

Economic Monitor

December 2021

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Our final Economic Monitor for 2021 is a tale of a resilient economy that has bounced back well from the Delta lockdowns and uncertainty we have seen this quarter.

Alongside this strong economic performance we are increasingly seeing the availability of talent as a constraint – unemployment and job seeker numbers are trending increasingly lower, with unemployment in particular as low as it practically can be.

Pleasingly, retail spend has held up better than expected given the lockdowns and lack of visitors from Auckland, our key domestic tourism market. We look forward to a strong summer season for this sector.

The team at Priority One wishes you a safe and happy festive season, see you in 2022.

Our Economic Monitor is focused on Tauranga City and Western Bay of Plenty District, combining data from economists, data we have locally, and information from local businesses. We also provide key national measures to round out the picture.

The information available within this monitor is given in good faith and intended to provide general information to Priority One stakeholders. The information is obtained from sources believed to be reliable and accurate at the date of preparation.

National GDP

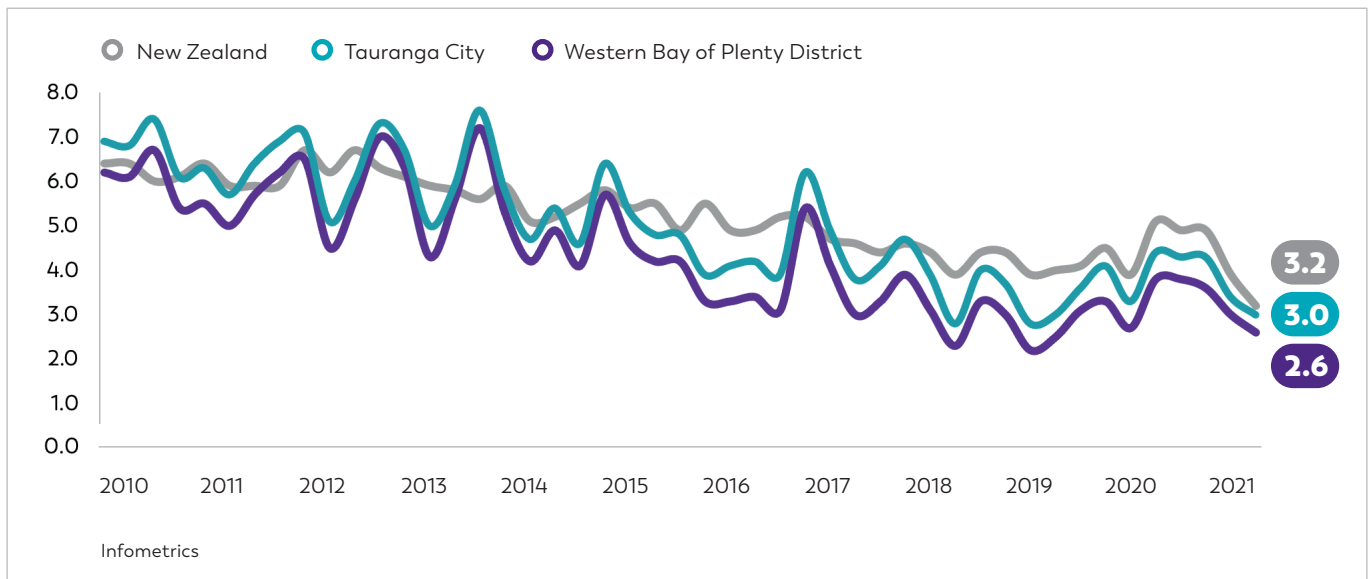
The size of the New Zealand economy is \$345 billion in current prices for the year ended September 2021. Average annual GDP rose by 4.9% through the year to September 2021.

GDP	↑ 4.9%	Imports	↑ 6.8%
National disposable income	↑ 4.3%	Exports	↑ 4.5%
Spending on durables	↑ 2.4%	Investment in fixed assets	↑ 6.6%

Statistics NZ

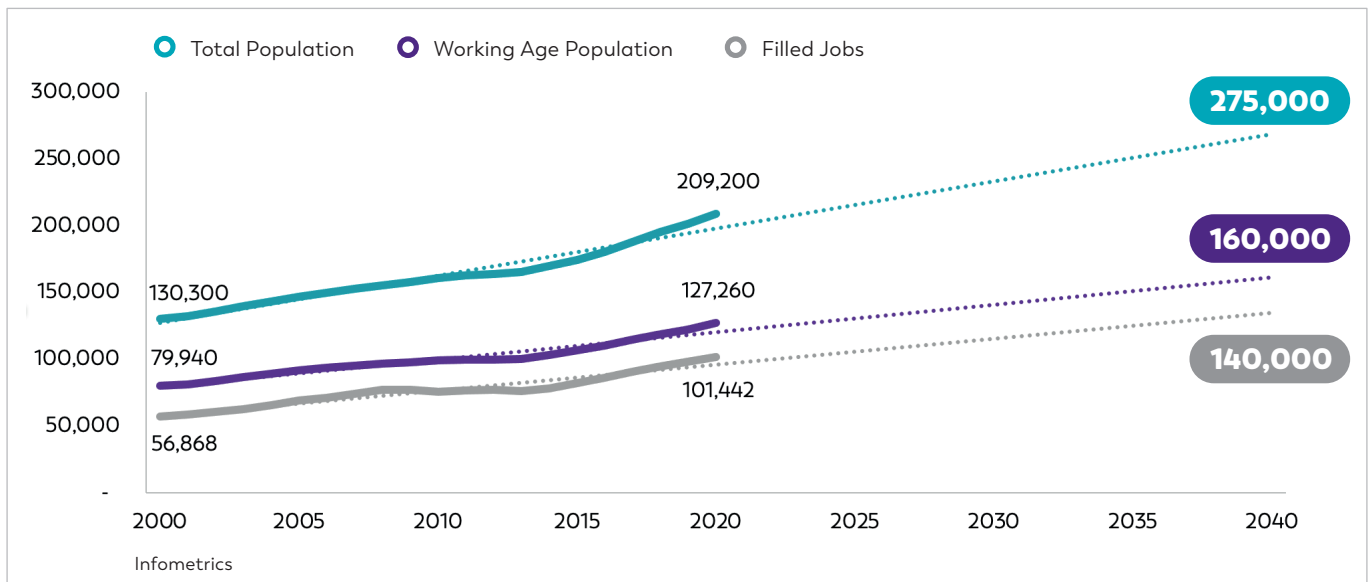
Unemployment

Quarterly unemployment for Tauranga City is 3.0% and Western Bay of Plenty District is 2.6%, compared to the national rate of 3.2%. The unemployment rate has been declining since September 2020.



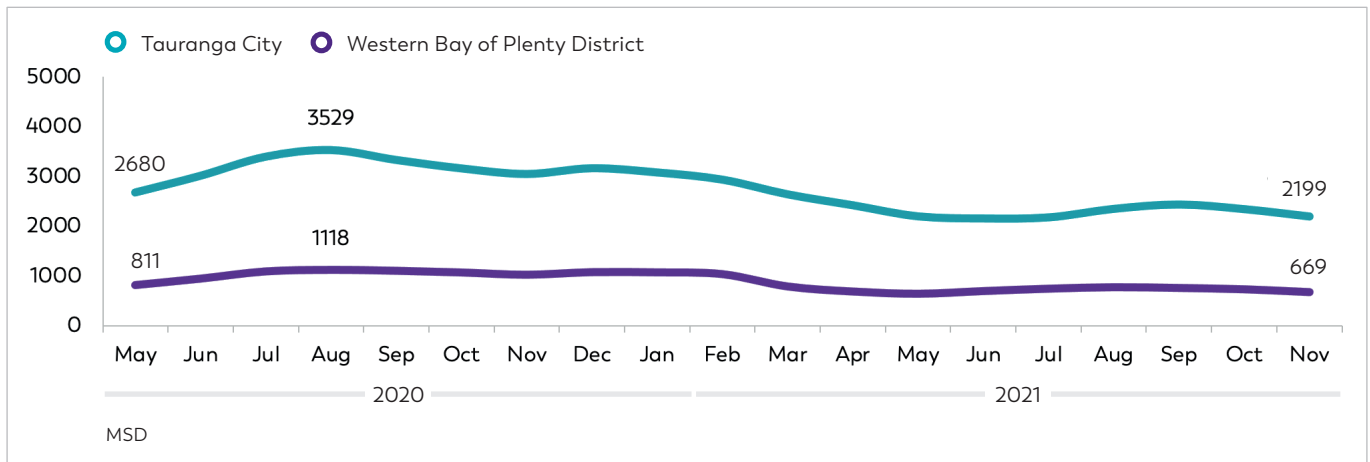
Workforce

Projecting total population, working age population and the number of jobs required in the future, shows that workforce participation will need to increase from 70% to 80% in the next 20 years.



