

### Overview of Manawatu

The Manawatu regional economy contracted by 1.1%pa in the June 2020 year as measures to contain the COVID-19 pandemic saw the provisional Infometrics GDP estimates for Manawatu District and Palmerston North City fall 9.0%pa and 8.4%pa respectively in the June 2020 quarter.

Palmerston North City saw a 21%pa decline in electronic card spending on retail purchases in the June 2020 quarter, with Manawatu District seeing a 10%pa fall. Together these falls contributed to a 3.2% decline in consumer spending in the June 2020 year across the Manawatu region as a whole.

The region, particularly Manawatu District, is benefitting from continued strength in New Zealand's food exports with meat and dairy export volumes both up on last year. The ANZ Commodity Price Index shows that dairy prices remain high. Infometrics estimates the Manawatu region's 2019/20 dairy pay-out to be \$332m, which is \$43m higher than 2018/19. Meat export prices have eased a little but also remain at elevated levels.

A consequence of the contracting regional economy is a 9.5% rise in the number of Jobseeker Support recipients in the June 2020 year. Recipient numbers have been on an upward trajectory since 2018. The recent jump takes the region's annual average number above 3,600, which is the highest since our series begin in 2010. However, the region's growth of 9.5% isn't nearly as rapid as the national growth of 19%.

House sales were down in the June 2020 year as expected, with lockdown during the June 2020 quarter constraining the number of days that properties could be traded. But building consents are a source of optimism for the building sector if they translate into building work. Residential consents in the region grew 22% in the June 2020 year on the back of an exceptional 251 consents issued in the June 2020 quarter. So too for non-residential consents, which rose 57% to an unprecedented \$185m for the June 2020 year.

Indicator	Manawatu	New Zealand
<i>Annual average % change</i>		
Gross domestic product	↓ -1.1%	↓ -2.1%
Traffic flow	↓ -8.8%	↓ -9.4%
Health Enrolments	↑ 2.3%	↑ 2.5%
Consumer spending	↓ -3.2%	↓ -2.8%
Residential consents	↑ 21.9%	↑ 8.1%
Non-residential consents	↑ 57.2%	↓ -8.8%
House prices*	↑ 16.9%	↑ 7.5%
House sales	↓ -10.8%	↓ -6.0%
Tourism expenditure	↓ -11.4%	↓ -12.3%
Car registrations	↓ -15.4%	↓ -19.3%
Commercial vehicle registrations	↓ -20.3%	↓ -24.6%
Jobseeker Support recipients	↑ 9.5%	↑ 19.0%
<i>Level</i>		
Unemployment rate	4.2%	4.1%

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

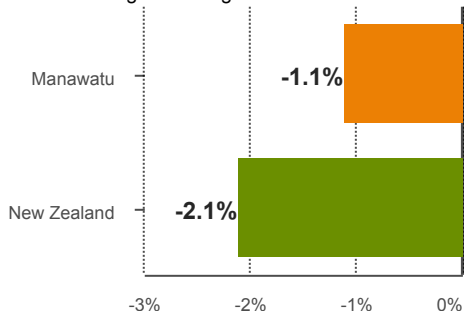
### Overview of national economy

The New Zealand economy took a severe hit during the June 2020 quarter, as the COVID-19 pandemic saw the country locked down at home for around four weeks at Alert Level 4, before a rapid move down the Alert Levels to Level 1 in early June. The economy has endured a dramatic shift in focus, from life support at Level 4 to an adrenaline rush at Level 1. Yet the immediate economic ramifications are clear to see – economic activity has fallen, nearly 50,000 Kiwis lost their jobs, businesses struggled to cope with lower earnings, and incomes were reduced. The June quarter likely represents the largest single hit to the economy, but the economic scarring and restructuring will continue to occur over the coming years. New Zealand is not out of the woods yet.

# Gross domestic product (provisional)

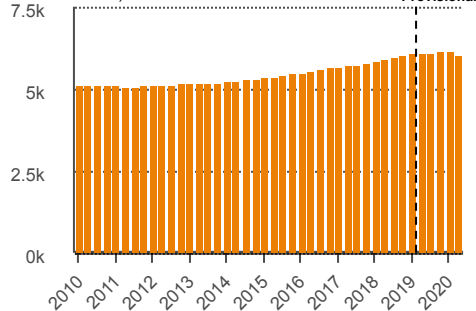
## Gross domestic product growth (provisional)

Annual average % change Jun 19 - Jun 20



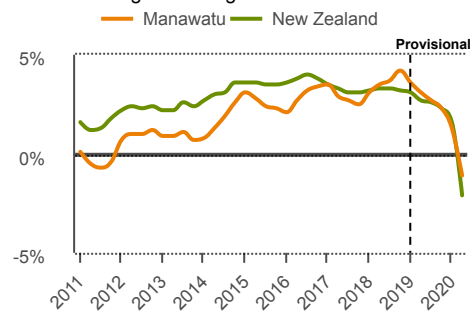
## Gross domestic product (provisional, \$m)

Annual level, Manawatu



## Gross domestic product growth (provisional)

Annual average % change



## Highlights for Manawatu

- GDP (provisional) in Manawatu was down 1.1% for the year to June 2020 compared to a year earlier. Growth was higher than in New Zealand (-2.1%).
- GDP (provisional) was \$6,024 million in Manawatu for the year to June 2020 (2019 prices).
- Annual GDP growth in Manawatu peaked at 4.2% in the year to December 2018.

