2024 Hamilton Annual Economic Report

A snapshot of Hamilton's people, economy and development and a look at the year ahead

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Hamilton City Council
Te kaunihera o Kirikiriroa

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SUMMARY

2024 key growth and economic indicators

CITY AREA
11,093 ha

POPULATION
189,700

BUSINESSES IN THE CITY
17,730

GDP
$15 BILLION

FILLED JOBS IN HAMILTON
109,645

UNEMPLOYMENT RATE
6.9%

NON-RESIDENTIAL DEVELOPMENT
36,700m2

HOUSES UNDER CONSTRUCTION
613

NEW HOMES COMPLETED IN 2024
1320

MEDIAN HOUSE PRICE
$751,000
December 2024 quarter

Sources: Hamilton City Council, Infometrics and Marketview

Executive summary

2024 was a challenging year for Hamilton's economy, however, it also saw surprising levels of both job and business growth. The national recession wore heavily on our economy in the latter half of 2024, resulting in a -0.6% fall in Gross Domestic Product (GDP), in line with our expectations.

In 2024, a substantial amount of data was released from the 2023 Census of Population and Dwellings. The Census provides information that is not available from other data sets, so this report includes some of these highlights, even though they are for 2023.

2024 highlights for Hamilton:

- Hamilton remained New Zealand's fastest growing city, increasing by 5600 people (3%) to 189,700.
- Hamilton's job market continued to grow, with an additional 2700 filled jobs.
- There was a net increase of 276 businesses in Hamilton.
- The number of new homes completed increased 5%.
- Subdivision consenting increased 30%.
- Household income increased 6% compared to inflation of 2.2%.
- House sales increased 9%.
- Tourism expenditure increased by $4 million.
- Nearly $250 million worth of non-residential development and alterations were consented.

Challenges:

- Economic activity fell 0.6% ($93 million).
- The number of new homes under construction fell to 613 – the lowest since 2015.
- Unemployment increased to 6.9%.
- Spending decreased by $26 million, with only spending on groceries and liquor increasing.
- Residential consenting fell a further 25% to 908 dwellings granted - the lowest since 2014.
- Non-residential floor area consented was down 53%.

Significant national and global influences:

- New Zealand's economic growth stagnated at just above or just below 0% throughout 2024.
- High profile restructures and job cuts occurred across the public sector and media organisations, increasing concerns about job security.
- Inflation reduced from 4.7% at the end of 2023 to 2.2% at the end of 2024. However, certain fixed household costs continued to increase, particularly insurance and local government rates.
- The Official Cash Rate (OCR) was at 5.5% until August 2024. It was down to 4.25% by the end of 2024.
- Immigration to New Zealand decreased with migrant arrivals falling by about 67,000 people while departures increased by about 27,000 people.
- Global conflicts and destabilisation were prominent. Headlines about the risk of expanding wars increased as the Russia-Ukraine conflict continued, escalation occurred in the Israel-Gaza and associated conflicts across the Middle East, and tension increased in the South China Sea.

The outlook for Hamilton's economy in 2025 is for improvements in the latter half of 2025, however challenges will remain.

- Economic growth is expected to be tempered by global conditions.
- Residential consenting is expected to improve as house prices see some improvement and interest rates fall.
- The OCR is expected to continue to move downwards, being at or below 3% by the end of the year.
- Spending is expected to improve, albeit slowly as concerns remain about volatility, uncertainty, and the economic outlook.
- Population growth is expected to be significantly lower than in 2024 due to lower international net migration.
- Businesses and developers are expected to remain very cautious about making big investments in people, premises and machinery.
- International demand for export goods is expected to soften, particularly in China and USA.

INTRODUCTION

Global and domestic economic context

The headlines for 2024 were largely around a slowdown to New Zealand's economy and ongoing global tensions.

New Zealand's economy floundered

New Zealand entered a recession in mid-2024 following two consecutive falls in our quarterly GDP. GDP growth had been negligible or negative for 18 months by the end of 2024, so while only half of 2024 met the definition of a recession, conditions were recessionary. Nationally, construction, manufacturing and wholesale trade all saw significant falls in production in 2024.

Inflation was declared tamed, but many households continued to struggle

The cost-of-living crisis was declared 'over' as inflation fell from 4.7% at the end of 2023 to 2.2% in September 2024. While the battle against inflation was technically won, household budgets were still under immense pressure and prices were still going up, just at a slower rate.

The fall in inflation gave the Reserve Bank of New Zealand (RBNZ) the confidence to drop the OCR by 25 basis points in August and another 50 points in November. Interest rates in 2024 were the highest since 2008. Floating rates averaged 8.6% for the first half of the year before falling to 7.7% in December, following two drops in the OCR in August and November. Fixed mortgage rates were over 7% for most of the year. For mortgaged households, this represented an increase upwards of $200 per week compared to 2021 interest rates. The larger the mortgage, the greater the impact – for example, a $365,000 mortgage on a floating rate paid $207 more per week while a similarly structured mortgage of $680,000 would have paid $385 more per week.

In addition, other costs were increasing well beyond the Consumer Price Index (CPI) measure of inflation. Insurance costs increased exponentially following a spate of natural disasters and on the back of rising construction costs. Nationally, home insurance was 25% higher in March 2024 than it was in 2023; contents insurance was up 28% and car insurance was up 23%. Local rates also increased, with an average national increase of 10% in 2023 and 12% in 2024.

Unemployment increased and job cuts were high profile

In the first half of 2024, the headlines were full of public sector job cuts. Government budget cuts saw the removal of 2250 public sector roles and the closure of 1150 job vacancies. The Public Service Commissioner said that there had actually been a total of 865 redundancies by mid-2024, half of which were reportedly voluntary. Contractor and consultant spending was also cut.

Cuts to jobs in the media also increased the visibility of job cuts, with TVNZ cutting 50 jobs while NewsHub ceased operations. The high profile of the public sector and media job cuts arguably magnified the sense of doom and uncertainty that people felt about their jobs. Nationally, job numbers held steady, but with high levels of immigration, the number of people looking for work increased exponentially. High immigration and fewer new job opportunities saw New Zealand's unemployment climb from a historical low of 3.2% in 2022 to 4.7% by the end of 2024.

Immigration slowed and kiwis left for greener pastures

Immigration in 2024 came down sharply from the 2023 record highs – a fall of just over 101,000 people. The number of people coming to New Zealand remained slightly above pre-Covid levels with 156,000 new arrivals, however migrant departures increased to 128,700 – higher than the number of departures following the Global Financial Crisis (GFC) which was the most recent peak. Just over half of the departures (56%) were New Zealand citizens. Migrant departures were 57% higher than they were in 2023, likely linked to the fall in employment opportunities.

Global conflict continued

Global conflicts continued throughout 2024 with war continuing in Ukraine as Russia resisted global pressure to withdraw. In Gaza, fighting continued between Hamas and Israel following a brief ceasefire in November 2023. The Red Sea crisis escalated with the Houthi movement in Yemen launching missiles at Israel in retaliation for Israeli attacks on Gaza. The Houthis attacked more than 60 vessels in the Red Sea between October 2023 and March 2024, leading America and the United Kingdom to begin airstrikes. To avoid the conflict, hundreds of vessels were rerouted around South Africa, increasing shipping costs and times.

In the Pacific, tensions increased with China increasing its military and diplomatic presence around the Pacific. In 2024, China launched major military drills around Taiwan on two occasions, and live fire drills in the Tasman Sea. In recent years, China has also been increasing its dealings with many of New Zealand's Pacific neighbours through agreements for aid, security support and infrastructure investment. This has caused increased tension with the USA, New Zealand and Australia, with New Zealand needing to walk the delicate line between our historical allies and our biggest trade partner.

Our economy

OUR ECONOMY

Hamilton's importance to Waikato

LAND AREA

0.5%

JOBS

44%

GDP

42%

POPULATION

36%

Source: Infometrics and Hamilton City Council

Hamilton is less than 1% of the Waikato by land area but it plays a critical role in the region. We estimate that the city provides jobs for more than 22,000 people living outside the city boundary. It is also home to 28% of Waikato businesses, including nearly half of all healthcare businesses. 43% of the region's spending happens in Hamilton.

Hamilton's economy continued to outperform the New Zealand economy for most of 2024, albeit growth was very low. However, the increasing pressure of a national recession saw Hamilton's GDP fall towards the end of the year, finishing the year with an estimated fall of 0.6% - our first annual decline since the GFC. Hamilton's annual GDP was $15.3 billion in 2024, compared to $15.4 billion in 2023.

High interest rates and high-profile public-sector job cuts had a negative impact on many parts of our economy in 2024. Households had less to spend and were cautious about making big investments or increasing debt levels, and reduced spending on discretionary items.

Businesses in turn were reluctant to invest in new equipment, premises or people as their outlook was very uncertain.

Despite a slowdown in economic growth, Hamilton continued to see the number of businesses and jobs in the city grow. However, consumer spending fell 0.9% and Hamilton continued to see an increase in unemployment, moving from 5.3% in 2023 to 6.9% in 2024. Job growth and unemployment can simultaneously increase if the number of people looking for work increases faster than the number of new jobs created. This happened in 2024 because population growth outpaced job growth.

OUR ECONOMY

Industry

Despite a shrinking national economy, some Hamilton sectors saw GDP growth, particularly in the electricity and gas sector which grew $91 million. GDP measures the total value of goods and services produced. GDP growth was also seen in public administration and safety, which increased $80 million on the back of a $75 million increase in central government GDP. Growth was also seen in financial and insurance services ($47m) and the real estate, rental and hiring sector ($44m).

Healthcare generated 11% of Hamilton's GDP in 2024. Over the past five years, healthcare has increased its GDP contribution by more than $300 million to $1.7 billion in 2024. A growing population and an aging population across Hamilton and Waikato are causing increased demand for healthcare and social assistance.

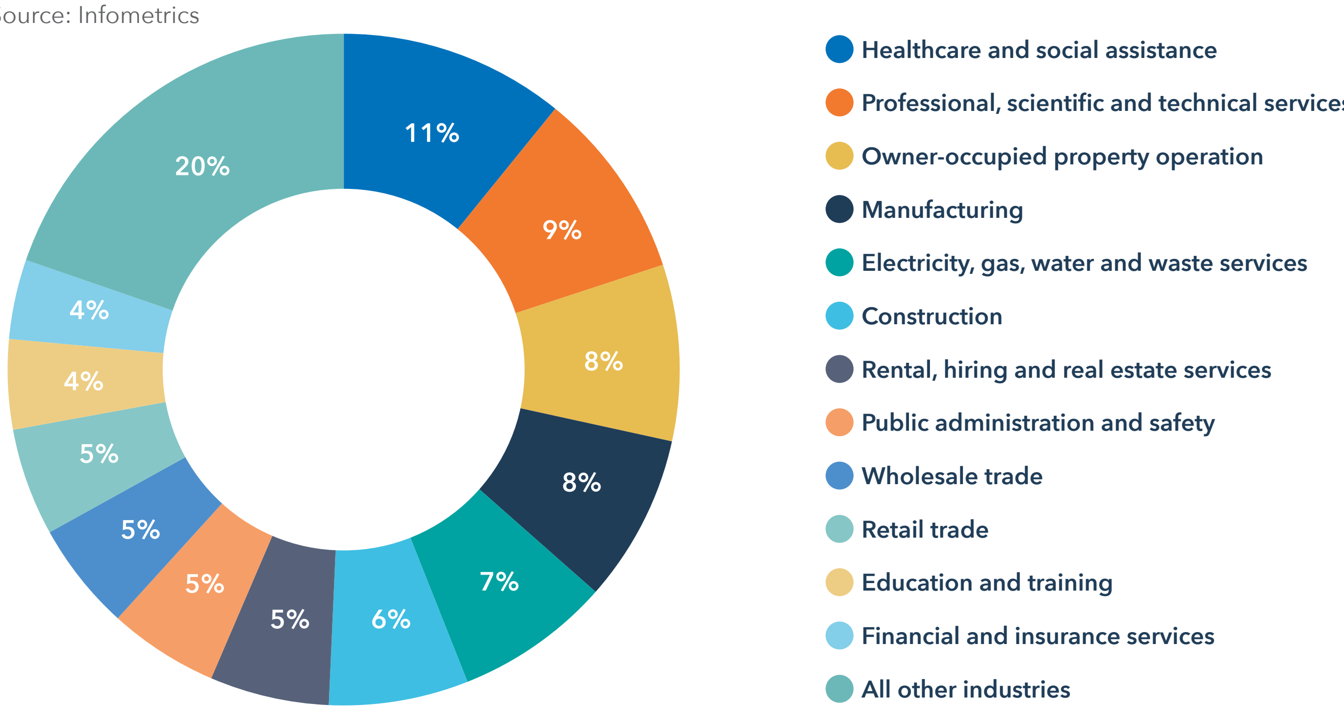
In 2024, eight out of 21 sectors (38%) saw a downturn in production as the national recession impacted demand for goods and services. Manufacturing saw the biggest drop in dollar terms, falling $115 million after demand for goods fell, particularly in the New Zealand economy. Despite the fall in production, many Hamilton manufacturing businesses were feeling cautious but optimistic about the future.

The information media and telecommunications sector has been in decline since 2022 and fell a further $74 million in 2024. Professional, scientific and technical services, our second largest sector, saw a decline of $47 million on the back of wider cuts in other sectors, for example to consultant budgets, driving a fall in demand for specialty services that this sector would normally provide.

While there has been a fall in consenting activity, GDP data for the construction sector surprisingly showed a small (1%) increase in production. This could be a result of work that was consented or contracted in 2022 or 2023, and the timing of data. We may see a noticeable shift in 2025 as pipelines of work dry up and fewer new projects come through.

Hamilton's key sectors' share of the economy

Source: Infometrics



OUR ECONOMY

Businesses

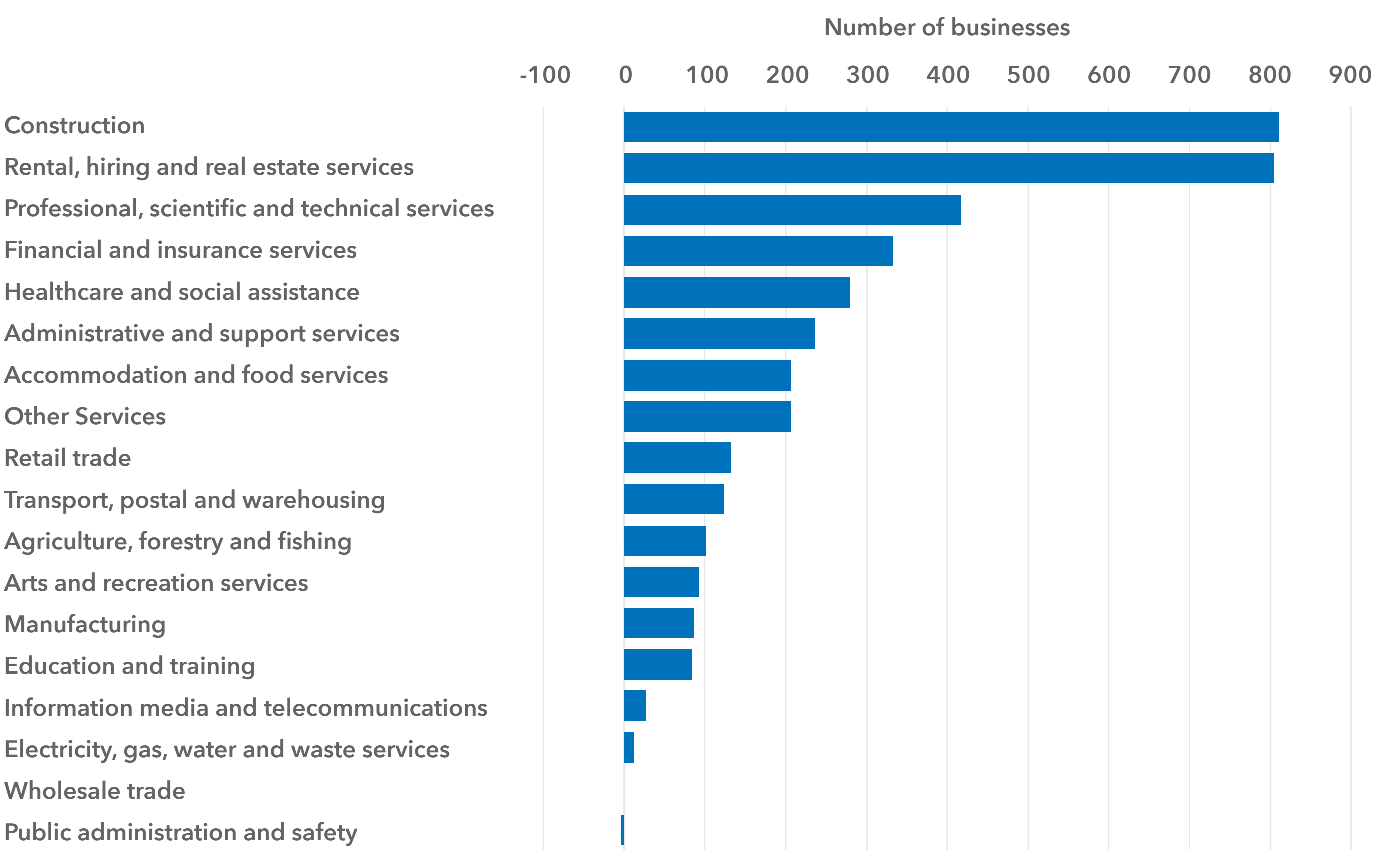
Hamilton was home to 17,730 businesses in 2024 – 276 more than in 2023. Over the past 10 years, Hamilton has seen a net increase of nearly 4000 businesses (29%). Over 800 new businesses were in the construction sector and another 800 were in the rental and real estate sector. Another 420 businesses were in the professional, scientific and technical services sector. A lot of this growth reflects the large amount of population growth Hamilton has seen in recent years. More people need more homes and demand more services. There has been no increase in the number of mining and wholesale trade businesses, and a decline in public administration and safety businesses.

17,730 businesses in 2024

UP **2%** ON 2023

10 years of business growth in Hamilton

Source: Infometrics

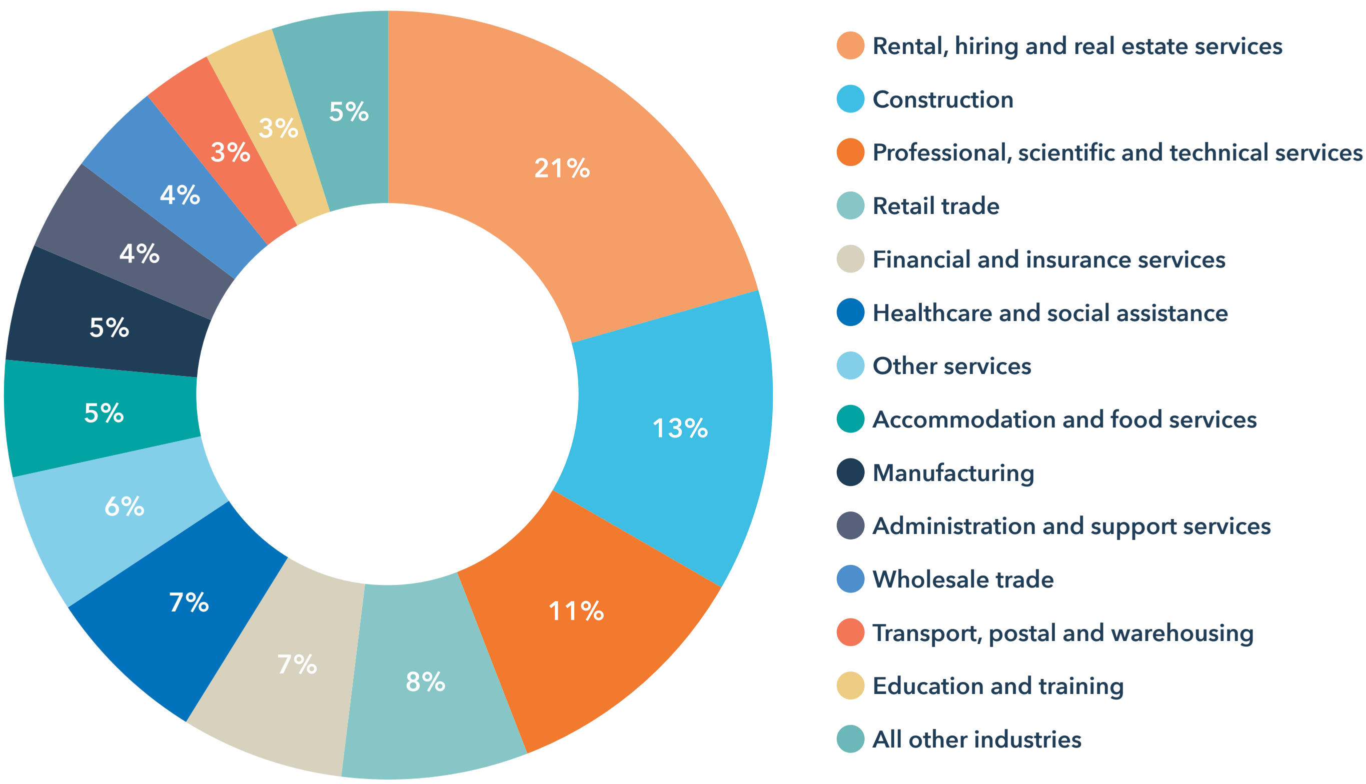


The largest business sector in the city is rental, hiring and real estate with nearly 3700 businesses - 21% of all businesses in Hamilton. Construction companies accounted for 13% of all businesses and professional and scientific services for another 11%.

Over a third of all high value services in Waikato are based in Hamilton, including services like IT, financial and professional services. Hamilton is the also the regional hub for healthcare with nearly half of all Waikato healthcare businesses located here, as well as 40% of retail and 38% of information media and telecommunications businesses. At the other end of the spectrum, Hamilton is home to just 2% of Waikato agriculture, forestry and fishing businesses and 9% of Waikato mining businesses.

Businesses in Hamilton by industry 2024

Source: Infometrics



Like most of New Zealand, the majority of Hamilton businesses (94%) are small to medium enterprises (SMEs) with fewer than 20 employees. On average, Hamilton businesses employ six people which has been consistent for over 20 years. This compares to an average of four employees for businesses across New Zealand. Nearly two-thirds of Hamilton businesses do not have employees, either because they are owner-operated, or labour is provided by other businesses or contractors. Nationally this is 70%. Just one percent of Hamilton businesses employ more than 100 people.

