

Overview of Manawatu

Manawātū region continues to enjoy robust economic growth, supported by a strong primary sector, and solid consumer spending growth. Infometrics' provisional GDP growth estimate for the Manawātū regional economy was 2.9% in the March 2019 year compared with a national average of 2.5%.

Log prices remained strong in early 2019 underpinned by solid domestic and international demand. Lamb and beef prices are a little down from the peaks seen last year but are, nonetheless, high by historical standards. Fonterra's farmgate milk price forecast for the 2018/19 dairy season is currently \$6.30-\$6.40/kgMS. At these prices, Manawatu's dairy farmers are expected to remain in the black with a forecast \$280m pay-out for the 2018/19 season, down \$9m on the 2017/18 season but well up on the previous three years.

Electronic card spending on retail purchases in the region has been trending upward since mid-2016. In the March 2019 year, spending grew 4.9% compared with 4.3% nationally. A number of other economic indicators also point to a healthy regional economy. Commercial vehicle registrations grew 19% in the March 2019 year compared with a slight fall nationally. Following a period of sustained growth, car registrations have been stable at around 5,400pa for the past year. Traffic flows in the region grew 1.7% compared with 0.6% nationally. Tourism spending in the region grew 4.8% over the year to April 2019, above national-level growth, while guest nights in the region were well ahead of the national average growing 6.0% compared with just 0.6% growth nationally.

House price inflation in the region has been just over 10%pa for the past year, following a peak of just over 14% in 2016. House sales grew 3.8% in the March 2019 year compared with 1.6% growth nationally. Residential consents in the region grew 14.3% in the March 2019 year due mainly to a very strong final quarter of 2018. In contrast, non-residential consents in the region fell 17% in the March 2019 year, following a period of strong results throughout 2018.

Population growth in the region remains solid, with health enrolments in the area growing 2.6% over the March 2019 year. The region's unemployment rate is the biggest concern. It has been trending upwards since early 2017 to reach an annual average of 5.4% in the March 2019 year compared with a national average of 4.5%.

Indicator	Manawatu	New Zealand
<i>Annual average % change</i>		
Gross domestic product	↑ 2.9%	↑ 2.5%
Traffic flow	↑ 1.7%	↑ 0.6%
Health Enrolments	↑ 2.6%	↑ 1.7%
Consumer spending	↑ 4.9%	↑ 4.1%
Residential consents	↑ 14.3%	↑ 10.0%
Non-residential consents	↓ -16.8%	↑ 7.6%
House prices*	↑ 10.1%	↑ 1.3%
House sales	↑ 3.8%	↑ 1.6%
Guest nights	↑ 6.0%	↑ 0.6%
Tourism expenditure	↑ 4.8%	↑ 3.3%
Car registrations	↑ 0.9%	↓ -7.6%
Commercial vehicle registrations	↑ 19.0%	↓ -0.07%
Jobseeker Support recipients	↑ 8.5%	↑ 7.6%
<i>Level</i>		
Unemployment rate	5.4%	4.3%

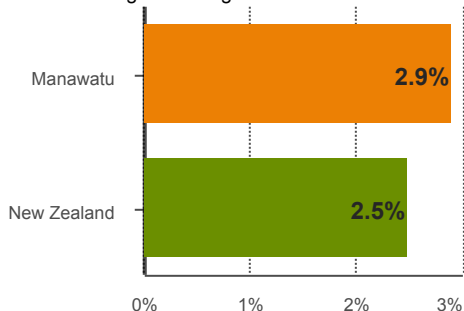
* Annual percentage change (latest quarter compared to a year earlier)

Overview of national economy

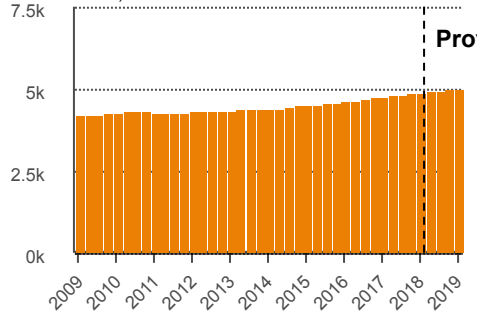
The economy remains in a holding pattern, with uncertainty increasing the risk of economic paralysis. Global concerns continue to circle, with Brexit, a European slowdown, and the US-China trade war all issues that threaten New Zealand's export outlook. The Reserve Bank has cut the official cash rate (OCR) to 1.5% in the face of poor business investment, global concerns, and subdued inflation. This leaves the Bank with little ammunition to combat a future unexpected shock. Government spending growth remains slow, restricting the impact of any additional fiscal stimulus. Construction appears to be a bright spot on our outlook, but the labour market presents a more mixed picture, with low unemployment but slowing employment growth.

