Palmerston North City Centre

Quarterly electronic card spending

(retail and selected tourism sectors)

December 2023

This report presents analysis of electronic card retail spending (ie. total value of electronic card transactions made in person) in the city. The focus is on Palmerston North City Centre (consisting of CBD and Broadway Avenue precinct; and Outer CBD precinct); city as a whole (see map on page 9 for location of precincts); and comparison with New Zealand.

Data is obtained from Marketview and is based on information from Worldline (formerly known as Paymark) the largest electronic card payment network in New Zealand. Analysis covers eight retail sectors consisting of accommodation; apparel & personal; arts, recreation & visitor transport; cafes, restaurants, bars & takeaways; fuel & automotive; groceries & liquor; home & recreational retail; and other consumer spending (see retail sector classification on page 10).

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Summary – December 2023

Palmerston North: City at a glance

- For the December quarter 2023, total electronic card spending was $407 million, down 0.8% from the same period 2022. This compares to 0.8% growth, nationally.
- For the year ending December 2023, total electronic card spending in the city was $1,496 million. There is a slight narrowing of the gap between the Palmerston North's year on year growth of 3.0% compared to national growth of 4.3% over the year - see graph on "Electronic Card Retail Spending Annual Change (%)" on page 4.
- Annual retail spending growth across the country and in the city is below the annual rate of inflation of 4.7%, indicating negative real growth.

City Centre

- This quarter's electronic card retail spending in the city centre was $231 million, down 2.1% compared with the December 2022 quarter. National retail spending increased 0.8% over the same period.
- Annual electronic retail spending in the city centre was $838 million, an increase of 4.2% from the previous year. Growth in retail spending in the city was below the 4.7% annual inflation rate, equal to national growth of 4.2% growth, and above the 3.0% growth rate for Palmerston North.
- The top three retails sectors were "Groceries and liquor" (32% share of city centre spend), "Home and recreational retail" (31% of city centre), and "Café, restaurants, bars and takeaways" (16% of city centre). Together they represented 80% of retail electronic card spending. See pages 5 and 6 for breakdown by retail sectors.
- Since the November 2023 quarter, "Groceries and liquor" has taken the lead over "Home and recreational retail" as the top retail category in the city centre. This is no surprise as consumers respond to higher costs, reducing spending on big ticket household and business goods.

Retail Precincts

Retail Precincts	Dec 2023 quarter			Year ending Dec 2023		
	Value of spending ($m)	Change from same quarter last year (%)		Value of spending ($m)	Change from last year (%)	Precinct share (%)
Palmerston North Inner CBD and Broadway Avenue	138	-0.2%		500	7.4%	33.4
Palmerston North Outer CBD	92	-4.8%		338	-0.3%	22.6
Palmerston North City Centre*	**231**	**-2.1%**		**838.4**	**4.2%**	**56.0**
PNCC Terrace End	34	3.9%		126	4.4%	8.4
Rest of Palmerston North	142	0.1%		532	0.9%	35.5
Total Palmerston North**	**407**	**-0.8%**		**1,496**	**3.0%**	**100**
Total New Zealand	**21,224**	**0.8%**		**77,434**	**4.3%**	

Notes:
**Palmerston North City Centre spending consists of spending from: 1) CBD and Broadway Avenue (inner business zone) precinct, and 2) Outer CBD (outer business zones) precinct.*
***Total Palmerston North City spending consists of spending from the city centre + Terrace End precinct + the rest of the city. See map on page 9 for location of the precincts.*

