

# Economic Quarterly

**Northland**  
REGIONAL COUNCIL  
Te Kaunihera ā rohe o Te Taitokerau



## Issue 34 | June 2022

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*Disclaimer: this newsletter provides general information on the Northland economy and the views expressed are those of the author. It is not intended for any particular course of action or as a substitute for financial advice.*

## From the economics team at NRC

Kia ora and welcome to the 34<sup>th</sup> issue of this newsletter. Northland's economy performed well over the start of 2022, with growth above the national average. On an annual basis, Northland's economy grew by 5.4% and was supported by strong construction, job creation, and local spending. Within Northland the recovery is evenly spread, with growth in Kaipara slightly stronger than the Far North and Whangārei.

The annual section reports on Northland data from the latest Agricultural Production Statistics. Beef and dairy cattle numbers in Northland as at 30 June 2021 were lower than in 2020, with the sheep flock experiencing a rise. Current animal numbers are well below the highest recorded herd/flock numbers: -57% for sheep, -29% for beef and -23% for dairy. The quantity of fertiliser applied in Northland in 2020/21 decreased by 5% to around 86,000 tonnes.

The spotlight section highlights some of the immediate impacts of the latest COVID-19 Protection Framework on Northland's economy. Weekly consumer spending was 9% higher compared to 2019 levels during the four weeks ending 31 March. It has since risen to 18% above 2019 levels (5 June), the strongest increase amongst all regions. Northland's filled jobs growth in March 2022 is the 3<sup>rd</sup> fastest in the country. High job numbers have contributed to a 8% fall in total Jobseeker Support recipients as at 3 June 2022 compared to the same week a year previous.

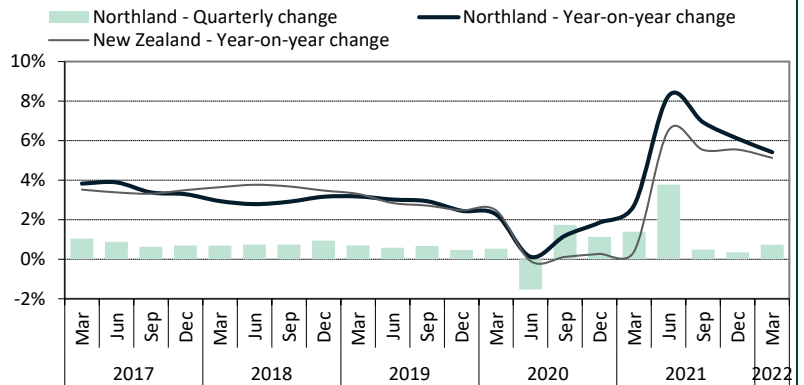
## Quick quarterly statistics

- Annual GDP is estimated to have risen 5.4% in the year ended March 2022.
- Ready-mix concrete production increased 22% in the past 12 months.
- The total value of retail trade spending rose 12% in the year to March 2022.
- Log export volumes fell 12% in the year ended March 2022.
- The number of people working rose by 3.7% in the year ended March 2022.
- The annual average unemployment rate dropped to 3.6% in March 2022.
- The annual average youth not in employment, education or training (NEET) rate dropped to 14.8% in the year ended March 2022.
- The number of people on the Jobseeker Support-Work Ready benefit fell by 14.5% in the year ended March 2022.
- The average wage and salary rose 3.4% in the year ended March 2021.
- Food prices in Whangārei surged by 3.8% in the March 2022 quarter.
- The average weekly rent of bonds lodged by landlords rose 8.7% in the 12 months to March 2022.
- Consumer confidence in Northland dropped by 17.8 points in June 2022.

