

## ASB / Main Report Regional Economic Scoreboard

March 2011 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-11
	Mar-10	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	3.1	157	1.0%	68	1%	387	-12%	319	-6.7%	78	-13%	747	13%	★
Auckland	32.6	1460	1.6%	676	3%	4351	7%	539	-0.9%	695	0%	18964	8%	★★★★
Waikato	9.0	412	1.2%	205	3%	1137	10%	326	-3.9%	170	-24%	2751	9%	★★★
Bay of Plenty	5.1	275	1.0%	121	6%	759	-7%	350	-2.7%	120	-6%	1968	9%	★★★
Gisborne	4.3	47	0.9%	101	1%	120	14%	242	-6.0%	25	27%	171	-8%	★★
Hawke's Bay	4.3	155	0.9%	101	1%	469	13%	316	-1.4%	62	-23%	892	-1%	★★
Taranaki	2.6	109	0.9%	56	-3%	234	-11%	292	-3.7%	40	-40%	695	-2%	★★
Manawatu-Wanganui	4.9	232	0.6%	115	0%	681	-5%	248	-4.2%	87	-6%	1262	-10%	★★
Wellington	13.1	483	1.0%	267	-2%	1408	6%	430	-2.7%	225	11%	3841	8%	★★★★
Tasman		47	1.1%			100	-38%	376	-2.0%	23	-11%			★★
Nelson	4.3	46	1.1%	91	0%	165	8%	352	0.0%	22	-45%	699	-14%	★★
Marlborough		45	0.7%			142	-13%	303	-6.4%	19	-44%			★
West Coast		33	0.3%			169	81%	212	2.5%	18	9%	160	-5%	★★
Canterbury	15.1	566	1.2%	332	0%	1643	8%	335	-0.1%	221	-43%	4058	-15%	★
Otago	4.1	207	1.0%	125	9%	676	-13%	295	-2.8%	106	-13%	1075	-5%	★★
Southland	2.3	94	0.7%	55	-1%	238	-25%	198	-3.2%	36	-26%	428	-7%	★
New Zealand	100	4368	1.2%	2210	2%	12679	2%	401	-2.0%	1947	-14%	37711	3%	★★★★

\* 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 ★★

Signs of a recovery in jobs growth as businesses now more confident about hiring. However, disruption from earthquakes likely to increase uncertainty and hence affect labour demand.

#### Wages ★★

Wage growth has picked up, albeit from low levels, as the recovery in activity and labour demand began to filter through to wages.

#### House Prices / Sales ★★

Housing turnover has picked up, and there has been a decline in the median number of days to sell a house. The number of houses on the market remains at low levels.

#### Retail Sales ★★

Signs of a recovery in retail sales, as improvement in consumer confidence support household spending.

#### Car Registrations ★★

The recovery in car registrations looks to be slowing, and the recent natural disasters in Japan have reduced the number of car imports from that region.

#### Construction ★

Residential construction activity continues to decline, reflecting extremely weak underlying building demand. Non-residential approvals also subdued as businesses remain cautious about putting in place expansion plans.

Steaming ★★★★★

Healthy ★★★

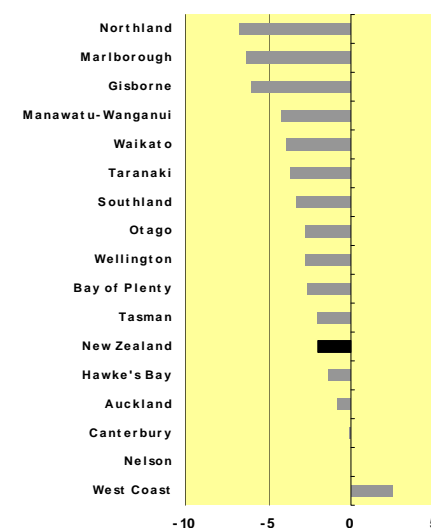
Sad ★

### Northland

Improvements in guest nights and car sales have helped lift Northland off the bottom of the rankings. Retail spending and construction activity are still weak, and the housing market is struggling, which is keeping Northland in the bottom half of the rankings. Unemployment in Northland is higher than anywhere else. However, an improvement in total employment, whilst very gradual, is encouraging for the future. Tourism is a key industry for Northland, and the lift in guest nights in Q1 was stronger than anywhere else. The Rugby World Cup pool games in September offer a great chance to build on the momentum.

