

Southland Region March 2022 quarter update for Great South

May 2022



Infometrics

Economics put simply

Authorship

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Introduction

This report provides an update on the Southland economy up to the March 2022 quarter, building on previous reports provided to Great South in 2020 and 2021 which focused on the impact of COVID-19 on the region's economy.

This report details key metrics for the Southland Region economy, making comparison to pre-COVID and New Zealand overall to measure how COVID-19 has affected the region and how it has recovered to date. This report differs from previous reports for Great South in that it includes sub-regional data, with detail for Invercargill City, Southland District and Gore District

Summary

The Southland Region economy continued to be resilient to the effects of COVID-19, (Table 1) with strong economic activity supporting a growth labour market.

Gross domestic product (GDP) in the region grew in the year to March 2022. In the year to March 2022, employment numbers continued recovering from the COVID-induced drop through the two years prior. The number of Jobseeker Support recipients fell in the region, as employment opportunities were wide-ranging through the March year. Southland's population was stable over the year to June 2021, ending the year at 102,700 people. Unemployment dropped in the region over the March year and is 2.6% as of March 2022.

Table 1

Southland Region summary

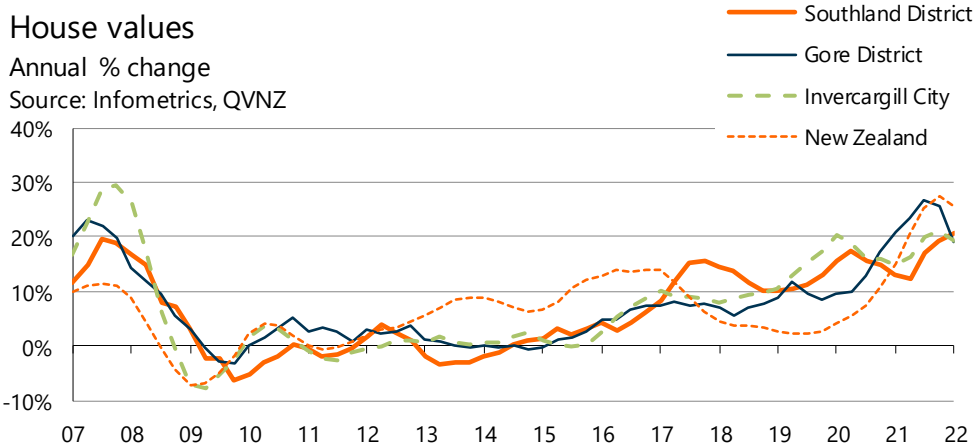
Indicator	2019	2020	2021	2022
Population (June year)	101,600	102,800	102,700	-
GDP (\$2021) (March year)	\$6.9b	\$6.9b	\$6.9b	\$7.2b
Employment (March quarter)	55,400	58,600	56,600	59,500
Jobseeker Support recipients (March quarter)	2,251	2,415	2,814	2,592

Housing

House values

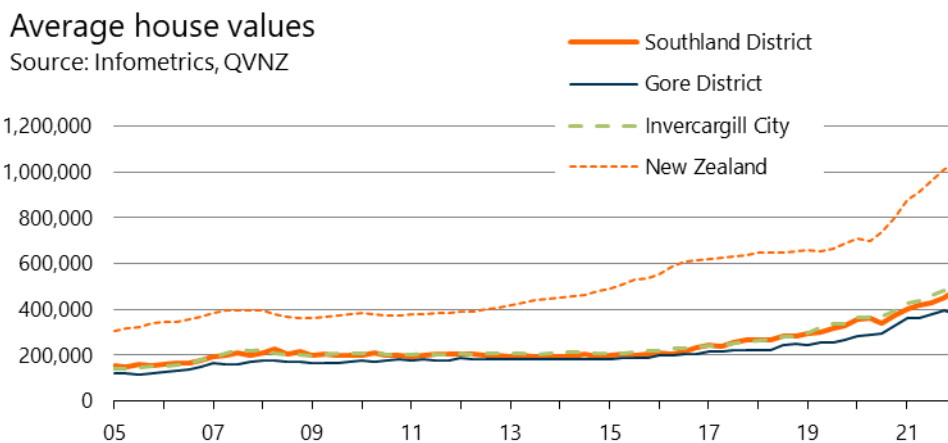
Average house values have increased significantly over the past year, with house values in Southland Region up by 19.5% over the year to March 2022, and 25.6% nationally (Chart 1). House prices grew 20.9% in Southland District, 19.1% in Gore District and 19.1% in Invercargill City also.

Chart 1



In March 2022, Southland District’s average house value was \$484,000, \$380,000 in Gore District, and \$480,000 in Invercargill City (Chart 2).