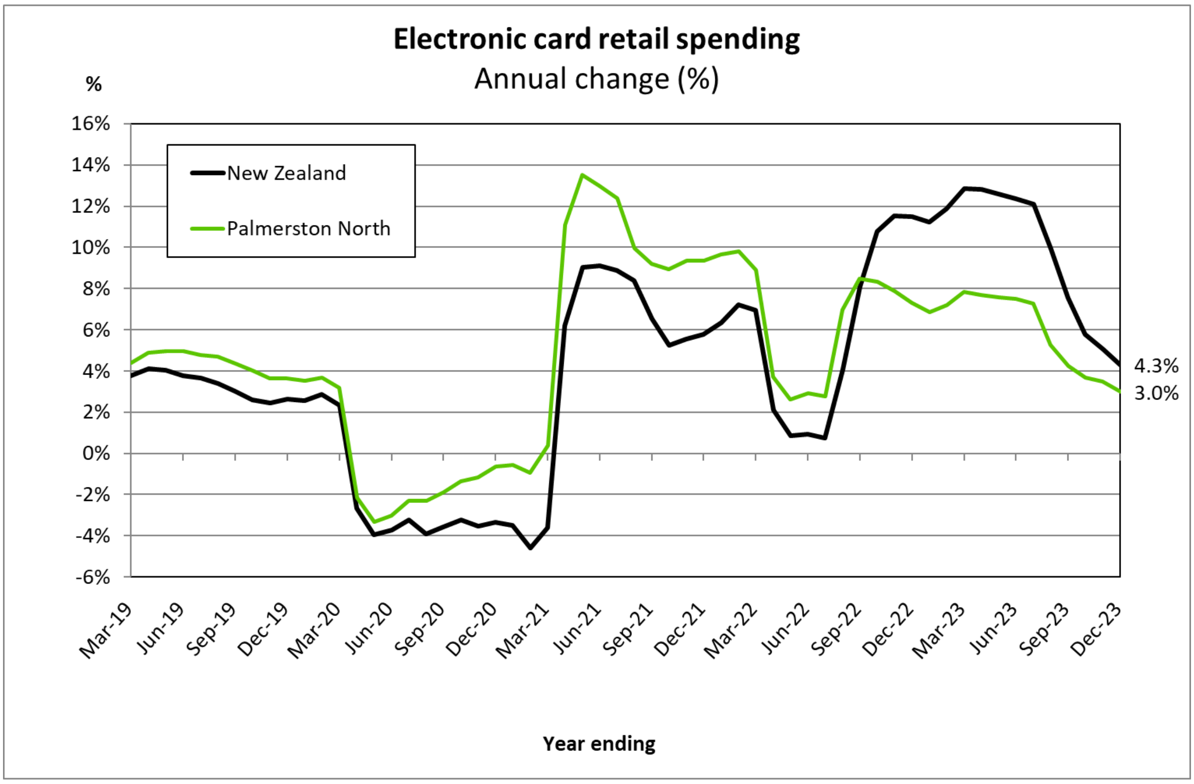
The annual growth rate of retail spending in Palmerston North for year ending December 2023 was 3.0% below the annual inflation rate of 4.7%. This indicates negative real growth at the city level. Annual growth of Palmy Bid precincts are as follows: -

- CBD and Broadway Avenue (inner business zone) precinct achieved an annual growth rate of 7.4%, higher the annual inflation rate (4.7%) and NZ annual growth rate (4.3%).
- Spending in the Outer CBD fell 0.3% over the year.

Comparing the December quarter 2023 with the December quarter 2022, combined spending in the Inner CBD and Broadway, and the Outer CBD precincts fell by 2.1%. A decline in these precincts was previously observed in the October 2021 quarter. These combined precincts make up the Palmerston North City Centre representing about 56% of total retail spending in the city. The December quarter-on-quarter decline in spending in the city reflects the sharper pullback in spending in late 2023 in response to mounting pressures on households.

The time series below shows annual (i.e., rolling 12 months) change in electronic card spending (Mar 2019 – Dec 2023) for Palmerston North and New Zealand. Prior to October 2022, our City's retail spending experienced stronger performance relative to national spending due to parts of the country continued to be more greatly affected by reduced tourism and supply chain issues. Since October 2022, the average New Zealand growth rate caught up and began to exceed the rate of growth in our City. Annual growth rates in spending for NZ and Palmerston North begun to decline since April 2023 in response to tougher economic conditions.