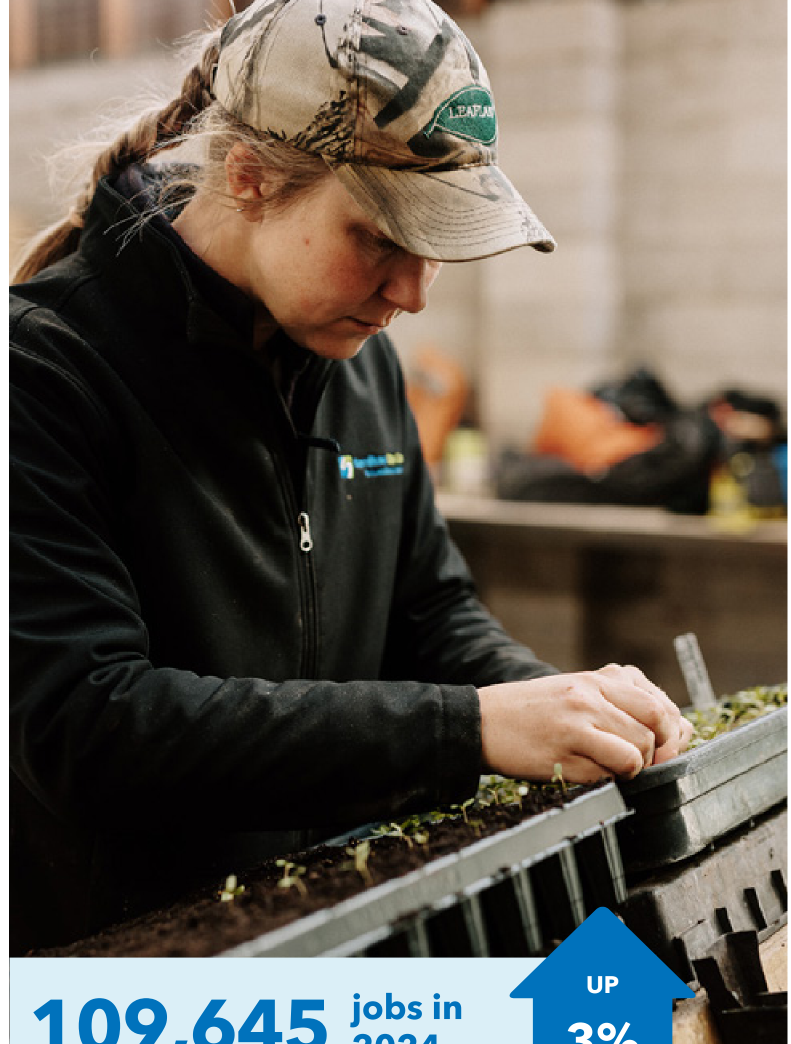
OUR ECONOMY

Employment and jobs

In 2024, Hamilton had nearly 110,000 filled jobs, an increase of 2700 (2.5%) from 2023. This excludes any unfilled or vacant positions. Job growth in Hamilton continues to outpace the national rate of growth.

Unlike previous years, job growth was not seen across all sectors in 2024. Manufacturing, information media and professional services all saw a decline in job numbers. Manufacturing jobs fell by 471 roles (4%), while information media and professional services both fell by about 150 roles.

Public administration and safety grew the most with an increase of 539 roles. Most of the increase was in central government administration jobs (up 404) as well as investigation and security jobs (up 109). Police jobs fell by 85 (12%). Healthcare jobs also increased – up 470 (3%) from 2023.

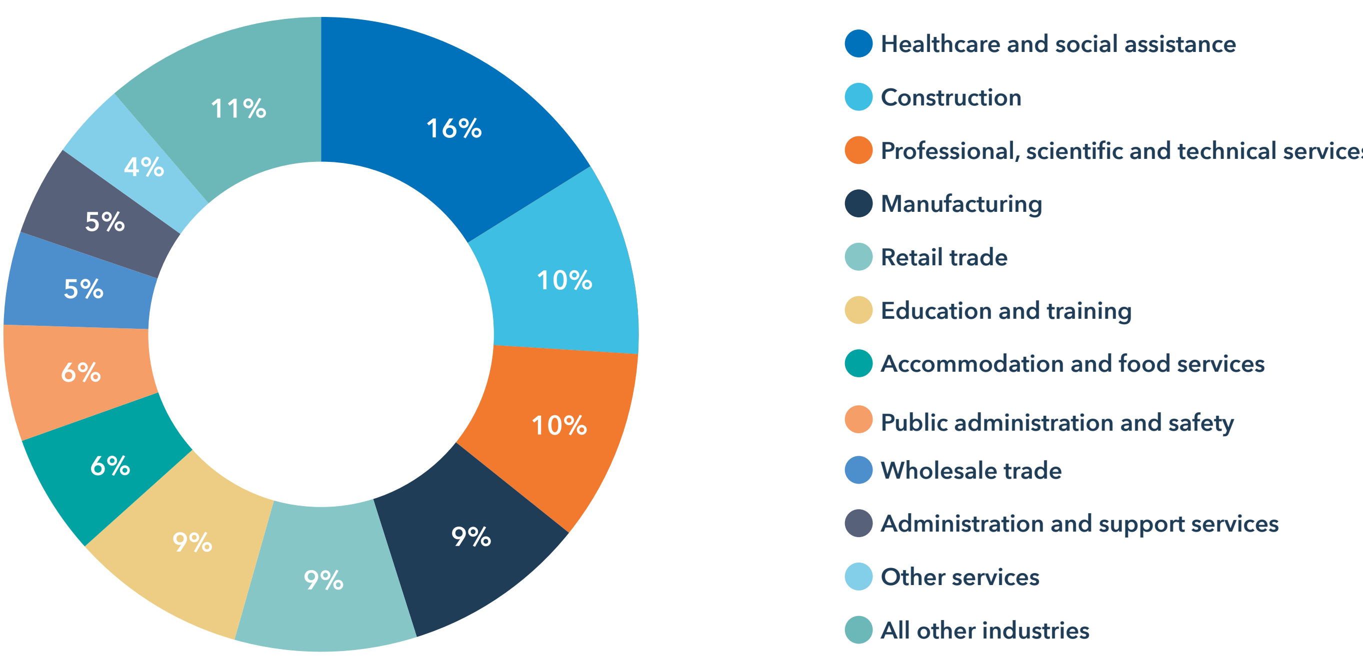


109,645 jobs in 2024

UP **3%**

Jobs in Hamilton by industry, 2024

Source: Infometrics

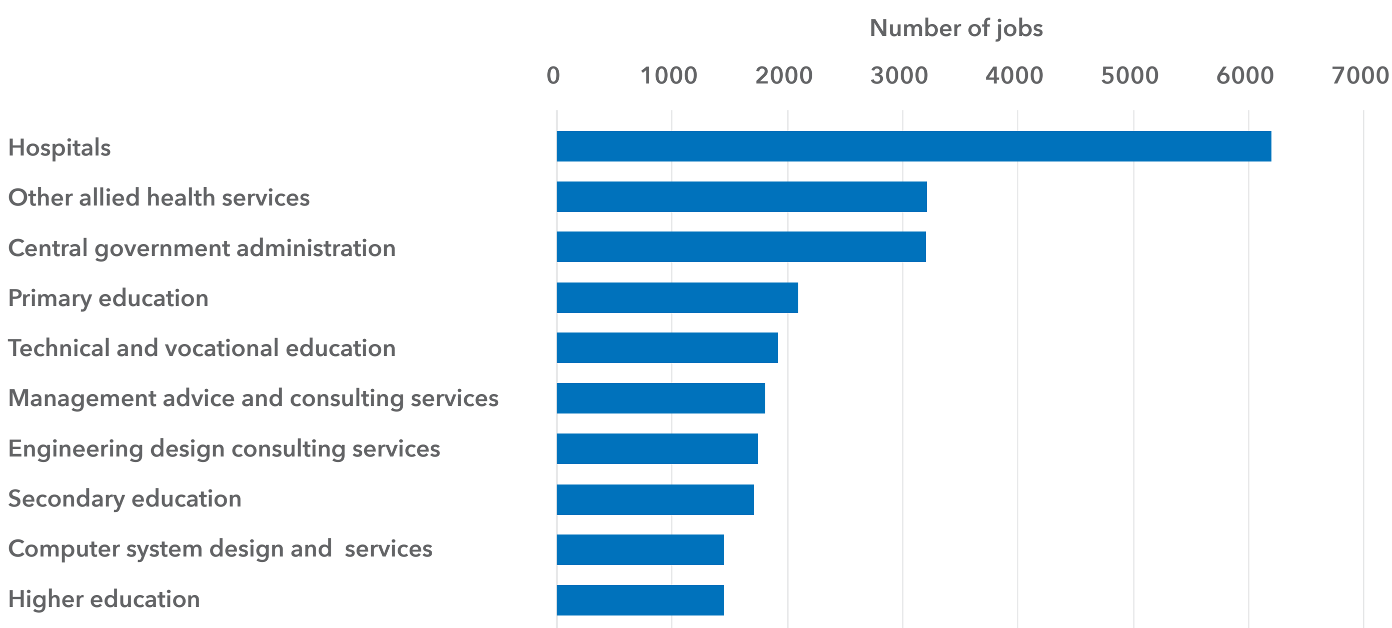


Knowledge-intensive industries, where generating and using knowledge is a predominant activity, continued to account for 40% of all jobs in Hamilton, compared to 33% nationally. Wellington has the highest proportion of knowledge intensive employment (59%) due to the concentration of public sector roles in the city. Hamilton has consistently had the second highest. Filled jobs in this category increased 2.6% (1094 jobs) from 2023, slightly higher than our overall increase in job numbers.

There are nearly 90 different knowledge-intensive industries in Hamilton, ranging from hospitals with over 6200 roles, to computer system design (1450 roles). Education was another key sector with 2100 roles in primary education, 1710 in secondary education and another 4550 across other areas of education, including tertiary and vocational training.

Hamilton jobs in the top ten knowledge-based industries

Source: Infometrics



Census 2023 employment information

Hamilton had a higher rate of full-time employment than the rest of New Zealand, while rates of part-time work and people not in the labour force (not in work or looking for work) were lower. Women were much more likely to work part-time than men, and less likely to work more than 40 hours per week.

Women were more likely to be categorised as professionals and were also more prevalent in administrative and sales roles as well as in positions in the community.

Most Hamiltonians reported undertaking unpaid work for their own household (85%) including housework, gardening and cooking. People also looked after others who were ill or disabled both in their own household (8%) and those outside their household (8%). Over 13,500 people (12%) people undertook some form of unpaid volunteer work for a group or organisation.

According to the Census, 11% of people with Hamilton-based jobs mostly work from home. Contrary to popular belief, working from home was on the rise prior to the Covid-19 pandemic with the number of people mostly working from home increasing 116% between 2013 and 2018. Since 2018, working from home has increased 69%. Working mostly from home is more common in satellite towns like Raglan (26%), Cambridge (18%) and Morrinsville (13%).

People who work in Hamilton generally drive to work in either a private or company vehicle (76%) with just 3% catching a bus and 6% walking or riding a bike.

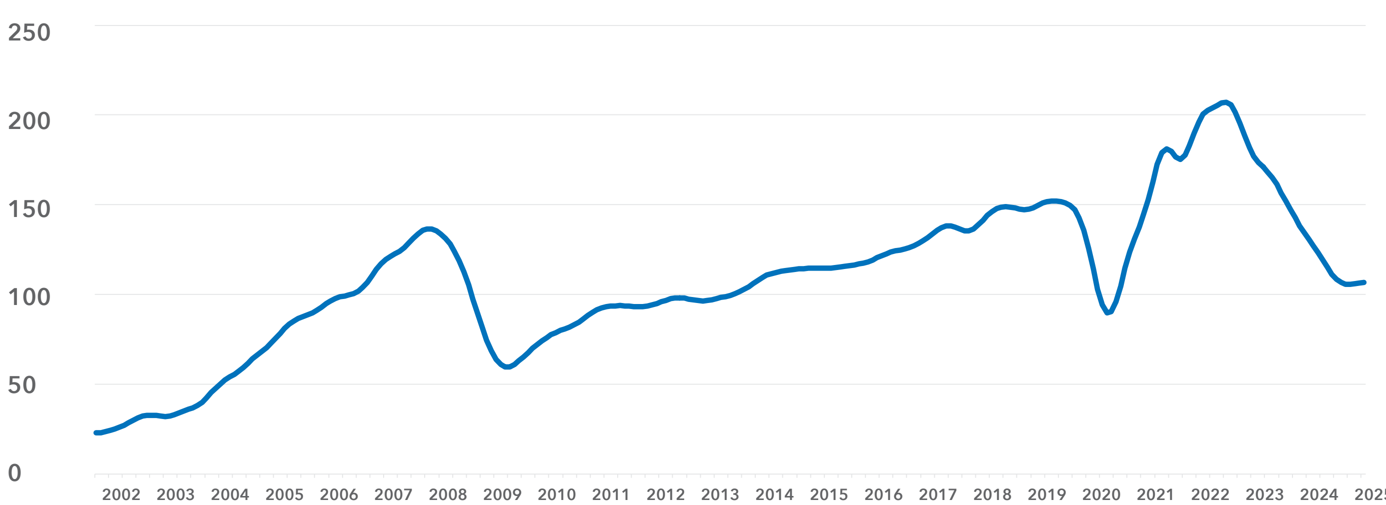
Job advertisements

The number of Seek job advertisements halved between 2022 and December 2024. Job advertising peaked in mid-2022 when New Zealand's international border reopened, and businesses were struggling to find workers. Once the RBNZ announced that New Zealand may need to move into a recession to curb inflation, job advertising began to fall rapidly. From peak to trough, the Seek index fell 105 points from 209 to 104. In the latter half of 2024, job advertising stabilised nationally but remained weak.

In Waikato, job advertising was down 17% in December 2024 compared to December 2023. This compared to -22% nationally and -25% in Auckland. Seek did note that some sectors were more active than others, particularly banking and financial services, and insurance and superannuation.

Seek NZ job advertisements index

Source: Seek NZ



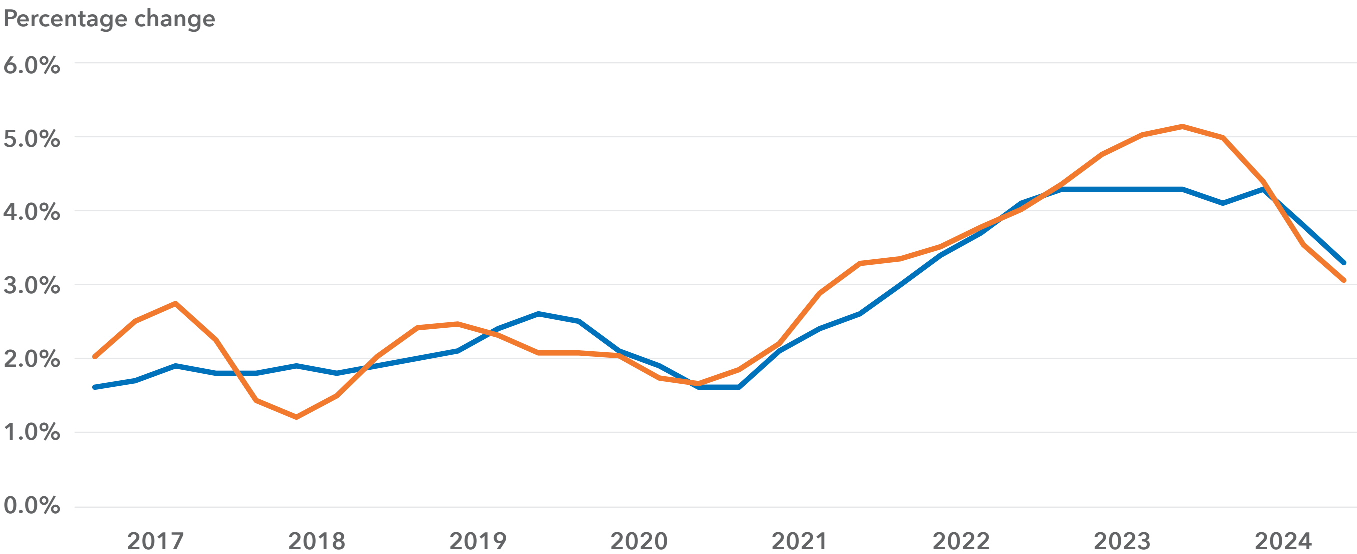
Earnings

Seek also publishes a salary index which looks at the salaries for advertised jobs across the country. The index shows that advertised job salaries are still increasing at historically high levels despite coming down to 3.1% at the end of 2024 compared to a peak of 5.1% in late 2023.

The salaries for advertised jobs appear to reflect the future direction for Statistics New Zealand's Labour Cost Index for salaries and wages, but also appear to be a little more volatile – moving up higher and coming down faster or further.

Annual change in wages and salary compared to the change in advertised salary

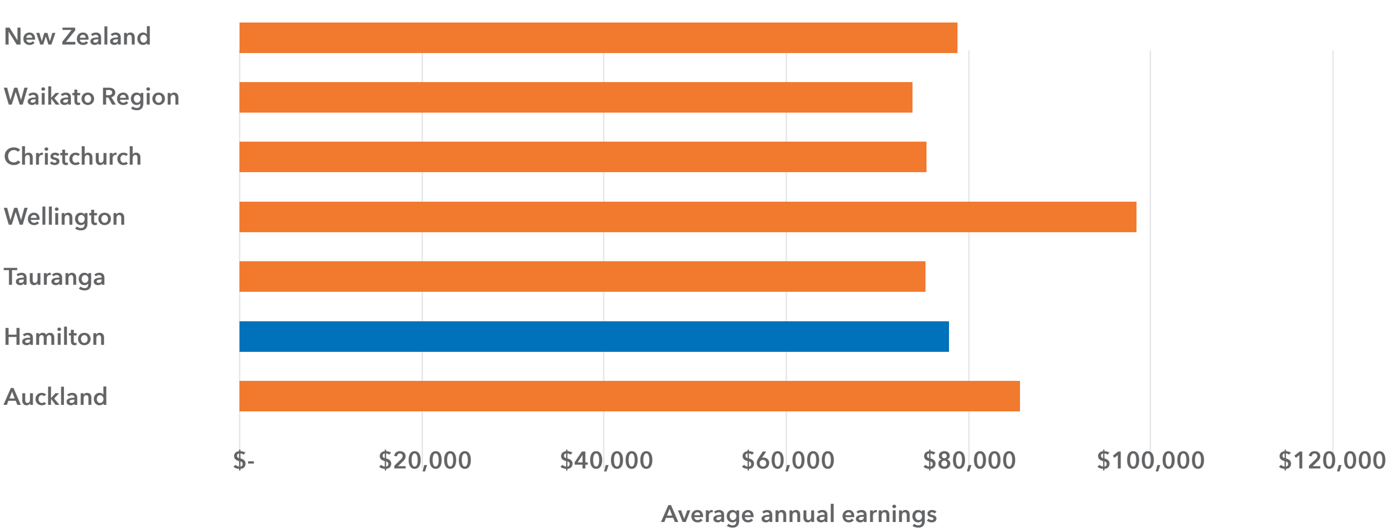
Source: Statistics New Zealand and Seek NZ



Infometrics data shows the average earnings in Hamilton was $78,000 in 2024 compared to $79,000 nationwide. Wellington had the highest average earnings at $98,000, largely due to the high number of knowledge-based jobs in the city. This is also why housing affordability indicators often show Wellington more favourably as the higher average income allows for higher prices to be "affordable".

Average earnings in 2024

Source: Infometrics

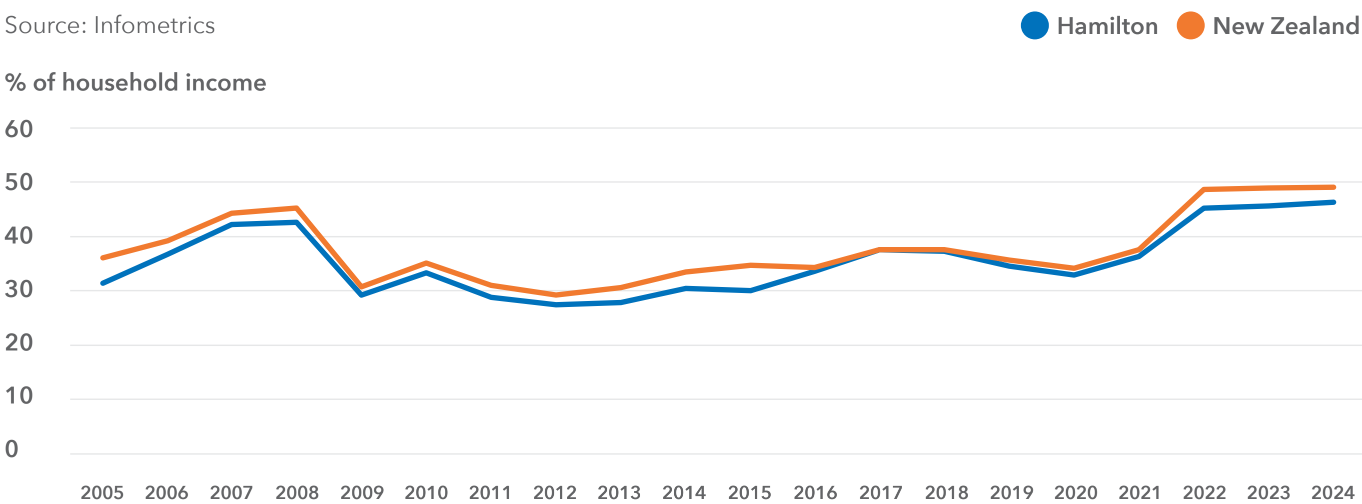


Card spending

Card spending in Hamilton was negatively impacted by high mortgage rates throughout most of 2024. In 2024, an average Hamilton household who purchased an average priced house with a 20% deposit, would need to spend 46% of their income on mortgage repayments. In 2020, this figure was 33%. In dollar terms, this equates to a difference of over $15,000 per year – money that would otherwise be available for spending or saving.

Mortgage repayments as a proportion of household incomes

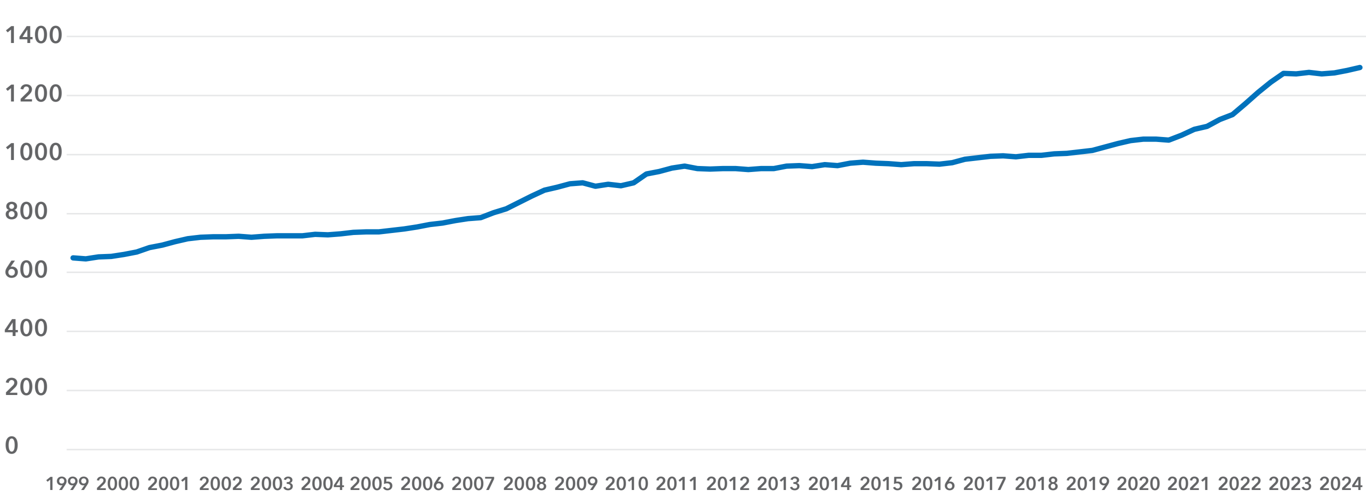
Source: Infometrics



In addition, higher day-to-day costs like food prices, ate into households' disposable income. In 2024, inflation returned to the target level of 1%-3% in the second half of the year, but food prices have remained high. Food price inflation peaked at 13% in April 2023, and while prices are no longer increasing at this pace, they are also not returning to earlier levels.

