

# Pōneke Pulse

An economic pulse check for Wellington businesses from Wellington City Council



**Spotlight:**  
**City employment and commuting**  
**Oct 2023**

**Absolutely Positively**  
**Wellington City Council**

Me Heke Ki Pōneke

# Contents

## General update

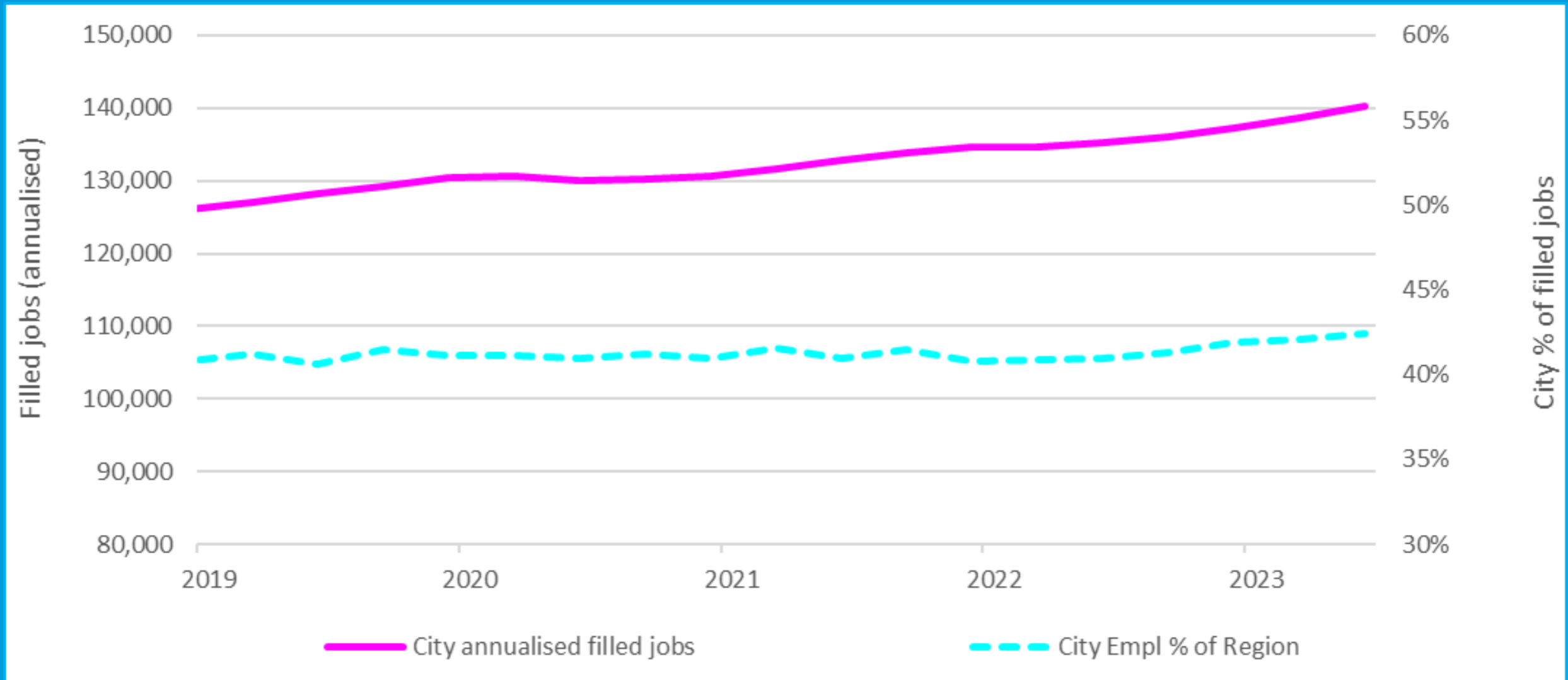
- Jobs grow
  - City jobs (i.e. CBD) provide the engine room for the Region
- Retail/hospo spend
  - But CBD recovery post-Covid remains weak
- Public transport
  - CBD patronage grows
- National migrant flows
  - Net Migrant flows at an historic high
  - But Kiwis leaving also close to a historic high

## Spotlight: City jobs and commuting

An analysis of City based jobs and growth implications:

- Jobs growing stronger than population
  - But public sector jobs at risk
- Commuters grow
- Regional pop and school rolls grow more than City
- Migration needed
  - Fills gaps in local skills as City birth-rate declines

