

Hawke's Bay Region

Economic Monitor to December Quarter 2016

1.0 Introduction

This report provides an analysis and assessment of the economic performance of the Hawke's Bay region during 2016, the current regional economic situation and the economic outlook for the area for the coming year. The base information for the analysis is sourced from a range of agencies including Statistics New Zealand, Infometrics economic consultancy, banking organisations, Government departments and regional/ local sources. Growth comparisons with other regions and the country as a whole are included in the analysis where appropriate.

2.0 Trend summary

- *The Hawke's Bay economy has strengthened considerably over the past year, with virtually all regional economic indicators moving in a noticeably positive direction and a considerable number of 'on-the-ground' new industry/business and infrastructural developments continuing to occur. This has been underpinned by generally favourable conditions impacting the region's rural production sector, with flow-on gains for associated regional servicing and supplier industries. The good climatic conditions this summer have been especially beneficial for the pipfruit/ horticultural and tourism industries which have grown strongly. Recent and impending major visitor events have and will provide further significant economic fillip for the region, as will the impending pipfruit, wine and other horticultural harvesting activities. Overall, it appears that a significantly higher level of economic optimism and confidence now prevails in Hawkes Bay. This augurs well for the economic situation in the region over the balance of this year; however, the region still faces important economic challenges including reducing unemployment levels and increasing income and productivity levels.*
- **Positive** economic indicator changes over the past year are summarised below. The main body of the report provides further detail on the changes:
 - An estimated total population gain of 1,500 or 0.9%, including an overall net international migration gain for the third year in a row following a number of years of net migration loss. Further overall population growth is projected for the next five years.
 - Increased value of consented new residential and social/ community sector building activity, as well as total building alterations.
 - Increased house sales, median selling prices, overall housing affordability and residential rentals.
 - Increased retail spending and new motor vehicle registrations.
 - An increase in commercial visitor arrivals and visitor night-stays in the region, average visitor 'length of stay' and total direct visitor spending.
 - A significant increase in the total volume of international trade passing through the Port of Napier.
 - Forecast increased pipfruit, wine and forestry export returns at the national level over the 2016/17 June year.
- The main **downside** economic growth indicator change last year was the decline in the total value of consented new rural building in the region but the level of building still remains close to that of the previous two years.
- **Overall**, the Hawke's Bay economy is estimated to have grown in real inflation-adjusted terms by 3.2% over the March 2016 year, compared to 2.4% for the previous year. ESL's current forecast for HB growth for the year ended March 2017 is 3.5%.
- A total employment gain last year of 2,984 or 3.9%. Total unemployment was on par with the previous year. The annualised rate of unemployment was 6.4% at the end of 2016. The comparative national rate year was 5.1%. The number of HB residents receiving the Government's Job Seeker Support Benefit rose 4% last year.
- Looking at the regional economic situation since the September quarter last year which was the reference point for the last quarterly report, it is noted that the total value of all consented new building activity and building alterations for the December quarter of 2016 was up almost 16% on the December 2015 quarter and also on par with the September 2016 quarter result.

Total commercial visitor arrivals and visitor-nights in Hawkes Bay over the October/November period last year were up almost 14% and 15% respectively on the same period in 2015. Total employment in the region for the December quarter last year was up 4.1% on the December 2015 quarter figure whilst it was down only slightly on the September 2016 quarter's result. ANZ Bank advertised job vacancy numbers have grown by 42% over the past year, the second highest regional rate of growth in the country after the Gisborne area. The strongest job ad growth nationally during the period has occurred in the construction, utilities, manufacturing and transport industries.

