

ASB / Main Report Regional Economic Scoreboard

June 2014 Quarter

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	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14	Jun-14
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	2.6	159	0.2%	68	4%	362	0%	350	-1.4%	62	-18%	1085	33%	★ ★ ★ ★
Auckland	35.3	1529	1.4%	749	3%	4856	4%	694	12.3%	1214	26%	24640	21%	★ ★ ★ ★ ★
Waikato	8.5	419	0.6%	195	-1%	1307	-5%	370	3.0%	313	13%	3976	27%	★ ★ ★ ★
Bay of Plenty	5.3	278	0.3%	117	1%	841	7%	361	4.4%	146	14%	2686	22%	★ ★ ★ ★
Gisborne	0.8	47	-0.2%			118	-3%	270	-0.9%	12	-38%	276	30%	★ ★
Hawke's Bay	2.9	155	0.0%	102	1%	367	6%	315	0.5%	61	0%	1091	22%	★ ★
Taranaki	3.9	111	0.4%	62	-2%	269	13%	306	4.0%	89	37%	899	15%	★ ★ ★ ★
Manawatu-Wanganui	4.0	233	0.1%	115	4%	613	-2%	255	-0.8%	104	24%	1800	7%	★ ★
Wellington	13.5	493	0.5%	280	4%	1480	0%	454	1.9%	196	-33%	4713	12%	★ ★
Tasman	1.8	49	0.4%			133	26%	393	2.1%	32	-10%			★ ★ ★ ★
Nelson	1.8	47	0.4%	95	2%	176	7%	408	1.7%	21	-48%	1154	32%	★ ★ ★ ★
Marlborough	1.0	46	0.4%			154	3%	337	1.4%	22	-32%			★ ★ ★ ★
West Coast	0.7	33	-0.6%			137	-4%	212	-1.3%	17	22%	211	32%	★ ★
Canterbury	13.2	566	1.3%	361	11%	1922	6%	443	7.0%	1075	55%	8064	28%	★ ★ ★ ★ ★
Otago	4.3	213	0.9%	123	6%	674	6%	313	3.1%	193	13%	1677	23%	★ ★ ★ ★ ★
Southland	2.4	95	-0.1%	52	-2%	235	5%	195	2.7%	58	56%	681	25%	★ ★ ★ ★
New Zealand	100	4471	0.9%	2319	4%	13644	3%	479	8.0%	3614	21%	52953	22%	★ ★ ★ ★ ★

★★★★★
The place to be

★★★★
Be there or be square

★★★
Fair to middling

★★
Needs an energy injection

★
Take pity

The National State of Play

Employment ★★★★★

Over the last year employment has grown by 3.7%. At 5.6%, the unemployment rate is also the lowest it has been since 2009.

Wages ★★

Wages ticked up over Q2, but increases remain modest by historical standards. For now, there is still enough slack in the labour market to keep wage pressures low.

House Prices / Sales ★★★★★

Low housing listings have boosted house prices, particularly in Auckland & Christchurch. But the peak period of price appreciation has passed.

Retail Sales ★★★★★

Annual retail sales growth is solid but unspectacular. Future growth should be supported by firm consumer confidence, an improving job market and high tourist numbers.

Car Registrations ★★★★★

The high NZD and consumer confidence continue to boost car sales and new car registrations.

Construction ★★★★★

The rebuild in Canterbury continues to rocket ahead and healthy house-building in Auckland add up to a very perky construction industry.

Steaming ★★★★★

Healthy ★★★★★

Sad ★

Northland ★★★★★

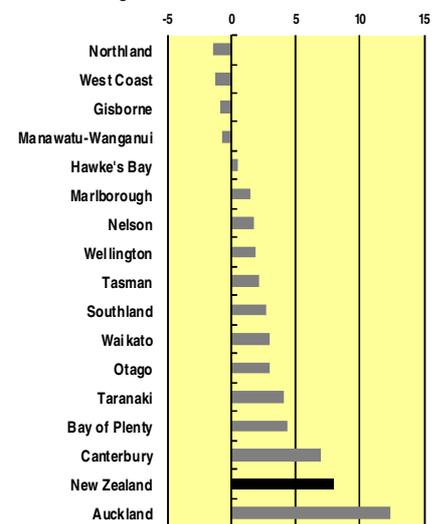
Northland's performance is mixed across the indicators, and looking at individual measures, the region comes both first (new car registrations, guest nights) and last (house price growth), and everything in between. Low population growth and weak house prices explain the weakness in building consents. The unemployment rate is still too high in the region, but employment continues to pick up, and that's exactly what the region needs.