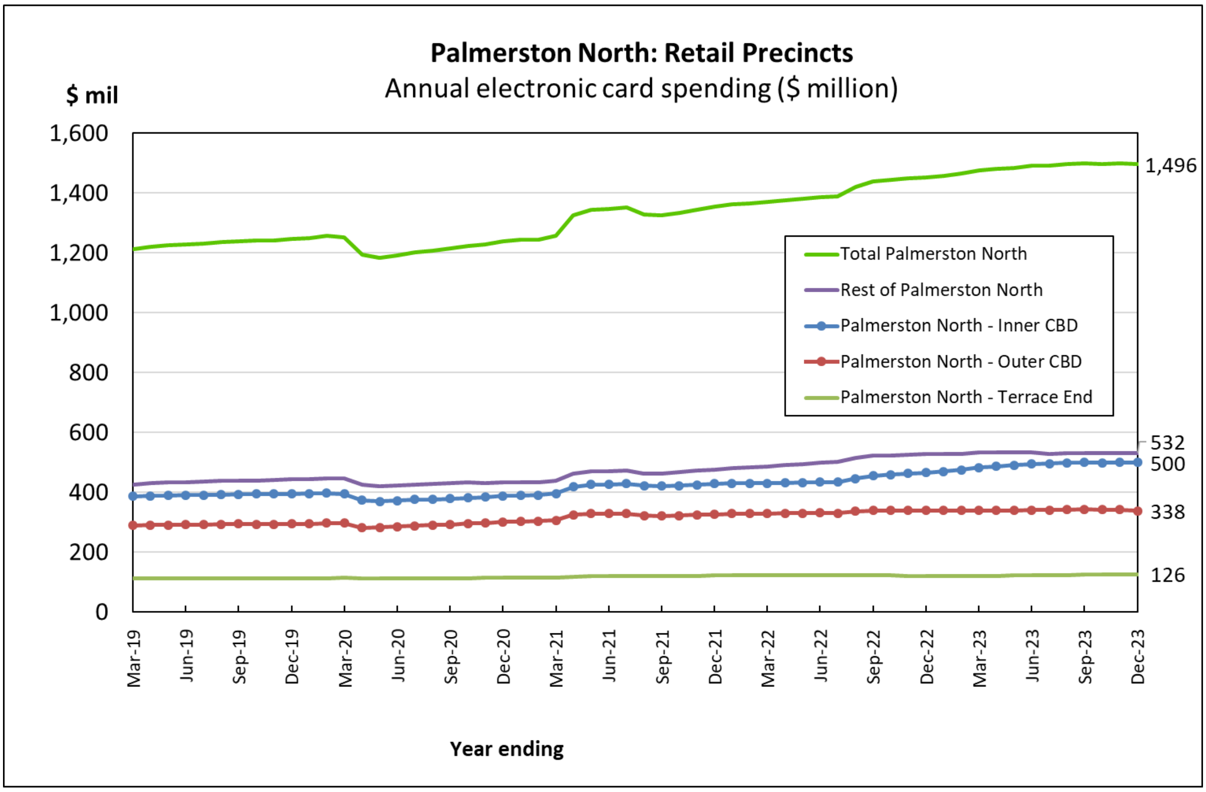
Time series: Annual Change (Mar 2019 – Dec 2023)



The time series of spending by precincts below shows upward trends in spending across all precincts. Key observations are:

- The "Rest of Palmerston North" has been leading as the precinct with the highest spending since Dec 2016.
- During the recent months "Palmerston North inner CBD" (i.e., inner CBD and Broadway) is catching up with "Rest of Palmerston North". Spending in both precincts appear to be plateauing as pressure on spending mounts.

