








# Christchurch & Canterbury

Quarterly Economic Report  
September 2021

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Economy	People & Business	Visitors	Central City
<p><b>GDP growth</b> (YE Sept. 2021)</p> <p>Christchurch: <b>3.7%</b> ▲ Canterbury: <b>3.8%</b> ▲ New Zealand: <b>3.7%</b> ▲</p> 	<p><b>Retail spending growth (excl. fuel)</b> (Q3:2021 vs. Q3:2020)</p> <p>Christchurch: <b>-7.7%</b> ▼ (NZ: <b>-8.9%</b> ▼)</p>	<p><b>Christchurch visitor spending</b> (Q3: 2021 vs. Q3: 2020)</p> <p>Total: <b>-10.1%</b> ▼ Domestic: <b>-12.6%</b> ▼ International: <b>11.2%</b> ▲</p> 	<p><b>Retail spending growth (excl. fuel)</b> (Q3:2021 vs. Q3:2020)</p> <p><b>-17.6%</b> ▼ <b>12.2%</b> ▲</p> <p>(year to September 2021 vs. year to September 2020)</p>
<p><b>Unemployment rate</b></p> <p>Christchurch: <b>4.3%</b> ▼ (from 4.6% in Q2:2021) Canterbury: <b>3.4%</b> ▼ (from 3.9% in Q2:2021) New Zealand: <b>3.2%</b> ▼ (from 3.9% in Q2:2021)</p> 	<p><b>Consumer confidence</b> (Q3 :2021 vs. Q2: 2021)</p> <p>Canterbury: <b>-6.3 points</b> ▼ (NZ: <b>-4.4 points</b> ▼)</p>	<p><b>Average occupancy rates</b> (Q3:2021)</p> <p>Commercial accommodation: <b>37.7%</b> Airbnb listings: <b>42.4%</b></p> 	<p><b>Spending by consumer origin (excl. fuel)</b> (Q3 :2021 vs. Q3: 2020)</p> <p>Christchurch: <b>-19.1%</b> ▼ Rest of Canterbury <b>-16.9%</b> ▼ Rest of New Zealand <b>-17.7%</b> ▼ International: <b>-6.4%</b> ▼</p>
<p><b>Building consent issuance</b> (Q3: 2021 vs Q3: 2020)</p> <p>Christchurch: <b>85.9%</b> ▲ Canterbury: <b>62.1%</b> ▲ New Zealand: <b>27.3%</b> ▲</p> 	<p><b>Residential cost</b> (Q3:2021 vs. Q3:2020)</p> <p>Weekly rent: Christchurch: <b>8.4%</b> ▲ (NZ: <b>1.7%</b> ▲) House prices: Christchurch: <b>28.9%</b> ▲ (NZ: <b>22.3%</b> ▲)</p>	<p><b>Passenger movements</b> (Q3:2021 vs Q3 2020)</p> <p>Christchurch Airport: <b>771k</b> passenger movements <b>10.6%</b> ▲</p> <p>(Departures and arrivals, domestic &amp; international flights)</p> 	<p><b>Spending by category</b> (Q3: 2021 vs Q3: 2020)</p> <p>Apparel and personal : <b>-10.5%</b> ▼ Cafes, restaurants, bars &amp; takeaways: <b>-20.5%</b> ▼ Other consumer spending: <b>-20.5%</b> ▼</p>
<p><b>Regional economic confidence</b> (Q3: 2021 vs Q2: 2021)</p> <p>Canterbury: <b>+20 points</b> ▲</p> 	<p><b>Business confidence</b> &gt;50: expansion; &lt;50: contraction (September 2021)</p> <p>Service Index: Canterbury: <b>48.9</b> (NZ: <b>46.8</b>) Manufacturing Index: Canterbury: <b>60.1</b> (NZ: <b>52.9</b>)</p>	<p><b>International visitor arrivals</b></p> <p><b>4,356 arrivals</b> at Christchurch Airport (in Q3 2021 vs 822 arrivals in Q3 2020) Share of New Zealand visitor arrivals: <b>12.4%</b></p> 	<p><b>Four avenues</b></p> <p>Population: <b>8,080</b> (+870 ▲ vs 2020) Number of employees: <b>42,100</b> (-420 ▼ vs 2020) Number of businesses: <b>4,401</b> (+87 ▲ vs 2020)</p>

## Economic Commentary

The three months that made up the September 2021 quarter were particularly dynamic. July saw a continuation of the strong economic performance that we pointed to in the June quarter as an economy running hot. The outbreak of the Delta variant during August and the snap lockdown that followed then had an immediate contractionary effect on the economy. September saw an easing of restrictions in Christchurch and a lift in local economic activity, although some sectors have suffered the drag from Delta more so than others.

Despite the restrictions on activity in place during Q3 2021 (all of New Zealand at COVID-19 Response Alert Level 4 during 18-31 August, all of New Zealand except for Auckland and Northland at Alert Level 3 during 1-7 September, all of New Zealand except for Auckland and Upper Hauraki at Alert Level 2 during 8-30 September) and an initial dip in economic activity, a number of local economic indicators improved compared to the same quarter in 2020. Building consent issuance, the number of jobs online, regional economic confidence, the value of exports, consumer confidence and labour force participation were all up on Q3 2020.

The year-to-date economic growth of Christchurch increased 3.7 percent in the year to September 2021 compared to the previous 12-month period. The year-to-date economic growth for Canterbury and New Zealand increased by 3.8 percent and 3.7 percent, respectively.

### Positives

- Low interest rates and strong house prices have continued to drive building consent issuance up, with consents up a massive 85.9 percent in Q3 2021 compared to the same quarter in 2020.
- Job vacancies in Canterbury remain high, a key drawcard for attracting skilled workers to the region.
- Regional economic confidence was the highest it has been in Canterbury since late 2018, and the highest in the country for Q3 2021. The broad economic strength underpinning this confidence is expected to continue into 2022.
- Despite a contraction in August, the manufacturing sector bounced back to expansion by the end of Q3 2021.

### Headwinds

- Inflationary pressures are mounting, demonstrated by the rising cost of living with both rent and house prices continuing to increase. With the labour market showing no signs of loosening, these pressures will continue to drive inflation.
- Consumer confidence took a dip following strong performance in the previous quarter. However, the knock to consumer confidence in Canterbury following the August lockdown was about one-third smaller than the dip in confidence following the April 2020 lockdown.
- The visitor economy took another hit, with ongoing restrictions in Auckland putting a pause on visitation and spending from one of Christchurch's top domestic visitor markets.

## ChristchurchNZ's Perspective

### Economic resilience in the face of Delta

The outbreak of the Delta variant in August and the return of Level 4 lockdown at a national scale delivered a shock to the economy. The resurgence of COVID-19 in New Zealand was partnered with uncertainty around how successfully the country could deliver another bounce back and if so, how quickly we would switch back to recovery mode. Questions also loomed about the extent to which Delta would dampen a previously overheating economy, with a persistently tightening labour market and inflationary pressure hinting at a markedly different recovery environment.

Months on from the initial Delta outbreak, Canterbury has fared relatively well. The avoidance of a local outbreak and underlying resilience in agriculture, manufacturing and construction have coupled with ongoing strength in demand as restrictions have eased. Retail spending in Christchurch during the two-week August lockdown was 21.9 percent higher than during the first two weeks of the April 2020 lockdown. This indicates that local businesses were better positioned to operate under restrictions and that consumers were more confident to spend this time around. That's not to say that Canterbury has avoided the economic drag from Delta - reductions in national economic activity were always going to have implications for the region, and the absence of visitors from Auckland has delivered another knock-back to a visitor industry already operating under extremely tough conditions. But in a broad sense, the Canterbury economy has lived up to its regional reputation for resilience as we navigate the outbreak of Delta.

Some economic indicators remain at the heightened levels that we observed in the June quarter. Labour shortages have reduced unemployment rates to historic lows, and this coupled with disruptions to shipping and transport networks has made it clear that COVID-19 has been a supply shock. The combination of this with strong domestic demand has driven inflation up to a level unseen in the last decade. This addition of supply-side pressure makes it more challenging for the Reserve Bank to reign in inflation because monetary policy primarily influences demand.

### A new direction for the economy?

Forecasts of ongoing inflation are coming from all directions following a period of persistently low inflation in the post-GFC era. The Reserve Bank has clearly signaled it will continue to use monetary policy to dampen inflationary risks and households will face increased mortgage costs among other price increases in the short to medium term. With the unemployment rate so low, job security is an upside for households facing rising costs, but there is some risk of wage-price spirals and this will weigh in on the Reserve Bank's future decisions.

The shift to a traffic light system also signals a new pathway for the New Zealand economy, with less restrictions on activity in the near future as we learn to live with Delta. Although it's difficult to predict the impact of the inevitable spread of COVID-19 around the country, Canterbury's comparatively high vaccination rate and underlying economic strength mean it is well-positioned as we enter into a new phase of the post-COVID landscape.



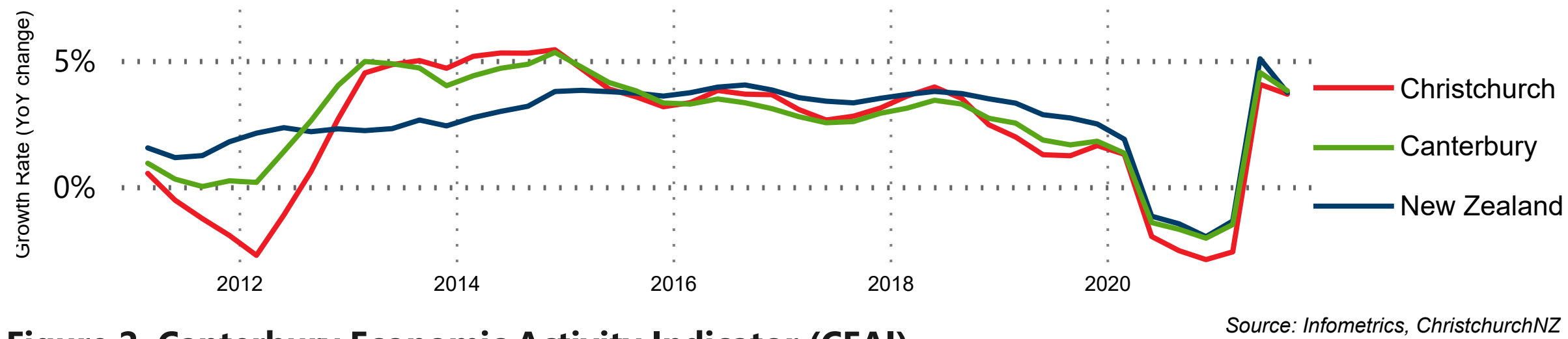
# Economy

The year-to-date economic growth of Christchurch increased 3.7 percent in the year to September 2021 compared to the previous 12-month period. The Canterbury Economic Activity Indicator (CEAI), as developed by ChristchurchNZ (and based on a similar Treasury indicator) measures the level of economic activity on a monthly basis compared to historical trends. In September 2021, the CEAI was 0.0 percent, whereas the national figure was -1.0. This means that Canterbury's weighted economic activity in September 2021 was relatively unchanged compared to that of September 2020, while national economic activity was down -1.0 percent compared to the same period. The Christchurch unemployment rate continued to fall in Q3 2021, from 4.6 percent in Q2 2021 to 4.3 percent in Q3 2021.

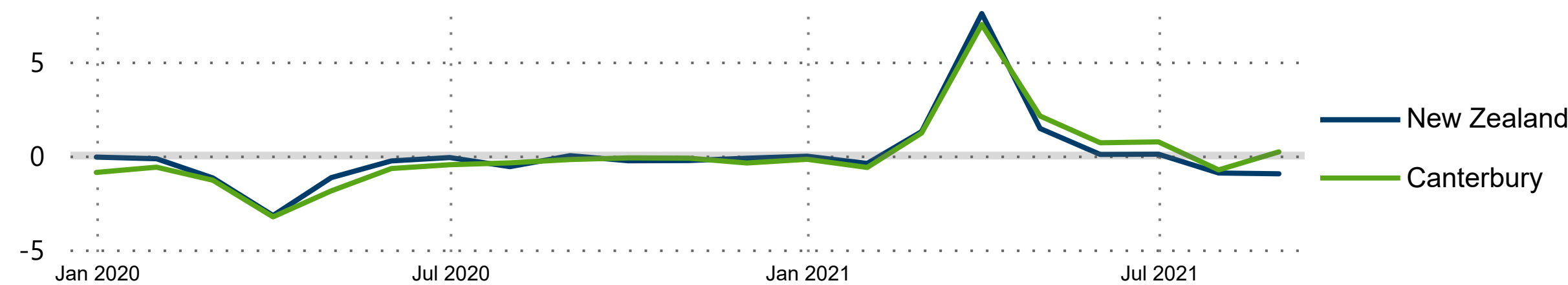
Building consents in Christchurch were buoyant during Q3 2021, with consent issuance up 85.9 percent on the same quarter last year. For the year ending September 2021, total consent issuance in Christchurch was up 30.3 percent compared to the previous 12-month period. Most of the residential building consents in Christchurch were for apartments, townhouses, and units. Meanwhile, the value of building work in Canterbury in Q3 2021 was up 2.4 percent from the previous quarter, and up 12.9 percent compared to the same quarter in 2020.

