



December 2021

Ōtautahi Christchurch Economic Insights Breakfast & Workforce Workshop

ChristchurchNZ - stimulating sustainable economic growth
and bold ambition for a more prosperous Ōtautahi Christchurch

ChristchurchNZ

Agenda:

Economic Insights Presentation (15 mins)

- **Economic Activity**
- **Inflation**
- **Labour Market**
- **Interest Rates**
- **Housing Market**

ChristchurchNZ Activity Update (5 mins)

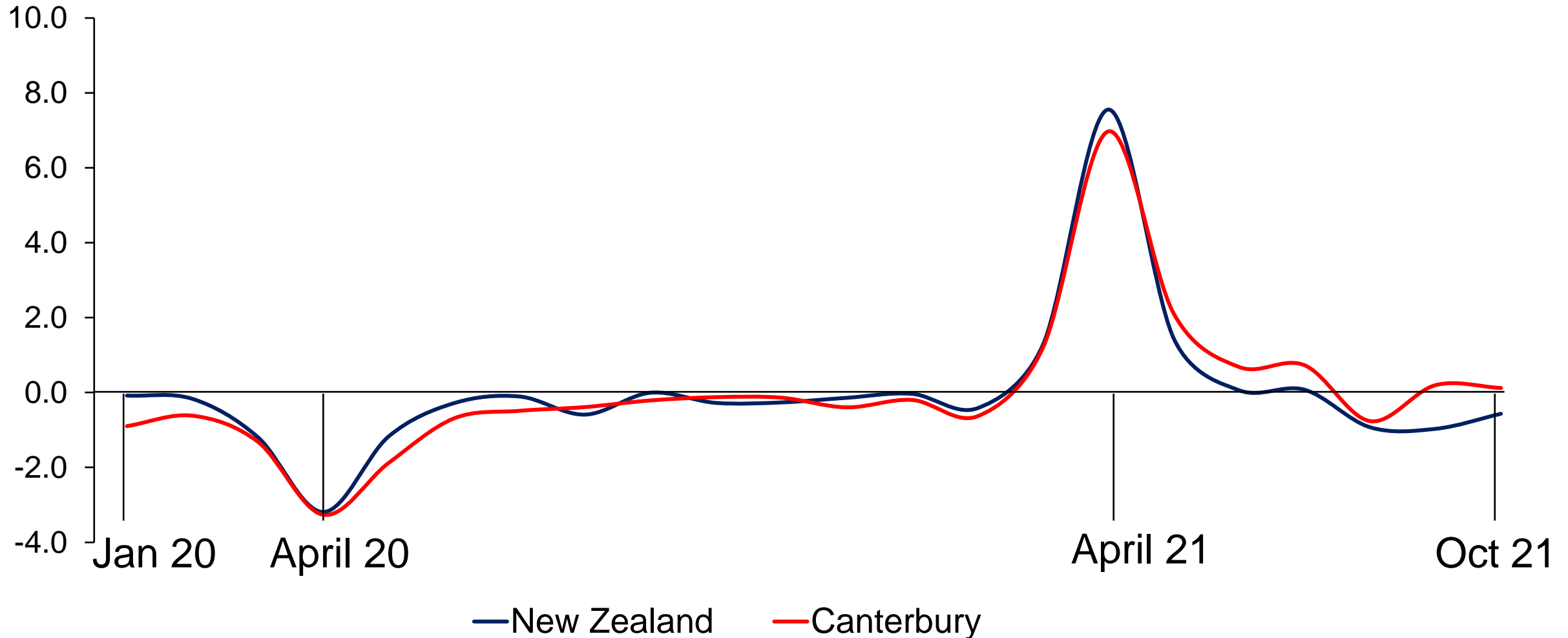
Panel Discussion (25 mins)

Workforce Workshop (75 mins)



1. Economic Activity

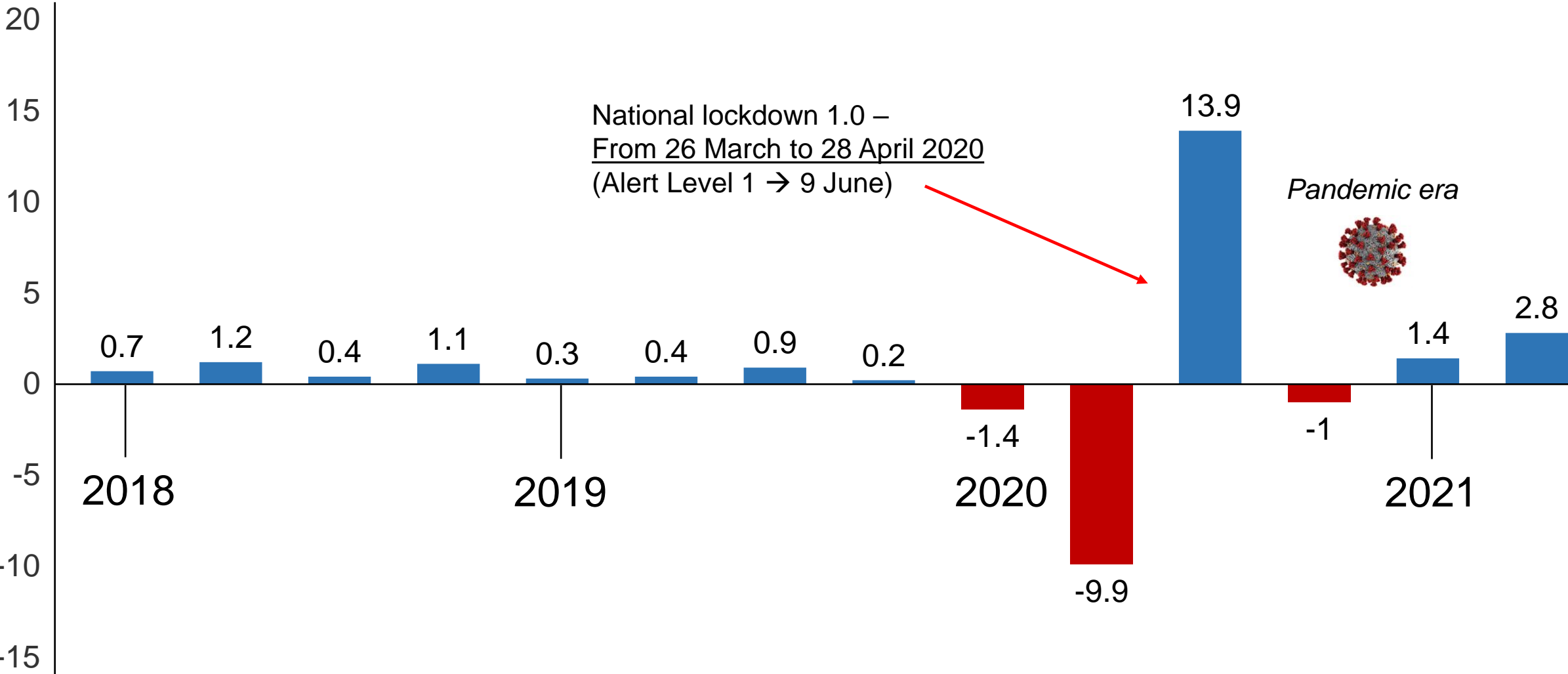
Canterbury has been outperforming the New Zealand economy since May this year.



