

Retail Spending in Christchurch July 2020

Summary:

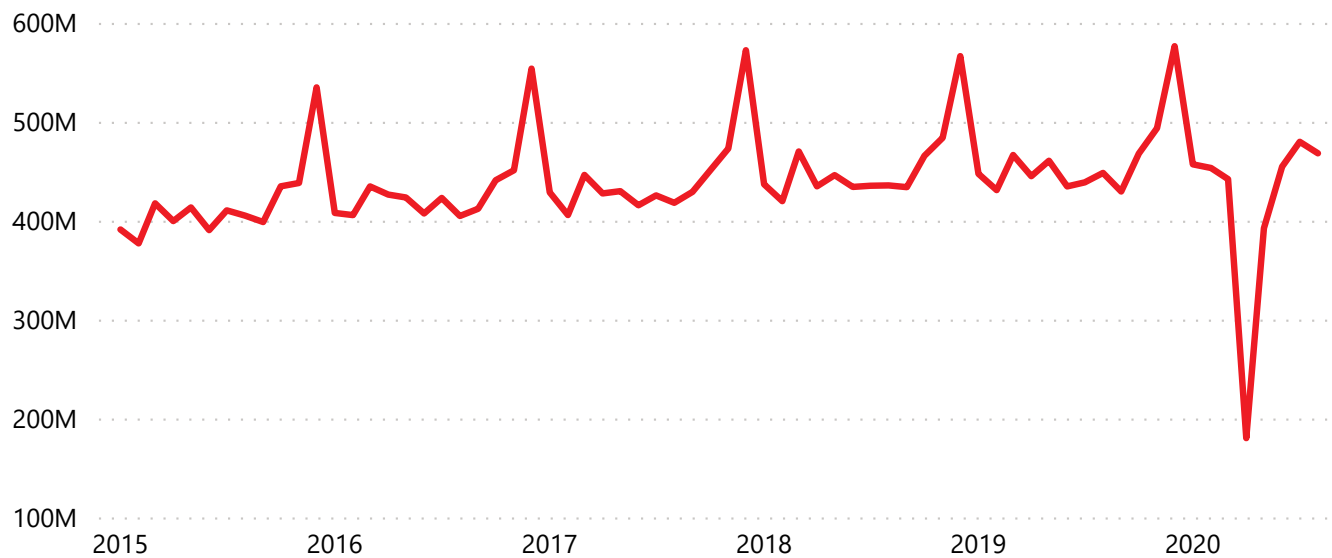
- Christchurch saw an overall spending increase of 4% percent for August 2020 to \$469m compared with the same month last year.
- Spending in Christchurch's central city however was down 4 percent to \$31.4m in August 2020, compared to the same month last year.
- While still strong, in August 2020 it has become apparent that the rate of growth caused by pent up demand is beginning to ease.
- Tourism related industries: accommodation and cafes, restaurants, bars and takeaways have seen the greatest declines of 28 and 12 percent respectively for the year ending August 2020. The hospitality industry is made up of many low margin businesses and as a result there is a risk of many business failures.

Total Retail Spend Christchurch:

Retail spending in August 2020 is the third full month of post lockdown activity and growth rates, while still very strong, are beginning to ease when compared to the robust figures seen last month (Figure 1).

Figure 1. Total retail spend

Christchurch Total Spend



Spending by Location

Many business nodes within Christchurch continue to see strong growth in August 2020 with the move to lockdown level 2 a likely reason why the decentralised areas have experienced growth at the expense of the Central City. Spending in Akaroa was up 35 percent, followed by Spreydon, Lyttelton, Papanui and Tower Junction, up 28 percent, 20 percent, 17 percent and 15 percent respectively.

The central city hasn't however enjoyed the same level of growth. The core and the core fringe saw decreases of 3.3 percent and 4 percent in August 2020. The central city (core and fringe combined, see Figure 2) saw a decline in spend in August 2020 of 4 percent compared to July 2019.