Net exports were more subdued than in previous quarters. Imports were at an all-time high, with July and September import values representing the highest and second highest recorded levels for Christchurch in the post-2000 period. Despite August's lockdown, Canterbury Regional Economic Confidence jumped to 25 percent in Q3 2021 (up from 5 in Q2 2021). This was the highest level of economic confidence recorded for Canterbury since late 2018, and the highest confidence score recorded in New Zealand for Q3 2021. Economic confidence reflects the difference between the percentage of households who expect regional economic conditions to improve and those who expect prospects to worsen over the next twelve months,

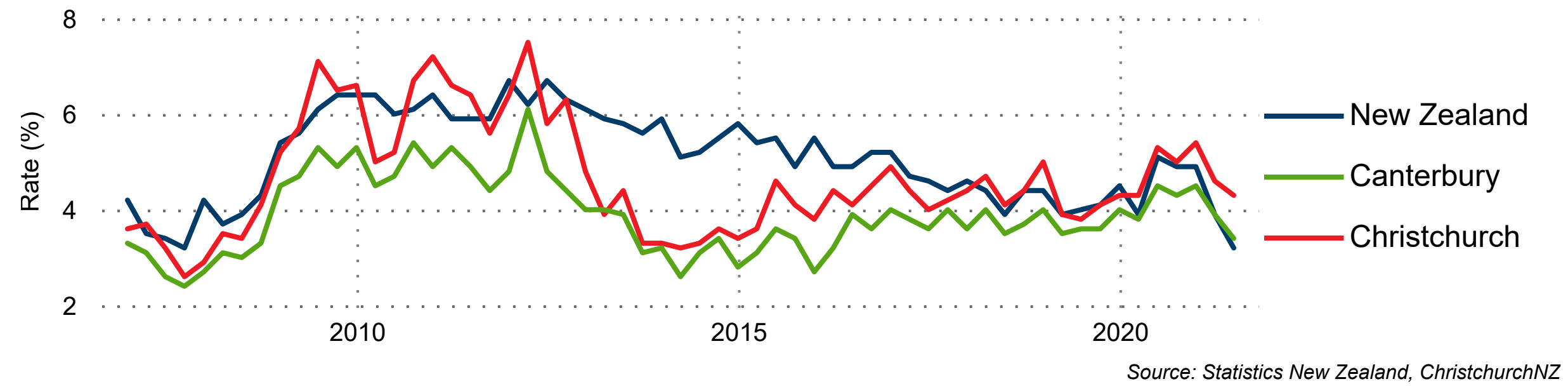
**Figure 1. Economic growth**



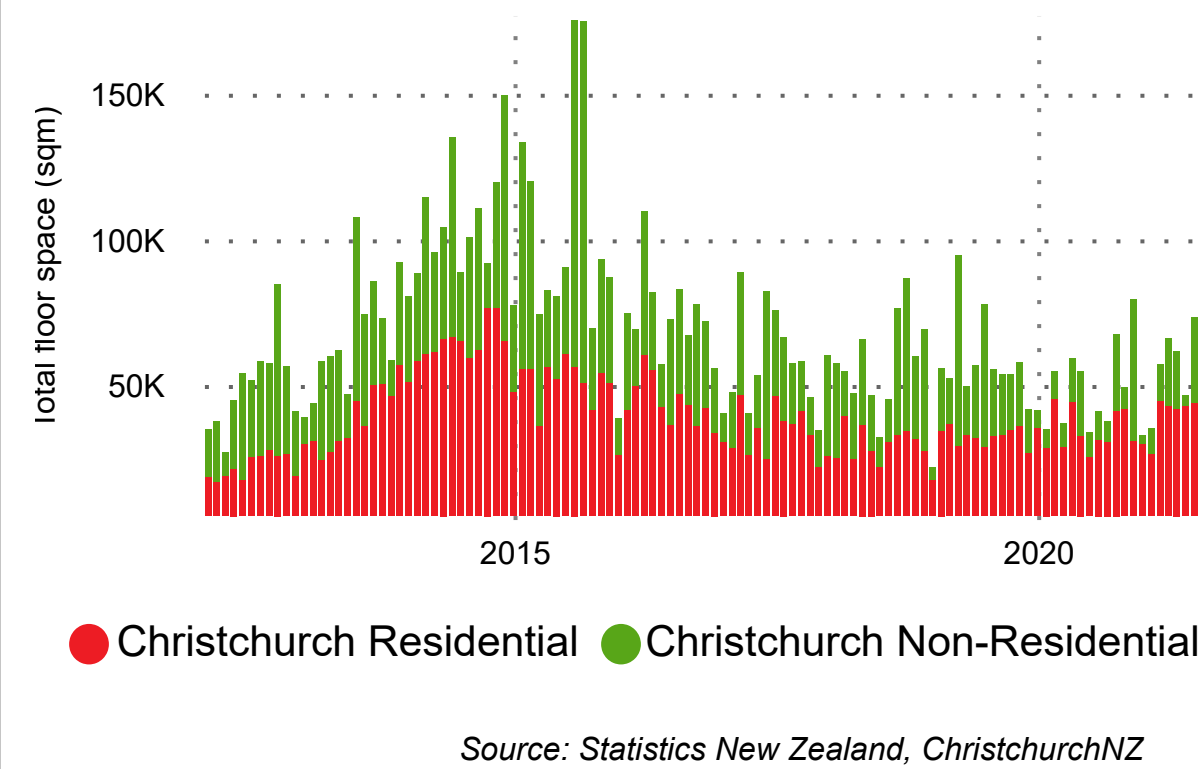
**Figure 2. Canterbury Economic Activity Indicator (CEAI)**



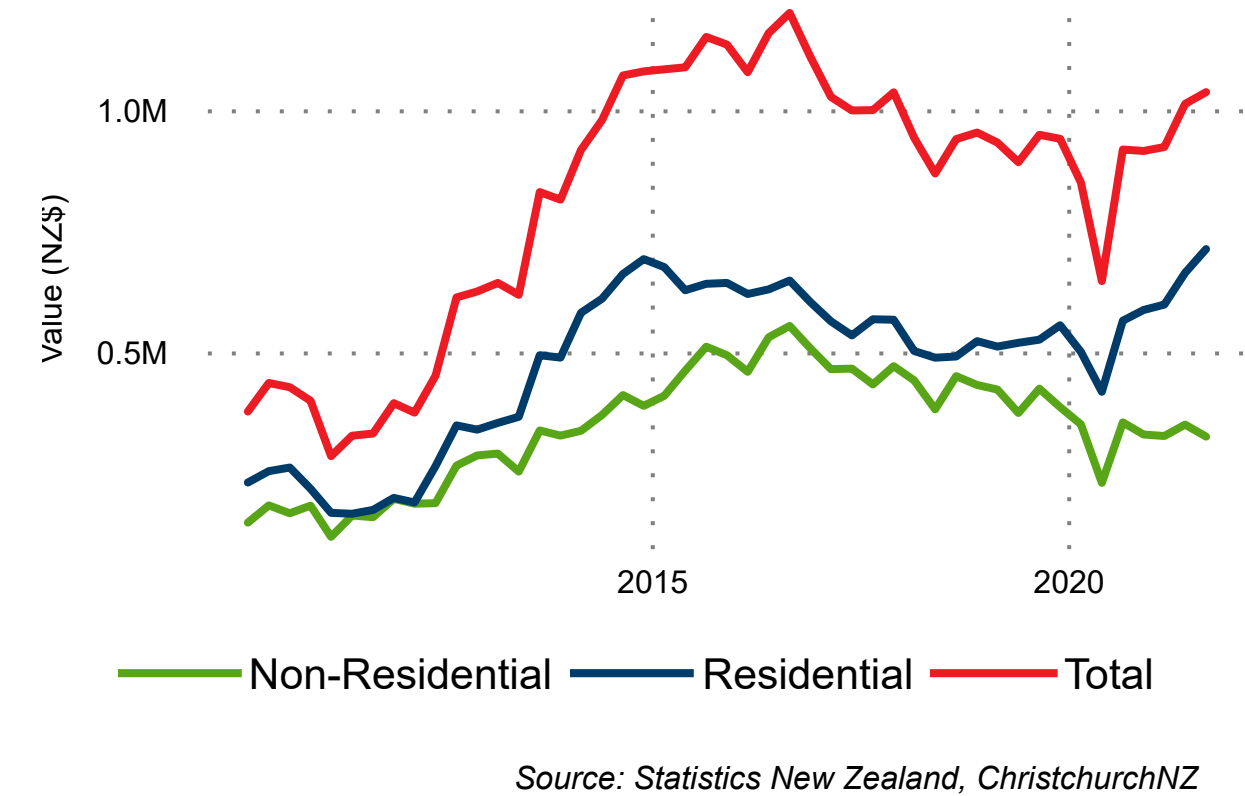
**Figure 3. Unemployment rate**



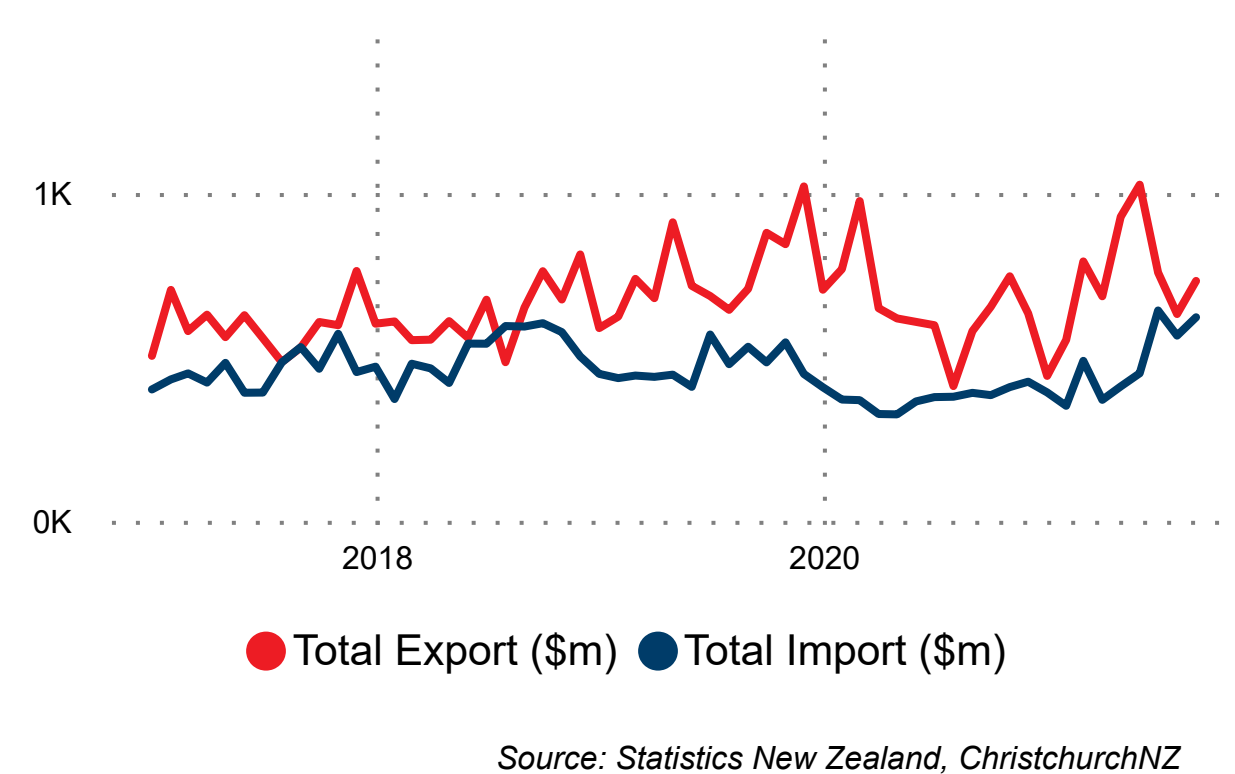
**Figure 4. Christchurch building consents (floor area)**



