

Canterbury Economic Indicators





Summary

The Canterbury economy continues to grow and consumer confidence remains steady. International and domestic tourism is returning to pre-earthquake levels and more taxpayers are migrating into greater Christchurch than migrating out. Commercial investment remains significantly more optimistic for Canterbury than for the rest of New Zealand: greater Christchurch has been the most confident commercial property investment market every quarter since 2011, according to Colliers International results of June 2013.

However, such high rates of growth present challenges as well as opportunities. Noticeably, house prices and rents are rising steadily. The higher demand in the labour market is putting pressure on employers who are having difficulties in finding skilled labour.

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Output and trading activity

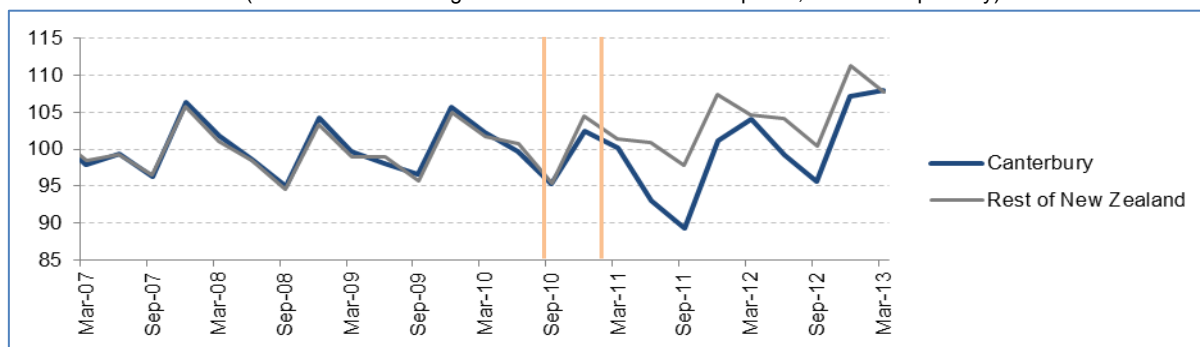
Output

Analysis

Economic growth in Canterbury continues at a high pace (figure 1). The Canterbury Development Corporation expects that annual growth in regional GDP levels will exceed 6% from late 2013 and continue at high levels for a further one to two years. Domestic trading activity has continued to grow more in Canterbury compared with the rest of New Zealand (figure 2), while views of the general business situation are beginning to come into line with the predominantly optimistic view held by the rest of New Zealand (figure 3). Traffic volumes continue to grow steadily indicating on-going growth in regional activity (figure 4).

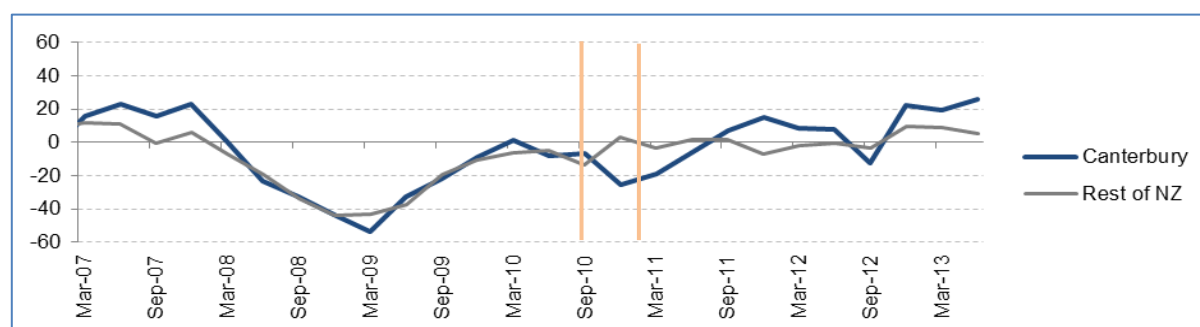
Figures

1. Estimate of real gross regional domestic product
(indexed where average 2007 = 100 and in 1995/96 prices, measured quarterly)



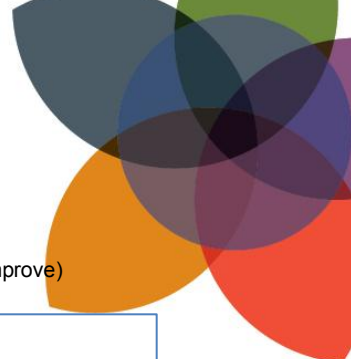
Source: Infometrics (most recent data point: March 2013)

2. Domestic trading activity
(net percentage of firms reporting that trading activity went up in the last three months)



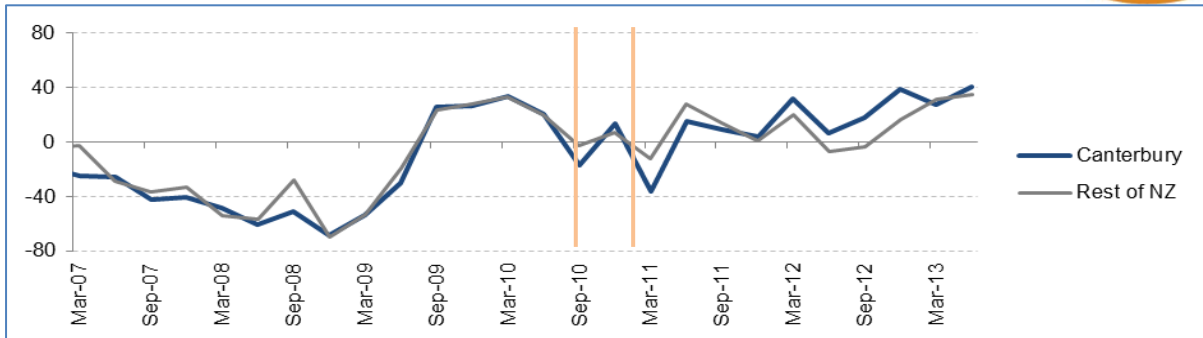
Interpretation notes: a negative percentage shows that a net percentage of firms reported trading activity went down in the last three months.

Source: NZIER (most recent data point: June 2013)



3. Views of the general business situation

(net percentage of firms considering that the general business situation in New Zealand is likely to improve)

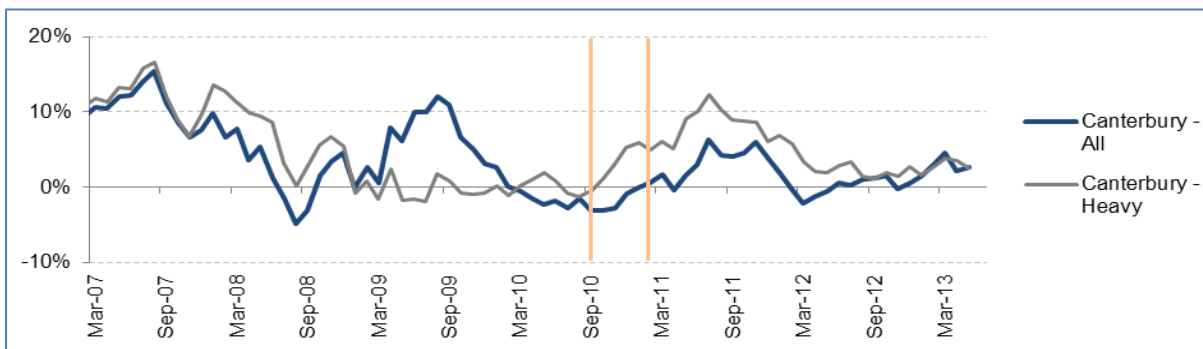


Interpretation notes: a negative percentage shows that a net percentage of firms consider the general business situation is likely to deteriorate.

Source: NZIER (most recent data point: June 2013)

4. Traffic volumes in Canterbury

(annual percentage change of NZIER traffic volumes index, measured monthly)



Interpretation notes: a positive percentage shows that traffic volumes are growing in Canterbury while a negative percentage shows that volumes are declining.

Source: NZIER and New Zealand Transport Agency (most recent data point: May 2013)

Consumer spending

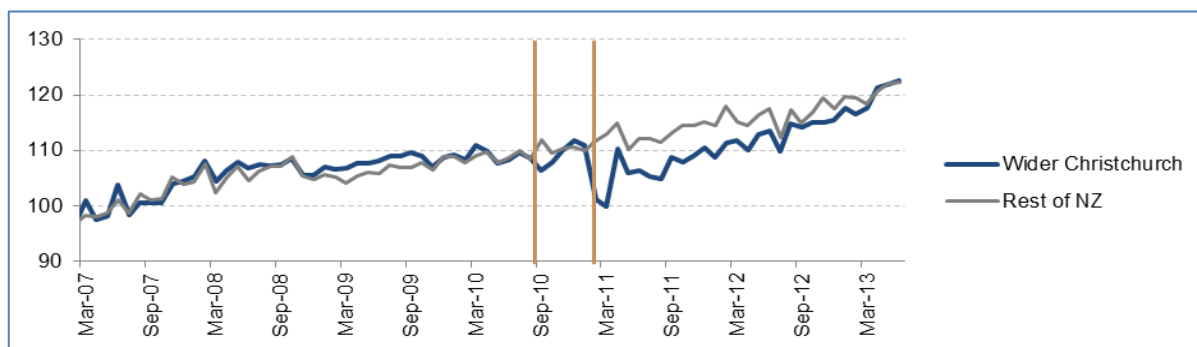
Analysis

Canterbury's volume on the Paymark network continues to increase and is now aligned with the rest of New Zealand (figure 5). Also reflecting this trend, consumer confidence remains steady as the Canterbury recovery progresses (figure 6).

