

Monthly Insights Brief

May 2024

On-the-pulse analysis delivered monthly, providing insight into the Christchurch & Canterbury economies.





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Snapshot of headline economic activity

- Economic activity has continued to cool in recent months. Provisional GDP data indicates that New Zealand's economy expanded by just 0.2% over the year to March 2024, despite a 2.5% increase in the size of the population over the same period. This was down from 0.7% growth over the year to December 2023.
- Christchurch's annual GDP growth slowed to 0.5% over the year to March (down from 1.0% over the year to December 2023) but remained a touch above the national average. Economic growth in Christchurch has tended to outperform national growth over the post-COVID period, falling below the national average in just one quarter since mid-2021. This is likely to reflect the diverse structure of the regional economy and the comparative resilience of the local housing market.
- Despite slowing economic activity, business growth remained positive during April. The number of business units in Canterbury increased to a new record high of 78,350 in April 2024, up 4.0% from the same time last year (compared to 3.3% growth across New Zealand). This represents just under 3,000 more business locations in the region compared to a year ago.
- The value of retail spending in Christchurch fell -0.4% or -\$2.3m in April compared to the same month last year. This downturn in retail spend activity continued to be led by a decline in spending by locals (down -\$8.3m from April 2023) and domestic visitors (down -\$5.8m). These reductions in spending by New Zealanders were partially buffered by an \$11.8m uplift in international visitor spend, although this was not strong enough to fully offset the effect on headline spending levels. Spending by store type indicates that discretionary spending also continued to fall on an annual basis.

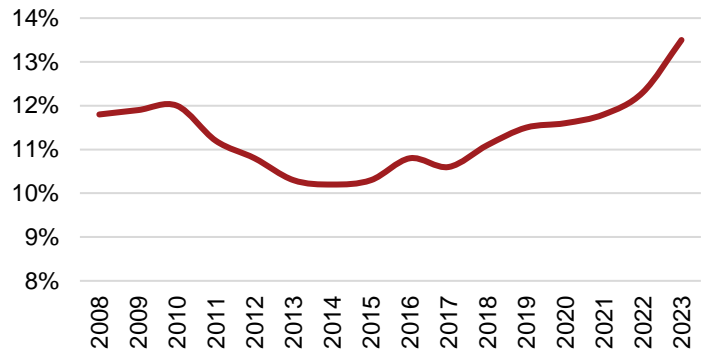


Education sector

The Canterbury Region has become increasingly attractive to university students in recent years, with enrolments continuing to grow in 2024.

The share of university students studying in the Canterbury region has been steadily increasing since 2017. Canterbury's share of university enrolments surpassed pre-earthquake levels in 2022, with growth in market share accelerating further over 2023. Students at universities in Canterbury made up 13.5% of national university enrolments in 2023, up from 10.6% in 2017. This has been driven by a lift in the share of domestic students enrolling at universities in Canterbury (14.1% of national enrolments in 2023, up from 10.2% in 2017). This points to the growing attractiveness of the region for domestic university students choosing where to study.

University enrolments in Canterbury as a share of national enrolments



Source: Education NZ

Rising enrolments at local universities has continued in 2024, with both the University of Canterbury (UC) and Lincoln University recording further increases in enrolment numbers. UC has reported a 4% lift in its total student headcount (as of April), with over 22,000 students enrolled at the beginning of 2024. This includes a 7% increase in enrolments from Canterbury school leavers and a 6% increase in school leavers from other regions. UC is in a [positive position](#) to exceed 24,000 students by the end of this year.

Lincoln University has also reported a strong lift in student numbers, with enrolments up 20% year-on-year for the first semester of 2024. This is the fifth consecutive year that Lincoln's student population has increased, with student numbers on track to reach over 5,000 by the end of the year. Of note is the number of postgraduate students at Lincoln, which has increased to 43% of the student population, a significant shift from pre-COVID trends. Lincoln University [notes](#) that this shift toward postgraduate study marks Lincoln's status as research-intensive, land-based university, playing a leading role in moving our land-based sectors towards a more resilient and sustainable future.

