

# Christchurch & Canterbury

Quarterly Economic Report  
June 2021

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# Overview

## Economy

### GDP growth

(YE June 2021)

Christchurch: **3.2%** ▲  
Canterbury: **3.7%** ▲  
New Zealand: **4.2%** ▲



### Unemployment rate

Christchurch: **4.6%** ▼ (from 5.4% in Q1:2021)  
Canterbury: **3.9%** ▼ (from 4.5% in Q1:2021)  
New Zealand: **3.9%** ▼ (from 4.9% in Q1:2021)



### Building consent issuance

(June 2021 vs June 2020)

Christchurch: **33.9%** ▲  
Canterbury: **19.8%** ▲  
New Zealand: **20.8%** ▲



### International trade

(Lyttelton & Chc Airport)

Trade balance:  
**\$3.22 billion** (year to June 2021)

**-17.2%** ▼ from previous year



## People & Business

### Retail spending growth (incl. fuel)

(Q2:2021 vs. Q2:2020)

Christchurch: **41.2%** ▲ (NZ: **37.0%** ▲)

### Consumer confidence

(Q2:2021 vs. Q1: 2021)

Canterbury: **+9.6 points** ▲ (NZ: +1.8 points ▲)

### Residential cost

(Q2:2021 vs. Q2:2020)

Weekly rent:  
Christchurch: **5.0%** ▲ (NZ: 5.3% ▲)  
House prices:  
Christchurch: **25.1%** ▲ (NZ: 26.1% ▲)

### Business confidence

>50: expansion; <50: contraction

(Q2:2021)

### Service Index:

Canterbury: **59.1** (NZ: 56.0)

Manufacturing Index:

Canterbury: **61.4** (NZ: 57.6)

## Visitors

### Christchurch visitor spending

(Q2: 2021 vs. Q2: 2020)

Total: **114.5%** ▲  
Domestic: **122%** ▲  
International: **70.2%** ▲



### Average occupancy rates

(Q2:2021)

Commercial accommodation: **46.3%**  
Airbnb listings: **58.7%**



### Passenger movements

(Q2:2021 vs Q2 2020)

Christchurch Airport:  
**1.11m** passenger movements  
**403%** ▲

(Departures and arrivals, domestic & international flights)



### International visitor arrivals

(Q2 2021 vs Q2 2020)

Christchurch airport: **20,028 arrivals**  
▲ vs 170 arrivals in Q2 2020  
Share of New Zealand visitor arrivals: **14%**



## Central City

### Retail spending growth (excl. fuel)

Year-on-Year growth

**109.6%** ▲ (Q2:2021 vs. Q2:2020)

Year:

**19.8%** ▲ (year to June 2021 vs. year to June 2020)

### Spending by consumer origin (excl. fuel)

(Q2 :2021 vs. Q2: 2020)

Christchurch: **81.5%** ▲  
Rest of Canterbury **110.4%** ▲  
Rest of New Zealand **232%** ▲  
Rest of International: **68.5%** ▲

### Spending by category

(Q2: 2021 vs Q2: 2020)

Other consumer spending: **158.1%** ▲  
Cafes, restaurants, bars, takeaways: **151.4%** ▲  
Apparel & personal: **99.1%** ▲

### Four avenues

(2020)

Population: **7,170**  
Number of employees: **42,120**  
Number of businesses: **4,299**

## Economic Commentary

Economic recovery continued in the second quarter of 2021. The significant restrictions on consumer activity that occurred in April-June 2020 have resulted in inflated quarterly growth rates. This is particularly evident in economic and retail trade growth where quarterly comparisons for retail and visitor spending show abnormally high growth rates. Household expenditure has continued to bounce back strongly over one year on from the initial COVID-19 shock.

Many indicators were trending upwards in Q2 2021 and performed strongly even when compared to pre-COVID levels. Net exports and job vacancies reached levels above those seen before COVID-19 hit, and consumer confidence was at its highest since late 2018. Quarterly performance one year on from the initial shock of COVID-19 reflects an economy better positioned than many would have expected. Of course, this does not apply to all industries. The impacts of strict border closures and continued uncertainty on the tourism sector cannot be understated.

While this report does not capture the impacts of the most recent COVID-19 outbreak (this will be reflected in the report for Q3 2021), it does provide insight into the potential for recovery from the recent lockdown for those industries that have largely bounced back over the last twelve months.

The year-to-date economic growth of Christchurch increased 3.2 percent in Q2 2021 compared to Q2 2020. The year-to-date economic growth for Canterbury and New Zealand increased by 3.7 percent and 4.2 percent, respectively.

### Positives

- Job vacancies in Canterbury were at their highest level on record, and well above those last seen before COVID-19.
- Consumer confidence amongst Cantabrian's lifted to the highest level since late 2018, and above that of New Zealand in general for the first time in eighteen months.
- Net exports from Christchurch ports remained strong in Q2 2021, despite COVID-19 related supply chain issues.
- Both the manufacturing and services sectors continued to be expansive.
- Low interest rates and strong house prices continue to drive building consent issuance rapidly upward, with building consents up 9.1 percent in the year ended June 2021 compared to the previous 12 months.

### Headwinds

- Upward pressure on the cost of living, with both rent and house prices continuing to increase. Canterbury however does remain comparatively more affordable than other major regions.
- Regional economic confidence took a dip after experiencing a sharp rise upward in the previous quarter. This downward slide is potentially linked to the severe flooding that occurred in Canterbury in June.
- Passenger movements remain well below pre-COVID levels, despite the strong growth in domestic visitor activity that has occurred over the past year.

## ChristchurchNZ's Perspective

## ChristchurchNZ

### An economy running hot

There was one clear theme during the second quarter of 2021- the economy was heating up. Strong domestic demand, inflationary pressure and a tightening of the labour market saw a departure away from the sluggish start to the year that was reported in the last quarter.

Domestic demand ran hot across New Zealand in the June quarter, fueled by low interest rates, job and wage growth and the ongoing fiscal response to COVID-19. This drove inflationary pressures upward, with the CPI inflation rate at 3.3 percent in the June quarter- the highest level seen in the last decade. Nowhere was this more evident than in the housing market, which continued to boom despite the introduction of several government policy and taxation changes. Thus far these have had limited success in dampening house price growth. The expansion of both the manufacturing and services sectors (as reflected in the PMI and PSI) in the June quarter point to increased confidence in the context of strong growth. Consumer confidence also lifted during the June quarter, and was particularly strong amongst Cantabrian's.

Both supply and demand factors led to a significant tightening of the labour market during the second quarter, with unemployment plummeting across the country. The closure of the border has limited the supply of labour, while strong economic activity has further increased job vacancies and driven up wages as employers seek to attract workers. Prior to the August lockdown, many forecasters were predicting a further decline in unemployment in the latter half of 2021, to levels unseen in the last decade.

### COVID Round 2

The lock-down in response to the recent outbreak of the COVID-19 Delta variant in New Zealand has thrown ice water over the rapidly heating economy that we saw in the June quarter. The immediate impacts of the outbreak are sure to see many economic indicators plummet back towards the low levels seen in April 2020.

