



**Benje
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People & Places

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Nelson-Tasman Regional Economic Briefing – 2024 data update



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2. Report Overview

This economic briefing has been prepared for Nelson Regional Development Agency (NRDA). It contains data to 2024 and is a refresh of previously published versions. The purpose is to provide an overview of the current state of the local economy and identify economic development challenges and opportunities.

The report is structured around three major topics:

- Current context for Nelson-Tasman’s economy and the wellbeing of its people.
- Challenges for the road ahead and megatrends to be aware of.
- Potential opportunities for economic development to influence outcomes.

2.1. The current context to economic development

Below are some of the key attributes of Nelson-Tasman’s economy and people:

- Nelson-Tasman’s economy generated \$7.3 billion of GDP in 2024 and had 61,041 filled jobs.
- The region has three key production and processing focusses – the blue economy, horticulture, and forestry, all of which have expanded strongly over the past decade.
- Other key industries of employment in Nelson-Tasman include: health care and social assistance, construction, retail, professional services, accommodation and food services, and education.
- Many of Nelson-Tasman’s attributes that appeal to visitors, also appeal to locals, including natural beauty, a variety of outdoor pursuits, and high-quality food and beverage offerings.
- The total value of Nelson-Tasman’s exports was \$2.0 billion in 2023. About 80% (\$1.6 billion) of exports in 2023 were goods, while the remaining 20% (\$392 million) were services.
- Developing exports is crucial for lifting productivity outcomes. Research by the Productivity Commission showed businesses with an international focus are linked to higher productivity.
- There are at least 780 Māori-owned businesses and a further 297 self-employed Māori across the Te Taihū rohe (encompassing Nelson-Tasman and neighbouring Marlborough).
- Nelson-Tasman’s three main urban areas of Nelson, Richmond, and Motueka are the region’s key employment hubs. These main urban areas had 79% of the region’s employment in 2024
- Jobs growth over the past decade has been particularly rapid in Richmond (4.4%pa) and Motueka (3.2%pa). Employment rose slower in Nelson (1.1%pa), but has improved in the past three years.
- Nelson-Tasman’s population climbed from just under 100,000 people in 2014 to 115,200 in 2024. The population has spread out, with 52% of growth outside of Nelson City over the past decade.
- Population growth in Nelson-Tasman over the past two years has exclusively relied on migration from other parts of New Zealand and overseas. Natural increase (births minus deaths) was negative in both 2023 and 2024, due to the region’s aging demographic.
- The region’s Māori population share has risen and is younger than the rest of the population.

2.2. Challenges for the road ahead

Challenges in Nelson-Tasman’s economic context include:

- Both productivity and average household earnings sit at least 20% under national averages.
- The region has a high share of older workers and the availability of workers is tight – deaths are exceeding births so a demographic tipping point has been reached.
- Youth retention is low – just 16% of the population is aged 15 to 29, compared to 18% nationally.
- Housing affordability and availability remain low.
- Horticulture and tourism have highly seasonal workforce needs.
- The region has a high proportion of small businesses (92% have less than 10 employees) and more than 10,000 self-employed – these groups need more support to adapt to change.

Other long-term megatrends that are relevant for the region include:

- A lot of infrastructure is reaching the end of its useful life and further investment is also needed to deal with growth. New types of investment and partnership models must be explored.
- Changing attitudes to work. People are working longer before they retire.
- Automation and AI offer productivity benefits, but the workforce will need support to adapt.
- The global economic and geopolitical landscape is changing which offers opportunities and risks.
- The indirect effects of climate change from shifting consumer preferences and government policy are as relevant as the direct effects of an evolving climate. Adaptation to more careful management of freshwater will also challenge some businesses.

2.3. Key economic development opportunities

The context and challenges help identify economic development opportunities. Collaboration is a regional strength (eg. demonstrated by the Te Tauihu Intergenerational Strategy). Opportunities include:

1. **Lifting productivity** – closing the region’s productivity gap with New Zealand would lift GDP by \$1.84 billion. Transformative change will take a long-term lift in investment and innovation.
2. **Infrastructure and services** – For Nelson-Tasman to lift productivity and realise potential against opportunities, businesses and residents need access to high quality infrastructure and services.
3. **Exports** – Nelson-Tasman businesses exported \$2.0 billion of goods and services in 2023 – a 55% increase on ten years earlier. An international focus is good for productivity, with high productivity businesses more likely to export and attract international capital.
4. **Blue economy** – the region’s blue economy is a competitive strength and there is potential to rapidly grow the sector’s exports. The New Zealand Government Aquaculture Strategy identified opportunities to expand New Zealand’s aquaculture exports from \$600 million a year to \$3 billion a year by 2035. Given that Nelson-Tasman already has one third of New Zealand’s fishing and aquaculture employment, the region can play a key role in helping achieve this target. The Moananui blue economy cluster is the only blue economy cluster in New Zealand.
5. **Food and beverage** – Nelson-Tasman has a diverse food and beverage sector that follows a value chain spanning from paddock/orchard/ocean to plate, which supported about 11,331 jobs in 2023. There are opportunities for the sector to further invest in research, including into improving growing efficiency and designing new high-value food and beverage products.
6. **Visitor economy** – Nelson-Tasman on average has 58% more visitors in accommodation each night (relative to the size of the region’s population) than the New Zealand average. The visitor economy can act as a ‘shop front’ to connect visitors with the region’s other key products (eg. food and beverage) they keep buying when they get home, as well as investment opportunities.
7. **Forestry and wood product manufacturing** – About 5% of New Zealand’s plantation forests are in Nelson-Tasman, with a similar amount in Marlborough. The region has New Zealand’s highest concentration of specialist processing, particularly in laminated and structural wood products.
8. **Embracing te ao Māori** – Diversity can help foster innovation and Māori models of business offer many lessons. Opportunities exist globally for products whose provenance is underpinned by an authentic indigenous story. Creating career opportunities for Māori in key sectors will also help alleviate skills shortages given the Māori population is younger and growing faster than average.
9. **Lifestyle** – Geopolitical turmoil, and the Covid-19 pandemic, placed more weight on lifestyle, which favours places like Nelson-Tasman. Many factors that attract visitors, also attract migrants.
10. **Health care and social assistance** – A rapidly aging population creates opportunities in health care and social assistance. Some 23% of Nelson-Tasman’s population is aged 65+, with a further 21% within 15 years of reaching 65. There are also opportunities for businesses more generally to adjust their service delivery to better tap into the ‘silver economy’ of spending by older folk.