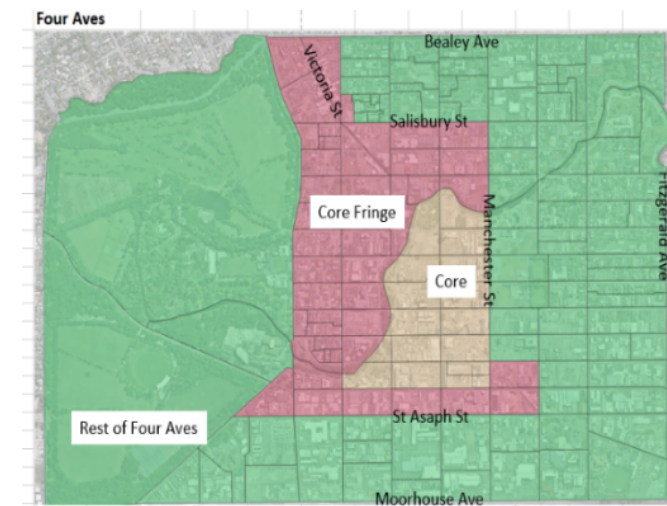
Figure 2. Highest retail spend growth suburbs & Central City

Akaroa	Lyttelton	Papanui	Spreydon	Tower Junction	Central City
35%	20%	17%	28%	15%	-4%

Figure 3 depicts a summary of annual growth in Christchurch by geographic location.

Figure 3. Annual Growth

Date	Christchurch City	Central City (Core & Core Fringe)	Core	Core Fringe
2019/2018	2%	8%	17%	-3%
2020/2019	-4%	-6%	-3%	-11%



Spending by Store Type

Central City Expenditure:

Apparel and personal and home, hardware saw the greatest increases of 23 and 8 percent in August 2020 compared to last year in the central city. The greatest declines were seen in accommodation and fuel and automotive of 61 percent and 27 percent when compared to August 2019 (see Fig 4). Spending on cafes, restaurants, bars and takeaways accounts for the greatest proportion of spending the central city (38 percent in August 2020) and was down 2 percent in the month of August 2020.

Figure 4 Central City Expenditure

Apparel and Personal	Home, Hardware and Electrical	Accommodation	Fuel and Automotive
23%	8%	-61%	-27%

Citywide Expenditure:

An even mix of growth and decline was seen across Christchurch in August 2020. Home and hardware, apparel saw exceptional growth of 34 percent where as spending on accommodation, thanks to COVID related declines in visitor numbers, saw a significant decline of 37 percent when compared to August 2019.

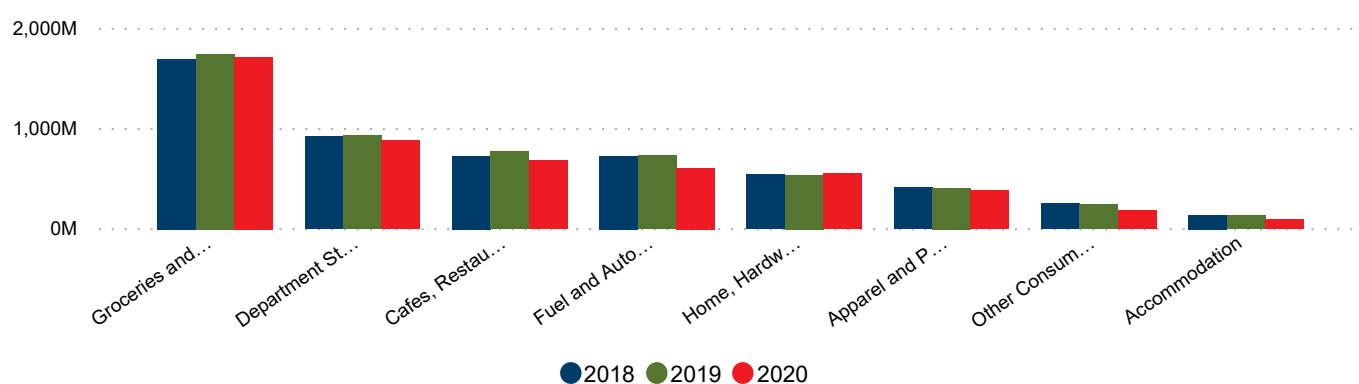
Figure 5. City wide expenditure

Groceries and Liquor	Home, Hardware and Electrical	Accommodation	Fuel and Automotive
9%	34%	-37%	-8%

Figure 6 depicts a summary of annual spend in Christchurch by category.

