

# Hawke's Bay Region

## Economic Monitor to June Quarter 2016

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### 1.0 Introduction

This report provides an analysis and assessment of the economic performance of the Hawke's Bay region over the past year, 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 Infometrics, Statistics New Zealand, 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 further strengthened over the past year, with most regional economic indicators moving in the right direction and a significant number of on-the-ground industry/ business and infrastructural developments occurring. This is all contributing to an increasingly more optimistic medium-term economic outlook for the region. Important economic challenges still facing the area include reducing the rate of unemployment which still remains stubbornly above the national average, ensuring that the labour skill needs of employers are met as effectively as possible and significantly lifting both productivity and income levels in the region.*
- **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 second 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 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 value of international imports passing through the Port of Napier.
  - Forecast increased kiwifruit, pipfruit, wine and forestry export returns at the national level over the 2016/17 year.
- The only **downside** economic growth indicator change for the latest June year was the decline in the total value of consented new commercial-industrial and rural building in the region, off a relatively high level though during 2014/15.
- Significant new business and community developments which have been publicly announced in the Hawke's Bay region over the past three months or so include as follows:
  - **Primary Sector**- increased demand for rural farming and rural-residential/ lifestyle properties in Hawke's Bay; closure of and associated significant labour redundancies at the Silver Fern Farms meat processing plant in Frasertown, Wairoa; HB based wine bottling company WineWorks has recently celebrated its billionth bottle and the opening of its new bottling enterprise in Auckland, the company currently bottles for half of the country's wineries; new Sunfruit Orchards trucking and packaging facility to be built in the Irongate industrial area of Hastings over the coming year; closure of the Waitane, Onekawa timber mill; the national pipfruit production sector is forecast to grow by a further 30% over the next five years; Heinz Wattie, Hastings has indicated a \$25 million capital investment programme for 2016 including a new \$4 million beetroot upgrading and storage facility, the firm's beetroot production has more than doubled since 2011.

- **Manufacturing**- Hastings firm Heritage Hardware has secured exclusive distribution rights to digitally-enhanced Canadian bench-top laminates; Hastings fire-fighting water pump manufacturer Vortex Holdings has reported a 30% increase in sales both last year and for the coming year.
  - **Recreation**- public launching of a \$15 million project to establish a community health and fitness centre at the HB Regional Sports Park in Hastings; construction of a major new skateboard park on Napier's Marine Parade.
  - **Utilities & Infrastructure**- local power company Unison has invested in an Indonesian transformer enterprise equivalent; the Napier City Council is progressing well the 3<sup>rd</sup> and fourth stages of its Napier CBD roading and stormwater upgrade.
  - **Business Services**- a former Ahuriri, Napier woolstore is set to be transformed into a 3,000m<sup>2</sup> Tech Hub, led by HB based property developer Wallace Developments, local Communications Company NOW will be an anchor tenant in the new development; establishment of the new Hastings 'Business HQ' shared professional business services facility; NZ Credit Union Baywide has announced a strong financial performance over the past year.
  - **Transport**- Significant increases in passenger numbers through the HB Airport and car-parking spaces to meet increased demand-the current total of 682 carparks is projected to increase to 1,000 by around year 2021; significant 8.5% increase in pipfruit export container numbers handled at the Port of Napier, with further increases forecast for the future (forecast overall increase from 2016 to 2020 of almost 60%); record log volumes handled at the Port this year with a forecast doubling of activity over the next few years; announcement of the re-opening of the Napier-Wairoa rail link as from October 2017 with the movement of future forestry production being a key part of its future operation; the Port of Napier has entered into a strategic alliance with the Ports of Auckland Group to increase business and reduce costs for customers; official opening of the new Rocket Lab launch site in Mahia, Wairoa; local company ContainerCo is developing a new \$10 million container depot in the Pandora industrial area of Napier.
  - **Retailing**- Bunnings Warehouse is moving to a larger store in Hastings and in the process spending in excess of \$4 million on new stock and building refurbishment work and creating an additional 25 new positions.
  - **Maori Development**- the Crown and representatives of Ahuriri/Napier hapu have recently signed a Treaty of Waitangi Deed of Settlement involving financial redress of \$19.5 million and acquisition of the rights to buy shares in the Kaweka and Gwavas Crown Forest Licensed land.
  - **Tourism**- operation of the annual major FAWC wine and tourism event in early November 2016; strong demand for 2017 Mission Concert tickets and associated visitor accommodation; staging of the second national summer cycling carnival in Napier, in January 2017.
  - **Residential Sector**- HB Real Estate Company Property Brokers has recently opened a new office in Hastings; the demand for retirement housing in HB is forecast to increase significantly over the next 30 years.
  - **Employment**- 18% increase in the number of advertised jobs in HB over the past year; significantly increased demand for tourism/hospitality staff.
- **Overall**, the Hawke's Bay economy is estimated to have grown in real inflation-adjusted terms by 3% over the latest March year, compared to 2.4% for the previous year.
  - Total employment increased by 2,057 or 2.7%. Total unemployment fell by 440 or 7.8%. The annualised rate of unemployment fell from 6.8% to 6.2% in June this year. The comparative national rate year was 5.2%. The number of HB residents receiving the Government's Job Seeker Support Benefit fell 1.4% for the latest June 2016 year.
  - Looking at the regional economic situation since the June quarter this year, it is noted that the total number and value of consented new buildings and building alterations for the September 2016 quarter are significantly above the September 2015 quarter results. Whilst house sales fell between the two quarters, median selling prices rose by 15%. Commercial visitor arrivals increased by 13% over the July/August 2016 period (compared to the same period last year), whilst commercial visitor-nights increased by 19%. Total employment for the combined Hawke's Bay-Gisborne area for the September 2016 quarter was up 4.9% on the September 2015 quarterly result, whilst unemployment was down by 2.7%. The rate of unemployment for the September quarter this year was recorded at 6.5%, compared to 6.9% for the same period last year. The volume of Port of Napier international export cargo handled in the September quarter this year was up 33.5% on the September 2015 quarterly figure whilst import volumes were down a little.
  - Latest NZ Institute of Economic Research Consensus Forecasts for the June 2016 quarter point to a current expectation in New Zealand of 3.2% real GDP growth nationally over the coming year (2016/17), compared to the 2.4% figure for the 2015/16 year.