Gross domestic product (provisional)

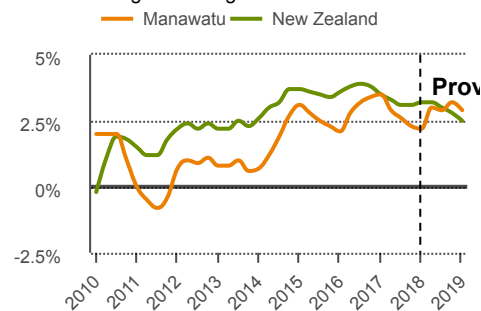
Gross domestic product growth (provisional)
Annual average % change Mar 18 - Mar 19



Gross domestic product (provisional, \$m)
Annual level, Manawatu



Gross domestic product growth (provisional)
Annual average % change



Highlights for Manawatu

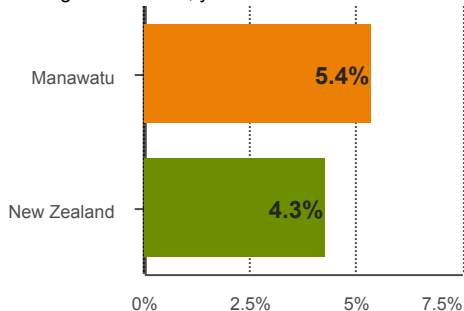
- GDP (provisional) in Manawatu was up 2.9% for the year to March 2019 compared to a year earlier. Growth was higher than in New Zealand (2.5%).
- GDP (provisional) was \$5,028 million in Manawatu for the year to March 2019 (2010 prices).
- Annual GDP growth in Manawatu peaked at 3.5% in the year to March 2017.

National overview

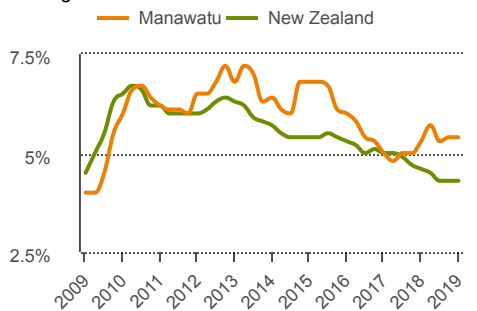
The economy grew 2.5%pa over the 12 months to March 2019, according to provisional estimates from Infometrics. Growth has slowed in line with expectations, with low business investment, lower population growth, and a slower build-up of government spending all contributing to the slower outlook. We expect growth to hold up for the rest of 2019, before slowing further in 2020/21 as economic momentum slows further. Government spending growth remains slower than expected as the reorientation under the current government requires more preparatory work to establish and test business cases and secure authority to go ahead with new plans.

Unemployment rate

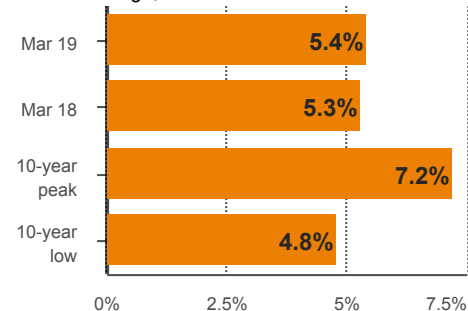
Unemployment rate
Average annual rate, year to March 2019



Unemployment rate
Average annual rate



Unemployment rate
Annual average, Manawatu



Highlights for Manawatu

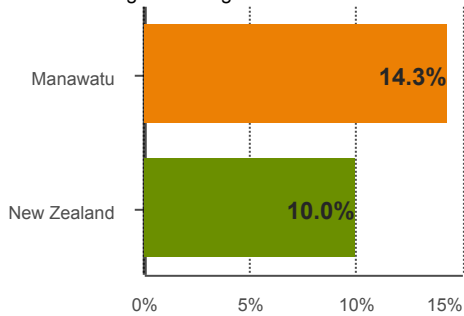
- The annual average unemployment rate in Manawatu was 5.4% in March 2019, up from 5.3% a year earlier.
- The unemployment rate in Manawatu was higher than in New Zealand, where the unemployment rate averaged 4.3% over the year to March 2019.
- Over the last ten years the unemployment rate reached a peak of 7.2% in December 2012;

National overview

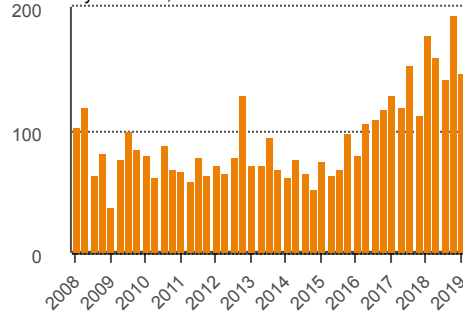
The unemployment rate dropped again in March, taking the annual average rate to 4.3%. The labour market remains tight, with competition for workers expected to remain strong over the next year. Wage growth rose above 2.0%pa in March but remains slower to respond than the last time the labour market was this tight. Businesses are expected to continue increasing pay to retain their staff over the next few years, with higher minimum wage increases pushing wages higher still.

