



Tātaki
Auckland
Unlimited



AUCKLAND ECONOMIC MONITOR

JULY 2024

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Foreword

Tāmaki Makaurau Auckland is New Zealand's leading economic region, home to one-third of the nation's population and contributing 38% of gross domestic product. It serves as the primary commercial centre, offering high value financial and professional services, while also being the largest manufacturing hub. As the main international gateway, Auckland plays a key role in international tourism and in the importing, warehousing and distribution of goods.

Bringing together Auckland's economic data builds up a fuller picture and allows for progress to be tracked over time. This is also an opportunity to consider what has happened in the years since the predecessor to this Auckland Economic Monitor was published in 2018.

The COVID-19 pandemic looms large in the data. Auckland was relatively exposed to disrupted international connections and extended lockdowns. Households and businesses have been through a challenging economic cycle: low interest rates that fuelled activity and a building boom, followed by inflation and high interest rates that have increased living costs, reduced consumer spending and squeezed many businesses. The uptake of remote working technology and online retail have accelerated, offering flexibility and efficiency but also bringing adjustment costs. Despite initial losses due to border restrictions, Auckland's population has grown, underscoring its relative attractiveness.

At its core, the economy is people – all of whom need somewhere affordable to live with access to amenities, services, and their place of work. In this, Auckland has made progress. Flexible land use rules have enabled more new homes than otherwise, many of which are closer to the things people need. Auckland's dwellings grew at a faster rate than its population from 2018 to 2023, reversing the prior trend. This can only enhance our competitiveness as a city. Despite these gains, we can do better with our existing urban land and infrastructure – to enable more people to live closer to economic opportunity and to enable more efficient movement of people, goods and services. This is where the Auckland Council Group can have some influence.

Ultimately, we care about the economy because it is part of what underpins our collective wellbeing. Good data informs us of how well we are doing, in terms of our productivity and our material living standards. It highlights where we can do better and informs the trade-offs we face as society. As such, I welcome the contribution of the Auckland Economic Monitor.



GARY BLICK | CHIEF ECONOMIST
AUCKLAND COUNCIL

TĀMAKI MAKAURAU AUCKLAND

“Tāmaki Makaurau Auckland is the driving force behind New Zealand’s economy. Our scale, specialisation, diversity and global connections mean we play a unique and critical role extending well beyond the region.”



Pam Ford
Director Economic Development
Tātaki Auckland Unlimited

TĀMAKI MAKĀURAU AUCKLAND

Auckland at a glance

Tāmaki Makaurau is the economic powerhouse of Aotearoa New Zealand. As the world changes, and new opportunities and challenges emerge, the region is well placed to adapt, grow and prosper.

Tāmaki Makaurau Auckland, like the rest of Aotearoa New Zealand and much of the world, is currently experiencing a period of economic challenge and uncertainty. Both inflation and interest rates remain relatively high, business and consumer confidence is down, and forecast growth is lower than what has been seen in recent years.

While it is important to acknowledge these challenges, Auckland's focus on high value services, diversification of economic activities, and young highly skilled workforce, mean it is well placed to endure them. The economy proved to be more resilient than many had initially anticipated during the COVID-19 period, and experienced a strong recovery in 2022 and 2023.

Auckland is the driving force behind New Zealand's economy with Te Ōhanga Māori (the Māori economy) deeply integrated into its fabric, reflecting our culture, people and place. With 33% of the population, Auckland generates 38% of the country's GDP – \$143bn in the year to March 2023. Over 60% of New Zealand's top 200 companies are headquartered here. Auckland's GDP grew faster than the rest of New Zealand in 2023, and has done so consistently since the GFC – the only exception was in 2021 during the COVID-19 period.

Auckland's economy is well-diversified – more than any other area of New Zealand – but it has a relative focus on high value service industries driving growth and productivity.

To staff its high value service industries, Auckland has a large amount of skilled workers. The average Auckland worker earns over \$80,000 and generates \$147,000 in GDP. Auckland is home to the majority of New Zealand's tech, financial and insurance services, and information media and telecommunications workforce.

Incomes have largely kept pace with inflation in recent years and, apart from a small blip in 2021, real GDP per capita has increased consistently since the GFC. However, it is quite possible that GDP per capita has declined over the last 12 months, given an estimated slowdown in economic growth and recent population growth driven by migration.

Auckland's leading role in New Zealand's economy shows no sign of being relinquished. Recent economic and population growth has outstripped the corresponding trends in the rest of New Zealand. Auckland is set to keep growing – the region is projected to account for 37% of New Zealand's total population by 2048, and 40% of the working age population. This population is becoming increasingly diverse, with 180+ ethnicities calling Auckland home. Auckland is also the largest Polynesian city in the world, and our Māori and Pacific rangatahi (youth) will play an increasingly important role in shaping Auckland's economic future, reflecting the culture, people and values of whanaungatanga (kinship), manaakitanga (hospitality) and kaitiakitanga (guardianship).



TĀMAKI MAKĀURAU AUCKLAND

Key metrics

GDP

Auckland's GDP was
\$143bn
or \$82,000 per capita, in the
year to March 2023

This represents
4.2%
growth, in real terms, from the
previous year

Auckland produces
38%
of New Zealand's GDP, with
33% of the population

Productivity

Auckland's average labour
productivity (GDP per employee) was
\$147,000
in the year to March 2023

This is
2.7%
higher in real terms, than the 2019
value of \$143,000

Auckland has higher
labour productivity than the
rest of New Zealand
\$132,000

Employment

Around
1,000,000
people were employed in
Auckland in Q1 2024

Auckland's labour force
participation rate was
74%
in the year to March 2024. This is
well above historical average levels

Auckland's unemployment rate was
4.1%
in the year to March 2024, a low level.
However, this is up from 3.4% a year ago

Other

Auckland's estimated
population in 2023 was
1.74m
33% of New Zealand's population

The year to March 2024 saw
2.2m
international visitor arrivals,
13.6% below the year to March 2020

In 2022, Auckland accounted for
13.9%
of New Zealand's greenhouse gas
emissions, considerably less than its
contribution to GDP

TĀMAKI MAKĀURAU AUCKLAND

Auckland Economic Monitor

A summary of key macroeconomic information about Tāmaki Makaurau Auckland.

Tātaki Auckland Unlimited last prepared a comprehensive overview of Auckland’s economic performance in 2018, entitled the ‘Auckland Growth Monitor’. The publication provided a valuable and easily digestible overview of Auckland’s macroeconomic performance.

In the absence of the Growth Monitor, there has been no such publication which collated key macroeconomic information about Auckland’s economy in one place. While much of the relevant economic data is publicly available, it is dispersed across many different locations and sources, can be hard to interpret, and is not often accompanied by commentary which identifies key trends, challenges and opportunities.

With the release of this publication, Tātaki Auckland Unlimited – with the support of PwC New Zealand – has re-established an important source of information and analysis about the economic performance of the Tāmaki Makaurau Auckland region from an industry and labour market perspective.

The Auckland Economic Monitor will be prepared on an annual basis, with updates to key data and insights as new data becomes available. The data and insights contained in this publication can also be found at aucklandeconomicmonitor.com, and it is here that relevant data and insights will be updated on an interim basis.

FOCUS OF THE 2024 MONITOR REPORT

- The 2024 Economic Monitor report focuses on what Auckland’s economy looks like today, and how it has changed in the five years since the last report.
- The 2025 report will likely include more on how Auckland emerges from a challenging 2024 and what the latest Census data tells us about Auckland’s population and its economy, with more detailed demographic, housing, employment, income and education data being released from late 2024 through to mid-2025.

INFORMATION BASE

- The information provided in this report is primarily sourced from StatsNZ and Infometrics, with some specific metrics also taken from other sources.
- For certain metrics, the most recent data available is for the year ended March 2023. While this inherently means that the ‘current’ data presented in this report is more than a year old, effort has been made to provide additional commentary that reflects more recent trends or estimates.



A man and a woman are seen from the back, looking out over the city of Auckland at sunset. The Sky Tower is prominent in the background. The sky is a mix of orange, pink, and blue. In the foreground, there are white line art patterns resembling a stylized rainbow or arches.

AUCKLAND'S ECONOMY: WHAT'S CHANGED?

“Auckland, as with the rest of New Zealand, is currently facing a challenging economic climate after a strong post-pandemic recovery. There is a need for renewed focus on innovation, infrastructure and climate transition to embed further resilience for the challenges that lay ahead.”



John Lavery
Head of Economic Transformation
Tātaki Auckland Unlimited

ECONOMIC ACTIVITY

Auckland's GDP

Auckland is the powerhouse of the New Zealand economy. With 33% of the population, it generates 38% of the country's GDP – \$143bn in the year to March 2023.

Auckland contributes a significant amount of New Zealand's GDP – much more than any other region, and much more than its population-based share.

