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DISCLAIMER
This document provides general information on the economic growth of Hamilton, and is not intended to be used as a basis for any particular course of action or as a substitute for financial advice. The views and opinions expressed are those of the relevant authors, and do not necessarily reflect the views of the Hamilton City Council. Hamilton City Council disclaims all liability in connection with any action that may be taken in reliance of this document, and for any error, deficiency, flaw or omission contained in it.
This report presents the latest summary information about Hamilton’s commercial and industrial economy including consenting and development activity. It primarily uses Hamilton City Council (HCC) data and provides analysis of recent and historical trends.

**Key Findings**

- Hamilton’s economy grew by 3.2 per cent in the year to March 2017, according to Infometrics’ provisional estimate of GDP.
- New commercial and industrial building consents for 2017 are tracking ahead of 2016 so far, in terms of both value and floor space.
- $211M in new shops, schools, and offices were consented between 2014 and 2016.
- Traffic flows in Hamilton climbed 2.1 per cent in 2017 compared to 2016 based on Infometrics data.
- Retail spend in Hamilton has been steadily increasing year on year, from a total of $1.3B in 2009 to $1.7B in 2016. Sales grew 4.2 per cent between March 2016 and March 2017.
- Whilst spending in the central city has decreased in terms of city market share from 44 per cent to 35 per cent since 2009, overall the dollars spent there annually has increased from $559k to $616k (up 10 per cent).
- Sub-regional centres, which include Westfield Chartwell Mall and The Base, have shown strong retail growth with a 5 per cent increase in market share and a 67 per cent increase in dollars spent there since 2009.
- Hamilton’s population continues to increase consistent with the national trend of increased international net migration. In 2016, Hamilton gained an extra 1670 migrants according to Statistics New Zealand. Population growth continues to drive the demand for residential property and stimulate the city’s economy.
- Population growth in Hamilton over the past year has been supported by job creation, both in the city and in neighbouring districts.
- Infometrics’ Regional Economic Profile shows 2006 jobs were created in Hamilton over the year to June 2016, while a further 464 and 928 jobs respectively were created in Waipa and Waikato Districts. This represents a significant improvement- employee numbers in Hamilton had been flat over recent years, showing little or no growth from 2009-2014.
- Hamilton’s unemployment rate (6.3 per cent) remains above the national average (5.1 per cent). However, youthful populations such as in Hamilton typically have higher unemployment.

**Key Facts**

| Population Estimate (as at June 2016) | 161,200 |
| City Area | 11,093ha |
| Number of employees (as at 30 June 2016) | 87,640 |
| Number of businesses (as at 30 June 2016) | 14,424 |
| Retail sales (year to December 2016) | $1.7B |
| Commercial and industrial building consents granted (year to June 2017) | $102m |
| GDP (year to March 2017) | $7.7b |
| Total Industrial Zoned Area | 1635ha |

**Introduction**
New Commercial and Industrial Building Consents

New commercial and industrial development in Hamilton for the six months to June 2017 was represented in 61,000 square metres of floor space with a total value of $73m.

Of this total, industrial development accounted for 33,000 square metres and $29m, and commercial development of 28,000 square metres and $44m. Overall for the six months to June 2017, this equates to $1,571 per square metre for commercial spaces and $878 per square metre for industrial spaces.

The commercial and industrial consents trend since 2014 has been a decline in floor area and to a lesser extent value. However, consents for the six months to June 2017 is trending ahead of the previous year.

The total value of commercial consents in 2016 was $63m, significantly lower than the previous year ($85m) by $22m or 26 per cent. The most significant drop was in shops and retail, which halved, and health care. Schools remain steady at $12m, and office and administration an increase of $3m to $13m.

