

Rangitīkei District Quarterly Economic Update

March 2025



March Quarter 2025



The March 2025 quarter has been a time of transition for Rangitikei District, with the local economy continuing to feel the effects of wider national and global influences.

While growth has slowed, the district is showing signs of resilience, particularly through its strong rural foundations.

Economic activity in the district has eased slightly over the past year. This has been shaped by slower construction activity and a cautious business environment, reflecting earlier high interest rates and the impacts of global uncertainty. These trends are consistent with what's happening across many parts of New Zealand, where economic conditions have been softer and investment decisions more measured.

Local households are also feeling the effects of a more cautious economic climate. Consumer spending has been subdued, as people remain mindful of ongoing cost-of-living pressures. Although inflation is starting to ease and mortgage rates are coming down, the flow-on effects for household confidence and spending are still taking time to appear.

Employment levels have dipped, and there are fewer job opportunities than in previous years. Young people, in particular, are finding it harder to get started in the workforce,

especially in sectors like retail, hospitality, and construction. However, there is hope that improving economic conditions will support job growth over the coming months.

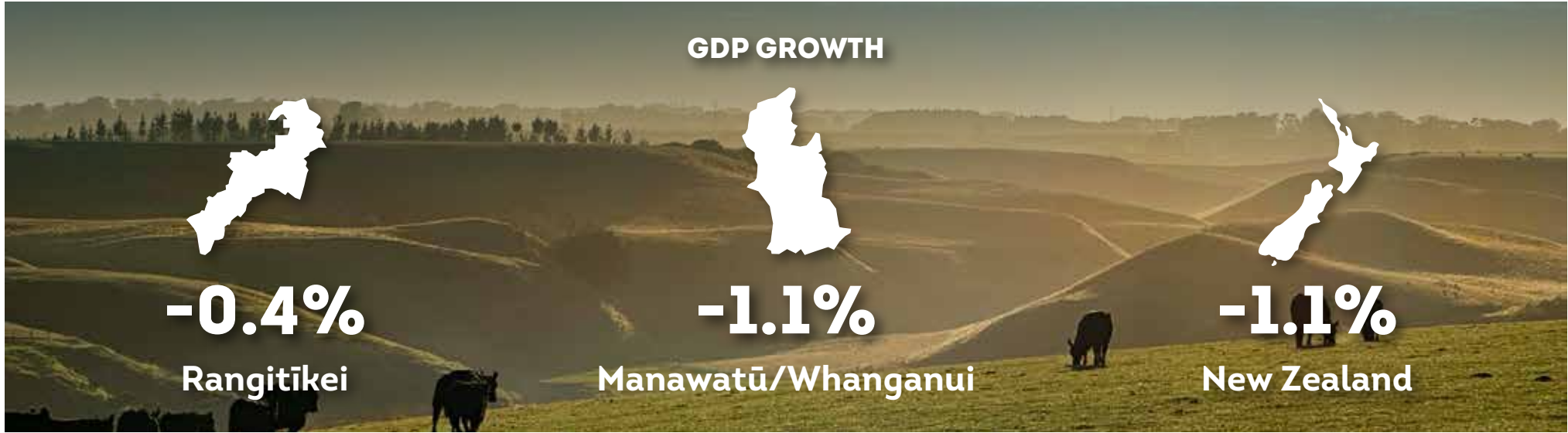
One of the brighter spots in the local economy is the rural sector. Stronger global demand for dairy and meat, combined with favourable conditions for exporters, is supporting farm incomes and providing a valuable boost to the district's economy. This rural strength is expected to play an important role in the recovery ahead.

The housing market continues to adjust. More properties are coming onto the market, and prices have softened, making housing more accessible for some. While there has been an increase in rental prices, affordability remains better than in many other parts of the country.

Tourism activity has been a little quieter, with fewer overnight visitors and lower spending in the area. This is likely a reflection of tighter household budgets across the country, although as conditions improve, there's hope for a gradual return to growth in this space.

While challenges remain, particularly with global uncertainty and lingering caution in household and business decision-making, Rangitikei is well placed to benefit from improving primary sector returns and the gradual easing of financial pressures.

With resilience and strong foundations in the primary sector, the district is moving through this period of change with quiet optimism.



Gross Domestic Product

The Rangitikei District’s economy saw a small step back in the year to March 2025, with GDP (Gross Domestic Product) estimated to have declined by 0.4%.

