



# Monthly Insights Brief

March 2024

On-the-pulse analysis delivered monthly, providing insight into the Christchurch & Canterbury economies.





## Confidence & Sentiment

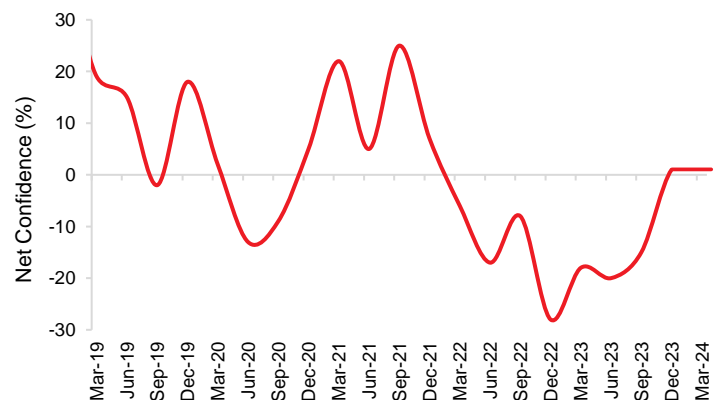
### Business Canterbury- Quarterly Business Survey (March 2024)

- Business Canterbury's quarterly [survey](#) of local businesses in March found that business confidence in Canterbury is at generally positive levels.
- 47 percent of businesses expect the Canterbury economy to be stronger in a year, above the long-term average of 30 percent. 51 percent of businesses are still positive about their financial performance over the next year. While this was down from 59 percent in the previous quarter, it was also above the long-term average of 45 percent.
- Confidence about the strength of the regional economy was highest among businesses in the retail, tourism & hospitality sector, with 55 percent expecting Canterbury's economy to be stronger in a year's time. This was followed by civil & construction, and professional services firms (both at 53%). Hiring intentions were highest among software & technology support firms, with 73% expecting to hire new staff in the next twelve months. This was followed by primary industries (71%) and civil & construction businesses (69%).
- Although sentiment was generally positive, the impact of rising costs and softening consumer demand were also pointed to as key concerns for business. 71 percent of businesses still expect costs to rise over the next year, and 52% of firms ranked consumer confidence and demand as one of their top three concerns. However, 79 percent of firms were confident in their ability to deal with disruption.

### Westpac- Regional Confidence (Q1 2024)

- According to [regional insights](#) from Westpac for Q1 2024, Canterbury's economy is holding up better than many other parts of the country although businesses are still finding conditions tough. On the positive side, international tourism has continued to provide a boost to the local economy (particularly in the hospitality sector) and reductions in labour shortages mean that it's become easier for businesses to fill less specialised roles. However, challenges still exist around recruiting staff with specialised skills. Pressure on margins is also continuing to increase with rising operating costs.
- Consumer confidence (i.e. the way that households feel about their personal financial situation, and the state of the economy more generally) continued to sit at net pessimistic levels both regionally and nationally during Q1 2024. In Canterbury, consumer confidence has increased from the levels recorded during the first three quarters of 2023, but had decreased slightly compared to Q4 2023.
- Regional economic confidence was sitting at more balanced levels. Regional economic confidence reflects how households feel about the economic outlook within their home region specifically. Q1 2024 results show that Canterbury's regional economic confidence has improved significantly in recent quarters compared to that of mid-2023, and has remained flat since Q4 last year when sentiment turned net positive for the first time in two years.

Regional economic confidence, Canterbury





## International Migration & Rental Inflation

- Just over 15,800 people moved to Canterbury from overseas during the year to January 2024. 72% of these arrivals moved to within Christchurch and 85% to within Greater Christchurch (Christchurch, Selwyn & Waimakariri).
- Canterbury received around 9 percent of migrant arrivals in New Zealand in the year to January 2024, with the country receiving over 185,000 migrant arrivals over the last year. The net gain to New Zealand's population from these numbers (arrivals minus outward migration) is currently estimated at almost 134,000. This migration gain is approximately the same size as the current population of Dunedin City.

