

# Economic Quarterly

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



## Issue 35 | September 2022

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## From the economics team at NRC

Kia ora and welcome to the 35<sup>th</sup> issue of this newsletter. Despite the current economic challenges, Northland's economy continues to hold firm. Slower economic activity in the June 2022 quarter is partly due to the strength in the June 2021 quarter. Labour market indicators remain upbeat, with Northland experiencing the largest growth in the number of people working among all regions in the last five years. Underutilisation rates are the lowest the region has seen since the beginning of the series in 2004. Offsetting this, the cost of living, including electricity prices, has risen and housing affordability in Northland continues to deteriorate.

The annual section draws on tourism-related indicators. Unfortunately, due to the replacement of previously reported data series, long-term trends on guest night accommodation and tourism spending are not possible. Spending data by international visitors is considered unreliable for analysis. Guest nights in Northland for the year ended June 2022 totalled 1.3 million, with 26% occurring in the month of January and 66% in the Far North district. Domestic tourism spending in Northland totalled \$525M in the year ended June 2022, 8% less than in the previous year. Northlanders spent a total amount of \$474M on tourism activities, with 37% spent in Northland followed by Auckland (35%).

Rather than focussing on a specific topic, the spotlight section in this issue draws from recent data released by various agencies on topics of interest to the region. This includes data on child poverty, self-assessed wellbeing, greenhouse gas emissions and the apiculture industry.

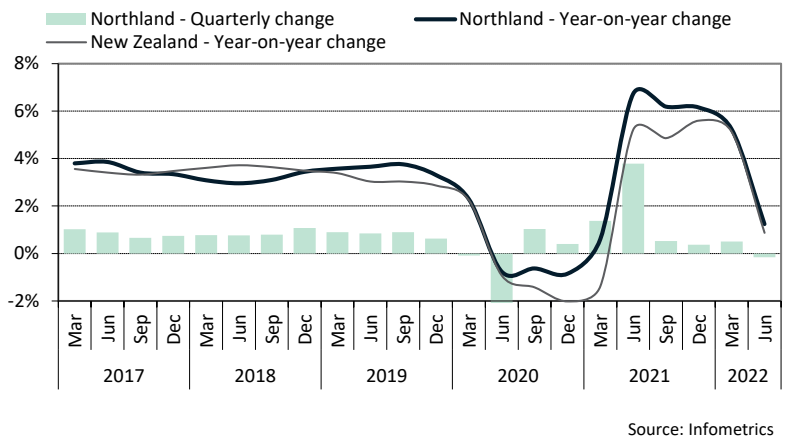
## Quick quarterly statistics

- Annual GDP is estimated to have risen 1.2% in the year ended June 2022.
- New residential building unit consents rose 7.6% in the year ended June 22.
- The total value of retail trade increased 7% in the 12 months to June 2022.
- Commercial vehicle registrations rose 5.2% in the year ended June 2022.
- The number of people working rose by 1.7% in the year ended June 2021.
- The annual average underutilisation rate was 10.3% in June 2022.
- In the year ended June 2022, the annual average unemployment rate for Māori was 5.2%, down from 9.1% in June 2021.
- Online job vacancies in June 2022 are 17% higher than in June 2021.
- The average wage and salary rose 5.6% in the year ended June 2021.
- Domestic power prices rose 2.6% during the year ended August 2022.
- Home affordability deteriorated during the year ended February 2022 due to a large increase in house prices.
- Consumer confidence in Northland rose by 3.6 points in September 2022.

# Economic activity – quarterly

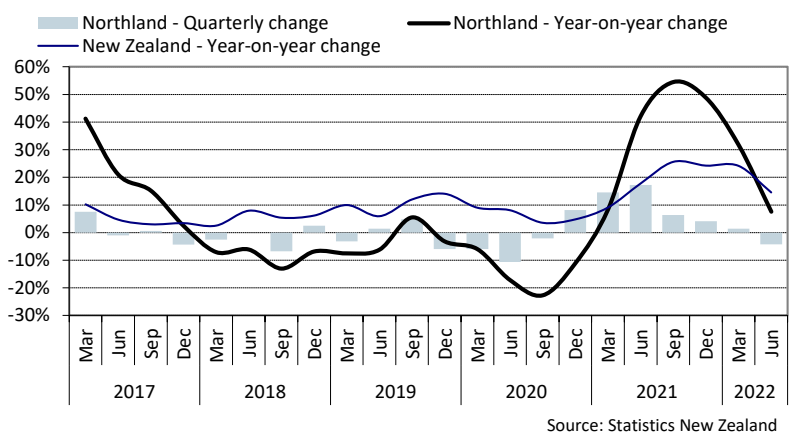
## Gross domestic product (GDP) in Northland

