

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 19 June 2024

TITLE: Palmerston North Quarterly Economic Update - June 2024

PRESENTED BY: Stacey Andrews, City Economist

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee receive the Palmerston North Quarterly Economic Update – June 2024, including:
 - a. Palmerston North Economic Growth Indicators - June 2024 (Attachment 1),
 - b. Palmerston North electronic card spending report – March quarter 2024 (Attachment 2),presented to the Economic Growth Committee on 19 June 2024.
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1. INTRODUCTION AND PURPOSE

- 1.1 This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to June 2024, and the Palmerston North City Centre Quarterly electronic card spending (retail and selected tourism sectors) for the March quarter 2024.
- 1.2 The cities snapshot report presented to Council at the April 2024 Economic Growth Committee is no longer able to be provided. This is due to the use of data for cities other than Palmerston North falling outside the terms and conditions of our subscription with Infometrics. We will consider alternative methods of benchmarking the performance of the Palmerston North economy against similar cities, alongside a refresh of the 2014 Core Cities report.
- 1.3 The quarterly economic update is prepared in-house, utilising data from a range of sources to provide the most up-to-date information available on the city economy. This includes national and global data where appropriate, to inform of broader conditions that are impacting on local economic conditions.
- 1.4 The quarterly economic update is organised under the categories of Gross Domestic Product (GDP), 'business and jobs', 'earnings and income', 'spending', and 'housing'. National data that influences the city economy,

such as the Consumer Price Index (CPI) and the Official Cash Rate (OCR), are also included in the quarterly economic update. This update is attached as Appendix 1.

- 1.5 The Palmerston North City Centre Quarterly electronic card spending report is prepared in-house and provided as a resource to the city retail sector. This report includes information on retail spending across the city and by precinct, as well as data on retail flows, customer loyalty, and the origin of customers who are spending in Palmerston North. The electronic card spending report for the city is included as Appendix 2.
- 1.6 The memorandum concludes with a summary of the economic outlook for the city and the wider New Zealand economy.

2. QUARTERLY ECONOMIC UPDATE

GDP

- 2.1 Infometrics reports that the Palmerston North GDP fell by -0.7% over the year to March 2023. This compares with a +0.2% increase in GDP nationally. Statistics New Zealand GDP data for the March quarter 2024 is not released until 20 June.
- 2.2 Annual inflation (as measured by the Consumer Price Index) eased to 4.0% in the March quarter as the economy contracted in response to higher interest rates and a pullback in spending across the economy. While inflation is heading in the right direction, there are aspects of domestic inflation that are proving stubborn. Housing and household utility costs, including rents and construction, continue to drive inflation in addition to increasing costs for accommodation, and recreational and cultural services. Higher prices for alcohol and cigarettes, and tobacco, have also contributed to CPI inflation.
- 2.3 The Official Cash Rate (OCR) was reviewed by the Reserve Bank of New Zealand (RBNZ) on 23 May. While the cash rate was left untouched at 5.5%, the Monetary Policy Statement indicated a higher for longer interest rate scenario alongside lower growth than previously anticipated. This weak economic activity is against a backdrop of strong population growth.
- 2.4 The New Zealand population is estimated by Statistics NZ to have grown by 2.5% over the year to March 2024. This growth has been fuelled by strong net international migration levels with net international migration reaching as high as 139,000 in the year to October 2023. These high net international migration figures are observed alongside a growing number of New Zealanders migrating overseas. While net migration numbers have eased to 111,145 over the March year 2024, net migration remains well above the long term trend.
- 2.5 While the first set of Estimated Resident Population figures for the city based on the 2023 Census have not yet been released, secondary data implies that the population of the city continues to grow. Primary health enrolments in

Palmerston North increased by +1,002 over the year to March 2024 (+1.2%). Since March 2020, enrolments have increased by 2,280.

- 2.6 This implied population growth alongside the current contraction in annual GDP indicates falling GDP per capita in Palmerston North and across much of New Zealand. GDP per capita figures will be updated post the release of the Estimated Resident Population data series due for release in October 2024.
- 2.7 Challenging economic conditions are set to continue in 2024 as the RBNZ holds interest rates at 5.5% and household budgets continue to come under pressure from the high cost of living. As a result, GDP growth is forecast to remain weak with the RBNZ projecting annual growth of just +1.0% over the 2024 calendar year. 2025 presents a more positive scenario with annual GDP growth projected to rise to 2.4% over the year, increasing to 2.9% in 2026.

