

Napier Economic and Tourism Situation

June 2009

Population Change

POPULATION GROWTH INDICATOR	JUNE YEARS					
	2004	2005	2006	2007	2008	2009
Births	776	776	762	795	809	788
Deaths	499	505	525	526	496	475
Natural Population Change (Births minus Deaths)	277	271	237	269	313	313
Net Internal Migration Change	26	126	188	-84	56	-82
Net External Migration Change	-3	-97	-125	-75	-279	-231
Total Net Migration Change	23	298	63	-169	-213	-313
<i>Population Change</i>	+300	+300	+300	+100	+100	0
Total Estimated Population	56,200	56,500	56,800	56,900	57,000	57,000

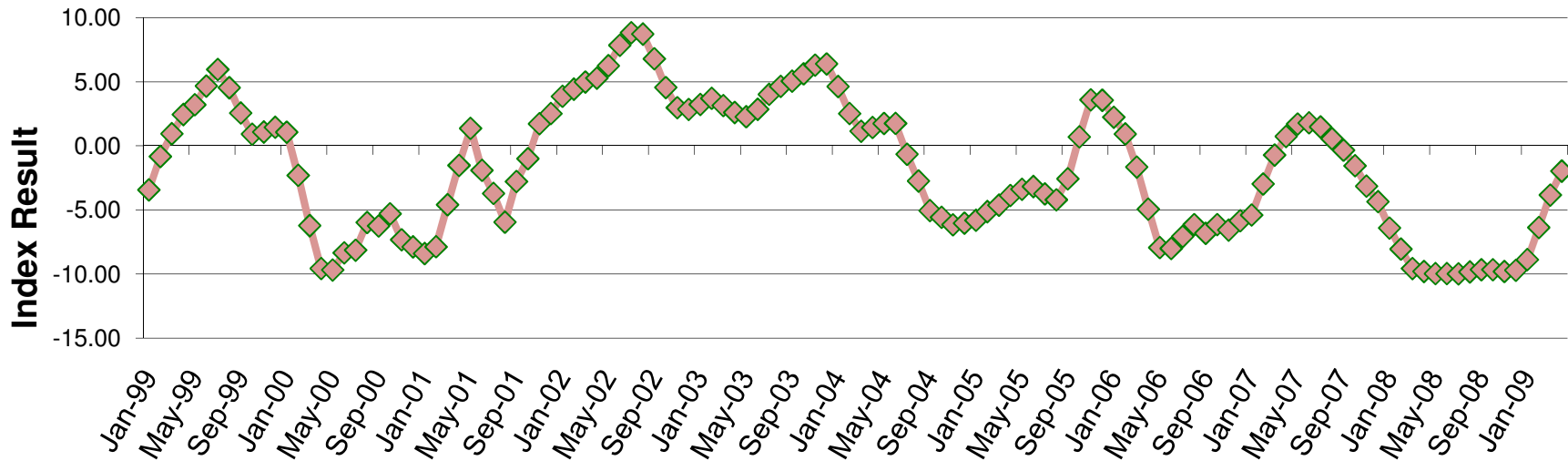
New Construction Activity (Consented)

BUILDING CATEGORY	YEAR				
	2006	2007	2008	2009	% Change 08-09
New Dwellings	497	383	312	180	-42.3
New Commercial/Industrial Buildings	37	34	35	21	-40.0
New Rural Buildings	10	13	8	6	-25.0
New Other Buildings	12	18	6	11	83.3
Total Building Alterations	696	687	613	540	-11.9

- Obvious adverse impact on the local construction sector

House Sales

Napier Residential Property Index/Cycle Trend Since 1999
 (Source: Infometrics, Wellington)



