ASB / Main Report Regional Economic Scoreboard — December 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	Jun-09		Dec-09		Dec-09		Dec-09		Dec-09		Dec-09		Dec-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	3.1	156	0.7%	68	-3%	458	4%	338	-3.0%	121	-10%	601	0%	★★
Auckland	32.1	1436	1.5%	655	-3%	4570	5%	551	6.6%	810	14%	16669	1%	★★★
Waikato	9.3	407	1.1%	201	-5%	1113	2%	348	-0.2%	253	-4%	2054	-12%	★★
Bay of Plenty	5.1	272	0.9%	118	-3%	872	5%	364	0.9%	198	33%	1501	-10%	★★
Gisborne	4.4	46	0.4%	99	-1%	130	2%	279	1.5%	40	152%	159	-22%	★★
Hawke's Bay		153	0.5%			460	-2%	315	1.5%	78	16%	742	-16%	★★
Taranaki	2.8	108	0.6%	58	-2%	294	0%	302	6.7%	61	-11%	566	-21%	★★
Manawatu-Wanganui	4.9	230	0.4%	117	0%	751	2%	247	2.0%	81	-21%	1003	-27%	★★
Wellington	12.1	479	1.0%	277	-1%	1510	-4%	424	5.3%	284	14%	3224	0%	★★
Tasman		47	0.6%			140	5%	366	4.9%	32	6%			★★
Nelson	4.4	45	0.7%	91	-6%	174	4%	339	3.6%	21	-28%	704	-9%	★★
Marlborough		45	1.1%			179	8%	362	1.4%	34	-31%			★★
West Coast		33	0.9%			105	9%	219	-6.2%	19	-24%	130	-26%	★★
Canterbury	15.2	559	1.2%	330	-4%	1749	0%	358	5.4%	327	-8%	5727	-11%	★★
Otago	4.1	205	0.9%	108	5%	771	5%	324	2.3%	234	41%	925	-17%	★★
Southland	2.5	94	0.5%	54	-1%	336	2%	201	1.6%	41	-55%	377	-28%	★★
New Zealand	100.0	4316	1.1%	2175	-2%	13610	2%	409	4.4%	2634	7%	34382	-6%	★★

* 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 shrink employment in Q4. Unemployment will lift in 2010 as modest jobs growth is outpaced by population growth.

Wages ★★

The recession has hurt business profitability. This strain, combined with rising unemployment, means wage growth has moderated over 2009.

House Prices / Sales ★★★

The housing recovery continued in Q4, but is possibly running out of puff. Supply constraints subdued sales turnover last year but led to higher prices.

Retail Sales ★★

Spending volumes have increased for the 3rd quarter in a row. Encouragingly, purchases of big-ticket items showed signs of improvement.

Car Registrations ★

The car market continues to struggle. Registrations remain down on year-ago levels but show some signs of recovery.

Construction ★

Dwelling approvals are lifting and we expect housing construction will start rising from subdued levels in 2010. Non-residential work is vulnerable outside government infrastructure spending.

Steaming ★★★★★
Healthy ★★★
Sad ★

Northland ★★

Northland was one of the top regions a few years ago, but continued to struggle on most measures in the last quarter. Unemployment remains high in the region, construction is weak, and the housing market is relatively quiet. New car sales are flat, which is actually a relatively good outcome compared to the nationwide decline recorded in the latest scoreboard. Providing an offset to this weak backdrop is tourism. Guest nights are up, and this has contributed to a pick-up in retail trade. Consumer confidence has been relatively low in Northland, but did pick up in the last quarter. The hot weather over the summer is good for holiday makers, but the season has been too dry for many farmers in the region.

