

## ASB / Main Report Regional Economic Scoreboard

March 2008 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 Mar-07	Population*			Employment		Retail Trade		House Prices		Construction		New Car Sales		Rating Mar-08	
	%	000s	000s	annual growth	000s	annual growth	\$m	annual growth	\$000s	annual growth	\$m	annual growth	No.		annual growth
Annual growth = Qtr(t) / Qtr(t-4)														5 - hot 1 - not	
<b>Northland</b>	3.2	154	153	0.7%	67	-2%	407	15%	337	6.5%	108	0%	959	-10%	★ ★ ★
<b>Auckland</b>	31.4	1394	1371	1.7%	688	2%	3788	-1%	507	5.0%	815	1%	20907	-3%	★ ★
<b>Waikato</b>	9.1	399	395	0.9%	202	1%	962	0%	369	2.9%	312	-7%	3735	-5%	★ ★
<b>Bay of Plenty</b>	5.1	268	265	0.9%	105	-9%	758	5%	373	3.2%	154	-20%	2587	0%	★ ★
<b>Gisborne</b>	4.5	46	46	-0.2%	96	4%	111	1%	282	1.1%	16	-8%	232	-17%	★ ★
<b>Hawke's Bay</b>		153	152	0.3%			411	2%	312	4.2%	98	11%	1289	-8%	★ ★ ★
<b>Taranaki</b>	2.8	107	107	-0.1%	58	-4%	251	8%	298	1.3%	59	0%	906	-2%	★ ★ ★
<b>Manawatu-Wanganui</b>	5.2	229	229	-0.2%	106	-4%	662	5%	246	4.0%	146	26%	1940	-2%	★ ★ ★
<b>Wellington</b>	12.7	470	466	0.9%	254	-3%	1383	6%	417	5.7%	257	-1%	4389	-7%	★ ★ ★
<b>Tasman</b>		46	46	0.7%			192	25%	405	5.3%	23	-20%			★ ★ ★
<b>Nelson</b>		44	44	0.2%			164	18%	364	3.0%	42	43%	1121	-13%	★ ★ ★ ★
<b>Marlborough</b>	4.3	44	44	0.9%	89	0%	175	13%	359	3.8%	43	7%			★ ★ ★
<b>West Coast</b>		32	32	0.6%			88	-3%	214	7.4%	31	26%	228	6%	★ ★ ★
<b>Canterbury</b>	15.1	547	540	1.3%	343	5%	1519	6%	344	5.3%	369	-18%	6239	-2%	★ ★ ★ ★
<b>Otago</b>	4.3	202	200	1.0%	92	-3%	734	-1%	306	4.4%	195	4%	1663	4%	★ ★ ★
<b>Southland</b>	2.4	93	93	-0.2%	54	0%	289	5%	213	16.7%	61	40%	815	12%	★ ★ ★ ★
<b>New Zealand</b>	100.0	4228	4185	1.0%	2153	0%	11892	3%	388	4.9%	2730	-2%	47010	-3%	★ ★

\* 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 ★★★★★

A slight easing is evident in the labour markets. Job growth has slowed, unemployment is up a little and more firms expect to reduce their staff numbers. But labour remains difficult to find.

#### Wages ★★★★★

Not surprisingly wage growth remains strong, more so within the public sector.

#### House Prices / Sales ★

In contrast, housing markets are now weak. Turnover is well down. It is taking increasingly longer to sell a house. Prices are patchy and more likely to be lower than late last year (albeit often still above levels of 12 months ago).

#### Retail Sales ★★

Wealth, interest rates and higher prices are outweighing wage growth when it comes to household spending. Volume growth is low.

#### Car Registrations ★★

Big-ticket items such as cars are selling much slower now. New car sales are down sharply.

#### Construction ★★

Dwelling construction has dropped although not as much as in previous slowdowns. Non-residential building is below peak levels now.