- Significant new business and community developments which have been publicly announced in the Hawke's Bay region over the past few months or so include as follows:
 - **Primary Sector-** Auckland based export cider company Zeffer moving to HB in July 2017; significant skilled labour shortages in the HB horticultural sector including the pipfruit industry; major increase in demand for apple trees; establishment of new local brewery business 'Brave Brewing'.
 - **Recreation-** development of new HB Community Health and Sports Centre at the Hastings Regional Sports Park (first stage expected to be completed in 2018); significant growth in the number of gyms and fitness centres in HB;.
 - **Utilities & Infrastructure-** waterfront land and buildings at Awatoto in Napier have been placed on the market for potential new business developments; staging of the second annual 'Sea Walls: Artists for Oceans' mural painting event in Napier in March 2017; Port of Napier proposal to construct a new 350 metre wharf along the edge of its container proposal; redeveloped Napier War Memorial Conference Centre on Napier's Marine Parade to open in March 2017; additional \$10.5 million Central Government investment in the HB ultra- fast broadband roll-out for rural centres;
 - **Business Services-** ANZ Bank is restructuring its branch operations in both Napier and Hastings; global software company Xero proposes to open a new office in Napier; potential major new business establishment in the former Rothman's/BAT building in Ahuriri, Napier.
 - **Transport-** local heavy transport repair specialists, Eastern Truck and Marine, won the 2016 Westpac HB Chamber of Commerce supreme business award; Unison and the Napier City Council have combined to establish a new electric car charging facility in central Napier; work has now begun on the construction of the new Whakatu Arterial Link road..
 - **Retailing-** Paymark retail spending figures indicate that Hawkes Bay topped regional spending growth figures in the country during the December 2016/January 2017 period; South Island large-format appliance and furniture retailer Smiths City is opening its first HB branch in Hastings; strong demand for commercial/ retailing properties in HB.
 - **Maori Development-** staging of the recent 'Taniwha Dragon Economic Summit' in Hastings; establishment of a new Waikato Tainui-Ngati Kahungunu joint fishing venture worth \$20 million; a Tangoio based group of six Maori hapu (Maungaharuru-Tangitu Trust) has acquired a quarter share in Elwood Road Holdings Ltd which owns the Tomoana Food Hub; recent signing of the Deed of Settlement worth \$100 million between the Crown and iwi and hapu of Te Rohe o Te Wairoa.
 - **Tourism/ Events-** staging of the major FAWC wine/ tourism event in November 2016; hosting of the second national summer cycling carnival in Napier in January 2017; major Art Deco Weekend festival based in Napier in February 2017; recent Te Matatini national Maori 'Kapa Haka' cultural/ music festival in Hastings; annual NZ Horse of the Year show in Hastings in March 2017; April 2017 Mission Concert; opening of the new Porter's boutique 5* hotel in Havelock North.
 - **Residential Sector-** former Napier Provedoring business site in Waghorne St, Ahuriri, has been sold and is to be developed into high-class residential villas by the Ahuriri Land Development Company; the Company is also planning additional residential developments in the region, in the future.
 - **Health Sector-** new \$11.8 million endoscopy suite to be established at the HB Regional Hospital in Hastings.
- Latest NZ Institute of Economic Research Consensus Forecasts for the December 2016 quarter point to a current expectation in New Zealand of 3.5% real GDP growth nationally over the 2016/17 March year, compared to the 2.4% figure for the 2015/16 year. The forecast for the 2017/18 year is 3.3% growth.

3.0 Key Hawke's Bay Region annual economic indicator levels at December 2016

Estimated Population:	161,500
Projected Households:	63,640
Nominal Gross Domestic Product (GDP):	\$6.85 billion
Real Economic/GDP Growth(YE March 2016):	3.2%
Annual employment:	79,818
Annual employment change:	3.9%
Estimated unemployment:	5,500
Estimated unemployment rate (%):	6.4%

4.0 Population and households

Hawke's Bay's population currently stands at an estimated 161,500 and increased by 1,500 or 0.9% over the year to June 2016.

Figure 1a indicates the long-term historical trend in Hawke's Bay's population since 1996. There has been an overall increase of 14,700 or 10% in the population since the mid-1990s. On the basis of Statistics NZ Medium growth or 'middle of the road' projection figures, the regional population is projected to reach a level of 166,200 by year 2028, that is, a further gain of 4,900 or 3% between 2016 and 2028.

The total number of households in Hawke's Bay has increased by 9,840 or 18.3% since 1996, to reach a total of 63,640 in June 2016. Statistics New Zealand projections indicate a year 2028 total of 67,400, that is, a further increase of 3,760 or 5.9%.

In-migration is a key source of population growth for both countries and regions. From a Hawke's Bay perspective, net in-migration from other parts of New Zealand and also from overseas is important. In the latter respect, it is noted for the purposes of this report that the 2016 calendar year saw a significant net overseas migration gain into Hawke's Bay of +714, compared to 481 for the previous calendar year and 174 in year 2014. This figure also compares with the peak 1,097 net overseas migration loss result recorded by the region in 2008.

Fig 1a: Hawke's Bay Population Growth Since 1996

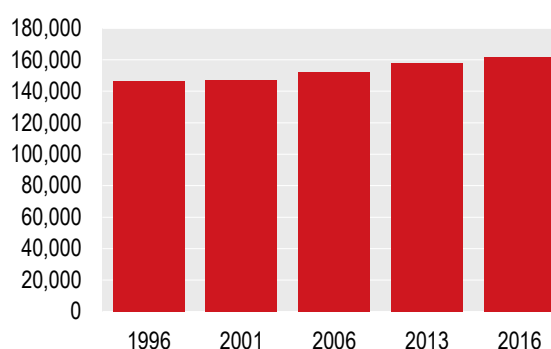
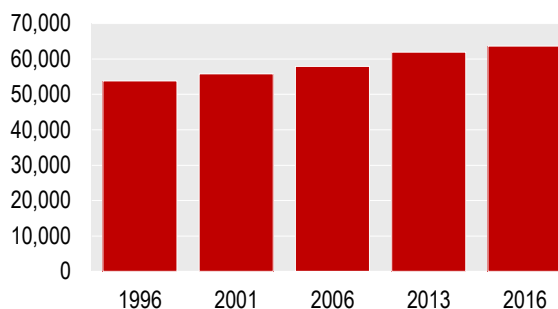


