

Enterprise Dunedin

DUNEDIN ECONOMIC UPDATE – JANUARY 2023 (RELEASED 2 FEBRUARY 2023)

This report provides context for economic and social wellbeing across Dunedin during January 2023. The measures discussed in this report include:

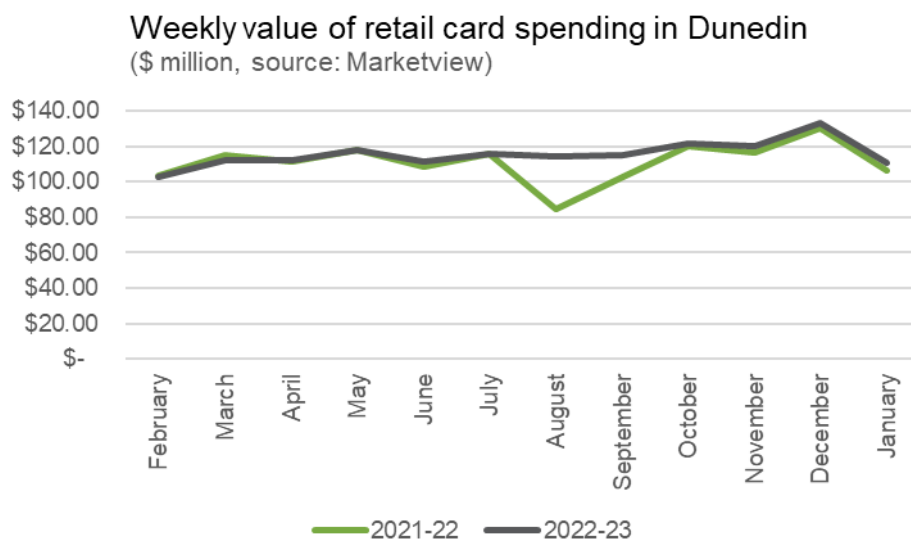
- Retail spending across Dunedin
- The number of people visiting Dunedin from mobile phone records
- Employment statistics and Jobseeker data
- Trade statistics.

These measures have been chosen because they are available in a timely fashion. Availability of up-to-date indicators is limited, so these measures should be taken as an overview of activity, rather than an exhaustive list of all aspects of the economy.

Retail spending across Dunedin

Seasonal trends in January saw spending in Dunedin fall from the level of heightened spending over the Christmas period in December. However, the drop in January was smaller than the one seen the previous year, with retail spending in Dunedin still being 4.4% above its 2022 level.

The majority of this increase was seen within the inner city, being 9.5% more than spending last year. Retail spending in the rest of Dunedin was 3.3% above that of January 2022.



Spending associated with tourism was much higher than the previous year largely due to the return of international tourism to New Zealand. Accommodation expenditure was 42.3% above January 2022 levels and cafes, restaurants, bars, and takeaways expenditure was 16.5% higher.

The effects of high inflation and rising mortgage rates continue to be felt, putting pressure on discretionary incomes. Fixed mortgage rates have almost doubled since January last year, currently sitting at around 7%pa. Over the coming months many households will be needing to refix their mortgages at these higher rates thus, discretionary budgets will be squeezed further.

This is seen with a fall in department stores and leisure spending by 13.2% and home, hardware, and electrical expenditure by 7.9%.

Fuel and automotive, and groceries and liquor spending on necessities remained steady, rising by 3.3% and 2.0% respectively on last year's figures.

Growth in retail spending in Dunedin over the month of January 2023 compared to a year ago

