



# LONG-TERM PROJECTIONS FOR PALMERSTON NORTH

## EXECUTIVE SUMMARY

---

May 2020

## The outlook for economic growth in Palmerston North is strong

**Palmerston North is experiencing strong economic 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 change in the city will occur due to an aging population and workforce, and 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 110,700 by 2043

Infometrics population projections suggest Palmerston North's population will grow by 23,400 between 2018 and 2043 (medium growth projection), with the city's population reaching 110,700 by 2043. The medium 25-year projection is for 1.0 percent average annual population growth.

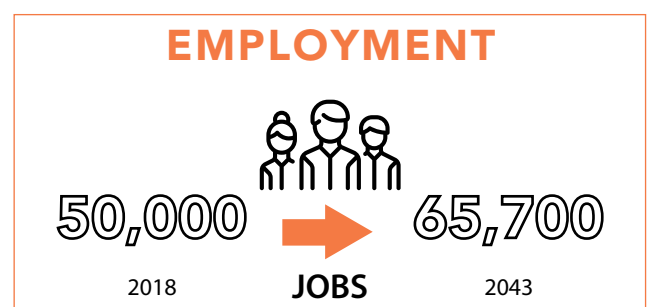
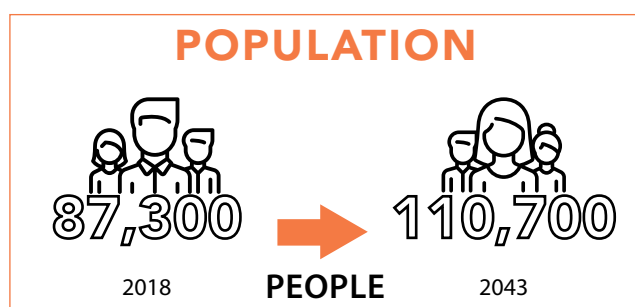
Infometrics high growth projection for the city suggests its population could reach 121,300 by 2043, while its low growth scenario suggests a population of 98,900 in 2043.

## Strong employment growth is projected

Employment growth projections for the city are strong, with medium growth projections suggesting employment may rise by 15,700 jobs (31 percent increase) between 2018 and 2043, an average annual increase of 1.1 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



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	230	2020 - 2030
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
Countdown distribution centre	66	Start 2020
KiwiRail regional freight hub	cost and timing to be confirmed	
MidCentral DHB investment plan	426	timing uncertain
PNCC urban growth capital projects	48	2018 - 2028
PNCC city centre streetscape upgrade	29	2018 - 2028
Arena Master Plan	25	2018 - 2028

## Palmerston North's labour market catchment will increase

Growth in the city's labour market catchment will 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. The rate of employment growth in the city will be higher than the rate of population growth.

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

The city's population will age, with the highest rate growth in the number of people aged 65 and over. 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:

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	17,170	32,930	24,700	12,520	87,320
2043	19,663	43,621	26,484	20,908	110,676
2018 - 2043 change	15%	32%	7%	67%	27%



## HOUSEHOLDS



42,520

2043



32,800

2018

## 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 32,800 in 2018 to 42,520 by 2043, an average annual increase of 1.0 percent. The number of households is projected to increase by an average of 390 new households a year. The rate of growth in the number of households is projected to decline slightly over the 25-year projection period from 1.2 percent between 2018 and 2023 to 0.8 percent between 2038 and 2043.

As a result of the aging population, there is likely to be change in the mix of houses being built. The proportion of one-person households is projected to increase from 23 percent of all households in 2018 to 24 percent in 2043.

It is expected a greater share of new houses built will be apartments or villas in retirement villages or other forms of more intensive housing development. Council planning rules have been changed to facilitate more intensive housing development

## ETHNICITY



European

**77.1% → 71.0%**

Māori

**18.2% → 25.6%**

Pacific Island

**5.2% → 7.8%**

Asian

**12.8% → 17.5%**

2018 → 2038

## 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 2043.



**Te Kaunihera o Papaioea | Palmerston North City Council**

**[pncc.govt.nz](http://pncc.govt.nz) | [info@pncc.govt.nz](mailto:info@pncc.govt.nz) | 06 356 8199**

Private Bag 11034, The Square, Palmerston North, 4442



Published by:

**Strategy and Planning Unit**