Business and jobs

- 2.8 There were 8,152 businesses in Palmerston North in March 2024; an increase of 55 businesses from the previous year. This is an increase of +0.7% over the year, compared with +1.3% growth in business counts, nationally.
- 2.9 Non-residential consents totalled \$140,386,169 in the city over the year to March 2024. This is a decrease in value of -13.8% compared with the March year 2023, and compared with a -1.1% fall nationally. This negative growth is coming off a strong March 2023 year, where investment in short term accommodation, health and education buildings, and industrial and commercial buildings pushed up construction investment in Palmerston North.
- 2.10 Health sector and commercial and industrial construction investment continues to be elevated in the March 2024 year. Specifically, health sector construction added \$50.7m to non-residential construction, alongside \$30.7m in commercial construction and \$52.0m in the construction of factories, and industrial and storage buildings.
- 2.11 Domestic economic conditions suggest further easing of labour market conditions in 2024, driven by an increase in the number of available workers and reduced demand for workers due to a decline in demand for goods and services across the economy.
- 2.12 The Seek Employment report for April 2024 reflects easing labour market conditions across New Zealand with job advertisements in all regions falling over the year. The number of job advertisements fell by 33% in the Manawātū Region over the year to April 2024, alongside an increase in the number of applicants per role. This decline in job ads is around average compared with other parts of New Zealand. Topping the list, job ads on the West Coast fell by -54% over the year while advertised jobs fell by -44% in Wellington.
- 2.13 Jobs data for the city was mixed over the year, with filled jobs by workplace address decreasing and filled jobs by place of residence increasing. Jobs by

workplace address fell -3.0% to a total of 45,619 in the March quarter, while the number of Palmerston North residents in jobs increased by +1.0% to 35,518. This compares with +2.0% growth, nationally.

- 2.14 The annual average unemployment rate increased to 4.5% in the city in the March quarter 2024, up slightly from 4.4% in the December quarter 2023. This compares with 4.0% nationally. This rate remains low by historical standards but is certainly on the way up as businesses and government shed workers in response to challenging economic conditions. A lack of supply of workers was the biggest challenge for businesses in 2022 and the first half of 2023, with concerns now shifting to weaker demand.
- 2.15 The number of MSD jobseeker beneficiaries in Palmerston North increased by 291 over the year to March, to a total of 3,027. This is a +10.6% increase on the previous year compared with an +11.6% increase, nationally. Of this increase, 180 people were receiving the benefit due to health conditions and disability. Jobseeker benefits increased across all age-groups both in the city and nationally.

Earnings and income

- 2.16 Statistics NZ publishes business collection data that estimates quarterly earnings at the territorial authority level. This series is not as robust as the Linked-Employer-Employee data but does provide a more-timely indication of earnings from salary and wages by territorial authority area. According to this series, earnings over the year to March 2024 increased by +9.3% in the city compared with the March year 2023. This compares with an +8.6% increase nationally over the same timeframe.
- 2.17 Elevated earnings growth is further reflected in the Statistics NZ median salary and wages data, with median earnings in the city increasing by +6.7% over the year to March 2023. This compares with a +7.3% increase nationally. Growth in earnings, both in the city and nationally, is reflective of the elevated wage inflation that prevailed over the period due to tight labour market conditions and strong demand, alongside large scale sector wage agreements settled in 2022 and 2023.
- 2.18 Wage growth is easing alongside CPI inflation, relieving some pressure on businesses and organisations. Early indications of this trend are reflected in the Quarterly Economic Survey (QES) for ordinary time hourly earnings, and the Labour Cost Index (LCI) for the March 2024 year. These measures of wage growth indicate that ordinary time hourly earnings increased by +5.2% over the March 2024 year, compared with a +6.9% increase the previous year. Similarly, the LCI increased +4.1% over the year to March 2024 compared with a +4.3% increase over the year to March 2023. This easing in wage growth is expected to continue throughout 2024 and into 2025 as demand for labour continues to ease due to weak demand.

Spending

- 2.19 Retail spending increased by +1.6% in the city over the year to March 2024, to a total of \$1,501m (\$1.5b). This compares with a +2.8% increase in retail spending nationally. Retail spending is in dollar value and does not account for the impact of inflation on the purchasing power of consumers.
- 2.20 As discussed earlier in this report, the annual rate of inflation over the year to March 2024 was 4.0% with an increase in average household living costs of 6.2% over the year. The annual rate of growth in living costs is slowing from previous highs, however annual retail spending versus the rate of inflation continues to reflect negative real growth in spending over the year.
- 2.21 The pressure on household budgets is further reflected in the decrease in spending on discretionary items. 'Home and recreational retail' spending in the city fell by -7.8% over the year to March 2024, with spending on 'Arts, recreation and visitor transport' down -2.0% over the same period.
- 2.22 New car registrations in the city increased by +10.1% over the year to March 2024 compared with a +7.5% increase nationally. This follows a period of decline over 2023. The number of new commercial vehicle registrations also increased over the year, up +13.6% in the city versus the previous year. This compares with a decline of -0.2% nationally.
- 2.23 The Monthly Regional Tourism Estimates (MRTEs) are no longer available due to the closure of the business providing the data. In response, the Ministry of Business, Innovation and Employment (MBIE) has reinstated the Tourism Electronic Card Transactions (TECTs) employed from 2020-2023 to monitor national tourism spending trends. According to this series, domestic tourism spending in Palmerston North fell -2.3% over the year to March 2024 to a total of \$276.9m. This compares with a -3.8% fall nationally. In contrast, international tourism spending increased by +57.3% to a total of \$33.1m in the city, compared with a +43.6% increase nationally.
- 2.24 The annual change in guest nights is also a useful indicator of tourism activity in the city and across the country. Over the year to March 2024, guest nights in the city decreased by -5.7% to a total of 42,000. This compares with an +11.5% increase, nationally. The national increase was driven by the resurgence of international visitors to our tourism hotspots, heavily impacted from border closures and a downturn in spending from 2020-2022. The downturn in the domestic economy is weighing on tourism activity, as businesses and households limit non-essential expenditure.