Residential consents

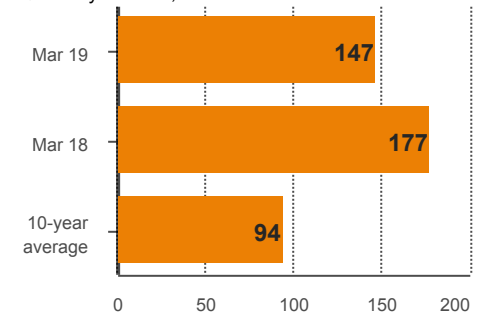
Growth in no. of new dwelling consents
Annual average % change Mar 18 - Mar 19



Residential consents
Quarterly number, Manawatu



Number of new dwelling consents
Quarterly number, Manawatu



Highlights for Manawatu

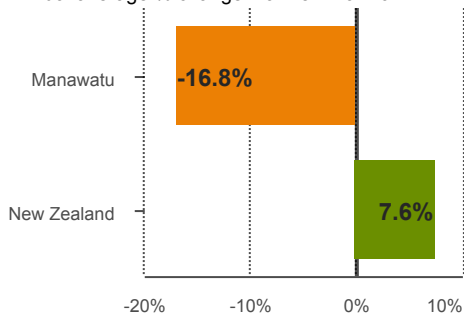
- A total of 147 new residential building consents were issued in Manawatu in the March 2019 quarter, compared with 177 in the same quarter last year.
- On an annual basis the number of consents in Manawatu increased by 14.3% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 10.0% over the same period.

National overview

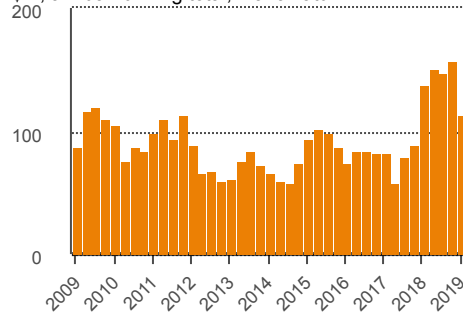
Annual residential building consents pushed above 34,500 in the 12 months to March 2019, with consents growing 9.9%. Positive results for house prices outside Auckland have led us to push up our expectations for new dwelling consents. Attached dwelling consents are a key driver of growth, with townhouses up 7.4%pa in the March quarter. Capacity constraints remain a threat to further growth, with access to financing another potential barrier.

Non-residential consents

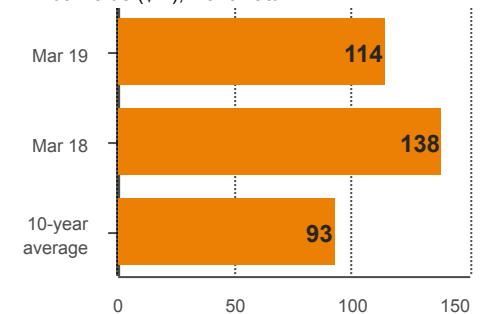
Growth in value of consents
Annual average % change Mar 18 - Mar 19



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 \$114 million were issued in Manawatu during the year to March 2019.
- The value of consents decreased by -16.8% over the year to March 2019. By comparison the value of consents in New Zealand increased by 7.6% over the same period.
- Over the last 10 years, consents in Manawatu reached a peak of \$157 million in the year to December 2018.

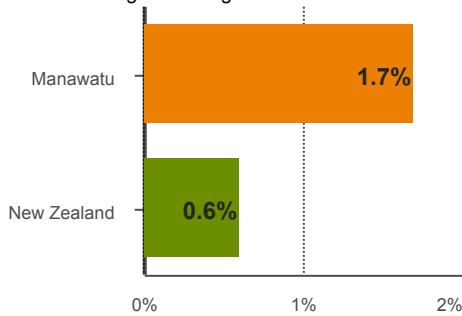
National overview

Total non-residential consent values rose 7.6%pa over the 12 months to March 2019. There remains a steady pipeline of work in the non-residential sub-industry, with total activity in the last quarter coming in above forecast. Although consent values continue to rise, capacity pressures remain, and we are concerned over the sub-industry's ability to convert these consents into completed work. Weak business confidence and slower economic and employment growth is expected to drag non-residential activity lower during 2020.

Traffic flow

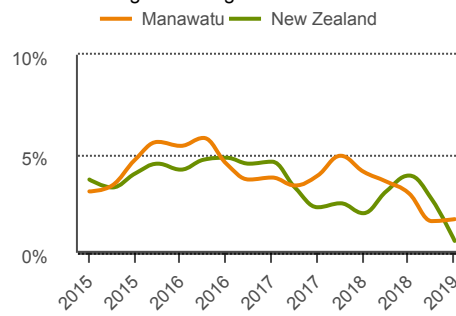
Annual change in traffic flows

Annual average % change Mar 18 - Mar 19



Traffic volume growth

Annual average % change



Highlights for Manawatu

- Traffic flows in Manawatu increased by 1.7% over the year to March 2019. This compares with an increase of 0.6% in New Zealand.

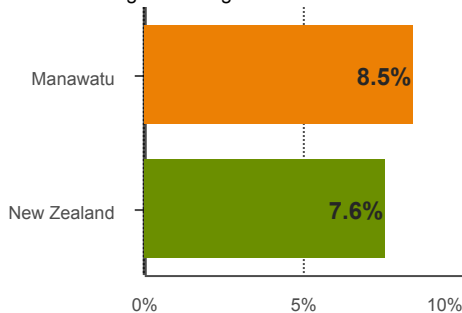
National overview

Traffic flow growth slowed considerably over the 12 months to March 2019, increasing by only 0.6%. Traffic in the upper South Island continued to return to normal after the Kaikōura earthquakes and year of disruption that followed, with Kaikōura and Marlborough growing strongly over the last year. Traffic volumes in Auckland rose only 0.8% over the 12 months to March 2019, with public transport use in the Super City growing 6.9% over the same period, the fastest increase since the start of 2018.

