



Monthly Insights Brief

October 2023

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



Business & Employment Growth (2023)

- The number of enterprises in Christchurch increased by just under 800 in the year to February 2023, to a total of 46,521. Over the same period, employee numbers increased by 9,800 to a total of 233,300.

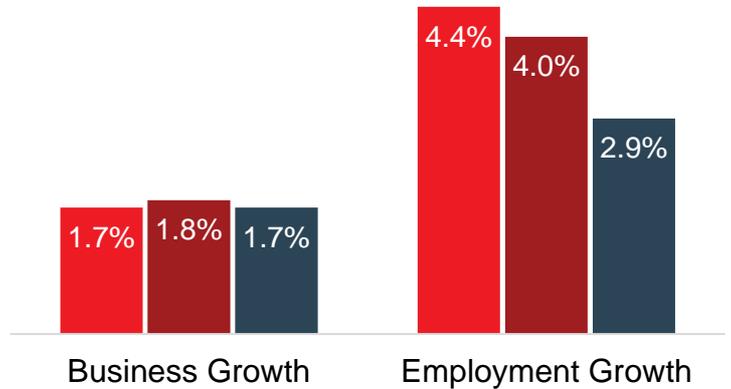
- Enterprise growth in Christchurch was on par with the national average (1.7%). Employment growth in Christchurch was 4.4%, which was above national growth of 2.9%.

- Business and employment growth in the central city outpaced growth across Christchurch as a whole. The number of enterprises within the Four Aves increased by 135 in the year to February 2023. There are now just over 4,900 businesses in the Four Aves, equivalent to 87 percent of pre-quake levels. The number of employees in the Four Aves increased by 5.7%, to a total of 46,900. Four Aves employment is now at 92 percent of pre-quake levels.

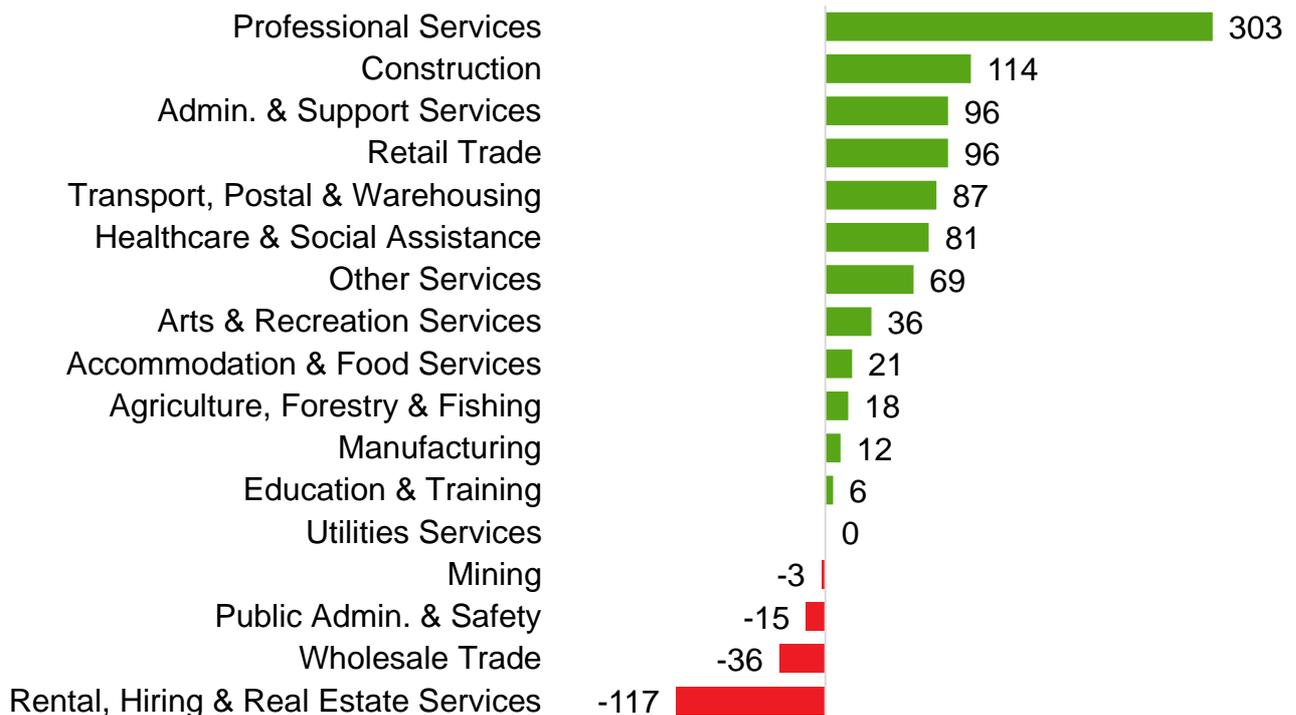
- Business growth was strongest in the Professional Services sector, with 303 additional enterprises. This was followed by Construction (+114 enterprises), Admin. & Support Services (+96 enterprises) and Retail Trade (+96 enterprises).