While this represents a slowdown, it's worth noting that the national economy experienced a larger drop of 1.1% over the same period. In that context, Rangitikei has held up relatively well. The biggest driver of this decline locally was a decrease in construction activity. Fewer building consents were issued, both for homes and commercial properties, as higher borrowing costs and cautious investor sentiment played a role. Other sectors, such as agriculture, central government services, and transport, also contributed to the slower growth.

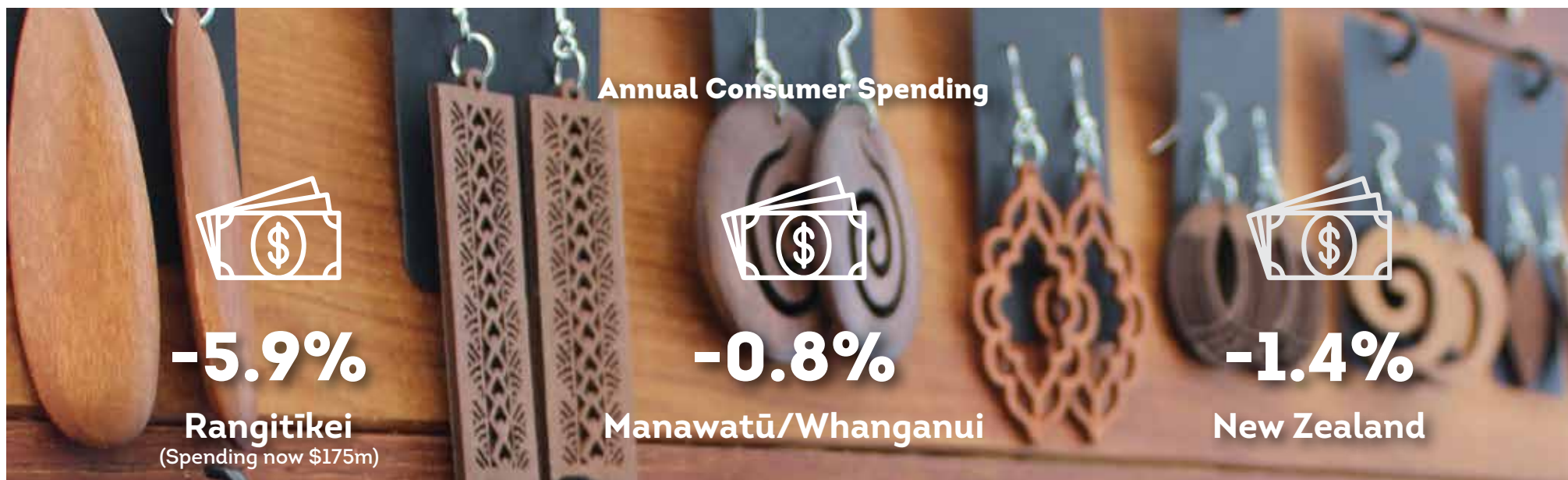
Despite this softer result, there are encouraging signs on the horizon. The global prices for meat and dairy—two key export products from Rangitikei—have seen strong gains. Meat prices are up 29% and dairy by 25%, with a weaker New Zealand dollar helping boost returns even further. Thanks to this, the dairy payout for the 2024/25 season is expected to reach new heights this season. This will provide a meaningful boost to rural incomes and spending in the district.

Consumer spending has been lower, falling over the year. This reflects a mix of tighter household budgets and cautious spending patterns. However, with inflation easing and mortgage rates beginning to come down, there’s hope that household confidence and spending may gradually improve as 2025 progresses.

While the past year has brought its share of challenges, the Rangitikei economy has shown resilience. The strength of our rural sector and the signs of improving global demand for our products are positives that will help shape a steadier path forward.

The latest GDP figures reflect a cooling economy, but not a crisis. With encouraging trends in key export sectors and signs of easing financial pressure for households, there is reason to be optimistic about a gradual recovery through the rest of the year.

GDP	
Rangitikei	\$895m
Manawatū/Whanganui	\$15.6b
New Zealand	\$414b



Consumer spending insights and update



Over the year to March 2025, consumer spending in Rangitikei fell by 5.9%.

While this may sound concerning, it reflects a number of wider influences that have been affecting household budgets both locally and across the country.