Jobseekers

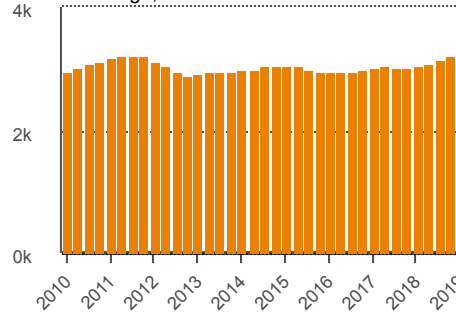
Annual change in Jobseekers

Annual average % change Mar 18 - Mar 19



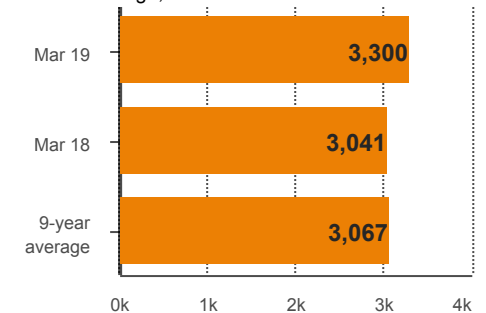
Jobseekers

Annual average, Manawatu



Jobseekers

Annual average, Manawatu



Highlights for Manawatu

- Working age Jobseeker Support recipients in Manawatu in the year to March 2019 increased by 8.5% compared with the previous year. Growth was higher relative to New Zealand, where the number of Jobseeker Support recipients increased by 7.6%.
- An average of 3,300 people were receiving a Jobseeker Support benefit in Manawatu in the 12 months ended March 2019. This compares with an average of 3,067 since the start of the series in 2010.

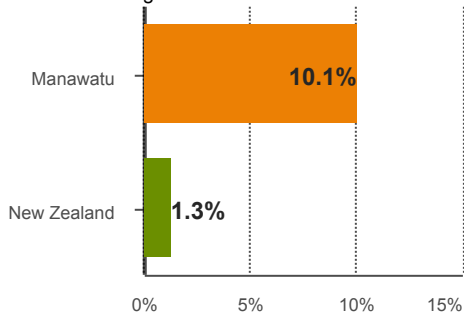
National overview

Average Jobseeker Support recipients increased 7.6% over the past 12 months to March 2019, growing at the fastest rate since 2010. Although unemployment is very low, a change in government policy in 2018 continues to push the number of Jobseeker support recipients higher. Work and Income New Zealand (WINZ) staff must now get a second opinion from a staff member before making the decision to cut or suspend benefits. The number of benefit sanctions was down 25% in March 2019. As a result of these changes, the share of the working age population receiving a Jobseeker Support payment rose to 4.4% in March 2019, above the 4.0% low seen in March 2018.

House prices

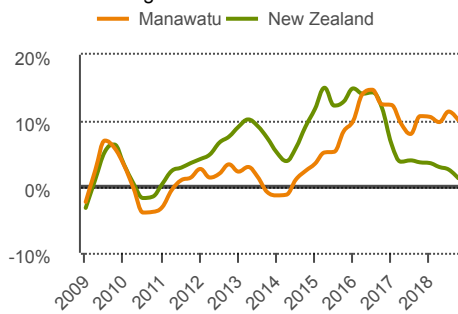
Annual change in house prices

Annual % change Mar 18 - Mar 19



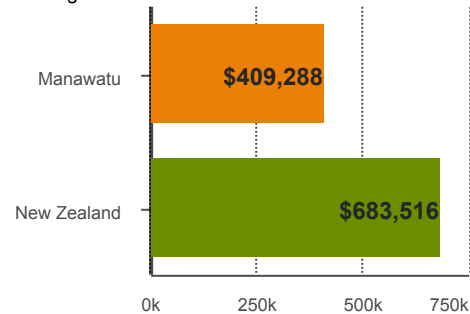
House price growth

Annual % change



Average current house value

Average for 12 months to Mar 2019



Highlights for Manawatu

- The average current house value in Manawatu was up 10.1% in March 2019 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 1.3%.
- The average current house value was \$409,288 in Manawatu over the March 2019 year. This compares with \$683,516 in New Zealand.

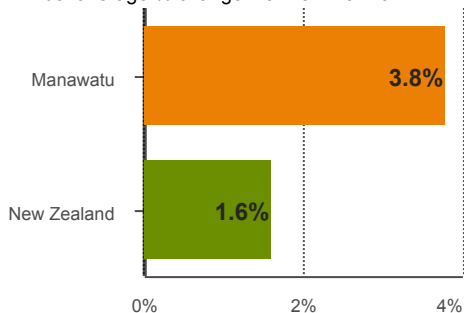
National overview

Auckland's housing market continues to diverge from the rest of the country, with Auckland prices continuing to drop even as prices across the rest of New Zealand push higher. An affordability trap in Auckland is holding back prices in New Zealand's largest centre, even though the Super City remains undersupplied. Across the rest of New Zealand, prices are continuing to grow at pace, even as greater supply in regional New Zealand is starting to make a significant dent in the undersupply of housing. House price growth outside Auckland does appear to be slowing a touch, reinforcing our view that more balance is being struck between housing supply and demand around New Zealand.