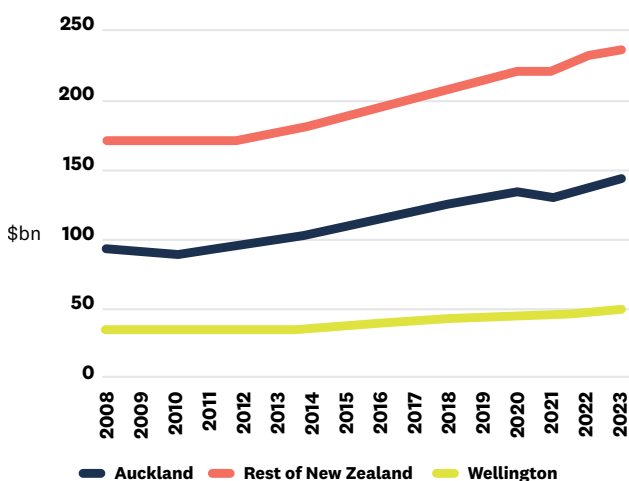
Apart from a small blip in the year to March 2021, GDP continued to grow during the COVID-19 period, despite the significant lockdowns and associated restrictions on economic activities. Auckland's economy emerged from the COVID-19 period even larger than it was beforehand.

Auckland's GDP has consistently grown faster than the rest of the country since the GFC. Given Auckland is projected to account for an even larger proportion of New Zealand's workforce in the future, Auckland's share of New Zealand's GDP will likely continue to increase as well.

GDP

- Auckland's GDP in 2023 was \$143bn.
- This was 10% higher than the 2019 value of \$130bn (in real terms), reflecting a compounding average annual real growth of 1.9% during that period.
- GDP estimates from Infometrics for the year to March 2024 suggest a slowing down of economic activity over the last 12 months.
- Auckland currently contributes 38% of New Zealand's total GDP, significantly higher than Auckland's share of the population (33%), and more than double the contribution of Wellington, the next largest region.

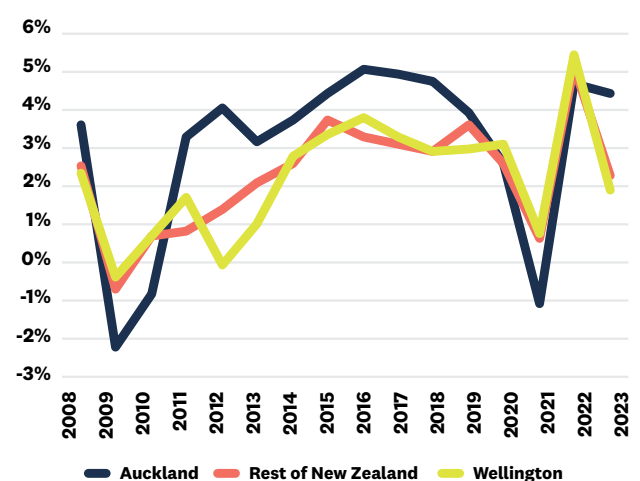
GDP (March year, 2023 Prices, \$bn)



GDP GROWTH

- Auckland's GDP is growing faster than the rest of New Zealand's.
 - In 2023 Auckland's GDP grew by 4.2% (in real terms), while the rest of New Zealand's only grew by 2.1%.
 - Since the GFC, Auckland's contribution to New Zealand's GDP has increased from 34% to 38%, which is more than the increase in its share of the population.
- Auckland's GDP growth has consistently outpaced the rest of New Zealand's over the last 20 years, including Wellington's.
 - The exception to this was in 2009 and 2010 during the GFC, as well as in 2021 during the COVID-19 period.

Real GDP growth rate (March year)



ECONOMIC ACTIVITY

What's driving GDP growth?

Auckland's economy is well-diversified – more than any other area of New Zealand – but it has a relative focus on high value service industries.

Auckland does not rely on any individual industry and its relative specialisation in high-value services¹ helps drive its growth. These high value services have grown faster than other industries and contribute more to Auckland's GDP than they did pre-COVID-19.

Auckland's economic diversification can make the region's economy more resilient to economic shocks, like COVID-19. At the same time, Auckland is especially reliant on international supply chains, with our transport, postal and warehousing industry experiencing the largest decline in GDP during the first year of the pandemic.

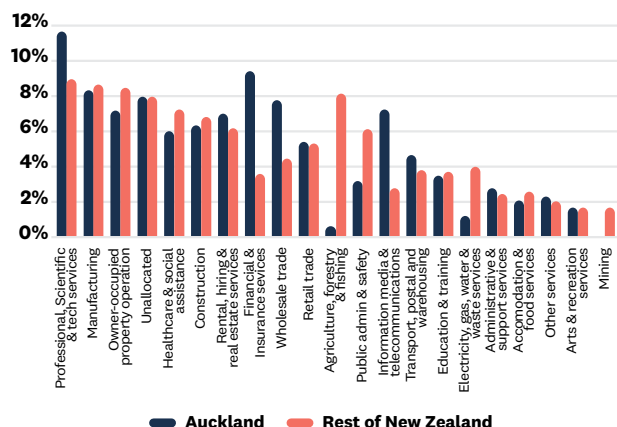
GDP BY INDUSTRY

- Auckland's largest industries by GDP (ANZSIC Level 1) are 'professional, scientific and technical services', and 'financial and insurance services', contributing a combined \$29bn in GDP in the year to March 2023.
 - Industries providing high-value services accounted for 32% of Auckland's GDP in the year to March 2023, compared to 24% for the rest of New Zealand.
 - Primary industries contribute very little to Auckland's economy (0.3% of GDP), compared to the rest of New Zealand (9%).
- Auckland's economy is well diversified. The largest industry ('professional, scientific and technical services') contributes 11% of Auckland's GDP. Across the other 66 territorial authorities, the average GDP contribution for the largest industries is 20%.

GROWTH DRIVERS

- The three industries which grew the most between 2019 and 2023 are all high-value services industries, namely 'information media and telecommunications' (25%), 'professional, scientific and technical services' (24%), and 'healthcare and social assistance' (17%).
 - These industries may have been less impacted by COVID-19 than 'blue collar' industries, but they were growing relatively fast before COVID-19 as well.
 - Construction was the fastest growing industry in the years before COVID-19, but similar growth has not been evident more recently. That reflects its cyclical nature, with current forecasts suggesting a further decline in real GDP terms over the next few years.
- While most Auckland industries have increased their GDP (in real terms) since 2019, some have not:
 - 'Manufacturing', 'transport, postal and warehousing', 'education and training' and 'agriculture, forestry and fishing' have all declined (in real terms) since 2019.

% share of GDP by industry (2023)



Real GDP growth rate by industry (2023)



1. High-value services include knowledge intensive service industries. According to the Infometrics categorisation, knowledge intensive refers to services where "at least 25% of the workforce must be qualified to degree level, and at least 30% of the workforce must be employed in professional, managerial, scientific, and technical occupations"

ECONOMIC ACTIVITY

Real GDP per capita

Auckland's economy generates GDP per capita of \$82,000. Despite a blip during COVID-19, real GDP per capita has grown over time, albeit slower than GDP overall.

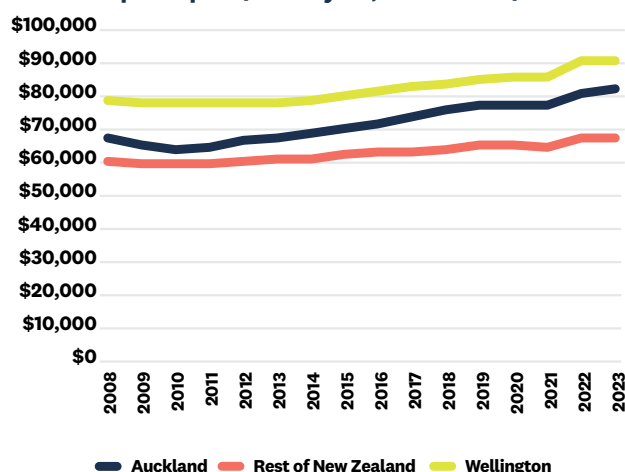
When spread over Auckland's population, the \$143bn GDP generated in the year to March 2023 represents \$82,000 per person. Real GDP per capita has continued to grow over time, meaning our overall standard of living is improving, at least on average. While this means that labour productivity is increasing, population growth far outpaced GDP growth prior to COVID.

Apart from a small blip in 2021, real GDP per capita grew again in the years to March 2022 and 2023. However, with an estimated slowdown in economic growth and a significant increase in the population driven by migration, it is likely that GDP per capita has declined again over the last 12 months.

REAL GDP PER CAPITA GROWTH

- Auckland's GDP per capita in the year to March 2023 (\$82,000) was 18% higher than the GDP per capita value for the rest of New Zealand (\$67,000).
 - Wellington's GDP per capita (\$91,000) is 11% higher than Auckland's. It is the only New Zealand region with a higher GDP per capita than Auckland, which reflects its even greater focus on high value services and central government administration.
- Real GDP per capita in Auckland grew by 1.4% in the year to March 2023.
 - This is faster than the rest of New Zealand (0.2%).
 - Relative to 2019, Auckland's real GDP per capita was 6.4% higher in 2023. However, GDP estimates from Infometrics suggest a slowing down of economic activity in Auckland in the year to March 2024 (+0.5%), with GDP per capita likely declining as a result.