During the three year period from 2014 to 2016, shops and retail were the largest category of new commercial building type with almost $80m in consents granted in total. Schools were the next biggest category with $35m in new schools consented over the three year period to support the continued residential growth in the city. Office and administration consents valued at $32m were the next largest category. $40m in other consents was comprised of new hospices/retirement homes, supermarkets, food and beverage, pre-schools and health facilities.

**New Commercial Building Value ($m) by Building Type 2014 to 2016**

**SOURCE:** HAMILTON CITY COUNCIL
The total value of commercial consents (which includes retail) for the six months to June 2017 was $68m, represented by $24m in alterations and $44m in new constructions. Alterations and additions are additional value added to existing spaces. New construction represents new capacity. From 2005-2010 the average annual value of commercial consents across new construction and alterations and additions was $151m, with a peak in 2010 of $221m. This compares to a less volatile period from 2011-2016 where the annual average was $125m.

Industrial consents were mostly comprised of new construction in the six months to June 2017-adding $29m of capacity to Hamilton’s existing industrial facilities. There were $2m in alterations and additions in the same period. Industrial new construction value historically represented a higher proportion than alterations and additions compared to commercial development.
Retail

Food and liquor sales of $666m was easily the largest contributor to total retail spend in Hamilton in 2016 making up 38 per cent total sales and represented by 398 businesses. This approximates to one outlet for every 405 people in Hamilton.

Furniture and appliances were the second largest spend category accounting for $279m or 16 per cent, but represented by only 60 businesses — reflecting the typically large floor area required for these stores.

‘Other retail’ contributed $266m, and is made of businesses like hairdressers, drycleaners, repair shops, jewellery, garden supplies and news agents. The number of businesses (369) that fall in this category is high compared to other categories.

‘Other businesses’ ($162m and 167 businesses) captures a variety of service related businesses such as medical and dental practices, post shops, lotto, casinos, and gyms. Hardware and Homeware accounted for $113m but was represented by only 40 businesses, again the typically large floor area stores.
**District Plan Zone’s explained**

- The district plan sets out a business centre hierarchy that defines the business zones across Hamilton. The central city is the dominant commercial, civic and social centre for the city and region and provides for the majority of the city’s workforce.

- The Base and Chartwell are identified as being two sub-regional centres. They are principally retail centres, but with limited office, community and other services.

- The city’s residential neighbourhoods are served by numerous existing suburban centres, being medium sized shopping centres also supporting community services and facilities. Further centres are proposed as part of planned residential expansion in the Rotokauri, Rototuna, and Peacocke Structure Plan areas. Neighbourhood centres are distributed throughout the residential suburbs. These centres provide a more limited range of ‘everyday’ goods and services for the immediate residential neighbourhoods.

- Large format retail zones allow for moderate to low intensity commercial use and large format retail (eg Big Save Furniture and Repco). The other category in the bar graph comprises smaller commercial event facility fringe areas which include places like the Frankton commercial area.

The majority of retail spend is concentrated in the central city and the sub regional centres. Retail spend in Hamilton has been steadily increasing year on year, from a total of $1.3b in 2009 to $1.7b in 2016.

Hamiton Electronic Spending ($m) by District Plan Zone 2016

In 2016, 53 per cent of all retail spend came from Hamilton residents, with 27 per cent from the greater Waikato and 20 per cent from outside of the Waikato (which includes the rest of New Zealand and overseas). Spending from outside the Waikato has increased by 64 per cent between 2014 and 2016.

The largest retail spend came from consumers residing in the north of Hamilton who spent $313m (34 per cent) in 2016. In comparison the southern area of the city accounted for $220m (24 per cent) in spending. This is at least partly because there is a concentration of retail outlets in the northern areas of the city. The central city is the lowest at 6 per cent reflecting that there are comparatively fewer residents that live in the central city.

