

# Sector Dashboard

<b>Agribusiness</b>	163.6m GDP	13.2% of total GDP	HW 3.0%	MW/WG 3.0%	NZ 3.3%
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- The export pricing has been holding high, particularly for beef and dairy
- The Agribusiness sector continues to face supply and inflation pressures, with some ploughing in crops rather than harvesting due to the cost
- Some are finding sourcing seed for next year's crops hard so are reducing planting size or, at worse, not planting at all.

<b>Manufacturing</b>	108.9m GDP	8.8% of total GDP	HW 1.0%	MW/WG 1.1%	NZ -1.7%
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- Demand continues to be high on the district's manufacturers with many indicating they were at capacity.
- Overall, the Manufacturing sector seem to be going through a significant growth phase, with many investing in additional machinery / equipment and some investing in bigger / additional premises.
- However, there is certainly indication that there is a shortage of skilled workers.

<b>Construction</b>	93.3m GDP	7.6% of total GDP	HW -3.8%	MW/WG -0.2%	NZ -2.9%
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- Sector confidence is decreasing with continuing supply chain issues on key components, such as gip board. This has forced some builders to 'lock up and leave' until supplies are received. With Horowhenua's large number of small operators, this is having a more marked impact than other parts of the region.
- Pressure still remains on the labour force with it expected to worsen now that the borders are open.
- Companies locked into large, fixed-price contracts prior to COVID are now feeling the effects with some well-publicised receiverships in the industry which is spreading uncertainty.

<b>Retail</b>	88.2m GDP	7.1% of total GDP	HW 7.2%	MW/WG 4.5%	NZ 4.3%
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- While sales are up on average, some stores are facing substantial declines. Additionally, costs are also increasing at a rapid rate, sometimes outstripping any gains in sales.
- The Minimum Wage increase kicked in on 1 April, the introduction of Matariki as a public holiday in June and the recent doubling of sick leave entitlement has left retailers to face a barrage of new costs.

<b>Healthcare</b>	80.7m GDP	6.5% of total GDP	HW 1.8%	MW/WG 2.8%	NZ 3.2%
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- Staffing issues continue to be a concern, especially around the lack of GP services within our District. There are no GPs within Horowhenua that are taking on new enrolments, and with only a few Palmerston North GPs receiving new patients, many within our District are calling it a crisis.
- With the new Health NZ reforms due to launch in July, there is some uncertainty in some areas around implementation.

<b>Education</b>	54.4m GDP	4.4% of total GDP	HW 0.0%	MW/WG -2.9%	NZ -3.5%
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- The Education sector remained confident despite the earlier impact of COVID-19. In Horowhenua, this confidence is better than across Manawatu-Whanganui and the rest of NZ, mainly because of the district's minimal reliance on international students.
- The tertiary sector also remained confident, despite education reforms going on in the background.

## Looking forward

It is no surprise that there are some real challenges ahead. With the local, national and global landscape changing week-to-week, no economists are willing to forecast what may happen in the next few months.

Rough estimates indicate that 100,000 people in NZ are still isolating due to COVID-19. This is putting huge pressure on employers.

We're also seeing the highest inflation since the 1990's and the Reserve Bank having to keep raising cash rates.

The 2022 Budget was announced on 19th May and with it, Treasury forecasts that inflation will continue to rise and remain higher for longer. Treasury expect inflation to be over 5% until late 2023.

The cost of food and fuel remain high due, in no small part, to what is happening in Ukraine and global supply issues.

All of this has meant that consumer confidence is the lowest it has been since Infometrics began reporting. House prices are predicted to fall between 10-15% over the next 12 months and house sales have already dropped to 2013-15 levels in the district.

With international borders opening up, we'll be keeping a close eye on what happens to our population / workforce numbers in the months to come as many will no doubt take the opportunity to live, work and travel overseas. It is unclear what impact immigration policy changes recently announced will have for the district.

The district's agricultural and construction sectors continue to perform well but there remain significant freight and supply challenges which, in turn, are putting up prices and delaying delivery.

The opening of Transmission Gully and (later this year) the Peka-Peka to Otaki highway, should serve as a shot in the arm for the district and opens up inward investment opportunities and visitor attraction for the region.

Work continues at pace on the Business Park & the other nearby construction hub. A major golf course development in the district is currently being considered by Horizons. If consent is granted this would increase inwards investment and visitor attraction opportunities for the district and wider region.

