

ASB / Main Report Regional Economic Scoreboard

September 2007 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-04	Jun-07			Sep-07		Sep-07		Sep-07		Sep-07		Sep-07		Sep-07
Annual growth = Qtr(t) / Qtr(t-4)	%	000s	000s	annual growth	000s	annual growth	\$m	annual growth	\$000s	annual growth	\$m	annual growth	No.	annual growth	5 - hot 1 - not
Northland	3	154	149	3.5%	65	-3%	335	12%	330	9.4%	132	4%	1092	2%	★★★
Auckland	31	1394	1337	4.2%	677	7%	3729	3%	521	12.8%	934	1%	23341	8%	★★★
Waikato	9	399	385	3.6%	200	6%	914	6%	317	11.0%	328	5%	4047	1%	★★★
Bay of Plenty	6	268	260	2.8%	111	1%	689	2%	382	7.6%	181	-27%	2572	7%	★★
Gisborne	5	46	45	2.7%	94	2%	102	4%	284	20.4%	19	-4%	305	22%	★★★
Hawke's Bay	5	153	150	2.0%	91	5%	385	9%	311	8.0%	97	-14%	1373	2%	★★
Taranaki	3	107	105	2.1%	57	8%	237	6%	287	10.6%	67	-4%	992	15%	★★★
Manawatu-Wanganui	5	229	226	1.2%	108	-9%	678	5%	238	14.1%	123	2%	1974	4%	★★★
Wellington	13	470	460	2.2%	262	-8%	1326	4%	417	16.2%	311	35%	4679	3%	★★★
Tasman	5	46	47	-1.1%	91	5%	138	15%	379	9.2%	33	10%	226	7%	★★★
Nelson	5	44	46	-2.8%	91	5%	140	36%	349	12.9%	56	40%	1235	4%	★★★★★
Marlborough	5	44	43	3.0%	91	5%	140	13%	356	15.3%	48	15%	226	7%	★★★★★
West Coast	5	32	31	5.9%	91	5%	68	-5%	213	13.8%	21	-43%	226	7%	★★★
Canterbury	14	547	526	3.9%	329	0%	1409	10%	343	12.6%	497	20%	7569	7%	★★★
Otago	5	202	197	2.6%	95	-1%	663	2%	324	12.3%	200	6%	1730	2%	★★★
Southland	3	93	93	0.0%	52	7%	264	9%	194	32.1%	51	3%	823	4%	★★★★★
New Zealand	100	4228	4098	3.2%	2142	2%	11216	5%	406	12.7%	3098	4%	51958	6%	★★★

* 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 unemployment rate has hit a fresh 21-year low of 3.5%. However, employment growth has slowed. The labour market will nevertheless remain quite tight into 2008.

Wages

★★★★★

Wage growth remains very firm, which the tight labour market will sustain for some time.

House Prices / Sales

★★★

Housing has slowed noticeably over the past 6 months. Turnover is down and prices are levelling off – but activity is still reasonable.

Retail Sales

★★★

Spending growth is clearly losing momentum under the weight of high interest rates and fuel costs – but also following a big spend-up at the start of the year.

Car Registrations

★★

Registrations have perked up considerably over the past 3 months, having been very subdued earlier in the year.

Construction

★★

Construction activity has been patchier of late. Consents suggest only a modest response to the housing market blip earlier in the year.

Steaming

★★★★★

Healthy

★★★

Sad

★

Northland

★★★

Weather still hasn't been all that helpful at times, with more flooding hitting the region in July. The frenzied pace in the housing market of a couple of years ago is now tapering off. Construction is mixed in the region: residential consents are running ahead of the national average but non-residential are lagging. Car registrations are following the national trend up.

Employment has declined slightly, though recently growth in job ads has been relatively strong and could feed through into a stronger jobs performance. And retail spending growth is in double digits. Accommodation guest night growth remains pretty flat, as it has since the flooding earlier in the year. But the visiting hordes are very seasonal, and the holiday rush will bring in visitors.

