This publication reports on a selection of key indicators that monitor trends in Hamilton and the wider region. The update provides statistical information available as at June 2009 (i.e. it primarily focuses on data covering the period January 2009 to March 2009), plus some of the more recent happenings around Hamilton and the region.

March 2008 Quarter Summary

Business Confidence in the month of March was -39.3, which was an increase of 1.9 points from -41.2 recorded in February according to the National Bank. Consumer confidence in the Waikato decreased in the March 2009 quarter to 96.0, compared with 101.3 in the December 2008 quarter.

Hamilton’s unemployment rate increased to 7.6% in the March 2009 quarter, (compared with 4.9% in the December 2008 quarter) and was higher than the national unemployment rate of 5.6%.

There were a total of 417 houses sold in Hamilton in the March 2009 quarter. According to National Bank’s ‘Property Focus’ nationally the median number of days to sell fell to 41 in the June 2009 quarter, from 55 in the March 2009 quarter.

The number of residential building consents issued for Hamilton increased from 29 in the December 2008 quarter to 31 in the March 2009 quarter. However, this was down when compared to the 48 residential consents issues in the March 2008 quarter.

The Waikato Region’s year on year growth for March 2009 was -2.8%, the lowest level recorded in at least the last 20 years (refer figure opposite).

Sources:
- The National Bank of New Zealand (Economics Division)
- Statistics New Zealand

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The publication can also be downloaded from www.hamilton.co.nz/economicupdate
WAIKATO JOINS INTERNATIONAL INCUBATOR INITIATIVE (ICUBE)

WaikatoLink has been named as one of the first members of the International Incubation Initiative, Icube, launched by Exploit Technologies at the New Zealand Business Forum in Singapore on 22 April 2009.

WaikatoLink Chief Executive Mark Stuart says, “Good networks and support services are vital for growing New Zealand businesses wanting to achieve success in overseas markets.”

Icube will help start-ups from WaikatoLink, the commercial arm of the University of Waikato, and other participating incubators find business partners, customers and investors in South East Asia.

The agreement between Exploit Technologies and the new partners outlines collaborative activities and services designed to help start-ups increase their global presence, including: provision of a virtual international office, use of office space, extended development and mentoring and advisory services.

www.waikato.ac.nz

DRIVE FOR MIGRANT TALENT

Immigrants looking to escape the world’s financial turmoil are being encouraged to move to Hamilton with a major recruitment drive on by the city’s new economic development agency, Opportunity Hamilton.

Launched at the start of June 2009, the organisation will take over from Katolyst, which worked as the region’s economic development agency.

Opportunity Hamilton Chief Executive Sandra Perry said the organisation’s major task would be attracting skilled workers and new business.

“Opportunity Hamilton already boasts a solid business support foundation created under our former umbrella, the Business Development Centre” Mrs Perry said.

“As we move into a recession at the moment, it’s about looking at what we need to do now to make sure we’re ready to move ahead when we get out of it” Mrs Perry said.

A magazine, Gateway, was also launched, and will be presented at overseas seminars to promote Hamilton to families and businesses.

“We are focussing on helping businesses relocate and set up in Hamilton. We are actively selling the features of Hamilton as an ideal business location for entrepreneurs just starting out, or businesses relocating existing companies.”

Gateway will be presented at a seminar in Britain in October 2009 run by New Life New Zealand. www.waikatotimes.co.nz

STUDENT NUMBERS RISE AT WAIKATO UNIVERSITY

A rise in student numbers has been a boost for the University of Waikato and will add about $4.4 million in extra revenue this year if student numbers continue to rise at the current rate.

The number of full-fee paying international students at the university dropped from just under 3,000 in 2004 to 1,500 in 2008. However, Vice-Chancellor Professor Roy Crawford told University of Waikato Council members in May 2009 that international student numbers were up 4% on the same time last year and domestic student numbers were up 7%.

Professor Crawford said earlier this year he suspected the global downturn had played a part in increasing enrolment numbers. A low Kiwi dollar had made it cheaper for overseas students to study in New Zealand. Domestic students also turned to study during times of high unemployment.

University head of finance Andrew McKinnon delivered a much improved financial summary with the operating result for the first three months of the year, $1.82 million up on budget. Compared with at the end of July 2008, the operating figure was $3.4 million down on budget mainly because of low international student numbers.

Staff salaries were still higher than budgeted for, with academic salaries costing $267,000 more than the $16.7 million expected and general salaries $101,000 more than the $10.4 million expected. www.waikatotimes.co.nz

HAMILTON CBD RETAIL STOCK

The proportion of vacant retail shops in Hamilton’s CBD grew to 12.9% during the first half of 2009, compared with the 9.5% vacancy rate for the previous six months, according to a retail occupancy survey undertaken by commercial real estate agent CB Richard Ellis in July 2009.

The survey covered the CBD’s 99,159 square metres of retail space but did not include space inside the city’s malls, Downtown Plaza, Centre Place and Hamilton Central.

Areas that have historically had a high occupancy rate, (Alexandra Street, the north end of Victoria Street and Collingwood Street) are now only three-quarters full as the city records the second highest number of vacancies in the past five years.