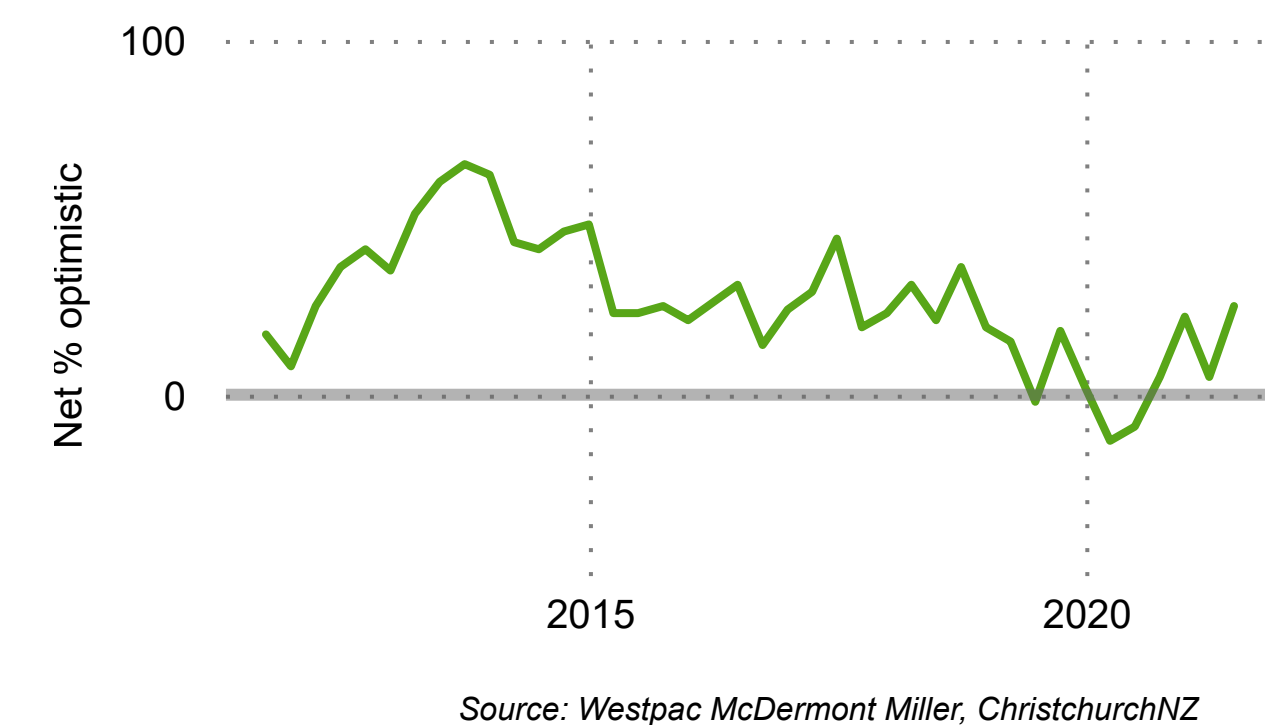
**Figure 5. Value of building work in Canterbury**



**Figure 6. Christchurch ports: international trade**



**Figure 7. Canterbury regional economic confidence**



# People & housing

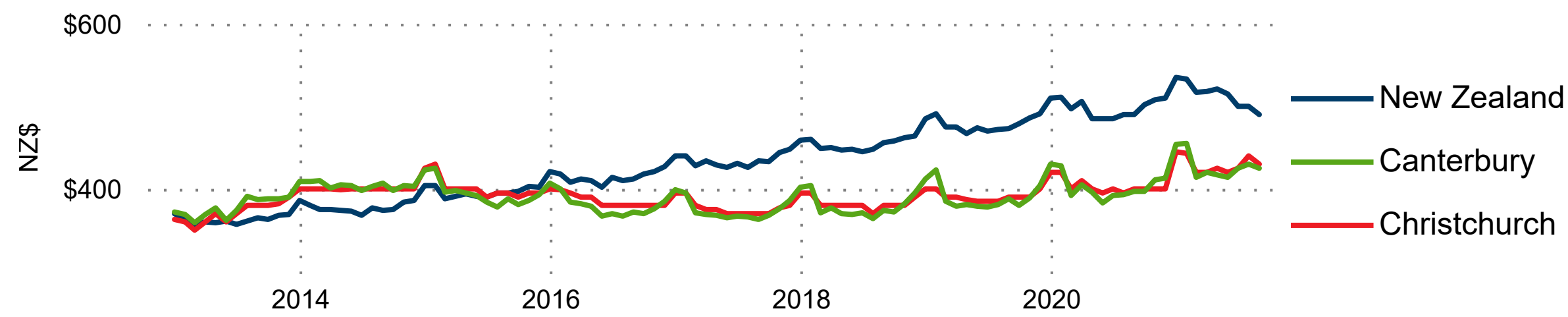
Upward pressure on the cost of living was evident during Q3 2021, with median weekly rent in Christchurch up by 8.4 percent in Q3 2021 compared to Q3 2020. Median weekly rent across New Zealand increased by 1.7 percent over the same period. Exceptional growth in house prices continued throughout Q3 2021, with median house prices in Christchurch up 28.9 percent compared to the same quarter in 2020. Month-on-month growth in house prices also increased during Q3 2021, with an average monthly growth rate of 5.4 percent. Policy changes and shifting government appetites towards migration will likely dampen rapid growth in housing prices over the long term. Meanwhile, the number of houses sold in Christchurch during Q3 2021 was down -11.1 percent compared to the same quarter in 2020.

The value of new residential mortgage lending across New Zealand increased by 15.5 percent during Q3 2021 compared to the same quarter in 2020. The value of lending for business purposes saw the biggest increase at 41 percent compared to Q3 2020, while the value of lending to investors decreased by -10.4 percent. For first home buyers and other owner occupiers, the value of lending increased in Q3 2021 by 2.1 percent and 29.6 percent, respectively.

Consumer confidence in Canterbury decreased in Q3 2021, but still reflected a net positive response. Consumer confidence among Cantabrians was also higher than that of New Zealand as a whole.

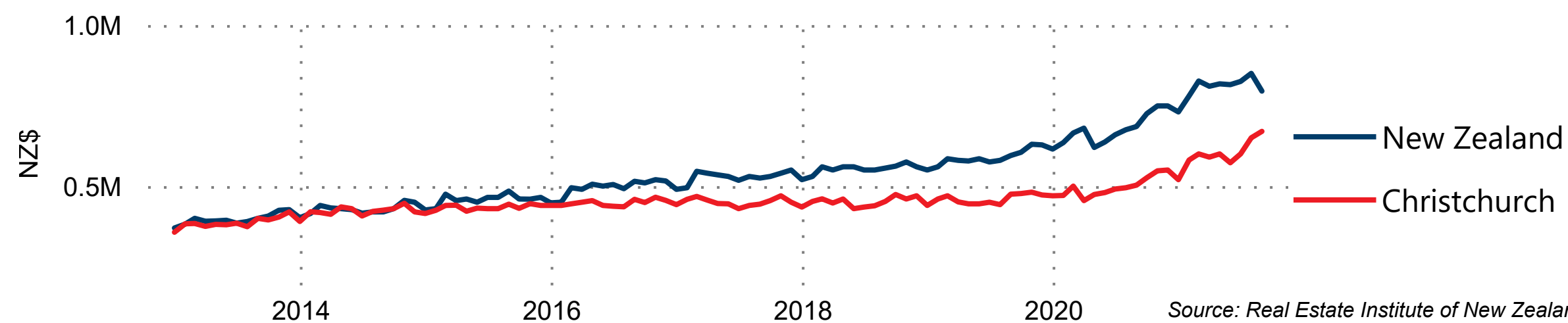
The labour force participation rate in Q3 2021 increased to 71.4 percent in Christchurch, an increase from 70.8 in the previous quarter. This was just below that of the same quarter in 2020. Meanwhile, the working age population in Christchurch increased by 9.2 percent in Q3 2021 compared to Q3 2020.

**Figure 8. Median residential rent: weekly**



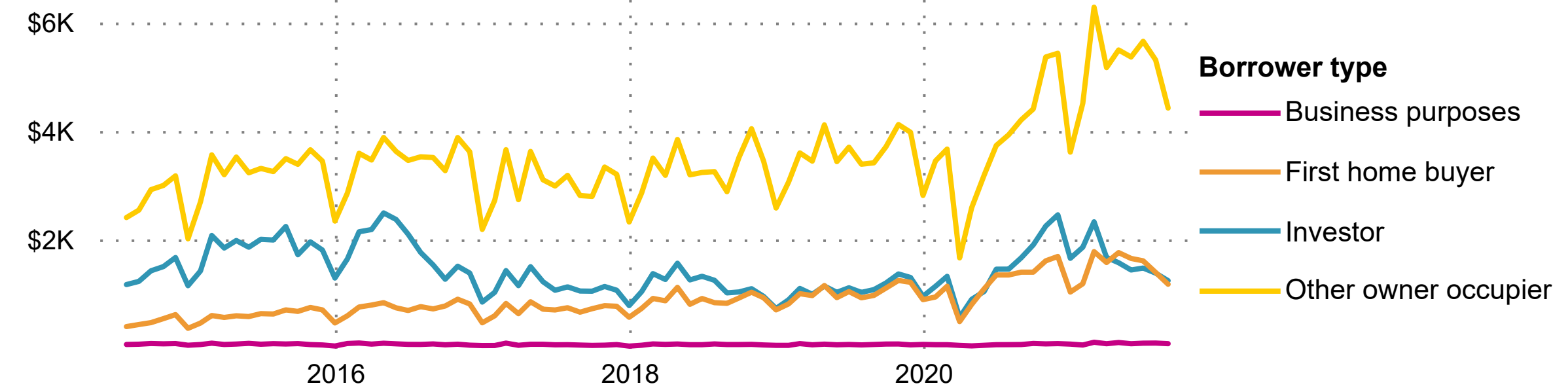
Source: MiBIE

**Figure 9. Median house price**



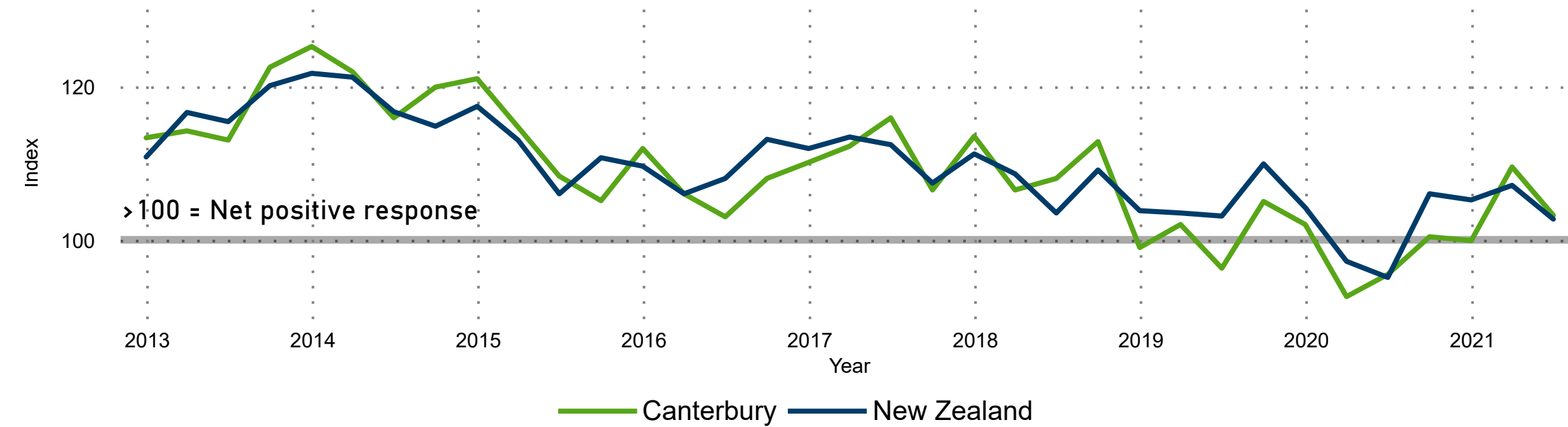
Source: Real Estate Institute of New Zealand