Economic Activity Index – NZ & Canterbury
Source: *ChristchurchNZ*

ChristchurchNZ

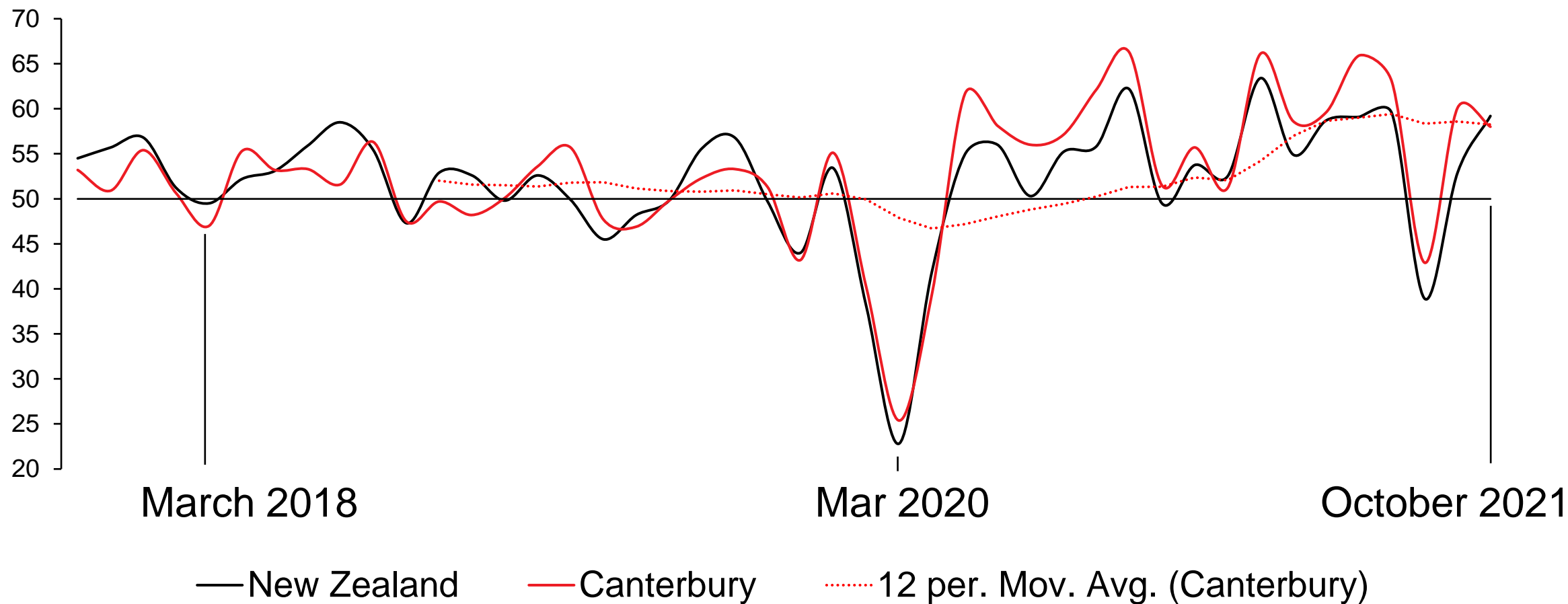
New Zealand – Economic Growth



New Zealand - GDP (quarterly growth rates, qoq)
Q2 2016 – Q2 2021 (in %)
Source: Statistics NZ

PMI

Performance of Manufacturing Index

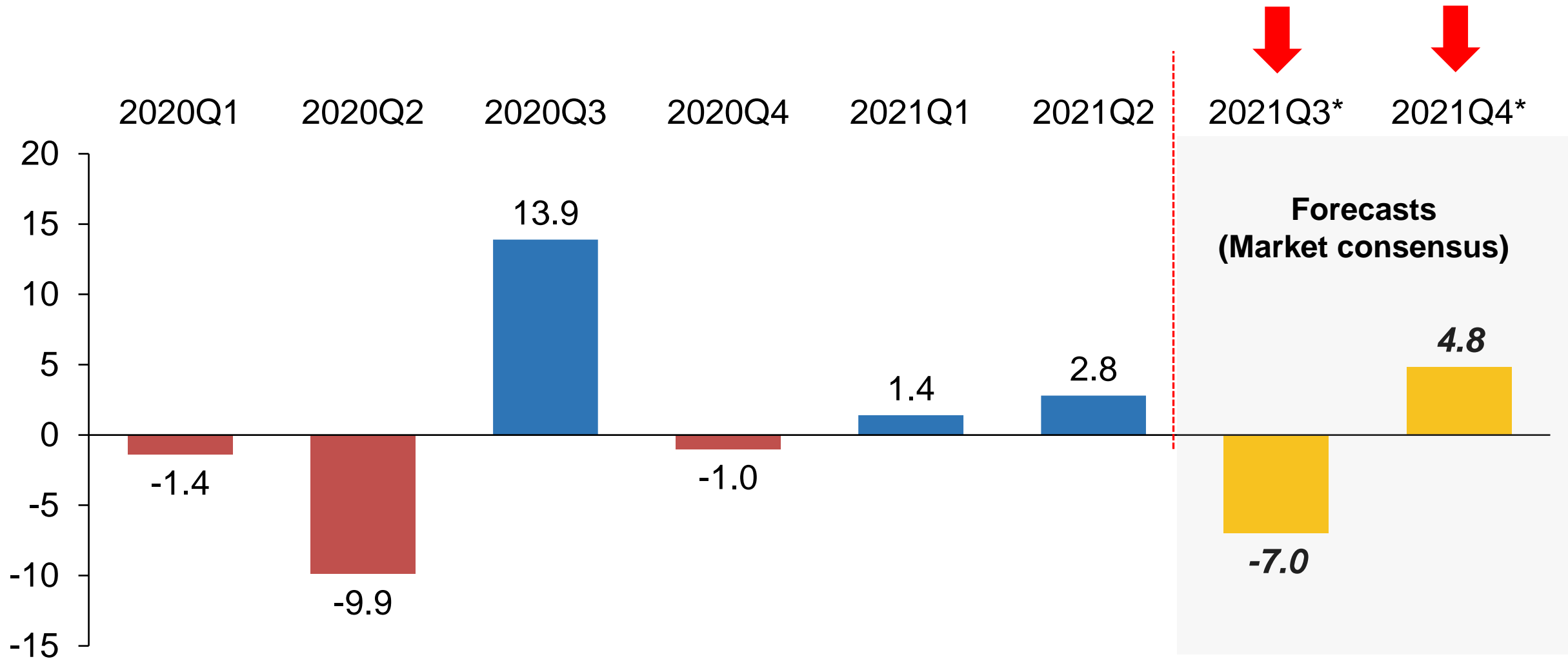


PMI (non-seasonally adjusted) Value > 50 means expansion, < 50 contraction

January 2008 - October 2021 (Unadjusted time series)

