

Queenstown-Lakes economic update - February 2023

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Main visitor paths avoid cyclone-affected areas

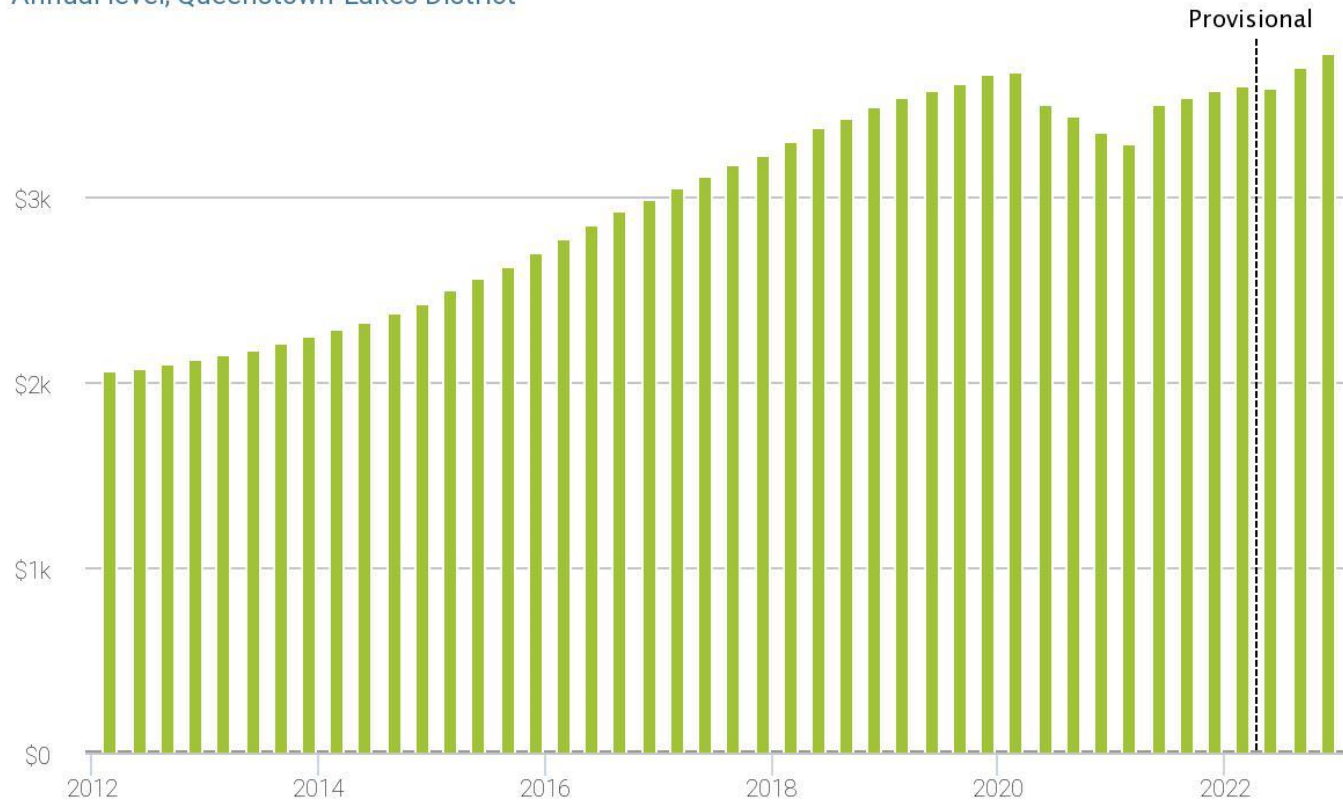


- ▶ Minimal direct short-term impacts to Queenstown-Lakes tourism
 - ▶ But indirect medium and long-term risks from other avenues...