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

Estimated Population:	161,500
Projected Households:	63,640
Nominal Gross Domestic Product (GDP):	\$6.84 billion
Real Economic/GDP Growth(YE March 2016):	3%
Annual employment:	79,100
Annual employment change:	2.7%
Estimated unemployment:	5,205
Estimated unemployment rate (%):	6.2%

### 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 total of 67,400 households in the region by June 2028, 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 year ended June 2016 saw a significant net overseas migration gain into Hawke's Bay of +510, only the second year since 2010 to record a positive result for this indicator. This figure also compares with the peak 1,078 net overseas migration loss result recorded by the region in 2012. Year 2015 saw an overall net international migration gain for the region of 374.

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

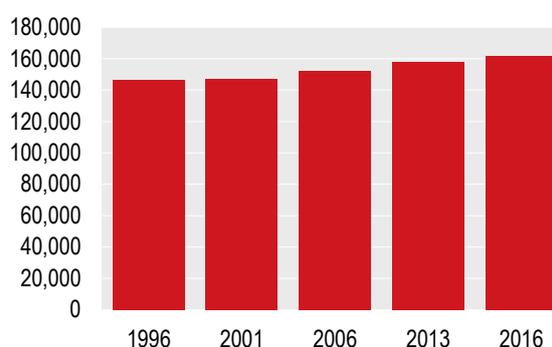
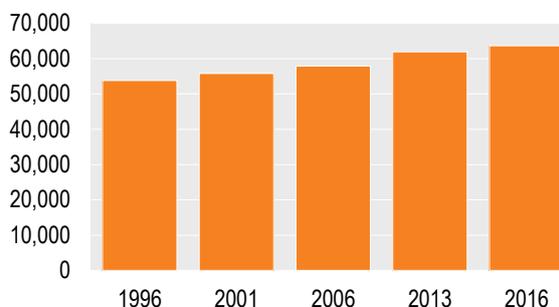


Fig 1b: Hawke's Bay Household Growth Since 1996



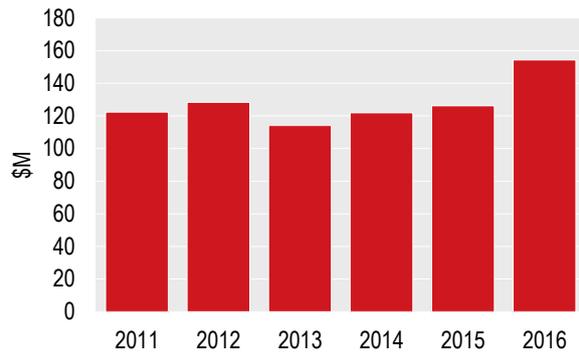
## 5.0 New dwellings

The total stock of households in Hawke's Bay in June this 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 noticeably in 2013 but has been recovering progressively since then and particularly over the latest year (+22.2%). The value figure for the latest year is the highest it has been over the past six years.

