

Enterprise Dunedin

DUNEDIN – MONTHLY ECONOMIC UPDATE – SEPTEMBER 2020 (RELEASED 4 NOVEMBER 2020)

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

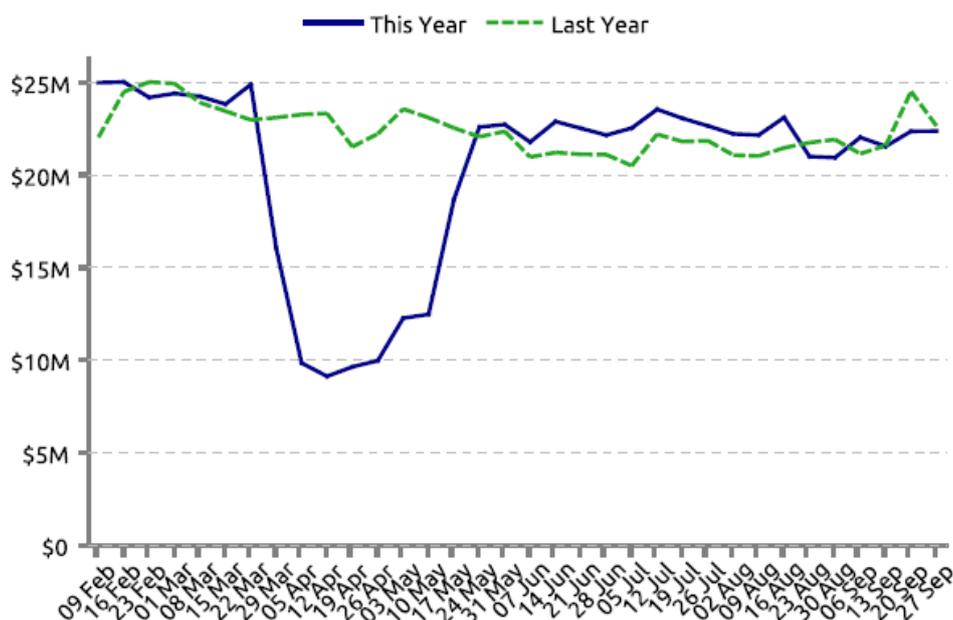
- Retail spending across Dunedin
- Inner city visitation
- Traffic flows
- Employment statistics and Jobseeker data
- Trade statistics

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 27 September 2020 totalled \$88.3 million, which was 1.8% below its level across the same period a year ago, according to data provided by Verisk. Spending weakness was concentrated on the central city (down 7.9%pa), with spending in other parts of Dunedin unchanged.

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 was also down, but almost all of the weakness in this category was concentrated in the central city, with hospitality spending across other parts of Dunedin close to last year's level. COVID-19 Alert Level 2 restrictions were particularly challenging for inner city bars.

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. Growth may resume now that we are back to level 1 restrictions, but we are unlikely to see the same 'sugar rush' for retailers again anytime soon as what was experienced during June and July. Households are expected to display more caution in their consumer behaviour over the coming months.

