

## Enterprise Dunedin

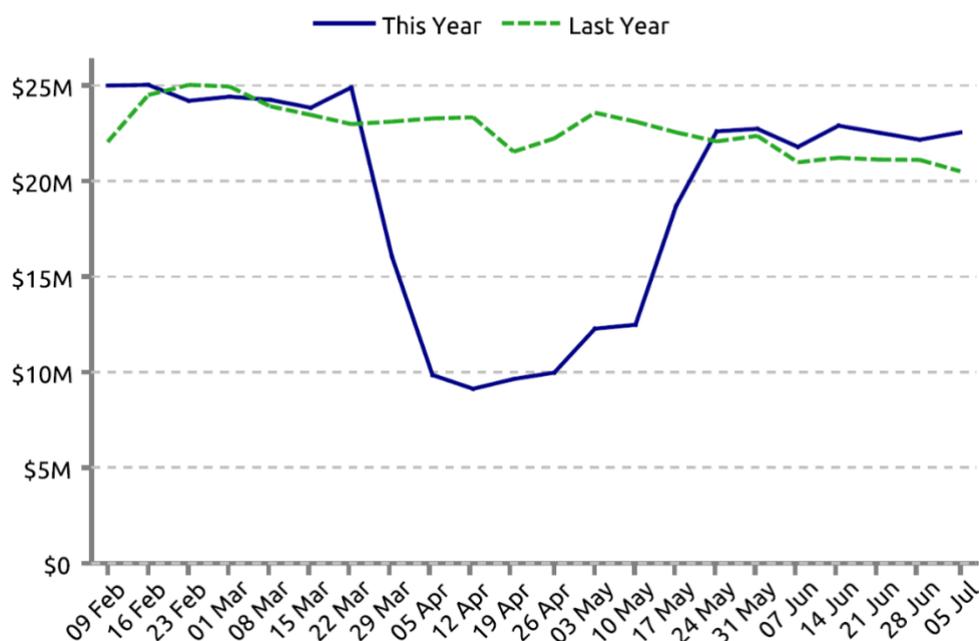
### DUNEDIN CITY – COVID-19 ECONOMIC UPDATE – 13 JULY 2020

This document gives context for economic and social wellbeing within Dunedin City during the Covid-19 pandemic. The 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.

### Spending

Retail spending in Dunedin City over the seven days to 5 July 2020 was \$22.5 million, compared to \$20.5 million across the same week a year ago, according to data provided by Verisk.

### 1. WEEKLY VALUE OF SPENDING



Spending growth has shown a trend of acceleration since exiting Level 3 and 4 lockdown. Over the first full week of Level 2 restrictions (week ended 24 May) spending sat 1.7% above its 2019 level. However, spending growth last week (to 5 July) had accelerated to 9.9%pa.

Looking over a month period against other cities, total retail spending in Dunedin across the four-week period ended 5 July has been 6.6% above its 2019 level. This growth is above cities such as Wellington (-5.2%), Auckland (-2.4%), Hamilton (0.4%), Christchurch (1.3%), Invercargill (6.0%), and Tauranga (5.8%), but Dunedin's growth is behind New Plymouth (7.2%) and Palmerston North (7.2%).

The recovery in retail spending across the city has become increasingly broad-based. Initially the recovery was concentrated on homeware and clothing, while supermarket spending has remained strong throughout the pandemic. However, hospitality and accommodation spending has now risen above its 2019 level for three consecutive weeks. Lower petrol prices are keeping the value of fuel and automotive spending at bay.

The retail recovery in Dunedin appears more entrenched than many of the other urban areas across the country. Nevertheless, there remains a risk that retail spending softens again in the coming weeks as pent-up demand works its way through the local economy. A sustained recovery will be contingent on a number of factors, including households' financial positions and ongoing levels of domestic tourism.

