



# Monthly Economic Insights Brief

November 2022



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

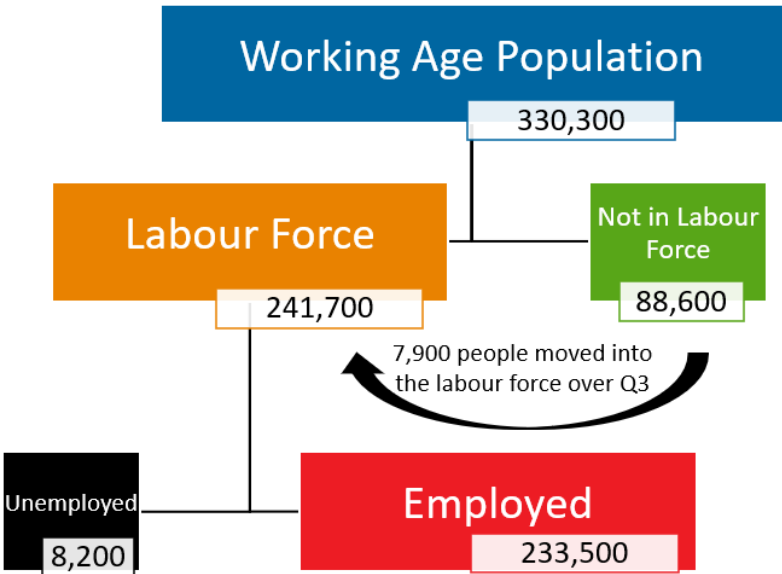
*This report includes latest Marketview data showing the city's retail and growth trends.*



## Labour Force (Q3)

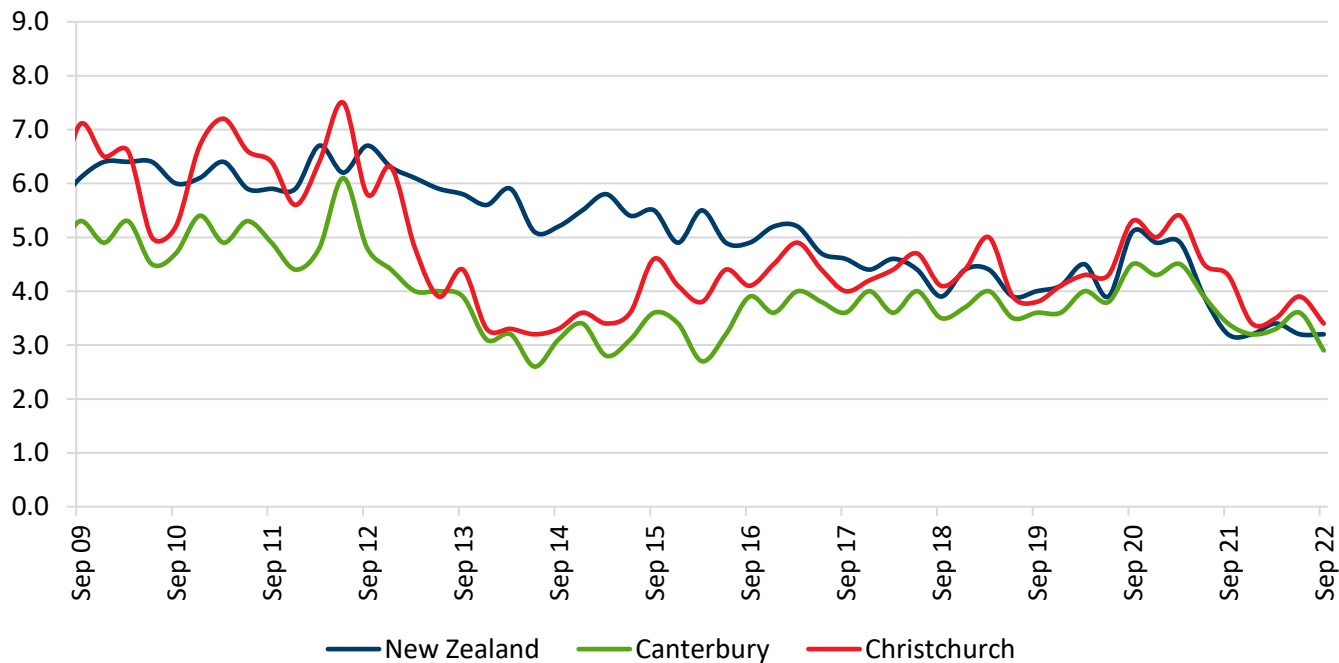
- The national unemployment rate remained unchanged at 3.3 percent during Q3 2022. Locally, unemployment continued to fall. Canterbury's unemployment rate declined to 2.9 percent in Q3 (from 3.6% in Q2), while unemployment in Christchurch fell to 3.4 percent (from 3.9% in Q2).
- The labour force participation rate in Christchurch (the proportion of the working age population who are employed or want a job) increased to 73.2 percent, up from 70.7 percent in Q2. This is the largest quarterly jump in the labour force participation rate since 2004.
- This spike in labour force participation was due to an additional 7,900 people entering Christchurch's labour force in Q3. This group (who were not looking for work in the previous quarter) made up 80% of the 9,300 person increase in employment that took place in Christchurch during Q3.
- The tightness of the labour market continues to push wages upward, as businesses compete to attract and retain employees. Nationally, wages increased by 3.7 percent in the year to September 2022.