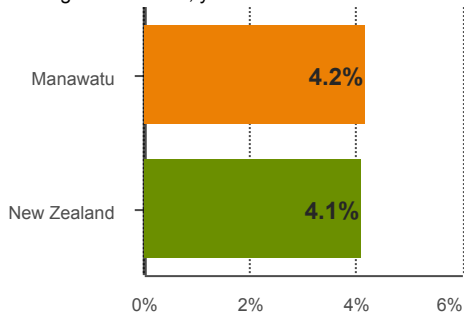
## National overview

Infometrics estimates that economic activity across New Zealand fell 12.6%pa in the June quarter, with year-end economic growth sitting at -2.1%pa. A substantial proportion of the economy was closed or operating at a significantly reduced level, with transport, accommodation, hospitality, retail, tourism, and construction activity taking the greatest hit. This steep fall also accounts for the rapid evolution of the economy back down the Alert Levels, with pent-up demand in the economy, and a rebuilding of economic momentum, helping to temper the four-and-a-half-week collapse in economic activity. Primary sector operations continued on broadly unchanged, helping to keep a base level of economic momentum.

# Unemployment rate

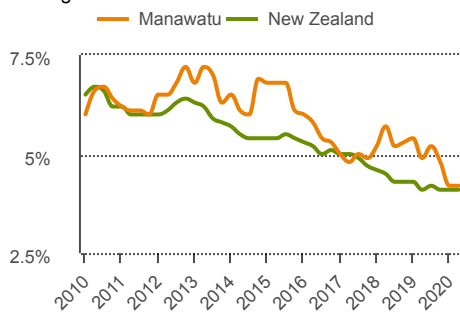
## Unemployment rate

Average annual rate, year to June 2020



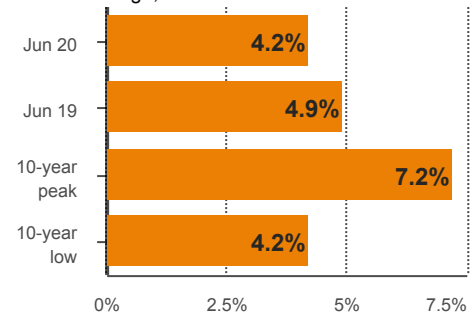
## Unemployment rate

Average annual rate



## Unemployment rate

Annual average, Manawatu



## Highlights for Manawatu

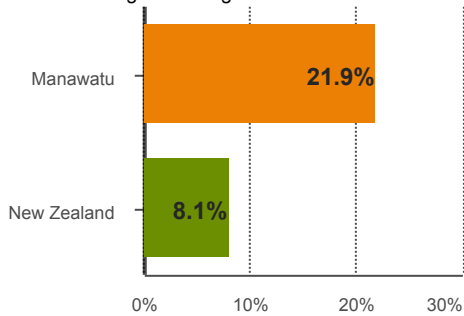
- The annual average unemployment rate in Manawatu was 4.2% in June 2020, down from 4.9% a year earlier.
- The unemployment rate in Manawatu was higher than in New Zealand, where the unemployment rate averaged 4.1% over the year to June 2020.
- Over the last ten years the unemployment rate reached a peak of 7.2% in December 2012;

## National overview

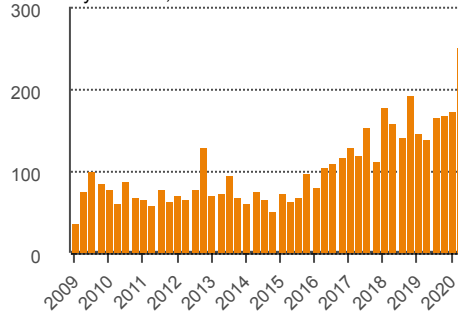
The June 2020 Household Labour Force Survey showed an incredulous drop in the unemployment rate to 4.0%, although this outcome is driven by definitions rather than a surprisingly rosier labour market. With many unable to be “actively” looking for work due to the Alert Level restrictions, those who lost jobs were counted in the 3.1% rise in the “Not in Labour Force” category as they didn’t fit the definition of unemployed. The underutilisation rate, a broader measure of spare capacity in the labour market, also rose from 10.4% to 12.0%. The weekly unemployment rate increased to 6.2% at the end of the quarter.

# Residential consents

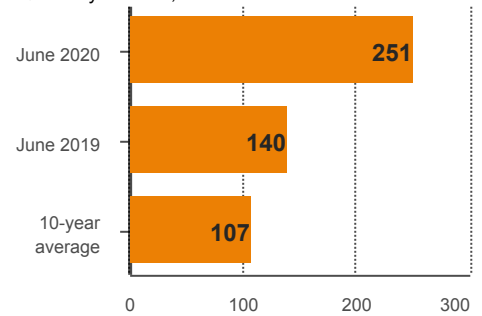
**Growth in no. of new dwelling consents**  
Annual average % change Jun 19 - Jun 20



**Residential consents**  
Quarterly number, Manawatu



**Number of new dwelling consents**  
Quarterly number, Manawatu



## Highlights for Manawatu

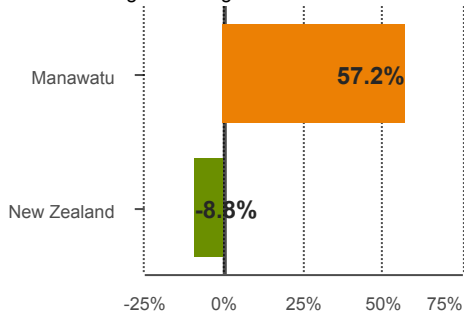
- A total of 251 new residential building consents were issued in Manawatu in the June 2020 quarter, compared with 140 in the same quarter last year.
- On an annual basis the number of consents in Manawatu increased by 21.9% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 8.1% over the same period.