#### Regional House Prices

Annual % change to March, QVNZ



### ★ Auckland

The Super City remains in top place for the seventh consecutive quarter, buoyed by its relatively strong housing market. The region is near the top of the pack across a broad range of measures, including house sales, employment, and guest nights. With households in the region faring relatively well, it is not surprising to see consumer confidence remaining positive. Construction activity is subdued, but is holding up better than the rest of NZ. Meanwhile, recent improvements in the housing market and retail spending earn Auckland an extra star this quarter. The favourable economic conditions are attracting more residents and tourists to the region. As a result, population growth in Auckland has outpaced the rest of NZ.

### Waikato

Waikato has edged up to second place in the latest scoreboard. The region did well despite slipping in popularity amongst visitors in terms of guest nights, and construction activity lagging most other regions. Nonetheless, the household sector is holding up well, with consumer confidence leading the other regions. It appears relatively strong employment and population growth is encouraging retail spending in the region. These factors are underpinning its relatively strong performance.

### Bay of Plenty

The Bay of Plenty has rebounded back into third place in the first quarter scoreboard, on the back of its relatively strong employment growth and improvement in house sales.

The rebound comes despite the Bay lagging most other regions in consumer confidence and residential construction activity. The Psa virus is a

negative hanging over the kiwifruit producing region at the moment.

The number of visitors to the region is subdued, and is reflected in a relatively low number of guest nights. Nonetheless, relatively strong employment growth bodes well for the economic outlook.

### Gisborne ★★

Gisborne continues to struggle with a weak housing market and a low level of construction activity. However, the value of residential consents issued seems to be past the worst of the slump, and is up compared with a year earlier. Housing turnover remains low and prices are declining more than most other regions. Car registrations are down on year-ago levels, and remain significantly lower than a few years ago. Retail sales have lifted on last year's level, which is encouraging. Consumer confidence dipped in Q1 as it did elsewhere, to be around mid pack by this measure.

### Hawke's Bay ★★

Down the coast, activity in Hawke's Bay also remains relatively weak compared with previous years. The region has snuck back into the top half of the overall rankings, courtesy of a retail trade lift that was stronger than in most other regions. Beyond the recovery at the shops and malls, the region was mid-pack on most measures in the Q1 scoreboard. The construction outlook is weak, with weakness in residential consent issuance continuing to match a low level of house sales. House prices remain down on a year ago, but prices recorded an annual decline slightly smaller than the nationwide drop. The unemployment rate in the combined Gisborne-Hawkes Bay region is higher than the nationwide rate. Furthermore, whilst employment is growing, the pace is slower than the nationwide rate.

### Taranaki ★★

Taranaki remains in the bottom half of the overall rankings, and has slowed on a number of measures in early 2011. The housing market remains soft, with low turnover and falling prices. Retail trade is also down on a year ago, and car sales are weak in the region. The construction outlook is similarly weak, with the value of residential and non-residential consents down. Employment dropped in Taranaki over the past year, but the unemployment rate remains lower than the nationwide rate, despite the lift over the past year.

### Manawatu-Wanganui ★★

The region is coming mid-pack in the latest scoreboard. Housing turnover held up better than most regions, but prices remain soft. Retail spending dipped again, and new car registrations are down compared with a year ago. Employment growth in the region is weaker than the nationwide recovery, but the unemployment rate is a touch better than average. Consumer confidence in the combined Taranaki-Manawatu-Wanganui region declined by less than the nationwide dip over Q1.

### Wellington ★★★

Consumer confidence fell sharply in the first quarter, but Wellingtonians were more confident than every region apart from Auckland, despite the drop. House prices in the region are soft, and

turnover remains low. Retail sales growth is a bit more encouraging, as is the pick up in new car registrations. The data show that it is not just the Government getting new cars this year!

