

### Overview of Dunedin City

Dunedin's economy grew by a strong 2.0% over the 12 months to September 2023, outpacing national growth of 1.7%, according to Infometrics provisional GDP estimates. Dunedin's growth slowed to 0.6%pa in the September 2023 quarter, but still outpaced the national average of 0.5%. Employment of Dunedin residents grew 2.0% over the year to September 2023, the fastest growth since 2019, buoyed by growth in public administration, health, manufacturing, and transport.

Stats NZ's subnational population estimates show that Dunedin's population grew 1.1% over the year to June 2023, the city's fastest since 2017. Strong internal and international net migration boosted population growth this year, enabling strong employment growth.

Consumer spending in Dunedin grew 5.3% over the year to September 2023 according to Marketview data, slowing to 3.1%pa in the September quarter. Dunedin consumers are spending less in real terms given headline inflation of 5.6%, creating a challenging environment for retailers as household budgets are squeezed. Dunedin's tourism sector continues to recover, with a 38% increase in guest nights over the year to September 2023, slowing to an 8%pa increase in the September 2023 quarter.

Despite strong employment growth, unemployment has ticked up locally and nationally, with Dunedin's unemployment rate up to 3.9% over the 12 months to September 2023. This rise reflects a combination of more people seeking work compared to new job opportunities being created. The number of Jobseeker Support recipients in Dunedin is falling, but at a slower rate, with an 11% fall over the year to September easing to a mere 2.3%pa decrease in the September quarter.

Dunedin's housing market appears to be approaching a floor, with average house values falling 3.2%pa in the September 2023 quarter, an improvement on 6.5%pa fall in the June quarter. House sale volumes have stabilised at just over 400 per quarter. Consents are coming off recent highs, but the 125 new dwellings consented in the September 2023 quarter are still above the city's long-term average. Dwelling consents are expected to soften further nationally, but regardless of what happens in Dunedin, the construction sector will remain busy, with new hospital construction buoying non-residential consents.

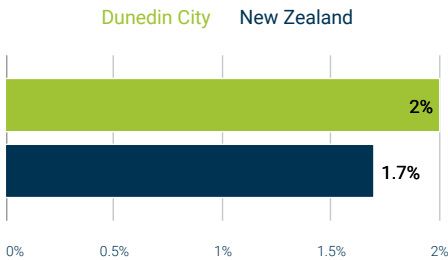
Indicator	Dunedin City	Otago Region	New Zealand
<b>Annual Average % change</b>			
Gross domestic product (provisional)	2.0 % ▲	2.9 % ▲	1.7 % ▲
Consumer spending	5.3 % ▲	11.0 % ▲	7.4 % ▲
Employment (place of residence)	2.0 % ▲	3.7 % ▲	3.0 % ▲
Jobseeker Support recipients	-10.9 % ▼	-11.1 % ▼	-1.9 % ▼
Guest nights	38.5 % ▲	52.7 % ▲	48.9 % ▲
Residential consents	-20.6 % ▼	-19.5 % ▼	-20.4 % ▼
Non-residential consents	106.6 % ▲	58.8 % ▲	3.9 % ▲
House values *	-3.2 % ▼	-6.2 % ▼	-5.9 % ▼
House sales	-9.8 % ▼	-12.1 % ▼	-13.7 % ▼
Car registrations	-14.9 % ▼	-12.2 % ▼	-8.0 % ▼
Commercial vehicle registrations	-23.1 % ▼	-17.2 % ▼	-16.0 % ▼
<b>Level</b>			
Unemployment rate	3.9 %	3.1 %	3.5 %

\* Annual percentage change (latest quarter compared to a year earlier)

# Gross domestic product

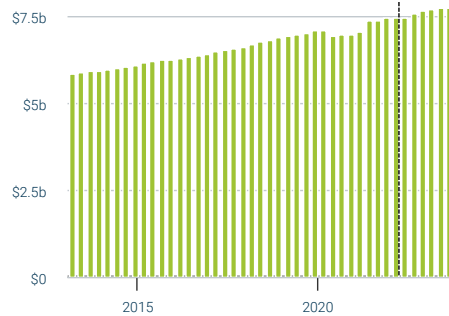
## Gross domestic product growth (provisional)

Annual average % change September 2022 - September 2023



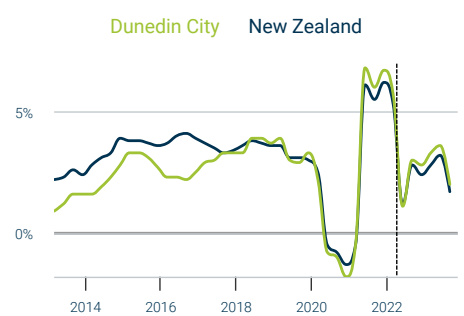
## Gross domestic product

Annual level, Dunedin City



## Gross domestic product growth

Annual average % change



## Highlights for Dunedin City

- GDP in Dunedin City was provisionally up 2% for the year to September 2023, compared to a year earlier. Growth was higher than in New Zealand (1.7%).
- Provisional GDP was \$7,757 million in Dunedin City for the year to September 2023 (2022 prices).
- Annual GDP growth in Dunedin City peaked at 6.8% in the year to June 2021.