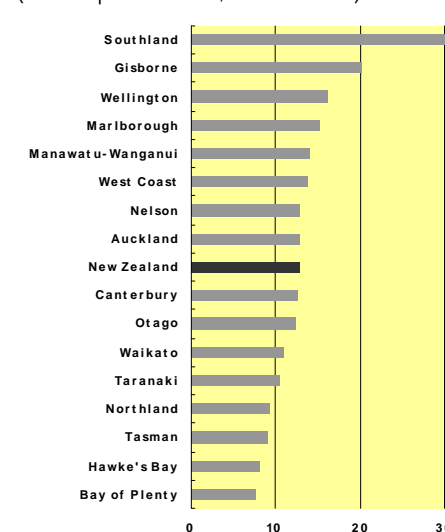
Auckland

★★★

House price growth has caught up to the national median after a prolonged period of catch-up. How long that will last is another question, given that house sales are slowing slightly more than in NZ as a whole. Retail spending growth is also slowing, no doubt as lattes have been sacrificed in favour of the mortgage. Non-residential building consent issuance is flatter than average. However, the queues caused by motorway on-ramp signals don't seem to be deterring Aucklanders from buying cars judging by above-average growth in vehicle registrations. The region has seen a strong surge in employment growth, notwithstanding a long-established downtrend in job ads. Guest night growth is also the strongest in the country.

Annual House Price Growth

(As at September 2007, source: QVNZ)



Waikato

★★★

Consumer confidence might be lower than the national average, but there has been a strong pick-up since the June quarter. The housing market is a fraction below par at present, but that represents some catch-up. Given the helicopter drop of dairy cash over the next year, the market could well be outperforming soon. On a related note, construction activity is above average – and we suspect there will be an increase in on-farm projects over the next year. The dairy boost seems

to be filtering through now to employment growth. But Mooloo supporters are being cautious for now about what they do with their money in the shops.

Bay of Plenty ★★

Things have been a little quieter in the Bay, and at times the weather could have been friendlier this year. The property market is a little muted, with price growth slower and sales down more than the national averages. Consumer sentiment is also a shade on the soft side of the national average. But the region comes third for growth in car registrations – so things still seem to be cruising along. Summer is coming, and with that no doubt a pick-up in guest nights as people flock to the Bay's many beautiful beaches.

Gisborne ★★

Gisborne hasn't been immune from the recent slowing in the housing market. However, in Gisborne's case that has merely meant that house price appreciation has slowed to around 20% p.a. Sales turnover is only slightly down, as opposed to markedly down elsewhere. The bullish housing market and associated wealth gains may explain why Gisborne has seen the strongest rebound in car registrations of the past year. Nevertheless, consumer confidence has been relatively subdued and retail spending a fraction below average. But employment has turned around after shrinking noticeably over the preceding year, and robust job ads growth hints at the turnaround continuing. And spending time sipping wine in the area seems very popular judging by solid growth in guest nights.

Hawke's Bay ★★

Hawke's Bay seems to be regathering itself after having a softer time due to past dry conditions (in fact there was too much rain in mid-July). House price growth has continued to recover from a flat patch in late 2006, though relatively weak sales turnover may see the recovery slow and construction is on the soft side. Retail spending growth is accelerating away from the national trend. However, car registration and guest night growth are lagging slightly. If we factored in NPC results the region would be further ahead.

Taranaki ★★

White gold, more black gold: Taranaki seems to have it all at present – we are half expecting someone with a prospecting pan to discover the mother lode. Dairy is starting to bring extra money into the region and the new Tui oil field has been adding to the region's export bounty. In what is turning into a dairy region story, employment growth has been strong.

House price growth is presently lagging the national average and sales turnover has slowed in line with the rest of the country. But above-average retail spending growth suggests some loosening of the purse strings is starting.

Manawatu-Wanganui ★★

House price growth in the region remains above average, though sales turnover is lower in line with NZ as a whole and construction on par. There are, however, a few signs of moderation. The recovery in car registrations has petered out though overall retailing is on par. Employment has also shrunk noticeably. But that looks like it could soon change given very sharp growth in job ads.

