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People & Places

Queenstown-Lakes labour market snapshot to December 2022



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Council

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2. Labour market snapshot to December 2022

Job numbers in Queenstown-Lakes during December 2022 had recovered to close to their pre-Covid peak from December 2019. But scratching beneath the surface continues to reveal a vastly different mix of jobs to pre-Covid. Jobs have soared in industries that service a growing population, while hospitality, despite recent hirings, is struggling to keep pre-Covid volumes of tourists happy with almost 1,200 fewer staff than in summer 2019/20. Wages are consistently rising far faster than nationally as businesses attempt to lure workers into the local area. However, wage increases alone aren't enough and it is apparent that non-wage factors, such as a lack of available houses for rent have been contributing to the district's challenge of attracting and retaining staff.

2.1. Overview of recent data to December 2022

Selected indicators of labour market conditions in Queenstown-Lakes

Stats NZ, MSD, JobFix, and Queenstown Chamber data, available at 30 January 2023

	Dec-22	Dec-21	% change
Overall employment and wages			
Total employment (filled jobs in businesses)	23,219	22,462	3.4%
Earnings (average annual wages)	\$65,119	\$59,716	9.0%
Demand for workers			
Job ads (online job ads, weekly average across quarter)	204	153	33.2%
Worker availability			
Jobseekers (number of 'work ready' on this benefit)	114	255	-55.3%
Difficulty in finding workers			
Skilled/specialist (net % of businesses saying hard to find)	62%	56%	6.0%
Unskilled roles (net % of businesses saying hard to find)	48%	45%	3.4%

- There were 23,219 filled jobs in Queenstown-Lakes businesses in December 2022. Employment has risen by 757 jobs (3.4%) compared to a year ago.
 - The biggest contributor to jobs growth in the past 12 months was accommodation and food services (286 jobs), followed by retail (169 jobs), education (99 jobs), transport and warehousing (88 jobs), and professional services (73 jobs).
- Overall employment has recovered to close to its pre-Covid summer peak from December 2019 of 23,491 jobs. But this recovery has been uneven between industries. For example:
 - Accommodation and food service employment in December 2022 remained 1,173 jobs below its December 2019 level, despite visitor demand sitting back at pre-covid levels.
 - In comparison, construction (up 422 jobs), professional services (252), health (174), education (163), and manufacturing (125) saw big increases over the same period.
- Local businesses are continuing to demand more workers, as evident by the 33%pa lift in job ads.
- But a lack of workers in the district who are available to work remains an acute problem:
 - A net 62% of businesses are finding it difficult to fill unskilled roles and 48% are finding it difficult to fill skilled or specialist roles. Both measures have deteriorated since last year.
 - 40% of businesses say finding staff is the single biggest factor limiting their business.
- Businesses are doing what they can to make themselves attractive and lure people into the area. For example, wage growth in the district is running at 9.0%pa, compared to 6.4%pa nationally.
- Unfortunately, there are limits to the influence wages can play in attracting workers. Other factors, such as an acute rental housing shortage, have also impeded workers' ability to accept jobs in the local area. The next section of this report puts the spotlight on these rental housing challenges.

Employment in Queenstown-Lakes businesses by industry, December 2022 compared to pre-Covid

Stats NZ Monthly Employment Indicators, Filled jobs in businesses, available at 30 January 2023

Industry	Dec-22	Dec-19	Change
Accommodation and Food Services	4,269	5,442	-1,173
Construction	3,282	2,860	422
Retail Trade	2,836	2,775	61
Professional, Scientific and Technical Services	1,797	1,545	252
Education and Training	1,256	1,093	163
Health Care and Social Assistance	1,206	1,032	174
Administrative and Support Services	1,183	1,423	-240
Manufacturing	1,099	974	125
Arts and Recreation Services	1,013	1,118	-105
<i>All other</i>	5,278	5,229	49
Total	23,219	23,491	-272

Total jobs in Queenstown-Lakes

Source: Stats NZ monthly employment indicators, filled jobs



Wage growth in Queenstown-Lakes businesses by industry

Stats NZ Monthly Employment Indicators, % change in annual wages (12 months to December 2022)

Industry	Wage growth (%pa)	
	Queenstown-Lakes	New Zealand
Administrative and Support Services	16.9%	9.9%
Accommodation and Food Services	12.3%	7.8%
Manufacturing	9.5%	6.5%
Arts and Recreation Services	8.9%	5.5%
Health Care and Social Assistance	7.3%	7.4%
Construction	6.7%	5.8%
Professional, Scientific and Technical Services	6.0%	4.4%
Retail Trade	5.4%	3.8%
Education and Training	3.6%	3.2%
<i>All other</i>	9.8%	6.8%
Total	9.0%	6.4%

2.2. Spotlight on rental housing shortages

This spotlight section gives an overview of rental housing data to see whether the evidence supports widespread reports that a shortage of rental housing is holding back recruitment efforts in the district.

