

## Enterprise Dunedin

### DUNEDIN – MONTHLY ECONOMIC UPDATE – OCTOBER 2020 (RELEASED 2 DECEMBER 2020)

This document provides context for economic and social wellbeing across Dunedin during October 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:

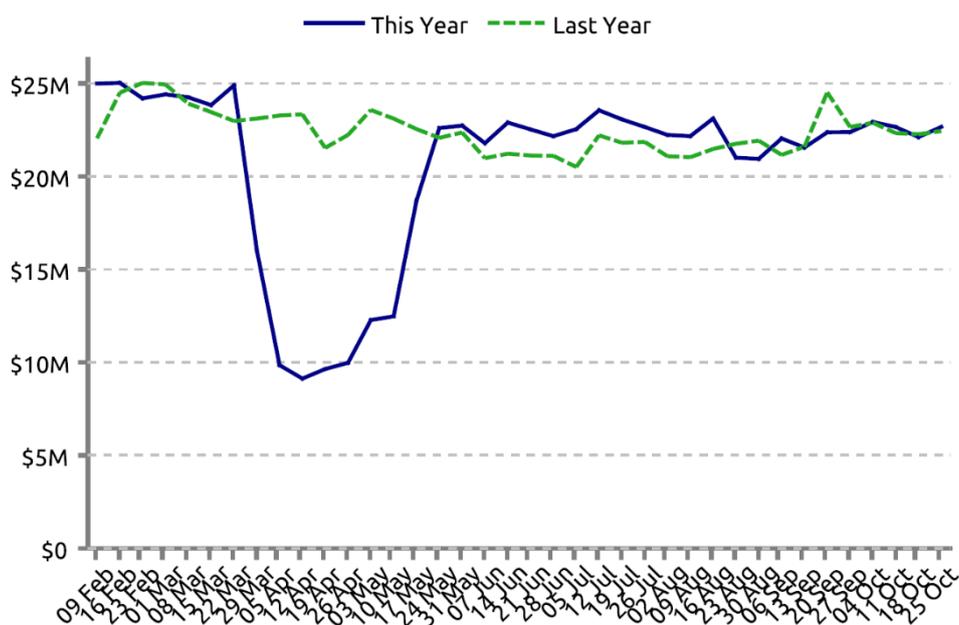
- Retail spending across Dunedin
- Inner city visitation
- Traffic flows
- Employment statistics and Jobseeker data
- Trade statistics

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 25 October 2020 totalled \$90.4 million, which was 0.5% above its level across the same period a year ago, according to data provided by Verisk. Spending was subdued in the central city (down 3.9%), but up in other parts of Dunedin (up 1.7%).

### 1. WEEKLY VALUE OF SPENDING



Supermarket and homeware/DIY spending remain the strongest performers.

Clothing, footwear and department store retailing has fallen across Dunedin as a whole, however, even within this category, there was a pocket of growth in the inner city.

Hospitality spending in the central city is down compared to the same period last year, however is up in other parts of Dunedin. The lower level of hospitality spending in the inner city is consistent with data showing fewer visitors to the central city.

The path forward for retailing over the coming months will be dictated by several factors, including overall consumer confidence and the health of the job market. The absence of cruise ship visits will become noticeable for some inner-city retailers and hospitality establishments over the coming months, with those catering to the demand patterns and preferences of locals performing better.