Chart 2



Rental prices

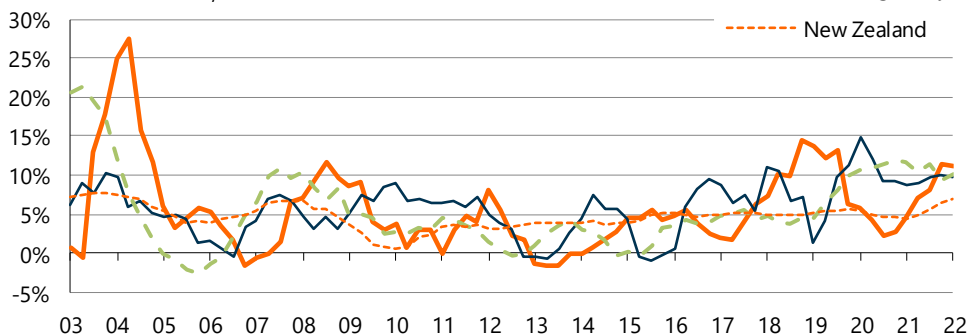
Residential rental prices in Southland Region are growing much faster than the national average of 6.9% in the year ending March 2022 (Chart 3). Southland Region’s mean rent increased 10.4% over the same period. Mean rents rose 11.0% in Southland District, followed by 10.0% in Invercargill City and 9.7% in Gore District.

Chart 3

Mean residential rents

Annual % change

Source: Infometrics, MBIE

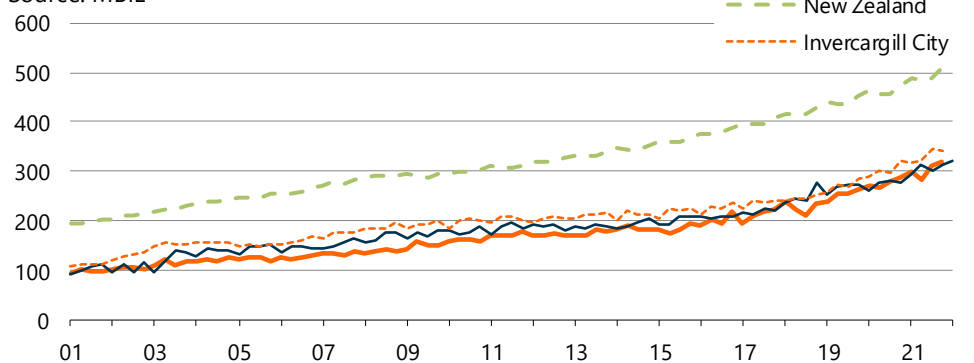


Despite stronger growth in rents over the past year, Southland’s rents remain well below the national average. In the March 2022 quarter, mean rents across New Zealand reached \$521 per week, compared to \$348 for Southland Region. Mean rents in were \$355 in Invercargill City, \$320 in Southland District and \$332 in Gore District (Chart 4).