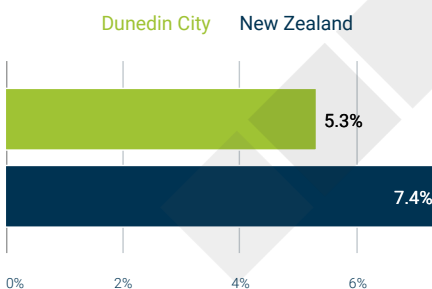
## National overview

New Zealand's economy looks to have expanded further in the September 2023 quarter, although momentum has slowed as various economic pressures hit. Continued jobs and population growth have supported growth, but high inflation and higher interest rates have moderated the strength seen in the economy. Provisional estimates from Infometrics show a 0.5%pa increase in activity in the September quarter, taking annual average growth to 1.7%pa. Spending activity, although higher in dollar terms, is still being eroded by too-high inflation, and is becoming increasingly restrained as rising interest rates hit. Jobs growth remains solid, and migration is adding additional demand into the economy. However, challenges remain, with falling construction intentions, increasing pressure on the primary sector, rising unemployment, and falling job ads. We expect these factors will undermine economic momentum and sets the tone for a more subdued economic outlook.

# Consumer spending

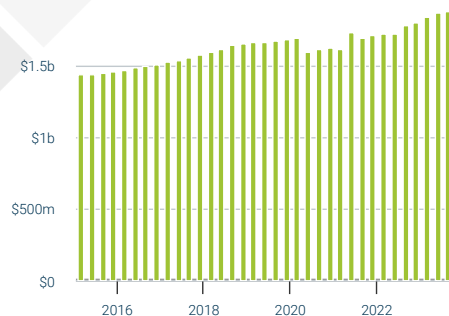
## Growth in consumer spending

Annual average % change September 2022 - September 2023



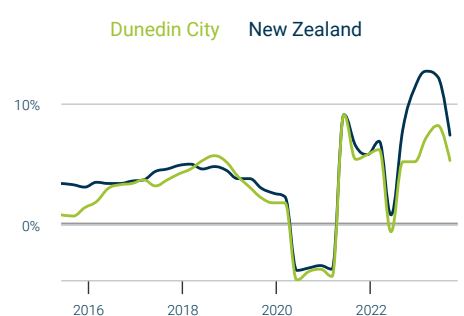
## Consumer spending

Annual level, Dunedin City



## Consumer spending

Annual average % change



## Highlights for Dunedin City

- Electronic card consumer spending in Dunedin City as measured by Marketview, increased by 5.3% over the year to September 2023, compared to a year earlier. This compares with an increase of 7.4% in New Zealand.

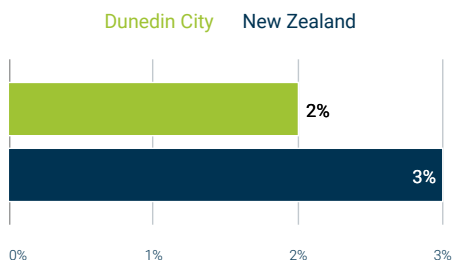
## National overview

Subdued card spending growth in the September 2023 quarter points to cooling household demand. Marketview data shows that quarterly card spending rose just 2.8%pa in September, significantly behind inflation of 5.6%pa. Annual spending growth eased to 7.4%pa after three previous quarters of double-digit growth. Recently softening employment growth indicates that wage growth is set to decelerate, which will bring down the ceiling on potential spending. With inflation remaining high and mortgage rates still rising, household budgets will remain under considerable pressure into 2024.

# Employment (place of residence)

## Employment (place of residence) growth

Annual average % change September 2022 - September 2023



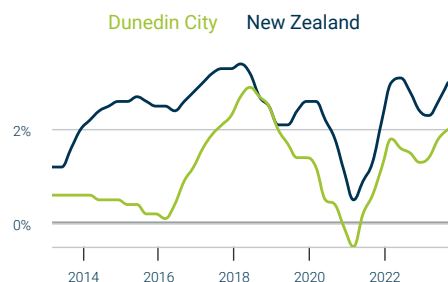
## Employment (place of residence)

Annual level, Dunedin City



## Employment (place of residence) growth

Annual average % change



## Highlights for Dunedin City

- Employment for residents living in Dunedin City was up 2% for the year to September 2023, compared to a year earlier. Growth was lower than in New Zealand (3.0%).
- An average of 59,858 people living in Dunedin City were employed in the year to September 2023.
- Annual employment growth for Dunedin City residents peaked at 2.9% in the year to June 2018.

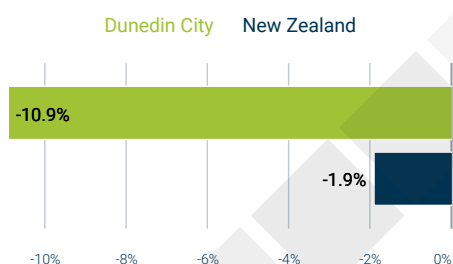
## National overview

Annual employment growth rose to 3.0%pa over the year to September 2023 as high migration continues to boost New Zealand's labour supply. As remaining labour shortages continued to be filled and consumer demand remains subdued, hiring has begun to stabilise, with quarterly growth softening from 3.7%pa in June, to 3.5%pa in September. Filled jobs growth eased to 3.1%pa in the September quarter, slowed by a shrinking agriculture, fishing, and forestry industry. The average annual unemployment rate pushed to 3.5%, affirming that the labour market is beginning to soften.

