

Enterprise Dunedin

DUNEDIN – MONTHLY ECONOMIC UPDATE – NOVEMBER 2020 (RELEASED 15 JANUARY 2021)

This document provides context for economic and social wellbeing across Dunedin during November 2020. This report will be updated on a monthly basis to give an overview as to how Dunedin is tracking as the city recovers from COVID-19.

The measures discussed in this report include:

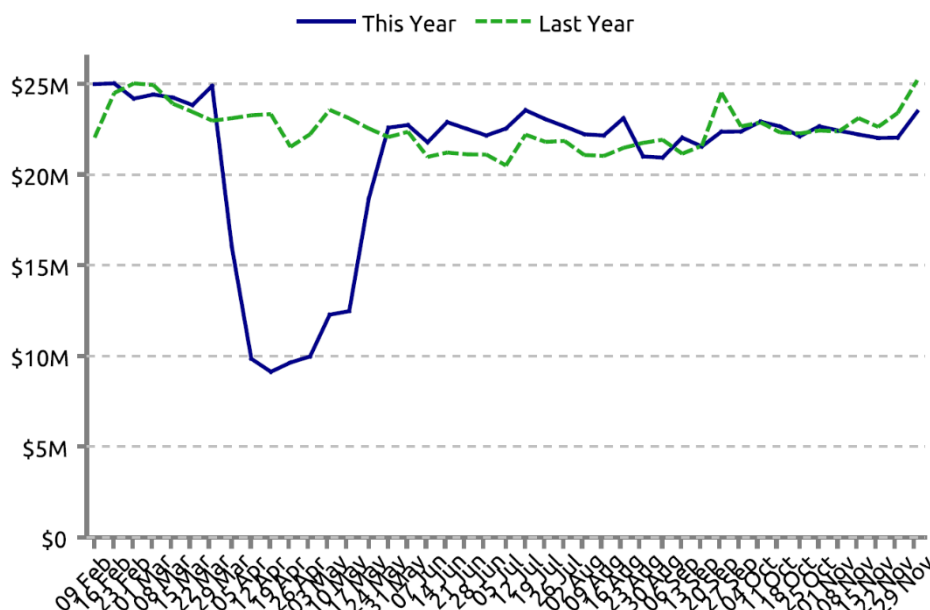
- Retail spending across Dunedin
- Inner city visitation
- Traffic flows
- Employment statistics and Jobseeker data
- Trade statistics

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

Retail spending in Dunedin over the four weeks to 29 November 2020 totalled \$89.8 million, which was 4.9% below its level across the same period a year ago, according to data provided by Verisk. Spending was down most heavily in the inner city (-7.8%), where the absence of peak days that coincide with cruise ship visits have been particularly apparent. Spending was down a more modest 4.2% in other parts of Dunedin.

1. WEEKLY VALUE OF SPENDING



Supermarket and homeware/DIY spending remain the strongest performers, although the pace of growth has moderated since its mid-year peak.

Clothing, footwear and department store retailing has fallen as a whole, however, even within this category, there continued to be a pocket of growth in the inner city in the lead-in to Christmas.

Hospitality spending is tracking lower across the whole of Dunedin. Spending declines are most pronounced in the inner city where the absence of cruise ship passengers and other international visitors is most heavily felt. Declines to hospitality expenditure are smaller outside of the CBD.

Softness in retail expenditure is expected to persist over the summer months. The path forward for retailing over the months thereafter will be dictated by several factors, including overall consumer confidence and the health of the job market.

