

ASB / Main Report Regional Economic Scoreboard

September 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-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14	Sep-14
Annual growth = Qtr(t) / Qtr(t-4)	%	000s	annual growth	000s	annual growth	\$m	annual growth	\$000s	annual growth	\$m	annual growth	No.	annual growth	5 - hot 1 - not
Northland	2.6	166	0.9%	71	2%	359	9%	322	3.2%	96	12%	1176	21%	☆☆☆
Auckland	35.3	1527	2.3%	762	2%	4941	6%	696	10.3%	1234	18%	26959	22%	☆☆☆☆
Waikato	8.5	431	1.5%	205	8%	1299	-2%	345	1.8%	306	8%	4216	30%	☆☆☆
Bay of Plenty	5.3	282	0.9%	117	-1%	835	8%	379	3.3%	203	20%	2766	20%	☆☆☆
Gisborne	0.8	47	0.2%			115	-11%	286	0.1%	10	-30%	227	1%	☆☆
Hawke's Bay	2.9	159	0.6%	100	1%	342	1%	334	-0.5%	58	5%	1120	19%	☆☆
Taranaki	3.9	115	1.1%	63	1%	272	11%	306	3.3%	69	23%	1015	15%	☆☆
Manawatu-Wanganui	4.0	232	0.4%	113	2%	616	-2%	255	-1.5%	102	32%	1973	23%	☆☆
Wellington	13.5	492	1.0%	271	-2%	1484	1%	403	0.8%	285	22%	4796	10%	☆☆
Tasman	1.8	49	0.6%			124	8%	393	2.5%	33	9%			☆☆☆
Nelson	1.8	49	1.2%	97	3%	181	16%	369	1.7%	32	29%	1269	34%	☆☆☆
Marlborough	1.0	45	0.2%			148	5%	335	-2.4%	36	22%			☆☆
West Coast	0.7	33	-0.6%			68	N/A	230	-2.0%	18	-19%	205	67%	☆☆
Canterbury	13.2	574	2.0%	358	11%	2017	10%	447	5.2%	1119	27%	8735	23%	☆☆☆☆
Otago	4.3	212	1.4%	124	3%	710	7%	305	3.5%	193	28%	1869	28%	☆☆☆☆
Southland	2.4	97	0.5%	53	2%	239	6%	203	1.3%	41	2%	694	22%	☆☆☆
New Zealand	100	4510	1.5%	2332	3%	13751	4%	465	6.4%	3836	20%	57020	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 3.1%. That strong employment growth has helped lower the unemployment rate to 5.4%.

Wages

☆☆

Wage increases are modest by historical standards. Inflation is low, and labour market slack is also keeping wage pressures down.

House Prices / Sales

☆☆☆☆

Low housing listings have helped maintain upward pressure on house prices, particularly in Auckland & Christchurch.

Retail Sales

☆☆☆

Annual retail sales growth is solid, at 4.1%. Spending is supported by firm consumer confidence, an improving job market as well as high tourist and permanent migration numbers.

Car Registrations

☆☆☆☆☆

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

Construction

☆☆☆☆☆

The construction outlook remains solid, as the rebuild in Canterbury continues and healthy house-building in Auckland drive growth.

Steaming

☆☆☆☆☆

Healthy

☆☆☆

Sad

☆

Northland

☆☆☆

Northland's performance has improved and the region is now in the top half of the Regional Scoreboard's rankings. Employment growth is taking place and that should continue to help the region's performance lift. The lift in building consents points to an improving construction outlook too. Guest nights continue to lift, which is adds to the good news for Northland.