At the same time, the total annual number of new houses consented rose 19% last year, following the steady fall since 2011. The number and value of housing alterations rose 2.6% and 12.9% respectively, over the latest year.

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

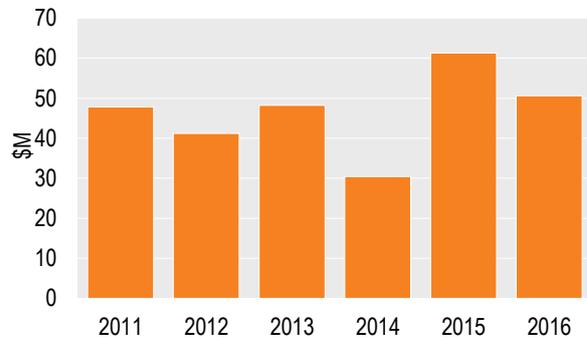


## 6.0 Non residential new building activity

**Figure 3a** indicates the annual trend in the value of consented new commercial/ industrial building work in the region, since 2011. Building work has fluctuated noticeably during the period.

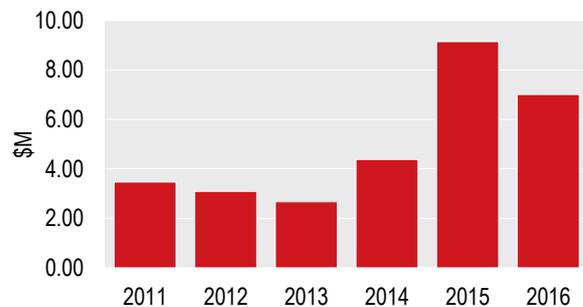
For the latest June year, the volume of new building work was slightly up on the previous June year. Meanwhile, the value of all the new building work consented for the latest June year was down 17.5% on the previous year which was the peak year for the six-year period. Increased building values occurred during the past year for the retail/hospitality and office/administration sectors. The value of new industrial/storage building fell by 30% over the year.

**Fig 3a: Hawke's Bay Region New Commercial-Industrial Building 2011-2016**



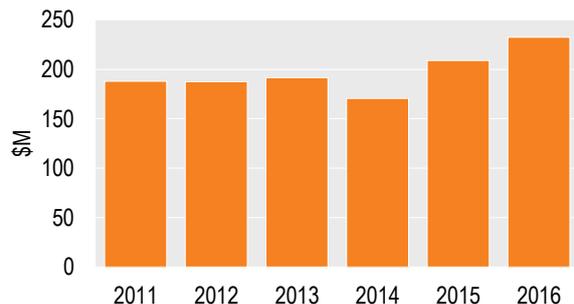
**Figure 3b** indicates the trend over the 2011-2016 period in the value of consented new rural building. This indicator has fluctuated annually over the period but has recovered significantly overall during the last two years, although declining in the latest year by 23.4%. At the same time, the number of new farm buildings consented fell 3.3% over the year.

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



The total number of new buildings, other than residential, commercial/industrial and rural, consented in the region during the latest June year was up 64% on the previous year. The total value of the building work was up 68.1%, with the education and social/community sectors recording significant gains during the year.

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



All up, the total number of new buildings consented in the region during the latest June year was recorded at 601 with a combined value of \$232 million. These results were up 14.9% and 11.2% respectively on the previous year's results. The total number of consented building alterations was down 2.8% on the previous year with their total value however being up 16.2%. As indicated by **Figure 3c**, the annual value of all new building activity consented rose significantly in the June 2015 and 2016 years.

## 7.0 Other economic indicators

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

**Figure 4a** shows some of the economic indicator changes for the region versus NZ as a whole, over the period. New dwellings consented rose 22.2% over the year in value terms compared to the national gains of 22.5%. The value of consented new commercial-industrial building fell 17.5% in Hawke's Bay versus the national gain of 6.2%. The value of consented new rural building fell 23.4% in Hawke's Bay and 14.6% nationally.

Hawke's Bay house sales totalled approximately 3,248 for the June 2016 year, compared with 2,412 for the previous June year, that is, a gain of 35% this year. House sales have been increasing in the region since early 2015, although flattening since earlier this year. The median house selling price in June 2016 was recorded at \$315,000, compared to \$280,000 in June 2015. House prices have been on a gradual rise in the Napier-Hastings area since around 2014, with prices however jumping up since later in 2015.

