

Aoraki Development

Retail Spending in Timaru District

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Infometrics

Economics put simply

Authorship

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Executive Summary

- Growth in retail spending in Timaru District has had a strong uptick in the last couple of years. Growth in total spending across Timaru District reached 4.7% in 2018, up from -0.5% in 2016.
- Most retail spending in Timaru District comes from people who originate from within Timaru District. Geraldine receives a larger portion of its retail spending from visitors from outside the district when compared to the other areas of Timaru District.
- Timaru town gets the lion's share of total retail spending, accounting for 81% of all retail spending in Timaru District. Timaru town's share of international retail spending is 58%.
- Food services and accommodation spending accounts for 13% of total spending. The rest (87%) is classified as 'All other' spending.
- Food services and accommodation spending is growing much faster than 'all other' retail spending in Timaru District reflecting the strong growth in tourism. In 2018, food services and accommodation spending experienced growth of 9.1%
- Growth in food services and accommodation spending in Timaru town and Temuka has been steadily climbing over the past three years. However, in Geraldine, growth has been easing over the past three years, with a sudden slow-down in 2018.
- All other spending, although growing slower than food services and accommodation, has still experienced a solid tick upwards in the last couple of years. At 4.0% in 2018, growth in all other spending has picked up sharply from the 1.0% fall in 2016.
- Spending from visitors outside Timaru District account for only 27% of the total retail spend. However, these visitors account for 44% of all food services and accommodation spending.
- Monthly Airbnb spending has climbed rapidly over the past year. With \$296,122 spent in the month of February 2018 in Timaru District, spending has nearly tripled from \$100,428 in February 2017.
- Airbnb spending totaled \$1.6m in the year to February 2018. Geraldine accounts for 46% of annual Airbnb spending in Timaru District, while accounting for only 10% of food services and accommodation spending.

Introduction

This report describes trends in retail spending in Timaru District for March years from 2016 to 2018.

Data has been sourced from Marketview and AirDNA.

The total retail spend has been split between food services and accommodation spending and all other spending.

The retail spending has been further split into three subdistricts of Timaru District. These three areas are Timaru town, Temuka, and Geraldine. The remaining "Rest of Timaru District" in the data set has been included in the total for Timaru District, but not analysed separately due to its residual nature and small size.

Total spending has been further split by origin of individuals, be they from Timaru District, elsewhere in New Zealand or overseas.

Analysis of Airbnb spending is also presented as it is tourist spending which is not picked up in the Marketview data.

Total Spending tracking upwards

Growth in retail spending in Timaru District has grown strongly in the last couple of years. While experiencing a fall in 2016, growth has swiftly picked up in all areas of Timaru District in both 2017 and 2018. Total growth in spending across Timaru District reached 4.7% in 2018.

Growth in spending in Temuka was well above the district average for all three years. Notably, Temuka had 7.0% growth in total retail spending in the year end March 2018. However, Temuka is relatively small when compared to Timaru town, contributing only 6.7% of total spending in Timaru District.

Table 1

Total retail spending

Growth in retail spending in each area of Timaru District by year end March

Year end March	Growth Rate			Level (\$m) 2018
	2016	2017	2018	
Timaru town	-0.2%	1.0%	4.1%	\$458
Temuka	2.8%	3.0%	7.0%	\$38
Geraldine	-1.3%	0.5%	6.4%	\$40
Timaru District	-0.5%	1.1%	4.7%	\$567

Source: Marketview

Most spending comes from inside Timaru District

Most retail spending (72.7%) in Timaru District comes from individuals who originate from Timaru District. Among the three sub-districts that we analyse, Geraldine receives the largest portion (nearly 40%) of its retail spending from visitors from outside the district.

In the year ended March 2018, international visitors accounted for 6.7% of retail spending in Geraldine. Geraldine's share of international spending is far greater than the district average of 1.6%. Geraldine receives 33.6% of its spending from visitors from the rest of New Zealand. This share is well above the district average (25.7%).

Temuka, however, receives a lot more of its retail spending from those within Timaru District. Spending from within Timaru District accounts for 80% of the total spend in Temuka. Consequently, the share of spending from visitors outside the district, is below the district average. International visitors account for a mere 0.8% of total spend in Temuka.