Time series: Annual Electronic Card Spending (Mar 2019 – Dec 2023)



Retail sectors

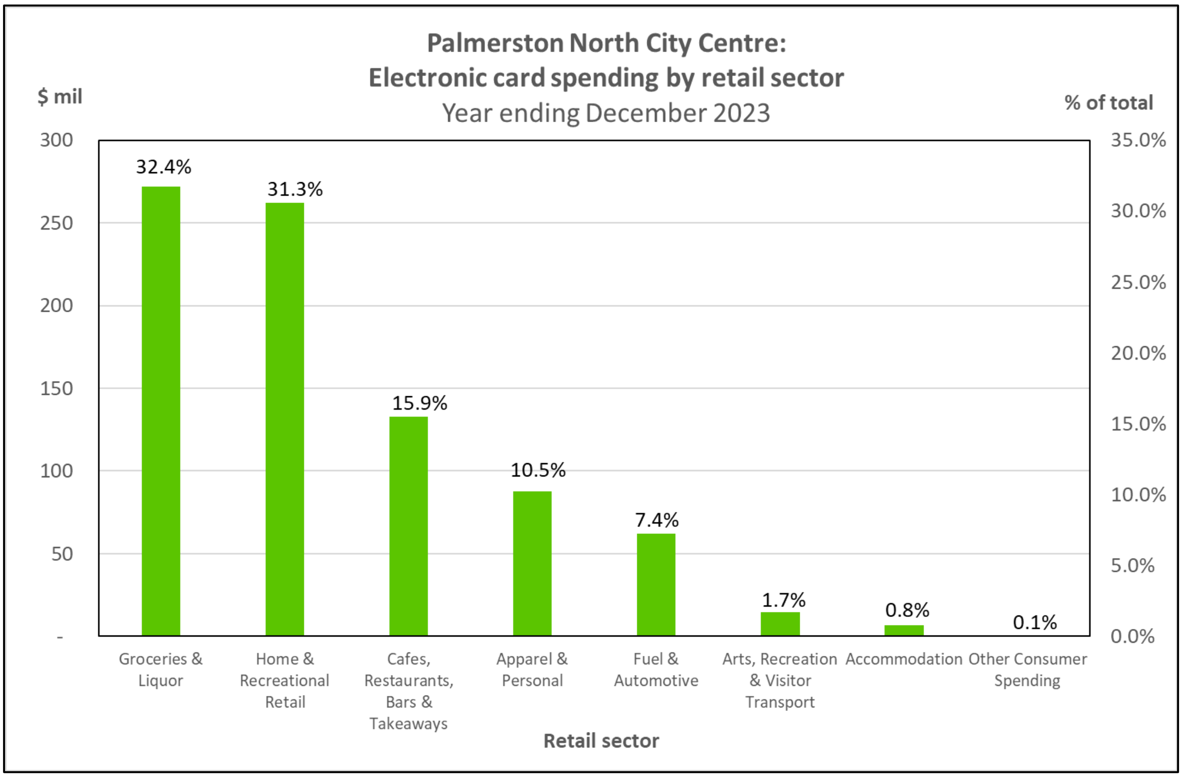
The table below shows the breakdown in spending across retail sectors for the city centre, Palmerston North, and New Zealand.

Retail sectors	Year ending Dec 2023						
	City Centre		Palmerston North		New Zealand		**Palmerston North City Centre** share of NZ
	Value of spending ($m)	Change (from last year)	Value of spending ($m)	Change (from last year)	Value of spending ($m)	Change (from last year)	
Accommodation	**7**	26.6%	25	15.3%	1,830	12.1%	0.36
Apparel & personal	**88**	6.0%	103	4.1%	4,520	2.3%	*1.94*
Arts, recreation & visitor transport	**15**	2.8%	27	2.9%	2,286	13.0%	0.64
Cafes, restaurants, bars & takeaways	**133**	13.4%	198	11.5%	11,502	10.2%	*1.16*
Fuel & automotive	**62**	21.7%	253	1.3%	12,813	-0.8%	0.48
Groceries & liquor	**272**	10.9%	516	8.6%	27,576	9.1%	0.99
Home & recreational retail	**262**	-9.2%	372	-7.1%	16,565	-3.7%	*1.58*
Other consumer spending	**1**	-18.1%	2	-33.2%	368	4.0%	0.14
Total	**838**	**4.2%**	**1,496**	**3.0%**	**77,459**	**4.3%**	1.08

