

HAMILTON ECONOMIC INDICATOR REPORT

NOVEMBER 2012

INTRODUCTION

This report presents the latest information about economic indicators monitored by Hamilton City Council (HCC) to get an understanding of the local economy and keep an eye on key trends.

Most information in this report is at the City level, incorporating data available as at November 2012. A number of indicators will benefit from updated Census data which should start becoming available from mid-late 2013.

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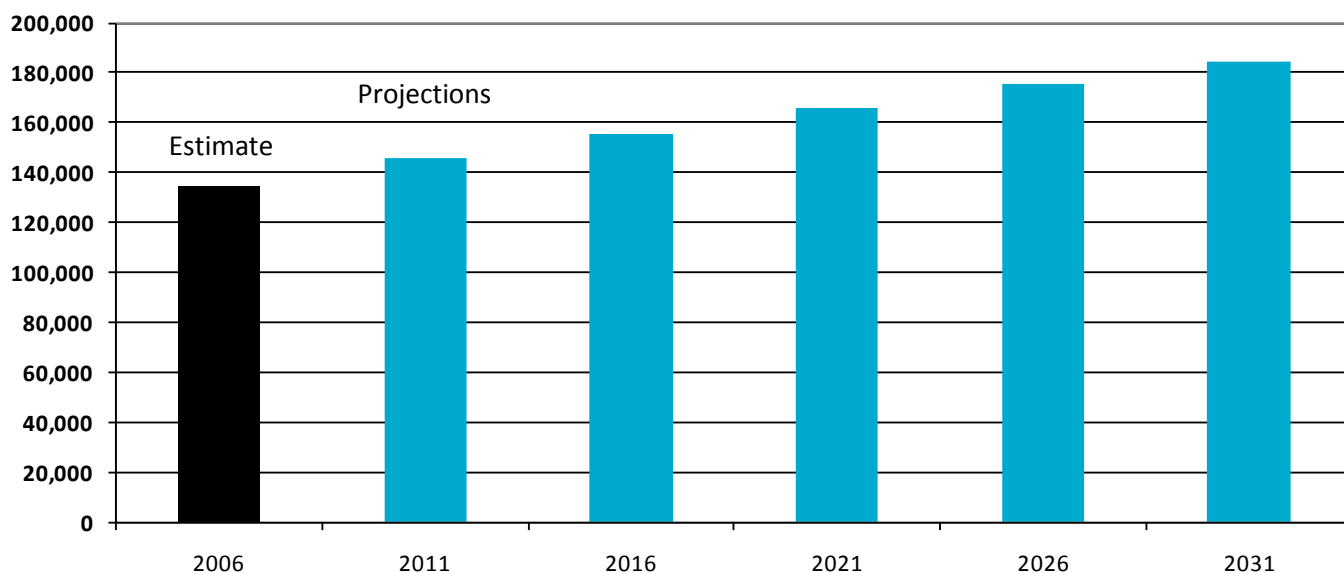
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KEY FINDINGS OF THE REPORT

- Hamilton's economic trends clearly show the aftermath of the 2008-09 economic recession.
- Consents for new commercial and industrial buildings surged during the mid 2000s, peaking in 2009 and then falling. Consents for new residential buildings show a similar pattern, peaking in the mid 2000s and then declining.
- Real estate activity has been subdued since 2008 at both the city and national level.
- Following a rapid drop in consumer confidence during 2008 there was a temporary recovery but confidence remains low throughout the Waikato Region as at June 2012.
- Hamilton's unemployment rate increased from approximately 5% in June 2008 to almost 8% in June 2009, and after some reduction has climbed to around 9% today.
- Occupancy rates in Hamilton's commercial accommodation sector fell during 2007-2008 but have since recovered.
- Hamilton's estimated Gross Regional Product (GRP) was approximately \$4.4 billion in the year to June 2011 (latest available data) and forecast to include by around 1% in the year to June 2012.
- Business services, manufacturing, health and construction make up an estimated 55% of Hamilton's GRP. Hamilton's changing industry profile is illustrated by an increasing contribution from business services and slowing in contribution from the manufacturing sector.
- Hamilton's resident population is projected to increase from 134,800 in 2006 to 184,800 in 2031. Hamilton's 2012 population is around 148,200.

POPULATION

Projected population, Hamilton City 2006-2031 (year to June)

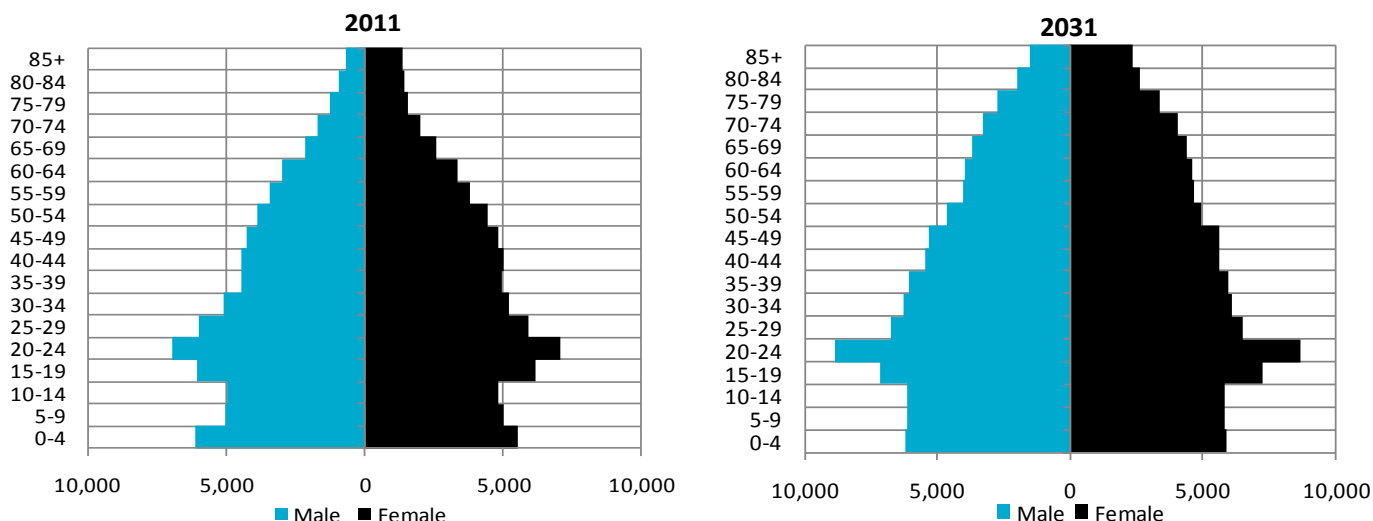


Source: Statistics New Zealand – Subnational Population Projections: 2006 (Base) – 2031 (October 2012 update) – Medium Series

Note: These projections have as their base the estimated resident population of Hamilton as at 30 June 2006.

- Hamilton’s resident population is projected to increase from 134,800 in 2006 to 184,800 in 2031.
- Projected average annual growth for 2006-2031 is 1.3% compared to national average growth of 0.9%.
- According to provisional estimates from Statistics New Zealand’s subnational population estimates, Hamilton’s population as at June 2012 was around 148,200.