Fig 1b: Hawke's Bay Household Growth Since 1996



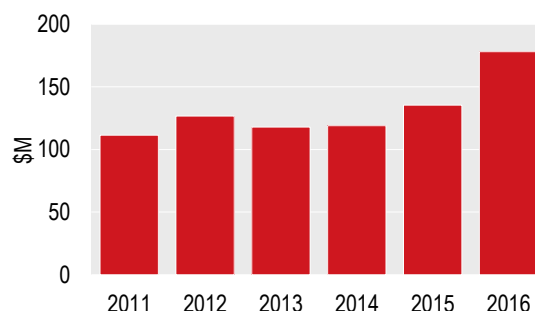
5.0 New dwellings

The total stock of households in Hawke's Bay in June last year stood at a projected 63,640, as mentioned earlier.

Figure 2 indicates the trend in the value of consented new dwellings in the region, since 2011. The value fell a little in 2013 and stabilised the following year. However, it has increased significantly since then and overall by approximately 50%, with the value increasing 32% last year. The indicator was at its highest level last year, since 2007.

At the same time, the total annual number of new houses consented rose 19% last year. The number and value of housing alterations rose 10.8% and 24.3% respectively.

Fig 2: Hawke's Bay Region Value of Consented New Residential Buildings 2011-2016



6.0 Non residential new building activity

Figure 3a indicates the annual trend in the value of consented new commercial/ industrial building work in the region, since 2011. This indicator has increased considerably since 2013 and overall by 77%.

Last year, the value of all the new building work consented increased slightly by 2.7%. Increased building values occurred during the year for the retail/hospitality and office/administration sectors. The value of consented new industrial/storage building fell by 12% over the year.

Figure 3b indicates the trend over the 2011-2016 period in the value of consented new rural building. This indicator fluctuated considerably over 2011-2014 but has since gradually fallen, although it remains well above the annual results for the 2011-2013 interval.

The total number of new buildings, other than residential, commercial/industrial and rural, consented in the region last year was up almost 18% on the previous year. The total value of the building work almost doubled with the education and public/ community accommodation sectors recording significant gains during the year.

All up, the total number of new buildings consented in the region during last year was recorded at 677 with a combined value of \$274 million. These results were up 23.8% and 25.4% respectively on the previous year's results.

The total number of consented building alterations was up 7.8% on the previous year with their total value being up 20.2%.

As indicated by **Figure 3c**, the annual value of all consented new building activity and building alterations has increased steadily since 2013 and overall by 54%.

Fig 3a: Hawke's Bay Region New Commercial-Industrial Building

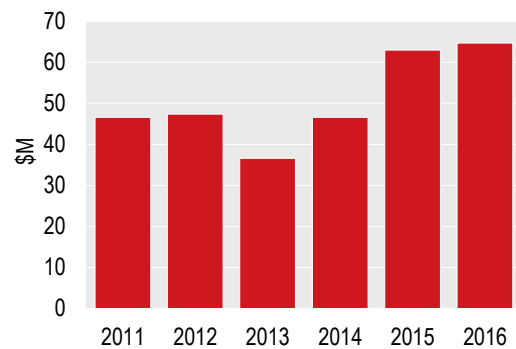


Fig 3b: Hawke's Bay Region New Rural Building 2011-2016

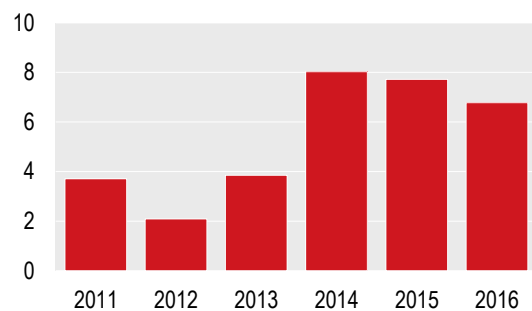
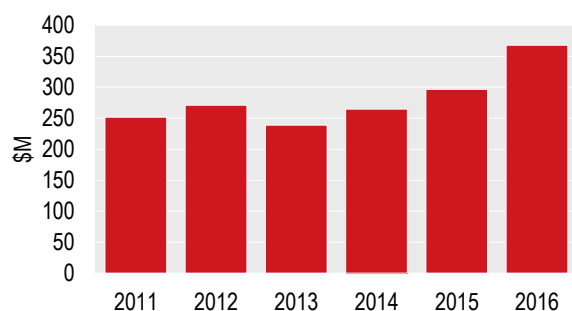


Fig 3c: Hawke's Bay Region Total Annual Value of All Consented New and Altered Buildings 2011-2016



7.0 Other economic indicators

The changes indicated in this section are for the 2016 calendar year.