However, the threat of long-term unemployment certainly doesn't loom as large this time around. With the supply of labour unlikely to increase, the post-lockdown market is expected to be a much friendlier environment for job seekers than anticipated during the 2020 lockdown.

The strong domestic retail demand seen in the June 2021 quarter also provides confidence that there will likely be a strong bounce back in economic activity as alert levels drop, and the need for such strict controls lessen as immunisation rates increase.

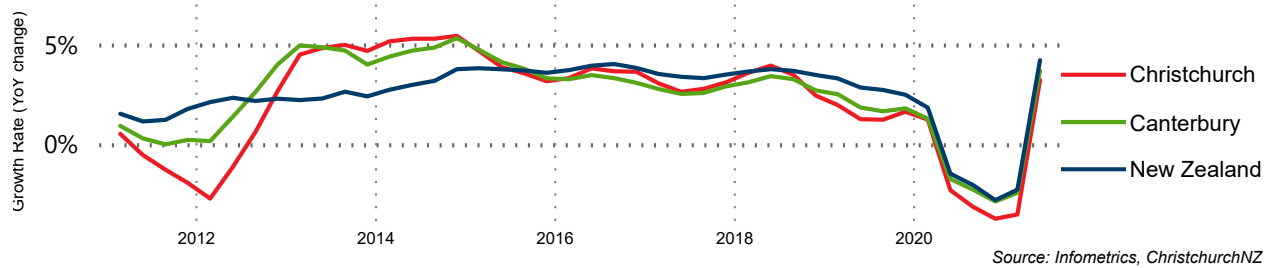
# Economy

The year-to-date economic growth of Christchurch increased 3.2 percent in Q2 2021 compared to the same period last year. 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 June 2021, the CEAI was 0.7 percent, whereas the national figure was 0.0. These figures mean that weighted economic activity in Canterbury in June 2021 was 0.7 percent higher than that of June 2020, while at a national level it was relatively unchanged. In June 2021 two components of the CEAI were at their highest levels recorded in the last six years - the number of jobs advertised online and the value of exports at Christchurch ports. The Christchurch unemployment rate decreased from 5.4 percent in Q1 2021 to 4.6 percent in Q2 2021, however still remained above the national unemployment rate of 3.9 percent

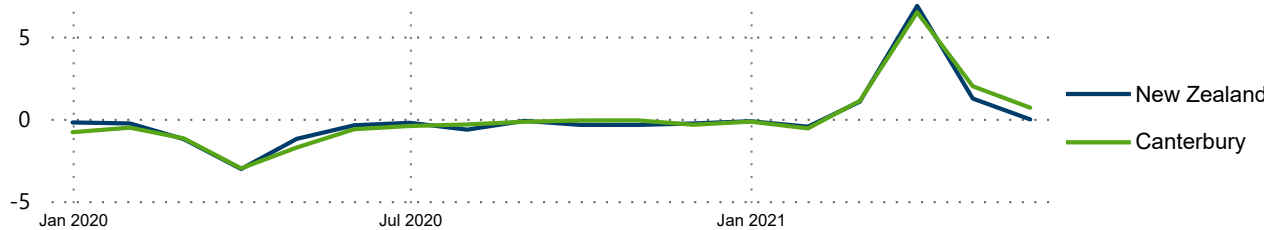
Building consents in Christchurch were buoyant during June 2021, with consent issuance up 33.9 percent on the same month last year. For the year ending June 2021, total consent issuance in Christchurch was up 9.1 percent compared to the previous 12-month period. This was driven by several factors, including low interest rates and a significant increase in house prices across New Zealand. Meanwhile, the value of building work in Canterbury in Q2 2021 was up 11.6 percent from the previous quarter, and up 56.5 percent compared to the same quarter in 2020.

Despite COVID-related supply chain issues, net exports from Christchurch ports in Q2 2021 were at the third highest quarterly value since records began in 2000. In Q2 2021, the Canterbury Regional Economic Confidence fell back to 5 percent, following an increase up to 22 percent in Q1 2021. This means that 5 percent of households in the region were feeling positive, as opposed to negative, about economic prospects over the coming year.

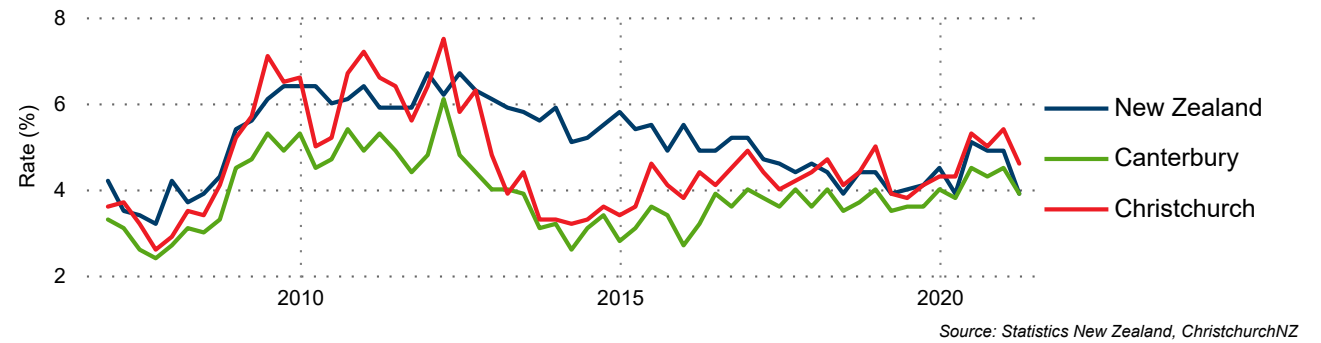
**Figure 1. Economic growth**



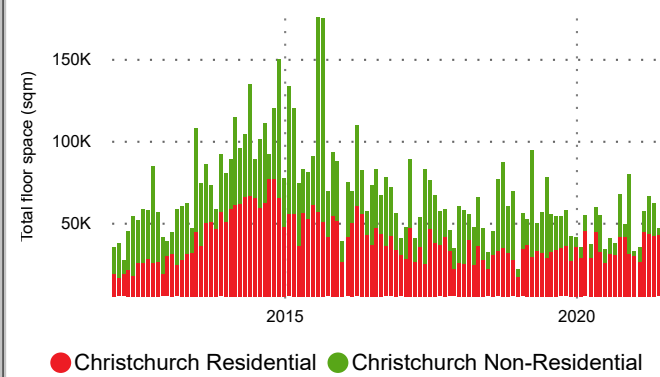
**Figure 2. Canterbury Economic Activity Indicator**



