

ASB / Main Report Regional Economic Scoreboard

March 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-09
	Mar-07	%	000s	annual growth	000s	annual growth	\$m	annual growth	\$000s	annual growth	\$m	annual growth	No.	annual growth	
Annual growth = Qtr(t) / Qtr(t-4)		%													5 - hot 1 - not
Northland	3.2		155	0.6%	69	-1%	440	8%	333	-14.1%	61	-44%	586	-39%	★
Auckland	31.4		1415	1.5%	692	1%	3778	0%	484	-9.2%	691	-15%	13716	-34%	★★
Waikato	9.1		402	0.9%	210	1%	981	2%	331	-9.2%	241	-23%	2147	-43%	★★
Bay of Plenty	5.1		270	0.9%	114	5%	725	-4%	373	-9.8%	115	-25%	1600	-38%	★★
Gisborne			46	0.2%			109	-2%	259	-14.8%	19	23%	140	-40%	★★
Hawke's Bay	4.5		153	0.1%	101	1%	422	3%	300	-9.4%	49	-50%	727	-44%	★★
Taranaki	2.8		108	0.3%	57	-4%	255	2%	286	-5.8%	51	-15%	521	-42%	★★
Manawatu-Wanganui	5.2		229	0.1%	116	6%	644	-3%	230	-8.8%	78	-46%	1058	-45%	★
Wellington	12.7		474	0.7%	277	8%	1407	2%	400	-8.8%	285	11%	2875	-34%	★★★
Tasman			47	0.9%			129	-33%	356	-7.8%	26	12%			★★
Nelson			45	0.7%			152	-8%	334	-7.6%	23	-44%	603	-46%	★★
Marlborough	4.3		45	1.1%	95	7%	168	-4%	335	-10.1%	34	-21%			★★
West Coast			32	0.0%			96	9%	204	-3.4%	16	-47%	141	-38%	★★
Canterbury	15.1		553	1.1%	338	-1%	1634	8%	322	-8.9%	299	-19%	3737	-40%	★★★
Otago	4.3		204	0.9%	97	6%	718	-2%	300	-8.1%	129	-34%	872	-48%	★
Southland	2.4		93	0.0%	58	7%	296	3%	186	-7.6%	55	-11%	434	-47%	★★
New Zealand	100.0		4269	1.0%	2224	2%	11953	1%	373	-9.2%	2172	-20%	29157	-38%	★★★

* 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 resilient in 2008, holding up better than some expected. But unemployment is rising, and will get higher in 2009 as the recession bites.

Wages ★★★

Wage growth continues, but is moderating in year-two of the recession. The labour market is turning, and wage growth will suffer.

House Prices / Sales ★

Sales turnover is low, but did pick up in response to low interest rates in autumn. Prices are down, and houses are taking a long time to sell.

Retail Sales ★★

Retail spending volumes contracted in 2008 as household finances came under strain. The decline continues in 2009 as households get cautious

Car Registrations ★

Car sales continue to fall. Car finance is far harder to obtain these days, which hurts auto sales. The industry is doing it tough in 2009.

Construction ★

Both residential and non-residential construction are weak. The outlook isn't encouraging. Infrastructure investment will hopefully provide some offset over the next few years.

Steaming ★★★★★

Healthy ★★★

Sad ★

Northland ★

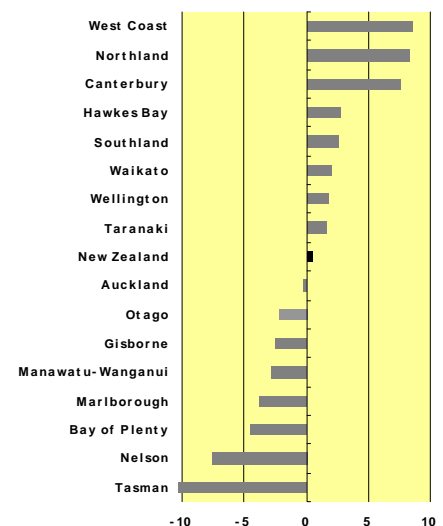
Northland continues to face some economic headwinds in 2009. House prices are declining, and the construction outlook is particularly weak. The unemployment rate up north is higher than anywhere else at the moment, and employment is declining. Car sales are down, but in contrast, retail trade is looking good compared to elsewhere. The strong sales result is surprising, given the weak consumer confidence in the region. Consumer confidence is the lowest in the country. The tourism slowdown is hurting, with falling guest nights in Northland. A positive thing is attitude, with plenty of constructive energy evident at the Northland economic summit earlier this year. And the benefit of two Rugby World Cup games being played in Whangarei will be significant. The stadium upgrade is already spurring activity.