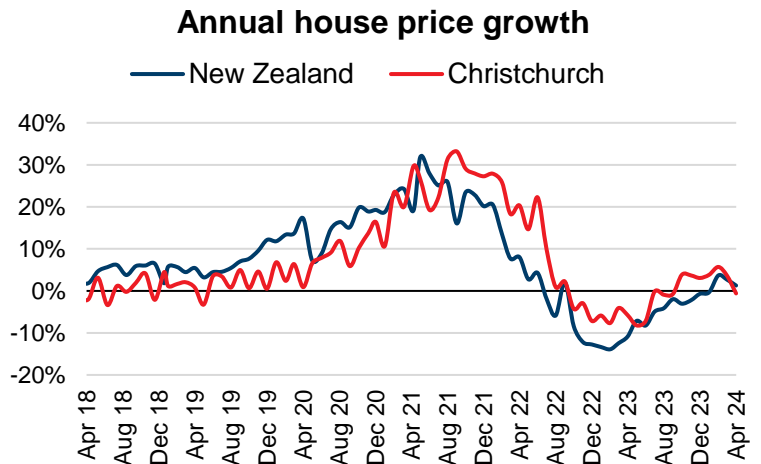
The year-on-year lift in local tertiary enrolments has also taken place in the polytechnic sector. Ara Institute of Canterbury [reported](#) a 6% lift in student enrolments in March 2024 from the same time last year. Talent flows from the local polytechnic sector support some of Canterbury's largest industries, including health, construction, and manufacturing, as well as the tech sector. However, enrolments at polytechnics have been declining over the longer term, both nationally and locally.

At the broader level, tertiary students in Canterbury make up an above-average share of national course enrolments in engineering, science, IT, creative arts, and agricultural & environmental studies. This makes Canterbury's tertiary sector a key pipeline of talent for both the local and national economy, with local graduates providing crucial talent to the various industries that rely on skills from these disciplines. Half the UC graduates that stay in New Zealand go on to join the workforce in Canterbury, and 60% of graduates from Lincoln University work in the region.

Property & housing

Price declines in the property market have settled in recent months, while mortgage stress and housing-related hardship has generally been on the rise.

House prices have settled in recent months in Christchurch, after recording year-on-year declines for about a year. Prices bottomed out around mid-2023, with the direction of growth slowly turning positive by September. Since then, year-on-year growth has hovered around the 3% mark. This momentum slowed again in April as the market moved away from peak selling season (the spring to summer period). Annual price growth was flat during April, with Christchurch's average price of \$665k almost unchanged from the same time last year (\$668k). Compared to peak levels, house prices remain -9% below Christchurch's February 2022 peak of \$731k, reflecting a decline of around \$66k.



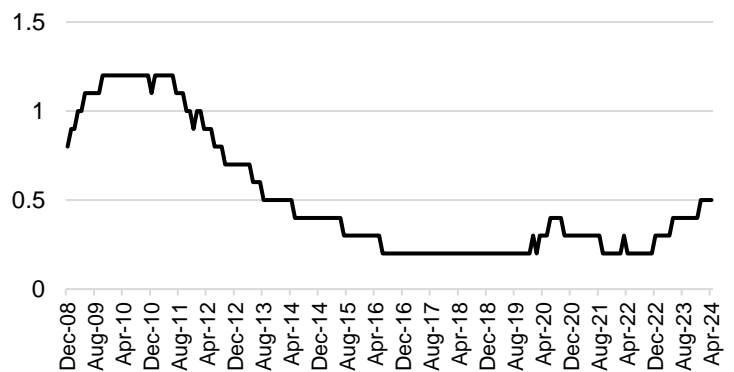
Source: REINZ

While prices remained flat, sales volumes recorded an uplift over the same period, which may signal that buyer and seller expectations around selling prices have started to align more closely. Around 125 more homes were sold in April than during the same time last year (a 26% increase). The number of houses sold in Christchurch has been increasing year-on-year since mid-2023, and April 2024 sales volumes were in line with average levels for April. The length of time taken for a house to sell has also returned to average levels and is currently sitting at 33 days in Canterbury, compared to 43 days nationally.

The average house price in Christchurch was -16% lower than the national average (\$790k) during April. Annual house price growth was also flat across New Zealand, recording a 1.3% increase from the same time in 2023. New Zealand's average house price was around -14% lower than the peak of \$920k recorded in November 2021, equivalent to a \$130k decline. Sales activity has also been lifting on a year-on-year basis at the national level, with April sales volumes up 30% from the same time in 2023.

Meanwhile, mortgage stress has been rising over the last year as mortgage-holders roll over onto higher fixed rates. Reserve Bank data shows that non-performing loans (i.e. all loans that are more than 90 days overdue plus impaired loans) across New Zealand have risen to 0.5% of all home loans. This is the highest ratio since 2014, but remains well below the levels reached in the GFC (1.2%). This lift in mortgage-related hardship reflects a growing number of households that are unable to service their mortgage debt.

