

## ASB / Main Report Regional Economic Scoreboard

September 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-08	annual growth	Sep-08	annual growth	Sep-08	annual growth	Sep-08	annual growth	Sep-08	annual growth	Sep-08	annual growth	
Annual growth = Qtr(t) / Qtr(t-4)	%	000s	%	000s	%	\$m	%	\$000s	%	\$m	%	No.	%	5 - hot 1 - not
Northland	3.2	155	0.6%	64	-1%	353	5%	369	-3.8%	114	-14%	815	-25%	★ ★
Auckland	31.4	1415	1.5%	690	2%	3727	0%	492	-6.6%	824	-12%	17592	-25%	★ ★
Waikato	9.1	402	0.9%	204	2%	913	0%	327	-4.6%	319	-3%	2919	-28%	★ ★
Bay of Plenty	5.1	270	0.9%	111	0%	706	2%	377	-6.5%	162	-16%	1863	-28%	★ ★
Gisborne	4.5	46	0.2%	97	3%	102	0%	243	-10.1%	21	13%	233	-24%	★ ★
Hawke's Bay		153	0.1%			392	2%	304	-5.0%	87	-10%	944	-31%	★ ★
Taranaki	2.8	108	0.3%	59	3%	253	7%	272	-6.1%	55	-18%	774	-22%	★ ★ ★
Manawatu-Wanganui	5.2	229	0.1%	113	4%	689	2%	241	-6.4%	83	-33%	1501	-24%	★ ★
Wellington	12.7	474	0.7%	280	7%	1392	5%	407	-5.1%	298	-4%	3486	-25%	★ ★ ★
Tasman	4.3	47	0.9%	91	-1%	103	-25%	362	-2.1%	31	-6%	911	-26%	★ ★ ★
Nelson		45	0.7%			143	2%	345	-4.0%	45	-20%			★ ★ ★
Marlborough		45	1.1%			137	-2%	369	-6.5%	35	-26%			★ ★ ★
West Coast		32	0.0%			78	16%	199	0.8%	21	-4%	157	-31%	★ ★
Canterbury	15.1	553	1.1%	341	4%	1433	2%	337	-6.0%	419	-13%	5901	-22%	★ ★ ★ ★
Otago	4.3	204	0.9%	94	-2%	718	8%	314	-5.9%	174	-13%	1315	-24%	★ ★
Southland	2.4	93	0.0%	53	1%	274	4%	196	0.9%	43	-15%	730	-11%	★ ★ ★
New Zealand	100.0	4269	1.0%	2196	3%	11411	2%	380	-5.8%	2731	-12%	39141	-25%	★ ★

\* 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 nine months of the year, holding up better than some expected. Unemployment is starting to rise.

#### Wages ★★★

Wages continued to grow strongly even though the economy is in a recession. The acceleration is likely over now the labour market is turning.

#### House Prices / Sales ★

Sales turnover has plummeted, with little sign of a spring pick-up. House prices are also heading south, and houses are taking a long time to sell.

#### Retail Sales ★★

Retail spending volumes have contracted as household finances have been strained over 2008. Falling petrol prices, lower interest rates, and tax cuts should all help keep tills ringing.

#### Car Registrations ★

Car sales continue to fall. High petrol prices have tainted the kiwi love affair with motoring. Car finance is far harder to obtain these days, which hurts auto sales.

#### Construction ★

Both residential and non-residential construction are weak. The environment doesn't look too encouraging. Infrastructure investment will hopefully provide some offset.

Steaming ★★★★★

Healthy ★★★

Sad ★

### Northland ★★

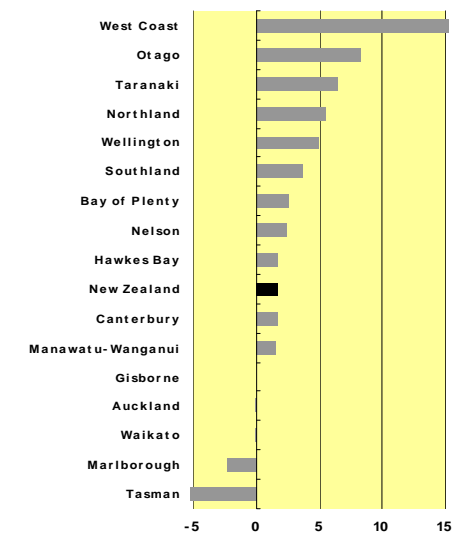
House prices are declining in Northland, as they are in the rest of the country. Construction is down a touch more than the national average, and car sales are also weak. The unemployment rate is higher than the national average. A tourism slowdown is noticeable with falling guest nights in Northland. But the region can come back from the soft patch. Okara Park is aiming to host pool matches for the Rugby World Cup, and according to Enterprise Northland, the region's engineering businesses are planning to invest, regardless of the current economic downturn.

