Monthly Insights Brief

April 2026

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

Key economic highlights from the past month's data

1. Over the past year, Canterbury recorded the fastest growth in business locations in New Zealand.
2. In February 2026, Canterbury recorded its eighth consecutive month of annual job growth, among the strongest regional results in the country.
3. International tourism remained a major driver of activity, supported by strong growth in international arrivals through Christchurch Airport and record-high accommodation occupancy rates.
4. In the three months to December 2025, broader retail activity across Canterbury held up, despite ongoing softness in in-store card spending.
5. In March 2026, consumer and business confidence weakened following conflict in the Middle East and the resulting oil crisis, marking a sharp shift from otherwise broadly supportive economic conditions.
6. On balance, recent data suggest Christchurch and Canterbury entered the current crisis from a relatively strong starting point, leaving the local economy better positioned than many regions to navigate the uncertainty ahead.

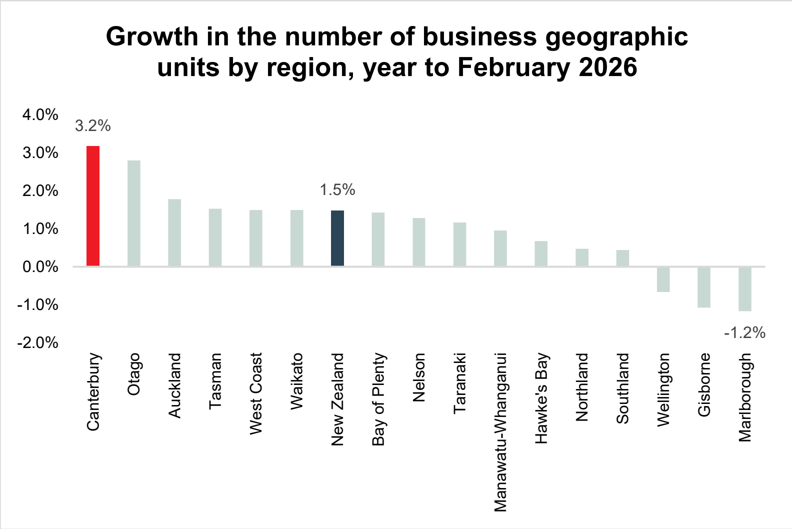
Business growth remained positive

The latest Statistics NZ data showed that business growth in Canterbury remained strong, with this indicator reflecting conditions prior to the escalation of the conflict in the Middle East.

In the year to February 2026, the number of geographic units, or business locations, in Canterbury rose by 3.2% to reach over 81,400 units. This was more than double the national growth rate and was the fastest regional increase in New Zealand.

Nationwide, the total number of business locations increased by 1.5%, or just over 9,300 locations between February 2025 and February 2026.

Canterbury accounted for 27% of this growth while representing only 13% of New Zealand's total business locations.



Data Source: Statistics NZ

Canterbury's labour market continued to improve

Recent employment indicators pointed to continued improvement in the local labour market, with the data reflecting conditions prior to the escalation of the conflict in the Middle East.

Data from Statistics NZ showed that unadjusted filled jobs in Canterbury were up 1.5% in February 2026 from a year earlier. This was the third strongest regional growth rate behind the West Coast and Southland. Nationally, unadjusted filled jobs increased 0.1%, while Auckland recorded a 0.4% fall and Wellington a 0.9% fall. February also marked the eighth consecutive month of annual growth in Canterbury.

Hiring activity also remained firm. MBIE data showed that online jobs advertisements in Canterbury were 21% higher in February 2026 than a year earlier, marking the ninth consecutive month of annual growth.

International tourism provided a strong lift

The tourism data below reflect conditions prior to the escalation of the conflict in the Middle East and do not yet capture any related impacts. During this pre-escalation period, international tourism remained a key driver of regional economic activity. Statistics NZ data showed that international visitor arrivals at Christchurch Airport were 17% higher in the three months to January 2026 than a year earlier, compared with 6% growth nationally. January marked the eighth consecutive month of annual growth, with more than 60,000 international visitor arrivals at Christchurch Airport.

Accommodation data reflected this strength. ADP figures showed that Christchurch's average commercial accommodation occupancy rate was 79% in the three months to February 2026, well above the national average of 67% for the same period and up from 75% a year earlier.

Commercial accommodation occupancy in Christchurch rose to 88% in February, the highest monthly rate in over five years and significantly above the national rate of 72%. Hotel Data New Zealand also reported a hotel occupancy rate of 96% in Christchurch in February, the highest February result in a decade.