The latest Massey University Home Mortgage Affordability survey indicates that housing affordability in the Hawke's Bay region improved slightly by 9.8% during the year to June 2016, compared to the 6% national gain. The median weekly housing rental in Napier City in May this year was up 9.7% on the same month in 2015 whilst the Hastings result was a 7.1% gain.

Hawke's Bay commercial accommodation based visitor-nights rose 7.1% over the latest year, compared to the 5.8% national gain. Total commercial visitor arrivals into the region increased by 6.4% compared to 7.5% nationally. The average visitor 'length of stay' in the region for the 2016 June year was 2.20 nights compared to 2.19 nights for the previous June year.

On the basis of historical trends in Hawke's Bay region shares of national retail industry employment and the application of these shares to total annual retail spend figures for the country as a whole, total Hawke's Bay retail spend is currently estimated at approximately \$2,680 million. Over the latest year, regional retail spend rose by 4.8%, the same growth rate as the national figure.

New motor vehicle registrations in Hawke's Bay totalled 5,006 for the year ending June 2016, compared to 4,534 for the previous June year. Thus, there was a gain of 10.4% over the year.

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

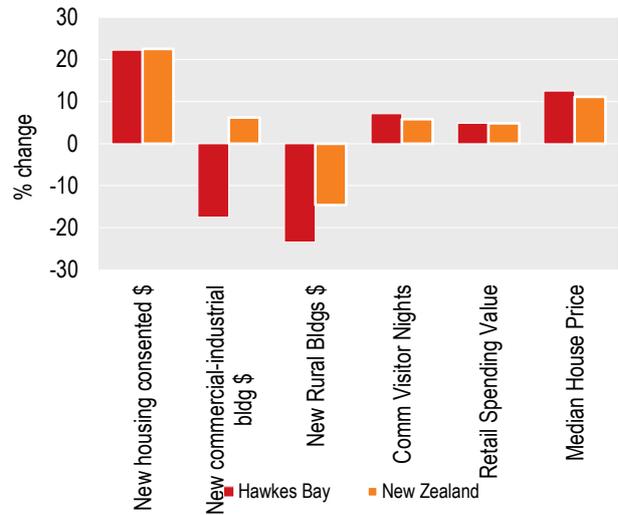


Fig 4b: Estimated Annual Hawke's Bay Retail Spend 2011-2016

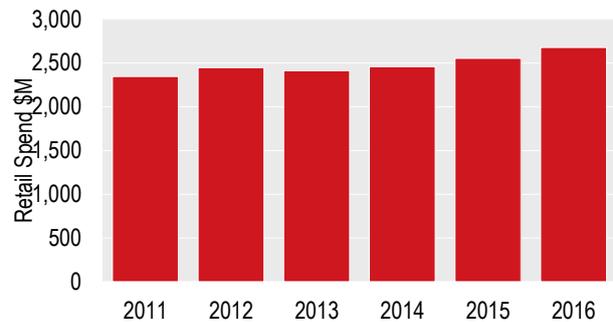
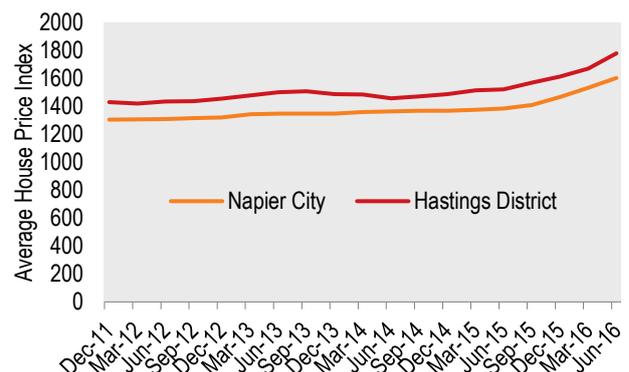


Fig 4c: Hawke's Bay Average House Price Trend 2011-2016



## 8.0 Overall economic activity

**Figure 5a** indicates the longer-term trend in annual economic growth in Hawke's Bay since 2002 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 2002, the rate of growth was relatively strong from that year until early-2006. Annual growth then weakened considerably over the following year followed by significant economic decline over the year ended March 2008. Positive although variable growth was then recorded over the 2009-2013 period. The year ended March 2014 saw a return to (very limited) overall economic decline but since then economic growth in the region has strengthened considerably overall, reaching an annual 3.0% for the March 2016 year, compared to 2.4% nationally.