Figure 4a shows some of the economic indicator changes for the region versus NZ as a whole, over the period.

New dwellings consented rose 32% over the year in value terms compared to the national gain of 21%. The value of consented new commercial-industrial building rose 2.7% in Hawke's Bay versus the national fall of 2.9%. The value of consented new rural building fell 12.2% in Hawke's Bay and 11% nationally.

Hawke's Bay house sales totalled approximately 3,178 in year 2016, compared with 2,895 for the previous calendar year, that is, a gain of 9.8% for the latest year. House sales have been increasing in the region since early 2015, although flattening since around August last year. The median house selling price in December 2016 was recorded at \$345,000, compared to \$283,500 in January 2015.

Median house selling prices have been on a gradual rise in the region since around 2012, with price appreciation firming up since 2014.

The latest Massey University Home Mortgage Affordability survey indicates that housing affordability in the Hawke's Bay region improved slightly by 0.4% during the year to November 2016, compared to the 1.7% national gain.

The median weekly housing rental in Napier City in October last year was up 7.8% on the same month in 2015 whilst the Hastings result was a 13.8% gain.

On the basis of historical trends in Hawke's Bay region shares of North Island retail industry employment and the application of these shares to total annual retail spend figures for the North Island, total Hawke's Bay annual retail spend is currently estimated at \$2,568 million.

Over the latest year, regional retail spend rose by 7.4%, compared to the national growth figure of 4.9%.

New motor vehicle registrations in Hawke's Bay totalled 5,189 for the 2016 calendar year, compared to 4,699 for the previous year, that is, a gain of 10.4% over the year.

Fig 4a: Comparative Hawke's Bay Region and New Zealand Economic Indicator Changes 2015-2016

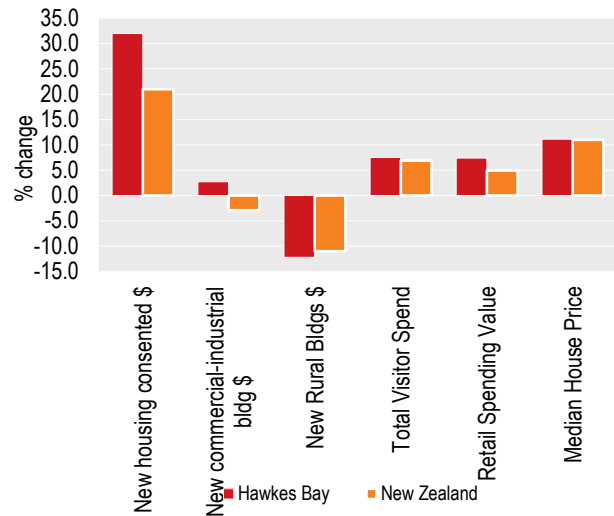


Fig 4b: Estimated Annual Hawke's Bay Retail Spend 2011-2016

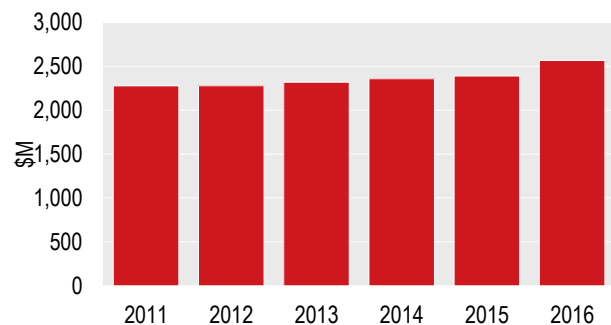
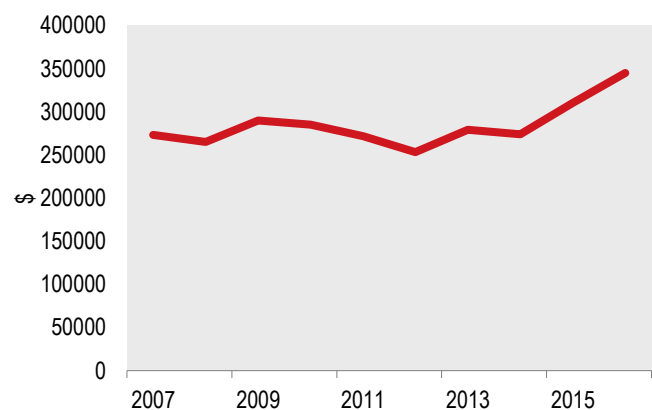


Fig 4c: Hawke's Bay Median House Price Trend 2007-2016 (December months)



8.0 Overall economic activity

Figure 5a indicates the longer-term trend in annual economic growth in Hawke's Bay since 2007 and is based on latest Statistics New Zealand national GDP figures and GDP time-series estimates for the region. Where the graph lines lie above the zero horizontal axis, this indicates positive economic growth and vice versa where the lines lie below this axis.

