

ASB / Main Report Regional Economic Scoreboard

September 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-08	000s	annual growth	000s	annual growth	\$m	annual growth	\$000s	annual growth	\$m	annual growth	No.	annual growth	Sep-09
Annual growth = Qtr(t) / Qtr(t-4)	%													5 - hot 1 - not
Northland	3.1	156	0.7%	68	1%	368.1	4%	325	-6.8%	80	-55%	572	-30%	★★
Auckland	32.1	1436	1.5%	694	1%	3946	6%	514	1.9%	679	-18%	15052	-14%	★★★
Waikato	9.3	407	1.1%	193	-8%	940	3%	335	-3.3%	268	-16%	2174	-26%	★★
Bay of Plenty	5.1	272	0.9%	114	-1%	711	1%	349	-1.7%	137	-15%	1588	-15%	★★
Gisborne		46	0.4%			103	0%	261	-7.9%	16	-27%	200	-14%	★
Hawke's Bay	4.4	153	0.5%	100	-1%	398	2%	293	-2.4%	82	-6%	752	-20%	★★
Taranaki	2.8	108	0.6%	57	-5%	246	-2%	296	4.5%	61	10%	587	-24%	★★
Manawatu-Wanganui	4.9	230	0.4%	114	-1%	709	3%	238	-0.1%	86	3%	1244	-17%	★★
Wellington	12.1	479	1.0%	272	-4%	1348	-3%	410	0.9%	227	-24%	3121	-10%	★★
Tasman		47	0.6%			108	5%	376	0.3%	37	19%			★★
Nelson		45	0.7%			145	1%	355	0.6%	26	-43%	698	-23%	★
Marlborough	4.4	45	1.1%	91	0%	144	5%	330	-1.5%	56	59%			★★
West Coast		33	0.9%			80	3%	206	-4.6%	19	-6%	108	-31%	★★
Canterbury	15.2	559	1.2%	337	-1%	1498	5%	333	0.8%	404	-4%	4872	-17%	★★★
Otago	4.1	205	0.9%	103	10%	697	-3%	296	-1.4%	155	-11%	1007	-23%	★★
Southland	2.5	94	0.5%	53	-1%	248	-9%	208	-0.9%	41	-3%	461	-37%	★★
New Zealand	100.0	4316	1.1%	2194	-1%	11717	3%	390	0.2%	2374	-13%	32436	-17%	★★

*NZIER Estimates **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 recession continued to effect employment into Q3. Unemployment will continue to rise, but will remain below Asian Crisis levels.

Wages ★★

Firms have increasingly resorted to wage restraints to reduce the need to resort to job layoffs, spreading the pain around more thinly.

House Prices / Sales ★★★

Housing is leading the way to recovery. Supply constraints are subduing sales turnover but leading to a sharp squeeze higher for prices.

Retail Sales ★★

Spending volumes have increased for the 2nd quarter in a row, albeit very weakly. Caution is evident in spending patterns.

Car Registrations ★

The car market is still very challenging. Registrations remain well down on year-ago levels but show some early signs of recovery.

Construction ★

Dwelling approvals are lifting, indicating house construction will start rising from subdued levels. But non-residential work is vulnerable outside government infrastructure spending.

Steaming ★★★★★

Healthy ★★★

Sad ★

Northland ★★

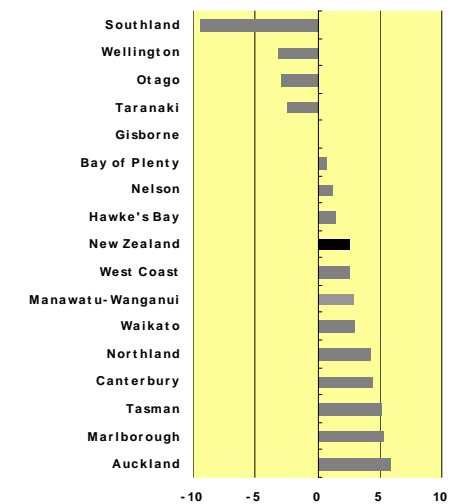
It is encouraging to see that employment in the region has been bucking the national trend by increasing slightly rather than declining. However, unemployment has been rising noticeably and creating enough jobs to absorb all the job-seekers is a challenge for the region. A good positive is the second-strongest guest night figure (though an outbound tourism figure has tended to be more prominently featured in the news). Building activity is very weak, particularly in housing, for which the market is lagging behind the national average. Northlanders have been cheering themselves up through the hard times by continuing to shop, recording one of the more consistent and resilient spending growth rates over the past year.