One of the main reasons for reduced spending is the cost of living.

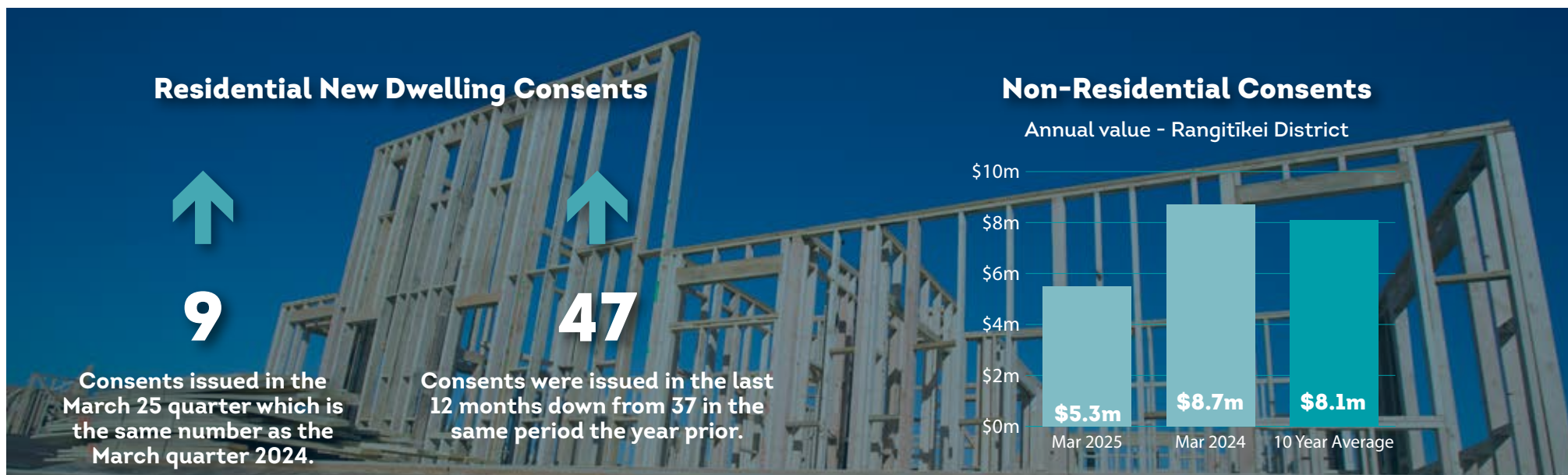
Although inflation has eased somewhat, prices are still higher than they were a year ago—up by around 2.5%. This means everyday essentials like groceries, fuel, and power are still taking up a bigger share of people's income, leaving less room for discretionary purchases.

Another factor is interest rates. While mortgage rates are now slowly beginning to decline, many households are still adjusting to higher repayments after fixed-term loans

rolled over in 2024. For some, this has meant tightening the purse strings to manage rising costs, particularly in the face of uncertainty around employment or job security.

At the same time, confidence has been impacted by the broader economic slowdown. When people are feeling cautious about the future, it's natural to spend less and save more. Retail, hospitality, and other consumer-facing industries have felt the effects of this more careful approach to spending.

However, with signs that interest rates are easing and the job market beginning to stabilise, there is potential for consumer spending to gradually improve in the months ahead. As financial pressures lift, households may start to feel more confident in spending a little more, which will provide a welcome boost to the local economy.



Construction sector insights and update



Construction activity in Rangitikei has experienced a noticeable slowdown over the past year, reflecting both local and national trends.

One of the main influences has been higher interest rates, which have made borrowing more expensive for both developers and households. This has led many to delay or reconsider building projects, particularly larger commercial developments.

In fact, the value of non-residential building consents in Rangitikei dropped by 39.1% over the year to March 2025, compared to a smaller 7.2% decrease across New Zealand. This decline reflects reduced demand for new commercial buildings, as businesses have held back on expansion plans amid economic uncertainty.

