

December 2017 issue 2

KĀPITI COAST ECONOMIC UPDATE

IN THIS ISSUE

September Quarterly Indicators

Focus on Housing

Kāpiti Success Stories –

Cindy Foote and Andrea Corrigan

Life and Work After 50 – Doing it Differently

KIA ORA



It's been a busy year on the Kāpiti Coast and as many of us are starting to wind down for the Christmas break our retailers, tourism operators and accommodation providers are gearing up for the summer season.

Our district's economy is in good health and we expect the growth trend that we've enjoyed over the past 12 months to continue. As we look ahead to the New Year, the Council will continue to facilitate and support opportunities to grow our local economy and attract investment for visitor and business markets. This includes working with Air New Zealand to support initiatives that will increase passenger numbers, both inbound and outbound.

Projects, such as Transmission Gully and Peka Peka to Ōtaki Expressway, will continue to both challenge and bring growth opportunities to our district. The Council remains focussed on working with the business community to help mitigate any negative impacts of construction and respond positively to change.

Finally, please join me in welcoming Sarah Todd, Economic Development Manager, to the Council team. Sarah will lead the development and implementation of our economic development work programme and will work closely with key stakeholders to explore opportunities for growth.

Have a safe and happy Christmas and best wishes for 2018.

Ngā mihi

James Cootes

Ward Councillor for Ōtaki and member of the Kāpiti Economic Development Leadership Group

SUMMARY

Kāpiti's economy grew by 3.8% over the 12 months to September 2017, according to Infometrics' provisional estimate of GDP. This positive result follows growth of 3.6% the previous year. Indicators of spending and investment are expanding sharply, particularly those related to construction. Traffic flows rose 3.2% in the year to September 2017.

Population growth in Kāpiti remained strong, and growth has averaged 0.9%pa over the past 10 years.

These additional people have added significantly to demand in Kāpiti. Electronic card data from Marketview shows that retail spending in Kāpiti climbed 3.8%, car registrations increased by 16%, while residential building consent numbers rose 33% in the year to September 2017.

Job advertisement data has shown increases to the number of positions being advertised in the lower North Island. Nevertheless, there are still some workers in more vulnerable positions, with the number of people seeking Jobseeker Support rising slightly. But the prospect of increased government spending bodes well for those commuting to Wellington for public sector jobs.

Business spending and investment remain buoyant. Commercial vehicle sales increased 35% over the past year, while the value of non-residential building consents climbed

20%. The most recent BNZ-BusinessNZ Performance of Services Index and Performance of Manufacturing Index Survey pointed towards continued expansion of business activity across the lower North Island.

The tourism sector in Kāpiti is growing. Commercial guest nights rose 3.1% over the September year, while visitor spending increased 5.3%. Infometrics' analysis of Airbnb data shows that the number of Airbnb listings rose from 185 in October 2016 to 375 in September.

For the full Infometrics report visit:

www.ecoprofile.infometrics.co.nz/kapiti+coast+district/QuarterlyEconomicMonitor



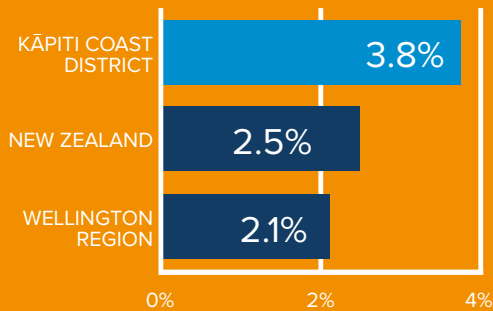
For more information please contact Cheryl Paget, Programme Advisor – Economic at Kāpiti Coast District Council
cheryl.paget@kapiticoast.govt.nz 027 555 3505

SEPTEMBER QUARTERLY INDICATORS >>>

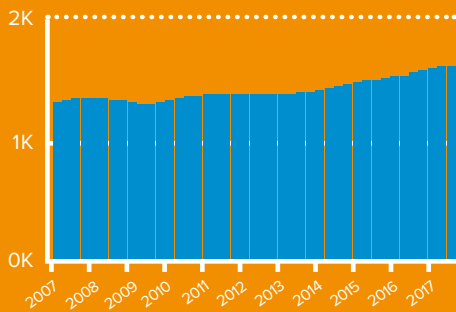
Statistics by Infometrics (unless otherwise stated)