**Figure 10. New residential mortgage lending by borrower type, New Zealand (\$m)**



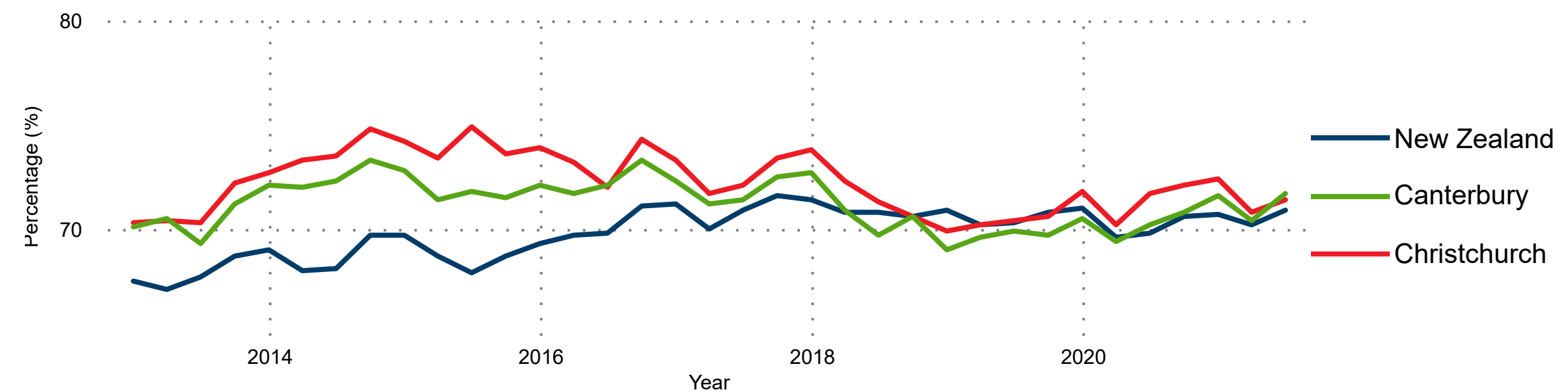
Source: Reserve Bank of New Zealand, ChristchurchNZ

**Figure 11. Canterbury consumer confidence**



Source: Westpac McDermott Miller, ChristchurchNZ

**Figure 12. Labour force participation rate**



Source: Statistics New Zealand, ChristchurchNZ



# Business

Christchurch saw a decrease in retail spending of -6.8 percent (incl. fuel) in Q3 2021 compared to the same period in 2020.

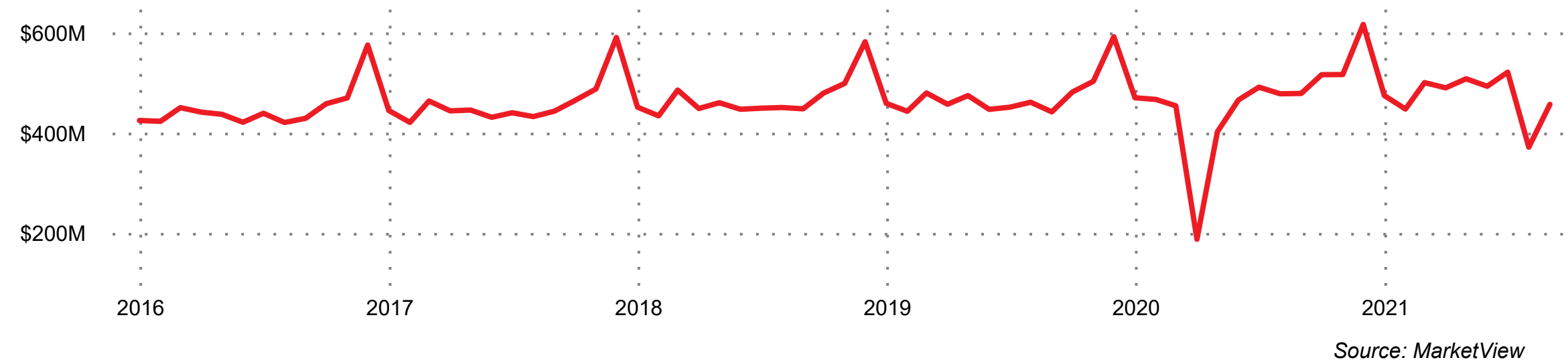
This negative growth rate is unsurprising in the context of the Level 4 lockdown during August 2021 and the ongoing limits on consumer activity that followed. All retail spending categories experienced negative growth rates when comparing Q3 2021 to the same quarter last year, except for groceries and liquor (up 4.8%). The largest declines in spending compared to Q3 2020 occurred in the home and recreation retail category (down -15.1%) and the cafes, restaurants, bars and takeaways category (down -17.1%). Spending by residents in Christchurch was down -6.9 percent compared to the same quarter in 2020.

The Consumer Price Index (CPI) inflation rate in New Zealand during Q3 2021 was 4.9 percent, the highest rate recorded in the last decade.

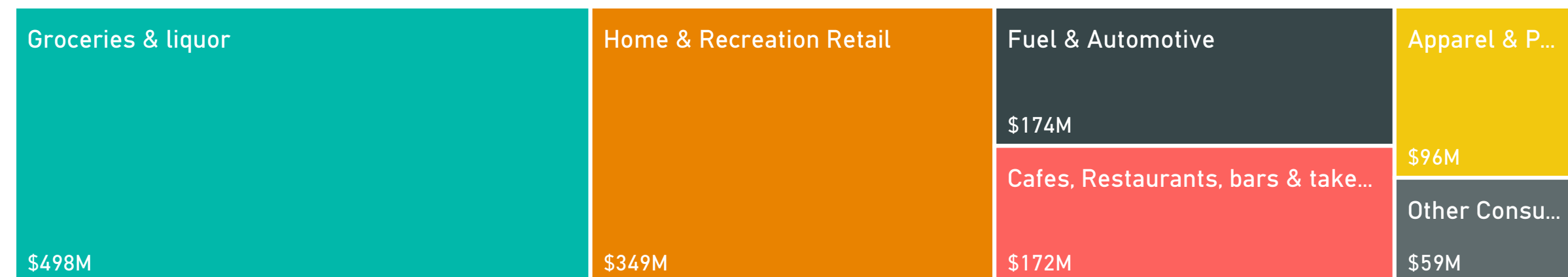
After a period of sustained steady growth in the number of job advertised online, Canterbury job vacancy growth began to level off in Q3 2021. However, Canterbury job vacancy growth was still up 65.8 percent from the same quarter in 2020, and well above the last level seen before COVID (257.3 in Q3 2021 vs 181.8 in Q4 2019).

Despite a dip in August, the Performance of Manufacturing Index (PMI) for Canterbury bounced back to 60.1 by the end of Q3 2021, outperforming that of New Zealand as a whole by 7.2 points and indicating that the manufacturing sector was expansive. The services sector remained in contraction in September 2021 as indicated by the Performance of Services Index (PSI), despite the PSI for Canterbury/Westland increasing by 14.1 points between August and September.

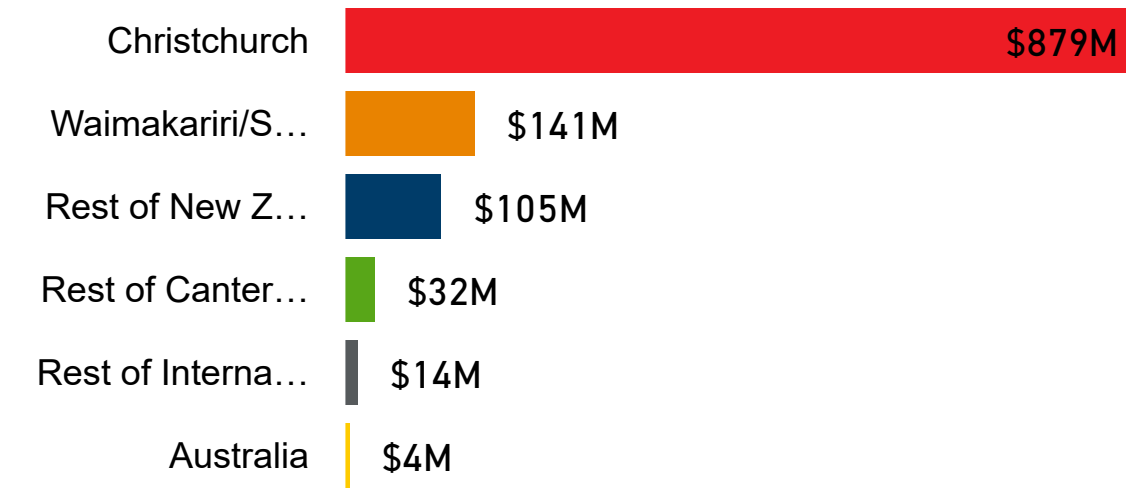
**Figure 13. Retail spending, Christchurch**



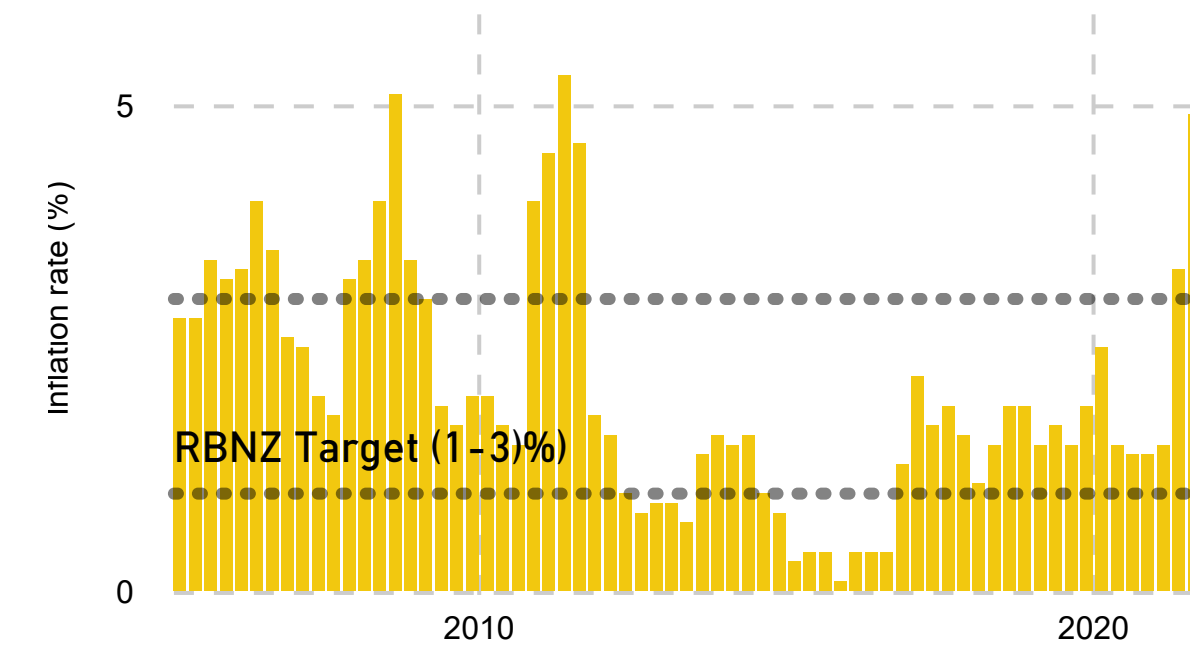
**Figure 14. Spending by retail category in Christchurch (Q3 2021)**



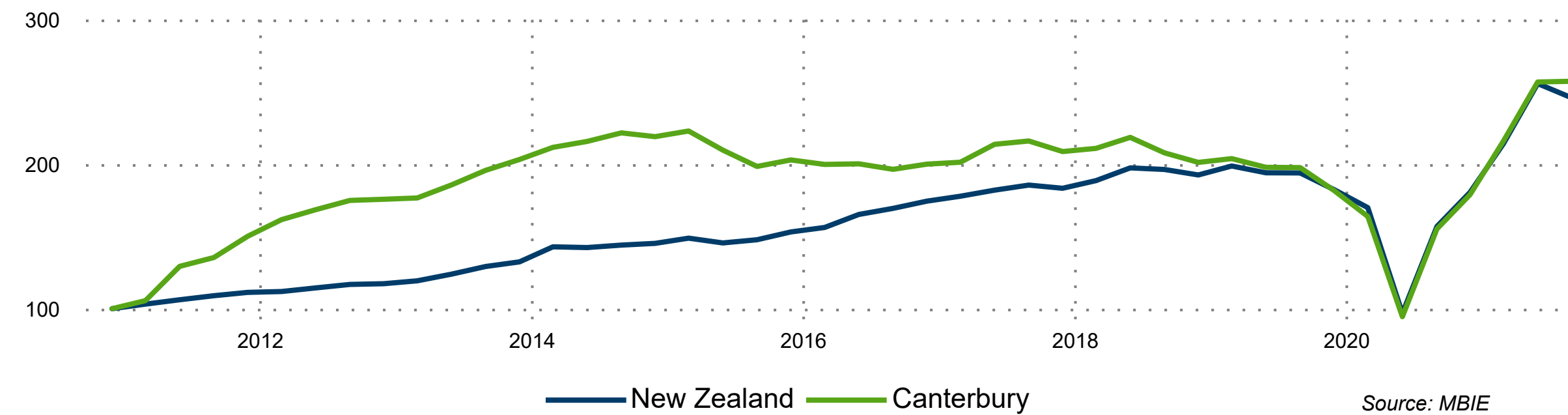
**Figure 15. Christchurch retail spending by customer origin (excl. fuel) (Q3 2021)**