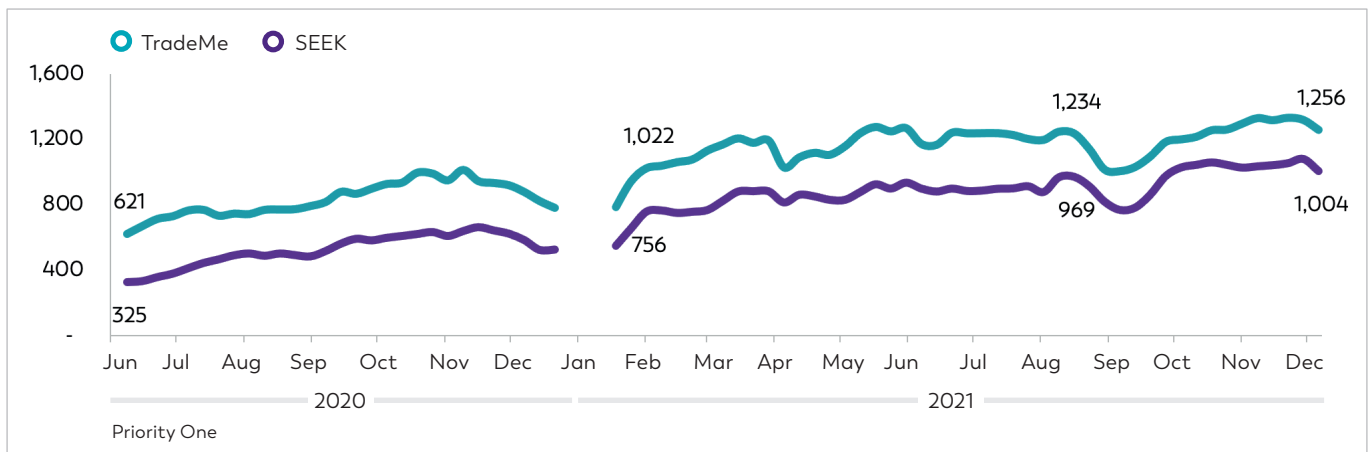
Jobseekers

The number of people receiving Jobseeker Support (Work Ready) has been declining throughout 2021, with a slight blip of 150 new people in Tauranga City around the August/September lockdown.



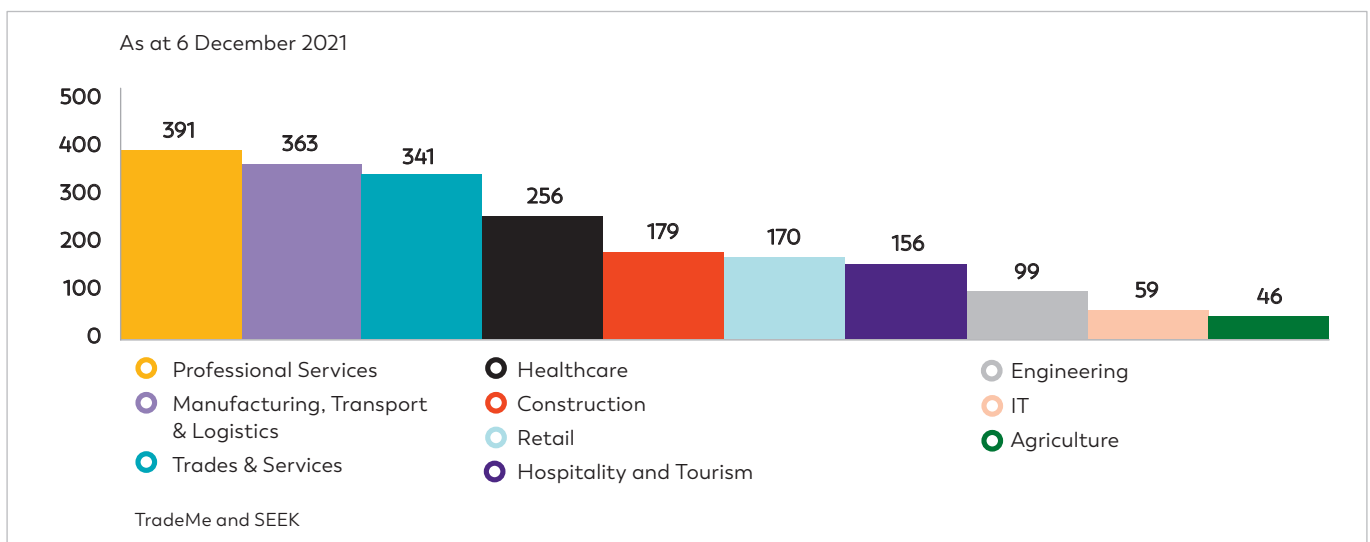
Advertised Jobs

The labour market skills shortage is shown by number of advertised jobs, reaching 2,400 listings in November. Listings have started falling away for the holidays, although much later than last year.



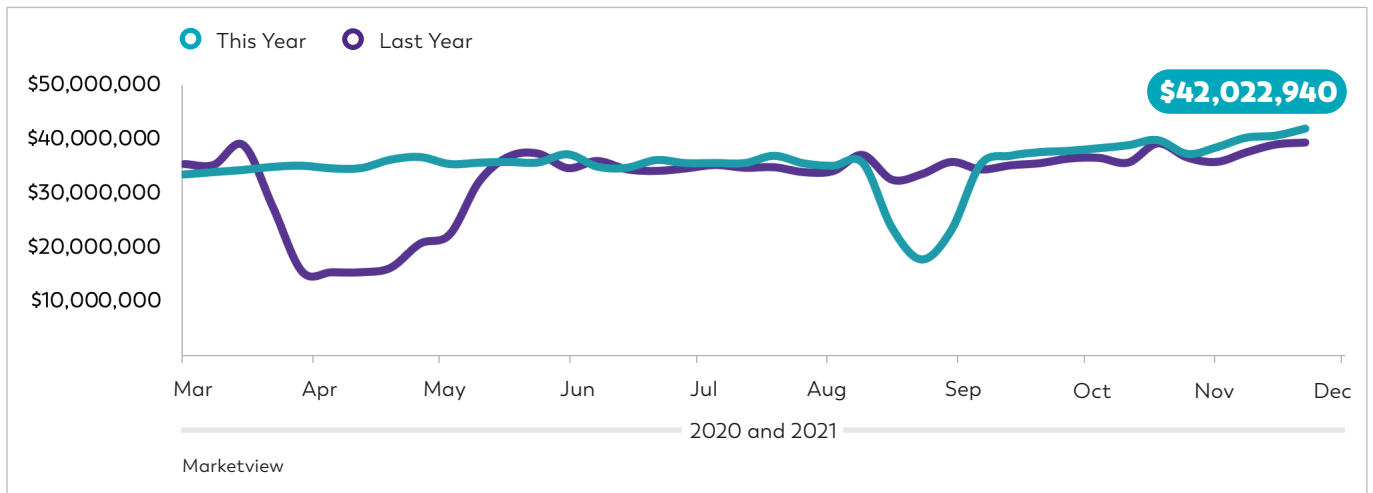
Advertised Job Types

Professional Services are most in demand, and Manufacturing Transport & Logistics has overtaken Trades & Services, which has fallen along with Construction leading up to the summer holidays.



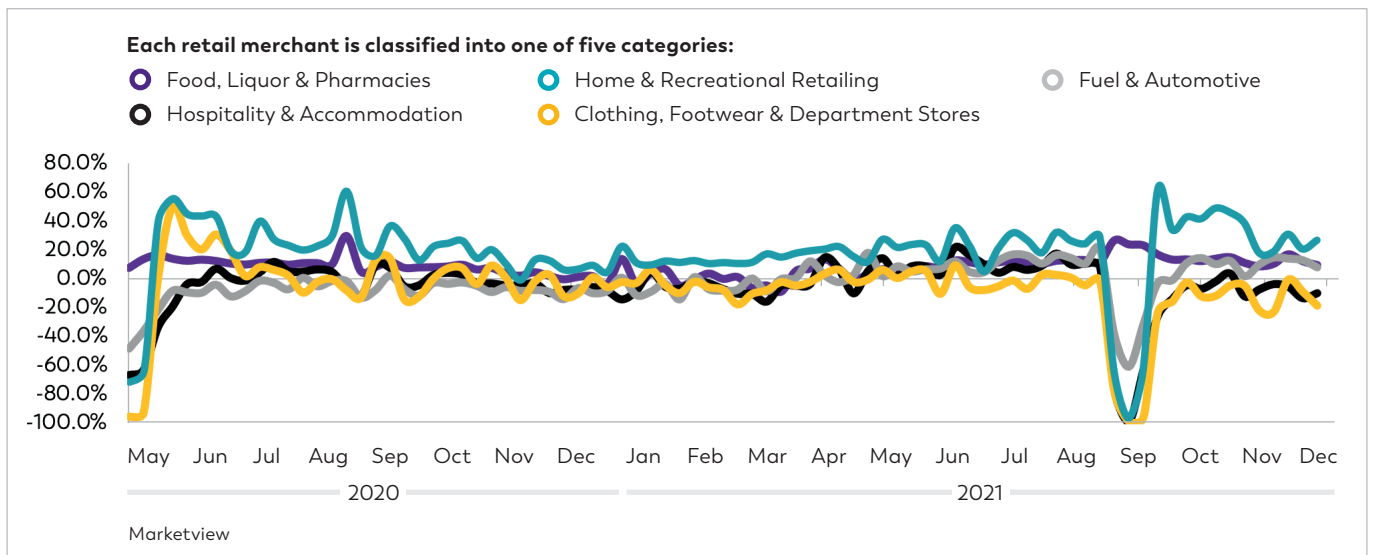
Retail Spend

Retail spend in early December has passed \$42m, \$4m higher than last year. Growth is led by Home & Recreation and Food & Pharmacy, while Hospitality and Clothing Footwear & Department Stores are down.