Real GDP per capita (March year, 2023 Prices)



Sources: Real GDP growth, real GDP per capita, inputs for Auckland GDP index – Infometrics: Regional Economic Profile.



BUSINESSES

Auckland's businesses

Tāmaki Makaurau Auckland has around 225,000 businesses. They employ more people on average than the rest of the country.

Auckland's businesses come in a range of sizes. Around 160,000 have no employees at all, 37,500 have between one and five, and some have more than 10,000 – in fact, Auckland is home to over 60% of New Zealand's top 200 companies. Auckland, like the rest of New Zealand, is mostly made up of small businesses, and the proportion of Auckland's businesses that employ 50 or more people has fallen slightly since 2019.

The number of Auckland businesses continued to grow during COVID-19, by less than GDP growth but more than population. Initiatives such as the wage subsidy were an important support mechanism. While there is also no clear evidence in the data of an increase in 'business deaths' during the COVID period, the adverse impact of the pandemic on Auckland businesses should not be underestimated.

NUMBER OF BUSINESSES

- Auckland had approximately 225,000 businesses in 2023.
- This is 11% higher than the 2019 value of 201,000.
 - The number of Auckland businesses grew at a slower rate than GDP from 2019 to 2023 (although closer to real GDP growth), but faster than population growth.
 - While COVID-19 adversely impacted many businesses, especially in industries like hospitality, retail and tourism, there was no clear increase in the number of 'business deaths' than during previous years.
- Auckland currently contains 35% of all New Zealand's businesses, compared with 33% of the population.

BUSINESS SIZE

- 72% of Auckland's businesses have no employees.
 - They are either sole traders, or contract out their labour.
 - This number has increased since 2019, and is slightly higher than that of the rest of New Zealand.
- Of those businesses which employ staff, the average size is 16 employees.
- Industries with the lowest number of employees per business unit are 'rental, hiring and real estate services', 'agriculture, forestry and fishing', 'financial and insurance services', and 'construction'.
- 'Public administration & safety' and 'education' have the largest number of employees per business unit.

Proportion of businesses by size

Employees	Auckland		Rest of NZ	
	2019	2023	2019	2023
0	70.4%	72.2%	66.0%	68.1%
1 to 5	17.7%	16.5%	20.4%	18.8%
6 to 9	4.5%	4.1%	5.4%	5.0%
10 to 19	3.7%	3.6%	4.4%	4.4%
20 to 49	2.3%	2.3%	2.5%	2.5%
50 to 99	0.8%	0.7%	0.7%	0.7%
100+	0.6%	0.5%	0.5%	0.5%

Average number of employees

	Auckland		Rest of NZ	
	2019	2023	2019	2023
All	4.5	4.3	4.3	4.3
>0 employees	15.2	15.6	12.6	13.4

BUSINESSES

Productivity

Auckland's labour productivity is higher than the rest of New Zealand, reflecting its relative focus on high-value service industries.

Labour productivity represents the ability of the workforce to generate GDP, based on its own inherent productivity but also its ability to leverage capital resources.

Auckland generated \$147,000 of GDP per employee in the year to March 2023. This is lower than Wellington, but higher than the rest of New Zealand, reflecting the differences in industry mix across the country. Labour productivity was higher, in real terms, in 2023 than it was in 2019.

Like New Zealand more generally, Auckland faces the challenge of increasing its productivity in the future, as productivity remains low in the region relative to international comparators. This will be a fundamental driver of whether real GDP per capita can continue to increase in the future.

LABOUR PRODUCTIVITY

- Auckland's average labour productivity (GDP per employee) was \$147,000 in the year to March 2023 – 2.7% higher in real terms than the 2019 value of \$143,000.
- Auckland has higher productivity than the rest of New Zealand (\$132,000). However it is lower than some other comparators, including:
 - Wellington (\$156,000), which is less diversified and has a large government administration industry compared to Auckland. Auckland has higher productivity in several key service industries.
 - Many cities in other developed countries, such as Brisbane, Vancouver, Dublin and Copenhagen.
- Auckland's productivity growth in 2023 was 1.7%, while the rest of New Zealand's was negative.
- Auckland's four most productive industries are also in the top six most capital-intensive industries in the country.

PRODUCTIVITY BY INDUSTRY

- Auckland's most productive industries are 'information media and telecommunications', 'rental, hiring and real estate services' and 'financial and insurance services'.
- All three of these industries are more productive in Auckland than in the rest of New Zealand.
- The fastest recent productivity growth since 2019 has occurred in the 'information media and telecommunications' industry (26%).
- Auckland is New Zealand's tech hub. It is home to 116 of New Zealand's top 200 tech companies. Auckland tech firms are highly productive – in 2022 they employed 2.0% of Auckland's workforce, but accounted for 6.4% of GDP. They spend 10% of their earnings on R&D – much higher than the average across the New Zealand economy (1.4%).

GDP per filled job (2023)



Sources: Labour productivity, GDP per filled job – Infometrics: Regional Economic Profile. International comparators – Stats.OECD: Productivity and ULC. Technology industry – 2023 TIN report and 2022 Tātaki Auckland Unlimited insights report on the tech sector.

BUSINESSES

Pakihi Māori

Te Ōhanga Māori – the Māori economy – in Tāmaki Makaurau Auckland, which encompasses the broader economic activities of all Māori, and Pakihi Māori, referring specifically to Māori-owned businesses, plays a critical role in our region’s overall economic landscape.

Māori are integrated throughout all areas of the economy, from tech and creative industries to climate innovation. Despite facing consistent and systemic challenges, Māori are excelling in various fields, demonstrating remarkable resilience and innovation.

Specific to Pakihi Māori, the largest industries are construction and wholesale trade, which suffered significant impacts through the COVID period, via supply chain constraints and labour shortages. Tāmaki Makaurau Auckland has more Pakihi Māori and iwi assets in professional services than the rest of Aotearoa New Zealand, and less in primary industries. Tourism is also an important industry, and was severely affected by border closures during COVID-19.

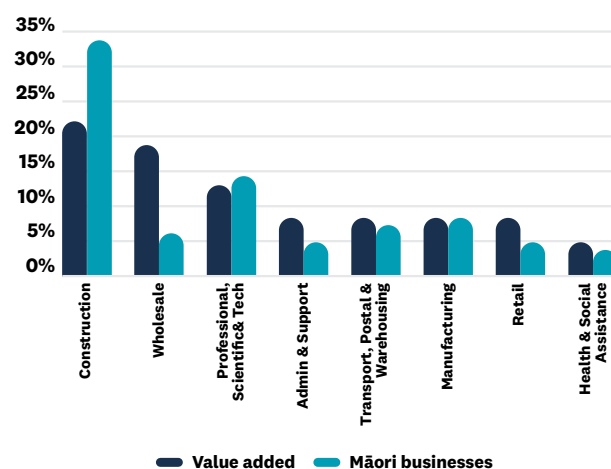
BUSINESSES AND KEY INDUSTRIES

- Te Puni Kōkiri defines Māori businesses as those which are at least 50% owned by Māori (self-defined ethnic group and Māori descent), and includes sole traders (all Māori individuals with any self-employed income).
 - The definition of what constitutes a Māori business can vary, and different research has defined and identified Māori businesses in different ways. The Te Puni Kōkiri definition informed the 2022 Tāmaki Makaurau Māori economy report published by the Southern Initiative (Auckland Council).
- Approximately 7% of businesses in Auckland are Māori businesses (using the above definition).
 - This includes around 11,500 sole traders and 5,100 larger businesses (16,600 businesses in total).²
- While 22% of New Zealand’s Māori businesses are in Auckland, they account for 26% of GDP contribution by Māori businesses nationally.
- The largest (by GDP) industries for Māori businesses in Auckland are ‘construction’, ‘wholesale trade’, ‘professional, scientific and technological services’, ‘administration & support’ and ‘transport, postal & warehousing’.
- Construction represents 32% of all Auckland Māori businesses, and generates 21% of Māori businesses’ contribution to Auckland’s GDP. These businesses tend to be smaller, with an average of 4.5 employees.

BUSINESS EMPLOYMENT

- Māori businesses employ 14% of all Māori employees in Auckland, despite representing only 7% of the number of businesses.
- Smaller Māori businesses tend to employ proportionately more Māori employees than large businesses do.
- During COVID, half of Māori small and medium enterprises (SMEs) were considered essential. These were mainly in ‘agriculture, forestry and fishing’, ‘manufacturing’ and ‘health care and social assistance’.

Top 8 industry GDP contributions for Māori Business in Tāmaki Makaurau Auckland (2020)



² The updated Te Matapaeroa 2021 (Te Puni Kōkiri 2024) report has applied a stricter definition to count sole traders, including only those which are considered ‘established’. This reduces the number of Māori sole traders from 11,500 to 2,500.

BUSINESSES

Pakihi Māori (cont)

Pakihi Māori bring unique benefits and characteristics to Tāmaki Makaurau Auckland's economy. They are strongly values-oriented, balancing social, cultural, environmental, spiritual, and economic goals.

While the mix of sizes of Māori businesses is similar to non-Māori businesses, the smaller businesses provide more of the GDP contribution (and the larger businesses less) than is the case for non-Māori businesses.

