QUARTERLY ELECTRONIC CARD RETAIL SPENDING

INCLUDING TOURISM RELATED SECTORS // DECEMBER 2023 QUARTER

CEDA
CENTRAL ECONOMIC DEVELOPMENT AGENCY

MANAWATU DISTRICT COUNCIL

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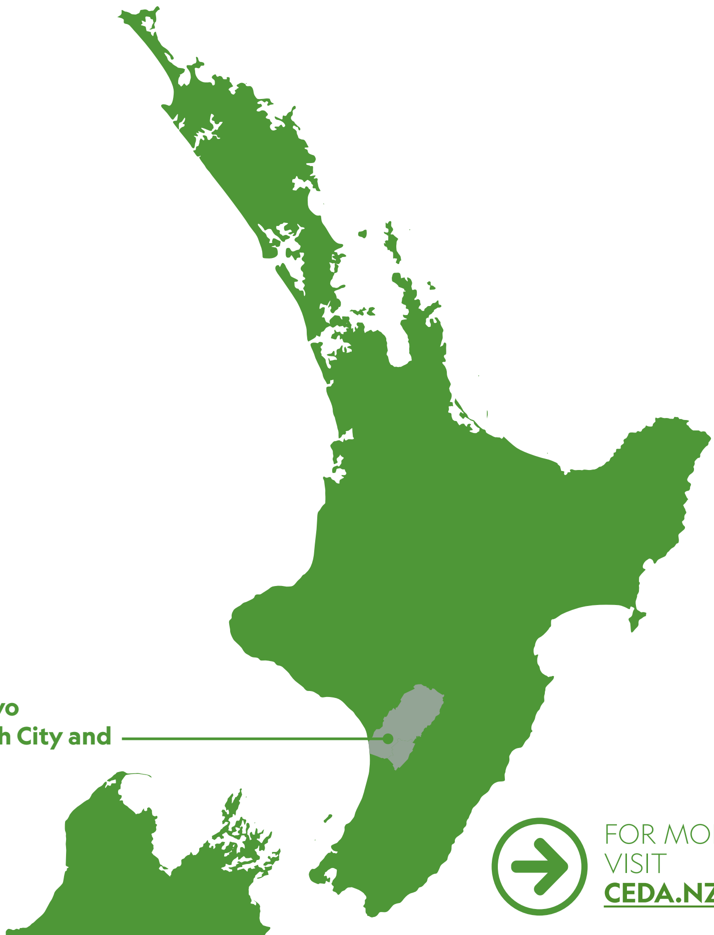
MANAWATŪ REGION
QUARTERLY ELECTRONIC CARD RETAIL SPENDING

This report presents analysis of electronic card retail spending (i.e., total value of electronic card transactions made in person) in the Manawatū region. The data is obtained from Marketview and is based on information from Worldline (formerly known as Paymark) the largest electronic card payment network in New Zealand. Analysis covers eight retail sectors consisting of:

- **>> accommodation**
- **>> apparel & personal**
- **>> arts, recreation & visitor transport**
- **>> cafes, restaurants, bars & takeaways**
- **>> fuel & automotive**
- **>> groceries & liquor**
- **>> home & recreational retail**
- **>> other consumer spending**

See retail sector classification on page 11.

This Retail Report captures data from the Manawatū region, which consists of Palmerston North city and Manawatū district.



Manawatū comprises the two councils of Palmerston North City and Manawatū District

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OVERVIEW

Retail card spending in the region decreased by 0.5% in the December quarter 2023 compared with the previous December quarter. This is slightly lower than the New Zealand average growth of 0.8% over the same period.

Annual electronic card retail spending in the region was up 2.9%, behind the national rate of 4.3%. A spending growth rate that is less than the annual inflation rate of 4.7% for the same period indicates a real decline in spending.