Housing

- 2.25 The average house price in the city continues to inch upward with prices increasing +2.5% over the year to April 2024, to a value of \$653,223. This compares with an increase in the national average house price of +0.5%, nationally. The average house price in the city has fallen -13.4% since the peak value of \$754,212 in January 2022. This compares with a -10.5% decline in national house prices since the peak value of \$1,043,261 in March 2022.

- 2.26 Mortgage lending to first home buyers eased to 21.3% in April, down from the earlier peak of 25.2% in December 2023. This remains above the 10-year average of 16.6% of total lending. Easing house prices and higher incomes supported first home buyers into the market in 2023. This increase in first home buyers as a proportion of the market occurred alongside a substantial increase in First Home Grants. In the city, the number of First Home Grants increased by 104 to a total of 228 over the year to March 2024 (+83.9%). Nationally, the number of First Home Grants increased by 35.5% over the year. The impact of the Government's recent removal of First Home Grants will be watched, as we monitor access of first home buyers into the housing market in the city.
- 2.27 Mortgage lending to investors increased to 19.9% in March 2024, up from 15.4% in January 2023. This compares with a 10-year average of 22.4%. Investor lending is expected to strengthen in response to the restoration of interest deductibility as well as increased demand for new housing driven by population growth, improving financial conditions and forecast strengthening of house prices in 2025.
- 2.28 Home ownership remains more affordable in Palmerston North than many other parts of the county, with the average house price equal to 5.2 times the average income in March 2024. This compares with 7.0 times the average income, nationally.
- 2.29 Rental prices continue to increase as strong population growth increases demand relative to supply. In the city, rental prices increased by +5.4% over the year compared with a +6.9% increase in weekly rental prices nationally¹. Over the same period, the number of properties rented increased by +2.9% in the city compared with a +4.1% increase nationally. Rising rental prices are of concern to the RBNZ, as rental cost increases continue to exceed the rate of headline inflation.
- 2.30 Renting a home in Palmerston North remains more affordable than much of New Zealand, with annual average rent making up 19.6% of annual household income compared with 22.0% nationally. Renting in the city is more affordable than both the Manawatū District and the wider Manawatū-Whanganui region with average annual rent taking up 21.4% and 21.5% of the average household income, respectively.
- 2.31 The number of new dwelling consents issued across New Zealand fell by -24.9% over the year to March 2024. This decline was driven by the continuation of high development costs, weak demand and capital values, and tougher lending conditions. Over the same period, new dwelling consents in the city increased by +8.2% to a total of 447 dwellings.

¹ The rental price increases are calculated on the annual increase in the average annual geometric mean rent by area.

2.32 Kāinga Ora new dwellings are estimated at 106 over the year to March 2024, with a net increase of 98 dwellings. There is uncertainty around the future development plans of Kāinga Ora relative to earlier investment plans shared in 2023. These investment plans indicated that a total of 496 new dwellings were planned for delivery in Palmerston North from 2023 to 2026. We are seeking further information from Kāinga Ora to understand any changes to their housing development plans in the city.

2.33 Staff are currently developing a monthly net dwelling series that removes relocatable dwellings, as well as dwellings that have been demolished or removed for redevelopment. This monthly series will also include a breakdown between public and private housing consents.

3. PALMERSTON NORTH ELECTRONIC CARD SPENDING REPORT – MARCH 2024

3.1 Total electronic card spending increased by +0.9% in the March quarter 2024 to a total value of \$360.0m. This compares with a +3.8% increase in spending nationally. Growth continues to be supported by recovering international tourism, boosting economic activity for parts of the country hit hard by border closures during the Covid-19 pandemic.

3.2 Over the year to March 2024, electronic card spending in the city reached \$1.501 billion, an increase of +1.6% from the previous year. This compares with a +2.8% increase nationally over the same period. Of this total, 56.0% was spent in the city centre.