Christchurch's Labour Force (Q3)



## Unemployment Rate (%)

Source: Statistics New Zealand





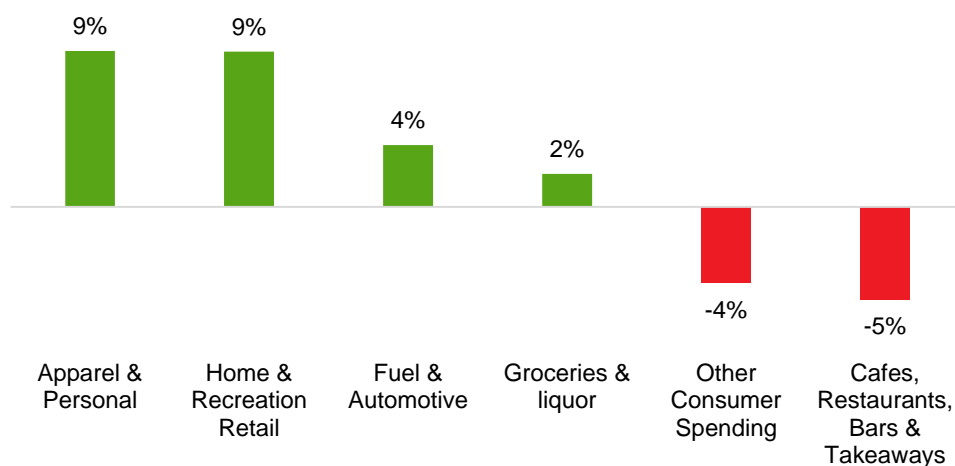


## Retail spending (September 2022)

- Year-on-year growth rates in retail spending for September 2022 are significant, as COVID restrictions saw a contraction in activity during September in both 2021 and 2020. Comparisons to September 2019 have been used here to provide a less skewed baseline.
- The volume of retail spending (number of transactions) in Christchurch increased 6.8 percent in September 2022 from September 2019. This increase in transactions took place across all store types except for cafes, restaurants, bars and takeaways, which continue to experience a lower volume of card swipes than the pre-COVID baseline (down -0.7 percent).
- The strongest growth in transaction volumes compared to September 2019 took place in spending on apparel & personal (+23.5%), and home & recreation retail (+19.7%). These two store types have consistently experienced elevated transaction volumes in the post-COVID period as consumers switched their preferences toward durable goods during the pandemic (see graph). Despite the loosening of restrictions and broadening of the spending choices available to consumers (e.g., ability to spend on travel), spending in these areas is yet to show signs of slowing.