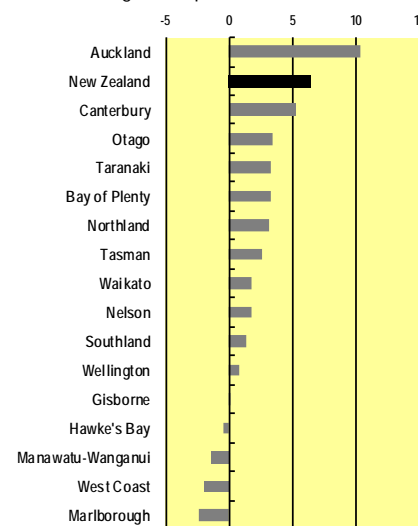
Auckland

☆☆☆☆☆

Auckland continues to look good in the latest rankings, but once again has been pipped by Canterbury for the top spot on the Regional Scoreboard. House price appreciation remains stronger in Auckland than anywhere else, while turnover has declined by more than elsewhere. 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, a number of regions are now experiencing a stronger lift than Auckland. Consumer confidence in Auckland dipped in the last quarter, but remains above the national level. Annual growth in retail sales remains a touch ahead of the nationwide average. The growth in new car registrations is in line with the nationwide growth rate. The labour market remains solid, with more Aucklanders employed now than ever before. In sum, there is a lot of momentum in the Auckland economy, and this keeps Auckland on five stars.

House Prices

Annual % change to September, source: QVNZ



Waikato

☆☆☆

Waikato continues to run mid-pack in the latest Scoreboard. Consumer confidence did lift in the last quarter, but that hasn't translated into spending yet and sales were soft again in the third quarter. Waikato's housing market activity is softer than the nationwide average, with only modest house price increases and low turnover. The growth in the value residential consents has softened, but the total amount of construction activity in the pipeline for Waikato still looks solid. Employment growth was a point of weakness in Q2, but this appears to

have turned around in the last quarter. Waikato remains on three stars in the latest rankings.

Bay of Plenty ★★★

The Bay of Plenty slipped from 4th to 5th in the latest rankings. Consumer confidence has lifted to the strongest level in the country, and retail sales growth remains stronger than the national average. The housing market continues to fare well, with ongoing price gains, and a solid construction outlook. The labour market was an area of disappointment in the latest Scoreboard, with employment dipping slightly on a year ago, and the unemployment rate ticking up. Quarterly labour data can be volatile, so we'll be monitoring developments over future scoreboards, rather than changing our constructive view on the Bay just yet.

Gisborne ★★

Economic activity remains subdued and the region is at the tail end of the rankings. The construction outlook continues to weaken and, with such low population growth, residential construction is unlikely to lift back towards earlier peaks any time soon. House prices are flat over the past year, and still down on pre-recession levels. Turnover has picked up on a year ago though, which is encouraging. Retail sales fell again in the latest scoreboard and consumer confidence remains weaker than most other regions. There's a still a lot of heart in Gisborne though – look no further than the opening of the C Company House to see it.

Hawke's Bay ★★

The Hawke's Bay economy remains on two stars and is with Gisborne at the tail end of the rankings. The construction outlook remains flat and housing market activity is subdued. Consumer confidence is in the bottom half of the rankings and so is retail sales growth. Hawke's Bay can fight back up the rankings though - the "Contact Centre Shout Out!" campaign is an example of an initiative to attract businesses to the region and get more good things happening in the region.

Taranaki ★★

Taranaki is still stuck in the bottom half of the rankings, having been as high as fourth in 2013. Labour market indicators are mixed in Taranaki with low employment growth a key issue. In saying that, the unemployment rate has been lower in Taranaki than most other regions. Consumer confidence is the weakest in the country (along with Manawatu-Wanganui), which in part reflects the major change in earnings for the important dairy sector. But just like we saw last quarter, the statistics also show a buoyant construction outlook as well as high retail sales. Taranaki's population growth is in the top half of the rankings, and that growth is positive for retail sales and housing demand. Housing market turnover remains significantly down on a year ago, but house prices are still lifting at a reasonable rate.

Manawatu-Wanganui ★★

Manawatu-Wanganui is still trailing in the rankings but has been showing positive signs in the last two Scoreboards. The region has been missing out on the construction boom enjoyed elsewhere, but non-residential consents point to some pick-up for the second consecutive quarter. The housing market is still weak and the region is one of only three regions where house prices are down on a year

ago. Consumer confidence is weak and that's translating to weak retail sales growth in the region. The unemployment rate is steady at 7% in latest survey, still higher than the nationwide rate.

Wellington ★★

Wellington remains stuck on two stars and in the bottom half of the latest rankings. Construction has been a drag on Wellington's fortunes and residential construction remained a weak point in the latest Scoreboard. Related to this, house price growth is weaker in Wellington than in most regions. Other soft areas include a flat retail sector and low growth in new car registrations. The labour market was also weak in the last quarter and employment is down on a year ago. The mix is weighing on consumer confidence, which declined in the last quarter.

