

The NZ Regional Economic Scoreboard takes the latest quarterly regional statistics and ranks the economic performance of New Zealand's 16 Regional Council areas. The fastest growing regions gain the highest ratings, and a good performance by the national economy raises the ratings of all regions. Ratings are updated every three months, and are based on measures such as employment, construction, retail trade, house prices (sources at bottom).

Taking the regions' temperatures

	Share of NZ economy*	Population**		Employment		Retail Trade		House Prices		Construction		New Car Sales		Rating
	Mar-13	Jun-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	
Annual growth =	%	000s	annual	000s	annual	\$m	annual	\$000s	annual	\$m	annual	No.	annual	5 - hot
Qtr(t) / Qtr(t-4)			growth		growth		growth		growth		growth		growth	1 - not
Northland	2.9	159	0.2%	67	-1%	406	-2%	335	0.0%	94	63%	874	25%	★★
Auckland	36.4	1529	1.4%	760	7%	5363	1%	681	15.4%	1004	11%	23922	19%	★★★★★
Waikato	7.9	419	0.6%	197	3%	1480	-4%	370	3.4%	337	22%	3135	17%	★★★
Bay of Plenty	5.2	278	0.3%	116	5%	976	10%	378	2.2%	179	23%	2062	12%	★★★
Gisborne		47	-0.2%			152	7%	256	5.5%	15	-23%	228	-15%	★★
Hawke's Bay	3.6	155	0.0%	103	2%	527	36%	330	2.3%	60	-22%	956	18%	★★
Taranaki	4.2	111	0.4%	62	0%	307	20%	325	6.3%	66	26%	786	11%	★★★
Manawatu-Wanganui	4.0	233	0.1%	111	2%	687	0%	248	1.1%	73	-21%	1570	0%	★★
Wellington	13.5	493	0.5%	273	4%	1697	5%	438	3.0%	240	2%	4068	3%	★★
Tasman		49	0.4%			139	16%	417	3.1%	41	12%			★★★
Nelson		47	0.4%			203	7%	396	3.5%	19	-19%	942	41%	★★★
Marlborough	3.7	46	0.4%	97	5%	174	3%	346	1.7%	29	12%			★★★
West Coast		33	-0.6%			167	-6%	222	1.1%	22	23%	158	20%	★★
Canterbury	11.9	566	1.3%	345	6%	2116	8%	431	11.0%	936	37%	8617	23%	★★★★★
Otago	4.5	213	0.9%	128	9%	751	3%	327	4.1%	171	2%	1360	24%	★★★
Southland	2.3	95	-0.1%	53	-5%	275	4%	210	0.4%	48	8%	547	-2%	★★
New Zealand	100	4471	0.9%	2311	5%	15419	4%	469	10.0%	3335	16%	49225	20%	★★★★★

* NZIER Estimates ** Statistics NZ Population Estimates, p.a.

★★★★★

The place to be

★★★★

Be there or be square

★★★

Fair to middling

★★

Needs an energy injection

★

Take pity

The National State of Play

Employment ★★★★★

Fourth quarter employment growth of 1.1% (qoq) was much stronger than expected, adding to the strength observed in Q3.

Wages ★★

Despite strong employment growth, ongoing slack in the labour market is keeping wage pressures low for now.

House Prices / Sales ★★★★★

Housing activity is strongest in Auckland and Christchurch, with supply constraints putting upward pressure on house prices.

Retail Sales ★★★

Retail spending was softer than expected in Q4, but that was at odds with a number of other indicators. Future growth should be supported by firm consumer confidence, strong housing activity and high numbers of overseas visitors.

Car Registrations ★★★★★

High consumer confidence is boosting car sales and driving growth in new car registrations.

Construction ★★★★★

Rebuilding in Canterbury and house-building demand in Auckland continues to drive the solid construction outlook.

Steaming ★★★★★

Healthy ★★★

Sad ★

Northland ★★

Northland's economic performance is a mixed bag. There is strength in tourism and the housing sector appears to be seeing some spillover from the hot Auckland market. Construction in the region, for example, is up over 60% from a year ago. We suspect, though, that the lingering effects of the drought are holding back general activity as well as business and consumer confidence. On that front, high commodity prices should eventually feed through to the Northland incomes, with a lift in employment and subsequently retail spending possible over 2014.