# Economic activity – quarterly

## Gross domestic product (GDP) in Northland

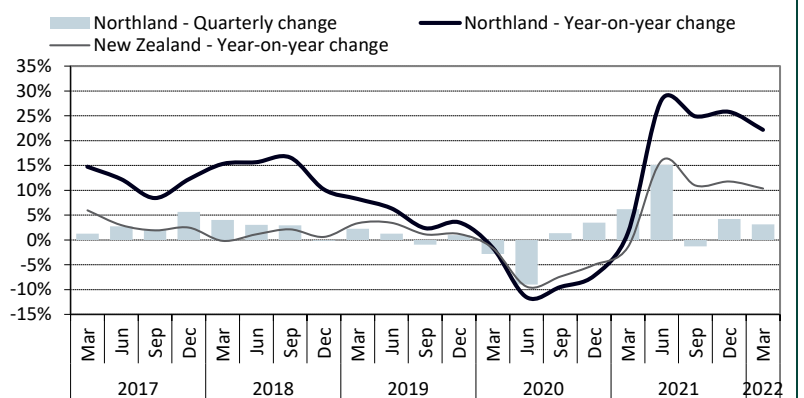
Northland’s annual GDP is estimated to have grown by 0.7% in the March 2022 quarter, contributing to an estimated annual growth rate of 5.4% for the year ended March. The 5.4% growth in Northland’s GDP is just above the 5.1% growth in the national economy. All regions experienced an increase during the year ended March 2022; varying from 3.7% in Auckland to 9.7% in the West Coast. Over the last 10 years, Northland’s economy has grown on average 3.3% per year, above the national rate of 2.9%. Annual growth rates in the districts in the year to March 2022 have all increased: Kaipara District (6.2%), Far North District (5.5%) and Whangārei (5.3%).



Source: Infometrics

## Ready-mixed concrete in Northland

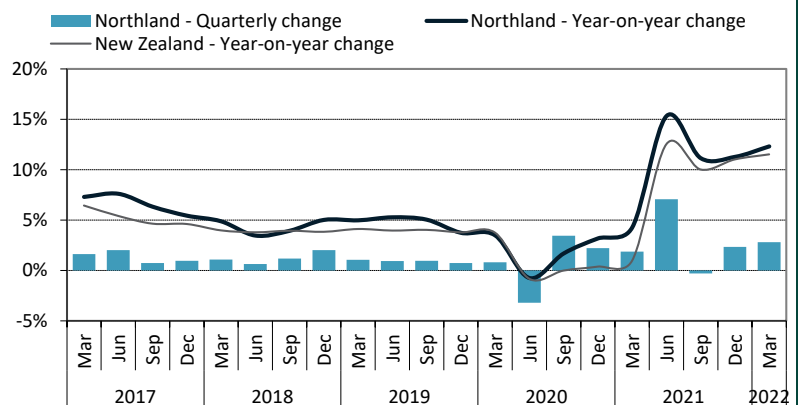
In the year ended March 2022, 207,500m<sup>3</sup> of ready-mixed concrete was produced in Northland. This is an increase of 22% in annual volume since the year previous, which ranks Northland first across all regions. Nationally, concrete production increased by 10% over the same period. The combined West Coast / Tasman / Nelson / Marlborough region followed Northland with a 14% increase. The current annual volume of concrete production in Northland has surpassed the record volume set in the year ended September 2008 (173,300m<sup>3</sup>) and nearly triple the 21st century annual volume low of 71,100m<sup>3</sup> recorded in the 2011 calendar year.



Source: Statistics New Zealand

## Retail trade in Northland

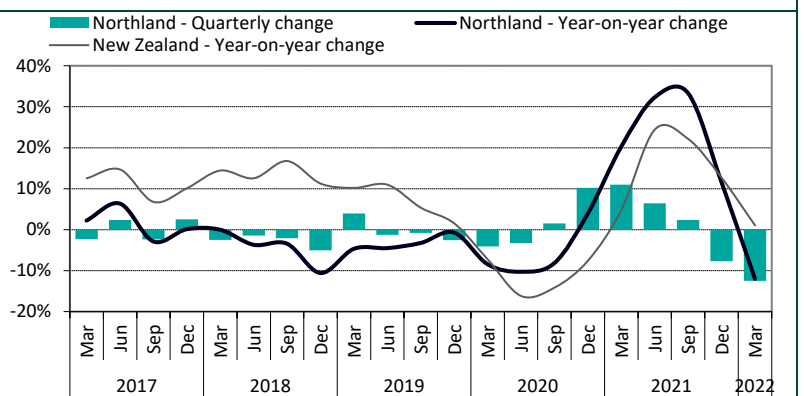
The annual value of retail trade spending in Northland was just over \$3.5B in the year ended March 2022. This was 2.8% higher than the annual value recorded for the year ended December 2021, and 12.3% higher than the value of spending in the year ended March 2021. Over the past year, there has been a rise in retail spending across all regions, with Northland ranking fourth after Canterbury (13.5%), West Coast (12.9%) and Otago (12.7%). Over the last five years, retail spending in Northland has grown by 33%, faster than the national increase of 26%, with Northland ranking fourth out of the 16 regions in terms of growth rates.



