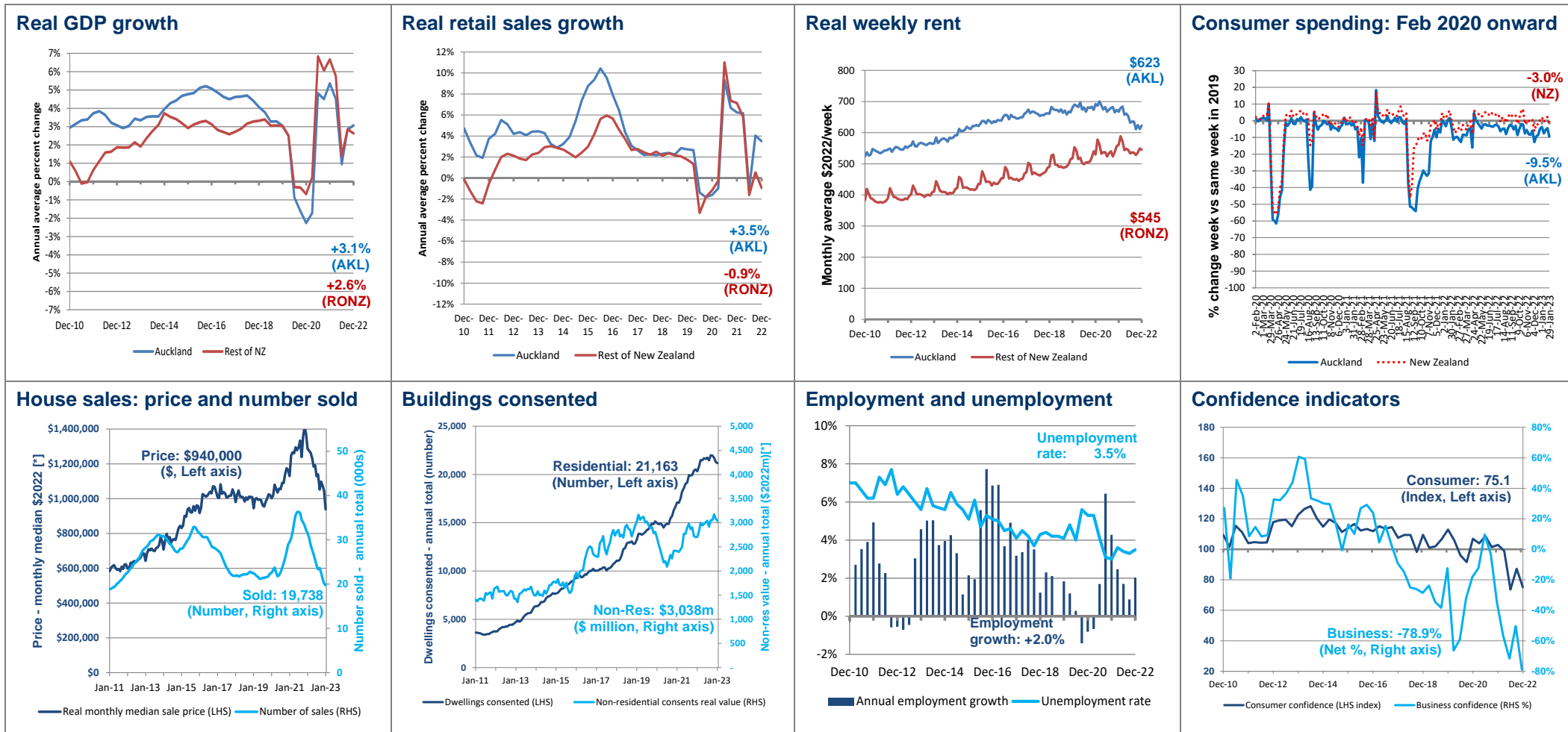


Auckland Economic Update – March 2023

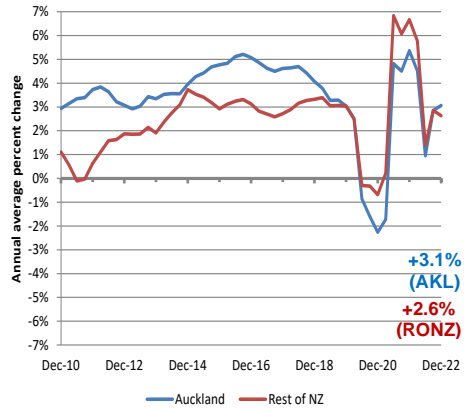


Note: Data is the latest available as at the start of the month, and for the Auckland region, unless otherwise stated. This is a summary page only. All data sources and technical notes are provided on the next two pages.