Auckland ★★★

House prices are on the way up again, which means as far as many Aucklanders are concerned all must be getting better in the world. That conviction is starting to extend to shopping, with Auckland spending reviving after being pummeled last year. Residential construction activity has started to recover, though non-residential is under some pressure. Employment growth has even taken place. When summer finally arrives and the BBQs are fired up the grumbling will be about the difficulties buying a house rather than the never-ending roadworks. On that front car registrations have been pretty resilient, perhaps suggesting some (misplaced?) optimism that the traffic will get better. Full shopping bags and full open homes nudge Auckland into top ranking.

Regional Retail Sales

Annual % change to Sept quarter, Statistics NZ



Waikato ★★

Retail spending is chugging along at an average pace, not bad for a dairy region that for much of the year faced the prospect of a challenging earnings environment. However, employment has started to weaken noticeably, a trait common amongst several dairying regions. Building activity is just weaker than the national average through the non-residential side. The housing market is mixed: high turnover but lagging prices. After the quarter ended Fonterra sharply revised up its dairy payout forecast, an overwhelmingly positive shot in the

arm for dairy regions such as the Waikato.

Bay of Plenty

★★

Retail sales show early signs of recovering from a weak period and car registrations have been comparatively resilient. Employment, however, is succumbing – but no more than the national average. Likewise, the slump in building activity is broadly comparable to the overall trend. House prices are down over the past year by more than the national average and sales turnover has picked up to a slightly lesser extent than the NZ total. Visitor nights are still down slightly compared with a year ago. Confidence within the region is picking up, but lagging the national average a bit.

Gisborne

★

Like the Bay, retail sales appear to be stabilising after a bit of a plunge. Employment is still shrinking, though the pace has slowed to be more in line with NZ as a whole and unemployment has leapt. The high NZD is a setback for the horticulture and wine industries. Building has been knocked hard as residential work dried up. That is perhaps understandable given that the Gisborne housing market is extremely weak – but only after one of the strongest regional booms. Confidence has improved, but still reflects caution relative to most other regions.

Hawke's Bay

★★

Spending growth is decelerating and below average, but after a period of outperformance. House prices are still quite weak in the region but the very strong lift in sales turnover in the region is encouraging. Building is on the high side of the national average. A good sign is that guest nights are registering one of the stronger rebounds, which should help the region, along with 50 years of Motown looming. A solid performance by the Magpies showed up a number of regions.

Taranaki

★★

Retail spending has contracted over the past year, in keeping with caution on the dairy earnings front. Likewise, employment continues to shrink at a far greater pace than the national average. House prices look like they are bolting away, though are doing so on surprisingly low turnover. Perhaps there is a supply issue, which would explain why residential consents are starting to lift noticeably. Prices for both white and black gold have been increasing from very low levels, a development that should help to stimulate some capital spending in the region.

Manawatu-Wanganui

★★

The region held in there during the harder economic times. Retail spending growth is picking up and a fraction ahead of the overall pace. Employment has ended a robust run and has now shrunk slightly over the past year, but that just puts it back in the middle of the pack. Housing turnover is a little behind the national average and prices middle of the road. Construction consents have been very resilient – even if one project looks like it has been flushed.

Wellington

★★

Wellington has been a bit on the back foot recently. Fiscal restraint seems more infectious than swine flu in the Capital, pulling retail sales down by more

than in most regions. Moreover, employment has swung swiftly from growing strongly to shrinking considerably. Housing is showing slightly more signs of life than the NZ-wide figures – the benefit of a House full of stable tenants? Wellington is a little behind the national average in overall construction activity, with previously resilient non-residential work a noticeable change. Soccer is one area in which the region has been head(er) of the pack, some consolation for missing out on the NPC title. And the Capital's confidence levels are still pretty high.