Figures

5. Electronic card transactions on the Paymark network

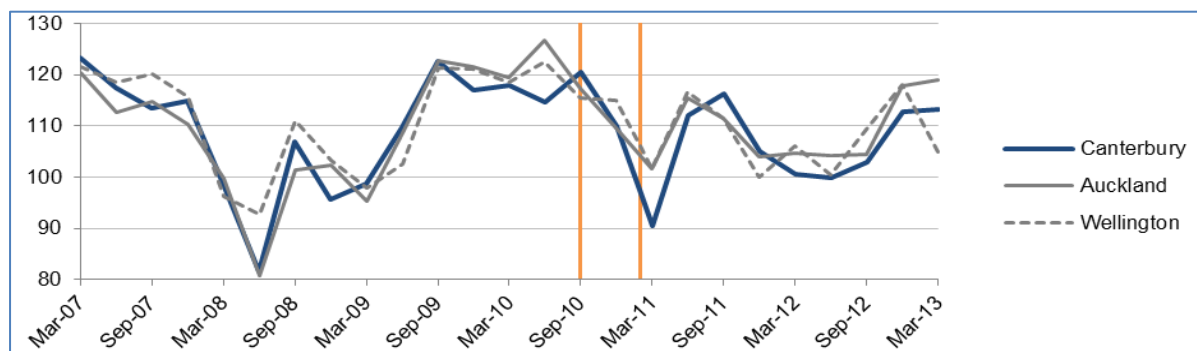
(volumes of transactions, seasonally adjusted and indexed where 2007 = 100, measured monthly)



Interpretation notes: Paymark processes about 75% of all electronic transactions in New Zealand. The definition of wider Christchurch is slightly different from that for greater Christchurch; see the Glossary.

Source: Paymark and NZIER (most recent data point: June 2013)

6. Consumer confidence



Interpretation notes: scores above 100 show more optimism than pessimism while scores below 100 show the opposite.

Source: Westpac; McDermott Miller (most recent data point: March 2013)

International trade

Analysis

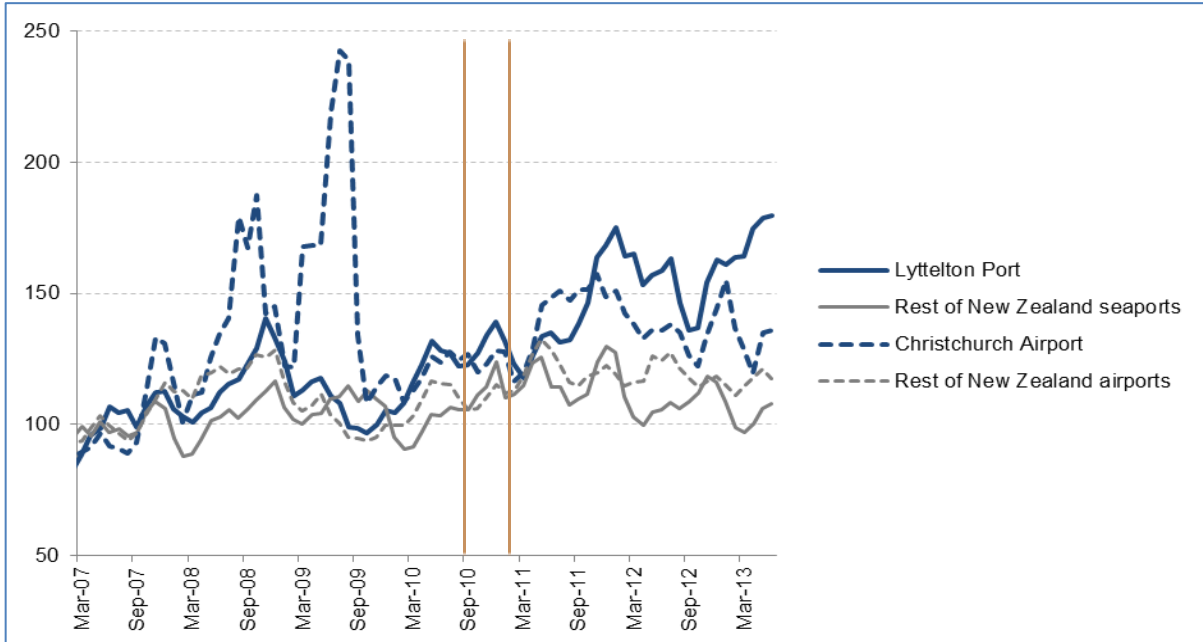
Lyttelton Port trading volumes continue to rise and Christchurch Airport volumes relative to 2007 remain above those of airports in the rest of the country (figure 7). The Lyttelton Port Company has recently stated that its insurance company has agreed to pay a non-specific progress payment of \$17.4 million under the material damage section of its insurance policy. About 500 port assets, including the head office building in Lyttelton, wharves and piles, have suffered approximately \$500 million of damage in total. Repairs are still in the planning stage though reconstruction could start by the end of 2013.



Figures

7. Combined exports and imports index

(index of three-month rolling averages of free on board values for merchandise trade of imports and exports where 2007 = 100, measured monthly)



Interpretation notes: the exports included in this figure include re-exports. Note that planes flown into Christchurch Airport from overseas for repairs are counted as imports and exports. This is likely to be a significant reason behind the spikes in September 2008, March 2009 and September 2009.

Source: Statistics New Zealand and CERA (most recent data point: May 2013)

Key sectors

Agriculture

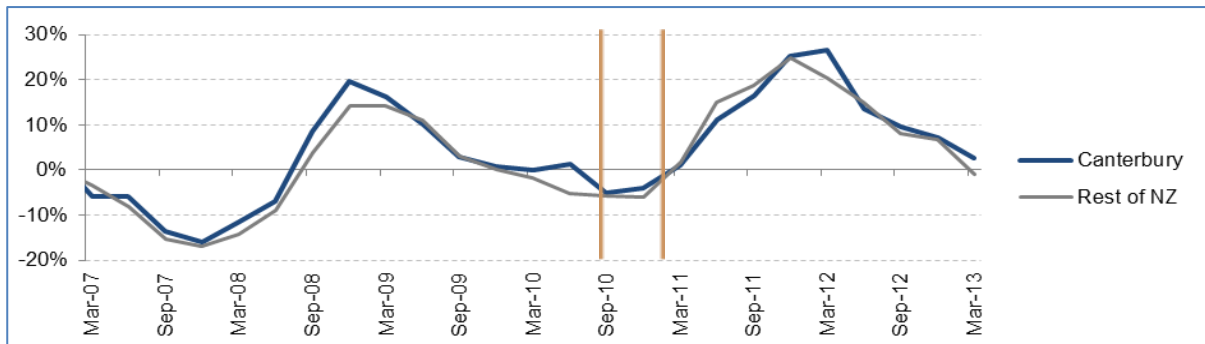
Analysis

Regional agriculture production continues to follow a New Zealand-wide trend of growth at reducing rates (figure 8).

Figures

8. Agriculture, forestry and fishing production

(change in real gross domestic product estimates compared with the same month of the previous year, measured quarterly)



Source: Infometrics and CERA (most recent data point: March 2013)

Manufacturing

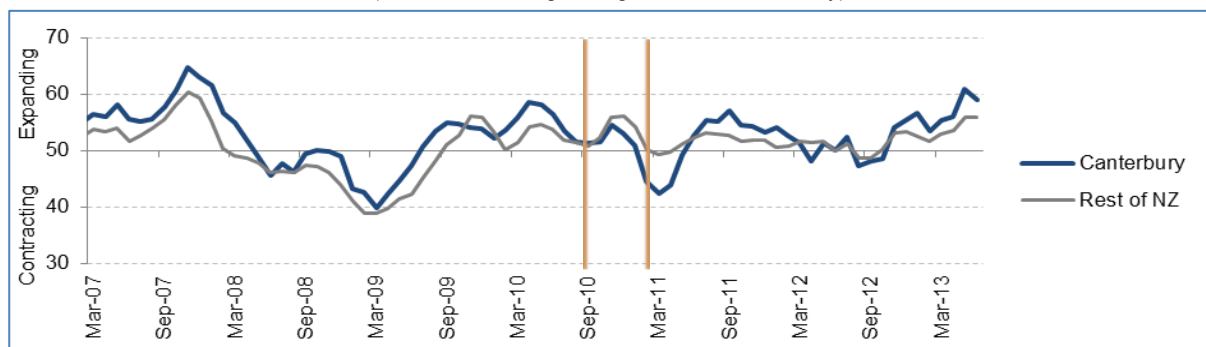
Analysis

The manufacturing sector in Canterbury has expanded every month for nearly a year according to the latest Business NZ Performance of Manufacturing Index (figure 9). Similar levels of growth are showing through in the domestic trading activity reported by Canterbury manufacturers and builders (figure 10).

Figures

9. Manufacturing index

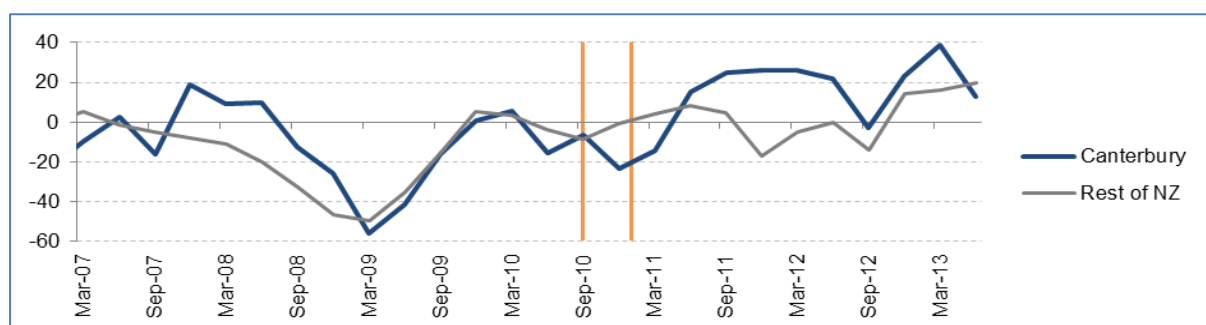
(three-month rolling averages, measured monthly)



Source: Business New Zealand and CERA (most recent data point: June 2013)

10. Domestic trading activity for manufacturers and builders

(net percentage of firms reporting that their trading activity went up in the last three months, measured quarterly)



Source: NZIER (most recent data point: June 2013)

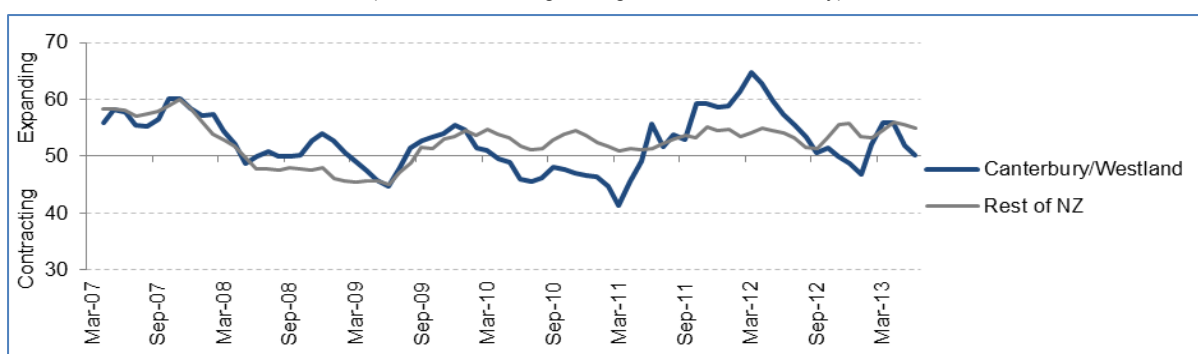
Services

Analysis

The Business NZ Performance of Services Index suggests that the rate of expansion in the Canterbury services industry has been decreasing over the first quarter of 2013 (figure 11). At the same time, the New Zealand Institute of Economic Research suggests that the domestic trading activity of Canterbury service firms continues to grow at higher rates than it does for service firms in the rest of the country (figure 12).