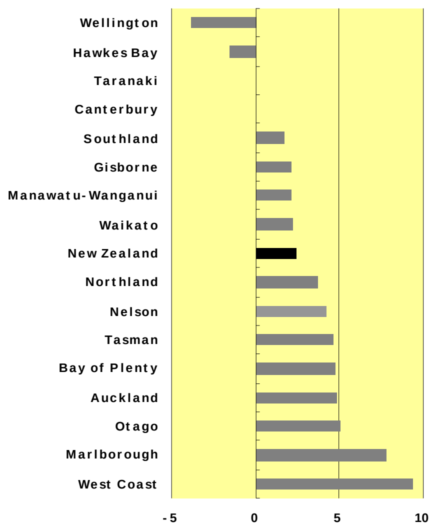
Auckland ★★★

When house prices go up, many of the folk in Auckland feel good, and head to the shops. Auckland was the most confident region in the last quarter, and the house price gains and retail sales growth results were amongst the strongest in the country. And what's that about congestion? Auckland is the only region where new car registrations are lifting. Residential construction activity has continued to recover, and non-residential activity has picked up, though still remains below the frantic pace of the boom years. Employment picked up modestly in the last quarter, but like elsewhere is well down on year-ago levels. Auckland hasn't had the pick-up in guest nights recorded in other regions, but that is the only area of underperformance for the region.

Auckland gets the top ranking for a second quarter.

Regional Retail Sales

Annual % change to Dec quarter, Statistics NZ



Waikato ★★

Although dairy prices have recovered, it hasn't flowed through to consumer confidence in the Waikato. Like Northland, the agricultural sector has been negatively impacted by dry conditions, with production down for many dairy farmers. Confidence is down in the latest quarter, and is only weaker in Otago. The housing market is looking a little weaker than the broader national picture. Construction is down on year-ago levels, mirroring the national experience. Employment in the Waikato has contracted over the past year, with job losses of a greater magnitude than the nationwide drop. Guest nights have been flat in the region in the latest measure. Retail spending is up on a year ago, in line with the national lift.

Bay of Plenty ★★

The Bay of Plenty has lifted up the rankings on a number of measures. Retail sales are recovering from a weak period and although car registrations are down, they are faring better than elsewhere. The level of turnover in the housing market has picked up on a year ago, but prices are not lifting like they are elsewhere. The property market may well be still suffering from some indigestion following the boom. Employment is down on year-ago levels, in line with the national experience. Construction seems to be recovering, boosted by non-residential activity. Visitor nights are up compared with a year ago. Confidence has been picking up, and is now running ahead of the national average. The Bay is now ranked third.

Gisborne ★★

Retail sales in Gisborne continue to pick up after quite a slump in early 2009. The annual change is in line with the national lift. Employment is still shrinking in the region, though the pace of job losses has slowed to better than NZ as a whole. Residential construction remains weak, but non-residential construction is more than offsetting the drop in residential consents. After one of the strongest regional booms, house prices have declined a long way, but are now up modestly on year-ago levels. Confidence has dipped significantly, as observed in other rural regions.

Hawke's Bay ★★

Confidence is also down in the Hawke's Bay. This has translated into a drop in retail trade in the region. Guest nights have dropped compared with a year ago. This doesn't help the retailers, though Motown has brought some life to town. Overall retail spending growth is below average, but this does come after a period of outperformance. House prices are up – but by less than the national average, and turnover is relatively weak. Building consents have picked up by more than the national average, with the residential growth stronger than all other regions.

Taranaki ★★

Retail spending is flat compared to a year ago. Confidence has dipped just like it has elsewhere, but has not been hit as hard as other regions with a big dairy focus. Perhaps that reflects some of the other drivers in the region which are going well– oil comes to mind. Guest nights are down on year-ago levels. Employment continues to shrink, but no longer at a greater pace than the national average. House prices continue to lift, while turnover remains low. The tight market is stimulating residential consents. They are up strongly on year-ago levels, more than offsetting the drop in non residential consents.

Manawatu-Wanganui ★★

The region has been hanging in there during the recession, but dropped on a number of measures in the last scoreboard. Retail spending growth is picking up but now at a slower rate than nationwide. However, employment has only shrunk slightly over the past year, and by this measure the region is faring better than most. Housing turnover is weak and prices are barely lifting. Construction, guest nights, and car sales all look a touch weaker than the nationwide picture.

