

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).

Region	This quarter	Previous quarter	Change
Otago	1	4	Up 3
Tasman	2	2	No change
Bay of Plenty	3	8	Up 5
Hawke's Bay	4	6	Up 2
Manawatu-Whanganui	5	5	No change
Gisborne	6	9	Up 3
Taranaki	7	12	Up 5
Nelson	8	1	Down 7
Auckland	9	14	Up 5
Northland	10=	3	Down 7
Marlborough	10=	7	Down 3
Canterbury	12	16	Up 4
Waikato	13=	13	No change
Southland	13=	15	Up 2
West Coast	15	11	Down 4
Wellington	16	10	Down 6



The National State of Play

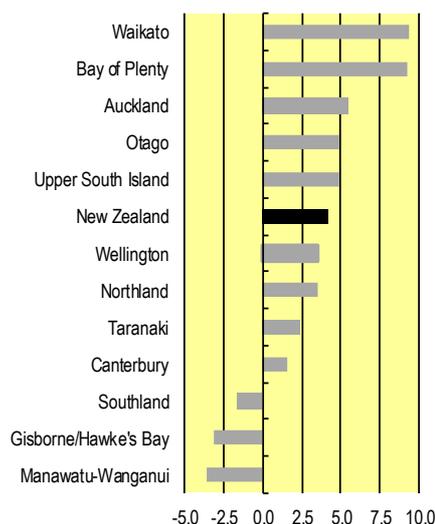
Employment ★★★★★	Retail Sales ★★★
The labour market perked up over the September quarter. Indeed, the economy added over 100,000 jobs over the past year. Firms also report a willingness to hire further. As a result, we expect this strength to continue over coming quarters.	The retail sector posted reasonable growth over the quarter, although spending did take a break following the Lions Tour and World Masters Games in Q2. Meanwhile, the lifting milk price should boost spending, particularly in rural areas over the rest of the year.
Wages ★★	New Car Sales ★★★★★
Despite strong jobs growth, wages continue to be subdued. Indeed, wage pressures remain largely confined to tourism-related sectors, construction and sectors covered by the recent health care worker settlement. From here, we expect wages to lift modestly, particularly as immigration starts to slow.	New car sales remain very high, with nationwide sales up 6% for the year. However, that is slower than six months ago when sales were running at double the pace. We anticipate a further slowdown in car sales growth, particularly as immigration slows.
House Prices / Sales ★★	Construction ★★★★★
Housing market activity continues to slow. In particular, national house sales over September were 20% below September 2016. Meanwhile, house price growth has also slowed, with prices 2% higher than a year ago, down from 12% higher back in the December 2016 quarter.	Construction growth picked up over Q3 after a quiet Q2. Indeed, residential building consents growth accelerated to 15% for the year, while non-residential consents were also a healthy 10%. However, we'll be watching closely next quarter to see if capacity constraints bite again over coming quarters.

Steaming ★★★★★ Simmering ★★★★★ Stable ★★ Needs an energy boost ★★ In the doldrums ★

The Regional Lowdown

Quarterly Chart Focus: Jobs growth

September 2017 Employment Annual % change



Source: Statistics NZ

Northland ★★★★★

After grabbing the bronze last quarter, Northland is out of the medals this quarter. Indeed, like several other regions Northland has appeared to suffer from a post Lions Tour hangover. Guest nights for example fell by around 2% over the quarter. Nonetheless, economic activity remains firm by and large. In particular, house prices recorded double-digit annual growth for the quarter. Strong building consents growth also points to ongoing construction activity in the region. All up, activity is firm, but not quite five star quality. Hence, we move the region down to four stars.

Auckland ★★★

Mid-table and a mixed bag for the Big Smoke this quarter. A drop in the region's house prices on annual basis headlines the Scoreboard this quarter. Indeed, the drop was the first since 2011. In contrast, the labour market is going gangbusters, with 47,000 jobs added over the year. Meanwhile,

the construction pipeline continues to build with total building consents up 32% for the year. It seems that the 73 cranes dotting the wider Auckland skyline are going to stay for a while. Like Northland though, Auckland does appear to be suffering a Lions Tour hangover. Guest nights, for example, dipped over the quarter. And capacity constraints remain across the region. With this in mind, we expect the mixed economic bag to continue across the region in coming quarters.

Waikato ★★★

Waikato's remains stuck in 13th (equal) in this quarter's Scoreboard. The housing market is a weak spot, with the number of house sales falling by a quarter over the past year. On top of that, the region's consumers are amongst the most pessimistic in the country. Perhaps the wet spring has dampened the mood (excuse the pun). However, we think the Waikato can bounce back. Firstly, the region like others may have a slight Lions Tour hangover to clear. But more importantly the labour market is very strong and, aided by improving dairy sector incomes, we expect regional activity to pick up by the new year.

