



LONG-TERM PROJECTIONS FOR PALMERSTON NORTH EXECUTIVE SUMMARY

October 2019



The outlook for economic growth in Palmerston North is strong

Palmerston North is experiencing strong economic growth and the outlook for the next fifteen years is particularly strong. A major increase in central government, local government and private sector capital investment over the next fifteen years is providing a significant boost to economic activity and population growth in the city.

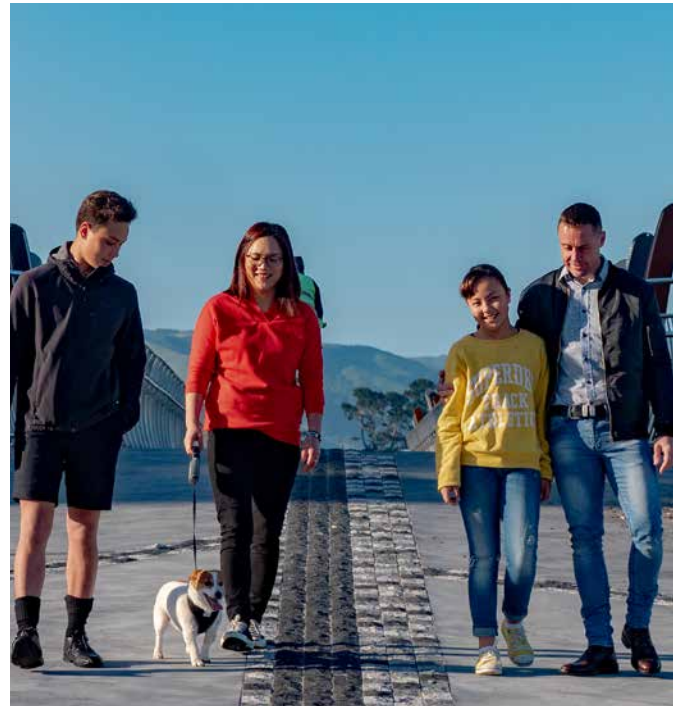
Six key sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the city over the next 25 years.

- They are healthcare, tourism, logistics, public administration (including defence), professional, scientific and technical service, and construction.

The education and defence sectors are not likely to grow as fast as the key growth sectors, but they remain important sectors for the city economy. They play an important role in attracting businesses, families and young people to the city. The education and defence sectors are also relatively independent of national economic cycles, and operate in a counter cyclical role.

The projections suggest significant change in the city will occur due to an aging population and workforce, and a rapid change in the ethnic composition of the city's population. The changes in the ethnicity of Palmerston North's population are projected to accelerate through the projection period.

The agricultural sector remains an important contributor to the city's economy, reflecting the city's role as a major centre for the Manawatū-Whanganui region. The long-term outlook for the agriculture sector is positive due to increasing wealth and the growing population in Asia.



Population projected to increase to 108,000 by 2043

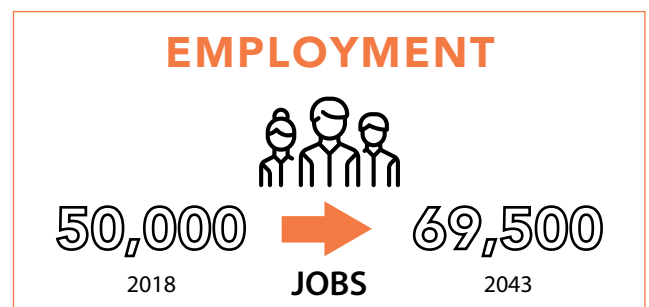
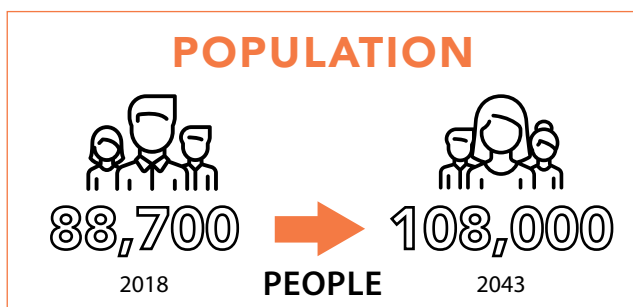
Sense Partners¹ projections suggest Palmerston North's population will grow by 19,300 between 2018 and 2043 (medium growth projection), with the city's population reaching 108,000 by 2043. The medium 25-year projection is for 0.8 percent average annual population growth.