## National overview

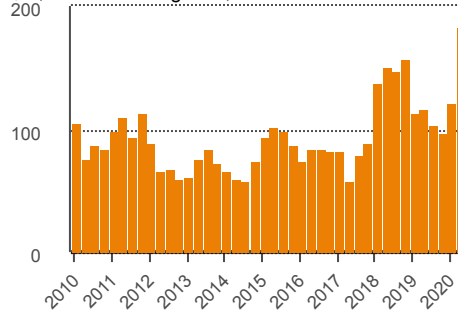
Consents for new dwellings grew by 8.1% over the year to June 2020. Despite soft consent issuance through April due to the Level 4 lockdown, a strong rebound in May and June meant that consents for the June 2020 quarter were unchanged from June 2019. This strong level of consenting will keep builders busy for the rest of the year, but consents are likely to ease as we approach Christmas, leading to soft workloads in 2021.

# Non-residential consents

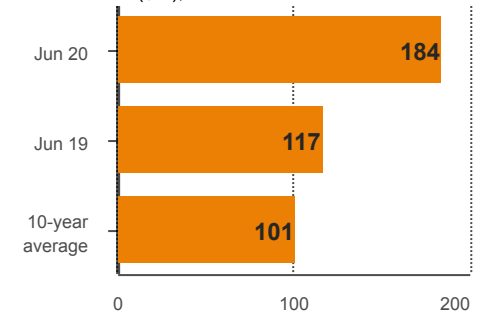
**Growth in value of consents**  
Annual average % change Jun 19 - Jun 20



**Non-residential consents, Manawatu**  
\$m, annual running total, Manawatu



**Value of non-residential consents**  
Annual value (\$m), Manawatu



## Highlights for Manawatu

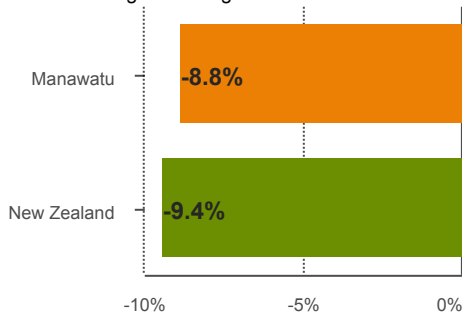
- Non-residential building consents to the value of \$184 million were issued in Manawatu during the year to June 2020.
- The value of consents increased by 57.2% over the year to June 2020. By comparison the value of consents in New Zealand decreased by -8.8% over the same period.
- Over the last 10 years, consents in Manawatu reached a peak of \$184 million in the year to June 2020.

## National overview

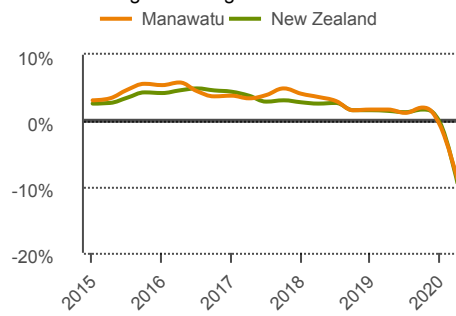
Non-residential building consents eased by 8.8% over the year to June 2020, following a peak in June 2019. Consents dipped through April and May due to the Level 4 lockdown but recovered strongly in the month of June. The June resurgence likely represents a catchup for projects which were delayed due to lockdown. With weak growth prospects across the economy, consents are likely to ease in coming quarters.

# Traffic flow

**Annual change in traffic flows**  
Annual average % change Jun 19 - Jun 20



**Traffic volume growth**  
Annual average % change



## Highlights for Manawatu

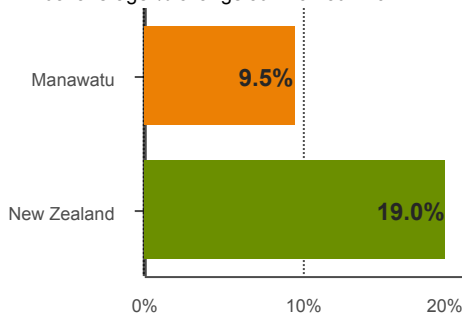
- Traffic flows in Manawatu decreased by -8.8% over the year to June 2020. This compares with an decrease of -9.4% in New Zealand.

## National overview

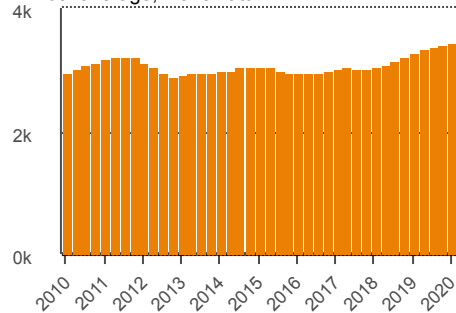
Traffic flows across New Zealand hit the brakes in the June quarter, with usually bustling roads left deserted at the start of the quarter as the lockdown was enforced. Freight continued to move across the country, but at reduced levels, with only essential goods ordered and delivered. Transport activity recovered as New Zealand moved down the Alert Levels, with Kiwi road trips bolstering domestic tourism activity, and a dash to online retailing seeing package delivery delays. Traffic levels during Level 4 dropped to 15% of usual in the depths of Level 4, before increasing to just over 80% towards the end of the quarter.

