

Sector Dashboard

Agribusiness	163.6m GDP	13.2% of total GDP	HW 3.0%	MW/WG 3.0%	NZ 3.3%
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Horowhenua District total dairy payout for the 2020/21 season is estimated to have been approximately \$143 million. The Dairy payout for the 2021/2022 season is expected to be approximately \$171 million, \$28 million higher than last season (assuming that production levels from last season are maintained). The Horticulture industry struggled with extreme weather events and this is expected to affect the supply and cost of produce.

Manufacturing	108.9m GDP	8.8% of total GDP	HW 1.0%	MW/WG 1.1%	NZ -1.7%
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Nationally, the manufacturing sector fell back into contraction, but this does not seem to be translating to manufacturing firms in Horowhenua. A number continue to report good demand, and some are making investments into technology to enable productivity increases and improve environmental outcomes. A recent example is Techlam, which attracted funding from the Government's Regional Strategic Partnerships Fund, to enable the purchase of additional machinery that will reduce waste, enhance productivity and create additional jobs.

Construction	93.3m GDP	7.6% of total GDP	HW -3.8%	MW/WG -0.2%	NZ -2.9%
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Pressure still remains on the labour force, and supply chain issues. Comparatively Horowhenua out-performed New Zealand for number of residential consents issued, increasing by 23.6% compared with the same period a year before. BRANZ and construction research firm Pacifecon have released a report outlining how construction is experiencing a period of significant uncertainty in an environment of construction material, price inflation, labour constraints, supply chain disruptions, credit constraints and building code changes. It says the residential construction market is in decline after its post-lockdown surge last year, and is expected to fall to a decade low by 2027.

Retail	88.2m GDP	7.1% of total GDP	HW 7.2%	MW/WG 4.5%	NZ 4.3%
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Omicron and subsequent variants continue to be challenging for both staffing and consumers with staff shortages due to illness. The number of car registrations decreased by 6.7% in the year to June 2022, compared to a year earlier. The decline was greater than in Manawatu-Whanganui Region. Commercial Trade vehicles were hit particularly hard with a decrease of registrations by 17.5%, in the same year comparison. This possibly could be partly-attributed to the closure of the Levin Courtesy Ford branch and their relocation to Palmerston North within the past year.

Healthcare	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. Uncertainty remains with the new Health NZ reforms, in particular around the implementation roll-out.

Education	54.4m GDP	4.4% of total GDP	HW 0.0%	MW/WG -2.9%	NZ -3.5%
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The effects of the COVID-19 Omicron outbreak that resulted in high levels of absences for staff and students that began in the first quarter of 2022 continued with force in quarter 2. The combined impact of COVID and higher than usual winter illness led to record high student absences. Nationally, this has been reported to be as low as 46% regular attendance, while schools in Horowhenua have indicated that attendance is closer to 60%.

Looking forward

With employment at record levels, and little indication of mass redundancies or significant business closures, some commentators are not as concerned about the future outlook as in the last quarter.

However, labour shortages are constraining regional growth. This combined with supply chain issues, recent price increases, geopolitical uncertainty, the changes to the Chinese economy and impact of climate change responses to hit businesses, means costs will continue to be passed onto consumers.

The combination of ongoing price increases, plus the position of rental affordability in Horowhenua, remains an area of particular concern, although the changes in the housing market could give some relief over time. This will continue to affect lower wage families most.

New Zealand's population growth has slowed since the borders closed in 2020, with a recent 33 year low of 0.2%pa. Nationally, 20-29 year olds are leading this decline, with a 21.5% reduction in population in this age group.

This shift in population demographic is matched by fewer migrant

arrivals - and while migration settings have been temporarily loosened, it remains to be seen how successful we will be at attracting migrant workers in a globally tight labour market and whether INZ can process visas quickly enough to provide fast relief for employers in the peak summer period.

However, the affect of internal migration means that the population continues to grow in Horowhenua and many other provincial districts close to large urban areas.

Locally, key developments are continuing, with construction of Mabel Central (43 new townhouses in Levin) well underway, development of commercial and industrial lots in the Tararua Road area picking up pace and the recent blessing and groundbreaking for the 52 new social housing units being developed by the Salvation Army taking place.