Figures

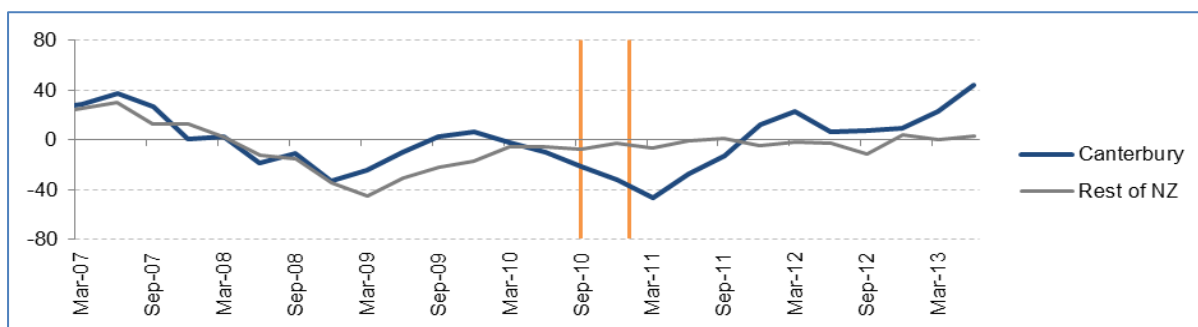
11. Services index
(three-month rolling averages, measured monthly)



Source: Business New Zealand (most recent data point: June 2013)

12. Domestic trading activity for service firms

(net percentage of firms reporting that their trading activity went up in the last three months, measured quarterly)



Source: NZIER (most recent data point: June 2013)

Tourism

Analysis

International guest nights continue to increase as more accommodation options become available (figure 13). Chinese visitors remain Canterbury's fastest-growing market; however, all measured markets have begun to increase over the past 12 months (figure 16). The Australian market in particular is expected to rally once Christchurch Airport's twice-weekly direct flights to Perth start in December 2013.

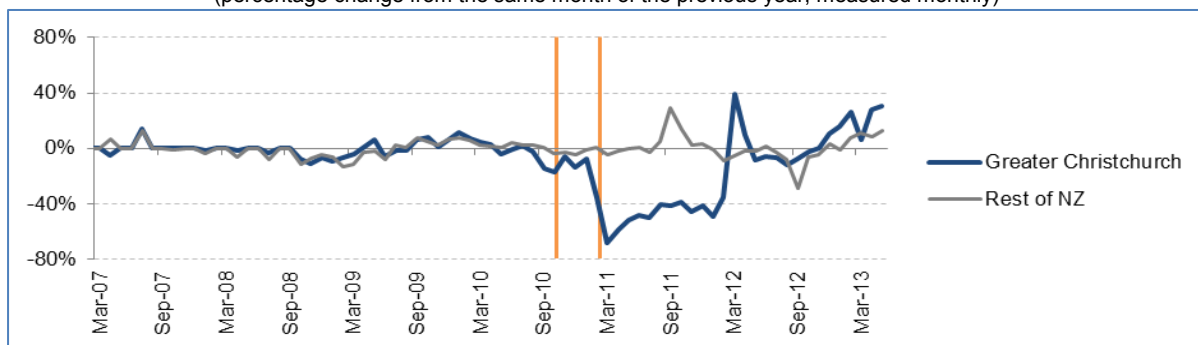
Cruise ship passengers visiting Akaroa are helping lift business confidence and fuelling interest in Canterbury as a destination, a new survey shows. Conducted by Lincoln University's Department of Social Science, Parks, Recreation, Tourism and Sport, the survey involved interviews with 433 cruise

ship passengers and a set of business stakeholders. The average spend of the passengers surveyed was \$129.26; for those who stayed in Akaroa it was \$117.90 per visitor and for those who visited locations outside Akaroa it was \$141.55.

Figures

13. International guest nights

(percentage change from the same month of the previous year, measured monthly)

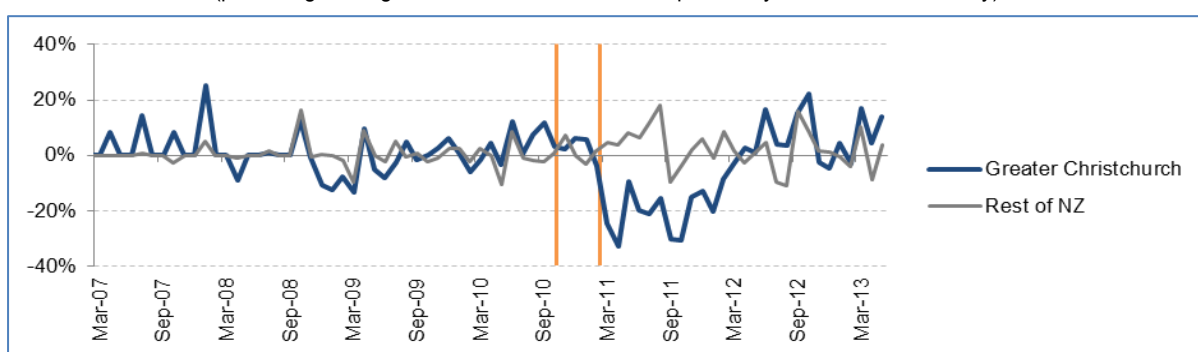


Interpretation notes: a guest night means one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report 30 guest nights.

Source: Statistics New Zealand (most recent data point: June 2013)

14. Domestic guest nights

(percentage change from the same month of the previous year, measured monthly)

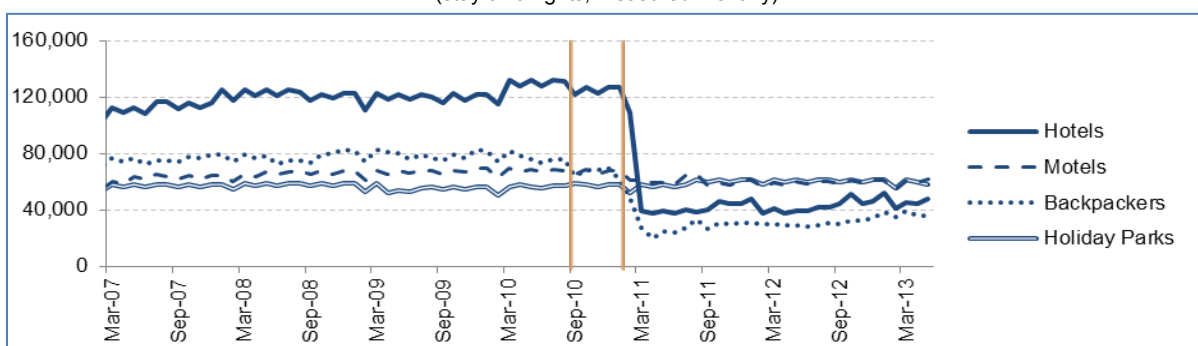


Interpretation notes: a guest night means one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report 30 guest nights.

Source: Statistics New Zealand (most recent data point: May 2013)

15. Capacity of accommodation establishments in Christchurch City

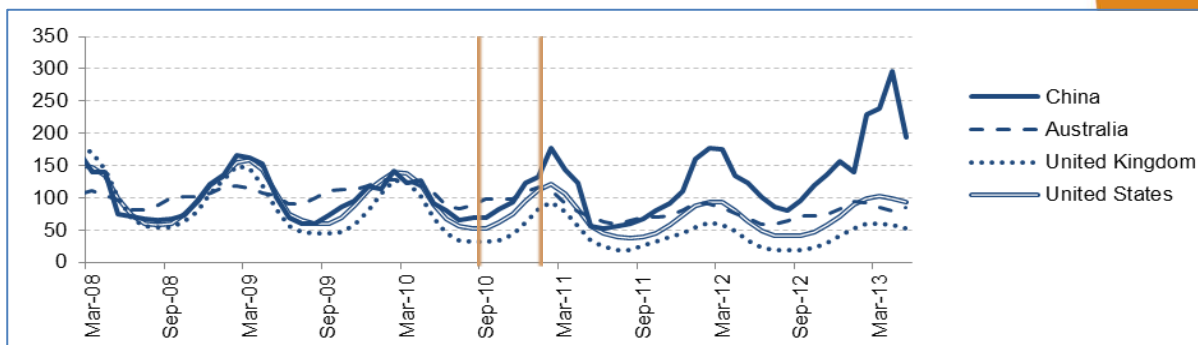
(stay unit nights, measured monthly)



Interpretation notes: a stay unit is a unit of accommodation that is available to be charged out to guests (such as a room in a hotel or motel, a bed in a backpacker establishment, or a site in a caravan park). Capacity is defined as one stay unit multiplied by one night. For example, 10 units in a motel available for guest use (whether occupied or not) for the full 31 days in July would have an accommodation capacity of 310 stay unit nights.