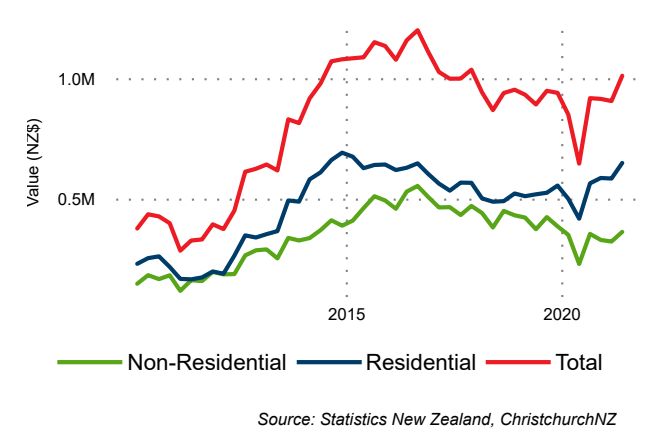
**Figure 3. Unemployment**



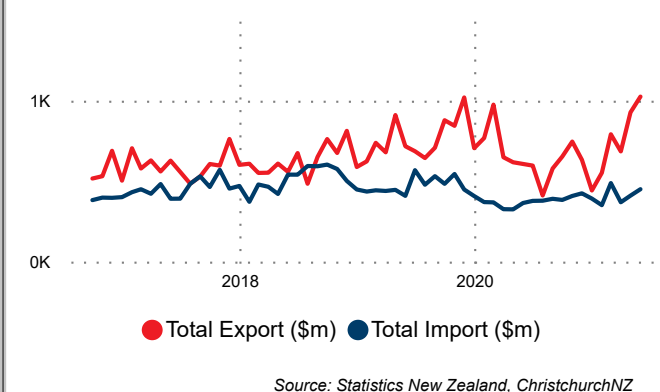
**Figure 4. Christchurch building consents**



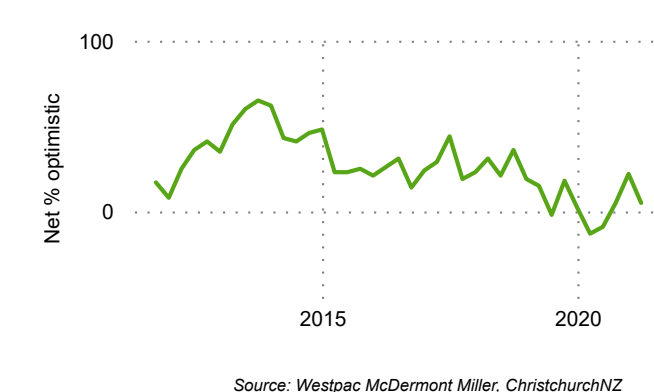
**Figure 5. Value of building work in Canterbury**



**Figure 6. Christchurch Ports: International trade**



**Figure 7. Canterbury regional economic confidence**



# People & housing

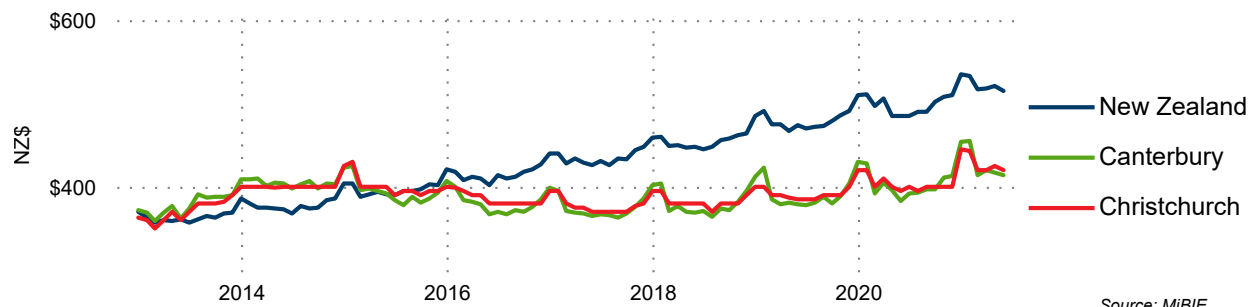
Mean weekly rent in Christchurch increased by 5.0 percent in Q2 2021 compared to Q2 2020, while mean weekly rent across New Zealand increased by 5.3 percent. Exceptional growth in house prices has continued throughout Q2 2021, with median house prices in Christchurch up 25.1 percent compared to the same period in 2020. However, month-on-month growth cooled in Q2 2021 compared to Q1 2021. Housing policy changes and changing government appetites towards migration will likely dampen housing prices over the long term. Despite recent price rises, Christchurch continues to maintain its relative affordability profile compared to other cities.

Immigration through Christchurch airport remains subdued. There were 975 long-term arrivals to Christchurch in Q2 2021, down 30 percent from the same period in 2019 when borders were open. However, quarterly long-term arrivals were still significantly above that of Q2 2020. With New Zealand borders expected to remain closed for an indeterminate time, long term migration numbers will remain low.

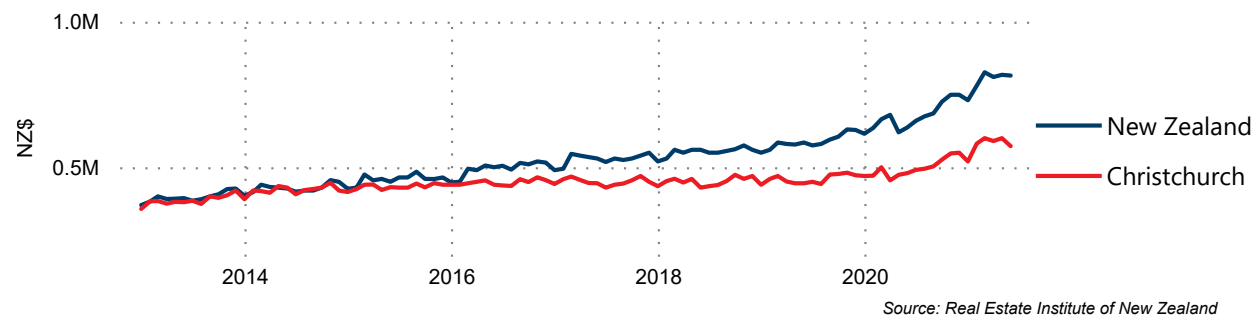
Consumer confidence in Canterbury increased in Q2 2021, reflecting a shift to a net positive response from a net pessimistic response in the previous quarter. Consumer confidence among Cantabrian's was the highest it has been since Q4 2018.

The labour force participation rate in Q2 2021 was 70.8 percent in Christchurch, a slight increase on the participation rate of 70.2 percent recorded for the same quarter in both 2019 and 2020, but a slight decline from the previous quarter (72.4 percent in Q1 2021).

