QUARTERLY ELECTRONIC CARD RETAIL SPENDING

INCLUDING TOURISM RELATED SECTORS //
MARCH 2024 QUARTER

CEDA
CENTRAL ECONOMIC DEVELOPMENT AGENCY

MANAWATU DISTRICT COUNCIL

PALMY
PAPAIOEA PALMERSTON NORTH CITY

TE MAURI O
MANAWATŪ

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 9.

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

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TE MAURI O MANAWATŪ

OVERVIEW

Retail card spending in the region increased by 1.1% in the March quarter 2024 compared with the previous March quarter. This is lower than the New Zealand average quarterly growth of 3.8% over the same period.

YEAR TO DATE:

Annual electronic card retail spending increased by 1.7% over the March 2024 year behind the national growth rate of 2.8%. This compares with an annual inflation rate of 4% over the same period, indicating a real decline in the value of retail spending over the year.

Annual retail spending was supported by an increase in spending on groceries and liquor with an 8% increase, cafes, restaurants, bars and takeaways with an increase of 5% and accommodation which increased by 2%.

For more details, refer to the Retail Sectors table on page 8.

ELECTRONIC CARD RETAIL SPENDING

$431M

in the region March 2024 quarter

1.1%

Increase in spend on the same quarter the year prior for Manawatū region

3.8%

Increase in spend nationally on the same quarter the year prior

MARCH 2024 QUARTER

The breakdown is as follows:

- **>> Palmerston North city: $360 million** (0.9% increase)
- **>> Manawatū district: $71 million** (1.9% increase)

Retail spending in New Zealand was $19,636 million, an increase of 3.8% over the same period.

YEAR ENDING
MARCH 2024

Annual electronic card retail spending in the region was $1,791 million, an increase of 1.7% compared to the year ended March 2023. National retail spending increased by 2.8%, to reach a total of $78,263 million in the March 2024 year. This increase is below the 4.0% rate of annual inflation, indicating negative real growth in retail spending across the New Zealand economy over the year.

This is good and extremely important. Retail data is deteriorating further as we approach winter and financial data for households and businesses is deteriorating, indicating spending is likely to get worse rather than better. On the upside, businesses are indicating they will drop prices which will help to alleviate inflation. In the meantime, it's a hard slog.

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

>> Palmerston North city: $1,501 million
(1.6% increase)

>> Manawatū district: $290 million
(2% increase)

ANNUAL ELECTRONIC CARD RETAIL SPENDING

$1,791M

in the region YE March 2024

1.7%

Increase in the region compared to the same period last year

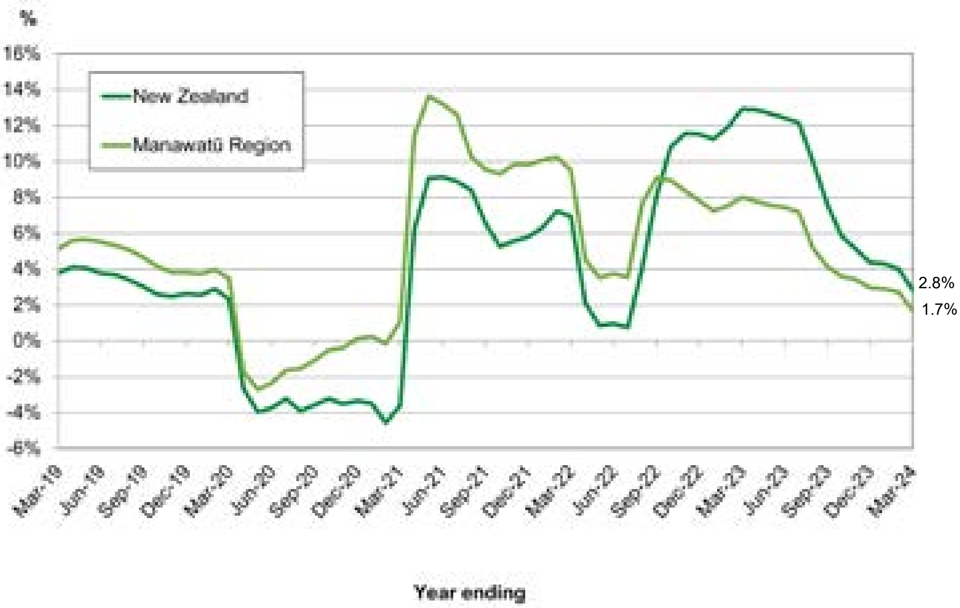
2.8%

Increase nationally compared to the same period last year

The following chart shows the annual percentage change (i.e., rolling 12 months) in spending compared with the year before. Prior to October 2023, our region's retail spending experienced strong growth relative to national spending. This stronger performance was predominantly due to the structure of the regional economy, and less exposure to the impacts of border closures and reduced international tourism from pandemic restrictions, relative to some other parts of the country.