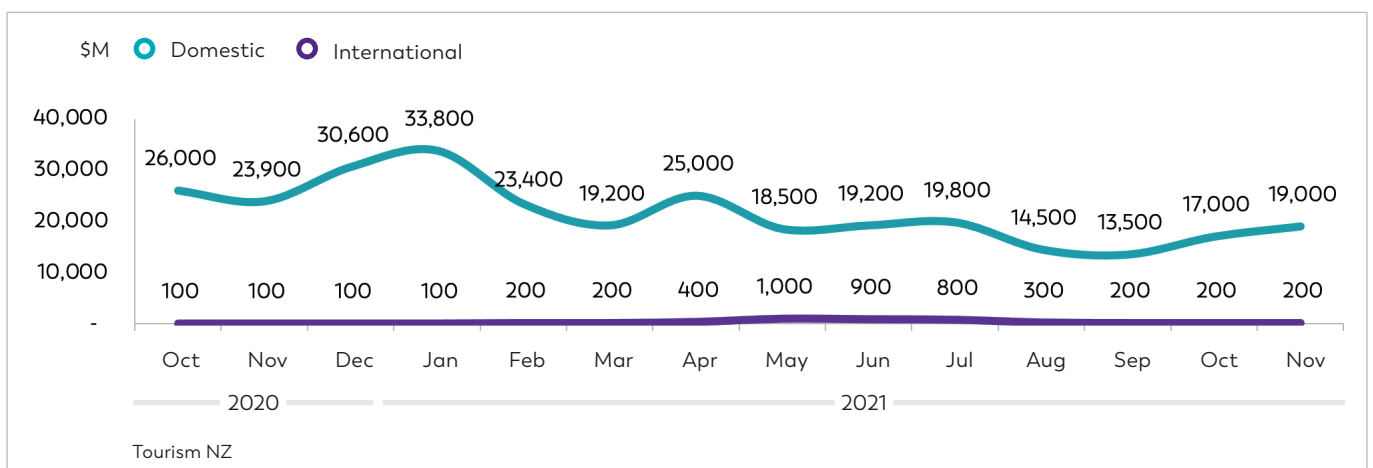
Retail Categories

Home & Recreation spend remains very high, with sustained growth in Food Liquor & Pharmacy, and higher Fuel prices. Hospitality and Clothing Footwear & Department Store spend remains below last year.



Visitor Numbers

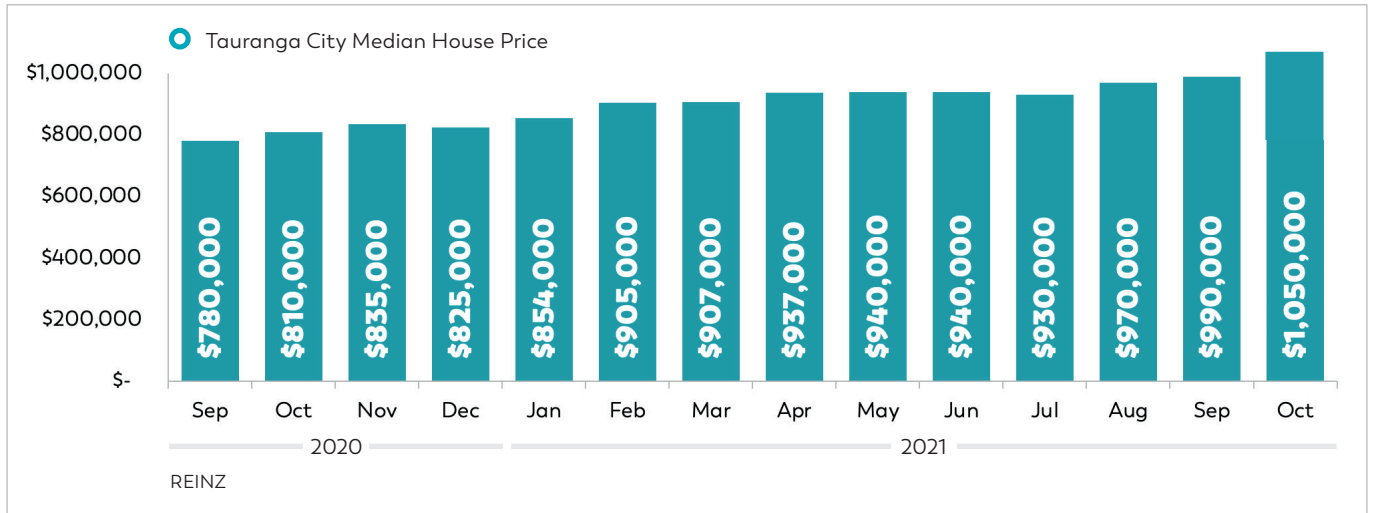
Visitors to the Western Bay have traditionally been mainly from Auckland and Waikato. Lockdowns have seen visitor numbers diminish, with the upward climb to summer holidays starting in November.



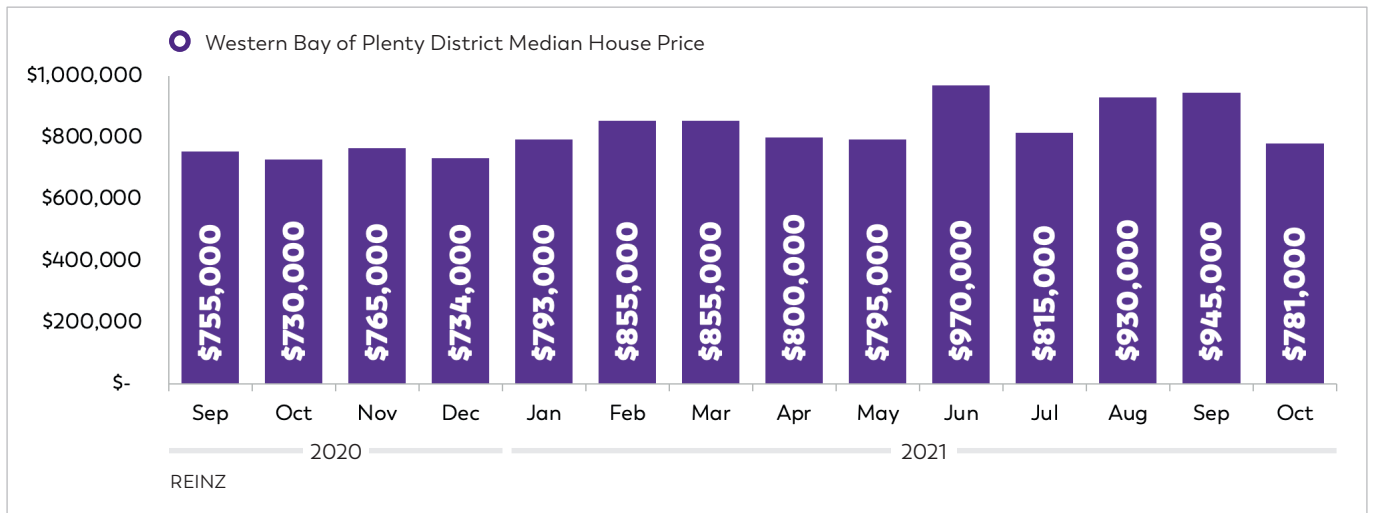
House Prices

Tauranga City reached a new record house sale price in October of \$1,050,000 driven by growth in the top end of the market. Western Bay of Plenty District median sale price is more variable at \$781,000.

