

Pōneke Pulse

An economic pulse check for Wellington businesses from Wellington City Council

Spotlight: Regional Economy

Apr 2023

ImageWellingtonNZ, Greater Wellington

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

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General update

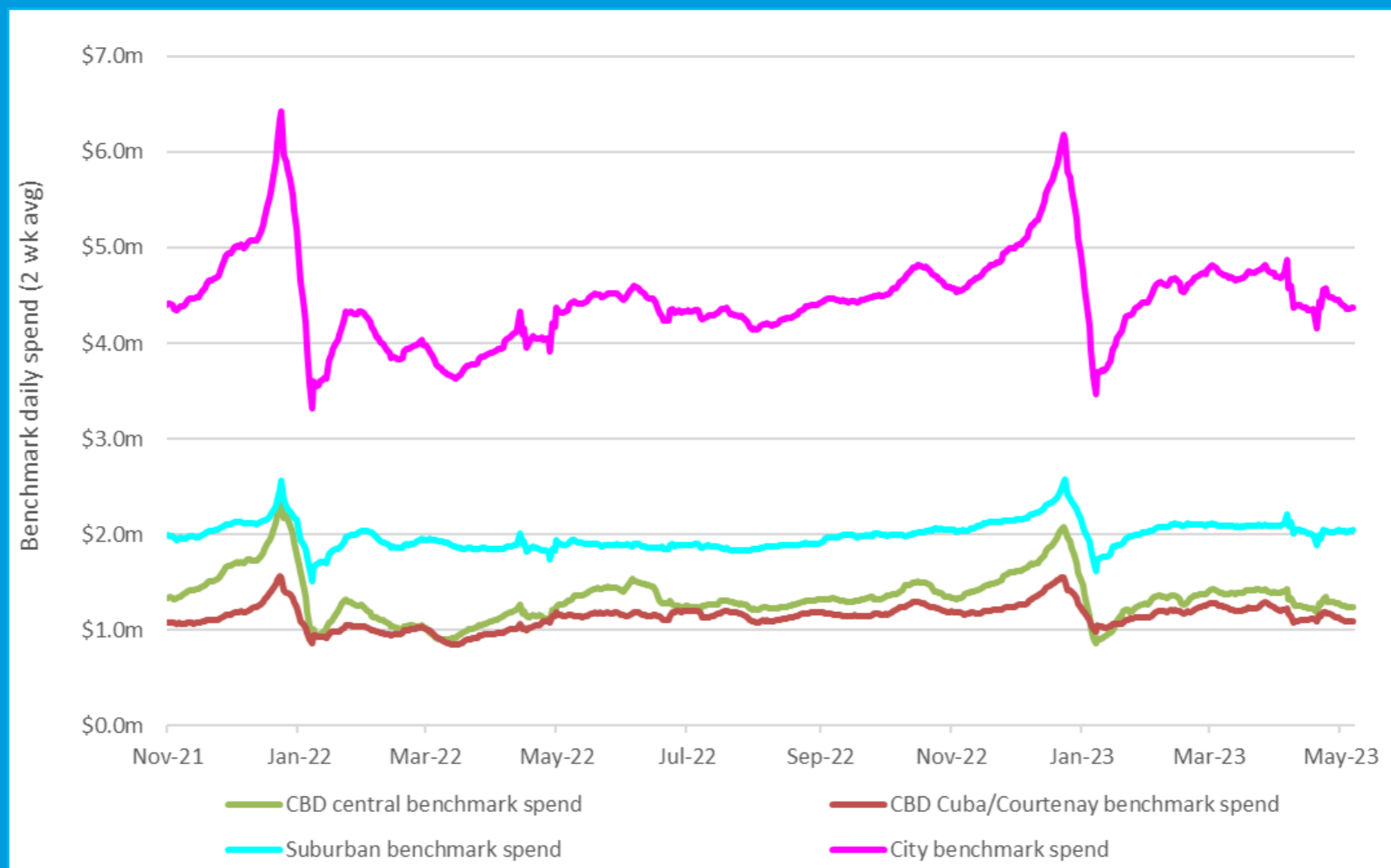
- City spend
- Train boardings
- Border crossings