The ANZ Bank's nominal economic activity growth indicator, which is a different growth indicator from real (inflation-adjusted) GDP/economic growth, points to annual average growth of 3.5% for Hawke's Bay for the year ended March 2016, compared to 2.4% for the previous March year and 2.9% nationally for the latest March year.

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

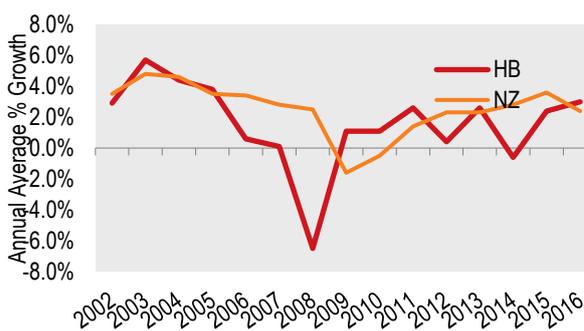
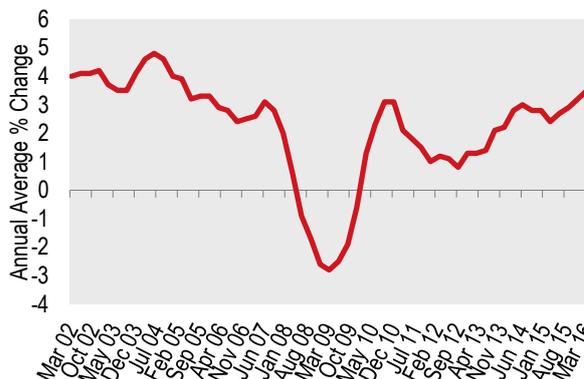


Fig 5b: Total Hawke's Bay Economic Activity Growth 2002-2016



## 9.0 Visitor/tourism numbers

Visitor arrival numbers into the Hawke's Bay region staying in commercial accommodation totalled 493,303 for the 2016 June year, up 6.4% on the previous year. The number of nights spent in the area by visitors staying in commercial accommodation totalled 1,085,306 for the year, up 71,501 nights or 7.1% on the previous June year figure.

As **Figure 6a** indicates, the number of commercial visitors to the region fell steadily over 2007-2012, declined sharply the following year but has since picked up again and overall by 12.3%. Arrival numbers for the latest June year were still some 31,041 or 5.9% 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 142,415 or 15.1% since the 2013 June year.

During the year ended June 2016, the 'average length of stay' of visitors to Napier staying in commercial accommodation increased from 2.19 nights to 2.20 nights. Over the period 2007-2012, this indicator was in the range 2.04 nights to 2.09 nights. However, since then, it has increased significantly, being around the 2.15 level over 2013-2014 and the 2.19/2.20 level for the last two June years.

Central Government tourism figures indicate a total direct visitor spend in the region over the September 2016 year of \$545 million, comprising \$410 million or 75% for domestic visitors and \$135

Fig 6a: Total Hawke's Bay Region commercial visitor arrival numbers 2007-2016

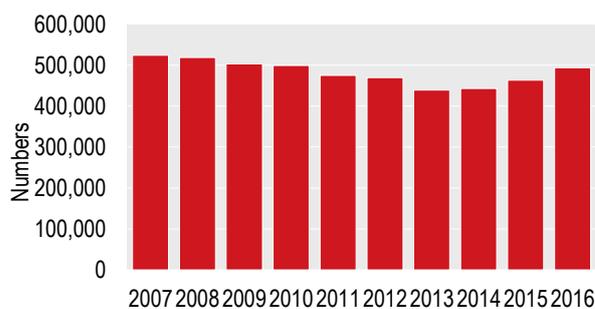
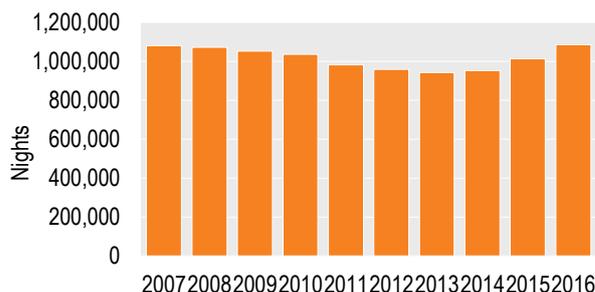
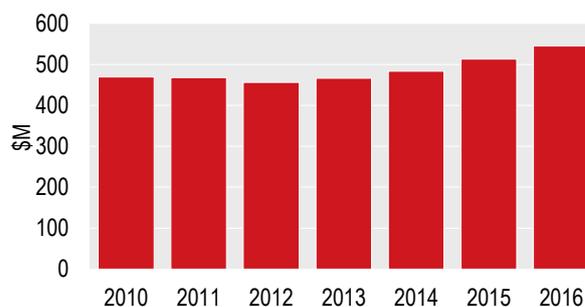


