

ASB / Main Report Regional Economic Scoreboard

June 2009 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	Jun-08	Jun-09	Jun-09	Jun-09	Jun-09	Jun-09	Jun-09	Jun-09	Jun-09	Jun-09	Jun-09	
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	3.2	155	0.6%	66	0%	387.4	6%	335	-11.6%	70	-64%	581	-27%	★★
Auckland	31.4	1415	1.5%	693	1%	3847	5%	489	-6.3%	750	-17%	12470	-32%	★★
Waikato	9.1	402	0.9%	207	0%	937	5%	325	-8.3%	229	-23%	2092	-38%	★★
Bay of Plenty	5.1	270	0.9%	117	4%	709	-2%	364	-8.2%	109	-20%	1533	-31%	★★
Gisborne	4.5	46	0.2%	98	-3%	101	-7%	258	-13.4%	15	-15%	175	-24%	★★
Hawke's Bay	4.5	153	0.1%	98	-3%	400	3%	293	-9.6%	71	-23%	573	-49%	★★
Taranaki	2.8	108	0.3%	58	-4%	251	-3%	282	-3.7%	48	-44%	493	-42%	★★
Manawatu-Wanganui	5.2	229	0.1%	113	2%	661	1%	233	-7.7%	111	11%	1189	-26%	★★
Wellington	12.7	474	0.7%	275	4%	1400	2%	402	-7.0%	247	0%	2715	-26%	★★
Tasman	4.3	47	0.9%	92	1%	112	-16%	360	-7.4%	21	-46%			★
Nelson	4.3	45	0.7%	92	1%	149	-2%	345	-5.2%	24	-29%	530	-49%	★
Marlborough	4.3	45	1.1%	92	1%	145	2%	332	-7.0%	46	-4%			★★
West Coast	4.3	32	0.0%	92	1%	82	11%	194	-3.5%	15	-67%	110	-46%	★★
Canterbury	15.1	553	1.1%	335	-4%	1534	5%	318	-7.0%	510	35%	3598	-39%	★★
Otago	4.3	204	0.9%	100	7%	640	-1%	311	-5.4%	136	-15%	763	-48%	★★
Southland	2.4	93	0.0%	51	-6%	274	1%	202	-7.6%	63	10%	364	-52%	★
New Zealand	100.0	4269	1.0%	2204	0%	11627	3%	379	-7.1%	2464	-13%	27186	-35%	★★

* 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 ★★★

The extent of job losses has been mild all things considering, though unemployment is starting to push noticeably higher.

Wages ★★

Wage growth has started slowing markedly, no doubt reflecting the growing impact of the weaker labour market, including wage freezes.

House Prices / Sales ★★

Sales turnover has recovered sharply and is now slightly below average. Prices have also bottomed out.

Retail Sales ★★

In Q2 spending volumes registered their first increase since 2007Q3, amidst signs retailing has troughed.

Car Registrations ★

Registrations have also begun to stabilise, though at an incredibly weak level.

Construction ★

Activity levels are very weak, particularly in housing. The outlook is mixed: housing could pick up late this year though non-residential may falter outside of a variety of infrastructure projects.

Steaming ★★★★★

Healthy ★★★

Sad ★

Northland ★★

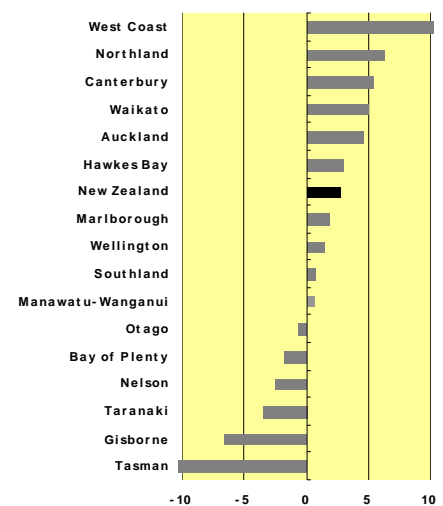
Northland isn't having the easiest of recessions, and on some measures has been hit hard. House prices have been knocked more than in most regions. Generally, unemployment is higher the further north you are in NZ, and the region's unemployment rate has virtually doubled. Nevertheless, employment levels themselves are fairly flat compared to a year ago and not out of whack with the national average, so it may be a case of far more people competing for the jobs available. Consumer confidence is second lowest in the country, but Northlanders are doing a good job of cheering themselves up with retail therapy – annual growth in spending is the second strongest in the country. Car registrations also had one of the milder falls recorded over the past year. And, after a weak run, guest nights are up.