Shortages of rental accommodation in Queenstown-Lakes are a longstanding issue, but the recent flurry of media articles suggests the situation has deteriorated further over recent quarters. These media reports have identified case studies of workers struggling to find rentals, alongside comments from business owners singling out acuter-than-usual rental shortages as hampering their recruitment efforts.

To get a quick feel for how widespread business concerns are, the Queenstown Business Chamber of Commerce recently asked members “How much is the availability of accommodation for staff affecting your business?”. At face value, the Chamber’s survey reinforces comments being published in the media regarding businesses’ concerns about the situation. The survey showed that only 15% of businesses think that there are no problems being caused by the availability of accommodation for staff.

How much is the availability of accommodation for staff affecting your business?

Survey pulse check by Queenstown Business Chamber of Commerce, 30/31 Jan 23, 82 respondents

Response	Proportion (%)
Biggest barrier to achieving optimal staffing levels right now	30.5%
Important but one of many issues	42.7%
Minor issue	12.2%
<i>Not a problem</i>	14.6%
Total	100.0%

Almost three quarters of respondents to the business survey said that the availability of accommodation for staff is more than just a minor issue for their business, with one in three Queenstown businesses saying the housing situation represents the biggest barrier to achieving optimal staffing levels right now.

With the Chamber survey reinforcing the link between housing availability and recruitment, it is also important to test whether there is any evidence to support assertions that housing availability in the district has deteriorated. We know that rental houses are usually in short supply, so the real question is whether the rental shortage has gotten worse? The answer is pretty simple – yes it has.

Analysis of rental bonds data from the Ministry of Business, Innovation and Employment (MBIE) shows that there were 4,119 tenanted rental houses in November 2022, which is almost 100 fewer rental properties than a year ago.

How many rental houses are there in Queenstown-Lakes?

MBIE rental bonds data, and author calculations from Statistics NZ population estimates

	Past year		Pre-Covid
	Nov-22	Nov-21	Nov-19
Number of tenanted rental properties	4,119	4,212	3,951
Rental properties per 1,000 households	237	247	252

There is little immediate prospect of respite for those searching for rentals. Data from Trade Me Property Director, Gavin Lloyd, shows a 49% drop in the rental listings in the district from December 2021 to 2022.

Establishing the root cause of this rental shortage is challenging, but it is worth establishing a few facts about potential contributors to the problem. A quick comparison of building consents data and population growth trends highlights that **Queenstown-Lakes has been building enough houses over recent years to keep up with population growth:**

- 1,396 houses were consented last year and 3,804 houses were consented in the past three years.
- In comparison, population growth data equates to about 315 new households over the past year and 1,647 new households over the past three years.
- The difference between these datasets suggests about 1,081 additional homes were consented last year than were needed to meet population growth demands (2,157 in the last three years).

Has there been enough homebuilding to keep up with population growth in Queenstown-Lakes?

Author calculations from Stats NZ building consents and population estimates

	Last 1 year	Last 3 years
Supply: new houses (building consents)	1,396	3,804
- Demand: to house population growth (new households)	315	1,647
Additional houses above population growth demands	1,081	2,157

The real question is what are these additional homes potentially being used for above and beyond what is needed to meet population growth demands? Many have been quick to point the blame at short-stay accommodation. But the evidence shows that **although short-stay accommodation is undoubtedly a contributor to the problem, it would be unfair to solely point the blame** at these platforms.

How many short-stay accommodation listings are there in Queenstown-Lakes?

Estimates of active whole house listings on Airbnb and Bookabach, author estimates from Airdna data

	Past year		Pre-Covid
	Dec-22	Dec-21	Dec-19
Short-stay accommodation listings	3,181	2,749	3,733

This is because even though there have been 432 additional short-stay accommodation listings over the past year, short-stay accommodation listings remain lower than before the pandemic. Furthermore, the lift in listings over the past year is still less than the approximately 1,081 additional houses that were consented above and beyond that needed to account for population growth last year. This indicates:

- **Over the past year alone potentially about 649 new houses were built above and beyond the joint demands of population growth and additional use by short-stay visitor accommodation.**

Unfortunately, the end use of these additional new homes is unknown. It is **likely that many houses are unoccupied** and have been constructed as holiday dwellings or homes to retire to in future, but there is no recent data on unoccupied dwellings. The most recent data on unoccupied dwellings was the 2018 Census, which at the time showed that 27% of Queenstown-Lakes' houses are unoccupied.

Unoccupied dwellings seem to be a key unexplained piece of the rental shortage puzzle, as such it would be useful if more work could be done on understanding the recent role of unoccupied dwellings in the Queenstown-Lakes housing market.

Of particular relevance would be to establish more details about what people's intended end use is likely to be when they buy or construct a home, as well as if there are any factors that could motivate some of these people to consider making the home available for rent on a long-term or even seasonal basis.