

# MANAWATŪ QUARTERLY ECONOMIC SNAPSHOT

MAHURU //  
SEPTEMBER QUARTER 2024

YOUR ECONOMIC SNAPSHOT  
FOR THE SEPTEMBER 2024  
QUARTER AND YEAR TO DATE

**CEDA**  
CENTRAL ECONOMIC  
DEVELOPMENT AGENCY

 **MANAWATU**  
DISTRICT COUNCIL

**PALMY**  
PUNAKA  
BALMERSTON  
NORTH  
CITY

TE MAURI O  
**MANAWATŪ**  




# WELCOME TO THE MANAWATŪ QUARTERLY ECONOMIC SNAPSHOT // SEPTEMBER 2024 QUARTER



## **NATIONAL ECONOMIC CONDITIONS IN 2024 DETERIORATED DUE TO RESTRICTIVE MONETARY AND FISCAL POLICIES.**

Manawatū's regional data reflects this slowdown, with both consumers and businesses cutting back on spending in response to high costs. Labour market conditions are easing, and Jobseeker beneficiaries have increased across all age groups.

Despite this, the economic outlook is improving. The Reserve Bank of New Zealand's efforts to control inflation have been effective, with annual inflation falling to 2.2% in the September quarter. As a result, interest rates are declining, offering relief to households and businesses. However, it will take time for lower interest rates to boost demand for goods and services and drive economic activity.

The international environment is likely to limit how low domestic interest rates will fall here in New Zealand, as global factors, such as the potential

for higher US inflation and debt, push longer-term interest rates higher. These factors are expected to push longer term rates higher than they otherwise would have been, impacting on fixed rates in New Zealand. All will be revealed in 2025, as the policies of the incoming US administration become clear.

**"The strength of Manawatū's primary sector, along with the region's larger industries that are less vulnerable to downturns in household and business spending, supports its growth prospects over the medium to long term.**

**While economic conditions are expected to improve in the second half of 2025, tough times persist as consumers and businesses remain cautious."**

-Jerry Shearman, CEDA's Chief Executive

In the short term, the regional economy is in recession, largely due to weak consumer demand, which continues to hinder economic activity.

Additionally, rising electricity and energy prices have strained business sustainability, with energy costs peaking at over \$800 per megawatt in August, due to low hydro lake levels and disrupted gas supplies.

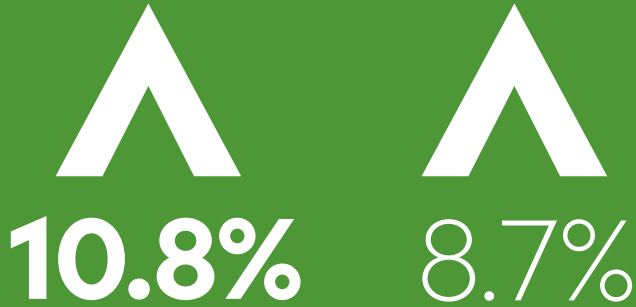
Energy prices have fallen as lake levels have been restored; however, the future affordability and resilience of our energy supplies continues to cause concern, with multiple producers opting to shut-up-shop in 2024 due to rising energy costs. Global volatility, driven by international conflicts, further complicates the situation.

Looking ahead, protectionism and trade tariffs from the USA, a significant export market for our beef, dairy, and wine, are factors to monitor closely. Locally, land rezoning efforts, such as the Kawakawa Industrial Precinct for industrial use and medium-density housing in Palmerston North, present potential for future growth.



## Five Year GDP

MANAWATŪ NEW ZEALAND



% change in annual GDP compared to 5 years ago

## NEW ZEALAND GDP

\$377 BILLION



No change in the year to September 2024

## MANAWATŪ GDP

\$7.934 BILLION

Decreased 0.3%  
In the year to September 2024



Annual GDP growth in Manawatū peaked at 9% in the year to June 2021

# GROSS DOMESTIC PRODUCT (GDP)

MANAWATŪ'S GDP WAS PROVISIONALLY DOWN 0.3% FOR THE YEAR TO SEPTEMBER 2024, COMPARED TO A FLAT RESULT OF 0.0 % FOR NEW ZEALAND OVERALL.

