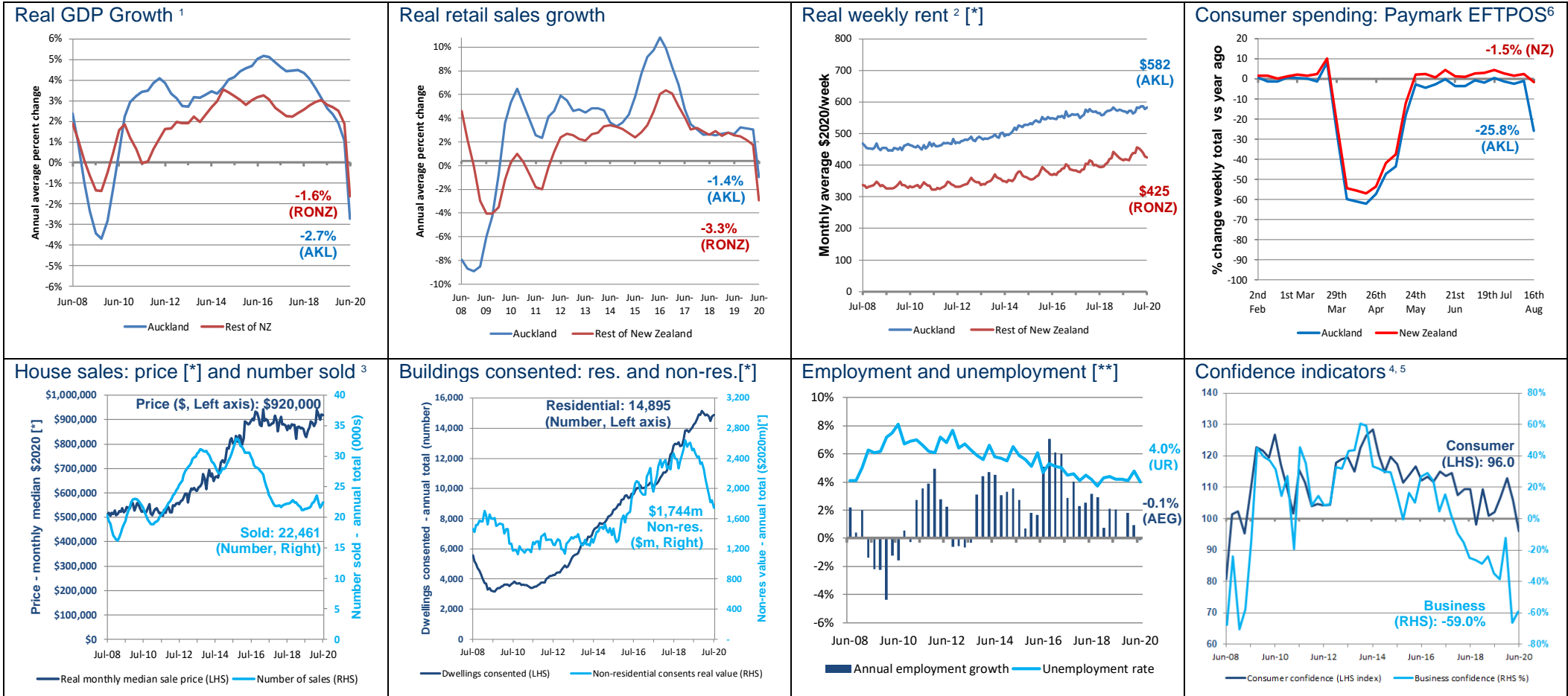


Auckland Economic Update – September 2020

Data is the latest available as at the start of the month, and is for the Auckland region unless otherwise stated.