Chart 4

Mean residential rents

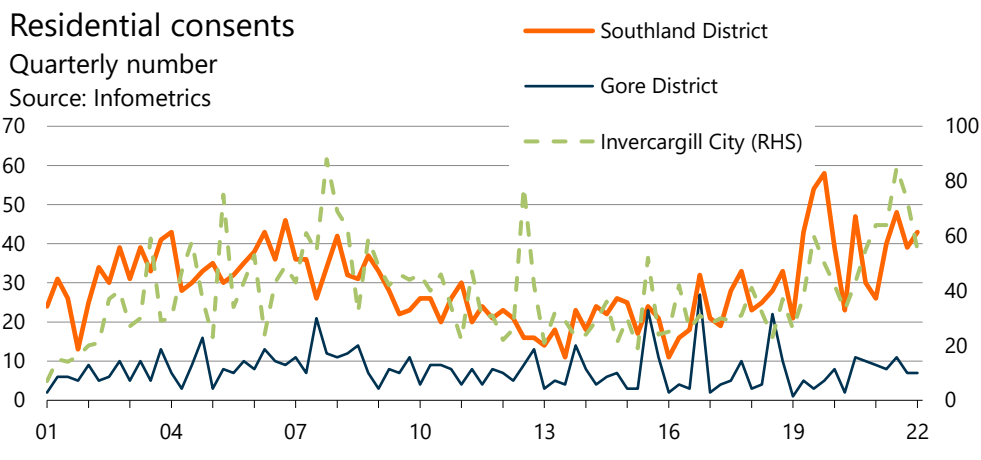
Source: MBIE



Residential building consents

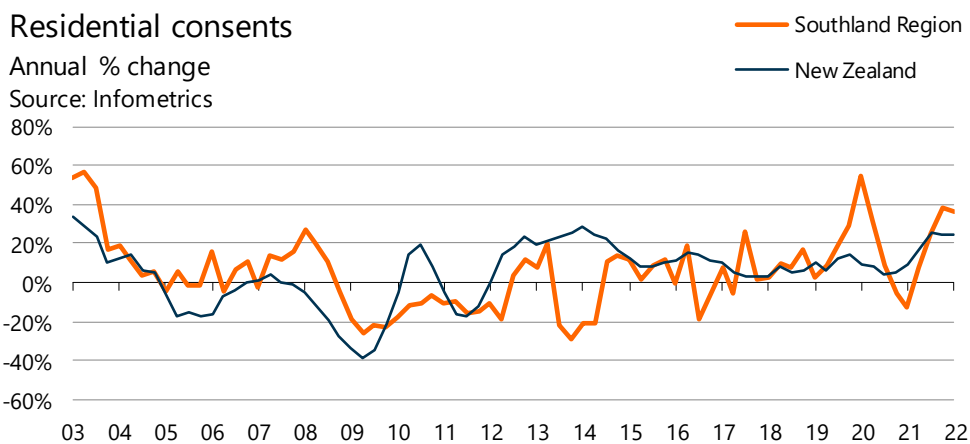
There were 480 residential building consents issued in Southland Region in the year ended March 2022, above the 10-year average of 298 consents. In the year to March 2022, 170 new dwelling consents were issued in Southland District, 33 in Gore District and 277 in Invercargill City (Chart 5).

Chart 5



Residential consents grew 36.0% in the year to March 2022 in Southland Region, compared to 24.0% nationally (Chart 6).

Chart 6



Non-residential building consents

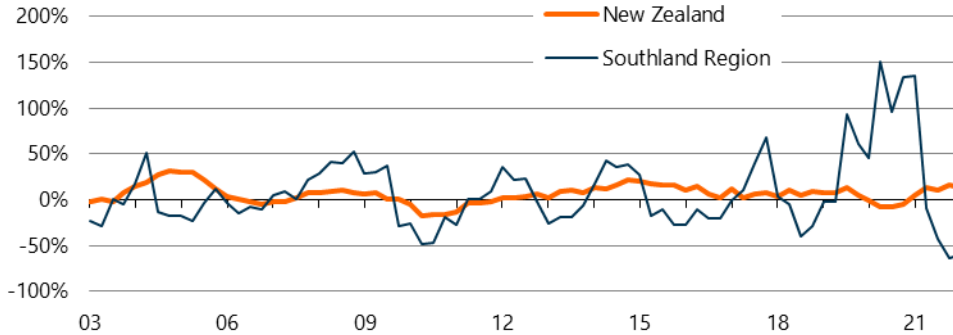
Southland Region consents totalled \$98.4m in the year ended March 2022. Non-residential building consents in Southland Region spiked in 2020, driven by growth in non-residential building consents in Invercargill.

Chart 7

Non-residential consents

Annual % change

Source: Infometrics



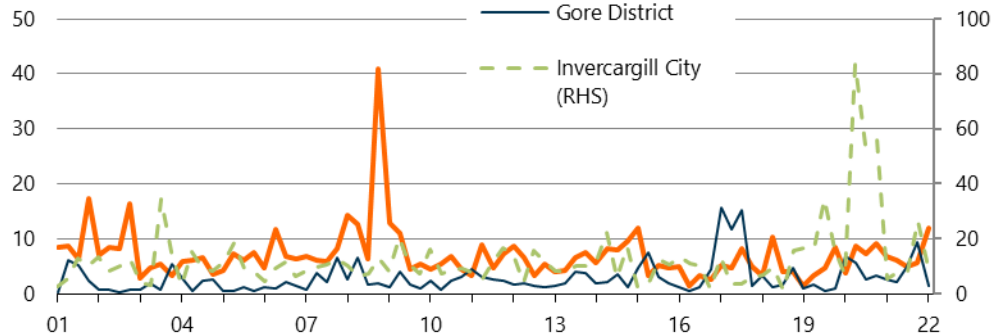
Non-residential building in Southland District was \$28.7m in the year ended March 2022. In the same period, activity totalled \$17.9m in Gore District. In Invercargill City, non-residential consents were valued at \$51.9m in the year ending March. Southland Region consents have fallen 60% over the last year, though in Gore consents are valued at 26% more than last year.

Chart 8

Non-residential consents

Quarterly value (\$m)