# Jobseekers

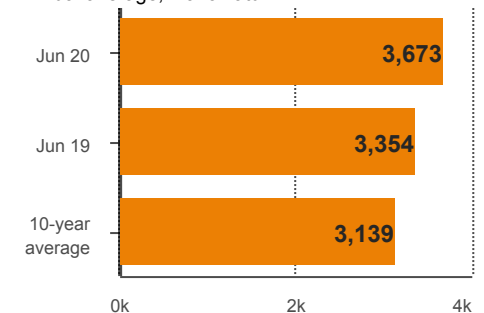
**Annual change in Jobseekers**  
Annual average % change Jun 19 - Jun 20



**Jobseekers**  
Annual average, Manawatu



**Jobseekers**  
Annual average, Manawatu



## Highlights for Manawatu

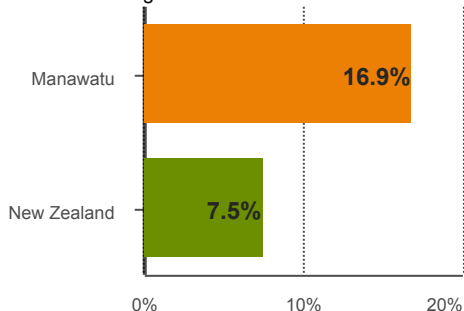
- Working age Jobseeker Support recipients in Manawatu in the year to June 2020 increased by 9.5% compared with the previous year. Growth was lower relative to New Zealand, where the number of Jobseeker Support recipients increased by 19.0%.
- An average of 3,673 people were receiving a Jobseeker Support benefit in Manawatu in the 12 months ended June 2020. This compares with an average of 3,139 since the start of the series in 2010.

## National overview

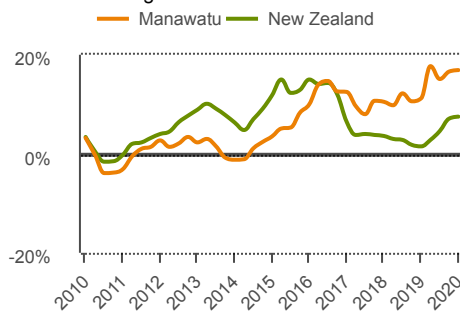
In total, nearly 50,000 New Zealanders were added to government unemployment support over the June 2020 quarter, taking the total number of people supported to over 200,000. On average over the last year, Jobseeker Support recipients are up 19%pa. This rise doesn't include the COVID-19 Income Relief Payment which was supporting nearly 11,000 more people at the end of June 2020. This rise in government support of Jobseeker Support recipients occurred even as the government spent over \$12.3b to support 1.7m workers (61% of the labour force) through the Wage Subsidy and extension.

# House prices

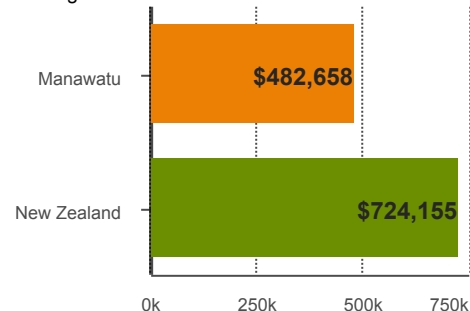
**Annual change in house prices**  
Annual % change Jun 19 - Jun 20



**House price growth**  
Annual % change



**Average current house value**  
Average for 12 months to Jun 2020



## Highlights for Manawatu

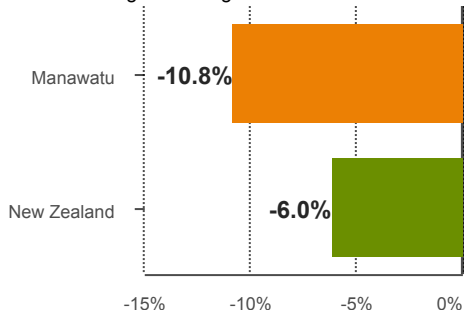
- The average current house value in Manawatu was up 16.9% in June 2020 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 7.5%.
- The average current house value was \$482,658 in Manawatu over the June 2020 year. This compares with \$724,155 in New Zealand.

## National overview

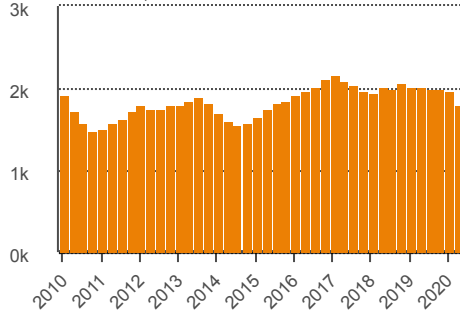
House values have grown strongly in the year to June 2020, up by 7.5% compared to the year to June 2019. Interest rate cuts throughout 2019 spurred on late-cycle growth in the property market, particularly in Auckland. Values have bounced back relatively strongly post-lockdown, but the impending removal of the wage subsidy and mortgage holiday schemes will likely bring softness to the housing market.