As international tourism has resumed, the average New Zealand growth rate has caught up and is now exceeding the rate of growth in the region. Challenging economic conditions has since put downward pressure on spending growth with annual spending growth for both New Zealand and the region, declining since April 2023. This general slowing of economic activity across the country has narrowed the gap between the region's annual growth rate and the national annual growth rate. It is expected that falling inflation and a gradual easing of interest rates will work to stimulate retail spending in 2025.

ELECTRONIC CARD RETAIL SPENDING ANNUAL CHANGE (%)



CUSTOMER ORIGIN

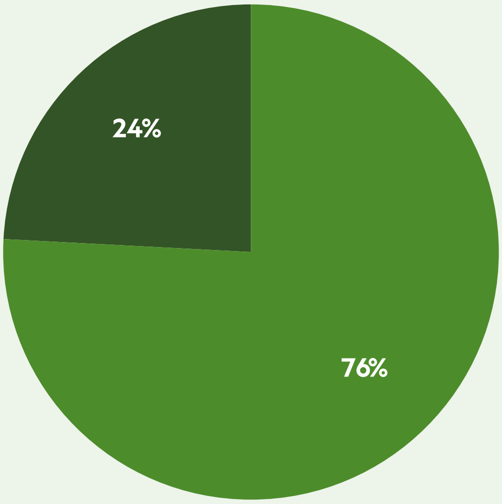
For the year ending March 2024, 76% of retail spending in the Manawatū region was from locals, totalling $1,363 million. Spending from locals increased 2% compared to the previous year. The visitor share (domestic and international) of Manawatū region's spending was 24% of total spending. Although spending by international visitors for the year ending March 2024 increased by 57%, international spending accounts for just $36 million of total spending. This represents about 2% of total spending in the region, with domestic tourism and spending by local and regional consumers, dominating retail spending across the region.

The top five spenders into our region, accounting for 15% of total annual spending combined for the year ending March 2024 year were:

>> Horowhenua District
>> Tararua District
>> Wellington Region
>> Rangitīkei District
>>Auckland Region.

	MARCH QUARTER 2024		YEAR ENDING MARCH 2024		
Cardholder origin	**Spending ($m)**	**Change from last year (%)**	**Spending ($m)**	**Change from last year (%)**	**% share of spending**
Local	242.5	-5.4	1,362.8	1.7	76.1
Horowhenua district	11.5	-0.5	71.7	-2.6	4
Wellington region	10.4	-2	53.7	-3.1	3
Tararua district	10.9	-1.9	61.4	1.4	3.4
Rangitīkei district	9.3	-2.3	55.9	-2.5	3.1
Auckland region	7.5	-6.2	28.5	-2.1	1.6
Whanganui district	4.1	-6.4	26.3	0.1	1.5
Ruapehu district	0.9	-7	5	3.2	0.3
Rest of New Zealand	18.9	-4.6	90.2	-2.1	5
International	4.2	61.9	35.7	56.7	2
Total	**320.1**	**1.1**	**1,791.2**	**1.7**	**100.0**
Total New Zealand	19,636	3.8	78,263	2.8	