Annual growth (year to Feb. 2023)

■ Christchurch ■ Canterbury ■ New Zealand



Annual change in number of enterprises, Christchurch (year to Feb. 2023)





Workforce growth by industry

- The size of a workforce is estimated here by combining data on the number of employees with the number of enterprises, to capture self-employment. The size of Christchurch's workforce expanded by 10,500 people over the year to February 2023, a 3.9% increase from the previous year.
- The industries that experienced the strongest workforce growth rates include those that were most impacted by COVID, with employment expanding again after contracting over 2020-2022. These include Admin. & Support Services (17.4% growth), as well as Accommodation & Food Services (13.5%), and Arts & Recreation Services (11.4%). The size of the workforce across each of these three industries has now lifted above pre-COVID levels. Employment in the Transport, Postal & Warehousing industry also experienced declines due to COVID and subsequently recorded strong growth over the last year (8.5%). However, the size of the workforce remains around -8 percent below 2019 levels.
- Other industries that experienced strong workforce growth in real terms include Professional Services* (+1,920 people) and Healthcare & Social Assistance (+1,081 people). Workforce growth in the professional services sector was particularly strong in engineering (+360 people), finance (+235 people) and computer systems services (+224 people). In the healthcare & social assistance sector, workforce growth was driven largely by job growth in hospitals (+500 people) and aged care residential services (+300 people).

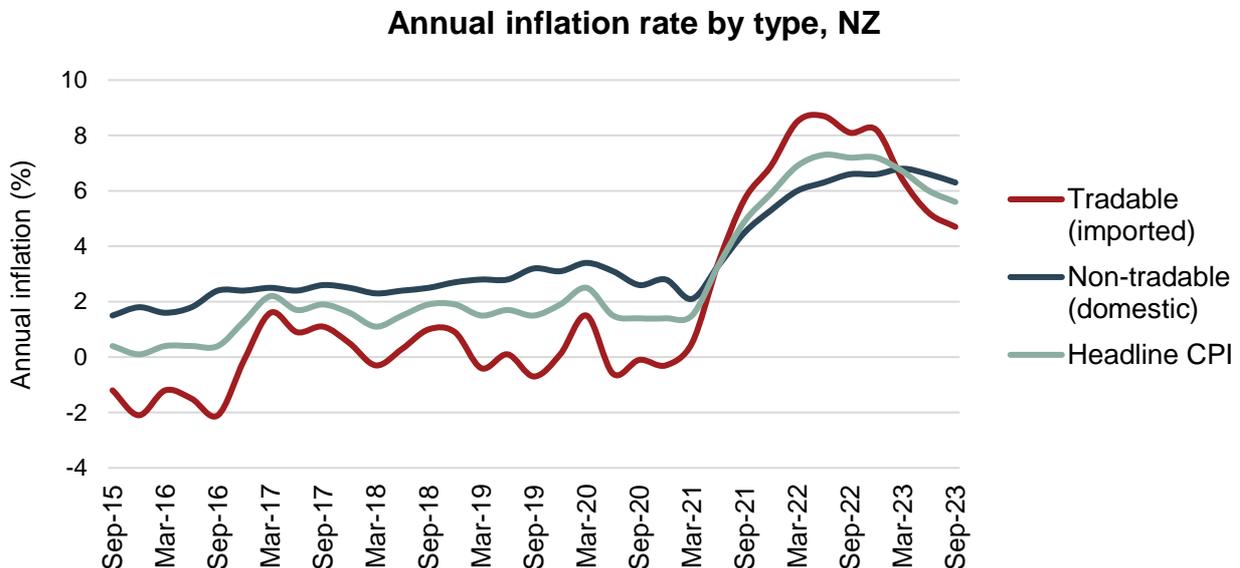
* 'Professional Services' combines Professional, Scientific and Technical Services; Finance & Insurance Services; and Information Media & Telecommunications.

