

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
Nelson	1	2	Up 1
Tasman	2	6	Up 4
Waikato	3	10	Up 7
Gisborne	4	7	Up 3
West Coast	5	12	Up 7
Hawke's Bay	6	3	Down 3
Otago	7	1	Down 6
Bay of Plenty	8	7	Down 1
Northland	9	7	Down 2
Wellington	10	4	Down 6
Marlborough	11	5	Down 6
Auckland	12	11	Down 1
Manawatu-Whanganui	13	14	Up 1
Taranaki	14	13	Down 1
Canterbury	15	16	Up 1
Southland	16	15	Down 1



The National State of Play

Employment* ★★★★★ Growth is strong in terms of both jobs and labour supply, with booming migration adding to the supply of willing workers. However, due to last year's survey changes labour market data comparisons are still difficult: as a result, we've excluded the employment data from our rankings calculations.	Retail Sales ★★★★★ The retail sector had a consistently robust 2016. Population growth and the booming tourism continue to drive spending. However, margins are generally tight, with the exception of the accommodation sector.
Wages ★★★ The extra supply of workers continues to keep a lid on wages. The only exception is in the booming construction sector. Meanwhile, inflation is still low, so wage and salary earners are still getting good bang for their buck.	New Car Sales ★★★★★ New car sales surged over the quarter. Moreover, it seems the majority have ended up in Auckland. No wonder the North-Western Motorway seems slower than usual!
House Prices / Sales ★★★ The investor restrictions continue to put a damper on house sales. Meanwhile, price gains have slowed and may slow further. That said, building consents are falling further behind demand, meaning any slowdown may be short-lived.	Construction ★★★★★ Don't be deceived by the dip in construction growth compared to last quarter; that's largely due to the timing of commercial projects. Construction will continue to drive economic activity this year and beyond.

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

The Regional Lowdown

Quarterly Chart Focus: New cars on a roll



Source: Statistics NZ

Northland ★★★

Northland has slid two places this quarter to sit mid-pack. We again suspect that Auckland's 'slowdown' may have spilled across its northern border. Despite the fall, Northland continues to post solid numbers which compare, for the most part, favourably with national averages. For example, house prices and residential construction are up a healthy 18% and 39% respectively for the year. Moreover, by all accounts the (early) summer tourist season was a bumper one.

Auckland ★★★★★

A quick scan of the Auckland skyline and one can easily count a dozen or more cranes. In fact, the total number of cranes in action across the region has been tagged at a whopping 64. However, Auckland is suffering from growing pains. Indeed in many cases construction can't happen fast enough. Case in point is the recent slowdown in Auckland residential building consent numbers combined with record migration into the city. Together they mean

that the housing shortage is set to get worse before it gets better. Similarly, while 12% growth in new car sales boosts the auto industry, it does nothing for the region's traffic woes. These growing pains are reflected in the drop down the rankings to 12th this quarter. Nonetheless, the 'Big Smoke' remains the nation's growth engine and thus keeps its five-star rating. PS Has anyone seen John Key back in town?

Waikato ★★★★★

Waikato is back on the medal dais this quarter, grabbing the bronze. Indeed it has jumped from 10th, and is up a whopping seven spots. Tourism is the region's star this quarter, with growth in guest nights second only behind Gisborne/Hawke's Bay. House price growth was also a perky 20% for the year. Meanwhile, the region's consumers are among some of the most optimistic in the country, and that may reflect the Fonterra upgrade in its milk price forecast for the season to \$6.00/kg. Moreover, with much of the improvement in farm cashflows to come over 2017, there may be more to come from Waikato in coming quarters. We also bump the region up to a four-star rating. Moreover, we suspect that the Waikato could soon be snapping at Nelson's heels!

Bay of Plenty ★★★★★

The Bay of Plenty has slipped a place this quarter to sit mid-pack. In particular, a slowdown in housing market activity has dragged the Bay lower. The number of house sales dipped 24% over the year. It seems the Bay is another region to bear the brunt of the tighter housing investor restrictions. On the flipside, house price growth remains strong, with the Bay's 24% house price growth over the year the strongest in the country. All up though, it isn't enough to save us from paring back the Bay to a four-star rating.