The number of Māori businesses in Tāmaki Makaurau Auckland is growing, but by less than total business growth. Furthermore, Māori businesses are employing 11% fewer workers than they were in 2010, compared to 42% more for non-Māori businesses. Retaining a significant Māori business presence in Auckland will require that trend to be reversed.

To close the self-employment gap between Māori and non-Māori, research shows that access to capital, as well as education, know-how and skills gaps, need to be addressed.

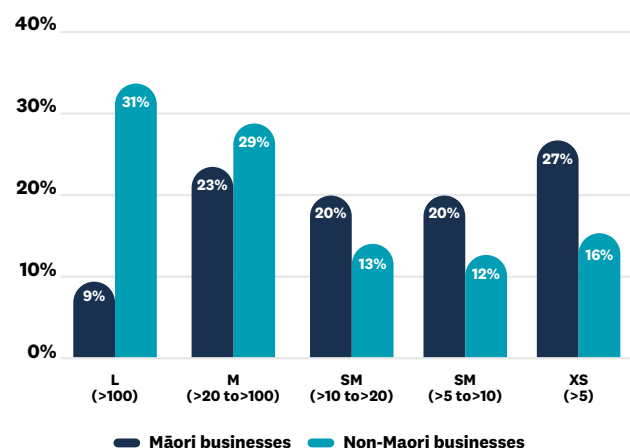
BUSINESS SIZES

- The size of Māori businesses in Auckland are proportionately very similar to non-Māori businesses.
 - The majority of businesses are small, with nearly 70% employing five or less people. Māori businesses are, however, less likely to employ 100+ people.
- Small Māori businesses contribute a greater share of Māori business GDP, relative to small non-Māori businesses' share of non-Māori GDP.
 - This is influenced by the GDP share of the largest businesses – very large Māori businesses do not contribute as much GDP as very large non-Māori businesses.
- Employment in Auckland Māori businesses fell by 11% from 2010-20, while employment in Māori businesses across the rest of Aotearoa New Zealand increased by 14%.

GROWTH AND PRODUCTIVITY

- The number of Māori businesses in Auckland has grown from 2010-20 (5.5%). However, this is slower than the growth, over the same period, of:
 - Non-Māori business numbers (25%).
 - Māori business numbers across the rest of New Zealand (11%).
- GDP contribution from Auckland Māori businesses declined between 2015-20, meaning the gap between Māori and non-Māori businesses is widening.
- In some industries, Māori businesses appear to be outperforming non-Māori businesses in terms of their contribution to Auckland's GDP, relative to their income.

Proportion of total value added by business size



Sources: The Southern Initiative (Auckland Council); Data snapshot: Tāmaki Makaurau Māori economy



THE LABOUR MARKET

Auckland's workforce

Auckland's workforce is large, diverse and skewed toward high skilled workers.

Auckland has around 1 million workers, more than a third of the national total. Reflecting Auckland's population, it is an ethnically diverse and relatively young workforce.

To staff its high value service industries, it has a large amount of high skilled workers – a greater proportion than the rest of New Zealand. The number of highly skilled workers is growing faster than the total workforce. A skilled workforce can provide Auckland with a competitive advantage over other regions for business investment.

WORKFORCE SIZE

- Around 1,000,000 people are employed in Auckland in 2024 (Q1), 34% of the New Zealand total.
- The number of people employed has increased by 10% over the last five years, outpacing population growth.
- A further 50,000 people are unemployed in 2024 (Q1).

ETHNICITIES

- Auckland's labour force is now more diverse than 2019, with a reduction in the number (and proportion) of European workers. This trend is likely to continue, driven by migration from Asia, and more Māori and Pacific youth entering the workforce.
- StatsNZ population projections suggest that Asian Aucklanders could account for 46% of the working age population by 2043, with the proportion of workers who are Māori or Pacific also increasing.

SKILL LEVEL

- In 2023, low skilled jobs made up 34% of Auckland's employment while high skilled jobs made up 39%.³
 - This is slightly more skewed toward high skilled jobs than the rest of New Zealand.
 - A further 14% of jobs are 'skilled', thus over half of Auckland's jobs are skilled or high skilled.
 - The proportion of high skilled jobs has increased slightly since 2019 (38% to 39%), and is up from 35% in 2008.
- 36% of jobs in Auckland are 'knowledge-intensive', higher than the rest of New Zealand (31%).
 - Areas of Auckland's economy with the highest number of 'knowledge-intensive' jobs include hospitals, IT, management consulting, education and engineering.

Jobs in Auckland by broad skill level

	2019	2023	Change
High-skilled	347,659	379,510	9.2%
Skilled	121,447	131,969	8.7%
Semi-skilled	126,492	133,505	5.5%
Low-skilled	312,366	327,315	4.8%

Auckland's workforce by ethnicity

	2019 Q1	2024 Q1
European	547,200	534,700
Māori	83,100	104,900
Pacific	119,100	120,200
Asian	252,200	349,700

³High skilled occupations typically require a Bachelors degree or higher qualification. They include professionals such as accountants, teachers and engineers, as well as most managers and executives. This category is consistent with skill level one of the Australia New Zealand Standard Classification of Occupations (ANZSCO).

Low skilled occupations typically require an NZ Register Level 3 qualification or lower. They include a range of lower skilled occupations from general clerks, caregivers, sales assistants, cleaners and labourers. This category is consistent with skill level four and five of the ANZSCO classification.

Sources: Employment size, population growth, region's skill level – Infometrics: Regional Economic Profile. Workforce ethnicities, workforce ethnicity by age – StatsNZ: Household Labour Force Survey.

THE LABOUR MARKET

Employment trends

Auckland has a predominantly service-based economy, although employment isn't always concentrated in the areas with the highest GDP contribution.

Only two of Auckland's five largest employing industries are also in the five largest GDP contributors ('professional, scientific and technical services' and 'manufacturing'). There is significant employment, but relatively less GDP contribution, in labour-intensive industries such as construction, accommodation and food services, and retail trade. There is relatively less employment in industries such as 'financial and insurance services' and 'information media and telecommunications', although these contribute a lot of GDP. This reflects the differences in labour productivity (GDP per worker) across industries.

Auckland's five largest employing industries remain the same as before COVID. While there were significant impacts on businesses and employment during that time, overall employment levels remain similar.

EMPLOYMENT BY INDUSTRY

- Auckland's employment structure favours the service industries, which account for 79% of employment.
 - Auckland's primary industries employ a significantly smaller (0.8%) proportion than the rest of New Zealand (8.1%).
 - The professional, scientific and technical services industry is the largest employer in Auckland (13% of jobs), followed by construction (10.5%).
- While the largest industries by employment count remain the same as pre-COVID, certain industries fared better than others.
 - The two largest industries in Auckland also saw the biggest increase in jobs, while health care and social assistance is now the third largest employer.
 - Retail employment grew by nearly 7,500 despite the impact of lockdowns.
 - Employment growth in 'wholesale trade', 'accommodation and food services', 'manufacturing' and 'transport, postal and warehousing' was particularly subdued compared to the 2015-2019 period.
 - Employment growth was negative in information media and telecommunications, education and training, primary industries, and administrative and support services.

Employment by industry in Auckland

	2019	2023
Professional, scientific and technical services	110,700	122,900
Construction	87,000	102,500
Health care and social assistance	78,800	88,500
Retail trade	77,800	85,300
Manufacturing	83,200	84,900
Education and training	67,700	67,500
Wholesale trade	64,000	65,900
Accommodation and food services	58,600	60,100
Administrative and support services	56,900	56,000
Transport, postal and warehousing	43,800	44,900
Financial and insurance services	36,300	41,000
Public administration and safety	33,600	38,600
Other services	33,500	35,600
Rental, hiring and real estate services	24,500	26,200
Information media and telecommunications	22,800	22,700
Arts and recreation services	15,300	15,700
Agriculture, forestry and fishing	8,100	7,500
Electricity, gas, water and waste services	5,000	6,000
Mining	400	400

Sources: Employment sectors, share of employment and GDP – Infometrics: Regional Economic Profile. Participation rate by region and age group – StatsNZ: Household Labour Force Survey.

THE LABOUR MARKET

Employment trends (cont)

Auckland currently has a low unemployment rate, and high labour force participation rate, relative to historical levels.

Tāmaki Makaurau Auckland has a labour force participation rate of 74%, which means nearly three-quarters of working age (15-64) Aucklanders have or are seeking a job. This is higher than in 2019, and higher than the rest of New Zealand.

Auckland's unemployment rate is relatively low, compared with historical levels. However, unemployment has increased between March 2023 and March 2024.

Low unemployment and high labour force participation suggests there are broadly sufficient employment opportunities for Aucklanders. However increasing unemployment suggests this situation is fragile.