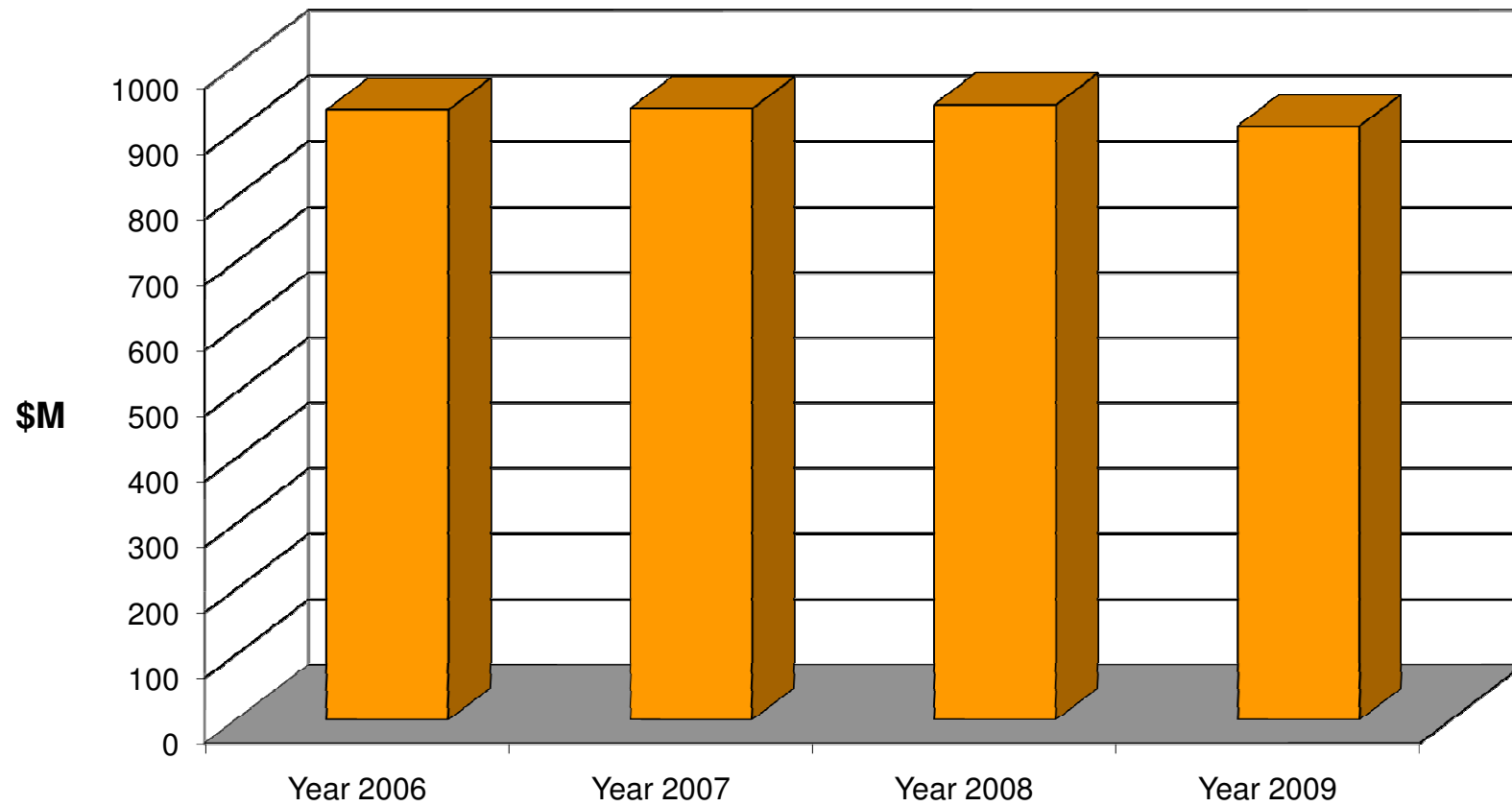
Period

Year	House Sales	Median Selling Price (\$)
2005	1,209	280,000
2006	1,116	285,000
2007	1,112	309,750
2008	681	292,500
2009*	686	287,000