Source: Statistics New Zealand (most recent data point: May 2013)

16. Spending of international visitors to the Canterbury regional tourism area (indexed where 2008 = average and three-month rolling averages, measured monthly)



Source: Ministry of Business, Innovation and Employment (most recent data point: May 2013)

17. Status of major tourist attractions in greater Christchurch

Major attractions	Status
Air Force Museum	Open
Antarctic Centre	Open
Arts Centre	Closed
Art Gallery	Closed
Canterbury Museum	Partially open
ChristChurch Cathedral	Closed
Quake City (New)	Open
Ferrymead Historic Park	Open
Gondola	Open
Orana Park	Open
Punts	Open
Science Alive	Closed
Tramway	Closed
TranzAlpine Railway	Open
Willowbank	Open

Source: CERA (most recent update: May 2013)

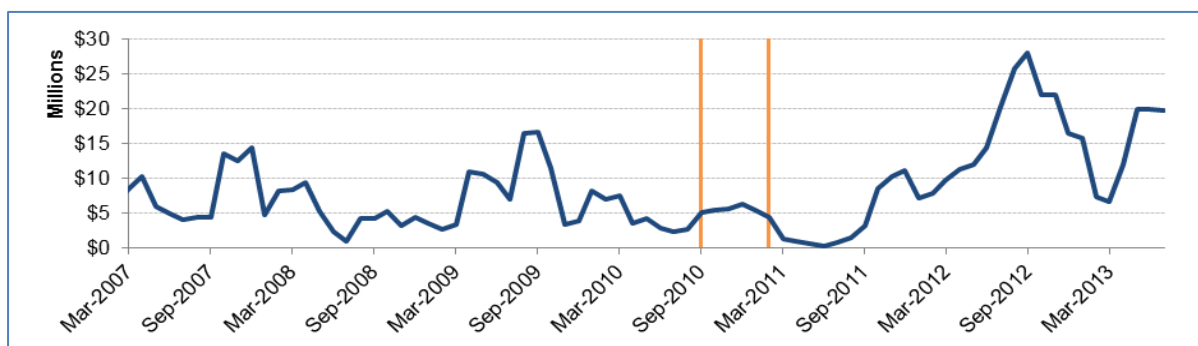
Central Christchurch

Analysis

The number of residential and non-residential building consents within Christchurch's central city remains high compared to pre-earthquake levels. This demonstrates not only a desire of residents and businesses to return to the central city but a strong commitment to the rebuild of central Christchurch. It is expected that there will be a boost of business confidence with the release of the timeframes for the expected delivery of the Convention Centre and other anchor projects.

Figures

18. Total building consents within the Christchurch CBD
(\$ million and three-month rolling averages, measured monthly)



Source: Statistics New Zealand and CERA (most recent data point: July 2013)

19. Employers returning to the Christchurch city downtown area

Employers that have already returned	Employers that have given at least a verbal commitment to the Canterbury Employers' Chamber of Commerce that they will return
<p>Alice in Videoland, ANZ, Ballantynes, Barkers, BNZ, Briscoes Homeware, C4 Coffee, Cassels & Sons Brewery Bar / CBD Bar, Canterbury Development Corporation, CERA, Christchurch City Council, Cosmic Corner, Crafted Coffee Company, Haines Attract, Hapa, Head Over Heels, Hot Damn!, Hummingbird, Hunters and Collectors, Ibis Hotel, Infinite Definite, Johnson's Grocery, Kathmandu, Kiwibank and NZ Post, Kooky, Lane Neave, Mimco, Minnie Cooper, New City Hotel, Nicholas Jermyn, Plush, Recover Canterbury, Rendezvous Hotel, Ruby, Scorpio Books, Storm, The Building Intelligence Group, The General Store, The Press, Toi Toi, Trelise Cooper, Westpac, Zoo Creative Design & Advertising</p>	<p>Aecom, Anderson Lloyd, Arrow, Canterbury Employers' Chamber of Commerce, Christchurch and Canterbury Tourism, Christchurch Memorial RSA, Craigs Investment Partners, Desktop Imaging Limited, Duncan Cotterill, Fox and Associates, Hairy Lemon & the I.T. Team, Hargreaves and Felton Ltd, Immigration NZ, Innovative Travel, Interflora Pacific Unit Limited, The Lanolin Trading Company, Leighs Construction, SBS Bank, The Court Theatre, Winnie Bagoes, Wynn Williams</p>
<p>Note: this is an <u>indicative list only</u> of the employers of which the Canterbury Employers' Chamber of Commerce is aware. If you would like your business to be included in this list, please contact Anne McKee at anem@cecc.org.nz. Please also note that this list is based on a verbal commitment only and any use of this information would need to be on this basis.</p>	

Source: Canterbury Employers' Chamber of Commerce (last updated: May 2013)

Rebuilding and confidence

Investment and innovation

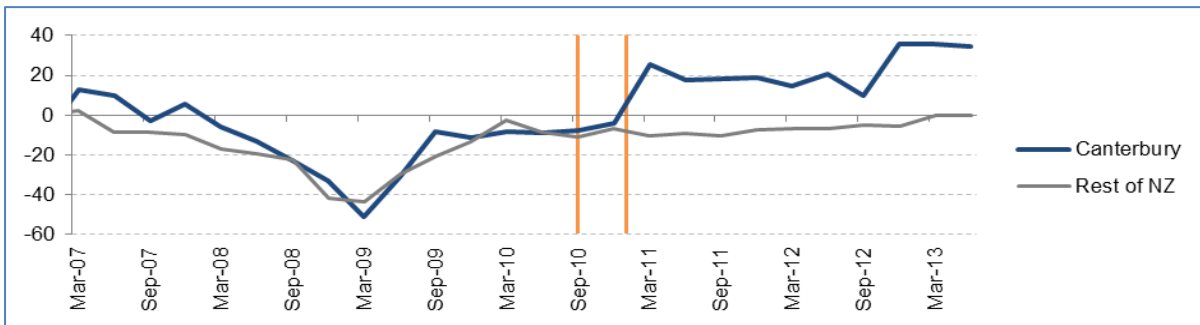
Analysis

Commercial property investors remain significantly more optimistic about greater Christchurch than they are about the rest of New Zealand (figure 22). In fact, greater Christchurch has attracted the greatest investor confidence in this sector every quarter since 2011.

Figures

20. Investment intentions – buildings

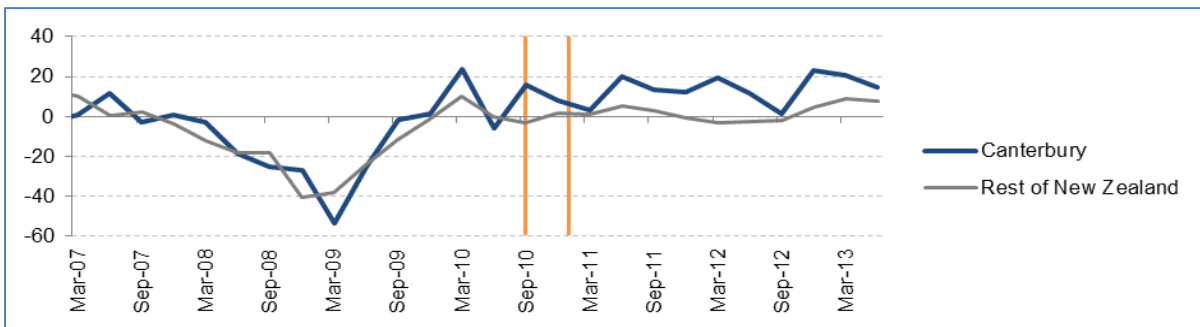
(net percentage of firms expecting more new investment approvals over the next 12 months compared with the last, measured quarterly)



Source: NZIER (most recent data point: June 2013)

21. Investment intentions – plant and machinery

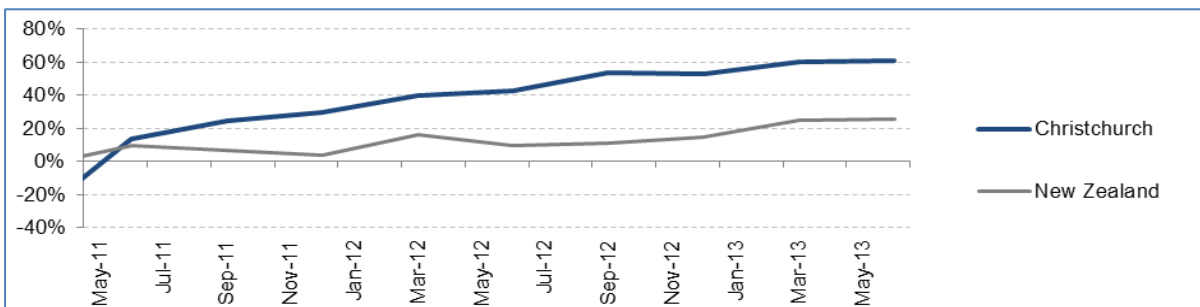
(net percentage of firms expecting more new investment approvals over the next 12 months compared with the last, measured quarterly)



Source: NZIER (most recent data point: June 2013)

22. Confidence of commercial property investors

(net percentage of respondents who are optimistic about the relevant commercial market, measured quarterly)



Source: Colliers International (most recent data point: June 2013)

Construction

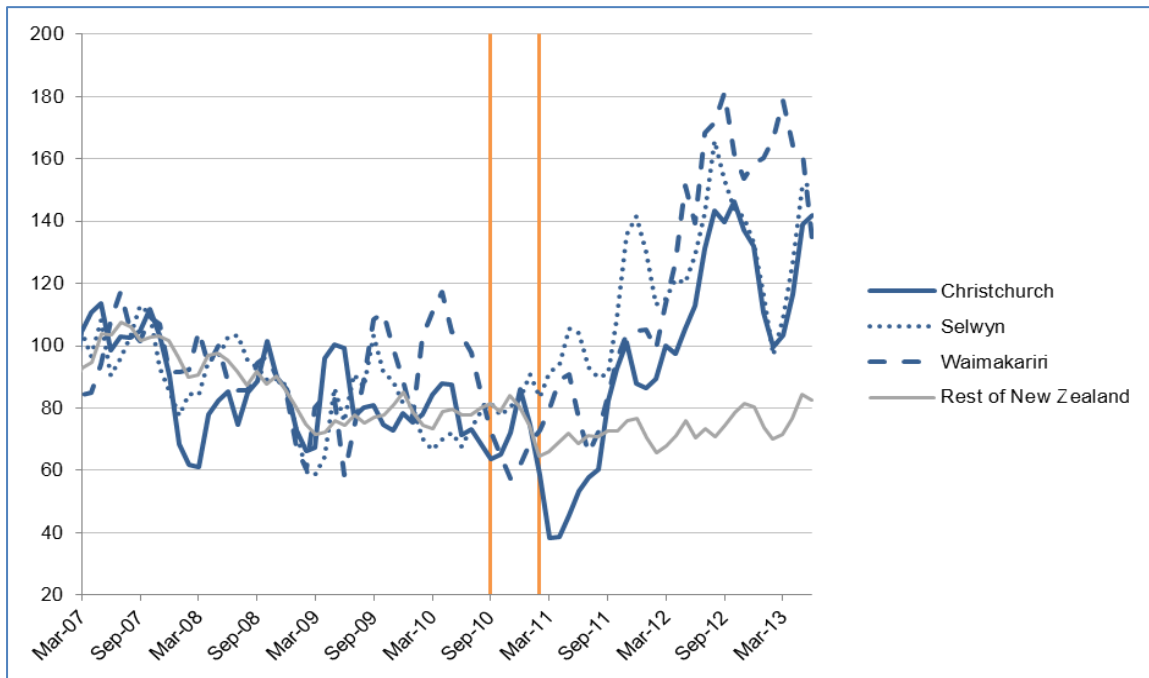
Analysis

The number of building consents issued for Christchurch City and Selwyn District remain high over the last quarter (figure 23). Building activity is still growing (figure 24). The work of the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) continues to progress (figure 25).