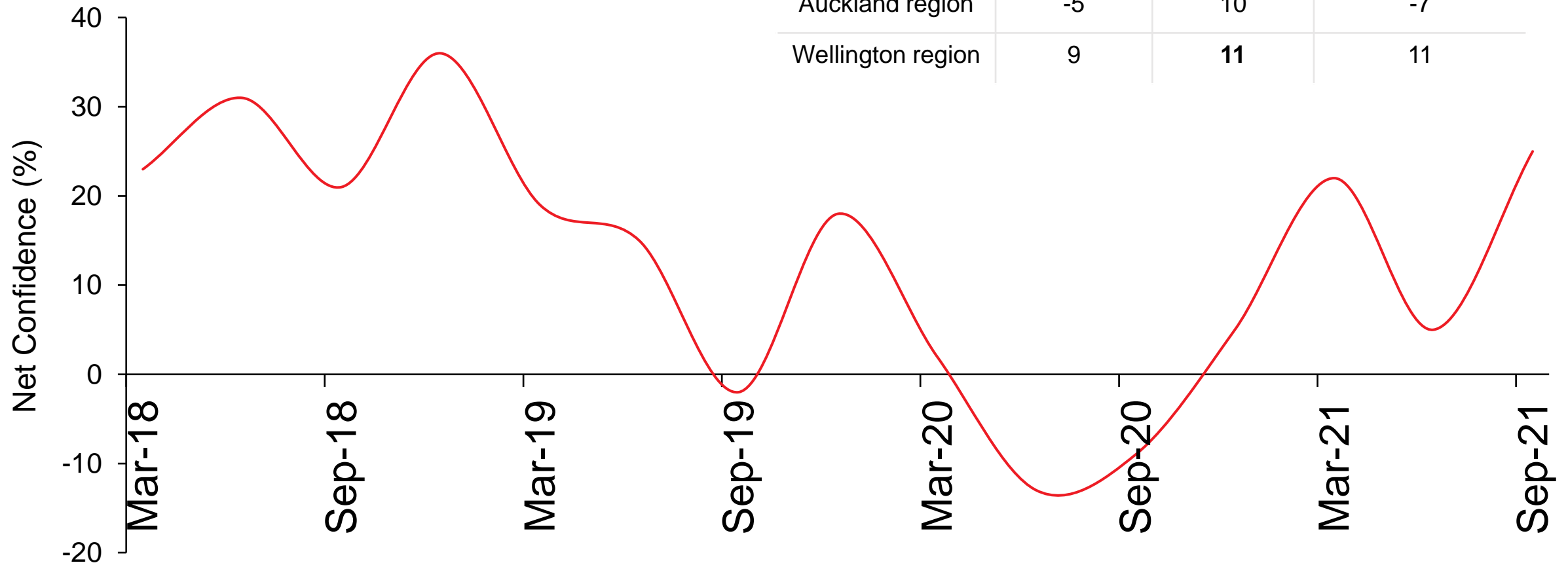
Source: BusinessNZ

New Zealand - Economic Growth Forecasts



New Zealand - GDP (quarterly growth rates)
Q1 2020 – Q4 2021 (in %)
Source: Statistics NZ

Regional Economic Confidence



Results of last three surveys

	March 2021	June 2021	September 2021
Canterbury	22	5	25
Auckland region	-5	10	-7
Wellington region	9	11	11

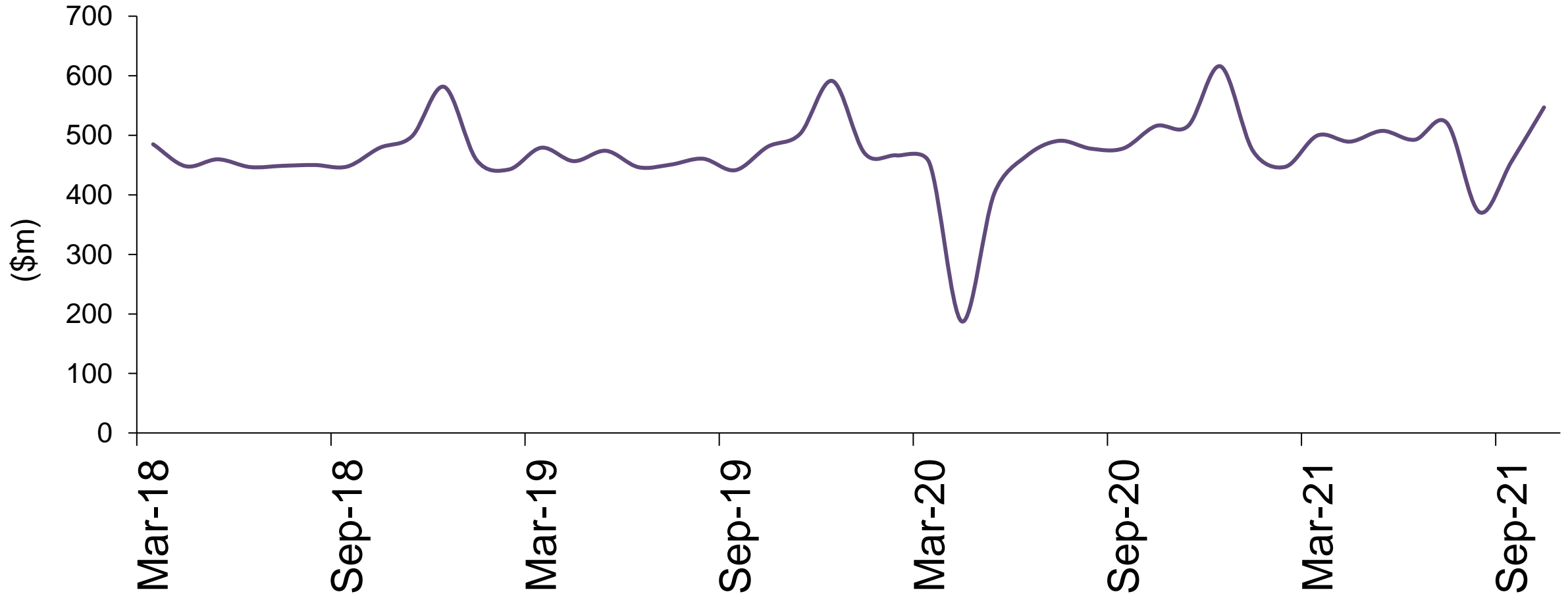
Canterbury – Regional Economic Confidence
Net confidence (%)