Tauranga City

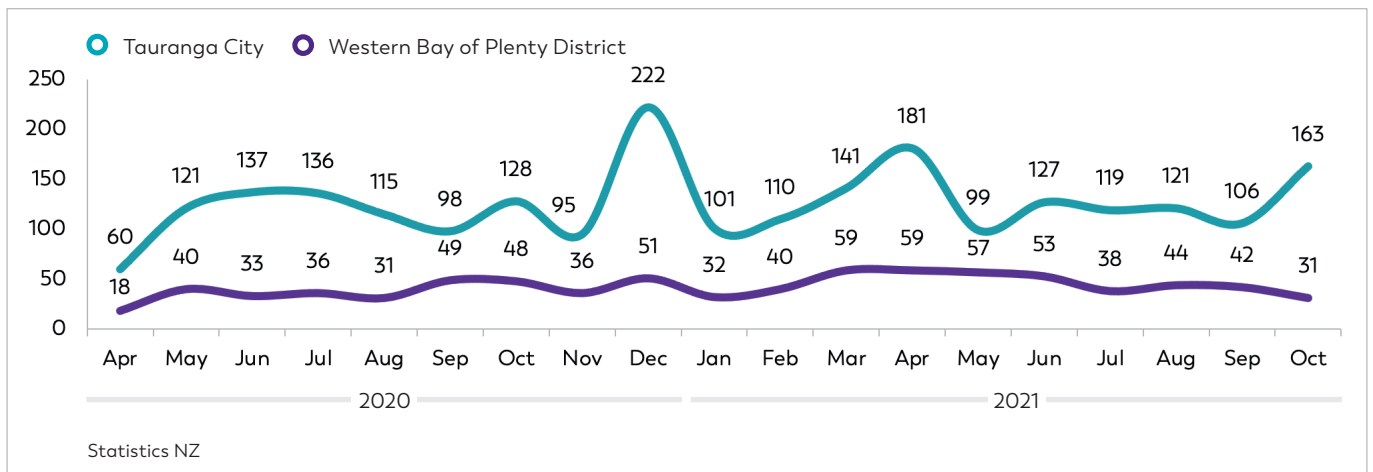


Western Bay of Plenty District



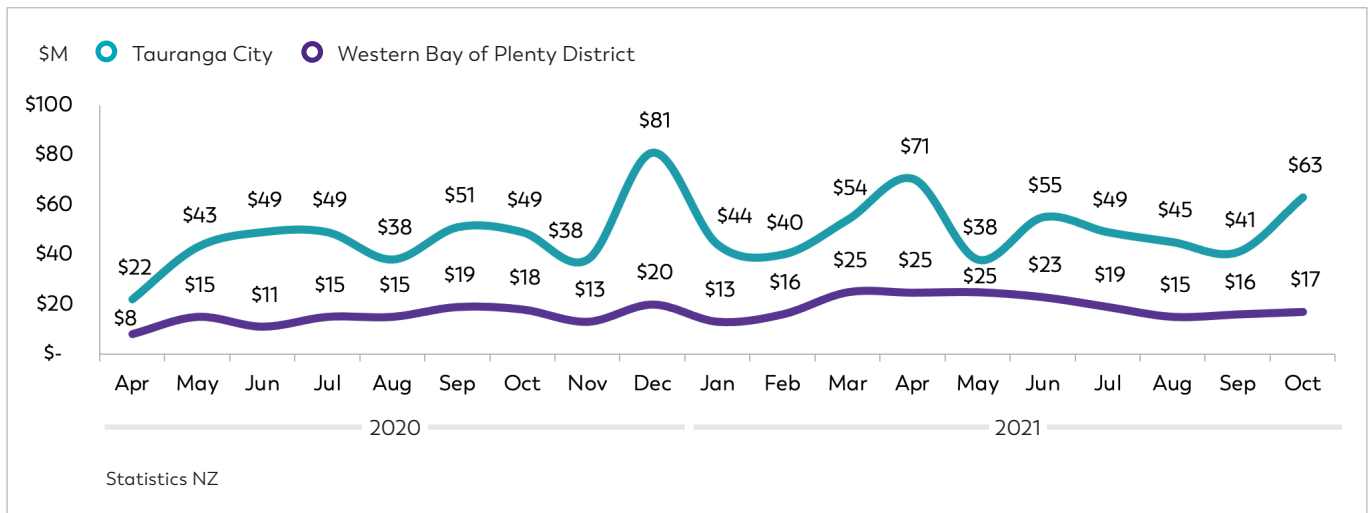
Residential Consents Volume

A lockdown backlog of consents in Tauranga City for August and September was reflected in a jump to 163 residential consents in October. Whereas Western Bay consents are relatively steady.



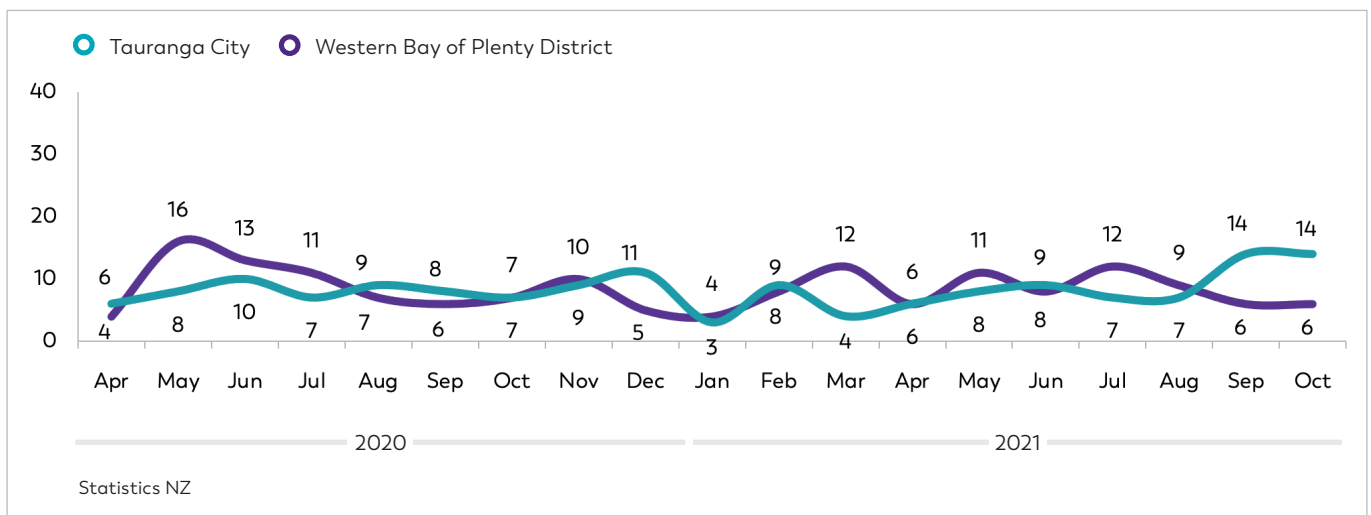
Residential Consents Value

A higher number of residential consents in October is reflected in a similar jump in value for Tauranga. Yet the value is similar for Western Bay despite fewer consents, showing higher value houses.



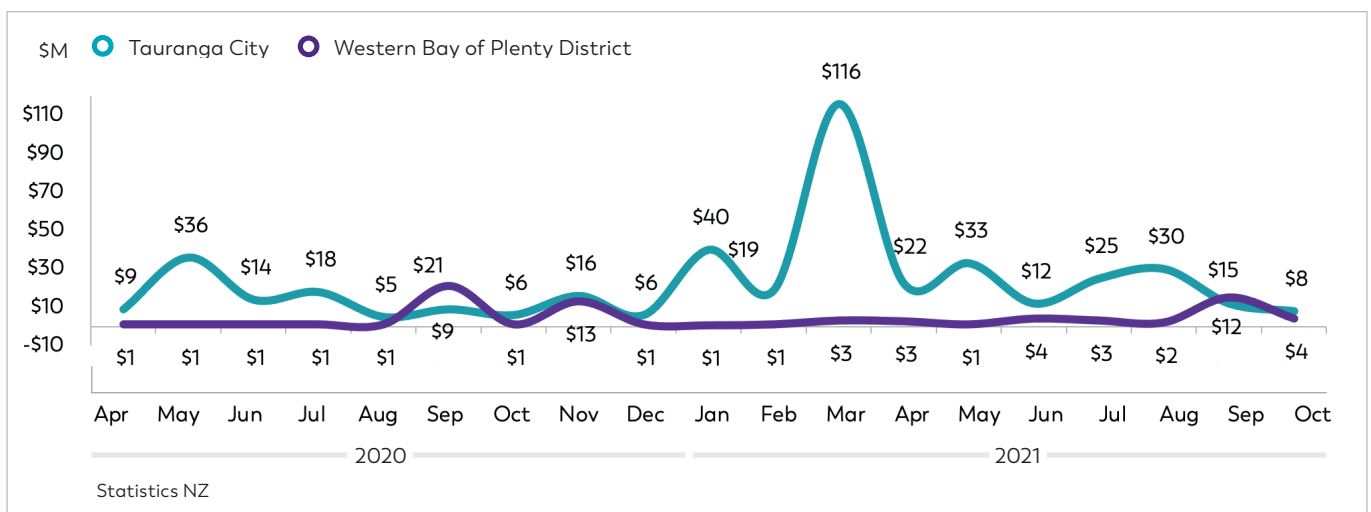
Non-Residential Consents Volume

Non-residential consents reversed for Tauranga and Western Bay in the last 2 months. Western Bay consented more industrial/farm buildings, and Tauranga consented more commercial/education buildings.



