This publication reports on a selection of key indicators that monitor trends in Hamilton and the wider Waikato Region. The update provides statistical information available as at March 2008 (i.e. primarily focuses on data covering the period September to December 2007), plus some of the more recent happenings around Hamilton and the region.

It is currently distributed to elected members and staff at Hamilton City Council as well as to various organisations and members of the public. The publication can also be downloaded from www.hamilton.co.nz/economicupdate.

December 2007 Quarter Summary

Waikato’s real estate market outperformed the national figures in the December 2007 quarter, with the number of house sales rising 4.5% (compared to 0.6% nationally) and large farm sales rising 9.4% (3.2% nationwide) from the previous quarter. In Hamilton, a total of 544 houses were sold in December 2007, up 6.6% from the number of houses sold in the September 2007 quarter.

In Hamilton, the number of new residential dwelling consents issued for the year ended December 2007 was 1,168, up 14.2% from the previous year. The value of these consents was $234.5m, up 23.7% from the year ended December 2006. However, there has been a downward trend in the number of new dwelling consents issued in the six months from September 2007 to March 2008.

The Waikato Region recorded a 3.4% rise in employment in the December 2007 quarter, taking the annual growth in the 2007 calendar year to 6.4%. Both measures were over twice the rate of the increase measured nationally.

Retail sales in Hamilton for the December 2007 quarter totalled $687.4m. For the year ending December 2007, retail sales were up 4.3% compared to the previous year.

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

For further information please contact:
Pippa Berry-Cope, Strategic Group - Hamilton City Council.
Ph: (07) 958 5884 Email:pippa.berry-cope@hcc.govt.nz
V8 report card 'Outstanding effort but still room for improvement'

Numbers over the V8 weekend surpassed all expectations with 172,000 people attending the 3 day Hamilton 400 Supercars event, and a sell-out crowd of 24,000 attending the Super 12 Chief vs. Crusaders match at Waikato Stadium in the same weekend.

And while infrastructure deconstruction is in progress, a post analysis of the event and planning for next year is underway. Council has put in place a formal V8 review process which will be overseen by an independent chair. The review will incorporate an analysis of performance against the conditions of the resource consent, the outcome of debriefs held with event authorities (such as emergency services and road control) and a summary of any complaints received. The review will also closely examine aspects of the race that include communication and marketing, project management, financial management, regulatory management and the relationship with the promoter.

(Source: HCC Communication & Marketing - www.hamilton.co.nz)

Fertiliser company moving head office to Innovation Park

Summit Quinphos is shifting its head office from Auckland to the Innovation Park complex at Ruakura. The move will allow Summit Quinphos to be closer to other cutting edge technology companies that are devoted to developing and providing those products and services which agriculture needs to meet the challenges of the future.

Summit Quinphos employs 100 people, 75 in its field officer team and its nationwide network of stores. The remaining staff are based at the head office so the move will bring 25 jobs to the Waikato. Although these staff will be offered relocation packages, Summit Quinphos doesn’t expect that all will choose to move, and will start advertising in Hamilton once it is known what vacancies exist.

(Source: Rural News media release, 11/03/08 www.ruralnews.co.nz)

Business growth continues in Hamilton

The number of businesses in Hamilton has increased significantly over the last six years, according to reports from Statistics New Zealand. There has been a 44.8% increase in the number of businesses over the period 2001 to 2007 (up from 8,970 businesses in 2001 to 12,987 in 2007). The principal industry in Hamilton as at February 2007 was the property and business services industry, which accounted for 34.1% of all businesses within the city. The retail trade industry was the next most significant industry in Hamilton.

(Source: Statistics New Zealand www.stats.govt.nz)

$150 million planned expansion for Innovation Park

Innovation Park is set to expand, following the announcement of $8 million of funding which will see a number of new buildings being built on the site. The investments from the Ministry of Economic Development ($4 million), Hamilton City Council ($2.4 million) and Innovation Waikato ($1.6 million) mean that the Park will increase its economic contribution and will be of even greater national and international significance.

