Quarterly Economic Monitor, Infometrics, September 2025: NRDA Commentary

"*The Nelson-Tasman economy is starting to turn a corner*" is a very welcome opening line to the Quarterly Economic Report for September 2025, just released by Infometrics, showing a 1.4%pa increase in economic activity in Nelson Tasman within the quarter. While this is not to mask the economic challenges reflected in the report, and that coming off the back of subdued activity means that economic activity across the 12 months to September 2025 was still 0.3% below where it was a year ago, it is nevertheless a much more encouraging opening line than previous few quarters.

1. Flood Recovery

After a tough year and the damaging and disruptive weather events in June and July, the strength of economic activity during the September 2025 quarter is especially pleasing to hear. What we do need to recognise is that an unfortunate perverse outcome of storm damage is often a spike in economic activity as clean-up work and repairs happen to roads, bridges, farm infrastructure, pastures and plantings once immediate disruptions are out of the way. As such, while the businesses supporting the repair work will be welcoming the activity, there may be a lull afterwards as it will take time for crops and livestock on the damaged land in the primary sector to get back to full production.

2. Employment and Unemployment

On employment, the QEM shows our employers in Nelson Tasman having continued to shed workers, with employment falling 1.7% pa over the past 12 months, including a 0.4% decline in the September 2025 quarter. The report also acknowledges that these employment declines do not yet include the effects of the recently announced business closures.

On a positive, even with the recent job losses, unemployment in Nelson Tasman remains low, at 3.5%. However, this outcome comes from pros and cons, with part of the reason for such low unemployment being the lack of population growth in the region over the past year, plus our rapidly aging population meaning there are also fewer people of working age (over the past year, the working age population (aged 15-64 years) shrunk by 400 people, while the population aged over 65 years increased by 800 people). Nevertheless, this smaller workforce does mean that there are still job opportunities for those available to work, despite underlying job losses.

Looking to the future, relative scarcity of workers will create ongoing hiring challenging for businesses that will need to be addressed through a combination of labour-saving investments to improve productivity, as well as recruitment from further afield.

3. Construction

While we have become very cautious about reference to 'green shoots', nevertheless there have been some green shoots that have emerged in the Nelson Tasman economy over the past quarter that bode well for future activity in the region. In particular, the sharp increase in non-residential construction that has emerged over the past year has continued, with $169m consented in the past year, and the construction sector has a significant pipeline of work underway given a large volume of storage and warehousing consents earlier in the year, coupled with hospital redevelopment work, and ongoing flood repair work.

4. Visitor Sector

Good news is that the visitor sector has also enjoyed a strong September quarter, with guest nights climbing at their fastest rate in two years, driven by domestic visitation. It seems that domestic travellers showed solidarity with Nelson Tasman through the winter months by continuing to visit the region after the severe weather events. In independent review of the QEM results, economist Benje Patterson states: “This confidence to travel was supported by strong advocacy work by Nelson Tasman leaders to firmly present the message that the region was open for business. Further visitor marketing campaigns since September, coupled with an anticipated 15% increase to international visitor arrivals through Christchurch Airport this summer, bode well for further growth in Nelson Tasman’s visitor economy over the summer months”. Thank you to everyone in our community who got behind this messaging; together with the regional promotion boost from the Government post the floods, this has hopefully gone some way to reduce the predicted $18 million annual loss of visitor spend calculated immediately post floods.