3.3 Spending in the city centre increased by +2.4% over the year. The retail sectors most affected by the pullback in consumer spending were ‘Arts, recreation and visitor transport’, falling -3.7%, and ‘Home and recreational retail’ spending down by -10.0% over the year. This is consistent with electronic card spending data for many parts of the country, where spending on non-essential goods and services has come under pressure from rising household costs.

3.4 Reflecting the increase in spending on essential items, spending on ‘groceries and liquor’ was the highest growth sector in Palmerston North, up +8.6% compared with the previous year. The trend for grocery spending was similar for the city centre and New Zealand, up by +10.6% and +8.9% respectively over the same period. Spending on ‘cafes, restaurants, and bars’ also increased over the year, up +6.6% in the city centre, +5.4% in the city overall, and +5.0% nationally. To put this in perspective, the increase in spending at cafes, restaurants and bars is coming off a low base with the hospitality sector in our city, continuing to come under pressure from wider economic challenges.

3.5 In contrast to recent trends, ‘other consumer spending’ in the city centre increased by +27.5% over the year to March 2024. This compares with an -8.7% fall across the city over the same time period. It is worth noting that ‘other consumer spending’ makes up just 0.1% of total spending, with the

highest spending categories being 'groceries and liquor' (32.8%) and 'home and recreational retail' (30.7%).

- 3.6 The annual inflation rate to March 2024 was 4.0%, indicating a real decline in spending across retail precincts in the city except for the Inner CBD and Broadway Avenue and Terrace End. Spending in the Palmerston North Inner CBD and Broadway Avenue precinct increased by +4.0% over the year, while spending in Terrace End increased by +4.5%.
- 3.8 The Quarterly Economic Card Spending Report for March 2024 is attached as Appendix 2.

4. ECONOMIC OUTLOOK



- 4.1 Times are challenging in 2024, but the longer term outlook remains positive as inflation tracks lower and interest rates look set to fall in 2025. For now, we expect the current economic challenges to continue as high interest rates and elevated costs continue to dampen demand for goods and services across the economy in 2024.
- 4.2 On the upside, inflation is easing with annual CPI projected to fall back to 3.0% per annum in the September 2024 quarter, alongside further easing of price pressure affecting business and government costs in 2024.
- 4.3 Lower inflation will enable interest rates to fall in 2025, reducing living costs for our families and releasing money to be spent on goods and services across the economy. This in turn, will support our businesses to be profitable, enabling an increase in investment and employment across the city. Factors such as significant investment in the expansion of defence force activities in the region also support the longer term economic outlook for the city.
- 4.4 The Palmerston North economy also benefits from a large proportion of big business in the city that are less vulnerable to economic cycles and the contraction of government spending on public sector services. These attributes of the Palmerston North economy will support economic activity relative to parts of New Zealand with greater dependency on consumer demand and higher exposure to central government public sector cuts.
- 4.5 Challenges to our business community and households will continue throughout 2024 with relief in the form of lower interest rates anticipated by the sector in the first half of 2025. Analysis of the performance of the city economy, including any changes to the economic outlook, will be provided throughout the quarterly economic reporting series to Committee.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No


Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	

ATTACHMENTS






1. Palmerston North Economic Growth Indicators - June 2024 [↓](#) 
2. Palmerston North electronic card spending report - March quarter 2024 [↓](#) 

PALMY ECONOMIC GROWTH 2024



(as at June 2024)

	Palmerston North	New Zealand
GDP (Provisional) <small>YE Mar 2024 Source: Infometrics</small>	\$6,355m  -0.7%	+0.2%
Consumer Price Index (CPI) <small>YE Mar 2024 Source: Stats NZ</small>	4.0%	
Official Cash Rate (OCR) <small>May 2024 Source: RBNZ</small>	5.5%	






Business and jobs

Business counts <small>Mar 2024 (a) Source: Infometrics</small>	8,152  +0.7%	+1.3%
Non-residential construction investment <small>YE Mar 2024 Source: Stats NZ</small>	\$140.4m  -13.8%	-1.1%
Filled jobs (place of residence) <small>YE Mar 2024 Source: Stats NZ</small>	35,518  +1.0%	+2.0%
Filled jobs (workplace location) <small>As at Mar 2024 Source: Stats NZ</small>	45,619  -3.0%	+2.0%
Unemployment rate (average of four recent quarters) <small>As at Mar 2024 Source: Infometrics</small>	4.5%	4.0%
Change in MSD Jobseeker Benefits <small>Mar 2024 quarter Source: MSD</small>	+291  +10.6%	+11.6%



Earnings and Income

Annual Earnings <small>YE March 2024 Source: Stats NZ</small>	\$2.537b	 +9.3% Annual change	+8.6% Annual change
Median earnings from salaries and wages (excluding self-employment) <small>YE Mar 2023</small>	\$63,650	 +6.7% Annual change	+7.3% Annual change