AT A GLANCE //



>> 76% of total spending in the region was from locals

>> 24% of total spending in the region was from visitors

MANAWATŪ

RETAIL PRECINCTS

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

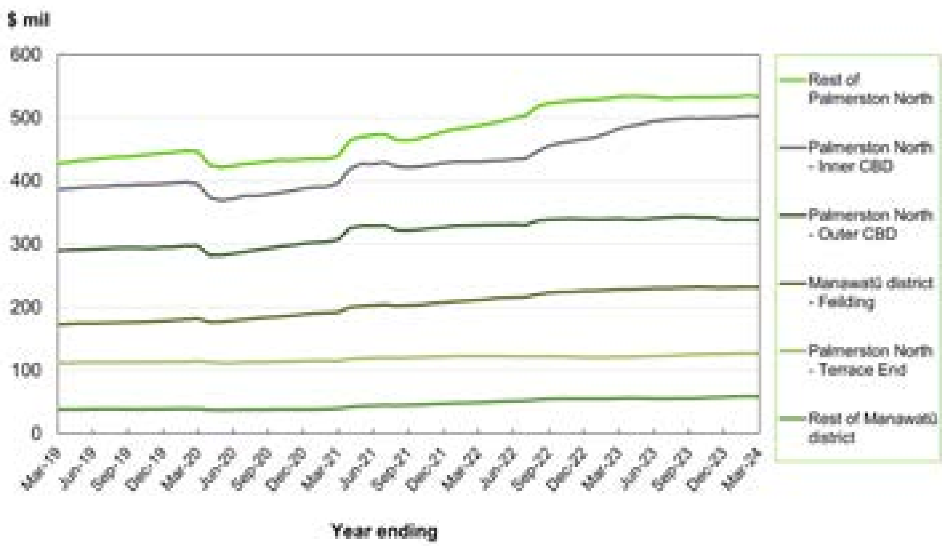
>> Palmerston North city: $1,501 million, an increase of 1.6%
Among the four precincts, the highest annual growth rate was in the Terrace End precinct, increasing 4.5%, followed by the inner CBD precinct at 4%. The former is higher, and latter is equal to the annual inflation rate in March 2024 at 4%. Both of these precincts posted higher annual growth than the national average annual growth rate of 2.8%.

>> Manawatū district: $290 million, an increase of 2.0%
Retail spending in the rest of Manawatū district, excluding Feilding, had the highest growth over the year, increasing by 4.8%. This exceeds annual inflation and the annual growth in spending at the national level. Feilding saw an increase of 1.3% in the same period.

	MARCH QUARTER 2024		YEAR ENDING MARCH 2024		
Merchant Location	**Spending ($m)**	**Change from last year (%)**	**Spending ($m)**	**Change from last year (%)**	**Precinct share (%)**
Palmerston North Inner CBD	120	1.9	502	4	28
Palmerston North Outer CBD	80	-0.3	338	-0.5	18.9
PNCC Terrace End	30	1.6	127	4.5	7.1
Rest of Palmerston North	130	0.7	534	0.1	29.8
Palmerston North	**360**	**0.9**	**1,501**	**1.6**	**83.8**
Feilding	56	0.8	231	1.3	12.9
Rest of Manawatū district	15	6.1	59	4.8	3.3
Manawatū district	**71**	**1.9**	**290**	**2**	**16.2**
Total Manawatū region	**431**	**1.1**	**1,791**	**1.7**	**100.0**
Total New Zealand	19,636	3.8	77,434	2.8	

The table below shows the trend in annual spending in the region by retail precincts.