Share of home loans that are non-performing, New Zealand (%)



Source: RBNZ

The mortgage borrowing environment will continue to constrain house price growth over autumn and winter. The Reserve Bank (RBNZ) kept the OCR at 5.5% during May, citing a need for interest rates to remain at restrictive levels due to ongoing inflationary pressure. The May review included a shift in

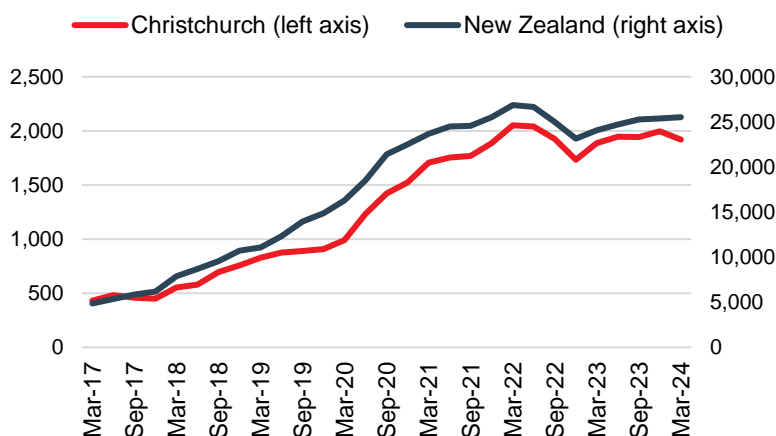
tone from the RBNZ, with a doubling down on the ‘higher for longer’ narrative. The RBNZ’s own projection for where the OCR peak was lifted to 5.65%, signalling the possibility of further rate hikes. Forecasting for rate cuts was also pushed out to August 2025, which is around four months later than projected in the previous Monetary Policy Statement.

Another way of monitoring housing-related hardship is by looking at the number of people on the housing register. The housing register tracks the number of applicants that are not currently in public housing but have been assessed as eligible and are ready to be matched to a suitable property. In March 2024 there were just over 25,500 applicants on the national housing register, of which 1,900 were in Christchurch.

The number of people on the housing register has increased by around 130% since the same time pre-COVID, both nationally and in Christchurch. The share of housing register applicants in Christchurch sat at 7.5% of the national total in March 2024, the same as 2019 levels. The number of Christchurch applicants as a share of the national register had been lifting over 2023, before falling back in the most recent quarter.

The strongest lifts in the size of the housing register compared to pre-COVID have largely taken place outside of Auckland. Auckland’s share of the housing register was 7 percentage points lower than it was in March 2019, while the biggest gains in share have taken place in areas like Hamilton, Rotorua, Tauranga, and the Far North. Like Christchurch, increases in the size of the housing register in Wellington have largely matched national growth, while Dunedin makes up a slightly larger share now than it did in 2019.

Number of people on the housing register



Source: MSD

Housing register applicants by area

	Share of applicants March 2019	Share of applicants March 2024	Share of pop. (2023)
Auckland	39.8%	32.9%	33.3%
Christchurch	7.5%	7.5%	7.6%
Hamilton	5.2%	6.4%	3.5%
Rotorua	2.2%	3.4%	1.5%
Wellington	3.3%	3.3%	4.1%
Tauranga	2.5%	3.3%	3.1%
Dunedin	1.4%	1.8%	2.6%

Source: MSD

94% of housing register applicants in Christchurch were considered ‘Priority A’ in March, which means they were considered at risk and/or with a severe and persistent housing need that must be immediately addressed. This was almost equal to the share of Priority A applicants across New Zealand. Meanwhile, the type of housing required differs at the local level from the national average. Housing register applicants in Christchurch were more likely to require one-bedroom housing (rather than two or more bedrooms) than the national average, with 62% of Christchurch applicants requiring one bedroom compared to 50% nationally. This higher demand for one-bedroom housing was also mirrored in other cities like Auckland, Wellington, and Dunedin.

Population change

Our population is growing, ageing, and becoming more diverse according to the first round of data released from the 2023 Census.

New Zealand's Census population count came in at just under 5 million, up 6.3 percent or almost 300,000 people from the 2018 Census. The population grew more slowly than between the 2013 & 2018 Census (10.8%), due to lower birth rates and the COVID-induced border closure.

Just one in four people in New Zealand live in the South Island, but the South Island is growing faster than the North Island- a reversal of the growth trend in the previous Census. There were 81,000 more people living in the South Island compared to 2018, up 6.3% (vs 5.9% growth in the North Island). 58% of the growth in the size of the South Island population was due to an increase in the number of people living within Greater Christchurch.

Canterbury was the third fastest growing region in New Zealand, behind the Tasman and Waikato regions. In terms of real change in population numbers, Canterbury experienced the second largest gain to its population behind Auckland.