Fig 6b: Total Hawke's Bay Region commercial visitor nights 2007-2016



million or 25% for international visitors. Total visitor spend in the region has been consistently increasing since 2012 and overall by \$89 million or 19.5% in nominal 'dollars of the day' terms. The HB visitor spending gain over the latest year was \$32 million or 6.2%. These spending figures are based on recorded electronic card transactions.

Fig 6c: Hawke's Bay Direct Visitor Spending 2010-2016



## 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 June 2016 year. The indicators comprise population, value of consented new building, house prices and commercial accommodation visitor-nights.

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. All areas other than Napier and Wairoa District recorded a fall in the value of consented new industrial-commercial building during the period. Napier City was the only district to record increased new rural building activity. All districts other than Central HB recorded an increased value of consented new building alterations work. All parts of the region recorded increased residential property prices. All districts other than Hastings recorded increased commercial visitor-nights over the latest June year.

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

Area	% Change 2015–2016 years						
	Economic indicators						
	Population	\$ New Dwellings Consented	\$ New Commercial-Industrial Buildings	\$ New Rural Buildings	\$ Total Building Alterations	Average Residential Property Prices	Commercial Visitor Nights
Napier City	1.2	53.8	1320.0	104.0	42.9	15.8	11.3
Wairoa District	-0.4	2.4	n.a.	-58.7	24.3	0.7	7.6
Hastings District	0.9	15.3	-40.0	-29.1	3.5	17.0	0.0
Central HB District	1.1	-37.7	-4.2	-44.1	-8.2	9.1	21.9
<b>HB Region</b>	<b>0.9</b>	<b>22.2</b>	<b>-17.5</b>	<b>-23.4</b>	<b>16.2</b>	<b>n.a.</b>	<b>7.1</b>
<b>New Zealand</b>	<b>2.1</b>	<b>22.5</b>	<b>6.2</b>	<b>-14.6</b>	<b>4.9</b>	<b>13.5</b>	<b>5.8</b>

## 11.0 Industry profile and growth

**Table 2** indicates estimated Hawke's Bay industry based real inflation adjusted GDP levels for the 2016 year. The total primary production sector accounts for, in round terms, 14% of total GDP in the region, secondary industry (processing-manufacturing, utility services and construction) 23%, commercial services 32%, public & community services 15% 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; processing/manufacturing; public and community services (Government, health, education and welfare) and rural production.

Broad industry GDP growth over the past five years has been strongest in Hawke's Bay for, in order:

- Forestry/ Mining & Quarrying.
- Visitor accommodation & Food Services.
- Transport/ Warehousing.
- Utility services.
- Retailing/ Wholesaling.
- Manufacturing.
- Agriculture.

Forecast trends in the level of **national** export returns for Hawke's Bay's key pastoral farming industries for the year to June 2017 (versus the previous June 2016 year) are as indicated below. The base information for the identified trends is sourced primarily from the MPI June 2016 update report on the situation and outlook for the national primary sector:

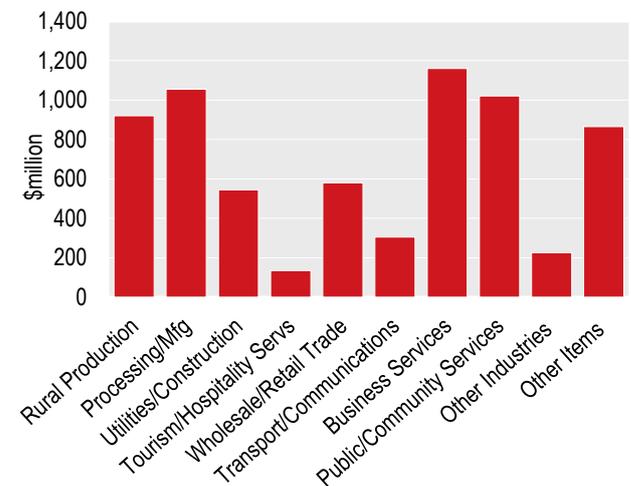
- Total meat and wool export returns down 8% in \$fob terms, driven mainly by a forecast fall in livestock prices and cattle slaughter numbers. Total sector returns are currently forecast to increase a little during the year to June 2018. After increasing slightly last year, overall East Coast sheep/beef farming profitability is forecast by the 'Beef and Lamb New Zealand' organisation to be down approximately 16% this year.
- Total horticultural sector export returns for New Zealand are currently forecast to be up 6% for the year to June 2017 due to the significantly improved performance of the kiwifruit, pipfruit and wine industries in particular, and exchange rate depreciation. Further growth in total returns in the order of 2% is forecast for the June 2018 year. Total wine export returns this coming year are forecast to be up 6.5% on last year. Pipfruit returns are forecast to be up 20% this year and a further 6% next year. (Pipfruit NZ has indicated a more than doubling of export returns in New Zealand over the past four years to some \$700 million this year, with a year 2020 forecast of \$1 billion). Fresh/processed vegetable export returns are forecast to be up 6% this year and 2% for the coming year.
- Forestry export returns nationally are expected to be up around 8% for the year to June 2016, with further growth of around 11% forecast for the following year. This forecast trend is expected to be driven by log prices holding at higher values, increasing

**Table 2: Hawke's Bay Region industry GDP Profile 2016**

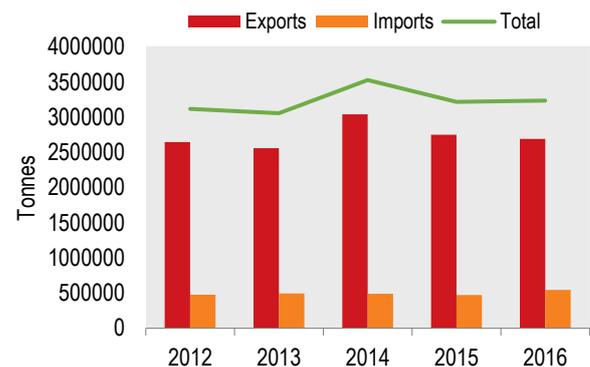
Industry	Nominal GDP (\$m)	% of total
Primary Production	920	13.5
Manufacturing	1,055	15.4
Utility Services	170	2.5
Construction	375	5.5
Accommodation & Food Services	135	2.0
Wholesale & Retail Trade	580	8.5
Transport & Storage	305	4.4
Business Services	1,160	16.9
Public & Community Services	1,020	14.9
Other <sup>1</sup>	1,120	16.4
<b>Total</b>	<b>6,840</b>	<b>-</b>

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

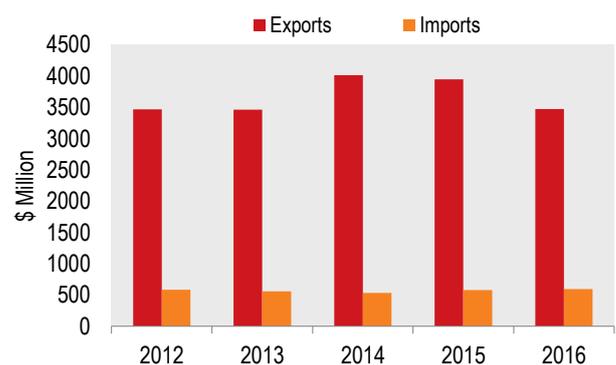
**Fig 7a: Hawke's Bay Industry Estimated GDP Profile 2016**



**Fig 7b: Port of Napier Annual International Trade Volumes Since 2012**



**Fig 7c: Port of Napier Annual International Trade Values Since 2012**

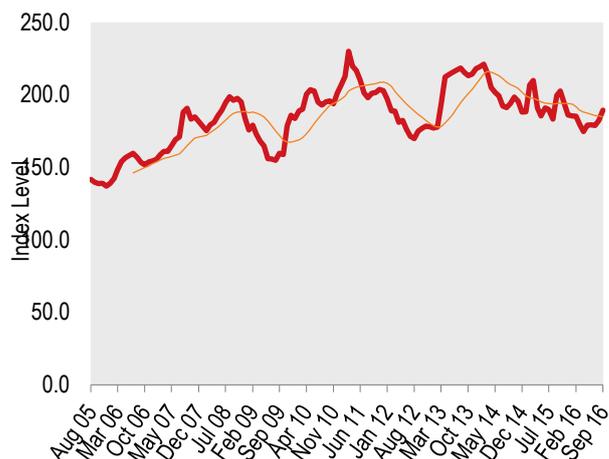


demand for sawn timber exports and increased market share in China for wood and pulp.

