

REGIONAL ROUNDUP

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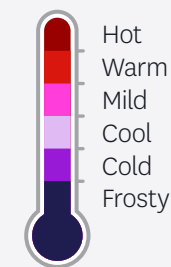
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REGIONAL OVERVIEW

Our Regional Roundup report summarises feedback that Westpac's teams across the country have heard from households and businesses, giving an 'on the ground' view of the conditions that different regions are experiencing.

We've summarised the strength of conditions across the country with our regional 'Economic Temperature' gauge. It measures how hot or cold economic activity is compared to average on a number of key fronts, like the labour market, retail spending and the housing market.

ECONOMIC TEMPERATURE



Early signs of a thaw in the economic winter.

It's been a long hard winter for the economy. Speaking to businesses around the country, many have told us that they're continuing to experience soft trading conditions, especially those in the retail and construction sectors.

However, while conditions remain challenging, businesses have told us that they aren't going backwards like they did over the past year. And in some parts of the country, we're seeing early signs that those wintry conditions are starting to thaw, with several businesses reporting signs of a modest lift in demand, albeit from a low base. ►



Town and country – the stars are (still) brighter in the south.

Looking across the country, it's still a very mixed picture. Rural regions, especially those in the south with large dairy sectors, are seeing firmer conditions than elsewhere. Strength in the prices for commodity exports is boosting earnings in the agricultural sector, and that's passing through to increased spending in related industries.

Otago, including the Queenstown-Lakes district, has been the star performer for the economy. Conditions in the region have been buoyed by both the firmness in the agricultural sector, as well as increases in international tourist spending.

In contrast, the economic climate remains cooler in urban regions, like Wellington. Ongoing pressure on household finances and related low levels of confidence are continuing to weigh on spending.

Labour market in a holding pattern.

With economic conditions stabilising in recent months, far fewer firms told us that they have been shedding staff than was the case earlier in the year. However, at this stage, businesses are still reluctant to take on new staff, with several commenting that they're waiting to see how the economy performs.

Among the relatively low number of businesses that have been looking for staff, many told us that it's been much easier to find better qualified candidates. Notably, we're not hearing any comments about pressure on wages (other than what we normally see for highly specialised roles).

A moderation in cost pressures (but they haven't gone away).

On the inflation front, a number of businesses continued to report pressure on operating costs and margins. Several also highlighted large increases in fixed costs, like rates and insurance.

However, in contrast to the past few years, those comments about upwards pressure on operating costs have become much less prevalent, as have comments about margin squeeze.

FEEDBACK FROM THE NORTH ISLAND



Auckland

Economic temperature: Cold

“Weak domestic demand across most sectors, particularly spending associated with discretionary items.”

“Hospitality, restaurants in particular, remains very challenging, with very weak demand that shows little sign of recovery.”

Waikato

Economic temperature: Frosty

“The difference this year is that some big-ticket items are happening. For example, if a farmer has been putting off building a new cowshed, they are doing it now.”

“Overall, there is little hiring or firing. Staff aren’t resigning as they are unsure about securing employment elsewhere.”

Taranaki/Manawatu-Whanganui

Economic temperature: Cold

“Some businesses, particularly those tied to rural industries like agri-services and food production, are seeing a lift in activity. However, others - especially in retail, hospitality, and residential construction - are still experiencing softer sales.”

Northland

Economic temperature: Frosty

“Overall weak, but it really depends on the business/industry.”

“Not hiring, not firing. Those that resign are not automatically replaced.”

Bay of Plenty

Economic temperature: Cold

“The horticulture sector continues to build momentum.”

“Property development is slow although green shoots with smaller syndicates looking for opportunities”

Gisborne/Hawke’s Bay

Economic temperature: Cold

“Strong demand for services and products that are supporting primary sector.”

Wellington

Economic temperature: Cold

“Few businesses seem to be hiring new staff, but the weak labour market is making retaining good staff easier.”

“Costs are particularly bad in Wellington, and some clients have been materially impacted by insurance and rates rises.”