March spotlight – Regional Economy

- City and Region overview
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 - Families drifting to the Region
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Retail/Hospo Spend: recent trends

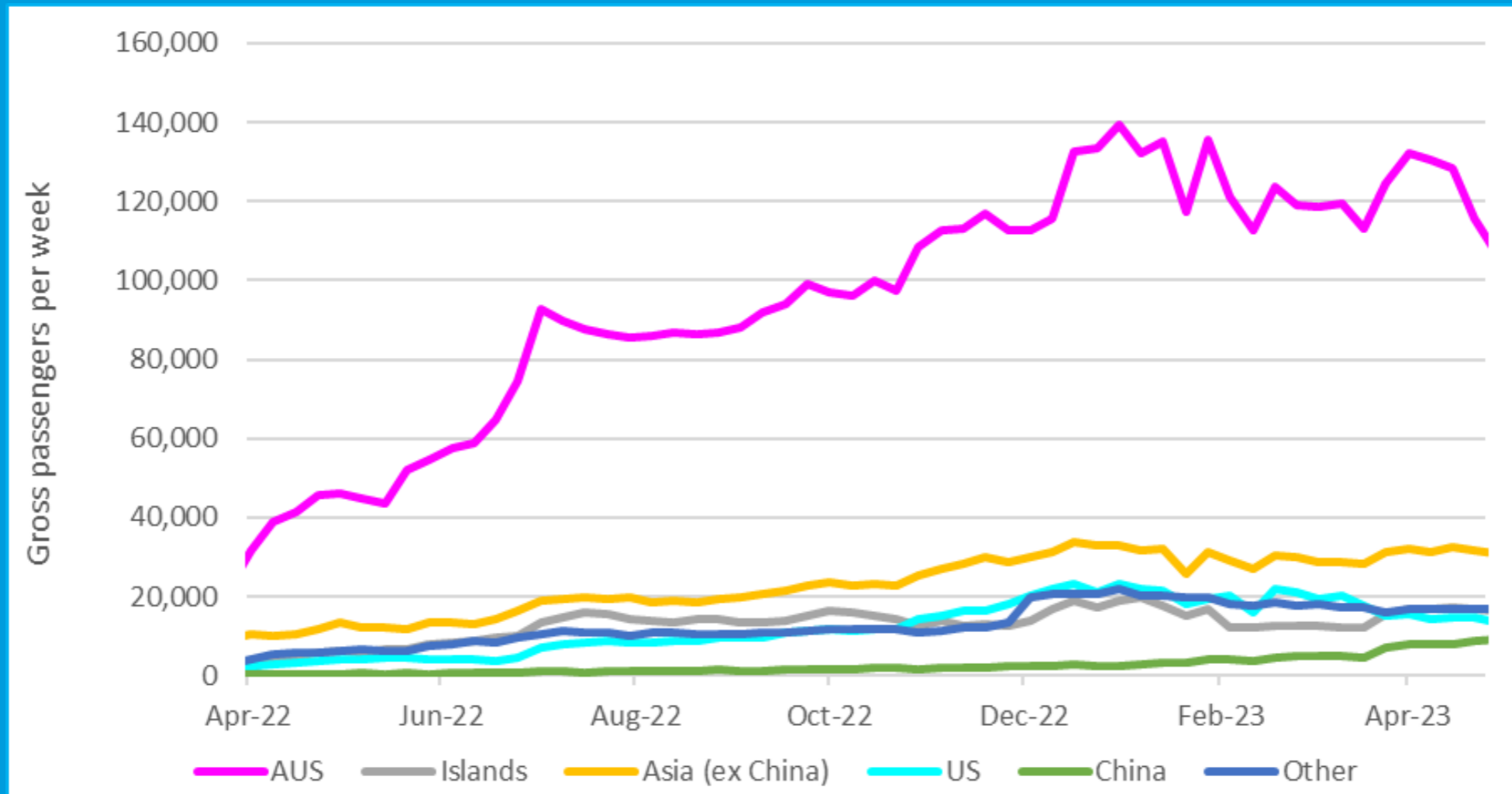


Source: Marketview

- CBD spend driven by seasons/events, whereas suburban spend more stable:
 - Events: spend increases with WoW (Oct 2022) and Homegrown (Mar 18 2023)
 - Autumn: too early to tell whether the slight decline after Easter is a sign of a falling consumer confidence OR just volatility



