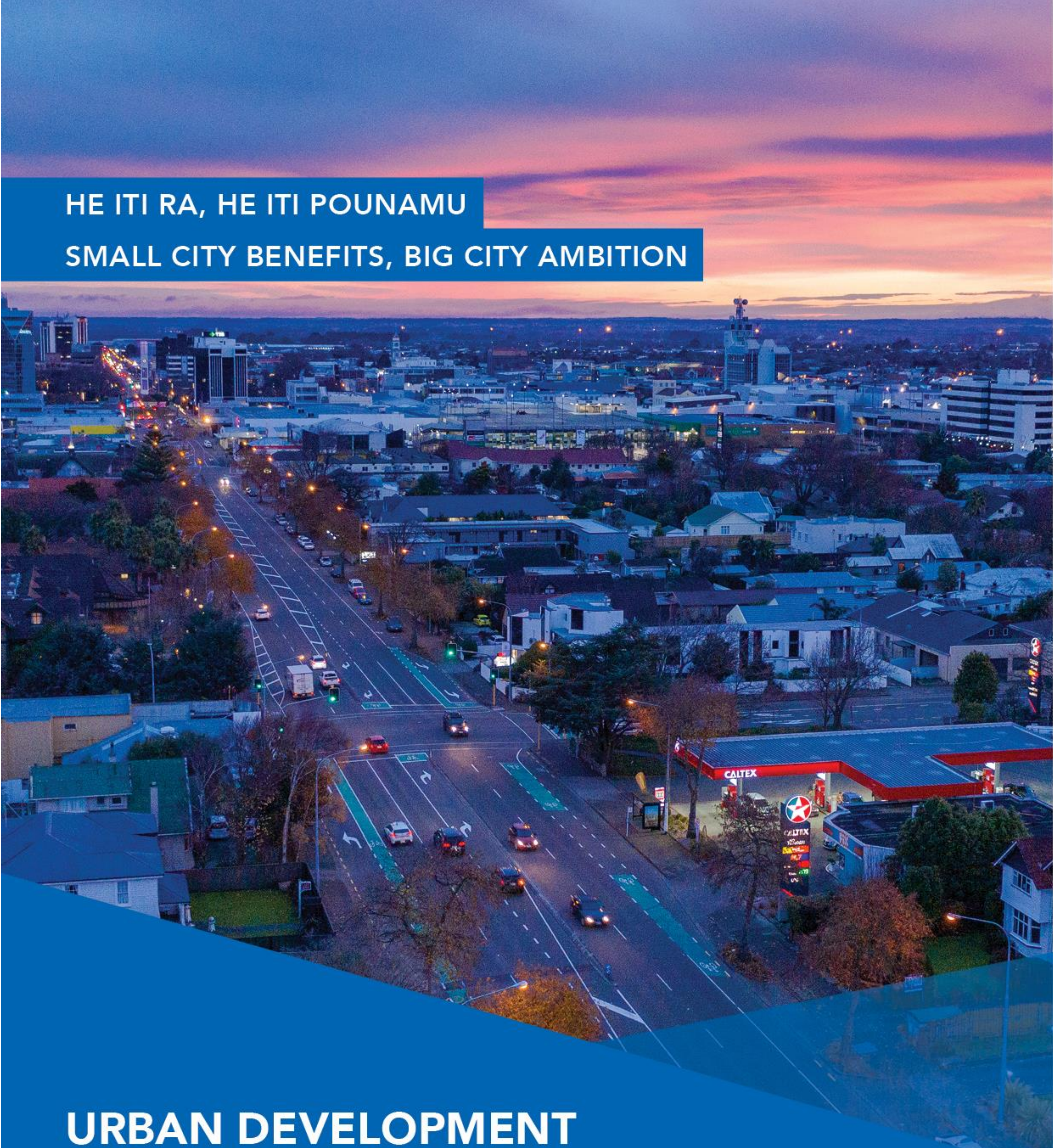
HE ITI RA, HE ITI POUNAMU

SMALL CITY BENEFITS, BIG CITY AMBITION



URBAN DEVELOPMENT CAPACITY INDICATORS FOR PALMERSTON NORTH

Year ended December 2019

PALMERSTON NORTH CITY COUNCIL

Contents

1. Overview

1.1. Economic growth slowed gradually in Palmerston North during 2019, following strong growth in 2018. Infometrics provisional estimates suggest GDP in the city increased by 2.2% in the year to December 2019 compared with national growth of 2.3%. GDP growth was 4.2% in the city in the year ended December 2018, supported by strong growth in construction activity, with the value of building consents issued peaking at $299 million in the year to December 2018.

1.2. Strong growth in house prices and rents in the city during the last six months of 2019 points to further demand for the construction of new housing during 2020, despite the short-term impacts of the Covid-19 Level-3 and Level-4 restrictions in place between March and May.

1.3. The number of people in the city receiving MSD benefits in December was only slightly up on December 2018, while national data showed stronger growth in job seeker benefits, particularly in Auckland and Canterbury.

Key statistics for Palmerston North

Population estimate as a 30 June 2019[1]	88,300
Number of employees as at February 2019	50,900
Annual earnings (salaries, wages and self-employment) - year ended March 2018	$2,860 million
Electronic card retail spending – year ended December 2019	$1,208 million
Tourism expenditure – year ended December 2019	$437 million
GDP (2010 prices) – year ended December 2019	$4,142 million
City land area	39,500 ha

2. Annual trends

2.1. Palmerston North's economy grew by 2.2% in the year to December 2019 (Infometrics provisional estimate).

2.2. Population growth strengthened in the year to June 2019, increasing by 1,000 people between June 2018 and June 2019, an increase of 1.1% (Statistics New Zealand provisional estimates).

2.3. Employee counts in Palmerston North increased by 1.8% (900 jobs) between 2018 and 2019.

2.4. Electronic card retail spending in Palmerston North reached $1,208 million in the year ended December 2019, an increase of 3.2%, ahead of the national increase of 2.3%.

2.5. The Palmerston North inner CBD area attracted one-third of retail spending in the City in the 12 months ended January 2020 ($396 million) while the outer CBD area attracted a further 15% ($183 million). Non-resident spending in the inner CBD accounted for 46% of total spending in the inner CBD and 40% of total electronic cared retail spending in Palmerston North.

[1] Provisional. A revision will be made based on Census 2018 population counts

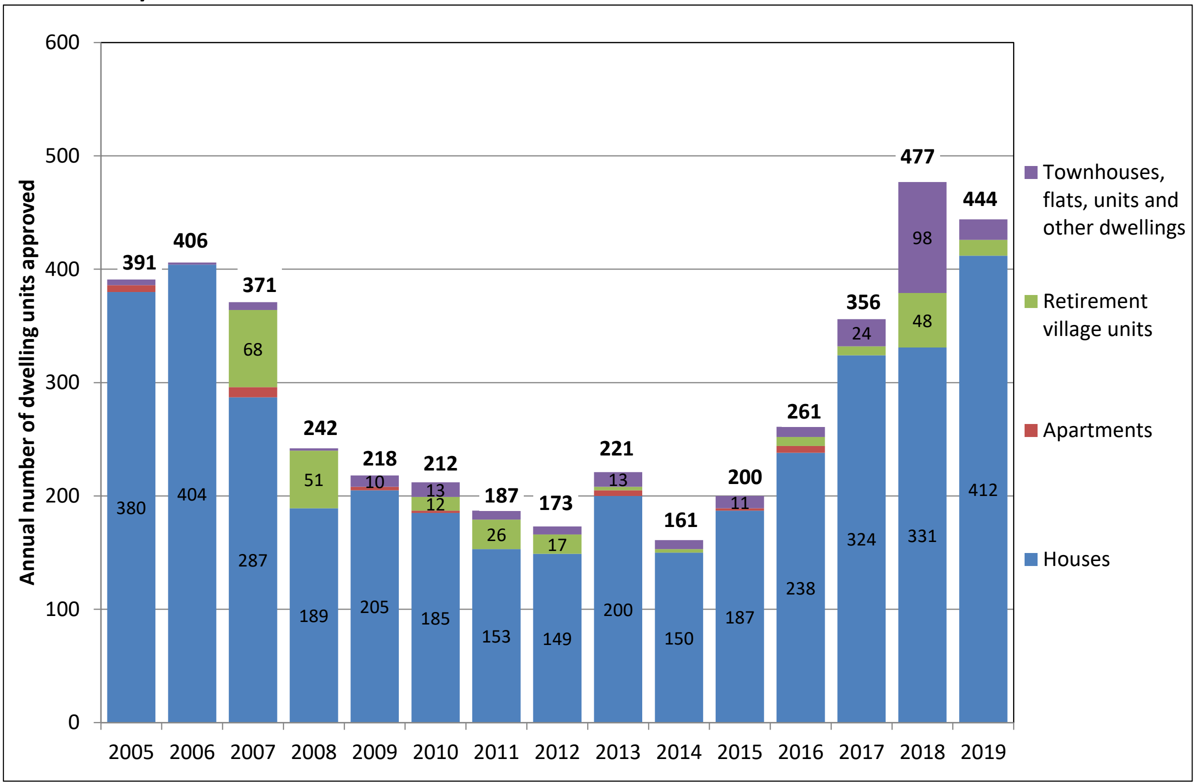
3. Palmerston North's housing market

New residential building consents

3.1. Consents for 128 new residential dwellings were issued in the December 2019 quarter, an increase of 19% from the December 2018 quarter.

3.2. In the year ended December 2019, 444 new residential dwellings, valued at $147 million, were approved for construction in Palmerston North. The number of new dwellings approved in the year to December 2019 declined by 7% (33 less dwellings) from the previous year but the value of consents increased by 2%.