New Zealand food price index, seasonally adjusted

Source: Statistics New Zealand



On the back of lower disposable income and the higher cost of goods, retail businesses bore the initial brunt of reduced demand. Consumer spending in Hamilton fell 0.9% ($26 million) in 2024 compared to 0.2% growth across the rest of the country. This puts spending growth well below inflation levels (2.2% over the same period). In total, just under $3 billion was spent in Hamilton stores in 2024.

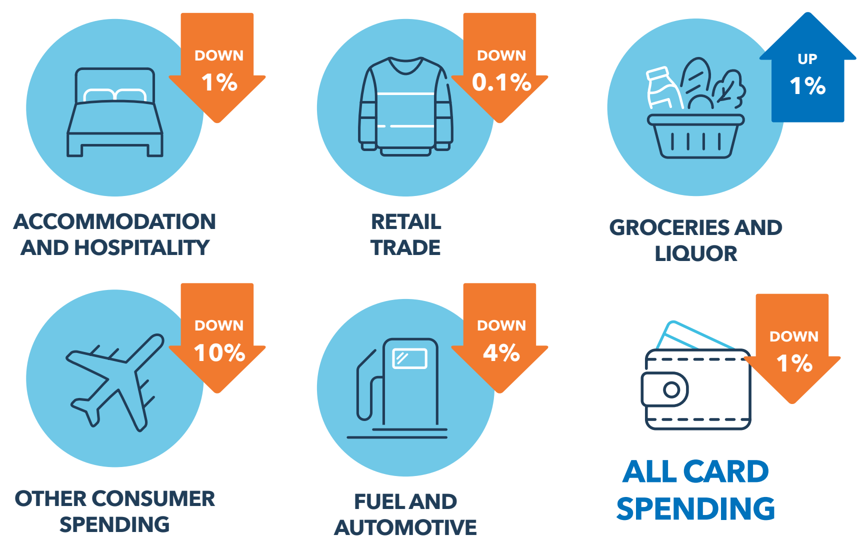
Spending by Hamilton locals fell nearly $30 million (-1.6%) but we saw an increase in spending in Hamilton by people from the wider Waikato. Visitor spending totalled $1.1 billion in 2024. December was one of only four months in 2024 that saw an increase in spending compared to 2023. Other data sources suggest that this was people buying more on sale but spending relatively little additional money overall (1.6%).

Other consumer spending, which includes things like international travel, fell $8 million in 2024, and comes on the back of ongoing challenges since the pandemic. Spending in this category is still below pre-pandemic levels.

Spending was down in almost all parts of the city with the Central City seeing a fall of 0.7%, the Base and Chartwell malls falling 0.6%, although transactions were up 2.9%. Spending in the areas around our event facilities and on the commercial fringe both fell 11%. A very small increase (0.7%) was seen in large format retail areas (stores like Harvey Norman in Te Rapa).

Changes in card spending in 2024

Source: Marketview



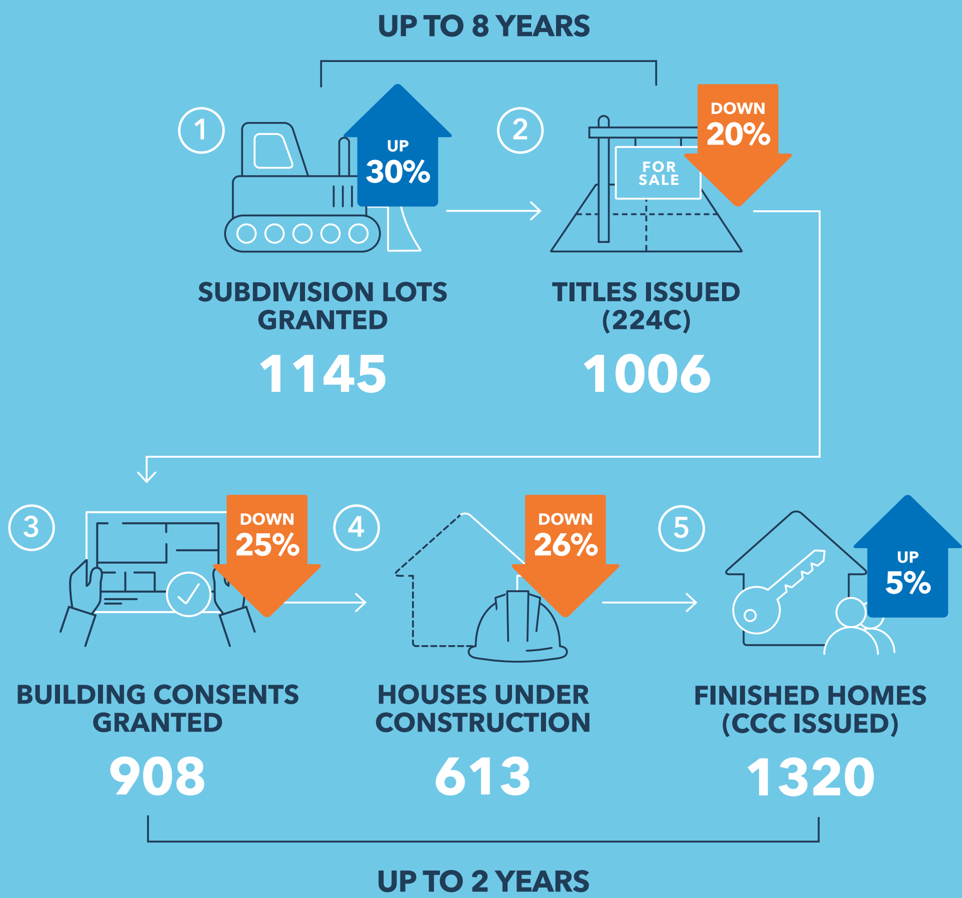
An estimated 11% of spending is now done online and not captured in our Marketview data set at a local level. NZ Post reported that nationally kiwi shoppers spent over $6b online in 2024 – an increase of 5%. In Waikato, online spending increased 10%. But shopping trends changed with people purchasing more often but spending less. This means that stores might have been busy but they did not see an increase in profits or total spend with customers looking for bargains.

NZ post also reported that most people (72%) are still buying from New Zealand based businesses. However, the number of transactions for overseas retailers is growing faster, but the amount spent is falling faster than seen with local businesses. This is another indicator that kiwi shoppers were hunting around for the best price or looking for cheaper alternatives.

Housing

HOUSING

The consenting cycle



Source: Hamilton City Council

The development lifecycle generally begins with a subdivision consent being lodged and then granted. The subdivision consent allows a developer to begin earthworks and develop the land for subdividing. For big greenfield developments, this could include laying water and wastewater pipes and building roads within the subdivision. Once the work is completed, the developer can apply for 224c Certificates to be issued which then allows them to get titles for the individual sections from Land Information New Zealand (LINZ). Some of this can be done simultaneously. There is a maximum statutory timeframe of eight years to complete a subdivision from the time a consent is granted to when titles have been issued.

Once sections have been titled (and often sold to the new owner or a building company), plans can be drawn up for the home that will go on the site. These plans are lodged with Council for building consent. Once the building consent is approved, there is a two-year window to complete the build. Once the build is finished and passes its compliance check, a Code Compliance Certificate (CCC) is issued, and the house is ready for its new owners to move in. In 2024, the average time from building consent to CCC was 12 months.

HOUSING

Subdivision lots consented

1145 subdivision lots granted

UP 30% ON 2023

In 2024, subdivision consents increased 30% to 1145 lots. This increase was largely driven by an influx of consents lodged in the lead-up to the adoption of a new Development Contributions (DC) Policy. The new DC Policy brought in significantly higher DC charges across most of the city, particularly for development in Peacocke and existing suburbs. Consents lodged prior to 4 July 2024 locked in the previous policy charges.

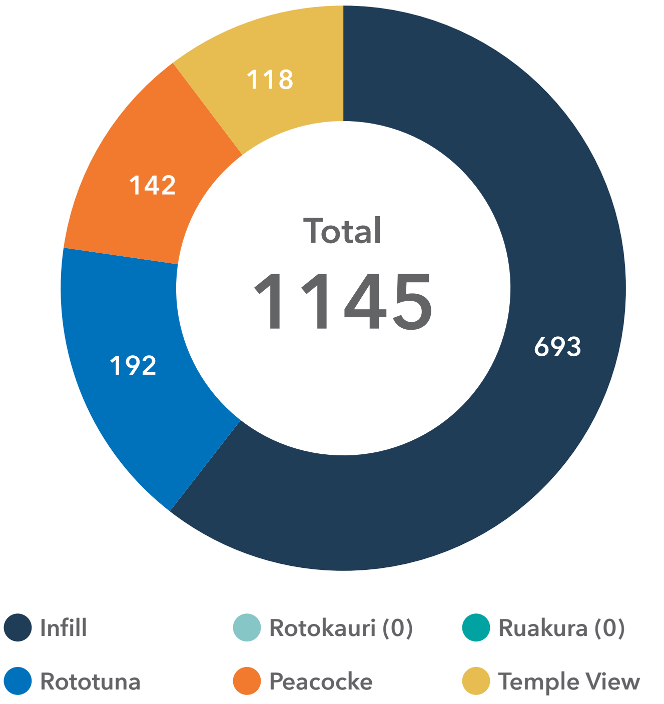
In the March 2024 quarter, 1162 lots were lodged in subdivision consents, compared to 198 in the June quarter (after the new policy was adopted). On average 320 lots have been lodged each quarter over the past three years, so the March 2024 quarter was significantly higher than usual. These numbers then flowed into the number of subdivision lots granted.

Nearly two-thirds of subdivision consents granted were for sections in existing suburbs (infill), while 17% were located in Rototuna and 12% in Peacocke. This compares to 85% being in infill in 2023 and just 2% in Peacocke. Temple View saw its largest number of subdivision lots granted in more than a decade (118 lots), accounting for 10% of the city's total.

There continues to be a surplus of sections available across Hamilton. Prior to the economic downturn, there were few, if any sections for sale on the open market. Buyers had to purchase house and land packages instead. In 2024, there were plenty of sections available; however, many banks were reluctant to lend against empty land as it was seen as higher risk.

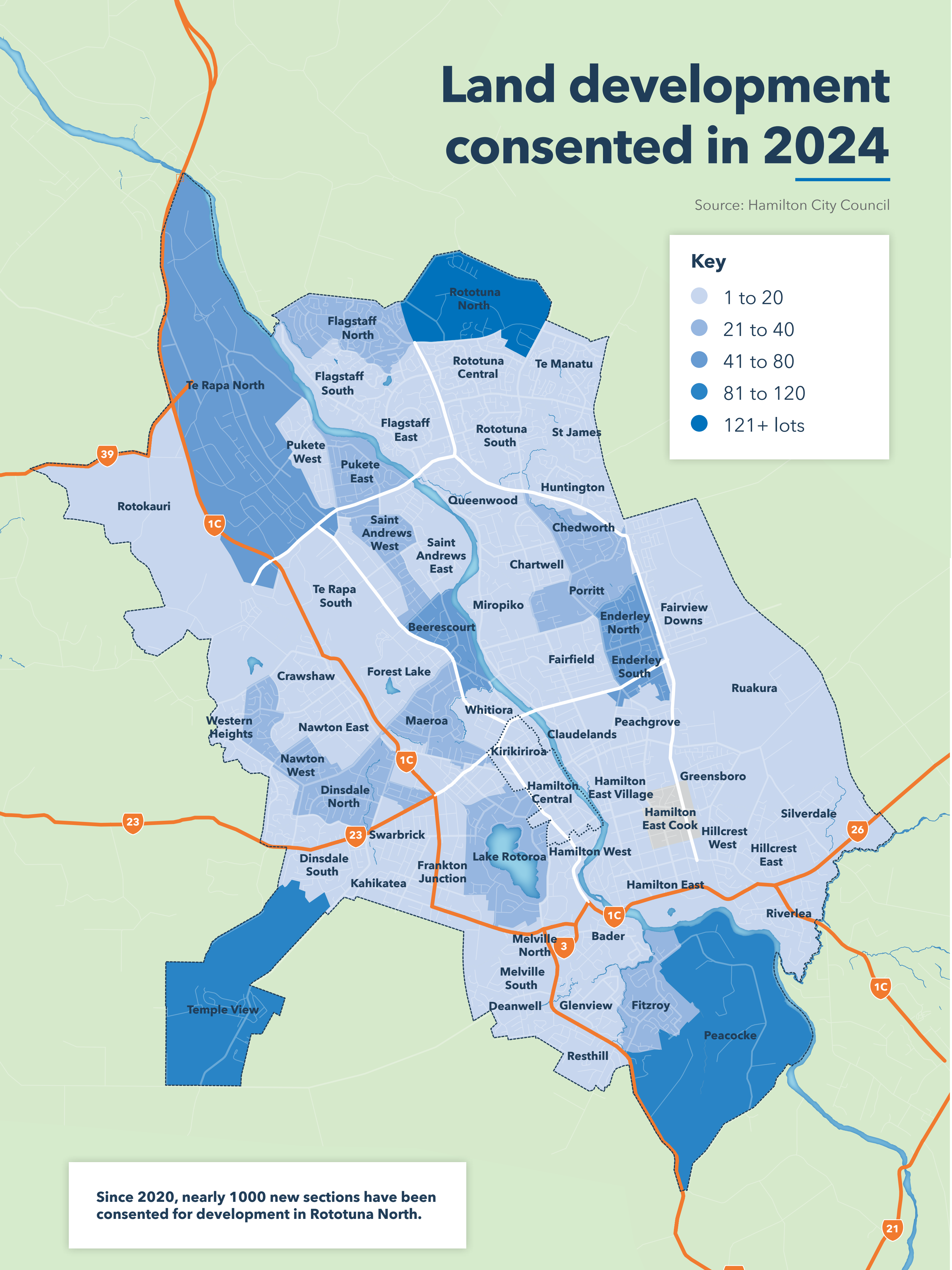
Subdivision consents granted in 2024

Source: Hamilton City Council



Land development consented in 2024

Source: Hamilton City Council



Since 2020, nearly 1000 new sections have been consented for development in Rototuna North.

HOUSING

Sections and units titled (224c)

Generally, after a subdivision consent is granted and various pre-certification approvals are obtained, a developer will be issued a 224c certificate by Council. This allows a developer to apply to LINZ for a title. Once the title is issued, a developer can sell a section separately. The issuing of a 224c certificate is in almost all cases followed by an application for and issuance of legal title over the land, which is why we refer to them as 'titled sections'.

In 2024, new titles were issued for 1006 sections across the city, down 20% from 2023. Of those titles, 76% were for sections in existing suburbs, with 43% on the western side of the river, and 10% were in Ruakura. Rototuna fell from 23% of all titles in 2023 to just 9% in 2024, reflecting the low levels of land development in Rototuna in 2023.

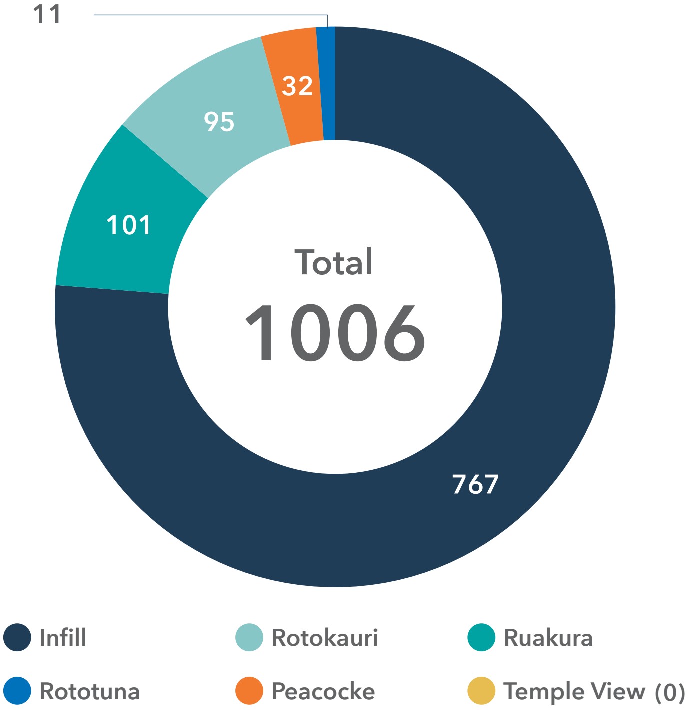
More than 80% of all titles are freehold, meaning the owner has full ownership of the land and buildings on that land. This has been reasonably consistent over the past two decades with few significant divergences from this trend. Standalone houses and duplex developments where two houses share a wall (often the garage in Hamilton), are usually freehold while apartments and townhouses with commonly owned areas are often unit titles.

1006 sections and units titled

DOWN 20% ON 2023

Titles issued in 2024

Source: Hamilton City Council

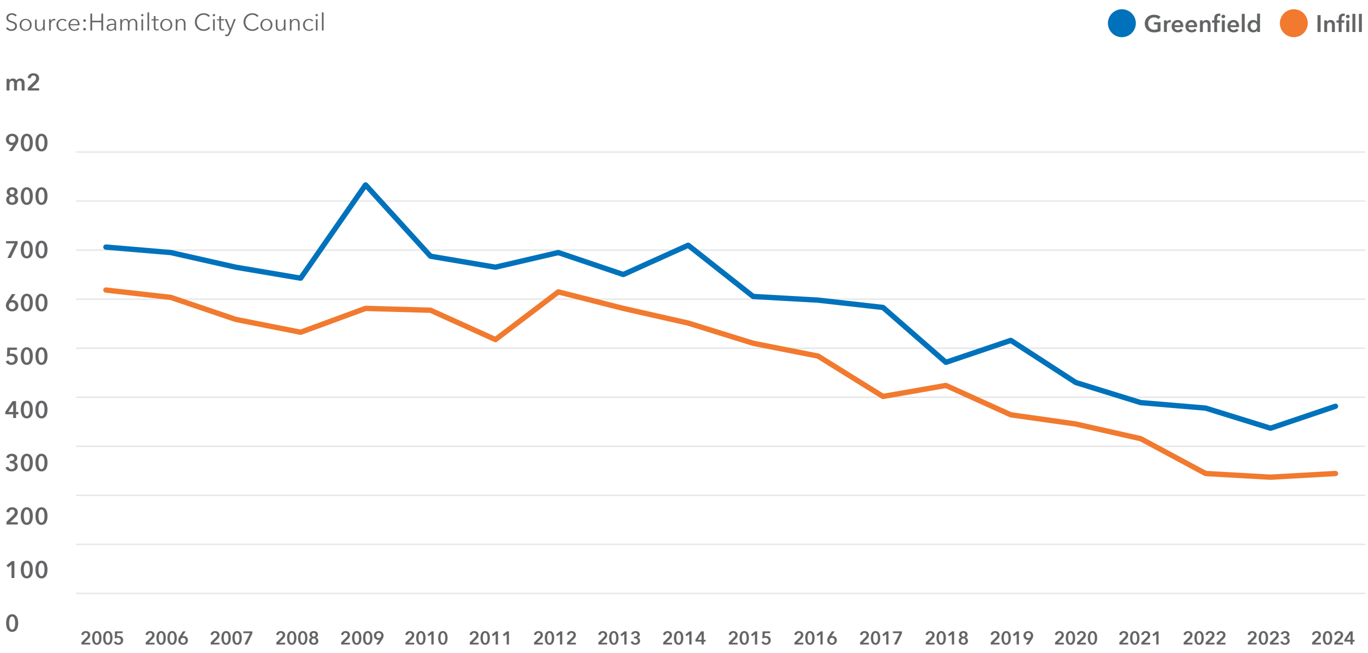


The average section size has been steadily declining in Hamilton for over a decade. In greenfield areas, the average section size has fallen from 710m2 in 2014 to 384m2 in 2024. In our existing suburbs, the average new section size has fallen from 614m2 in 2013 to 247m2 in 2024. This reflects the number of sections being subdivided on an existing quarter acre section. In 2013, most infill subdivision involved cutting off the back (or front) of the section and building a second standalone dwelling. In 2024, most infill subdivision involves demolishing an existing home on a quarter-acre section and building four (or more) new duplex dwellings.

While section sizes appear to have plateaued, as intensification increases, the average section size and the proportion of unit titles to freehold titles will change. Section sizes are likely to get smaller, and unit titles will become more common. Plan Change 12, which became operational at the end of 2024, enables significantly higher density in and around the central city as well as around other major transport hubs.

Average new section size

Source:Hamilton City Council



HOUSING

Building consents granted

Building consents were granted for 908 dwellings in 2024, down 25% from the previous year. Falling house prices and high interest rates made 2024 another tough year for the construction sector. The fall was driven by a decline in infill activity, which fell 38% from 2023 and is now 42% below the peak of 2022.

Residential consenting activity has a strong link to house prices. When house prices go up faster than building costs, consenting goes up too. Increasing house prices give people increased confidence to purchase a home that is probably their biggest asset (and liability). The potential for higher profits incentivises developers as well.

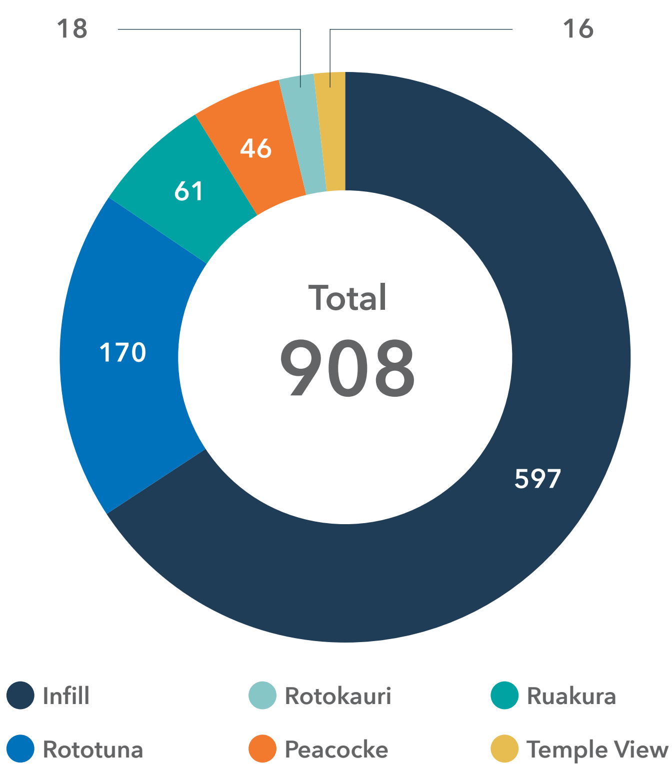
In 2020 and 2021, house prices skyrocketed, and, for the first time, the total land and house build cost was equal to the median house price. This coincided with some of the highest levels of consenting that we have seen in Hamilton. In 2024, a new build was about 20% more expensive than the median house price, which is not historically high according to Infometrics research, however, the speed of the turnaround in house prices was the largest this century. Land prices have also not come down at the same speed as house prices, pinching the profitability of housing development.