Auckland ★★★★★

Once again, Auckland was pipped into second by Canterbury in the Regional Scoreboard rankings. House price appreciation is stronger in Auckland than anywhere else, but turnover is down on year-ago levels, as it is around the rest of the country. The tight housing market and the region's strong population growth is stimulating construction. The total value of building consents in Auckland is higher than anywhere else, but in terms of annual growth in the value of building consents, Canterbury is ahead of the pack, including Auckland. Consumer confidence is highest in Auckland, but annual growth in retail sales is only a touch ahead of the nationwide average. The growth in new car registrations is also broadly in line with the nationwide growth rate. Employment growth is still solid, at 3%, but this is another measure where Auckland trails Canterbury. In sum though, there is a lot of momentum in the Auckland economy, and this keeps Auckland on five stars, and running a close second to Canterbury as the place to be.

House Prices

Annual % change to June, source: QVNZ



Waikato ★★★★★

Waikato continues to run mid-pack in the latest scoreboard. Consumer confidence was third only to Auckland and Canterbury in Q1, but Waikato has slipped to the lower half of the rankings in Q2. That's unsurprising given the decline in dairy prices over the year, and the impact that will have on incomes. Soft retail sales reflects the confidence dip. The housing market is not as strong as Auckland or Canterbury, and Waikato is running around mid-pack for housing turnover, and sales. The growth in residential consents is strong though

and Waikato ranks third on this measure behind Canterbury and Auckland. Employment growth was an area of weakness in the latest scoreboard. Waikato keeps three stars, but employment growth needs to pick up if Waikato is to get an upgrade.

Bay of Plenty ★★★

The Bay of Plenty had slipped to mid-pack in the Q1 Scoreboard, but is back up to fourth equal with Otago in the latest rankings. Consumer confidence has dipped, but retail sales growth looks solid, with annual growth much stronger than the national average. The housing market appears to be faring reasonably well too – turnover is still down on a year ago, but has fallen by less than everywhere else. The 4.4% lift in house prices is a distant third behind Auckland and Canterbury gains. The value of total consents has lifted, but by this measure of the construction outlook, the Bay is around mid-pack. Employment growth trails the national average, but the unemployment rate is still slightly lower than the country as a whole. Overall, a solid set of results from the Bay of Plenty.

Gisborne ★★

Economic activity remains subdued in Gisborne. Construction is slow, with both residential and non-residential consents looking lack-lustre. With Gisborne's population not growing, residential construction may continue to be a drag for the region. House prices have dipped, reflecting the lack of demand. Flat population and a weak housing market is not good for retailers either, and sales fell in the latest scoreboard. Strong growth in new car registrations is at odds with these other developments. The total level of employment in the combined Gisborne/Hawkes Bay area is still below earlier peaks, but the unemployment rate has come down in the latest quarter, an encouraging development. Consumer confidence is also up in the region, which bodes well for the next quarter.

Hawke's Bay ★★

The Hawke's Bay economy remains in the bottom half of the rankings and on two stars. The construction outlook is flat, and housing market activity remains subdued. But it's not all bad news. Retail sales growth is actually fairly robust in the latest results, and that follows a good result on this measure in Q1. Car registrations are up too, and so is consumer confidence.

Taranaki ★★★

Taranaki slipped again in the latest rankings, down into the bottom half of the rankings, having been as high as fourth a couple of quarters ago. A lack of employment growth is a key issue. Employment is down on a year ago, but saying that, the unemployment rate is lower in Taranaki than most other regions. The decline in dairy prices has seen economic confidence in the region moderate, and consumer confidence is also below the national average. But the statistics also show a buoyant construction outlook as well as high retail sales and new car registrations. Housing market turnover is down sharply, but prices are still up on a year ago, by around 4%. The labour market is the key drag for the region, and is a barrier to a lift in the number of stars for Taranaki.

Manawatu-Wanganui ★★

Manawatu-Wanganui is still trailing in the rankings but showed some positive signs in the latest

Scoreboard. The region has been missing out on the construction boom enjoyed elsewhere, but consents point to some pick-up in both residential and non-residential construction. That's a good sign. The housing market is still weak, with falling turnover and prices. Consumer confidence is below the national average and that's translating to weak retail sales in the region. The unemployment rate is still high, but it did dip in the latest survey, as employment picked up.