Age profile of Population 2011 and 2031, Hamilton City



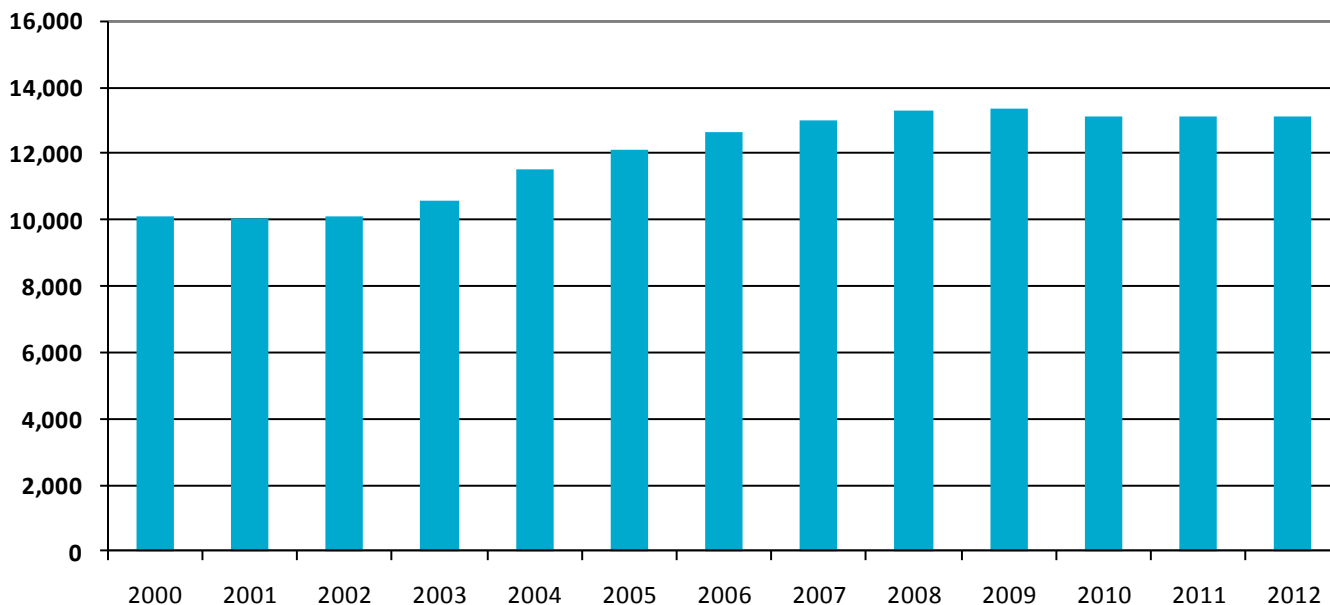
Source: Statistics New Zealand – Subnational Population Estimate and Subnational Population Projections

Note: Overseas migration only – does not include inter-regional migration within New Zealand

- The effect of an ageing population is illustrated by the substantial increase in the number of people aged 65+ when comparing 2031 projections with the current 2011 estimates.
- The spike shown in numbers of people in their early 20’s is driven by the tertiary student population, and is expected to continue to be a prominent feature of demographics into the future.
- The wider ‘body’ of the 2031 projection reflects the projected nominal population increase across Hamilton (see above – to 184,800 by 2031).

1. NUMBER OF BUSINESSES

Business count, Hamilton City 2000-2011 (as at February)

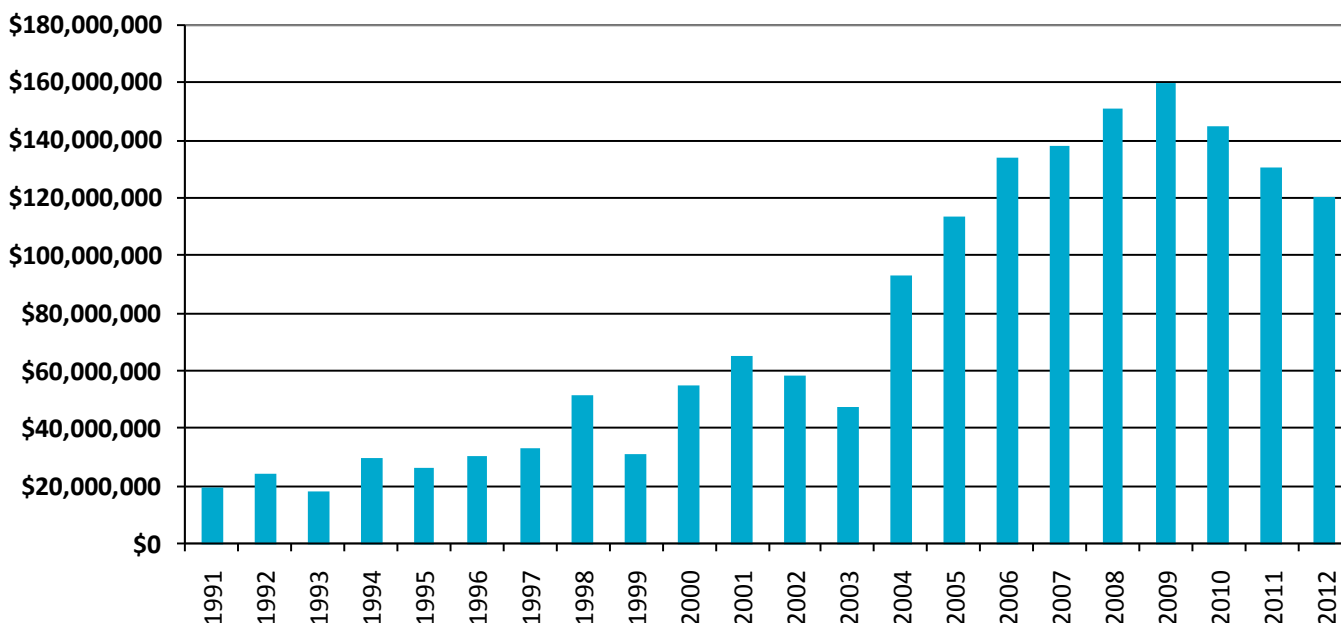


Source: Statistics New Zealand – Business Demography Tables

- Business growth boomed during the early-mid 2000s followed by a downturn from 2008-09.
- Hamilton had a total of 13,106 businesses as at February 2012, around the same count as in February 2011.

2. COMMERCIAL/INDUSTRIAL BUILDING CONSENTS

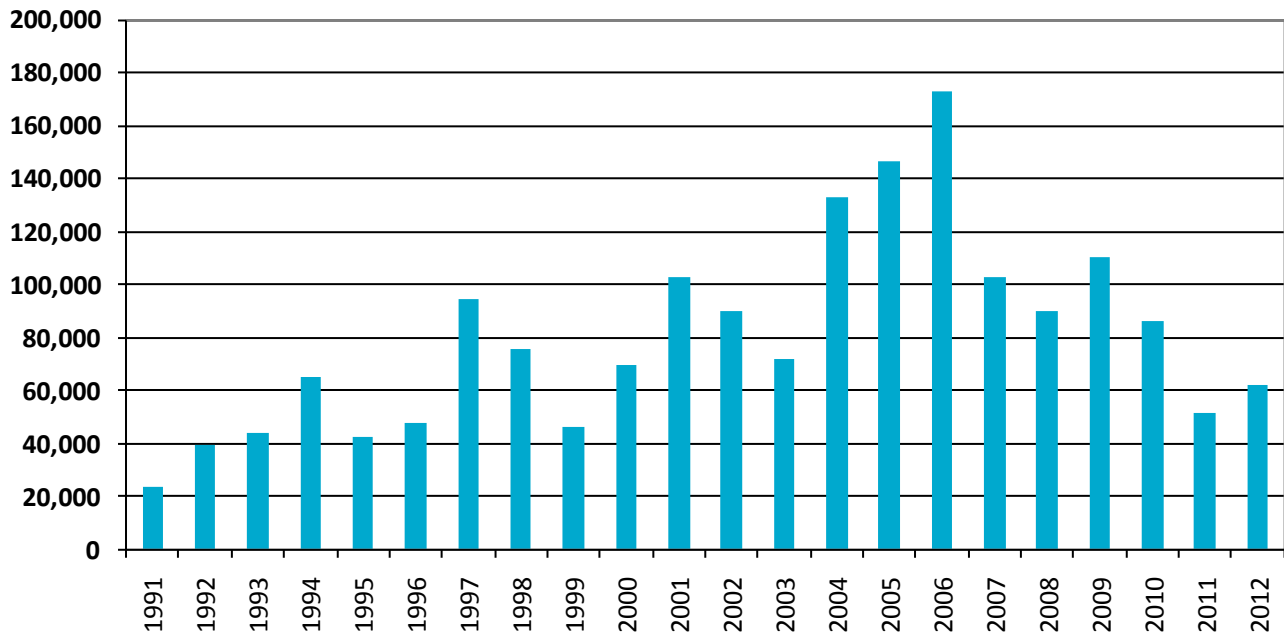
Value of new non-residential buildings, Hamilton City 1991-2012 (year to June)



