



Monthly Economic Insights Brief

July 2023



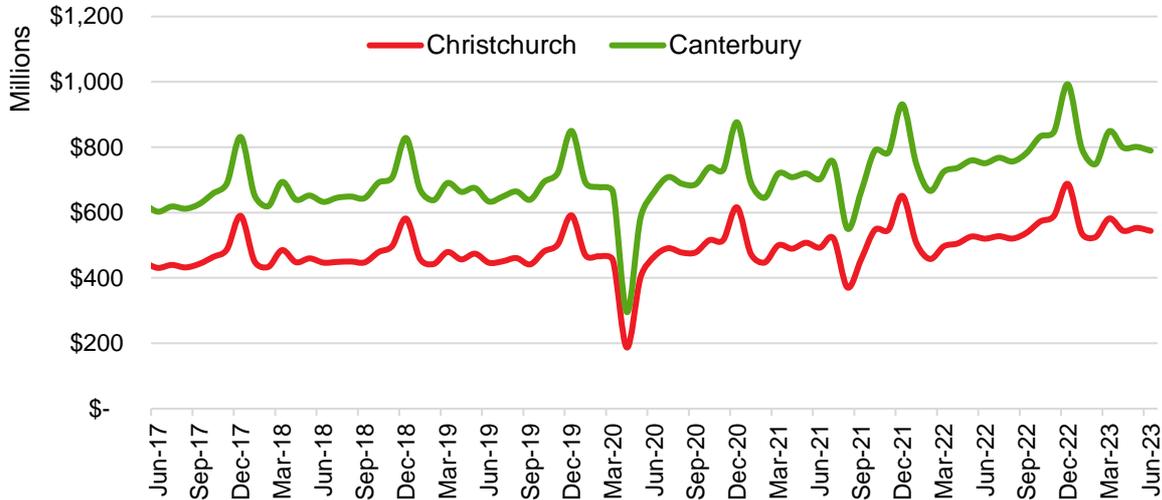
On-the-pulse analysis delivered monthly, with reporting that wraps around various economic issues and provides insight into areas of interest.

Retail Spending (June 2023)

The value of retail spending in Christchurch during June 2023 came to \$544m, an increase of 4.5 percent from June 2022. The volume of retail spending (number of transactions) in Christchurch increased 6.1 percent over the same period.

Value of retail spending, Christchurch & Canterbury

Source: Marketview



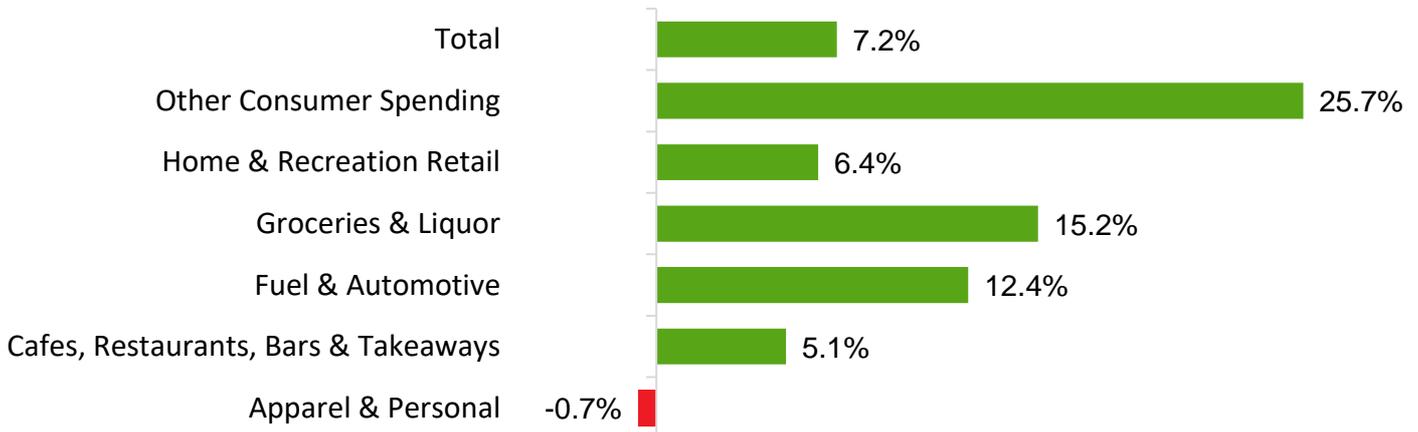
Transactions in Christchurch continued to display positive year-on-year growth across all store types expect for apparel & personal. Apparel & personal captures spending at clothing, footwear and jewellery stores. In June 2023, transactions were -4.1 percent lower in this category than during the same time in 2022.