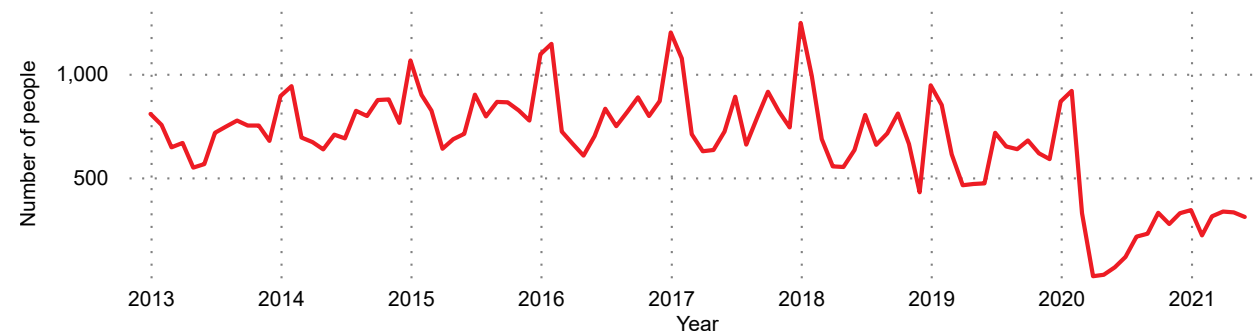
**Figure 8. Mean residential rent, weekly**



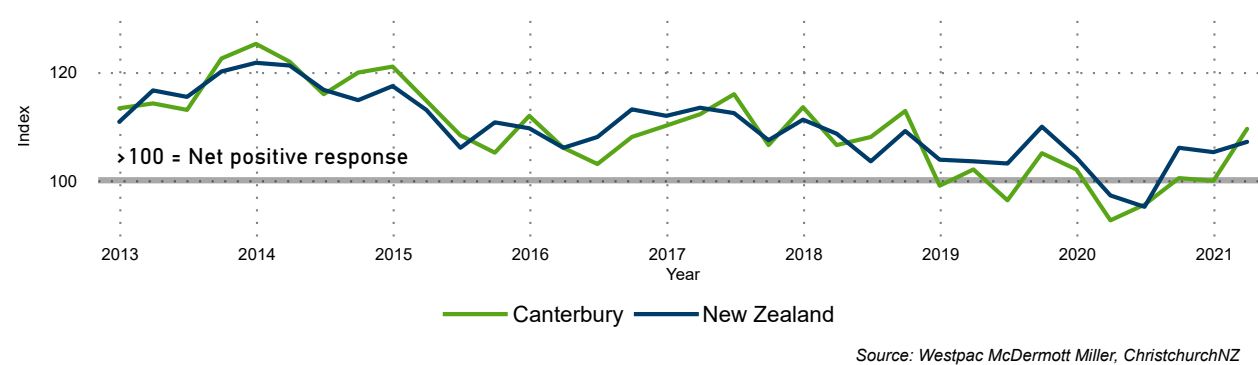
**Figure 9. Median house price**



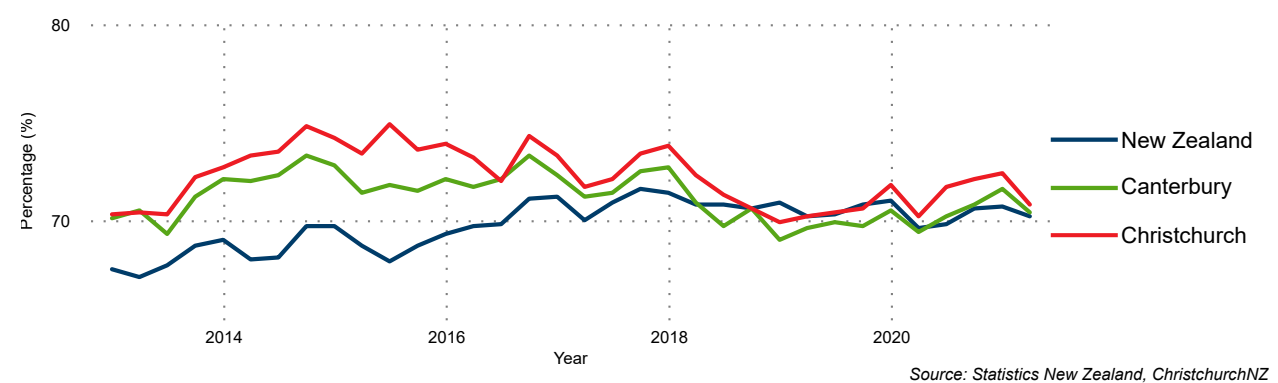
**Figure 10. Immigration (long-term arrivals)**



**Figure 11. Canterbury consumer confidence**



**Figure 12. Labour force participation**



# Business

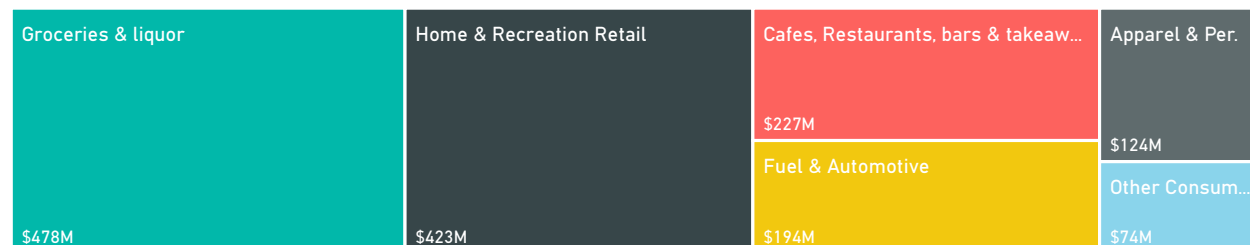
Christchurch saw an overall spending increase of 38.4 percent (excl. fuel) in Q2 2021 compared to the same period in 2020.

This high growth rate is unsurprising in the context of the Level 4 lockdown in April 2020 and the ongoing limits on consumer activity that followed. All spending categories experienced extremely high growth rates when comparing Q2 2021 to the same quarter last year, with the exception of groceries & liquor which declined by -0.6 percent. The largest increases in spending compared to Q2 2020 occurred in the 'other' consumer spending category and the cafes, restaurants, bars and takeaways category (up 153.6 percent and 110.2 percent, respectively). Spending growth was strong for customers of all origins, with locals spending an additional \$195.4m within Christchurch compared to the same quarter last year, an increase of 26.4 percent. Retail trade in Canterbury during Q2 2021 saw strong growth, up 39.0 percent when compared to the same quarter last year.

The number of job vacancies have been steadily increasing since the June quarter last year and Canterbury job vacancies are now up 97.8 percent from Q2 2020. Canterbury job vacancies are now also above the last level seen before COVID (262.4 in Q2 2021 vs 182.7 in Q4 2019).

In Q2 2021, the Performance of Manufacturing Index (PMI) for Canterbury was 65.9, outperforming that of New Zealand as a whole by 6.8 points and indicating that the manufacturing sector was expanding over the quarter. The services sector was also expansive during Q2 2021, as shown by the Performance of Services Index (PSI) with Canterbury/Westland again performing well.