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

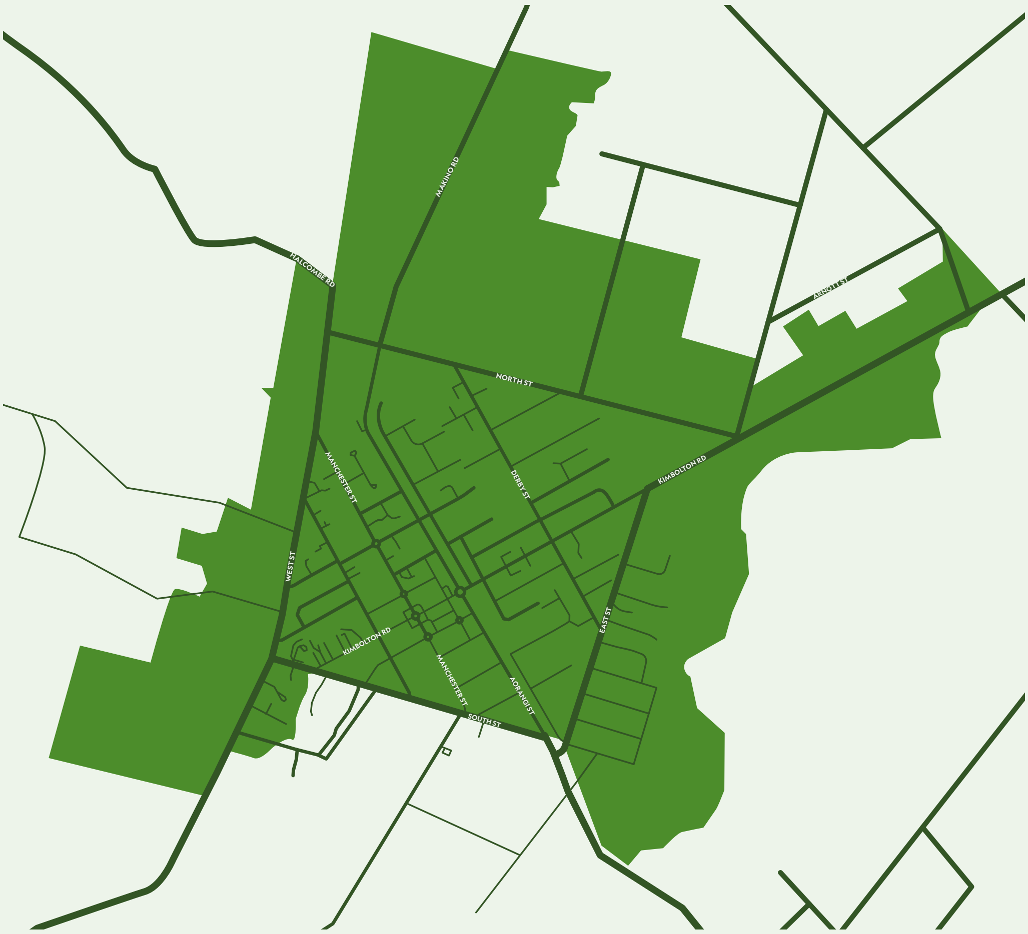


MANAWATŪ

PALMERSTON NORTH RETAIL PRECINCTS

PNCC Outer CBD   PNCC Terrace End   PNCC CBD & Broadway

FEIDLING RETAIL PRECINCT



MANAWATŪ

RETAIL SECTORS

	MANAWATŪ REGION YEAR ENDING MARCH 2024		NEW ZEALAND YEAR ENDING MARCH 2024		
Retail Sectors	**Spending ($m)**	**Change from last year (%)**	**Spending ($m)**	**Change from last year (%)**	**Manawatū region share of NZ**
Accommodation	30	1.9	1,830	-1.3	1.6
Apparel & personal	111	1.3	4,520	-1	2.4
Arts, recreation & visitor transport	32	-2	2,286	1.6	1.4
Cafes, restaurants, bars & takeaways	236	5.3	11,502	5	2
Fuel & automotive	326	0.6	12,813	0.2	2.5
Groceries & liquor	640	8.3	27,576	8.9	2.3
Home & recreational retail	412	-7.8	16,565	-4.2	2.5
Other consumer spending	4	1.6	368	3.5	1.2
Total	**1,791**	**1.7**	**78,263**	**2.8**	**2.3**

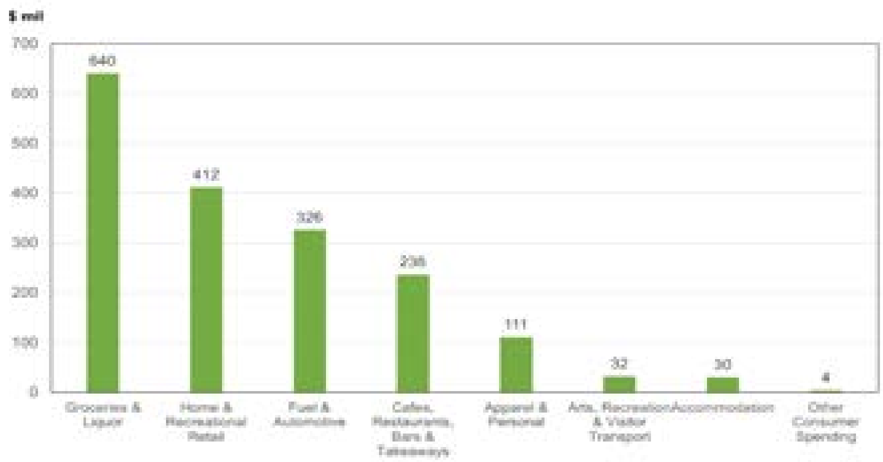
The region's annual growth rate of 1.7% was supported by spending in the following categories:

>> Groceries and liquor up 8%
>> Cafes, restaurants, bars and takeaways up 5%
>> Accommodation up 2%

Spending on 'home and recreational goods' declined by 8% over the year, with 'arts, recreation and visitor transport' down 2% compared with the year ending March 2023. This is consistent with the contraction of spending on big ticket household and business goods observed nationally, as household and business budgets come under pressure due to sharply higher borrowing and living costs. At the national level, spending on 'home and recreational retail' fell by 4%, followed by spending on 'accommodation' which was down 1%, and spending on 'apparel and personal spending' falling 1%.

MANAWATŪ REGION: ELECTRONIC CARD SPENDING BY RETAIL SECTOR

Year ending March 2024 ($ mil)



In terms of the share of annual spending for the year ending March 2024, the top three categories were:

>> Groceries and liquor $640m
>> Home and Recreational retail $412m
>> Fuel and Automotive $326m

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

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

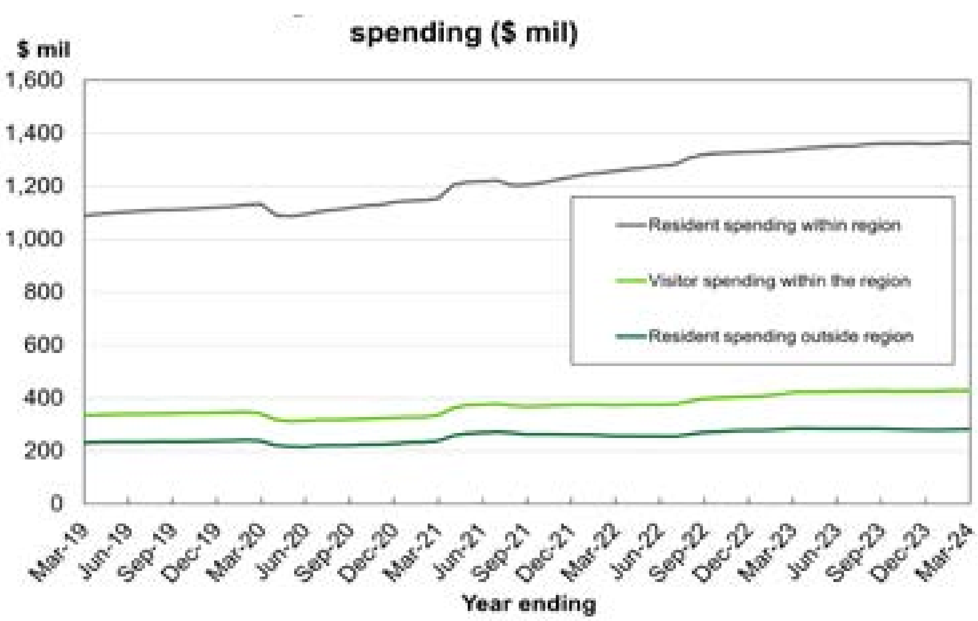
RETAIL FLOW

For the year ending March 2024, total annual residents spending in New Zealand was $1,363 million, increasing 1.7% compared to the year ending March 2023. Annual visitor spending was $428 million, up 1.5% compared to the same period the previous year. The net gain in spending for the region was 7.2% for the year ending Mar 2024. Our region's loyalty rate, i.e., the percentage of Manawatū region's resident spending at Manawatū retailers, has increased slightly to 82.8%. This is slightly higher than the five-year annual average of 82.7%.