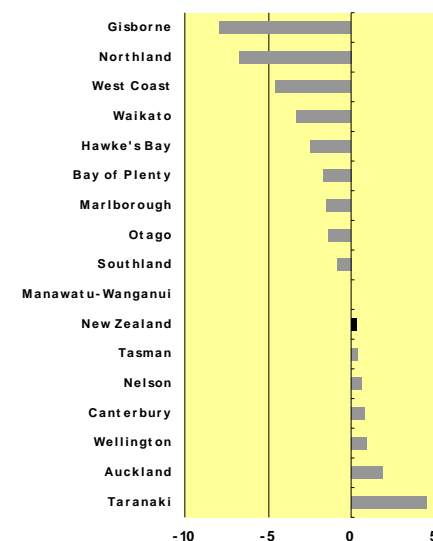
Nelson

★

Retail spending is picking up weakly after going backwards noticeably, putting this aspect of the region back onto the recovery path. Likewise, house prices are breaking the run of declines in line with the national experience, though – unusually – turnover is actually slightly down from a year ago. Construction activity, however, is very weak in the region, particularly the non-residential front. Possibly this could change, with councils considering the merits of not just wearable arts but performing arts as well.

House Prices

Annual % change to Sept, QVNZ



Tasman

★★

The massive belt-tightening of last year is fading and retail spending is now lifting at an above-average pace. Employment growth has come to a standstill, though that still puts it ahead of overall NZ. The recovery in house prices is in line with the nation-wide average, but the lift in sales is quite subdued. Construction is a sector in which the region has been more resilient than virtually any another region.

Marlborough

★★

Spending is accelerating after following the upper South Island pattern of retreat. The housing market is quite weak, with sales turnover down rather than rebounding sharply and prices still lower than a year earlier. Construction activity is stronger than the national average though has been buoyed by a new hospice. Visitor nights are still quite weak in the upper South Island.

West Coast

★★

The Coast spent its way very successfully through the recession, but growth has pulled back to the national average. House prices are much weaker than a year ago, but to put the performance into context most regions registering lifts suffered more extreme declines than the Coast did. Construction activity is pulling back to a greater extent in the Coast than anywhere else, but only after defying gravity (or Gravity) during the depths of recession.

Canterbury

★★★

Canterbury is pulling through, and confidence is high. Retail spending continued to chug through the recession at a comfortably above-average pace – sorrows drowned over loss of a Super title will be followed by celebratory elbow-bending for the NPC (let's not mention the Shield). Employment had been shrinking quite noticeably, but the decline over the past year is now roughly average. House prices are edging up in line with NZ as a whole though the turnover rebound is lagging behind. Visitor nights have looked better in the international gateway to the South Island. An all-round performance secures second place.

Otago

★★

The Great Australian Ski Invasion has given the region a helping hand, with guest nights up stronger than anywhere else over the quarter (Kevin Rudd, thanks for those stimulus cheques). Employment has been going gangbusters in the province, registering by far and away the strongest growth. Nevertheless, retailing has been weak over the past year. The housing market performance has been below average, but by far from being the weakest region. Likewise for construction: only a touch weaker than the national average – despite the pot-holed and cliffhanger nature of the Central Lakes property market.

Southland

★★

Belt-tightening has become very evident in Southland, with retail spending down nearly 10% over the past year. Construction activity has also plummeted after a very resilient run. Employment is down roughly in line with the overall NZ experience. The housing market is on the road to recovery, though the turnover lift is below average (very much a South Island trait). A bright spark is consumer confidence, higher than in any other region – and that was before the Shield win! Southland is another region for which the sharp upward revision to Fonterra's dairy payout will make a big difference: the relatively recent establishment of many dairy farms has meant for a high cost base. Cost containment will likely continue to constrain the region to a degree, but farms will be in much better financial shape.

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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