GDP

Gross domestic product growth
Annual average % change Sep 16 – Sep 17



Gross domestic product (\$m)
Annual level, Kāpiti Coast District



GDP in Kāpiti Coast District
For the year to September 2017

\$1,638 million

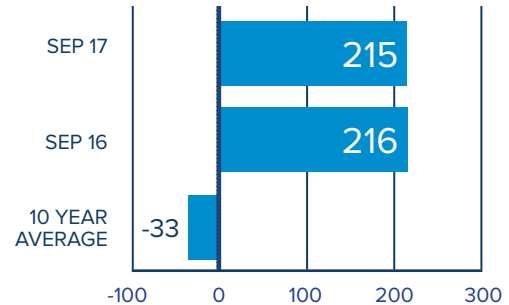
GDP in Kāpiti Coast District was up 3.8% for the year to September 2017 compared with a year earlier. Growth was higher than in New Zealand (2.5%) and higher than in the Wellington Region (2.1%).

GDP was \$1,638 million in Kāpiti Coast District for the year to September 2017 (2010 prices).

Annual GDP growth in Kāpiti Coast District peaked at 4.8% in the 12 months to June 2017.

NET MIGRATION

Annual number of persons, Kāpiti Coast District

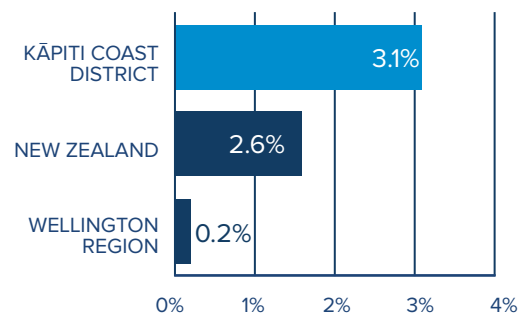


Kāpiti Coast District experienced a permanent and long-term net migration gain of 215 persons in the year to September 2017. This compares with a gain of 216 a year ago, and a ten year average loss of 33.

New Zealand's annual net migration increased to 70,983 from 69,947 a year ago.

GUEST NIGHTS

Annual average % change
Sep 16 – Sep 17



Total guest nights in Kāpiti Coast District increased by 3.1% in the year to September 2017. This compares with an increase of 2.6% in New Zealand.

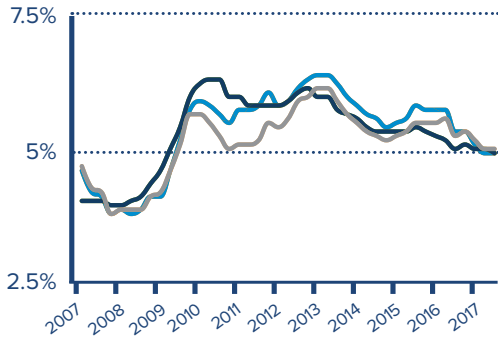
Visitors stayed a total of 178,831 nights in Kāpiti during the year to September 2017, which was up from 173,375 nights a year ago.

The occupancy rate (excluding holiday parks) was 26.6% in September 2017 (*Statistics New Zealand Commercial Accommodation Monitor Kāpiti-Horowhenua*)

UNEMPLOYMENT RATE

Average annual rate

- Kāpiti Coast District
- Wellington Region
- New Zealand



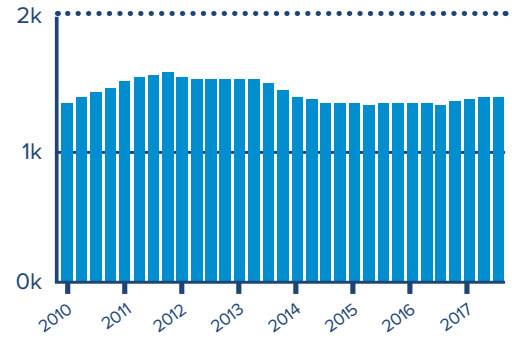
The annual average unemployment rate in Kāpiti was 4.9% in September 2017, down from 5.4% a year earlier.

The unemployment rate in Kāpiti Coast District was the same as the New Zealand, where the unemployment rate was also 4.9% over the 12 months to September 2017.

Over the last ten years, the unemployment rate reached a peak of 6.7% in March 2013.

JOBSEEKER SUPPORT RECIPIENTS

Annual average, Kāpiti Coast District



Working age Jobseeker Support recipients in Kāpiti in the year to September 2017 increased by 4.5% compared with the previous year. Growth was higher relative to New Zealand, where the number of Jobseeker Support recipients increased by 0.6%.

