THE MAIN REPORT
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ASB

ASB / Main Report Regional Economic Scoreboard

March 2016 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 Sales		House Prices		Construction		New Car Sales		Rating
	Mar-14		Jun-15		Mar-16		Mar-16		Mar-16		Mar-16		Mar-16	Mar-16
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	2.5	168	1.3%	73	-1.1%	462	7%	384	11%	104	28%	1167	-1%	★★★
Auckland	35.3	1571	2.8%	820	2.9%	5811	10%	930	14%	1594	37%	28935	2%	★★★★★
Waikato	9.0	439	1.9%	221	-0.4%	1398	0%	416	18%	361	30%	4483	0%	★★★
Bay of Plenty	5.2	287	1.7%	147	5.7%	1006	12%	440	19%	264	41%	3033	3%	★★★★★
Gisborne	0.7	47	0.6%	101	1.8%	136	6%	270	5%	12	-4%	268	14%	★★★
Hawke's Bay	2.8	160	0.7%		1.8%	408	6%	373	9%	86	27%	1432	13%	★★★★
Taranaki	4.0	116	0.9%	59	-1.2%	269	5%	327	5%	76	22%	968	-6%	★★
Manawatu-Wanganui	4.0	235	1.0%	114	5.8%	645	2%	251	6%	77	-20%	2021	2%	★★★
Wellington	13.2	497	1.1%	274	3.0%	1532	-1%	466	9%	263	8%	5245	0%	★★★
Tasman	1.8	50	0.8%		-0.2%	158	1%	448	6%	46	17%		5%	★★★
Nelson		50	1.2%	91	-0.2%	201	0%	441	10%	23	-7%	1277	5%	★★★
Marlborough	1.0	45	1.1%		-0.2%	179	9%	387	7%	26	-28%		5%	★★★
West Coast	0.7	33	-0.3%		-0.2%	94	-1%	217	-5%	9	-50%	198	-16%	★★
Canterbury	13.1	587	2.1%	335	1.3%	2098	-1%	461	3%	805	-25%	7986	-1%	★★★★
Otago	4.3	215	1.6%	119	-2.1%	901	9%	365	11%	215	29%	2097	17%	★★★★
Southland	2.4	97	0.8%	56	2.7%	256	-8%	224	5%	37	-15%	735	6%	★★★
New Zealand	100	4597	1.9%	2409	2.0%	15554	5%	517	9%	3995	11%	59845	2%	★★★

★★★★★	★★★★	★★★	★★	★
The place to be	Be there or be square	Fair to middling	Needs an energy injection	Take pity

The National State of Play

Employment ★★★

Annual employment growth picked up over the latest quarter, while unemployment remains relatively low.

Wages ★★★

Wage increases remain low, but then so is inflation. If anything, though, recent quarters hint at a very gradual wage lift.

House Prices / Sales ★★★★★

Auckland is back after the late-2015 lull. Meanwhile the rest of the country is joining the party, with interest rates low and Auckland money spreading.

Retail Sales ★★★★

A mixed bag across the regions with some hotspots, including Auckland and the tourist centres, while it's quiet in the dairy regions and Canterbury. All up, though, still robust spending growth.

New Car Sales ★★★★

Car registrations growth rates continue to slow, but remain at record levels.

Construction ★★★★★

Residential building consents increasing sharply, although, not in all regions.

Steaming	★★★★★
Healthy	★★★
Sad	★

Northland ★★★

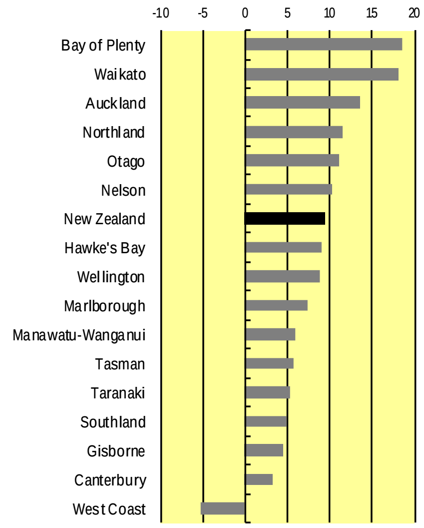
Northland jumped two places to 3rd equal place in this quarter's Scoreboard. The active housing and tourist markets point to benefits in the north from Aucklanders' wanderings and the general national tourism drive. These factors were undoubtedly behind the strong retail sales, double-digit house price growth and extra house building activity. Alas, still no extra jobs of late. And it's this lack of employment growth preventing us from bumping Northland up to four stars.