Northland’s annual GDP is estimated to have dropped by 0.2% in the June 2022 quarter, contributing to an annual growth rate of 1.2%. This compares to a 6.7% boost in economic activity estimated for the year ended June 2021. The 1.2% growth in Northland’s GDP is higher than the 0.9% increase in the national economy. Regional growth rates during the year ended June 2022 are estimated to vary from -0.9% in Auckland to 4.2% in the West Coast, with only four regions experiencing slower growth than Northland. Annual growth rates in the districts range from 2.8% in Kaipara to 0.9% in the Far North.



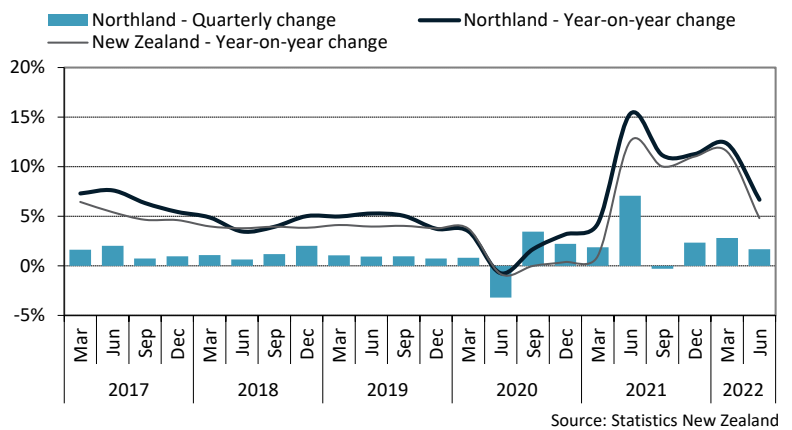
## Number of dwelling unit consents in Northland

During the year ended June 2022, 1437 new dwelling unit consents were issued in Northland. This is 7.6% more than the number issued in the year ended June 2021. This is just below the peak number of 1501 consents issued in the March quarter 2022. The number of consents issued in the year to June 2022 is very similar to the previous record number issued in 2005 when the population was 47,000 (31%) lower than today. There is a large regional variation around the 15% national increase in the year ended June 2022, ranging from a 67% increase in the West Coast to a fall of 10% in Taranaki. Northland’s 7.6% putting it in tenth place.



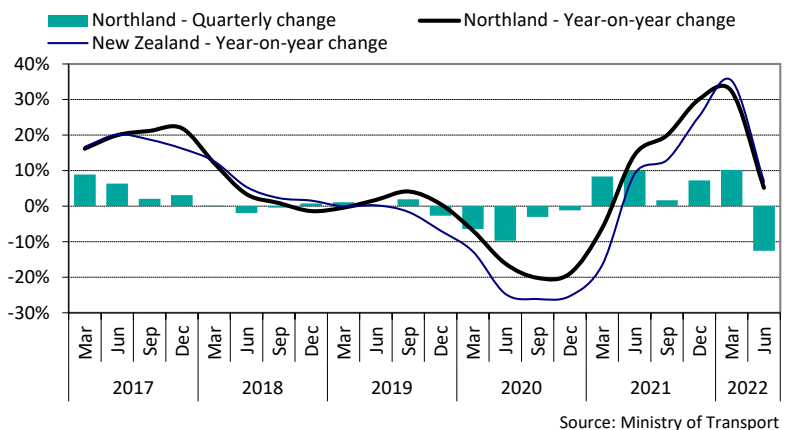
## Retail trade in Northland

The annual value of retail trade spending in Northland was just over \$3.58B in the year ended June 2022. This was 1.7% higher than the annual value recorded for the year ended March 2022, and 7% higher than the value of spending in the year ended June 2021. Over the past year, all regions have experienced an increase in retail trade activity with Tasman recording the fastest increase (8%), and Marlborough the slowest increase (2%). Northland recorded the fourth highest rate. Since 2017, 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.