Source: Statistics New Zealand – Building Consents Issued

- The value of building consents for new non-residential buildings in Hamilton surged during the mid 2000s, peaking at \$160 million in the year to June 2009.
- In the year to June 2012, the value of new non-residential buildings was approximately \$117 million.

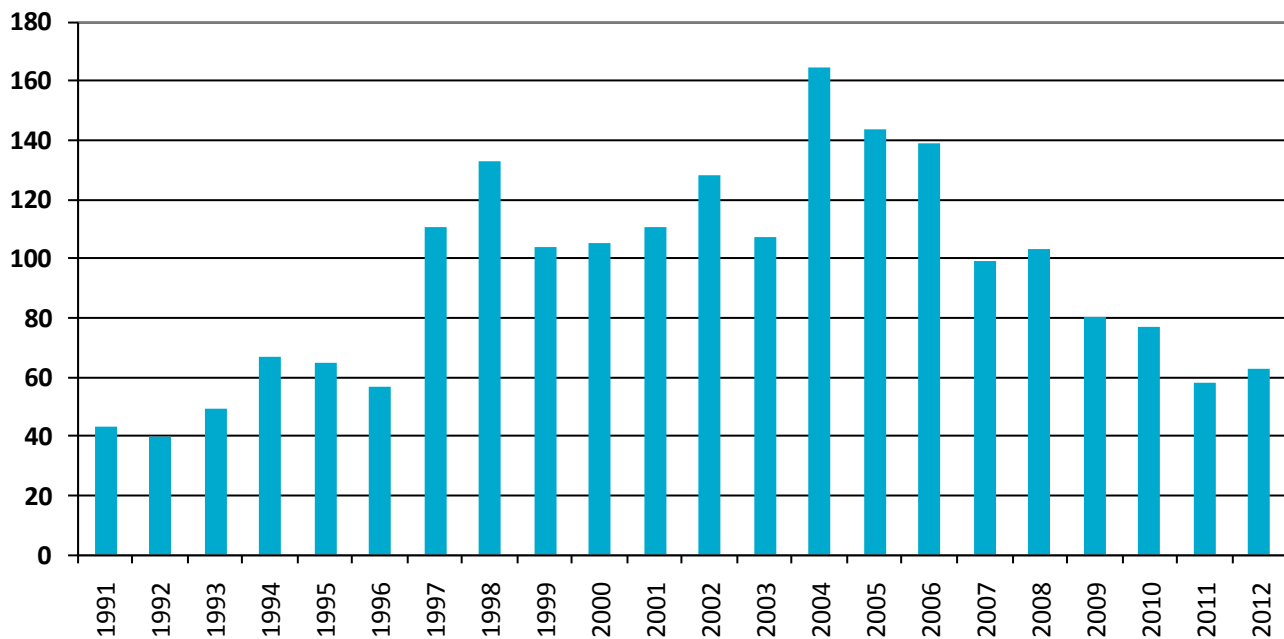
Floor area of new non-residential buildings, Hamilton City 1991-2012 (year to June)



Source: Statistics New Zealand – Building Consents Issued

- The total floor area of new non-residential building consents peaked at 173,111 sqm in the year to June 2006.
- In the year to June 2012, the floor area of new non-residential buildings totalled around 62,000 sqm.

Number of new non-residential buildings, Hamilton City 1991-2012 (year to June)

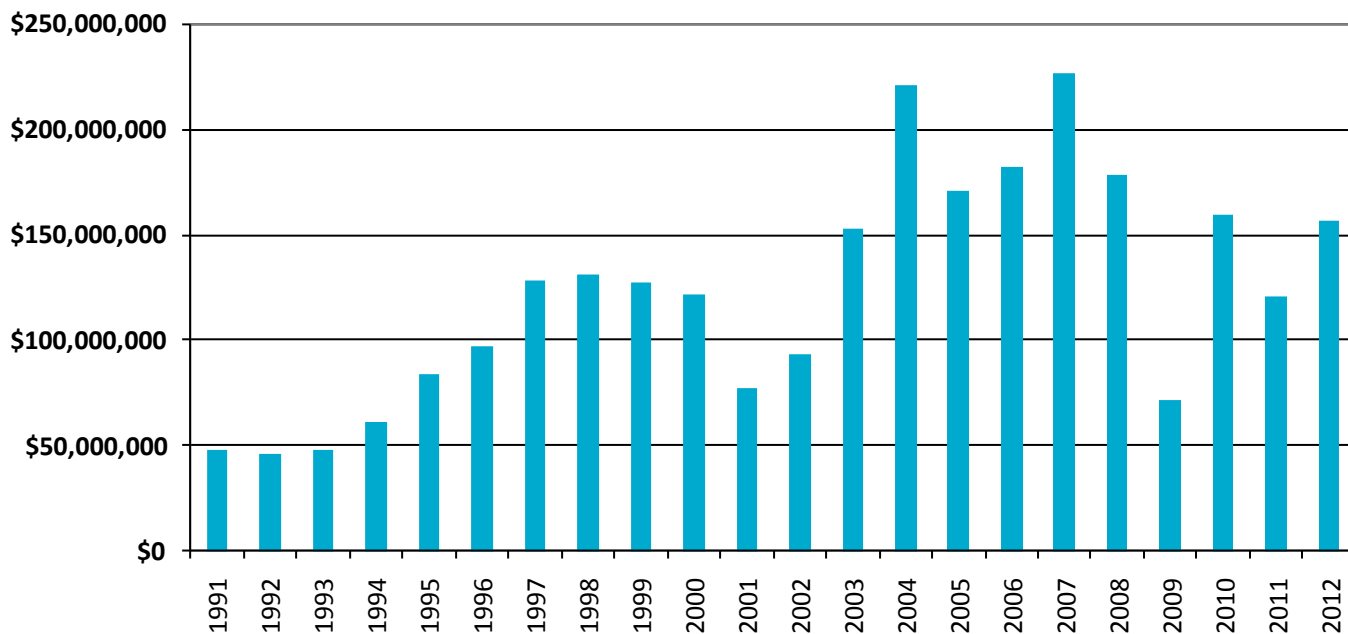


Source: Statistics New Zealand – Building Consents Issued

- The annual number of new non-residential building consents peaked at 165 in the year to June 2004.
- In the year to June 2012, there were 63 new non-residential buildings consented in Hamilton.