FEEDBACK FROM THE SOUTH ISLAND



Nelson/Tasman/Marlborough/West Coast

Economic temperature: Cold

"Some signs of strengthening demand, albeit from a low base."

"Limited appetite to grow staffing numbers."

Southland

Economic temperature: Cool

"Sales are building for industries that support the agriculture sector. Sales for industries that do not support the agriculture sector, such as retail, remain flat."

Canterbury

Economic temperature: Cool

"Mixed responses in general with some customers thriving and others having very limited work compared to their usual work flows."

"Customers seem to be feeling rather positive in Christchurch."

Otago

Economic temperature: Mild

"Agriculture is booming and farmers are experiencing very good returns."

"There are early indications that local businesses are planning to invest in additional plant and equipment."



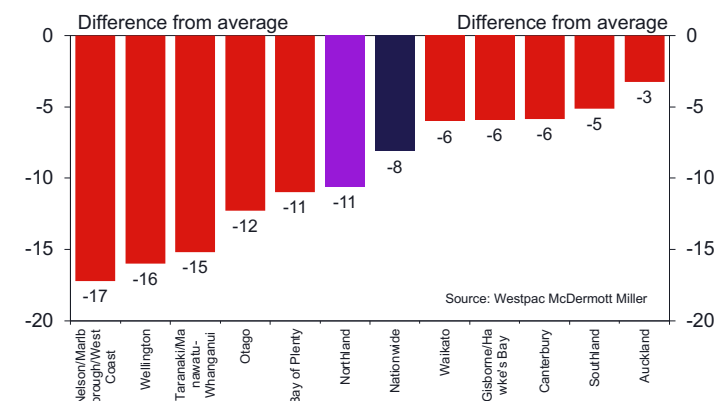
No turn around yet.

Overall, businesses in the north have continued to see weak trading activity, but conditions are mixed across industries. As in other parts of the country, many firms in the wholesale and retail sectors are struggling, with increases in living costs continuing to constrain households' spending. Similarly, demand in the hospitality sector remains subdued, though we are starting to see some lift in spending by locals. One sector that has been more resilient has been the civil engineering contracting sector, with increases in local government spending providing support.

With softness in economic conditions, employment in Northland has fallen 0.7% over the past year. However, that downturn looks to have levelled off in recent months – while businesses aren't taking on new workers at this stage, job losses have slowed.

Businesses we spoke to reported continued increases in operating costs and pressure on margins. That's seen vigorous efforts to save costs elsewhere, such as renegotiating leases, insurance agreements etc. Some businesses also mentioned that they're looking at AI solutions in order to save costs.

Consumer confidence by region
(deviation from ten year average)



Regional activity gauges

Indicator	
Unemployment % (level)	5.4
Filled jobs, growth %yr	-0.7
Retail sales, growth %yr	1.0
House prices, growth %yr	-2.1
Residential consents, growth %yr	-21.2
Consumer confidence (vs historic average)	-3.3

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac



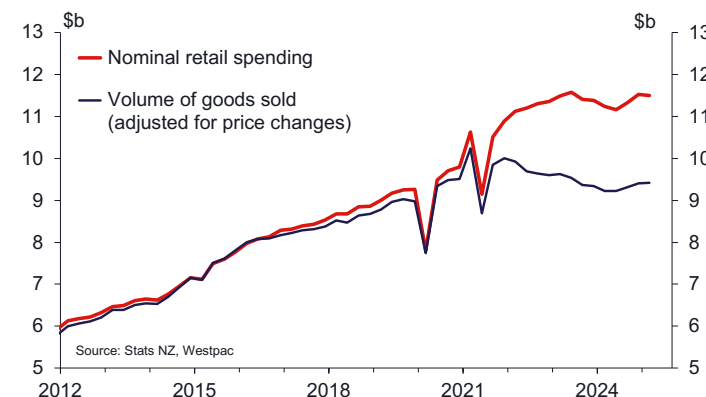
Weakness in demand continuing.