Threading the needle

Gross domestic product (\$m)

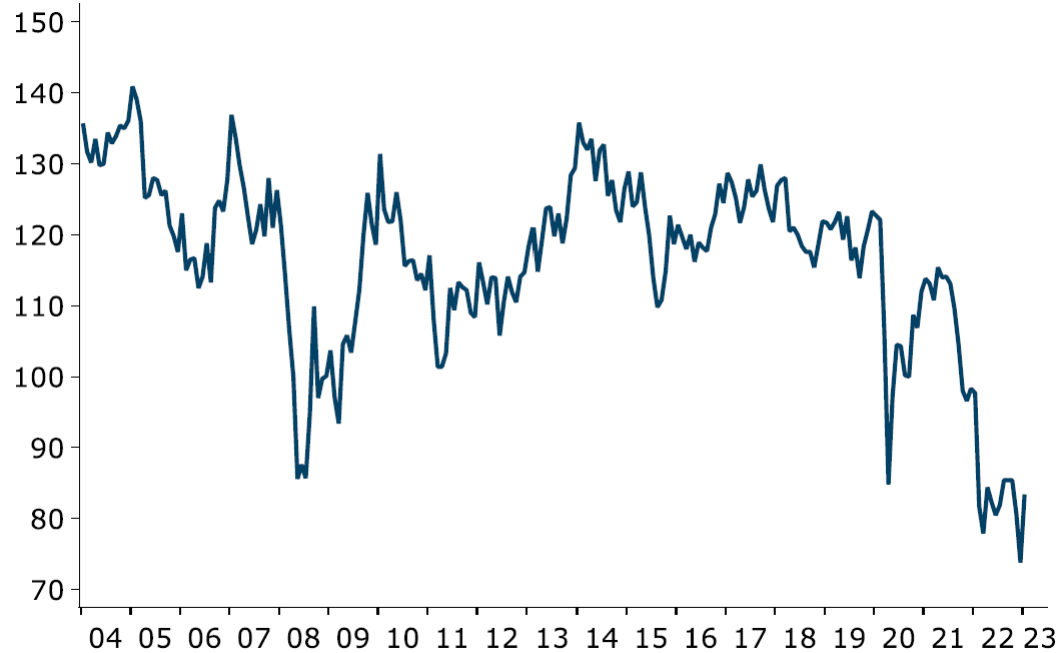
Annual level, Queenstown-Lakes District



8.0%pa GDP growth
December 2022 quarter

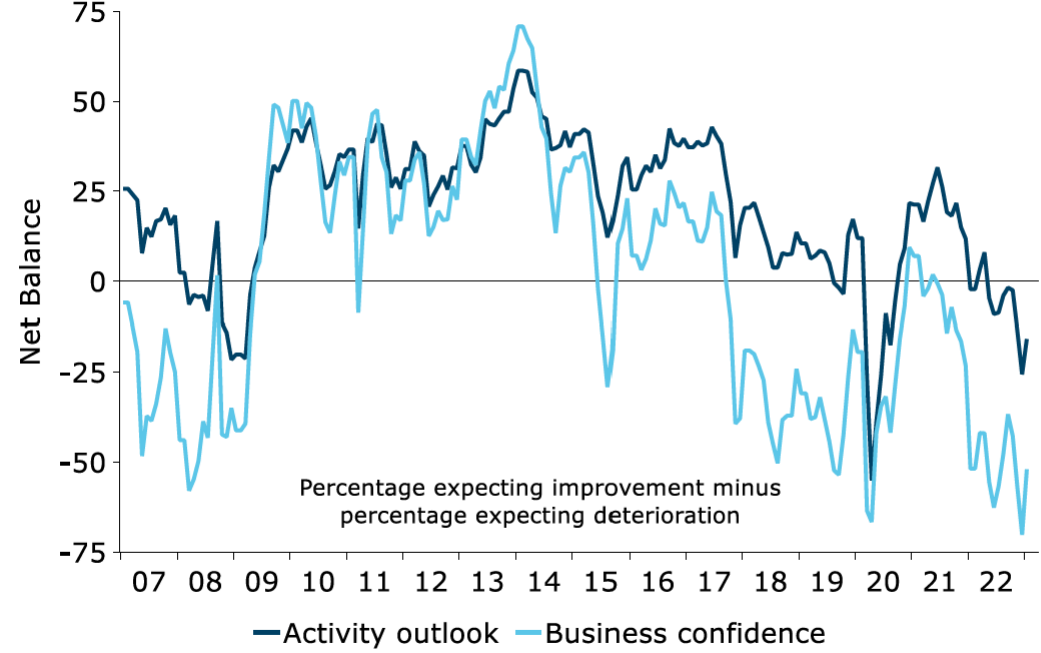
Nationally confidence at lowest levels since GFC