### Auckland ★★

Auckland stays on two stars, as the retail and housing market slowdown continues to shape the mood of the city. The property market continues to soften, with price declines greater than the national average. A glut of unsold houses, combined with ongoing difficulties in the finance sector means residential construction is weak, and will likely stay so for a while yet. Year on year retail sales are down for the third quarter running. But the good news is annual employment and population growth remain positive, so there is still money to be spent. A pipeline of infrastructure projects ranging from motorways to Eden Park will help maintain activity. And Auckland small businesses are optimistic: The Auckland Chamber of Commerce says 55% of businesses with less than 20 employees expect their business situation to improve in the next 6 months compared with the last 6 months.

### Regional Retail Sales

Annual % change to June quarter, Statistics NZ



### Waikato ★★

Consumer confidence perked up in Waikato during the last quarter, as it did in the rest of the country. Falling petrol prices and lower interest rates helped the people of Waikato and New Zealand breathe a tentative sigh of relief. Dairy prices are coming off an amazing peak, and the decline will impact dairy farmers' incomes. But the payout will likely remain high compared to earlier years and provide a boost in the dairy region. A falling New Zealand dollar will eventually help other exporters in the Waikato who

range from primary producers to aeroplane manufactures. Retail spending is flat compared with year-ago levels, but population and employment growth was up in the last year.

### Bay of Plenty ★★

Consumer confidence continues to be a strong point for the Bay, and the positive mood spills over into sales growth for retailers. Employment in the region is flat compared with a year ago, but the population continues to grow, albeit at a rate slightly below average. The housing market in the Bay continues to suffer from indigestion following the boom a few years ago. House price declines and construction intentions are slightly worse than the national average. Tourism is important to the region, and a decline in guest nights is a concern.

### Gisborne ★★

House prices have fallen more sharply in Gisborne than anywhere else, though after several years of a strong boom. Non-residential construction intentions are reasonable in the region, and offsetting the residential slowdown. The recession isn't getting in the way of plans for a \$16 Million dollar superstore for Gisborne. British newspaper The Guardian has compiled a list of ultimate new year getaways - and second only to Paris is Gisborne! A tourism slowdown has resulted in large falls in guest nights in the region - maybe this good publicity will help turn things around!

### Hawke's Bay ★★

Further down the coast, Hawke's Bay visitor numbers are also down noticeably. Consumer confidence is low in the region, but retail sales remain positive and in line with the national average. After a surge in the last quarter, consents issued reflect a drop off in construction intentions. Falling house prices, low population growth and low turnover offer little hope of a pick up in the near-term. But this season's budburst is reportedly good, and that bodes well for this season's grape harvest.

### Taranaki ★★★

Taranaki continues to fare better than most, as milk and oil keeps flowing in the region. However, falling prices for both commodities may be a headwind for future investment. But right now retail spending growth remains strong. Car registrations have fallen by less than in most other regions, and the labour market looks better than the national picture. House prices are falling in the region, in line with the national average, but turnover has picked up from last year's slump. The construction outlook is strong but consent issuance has dropped off following a surge earlier in the year. Guest nights are holding up well, and with Pukekura Park's Festival of Lights about to start, hopefully the tourists will keep coming to the region.

### Manawatu-Wanganui ★★

Solid and steady continues to describe the region as unemployment continues to trend down from relatively high levels. The housing market downturn mirrors the national experience, but the construction outlook is lower than average.