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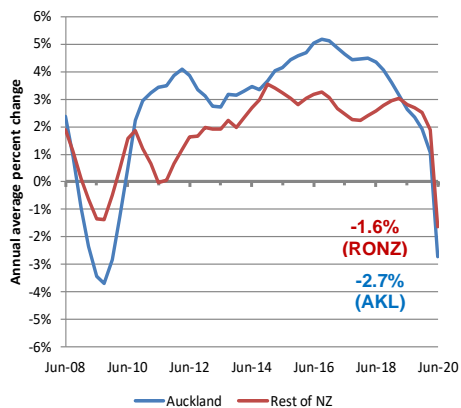
Sources:

All data is from Statistics New Zealand unless otherwise stated below:

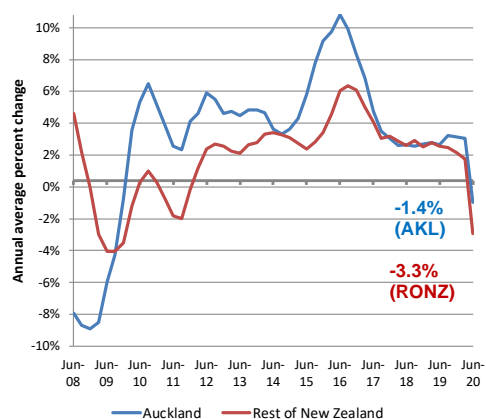
(1) Infometrics, Regional Economic Profile; subject to revision. (2) Ministry of Business, Innovation and Employment (MBIE), Regional Rental Prices. (3) Real Estate Institute of New Zealand; subject to revision. (4) Westpac McDermott Miller. Values over 100 indicate more optimists than pessimists. (5) New Zealand Institute of Economic Research, Quarterly Survey of Business Opinion. Measures the net percentage of firms that believe the general business situation will improve in the next six months. (6) Marketview-Paymark via MBIE, COVID19 response - card spending (excl online). [*] All historical \$ converted to latest quarter equivalent \$ using quarterly price index, so may differ from previous updates.

[**] Historical HLFS data to March 2016 rebased August 2016 by SNZ, but not fully compatible with June 2016 onwards.

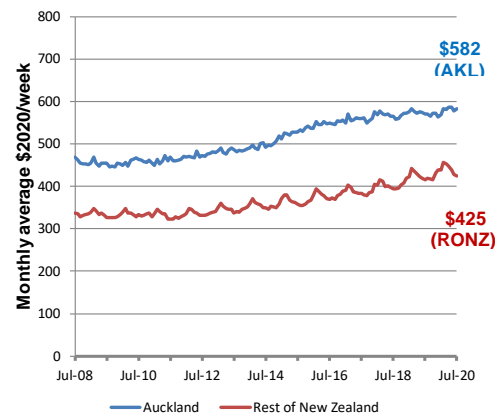
Real GDP Growth ¹



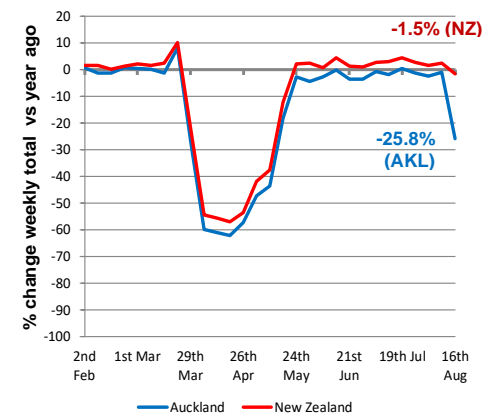
Real retail sales growth



Real weekly rent ² [*]



Consumer spending: Paymark EFTPOS ⁶



In Auckland, real GDP for the year ended June 2020 was 2.7% **lower** (not higher) than for the year ended June 2019; in the rest of New Zealand, the annual change was 1.6% **fall** (see note).

Note: Covid-19 lockdown level 3 began on March 23rd.

Latest and historical real GDP figures are modelled estimates, and subject to revision.

Real GDP refers to GDP in constant 2019 dollars, to remove inflation.

[1] Source: Infometrics, Regional Economic Profile/Quarterly Economic Monitor.

In Auckland, real retail sales^[*] for the year ended June 2020 were 1.4% **lower** than for the year ended June 2019; in the rest of New Zealand, the annual change was 3.3% **fall**.

Note: Covid-19 lockdown level 3 began on March 23rd.

These figures exclude non-retail activity captured elsewhere in the retail sales survey.

[*] Real retail sales have been calculated by converting previous quarters' dollars to the latest quarter's equivalent dollars using the quarterly consumer price index (CPI), to remove inflation.