908 dwellings granted

DOWN 25% ON 2023

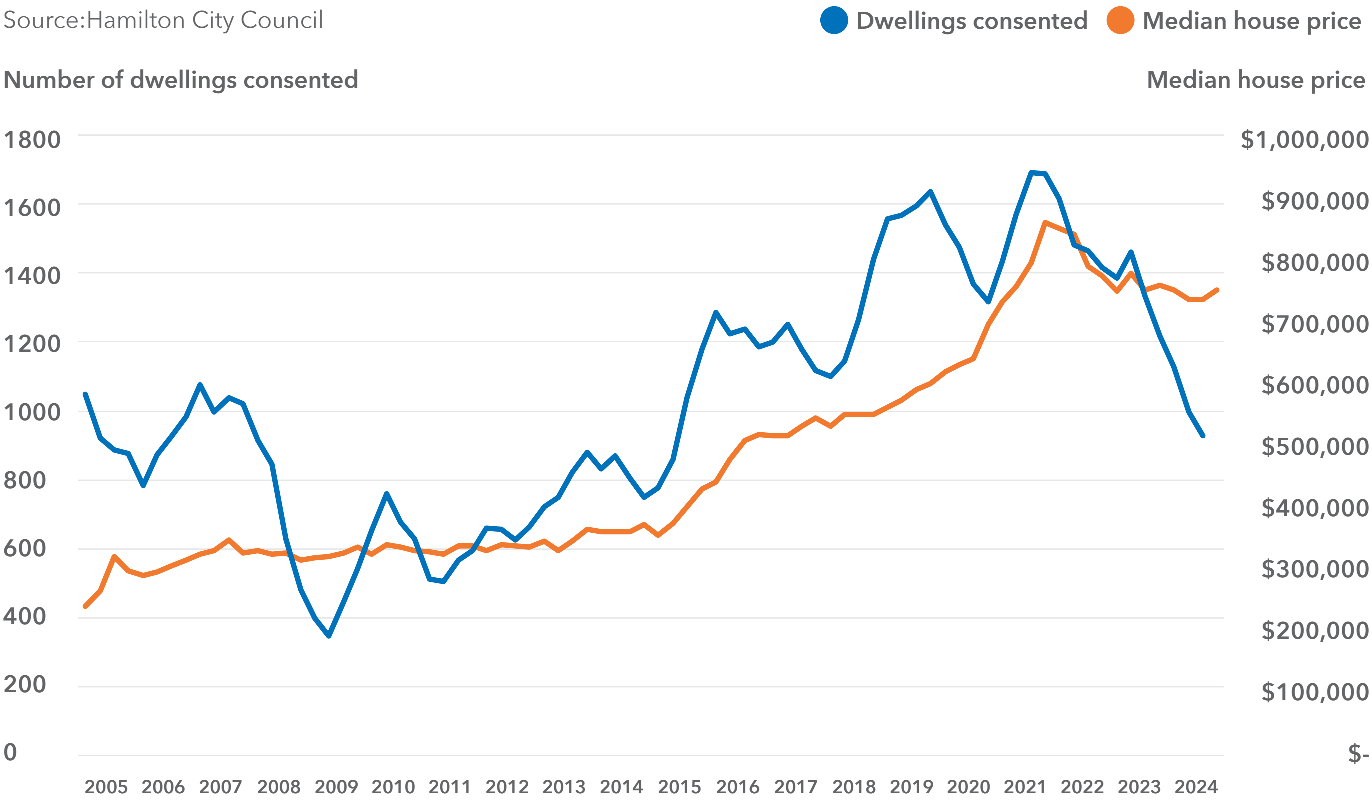
Consents granted in 2024

Source: Hamilton City Council



House price and consenting trends

Source:Hamilton City Council



When house prices are falling or there are high degrees of uncertainty about where the market is headed, the number of sales (demand) falls. At the start of 2024, the median house price in Hamilton was down by more than $100,000 from its peak in 2021/22. Consenting is also linked to the OCR and interest rates, but those too were not supportive of growth and investment. On top of all that, the New Zealand economy had seen little or negative growth throughout 2023 and was in an official recession for half of 2024. In addition, several high-profile construction companies primarily based in Auckland were in difficulty. This was not conducive to new development, nor did it help feasibility or encourage banks to lend to developers.

Development feasibility is dependent on several factors including land costs, construction costs, whether the project is debt funded and needs bank backing or cash funded, and ultimately the potential end sales price. Our feasibility modelling requires us to make assumptions, for example, when the land was purchased - a section purchased in 2021 was significantly more expensive than one purchased in 2013 or 2024. The modelling shows that the number of properties in Hamilton that could feasibly be developed in 2024, was 20% lower than modelling using 2022 numbers. The decline was primarily due to increased construction costs coupled with lower house sales prices.

Existing suburbs continued to see the greater share of consenting in 2024, making up 63% of all dwellings consented despite the significant fall in activity. Greenfield activity, although a smaller share of the total, seems to have levelled out and saw a fall of just 0.6% in 2024. There was a slight increase in activity in Rototuna, Rotokauri and Temple View, which was offset by falls in Peacocke and Ruakura.

Duplexes and townhouses were two-thirds of all dwellings consented in 2024, much like in 2023. As land prices have increased, the need to make more efficient (and profitable) use of the land has risen. Greater density has been enabled by planning rules and government direction, encouraging more duplex and townhouse development. As a result, Hamilton has seen a shift from 85% of all new builds being standalone homes in 2010 to 31% in 2024.

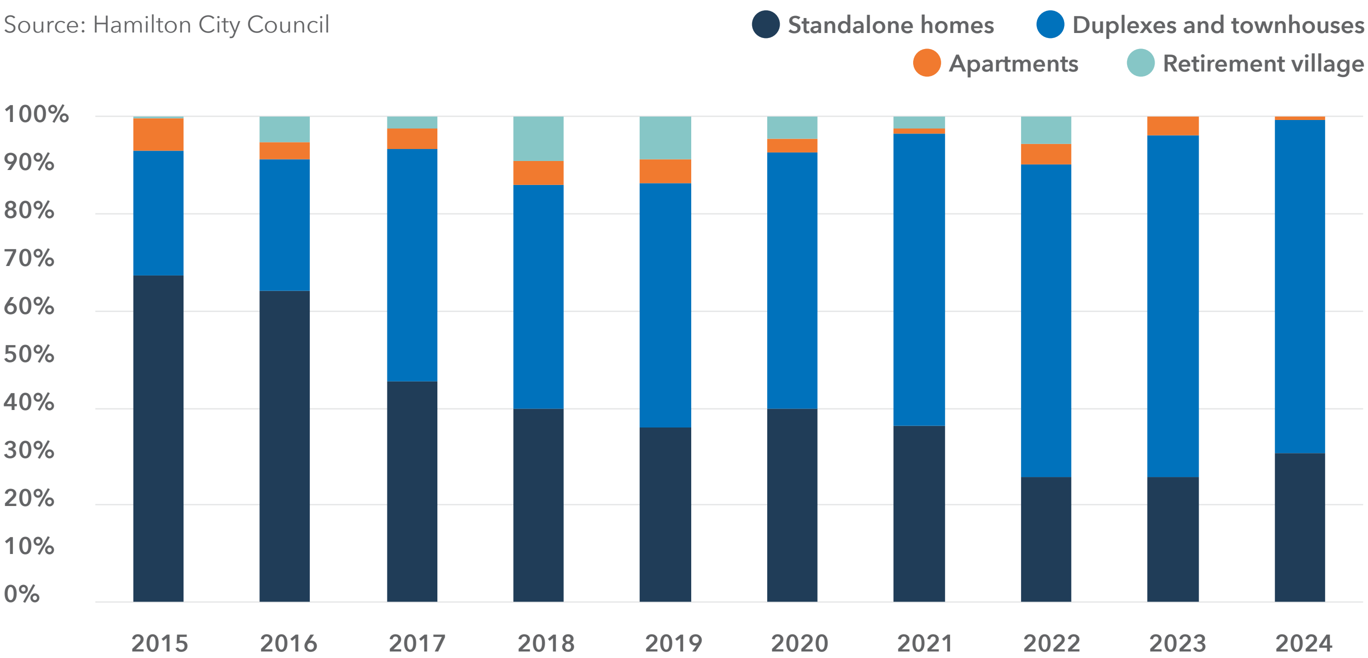
Infill development has tended towards duplexes and townhouses since 2006 when 46% of all new builds were townhouses or duplexes. By 2024, this was 85% with just 14% being standalone houses.

Until 2011, almost all new development in greenfield areas was standalone homes. In 2017, we saw a significant shift to higher density construction, with standalone homes falling from 85% of new builds in 2016 to 67% in 2017. In 2024, 56% of greenfield new builds were standalone. Demand remains for standalone dwellings according to the Housing we'd choose study conducted in 2020 which showed it was the first preference for most people, but price matters. Standalone is usually more expensive than an attached dwelling (townhouse, duplex, unit, or apartment) due to the cost of land and cost savings made when building multiple identical dwellings compared to a one-off build.

Since house prices began to fall in 2022, there have been no new retirement village units consented. A retirement village's net worth is intrinsically linked to house prices. If prices fall, so too does the company's value and their ability to leverage their existing assets to finance new building projects. Demand also decreases as people choose to stay in their existing home rather than try to sell in a falling housing market.

Types of dwellings consented

Source: Hamilton City Council



HOUSING

Houses under construction

The number of dwellings under construction is constantly changing as new homes are completed and new projects begin construction. This can reflect economic activity but also any challenges that cause delays in completing construction.

There were 613 dwellings under construction on 31 December 2024, down from 830 in 2023 and a peak of 1170 in 2021. The fall in dwellings under construction between 2023 and 2024 reflects the challenging economic climate and falling house prices. Fewer residential construction projects were consented in 2023 and 2024, meaning there are fewer projects in the pipeline to start construction.

The fall in construction activity has helped supply chains return to normal. This means construction materials and fittings for new homes are generally readily available and are no longer causing the delays seen in 2022.

613 houses under construction — DOWN 26% ON 2023

Despite improved supply chains in 2024, construction still took 12 months on average from the time a consent was granted until the time the build was completed. Developers, builders, and buyers continued to report challenges securing finance for new builds, as banks preferred the lower risk of purchasing an existing property.

The number of dwellings that had been consented but had not yet started construction peaked in August 2024 when 768 consented dwellings had not started. The number began to fall from September, hitting 487 dwellings at the end of 2024. However, there was not a corresponding increase in the number of dwellings under construction, meaning it was falling because there were fewer consents being granted and some older consents lapsed rather than projects moving forward.

Two-thirds of the dwellings consented but not started in 2024 were to be built on sites in our existing suburbs, another 10% were for Rototuna, broadly in line with consenting patterns. The split by typology is more interesting, with duplexes and townhouses accounting for 80% of not-started consents, and standalone dwellings making up 16%. Over the past three years, on average 68% of all dwellings consented were duplexes or townhouses, and 27% were standalone homes. This is likely a reflection of the certainty of sale at the point of lodging a consent. A standalone home will often have a buyer signed up before the consent is lodged, while a duplex build is more likely to be put up for sale once a consent has been granted.

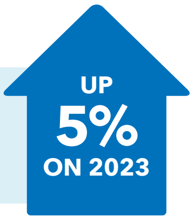
Dwellings granted consent but not started

Source: Hamilton City Council

HOUSING

Homes completed

1320 homes completed



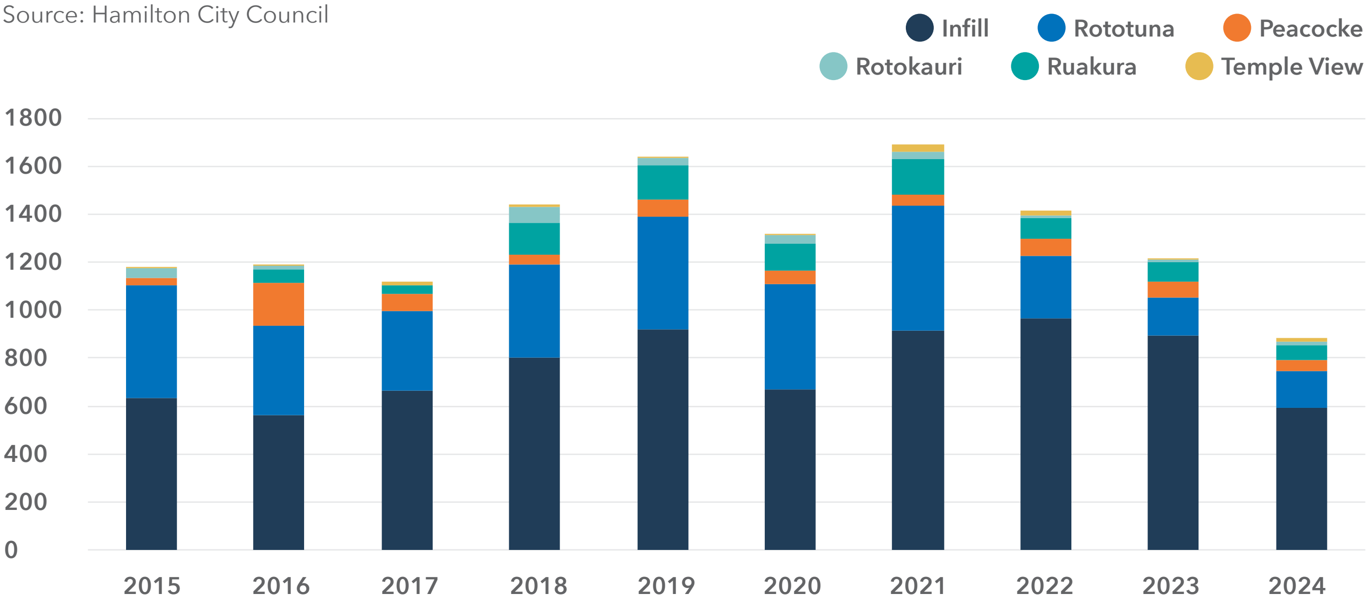
In 2024, Hamilton saw 1320 new homes completed, up 5% on 2023. Three-quarters of the dwellings completed were in our existing suburbs, with Beerescourt being the busiest suburb in 2024 with 96 new homes completed including 71 units at the Awatere Retirement Village. Another 22 retirement village units were completed in Rototuna North.

In 2024, the average completion time was 12 months from the granting of a building consent to the issuing of code compliance. Typically, the more complex a build project is, the longer it takes to complete. Projects where dwellings are attached to each other, like apartments, townhouses and duplexes typically take longer than standalone house builds. Likewise, the more dwellings in a project, the longer it usually takes to complete.

Between 2019 and 2024, a single standalone house build, on average took between seven months and 12 months while a build with 10 or more townhouses took between 11 months and 15 months. The longest build projects are retirement villages where there is often a combination of attached and standalone homes, as well as apartments. Retirement village projects typically take two to three years to complete. A shortage of building materials in 2021 and 2022, saw build times get longer in many cases.

New houses completed (CCC issued) by growth cell

Source: Hamilton City Council



HOUSING

Kāinga Ora

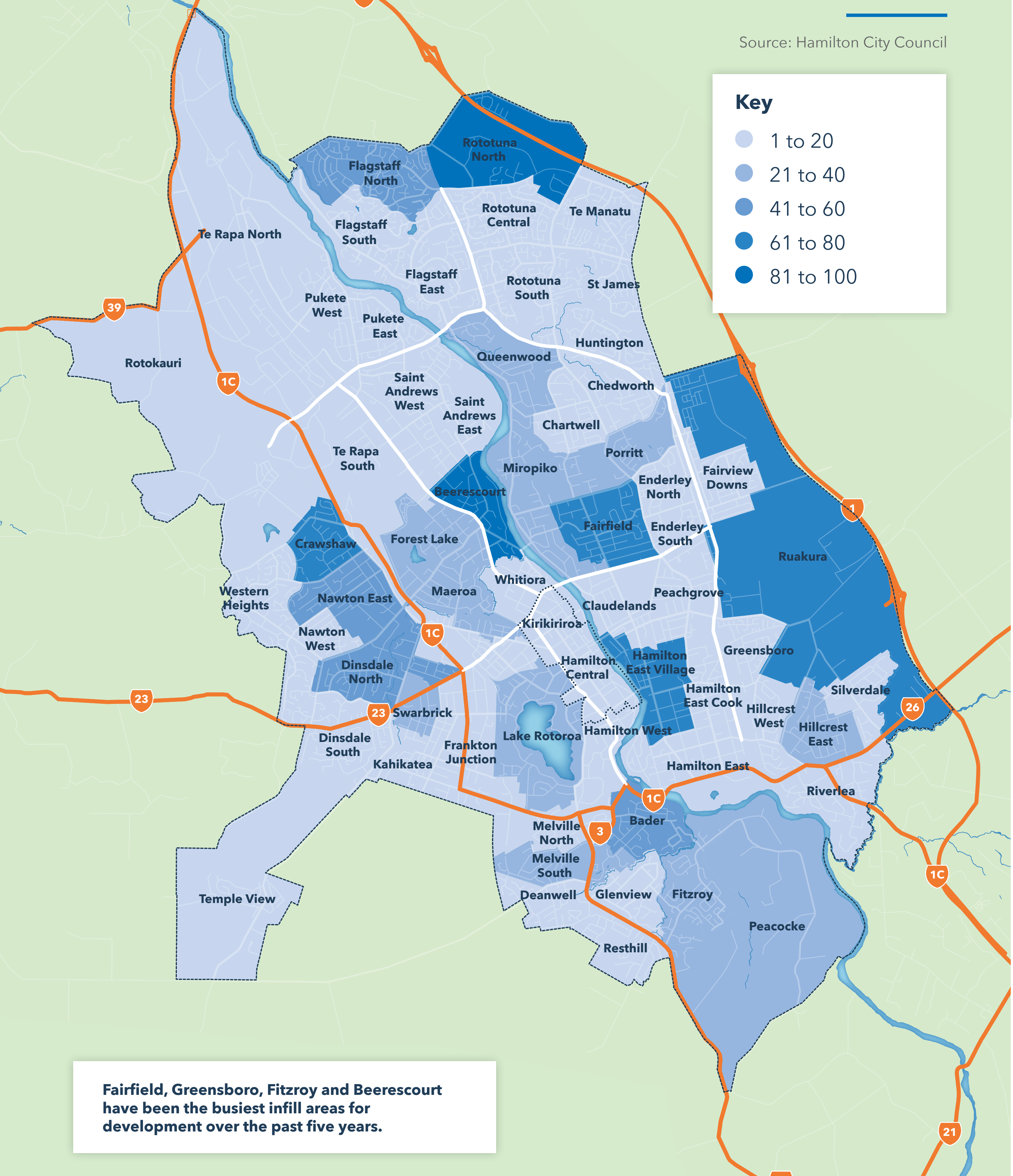
In 2023, Kāinga Ora was responsible for an estimated 40% to 50% of all development across Hamilton's existing suburbs. In 2024, Kāinga Ora's build programme slowed significantly as the government pulled back on investment, however, they report that they are on track to deliver 1000 new homes across Waikato. In 2024, Kāinga Ora consented 56 new dwellings compared to 261 in 2023, but they remained our busiest residential developer.

Kāinga Ora continues to have a sizeable construction programme in Hamilton with their end of year report stating there are 164 dwellings under construction across the city. The report also states that in 2024, 538 new homes were completed in Hamilton. Kāinga Ora has a build programme as well as a purchase programme in Hamilton. Our data shows 229 homes consented by Kāinga Ora were completed in 2024, including 70 new homes in Crawshaw, 50 homes in Fairfield and another 51 in Bader. The difference between the Kāinga Ora report and our data suggests more than 300 additional homes were consented and delivered through private builders and highlights the importance that Kāinga Ora's programme has played for Hamilton's residential development community over the past two years.

The increase in public housing has seen a meaningful shift in the number of applicants on the housing register and in emergency housing. Since Kāinga Ora was established in late 2019, public housing in Hamilton has increased by over 900 dwellings (29%). Nearly half of this has occurred in 2024 as numerous build projects were completed. However, in December 2024, there were still close to 1400 applicants on the housing register waiting for a suitable property. An applicant could represent a single person, a couple, or a family.

Homes completed in 2024

Source: Hamilton City Council



Fairfield, Greensboro, Fitzroy and Beerescourt have been the busiest infill areas for development over the past five years.

HOUSING

House sales

The housing market clawed its way through 2024, with the number of sales increasing but prices remaining stubbornly low. In 2024, buyers reportedly began to lower their price expectations, which helped to lift the number of sales.

The unexpected cut to the OCR in August 2024 and the subsequent cuts in October and November appear to have boosted prices slightly, with a 2% increase in prices between the September and December 2024 quarters. However, at the end of 2024 house prices remained 1% down from 2023.

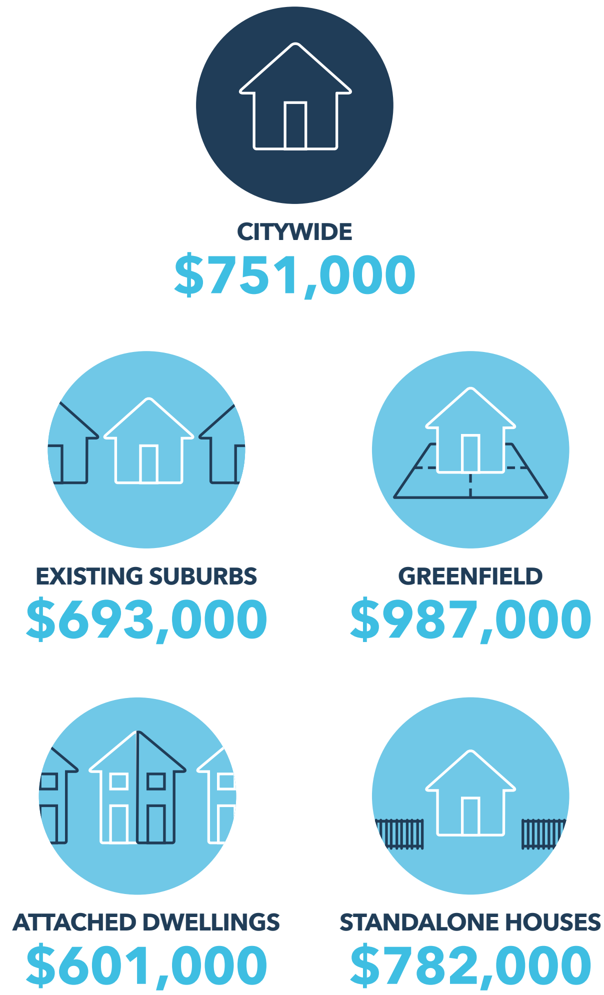
The lack of economic growth, high interest rates, and job insecurity (both real and perceived) made it a challenging environment for those looking to sell their property. The falling prices for existing homes were also a disincentive for those looking to upgrade to a new build and those looking to downsize. The sale price was falling, but buying a new build, even a smaller one, was still relatively expensive. Generally, people looking to downsize are also looking to free up some cash after the sale to support their retirement. If they sell an older home on a large section at the moment, it will cost them a similar amount to buy a smaller, low-maintenance new build, leaving nothing 'extra' to enjoy.

Despite some of the sharpest falls in house prices in recent history, house prices are still better than they were pre-pandemic – the median house price in 2024 was 28% higher than in 2019. By international standards, this remains substantial growth.

Real estate listings in Hamilton increased 21% in 2024, in line with the change in listings nationally. Listings were at their lowest in more than a decade in 2023, so while there has been a significant increase, it is broadly in line with the long-term average.