Source: Statistics New Zealand

## Log exports from Whangārei

Just over 2.5 million cubic metres of logs were exported from Whangārei in the year ended March 2022. This is 12% lower than the volume exported in the year ended March 2021. At a national level, the volume of log exports increased by 1.1%. The change in the volume exported in the twelve months to March 2022 ranged with Tauranga experiencing a 9% increase and Auckland a 1.8% increase. Northland accounts for 12% of national log exports in 2022, down from 14% in 2020.

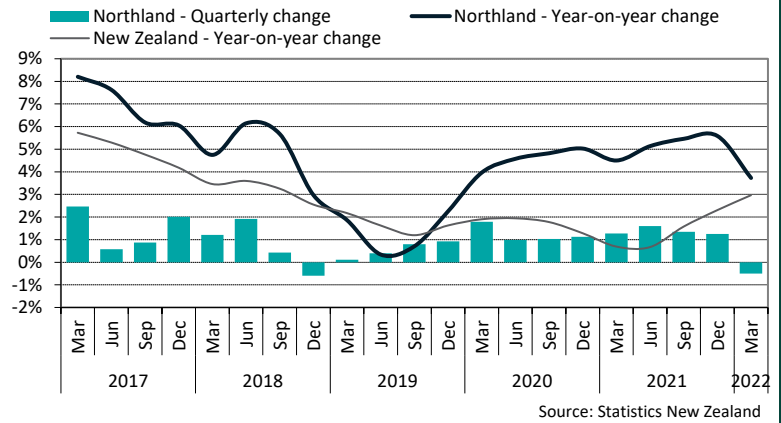


Source: Forestry New Zealand

# Employment activity – quarterly

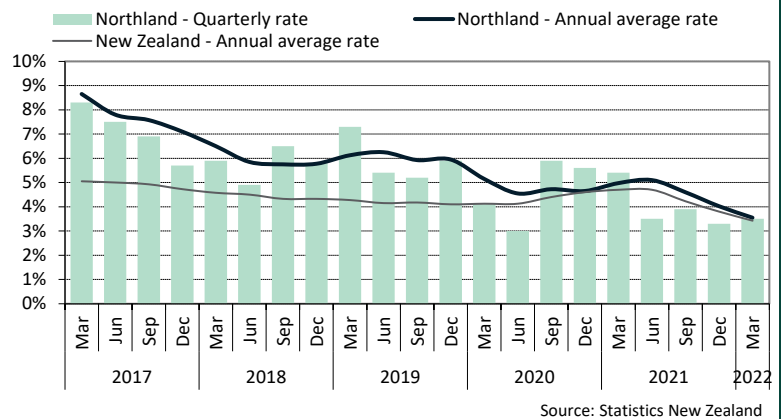
## People working in Northland

An estimated average of 98,700 people were working in Northland (both full-time and part-time) in the year ended March 2022. This is 3.7% higher (3600 people) than the number working in the year ended March 2021. Nationally, the number of people working increased by 3% over the same period. All regions except two, Gisborne / Hawke's Bay (-0.6%) and Taranaki (-0.1%) experienced a rise in the number of people working, growing between 0.7% in Southland and 4.5% in Manawatu - Whanganui. Over the last five years, the number of people working in Northland has increased by 16,600 (20.2%). This is the largest percentage increase in people working across the 12 regions, with New Zealand recording an 11.7%



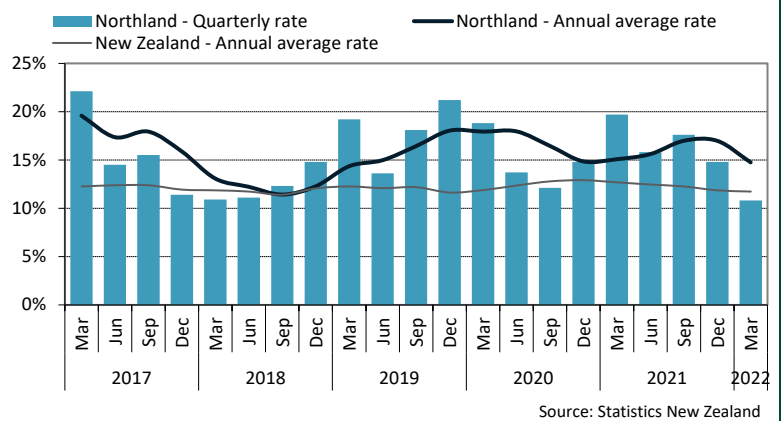
## Unemployment in Northland

The annual average unemployment rate in Northland was 3.6% in the year ended March 2022, down from an annual average rate of 5.0% recorded in March 2021. This is the lowest annual average rate recorded in Northland, below the previous low set in 2007 just before the GFC. The national unemployment rate averaged 3.4% for the year ended March 2022, down from 4.7% one year earlier. Two of the 12 regions have a higher annual average unemployment rate than Northland: Bay of Plenty (4.2%) and Taranaki (3.7%). The Otago region has the lowest unemployment rate of 3.0%.



