

### Overview of Manawatū

The Manawatū regional economy continues to recover from the effects of the COVID-19 pandemic with GDP down only 0.6% in the December 2020 year compared with a 2.6% fall nationwide. Across most key indicators, the Manawatū region is performing better than the national average. Consumer spending, for example, has almost fully bounced back following lockdown, down just 1.5% in the Manawatū region in the December 2020 year next to a 3.2% fall across New Zealand as a whole. Tourism spending in the region fell 7.2% in the December 2020 year, but even this compares well to a 16% fall nationwide.

House price inflation is taking off again, with house values growing 21%pa in the December 2020 quarter. House sales in the region fell 6.3% bucking the national trend of a 9.3% rise. Rising house prices in Manawatū Region are resulting in properties becoming less affordable. Our housing affordability index for the region has risen from 3.6 in September 2014 to 5.4 in September 2020.

Residential consents in the region grew 13% in the December 2020 year on the back of a strong June 2020 quarter. Meanwhile, non-residential consents are surging, growing 125% to an unprecedented \$219m for the December 2020 year.

At 4.1% for the December 2020 year, the region's unemployment rate remains below the national average of 4.6%. However, the number of Jobseeker Support recipients continues to climb, rising above 4,000 for the first time since our series began in 2010 to reach 4,179 for the year to December. This jump constitutes a 22% increase in the December 2020 year compared with a national increase of 36%.

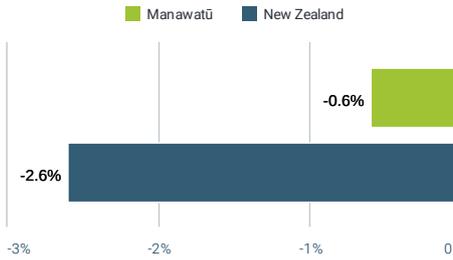
Indicator	Manawatū	New Zealand
<b>Annual Average % change</b>		
Gross domestic product (provisional)	-0.6 % ▼	-2.6 % ▼
Traffic flow	-8.3 % ▼	-10.8 % ▼
Health enrolments	1.0 % ▲	2.0 % ▲
Consumer spending	-1.5 % ▼	-3.2 % ▼
Residential consents	12.6 % ▲	4.8 % ▲
Non-residential consents	124.7 % ▲	-5.5 % ▼
House values *	21.2 % ▲	13.0 % ▲
House sales	-6.3 % ▼	9.3 % ▲
Tourism expenditure	-7.2 % ▼	-15.6 % ▼
Car registrations	-19.8 % ▼	-24.9 % ▼
Commercial vehicle registrations	-33.4 % ▼	-25.3 % ▼
Jobseeker Support recipients	22.3 % ▲	35.9 % ▲
<b>Level</b>		
Unemployment rate	4.1 %	4.6 %

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

# Gross domestic product

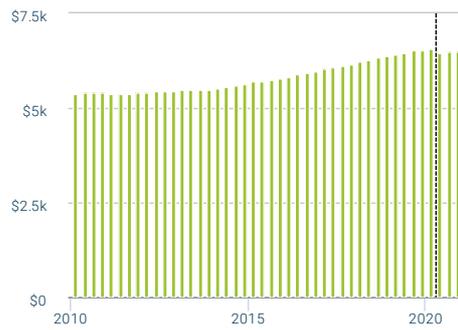
## Gross domestic product growth (provisional)

Annual average % change December 2019 - December 2020



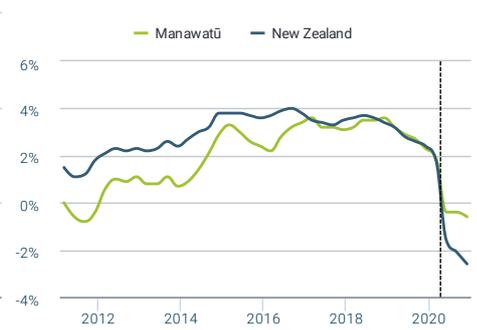
## Gross domestic product (\$m)

Annual level, Manawatū



## Gross domestic product growth

Annual average % change



## Highlights for Manawatū

- GDP in Manawatū was provisionally down 0.6% for the year to December 2020 compared to a year earlier. Growth was higher than in New Zealand (-2.6%).
- Provisional GDP was \$6,500 million in Manawatū for the year to December 2020 (2020 prices).
- Annual GDP growth in Manawatū peaked at 3.6% in the year to December 2018.