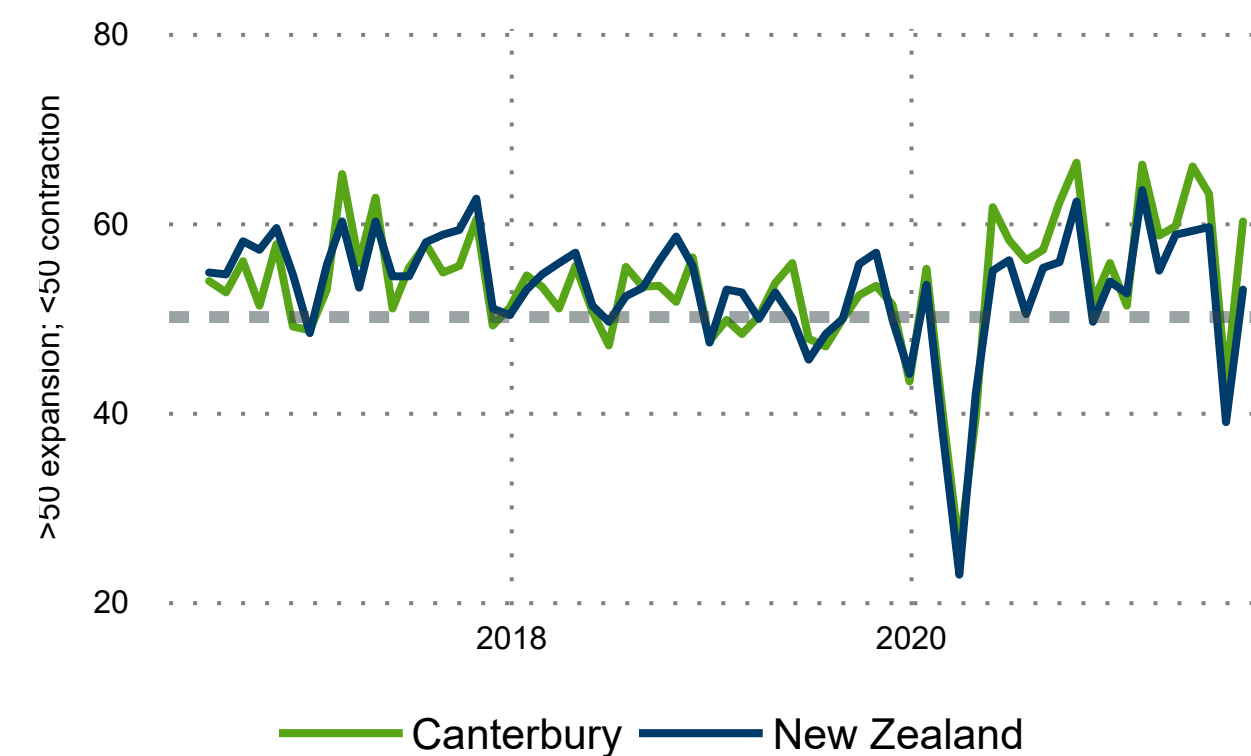
**Figure 16. CPI inflation rate (%)**



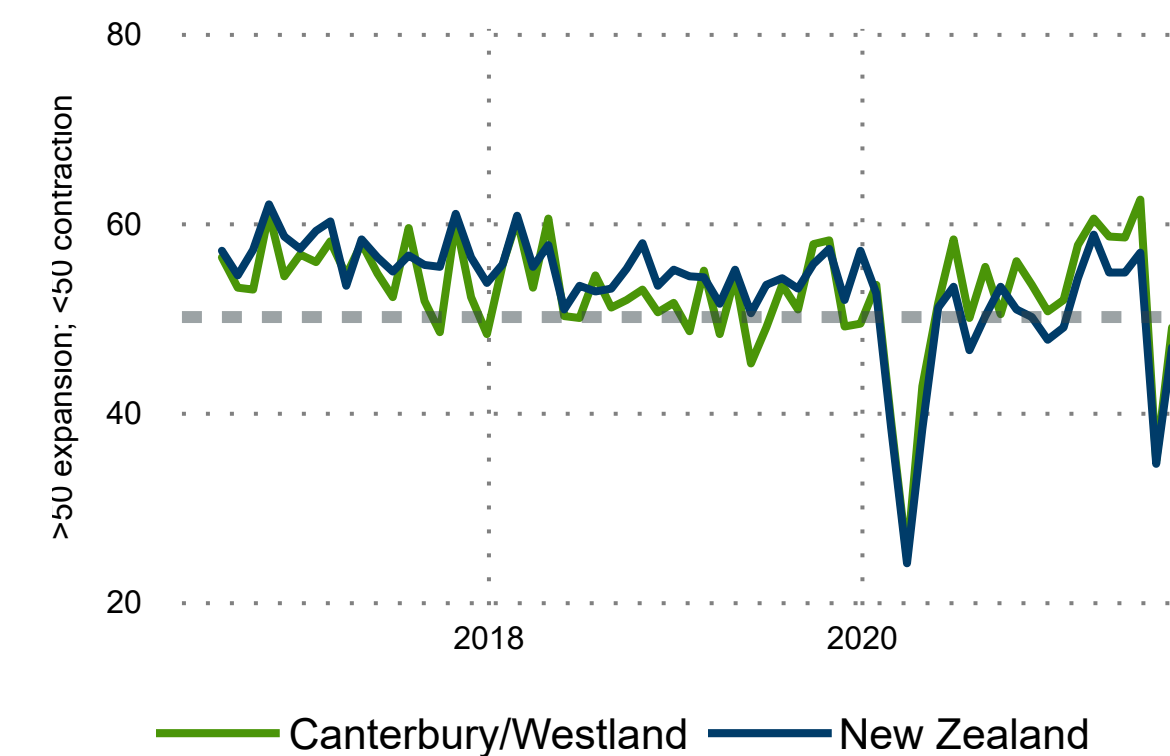
**Figure 17. Jobs online (unadjusted, indexed to December 2010)**



**Figure 18. Performance of manufacturing index**



**Figure 19. Performance of services index**



# Visitors

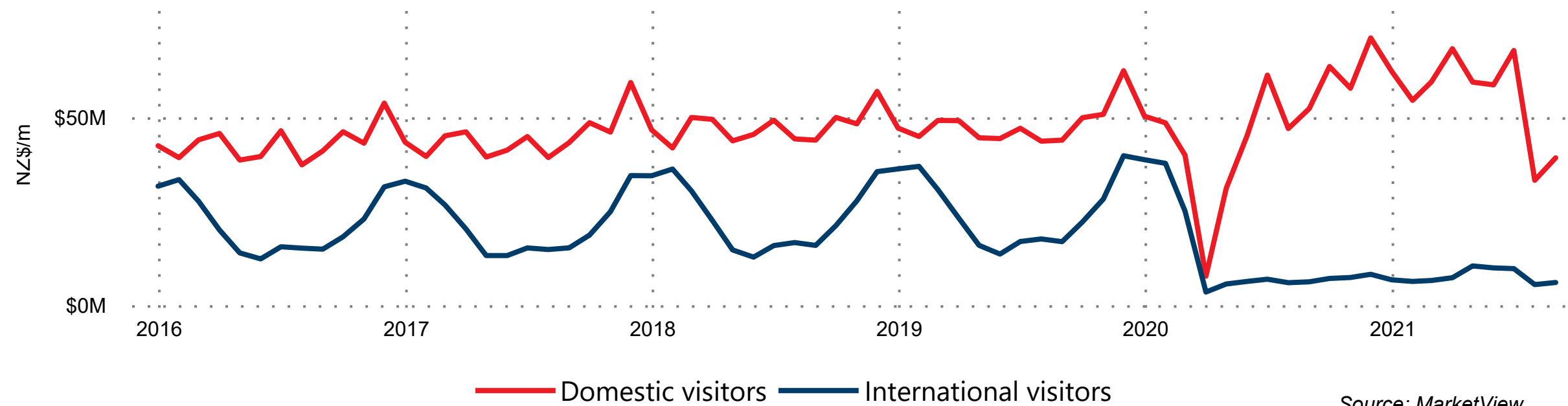
Visitor spending in Christchurch reached \$161.4 million in Q3 2021, down -10.1 percent or \$18.2 million from the same quarter in 2020. Domestic visitor spending decreased by -12.6 percent or \$20.3 million compared to Q3 2020, while international visitor spending increased by 11.2 percent or \$2.1 million.

Despite the absence of visitors from Auckland from mid-August onward, Auckland remained the highest spending domestic visitor market in Christchurch over Q3 2021, followed closely by visitors from elsewhere in Canterbury.

On average, the Airbnb occupancy rate was 42.4 percent in Christchurch in Q3 2021, while the occupancy rate for commercial accommodation was 37.7 percent.

Passenger movements through Christchurch airport (all arrivals and departures for both international and domestic flights) were down -52 percent from the same quarter in 2019 and up 10.6 percent on the same quarter in 2020. There were 4,356 international visitor arrivals at Christchurch airport during Q3 2021, compared to only 822 arrivals during the same quarter in 2020. The majority of arrivals in Q3 2021 were during July 2021, when the Trans-Tasman bubble with Australia was still open.

**Figure 20. Visitor spending in Christchurch**



Source: MarketView

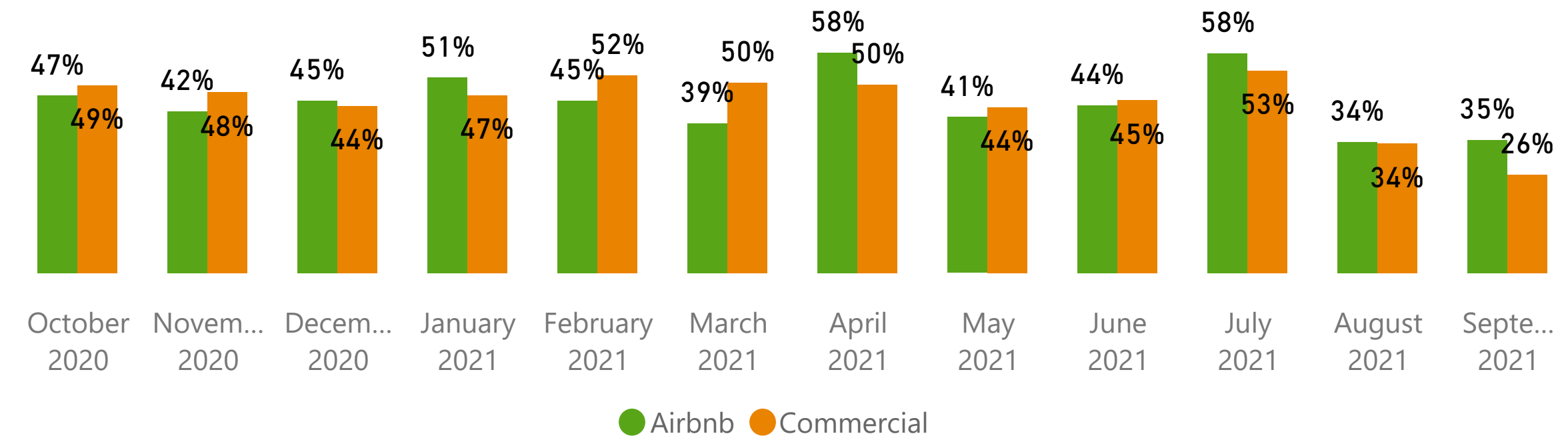
**Figure 21. Highest spending domestic visitor markets in Christchurch (Q3 2021)**



