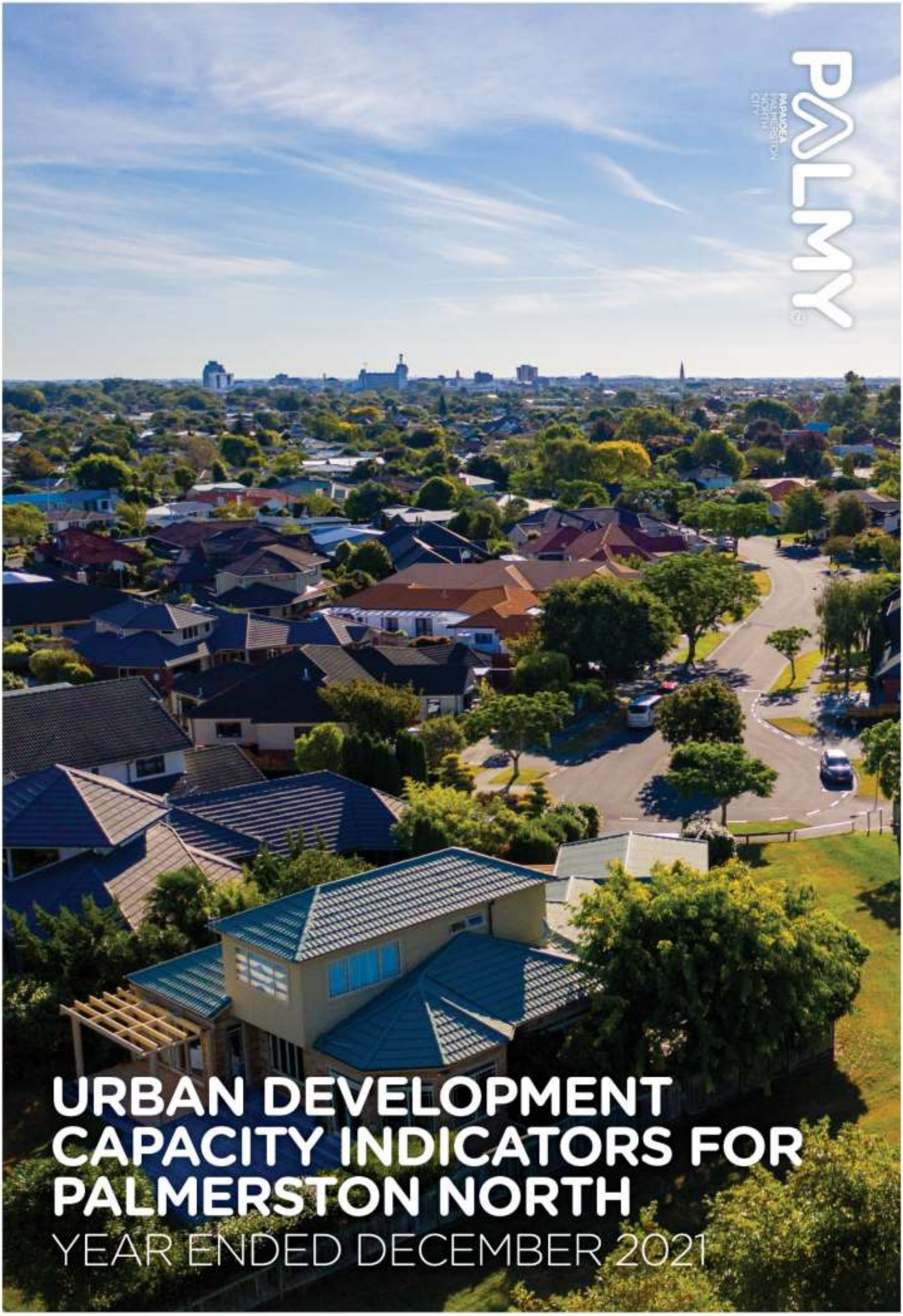


URBAN DEVELOPMENT CAPACITY INDICATORS FOR PALMERSTON NORTH

YEAR ENDED DECEMBER 2021

Contents

1. Annual economic overview

1.1. Economic growth recovered in Palmerston North during the last quarter of 2021, following a decline in GDP during COVID-19 Level-3 and Level-4 restrictions that were in place for three weeks in August and September. Infometrics provisional estimates suggest GDP in the city increased by 7.8% in the year to December 2021 compared with a national increase of 5.5%. GDP growth in the city was supported by strong growth in construction activity, with the value of building consents issued reaching $421 million in the year to December 2021.

1.2. Strong growth in house prices and rents in the city during 2021 points to further demand for the construction of new housing during 2022 and significant constraints in the supply of fully serviced greenfield land. The number of new houses consented in the city during 2021 was higher than in 2020, but the net increase in housing stock in 2021 was slightly higher than in 2020.

1.3. The number of people in the city receiving MSD benefits in December declined by 17.0% from December 2020, while national job seeker benefit numbers declined by 11.5%.

Key statistics for Palmerston North

Population estimate as a 30 June 2021[1]	90,500
Filled jobs as at December 2020	51,440
Annual earnings (salaries, wages and self-employment) - year ended March 2020	$3,260 million
Electronic card retail spending – year ended December 2021	$1,343 million
GDP (2021 prices) – year ended December 2021	$5,864 million
City land area	39,500 ha

2. Annual trends summary

2.1. Palmerston North's economy grew by 8.0% in the December 2021 quarter and by 7.8% in the year to December 2021 (Infometrics provisional estimate). GDP for New Zealand increased by 5.5% in the year ended December 2021.

2.2. Population growth slowed in the year to June 2021, increasing by 100 people between June 2020 and June 2021, an increase of 0.1% (Statistics New Zealand provisional estimates).

2.3. The number of filled jobs in the city increased by 3.0% between December 2019 and December 2020. That followed an increase of 3.2% in the year to December 2019, with a significant increase in construction activity boosting jobs in the city.

2.4. Electronic card retail spending in Palmerston North was $1,343 million in the year ended December 2021, an increase of 9.2%, while national spending increased by 5.0%.

2.5. The Palmerston North inner city centre area attracted nearly one-third of retail spending in the city in the 12 months ended December 2021 ($425 million) while the outer city centre area attracted a further 24% ($323 million).

[1] Provisional.

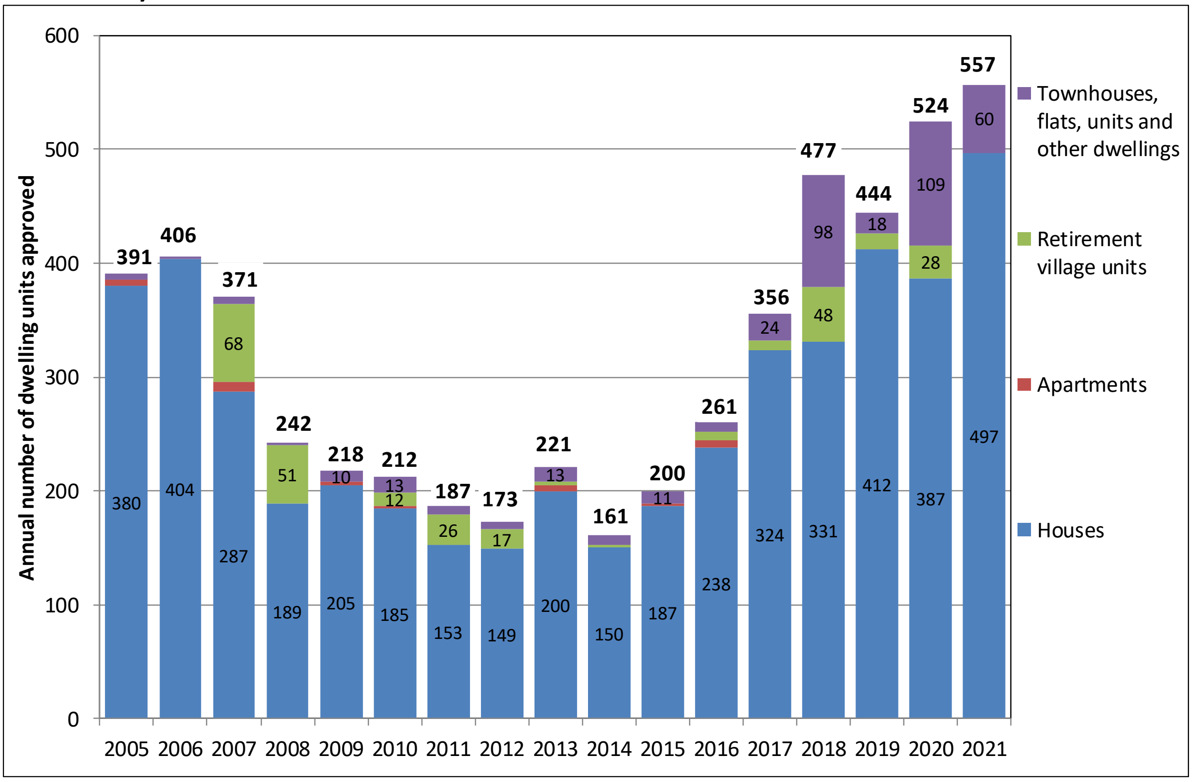
3. Palmerston North's housing market

Residential building consents

3.1. Consents for 124 new residential dwellings were issued in the December 2021 quarter, an increase of 13% from the December 2020 quarter.

3.2. In the year ended December 2020, 557 new residential dwellings, valued at $228 million, were approved for construction in Palmerston North (see Figure 1). The number of new dwellings approved in the year to December 2021 increased by 6% (33 more dwellings) from the previous year and the value of consents increased by 33%. The total number of new dwellings consented in New Zealand increased by 24% in the year to December 2021. A reduction in the number of retirement village units and multi-unit houses consented in 2021 contributed to an increase in the average value of houses consented.

Figure 1: New residential dwelling units consented by building type (years ended December)



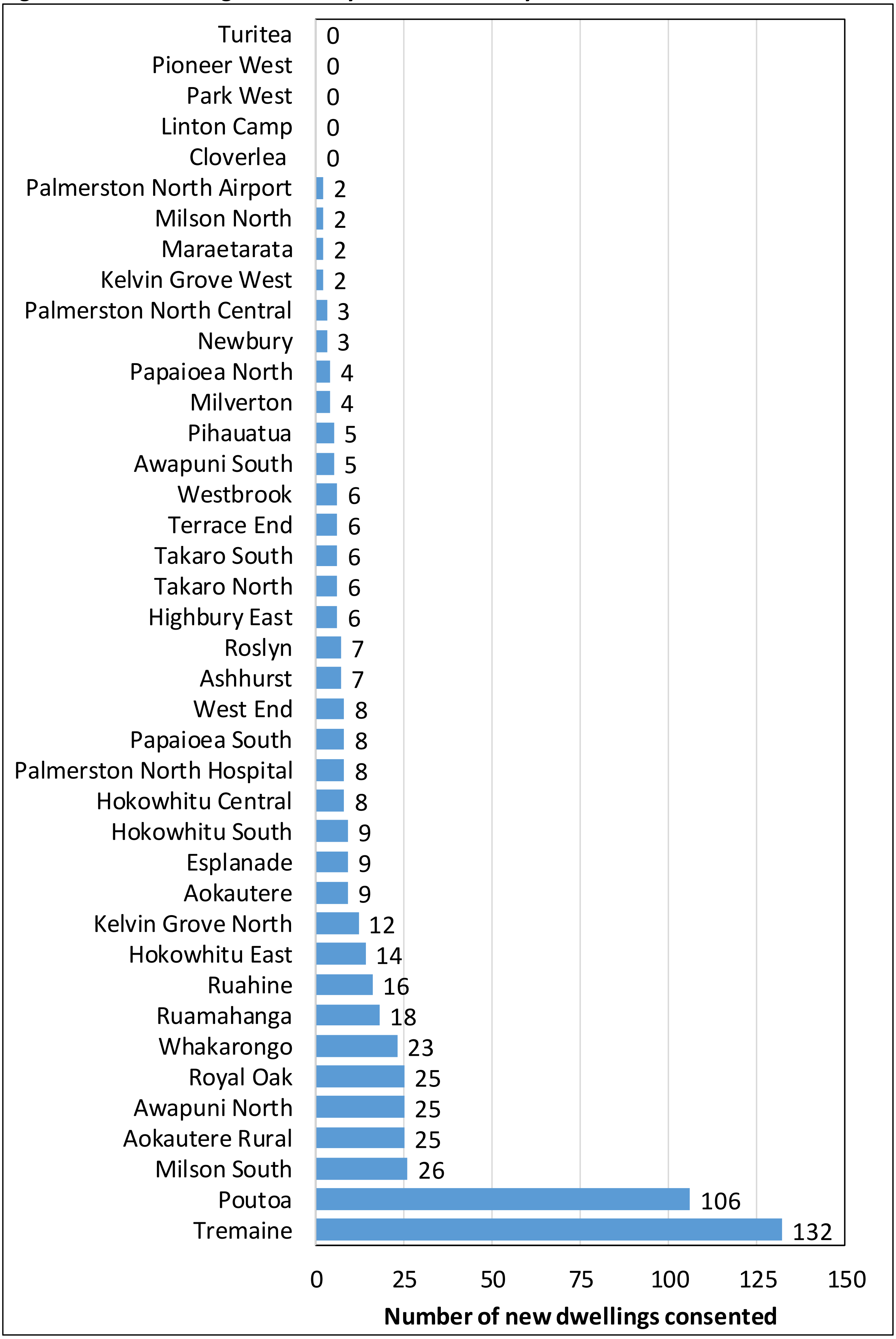
Source: Statistics New Zealand

3.3. There have been no apartments consented in Palmerston North since 2016 and there were no retirement village units consented in 2021. There has been growth in the number of dwellings recorded as townhouses, flats, units and minor dwellings, but there is significant volatility in the number due to the impact of large projects occurring in a 12-month period. Changes to the Council's District Plan to enable the construction of medium density housing and minor dwellings have contributed to growth in consents in this building category.