### Average YOY increase in monthly transaction numbers during the post-COVID period, compared to 2019 levels

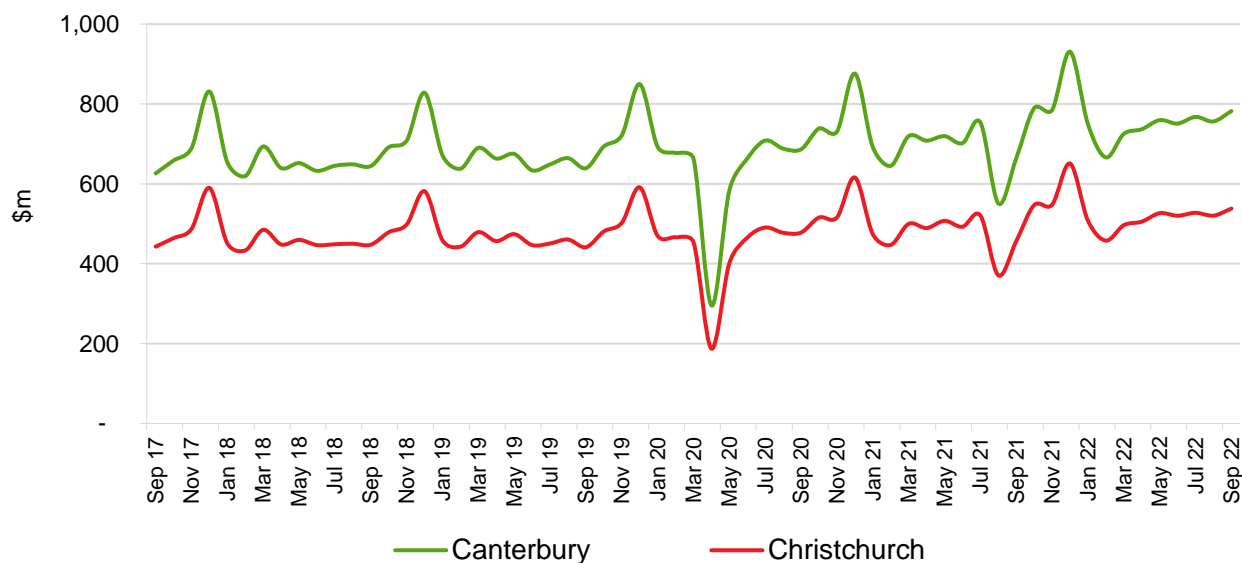
Source: Marketview, ChristchurchNZ



This graph takes monthly transaction data for Christchurch from June 2020 – September 2022 and compares each month to the same month in 2019 (excluding months with lockdowns), to produce an average monthly elevation above pre-COVID levels for each store type.

### Retail spending via electronic card transactions

Source: Marketview





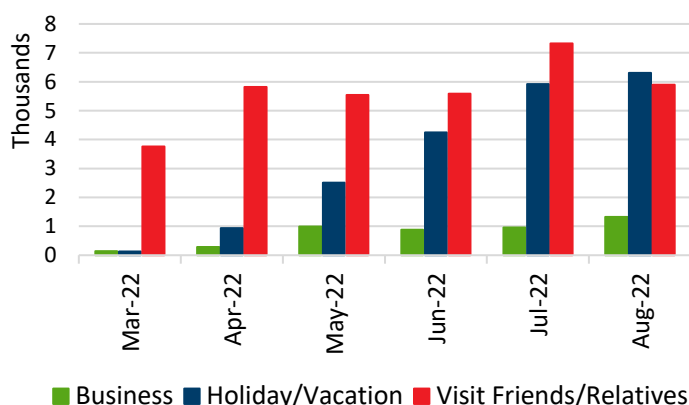
## Update on International Visitation (August/September 2022)

### International visitor arrivals (August 2022)

- There were just over 15,000 international visitor arrivals at Christchurch Airport during August 2022, down -4 percent from the previous month of July.
- This monthly decline was driven by a fall in the number of people visiting friends and relatives (VFR), following a spike during July. Meanwhile, the number of people visiting for business and to holiday increased month-on-month.
- For the first time since March 2020, the number of arrivals at Christchurch Airport who were visiting for a holiday was higher than the number visiting friends and relatives.
- The number of international visitor arrivals at Christchurch Airport during August 2022 was equivalent to 50 percent of pre-COVID August levels (i.e., compared to August 2019).

