

Trends

Summer 2022

Taranaki Facts & Figures



venture
TARANAKI
Te Puna Umanga

Contents

Contents	2
Welcome and Economic Snapshot	3
Population in Taranaki	4-5
GDP in Taranaki and Outlook for New Zealand	6
Inflation and Interest Rate	7-8
Income in Taranaki	9
Consumer Spend in Taranaki	10
Enterprises and Employment in Taranaki	11
Labour Force in Taranaki	12-13
House Price in Taranaki	14
Affordability in Taranaki	15
Rural and Lifestyle Property in Taranaki	16-17
Building Consents in Taranaki	18
Visitor Spend in Taranaki	19-20
Transportation Movements in Taranaki	22
Technical Details	23



WELCOME

Taranaki Trends is a bi-annual publication covering a wide range of national and regional economic measures, which helps Taranaki enterprises, stakeholders, and researchers stay updated on key information and the state of the local economy to support informed decision-making.

The latest Taranaki Trends highlights the region's economic performance experienced by the September 2022 quarter. Economic growth is reflected in key indicators such as regional GDP (up 1.1%), consumer spending (up 9.8%), and a spotlight on a contracted labour supply looks at our higher employment levels and comparatively low unemployment rate (2.9%).

This publication will also look at the increased inflationary pressures during the year, felt in our everyday household cost of living, as well as the cost of construction, transportation and farming input expenses. Additionally, The Reserve Bank has recently moved to increase the Official Cash Rate (OCR). As a result, interest rates have already started to increase, and we can see a cooling of the housing market regionally and nationally (e.g. house prices were down 1.0% in November 2022 and sales volumes by 35.4%).

As we head into 2023, the tightening of economic conditions is expected to continue, and, as a trading nation, our enterprises are not immune to global economic impacts and tensions.

Venture Taranaki continues to work closely with industry leaders, stakeholders, and enterprises in the face of these changes. Strategic priorities include ensuring our regional economic strengths, such as energy and food production, capitalising on future trends, and innovation and resilience form important pillars of our forward plans.



Economic Snapshot

Indicator	Taranaki Region	New Zealand
Annual Average % change by quarter Sep 2022-Sep 2021		
Estimated population*	0.6% ▲	0.2% ▲
Gross domestic product (provisional)	1.1 % ▲	2.6 % ▲
Consumer spending	9.8 % ▲	7.0 % ▲
Unemployment rate	2.9 % ▲	3.3 % ▲
Median house price **	-1.0% ▼	-12.4% ▼
House sales volumes**	-35.4% ▼	-36.1% ▼
Residential consents	-28.4 % ▼	7.0 % ▲
Non-residential consents	32.3 % ▲	19.0 % ▲
Visitor spend***	10.9 % ▲	9.4 % ▲
Car registrations	-6.7 % ▼	5.3 % ▲
Commercial vehicle registrations	-8.9 % ▼	6.3 % ▲
Traffic flow	-5.1 % ▼	-4.1 % ▼

*Percentage change (Jun 2022 compared to a year earlier)

**Percentage change (Nov 2022 compared to a year earlier)

***Annual percentage change (Oct 2022 compared to a year earlier)

Population



**New Zealand
population:
5,124,100**

New Zealand's resident population provisionally grew by 12,700 over the year, to reach 5.12 million at 30 June 2022. National growth is at 0.2% and is the lowest since June 1986 when the population barely changed (0.0%).

Prime reasons for the above are a net migration loss combined with a lower natural increase.



**Taranaki
population:
127,300**

2.5 percentage of New Zealand population



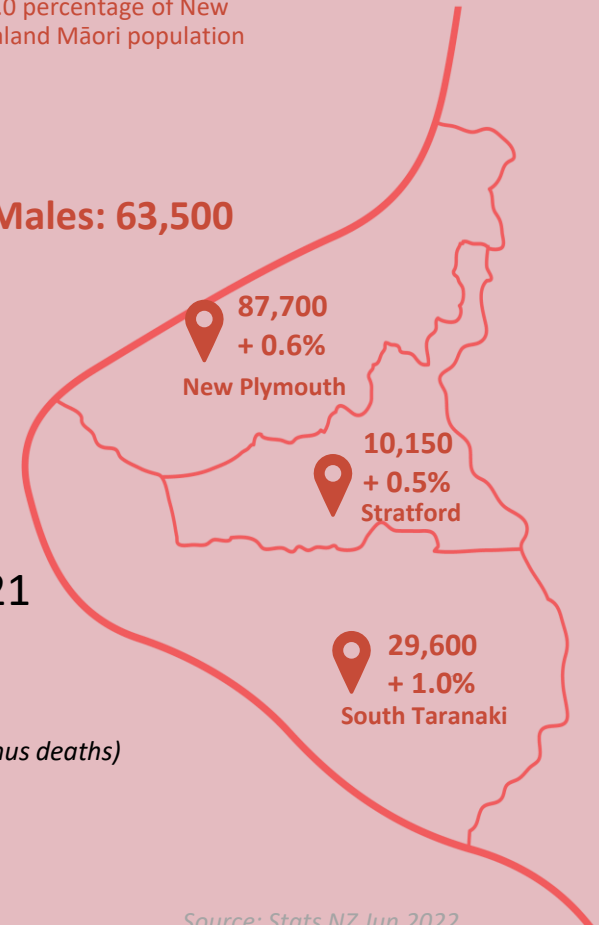
**Taranaki Māori
population:
26,550**

3.0 percentage of New Zealand Māori population

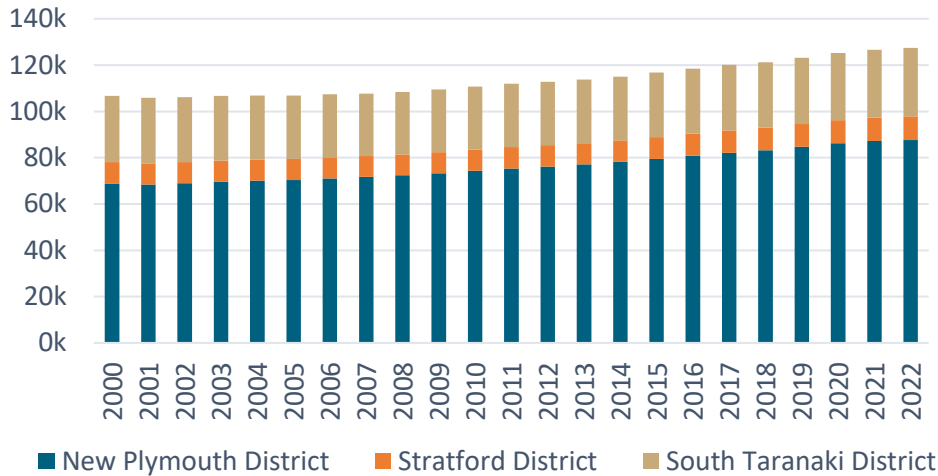
Females: 63,800  **Males: 63,500** 

The latest estimated resident population of Taranaki shows a provisional increase of **0.6%** from 2021 - higher than national level of 0.2%.

Population change is a combination of natural increase (births minus deaths) and net migration (migrant arrivals minus migrant departures).



Population by District

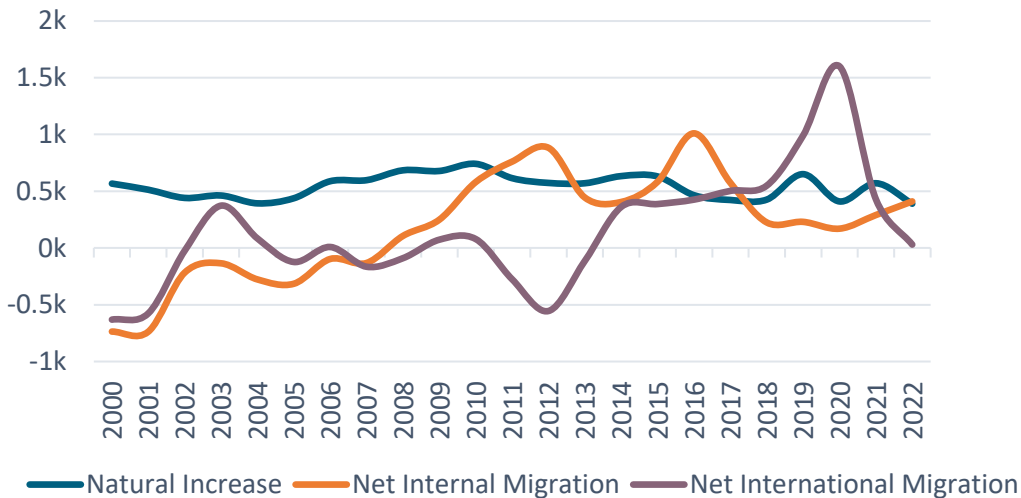


A steady population growth in Taranaki can be seen since 2005.