Median house prices in Hamilton

Source: Hamilton City Council

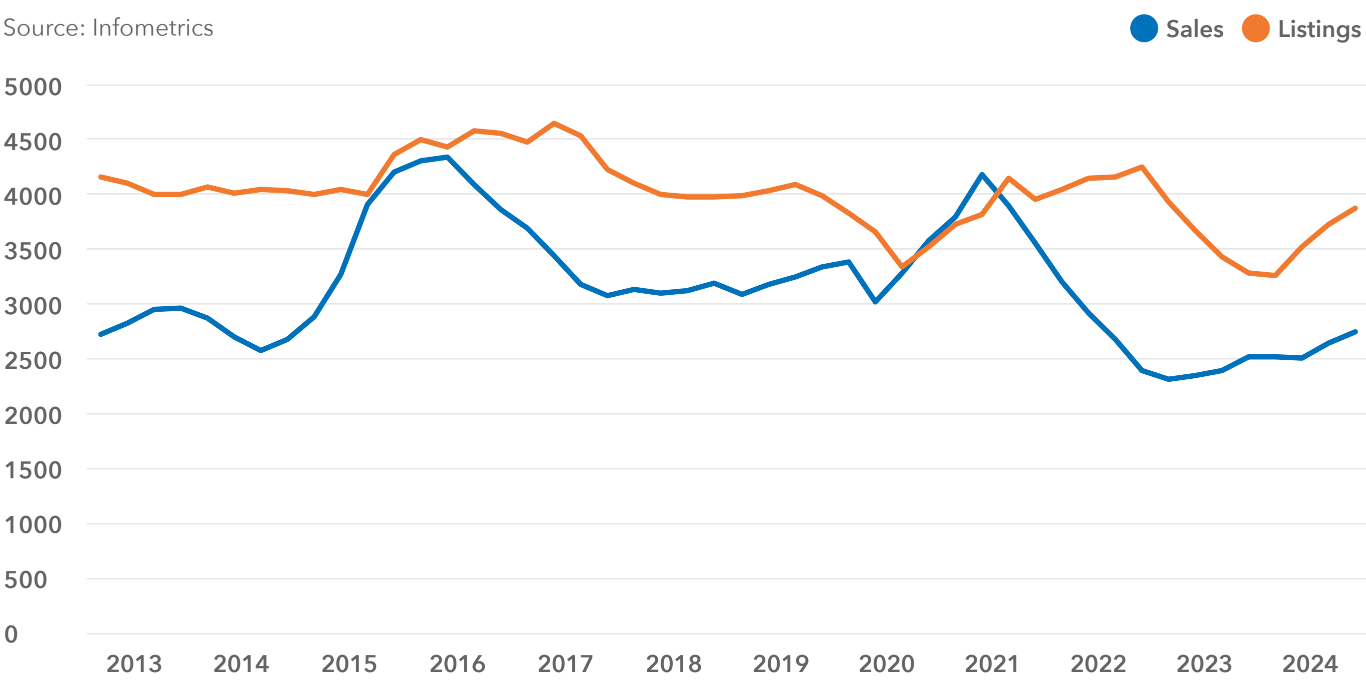


The number of sales also started to increase in 2024 but at a much slower pace than listings (9%). Sales picked up in the latter half of the year in line with interest rate falls. The number of sales in the December 2024 quarter was the highest since house prices began to fall at the start of 2022 and was in line with the long-term average of 811 sales per quarter.

As the number of sales pushes closer to the number of property listings, house prices are pushed upwards. There are two great examples of this on the following graph. In 2015, there was 1.1 houses listed for every sale that happened. Prices increased 8% in 2015, 24% in 2016 and a further 8% in 2017. In 2020 it was a similar scenario with 1.04 houses listed for every house sold, and prices increased 12% that year and a further 20% the following year.

Real estate listings and sales in Hamilton

Source: Infometrics

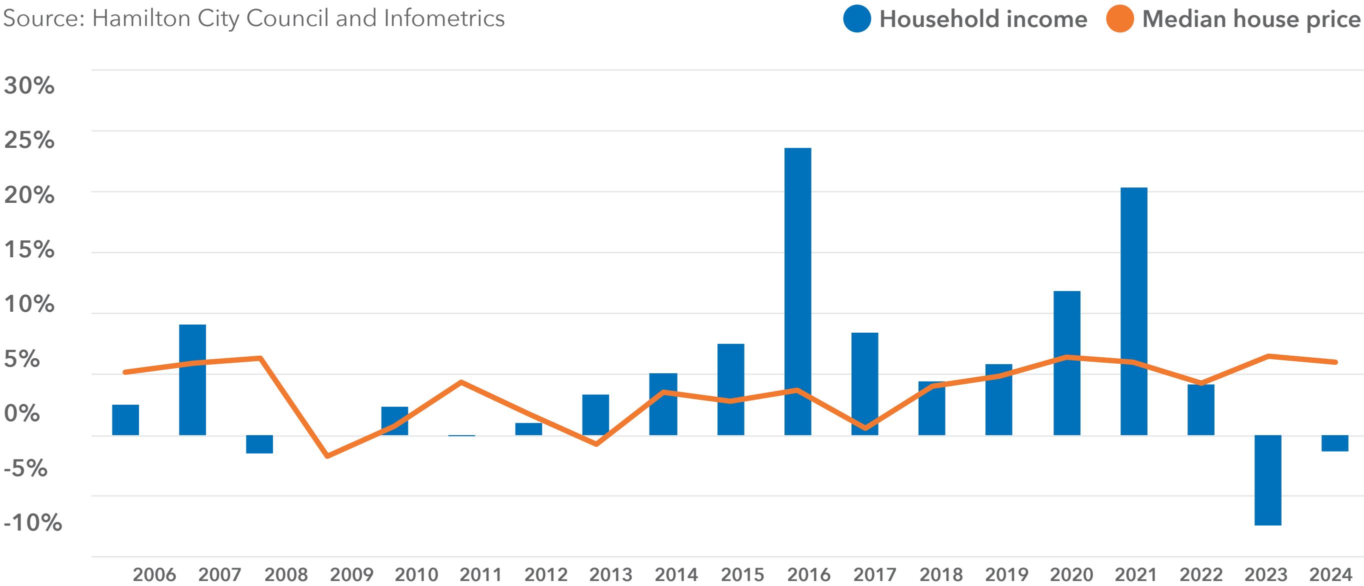


Housing affordability is an ongoing concern across much of New Zealand. In 2024, housing affordability improved primarily because of stable or falling house prices, interest rates decreasing in the latter half of the year, and an increase in income. The Massey Home Affordability Index considers interest rates, house prices, and income, and the December 2024 report showed a 21% improvement in affordability across Waikato compared to 19% nationally and 20% in Auckland.

For affordability to continue to improve, household income needs to increase faster than house prices. While this does happen occasionally, house price growth generally exceeds income growth and when it doesn't, it catches up quickly afterward. Since 2015, house prices have increased 90% in Hamilton while household income has increased 52%.

Increases in household income compared to house prices in Hamilton

Source: Hamilton City Council and Infometrics



In 2024, high interest rates and tough economic conditions saw an increase in mortgage arrears (up 7% year on year) and reported financial hardship increased 19%. But according to the Centrix credit report, people were also borrowing more on both mortgages (up 13%) and to spend on other purchases (up 1.5%). It is worth noting that 2024 levels of arrears were similar or less than pre-pandemic levels for both home loans and credit cards. However, arrears on personal and vehicle loans were higher than average.

Business credit defaults and liquidations also increased, particularly in construction (up 40% and 41% on last year) where 235 residential construction businesses were put into liquidation nationally.

HOUSING

Our residential greenfield growth areas

Greenfield subdivision consenting increased significantly in 2024, as developers lodged consents to avoid higher development contributions charges. It was not a reflection of higher development activity. Construction activity in greenfield areas did see a small increase from 2023, however, it was still well below the activity levels seen over the past decade. Developers reported challenges getting financing for build projects and delays for buyers getting bank approval, or even not getting it at all. Concerns over the higher risk of a new build and development generally put a dampener on residential activity.

Note that there is some overlap between the numbers below for each stage of development.

Peacocke

1704 sections
Resource consent granted

537 sections
Sections finished (titled)

404 homes
Building consent granted

429 homes
Completed

6300 homes
Total

FROM **2018** → TO **December 2024** → BY **2041**

Peacocke, our southern greenfield growth cell, saw significant infrastructure projects completed in 2024. The new wastewater transfer station opened in March, and Te Ara Pekapeka bridge opened in August. These two projects are key to unlocking growth in the second and largest stage of the Peacocke growth cell.

In 2024, a total of 142 sections were consented across the growth cell (12% all the sections consented across Hamilton), which is roughly in line with Peacocke's historical share of subdivision activity.

There were 46 new homes consented for Peacocke in 2024, well below usual levels of construction activity in the area, although this reflects residential construction activity across Hamilton and New Zealand last year.

Another 57 homes were completed in Peacocke in 2024, with 56 of these located in Peacocke Stage 1. Since 2018, Peacocke has seen a total of 429 new homes delivered.

Peacocke will eventually be home to about 20,000 people. We expect about 6300 homes in the area by 2041, with capacity to grow to a total of 7400 homes by about 2050.

Rotokauri

657 sections
Resource consent granted

322 sections
Sections finished (titled)

256 homes
Building consent granted

238 homes
Completed

2400 homes
Total

FROM **2014** → TO **December 2024** → BY **2041**

Rotokauri is located on the north-west side of Hamilton and has extensive residential and employment areas. A large stormwater swale (the Rotokauri Greenway) is needed to unlock further residential development in the area. Further residential development is limited until the greenway is completed, or at least substantially underway. Council is partnering with landowners in the area and expects the greenway, and strategic transport and water network infrastructure, to be delivered earlier and at a lower cost than was budgeted in previous Long-Term Plans.

Last year was a quiet year for construction activity in Rotokauri, with no new subdivision lots granted, 11 lots titled, 14 dwellings consented, and 13 new homes completed.

Rotokauri will eventually by home to about 22,000 people and by 2041, we expect there to be 2400 new homes in the growth area.

Rototuna

5063 sections Resource consent granted

4483 sections Sections finished (titled)

6956 homes Building consent granted

7206 homes Completed

9500 homes Total

FROM **2005** → TO **December 2024** → BY **2041**

Rototuna is located in the north of Hamilton on the east side of the river. It is Hamilton's oldest greenfield growth cell and is expected to be close to completion in the next 10 years. Rototuna has seen significant population growth over the past decade, increasing from 41,560 in 2015 to 55,580 in 2024 – an increase of 14,000 people (34%).

Over the past 10 years, development in Rototuna has moved north with significant growth in the northern end of Flagstaff, Rototuna North and Te Manatu (north of Huntington). The population of those areas has increased by about 12,000 people (56%) since 2015.

In 2024, 17% of both subdivision activity and dwellings consented in Hamilton were in Rototuna. Residential consenting peaked in Rototuna in 2021 when 531 new dwellings were consented. As the housing market turned in 2022, development activity halved and fell again in 2023. In 2024, activity appeared to stabilise with 157 new dwellings consented compared to 155 in 2023.

Ruakura

1328 sections
Resource consent granted

983 sections
Sections finished (titled)

853 homes
Building consent granted

784 homes
Completed

1500 homes
Total

FROM **2015** → TO **December 2024** → BY **2041**

Ruakura is located on the eastern side of Hamilton. The entire growth area covers 822 hectares and is zoned for both residential development and employment land. Ruakura's main subdivision is still Greenhill Park at the northern end of the growth area, however, stage one of Tuumata Rise – a Tainui Group Holdings development at the south-eastern end of Fairview Downs– was titled in 2024 with house and land packages now available. A District Plan change (PC15) has been sought to convert industrial land near Tuumata Rise to residential zoning. This is expected to enable up to 1300 more homes to be built in the area.

In 2024, Ruakura saw just six new subdivision lots lodged (no lots were granted). There has been little subdivision consenting in Ruakura since 2020, likely due to the granting of 520 lots in 2020. We estimate that there are about 140 sections in Ruakura that are titled but have not yet been built on.

While there have been few new subdivisions consented in Ruakura, there is still plenty of activity underway. In 2024, 101 new sections received titles compared to 80 in 2023 and an average of 109 titles per year. Ruakura saw the highest number of titles among Hamilton's greenfield growth cells in 2024. It also had the second highest number of new dwellings consented (61) and new homes completed (76).

Ruakura will eventually be home to 8000 people in about 3300 homes. We expect about 1500 homes to be in the area by 2041.

Hamilton's rental market

The 2023 Census showed Hamilton had 26,940 households living in rental accommodation. Most renting households (85%) were in private rentals and 12% were in Kāinga Ora homes. The number of renting households increased 13% between 2018 and 2023 compared to a 27% increase between 2013 and 2018.

Tenancy Services data for private rentals largely aligns with Census data and showed there were 21,735 active tenancy bonds in Hamilton in December 2024, down 1% from December 2023. Although tenancies tend to fluctuate throughout the year, for example with student movements, this is the first time the number of active tenancies has decreased year-on-year in Hamilton in over three decades.

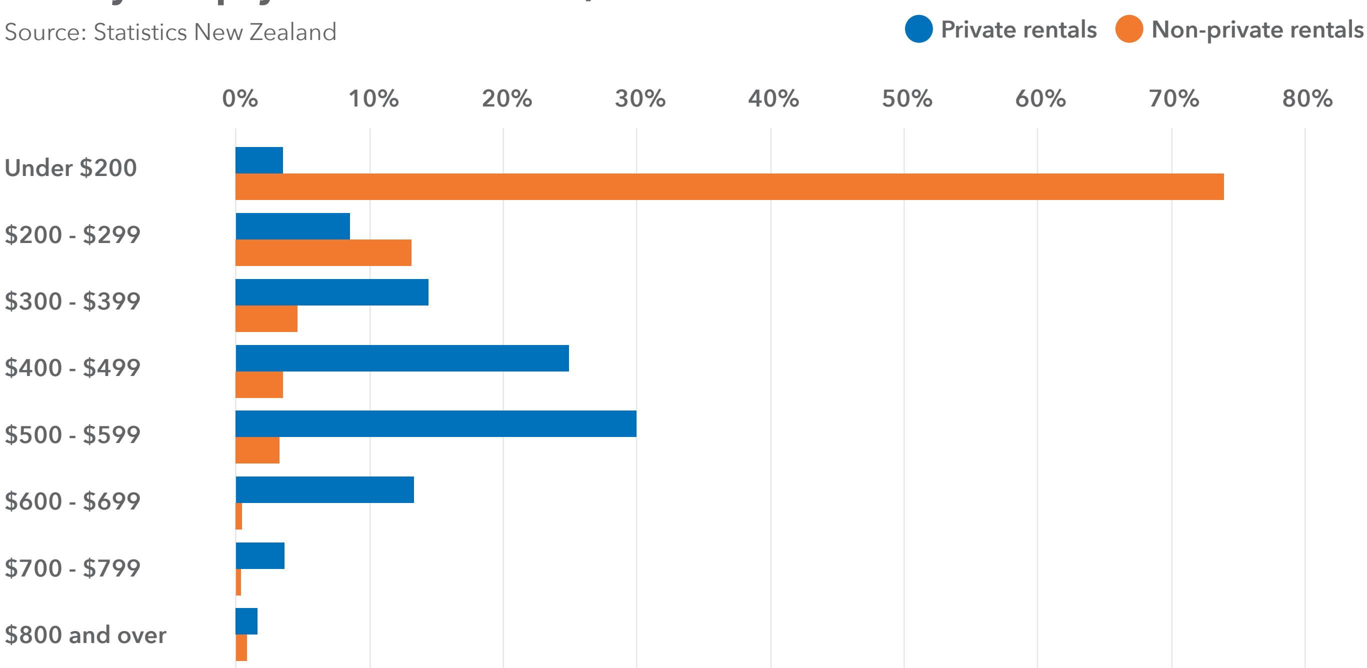
There were 7800 new bonds lodged in 2024, down 8% on 2023 and the second successive year that the number of bonds lodged has fallen. A new bond essentially tells us when a new tenant moves into a property. Existing tenancies are not counted here, nor are new tenancies where a bond is not lodged with Tenancy Services - for example, one held directly by the landlord. The number of new bonds can fall if fewer properties are being rented out, but also if the rate of people staying in the same rental property is higher.

In 2024, there were 255 more bonds closed than opened for the first time on record – i.e. more tenancies were ended than started. This could reflect an increase in first home buyers moving from a rental to a new home, or it could reflect people leaving Hamilton or households consolidating to reduce costs. It likely reflects a combination of all these things.

The average rent in Hamilton was between $500-$520 per week in 2024. Rent payments have increased about 5% since 2023, and about 20% over the past 5 years. More than half of Hamilton households in private rentals paid between $400 to $600 per week in rent according to the Census. Most households living in other types of rentals, primarily different types of public housing, paid less than $200 per week.

Weekly rent payments in Hamilton, Census 2023

Source: Statistics New Zealand

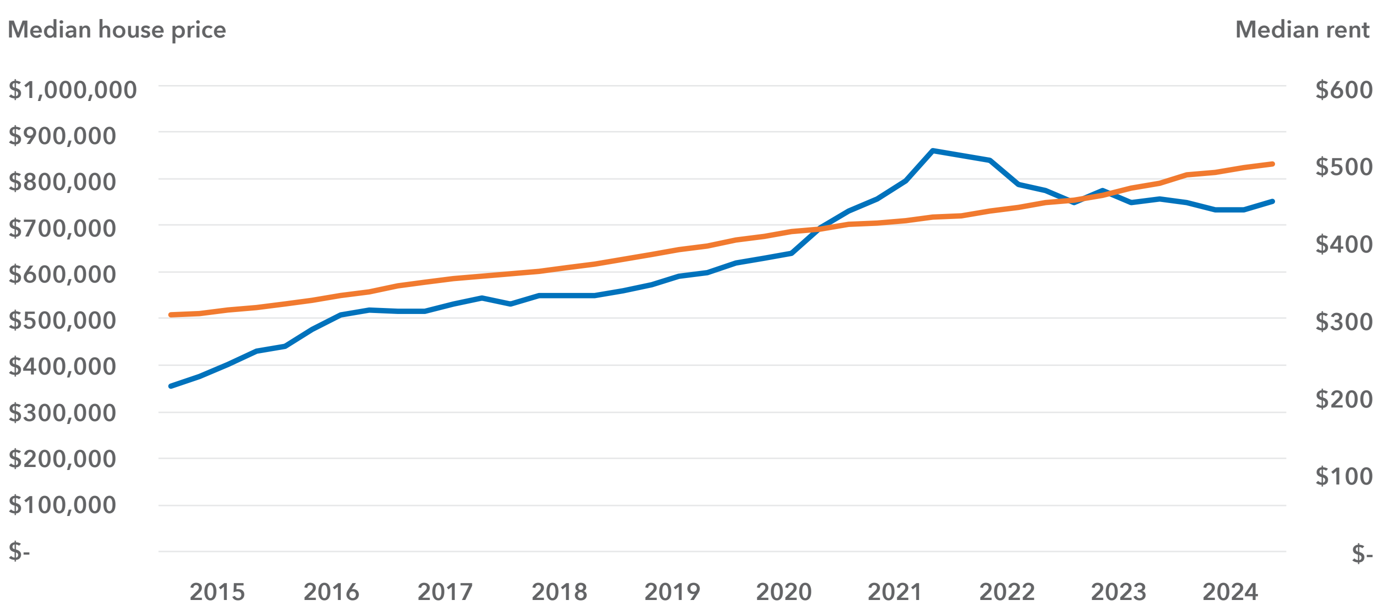


Rent tends to increase in a relatively constant way and doesn't bounce up in the extreme way that house prices can. Changes in rents are more strongly aligned with changes in income levels and the availability of rental properties. On average, rent has increased 5% per year over the past decade. Rents also always go up while house prices occasionally come down.

How house prices and weekly rent compares

Source: Hamilton City Council and Infometrics

Median house price Median rent



The Census data showed that there were 3300 one-bedroom rentals in Hamilton, 12% of all rental properties. Two- and three-bedroom homes were the most common rentals, accounting for 29% and 38% respectively. Generally, homes with more bedrooms were more expensive to rent with 55% of one-bedroom rentals costing $200 to $299 per week while 64% of three-bedroom rentals cost $500 to $599 per week.

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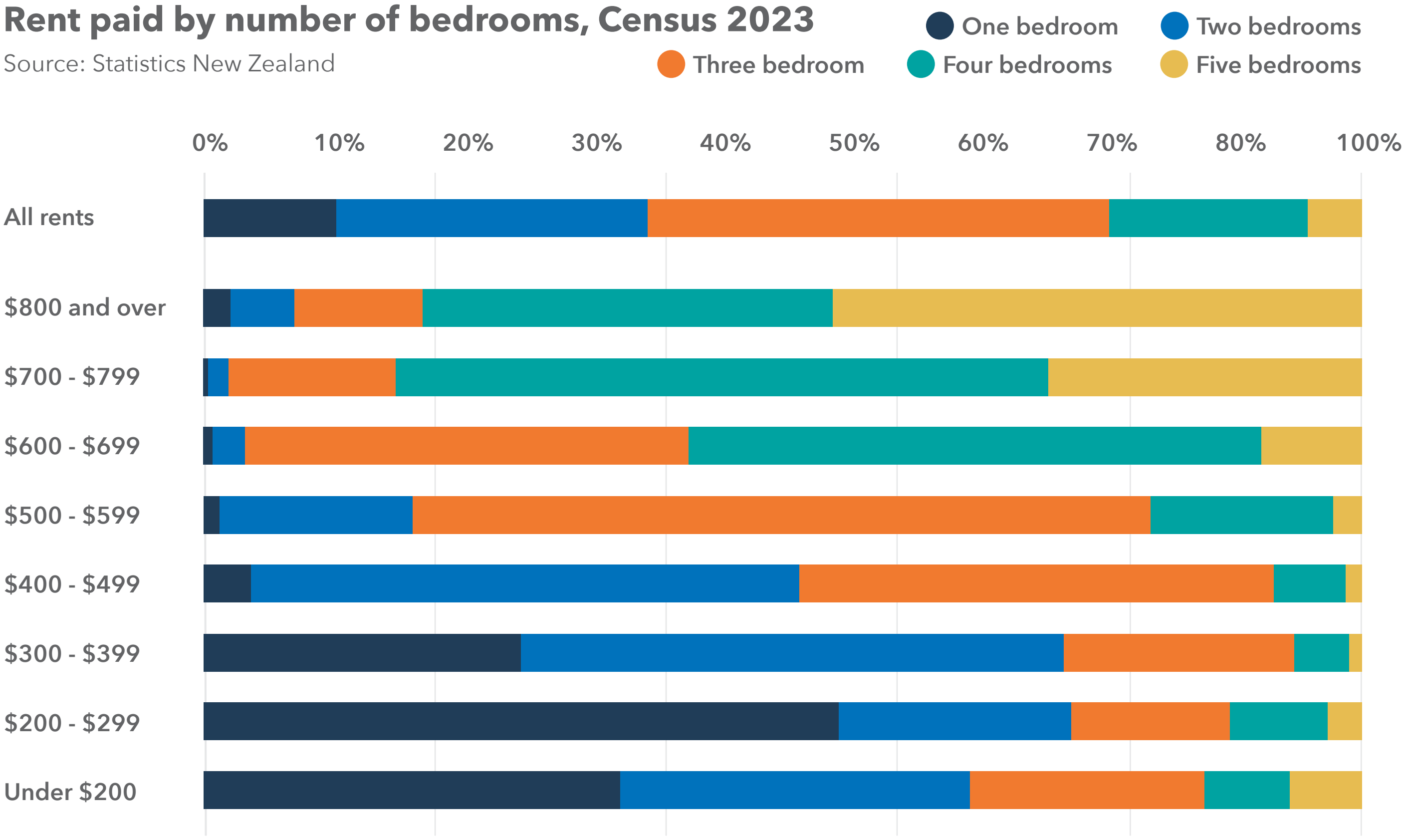
Rent paid by number of bedrooms, Census 2023

Source: Statistics New Zealand



In Hamilton, rent makes up a lower proportion of household income than in other parts of New Zealand. In 2024, rent was 21% of household income in Hamilton, compared to 22% nationally and 23% across Waikato. Rental affordability has reportedly improved slightly in Hamilton since 2020, with rent as a percentage of household income falling from 21% in 2020. This is a result of household income increasing at a slightly higher rate than rent. Unfortunately, household expenses have increased at a faster rate than household incomes, so while rent may technically be more affordable, household budgets are far more squeezed than they were in 2021 because of high inflation.