Central City

Transactions in the central city increased 7.2 percent in June 2023 from the same time last year. Growth was strongest in the other consumer spending category (which largely captures tourism and recreation product) at 25.7 percent. Groceries and liquor also recorded a strong uplift in transactions volumes (up 15.2%). As observed across the rest of the city, apparel & personal was the only store type to record a decline in spending volumes, albeit to a lesser extent in the central city (falling -0.7% from June 2022). Uplifts in central city spending volumes have been supported by annual growth in transaction volumes among both locals (up 6.2%) and visitors (up 10.6%).

YOY growth in transactions, Christchurch central city (June 2023)

Source: Marketview



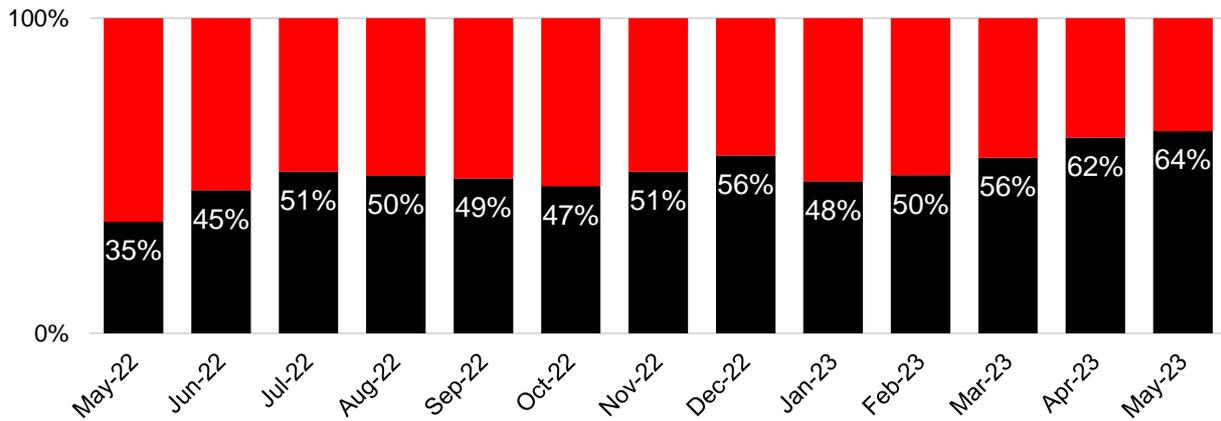
Update on International Visitation (May - June 2023)

International visitor arrivals (May 2023)

Approximately 18,600 international visitor arrivals landed at Christchurch Airport during May 2023. The share of arrivals visiting for business increased from 5.0 percent in the previous month of April to 9.1 percent in May. International arrival numbers in Christchurch increased to 64 percent of pre-COVID levels during May 2023. This is the highest equivalence to monthly pre-COVID levels recorded in Christchurch in the post-pandemic period.

International visitor arrivals at Christchurch airport, equivalence to pre-COVID levels