Auckland ★★

Auckland stays on two stars, as the city grinds through the recession. Consumer confidence has fallen again, running just behind the national average. The property market picked up in autumn, but still remains weak, with price declines worse than the national average. Residential construction is weak, and will likely stay so for 2009. Non-residential construction and infrastructure continues to provide some offset. The supercity developments and a by-election give Aucklanders plenty to think about, though it could be triggering some tunnel vision. Employment is still growing, but falling job security and house prices are influencing the mood - retail sales were down for the fifth quarter running.

Regional Retail Sales

Annual % change to Mar quarter, Statistics NZ



Waikato ★★

Consumer confidence lifted a touch in the Waikato during the last quarter - perhaps stabilising prices for dairy, and other primary products is lifting the mood. A weak housing market, low housing construction outlook, and rising unemployment doesn't help the region. Surprisingly, retail spending lifted for a second quarter, but the drop in car sales is also worse than the national experience. The region has stays on two stars.

Bay of Plenty

★★

The housing market in the region continues to suffer, with prices falling here more than the national average. A lift in turnover in autumn provides a glimmer of hope, but construction intentions (particularly residential) are significantly worse than the national average, reflecting ongoing indigestion for property development in the region. Another quarter of declines in guest nights is concerning. The Bay was one of the weaker regions for retail trade, reflecting the drop in tourism and the mood of consumers. The people in the Bay of Plenty have been the most positive in the country, but last quarter we saw confidence take a knock, and slip below the national average.

Gisborne

★★

House prices have fallen more sharply in Gisborne than anywhere else, and turnover is low. The staggering lift in prices from the housing boom is getting wiped away. Unemployment is high in the region compared with the national average. Retail sales are down on year-ago levels, and consumer confidence dipped in the last quarter. The slowdown in residential construction is in line with the national average, but it is pleasing to see strong non-residential construction intentions in the region offsetting the decline. An autumn drought is the last thing the region needed.

Hawke's Bay

★★

Consumer confidence is low, but remains better than other areas, and retail sales growth remains positive and above the national average. The total value of building consents issued continues to drop off in the region. Falling house prices, and low population growth suggest ongoing housing weakness over 2009, although, like elsewhere turnover perked up late in the quarter. The region is suffering its third successive autumn drought, adding to the challenges. Guest nights are down, but by less than experienced elsewhere.

Taranaki

★★

Taranaki has slipped down the rankings as the outlook for oil and dairy has weakened over the last year. Consumer confidence and retail spending growth have recently reflected the decline, with both looking softer in the last quarter. House prices are falling, but at a rate less than the national decline. Taranaki didn't experience the same sort of autumn pick up in house sales as elsewhere. The construction outlook has dropped off over the last six months after a surge earlier in 2008. Guest nights are down, but are holding up better than anywhere else compared with a year ago. The unemployment rate also remains very low in the region, although employment here has declined.

Manawatu-Wanganui

★

Employment declined and the unemployment rate increased over the last quarter. Consumer confidence remained low and the construction outlook is weaker than most other regions. Guest nights are down, but retail trade growth remains positive. The record 364 submissions received by the Manawatu Council for its community plan shows there is no shortage of ideas. And the regions' exporters certainly feel up for the challenges and are on the lookout for opportunities.

Wellington

★★★

Wellington continues stack up relatively well on a number of measures, but the region isn't immune to the current downturn. Consumer confidence is relatively high, retail spending growth is above average, and construction is up on a year-ago. Employment is up on year ago levels, but the unemployment rate is starting to rise. House prices are declining, but by less than elsewhere. Guest nights are down. Wellington is one of the places to be right now, but only gets three stars. Steady - but not steaming ahead.