3. Current context: Nelson-Tasman's economy & people

This section considers the economic, employment, and demographic context for Nelson-Tasman. The data highlights that the region has grown considerably over the past decade, with growth having been particularly strong in Richmond and Motueka.

3.4. Economic and employment overview

Nelson-Tasman's economy generated GDP of about \$7.3 billion in 2024 and had 61,041 filled jobs. Long-term growth trends have been strong over the past decade for GDP and employment (2.8%pa and 2.0%pa respectively), despite a relatively tough 2024. During 2024, GDP expanded by just 0.6%, which was its growth rate slowest since the Global Financial Crisis in 2008/09 and highlights the difficult economic conditions faced by businesses over the past year.

Table 1 – Nelson-Tasman's economic performance, 2024 level and average annual growth 2014-2024

Nelson-Tasman's economic performance				
Source: Infometrics Regional Economic Profile, accessed 31/01/25				
	Level (2024)		Long-term growth (2014-2024), average per annum	
	Nelson-Tasman	New Zealand	Nelson-Tasman	New Zealand
GDP (2024 pricing, \$ million)	\$7,268m	\$418,824m	2.8%	2.9%
Employment (filled jobs)	61,041	2,807,834	2.0%	2.3%
Productivity (GDP/job)	\$119,059	\$149,163	0.8%	0.6%
Mean household income	\$104,249	\$132,812	4.2%	4.2%

Growth in most high-level indicators of economic performance in Nelson-Tasman has been close to the national average over the past decade, but productivity and average household incomes remain below the rest of New Zealand. A sustained, long-term focus on investment and innovation will be necessary to lift productivity and create more opportunities for better paid employment. Productivity would need to grow at twice the national average to close the productivity gap with the rest of New Zealand by 2050.

3.4.1. Contributions of industries

Agriculture, forestry, and fishing traded remained Nelson-Tasman's highest-employing industry in 2024, with manufacturing coming in a close second. These two industries are intertwined and within them there are three key production and processing focusses – the blue economy, horticulture, and forestry, all of which have expanded strongly over the past decade. These sectors are also well-aligned to longer-term structural shifts in global demand towards food, beverage, and fibre products which can be produced with relatively more sustainable environmental footprints.

Other key industries of employment in Nelson-Tasman include: health care and social assistance, construction, retail, professional services, accommodation and food services, and education. Many of these industries have benefited from population and visitor growth. Some of them are also key enablers that can improve the attractiveness of the region from a business and liveability perspective.

It is worth noting that Nelson-Tasman's large and flourishing food and beverage sector has value chains that spans a broad cross-section of industries, including production (including within the horticulture and ocean economy) right through to processing, as well as serving local cuisine in hospitality establishments.

Table 2 – Employment in Nelson-Tasman by industry

Employment in Nelson-Tasman by industry (2024)				
<i>Source: Infometrics Regional Economic Profile, ANZSIC Level 1 industries, 2024, accessed 31/01/25</i>				
	Employment level		Share of employment	
	Nelson-Tasman	Nelson-Tasman	Nelson-Tasman	New Zealand
Agriculture, forestry and fishing	6,767	11.1%	11.1%	5.2%
Manufacturing	6,750	11.1%	11.1%	9.0%
Health care and social assistance	6,538	10.7%	10.7%	10.4%
Construction	6,156	10.1%	10.1%	10.4%
Retail trade	6,078	10.0%	10.0%	8.7%
Professional, scientific and technical services	4,774	7.8%	7.8%	9.8%
Accommodation and food services	4,000	6.6%	6.6%	6.5%
Education and training	3,869	6.3%	6.3%	7.5%
Administrative and support services	2,886	4.7%	4.7%	5.0%
Other services	2,558	4.2%	4.2%	3.9%
Transport, postal and warehousing	2,507	4.1%	4.1%	4.0%
Wholesale trade	2,212	3.6%	3.6%	4.7%
Public administration and safety	2,024	3.3%	3.3%	5.5%
Rental, hiring and real estate services	1,344	2.2%	2.2%	2.3%
Arts and recreation services	1,170	1.9%	1.9%	1.9%
Financial and insurance services	668	1.1%	1.1%	2.7%
Information media and telecommunications	363	0.6%	0.6%	1.5%
Electricity, gas, water and waste services	311	0.5%	0.5%	0.8%
Mining	69	0.1%	0.1%	0.2%
Total	61,041	100.0%	100.0%	100.0%

3.4.2. Exports from Nelson-Tasman

Nelson-Tasman's key industries are heavily engaged in exporting. In 2023¹, it was estimated that the total value of Nelson-Tasman's international goods and service exports was \$2.0 billion. Despite some cyclicity of returns, as a result of commodity price cycles, export earnings by Nelson-Tasman businesses have risen 55% over the past decade (from \$1.3 billion in 2013), at an average annual rate of 4.5%pa. This growth is just above the 4.1%pa growth rate experienced nationally for goods and services exports.

Table 3

Nelson-Tasman's export earnings				
<i>Source: Infometrics Regional Economic Profile, accessed 03/02/25</i>				
	Level (2023)		Long-term growth (2013-2023), average per annum	
	Nelson-Tasman	New Zealand	Nelson-Tasman	New Zealand
Goods exports	\$1,602m	\$69,750m	5.5%	4.6%
Service exports	\$392m	\$21,150m	1.2%	2.7%
Total exports (\$ million)	\$1,994m	\$90,900m	4.5%	4.1%

¹ At time of publishing, a 2024 figure was not yet available.

About 80% (\$1.6 billion) of exports in 2023 were goods, while the remaining 20% (\$392 million) were services. Goods exports are primarily driven by the food and beverage and forestry sectors. Service exports are largely determined by the visitor economy (see next section), although there are some professional, technology, education, financial service exports.

Developing exports is crucial for lifting productivity outcomes in Nelson-Tasman. Research published by the former Productivity Commission showed that frontier firms (the top 10% most productive businesses in New Zealand) are much more likely to be internationally focussed. Frontier firms on average had a 30% higher proportion of revenue earned from export sales and were twice as likely to have foreign investment in them².