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



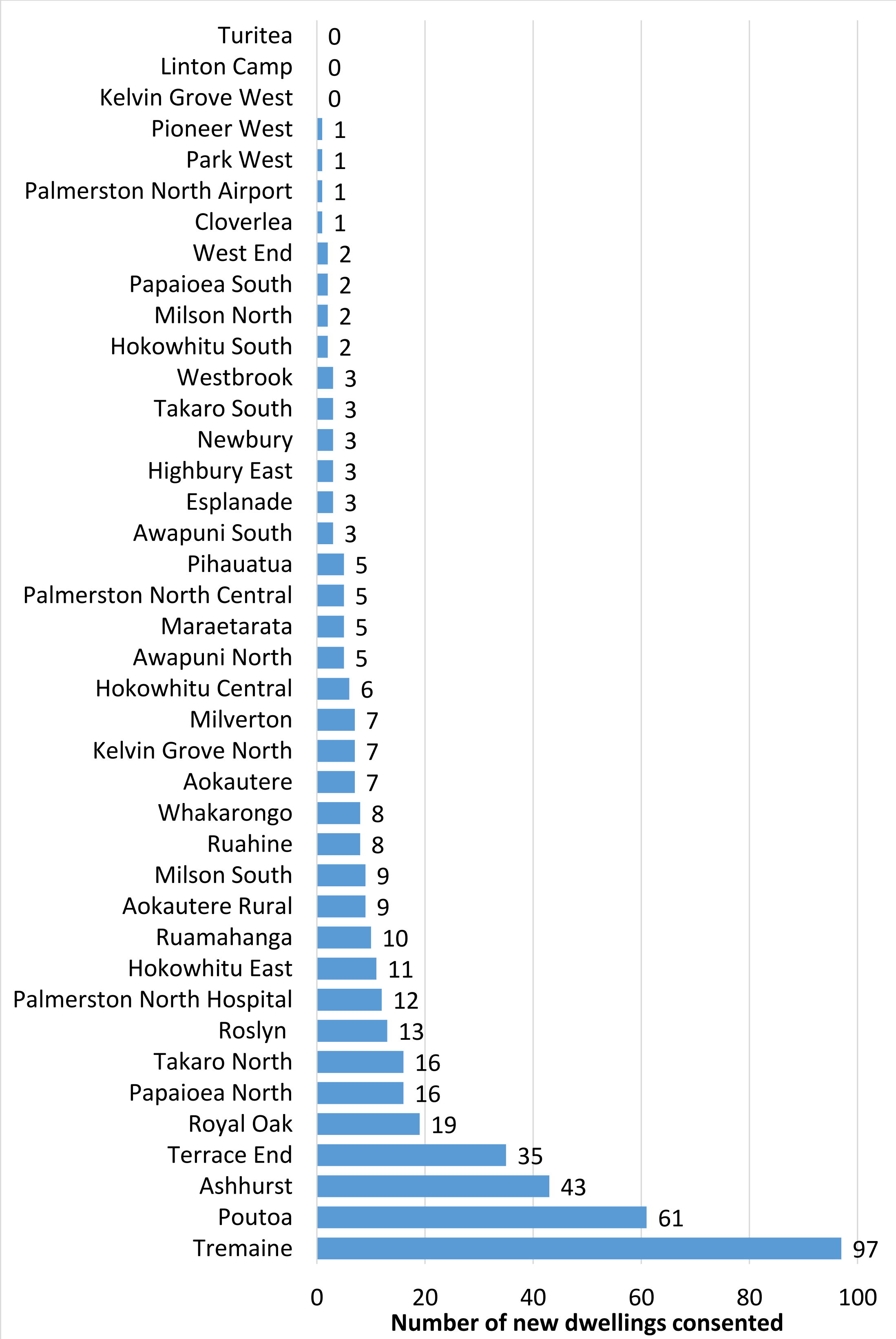
Source: Statistics New Zealand

3.4. The number of relocatable homes consented declined slightly during 2018. Measuring how much these houses added to housing stock in the city is challenging because there is a delay between the approval of the consent and the completion of the construction of the houses approved. Many of these houses are being constructed in the city for relocation to sites across the lower North Island, but we have only partial data on the destination of the houses consented during 2017 to 2019.

3.5. Data supplied by the companies for the past two years shows that most houses were relocated to sites across 15 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.

3.6. Area unit data for new dwelling consents shows Tremaine was the largest area unit during 2019, but a large share of these consents was for relocatable houses and the new BUPA retirement village development on Napier Road. Poutoa and Ashhurst are the main areas where greenfield housing development is occurring, while Terrace End was boosted by increased Housing New Zealand consents.

Figure 2: New dwelling consents by area unit in the year to December 2019

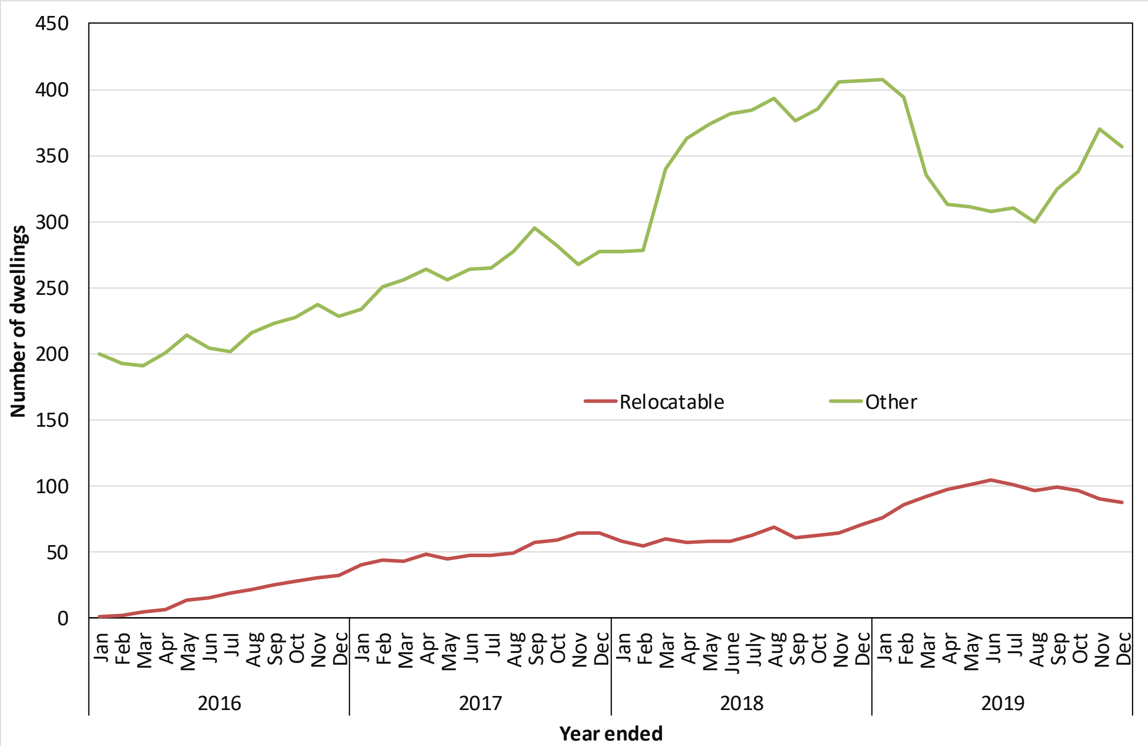


Source: Statistics New Zealand

3.7. Over the last three years there has been an increase in the number of dwellings approved in the Papaioea, Takaro, Roslyn and Palmerston North hospital area units. 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.

3.8. The number of building consents issued for relocatable dwellings declined during the second half of 2019. Annual consents for relocatable dwellings peaked at 104 but by December 2019 the annual total had declined to 87. None of the relocatable dwellings consented in the year to December 2019 were identified as going to a site in Palmerston North.

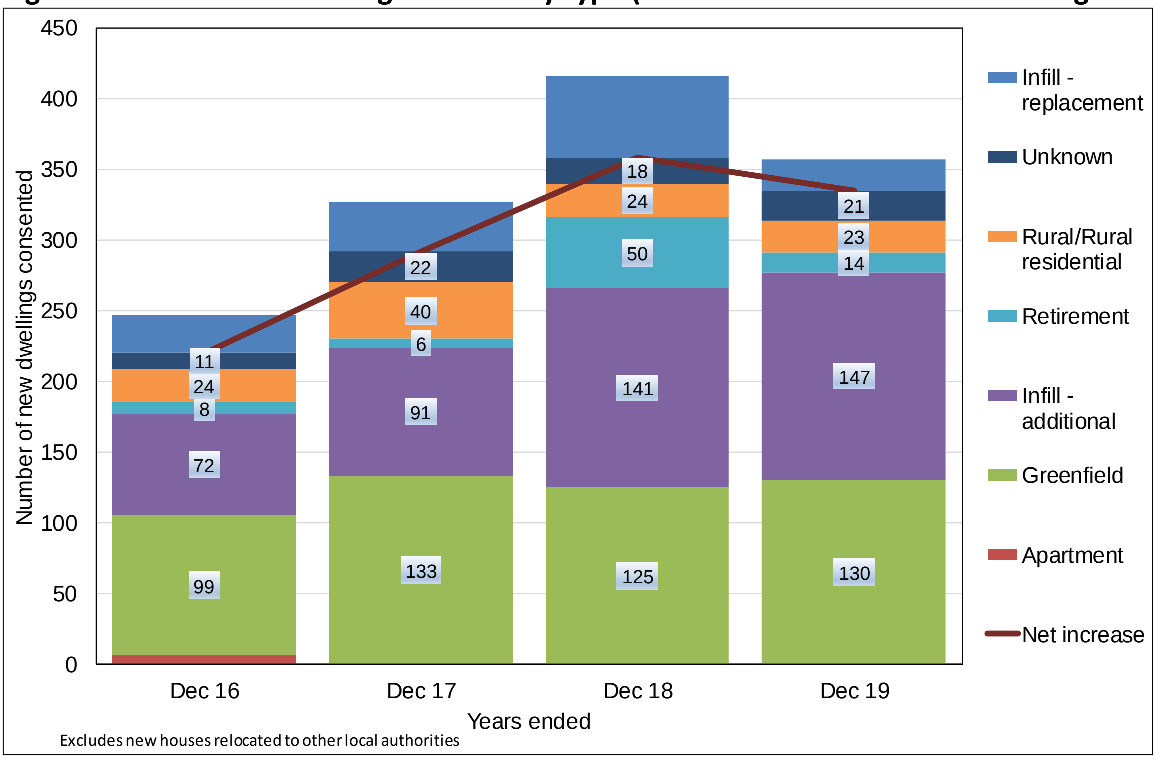
Figure 3: Number of relocatable dwellings consented in Palmerston North



Source: Palmerston North City Council

3.9. Council monitoring of housing by type of development shows growth in the proportion of additional housing supplied by infill housing, while the greenfield share has declined.

