

# Rangitīkei District Quarterly Economic Update

March 2025



**RANGITĪKEI**  
DISTRICT COUNCIL





## December Quarter 2024



The Rangitikei economy showed annualised growth of 0.8% in the December quarter.

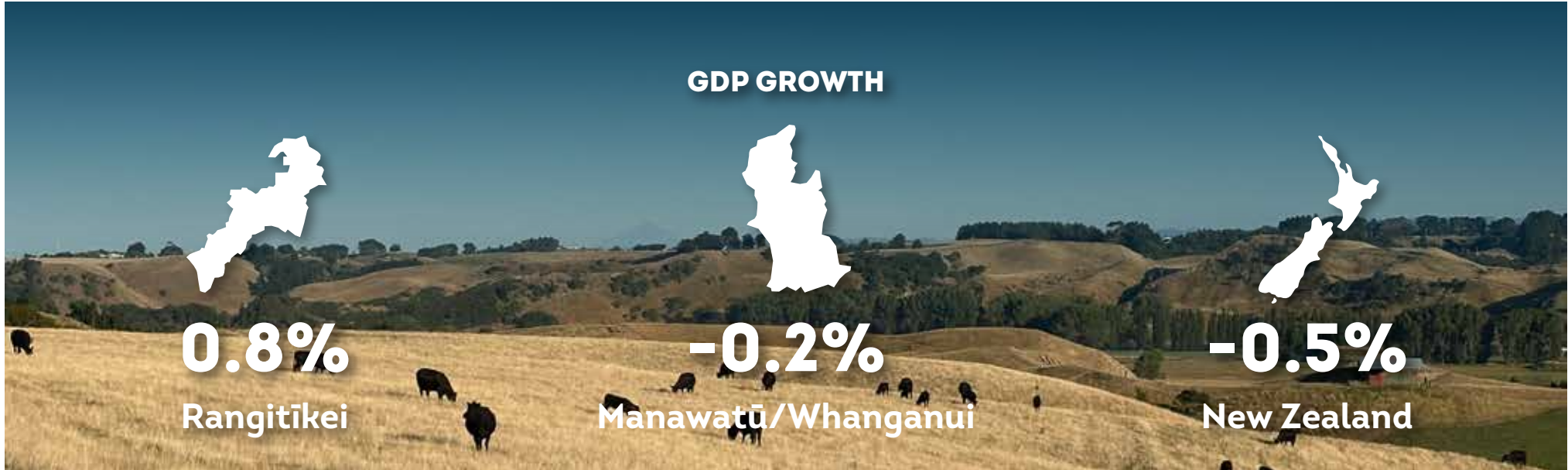
This is a positive result in the context of Manawatū Whanganui region which contracted 0.2% and New Zealand which contracted 0.5%. GDP continues to perform better than many of the economic indicators would suggest, and this is reflective of the improving outlook within the primary sector. Retail continues to struggle with consumer spending more subdued, vehicle registrations down, house values down and rents up. Business numbers are remaining on a downward trend and the employment market contracted further while unemployment has held steady and housing sales numbers continue to show signs of recovery.

There appears to be an interest rate battle kicking off between the major trading banks in New Zealand with many now offering sub 5% rates for the medium term which haven't been offered in market since 2022. In February 2025, the Reserve Bank of New Zealand reduced the official cash rate to 3.75%. Inflation remains at 2.2% and unemployment has increased with economic activity expected to remain weak with improvements expected towards the back end of 2025 and further rate reductions indicated throughout the year.

The impact of the rate reductions to households are significant with up to 50% of all mortgages coming off their fixed rates in the next 6 months. The scale of the lower rates will vary depending on the length of their previous term with some banks suggesting the reduction in interest rate can be as high as 1.74% which equates to \$379 monthly saving on a \$350,000 mortgage. This will be welcome news for retailers who benefit from additional discretionary spending in the economy however it won't create an instant benefit and there are other headwinds creating challenges for retailers with online shopping growing in popularity and big box retailers enticing consumers away from our towns into the larger centres.

Overall, the Rangitikei economy is making gains and a strong confident primary sector seen as a positive for the district.

Typically, a strong primary sector leads to a strong economy overall and more so in Rangitikei where the primary sector generates 30% of the GDP and 26% of the employment opportunities.