# City jobs: the engine room

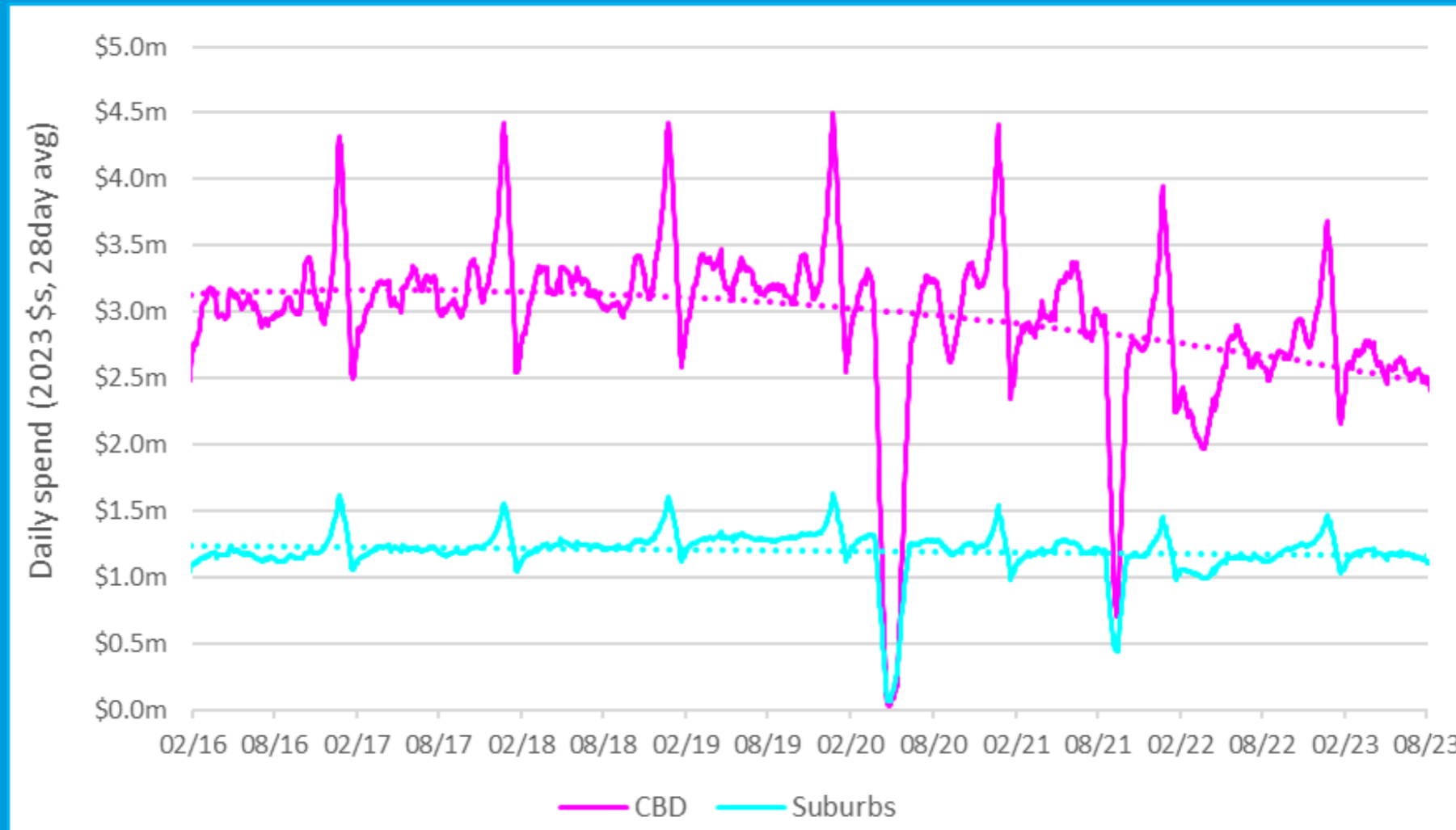


Source: Stats and WCC

- City dominates regional employment
  - Strong increase since COVID-19
  - Growing stronger than population
- New series based on
  - Stats 'filled jobs' data that uses tax data from PAYE and contractor tax payments
  - Adjusted to account for regional commuter flows using 2018 census



# Retail/Hospo spend: Inflation adjusted



Source: MarketView and RBNZ

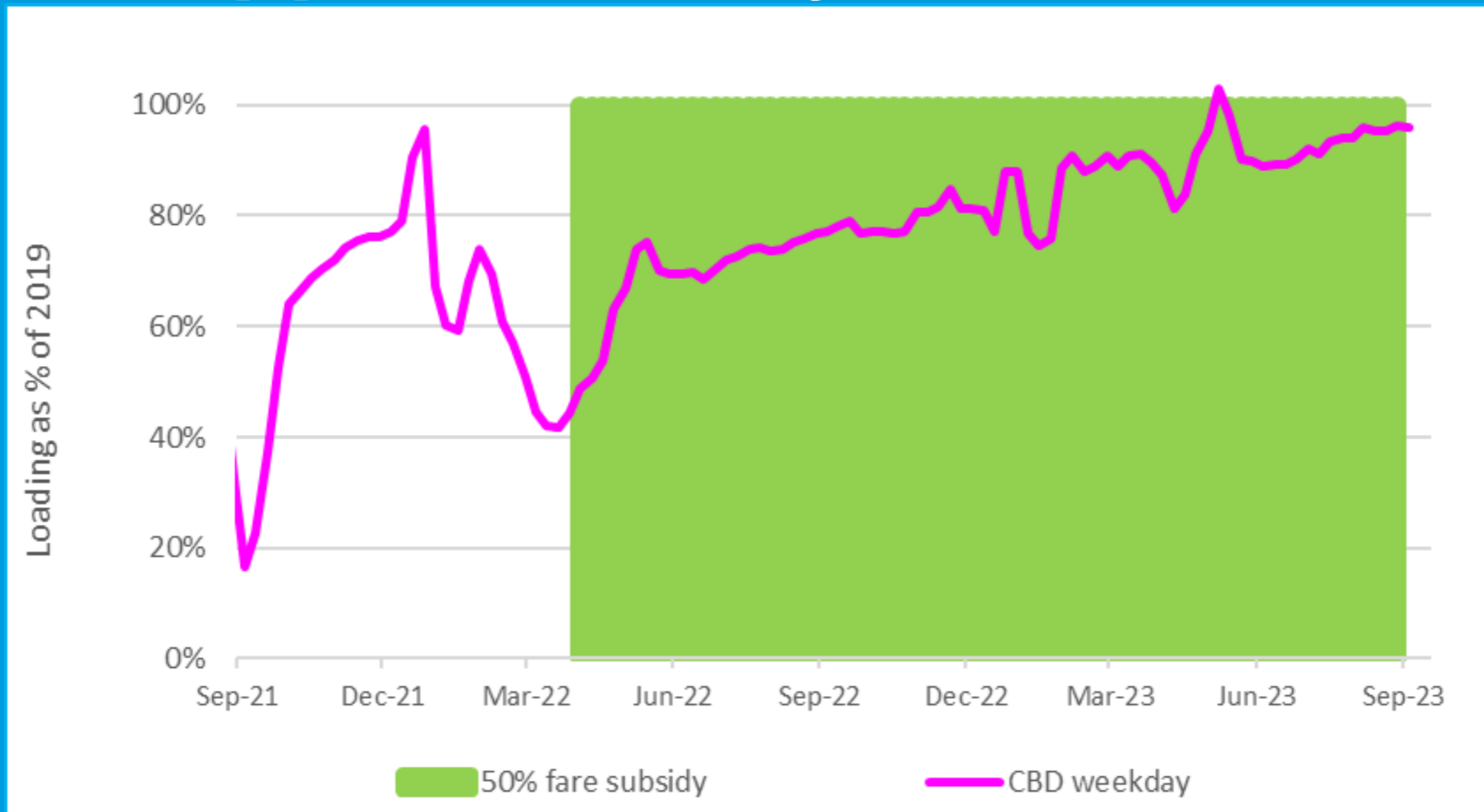
- Lacklustre winter spending in the CBD
  - Recession, high interest rates, winter doesn't help
  - Likely to improve with WOW and Christmas but will be tempered by high interest rates
  - Suburban spend stable, benefiting from WFH
- Auckland CBD comparison

Auckland is similarly affected by COVID and subsequent working from home and recession. Comparisons to 2019 are:

  - Auckland: 9% down (Source: Heart of the City)
  - Wellington: 15% down



# Bus: snapper weekday users

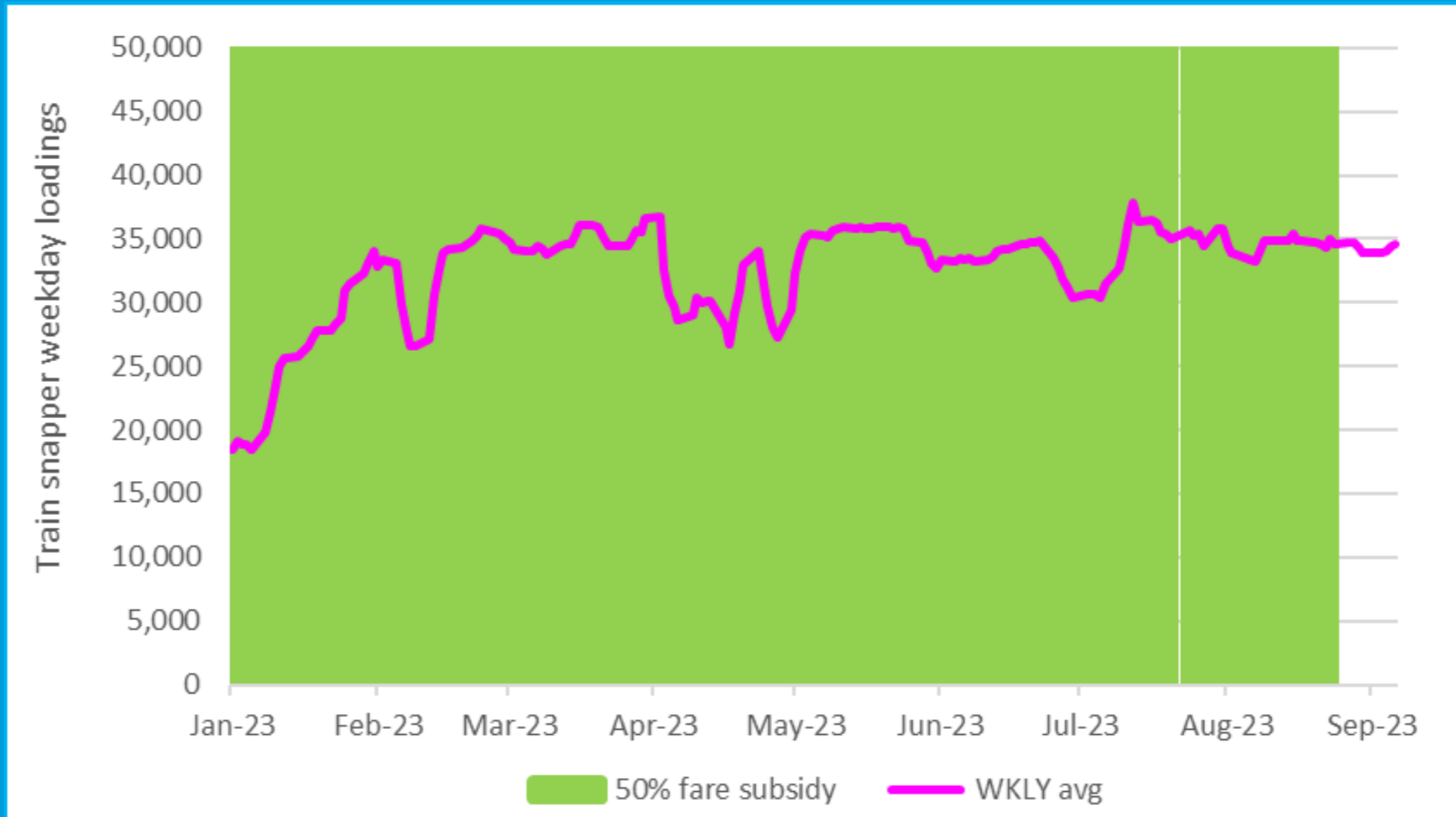


Source: GW

- Occupancy continues to grow
  - Bus driver shortage in 2022 appears to be getting better
  - Subsidy (50%) removal
    - Arguably too soon to see an impact
  - Surprising considering the subsidy size AND that many commuters have the WfH option



# Train: snapper weekday users

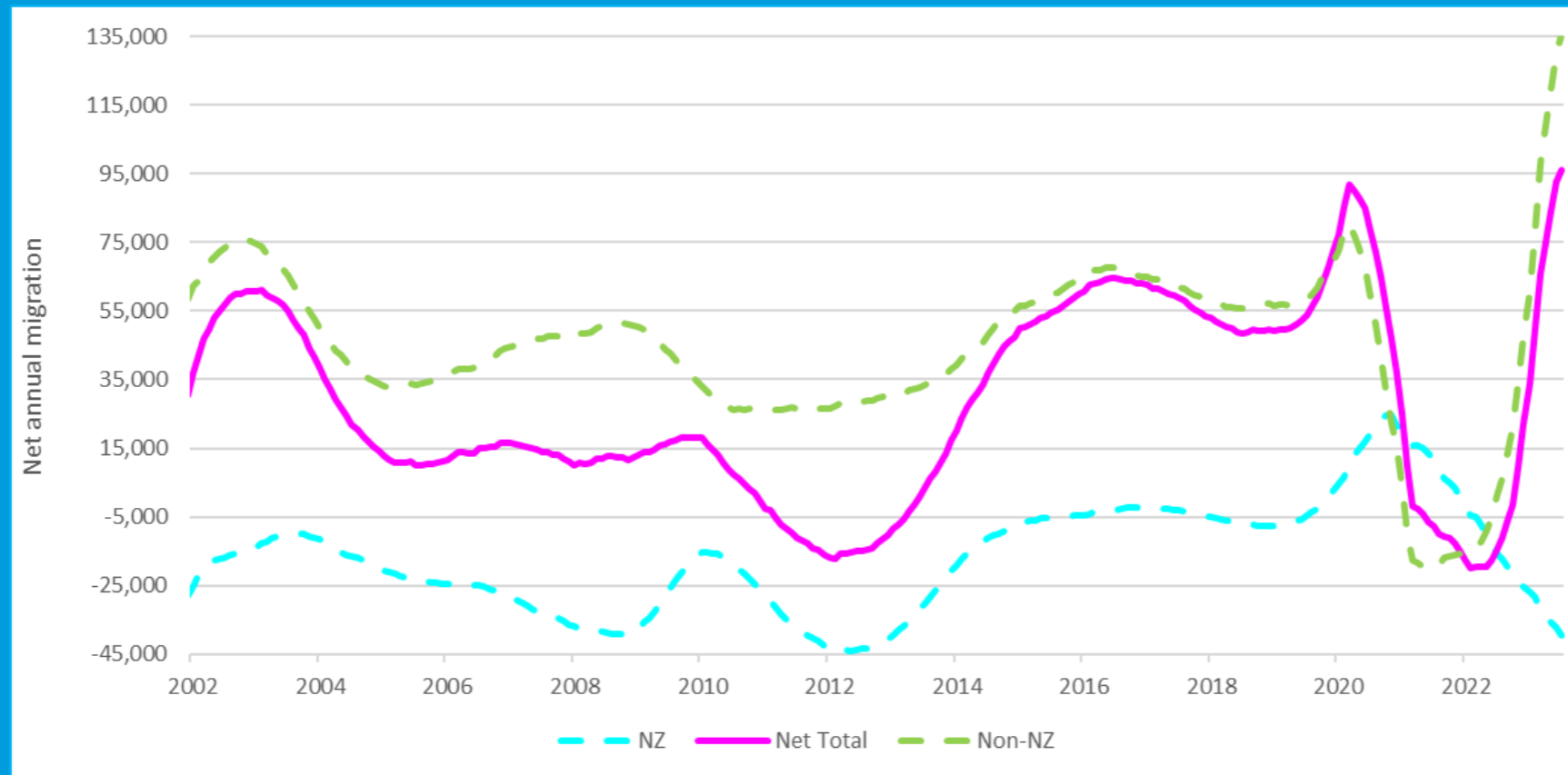


Source: GW

- Demand largely stable
- Subsidy (50%) removal
  - Arguably too soon to observe an impact



# Net international migration: historic high



Source: StatsZ (subject to revision)

- Policy makers heard the call
  - Visas for workers are now being issued *en-masse*
    - Construction/health/hospo/transport need skills
  - Net migration is the highest ever bringing skills, diversity and energy
  - Inflation: migrants need housing BUT they also control wage growth in critical sectors (i.e. construction) and increase exports
- BUT kiwis depart in droves
  - OE deferred gap still needs to be filled
  - Australia and the world beckons
- Employment
  - BUT export prices are lowish and interest rates high
    - Will new migrants have sustainable work?
  - Visas were late to respond to jobs demand (6-12months arguably) ..... will they be responsive to a decrease?