Economic conditions remain tough, with the September quarter continuing to reflect the slowing in economic activity. While the region has a number of large industries that are less affected by the downturn in demand, many of our industries are feeling the strain more acutely.

Annual inflation stands at 2.2%, down from 3.3% in June 2024, reflecting some easing in price pressures.

**"The region's large industries are resilient to economic cycles and have supported activity amid pressure on consumer industries.**

**In the Manawatū district, key sectors include agriculture, manufacturing, and defence, while**

**Palmerston North excels in public administration, logistics, healthcare, retail, and accommodation.**

**These industry strengths supported the regions economic performance over the period 2018-2024.**

**However, while government, education, and health sectors continue to boost activity, service sectors like retail, hospitality, and construction are struggling as spending declines. Relief is expected in 2025, but it will take time for lower interest rates to stimulate demand across the economy."**

- Stacey Andrews, City Economist, PNCC

# CONSUMER SPENDING



**RETAIL CARD SPENDING IN MANAWATŪ DECLINED BY 2.7% IN THE SEPTEMBER QUARTER OF 2024, UNDERPERFORMING THE NATIONAL AVERAGE GROWTH OF 2.8% FOR THE SAME PERIOD.**

Over the year to September 2024, annual electronic card retail spending fell by 0.6% in Manawātū below the national growth in spending of 0.5%. This decline, set against an annual inflation rate of 2.2%, reflects a real decrease in the value of retail spending in the region.

Retail spending remains weak due to higher core costs and falling disposable incomes. Economic activity is sluggish, but this is not unexpected as private demand accounts for around 60% of economic activity. When households face job insecurity and a larger share of income goes towards essentials like food and shelter, demand for other goods and services declines.



**FOR MORE CONSUMER INSIGHTS SEE THE [QUARTERLY RETAIL REPORT FOR SEPTEMBER 2024](#)**

## YoY Electronic card consumer spending in Manawātū

DECREASED BY

# 0.6%

To \$1,781 million



Compared to a year earlier

## YoY Electronic card consumer spending in New Zealand

INCREASED BY

# 0.5%

To \$77,697 million





# BUSINESS COUNTS

THE NUMBER OF BUSINESS UNITS IN MANAWATŪ INCREASED BY 0.7% IN THE YEAR TO SEPTEMBER 2024, REACHING AN AVERAGE OF 12,244, UP FROM 12,164 IN THE PREVIOUS YEAR.

Growth in the region peaked at 3.3% in the year to September 2022.

**“Business confidence is improving, driven by lower and stable inflation and the promise of falling interest rates. However, consumer confidence lags as households grapple with higher interest costs while waiting to reprice at lower rates. Rising unemployment and job security concerns, continue to weigh on consumer demand across the economy.”**

- Stacey Andrews, City Economist, PNCC

**“Getting and keeping people in employment is crucial for our economy and this continues to be our focus. We have numerous proactive support mechanisms available for both employers and clients and we are still seeing many positive outcomes during these challenging times.”**

- Darlene Rastrick, Regional Commissioner for Ministry of Social Development

As reported by ABC Business Sales, enquiry levels in the current market for business purchases and sales have reached a historical

## THE NUMBER OF BUSINESS UNITS IN MANAWATŪ

### Increased by 0.7%



Compared to a year ago

## THE NUMBER OF BUSINESS UNITS NATIONALLY

### Increased by 1.3%



Compared to a year ago

high, with 14,432 Signed Confidentiality Agreements in the seven months to October 2024—a 35% increase from the previous year. October also saw 467 new business listings slightly below the 490 from October 2023 but in line with historical averages.

Notably, the average business price hit a record \$874,000 in October 2024, surpassing the previous peak of \$864,000 in December 2022. Completed business sales have risen by 16%, driven by two factors:

- >> Rising unemployment bringing more buyers into the market.
- >> New immigrants preferring to purchase businesses rather than seek employment.