3. RESIDENTIAL BUILDING CONSENTS

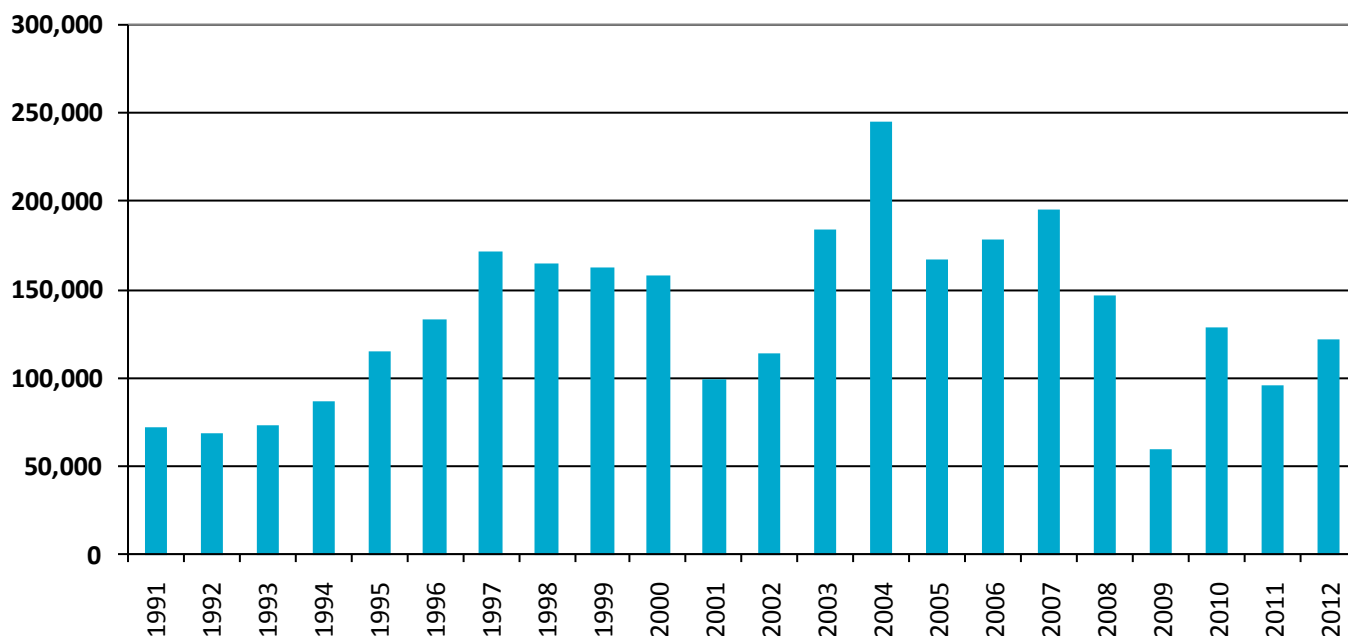
Value of new residential buildings, Hamilton City 1991-2012 (year to June)



Source: Statistics New Zealand – Building Consents Issued

- The value of building consents for new residential buildings in Hamilton peaked in the mid 2000s at around \$220 million per annum and has since declined.
- In the year to June 2012, the value of new residential buildings was approximately \$160 million.

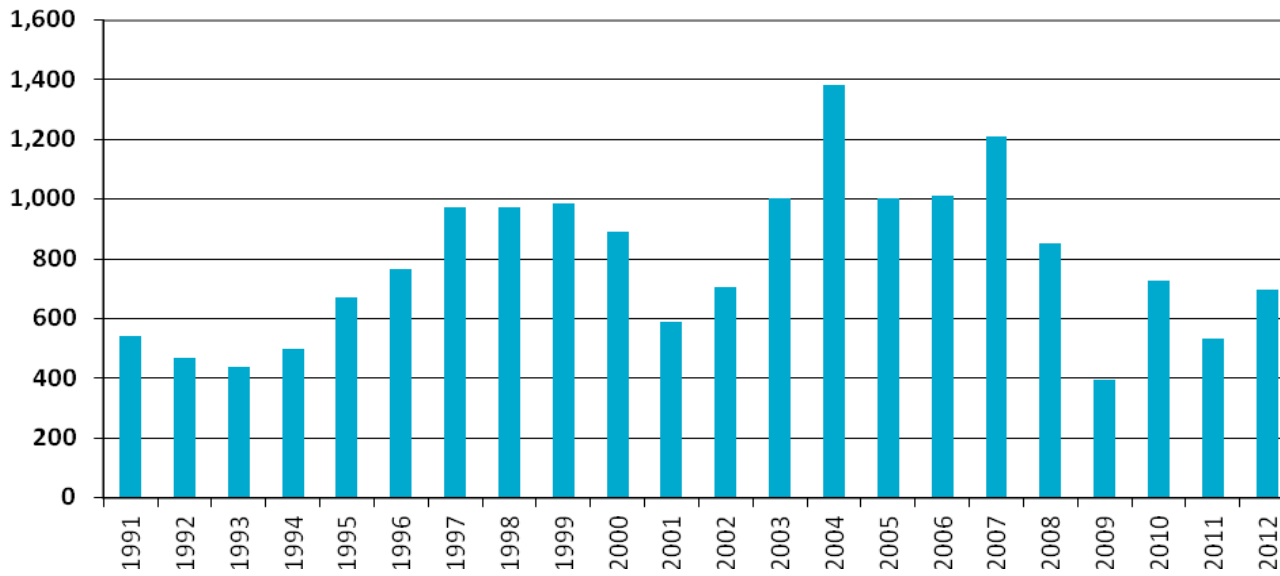
Floor area of new residential buildings, Hamilton City 1991-2012 (year to June)



Source: Statistics New Zealand – Building Consents Issued

- The total floor area of new residential building consents peaked at 245,315 sqm in the year to June 2004.
- In the year to June 2012, the floor area of new residential buildings was around 122,000 sqm.

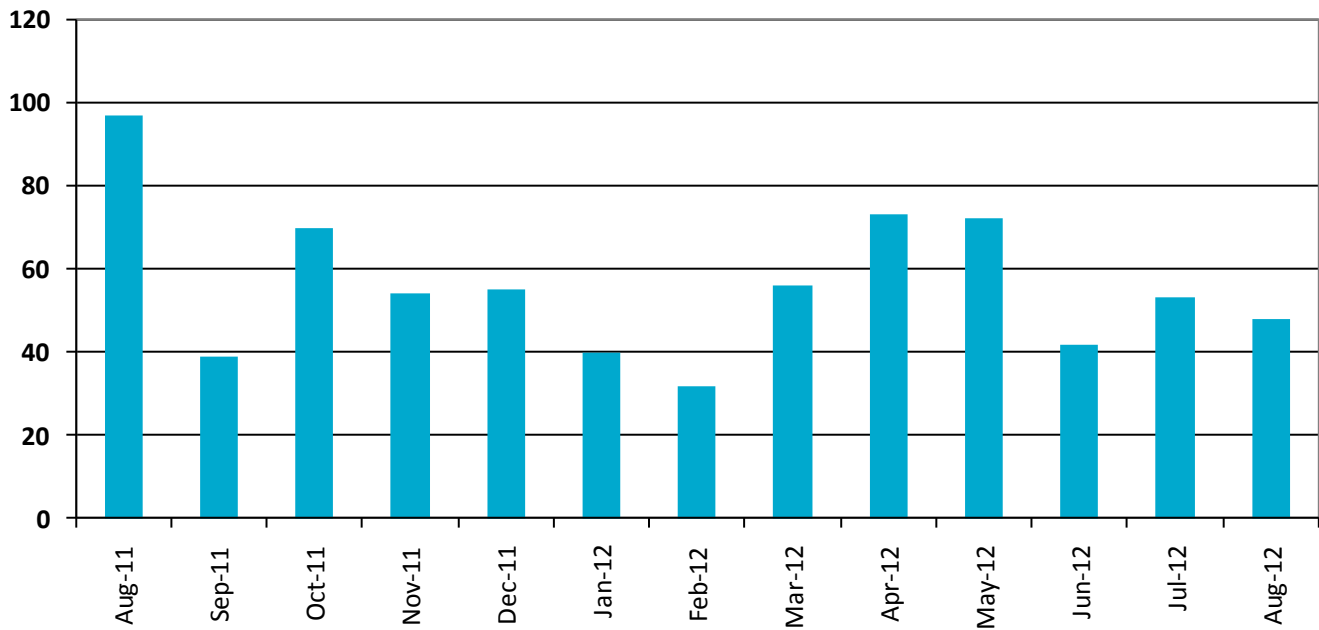
Number of new residential buildings, Hamilton City 1991-2012 (year to June)



Source: Statistics New Zealand – Building Consents Issued

- The annual number of new residential building consents peaked at 1,381 in the year to June 2004.