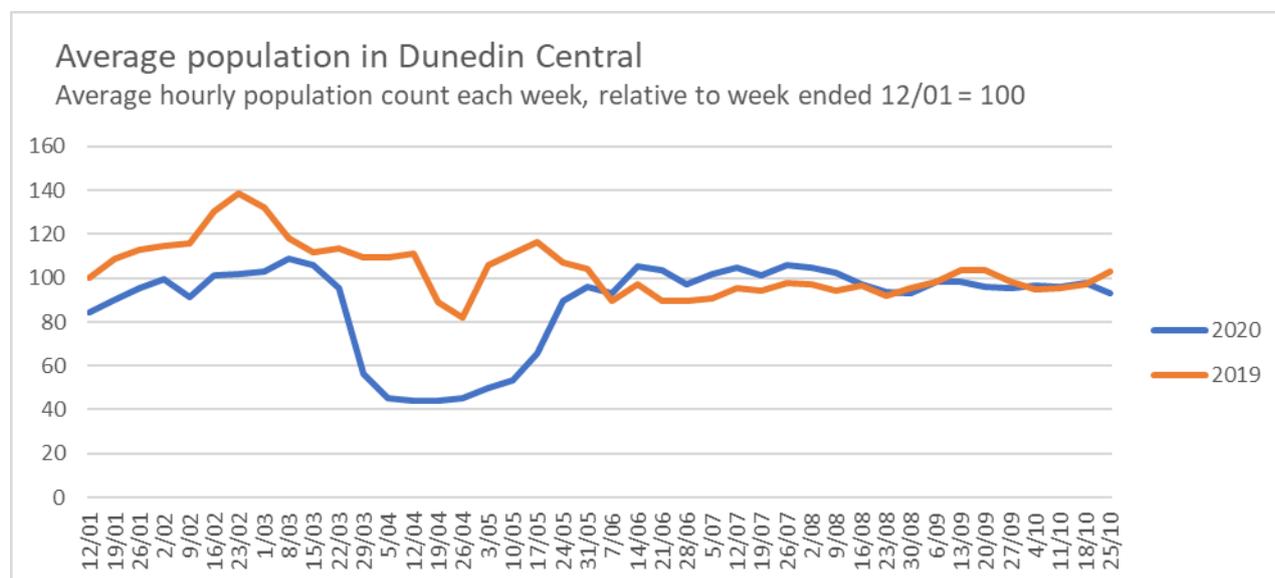
### Retail spending growth across Dunedin

4 weeks to 25 Oct 2020 compared to year ago	Dunedin total	Inner city	Rest of Dunedin
Food, liquor & pharmacies	7.2%	6.4%	7.4%
Hospitality & Accommodation	1.0%	-3.9%	2.9%
Fuel & Automotive	-29.6%	-6.8%	-30.3%
Clothing, Footwear & Department Stores	-2.5%	14.3%	-8.6%
Home & Recreational Retailing	15.0%	-6.3%	17.7%
All other	-9.2%	-26.4%	1.4%
<b>Total</b>	<b>0.5%</b>	<b>-3.9%</b>	<b>1.7%</b>

### Inner city visitation

The average daily number of people in Dunedin's central city across each week in October was 1.7% below its level from a year earlier, according to estimates from Data Ventures database derived from hourly monitoring of mobile phones.

The move back to COVID-19 Alert Level 1 at 11:59pm on 21 September did not lead to an immediate resumption of growth in inner city visitation as occurred in June the first time we returned to level 1. The absence of cruise ships has also become apparent in lower levels of peak visitation.

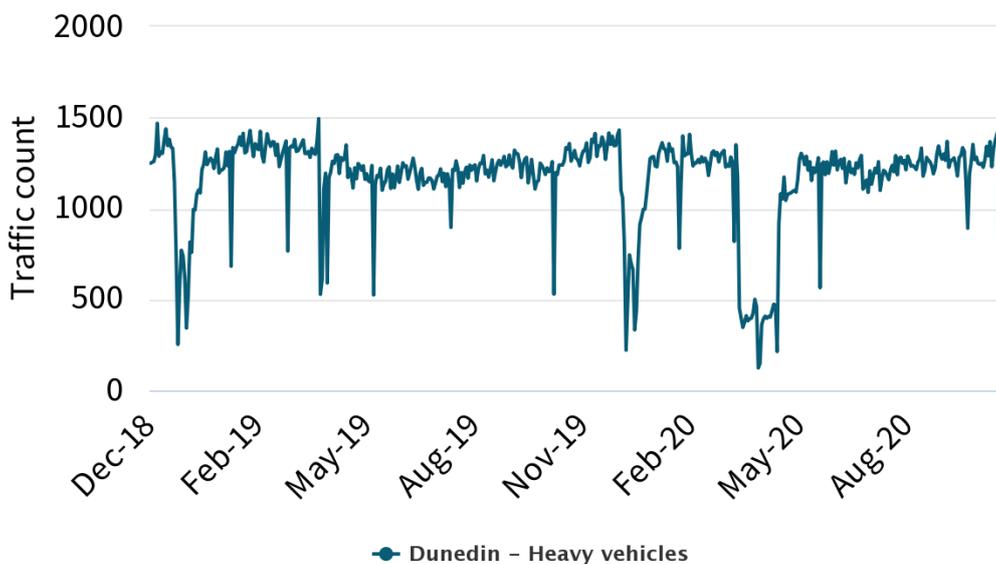


## Traffic flows

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.