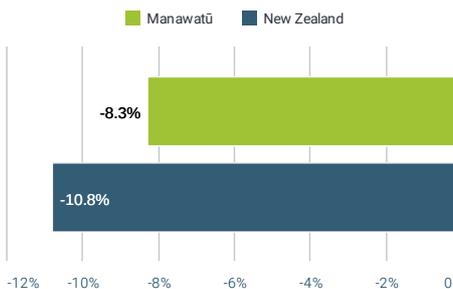
## National overview

Economic activity remains on a more optimistic pathway in the December quarter as New Zealand's economy remains resilient in the face of the COVID-19 pandemic. Provisional estimates from Infometrics show activity edging up 0.2%pa in the December quarter – a slightly slower pace than in the September quarter as the post-lockdown surge pulled back. The large shock due to the Level 4 lockdown means that year-end activity is expected to be down 2.6%. Aside from a soaring housing market, economic indicators generally charted a stable path ahead. Regional economies with a strong international tourism-focus remain in a difficult economic position, but the underlying expectation for the New Zealand economy is undoubtedly upbeat.

## Traffic flow

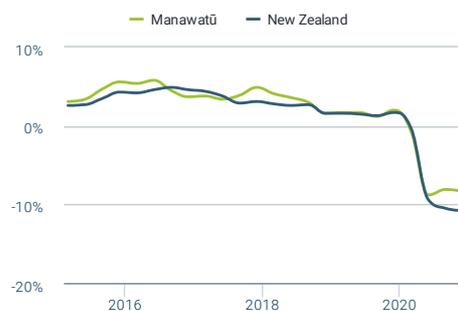
### Annual change in traffic flows

Annual average % change December 2019 - December 2020



### Traffic volume growth

Annual average % change



## Highlights for Manawatū

- Traffic flows in Manawatū decreased by 8.3% over the year to December 2020. This compares with a decrease of 10.8% in New Zealand.

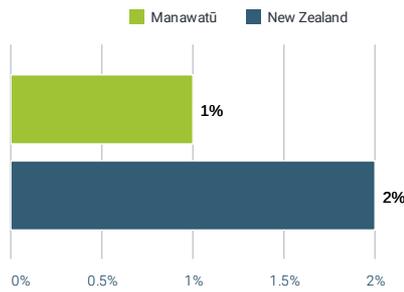
## National overview

Traffic activity in the December quarter lifted 0.1%pa from a year earlier as vehicle movements continued to rebound, with year-end traffic activity sitting 11% lower. The lack of international tourism activity has seen traffic movements in some tourism hotspots fall further, although other areas have seen boosted traffic levels as domestic tourists favour driving to flying. Lower import volumes, coupled with supply chain disruptions, limited a further rebound in heavy traffic flows.

# Health enrolments

## Annual change in health enrolments

Annual average % change December 2019 - December 2020



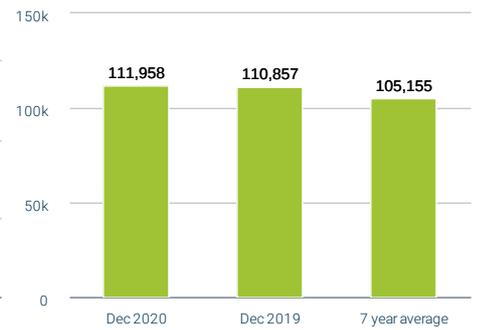
## Health enrolments

Annual average % change



## Health enrolments

Annual average, Manawatū



## Highlights for Manawatū

- The number of people enrolled with a primary health organisation in Manawatū in the year to December 2020 increased by 1% compared with previous year. Growth was lower relative to New Zealand (2.0%).
- An average of 111,958 people were enrolled with primary healthcare providers in Manawatū in the 12 months ended December 2020. This compares with an average of 105,155 since the start of the series in 2014.

