

Economic Dashboard

December 2024

National overview

There are some early, small, tentative signs of a turnaround in the economy, but tough conditions remained for many areas and sectors at the end of 2024.

Stronger export returns across the primary sector are starting to support activity across provincial and rural New Zealand, with strong returns for dairy, beef, and horticulture, plus improving returns for lamb – although forestry returns remain poor.

Nationally there were some slight improvements in spending and employment indicators reinforcing expectations of shifting economic gears in 2025, as household spending is freed up and economic momentum is regained. This is not necessarily reflected in Horowhenua

Outlook

Horowhenua's economy remained stagnant in 2024, with zero growth compared to a 0.5% decline nationally. The district's industries, particularly construction, have been hit hard by the ongoing recession. Employment prospects are weak, with a 0.2% decline in jobs and the unemployment rate staying static at 5.4%.

Households remain reluctant to spend despite many rolling onto lower mortgage rates in the back end of 2024. Job security will be front of mind in the near term for households as labour market opportunities remain limited and the unemployment rate ticks up. Construction and manufacturing activity and future intentions remain somewhat depressed.

However, there are signs of optimism. The likely ongoing mortgage rate cuts will boost many household's disposable income and help the retail/hospitality prospects. The agricultural sector, contributing 14% of our district's output, is performing well, with beef and sheep prices up significantly and Fonterra's record-high milk payout expected to reach \$184 million – \$43 million higher than last season.

KEY PERFORMANCE INDICATORS ANNUAL AVERAGE % CHANGE	HOROWHENUA	KĀPITI	MANAWATŪ/ WHANGANUI	NEW ZEALAND
GDP (provisional)	0.0%	-1.3%	-0.2%	-0.5%
Consumer Spending	0.7%	0.8%	0.2%	0.2%
Employment (place of residence)	-0.2%	0.4%	-0.4%	0.0%
Jobseeker Support Recipients	10.9%	10.1%	10.1%	12.6%
Tourism Expenditure (guest nights)	2.0%	-9.0%	-5.7%	0.8%
Residential Consents	-12.4%	-32.0%	-2.8%	-9.8%
Non-residential Consents	-7.8%	149.8%	-13.4%	-0.9%
House Values	-2.8%	2.0%	0.9%	-2.0%
House Sales	26.2%	26.6%	12.7%	13.4%
Car Registrations	-2.5%	-24.4%	-8.6%	-17.6%
Electric Vehicle Registrations	-81.8%	-77.8%	-63.0%	-71.3%
Commercial Vehicle Registrations	20.6%	10.4%	11.9%	4.4%

The housing market has seen an uptick in listings and an even bigger uptick in sales, although prices have declined 2.8%. Overall, housing affordability in Horowhenua is improving and remains better than the national average.

Notably, Horowhenua has seen a 25% increase in the public housing stock over the last year, with potentially more to come.

We have also seen a small increase in health enrolments compared to the rest of NZ, indicating a slight growth in population.

Health enrolments



NZ enrolments up 2.3%

Horowhenua enrolments up 2.5%

- Health enrolments serve as a timely local proxy for population growth - faster than other population count methods.
- However, while our population seems to be growing, population growth is slowing down as net migration comes down quickly from a record high in 2023.
- The increase in health enrolments has been steady at around 2.5% for the last two years.
- This growth was higher than in Manawatū-Whanganui Region (1.8%) and New Zealand (2.3%).

Industry insights

Healthcare

- Mash Trust has started construction on a new community facility called Te Puna Rau Aroha, which is set to open in March in Liverpool St. The facility will enable the community to come in and pay to use purpose-built rooms like the spa or sensory room. It will also provide a space for Mash Trust to operate its Living Plus disability day programme.
- Construction has started on the Levin Health and Wellbeing Hub on Durham St, and is expected to be complete in late 2025. There will be a GP, pharmacy, and radiology – with room for more providers.
- Raukawa Whanau Ora Acute Care Centre opened on Parker St, Levin, this quarter.