# House sales

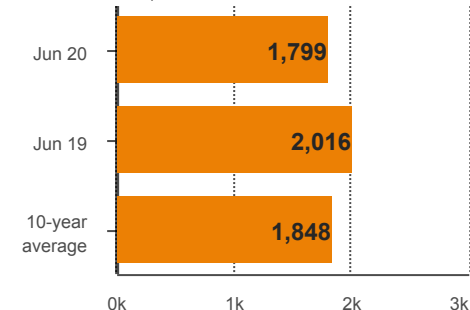
**Annual change in house sales**  
Annual average % change Jun 19 - Jun 20



**House sales**  
Annual number, Manawatu



**House sales**  
Annual number, Manawatu



## Highlights for Manawatu

- House sales in Manawatu in the year to June 2020 decreased by 10.8% compared with the previous year. Growth underperformed relative to New Zealand, where sales decreased by 6.0%.
- A total of 1,799 houses were sold in Manawatu in the 12 months ended June 2020. This compares with the ten year average of 1,848.

## National overview

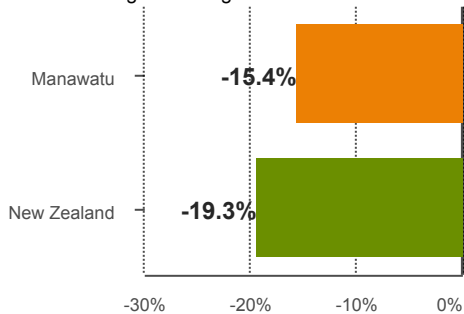
House sale volumes fell sharply in the June quarter, as the Level 4 lockdown period impeded sales taking place. The weak June quarter led to a 6.0% decline in sales over the year to June 2020.

Surprisingly strong house prices at present may encourage more listings to come to market in the coming months but with an overall deterioration in economic conditions, households are more likely to stay put, keeping sales volumes low.

# Car registrations

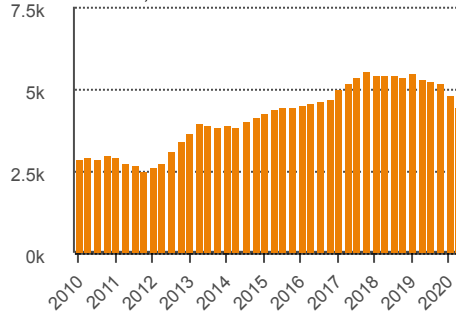
## Car registrations

Annual average % change Jun 19 - Jun 20



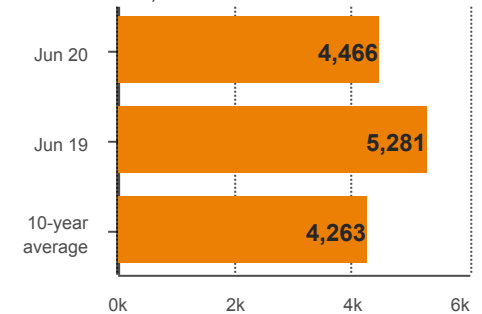
## Car registrations

Annual number, Manawatu



## Car registrations

Annual number, Manawatu



## Highlights for Manawatu

- The number of cars registered in Manawatu decreased by -15.4% in the year to June 2020 compared with the previous 12 months. Growth was higher than in New Zealand, where car sales decreased by -19.3%.
- A total of 4,466 cars were registered in Manawatu in the year to June 2020. This compares with the ten year average of 4,263.

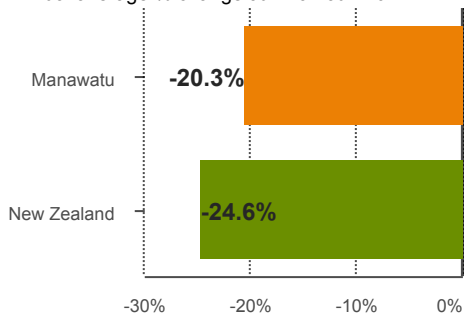
## National overview

The decline in car registrations has accelerated, falling 43%pa in the June 2020 quarter, which contributed to a 19% fall in the June 2019 year. Car registrations have been on a downward path since the middle of last year, but constraints on trading during lockdown were a major contributor to the June quarter's result, with registration numbers toppling across the board in both new and used, large and small cars. There are signs that money saved by households during lockdown is being spent on new cars, but this spending may only be temporary. As job losses begin to accumulate, consumers' and businesses' willingness to make major purchases could well dry up. The additional impact of New Zealand's closed borders on demand for rental cars from the tourism industry and the outlook for the car market is far from rosy.

# Commercial vehicle registrations

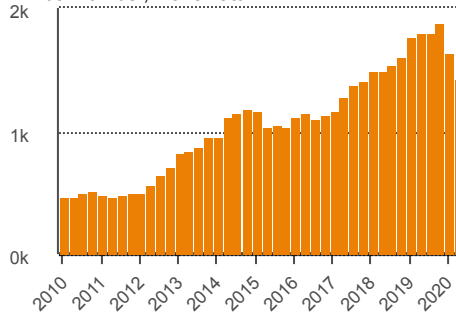
## Commercial vehicle registrations

Annual average % change Jun 19 - Jun 20



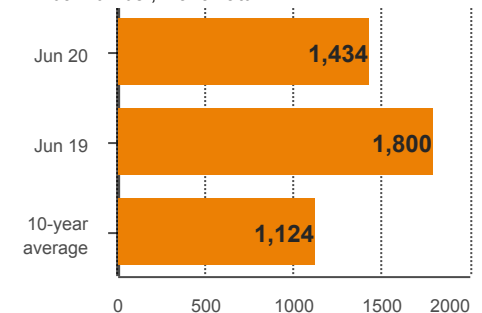
## Commercial vehicle registrations

Annual number, Manawatu



## Commercial vehicle registrations

Annual number, Manawatu



## Highlights for Manawatu

- The number of commercial vehicles registered in Manawatu decreased by -20.3% in the year to June 2020 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales decreased by -24.6%.
- A total of 1,434 commercial vehicles were registered in Manawatu in the year to June 2020. This is higher than the ten year annual average of 1,124.