Table 2

Total retail spending

Share of total retail spending in each area of Timaru District by origin of spending
Year end March 2018

	Origin of spending's share of area total			Total	Level (\$m) Total
	Timaru District	Rest of NZ	International		
Timaru town	73.6%	25.3%	1.2%	100.0%	\$458
Temuka	80.2%	19.0%	0.8%	100.0%	\$38
Geraldine	59.7%	33.6%	6.7%	100.0%	\$40
Timaru District	72.7%	25.7%	1.6%	100.0%	\$567

Source: Marketview

Timaru town gets the bulk of retail spending

Timaru town gets the lion's share of retail spending, accounting for 81% of all retail spending in Timaru District. Timaru town accounts for similar portions of both spending from visitors from Timaru District and the rest of New Zealand. However, Timaru town gets a smaller share of spending from international visitors, accounting for 58% which is well below its 81% share of total spending.

While Geraldine gets a small portion of total spending (7.1%), it accounts for a large portion of international visitor spending in Timaru District. At 30%, Geraldine's share of international retail spending is over 4 times its share of total spending. This shows that despite Geraldine's small size, it is very important for attracting international visitors to Timaru District.

Table 3

Total retail spending

Share of total retail spending in Timaru District in each area by origin of spending
Year end March 2018

Origin of spending	Timaru District	Share		Total
		Rest of NZ	International	
Timaru town	81.8%	79.6%	57.8%	80.8%
Temuka	7.4%	5.0%	3.3%	6.7%
Geraldine	5.8%	9.3%	29.5%	7.1%
Timaru District	100.0%	100.0%	100.0%	100.0%
Timaru District (\$m)	\$412	\$145	\$9	\$567

Source: Marketview

Growth in spending by category

Food services and accommodation spending is growing much faster than 'all other' retail spending in Timaru District. In 2018, food services and accommodation spending experienced growth of 9.1% - well above the total spending growth of 4.7%. It is important to note however, that food services and accommodation spending is a relatively small portion of the total spend, accounting for 13%.

All other spending, although slower than food services and accommodation, has experienced moderate growth in the last couple of years. At 4.0% in 2018, growth in all other spending is up strongly from the 1.0% fall in 2016. This growth in all other spending is important for Timaru District, as it accounts for 87% of the total retail spend.

Table 4

Total spending

Growth in retail spending in Timaru District by type of spending by year

Year end March	Growth Rate			Level (\$m) 2018
	2016	2017	2018	
Food services and accommodation	3.2%	5.6%	9.1%	\$74
All other	-1.0%	0.5%	4.0%	\$493
Total	-0.5%	1.1%	4.7%	\$567

Source: Marketview

Variable growth across the district over time

Growth in food services and accommodation spending in Timaru town has been steadily climbing over the past three years. In both 2016, and 2017, at 3.4% and 6.6% respectively, growth in food services and accommodation spending in Timaru town was above the district average.

Spending in Temuka grew strongly in 2018, up 17%. This strong growth comes after a below average performance in 2017, and a fall in spending in 2016. Growth in Geraldine slowed sharply in 2018, after very strong growth in 2016 and 2017.

Table 5

Food services and accommodation spending

Growth rate of food and accommodation spending in each area of Timaru District

Year end March	Growth rate			Level (\$m) 2018
	2016	2017	2018	
Timaru town	3.4%	6.6%	8.8%	\$56
Temuka	-0.1%	4.3%	17.0%	\$5
Geraldine	22.0%	16.0%	6.3%	\$7
Timaru District	3.2%	5.6%	9.1%	\$74

Source: Marketview

Growth in all other spending ticking up in recent years

Growth in all other spending has been more subdued in recent years compared to growth in food services and accommodation. Despite slower growth in 2016 and 2017, 2018 saw solid growth across the board in all other spending.

Temuka has been the most consistent area of growth in all other spending, with growth above the district average in all three years. After a poor performance in 2016 with a fall of 0.7%, all other spending in Timaru town has slowly recovered to a growth rate of 3.5% in 2018. Geraldine saw falls in both 2016 and 2017, but experienced a strong recovery in 2018, with a growth of 6.4% in all other spending.