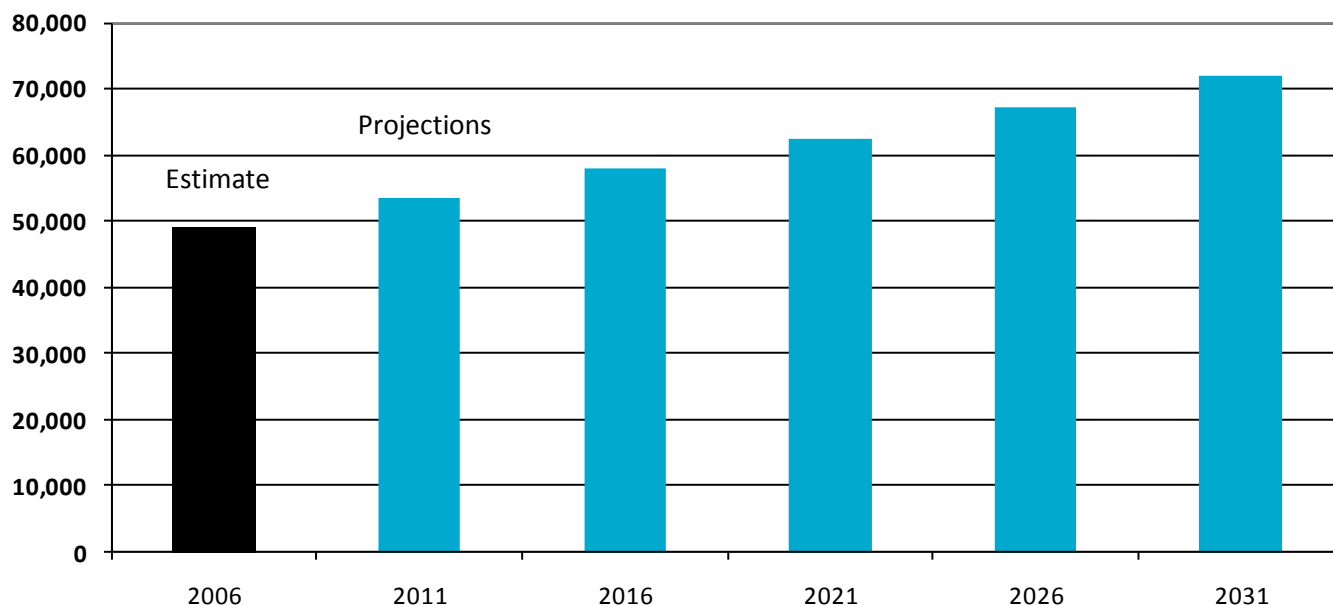
Number of new residential buildings, Hamilton City 2011-2012 (monthly building consents)



- In the year to June 2012 there were 695 new residential buildings consented in Hamilton.
- In the year to August 2012 this fell to 634 consented buildings.

4. NUMBER OF HOUSEHOLDS

Projected households, Hamilton City 2006-2031 (year to June)

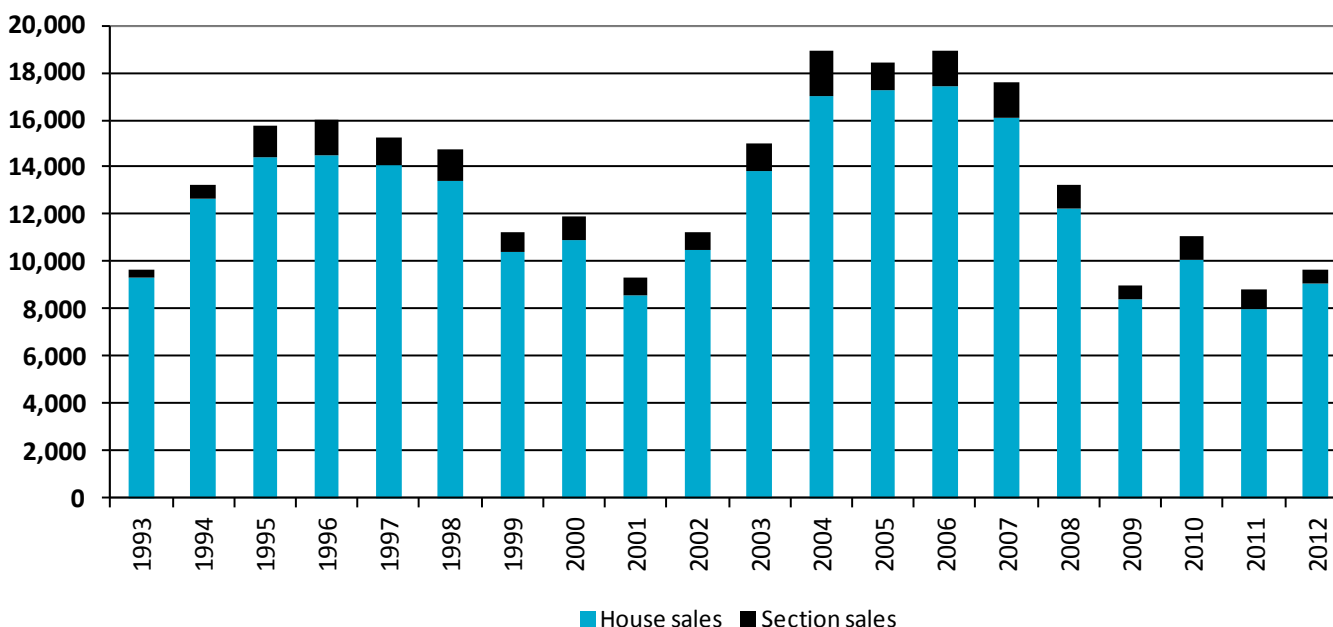


Source: Statistics New Zealand – Subnational Family and Household Projections: 2006 (Base) – 2031 (December 2010) – Medium Note: Data for 2006 is estimated (as at 30 June). Data from 2011 onwards is projected.

- The number of households in Hamilton’s is projected to increase from 48,900 in 2006 to 72,100 in 2031.
- Projected average annual growth for 2006-2031 is 1.9% compared to national average growth of 1.2%.