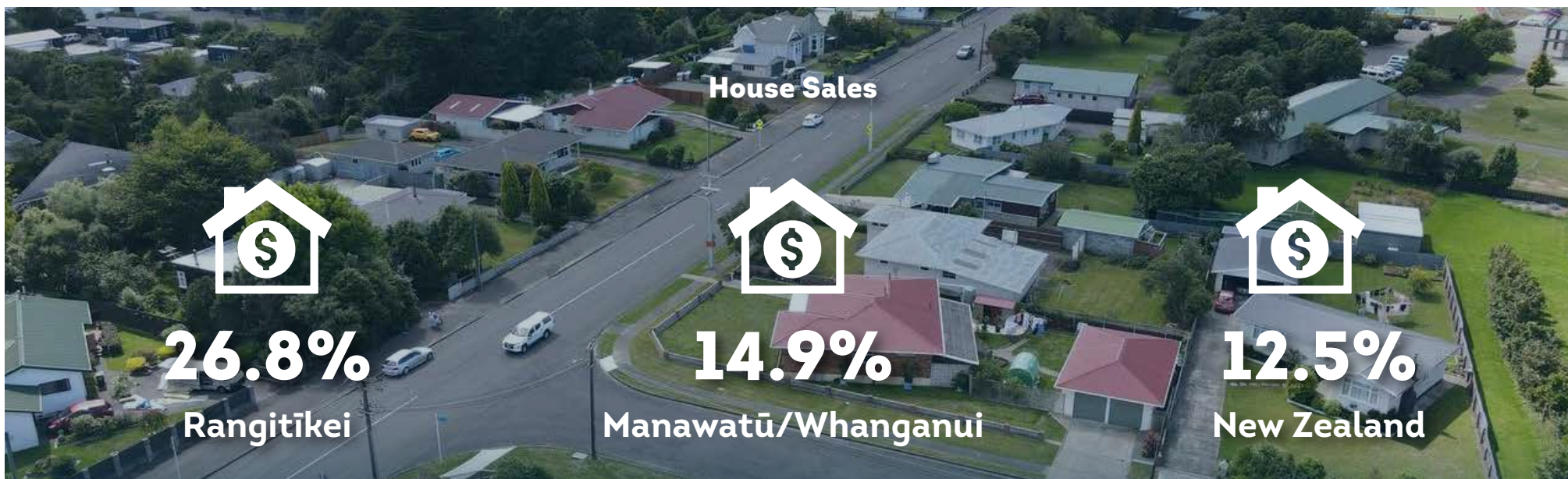
On the residential side, while the number of new consents rose slightly (up 27%), this comes after a period of lower activity and likely reflects a catch-up on smaller, individual projects rather than a broader building boom. The housing market has also been under

pressure, with more properties for sale and house prices easing. For some, this has reduced the urgency or financial incentive to build new homes.

Labour shortages and rising construction costs have also played a role, adding complexity and delays to projects already underway or in planning.

These factors combined have created a more cautious environment for construction.

Looking ahead, there is cautious optimism that activity could pick up again. As interest rates continue to ease and confidence improves, we may see more projects move forward—particularly in areas where there is steady demand and good long-term growth potential.



Housing insights and update



The housing market in Rangitikei has been through a period of adjustment over the past year, shaped by a mix of economic and social factors.

One of the biggest influences has been mortgage stress. With interest rates rising in recent years, some households have found it harder to meet repayments, leading to an increase in the number of properties listed for sale. Real estate listings rose 16.9% over the year to March 2025, while house sales also picked up by 26.8%, suggesting more activity driven by necessity rather than investment.

Despite this, house values have eased, falling by 3.8% over the year. While this can be challenging for sellers, it has made home ownership slightly more accessible for first-time buyers, especially in comparison to the national market. The average Rangitikei house value now sits at \$367,495—well below the New Zealand average of over \$880,000—making the district one of the more affordable areas in the country.

Rental prices, however, have continued to rise, increasing by 6.3%. This has put added pressure on renters, although affordability in Rangitikei remains better than in many other parts of the country.

On a positive note, new residential building consents have increased by 27%, pointing to some confidence in future housing demand. As mortgage rates begin to ease and household finances stabilise, the housing market may see a gradual return to balance, offering more certainty for buyers, sellers, and renters alike.

Average House Price

Rangitikei	-3.8% now \$367,495
Manawatū/Whanganui	-2.7% now \$490,556
New Zealand	-2.1% now \$881,338

Tourism Expenditure


-15.3%
Rangitikei


-2.5%
Manawatū/Whanganui


0.0%
New Zealand

Tourism insights and update

Tourism in Rangitikei has faced some headwinds over the past year, with total visitor spending down 15.3% to around \$61 million.