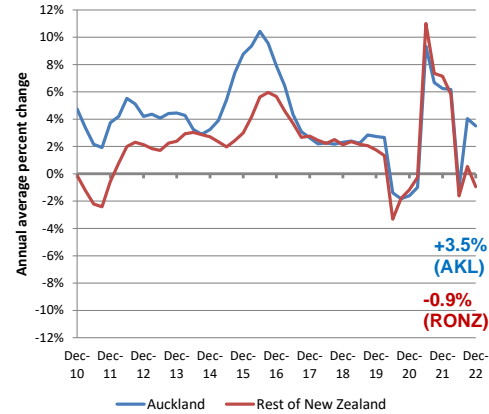
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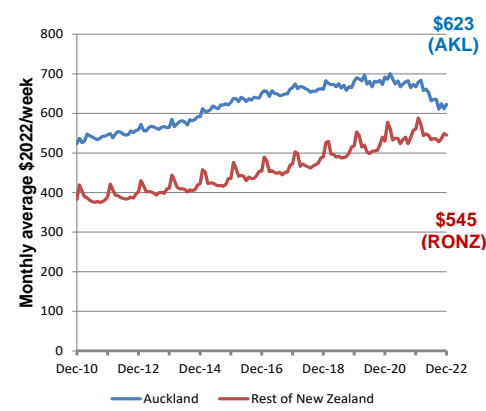
Real GDP growth



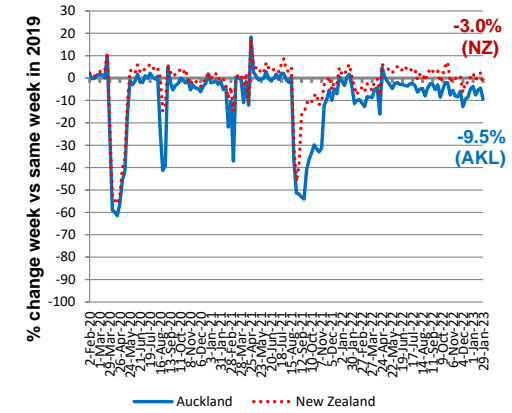
Real retail sales growth



Real weekly rent



Consumer spending: Feb 2020 onward



Auckland's real Gross Domestic Product (GDP) for the year ended December 2022 was 3.1% **higher** than for the year ended December 2021; in the rest of New Zealand, the annual change was a 2.6% **rise** (see notes).

Real retail sales* for the year ended December 2022 were 3.5% **higher** than for the year ended December 2021; in the rest of New Zealand, the annual change was a 0.9% **fall**.

The average (not median or geometric mean) real weekly rent* for the month (not year) of December 2022 was \$623 (6.6% **lower** than December 2021, and similar to seven years ago); for the rest of New Zealand, the figure was \$545 (2.7% **lower** than December 2021). The 'Auckland premium' (14.2%) has narrowed considerably since its peak in September 2015 (49.6%).

In Auckland, consumer spending** using Paymark EFTPOS for the week ended 29 January 2023 was 9.5% **lower** than the same week in 2019 (not merely two years prior, when Covid-19 was already affecting spending) – and would be even worse if inflation were allowed for. The equivalent figure for New Zealand (including Auckland) was a 3.0% **decrease**.

Note: Real GDP refers to GDP in constant 2021 dollars, to remove inflation.

Lockdowns due to Covid-19 affect results for 2020 onwards. Covid-19 lockdown level 3 began on 23 March 2020.

Latest and historical real GDP figures are modelled estimates, and subject to revision.

Source: Infometrics, *Regional Economic Profile/Quarterly Economic Monitor*.