## Commercial vehicles registrations

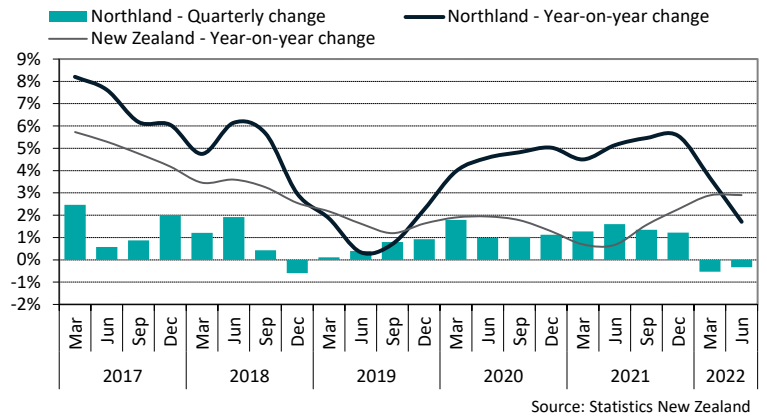
Just over 2200 commercial vehicles were registered in Northland in the year ended June 2022. This is 5.2% higher than the number registered in the year to June 2021. For comparison, about 1300 commercial vehicles were registered in 2008 just before the Global Financial Crisis. At the national level, commercial vehicle registrations rose by 25% in the year ended June 2022. Commercial vehicle registrations substantially varied across the regions. Registrations grew by 30% in Southland but dropped by 9% in Gisborne.



# Employment activity – quarterly

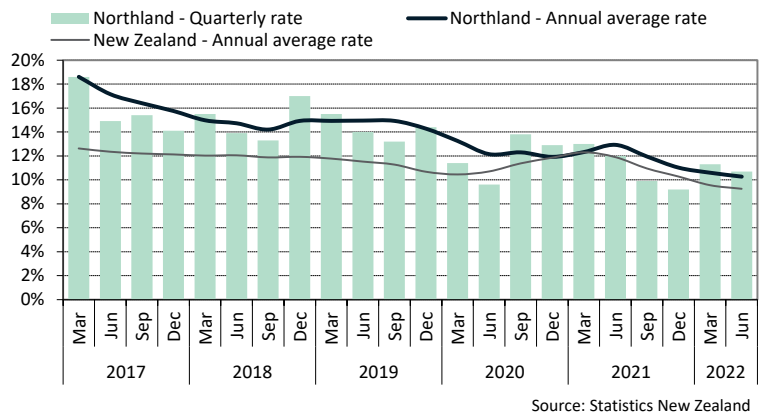
## People working in Northland

An estimated average of 98,400 people were working in Northland (both full-time and part-time; employed and self-employed) in the year ended June 2022. This is 1.7% higher (1650 people) than the number working in the year ended June 2021. Nationally, the number of people working increased by 2.9% during the year ended June 2022. Over the past year, the number of people working in Northland has increased at a rate slower than most regions (ranks 9<sup>th</sup>). However, this is significantly different to a longer-term trend. Since 2017, the number of people working in Northland has increased by 15,800 or 19%, above all other 11 regions (ranging from 5% to 19%).



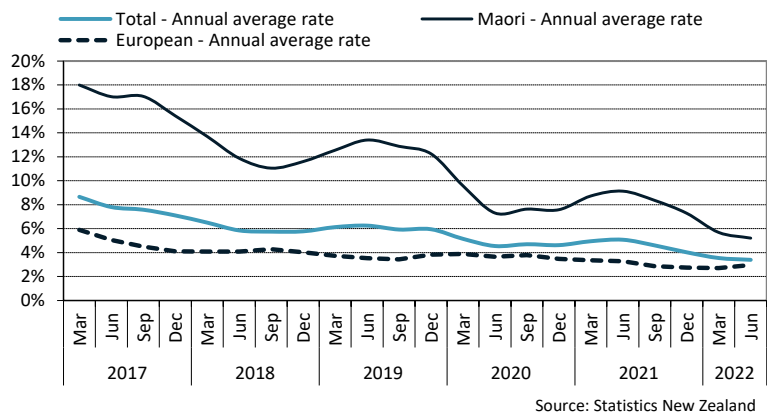
## Underutilisation rate in Northland

The annual average underutilisation rate in Northland was 10.3% in the year ended June 2022. The underutilisation rate gives a broader measure of untapped capacity in the labour market. There has been a steady decline in Northland's underutilisation rate since 2012 when it was above 20%. This is the lowest annual average underutilisation rate recorded in Northland since the beginning of the series. The national annual average underutilisation rate for the year ended June 2022 is 9.3% and varies between 8.8% in Auckland and 10.3% in Bay of Plenty and Northland.