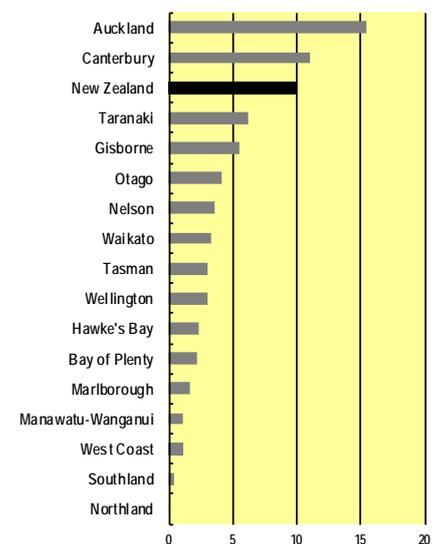
Auckland ★★★★★

Auckland continues to fight to be the best ranked region in the Scoreboard, but was pipped by Canterbury this time around. The region's economy continues to be affected by strong population growth, particularly housing market activity. House prices are up by more in Auckland than anywhere else. That's boosting residential construction, and is also helping boost consumer confidence.

Residential consents have lifted on year-ago levels, but need to pick up more over the years ahead in order to reduce the housing shortage in Auckland. This provides a very positive theme for future activity in Auckland. Non-residential consents are not as strong in Auckland as they have been in the past. But the total amount of building taking place in Auckland is still greater than any other region. In sum, the prospects for the year ahead are looking good, especially if you are a builder.

House Prices ★★

Annual % change to December, source: QVNZ



Waikato ★★★

Waikato slipped from fourth to sixth place in the latest rankings, which surprised us given the positive rural environment, and the decent level of confidence in the region. Continued strength in global dairy prices, as well as favourable weather conditions conducive for milk production, should be playing a key role in the dairy-intensive region. But it isn't showing up in strong retail sales results or employment growth yet. We think it will though, and remain very positive about Waikato's prospects.

Bay of Plenty ★★★

The Bay of Plenty has improved from the bottom half of the rankings earlier in 2013 to third in the latest Scoreboard.

Population growth, house prices and residential building consent issuance is only fair to middling in the Bay, but all other measures for the region are in the top half of the nationwide rankings. New Zealand's positive commodity export story is good news for the Bay of Plenty, and is having an impact from the forests and farms, all the way to the port.

Gisborne ★★

Economic activity remains subdued in Gisborne. But there are pointers of better times ahead as the forestry sector is strong and the meat sector is, on balance, strengthening. These drivers may be showing through in the strong finish to the year for Gisborne's retail sector. However, most other indicators lag behind other regions. Also, unlike the rest of the country, construction is slow in Gisborne. With Gisborne's population falling, this sector may continue to be a drag for the region.

Hawke's Bay ★★

The Hawke's Bay economy remains mixed. By and large, every positive indicator is matched by a negative one. This is most likely due to the region missing out on the housing and construction boom as well as the region's non-dairy primary sector focus. That said, like Gisborne, the strong forestry sector and strengthening meat sector bodes well for the outlook.

Taranaki ★★★

Taranaki is having a good run and now ranks fourth in the latest Scoreboard. If the momentum continues Taranaki, like the Bay of Plenty should soon gain a star. The stellar performance of the dairy sector is no doubt a key driver in the region, with dairy's strength translating into buoyant construction activity as well as high retail and car sales. Over the year ahead, we expect this may extend to more employment growth which has been flat over 2013. Employment growth is what we'd like to see in Taranaki in order to give the region another star or two.

Manawatu-Wanganui ★★

Manawatu-Wanganui has largely trodden water in the latest Scoreboard. In particular, with low population growth the region is missing out on the housing and construction boom. However, consumer confidence is higher than the national average, which may reflect the region's buoyant dairy sector, and more broadly, the encouraging outlook for forestry and agriculture. With this in mind, we think the region should see some improvement over 2014.

Wellington ★★

Wellington remains in the bottom half of the rankings, as the effects of public sector restraint continue to bite. A few sizeable earthquakes late last year may also have rattled the region and affected economic activity. Wellington housing market activity lags the other big cities, and the market has looked slightly flat over the past year. The decline in guest nights in Wellington, which provide an indication of tourism activity, is also in stark contrast to growth over most of NZ over the past year.