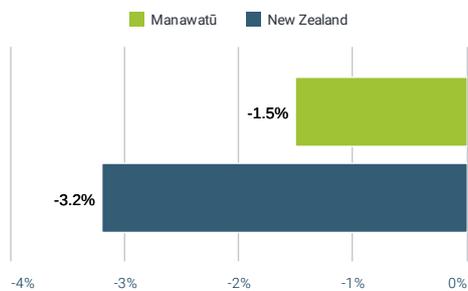
## National overview

Population growth slowed further in the December 2020 quarter, with health enrolment figures up 1.5%, slowing year-end growth to 2.0%pa. This is the slowest increase in health enrolments since the end of 2016. National population estimates confirm this slowing growth, with Stats NZ showing a 1.4%pa rise. The collapse in net migration, from around 6,300 per month to 630 per month, has seen the growth in the working age population slow even more than the headline change, with challenges bringing in some skilled workers in various industries.

# Consumer spending

## Growth in consumer spending

Annual average % change December 2019 - December 2020



## Consumer spending

Annual average % change



## Consumer spending

Quarterly spending (\$m), Manawatū



## Highlights for Manawatū

- Electronic card consumer spending in Manawatū as measured by Marketview, decreased by 1.5% over the year to December 2020 compared to the previous year. This compares with a decrease of 3.2% in New Zealand.

## National overview

Consumer spending continued to recover in the December 2020 quarter. Total spending in the quarter was 1.2% higher than in the December 2019 quarter, as Christmas and the domestic summer holidays kept the momentum going following the post-lockdown spend-up of the September 2020 quarter.

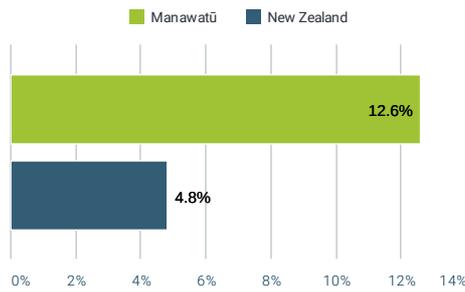
On an annual basis, however, the effects of the lockdown are obvious, as spending for the year to December 2020 declined by 3.2% from the December 2019 year.

Our outlook for spending in the upcoming quarters remains relatively bearish, as weekly spending data prior to the holiday period showed consistent declines from the corresponding weeks of 2019. The lack of international tourists over the traditional high season in late summer is likely to widen the spending gap compared to the March 2019 quarter. Similarly, the possibility of further COVID-19 lockdowns might well discourage discretionary spending.

# Residential consents

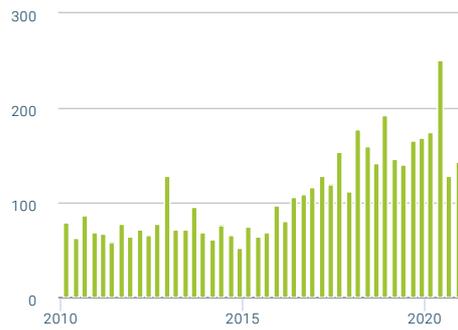
## Growth in number of new dwelling consents

Annual average % change December 2019 - December 2020



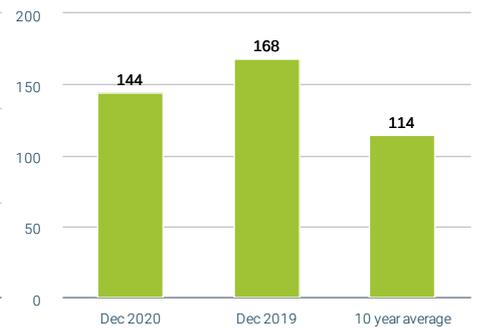
## Residential consents

Quarterly number, Manawatū



## Number of new dwelling consents

Quarterly number, Manawatū



## Highlights for Manawatū

- A total of 144 new residential building consents were issued in Manawatū in the December 2020 quarter, compared with 168 in the same quarter last year.
- On an annual basis the number of consents in Manawatū increased by 12.6% compared with the same 12-month period a year ago. This compares with an increase of 4.8% in New Zealand over the same period.

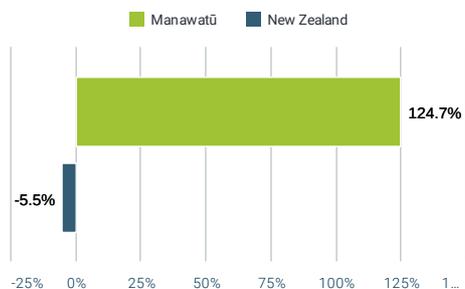
## National overview

Annual residential building consents are now sitting at their highest level on record, with a total of 39,420 dwellings approved in the year to December 2020, up 4.8% on the 2019 year. Townhouses are responsible for most of the growth, with approvals over the year to December 2020 up 41% on the year prior. Apartments and retirement building consents, however, continue to drag growth down. The heat in the housing market is reinforcing the demand for new housing and responsible for record high consenting over the last year.