### International visitor arrivals at Christchurch Airport, by purpose

Source: Statistics NZ

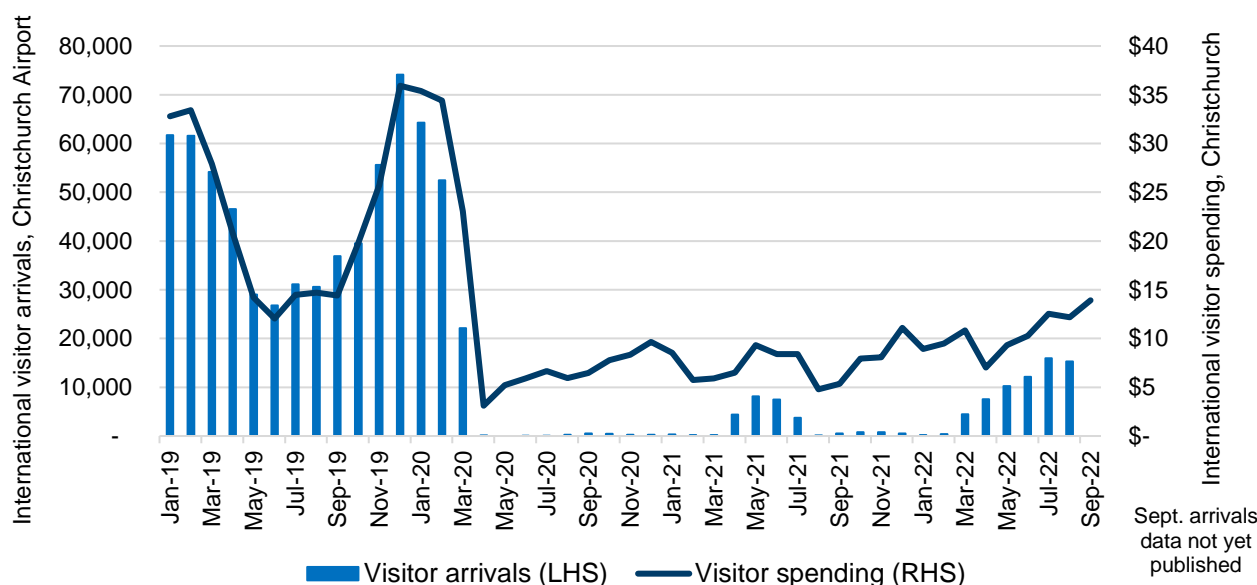


### International Visitor Spending (September 2022)

- International visitor spending in Christchurch City increased 14 percent or \$1.7 million during September 2022 from the previous month of August, to a total of \$13.9 million.
- September visitor spending was equivalent to 97 percent of international visitor spending during a pre-COVID September (i.e., compared to September 2019).
- The two largest markets spend were visitors from Australia (34 percent of international spend) and from the USA (20 percent).

### International visitation, Christchurch

Source: Statistics NZ (arrivals), Marketview (spending)



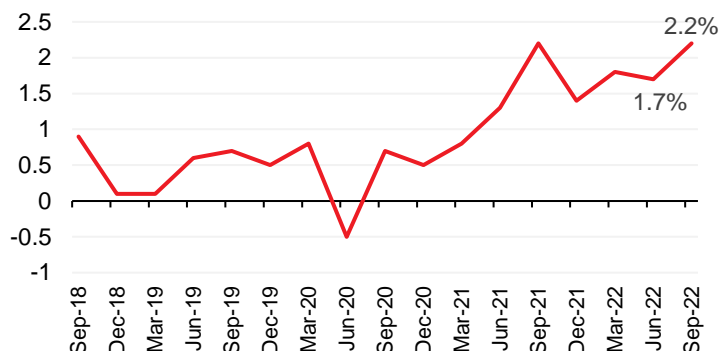


## Inflation (Q3 2022)

- The annual Consumer Price Index (CPI) inflation rate remained elevated at 7.2 percent during Q3, after hitting a 32-year high of 7.3 percent in Q2. This came as a surprise to commentators, who were anticipating inflation to fall below 7 percent following recent declines in petrol prices.
- The speed at which inflation is increasing accelerated during Q3. Prices lifted 2.2 percent during the September 2022 quarter, up from 1.7 percent during the June quarter (see graph below).
- Of note is a 17 percent increase in fruit and vegetable prices from the June quarter, following heavy rain in key growing areas during July and August. The price of international airfares also increased significantly (+20%) over the same three-month period, as travel demand increased alongside limited air capacity and high fuel prices.
- A clear element of the Q3 inflation statistics was the underlying strength of domestically generated inflation. Non-tradeable inflation hit a new record high of 6.6 percent during the September quarter. Expectations have since risen for a 75 basis-point hike to the Official Cash Rate (OCR) in the next Monetary Policy announcement.

