

Executive Summary

Overview

The purpose of these economic sector profiles for the Manawatū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing.

The logistics and supply chain sector comprises wholesale trade, and transport, postal, and warehousing activities. Logistics is a significant employer in the Manawatū region, accounting for 6,638 jobs, 10.2% of the total workforce in the region in 2020. The 58% growth in workforce numbers between 2000 and 2020 was significantly higher than the 29% increase in total employment in the region. The region's workforce growth is even more remarkable when compared with national workforce growth in the logistics and distribution sector, which grew by just 29% between February 2000 and February 2020.

Infometrics' projections for workforce growth in the sector suggest the total logistics workforce will reach 7,411 by 2033, an increase of 12% from 2020, with an additional 773 people working in the sector. The overall workforce in the region is projected to increase by 19% over this time. These projections are based on assumptions of significant productivity change in the logistics sector and do not take into account the possibility of additional logistics companies relocating to Palmerston North in response to the investment in the new KiwiRail freight hub, which is expected to begin operations in 2031.

Annual earnings (salaries, wages and self-employment income) were \$440 million in the year to March 2020, accounting for 11.1% of earnings in the region. Earnings growth was 211% between 2000 and 2020, with only

Timaru and Tauranga achieving higher rates of growth in the logistics sector. National earnings growth in the logistics sector was 141%. The sector's share of earnings in the region is higher than its share of the region's workforce because it has a higher share of people employed on a full-time basis than the average for the region.

There were 819 businesses in the logistics sector in 2021, a decline of 7% (66 fewer businesses) since 2000. Businesses with 50 or more employees accounted for 47% of total jobs in the sector in 2021. There were 369 business with no employees, accounting for 45% of businesses in the sector.

The contribution to GDP by the logistics sector is estimated to have been \$704 million in the region in the year to March 2020, increasing by 92% from 2000, with an average annual growth rate of 3.3%. The sector accounts for 10.7% of regional GDP.

The Central New Zealand Distribution Hub is located in the Bunnythorpe area and encompasses the North East Industrial Zone (NEIZ), Palmerston North Airport and the planned KiwiRail freight hub, with connections into the future regional freight ring road. Once the KiwiRail facility is developed, the Central NZ Distribution Hub will be the only location in New Zealand with rail, road and air connectivity provided in one precinct.



KiwiRail freight hub

The KiwiRail freight hub is a major economic development opportunity for the Manawatū-Whanganui region. It forms part of a broader regional strategy to develop a highly efficient, multi-modal freight and distribution precinct in the North East Industrial Zone

(NEIZ) area, adjacent to the Airport. The objective is to strengthen the Manawatū's role as a major distribution centre within the national freight network, leading to investment and employment growth in the sector.

Components of the logistics sector

Wholesale trade

The largest component of the logistics sector in the Manawatū region is wholesale trade, which covers businesses mainly engaged in the purchase and on-selling of goods to businesses, rather than to the public. Some companies are primarily involved in distributing goods to sites within the same business. For example, the Countdown distribution centre distributes product to Countdown and SuperValue stores in the local area. Other companies distribute goods to other businesses, such as Toyota, which distributes vehicle parts to mechanics and Toyota-franchised car retail businesses throughout New Zealand.

In February 2020 there were 4,146 people employed in wholesale trade, with an increase of 1,541 jobs from 2000. The 59% increase in workforce in the region was more than twice the national increase of 25%. Earnings in wholesale trade were \$283 million in the year ended February 2020, increasing by 210% from 2000.

There were 435 businesses in wholesale trade in 2021, a decline of 9% since 2000. Businesses with 50 or more employees accounted for 50% of total jobs in the sector in 2021. There were 162 business with no employees, accounting for 37% of businesses in the sector.

Transport, postal and warehousing

In February 2020 there were 2,492 people employed in the region in transport, postal and warehousing, with an increase of 879 jobs from 2000. The 54% increase in jobs in the region was much stronger than the national increase of 35%. Earnings in transport, postal and warehousing were \$157 million in the year ended February 2020, increasing by 214% from 2000.

There were 384 businesses in the region in transport, postal and warehousing in 2021, a decline of 5.9% since 2000. Businesses with 50 or more employees accounted for 43% of total jobs in the sector in 2021. There were 207 business with no employees, accounting for 54% of businesses in the sector.

WORKFORCE



6,638

10.2% of total employment

EARNINGS



\$440M

11.1% of total earnings

BUSINESSES / ORGANISATIONS



819

6.8% share of businesses

GDP



\$704M

10.7% of total GDP

Share of annual earnings in the year to March 2020



* Other sectors includes: Public administration and safety services; Electricity, gas, water and waste services; Information media and telecommunications; Financial and insurance services; Rental, hiring and real estate services; Administrative and support services; Arts and recreation services; Other services



CEDA
CENTRAL ECONOMIC
DEVELOPMENT AGENCY

MANAWATU
DISTRICT COUNCIL

PALMY
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PALMERSTON
NORTH
CITY