Stacey Andrews, City Economist at Palmerston North City Council explains "The slowing of retail spending reflects national trends as consumer spending comes under pressure from the impact of higher interest rates and the elevated cost of living. Annual spending growth fell below the rate of household inflation as measured by both the Household Living Cost Index (7.0%) and the Consumer Price Index (4.7%) over the year to December, 2023. This real decline in spending reflects the impact of a reduction in disposable incomes on spending across the economy."

"On the positive side, inflation is falling in line with Reserve Bank expectations, easing the rate of price increases across the economy and providing some assurance that interest rates will move downwards toward the end of 2024."

Retail spending in the region was supported by increased spending in accommodation (14%); cafes, restaurants, bars and takeaways (11%); and groceries and liquor (8%). For more details, refer to the table in the section on **Retail sectors on page 8.**

ELECTRONIC CARD RETAIL SPENDING

$485M

in the region December quarter 2023

0.5%

Decrease in the region compared to the December quarter 2022

0.8%

Increase nationally compared to the December quarter 2022

DECEMBER 2023 QUARTER

For the quarter ending December 2023, total electronic card spending in the region was $485 million (0.5% decrease compared to December 2022 quarter).

The breakdown is as follows:

>> Palmerston North city: $407 million
(0.8% decrease)

>> Manawatū district: $78 million
(1.6% increase)

Retail spending in New Zealand was $21,224 million, an increase of 0.8% during the same period.

YEAR ENDING DECEMBER 2023

Annual electronic card retail spending in the region was $1,785 million, which increased by 2.9% compared to the same period last year. As this is lower than the annual inflation rate of 4.7% for period ending December 2023, this means that the increase in spending is mainly due to inflation. Overall retail spending in New Zealand was $77,434 million, an increase of 4.3% compared with the previous year.

The breakdown of annual spending for the region is as follows:

>> Palmerston North city: $1,496 million
(3% increase)

>> Manawatū district: $288 million
(2.6% increase)

ANNUAL ELECTRONIC CARD RETAIL SPENDING

$1,785M

in the region

2.9%

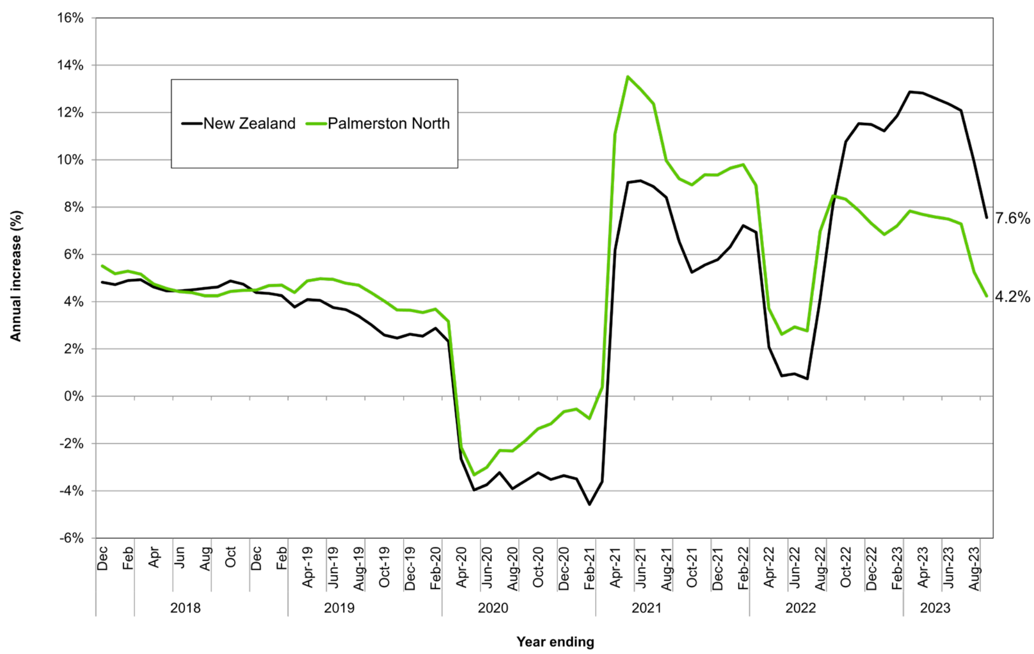
Increase in the region compared to the same period last year