Source: MarketView

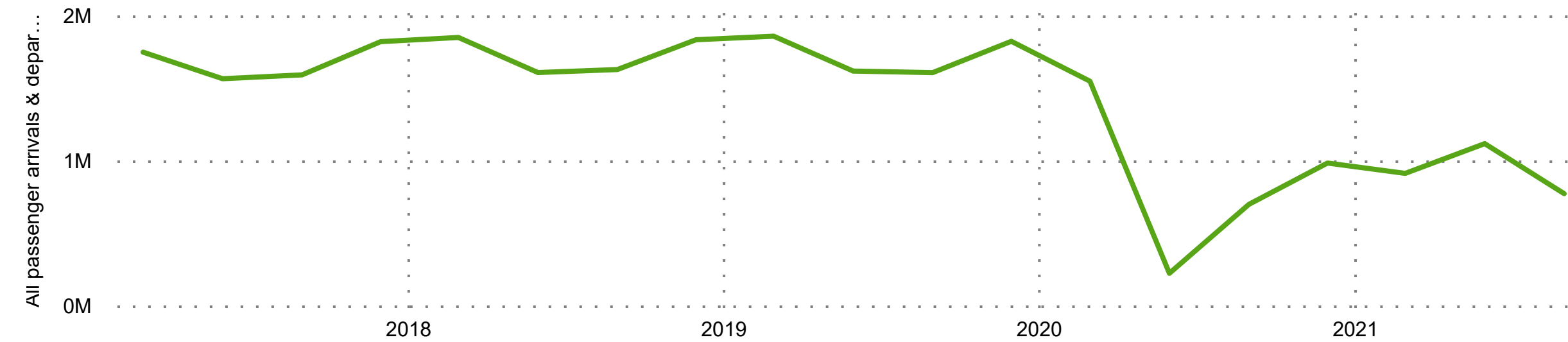
# ChristchurchNZ

**Figure 22. Average occupancy by accommodation type, Christchurch**



Source: AirDNA, FreshInfo, ChristchurchNZ

**Figure 23. Domestic and international passenger movements, quarterly (Christchurch airport, arrivals & departures)**



Source: Christchurch International Airport, ChristchurchNZ

**Figure 24. International visitor arrivals at Christchurch Airport**



Source: Statistics New Zealand, ChristchurchNZ



# Central City

Central city retail spend figures capture retail spending in the core and core fringe areas as shown on the below map. Retail spending in the central city (incl. fuel) in Q3 2021 was down -17.2 percent compared to that of Q3 2020. Spending at cafes, restaurants, cafes and bars made up the largest proportion of central city spending in Q3 2021, while also experiencing the largest decline in spending compared to Q3 2020 at -20.5 percent. The smallest declines took place in spending on fuel and automotive (down -5.8%) and groceries and liquor (down -7.6%).

Spending by Christchurch locals within the central city was down -19.1 percent in Q3 2021 from the same period in 2020. Visitor spending was also down in the central city, which is unsurprising due to the restrictions on visitor movements that were in place during Q3 2021. Compared to the same quarter in 2020, spending by visitors from the rest of Canterbury and the rest of New Zealand experienced declines of -16.9 percent and -17.7 percent, respectively.

The number of people living in the Four Avenues continued to increase in 2021 from 2020, with the Four Avenues population up 12.1 percent from 2020. The number of employees in the Four Avenues decreased slightly (-1%) over the same period. This is likely linked to the concentration of visitor industry-related businesses in the central city, which have experienced significant downturns in business due to COVID-19.

City map

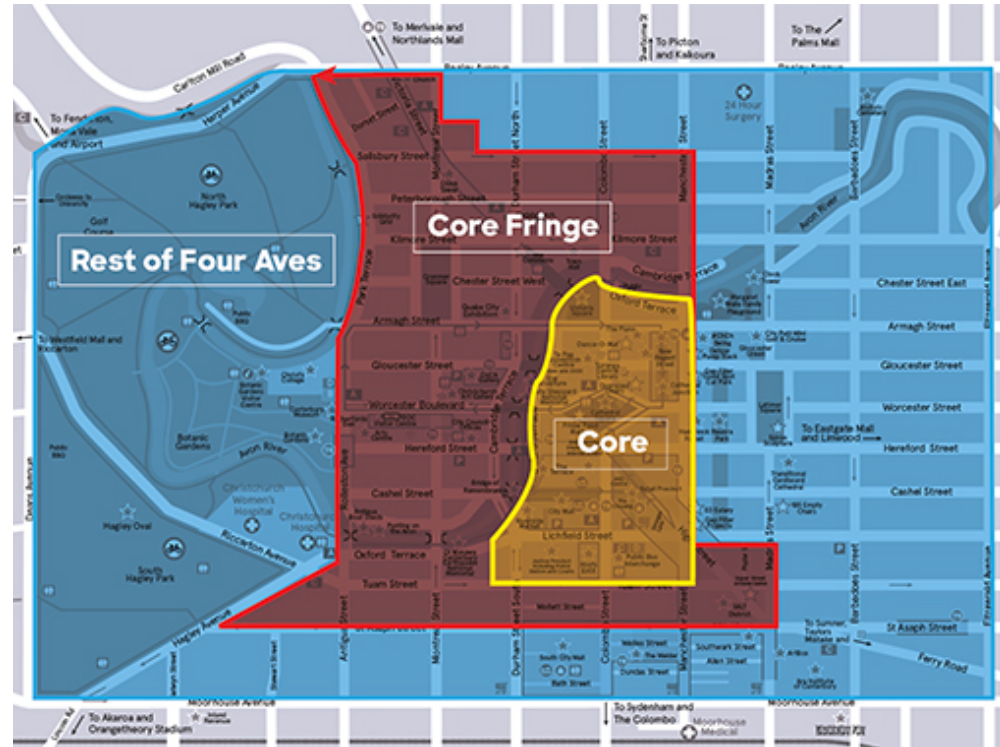
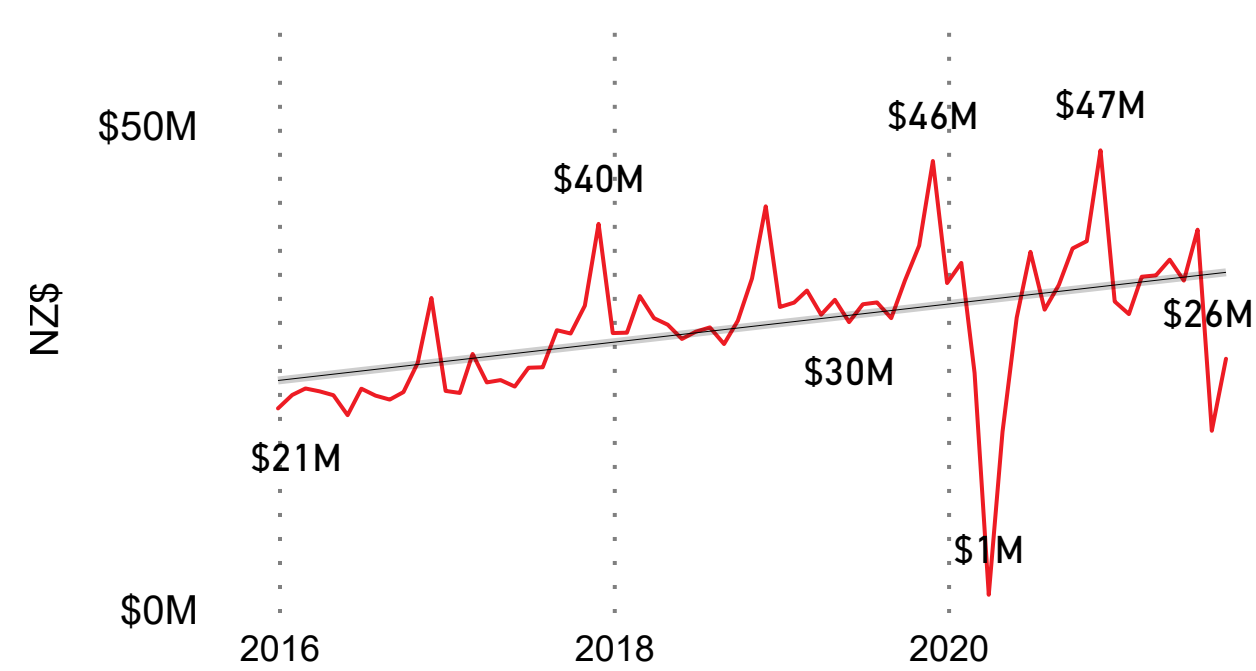
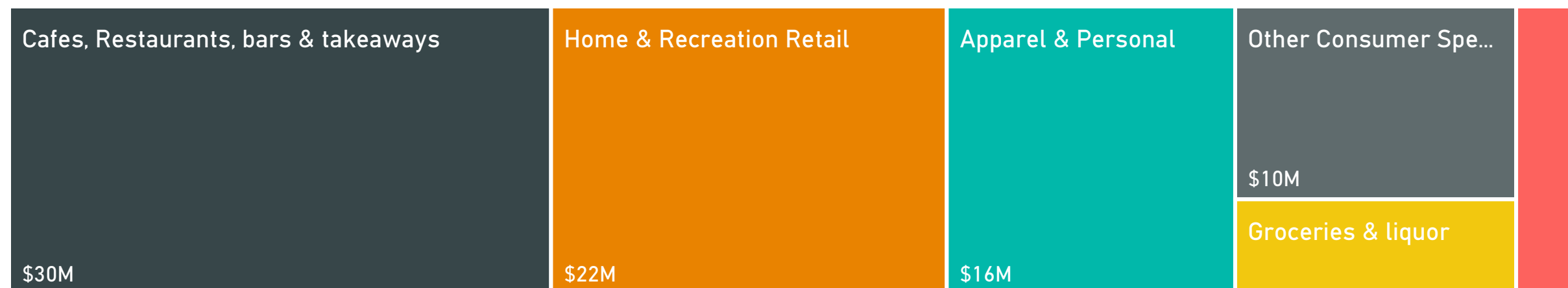


Figure 25. Core & core fringe total spending (excl. fuel), monthly



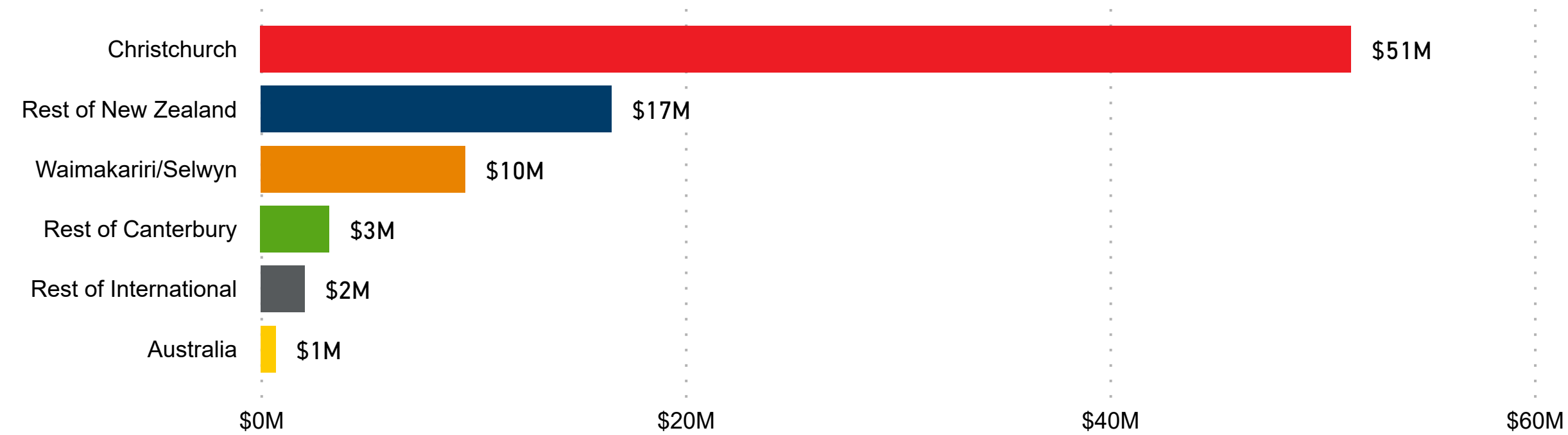
Source: MarketView, ChristchurchNZ

Figure 26. Core & core fringe total spending by category (Q3 2021)