**Quarterly CPI percentage change (%)**

Source: Statistics NZ

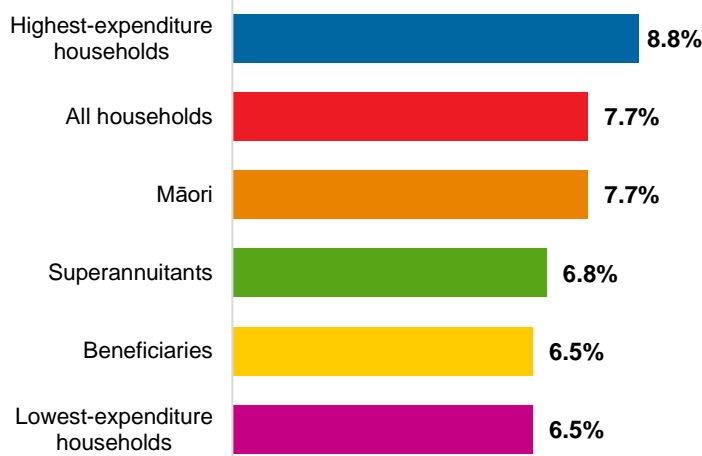


## Household Living Costs Price Indexes

- The Household Living Costs Price Indexes (HLPs) measure changes in the cost of living over time for different household types, including the cost of mortgage interest payments.
- The cost of living for an average household increased 7.7 percent in the September 2022 quarter compared to the same time last year. This is the largest annual HLP increase for average households since the index began in 2008.
- The HLPs for the September quarter reflect how increases to the OCR over the last year have driven up living-costs for mortgage holders. The cost of interest payments for the average household increased 39 percent in the year to September 2022.
- Interest payments make up 7.4 percent of expenditure by higher-spending households, compared to 4.7 percent for an average household. As a result, rising mortgage rates have a greater impact on higher-spending households

**Annual HLP inflation by household group, September 22 quarter**

Source: Statistics NZ





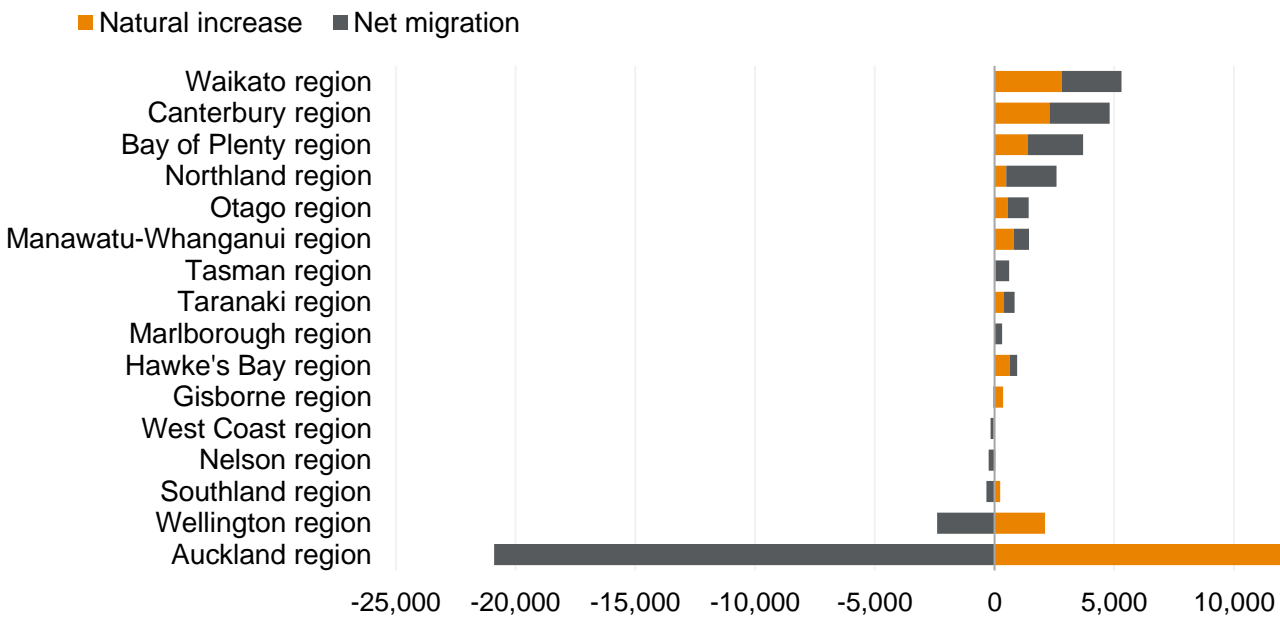
## Subnational Population Estimates (Year to June 2022)