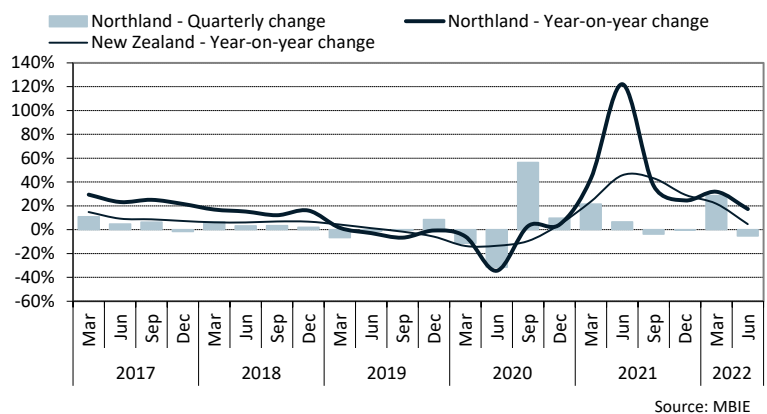
## Unemployment rate by ethnicity in Northland

In June 2022, the annual average unemployment rate for Māori in Northland was 5.3% compared to 3% for Europeans. The gap between the two ethnic groups has closed significantly: from 12pts in June 2017 to 2pts in June 2022. The drop in the Northland regional average unemployment rate over the past five years from 8.5% to 3.4% is due primarily to a fall in Māori unemployment. The annual average national unemployment rate is currently 6.4% for Māori and 2.8% for Europeans. Bay of Plenty has the highest annual average Māori unemployment rate (8.9%) while Southland has the lowest (4.8%).



## Online job vacancies in Northland

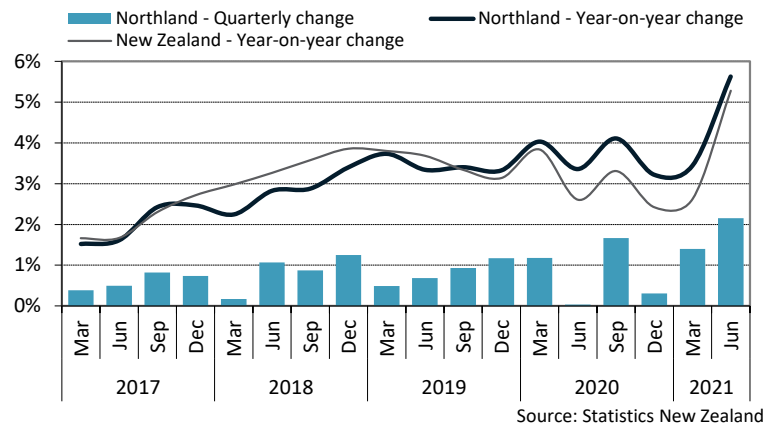
The trend series index of online job vacancies in Northland shows a 5.2% drop in the number of online vacancies in June 2022 compared March 2022. However, the number of online vacancies recorded in June 2022 is 17% higher than in 2021, and 70% higher than in June 2019. Northland has experienced the largest increase in online job vacancies across the country during the last three years. Nationally, the number of online job vacancies rose by 5% during the past year, rising in all 10 regions for which the index is calculated apart from Auckland (-1%) and Wellington (-4%).