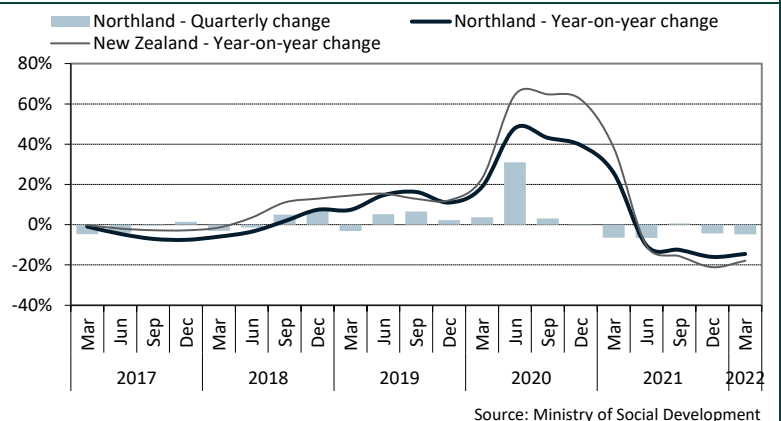
## Youth (aged 15-24) not in education, employment or training in Northland

The annual average youth NEET rate in Northland was 14.8% in the year ended March 2022 (~2800 people), above the national rate of 11.7%. The youth NEET rate of 10.8% for the March 2022 quarter is down from the December 2021 quarter (14.8%), and considerably down from 19.7% recorded in March 2021. The current annual rate is 10.8 percentage points below the peak of 25.6% recorded in March 2013. Northland has the third-highest NEET rate, just below Bay of Plenty (15%), and Southland (15.2%). Otago (9.1%) and Wellington (9.5%) have recorded the lowest youth NEET rate in the year ended March 2022.



## Jobseeker Support-Work Ready in Northland

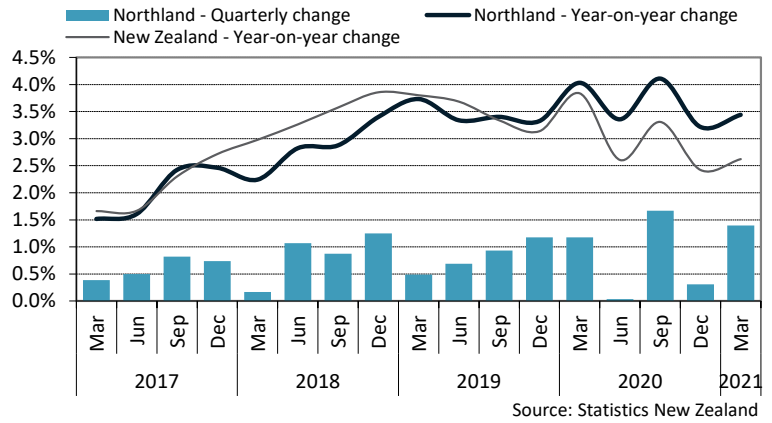
A total of 5961 people in Northland were receiving the Jobseeker Support-Work Ready benefit in the March 2022 quarter. This is down by 1011 people (-14.5%) from the number in March 2021 but is still 1296 people (28%) up from the pre-pandemic levels in March 2019. Nationally, the number of people receiving this benefit has fallen by 18% during the past year. Two regions have experienced a lower fall in Jobseeker Support - Work Ready beneficiaries: West Coast (-11%) and Bay of Plenty (-7%). Tasman ranks first with a 28% drop.