3.4.3. Visitor economy

Visitor spending filters into a range of industries as visitors travel around, stay, shop, eat and do activities. Many of Nelson-Tasman's attributes that appeal to visitors, also appeal to locals, including natural beauty, a variety of outdoor pursuits, and the ability to sample fine local cuisine. The visitor economy can also create longer-term connections for Nelson-Tasman businesses that can persist long after the visitor returns home. For example, a visitor may look to nostalgically recreate memories from their holiday by continuing to buy Nelson-Tasman products from their local supermarket back at home.

Table 4 – Nelson-Tasman's tourism performance, March 2024 level and relative to pre-covid (2019) level

Nelson-Tasman's tourism performance				
<i>Infometrics Regional Economic Profile + MBIE Accommodation Data, March years, accessed 31/01/25</i>				
	Level (2024)		% change since pre-covid level (2019)	
	Nelson-Tasman	New Zealand	Nelson-Tasman	New Zealand
Domestic visitor spend (\$m)	\$498m	\$20,283m	11.3%	15.2%
International visitor spend (\$m)	\$257m	\$10,301m	-18.6%	-14.1%
Total visitor spend (\$m)	\$754m	\$30,585m	-1.1%	3.3%
Commercial guest nights	1,360,600	39,899,800	-7.4%	-0.7%
Daily guest nights per 1,000 residents	32.4	20.5		

A total of \$754 million was spent by visitors to Nelson-Tasman in the March 2024 year. The estimates show the visitor economy had largely recovered to pre-Covid levels, with spending just 1.1% below where it had been in 2019. Scratching below the surface shows domestic visitor spending in the March 2024 year was 11% higher than 2019, while international visitor spending was down 19%. International visitor spending is likely to have recovered further in the second half of 2024, as inbound tourism picked up.

Tourism's contribution to Nelson-Tasman's economy is large compared to the rest of New Zealand. Nelson-Tasman on average has 58% more visitors in accommodation each night (relative to the size of the region's population) than the New Zealand average (32.4 guests per 1,000 local residents versus 20.5 guests per 1,000 residents nationally).

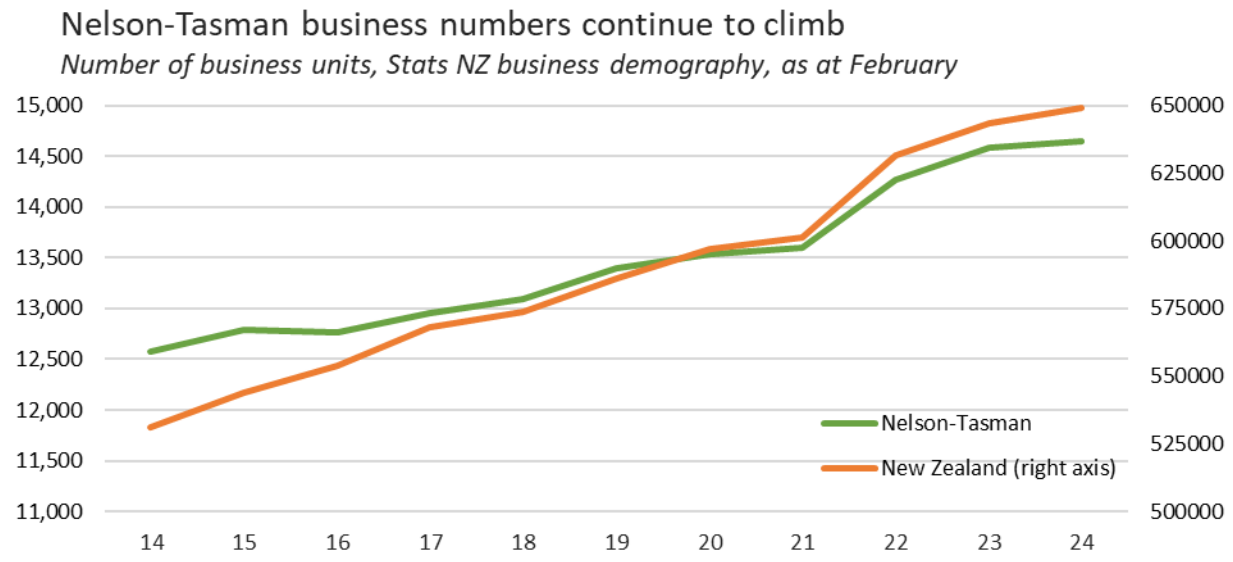
3.5. Entrepreneurship in Nelson-Tasman

Entrepreneurship and self-employment play important roles in the labour market. New businesses are started by people who see a gap and go after it. The total number of businesses across Nelson-Tasman as at February 2024 was 14,646, up 0.5% within the past year (see Figure 1), following growth of 5.0%pa and 2.2%pa in 2022 and 2023 respectively.

² Calculations from New Zealand Productivity Commission (2021). New Zealand firms: Reaching for the frontier. Final Report.

Growth in business numbers in 2024 was also relatively modest nationally in 2024 (0.9%), owing to much more challenging economic conditions than had persisted in recent years. The fact that business numbers continued to grow, despite challenging economic conditions, is testament to entrepreneurial spirit.

Figure 1 – Business numbers in Nelson-Tasman



The health of the business environment has been a key contributor to employment prospects in Nelson-Tasman. Most of Nelson-Tasman’s businesses are small, with 92% employing less than 10 people, 7.1% employing between 10 and 49 people, and just 1.2% having more than 50 employees.

The role of entrepreneurship is also evident in self-employment statistics. Infometrics estimates that there were 10,165 self-employed people in Nelson-Tasman in 2024, which represented 16.7% of employment. This rate of self-employment is higher than the national rate of self-employment (15.5%). Self-employment is predominantly concentrated in construction and agriculture, as well as in professional services. The large number of self-employed people in professional services is consistent with Nelson-Tasman’s strong lifestyle attraction and ability of many professionals to work remotely from clients.

3.5.1. Māori entrepreneurship

Māori entrepreneurship is a key component of Nelson-Tasman’s business landscape. A report for Te Puni Kōkiri³ (TPK) using 2021 data found that there were at least 780 Māori-owned businesses across the Te Taihū rohe in 2021 (480 in Nelson-Tasman and 300 in neighbouring Marlborough). In addition to these Māori-owned businesses, the TPK report found that there were 297 self-employed or sole trading Māori in Te Taihū, with 174 of these self-employed people in Nelson-Tasman and 123 in Marlborough.