# October spotlight

## City jobs and regional commuting





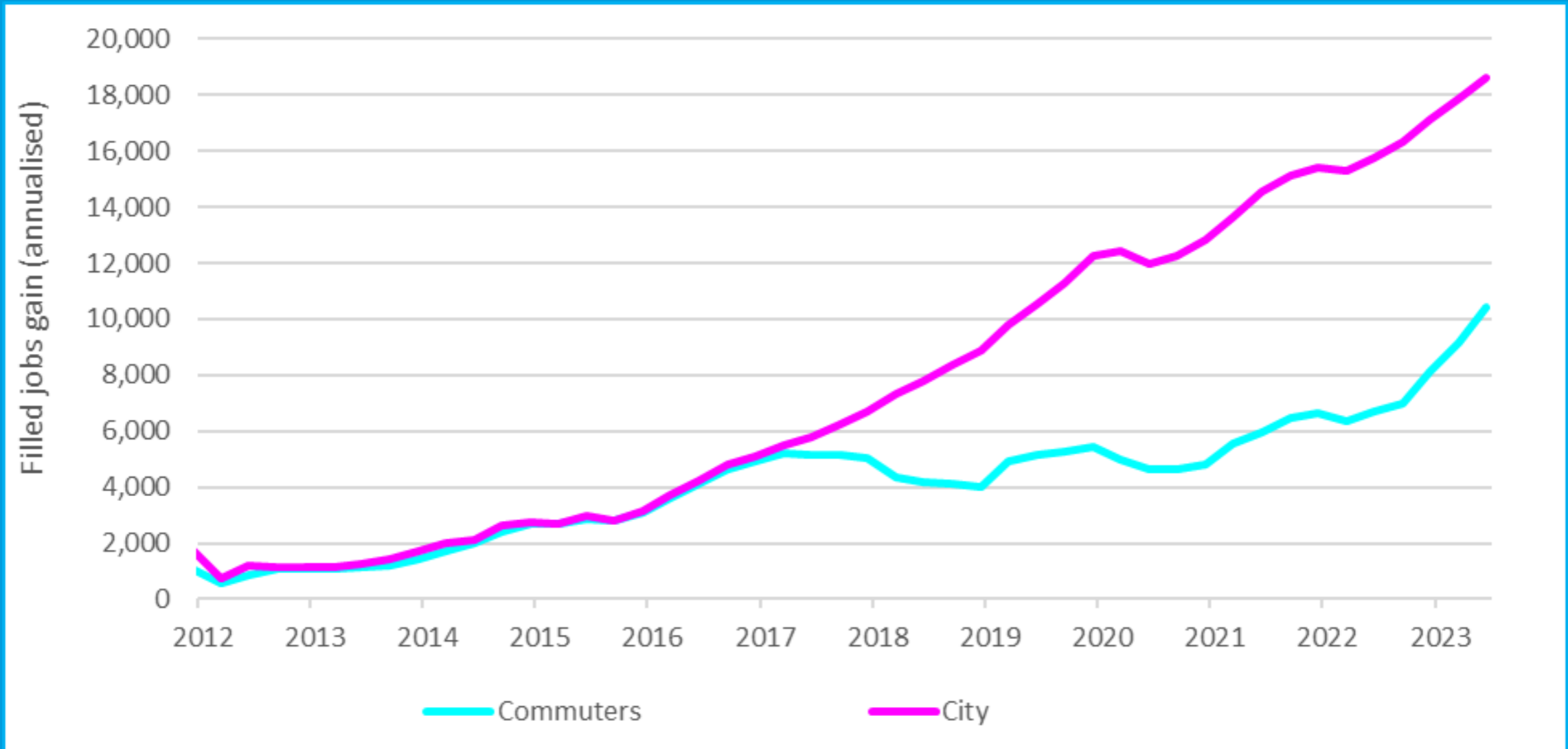
# City Jobs and regional commuting

September's Spotlight focuses on key issues impacting City employment:

- Job growth that exceeds population growth
  - Provides a strong base to retain skills and to attract new skills to the region
- Regional Commuter's contribution
  - The City used to be the engine room for jobs and population growth
  - It is still the 'engine room' for jobs but not for residential population, and especially for families with children
- Population growth dynamics explored