### Population changes and migration by New Zealand area

- New Zealand's population grew by 0.2 percent or 12,600 people in the year to June 2022, the lowest growth since the 1980's. Net migration was negative (-11,500), meaning that population growth was entirely driven by natural increase, which was at its lowest since WW2. Approximately half of the country's net migration loss was due to international migration out of Auckland.
- New Zealand's cities experienced the biggest losses to migration, with ten out of thirteen cities experiencing negative net migration. Net migration in Auckland fell to -20,900, largely driven by outward domestic migration (-15,000). Combined with slowing natural increase this saw the population of Auckland shrinking by -0.5 percent, falling for the second year in a row.
- Both Christchurch and Wellington City experienced net migration loss in the June 2022 year, with net migration falling to -2,100 and -3,200 respectively. Both cities also experienced an overall shrinkage in their populations, with Christchurch's population falling -0.2% and Wellington's declining by -1.1%
- At the regional level, both Canterbury and the Waikato experienced the largest gains from migration, with net migration for each both up 2,500 people. In both regions, positive domestic migration was partially offset by negative international migration. Net domestic migration was strongest in the Waikato (+5,300), followed by Canterbury (+4,800) and the Bay of Plenty (+3,700).

### Estimated population change by New Zealand region, year to June 2022

Source: Statistics NZ, ChristchurchNZ



### Greater Christchurch

- The Christchurch City population fell by -0.2 percent in the year to June 2022 from the previous 12-month period, a decline of approximately -700 residents.
- Selwyn District, which experienced the highest population growth in New Zealand for the second year in a row, grew by 4.8 percent or approximately 3,600 people over the same period. This was largely driven by inward domestic migration of around 3000 people.
- The population of Waimakariri increased by 2.0 percent or 1,300 people. This was also largely driven by inward domestic migration, albeit to a smaller scale than Selwyn.



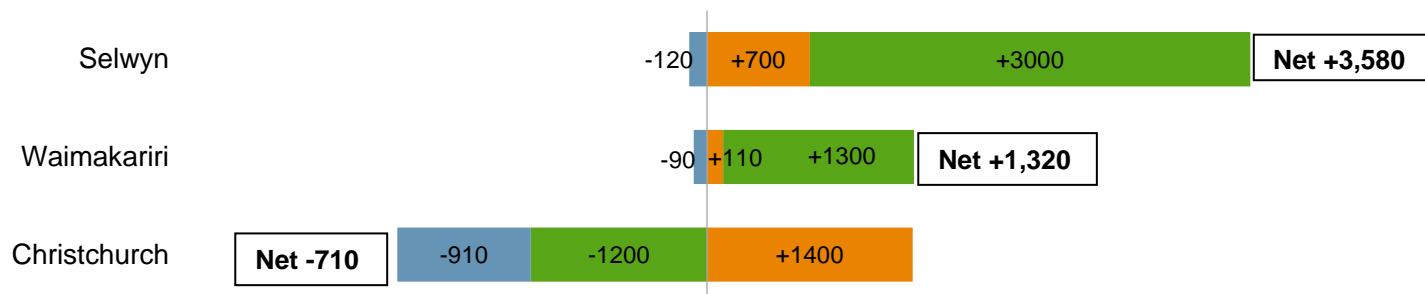


- Overall, Greater Christchurch experienced a population gain of 0.8%, or 4,200 residents in the year to June 2022.