# Household welfare – quarterly

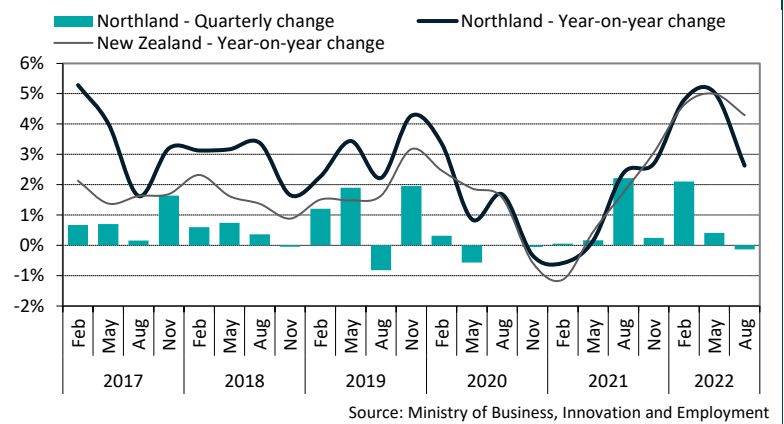
## Average wage and salary earnings in Northland

The annual average wage and salary in Northland, based on the sum of mean earnings of people in paid employment for the four quarters making up the year, was \$60,810 in June 2021, 5.6% higher than in June 2020. This is slightly above the national average increase of 5.6%, with eleven of the 16 regions recording a lower increase than Northland in the year ended June 2021. Northland's average wage and salary 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, but eight regions, including Northland, having an average in the narrow range between \$60,600-\$61,800.



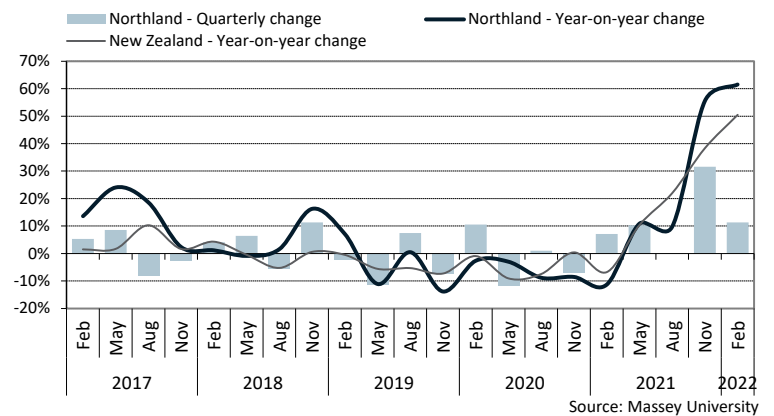
## Domestic electricity prices in Northland

The weighted average domestic electricity price in Northland was 38.9c/kW in August 2022. This is 0.1% lower than in May 2022 and 2.6% (1c/kW) higher than in August 2021. The national average price rose 4.3% (1.3c/kW) in the past year. During the past five years, the average domestic electricity price in Northland has risen by 2.5% per annum, with the national average increasing by 2.1% per annum. Assuming 8030kW of power is used per year, the current price equates to an annual household power bill of \$3,045. This is 22% higher than the national average of \$2,502, equivalent to an additional \$10.44 per week.



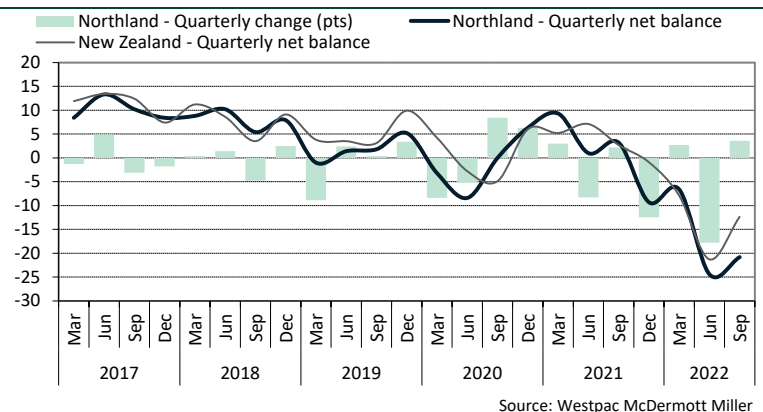
## Home affordability in Northland

The Home Affordability Index for Northland (which considers interest rates, house prices and wage levels) increased by 61.5% in February 2022 compared to February 2021 - indicating a deterioration in affordability (a rising index represents a decline). Fourteen of the 16 regions experienced a decline in affordability over the past quarter (all except Manawatu Wanganui and Marlborough). The house value across NZ has experienced a slight drop which may improve housing affordability in the future. Northland ranks as the 6<sup>th</sup> highest region on the affordability scale. Auckland and BOP rank the highest and the West Coast and Southland the lowest.