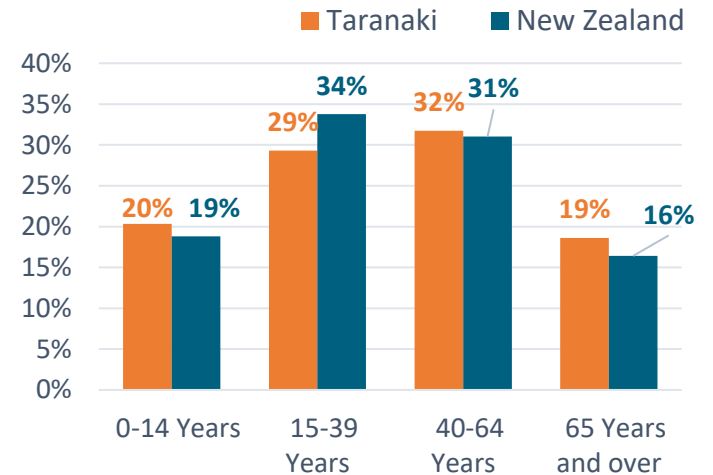
According to the estimation from Infometrics (Chart bottom left), net international migration for Taranaki has declined considerably since 2020, while net internal migration reflects some recent upward movement.

Population of 0-14 years and 65 years and over are on average more than the national level.

Population Source in Taranaki



Population by Age Structure



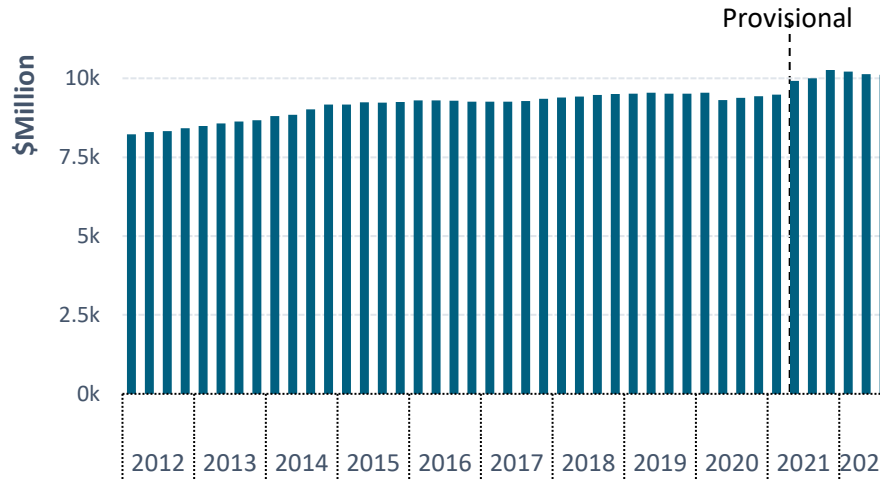
Economy – Gross Domestic Product(GDP)

Economic activity remained elevated across New Zealand in the September 2022 quarter, driven by stronger tourism activity and still-solid household spending. Annually, the economy looks to have expanded, despite the limitations on the labour market in more recent times, higher inflation, and concerns for lower economic activity as interest rates move higher.

World GDP Projections¹ (Real GDP Annual Percentage Change)

	2021	2022	2023
World	6.0	3.2	2.7
New Zealand	5.6	2.3	1.9
Australia	4.9	3.8	1.9
Canada	4.5	3.3	1.5
Euro area	5.2	3.1	0.5
Japan	1.7	1.7	1.6
United Kingdom	7.4	3.6	0.3
United States	5.7	1.6	1.0

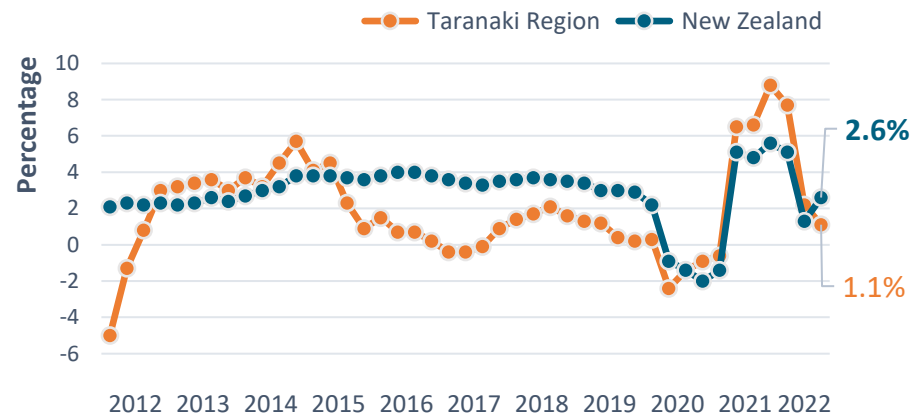
GDP Annual Level in Taranaki²



Provisional GDP was \$10,110 million in Taranaki Region for the year to September 2022 (2021 prices).

GDP Growth in Taranaki²

Annual average percentage change



Annual GDP growth in Taranaki increased steadily since March 2020 and peaked at 8.8% in the year to December 2021. It started to decline in 2022, by the year to September GDP in Taranaki Region was provisionally up **1.1%** compared to a year ago, which is lower than in New Zealand (2.6%*).

Note: GDP rose 2.7% over the year ended September 2022, compared to the year ended September 2021

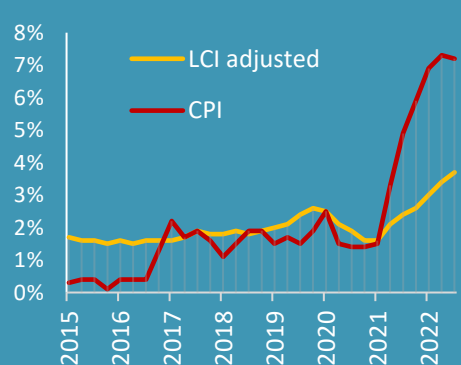
Inflation

The most well-known indicator of inflation is the Consumer Price Index (CPI), which measures the percentage change in the price of a basket of goods and services consumed by households.

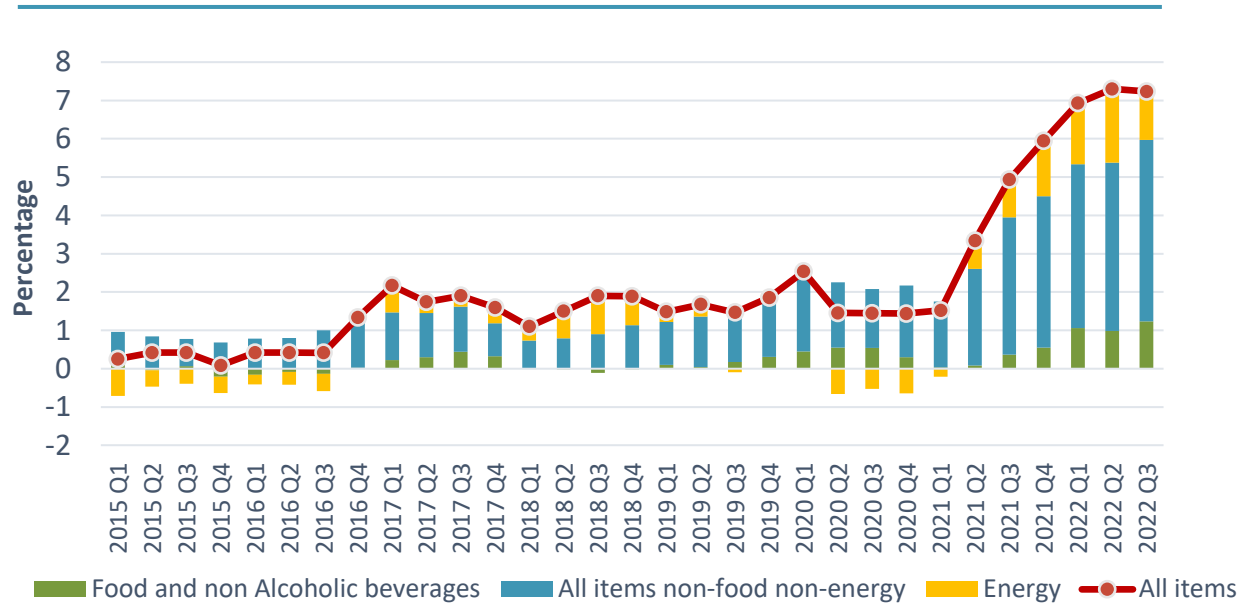
The annual inflation rate decreased to **7.2%** in the third quarter of 2022 from 7.3% in the second quarter of 2022.

Labour cost index (LCI) measures changes in wages and salaries.