### Estimated population change by component and Greater Christchurch districts, year to June 2022

Source: Statistics NZ, ChristchurchNZ

■ Natural increase ■ Net domestic migration ■ Net international migration

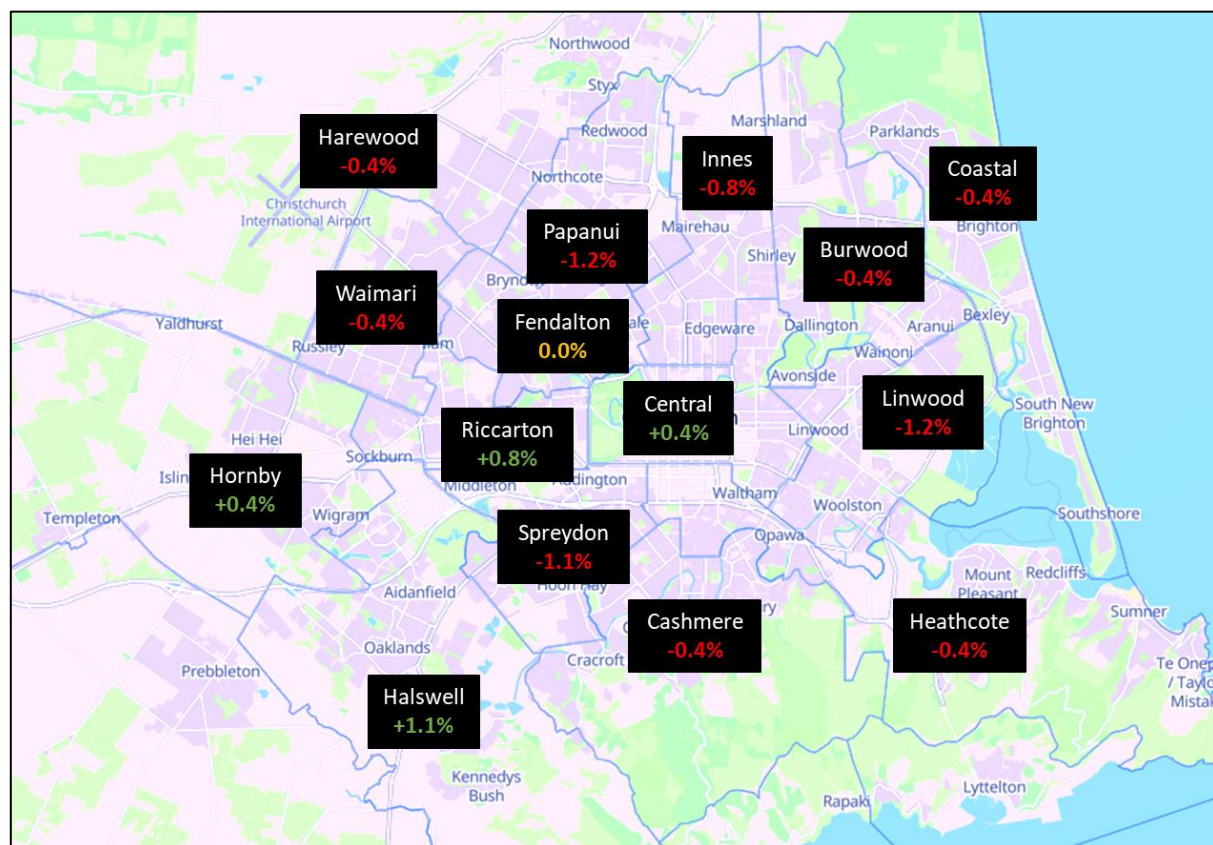


### Christchurch City Suburbs

- The Southwest area of Christchurch City experienced positive population growth compared to 2021, with Riccarton, Hornby and Halswell gaining 600 people between them. Central Christchurch also experienced a population gain of approximately 100 people.
- All other Christchurch suburbs experienced negative population growth compared to 2021, with the largest declines occurring in Papanui (-1.2%), Linwood (-1.2%) and Spreydon (-1.1%). These suburbs lost approximately -300 people each in the year to June 2022 from 2021.

### Christchurch population change (2022 vs 2021), Statistics NZ 2023 Subdivision Boundaries

Source: Created by Christchurch NZ using map & data extracted from Statistics NZ



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

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