

## ASB / Main Report Regional Economic Scoreboard

June 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	Population*			Employment		Retail Trade		House Prices		Construction		New Car Sales		Rating
	Mar-07	Jun-07		Jun-08	Jun-08		Jun-08		Jun-08		Jun-08		Jun-08		
Annual growth = Qtr(t) / Qtr(t-4)	%	000s	000s	annual growth	000s	annual growth	\$m	annual growth	\$000s	annual growth	\$m	annual growth	No.	annual growth	5 - hot 1 - not
Northland	3.2	154	153	0.7%	62	-11%	364	9%	347	0.6%	197	53%	801	-17%	★★
Auckland	31.4	1394	1371	1.7%	689	3%	3680	-1%	511	-3.1%	875	-11%	18421	-13%	★★
Waikato	9.1	399	395	0.9%	200	-1%	892	-3%	344	-1.4%	296	-18%	3355	-15%	★★
Bay of Plenty	5.1	268	265	0.9%	109	-8%	722	3%	367	-2.4%	136	-32%	2227	-10%	★★
Gisborne		46	46	-0.2%			108	5%	245	-8.7%	17	-34%	230	-22%	★★
Hawke's Bay	4.5	153	152	0.3%	96	4%	388	0%	305	-1.3%	92	17%	1127	-10%	★★
Taranaki	2.8	107	107	-0.1%	59	3%	260	14%	299	-3.5%	85	29%	845	-5%	★★★
Manawatu-Wanganui	5.2	229	229	-0.2%	109	1%	656	4%	239	-3.0%	100	-33%	1615	-20%	★★
Wellington	12.7	470	466	0.9%	262	-2%	1379	5%	433	-1.2%	248	-2%	3662	-20%	★★★
Tasman		46	46	0.7%			134	-4%	373	0.5%	39	17%			★★★
Nelson		44	44	0.2%			152	10%	352	-2.7%	34	-17%	1037	-10%	★★★
Marlborough	4.3	44	44	0.9%	90	5%	142	3%	357	-2.7%	48	-6%			★★★
West Coast		32	32	0.6%			74	-1%	194	1.4%	45	10%	203	-7%	★★
Canterbury	15.1	547	540	1.3%	352	7%	1454	3%	347	-1.5%	363	-16%	5884	-10%	★★★★
Otago	4.3	202	200	1.0%	95	1%	644	3%	321	-3.8%	159	-15%	1469	-11%	★
Southland	2.4	93	93	-0.2%	54	3%	272	4%	206	6.9%	57	15%	752	1%	★★★★
New Zealand	100.0	4228	4185	1.0%	2177	1%	11320	2%	393	-2.2%	2791	-9%	41628	-13%	★★

\* 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

★★★★★

Employment was pretty flat in the first half of the year, though not without considerable volatility. Unemployment remains very low, but is rising.

#### Wages

★★★★★

Wages continue to grow strongly, though perhaps the acceleration is over now that the labour market is starting to turn.

#### House Prices / Sales

★

Sales turnover has plummeted, though may well be finding a (low) base. House prices are now edging down; sales taking longer to go ahead.

#### Retail Sales

★

Retail spending volumes are now contracting as household finances come under heavy assault from high debt-servicing costs and increased food and fuel prices.

#### Car Registrations

★

Car sales are taking a dive, not surprising given high fuel prices and budgetary pressures.

#### Construction

★

Dwelling construction is firmly on the way down, though non-residential work has evident pockets of strength.

Steaming

★★★★★

Healthy

★★★

Sad

★

### Northland

★★

It is a very Kiwi thing to talk about the weather, and we are sure Northlanders have had many a conversion this year on the subject. But to take their mind off it people have embraced retail therapy wholeheartedly, with retail spending up 9% over the past year. House sales are down considerably, though not quite to the same extent as the national average. Confidence is a touch below average. Non-residential consents are, however, soaring. We won't mention the rugby.