## Jobseeker Support recipients

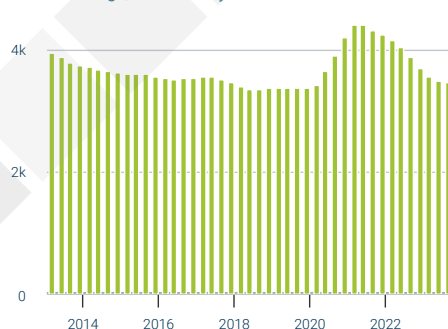
### Annual change in Jobseeker Support recipients

Annual average % change September 2022 - September 2023



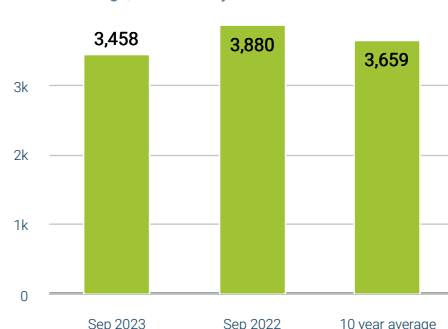
### Jobseeker Support recipients

Annual average, Dunedin City



### Jobseeker Support recipients

Annual average, Dunedin City



## Highlights for Dunedin City

- Jobseeker Support recipients in Dunedin City in the year to September 2023 decreased by 10.9% compared to a year earlier. The decline was greater than in New Zealand (1.9%).
- An average of 3,458 people were receiving a Jobseeker Support benefit in Dunedin City in the 12 months ended September 2023. This compares with an average of 3,659 since the start of the series in 2014.

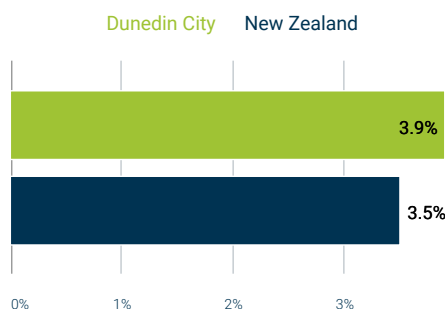
## National overview

Jobseeker Support recipients picked up slightly from an average of 170,400 over the year to June 2023, to 173,300 over the year to September 2023. Quarterly increases intensified from 1.4%pa in June, to 6.8%pa in September, as unemployment continued to rise. This growth took Jobseeker Support recipients to 5.7% of the working age population in the September quarter, up 0.3 percentage points from September 2022, indicating an increased need for support across New Zealand. Recipients in the Work Ready subgroup topped 100,000 for the first time since the June 2022 quarter, underscoring the softer labour market.

# Unemployment rate

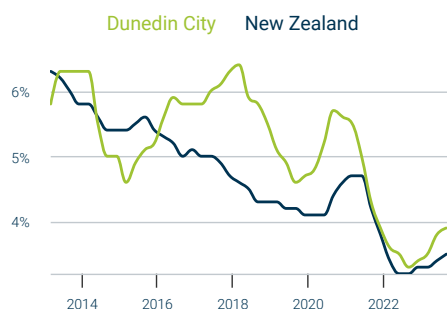
## Unemployment rate

Annual average rate to September 2023



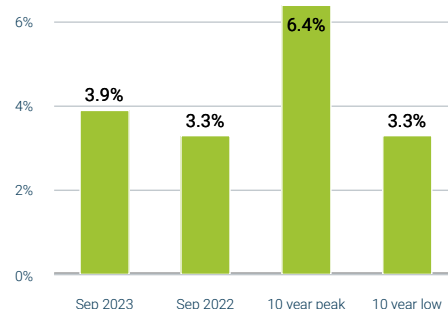
## Unemployment rate

Annual average rate



## Unemployment rate

Annual average, Dunedin City



## Highlights for Dunedin City

- The annual average unemployment rate in Dunedin City was 3.9% in the year to September 2023, up from 3.3% in the previous 12 months.
- In the year to September 2023, the annual average unemployment rate in Dunedin City was higher than in New Zealand (3.5%).
- Over the last ten years the annual average unemployment rate in Dunedin City reached a peak of 6.4% in March 2018.

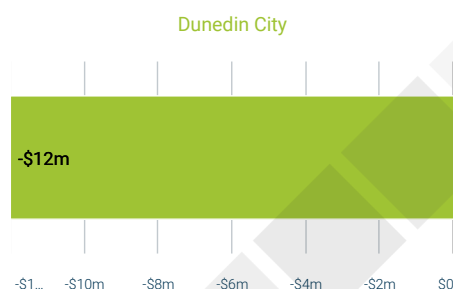
## National overview

Over the year to September 2023, the unemployment rate averaged 3.5%, 0.3 percentage points higher than the September 2022 year. High net migration continues to grow the number of people looking for work compared to job availability, increasing the labour market's spare capacity. Reduced competition for workers and the filling of remaining labour shortages is also set to help relieve wage cost pressures over the remainder of 2023 and into 2024.