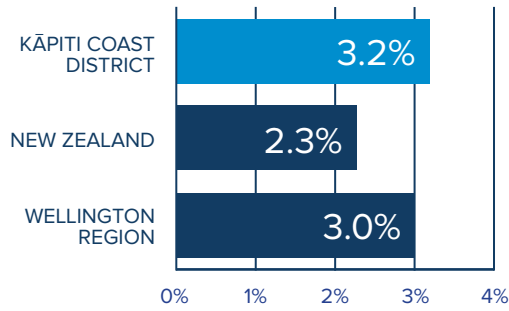
An average of 1,418 people were receiving a Jobseeker Support benefit in Kāpiti in the 12 months to September 2017. This compares with an average of 1,453 since 2010.





TRAFFIC FLOW

Annual average % change Sep 16 – Sep 17



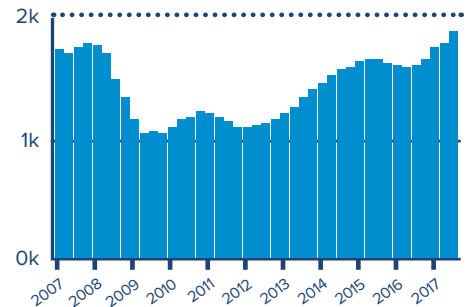
Traffic flows in Kāpiti increased by 3.2% over the year to September 2017. This compares with an increase of 2.3% across New Zealand.

CAR REGISTRATIONS

Annual number, Kāpiti Coast District

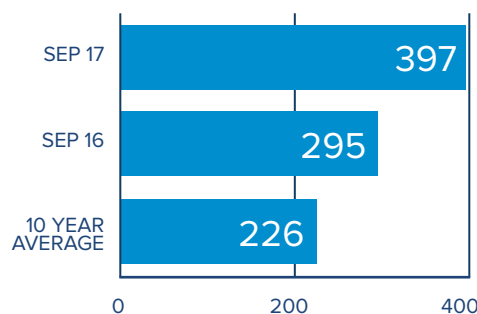
The number of new and first time cars registered in Kāpiti increased by 16% in the year to September 2017 compared with the previous 12 months. Growth was higher than in the rest of New Zealand, where car sales increased by 9.4%.

A total of 1,892 cars were registered in Kāpiti in the year to September 2017. This compares with the ten year average of 1,415.



COMMERCIAL VEHICLE REGISTRATIONS

Annual number, Kāpiti Coast District



The number of commercial vehicles registered in Kāpiti increased by 35% in the year to September 2017, compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales increased by 19%.

A total of 397 commercial vehicles were registered in Kāpiti in the year to September 2017. This is higher than the ten year annual average of 226.

FOCUS ON HOUSING >>>

Housing is a topical subject in New Zealand, in terms of supply and demand, quality and affordability, and is likely to be discussed for some time to come.

Being able to live in a house that is warm, dry and affordable, whether you are paying a mortgage or rent, is important for well-being, but is becoming increasingly difficult for lower income households.

Recent data shows that housing is becoming less affordable when based on the estimated average mean earnings of \$43,760 in 2016. The average house price in Kāpiti over the last 12 months was \$504,798 up over 15% from a year ago. There are variances within the region, for example the median sale price in Ōtaki in September 2017 was \$381,500 whilst in Paraparamu Beach houses reached a median of \$561,750. (REINZ)

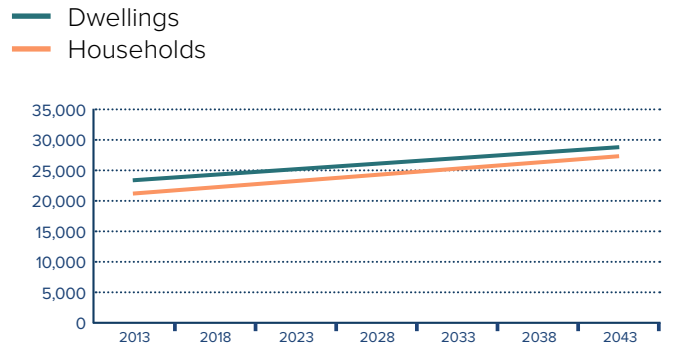
Rental prices are also less affordable, the September 2017 quarter estimate is \$377 a week, which is more than the New Zealand average of \$304. Rental properties were last affordable in September 2009. Tenancy bond data shows that in recent years the highest rents in Kāpiti for flats and apartments of all sizes have been in Paraparamu Beach South and Raumati Beach, while the lowest rents have been in Ōtaki and Paraparamu Central.