Source: Westpac McDermott Miller, ChristchurchNZ

Christchurch - Retail Spending

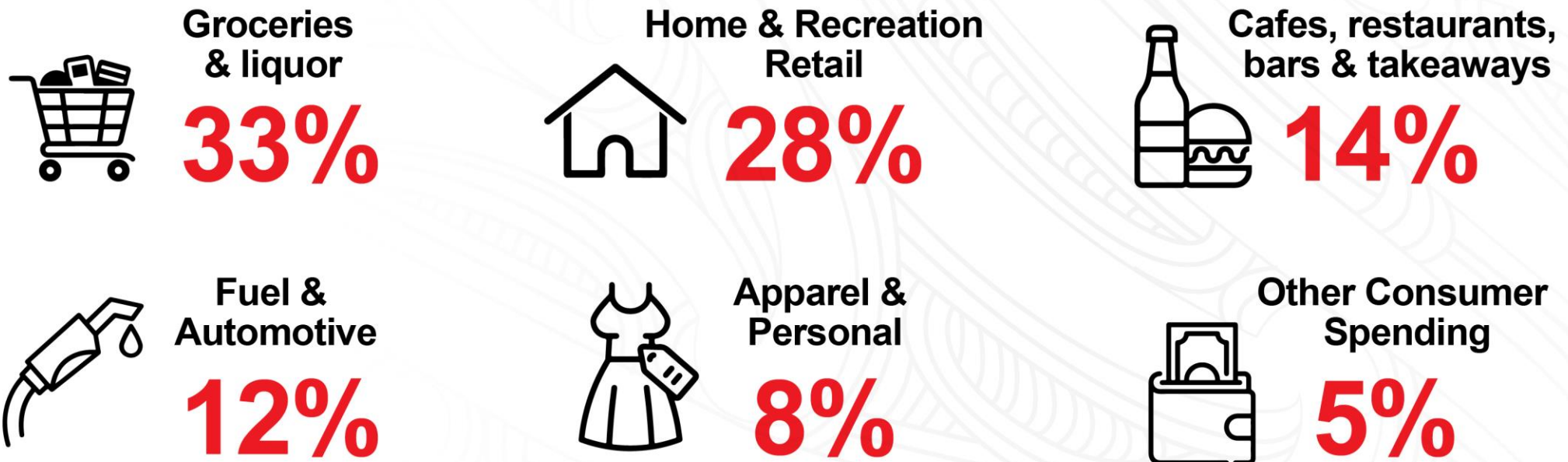
Year to October 2021:

Canterbury retail spending up 7.3% vs previous 12 months
Christchurch retail spending up 8.0% vs previous 12 months



Christchurch – Retail Spending

Average composition of Christchurch retail spending during 2021



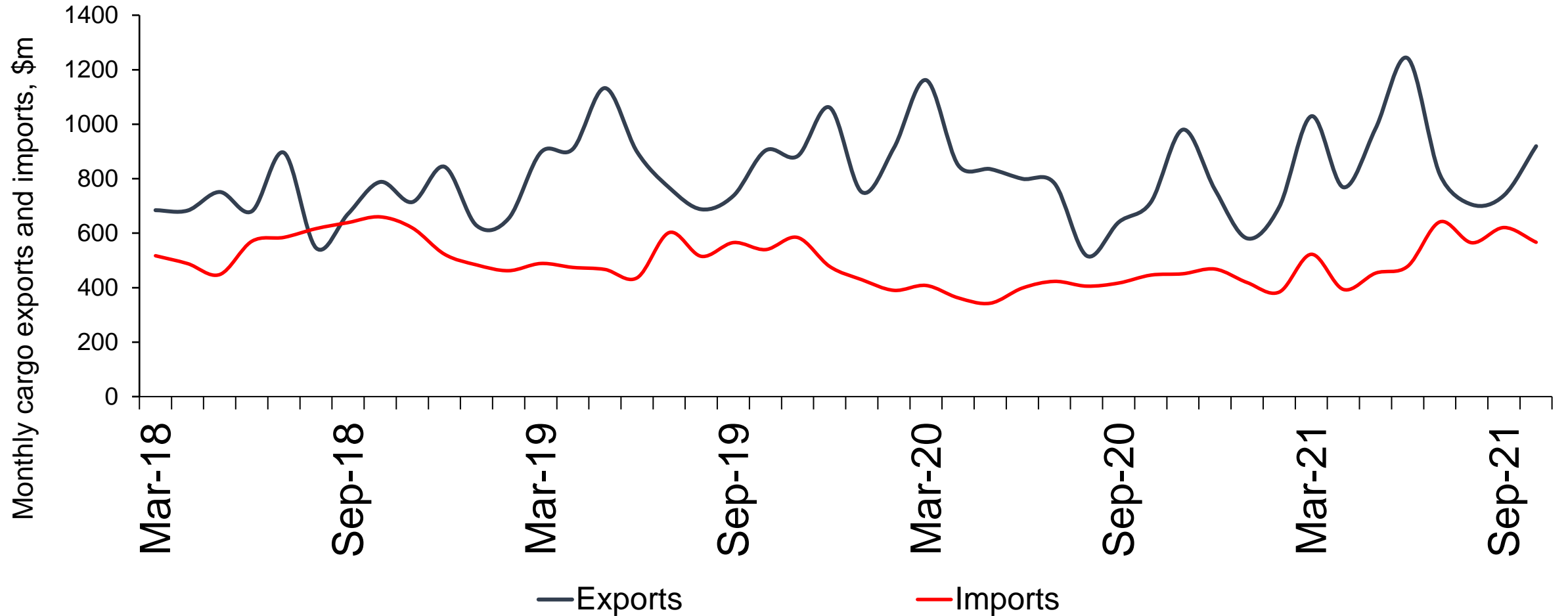
Canterbury - Exports

Christchurch Exports (Year to October 2021)

Export value → \$8.8 billion (4.9% vs YE Oct 2020)

Top destination: China (\$3.4 billion)

Top product: Dairy products (\$3.3 billion)