Gisborne ★★★

It hasn't been this good for a long time in Gisborne. In the latest Scoreboard, the region has jumped 3 spots to fourth in the rankings. While some may be disappointed in missing out on a place on the medal dais, this ranking is Gisborne's highest since June 2007. The region (wider Hawke's Bay and Gisborne) tops the country in terms of both new car

sales and guest nights growth. In particular, it's encouraging to see the nationwide tourism boom extend to the regions such as Gisborne. For now though, we hold off adding another star as we'd like to see some of the economic activity spillover into higher house price growth and construction activity.

Hawke's Bay ★★★★★

The Hawke's Bay has fallen three places in the latest Scoreboard, coming sixth for the quarter. As mentioned above for Gisborne, the wider region topped the guest night growth figures nationwide. Meanwhile, annual house price growth is a heady 19%, and construction growth is not far behind at 16%. Looking at the big picture, we still like what we see in terms of some of the strength in horticulture and viticulture in the region. As a result, the Bay keeps its four-star rating, and we're expecting continued strong performances over 2017.

Taranaki ★★

Taranaki remains stuck towards the bottom of the rankings (14th place this quarter). The lack of construction activity is the biggest thing holding the region back on the Scoreboard, with the Taranaki last nationwide in terms of total construction growth over the quarter. So far following the Lonely Planet award, tourists have yet to descend in large numbers on the region. Maybe that's a story for 2017? However, one thing that is sure to pick up this year is dairy sector incomes. And given the sector's importance to the region, we expect it to give the region an economic shot in the arm over 2017.

Manawatu-Wanganui ★★

Like its northern neighbour, Manawatu-Wanganui remains stuck towards the bottom of the rankings (13th place this quarter). Tourists largely continue to bypass the region, and perhaps as a consequence retail sales growth remains weak. Looking ahead, we continue to see some improvement on the horizon via the improvement in dairy's fortunes. In that vein, the upcoming Central Districts Field Days may be able to give the region the kick-start it needs.

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Wellington

★★★★★

The November earthquakes have pushed the capital city down to 10th in this Scoreboard's rankings. Indeed with the CBD closed for a number of days, it's not surprising that activity slowed over the quarter. However, we think the region will soon climb back up the rankings. Generally, the capital is firing on all cylinders. The housing market, in particular, is heating up. And the recent opening of the Kapiti expressway will give the northern parts of the region a boost over 2017. All up, we expect it's a case of down, but definitely not out for Wellington.

Nelson

★★★★★

After grabbing silver last quarter, Nelson moves one step higher on the dais this quarter and grabs the gold as well an extra star! Last quarter it was all about booming tourism, horticulture and viticulture, while this quarter we add construction into the boom mix. In particular, Nelson sits number one nationwide in terms of residential construction growth for the year. Not far behind is the retail sector, where tourists are keeping the region's cash registers ringing. Given the variety of drivers in play, we suspect that the region's good times will roll well into 2017. At this rate, Nelson could hold on to its five-star rating for a while.

Tasman

★★★★★

Tasman has jumped four spots in the rankings this quarter, claiming the silver medal in the process. Like its neighbour, Nelson, tourists are keeping Tasman's retailers busy. Similarly, the wine and fruit boom is boosting incomes in the region. However, Tasman lags its neighbour in construction and house price growth. Nonetheless, with a similarly broad range of activity drivers in play, Tasman may make a run at top spot over 2017.

Marlborough

★★★★

Like Wellington, the November earthquake has pushed the region down six spots in the rankings. Marlborough comes in at 11th spot this quarter. The weak retail sales over the quarter can most likely be put down to the earthquake, particularly given the amount of disruption to Kaikoura retailers and in nearby towns. A similar disruption is likely to explain the weak construction numbers. With transport links through and into the region still disrupted, activity is likely to be impacted over quarters to come. Although, at some point repair work will lead to an acceleration in activity.

West Coast

★★★★

The West Coast has surged up the rankings, jumping 7 spots to fifth this quarter. Indeed the last time, the Coast was in the top 10 was back in June 2012. Most encouragingly, the Coast topped the retail sales growth rankings nationwide, while growth in guest nights was also strong. It seems tourism is working its magic on the Coast. As a result, we bump up the region to three stars.