CPI & LCI annual growth rate



Percentage Points Contributions to Annual CPI Inflation Change



Classification of Individual Consumption

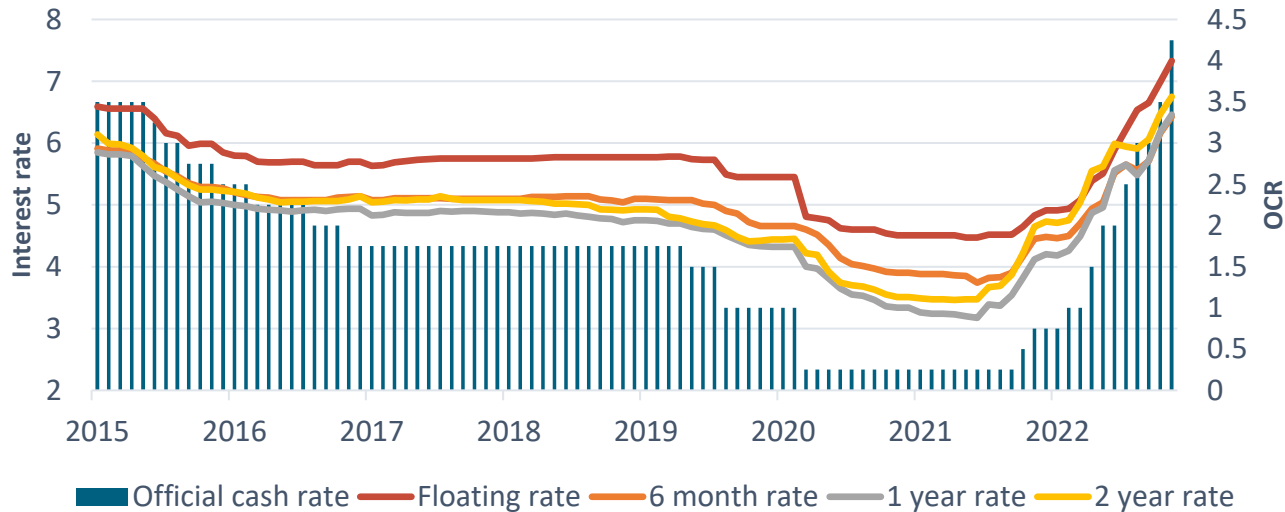
- Food, and non-Alcoholic beverage
- Alcoholic beverages, tobacco, and narcotics
- Clothing, and footwear
- Housing, water, electricity, gas, and other fuels
- Furnishings, household equipment, and routine household maintenance
- Health
- Transport
- Communication
- Recreation, and culture
- Education
- Restaurants, and hotels
- Miscellaneous goods and services

Notes:

Energy includes

- Electricity, gas and other fuels
- Fuels and lubricants for personal transport

Interest rate and Official cash rate in percentage



Interest Rate

The Reserve Bank recently increased the official cash rate (OCR) to help bring inflation back within its target range of 1% to 3%.

Changes to the OCR, flow through to the interest rates that banks use for consumers and businesses.

The interest rate in the dashboard tracks the average mortgage rates advertised by banks in New Zealand, which are the “standard” rates offered to new borrowers. Floating rate reached 7.33% by November 2022.

Income

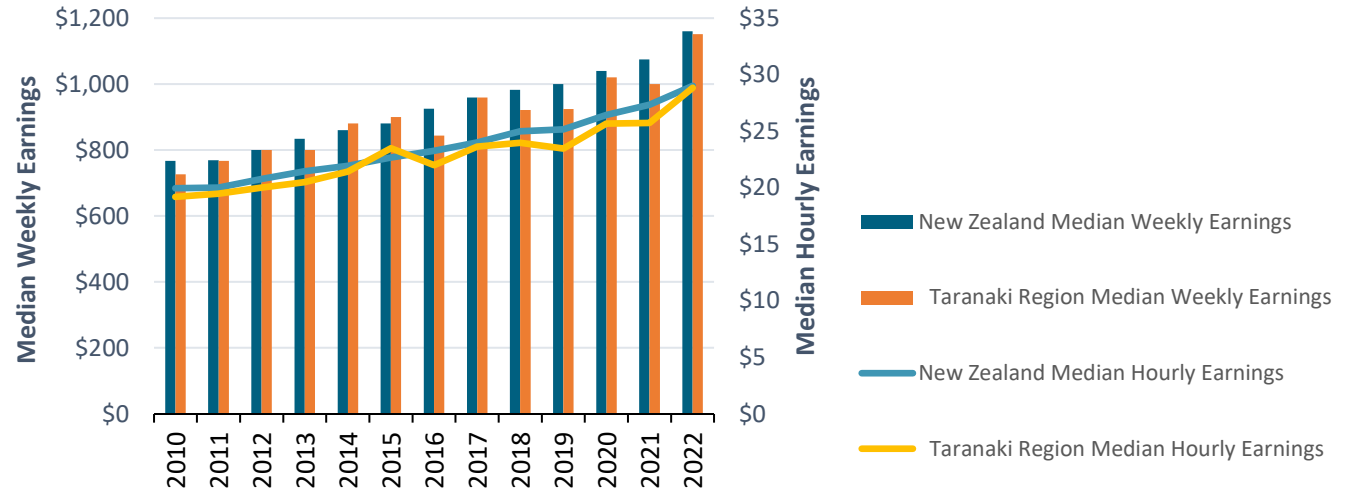
Median weekly earnings in Taranaki has been trending upwards. By June 2022, median weekly earnings reached \$1151 per week, which is close to the national median of \$1160 per week.

Median hourly earnings in Taranaki as at June 2022 sat at \$28.83 per hour.

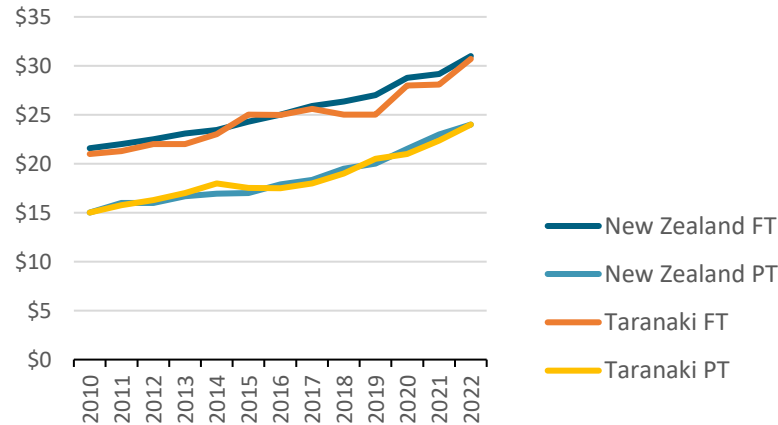
Median hourly earnings stemming from a full-time job in Taranaki were \$30.69, close to the national level of \$31.00

Part-time earnings have increased both by hourly and weekly levels in Taranaki in recent years. Part-time median weekly earnings in Taranaki were also higher than the national level as at June 2022.

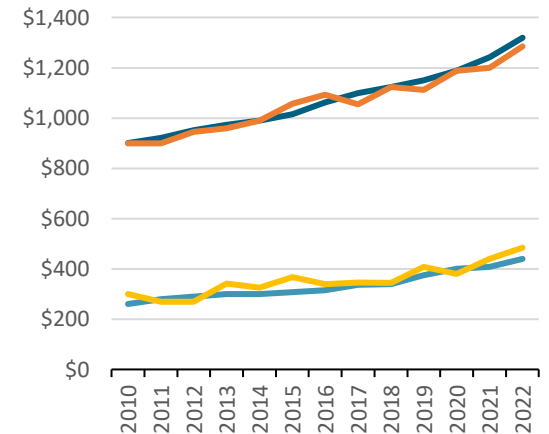
Median Income³ in Taranaki



Median Hourly Earnings



Median Weekly Earnings

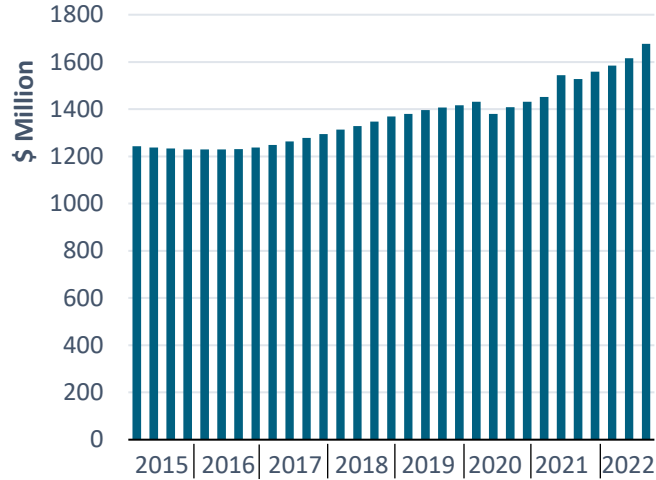


Note: FT refers to Full-time and PT refers to Part-time.

Source: NZ.Stat 2022

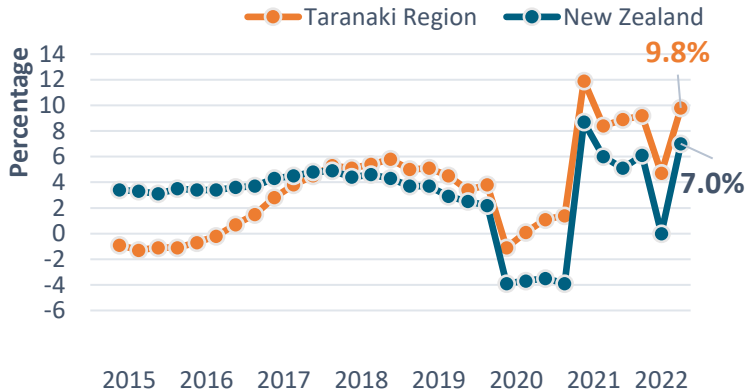
Consumer Spend⁴

Annual level, Taranaki Region



Consumer Spend³ Growth

Annual average percentage change



Source: Infometrics Sep 2022

Highlight Taranaki

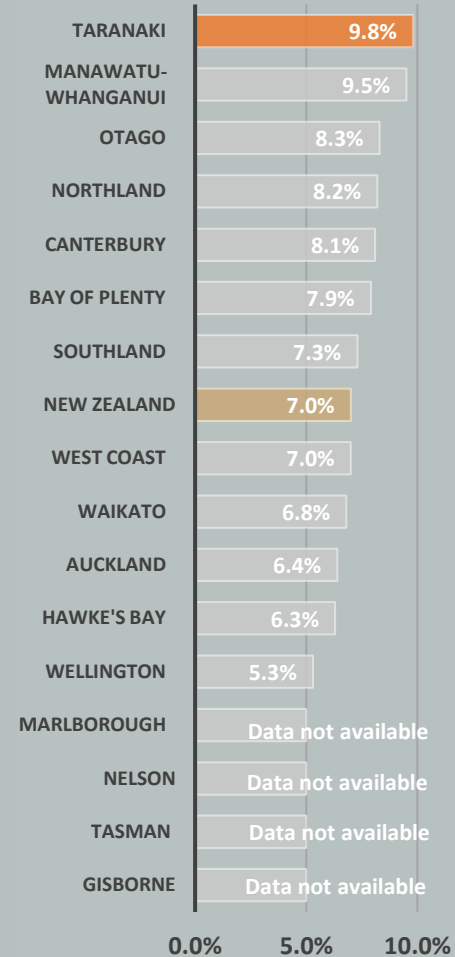
Consumer spend growth remains strong in Taranaki. Electronic card consumer spending in Taranaki Region as measured by Marketview, shows an increase by **9.8%** over the year to September 2022.