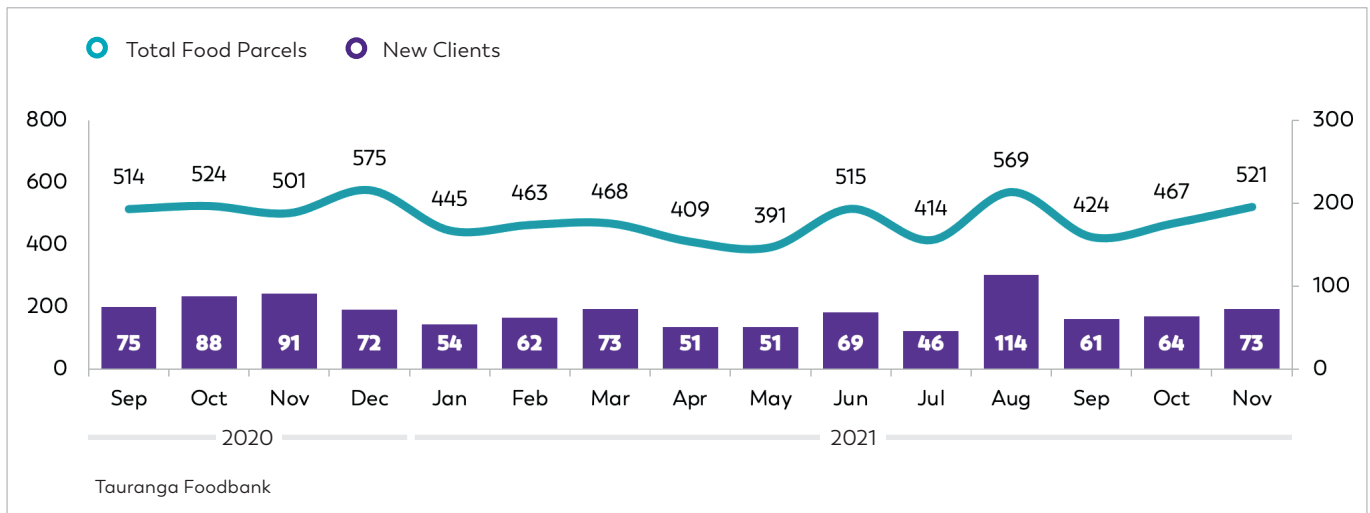
Non-Residential Consents Value

Non-residential values have been lower in the last 2 months, reflecting lower value projects being consented. Both Councils consented similar values, being \$12-\$15m in September and \$4-\$8m in October.



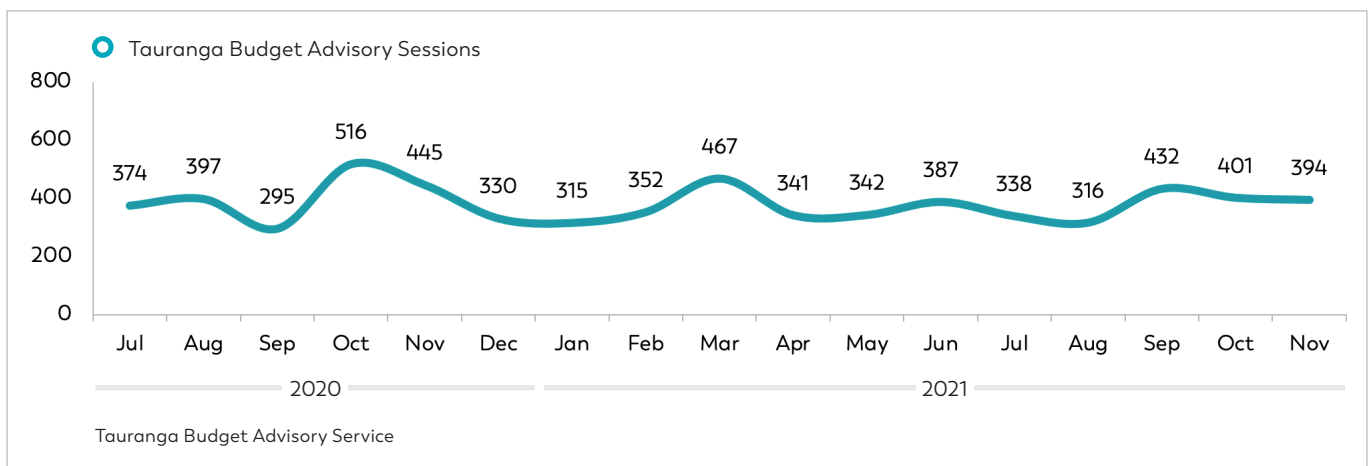
Food Parcels

Food parcels continue to be needed due to the cost of housing. Now that Covid is in the community, food support is also needed for people who are suddenly isolating and their income is affected.



Budget Advisory Service

Challenges around increased cost of living – rental affordability, food, petrol, and utility costs – drive demand for budget advisory services, consistently providing around 400 sessions per month.



National Perceptions

Concern is easing

Covid concern has dropped across the board as Kiwis start to adapt to the new traffic light system and enjoy greater freedoms.

While worry about a resurgence of the virus still remains the top concern for Kiwis, this too has eased to 50%.

Concern particularly dropped towards:

41% Economic conditions

43% Disconnection from friends and family

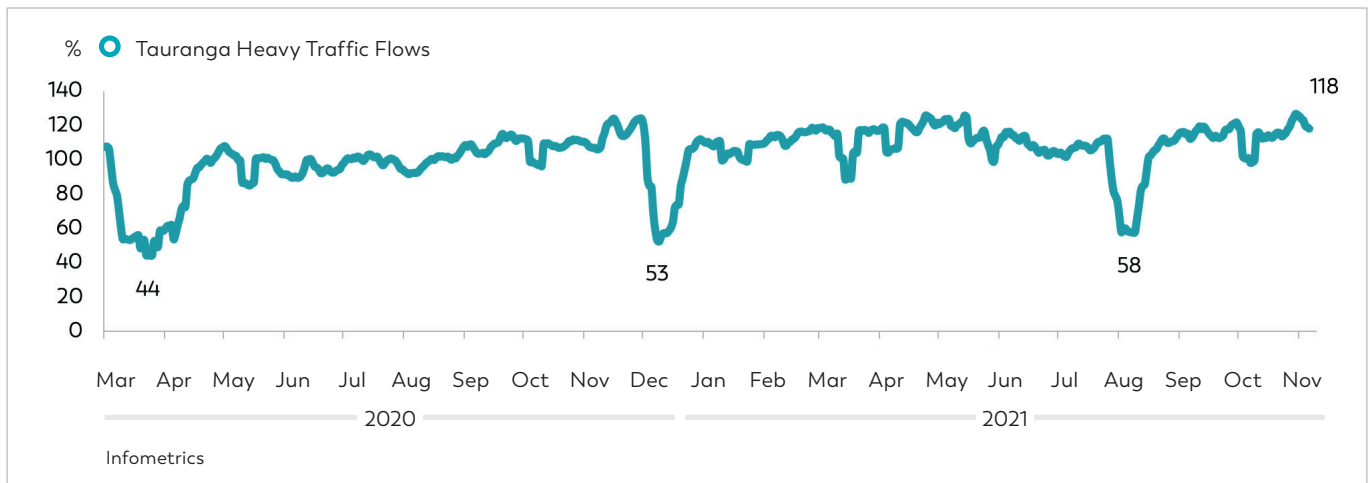
New Zealanders have had a surge of positivity since the relaxing of restrictions with 74% of Kiwis saying they experienced positive emotions in the last week, including loving (54% up from 48%) happy (56% up from 51%), and positive in general (54% up from 51%).

Perceptive, 9 December 2021

82%
of vaccinated people plan to get the booster shot once eligible

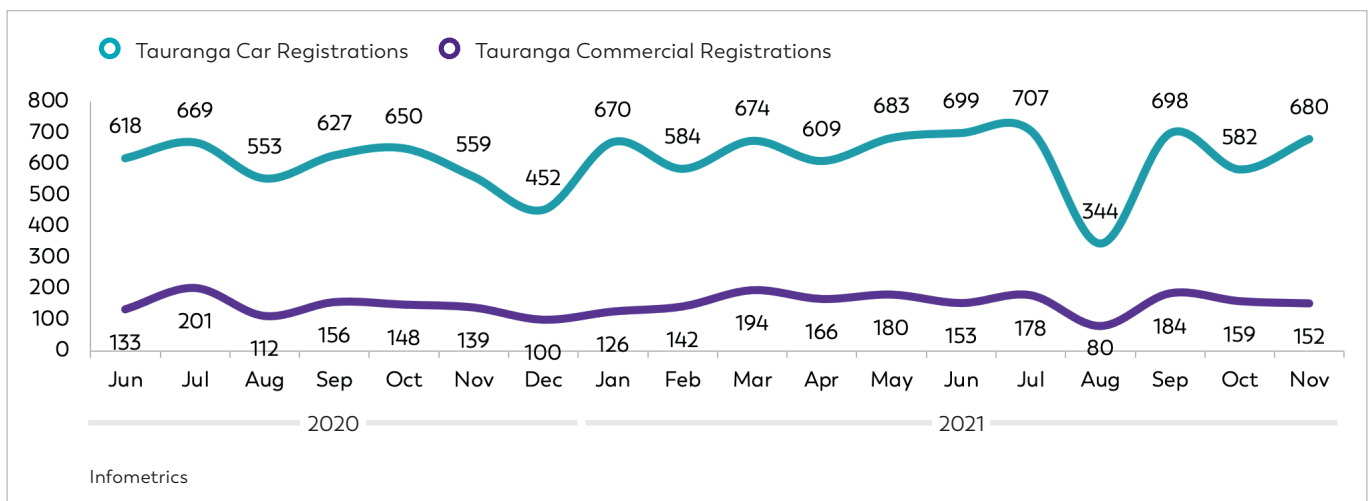
Heavy Traffic

Heavy traffic flows indicate business movements across Tauranga, measured from a base of 100 in February 2020. During August/September, heavy traffic dropped sharply, rising to 118 in early December.