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

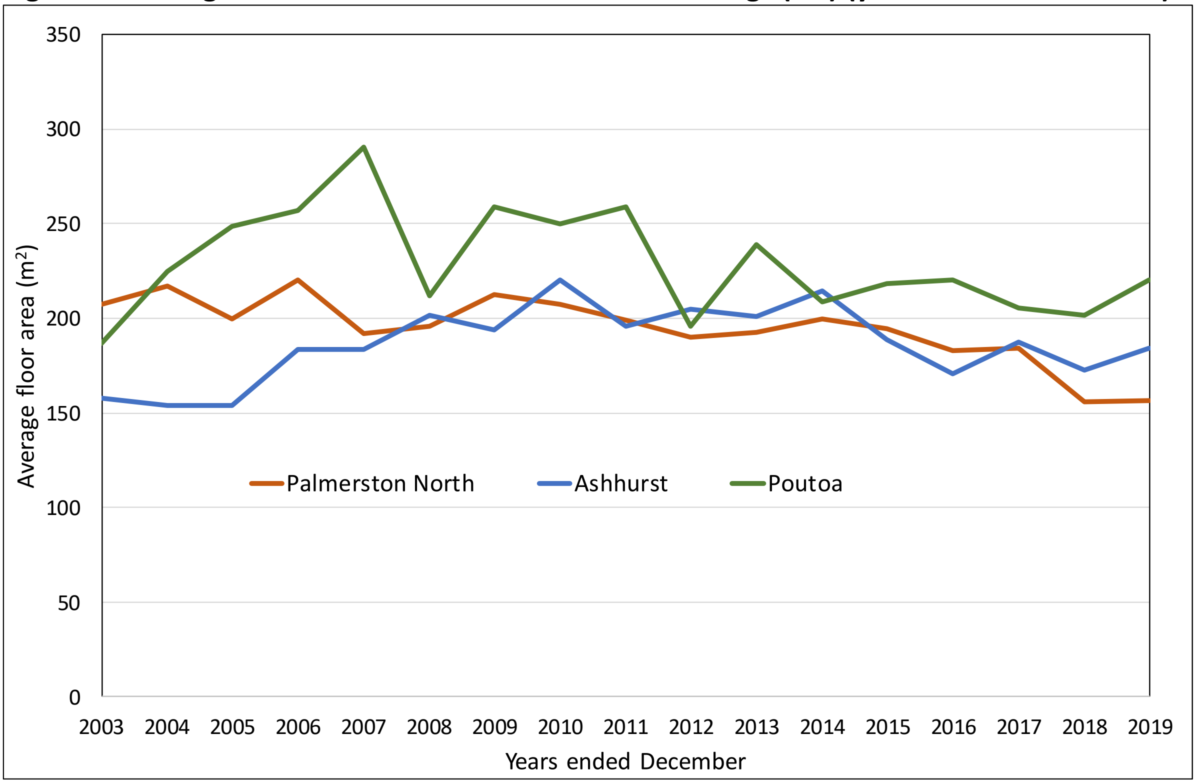


Source: Palmerston North City Council

3.10. The average floor area of new dwellings consented in Palmerston North has been declining since 2006, when the average was 220m^2, to 158m^2 in the year to December 2019. The overall decline in the average floor area of all new dwellings in 2018 and 2019 is influenced by the retirement village units and apartments approved for the BUPA retirement village, the 50 new housing units in the Council's Papaioea flats complex and an increasing numbers of consents Kāinga Ora (was Housing New Zealand). The increase in the number of consents for relocatable houses is also a factor.

3.11. The main greenfield growth areas, Poutoa and Ashhurst, also show a decline in average floor area for new dwellings consented. The average for Ashhurst increased between 2005 and 2014, but has averaged just under 180m^2 over the past four years. Average floor area has also been declining in Poutoa since peaking in 2007.

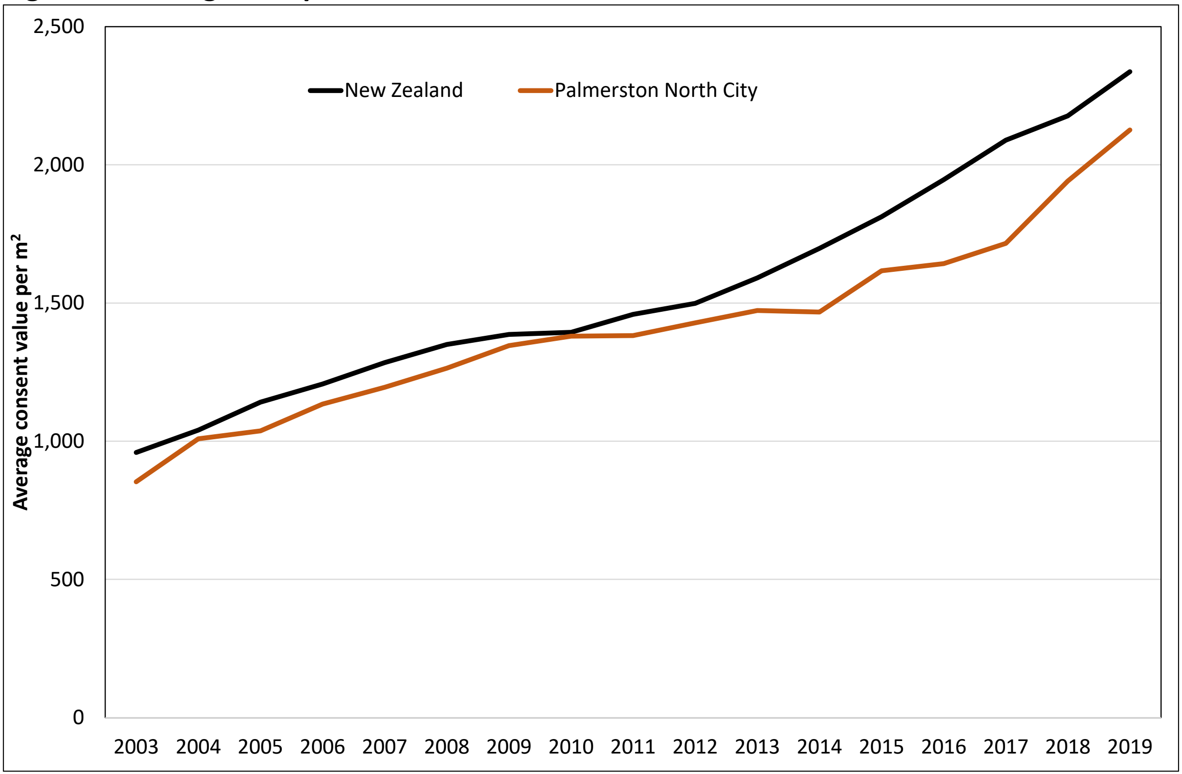
Figure 5: Average floor area of consents for new dwellings (m^2) (years ended December)



Source: Statistics New Zealand

3.12. The average value of new dwellings consented in Palmerston North peaked at $371,800 in 2015, but the decline in the average size of houses consents has resulted in a small decline to $362,300 in 2019. The estimated cost of construction per m^2 for houses consented in Palmerston North in the year ended December 2019 was $2,126 per m^2, an increase of 9.5% from 2018, while the average for New Zealand was $2,337 per m^2, an increase of 7.3% from 2018. The rate of increase in consent values per m^2 in Palmerston North has been higher than for New Zealand over the past three years. It is unclear how much this is due to the increase in the number of small dwellings consented.

Figure 6: Average cost per m² for construction of new houses



Source: Statistics New Zealand

Census housing data

3.13. Census 2018 data shows strong growth in the number of one and two-bedroom dwellings between 2013 and 2018, but it is not clear how much of this change is due to improvements in bedroom count data. In 2013, there were 1,365 dwellings for which bedroom count data was not provided, while in 2018 there were just 3 dwellings. Average annual growth in the number of dwellings was 184 between 2013 and 2018, while the average number of building consents issued for new dwellings was 226 over this period.

Table 1: Number of bedrooms

	One Bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms	Five or more Bedrooms	Total dwellings stated	Bedrooms not stated	Total dwellings
2001	1,212	5,310	11,883	5,757	1,818	25,980	963	26,943
2006	1,281	5,418	12,420	6,660	1,896	27,675	801	28,476
2013	1,308	5,313	12,348	7,272	2,097	28,338	1,365	29,703
2018	1,614	5,811	13,320	7,752	2,121	30,618	3	30,621
% share								
2001	4.7%	20.4%	45.7%	22.2%	7.0%	100.0%		
2006	4.6%	19.6%	44.9%	24.1%	6.9%	100.0%		
2013	4.6%	18.7%	43.6%	25.7%	7.4%	100.0%		
2018	5.3%	19.0%	43.5%	25.3%	6.9%	100.0%		
Average annual change								
2001 - 2006	14	22	107	181	16	339	-32	307
2006 - 2013	4	-15	-10	87	29	95	81	175
2013 - 2018	61	100	194	96	5	456	-272	184

3.14. Statistics New Zealand changed its approach in the 2018 Census to the recording of dwellings which were not occupied when the Census was taken. In 2018, 32,730 dwellings were counted, of which 30,618 were recorded as occupied, while 2,016 were unoccupied. Of these unoccupied dwellings, 1,155 were recorded as *residents away*, while 861 were recorded as *empty*. This is a significant change from 2013, when 624 dwellings were recorded as *residents away*, while 1,290 dwellings were recorded as *empty*. Because of the limited timeframe over which the Census is conducted, it is difficult for Census collectors to assess whether dwellings are empty.

3.15. Census housing ownership data shows a small increase in ownership rates, with the household ownership rate in Palmerston North increasing from 62.5% in 2013 to 62.7% in 2018. The ownership rate for New Zealand declined slightly from 64.8% to 64.5%. Census data for housing ownership by individuals shows a lower ownership rate, suggesting ownership rates are higher in small households. The ownership rates for individuals in Palmerston North aged 15 years and over increased from 47.5% in 2013 to 50.2% in 2018.

3.16. Ownership rates in Palmerston North are usually lower than the average for New Zealand due to our lower median age. Census 2018 data shows an ownership rate of 50.2% in Palmerston North, while the ownership rate for New Zealand was 51.8%. However, data for ownership by age band shows ownership rates in the city above the average for New Zealand in every age group except the 15-19 age group. The greatest difference was in the 25-29 years age group

Table 2: Ownership rates for individuals by age group (Census 2018)

Age group	Ownership rate for individuals		Difference from New Zealand
	New Zealand	Palmerston North	
Total population	51.8%	50.2%	-1.5%
15-19 Years	3.1%	2.6%	-0.5%
20-24 Years	7.3%	7.8%	0.5%
25-29 Years	21.6%	27.5%	5.9%
30-34 Years	39.0%	44.3%	5.3%
35-39 Years	51.7%	54.4%	2.7%
40-44 Years	60.3%	63.7%	3.3%
45-49 Years	66.2%	69.5%	3.3%
50-54 Years	70.1%	71.8%	1.7%
55-59 Years	73.2%	73.4%	0.2%
60-64 Years	75.1%	75.4%	0.4%
65-69 Years	77.2%	77.3%	0.1%
70-74 Years	77.8%	77.9%	0.1%
75-79 Years	75.0%	76.8%	1.7%
80-84 Years	70.3%	71.2%	0.9%
85-89 years	64.7%	66.1%	1.4%
90 years and over	51.8%	54.4%	2.6%

Source: Statistics New Zealand

3.17. Median rents in Palmerston North were $270 per week in 2018, compared with $340 for New Zealand. Median rents in the city increased by 8% between 2013 and 2018, a much smaller increase than the 21% increase for New Zealand. The rents data collected in the Census differs from the MBIE Rental Bond database because Census includes Housing New Zealand rental properties. In 2006, median rents in Palmerston North were 90% of the national median, but by 2018 they had fallen to 79%.