The eight iwi of Te Taihū are key investors in the region, and have grown their post-settlement net asset bases to over \$1 billion. Much of this capital is invested locally into projects which enhance the region’s economic, cultural, and environmental wellbeing. The iwi also have a demonstrated track record of collaboration, which is exemplified by their creation of the Te Kotahi o Te Taihū Charitable Trust in 2021.

National-level data shows Māori businesses have a strong innovation focus, with high levels of research and development investment, which has coincided with a growing appetite among trade partners to buy New Zealand goods whose provenance is underpinned by an authentic indigenous story. Export sales by Māori authorities (businesses involved in the collective management of assets held by Māori) declined by

³ Te Matapaeroa, available at: <https://www.tpk.govt.nz/en/o-matou-mohiotanga/maori-enterprise/te-matapaeroa-2021>. The 2021 report significantly revises previous reports due to methodological updates.

6.0% in 2023, but were still 13% above their level from five years earlier in 2018. Exports by other Māori enterprises grew by 17%pa in 2023. Exports by Māori authorities and other Māori enterprises sit at about \$1.4 billion per annum compared to \$1.0 billion in 2018.

Table 5 – Data on research and development propensity and export growth for Māori businesses

Research and development, and exports for Māori businesses compared to all NZ businesses			
<i>Source: Tatauranga umanga Māori from Statistics New Zealand, 2023 Calendar Year</i>			
	Māori authorities	Other Māori enterprises	All New Zealand businesses
Share of businesses who invest in R&D	18%	13%	10%
Exports growth (2022-23)	-6.0%	17.1%	-4.7%

3.6. Location of economic activity

The analysis to date has considered Nelson-Tasman’s economy at a regional level, but it is also interesting to explore which places in Nelson-Tasman the activity is concentrated in. Table 6 summarises data across the region. Nelson-Tasman’s three main urban areas of Nelson, Richmond, and Motueka are the region’s key employment hubs. These main urban areas had 79% of regional employment (47,898 jobs) in 2024.

Table 6 – GDP and employment across different parts of Nelson-Tasman, 2024 level and 2014-24 growth

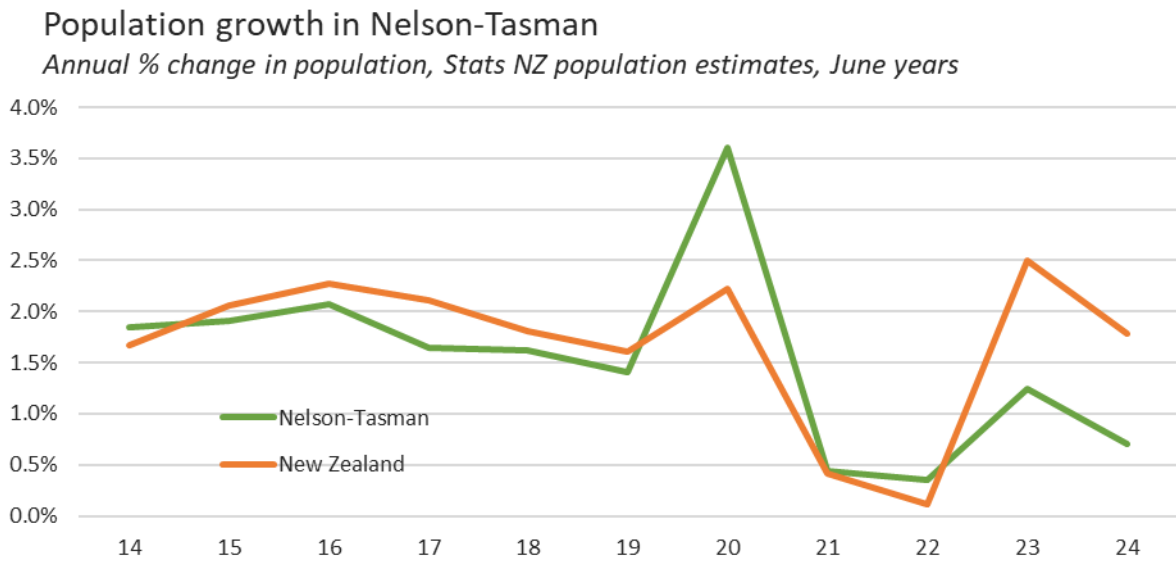
Economic activity and employment across different parts of Nelson-Tasman						
<i>Source: Infometrics Regional Economic Profile, accessed 31/01/25</i>						
	Level (2024)			Average annual growth (2014-24, %pa)		
	GDP (\$m)	Jobs	Productivity (GDP/job)	GDP	Jobs	Productivity
Nelson	\$3,841m	32,213	\$119,228	1.9%	1.1%	0.8%
Richmond	\$1,302m	10,810	\$120,481	5.6%	4.4%	1.1%
Motueka	\$566m	4,875	\$116,000	3.7%	3.2%	0.5%
<i>Main urban total</i>	<i>\$5,709m</i>	<i>47,898</i>	<i>\$119,182</i>	<i>2.8%</i>	<i>2.0%</i>	<i>0.8%</i>
<i>Other (rural) total</i>	<i>\$1,559m</i>	<i>13,143</i>	<i>\$118,611</i>	<i>2.9%</i>	<i>2.2%</i>	<i>0.7%</i>
Nelson-Tasman	\$7,268m	61,041	\$119,059	2.8%	2.0%	0.8%
New Zealand	\$418,824m	2,807,834	\$149,163	2.9%	2.3%	0.6%

Employment growth has varied across the three main urban areas, with job growth over the past decade particularly rapid in Richmond (4.4%pa), followed by Motueka (3.2%pa). Although employment rose just 1.1%pa in Nelson City over the past decade, the past three years have been swifter (2.1%pa average growth). Job numbers in other (mainly rural) areas grew by 2.2%pa over the same period.

3.7. Population overview

Nelson-Tasman’s population increased from just under 100,000 people in 2014 to 115,200 in 2024, at an average annual growth rate of 1.5%pa. After exceeding the national average from 2020 to 2022, population growth in Nelson-Tasman did not experience as much as an uplift as the rest of New Zealand in 2023 and 2024.