Higher international visitor numbers supported local spending. Marketview data showed international visitor in-store card spending rose 7% in the three months to February 2026 compared to the same period last year, adding an additional $9.5 million to the local economy.

Local in-store card spending remained soft, but overall retail activity held up

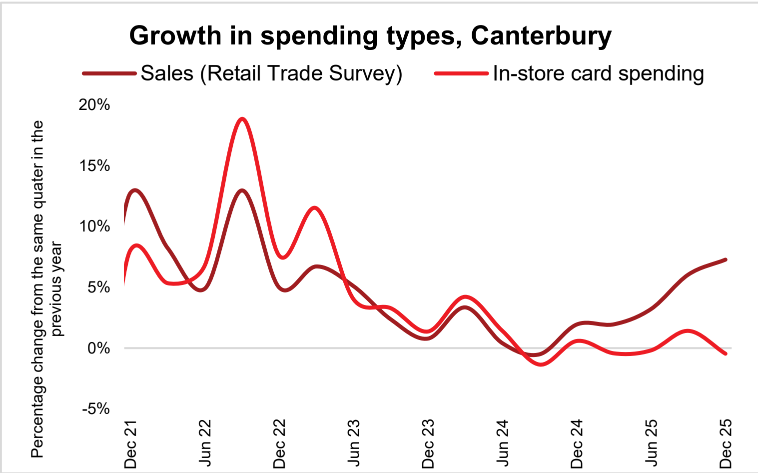
Revised Marketview figures indicated that the decline in in-store spending in January 2026 was smaller than first reported, although the overall downward trend had continued.

The latest monthly data from Marketview showed that in-store card spending in Christchurch was 1.4% lower in the three months to February 2026 than a year earlier, compared with a 1.0% decline across Canterbury and a 1.2% decline nationally. As in previous months, discretionary categories experienced the largest falls. Only Groceries and Liquor (+2.4%) and Accommodation (+6.1%) continued to show growth in Christchurch during this period.

Retail spending can be measured in different ways. Marketview provides monthly data on in-store card transactions processed through Paymark only. These data exclude online purchases, cash transactions, and other payment methods.

By contrast, the Retail Trade Survey (RTS), produced by Statistics NZ, is released quarterly. It captures a much broader range of payment types using a survey-based approach, rather than transaction-level data. The RTS is also based on a smaller sample of retail stores. Because of these differences, the two datasets are not directly comparable.

At a high level, the two measures have tended to move in the same direction. However, over the past year, growth in total retail sales recorded in the RTS for Canterbury has outpaced growth in in-store card spending. This suggests that broader retail conditions across Canterbury may have been more resilient than in-store card data alone indicate.



Data Source: Marketview

It is important to note that the data above relate to periods prior to the escalation of the conflict in the Middle East. Timelier Marketview data has since shown sharp shifts in in-store card spending. In the two weeks to 29 March 2026, in-store card purchases of fuel rose sharply in Christchurch, with spending reaching $20.4m in both weeks, around 30% higher than the same periods a year earlier.

With fuel prices continuing to rise over this period, the flat level of weekly spending suggests that the volume of fuel purchased declined in the second week. Increased spending on fuel appeared to come at the expense of discretionary categories, with in-store card purchases of Apparel, Hospitality, and Takeaways, all lower than a year earlier.

This pattern is consistent with an initial period of stockpiling followed by a behavioural adjustment as households responded to higher fuel costs and concerns about supply disruptions by reallocating spending and seeking to conserve fuel.

Other economic indicators were mostly positive

A range of other indicators pointed to broadly positive momentum, although these measures primarily reflect activity prior to the recent escalation of the conflict in the Middle East.

The latest data released from Statistics NZ showed that construction activity continued to expand. The total number of building consents (residential and commercial) issued in Christchurch rose 29% in the three months to February 2026 compared with the same period a year earlier. Across Canterbury, consent numbers increased 37%, while nationally, consents rose 21%.

Canterbury's manufacturing sector also remained solid. BNZ – BusinessNZ Performance of Manufacturing Index (PMI) data showed that Canterbury recorded an unadjusted reading of 60.1 in February 2026, well above the expansion threshold of 50 and the highest monthly result in a year. This marked the sixth consecutive month of expansion.

The services sector improved slightly but remained soft. The unadjusted Canterbury / Westland BNZ – BusinessNZ Performance of Services Index (PSI) rose to 49.9 in February 2026, remaining in mild contraction but improving from January. The regional PSI also moved back above the national unadjusted average of 49.2 in February.