# City jobs: locals and commuters

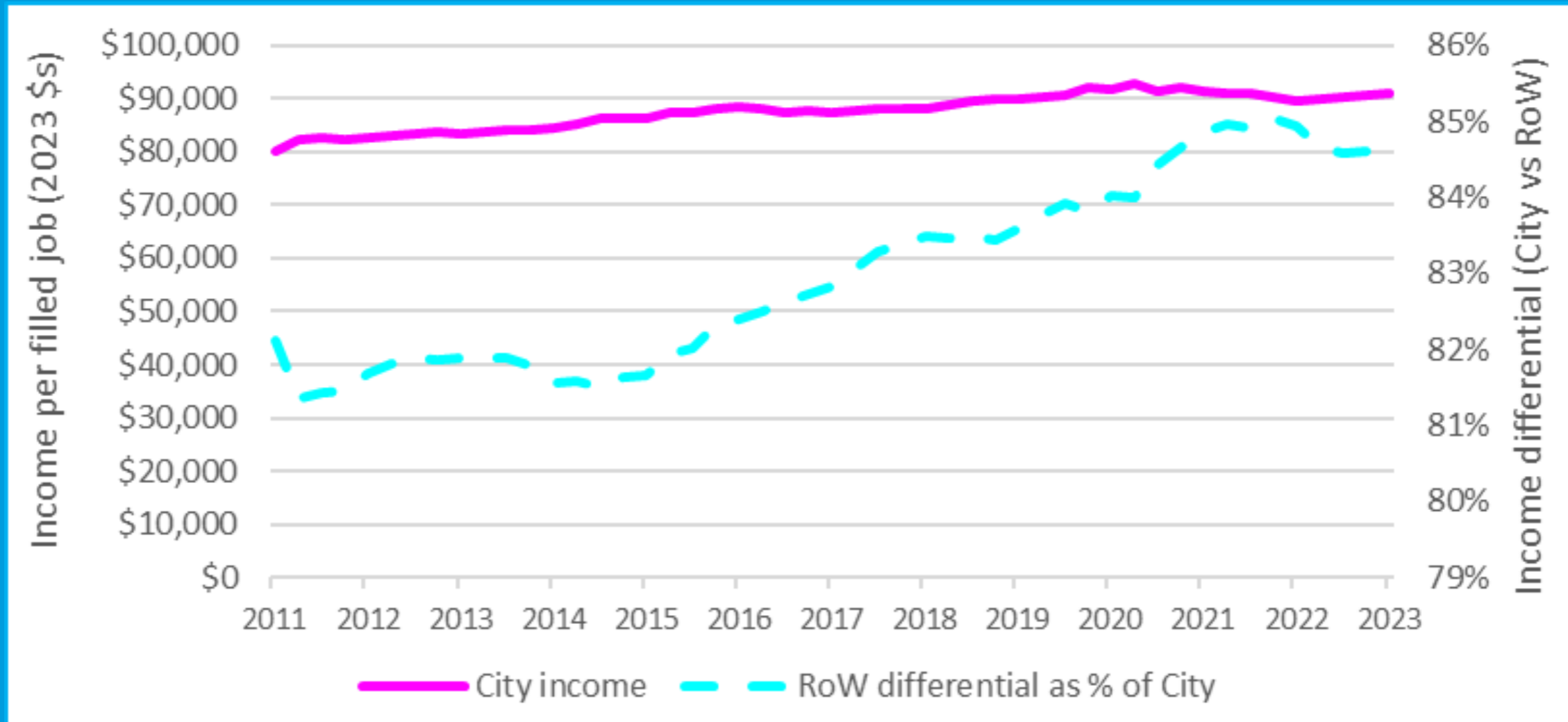


Source: Stats and WCC

- Commuters (from outside Wellington City) show three phases of growth
  - Pre-2017: commuters and City grow equally
  - 2017-2022: commuters show little growth
  - 2022+: commuter workforce grows stronger than City residents



# Domicile & jobs: wealth shifting



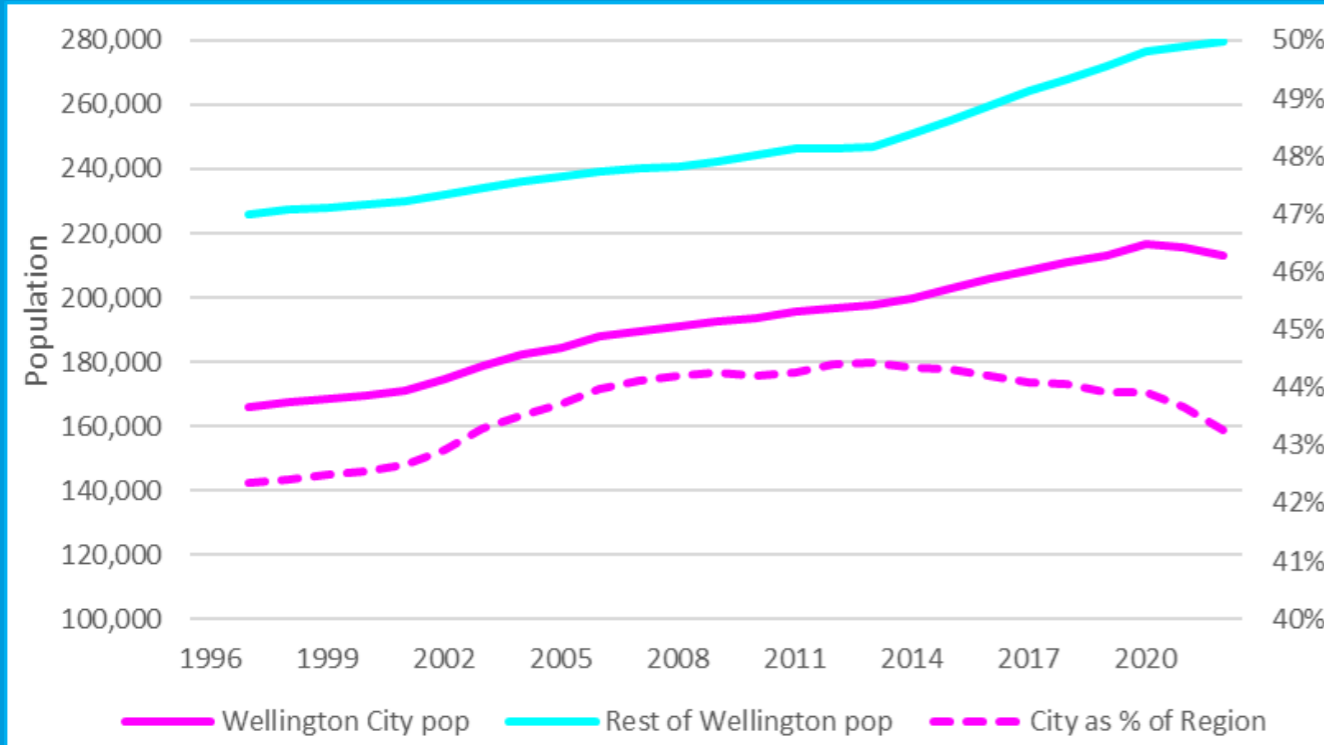
Source: Stats and WCC

- Income adjusted for inflation
  - Static since 2020
- More skilled people living outside the City (i.e. Rest of Wellington (RoW))
  - City still dominates the income gap BUT the gap is closing
  - RoW used to earn less than the City
  - BUT not so much now



