



LONG-TERM PROJECTIONS FOR MANAWATŪ REGION

EXECUTIVE SUMMARY

May 2020

The outlook for economic growth in the Manawatū region is strong

The Manawatū region is experiencing strong economic growth and the outlook for the next fifteen years is particularly strong. A major increase in central government, local government and private sector capital investment over the next fifteen years is providing a significant boost to economic activity and population growth in 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, tourism, logistics, public administration (including defence), professional, scientific and technical service, construction and manufacturing.

The education and defence sectors are not likely to grow as fast as the key growth sectors. However, they remain important sectors for the region's economy because they play an important role in attracting businesses, families and young people to the region. The education and defence sectors are also relatively independent of national economic cycles, and often operate in a counter cyclical role.

The projections suggest significant change in the region will occur due to an aging population and workforce, and a rapid change in the ethnic composition of the region's population. The changes in the ethnicity of the Manawatū region's population are projected to accelerate through the projection period.

The agricultural sector remains an important contributor to the region's economy, reflecting the region's role as a major centre for the Manawatū-Whanganui region. The long-term outlook for the agriculture sector is positive due to increasing wealth and the growing population in Asia.

Population projected to increase to 154,000 by 2043

Infometrics medium growth projections for the Manawatū region's population suggest it will grow by 35,600 between 2018 and 2043, 1.1 percent average annual population growth over the 25-year period. The region's population is expected to increase from the June 2018 estimate of 118,380 to 154,000 people by 2043, an increase of 30 percent.

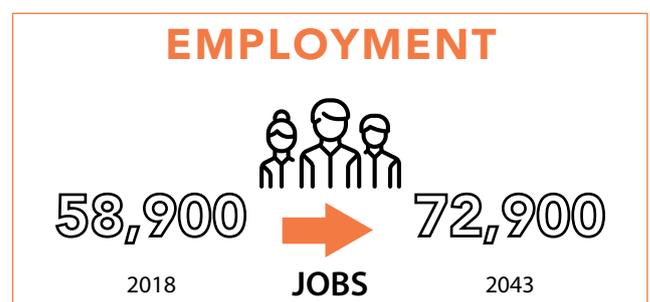
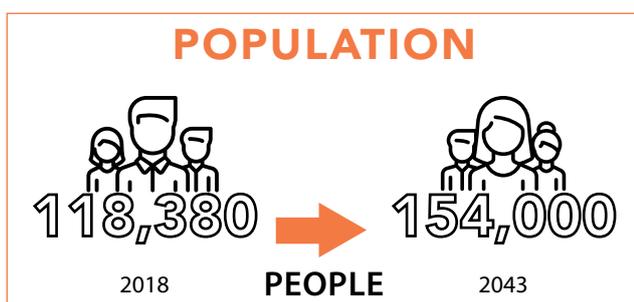
Infometrics high growth projection for the region suggests the region's population could reach 168,800 by 2043, while its low growth scenario suggests a population of 141,100 in 2043.

Strong employment growth is projected

Employment growth projections for the region are strong, with medium growth projections suggesting employment may rise by 14,000 jobs (21 percent increase) between 2018 and 2043, an average annual increase of 1.0 percent.

Key growth sectors over the next 25 years are likely to be:

- Healthcare and social assistance, including hospitals, specialist medical services, and care for the aged and people with disabilities
- Tourism, particularly retail, accommodation and food services
- Logistics, including wholesaling, transport, postal and warehousing
- Public administration and safety, including defence
- Professional, scientific and technical services, including research
- Construction
- Manufacturing



Strong investment drives economic growth

An important contributor to the stronger growth outlook for the region is the significant increase in central government, local government and private sector capital investment over the next 15 years. Major projects which have been confirmed or are already under development include:

Development	\$ million	Timing
Manawatū Gorge	650	start late 2020
Linton and Ohakea regeneration plan	397	2018 - 2030
Mercury Energy - Turitea	256	started August 2019
Massey University capital plan	230	2020 - 2030
Powerco growth and security projects	150	2017 - 2024
Hokowhitu campus redevelopment	90 - 135	started late 2019
P-8A Poseidon aircraft - infrastructure	300	finish by 2023
NZTA regional roading investment	cost and timing to be confirmed	
Countdown distribution centre	66	start 2020
BUPA retirement village	40	started 2017
KiwiRail regional freight hub	cost and timing to be confirmed	
MidCentral DHB investment plan	282	timing uncertain
PNCC urban growth capital projects	48	2018 - 2028
PNCC city centre streetscape upgrade	29	2018 - 2028

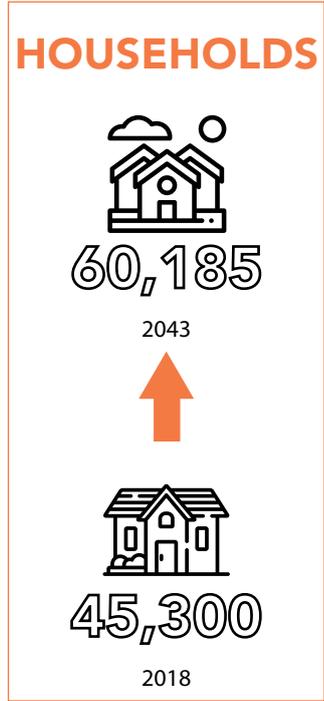
Our population is aging - but not as quickly as other parts of New Zealand

The region's population will age, with significant growth in the number of people aged 65 and over. However, the impact of the aging population on the region will be less than in other areas of New Zealand.

As the population ages, the annual population growth rate in the region over the period from 2013 to 2043 is projected to slow. Average annual growth rate is expected to decline from 1.6 percent over the period from 2018 to 2023 to 0.9 percent between 2038 and 2043.

While the fastest rate of growth will be in the 65 years and over population, there is still expected to be growth in other age groups:

Year	0 - 14 years	15 - 39 years	40 - 64 years	65 years and over	All ages
2018	23,620	41,560	35,060	18,140	118,380
2043	27,464	55,290	39,044	32,186	153,984
2018 - 2043 change	16%	33%	11%	77%	30%



Households will increase at a faster rate of growth than population growth

The total number of households in the Manawātū region is projected to increase from 45,000 in 2018 to 60,170 by 2043, an average annual increase of 1.1 percent. The rate of growth in the number of households is projected to slow slightly over the 25-year projection period, reflecting the projected slowing in population growth during this period.

The number of households is projected to increase by an average of 607 new households a year. As a result of the aging population, there is likely to be change in the mix of houses being built. It is expected a greater share of new houses built will be apartments or villas in retirement villages or other forms of more intensive housing development.

ETHNICITY



European
80.5% → 75.6%

Māori
17.7% → 23.3%

Pacific Island
4.3% → 6.6%

Asian
10.4% → 15.0%

2018 → 2038

Major ethnic change is projected

Statistics New Zealand projections suggest the Manawātū region will become significantly more ethnically diverse in the future. The Pacific Island community is projected to have the fastest rate of growth, increasing its share of the region's population from 4.3 percent in 2018 to 6.6 percent in 2038

By 2038, Māori are expected to make up 23.3 percent of the population, increasing from 17.7 percent in 2018.

The Asian population is also projected to grow strongly, increasing from 10.4 percent of the population in 2018 to 15.0 percent in 2043.

CEDA
CENTRAL ECONOMIC
DEVELOPMENT AGENCY



Te Kaunihera o Papaioea | Palmerston North City Council

pncc.govt.nz | info@pncc.govt.nz | 06 356 8199

Private Bag 11034, The Square, Palmerston North, 4442



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Strategy and Planning Unit