Spending

Retail spending <small>YE Mar 2024</small>	\$1.501b	 +1.6%	+2.8%
New car registrations (annual) <small>As at Mar 2024 Source: Infometrics</small>	3,514	 +10.1	+7.5%
Commercial vehicle registrations (annual) <small>As at Mar 2024 Source: Infometrics</small>	1,004	 +13.6%	-0.2%
Tourism Electronic Card Spending <small>YE Mar 2024 Source: MBIE</small>	\$310.1m	 +1.8%	+5.5%
Guest nights (annual) <small>As at Feb 2024 Source: ADP</small>	433,300	 -5.7%	+11.5%

Housing

Average house value <small>April 2024 Source: Corelogic House Price index</small>	\$653,223	 +2.5% Annual change	+0.5% Annual change (\$933,633)
Home ownership affordability <small>Mar 2024 Quarter Source: Infometrics</small>	5.2	(Ratio of average house value to estimated annual average household income)	7.0
Home rental affordability <small>Mar 2024 Quarter Source: Infometrics</small>	19.6%	(Percentage of average annualised rent to estimated annual average household income)	22.0%
New dwelling consents <small>YE Apr 2024 Source: Stats NZ</small>	405	 -8.6% Annual change	-23.0% Annual change

Notes: (a) Reflecting most recently available information as at June 2024



Palmerston North City Centre
Quarterly electronic card spending
(retail and selected tourism sectors)

March 2024

This report presents analysis of electronic card retail spending (i.e., total value of electronic card transactions made in person) in the city. The focus is on Palmerston North City Centre (consisting of CBD and Broadway Avenue precinct; and Outer CBD precinct); city as a whole (see map on page 6 for location of precincts); and the comparison with New Zealand.

Data is obtained from Marketview and is based on information from Worldline (formerly known as Paymark) the largest electronic card payment network in New Zealand. Analysis covers eight retail sectors consisting of accommodation; apparel & personal; arts, recreation & visitor transport; cafes, restaurants, bars & takeaways; fuel & automotive; groceries & liquor; home & recreational retail; and other consumer spending (see retail sector classification on page 7).

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Summary - March 2024

Palmerston North: City at a glance

- For the quarter ending March 2024, total electronic card spending was \$360 million, an increase of 0.9% from the same period the previous year. This compares with a 3.8% increase in spending across New Zealand (NZ).
- For the year ending March 2024, total electronic card spending was \$1.501 billion, an increase of 1.6% compared to the previous year. There is continued narrowing of the gap between the Palmerston North's year on year growth compared to New Zealand average of 2.8% - see graph on "Electronic Card Retail Spending Annual Change (%)" on page 3.
- The annual growth rate of retail spending is lower than the annual inflation rate of 4.0% for the March 2024 year. This indicates negative real growth in spending.

City Centre

- This quarter's electronic card retail spending in the city centre was \$200 million, up 1.0% from the March 2023 quarter. This compares with an increase of 3.8% nationally.
- Annual electronic retail spending in the city centre was \$840 million. This is 56.0% of total spending in the city.
- Annual retail spending in the city centre increased by a 2.2%, compared to a 1.6% increase for Palmerston North. This is below average growth of 2.8% across New Zealand.
- In the city centre, the annual growth in spending was supported by growth in travel and tourism related sectors.
 - "Fuel and automotive" (17%)
 - "Accommodation" (11%)
 - "Café, restaurants, bars and takeaways" (7%)
- In contrast, annual spending in "Arts, recreation and visitor transport" declined in February, with a decrease of 4% overall for the year ending March 2024. The previous decline in spending on "Arts, recreation and visitor transport" occurred during the Covid-19 pandemic.
- The top three retail sectors were "Groceries and liquor" (33%), "Home and recreational retail" (31%), and "Café, restaurants, bars and takeaways" (16%). Together they represented 80% of spending in the city centre. See pages 5 for breakdown by retail sectors.