Source: Statistics NZ, ChristchurchNZ

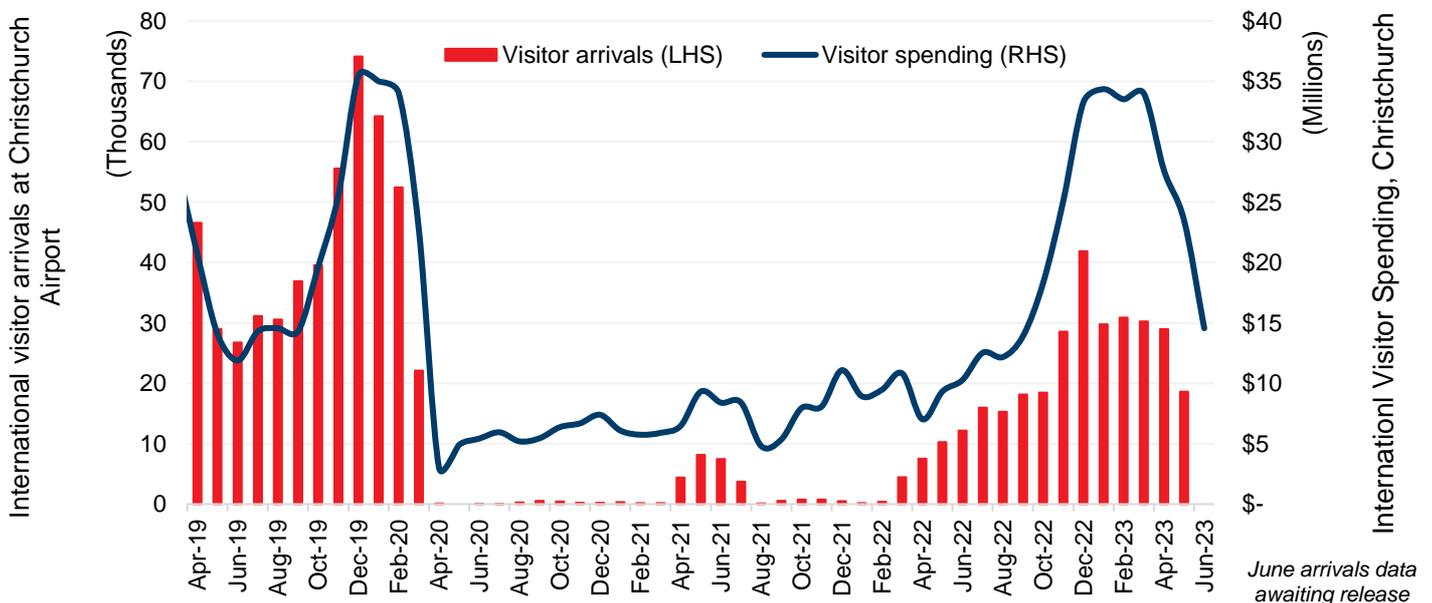


International Visitor Spending (June 2023)

International visitor spending in Christchurch City in June 2023 was \$14.6m, down from \$23.5m in the previous month of May. This month-on-month decline in international visitor spend aligns with pre-COVID seasonal trends, with June typically being the quietest month of the year for international visitor activity in Christchurch.

International visitation, Christchurch

Source: Statistics NZ, Marketview

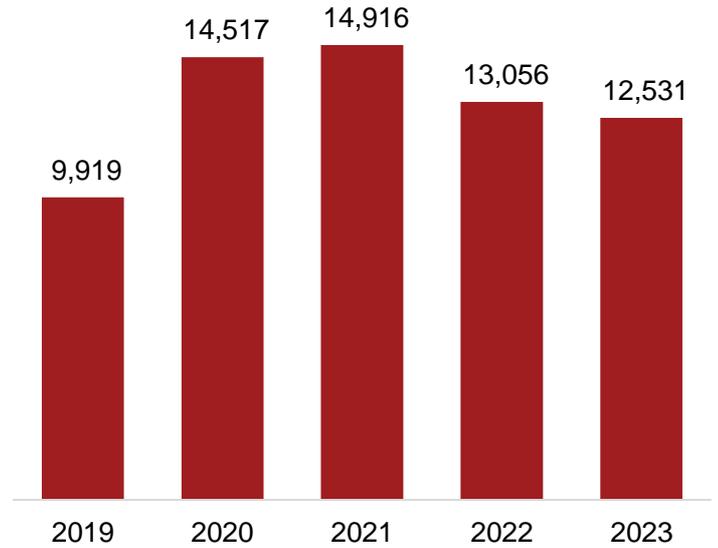


Jobseekers (June 2023)

There were just over 12,500 people receiving Jobseeker support in Christchurch during the June 2023 quarter, down -4.0 percent from the same period last year.

Jobseeker recipients fall under two different sub-groups- those who are 'work-ready' and can usually look for and prepare for work, and those who cannot currently look for work or can only work part-time due to a health condition, injury or disability. During the June quarter, 53 percent of Jobseeker support recipients (6,597 people) in Christchurch were 'work-ready'. The remaining 47 percent were receiving a health condition or disability Jobseeker benefit. Nationally, 57 percent of Jobseeker recipients were 'work-ready' in the June quarter.

Number of Jobseeker support recipients, Christchurch (June quarter)