Figure 2 – Nelson-Tasman’s population growth over past decade

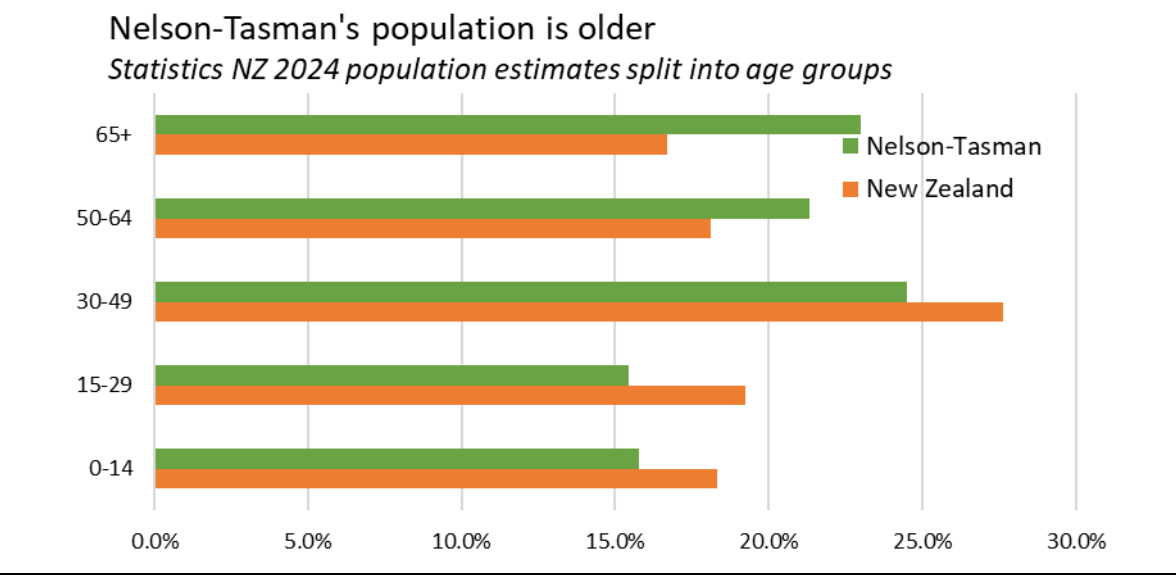


Population growth in Nelson-Tasman over the past two years has exclusively relied on migration from other parts of New Zealand and overseas. Natural increase (births minus deaths) was negative in both 2023 and 2024, due to the region’s aging demographic. This demographic tipping point where deaths outweigh births is a key challenge for employers in the region looking for staff, though there are also opportunities for businesses servicing the ‘silver economy’ associated with older demographics.

3.7.1. Nelson-Tasman’s demographics

Nelson-Tasman has more people in the later stages of their working life, and retirees, than other parts of New Zealand. The region’s youth and post-secondary school population is smaller than elsewhere.

Figure 3 – Nelson-Tasman’s population demographics



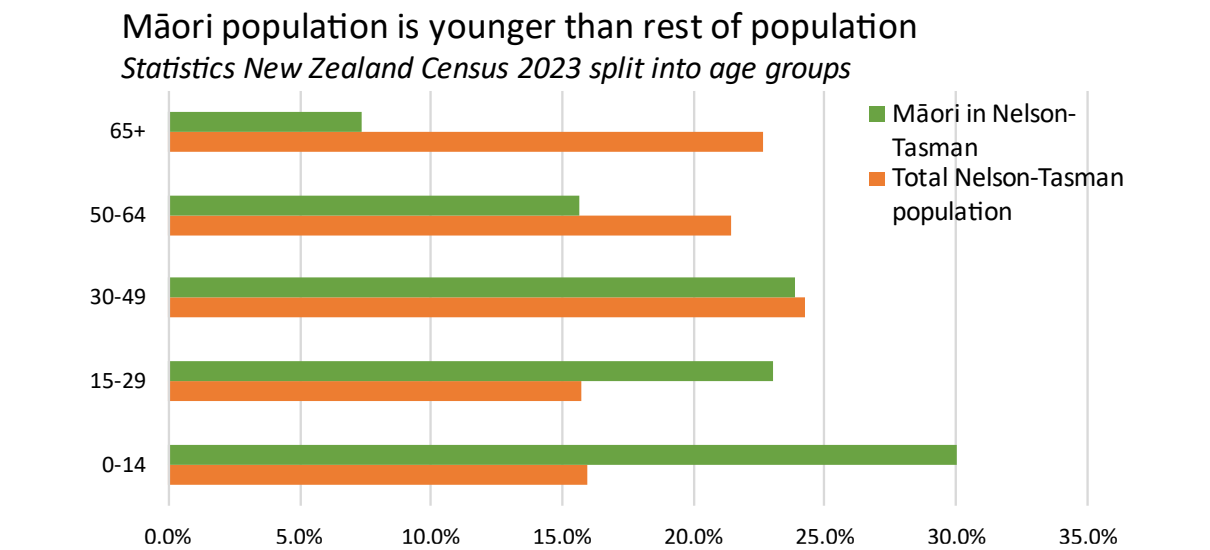
Almost one in four (23%) of Nelson-Tasman’s population is aged over 65, compared to one in six (17%) elsewhere. Ten years ago, in 2014, just 18% of Nelson-Tasman’s population was aged over 65.

Nelson-Tasman’s population continues to become more multicultural. Although the share of the population identifying as European (87%) in 2023 Population Census remained high, it has fallen from an 89% share at the 2018 Census. By comparison, those identifying as having an Asian ethnicity rose from 5.1% in 2018 to 6.3% by 2023. Nelson-Tasman’s Māori and Pasifika population shares rose to 10.4% and 3.6% respectively, from 9.4% and 2.6% respectively in 2018⁴.

3.7.2. Māori population is younger

Nelson-Tasman’s Māori population is younger than the rest of the population. The 2023 Population Census showed that 30% of Nelson-Tasman Māori were aged under 15 years, with a further 23% aged 15 to 29. By comparison, these proportions were both 16% across the entire population.