Commodity Exports and Imports, Canterbury

Christchurch Airport, Lyttelton Port and Timaru Port, FOB and CIF \$m

Source: Statistics NZ, ChristchurchNZ

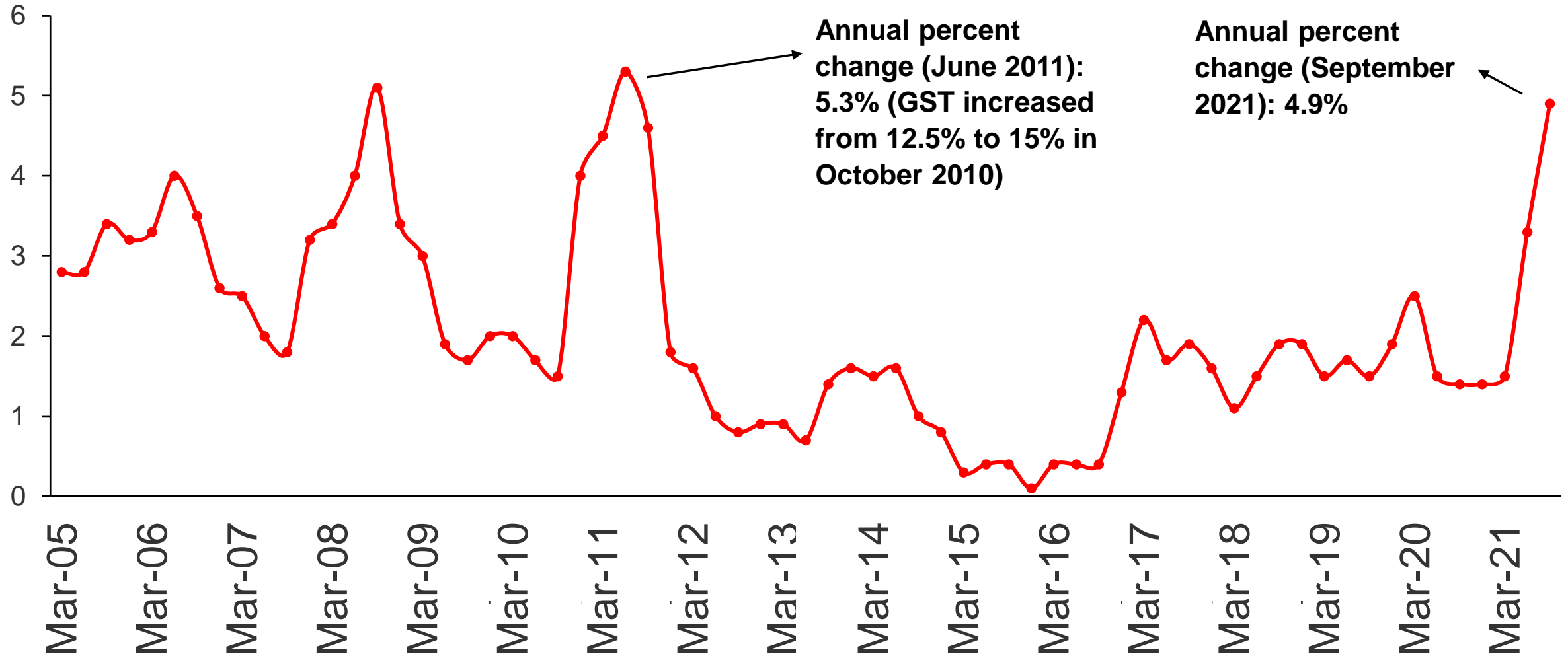
Main takeaways → Economic Activity

- ✓ Economic activity has been robust despite pandemic environment.
- ✓ Regional economic confidence in Canterbury has been net positive since Q4 2020.
- ✓ Retail spending bounced back strongly in 2021 (monetary stimulus has also helped in this).
- ✓ Businesses are better positioned to operate under restrictions (as seen during the August 2021 lockdown).
- ✓ Net exports in Canterbury remained strong despite COVID global supply chain issue.



2. Inflation

Inflation Growth



Consumer Price Index – Annual percent change
March 2005 – September 2021
Source: Statistics NZ

Perfect Storm



Perfect storm for inflation

The market forecast for the inflation rate in the December 2021 quarter is:

Quarterly inflation rate — **1.1%**

Annual inflation rate — **5.6%**
(the highest since 1990)

Ongoing disruptions to global supply chains.

Pass on cost increases into prices of goods.

Inflation in tradables and non-tradables.

Strong increases in transport costs.

High house construction costs.

Supply-side cost pressures.

High commodity prices.

Constrained supply.

Labour shortages.

Low interest rates.

Solid demand.

Main Takeaways → Inflation

- ✓ Inflation has been growing rapidly.
- ✓ Solid demand and constrained supply has favoured inflation pressures.
- ✓ Inflation is rising all over the world, is not only a New Zealand issue.



Merry Christmas
Merry Christmas

CITY TOUR



CROSSING

TRENERY

sunglass hut

MARKET LANE

PAY AS YOU EN

FRONT END

3. Labour Market

Christchurch – Number of Employees

	Industry	2020	2021	Change in number of employees	Percentage change
Jobs gained	Health Care and Social Assistance	28,400	29,300	900	3.20%
	Construction	20,100	20,700	600	3.00%
	Wholesale Trade	12,500	12,800	300	2.40%
Jobs lost	Retail Trade	22,800	22,000	-800	-3.50%
	Accommodation and Food Services	15,200	14,000	-1,200	-7.90%
	Transport, Postal and Warehousing	10,600	8,800	-1,800	-17.00%
Total for all industries		218,900	215,200	-3,700	-1.70%

Employees in Christchurch (as at February)

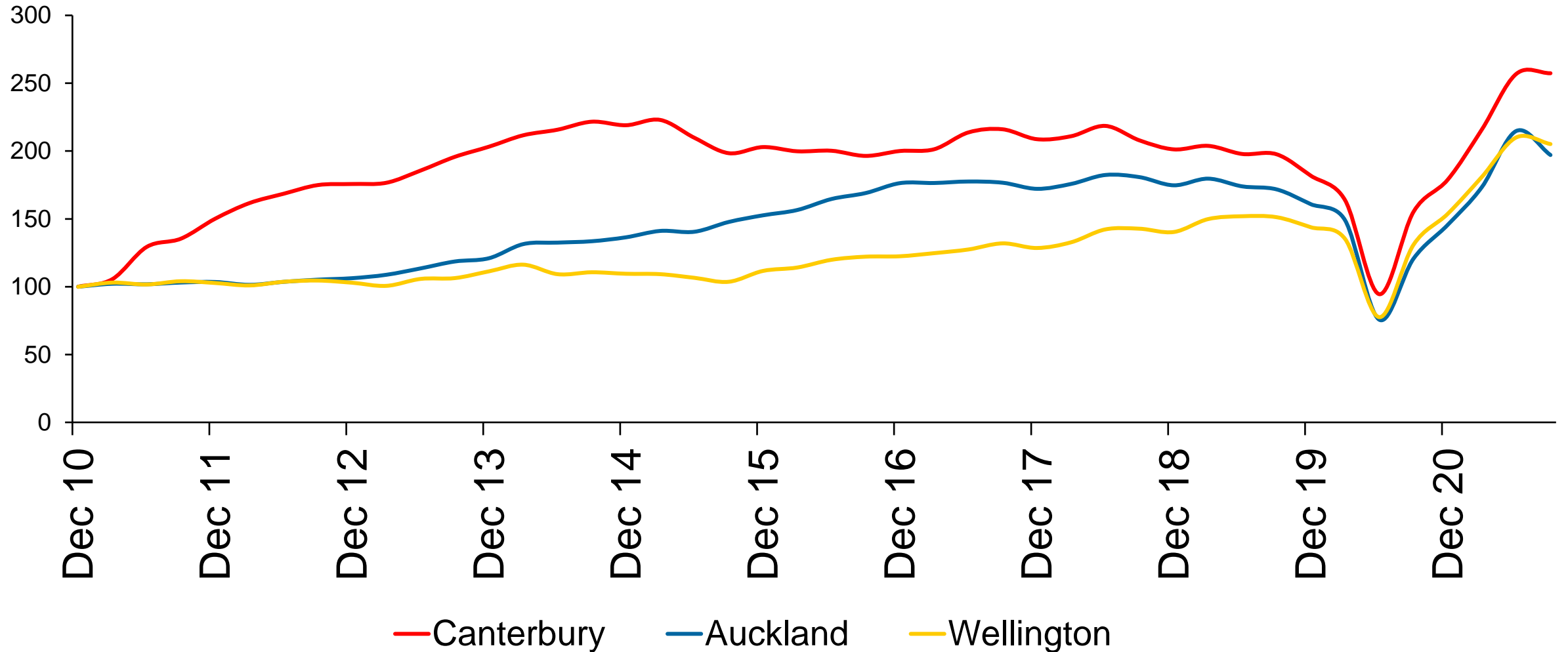
Source: Statistics NZ

Unemployment Rate

New Zealand – Unemployment rate (seasonally adjusted)		
Q1 2021	Q2 2021	Q3 2021
4.6%	4.0%	3.4%

	Unemployment rate (unadjusted)	
	Q2 2021	Q3 2021
New Zealand	3.9%	3.2%
Canterbury	3.9%	3.4%
Christchurch	4.6%	4.3%
Auckland region	4.1%	3.1%
Wellington region	4.0%	2.9%

Canterbury – Jobs Online



Jobs Online (Seasonally Adjusted) - Canterbury
Indexed to December 2010

Source: MBIE

Online job advertising quarterly growth: 2.2%

By industry (in Canterbury)

Health care — 9%

IT — 5%

Manufacturing — 4%

Construction — 3%

Primary — 2%

Business serv. — 2%

Sales — 2%

Hospitality — 4%

Education — 4%

Main Takeaways → Labour Market

- ✓ Unemployment rates have been constantly decreasing throughout 2021 all around New Zealand.
- ✓ Although Christchurch's unemployment rate is still higher than the New Zealand one, it has been decreasing throughout 2021.
- ✓ Services sectors have been expansive in Christchurch.
- ✓ There has been a significant upswing in employment and working age population in Christchurch.