Visitors by market: Not so fast

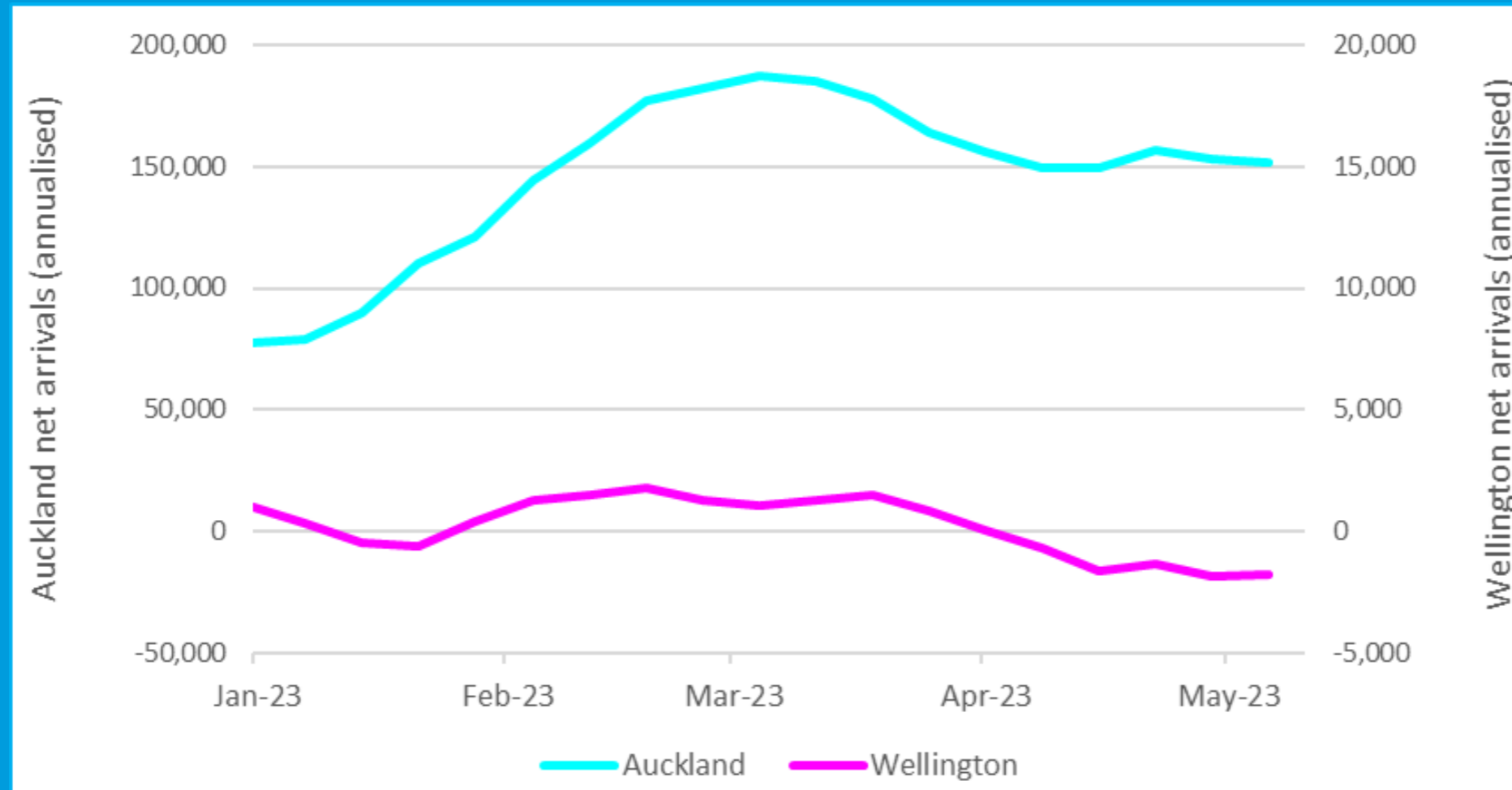


Source: StatsNZ

- Markets still finding their equilibrium
- Pricing, market demand, plane/crew availability all play their part
- China rising BUT COVID-19 over-hang lingers