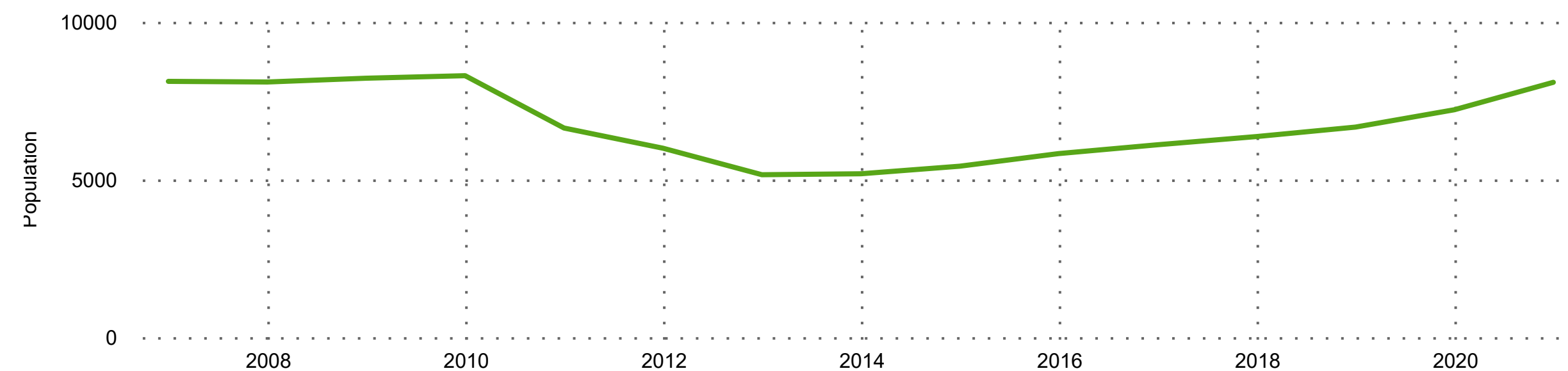
Source: MarketView, ChristchurchNZ

Figure 27. Core & core fringe spending by customer origin (excl. fuel) (Q3 2021)



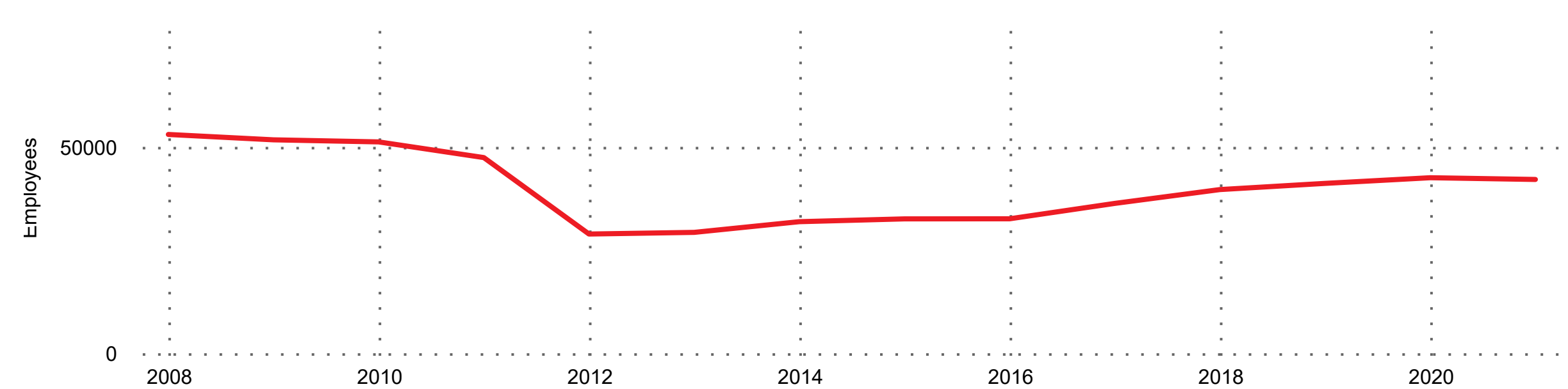
Source: Marketview, ChristchurchNZ

Figure 28. Number of people living within the Four Avenues



Source: Statistics NZ

Figure 29. Number of employees within the Four Avenues



Source: Statistics NZ

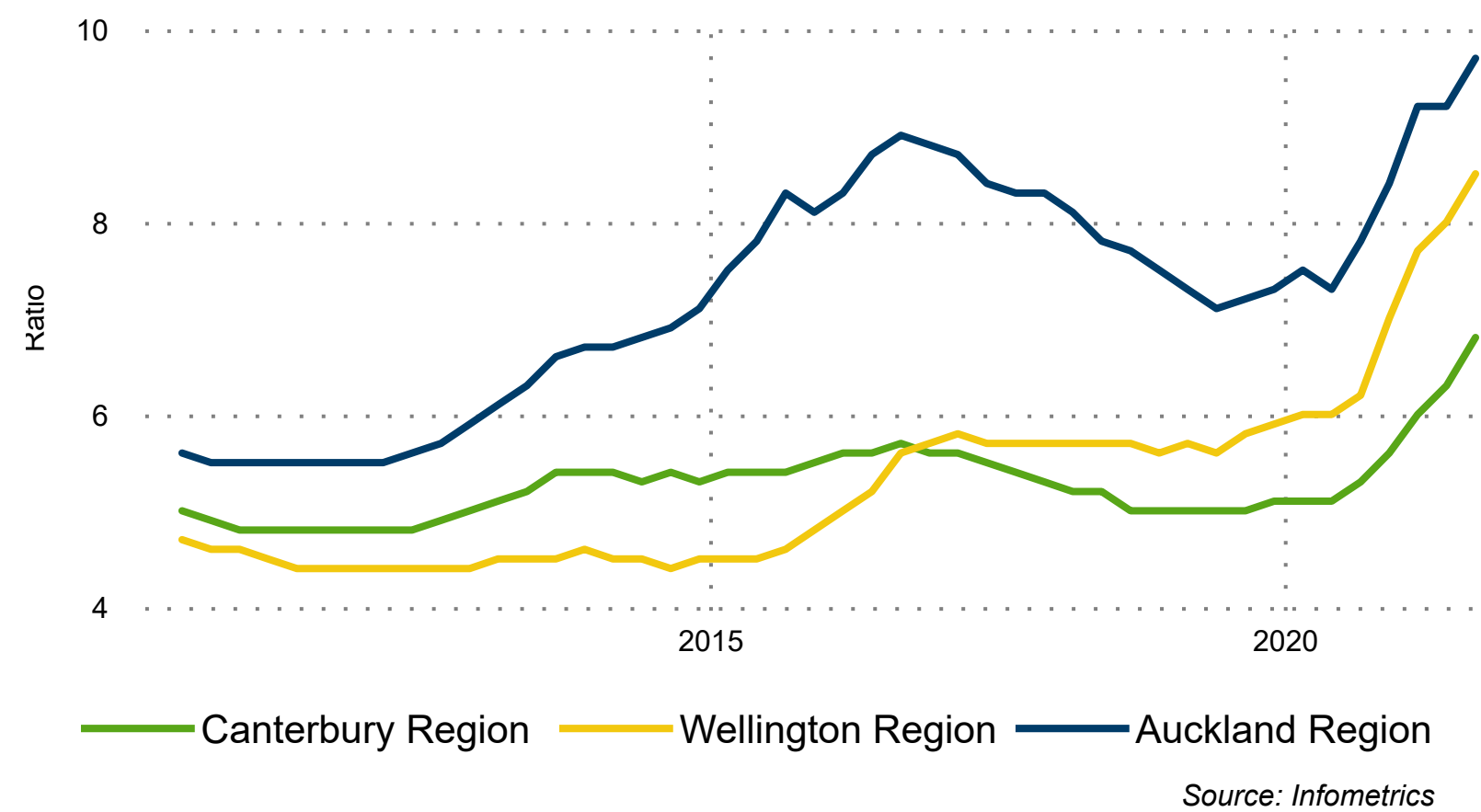


# Canterbury in context

ChristchurchNZ conducts regular research on economic developments and provides analysis on factors that influence our economy. Transitioning from a high-growth period, within the context of the Covid-19 pandemic, has meant that the Christchurch and Canterbury economies have undergone a huge amount of change in recent years.

The graphs below provide insights into how this growth is playing out across the housing and employment indicators. Christchurch's growing reputation as a desirable, affordable city to live is driven by lower residential rent, median house prices and unemployment rate, particularly in comparison to Auckland and Wellington.

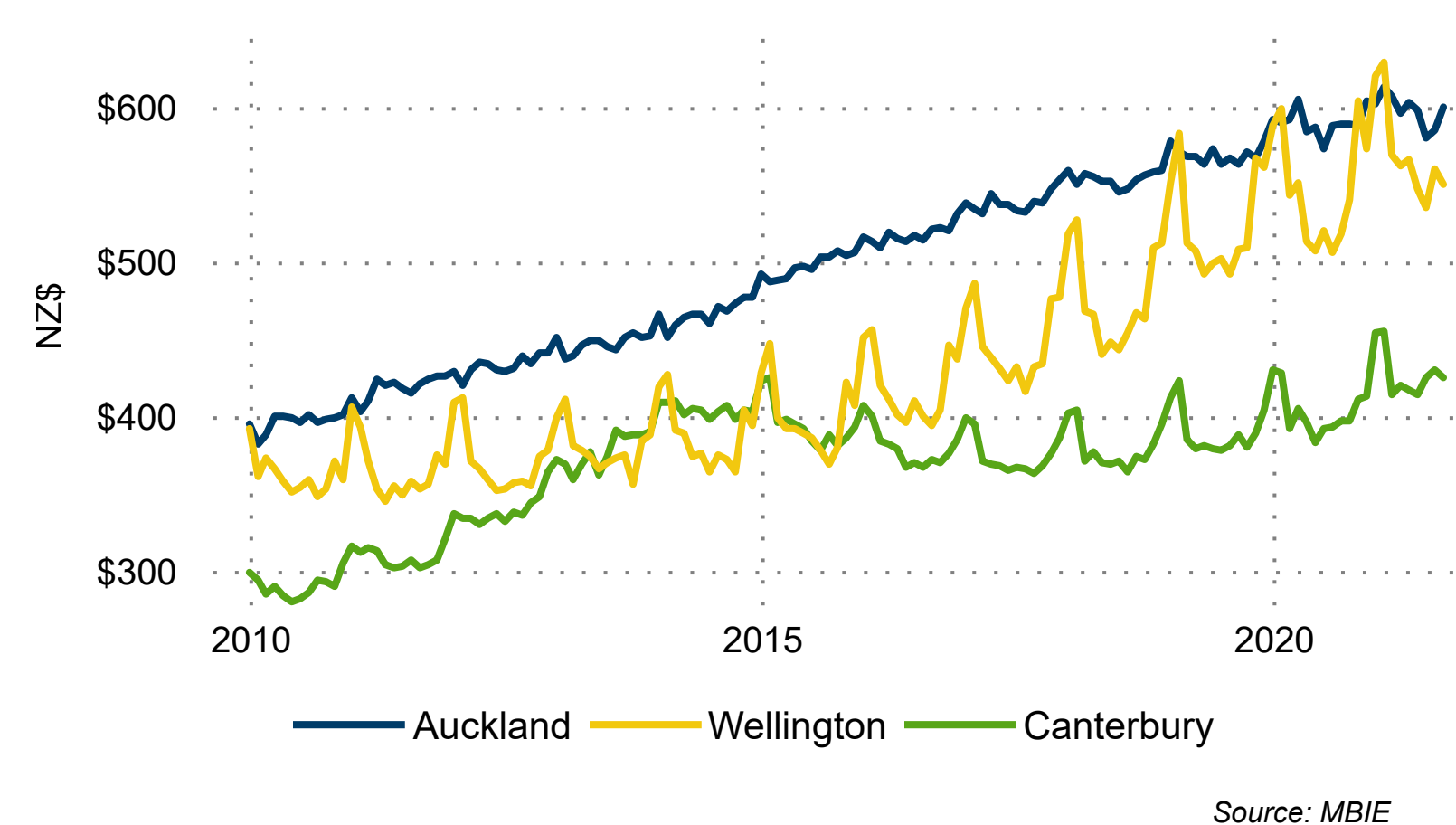
**Figure 30. Residential affordability**



Housing affordability worsened in all three major regions in Q3 2021 from the previous quarter, with affordability in Canterbury eroding at the fastest rate. However, Canterbury housing still remains significantly more affordable than in the Wellington and Auckland regions.

\* Housing affordability is estimated by comparing average current house values with average annual employment earnings from filled jobs. A higher score indicates lower housing affordability.