**Figure 13. Spending by retail category in Christchurch (Q2 2021)**



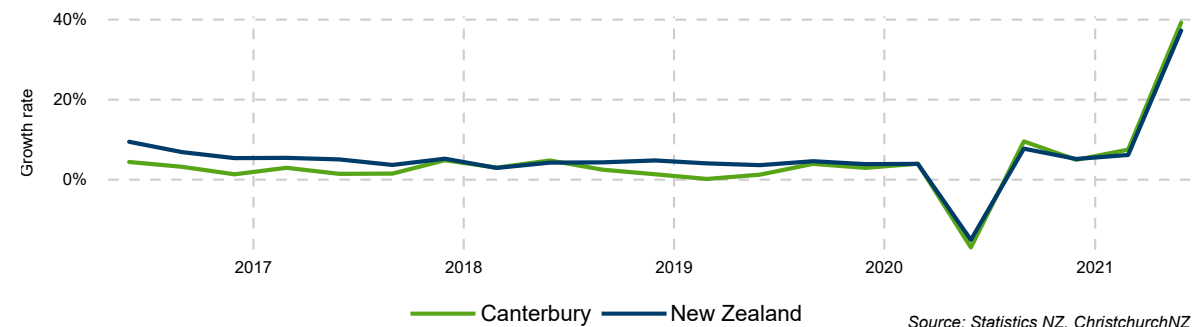
Source: MarketView, ChristchurchNZ

**Figure 14. Spending by customer origin in Christchurch (excl. fuel) (Q2 2021)**



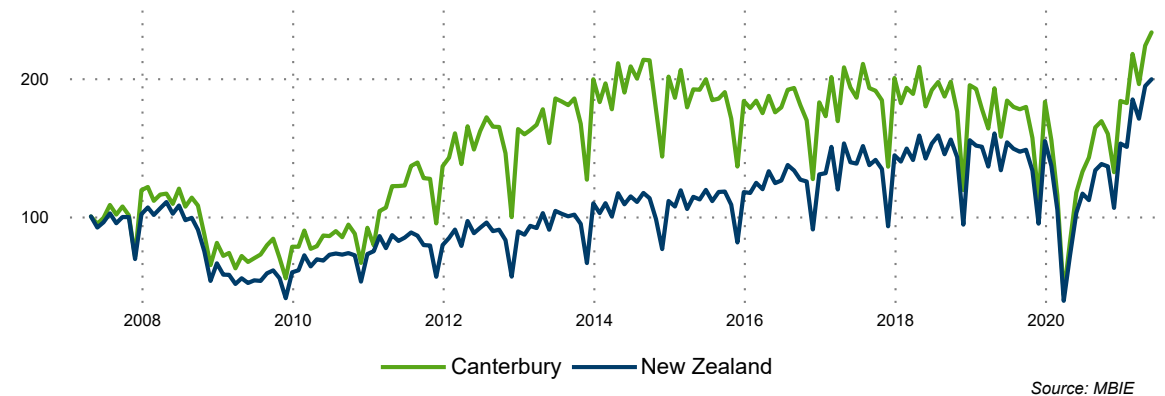
Source: MarketView, ChristchurchNZ

**Figure 15. Retail trade growth**



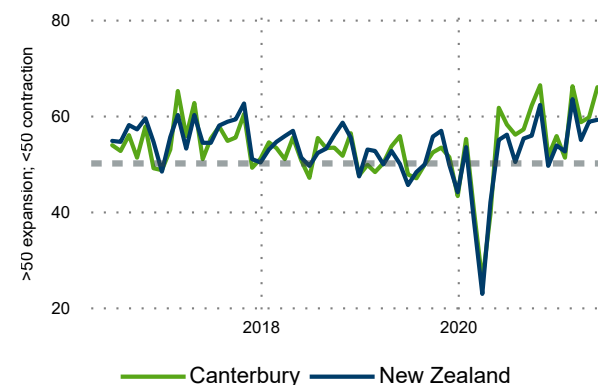
Source: Statistics NZ, ChristchurchNZ

**Figure 16. Jobs online (unadjusted, indexed to May 2007)**



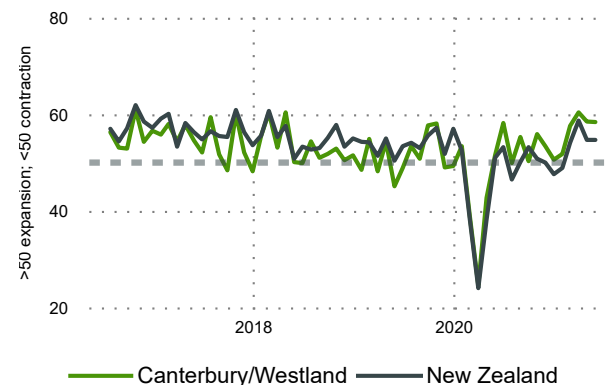
Source: MBIE

**Figure 17. Performance of manufacturing index**



Source: BNZ Business NZ

**Figure 18. Performance of service index**



Source: BNZ Business NZ

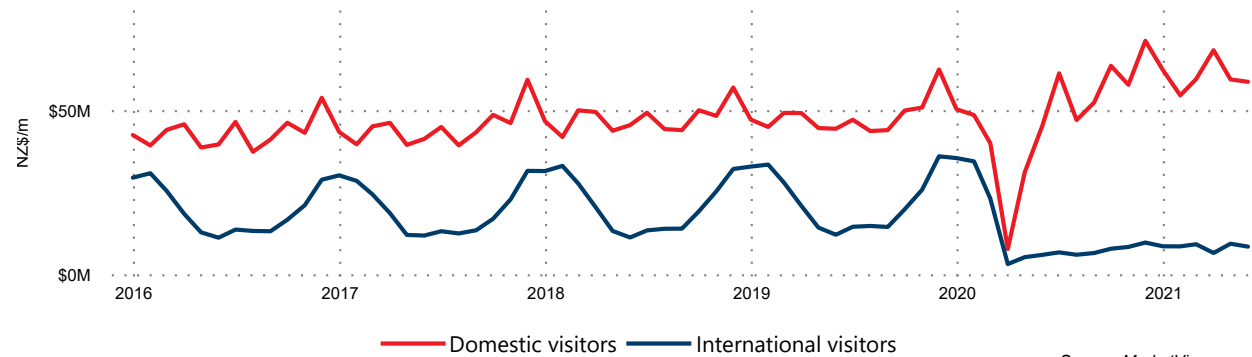
# Visitors

Visitor spending in Christchurch reached \$186m in Q2 2021, up 114.5 percent from the same quarter in 2020. Domestic visitor spending increased by 122.1 percent or \$102.4m compared the Q2 2020, while international visitor spending increased by 70.2 percent or \$10m. Given the significant restrictions on visitor activity that occurred during Q2 2020, comparisons to the same quarter in 2019 are also included here for reference. Overall visitor spending in Q2 2021 was up 13.8 percent on that of Q2 2019, driven by strong growth in domestic visitor spending of 35.0 percent. International visitor spending in Q2 2021 was down 48.5 percent compared to Q2 2019. Domestic visitor spending accounted for 88.5 percent of visitor spending in Q2 2021.

