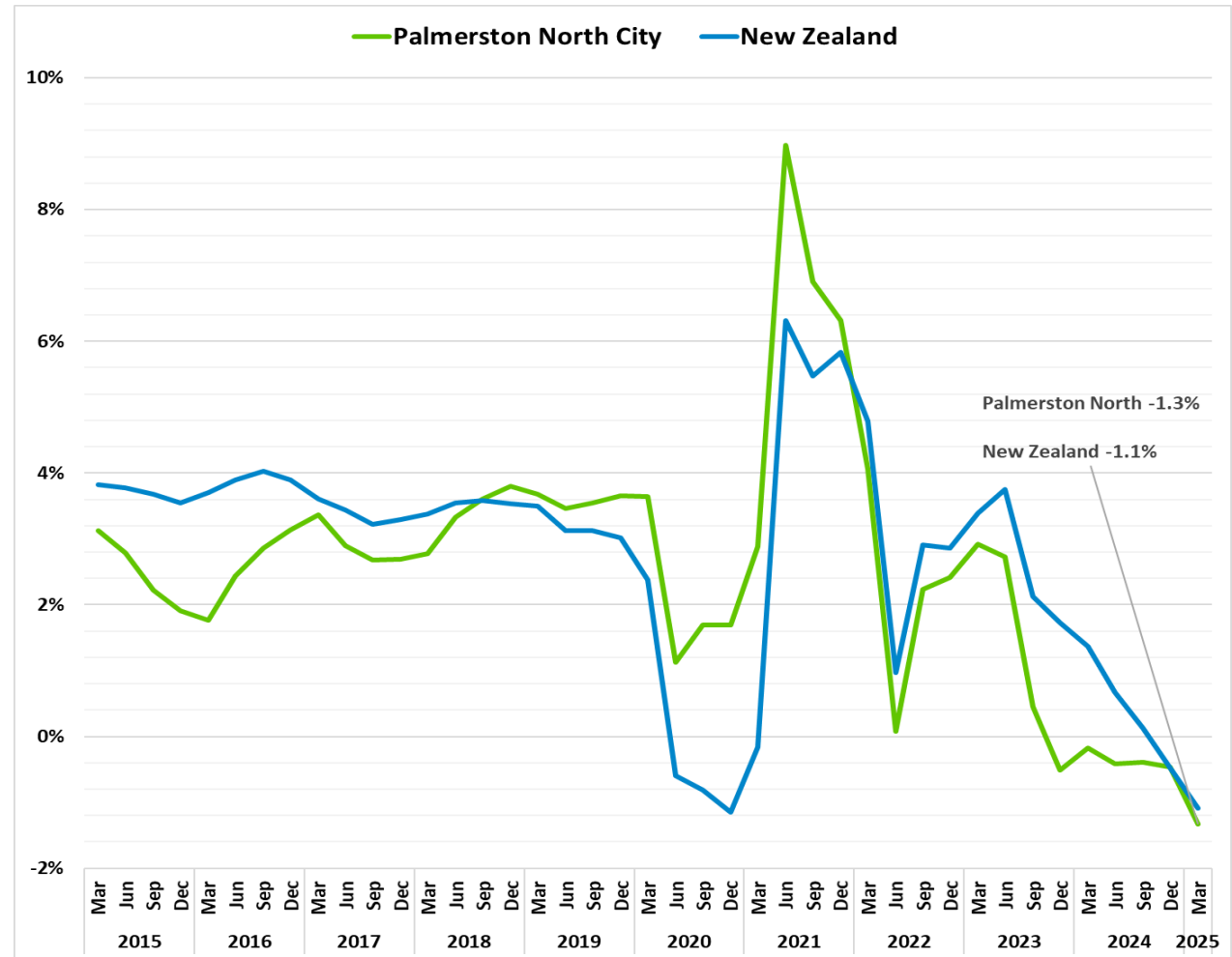
The economic structure of the city and wider region has supported economic activity during tumultuous times