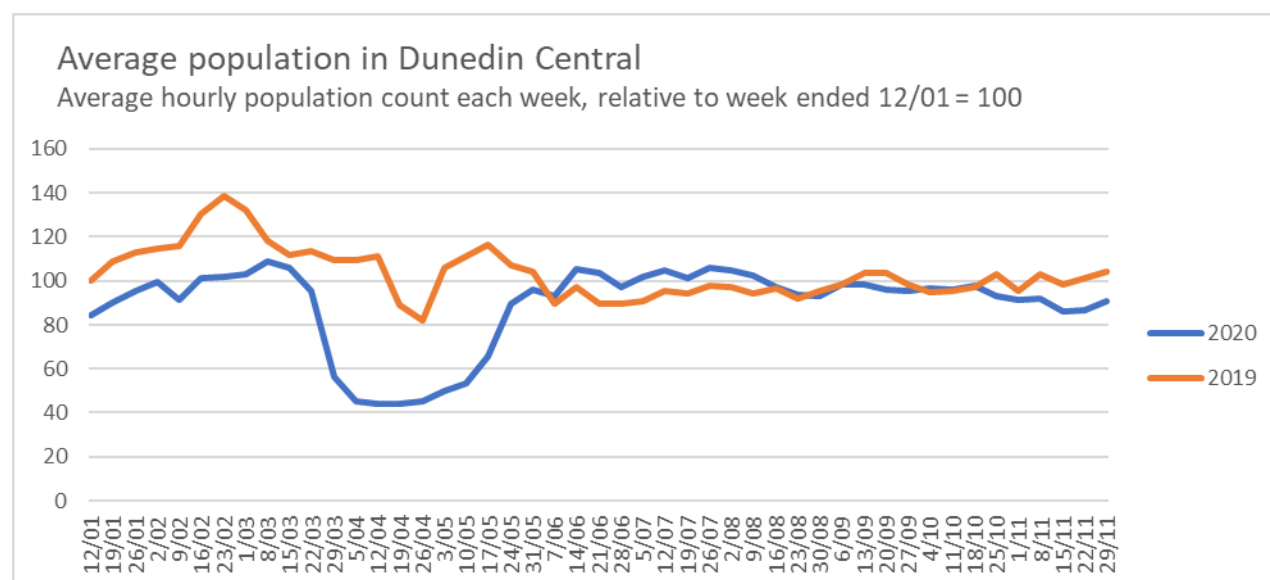
Retail spending growth across Dunedin

4 weeks to 29 Nov 2020 compared to year ago	Dunedin total	Inner city	Rest of Dunedin
Food, liquor & pharmacies	4.7%	6.1%	4.4%
Hospitality & Accommodation	-9.4%	-14.4%	-7.5%
Fuel & Automotive	-33.6%	-5.7%	-34.5%
Clothing, Footwear & Department Stores	-10.1%	7.1%	-16.1%
Home & Recreational Retailing	10.6%	-0.7%	12.2%
All other	-17.3%	-31.3%	-9.1%
Total	-4.9%	-7.8%	-4.1%

Inner city visitation

The average daily number of people in Dunedin's central city across each week in November was 12.7% below its level from a year earlier, according to estimates from Data Ventures database derived from hourly monitoring of mobile phones.

The absence of cruise ships has become particularly apparent in lower levels of visitation on peak days.

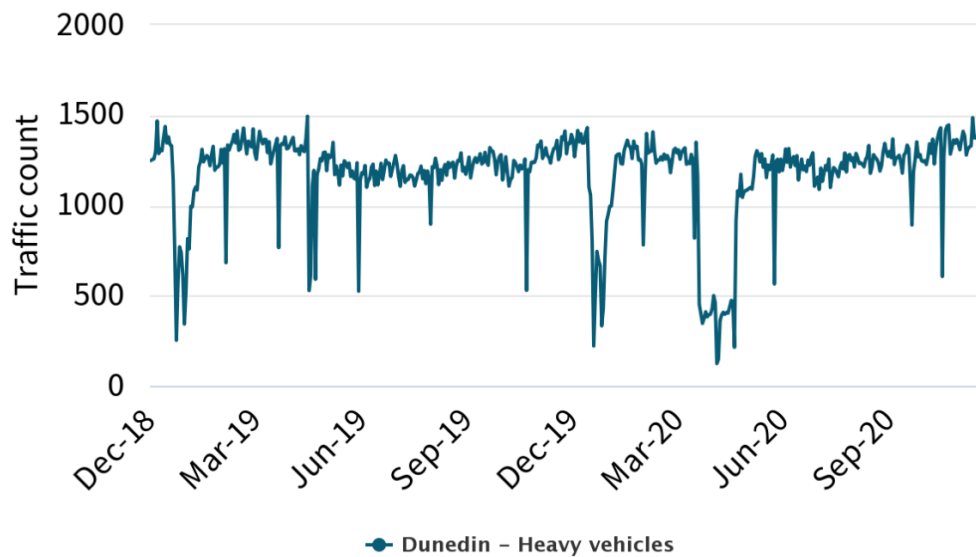


Traffic flows

Traffic flows can 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.