Auckland ★★

The roadworks continue and so do early signs of recovery in the housing market. The extra time spent in traffic has evidently given many the opportunity to contemplate increased value of their biggest asset: consumer confidence is back to being one of the highest readings in the country (the impending ban on hand-held cellphones will provide Aucklanders with even more time to think later on this year, though could curtail the social lives of those who have already eaten, shaved or made themselves up). Retail spending has started to expand once more but unemployment is above the national average and guest nights have fallen. Oh, is that a green light?

Regional Retail Sales

Annual % change to Jun quarter, Statistics NZ



Waikato ★★

The 'phew, it could have been worse' relief bounce in consumer confidence passed the Waikato by: no doubt attention remained focused on the ever-high NZD and implications for the dairy and other exporters. Unemployment is noticeably on the rise. Retail spending growth, nevertheless, is accelerating. Non-residential construction has been surging, but offset by comparatively soft residential activity. In many respects, including rugby, Waikato is close to but just lagging the national average.

Bay of Plenty

★★

Unemployment is just below the national average and job growth is strong. Consumer confidence has risen but remains on the subdued side of average, perhaps an explanation for the recent weakness in retail spending. Construction activity is a fraction below average through weak non-residential work, but house building has been very resilient through the recession. House sales themselves are performing like the rugby team, off to a flier.

Gisborne

★★

Like the upper parts of the North Island, the collective Gisborne and Hawke's Bay area has also seen a sharp rise in unemployment, ranking second highest behind Northland. Employment levels have started to fall. Retail spending has also started to shrink noticeably. Over the past year house prices are down more than in any other region, though in the good times Gisborne's boom was stronger than most. Overall construction is holding up, though weakness is more evident on the non-residential side. However, car registrations have been more resilient than in any other region and guest nights have been surging.

Hawke's Bay

★★

In contrast to a bit further up the coast retail spending is growing, roughly around the national average. But car registrations have been quite weak. House prices have fallen a little more than the average, though a robust lift in sales turnover portends a shift. Construction is a bit weak, but again on the non-residential rather than the very resilient residential side. Encouragingly, guest nights have shown some improvement after a couple of years of pressure.

Taranaki

★★

Employment continues to shrink in the region, though the unemployment rate is still the lowest in the North Island. Construction activity is very weak, particularly non-residential work. Retailing is subdued, despite regional confidence being very upbeat, and car registrations have also fallen a little more than the national average. Taranaki does stand out for having some of the mildest house price declines experienced during this downturn. But the region has had one significant knock-back: its Super 15 bid unfortunately got kicked for touch.

Manawatu-Wanganui

★★★

The labour market is resilient in the region: job figures are up and unemployment hasn't really budged. Notwithstanding that, retail spending has been flat over the last year, lagging nation-wide sales. Non-residential construction is on a huge roll in the region: \$130mn will be spent at Ohakea, including a new hangar. However, plans to beef up Bulls' restroom facilities may go back to the drawing board after the proposal failed to get enough support behind it. Residential work is less bullish, down slightly more than the national average. There are enough solid performers to tie the region in top spot – a decent comeback.

Wellington

★★

Employment growth may have slowed but remains very robust. Spending growth is moderating and below the national average – is fiscal austerity

catching on beyond the Beehive? Construction, on the other hand, is comparatively healthy on the back of a sharp surge in non-residential work. House sales turnover has risen at a slightly faster pace than the national average, though price trends are bang in line. Car registrations have fared very well during the pullback – perhaps in anticipation of the recent rail disruptions.