# Non-residential consents

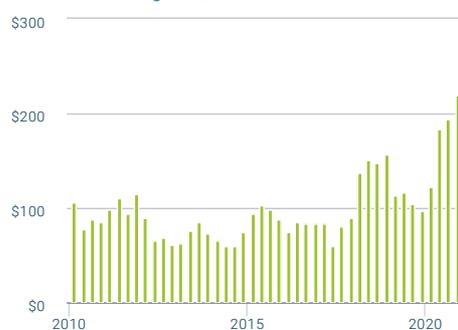
## Growth in value of consents

Annual average % change December 2019 - December 2020



## Non-residential consents, Manawatū

\$m, annual running total, Manawatū



## Non-residential consents

Annual value (\$m), Manawatū



## Highlights for Manawatū

- Non-residential building consents to the value of \$219 million were issued in Manawatū during the year to December 2020.
- The value of consents increased by 124.7% over the year to December 2020. By comparison the value of consents decreased by 5.5% in New Zealand over the same period.
- Over the last 10 years, consents in Manawatū reached a peak of \$151 million in the year to June 2018.

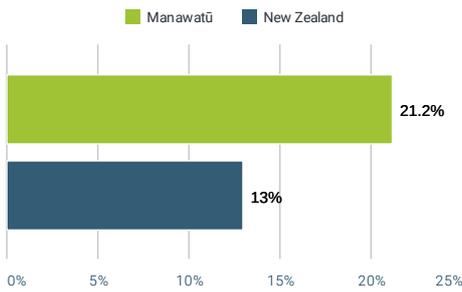
## National overview

Non-residential building consents declined 5.5% in the year to December 2020. This weakness through the 2020 year was driven largely by weakness through lockdown and subsequent months. The second half of the year, however, has shown more resilience, with the non-residential consents in the six months to December sitting 7.0% higher than the same period a year prior. In recent months we have seen many positive economic indicators return to more normal levels, with GDP, employment, and inflation looking relatively stable. With these positive indicators, business confidence is likely to improve and with that, we could expect further business investment and stronger non-residential consents.

# House values

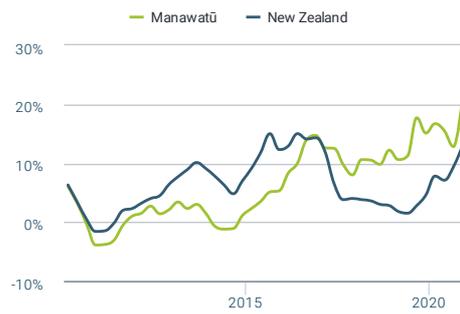
## Annual change in house value

Annual % change in house value December 2019 - December 2020



## House value growth

Annual % change



## Average current house value

Average house value in December 2020



## Highlights for Manawatū

- The average current house value in Manawatū was up 21.2% in December 2020 compared with a year earlier. Growth outperformed relative to New Zealand, where values increased by 13%.
- The average current house value was \$586,621 in Manawatū in December 2020. This compares with \$806,151 in New Zealand.

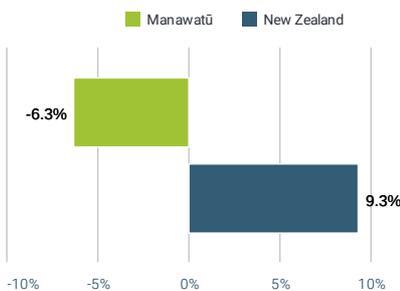
## National overview

House price growth has been very strong in recent months, with prices across New Zealand over the year to December sitting 11% higher than a year prior. This incredibly strong growth has been felt across all regions, but with some of the highest growth rates being in the Hawke's Bay and Manawatū-Whanganui regions. These prices are being pushed up by record low interest rates prompting swathes of buyers into the market, with intense demand pushing up prices. We expect house price growth to continue into the new year but changes to loan-to-value ratio restrictions should help ease some demand pressures.