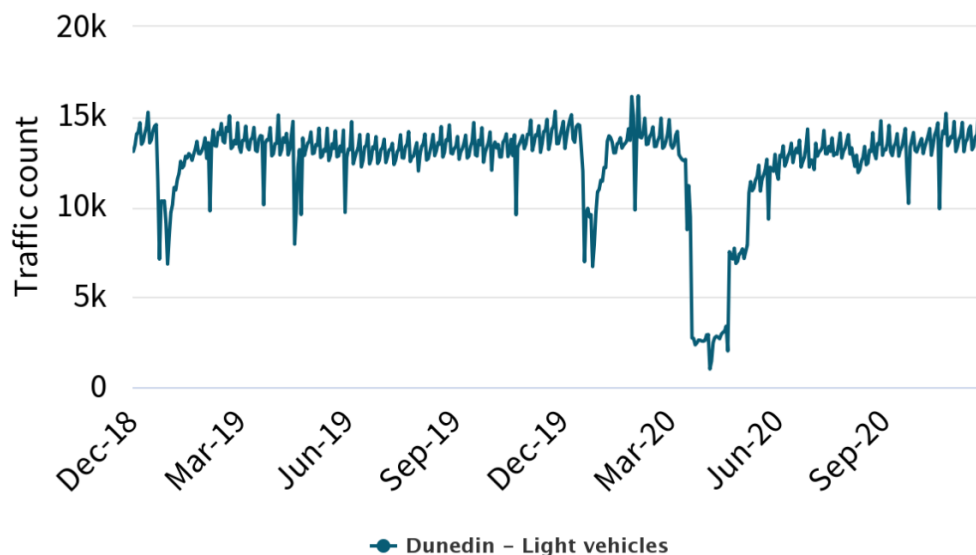
Heavy vehicle flows continued a pattern of fast growth, up 5.2% in November from their 2019 level.

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



Light vehicle flows in Dunedin during November 2020 were down 0.7% from their 2019 level. Traffic flows have recovered since Alert Level 2 restrictions that persisted during parts of August and September. Nevertheless, working from home remains more prevalent than it did pre-pandemic.

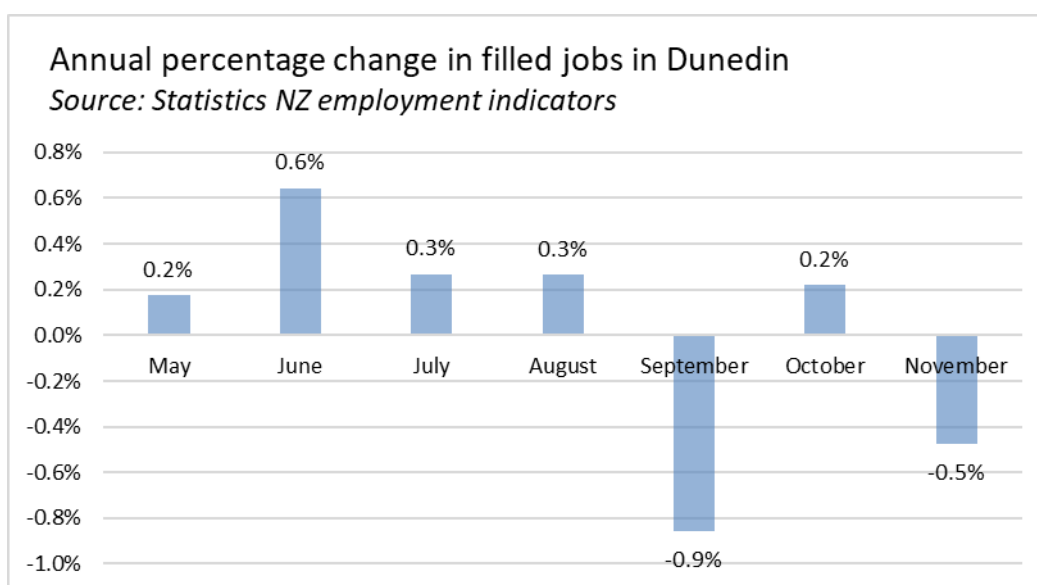
Dunedin weekly traffic – selected site 5 day average (excluding weekends)



Employment statistics and Jobseeker data

Data from Statistics New Zealand, based on payday payroll fillings, shows that job numbers in Dunedin during November were down just 0.5% from a year ago. The fact that job numbers have remained resilient since COVID-19 hit is testament to both government support, as well as the strong recovery to business activity that has occurred following the lockdown period.

From an industry perspective, job numbers have expanded strongly in construction, health, public administration, finance, and agriculture. These gains have offset declines within retail, warehousing, manufacturing, administrative support, arts and recreational activities (which capture many visitor attractions), and education.



The payroll data also gives insight as to what has happened to wages. The data shows that average wages in Dunedin across the three months to November were 3.3% above their 2019 level.