The 17 hectares of farmland on Ruakura Rd will be developed into a 19-building business park within the next 10 years, costing $150 million and employing up to 3,500 staff. Innovation Park plans to raise the additional $142 million needed over the next decade by attracting investors within the local community.

Derek Fairweather, Chief Executive of Innovation Waikato Ltd (which manages the site), said work was accelerating and the buildings would eventually stretch from the power substation to hedges at the main entrance. He said the roading connecting east Hamilton to the expressway would be "dramatically different to today" and in the medium term, traffic lights or a roundabout would be installed to manage the traffic created by the park.

Mr Fairweather said the buildings would operate as part of the one complex. Excavation on the second building, which will be located alongside the existing building, would begin in the next two weeks. The new building would employ about 200 staff, accommodating several companies from within the park, multinational companies, as well as a domestic company. The new tenants could not be named as Innovation Park was still in final negotiations with five of the six. Innovation Park had a waiting list of six companies, both local and businesses from outside the region, which were moving to the Ruakura site.

Mr Fairweather said the development of the park meant it could start attracting businesses on a global scale.

The food and bioanalytical division of Hill Laboratories has been in the business park for a year and has expanded three times. Colin Malcolm, the divisional manager, said the new building would give them more room to expand as they needed it.

IQuest managing director David Richards, who has been a tenant at Innovation Park since it opened in 2004, said moving to the park was the best decision he had made in his 40 years of business. "It has given us credibility and allowed us to rub shoulders with a lot of businesses. We are now working with colleagues within the park and can source things locally".

Businesses at Innovation Park are not automatically accepted and must be agricultural, hi-tech or high growth to fit the strategic mix of the park.

Hamilton Mayor Bob Simcock said the allocation of funding would show in Council’s 2008/09 Annual Plan. The proposal had already been before Council and would be part of the submission process. A spokesperson for the Council said there were still conditions to be met before the money was released. They also commented that the rental return from the investment would cover the cost of the loan.

House Sales

Between the December 2006 quarter and the December 2007 quarter, house prices in Hamilton increased by 5.6%, according to the Quotable Value Price Index. From the quarter ending September 2007 to the quarter ending December 2007, house prices in Hamilton decreased by 1.8%, compared to a nationwide house price rise of 0.4%

The average price for houses sold during the December 2007 quarter in Hamilton was $382,046, with the national average sale price for the same timeframe slightly higher at $405,937.

A total of 544 houses were sold in Hamilton in the quarter ending December 2007, up from 510 houses sold in the quarter ending September 2007.

In their April 2008 Property Focus, the National Bank commented that the property market is continuing to weaken, and that there are growing signs that weaker activity is diffusing into the broader economy. As an example, they note that retail sales, which tend to be closely correlated with the housing market, is the latest sector to show signs of stalling. The National Bank also commented that while housing affordability is still at extremely expensive levels, it does appear to have peaked.

Consumer Confidence

Consumer confidence declined again in the March 2008 quarter, with the number of pessimists outweighing the number of optimists for the first time in eight years. The Westpac McDermott Miller Consumer Confidence Index fell to 96.5 in March, from 110 in December, which is the lowest level recorded in a decade.

Westpac business commentators note that rising food and petrol prices, high mortgage interest rates, drought, falling house prices, and turmoil in global financial markets are all reasons for the decline in consumer confidence. However, the extent of the fall in confidence is marked - it is the biggest quarterly decline since the June 2000 quarter, which is the last time house price inflation turned negative.

Westpac also comment that the extent of the decline is unusual as it comes at a time when the New Zealand economy is experiencing relatively good economic conditions – the unemployment rate is at a 21-year low, terms of trade are at a 33-year high, and the fiscal balance sheet is exceptionally strong. In the past, pessimistic readings on confidence have usually occurred after confirmation that economic growth has turned down.