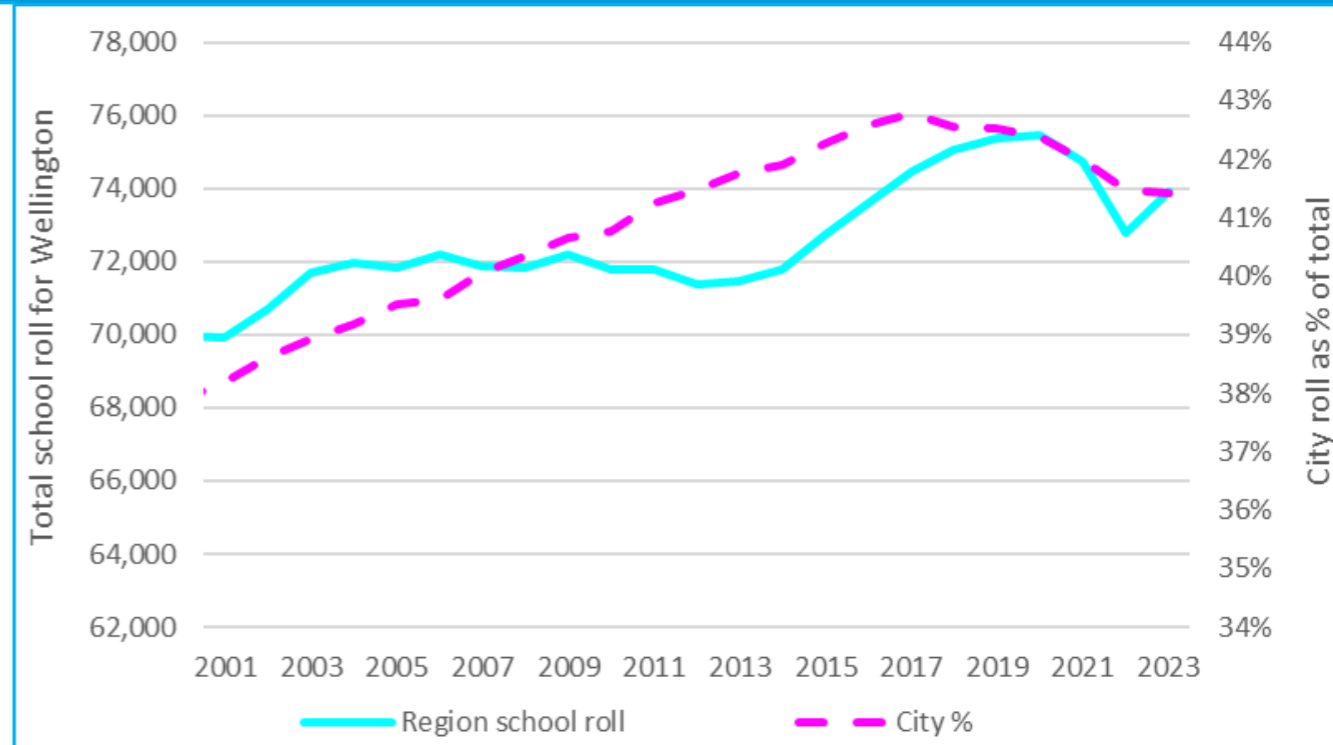
# Population: Region/City dynamics

Population (estimated post-2018)



Source: Stats

School rolls



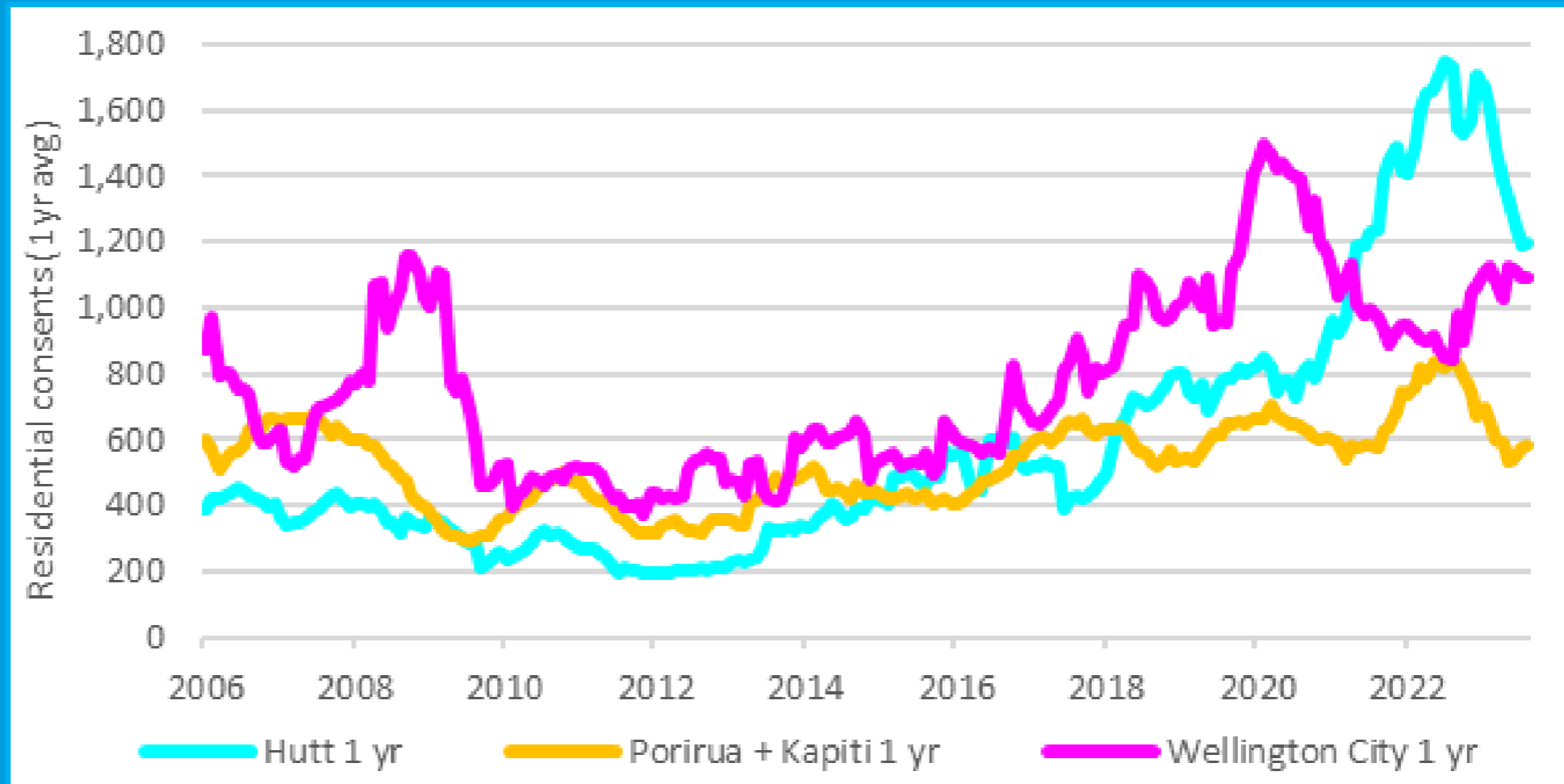
Source: Education counts

- City has traditionally been the 'engine room' for the region
  - Jobs
  - Vibrant lifestyle
  - Coolest little City on the Planet
- BUT
  - Affordability and availability of housing an issue
- Times are changing
  - Young families with children are increasingly moving to the region
  - City will increasingly rely on migration (international and local) for its replenishment