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Stats NZ, Macrobond, ANZ Research

Figure 1. ANZ Business Confidence Index and ANZ Own Activity Index



Source: Macrobond, ANZ Research

But confidence in Queenstown remains

► Dec 2022 year ended

Consumer spending	23.7 %	▲
Tourism expenditure	36.2 %	▲
Residential consents	9.2 %	▲
Non-residential consents	29.1 %	▲

net 28%

QL businesses expect
activity increase in
March 2023 quarter

Demand is there but margins squeezed

January 2023 snapshot



113,328
Total

86%

% change v LY

1%

% change v 2019

4% more visitor
spending than
pre-covid

January 2022 vs
2019

15% inflation
since Covid

Stats NZ consumer
price index Dec 22 vs
19

Greater cost pressures in Queenstown Lakes

**9.0%pa wage
growth in QL**

Dec 2022 year

**6.4%pa wage
growth
across NZ**

Dec 2022 year



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People & Places

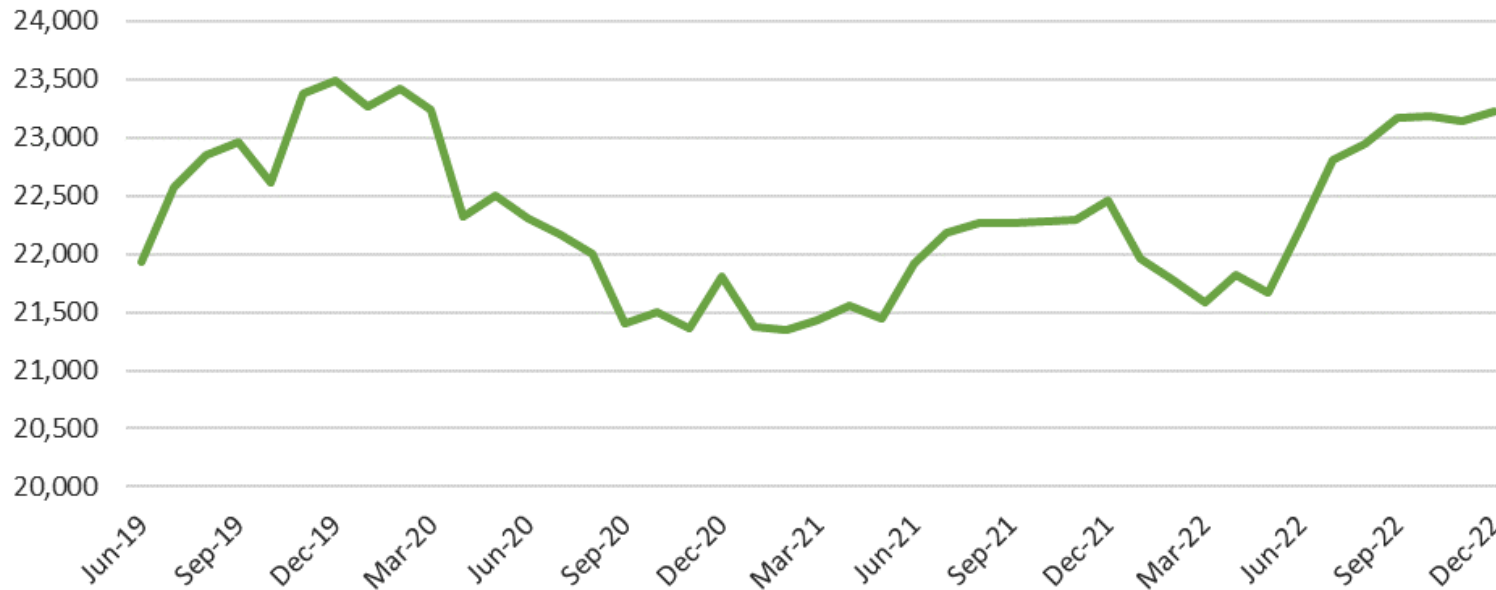
**Queenstown
Business**

CHAMBER OF COMMERCE

Record employment, but different mix

Total jobs in Queenstown-Lakes

Source: Stats NZ monthly employment indicators, filled jobs



1,173 fewer

Accommodation
and food service
workers than pre-
Covid

Housing availability = key business challenge to finding + retaining workers

How much is the availability of accommodation for staff affecting your business?

Survey pulse check by Queenstown Business Chamber of Commerce, 30/31 Jan 23, 82 respondents

Response	Proportion (%)
Biggest barrier to achieving optimal staffing levels right now	30.5%
Important but one of many issues	42.7%
Minor issue	12.2%