3.18. Improvements in Census housing stock data means it is difficult to compare 2013 and 2018 census data for sector of landlord. In 2013, 561 renting households did not provide information on the sector of their landlord, while in 2018 there were only 15 households for which sector of landlord data was not available. This means it is difficult to determine how much of the change between 2013 and 2018 was due to increased rental property supply or improvements in the rental property data.

Table 3: Sector of Landlord (Census)

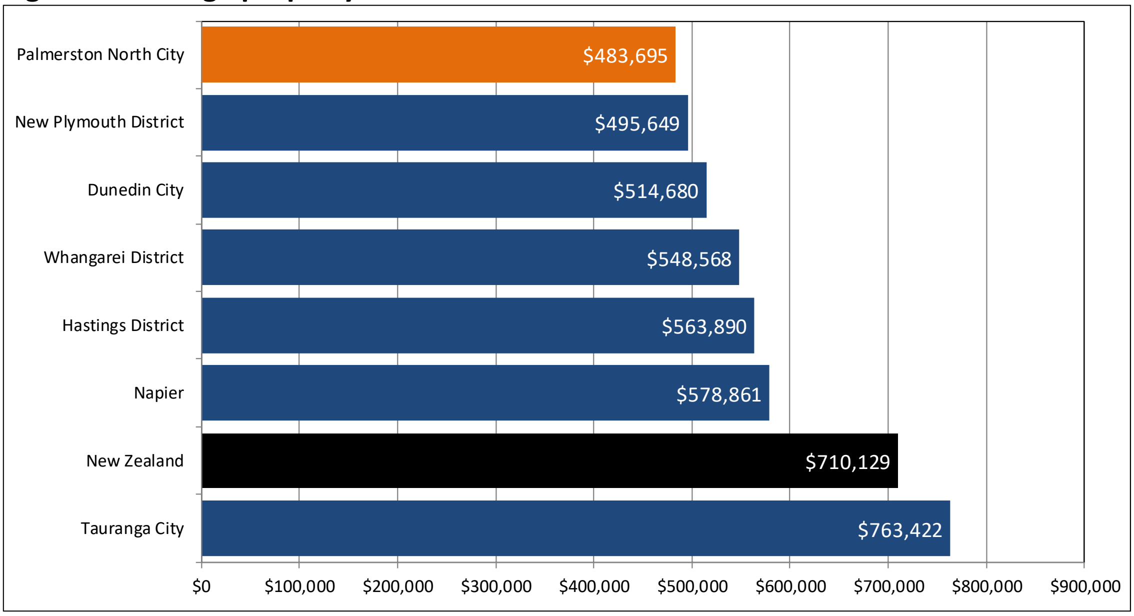
Sector of landlord	2006	2013	2018	2013 - 2018 change	
	Number	Number	Number	Number	%
Total households	9,015	9,693	10,557	864	8.9%
Private person, trust, or business	6,708	7,386	8,364	978	13.2%
Local authority or city council	315	330	360	30	9.1%
Housing New Zealand Corporation	1,209	1,164	1,356	192	16.5%
Iwi, hapu, or Maori land trust	0	0	15	15	
Other community housing provider	0	0	126	126	
Other state-owned corporation or state-owned enterprise, or government department or ministry	342	252	324	72	28.6%
Total households stated	8,568	9,129	10,542	1,413	15.5%
Not elsewhere included	447	561	15	-546	-97.3%

Source: Statistics New Zealand

Other housing market indicators

3.19. Average residential property values in Palmerston North increased by 13.7% in the year ended December 2019, an increase of $58,200 from December 2018. New Zealand house prices increased by $27,200, 4.0%. Employment data for Palmerston North shows average annual salaries and wages in the city for the year ended December 2018 were $58,430. The average value of $483,700 in Palmerston North in December 2019 was lower than for comparable sized urban areas.

Figure 7: Average property values in December 2019



Source: Quotable Value

3.20. The MBIE/MfE price-cost ratio for Palmerston North increased from 1.02 in 2015 to 1.32 in 2019. The ratio measures the gap between house prices and construction costs in each urban area. It was developed as an indicator of the extent to which house price increases are driven by construction costs or the cost of land. The current ratio is similar to the previous peak in the ratio in 2007.

3.21. House sales in Palmerston North declined by 6% in the year to December 2019. Real Estate Institute data for the Manawatū/Whanganui region suggest the fall in sales has been primarily due to a reduction in housing stock available for sale. The number of days to sell in the region has been significantly below the 10-year average for the region.

3.22. Average weekly dwelling rents in Palmerston North were $325 in the year ended December 2019 (annual average), increasing by 10.7% from 2018. Rents have increased more strongly in other territorial authorities in the Manawatū/Whanganui region (apart from Ruapehu District), reducing the difference in weekly rents between the city and neighbouring areas.

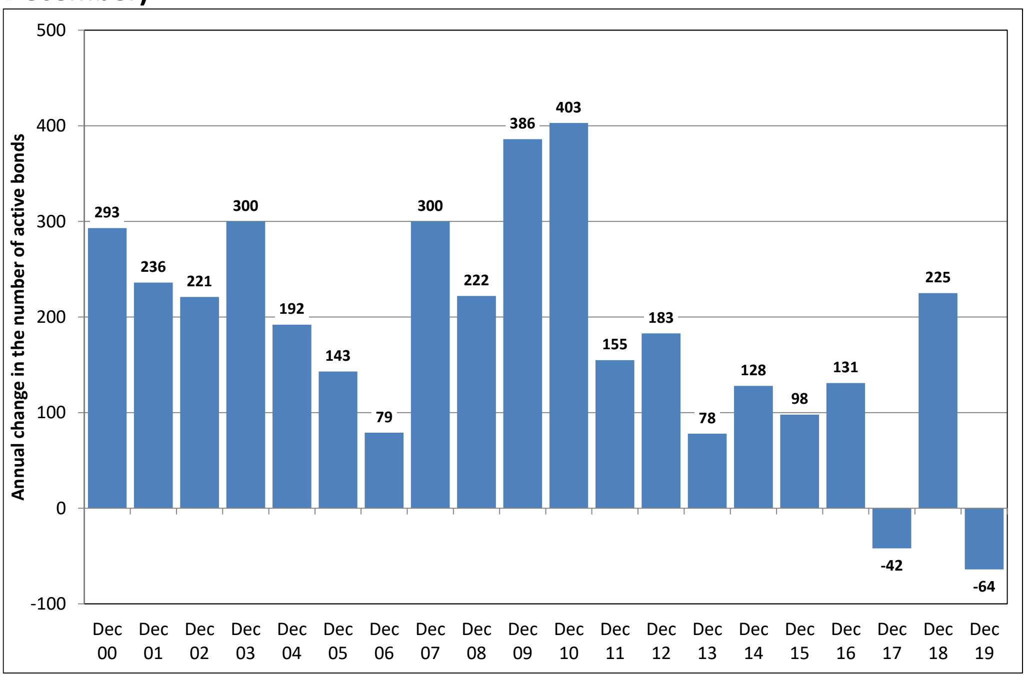
Table 4: Average annual rents in the Manawatū/Whanganui region (years ended December)

Territorial authority	Years ended December		2016 - 2019 change	
	2016	2019	$	%
Palmerston North City	$279	$325	$46	17%
Horowhenua District	$255	$320	$65	25%
Manawatū District	$244	$317	$73	30%
Whanganui District	$235	$297	$63	27%
Rangitīkei District	$191	$281	$90	47%
Tararua District	$191	$264	$74	39%
Ruapehu District	$203	$196	-$7	-3%

Source: Housing and Urban Development (HUD)

3.23. There were 64 less active residential rental bonds in Palmerston North registered by the Ministry of Business, Innovation and Employment (MBIE) at the end of December 2019 compared with December 2018. This was a decline of 0.7% from the previous year.

Figure 8: Annual change in the number of active residential rental bonds (years ended December)



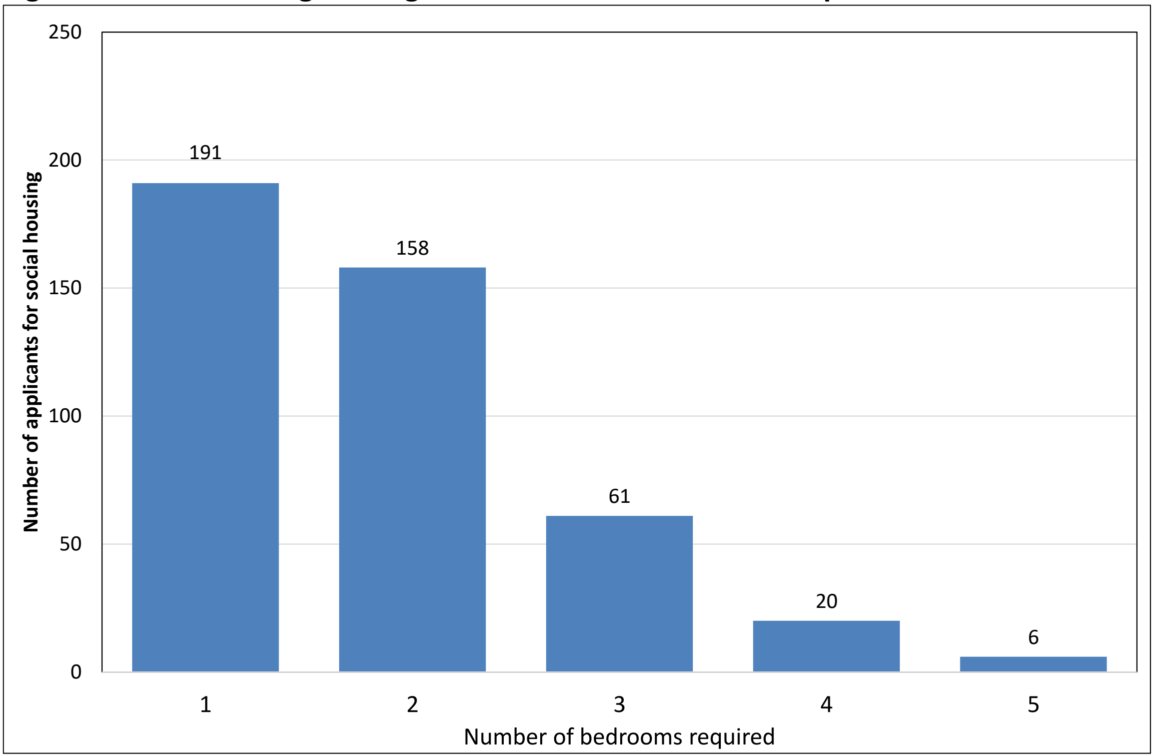
Source: MBIE

3.24. Annual change in rental stock has been volatile since 2012, but the overall trend has been for very weak growth in private sector rental stock. An increase in the rate of housing ownership will have contributed to this weakness, but increased Kainga Ora (Housing New Zealand) activity in the rental market may also be a contributor, as it attempts to address the sudden increase in its waiting list.