Rental yields (revenue generated by a property relative to the price of the property) are generally slightly better in Hamilton because house prices are lower. Rental yields differ by suburb with areas with lower prices like Enderley (4.9%) and Bader (4.9%) having higher yields than our newest suburbs like Rototuna North (3.8%) and Flagstaff (3.7%) which have higher house prices and lower yields.

Commercial and industrial development

COMMERCIAL AND INDUSTRIAL DEVELOPMENT

Consenting trends

A national recession and high interest rates had detrimental effects on non-residential consenting in 2024. Many businesses postponed significant investment decisions such as a new building as they navigated the economic downturn and awaited greater certainty. Overall non-residential consenting halved with 36,700m2 consented across both industrial and commercial development in 2024. Industrial consenting fell to 19,900m2 from 61,300m2 in 2023, while commercial consenting was only 60m2 lower.

Just over 10,000m2 of newly consented industrial developments were warehouses and storage buildings which was significantly lower than 2022 and 2023 when development at Ruakura Superhub peaked. The Ruakura growth area saw a total of nearly 6000m2 consented in 2024 and Te Rapa had nearly 11,000m2 of new industrial development consented.

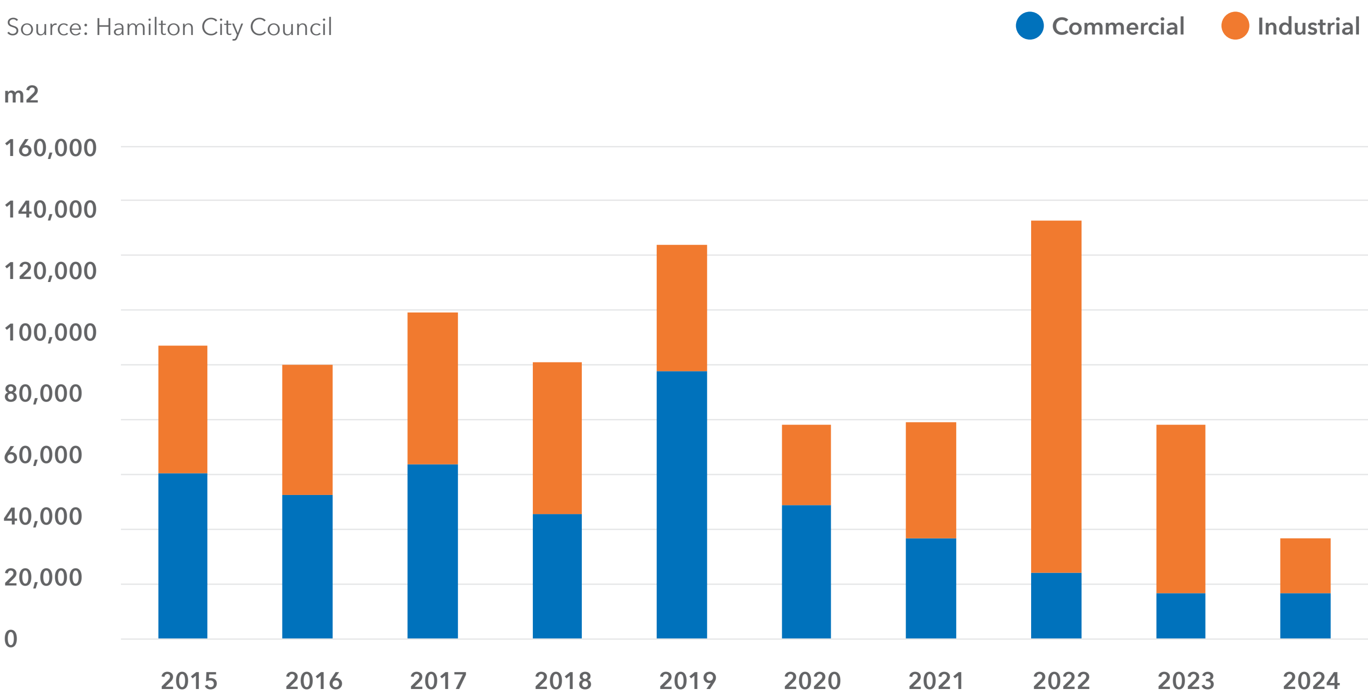
36,700m2
of commercial and industrial floor area consented

DOWN 53% ON 2023

Commercial development included a 7100m2 adult acute inpatient facility at Waikato Hospital and a 5100m2 Pak'n'Save in Te Rapa. These two developments meant Hamilton Lake and Te Rapa were the areas that saw the largest amount of consented development in 2024.

New non-residential floor area consented (m2)

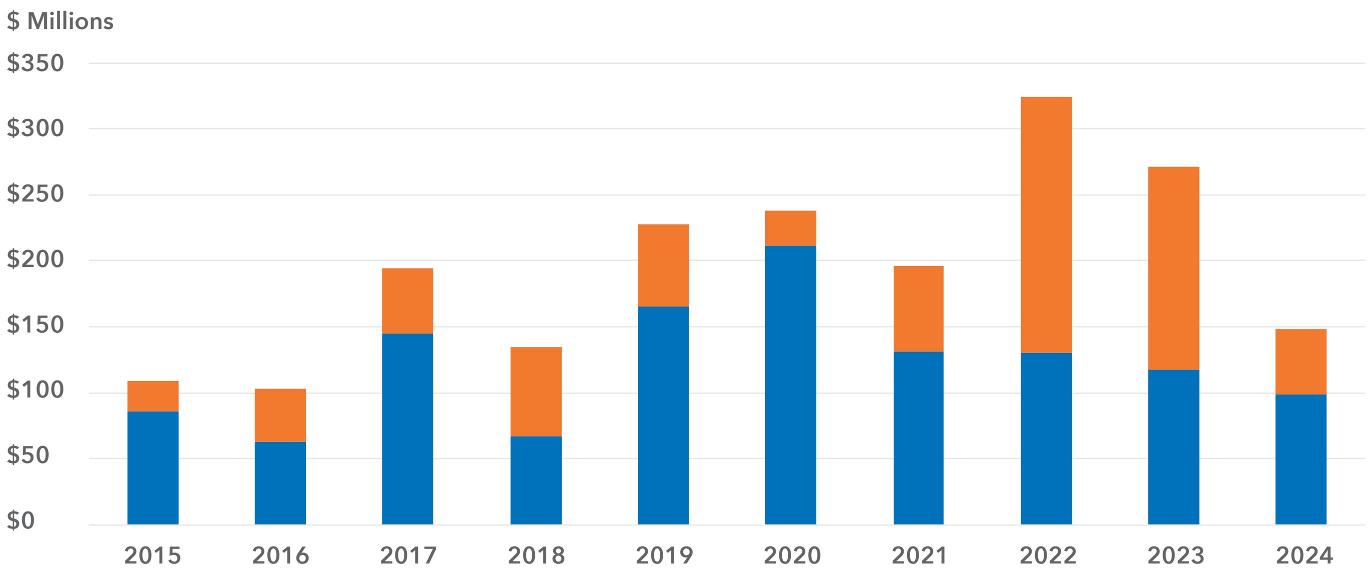
Source: Hamilton City Council



The value of new non-residential construction also fell significantly in 2024, down 45% on 2023. New commercial development was valued at $99 million in 2024 compared to $117 million the previous year. New industrial development was valued at $50 million compared to $154 million in 2023.

Value of non-residential development

Source: Hamilton City Council

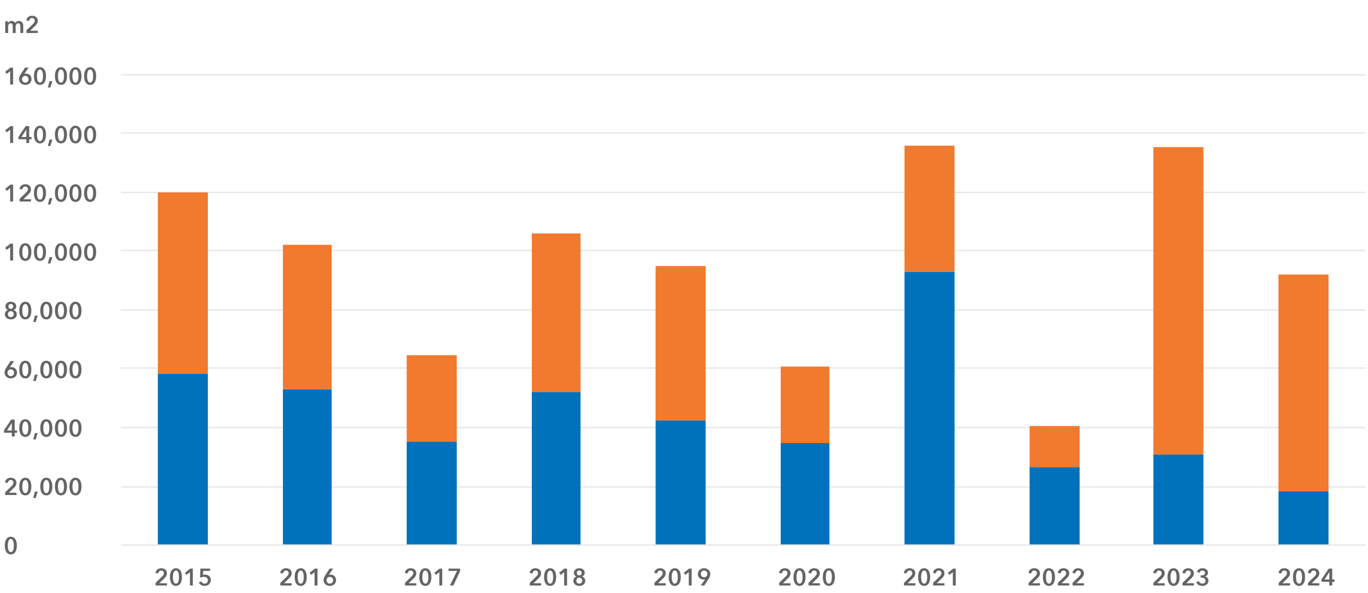


While consenting was low in 2024, there was still a lot of development activity happening across the city. At the end of 2024, there was nearly 58,000m2 of new non-residential development under construction, and over 91,000m2 had been completed.

Non-residential projects tend to have a longer lead time than most residential projects due to the higher investment value and for commercial development, and sometimes the complexity of the build. The low levels of consenting activity in over the past two years means the next two or so years will likely see lower levels of construction activity and completions.

Non-residential development completed in Hamilton

Source: Hamilton City Council



COMMERCIAL AND
INDUSTRIAL DEVELOPMENT

Alterations and additions

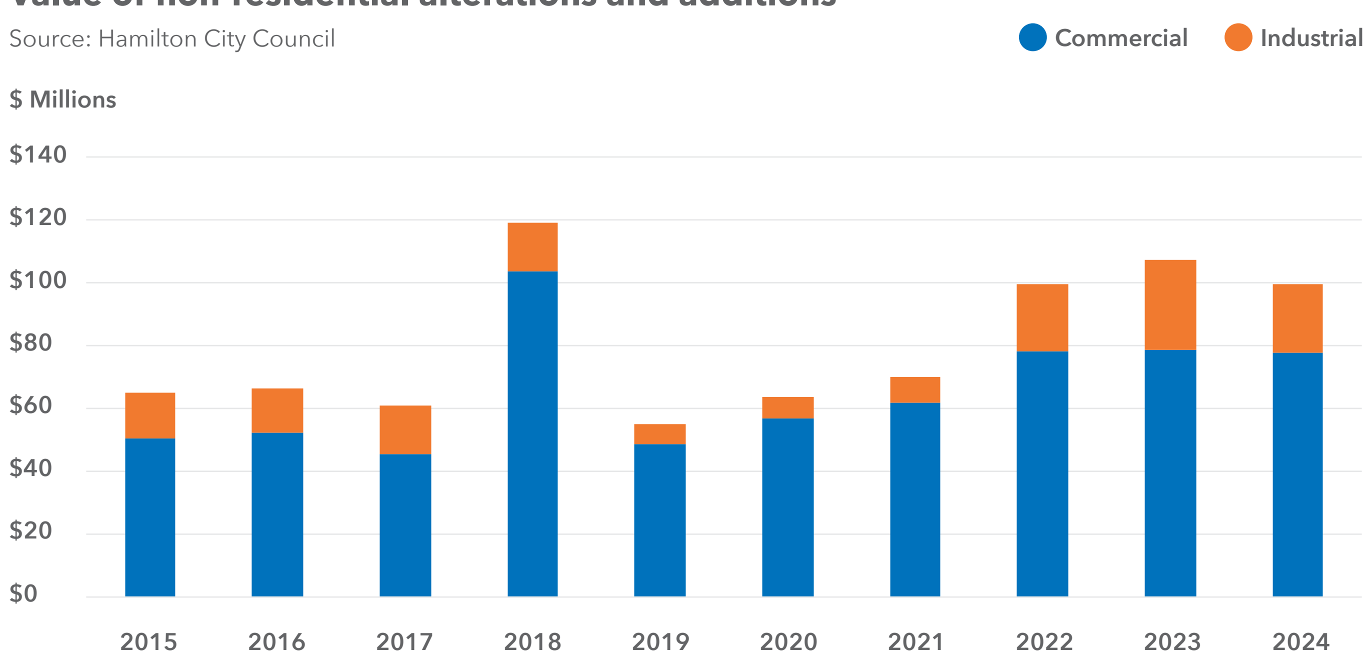
Alterations and additions tend to increase when land or building costs are high, or when economic uncertainty makes businesses more cautious about significant investments in new builds.

Since 2022, Hamilton has seen higher levels of alterations and additions for both commercial and industrial properties. In 2024, nearly $100 million was spent on non-residential alterations. Commercial premises tend to make up most of the value of alterations and made up 78% of the value of all alterations in 2024.

A quarter of investment in upgrading existing buildings was made in the central city ($25 million). Te Rapa also saw significant investment in improving existing property, with over $24 million invested.

Value of non-residential alterations and additions

Source: Hamilton City Council



COMMERCIAL AND INDUSTRIAL DEVELOPMENT

Industrial land in the city

Hamilton has four major industrial areas – Frankton, Te Rapa, Rotokauri and Ruakura. Ruakura is our newest industrial growth cell with earthworks beginning in 2017 and the first buildings opening in 2023.

Frankton is Hamilton's historical industrial hub, located near the railway line. Over the past five years, Frankton has seen more commercial development than industrial development - a shift from the past. Compared to newer growth cells, there is less land available in Frankton, and most new development there is smaller in nature or redevelopment.

Te Rapa is Hamilton's main brownfield (already developed) industrial area and is adjacent to the Rotokauri greenfield industrial area. Nearly half of all non-residential development over the past ten years has occurred in the Te Rapa and Rotokauri areas.

When looking at the use and availability of industrial land, it is useful to look wider than the city boundary to understand the picture, including areas like Hamilton Airport and Horotiu. The 100-hectare Northgate Business Park in Horotiu, just 8km north of the central city, is in its third and final stage of construction. Hamilton Airport's Titanium Park is another major industrial area which is looking at future expansion opportunities.

The Industrial Vacancy Survey undertaken by CRBE and NAI Harcourts, which does not include Ruakura but includes Hamilton Airport, showed that Hamilton had a total of 2.2 million m2 of industrial space in 2024, including 27,500m2 of new supply. The survey monitors industrial buildings in Te Rapa (which includes the Rotokauri growth cell in this report), Frankton and Hamilton Airport. Ruakura, which has had over 94,000m2 of new space completed over the last two years, will be included in future surveys.

Hamilton has had an industrial vacancy rate below 2% for six years. The vacancy rate in 2024 remained at 1.6%, with nearly half of this space being vacant for more than 12 months. The 2024 vacancy rate at Hamilton Airport was the highest because of a recent vacancy in a 5100m2 building that more than doubled the rate there. Te Rapa South vacant space increased by 4400m2 while the uptake of grade C tenancies in Frankton caused a significant drop in the vacancy rate there.

Vacancy rates are lower in high grade buildings. Grade A buildings had a vacancy rate of 1.4% compared to just under 3% for grade C buildings.

Hamilton City Council is required to undertake an assessment of housing and business land (HBA) to ensure there is sufficient land to meet demand. We then use this information to plan for development and determine the infrastructure needed to enable growth. Our growth planning ensures that we have a plentiful supply of committed greenfield growth. It also guides our principles for out-of-boundary growth. These set out expectations for developers, landowners, and other key partners to ensure new development areas contribute positively to achieving the city's vision.

We are constantly monitoring the development and speed at which the development of industrial land is happening, to inform these assessments and project future demand. The projections below align with Hamilton's latest HBA (published in 2024) and our latest snapshot on industrial land capacity (March 2025). The HBA shows strong short-term demand is expected in Te Rapa and Rotokauri, with an additional 54 hectares needed in the short-term and 174 hectares needed in the medium term.

Demand in Ruakura is also expected to grow. The estimated available land for industrial development in Ruakura has been reduced to reflect the uncertainty around demand for leasehold land, as offered in the Superhub. There is also a significant amount of land expected to be needed for stormwater infrastructure and uncertainty around the construction of key transport infrastructure. About 102 of the 256 hectares is currently estimated to be developable for industrial use in Ruakura over the long-term.

Demand for industrial land in Hamilton

Area	Demand (in hectares)			Total development ready vacant land
	Short term	Medium term	Long term	
Te Rapa	34	108	214	218
Frankton	8	28	82	6
Ruakura	2	5	14	102*
Other	8	26	75	0
CBD	2	8	24	0
Total	**54**	**174**	**409**	**483**

*actual vacant land is 256 hectares

Our people

OUR PEOPLE

Population

Hamilton was confirmed as New Zealand's fastest growing city for the second year following the release of Statistics New Zealand's population estimates. In 2024, Hamilton's population was estimated to be 189,700, an increase of 5600 people (3.1%). The 2024 increase was slightly lower than 2023's 6800 but this reflects the lower level of international migration in 2024 compared to the peak in 2023. Over the past five years, nearly 18,000 more people have made Hamilton home.

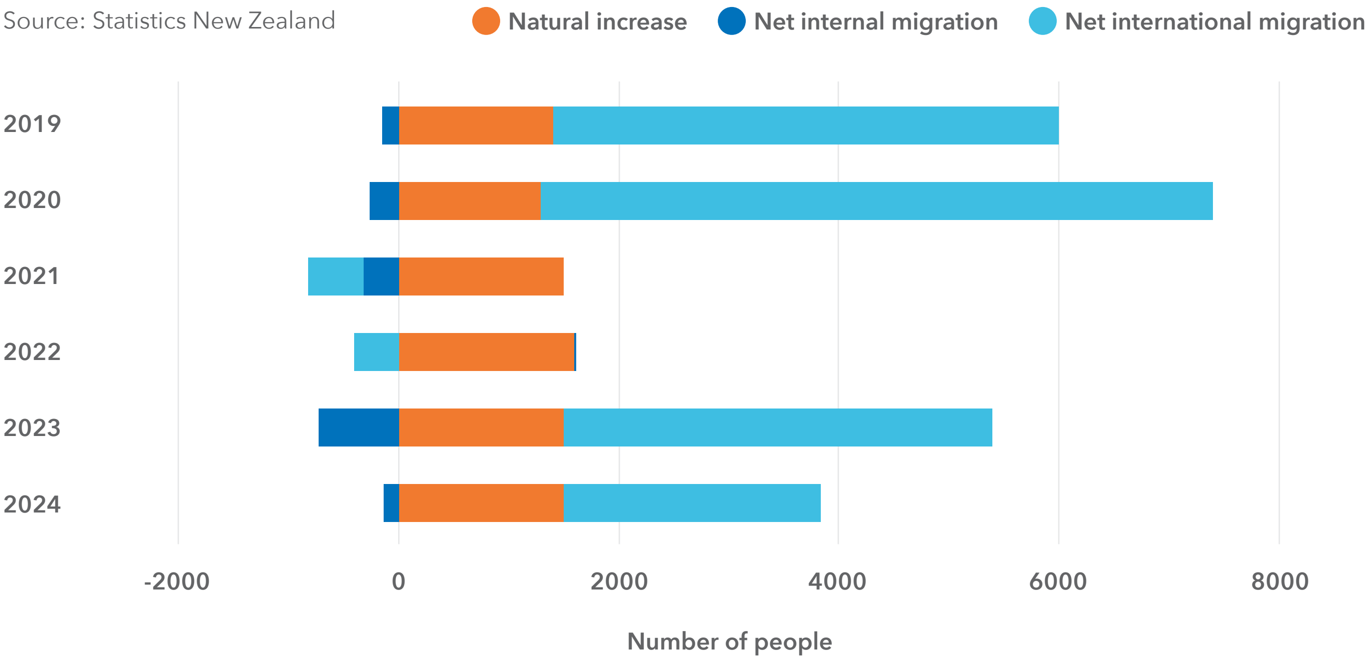
Population growth continues to be driven by international migration with a net increase of 4300 new migrants moving to Hamilton in 2024. Meanwhile New Zealand's net migration fell from a record high of 128,000 in 2023, to 27,000 at the end of 2024. While net migration has fallen in New Zealand, there are still historically high migrant arrivals, however, this is countered by historically high departures.

As is typical for Hamilton, net internal migration (people moving between Hamilton and another part of New Zealand) was estimated to be negative 150, meaning that 150 more people left Hamilton for somewhere else in New Zealand than moved here. This compares to -260 people in 2023 and -320 people in 2022. Research into internal migration trends show that Hamilton's biggest outflow is into neighbouring Waikato and Waipaa districts, with many people likely still working in Hamilton.

Hamilton's population growth from natural increase (the number of births minus the number of deaths) was 1400 in 2024. Over the past five years, Hamilton has seen an average natural population increase of around 1500 people. The fall in 2023 and 2024 was primarily driven by an increase in deaths rather than a decrease in the number of births.