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. An index above 100 indicates there are more optimists than pessimists, while a number below 100 indicates that pessimists outnumber optimists.

Sources:
- National Bank Property Focus
- Quotable Value Ltd

(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 2007) was estimated to be 194,700. The Hamilton Urban Area comprises the Hamilton Zone (the City and environs) with 163,900, Cambridge Zone with 15,800 and the Te Awamutu Zone with 15,050 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%.
Unemployment Rate

Estimates suggest that at December 2007 there were 1,900 people unemployed in Hamilton out of a total labour force of 63,800, giving an estimated unemployment rate of 2.9%. This compares with the national unemployment rate of 3.2% for the December 2007 quarter. Of the people employed in Hamilton, 50,700 were in full-time employment, with a further 11,300 in part-time employment.

Unemployment Rate - Hamilton and NZ

Source: Statistics New Zealand (Household Labour Force Survey)
Note: Unemployment statistics at a city level are below the design level of the survey and are subject to volatility. Estimates are indicative only.

Building Activity

During the year to December 2007, a total of 1,168 new dwelling units valued at $234.5m were authorised for construction within Hamilton. This represented a rise of 14.2% in number and a rise of 23.7% in value from the previous year. Building consents for new dwellings were issued for a total floor area of 196,144 square metres during the year to December 2007, an increase of 17.2% from the previous year. This compares to a national increase in floor area of 1.1%.

Number of New Dwelling Units in Hamilton

Authorised by Council

Source: Statistics New Zealand

Accommodation

The total number of guest nights for Hamilton in the December 2007 quarter was 121,860 (compared with 138,474 for the same quarter in 2006), a decrease of 12.0%. The occupancy rate for Hamilton accommodation in December 2007 was 49.5%, which was 5.1 percentage points lower than 54.6% occupancy rate recorded during the December 2006 quarter. The national occupancy rate during the December 2007 quarter was 37.8% compared with 38.4% during the December 2006 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.

Occupancy and Guest Nights for December Quarters

Source: Statistics New Zealand (Visitor Accommodation Survey)

Retail Trade (% Change from Previous Year)

Retail sales in Hamilton for the year ending December 2007 were up 4.3% on the year ending December 2006, compared to a national increase of 6.1% for the same period. Retail sales in Hamilton totalled $687.4m in the December 2007 quarter, representing 3.8% of New Zealand’s total retail sales for this period, the same percentage as the September 2007 quarter. Nationally, retail sales stood at $17.7 billion for the December 2007 quarter only.

Retail Trade for Dec Quarters

Source: Statistics New Zealand (Retail Trade Survey)
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**Hamiton Economic Update**

### Key Facts About Hamilton and the Waikato Region

**Geography and People**
- The land area of Hamilton at 1 July 2007 was 98.6 square kilometres (km²).
- The Hamilton Urban Area covers 1,101 km².
- Hamilton is the business, service, and educational centre of the Waikato Region.
- 1.9 million people reside within 160 km of Hamilton i.e., around 46% of New Zealand’s population.
- Hamilton accounts for 3.2% of New Zealand’s usually resident population count. (Source: Census 2006).
- Hamilton has a youthful population, with a median age of 31.1 years (compared with the national median age of 35.9 years). (Source: Census 2006).