The top three retails sectors in the city centre were

- "Groceries and liquor" (32% of total annual spend)
- "Home and recreational retail" (31% total annual spend). This sector was ranked #1 for the year ending Sept 2023
- "Café, restaurants, bars and takeaways" (16%)

Combined, the above retail sectors made up 80% of retail electronic card spending in the city. Since the November 2023 quarter, "Groceries and liquor" has for the first time taken the lead over "Home and recreational retail" as the top retail category in the city centre. This is no surprise, as falling disposable incomes take a toll on non-essential purchases of goods and services across the economy.



In the city centre, annual growth in spending was supported by growth in retails sectors related to travel and tourism: -

- “Accommodation” (27%)
- “Fuel and automotive” (22%)
- “Café, restaurants, bars and takeaways” (13%)
- “Groceries and liqour” (11%). This position was previously held by “Arts, recreation and visitor transport”, which is now (2.8%) and ranked number 6, after Apparel and personal (6%)

City Centre: Customer origin

Year ending Dec 2023

Cardholder origin	Value of spending ($m)	Change from last year (%)	Share of total spending (%)
Palmerston North City	535.3	4.6	63.9
Manawatu District	82.3	-0.1	9.8
Rest of New Zealand	44.1	4.8	5.3
Horowhenua District	41.7	-1.3	5.0
Tararua District	34.7	6.4	4.1
Wellington Region	27.4	-4.6	3.3
Rangitikei District	24.3	0.2	2.9
International	17.8	87.5	2.1
Auckland Region	14.1	-3.3	1.7
Whanganui District	14.0	-3.2	1.7
Ruapehu District	2.7	6.3	0.3
Total	**838.4**	**4.2**	**100.0**

For the year ending December 2023, 64% of retail spending in the City Centre was made by locals. The visitor (i.e. non-local) share was 36% of total spending. The top five visitor spends spenders were from the Manawatu, Rest of New Zealand, Horowhenua, Tararua, and the Wellington region. Together, these areas contributed 28% of total spending to the city centre over the year.

Although international visitors recorded the highest annual growth at 88%, it has decreased from 132% from the year ending June 2023 (11 months after NZ’s international border opens to all visitors on 1 August 2022). Despite high growth rates, international visitors represent only about 2% of total annual spending.