Workforce growth by industry, Christchurch (year to Feb. 2023)		
Industry	Annual growth	Real change
Admin. & Support Services	17.4%	2,396
Accommodation & Food Services	13.5%	2,221
Arts & Recreation Services	11.4%	536
Utilities Services	8.5%	150
Transport, Postal & Warehousing	8.5%	887
Agriculture, Forestry & Fishing	6.7%	218
Professional Services	4.4%	1,920
Public Administration & Safety	4.3%	485
Healthcare & Social Assistance	3.2%	1,081
Other Services	2.6%	269
Education & Training	2.3%	406
Retail Trade	0.7%	196
Wholesale Trade	0.4%	64
Rental, Hiring & Real Estate	0.3%	33
Construction	-0.3%	- 86
Manufacturing	-0.4%	- 88
Mining	-8.0%	- 13

Consumer Price Index (September 2023)

- New Zealand's consumer price index (CPI) indicates that the annual inflation rate fell to 5.6 percent in the September quarter. Prices are still increasing compared to the same time last year, but at a slower rate than observed in recent quarters.
- Food prices made the largest contribution to annual inflation, followed by housing and household utilities (due to rising costs for construction and rent).
- On a quarterly basis, prices increased by 1.8 percent. This was largely driven by increased transport costs, following the removal of the fuel tax subsidy in June. Housing and household utilities were also a key driver of quarterly inflation, due to increases in local government rates and rental prices.

Tradable & non-tradable inflation



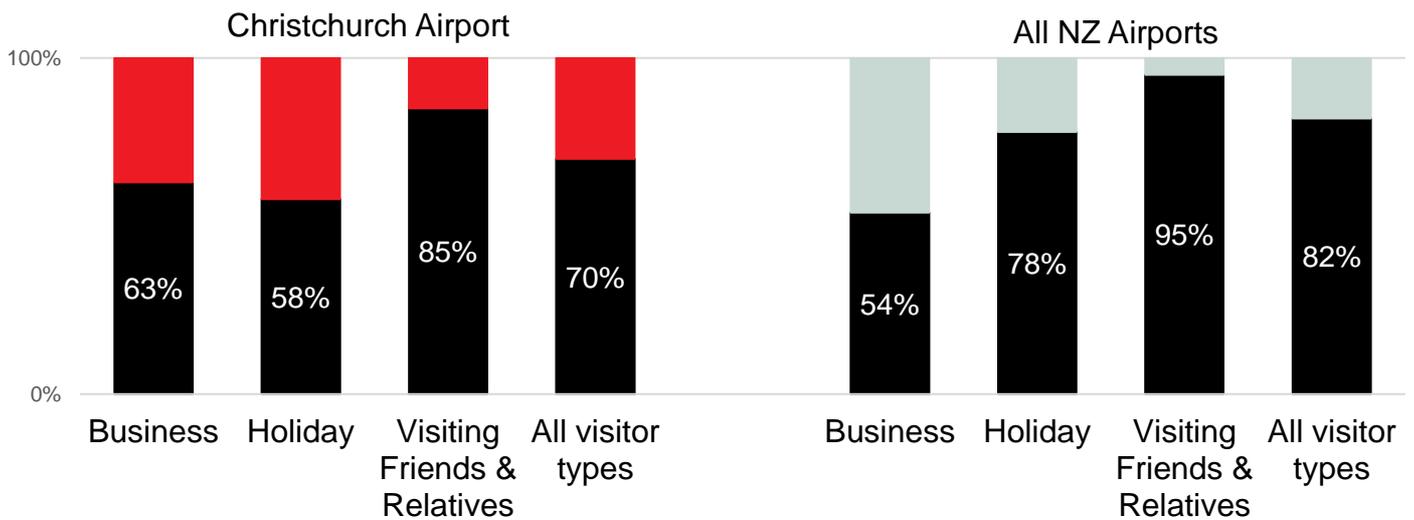
- Tradable inflation (also known as imported inflation) fell from 5.2 percent in the June quarter to 4.7 percent in September. This reduction in tradable inflation was stronger than expected and is linked to easing of supply chain pressures and reduced inflation for imported durable goods.
- Non-tradable or domestically generated inflation also fell, declining by 0.3 percentage points to 6.3 percent in the September quarter. Despite this decline, domestic inflation continues to run at high levels and persistence of this remains an ongoing risk.
- Together, the impact of declines in both tradable and non-tradable inflation on the headline CPI are likely to have been enough to ease pressure on the Reserve Bank to increase the OCR at the November Monetary Policy Review. The OCR is currently sitting at 5.5 percent, and it was anticipated that the likelihood and timeliness of another hike would rest on the results of the Q3 CPI data release. It now looks more likely that another hike to the OCR (if there is one) will come in the April 2024 review, rather than in November.