Figure 6.

Total Spend in Christchurch by Category (YE August 2020)



*Note: due to confidentiality issues there was no categorical data provided for the month of April. As a result, the 2020 annual figures will be understated by one months' worth of data.

Spending by visitor type

The rate of growth of domestic visitor spend in Christchurch in August 2020, while still strong, is increasing at a lesser rate than last month. This may be in part due to the Auckland lockdown, that began early August, as visitor spend from Auckland residents accounts for the greatest proportion of visitor spend in Christchurch (20 percent for the YE June 2020). International spending saw a 65 percent decrease on the same month last year to \$4.4m compared to a 12 percent increase to \$37m for domestic spending (Figure 7). Total visitor spend in Christchurch for August 2020 was down 9 percent.

Figure 7. Visitor spending August 2020 compared with August 2019

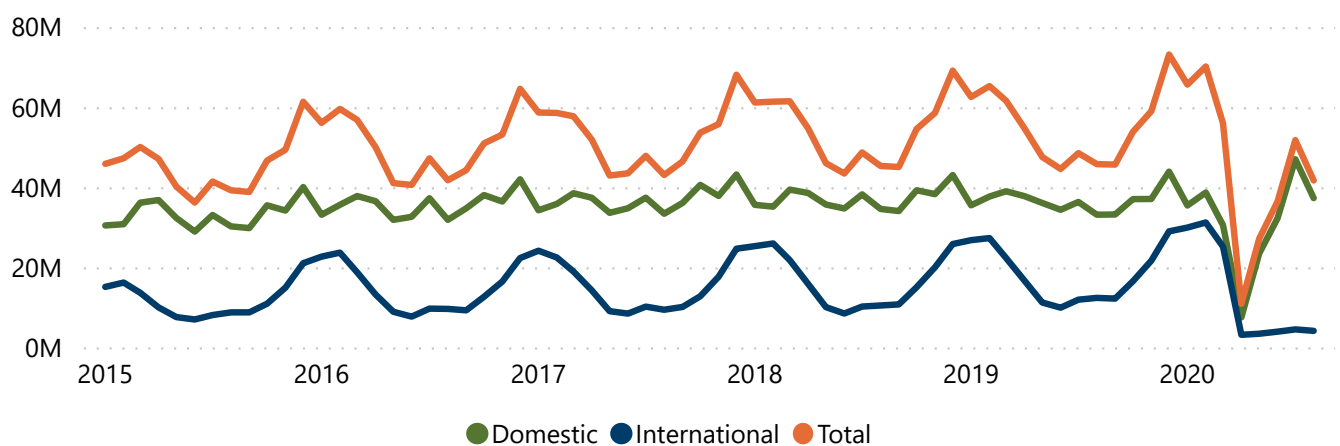
Domestic	International	Total
12%	-65%	-9%

*Smaller than expected decline in international visitor spend is due to the contribution of long-term visitors, returning kiwis, foreign nationals, special visas etc

Figure 8 depicts monthly international and domestic visitor spending in Christchurch.

Figure 8. Visitor Spending

Christchurch Domestic and International Visitor Spend



"Rest of New Zealand" visitor spending is used as a proxy for Domestic visitor spending in figure 10.

Spending by Christchurch residents in Christchurch (excluding fuel) increased by 9 percent, and in the central city increased by 4 percent as seen in Figure 9.

Figure 9. Resident spending in July 2020 compared with July 2019

Christchurch	Central City
9%	4%

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