When comparing to the same period last year, Taranaki ranks as the top growth region compared nationally and New Zealand overall (7.0%).

Spending activity in Taranaki and across New Zealand has been high, driven partially by persistent and pervasive inflation, with thus far, little indication of moderation in consumption as mortgage rates rise and household budgets come under pressure.

Consumer Spend

Regional Comparison

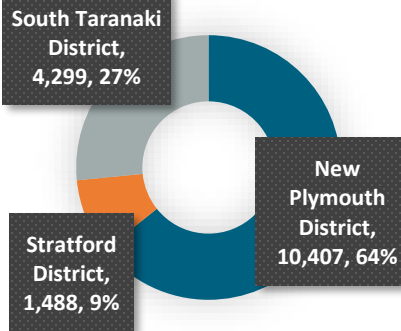


Note: Consumer spend data - Year to end Sep 2022 compared to same period 2021

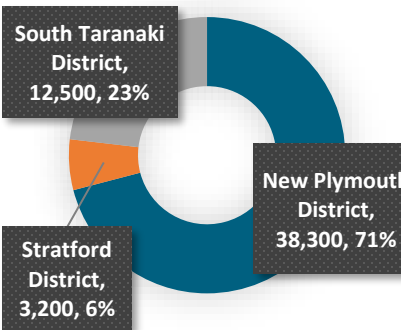
Enterprises & Employment



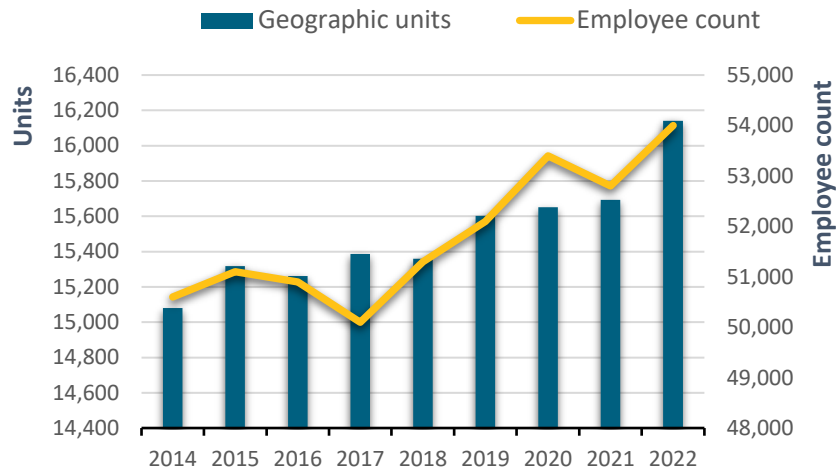
Enterprise number by district



Employee number by district



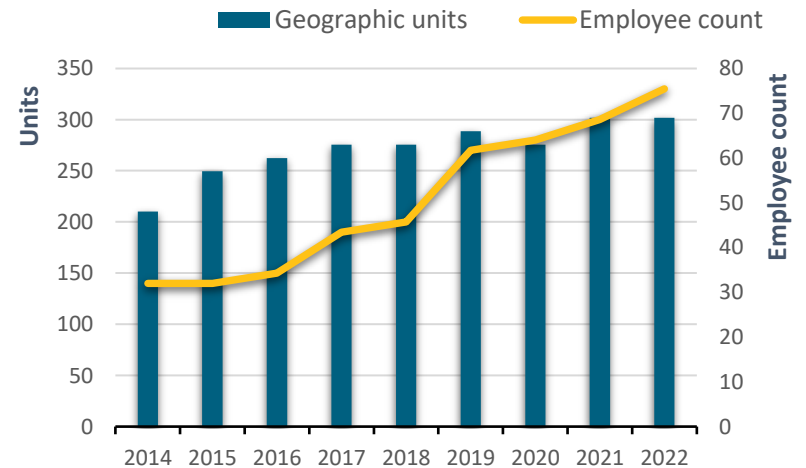
Enterprises and employees in Taranaki



According to the latest Business Demography Statistics (provisional data), the number of employees in Taranaki grew **2.3%** in the year to February 2022 reaching to a new peak of 54,000 employees (chart on the left). Enterprise units in Taranaki grew steadily during the last five years, showing an increase of 2.8% from February 2021.

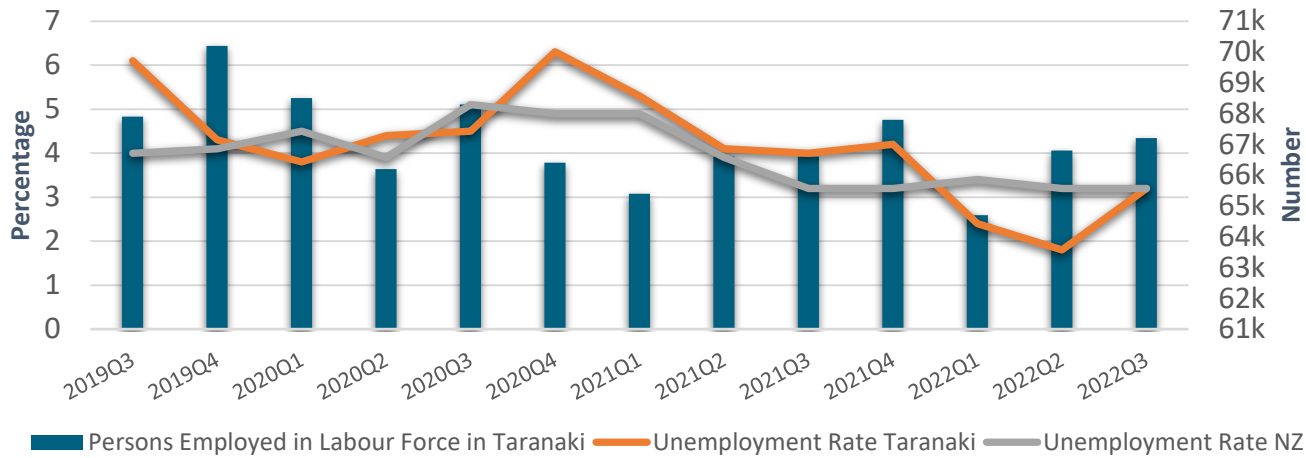
Both Māori enterprises numbers remain steady in Taranaki with an on-going growth of Māori employees since 2020 (Chart bottom right).

Māori enterprises and employees in Taranaki



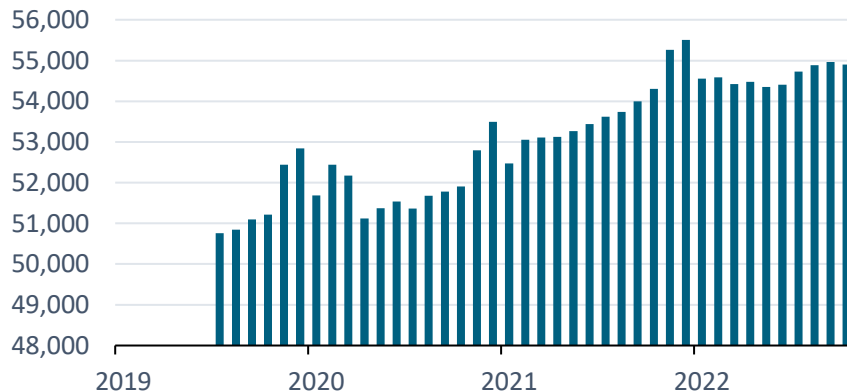
Labour force⁵ and unemployment rate

Actual rate by quarter



Filled jobs⁶ in Taranaki

Actual number by month



Source: Stats NZ 2022

Labour Force

Employment levels increased during 2022. Labour market tightness has continued to keep the unemployment rate at near-record lows in September.