House sales

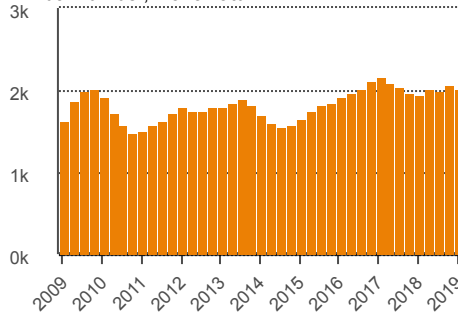
Annual change in house sales

Annual average % change Mar 18 - Mar 19



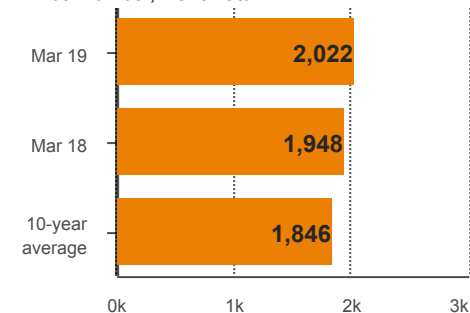
House sales

Annual number, Manawatu



House sales

Annual number, Manawatu



Highlights for Manawatu

- House sales in Manawatu in the year to March 2019 increased by 3.8% compared with the previous year. Growth outperformed relative to New Zealand, where sales increased by 1.6%.
- A total of 2,022 houses were sold in Manawatu in the 12 months ended March 2019. This compares with the ten year average of 1,846.

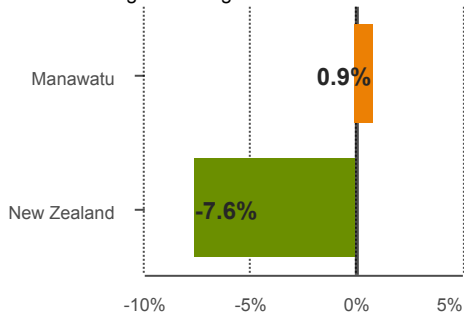
National overview

House sales growth slowed to 1.6%pa in the 12 months to March 2019. Property investors have been paralysed by uncertainty of government policy changes, extending the bright-line test for capital gains, and banning foreign buyers. Other government changes, including healthy homes standards and ringfencing of rental losses, might continue to dampen investor demand. House sales are likely to recover from mid-2019 with a Capital Gains Tax now off the table, and mortgage rates shifting lower, and loosened LVR restrictions.

Car registrations

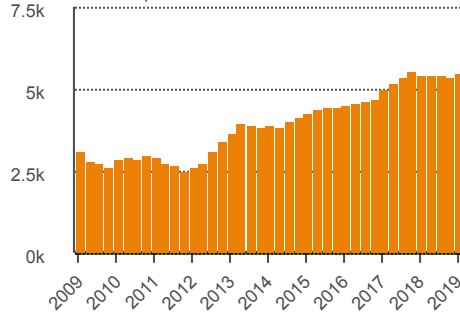
Car registrations

Annual average % change Mar 18 - Mar 19



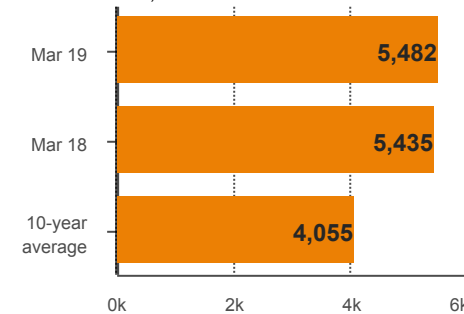
Car registrations

Annual number, Manawatu



Car registrations

Annual number, Manawatu



Highlights for Manawatu

- The number of cars registered in Manawatu increased by 0.9% in the year to March 2019 compared with the previous 12 months. Growth was higher than in New Zealand, where car sales decreased by -7.6%.
- A total of 5,482 cars were registered in Manawatu in the year to March 2019. This compares with the ten year average of 4,055.

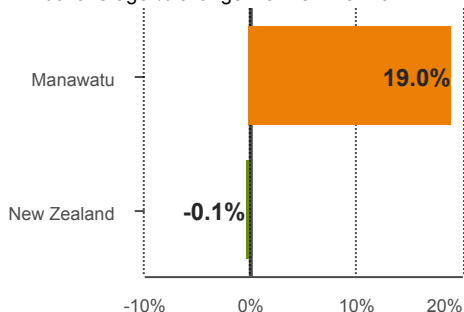
National overview

Car registrations continued to fall over the year to March 2019, down 7.6%. Used car registrations have driven registrations lower, with an 8.1%pa drop in the March quarter. Data from NZTA and feedback from dealerships suggests that rental companies have been offloading their vehicles to dealers, leaving imported cars to sit (unregistered) on the lots. However, this influx of ex-rental cars into the used car market looks to have run its course. Higher fuel prices and moderate consumer confidence are holding back household investment, with slowing population growth also constraining car registration growth.