3.4. Area unit data for new dwelling consents shows Tremaine was the largest area unit during 2021, but a large share of these consents was for relocatable houses (see Figure 2). Poutoa was the main area where greenfield housing development occurred in 2021 (with 132 new houses consented), but there were also 26 houses consented in Milson South and 25 each in Awapuni and Royal Oak. Ashhurst has been an important area for greenfield development, but only seven houses were approved in 2021.

3.5. Rural and rural-residential housing numbers increased in 2021, with 25 houses approved in Aokautere rural, 23 in Whakarongo and three in Newbury.

Figure 2: New dwelling consents by area unit in the year to December 2021



Source: Statistics New Zealand

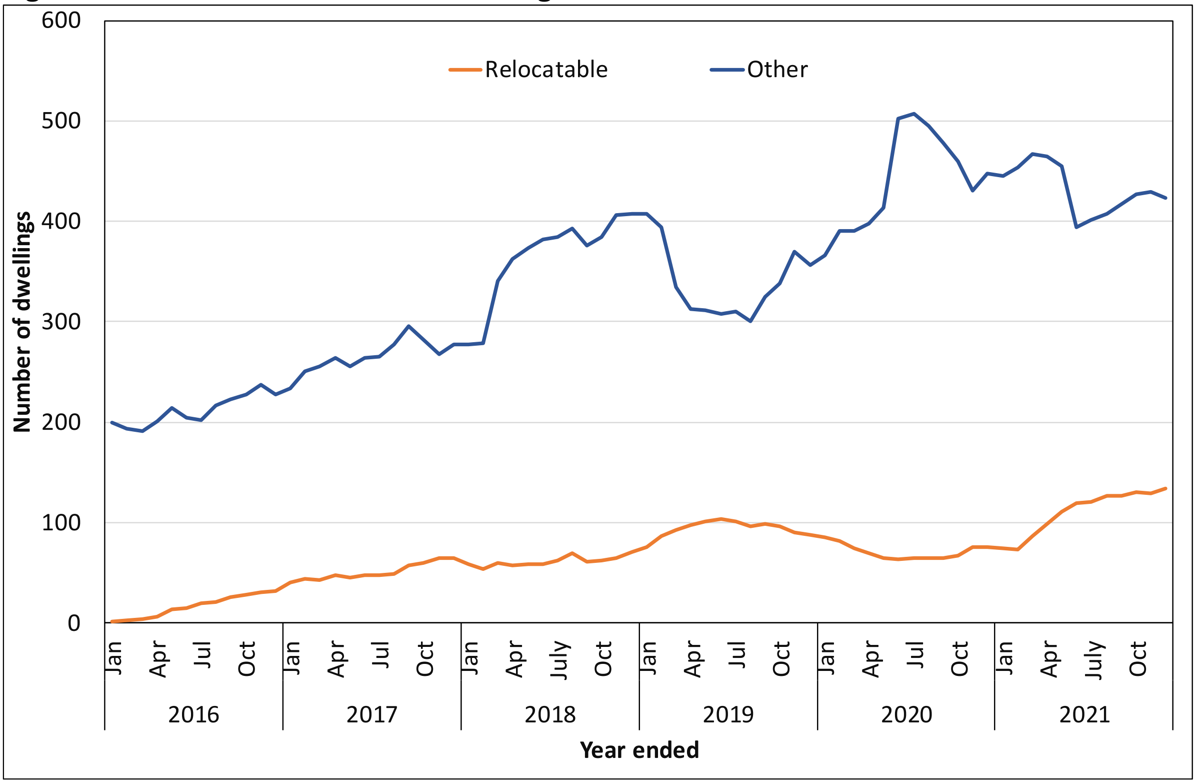
3.6. Infill housing has generally occurred at higher levels on the eastern side of the city, particularly in Hokowhitu and Roslyn, but increasing land values on the western side of the city are now encouraging higher levels of infill development across most parts of the urban area.

3.7. This trend will continue due to increased construction of one- and two-bedroom houses by Kainga Ora (formerly Housing New Zealand). Most of this growth is occurring through the removal or demolition of houses on large sections and their replacement with an increased number of small houses.

3.8. The number of building consents issued for relocatable dwellings strongly increased during 2021, increasing from 76 in 2020 to 134 in 2021 (see Figure 3). Just eight of the relocatable dwellings consented in the year to December 2021 were identified as going to a site in Palmerston North.

3.9. Data supplied by the companies producing relocatable dwellings shows that most houses were relocated to sites across 14 territorial authorities in the lower North Island. Council is monitoring the production and destination of relocatable homes to assess the annual net change in housing stock in the city. There is incomplete data on the destination of the houses consented between 2017 and 2021.

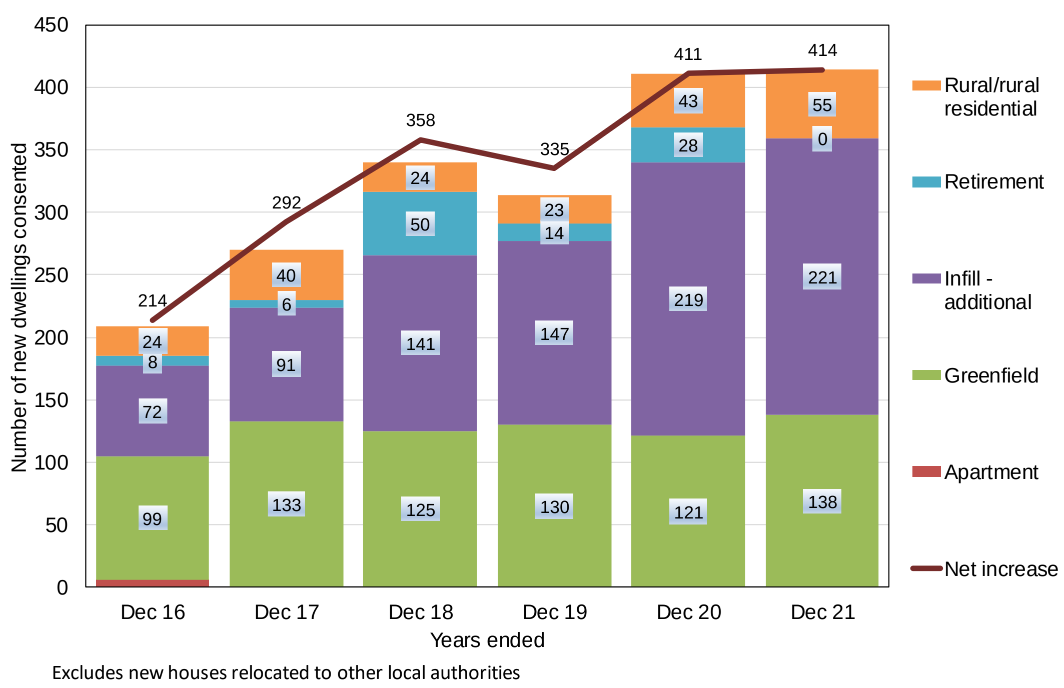
Figure 3: Number of relocatable dwellings consented in Palmerston North



Source: Palmerston North City Council

3.10. Monitoring of housing by type of development shows a decline in the proportion of additional housing supplied by infill housing in 2021, while the greenfield and rural/rural-residential shares have increased (see Figure 4). No retirement village consents were approved in 2021 and there was a decline in multi-unit housing consents, which were boosted in 2020 by consents for SOHO and Council units at Papaioea Place.

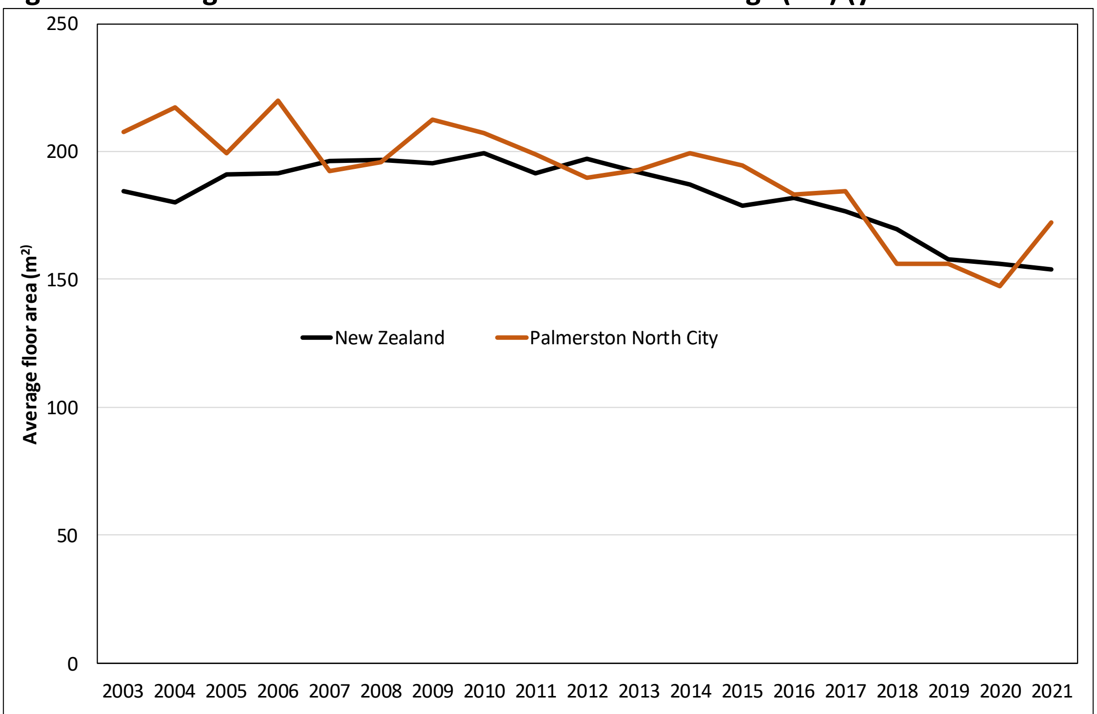
Figure 4: Residential dwelling consents by type (estimated net increase in housing stock)



Source: Palmerston North City Council

3.11. The average floor area of new dwellings consented in Palmerston North declined from 220m^2 in 2006 to 147m^2 in the year to December 2020 (see Figure 5). The overall decline in the average floor area of all new dwellings has been influenced by more houses being constructed without an attached garage. The construction of relocatable houses in the city since 2017 is an important contributor to the decline, since none have an attached garage. Average floor area increased in 2021 because of a decline in the number of consents for multi-unit housing and an increase in the greenfield and rural / rural residential share of total consents issued.