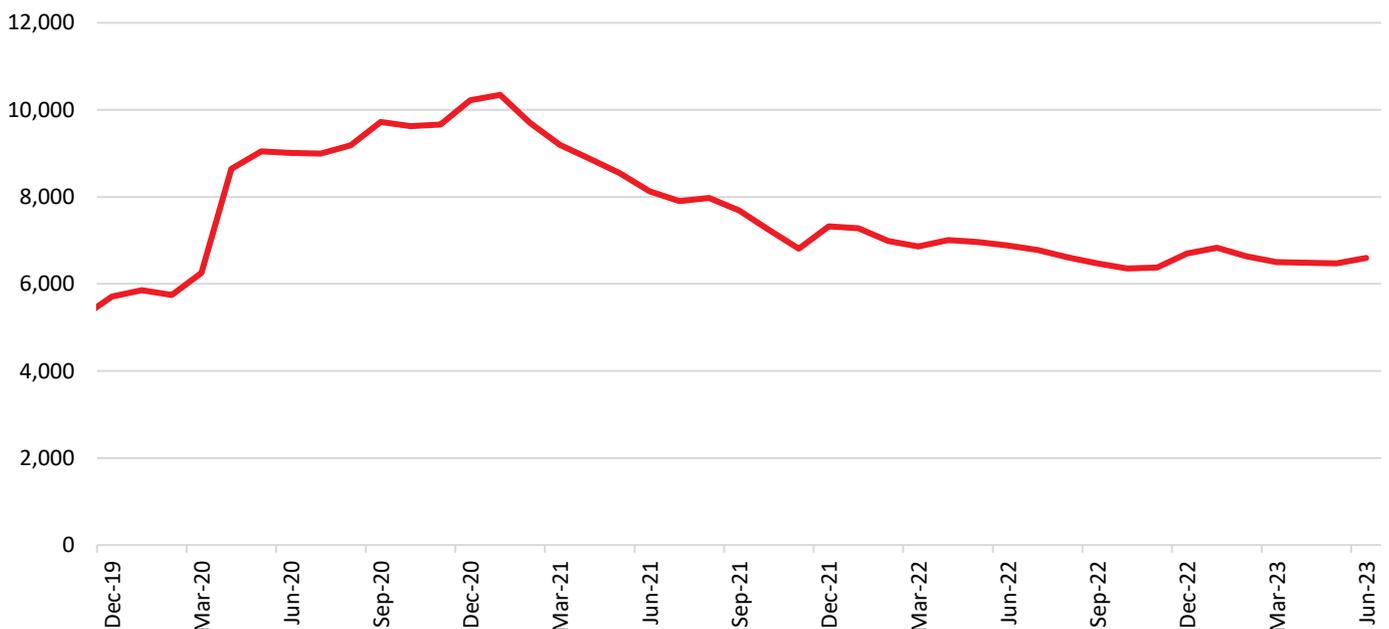


Younger people make up a slightly higher share of Jobseeker support recipients in Christchurch than across New Zealand as a whole.

Jobseeker support recipients by age group, June 2023 quarter				
	18-24 years	25-39 years	40-54 years	55-64 years
Christchurch	21.5%	34.7%	25.9%	17.9%
New Zealand	19.5%	31.6%	27.5%	21.3%

'Work-ready' Jobseeker support recipients, Christchurch City

Source: MSD, ChristchurchNZ





Cost of Living Indicators (Q2 2023)

Consumer Price Index (CPI)

The Consumer Price Index indicates that the annual inflation rate was 6.0 percent in the June quarter, down from 6.7 percent in the previous quarter. While prices are still increasing (up 1.1 percent on a quarterly basis), the rate at which they are increasing has slowed compared to previous quarters. Food prices continued to act as the strongest driver of annual inflation, increasing 12.3 percent annually with particularly strong rises in vegetable prices (up 23.3%) and eggs (up 13.8%).

Headline inflation for Q2 was marginally below the 6.1 percent rate forecasted by the Reserve Bank in the May Monetary Policy Statement. However, this was due to a decline in tradeable inflation following reductions in fuel prices and a drop in international airfares. Non-tradeable inflation, which is typically domestically generated, came in above both analyst and the Reserve Bank's forecasts at 6.6 percent. This indicates a risk of inflationary persistence that may see prices remaining elevated for longer than previously expected.

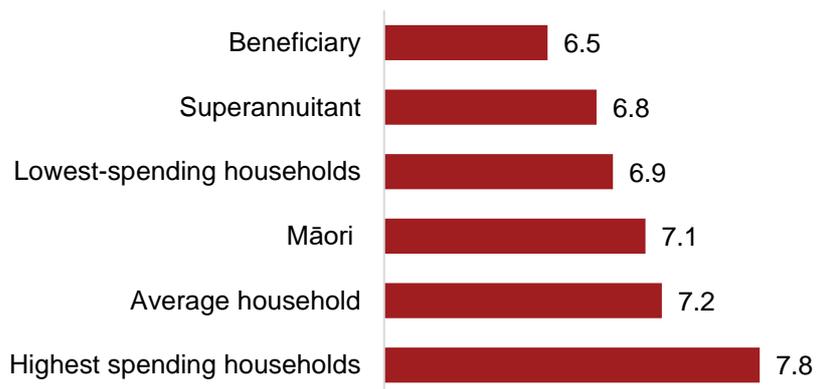
Household Living-Costs Price Index (HLPI's)

The HLPI's measure how inflation affects different household groups and differ from the CPI in their treatment of housing. The CPI captures the cost of building a new home, while the HLPI's captures mortgage interest payments.

