

# MANAWATŪ QUARTERLY ECONOMIC SNAPSHOT

HAKIHEA //

DECEMBER QUARTER 2025



MANAWATŪ

**WHAKATŌKIA TE KĀKANO KIA  
PUĀWAI.**

PLANT THE SEED SO IT MAY  
BLOSSOM.

# WELCOME TO THE MANAWATŪ QUARTERLY ECONOMIC SNAPSHOT // DECEMBER 2025 QUARTER



## THE MANAWATŪ AND WIDER NEW ZEALAND ECONOMY ENTERED 2026 WITH CLEAR SIGNS OF RECOVERY.

Economic activity strengthened, labour market indicators improved, and business conditions began to stabilise following a prolonged period of volatility.

This is reflected in 2025 data, with regional GDP increasing to \$8.794 billion. While growth of 0.3% sat just below the national rate of 0.4%, the return to positive territory marks an important shift after a period of subdued performance.

However, this momentum has been tempered by renewed global uncertainty. Conflict in the Middle East has disrupted supply chains and lifted fuel and fertiliser costs, placing upward pressure on inflation and adding complexity for households and businesses.

At this stage, risks to recovery appear concentrated in the near term. The underlying indicators point to continued improvement, particularly if global conditions stabilise, but the situation remains one to watch.

Despite this, the fundamentals of the Manawātū economy remain strong. New Zealand's global position, combined with growing international investor interest, (supported by the new Active Investor Plus visa,) and local economic strengths, continues to support confidence in the region's outlook.

This confidence is reflected in an elevated level of non-residential investment, steady housing conditions, with regional affordability stronger than the national average, good local spending retention, and growing momentum across visitor and event-related sectors. Together, these signals highlight a region that is well-positioned for future growth, even as global uncertainty persists.

**“While global uncertainty is creating short-term pressure, the fundamentals that make Manawātū a great place to do business remain strong. We’re seeing continued investor interest, and growing confidence in the region’s long-term potential, positioning us well as conditions stabilise.”**

- Jerry Shearman, Chief Executive, CEDA

# GROSS DOMESTIC PRODUCT (GDP)

**NEW ZEALAND'S ECONOMY IN EARLY 2026 WAS CHARACTERISED BY CLEAR SIGNS OF GENUINE ECONOMY RECOVERY, WITH A RANGE OF INDICATORS, INCLUDING GDP, POINTING TO AN IMPROVING TRAJECTORY.**

GDP in Manawatū was \$8.794 billion in the year to December 2025, up 0.3%. This is slightly below the national growth rate of 0.4%. These positive figures have marked a welcome shift after several years of unpredictable financial and economic conditions.

Over the past six years, the global economy has been shaped by disruption rather than stability. A series of overlapping shocks, including the pandemic, supply chain disruptions, geopolitical tensions, and rapid shifts in interest rates have created ongoing uncertainty for businesses and households alike.

These forces pushed commodity prices, inflation, and borrowing costs in unpredictable directions and disrupted the usual relationships that decision makers rely on. In this environment, institutions such as the Treasury and the Reserve Bank of New Zealand have struggled to judge the path of inflation and interest rates.

## NEW ZEALAND GDP

**\$433.761  
BILLION**



An increase of 0.4% in the year to December 2025

## MANAWATŪ GDP

**\$8.794  
BILLION**



An increase of 0.3% in the year to December 2025



As a result, financial planning has become more challenging, with many decisions being made in an environment of reduced certainty.

**“Sustained economic stability relies on more predictable conditions, something that has been largely absent in recent years, slowing the pace of recovery and longer-term economic progress. This uncertainty has made it harder for households and businesses to plan ahead, and highlights how strongly global events continue to influence our local economy.”**

- Stacey Andrews, City Economist

## Five Year GDP

**Manawatū**

INCREASED BY



**9.9%**



**New Zealand**

INCREASED BY



**10.7%**

% change in annual GDP compared to 5 years ago



# CONSUMER SPENDING



**MANAWATŪ RESIDENTS CONTINUED TO SUPPORT LOCAL BUSINESSES THROUGHOUT 2025, WITH TOTAL RETAIL SPENDING HITTING \$1.62 BILLION FOR THE YEAR.**

Most of this, \$1.35 billion, was spent within the region, keeping our local economy strong. The region's "loyalty rate," or the share of spending that stays local, reached 83.4%, the highest in five years.