Commercial vehicle registrations

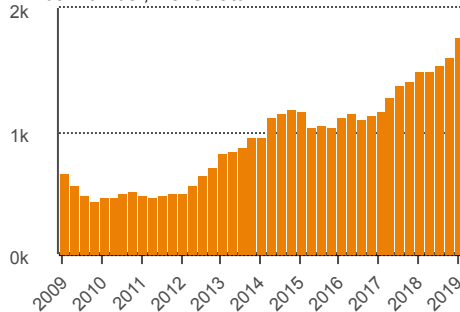
Commercial vehicle registrations

Annual average % change Mar 18 - Mar 19



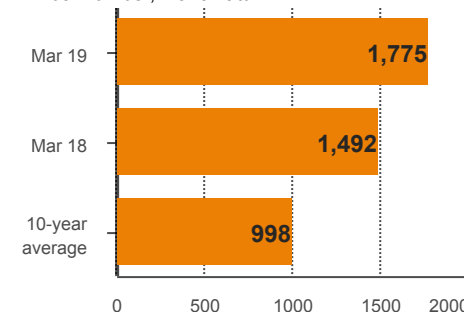
Commercial vehicle registrations

Annual number, Manawatu



Commercial vehicle registrations

Annual number, Manawatu



Highlights for Manawatu

- The number of commercial vehicles registered in Manawatu increased by 19.0% in the year to March 2019 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales decreased by -0.07%.
- A total of 1,775 commercial vehicles were registered in Manawatu in the year to March 2019. This is higher than the ten year annual average of 998.

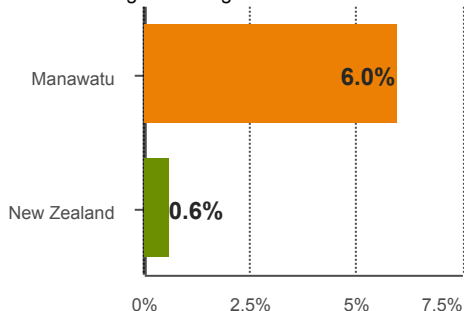
National overview

Continually poor business confidence and investment intentions continues to hold back growth in commercial vehicle registrations, which fell just short of 0.1% over the last 12 months to March 2019. Medium commercial vehicle registrations rebounded strongly in the March quarter, but light commercial registrations continued to soften. Sustained uncertainty over government policy continue to weigh on businesses' willingness to invest, with construction and agriculture both showing little real improvement in business sentiment.

Guest nights

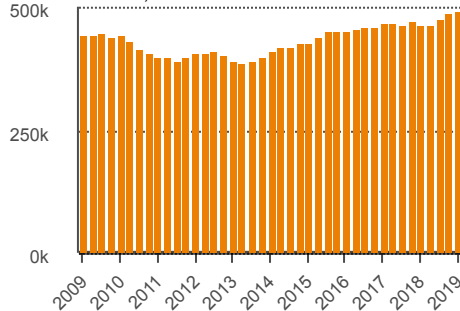
Guest nights

Annual average % change Mar 18 - Mar 19



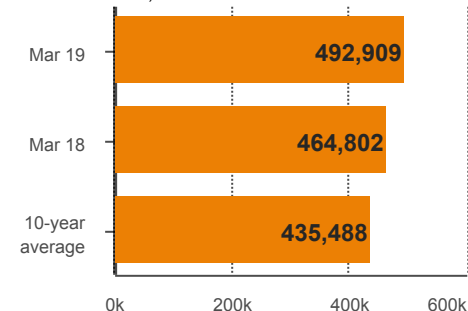
Guest nights

Annual number, Manawatu



Guest nights

Annual number, Manawatu



Highlights for Manawatu

- Total guest nights in Manawatu increased by 6.0% in the year to March 2019. This compares with an increase of 0.6% in New Zealand.
- Visitors stayed a total of 492,909 nights in Manawatu during the year to March 2019, which was up from 464,802 a year ago.

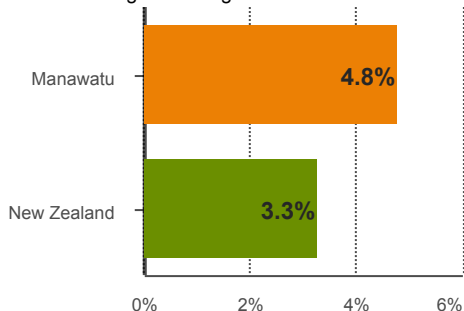
National overview

The tourism sector continues to soften, with guest nights growing by just 0.6% over the 12 months to March 2019, the first sub-1% growth since mid-2013. Domestic guest nights remain buoyant, rising 2.1%, as higher wages and increases in employment create opportunities for more recreation. However, international guest nights fell 1.2% over the same period, the first period of negative growth since April 2013, a concerning but not totally unexpected trend. Chinese tourist arrivals have continued to decline, with a 5.5%pa drop in the March month alone. However, a lower NZ dollar caused by the Reserve Bank's cut to the OCR may increase support for tourism, by making tourist visits cheaper to overseas travellers, countering the newly passed visitor levy.