What is driving population growth? (2019-2024)

Source: Statistics New Zealand



OUR PEOPLE

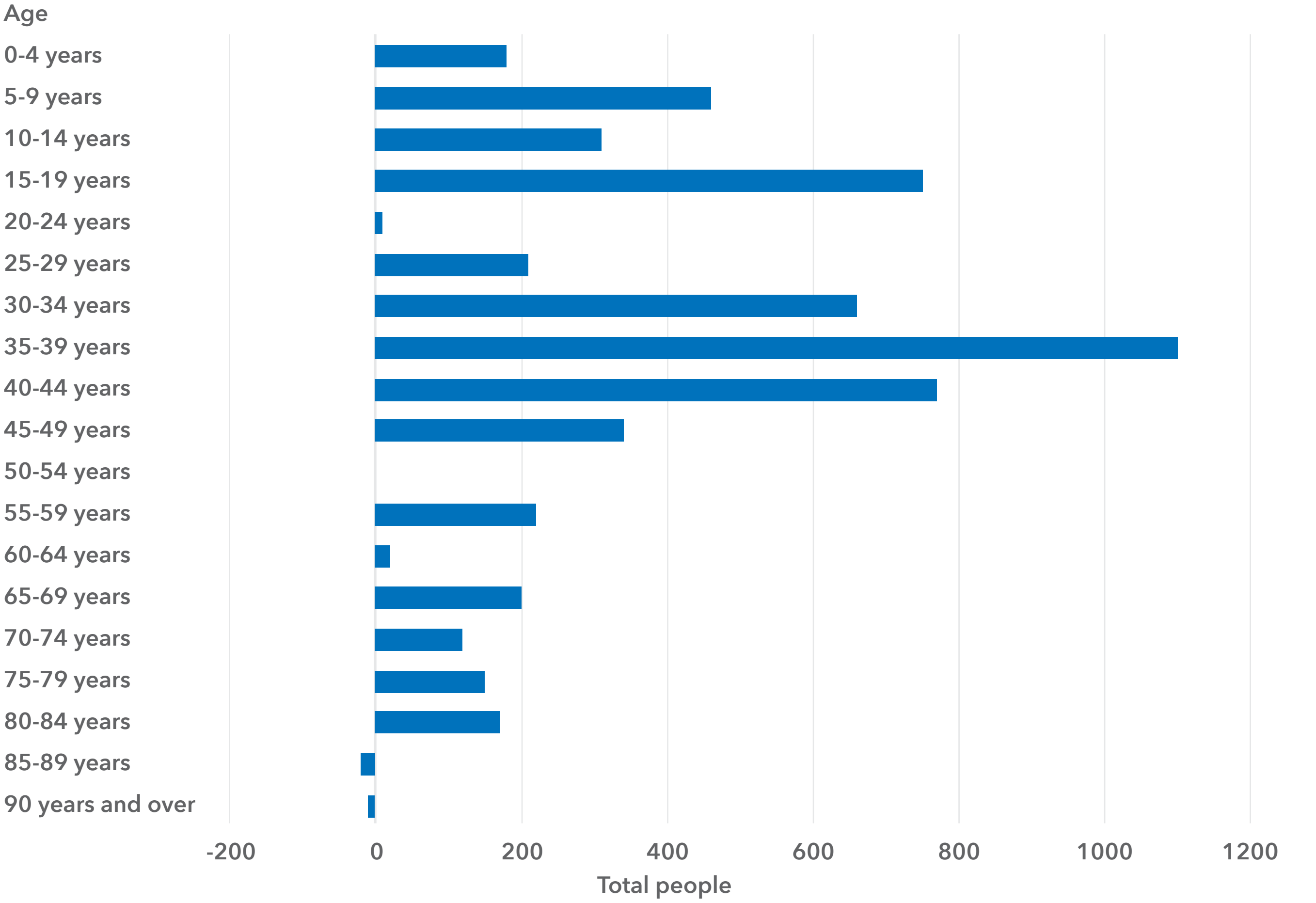
Age structure

Hamilton's estimated median age increased to 33.3 years (the same as 2023) but remains the lowest of any city or district in New Zealand. This means that half our population is under 33 years.

The headline exodus of young people appears to be at least balanced by international migrant arrivals in Hamilton, according to the estimates. Hamilton had a net gain in all age groups under 50 years, although there was a net gain of just ten 25 to 29-year olds. This doesn't mean people aren't leaving the city, it just means there are generally more people arriving than leaving.

Hamilton's population change by age, 2023 to 2024

Source: Statistics New Zealand



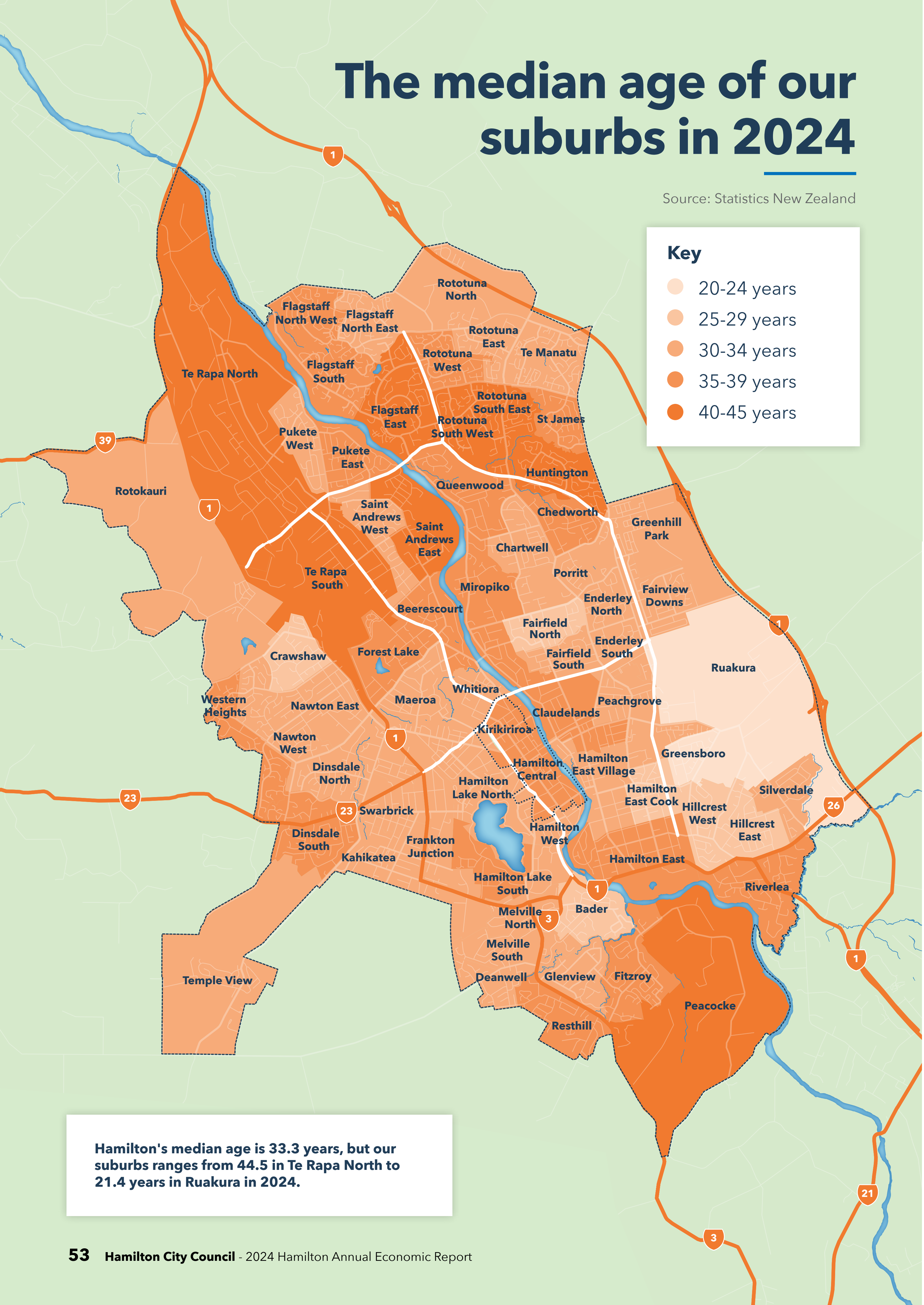
Since 2015, Hamilton's population has increased by 21%. The number of children increased by 18% and the number of people over 65 years increased by 14% over the same period.. The biggest area of growth was in the working age population which aligns with the high growth in both jobs and businesses that Hamilton has seen. In the long term, the number of Hamiltonians over the age of 80 years is expected to double, while growth in the younger age groups is minimal.

Amongst Hamilton's suburbs, the median age varies from a low of 21 years in Ruakura to a high of 45 years in Huntington. Our suburbs are also aging differently. The median age in Hamilton Central has tracked up from 27 in 2013 to 38 in 2024. Other suburbs saw a decline in median age. Beerescourt for example, saw its median age fall from 40 years to 37 years.

In the long term, we expect Hamilton to grow by an average of 2800 people per year. By 2043, we expect the city to be home to over 240,000 people and provide jobs, education and services to an even greater population. The speed of population growth seen in 2023 and 2024 is unlikely to continue with immigration slowing, however, recent high growth may mean that our population is slightly higher in 2043 than originally anticipated.

The median age of our suburbs in 2024

Source: Statistics New Zealand



Hamilton's median age is 33.3 years, but our suburbs ranges from 44.5 in Te Rapa North to 21.4 years in Ruakura in 2024.

OUR PEOPLE

Census 2023

The Census gives us a unique opportunity to learn more about our community. This section reports on Census data that tells you about the people in our community.

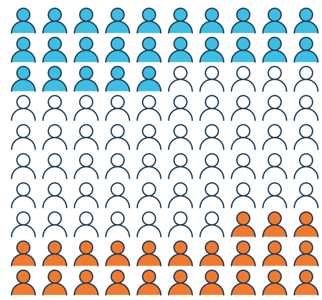
Hamilton's population has become more diverse over time with more people being born outside New Zealand each Census. In 2013, three-quarters of Hamiltonians were born in New Zealand. In 2023, this had fallen to 70%. Nearly 53,000 Hamiltonians were born outside New Zealand, with just over half of these people born in Asia (including India). The proportion of people born in the United Kingdom and Europe has been declining over time, while the percentage of people born in Asia, the Middle East and Africa has increased.

Since 2013, the number of people in our community who speak other languages has increased. Maaori is second to English as the most commonly spoken language in Hamilton (7%), followed by Hindi, Chinese, and Panjabi. Some members of our community cannot have a conversation about everyday things in English (3.4% excluding those too young to speak).

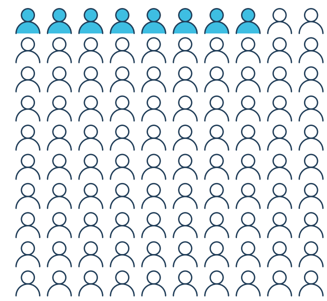
Our ethnic makeup is also changing. In 2023, nearly 3 in every 5 Hamiltonians (58%) were of European descent, primarily New Zealand European and one in four people were Maaori (25%). People of Asian descent are nearly a quarter of Hamilton's population (23%) – the highest outside of Auckland and up from 14% in 2013.

Hamilton's median age is 33 years, however, there are significant differences by ethnicity. Maaori have a median age of 25 years while Pacific peoples were younger with a median age of just 22 years. New Zealand Europeans had a median age of 35 years. British and Irish people had the highest median age at 38 years.

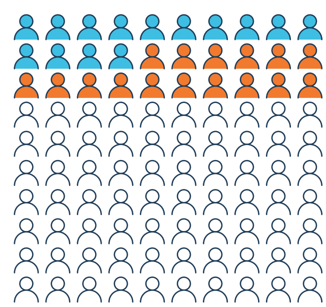
Every 100 People



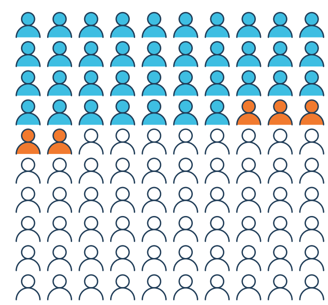
25 people are Maaori and 23 people are Asian



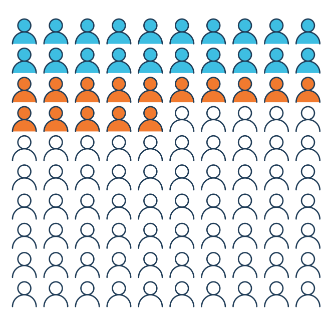
8 people have a disability or condition that limits abilities



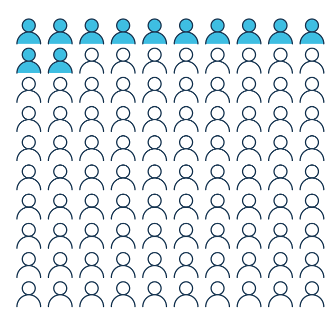
30 were born overseas, of whom 16 were born in Asia



37 people were living in the same place as they were in 2018 and 5 people were living overseas



20 people have a bachelors degree; 15 people have a postgraduate qualification and 9 have an undergraduate diploma.



12 people do unpaid voluntary work for a group or organisation

Maaori in Hamilton whakapapa (affiliate) to over 140 iwi around Aotearoa. The largest iwi grouping was Waikato-Tainui with nearly three in 10 Maaori affiliating, followed by Ngaapuhi nui tonu (Northland). Over the past 10 years, iwi affiliation in Hamilton has increased by 57%, with Waikato-Tainui affiliation increasing 82%.

In the 2023 Census, there were new questions on sex at birth and sexual orientation. The data shows that nearly 6% of Hamiltonians identify as LGBTQI compared to 5% nationally.

The proportion of our community who have a disability, long-term health or mental health condition that limits their ability to undertake everyday activities increased from 7% in 2018 to 8% in 2023. This was highest with older Hamiltonians (over 65 years) and Maaori. The most common activity limitation was being unable to or having a lot of difficulty walking and remembering (3% each) followed by seeing (2%).

Census data informs the New Zealand index of socioeconomic deprivation which divides the population evenly across 10 deciles from least deprived (1) to most deprived (10). Two in five Hamiltonians (44%) live in the most deprived areas (deciles 8 to 10) while one in five people (20%) live in the least deprived areas (deciles 1 to 3). A normal distribution pattern would mean both groups would typically be around 30%.

Families

The Census showed that 71% of households in Hamilton are families (43,100). Families include couples without children as well as families with children. Nearly half of all families contained two people (47%) and nearly a quarter contained three people (23%). About 3% of families contained six or more people. There has been some change in the number of people in families over time. In 2013, 49% of families were two people and 22% were made up of three people. Larger families (six or more) have seen no notable change.

The most common family type was a couple with children (43%) followed by a couple without children (36%). The remaining 21% were single-parent families.

Extended families were 11% of family households in Hamilton. Over half of these families had three or more generations living together and 37% had two generations. The median income for households with extended families was higher ($140,000) compared to other families ($104,000).

Education

Hamilton's population is highly educated with 29% of people having a degree or higher qualification compared to 27% nationally. At the other end of the spectrum, Hamilton had fewer people with no qualifications, as well as Level 1 or Level 2 (often NCEA) as their highest qualifications.

Hamilton had a higher proportion of people aged over 20 years in both full-time and part-time study than seen across the country – a reflection of having strong education institutions like Waikato University and Wintec. Interestingly, participation in education by those under the age of 20 years was lower than the national average.

Our central city

Our central city is home to 15% of Hamilton's businesses and 21% of jobs. It is currently home to 1% of Hamilton's population. The population grew slowly but steadily in the central city until 2021. Since 2020, there has been little new residential development in the central city, so it is no surprise that population growth has eased without the availability of new housing opportunities.

In 2024, there were an estimated 1540 people living in the central city, an increase of 20 people since 2023. Nearly two-thirds of the population is in the northern end of the central city, between London Street and Mill Street. Nearly half of the central city's residents are aged between 15 and 39 years.

OUR CENTRAL CITY

Doing business

Our central city has 1740 businesses that support 23,350 jobs for Hamiltonians and the wider Waikato community. Our central city generates around $4 billion in GDP each year – roughly a quarter of Hamilton's GDP.

Business growth continued in the central city in 2024 despite tougher economic conditions, however, it slowed to 1%, down from nearly 9% in 2023 and 6% in 2022.

Professional and scientific services and utility services (electricity etc) each accounted for 15% of GDP, around $600 million. Professional and scientific services provided over 4600 jobs in the central city while utility services provided just over 600 jobs.

Public administration and safety was also a large central city employment sector with over 3600 jobs, about 56% of all public sector jobs in Hamilton. Nearly two-thirds of financial and insurance service jobs were in the central city (1390 jobs) as well as about 16% of all healthcare jobs (2800 jobs).

Card spending

The central city saw $782 million in card spending in 2024. Card spending fell 0.7% ($5.6 million) in the central city compared to -0.9% across Hamilton as a whole, and -0.6% at our sub-regional centres like Chartwell Square and The Base.

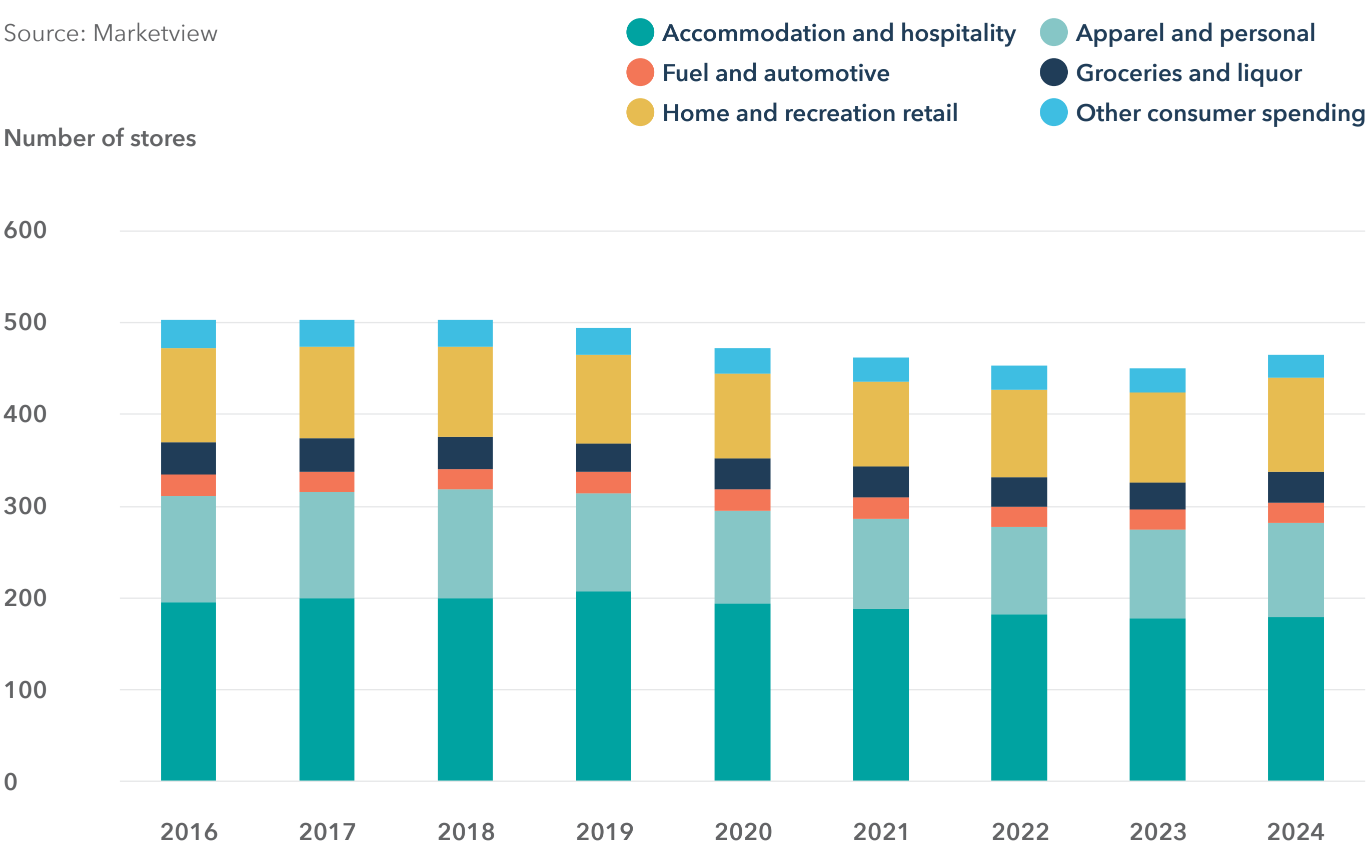
Two areas saw an increase in spending - groceries and liquor (up 3%) as well as fuel and automotive (up 1%). At a high level, the $10 million increase in spending on groceries and liquor helped offset the $12 million fall in retail spending, but for our 175 retail stores, this equates to an average revenue fall of nearly $70,000.

The number of card transactions was largely unchanged at around 14 million. The average transaction was $57 in 2024, although there was variation across the different categories. Accommodation and hospitality saw a 3% fall in transactions, but the average transaction value increased by more than 2%, suggesting people came into the central city to dine or stay less often, but spent more when they did. At the opposite end, groceries and liquor saw transactions increase nearly 5% but the average spend fell nearly 2%, suggesting people were doing slightly smaller shops more often.

The central city saw an increase of 16 stores in 2024, the first increase in over nine years. The growth in stores occurred across apparel (6 more stores), groceries and liquor (5 more stores), and home and recreation retail (4 more stores).

Stores in Hamilton's central city

Source: Marketview



OUR CENTRAL CITY

Pedestrian counts

Pedestrian counts are a good indicator of economic activity in the central city, as there is a strong relationship between how many pedestrians there are and how many transactions are made. More people in town generally results in more money being spent as people buy lunch or pop into a store on the way past.

The trend of working from home has largely been attributed to the lower number of people in the central city and to the Covid-19 pandemic. However, a shift to working from home was already happening in Hamilton before the pandemic. In the 2013 Census, 5% of employed respondents, said they usually worked from home. By 2018 this had increased to 8% and in 2023, it had increased further to 11%. This was the lowest proportion of people working from home of any of the metro cities, or our regional neighbours.

OUR CENTRAL CITY

New developments

There were no new developments consented in the central city in 2024, however, Union Square's Building E opened in February 2024. It is the second of five builds that will eventually complete Union Square. The third building is likely to begin construction in 2025 as tenants are secured for the various spaces.

 While there were no new builds consented, there was nearly $26 million of alterations and additions consented in 2024. The upgrade of the tower block above Centre Place began, the converted building will become a 191 room Pullman Hotel. The hotel is expected to open in 2026.