Net migrant flows: Full speed for some



- Auckland

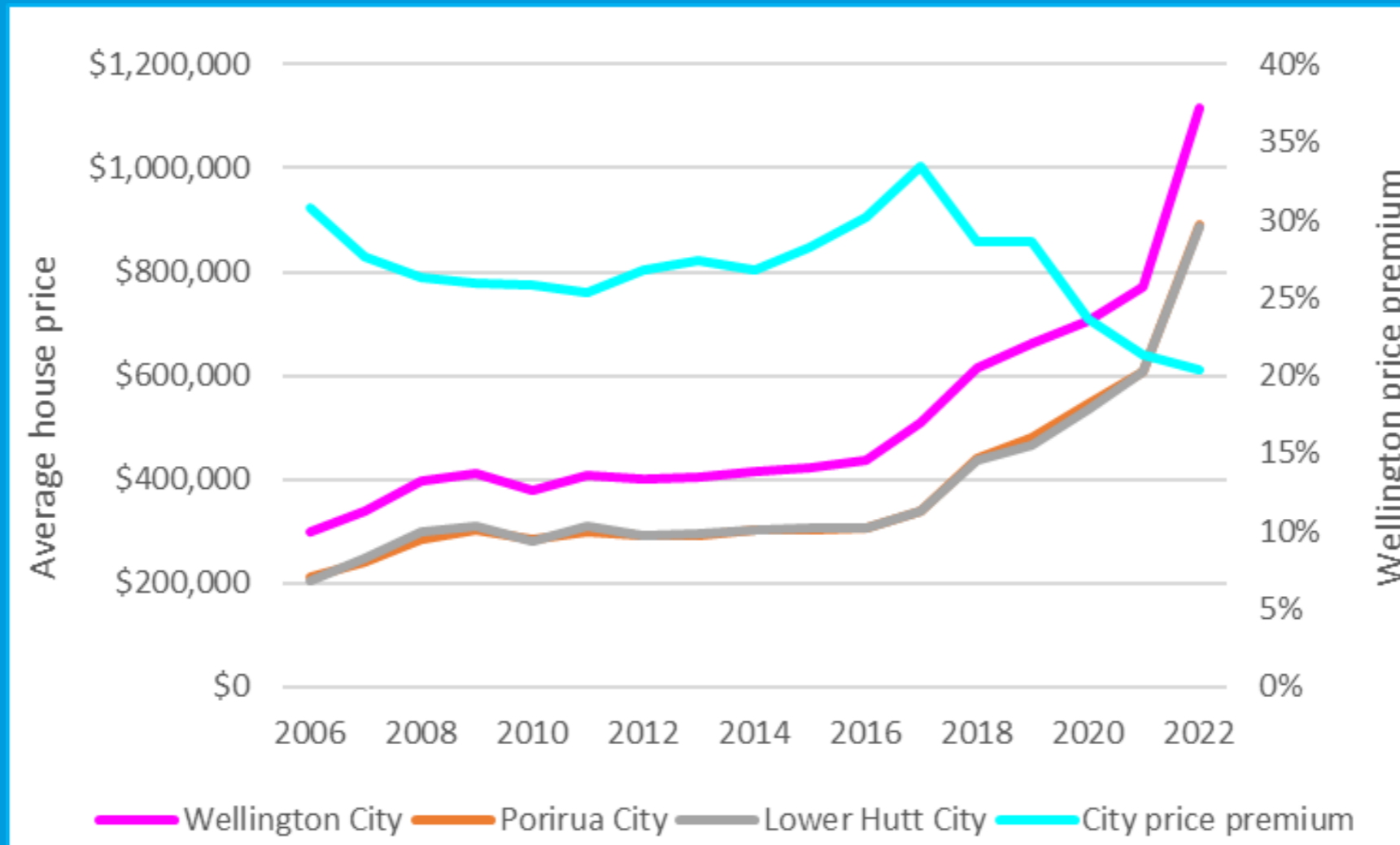
- 150,000 (or so) backpackers per annum replacing the 300,000 that powered our economy 'back in the day'
- Bringing skills, energy and \$s
- They may help avoid a recession