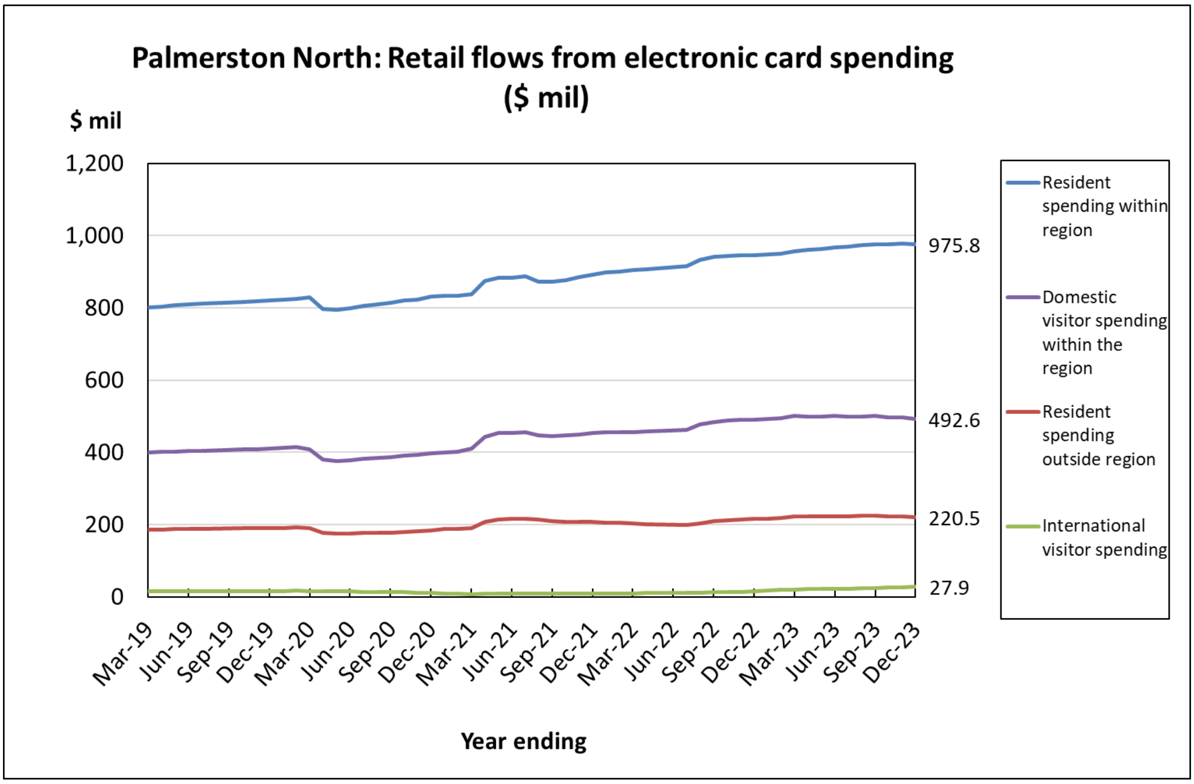
Palmerston North: Retail flows

Year ending Dec 2023

Retail flow	Value of spending ($m)	Change from last year (%)
Resident spending locally (A)	976	3.1
Resident spending outside the city (B)	221	2.2
Total resident spending (A)+(B)	1,196	2.9
Domestic visitor spending (C)	493	0.4
International visitor spending (D)	28	76.4
Total spending at Palmerston North merchants (A)+(C)+(D)	**1,496**	**3.0**
Net gain in spending for city (C)-(B)	271	-1.0
	Year ending Dec 2023	Year ending Dec 2022
Visitor share of Palmerston North spending	32.9%	33.8%
Palmerston North loyalty rate	81.6%	81.4%

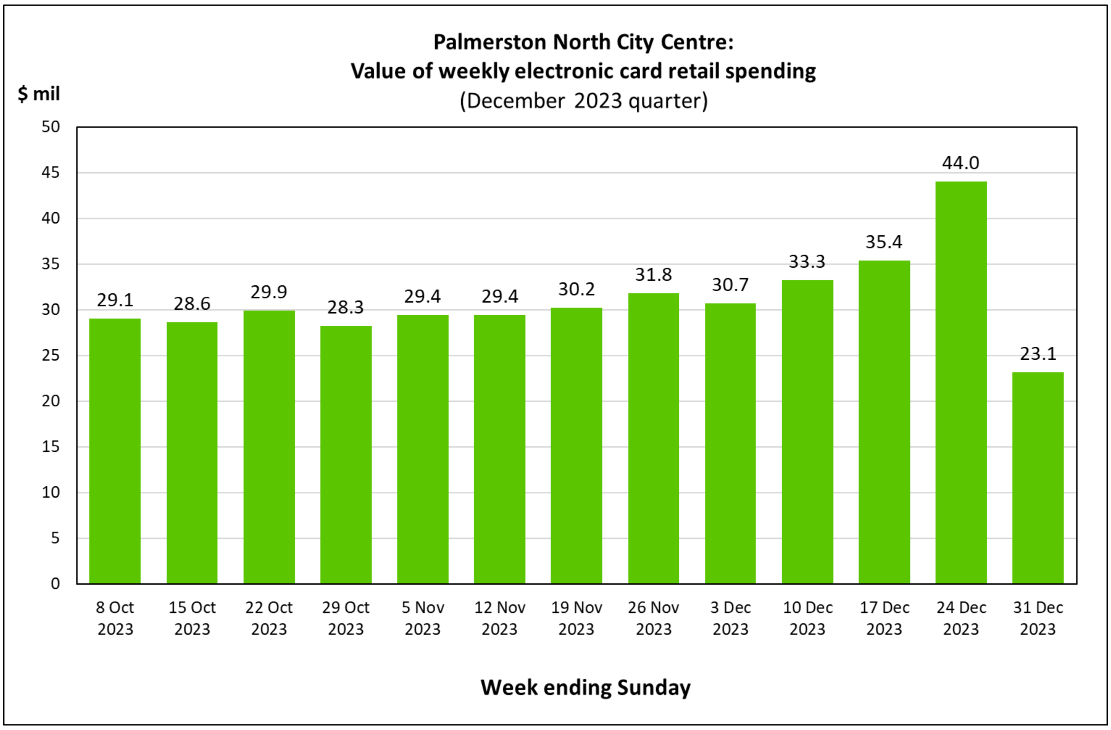
For the year ending December 2023, Palmerston North residents spent $976 million locally (3.1% increase) compared to $221 million outside the city (2.2% increase). Total visitor spending was $521 million, which consisted of $493 million (0.4% increase) from domestic visitors and $28 million (76.4% increase) from international visitors. See figure below for trend in annual spend over time.