Residents accounted for the bulk of spending, while international visitors contributed \$38 million, up 26% from the previous year, though still just 2% of total retail spend. Domestic visitors from nearby regions like Horowhenua, Taranaki, Rangitikei, Wellington, and Auckland also played an important role, making up 18% of annual retail spending.

Most retail sectors saw a drop in spending, except for groceries and liquor, which rose 2.4%. With inflation at 3.1%, this means people's overall purchasing power was a bit squeezed.

Falling interest rates have been expected to ease pressure on household budgets over time, supporting a gradual lift in consumer activity.

## Electronic card consumer spending in Manawātū

DECREASED BY

# 1.1%

To \$1.768 billion



In the year to January 2026, compared to a year earlier

## YoY Electronic card consumer spending in New Zealand

DECREASED BY

# 1.1%

To \$77.26 billion



In the year to January 2026, compared to a year earlier

This trajectory still holds, but recent increases in fuel costs and wholesale interest rates have re-introduced short-term pressure for households.

As a result, the near-term environment continues to reflect a balance between resilient spending and renewed financial constraint. The anticipated improvement in consumer activity is now likely to emerge later than first expected, recalibrating back to its earlier path once there is greater geopolitical stability and reconstruction efforts begin in the Middle East.



**FOR MORE CONSUMER INSIGHTS SEE THE QUARTERLY RETAIL REPORT FOR DECEMBER 2025**

# WORKPLACE AND EMPLOYMENT

**LABOUR MARKETS USUALLY TAKE A BIT LONGER TO BOUNCE BACK THAN THE ECONOMY AS A WHOLE. BUSINESSES OFTEN HOLD OFF ON HIRING UNTIL THEY'RE CONFIDENT DEMAND IS STABLE.**

Industries that are sensitive to interest rates, like construction, have been hit the hardest.

There were signs earlier in the year that conditions were beginning to improve. Businesses had slowly started planning to hire more as economic indicators stabilised and confidence began to rebuild. However, the recent oil shock and the resulting lift in business input costs and wholesale interest rates have reintroduced pressure across the economy.

These developments are likely to prompt both households and firms to take a more cautious approach to investment and spending decisions as budget pressures return. While changes to migration rules and the movement of workers around the country continue to shape the pool of available staff, the pace of hiring is likely to remain measured in the near term as businesses reassess the timing of their recovery plans.

Looking at the numbers, the decline in filled jobs is starting to ease. Over 2025, the total number of jobs (by place of residence) fell by 1.2% regionally, a slight improvement from the 1.5% drop recorded in the previous year in Manawatū.



## Total Annual Earnings

INCREASED BY

**\$4,114 million**



**1%**

Nationally this increased by 1.4% for the year ending December 2025

## Filled Jobs

(BY PLACE OF RESIDENCE)

55,321

Decreased by



**1.2%**

**A decrease of 661**

Nationally this decreased by 0.5%

## Filled Jobs

(BY WORKPLACE LOCATION)

56,449

Decreased by



**0.4%**

**A decrease of 195**

Nationally this decreased by 0.4%

Nationally, the primary sector is seeing renewed strength, supported by improved returns in agriculture and strong demand from key export markets. Recent positive economic data from China has reinforced expectations of continued demand for New Zealand commodities, supporting the New Zealand dollar.

While this provides a positive signal for export-led growth, the overall pace of labour market recovery remains uneven. Employment in construction and manufacturing continues to lag, with jobs in these sectors down 3.6% over the past year. This highlights that while external demand may support parts of the economy, broader recovery, particularly in interest rate-sensitive sectors, is likely to take more time.

Total annual earnings in the region reached \$4.11 billion, up 1%, a smaller increase than the national average, but still showing that wages in Manawatū are slowly rising alongside the early signs of labour market recovery.