### Wellington ★★★

Wellington continued to be isolated from the economic cycle through the last quarter, in part by

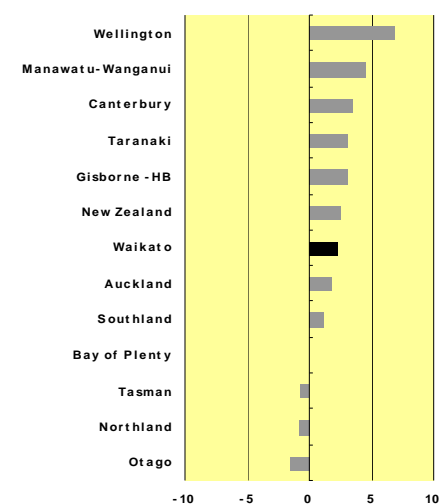
being the home of central government. Unemployment is below the national average, and consumer confidence is higher than anywhere else. Retail spending growth reflects the upbeat attitude, and a year on year increase in guest nights also helps keep cash registers ringing. House prices are now declining, reflecting the national experience. Speaking of national experience, it is too early to tell if the change of government will change the mood in the capital city.

### Nelson ★★★

Nelson has overcome the 2003/04 boom-bust cycle and continues to hold up reasonably. Tourism is important in the region, and Nelson is faring better than other regions in terms of growth in guest nights. Retail spending has slowed from the boom of recent years, now falling into line with the national average. The recent catch-up phase of the housing market has come to an end, with prices falling around the national average over the past two quarters. House sale turnover continues to be more resilient than in other regions, but the outlook for residential and non-residential construction is weak, based on consent issuance.

### Employment

Annual % change to June, Statistics NZ



### Tasman ★★★

Retail spending has dipped over the past two quarters, following very strong growth. Unemployment at the top of the South Island remains below the national average, but is increasing as the job pool contracts. Confidence is below the national average. In contrast, the construction outlook, although down on year-ago levels, is better than most other regions.

### Marlborough ★★★

Consents point to a weak outlook for both residential and non-residential construction, and falling house prices adds to the soft picture. Housing turnover is better than average and is actually higher than last year, but still well down on the peak of the housing boom. But the love affair with Marlborough wine has definitely gone global, and helps keep the region firmly on the map.

### West Coast ★★★

Construction consent issuance is waning, but not to the same extent as the national average. Car

registrations had been holding up better than in most regions, but dropped significantly in the last quarter. The West Coast continues to be a great part of the country, but guest nights have dropped off lately. Retail spending on the Coast picked up in the third quarter, after a brief dip following the 2006 spend-up. The value of the mining industry on the West Coast has more than doubled over the last five years, helping boost the region. House prices rose 0.8% over the year to September - one of only two regions to lift - a good result given the national housing market is going backwards.

### Canterbury ★★★★★

Canterbury is our gold medal region again this quarter. The region is in the top half of the regional rankings for all measures apart from construction and house prices. Unemployment remains below the national average, and employment growth has remained positive. Consumer confidence was fourth highest, but retail spending growth continued to lose momentum, with growth falling into line with NZ as a whole. Guest nights rose on year ago levels. Car registrations are down significantly but fared better than the NZ totals. The indicators suggest the national slowdown will also affect Canterbury, so we won't give out five stars this time. But the region remains the place to be, and our travelling researchers said they saw no signs of a recession during Cup Week.

### Otago ★★

Unemployment, like the rest of the South Island, is below the national average. However, the outlook is not so positive, with total employment down on year-ago levels. House prices fell 5.9% in the last year, slightly worse than the national decline. The construction outlook is down, in line with the rest of the country. Guest nights in the region were down a little more than the national average. Retail spending growth is above average, and a lower New Zealand dollar will help the tourists' money go further in the year ahead. Confidence has been lower than the national average in the region, reflecting the headwinds of late, but how could you not be smiling, given the beauty in the region?

### Southland ★★★

Southland's headwinds have picked up a little lately - just ask any of the bike riders in this year's Tour of Southland. The 2008 tour was one of the toughest. Retail spending growth remains solid, and unemployment remains low. House price growth has cooled rapidly after last year's burst. Prices are now declining on an annual basis, and turnover has dropped off significantly. Car registrations are down on year ago levels, but the downturn in Southland is less severe than everywhere else. Consumer confidence had been by far the lowest in the country, but perked up in the last quarter. This shouldn't surprise, given the 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 - **LTNZ**.

Confidence - **Westpac-McDermott Miller**.

Housing & Investor confidence - **ASB**.

### Disclaimer

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