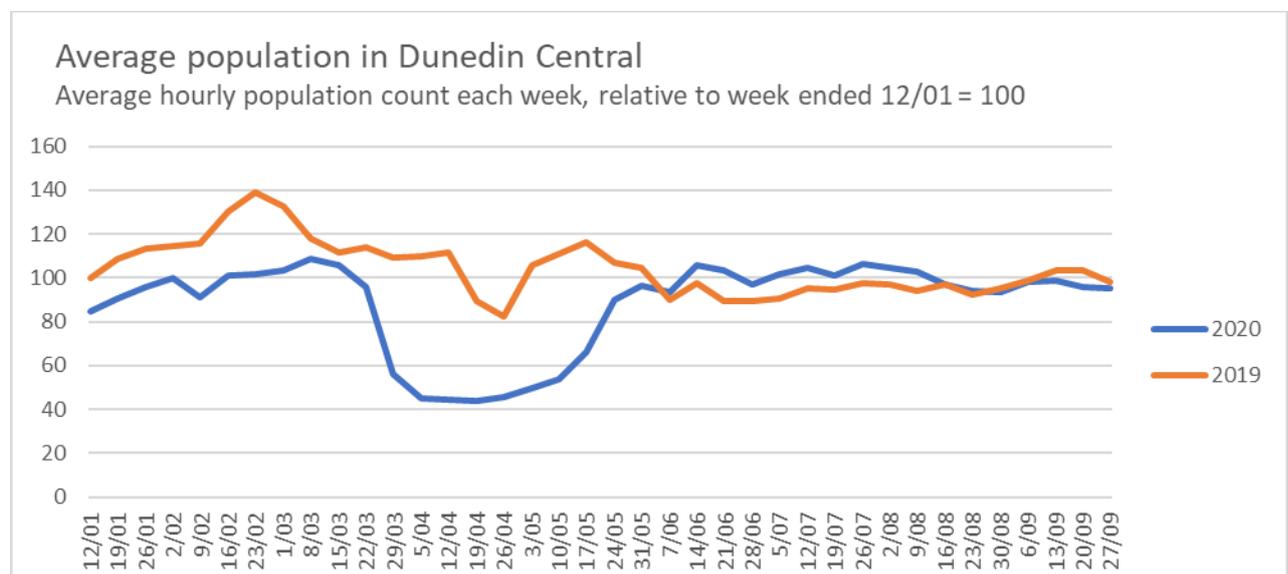
Retail spending growth across Dunedin

4 weeks to 27 Sept 2020 compared to year ago	Dunedin total	Inner city	Rest of Dunedin
Food, liquor & pharmacies	7.8%	6.0%	8.4%
Hospitality & Accommodation	-6.4%	-16.6%	-2.2%
Fuel & Automotive	-32.4%	0.4%	-33.4%
Clothing, Footwear & Department Stores	-9.1%	5.4%	-14.3%
Home & Recreational Retailing	17.0%	1.8%	18.8%
All other	-14.6%	-30.2%	-4.5%
Total	-1.8%	-7.9%	0.0%

Inner city visitation

The average daily number of people in Dunedin's central city across each week in September was 3.9% 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 led to an immediate resumption of growth in inner city visitation as occurred in June the first time we returned to level 1.

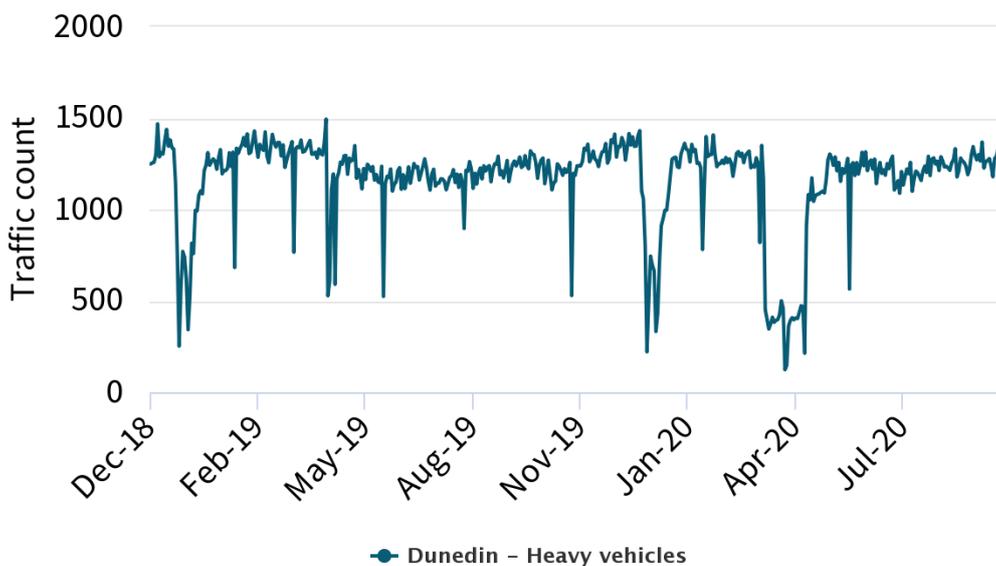


Traffic flows

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.