The big numbers

GDP



0.0%

GDP Horowhenua growth

NZ growth is down 0.5%

\$1,417m

provisional GDP for the year

GDP per capita

\$59,010

for Manawatū-Whanganui residents

Population estimate

37,700

Household income



\$119,200

Average in Horowhenua

Up 2.5% from last year

Consumer spending



\$458m quarterly spend in Horowhenua

Up 0.2% on last year

Employment



5.4% Unemployment Rate
- unchanged from last year

13,872 Horowhenua
residents in employment,
down 0.2%

- In 2024 the annual average unemployment rate in Horowhenua District was higher than in Manawatu-Whanganui Region (4.4%) and New Zealand (4.7%).
- Nationally, the labour market participation rate fell to 71.0%, the lowest rate since June 2022. The fall in participation showed the slack labour market is resulting in job seekers being discouraged, and they are either moving into education or training or otherwise not actively searching for work.
- The unemployment rate is expected to rise further in 2025 as businesses continue to be under pressure as consumers remain cautious about spending.

Retail

Christmas spending

Net outflow \$2.5m

50% more than last year

- Unfortunately, Horowhenua District saw increased spending leakage in the last two weeks before Christmas as compared to an average fortnight.
- It shows more local residents chose to shop elsewhere for their Christmas purchases. While it's not good news, there is opportunity for the region to retain this spending by looking at gaps in our retail offering.
- In comparison, Palmerston North had an inflow of 88.5% – clearly where some of our money is being spent.

Retail spending

\$459m annual spend
in Horowhenua

Up 0.7% from last
year

- Marketview data indicates that consumer spending remained subdued, up just 0.2%pa for 2024. Growth remains slower than inflation (2.2%pa over the same period), meaning consumers are paying more and receiving less because of higher prices.
- Spending growth across NZ was negative compared to a year ago for the second consecutive quarter as spending fell 0.5%pa in the December 2024 quarter compared to December 2023. However, Horowhenua was up 0.7%.

Industry insights

Manufacturing

- A commercial machinery assembly facility successfully transitioned into a servicing and parts operation.
- A steel distribution company has reduced capacity and their footprint in Levin.
- An International paving company has established a sales and distribution centre in Tokomaru.

Agribusiness

- The vegetable growing industry would like the Government to create a new National Environmental Standard for commercial vegetable production, which would ensure vegetable growing was a nationally permitted activity under the Resource Management Act, subject to good management practices and independent environmental audits.

Environment

- The Arawhata constructed wetland complex has gained fast-track consent and the first phase, which aims to convert at least 15 hectares of farmland into a constructed wetland complex, is expected to be complete by December 2026.
- The walking track around Punahau Lake Horowhenua is nearly completed, with an expected opening in January 2025.

