

ASB / Main Report Regional Economic Scoreboard

March 2010 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	Mar-10	Mar-10	Mar-10	Mar-10	Mar-10	
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%	67 -3%	422 -4%	344 0.2%	89 -19%	660 13%	★
Auckland	32.1	1436 1.5%	654 1%	3964 5%	535 9.1%	697 1%	17611 28%	★★★
Waikato	9.3	407 1.1%	199 -6%	990 1%	342 1.3%	223 -8%	2529 18%	★★
Bay of Plenty	5.1	272 0.9%	115 1%	770 6%	354 1.0%	127 11%	1813 13%	★★
Gisborne		46 0.4%		106 -3%	276 2.5%	20 2%	186 33%	★★
Hawke's Bay	4.4	153 0.5%	100 -1%	416 -1%	326 2.9%	80 64%	898 24%	★★
Taranaki	2.8	108 0.6%	57 0%	253 -1%	314 6.0%	68 33%	707 36%	★★★
Manawatu-Wanganui	4.9	230 0.4%	115 -2%	671 4%	238 3.8%	92 18%	1408 33%	★★
Wellington	12.1	479 1.0%	274 -1%	1349 -4%	435 7.0%	203 -29%	3548 23%	★★★
Tasman		47 0.6%		157 22%	386 7.3%	26 0%		★★
Nelson	4.4	45 0.7%	91 -3%	154 1%	386 6.7%	41 72%	809 34%	★★
Marlborough		45 1.1%		169 0%	344 1.0%	34 0%		★★
West Coast		33 0.9%		102 6%	222 -0.7%	16 0%	169 20%	★★
Canterbury	15.2	559 1.2%	330 -1%	1527 -7%	347 6.2%	390 30%	4751 27%	★★
Otago	4.1	205 0.9%	115 18%	733 2%	314 4.0%	123 -5%	1135 30%	★★
Southland	2.5	94 0.5%	55 -3%	323 9%	201 2.5%	48 -12%	460 6%	★★
New Zealand	100.0	4316 1.1%	2171 0%	12104 1%	405 6.1%	2276 5%	36684 26%	★★

* 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 labour market improved in Q1, and the unemployment rate dropped to 6%. We expect ongoing modest jobs growth as the recovery continues.

Wages ★★

Wage growth has moderated since late 2008. The 1.5% increase in annual wage inflation in Q1 is the lowest since the September 2000 quarter. We expect low wage growth this year.

House Prices / Sales ★★

The spring housing recovery ran out of puff in late 2009-early 2010. The outlook is subdued.

Retail Sales ★★

Households are showing caution. A recovery in retail spending is occurring at a glacial pace.

Car Registrations ★★

Registrations are up on last year's abysmal level, but registrations remain well down on the boom years of 2003-2005.

Construction ★

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

Steaming ★★★★★

Healthy ★★★

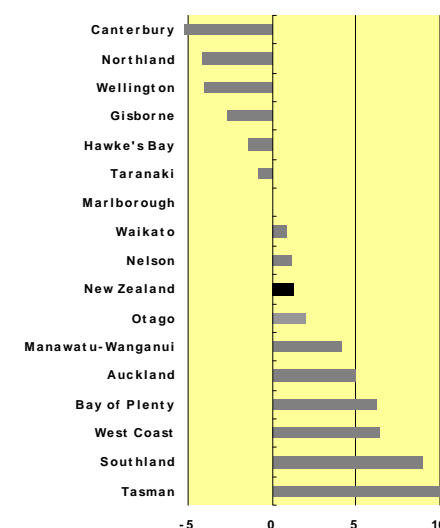
Sad ★

Northland ★

Northland continued to struggle on most measures in the last quarter, which is disappointing given the region's strong showing a few years ago. Unemployment remains high, employment is down on a year ago, and consumer confidence is relatively low. The construction outlook is weak, and the housing market is quiet. New car sales are up, but by less than elsewhere. Guest nights are up on year-ago levels, but retail trade looks a little weak. A bit of rain will help – the drought has been tough on the region.