# Household welfare – quarterly

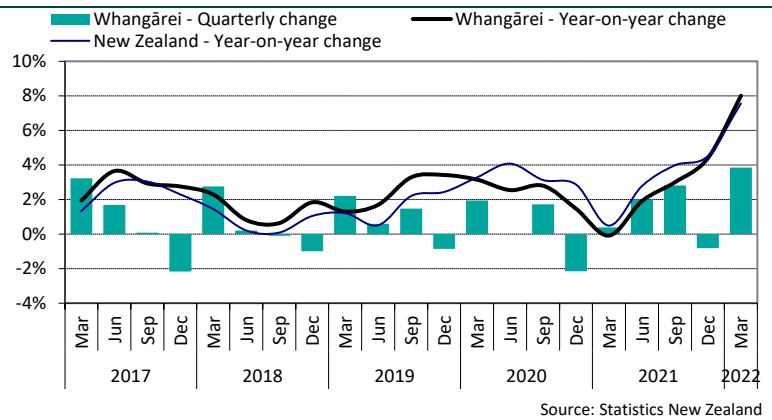
## Average wage and salary earnings in Northland

The annual average wage and salary in Northland, based on the sum of mean earnings of people in paid employment for the year to March 2021 was \$59,500, 3.4 % higher than in March 2020. This is above the national average increase of 2.6%, with ten of the 16 regions (including Auckland and Canterbury) recording a lower increase than Northland over the same period. Northland’s average earnings is 89% of the national average. Only Auckland and Wellington have average earnings above the national average. Northland ranks 14<sup>th</sup> out of the 16 regions, with seven regions, including Northland, having an average in the narrow range between \$56,000-\$60,000.



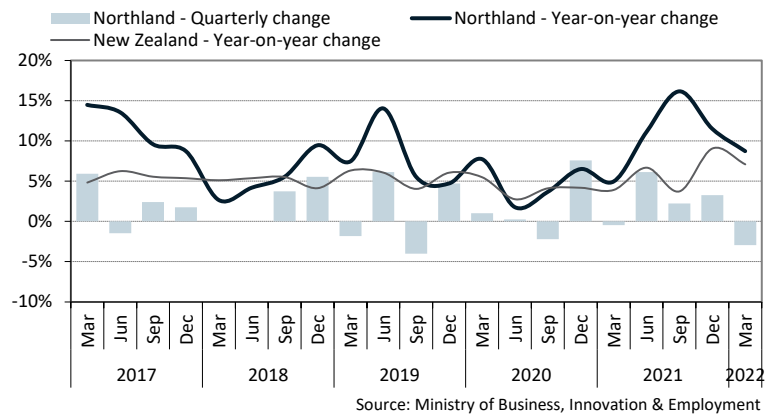
## Food prices in Whangārei

Food prices in Whangārei rose strongly by 3.8% in the March 2022 quarter, following a seasonal fall of -0.8% in the December quarter 2021. On an annual basis, food prices in Whangārei soared 8% in the year to March 2022, higher than the 7.6% increase in the national food price index. The 8% increase is just below the record high of 9.3% experienced in March 2009. The cost of the standard basket of commodities used for measuring food prices in Whangārei is 15% higher today than five years ago in March 2017; same for New Zealand as a whole.



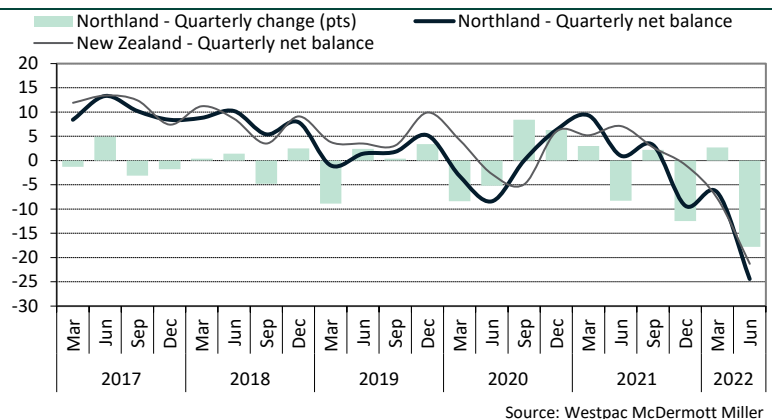
## Average rent in Northland

The mean average rent of bonds lodged in March 2022 for rentals in Northland was \$461 per week. This is just below the record level set in the December 2021 quarter (\$475) and 8.7% higher than the average rent charged on bonds lodged in March 2021. Nationally, average rents increased by 7.1%. Since March 2017, the average rent in Northland has risen by 36%, above the national average rent increase of 31%. Only five regions recorded a smaller increase in the average weekly rental cost than Northland over these five years, with increases between 59% in Manawatu/Wanganui and 17% in Auckland. The average rent in Northland is now 90% of the national average compared to 87% in 2017.