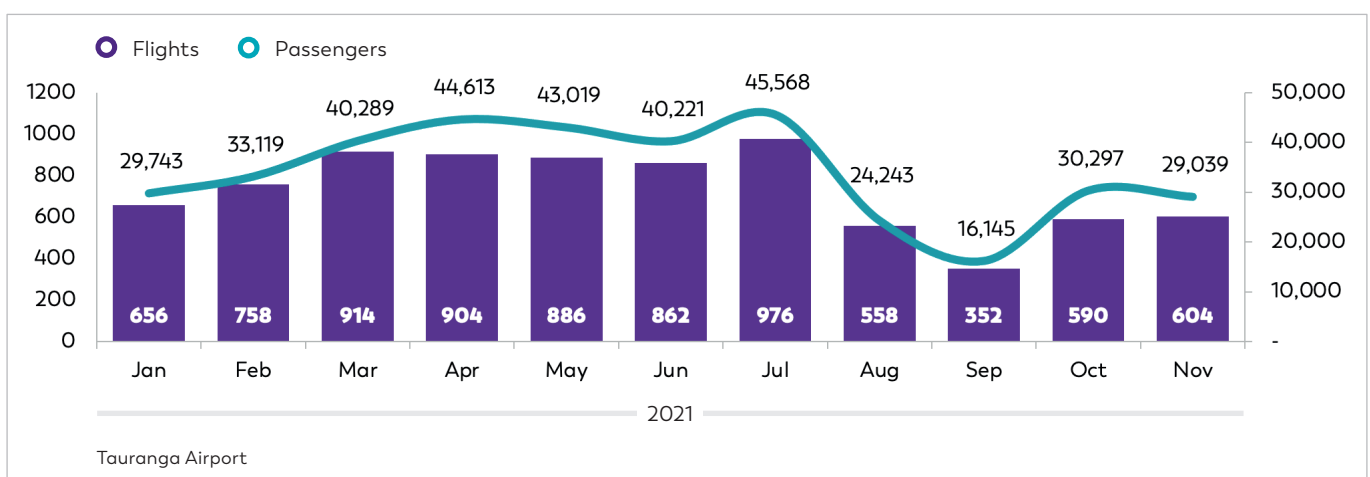
Vehicle Registrations

Lockdown had a clear impact on Tauranga vehicle registrations, with both car and commercial registrations halving, before bouncing back to relatively normal levels without restrictions.



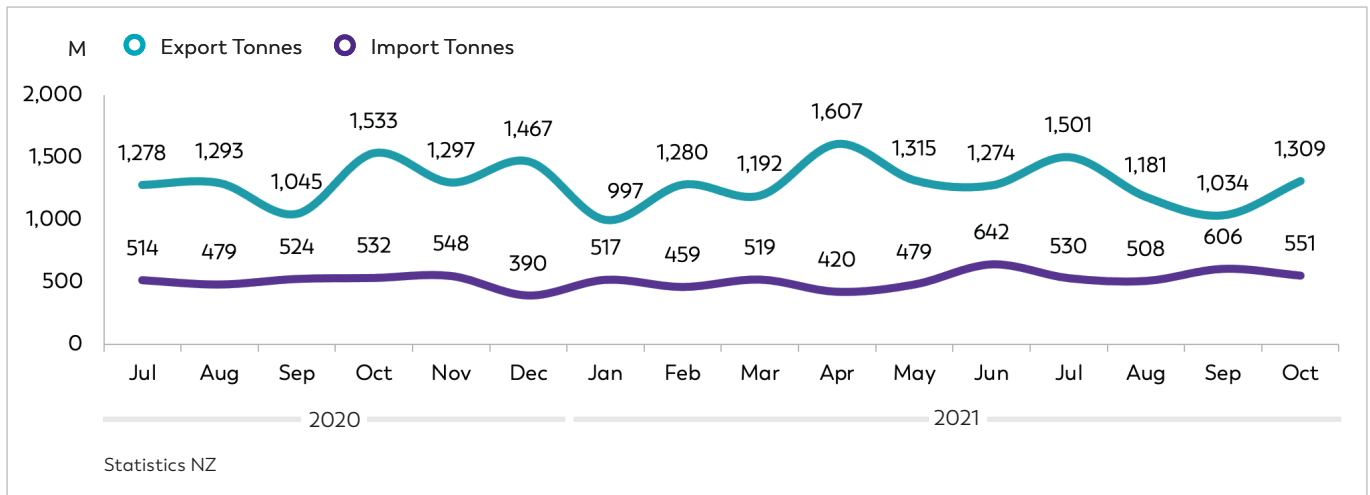
Airport Flights

Restrictions on visitors from Auckland and the Waikato are shown in airport movements, with passenger numbers for October and November down around 6,000 on the same months last year.



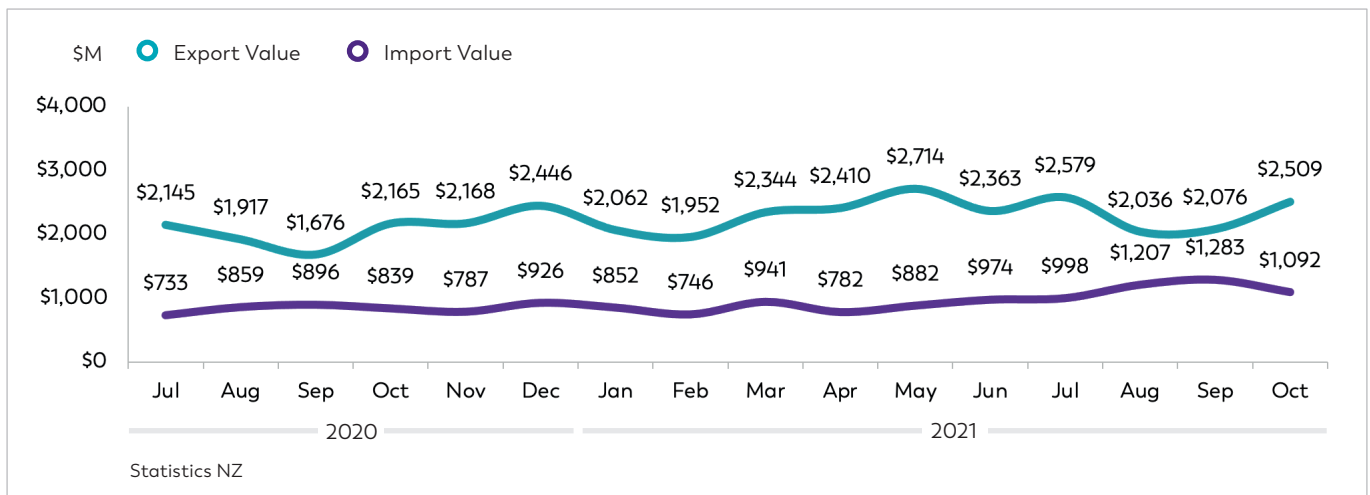
Port Volume

Port export and import volumes are showing a very similar pattern over the last 3 months as the same period last year. Zespri has shipped its final batch of New Zealand kiwifruit for 2021.



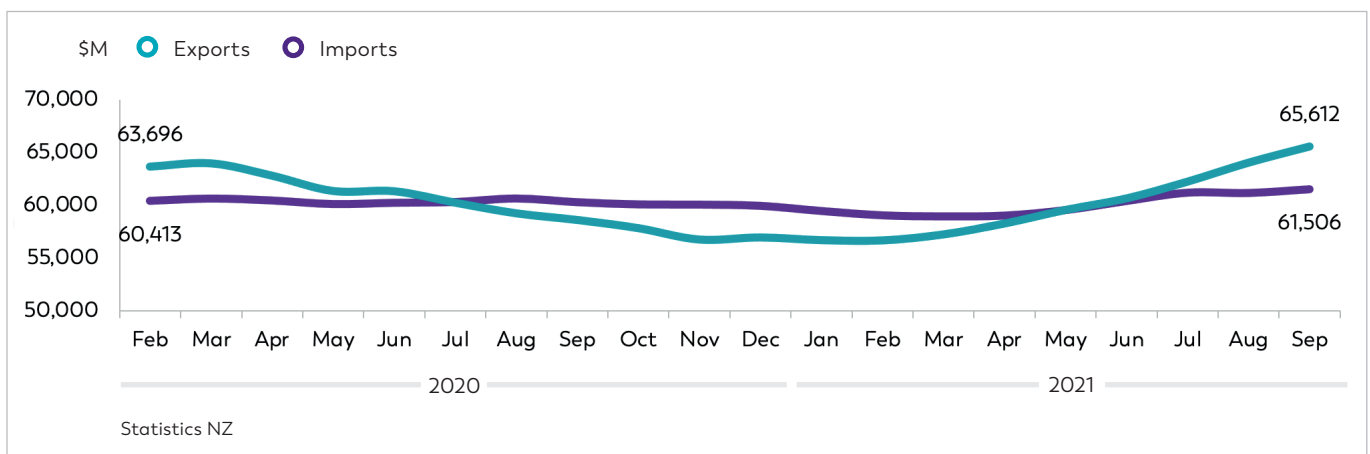
Port Value

Port export and import values are likewise following the same pattern over the last 3 months as the same period last year, reaching \$2.5bn in exports and \$1.1bn in imports in October.