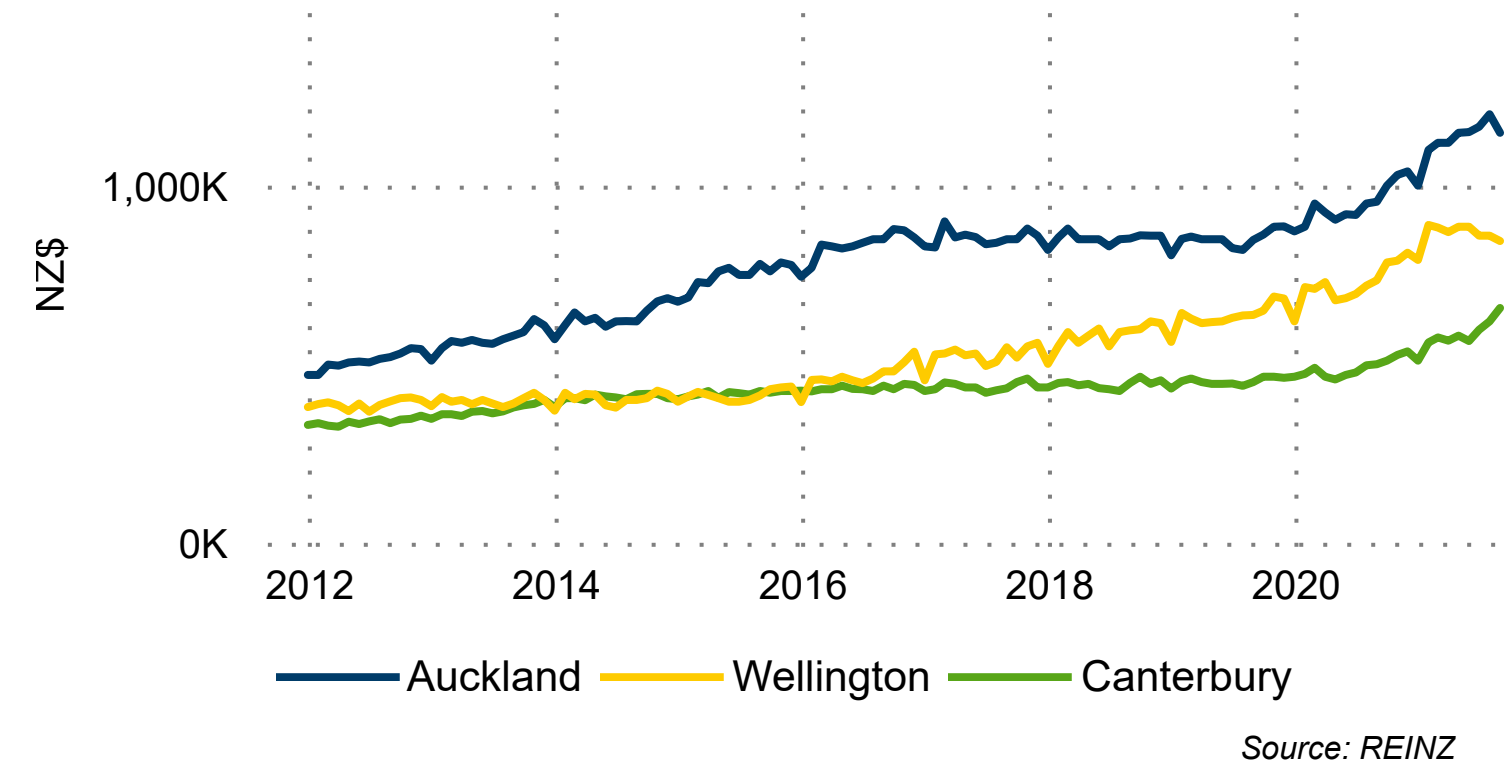
**Figure 31. Median residential rent, weekly**



Comparatively low residential rent continues to contribute to Canterbury's affordability profile. On average during Q3 2021, mean weekly residential rent was \$427 in the Canterbury region, compared to \$548 in Wellington and \$588 in the Auckland region. Average rent in Canterbury was up 8.4 percent compared to the same quarter in 2020.

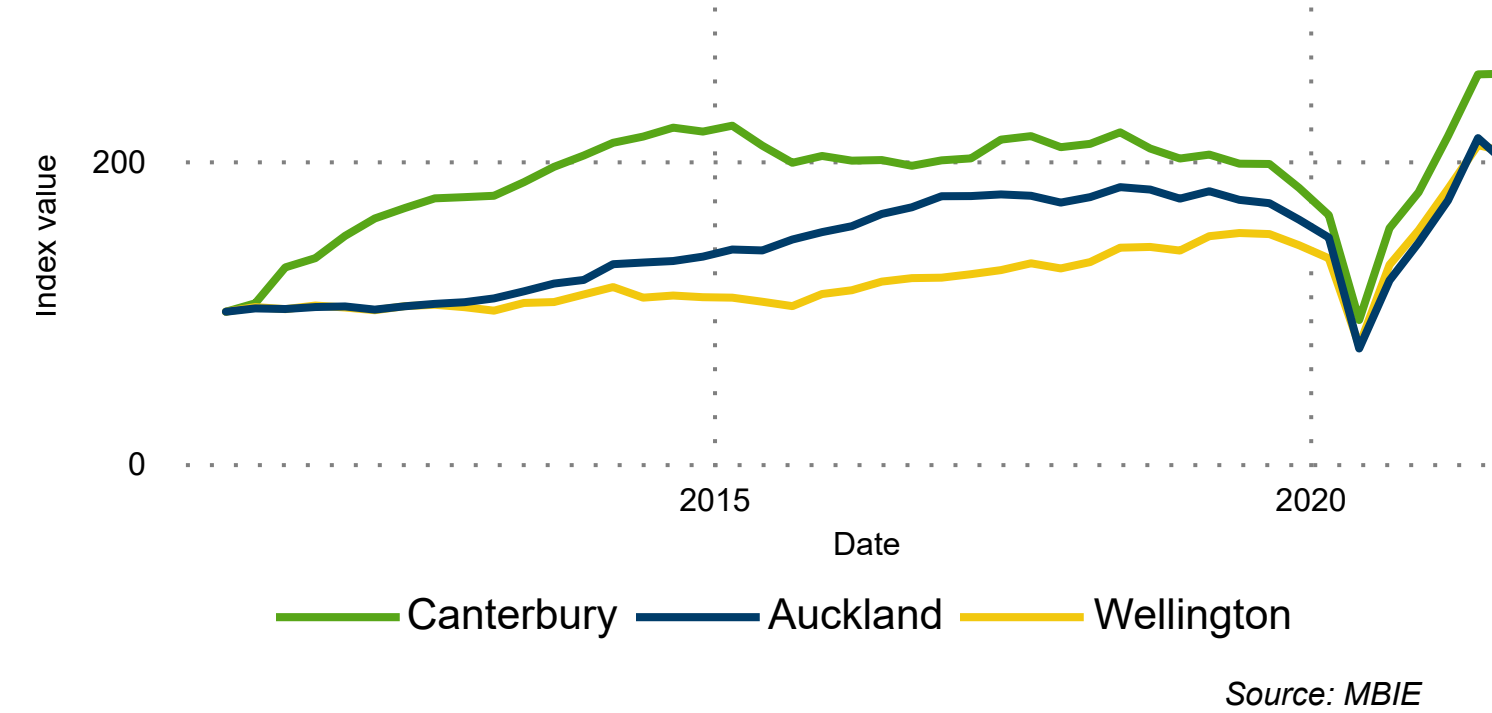
# ChristchurchNZ

**Figure 32. Median house price**



House prices continue to display strong growth. Monthly median house prices averaged at \$624,667 in Canterbury in Q3 2021. This was an increase of 27.1 percent compared to the same period in 2020. On average, median house prices in Canterbury were 46.6 percent lower than in Auckland and 26.8 percent lower than in Wellington in Q3 2021.

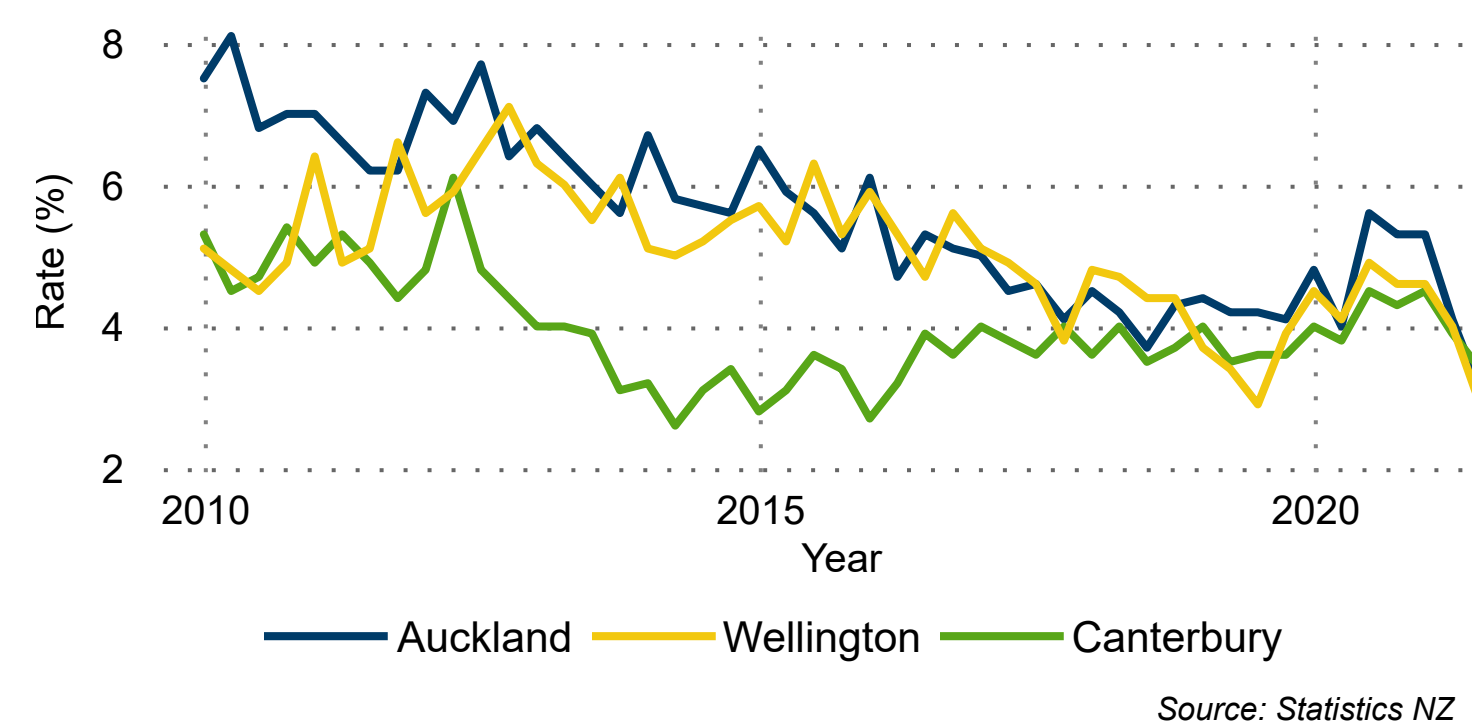
**Figure 33. Jobs online (indexed to Dec. 2010)**



The number of job vacancies advertised online in Canterbury was up 65.8 percent in Q3 2021 compared to the same quarter last year.

Growth in job vacancies (compared to the 2010 baseline) was 30.6 percent higher in Canterbury than in Auckland and 25.4 percent higher than in Wellington in Q3 2021.

**Figure 34. Unemployment rate**



The level of unemployment in Canterbury decreased from 3.9 percent in Q2 2021 to 3.4 percent in Q3 2021. In a shift from the previous quarter, unemployment was slightly higher in Canterbury than in Auckland (3.1%) and Wellington (2.9%).

The unemployment rate in Canterbury was 1.1 percentage points lower than the same quarter in 2020.

**AirDNA:** <https://www.airdna.co/>

**ANZ:** <http://www.anz.co.nz/commercial-institutional/economic-markets-research/>

**BusinessNZ:** <http://www.businessnz.org.nz>

**Fresh Info:** <https://freshinfo.shinyapps.io/ADPReporting/>

**Infometrics Ltd:** <http://www.infometrics.co.nz/>

**Marketview:** <https://marketview.co.nz/>

**Ministry of Business, Innovation and Employment:** <http://www.mbie.govt.nz/>

**Real Estate Institute New Zealand:** <https://www.reinz.co.nz/>

**Reserve Bank of New Zealand:** <https://www.rbnz.govt.nz/statistics>

**Statistics New Zealand:** <http://www.stats.govt.nz/> *This work is based on/includes Statistics New Zealand's data which are licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 3.0 New Zealand licence.*

**Westpac:** <https://www.westpac.co.nz/>

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