Table 6

All other spending

Growth rate of all other spending in each area of Timaru District

Year end March	Growth rate			Level (\$m) 2018
	2016	2017	2018	
Timaru town	-0.7%	0.3%	3.5%	\$402
Temuka	3.2%	2.9%	5.6%	\$33
Geraldine	-4.6%	-2.2%	6.4%	\$33
Timaru District	-1.0%	0.5%	4.0%	\$493

Source: Marketview

Share of total spending by category

Food services and accommodation spending accounts for 13% of all retail spending in Timaru District with the rest (87%) being classified as 'all other' spending.

It is interesting to note that in Geraldine food services and accommodation accounts for a larger share of total spend than other areas – with 18% of the total retail spending in that area, well above the district average of 13%.

Table 7

Total retail spending

Share of retail spending by each area of Timaru District by type of spending

Type of spending	Share		Total	Level (\$m) Total
	Food services and accommodation	All other		
Timaru town	12.3%	87.7%	100.0%	\$458
Temuka	12.8%	87.2%	100.0%	\$38
Geraldine	17.6%	82.4%	100.0%	\$40
Timaru District	13.1%	86.9%	100.0%	\$567

Source: Marketview

Timaru town gets the bulk of retail spend in both food services and accommodation and all other spending

Timaru town gets the bulk of retail spending throughout the district. However, it is interesting to note, that at 76%, food services and accommodation spending in Timaru town is less than its overall 81% share of retail spending.

This lower spending in Timaru town is taken up by Geraldine, which accounts for 9.6% of all food services and accommodation spending. This is due to Geraldine's high portion of spending from visitors outside the district. These visitors account for a more significant portion of food services and accommodation spending than they do all other spending.

Temuka accounts for 6.7% of the total spend and has an equivalent share of both food services and accommodation, and all other spending.

Table 8

Total retail spending

Share of total retail spending in each area of Timaru District by origin of spending

Year end March 2018

Type of spending	Food services and accommodation	All other	Total
Timaru town	76.1%	81.5%	80.8%
Temuka	6.6%	6.7%	6.7%
Geraldine	9.6%	6.8%	7.1%
Timaru District	100.0%	100.0%	100.0%
Timaru District (\$m)	\$74	\$493	\$567

Source: Marketview

Food services and accommodation spend by origin of spending

Spending from visitors outside Timaru District account for only 27% of the total retail spend. However, these visitors account for 44% of all food services and accommodation spending.

Both Timaru town and Temuka receive over half of their food services and accommodation spending from those within Timaru District. Most remaining spending comes from those visiting from the rest of New Zealand. International visitors account

for only a very small portion of total food services and accommodation spending in Timaru town and Temuka.

By contrast, half of Geraldine's food services and accommodation spending comes from visitors from the rest of New Zealand. Additionally, a much larger portion of the food services and accommodation spend comes from international visitors in Geraldine when compared to the rest of the district. A total of 10.5% of Geraldine's total food services and accommodation is from overseas guests, well above the district average of 4.2%.

Table 9

Food services and accommodation spending

Total food services and accommodation spending in each area of Timaru District by origin of spending
Year end March 2018

Origin of spending	Share			Total	Level (\$m) Total
	Timaru District	Rest of NZ	International		
Timaru town	57.6%	38.7%	3.6%	100.0%	\$56
Temuka	61.8%	36.5%	1.7%	100.0%	\$5
Geraldine	40.0%	49.5%	10.5%	100.0%	\$7
Timaru district	56.2%	39.6%	4.2%	100.0%	\$74

Source: Marketview

Timaru town gets the bulk of food and accommodation spending

Timaru town accounts for over three quarters (78.1%) of all food services and accommodation spending in Timaru District. However, it receives a smaller share of spending from international visitors on food services and accommodation, with 66% of total.

Geraldine accounts for 24% of international visitor spending on food and accommodation services, while accounting for only 10% of the total food and accommodation spend.