5. HOUSE AND SECTION SALES

Number of house and section sales, Hamilton City 1993-2012 (year to June)

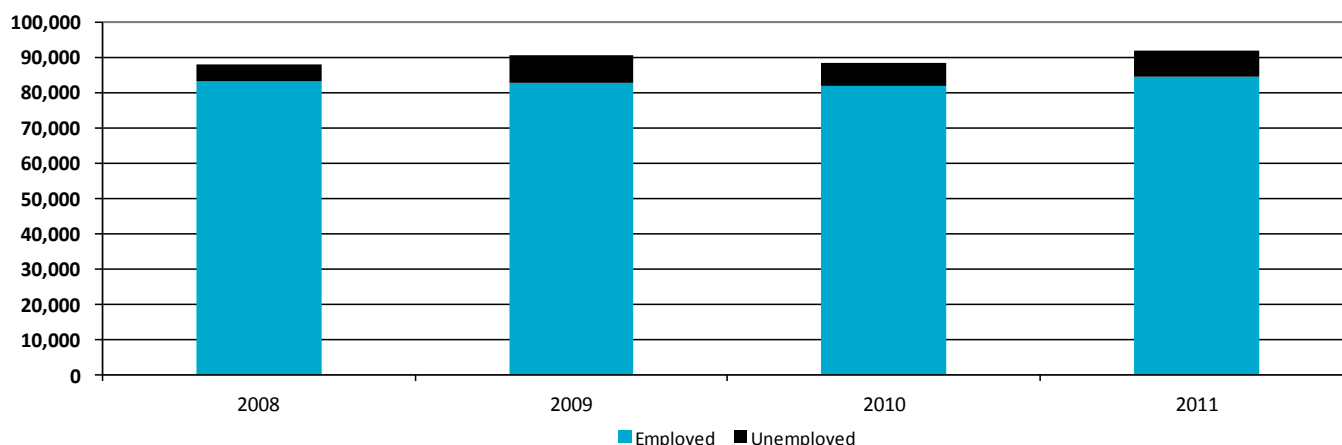


Source: HCC (compiled from Real Estate Institute of New Zealand data)

- The annual number of real estate sales in Hamilton peaked during the mid 2000s at around 17,000 houses and 2,000 sections.
- Real estate activity has been subdued since 2008 at both the city and national level. In the year to June 2012 there were 9,048 houses and 650 sections sold in Hamilton.

6. LABOUR FORCE

Estimated number of employed and unemployed people, Hamilton City 2008-2011 (as at June)

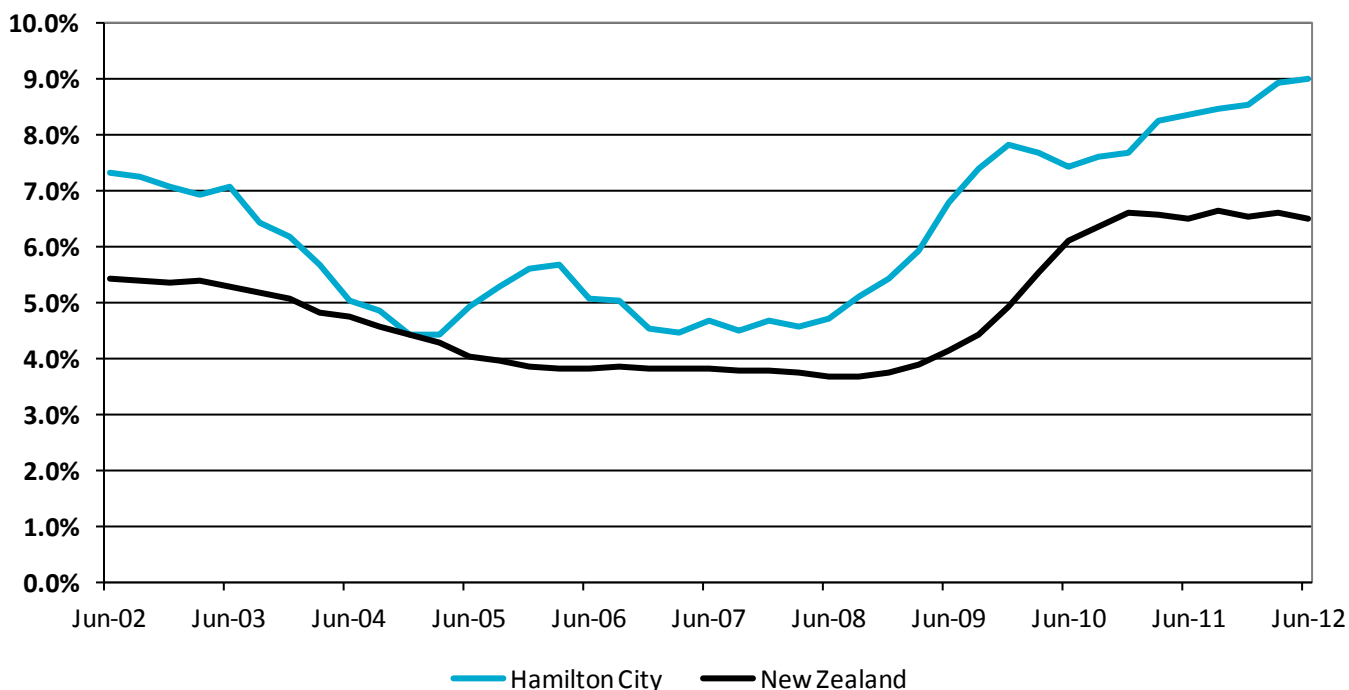


Source: Statistics New Zealand – Household Labour Force Survey

- Historical employment data from national Business Demography Tables (not shown) reveal employment growth boomed during the early-mid 2000s followed by a downturn from 2008-09. According to this data source, Hamilton had an employee count of 74,140 as at February 2011, a slight increase of 1.3% from February 2010.
- Extracted Hamilton City data suggest an increase from 81,571 persons employed as at June 2010 to 84,262 as at June 2011 – an increase of 3.3%. Note this data has a significant margin of error at the sub-regional level.
- Survey results indicate that in Hamilton the estimated number of unemployed people rose from approximately 4,600 in June 2008 to 7,900 in June 2009 and remained around 7,600 people as at June 2011.

7. UNEMPLOYMENT RATE

Unemployment rate – Hamilton City and New Zealand 2002-2012



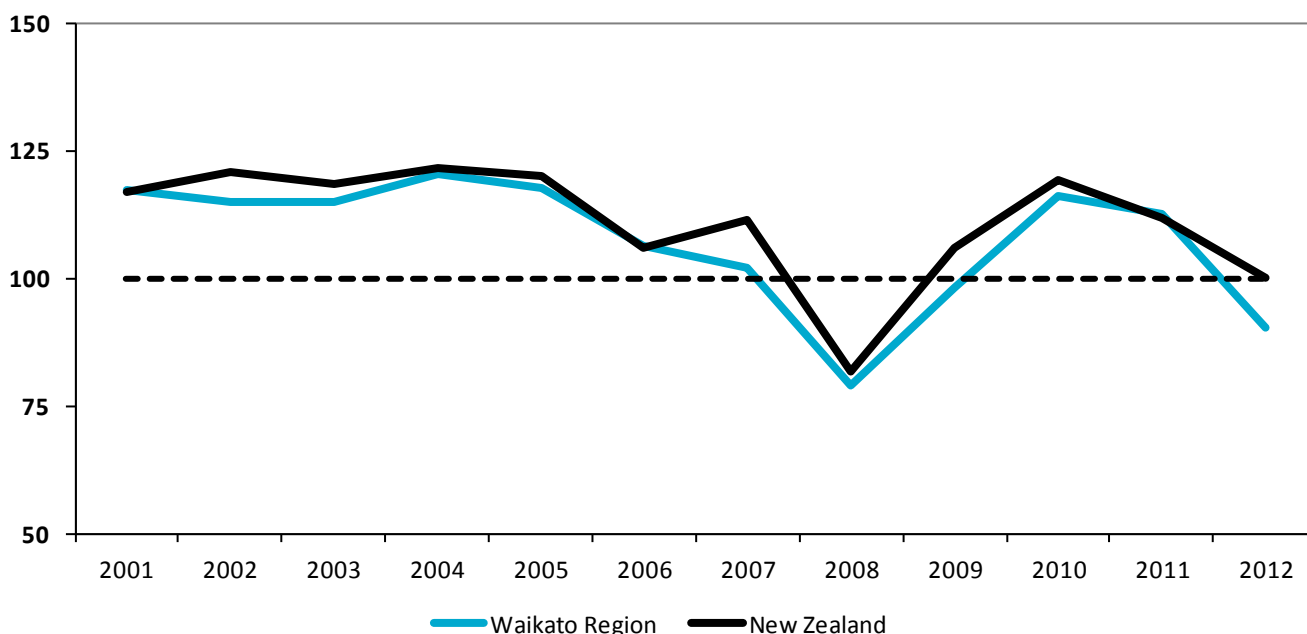
Source: Statistics New Zealand – Household Labour Force Survey

* Four quarter rolling annual average.