# CONSTRUCTION

**THE RECENT SLOWDOWN IN CONSTRUCTION INVESTMENT IS DRIVEN BY REDUCED PRIVATE AND PUBLIC SPENDING FOLLOWING A PERIOD OF ROBUST ACTIVITY FROM 2020-2023.**

While investment in larger industries, such as industrial and warehousing, continues, it has notably declined from prior levels. The current market presents an ideal opportunity for construction investment due to spare capacity across the sector. However, the outlook for construction suggests two years of weakness before demand picks up again, largely reflecting the downturn in government spending which is evident in the latest data.

## RESIDENTIAL CONSENTS

The region's residential consent cycle has followed a unique pattern, reaching record numbers in 2020, followed by a gradual easing, while New Zealand was experiencing a significant surge. Consequently, Manawatū's consents have weakened in the past year as national figures remain elevated. However, we are now seeing a modest recovery, reflected in the 2.2% increase locally, compared to the sharp 16.7% decrease nationally. This recovery likely reflects steady demand for housing in our region, supported by population growth and relative affordability.

## New residential dwelling consent numbers in Manawatū

INCREASED BY

# 2.2%



**In the year to September 2024**

Compared with a 16.7% decrease in New Zealand in the year to September 2024

## Non-residential dwelling consent numbers in Manawatū

DECREASED BY

# 32.2%



**In the year to September 2024**

Compared with a 6.4% decrease in New Zealand in the year to September 2024

## NON-RESIDENTIAL CONSENTS

In contrast, non-residential consents in Manawatū have declined more sharply compared to the national decrease. This could be attributed to several factors, including a high baseline following significant past investments, a slowdown in large-scale projects, and businesses exercising caution due to broader economic uncertainty. While the drop is notable, it's worth acknowledging that fluctuations in non-residential consents often occur due to the timing and scale of major developments.



## Total Annual Earnings

\$4,034 Million

5.5% Increase



Nationally this increased by 5.9%

## Filled Jobs

(BY PLACE OF RESIDENCE)

55,631

0.6% Decrease



Nationally this decreased by 0.9%

## Filled Jobs

(BY WORKPLACE LOCATION)

53,975

1.2% Decrease



Nationally this decreased by 0.9%

# WORKFORCE & EMPLOYMENT

**EMPLOYMENT FOR RESIDENTS LIVING IN MANAWATŪ REMAINED THE SAME FOR THE YEAR TO SEPTEMBER 2024, COMPARED TO A YEAR EARLIER, WITH GROWTH SITTING LOWER THAN THE NATIONAL RATE OF 0.4%.**

An average of 56,232 people living in Manawatū were employed in the year to September 2024.

Annual employment growth for Manawatū residents peaked at 3.6% in the year to December 2019.

The annual average unemployment rate in Manawatū was 3.9% in the year to September 2024, up from 3.6% in the previous year to September 2023. Over the last ten years the annual average unemployment rate in Manawatū reached a peak of 6.9% in September 2015.

Labour market conditions have softened as businesses shed workers in response to weak demand and rising costs. Government policy is also influencing employment levels, with the recent public sector downsizing affecting private-sector contractors. The Reserve Bank expects

unemployment to peak at 5.2% in the March quarter 2025.

However, earnings growth remains strong, driven by high wage inflation experienced in 2022 and 2023 due to labour supply shortages and large scale pay agreements. The median earnings for Manawatū sits at \$65,591, an increase of 7.3% in the year to September 2024, which is slightly above the nation's growth rate of 6.2%. Annual income growth is expected to weaken in 2025 as labour market conditions continue to ease.