## Consumer confidence in Northland

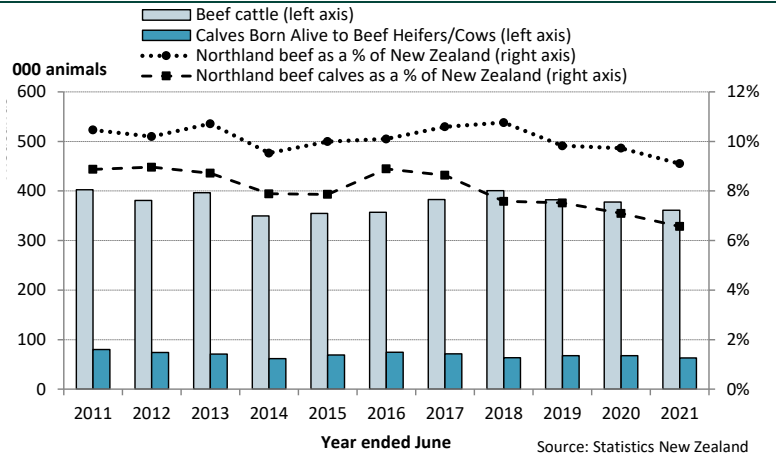
The Westpac-McDermott Miller Consumer Confidence Index for Northland dropped by 17.8 points in the June 2022 quarter from -6.6 to -24.4. An index number of zero indicates that the number of optimists equals to the number of pessimists. This decrease was larger than the 13.4 points drop in the national level of consumer confidence over the same period. Of the 11 regions for which data is compiled, consumer confidence is lower than Northland in Auckland, Nelson / Marlborough / West Coast and Southland.



# Agricultural statistics – annual

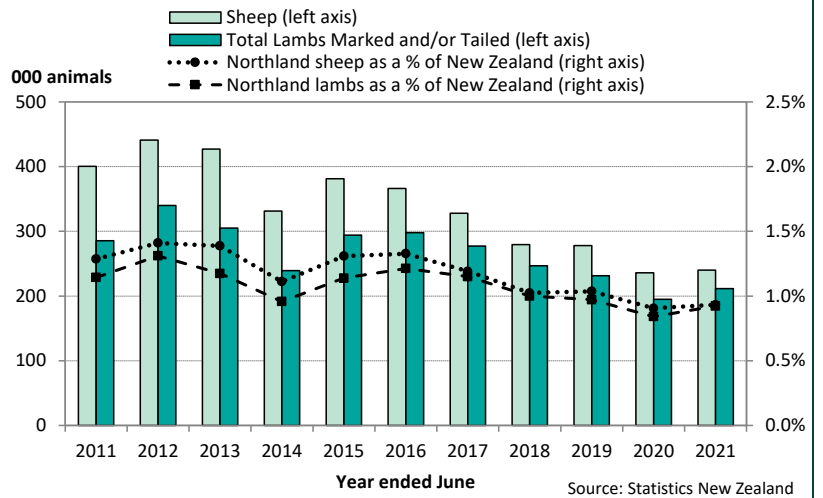
## Beef animals in Northland

The number of beef cattle in Northland fell by 4.4% in the year ended June 2021 to 361,990 head; a downward trend for the last three years. In 2021, Northland accounted for 9% of the national herd, down from 13% in the early 1990s. There had been a steady incline in the Northland beef herd from 2014 to 2018, increasing 14% from around 0.35 to 0.45 million animals. Since 2018, the Northland beef herd has dropped by 10% whereas the national herd has grown by 7%. This ranks Northland last in terms of beef cattle numbers growth. Tasman recorded the strongest increase over the same period (39%).