Note on data: Retail spend data was sourced from Marketview and is compiled from EFTPOS data from Paymark, supplemented by transactional data from BNZ. It is estimated that Paymark processes 75 per cent of EFTPOS data and BNZ 20 per cent of all retail bank transactions. In addition to transaction data, BNZ data provides locational information about account holders. The combination of these data sets provides a statistically significant representation of the total retail transactions in Hamilton. Card transactions account for about 70 per cent of total sales. Cash and hire purchase transactions are not included in the data.

Hamilton Electronic Spending by Home Address Calendar Year 2016
The employment heat map shows the density of Hamilton employment within each Census Area Unit (CAU). CAUs generally represent suburbs. Denser areas are displayed with darker shading.

Employment in Hamilton is concentrated in Hamilton Central (23 per cent of total Hamilton employment) and Te Rapa (19 per cent), with Frankton Junction (12 per cent) and Hamilton Lake (9 per cent) being the other areas with significant employment.

The largest sector contributing to Hamilton Central employment is professional, scientific and technical services followed by public administration. This is in contrast to both Te Rapa and Frankton whose largest employment sector is manufacturing supported by construction and wholesale trade. All three areas have strong retail trade employment. Hamilton Lake employment is primarily health care (71 per cent).
Unemployment

The annual average unemployment rate in Hamilton was 6.1 per cent in March 2017 down from 6.5 per cent a year earlier.

Hamilton's unemployment rate remains higher than New Zealand, Auckland, and Tauranga. It has been trending downwards from its peak in 2012 at 8.5 per cent. Unemployment is dropping despite strong population growth driven by high migration. This is due to strong business conditions driving employment growth.

Gross Domestic Product

Hamilton’s Gross Domestic Product (GDP) for the 12 months ending March 2017 is estimated to be $7.7b compared to $7.5b for the previous 12 months (an increase of 3.2 per cent).

Comparatively, New Zealand’s GDP increased by 2.9 per cent for the same period. As at the end of the March 2017 quarter, Hamilton has the fourth highest GDP behind Auckland, Christchurch and Wellington.

Hamilton’s four main sectors are Manufacturing, Health care, (both around $800m) Electricity, gas and water; and Professional, scientific and technical (both around $600m). Information, Media and technology continues to exhibit strong growth (14.4 per cent in the year ended 30 June 2016).

A key driver of growth, both in Hamilton and New Zealand, has been a migration-fuelled population increase, which has pushed up consumer demand and is forcing higher levels of construction activity. Tourism has also grown strongly in New Zealand with guest nights up by 3.2 per cent in the year to March 2017. Guest nights in Hamilton for the same period were up 11.6 per cent.

Hamilton’s economy has grown strongly over the past 15 years, averaging three per cent per annum. The exception being during the widespread recession following the 2008/09 global financial crisis (GFC).
Hamilton’s GDP has been driven over the last five years particularly by the electricity, gas, water and waste services, manufacturing and the healthcare and social assistance sectors. These sectors have increased by $161m, $160m and $121m respectively over this period.

The dairy product manufacturing sector is the biggest exporter within Hamilton comprising approximately 60 per cent of Hamilton’s total exports.

Exports were heavily affected by the global financial crisis. As this sector makes up a large portion of both exports and the greater manufacturing sector, this explains why manufacturing had such a sharp decline in GDP from 2008 to 2010.

Productivity in Hamilton has increased by 1.5 per cent per year on average from 2010 to 2015. This is higher than the New Zealand average (1.1 per cent). Productivity in New Zealand is higher than in Hamilton although this can be attributed to our specialisation in labour intensive industries such as healthcare and social assistance.

The ten year trend for the top four GDP sectors shows that manufacturing has returned to 2006 levels after dropping to a low in 2010. Health care and social assistance and professional, scientific and technical services continue to grow steadily. Electricity, gas, water and waste services grew by 150 per cent since 2006.
Hamilton’s Industrial and Business Zones

ZONES AS DEFINED IN THE HAMILTON CITY COUNCIL PARTLY OPERATIVE DISTRICT PLAN DATED 21 OCTOBER 2016
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