Time series: Retail flows – Annual Spending (March 2019 – December 2023)



Palmerston North: Weekly spending

The average weekly spending in the City Centre this quarter is $31 million, with a range between $23 - $44 million. Weekly spending gradually increased after the week of Black Friday (24 November). Spending ranged from $31 million in the week ending 3 December to $44 million in the week ending 24 December. Weekly spending fell to $23 million in the week ending 31 December 2023.



Precinct Map

Retail sector classification

Accommodation
Accommodation

Apparel & personal
Clothing retailing
Footwear retailing
Watch & jewellery retailing
Other personal accessory retailing
Hairdressing & beauty services

Arts, recreation & visitor transport
Interurban & rural bus transport
Urban bus transport (including tramway)
Taxi & other road transport
Rail passenger transport
Water passenger transport
Air & space transport
Scenic & sightseeing transport
Passenger car rental & hiring
Other motor vehicle & transport equipment rental & hire
Travel agency & tour arrangement services
Museum operation
Zoological & botanical gardens operation

Fuel & automotive
Motor vehicle parts retailing
Tyre retailing
Fuel retailing
Other automotive repair & maintenance

Groceries & liquor
Supermarket & grocery stores
Fresh meat, fish & poultry retailing
Fruit & vegetable retailing
Liquor retailing
Other specialised food retailing

Home & recreational retail
Sport & camping equipment
Entertainment media retailing
Toy & game retailing
Newspaper & book retailing
Marine equipment retailing
Department stores
Pharmaceutical, cosmetic & toiletry goods
Stationery goods retailing
Antique & used goods retailing

Nature reserves & conservation parks operation
Performing arts operation
Creative artists, musicians, writers & performers
Performing arts venue operation
Health & fitness centres & gymnasia operation
Sport & physical recreation clubs & sports professionals
Sports & physical recreation venues, grounds & facilities
Sport & physical recreation admin. & track operation
Horse & dog racing administration & track operation
Other horse & dog racing activities
Amusement parks & centres operation
Amusement & other recreation activities n.e.c
Casino operation
Lottery operation
Other gambling activities

Cafes, restaurants, bars & takeaways
Cafes & restaurants
Takeaway food services
Catering services
Pubs, taverns & bars
Clubs (hospitality)

Flower retailing
Other store-based retailing n.e.c.
Furniture retailing
Floor coverings retailing
Houseware retailing
Manchester & other textile goods retailing
Electrical, electronic & gas appliance retailing
Computer & computer peripheral retailing
Other electrical & electronic goods retailing
Hardware & building supplies retailing
Garden supplies retailing

Other consumer spending
Car retailing
Motor cycle retailing
Trailer & other motor vehicle retailing
Retail commission based buying & selling