- Wellington

- Still losing population, but small (2,000/annum)



Dwelling prices: Wellington City premium



Source: Infometrics

- Wellington City dwellers traditionally paid a 30% premium
 - BUT since 2016 this premium has fallen to 20% (relative to Porirua and Lower Hutt)
 - Availability of retirement homes and apartments enable 'down-sizers' to free up capacity for families
- For the new generation the City's allure has not changed, but the affordability has





April spotlight: Regional economics



Images: Greater Wellington and Google Maps

Pōneke Pulse 23 May 2023 © Wellington City Council



Regional economics: background

History has given Wellington City assets of national, regional and international significance (Parliament, Banks, ACC, Te Papa, Airport, Electricity gentailers, Wētā, Universities, Datacom). But times are changing, and Wellington's newest assets tend to evolve from tech start-ups (i.e. Xero among others).

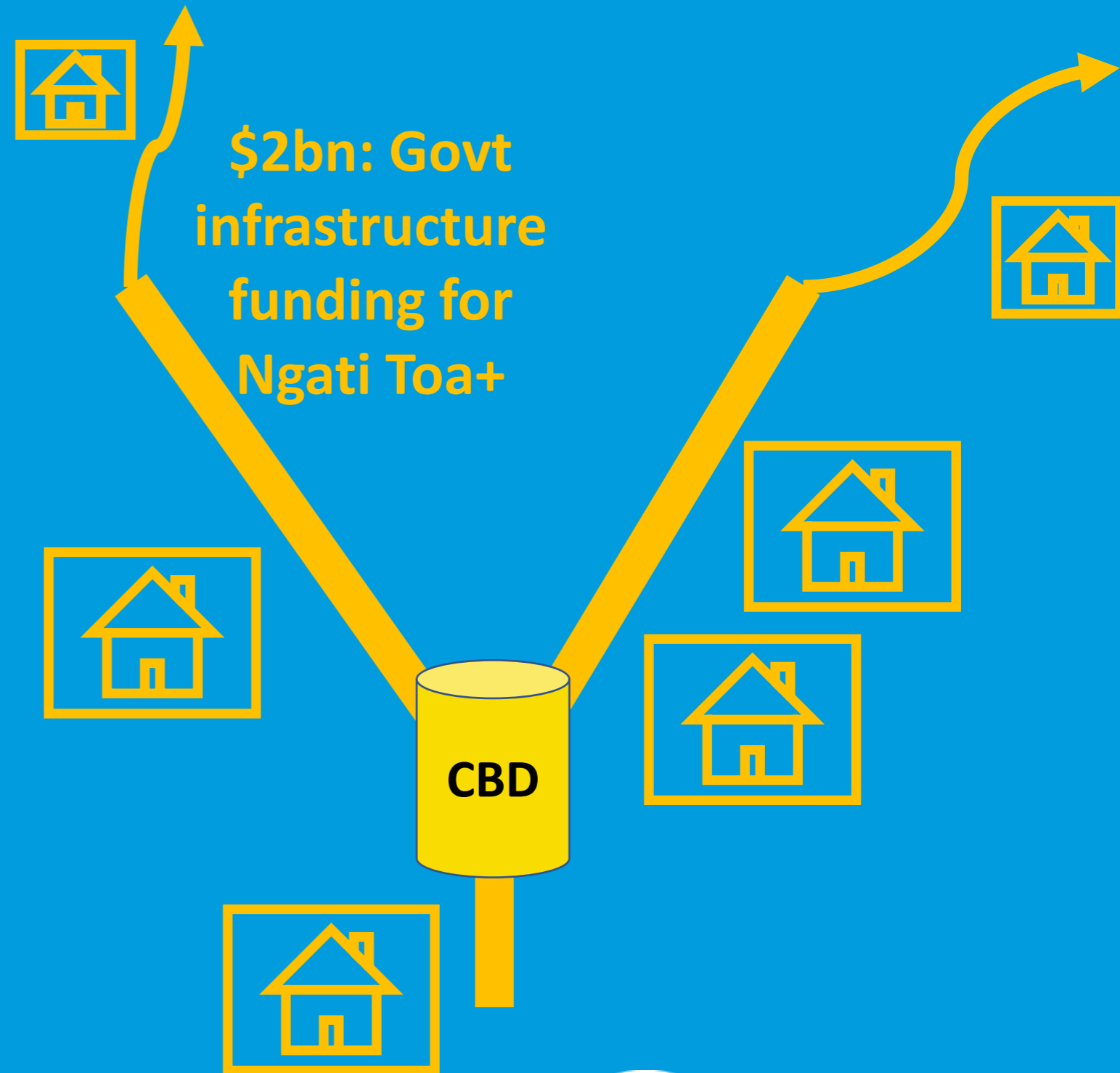
We track the trends impacting our regional workforce and their families:

- Employment
 - 'Critical industries' with national and international clients drive regional economic sustainability
 - Our 'critical industries' are crucial for renewal and employing a younger generation
- Residential development trends
 - Young families will reside where it is affordable for the amenity and it meets their commuting needs
 - Train lines and the economics of development play an increasing part in regional distribution
- School rolls
 - Families of school age children tend to put down deep roots where they live
 - They will determine the outlook of the new generation of Wellingtonians



Regional economics: Living with the 'Y'

- Employment: dominated by CBD
- Working from home: reduces commute cost (time and money) by 40% for 'those who can'
- Family living: moving into the region for space, amenity and affordability, helped by Govt infrastructure investment
- CBD liveability: Wellington City has plans to intensify and improve the CBD+ environment

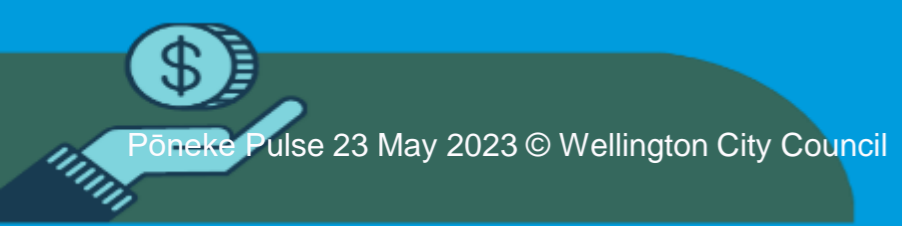


Employment: CBD grows



Source: Infometrics

- CBD grows and dominates
 - Continuous growth keeps the City young, challenged and relevant