NZ Exports & Imports

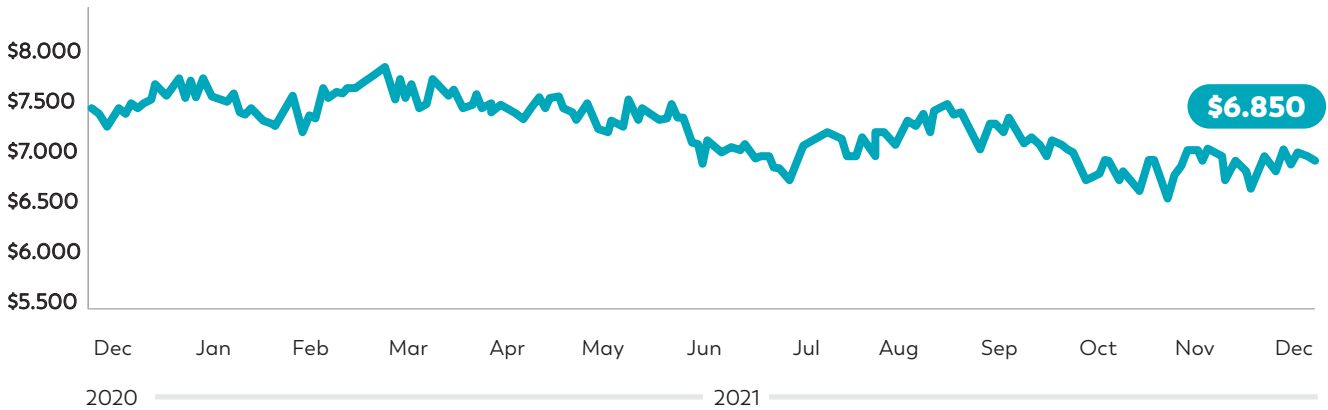
For the year ended September 2021, import values have risen in the last 3 months by \$5bn to over \$65bn due to increased shipping costs, while export values have risen by \$1.5bn to over \$61bn.