Table 10

Food services and accommodation spending

Share of Timaru District total food and accommodation spending in each area by origin of spending
Year end March 2018

Origin of spending	Timaru District	Rest of NZ	International	Total
Timaru town	78.1%	74.4%	65.7%	76.1%
Temuka	7.2%	6.1%	2.7%	6.6%
Geraldine	6.8%	11.9%	23.9%	9.6%
Timaru District	100.0%	100.0%	100.0%	100.0%
Timaru District (\$m)	\$42	\$29	\$3	\$74

Source: Marketview

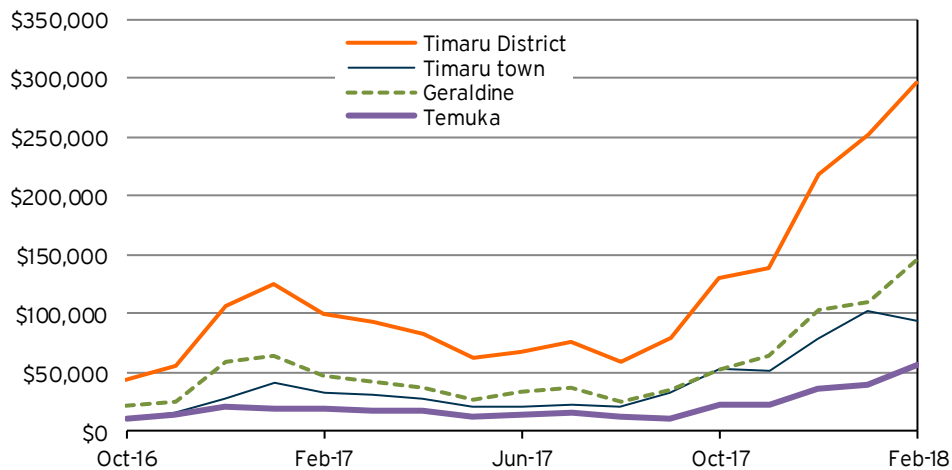
Airbnb Spending

In this section, we focus on the earnings received by owners of Airbnb properties in Timaru District.

Monthly Airbnb spending has climbed rapidly over the past year. With \$296,122 spent in the month of February 2018 in Timaru District, spending nearly tripled from \$100,428 in February 2017. This shows that private accommodation is becoming an increasingly important dimension of the retail spend in Timaru District.

Figure 1

Monthly Airbnb spending



Strong growth in Airbnb from summer to summer

To analyze the growth in spending on Airbnb over the past year, we compare the three months to February in both 2017 and 2018. By looking at the same period in each year we remove any seasonal affect on the growth.

Airbnb spending grew 131% in Timaru District between the summer of 2017 and the summer of 2018. All areas in Timaru District more than doubled their earnings compared with the same period a year ago.

A large portion of this growth occurred in Geraldine, with the three months to February 2018 up 167% from the same period a year ago. Geraldine experienced stronger growth than the other areas.

Table 11

Airbnb spending

Airbnb spending in each area of Timaru for the three months to February

	2017	2018	Growth (%)
Timaru town	\$102,382	\$273,803	167.4%
Temuka	\$59,733	\$134,625	125.4%
Geraldine	\$170,472	\$358,274	110.2%
Timaru District	\$332,587	\$766,702	130.5%

Source: Marketview

Geraldine is the largest Airbnb market in Timaru District

Airbnb spending totaled \$1.6m in the year to February 2018. Geraldine gets the lion's share of Airbnb spending. It is interesting to note Geraldine accounts for 46% of annual Airbnb spending in Timaru District, while accounting for only 10% of food services and accommodation spending. It appears there is a stronger preference for Airbnb in Geraldine than the other areas of Timaru District. This is likely due to the higher proportion of spending from visitors outside the district.

Temuka also performs well in Airbnb. Temuka accounts for 18% of Airbnb spending in Timaru District, despite accounting for only 7% of food services and accommodation spending.

Timaru town gets a small portion of Airbnb spending, while accounting for 76% of all food services and accommodation spending in Timaru District. This is not surprising however, as Timaru town receives most of its food services and accommodation spending from within Timaru District.

Table 12

Airbnb spending

Total annual Airbnb spend in each area year end February 2018

	Total annual spend	Share (%)
Timaru town	\$557,949	36%
Temuka	\$285,608	18%
Geraldine	\$714,281	46%
Timaru District	\$1,557,838	100%

Source: Marketview