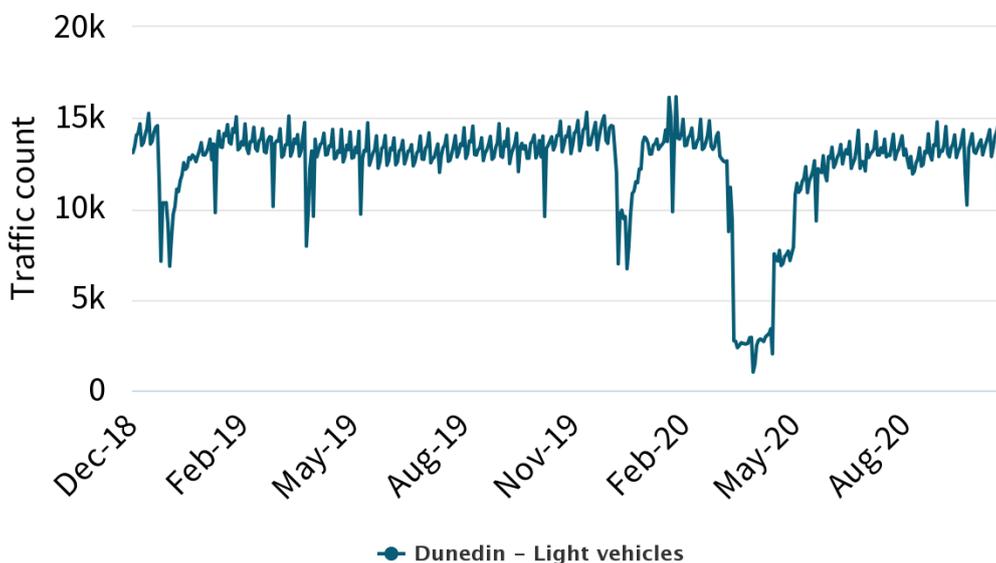
Heavy vehicle flows rose strongly during October 2020 and averaged 14% above their 2019 level.

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



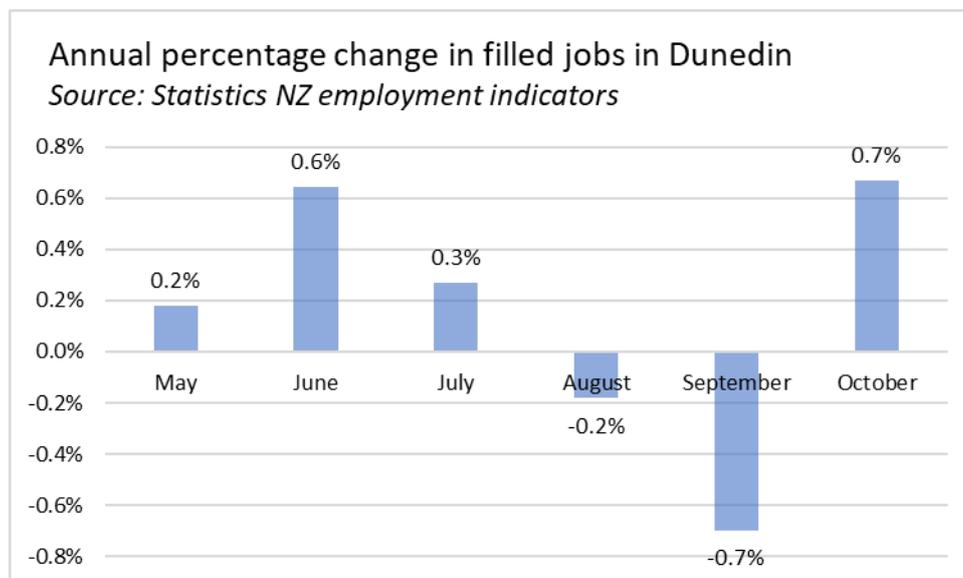
Light vehicle flows in Dunedin during October 2020 were up 4.5% above their 2019 level. This growth had been expected as households' daily routines normalised again under COVID-19 Alert Level 1 after having been constrained during much of September under Alert Level 2 restrictions.

**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 October were up 0.7% from their level from a year ago. Job growth was subdued in August and September as wage subsidies for most businesses ended, but job numbers have begun to climb again in October. 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.