3.25. The waiting list for social housing in Palmerston North has increased from 20 households in December 2014 to 436 households in December 2019. 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.

3.26. The waiting list data provides a useful indication of the increasing demand for small houses. In December there were 191 households (44% of the waiting list) requiring a one-bedroom house and 158 households (36%) requiring a two-bedroom house.

Figure 9: Social housing waiting list – number of bedrooms required



Source: MSD

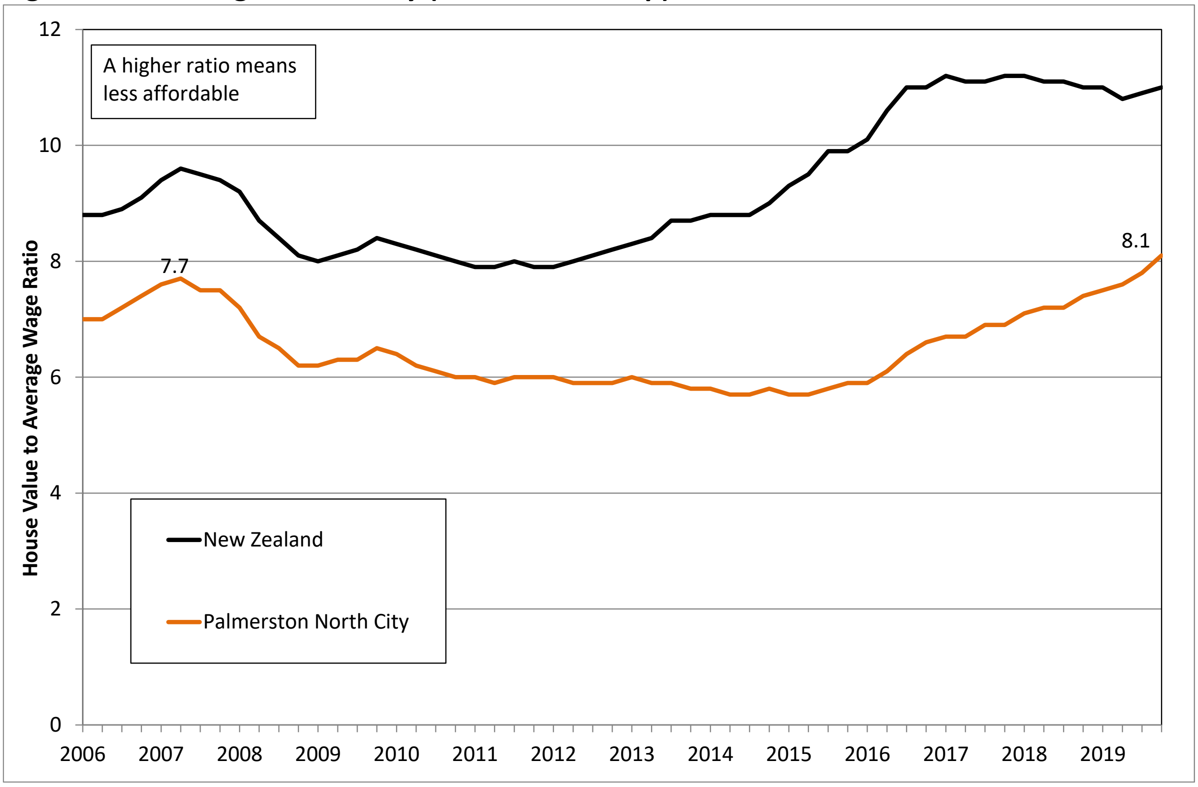
Housing Affordability

3.27. Housing affordability indicators for both home ownership and renting showed a decline in affordability during the year to December 2019.

3.28. Housing affordability (ownership) ratio in Palmerston North deteriorated from 7.4 times average annual salaries and wages in December 2018 to 8.1 in December 2019. The previous peak in housing affordability in the city was in 2007, when the ratio was 7.7. Palmerton North has been experiencing strong growth in both average and median earnings, with increases of 4.3% and 4.4% respectively in the year ended December 2018. This is the latest earnings data published by Statistics New Zealand so Infometrics has estimated income growth during 2019.

3.29. The affordability score for New Zealand was unchanged at 11.0 in both December 2018 and December 2019.

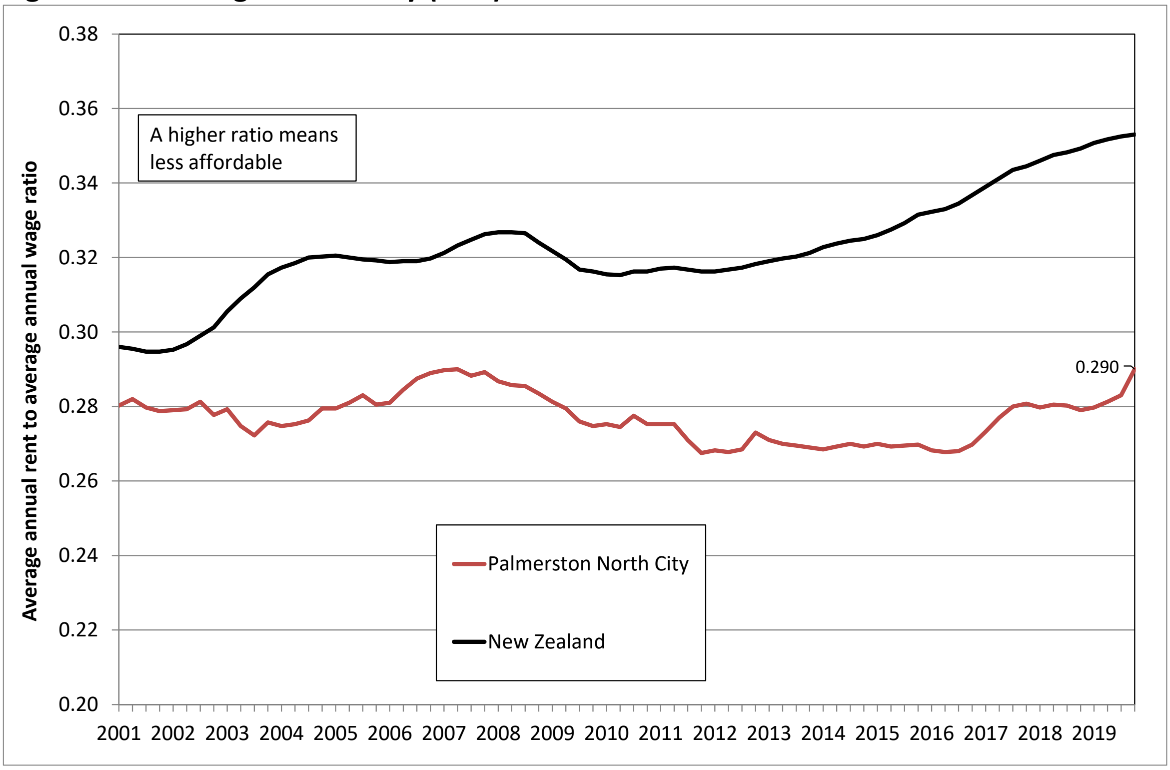
Figure 10: Housing affordability (home ownership)



Source: Infometrics

3.30. Rental affordability in Palmerston North deteriorated during 2019, with average rents increasing from 27.9% of average annual salaries and wages in December 2018 to 29.0% in December 2019. Average annual rents in Palmerston North increased by 8.7% in the year to December 2019. The affordability score for New Zealand increased from 34.8% in December 2018 to 35.3% in December 2019.

Figure 11: Housing affordability (rent)



Source: Infometrics

4. Business Activity

Non-residential building consents

4.1. The value of non-residential consents issued in the year ended December 2019 was $79 million, a decline of 43% from 2018. Major consents approved during 2018 were:

a. Joint Food Science Facility at Massey University (Food HQ),

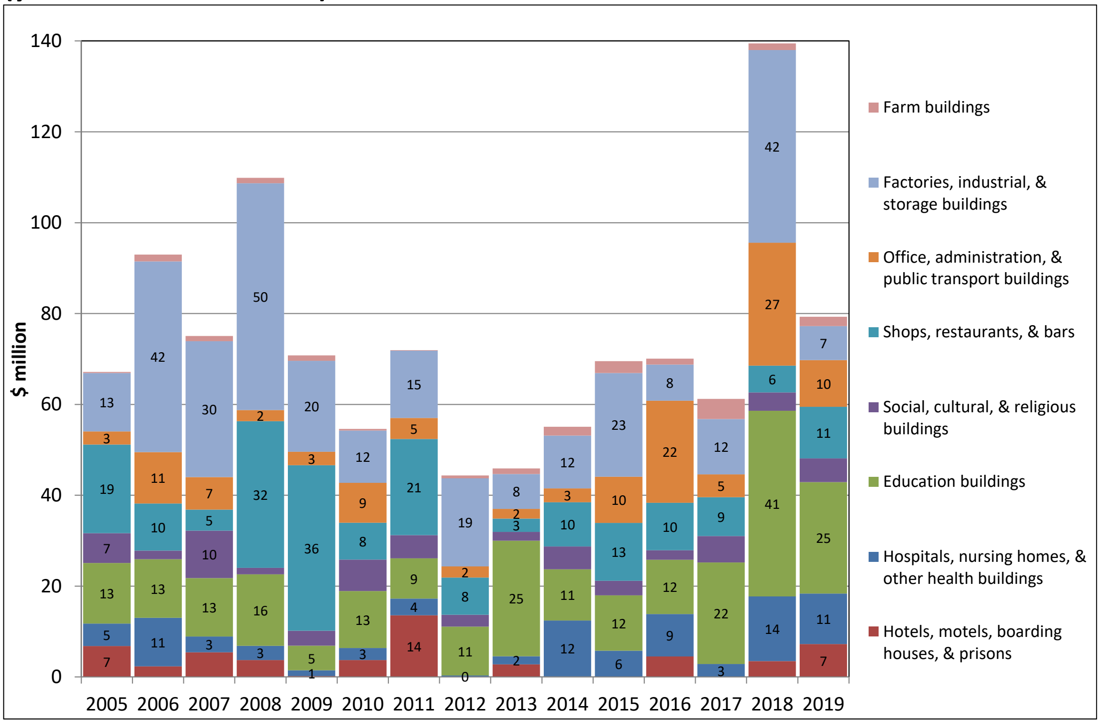
b. BUPA aged care facility comprising care home and independent living apartments,

c. Toyota warehouse expansion and structure strengthening of existing buildings,

d. Commercial building (IRD, retail and hospitality),

e. Seismic strengthening and refurbishment at Massey University

Figure 12: Non-residential building consents issued by value in Palmerston North (years ended December)