Wellington ★★

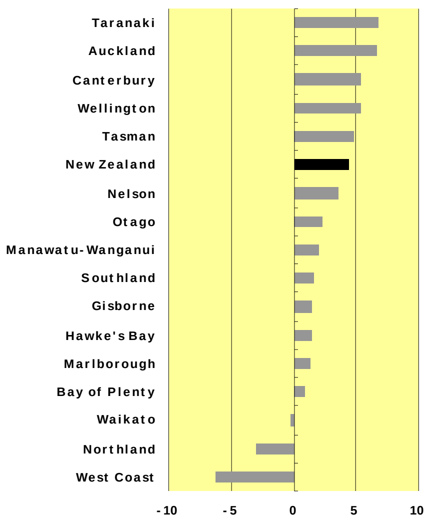
Fiscal restraint is not just happening at the Beehive - it continues to be observed in retail spending in this region, with wallets remaining tightly shut. Guest nights were flat compared to a year ago. Of some comfort is the fact the Capital added jobs in Q4, and house prices continue to recover to a greater extent than the rest of the country. Add to the list of positives a boost to construction activity from a strong rebound in non-residential building. Overall, the Capital's confidence levels remain fairly high. Wellington takes second place in the rankings.

Nelson ★★

The plentiful sunshine appears to have boosted spending in Nelson, as house prices recover in line with the rest of the country. Guest nights are up in the combined region of Nelson, Tasman and Marlborough, which is a boost for the area. However, construction activity continues to look dire, and employment does not seem to be faring any better. A mid-pack performance for sunny Nelson.

House Prices

Annual % change to Dec, QVNZ



Tasman ★★

The recovery in retail spending continues, although it appears the rest of the country is now beginning to catch up with Tasman. House prices continue to recover in the region, but residential consent issuance is weak. Non-residential consent issuance is providing an offset in the latest scoreboard.

Marlborough ★★

Guest nights are up and spending is still growing in Malborough. Confidence is only down a touch on the previous quarter, putting the region near the front of the pack on the confidence front. However the housing market is weak, with sales turnover very low and prices barely up on last year's level. It is therefore not surprising to see a low level of building consent issuance in the region.

West Coast ★★

House prices on the coast are much weaker than a year ago, although turnover has picked up noticeably from the slump. Building consent issuance remains weak. However, confidence is holding up, retail sales growth is the strongest in the country, and guest nights are also up on year-ago levels. A mixed bag of results sees the coast running mid-field in the national rankings.

Canterbury ★★

Cantabrians are showing some caution at the moment, and it looks like a little more than we can blame on Ritchie's sabbatical. Retail spending is flat compared with a year ago, although confidence remains better than many regions. The construction outlook is a touch weaker than average, and housing turnover is also relatively low. House prices are picking up, and hopefully that will simulate some construction down the track. Employment is contracting, and in the last quarter the rate of decline slipped below the national average. Guest nights have risen, and car sales, although down, are faring better than the nationwide decline. In sum, we see Canterbury slip out of the top three for the first time in several years. However, we are sure confidence will see the region bounce back.

Otago ★★

Once again the growth in guest nights in Otago was stronger than anywhere else. And just like last quarter, employment has been bucking the national decline and growing in the region. Retailing has picked up, and is up 5% on year-ago levels after several soft quarters. The housing market performance is mixed, with low turnover, but modest price gains. Building consent issuance has picked up – particularly non-residential construction. The region is returning up the rankings and the outlook is good as long as those Aussie tourists keep coming.

Southland ★★

Southland, like Canterbury, is looking very cautious at present. Retail sales growth is weaker than average, confidence is at the low end of the scale, and new car sales are weak. The drop-off in consent issuance is weaker than everywhere else, with low levels of both residential and non-residential consents issued in Q4. However, there is plenty to be positive about in Southland: the labour market looks relatively good, guest nights are up and house prices have started to lift after more than a year of declines. Southlanders are not short of ideas to keep the place humming: Rugby World Cup games and international cycling championships are just two of the many things planned for Invercargill in the next two years.

Sources:

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

House prices – QVNZ. House sales – REINZ. Vehicle registrations –LTNZ.

Consumer Confidence – Westpac McDermott Miller. Housing & Investor confidence – ASB.