On the flip side, the recent refusal by Horizons to grant resource consent for the Douglas Links golf course and appeals received on the decision in respect of the District Plan change to enable the development of Tara-Ika east of Levin may have the effect of slowing the anticipated development pipeline to some extent.

Overview of Horowhenua District

Economic activity nationally bounced back in the second quarter of 2022, but this bounce was harder and more expensive to come by, as the economy operates with sustained limitations. Underlying economic activity has picked up since the earlier peak in Omicron cases, as New Zealand moved to Orange and Spending activity rebounded. The economy is currently walking a tightrope between weak confidence, high inflation, higher interest rates, a tight labour market, and ongoing supply chain disruptions on one side, and the border reopening and a rebound from Red and the Omicron peak on the other.

The Horowhenua economy has shown consistent strength coming out of the Covid-19 pandemic. Economic activity over the year to June 2022 is up 3.6%, growing much faster than the national average of 0.9%. However, inflationary pressures, supply chain constraints and an incredibly tight labour market is leading to a squeeze on growth in Horowhenua, with economic activity in the June 2022 quarter sitting at 0.3% below the June 2021 quarter.

Employment of local residents has grown by 5.3% over the year to June 2022. This compares to 3.2% growth nationally, 3.1% in Manawatu-Whanganui overall, and 2.9% growth in the Wellington region. With strong employment growth, the labour market in Horowhenua is very tight. Over the year to June 2022, the unemployment rate in Horowhenua has averaged 3.6%, its lowest rate on record since the Infometrics series began in 2001. Jobseeker support recipients are down 7.8% over the year to June 2022 and steadily falling from their pandemic high in March 2021.

Strong employment growth and new patterns of work emerging (higher levels of working from home for commuter workers) has supported consumer spending in Horowhenua District. Over the year to June 2022 (according to data from Marketview) consumer spending rose 8.2%, which is very strong compared to spending nationally, which showed zero growth over the last year.

House sales in Horowhenua were particularly weak in the year to June 2022, dropping by 44%, where sales nationally fell 26%. In line with weak sales, house price growth in Horowhenua is also weaker than the national average, with prices in Horowhenua up 3.4% from June 2021, compared to 9.6% growth nationally. However, rental rates have continued to climb with average rental rates sitting at 27.8% of average household income spent on rent, outstripping both the wider Manawatu-Whanganui region on 21.8% and the overall New Zealand average of 22.2%.

Key Performance Indicators

Annual Average % change	Horowhenua	Kapiti	Manawatu/Whanganui	New Zealand
GDP (provisional)	3.6% ▲	3.2% ▲	2.8% ▲	0.9% ▲
Traffic Flow	-9.4% ▼	-6.3% ▼	-9.5% ▼	-10.4% ▼
Consumer Spending	8.2% ▲	3.6% ▲	4.4% ▲	0.0% ▲
Employment (place of residence)	5.3% ▲	3.4% ▲	3.1% ▲	3.2% ▲
Jobseeker Support Recipients	-7.8% ▼	-12.7% ▼	-10.5% ▼	-9.7% ▼
Tourism Expenditure**	4.0% ▲	-0.9% ▼	-0.8% ▼	-6.6% ▼
Health Enrolments	0.5% ▲	0.2% ▲	0.1% ▲	0.5% ▲
Residential Consents	23.6% ▲	33.6% ▲	4.0% ▲	14.4% ▲
Non-residential Consents	97.5% ▲	158.3% ▲	2.2% ▲	15.8% ▲
House Values*	3.4% ▲	6.2% ▲	4.8% ▲	9.6% ▲
House Sales	-43.5% ▼	-25.4% ▼	-24.8% ▼	-26.0% ▼
Car Registrations	-6.7% ▼	2.4% ▲	-0.6% ▼	5.0% ▲
Commercial Vehicle Registrations	-17.5% ▼	-4.8% ▲	-2.4% ▲	6.9% ▲