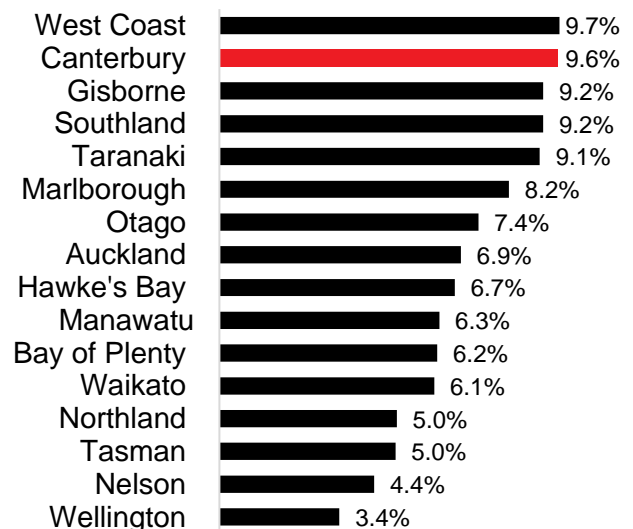
Region	Migrant arrivals	National share
Auckland	91,145	49%
Canterbury	15,840	9%
Wellington	12,475	7%
Waikato	12,295	7%

- Migration inflows tend to be concentrated in the major centres, with their stronger employment and amenity offerings acting as pull-factors for those relocating to New Zealand from overseas. Auckland received the lion's share of international migrant arrivals over the last year at 49 percent, followed by Canterbury (9%) and the Wellington and Waikato regions at 7 percent each.

- Rental prices have been pushing upward over the last year, both locally and nationally. Median weekly rents rose by around 6 percent on average across New Zealand over the twelve months to January, and the rate of growth has sped up in more recent months. Accelerating growth in rental prices points to housing supply that is not keeping up with demand, particularly when this is occurring at a time of subdued investor activity. [Recent estimates](#) from Infometrics put the number of homes needed to accommodate new migrant arrivals at over 48,000. The demand effect of strong immigration-driven population growth on rental inflation was also noted in the Reserve Bank's Monetary Policy Statement in February.

- Rental growth has varied across New Zealand over the year to January. By region, Canterbury recorded the second strongest increase in median rental prices, both proportionally (up 9.6 percent on average from the previous year) and in real terms (up \$45 per week on average). Rental growth in Canterbury has also outpaced that of the other migration hotspot regions, with rental prices recording average increases of 6.9 percent in Auckland, 3.4 percent in Wellington, and 6.1 percent in the Waikato. Although Canterbury has recorded higher rates of rental inflation over the last year, median rents remain below that of Auckland and Wellington, and around the same level as the Waikato. Canterbury's comparatively lower rental costs also mean that the capacity for growth has been higher than other regions- affordability constraints have limited the pace of growth to a greater extent in places like Auckland and Wellington where rents have historically sat at a higher baseline. But as Canterbury rents grow at a faster rate than other parts of the country, this gap is getting smaller.

**Average annual rental price growth by region**  
Year to Jan. 2024



Data source: Tenancy Services



## Regional GDP

- Regional GDP figures are released by Statistics NZ on an annual basis, with a two-year delay. Although there is a significant lag, these figures do provide an indication of how the contribution of different industries to regional GDP have changed over time. In the year to March 2022, Canterbury's regional GDP output increased 9.2 percent from the previous year (vs 9.3% nationally). This followed a -0.6 percent contraction in GDP in the year to March 2021 due to COVID-related impacts on economic activity.
- In the year to March 2022, Canterbury's five largest industries (in GDP terms) were manufacturing, construction, professional services, agriculture, and healthcare & social assistance. These were also the five largest sectors in 2021, although growth in the agricultural sector saw this industry move from fifth to fourth place in 2022, surpassing healthcare & social assistance.