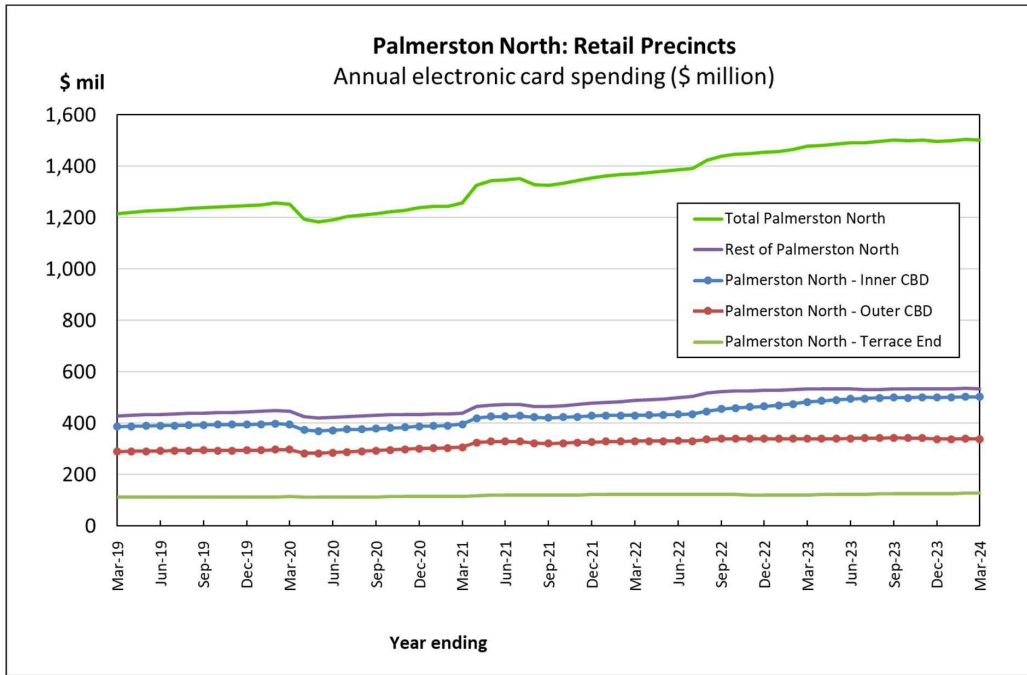
Retail Precincts

Retail Precincts	March 2024 quarter		Year ending March 2024		
	Value of spending (\$m)	Change from same quarter last year (%)	Value of spending (\$m)	Change from last year (%)	Precinct share (%)
Palmerston North CBD and Broadway Avenue	120	1.9%	502	4.0%	33.5%
Palmerston North Outer CBD	80	-0.3%	338	-0.5%	22.5%
Palmerston North City Centre*	200	1.0%	840	2.2%	56.0%
PNCC Terrace End	30	1.6%	127	4.5%	8.4%
Rest of Palmerston North	130	-0.7%	534	0.1%	35.6%
Total Palmerston North**	360	0.9%	1,501	1.6%	100.0%
Total New Zealand	19,636	3.8%	78,294	2.8%	

Notes: *Palmerston North City Centre spending consists of spending from: 1) CBD and Broadway Avenue (inner business zone) precinct, and 2) Outer CBD (outer business zones) precinct. **Total Palmerston North City spending consists of spending from the city centre + Terrace End precinct + the rest of the city. See map on page 10 for location of the precincts.

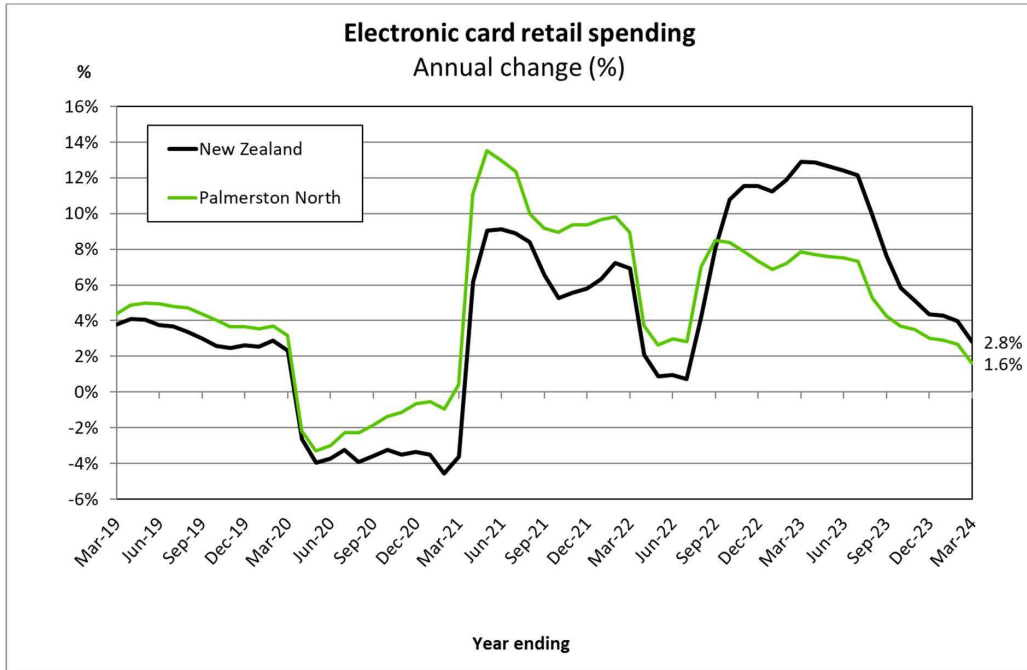
The annual growth rate of retail spending in Palmerston North for the year ending March 2024 was 1.6%, lower than the NZ annual growth rate of 2.8%, and the annual inflation rate of 4.0%. This indicates negative real growth at the city level. At precinct level, the CBD and Broadway Avenue (inner business zone) precinct achieved annual growth rate of 4.0%, while the Outer CBD district contracted by 0.5%. The time series of annual spending of Palmerston North and its precincts are shown on the next page.