Local Share Prices

PORT OF TAURANGA

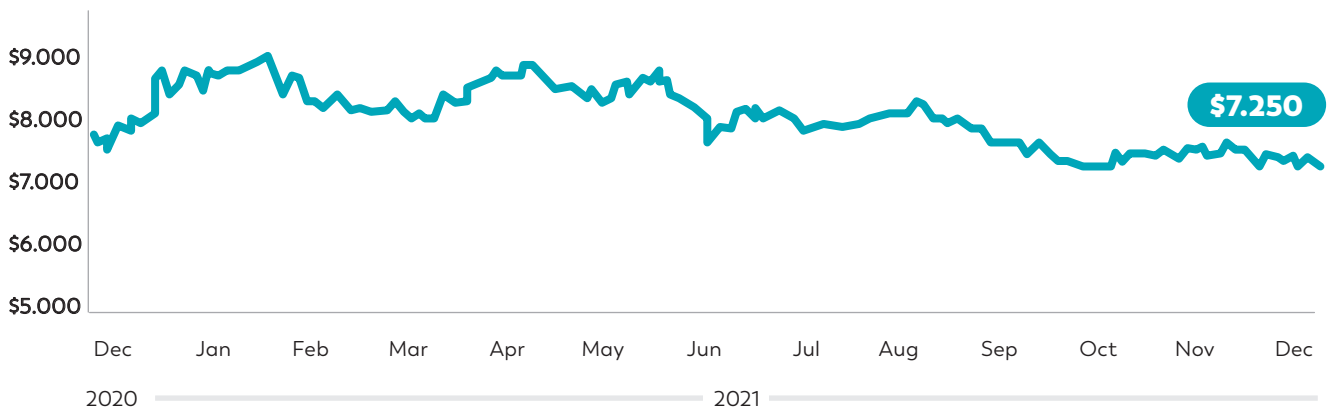
\$6.850 on Thursday 16 December 2021



nzx.com/instruments/POT

TRUSTPOWER

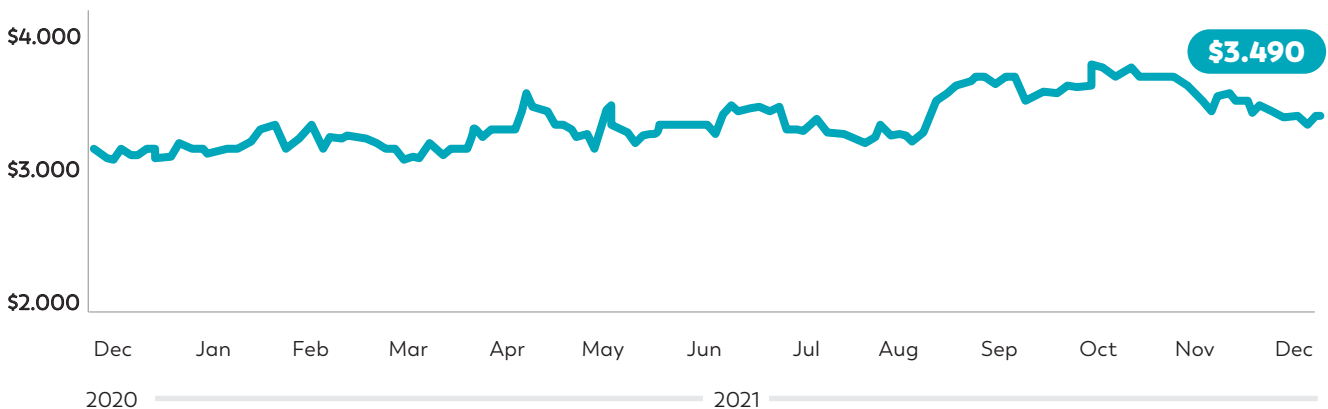
\$7.250 on Thursday 16 December 2021



nzx.com/instruments/TPW

COMVITA

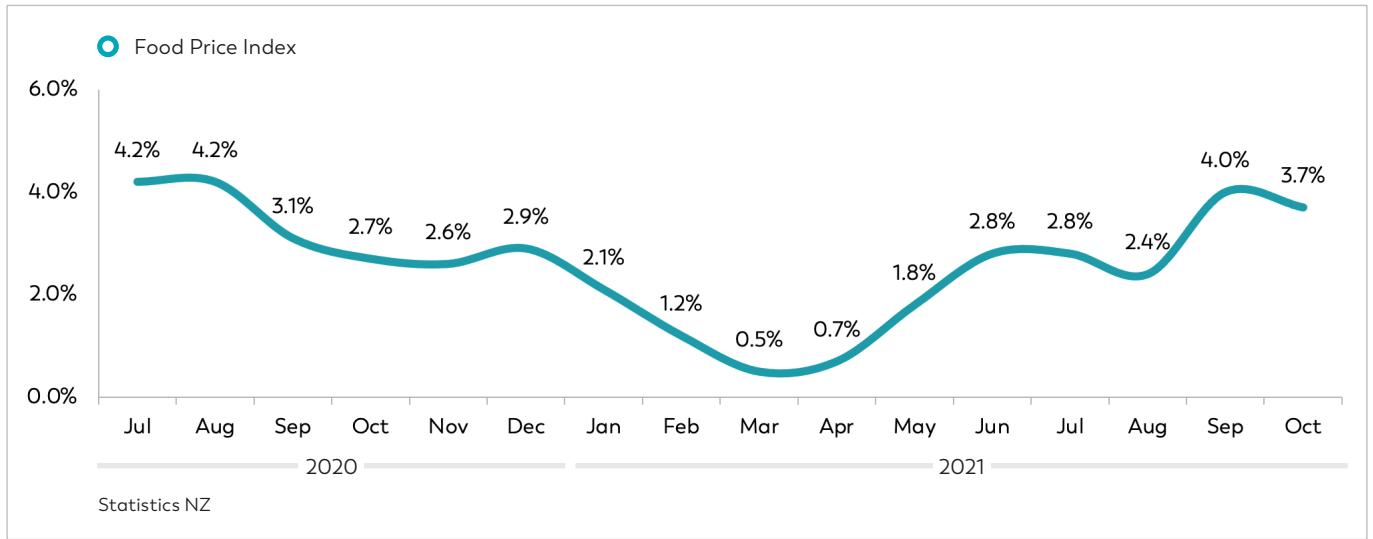
\$3.490 on Thursday 16 December 2021



nzx.com/instruments/CVT

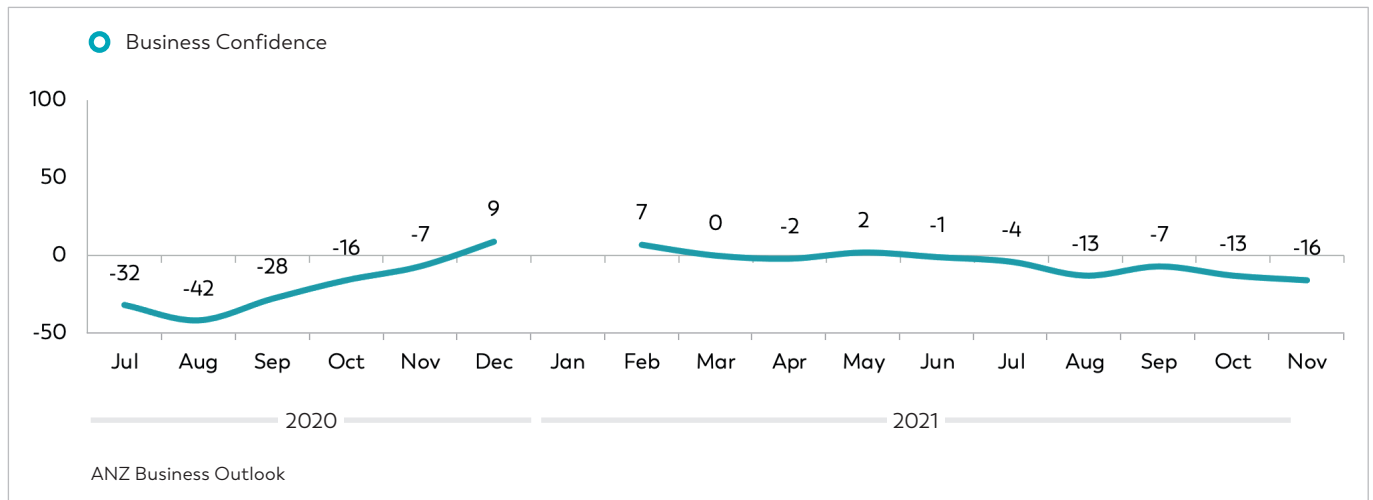
Food Prices

Food prices increased 3.7% in the year ended October 2021. All categories have increased, especially fruit and vegetables up 9%, restaurant meals and ready-to-eat food up 5%, and grocery food up 3%.



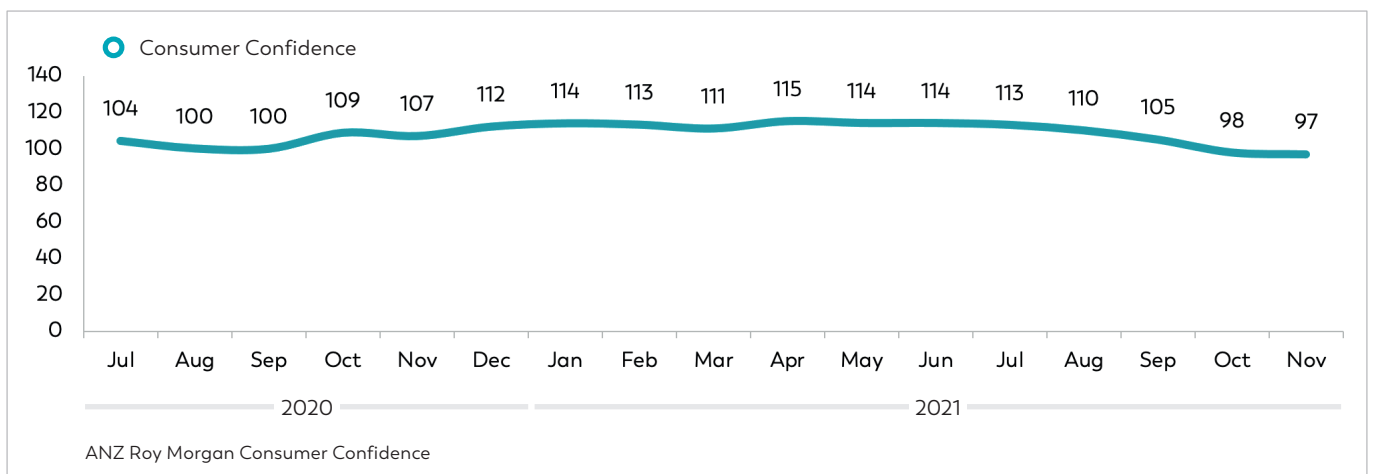
Business Confidence

Business confidence has been negative for the last 5 months, dropping to -16 as cost and inflation pressures are off the charts. Survey indicators are still fairly robust but cracks are appearing.



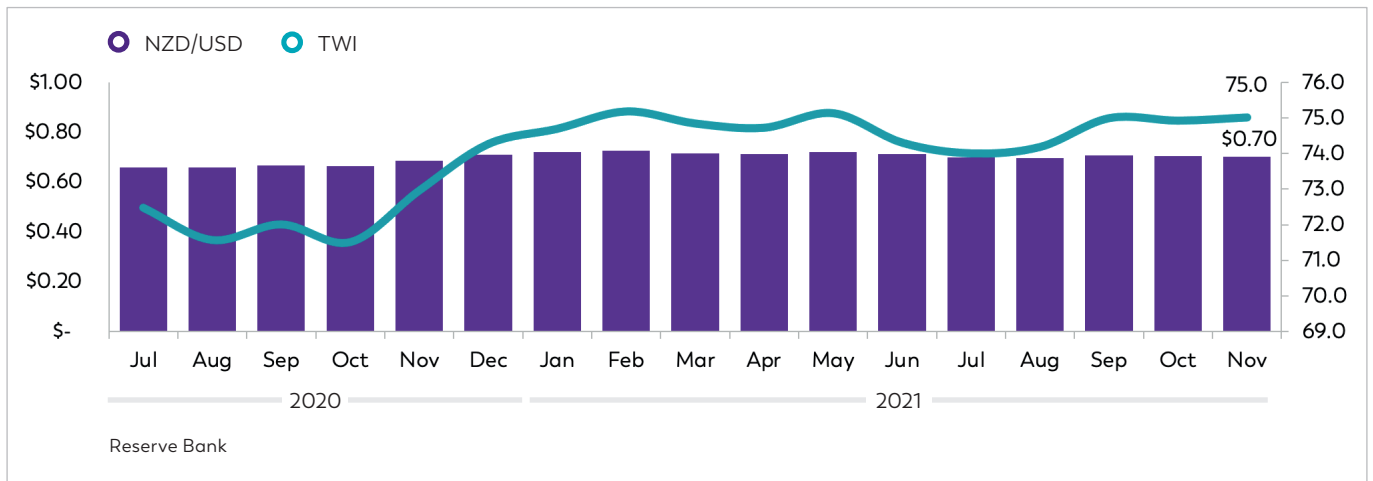
Consumer Confidence

Consumer confidence eased 1 point to 97 in November. Perceptions of current conditions rose but future expectations fell sharply. Consumers are increasingly concerned about the long term economic outlook.



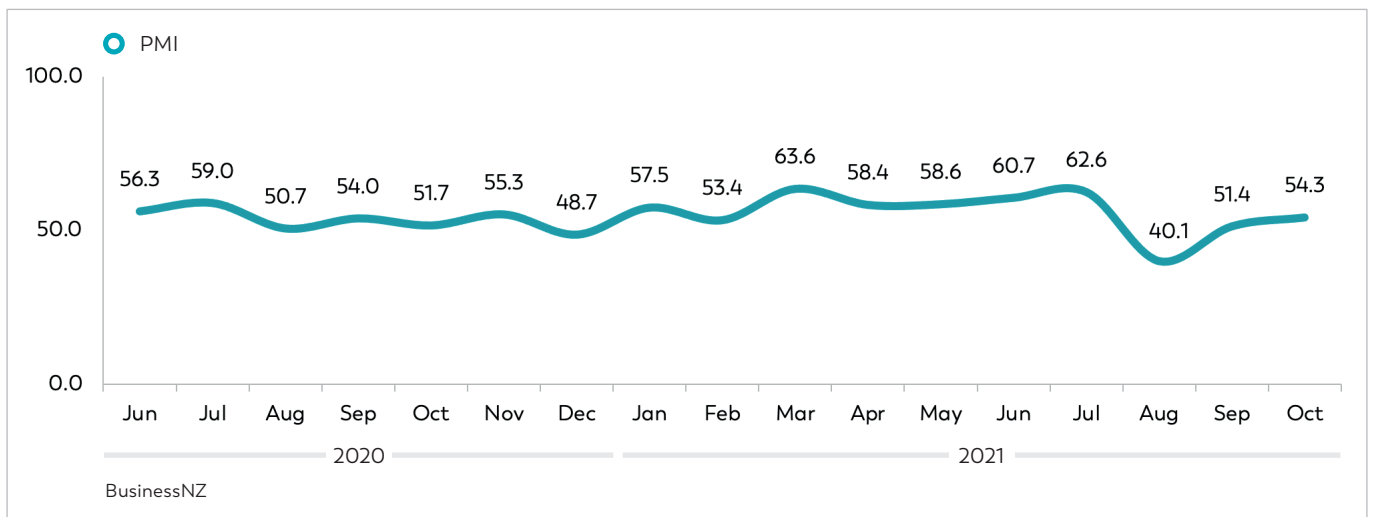
NZD and TWI

After some trading volatility earlier in the year, both the Trade Weighted Index and exchange rate have been steady for the last 3 months. The NZD is sitting at \$0.70 and the TWI is stable at 75.0.



Performance of Manufacturing Index

New Zealand’s manufacturing sector saw further steps into expansion for October, almost 3 points higher than September. The proportion of negative comments from respondents also dropped.



Performance of Services Index

The PSI for October was down 2 points from September, reversing some of the 11 point increase from August to September. Activity/Sales and New Orders/Business remain in contraction.