Trading conditions remain tough for many businesses in Auckland, especially for those that rely on discretionary spending. Of note, those in the hospitality sector, and restaurants in particular, have reported very weak demand and little sign of recovery. Even some of those in more essential areas, like dentistry, have reported a squeeze on revenue. That's at the same time as many households are reporting ongoing pressure on disposable incomes as living costs continue to push higher. However, conditions have been firmer in the FMCG space, with strong demand and relatively buoyant sales.

Against that challenging backdrop, Auckland's job market has seen a stark downturn over the past year, with unemployment hitting 6.1% in the June quarter. However, while we're still hearing some reports of reduced headcount, it looks like that deterioration has now flattened off with a stabilisation in job advertisements and employment levels in recent months. For those businesses that are looking for staff, many have told us that there has been an improvement in the availability of good candidates.

Businesses have told us that cost pressures appear to be stabilising. Even so, some firms continue to report exceptionally tight margins and that the softness in demand has meant that it's been a lot more difficult getting price increases across the line.

Auckland – retail spending levels



Regional activity gauges

Indicator	
Unemployment % (level)	6.1
Filled jobs, growth %yr	-1.2
Retail sales, growth %yr	2.3
House prices, growth %yr	0.0
Residential consents, growth %yr	5.5
Consumer confidence (vs historic average)	-4.8

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac



Holding pattern.

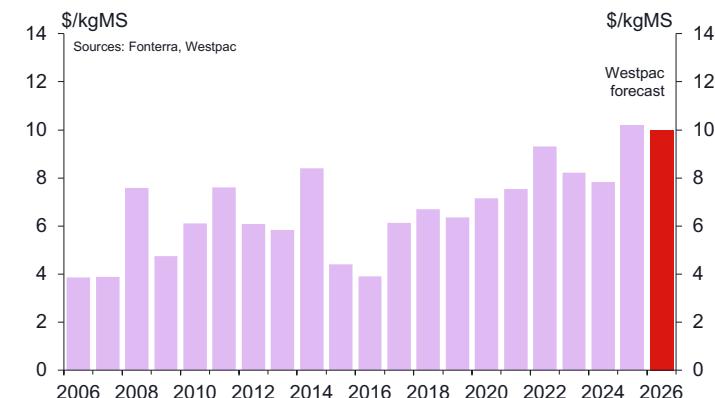
After a tough couple of years, businesses we spoke to in Waikato told us that trading conditions have been steady in recent months. But while that stabilisation is welcome, the long-awaited recovery in activity has been more gradual than hoped. And like other parts of the country, there are some big differences across sectors.

A key area of strength remains the dairy sector, with elevated farmgate milk prices helping to support on-farm spending and lift associated businesses. Farmers are now spending more on repairs and maintenance. We're also seeing a lift in capital expenditure on bigger ticket items, like farm sheds, which had been delayed in recent years.

Looking at the region more generally, retail spending levels have been rising, climbing 2% over the past year. However, the manufacturing sector remains flat and there's been a sizeable decline in the number of new dwellings being consented in recent years.

With mixed conditions across the region, jobs growth has effectively been flat over the past year. Businesses in Waikato are no longer shedding staff like they did over the past year, but they're still reluctant to take on new workers. Some firms reported that staff turnover has fallen as workers are unsure about securing employment elsewhere.

Farmgate milk price



Regional activity gauges

Indicator	
Unemployment % (level)	5.4
Filled jobs, growth %yr	-0.2
Retail sales, growth %yr	2.1
House prices, growth %yr	0.6
Residential consents, growth %yr	-4.0
Consumer confidence (vs historic average)	-10.6

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

BAY OF PLENTY

ECONOMIC TEMPERATURE | **COLD**
UNCHANGED



Treading water.

Many businesses in the Bay of Plenty have continued to report challenging trading conditions in recent months. However, it is a mixed picture across industries.