Once empty Barton Street is now one of the most desired retail area in the city, with lower rent and high foot traffic attracting national and international retailers.

Mr Snelgrove, director and valuer at CBRE said the survey showed that Ward Street was dying out as a number of key retailers had left and therefore pedestrian flow was reduced, he said that further investment from Hamilton City Council and Kiwi Income Property Trust, which owns several shops on the street, could help reinvigorate it. www.waikatotimes.co.nz
University of Waikato worth nearly $1 billion nationally

An economic impact study, commissioned by the University of Waikato from independent consultant Dr Warren Hughes, analysed the University’s 2008 economic contribution to the region and the country. The findings showed that the University generates 3% of the region’s total regional revenue and nearly one billion dollars for the New Zealand economy as a whole.

The study shows that spending by the University generated $913 million in the New Zealand economy overall. The figure includes direct spending by the University and its students plus the flow-ons into supplying sectors such as retail, energy, transport, sport and recreation, and personal and community services.

Some $749 million of that was generated in the region, making up 3% of the entire region’s revenue.

For the core part of the region (encompassing Hamilton, Raglan, Cambridge, Te Awamutu, Huntly and Ngaruawahia) the University’s contribution is even more significant.

“In the core Waikato region, economic activity by the University accounts for 5% of overall revenue - a massive percentage for a single organisation” says University Vice Chancellor Professor Roy Crawford. “What that means is every dollar spent by the University in 2008 resulted in $1.21 of flow-on revenue across the core Waikato economy.” Professor Crawford said.

The study also shows that every job at the University generates another job in New Zealand, with two-thirds of these flow-on jobs located in the core Waikato economy.

Although core Waikato has only 5.4% of New Zealand’s population and employment, it is home to 15.2% of the nation’s researchers and 7.7% of its tertiary education.

According to the study, university cities such as Hamilton are generally regarded to be more ‘recession-proof’ than those who don’t have universities, and it is estimated that average wages tend to rise in synch with the share of the adult population who have university degrees.

Some of the key points that came out of the economic study include:

- University of Waikato operations (together with the expenditure of its students) generated $749 million, or 3% of the entire region’s annual revenue.
- The University directly or indirectly accounts for over 5,600 jobs in the region (3.3% of the region’s total employment).
- Students spend an estimated $167 million in the core Waikato. www.waikatotimes.co.nz

Numbers down on last years fieldays

The National Agricultural Fieldays were held in June 2009. The four days of the event saw 117,000 people attend, down approximately 10% on last year’s total of 131,629. www.fieldays.co.nz

U p to 400 new jobs with Waikato DHB contract

Health Minister Tony Ryall has announced that Waikato District Health Board (DHB) has signed a $118 million construction contract with Hawkins Construction Ltd to build the new Waikato Clinical centre.

“This will be a real boost to Hamilton during the recession, providing jobs for many tradesmen and apprentices” Mr Ryall said.

The 32,000 square-metre, five level building, will create work for between 350 and 400 construction workers. The building will include eight new operating theatres (with space for four more), a 40-place day surgery suite, a 34-bed intensive care/high dependency unit, a radiology department (including space for future needs), outpatient rooms for most acute medical and surgical specialties, and intervention suites (such as catheter labs, angiography and endoscopy).

My Ryall says, “The building design ensures patients have all amenities close to their treatment area, including access to car parking.”

Pre-construction work will be immediately, with demolition and construction underway early in 2010.

This project was approved in 2004 and is being funded by the DHB. It is in addition to the $60 million emergency department and acute medical precinct with 100 beds currently under construction. www.behive.govt.nz

Gross Domestic Product

<table>
<thead>
<tr>
<th></th>
<th>2007 ($m)</th>
<th>2008 ($m)</th>
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</thead>
<tbody>
<tr>
<td>Hamilton</td>
<td>4,629.15</td>
<td>4,170.473</td>
</tr>
<tr>
<td>Waikato</td>
<td>1,004.812</td>
<td>1,005.967</td>
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</table>

Hamilton as a percentage share of Waikato

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton</td>
<td>4.6</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Source: Infometrics

The above table shows the Gross Domestic Product (GDP) for Hamilton and Waikato for the years ended December 2007 and 2008. As at December 2007 Hamilton’s GDP was 4.6 times more than the region. This increased to 4.7 times that of the region in December 2008.

GDP by Quarter for Hamilton and Waikato

www.waikatotimes.co.nz
 Estimates suggest that for the March 2009 quarter there were 5,200 people unemployed in Hamilton out of a total labour force of 68,200, resulting in an estimated unemployment rate of 7.6% (compared with the national unemployment rate of 5.6% for the March 2009 quarter). Of the people employed in Hamilton, 49,100 were in full-time employment, with a further 13,900 in part-time employment.

The total number of guest nights for Hamilton in the March 2009 quarter was 135,734 (compared with 134,761 for the same quarter in 2008), an increase of 0.7%. The occupancy rate for Hamilton accommodation in the March 2009 quarter was 51.9%, which was 1.4 percentage point higher than 50.5% recorded during the March 2008 quarter. The national occupancy rate during the March 2009 quarter was 46.5% (compared with 49.5% during the March 2008 quarter).