Source: Statistics NZ, Retail Sales (quarterly); Statistics NZ, CPI (quarterly); Auckland Council (RIMU), calculations.

In Auckland, the average (not median or geometric mean) real weekly rent^[*] for the month (not year) of July 2020 was \$582; in the rest of New Zealand, the figure was \$425.

Note: Rent here is for new rental bonds lodged each month with Ministry of Business, Innovation and Employment, for housing tenancies with private sector landlords.

Data here covers only new bonds, so excludes existing leases from earlier periods whose rent has not changed, or has changed but with no revision to the bond. It also excludes new leases where no bond is lodged. Data is subject to minor revisions.

[*] Real rents have been calculated by converting previous quarters' dollars to the latest quarter's equivalent dollars using the quarterly consumer price index (CPI), to remove inflation.

[2] Source: Ministry of Business, Innovation and Employment, Regional Rental Prices (monthly); Statistics NZ, CPI (quarterly); Auckland Council (RIMU), calculations.

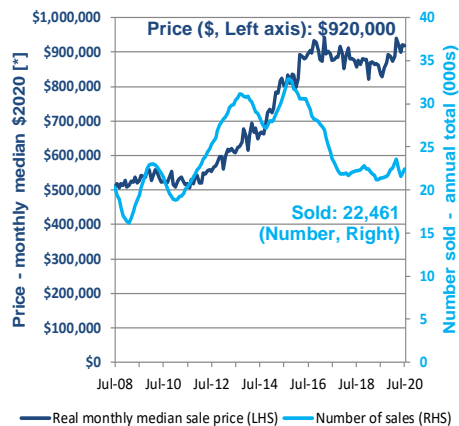
In Auckland, consumer spending using Paymark EFTPOS for the week ended 16th August 2020 was 25.8% **lower** than a year ago; for New Zealand (including Auckland), the equivalent figure was a **fall** of 1.5%.

Consumer spending here refers to both residents and domestic and international visitors, but only when purchasing at merchants using Paymark EFTPOS systems. It covers more than 70% of the EFTPOS transactions around the country. (This 70% is not evenly distributed, so some regions in New Zealand may be more represented or less in the Paymark data.)

It excludes direct online purchases, cash purchases and also payments via alternative payment networks, such as Verifone (which processes some major businesses such as Countdown).

[6] Source: Marketview-Paymark, cited in Ministry of Business, Innovation and Employment 2020, COVID19 Response – card spend - regional.

House sales: price [*] and number sold ³



In Auckland, the total number of houses sold in the year ended July 2020 was 22,461. (And the month of July 2020 (2596 sold) was **higher** than July 2019 (1992 sold).) The median (not average) sale price of houses sold in Auckland in the month (not year) of July 2020 was \$920,000.

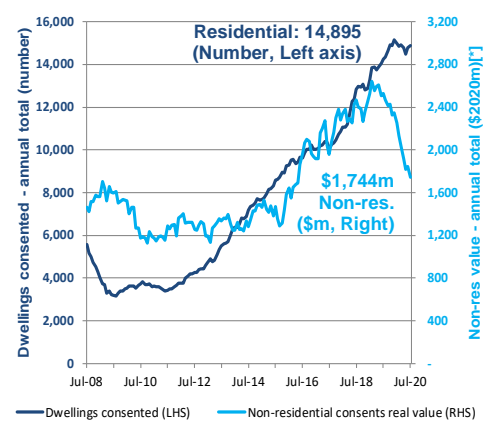
Note: REINZ³ revises backdata each month for prices and numbers sold.

The data here covers only “houses” that actually sold during the period. “Houses” here includes all dwelling types (eg apartments and flats), not just free-standing houses, but excludes sales of undeveloped land. “Price” here is real actual sale price^[*] (not just listed).

[*] Prior months’ “real” prices are here calculated by inflating previous quarters’ dollars to the latest quarter’s equivalent dollars using the quarterly consumer price index (CPI).

[3] Source: Real Estate Institute of New Zealand (REINZ), Monthly Property Report (monthly – from website); Statistics NZ, CPI (quarterly); Auckland Council (RIMU), calculations.