* Estimate

Retail Sales

Annual Napier City Actual Retail Sales 2005/06-2008/09



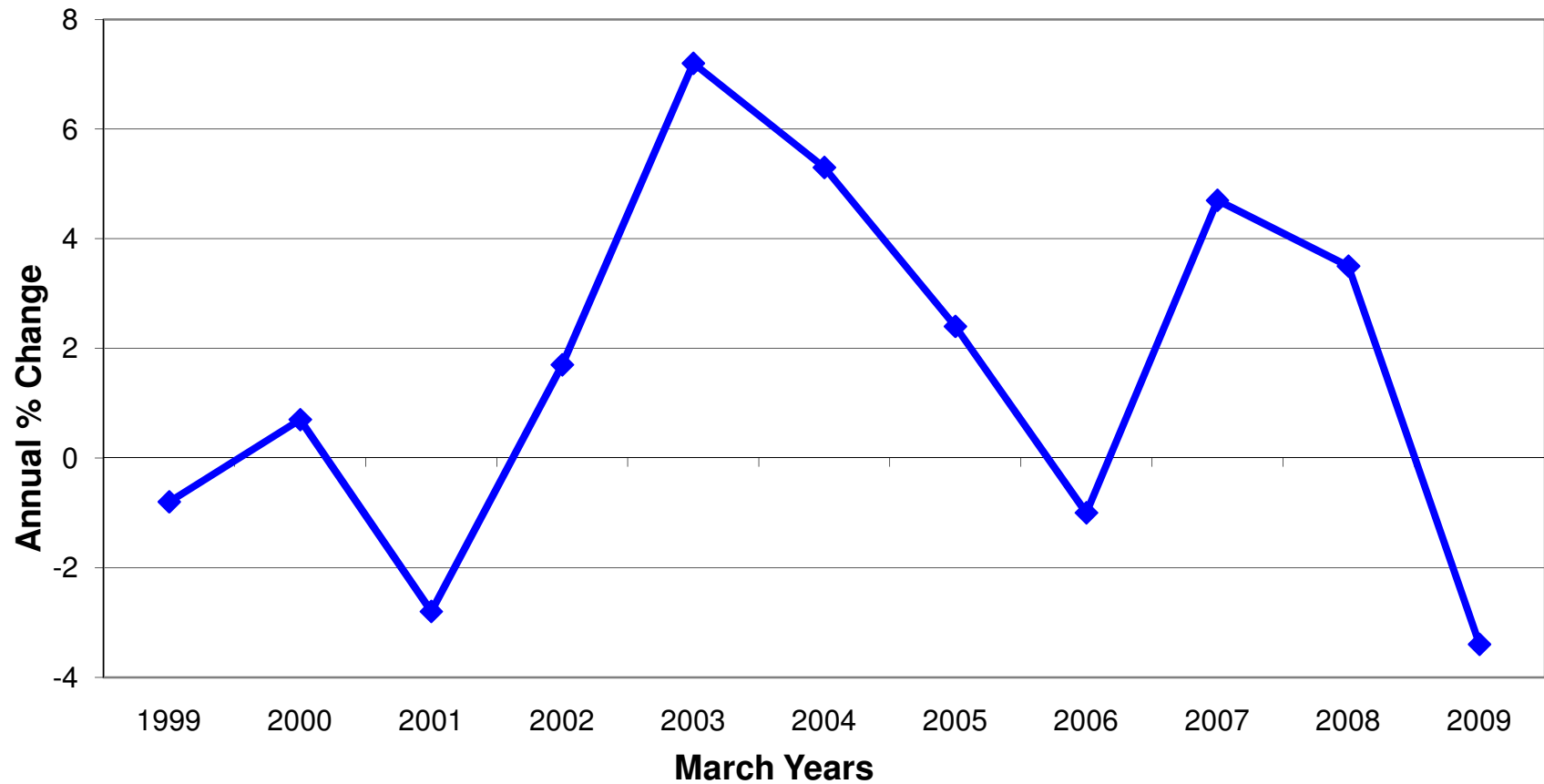
New Motor Vehicle Registrations (HB)