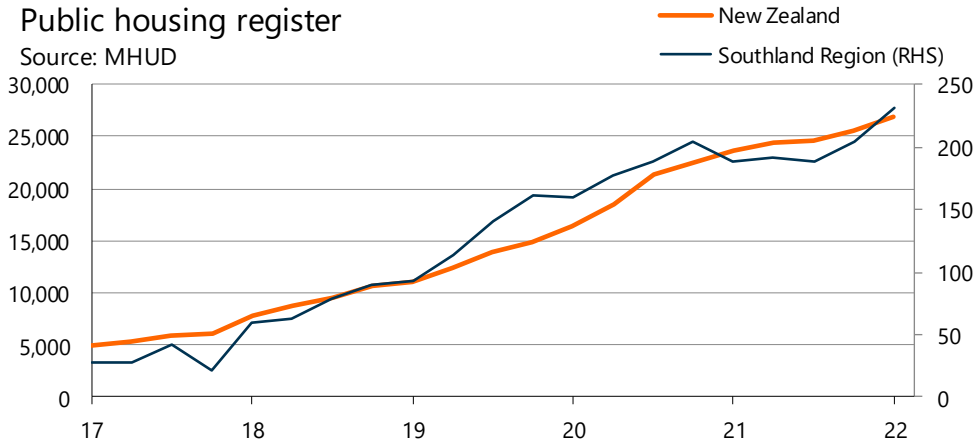
Source: Infometrics



Social housing

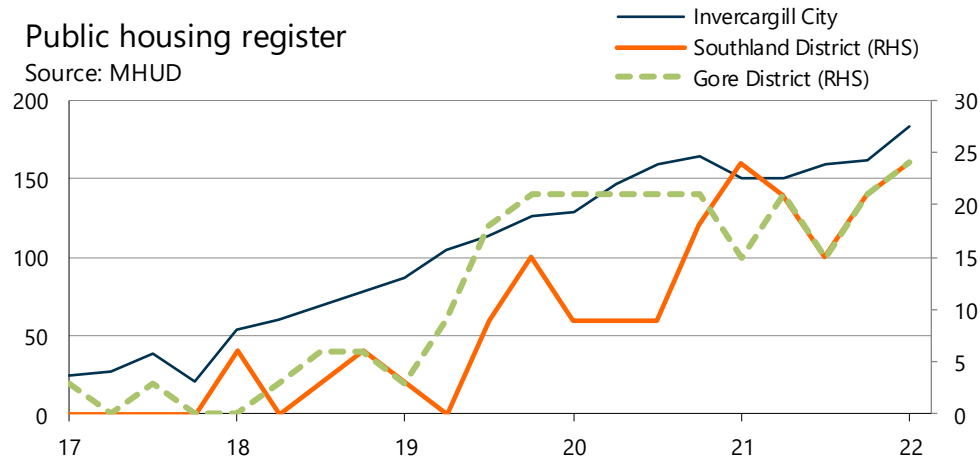
The public housing register is effectively a waiting list for public housing. As of March 2022, there were 231 households on the register across Southland Region, a figure that has steadily risen over the past five years in line with the national trend. There were 383 occupied public houses the Southland Region in December 2022.

Chart 9



There were 183 households in Invercargill on the public housing register in March 2022, followed by 24 in Gore District and 24 in Southland District (Chart 10).

Chart 10



Population

The population of Southland Region declined 0.1%pa in the year ended March 2021, which was the first decline since 2007. In the same period, the national population grew 0.6%pa. As of June 2021, the Region’s population was 102,700.

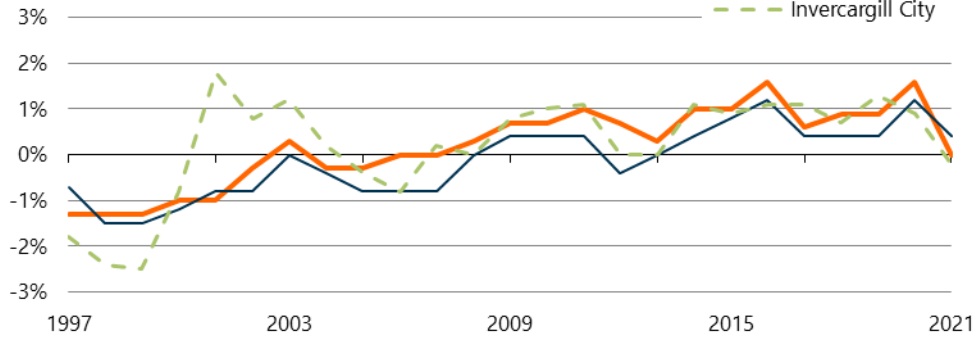
In the June 2021 year, Southland District’s population did not grow, remaining at 32,700. Population in Invercargill shrank, falling 0.2%pa to 57,000. Gore District experienced growth in this period, as population estimates were up 0.4%pa to 13,050.

Chart 11

Population growth

Annual % change

Source: Infometrics, StatsNZ



Labour force and employment

Labour force

Labour market continues to be strong in Southland and the rest of the country, with the number of people employed in Southland at 59,500 in March, up 2,900 from March 2021. In the same period, the number of people unemployed fell by 400 to 1,600. Other than March 2020, this is the lowest level of unemployment in Southland since 2013. Falling unemployment rates are not due to people without jobs leaving the labour force, as the number of Southlanders not in the labour force fell 2,500 over the year to March 2022 and is comprises of 20,800 people.