- Survey results indicate that Hamilton's unemployment rate increased from approximately 5% in June 2008 to 9% in June 2012. A similar trend was observed at the national level, but within a band of between 4-7%.
- Sub-regional data for unemployment is survey based, and carried a significant margin of error.

8. CONSUMER CONFIDENCE

Consumer confidence index, Waikato Region and New Zealand 2001-2012 (as at June)



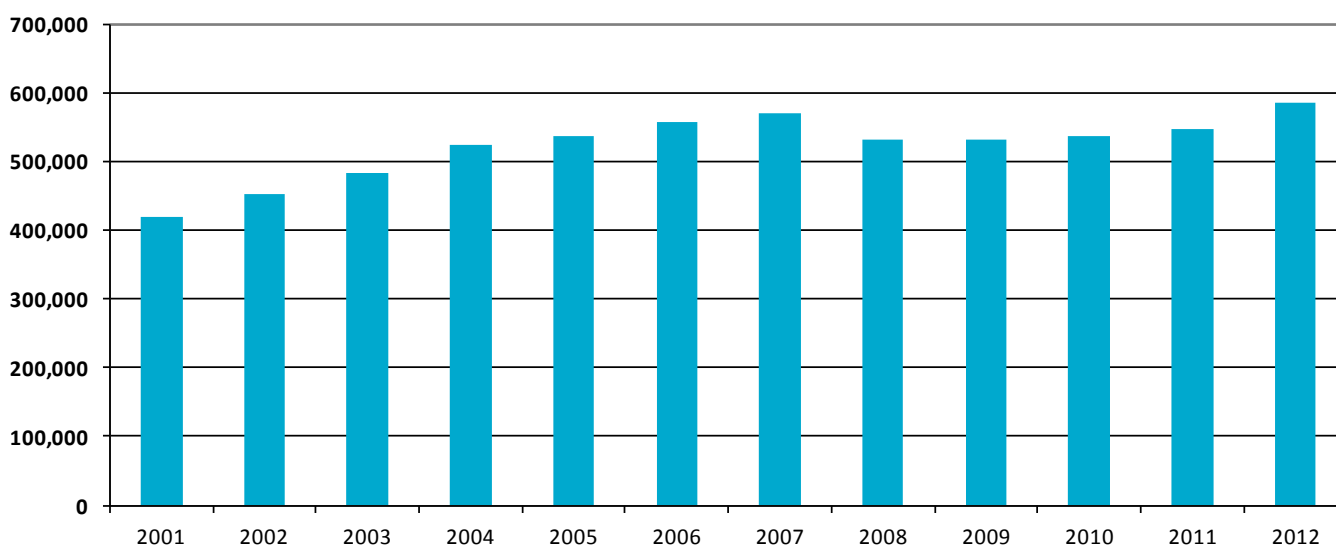
Source: Infometrics Ltd

Note: Index values less than 100 indicate net pessimism.

- Regional data only is available, and hence the above graph represents the Waikato region compared to New Zealand, and not Hamilton city in isolation, and shows a close correlation between the two.
- Waikato communities were relatively confident in the strength of the economy until a rapid drop in confidence during 2008 followed by a temporary recovery, reflecting the onset of the economic recession.
- Consumer confidence remains low throughout the Region with an index of 90 points as at June 2012.

9. ACCOMMODATION GUEST NIGHTS

Guest nights in commercial accommodation, Hamilton City 2001-2012 (year to June)

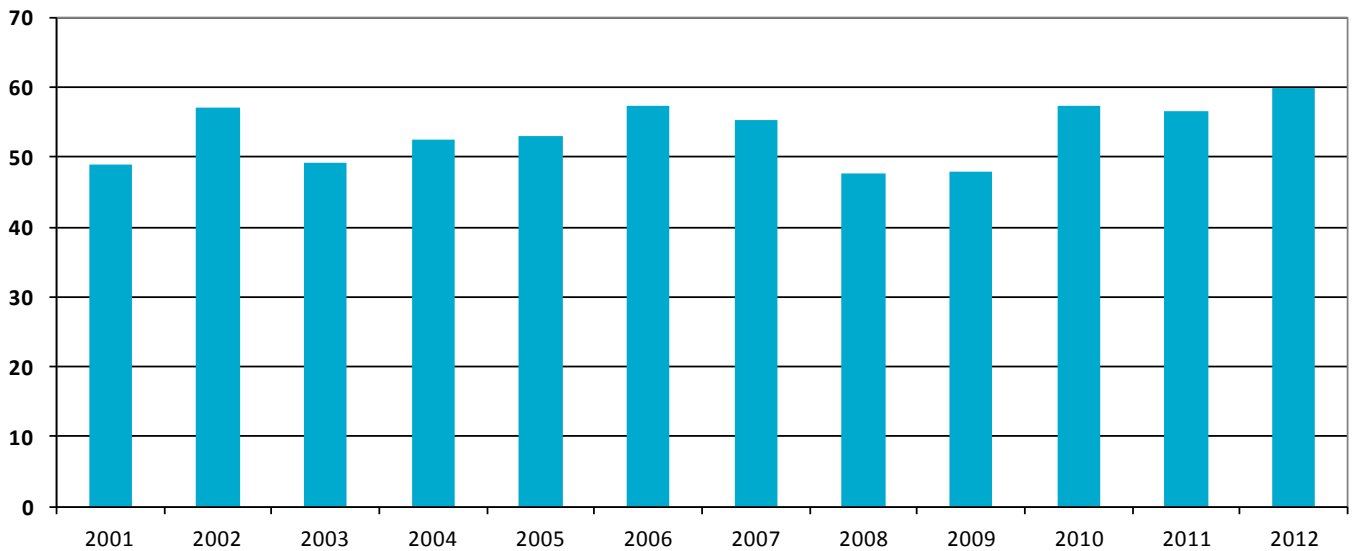


Source: Statistics New Zealand – Commercial Accommodation Survey

Note: Excludes caravan parks and camping grounds

- Annual guest nights in commercial accommodation in Hamilton City slumped from 2007 to 2010 but have since recovered, with the Rugby World Cup providing a boost to the 2012 figures.
- During the year ended June 2012 there were around 590,000 guest nights in Hamilton accommodation.