Auckland ★★★★★

Auckland is now booming inside and out. While it sits 2nd on the Scoreboard for the 4th consecutive quarter, we expect Auckland to keep snapping at the Bay of Plenty's heels over 2016 for top spot. The housing squeeze in the suburbs is well-documented, but less well-known is the commercial building boom. Indeed, the Auckland CBD is starting to resemble Christchurch, with a crane on every corner and road cones obstructing every other footpath or road. The only things missing are the vacant lots and the abundance of cheap parking. Similarly, the "No Vacancy" sign is up across the city's hotels and motels; with the country's lowest guest night growth symbolic of a lack of hotel rooms. Airbnb or a visiting cruise ship just might be your best bets for an available room at present. With strong Auckland numbers across the Regional Scoreboard, the rest of NZ may want to remind Auckland that the Blues and Warriors are languishing on their respective league tables. It does seem that Auckland can't have everything.

House Prices

Annual % change to March, source: QV.



Waikato ★★★

We take the Waikato down a star this quarter, as the weight of low milk prices takes its toll. Consumer confidence took a noticeable hit, moving retail sales growth lower in tandem. Jobs were also down compared with a year ago. That said, the housing market and tourism continue to partly offset the dairy sector's struggles. Indeed, house prices grew at the country's 2nd fastest annual rate, while construction growth was 3rd. Tourism is also a bright spot, begging the question: is the centre of Waikato's universe shifting to Matamata?

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Bay of Plenty ★★★★★

Four quarters in a row for the Bay! The Bay's number one overall rank includes number one in construction, house prices, and retail sales. And you would have thought that 5.7% annual jobs growth would have taken out number one spot too, however Manawatu-Whanganui snuck into 1st with 5.8%. Only car sales were mediocre, but hey we'd prefer to bike or walk around the Mount as well. The key drivers of the strong Bay numbers remain in place. Kiwifruit (and horticulture) exports remain buoyant and no doubt contributed to the strong seasonal jobs data. Similarly the housing market is charging ahead on both the price and construction fronts. Don't forget tourism and Rotorua too? Guest nights are up a healthy 17% for the year. Speaking of Rotorua, its favourite son, Steven Adams, is lighting up the NBA with the Oklahoma City Thunder. #ThunderUp

Gisborne ★★★

Better numbers this quarter shine through this quarter for Gisborne. While it's hard to pin down a single driver, we suspect robust performance across viticulture and horticulture, beef as well as the forestry sectors may have contributed to the lift. In particular, jobs data picked up beyond the usual seasonal boost. In turn, retail spending has been firm, with low interest rates potentially helping on the retail front. Similarly, low interest rates have put some life back into Gisborne's housing market, with prices recording their largest annual lift in over two years.

Hawke's Bay ★★★★

In case anyone's wondering where Waikato's fourth star went, it headed south-east to the Hawke's Bay. The "other" Bay has performed strongly across a range of measures this quarter, and the only category that previously held it back, jobs, picked up over the summer. Indeed, with the horticulture and viticulture sectors' robust performance, we suggest that the normal surge in seasonal employment was larger than usual this year. The housing market is also healthy, with sales activity particularly buoyant. Meanwhile, last month the Regional Council announced that it has signed up enough users for the Ruataniwha Water Storage Scheme to go ahead, provided it can find an institutional investor.

Taranaki ★★

The Taranaki remains weighed down by the oil and dairy sectors. The number of jobs in the region continues to go backwards, while confidence is at a low ebb. With the region's major employers quiet and regional income growth low, it's not surprising that the local housing market is also relatively quiet. On the positive side, guest nights are riding the nationwide tourism wave, and the retail sector is hanging in there as well.

Manawatu-Wanganui ★★★

Manawatu-Wanganui continues to tread water in the bottom half of the scoreboard. The brightest spot is jobs growth where the region topped nationwide rankings, while the region's hoteliers seemed to have done well out of the Central Field Days. On most other measures, however, it's fairly ho-hum. The housing market and retail spending, in particular, could do with a rev up. Perhaps, with the students back in town, this may come next quarter.