**“From a recruitment perspective, businesses have entered 2026 with cautious optimism. Many employers are taking a measured approach, with a noticeable shift toward temporary hiring to manage risk. Encouragingly, a number of these roles are converting into permanent positions, signalling improving confidence.**

**Skills shortages persist across specialist trades, particularly in engineering, welding, automotive and electrical roles, which remain**

**difficult to fill. At the same time, the broader employment market is competitive, with high application volumes for some roles, recent vacancies for delivery drivers and administration positions attracted several hundred applicants. There is also strong candidate depth across administration, communications, creative and accounting roles.**

**Job advertising is trending upward across Manawatū, in line with recent SEEK data. Growth is particularly evident in blue-collar trades.”**

- Matt Smout, Client Manager, PN Personnel

# AGRICULTURE

**NEW ZEALAND'S PRIMARY SECTOR REMAINS A STEADY SUPPORT FOR BOTH THE NATIONAL AND REGIONAL ECONOMY.**

Strong global demand for dairy has lifted commodity prices, prompting Fonterra to raise its forecast farmgate milk price for the 2025/26 season to \$9.70 per kilogram of milk solids. Red meat exports have also hit a record high of \$11.7 billion. Higher dairy returns are expected to boost farm incomes and spending in rural communities. This will have positive flow-on effect for agricultural services within Manawatū.

Fonterra's Chief Executive, Miles Hurrell, notes that while global dairy prices have been volatile, market conditions have strengthened in recent months. Earlier concerns around elevated global supply have eased, with demand, particularly in the first part of 2026, outpacing supply. This has been driven by strong international demand for protein. However, risks remain. Any slowdown in key trading partners could soften demand, although current economic conditions in major markets such as China continue to provide support.

New Zealand's exporters are also navigating wider global uncertainty. The recent conflict in the Middle East has disrupted shipping through key routes like the Strait of Hormuz, affecting exports of oil, fertiliser, and agricultural products. Around \$3.4 billion of New Zealand goods are exported to Gulf markets each year, including \$2.4 billion in dairy and \$331 million in red meat.

## Dairy Payout

Estimates from Infometrics

\$462M

Estimated dairy payout for Manawatū in 2024/2025 season



\$437M

Estimated dairy payout in Manawatū in 2025/2026 season

According to Infometrics, the total dairy payout for New Zealand is estimated to have been approximately \$19,678 million in the 2024/2025 season, and is expected to be \$1,116 million lower in the 2025/2026 season



While this represents a relatively small share of total exports, the disruption highlights how global events can ripple through our economy.

Rising oil and fertiliser prices add further caution. Fertiliser from the Gulf region, which accounts for about 22% of New Zealand's supply, may become more expensive, impacting farm costs. Exporters are adapting by rerouting shipments or repackaging products, demonstrating the sector's flexibility in uncertain times.

Overall, strong global demand for dairy, lamb and beef remains a stabilising force for the New Zealand economy, especially for Manawatū, supporting rural incomes and regional spending. At the same time, ongoing geopolitical tensions and commodity price swings remind us that conditions can change quickly, and caution is still warranted.

## ASB Commodities Index at 27th February 2026

INDEX	INDEX	WEEK %	YEAR %
Total NZD	133	0.3	-0.8
Total SDR	115.8	0.3	-3.5
Total USD	121.2	0.6	6.2
Dairy USD	121.7	0.8	-7.7
Sheep/beef USD	138.1	0.2	41.1
Forestry USD	86.1	0.4	-0.4
Fruit USD	131	0.4	12.1
NZD/USD	0.6002	0.4	7.1



# CONSTRUCTION

## THE MANAWATŪ CONSTRUCTION SECTOR CONTINUES TO REFLECT BROADER ECONOMIC CONDITIONS, TRANSITIONING FROM A RESIDENTIAL-LED TO A COMMERCIAL AND INFRASTRUCTURE-DRIVEN MARKET.

Higher interest rates and reduced government capital expenditure have kept residential building activity subdued, with new dwelling consents down 10.8% in the year to December 2025, compared with a 9% increase nationally.

Non-residential construction continues to do the heavy lifting regionally. Over the same period, non-residential consent values in the region declined only slightly (-7.9%) but early 2026 data shows an 18% increase year-on-year to January, compared with a national decline of 0.3%. This suggests that construction projects are picking up, though economists note part of the increase may simply reflect the timing of when projects are recorded, rather than entirely new developments. Key developments include commercial accommodation, warehouse and processing facilities, farm infrastructure, and civil

works, reflecting Manawatū's strengths in logistics, distribution, farming, and tourism.