KAISER BREW GARDEN



4. Interest Rates

RBNZ Dual Mandate

Reserve Bank of New Zealand

Maintain price stability (keep inflation between 1 and 3 percent on average over the medium term)

Inflation is outside the 1-3 percent rate
(annual percent change in Sep 2021 quarter: **4.9%**)

Support maximum sustainable employment (?)

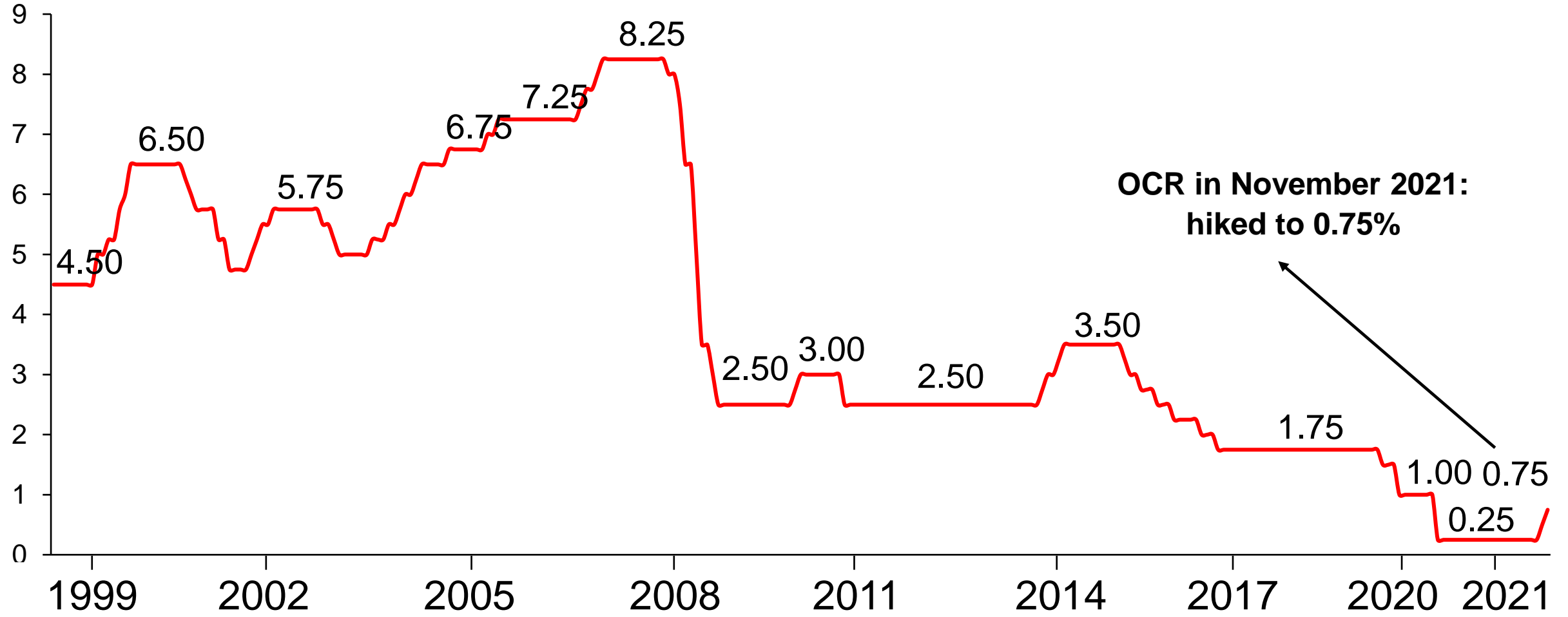
Unemployment rate going down
(in September 2021 quarter):

New Zealand: 3.2%
(3.9% in June 2021 quarter)

Canterbury: 3.4%
(3.9% in June 2021 quarter)

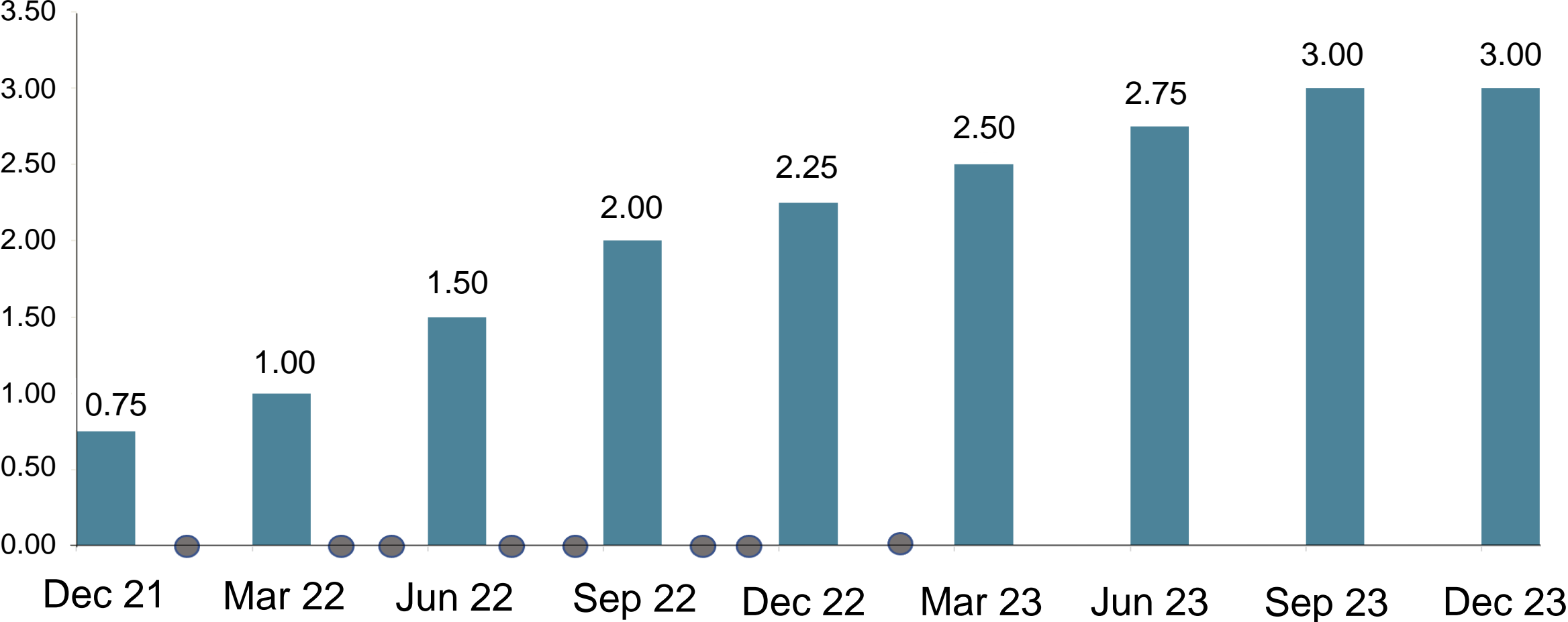
Christchurch: 4.3%
(4.6% in June 2021 quarter)