## Consumer confidence in Northland

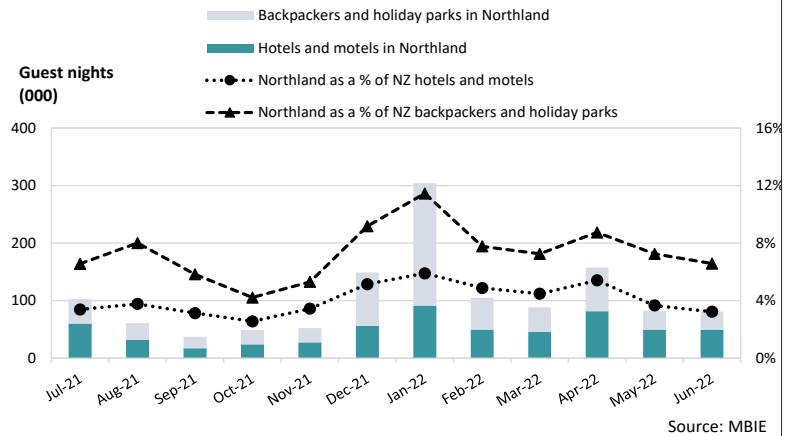
The Westpac-McDermott Miller Consumer Confidence Index for Northland rose by 3.6 points in September 2022 from -24.4 to -20.8. An index number less than zero indicates that the number of pessimists is greater than the number of optimists. Although consumer confidence in Northland picked up in the last three months, it remains weak. Of the 11 regions for which data is compiled, consumer confidence is lower than Northland in only three regions. Otago ranks lowest at -24.6 points, while Wellington highest at 5 points.



# Tourism activity – annual

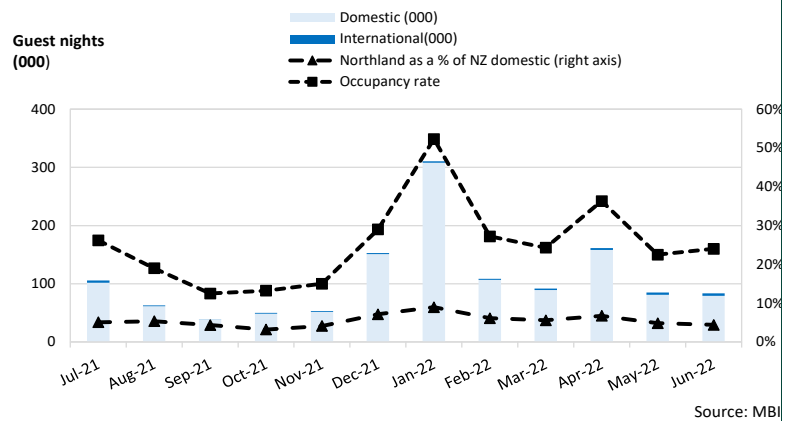
## Commercial guest nights by accommodation type

A total of 1.3 million guest nights were spent in Northland commercial accommodation in the year ended June 2022. This represents 6% of New Zealand’s total number of guest nights. Guest nights in Northland hotels and motels represent 4% of New Zealand’s total for this accommodation type, while stays in backpackers and holiday parks represent 8%. Guest nights in Northland peak in the month of January at 310,500 in 2022. This accounts for nearly 9% of the country’s total guest nights for that month, and 22% of total annual guest nights in Northland.