<i>Not a problem</i>	14.6%
Total	100.0%

Are rentals really in short supply?

**~100 fewer
rentals past
year**

Nov 21-22, active
bonds

**30+ fewer
rentals in
December**

Dec 22 vs Nov 22,
active bonds

**49% decline
in TradeMe
rental listings**

Dec 22 vs 21



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People & Places

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We theoretically build enough houses....

Has there been enough homebuilding to keep up with population growth in Queenstown-Lakes?

Author calculations from Stats NZ building consents and population estimates

	Last 1 year	Last 3 years
Supply: new houses (building consents)	1,396	3,804
- Demand: to house population growth (new households)	315	1,647
Additional houses above population growth demands	1,081	2,157

Short-stay accommodation = contributor but unfair to solely point blame

**432 more short stay
accommodation
listings in 2022**

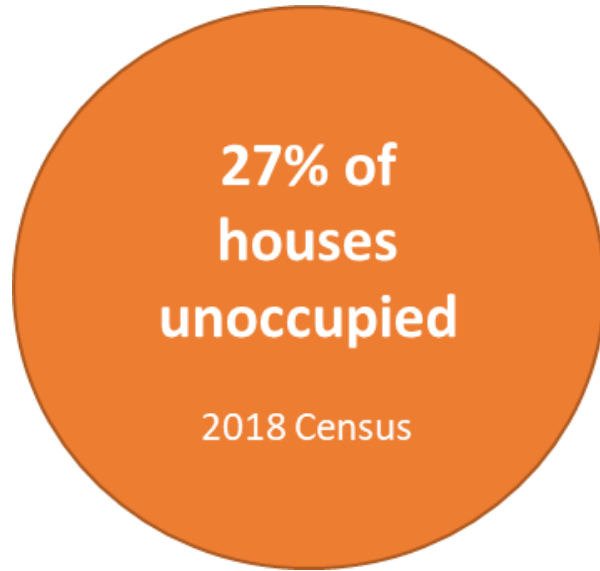
Airdna data, 3,181 in Dec
22 vs 2,749 in Dec 21

**But 552 fewer
listings than pre-
Covid**

Airdna data, 3,181 in Dec
22 vs 3,733 in Dec 19

- ▶ In 2022, there were 649 more houses built than needed to meet:
 - ▶ population growth and
 - ▶ additional use by short-stay visitor accommodation over the year.....

Unoccupied housing is a key concern



- ▶ How to disincentivise unoccupancy and incentivise occupancy?
- ▶ A one percentage point reduction to unoccupied house would mean:
 - ▶ 200+ additional rentals...
 - ▶ 600-1,000 beds for workers....

Future thinking: What are some of the things keeping me up at night? What are your concerns?