As in other parts of the country, it's businesses in the region's primary sector that have been the strongest performers. Horticulture in particular continues to build momentum. Kiwifruit prices have continued to track higher on strong demand from Europe and North America, even as supply has increased. We're also seeing buoyant conditions in the dairying sector, with operators taking advantage of improved earnings to pay down debt.

Conditions have been more challenging in other sectors. Manufacturers have continued to report weak demand, as have transport businesses. In the construction sector, the number of new dwellings being consented remains low, however some smaller operators are starting to look at new opportunities as interest rates have fallen.

Against that mixed backdrop, filled job numbers in the Bay of Plenty have fallen 0.7% over the past year.

Kiwifruit – average export prices and volumes



Regional activity gauges

Indicator	
Unemployment % (level)	4.9
Filled jobs, growth %yr	-0.4
Retail sales, growth %yr	3.3
House prices, growth %yr	1.3
Residential consents, growth %yr	-2.6
Consumer confidence (vs historic average)	2.1

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

GISBORNE AND HAWKE'S BAY

ECONOMIC TEMPERATURE | **COLD**
UNCHANGED



Agriculture firm, but softness elsewhere.

The mixed economic conditions that Gisborne and Hawke's Bay saw through the first half of the year have continued in recent months.

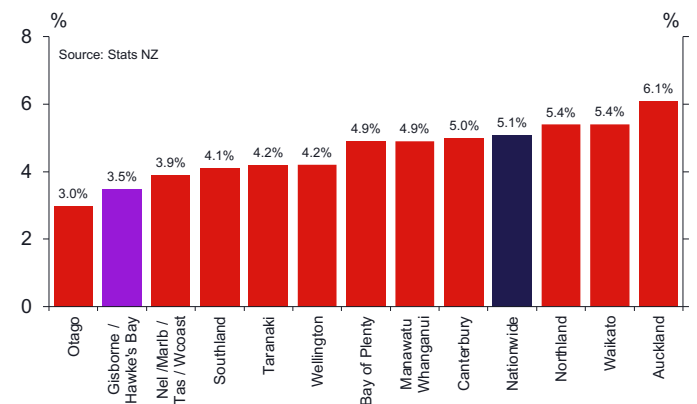
Strength in the agricultural sector continues to be a key support for the region. Notably, orchardists in the region have benefitted from higher apple export prices, with revenues boosted by an ongoing recovery in production following cyclone Gabrielle a couple of years back. That has seen strong demand for services and products that support the primary sector.

However, conditions are still challenging in the retail, hospitality and construction sectors, with businesses we've spoken to continuing to report weak demand. Several businesses also told us of the need for further stimulus to get the economy moving again.

Against that subdued backdrop, businesses remain very cautious about taking on new staff, with employment levels trending down over the past year.

Utilities costs continue to climb, adding to the pressure on some businesses' margins. We've also heard concern about how the cost of water services could affect rates.

Unemployment by region



Regional activity gauges

Indicator	
Unemployment % (level)	3.5
Filled jobs, growth %/yr	-1.6
Retail sales, growth %/yr	-0.2
House prices, growth %/yr	2.1
Residential consents, growth %/yr	-7.3
Consumer confidence (vs historic average)	-6.0

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

TARANAKI AND MANAWATU-WHANGANUI

ECONOMIC TEMPERATURE | **COLD**
COOLING DOWN



Trading conditions still tough.