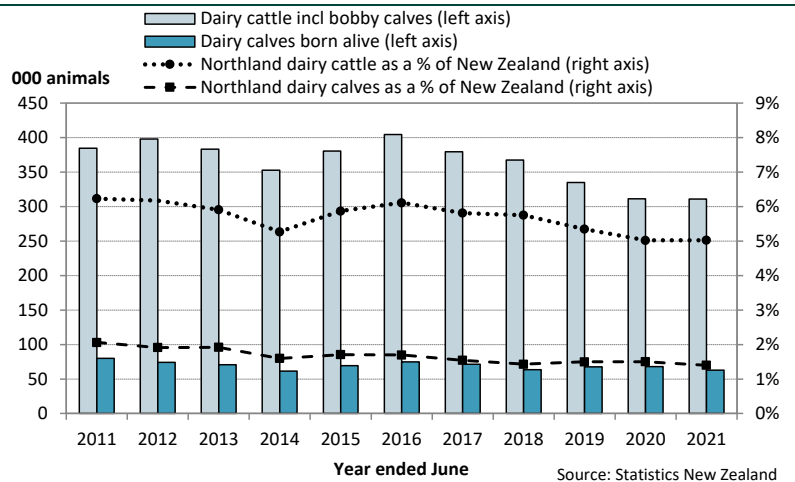
## Sheep in Northland

In the year ended June 2021, there were nearly 240,000 sheep in Northland, 4160 (1.8%) more than in 2020, but 38,000 (13.7%) less than in 2019. The region's sheep flock totalled 1.3 million in 1990. In the last 10 years, the number of sheep in Northland has fallen by 40% while the national flock has fallen by 17%. Only Nelson has recorded a steeper decline in the sheep flock since 2012 although all regions except Marlborough have experienced a decline. Northland's share of the national flock has fallen from 1.3% to 0.9% over the same period. There were 211,350 lambs born in Northland in the year ended June 2021, up from 194,800 in 2020, and down from 340,156 in 2012.



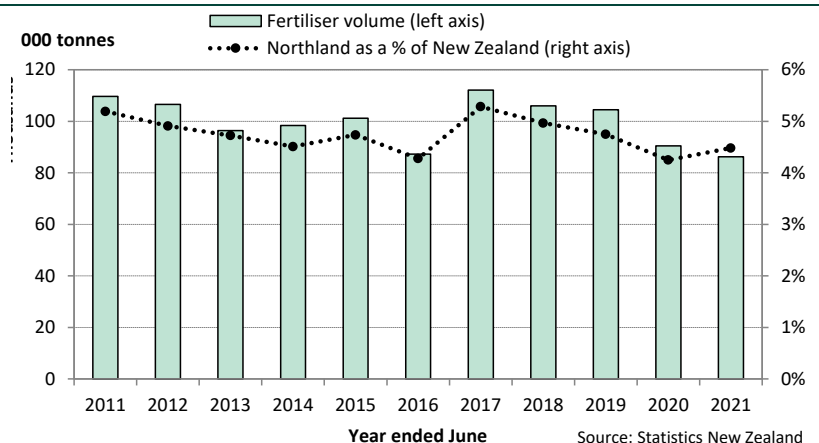
## Dairy cattle in Northland

There were 310,765 dairy cattle in Northland in June 2021, including bulls, cows in milk, heifers, and calves. This was 517 (0.2%) lower than in 2020, and is the lowest total number recorded in the historical series that goes back to 1990. The number of dairy cattle in Northland has fallen by 23% since 2016 when it was close to a thirty-year peak number of 404,415. As a result, Northland's share of the total dairy herd has dropped from 6.1% to 5.0%. In 1990, Northland accounted for 10.7% of the national dairy cattle. There were 63,000 dairy calves born in Northland in the year ended June 2021, down 7.2% for the year previous.



## Fertiliser use in Northland

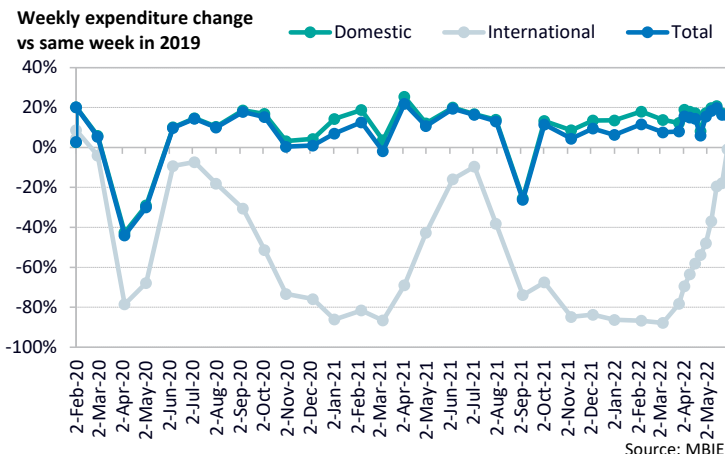
Northland farmers applied 86,221 tonnes of fertiliser in the year ended June 2021, 5% down from 2020. This is record low fertiliser use in Northland since the beginning of the series. For most of the 2000s (2002-08), Northland farmers applied around 160,000 tonnes of fertiliser each year, equivalent to 6.5% of total fertiliser applied in New Zealand. Over the past decade (2011-21), the annual quantity of fertiliser applied in Northland has averaged just below 100,000 tonnes, 4.7% of the New Zealand total. During the early 1990s over 300,000 tonnes per annum was applied in Northland.