Christchurch City's population increased by 6.1 percent, which was above the rate of growth in the cities of Auckland, Wellington, and Dunedin.

The population of Greater Christchurch (Waimakariri, Christchurch City and Selwyn) increased by 9.5% or 46,700 people from the previous Census. 48% of this increase in the size of the population was due to population growth in Christchurch, 38% from growth in Selwyn, and the remaining 14% from growth in Waimakariri.

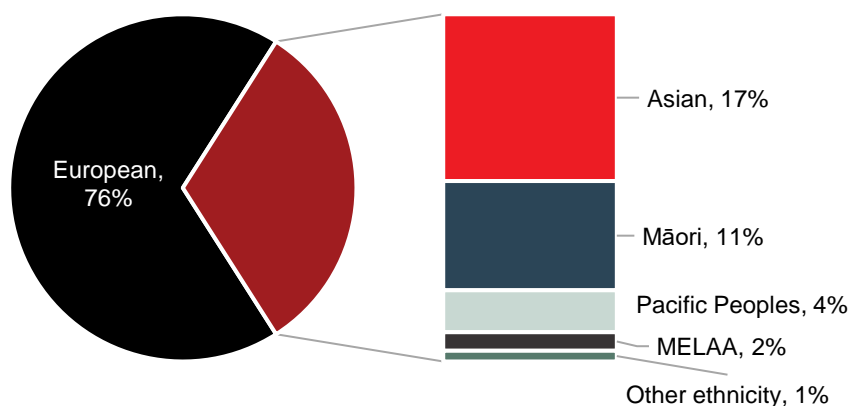
Region	Growth rate (%)	Real change
Tasman	10.3	5,418
Waikato	8.9	40,569
Canterbury	8.6	51,333
Northland	8.3	14,931
Bay of Plenty	8.3	25,641
Gisborne	7.6	3,618
Taranaki	7.2	8,454
Otago	7	15,714
New Zealand	6.3	294,168
West Coast	5.7	1,815
Auckland	5.4	84,768
Manawatū-Whanganui	5.3	12,615
Hawke's Bay	5.2	8,706
Marlborough	4.4	2,091
Nelson	3.3	1,704
Wellington	2.8	14,157
Southland	2.7	2,676

Source: Statistics NZ

Selwyn pulled ahead of Queenstown to take out the title of fastest growing district, increasing by 29% or 17,500 people from the 2018 Census. 15% of people living in Greater Christchurch now live in Selwyn, up from 12% in the previous Census.

Christchurch is also experiencing demographic change. The number of people in Christchurch identifying with an ethnic group other than European has increased from 31.5% in the previous Census, to 35.6% in 2023. The share of the population identifying as Asian recorded the largest increase from 2018 (up 2.2 percentage points), followed by the share of the population identifying as Māori (up 1.3 percentage points).