Construction demand has been relatively subdued

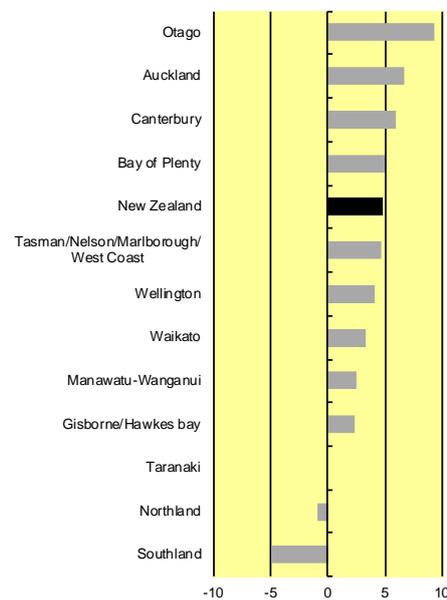
over the past year, owing to weak demand for non-residential construction. This likely reflects the caution amongst businesses towards investing in commercial buildings. The recent announcement of earthquake-strengthening requirements for buildings should support increased non-residential construction activity in the region over coming years. And despite some headwinds, consumer confidence in the region has recovered over 2013 to be broadly in line with the nationwide average.

Nelson ★★★

Nelson edges slightly lower in the latest Regional Scoreboard, and remains around the middle of the rankings. Although there has been decent growth in employment and retail sales in the region over the past year, both residential and non-residential construction contracted. Still, there's a lot happening in the region, reflected in the record crowds at the Motueka A&P Show late last year.

Employment

Annual % change to Dec, source Stats NZ.



Tasman ★★★

The region remains around the middle of the rankings, despite strong growth in retail spending over the past year. Consumer confidence in the wider Tasman/Nelson/Marlborough/West Coast region now lags the nationwide average. Nonetheless, the strengthening in global commodity prices is positive for the primary sector-focused economy.

Marlborough ★★★

Having improved in the Q3 Scoreboard, Marlborough has dipped to the bottom half of the rankings again in the latest rankings. The slide largely reflects its relatively weak housing market. As a result, house-building demand in Marlborough has also weakened.

The hot and dry weather last year, while not so good for dairy farmers, has been a boon for the 2013 wine harvest, and signs are we will see a repeat performance this year. Along with the recovery in global demand, prospects are looking good for this wine-producing region.

West Coast ★★

The West Coast continues to hover around the middle of the rankings. The most encouraging part

of the region's data is construction activity. Non-residential consent issuance was fairly strong over the last four months of 2013, with a total of \$41m of consents issued. Over the same four months in 2012, issuance totalled just \$21m. Issuance may have been boosted by the \$23m project to install a new boiler at the Hokitika dairy factory.

The most disappointing data for the West Coast region is retail sales, which were flat in seasonally-adjusted terms over 2013, at a level well below 2012 spending.

Canterbury ★★★★★

Canterbury moves to the top of the rankings and moves to five stars as the rebuild continues to gather pace. Indicators of construction activity point to increasing momentum – the value of building consents issued over Q4 (both residential and non-residential) was the highest on record at \$936m. By comparison, a 'strong' quarter before the earthquakes would have been consents totalling \$400-500m.

The labour market also seems to have finished 2013 very strongly, with employment up nearly 5% in Q4 alone. The various indicators of employment were fairly volatile over 2013, but all point to annual growth in employment of 5-6%. So far, strong inwards migration appears to be meeting the demand for workers in the construction sector, with labour costs rising fairly modestly.

Otago ★★★

Otago regains its three-star status this quarter after some encouraging data. In particular, employment has rebounded after a soft patch during 2012. But further improvement is needed – the number of people in work has merely recovered back to where it was at the end of 2011.

The piece of data keeping Otago anchored around the middle of the rankings is consumer confidence, where Otago ranks last of all the regions. Hopefully that is a one-off, as retail spending actually grew quite strongly over the quarter and is now up 4.5% on a year ago.

Southland ★★

Southland remains in last place in the rankings. A lack of employment opportunities seems to be holding the region back still. In contrast to the national economy, Southland's unemployment rate has crept up over the last year – although it remains below the national rate for now.

However the outlook for the dairy sector is very bright; high prices and strong output should combine to add over \$4.5bn to farming incomes (compared to last year) at the national level. With the dairy sector a vital part of the Southland economy that income should flow through into broader activity over time.

Sources:

Population, Employment, Retail trade, Wages, Construction, Guest nights – **Statistics NZ**.

House prices – **QVNZ**.

House sales – **REINZ**.

Vehicle registrations – **NZ Transport Agency**.

Consumer Confidence – **Westpac McDermott Miller**.

Housing & Investor confidence – **ASB**.

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