As shown, overall economic activity growth in the region has fluctuated considerably throughout the monitoring period. Looking at the period since 2007, the regional economy nose-dived during 2007/08. Annual growth was then positive although fluctuating considerably until 2014 when a small level of annual economic decline occurred. The last two years have seen strengthening overall economic growth in the region with the latest March 2016 year recording 3.2% growth, compared to 2.4% nationally. Regional growth for the year ending March 2017 is currently forecast by ESL at 3.5%.

Latest NZ Institute of Economic Research Consensus Forecasts point to a current expectation in New Zealand of 3.5% real GDP growth nationally over the coming year. Strong domestic demand is the key driver behind this forecast. This is in turn due primarily to increased net migration. New home construction is anticipated to increase significantly over the next few years and household spending is expected to remain strong over the period. Business confidence is also strengthening.

Nominal current dollar terms GDP per capita in the region stood at \$42,557 last year, up 22% on the 2007 level. The national comparison last year was \$53,651. The national increase since 2007 is 32%.

Fig 5a: Hawke's Bay Real Economic Growth Track 2002-2016

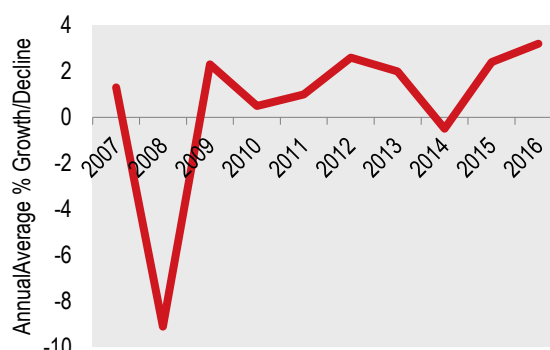
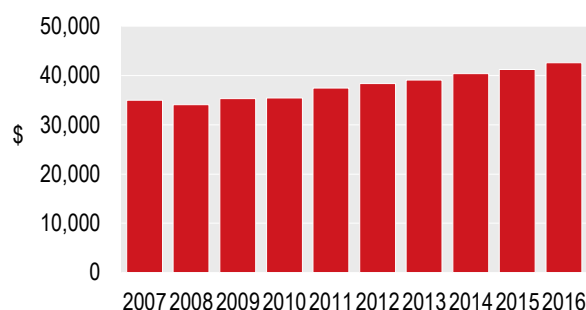


Fig 5b: Hawke's Bay Nominal GDP Per Capita since 2007



9.0 Visitor/tourism numbers

Visitor arrival numbers into the Hawke's Bay region staying in commercial accommodation totalled 513,457 for the year ended November 2016, up 52,424 11.4% on the same period in 2015. The number of nights spent in the area by visitors staying in commercial accommodation totalled 1,140,410 last year, up 119,799 nights or 11.7% on the previous year's figure.

As **Figure 6a** indicates, the number of commercial visitors to the region fell steadily over 2007-2012, stabilised the following two years but has since picked up again and overall by 14.1%. Arrival numbers for the 2016 year were some 13,349 or 2.5% down on the 2007 peak level. As shown in **Figure 6b**, annual commercial accommodation visitor-nights spent in the region have followed a very similar trend to that for commercial visitor arrivals. This indicator has increased overall by 212,707 or 23% since the 2012 calendar year.

Last year, the 'average length of stay' of visitors to Napier staying in commercial accommodation increased from 2.21 nights to 2.22 nights.

Central Government tourism figures indicate a total direct visitor spend in the region over the past year (ending January 2017) of

Fig 6a: Total HB commercial visitor arrivals 2007-2016

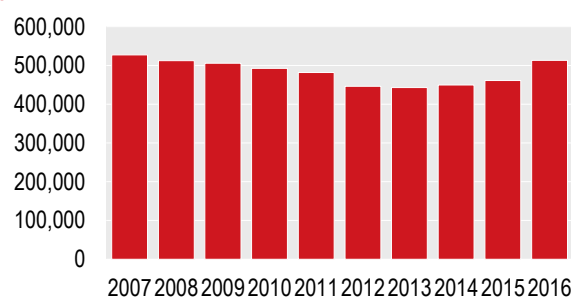
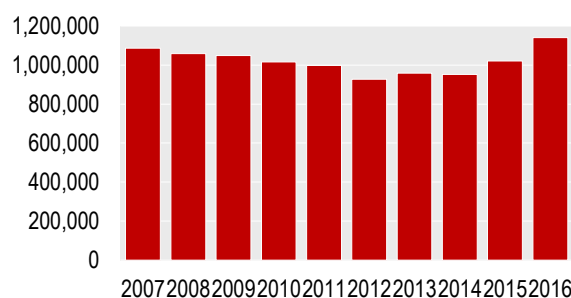