Figure 5: Average floor area of consents for new dwellings (m^2) (years ended December)



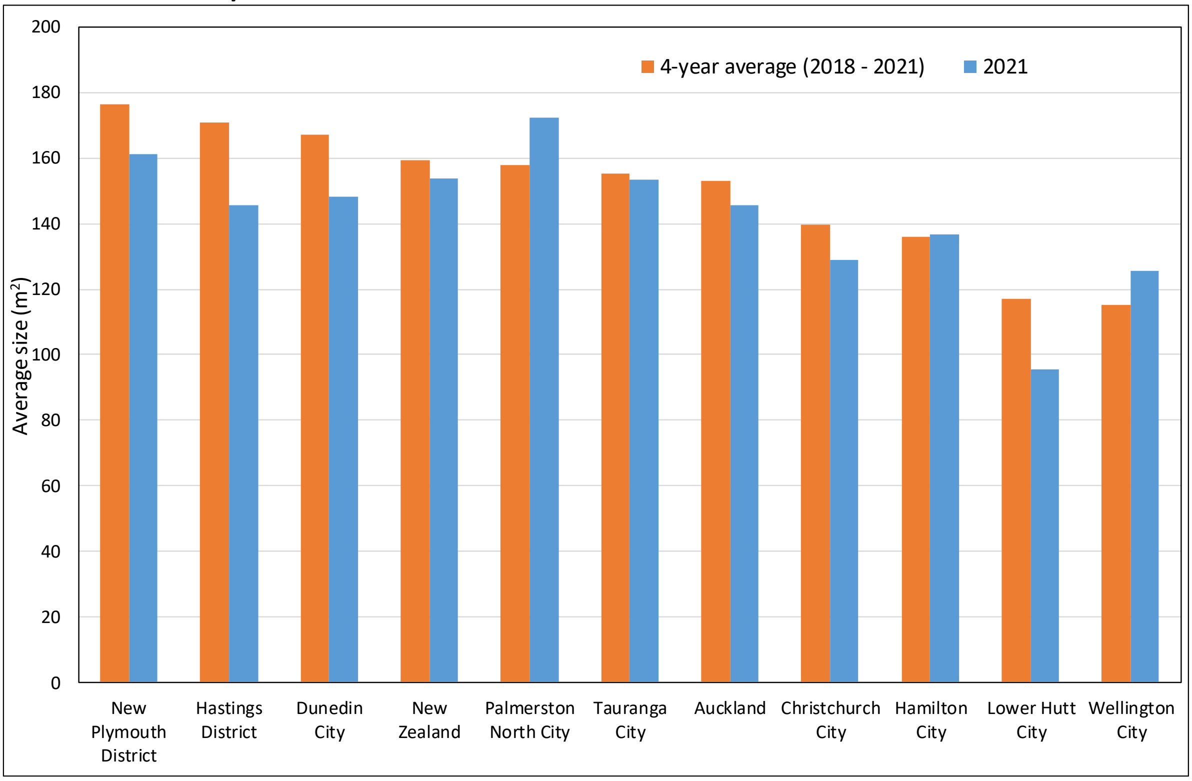
Source: Statistics New Zealand

3.12. The largest greenfield growth area since 2017 has been Poutoa, where there has been a gradual decline in average floor area for new dwellings consented. Average floor area in Poutoa peaked at 290 m^2 in 2007 and was 216 m^2 in the four years to December 2021.

3.13. The average dwelling size in the Tremaine area unit was just 115 m^2 in the last four years, where most dwellings consented were relocatable houses and units in the BUPA retirement village.

3.14. The average size of new dwellings consented over the past four years in Palmerston North compares favourably with other urban areas, with smaller average sized dwellings than Dunedin, New Plymouth and Hastings, but larger than Tauranga, Auckland, Christchurch, Hamilton, Lower Hutt and Wellington (see Figure 6).

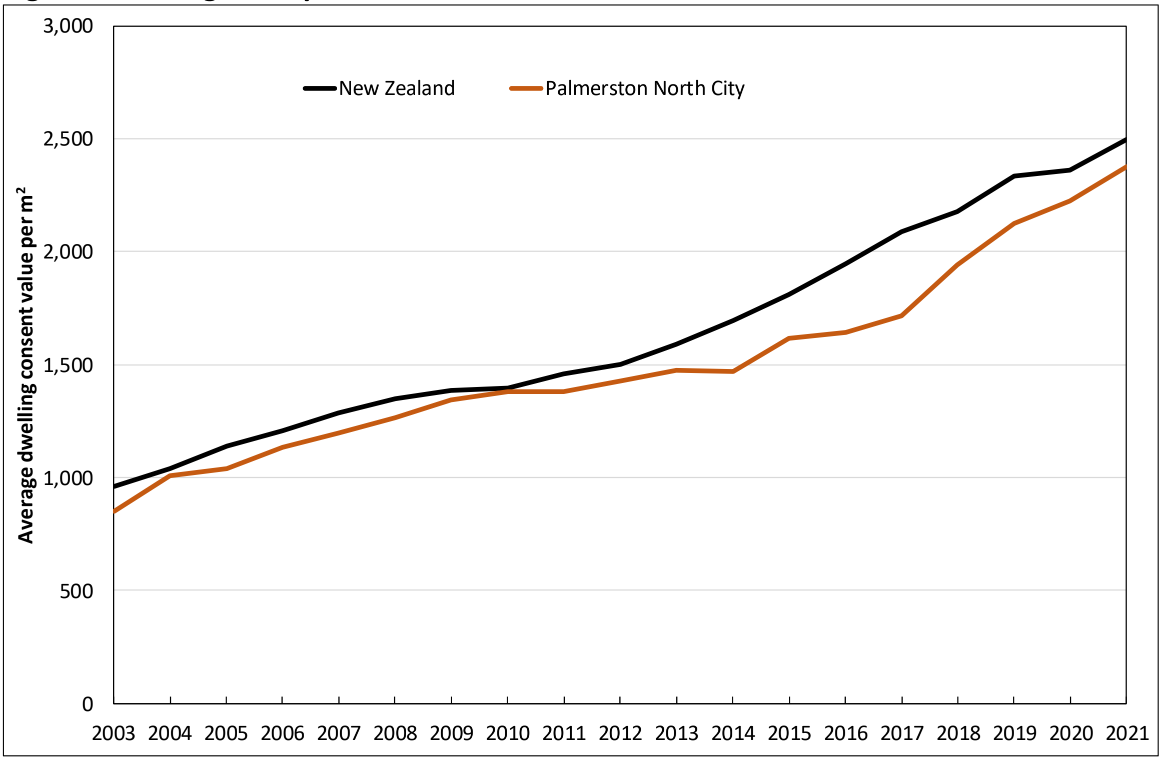
Figure 6: Average floor area (m^2) of consents for new dwellings in major urban areas (years ended December)



Source: Statistics New Zealand

3.15. The average value of new dwellings consented in Palmerston North increased from $327,481 in 2020 to $409,013 in 2021, an increase of 25% (see Figure 7). Most of this increase is due to the 17% increase in the average floor area of houses consented in 2022 compared with 2021. The estimated cost of construction per m^2 for houses consented in Palmerston North in the year ended December 2021 was $2,374 per m^2, an increase of 6.8% from 2020. The average floor area for New Zealand was $2,497 per m^2, an increase of 5.8% from 2019. The rate of increase in consent values per m^2 in Palmerston North has been higher than for New Zealand over the past four years.

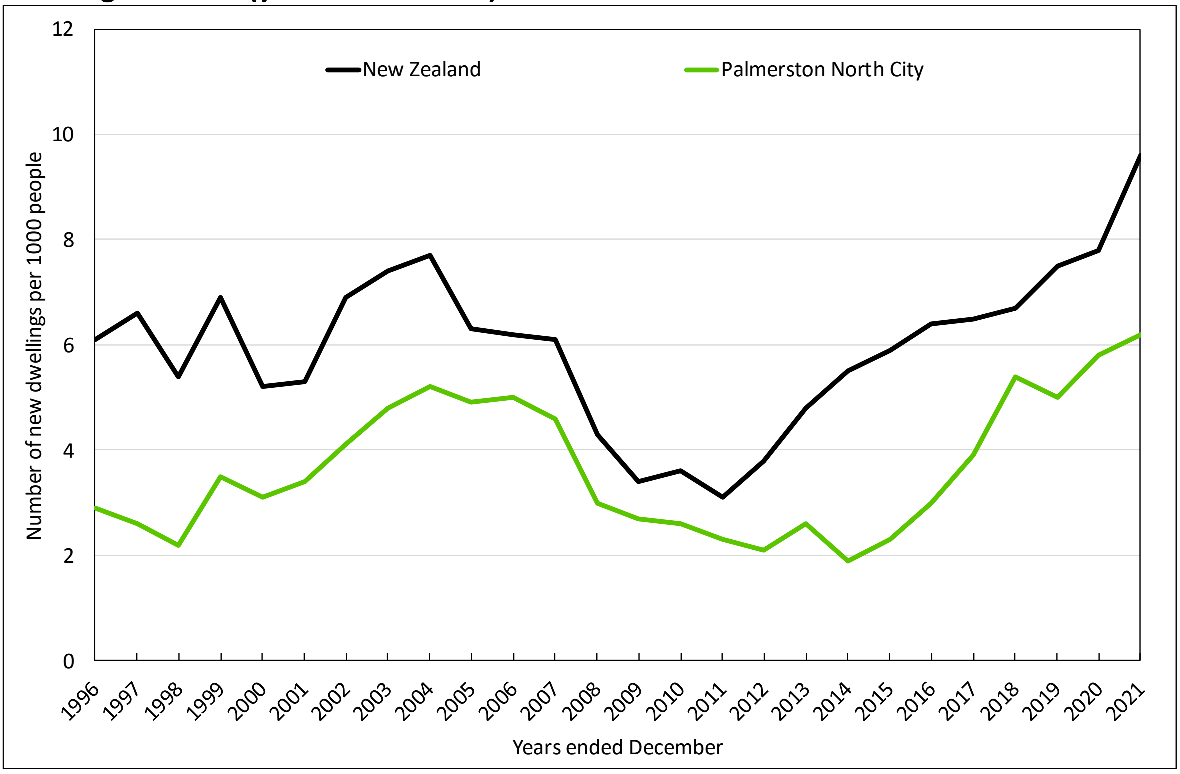
Figure 7: Average cost per m^2 for construction of new houses



Source: Statistics New Zealand

3.16. The number of houses consented in Palmerston North in the year ended December 2021 was 6.2 dwellings per 1,000 residents, the highest recorded in the 26 years for which annual population estimates are available (see Figure 8). The estimate includes the relocatable houses built in the city and transported to other areas. National consents for new dwellings were 9.6 per 1,000 residents.

Figure 8: Palmerston North share of total New Zealand population and annual new dwelling consents (years ended June)



Source: Statistics New Zealand

3.17. The number of new dwellings consents per 1,000 residents in Palmerston North has been consistently below the ratio for New Zealand in the series which began in 1996. The low consenting rate has been a contributing factor in the city's gradual decline in its share of New Zealand's population. In 1996 the city's population of 77,100 people accounted for a 2.1% share of New Zealand's population, but by 2021 the city's population of 90,500 people accounted for only 1.8% share of New Zealand's population. Figure 8 shows the average number of houses consented per 1,000 people in Palmerston North and the average for New Zealand. A 1.8% share of national building consents would have required 880 new dwellings to have been consented in the city in the year to December 2021.

3.18. The number and value of consents issued in Palmerston North for residential additions and alterations increased by 31% and 73% respectively in the year ended December 2021. The total number of consents issued in the year ended December 2021 was 511 and the total value was $23.7 million. A major contributor to the increase in consents was the establishment of a long-term programme for complete refurbishment of the existing Kainga Ora housing stock. Data is not recorded by Statistics New Zealand on the amount of floor area added to existing dwellings or the change in the number of bedrooms through additions or alterations.