Regional Retail Sales

Annual % change to Dec quarter, Statistics NZ



Auckland ★★★

Auckland is taking the super city title literally, and was the most confident region in the last quarter. Once again the house price gains and retail sales growth results were amongst the strongest in the country. Car registrations continue to strengthen on year-ago levels. Residential construction activity has also continued to recover, and non-residential activity has picked up. However, the overall construction outlook is around middle of the pack compared to the other regions. Employment is up on year-ago levels, but the unemployment rate remains high in the region. Guest nights have not picked up to the extent recorded in other regions. This and non-residential construction are two areas where the region has underperformed. However, in sum Auckland looks in reasonable shape, and gets the top ranking for a third quarter.

Waikato ★★

Confidence had been weak in Waikato, but lifted in the last quarter. Canterbury was the only other region to see a lift. Lifting agricultural prices and a bit of rain has hopefully means the summer hasn't been as bad as some feared. The lift in confidence hasn't translated into a spend up – retail sales growth is subdued, and car registrations haven't lifted to the extent recorded in many other regions. The housing market is mixed – turnover has been relatively strong compared to a year ago, but prices aren't lifting like they are elsewhere. This is sending weak signals to builders – the construction outlook is relatively weak. Employment in the Waikato has contracted over the past year, with job losses of a greater magnitude than the nationwide drop. Guest

nights have picked up, and the annual growth is second only to Wellington.

Bay of Plenty

★★

The Bay of Plenty is performing around the middle of the pack in the latest scoreboard, after coming in third in the previous quarter. The construction outlook is a little weak, and house prices are still going sideways. The level of turnover and prices are not seeing the pick up that is happening in many other regions. Employment remains down on year-ago levels. However visitor nights are up compared with a year ago, and confidence continues to run ahead of the national average. The confident locals and visitors are keeping the tills ringing, and sales growth is stronger than average.

Gisborne

★★

The employment situation in Gisborne seems to be past the worst, with the number of jobs increasing, and the unemployment rate falling. Guest nights are not picking up like they are elsewhere, and both residential and non residential consents have dipped after a burst in the previous quarter. After one of the strongest regional booms, house prices in Gisborne. declined a long way, and are now rising from mid-2008 lows. Confidence eased in the last quarter, and continues to track below the national level. Against this backdrop, it's no surprise retail trade is weak.

Hawke's Bay

★★

Confidence is also down in the Hawke's Bay. This continues to translate into weak retail trade in the region. After a period of outperformance, retail trade looks particularly weak for a second consecutive quarter. House prices are up – but only by half of the national average, and turnover is very low. In contrast to the ho-hum housing market, building consents are a real strongpoint – with strong growth on year-ago levels for both Residential and Non-residential construction.

Taranaki

★★★

Taranaki comes in third on the latest rankings, and ranks highly on a number of measures. The pick-up in car sales and house sales is stronger in Taranaki than any other region. House prices are lifting around the same rate as the national average. The Construction outlook is looking relatively good compared with most regions. Confidence has dipped, and retail sales are down a touch on year-ago levels. Guest nights are also down. The unemployment rate is lower in Taranaki compared with the national average, and the outlook for the region remains positive. Back to three stars.

Manawatu-Wanganui

★★

The region continues to muddle through, and is coming mid-pack in the latest rankings. House sales are picking up, and prices are lifting. The residential construction outlook is picking up too. Retail spending growth has lifted at a better rate than the nationwide experience in the latest measure, and car sales have picked up noticeably. Non-residential construction and guest nights look a touch weaker than elsewhere in the latest scoreboard. Employment is down slightly on year ago levels. The region needs a bit of an energy injection, but no more than elsewhere.

Wellington

★★★

The mood in Wellington eased a touch in the last quarter, but confidence is only higher in Auckland. However, the confidence hasn't translated to a pick up in spending – retail trade is down on year-ago levels. That same conservative approach has seen a slower pick-up in car registrations than the nationwide experience. The construction outlook is weak in the capital, which contrasts to the housing market, which has improved both in terms of lifting prices and increased turnover. This might just be some statistical payback for strength in previous quarters. Guest nights are up compared with a year ago, with Wellington recording the strongest lift in the country. Wellington holds onto second place in the rankings.