4.3%

Increase nationally compared to the same period last year

The chart below shows the percentage of annual (i.e rolling 12 months) change compared to the same period the year before. Prior to October 2022, our region's retail spending experienced stronger performance relative to national spending due to parts of the country continuing to be more greatly affected by reduced tourism and supply chain issues. Since October 2022, the average New Zealand growth rate caught up and began to exceed the rate of growth in the region. Overall annual growth rates in spending for New Zealand and the region began to decline since April 2023.

ELECTRONIC CARD RETAIL SPENDING ANNUAL CHANGE (%)



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CUSTOMER ORIGIN

Cardholder origin	DECEMBER QUARTER 2023 Spending ($m)	DECEMBER QUARTER 2023 Change from last year (%)	YEAR ENDING DECEMBER 2023 Spending ($m)	YEAR ENDING DECEMBER 2023 Change from last year (%)	YEAR ENDING DECEMBER 2023 % share of spending
Local	368.3	7.4	1,359	2.3	76.2
Horowhenua district	19.9	-3	72	-1.8	4
Wellington region	14.6	-4.7	54	-1.5	3
Tararua district	16.9	1.1	61	4.7	3.4
Rangitīkei district	15.2	-6.6	56	0.1	3.1
Auckland region	7.6	-5.3	29	0.8	1.6
Whanganui district	7.3	0.2	27	3.7	1.5
Ruapehu district	1.3	-4.5	5	7.2	0.3
Rest of New Zealand	23	-8	91	5.4	5.1
International	10.6	62.6	31	76.7	1.7
Total	**485**	**-0.5**	**1,785**	**2.9**	**100.0**
Total New Zealand	21,224	0.8	77,434	4.3	

For the year ending December 2023, 76% of retail spending in the Manawatū region was from locals, totalling $1,359 million. Spending from locals increased 2% compared to the previous year. The visitor share (i.e. consisting of domestic and international visitors) of Manawatū region's spending was 24% of total spending. Although spending by international visitors for the year ending December 2023 increased 77%, they amounted to $31 million which represented only 2% of total spending.

The top five "known" spenders from New Zealand outside of our region for the year ending December 2023, were Horowhenua district, Tararua district, Rangitīkei district, the Wellington region, and the Auckland region. Together, these areas contributed 15% total annual spending for the year ending December 2023.

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RETAIL PRECINCTS

The breakdown of annual spending between Palmerston North city and the Manawatū district over this period, is as follows:

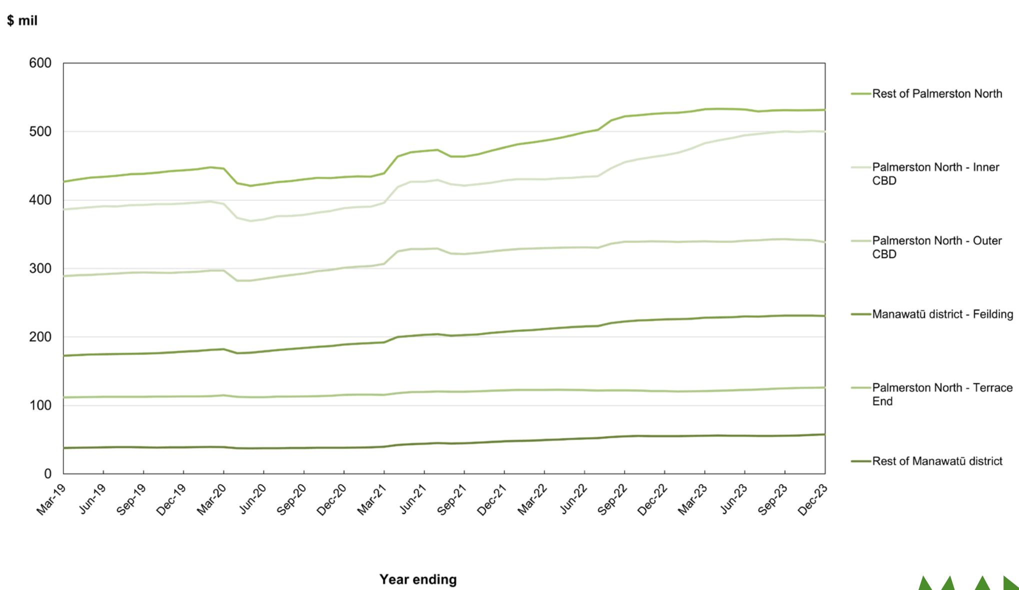
>> Palmerston North city: $1,496 million, an increase of 3%
Among the four precincts, the inner CBD precinct achieved the highest annual growth rate of 7.4%, which is higher than the annual inflation rate of 4.7%, and average NZ growth rate of 4.3%

>> Manawatū district: $288 million, an increase of 2.6%
The rest of Manawatū district (i.e. excluding Feilding) achieved annual growth rate of 4.4%, which is higher than the average NZ annual growth rate of 4.3%

	DECEMBER QUARTER 2023		**YEAR ENDING DECEMBER 2023**		
Merchant Location	Spending ($m)	Change from last year (%)	Spending ($m)	Change from last year (%)	Precinct share (%)
Palmerston North Inner CBD	138	-0.2	500	7.4	28
Palmerston North Outer CBD	92	-4.8	338	-0.3	19
PNCC Terrace End	34	3.9	126	4.4	7.1
Rest of Palmerston North	142	0.1	532	0.9	29.8
Palmerston North	**407**	**-0.8**	**1,496**	**3**	**83.8**
Feilding	62	-1	231	2.2	12.9
Rest of Manawatū district	16	13.1	58	4.4	3.2
Manawatū district	**78**	**1.6**	**288**	**2.6**	**16.2**
Total Manawatū region	**485**	**-0.5**	**1,785**	**2.9**	**100.0**
Total New Zealand	21,224	0.8	77,434	4.3	

For the December 2023 quarter, we have noticed negative quarter on quarter growth (i.e. December 2023 quarter compared to December 2022 quarter) for both the Inner and outer CBD precincts in Palmerston North. A similar occurrence was previously observed in the October 2021 quarter. As both of these precincts represent about 47% of the region, their combined negative growth has resulted in negative quarterly growth of 0.5% decline for the region. The table below shows the trend in annual spending in the the region by retail precincts.

MANAWATŪ REGION: RETAIL PRECINCTS ANNUAL ELECTRONIC CARD SPENDING ($ MILLION)