APRIL YEARS	NUMBER OF REGISTRATIONS
2005	6,756
2006	6,675
2007	5,347
2008	5,205
2009	3,491

- Overall fall of 48.3%

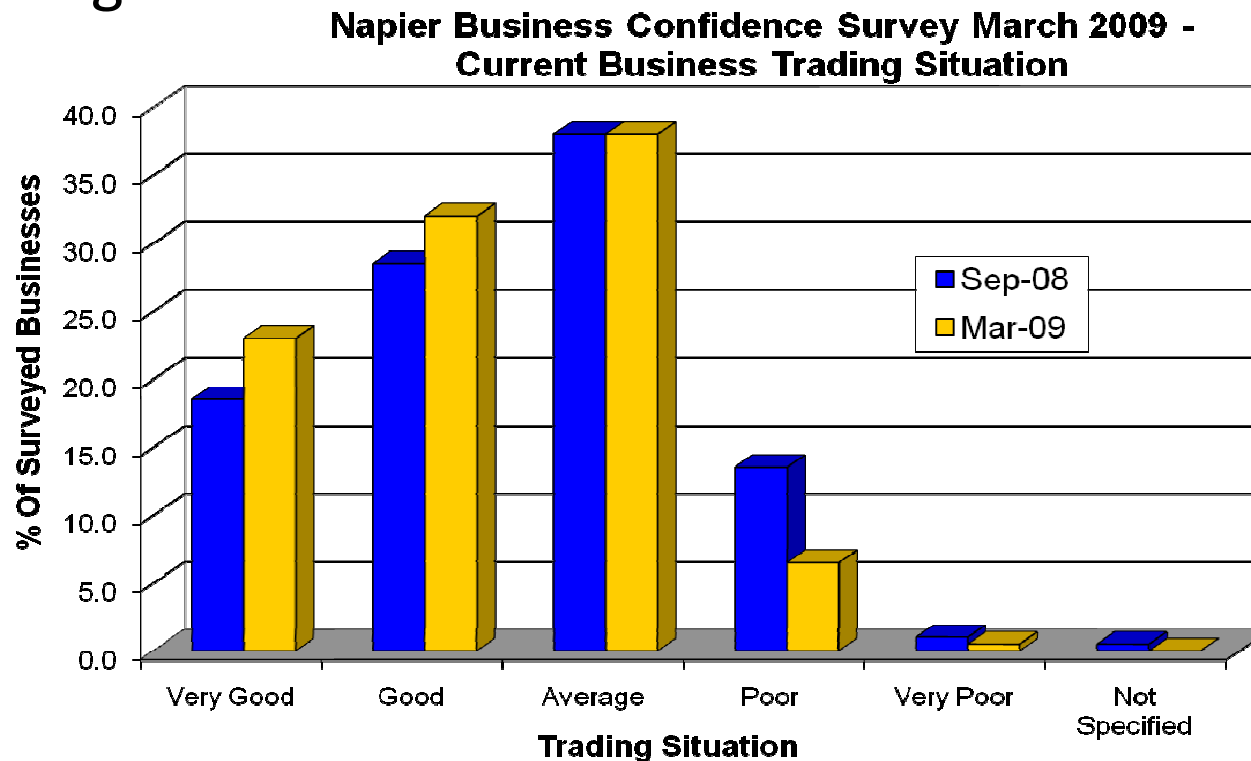
Economic Growth (GDP)

Napier City Annual Economic Growth Rates Since 1999



Napier Business Confidence

- Six-monthly confidence surveys of 200 Napier businesses across all industry types
- March 2009 Survey
- Trading Situation in March 2009



Napier Business Confidence

- Business confidence outlook next 6 months

CONFIDENCE INDICATOR (NEXT 12 MONTHS)	NET % ¹		RESULT/CHANGE
	MARCH 2009	SEPTEMBER 2008	
<i>National Business Conditions</i>	-12.7	35.0	Significant fall in business confidence
<i>Napier Business Conditions</i>	-13.1	31.5	Falling local business confidence
<i>Local Unemployment</i>	-74.4	34.0	Major unemployment pessimism locally
<i>Local Economic Growth</i>	-21.1	18.0	Significant fall in confidence
<i>Own Real Business Activity</i>	9.5	37.5	Noticeable fall in confidence
<i>Own Business Profitability</i>	-12.6	14.5	Decline in confidence
<i>Own Employment</i>	-3.5	10.5	Reduction in confidence
<i>Own Investment</i>	1.0	21.5	Significantly reduced confidence
<i>Own Exports</i>	26.9	47.9	Lower confidence
<i>New Building Construction</i>	4.2	22.6	Much lower business confidence