Hikes of OCR



Reserve Bank of New Zealand – Official Cash Rate (OCR)
March 1999 – November 2021 (in %)
Source: Reserve Bank of New Zealand (RBNZ)

Projected Hikes - OCR



● Official Cash Rate (OCR) decision rate

Financial market forecasts for Official Cash Rate (OCR) (end of quarter)
Source: Westpac, RBNZ

Main Takeaways → Interest Rates

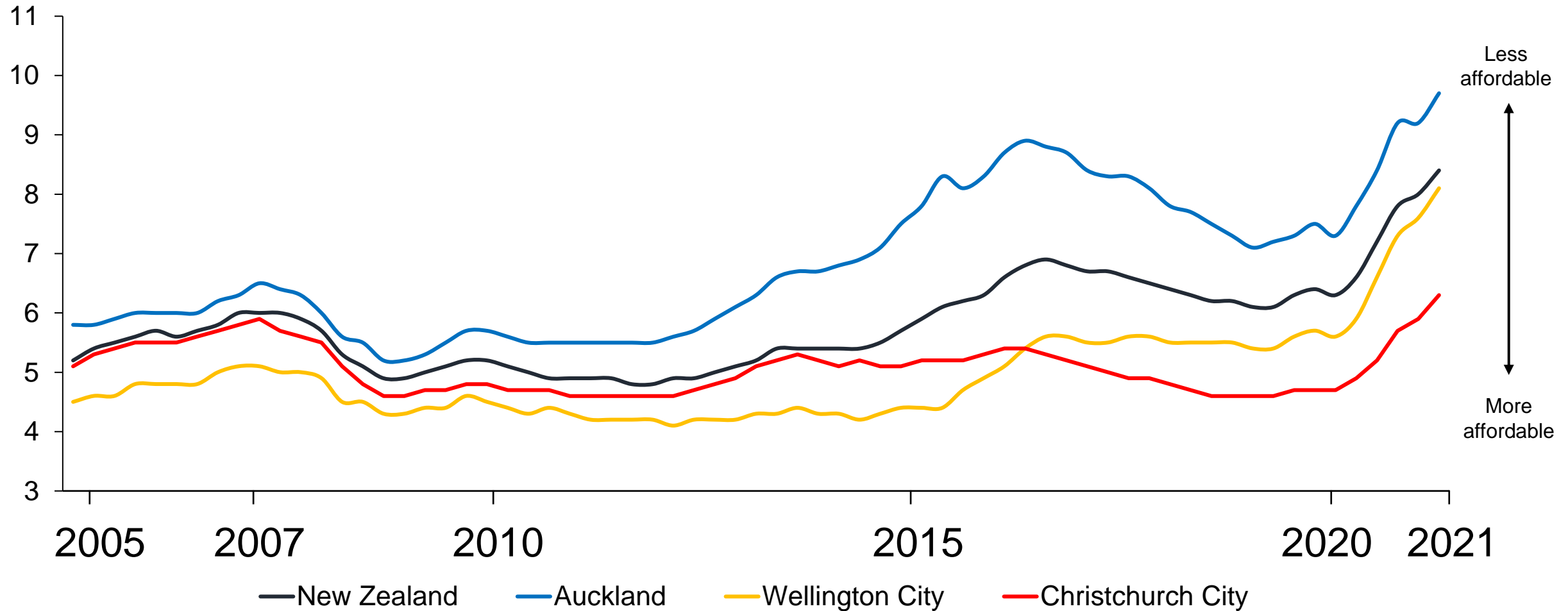
- ✓ Interest rates will continue to increase next year.
- ✓ Depending on the economic environment, the RBNZ could hike the OCR more rapidly than expected.
- ✓ The increasing hikes will have a direct impact on mortgages rates (that went up even before the latest OCR hike).



5. Housing Market

Housing Affordability

Despite significant house price growth over the past year, Christchurch has retained its affordability profile compared to NZ overall.



Housing Affordability
Ratio of average house value to average annual earnings
Source: Infometrics, ChristchurchNZ

Main Takeaways → Housing Market

- ✓ Buoyant housing market across New Zealand
- ✓ Significant house price growth
- ✓ Strong growth in number of building consents, especially in Christchurch
- ✓ Christchurch maintains a good reputation as an attractive place to live (availability of jobs, affordability of living, good lifestyle)

Looking Forward

- Tight labour market
 - Unemployment expected to continue to fall
 - Risk of wage-price spiral with low unemployment
- Inflationary pressures
- Increase in value of residential mortgages and debt servicing costs
→ Squeeze of discretionary incomes → Lower spending
- Higher proportion of equity in owner occupied housing and land (currently at an all-time high at 80.3%) – Too many eggs in one basket?
- COVID-19
 - Impacts on visitor economy and supply of skilled migrants (what will happen when the borders open?)
 - Ongoing supply chain issues

www.christchurchnz.com/about-us/economic-insights

Explore our Live Economic Data

ChristchurchNZ is a city authority on economic development, insights, and analysis.

Through regular publications and live monitoring of the Ōtautahi Christchurch and Waitaha Canterbury economy, ChristchurchNZ provides guidance and direction to ensure good decision making and sustained prosperity for all those who call this place home.

See below for interactive economic data, and links to our regular reports and research.



Latest Economics Updates



Why Christchurch is still New Zealand's most affordable major city

Tuesday, 19 October 2021

ChristchurchNZ's Senior Economist explains what affordability means and why Christchurch is still NZ's most affordable city.

Keep Reading >



Economic Explainer: What Did We Learn From Lockdown 2020?

Tuesday, 24 August 2021

Jorge Chang Urrea, ChristchurchNZ's Senior Economist explains what we learnt from the first lockdown.

Keep Reading >



New tool provides Canterbury decision-makers with latest data

Thursday, 03 September 2020

Canterbury's economic activity for July 2020 returned to a similar level as the same month last year, according to the first edition of the ...

Keep Reading >

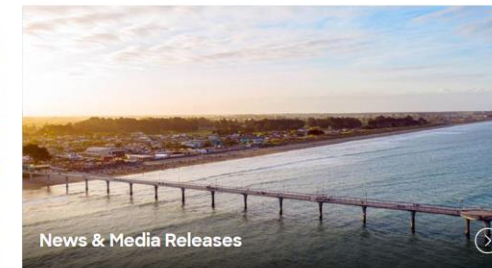


COVID-19 Monitor Canterbury Economic Activity Index Month July 2020

Thursday, 27 August 2020

The Index compares Canterbury's economic indicators to national performance, helping inform the socio-economic recovery plan for the city.

Keep Reading >



Ngā mihi. Thank you.

ChristchurchNZ



ChristchurchNZ update.