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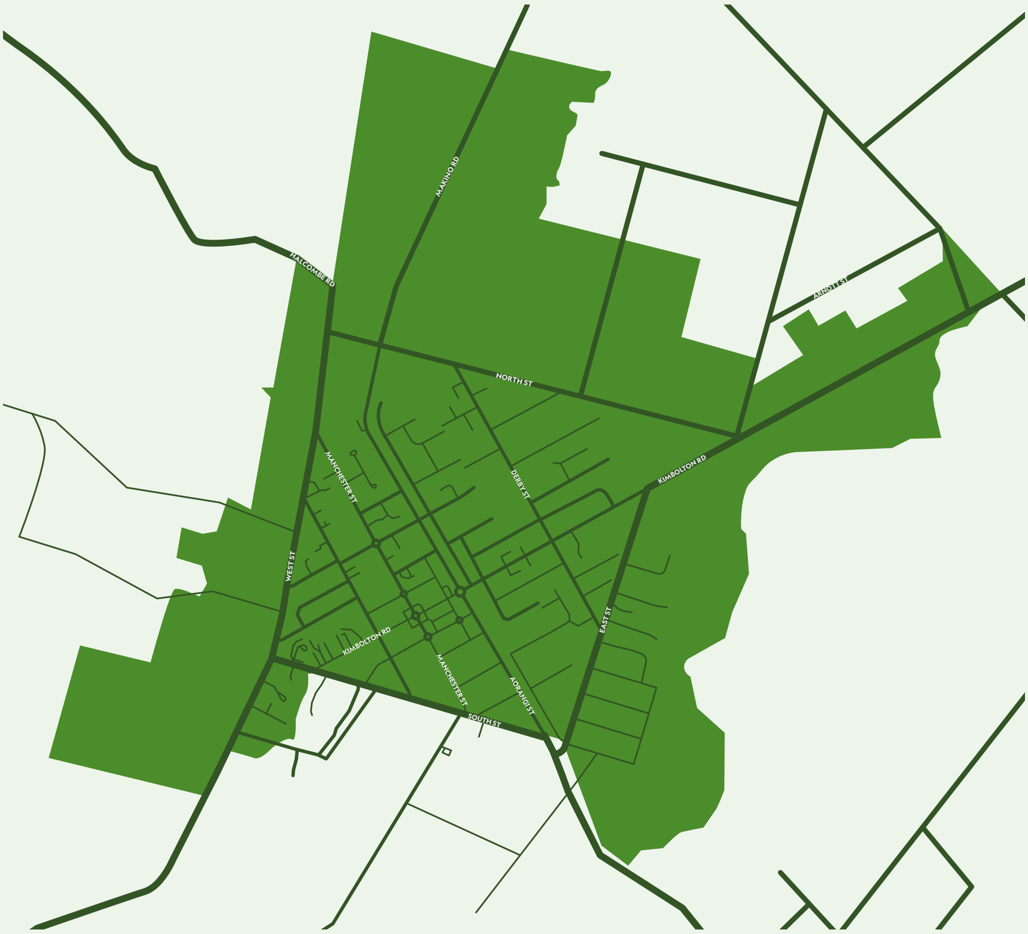
PALMERSTON NORTH RETAIL PRECINCTS

PNCC Outer CBD PNCC Terrace End PNCC CBD & Broadway

MANAWATŪ DISTRICT RETAIL PRECINCTS



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RETAIL SECTORS

Retail Sectors	MANAWATŪ REGION YEAR ENDING DECEMBER 2023		NEW ZEALAND YEAR ENDING DECEMBER 2023		
	Spending ($m)	Change from last year (%)	Spending ($m)	Change from last year (%)	Manawatū region share of New Zealand
Accommodation	30	14.4	1,830	12.1	1.6
Apparel & personal	111	4.7	4,520	2.3	2.5
Arts, recreation & visitor transport	32	4	2,286	13	1.4
Cafes, restaurants, bars & takeaways	236	10.8	11,502	10.2	2.1
Fuel & automotive	321	0.4	12,813	-0.8	2.5
Groceries & liquor	634	8.4	27,576	9.1	2.3
Home & recreational retail	417	-7.2	16,565	-3.7	2.5
Other consumer spending	3	-15	368	4	0.9
Total	**1,785**	**2.9**	**77,434**	**4.3**	**2.3**

The region's annual growth rate of 2.9% was supported by spending in the following categories:

>> Accommodation at 14%

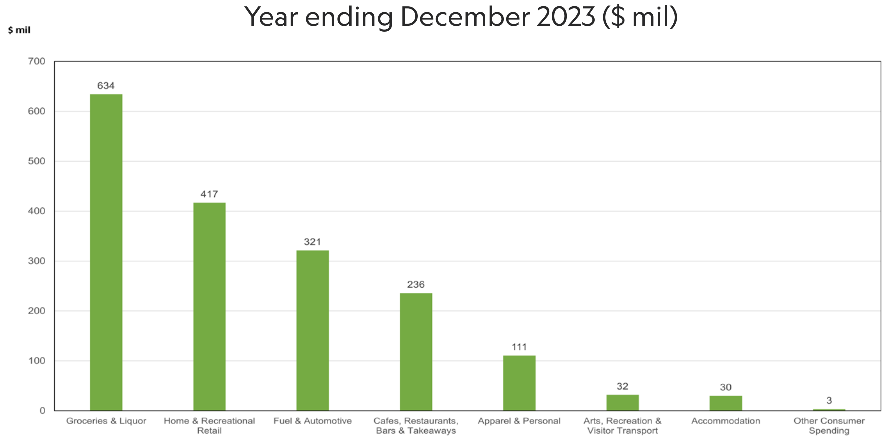
>> Cafes, restaurants, bars and takeaways at 11%

>> Groceries and liquor at 8%

On the other side of the equation, annual spending for "other consumer spending" decreased by 15% compared to the year ending December 2022. This is not unusual, as we have had an annual decline of up to 36% for the year ending December 2021. The contraction of spending on big ticket household and business goods is observed nationally, as household and business budgets come under pressure due to sharply higher borrowing and living costs.

MANAWATŪ REGION: ELECTRONIC CARD SPENDING BY RETAIL SECTOR

Year ending December 2023 ($ mil)



In terms of the share of annual spending for the year ending December 2023, the top three categories were:

>> Groceries and liquor $624m

>> Home and Recreational retail $417m

>> Fuel and Automotive $321m

Together these three categories usually add up to about 77% of total electronic card retail spending.

RETAIL FLOW

For the year ending December 2023, total annual residents spending in New Zealand was $1,638 million, increasing 2% compared to year ending December 2022. Domestic visitor spending was $395 million, which increased 2% and is similar to the increase in total resident spending. Overall, our region's loyalty rate (i.e. percentage of Manawatū region's residents spending at Manawatū retailers) is stable at 83%, which is slightly higher than the five-year annual average of 82.7%

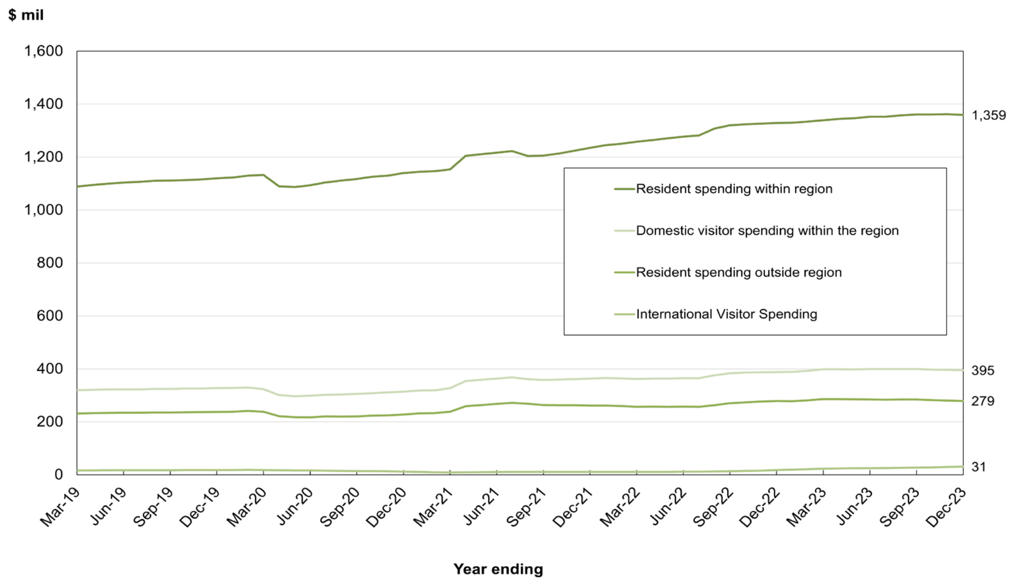
Retail Flow	DECEMBER QUARTER 2023 Spending ($m)	DECEMBER QUARTER 2023 Change from last year (%)	YEAR ENDING DECEMBER 2023 Spending ($m)	YEAR ENDING DECEMBER 2023 Change from last year (%)
Resident spending locally [a]	368	-0.4	1,359	2.3
Visitor spending [b]	106	-4.2	395	1.8
International visitor spending [c]	1	66.1	31	76.7
Total spending at Manawatū region merchants	**485**	**-0.5**	**1,785**	**2.9**
Resident spending outside region [d]	73	-6.8	279	0.1
Total resident spending [e] = [a]+[d]	441	-1.5	1,638	1.9
Net gain in spending for region [b]-[d]	33	2.1	116	6.0
Manawatū region loyalty rate **	**83.4**		**83**	