# House sales

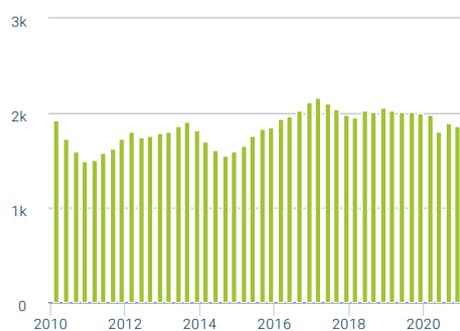
## Annual change in house sales

Annual average % change December 2019 - December 2020



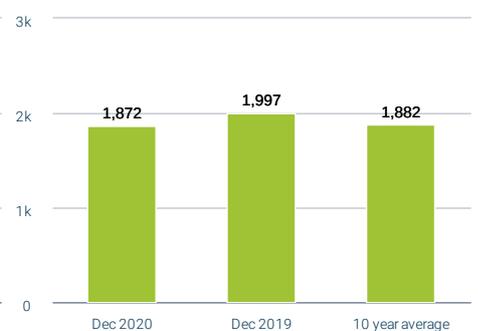
## House sales

Annual number, Manawatū



## House sales

Annual number, Manawatū



## Highlights for Manawatū

- House sales in Manawatū in the year to December 2020 decreased by 6.3% compared with the previous year. Growth underperformed relative to New Zealand, where sales increased by 9.3%.
- A total of 1,872 houses were sold in Manawatū in the 12 months ended December 2020. This compares with the ten year average of 1,882.

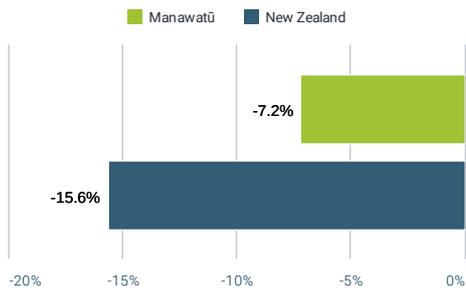
## National overview

The number of houses sold in the year to December 2020 was up 9.9% on the 2019 year. This massive growth has largely been driven by growth in the last few months, with a massive number of sales in the December quarter. Record low interest rates have helped lower the mortgage cost of housing. Additionally, incredible house price growth has encouraged buyers into the market on their fear of missing out, while only adding further fuel to the fire. The return of loan-to-value ratio restrictions in the coming months should soften growth in sales in the coming months.

# Tourism expenditure

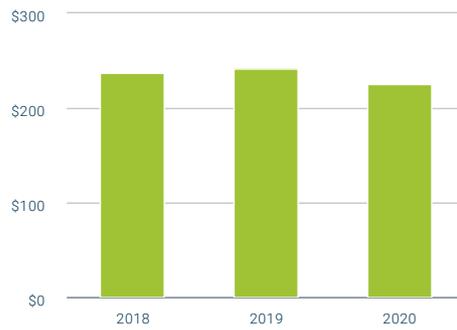
## Tourism expenditure

Annual average % change December 2019 - December 2020



## Tourism expenditure

Annual total, Manawatū (\$m)



## Highlights for Manawatū

- Total tourism expenditure in Manawatū decreased by 7.2% in the year to December 2020. This compares with a decrease of 15.6% in New Zealand.
- Total tourism expenditure was approximately \$225 million in Manawatū during the year to December 2020, which was down \$242 million a year ago.

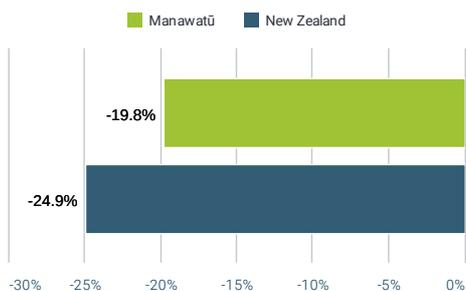
## National overview

New Tourism Electronic Card Transactions (TECTs) are an interim replacement for the Monthly Regional Tourism Estimates (MRTes). We have removed our previous timeseries of MRTes and published the three annual snapshots provided in the TECTs. Despite the success of various campaigns aimed at getting New Zealanders to travel domestically during the December holidays, tourism expenditure continued to trend sharply downward as New Zealand's borders remain closed to all visitors. Over the year to December 2020, tourism spending declined by 15.6% nationally. Auckland, Otago, Wellington, and the West Coast remained the hardest hit regions. This trend is likely to be exacerbated over the remainder of the summer, with the March quarter traditionally the high season for international tourist arrivals.