Exports through Canterbury ports declined in early 2026. Statistics NZ data showed that goods exported through Canterbury ports were valued at $2.8 billion in the three months to February 2026, down 11% from a year earlier. The gross weight of goods exported over this period fell by 2%. The drop in export value came off a very strong base and aligned with easing dairy prices. Export values in the three months to February 2026 remained 17% above the same period in 2024 and dairy prices remained high relative to longer-term averages.

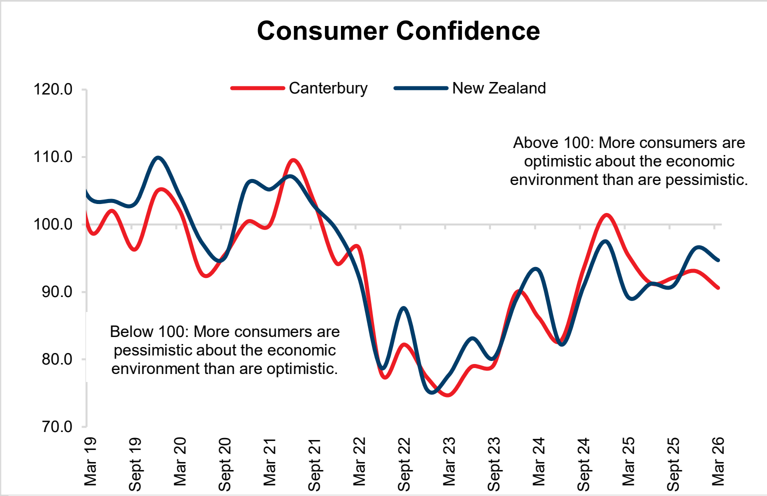
Consistent with elevated dairy prices over the past year, Fonterra reported one of its strongest years on record in FY2025 (year to 31 July), returning around $16 billion in cash to shareholders, up 31% on the previous year. Interim results for the first half of FY2026 showed continued revenue and profit growth, and with the sale of Fonterra's retail business now complete, dairy farmers are positioned to receive an additional payout of around $3.2 billion in April 2026.

Christchurch's housing market continued to improve. REINZ data showed that property sales in Christchurch rose 1.6% in February 2026 compared with a year earlier, and the median house price increased 3.5% over the year to $735,000, sitting slightly above the post-Covid-19 peak.

But confidence has taken a hit

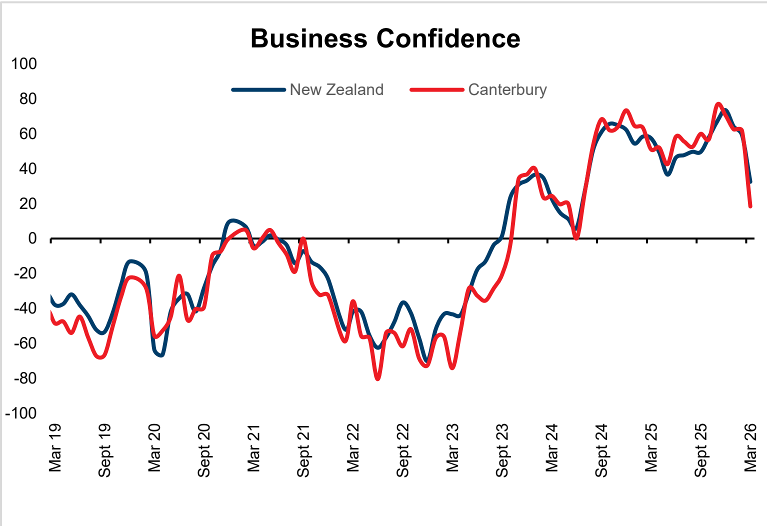
The Westpac-McDermott Miller Consumer Confidence survey showed consumer confidence fell in March 2026. National consumer confidence fell 1.8 percentage points to 94.7, while Canterbury recorded a larger drop of 2.5 percentage points to 90.6. This marked Canterbury's lowest level since 2024.

The latest consumer confidence survey was conducted in early March, shortly after the conflict in the Middle East began, so the decline in consumer sentiment was not unexpected. Westpac noted that many households had not yet fully felt the impact of higher fuel prices when surveyed, suggesting sentiment could weaken further.



Data Source: Westpac McDermott Miller Consumer Confidence Survey

The ANZ Business Outlook survey reported a sharp deterioration in business confidence in Canterbury in March 2026. Business confidence in the region had been easing since November 2025, when Canterbury recorded its highest level in decades, with a net 77% of Canterbury businesses expecting better business conditions ahead. Business confidence then fell steeply in March 2026, dropping 43 percentage points to a net 18% of Canterbury businesses expecting improvement. This was a larger decline than the national result, where confidence fell 26 percentage points to a net 33%.



