



TE RĀNGAI HANGAHANGA
TE ROHE O MANAWATŪ
MANAWATŪ REGION
CONSTRUCTION SECTOR

WHAKARĀPOPOTO
EXECUTIVE SUMMARY

PIPIRI 2022
JUNE 2022

Executive Summary

The construction sector is a major source of employment in the Manawatū region, with an estimated workforce of 6,133 people in March 2021, or 9.2% of the total workforce in the region. Infometrics estimates for the total workforce in the construction sector are based on the number of employees and self-employed people in the sector. The sector has experienced strong growth since 2000, with its workforce increasing by 3,009 people between 2000 and 2021, an increase of 96%.

The purpose of economic sector profiles for the Manawatū region (Palmerston North and Manawatū District) is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing. The region's large and diverse rural sector also contributes substantially to the resilience and diversity of the regional economy.

Total earnings from salaries, wages and self-employment income in the construction sector for the year ending March 2020 in the Manawatū region were \$376 million, 9.5% of total earnings in the region. This is higher than its workforce share because the sector has a high proportion of full-time employment compared with other sectors. Census 2018 data shows that 89% of employees in the construction sector were full-time compared with 77% of all employees in the region.

Infometrics' projections for workforce growth in the sector suggest the total workforce will reach 7,246 by 2043, an increase of 44% from 2018, with an additional 2,229 people working in the sector. The overall workforce in the region is projected to increase by 31% over this time.

There were 1,326 businesses in the sector in 2021, an increase of 54% (465 more businesses) since 2000. Businesses with 50 or more employees accounted for 31% of total jobs in the sector in 2021. There were 648 business with no employees, accounting for 49% of businesses in the sector.

The contribution to GDP by the construction sector is estimated to have been \$493 million in the region in the year to March 2021 (or 7.2% of regional GDP). GDP in the

WORKFORCE



6,133

9.2% of total employment

BUSINESSES



1,326

11.1% of businesses

EARNINGS



\$376M

9.5% of total earnings

GDP



\$493M

7.2% of total GDP



Components of the construction sector

Employment data for the construction sector is grouped into three broad headings (note: the employment data is based on the classification of the predominant activity of each business). These are described below.



Building Construction

The building construction component of the construction sector had a workforce of 1,449 people in March 2021, with a 93% increase in the number of people working in the sector (676 more people) since 2000. Most of the workforce (1,119 people) were in residential construction companies and the remaining 330 people in non-residential construction companies.

In February 2021, 231 businesses had no employees, accounting for 52% of the 447 businesses in the sector. The number of businesses increased from 276 in 2000 to 447 in February 2021, an increase of 62%.



Heavy and Civil Engineering Construction

The heavy and civil engineering construction sector also experienced workforce growth between 2000 and 2021, with the workforce increasing by 574 people, an increase of 86% from 2000. There were 1,240 people working in heavy and civil engineering construction in the region in February 2021. The number of businesses has remained stable in the sector, with 48 businesses recorded in February 2021 (15 businesses had no employees).

In February 2011 Statistics New Zealand changed its treatment of employment data for Higgins, reflecting the company's transition from a business primarily based in the Manawatū to a national business with significant activity in other regions. Until 2010 all Higgins employees were classified as being based in Palmerston North but since 2011 employees have been recorded in the regional location where they are based. It is difficult to isolate the impact of the administrative change from other changes in employment in the road and bridge construction sector but Manawatū region employee counts in this sector declined from 710 employees in February 2010 to 365 employees in February 2011.



Construction Services

The construction services sector is the largest component of the construction sector, with a workforce of 3,442 people in March 2021. The workforce increased by 1,752 people between 2000 and 2021, a 104% increase.

There were 831 businesses in the construction services sector in February 2021, an increase of 53% from 2000. Nearly half of the 831 businesses in 2021 did not employ staff.

Employment in this sector is further broken down into five major components:

Land development and site preparation services – a workforce of 278 people in 2021, increasing by 104% from 2000.

Building structure services (includes concreting, bricklaying, roofing and structural steel erection services) – a workforce of 311 people in 2021, increasing by 109% from 2000.

Building installation services (includes plumbing, electrical, air conditioning and heating, fire and security alarm installation and other installation services (such as insulation and curtains)) – a workforce of 1,686 people in 2021, increasing by 115% from 2000.

Building completion services (includes carpentry, plaster and ceiling services, tiling and carpeting, painting and decorating and glazing services) – a workforce of 801 people in 2021, increasing by 57% from 2000.

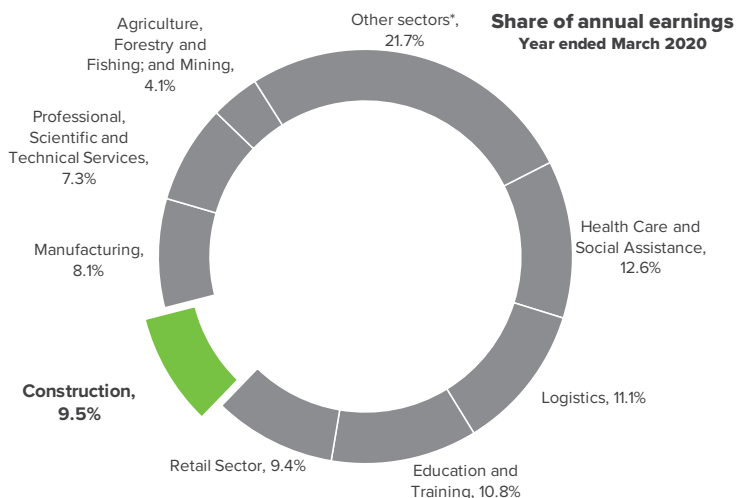
Other construction services (includes landscape construction, hire of construction machinery with operators and other services not elsewhere classified) – a workforce of 360 people in 2021, increasing by 230% from 2000.

Activities and workforce not included in the construction sector

Construction of prefabricated buildings (wooden and metal) is classified as a manufacturing activity rather than an activity in the construction sector. The following are other activities which are not included in the official classification for the construction sector:

- Ready-mixed concrete manufacturing
- Concrete product manufacturing
- Structural steel fabricating
- Architectural aluminium products – such as aluminium joinery
- Metal roof and guttering manufacture
- Other structural metal product manufacturing, including offsite production of metal prefabricated buildings or building components
- Wooden structural fitting and component manufacturing, such as roof trusses, wooden kitchen cabinets, windows and doors
- Architectural services
- Surveying and mapping services
- Engineering design and engineering consultancy services.

Activities in manufacturing which are strongly connected with construction activity in the region had a workforce of 676 people in 2021. There was also a workforce of 601 people in professional, scientific and technical services.



* Other sectors includes: Public administration and safety services; Electricity, gas, water and waste services; Information media and telecommunications; Financial and insurance services; Rental, hiring and real estate services; Administrative and support services; Arts and recreation services; Other services



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