Christchurch's population by ethnicity, 2023 Census

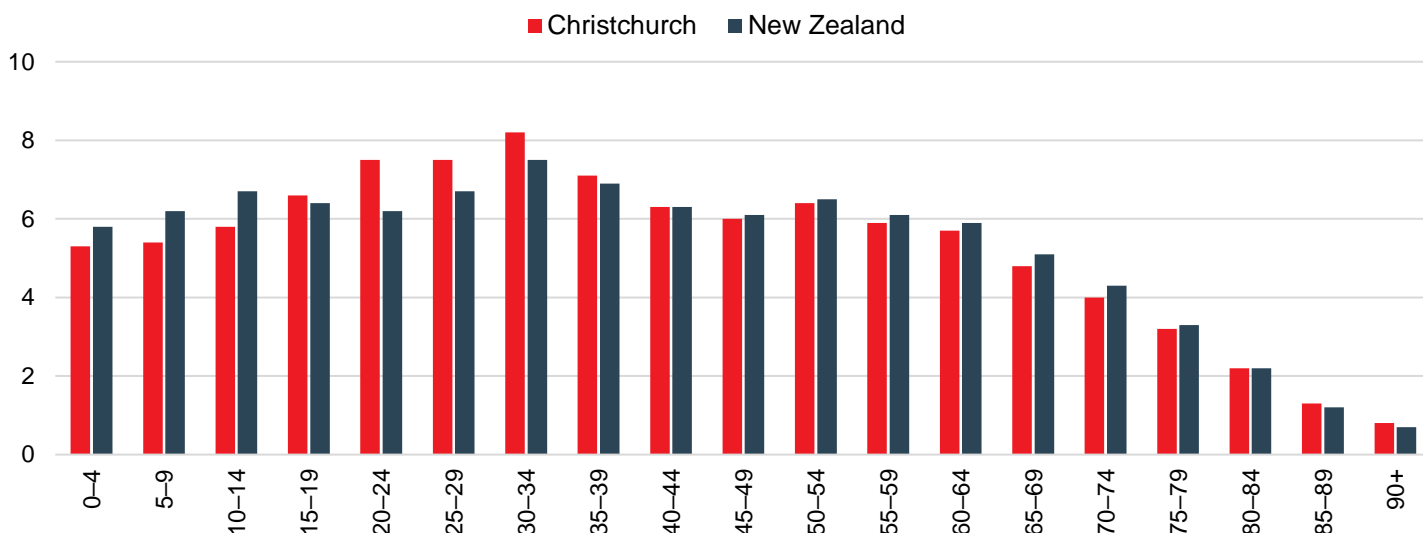


*Totals do not add to 100% as some people identify with multiple ethnic groups



The population has also continued to age. The median age in Christchurch increased from 37.1 in 2018 to 37.5 years old, but remained below the national median age (38.1). The composition of Christchurch's population differs from the national average- around 37% of Christchurch's population is aged between 15-39, compared to 34% of the national population. Meanwhile, children and people aged between 55-79 make up a larger share of the national population than they do within Christchurch.

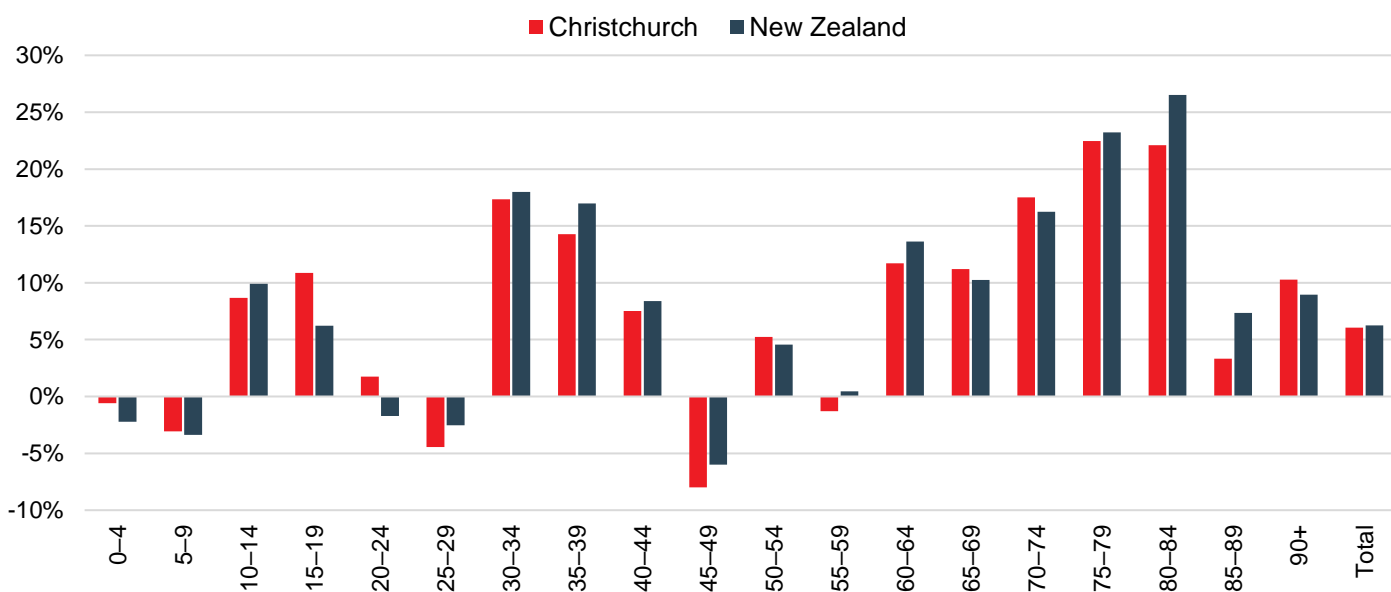
Population by age group, 2023 Census (%)



Source: Statistics NZ

The largest increases in population size in Christchurch took place within age groups in the 70-84 year-old range, while the number of people aged 30-34 also recorded strong growth from the last Census. Compared to New Zealand as a whole, Christchurch experienced stronger growth in the 15-24 year-old age groups, and slower growth in the 80-89 year-old age groups.

Change in population size by age group, 2018-2023 Census



Source: Statistics NZ

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