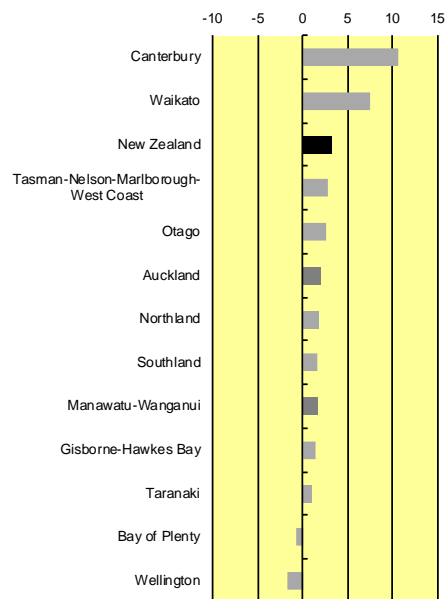
Nelson ★★★

Nelson has lifted back into the top half of the rankings, courtesy of a construction pick-up and a good quarter for household spending. Consumer confidence is only mid-pack, but the growth in retail sales and new car registrations in the last quarter was very strong. The non-residential construction outlook is good, with strong growth in the value of consents over Q3 and a new cycling velodrome in the pipeline.

Employment in the broader Marlborough-Nelson-Tasman-West Coast area is lifting, and the unemployment rate is falling, which is a good sign for the future.

Employment growth

Annual % change to September, source Stats NZ.



Tasman ★★★

Tasman has continued its impressive run in the latest scoreboard. However, it was pipped by Otago and Nelson for a spot on the top-three podium this time. Retail sales and new car registrations are strong points, and the housing market still looks fairly buoyant. The residential construction outlook looks reasonable in Tasman, but the growth in non-residential consents is not as solid as other regions.

Marlborough ★★

Marlborough slipped in the latest Scoreboard, with house prices a noticeable area of weakness. The pipeline of construction work looks reasonable

though, with the value of residential and non-residential consents up on a year ago.

West Coast ★★

The West Coast remains stuck towards the bottom of the rankings. The weak spot has been retail sales over recent quarters. Seasonally-adjusted spending in the region has been falling fairly steadily since early 2012. House prices are also down on a year ago. The housing market and retail trade on the Coast face the headwind of a shrinking population on top of the other tough challenges on the Coast in recent years. The growth in guest nights is pleasing to see. New car registrations have also risen strongly again this quarter, with a growth rate second to none!

Canterbury ★★★★★

Canterbury holds on to its top place in the latest rankings, with a solid performance in every measure on the Scoreboard. In terms of the individual measures, Canterbury actually only holds the top ranking for the employment growth measure. But if there's one measure that it's good to be number one for, it's employment growth.

The total value of construction in Canterbury remains high, second only to Auckland. However, growth in the value of new consents is slowing a bit, with the pace dropping to fourth in the country.

House price appreciation is second only to Auckland. Consumer confidence remains high and when coupled with the strong employment growth is helping to keep the cash registers ringing at the local shops and car yards. Job opportunities should keep attracting people to the city, and the population growth rate is very strong. Guest nights continue to lift as tourists return, and work draws people into the region. The momentum looks good for the year ahead, and Canterbury remains the place to be.

Otago ★★★★★

Otago climbed back up the rankings to third place, and keeps its four-star rating in the latest Scoreboard. Employment growth remains a key strong point and the unemployment rate in Otago is lower than the nationwide average rate. House prices continue to lift and the growth of residential consents suggests the construction outlook is good. The tourism sector has had a strong winter, and guest nights lifted over the quarter. Consumer confidence remains surprisingly low, given the number of good things happening in the region.

Southland ★★★★★

Southland was a mixed bag again, but is going well enough to comfortably retain its three-stars. The lift in guest nights on a year ago was stronger here than anywhere else. Retail sales growth is mid-pack and so are new car registrations. But consumer confidence is high in Southland, which points to future improvement. Population and employment growth are both low in Southland, but both measures are pointing in the right direction.

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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