Wellington ★★★

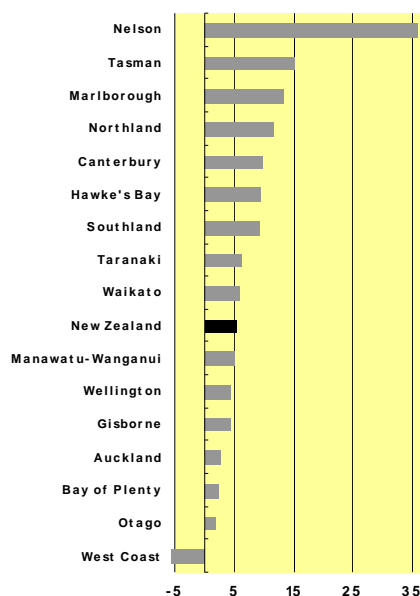
The Reserve Bank could be forgiven for being a bit circumspect about concluding that the housing market is slowing – the signs aren't as evident in Wellington as they are in some regions. Price growth has held firmly above average even as turnover has followed the nation-wide trend lower. Wellington is the most confident region in the country. Oddly enough, employment is shrinking in the region after a huge lift in 2006, which may explain why retailing is just below average. Farming and horticulture in the Wairarapa have continued to face some dry conditions: we have yet to check and see how the wines have held up.

Nelson ★★★★★

Our comeback region is showing very early signs its huge rebound is maturing and it was just pipped at the post for top spot. But by and large the theme is onwards and upwards. House price growth has slowed back to the national average after finally overhauling it in the June quarter. But sales turnover has held up considerably better than in other regions. On the employment front job ads are steaming along. Retail spending growth remains on a ballistic trajectory upwards.

Regional Retail Sales (non-auto)

Annual % change to Sep quarter, Statistics NZ



Tasman ★★★

Fairly similar to Nelson itself, house price is growth a tad below the national average but sales turnover has been noticeably more resilient and retail spending has been surging. The region also takes out top place for growth in car registrations. Tasman employment has been rebounding, and is growing well above the national rate.

Marlborough ★★★★★

Marlborough, in keeping with the rest of the top of the South Island, has experienced a house market that is stronger than the average – on both the price and turnover front. Construction is also looking in decent shape. Soaring retail sales and strong job ads growth contribute to the picture of a region that is performing comfortably. The wines are also attracting their share of guest night growth.

West Coast ★★★

Some of the Coast's solid energy is moderating a little. Retail spending is having a breather. House price growth has started to cool from fairly heady levels, though remains above-average. But turnover has slowed markedly, so the recent outperformance is at risk of being eroded. The building spurt is also slowing. Registrations also recovering slower than the overall pace. Positives are that job ads growth is second only to Southland. Furthermore, the region also pulled in above-average growth in visitors, even before Granity's new website was fully up and running.

Canterbury ★★

House price growth is now down in line with the national average, as is the downward trend in sales turnover. But on the construction front consent issuance is strong for both residential and non-residential work. Employment is flat, but showing signs of turning around after recent declines – job ads growth is very strong. And money is still flooding the tills in the shops. In keeping with its status as gateway to the South Island, guest night growth has been above average.

Otago ★★

Though house price growth is around the average, sales turnover has held up better. Furthermore, non-residential building consent issuance has remained very firm. Employment has been shrinking slightly, but a pick-up in job ads hints at change on that front. However, the weakness on the employment front may be translating into less retail spending growth than in other regions. Otago and the lakes are gaining slightly more than their fair share of visitors.

Southland ★★★★★

Southland may be at the bottom of the country but it jumped to top spot in the rankings. Whilst most regions have seen some slackening in house price growth, Southland has gone the other way – annual price growth has leapt above 30%. House sales turnover has eased, but to nowhere near the same extent as most regions. And unsurprisingly, consumer confidence is relatively high – not too far off Wellington's sunny mood. In common with the large dairy regions, Southland is also seeing strong employment growth, and strong jobs ad growth in the country indicates that rebound will continue.

Southland is indicative of a trend we are likely to see strengthen over the next year. The stronger outlook for dairy returns is triggering added resources being put into that sector, as well as the fruits of those efforts being spread wider within the local community through retail spending.

Sources:

- Population, Employment, Retail trade, Wages, Construction, Guest nights – Statistics NZ.
- House prices – Quotable Value NZ
- House sales – REINZ.
- Vehicle registrations – Land Transport NZ.
- Job Ads – Department of Labour
- Confidence – Westpac-McDermott Miller
- Housing & Investor confidence – ASB.

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