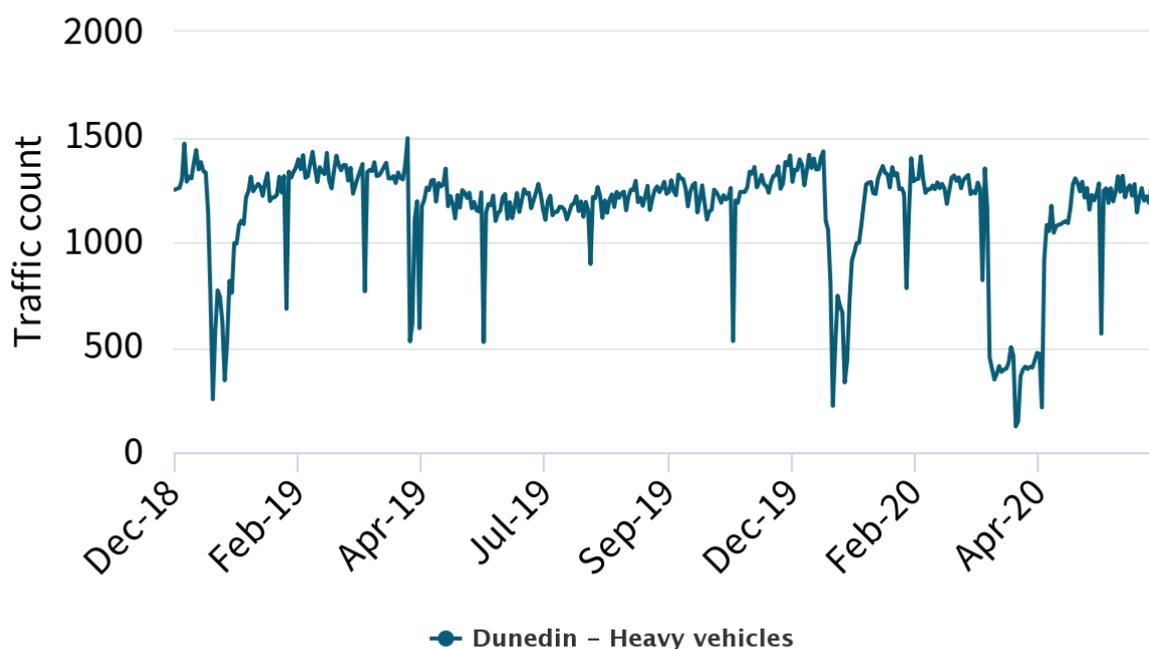
Week ended 5 July 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$8,892,202	\$7,969,002
Hospitality & Accommodation	\$4,113,253	\$3,671,759
Fuel & Automotive	\$2,088,500	\$2,364,765
Clothing, Footwear & Department Stores	\$1,367,105	\$1,136,031
Home & Recreational Retailing	\$3,463,662	\$2,779,855
All other	\$2,616,534	\$2,584,146
<b>Total</b>	<b>\$22,541,256</b>	<b>\$20,505,557</b>

## Traffic flows

Traffic flows can also be used as a barometer of activity. Light vehicle flows are a mixture of people moving about for personal reasons, as well as for work or other business. Heavy vehicle flows, on the other hand, correlate strongly with business activity.