Update on International Visitation (August & September 2023)

International visitor arrivals (August 2023)

- International visitor arrivals at Christchurch Airport increased slightly during August 2023, to 21,500. This was equivalent to 70 percent of pre-COVID levels (August 2019), compared to 82 percent of pre-COVID levels across all New Zealand airports. This stronger recovery at the national level was due to holiday and VFR travellers sitting closer to 2019 levels across New Zealand than in Christchurch. Meanwhile, business arrivals were sitting closer to pre-COVID levels in Christchurch.

International arrivals by type & recovery to pre-COVID levels (August 2023)

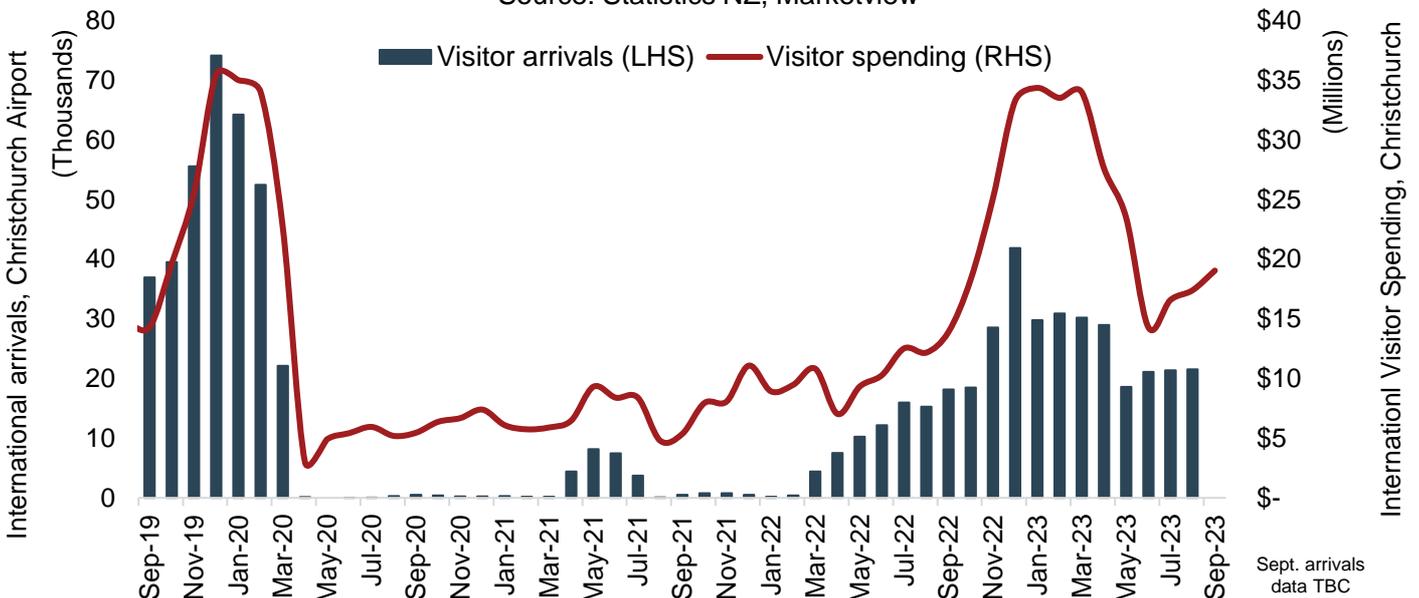


International Visitor Spending (September 2023)

- International visitor spending in Christchurch City continued to increase in September 2023, lifting to just over \$19m. Spending by Australian visitors made up the largest share of international visitor expenditure at 26%, followed by visitors from the USA (23%) and the UK (13%).