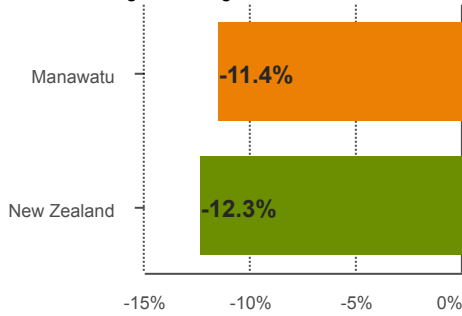
## National overview

Commercial vehicle registrations fell 48%pa in the June 2020 quarter, which contributed to a 25% fall in the June 2020 year. Commercial vehicle registrations have been weakening since the middle of last year but, at just over 9,000 registrations, the June 2020 quarter result was comparable to levels last seen in the aftermath of the GFC. The June 2020 quarter saw falls in light, medium and very-heavy commercials. However, there are early signs of a recovery in light commercials on the back of a primary sector that is seeing continued demand for New Zealand's food exports, a better than expected pipeline of construction work in the near-term, and households' willingness to spend money saved during lockdown.

# Tourism Spending

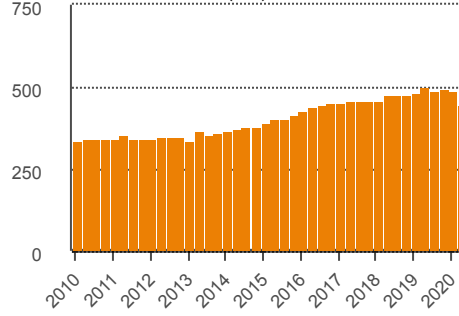
## Tourism expenditure

Annual average % change Jun 19 - Jun 20



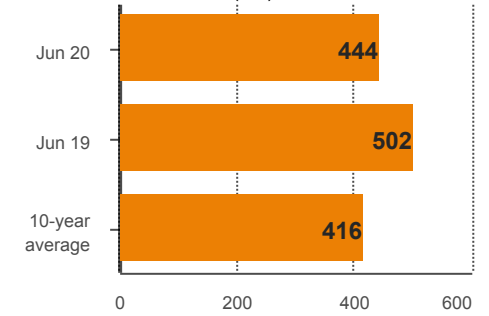
## Tourism expenditure

Annual total, Manawatu (\$m)



## Tourism expenditure

Annual total, Manawatu (\$m)



## Highlights for Manawatu

- Total tourism expenditure in Manawatu decreased by 11.4% in the year to June 2020. This compares with a decrease of 12.3% in New Zealand.
- Total tourism expenditure was approximately \$444m in Manawatu during the year to June 2020, which was down from \$502m a year ago.

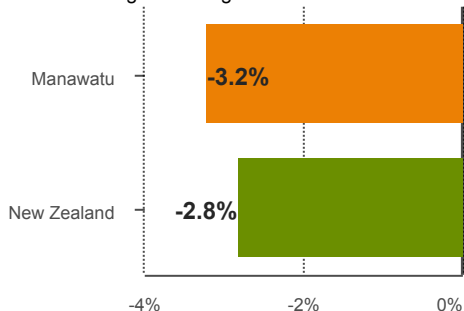
## National overview

Tourism spending fell 12.3%pa over the year to June 2020, as the border closure and domestic restrictions hit visitor activity. Total tourism spending over the last 12 months totalled \$26b, with spending of \$3.6b lost compared to the June 2019 year. The West Coast recorded the hardest hit, with tourism spending down just over 20%pa, followed by Southland (-16%), Otago (-15%) and Wellington (-14%). Domestic travel has helped bolster tourism activity in recent months but won't be enough to outweigh the loss of international tourism activity.

# Consumer Spending

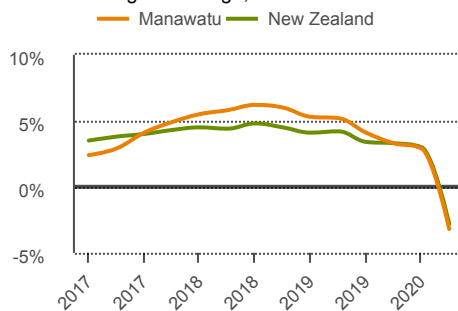
## Growth in consumer spending

Annual average % change Jun 19 - Jun 20



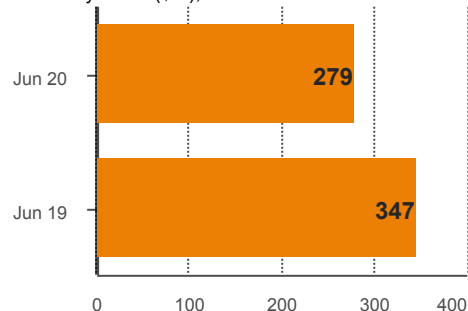
## Consumer spending (\$m)

Annual average % change, Manawatu



## Consumer spending

Quarterly value (\$m), Manawatu



## Highlights for Manawatu

- Electronic card consumer spending in Manawatu, as measured by Marketview, decreased by -3.2% over the year to June 2020 compared to the previous year. This compares with an decrease of -2.8% in New Zealand.