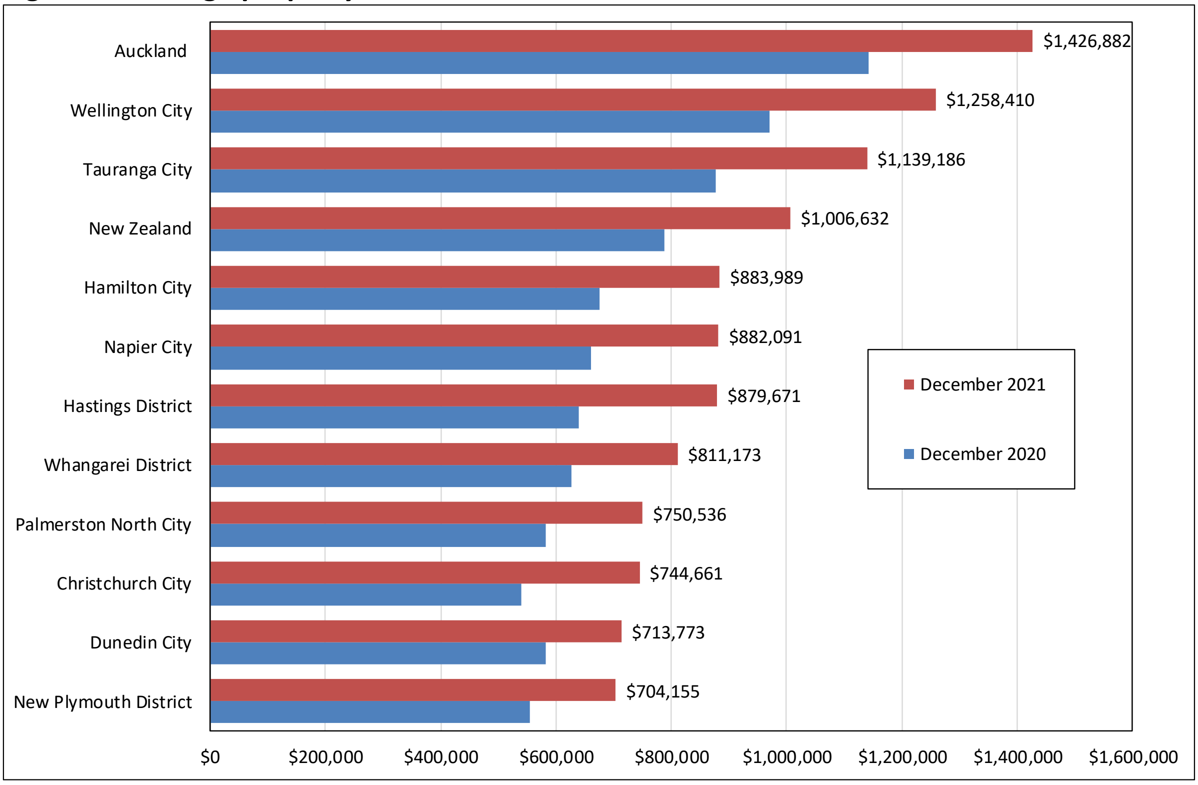
Kainga Ora processing of building consents

3.19. Kainga Ora began processing building consents in May 2021, with 35 consents approved between May and December, with a value of $2.4 million. These consents are included in the residential additions and alterations data reported in paragraph 3.18. Most consents were for the refit of existing Kainga Ora houses. No consents were issued during this period for the construction of new houses.

Residential property values and house sales volumes

3.20. Average residential property values in Palmerston North were $750,536 in the three months to December 2021, an increase of $168,592 from December 2020, or 29% increase. New Zealand house values increased to $1,006,632 in the three months ended December, increasing by $217,665 from December 2020, or 27.6% increase. The average value of $483,700 in Palmerston North in December 2019 was lower than for comparable sized urban areas, but by December 2020 the average house value in Palmerston North was higher than average values in Christchurch, Dunedin and New Plymouth (see Figure 9).

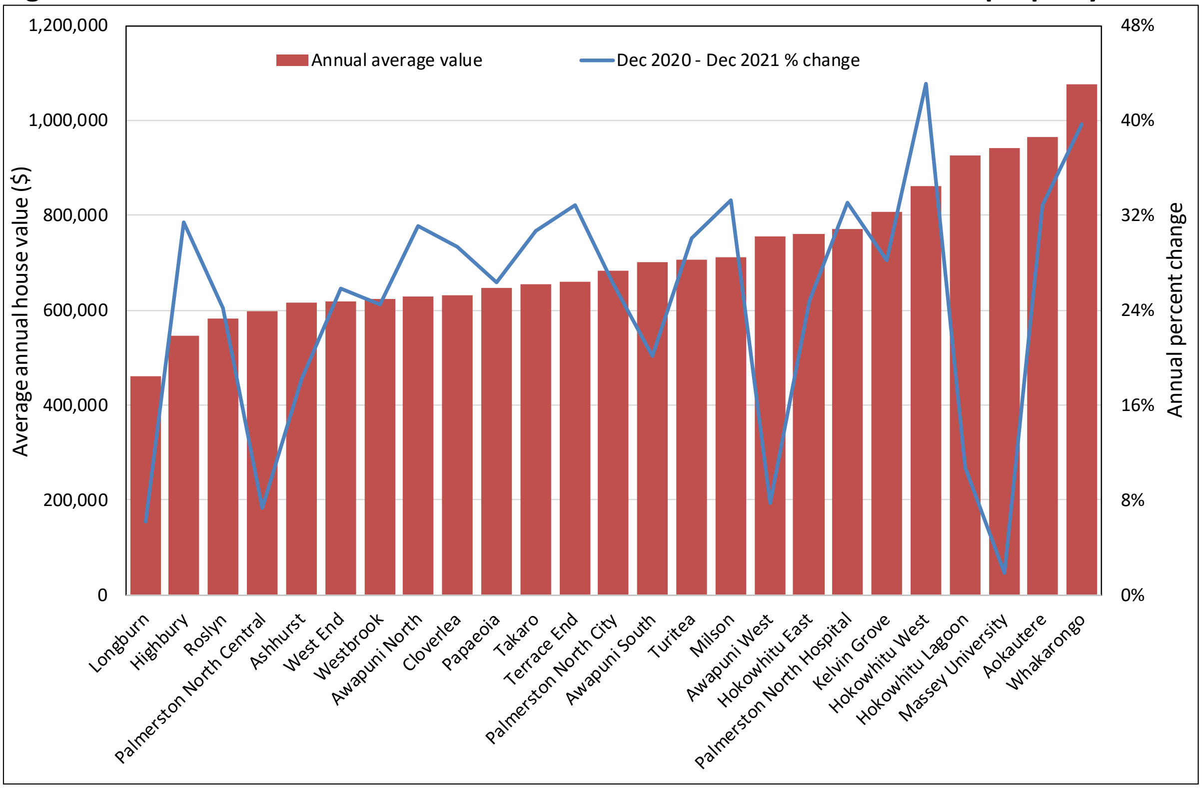
Figure 9: Average property values in December 2021



Source: Quotable Value

3.21. Area unit data for change in average property values between December 2020 and December 2021 shows significant variation in annual growth rates across the city. The rate of growth was generally higher in areas with high average property values, but there were exceptions to this (see Figure 10).

Figure 10: December 2020 to December 2021 increase in annual residential property values



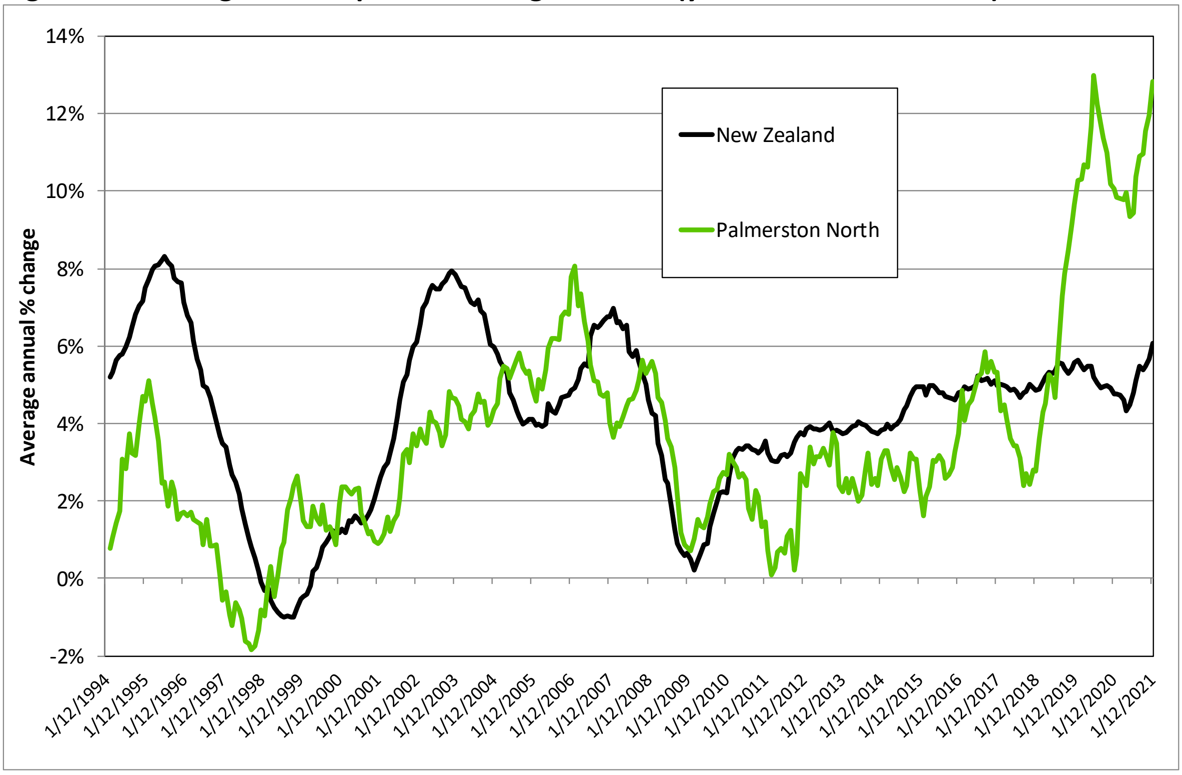
Source: MBIE

3.22. House sales in Palmerston North declined by 0.4% in the year to December 2021, while total sales for New Zealand increased by 2.5%. Real Estate Institute data for the Manawatū/Whanganui region suggests the fall in sales has been primarily due to a significant reduction in housing stock available for sale. The number of days to sell in the region is well below the 10-year average for the region but increased during the last four months of 2021. This is contributing to a slowing in growth in house prices.

Rental property trends

3.23. Average weekly dwelling rents in Palmerston North were $418 in the year ended December 2021 (annual average), increasing from $370 a week in the year ended December 2020. This is a 12.8% increase from 2020. Rents have been increased more strongly than the average for New Zealand since July 2019. Average rents in New Zealand increased by $28 per week between 2020 and 2021, or an increase of 6.2%. The average annual increase for Palmerston North was $48 per week. That followed an increase of $34 a week in the year to December 2020, an increase of 10.1% (see Figure 11).

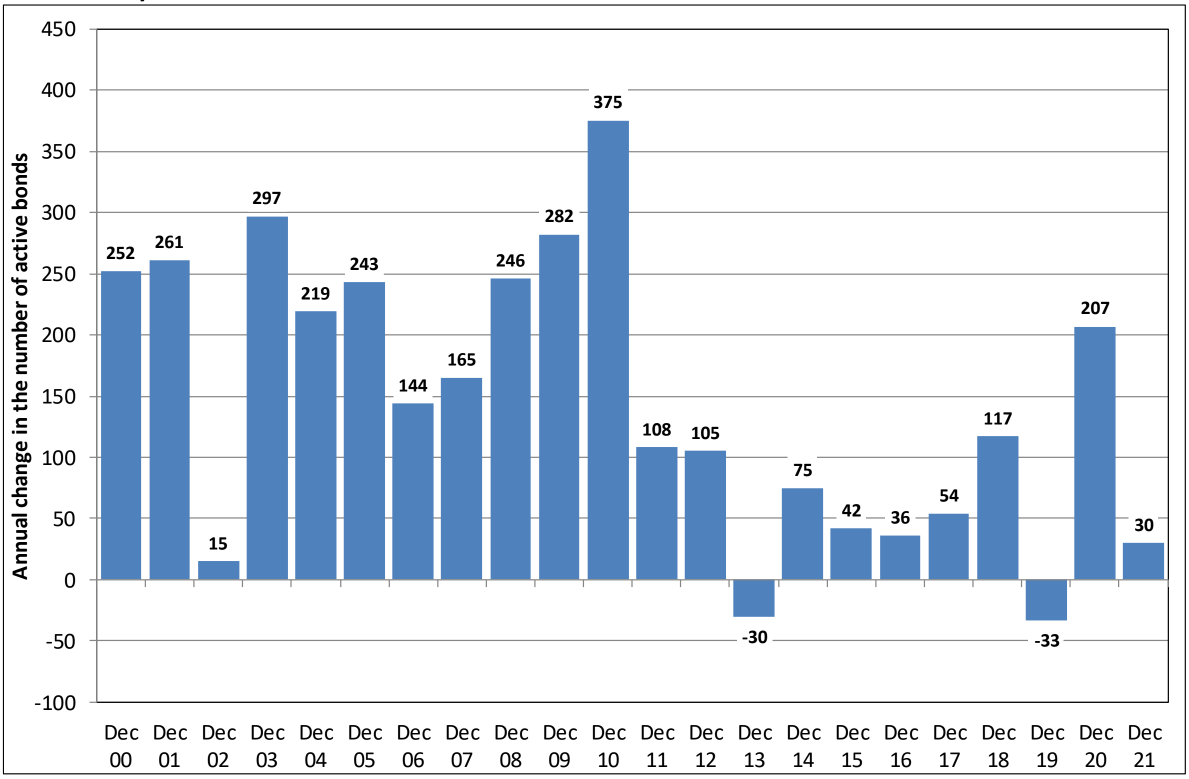
Figure 11: Average annual percent change in rents (years ended December)



Source: MBIE Tenancy Services

3.24. There were 30 more active residential rental bonds in Palmerston North registered by the Ministry of Business, Innovation and Employment (MBIE) at the end of December 2021 compared with December 2020. This was an increase of 0.4% from December 2020. There was an increase of 0.6% in total active bonds in New Zealand in the year to December 2021 (see Figure 12).