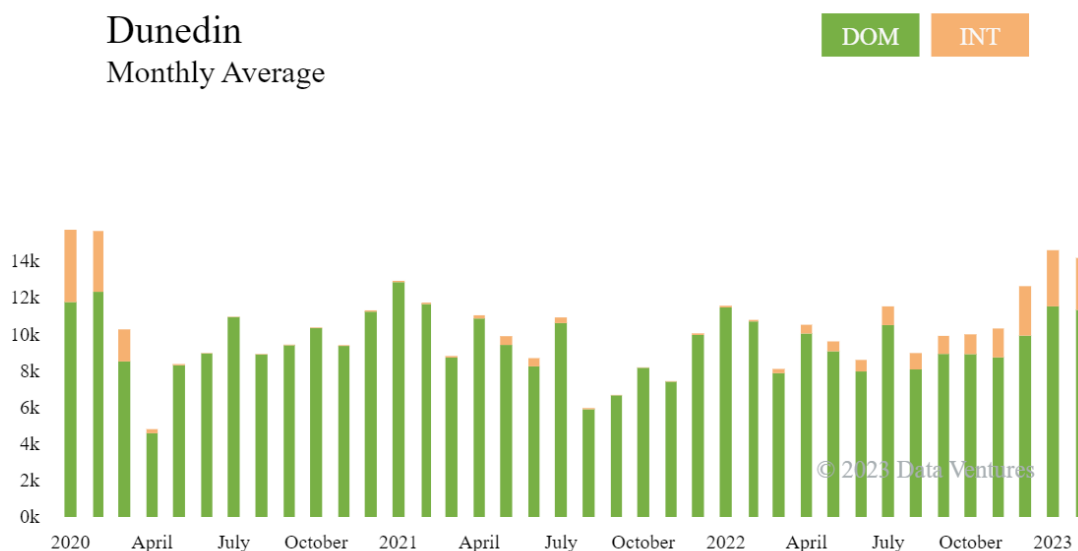
Source: Calculations from Marketview card data

	Inner city	Rest of Dunedin	Total Dunedin
Accommodation	74.9%	36.9%	42.3%
Apparel and Personal	4.0%	10.9%	8.9%
Cafes, Restaurants, Bars & Takeaways	33.2%	11.1%	16.5%
Department Stores and Leisure	-7.6%	-16.9%	-13.2%
Fuel & Automotive	12.9%	3.1%	3.3%
Groceries & Liquor	-4.5%	3.6%	2.0%
Home, Hardware & Electrical	0.7%	-8.6%	-7.9%
Other Consumer Spending	533.4%	33.9%	69.3%
Total Retail Spending	9.5%	3.3%	4.4%

Visitation to Dunedin

In January 2023 daily visitor numbers in Dunedin were 26% higher than in 2022 and 13% higher than 2021 levels, according to data estimates from hourly monitoring of mobile phones by Data Ventures.

International visitors accounted for 21% of all visitors to Dunedin in January. This is the highest monthly average since February 2020. The high visitor numbers to Dunedin in January were largely a result of seasonal trends during summer, including the peak of the cruise season.

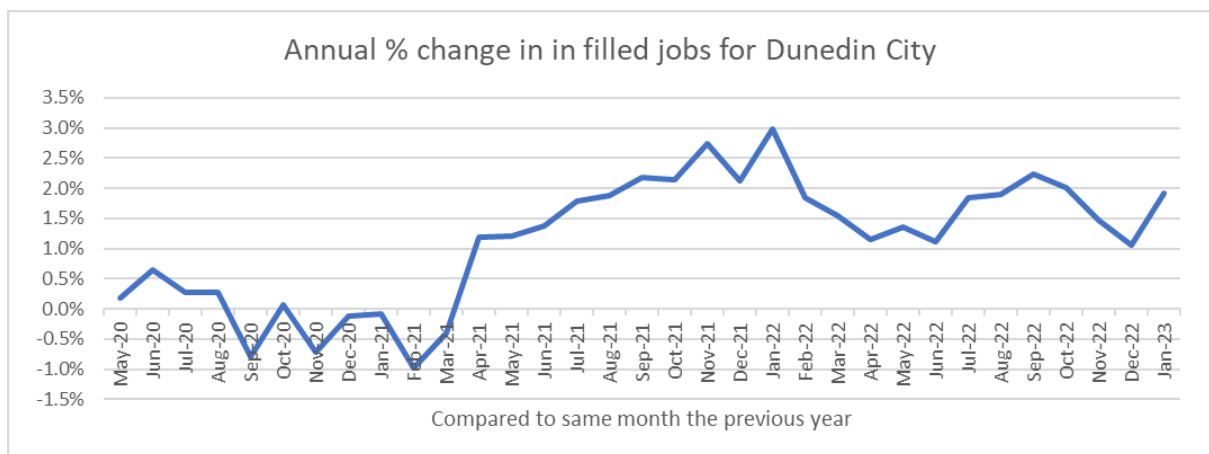


Employment statistics and Jobseeker data

The number of filled jobs in Dunedin in January 2023 were 1.9% higher than a year ago, according to payday payroll fillings data from Statistics New Zealand. This is an increase of more than 1,100 extra jobs to the city over the past year.