Table 2

Labour market statistics for Southland Region

Source: Stats NZ

	Employed	Unemployed	Not in labour force
Dec-19	57,100	2,000	22,100
Mar-20	58,600	1,500	21,600
Jun-20	59,300	2,000	20,600
Sep-20	56,100	2,400	23,500
Dec-20	58,700	2,000	21,200
Mar-21	56,600	2,000	23,300
Jun-21	57,200	1,900	22,800
Sep-21	56,800	2,200	22,900
Dec-21	58,800	1,900	21,100
Mar-22	59,500	1,600	20,800

Chart 12

Labour force participation rate

Source: StatsNZ

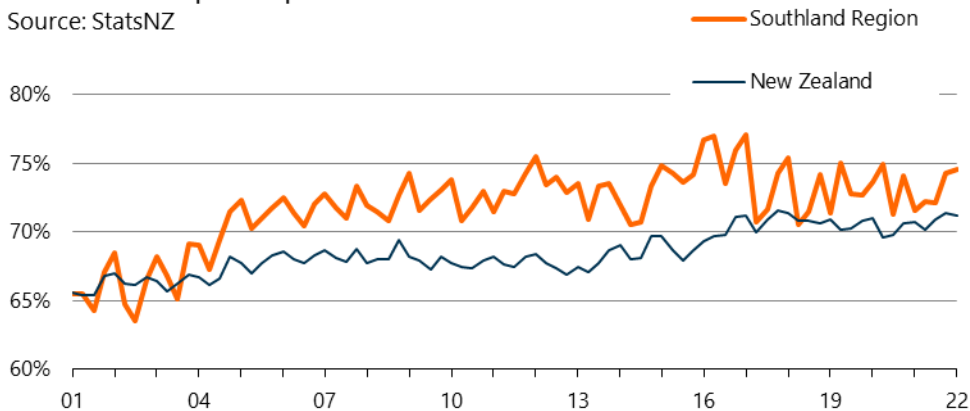
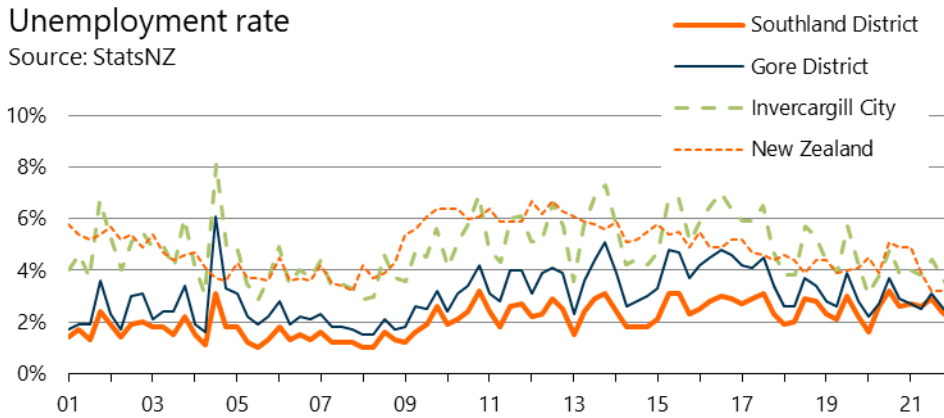


Chart 13

Unemployment rate

Source: StatsNZ



Employment

Infometrics employment by place of residence series provides a slightly more current indicator of employment than the quarterly labour force statistics above. The employment by place of residence series measures filled jobs, and is based on Stats NZ's Monthly Employment Indicators (MEI) and Business Data Collection (BDC).

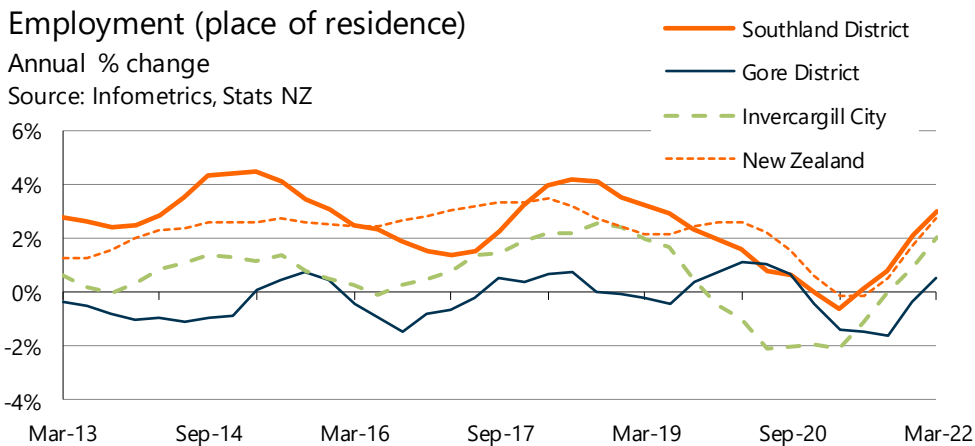
Employment in Southland Region in March 2022 rose 1.1% from March 2021. Employment fell through most of 2021, levelling off around 47,000 in September, but has now bounced back to around 48,600.