Figures

23. CERA's Index of Building Consents

(three-month rolling averages of residential and non-residential building consents for new buildings and alterations, indexed where 2007 = 100, measured monthly)

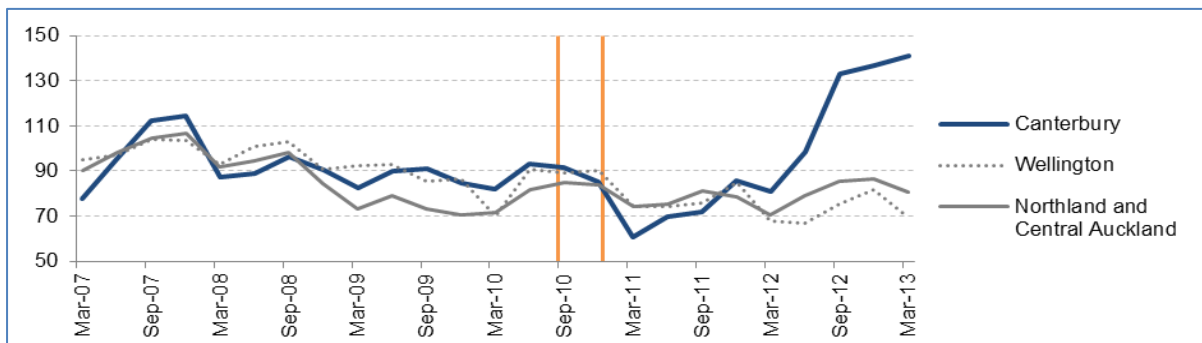


Interpretation notes: the index measures consents for new buildings by value and floor area, while measuring the consents for alterations by value and number.

Source: CERA (most recent data point: June 2013)

24. Building activity

(indexed where 2007 = 100, measured quarterly)

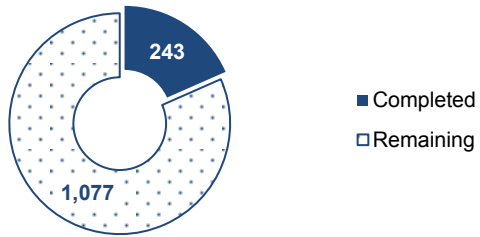


Interpretation notes: the dataset for this figure is from the Statistics New Zealand Value of Building Work Put in Place Series.

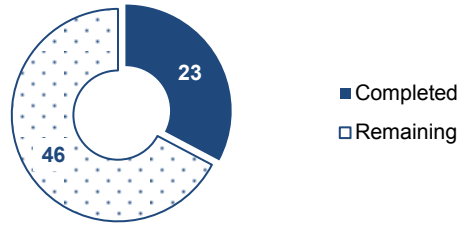
Source: Statistics New Zealand (most recent data point: March 2013)

25. Stronger Christchurch Infrastructure Rebuild Team progress statistics

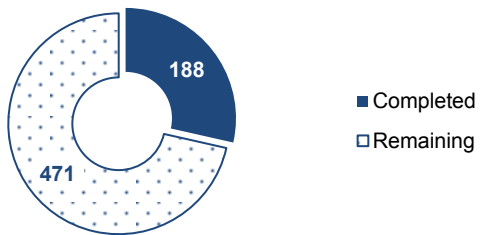
Roading (thousands of square metres)



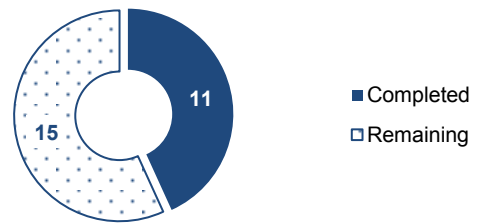
Water supply reticulation (kilometres)



Wastewater reticulation (kilometres)



Stormwater reticulation (kilometres)



Source: SCIRT (as at June 2013)

Housing

Analysis

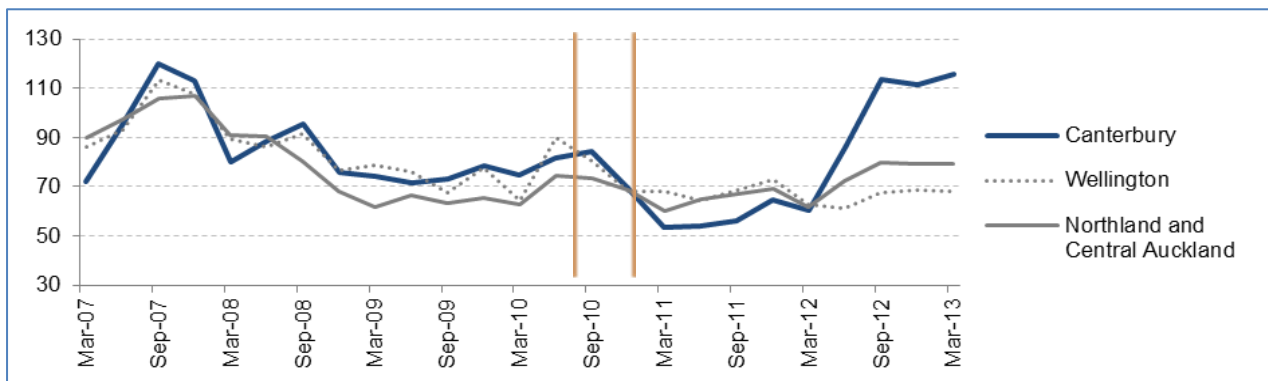
The number of residential buildings being constructed in Canterbury is still growing (figure 26). House prices have risen (figure 27), while the number of house sales (figure 28) and the length of time to sell a house (figure 29) in Canterbury have dropped in the last quarter. These trends are consistent with the reduction in the supply of properties currently on the market (figure 30) and in new property listings (figure 31).

Figures

26. Building activity of residential buildings

(indexed where 2007 = 100, measured quarterly)

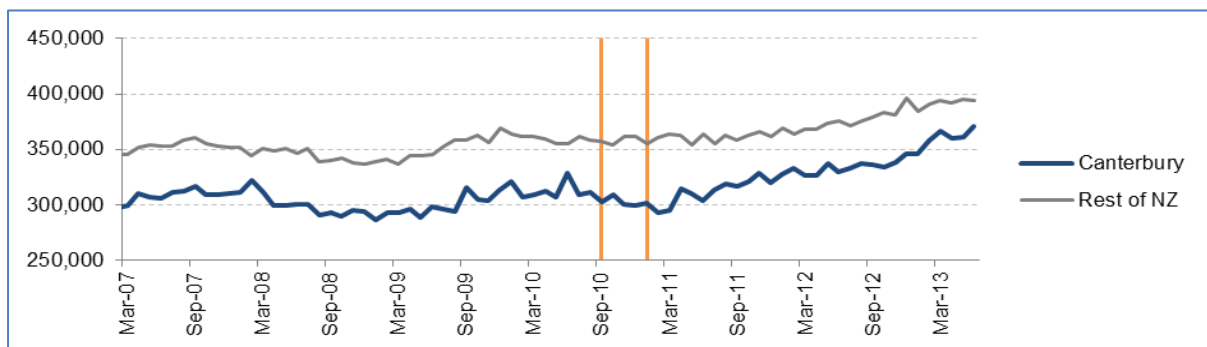
Interpretation notes: the dataset for this figure is from the Statistics New Zealand Value of Building Work Put in Place series.



Source: Statistics New Zealand (most recent data point: March 2013)

27. House prices

(median sale prices seasonally adjusted, measured monthly)

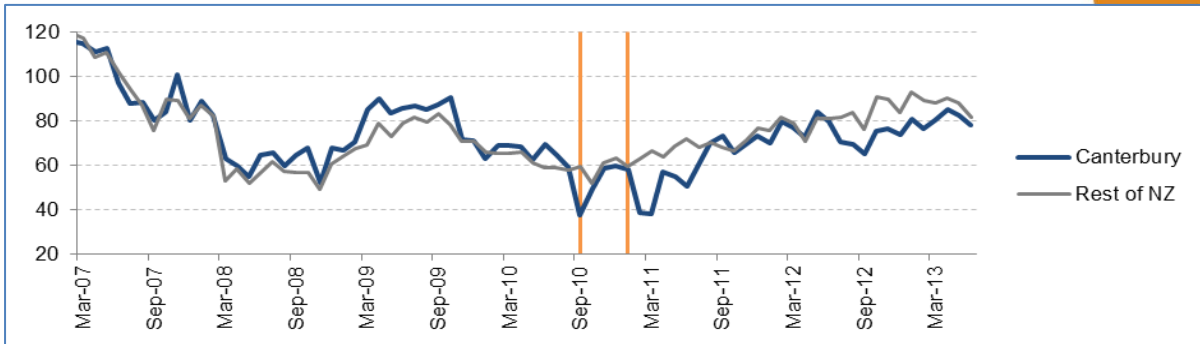


Source: Real Estate Institute of New Zealand and NZIER (most recent data point: June 2013)