Fig 6b: Total HB commercial visitor nights 2007-2016



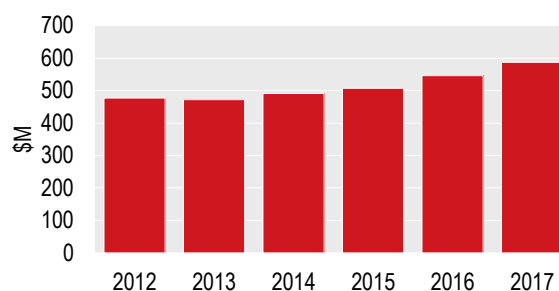
\$587 million, comprising \$428 million or 73% for domestic visitors and \$159 million or 27% for international visitors. Total visitor spend in the region has been consistently increasing since 2013 and overall by \$115 million or 24.4% in nominal 'dollars of the day' terms.

The HB visitor spending gain over the latest year was \$41 million or 7.5%. These spending figures are based on recorded electronic card transactions.

In October last year, the expectation was that some 55 cruise ship visits would be made to Hawkes Bay during the 2016/17 cruise tourism season, with the visits involving a combined total of 98,100 visiting passengers generating a potential total regional Value Added/ GDP economic impact of \$22 million, and a total direct and flow-on employment impact of 574.

Total Hawkes Bay airport passenger numbers last year are estimated at 566,431, up 11.4% on the 2015 figure and 25.6% on the 2012 figure.

Fig 6c: Hawke's Bay Direct Visitor Spending 2012-2016



10.0 Results comparison

Table 1 indicates the latest comparative annual local economic changes for the Hawke's Bay region as a whole, its constituent local authority districts and New Zealand for the listed indicators, for the 2016 calendar year. The indicators comprise population, value of consented new building, house prices and total visitor spend.

All districts other than Wairoa recorded positive growth in population last year. Only Central HB District recorded a fall in the value of consented new dwellings over the latest year. Central HB District was also the only area to record a fall in the value of consented new non-residential building during the year. All areas other than CHB recorded an increase in the value of housing alteration work consented. Both Hastings and CHB districts recorded declines in the value of consented non-residential building alterations work. All parts of the region recorded increased residential property prices. All districts other than Wairoa recorded increased total visitor spend during the past year.

Table 1: Comparative Hawke's Bay Region TLA District and New Zealand Economic Indicator Changes 2016 vs 2015 Year

Area	% Change 2015–2016 years						
	Economic indicators						
	Population	\$ New Dwellings Consented	\$ New Non-residential Buildings	\$ Total Housing Alterations	\$ Total Non Residential Bldg Alterations	Average Residential Property Prices	Total Visitor Spend
Napier City	1.2	40.6	70.6	38.4	69.4	20.3	11.0
Wairoa District	-0.4	149.2	1,667.0	27.2	127.6	9.1	-5.9
Hastings District	0.9	30.2	1.5	22.0	-4.3	21.1	2.7
Central HB District	1.1	-4.0	-28.8	-13.2	-60.0	12.6	14.8
HB Region	0.9	32.0	15.4	24.2	15.4	-	7.5
New Zealand	2.1	21.0	3.9	9.2	-4.8	13.5	6.9

11.0 Industry profile and growth

Table 2 indicates estimated Hawke's Bay industry based real GDP levels for the 2015 year. The total primary production sector accounts for, in round terms, 11% of total GDP in the region, secondary industry (processing-manufacturing, utility services and construction) 23%, commercial services 34%, public & community services 16% and Other items (other industries, owner-occupied dwellings and GST) 16%.

Figure 7a further illustrates the current broad industry profile of the Hawke's Bay economy. The largest industries are, in order, business services; public and community services (Government, health, education and welfare); manufacturing and primary production.

Broad industry GDP growth over the 2008-2013 period (2013 is the latest available year for Statistics NZ industry GDP figures for the Hawke's Bay region) was strongest in Hawke's Bay for, in order:

- Business/ Commercial Services.
- Utility Services.
- Primary Production.
- Public and Community Services.
- Transport/ Storage.

Forecast trends in the level of **national** export returns for Hawke's Bay's key rural production industries are indicated below. The base information for the identified trends is sourced primarily from the MPI December 2016 update report on the situation and outlook for the national primary sector (SOPI report):

- Total meat and wool export returns down 11% for the year to June 2017 driven mainly by a forecast fall in export prices. Total sector returns are currently forecast to recover by around 4% over the next year to June 2018. Overall East Coast sheep/beef farming profitability is forecast by the 'Beef and Lamb New Zealand' organisation to be down approximately 22% this year.
- Total horticultural sector export returns for New Zealand are currently forecast to be up 4.2% for the year to June 2017 with further growth of 5.2% forecast for the June 2018 year.
- Total wine export returns are forecast to increase by 7.2% this year and a further 4.8% next year.
- Pipfruit export returns are currently forecast to be up almost 10% this year and a further 8% next year. Pipfruit NZ is currently predicting this year's national pipfruit crop of 584,000 tonnes from 9,500 hectares to be the country's largest ever pipfruit crop. Major new apple tree plantings are occurring around the country. HB accounts for an estimated 65-70% of the national pipfruit crop.
- Fresh/processed vegetable export returns are forecast to be up 1.3% this year and 3.2% for the coming year.
- Forestry export returns nationally are expected to be up around 4% for the year to June 2017, with further growth of around 6% forecast for the following year. This forecast trend is expected to be mainly driven by increasing harvest volumes in response to high export prices and stronger domestic demand and log market growth in China, India and Korea.