Figure 12: Annual change in the number of active residential rental bonds (years ended December)



Source: MBIE

3.25. Annual change in rental stock has been volatile since 2012. The growth in private rental stock has been slower than the overall rate of increase in net housing stock. An increase in the rate of housing ownership has contributed to this weakness, but increased Kainga Ora (Housing New Zealand) activity in the rental market may also be a contributor, as it has attempted to address the sudden increase in its waiting list since 2015.

3.26. Census 2018 identified 10,557 rental properties in Palmerston North, but public sources of rental property data in the city identified only 8,856 properties in June 2018. The rental property data in Table 3 covers public housing tenancies, transitional housing and the rental bond database. Landlords are not required to ask for a bond to be paid, so not all private sector rental housing is recorded in the rental bond database.

3.27. December 2021 quarter data for rental housing shows strong growth in the supply of transitional housing in the city from 39 units in June 2018 to 132 by December 2021. Public housing tenancies in the city declined from 1,413 in June 2018 to 1,390 in December 2019 but increased again to 1,487 in December 2021. Rental bond housing stock increased by 0.3% in the year to December 2021, public housing tenancies increased by 5.0% and transitional housing tenancies increased by 23.2%, resulting in a 1.4% increase in estimated total rental housing stock in Palmerston North.

Table 3: Quarterly estimates for rental properties in Palmerston North

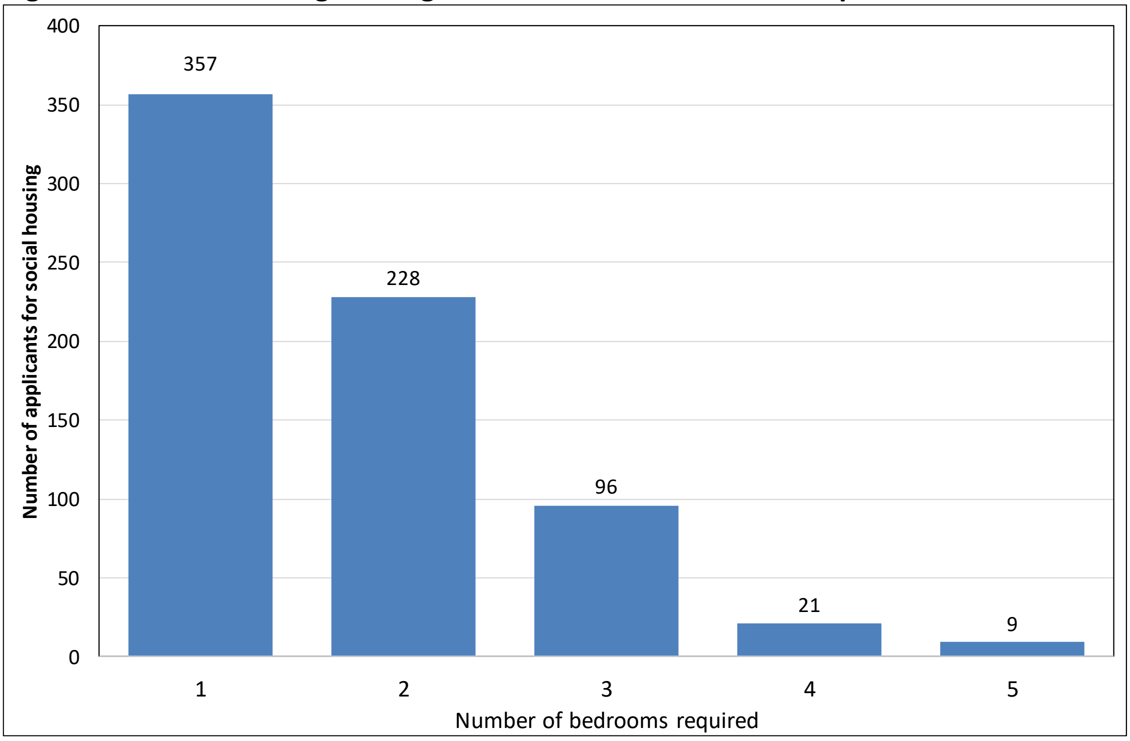
Month	Public housing tenancies[1]	Transitional housing	Rental bond database	Total	Annual change
Jun 18	1,413	39	7,404	8,856	
Sep 18	1,405	40	7,482	8,927	
Dec 18	1,405	55	7,362	8,822	
Mar 19	1,395	55	7,410	8,860	
Jun 19	1,391	55	7,422	8,868	0.1%
Sep 19	1,396	59	7,458	8,913	-0.2%
Dec 19	1,390	62	7,329	8,781	-0.5%
Mar 20	1,401	74	7,467	8,942	0.9%
Jun 20	1,402	74	7,566	9,042	2.0%
Sep 20	1,411	107	7,590	9,108	2.2%
Dec 20	1,416	107	7,536	9,059	3.2%
Mar 21	1,424	107	7,656	9,187	2.7%
Jun 21	1,470	109	7,668	9,247	2.3%
Sep 21	1,482	109	7,629	9,220	1.2%
Dec 21	1,487	132	7,563	9,182	1.4%
[1] City Council tenancies are included in the rental bond database					

Source: Ministry of Housing and Urban Development

3.28 The waiting list for social housing in Palmerston North increased from 20 households in December 2014 to 717 households December 2021. The Housing Register identifies the number of applicants not currently in public housing who have been assessed as eligible, and who are ready to be matched to a suitable property.

3.29 The waiting list data provides a useful indication of the increasing demand for small houses. In December 2021 there were 357 households (50% of the waiting list) requiring a one-bedroom house and 228 households (32%) requiring a two-bedroom house (see Figure 13).

Figure 13: Social housing waiting list – number of bedrooms required in December 2021



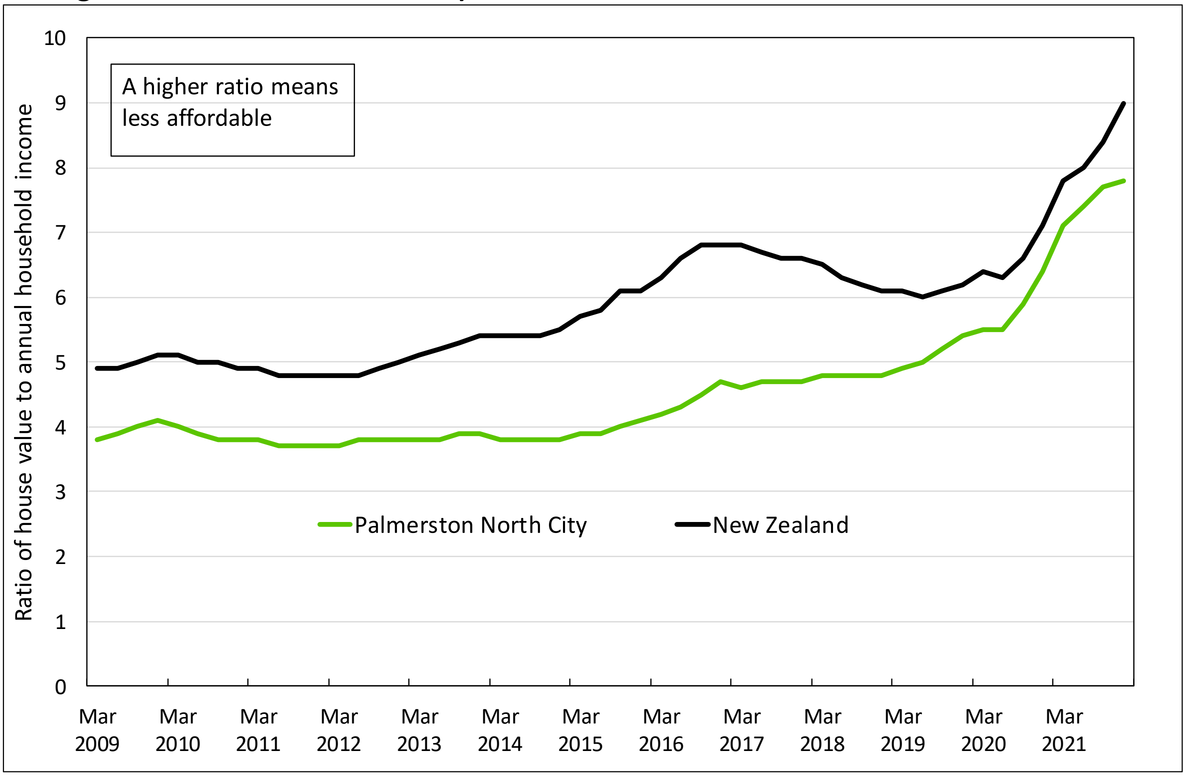
Source: MSD

Housing affordability

3.30. Housing affordability is calculated by Infometrics using estimates for household income and the cost of housing, either for purchase or for rent. The Infometrics household income estimate captures labour market earnings (wages, salaries and self-employment) as well as allowances (e.g. Disability Allowance), benefits (e.g. Jobseeker Support) and New Zealand Superannuation. Investment income is excluded. House values are the average of the last quarter.

3.31. Housing affordability declined significantly during the year to December 2021. The housing affordability (ownership) ratio in Palmerston North deteriorated from 6.4 times average annual household income in the year to December 2020 to 7.8 in December 2021 (see Figure 14). The affordability score for New Zealand increased from 7.1 in December 2020 to 9.0 in December 2021. The decline in affordability in Palmerston North slowed in the December 2021 quarter due to a slowing in house price growth in the city.

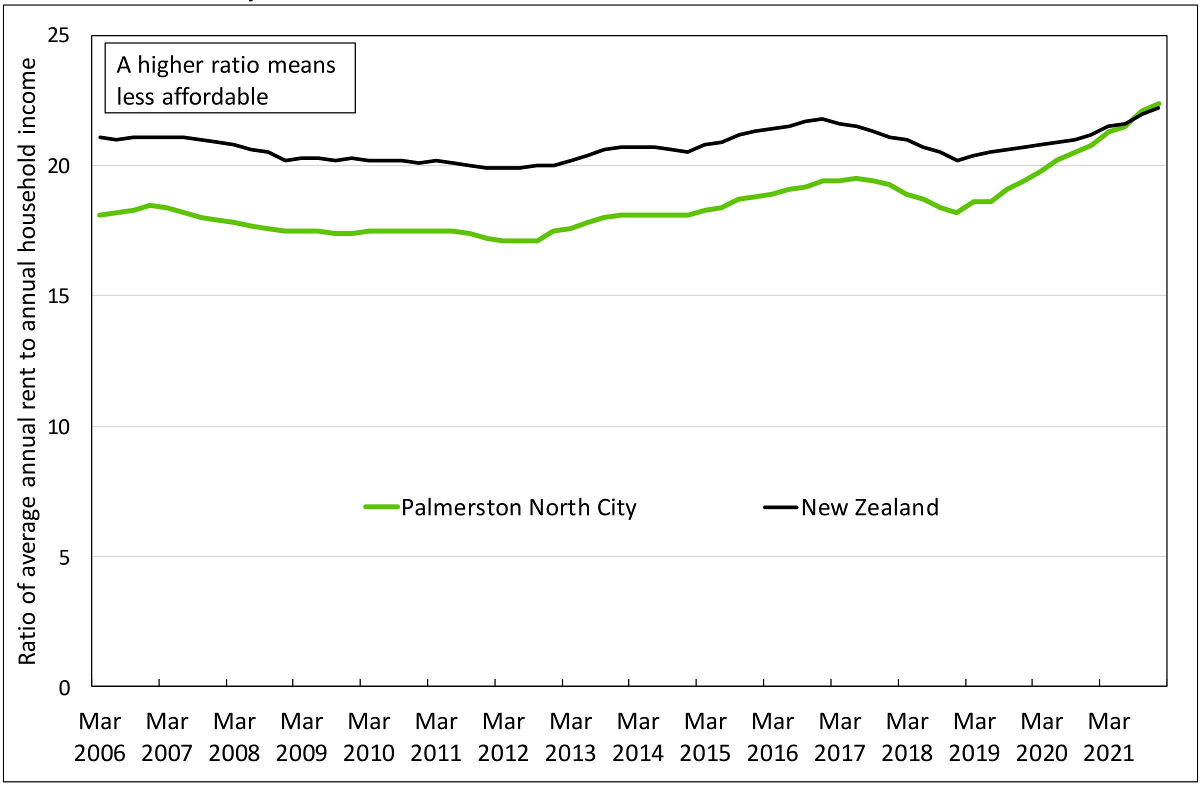
Figure 14: Housing affordability (home ownership) (ratio of average house value to average annual household income)



Source: Infometrics

3.32. Rental affordability in Palmerston North also deteriorated during 2021, with average rents increasing from 20.8% of average annual household income in December 2020 to 24.4% in December 2021. The affordability score for New Zealand increased from 21.2% in December 2020 to 22.2% in December 2019. While housing is more affordable to buy in Palmerston North than the average for New Zealand, housing in the city is now less affordable to rent than the average for New Zealand (see Figure 15).