Figure 4 – Nelson-Tasman’s Māori population demographics



This younger Māori demographic provides a key workforce opportunity for the region, which could help to offset a looming increase in retirements among other ethnicities with an older demographic. Only 7.3% of Māori are aged 65 or older, compared to 23% across the entire population.

3.7.3. Population growth has been fastest in Richmond

Nelson-Tasman’s population continues to spread out, with just over half of population growth (52%) having occurred outside of Nelson City over the past decade.

Richmond has had the fastest growth, averaging 3.3%pa, compared to 1.1%pa in Nelson City (and 1.0%pa growth in Motueka). Growth across the region’s rural areas (1.4%pa) was also slightly faster than growth in Nelson City.

⁴ Census respondents can identify as having more than one ethnicity so totals may add to more than 100%.

Table 7 – Population across different parts of Nelson-Tasman, 2024 level and 2014-2024 growth

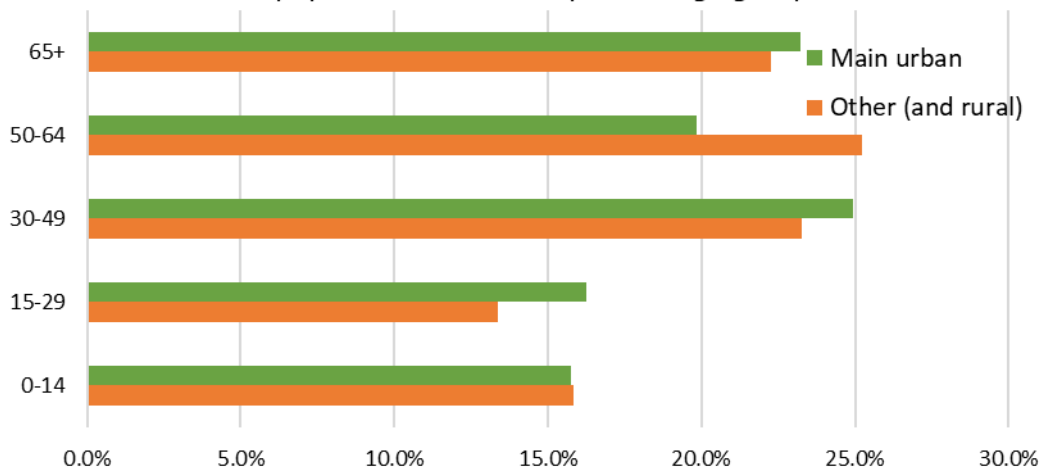
Population growth across different parts of Nelson-Tasman			
<i>Source: Statistics New Zealand subnational population estimates, accessed 22/01/25</i>			
	Population level		Growth
	2024	2014	Average (% pa)
Nelson	55,200	49,600	1.1%
Richmond	19,750	14,300	3.3%
Motueka	8,300	7,510	1.0%
<i>Main urban total</i>	<i>83,250</i>	<i>71,410</i>	<i>1.5%</i>
<i>Other (rural) total</i>	<i>31,950</i>	<i>27,890</i>	<i>1.4%</i>
Nelson-Tasman	115,200	99,300	1.5%
New Zealand	5,124,100	4,408,100	1.7%

The population across Nelson-Tasman’s main urban areas tends to have more retirees and young adults, while smaller towns and rural areas have a much higher share of people in their 50s and 60s. The shares of families with young children are reasonably evenly split across the region.

Figure 5 – Nelson-Tasman’s population demographics: urban and rural comparison

Nelson-Tasman urban = more retirees and young adults

Statistics NZ 2024 population estimates split into age groups



3.8. Living standards

The standard of living of Nelson-Tasman is generally high. Although average household incomes are less than the national average, the region’s unemployment rate and the proportion of the population receiving a benefit both sit lower than the rest of New Zealand. Nelson-Tasman youth are more engaged in work or education than their counterparts elsewhere, which is reflected in higher levels of NCEA attainment.

Household incomes in Nelson-Tasman broke \$100,000 for the first time in 2024, climbing by 5.4% from their 2023 level to reach \$104,249. Average household income growth over the past decade has been 4.2%pa, which is higher than average inflation of 2.7%pa over the decade, indicating a slight increase to

purchasing power for consumer goods despite inflationary concerns over the past two years. Nevertheless, housing affordability remains a challenge.

House prices in Nelson-Tasman were below the national average in 2024, but they were still less affordable than other parts of New Zealand due to lower average incomes. Despite a slight easing of house prices in Nelson-Tasman since their 2022 peak of close to \$900,000, prices remain well above pre-Covid levels. Consequently, housing affordability in the region has still deteriorated markedly over the past decade.

Around 9.2% of Nelson-Tasman's working age population receive a benefit, which is slightly higher than it was in 2023 (8.8%) due to more challenging economic conditions. Nevertheless, the share of the working age population in Nelson-Tasman receiving a benefit is still below the national average (10.5%) and has fallen slightly over the past decade (it was 9.5% in 2014).

Table 8 – Selected indicators of living standards

Nelson-Tasman's living standards				
<i>Source: Infometrics, MSD, MOE. Data for 2014/24, except NCEA (2012/22)</i>				
	2024		2014	
	Nelson-Tasman	New Zealand	Nelson-Tasman	New Zealand
Average household incomes	\$104,249	\$132,812	\$69,377	\$87,694
Average house price	\$817,985	\$928,623	\$414,134	\$464,134
Housing affordability (house price to income ratio)	7.8	7.0	6.0	5.3
Unemployment rate	2.9%	4.0%	4.6%	5.8%
Beneficiaries (% of working age pop., 15-64 years)	9.2%	10.5%	9.5%	10.4%
NEETs (15-24's not employed, in education/training)	7.3%	12.1%	10.1%	12.0%
NCEA Level 2 or above (% of 18 year olds received)	85%	82%	80%	77%

4. Economic challenges along the road ahead

This section considers some current and potential challenges that may influence the road ahead.