Time series: Annual Electronic Card Spending (March 2019 – March 2024)



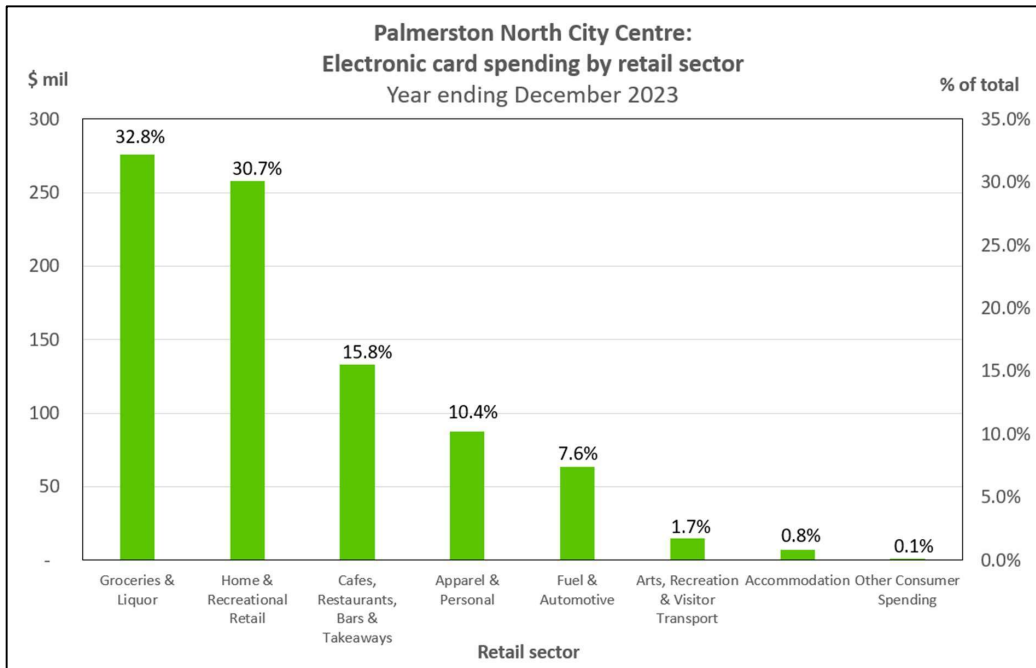
The time series below shows the annual change in electronic card spending (March 2019 – March 2024) for Palmerston North and New Zealand. The annual growth rate for New Zealand increased above Palmerston North from October 2022. Both have been falling since April 2023.

Time series: Annual Change (March 2019 – March 2024)



Retail sectors

The top three retail sectors in the city centre were “Groceries and liquor” (33%), “Home and recreational retail” (31%), and “Café, restaurants, bars and takeaways” (16%). Together they represented 80% of retail electronic card spending.



In the city centre, the annual growth in spending was supported by growth in retail sectors related to travel and tourism: -

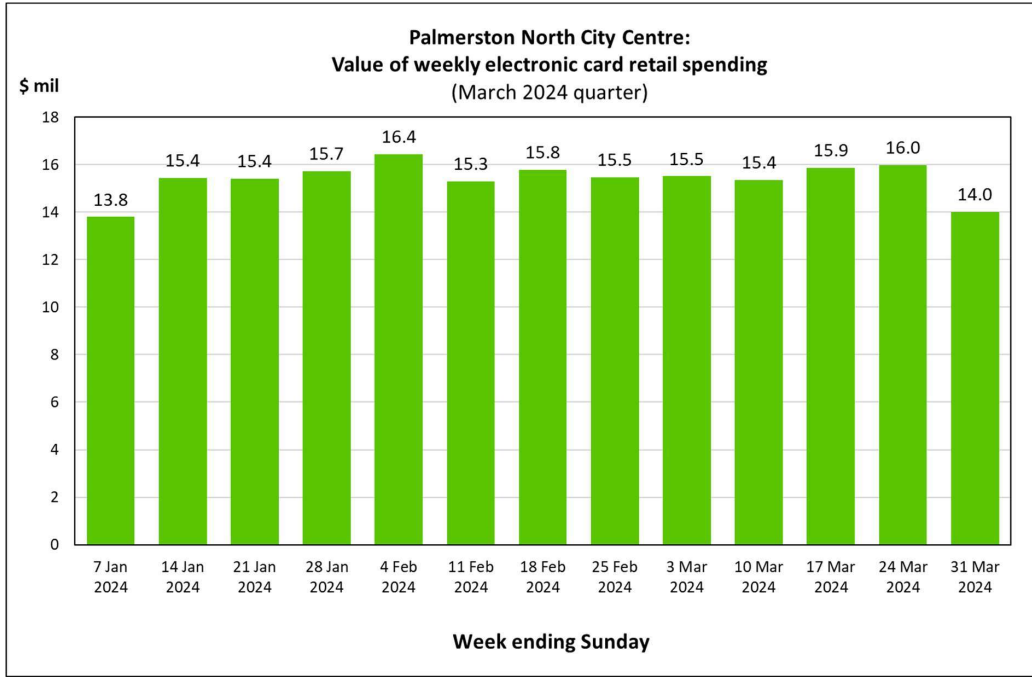
- “Fuel and automotive” (17%)
- “Accommodation” (11%)
- “Café, restaurants, bars and takeaways” (7%)