Housing

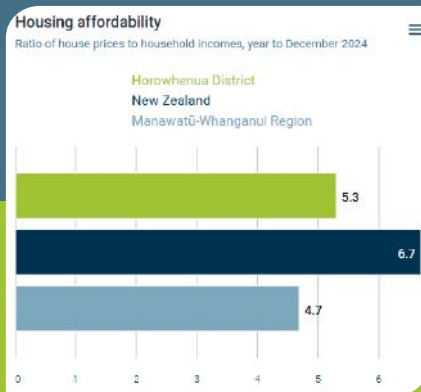


The average house price in Horowhenua is \$546,737

2.8% down on last year



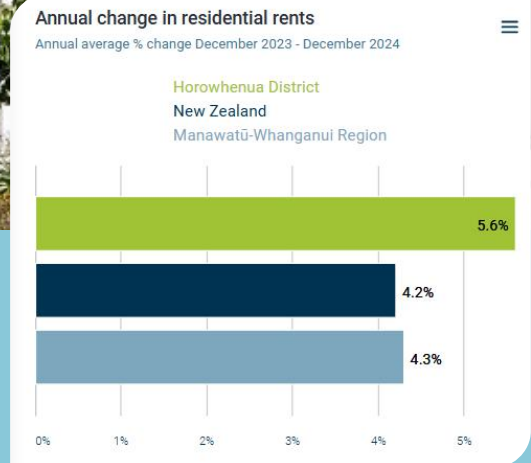
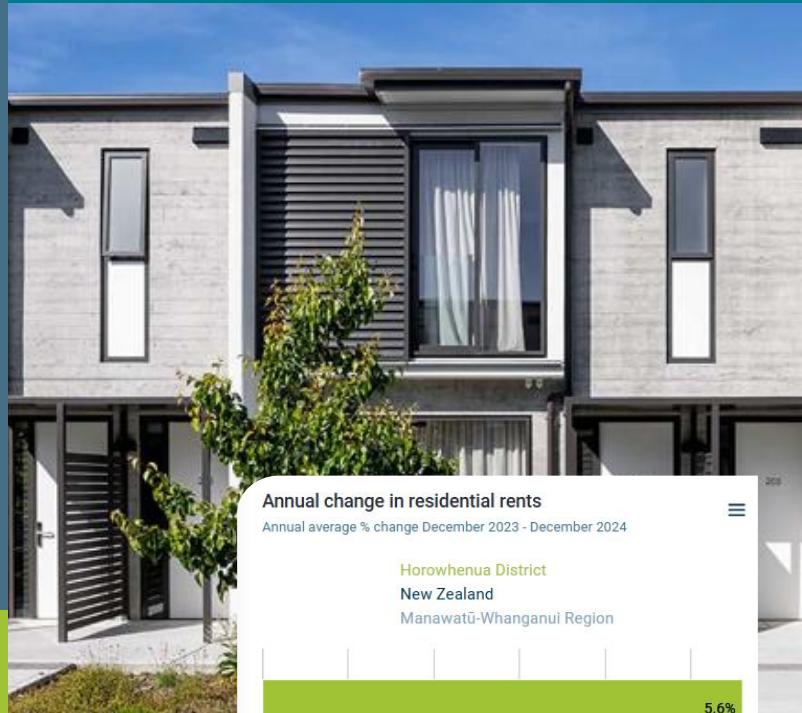
public housing stock has increased by a massive 25%



Housing affordability is based on the ratio between mean house values and mean household incomes.

- In December housing in Horowhenua was less affordable than in Manawatū-Whanganui Region and more affordable than in New Zealand overall.
- However, housing affordability improved on average last year all over NZ, not just in Horowhenua.
- There were an average of 239 public houses in Horowhenua District in the 12 months ending December 2024. This compares with the seven year annual average of 190, up 25%

Rental



- The average residential rent in Horowhenua District was up 5.6% in 2024, compared to a year earlier. The increase was also higher than in New Zealand (4.2%) and Manawatū-Whanganui Region (4.3%).
- Average rent was \$510. This compares to \$574 in New Zealand and \$483 in Manawatū-Whanganui Region.

Industry insights

Education

- Polytech UCOL has cut the number of courses it runs at its Levin campus due to sluggish student enrolment numbers.
- Work on the administration block at Waiopahu College has started.
- Just before this period, in September 2024, the annual average school attendance rate in Horowhenua District was 45.7%, up from 43.6% in the previous 12 months. During this same period Horowhenua District was lower than in Manawatū-Whanganui Region (54.5%) and New Zealand (55.0%)
- The annual average NEET rate (people 15-24 years old not in employment, education and training) in Horowhenua was 21.8% in the year to December 2024, up from 16.6% in the previous 12 months. above both New Zealand (12.8%) and Manawatū-Whanganui Region (17.2%).

Construction

- Some local construction companies are bucking national trends and are able to weather the economic downturn. Those able to do this are using the time to develop and solidify their management structure and manufacturing processes.
- Regionally, construction is showing a small growth of 3.8%, contributing 9.41% of the region's GDP