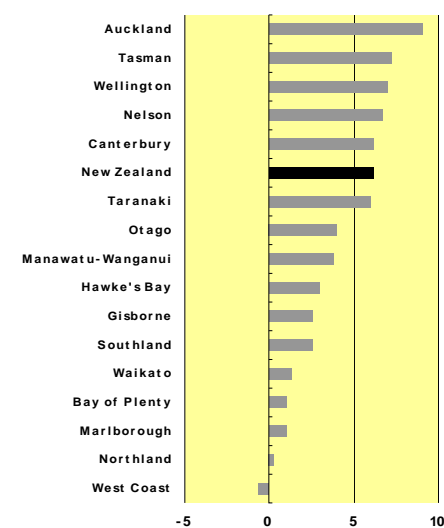
Nelson

★★

Confidence at the top of the south island dipped quite noticeably in the last quarter, but there are no clear-cut reasons for the mood shift. House prices are lifting, and the construction outlook has picked up more than anywhere else (admittedly from weak levels). Car sales have also picked up a lot compared to a year ago. Guest nights are up in the combined region of Nelson, Tasman and Marlborough, which is a boost for the area. Retail trade growth is anaemic, as it is nationwide. There is plenty to be happy about in the region, so perhaps confidence will lift over the year. Nelson and Tasman are just off the podium, ranking 4th equal in the latest scoreboard.

House Prices

Annual % change to Mar, QVNZ



Tasman

★★

The recovery in retail spending continues, with stronger growth in Tasman than anywhere else. House prices are increasing more than elsewhere, but it is not stimulating much growth in construction. Tourism is important in the top of the South Island, and it is pleasing to see decent guest night growth in the area. Like Nelson, there seems plenty to be happy about in Tasman.

Marlborough

★★

Marlborough's housing market remains weak, with sales turnover very low and prices remaining near last Autumn's level. The soft housing market means residential building consent issuance

remains weak in the region. Non-residential consents are also low. Retail trade is flat on last year's level, a touch weaker than the 1% growth experienced nationwide. Confidence has declined, with the drop suggesting the subdued level of activity may continue for a while yet.

West Coast

★★

Despite a dip in confidence, retail trade is up on year-ago levels, and car registrations are up too. The housing market on the West Coast remains weak – prices are down and turnover is low. The construction outlook is also weaker than elsewhere. The Coast has slipped towards the back of the field in the latest national rankings, and is looking fairly sluggish at the moment.

Canterbury

★★

Canterbury was our top ranked region for several quarters, but has slipped to mid field in the latest scoreboard. Confidence actually picked up in the last quarter, but it didn't translate to activity at the malls. Retail spending declined, although car sales have recovered quite well. Guest nights have risen, but by less than elsewhere. The construction outlook here is certainly better than average, and house prices are picking up. However, housing turnover remains low. The labour market looks like it has improved in Canterbury, and unemployment is lower than the national average - a good sign for the future. It has been a disappointing quarter for Canterbury, but the red and blacks will come back.

Otago

★★

The growth in guest nights in Otago was strong again in the last quarter. And just like the last two quarters, employment has been growing in the region. Otago ranks number one for employment growth. Confidence held steady, bucking the national trend of decline. Retail Sales growth was reasonable, but not stunning given the healthy labour market and tourist arrivals. The housing market performance remains mixed, with low turnover, but modest price gains. Building consent issuance is looking a touch weak – which is not surprising given the developments over recent years. However, despite some property indigestion, the overall outlook remains positive.

Southland

★★

Southland remains very cautious in the latest scoreboard. The building outlook remains a weak point, with low levels of both residential and non-residential consents issued in Q1. House price gains have been more modest than most regions, and turnover is low. Confidence is very low at present, but the outlook is far from bleak. Retail sales growth has picked up, with a relatively strong lift compared to year-ago levels. New car registrations have lifted too – albeit at a slower rate than elsewhere. The labour market looks relatively good, and guest nights are up. Come on Southland – there is plenty to be positive about.

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.**

Disclaimer

The views expressed herein are those of the authors and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of the bank and are given without responsibility and no right of action shall arise against any of the authors, the bank or its employees either directly or indirectly out of any views, advice or information