Chart 14

Employment (place of residence)

Annual % change

Source: Infometrics, Stats NZ

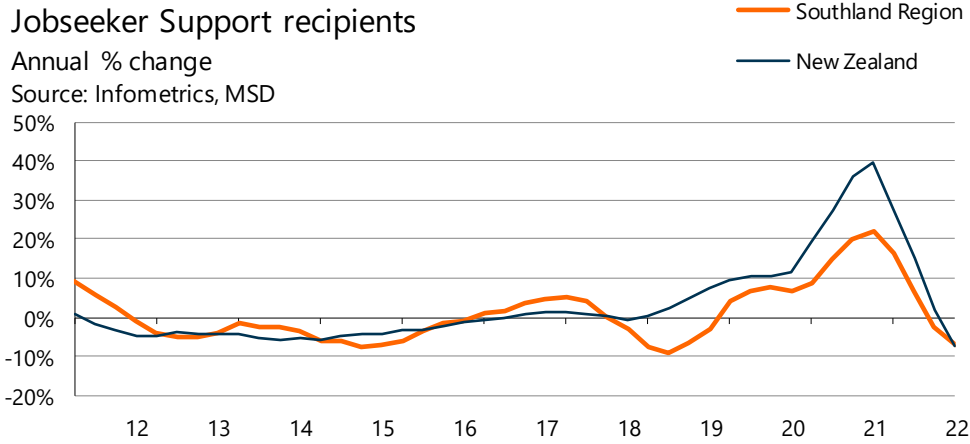


Jobseeker Support recipients

In the Southland Region, Jobseeker Support recipients fell 7.2% on average over the year to March 2022, to an average of 2,976 in the year ended March 2022 (Chart 15). The Southland Region was broadly in line with the national trend, with Jobseekers falling 7.3% nationally, albeit after a stronger rise in 2020 and 2021.

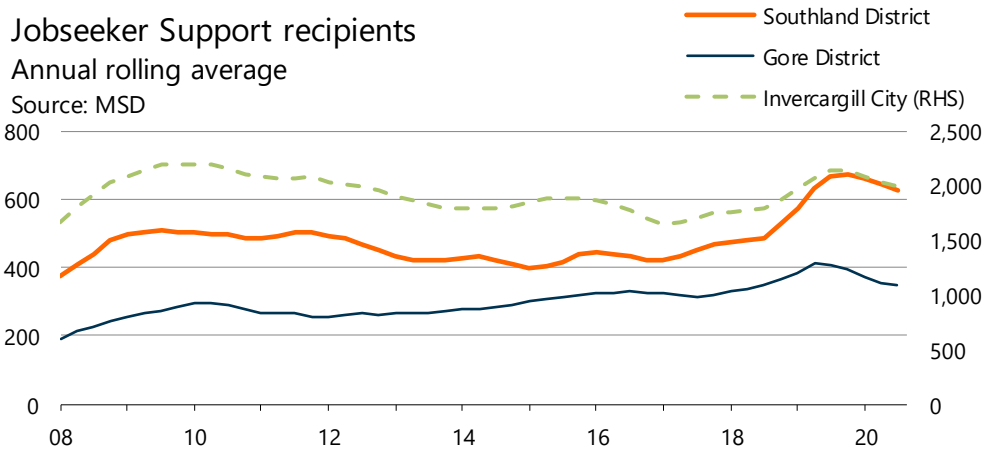
Jobseeker Support recipients differ slightly from unemployment. Not all unemployed persons will receive Jobseeker Support, and some Jobseeker support recipients won't be counted as unemployed if they aren't actively looking and applying for jobs.

Chart 15



Jobseeker recipients in Southland District fell by 72 to 540, a 12% decrease since March 2021 (Chart 16). Recipients also fell in Gore over this period, from 324 to 309, a 4.6% drop. In Invercargill, Jobseeker recipients were 7.2% lower than March 2021, falling from 1,878 to 1,743.

Chart 16



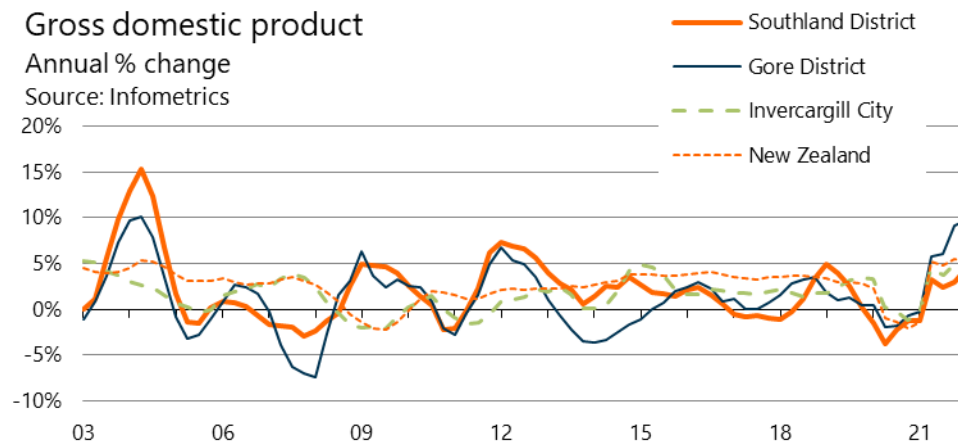
Economy

Gross domestic product

Southland Region’s GDP grew 5.4% over the year ended March 2022, slightly above the New Zealand average of 5.2%. GDP grew in all of the Region’s territorial authorities, with Southland District up 4.4%pa, Gore up 9.8%pa, and Invercargill growing 5.0%pa.