This decline reflects broader national trends, where domestic tourism in particular has been under pressure as households have become more cautious with their spending.

One of the key influences has been the cost of living. With everyday expenses like food, rent, and fuel rising, many New Zealanders have had less room in their budgets for travel. This has led to fewer domestic trips and shorter stays, especially to smaller or rural destinations like Rangitikei. Guest nights in the district fell by 7.4%, suggesting people are either staying for less time or choosing to travel elsewhere.

International tourism is slowly recovering, but growth has been modest. While visitor numbers are rising, spending from overseas travellers hasn't yet returned to previous levels. Many international visitors are still favouring larger, more well-known destinations, and it may take time for smaller regions to benefit fully from the rebound.



At the same time, local tourism operators have been facing higher costs and staffing challenges, which can affect service levels and limit marketing efforts. However, there's reason to remain hopeful. As inflation continues to ease and travel becomes more accessible again, domestic visitors may start exploring more regional destinations.

With its natural beauty and relaxed pace, Rangitikei is well positioned to attract those looking for a quieter, more authentic travel experience in the year ahead.

Tourism Guest Nights

Rangitikei	-7.4%	68,400 guest nights per year
Manawatū/Whanganui	-4.8%	1.1m guest nights per year
New Zealand	-2.7%	38.8m guest nights per year

Agriculture insights and update



Dairy

Strong international demand has lifted dairy prices up 25% with a lower dollar further boosting returns for local farmers.

The 2024/25 dairy payout is forecast at \$148m, injecting an extra \$35m into the local economy.

Steady milk production and improved on-farm conditions have supported confidence in the sector, despite broader economic challenges.

Sheep and Beef

Global demand for red meat has surged, with prices rising 29% providing significant boost to farm gate returns and helping to offset local cost pressures.

A weaker New Zealand dollar has increased the value of meat exports, improving margins for local producers.

Despite economic uncertainty, consistent production levels and efficient supply chains have helped maintain strong export volumes.

Forestry

Softening demand from key export markets, particularly China, has led to reduced log prices, impacting revenue for forestry operators.

Rising fuel, transport and compliance costs have squeezed margins, making some harvesting operations less viable in the short term.

Increasing environmental and land-use regulations have added complexity to forestry operations, influencing planting decisions and the pace of future harvesting activity.

Dairy Payout

2023/24 Rangitikei = \$113m	↑	30.9% forecast growth
2024/25 Rangitikei = \$148m		
2023/24 Manawatu Whanganui = \$873m	↑	30.6% forecast growth
2024/25 Manawatu Whanganui = \$1.14b		
2023/24 New Zealand = \$14.7b	↑	31.3% forecast growth
2024/25 New Zealand = \$19.3b		

Workforce / employment insights and update



Workforce

The employment market in Rangitikei has softened over the past year, reflecting the wider economic challenges that have affected many parts of the country. The number of people in employment fell by 1.0% in the year to March 2025, in line with regional and national trends. While this shift is not unexpected during a period of economic adjustment, it has brought some pressure for local workers and families.

One contributing factor has been slower activity in key sectors like construction, retail, and agriculture, which typically employ a significant portion of the local workforce. When these sectors face reduced demand or rising costs, job opportunities often become more limited. This has been particularly tough for young people entering the job market, with the local NEET rate (those not in education, employment or training) rising to 17%.

At the same time, more people are receiving Jobseeker Support, up 7.5% over the year, showing that some are finding it harder to secure or maintain stable employment. However, it's important to note that Rangitikei's unemployment rate remains lower than the national average at 4.0%, which shows underlying resilience in the local economy.

Looking ahead, there is cautious optimism.

As interest rates continue to ease and household spending picks up, job opportunities could begin to grow again—particularly in sectors like health, education, and services. With strong foundations and community support, Rangitikei is well placed to support its workforce through this period and into recovery.

NEETs* and Mayors Taskforce for Jobs

Young people in Rangitikei have faced a more challenging time in the job market over the past year, with the NEET rate rising to 17%. This reflects broader pressures in sectors like retail, hospitality, and construction—industries where many young people typically find their first jobs. Slower economic activity and fewer entry-level opportunities have made it harder to get a foot in the door. Some are also choosing to pause job searches in favour of study or training. With support, guidance, and improving economic conditions, there's hope that more young people will find their path into meaningful work or education.



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

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