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 October were 2.9% above their 2019 level.

Despite overall job numbers and earnings data looking okay, there has still been a vulnerable group within the labour market that 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.

Data from MSD shows that there were 4,567 people in Dunedin during October receiving Jobseeker Support or COVID-19 Income Relief Payments, down from a peak of 4,954 in August, but up from 3,377 in March before the lockdown period. The total percentage increase in people receiving such support in Dunedin between March and October was 35%, which is less than the 40% increase nationally.

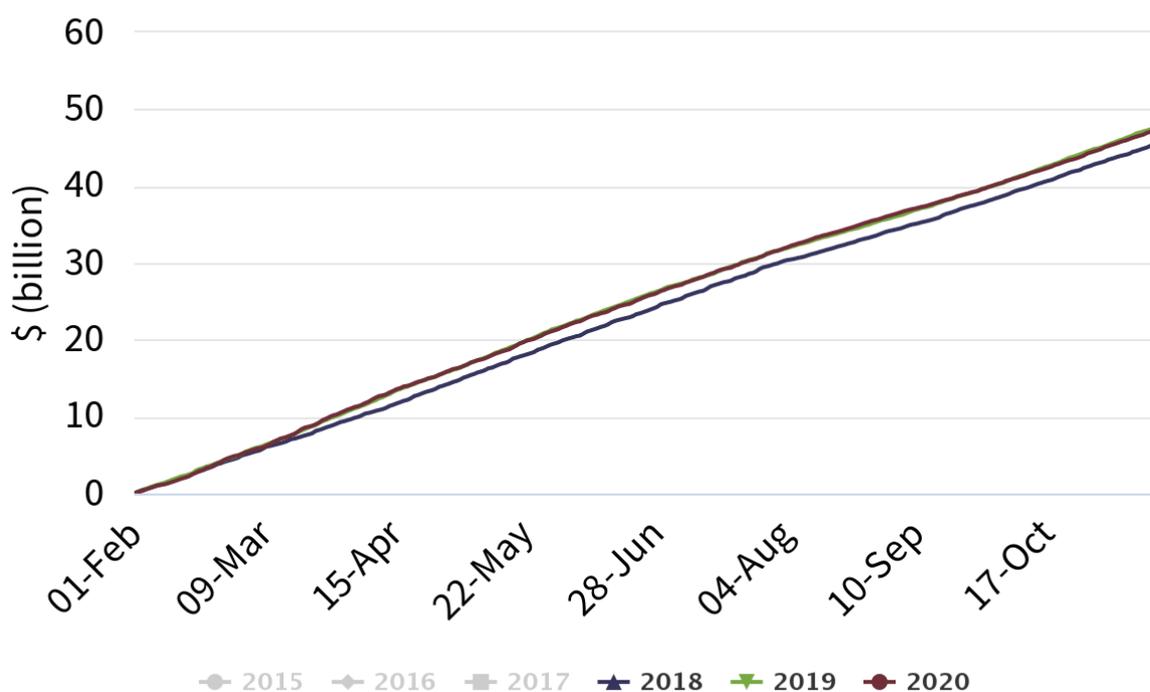
The effects of COVID-19 on the labour market have also been uneven across different demographic groupings. The data shows that youth have been disproportionately affected. Detailed demographic insight is not available for October, but data from September showed the number of people on Jobseeker Support in Dunedin aged 18-24 years had risen by 439 since March, while the increase in those aged 40-54 years was 176. Pasifika have also been more heavily affected than other ethnicities. To date in Dunedin, there have not been significant differences in relative growth rates of benefit recipients between genders.

## 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 October 2020 was 4.4% below its 2019 level, following a 8.0%pa decline in September. Nevertheless, across the year to date, exports have performed much stronger, to sit 0.3% higher across the 10 months to October than a year earlier.

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



Softness over the past couple of months has driven by weaker dairy and meat exports, with wine, fruit, forestry and non-food manufacturing goods exports rising. The weaker results for dairy and meat come after significant strength in these sectors for the year to date. Prices at dairy auctions sit just below their levels from this time last year, but above levels that persisted through much of the first half of 2020. Meat export prices have been pulled lower by beef over the past month, with lamb pricing inching higher.

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 needs food. There remain risks associated with export demand for some higher value add food items 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. However, logistical bottlenecks in global shipping and recruitment issues in some sectors may challenge some food exporters' ability to grow their supply.