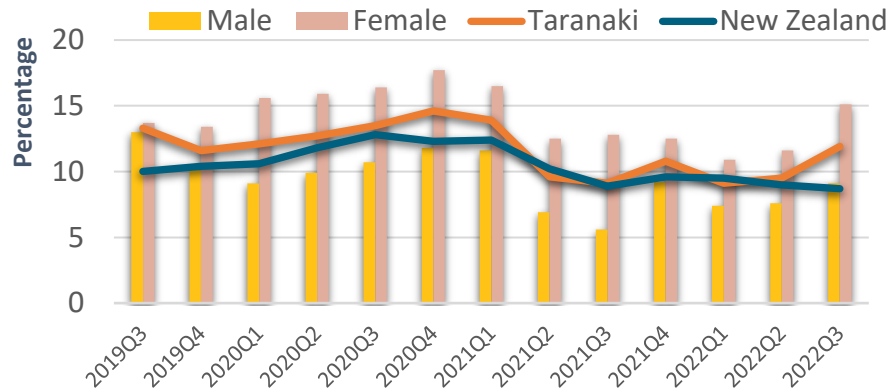
The unemployment rate in Taranaki is presently sitting at similar levels to the national average.

The number of filled jobs in Taranaki keeps growing steadily year by year, the filled job level reached over 54,000 every month since September 2021.



Underutilisation rate⁵

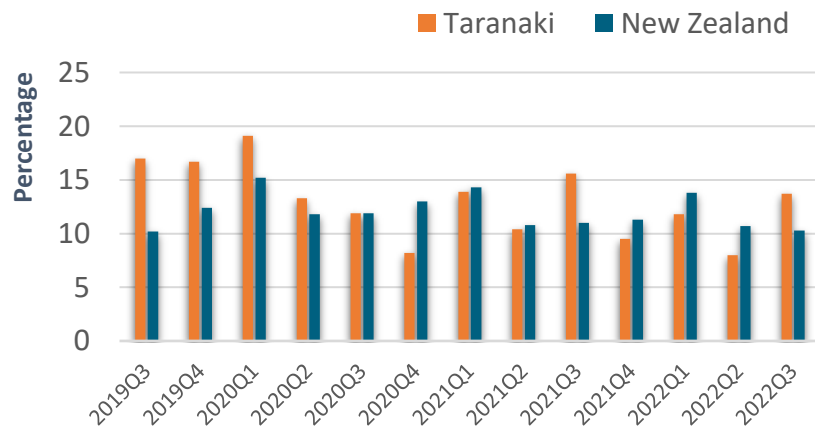
Actual rate by quarter



The underutilisation rate, which includes both a broader definition of unemployment and those who are employed but want to work more, fell to its lowest level at a national level but increased slightly for Taranaki (Chart top left).

Youth NEET

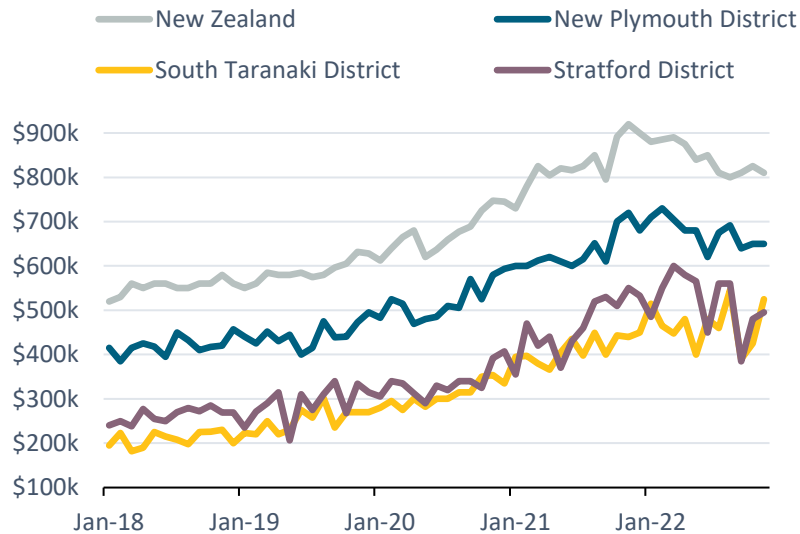
Actual rate by quarter



NEET rate measures the total number of youth (aged 15 to 24 years) who are not in education, employment, or training (Chart bottom left).

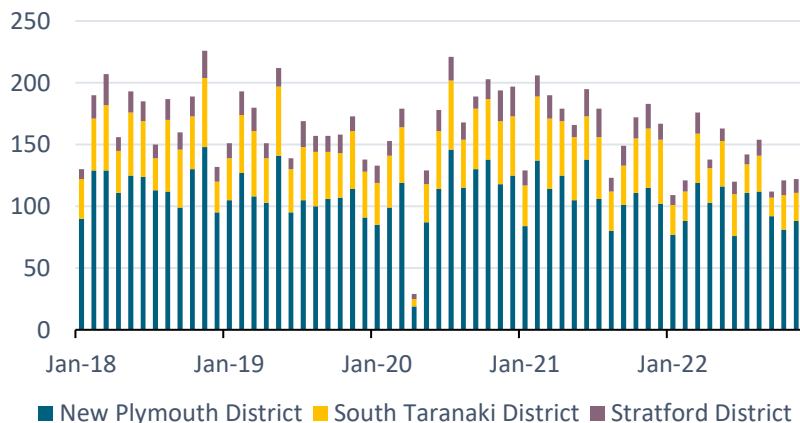
The NEET rate in Taranaki fell to a record low in Q2 2022, below national average level, but has recently increased again.

Median House Price by District



Sales Count by District

Monthly number



Source: REINZ 2022

Highlight Taranaki

The median house price in the three districts of Taranaki has seen significant fluctuation.

Prices peaked in early 2022, although this has recently started to cool, as has the sales count – a trend also reflected nationally.

The overall median price in Taranaki has remained relatively stable year-on-year, seeing a decrease 1.0% in November 2022 (compared to November 2021) to \$620,000.

Across New Zealand, median prices for residential property (excluding sections) decreased 12.4%, from \$925,000 in November 2021 to \$810,000 in November 2022.

While November saw an increase in enquiry and open home attendance in some regions, rising interest rates have caused hesitancy amongst buyers across Aotearoa New Zealand.

House Price

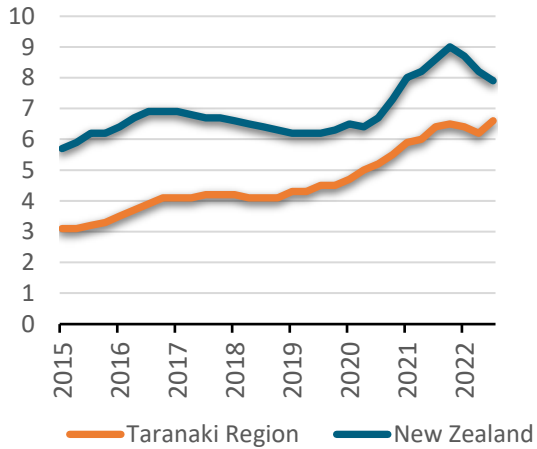
Regional Comparison

(Median house price in Nov 2022)

AUCKLAND	\$1,065K
BAY OF PLENTY	\$857K
WELLINGTON	\$795K
WAIKATO	\$789K
NELSON/MARLBOROUGH/TASMAN	\$735K
NORTHLAND	\$730K
HAWKE'S BAY	\$688K
OTAGO	\$685K
CANTERBURY	\$668K
GISBORNE	\$660K
TARANAKI	\$620K
MANAWATU/WHANGANUI	\$574K
SOUTHLAND	\$475K
WEST COAST	\$420K

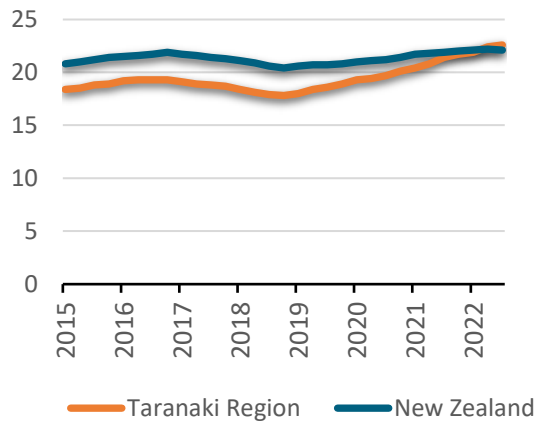
Housing Affordability⁷ Index

Annual level



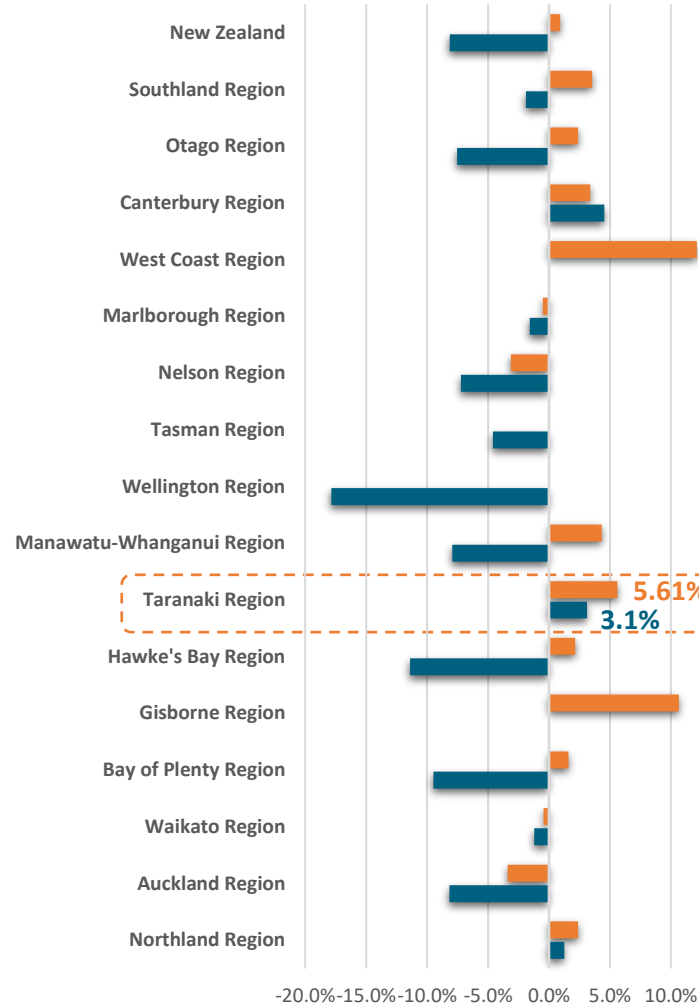
Rental Affordability⁸ Index

Annual ratio



Affordability Index Percentage Change

Sep 2022 compared to Sep 2021



Affordable housing and rental accommodation is important, especially for lower-income households where high housing costs relative to income can be associated with financial difficulty and the risk of having insufficient income to meet other basic needs such as food, clothing, transport, medical care etc.