From January last year, the number of filled jobs in Dunedin has increased across all age groups. People over the age of 65 years saw the largest increase in filled jobs, rising by 5.2% from the previous year. Additionally, there was large growth in filled jobs held by people aged 35-44 years, increasing by 4.2%.

Public administration and safety, and professional, scientific, and technical services continue to be the sectors leading filled jobs growth in Dunedin, although accommodation and hospitality employment is also beginning to recover relatively rapidly.



Average annual wage earnings in Dunedin were 6.4% higher in January than the previous year, almost reaching \$66,000 per annum. But estimates from Statistic New Zealand placed inflation at 7.2%pa in December, thus wages are still failing to keep up with the rising cost of living.

The number of people receiving a Jobseeker Support benefit in Dunedin during January was 17% lower than the previous year, according to MSD data. In January 2023, 3,534 people were receiving a Jobseeker Support benefit in Dunedin, compared to 4,233 people in 2022.

Export conditions (general context from a New Zealand perspective)

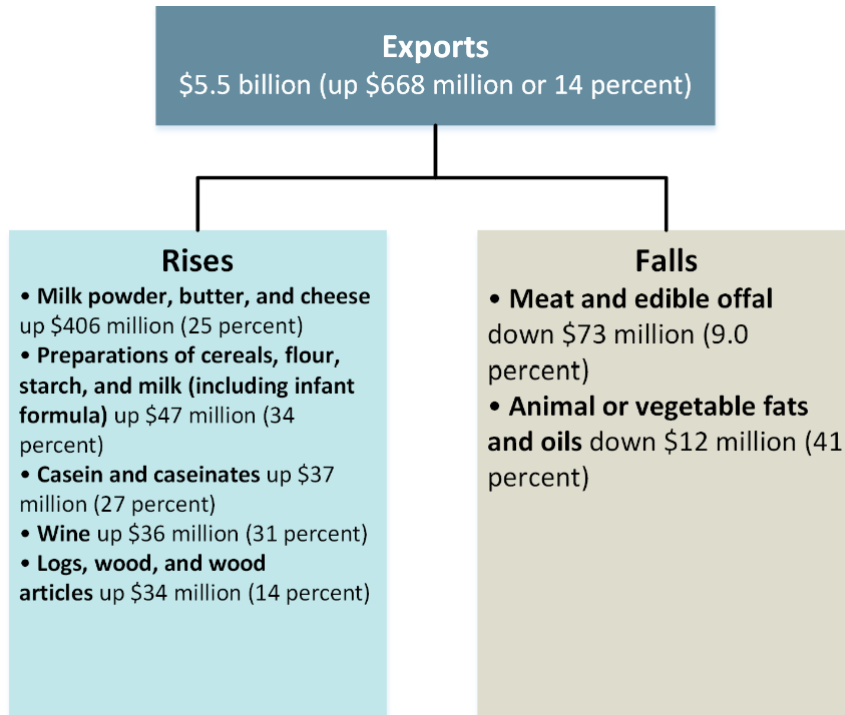
Export conditions, particularly within the agricultural sector in Otago and Southland, are important for Dunedin. Not only do large volumes of export freight pass through Port Otago, but many Dunedin businesses derive activity from servicing and supplying the agricultural sector.

In January 2023 the value of New Zealand exports rose by 14%pa from the previous year, reaching \$5.5 billion, according to data from Statistics New Zealand.

This increase was driven by a rise in exports of dairy products. The wine industry continues to see improvements in the value of their exports, following a poor harvest in the 2021/2022 season. In January wine exports were up 31% on the previous year. Additionally logs, wood, and wood articles saw a rise in their exports. Meat and edible offal saw the largest fall in exports, down 9.0% from January 2022. China led the changes in the value of exports in January, contributing to both the rise in dairy products and fall in meat and edible offal.

Goods export – January 2023 vs January 2022

Note: data is for exports from New Zealand rather than Dunedin and so gives general context. Source: Stats NZ



Exports for the year ending January 2023 totalled \$72.7 billion, growing 12.9% from the previous year. Offsetting this was the 23.0% growth on imports over the same period, totalling \$88.1 billion. Consequently, the annual trade deficit has more than doubled from the year ended January 2022, to reach \$15.5 billion.

Globally, New Zealand commodity prices are steadying off from the large fluctuations seen in 2021 and 2022. Fruit prices have been high over the past two months, which is a reflection of seasonal trends. Livestock prices have fallen recently. Dairy prices have been more steady but are expected to fall further over the coming months.