* There is no information available on resident spending overseas.

*Percentage of Manawatū region resident spending at Manawatū retailers (i.e., [a]/[d])

MANAWATŪ REGION: RETAIL FLOWS FROM ELECTRONIC CARD RETAIL SPENDING

($mil)



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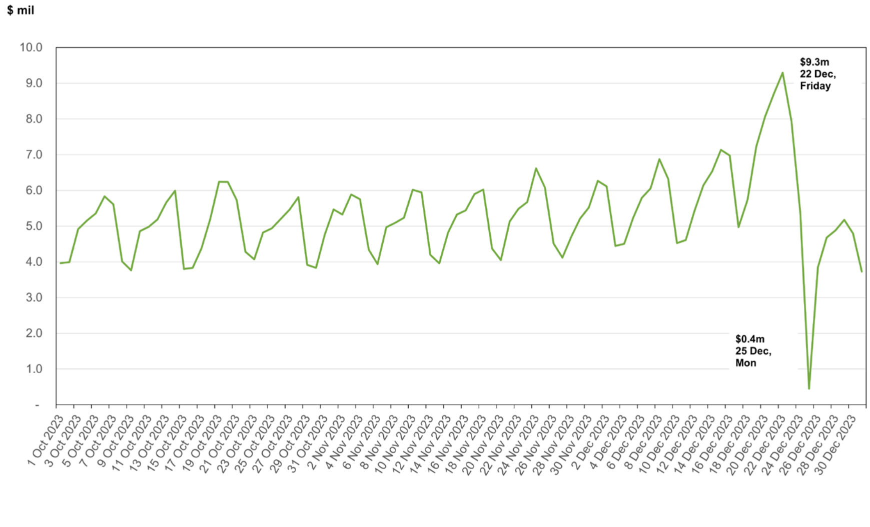
DAILY & WEEKLY SPENDING

The busiest day of the week for the region is usually on a Friday or a Saturday. This quarter, the highest spending was on Friday, 22 December prior to Christmas at $9.3 million. The lowest spending occurred on Christmas day, with $0.4 million.