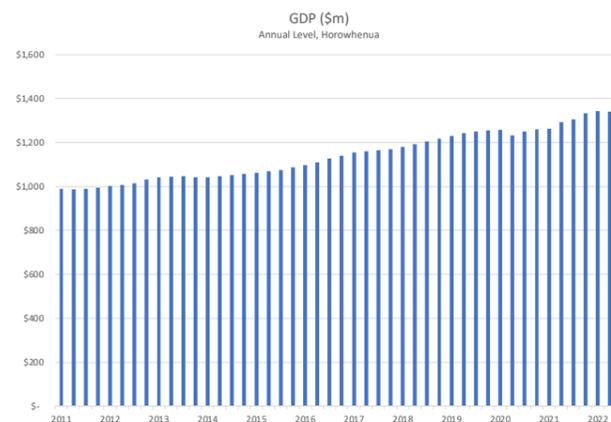
* Annual percentage change (latest quarter compared to same quarter a year earlier) **

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 30 June 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

\$1.30 Billion
Provisional GDP for year to June 2022

Consumer Spend

Consumer spending levels rose further in Horowhenua in the June 2022 quarter, although high inflation is artificially boosting the strength of reported growth.

Around 40% of recent growth in spending is due to inflation, and underlying spending trends for larger and non-essential items has started to decline as consumer confidence remains low.

In Horowhenua, consumer spending remained higher than New Zealand overall, with a reported 8.2% growth in consumer spending, compared to 4.4% for Manawatu-Whanganui and 0% for New Zealand.

\$100.4M

Quarterly Spend
Horowhenua

Annual %
Change

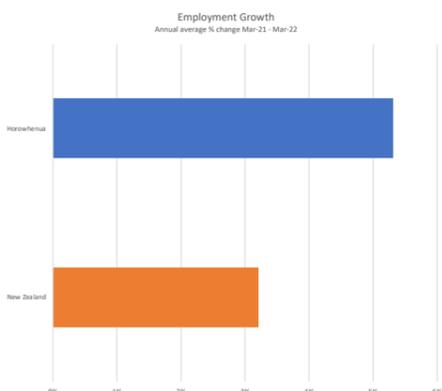
Jun 21-
Jun 22

8.2%



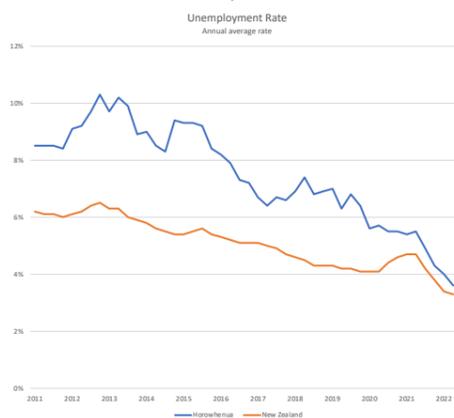
Employment

Employment for residents living in Horowhenua was up 5.3% for the year to June 2022, compared to a year earlier. Growth continues to be significantly higher than both the Manawatu-Whanganui Region (3.1%) and New Zealand (3.2%). Construction employment remains a key driver of growth (both in Horowhenua and New Zealand), but is showing signs of more moderate addition. Nationally, employment for young people aged 25-29 fell further as the brain drain hit, putting further pressure on the jobs market. The impact of this national trend is yet to be reflected in data for Horowhenua. Jobseeker support recipients are down 7.8% over the year to June 2022, with 1,737 at 30 June 2022 compared to 1,883 at 30 June 2021. While a positive trend, this remains higher than the 10 year average of 1,578.



13,407
Horowhenua residents
in employment

3.6%
Unemployment rate
Q2 2022



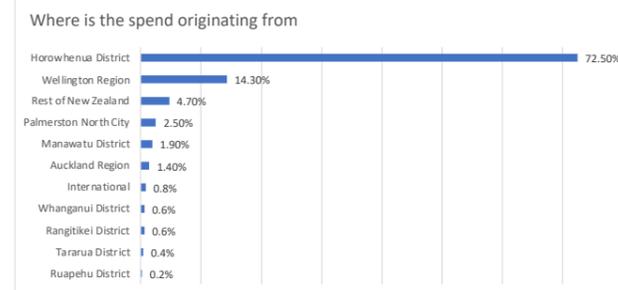
Retail Breakdown

The information below provides more detail on the patterns of consumer spending. This will allow better analysis of the drivers for spending and tracking changes in spend over time, as roading improvements increase access to Horowhenua, and as visitor promotion activities are undertaken.