This assessment indicates:

- Housing is generally more affordable in Taranaki relative to the national average.
- However, affordability in Taranaki declined on average between September 2021 and September 2022.
- Rental affordability in the region also declined during this period.

■ Renting affordability index ■ Housing affordability index

Note: Index change increase represents that the affordability within the area has declined.

Rural and Lifestyle Property

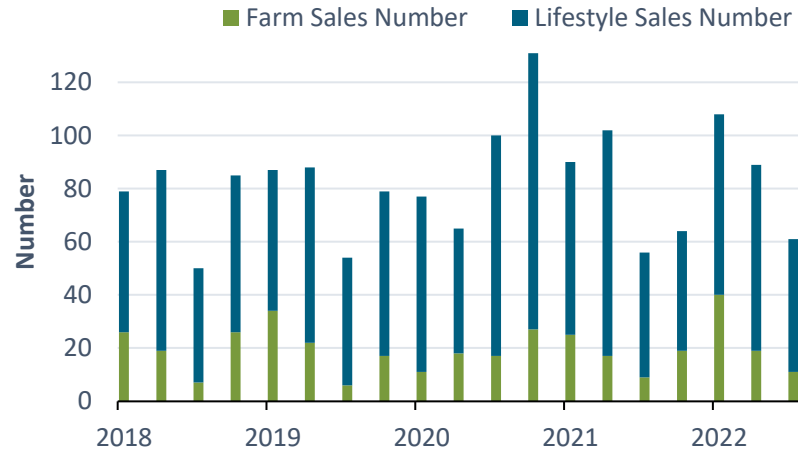
Data released by REINZ shows nationally there was a **38.9%** drop in farm sales for the three months ending September 2022 compared with the same quarter 2021.

Taranaki has also experienced a drop in farm sales during this period (Chart on top left).

According to REINZ, there has also been a modest easing in numbers of lifestyle blocks sold across the country.

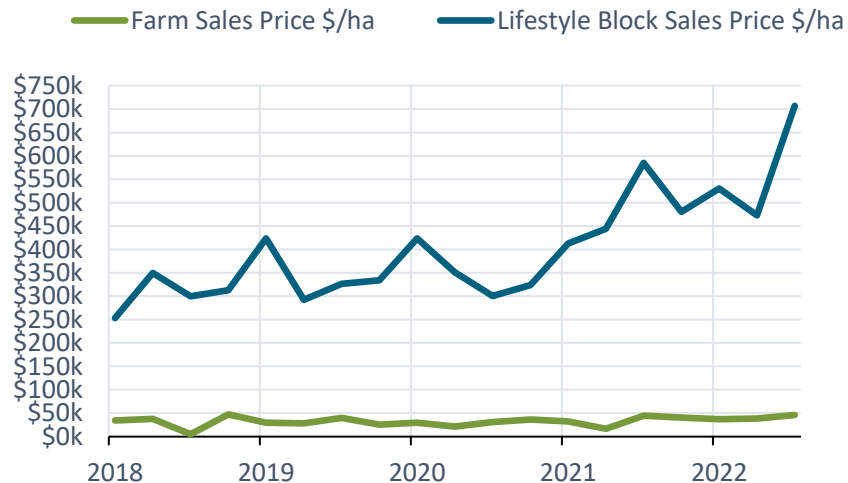
Rural Market Sale Number

3 month ending by quarter, Taranaki Region



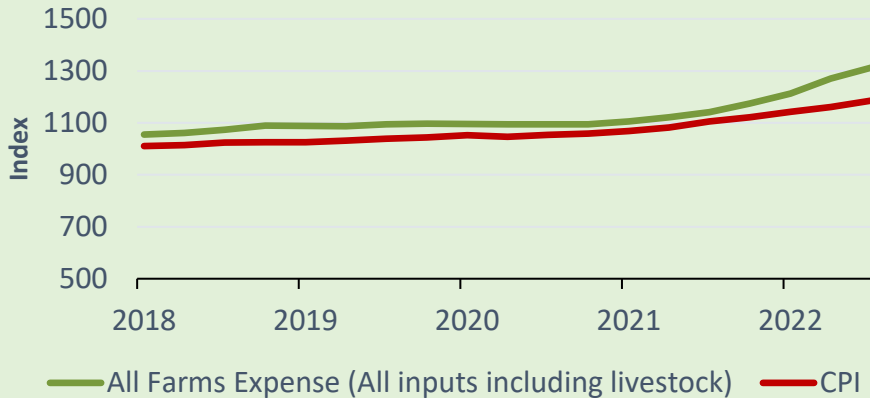
Rural Market Sale Median Price

3 month ending by quarter, Taranaki Region



Farm Expenses Price Index⁹ and CPI Index

Quarterly index number



Inflationary pressures and increasing interest rates have been contributing factors in less active sales market.

The Farm Expenses Price index highlights the heightening input costs on farms, which is not only higher than the consumer price index since end of 2021, but that the gap has also increased significantly in 2022.

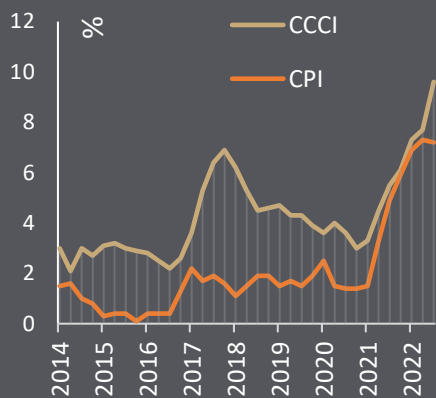
Fertiliser, lime and seeds, fuel, weed and pest control, and interest rates comprise the major factors contributing to the growth in price by September 2022 compared to same period last year.

Building Consents

According to CoreLogic's Cordell Construction Cost Index (CCCI) for Q3 2022, there was an accelerated increase in residential construction costs.

With inflation impacting residential construction costs, an easing in building consents can be observed.

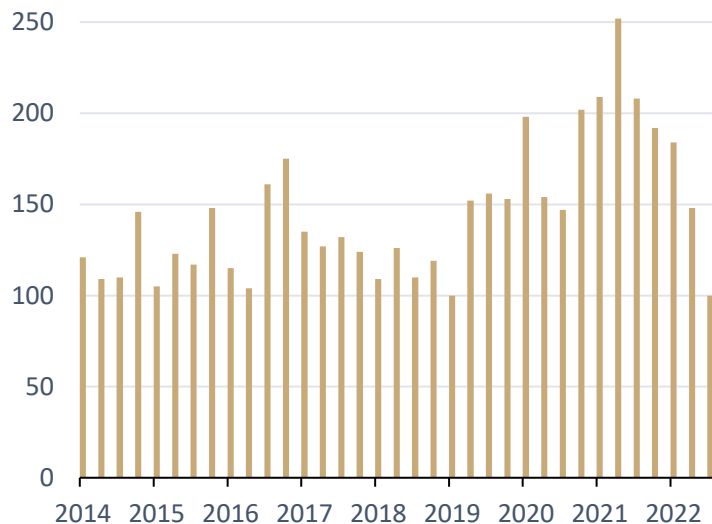
CCCI & CPI annual growth rate



Note: CCCI & CPI figure are based on 200m² concrete slab, brick veneer, concrete tile roof house.

Residential Consents¹⁰

Quarterly number



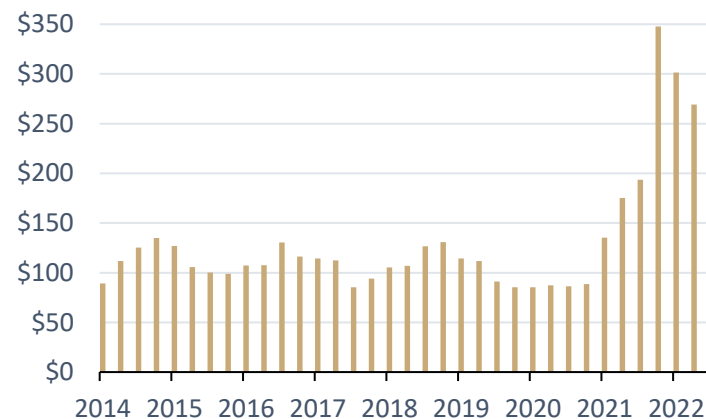
Highlight Taranaki

A total of 100 new residential building consents were issued in Taranaki in the September 2022 quarter, compared with 208 in the same quarter last year (Chart top left).