In contrast, there has been a recent decline in annual spending in “Arts, recreation and visitor transport” since the Covid-19 pandemic. This was observed in February, and by March 2024, the annual decline in spending on ‘Arts, recreation and visitor transport’ was 4%.

Retail sectors	Year ending March 2024						
	City Centre		Palmerston North		New Zealand		Palmerston North City Centre share of NZ
	Value of spending (\$m)	Change (from last year)	Value of spending (\$m)	Change (from last year)	Value of spending (\$m)	Change (from last year)	
Accommodation	7	10.6%	25	2.7%	1,842	-1.2%	0.36
Apparel & personal	88	2.4%	102	0.8%	4,539	-1.0%	1.90
Arts, recreation & visitor transport	15	-3.7%	27	-3.7%	2,296	1.6%	0.65
Cafes, restaurants, bars & takeaways	133	6.6%	198	5.4%	11,631	5.0%	1.15
Fuel & automotive	64	17.0%	256	0.9%	13,064	0.2%	0.47
Groceries & liquor	276	10.6%	522	8.6%	28,036	8.9%	0.98
Home & recreational retail	258	-10.0%	367	-7.6%	16,513	-4.2%	1.63
Other consumer spending	1	27.5%	3	-8.7%	371	3.5%	0.12
Total	840	2.2%	1501	1.6%	78,294	2.8%	1.09

Palmerston North: Weekly spending

Weekly spending in the City Centre this quarter ranged between \$13.8 to \$16.4 million, with an average spend of \$15.4 million per week. The lowest weekly spend in this quarter usually falls on the first week of the year. This year is no different.



Precinct Map



Retail sector classification

Accommodation

Accommodation

Apparel & personal

Clothing retailing
Footwear retailing
Watch & jewellery retailing
Other personal accessory retailing
Hairdressing & beauty services

Arts, recreation & visitor transport

Interurban & rural bus transport
Urban bus transport (including tramway)
Taxi & other road transport
Rail passenger transport
Water passenger transport
Air & space transport
Scenic & sightseeing transport
Passenger car rental & hiring
Other motor vehicle & transport equipment rental & hire
Travel agency & tour arrangement services
Museum operation

Fuel & automotive

Motor vehicle parts retailing
Tyre retailing
Fuel retailing
Other automotive repair & maintenance

Groceries & liquor

Supermarket & grocery stores
Fresh meat, fish & poultry retailing
Fruit & vegetable retailing
Liquor retailing
Other specialised food retailing

Home & recreational retail

Sport & camping equipment
Entertainment media retailing
Toy & game retailing
Newspaper & book retailing
Marine equipment retailing
Department stores
Pharmaceutical, cosmetic & toiletry goods
Stationery goods retailing

Zoological & botanical gardens operation
Nature reserves & conservation parks operation
Performing arts operation
Creative artists, musicians, writers & performers
Performing arts venue operation
Health & fitness centres & gymnasia operation
Sport & physical recreation clubs & sports professionals
Sports & physical recreation venues, grounds & facilities
Sport & physical recreation admin. & track operation
Horse & dog racing administration & track operation
Other horse & dog racing activities
Amusement parks & centres operation
Amusement & other recreation activities n.e.c
Casino operation
Lottery operation
Other gambling activities

Cafes, restaurants, bars & takeaways

Cafes & restaurants
Takeaway food services
Catering services
Pubs, taverns & bars
Clubs (hospitality)

Antique & used goods retailing
Flower retailing
Other store-based retailing n.e.c.
Furniture retailing
Floor coverings retailing
Houseware retailing
Manchester & other textile goods retailing
Electrical, electronic & gas appliance retailing
Computer & computer peripheral retailing
Other electrical & electronic goods retailing
Hardware & building supplies retailing
Garden supplies retailing

Other consumer spending

Car retailing
Motor cycle retailing
Trailer & other motor vehicle retailing
Retail commission based buying & selling