PARTICIPATION RATE

- Auckland's participation rate was 74% in Q1 of 2024.
 - This is higher than in 2019 (71%), and higher than the New Zealand-wide value (72%).
 - Male participation is higher than females (79% vs 70%), but the gap has closed slightly since 2019.
 - Labour force participation fell slightly in the initial months of COVID-19 (2020), but has increased since.
- Participation rates have increased for all ethnicities since 2019.
 - The largest increases have been seen in the Asian (+5.9 percentage points) and Pacific (+3.5 percentage points) ethnic groups.
 - The Asian participation rate (78%) is now above the European rate (75%) for the first time in the data series (2009 – present).

UNEMPLOYMENT RATE

- Auckland's unemployment rate was 4.1% in Q1 2024.
 - This is slightly above the national rate (4.0%).
 - This is similar to the 2019 level (4.2%), but up from 12 months ago (3.4%).
- Infometrics is forecasting a potential rise in unemployment to 5% by the end of 2024.

OTHER TRENDS

- There were 20,000 more Aucklanders receiving Jobseeker Support in Q4 2023 than in Q4 2019. Auckland's proportion of national Jobseeker Support recipients has increased from 31% in 2019 to 34% in 2023.
- Auckland's youth NEET rate at the end of 2023 was 11.6%, down from the pandemic peak of 14% and similar to the rate in the years preceding the pandemic.

Unemployment and labour force participation rates in Auckland (annual average, March years)

	Unemployment rate			Labour force participation rate		
	Mar 2019	Mar 2023	Mar 2024	Mar 2019	Mar 2023	Mar 2024
Total	4.2%	3.4%	4.1%	71.1%	73.6%	74.3%
Female	4.3%	3.9%	4.6%	65.9%	69.0%	69.6%
Male	4.0%	2.9%	3.7%	76.6%	78.3%	79.1%
European	3.0%	2.5%	3.3%	73.2%	74.4%	75.4%
Māori	8.2%	7.4%	9.2%	67.8%	68.9%	69.2%
Pacific	8.8%	6.3%	7.9%	63.3%	67.1%	66.8%
Asian	3.8%	2.9%	3.4%	71.8%	77.6%	77.7%

Sources: Employment sectors, share of employment and GDP – Infometrics: Regional Economic Profile. Participation rate by region and age group – StatsNZ: Household Labour Force Survey.

THE LABOUR MARKET

Earnings

Average earnings in Auckland are higher than the rest of New Zealand, and have kept pace with inflation over the last few years.

The average Auckland employee currently earns around \$81,000 annually. This is higher than the rest of New Zealand, although lower than for Wellington employees. Earnings have continued to grow over time, including through the COVID-19 period.

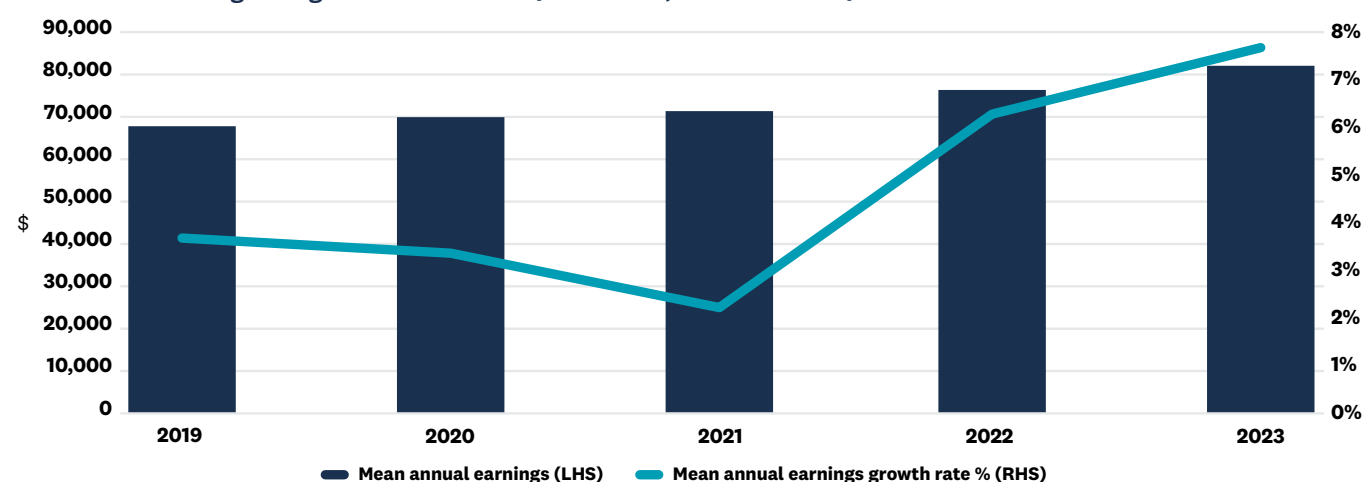
EARNINGS

- The average Auckland employee earns \$81,400 annually (year to March 2023), an increase of 7.6% compared to the previous year.
 - This is 15% greater than an average employee across the rest of New Zealand.
 - Average earnings in Wellington are slightly higher (\$82,700) than in Auckland
- Average earnings for Māori (\$74,300) and Pacific peoples (\$65,300) are lower than the Auckland average.
- Auckland has strong clusters of highly paid jobs in certain industries.
 - The average wage among Auckland's leading ICT companies was \$106,000 according to 2022 data from the Technology Investment Network (TIN).

EARNINGS GROWTH

- From 2010-2020, Auckland employees' earnings have grown by between 1.8% and 3.6% each year. On average this is slightly higher than inflation (CPI) over the same period.
- 2023 average earnings are 20.6% higher than in the year to March 2019, with inflation (CPI) increasing 18.7% over the same period.
 - This was driven by a significant increase in earnings in the years to March 2022 (6.2%) and 2023 (7.6%). The 2023 increase was the highest this century.
 - Earnings growth across the rest of New Zealand followed a similar trend.
- These high growth rates have been influenced by historically high inflation rates and the associated impact on the cost of living (see deep dive in section three).

Mean annual earnings and growth in Auckland (March Year, nominal values)



ECONOMIC CONFIDENCE

Consumer confidence

Auckland's consumer confidence is relatively low, reflecting the challenging economic conditions which exist today.

Both consumer and business confidence are strong indicators of the sense of stability and security within an economy. Consumer confidence in Auckland recovered strongly in 2023 and early 2024 but has fallen again in the June quarter.

Consumer spending declined in real terms (controlling for inflation) in the year to March 2024. According to NZIER's most recent quarterly predictions, the weak labour market, along with increased living costs and mortgage repayments, underpins the downbeat mood amongst households.

Many households are reducing their spending as a result – a concern for many industries, but particularly retail and hospitality.

CONSUMER CONFIDENCE

- Consumer confidence in Auckland was relatively resilient during the COVID-19 period, but hit record lows in 2022 (Q2 and Q4).
- Auckland's (and the rest of New Zealand's) consumer confidence had been slowly improving up until earlier this year but has fallen considerably in the most recent quarter (Q2 2024) – this reflects current cost of living pressures for households and the more pessimistic economic outlook.

CONSUMER SPENDING

- Consumer spending was significantly impacted during the pandemic, and has been volatile coming out of it.
 - Spending in Auckland fell by 7% in the year to March 2021, and recovered slightly in 2022.
 - Auckland's consumer spending grew by 18% in the year to March 2023, reflecting a recovery from COVID-related restrictions, and partly driven by inflation.
 - Spending growth (2.8%) was below the level of inflation (4%) for the year to March 2024.

Sources: Confidence indices – Westpac McDermott Miller (Consumer Confidence Index) and NZIER (Quarterly Survey of Business Opinion). Consumer spending – Infometrics: Quarterly economic monitor



ECONOMIC CONFIDENCE

Business confidence

Business confidence is also relatively low, with a number of challenges weighing on businesses' minds.

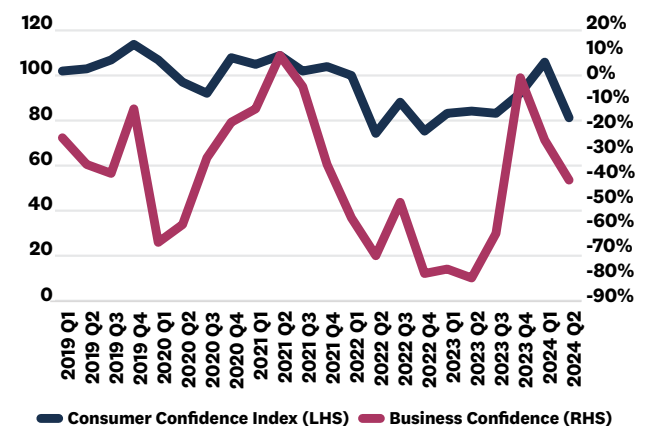
Business confidence in Auckland fell to its lowest level since the GFC during the pandemic. Despite a brief recovery, confidence continued to fall through late 2022 and into 2023. After an initial post-election boost, confidence has been on the wane again, with some uncertainty around government priorities and spending plans.

Supply-side issues were the main concern during the COVID-19 period, including both labour shortages and supply chain challenges. Currently, businesses concerns are very much on the demand side, with lower consumer spending and the ongoing impacts of higher interest rates. Weak demand has also led some organisations to reduce staff numbers, and firms are more cautious about hiring and investment.