* Real retail sales have been calculated by converting previous quarters' dollars to the latest quarter's equivalent dollars using the quarterly consumer price index (CPI), to remove inflation.

Note: These figures exclude non-retail activity captured elsewhere in the retail sales survey.

Source: Stats NZ, *Retail Sales (quarterly)*; Stats NZ, *CPI (quarterly)*; Auckland Council (RIMU), *calculations*.

* Real rents have been calculated by converting previous quarters' dollars to the latest quarter's equivalent dollars using the quarterly consumer price index (CPI), to remove inflation.

Note: Dwelling size and quality may vary over time. Rent is for new rental bonds lodged each month with Ministry of Business, Innovation and Employment, for housing tenancies with private sector landlords (so excludes state housing). Data covers only new bonds, so excludes existing leases from earlier periods whose rent has not changed, or has changed but with no revision to the bond. It also excludes new leases where no bond is lodged. Data is subject to minor revisions.

Source: Ministry of Business, Innovation and Employment, *Regional Rental Prices (monthly)*; Stats NZ, *CPI (quarterly)*; Auckland Council (RIMU), *calculations*.

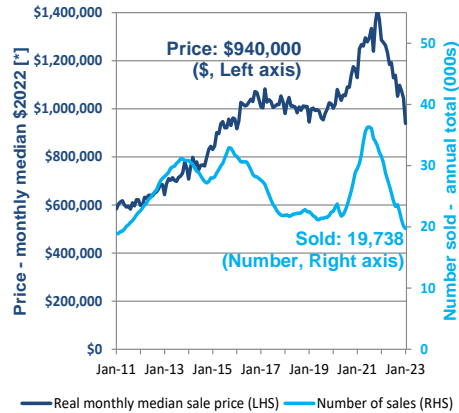
**These figures are from nominal (not 'real') dollars, so include the effects of inflation.

Note: Consumer spending here refers to both residents and domestic and international visitors, but only when purchasing at merchants using Paymark EFTPOS systems. It covers more than 70% of the EFTPOS transactions around the country. (This 70% is not evenly distributed across regions in New Zealand).

It excludes direct online purchases, cash purchases and payments via alternative payment networks, such as Verifone (which processes some major businesses such as Countdown).

Source: Marketview-Paymark, cited in Ministry of Business, Innovation and Employment, *COVID19 Response – card spend - regional*.

House sales: price and number sold



The median (not average) sale price of houses sold in Auckland in the month of January 2023 was \$940,000 (27% **lower** than a year prior, in real* dollars, 34% **below** the 2021 peak, and **lower** than six years ago).

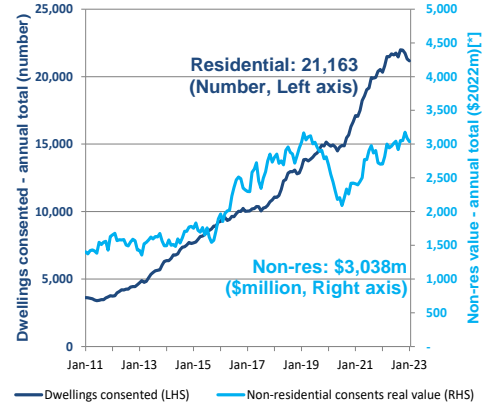
The total number of houses sold in Auckland in the year ended January 2023 was 19,738 (37% **lower** than a year prior, and the **lowest** since 2011). Prices and sales since early 2020 both rising then both falling, suggests demand change as the main driver.

* 'Real' prices for previous months are calculated by inflating previous quarters' dollars to the latest quarter's equivalent dollars, using the quarterly consumer price index (CPI).

Notes: The data for 'houses' covers actual sales during the period. Size and quality may vary over time. 'Houses' includes all dwelling types (eg apartments and flats), not just free-standing houses, but excludes sales of undeveloped land. 'Price' is real actual sale price* (not just listed). REINZ revises recent data each month for prices and numbers sold.

Source: Real Estate Institute of New Zealand (REINZ), Monthly Property Report (monthly – from website); Stats NZ, CPI (quarterly); Auckland Council (RIMU), calculations.