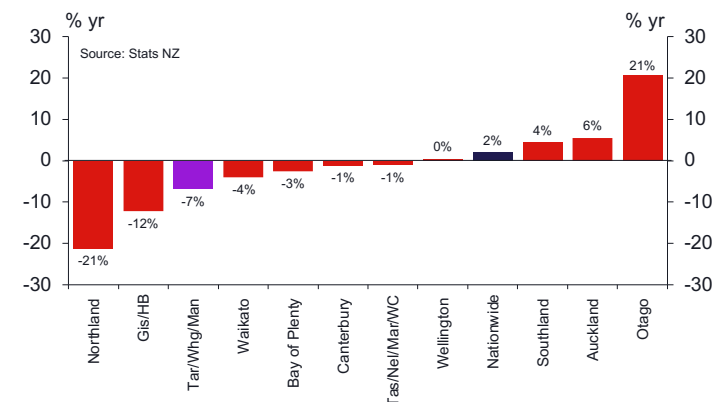
Demand remains mixed across Taranaki and Manawatu-Whanganui. Businesses linked to rural industries, such as agri-services and food production, are seeing a lift in activity. However, sectors like retail and residential construction continue to face subdued sales. Similarly, in the hospitality sector, the liquidation of several established eateries highlights ongoing pressure on discretionary spending.

Competition in the residential construction sector remains intense, and builders are adapting by offering more customer-friendly contract structures, such as turnkey packages, to help secure sales. Commercial development is progressing, though the tendering environment has become more competitive, with national firms bidding on regional projects, increasing the pressure on local operators.

Over the past year, many businesses have consolidated their workforces, with some undergoing redundancies. Most remain cautious about hiring due to uncertainty about demand and rising wage costs. Instead of expanding, firms are prioritising staff retention and upskilling to build internal resilience.

Operating margins continue to be squeezed, with elevated input costs and limited ability to pass these on. That's seen an increased focus on cashflow management.

Dwelling consent issuance – year to August



Regional activity gauges

Indicator	
Unemployment % (level) Manawatu-Whanganui	4.9
Unemployment % (level) Taranaki	4.2
Filled jobs, growth %yr	-1.0
Retail sales, growth %yr	0.4
House prices, growth %yr Manawatu-Whanganui	-0.8
House prices, growth %yr Taranaki	1.9
Residential consents, growth %yr	-3.5
Consumer confidence (vs historic average)	-15.2

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

WELLINGTON

ECONOMIC TEMPERATURE | **COLD**
UNCHANGED



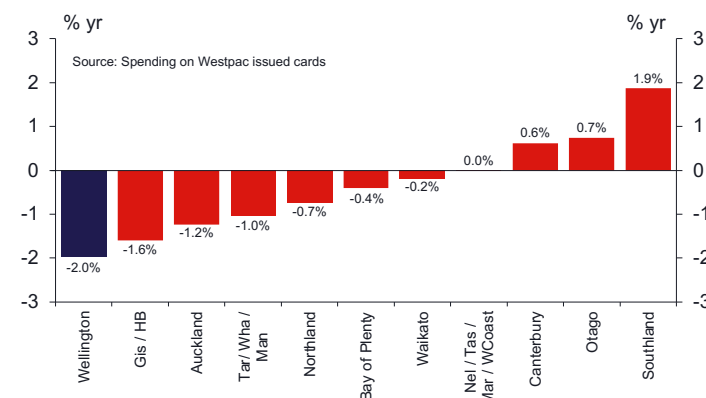
Job market slump continuing.

Wellington's labour market remains soft. Few businesses we've spoken to are hiring new staff, and a number had been reducing headcount via natural attrition. That softness in the labour market has meant that it's been easier to hold on to good staff, while those few firms that are seeking new employees have told us it's still hard to find high quality candidates. With that softness in the labour market, it's not surprising that the Capital has seen low levels of consumer confidence and weak retail spending. Many hospitality operators are also doing it tough. A big contributor to the softness in activity in Wellington has been the slowdown in public sector hiring in recent years.

Conditions have also been soft in the construction sector, which is flowing through to related industries. Residential construction remains weak, with aggressive pricing and intense competition. Commercial and industrial construction is holding up better, but competition between firms is still strong.

Compliance cost pressures have been a particular concern for businesses in Wellington, with many reporting large increases in insurance, rates, and energy costs. Those in the construction sector told us there had been no fall in material costs despite the slowdown in activity, while importers were struggling to pass on the effects of a lower NZD.