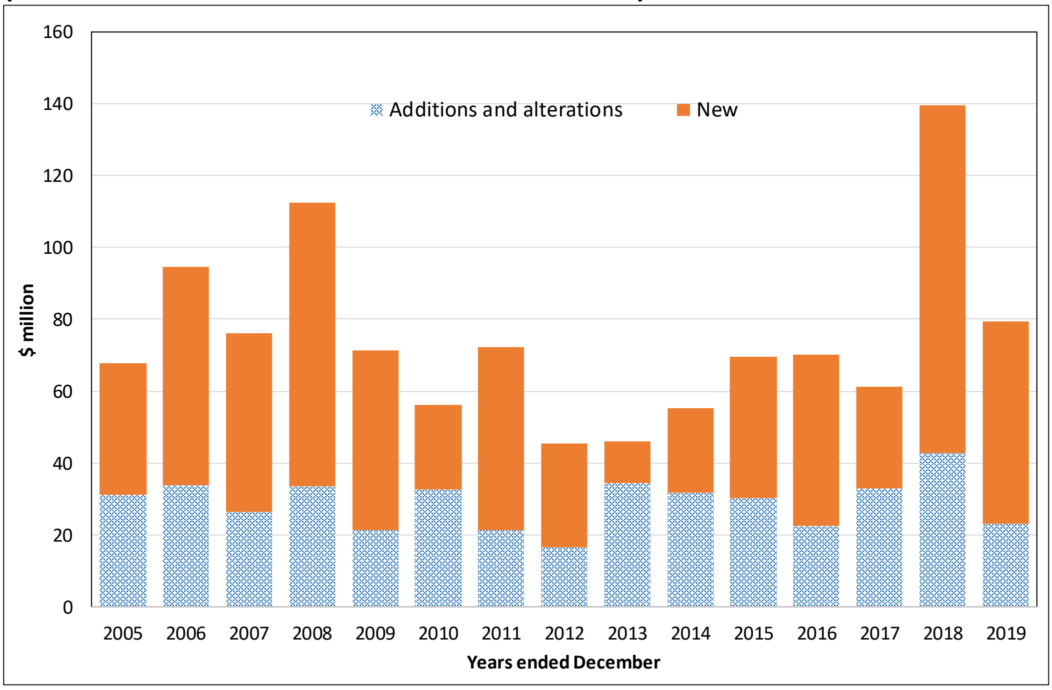


Source: Statistics NZ

4.2. While the Toyota consents accounted for the largest contribution to the growth in consents for factories, industrial and storage buildings, there was also an increase of smaller consents for a range of industrial and storage buildings during 2018.

4.3. The annual value of consents for the construction of new non-residential buildings averaged $44 million between 2005 and 2019 while the annual value of consents for additions and alterations to non-residential buildings averaged $29 million. 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.

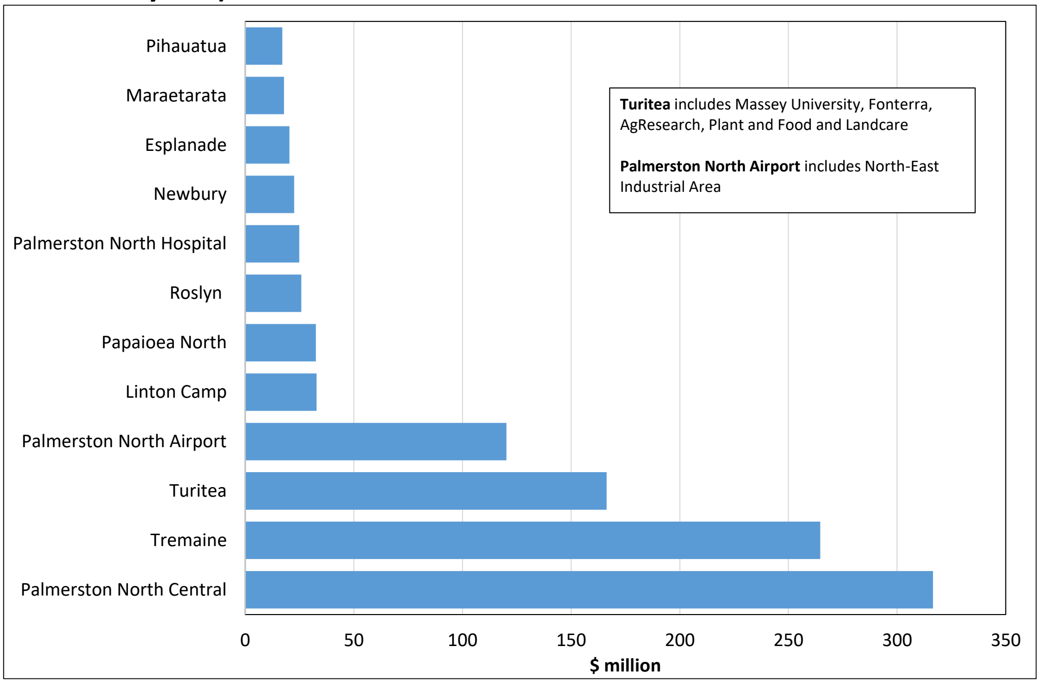
Figure 13: Annual value of non-residential building consents in Palmerston North (new construction vs additions and alternations)



Source: Statistics NZ

4.4. Palmerston North Central area unit accounted for 26% of non-residential building consents (by value) in Palmerston North over the period between 2003 and 2019. Tremaine accounted for a further 21%, Turitea 13% (covers Massey University and research institutes) and Palmerston North Airport 10% (covers the North-East Industrial Zone).

Figure 14: Distribution of non-residential consents by area unit (2003 – 2018 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 for Palmerston North and the Manawatū region amount to close to $3 - $4 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest being the MidCentral Acute Services Block, which has an estimated value of $370 million. However, the government has confirmed funding for a $30 million mental health services facility and a $26 million expansion of the surgical services unit. Some projects under development do not have final values, such as the infrastructure required for the new P-8A Poseidon aircraft at Ohakea, the regional freight ring road and the new KiwiRail freight hub. The list doesn't include major projects in the wider Manawatū-Whanganui region, such as the four-laning of State Highway 1 from Otaki to north of Levin highway, which is currently budgeted to cost $817 million

5.2 Total planned capital expenditure by Palmerston North City Council over the 2018 – 2028 period is $687 million, of which the wastewater treatment plant is the largest investment. The indicative cost for this is expected to increase from earlier estimates in the Council's 2018-28 long-term plan. The proposed budget for future projects is likely to change in the Council's 2021-31 long-term plan, which is in the early stages of development. Manawatū District's planned capital budget for 2018-28 is $190 million.

Table 5: Major construction projects (2020 – 2030)

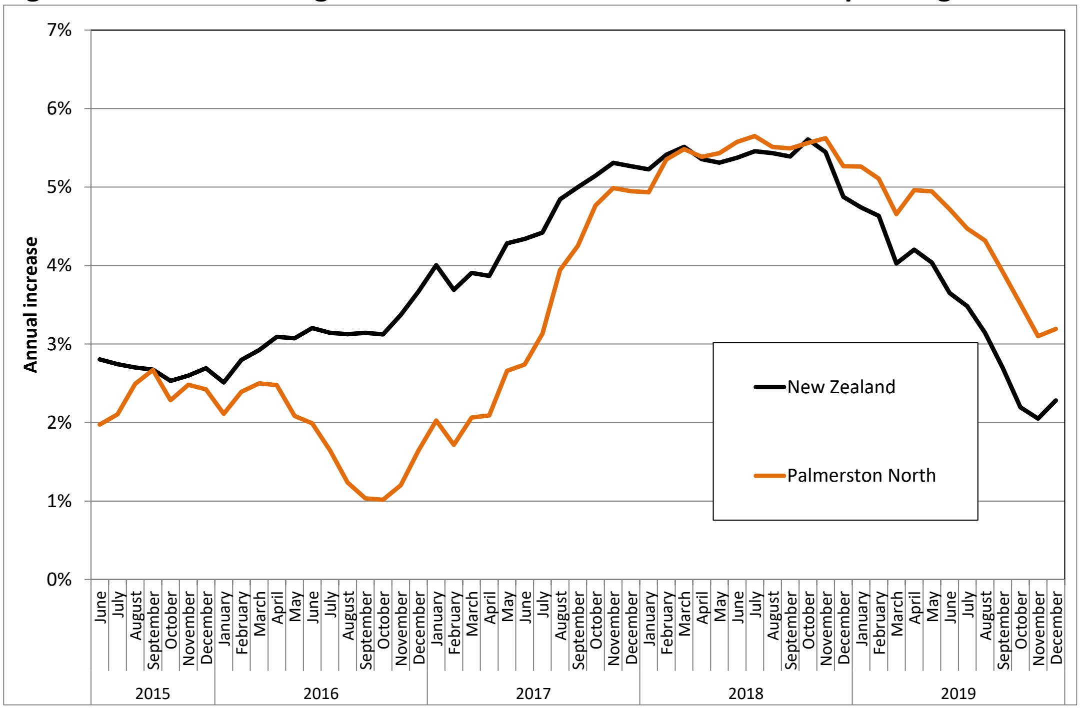
Development	$ million	Timing
Manawatū Gorge	650	start late 2020
Linton and Ohakea regeneration plan	397	2018 - 2030
Mercury Energy - Turitea	256	started August 2019
Massey University capital plan	230	2020 - 2030
Powerco growth and security projects	150	2017 - 2024
Hokowhitu campus redevelopment	90 - 135	started late 2019
P-8A Poseidon aircraft - infrastructure	300	finish by 2023
NZTA regional roading investment	cost and timing to be confirmed	
BUPA retirement village	40	started 2017
KiwiRail regional freight hub	cost and timing to be confirmed	
MidCentral DHB acute services block	370	timing uncertain
MicCentral sugical and mental health	57	late 2020/early 2021
PNCC urban growth capital projects	48	2018 - 2028
PNCC city centre streetscape upgrade	29	2018 - 2028
Arena Master Plan	25	2018 - 2028

Source: Palmerston North City Council

6. Retail trends

6.1. Total electronic card retail spending increased by 3.2% in Palmerston North in the year ended December 2019, while national retail growth was 2.3%. The rate of growth for the city has been ahead of the growth rate for New Zealand for most of the period since August 2017, supported by strong growth in spending by residents at local merchants.

