### Economy

#### GDP growth
(YE Sept 2019 vs. YE Sept 2018)
- **Christchurch:** 1.5% ▲
- **Canterbury:** 1.9% ▲
- **New Zealand:** 2.4% ▼

#### Unemployment rate
- **Christchurch:** 3.8% - (same as in Q2:2019)
- **Canterbury:** 3.6% ▲ (from 3.5% in Q2:2019)
- **New Zealand:** 4.0% ▲ (from 3.9% in Q2:2019)

#### Building consent (sqm)
(YE Sept 2019 vs. YE Sept 2018)
- **Christchurch:** 17.7% ▲
- **Canterbury:** 9.6% ▲
- **New Zealand:** 5.1% ▲

#### Residential cost
(Q3:2019 vs. Q3:2018)
- **Weekly rent:**
  - **Christchurch:** 3.2% ▲ (NZ: 5.2%)
- **House price:**
  - **Christchurch:** 3.1% ▲ (NZ: 5.7%)

### People & Business

#### Retail spending growth (incl. fuel)
(YE Sept 2019 vs. YE Sept 2018)
- **Christchurch:** 1.4% ▲ (NZ: 3.2%)

#### Average labour earnings
(YE Sept 2019 vs. YE Sept 2018)
- **Canterbury:** 3.5% ▲ (NZ: 3.8%)

### Visitors

#### Total guest nights
(Q3:2019 vs. Q3:2018)
- **Canterbury:** -1.8%▼
- **Christchurch:** 1.3% ▲
- **New Zealand:** 1.7% ▲

#### Christchurch visitor spending
(Q3:2019 vs. Q3:2018)
- **Total:** 1.2% ▲ (NZ: 3.6%)
- **Domestic:** -2.2%▼ (NZ: 0.3%)
- **International:** 8.7% ▲ (NZ: 9.8%)

#### Visitor arrivals
(2019:Q3)
- **Christchurch Airport:** 98,634 arrivals
- **12.8% of NZ** ▼

#### Visitor accommodation occupancy
(2019:Q3)
- **Central City:** 3.4% ▲
- **New Zealand:** 3.0% ▲

### Central City

#### Retail spending growth
- **Quarter:** 10.4% ▲ (Q3:2019 vs. Q3:2018)
- **Year:** 8.8% ▲ (year to date vs. 2018)

#### Guest nights growth
- **Quarter:** 10.2% ▲ (Q3:2019 vs. Q3:2018)
- **Year:** 10.5% ▲ (YE Sept 2019 vs. YE Sept 2018)

#### Number of new jobs
(2019 vs. 2018)
- **2019:** 40,950 jobs
- **+ 1,300 ▲** from 2018

#### Visitor accommodation occupancy
- **Central City** (2019:Q3): 58%

#### Occupancy growth rate:
7.5% ▲ (Q3:2019 vs. Q3:2018)
Economic Commentary

Within the context of softer economic conditions for the national economy, the increased annual GDP growth for the Christchurch economy in the third quarter of 2019 compared to the second quarter of 2019 is welcomed. The current lower interest rate environment is providing households with the ability to spend more; supporting demand in the residential market and retail spending, locally and nationally, with lead indicators demonstrating some improvement in confidence. The national government is also keeping track with its spending target which should flow through the economy supporting industry activity/spending for the remainder of the fiscal year. The latest population projections updated with the Census 2018 release show that Christchurch has an estimated population of 385,500 and Canterbury with 628,600 in 2019. The population between 2013 and 2018 for Greater Christchurch increased by 53,016 people.

Positives
- The city’s economic growth is positive and has increased from the second-quarter report.
- Christchurch and Canterbury's unemployment continues below the national average for the second quarter in a row.
- Wage growth continues to outpace residential rents and prices, improving Christchurch’s already strong household affordability, relative to other urban centres in New Zealand.
- Although visitor numbers are slightly lower compared to last year, the spending by visitors continues to increase at a rate above the national average.
- Central city retail growth, particularly the spending injection from outside the city, suggest Christchurch’s central city is developing into an attractive visitor proposition.
- The job vacancy index seems to have turned and is slightly higher, pointing towards increasing demand for labour within Canterbury.
- Vacancy levels in retail and office property are continuing to decrease in the central city.

Headwinds
- The global economic uncertainty and lower global growth continue to pose a risk to the local and national economies in the coming months, which is evident in the lower number of visitor arrivals and guest nights in this quarter for Canterbury.
- Visitor guest nights seem to have peaked and are slightly lower than last year.
- Canterbury regional economic confidence is negative for the first time, with more households pessimistic about the economy over the next 12 months. Business confidence in the manufacturing and services industries is flat with no intention of expanding production.
- The growth of the labour force continues to be affected by retirement while the current low business confidence is stifling new investment and expansion in employment.

ChristchurchNZ’s Perspective

Christchurch’s immediate challenge is delivering levels of economic activity that justify continued investment for the regeneration of the central city. The city’s affordable housing, low congestion and high quality of life provide a competitive advantage to attract people and increase business activity. However, unless the city can effectively transition out of the rebuild, attracting more activity and shifting towards higher-value, export orientated activity, the city will not be able to offer competitive earning and employment opportunities relative to other urban centres in the medium and long term.

The immediate solution to these challenges is the attraction of new economic activity to the city – growing visitor spend and attracting new business investment, to support regeneration and maintain economic growth. Over the longer term, growing productivity across the economy both within existing industries, and through the rebalancing of the economy towards higher value activity will improve Christchurch’s competitiveness as a location for talent and high-value business.