BUSINESS CONFIDENCE

- Business confidence in the June 2024 quarter was –41%, meaning that a net 41% of firms expect worsening economic conditions in the short-term.
 - This is down from the previous quarter (–25%) but better than the historical low 12 months ago (–81%).
 - Confidence briefly turned positive in the December 2023 quarter following the election.
- Business confidence fluctuated considerably during the pandemic period, with a sharp fall in 2020 and subsequent improvement until late 2021 when Auckland had been at alert levels 4 and 3 for several months during the Delta outbreak.

Auckland confidence indices



Sources: Westpac McDermott Miller (Consumer Confidence Index) and NZIER (Quarterly Survey of Business Opinion).



VISITOR ECONOMY

Auckland as a destination

Auckland offers the first taste of New Zealand for many international visitors.

Around 75% of New Zealand's international visitors pass through Tāmaki Makaurau Auckland at some point in their journey. This helps drive Auckland's visitor economy, even if their primary destination is elsewhere.

The visitor economy was greatly impacted by COVID-19, as New Zealand had some of the world's most restrictive border controls. However, the recovery has been strong – international passenger movements at Auckland Airport during the 2023/24 peak summer season were at least 90% of 2019 levels.

Domestic tourism is also extremely important for Auckland's visitor economy, accounting for nearly half of tourism expenditure before COVID-19. Domestic visitors are particularly attracted to Auckland by major events, concerts and festivals that they may not otherwise be able to experience in their own regions. The retail and hospitality offerings in Auckland are also attractive.

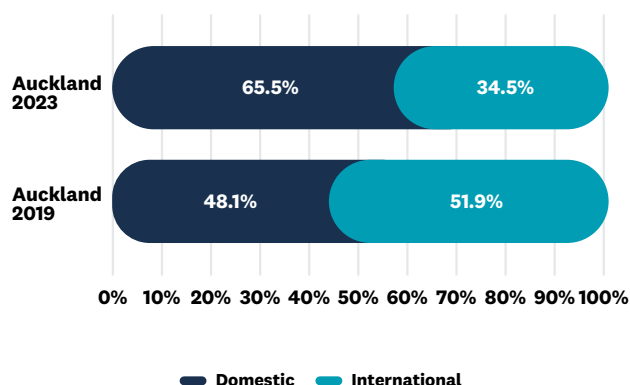
NUMBER OF VISITORS

- The year to March 2024 saw 2.2m international visitor arrivals to Auckland.
 - This is an increase of 49% from 12 months ago.
 - Holiday visitors (+88%) contributed the most to increase in visitor numbers over last 12 months.
 - International visitors are still down 14% from the year to March 2020.
- The region had 7.5m total guest nights in the year to March 2024, an increase of 22% on the previous year.
- For more data on Auckland's visitor economy, see Tātaki Auckland Unlimited [Monthly Auckland Destination Overview](#) reports.

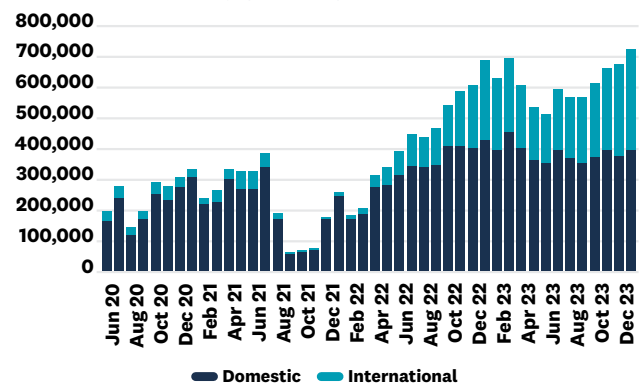
SPENDING PATTERNS

- In the year to March 2023, domestic visitors contributed 66% of total tourism expenditure in Auckland.
 - This is significantly larger than 2019, with international tourism yet to fully recover.
 - Domestic visitor spending has also increased since 2019 (not adjusted for inflation).
 - The largest domestic visitor market is the Waikato region, followed by Wellington.
- Australia is the largest international visitor market (10% of international visitor expenditure).
 - Prior to COVID-19, China was Auckland's largest international visitor market. Chinese visitor numbers are starting to increase again, with travel restrictions now lifted.

Composition of tourism expenditure



Auckland – monthly guest nights



VISITOR ECONOMY

Economic impact

Tourism contributed \$4.5bn to Auckland's GDP in the year to March 2023. This is around \$1bn lower than in 2019, with tourism levels yet to fully recover from COVID-19.

While the visitor economy employed over 70,000 people in Auckland in 2019, this number had fallen to 27,000 in the year to March 2022. Its GDP contribution followed a similar trend, falling from \$5.5 billion to \$2.5 billion.

However, Auckland's visitor economy employment and GDP contribution have recovered strongly. It is conceivable that, once available, data for the year to March 2024 will show that it has recovered to near pre-COVID levels.

TOURISM EMPLOYMENT

- The tourism industry employed 5.4% of Auckland's workforce in 2023.
 - This is lower than the rest of New Zealand (7.7%).
- Auckland's tourism industry employed 53,000 people in the year to March 2023 .
 - This was an increase of over 25,000 jobs in 12 months.
 - This was still below the 70,000 people employed in 2019.

GDP CONTRIBUTION

- In the year to March 2023, Auckland's visitor economy contributed \$4.5bn to GDP.
 - This represents 3.1% of the Auckland region's GDP, slightly lower than the rest of New Zealand (3.7%).
 - Auckland accounted for 34% of New Zealand's visitor economy GDP in 2023.
- In 2019, Auckland's visitor economy contributed \$5.5bn to the region's GDP.
- This represented 4% of Auckland's GDP, similar to the rest of New Zealand.

TOURISM EXPENDITURE

- Tourism expenditure in Auckland in the year to March 2023 was \$7.7bn.
- This is 26% of New Zealand's total tourism expenditure.
- This is 15% below the \$8.8bn spent in 2019 (in real terms). The rest of New Zealand is making a faster recovery, with expenditure back to pre-COVID levels (in real terms).
- The largest proportion of expenditure is made on retail sales by visitors to both Auckland (37%) and the rest of New Zealand (42%).

Economic contribution of visitor economy to Auckland

	Employment	GDP	Expenditure
2019	70,183	\$5,474m	\$8,830m
2023	52,938	\$4,464m	\$7,686m
Growth 2019-2023	-24.6%	-18.5%	-13%
Growth previous year	93.0%	77.1%	82.4%

COMMUNITY

Who lives in Auckland

Auckland contains 33% of New Zealand's population. Although ageing, it is more youthful than the rest of New Zealand.

One third of New Zealanders live in Tāmaki Makaurau Auckland and this is projected to increase in the future. The region's estimated population was 1.74 million in 2023, and population growth had been slightly outpacing the rest of New Zealand before COVID-19.

Auckland's population saw an unprecedented decline during the pandemic but grew again considerably in 2023. Overall, the region now has more people than it did pre-COVID.

Auckland's population is younger than the rest of New Zealand's, although like many western societies, it is ageing. Between 2018 and 2023, there was an increase in the population aged over 65, and a decrease in those under 10.

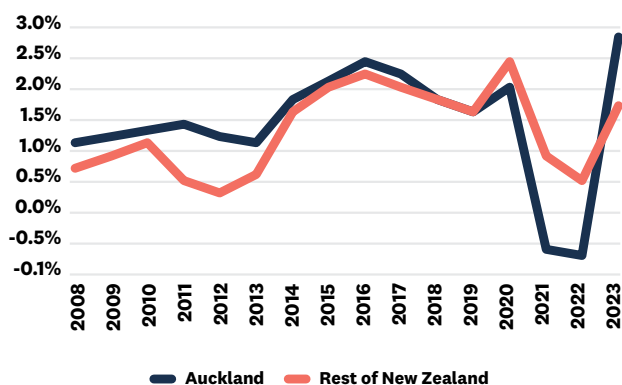
POPULATION

- An estimated 1,739,000 people lived in Auckland in 2023, 33% of the New Zealand population of 5,223,100.⁴
- Auckland's population grew by 2.8% from 2022 to 2023.
 - The strong population growth in 2023 was driven by record levels of net migration, and followed two years of unprecedented population decline primarily due to border closures.
- Auckland's net migration for the year to June 2023 was estimated to be 47,800, while natural population growth was 10,400.
 - The rest of New Zealand is less reliant on migration than Auckland.

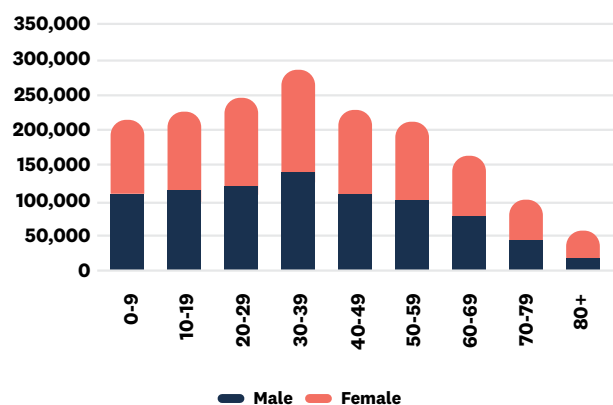
AGES

- The median age of Aucklanders in 2023 is 35.9.
 - By comparison, New Zealand's overall median age is 38.1, and Wellington's is 37.9.
- Auckland has a young population, but it is ageing.
 - In 2023, 19.2% of people in Auckland were 0-14 years old, and 13.3% were over 65.
 - In 2018, the corresponding values were 20.0% and 12.0%.
 - The number of people aged 65+ increased by over 30,000 from 2018 – 2023, while the number of people aged 0-9 decreased by 7,000.
 - The proportion of Auckland's population that is working age (67%) is higher than the rest of New Zealand (63%).