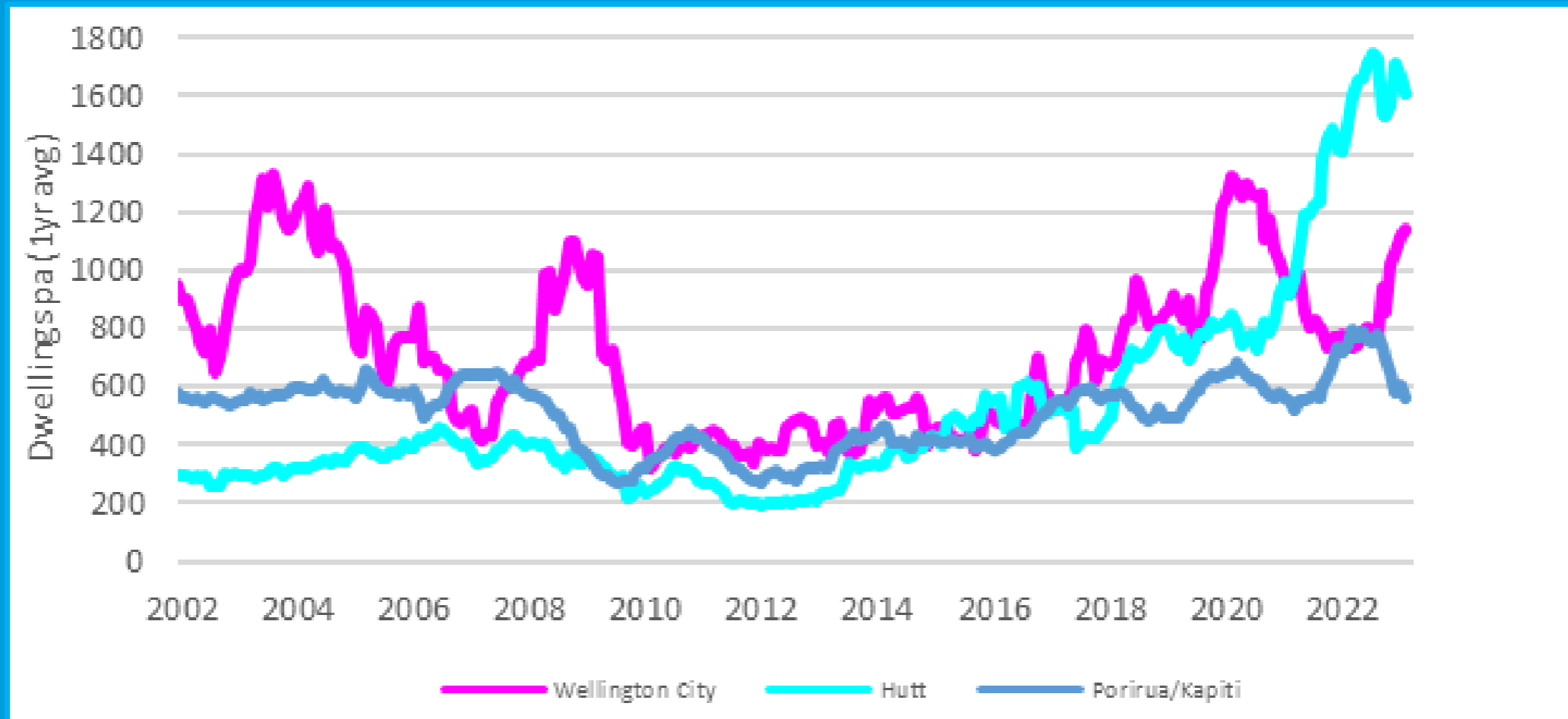


Employment implications

- CBD dominated by ‘critical industries’
 - Government and administration
 - ‘Tech’
 - Visitor economy
- ‘Critical industries’ determine a sustainable region
 - Servicing clients nationally and internationally
 - Needing workers with skill and energy
- Wellington’s (City/Region) ability to attract and retain
 - CBD provides a career path for the next generation
 - But City houses are expensive and the Region is increasingly providing the homes these workers can afford
 - City/Region working together to solve an economic problem