Table 2: Hawke's Bay Region industry GDP Profile 2015

Industry	Nominal GDP (\$m)	% of total
Primary Production	618	10.8
Manufacturing	853	14.9
Utility Services	160	2.8
Construction	326	5.7
Accommodation & Food Services	104	1.8
Wholesale & Retail Trade	526	9.2
Transport & Storage	243	4.2
Business Services	1,082	18.9
Public & Community Services	932	16.3
Other ¹	889	15.4
Total	5,733	-

Note: 1 Owner-occupied dwellings (imputed rental), other industries and GST.

Fig 7a: Hawke's Bay Industry Estimated GDP Profile 2015

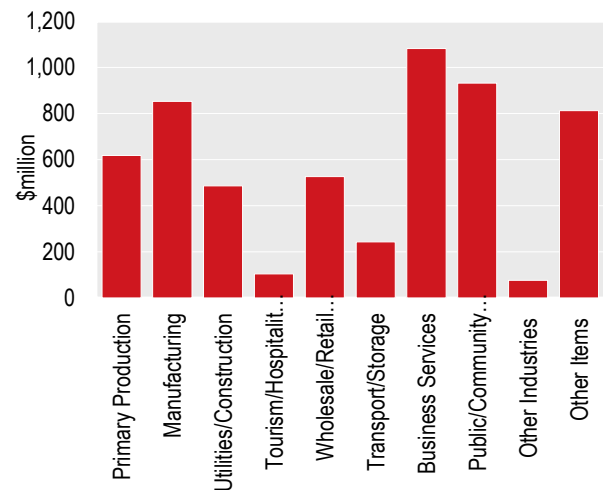


Fig 7b: Port of Napier Annual International Trade Volumes Since 2007

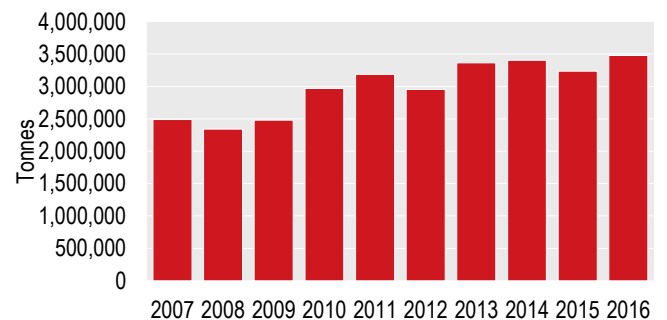
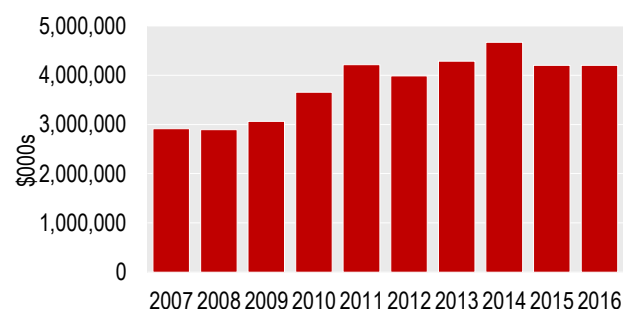


Fig 7c: Port of Napier Annual International Trade Values Since 2007

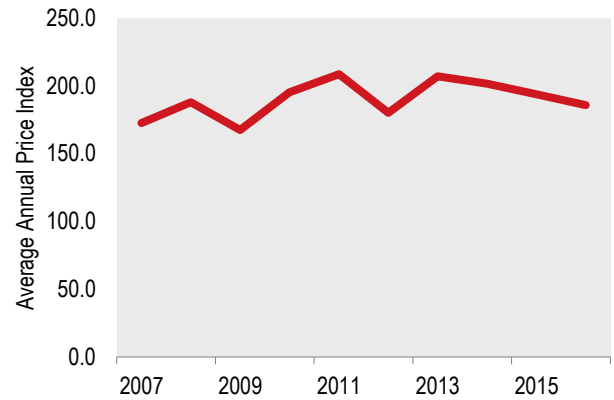


Total international trade volumes handled at the Port of Napier last year, at approximately 3.5 million tonnes, were up 9.4% on the previous year (**Figure 7b**). The overall gain since 2008 is 49%.