The industries that recorded the largest annual increases in GDP output in Canterbury over the year to March 2022 were:

- utilities services\* (up 21.4%)
- wholesale trade (up 20.7%)
- accommodation and food services (up 20.1%)
- financial & insurance services (up 18.3%)
- admin. & support services (up 16.0%)

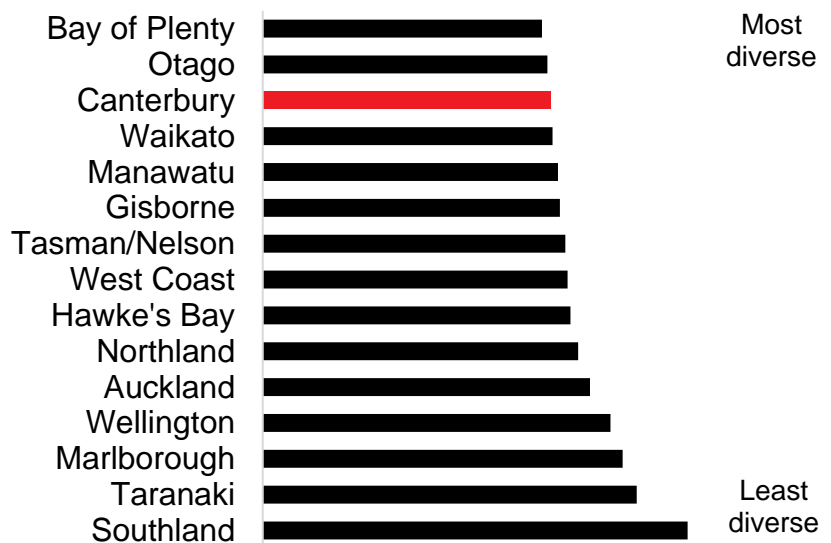
The strong expansions in utilities services, accommodation & food services, and admin. & support services followed contractions in 2021. The only industry to register a decline in GDP output in 2022 was manufacturing, which contracted by -1.8 percent.

- Strong growth in wholesale trade saw this sector increase its contribution to regional GDP the most of any industry, increasing its share of regional output by 0.5 percentage points. Agriculture, utilities services, and financial & insurance services each increased their share of regional GDP by 0.3 percentage points, and professional services and accommodation & food services by 0.2 percentage points each. The largest shrinkages in terms of contribution to regional GDP took place in manufacturing (down 1 percentage point from 2021), construction (down 0.3 percentage points) and healthcare (down 0.2 percentage points).

- These shifts in industry contributions to output resulted in an increase in economic diversification within Canterbury. Growth in smaller industries means that GDP output was spread more evenly across a range of sectors, rather than being highly concentrated in a few larger sectors. This also meant that Canterbury moved from being the fourth most diverse regional economy in New Zealand in 2021, to the third most diverse in 2022.