Southland Region’s GDP totalled \$7.2 billion in the year to March, with Southland District, Gore, and Invercargill contributing \$2.7b, \$944m, and \$3.6b respectively.

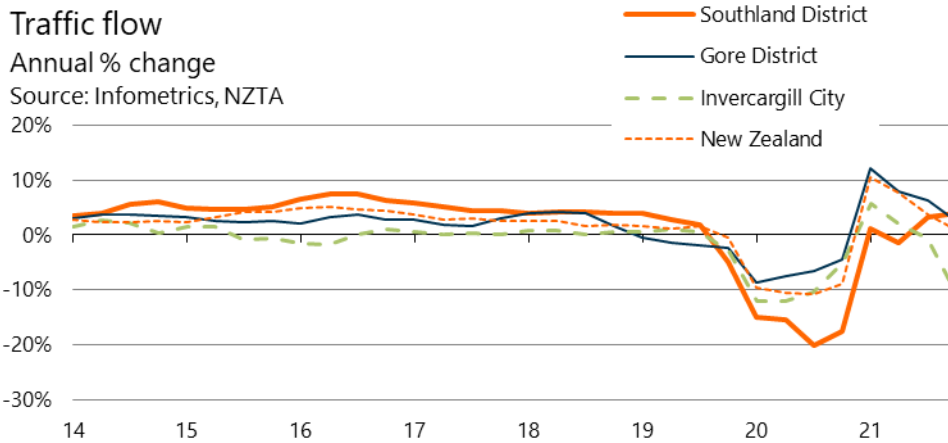
Chart 17



Traffic volumes

Traffic volumes were down 3.0% in Southland Region over the last 12 months, while volumes rose by an average of 0.9% nationally in the same period. Volumes were up 3.9%pa in Southland District and 2.5%pa in Gore, but the Region’s volume fell as the growth in Southland District and Gore was not large enough to offset the 10%pa fall in Invercargill.

Chart 18

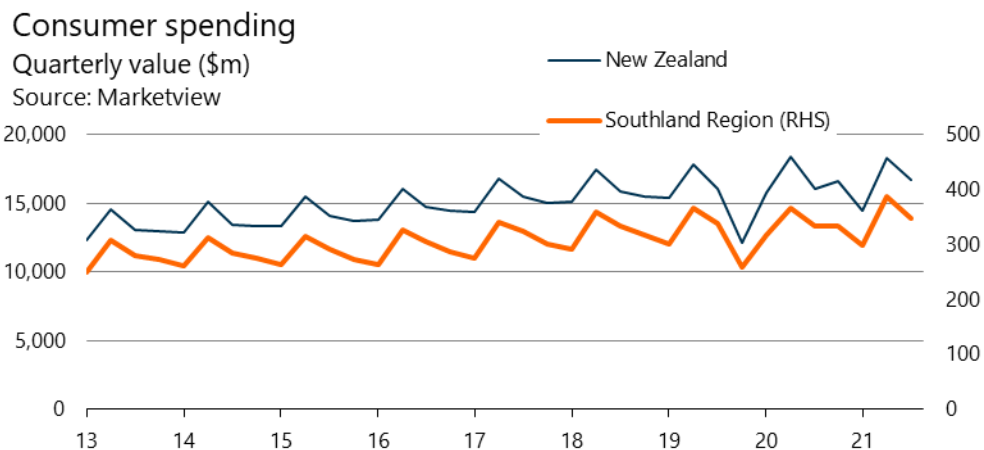


Despite stronger growth in traffic volumes in Southland District over the past year, Southland District traffic volumes remain well down on pre-pandemic levels due to the loss of international tourism. Traffic volumes on SH6 North of Five Rivers were 42% lower in the March 2022 quarter than March 2019. Traffic volumes on SH94 North of Te Anau were 58% lower.

Consumer spending

Consumer spending in Southland Region grew 8.0% in the year to March 2022, significantly above national growth of 6.1%pa. Spending over the last four quarters totalled \$1.4b in Southland Region.

Chart 19



Tourism expenditure

Tourism expenditure has bounced back strongly over the last year, with total annual expenditure in the Southland Region up 13.1%pa from March 2021, at \$270m in the March 2022 year. Over the same period, national tourism expenditure increased by 7.1%pa. Southland District, Gore, and Invercargill tourism expenditure was up 11%, 11%,

and 16%pa respectively in this period. The growth was driven by increased expenditure from domestic and international tourists in Southland.

Note that this report uses Tourism Electronic Card Transactions (TECT), which only count in-person electronic card transactions.