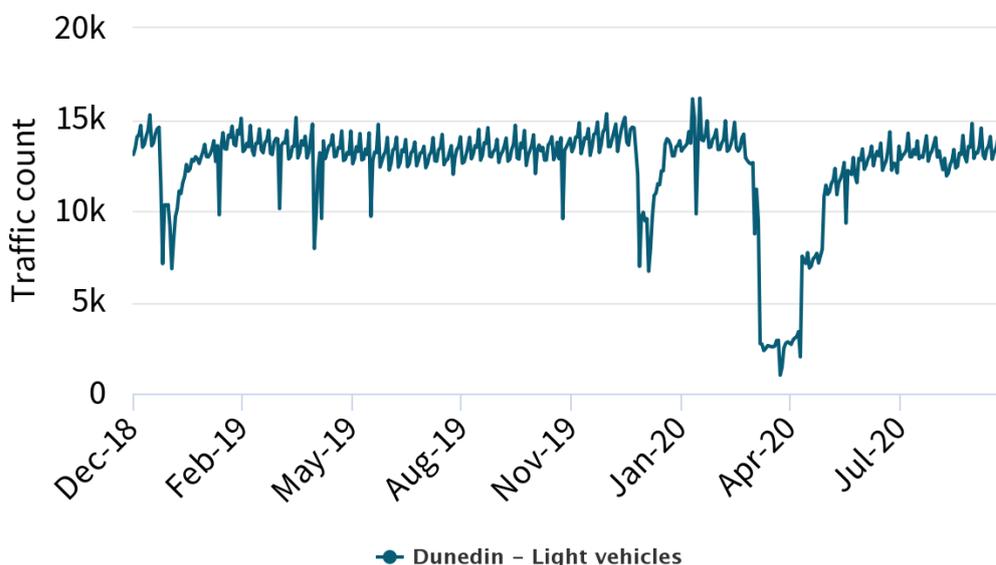
Heavy vehicle flows rose slightly during September 2020 and average 0.8% above their 2019 level.

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



Light vehicle flows in Dunedin during September 2020 were 0.2% below their 2019 level. COVID-19 Alert Level 2 restrictions during much of September constrained households' daily travel patterns, as a higher share of people worked from home. Growth is expected to have resumed in October given a normalisation to household daily routines again under COVID-19 Alert Level 1.

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

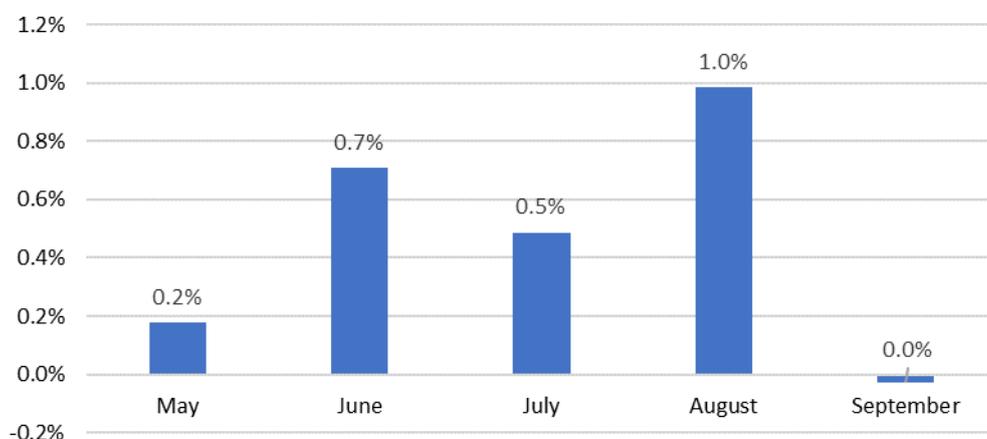


Employment statistics and Jobseeker data

Data from Statistics New Zealand, based on payday payroll fillings, shows that job numbers in Dunedin during September were unchanged from a year ago. Job numbers had showed modest growth during the winter months, but that growth tapered off as wage subsidies for most businesses ended in September. 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 during April and part of May.