# Population: more housing on the way

## Housing consents



## • City

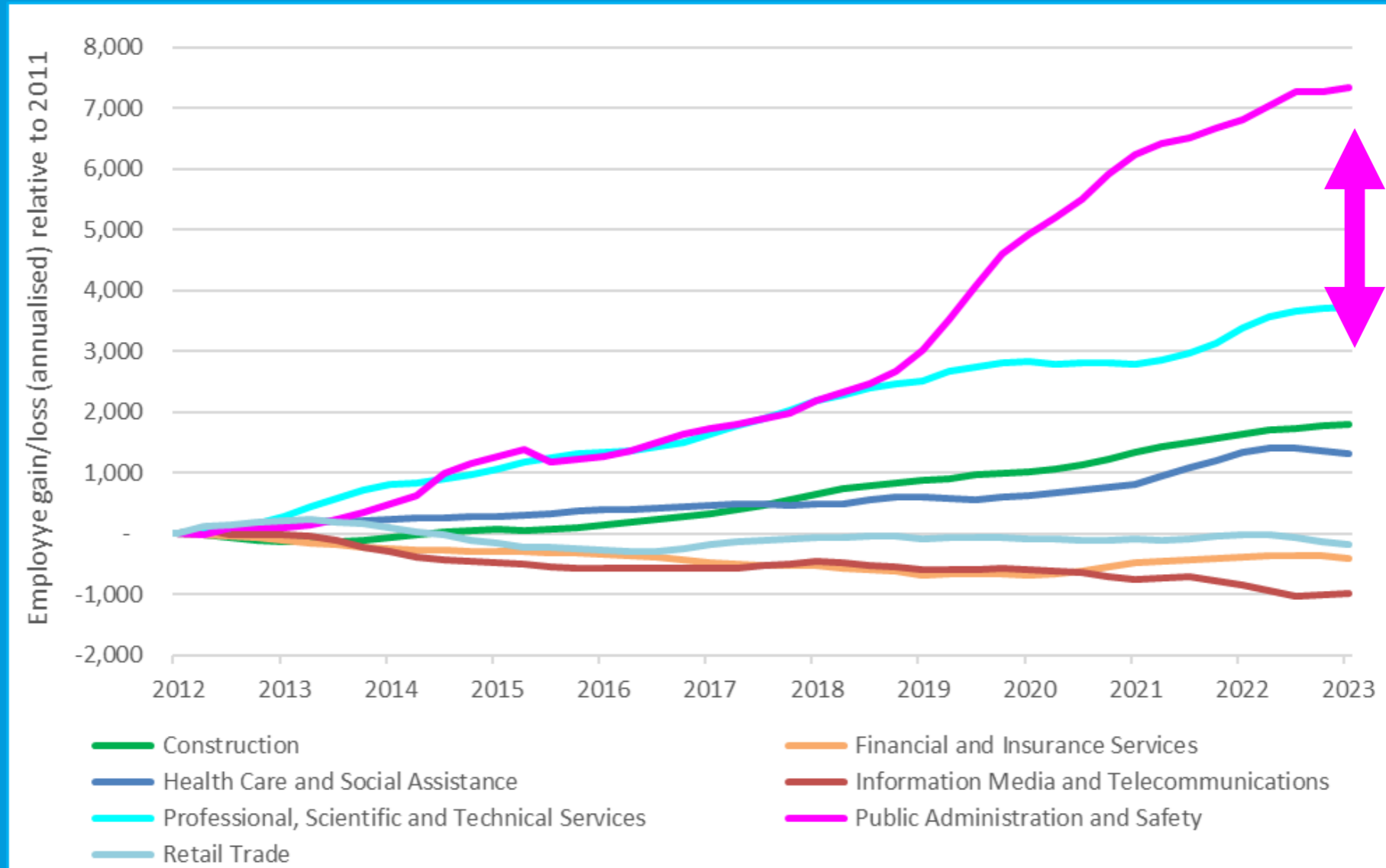
- Traditionally led the region with new housing capacity
  - CBD led this with close to 50% of City development
  - BUT seismic issues, expensive land and availability have impacted
  - Change coming – new district plan will allow more housing density

## • Lower Hutt

- A 'firestorm' of activity
  - Driven by regulatory change, low interest rates, lower build costs and rising house values
  - But potentially a 'fickle' market since high interest rates have changed the trend



# Jobs: Government grows (City PAYE jobs)



Source: Stats and WCC

- Labour elected in 2017
  - Public Sector grew significantly compared to Professional Services
  - 3,000 jobs (2% of filled jobs) potentially at risk from political change (see arrow)
- Implications for City
  - Prepare for 'cyclical' downturn in filled jobs
  - Advocate for sustainable change

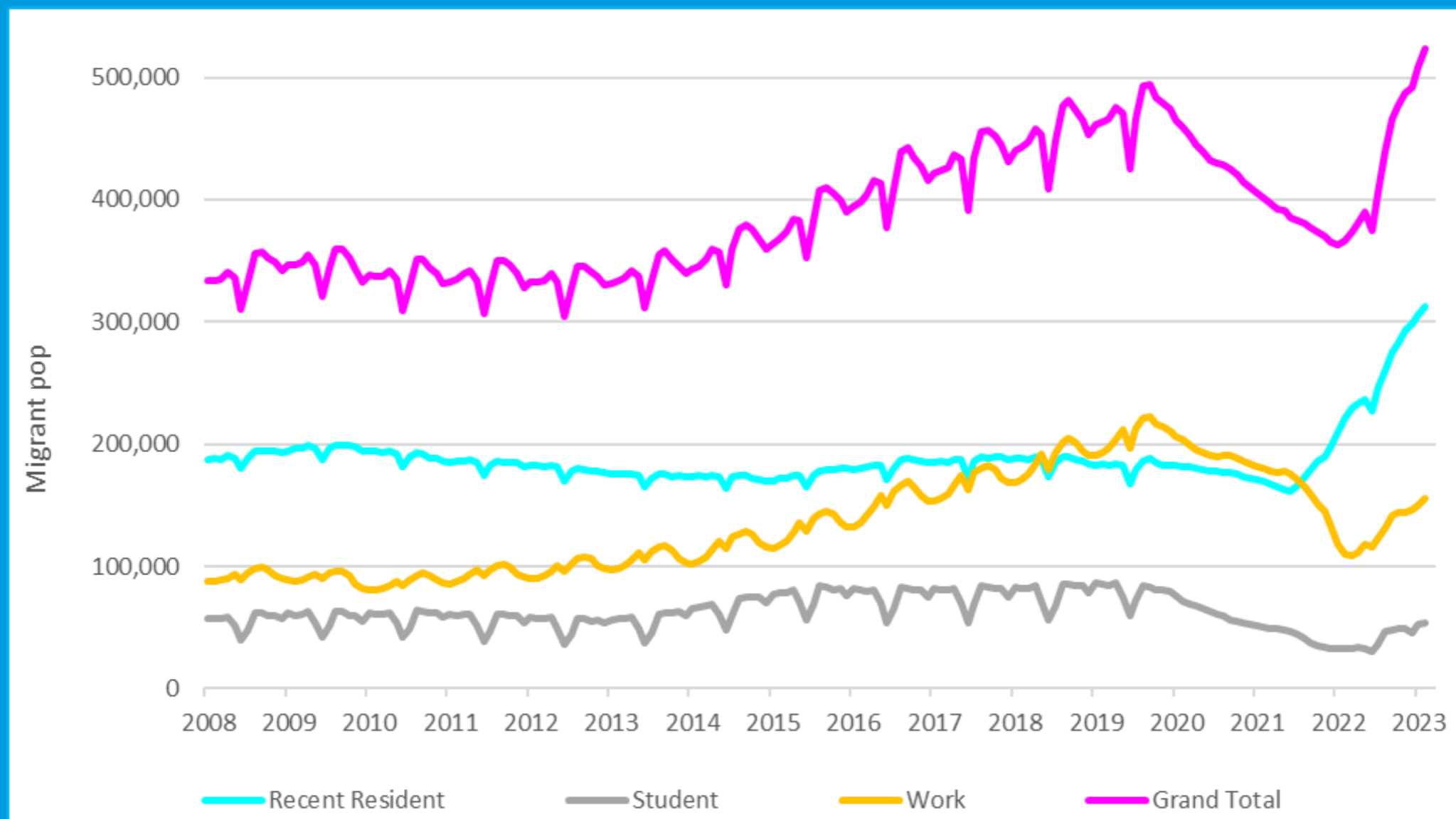


# Skills and migration (NZ picture)

- Wellington economy needs skills
  - Many sectors need additional capacity
  - Residents (some) are leaving offshore for better opportunities/OE
  - Training deficits need to be filled
    - Health, engineering, IT etc
  - University student enrolments down
    - 1,600 down in 2023 with many from out of town
- International migration
  - We are a migrant nation
    - Historic waves of inward and outward migration
    - Australasia increasingly an *'integrated market'*
- Wellington implications
  - Is Wellington getting its 'fair share' of the international migrants?
  - If not, our expectations for better services (and growth) may not be met