Buildings consented: res. and non-res.[*]



In Auckland, the total number of new dwellings consented in the year ended July 2020 was 14,895 (and the month of July 2020 (1569) was **higher** than July 2019 (1454)). The real value^[*] of new non-residential buildings consented in Auckland in the year ended July 2020 was \$1,744 million (and the month of July 2020 (\$123m) was **lower** than July 2019 (\$219m).

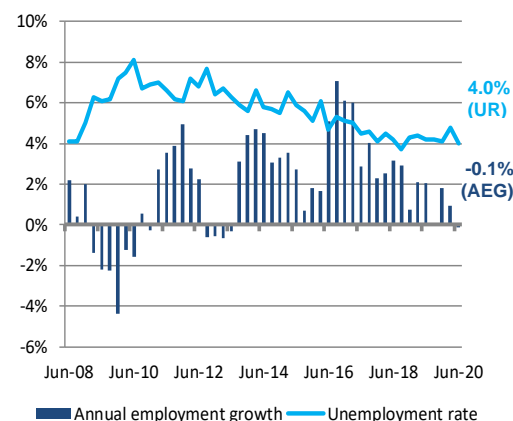
Note: Projects consented are not necessarily commenced or completed.

“New” here refers to new buildings (i.e. excludes alterations and additions). (Also, the data takes no account of whether a previous building had been demolished there.) Residential number here is new dwellings consented, which will exceed new residential buildings as some buildings have multiple dwellings; similarly it will differ from new residential building consents issued, as some consents are for multiple buildings.

[*] Prior months’ “real” values are here calculated by inflating previous quarters’ dollars to the latest quarter’s equivalent dollars using the capital goods price index (CGPI) for non-residential buildings.

Source: Statistics NZ, Building Consents (monthly); Statistics NZ, CGPI (quarterly); Auckland Council (RIMU), calculations.

Employment and unemployment [**]



In Auckland, the number of people employed in the quarter (not year) ended June 2020 was 0.1% **lower** than in the June 2019 quarter. The unemployment rate in Auckland in the quarter (not year) ended June 2020 was 4.0%.

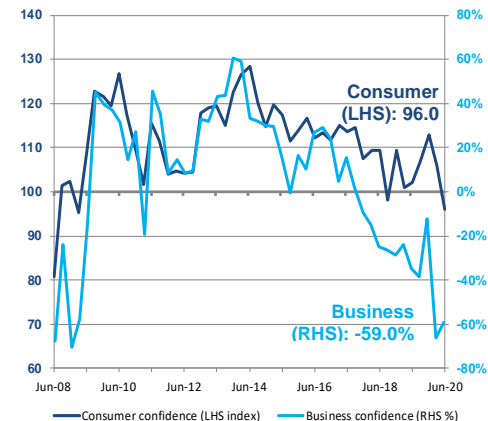
Note: Covid-19 lockdown level 3 began on March 23rd.

Historical data for 2013 to September 2019 was partially rebased by Statistics NZ in November 2019 and February 2020, but 2014 to 2018 data is still not fully consistent with data for other periods. Consequently, annual employment growth rates may be under or overstated.

Both datasets are from a survey (HLFS) so are subject to error margins. Respondents define their own employment status. The survey covers all people aged 15+, so includes school pupils 15+ and people over 65, who might have - or be actively seeking - a job.

Source: Statistics NZ, Household Labour Force Survey (HLFS) (quarterly).

Confidence indicators ^{4, 5}



In Auckland, the Westpac McDermott Miller Consumer Confidence Index (CCI) for the June 2020 quarter (not year) was 96.0. The NZIER QSBO in Auckland for the June 2020 quarter (not year) showed a net 59.0% of businesses expecting a **worsening** of the general business situation over the next three months.

Note: For the CCI, a score of greater than 100 shows more optimism than pessimism. The QSBO calculates a net figure as (% of businesses expecting an improvement) minus (% expecting a worsening). QSBO data used here is not the seasonally adjusted version.

(LHS) = Left hand side axis (consumers: index)

(RHS) = Right hand side axis (businesses: net %)

[4,5] Source: Westpac McDermott Miller, Regional Consumer Confidence Index (CCI) (quarterly – published, but proprietary); New Zealand Institute of Economic Research (NZIER), Quarterly Survey of Business Opinion (QSBO) (quarterly – by subscription).