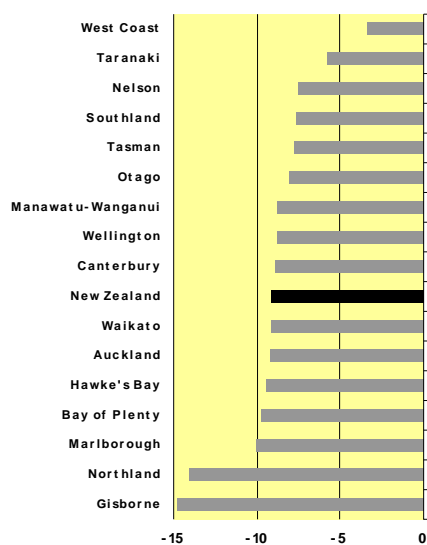
Nelson

★★

Nelson delivered mixed results during the last quarter. Guest nights dipped and retail spending fell in the latest measure. The housing market had a decent pick up in terms of turnover in the last quarter, but prices are falling albeit at a rate slightly less than average. The outlook for residential and non-residential construction is weaker than most regions. Employment growth remains positive at the top of the South Island, and this is a plus for Nelson and the surrounding regions. Retail trade figures have always been choppy (and statistically speaking a little suspicious) at the top of the south island. Sales are well down on year-ago levels in the latest measure.

House Prices

Annual % change to March, QVNZ



Tasman

★★

Retail spending has dipped over the past four quarters, following very strong growth. Car sales are also very weak at the top of the South Island. But the region still looks better than the nationwide picture on other measures. The construction outlook is better than most and confidence is above average. House sales had a strong autumn lift, and price declines are more modest than most regions.

Marlborough

★★

Marlborough has slipped in a number of measures in the last few quarters. Retail trade, car sales, the housing market and the residential construction outlook are all weaker than the national experience. Guest nights are down, as they are elsewhere. Recessions are tough, and it is showing in the data for the region. But the things that make Marlborough

a great part of the country will survive, and we are optimistic about the region, and the latest harvest.

West Coast

★★

In past scorecards, the West Coast has been the place to be, but the region has slipped back to the middle of the pack lately, and drops a star this quarter. Construction consent issuance is well off the peak of a few years ago, and is weaker than elsewhere. The drop-off in guest nights is also worse than the national experience. Retail spending growth is still positive, and house price declines on the Coast seem more modest than elsewhere. That ties in with confidence in the region being better than the national figure.

Canterbury

★★★

We keep Canterbury on three stars because the region is grinding through the recession better than the rest, rather than steaming ahead. Canterbury stays at the front of the pack after turning in results which are above average on almost all of the indicators we monitor. Unemployment remains below the national average, although total employment has declined. Guest nights dipped on year ago levels, and car registrations are down significantly, with both declines similar to the NZ totals. House price declines are a touch worse than the national experience – down around 8%. Cantabrians are a confident lot – more so than anywhere else. And why shouldn't they be? The region will continue to fare better than most and is one of the places to be right now.

Otago

★

Otago really came up the rankings in late 2008, but slipped again this quarter. Like other regions, the outlook remains tough. A positive is the labour market: unemployment, like the rest of the South Island, is below the national average and total employment is still up on year-ago levels. House prices fell 8% in the last year, and the construction outlook remains weak. Guest nights are down in line with the national average, which makes life tough in this tourism hotspot. Retail spending has declined in the last year, reflecting the tourist drop off, and weak consumer confidence – this measure took quite a hit in the last quarter. Otago drops a star – as the region faces quite a few headwinds.

Southland

★★

Consumer confidence in Southland is similar to Otago – weak. But the region continues to hold up better than most on a two important measures: retail spending growth remains positive; and unemployment remains low. House prices are declining and turnover did not pick up in autumn as it did elsewhere. The construction outlook is weak, but not as bad as the national picture. Southlanders don't seem to be buying many cars – the sales decline is noticeably worse than the national drop.

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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