## National overview

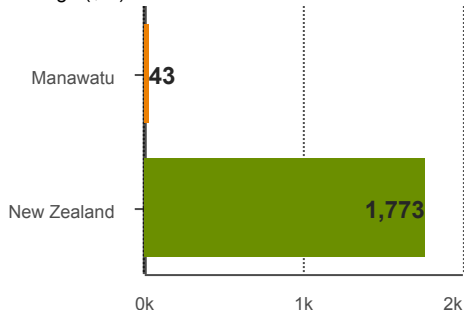
Consumer spending fell off a cliff in the June 2020 quarter, with spending down 20% compared to June 2019, as households held onto their wallets during the lockdown period. Spending over the year to June 2020 was down 2.8% compared to the June 2019 year.

Consumer spending has been surprisingly resilient since the Level 4 lockdown, but we expect it to soften in the coming quarter as post-lockdown surge ends and the end of the wage subsidy extension brings about a second wave of redundancies.

# Total dairy payout

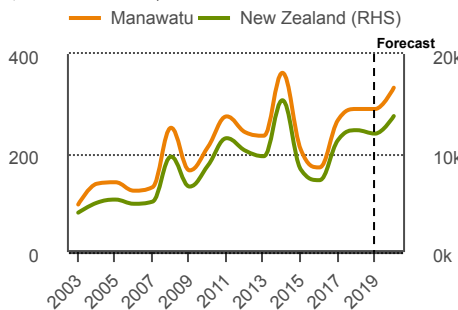
## Total dairy payout

Change (\$m) between 2018/19 and 2019/20 seasons



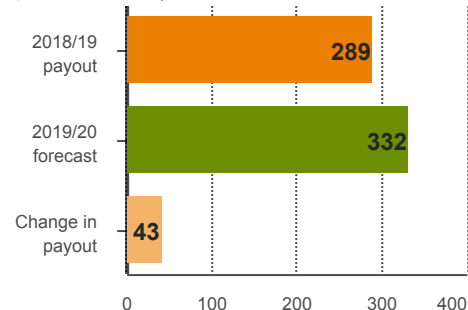
## Total dairy payout

\$m each season, Manawatu



## Total dairy payout

\$m each season, Manawatu



## Highlights for Manawatu

- Manawatu's total dairy payout for the 2018/19 season is estimated to have been approximately \$289m.
- Manawatu's dairy payout for the 2019/20 season is expected to be approximately \$332m, \$42.8m higher than last season, assuming that production levels from last season are maintained.
- The total dairy payout for New Zealand is estimated to have been approximately \$11,964m in the 2018/19 season, and is expected to be \$1,773m higher in the 2019/20 season.

## National overview

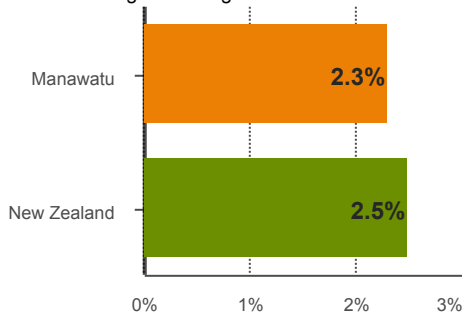
Near-term expectations for the dairy sector are holding up, with global demand still present for New Zealand's (now again) largest export. As expected, the dairy pay-out has settled towards the lower end of previous expectations, with Fonterra's pay-out for the season just finished sitting at \$7.15/kgms. The drought has hurt farmers in the North Island, with higher feed costs and other issues biting. Considerable uncertainty remains around the dairy outlook, with Fonterra's opening pay-out for the current season ranging between \$5.90-\$6.90/kgms – with a mid-point of \$6.40/kgms – reflecting expected issues. Dairy exports were up 13%pa in the June 2020 quarter, highlighting the current resilience in primary sector activity.



# Health Enrolments

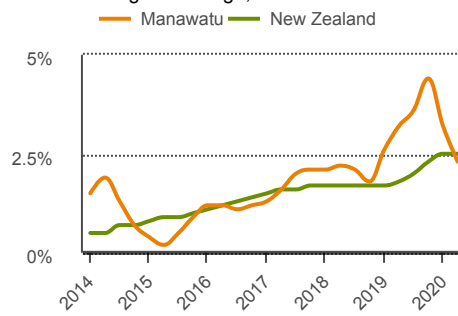
## Annual change in Health enrolments

Annual average % change Jun 19 - Jun 20



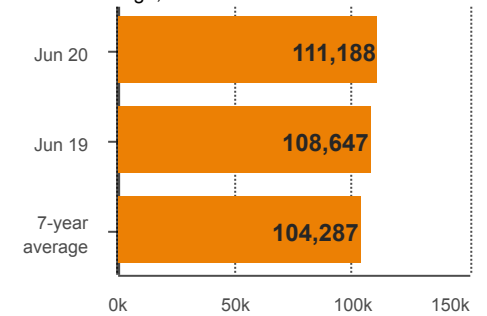
## Health enrolments

Annual average % change, Manawatu



## Health enrolments

Annual average, Manawatu



## Highlights for Manawatu

- The number of people enrolled with a primary health organisation in Manawatu in the year to June 2020 increased by 2.3% compared with the previous year. Growth was lower relative to New Zealand, where the number of enrolments increased by 2.5%.
- An average of 111,188 people were enrolled with primary healthcare providers in Manawatu in the 12 months ended June 2020. This compares with an average of 104,287 since the start of the series in 2013.

