

# Monthly Insights Brief

February 2025

On-the-pulse analysis delivered monthly, providing insight into the Christchurch & Canterbury economies.





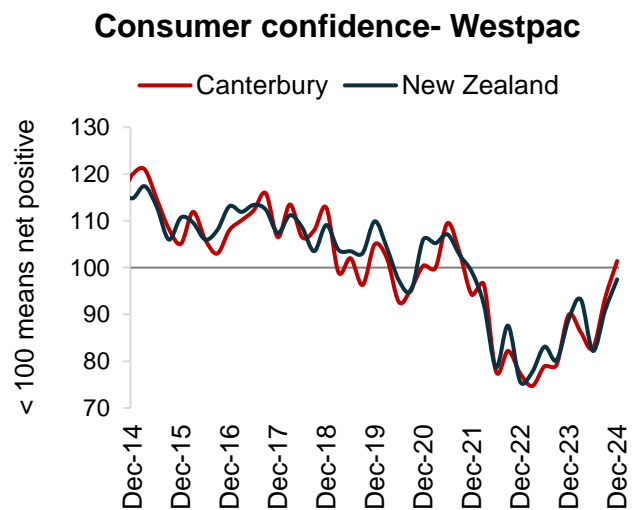
## Encouraging signs for Canterbury's economy in 2025

The local economy has started the year with some key positives under its belt. The first is ongoing growth in the number of businesses in Canterbury, despite challenging economic conditions throughout 2024. There were 78,600 businesses in Canterbury in December 2024, 2,000 more than during the same month in 2023. This represents a 2.6% lift in business numbers and is above the rate of national business growth over the same period (1.9%).

Local businesses are also feeling positive about the year ahead, with insights from Business Canterbury's November Quarterly Survey pointing to growing optimism about the economy. 73% of Christchurch businesses expect the Canterbury economy to be stronger in a year's time, and 66% of businesses expect their own financial performance to improve. Both indicators have improved significantly over the last six months.

Investment intentions are taking longer to perk up. The share of Christchurch businesses that expect to invest in property, plant, and equipment over the next year has remained steady at 56%, which is unchanged from six months ago. Intentions are higher among certain industries—for example, 80% of firms surveyed in the primary sector, and 69% of software and technology firms said they expected to invest over the next year.

Consumer confidence and demand is still the number one concern for Christchurch businesses across most industries. Recent improvements in consumer sentiment should therefore come as welcome news, with Westpac's latest survey highlighting a 9% improvement in consumer confidence in Canterbury over the December quarter. This has pushed Canterbury's consumer confidence score into net positive territory for the first time since mid-2021, with positive sentiment among households now slightly outweighing negative sentiment. In a continuation of trends from the September quarter, consumers in Canterbury are still feeling more optimistic than the national average.

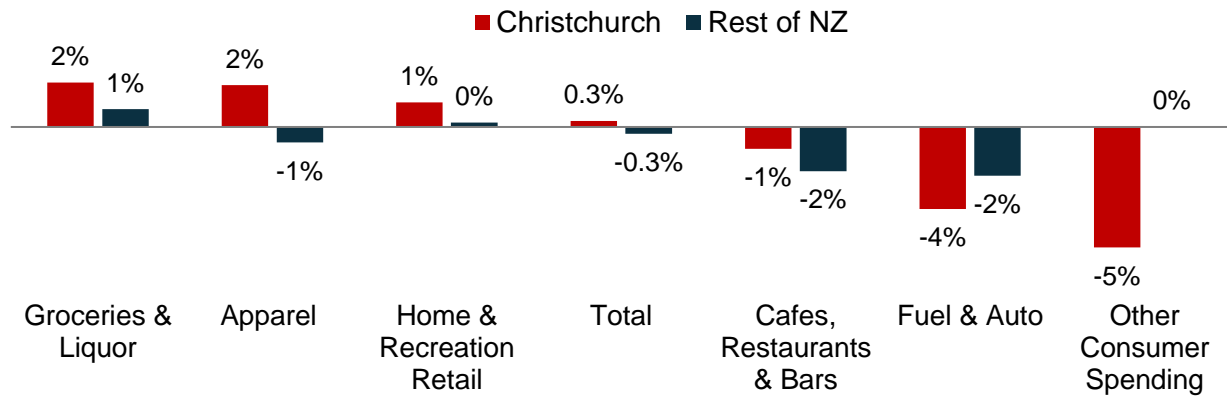


Source: Westpac

These improvements in consumer sentiment are yet to translate over to a meaningful shift in retail spending trends. Retail card spending in Christchurch during December was flat compared to the same time one year ago, in line with national trends. The value of in-store card spending in Christchurch increased by just 0.3% from December 2023, while transaction volumes lifted by 0.4%.

Spending on apparel & personal, and groceries & liquor recorded small uplifts in the value of spending (each recording growth rates of approximately 2%), while spending across most other categories was either flat or negative.