Despite overall job numbers and earnings data looking okay, there has still been a vulnerable group within the labour market who has missed out. Economic and social change has been a recurrent theme during the pandemic, with some industries gaining, while others have faced tougher trading conditions. As part of this change process, some people who lost jobs in industries that struggled were not able to be immediately matched into emerging opportunities.

MSD data shows that there were 4,603 people in Dunedin during November receiving Jobseeker Support or COVID-19 Income Relief Payments, slightly up on 4,567 people in October, but well down from a peak of 4,954 in August. By comparison, there were 3,377 Jobseeker Support recipients in March before the lockdown period. The percentage increase in people receiving such support in Dunedin between March and November was 36%, which is less than the 38% increase nationally.

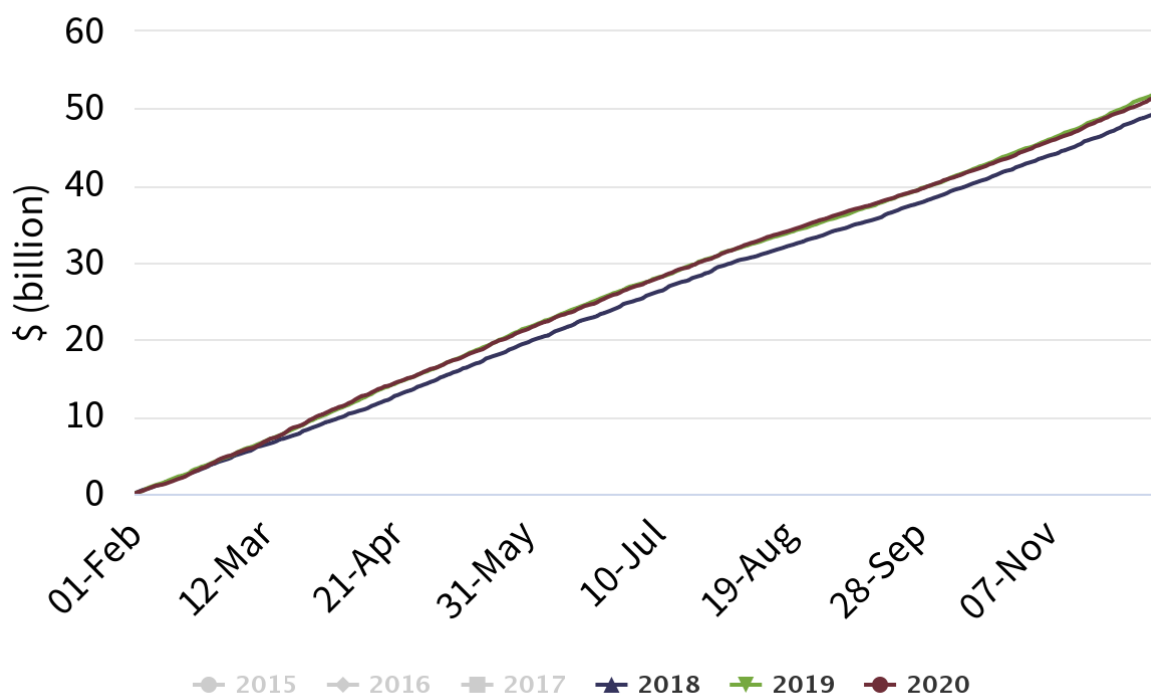
The effects of COVID-19 on the labour market have been uneven across different demographic groupings. Detailed demographic insight for MSD benefits is not yet available for November, but partial information in payroll data from Statistics New Zealand showed that job losses in November compared to a year ago were concentrated on under 25s, with job gains for those in their peak working years.

Trade data

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.

Data released by Statistics New Zealand shows that the value of exports during November 2020 was just 0.2% below its 2019 level, an improvement on the 4.2%pa decline in October. Across the year to date, exports performed much stronger to sit 0.3% higher across the 11 months to November than a year earlier.

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



Dairy exports have shown signs of recovery, after a softer patch during early spring.

Meat exports in November continued to be pulled lower, with falls price driven. Quantities of both beef and sheep meat were up on the same month of the previous year.

Fruit exports continue to go from strength to strength, although heavy rainfall over the New Year will affect the value of cherry exports in January data.

Forestry exports have remained strong since their June quarter ebb.

The prognosis for food exporters generally remains strong. The good thing for provincial New Zealand is that the world still must eat. There remain risks associated with export demand for some higher value add food items (such as some cuts of meat) because of reduced restaurant trade and more general belt-tightening, but demand for everyday staples for consumption at home will perform better over the months ahead. We remain wary of bottlenecks in global shipping which may challenge some exporters' ability to quickly get goods to market.