Figure 15: Housing affordability (rent) (ratio of average annual rent to average annual household income)



Source: Infometrics

4. Business activity

Commercial/non-residential building consents

4.1. The value of commercial/non-residential consents issued in the year ended December 2021 was $170 million, a decline of 4% from 2020. The value of consents increased by 122% in 2020 from 2019 (see Figure 16).

4.2. Major consents approved during 2021 were:

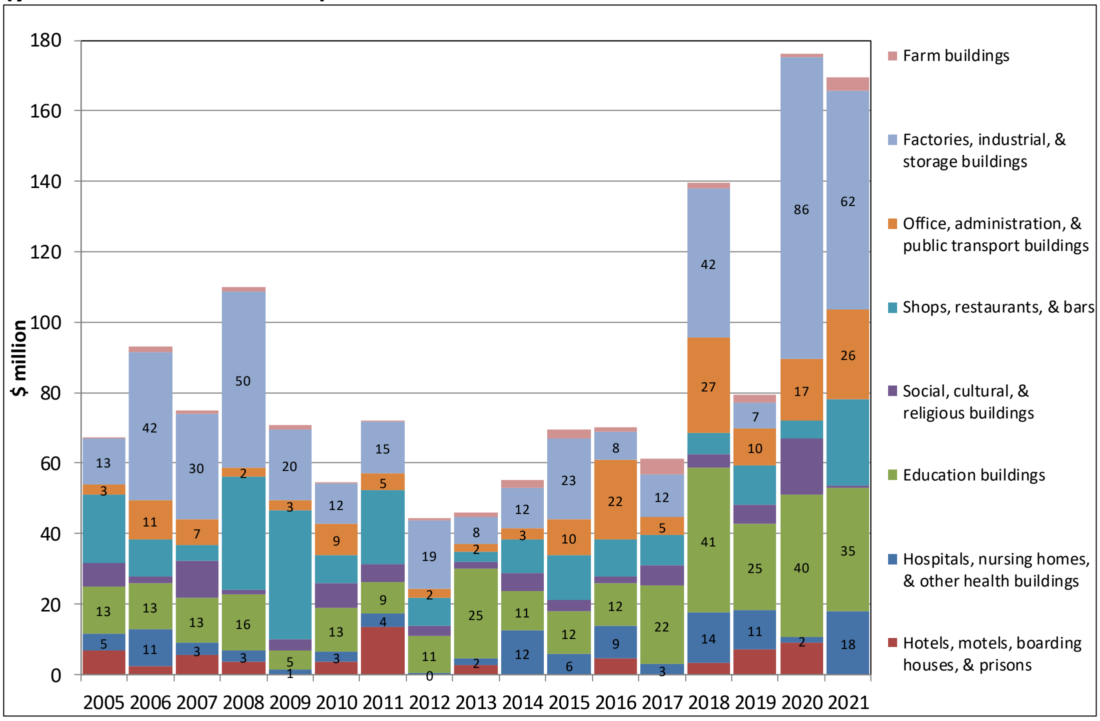
a. Defence force workshops at Linton

b. Massey University veterinary science facilities

c. Countdown Pioneer Highway Supermarket

d. Palmerston North Hospital internal alterations

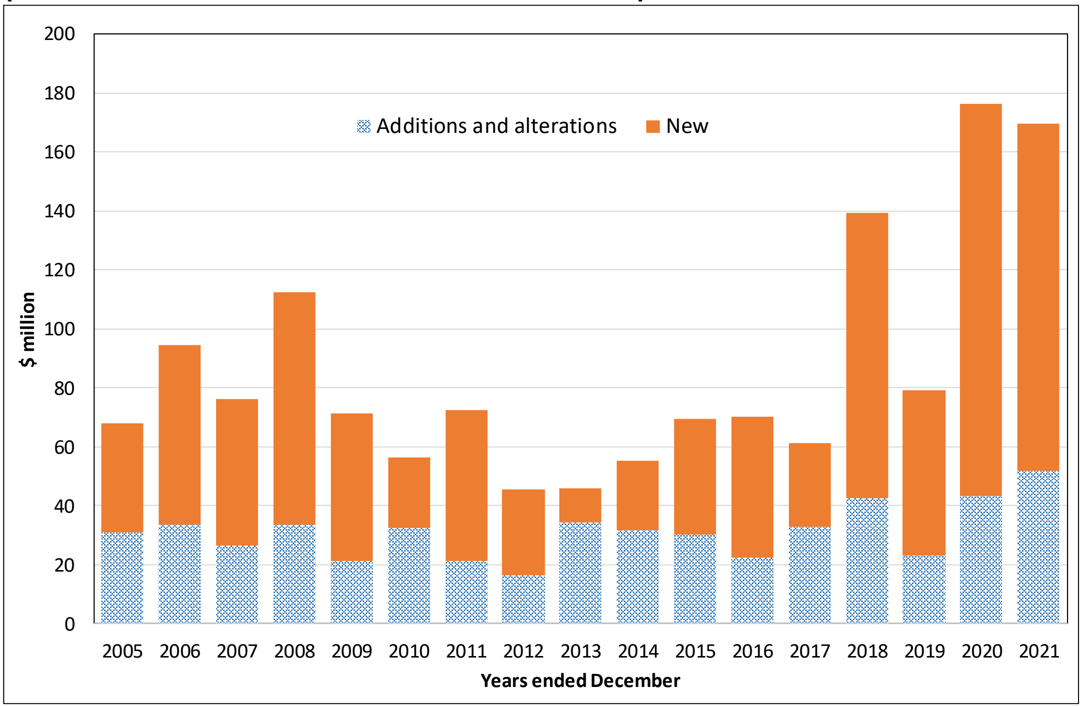
Figure 16: Non-residential building consents issued by value in Palmerston North (years ended December)



Source: Statistics NZ

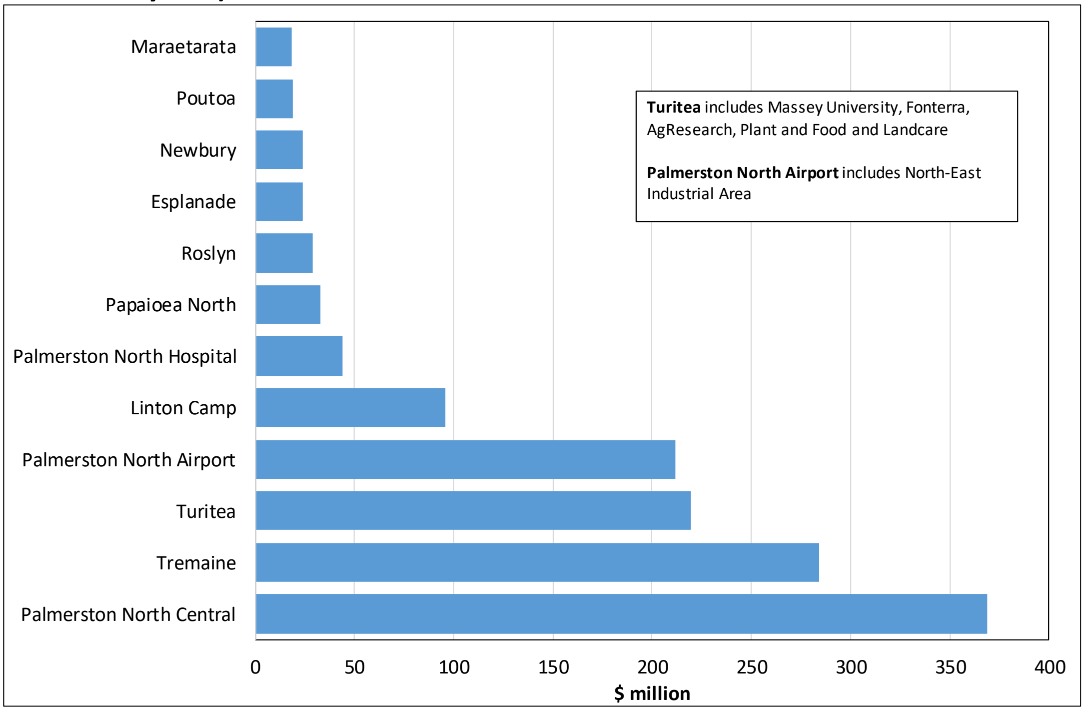
4.3. The annual value of consents for the construction of new non-residential buildings averaged $53 million between 2005 and 2021 while the annual value of consents for additions and alterations to non-residential buildings averaged $31 million (see Figure 17). Earthquake strengthening requirements have been an important contributor to the increase in the value of consents for additions and alterations to non-residential buildings, but it is difficult to measure the impact on consent values.

Figure 17: Annual value of non-residential building consents in Palmerston North (new construction vs additions and alternations)



Source: Statistics NZPalmerston North Central area unit accounted for 23% of non-residential building consents (by value) in Palmerston North over the period between 2003 and 2021. Tremaine accounted for a further 18%, Turitea 14% (this includes Massey University and research institutes) and Palmerston North Airport 13% (this covers the North-East Industrial Zone).

Figure 18: Distribution of non-residential consents by area unit (2003 – 2021 December years)



Source: Statistics NZ

5. Outlook for major construction projects in Palmerston North and the wider region

5.1 Major development and construction projects announced or under development for Palmerston North and the Manawatū region amount to at least $7 - $8 billion of construction activity over the period to 2035 (see Table 4). Some projects are still waiting for final approval, such as the KiwiRail freight hub, MidCentral DHB acute services block and the Summerset retirement village.

5.2 New capital projects and renewals in the Palmerston North City Council 2021-31 10-year plan total $1,350 million. The Manawatū District 2021-31 10-year plan proposes capital expenditure of $308 million, primarily on roading and water supply, wastewater and stormwater projects.

Table 4: Major construction projects (2020 – 2035)

Major construction projects	$ million	Timing
Te Ahu A Turanga (Manawatū Gorge)	650	started Jan 2020
Linton and Ohakea regeneration plan 2019	660	2019 - 2035
Mercury Energy - Turitea	450	2019 - 2022
Massey University capital plan	230	2020 - 2030
Powerco growth and security projects	245	2017 - 2024
MidCentral DHB surgical and mental health	57	2022
MidCentral DHB acute services block	370	timing uncertain
PN Integrated Transport Investment	335 - 370	timing uncertain
KiwiRail regional freight hub	1,016	subject to consent
PNCC capital investment	1,350	2021 - 2031
Manawatū district capital investment	308	2021 - 2031
NZTA Otaki to north of Levin	1,500	2024 - 2029
Summerset retirement village - Whakarongo	value and timing not confirmed	
Central Healthcare, Milson Line	value not confirmed, July 2024	

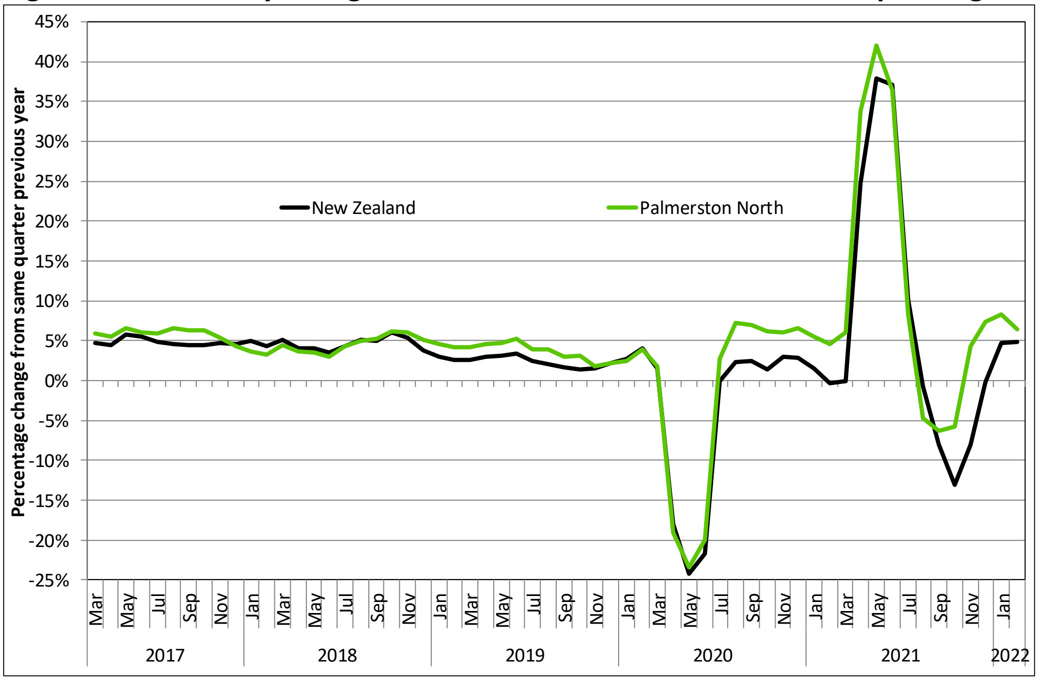
Source: Palmerston North City Council

6. Retail trends

6.1. Total electronic card retail spending increased by 7.4% in Palmerston North in the December 2021 quarter, while national retail spending declined by 0.4% (see Figure 19). COVID-19 Level-3 restrictions during October and November in the upper North island contributed to declines in retail spending in that area. COVID-19 Level-2 restrictions were in force in Palmerston North in October and November and new COVID-19 Protection Framework (Traffic Light) restrictions were introduced in December 2021. Retail activity in the city in the December quarter was supported by an 8.2% increase in spending by residents and an 8.5% increase in spending by residents from the Manawatū-Whanganui region. Visitor spending in the city from the rest of New Zealand declined by 1.3%, while international card spending increased by 92% due to the short-term travel bubble with Australia.