CUMULATIVE GDP GROWTH (March 2020 – March 2025)



The human side of recession, business closures and job losses, have taken their toll more recently

ANNUAL AVERAGE GDP GROWTH Palmerston North vs New Zealand



Spending trends in the city reflect these challenges

Commercial vehicle investment the outlier



Palmerston North City

New Zealand

Spending				
Retail spending				
YE April 2025 Source: Marketview		\$1.488B	♥ -1.8%	-1.5%
New car registrations				
YE March 2025 Source: Infometrics		3,085	♥ -12.2%	-17.8%
Commercial vehicle registrations				
YE March 2025 Source: Infometrics		1,103	▲ +9.9%	-6.4%
Tourism electronic card spending	Domestic	\$269.1M	♥ -4.0%	-3.5%
	International	\$27.1M	▲ +4.7%	+7.0%
Guest nights				
YE April 2025 Source: ADP		416,600	♥ -3.0%	-1.1%





Labour market further reflects challenges

Construction investment the outlier

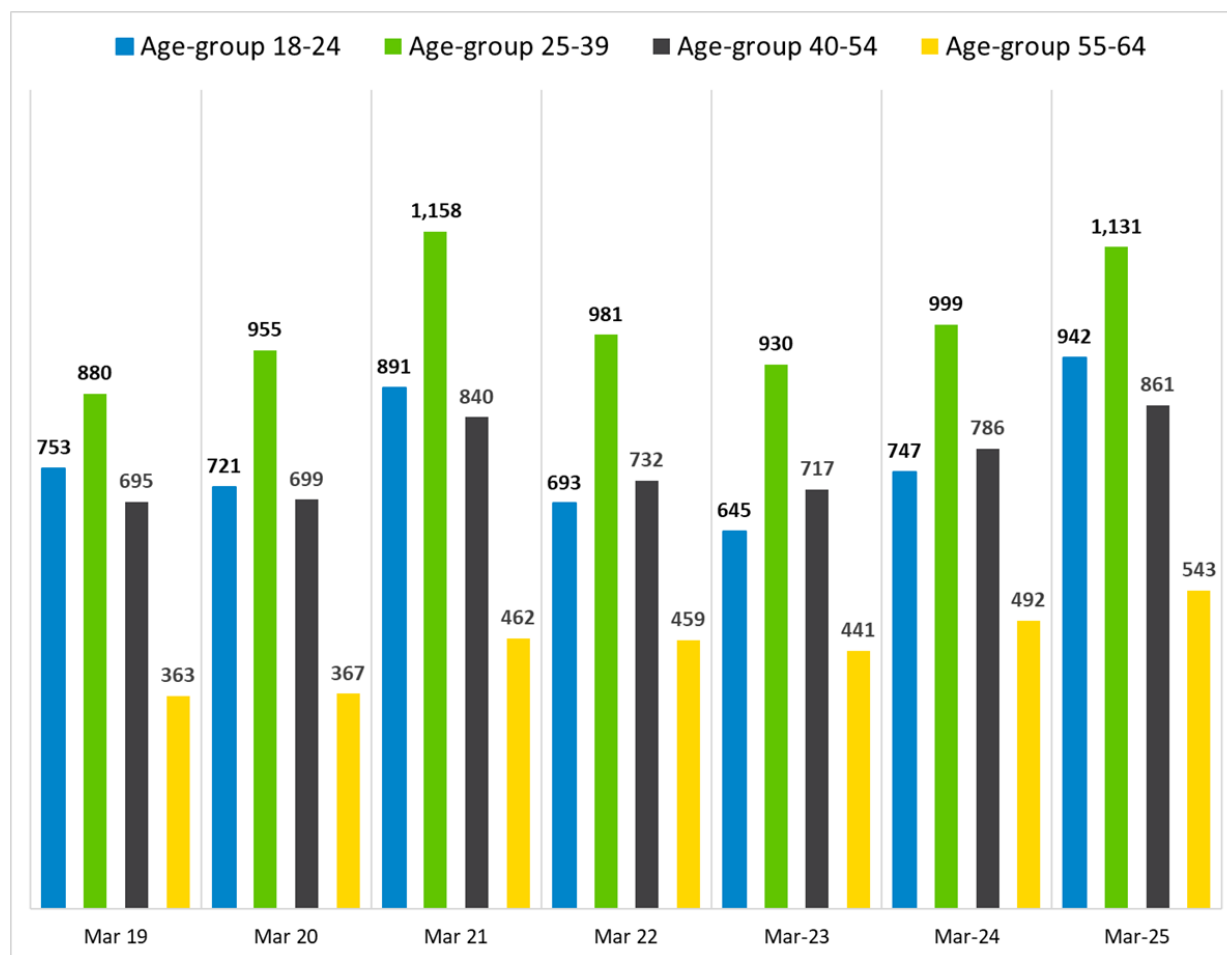


Palmerston North City

New Zealand

Business and Jobs			
Business counts <small>As at March 2025 Source: Infometrics</small>	8,186	 +0.4%	+1.2%
Non-residential construction investment <small>YE April 2025 Source: Stats NZ</small>	\$140.0M	 +32.6%	-7.6%
Filled jobs (Place of residence) <small>As at March 2025 Source: Stats NZ</small>	34,636	 -2.5%	-1.7%
Filled jobs (Workplace location) <small>As at March 2025 Source: Stats NZ</small>	46,575	 -2.2%	-1.7%
Unemployment rate <small>As at March 2025 Source: Infometrics</small>	4.3%	Average of four recent quarters	4.9%
Change in MSD Jobseeker recipients <small>March 2025 quarter Source: MSD</small>	+450	 +14.9%	+11.6%
<small>YE: Year ending M: million, B: billion *Value and annual change, unless stated otherwise, ** Annual change, unless stated otherwise</small>			

Jobseeker trends reflect economic conditions



Jobseekers +450 (+14.9% to 3,477) vs NZ (+11.6%)

Work ready jobseekers +180 (+10.6%) vs NZ (+8.4%)