Wellington ★★

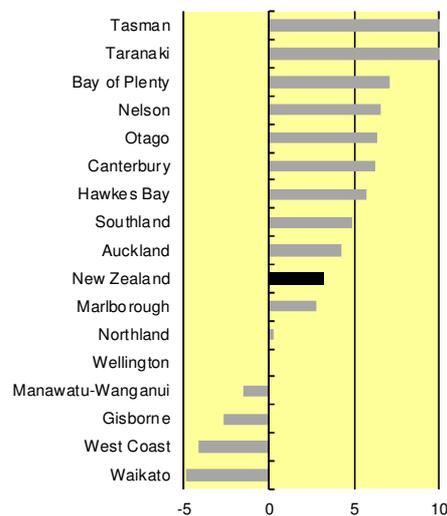
Wellington's three-star rating was short-lived. It has now dropped back to just the two stars. Construction is the main drag on Wellington's fortunes. In fact, Wellington residential construction is the weakest in the country. Other weak points include a flat retail sector, perhaps driven by Wellington's very subdued housing market. The exceptions are a stronger labour market, which is generating good job growth. Meanwhile, consumer confidence is strong compared to the national average, but we are at a bit of a loss to explain why it is so high. The purse strings were loosened a little in this year's Budget, but we don't expect that it was by enough for the all-important public service to move back into expansion mode.

Nelson ★★★

Nelson remains in the bottom half of the rankings, though retail spending did pick up over the quarter. Construction is the main drag on the region's activity. Expensive house prices relative to other provinces may be constraining the housing market and thus construction. Meanwhile, tourist numbers remain robust and employment in the region is growing, but at a slower rate than nationwide.

Retail Sales

Annual % change to June, source Stats NZ.



Tasman ★★★★★

Tasman has continued its impressive climb up the rankings, now sitting in third place in the latest scoreboard. The main driver was retail sales growth that outstripped every other part of the country. Further improvement may be a big ask – as construction activity in the region was weak over the June quarter and employment growth has been modest compared to the national average.

Marlborough ★★★

Like its position geographically in the middle of New Zealand, Marlborough maintains a middle ranking.

Retail spending is bang on the nationwide average, although car sales have been strong. Low levels of non-residential construction consents have offset a small lift in residential building consents. This season's boomer grape harvest hasn't lifted activity in the region just yet, but the impact may be seen over the coming quarters.

West Coast ★★

The West Coast remains stuck towards the bottom of the rankings. The weak spot has been retail sales, which are well below year-ago levels. On a seasonally-adjusted basis, retail spending in the region has been falling fairly steadily since early 2012, a symptom of a shrinking population and a regional economy that has gone through some tough times. In stark contrast, new car registrations have risen strongly, which suggests the strong dollar is helping Coasters too. Strong guest nights over 2014 suggest that the national pick-up in tourism has spread to the Coast.

Canterbury ★★★★★

Canterbury holds on to its top place in the latest Scoreboard, as the earthquake rebuild continues to race ahead. Besides the boost to construction activity, the rebuild is also flowing through to stronger demand in other areas. In particular, double-digit annual employment growth is contributing to high consumer confidence, putting extra dollars in people's wallets, and this extra cash is flowing through to retailers. Canterbury is also another region to reap the benefits of the expanding dairy industry.

Job opportunities are attracting people to the city, and population growth is very strong. Similarly, tourists are returning as accommodation re-opens or is newly built.

Otago ★★★★★

Otago has dropped back two spots in the latest Scoreboard, but stays in the top four and keeps its four-star rating. Employment and retail trade both recorded strong June quarters. Meanwhile, the tourism sector has had a strong autumn, with guest nights surging over the June quarter.

Consumer confidence remains the region's sticking point, with the latest reading the lowest in the country. The housing market is a mixed bag with slow sales, but house prices remain firm.

Southland ★★★

Southland was a mixed bag over the June quarter, but it has retained its ranking and star rating. Southland led the building consent rankings this quarter, and within that it was commercial construction activity that made the difference. Some of the construction pick-up may be related to the stellar dairy season just gone.

However, employment growth continues to be a challenge, particularly with the Canterbury region up the road sucking in workers. Otherwise, she's steady as she goes down in the deep South.

Sources:

Population, Employment, Retail trade, Wages, Construction, Guest nights, regional GDP – **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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