# Dairy payout

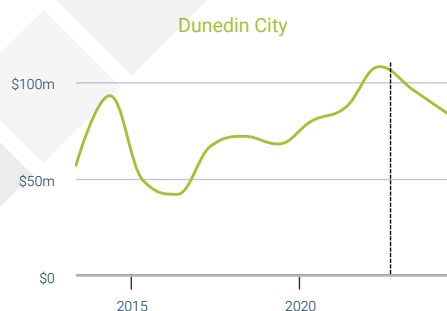
## Total dairy payout (provisional)

Change between 2022/2023 and 2023/2024 seasons



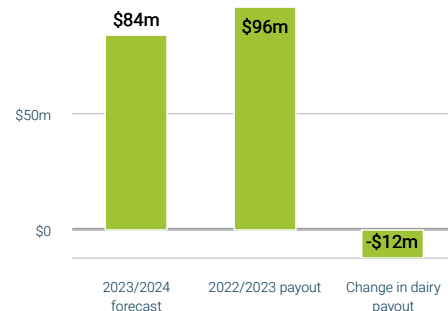
## Total dairy payout

May years



## Total dairy payout

May years



## Highlights for Dunedin City

- Dunedin City total dairy payout for the 2021/2022 season is estimated to have been approximately \$108 million.
- Dunedin City's dairy payout for the 2022/2023 season is expected to be approximately \$96 million, \$12 million lower than last season, assuming that production levels from last season are maintained.
- The total dairy payout for New Zealand is estimated to have been approximately \$17,369 million in the 2021/2022 season, and is expected to be \$1,972 million lower in the 2022/2023 season.

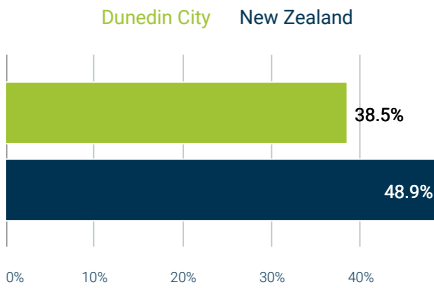
## National overview

Stronger trends in international dairy auctions have provided enough to lift the farmgate milk price marginally, by 25c to \$7.25/kgMS for the current 2023/24 season. That slight lift increases our estimate of the national pay-out to \$13.59b, up by \$468m. However, that still leaves the pay-out down \$1.8b from last season, a tough blow exacerbated by the still-high on-farm cost pressures being faced too. Our current estimates suggest there's further room for improvement in the milk price, but not enough to soften the blow much. Pricing pressures are spreading across the rural sector too, with meat prices falling, particularly for sheep and lamb as high Australian meat volumes undermine export prices.

# Guest nights

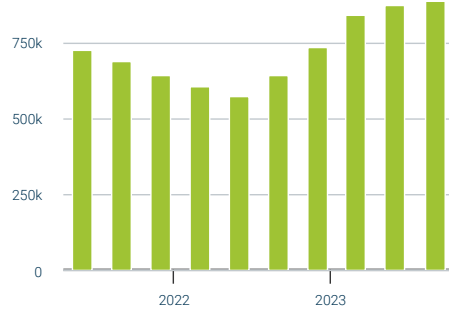
## Guest nights

Annual average % change September 2022 - September 2023



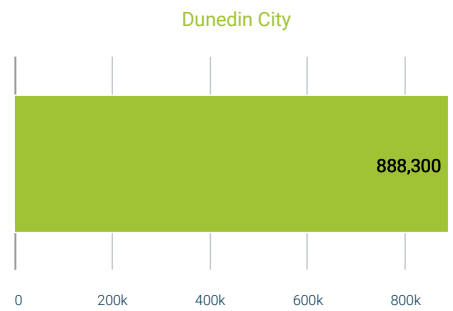
## Guest nights

Annual number, Dunedin City



## Guest nights

Annual total guest nights, September 2023



## Highlights for Dunedin City

- Total guest nights in Dunedin City increased by 38.5% in the year to September 2023, compared to a year earlier. This compares with an increase of 48.9% in New Zealand.
- Visitors stayed a total of 888,300 nights in Dunedin City during the year to September 2023, which was up from 641,200 a year ago.

## National overview

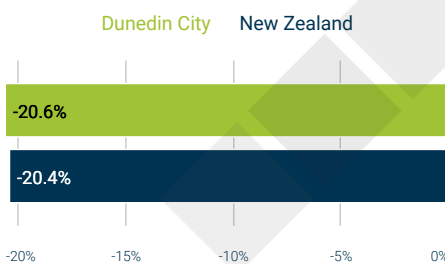
Guest nights at commercial accommodation continue to recover, rising 49% over the year to September 2023, although growth slowed to 11% in the September 2023 quarter. International arrivals continue to recover strongly, but at an easing pace, up 49% in the year to September 2023, from 62% in the year to June 2023. Australia and North America continue to lead in the recovery of international visitor arrivals, joined by strong Japanese arrivals in recent months. The recovery of Chinese visitor arrivals has stagnated and is expected to remain muted with a weak outlook for the Chinese economy over the coming year.