# Gross Domestic Product

The December quarter showed the economic cooling continues nationally.

The GDP in Rangitīkei showed growth of 0.8%. This is a positive in context to Manawatū Whanganui Region which contracted by 0.2% and New Zealand which contracted 0.5%

Agriculture continues to dominate the share of GDP for the district with approximately 30% of the Rangitīkei GDP coming from this sector and a further 6% from complimentary sectors like manufacturing and transport.

GDP growth of 0.8% is a much stronger result than some of the leading economic indicators might suggest.

Consumer spending is down close to 7% on a per capita basis, tourism expenditure is down, and the employment market is contracting. This suggests each sector in the local economy continue to experience the recovery at different speeds and the flow on benefit to consumers from falling interest rates is still yet to translate to growth in the retail sector.

## GDP

Rangitīkei	<b>\$902m</b>
Manawatū/Whanganui	<b>\$15.7b</b>
New Zealand	<b>\$415b</b>



## Consumer spending insights and update



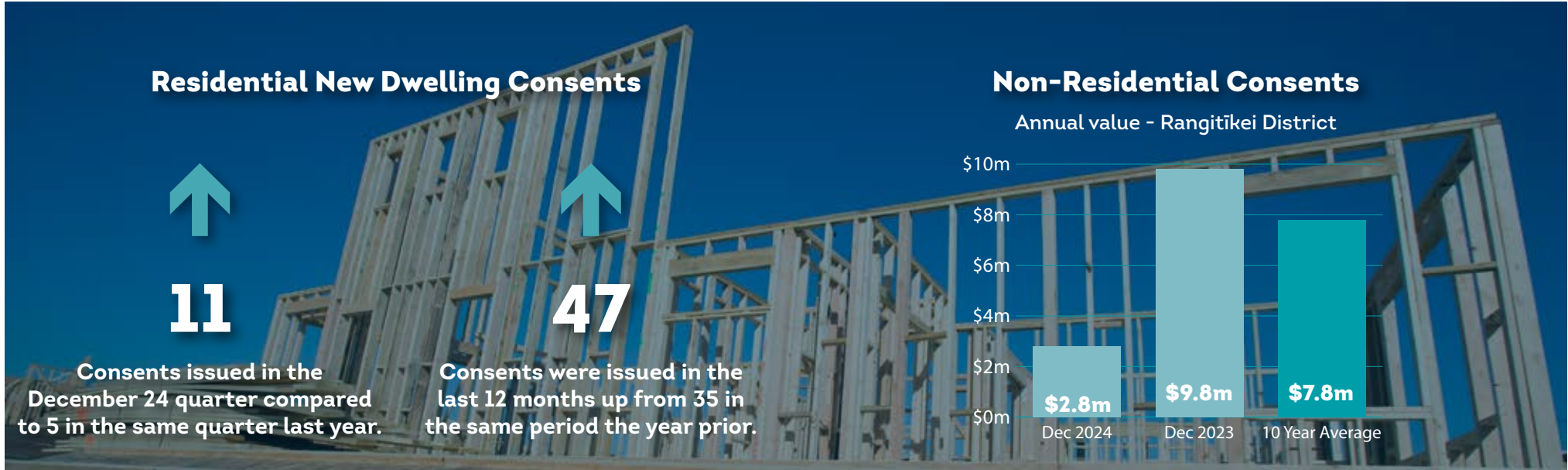
The retail sector continues to experience pressure with consumer spending down 4.3% for the December quarter.

Typically, October to December is the largest spending quarter for the year which means the accelerated decline in consumer spending will have a greater impact in terms of real dollars at the till. After accounting for population growth and inflation, the rate of decline is close to 7% on a per capita basis.

Further cuts to the official cash rate to start 2025 is welcome news for the retail sector however challenges still exist as increased competition through online shopping, particularly from overseas sites, and big box retailers in the larger centres.

There is some room for optimism over the coming months with increased discretionary funds available in household budgets and demand for goods and services improve.