Health condition or disability +270 (+20.4%) vs NZ (+16.0%)

Psychological or psychiatric conditions +150 (19.2%) vs NZ 16.0%

Housing market
prices stabilise
at more
affordable levels

Growth in house
sales volumes
reflects increasing
activity

Palmerston North City

New Zealand

Housing				
Average house price April 2025 Source: Q&A	\$634,094	♥ -1.6%		-1.3%
House sales YE April 2025 Source: REINZ	1,321	♥ +14.2%		+9.5%
Home ownership affordability March 2025 quarter Source: Infometrics	4.6		Ratio of average house value to annual average household income	6.5
Home rental affordability March 2025 quarter Source: Infometrics	20.1%		Percentage of average annualised rent to annual average household income	22.1%
New dwelling consents YE April 2025 Source: Stats NZ	432	♥ +6.7%		-5.2%
YE: Year ending M: million, B: billion * Value and annual change, unless stated otherwise, **Annual change, unless stated otherwise				

Economy 2025



NZ economy showed
**early signs of
improvement**

**Uncertainty,
international risks
weigh on the
economic outlook**

- The domestic economy showed some **early signs of recovery**.
- Unemployment and business failures show signs of **nearing their peak**
- At the same time, **lower interest rates** and a booming **export sector** are supporting the regional and NZ economy
- The changing **International order** continues to cause **chaos**
- There are moves afoot by our trading partners to **strengthen international relationships and demand** in the face of international challenges
- **Interest rate outlook dependent** on the balance between inflation generated by tariffs, and the impact of tariffs on economic growth alongside stability
- **Lower interest rates critical** to boosting economic recovery
- High value **food** production, quality **international education**, **defence force** consolidation, **logistics** capability & capacity to grow, bring regional opportunities.