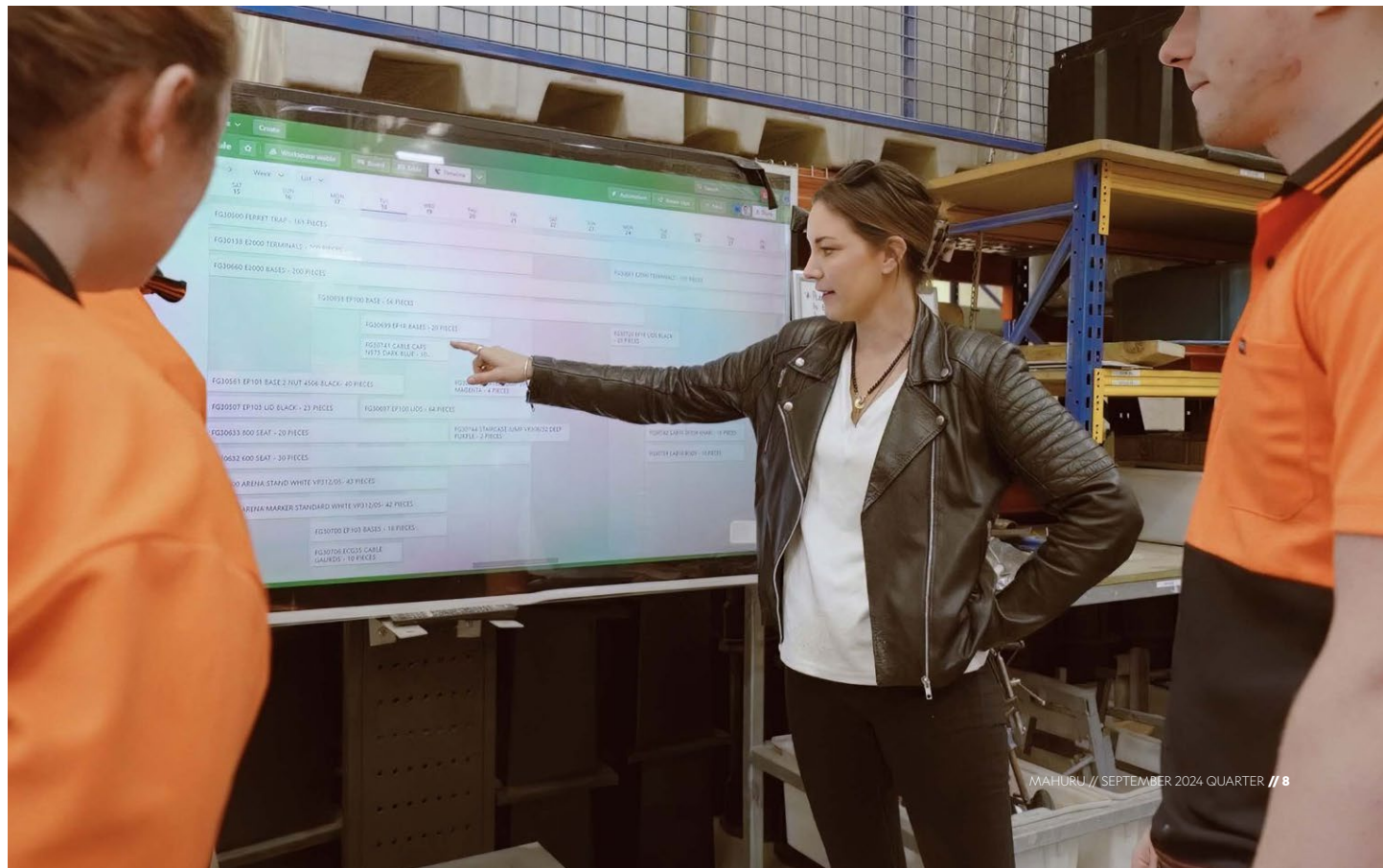


The Ministry of Social Development has recently noted a continued influx of skilled and work-ready individuals, often with significant work experience, which likely reflects the central government agency workforce reductions. On the positive side of the coin, this shift presents good opportunities for employers to engage high caliber talent.