Data Source: ANZ Business Confidence Survey

ANZ noted that most business survey responses were collected the day after the Middle East conflict began, with about a third coming after 23 March 2026. Across New Zealand, these late-month responses averaged -23%, suggesting business confidence is likely to fall further. Own activity indicators also softened, while pricing intentions increased.

While recent data show Canterbury entered the current shock with relatively strong momentum, the region's structure and geography may also make it more sensitive to sustained increases in fuel costs. A large, geographically dispersed rural population, together with a sector mix weighted toward fuel-intensive industries, may help explain the sharper declines in both consumer and business confidence.

The world has shifted, and global uncertainty is rising

Recent backward-looking data for Christchurch and Canterbury have been generally positive, reflecting conditions prior to the escalation of the conflict. However, the global environment has now shifted materially, increasing uncertainty around input costs, price pressures, and future demand.

The escalation of the conflict in the Middle East and the effective closure of the Strait of Hormuz have disrupted global supply chains. Disruptions to oil, gas, and fertiliser supplies are particularly significant for New Zealand, given the economy's reliance on these inputs for transport, agriculture, and manufacturing. The closure of key airspace corridors is also increasing flight times and fuel requirements, adding direct cost pressures to international aviation and potentially altering global travel patterns.

In a recent speech, the Reserve Bank Governor laid out three key transmission channels through which these shocks may affect the economy:

- First-round direct effects from immediate price increases in goods facing shortages, such as petrol and fertiliser.
- First-round indirect effects as rising input costs flow through to other goods and services.
- Second-round effects via shifts in medium-term inflation expectations and the growth outlook.

With a mandate to keep inflation between 1 and 3% over the medium term, the Reserve Bank can look through short-lived first-round effects. However, if supply disruptions persist, the risk increases that indirect and second-round effects become embedded. In its April Official Cash Rate announcement, the Reserve Bank noted that while it had held the OCR at 2.25% as it looks through these initial effects, the Committee remains "vigilant to any generalised inflationary pressure and stands ready to act to return inflation to its medium-term target".

New Zealand is entering this supply shock from a weaker position than during the 2022 global oil price shock. Economic growth is softer, labour markets are less tight, and demand is subdued. In this environment, subdued demand may limit businesses' ability to pass higher costs through to prices, increasing pressure on margins and profitability.

In the near term, higher fuel and transport costs are likely to dampen momentum as households and businesses allocate a larger share of spending to essential inputs. If these pressures persist, they could influence medium-term pricing behaviour. Rising inflation expectations and pricing intentions may place upward pressure on interest rates, which could weigh on house prices and erode real household incomes. Taken together, these dynamics pose downside risks to consumption, investment, and hiring intentions.

Change is the only constant

The full effects of this crisis will take time to unfold and longer still to unwind. Some impacts are already visible, including higher fuel prices, higher airfares, and reduced rural flight availability. Consumer and business confidence surveys have also recorded declines, likely reflecting heightened concerns about the duration of the conflict, the path of fuel prices, potential supply disruptions, and the wider economic implications.

Lower confidence and elevated uncertainty may lead households to delay discretionary purchases and businesses to defer investment and hiring decisions. As the Reserve Bank's Chief Economist Paul Conway noted in a speech last year:

> "*uncertainty can end up being more negative for the economy than the thing we are uncertain about in the first place."*

This observation is particularly relevant in the current environment. Looking ahead, uncertainty is likely to remain a persistent feature of the economic landscape. Global supply chains, fuel and energy-related costs, and geopolitical risks continue to evolve, requiring households and businesses to adjust to changing conditions. As a result, economic outcomes are likely to be more volatile, with periods of resilience interspersed with renewed pressure.

While Christchurch and Canterbury face clear challenges in this environment, recent data suggests the region has entered this period from a relatively strong position. This provides some capacity to absorb shocks and adapt as conditions change. Experience from recent global disruptions may also support resilience, as households and businesses respond more quickly to new information and constraints. In this context, the local economy appears better positioned than many regions to navigate the period ahead, despite elevated uncertainty.

For queries related to ChristchurchNZ's economic insights, please contact:
Charlotte Lascelles (Economist): enquiries@christchurchnz.com

This report was based on data available as of 8 April 2026. Any subsequent revisions or updates to the underlying data will not be reflected in this report.