Hamilton is fortunate in that it is not affected to the same extent by seasonal variations as many other places are; therefore the occupancy rate remains relatively consistent throughout the year.

During the year to March 2009, a total of 438 new houses valued at $81.5 million were authorised for construction within Hamilton. This represented a decrease of 57.5% in number and a decrease of 61.2% in value from the previous year. Building consents for new houses were issued for a total floor area of 67,667 square metres during the year ended March 2009, a decrease of 61.6% from the previous year. Nationally building consents for new houses were issued for a total floor area of 3.2 million square metres in the March 2009 quarter, down 34.7% from March 2008 quarter.

Retail sales in Hamilton for the year ending March 2009 were down 6.3% on the year ending March 2008, compared to a national decrease of 4.1% for the same period. Retail sales in Hamilton totalled $577.1 million in the March 2009 quarter, representing 3.6% of New Zealand’s total retail sales for this period. Nationally, retail sales stood at $15.9 billion for the March 2009 quarter alone.
Population Estimates (1)

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<th>Year</th>
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<th>2001</th>
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<th>2008</th>
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<tr>
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<td>111,700</td>
<td>120,900</td>
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Population Projections (2)

<table>
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<th>2014</th>
<th>2019</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>141,504</td>
<td>153,679</td>
<td>166,498</td>
<td>178,782</td>
</tr>
</tbody>
</table>

% Change 2009 - 2024: +26.3%

(1) Source: Statistics New Zealand Population Estimates. The estimated resident population is based on the census usually resident population count, with adjustments for residents missed or counted more than once by the census, and for residents temporarily overseas on census night.

(2) Source: University of Waikato and Hamilton City Council. Population Projections (2007-2022) have been developed for Hamilton City Council by the University of Waikato using Census 2006 data. Projections include additional migration due to significant local / regional economic development initiatives.

The population of the Hamilton Urban Area (at 30 June 2008) was estimated to be 197,300. The Hamilton Urban Area comprises the Hamilton Zone (the City and environs) with 166,100, Cambridge Zone with 15,950 and the Te Awamutu Zone with 15,200 residents. Hamilton has seen an estimated population increase of 11.2% between June 2001 to June 2006, well above the national increase of 7.8%.

Consumer and Employment Confidence

Both the Westpac McDermott Miller Confidence Indices declined again in the March 2009 quarter.

The Consumer Confidence Index for New Zealand declined to 96 for the March 2009 quarter, however this was still up from the 81.7 recorded in the June 2008 quarter.

For both the consumer and employment confidence an index above 100 indicates there are more optimists than pessimists, while a number below 100 indicates that pessimists outnumber optimists. As both the indices were below 100, this shows that more people are pessimistic about both of these areas of the market.

Source: Westpac Bank (Economics Division)

The Westpac-McDermott Miller survey of consumer confidence is made up of several questions, including whether people feel financially better or worse off, whether the economy will experience good economic times over the next year, and whether now is a good time to buy a major household item.

A net 57% of respondents said they expected bad economic times over the next 12 months, up from 45% in the December 2008 quarter. However consumers think that the downturn will only be short lived with a net 50% expecting better economic times over the next five years.

A net 54% of respondents in the March 2009 quarter said jobs are hard to get compared with 26% in the December 2008 quarter. This is a significant change from a year ago when a net 57% said jobs were plentiful. Employees don’t expect the job situation to improve with a net 28% of respondents also thinking that jobs will be hard to find in a year’s time.

Source: Westpac Bank (Economic Division)
The following two figures show the change in distribution of labour markets between 1991 to 2006. The number of Labour Market Areas (LMA) in the region has declined from 31 in 1991 to just 14 in 2006, with Hamilton dominating the central Waikato.

LMAs are created by looking at the relationship between usual residential address and usual workplace address gathered from census data. This commuter data can also be read as an indication of the real cost of commuting, which in turn depends on the road and transport infrastructure within the region, relative house prices between different areas, differences in the rates of job creation and job separation between urban and rural areas and a lack of mobility among homeowners.

The fragmented nature of labour markets in 1991 probably reflected a predominance of localised employment, with very few workers commuting far from their homes to work in larger urban centres. Rural-urban commuting was limited, resulting in a large number of small, essentially self-contained, rural labour market areas. Each of the remaining 2006 LMAs are located around a relatively large urban area or significant industry.

All of these effects have resulted in a general increase in the distance travelled to work between 1991 and 2006, resulting in geographically larger labour market areas.

The 2008 Department of Labour’s annual review of the Waikato Region found a similar pattern of behaviour, with half of those living in Waikato District who are in work commuting to another district, mostly Hamilton. The same case exists for Waipa i.e. the proximity to Hamilton is linked with higher labour force participation rates in these districts.

The number of rural and peripheral labour market areas has declined over time and although there are fewer rural LMAs those that remain have become larger.

Source: University of Waikato
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