28. House sales

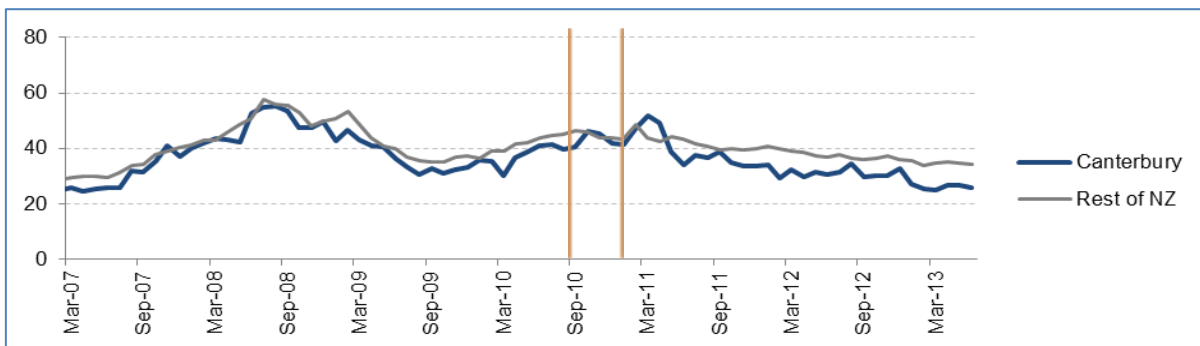
(indexed where 2007 = 100 and seasonally adjusted, measured monthly)



Source: Real Estate Institute of New Zealand and NZIER (most recent data point: June 2013)

29. Days to sell a house

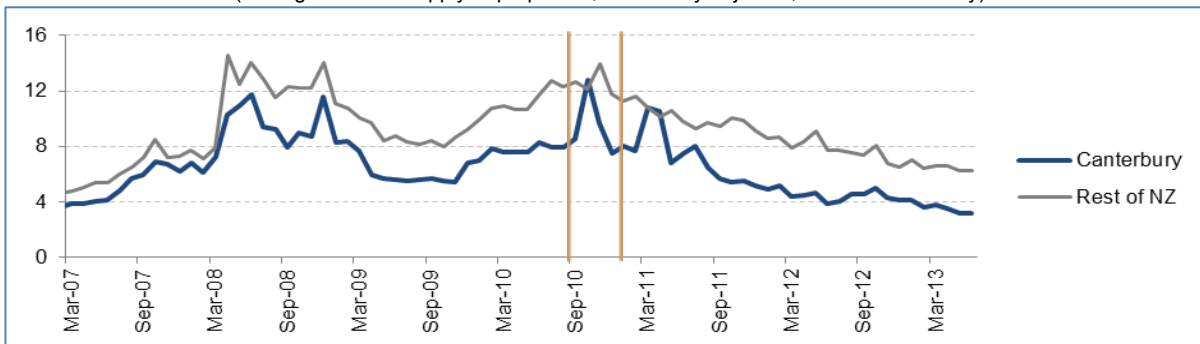
(seasonally adjusted, measured monthly)



Source: Real Estate Institute of New Zealand and NZIER (most recent data point: June 2013)

30. Supply of properties on the market

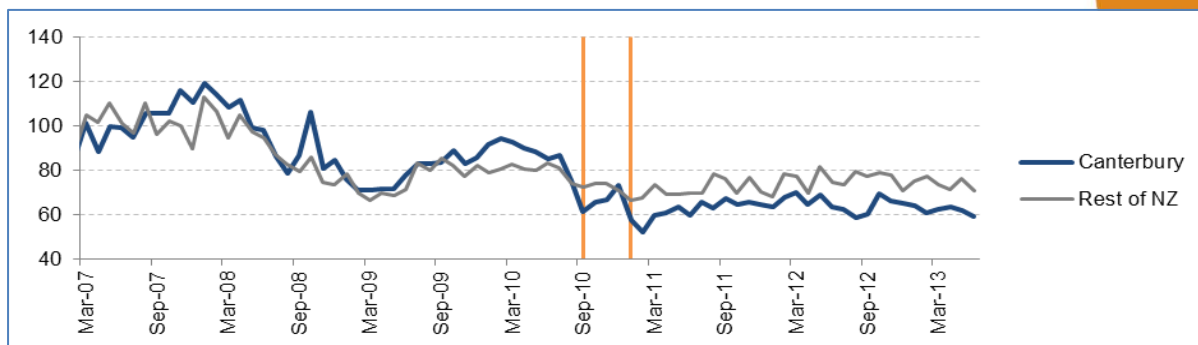
(average month's supply of properties, seasonally adjusted, measured monthly)



Source: realestate.co.nz (most recent data point: June 2013)

31. New property listings

(indexed where 2007 = 100 and seasonally adjusted, measured monthly)



Source: realestate.co.nz (most recent data point: June 2013)

Insurance

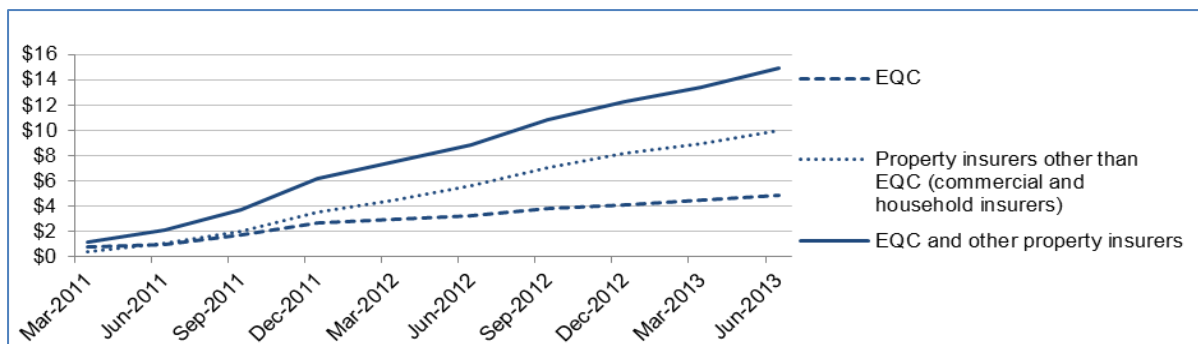
Analysis

EQC and other property insurers had paid out \$14.9 billion of insurance claims as at 30 June 2013 (figure 32). In addition, Statistics New Zealand estimates that total international reinsurance claims from all of the Canterbury earthquakes are now at \$18.6 billion, an upwards revision of \$0.7 billion from previously published estimates. At 31 March 2013, a total of \$9.2 billion of these claims had been settled with overseas reinsurers, leaving \$9.5 billion of claims outstanding.

Figures

32. Cumulative insurance payments paid out by the EQC and other property insurers

(\$ billion, measured quarterly)



Interpretation notes: the earthquake claim payment data collected by the Reserve Bank of New Zealand (RBNZ) insurance team is for all property insurers affected by the earthquakes excluding reinsurers, Lloyd's, London Market and other offshore insurers not active in New Zealand. Infrastructure insurers Civic and LAPP are included, as is Southern Response Earthquake Services (former AMI). EQC is not supervised by RBNZ and does not participate in the survey. The data for insurers other than EQC exclude EQC coinsurance payments and may differ from claims payment information from other sources due to definitions, exchange rate impacts, or timing differences. The data are provided as is (e.g., there are no sign-off or audit requirements in respect of these figures).

Source: EQC and Reserve Bank of New Zealand (most recent data point: June 2013)

Spending and prices

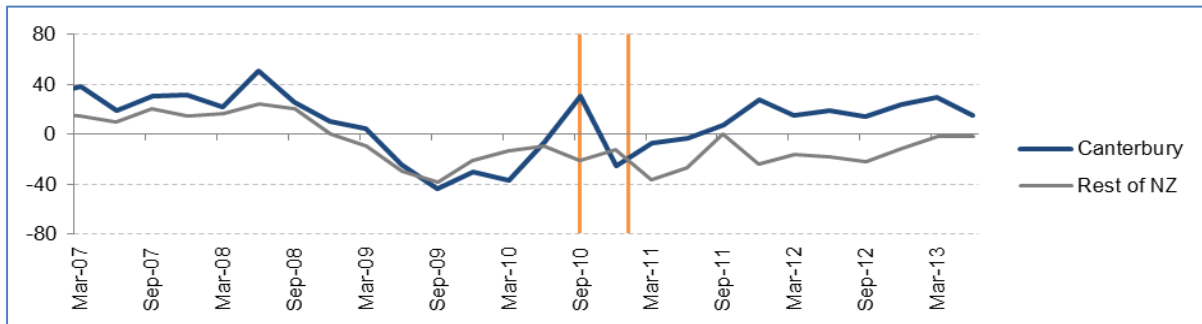
Analysis

The rate of growth in construction prices may have fallen slightly (figure 33). However, Canterbury firms generally (figure 34), and Canterbury manufacturing and building firms in particular (figure 35), continue to face capacity constraints.

Figures

33. Construction prices

(net percentage of building firms reporting that they raised prices in the past three months)

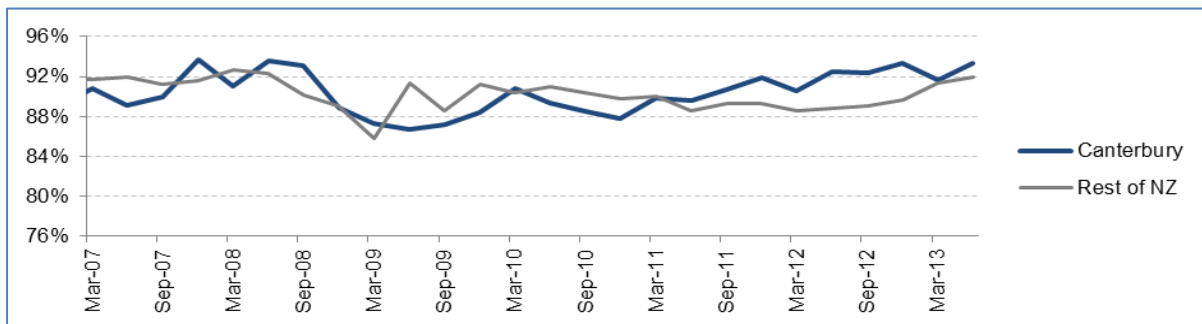


Source: NZIER (most recent data point: June 2013)

Interpretation notes: negative values show the net percentage of firms that reduced prices. Respondents were asked to exclude seasonal variations.