There are many reasons why house prices and rents have gone up. Some of this is about supply and demand – there are simply not enough properties for the number of people who want to live in them. In places like Waikanae Beach, around 35% of houses are classed as unoccupied dwellings – houses that are often baches or holiday homes. That’s a lot of houses that just aren’t in the market at all. The cost of accommodation in the rest of the Wellington region is a factor, as first time buyers priced out of the city look further afield for a home, and the retired looking for the quality of life that the coast offers. Empty nesters are also moving here, cashing up on their city properties with half an eye to comfortable living for later life. In the 12 months to September 2017, a total of 1,074 houses were sold in Kāpiti, a 15% decrease on the previous year. So prices are going up, and sales are going down.

You don’t have to go far in the district to see the number of new houses being built. Residential consents have increased by 33% in the year to September 2017, and of the 2,101 residential buildings that were consented between 1 July 2007 to 31 July 2017, 78.9% were for houses, 15.0% were for retirement village units, and 5.9% were for town houses, flats and other dwellings, and less than 1% were for apartments. In the 10 years between 2007 and 2017, Council has consented on average approximately 210 residential buildings per annum.

Forecasts based on currently known, planned residential development suggest that this average rate of residential development is projected to continue over the next 25 to 30 years. (ID Profile) As such, the forecast suggests that residential development will meet demand. At no point is residential demand forecast to exceed residential supply, which is good news, but doesn’t help those looking for a new place now.

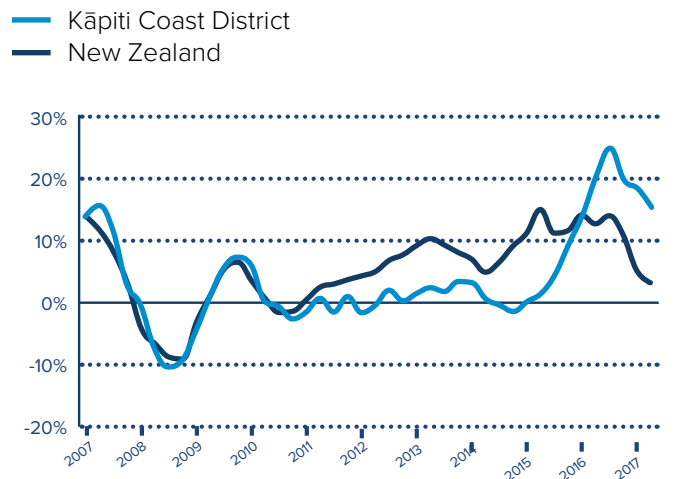
Kāpiti Coast forecast residential dwellings and households, 2013 to 2043