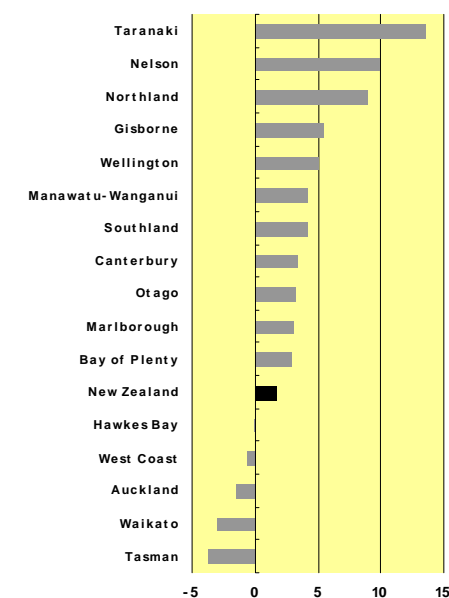
### Auckland

★★

Auckland is certainly feeling the pinch from the retail and housing market slowdown. The property market has continued to soften, with For Sale signs prevalent and growing numbers of accidental landlords. House prices are down 3% yoy as a result. Property development faces headwinds with financing challenges and the current glut of property for sale. A sign of the times is that traffic volumes have eased. Certainly, there are more exotic cars off the road awaiting auction now that the easy money has dried up. But, for the main, petrol prices are changing commuting habits – something not unique to Auckland. The squeeze is evident on retail spending, with sales down 1.5% for the year. Still, it can't be all bad. It is still difficult to find a park at Sylvia Park even after clocking up more laps (in first gear, of course) than Scott Dixon, Manurewa's and the world's fastest Indyan. Non-residential building consents are on the rise and work is underway at Eden Park: the old stands are coming down to make way for the new.

### Regional Retail Sales

Annual % change to June quarter, Statistics NZ



### Waikato

★★

Despite being the milk vat of the country during a dairy price boom, the Waikato has faced a few challenges this year – the least of which have been on the rugby field. The drought broke in Q2, providing farmers with some much-needed rain. However, more recent weather has if anything been too wet. The economic performance has, understandably, not lived up to its full potential.

Consumer confidence is sub-average and retail spending actually declined 3% over the year. That spending was pretty strong a year ago as the dairy boom was spooling up but, drought may have taken quite a bit out of the region. Still, the Waikato will bounce back, with pastoral incomes likely to fare much better once more normal weather resumes.

### Bay of Plenty ★★

Consumer confidence has slipped noticeably but is still comfortably second-highest in the land – perhaps there was some anticipation of a good start to rugby season? Retail spending in the region was slightly above average even ahead of presumed post-game celebrations. The unemployment rate has started to tick up to just above the national average and construction intentions for houses have slowed markedly. House prices are slipping but by no more than the national average.

### Gisborne ★★

Retail spending growth has picked up of late, one of the few regions to enjoy a pick-up. Unemployment is roughly steady, though at 4.5% for the last year is still one of the higher regional rates. Property is the aspect of the region that is looking soft. House prices have fallen more sharply in Gisborne than anywhere else, though after several years of a strong boom. Non-residential building consents have weakened considerably. Visitors to the region, however, are slipping.

### Hawke's Bay ★★

Retail spending growth has now flattened off in the Hawke's Bay. Visitor numbers are also down noticeably, though not to the extent seen further up the coast. The region is, however, heading for a mini-boom in non-residential construction and housing construction intentions aren't down quite as much as the national average. The same can be said about the slight dip in house prices, though the halving of sales turnover is on the large side.

### Taranaki ★★

Bronze medal time for Taranaki. In keeping with its position as a key gusher of white and black gold, the region is holding up well. Retail spending has rebounded again, at 13% the strongest annual growth in the country. Car registrations have fallen by less than in most other regions. The unemployment rate is trending down and below average. The construction outlook is strong and accelerating, no doubt aided by a boost to on-farm investment.

### Manawatu-Wanganui ★★

Solid and steady is the retail performance, much like that of the Turbos. Unemployment is trending down from relatively high levels – an encouraging development given the much talked-about economic slowdown. The housing market is succumbing to pressure, but no more so than NZ as a whole. However, construction is weakening.