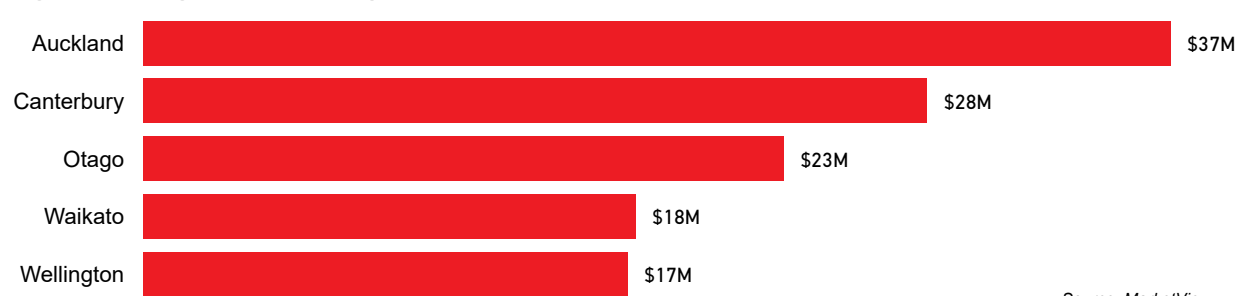
On average, the Airbnb occupancy rate was 58.7 percent in Christchurch in Q2 2021, while the occupancy rate for commercial accommodation was 46.3 percent.

Passenger movements through Christchurch airport (all arrivals and departures for both international and domestic flights) were down -31 percent from the same quarter in 2019 and up 403 percent from the same quarter in 2020. There were 20,028 international visitor arrivals at Christchurch airport during Q2 2021, compared to only 170 arrivals during the same quarter in 2020. 97 percent of these visitor arrivals in Q2 2021 were Australian residents.

**Figure 19. Visitor spending in Christchurch**

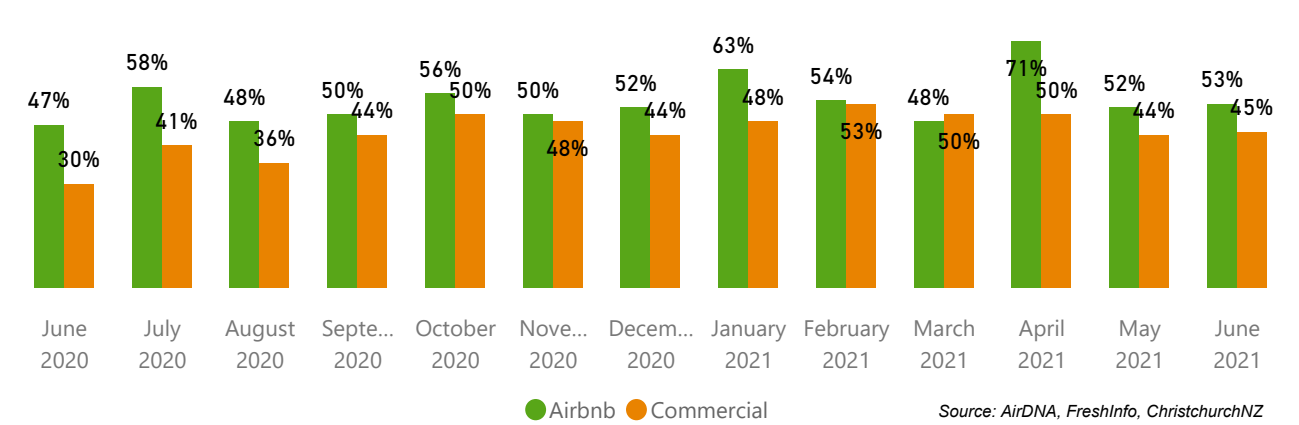


**Figure 20. Highest spending domestic visitor markets in Christchurch (Q2 2021)**

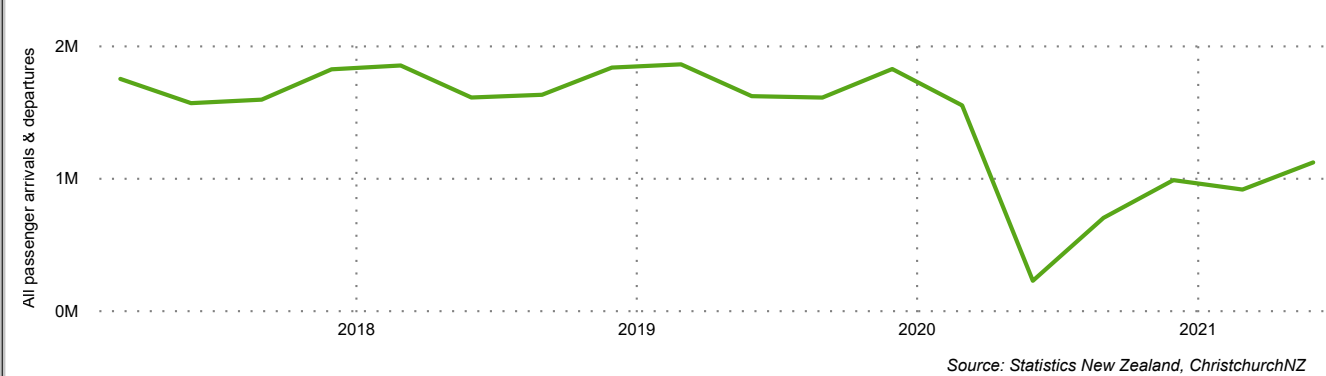


# ChristchurchNZ

**Figure 21. Average occupancy by accommodation type, Christchurch**



**Figure 22. Domestic & international passenger movements, Christchurch airport (arrivals & departures)**



**Figure 23. International visitor arrivals at Christchurch Airport**



# Central City

Central city spend figures capture spending in the core and core fringe areas on the below map. Retail spending in the central city (incl. fuel) in Q2 2021 was up 105.5 percent compared to that of Q2 2020. Spending by Christchurch locals within the central city was up 81.5 percent in Q2 2021 from the same period in 2020. Visitor spending was also up significantly in the central city, however this is again unsurprising due to the significant restrictions on consumer activity that were in place during Q2 2020. Visitor spending by customers from the rest of Canterbury and the rest of New Zealand were up 110.4 percent and 232 percent, respectively.

Spending at cafes, restaurants, cafes and bars made up the largest proportion of central city spending in Q2 2021, followed by spending on home and recreation retail. The 'other' consumer spending category experienced the highest quarterly growth rate, increasing by 158.1 percent from Q2 2020.

Latest data available shows that the number of people living and working within the Four Avenues has continued to increase in recent years.