Napier Business Confidence Ctd

- Positive business influences:
 - Increased promotion and advertising
 - Seasonal peak for the business
 - More careful prudent business management
 - Strong customer focus
 - Real focus on quality
 - Positive proactive business approach
 - Competitive pricing policies
 - Providing the right product and service
 - Favourable market conditions at present
- Local impact of economic downturn:
 - 30% of businesses surveyed indicated being impacted by the economic downturn

Employment and Unemployment

MARCH YEARS	TOTAL SURVEYED EMPLOYMENT	TOTAL SURVEYED UNEMPLOYMENT	LABOURFORCE (EMPLOYED + UNEMPLOYED)	UNEMPLOYMENT RATE %
2005	28,560	1,260	29,820	4.2
2006	29,670	1,428	31,098	4.6
2007	29,700	1,204	30,904	3.9
2008	29,610	1,456	31,066	4.7
2009	30,240	1,904	32,144	5.9

Benefit Numbers

BENEFIT TYPE	MARCH 2008	MARCH 2009	% CHANGE
Total Number Receiving Income Tested Benefits	4,115	4,413	7.2
Unemployment	88	159	80.7
DPB	1,704	1,822	6.9
Sickness	828	870	5.2
Invalids	1,273	1,337	5.0
Other	222	224	0.9

Local Socio-Economic Situation

- Increasing youth numbers onto the unemployment benefit
- Training programmes very full
- EIT enrolments up 5.5%
- Increasing demand for budgeting services
- Personal debt levels high and increasing including for medical/health care services
- Major increase in demand for food parcels, including from employed people
- High power prices a concern
- Seasonal work opportunities hampered by recent wet weather and the shorter season
- High fixed interest mortgages a concern

Local Business Developments

- New retail outlets in central Napier retail precinct. New major supermarket in Greenmeadows, Napier
- \$1.4 million Taradale library renovations underway; major revamping and upgrading of Hardinge Road, Ahuriri
- Napier-based labour-force training and education firm, Workforce Consultants, has relocated its operations from the Napier CBD area to the Prebensen Drive area; National air conditioning/heating/refrigeration firm, Climatech, has established a new Hawke's Bay base in Napier

Local Business Developments

- New \$2.5 million Napier gym, 'City Fitness', opened in the Ahuriri area, in April 2009
- New 'Quest Serviced Apartments' block opens in Clive Square area of CBD Napier
- New high-speed fibre-optic network for larger businesses and organisations in the City and region
- Major local manufacturer, Future Products Group, named by international petroleum company, BP Ltd, as its preferred supplier for the roll-out of in-store fittings and livery at more than 400 sites across the United Kingdom.

Industry Developments

- Pipfruit and wine most positive
- Also tertiary education and training
- Industries connected to public infrastructural developments, eg roading
- Car sales down; also real estate sector

Tourism

MARCH YEARS	COMMERCIAL VISITOR NUMBERS	COMMERCIAL VISITOR NIGHTS	AVERAGE LENGTH OF STAY COMMERCIAL (NIGHTS)	I-SITE VISITOR NUMBERS	HB PRIVATE HOUSEHOLD VISITOR NIGHTS (Million)
2005	326,453	606,050	1.86	356,527	2.7
2006	333,655	621,122	1.86	360,005	2.8
2007	330,744	621,055	1.88	346,617	2.8
2008	329,245	627,375	1.91	338,377	3.0
2009	311,489	595,853	1.91	299,789	2.7

2009 Budget

- Maintaining all entitlements to income support
- Increased spending on front-line public services
- Infrastructural investment
- Improving the business sector regulatory environment
- Improving literacy and numeracy
- School upgrades
- Broadband roll-out
- Household insulation and clean heating upgrades

Economic Outlook

- A quiet time is expected this year
- Some improvement anticipated for 2010