Wellington ★★★

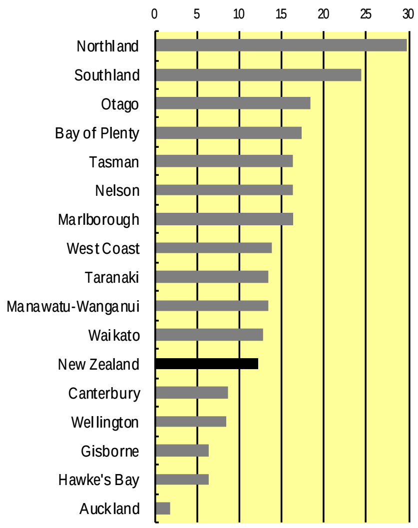
It seems that the Welly economy is stuck in 2nd gear. Jobs growth is strong, running at 3% annually. But retail trade and residential construction went backwards over the quarter. However, with robust house sales and house price growth a percent shy of double-digits, we expect Welly is poised for a jump up the scoreboard before long. But, just don't mention to anyone that that's what we said back in the December quarter's Scoreboard.

Nelson ★★★

A real mixed bag for Nelson in the latest Scoreboard. House prices recorded double-digit annual growth, but jobs dipped a touch compared with this time last year, while retail sales were flat. Indeed, the jobs numbers contrast to the strength in other horticultural-heavy regions. When we take a closer look though, we prefer the glass half-full approach to Nelson. Residential construction is very strong as is tourism (see guest nights growth). All up, we expect Nelson's glass to continue filling over 2016.

Guest nights

Annual % change to March, source: Stats NZ.



Tasman ★★★

It's a similar glass half full story in Tasman. Indeed the lower apple crop, owing to hail, may go some way to explaining why jobs growth across the wider region didn't reach the heights that we would have expected on the basis of the strong export prices. Elsewhere, the housing and tourism sectors are similarly strong. For Tasman, house sales recorded the fastest annual growth in the country alongside Gisborne. All up, we expect the Tasman economy to quietly improve over the course of 2016.

Marlborough ★★★

It is middle-of-the-rankings road for Marlborough this quarter. By all accounts though, this year's grape harvest is shaping up as a bumper one. Indeed, it seems the Americans can't get enough of our Sav, with the US now ahead of the UK in terms of export market size. The counter to the positive wine story is a flat labour market and weak construction activity. But we expect a pick up this year. Moreover, if we were handing out a "region to watch over 2016" title, Marlborough would be the most likely candidate.

West Coast ★★

The tough times continue on the Coast, with more negative signs on this quarter's Scoreboard than positive ones. And with the dairy and energy sectors struggling, we are likely to see these trends for a while longer. But the Coast is riding the tourism wave, with local guest nights rising at a faster pace than the national average. Also, it seems low interest rates are boosting the region's house sales as well.

Canterbury ★★★★

Activity in Canterbury remains at a robust level, but the general direction for growth from here is slowly down. However the unemployment rate, currently at 3.5%, has now been the country's lowest for 11 straight quarters. Incidentally, a recent study found that existing Cantabrians, entering the labour force, have filled the largest chunk of the rebuild jobs. In other words, we haven't seen the influx of Irish chippies that some suggested we would. Meanwhile, one sector picking up some of the developing rebuild slack is tourism. With guest nights having passed their pre-quake levels and airlines adding more capacity into Christchurch, we expect this trend to continue.

Otago ★★★★

Otago sits 3rd (equal) on the Scoreboard for the second successive quarter. The tourists are continuing their Queenstown love affair, with guest nights up 18% annually to the March quarter. However, the big question from here is can we squeeze any more in this winter? The rest of the scoreboard makes for excellent reading, with the lone exception being jobs growth. With the number of jobs falling by around 2% and the second-lowest unemployment rate, the issue is actually lack of available workers. Indeed with house prices lifting by double-digits on an annual basis, housing affordability may be one thing holding back more workers from living their Queenstown dream (and for Otago from grabbing its fifth star). But let's not forget Dunedin, and here's a little known fact: Dunedin, aka Gig City, has the fastest broadband connections in the country, at almost three times the average speed of the next fastest city.

Southland ★★★

The southern hub of the NZ dairy industry continues to hurt, though better weather of late has taken off some of the low milk price's edge. Retail sales are in decline and are being dictated by low confidence levels rather than the surprising jobs growth. Like most other regions tourism is strong, with guest nights rising at the second-fastest pace in the country. Indeed as Queenstown bursts at the seams, places like Te Anau are well-placed to benefit. Alas, agriculture still plays the largest role in the region's economic fortunes. On that front, a pick-up will have to wait until later in the year.

Sources:

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

House prices – QVNZ. House sales – REINZ.

Vehicle registrations –NZ Transport Agency.

Consumer Confidence – Westpac McDermott Miller.

Housing & Investor confidence – ASB.