Strong employment growth is projected

Employment growth projections for the city are strong, with medium growth projections suggesting employment may rise by 19,500 jobs (39 percent increase) between 2018 and 2043, an average annual increase of 1.3 percent.

Key growth sectors over the next 25 years are likely to be:

- Healthcare and social assistance, including hospitals, specialist medical services, and care for the aged and people with disabilities
- Tourism, particularly retail, accommodation and food services
- Logistics, including wholesaling, transport, postal and warehousing
- Public administration and safety, including defence
- Professional, scientific and technical services, including research
- Construction



¹ Sense Partners has developed its own demographic projections model, to provide economics-based projections of national or regional population growth

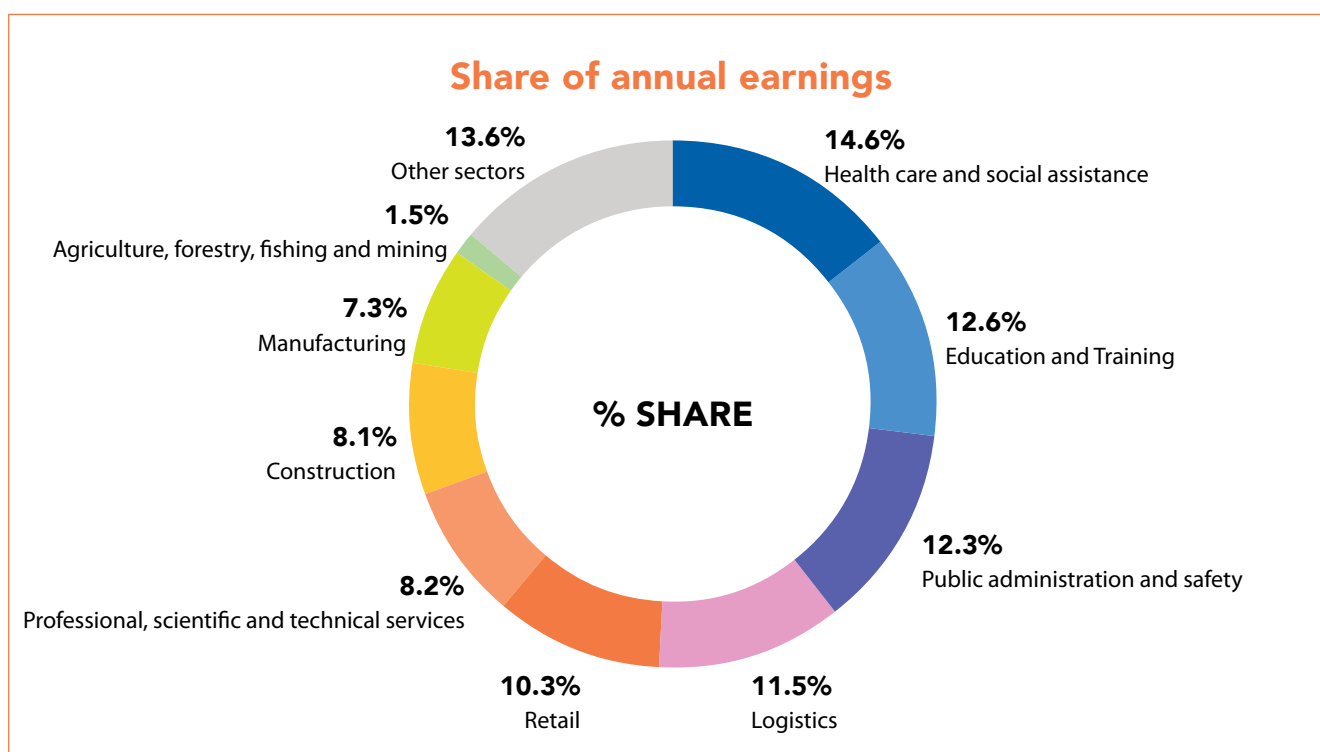
Significant increase in capital investment

An important contributor to the stronger growth outlook for the city is the significant increase in central government, local government and private sector capital investment over the next 15 years. Major projects which have been confirmed or are already under development include:

Development	\$ million	Timing
Manawatū Gorge	650	start late 2019
Linton and Ohakea regeneration plan	397	2018 - 2030
Mercury Energy - Turitea	256	start August 2019
Massey University capital plan	184	2016 - 2025
Powerco growth and security projects	150	2017 - 2024
Hokowhitu campus redevelopment	90 - 135	start 2019
P-8A Poseidon aircraft - infrastructure	300	finish by 2023
NZTA regional roading investment	cost to confirmed	timing uncertain
BUPA retirement village	40	started 2017
KiwiRail regional freight hub	cost and timing to be confirmed	
MidCentral DHB investment plan	282	timing uncertain
PNCC urban growth capital projects	48	2018 - 2028
PNCC city centre streetscape upgrade	29	2018 - 2028

Palmerston North's labour market catchment will increase

Growth in the city's labour market catchment is expected to continue due to increases in the number of workers commuting to the city from nearby local authorities. The high level of commuting to and from Palmerston North is more typical of larger metropolitan cities such as Wellington and Hamilton.





Our population is aging - but not as quickly as other parts of New Zealand

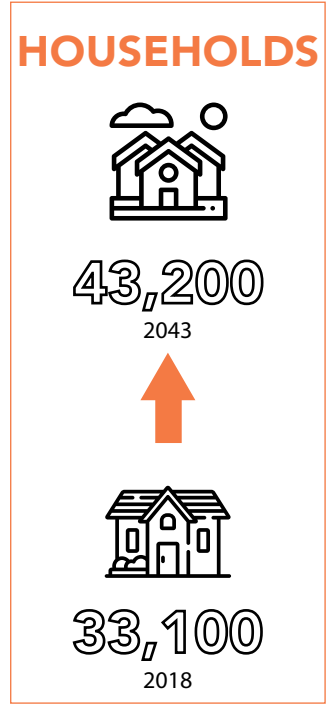
The city's population will age, with significant growth in the number of people aged 65 and over. However, the impact of the aging population on the city will be less than in other areas of New Zealand. The median age in the city is expected to rise to 39 by 2043, while the national median age is expected to rise to 43 years.

As the population ages, the annual population growth rate in the city over the period from 2013 to 2043 is projected to slow. The average annual growth rate is expected to decline from 1.2 percent over the period from 2013 to 2018 to 0.9 percent between 2038 and 2043.

But population growth for other age groups will continue

While the fastest rate of growth will be in the 65 years and over population, there is still expected to be growth in other age groups:

Year	0 - 14 years	15 - 39 years	40 - 64 years	65 years and over	Total
2018	17,000	34,100	24,900	12,700	88,700
2043	18,300	36,700	29,300	23,700	108,000
2018 - 2043 change	8%	8%	18%	87%	22%



Households will increase at a faster rate of growth than population growth

The total number of households in Palmerston North is projected to increase from 33,100 in 2018 to 43,200 by 2043, an average annual increase of 1.1 percent. The rate of growth in the number of households is projected to increase slightly over the 25-year projection period, reflecting the projected reduction in average household size during this period.

The number of households is projected to increase by an average of 404 new households a year. As a result of the aging population, there is likely to be change in the mix of houses being built. It is expected a greater share of new house built will be apartments or villas in retirement villages or other forms of more intensive housing development.

The proportion of one-person households is projected to increase from 25 percent of all households in 2018 to 30 percent in 2043.

ETHNICITY



European

77.1% → 71.0%

Māori

18.2% → 25.6%

Pacific Island

5.2% → 7.8%

Asian

12.8% → 17.5%

2018 → 2038

Average household size will decline slightly

Average household size is projected to decline from 2.6 people per household in 2018 to 2.4 people in 2043.

Major ethnic change is projected

Statistics New Zealand projections suggest Palmerston North will become significantly more ethnically diverse in the future. The Pacific Island community is projected to have the fastest rate of growth, increasing its share of the city's population from 5.2 percent in 2018 to 7.8 percent in 2038

By 2038, Māori are expected to make up 25.6 percent of the population, increasing from 18.2 percent in 2018.

The Asian population is also projected to grow strongly, increasing from 12.8 percent of the population in 2018 to 17.5 percent in 2038.



Published by: Strategy and Planning Unit | Palmerston North City Council, Private Bag 11034, Palmerston North
Phone: 06 356 8199



Te Kaunihera o Papaioea | Palmerston North City Council

pncc.govt.nz | info@pncc.govt.nz | 06 356 8199

Private Bag 11034, The Square, Palmerston North, 4442



Published by:

Strategy and Planning Unit