34. Capacity utilisation in manufacturing and building sectors

(median percentage capacity utilisation rate of manufacturer and builder respondents, measured quarterly)



Source: NZIER (most recent data point: June 2013)

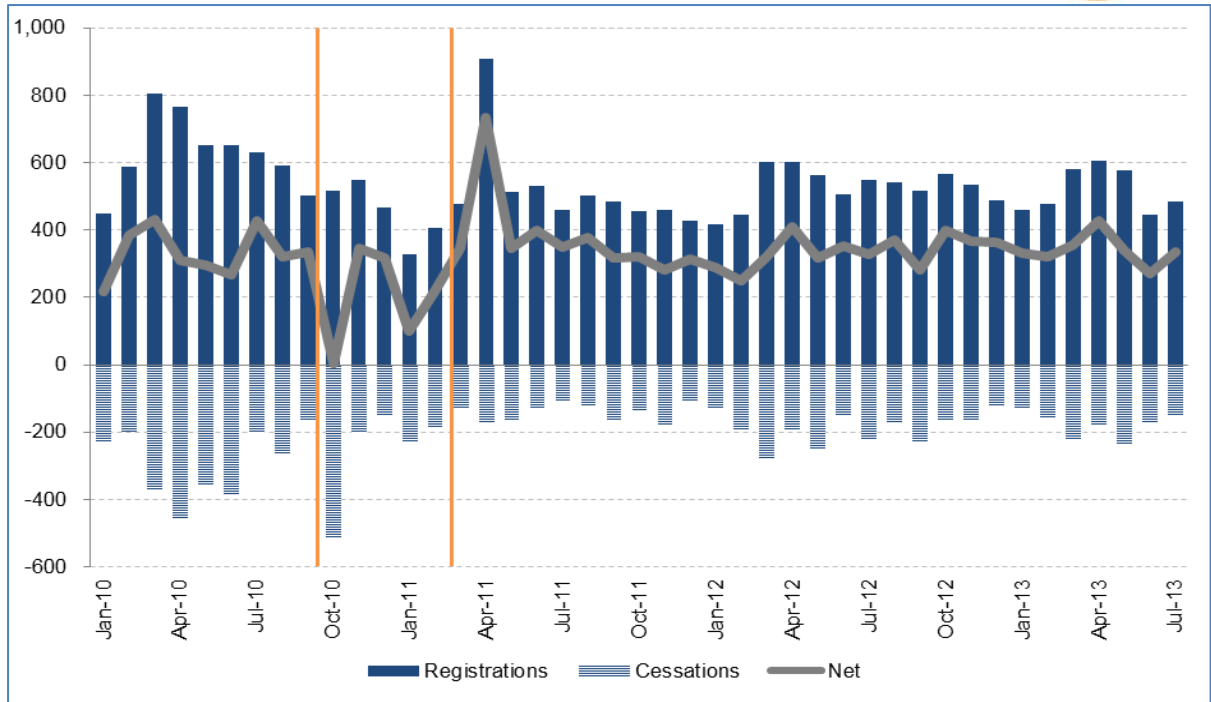
Business environment

Analysis

Approximately 15,000 new companies have registered in Canterbury since September 2010, according to the latest figures from Inland Revenue (figure 35). At the same time, after positive net internal migration of businesses in April, the numbers have slipped back into the negatives in the last quarter (figure 36). In other words, more businesses are migrating out of Canterbury to elsewhere in New Zealand than arriving into the region.

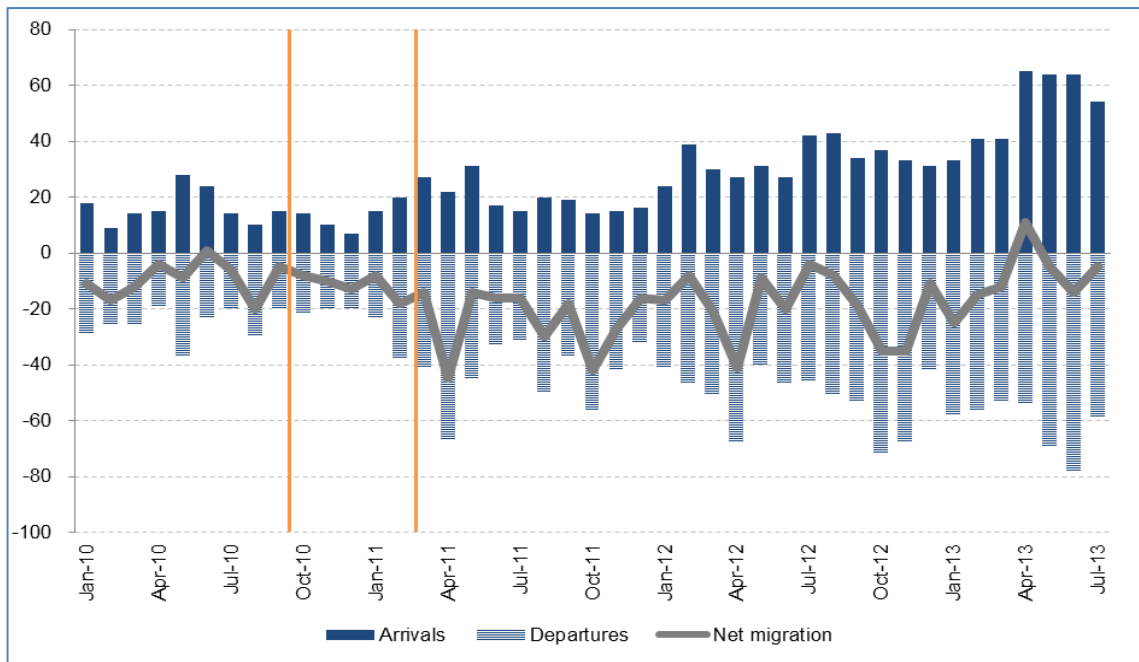
Figures

35. Registrations and cessations of businesses in Canterbury



Source: Inland Revenue (most recent data point: July 2013)

36. Business migration into Canterbury



Source: Inland Revenue (most recent data point: July 2013)

Population and labour market

Population

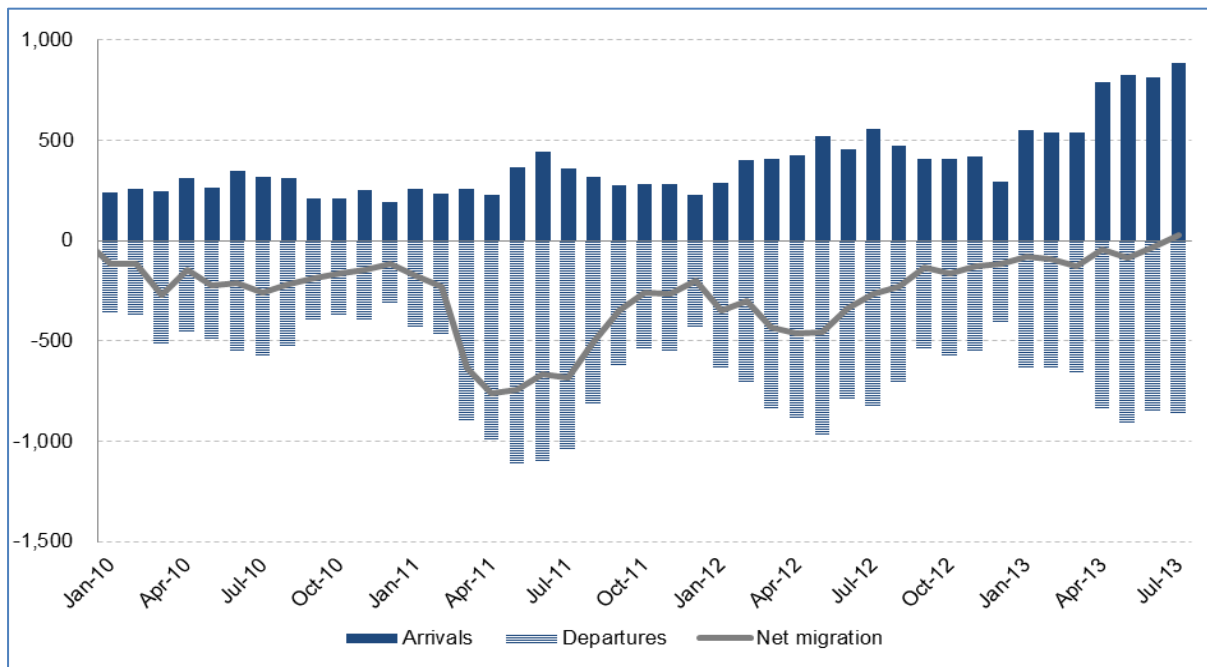
Analysis

Net internal migration levels continue to improve with more taxpayers entering Canterbury from elsewhere in New Zealand than leaving the region in July (figure 37). Another positive trend is that permanent and long-term international migration into greater Christchurch has increased (figure 38).