Domestic guest nights have stopped growing, with a 3% decline in the September 2023 quarter, potentially reflecting a pull back on leisure travel as households face tighter budgets.

# Residential consents

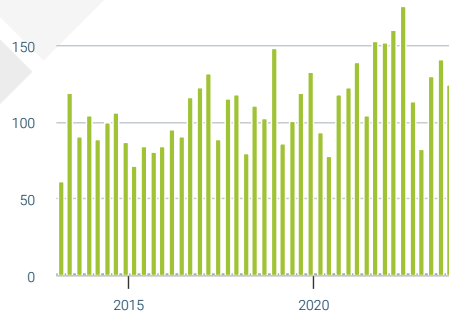
## Growth in number of new dwelling consents

Annual average % change September 2022 - September 2023



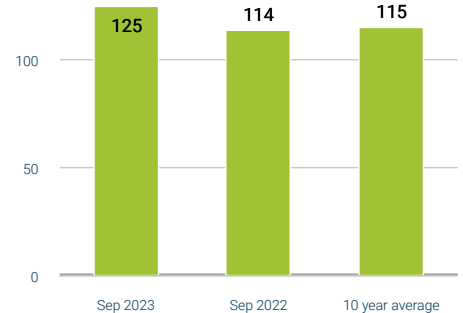
## Residential consents

Quarterly number, Dunedin City



## Number of new dwelling consents

Quarterly number, Dunedin City



## Highlights for Dunedin City

- A total of 125 new residential building consents were issued in Dunedin City in the September 2023 quarter, compared with 114 in the same quarter last year.
- On an annual basis the number of consents in Dunedin City decreased by 20.6% compared with the same 12-month period a year before. This compares with a decrease of 20.4% in New Zealand over the same period.

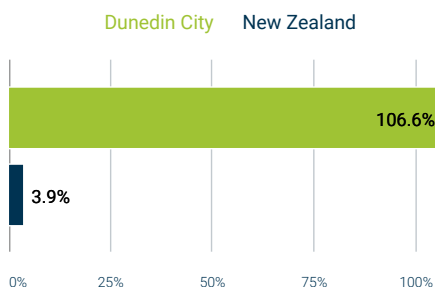
## National overview

There were 9,126 residential consents across New Zealand in the September 2023 quarter, accelerating the quarterly decline to a rapid 31%pa. This drop took the annual total down to 40,400, over 9,000 consents less than the March 2022 annual peak. High interest rates are continuing to squeeze developers' profit margins, and we expect consent declines to persist throughout 2024, but the recent uptick in house prices should help to put a floor under the downturn.

# Non-residential consents

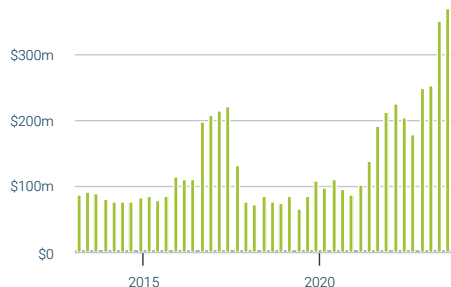
## Growth in value of consents

Annual average % change September 2022 - September 2023



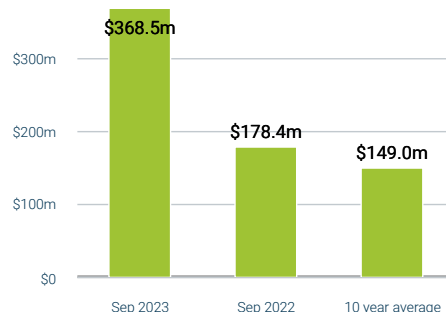
## Non-residential consents, Dunedin City

Annual running total, Dunedin City



## Non-residential consents

Annual value, Dunedin City



## Highlights for Dunedin City

- Non-residential building consents to the value of \$368.5 million were issued in Dunedin City during the year to September 2023.
- The value of consents in Dunedin City increased by 106.6% over the year to September 2023, compared to a year earlier. In comparison, the value of consents increased by 3.9% in New Zealand over the same period.
- Over the last 10 years, consents in Dunedin City reached a peak of \$368.5 million in the year to September 2023.

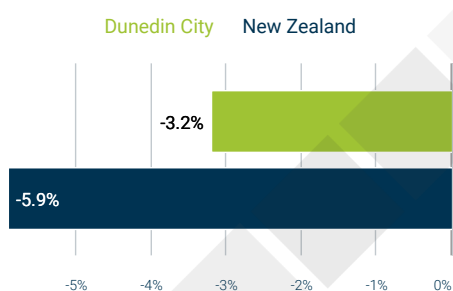
## National overview

Non-residential consents to the value of \$2.2b were issued in the September 2023 quarter, bringing the annual total to \$9.8b. Consents over the quarter were down 11%pa, the first annual decline since the June 2020 quarter, as tight credit conditions and high interest rates dampened activity - particularly in retail, factory, and hotel building types. Public sector consenting is also softening from a peak as initial large hospital and education consents are not repeated, but will remain elevated into 2024 with major hospital redevelopments yet to be consented in Tauranga, Whangarei, and Hastings.