New residential consents: Region strong

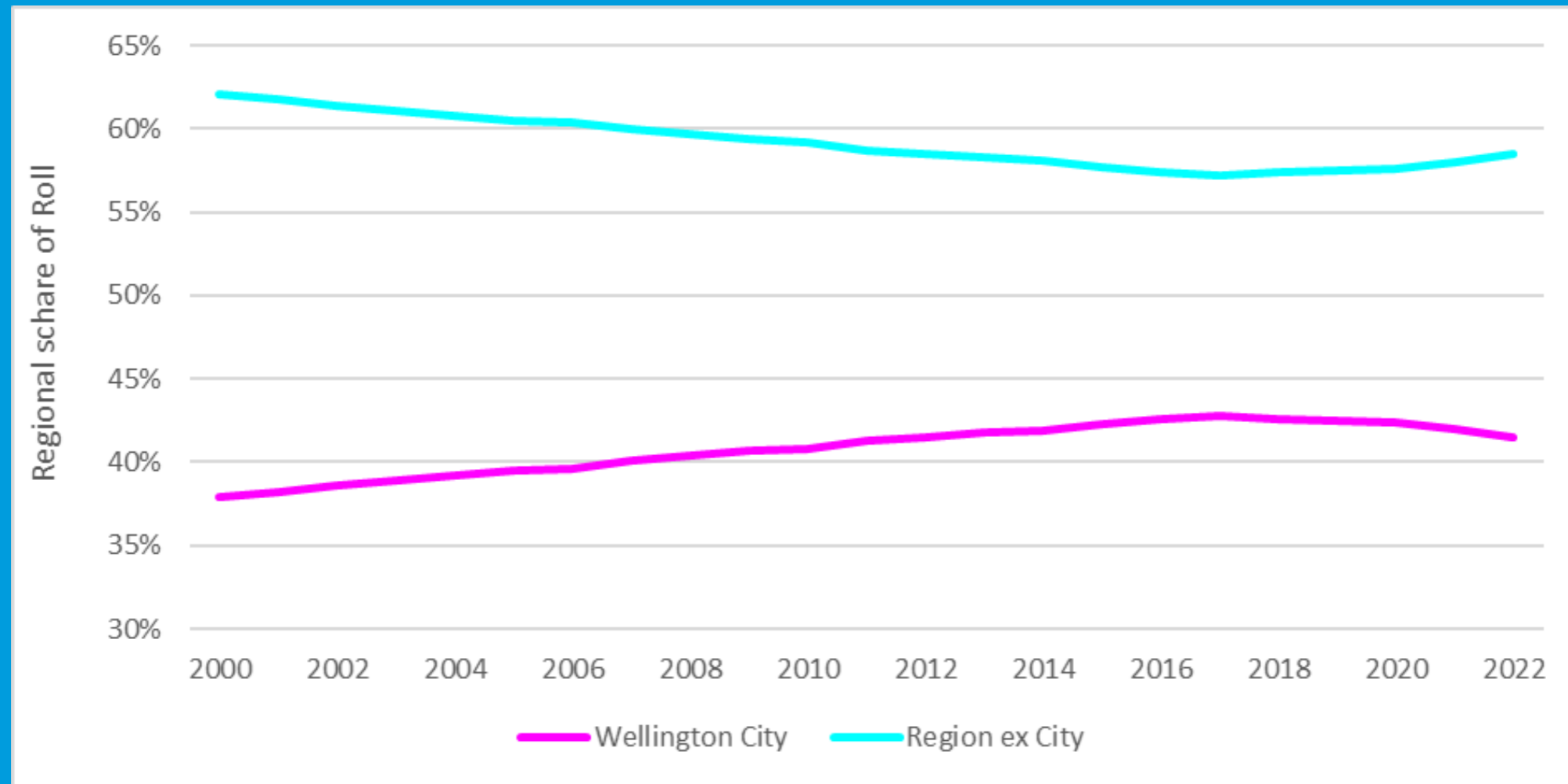


Source: Education Counts

- Sharing the pie
 - Wellington City used to share regional residential growth with its TA neighbours. But not now
- Lower Hutt dominates
 - The housing typology is different (lower density) and development is easier, cheaper, faster and has momentum
 - Government support for Ngati Toa (in Porirua) and in Otaki will strengthen regional growth
 - City's new District Plan will enable more density in more parts of the city, this but it will take time to take effect



School rolls: Wellington market-share



Source: Education Counts

- Wellington City losing share
 - City high schools especially lack the space to expand and zoning is being enforced
- Regional rolls increasing
 - Regional schools now seeing the results of family migration to the region due to historic house price differentials and the regional amenity on offer



CBD/Region work in symbiosis

- Observations: times are changing
 1. Regional workers are increasingly CBD based
 2. CBD workers and their families (and children) are increasingly living in the Hutt, Kapiti and Porirua

Regional residential development provides more living options for CBD workers, their families and their children. And working from home lowers the cost of the commute by 40%, where the CBD commute from Lower Hutt/Porirua is 15-20mins (closer than many city suburbs).

- Implications
 1. Family/children distribution around Wellington (City and region) is changing
 2. Investment (by City and business) to attract and serve these commuters needed

This trend to live in the North and work in the CBD may impact the City's long-term investment plans, if persistent



Got questions or to sign up to receive Pōneke Pulse updates email:
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