**Advantages for Business**
- Hamilton is the major commercial and industrial centre of one of the richest agricultural and pastoral areas in the world.
- The Waikato is New Zealand’s highest export region, accounting for almost 20% of the country’s total exports.
- The surrounding dairy industry strengthens Hamilton’s economy and its wide business base. The Agricultural Production Survey (June 2006) showed that the Waikato accounted for 32.6% of the country’s dairy cattle – 1.7 million of 5.2 million nationwide, whilst the Waikato Times Business Insight noted that the dairy sector generates annual sales of $2.3 billion and employs 5,790 people who generate another $1.47 billion in added value activity.
- A number of key research facilities are located in Hamilton, and a significant amount of New Zealand’s science research is undertaken in a major agitech cluster in and around Hamilton, particularly at the Ruakura Research Centre complex (an internationally renowned agricultural and horticultural research institution) and at the newly developed Waikato Innovation Park which opened in February 2004.
- The education sector is a key economic driver for the city, with 30,857 students enrolled at the University of Waikato, the Waikato Institute of Technology (WINTEC) and Te Wānanga o Aotearoa in 2006.
- Hamilton is central to a number of key attractions and events e.g., The National Agricultural Fieldays, which is the largest exhibition of its type in the Southern Hemisphere with almost 1,000 exhibitors, had 125,878 attendees across four days in June 2007.
- Hamilton’s location close to two main sea ports (Auckland and Tauranga), four State Highways, a strategic railway junction, the Auckland International Airport (just over an hour away by road), the South Auckland industrial base and the Hamilton International Airport provides significant logistics and distribution opportunities for export and import businesses (a recent example being the establishment of Fonterra’s inland port adjacent to the main trunk railway in Te Rapa).
- Hamilton’s International Airport offers a wide range of domestic travel as well as flights to Sydney, Brisbane, the Gold Coast, Melbourne and Fiji. The $15.5m airport terminal upgrade was completed in December 2007. There are plans to extend the runway out to 2,720 metres, creating opportunities for flights to Asia and increased freight distribution. In the 2006/07 financial year, the airport had handled 120,000 aircraft movements, and had a record 320,000 domestic passengers and almost 105,000 international passengers.

**Lifestyle**
- Hamilton has a mild climate, with moderate annual rainfall in both summer and winter, which ensures good growing conditions all year round. Mean temperatures are 18.3º Celsius in January and 8.7º Celsius in July.
- With its extensive tree planting, good air quality, and clean rivers and lakes, Hamilton can rightfully be called a ‘clean and green’ city. Hamilton City Council was the first local authority in New Zealand to produce an Environmental Policy.
- Hamilton provides an extensive range of high quality health services, ranging from primary through to highly specialised tertiary hospital services. The Waikato District Health Board’s provider of hospital and health services, Health Waikato, is one of New Zealand’s largest in terms of revenue and the types and numbers of services provided. The Waikato District Health Board provides services for a population of 337,000 people (8% of New Zealand’s population), covers 21,220 square kilometers (8% of New Zealand’s land area) and has a budget of more than $700 million. This makes it one of the largest of New Zealand’s 21 district health boards.
- There are considerable recreational opportunities within Hamilton and its immediate surrounds. The Waikato River flows through Hamilton and is used for recreational pursuits, including rowing, canoeing, waka ama (outrigger canoe), water-skiing and rafting.
- Raglan Harbour and beaches on the west coast are within a 40-minute drive from Hamilton, providing a world-class surfing venue and excellent fishing, swimming and other water-based opportunities.
- The natural resources of the immediate region – including its forests, lakes, rivers, and mountains – provide opportunities for tramping, bush-walking, and other types of outdoor recreation.
- As the centre of the thoroughbred industry, Hamilton has an excellent racing venue at Te Rapa. A national trotting track is 15 minutes drive from Hamilton in Cambridge.
- Hamilton has a 26,350 capacity stadium (Waikato Stadium) which hosts both national and international events. The city also provides numerous parks and high quality venues for sports such as rugby, league, soccer, cycling, badminton, cricket, shooting, tennis, ten-pin bowling, and many others.
- Hamilton will host the New Zealand round of the prestigious V8 Supercar Championship in the city as an annual street race through to 2014. The inaugural race in April 2008 attracted 172,000 attendees plus 5,000 people associated with the running of the event. The economic impact study estimated that the event will generate $20.3 million of new money into the region in the first year and $156 million over the seven years.