# Car registrations

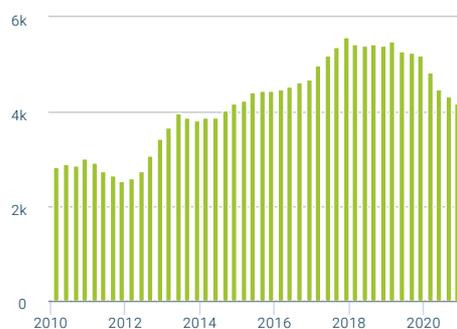
## Car registrations

Annual average % change December 2019 - December 2020



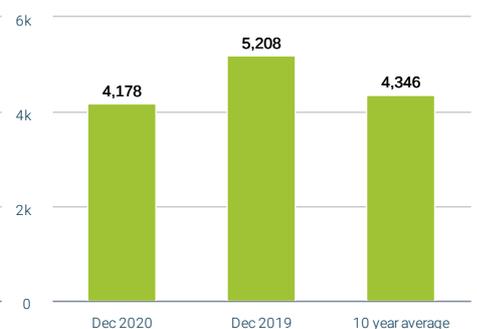
## Car registrations

Annual number, Manawatū



## Car registrations

Annual number, Manawatū



## Highlights for Manawatū

- The number of cars registered in Manawatū decreased by 19.8% in the year to December 2020 compared with the previous 12 months. Growth was higher than in New Zealand (-24.9%).
- A total of 4,178 cars were registered in Manawatū in the year to December 2020. This compares with the ten year average of 4,346.

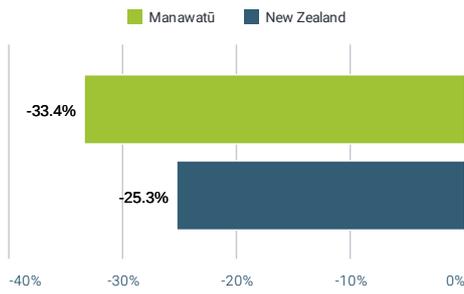
## National overview

Car registrations retreated from their post-lockdown recovery, with the total number of registrations in the December 2019 quarter 20% below the same quarter a year earlier. Over the year to December 2020, registrations fell by 25% from the previous year, continuing a trend of long-term decline dating back to the December 2017 year.

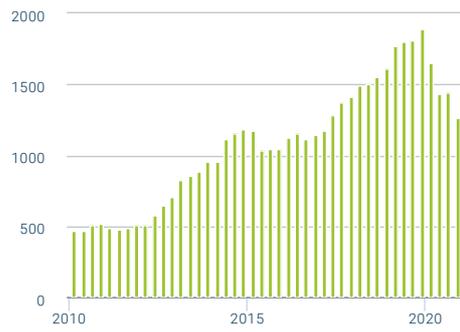
We foresee this declining trend continuing, as the continued border closure limits new vehicle registrations for the holiday rental market. Similarly, both pent-up demand after lockdown and substitute vehicle purchases (instead of overseas travel for example) will continue to work their way out of the system. Finally, import delays for both new and used vehicles are likely to be a constraint on vehicle supply.

# Commercial vehicle registrations

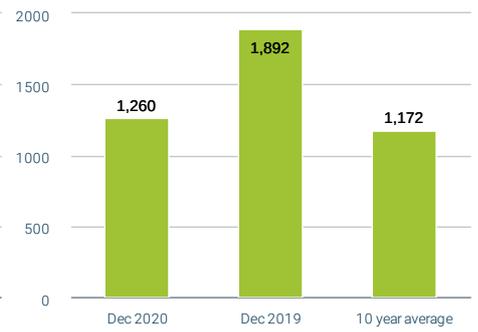
**Commercial vehicle registrations**  
Annual average % change December 2019 - December 2020



**Commercial vehicle registrations**  
Annual number, Manawatū



**Commercial vehicle registrations**  
Annual number, Manawatū



## Highlights for Manawatū

- The number of commercial vehicles registered in Manawatū decreased by 33.4% in the year to December 2020 compared with the previous 12 months. Growth was lower than in New Zealand (-25.3%).
- A total of 1,260 commercial vehicles were registered in Manawatū in the year to December 2020. This is higher than the ten year annual average of 1,172.