## City map

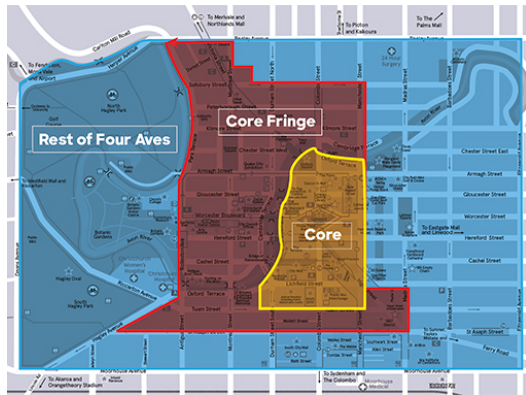
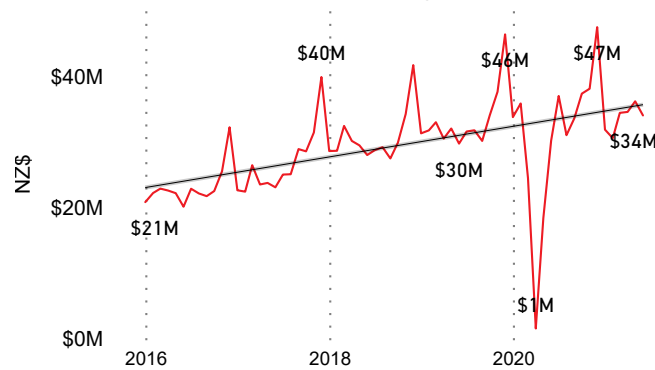


Figure 24. Core & core fringe total spending (incl. fuel), monthly



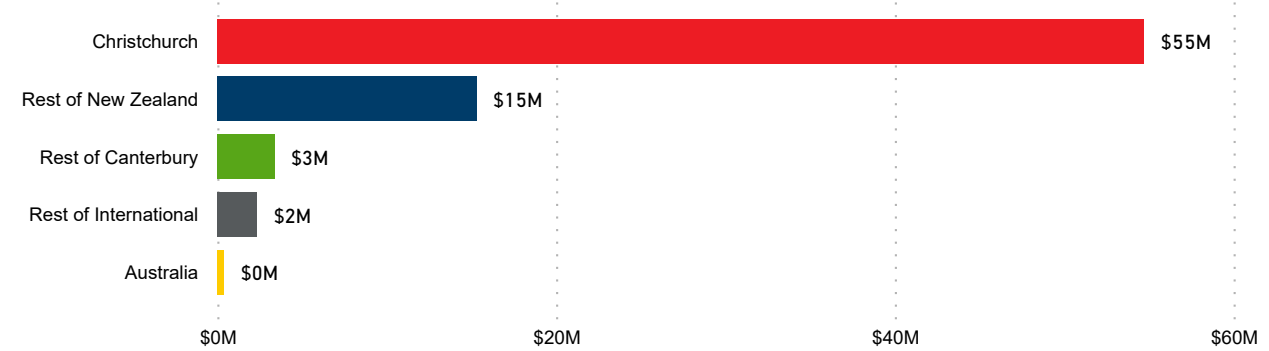
Source: MarketView, ChristchurchNZ

Figure 25. Core & core fringe total spending by category (Q2 2021)



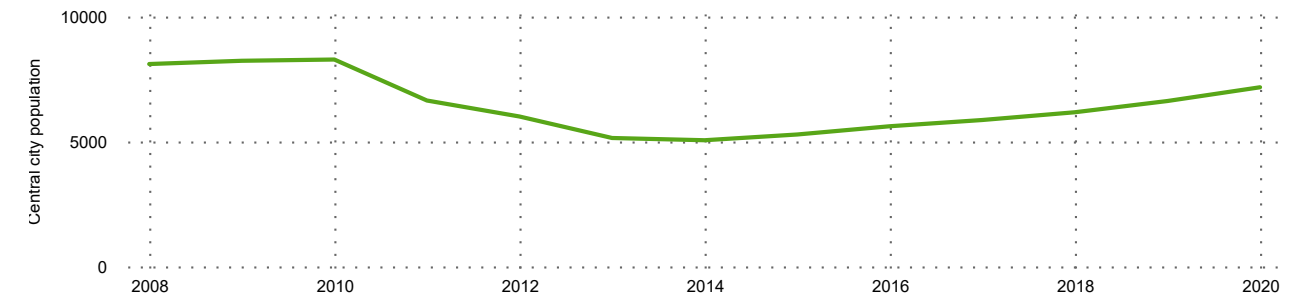
Source: MarketView, ChristchurchNZ

Figure 26. Core & core fringe spending by customer origin in Christchurch (excl. fuel) (Q2 2021)