## National overview

The number of people enrolled at a health provider remained strong in the June 2020 year, with a 2.5%pa rise – in line with the March 2020 year. Net migration has increased in recent months, driven by an influx of returning New Zealanders, with national population growth of 2.1%pa in June 2020. The health and contact tracing focus of the COVID-19 pandemic is likely seeing an increase in the number and accuracy of health enrolment details, meaning that the strength of health enrolments might not be driven purely by an increasing population.

# Technical notes

## Building Consents

Building consents data is sourced from Statistics New Zealand. The number of residential consents issued for new dwellings is the measure for residential consents. For non-residential consents, the measure is the value of both new buildings and alterations.

## Consumer Spending

The consumer spending data is sourced from Marketview. It measures total electronic card spending using spending through the Paymark network and adding to it an estimate of non-Paymark network spending using the pattern of BNZ card holder spending at non-Paymark retailers. For further breakdown of the data by storetype and other variables contact Marketview.

## Dairy

Dairy data has been sourced from the “New Zealand Dairy Statistics”, a publication co-owned by DairyNZ and LIC, as well as calculations made by Infometrics. The data accords to dairy seasons, which run from June to May. Total dairy payouts in each territorial authority have been calculated by Infometrics by utilising milk solids production in conjunction with Fonterra’s farmgate milk price (excluding dividends) from the dairy season in question. For the current season, Infometrics calculates a payout forecast using our own expectation of the farmgate milk price and the assumption that milk solids production continues running at the same level from the previous season.

## Earnings

The earnings data comes from the quarterly Linked Employer Employee Data (LEED) published by Statistics New Zealand. LEED publishes the mean earnings of full quarter jobs for each quarter. Full quarter jobs may include full time and part time jobs. Earnings include overtime and lump sum payments. We sum the mean earnings for the four quarters making up the year to arrive at an estimate of average annual earnings. Infometrics projects average annual earnings to the current quarter using growth rates in industry earnings measured in the Labour Cost Index.

## Gross Domestic Product

Gross Domestic Product is estimated by Infometrics. A top down approach breaks national industrial production (sourced from production based GDP measures published by Statistics New Zealand) is broken down to TA level by applying TA shares to the national total. Each TA’s share of industry output is based on earnings data from LEED. GDP growth in recent quarters is based on a model which uses the various partial economic indicators presented in this report as inputs. Estimates of GDP for these most recent quarters are provisional until Infometrics updates its annual GDP series in the Regional Economic Profile at the beginning of each year. Gross domestic product is measured in 2019 dollar terms.

## Health Enrolments

Health enrolments are sourced from the Ministry of Health. They record the number of people in each area who are enrolled with a Primary Health Organisation (PHO). Enrolment is voluntary, but most New Zealanders enrol at a general practice for health reasons and for the benefits of enrolment, such as cheaper doctors’ visits and reduced costs of prescription medicines. Changes to how the Ministry of Health recorded this data led to Infometrics revising our approach to health enrolment figures for the March 2019 Quarterly Economic Monitor onwards. Our new approach completely revises our timeseries of health enrolments, so care should be taken when comparing the March 2019 report with previously downloaded reports.

Previously, the data provided was only for those people whose addresses are able to be accurately recorded by the Ministry of Health. We have now switched to breaking down TA-level health enrolments based on trends in stated health enrolments by area, to ensure that the total number of enrolees published in the Monitor align with the national-level figures published by the Ministry of Health. A new system for classifying and recording health enrolment addresses from March 2019 onwards by the Ministry means significantly higher numbers of unallocated enrolees, resulting in the need to review our model.

## House Sales

The number of house sales is sourced from REINZ. The indicator measures the number of house sales at the point when the sale becomes unconditional. The unconditional date is the date when all the terms of an agreement have been satisfied and the sale and purchase can proceed to settlement.

## House Values

House value (dollar value) are sourced from QVNZ. The levels quoted in the report are average current values over the past 12 months. An average current value is the average (mean) value of all developed residential properties in the area based on the latest house value index from QVNZ. It is not an average or median sales price, as both of those figures only measure what happens to have sold in the period. These average current values are affected by the underlying value of houses (including those not on the market) and are quality adjusted based on the growth in each house’s price between sales.

## Jobseekers Support

In July 2013 the New Zealand’s welfare system changed to better recognise and support people’s work potential. As part of this the Jobseekers Support benefit was introduced. This benefit is for people who can usually look or prepare for work but also includes people who can only work part-time or can’t work at the moment, for example, because they have a health condition, injury or disability.

## Tourism Expenditure

Tourism expenditure data is sourced from the Ministry of Business, Innovation and Employment's (MBIE) Monthly Regional Tourism Estimates. These are estimated values for tourism spending that approximate values found in the International Visitor Survey (IVS) and Tourism Satellite Account (TSA), using modelling of a sample of electronic card spending throughout New Zealand from domestic and international accounts.

## Traffic Flow

Traffic flow growth rates are calculated from the number of vehicles passing approximately 110 sites monitored by New Zealand Transport Agency. Each of the sites has been mapped to a territorial authority.

## Unemployment

Regional level unemployment rates are sourced from Statistics New Zealand's Household Labour Force Survey. Trends in the number of Jobseekers are used to break down regional unemployment rates to TA levels. The TA level unemployment rates are benchmarked on census following the release of each census. To reduce volatility the unemployment rate is presented as an average for the last four quarters.

## Vehicle Sales

Car and commercial vehicle sales data are sourced from New Zealand Transport Authority. Sales are based on new registrations which include the first time registration of new vehicles and used vehicles imported from overseas.