# Spotlight – Immediate impacts of COVID-19

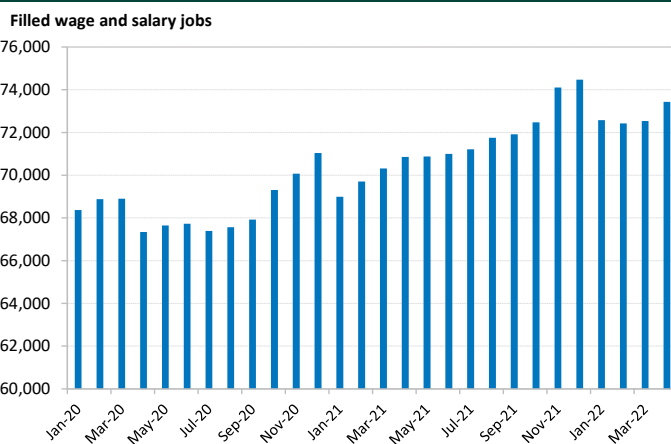
## Electronic consumer spending in Northland

From the beginning of December 2021 when New Zealand moved to the COVID-19 Protection Framework to 5 June 2022, weekly consumer spending in Northland, measured by Paymark's EFTPOS transactions, has been on average 11.7% higher than in the same week in 2019. Only Manawatu-Wanganui (13.2%) has recorded a larger increase in consumer spending than in Northland. Average weekly spending has fallen in five regions since December 2021, with Otago recording a drop of more than 10% in consumer spending. New Zealand has experienced a drop of 0.4% over the same period. In the four weeks to 5 June, Northland's spending has seen the highest increase across all regions (18%).



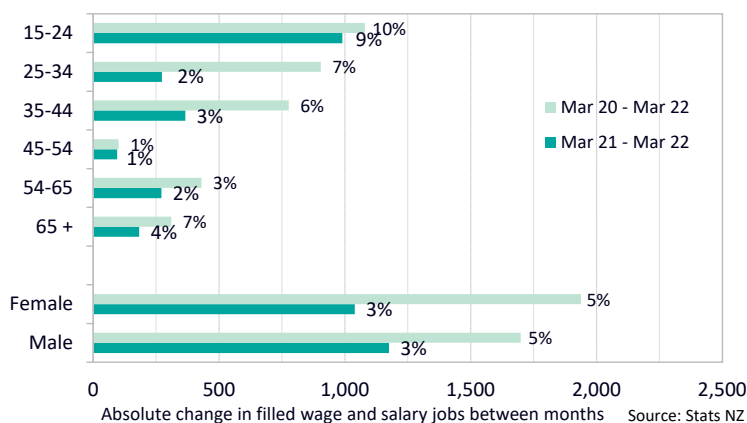
## Filled wage and salary jobs in Northland

In April 2022, there were 73,434 filled wage and salary jobs in Northland, i.e., not including self-employed. This is approximately 2580 (3.6%) higher than in April 2021 and 5871 (9%) higher than April 2020. The number of filled wage and salary jobs has increased in all regions, over the year to March 2022; the largest increase was seen by Tasman (4.7%) followed by Northland (3.7%). Nationally, the number of wage and salary jobs has risen by 3.0% over the same period. The COVID-19 Omicron variance outbreak at the beginning of 2022 had no impact on wage and salary employment numbers.



## Filled wage and salary jobs in Northland by broad age group and gender

The total number of filled wage and salary jobs increased by 2178 (3.1%) to the year ended March 2022. The number of jobs held by 15–24-year-olds rose by 990 (9%) accounting for 45% of the total job increase. Overall, this group has experienced a 10% increase in jobs numbers from March 2020 to March 2022. Changes in employment have been evenly spread across gender in Northland. Total filled jobs for both females and males rose by 3% to the year ended March 2022.



## Jobseeker Support recipients in Northland

A total of 10,557 people in Northland was receiving the Jobseeker Support benefit at the beginning of June 2022. This is down by approximately 900 people (-8%) from the same period in 2020 and 2021. Nationally, the number of Jobseeker Support recipients has decreased by 10.3% over the past year, with all 16 regions recording a drop. Three regions recorded a smaller drop than Northland: West Coast (-7.2%), Bay of Plenty (-3.8%) and Southland (-3.6%). Gisborne experienced the largest decrease (-16.6%) followed by Taranaki (-15.5%) and Wellington (-12.9%).