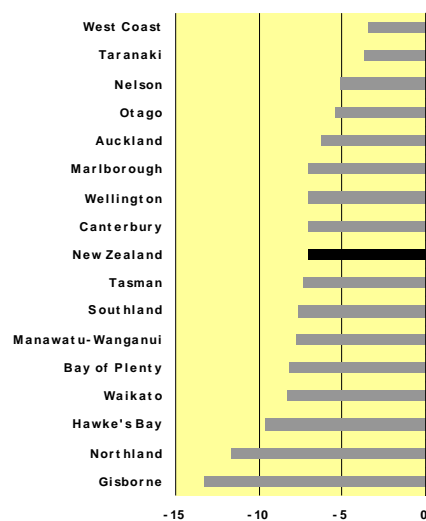
Nelson

★

Retail spending has been shrinking – despite some sizable cash withdrawals – though to be fair Nelsonians wore their shoes out shopping in 2006-2007. The recovery in house sales is now lagging behind a little, though prices have generally fared better than in many regions. Housing construction consents have fallen by more than in any other region, though non-residential work is a touch above average. Guest nights have been quite weak of late in the broader Tasman region. However, the Arts Festival isn't too far off and may perk things up.

House Prices

Annual % change to Jun, QVNZ



Tasman

★

The unemployment rate in the bloc containing northern regions of the South Island as well as the West Coast is unusual in registering hardly any lift over the past year. That has given the bloc the lowest unemployment rate in the country. Nevertheless, consumer belt-tightening has continued, with retail spending shrinking dramatically over the past year after a strong run in 2007/08. Construction is very soft in the region, particularly non-residential. House prices are faring no worse than the national average, though the lift in house sales turnover is comparatively muted.

Marlborough

★★

Retail spending has started to recover, though is slightly below the national average. Building work is holding up comparatively well, thanks to a pick-up in non-residential work. House prices are down over the past year in line with the national average, though as in neighbouring Tasman sales turnover is more hesitant. Guest nights have fallen slightly over the past year. But the Wine Weekend tickets have all sold out months in advance, which can only be a good sign.

West Coast

★★

Earlier this year the Buller Gorge received the West Coast's first sets of permanent traffic lights. There has certainly been a green light given to retailing, which has registered the strongest annual growth in the country. That's what happens when you sell beds with a house thrown in for free. House price declines have been moderate compared to most regions over the past year. Sales turnover has been lagging behind the national average for some time but is starting to catch up. Car registrations are down more than the average, though we are sure the traffic lights aren't to blame.

Canterbury

★★★

Confidence in Canterbury was higher than in any other region, even before Dan stopped lounging around in his underwear and laced up his boots (just a little too late for another Super title). Retail spending growth is above average. Although employment has been softening the unemployment rate has climbed only modestly so far. Housing trends are roughly average, though non-residential construction is getting a strong boost from the airport expansion (we hope the new tower came with a lift). Canterbury was not as dominant as it has been in the past in the latest quarter (or season for that matter), now sharing top spot with Manawatu-Wanganui.

Otago

★★

There has definitely been one positive out of the global crisis – Queenstown and Wanaka have been invaded by Australian skiers clutching 'Rudd cheques' – let's hope they don't bounce when buying a round at the Guilty bar. Those cheques should give retail spending a boost in the next Scoreboard – spending was still down a fraction in the June year. Employment growth is strong in the region and house prices fairly resilient. Construction activity is down but only mirroring the national trend. The stadium is underway and will boost the region in the future.

Southland

★

Confidence picked up in the region, though is below the national average. Construction has held up comparatively well, too. However, a fair amount of weakness is creeping into the region. Dairying exposure will be one Achilles heel, so perhaps some Southern caution is already kicking in. Retail spending growth is muted after a good run, and car registrations are weaker than anywhere else. Although house prices are only a fraction weaker than the national average, sales turnover is distinctly lagging. Southland did continue to boom while other parts of the country began slowing, but it appears that the slowdown has even reached the deep south.

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**.

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