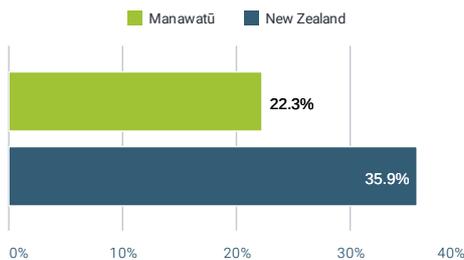
## National overview

Commercial vehicle registrations declined somewhat in the quarter, following a post-lockdown recovery. Total registrations for the December 2020 quarter were 11% lower than in the December 2019 quarter, while over the year to December 2020, commercial registrations declined 25% compared to 2019. These figures represent a continuation of a long-term declining trend dating back to the December 2018 year.

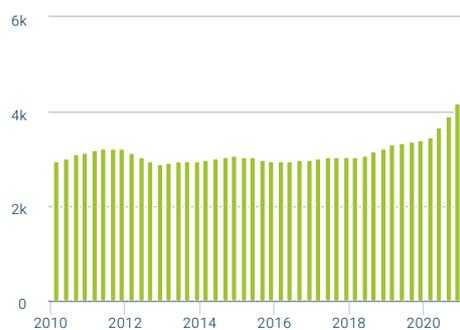
Despite this decline, the continued resilience of New Zealand’s primary sectors, along with increasing levels of activity in the construction sector, continue to provide a relatively upbeat picture for commercial registrations in 2021.

# Jobseeker Support recipients

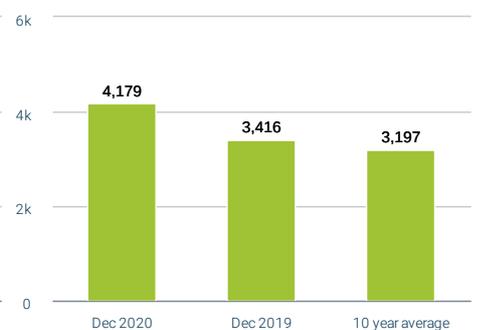
**Annual change in Jobseeker Support recipients**  
Annual average % change December 2019 - December 2020



**Jobseeker Support recipients**  
Annual average, Manawatū



**Jobseeker Support recipients**  
Annual average, Manawatū



## Highlights for Manawatū

- Jobseeker Support recipients in Manawatū in the year to December 2020 increased by 22.3% compared with previous year. Growth was lower relative to New Zealand (35.9%).
- An average of 4,179 people were receiving a Jobseeker Support benefit in Manawatū in the 12 months ended December 2020. This compares with an average of 3,197 since the start of the series in 2011.

## National overview

Jobseeker Support recipients rose again in the December quarter to 212,500 – 44% higher than a year earlier. Although Jobseeker Support figures have risen, the fall in COVID-19 Income Relief Payment (CIRP) recipients means the total number of people supported by either assistance is slightly down compared to September. Combined, Jobseeker Support and CIRP claims have edged lower, down from a peak of 222,000 in August. Benefit exits due to new employment are holding steady, with just under 31,000 benefit cancelations due to obtaining work in the quarter.

# Dairy payout

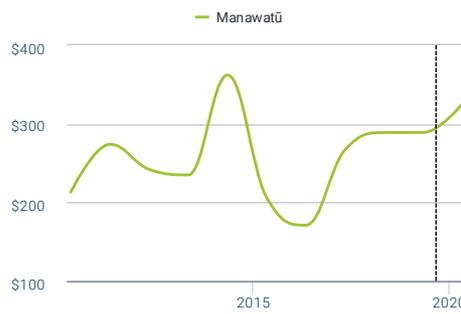
## Total dairy payout (provisional)