Buildings consented



The total number of new dwellings consented in Auckland in the year ended January 2023 was 21,163 (4% **higher** than the year ended January 2022, but **slightly lower** than most of 2022).

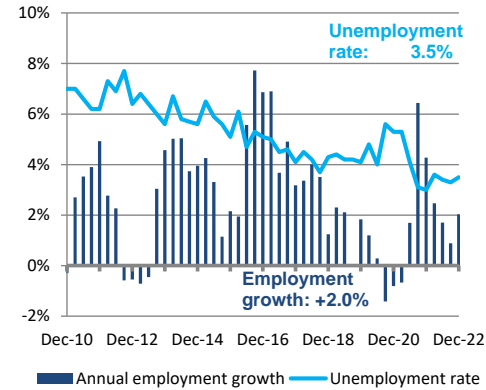
The real value* of new non-residential buildings consented in Auckland in the year ended January 2023 was \$3,038 million (12% **higher** than year ended January 2022 and **similar** to most of 2022, but still **slightly below** the February 2019 and November 2022 peaks).

* 'Real' values for previous months have been calculated by inflating previous quarters' dollars to the latest quarter's equivalent dollars, using the capital goods price index (CGPI) for non-residential buildings

Note: Projects consented are not necessarily commenced or completed. "New" refers to new buildings (i.e. excludes alterations and additions). Residential number is new dwellings consented, which will exceed new residential buildings as some buildings have multiple dwellings; similarly, it will differ from new residential building consents issued, as some consents are for multiple buildings.

Source: Stats NZ, Building Consents (monthly); Stats NZ, CGPI (quarterly); Auckland Council (RIMU), calculations.

Employment and unemployment



The number of people employed in Auckland in the quarter (not year) ended December 2022 was 2.0% **higher** than the December 2022 quarter, and the second-worst 2021 quarter.

The unemployment rate in Auckland in the quarter ended December 2022 was 3.5%, **similar** to the rest of 2022, and the second-lowest December quarter since 2004.

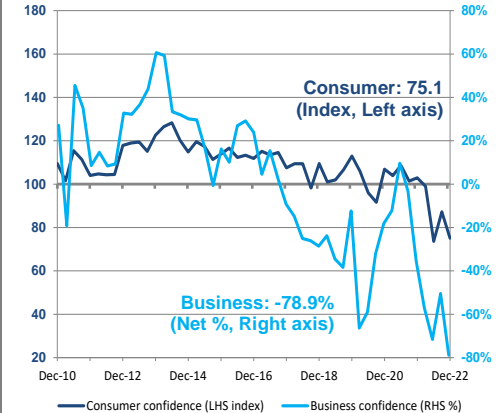
Note: Covid-19 lockdown level 3 began on 23 March 2020, plus wage subsidies, which both affect official unemployment.

Historical data for 2013 to 2020 was re-based by Stats NZ in October 2020 to match latest revisions of historic population estimates.

Both datasets are from a survey (HLFS) so are subject to error margins. Respondents define their own employment status. The survey covers all people aged 15+, so includes school pupils 15+ and people over 65, who might or might not have - or be actively seeking - a job.

Source: Stats NZ, Household Labour Force Survey (HLFS) (quarterly).

Confidence indicators



In Auckland, the Westpac McDermott Miller Consumer Confidence Index (CCI) for the December 2022 quarter was only 75.1 - the second-worst (June 2022: 73.6) since March 1989.

The NZIER QSBO in Auckland for the December 2022 quarter showed a net 78.9% of businesses expecting a **worsening** in the general business situation over the next three months – the worst since March 2008.

Note: Left axis is for CCI (consumers: index). For the CCI, a score of greater than 100 shows more optimism than pessimism.

Right axis is for QSBO (businesses: net %). The QSBO calculates a net figure as (% of businesses expecting an improvement) minus (% expecting a worsening). QSBO data used here is not the seasonally adjusted version.

Source: Westpac McDermott Miller, Regional Consumer Confidence Index (CCI) (quarterly – published, but proprietary); New Zealand Institute of Economic Research (NZIER), Quarterly Survey of Business Opinion (QSBO) (quarterly – by subscription).