

# 2.4 ECONOMIC DEVELOPMENT PROGRAMME QUARTERLY UPDATE



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<b>TO:</b>	Sustainability and Community Resilience Committee
<b>FROM:</b>	Jessica Black, Economic Development Advisor
<b>REPORT DATE:</b>	21/03/2024
<b>MEETING DATE:</b>	18/04/2024
<b>RECOMMENDED ACTIONS:</b>	Receive (information only)

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## 1 PURPOSE | TE TAKE MŌ TE PŪRONGO

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The purpose of this report is to present the latest quarterly economic data for our district, and provide an update on Economic Development activities relevant to the Sustainability and Community Resilience Committee.

## 2 EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA

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### **Economic Data**

The latest economic data available is for the December quarter, which was released on the 29 February 2024. Note this is quarter four of the calendar year 2023. The data captures activity from October, November, December 2023, and looks back at the full year ending December 2023. See Attachment A for the full report.

Full economic data for the summer months of January to March (Q1 of the calendar year 2024) will be available in June.

### **Spending, guest nights, and GDP down**

- Reduced tourism activity and the cost of living pressures saw consumer spending down by 7.7%, tourism expenditure down by 17.9%, and guest nights down by 8.2% in the year to December 2023.
- Our economy shrank while New Zealand's broader economy grew - provisional Gross Domestic Product (GDP) is down 0.2% for the year to December 2023, compared to the year prior.

### **Business counts are up**

- Business units increased by 1.4% (up 66 units) for the year to December 2023. Growth was higher than New Zealand. This is positive, but sentiment from our most recent business survey suggests businesses are cautious about future growth given uncertainty around local and global economic conditions.

### **Unemployment is higher than a year ago but the local labour market remains tight**

- Average annual unemployment rate rose to 4.1% in the year end December 2023, up from 3.1% in 2022, but the district's labour market remains tighter than the regional average (this suggests there are more jobs available than there are workers willing and able to fill them).

### **Local housing market continues to be cooler than broader New Zealand market**

- House sales decreased by 19% in the year to December 2023, while New Zealand wide sales rose by 0.7%.
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- House values have fallen by 12.2%, declining at a greater rate than New Zealand (-2.2%). However, average house values in the district are \$1,151,000. This is 14.6 times annual average household income in the district (this house value to income ratio is 7.0 for New Zealand and the Waikato Region).
- Residential and non-residential consent numbers were also down by roughly 30%. This is reflective of New Zealand wide trends. Gradually easing interest rate pressures and continued high net migration numbers are expected to see consent numbers plateau in 2024 (rather than continuing to decline).

### **Economic Development Update**

In February our Economic Development Team attended a collaborative session run by Te Waka, our regional economic development agency, and the Energy Efficiency and Conservation Authority (ECCA), to kick off the Regional Energy Transition Accelerator (RETA) programme in the Waikato. See Attachment B for slides that were presented by ECCA at the event.

The RETA programme is designed to help regions understand what is needed to decarbonise process heat use. The goal is to develop a co-ordinated approach for regional decarbonisation by understanding the opportunities and barriers specific to the Waikato.

A RETA report for the Waikato region will be produced by ECCA. It will identify significant process heat sites across the region, decarbonisation scenarios, bioenergy needs, and what is required to support transition. This report is expected to be publicly released in October 2024.

Significant process heat users are limited in our district, however the report will confirm our understanding of this. It will also look at electricity and biomass availability and broader bio energy demands which may have implications for our district.

## **3 RECOMMENDATIONS | TE WHAIKUPU**

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That the Sustainability and Resilience Committee:

1. Receives the 'Economic Development Programme Quarterly Update' report dated 21 March 2024.

### **ATTACHMENTS**

1. Attachment A - Quartely Economic Monitor - Thames-Coromandel District Dec 2023
2. Attachment B - Regional Energy Transition Accelerator - Waikato Presentation