As the city’s economic development and city promotion agency, ChristchurchNZ is focused on stimulating sustainable economic growth through working with business, tertiary and government partners to develop areas of high value activity – Supernodes; promoting the opportunity of Christchurch as a productive and diverse region with a high standard of living to migrants, businesses and investment; and supporting major events and the wider visitor economy to provide quality leisure experiences for visitors and residents.
The Christchurch economy expanded by 1.5% over the past year up to September 2019, while the level of unemployment stabilised at 3.8% during the third quarter of 2019, below the national average.

Exports from Christchurch ports continue to outstrip local imports, supported by higher world prices for meat, skins and wool, ensuring that the regional economy generates a positive trade balance and alleviates the overall negative trade balance for New Zealand.

Building activity appears to have stabilised through 2019 at around 61,000sqm per month with an even split between residential and non-residential buildings. The floorspace for new consents in Christchurch is up by 17.7% over the past year and above the national growth. Regional economic confidence continues to be low with more people pessimistic about regional economic prospects in the near future. We expect the confidence value to turn to optimism in the December quarter with lower interest rates, continued low unemployment and the tourism season driving confidence.
The mean weekly rent in Christchurch has increased by 3.2% and median house price by 3.1% in the third quarter of 2019 compared to the same period in 2018. Both rent and house price growth is below the national average.

Average weekly earnings growth is up by 3.6% for the third quarter of 2019 compared to the same quarter in 2018, and imply an improvement in residential affordability as earnings outpace increases in housing inflation in Christchurch and Canterbury.

Long-term immigration arrivals through the Christchurch airport have been below the long-term average of 762 per month since March 2019. This lower level of long-term arrivals is evident across New Zealand.

Canterbury consumer confidence continues to trend lower in the third quarter of 2019 suggesting that consumers are reluctant to spend on major household items as they are cautious about their own financial situation.
Spending by retail category in Christchurch (YE September)

Total retail spending (incl. fuel) in Christchurch increased by 1.4% over the past year up to September compared with the previous period. Spending at cafes, restaurants and takeaways increased by 6.3%, followed by groceries and liquor (3.0%) and department stores and leisure (0.9%). Christchurch resident spending increased by 1.7%, while spending by consumers from Waimakariri and Selwyn and international visitors increased by 1.7% and 13.6% respectively over the past year to September 2019.

The job vacancy index has increased slightly in the third quarter of 2019, showing similarities to the end of 2016 when the number of jobs showed a similar increase within Canterbury.

Investor confidence in office and retail remains mainly neutral, while investor confidence in industrial property is strong during the third quarter of 2019. Over the past three years retail spending in the rest of New Zealand increased faster compared to Christchurch as population growth nationally outpaced the growth in Christchurch.

The manufacturing index improved for Canterbury, but remains only slightly below expansion, while service index is slightly above expansion. An indication that industry confidence is flat.
Guest nights in Canterbury increased 1.1% for the year up to September 2019, a growth similar for New Zealand as a whole. Guest nights for the September 2019 quarter are slightly lower (-1.8%) compared to the same period in 2018, mainly as a result of lower international guest nights.

Occupancy in the third quarter of 2019 averaged 47% while occupancy for this period increased by 3.4% compared to the same period in 2018.

Passenger movement at Christchurch airport is slightly lower (-1.2%) in the third quarter of 2019 compared with the same period in 2018. Australians continue to be the largest international market and have decreased slightly by 1%. China, the second-largest visitor market, increased by 10.2% during the year up to September 2019 compared to the previous period.

Spending by international visitors increased by 6.3%, while domestic visitor spending decreased by -1.1% for the year up to September 2019 compared to the previous period.
Central city retail growth, particularly from spenders from outside the city, suggests Christchurch’s central city is developing into an attractive visitor proposition. Spending increased by 8.8% in the year up to September compared with the corresponding period in 2018. The September 2019 quarterly spending increased by 10.4% compared with the September 2018 period.

The spending from international visitors increased by 17.9% over the past year while spending from residents of Waimakariri/Selwyn increased by 11.9%. This is a good spending injection the city attract from outside its boundaries.

Visitor guest nights increased by 10.5% over the past year to September 2019 compared with the year to September 2018. The September quarter increased by 10.2% compared to the same quarter in 2018.
Census data recently released showed the central city residential population continues to increase. The age distribution within the central city indicates a younger population compared to Christchurch.

A total of 40,950 employees work within the central city. As new businesses in office and retail move into the central city the employment numbers will continue to increase. The decreasing vacancy levels in retail and office space is a leading indicator of increasing employee and business numbers in the central city.

Average prime office rentals has decreased to $350 per square meter and has been stable at this price over the past quarter. Secondary office space rental price has dropped substantially to $200 per square meter, driven by internal churn from the suburbs to the central city. Office and retail vacancy is lower compared to a year ago at 16.9% and 15% respectively.
Data sources

ANZ: http://www.anz.co.nz/commercial-institutional/economic-markets-research/
BusinessNZ: http://www.businessnz.org.nz
Colliers International: https://www.colliers.co.nz/offices/christchurch%20agency/
Education New Zealand: https://intellilab.enz.govt.nz/
Infometrics Ltd: http://www.infometrics.co.nz/
Marketview: https://marketview.co.nz/
New Zealand Institute of Economic Research Inc (NZIER): http://nzier.co.nz/
Real Estate Institute New Zealand: https://www.reinz.co.nz/
Statistics New Zealand: http://www.stats.govt.nz/ This work is based on/includes Statistics New Zealand’s data which are licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 3.0 New Zealand licence.
Westpac: https://www.westpac.co.nz/

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