Canterbury

★★★★

Canterbury has lifted off the bottom of the rankings this quarter, but still sits at a lowly 15th on the Scoreboard. The level of activity remains high, but the slowdown is across a broad range of indicators. Moreover, one sector that we had expected to be improving by now, tourism (in terms of growth in guest nights), has gone backwards over the year. From here, we expect the broader economy will continue to rebalance over 2017. However, the dairy income boost to rural Canterbury will provide some offset to otherwise soft growth in economic activity.

Otago

★★★★★

Otago's reign at the top of the rankings was short-lived, but that is not because the region has slowed. It simply can't grow at the rates it has been, and capacity constraints are having an impact. For example, annual growth in guest nights has slowed, as hotels are hitting full capacity - try finding a cheap room in Queenstown these days. All those visitors are helping keep the cash registers ringing, with retail sales up a healthy 7% on a year ago. The construction pipeline also remains healthy, with the value of residential permits up strongly on a year ago. While non-residential consents are high, they are off their recent peak. Saying that, the level of consents over the past year should keep the construction sector very busy. Meanwhile, house prices are charging ahead, lifting 21% over the past year. However, turnover is down on a year ago (albeit down by less than in the main centres). Lending restrictions are impacting the housing market in Otago, and these restrictions may well continue to be a damper on residential activity in the region over the coming quarters.

Southland

★★★

Rock bottom for Southland this quarter on the Scoreboard. This result reaffirms Southland's star rating at two stars. In particular, Southland's retail and construction sectors are lagging behind the rest of the country. In the case of construction, Southland is actually going backwards. However, with the turnaround in dairy prices, we expect the sector to give the region a shot in the arm over 2017. In addition, with Queenstown and Wanaka full, the deep South continues to see its tourist sector grow strongly. In other words, Southlanders still have plenty to look forward to in 2017.

Taking the regions' temperatures

Share of the economy Mar-15		Population Jun-16		Employment* Dec-16		Retail Sales Dec-16		House prices Dec-16		Construction Dec-16		New car sales Dec-16		Star Rating Dec-16
Annual growth= Qtr(t)/Qtr(+4)	%	000's	annual growth	000's	annual growth	\$m	annual growth	000's	annual growth	\$m	annual growth	No.	annual growth	5 – hot 1 – not
Northland	2.4	171	1.8%	80	7.6%	522	6%	429	18%	151	41%	1362	7%	★★★
Auckland	36.6	1614	2.8%	881	7.6%	6876	7%	1057	12%	1734	-4%	33189	12%	★★★★★
Waikato	8.1	449	2.3%	232	5.7%	1533	-1%	490	20%	452	13%	4269	15%	★★★★★
Bay of Plenty	5.1	294	2.2%	152	6.8%	1191	12%	517	24%	327	15%	3122	9%	★★★★★
Gisborne	0.7	48	1.1%	102	4.1%	151	-3%	305	14%	18	30%	295	20%	★★★
Hawke's Bay	2.7	162	0.9%	92	4.1%	465	6%	404	19%	99	16%	1312	10%	★★★★★
Taranaki	3.6	117	0.8%	60	6.3%	316	4%	350	9%	72	-11%	966	20%	★★
Manuwatu-Whanganui	3.8	237	1.0%	122	6.8%	745	3%	275	13%	115	25%	1896	3%	★★
Wellington	13.5	505	1.6%	284	3.3%	1781	4%	541	23%	447	49%	4912	5%	★★★★★
Tasman	1.7	50	1.6%	95	3.8%	191	12%	505	13%	48	35%	12%	12%	★★★★★
Nelson	1.7	51	1.4%	95	3.8%	240	14%	515	15%	47	83%	1315	12%	★★★★★
Marlborough	1.0	46	0.4%	92	3.8%	175	1%	443	14%	38	-8%	12%	12%	★★★
West Coast	0.7	33	-0.3%	92	3.8%	103	18%	224	-1%	54	317%	194	1%	★★★
Canterbury	13.6	600	2.3%	344	5.0%	2359	-3%	488	4%	866	-7%	11790	15%	★★★
Otago	4.2	219	2.0%	119	2.4%	928	7%	417	21%	320	15%	1884	7%	★★★★★
Southland	2.0	98	0.7%	56	2.8%	293	4%	246	7%	40	-7%	732	3%	★★
New Zealand	100	4693	2.1%	2527	5.8%	17869	5%	587	12%	4827	6%	67238	11%	★★★

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.

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