



Competitive Cities: A Decade of Shifting Fortunes

Spotlight on Queenstown

Household change 2008 vs 2018

↑9%



Household income

–

↓3%



Mortgage payments

–

↑17%



Basic expenditure

=

\$3,501



Annual discretionary income

The adventurous life

Queenstown is growing quickly. Population growth between 2012 and 2018 averaged above 5 per cent per annum, more than twice as fast as any other city. While Queenstown is a small city, a large and growing visitor population places far greater pressure on public services than the numbers suggest (Figure 1). Queenstown's growth is not difficult to understand. A remarkable and truly exceptional environment, matched with a world class tourism sector makes it a unique part of New Zealand's urban ecosystem.

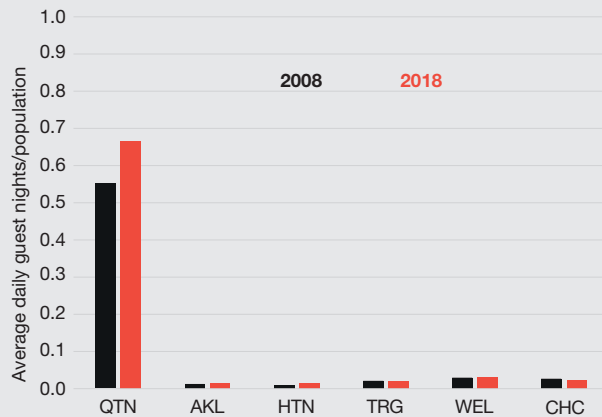
At existing growth rates, Queenstown's resident population could surpass Dunedin in the next 50 years. Such rapid growth creates weighty challenges for the region. But done right, the payoffs for the region and New Zealand, could be significant.

Population growth is supported by high incomes. At \$1,665 per week, median household income surpassed Auckland in 2017. But living costs are also high (Figure 2). House prices increased 64 per cent between 2008 and 2018. Containing house prices and transport prices in tandem will be central to the city's ambitions.



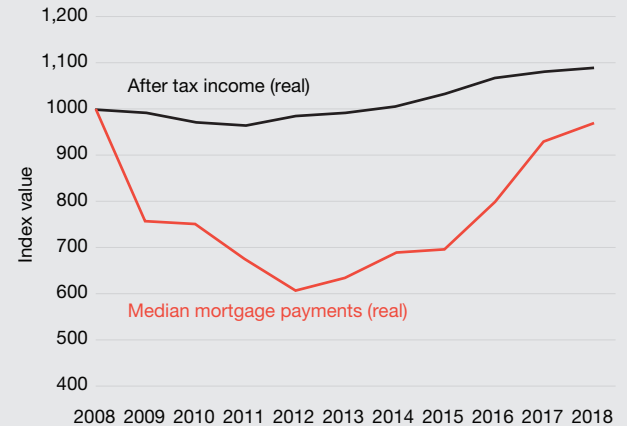
An exceptional opportunity for New Zealanders to experience the adventure of mountain life.

Figure 1: Average daily guest nights as a proportion of population



Source: Statistics New Zealand Accommodation Survey

Figure 2: Median Queenstown after tax income and mortgage payments index



Source: Statistics New Zealand, PwC

Discretionary income increased \$67 per week for the median household, with income growth narrowly above living costs.

Economic diversification is especially important for Queenstown because of its relatively small size and dependence on tourism. Greater diversification will help avoid the boom-bust economy which was visible over the last business cycle, where Queenstown had the strongest pre-crisis growth of any city, but a longer and more pronounced slump.

Queenstown is a unique opportunity for New Zealand. Owing to its small size and extraordinary potential, policymakers and city leaders have an opportunity to shape its trajectory for years to come. By combining high value business growth with a sustained inflow of educated workers, and policies that keep living costs low, Queenstown could be a significant part of New Zealand's urban ecosystem in the years ahead. Growth brings challenges, but with the help of smart urban policymaking and strong leadership, the city will offer more Kiwis an opportunity to experience the adventure of mountain life.

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