International visitation, Christchurch

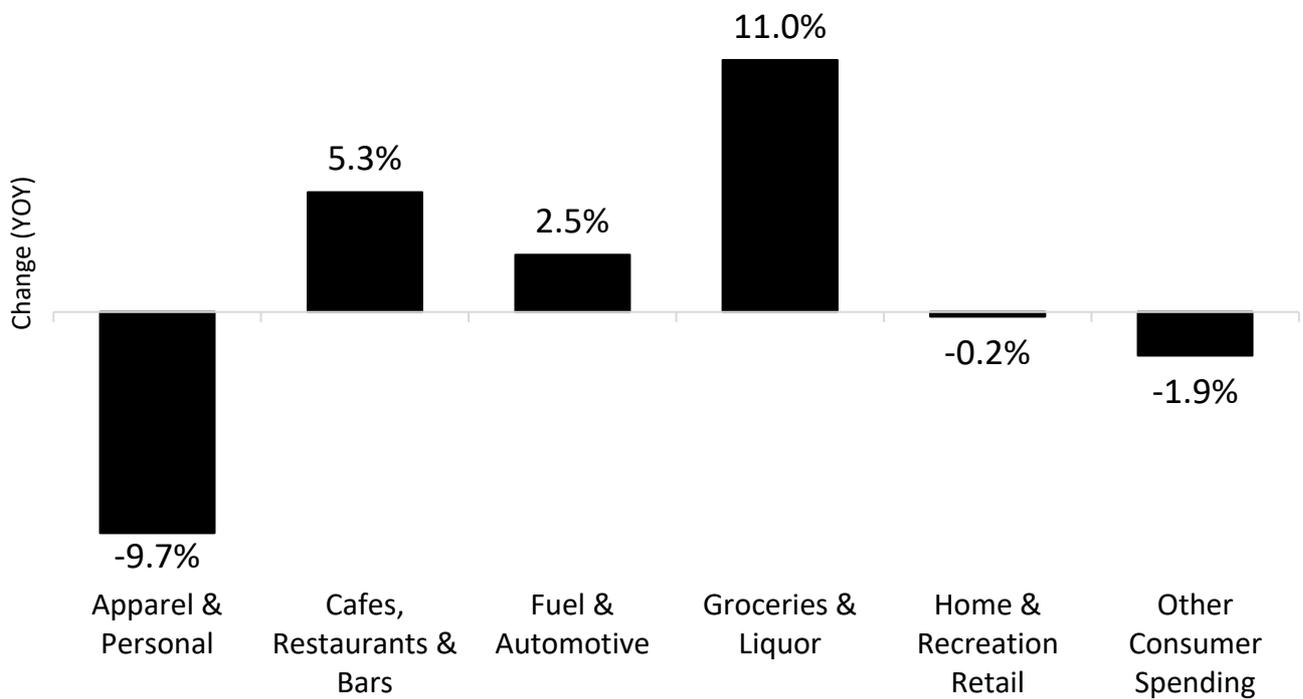
Source: Statistics NZ, Marketview



Retail Spending (September 2023)

- The value of retail spending in Christchurch during September 2023 came to \$563m, an increase of 4.6 percent from September 2022. The volume of retail spending (number of transactions) in Christchurch increased by 5.2 percent over the same period.
- Transactions in Christchurch recorded positive year-on-year growth across three store types, with spending on groceries & liquor recording the largest uplift in spending volumes (11.0%), followed by spending at cafes, bars & restaurants (5.3%) and fuel & automotive transactions (2.5%). Spending volumes at home & recreation retail stores were unchanged from September last year, while transaction numbers declined for apparel & personal (-9.7%) and other consumer spending (-1.9%).

Change in number of transactions, Christchurch (Sept 23 vs Sept 22)



For queries related to ChristchurchNZ's economic insights, please contact:
Sophie Jones (Economic Analyst): sophie.jones@christchurchnz.com