**"Job numbers are softening, and benefit reliance is on the rise in Manawatū, with the region seeing year-on-year increases that outpace national trends. However, the proportion of our working-age population receiving benefits remains below national figures, suggesting a relatively resilient local labour market amidst these challenges,"**

- Stacey Andrews, City Economist, PNCC

Category	Recipients (Oct 2024)	Manawatū Change YoY (%)	National Change YoY (%)	Manawatū Proportion of Working - Age Population (%)	National Proportion of Working-Age Population (%)
Jobseeker Support (Overall)	4,299	+15.8	+11.9	3.4	6.3
Jobseeker Support (Work Ready)	2,226	+7.5	+10.2	1.7	3.5
Jobseeker Support (Health Condition or Disability)	2,073	+26.1	+14.2	1.6	2.7





# AGRICULTURE

**FONTERRA'S INCREASED FORECAST MILK PRICE OF \$9-\$10/KG OFFERS A MUCH-NEEDED LIFT FOR DAIRY FARMERS AFTER A CHALLENGING 2024 SEASON.**

While the price signals recovery, broader pressures remain for the agriculture sector, particularly in sheep and beef farming.

**“Farmers are feeling the pinch from every angle - rising costs for fertiliser, animal health, labour, and environmental compliance. It’s a balancing act to keep profits just above costs, many farm owners are digging deep into their ‘A-team’— bank managers, consultants, and suppliers—to do more due diligence than ever before to navigate this climate.”**

- Steph Hines, Director at KS Agri.

**“We’re using technologies like Halter’s virtual fencing, which increases grass harvested, reduces low value work, provides invaluable data on animal health and increases efficiency. We are applying lean principles to farming. It’s about continuous improvement to take waste out of farming processes while making it fun for the team. Tools like these help us continue to be competitive in export markets while ensuring our production is sustainable.”**

- Mat Hocken, Director of Grassmere Dairy

## DAIRY PAYOUT Estimates from Infometrics

# \$352M

Estimated dairy payout for  
Manawatū in 2023/2024  
season



# \$433M

Estimated dairy payout for  
Manawatū in 2024/2025  
season

According to Infometrics, the total dairy payout for New Zealand is estimated to have been approximately \$14,745 million in the 2023/2024 season, and is expected to be \$3,373 million higher in the 2024/2025 season.



# HOUSING

THE HOUSING MARKET IS WELL SUPPLIED, CONTINUING THE TREND OF A BUYERS' MARKET, WITH HOUSE PRICES HAVING STABILISED.

All of this is occurring alongside relatively high population growth across the region, with an estimated 2,100 more people estimated to live here than a year ago.

**"The New Zealand housing market is beginning to show early signs of recovery, with Palmerston North recording 115 Sales in October, 110 sales in September and 91 in August, the trend is there to see. A median sale price of \$625,000 in October, a notable increase from \$587,000 in September. In Feilding, sales increased from 27 in September to 36 in October, while the median sale price shifted to \$565,000 from \$660,000 in August.**

The recent drop in mortgage rates is sparking renewed interest among buyers, though with a continued shortfall in listings, significant price growth is unlikely until next year. While house price inflation has been falling or flat in 2024, economists anticipate a 5-8% lift in 2025, driven by improving affordability and a more supportive policy environment. These shifts indicate a period of stabilisation before the market gains further momentum.

House sales in the region  
INCREASED BY

3.1%



in the year to September 2024 compared to a year earlier

Nationally house sales  
INCREASED BY

12.7%



in the year to September 2024 compared to a year earlier



Locally the medium density housing review opens exciting new possibilities for homeowners and developers alike. Subdivision and build have always been an exciting option for some homeowners/developers, and given the strong submissions made regarding impact on neighbours and maximum number of dwellings allowed, the proposed plan should remove red tape and protect the community lifestyle we love Palmy for."

- Katie Rigby, Owner of JKFL Mortgage & Insurance

**\$ 628,981** (+0.3%)

>> Average house prices in Palmerston North

**\$ 609,451** (+3.1%)

>> Average house prices in Manawatū District

**\$ 901,920** (+0.3%)

>> Average house prices in New Zealand



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