On an annual basis the number of consents in the Taranaki Region decreased by 28.4% compared with the same 12-month period a year before. This compares with an increase of 7.0% in New Zealand over the same period.

Non-residential Consents¹⁰ Value

Annual running total (\$M)



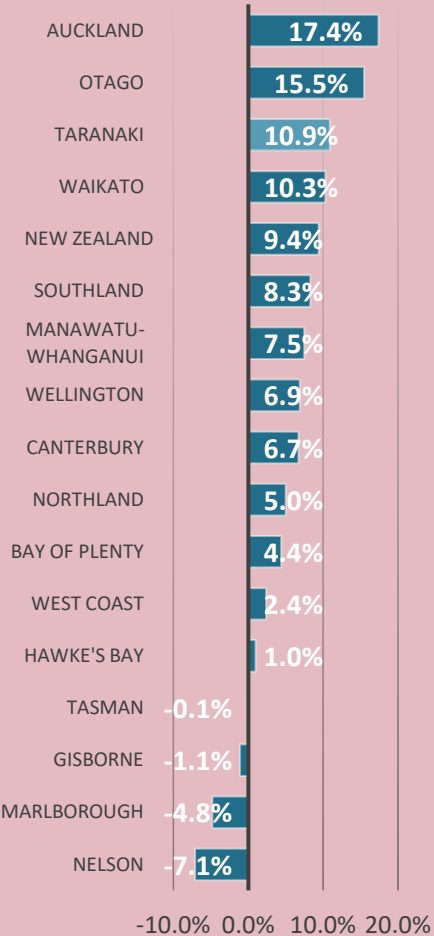
Non-residential building consents to the value of \$256 million were issued in the Taranaki Region during the year to September 2022. The value of consents in Taranaki increased by 32.3% over the year to September 2022, compared to a year earlier. In comparison, the value of consents increased by 19.0% in New Zealand over the same period.

Source: Infometrics Sep 2022, Corelogic 2022

Visitor Spend

Regional Comparison

(Annual total growth to year end Oct 2022)

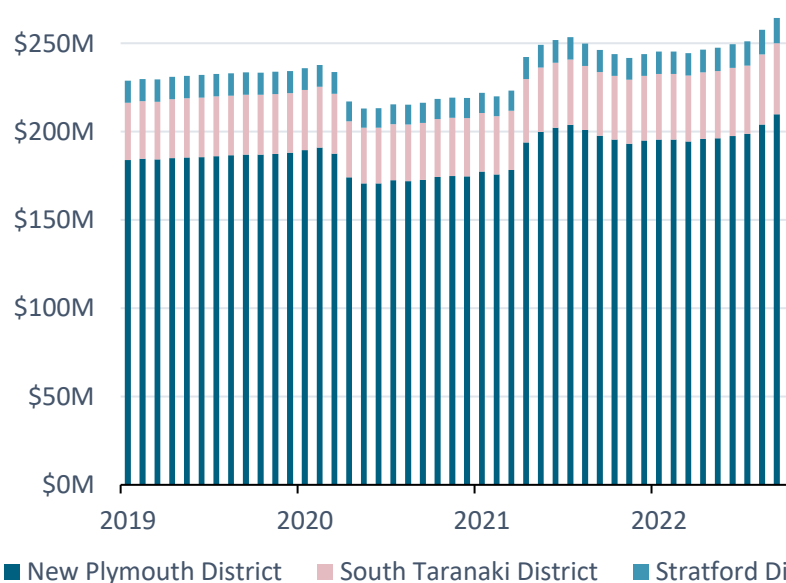


Visitor Spend¹¹ in Taranaki

Annual total to year end Oct 2022(\$M)



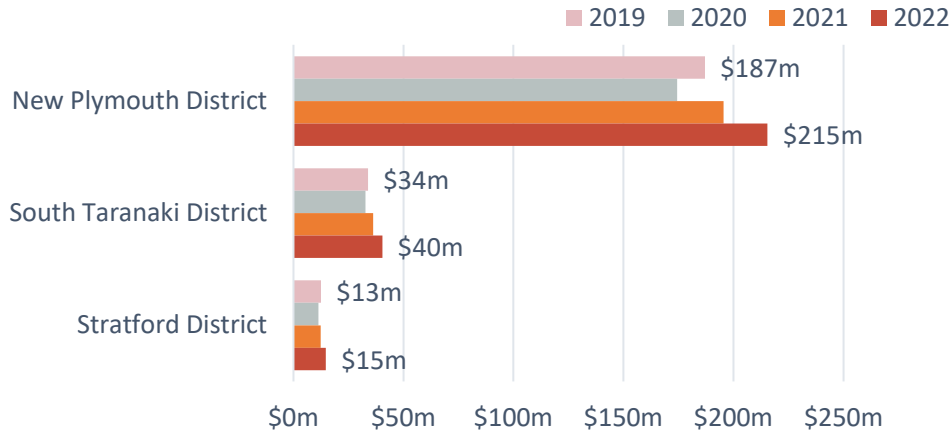
Total visitor spend in Taranaki increased by 10.9% in the year to October 2022, compared to the previous year. In the same period visitor spend across New Zealand had an increase of 9.4%.



Visitor spend in Taranaki for the 12-month September period was higher (16%) than the same period for September 2019.

Visitor Spend¹¹ Recovery by District

Annual total to year end Oct 2022(\$M)



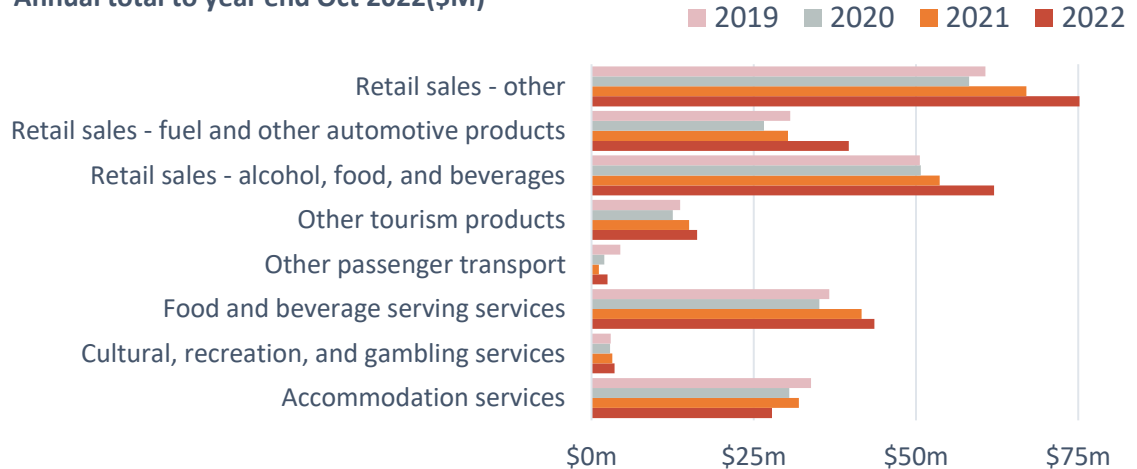
Visitor spend by District in Taranaki, showed that South Taranaki recorded the biggest growth of 19% compared with the year 2019, followed by the Stratford District of 17% and New Plymouth District of 15% (Chart top left).

The largest share of visitor spend was retail sales, which has seen growth compared with previous years. This could be partially driven by persistent and pervasive inflation as well.

'Other passenger transport' spend has increased slightly compared to 2021, however this has not recovered to pre-covid levels yet. The spend on 'accommodation services' has seen a slight drop year by year.

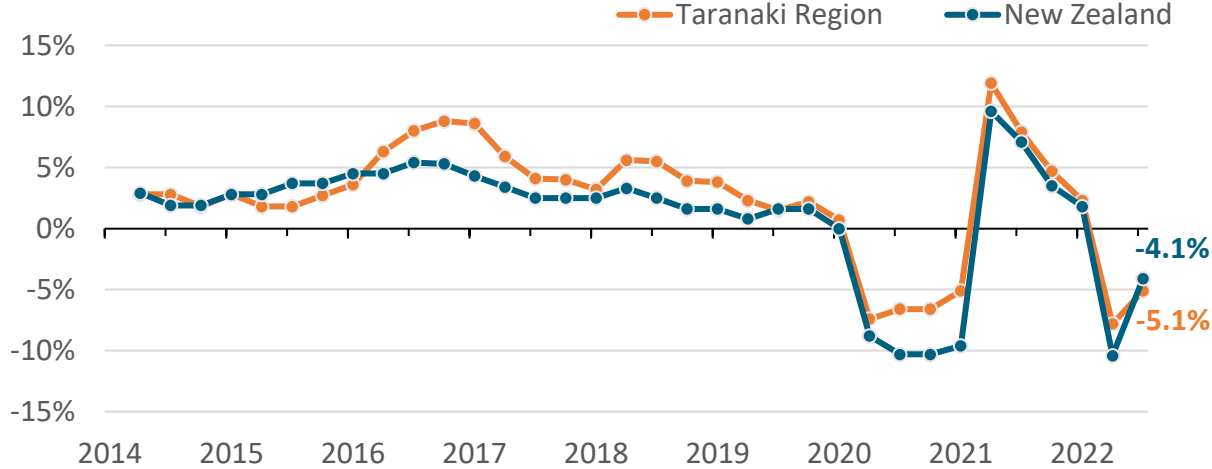
Visitor spend¹¹ by product type

Annual total to year end Oct 2022(\$M)