Filled jobs growth (year to August)



Regional activity gauges

Indicator	
Unemployment % (level)	4.2
Filled jobs, growth %yr	-2.0
Retail sales, growth %yr	0.5
House prices, growth %yr	-1.1
Residential consents, growth %yr	0.4
Consumer confidence (vs historic average)	-16.0

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

NELSON, TASMAN, MARLBOROUGH AND WEST COAST

ECONOMIC TEMPERATURE | **COLD**
UNCHANGED



Slowly starting to turn.

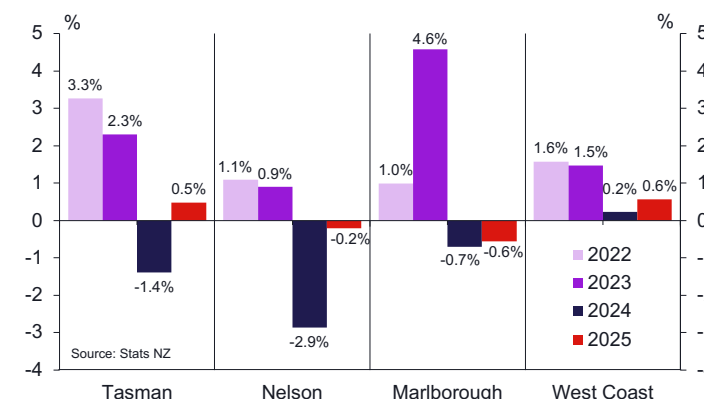
The top of the south has faced some tough conditions, with a number of high-profile business closures in recent months and challenging conditions in the viticulture sector.

Despite this, we're starting to see some signs of strengthening demand, albeit from a low base. Large retail stores are seeing some improvement in sales. There is also more optimism in the property sector, with "middle of the road" properties (around \$800k-\$1.1m) that are well located starting to sell more easily. We're also seeing some lift in construction and a related lift in demand for building supplies.

As in other regions, the downturn in the labour market looks to have been arrested. Conditions have been mixed across the region, with Nelson experiencing a sharper downturn in employment, while Marlborough, Tasman and the West Coast have all been more resilient. There's still limited appetite among businesses to grow staffing numbers at this stage.

While businesses are still grappling with increases in fixed costs (like rates and insurance), they have reported that some operating cost pressures have eased. Even so, managing cash flow remains challenging in some cases.

Filled jobs growth (August years)



Regional activity gauges

Indicator	
Unemployment % (level)	3.9
Filled jobs, growth %/yr	0.0
Retail sales, growth %/yr	2.5
House prices, growth %/yr	1.4
Residential consents, growth %/yr	-16.0
Consumer confidence (vs historic average)	-17.2

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

CANTERBURY

ECONOMIC TEMPERATURE | **COOL**
UNCHANGED



Optimism building.

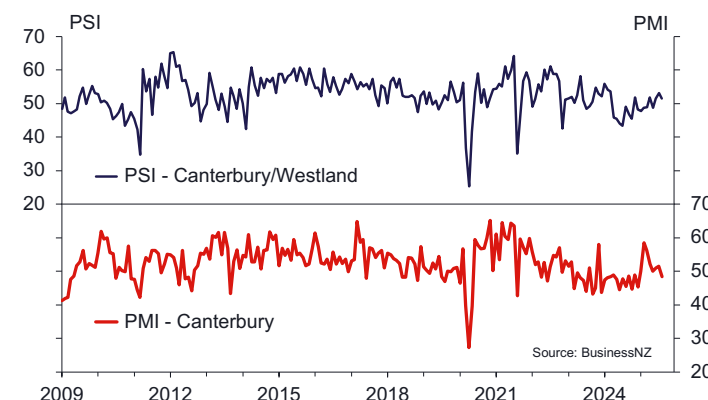
There's been a growing sense of optimism when we've been speaking to businesses in Canterbury. With a diversified economy, including a strong agricultural backbone, the region has continued to be one of the best performing parts of the country, and that's been reflected in a resilient labour market.