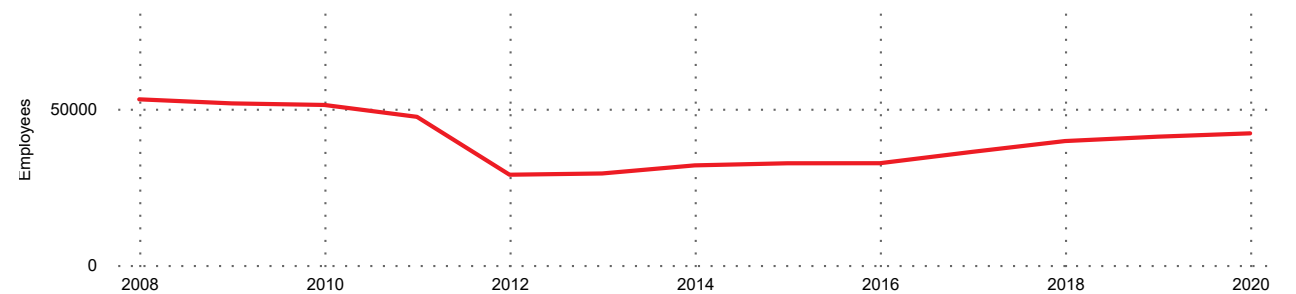
Source: Marketview, ChristchurchNZ

Figure 27. Number of people living within the four avenues



Source: Statistics NZ

Figure 28. Number of employees within the four avenues



Source: Statistics NZ

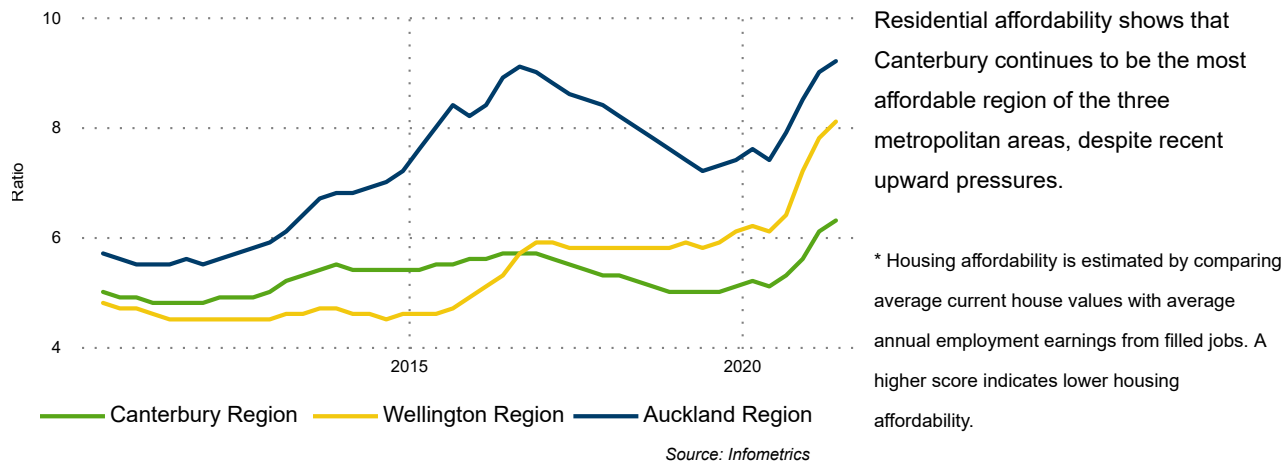


# Canterbury in context

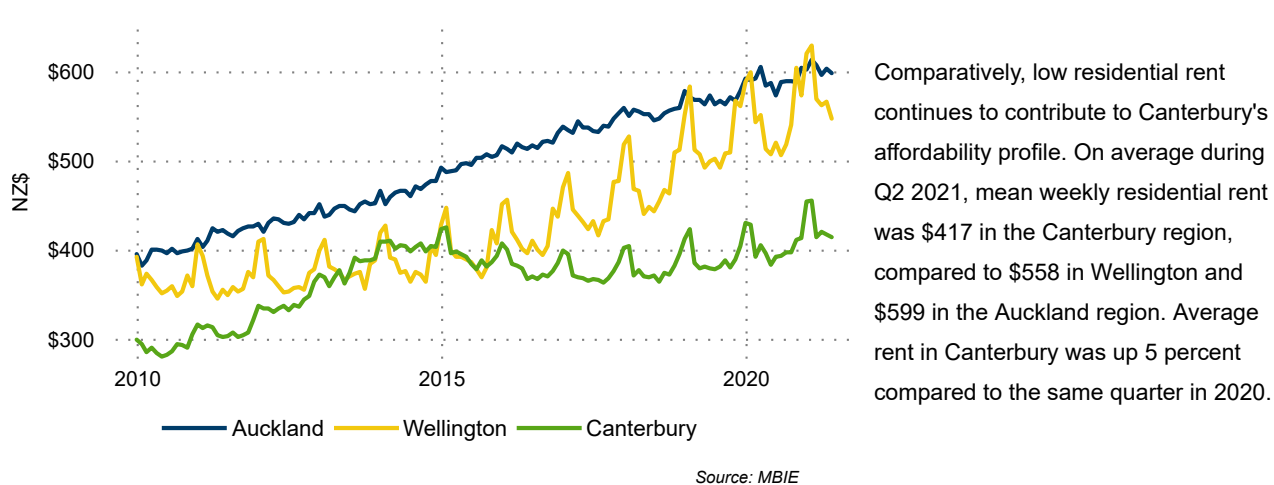
ChristchurchNZ conducts regular research on economic developments and provides analysis on factors that influence our economy. Transitioning from a high-growth period, within the context of the Covid-19 pandemic, has meant that the Christchurch and Canterbury economies have undergone a huge amount of 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 29. Residential affordability**

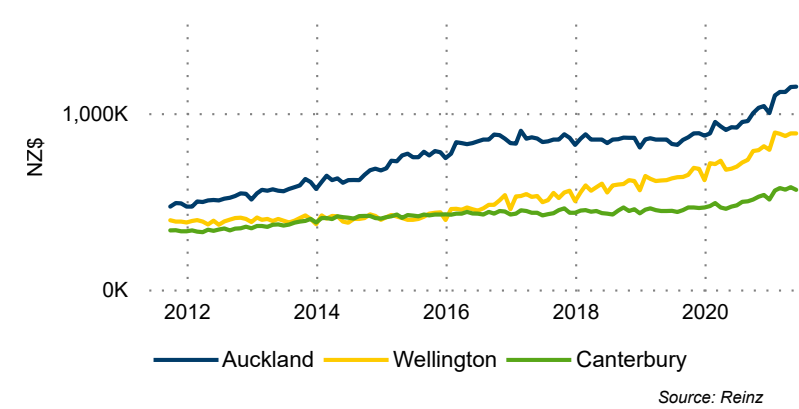


**Figure 30. Mean residential rent, weekly**

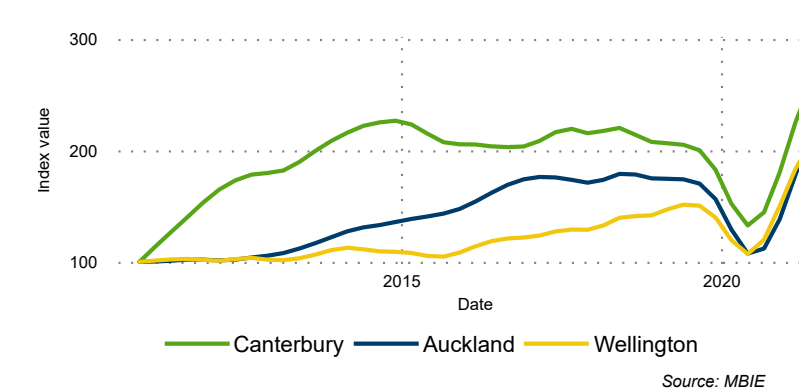


# ChristchurchNZ

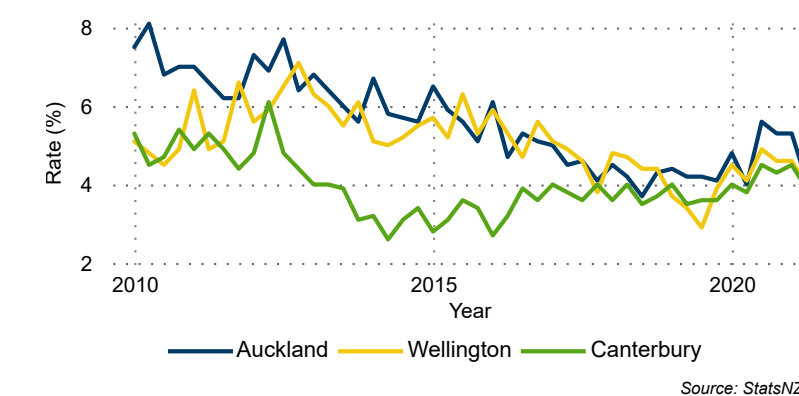
**Figure 31. Median house price**



**Figure 32. Jobs online (indexed to Dec. 2010)**



**Figure 33. Unemployment rate**



## Data sources

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

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

BNZ Business NZ: <http://www.businessnz.org.nz/surveys/501>

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

Christchurch City Council: <https://www.ccc.govt.nz/culture-and-community/christchurch/statistics-and-facts/facts-stats-and-figures/central-city-indicators/>

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

Immigration New Zealand: <https://www.immigration.govt.nz/about-us/research-and-statistics/statistics>

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

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

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

New Zealand Institute of Economic Research Inc (NZIER): <http://nzier.co.nz/>

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

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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