Annual percentage change in filled jobs in Dunedin

Source: Statistics NZ Employment Indicators



The payroll data also gives insight as to what has happened to wages. The data shows that average wages in Dunedin across the September quarter were 4.6% 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 4,715 people in Dunedin during September 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 September was 40%, which is less than the 42% increase nationally.

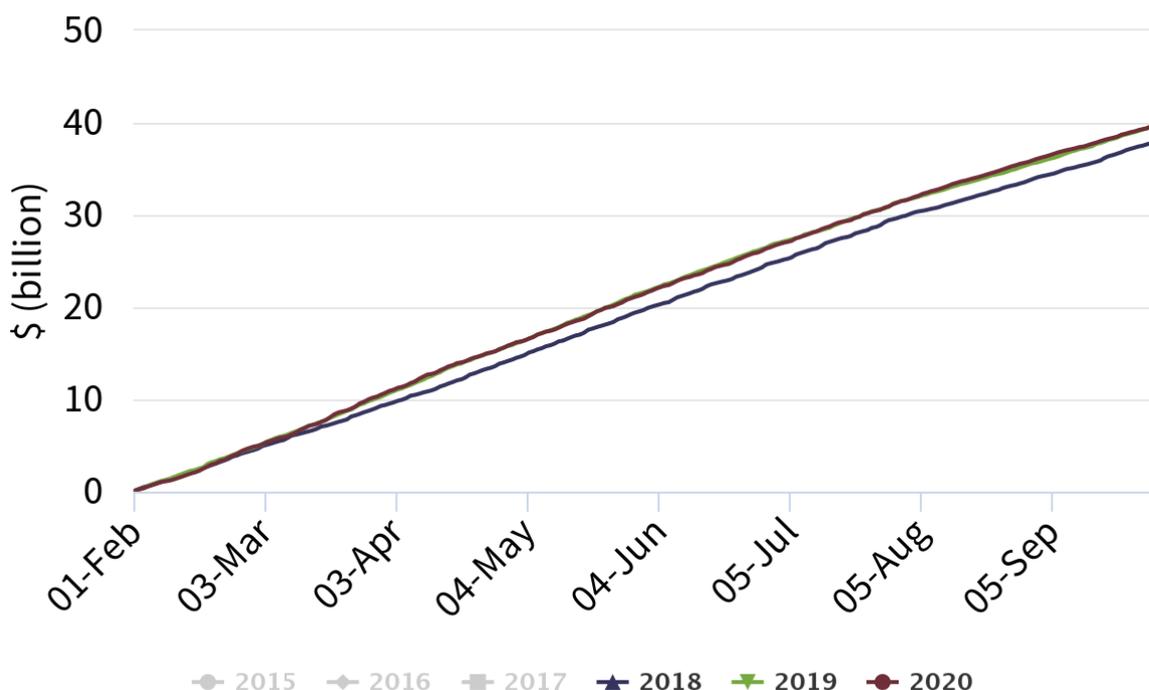
The effects of COVID-19 on the labour market have also been uneven across different demographic groupings. The data shows that youth have been disproportionately affected, with the number of people on Jobseeker Support in Dunedin aged 18-24 years rising by 439 between the March and September quarters, 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 September 2020 was 8.0% below its 2019 level. Nevertheless, across the year to date, exports have been more resilient, to sit 0.7% higher across the nine months to September than a year earlier.

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



Softness during September was driven by a weaker month for dairy exports, with fruit, forestry and non-food manufacturing goods exports rising, while meat exports remained close to last year's level. The weaker month for dairy is not a concern at this stage, given strength across the year to date, and the fact that prices at dairy auctions remain above levels from this time last year.

Resilient export earnings come at a time when reduced consumerism and lower oil prices have kept imports at bay. As a result, the trade surplus has risen to a record level, which is providing a welcomed net inflow of foreign capital.

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 must eat. 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, recruitment issues, as a result of fewer migrant workers, will challenge some food exporters' ability to grow their supply, particularly in Central Otago's horticulture sector.