## Overview of Horowhenua District

Although Horowhenua's economy continues to bounce back strongly from the impact of the COVID-19 pandemic, there are still numerous challenges ahead for the district, and the country as a whole. Provisional estimates indicate that the district's GDP grew 6.6% over the year to March 2022, outperforming the national economy which grew 5.2%. The district's GDP is now 7% higher than the pre-pandemic level measured in the year to March 2020. However inflation is now sitting at 6.9% (a 30 year high), cost of living is increasing and the global conditions mean tough times are here for a while.

High agricultural export prices continue to play a big factor in this local economy growth. Horowhenua is likely to have benefitted from changes in work patterns following the pandemic. More flexible work arrangements, such as more work from home, has allowed Wellington City workers to locate themselves further afield in areas with lower house prices, including Horowhenua.

The newly-opened Transmission Gully is bringing the Capital ever closer. Very strong consumer spending growth, which is supported by increasing work from home, has been a contributor to Horowhenua's economic performance. Total consumer spending grew by 12% over the year to March 2022, nearly double the national growth rate.

The dairy sector, which contributes nearly 6% of Horowhenua's GDP, has benefited from high milk prices. Infometrics estimates that the dairy payout in the season to June 2022 will inject an extra \$28m into the local economy. While the economy has performed strongly, Horowhenua's labour market is nothing short of spectacular. The number of Horowhenua residents in employment increased by 5.1% in the year to March 2022, nearly double the national rate of 2.7%. Very strong employment growth has driven the unemployment rate down to 4%, the lowest rate since district level data tracking began in 2001 and down from a peak of 10.3% a decade ago. The number of Jobseeker Recipients has declined and whilst this is pleasing, the downside is that local business continues to be constrained due to labour shortages - at all levels. There are a variety of approaches being taken by businesses to try to manage this - including turning away work or delaying some activity, but also sourcing workers who can work remotely who live outside the district.

## Key Performance Indicators

Annual Average % change	Horowhenua	Kapiti	Manawatu/Whanganui	New Zealand
GDP (provisional)	6.6% ▲	7.4% ▲	6.6% ▲	5.2% ▲
Traffic Flow	1.6% ▲	2.6% ▲	3.3% ▲	1.8% ▲
Consumer Spending**	12.0% ▲	7.4% ▲	9.1% ▲	6.1% ▲
Employment (place of residence)	5.1% ▲	2.7% ▲	2.9% ▲	2.7% ▲
Jobseeker Support Recipients	-5.1% ▼	-10.3% ▼	-8.8% ▼	-7.3% ▼
Tourism Expenditure**	14.9% ▲	8.0% ▲	10.0% ▲	7.1% ▲
Health Enrolments	0.9% ▲	0.4% ▲	0.4% ▲	0.7% ▲
Residential Consents	36.4% ▲	65.6% ▲	9.3% ▲	24.0% ▲
Non-residential Consents	63.1% ▲	117.8% ▲	7.2% ▲	13.6% ▲
House Values*	15.8% ▲	12.9% ▲	17.4% ▲	17.7% ▲
House Sales	-28.0% ▼	-11.1% ▼	-13.8% ▼	-9.3% ▼
Car Registrations	13.4% ▲	20.7% ▲	15.9% ▲	24.7% ▲
Commercial Vehicle Registrations	-1.7% ▼	19.3% ▲	20.4% ▲	35.3% ▲

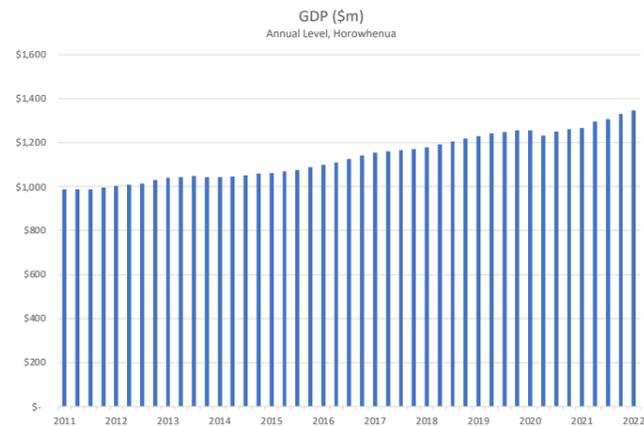
\* Annual percentage change (latest quarter compared to same quarter a year earlier) \*\* Note: these figures include spend from cards registered in other regions. This includes people staying in emergency housing

This Economic Dashboard signals how various areas of the economy are performing. The dashboard is updated quarterly based on Infometrics data but including a looking forward section with more current commentary of local observations and insights, and analysis from a range of economic commentators. The data presented in this dashboard is current as at 31 March 2022 and reflects figures from the year up to the end of that quarter.