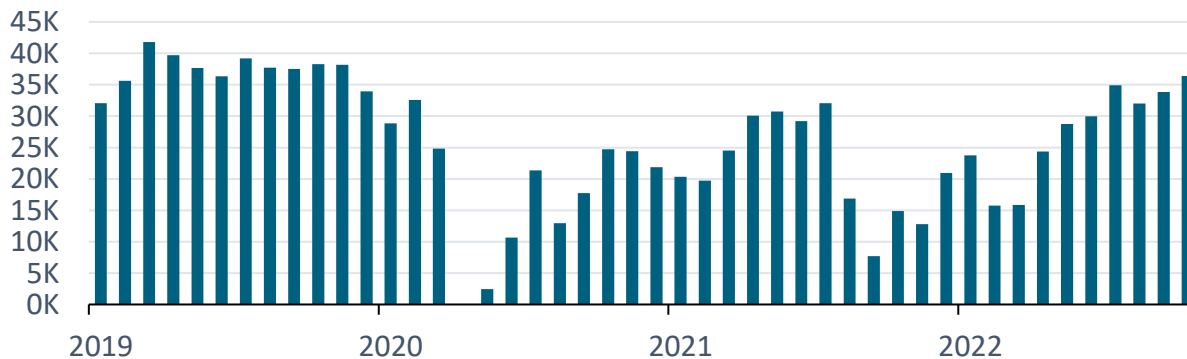
Traffic Volume¹² Growth

Annual average % change by quarter



Passenger Movement through New Plymouth Airport

Monthly number



Source: Infometrics Sep 2022, New Plymouth Airport Nov 2022

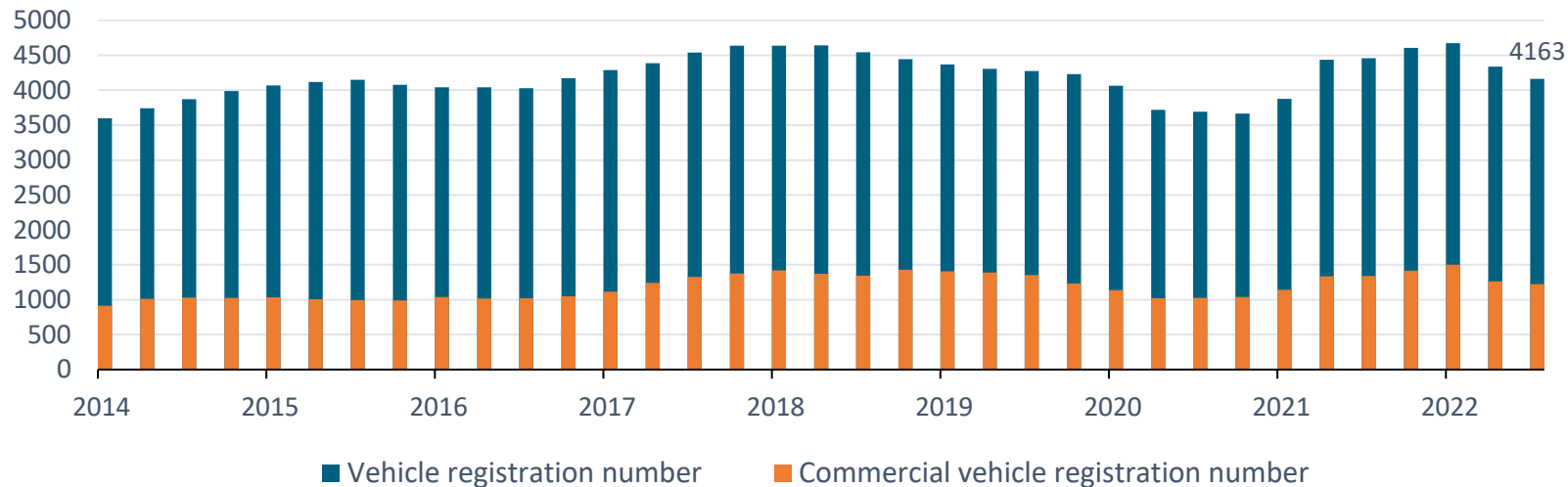
Transportation Movement

Traffic flow in Taranaki has experienced a decrease in 2022, reflecting similar patterns to those seen nationally. Higher fuel prices have been cited as one of the key factors.

Passenger movement through the New Plymouth Airport has bounced back almost to the numbers prior to Covid-19. With the reopening of the borders, significant growth can be observed in July 2022. Passenger movements have continued to remain positive.

Vehicle Registrations¹³ in Taranaki

Annual number by quarter



A total of 4,163 cars were registered in the Taranaki Region in the year to September 2022. The number of cars registered decreased by 6.7% in the year to September 2022, compared to a year earlier in Taranaki.

The number of commercial vehicle registrations in Taranaki decreased by 8.9% in the year to September 2022.

TECHNICAL DETAILS

1. New Zealand Real GDP (Annual percent change) : Fiscal projections are based on the FY2022/23 budget (May 2022) and the IMF staff's estimates.
2. Gross Domestic Product is estimated by Infometrics. A top-down approach breaks national industrial production (sourced from production based GDP measures published by Statistics New Zealand) to TA level by applying TA shares to the national total. Each TA's share of industry output is based on labour market data from LEED. GDP growth in recent quarters is based on a model which uses the various partial economic indicators presented in this report as inputs. Estimates of GDP for these most recent quarters are provisional until Infometrics updates its annual GDP series in the Regional Economic Profile at the beginning of each year. Gross domestic product is measured in 2021 dollar terms.
3. Income collected annually from the Household Labour Force Survey (HLFS). It provides information about individual and household income, including wages and salaries, self-employment, and government transfers income, both at an aggregate level and for subpopulations of interest.
4. The consumer spending data is sourced from Marketview. It measures total electronic card spending using spending through the Paymark network and adding to it an estimate of non-Paymark network spending using the pattern of BNZ card holder spending at non-Paymark retailers. For further breakdown of the data by storetype and other variables contact Marketview.
5. All measures are from the Household Labour Force Survey, which include detailed descriptions of people by categories like employment, unemployment, underutilisation, and outside the labour force. Approximately fifteen thousand (15,000) households take part in this survey every three months. A house is selected using a fair statistical method to ensure the sample is an accurate representation of New Zealand. Every person aged 15 years or over living in a selected house needs to take part.
6. Monthly Employment Indicators (MEIs) count of filled jobs uses employer payday filing of tax data. These statistics are a useful indicator to supplement the official Labour Market Statistics, although they do not count the self-employed.
7. Housing Affordability: This section investigates the affordability of housing in Taranaki Region and for the country as a whole by comparing average current house values from CoreLogic with Infometrics' estimate of annual average household income.
8. Renting Affordability: This section investigates the affordability of rents in Taranaki Region and for the country as a whole by comparing average annualised rents with Infometrics' estimate of annual average household

- income. Rents (\$ per week) are sourced from monthly data provided by MBIE and averaged across each quarter or year using weighted geometric means. Rental data pertains to averages from data collected when bonds are lodged and does not control for specifications of the home (eg. size, number of bedrooms, age of home, etc).
9. Farms Expenses Price Index: The Farm Expenses Price Index (FEPI) measures changes to the prices of items purchased by New Zealand farmers. The Farm Expenses Price Index includes four farm types that align with the New Zealand Standard Industrial Output Categories (NZSIOC), which are Sheep, beef, and grain farms; Dairy farms; Horticultural and fruit growing farms; Poultry, deer, and other livestock farms. The categories for all farm indexes are: Administration; Animal health and breeding; Dairy shed expenses; Electricity; Grazing, cultivation, harvest, and purchase of animal feed; Fertiliser; Lime; Seeds; Freight; Fuel; Insurance premiums; Rent and hire; Repairs, maintenance, and motor vehicle repairs; Packaging costs; Shearing; Weed and pest control; Miscellaneous expenses; Livestock purchases; Local and central government rates and fees; Interest rates; Wages and salaries.
 10. Building consents data is sourced from Statistics New Zealand. The number of residential consents issued for new dwellings is the measure for residential consents. For non-residential consents, the measure is the value of both new buildings and alterations.
 11. The Tourism Electronic Card Transactions (TECTs) have been established by MBIE as an interim replacement for the MRTEs. The MRTE series was disrupted by COVID-19, as the methodology for weighting the measured electronic card transaction spend up to the whole of industry spend became unusable. The TECTs instead aim to present the measured electronic card transactions (ECT) attributable to tourism but without any attempt to represent the total spend. The TECTs represent part of total tourism spend as they are based almost exclusively on physical electronic card transactions, and do not include any other form of spending such as cash, pre-purchases or online spend.
 12. Traffic flow growth rates are calculated from the number of vehicles passing approximately 110 sites monitored by New Zealand Transport Agency. Each of the sites has been mapped to a territorial authority.
 13. Car and commercial vehicle sales data are sourced from New Zealand Transport Authority. Sales are based on new registrations which include the first time registration of new vehicles and used vehicles imported from overseas.



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