Source: Sense Partners

House price growth

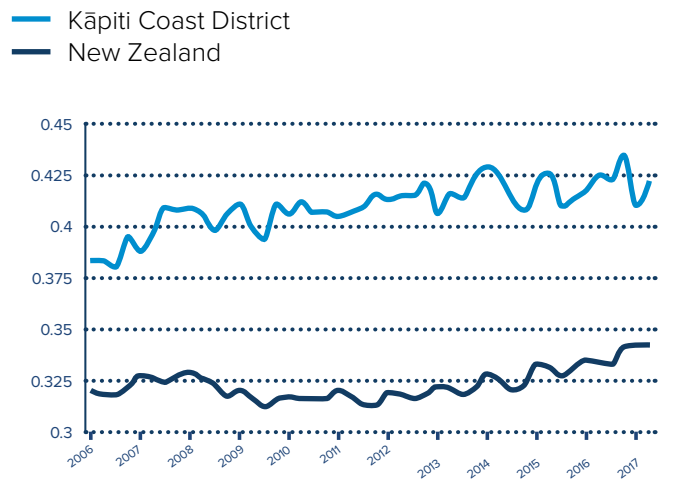
Annual % change



Source: Infometrics

Rent affordability index

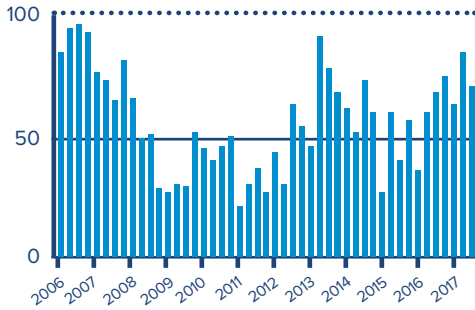
Quarterly level



Source: Infometrics

RESIDENTIAL CONSENTS

Quarterly number, Kāpiti Coast District

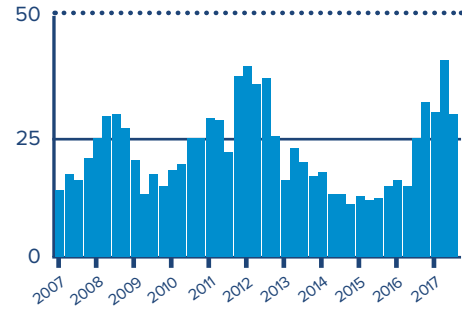


A total of 71 new residential building consents were issued in Kāpiti in the July to September 2017 quarter, compared with 68 in the same quarter last year.

On an annual basis, the number of consents in Kāpiti increased by 33% compared with the same 12-month period a year ago. The number of consents across New Zealand increased by 3.0% over the same period.

NON-RESIDENTIAL CONSENTS

\$m, annual running total, Kāpiti Coast District



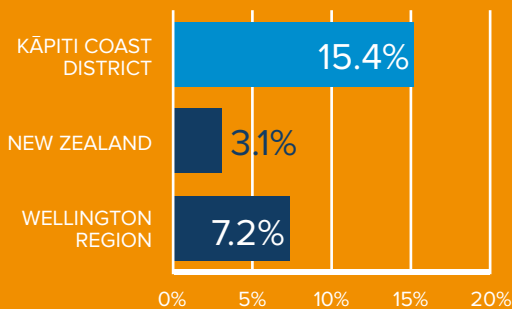
Non-residential building consents to the value of \$30 million were issued in Kāpiti during the current year to September 2017.

The value of consents increased by 20% over the year to September 2017. By comparison, the value of consents across New Zealand increased by 5.9% over the same period.

Over the last 10 years, consents in Kāpiti Coast District reached a peak of \$41 million in the year to June 2017.

HOUSE PRICES

Annual % change Sep 16 – Sep 17



Average current house value
Kāpiti Coast District

For the year to September 2017

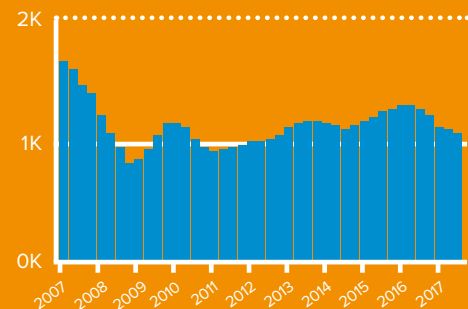
\$504,798

The average current house value in Kāpiti Coast District was up 15% in September 2017 compared with a year earlier. Growth outperformed relative to the rest of New Zealand, where prices increased by 3.1%.

The current average current house value is \$504,798 in Kāpiti. This compares with \$637,670 in New Zealand.

HOUSE SALES

Annual number, Kāpiti Coast District



1,074

Houses sold in Kāpiti
year ending September 2017

House sales in Kāpiti in the year to September 2017 decreased by 15% compared with the previous year. Growth outperformed relative to the rest of New Zealand, where sales decreased by 17%.

A total of 1,074 houses were sold in Kāpiti in the 12 months ended September 2017. This compares with the ten year average of 1,087.

CINDY FOOTE

What Cindy Foote doesn't know about the property market could probably fit onto the back of a postage stamp.



Cindy, who set up Jade Property Management in 2006, bought her first section when she was 18. Two weeks later the share-market collapsed.

"I was paying 21% interest and it was three years before I could afford to build on the section," recalls Cindy of her first foray into the property market.

But that didn't deter the born-and-bred Kāpiti entrepreneur and while raising two children (Deanne now 27 and Brandon, 25) and completing a degree in valuation and property management, Cindy found herself managing around 30 rental properties for family and friends for free.

Realising she was good at it, Cindy started Jade Property Management from her Kāpiti home. Fast forward eleven years and she now has around 300 rental properties on her books.

"What really gets me out of bed in the morning is helping people to find a home. Everyone wants a nice roof over their heads and I'm passionate about helping tenants to find that."

Cindy's certainly got her work cut out for her, with an increase in demand for rentals – particularly in the \$380–\$460 a week bracket – in the last few years. "I recently had a viewing of a three-bedroom home in Kāpiti that 30 people turned up to. A few years ago, I would be lucky to have 10."