## Retail card spending, Dec. 2024 vs Dec. 2023



Source: Marketview

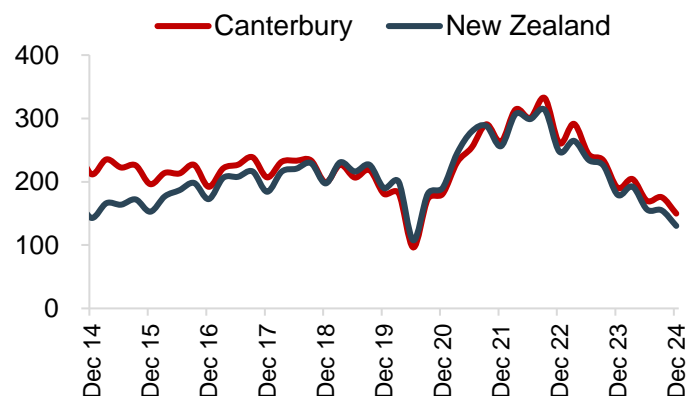
Elevated spending in the lead-up to Christmas saw retail card spending throughout December lifting 13% from the previous month of November. This was in line with the increase between November and December in 2023, but below the longer-term average lift of 19%. Daily pre-Christmas spending in Christchurch peaked on Monday 23<sup>rd</sup> of December. Local shoppers pushed the height of their spending out by one day compared to 2023, when spending peaked on Friday the 22<sup>nd</sup> of December.

The impact of subdued spending by locals and domestic visitors was partly offset by international tourist activity, with card spending by international visitors in Christchurch up 20% from December 2023.

Slow recovery in retail spending trends is no surprise given the cost-of-living pressures that households have faced over the last couple of years. Results from the latest New Zealand Quality of Life Project shows that the share of Christchurch households who feel they have enough income to meet every day needs has fallen to 35%, down from 46% in 2022. Perceptions around the affordability of housing have also deteriorated (in line with national trends), with 37% of Christchurch respondents feeling that housing costs are affordable in 2024, down from 46% in 2022. However, local sentiment around housing affordability remains better than average perceptions across the eight cities included in the study.

The good news for 2025 is that cost-of-living pressures are improving, with inflation settling back to more typical levels (2.2% in the December quarter). However, the labour market is still an area of weakness, for both the local and national economy. Demand for labour continued to fall during the December quarter, with job ads in Canterbury down -21% from the same time in 2023. Job ads are now down -17% from pre-COVID levels, although reductions in advertised vacancies have been smaller here than they have been nationally, both over the last year and compared to pre-COVID. The largest declines in Canterbury job ads over the last year have taken place in

## Online job ads (indexed to 2010)



Source: MBIE



health (-34%), IT (-30%) and sales (-27%). Reductions have been more subdued in the education sector, with job ads down -11% from December 2023 but still well above pre-COVID levels.

The ongoing declines in job ads are also reflected in the latest labour force figures, which show that unemployment increased by approximately 5,000 people in Canterbury during 2024. As of December 2024, Canterbury's unemployment rate was sitting at 4.7%, which was unchanged from the previous quarter but up from 3.6% one year ago. The regional unemployment rate is slightly below that of New Zealand as a whole (5.1%).

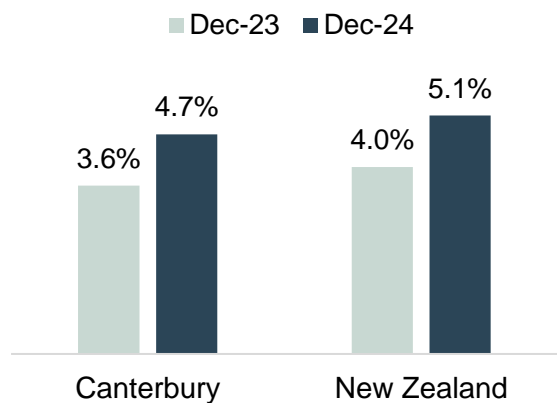
Canterbury has experienced a notable increase in the size of its labour force over the last year, with an extra 13,000 people in the region that are either in work or wanting to be in work (compared to the December 2023 quarter). The rise in the unemployment rate reflects the fact that employment has only lifted by just over 8,000 people over this same period. Because unemployment is a lagging indicator (i.e., it reflects what has been happening in the economy, not what is happening right now), labour market indicators are expected to remain weak into 2025. In Christchurch, Business Canterbury survey insights suggest that around 60% of businesses expect to hire staff over the next year, a slight lift from 56% back in August.

Despite challenging conditions in the labour market, Christchurch's residents continue to see the city as an attractive place to live. Insights from the Quality of Life Project show that 80% of Christchurch residents rated their quality of life positively in 2024 (compared to 77% nationally). Christchurch also had the highest share of residents in agreement that their city/local area was a great place to live at 77%, compared to 72% in Auckland and 70% in Wellington.

People are also feeling optimistic about the progress of the city- 30% of Christchurch respondents feel the city is better than it was a year ago, which is significantly higher than the national average of 18%. The main perception drivers of positive change were feelings that Christchurch's CBD is coming back to life, that there are a better variety of recreational facilities/things to do, and that the look of the local area is better.

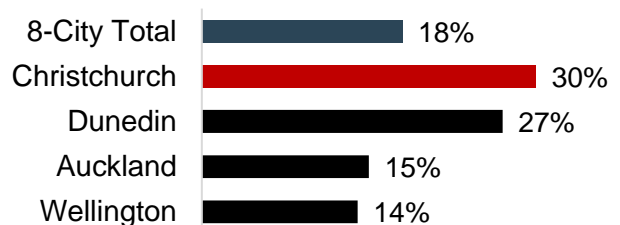
Positive feelings about progress also align with sentiment among business. According to Business Canterbury insights, 84% of Christchurch businesses think that the local economy is moving in the right direction- signaling an optimistic outlook for the year ahead.

### Unemployment rate (%)



Source: Statistics NZ

### Share of people who think their city/local area has become a better place to live over the last year (January 2025)



Source: Quality of Life Project

For queries related to ChristchurchNZ's economic insights, please contact:  
Sophie Jones (Economic Analyst): [sophie.jones@christchurchnz.com](mailto:sophie.jones@christchurchnz.com)