# 'Recent migrant': by Visa type



Source: MBIE

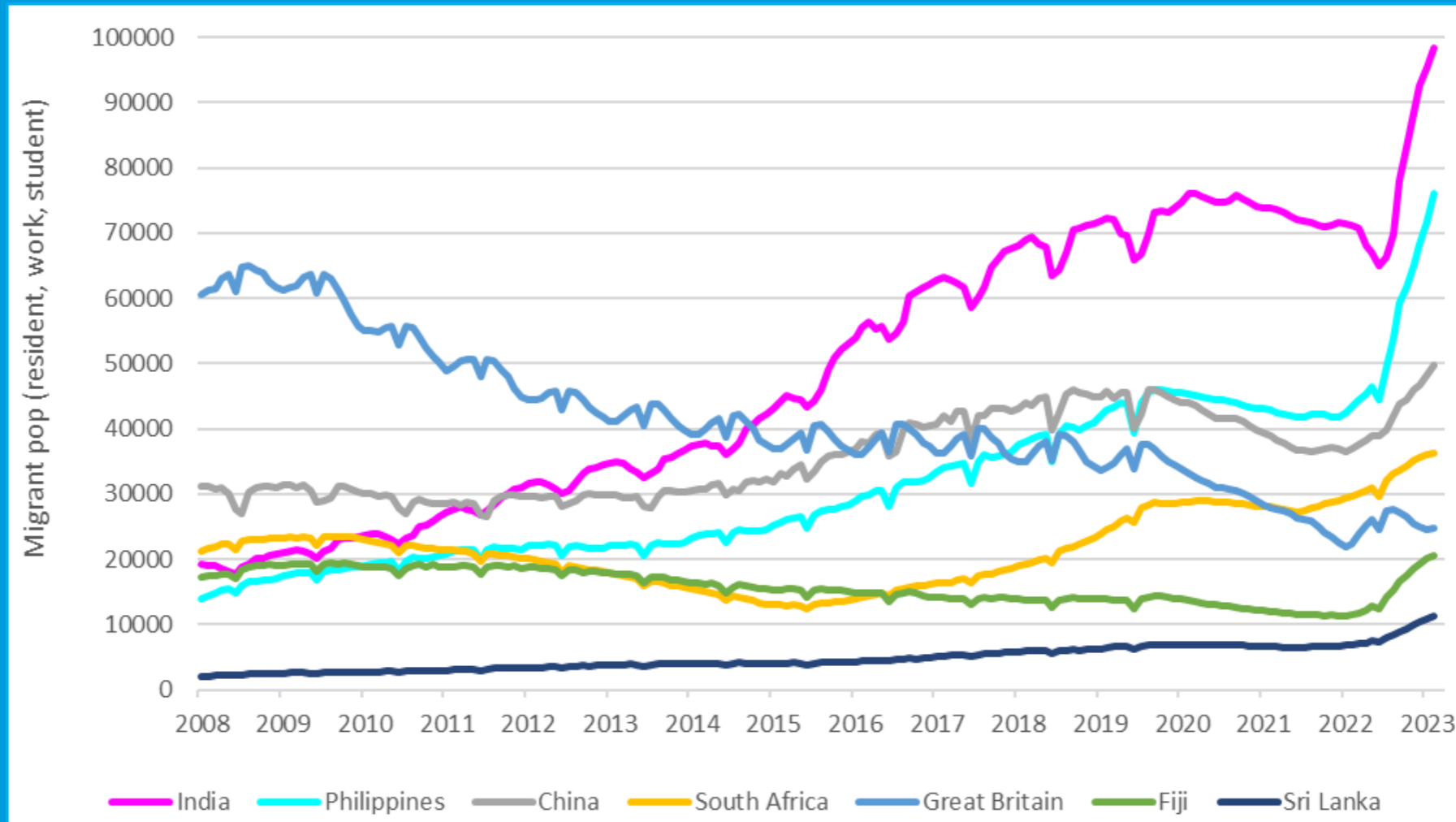
- 'Recent migrants' on visas at record levels
  - Policy shifts in 2022 made a dramatic impact

NOTE: excludes migrants who have shifted to permanent residency or have gained citizenship, also excludes returning NZ'ers and Australians





# 'Recent migrant' pop: by citizenship



- Asia now dominates
  - India, Philippines, China, and now Sri Lanka+
  - Supply from these sources is potentially infinite and they are likely to stay
  - Traditional sources stepping out
    - Despite post-BREXIT issues, the UK no longer finds NZ as attractive
- Demographic shift from pre to post-COVID
  - Slightly older (27.5 to 30.5 years)
  - Trades weighted as opposed to professionals
  - RBNZ expect the inflationary impact of post-COVID migration to be more muted



# Migrants by region (NZ and non-NZ)

Regional Council Area	Year ended June 2023		
	NZ citizens (%)	Non-NZ citizens (%)	Total (%)
Northland	3.5	1.4	1.7
Auckland	44.0	56.9	55.3
Waikato	8.2	6.9	7.1
Bay of Plenty	6.2	4.3	4.5
Gisborne	0.8	0.5	0.5
Hawke's Bay	2.7	1.9	2.0
Taranaki	1.9	1.2	1.3
Manawatū-Whanganui	3.9	2.1	2.3
<b>Wellington</b>	<b>9.6</b>	<b>7.6</b>	<b>7.9</b>
Tasman	0.9	0.4	0.4
Nelson	1.1	0.8	0.8
Marlborough	0.8	0.4	0.5
West Coast	0.5	0.3	0.3
Canterbury	10.9	9.5	9.7
Otago	3.7	4.6	4.5
Southland	1.2	1.3	1.3

Source: Stats

- Relative to its population (10% of NZ) Wellington is
  - Competing well for NZ'ers
  - Could do better for internationals



# Jobs and regional commuting: Summary

- Job growth and commuting
  - Filled jobs in Wellington City are growing
  - Job growth exceeds pop growth and acts to attract and retain workers
  - But workers may choose to commute rather than live in the City
- Wellington is the seat of Government
  - Public Sector jobs have been expanding, especially since 2017
  - City benefits from these jobs and related investment
- Policy *flip-flops*
  - Policy is expected to be volatile due to the election and aftermath
  - Government can give AND take away
    - Ministerial priorities change
    - Needs in other regions can take priority
    - Large projects can be stopped, and jobs disestablished
- Implications for Wellington City
  - City job loss – job reduction possible with change of Govt
    - This slows growth, and potentially reduces rates income to Council
  - Migrants/students – are we competitive, and if not, why not?
    - Our economy works better with them
  - Policy change – can the City influence public policy more
    - Seismic rules, emergency housing etc



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