\*Utilities services= electricity, gas, water & waste services

### Economic diversity by region (2022)



Data source: Statistics NZ, CNZ

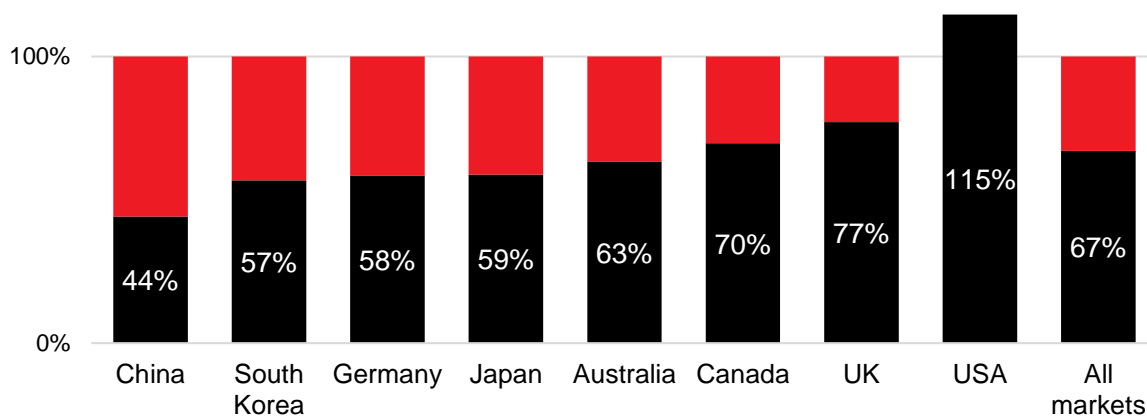


## International Visitation (January & February 2024)

### International visitor arrivals (January 2024)

- There were just over 41,400 international visitor arrivals at Christchurch Airport during January 2024. This was a 39 percent increase from January 2023, and was equivalent to 67% of pre-COVID arrival numbers (January 2019).
- Seat capacity on international flights into Christchurch (which can also be understood as the maximum recovery in arrival numbers we could expect to see given the seats/flights available) sat at 82 percent of 2019 levels during the same period. Arrivals at Christchurch Airport made up 12.7 percent of international visitor arrivals in New Zealand during January 2024, up from 11.1 percent during January 2023.
- Monthly arrivals were below pre-COVID levels across all major markets except for the United States, with arrivals from the US up 15 percent from pre-COVID levels during January. Arrivals from China were at just 44 percent of 2019 levels, although Chinese arrivals have climbed steadily over the last three months following the very low levels recorded over most of 2023.

### Visitor arrivals vs pre-COVID levels, Christchurch (Jan 2024)



Data source: Statistics NZ

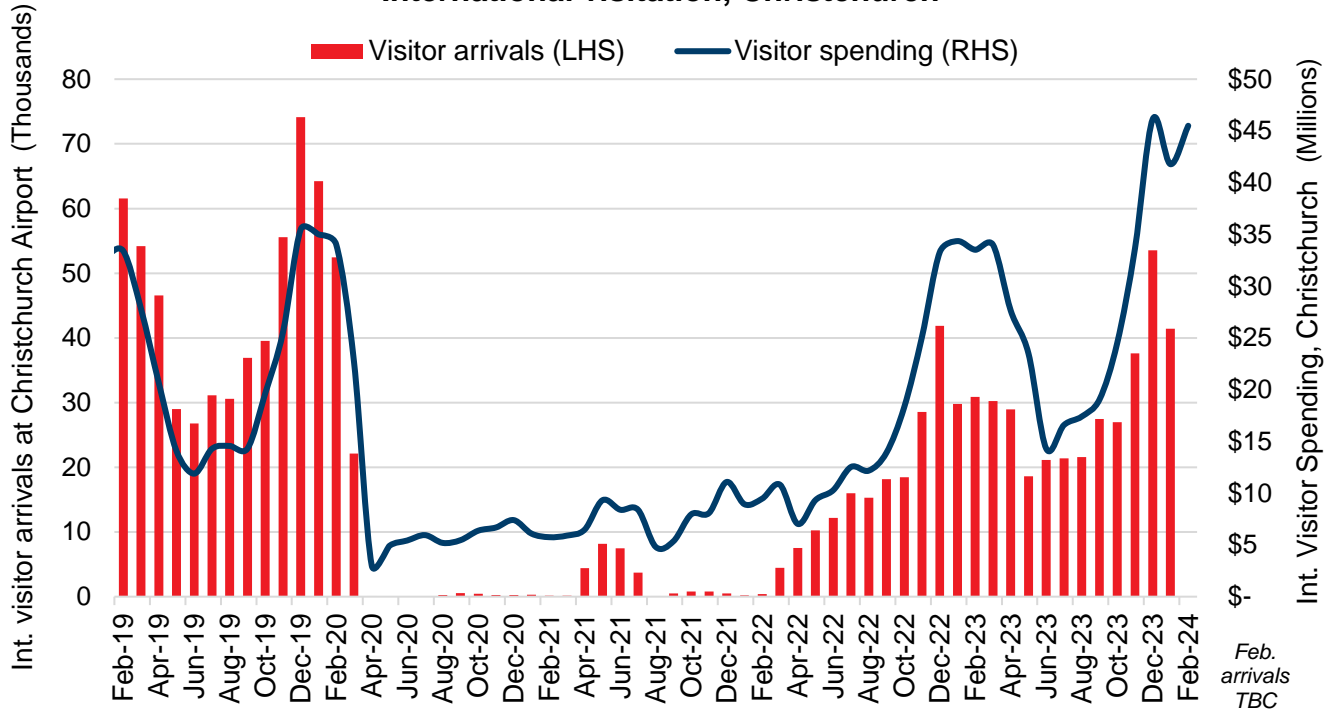
### Cruise (February 2024)

- 30 cruise ships carrying approximately 41,000 passengers visited Christchurch ports during February 2024. 27 of these cruise ships (carrying around 37,600 passengers) visited Lyttelton port, while the remaining three ships (carrying around 1,400 passengers) visited Akaroa.