Auckland and rest of New Zealand population growth



Auckland's population distribution by age and gender (2023)



4. Note that the StatsNZ Estimated Resident Population (ERP) is not directly comparable with the Census usually resident population count because of a number of adjustments.

Sources: Population, population growth, population age and gender – Infometrics: Regional Economic Profile. Average population growth – Age breakdown – 2018 and 2023 Census (StatsNZ)

COMMUNITY

Ethnic diversity

Tāmaki Makaurau Auckland is one of the most diverse cities in the world, with 180+ ethnicities and over 40% of the population born overseas.

Population growth has primarily been driven by migration from Asia in recent decades. This was constrained during COVID due to border restrictions, with a resulting unprecedented decline in the population.

Auckland is the world's largest Polynesian city, with New Zealand's largest Māori population and over 275,000 Pacific peoples. Auckland's Māori and Pacific population is relatively youthful compared to the rest of the country, and the region's Māori and Pacific rangatahi (youth) will make up a larger proportion of the workforce in the future.

ETHNIC DIVERSITY

- Auckland is home to 180+ ethnicities, making it one of the most diverse cities in the world.
- Over 40% of residents were born overseas, much higher than the rest of New Zealand (21%).
 - Over half of New Zealanders who are born overseas live in Auckland (despite Auckland accounting for only 33% of the total population).
- There are over 275,000 Pacific peoples in Auckland, 17% of the total regional population.
- Auckland's Māori population now exceeds 200,000, 12% of the total regional population.
- The largest non-European ethnic group in Auckland is Asian, with over 500,000 people. Chinese, Indian, Filipino and Korean are the biggest Asian communities.
- The proportion of the population which is European is decreasing (from 59% to 50% from 2013 to 2023).

POPULATION DYNAMICS

- Immigration from Asia, particularly China, India and the Philippines, has driven Auckland's population growth in recent decades.
- Net international migration was negative during COVID but recovered strongly to reach record levels in 2023 (47,800).
- Māori and Pacific peoples are significant contributors to natural population growth, accounting for nearly half of births in Auckland over the last 5 years.
- Auckland has been losing a net average of over 12,500 people per annum to regional New Zealand over the last five years. Data suggests this negative internal migration trend may go back as far as 2007.
 - The largest internal migration outflows are to Waikato and Northland. Those leaving Auckland tend to relocate in neighbouring regions.

Source: Ethnic diversity – 2018 and 2023 Census (StatsNZ). Population Dynamics – StatsNZ.



COMMUNITY

Māori and Pacific communities

Tāmaki Makaurau Auckland has 62% of New Zealand's Pacific population and is the largest Polynesian city in the world. It is also home to Aotearoa New Zealand's largest Māori community reflecting the culture people and values of whanaungatanga (kinship), manaakitanga (hospitality) and kaitiakitanga (guardianship).

MĀORI

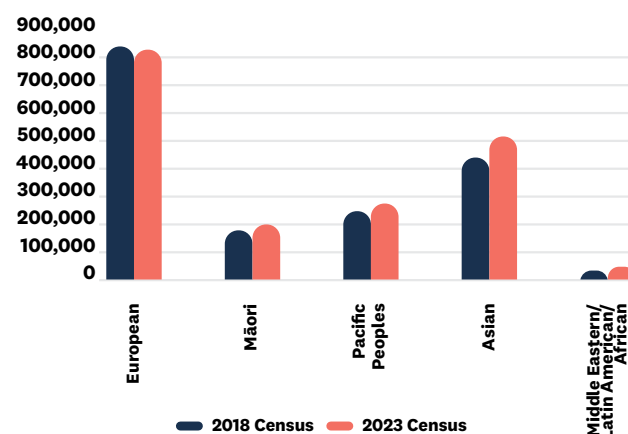
- Māori hold a special place in the identity and life of Aotearoa New Zealand through a partnership between Māori and the Crown under Te Tiriti o Waitangi/the Treaty of Waitangi (Te Tiriti).
- Auckland Council recognises 19 iwi authorities (mana whenua) in Tāmaki Makaurau Auckland.
- Auckland is unique to the rest of New Zealand in that the majority of its Māori population whakapapa to (identify with) iwi and hapū from outside the Auckland region. This is due to extensive migration of whānau to Auckland from rural areas 60+ years ago.
- At 203,000, Auckland has New Zealand's largest Māori population (23% of total). The Māori population grew by over 22,000 between the 2018 and 2023 Censuses and Māori account for over 12% of Auckland's population.
- Auckland's Māori population is relatively young compared to other Aucklanders, over half being under the age of 25. In fact, South Auckland, where around 45% of Māori in Auckland reside, has the youngest demographic make-up of any area in New Zealand.

PACIFIC PEOPLES

- Auckland's Pacific population now totals over 275,000 and grew by 31,000 between the 2018 and 2023 Censuses. This represents the second largest increase across all major ethnic groupings.
- Despite the absence of a detailed ethnic breakdown of 2023 Census data until later this year, we know from 2018 Census data that our Pacific population is very diverse, with large Samoan (49% of Pacific peoples in Auckland), Tongan (26%), Cook Islands Māori (19%), Niuean (9.5%), Fijian (4.5%), Tuvaluan (1.5%) and Tokelauan (1%) communities. There are also significant Kiribati (over 1,400), Tahitian (over 1,000) and Rotuman (over 600) communities in Auckland.
- The proportion of Auckland's Pacific population born in New Zealand continues to increase – from 56% in 2006 to 63% in 2018. This has no doubt increased further, with an average of over 5,600 Pacific children born in Auckland per year from 2018-2023 – 27% of total births.
- Auckland's Pacific population is relatively young – over 50% are under the age of 25. South Auckland, where over 50% of Pacific peoples reside, has the youngest demographic make-up of any area in New Zealand.



Auckland region population – census count



Source: 2018 and 2023 Census (StatsNZ)

EMISSIONS

Auckland's emissions

Notwithstanding its GDP contribution of 37%, Auckland produced only 14% of New Zealand's greenhouse gas emissions in 2022.

As a region, Auckland has made meaningful progress in reducing its greenhouse gas emissions over the last 15 years or so, with a 13.3% reduction in emission levels between 2007 – 2022. This rate of emission reduction outstrips that achieved by the rest of New Zealand, down only 6% over the same period.

Like many cities and regions around the world, Auckland has prioritised the transition to a low-carbon economy, having recognised the additional economic gain that could be delivered if warming is limited to 1.5°C.

EMISSIONS PRODUCED

- Despite contributing over 37% of New Zealand's GDP in 2022, Auckland only produced 13.9% of its greenhouse gas emissions.
 - Over 60% of New Zealand's emissions are produced by the primary industries, of which there is very small concentration in Auckland – in fact, only 7.9% of Auckland's emissions stem from primary industry activity.
- Auckland produced a similar proportion of New Zealand's greenhouse gases prior to the pandemic (2019) as well – 13.5%.
- As an urban economy with a large population, 25% of Auckland's greenhouse gas emissions stem from households (mostly through transport), whereas for the rest of New Zealand it is only 10%.
- Auckland also has a larger proportion of its emissions (28%) from manufacturing compared to the rest of New Zealand (10%).

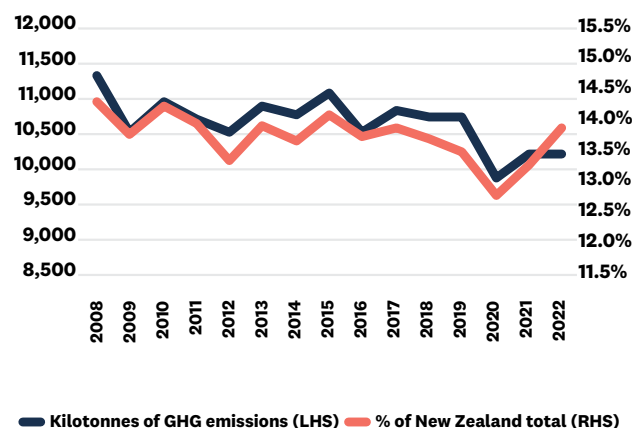
REDUCTION OF EMISSIONS

- Auckland has reduced its greenhouse gas emissions from 2007-2022 by 13.3%, more than the rest of New Zealand (6%).
- The impact of the pandemic on Auckland's greenhouse gas emissions was clear, down 8% in 2020 compared to the year prior.