Construction remains the region's fourth-largest industry by GDP and employer. Heavy and civil engineering construction contributes 31.4% of sector GDP (\$198.5m) and employs 17.9% of the workforce (1,226 people). Building installation services add 26.4% of GDP (\$166.5m) and employ the largest share of construction workers (29.8%, 2,036 people). Residential building construction continues to be a significant employer, making up 18.7% of the sector workforce.



**“We’re starting to see some early signs of recovery in the Manawātū, with a number of new opportunities beginning to emerge. While momentum is building, it’s likely to be another six months before larger, long-term projects come through to the market. Looking ahead, New Zealand Defence Force investment is expected to represent one of the most significant opportunities for the region, with increased project activity anticipated.”**

- David Aldred, Central Region Director, LT McGuinness

As economic stability improves and a more predictable interest rate and inflation environment takes hold, investment levels are expected to continue to strengthen, supporting employment and regional GDP growth through 2026.

## New residential dwelling consent numbers in Manawātū

DECREASED BY

# 5.5%



### In the year to January 2026

Compared with a 9.3% increase nationally in the same period

## Non-residential consent value in Manawātū

INCREASED BY

# 18%



### In the year to January 2026

Compared with a 0.3% decrease nationally in the same period





Commercial guest nights in  
Manawatū  
DECREASED BY

2.4%



In the year ending January  
2026

Commercial guests nights  
nationally  
INCREASED BY

2.2%



In the year ending January  
2026

# TOURISM

**TOURISM CONTINUES TO PLAY AN IMPORTANT ROLE IN MANAWATŪ'S ECONOMY, SUPPORTED BY STRONG DOMESTIC TRAVEL AND GROWING COMMUNITY SUPPORT FOR THE VISITOR SECTOR.**

CEDA's latest Community Sentiment Survey shows locals increasingly recognise the value visitors bring to the region, from supporting businesses and jobs to adding vibrancy to our towns and city.

The survey results highlight strong confidence in the sector: 85.8% of respondents said tourism is important to Manawatū, while nearly 87% believe it positively contributes to the region's economy and overall vibrancy. Community advocacy is also growing, with 82% of residents saying they would recommend the region to friends and family.

At a national level, domestic travel remains strong. Around three-quarters of New Zealanders took a leisure trip within the country over the past year, highlighting continued demand for short breaks, events, and trips to visit friends and family. Visitor satisfaction in Palmerston North and Manawatū sits at a solid 8.5 out of 10, on par with the national average, while the region's Net Promoter Score of +48 suggests a strong base of visitors willing to

recommend the Manawatū as a destination.

A strong summer events calendar has continued to draw visitors and showcase the region. Events such as the inaugural Manfeild Live concert, the second Sip and Savour event at Hiwinui Country Estate, and the ENZED Superstock Teams Champs highlight Manawatū's growing reputation as an events destination, supported by its outdoor attractions, hospitality, and cultural experiences

Tourism activity has been building steadily, however rising costs are likely to see households take a more cautious approach in the near term. This may soften momentum as budgets tighten and spending is reassessed. Despite this, the underlying drivers of growth remain strong,

and with high visitor satisfaction, strong local advocacy, and a well-established events calendar, the sector is well positioned to return to its positive trajectory as confidence improves.

**“Overall, Palmerston North is seeing relatively steady demand, with consistent patterns across the week. Corporate travel continues to drive occupancy from Monday to Thursday, typically with short stays, while weekends are led by leisure visitors, often staying for two nights.**

**The mid-December to late January period remains more challenging, as corporate travel slows and we rely more heavily on leisure demand. However, major events such as Teams Champs create strong peaks in occupancy and are hugely valuable for the region.**

**Palmerston North’s central location continues to underpin steady demand, particularly for business travel, reinforcing its role as a key hub for many organisations.”**

- Deborah March, General Manager, Copthorne Hotel, Palmerston North



While this report focuses on data to the December 2025 quarter, selected indicators include more recent data up to the end of February 2026 to reflect the most current economic conditions. For questions get in touch: [communications@ceda.nz](mailto:communications@ceda.nz)



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