Figure 7c indicates the annual trend since 2012 in the total value of international fob exports and cif imports channelled through the Port of Napier. There was little change between the 2015 and 2016 years. However, the overall gain since 2008 is in the order of 45% in current dollar terms.

Figure 7d indicates the trend since 2007 in the ANZ Bank's international commodity price index in \$NZ terms for the period since 2007. The Index numbers for each year are a monthly average for the year. The Index has generally been falling gradually since around 2013.

Fig 7d: ANZ Bank Commodity Price Index Trend \$NZ 2005-2016



12.0 Employment

Total HLFS (Household Labour-force Survey) based employment in Hawke's Bay in December 2016 is estimated at an annualised 79,818 and was up an estimated 3.9% on the previous year. Employment has increased overall by 5,015 or 6.7% since 2010. The trend since that year is indicated in **Figure 8a**. Employment in the region rose slightly over 2010-2012, fell back a little over the following two years but has since increased again.

Statistics NZ's LEED (Linked Employer-Employee Database) dataset provides quarterly information on median earnings at the local/ regional level. Over the December 2015 year (the latest available information period for this indicator), total median earnings for continuing jobs in Hawke's Bay were recorded at \$45,520. The comparative national figure for the same period was \$50,470, 11% up on the regional earnings level. Over 2014 to 2015, total Hawke's Bay median earnings rose by 1.4%, compared to 2.1% at the national level.

In December last year, the annualised rate of unemployment in Hawke's Bay was recorded at 6.4%, compared to 5.1% nationally. At the same time, total unemployment in the region stood at an estimated 5,500, the same level as a year earlier. The number of people receiving the job-seeker benefit in the Hawke's Bay region in December 2016 stood at 4,986, compared to 4,793 in December 2015; that is, an increase of 4% over the year.

The total number of Hawke's Bay working-age recipients of the different Government welfare benefits available was recorded at 13,462 in December last year, representing 4.5% of the national total. The December 2015 figure was 13,298.

Fig 8a: Annualised Hawke's Bay Region Employment Trend 2010-2016

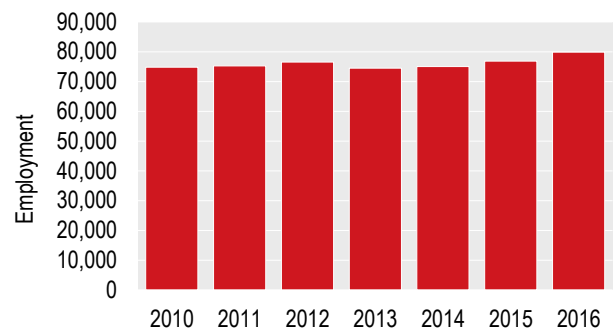
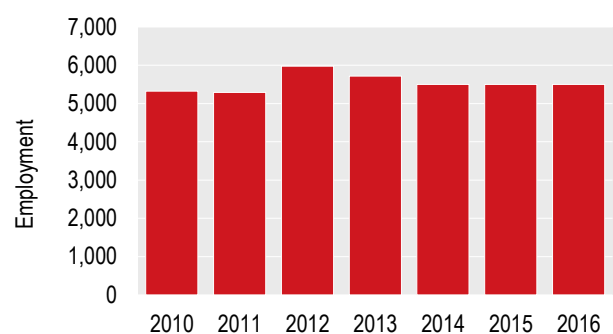


Fig 8b: Hawke's Bay Region Annualised Unemployment 2010-2016



13.0 National economic outlook

This section provides an indication of the forecast national economic environment over the next three years, on the basis of trends in a range of key economic indicators.

Each quarter, the NZ Institute of Economic Research produces updated Consensus Forecasts for shorter-term economic activity at the **national** level. The forecasts are a consensus or average of the views of a number of the different economic forecasting agencies. The latest December 2016 forecasts point to:

- Significant although gradually declining economic and consumption growth in New Zealand over the next two years.
- Noticeable but weakening Government spending growth over the period.
- Significant but falling residential construction sector growth.
- Significant and improving business investment growth.
- Overall exchange rate depreciation for the forecast period.
- Relatively low and stable interest rates.
- Slowing employment growth.
- Increasing private sector wage growth over the period.

Table 3: NZIER Consensus forecasts December 2016

Indicator	AA%C March years		
	2016/17	2017/18	2018/19
GDP	3.5	3.3	2.9
Private Consumption	4.0	3.3	3.0
Government Spending	2.2	2.0	1.7
Residential Investment	15.2	6.6	2.4
Other Investment	4.4	5.1	3.8
NZ TWI Exchange Rate	76.0	74.9	74.2
90 Day Bank Bill Rate	2.2	2.0	2.2
Employment	4.8	2.3	1.8
Private Sector Wages	2.0	4.3	7.0

Note: All figures in the table other than for the TWI and 90-Day Bank Bill rate refer to the 'annual average % change' in the relevant indicators.