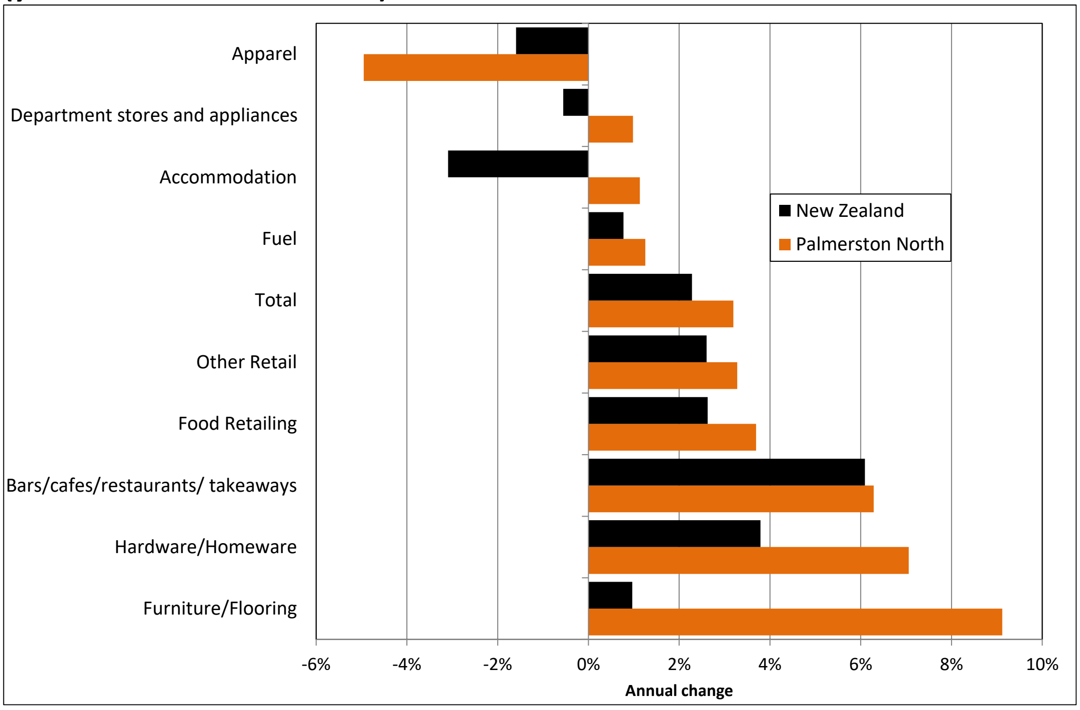
Figure 15: Annual change in the value of electronic card retail spending



Source: Marketview

6.2. Food retailing (supermarkets, liquor stores and other specialised food retailers) accounted for 30% of total electronic card spending in the year to December 2019.

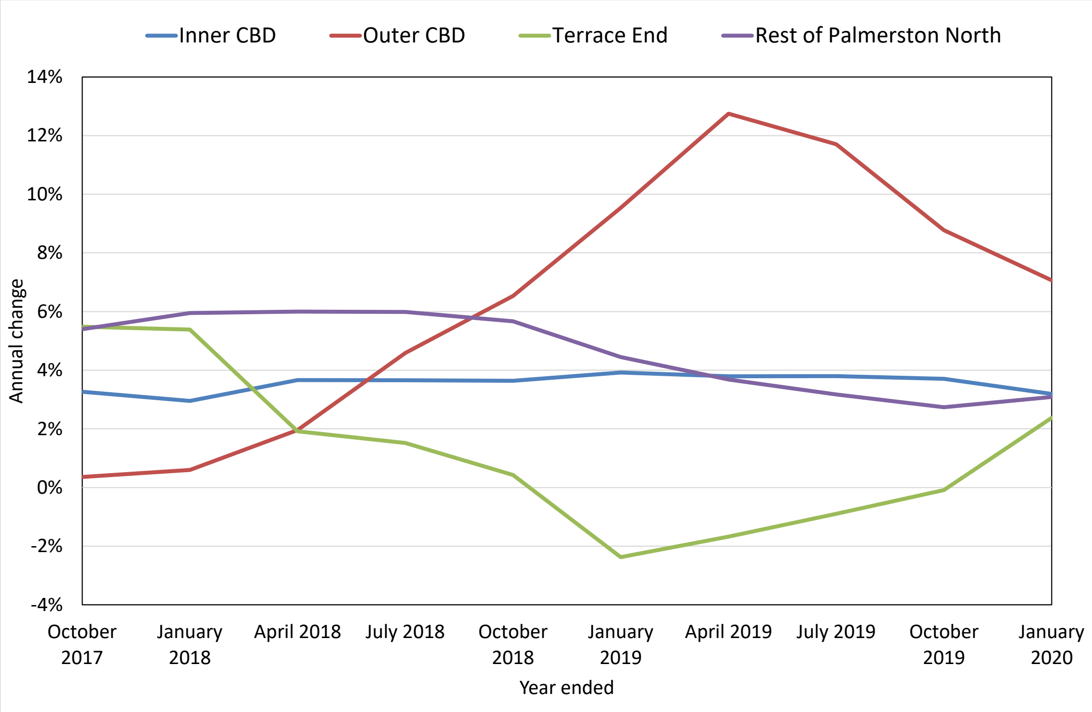
Figure 16: Change in Palmerston North electronic card retail spending by sector (year ended December 2019)



Source: Marketview

6.3. Electronic card spending data for the 12-months ended January 2020 shows that the annual rate of retail growth remains stronger in the CBD (4.4%) than for the city overall (3.7%). The strongest rate of growth was in the outer CBD zone, where spending increased by 7.1%, while growth in the inner CBD zone was 3.2%.

Figure 17: Change in Palmerston North electronic card retail spending by retail precinct (year ended January 2020)



Source: Marketview

6.4. Total visitor spending in the city in the year ended December 2019 was $437 million, ranking it 12th overall among the 67 local authorities. Tourism spending in the city increased by 2.0% in the 12 months ended December, slightly weaker than the national growth rate of 3.5%. Domestic visitor spending was $366 million, increasing by 1.0% from the previous year, while international visitor spending was $71 million, an increase of 7.8% from the previous year.

6.5. The ‘retail sales – other’ category is the biggest sector for 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 $182 million in the year to December 2019, an average of $500,000 per day.

6.6. The Manawatū-Whanganui region is the largest source of visitor spending in the city, following by visitors from the Wellington and Auckland regions. Australia is the largest source of international visitor spending but there has been strong growth in spending from China and USA.

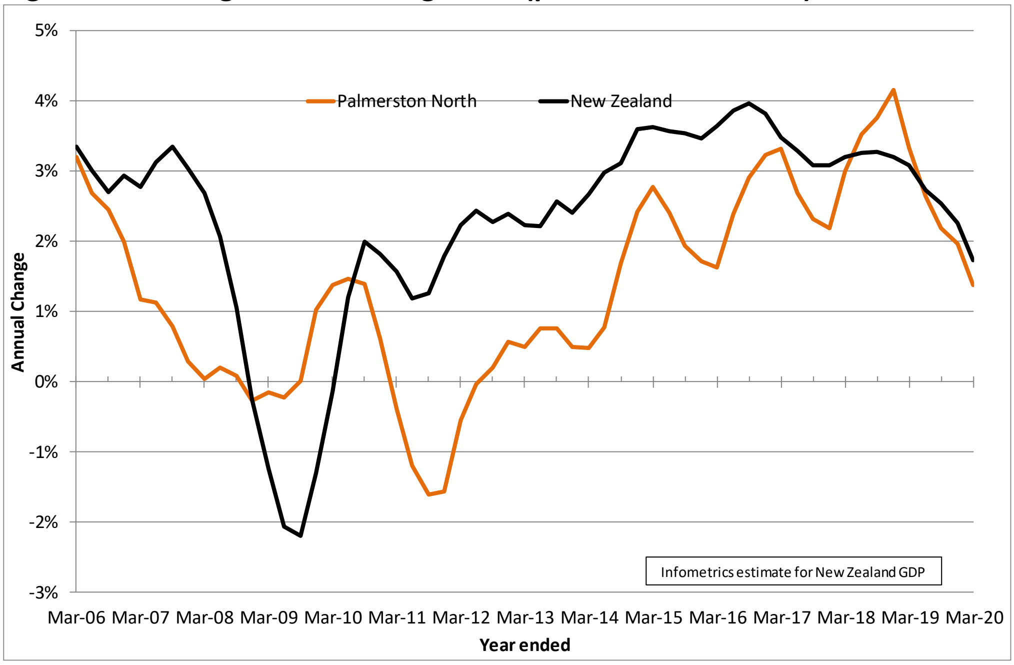
7. Gross domestic product (GDP)

7.1. The latest Infometrics GDP estimates suggest Palmerston North GDP increased by 2.2% in the 12 months ended December 2019. National GDP growth was estimated to be 2.3%.

7.2. The Infometrics estimates for 2019 are provisional and will be revised once employment data is published later this year. GDP growth in Palmerston North was

4.2% in the year ended December 2018, supported by several major construction projects in the city. National GDP growth to December 2018 was 3.2%.