Tourism Spending

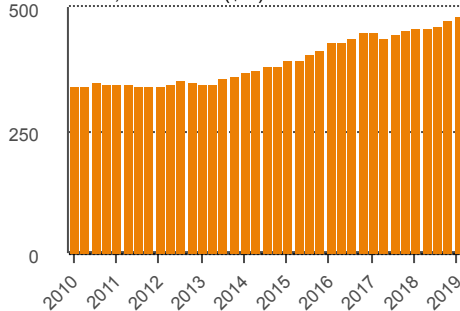
Tourism expenditure

Annual average % change Mar 18 - Mar 19



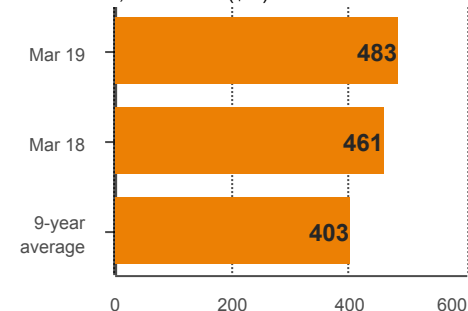
Tourism expenditure

Annual total, Manawatu (\$m)



Tourism expenditure

Annual total, Manawatu (\$m)



Highlights for Manawatu

- Total tourism expenditure in Manawatu increased by 4.8% in the year to March 2019. This compares with an increase of 3.3% in New Zealand.
- Total tourism expenditure was approximately \$483m in Manawatu during the year to March 2019, which was up from \$461m a year ago.

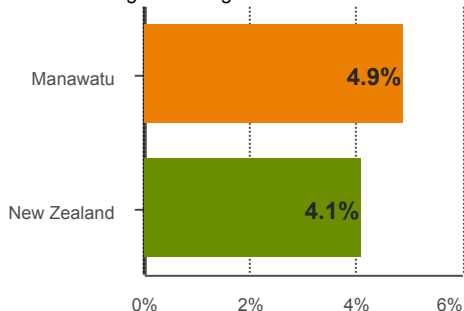
National overview

Data access issues mean that tourism expenditure for the March 2019 year is unavailable. Instead, we have examined tourism spending for the April 2019 year. Domestic visitor spending rose 2.5% in the April 2019 year, making up the largest share of total tourist spend with \$17.4b spent. International visitor spending rose 4.4% to \$11.9b over the same period, from \$11.4b a year earlier. Chinese arrivals to NZ have declined in recent months, a worrying threat to tourism expectations. A lower NZ dollar means it is cheaper for international visitors to visit New Zealand, although the government has just last week passed a visitor levy which could further soften tourist numbers. A weaker outlook for the domestic economy also signals a weaker outlook for domestic travellers over the next two years.

Consumer Spending

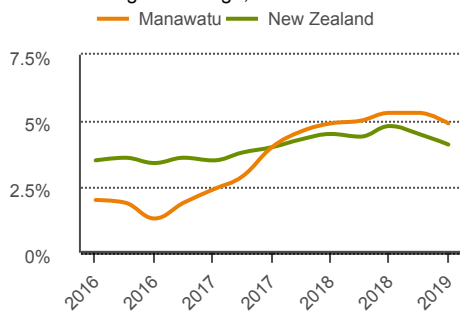
Growth in consumer spending

Annual average % change Mar 18 - Mar 19



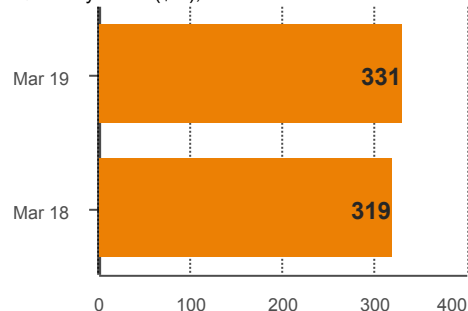
Consumer spending (\$m)

Annual average % change, Manawatu



Consumer spending

Quarterly value (\$m), Manawatu



Highlights for Manawatu

- Electronic card consumer spending in Manawatu, as measured by Marketview, increased by 4.9% over the year to March 2019 compared to the previous year. This compares with an increase of 4.1% in New Zealand.

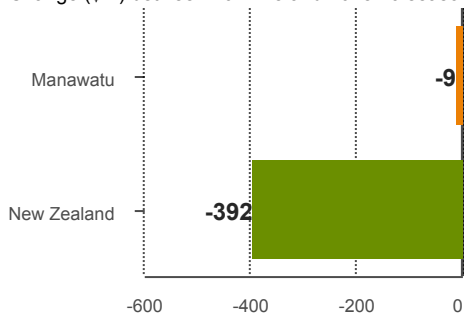
National overview

Consumer spending rose 4.1% over the 12 months to March 2019, according to electronic card spending from Marketview. Spending growth continues to soften, in line with our forecasts as households keep a closer eye on their spending. Population growth has been slowing, and fears of the global and domestic outlook have subdued spending growth. With private consumption accounting for more than 60% of total GDP, a slower growth outlook for consumer spending highlights the risks to economic growth.