Bay of Plenty ★★★★★

The Bay of Plenty has claimed the bronze medal in the latest Scoreboard, and with it, a fifth star. Generally, there's much to like about the region's economy. The standout this quarter is the labour market, with a whopping 9.2% jobs growth over the past year. Also, we think that momentum is likely to continue. In particular, kiwifruit sector incomes are likely to be the highest on record once the season is done and dusted. On this basis, we expect the Bay economy may get a second wind heading into 2018. Indeed, we wouldn't be surprised if the Bay gives top spot another crack next year!

Gisborne ★★★

Gisborne climbs three sports to sixth in the latest Scoreboard. House prices are growing at a healthy annual rate of 12%, and that has spilled over into healthy annual retail spending growth of around 5%. On the other hand, the number of jobs (Hawke's Bay and Gisborne combined in this case)

contracted over the past year. All up, we are positive on the region's prospects. In particular, the horticulture, agriculture and forestry sectors are performing well and are likely to continue in that vein heading into 2018.

Hawke's Bay ★★★★★

The Hawke's Bay grabs fourth spot in the rankings this quarter. The region is near the top in a number of categories. In particular, house price growth and guest nights (equal first) were both number one nationwide. Like its northern neighbour, Gisborne, key industries in the Hawke's Bay are performing well. In fact, the only thing stopping the Bay from gaining a fifth star is the subdued jobs market. However, come the summer we think that may turnaround and a fifth star could be on the cards.

Taranaki ★★★

The Taranaki has turned the corner. The region climbed four spots in the rankings over the quarter, and now sits in the top half of the rankings at seventh. On the back of this move, we upgrade the region to three stars. The standout for the region over the quarter was retail sector, with annual spending surging 7.3%, the highest in the country. Car sales were also buoyant, lifting nearly 20%. From here, we expect further lifts in dairy sector incomes and an improved energy sector outlook to translate into additional activity for the region heading into 2018.

Manawatu-Whanganui ★★★

Manawatu-Whanganui holds steady in fifth spot in this quarter's Scoreboard. This result makes it three solid quarters in a row, after finishing fifth and fourth, respectively over the previous two quarters. In particular, the region's builders had a busy quarter, while house prices continue to rise in the region. The main black mark against the region is the weak labour market. However, we expect the region to perform solidly heading into 2018 as dairy and meat sector incomes lift. The latter is set for a boost on much-improved lamb prices. Eventually that should translate into more activity and jobs at some point too.

Disclaimer

This report is published solely for informational purposes. We believe that the information in this report is correct based on the information available at the time of its compilation, but no representation or warranty is made or provided as to accuracy, reliability or completeness of any statement made in this report.

Wellington

★★★

Wellington is another region to suffer from a Lions Tour hangover. The Capital has slipped six places to last in the Scoreboard. Not surprisingly guest nights fell on an annual basis as the Lions fans left town. Otherwise, it's a number of mediocre results over the quarter that dragged Wellington down. Normally, bottom of the Scoreboard would warrant a cut to a two-star rating. However, with the housing market is still strong and the prospect of increased public sector activity over coming quarters, we move Wellington down one notch to three stars. Nonetheless, another repeat performance over the December quarter would see us cut Wellington to two stars.

Nelson

★★★★★

Nelson loses its top spot on the Scoreboard this quarter, dropping to eighth in the rankings. On that basis, we have trimmed Nelson back to a four-star rating. In particular, the region's retailers hit a lean patch over the quarter. That said, prior quarters had been very strong, so some pullback to a degree was inevitable. Meanwhile, the labour market remains robust, with the wider region adding close to 5% more jobs over the past year. That fact, combined with the ongoing strength in Nelson's main industries, means we expect the regional economy to kick on heading into 2018.

Tasman

★★★★★

Tasman claims a second-successive silver medal this quarter. Unlike neighbour Nelson, the region's retailers prospered over the quarter, posting the second-highest annual spending growth nationwide. The construction pipeline is also filling fast and along with the healthy industry outlook, we expect the good times to keep rolling for the region over the rest of 2017. The question is: can Tasman challenge for top spot in the Scoreboard over coming quarters. We wouldn't bet against it!

Marlborough

★★★

Marlborough has dropped three spots in the latest Scoreboard. The housing market is softening and the construction pipeline isn't as full now that the rebuild of the coastal road is on the homeward stretch. However, the re-opening of the road link next months is also likely to drive activity of its own on a more sustainable basis. With that in mind, we expect Marlborough to make a move up the Scoreboard over 2018.

West Coast

★★

The West Coast has slipped four spots to 15th in the rankings this quarter. Retailers were quiet; with the annual spend down this quarter. In addition, the Coast, along with Auckland, was one of two regions to see annual falls in house prices. We move the Coast down a star on the back of this weak quarter. However, we look for the benefits of a better milk price this season to lift the Coast's fortunes over 2018.