## House values

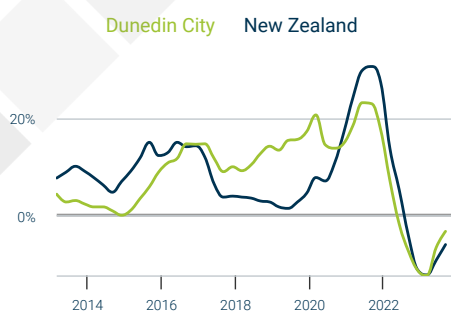
### Annual change in house value

Annual % change in house value September 2022 - September 2023



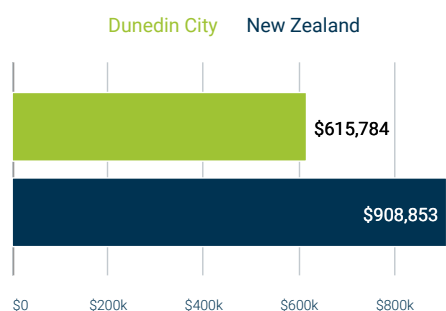
### House value growth

Annual % change



### Average current house value

Average house value in September 2023 quarter



## Highlights for Dunedin City

- The average current house value in Dunedin City was down 3.2% in September 2023, compared to a year earlier. The decline was not as low as in New Zealand (5.9%).
- The average current house value was \$615,784 in Dunedin City in September 2023. This compares with \$908,853 in New Zealand.

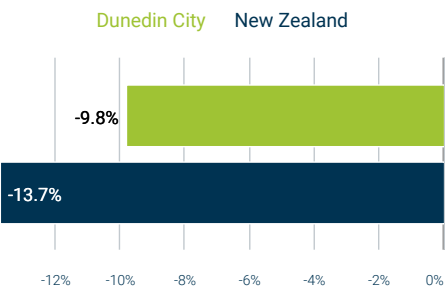
## National overview

The average New Zealand house value was \$908,900 in the September 2023 quarter, down from a peak of \$1.1m in December 2021. The annual decline softened for a second consecutive quarter to 5.9%pa with prices, sales activity, and time to sell all improving on a monthly basis in recent times. However, mortgage rates are continuing to increase and are set to remain high over 2024, limiting the scope of the housing market upturn.

# House sales

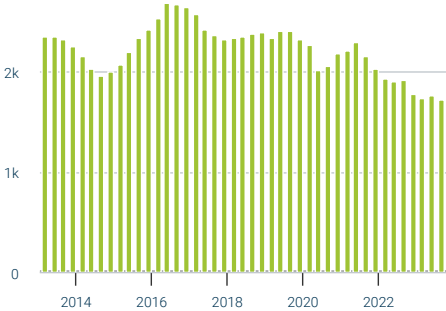
## Annual change in house sales

Annual average % change September 2022 - September 2023



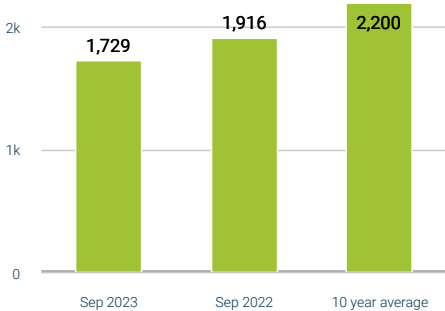
## House sales

Annual number, Dunedin City



## House sales

Annual number, Dunedin City



## Highlights for Dunedin City

- House sales in Dunedin City decreased by 9.8% in the year to September 2023, compared to year earlier. This compares with a decrease of 13.7% in New Zealand.
- A total of 1,729 houses were sold in Dunedin City in the 12 months ended September 2023. This compares with the ten year average of 2,200.

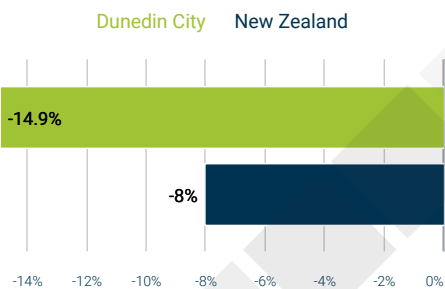
## National overview

Annual house sales showed some upward momentum in the September 2023 year, rising for a second consecutive quarter to 60,799. The recent rally in house prices and the contribution of migrants to the potential buyer pool has improved sales activity, with declines softening from a trough of 29%pa over the December 2022 year, to 14%pa over the September 2023 year. Although affordability constraints and a high number of Kiwis migrating out of New Zealand will limit the extent of sales growth, the market is certainly picking up from a floor.