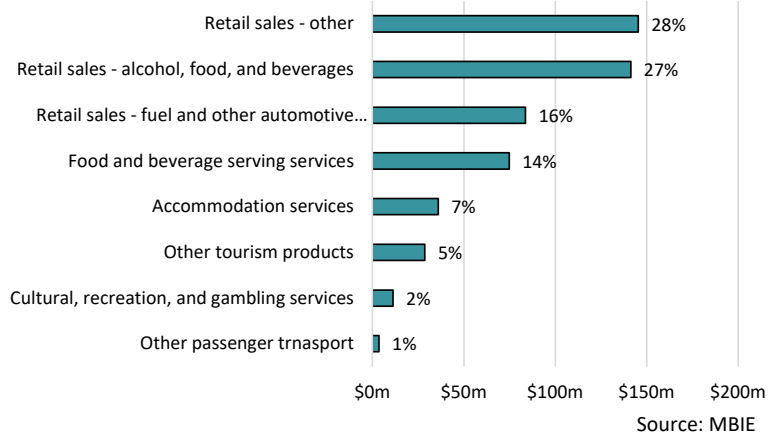
## Commercial guest nights by origin

International visitors accounted for just 2% of total guest nights in Northland and 5% nationally in the year ended June 2022. Pre-pandemic, international visitors had accounted for around one-third of all guest nights in Northland. The total commercial occupancy rate in Northland was at its highest in January 2022 at 52% and lowest in September 2022 at 13%. On a district level, Whangārei had the highest occupancy rate (28%), followed by the Far North (25%) and Kaipara (22%). There was a total of 772,800 guest nights in the Far North, 371,300 in Whangārei and 159,300 in Kaipara district.



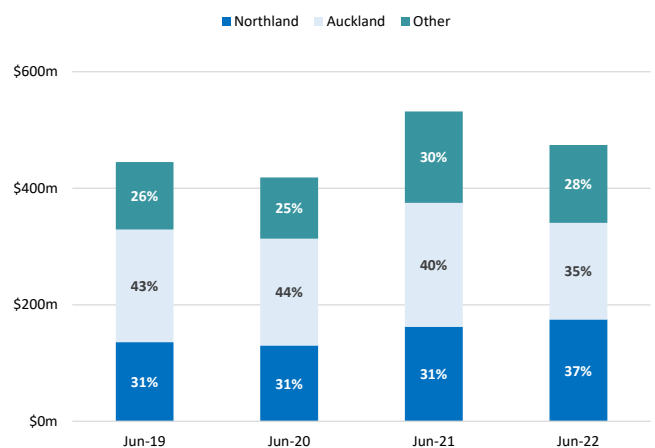
## Domestic tourism spending in Northland

In the year ended June 2022, it is estimated that \$525M was spent on tourism related activities in Northland by domestic tourists a period that included the Alert Level 3 lockdown and Omicron spread. This is 8% lower than domestic tourism spending in the year ended June 2021, and 15% higher than in the year ended June 2019. It also represents 5% of total New Zealand domestic tourism spending in 2021/22, down from 6% in 2019/20. About \$370M (71%) was spent in retail sales including fuel, alcohol, food and beverages. Food and beverage serving services account for 14% while accommodation services account for 7%.



## Domestic tourism spending by Northlanders

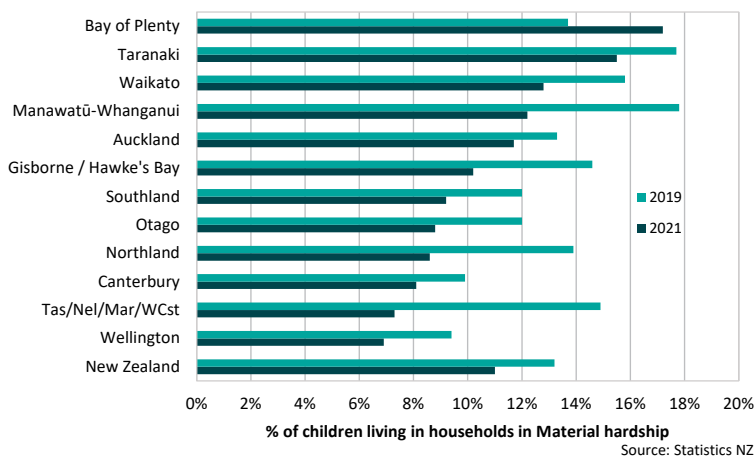
Northlanders spent a total of \$474M on tourism related activities across New Zealand in the year ended June 2022. Of this total, \$175M was spent in Northland. This represents 37% of total domestic tourism spending by Northlanders and 33% of total domestic tourism spending in Northland. Northlanders spent \$299M outside of Northland on tourism related activities, with 35% (\$166M) spent in Auckland. Domestic tourism spending by Northlanders outside the region is almost as much (86%) as the value of spending by domestic visitors from other regions in Northland (\$350M).