Cindy doesn't believe the opening of the Kāpiti Expressway has had a huge impact, but instead puts the increase down to low interest rates, more Aucklanders and Wellingtonians buying in the region, more first-home buyers and not enough houses being built. "It's not unique to Kāpiti."

She does, however, expect the demand for Kāpiti rental properties to "go through the roof" once Transmission Gully is operational. "I can see a real housing crisis looming if we don't get more houses built."

The grandmother of three is doing her bit to help – she's currently working on a project to provide social housing in Kāpiti. "I've got a section and if the bank says yes I'm going to build a few houses for social housing tenants. In my experience, they are great tenants and are so thankful to have a place to call home."

ANDREA CORRIGAN

From helping introduce Red Bull to the UK to working with celebrities such as Jack Nicholson and Jodie Foster in an Aspen ski resort, there's not much Andrea Corrigan hasn't done.

Her latest incarnation is as a residential real estate agent, having started with The Professionals and now with Bayleys Kāpiti. It's a role that British-born Andrea believes brings together the various strands of her colourful career, from marketing and sales to dealing with people.

Andrea moved to Kāpiti with her partner Amanda in 2010 (the couple have two children - Lacey, 3, and four-month-old Finn). She admits she's been "incredibly busy" since getting into real estate.

"I've doubled my listings year-on-year," says Andrea. "When I started in 2015, prices were stable, houses were selling for \$20-\$30K within RV and properties were taking two-three months to sell."

Almost three years on and Andrea says there aren't enough houses in Kāpiti to meet demand.

"Some of that increase has come from the Kāpiti Expressway making the area more attractive to buyers, but lower interest rates have also seen a huge influx of especially first home buyers who've been priced out of the market in Wellington coming to Kāpiti for the lifestyle

and because they know they can get more for their money here."

Although Kāpiti has long been seen as a retirement haven, Andrea says young families are also increasingly drawn to the warmer climate, affordable housing and infrastructure, including good schools and early childhood centres.

"We're also seeing a lot of people in their late 50s and early 60s buying up here and renting it out until they're ready to retire."

Andrea predicts Transmission Gully will have a "huge" impact on housing, with the pressure to build more houses for the expected influx of those wanting to buy on the coast.

"I think there will be a rush to buy houses before Transmission Gully is completed," she says.



KĀPITI SUCCESS STORIES >>>

LIFE AND WORK AFTER 50 – DOING IT DIFFERENTLY



Kāpiti Coast District Council, Kāpiti Coast Chamber of Commerce and Electra Business Breakfast joined forces to run four events in October aimed at dispelling the myth that it's the young and tech savvy who are leading the way in creating new businesses and adding value to the workforce.

Two workshops were community focussed, aimed at senior entrepreneurs who aren't ready for retirement and want to "take charge and re-create their future", and two were business focussed, aimed at raising awareness of the benefits of age-friendly employment. Geoff Pearman from Partners in Change ran the workshops, and feedback was very positive.

"As I am very new to business and closer to 60 than I would like to be, I was the exact target audience for these presentations. Well done!" - Peter H

"What Geoff was talking about was very timely for me. I am currently thinking about 'what next' for me and both his presentations and book will help me to think this through. I had stalled on my thinking but since the presentations have started developing a plan. Thanks for organising these events." - Helena C

"[We]...need to think creatively in terms of rostering older staff to fully utilise the potential these workers can bring to your business...age should not define the years we spend in the workforce." - Feedback from the Electra Business Breakfast



With 20% of the district's population aged 50-54, employers in Kāpiti are starting to face the reality that the workforce is ageing and have to consider how to keep valued and experienced staff, and begin succession planning for staff wishing to retire.

Self-employment in Kāpiti is booming. Not only are 31.5% of employees in Kāpiti self-employed, but since 2010 self-employment has grown 3.5% per annum, a much faster rate than employee jobs, at 0.9% growth. This growth means 951 new self-employed jobs since 2010. With the median age of the self-employed in 2013 at 52.1 years (53.2 for men, 50.6 for women), the workshops aimed at encouraging senior entrepreneurs were a natural priority for Council and the Chamber.

Feedback following the events was that a senior entrepreneur network should be created in Kāpiti, and Council and Chamber will look at ways to support senior entrepreneurs in the New Year.

For more information on rethinking retirement and workforce ageing go to www.partnersinchange.co.nz

Self-employment in Kāpiti report: www.kapiticoast.govt.nz/Our-District/Economic-Profile/