

Quarterly Economic Monitor, Infometrics, March 2026: NRDA commentary

Nelson Tasman entered 2026 with solid momentum, but global uncertainty is likely to slow the recovery

The March 2026 Quarterly Economic Monitor shows Nelson Tasman's economy continued to strengthen through early 2026, building on the recovery signs that first became evident late last year. Provisional GDP estimates show the regional economy grew 1.2% over the year to March 2026, comfortably ahead of national growth of 0.4%. Tasman District again led regional growth at 1.9%, supported by strong horticultural returns and improving activity across retail, professional services, tourism and real estate.

However, it is important to recognise that the March quarter data largely predates the effects of the Iran War, which only began impacting global markets towards the end of the quarter. That means we are not yet seeing the full inflationary effects flowing through from higher fuel and freight costs, nor the likely impacts on household confidence, business sentiment, or international travel demand.

This context matters because the March data still reflects an economy that had been gradually improving.

The March data shows traffic volumes across Nelson Tasman rose 4.8% over the year, well ahead of the national increase of 1.6%. Commercial vehicle registrations also increased strongly, up 14.6%, suggesting businesses were still investing and operating with more confidence through the first part of 2026. Business numbers also continued to edge higher.

The primary sector continues to provide an important buffer for the Nelson Tasman economy. Although global instability and sharp lifts to energy prices (especially diesel) are increasing costs for businesses, commodity prices remain relatively strong. That should help keep export receipts flowing into the region and partially offset the pressure coming from higher fuel, freight and input costs.

The labour market remains softer than the broader GDP figures. Employment fell 0.9% over the year and unemployment increased to 4.1%, although that remains well below the national unemployment rate of 5.3%. Jobseeker numbers also continued to rise. As has been the case nationally, businesses have generally remained cautious around hiring despite improving activity levels.

Consumer spending has held up reasonably well locally, increasing 1.1% over the year compared to a slight decline nationally. But again, the March quarter only captures the very early stages of the recent fuel price increases. The next few quarters are likely to show more pressure on discretionary household spending as higher transport and living costs flow through more fully.

Tourism continues to recover strongly. Tourism expenditure increased 9.0% over the year, supported particularly by international visitor spending, while guest nights also continued to lift. The lift in guest nights was also reinforced by international visitors, which is consistent with a 22% surge in international arrivals at the South Island's key largest international gateway airport, Christchurch Airport

Looking ahead, there are both risks and opportunities for the visitor sector. The winter season in Nelson Tasman is not heavily reliant on international tourism in the same way summer is. There may actually be some benefit from domestic travellers holidaying within New Zealand more often as overseas travel becomes more expensive.

The outlook to next summer is likely to be more exposed to global conditions, particularly if higher fuel costs begin affecting long-haul travel demand or airline scheduling. At this stage though, there are still reasons to remain cautiously optimistic. International flight schedules into New Zealand remain intact, and New Zealand continues to be viewed as a relatively attractive and stable destination against a backdrop of wider geopolitical instability.

The housing market is also continuing its gradual recovery. House sales rose 7.8% over the year, residential consents increased 17.2%, and First Home Loan purchases continued to lift strongly. Encouragingly, house values have remained broadly flat despite the increase in activity, helping improve affordability and access to the market for first home buyers.

Overall, the March 2026 Quarterly Economic Monitor shows Nelson Tasman entered 2026 with genuine economic momentum. Growth had broadened across tourism, primary industries, housing and business activity, and the region continued to outperform national GDP growth.

The challenge is that the global backdrop has become significantly more uncertain over the past couple of months. The full economic effects of the Iran War are still ahead of us and will become more visible in the June and September quarter data.

Even so, Nelson Tasman remains relatively well positioned. Strong export returns, improving tourism activity, comparatively low unemployment, and a more balanced housing market should help the region navigate what is likely to be another volatile period for the New Zealand economy and the region.