The construction outlook in Wellington continues to look healthier than elsewhere, although the total value of consents still remains significantly lower than the levels a few years ago. Wellington was mid-pack in the rankings in early 2010, but recovered to 3<sup>rd</sup> by year-end. Wellington slipped to 4<sup>th</sup> in the latest rankings.

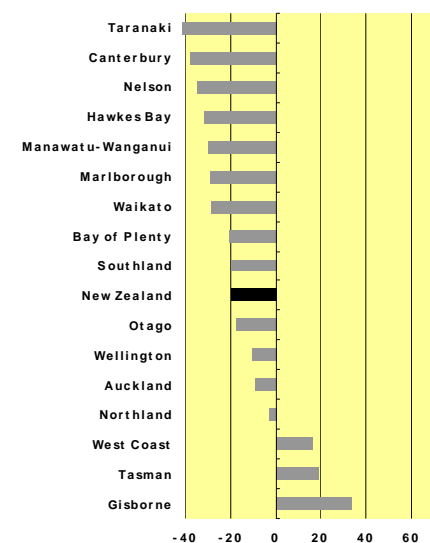
### Nelson ★★

Annual employment growth at top of the South Island was flat over the year, and the unemployment rate is steady compared with March 2010. Confidence in the combined regions dropped in the first quarter and is lower than most other regions. Guest nights at the top of the South Island have fallen a fraction more than the nationwide drop.

Nelson car registrations are down but retail trade is up when compared to a year ago. The value of building consents issued was disappointing after signs of recovery in the previous scoreboard. Both residential and non-residential consent values are very low. House prices continue to hold up well, despite low turnover.

### Total Construction

Annual % change to March, source Statistics NZ.



### Tasman ★★

The results continue to be mixed in Tasman, and the region is in the bottom half of the rankings in the latest scoreboard. Car registrations and retail sales are down on a year ago, reflecting the low level of consumer confidence here. The residential construction outlook continues to improve, but the value of non-residential consents is particularly weak. House price declines over the past year are in line with the nationwide drop, and turnover remains very low.

### Marlborough ★

A hangover from the wine boom is still affecting Marlborough. The region continues to struggle with a very weak construction outlook and declining retail spending. New car registrations are also down on a year ago. House prices continue to record larger declines than in most other regions,

but housing turnover has been picking up for two consecutive quarters, which is encouraging.

### West Coast ★★

The West Coast remained in 5<sup>th</sup> place in the rankings. A strong pick-up in retail trade and a recovering construction outlook has helped the region's score. The housing market is ticking over better than elsewhere, which should help keep the overall momentum going on the West Coast.

### Canterbury ★

The earthquakes in Canterbury are shaping the outlook for Canterbury and the whole country for many years ahead. But right now the ongoing quakes are making life very difficult for Cantabrians, and this is showing up in the data for the first quarter. The reconstruction activity will lift activity the years ahead, but many activity indicators understandably weakened over the first quarter. There are encouraging signs of late, such as house sales rebounding quickly, and house prices are holding up well. Other indicators will recover. The region's grit is personified by the Crusaders: on the road for every game, but still topping the NZ Conference.

### Otago ★★

Otago has the top ranking in employment growth for another quarter, which is always a positive sign for the future. But confidence dropped sharply in Q1, and guest nights are down. This is intertwined with a significant drop off in retail trade. The late arrival of the winter snow won't be helping the region right now, so fingers crossed for a cold snap and some snow soon. Property market indigestion from the last boom is still evident: the construction outlook remains weak, and house prices continue to ease. Otago is in the top half of the latest scoreboard, but only just, and the region stays on two stars.

### Southland ★

Southland slipped to the bottom of the pack in the latest scoreboard, and the region is in the second half of the rankings on almost all measures. The ranking drop over recent quarters has led us to trim Southland back to one star. Confidence dropped in Q1, and both retail trade and car registrations look weak compared with national results. Weakness in the housing market continues, and the construction outlook is weak. Guest nights are down – so the Rugby World Cup pool games can't come soon enough to get Southland back on the map with visitors. Strong agricultural product prices continue, and we think the outlook for the region is better than its ranking suggests. Employment in the region contracted slightly over the past year, but the unemployment rate is lower in Southland than everywhere else. That's a statistic to be proud of.

### 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

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