# Construction sector insights and update



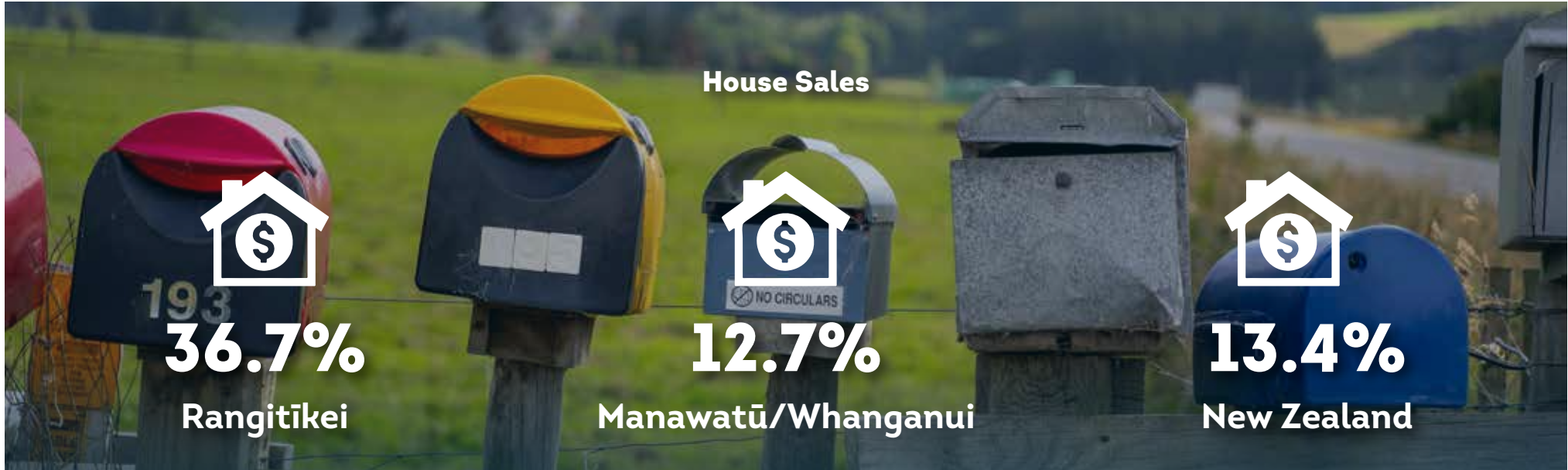
The number of residential building consents (for new dwellings) has returned to pre-pandemic levels and the last 12 months shows an increase of 34% on the same period a year ago.

Rangitikei District is coming off a strong period of growth from 2021 to 2023 where the quarterly numbers reached as high as 29 new dwelling consents in a single quarter.

This was primarily driven by a handful of large subdivisions increasing the supply of land for residential development.

There was \$2.8m of non-residential consents issued in the quarter which is below the recent highs experienced in the district.

New commercial and industrial activity remains subdued and recent trends suggest the district can expect to see more activity in this space as interest rates continue to come down and the cost pressures of construction ease.



# Housing insights and update



The housing market continues to recover with 44 more sales in the December quarter in terms of sales compared to the same period a year ago.

A total of 164 properties were sold in the quarter, which is behind the 10-year average of 186 per quarter. The number of properties on the market has grown again with 360 properties listed which is the highest number since March 2019.

The number of properties sold month on month has been steadily increasing and will continue to grow while interest rates are coming down.

Bank lending criteria is also easing however there will be a trade-off as the number of listings increase and that is property values which have fallen 6.4% for the quarter.

The average house price in Rangitikei is now \$415,527 and when assessed against household income, reflect a very affordable 3.5x household income. This is compared to 4.7x household income for the Manawatu-Whanganui region and 6.7x household income for New Zealand.

## Average House Price

Rangitikei	<b>-6.4% now \$415,527</b>
Manawatū/Whanganui	<b>0.9% now \$544,894</b>
New Zealand	<b>-2.0% now \$905,807</b>





## Tourism insights and update



Tourism expenditure is down 12.2% for the September quarter adding \$65m to the local economy in the last 12 months.

This is down \$9m on the same period last year and after a period of steady growth in the sector, represents the sharpest decline for Tourism spending in the last 10 years. This is reflective of a reduction in overseas visitors coming to New Zealand and a tightening of domestic spend. Global economic pressure continues to impact international tourism with international visitors to New Zealand not yet returning to pre-covid levels.

The district benefits more greatly from domestic tourism with 87% of all tourism spend coming from domestic tourism.