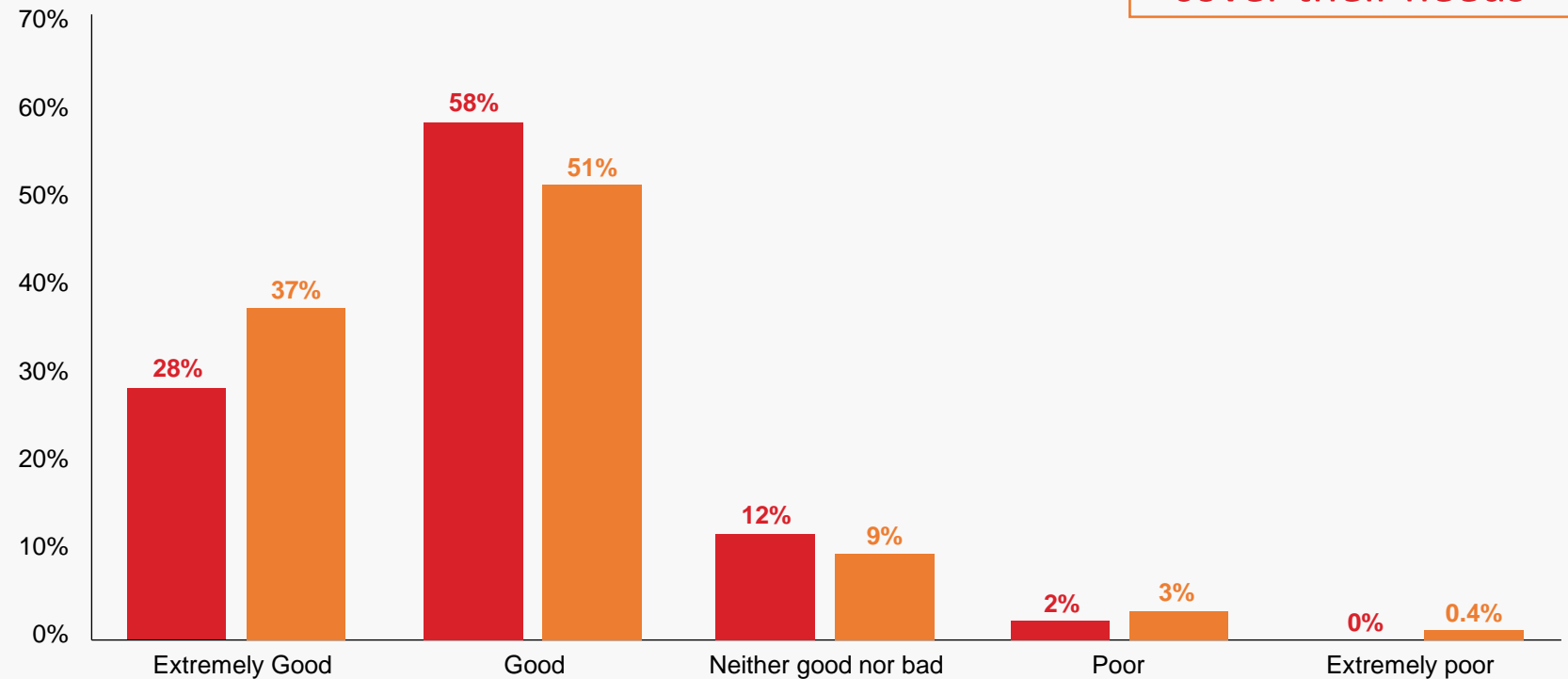
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Socio-Economic wellbeing

Quality of Life (% of respondents)

- 2019 Canterbury Wellbeing Survey
- 2020 Life in Christchurch Survey

What would you say your overall quality of life is...



17% of residents say they don't have enough money to cover their needs

Source: Canterbury Wellbeing Survey, Life in Christchurch Survey, Christchurch City Council Socio-Economic Wellbeing Monitor

Productivity, innovation, commercialisation

	2018	2020	NZ rank / comment
VC\$ attracted	8%	8%	Below popn. share
Patents per 100k popn.	6.8	16.3	4th
Knowledge intensive employment per 1k	248	243	3rd

INNOVATION, START-UPS & CAPABILITY

- Innovation & Entrepreneurship Ecosystem
- Innovation challenges
- Start Me Up & Rebel Business School
- Regional Business Partners



SKILLS AND EMPLOYMENT

GROW
ATTRACT
RETAIN
ENABLE

- **Whitiora**
- **Hōpara pupil pathways**
- **E2E**
- **Christchurch is hiring**
- **Working wāhine**



CLUSTERS, ATTRACTION AND GROWTH

- Screen CanterburyNZ
- Antarctic Office
- Supernode clusters
- Visitor attraction
- Major Events
- Business Events
- Business & Investment Attraction
- Urban Development
- *Brand & Marketing*
- *Strategy & Insights*



○ Port Hills, Christchurch

EXPLORE
CHC

Panel Q&A.

Workshop:

Identify potential local, actionable interventions to address the challenges and alleviate the effects over the next 12 months or so.

**Move from what *could* we do –
to what *should* we do?**



MINISTRY OF SOCIAL
DEVELOPMENT
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ChristchurchNZ

 Canterbury
REGIONAL SKILLS
LEADERSHIP GROUP



**Ngā mihi.
Thank you.**

ChristchurchNZ

ChristchurchNZ activity

Attraction and Growth:

Attracting businesses to Christchurch

- Strong engagement with national industry and government about expansion
- City investment office and Angels' partnership

Growing the economy

- City innovation fund in development
- Strong Industry Clusters, Aerospace, Healthtech, Tech and Agritech
- Screen and Antarctic Offices

City building projects in the pipeline

Project Tāwhaki

Neuron Park

Healthtech Quadrant

EARTH

ChristchurchNZ activity

Start-up Ecosystem:

Fuelling our high-performing incubators

- Te Ōhaka and Thinclab
 - Ara and University of Canterbury based tech business incubators
 - \$17m Investment, 100+ new jobs from the 50 businesses receiving incubation support
 - Economic Development Award
- Businesses that have developed include:
 - Kea Aerospace
 - Zincovery – Cleantech
 - Partly – AI Tech
 - Pyper Vision - Aerospace

Driving initiatives to create start-ups in 2022

- Food Fibre and AgriTech Challenge
- Aerospace Challenge
- Start Me Up! with MSD
- HealthTech Challenge



ChristchurchNZ activity – Simon has emailed Cath to check if below OK and asking for photos

Urban Development:

Function now integrated into ChristchurchNZ

Supporting integrated urban planning and placemaking for Ōtautahi

Current and recent projects include:

- New Brighton Regeneration Project
- Mixed residential development at former New Brighton school site
- Roy Stokes Hall pilot programme
- Milton Street Subdivision
- Peterborough Central – old Convention Centre site

ChristchurchNZ activity – Karen can you add photos pls

Skills and Employment

We support the Attraction, Enablement, Retention and Growth of talent in the region

Partnership with Whitiōra

- Hapū-led skills hub which aims to pathway whānau from all backgrounds to decent work and training

Expand Hōpara (Pupil Pathways)

- Programme growing the number of pupils from low-decile schools to become first-in family to advance to STEM study and careers

Christchurch is Hiring campaign

- Phase one targeted kiwi ex-pats in tech, agri, health, prof services.
- Phase two will be informed by the workshop after this.

I don't think we need this one for the audience - ChristchurchNZ activity - SA

Major Events

Strong outputs from the events we pitched and won for last Summer.

- \$4.6 million spend
- 18,486 visitor nights
- Sold out events across the season

Coming up

- Buskers
- Sail GP TBC
- WCWC 2022 Incl. the final!
- FIFA Women's World Cup 2023