6.2. Annual retail spending in the year ended December 2021 was $1,343 million, an increase of 9.2% from 2020, while total spending in New Zealand increased by 5.0%. The rate of growth for the city has been ahead of the growth rate for New Zealand for most of the period since the September 2018 quarter, supported by strong growth in spending by residents at local merchants. The strong rate of growth in the year to December 2021 is partly due to recovery from the 1.1% decline in spending in the year to December 2020.

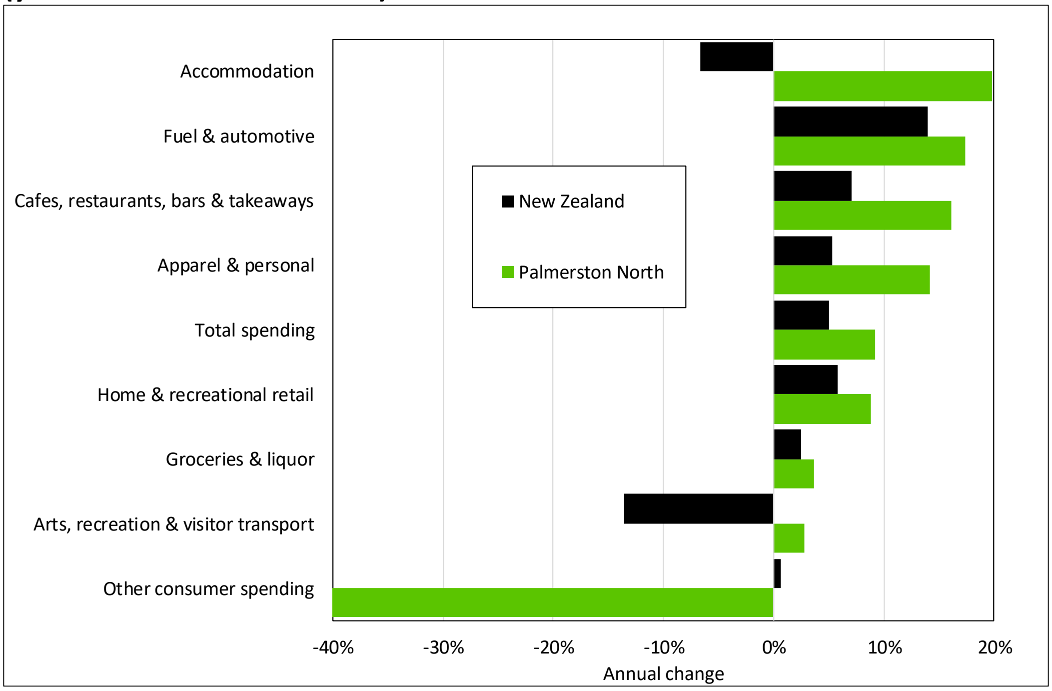
Figure 19: Quarterly change in the value of electronic card retail spending



Source: Marketview

6.3. Grocery, liquor and other specialised food retailers accounted for 34% of total electronic card spending in the year to December 2021 (see Figure 20). The value of fuel spending was affected by a 30% increase in fuel prices in the year to December 2021.

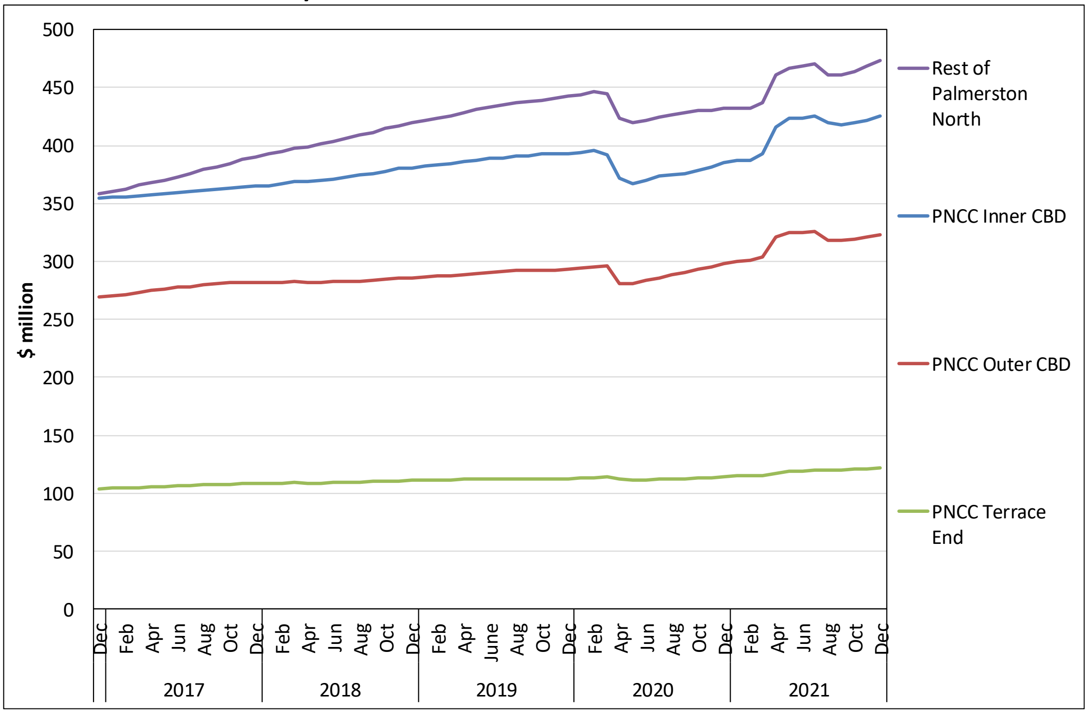
Figure 20: Change in Palmerston North electronic card retail spending by sector (year ended December 2021)



Source: Marketview

6.4. Retail spending data for the 12-months ended December 2021 shows strong growth in the city centre, with a 10.4% increase in annual spending in the inner city centre and an 8.4% increase in the outer city centre. The strongest growth was in the rest of Palmerston North, which accounts for 82% of fuel spending in the city.

Figure 21: Palmerston North electronic card retail spending by retail precinct (year ended December 2021)



Source: Marketview

6.5. Visitor spending in Palmerston North was $462 million in the year ended December 2021, while Palmerston North residents spent $205 million at merchants in other locations in New Zealand. This resulted in a net retail inflow of $258 million in the city in 2021. The visitor share of city spending and the resident loyalty rate have both increased slightly over the past two years (see Table 5). Tourism spending described in section 6 (earlier in this report) is lower than visitor spending because the tourism estimates exclude people who work in Palmerston North or study here.

Table 5: Palmerston North electronic card retail spending flows

Years ended	Dec 2019	Dec 2020	Dec 2021	Annual change	
	$ m	$ m	$ m	$ m	%
Resident	817	823	881	58	7.0%
Resident outside city	191	182	205	23	12.6%
Total resident spending	**1,008**	**1,005**	**1,085**	**81**	**8.0%**
Visitor	426	407	462	56	13.7%
Net flow	235	225	258	33	14.6%
Total merchant	**1,243**	**1,230**	**1,343**	**113**	**9.2%**
Visitor % share	34.3%	33.1%	34.4%		
Resident loyalty	81.0%	81.9%	81.2%		

Source: Marketview

Tourism

6.6. Total electronic card visitor spending in the city in the year ended December 2021 was $275 million, ranking it 12th overall among the 67 local authorities. Tourism spending in the city increased by 15.6% in the 12 months ending December, a stronger increased than the national 3.9% increase in national tourism spending. Domestic visitor electronic card spending was $260 million, increasing by 15.1% from the previous year. International card spending was $15 million, increasing by 23.7% from the previous year (New Zealand domestic card spending increased by 12.3% and international card spending declined by 44%). MBIE is currently unable to distinguish between spending on international cards by New Zealanders returning home to New Zealand and international visitors.

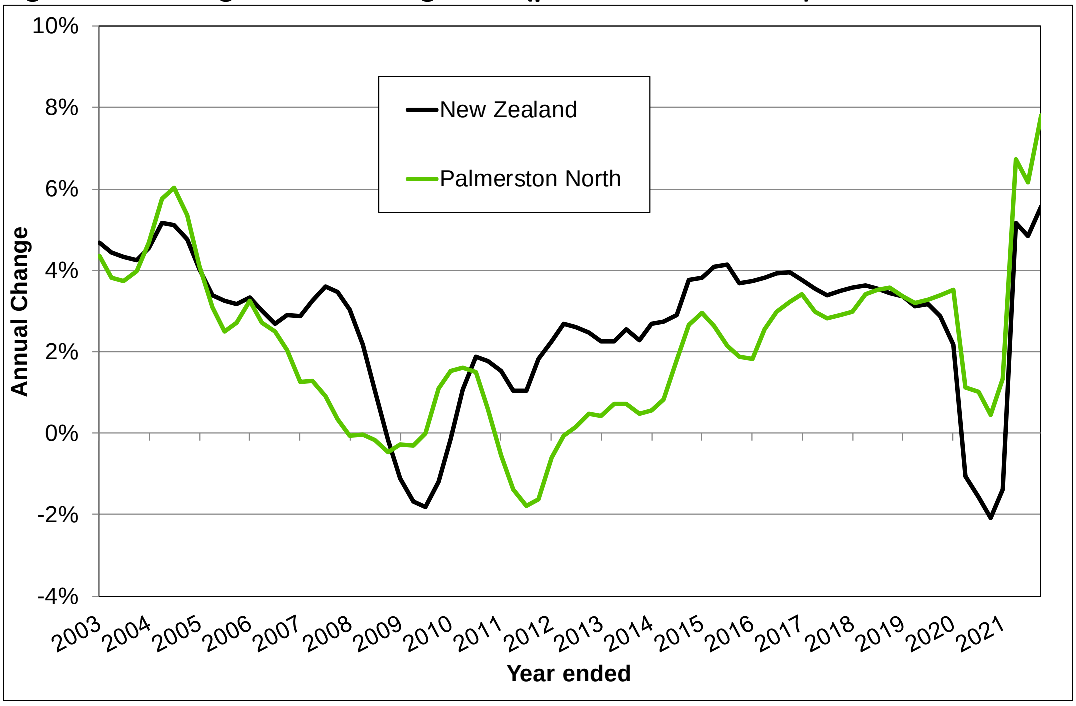
6.7. The 'retail sales – other' category is the biggest sector for domestic tourism expenditure in Palmerston North. It includes apparel, appliances, department stores, furniture and flooring, hardware and homeware and other general retail stores. Total spending by visitors in the 'retail sales – other' category was $110 million in the year to December 2021, an average of $301,000 per day.

6.8. The Manawatū-Whanganui region is the largest source of visitor spending in the city, followed by visitors from the Wellington, Auckland and Hawkes Bay regions.