Annual inflation as measured by the HLPI's was 7.2 percent for an average household in the June quarter. Rapidly rising interest rates have seen the HLPI continuing to track above the CPI, with the average household facing a 28.8 percent increase in the cost of interest payments over the year to June.

Annual % increase in household living costs

Source: HLPI's, Statistics NZ



Highest-spending households continued to experience the largest annual increase in living costs (up 7.8%) due to their higher proportion of household expenditure on interest payments.

Housing (June 2023)

House Prices & Sales

The median house price in Christchurch was \$650k during June 2023, down -11 percent from its February 2022 peak of \$730k. House prices have continued to record negative annual growth both locally and nationally, although the rate of decline has started to plateau in recent months. The Reserve Bank's decision to leave the OCR unchanged at the June Monetary Policy Review and strong migration inflows are likely to see this plateau continue in the short-term. However, this could change if the Reserve Bank chooses to increase the OCR again later in the year, creating renewed downward pressure on house prices.

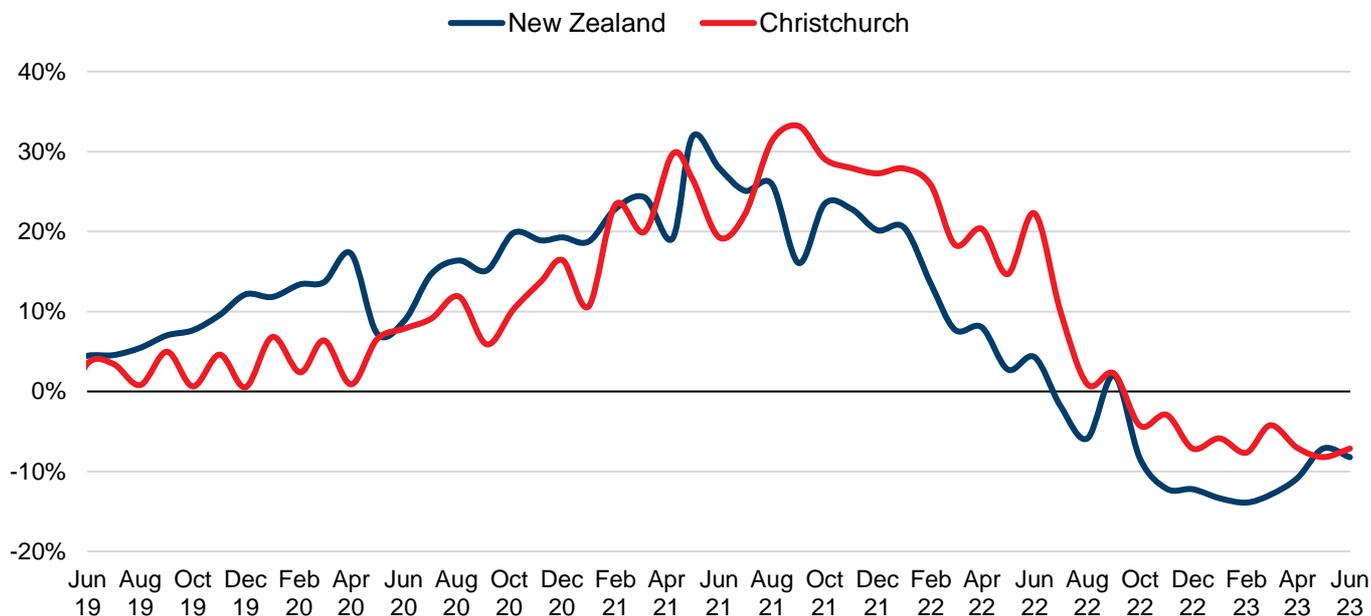
Sales volumes in Christchurch had lifted 9 percent in June from the lows seen during the same time last year. However, they remain -8 percent below the average for June over the five years to 2021.



Nationally, sales volumes remained -17 percent below the average for June. The share of national sales that took place in Christchurch during June 2023 was 9.5 percent. This is higher than Christchurch's average share of 8.6 percent during June over the five-year comparison period, and reflects the comparatively lower decline in housing market activity that has taken place locally.

Annual house price growth

Source: REINZ



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