# Car registrations

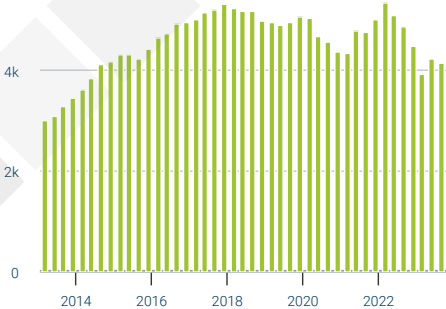
## Car registrations

Annual average % change September 2022 - September 2023



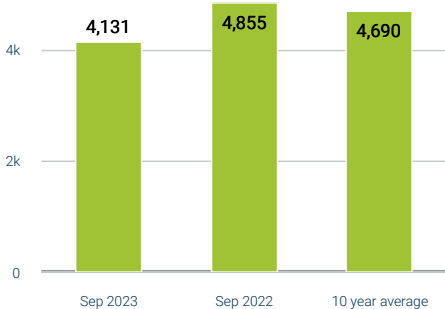
## Car registrations

Annual number, Dunedin City



## Car registrations

Annual number, Dunedin City



## Highlights for Dunedin City

- The number of cars registered in Dunedin City decreased by 14.9% in the year to September 2023, compared to a year earlier. The decline was greater than in New Zealand (8.0%).
- A total of 4,131 cars were registered in Dunedin City in the year to September 2023. This compares with the ten year annual average of 4,690.

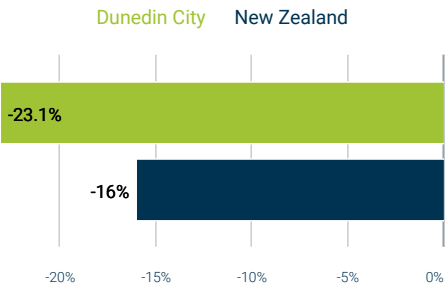
## National overview

There were 45,561 passenger cars registered in the September 2023 quarter, the lowest figure since the lockdown affected June 2020 quarter. Annual registrations fell 8%pa from the September 2022 year as tighter settings on the Clean Car Discount scheme, imposed in July, filtered through the market. The Clean Car Discount is set to be scrapped by early 2024 under the new government, which will likely cause new registrations to spike before the end of the year while rebates are still available, and higher used car registrations in early 2024 as the change in policy increases the relative affordability of used vehicles.

# Commercial vehicle registrations

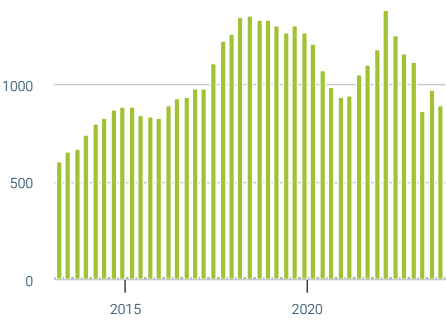
## Commercial vehicle registrations

Annual average % change September 2022 - September 2023



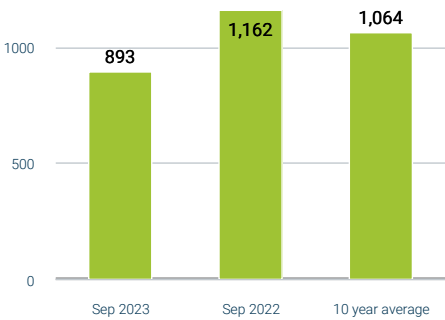
## Commercial vehicle registrations

Annual number, Dunedin City



## Commercial vehicle registrations

Annual number, Dunedin City



## Highlights for Dunedin City

- The number of commercial vehicles registered in Dunedin City decreased by 23.1% in the year to September 2023, compared to a year earlier. The decline was greater than in New Zealand (16.0%).
- A total of 893 commercial vehicles were registered in Dunedin City in the year to September 2023. This is lower than the ten year annual average of 1,064.

## National overview

Annual commercial registrations eased to 48,531 in the September 2023 year, dragged down by a particularly weak September quarter figure. Commercial registrations grew a massive 98%pa in the June 2023 quarter ahead of tighter Clean Car Discount scheme settings, imposed in July. This spike was followed by a 32%pa crash in the September quarter, as potential buyers had already rushed to register early. Subdued economic growth will continue to limit the need for freight transport, dampening heavy commercial registrations throughout 2024. However, light commercial registrations are likely to soften over the December 2023 quarter, then pick-up over the following year as abandonment of the Clean Car Discount scheme by early 2024 encourages buyers to defer purchasing until next year, when this vehicle type becomes relatively more affordable.



# Technical notes

## Building Consents

Building consents data is sourced from Stats NZ. The number of residential consents issued for new dwellings is the measure for residential consents. For non-residential consents, the measure is the value of both new buildings and alterations.

## Consumer Spending

The consumer spending data is sourced from Marketview. It measures total electronic card spending using spending through the Paymark network and adding to it an estimate of non-Paymark network spending using the pattern of BNZ card holder spending at non-Paymark retailers. For further breakdown of the data by storetype and other variables contact Marketview.

## Employment (place of residence)

Employment data is based off a range of Stats NZ employment datasets, and represents the number of filled jobs, based on the area of residential address for the employee (rather than workplace address). This place of residence location means that the employment series reflects trends in employment of an area's residents, which may be different to trends in employment at businesses in an area, particularly when there are strong commuting flows. The most recent quarter is based off the average of Monthly Employment Indicator (MEI) filled jobs from Stats NZ for the past three months, with previous quarters being backcasted using the percentage change in the quarterly Business Data Collection dataset published by Stats NZ.