7. Gross domestic product (GDP)

7.1. The latest Infometrics GDP estimates suggest Palmerston North GDP increased by 7.6% in the 12 months ended December 2021, while Statistics New Zealand estimated national GDP increased by 5.6% (see Figure 22). In the year to December 2020 GDP in the city is estimated to have increased by 0.5%, while GDP for New Zealand declined by 2.1%. The Infometrics estimate for 2021 is provisional and will be revised once employment data is published later this year.

Figure 22: Average annual GDP growth (production measure)



Source: Infometrics / Statistics NZ

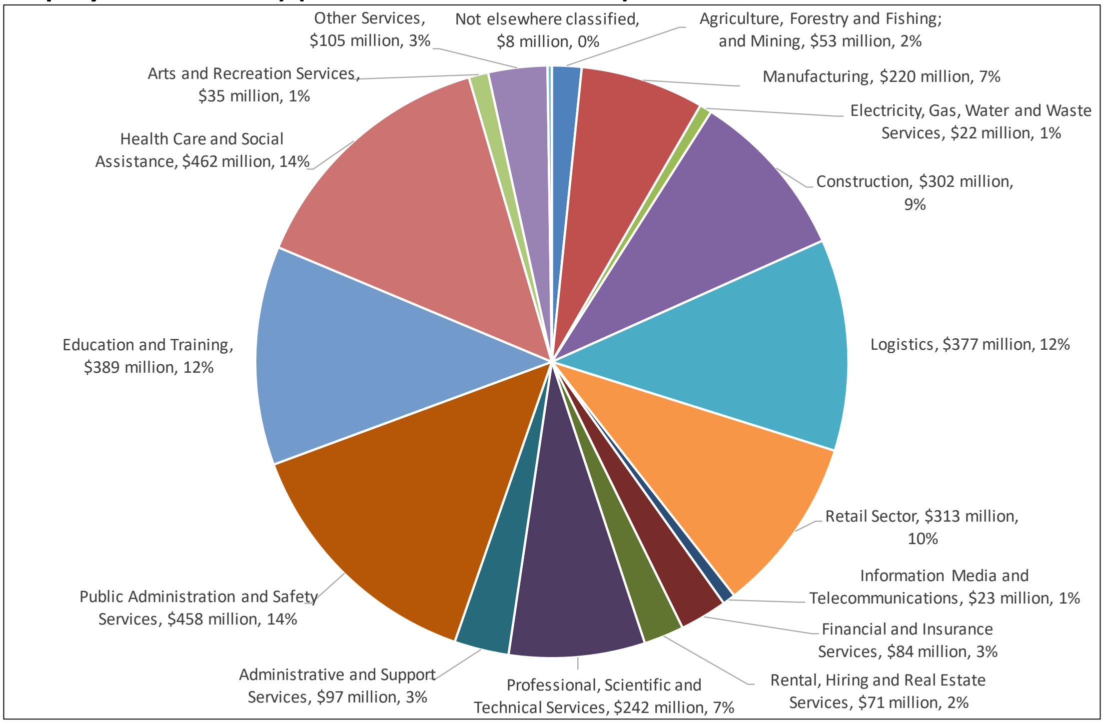
8. Employment trends

Earnings

8.1. Annual earnings (salaries, wages and self-employment income) paid in the city in the year ended March 2020 were $3,260 million, increasing by 6.4% from the previous year, while earnings for New Zealand increased by 5.6%. Salaries and wages were $2,921 million in the year to March 2020, increasing by 7.3% from the previous year. Self-employment income was $340 million, increasing by 4.2% from the previous year. The share of income from self-employment is just 10.4% of total income, well below the 18.8% average for New Zealand. This is mainly due to the high share of salary and wage income from the government sector in the city, which accounted for 31.4% of total earnings in the year ended March 2020, and 36.6% of salaries and wages.

8.2. Health care and social assistance is the largest sector for earnings from salaries, wages and self-employment, contributing 14% of total earnings in the city (see Figure 23). Other major sectors in the city are; public administration and safety (include defence), education and training, logistics and retail (including accommodation and food services).

Figure 23: Distribution of earnings in Palmerston North (salaries, wages and self-employment income) (Year ended March 2020)



Source: Statistics NZ

Employee counts

8.3. The total employee count in Palmerston North in February 2021 was 52,900, a decline of 0.2% from February 2020, or a decline of 100 jobs from 2019 (the number of jobs in New Zealand declined by 0.3%) (see Table 6). Revisions to the employee count for 2020 increased the annual growth in employment between 2019 and 2020 to 1,700 jobs. That followed an increase of 1,300 jobs in the year to February 2019.

8.4. The largest increases in employment between 2020 and 2021 were in the health care and social assistance sector (200 jobs) and construction (200 jobs). The largest decline in employment was in administrative and support services due to a decline in jobs in cleaning services. Declines were also recorded in education and retailing.

8.5. The biggest contributor to job growth between 2000 and 2021 was the public administration and safety sector, with an additional 3,550 jobs over this period. Other major contributions to employment growth came from the health care and social assistance sector (additional 3,000 jobs), construction (additional 2,600 jobs) and logistics (additional 2,050 jobs).

Table 6: Change in employee counts between February 2000 and February 2021

	Palmerston North			**New Zealand**		
All industries	Employee count	2000 - 2021 change		Employee count	2000 - 2021 change	
ANZSIC06	2021	Number	%	2021	Number	%
Agriculture, forestry and fishing	590	80	16%	124,000	22,100	22%
Mining	25	16	178%	5,600	2,050	58%
Manufacturing	3,300	-350	-10%	233,400	-2,800	-1%
Electricity, gas, water and waste services	220	-40	-15%	19,300	10,300	114%
Construction	4,700	2,600	124%	193,500	117,600	155%
Logistics	5,450	2,050	60%	206,300	32,500	19%
Retail	7,600	900	13%	383,000	111,000	41%
Information media and telecommunications	300	-680	-69%	31,100	-14,800	-32%
Financial and insurance services	840	90	12%	60,300	18,700	45%
Rental, hiring and real estate services	940	420	81%	34,400	14,100	69%
Professional, scientific and technical services	2,650	300	13%	189,200	87,800	87%
Administrative and support services	2,300	350	18%	112,400	34,600	44%
Public administration and safety	6,800	3,550	109%	142,100	66,300	87%
Education and training	6,100	1,100	22%	197,100	63,600	48%
Health care and social assistance	8,100	3,000	59%	261,100	108,600	71%
Arts and recreation services	910	200	28%	42,100	15,100	56%
Other services	2,050	650	46%	78,500	27,400	54%
Total	**52,900**	**14,200**	**37%**	**2,313,400**	**713,900**	**45%**
Earnings for all industries (salaries, wages and self-employment income)	Earnings ($m)	2000 - 2020 change		Earnings ($m)	2000 - 2020 change	
	2020	($m)	%	2020	($m)	%
Total earnings	**3,260**	**1,989**	**157%**	**169,144**	**109,415**	**183%**

Source: Statistics NZ

8.6. The Palmerston North Central area unit is the largest area unit for employment, with 16,400 employees counted in February 2021, accounting for 31% of total employment in Palmerston North. It was also the largest contributor to employment growth between 2000 and 2021, with an increase of 4,400 jobs (37% increase). The second largest increase was in the Tremaine area unit, where there were 8,900 employees in 2021. Employee numbers increased by 3,300 between 2000 and 2021, an increase of 59% (see Table 7).

8.7. The strongest rate of increase between 2000 and 2021 was in the Palmerston North Airport area unit, which includes the industrial zone to the north-east of the city. The number of jobs in the area unit increased from 160 in 2000 to 2,250 in 2021 (increase of 1,306%), with the largest contributions coming from increased employment in the grocery, liquor and tobacco product wholesaling and road transport industry sectors.

Linton Camp had 3,500 employees in 2021, increasing by 1,600 (84% increase) from 2000. The Turitea area unit, which had 4,050 employees in 2021, covers the Massey University campus and research institutes.

Table 7: Employee counts and 2000 – 2021 employment change for Palmerston North area units

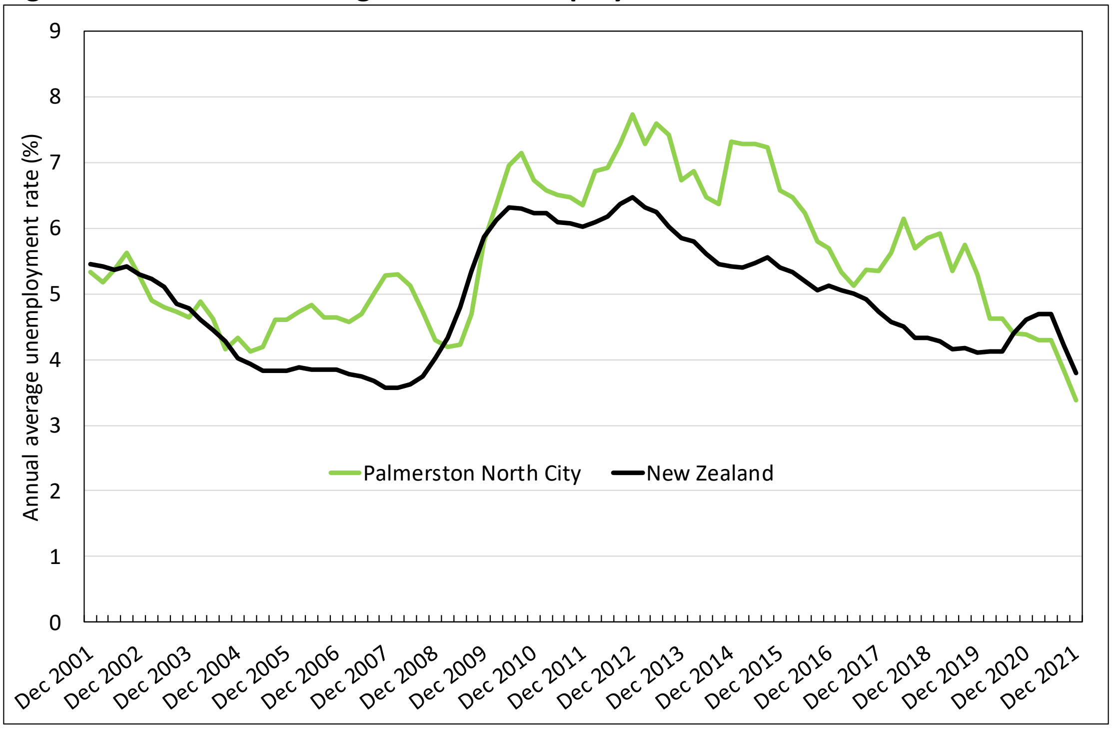
Employee count as at February 2021	2021	2000 - 2021 change	
	Number	Number	%
Palmerston North City	**52,900**	**14,200**	**37%**
Palmerston North Central	16,400	4,400	37%
Tremaine	8,900	3,300	59%
Turitea	4,050	150	4%
Palmerston North Hospital	3,850	950	33%
Linton Camp	3,500	1,600	84%
Palmerston North Airport	2,250	2,090	1306%
Papaioea North	1,200	-50	-4%
Roslyn	1,000	410	69%
Newbury	1,000	180	22%
Takaro North	970	10	1%
West End	830	460	124%
Papaioea South	670	100	18%
Esplanade	560	-80	-13%
Hokowhitu East	560	-110	-16%
Ruahine	480	230	92%
Poutoa	470	300	176%
Highbury East	460	120	35%
Awapuni South	410	90	28%
Ashhurst	380	170	81%
Milson South	380	-370	-49%
Milverton	370	-50	-12%
Terrace End	360	50	16%
Whakarongo	350	130	59%
Hokowhitu Central	340	230	209%
Maraetarata	320	70	28%
Royal Oak	310	200	182%
Takaro South	310	-20	-6%
Kelvin Grove North	300	235	362%
Ruamahanga	260	90	53%
Pihauatua	260	-360	-58%
Awapuni North	240	0	0%
Milson North	220	-360	-62%
Westbrook	210	30	17%
Kelvin Grove West	180	30	20%
Park West	140	-40	-22%
Cloverlea	130	30	30%
Pioneer West	110	15	16%
Hokowhitu South	95	20	27%
Aokautere Rural	80	25	45%
Aokautere	70	5	8%

Source: Statistics NZ

Unemployment

8.8. The average rate of unemployment in Palmerston North in the year to December 2021 was 3.4%, while the unemployment rate for New Zealand was 3.8%. The unemployment rate in the city has declined significantly since peaking at 7.7% in December 2012.

Figure 24: Estimated average annual unemployment rate



Source: Statistics NZ/ Infometrics

8.9. Palmerston North's unemployment rate is generally higher than the average for New Zealand due to its young population. The median age for the city's population was estimated to be 34.5 years in June 2021 while the median for New Zealand was 37.7 years.