Canterbury

★★★

Canterbury has moved up the Scoreboard to 12th this quarter. It may be that we are starting to see the signs of more-balanced growth across the region. Indeed, it appears that Cantabrians have a hop in their step as consumers are the most optimistic in the country. Meanwhile, the commercial rebuild is slowing, with the number of cranes in the region, for example, decreasing to 17 from 25 earlier in the year. We expect that growth in the region will begin to reaccelerate as 'business as usual' activity takes hold. However, there may well still be the odd bump along the activity road when the remaining large projects finish up and the associated resources are deployed elsewhere.

Otago

★★★★★

Otago has crashed Nelson's party and taken top spot in this quarter's Scoreboard with it. Local retailers have cashed in it seems perhaps on the back of a great ski season, with Coronet Peak open all but two days over the season, for example. Guest nights were more subdued, but we suggest this was more to do with a lack of Queenstown capacity. At the same time, the region added nearly 5% additional workers over the year as well. So where to from here? We are a touch sceptical that the activity levels can be maintained over the summer months, particularly in the tourist centres, as accommodation hits capacity. PS: don't mention AirBnB! Meanwhile, perhaps the Government boosts to tertiary education funding, including the first year being free, could see the activity baton pass somewhat to Dunedin from Queenstown.

Southland

★★

Southland has climbed two spots to 13th equal in the latest rankings. The shining light for the region has been the construction sector, with consents up around 50% over the past year. Also, car sales and house prices have both seen annual growth near 10%. From here, we think Southland can continue to climb the Scoreboard. The lift in the milk price has started to improve dairy sector cashflows. The sheep sector is also on the up on the back of very healthy lamb prices. Indeed, Southlanders have got plenty to look forward to in 2018.

Taking the regions' temperatures

Share of the economy		Population		Employment*		Retail Sales		House prices		Construction		New car sales		Star Rating
Mar-16		Jun-17		Sep-17		Sep-17		Sep-17		Sep-17		Sep-17		Sep-17
Annual growth=	%	000's	annual	000's	annual	\$m	annual	000's	annual	\$m	annual	No.	annual	5 – hot
Qtr(t)/Qtr(+4)			growth		growth		growth		growth		growth		growth	1 – not
Northland	2.5	175	2.3%	83	3.5%	482	3.3%	461	10%	176	32%	1537	1%	★★★★★
Auckland	37.2	1657	2.6%	899	5.5%	6181	3.4%	1020	-1%	2136	18%	31843	5%	★★★★
Waikato	8.3	460	2.4%	251	9.4%	1369	1.5%	500	7%	529	23%	4969	4%	★★★★
Bay of Plenty	5.2	300	2.2%	159	9.2%	1009	2.4%	537	7%	381	28%	3776	10%	★★★★★
Gisborne	0.7	49	1.3%	100	-3.1%	124	4.9%	303	12%	14	13%	335	22%	★★★★
Hawke's Bay	2.7	164	1.5%	100	-3.1%	479	4.6%	446	16%	125	23%	1613	7%	★★★★
Taranaki	3.3	118	1.1%	61	2.4%	349	7.3%	374	7%	76	-28%	1174	19%	★★★★
Manawatu-Whanganui	3.8	240	1.4%	119	-3.6%	714	4.4%	302	12%	149	39%	2493	16%	★★★★
Wellington	13.5	514	1.8%	291	3.6%	1670	1.5%	545	9%	374	2%	5712	2%	★★★★
Tasman	1.7	51	1.8%	97	4.9%	156	7.2%	538	12%	51	25%	8	8%	★★★★★
Nelson	1.7	51	1.6%	97	4.9%	196	-0.7%	518	13%	41	16%	1529	8%	★★★★★
Marlborough	1.0	46	1.5%	92	4.9%	158	5.3%	426	7%	43	3%	8	8%	★★★★
West Coast	0.6	33	0.0%	92	4.9%	100	-0.7%	250	-3%	16	-30%	233	10%	★★
Canterbury	13.2	612	2.0%	341	1.5%	2140	0.0%	474	0%	1033	7%	10188	4%	★★★★
Otago	4.3	224	2.3%	123	4.9%	990	6.5%	441	13%	394	-6%	2286	13%	★★★★★
Southland	2.0	98	0.4%	53	-1.7%	311	-2.4%	245	9%	54	51%	936	12%	★★
New Zealand	100	4794	2.1%	2575	4.2%	16744	3.0%	581	2%	5593	13%	68624	6%	★★★★

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.

Disclaimer

This report is published solely for informational purposes. We believe that the information in this report is correct based on the information available at the time of its compilation, but no representation or warranty is made or provided as to accuracy, reliability or completeness of any statement made in this report.