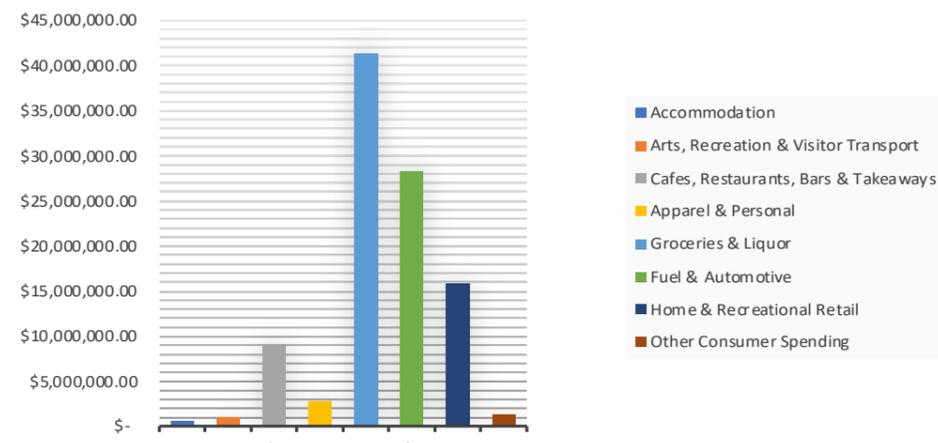
What the data shows us at this point is that almost 75% of retail spending in Horowhenua is currently done by people living within Horowhenua, with those living in the Wellington region the next highest spenders in Horowhenua at 14%.

The breakdown of the types of spending shows that groceries and liquor are the highest category for spending by value, with \$41m spent in that category over the quarter to June 22, and fuel and automotive coming in next at \$28m.

No surprises that accommodation and arts, recreation and visitor transport are at the lowest end of the scale in spend currently.



Spending Allocation Quarter Ended June 2022

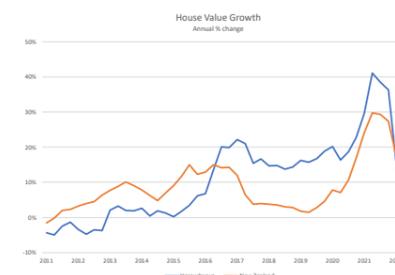


Housing

The anticipated decline in the housing market has hit Horowhenua, with volumes of sales particularly weak compared to a year earlier, dropping by a whopping 43.5%, while sales nationally fell 26%. For the first time since 2015, sales volumes in Horowhenua this quarter were less than 500, at 497.

In line with weak sales, house price growth in Horowhenua is also weaker than the national average, with prices up 3.4% from June 2021, compared to 9.6% growth nationally

The average house value in Horowhenua was \$638,106 in June 2022, higher than the Manawatu-Whanganui Region at \$608,941. This result is against an average house value of \$1,009,662 for New Zealand as a whole.



\$638,106
Average house price
in Horowhenua (Jun 22)

Annual % change in
house value Jun 21 - Jun 22
3.4%



Rental

This section outlines the affordability of rent in the district and for the country as a whole 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.

Continuing the trend from 2018, renting in Horowhenua continues to be less affordable than the rest of New Zealand in the year to June 2022 with 27.8% of average household income spent on rent.

Rental unaffordability rose by .6%, compared to .2% for the rest of New Zealand. This trend is reflected in all districts within Manawatu-Whanganui, where rental unaffordability rose ahead of the New Zealand average.

The average weekly rental for a house in Horowhenua is currently \$466 pw, up from \$424 in June 2021. This compares to \$534 in Kapiti Coast, and \$444 in Palmerston North.