But while Canterbury's economy as a whole has held up, and those businesses that are linked to the dairy and meat sectors are reporting an improvement in demand, we're still seeing mixed conditions across the region. Many firms have reported strong activity levels, and some have been spending more on capacity improvements. In contrast, others continue to report tough trading conditions. For instance, in the construction sector, some operators are thriving with plenty of forward orders, while others have reported having very limited work compared to usual.

It's a similarly mixed picture in the retail sector. While spending levels have been rising, cost of living pressures mean that households remain reluctant to make larger or luxury purchases. That consumer-caution has also been a drag on the services sector.

In the labour market, staff turnover has been limited, with workers cautious about changing roles. At the same time, staff retention has been a priority, with employers actively working to keep quality employees.

Canterbury – PMI and PSI



Regional activity gauges

Indicator	
Unemployment % (level)	5.0
Filled jobs, growth %yr	0.6
Retail sales, growth %yr	3.4
House prices, growth %yr	1.9
Residential consents, growth %yr	-1.2
Consumer confidence (vs historic average)	-5.9

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac



Star performer.

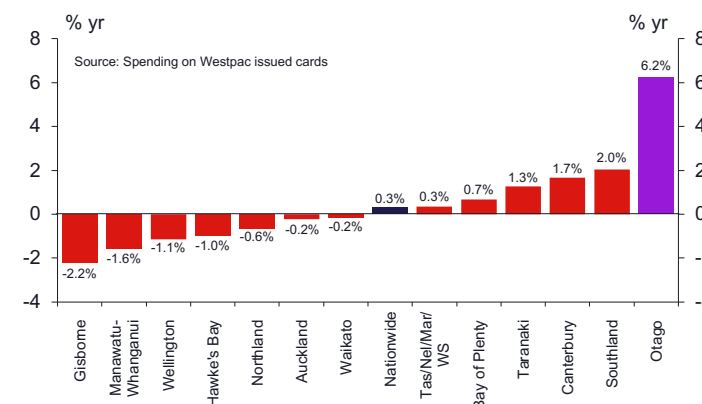
Otago has been the nation's top performing region over the past few months. In fact, looking at our 'Economic Temperature' gauge, it's the only part of the country that has managed to shake off the winter chills. That improvement owes much to the strength of the agricultural sector (especially dairy), with many farmers reporting very good returns. We're also seeing solid demand in the forestry sector. The lift in export earnings is adding to demand in related industries.

But it's not just the agricultural sector that is seeing better conditions. Tourism spending in Queenstown has also been a boon for the region (though conditions are still challenging for some operators). We're also seeing a rise in construction activity, along with a more general lift in business optimism.

There are still some soft spots, however. Notably, a number of retailers are still seeing soft sales and commercial property transactions remain low.

With conditions in the region improving, some businesses are planning to invest in additional plant and equipment. That's been supported by lower interest rates, and some businesses have brought forward spending plans in response to the Government's Investment Boost policy. There's also been a lift in the number of businesses who are thinking about hiring additional staff, with employers telling us that it's become easier to source workers (though some in Queenstown noted that getting staff is an ongoing challenge).

Retail spending growth (12 months to June vs previous year)



Regional activity gauges

Indicator	
Unemployment % (level)	3.0
Filled jobs, growth %yr	0.7
Retail sales, growth %yr	11.5
House prices, growth %yr	1.2
Residential consents, growth %yr	20.6
Consumer confidence (vs historic average)	-12.3

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

SOUTHLAND

ECONOMIC TEMPERATURE | **COOL**
UNCHANGED



Agricultural boost.

Southland continues to be one of the stronger performing parts of the economy. As in other parts of the South Island, that's in large part due to high dairy prices, with meat farmers in the region also benefitting from higher beef and lamb prices.