CENTRAL CITY

Development Activity

Larger-scale developments planned and underway

January 2025

1 **River Road** Residential 30 apartments
2 **Victoria Street** Mixed use residential / commercial
3 **Clarence Street** Mixed use 70 apartments
4 **McDonalds Drive Through**
5 **Quest Hotel / Offices**
6 **Opoia Road** Residential 23 apartments
7 **Clarence Street** Residential 9 apartments
8 **Northern Green** Mixed use 27 apartments / 1659 GFA
9 **Tuapapa** Mixed use residential / commercial
10 **High Street** Mixed use 98 apartments
11 **Rawhiti Village Stage 2** Mixed use 34 apartments
12 **One Cook Street** Mixed use 9 apartments
13 **Union Square** Commercial / retail 24,000 GFA
14 **Waikato Regional Theatre** Community facility
15 **Waikato Regional Theatre** Commercial / retail 2200 GFA
16 **Hills Village** Mixed use 42 apartments
17 **Ward Street Hotel** 191-key hotel
18 **Puutikitiki Street** Residential 23 apartments
19 **Wellington Street** Residential 21 homes
20 **Nixon Street** Residential 16 homes
21 **Te Hiringa** Residential 10 homes
22 **Lake Road** Residential 13 homes
23 **Beale Street** Residential / 6 apartments
24 **Pembroke Motel** 50 Unit motel
25 **Project Pooka** Mixed use offices / retail
26 **Hinemoa Apartments** Residential / 42 units
27 **Hammond Street** Residential / 11 homes
28 **NZ Blood Development** Commercial / ret
29 **K'aute Pasifika Pan Pacific Community Hu** Community Facility
30 **Made of Hamilton East** Mixed use retail / commercial
31 **Collingwood Street** Commercial / retail 1000 GFA
32 **Amohia Ake** Commercial 8,500 GFA
33 **Rawhiti Village Stage 1** Mixed use 10 apartments
34 **Tisdall Street** Residential 7 homes
35 **Firth Street** Residential / 14 homes
● **Commercial refurbishments**

Central city area | Area within 800m from the central city

Lodged | Consented | Completed | Commercial refurbishments

OUR CENTRAL CITY

Existing retail and office space

The central city had about 80,700m2 of retail space in 2024 according to the NAI Harcourts Hamilton CBD retail market overview. Another 4000m2 is currently under refurbishment and not included in the vacancy rates.

Vacancy rates continued to increase in 2024, moving from 8.9% at the end of 2023, to 9.3% in June 2024 and to 9.7% by December 2024. This is an increase of 660m2, taking total vacant retail space to 7800m2. The central city has seen vacancy rates increase steadily from 5.5% in 2022, although 2021/22 saw some of the lowest vacancy levels on record. Prime-grade retail space had the highest total floor area (30,300m2) as well as the highest vacancy rates (16%). Prime-grade retail space is retail premises on a street with good pedestrian traffic and near the central core.

At the end of 2024, the central city had nearly 305,000m2 of office space with another 30,000m2 being refurbished. Hamilton continues to have a large proportion of lower-quality building stock, however, in recent years, provision of A-grade office space has been increasing.

The commercial property market saw a contraction in the second half of 2024, with demand falling for all types of office space, and vacancy rates increasing for all grades except for E-grade, which saw a decrease in vacancy rates between June and December 2024. The vacancy rate for A-grade buildings is significantly better than for other grades at just 1.5% in December 2024. The vacancy rates for other grades ranged from 8% for grades B and E to 14% for Grade C buildings.

Higher grade office space tends to be more resilient, with new vacancies more likely to be filled than for other grades. This continues to drive churn within the market as businesses move from older office spaces to newer or refurbished ones. This in turn creates an incentive for building owners to upgrade their space to attract new tenants.

Our metro economy

Hamilton is 110km2, making it one of the smallest territorial authorities in the country. Our surrounding sub-region is closely linked to Hamilton and plays an important role in our economy and our growth. Council is part of Future Proof, partnering with Waipaa, Waikato District and more recently, Matamata-Piako, exploring how the sub-region could develop and provide for economic growth.

Hamilton sits in the middle of the sub-region and is the commercial and economic centre of the Metro-Spatial Plan (MSP) area which spans from Taupiri in the north to Kihikihi and Cambridge in the south. The MSP creates a framework to respond to growth challenges, address environmental deterioration, demand on infrastructure and rising housing costs over the long-term.

The sub-region is home to a population of over 271,000 people and has seen a 47% increase in population over the past two decades. This compares to 45% in Hamilton and 29% nationally. The sub-region offers a wide range of lifestyle choices that are attracting people to our region.

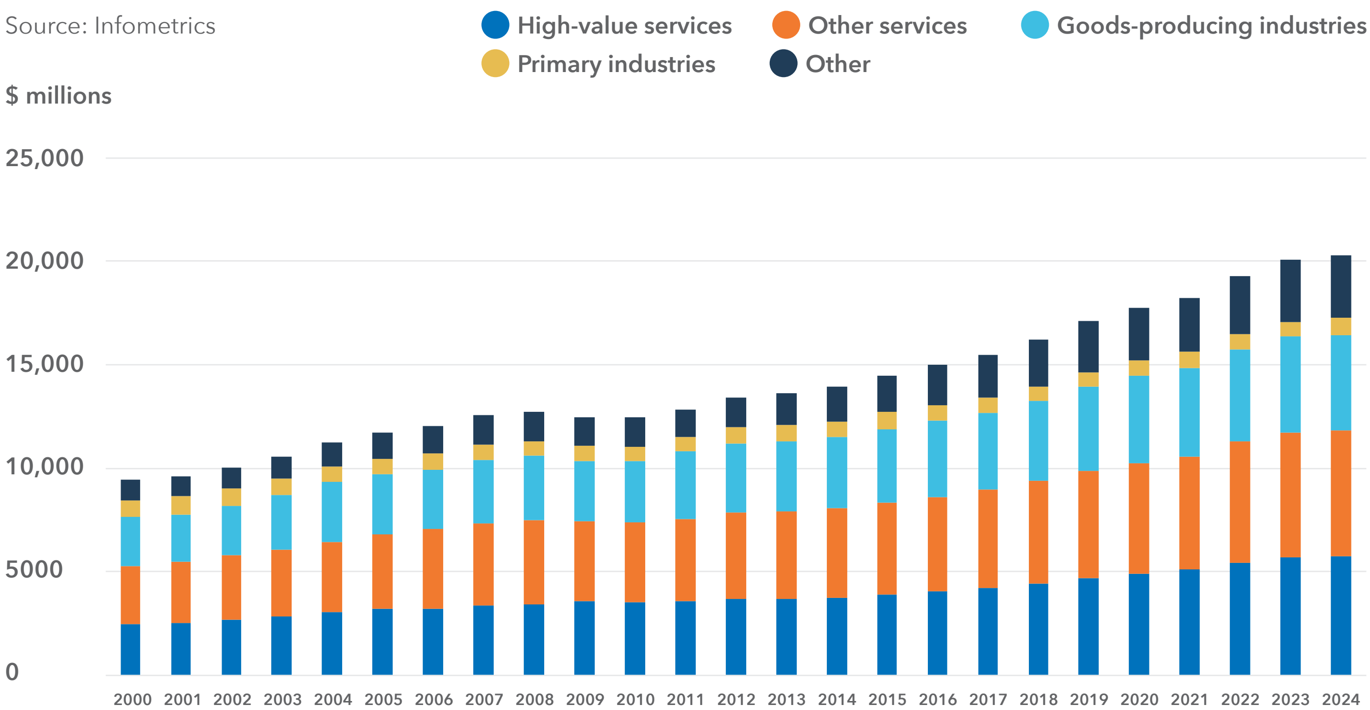
The Census and our own research into internal migration show that a lot of movement in and out of the city goes to/from Waipaa and Waikato districts. Since 2018, nearly 8500 people have moved from Waikato or Waipaa districts to Hamilton while nearly 12,000 people have moved from Hamilton to Waikato or Waipaa districts. Nearly 1400 people moved from Matamata-Piako to Hamilton and nearly 1500 went the other way.

In 2024, the sub-region had GDP of over $20 billion, an increase of 1.2% on 2023. GDP growth slowed in 2024, particularly in comparison to the annual growth seen over the past decade (average 4% per year). The sub-region has seen an increase of 40%, nearly $6 billion, in GDP over the past 10 years. This compares to a national increase of 29% and an increase of 38% in Hamilton.

Economic growth over the past 20 years has come from a growth in services, particularly high value services which includes knowledge intensive industries. Growth in high value services was 77% or $2.5 billion compared to $74 million of growth in the primary industries. Primary industries play a role in the sub-regional economy, but these days this is seen more in areas like manufacturing than in farming.

GDP by broad sector for the Hamilton subregion

Source: Infometrics



Healthcare and social assistance accounted for the highest proportion of GDP in the sub-region (10%). Manufacturing and professional and scientific services each contributed $1.8 billion or 9% of GDP. While agriculture is a key economic driver for the wider Waikato, within the sub-region it accounts for just $650 million or 3% of GDP.

Business growth within the sub-region has also surpassed national growth. In 2024, there were 27,840 businesses located in the area, an increase of 1.7% on 2023 and a 31% increase on 2015. Nationally, business growth was 0.9% in 2024 and 19% across the past 10 years. The strategic positioning of Hamilton and the sub-region between Auckland and Tauranga has been a big draw card for many new businesses over the past decade. As businesses and the population have grown, so too has demand for support services and businesses to support the day-to-day needs of the people.

The sub-region saw nearly 3500 new jobs created between 2023 and 2024, taking the total number of jobs in the area to 145,134. Job growth in the area has outpaced national job growth for much of the past decade.

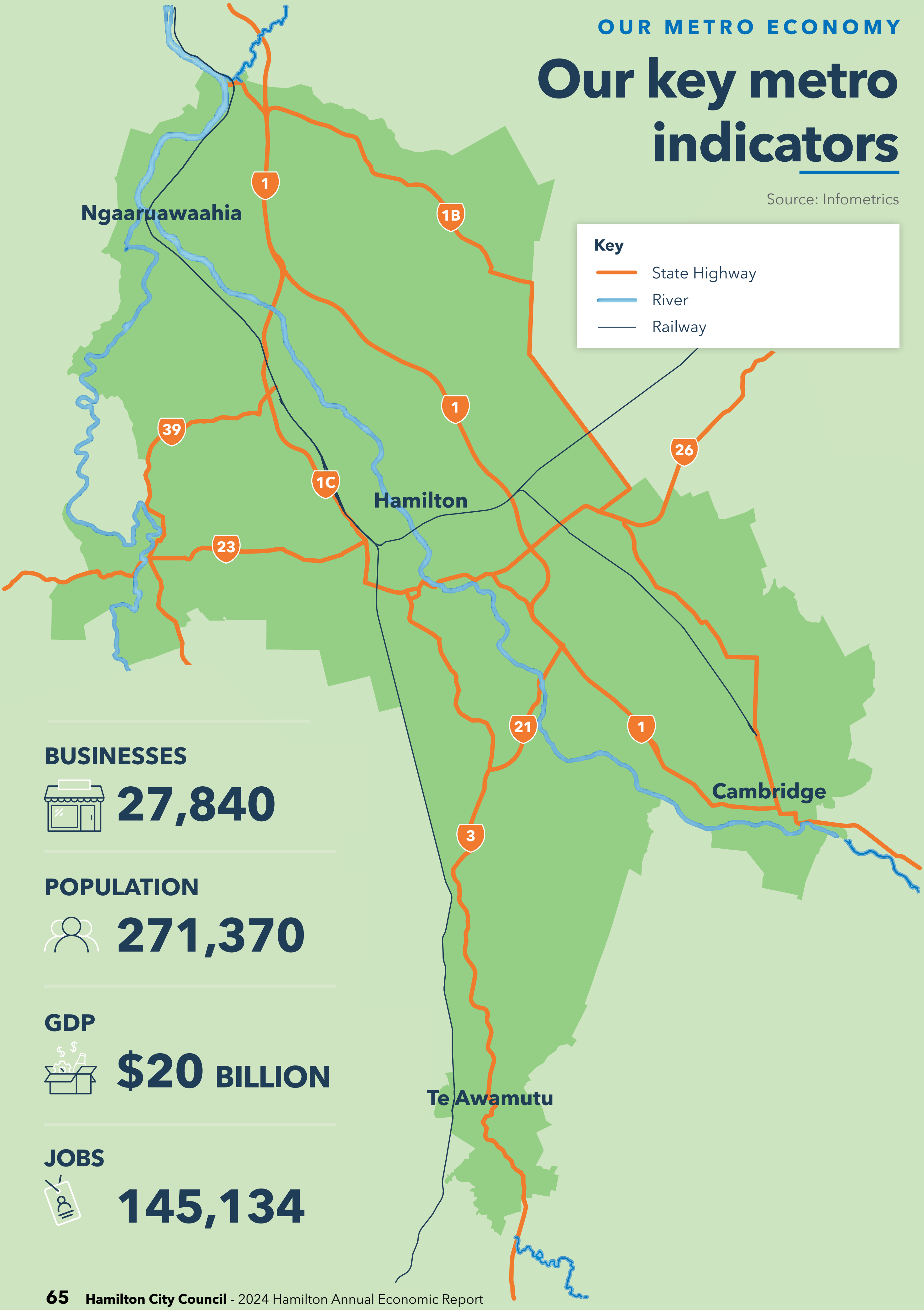
Over the past decade, the number of filled jobs in the sub-region has increased by more than 34,700. Construction has been the largest creator of new jobs, with over 6500 more jobs now than in 2015. Healthcare and social assistance also saw a large increase in the number of jobs, increasing over 5100 over the same period.

Hamilton has always been an employment hub, however, job opportunities have expanded beyond Hamilton's boundaries over the past decade. The growth of industrial hubs like Northgate, Hamilton Airport, and Hautapu (near Cambridge) have created more employment outside of the city boundary.

OUR METRO ECONOMY

Our key metro indicators

Source: Infometrics



BUSINESSES
27,840

POPULATION
271,370

GDP
$20 BILLION

JOBS
145,134

Our outlook

Hamilton's economy has shown resilience in recent years, but the national recession in the latter half of 2024 took its toll. By the end of 2024, there was optimism that growth would return in 2025 with the catch phrase "survive to '25" as businesses slogged through the downturn. Late 2024 into early 2025, there were signs of recovery, but the inauguration of President Donald Trump brought significant volatility to global markets. The saying "a week's a long time in politics" has never felt more accurate. Volatility indices have surged, with the US Trade Policy Uncertainty Index now 29 times higher than in 2024. Global economic forecasts have been downgraded too.

At the time of writing, President Trump had announced tariffs of at least 10% on all countries, with much higher tariffs for many trading partners and 145% tariff on Chinese goods. But the yo-yoing on-again, off-again tariffs are having the largest impact on markets. The President's stated goal is to leverage favourable trade agreements with America's trading partners. The effect of this will be seen as 2025 progresses, but volatility will remain constant.

Global politics will be a key determinant of economic growth

New Zealand goods exported to the USA will need to pay a 10% tariff – the lowest tariff applied. The New Zealand government has been clear that it has no intention of applying reciprocal tariffs, a reassuring decision for two reasons - tariffs are paid by consumers and tend to lead to inflation, and countries that have "fought" America by applying their own tariffs have seen blow back from the president, resulting in higher tariffs and/or threats. New Zealand is too small to wield any meaningful leverage with the USA, and we are already on the lowest tariff so there is little room for negotiation.

While the tariff will make New Zealand goods less competitive with their American counterparts, our tariff is potentially lower than many other countries we compete with. For example, New Zealand exports $787 million of wine to the USA. Our wine will attract a 10% tariff but wine from European Union countries will potentially attract a tariff of 20% from July. Our

beef exports, around $1.8 billion per year, will compete against beef from Canada and Mexico which will potentially attract 25% tariffs from July.

Opportunities could arise for New Zealand businesses to divert trade to other countries; however, many businesses will be looking to do this so global competition will increase. New Zealand is currently negotiating a free trade agreement with India which would create new trade opportunities that could outweigh the negative effects of US tariffs.

Tariff driven inflation will decrease the amount that households in the recipient countries can buy, which in turn will see demand for our export goods fall. For exporters, there are potentially three options – to pass on the cost of tariffs and potentially see lower demand; absorb the tariff by maintaining the current sales price; or find new markets. All options have poor outcomes for our exporters. Inflation may also come from changes to global supply chains and the movement away from free trade.

Global uncertainty and market volatility will arguably have a larger impact on Hamilton business and consumer confidence than tariffs. If businesses are concerned about the economic outlook, they are less likely to take risks or invest. Reduced consumer spending leads to lower business income, and discourages investment, expansion, and hiring.

Global inflation could impact mortgage rates here

Inflation is RBNZ's and other international central banks' primary focus. Inflation and interest rates in other countries affect New Zealand mortgage rates. New Zealand banks loan money using their own resources (money in savings etc) as well as borrowing from RBNZ and from international wholesale lenders. When the cost of borrowing goes up or down, so too do mortgage rates. The mortgage rates offered are based on the bank's estimate of what the costs will be to them over the term of the loan – the 2-year rate is what the bank thinks the cost of borrowing will be over the next two years as well as a profit and a contingency for unexpected upwards movements. If inflation is high in America, the international cost of borrowing is likely to increase.

In New Zealand, inflation is expected to remain within the RBNZ's target range of 1% to 3%, but, it may sit closer to the upper end of the range. Lower economic growth and the potential for products to be diverted to New Zealand (away from America) at discounted prices could counter higher inflation here.

Volatility and uncertainty are a given, but could lead to lower interest rates

High levels of volatility and uncertainty are expected to slow economic growth both locally and globally. Some economists predict a global recession. Infometrics estimates annual economic growth in New Zealand might be 1.4 percentage points lower than was originally forecast. This will push out the expected economic recovery and negatively impact both business and consumer confidence. For Hamilton, a fall of this magnitude would equate to a fall in production of about $220 million a year.

Low (or no) economic growth could result in further cuts to the OCR and mortgage rates. Most banks have indicated they expect the OCR to land around 2.5%, the financial markets have priced in cuts to 2.8% while RBNZ has currently forecast a fall to 3.1%. While this is now a common call from economists, not all agree and some see the risk of inflation outweighs the risk of an economic slowdown. The RBNZ has signalled that it expects to continue to cut rates in the short-term but will continue to monitor the impact of tariffs on both inflation and the economy. It is worth remembering that the RBNZ's sole mandate is to focus on inflation.

Lower interest rates will help but will they be enough?

Lower interest rates generally stimulate spending, boosting economic growth through higher demand for goods and services. This was evident in 2020 and 2021 when the OCR was at its lowest rate ever, and demand increased exponentially. Household debt increased from 169% of income to 175% in 2025. The fall in the OCR this time is likely to be a different story, and we do not expect spending to rise hard or fast. The pain of high interest rates is still fresh for many households, so we expect to see more people paying down debt and/or being cautious about increasing debt.

Slower economic recover will impact the housing market

The changing global economic outlook will impact Hamilton's housing market if economic growth slows. A slowdown in growth and employment could delay the housing market improvement we are currently forecasting. However, high volatility in other investment areas may see New Zealanders revert to their investment of choice – housing.

Hamilton's median house price is forecast to improve in the latter half of 2025, with growth becoming positive nearing 9% per annum in 2026. Falling interest rates will drive house price growth, but it will be tempered if economic growth slows.

There is a strong link between income growth and house price growth. Income growth is expected to be lower in 2025 and 2026 than in recent years. Slow economic growth often tempers income growth. With inflation back to normal levels there is less of an argument for high pay increases, and with more people looking for work, businesses are in a better position to negotiate wages with new hires.

Residential construction growth relies on house price growth

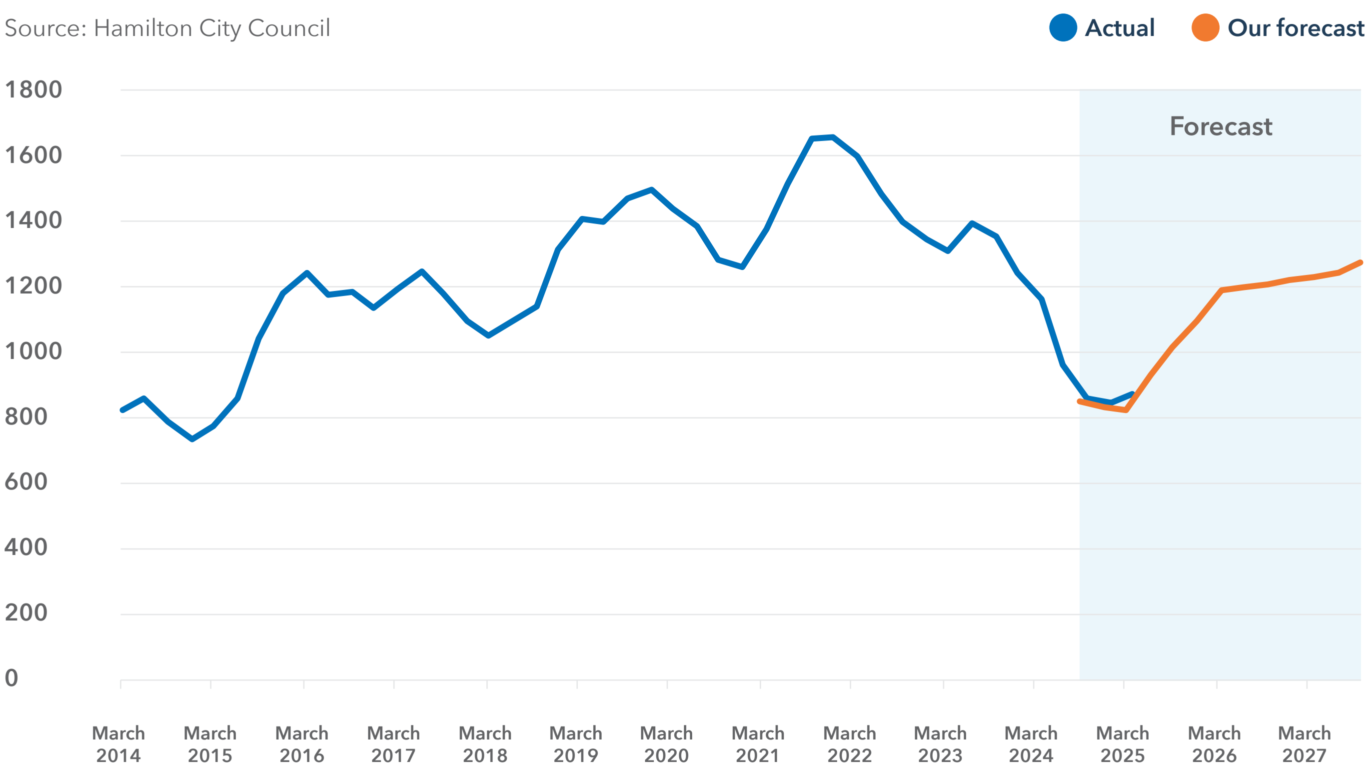
In September our forecasts for residential construction activity suggested consenting activity would fall in both the December 2024 and March 2025 quarters. Improvement was anticipated from mid-2025 onwards. Actual consenting activity in the December and March quarters was slightly better than expected likely due to the decrease in interest rates sparking more interest in housing and an increase in house sales in December.

For consenting to improve significantly, the price difference between a new build and an existing property needs to shrink. The smaller the difference, the more people are prepared to pay that 'little bit extra' for the advantages of a new build, particularly for an investment property which needs to meet the healthy homes requirements.

In existing suburbs feasibility needs to improve for developers to return to buying existing properties for redevelopment. As developers push up the prices of old homes on large sections, new builds on smaller sections become more enticing – if an old home on 1000m2 costs $1.1 million but a similar sized new build costs $850,000 on a smaller section, then the value improves for a buyer. Lower land prices - both for developing existing properties and for new builds in greenfield areas - improve feasibility and lower the minimum final sale price developers need to proceed with a build.

Hamilton's short-term dwelling consent forecast, 12 month rolling total

Source: Hamilton City Council



Our forecast is produced by Council's Growth Funding and Analytics Unit, and is not an official Hamilton City Council forecast.

The final word

The next two years will continue to present challenges for many households and businesses alike. Hamilton's economy will grow but not at the level expected last year. Global economic conditions will temper local and national growth. High levels of uncertainty and volatility will make taking risks and investing capital less appealing for businesses and households. However, Hamilton's resilience and growing attractiveness will continue to draw investment to our city, just at a slower pace than was hoped coming into 2025.

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