Figures

37. Migration of registered individual taxpayers into and from Canterbury

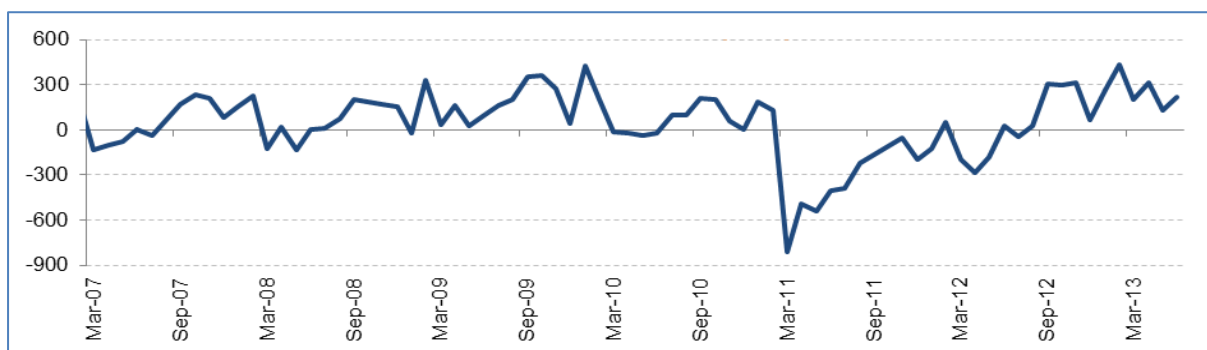
(number of registered individual taxpayers arriving in Canterbury and number of registered individual taxpayers leaving Canterbury)



Source: Inland Revenue (most recent data point: July 2013)

38. Net permanent and long-term international migration into greater Christchurch

(measured monthly)



Source: Statistics New Zealand (most recent data point: June 2013)

Employment

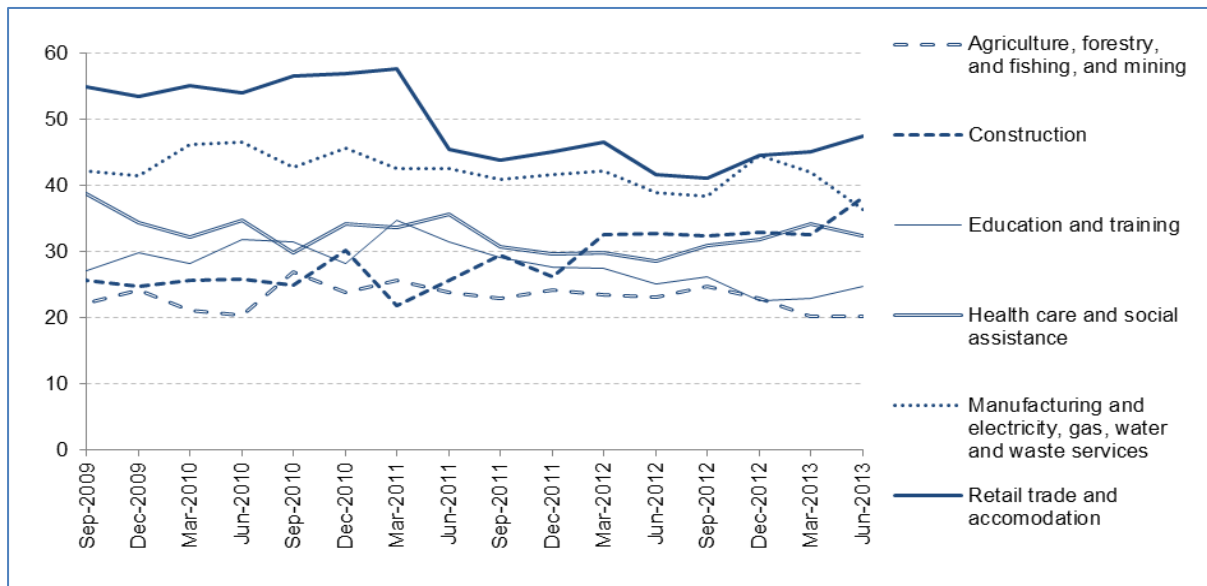
Analysis

Vacancies for skilled jobs advertised online in Canterbury remain significantly higher than in the rest of New Zealand (figure 40). In addition, firms are still reporting difficulties in finding skilled (figure 41) and unskilled (figure 42) labour. The Canterbury Development Corporation reports that Collaborate Canterbury, which has had more than 750 companies registered on its website, has made more than 220 matches between companies looking for skills and resources and individuals offering them.

Figures

39. Employee numbers by industry in Canterbury

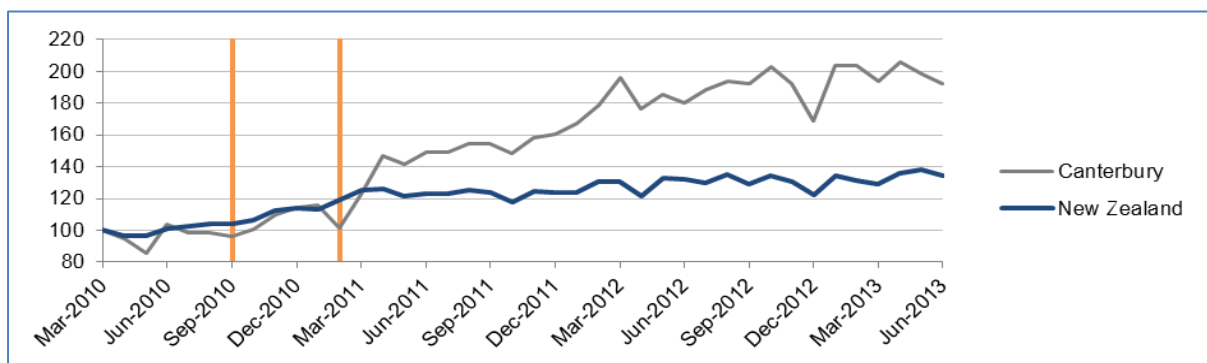
(thousands, measured quarterly)



Source: Statistics New Zealand (most recent data point: June 2013)

40. Skilled vacancies index of jobs advertised online

(seasonally adjusted, March 2010 = 100)



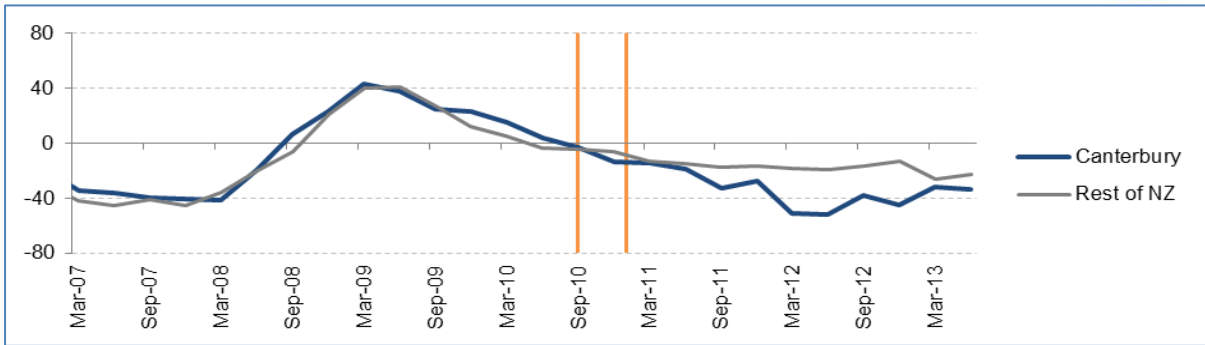
Interpretation notes: a rising index suggests that the labour market is tightening (due to either an increase in labour demand or a fall-off in labour supply) while a falling index indicates that the job market is softening.

Source: Ministry of Business, Innovation and Employment (most recent data point: June 2013)



41. Ease of finding skilled labour

(net percentage of firms reporting that it was easier to find skilled or specialist labour today compared with three months ago, measured quarterly)

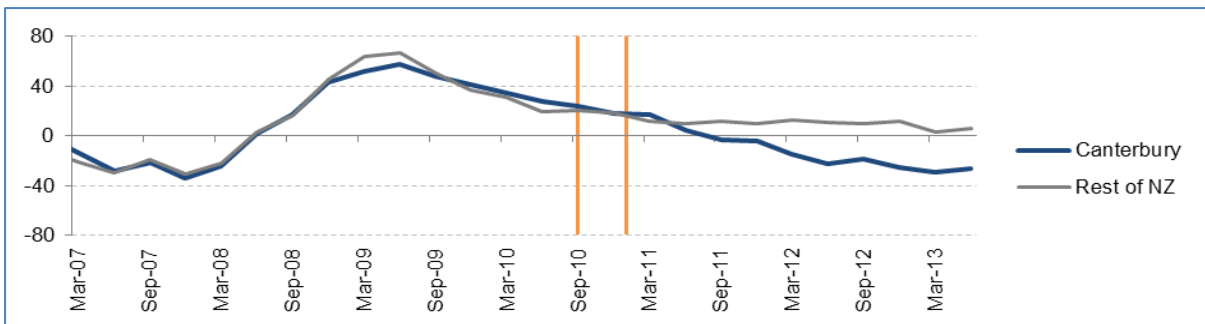


Source: NZIER (most recent data point: June 2013)

Interpretation notes: negative values show the net percentage of firms that reported it was more difficult to find skilled or specialist labour today compared with three months ago.

42. Ease of finding unskilled labour

(net percentage of firms reporting that it was easier to find unskilled or semi-skilled labour today compared with three months ago, measured quarterly)



Source: NZIER (most recent data point: June 2013)

Interpretation notes: negative values show the net percentage of firms that reported it was more difficult.

Glossary

Abbreviations

CERA	Canterbury Earthquake Recovery Authority
EQC	Earthquake Commission
NZIER	New Zealand Institute of Economic Research
RBNZ	Reserve Bank of New Zealand
SCIRT	Stronger Christchurch Infrastructure Rebuild Team

Regions

Canterbury means the area governed by Environment Canterbury, which includes the territorial authorities of Christchurch City, Selwyn District, Waimakariri District, Kaikoura District, Hurunui District, Timaru District, Mackenzie District, Waimate District, Ashburton District and part of Waitaki District.

Canterbury/Westland includes the area governed by the territorial authorities of Christchurch City, Selwyn District, Waimakariri District, Timaru District, Mackenzie District, Waimate District and Ashburton District as well as the territorial authorities on the West Coast of the South Island.

CBD means the central business district as defined by the Canterbury Earthquake Recovery Act 2011 which means “the area bounded by (a) the 4 avenues that are Bealey Avenue, Fitzgerald Avenue, Moorhouse Avenue, and Deans Avenue; and (b) Harper Avenue”.

Christchurch means the area governed by the Christchurch City Council.

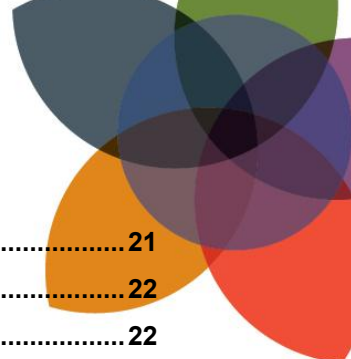
Canterbury regional tourism organisation area means the Ashburton District, Christchurch City, Kaikoura District, Selwyn District, Waimakariri District and Waimate District.

Greater Christchurch means the area governed by the three territorial authorities of Christchurch City, Selwyn District and Waimakariri District.

Wider Christchurch includes Christchurch City, Banks Peninsula, Waipara, Hanmer Springs and Arthur’s Pass, but excludes Ashburton and Kaikoura.

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