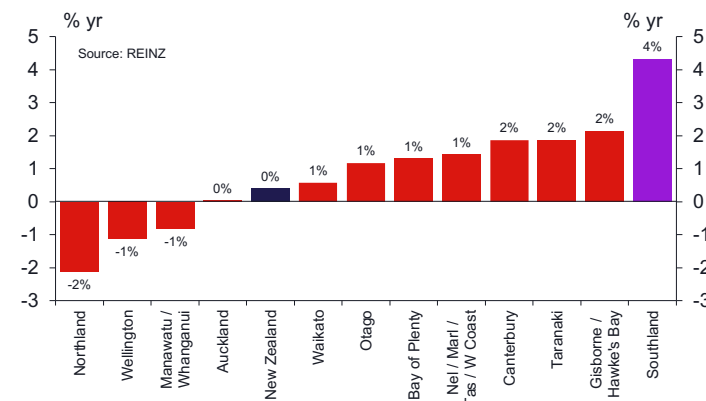
Higher agricultural earnings are also helping to boost spending in related industries.

However, it's a softer picture in other sectors. For instance, retailers continue to report flat sales, and dwelling consent numbers have been tracking sideways.

Despite those mixed conditions, Southland's labour market has been one of the strongest in the country, with filled job numbers up nearly 2% over the past year.

Southland's housing market has also been firmer than other parts of the country, with prices up 4% over the past year, well above the 0.7% rise seen across the country more generally.

House price growth (year to August)



Regional activity gauges

Indicator	
Unemployment % (level)	4.1
Filled jobs, growth %yr	1.9
Retail sales, growth %yr	1.5
House prices, growth %yr	4.3
Residential consents, growth %yr	4.3
Consumer confidence (vs historic average)	-5.1

Figures based on latest available data.

Source: Stats NZ, REINZ, Westpac

REGIONAL CONFIDENCE SURVEY

Consumer confidence remains highest in dairy intensive areas, especially those in the South Island. In contrast, confidence is lower in Wellington and also in Nelson/Tasman/Marlborough/West Coast, consistent with the continued challenging economic conditions in those regions.

Our **Consumer Confidence survey** (left hand table) looks at whether households are feeling optimistic or pessimistic about their personal finances and the state of the economy more generally. A result over 100 indicates that the number of households who are optimistic outweighs the number who are pessimistic.

Our **Regional Economic Confidence survey** (right hand table) asks households how they feel about the outlook for economic conditions in the specific region they live in. A result over zero indicates that the number of households who are optimistic about the outlook for their region outweighs the number who are pessimistic.

Consumer confidence by region

	Dec-24	Mar-25	Jun-25	Sep-25	Average, past 10 yrs
Northland	94.4	88.1	93.4	86.1	96.7
Auckland	106.5	91.3	95.9	97.5	100.7
Waikato	88.5	86.2	87.5	92.1	98.1
Bay of Plenty	98.9	90.6	101.5	88.4	99.4
Gisborne/Hawke's Bay	96.4	85.1	90.6	92.6	98.5
Taranaki/Manawatu-Whanganui	86.0	84.4	85.2	81.4	96.6
Wellington	85.2	80.5	77.9	84.9	100.9
Nelson/Marlborough/West Coast	99.5	85.6	86.9	78.9	96.1
Canterbury	101.4	95.4	91.3	92.1	98.0
Otago	90.8	94.7	91.5	84.6	96.9
Southland	93.5	92.7	96.8	90.9	96.0
Nationwide	97.5	89.2	91.2	90.9	99.0

Regional economic confidence

	Dec-24	Mar-25	Jun-25	Sep-25	Average, past 10 yrs
Northland	-13	-21	-18	-9	-7
Auckland	2	-13	-11	-10	-7
Waikato	0	-2	-13	2	6
Bay of Plenty	6	7	8	1	12
Gisborne/Hawke's Bay	6	-16	3	-6	10
Taranaki/Manawatu-Whanganui	-5	-13	-9	-3	6
Wellington	-36	-35	-24	-32	3
Nelson/Marlborough/West Coast	4	-4	-4	-20	11
Canterbury	-3	9	16	4	9
Otago	-19	5	-1	-5	7
Southland	13	11	26	25	12

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