4.9. Challenges from Nelson-Tasman's economic context

The following challenges are apparent in Nelson-Tasman's economic context. These challenges are 'drivers for change' – things which if overcome could help improve outcomes for the region:

1. **Productivity** in Nelson-Tasman in 2024 sat 20% below the national average (measured by GDP per job). A sustained focus on investment and innovation will be necessary to lift productivity and create opportunities for better paid employment. Productivity would need to grow at twice the national average to close the productivity gap with the rest of New Zealand by 2050.
2. **Constrained workforce availability.** Almost one in four (23%) of Nelson-Tasman's population is aged over 65 (versus 17% nationally), with a further 21% within 15 years of reaching 65 (versus 18% nationally). The rapid aging of the region's population creates opportunities for industries servicing the 'silver economy' (eg. health care), but will also create workforce challenges.
3. **Migration reliance.** Population growth in Nelson-Tasman over the past two years has exclusively relied on migration from other parts of New Zealand and overseas. Natural increase (births minus deaths) was negative in both 2023 and 2024, due to the region's aging demographic. The role of migration to attract and develop the workforce will become even more important in future, but other regions share the challenge and will be competing for workers. A focus on worker retention, investing in skills development, and automation will also need to play roles.
4. **Average household incomes** for Nelson-Tasman sit 22% below the national average. A relatively large share of retirees is one contributor to lower household incomes, but for those still in the workforce average annual wage earnings in Nelson-Tasman were also 11% lower than the national average in 2024 (\$69,884 vs \$78,731).
5. **Housing affordability** has declined in Nelson-Tasman over the past decade, despite a small improvement to house prices in 2024 (\$818,000) compared to their peak of almost \$900,000 in 2022. The average home in the region in 2024 cost 7.8 times the average household income, compared to a ratio of 7.0 times incomes nationally. Renters face similar affordability challenges. Housing availability is also a problem. The Nelson Tasman Future Development Strategy (2022) anticipated the region will need 25,000 extra homes over 30 years. Housing challenges affect population flows, which can influence worker catchments and structurally alter commuter flows.
6. **A more spread-out population.** Just over half of population growth (52%) occurred outside of Nelson City over the past decade, with Richmond being the primary benefactor, as well as rural areas including smaller outlying communities and townships.. This creates challenges for ensuring there is appropriate infrastructure, community facilities, and connectivity (transport and digital) between places to enable access to work and education opportunities.
7. **A highly seasonal industry base.** Nelson-Tasman's horticulture and tourism sectors are two of the biggest contributors to the local economy – these sectors have highly seasonal demand patterns and harvesting windows. Seasonality causes extreme workforce challenges. Mitigations can include investing in automation and improved workforce linkages between sectors with different seasons to create year-round opportunities.
8. **Youth retention.** Just 16% of Nelson-Tasman's population is aged 15 to 29, compared to 18% nationally. Nelson-Tasman school leavers have high levels of educational attainment, and many leave the region for further education and experiences. A challenge is to encourage youth to eventually return home and to deepen and market local opportunities to develop a career.

9. **Smaller scale of business.** Nelson-Tasman is dominated by small businesses – 92% of businesses have fewer than 10 employees and just 1.2% have more than 50 staff. There are also more than 10,000 self-employed people (16.7% of all employment). Small businesses have less capacity to deal with change and can be slower to adopt new technologies and other innovations that lift productivity, especially those requiring access to capital or specialist skills to adopt.

4.10. Megatrends to be aware of

Megatrends are domestic and international macro forces that have implications for business, economy, society, and people's lives. Long-term megatrends relevant to the region include, but are not limited to:

1. **A renewed focus on infrastructure.** A lot of legacy infrastructure in New Zealand is reaching the end of its useful life and, alongside the need to renew this infrastructure, there is a large pipeline of infrastructure investment needed to sustain other growth demands. At the same time, the increasing size of superannuation and sovereign wealth funds, both domestically (e.g. Kiwisaver) and internationally, mean there that emerging long-term sources of funds are potentially available providing the right investment and partnership models can be enabled.
2. **The nature of work has changed.** Working from home will continue to play a role within the employment landscape, despite a return-to-the-office movement having emerged. Younger workers have different work expectations and are more likely to prioritise lifestyle with shorter working weeks and remote work. Contracting, side projects, and career changes are likely to remain common. Lifelong learning and transferable skills are important.
3. **Automation and AI will have widespread, but uncertain effects** on work, with some changes occurring rapidly as new technologies are released. Automation and AI can bring productivity benefits, but the transition will be tough on some workers and focus on different skills.
4. **Older people are an increasingly large and willing part of the labour market.** People are working longer before they retire and managing this trend is a challenge for employers to make the most of their contribution. When older workers eventually retire, replacement demand for workers will rise and competition for young workers will intensify between regions.
5. **Wellbeing and inclusive growth remain a focus.** Higher GDP is one measure of success for investments, but the wellbeing of people, communities, and the environment are also crucial for ensuring community buy-in. These themes will transcend central government political cycles and are central to regional plans (eg. Te Taihū Intergenerational Strategy).
6. **Rising risks of nationalism on trade.** Shifting global dynamics have raised geo-political tensions and led to a lift in trade barriers– for example, the Ukraine invasion, the Israel-Hamas war, and widespread increased to tariffs in the US under the Trump administration. Tensions are unlikely to go away, and New Zealand's exporters/importers are caught in the crossfire.
7. **An expanding middle class in developing countries** has created new opportunities for exporters, particularly those who sell to countries such as China, India and other parts of Southeast Asia. As incomes in these countries rise, tastes and preferences are changing, which is pushing up demand for the high-quality products that Nelson-Tasman is renowned for.
8. **Climate change will have indirect and direct effects.** Direct effects may include more frequent damaging weather events and other climatic considerations. Indirect effects include climate concerns changing consumer preferences, especially towards energy, agriculture, and tourism.
9. **More careful management of freshwater** will challenge businesses. Regulatory frameworks may look different under different governments, but the general theme of more careful freshwater management will persist regardless. Local investments, such as the Waimea Dam, will play an important role, as will adaptations of farming and horticultural systems.