Total international trade volumes handled at the Port of Napier during the June 2016 calendar year, at approximately 3.2 million tonnes, were down slightly (1.4%) on the previous year. Export volumes fell 1.6% during the year whilst import volumes fell marginally. (See **Figure 7b**). **Figure 7c** indicates the annual trend since 2005 in the total value of international fob exports and cif imports channelled through the Port of Napier. Whilst the export indicator has fallen since 2014, the import indicator has risen and overall by almost 12%.

**Figure 7c** indicates the actual and underlying annualised international commodity price index trend in \$NZ for the period since 2005. The Index has fluctuated in a cyclical manner over the period within a generally increasing trend. The Index has more recently been falling steadily since early 2014.

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



## 12.0 Employment

Total employment in Hawke's Bay in June this year is estimated at an annualised 79,100 and was up 2.7% on the previous June year. Employment has increased overall by 4,034 or 5.4% 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 June 2015 year (the latest available information period for this indicator), total median earnings for continuing jobs in Hawke's Bay were recorded at \$45,170. The comparative national figure for the same period was \$49,940, 11% up on the regional earnings level. Over 2014 to 2015, total Hawke's Bay median earnings rose by 2.3%, compared to 2.8% at the national level.

In June this year, the annualised rate of unemployment in Hawke's Bay was recorded at 6.2%, compared to 5.2% nationally. At the same time, total unemployment in the region stood at an estimated 5,205, compared to 5,645 a year previously. The number of people receiving the job-seeker benefit in the Hawke's Bay region in June 2016 stood at 4,296, compared to 4,357 in June 2015; that is, a fall of 1.4% over the year.

The total number of Hawke's Bay working-age recipients of the different Government welfare benefits available was recorded at 12,181 in June this year, representing 4.3% of the national total. The June 2015 figure was 12,386.

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

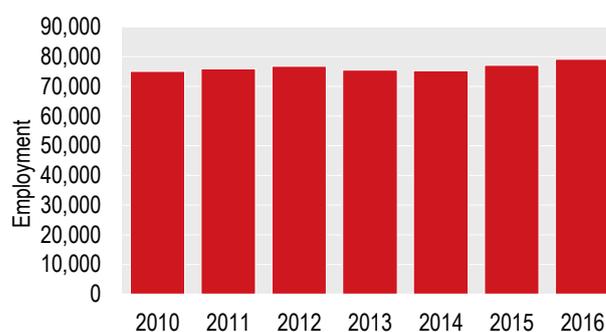
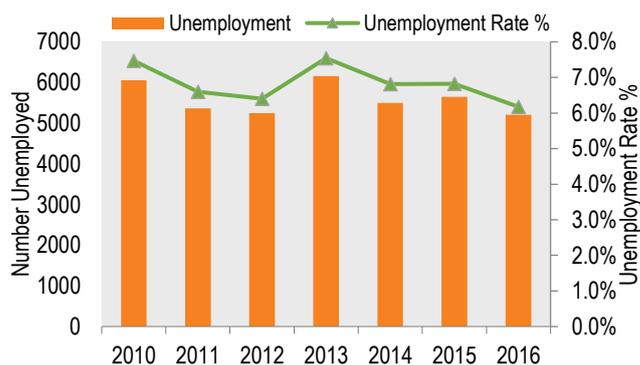


Fig 8b: Hawke's Bay Region Annualised Unemployment 2010-2016



## 13.0 National economic outlook

This final 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 September 2016 forecasts point to:

- Significant although gradually falling overall economic and consumption growth in New Zealand during the next two years.
- Positive but relatively limited Government spending growth over the period.
- Significant but softening residential construction sector growth over the period.
- Significant business investment growth.
- Overall exchange rate depreciation for the forecast period.
- Low interest rates during the period.
- Significant but softening employment growth over the period.
- Increasing private sector wage growth over the forecast period.

Table 3: NZIER Consensus forecasts September 2016

Indicator	March years		
	2016/17	2017/18	2018/19
GDP	3.2	3.0	2.5
Private Consumption	3.1	3.0	2.6
Government Spending	1.3	1.6	1.6
Residential Investment	10.2	5.0	2.4
Other Investment	3.9	5.1	3.0
NZ TWI Exchange Rate	74.1	72.1	71.3
90 Day Bank Bill Rate	2.1	1.9	2.3
Employment	3.2	2.2	1.7
Private Sector Wages	2.2	2.5	2.8

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.