## Gross Domestic Product

Gross Domestic Product is estimated by Infometrics. A top-down approach breaks national industrial production (sourced from production based GDP measures published by Stats NZ) to TA level by applying TA shares to the national total. Each TA's share of industry output is based on labour market data from LEED. GDP growth in recent quarters is based on a model which uses the various partial economic indicators presented in this report as inputs. Estimates of GDP for these most recent quarters are provisional until Infometrics updates its annual GDP series in the Regional Economic Profile at the beginning of each year. Gross domestic product is measured in 2022 dollar terms.

## Guest Nights

The number of guest nights is sourced from the Accommodation Data Programme, which is funded by the Ministry of Business, Innovation and Employment (MBIE) and managed by Fresh Info. A guest night is equivalent to one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report that they had provided 30 guest nights

## Health Enrolments

**Due to data supply issues, we do not yet have health enrolments data for the June 2023 quarter. We will update this section when the data becomes available.**

Health enrolments are sourced from the Ministry of Health. They record the number of people in each area who are enrolled with a Primary Health Organisation (PHO). Enrolment is voluntary, but most New Zealanders enrol at a general practice for health reasons and for the benefits of enrolment, such as cheaper doctors' visits and reduced costs of prescription medicines. Changes to how the Ministry of Health recorded this data led to Infometrics revising our approach to health enrolment figures for the March 2019 Quarterly Economic Monitor onwards. Our new approach completely revises our timeseries of health enrolments, so care should be taken when comparing the March 2019 report with previously downloaded reports.

Previously, the data provided was only for those people whose addresses are able to be accurately recorded by the Ministry of Health. We have now switched to breaking down TA-level health enrolments based on trends in stated health enrolments by area, to ensure that the total number of enrolees published in the Monitor align with the national-level figures published by the Ministry of Health. A new system for classifying and recording health enrolment addresses from March 2019 onwards by the Ministry means significantly higher numbers of unallocated enrolees, resulting in the need to review our model.

## House Sales

The number of house sales is sourced from REINZ. The indicator measures the number of house sales at the point when the sale becomes unconditional. The unconditional date is the date when all the terms of an agreement have been satisfied and the sale and purchase can proceed to settlement.

## House Values

House values (dollar value) are sourced from CoreLogic. The levels quoted in the report are average values for the quarter.

## Jobseeker Support Recipients

In July 2013 the New Zealand's welfare system changed to better recognise and support people's work potential. As part of this the Jobseekers Support benefit was introduced. This benefit is for people who can usually look or prepare for work but also includes people

who can only work part-time or can't work at the moment, for example, because they have a health condition, injury or disability.

Data presented for the September 2013 quarter onwards is provided by the Ministry of Social Development (MSD). Data prior to September 2013 are Infometrics estimates based on re-grouping pre-July 2013 benefit categories to be consistent with the post-July 2013 benefit categories. The pre-July 2013 benefit categories used to estimate the number of Jobseekers Support recipients are: Unemployment Benefit and Unemployment Benefit Hardship; Unemployment Benefit Training and Unemployment Benefit Hardship Training; Sickness Benefit and Sickness Benefit Hardship; Domestic Purposes Benefit - Sole Parent (if youngest child is 14 or over); Women Alone and Widow's Benefit (without children or with children 14 or over)

### **Tourism Expenditure**

Tourism Electronic Card Transactions (TECTs) are an interim replacement for the Monthly Regional Tourism Estimates (MRTes). We have removed our previous timeseries of MRTes and published the three annual snapshots provided in the TECTs. The TECTs reflect the expenditure for all electronic card transactions (ECTs) in New Zealand related to tourism and are only a subset of total tourism expenditure. TECTs should be used as measure of broad changes in tourism spending rather than an accurate measure of the level of tourism spending. Marketview prepare the TECTs use a base of spending on the Paymark network (approximately 70 per cent of total ECT spend) to scale up to total ECT spend.

### **Traffic Flow**

Traffic flow growth rates are calculated from the number of vehicles passing approximately 110 sites monitored by New Zealand Transport Agency. Each of the sites has been mapped to a territorial authority.

### **Unemployment Rate**

Regional level unemployment rates are sourced from Stats NZ's Household Labour Force Survey. Trends in the number of Jobseekers are used to break down regional unemployment rates to TA levels. The TA level unemployment rates are benchmarked on census following the release of each census. To reduce volatility the unemployment rate is presented as an average for the last four quarters.

### **Vehicle Sales**

Car and commercial vehicle sales data are sourced from New Zealand Transport Authority. Sales are based on new registrations which include the first time registration of new vehicles and used vehicles imported from overseas.

### **Weekly Rents**

Rents (\$ per week) are sourced from monthly data provided by MBIE and averaged across each quarter or year using weighted geometric means. Rental data pertains to averages from data collected when bonds are lodged and does not control for specifications of the home (eg. size, number of bedrooms, age of home, etc).