	MARCH 2024 QUARTER		YEAR ENDING MARCH 2024	
Cardholder origin	Spending ($m)	Change from last year (%)	Spending ($m)	Change from last year (%)
Resident spending locally [a]	325	0.9	1,363	1.7
Visitor spending [b]	106	-3	428	1.5
Total spending at Manawatū region merchants [c]	**431**	**1.8**	**1,791**	**1.7**
Resident spending outside region [d]	79	3.6	283	-1.2
Total resident spending [e] = [a]+[d]	404	1.4	1,646	1.2
Net gain in spending for region [b]-[d]	27	-3.3	145	7.2
Manawatū region loyalty rate*	**80.5**		**82.8**	

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

MANAWATŪ REGION: RETAIL FLOWS FROM ELECTRONIC CARD RETAIL SPENDING



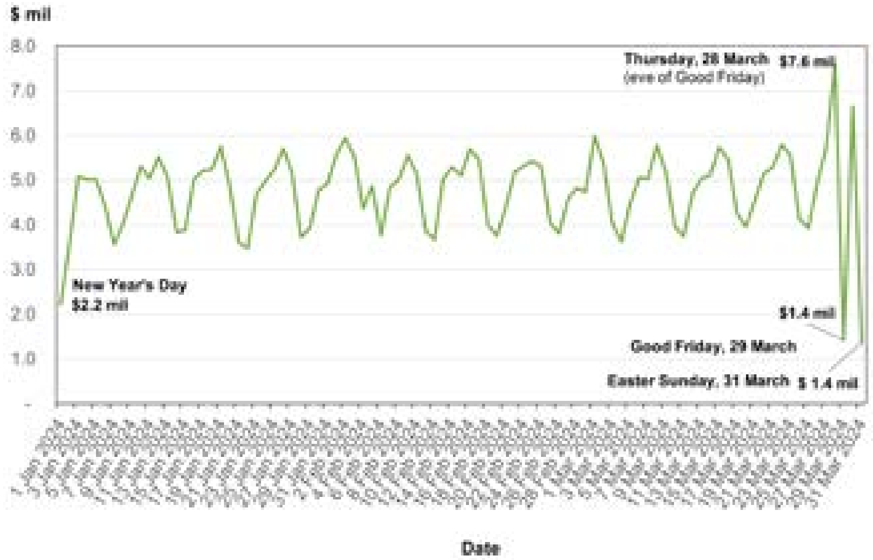
DAILY & WEEKLY SPENDING

The busiest day of the week for spending in the region is typically Friday and Saturday. This quarter, the highest spending was on Thursday 28 March ahead of Good Friday with a total of $7.6 million. The lowest spending occurred on Easter Sunday, with $1.4 million.

The average weekly spending for the March 2024 quarter was $33 million with the highest weekly spend of $35 million for the week ending 4 February 2024.

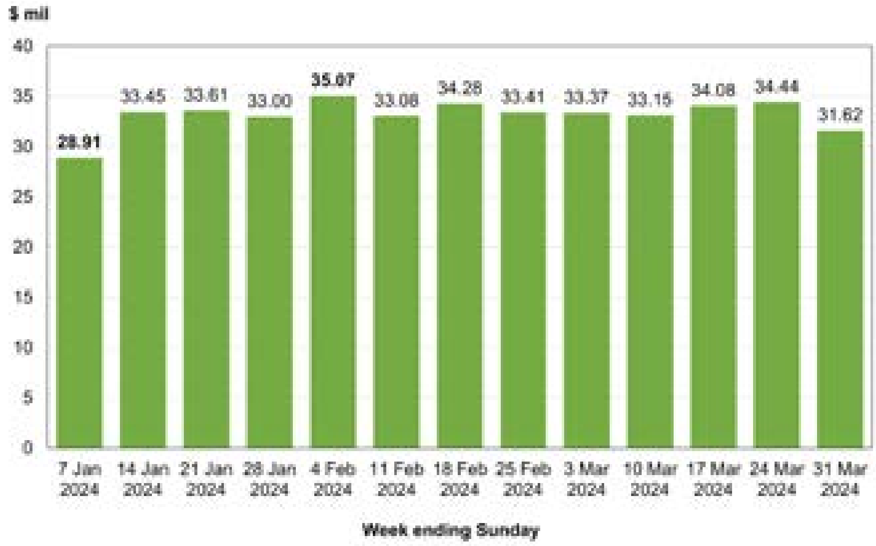
MANAWATŪ REGION: DAILY ELECTRONIC CARD RETAIL SPENDING

March Quarter 2024 ($ million)



MANAWATŪ REGION: WEEKLY ELECTRONIC CARD RETAIL SPENDING

March Quarter 2024 ($ million)



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