## GDP

Provisional GDP growth in Horowhenua of 6.6% was significantly higher than in New Zealand (5.2%). Horowhenua's economy has remained strong throughout the COVID pandemic and is now 7% higher than the pre-pandemic level for the year to March 2020.

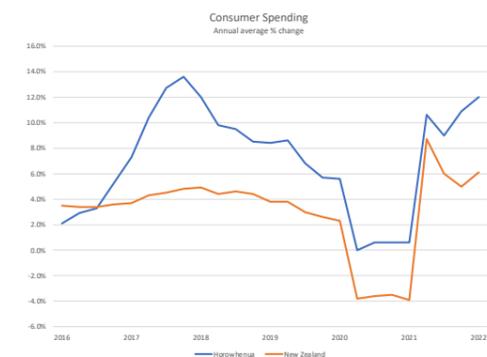
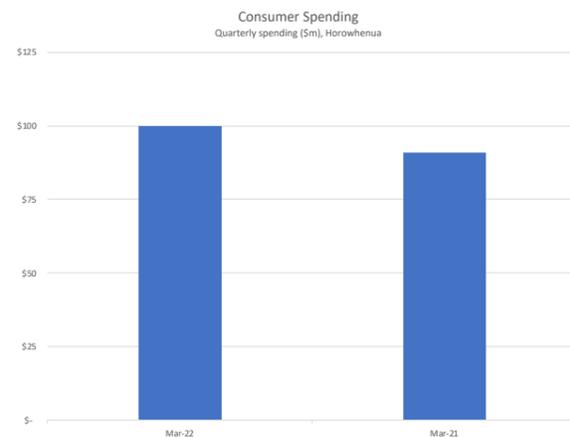
Supply, rising inflation and higher interest rates continue to be a concern moving forward.



**0.4%** of national total  
**\$1.35 Billion** Provisional GDP for year to March 2022

## Consumer Spend

According to Infometrics, consumer confidence is currently at the lowest level since they started recording data. That said, Horowhenua has seen a 12% increase in consumer spending in the year to March 2022. This continues a 5-year trend that has seen the region consistently perform better than the national average.

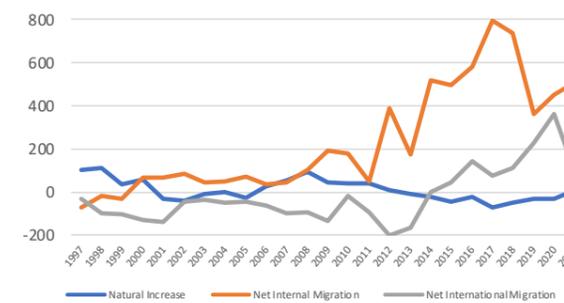


## Population

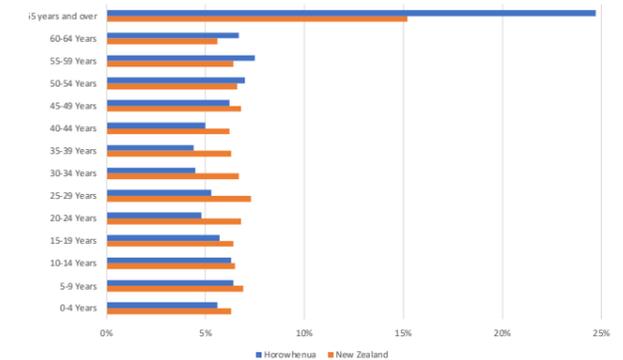
Horowhenua's population has grown by 1.7% in 2021 vs the national growth of 0.6%. For obvious reasons, the international migration figure is down from a high point of 360 in 2020. However, internal migration has continued to rise since 2019 and reached 510 in 2021. With recent population growth estimates released by WellingtonNZ, and key projects, such as the recently opened Transmission Gully, and later this year the PekaPeka - Otaki Expressway, we can expect the Horowhenua population to continue to rise in years to come.

With borders opening following a 2-year restriction, there is real concern of a 'brain drain' as younger Kiwis opt to live, work and travel overseas. Recent figures suggest that the average weekly salary in Australia, for example, is \$200 more than it is here. And, although inflation in Australia is rising, it is still significantly lower than in NZ which may offer an attractive option for our workforce.