5. Opportunities for economic development

The context and challenges give a platform to identify opportunities. Realising opportunities will involve advocacy, investment, and delivery by different partners. Collaboration is a regional strength (eg. demonstrated through projects like the Te Taihū Intergenerational Strategy). Key opportunities include:

1. **Raising the productivity bar** – The region’s productivity is 20% below the national average and closing that gap could bring an extra \$1.84 billion of GDP. Transformational change will take sustained long-term lift in investment and innovation by businesses, supported by a focus on the right long-term investment in infrastructure and enabling services. A doubling of productivity growth relative to national trends is needed to close the gap by 2050. Any interventions must not only rely on large businesses, but must also factor in smaller businesses’ capacity to embrace change, given that 92% of Nelson-Tasman businesses have less than 10 staff.
2. **Infrastructure and services** – For Nelson-Tasman to lift productivity and realise potential against the key opportunities identified, its businesses and residents will need access to a high quality of infrastructure (eg. transportation, social infrastructure, and digital connectivity) and services (eg. health and education). What is provided must meet the needs of a growing population that has an evolving footprint and be resilient to extreme weather events and other natural disasters. Recent population trends have shown that population growth is spreading beyond Nelson and into smaller towns and rural areas across the region. This spreading of the population, coupled with evolving work practices in some industries, will structurally change how and where people go about their day-to-day lives for work, education, and leisure. There is an opportunity for collaboration and advocacy to ensure investment matches this change.
3. **Exports** – Nelson-Tasman businesses exported \$2.0 billion of goods and services in 2023 – a 55% increase on ten years earlier. Goods exports are primarily driven by the food and beverage, and forestry sectors. Service exports are largely determined by the visitor economy (see next section), although there are some professional, technology, education, financial service exports. Developing exports is crucial for lifting productivity outcomes in Nelson-Tasman, with research into frontier firms (the top 10% most productive businesses in New Zealand) having shown these businesses are much more likely to export and attract international capital.
4. **Blue economy** – the region’s blue economy is a competitive strength, with over 3,700 people employed across more than 300 businesses⁵. The New Zealand Government Aquaculture Strategy identified opportunities to expand New Zealand’s aquaculture exports from \$600 million a year to \$3 billion a year by 2035. Given that Nelson-Tasman already has one third of New Zealand’s fishing and aquaculture employment, the region can play a key role in helping achieve this target. The Moananui blue economy cluster, is based in Nelson Tasman and is the only blue economy cluster in New Zealand. Moananui forges strategic partnerships between forward-thinking organisations across diverse industries including aquaculture, fisheries, biotech, bluetech, ocean energy, research, engineering and infrastructure.
5. **Food and beverage** – Nelson-Tasman has a thriving and diverse food and beverage sector that follows a value chain spanning from paddock/orchard/ocean to plate. Research by Benje Patterson estimated that the food and beverage sector supported about 11,331 jobs in 2023 (19% of all jobs). Nelson-Tasman’s food and beverage sector has several distinct product focusses ranging from food and beverage items that start life in an orchard, a paddock, or the ocean, through to other types of manufactured food and beverage products and cuisine served up within the hospitality sector. There are opportunities for the sector to further invest in

⁵ See NRDA Blue Economy at a glance, available here: <https://tinyurl.com/bdhnxyz4>

research, including ways of improving growing efficiency and designing new high-value food and beverage products. Connections between the food and beverage sector and tourism should not be overlooked, with international tourists to Nelson-Tasman estimated to have spent \$57 million at restaurants, cafes, and bars while visiting the region in 2023, and a further \$16 million a year of Nelson-Tasman exports were sold to ex-visitors from overseas once they return home.

6. **The visitor economy** – Nelson-Tasman on average has 58% more visitors in accommodation each night (relative to the size of the region’s population) than the New Zealand average (32.4 guests per 1,000 local residents versus 20.5 nationally). There is potential for the visitor economy to strengthen links to other sectors and act as a ‘shop front’. Tourism can add value not only from spending when the visitor is in the region, but it can also connect the visitor to Nelson-Tasman’s other key products (eg. food and beverage) that they can consume when they return home. Many things that appeal to visitors, also appeal to people moving to the region for lifestyle reasons – so the sector is also an important conduit for worker attraction and investment.
7. **Forestry and wood product manufacturing** – About 5% of the standing volume of New Zealand’s plantation forests is in Nelson-Tasman, with a similar amount in neighbouring Marlborough. The sector accounts for over 2,000 jobs in Nelson-Tasman. Nelson-Tasman is a leader in its ability to add value within the forestry sector, with the region having New Zealand’s highest concentration of specialist processing, particularly in laminated and structural wood products, and glues used in these production processes. Nelson’s modern airport terminal showcases the potential for commercial uses of engineered wood products in the construction sector, and there are further opportunities to capitalise on huge demand for housing and sustainable building practices.
8. **Embracing te ao Māori** – There are opportunities to further embrace te ao Māori in the economy. Diversity can help foster innovation and Māori models of business offer many lessons, including a strong intergenerational focus. There are opportunities globally for exports whose provenance is underpinned by authentic indigenous stories. A focus on creating career pathways and training for Māori in key sectors will also help alleviate skills shortages – the share of Māori in Nelson-Tasman is rising (from 9.4% in 2018 to 10.4% in 2023) and Māori are younger (with 30% aged under 15 years old compared to 16% across all people in the region). The eight iwi of Te Taiuhu have a track record of working together to achieve common goals that has been reinforced by the creation of the Te Kotahi o Te Taiuhu Charitable Trust. Te Taiuhu’s iwi have a growing net asset base of over \$1 billion and are a key source of local investment.
9. **Lifestyle and wellbeing** – Geopolitical turmoil, and the recent Covid-19 pandemic, have caused many people to rethink aspects of their life, which placed an increased focus on lifestyle and wellbeing. This shift favours regions like Nelson-Tasman, whose lifestyle is attractive to migrants. Many of the same factors that attract visitors to the region, also attract migrants from around New Zealand and the globe. Retaining these people long-term requires a focus on the liveability of communities, quality infrastructure, and having workplaces which pay attention their employees’ job satisfaction and work-life balance. With good digital connections there are also opportunities to capitalise on remote working trends. The attractiveness of Nelson-Tasman as a destination for migrants is important to maintain, especially as a demographic tipping point has been reached where natural increase (births minus deaths) has turned negative.
10. **Health care and social assistance** – Some 23% of Nelson-Tasman’s population is aged 65+, with a further 21% within 15 years of reaching 65. By comparison, these proportions are 17% and 18% respectively nationally. This rapidly aging population creates long-term opportunities for growth within the health care and social assistance sector, while the region can also be a test bed for innovation in care models and health tech. Businesses more generally can also adjust their service delivery to better tap into the ‘silver economy’ of spending by older folk.



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