Figure 18: Average annual GDP growth (production measure)



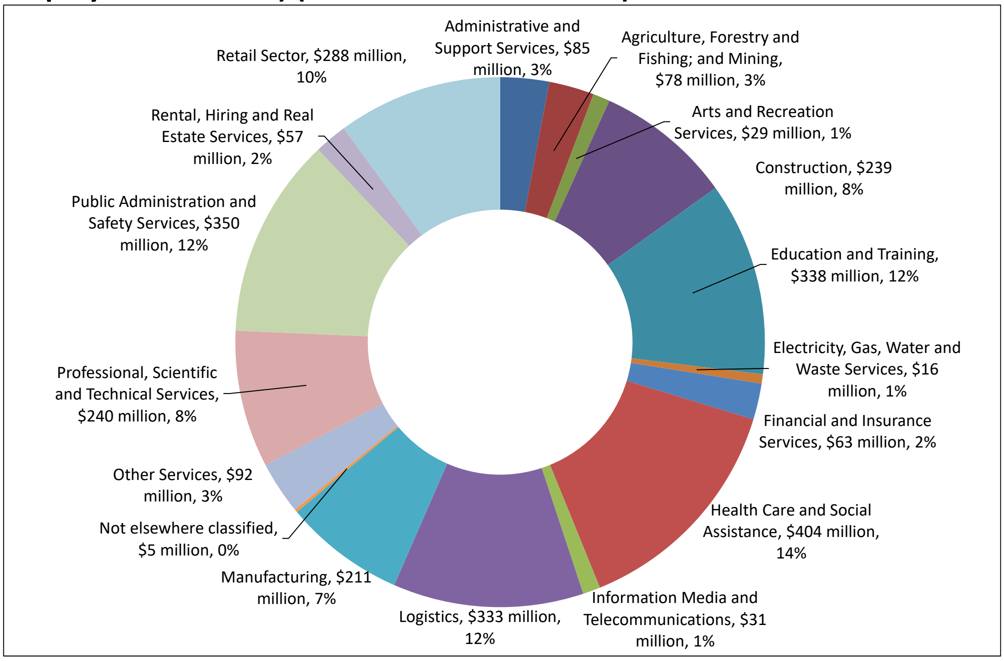
Source: Infometrics

8. Employment trends

Earnings

8.1. Annual earnings (salaries, wages and self-employment income) paid in the city in the year ended March 2018 were $2,860 million, increasing by 4.2% from the previous year, while earnings for New Zealand increased by 5.4%.

Figure 19: Distribution of earnings in Palmerston North (salaries, wages and self-employment income) (Year ended March 2018)



Source: Statistics NZ

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. Other major sectors in the city are; education and training, public administration and safety (include defence), and logistics.

Employee counts

8.3. The total employee count in Palmerston North in February 2019 was 50,900, an increase of 1.8% from February 2018, an increase of 900 jobs (the growth rate for New Zealand was 2.1%). Employment in the city increased by 3.7% in the previous year. The public administration and safety (includes Defence) sector recorded the largest increase in jobs between 2018 and 2019. Other large increases were recorded in health, logistics and manufacturing.

8.4. The biggest contributor to job growth between 2000 and 2019 was the public administration and safety sector, with an additional 2,850 jobs created between 2000 and 2019. Other major contributions to employment growth came from the health care and social assistance (additional 2,300 jobs), logistics (additional 2,100 jobs) and construction (additional 1,700 jobs).

Table 6: Change in employee counts between February 2000 and February 2019

	Palmerston North			New Zealand		
All industries	Employee count	2000 - 2019 change		Employee count	2000 - 2019 change	
ANZSIC06	2019	Number	%	2019	Number	%
Agriculture, Forestry and Fishing	610	100	20%	123,700	21,800	21%
Mining	25	16	178%	5,600	2,050	58%
Manufacturing	3,350	-300	-8%	234,700	-1,500	-1%
Electricity, Gas, Water and Waste Services	220	-40	-15%	17,900	8,900	99%
Construction	3,800	1,700	81%	179,000	103,100	136%
Wholesale Trade	3,400	1,300	62%	116,900	26,300	29%
Retail Trade	4,900	700	17%	218,500	51,400	31%
Accommodation and Food Services	3,050	550	22%	172,800	68,000	65%
Transport, Postal and Warehousing	2,100	800	62%	97,700	14,400	17%
Information Media and Telecommunications	320	-660	-67%	34,000	-11,900	-26%
Financial and Insurance Services	710	-40	-5%	58,100	16,500	40%
Rental, Hiring and Real Estate Services	780	260	50%	35,000	14,700	72%
Professional, Scientific and Technical Services	2,800	450	19%	186,800	85,200	84%
Administrative and Support Services	2,500	550	28%	120,900	43,100	55%
Public Administration and Safety	6,100	2,850	88%	128,600	52,800	70%
Education and Training	6,100	1,100	22%	192,100	58,600	44%
Health Care and Social Assistance	7,400	2,300	45%	243,400	90,900	60%
Arts and Recreation Services	890	180	25%	43,600	16,700	62%
Other Services	1,900	500	36%	74,600	23,500	46%
Total	**50,900**	**12,200**	**32%**	**2,284,000**	**684,500**	**43%**
Earnings for all industries (salaries, wages and self-employment income)	Earnings ($m)	2000 - 2018 change		Earnings ($m)	2000 - 2018 change	
	2018	($m)	%	2018	($m)	%
Total earnings	**2,860**	**1,590**	**125%**	**149,853**	**90,125**	**151%**

Source: Statistics NZ

8.5. Palmerston North Central area unit is the largest area unit for employment, with 15,100 employees counted in February 2019, accounting for 30% of total employment in Palmerston North. The largest contributor to employment growth between 2000 and 2019 was the Tremaine area unit, where employee numbers increased by 4,000 over this period, an increase of 66%. The strongest rate of increase between 2000 and 2019 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 1,750 in 2019, with the largest contributions coming from increased employment in the grocery, liquor and tobacco product wholesaling and road transport industry sectors.

Table 7: Employee counts and 2000 – 2019 employment change for Palmerston North area units

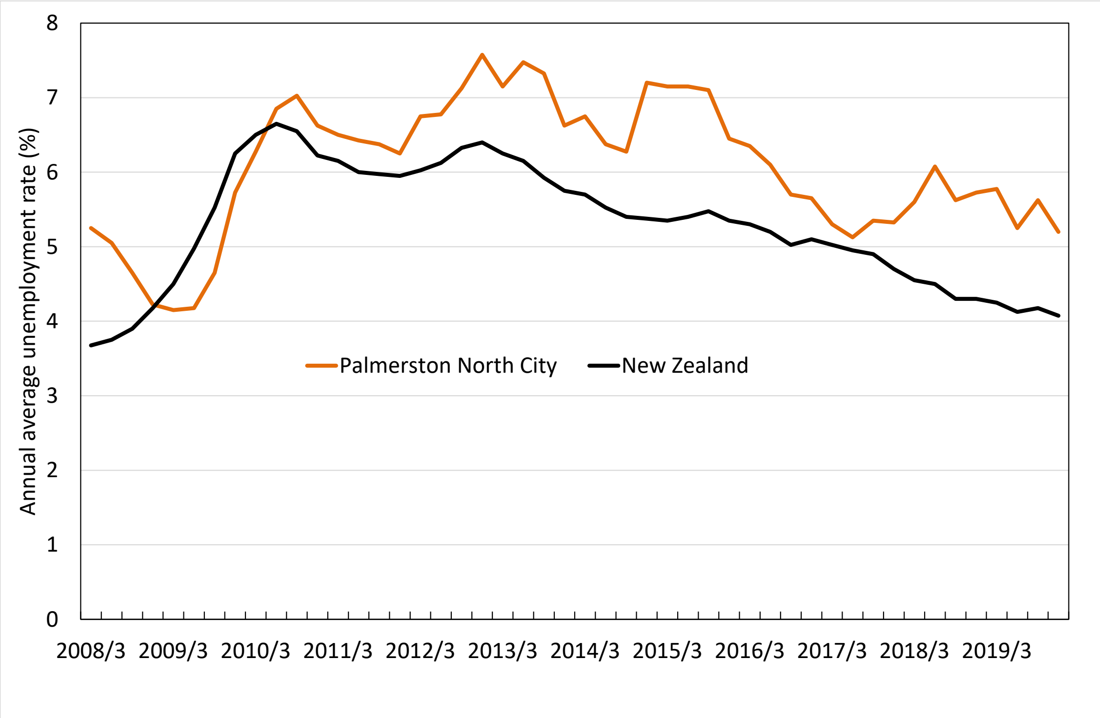
Employee count as at February 2019	2019	2000 - 2019 change	
	Number	Number	%
Palmerston North City	**50,900**	**12,200**	**32%**
Palmerston North Central	15,100	3,100	26%
Tremaine	9,600	4,000	71%
Turitea	4,250	350	9%
Palmerston North Hospital	3,600	700	24%
Linton Camp	3,250	1,350	71%
Palmerston North Airport	1,750	1,590	994%
Takaro North	1,100	140	15%
Papaioea North	1,000	-250	-20%
Roslyn	960	370	63%
Newbury	900	80	10%
West End	840	470	127%
Papaioea South	740	170	30%
Esplanade	600	-40	-6%
Hokowhitu East	550	-120	-18%
Awapuni South	460	140	44%
Ruahine	460	210	84%
Poutoa	420	250	147%
Highbury East	410	70	21%
Terrace End	360	50	16%
Milson South	330	-420	-56%
Royal Oak	330	220	200%
Ashhurst	330	120	57%
Whakarongo	310	90	41%
Kelvin Grove North	310	245	377%
Milverton	310	-110	-26%
Maraetarata	290	40	16%
Pihauatua	280	-340	-55%
Ruamahanga	270	100	59%
Hokowhitu Central	270	160	145%
Takaro South	250	-80	-24%
Milson North	220	-360	-62%
Westbrook	190	10	6%
Awapuni North	180	-60	-25%
Kelvin Grove West	140	-10	-7%
Park West	130	-50	-28%
Pioneer West	110	15	16%
Cloverlea	100	0	0%
Aokautere	80	15	23%
Aokautere Rural	65	10	18%
Hokowhitu South	55	-20	-27%

Source: Statistics NZ

Unemployment

8.6. The average rate of unemployment in Palmerston North in the year to December 2019 was 5.2%, a decline from 5.7 % in December 2018.

Figure 20: Estimated average annual unemployment rate



Source: Statistics NZ/ Infometrics

8.7. 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 33.0 years in June 2019 while the median for New Zealand was 37.4 years.