Population Growth by Source



Population by Age



**36,500** Resident Population 2021  
**+1.7%** Horowhenua Population 20-21  
**+0.6%** National Population 20-21

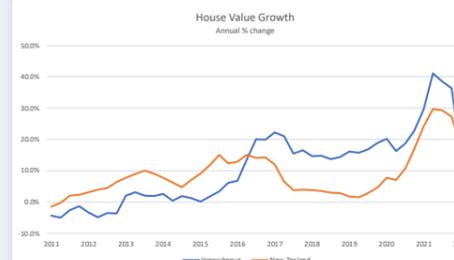
Note: This is annual data, released in December each year.

## Housing

The average house price in Horowhenua rose again in the March 2022 quarter by 15.8% and is now sitting at \$645,617. Although a significant rise in itself, it is the lowest quarterly rise since Q2 2019, potentially indicating the start of a slowdown in the market. Population growth and rising house values are contributing to a continued strength in housing construction. A total of 131 dwellings were consented in the quarter which is the highest level since records began in 1990.

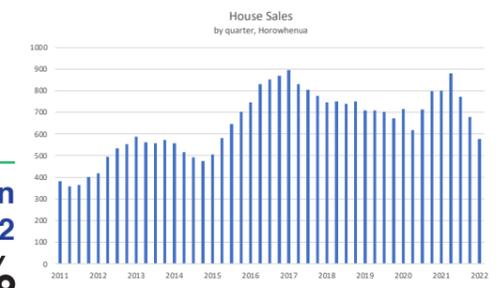
The main reason for this slowdown has been attributed to stricter lending criteria and rising mortgage rates. Infometrics have also indicated that national consumer confidence is now at the lowest level since they started reporting in 2011.

House sales in the district dropped to under 600 for the first time since Q2 2015 and, in recent months, there have been reports of sellers having to significantly reduce the asking price to shift property.



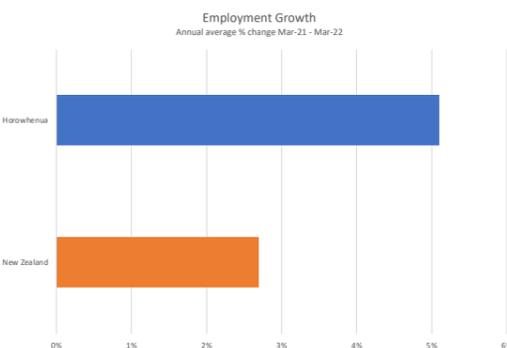
**\$645,617** Average house price in Horowhenua (Mar 22)

Annual % change in house value Mar 21 - Mar 22  
**36.3%**



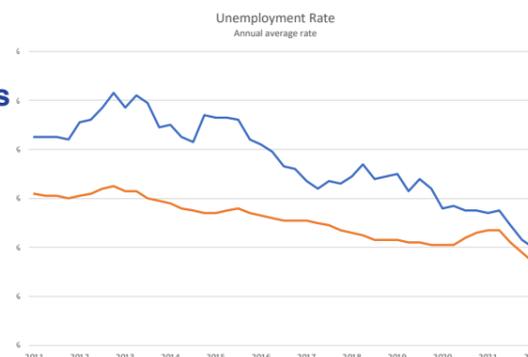
## Employment

Horowhenua's growing population has directly contributed to a healthy level of employment in the district. There has been a 5.1% increase of residents in employment over the year to March 2022, significantly above the national rate of 2.7%. The largest rise in these numbers is due to the strong activity in the Construction sector. With Jobseeker Support numbers dropping in recent quarters, it's no surprise that Horowhenua's unemployment rate for the quarter was down to 4%, compared to 5.4% 12 months earlier.



**13,310** Horowhenua residents in employment

**4.0%** Unemployment rate Q1 2022



## Rental

The affordability of rent in the district and for the country as a whole is developed by comparing average annualised rent with estimates of annual average household income. The graph to the right presents the annual ratio of average rent to average household income. A higher ratio, therefore, suggests that average rent cost a greater multiple of typical incomes, which indicate a lower rental affordability.

Renting in Horowhenua is less affordable than in the rest of New Zealand in the year to March 2022 with 27% of average household income spent on rent. This continues a trend started in 2018. The average weekly rental for a 3br house in Horowhenua is currently \$550pw.

That said, the increase from the December 2021 quarter has been minimal (+0.1%) which could indicate the start of a plateau of rental in the district.