### International Visitor Spending (February 2024)

- In-store international visitor spending in Christchurch City increased to \$45.5 million during February 2024. This was the second highest level of monthly international visitor spend recorded in Christchurch, following the new record high of \$46.1 million reached in December 2023. Spending in Christchurch made up 8.5 percent of international visitor spending in New Zealand during February.
- International visitor spending in Christchurch was 35.7 percent or \$12 million higher than that of February last year. The largest annual lifts in spending were by visitors from the USA (up \$7.5 million); Africa & the Middle East (up \$3.1 million) and China (up \$2.3 million).

## International visitation, Christchurch

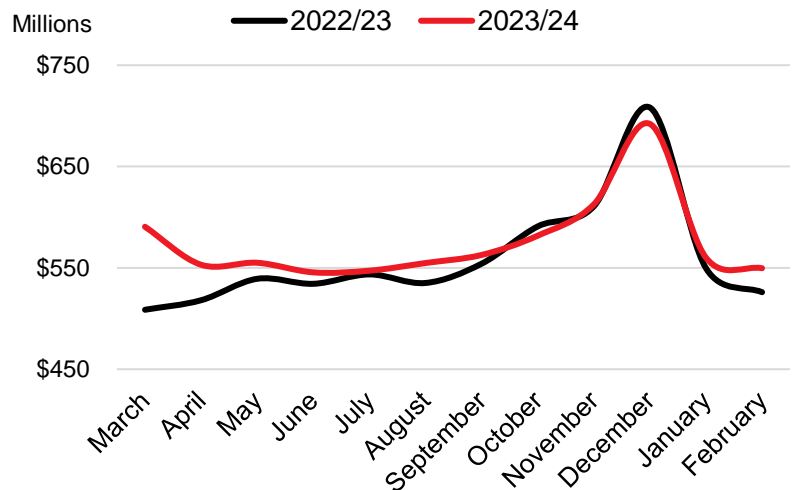


Data source: Marketview

## Retail Spending (February 2024)

- Retail spending figures are sourced from Marketview and refer to spending via **in-store electronic card transactions**. Figures do not capture purchases made in cash or online.
- The value of retail spending in Christchurch during February 2024 came to \$549.7m. Due to 2024 being a leap year, February this year had an extra day compared to February 2023. Retail spending growth rates therefore represent the change in average daily spend compared to the same month in 2023. The value of average daily spend in Christchurch increased by 0.9 percent from February 2023, while the volume of spend (average daily transactions) increased by 1.0 percent over the same period.

### Monthly retail spending, Christchurch



### Change in value of average daily spend in Christchurch, February 2024 vs February 2023

Apparel & Personal	Cafes, Restaurants & Bars	Fuel & Automotive	Groceries & Liquor	Home & Recreation Retail	Other Consumer Spending	Total
-5.6%	1.4%	2.9%	5.4%	-2.9%	-4.7%	0.9%



- Location-based spending figures for February 2024 indicate that the areas that recorded the largest lifts in average daily spending from the same time in 2023 were Akaroa, Lyttelton and New Brighton.
- The value of average daily spending in Akaroa increased 11.5 percent from February 2023. This was driven by increases in both international and domestic visitor spending (up 27% and 8%, respectively). This lift in domestic visitor spending contrasts with Christchurch as a whole, which recorded a -5 percent decline in average daily spending by domestic visitors from February 2023.
- In Lyttelton, average daily spending increased by 7.2 percent over the same period. This was largely due to an increase in international visitor spending (up 26% from February 2023), as well as a smaller increase in average daily spending by Greater Christchurch locals (5%). This lift in local spend in Lyttelton contrasted with a -1 percent decline in average daily spending by locals across Christchurch over the same period.
- The value of average daily spending increased New Brighton 4.2 percent from February 2023, and was largely driven by an increase in international visitor spending (up 60%) as well as a smaller increase in average daily spending by domestic visitors (6%) and Greater Christchurch locals (3%).

Data source: Marketview

For queries related to ChristchurchNZ's economic insights, please contact:  
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