Change (\$m) between 2019/2020 and 2020/2021 seasons



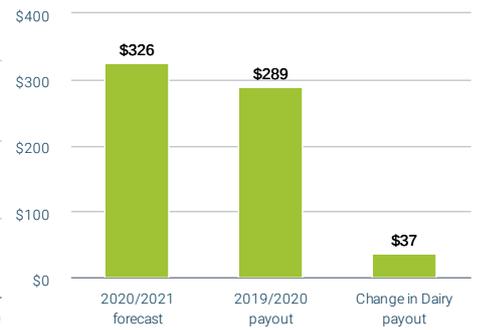
## Total dairy payout

\$m each season, Manawatū



## Total dairy payout

\$m each season, Manawatū



## Highlights for Manawatū

- Manawatū total dairy payout for the 2019/2020 season is estimated to have been approximately \$289 million.
- Manawatū's dairy payout for the 2020/2021 season is expected to be approximately \$326 million, \$37 million 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 \$11,964 million in the 2019/2020 season, and is expected to be \$1,573 million higher in the 2020/2021 season.

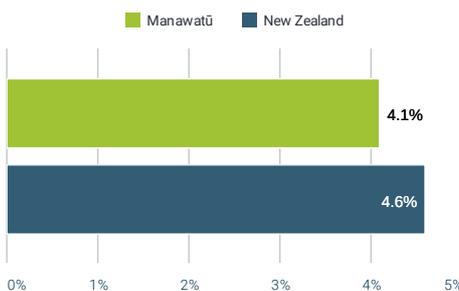
## National overview

The dairy sector looks to be on track for a strong result in the current season, with a total pay-out of \$13.7b expected if current milk production and prices hold – a \$761m boost on our previous estimate and \$168m increase from last season. Fonterra has recently raised its mid-point estimate to \$7.20/kgms, which would deliver the second-best total pay-out since the record \$15.3b in 2014. Recent GlobalDairyTrade results have confirmed the strong price estimate, with whole milk powder prices at their highest since June 2014 off the back of rising demand from Asia. Our internal milk price estimate suggests prices could rise even higher, to between 7.30-7.40/kgms – a strong boost for New Zealand's primary sector.

# Unemployment rate

## Unemployment rate

Annual average % change December 2019 - December 2020



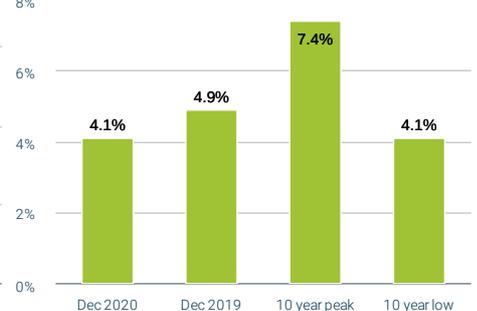
## Unemployment rate

Annual average rate



## Unemployment rate

Annual average, Manawatū



## Highlights for Manawatū

- The annual average unemployment rate in Manawatū was 4.1% in December 2020, down from 4.9% 12 months earlier.
- The unemployment rate in Manawatū was lower than in New Zealand (4.6%) in December 2020.
- Over the last ten years the unemployment rate in Manawatū reached a peak of 7.4% in December 2012.

## National overview

A strong employment result saw the unemployment rate fall to 4.9% from September's 5.3%. Underutilisation and underemployment both fell, as more people made it into full-time work. Softer tourism activity saw lower employment in related industries including accommodation and food services, but large increase in construction, health, and public sector roles outweighed these losses. The fall in the unemployment rate means unemployment over the last 12 months has averaged 4.6%. Strengthening job ads, and solid activity in growing industries, sets the scene for a more optimistic pathway for the labour market moving ahead. However, not all groups are performing well, with Māori and Pasifika unemployment rising in December, and women and young people still hard hit.

# 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.

## 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 values (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.

## Jobseeker Support Recipients

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)

## Tourism Expenditure

New Tourism Electronic Card Transactions (TECTs) are an interim replacement for the Monthly Regional Tourism Estimates (MRTes). We have removed our previous timeseries of MRTes and published the three annual snapshots provided in the TECTs. The TECTs reflect the expenditure for all electronic card transactions (ECTs) in New Zealand related to tourism. Marketview use a base of spending on the Paymark network (approximately 70 per cent of total ECT spend) to scale up to total ECT spend.

## 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 Rate

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.

## Weekly Rents

Rents (\$ per week) are averaged across the quarter in question from monthly rental data sourced from MBIE. Rental data pertains to averages from data collected when bonds are lodged and does not control for specifications of the home (eg. size, number of bedrooms, age of home, etc).