# Spotlight – Recent statistics on Northland

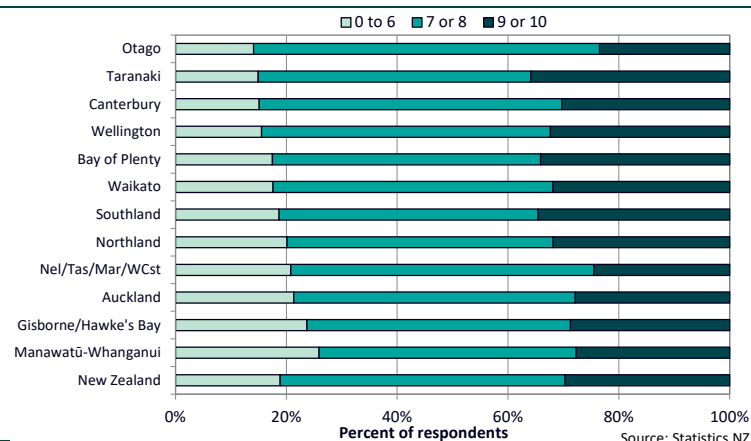
## Children living in Material hardship

Statistics NZ estimates several statistics to measure child poverty in New Zealand under the Child Poverty Reduction Act (2018). One of these is material hardship, which indicates the number of households going without six or more of the 17 basic needs most people would regard as essentials. Over the last three years, material hardship has trended downwards. In the year ended June 2021, 8.6% of children (4,000) in Northland experienced material hardship. This is down from 13.9% (6,300) in 2019. Northland has experienced one of the largest drops since 2019. In 2021, Northland is below the national average of 11%, and half the rate recorded in Bay of Plenty (17.2%).



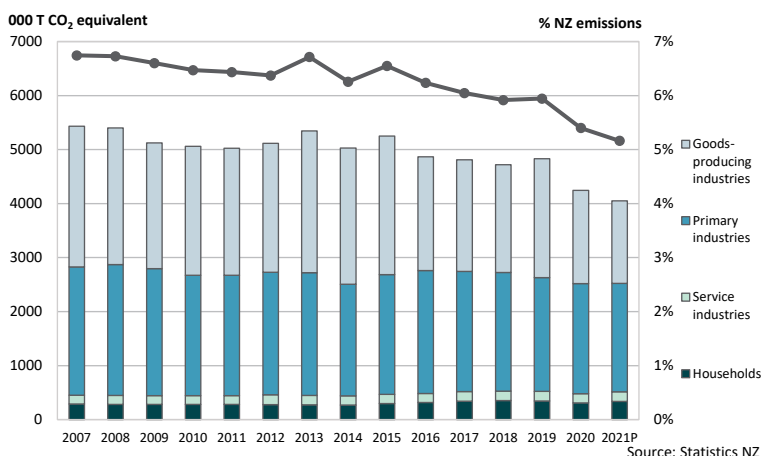
## Overall life satisfaction in 2021

In 2021, 80% of people in Northland, aged 15 years and over, rated their overall life satisfaction at 7 or above on a 0 to 10 scale (where 0 is low and 10 is high), with a mean rating of 7.6. This is very similar to the New Zealand average of 81% in 2021, and to the results of previous General Social Survey results for Northland in 2014, 2016 and 2018. People in Otago report the highest level of overall life satisfaction (86% rating 7 or above) while people in Manawatū-Wanganui recording the lowest (74% rating 7 or above).



## Greenhouse gas emissions, 2007-2021

Total greenhouse gas emission in Northland were estimated at just over 4 million tonnes of carbon dioxide equivalents (CO<sub>2</sub>-e) in 2021. This is down 16% compared to 2019 and is 25% lower than 2007 when it totalled 5.4 million tonnes. The main factor driving this decrease is the fall in emissions from good-producing industries, down 41% since 2007. Emissions from households, while representing just 8% of total emissions in the region in 2021, have increased by 15% since 2007 due to population growth. Northland accounts for 5.2% of national emissions, down from 6.7% in 2007. Total emissions per capita in Northland was 20.5 tonnes CO<sub>2</sub>-e and range from 60 tonnes in Southland to 5.7 tonnes in Auckland.



## Beekeeping in Northland

As at 30 June 2021, there were 80,891 hives wintering in Northland. This represents 10% of the New Zealand total of 806,140 and ranks Northland as the fourth most important beekeeping region. Northland hives were owned by 784 beekeeping enterprises, operating a total of 6,282 apiaries. On average each enterprise in Northland worked 8 apiaries, each containing an average of 13 hives. Assuming an average annual yield of 27kg per hive (10-year North Island average), and an average price received of \$10/kg (just above bottom end of bulk mānuka honey price), the value of honey production in Northland would be \$22 million.