The decline in tourism expenditure of at a rate higher than New Zealand is consistent with the challenging domestic economy. We can expect to see domestic tourism pick up as more discretionary funds become available in households across the country,

although won't be an overnight change and is a highly competitive market.

Total number of guest nights show a reduction of 3.8% to 71,600 nights per year across the district. This is down from a peak of 75,700 the same period a year ago.

The warmer months are a great time to explore our district with rivers, oceans, walks, and bike trails dotted right through the Rangitikei. An extended period of warmer weather will be welcomed by the tourism operators looking to take advantage of the multiple long weekends in the first half of the year.

### Tourism Guest Nights

Rangitikei	<b>-6.2%</b>	<b>70,100 guest nights per year</b>
Manawatū/Whanganui	<b>-5.7%</b>	<b>1,116,900 guest nights per year</b>
New Zealand	<b>0.8%</b>	<b>39,078,400 guest nights per year</b>



### Dairy Payout

2023/24 Rangitikei = \$114m	↑	<b>29.8%</b> forecast growth
2024/25 Rangitikei = \$148m		

2023/24 Manawatu Whanganui = \$873m	↑	<b>30.6%</b> forecast growth
2024/25 Manawatu Whanganui = \$1.14b		

2023/24 New Zealand = \$14.7b	↑	<b>30.6%</b> forecast growth
2024/25 New Zealand = \$19.2b		

# Agriculture insights and update



## Dairy

The milk price forecast was increased in December to \$9.50-\$10.50 which reflect the ongoing strength in the global market.

If the mid-point can be achieved and production remain the same, this would result in a \$35m (nearly 4% of GDP) injection into the Rangitikei economy.

The influences impacting input costs appear generally more under control which are encouraging signs for the sector.

## Sheep and Beef

Demand for red meat in 2025 is proving to be higher than previous years.

Beef prices have remained strong while lamb prices now sit above the 5-year average.

Nationally, stock numbers are down on previous years for both sheep and beef

Inflationary pressures are easing and with interest rates falling further already in 2025. This will be a relief to floating and short-term debt costs however benefit will take time to flow through for those with fixed term loans.

## Forestry

Demand for logs remains weak with China continuing to face difficulties in their building sector although the rate of decline is slowing. The highly publicised US tariffs appear to be coming into effect which will have a flow on affect for the forestry sector due to the volume of New Zealand wood being turned into furniture for the US market.

Nationally there is a strong pipeline of approved consents ready for construction to begin and with costs stabilising, we can expect to see this help domestic demand further.



**Employed people living in:**

Rangitikei	<b>7,319</b>
Manawatū/Whanganui	<b>113,704</b>
New Zealand	<b>2,371,870</b>

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**Unemployment**

Rangitikei	<b>3.9%</b>
Manawatū/Whanganui	<b>4.4%</b>
New Zealand	<b>4.7%</b>

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**NEETS rate**

Rangitikei	<b>16.8%</b>
Manawatū/Whanganui	<b>17.2%</b>
New Zealand	<b>12.8%</b>

# Workforce / employment insights and update



## Workforce

The employment market for Rangitikei reduced by 27 jobs in the December quarter.

This is representative of the reduction in business confidence, reduced consumer spending and tough economic conditions felt across the district. Businesses will be watching their bottom line more strictly than usual which will be impacting their desire to employ.

The unemployment rate for the district remains low at 3.9% and under the 10-year peak of 5.7%

The low unemployment numbers suggest there is some resilience in the employment market. Jobseeker support request increases (Rangitikei at 9.2%) are at a level below the national numbers (New Zealand at 12.6%) and wage growth is at 4.9% with the average salary in Rangitikei now \$61,919.

## NEETs\* and Mayors Taskforce for Jobs

Rangitikei district has a higher number of NEETs than the country. The current percentage youth not in employment or education or training is 16.8% and up from 15.6% the same time last year. The low unemployment rate and high NEET rate suggests a higher number of our youth are unemployed compared to other age groups. Council pro-actively works in this space through a programme called 'Mayors Taskforce for Jobs' which primary function is support NEETs into work.

Since 1 July 2024, the Mayors Taskforce for Jobs programme has helped place 88 people into employment in the district.

\* 16-24 year olds not in employment or education or training





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