Total dairy payout

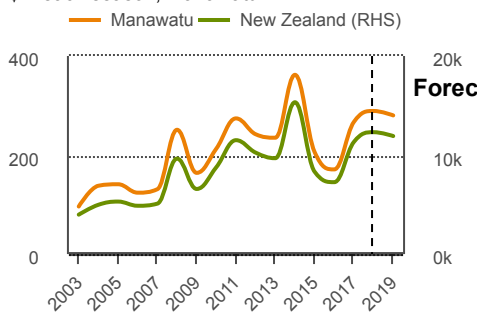
Total dairy payout

Change (\$m) between 2017/18 and 2018/19 seasons



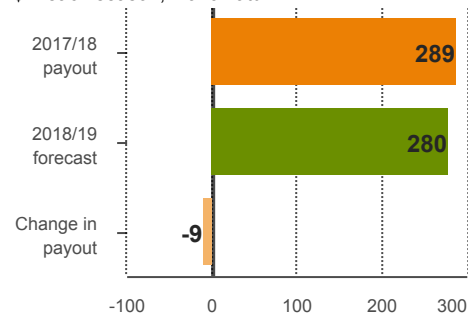
Total dairy payout

\$m each season, Manawatu



Total dairy payout

\$m each season, Manawatu



Highlights for Manawatu

- Manawatu's total dairy payout for the 2017/18 season is estimated to have been approximately \$289m.
- Manawatu's dairy payout for the 2018/19 season is expected to be approximately \$280m, \$9.21m lower 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 \$12,308m in the 2017/18 season, and is expected to be \$392m lower in the 2018/19 season.

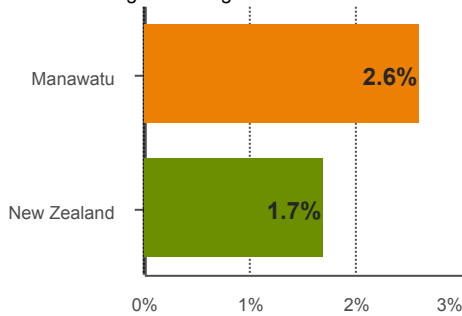
National overview

Fonterra's farmgate milk price forecast for the 2018/19 dairy season was recently revised to \$6.30-\$6.40/kgMS, with recent GlobalDairyTrade auction results confirming this price range. Lower offer volumes at recent GDT auctions have driven prices higher, but higher production and lower-than-expected prices have led to a more conservative pay-out estimate from Fonterra. This price is above Dairy NZ's estimate of the breakeven point for the average dairy farmer of \$5.50/kgMS. The starting \$6.25-\$7.25/kgMS milk price for the 2019/20 season reflects the uncertainty over future dairy prices, but remains above the breakeven price, supporting farmer expenditure.

Health Enrolments

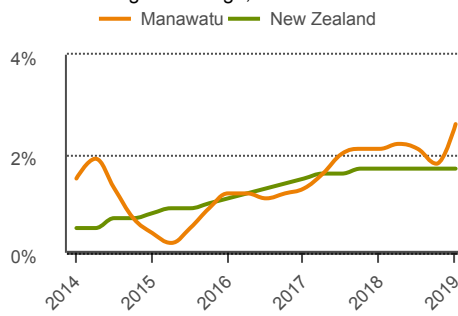
Annual change in Health enrolments

Annual average % change Mar 18 - Mar 19



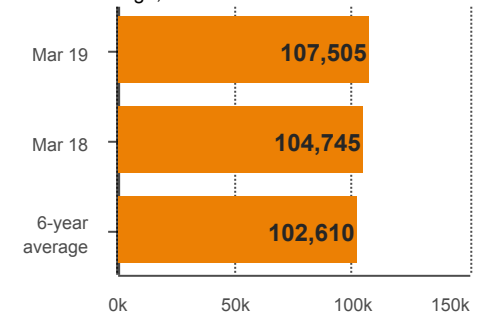
Health enrolments

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 March 2019 increased by 2.6% compared with the previous year. Growth was higher relative to New Zealand, where the number of enrolments increased by 1.7%.
- An average of 107,505 people were enrolled with primary healthcare providers in Manawatu in the 12 months ended March 2019. This compares with an average of 102,610 since the start of the series in 2013.

National overview

Average health enrolments rose 1.7% over the 12 months to March 2019. This compares to Statistics New Zealand's estimated population growth of 1.8% over the same period. The Ministry of Health has changed its recording system for health enrolments, meaning that although overall enrolments have increased 1.7%, the recorded enrollees in each DHB has fallen as a result of a different way of coding enrolments. Given the importance of having a sense of population changes throughout New Zealand and noting that international migration statistics at a local level are unavailable and would be too unreliable, Infometrics has adjusted our methodology to estimate health enrolments by local area to provide our best estimate of population change at a regional level.

Technical notes

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.

Unemployment

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

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.

Retail Sales

The retail 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.

Accommodation

The number of guest nights is sourced from Statistics New Zealand's Accommodation Survey. A guest night is equivalent to one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report that they had provided 30 guest nights.

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.

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.

Building consents

Building consents data are sourced from Statistics New Zealand. Non-residential consents include the value of both new buildings and alterations.

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.

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.

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.

Data presented for the September 2013 quarter onwards is provided by the Ministry of Social Development (MSD). Data prior to September 2013 are Infometrics estimates based on re-grouping pre-July 2013 benefit categories to be consistent with the post-July 2013 benefit categories. The pre-July 2013 benefit categories used to estimate the number of Jobseekers Support recipients are: Unemployment Benefit and Unemployment Benefit Hardship; Unemployment Benefit Training and Unemployment Benefit Hardship Training; Sickness Benefit and Sickness Benefit Hardship; Domestic Purposes Benefit - Sole Parent (if youngest child is 14 or over); Women Alone and Widow's Benefit (without children or with children 14 or over)

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.