Steaming ★★★★★

Healthy ★★★

Sad ★

### Northland ★★★★★

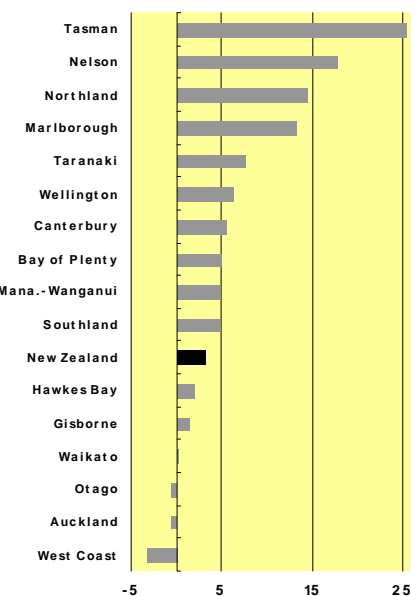
It has been a middle of the road performance of late for the top of the country region. The sun shone but the tourists did not come in any extra numbers. Construction activity is off its peak, but was much the same as a year ago. Unemployment is up but at 4.4% is still very low. House prices are above year-ago levels but below the late 2007 peak. As elsewhere, the number of sales is down sharply. The sort of performance that leaves you in the middle of the pack – business just ticking along.

### Auckland ★★

We sometimes forget that Auckland still involves farming. There is the tank farm, of course, but not for long. Then there are the onion farms – more in the Auckland region than any other region according to the recently-released 2007 Agriculture Census (that might explain the constant tears at Eden Park). However, this many-layered region could not stand in the way of high interest rates. The debt servicing burden is finally weighing on retail sales (although the March quarter decline exaggerates the situation as the early Easter visit to the country deprived the malls of weekend frequenters). As elsewhere the construction boom is over the peak but activity levels are still reasonable. New projects such as transport and, next, a new prison at Mt Eden are keeping many busy (making sure people will be able to get where they want to go and others kept where they don't want to be). Guest nights up a respectable 5% on a year-ago show people are still keen to visit – the region, that is, not the prison.

### Regional Retail Sales

Annual % change to Mar quarter, Statistics NZ



### Waikato ★★

It must be so frustrating. A record high dairy payout but then the sun shines, and shines, and keeps shining. The end result was not the boom that might have been envisaged nine months ago for the region. Car sales are down, retail sales were flat. House sales and construction are declining. House prices are generally stable. Sell your farm, though, and that's a different story: \$32.5 million for

a King Country farm recently – worth more than golf courses these days, even those designed by one of the game's icons. And if the general on-farm disappointment was not enough (and let's not mention fertiliser costs), the fine weather failed to attract many more visitors to the Coromandel beaches than in the March quarter last year. What's that, honey? Too many tutus.

### Bay of Plenty ★★

The property markets have been hit hard in the Bay of Plenty (the same unfortunately may be true for some retired finance company debenture holders). Whether one caused the other or not, house sales are down more than in other regions. And while house building is also lower, it is non-residential construction that has slowed sharply. Not surprising in light of these slowdowns, employment is declining and unemployment increasing. Just as well kiwifruit prices are holding up.

### Gisborne ★★

The combined Gisborne-Hawke's Bay region has reverted to the highest unemployed part of the country, although at 5.4% it is still lower than at anytime between 1987 and 2001. The lack of population growth in Gisborne is starting to show again in lower construction activity, weak retail sales growth and the slowest 4-quarter house price gain for the country. Not all populations are dwindling, though. Sheep numbers increased faster in Gisborne between 2002 and 2007 (+9%) than elsewhere (that is, if we choose to overlook the extra 12,000 sheep on the Chatham Islands).

### Hawke's Bay ★★★

Further south it was the animal numbers that dwindled over 2002-2007, especially cattle numbers but also sheep. After some lag, this impact is now being felt within the human population with the Oringi works closure and loss of over 400 jobs. Holding up better is the construction industry. Retail sales and guest nights were only up modestly on last year.

### Taranaki ★★★

The rush has passed and the region is settling down to a more sustainable growth rate. Noticeably non-residential construction is increasing, a sign of the investment within the region. And retail sales were up a respectable 8% on a year ago. But the heady employment growth of last year has subsided. As is the norm across the country, house sales and house building are well down.

### Manawatu-Wanganui ★★

The non-residential construction phase is also evident further to the east, the Manawatu-Wanganui growth rate topping the regions. Unemployment is still declining, especially of hard-to-find teachers in Wanganui. But activity otherwise is not growing quickly right now.