### Wellington ★★

Wellington does get a little bit of insulation from the economic cycle through being the home of central government. Certainly there has been an increase in activity monitoring what is written on balloons, jackets and billboards. Unemployment remains around the national average. Consumer confidence

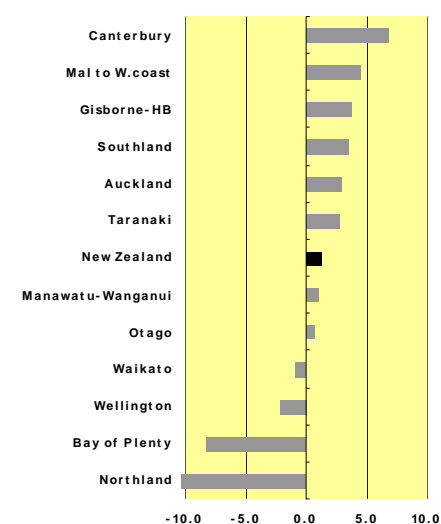
is strikingly high in the region still. Retail spending reflects to some degree the level of confidence, up 5% yoy - where it averaged in the preceding year. Strong growth in visitors to the Windy City no doubt also contributed to the ringing tills.

### Nelson ★★★

Nelson for some time has been the comeback kid after its 2003/04 boom-bust cycle. It may be more accurate to call it the caught-up kid as moderation is becoming more evident. Retail spending has slowed from its red-hot pace of recent years, but still managed a double-digit annual pace in June. The recent catch-up phase of the housing market has come to an end, with prices falling once more around the national average. Nevertheless, sale turnover has been more resilient as have housing construction consents. Non-residential construction is, however, softer than the overall NZ picture.

### Employment

Annual % change to June, Statistics NZ



### Tasman ★★★

Retail spending has dipped, but following very strong growth. Unemployment is relatively low, though has started to creep up recently. Looking ahead, unfortunately some of the current workforce may be forced to relocate to greener playing stadiums a little to the south. Consumer confidence has also fallen from being the highest to one of the lowest. On the plus side the housing market is one of the outperformers with house prices still managing to eke out an annual gain and a mild fall in sales turnover.

### Marlborough ★★★

Retail spending growth is a touch ahead of the national average. Guest nights also held up better than in many other regional areas. Perhaps that will continue if visitors flock to take advantage of this season's 'savalanche' of good wines. Non-residential construction appears firm (new wine cellars needed, perhaps?) though residential construction is slipping much in line with the rest of the country.

### West Coast ★★

Retail spending on the Coast is still shrinking but at less of a pace – and we'd add the region did do a huge spend-up back in 2006. House prices rose

1.4% over the year to June. That might not sound like a lot but was the second-fastest annual increase within a market that is overall going backwards. Residential construction consent issuance is on the wane, but not to the same extent as the national average. And a strong lift in non-residential consents has continued. Car registrations are on the wane, but still holding up better than in most regions.

### Canterbury ★★

Canterbury is our gold medal region this quarter, pipping Southland by a margin reminiscent of a certain rowing final. The strongest employment growth in the country over the past year is one key reason for the placing (though one key job vacancy has yet to be filled). Unemployment has averaged below 3% over the past year. The rest of the drivers were better-than average for a number of other categories. Consumer confidence was third highest, and although retail spending growth has lost some momentum it is stronger than NZ as a whole. House prices, guest nights and car registrations also fared better than the NZ totals. Residential construction intentions are down, but in line with the national trend. However, non-residential consents have tapered off almost as fast as you can say David Henderson.

### Otago ★

Unemployment, like the rest of the South Island, is below the national average. House prices fell 3.8% yoy, the second-largest fall registered in Q2 and likely a reflection of chilly winds blowing through the lake district property markets. The residential construction outlook is down in line with the rest of the country but the non-residential outlook is comparatively weaker. Guest nights in the region were down a little more than the national average. Hopefully with the NZD falling, a few more Australians can afford to ski in Queenstown - perhaps a pick-up is on the way. Retail spending growth is above average and one of only 3 regions to see spending growth pick up.

### Southland ★★

Silver it is, but by a fingernail. Retail spending growth is the second-highest in the South Island. Unemployment is also the lowest in the country, averaging a rate of 2.1% over the past year. House price growth is cooling rapidly after last year's burst above 20% yoy, but price growth is still well ahead of anywhere else in the country. Car registrations have actually risen over the past year – the only region to register such an increase. Has a Southland alchemist figured out how to turn milk into petrol? Consumer confidence is by far the lowest in the country, which is a bit of a surprise given that region is holding up better than most.

### 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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