Nelson Tasman | NELSON REGIONAL DEVELOPMENT AGENCY

Quarterly Economic Monitor, Infometrics, June 2026: NRDA commentary

Nelson Tasman's recovery holding firm

The June 2026 Quarterly Economic Monitor shows Nelson Tasman's economy continued to strengthen through the middle of the year, despite global turbulence that has followed the outbreak of the Iran War in February. Infometrics' provisional estimate shows regional GDP grew 2.7% over the year to June 2026, well ahead of national growth of 1.7%, making Nelson Tasman the third-fastest growing region in New Zealand. Tasman District again led regional growth at 3.5%, highlighting the export sector's role in driving current growth, while Nelson City recorded a solid 2.0% lift.

This is the first Quarterly Monitor to capture a full quarter of the Middle East conflict, and the situation to date has proved more reassuring for Nelson Tasman and the wider economy than some had feared. Last quarter it was noted that the full economic effects of the Iran War were still ahead of us. Fortunately, based on the economic monitoring information so far, those effects are showing mainly through prices rather than any collapse in activity or demand.

The clearest impact shown in the report has been the spike in inflation. Consumer prices rose 4.1% over the year to June 2026 as higher fuel and freight costs flowed through the economy. Importantly, however, and separate to the QEM, the Reserve Bank's latest Survey of Expectations shows inflation is expected to return to close to its 2%pa midpoint target in 2027 – a sign that this spike is being read as a temporary supply shock from the conflict rather than a lasting shift in inflation.

That said, the QEM figures show that the inflation spike is squeezing households. Consumer spending in Nelson Tasman rose 2.2% over the year, well ahead of the 0.6% national increase, but with prices rising faster than spending, volumes have fallen in real terms. Households are paring back discretionary purchases to cope with higher fuel and grocery costs, with that pressure likely to persist until inflation settles.

Fortunately, the external side of the economy is doing much of the heavy lifting. Returns for exporters of agricultural products have remained strong, with New Zealand's horticulture export values up 9.5% over the year to June 2026, while the region's dairy payout is expected to hold at around $172 million this season. Seafood returns have been softer, but overall these export receipts continue to provide an important buffer for the regional economy.

Our tourism activity has also shown growth, with overall tourism expenditure up 2.5% and total guest nights up 2.6% in the year to June 2026. While our domestic tourism remains subdued, unsurprising given the squeeze on household budgets, the international visitor sector has led this overall growth, with a 7% increase in international guest nights in Nelson Tasman (international visitor arrivals into New Zealand grew by more than 8%pa over the year). International flight schedules have also held up despite the fuel crisis, and New Zealand continues to be viewed as a relatively attractive and stable destination amid wider geopolitical instability.

These external strengths also underline the importance of transport connections for Nelson Tasman's economy. This has been highlighted recently through separate research*, showing that the Cook Strait ferries, for example, are estimated to facilitate about $1.6 billion of annual trade and visitor activity for Nelson Tasman, made up of $1.2 billion of freight and $376 million of visitor spending by travellers who arrive in the region on the ferries. In a period when higher fuel and freight costs are already testing supply chains, the reliability of the transport networks that connect the region to its markets and visitors matters more than ever.

On the ground, the QEM shows other indicators point to rising business activity and confidence to invest. Traffic volumes across Nelson Tasman rose 4.1% over the year, five times the national increase, while commercial vehicle registrations jumped 21.5%. Higher fuel prices have also driven sharp growth in electric vehicle purchases, with EV registrations in the region almost doubling (up 97.5%) to their highest level in two years.

While the report notes an increase in unemployment from 3.9% a year earlier to 4.1%, and a 2% increase in Jobseeker Support recipients (annual average over the year to June 2026), this 2% is well below the 3.7% increase nationally. The overall labour market has held together better than might have been expected given last year's high-profile business closures. Manufacturing declined as those closures took effect, but unemployment, at 4.1remains well below the national rate of 5.4%. Encouragingly, employment of Nelson Tasman residents rose 0.6%pa in the June quarter, suggesting other local businesses have been absorbing workers made redundant.

The housing market is continuing its gradual recovery. Residential consents rose 18.1% over the year, led by a 35% lift in Nelson City. House values have remained broadly flat, up just 0.9%, which, as noted last quarter, is helping improve affordability and access for first home buyers. First Home Loan purchases increased 33.7%.

Overall, this presents positive indication that the Nelson Tasman economy has weathered the first full quarter of the Middle East conflict in relatively good shape. While the inflation spike is squeezing household budgets, it is expected to prove temporary, and strong export returns and international visitor demand have kept the regional economy growing well ahead of the national pace. A further escalation in the conflict or renewed fuel price spikes would test the region again, but with comparatively low unemployment, solid external earnings, and a more balanced housing market, Nelson Tasman remains relatively well positioned to navigate the uncertainty ahead.

*Conducted for NRDA by Benje Patterson Economist July 2026