MANAWATŪ REGION: DAILY ELECTRONIC CARD RETAIL SPENDING

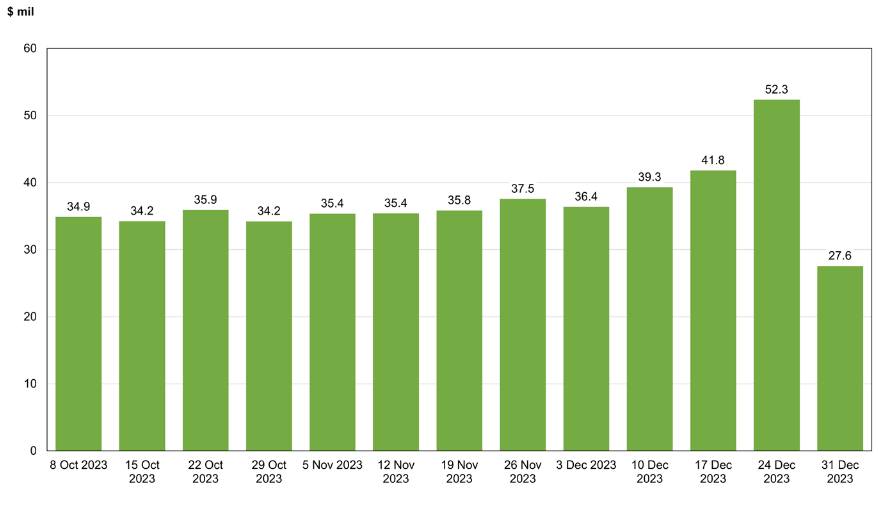
December Quarter 2023 ($ million)



This quarter, the average weekly spending was $37 million. Weekly spending gradually increased after a week of Black Friday (24 November) from $36 million in the week ending 3 December and peaked at $52 million on the week ending 24 December before plummeting to $27 million after that.

MANAWATŪ REGION: WEEKLY ELECTRONIC CARD RETAIL SPENDING

December Quarter 2023 ($ million)



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RETAIL SECTOR CLASSIFICATION

Accommodation
>> Accommodation

Apparel & personal
>> Clothing retailing
>> Footwear retailing
>> Watch & jewellery retailing
>> Other personal accessory retailing
>> Hairdressing & beauty services

Arts, recreation & visitor transport
>> Interurban & rural bus transport
>> Urban bus transport (including tramway)
>> Taxi & other road transport
>> Rail passenger transport
>> Water passenger transport
>> Air & space transport
>> Scenic & sightseeing transport
>> Passenger car rental & hiring
>> Other motor vehicle & transport equipment rental & hire
>> Travel agency & tour arrangement services
>> Museum operation
>> Zoological & botanical gardens operation
>> Nature reserves & conservation parks operation
>> Performing arts operation
>> Creative artists, musicians, writers & performers
>> Performing arts venue operation
>> Health & fitness centres & gymnasia operation
>> Sport & physical recreation clubs & sports professionals
>> Sports & physical recreation venues, grounds & facilities
>> Sport & physical recreation admin & track operation
>> Horse & dog racing administration & track operation
>> Other horse & dog racing activities
>> Amusement parks & centres operation
>> Amusement & other recreation activities n.e.c
>> Casino operation
>> Lottery operation
>> Other gambling activities

Cafes, restaurants, bars & takeaways
>> Cafes & restaurants
>> Takeaway food services
>> Catering services
>> Pubs, taverns & bars
>> Clubs (hospitality)

Fuel & automotive
>> Motor vehicle parts retailing
>> Tyre retailing
>> Fuel retailing
>> Other automotive repair & maintenance

Groceries & liquor
>> Supermarket & grocery stores
>> Fresh meat, fish & poultry retailing
>> Fruit & vegetable retailing
>> Liquor retailing
>> Other specialised food retailing

Home & recreational retail
>> Sport & camping equipment
>> Entertainment media retailing
>> Toy & game retailing
>> Newspaper & book retailing
>> Marine equipment retailing
>> Department stores
>> Pharmaceutical, cosmetic & toiletry goods
>> Stationery goods retailing
>> Antique & used goods retailing
>> Flower retailing
>> Other store-based retailing n.e.c.
>> Furniture retailing
>> Floor coverings retailing
>> Houseware retailing
>> Manchester & other textile goods retailing
>> Electrical, electronic & gas appliance retailing
>> Computer & computer peripheral retailing
>> Other electrical & electronic goods retailing
>> Hardware & building supplies retailing
>> Garden supplies retailing

Other consumer spending
>> Car retailing
>> Motorcycle retailing
>> Trailer & other motor vehicle retailing
>> Retail commission-based buying & selling

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