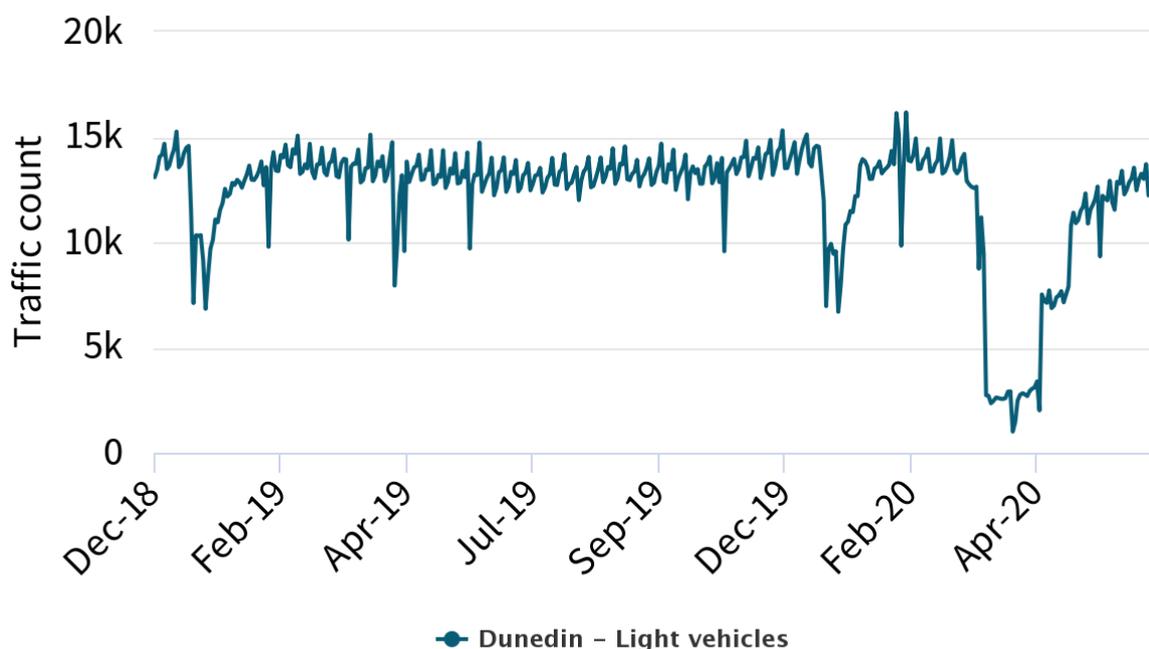
Heavy vehicle traffic count data for Dunedin City from NZTA showed that heavy traffic flows in late April were about a third of their level from a year earlier. But heavy traffic flows have since recovered to above their 2019 levels. Over the week ended 3 July 2020, heavy traffic flows sat approximately 5.2% above their level from the same week in 2019.

### Dunedin weekly traffic – selected site 5 day average (excluding weekends)



Light vehicle flows in Dunedin during April were running at about a quarter of their usual level. By 3 July June light traffic flows had recovered to sit 4.1% above their level from the same week in 2019.

## Dunedin weekly traffic – selected site 5 day average (excluding weekends)



### Beneficiary numbers

Wage subsidies from central government have ensured that most employees continue to be paid, but the subsidy cannot save all jobs. Data from MSD shows that there was a sharp increase in the number of people accessing Jobseeker support in June as people came off the first wave of the wage subsidy. These job losses occurred despite a second tranche of subsidies being available, and the rapid easing of public health restrictions allowing for more normal demand and supply conditions to return.

In June, there were 3,112 people in Dunedin that were either on a job ready Jobseeker support benefit, or were receiving the new COVID-19 income relief payment for the recently unemployed. By comparison, there were 2,806 people receiving such support in May. The 10.9% increase in the number of Dunedin workers between May and June who turned to MSD for support after losing their jobs compares to a 8.3% increase nationwide.

For further context, between April to May, a period over which the first wage subsidy was in place, there was only 3.4% increase in the number of work ready people in Dunedin seeking Jobseeker Support.

Before the full effects of COVID-19 hit, there were 2,053 receiving a job ready Jobseeker support benefit in Dunedin during March. In percentage terms, across the whole period from March to June, the number of work ready recipients of Jobseeker Support in Dunedin has risen by 52%, compared to a 51% increase nationally over the same period.

### Trade data

Export conditions, particularly within the agricultural sector in Otago and Southland, are important for Dunedin City. 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.

Data released by Statistics New Zealand shows that the value of New Zealand's exports from 1 February to 1 July 2020 was within 0.9% of its 2019 level. Over the past five months, exporters have earned \$26.7 billion.

Digging deeper beneath the numbers shows that a 13% rise in fruit exports, 12% increase in dairy exports and 1.9% lift in meat exports, offset steep declines in seafood exports (-22%). Forestry exports remain 29% below their 2019 level, but the sector has recovered since early May when exports were down 45% on a year earlier. Forestry's recovery is due to higher export prices and shipments beginning to move again.

The prognosis for food exporters generally remains strong, notwithstanding lower discretionary incomes in many key markets. The good thing for provincial New Zealand is that the world still has to eat. There may be some softness to export demand for some higher value add food items that emerge as a result of reduced restaurant trade, but demand for staples for consumption at home will perform better over the months ahead.

## Value of total goods exports to all countries (cumulative) – provisional