Occupancy rates (%) in commercial accommodation, Hamilton City 2001-2012 (as at June)



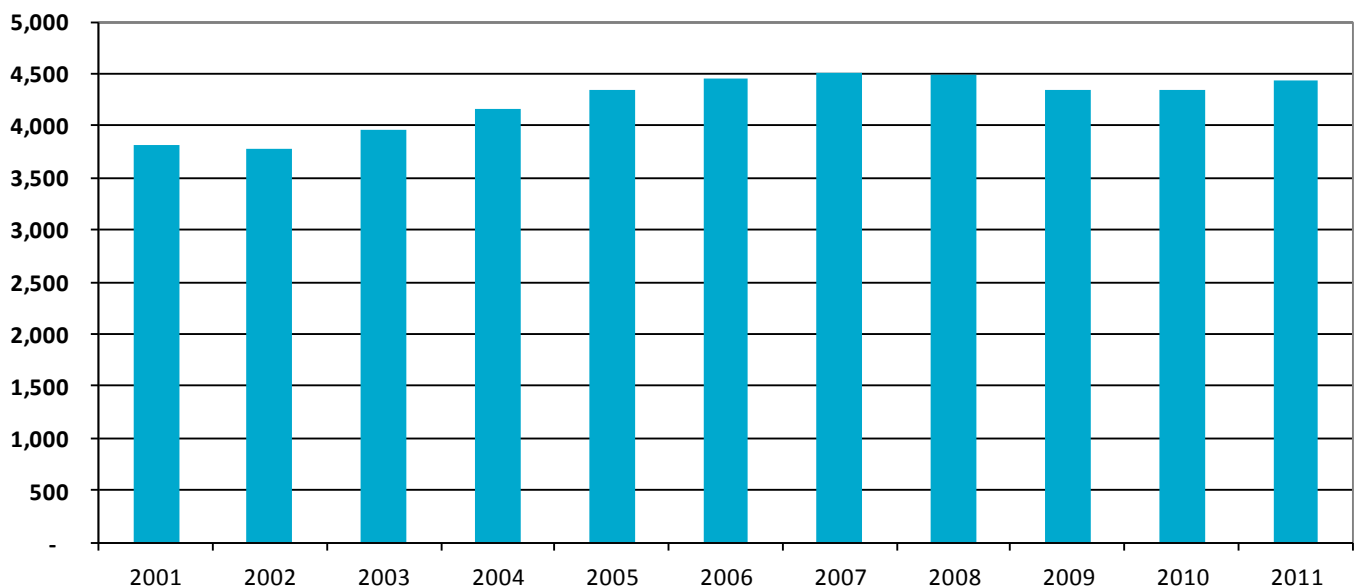
Source: Statistics New Zealand – Commercial Accommodation Survey

Note: Excludes caravan parks and camping grounds

- Occupancy rates in Hamilton’s commercial accommodation sector fell during 2007-2008 but have since recovered, with the Rugby World Cup providing a short term boost to the 2012 numbers.
- As at June 2012, Hamilton’s average occupancy rate was 60%.

10. GROSS REGIONAL PRODUCT

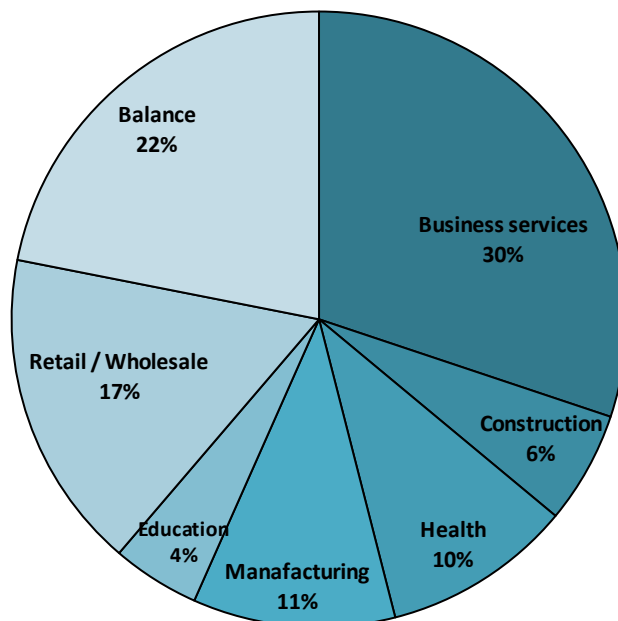
Gross Regional Product (\$m), Hamilton City, 2001-2011 (year to June)



Source: Infometrics Ltd

- Hamilton’s economy grew strongly through the early-mid 2000s and then suffered a recession during 2008-2010.
- Hamilton’s estimated Gross Regional Product (GRP) was approximately \$4.4 billion in the year to June 2011, indicating a small rate of growth since 2010. GRP is forecast to increase by around 1% in the year to June 2012.

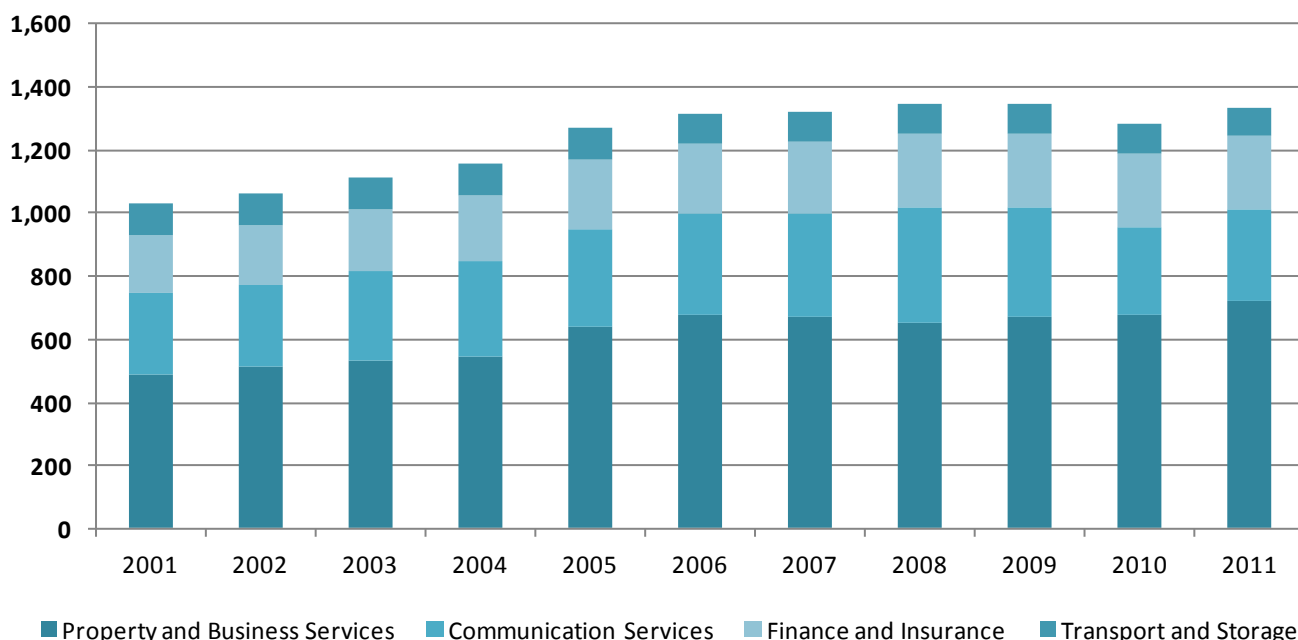
Contribution of key sectors to GRP (% of total GRP), Hamilton City, 2001-2011 (year to June)



Source: Infometrics Ltd

- Collectively, Business Services, Manufacturing, Health and Construction make up an estimated 55% of Hamilton's GRP. Hamilton's changing industry profile is illustrated by an increasing contribution from business services (rising from 23% of GRP in 1998 to 28% in 2011) and declining focus on manufacturing (falling from 14% to 11% of GRP).

Contribution of key sectors to GRP (% of total GRP), Hamilton City, 2001-2011 (year to June)



- Property and Business Services (total 30%) generate the largest contribution to GNP (16% or \$723m in the June 2011 year), with Communication Services (5%, \$232m), Finance and Insurance (7%, \$292m), and a lesser extent Transport and Storage (2%, \$90m) representing the difference.
- Property and Business Services, Finance and Insurance have experienced higher relative growth within Business Services.