Chart 20

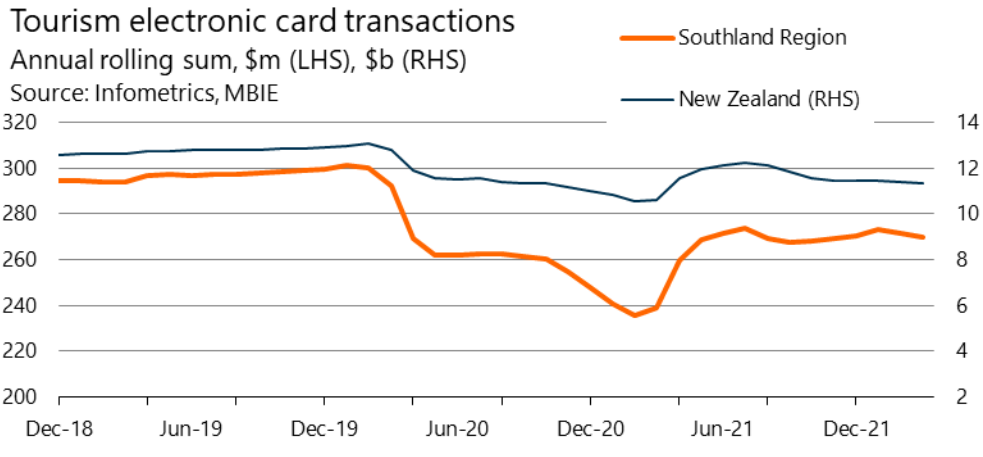
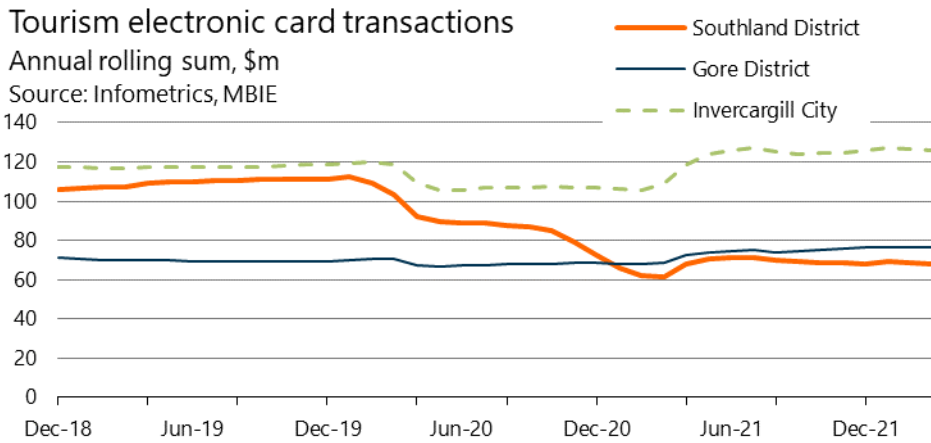


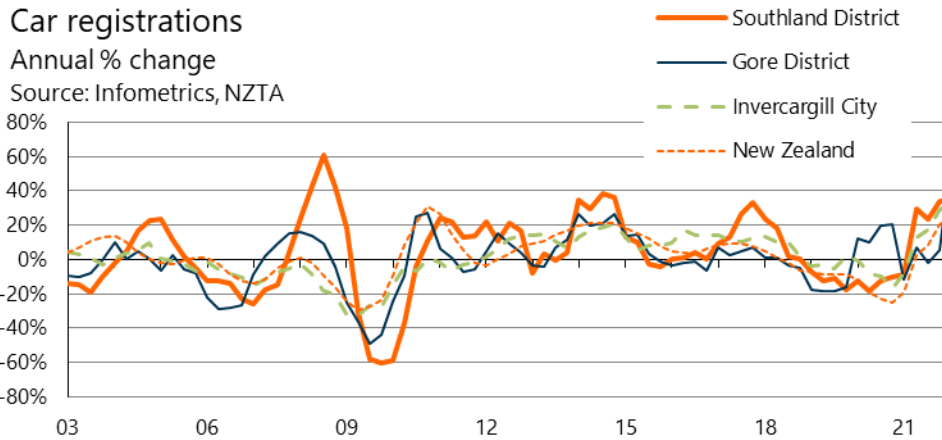
Chart 21



Car registrations

Nationally, car registrations grew by 25% over the year to March 2022, far below the 38% growth in Southland Region over that period. Nearly 4,400 cars were registered in the Region, with 833 registered in Southland District, 605 registered in Gore, and 2,945 registered in Invercargill. Gore had the largest percentage change, as 59% more cars were registered in the year to March, compared with the year to March 2021.

Chart 22



Commercial vehicle registrations

Registrations had strong growth nationally in the year ended March 2022, up 35%. However, commercial registrations in Southland Region increased a massive 62% in the last year, as 1,968 commercial vehicles were registered in the Region. Registrations in Southland District were up 93%pa. In Gore, registrations were up 66%pa. Invercargill had a 46%pa increase in registrations.

Chart 23