### Wellington ★★★

Not to be outdone by Auckland, Wellington has its own farm of sorts: a tide farm. And it does still have more sheep than Auckland. With little connection to farming, it also has a lot more Government. Our leaders have done the city proud of late: the DOC Headquarters is now award-winning; the Budget has put aside \$220m to modernise City Council housing (that's got to be more than the coat of paint

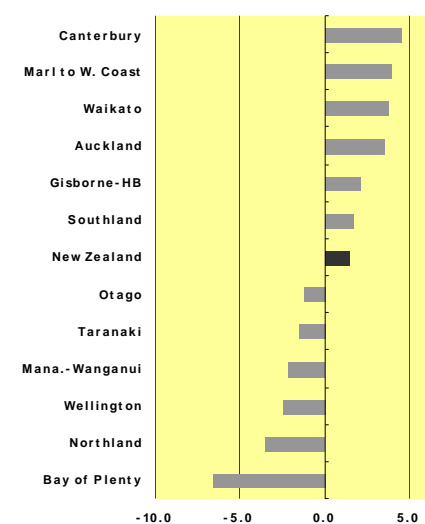
used to 'modernise' some private sector rentals). In general more houses are also planned, not something that can be said in many regions at present. This hint of higher demand, though, does not mean it is any easier to sell an existing home – done up or not – in Wellington, the median days to sell rising as elsewhere.

### Nelson ★★★★★

The high NZ dollar has hurt Nelson for some time now, the latest to feel the brunt being shellfish processing staff. This comes on top of the wider Marlborough to West Coast region already experiencing the greatest jump in the unemployment rate. Not that unemployment is high. At 3.7% it remains below the national average, and total employment growth has continued. In the main the region has learnt to adapt to the high NZ dollar. Non-residential construction is high and rising in Nelson. Visitor numbers are growing at a double-digit pace in the combined Nelson-Tasman region (although they will no longer get to visit the Macs brewery). But not all visitors are welcome – some South Africans who mused their way in have now been dredged.

### Employment

Annual % change to March half year, Statistics NZ



### Tasman ★★★★★

The neighbouring region also topped the regional retail sales growth statistics, although the magnitude of the increase is worth a reminder about the sample nature of these data and hence the uncertainty around the 'true' retail growth rate.

### Marlborough ★★★★★

As befits the centre of fine wines, the region generally ranked near the top amongst many growth measures. But then that should be the case if you increase the area under grapes at the rate of 128% in five years. For an area which gained some renown recently for looking out at others, there is also strong interest from others looking in on Marlborough – guest nights were up 9% in 12 months. For all the relatively strong rankings of late, though, the region failed to top any ranking list.

### West Coast ★★★★★

Topless takes on another meaning further south; Haast calendars have probably never been as

popular. The Coast did manage to top one regional ranking, though – that for house sales. That will come as little consolation for those trying to sell their house or section. Turnover down 33% being better than elsewhere is still, at the end of the day, low turnover. The general picture is one of a slow retail sector, only modest tourism growth but still reasonable construction increases.

### Canterbury ★★★★★

It is the residential construction industry that is noticeably quieter on the other side of the Alps where as elsewhere the housing market is generally slower. But Canterbury is not about towns – it is a huge farm and playground. It is the region with the most sheep, deer, grains and potatoes. It is now the second largest dairying region. It is second only to Auckland for the number of guest nights. It is even making big inroads into the finance industry (having given up the idea of funding shoddy Auckland car deals). With guest nights up 8% and dairy prices astronomical the region still gets to see retail sales up 6% while the national average is somewhat less.

### Otago ★★★

Further south retail sales not only failed to match the national average – they actually declined. There were still increasing visitors to the region. But it appears the housing downturn has impacted relatively more on this part of the country. Dwelling consents are running 11% below year-ago levels. A recent scrapping of a Glenorchy subdivision is a sign of the times. Across the region employment is down. And there are more job losses in the freezing works. A positive for Otago is Dunedin is becoming a 'must-see' destination for tourists – hopefully we will see visitor numbers continue to strengthen.

### Southland ★★★★★

The anticipation of the oyster season was not enough to buoy the spirits in the far south, consumer confidence being lowest in Southland. This is surprising given that the region ranks highest for house price gains, and for growth of dwelling construction growth and car sales. And unemployment remains the lowest in the country. Plus the booming dairy industry means another milk processing plant will be constructed soon near Gore. Maybe it has been the veiled threat of the smelter closure if carbon prices rise too high. Or the region is ruing the lack of migrants (only 1 in 13 born overseas versus over 1 in 3 in Auckland). Or was it the low visitor growth rate of late. Still, the economy is doing better than most, and British aristocracy are keen to buy in the area.

### Sources:

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

House prices – Quotable Value NZ

House sales – REINZ.

Vehicle registrations – Land Transport NZ.

Confidence – Westpac-McDermott Miller

Housing & Investor confidence – ASB.

### Disclaimer

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