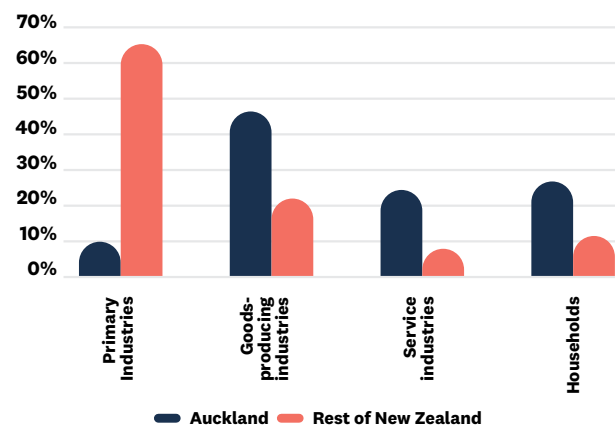
CLIMATE ACTION

- The Auckland region's Climate Action Framework, Te Tāruke-ā-Tāwhiri, and the Auckland Plan 2050 prioritise the move to a low-carbon economy, with a target of net zero emissions by 2050.
- A 2023 report published by Tātaki Auckland Unlimited as part of its Economic Insights Series shows that decisive climate action could deliver \$22 billion of additional economic gain by 2050 if warming is limited to 1.5°C.

Auckland's GHG emissions (carbon dioxide equivalent)



Proportion of regional GHG emissions by source (2022)



DEEP DIVES

“Inward investment has yet to recover to pre-pandemic levels. With increased competition for global capital, improving our investment attractiveness will be critical to ongoing economic prosperity and future resilience.”



Scott Jobson
Economic Intelligence Manager
Tātaki Auckland Unlimited

DEEP DIVES

Cost of living

Inflation reached levels not seen since the 80s in 2022. While it has been gradually falling since, it remains above historical levels.

Aucklanders, like many people around the world, are currently living through a sustained and sharp increase in the cost of living, with the costs of many everyday items increasing in price.

Consumer price inflation reached its highest rate in 36 years in 2022, and while it has come back from that, it remains well above historical levels. As a result, consumers are having to spend more to purchase the same goods and services. Housing costs have also increased, through high interest rates (which have been raised in an attempt to dampen general inflation), higher rent levels (which have increased at their highest rate this century), and higher costs for construction, rates and utilities.

This inflationary situation is primarily attributed to the long-term impacts of monetary policies implemented during COVID to stimulate the economy, as well as international supply chain constraints. Spikes in inflation after economic shocks are not uncommon in Auckland, however the magnitude and longevity of this high-inflation period is rare.

Businesses have also been experiencing higher prices. The Producer Price Index (PPI), which measures inflation at the wholesale level, peaked at 8.7% in March 2022 – well above the December 2019 level of 2.0%. Higher business input costs also drive increases in consumer inflation, as businesses pass costs onto consumers.

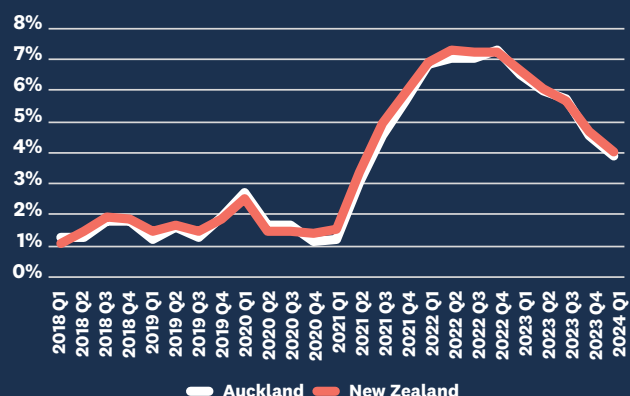
At the same time, most businesses are expecting some easing in costs (and subsequently the prices they pass on to consumers) over the next three months according to the latest ANZ business outlook.

While living costs have surged for Aucklanders in recent years, there is some encouragement. Earnings and average household incomes have largely kept pace with inflation since 2019. This was not the case during the GFC in 2008-09. In the year to March 2024, Aucklanders' average household income grew at a faster rate (6.1%) than inflation (4.0%).

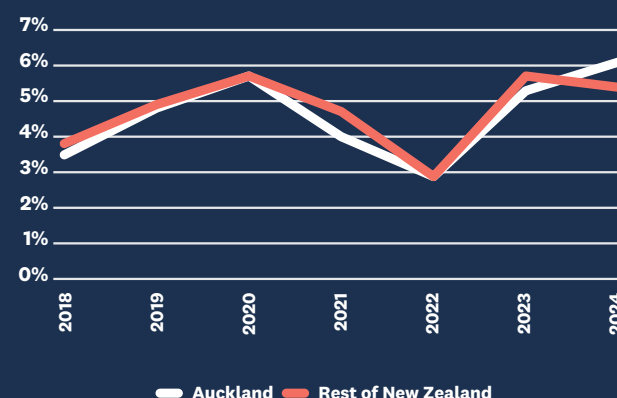
These rising incomes help offset the impact on some Aucklanders of increasing prices. For example, despite the aforementioned increase in rental costs, rent has actually decreased, as a proportion of the average household income, since 2019. This is not the case for homeowners, however, with mortgage payments increasing as a proportion of income.

International comparisons suggest that Auckland is a relatively expensive city to live in. While incomes have increased to (at least partly) offset higher costs of living, Auckland's overall income levels are lower than many comparable international cities. That is, while affordability may not have gotten significantly worse in recent years, it is starting from a relatively unaffordable base. The Mercer Cost of Living Survey ranks Auckland as the 111th most expensive city in the world, with Wellington slightly lower at 139th.

Consumer price index annual growth



Household income growth (March years)



DEEP DIVES

Investment and trade

Auckland plays a significant role in the country's investment and trade landscape. As the commercial hub of the country, the region accounts for nearly half of FDI projects in New Zealand. While Auckland accounts for less of New Zealand's total exports (21%) than it does GDP (38%), tradable services tend to concentrate in Auckland, many of which are "exported" to other regions of New Zealand.

Modelled data by Infometrics shows that Auckland's exports were worth close to \$18 billion in the year to March 2023, an increase of 16 per cent on the year prior. This represented higher growth than the rest of New Zealand (11%). Auckland's exports were more adversely impacted by the pandemic, falling 24 per cent in the year to March 2021 and only recovering modestly (+3.1%) in the year to March 2022. The respective growth rates for the rest of New Zealand were -18.5% and 11%.

When it comes to the value of cargo, Auckland's exported cargo was valued at an impressive \$74 billion in 2023, marking a 14% increase compared to 2019. It is worth noting that sea cargo contributes 40% of the value of Auckland's exported cargo, while air cargo accounts for the remaining 60%.

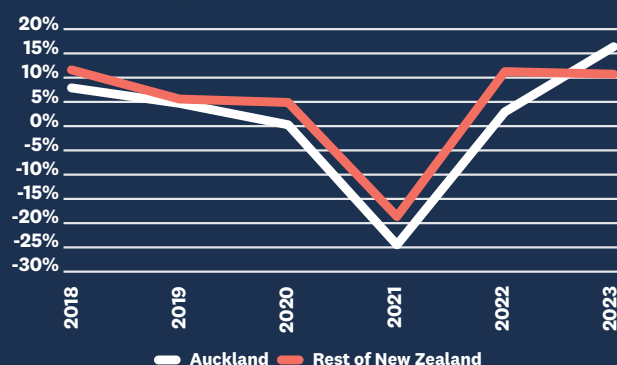
The manufacturing industry is the largest exporter in Auckland, making up 50% of total exports. 'Information media and telecommunications' and 'professional, scientific, and technical services' are the next largest export industries and have experienced strong growth since 2019. Auckland's tech sector is a large contributor to this – over 80 of per cent Auckland's leading tech firms' revenue stems from overseas. Overall, Auckland is a key contributor to four of New Zealand's five largest exporting industries, with the exception being 'agriculture, forestry, and fishing.'

Data from fDi Markets on investment projects in Auckland from 2010-2019 shows that the main industries for FDI have been financial services, logistics and real estate. Since then, analysis of Overseas Investment Office (OIO) data by KPMG shows that FDI in Auckland fell considerably during the pandemic. While there was a strong recovery in 2023, driven by investment in health care and agri-business, this still fell short of pre-pandemic levels.

Similar to the rest of New Zealand, the largest source countries for FDI in Auckland have traditionally been Australia, the US and the UK. Investment from China, Japan, Canada and Singapore has also been significant in recent times.

External shocks have had a significant impact on investment and trade in Auckland. Due to New Zealand's geographic isolation and reliance on international buyers and suppliers, the country is particularly vulnerable to external shocks. The COVID-19 pandemic highlighted this vulnerability, as the global economy faced restrictions and trade was disrupted. Geopolitical uncertainties, such as the Russia-Ukraine conflict and US-China relations, further contribute to the unpredictability of the international environment. These uncertainties can impact supply chain security and disrupt key trade routes, potentially reducing access to markets and goods, and increasing shipping costs. Global shipping rates have nearly doubled in recent months, largely due to current disruptions in the Red Sea. This may cause a further increase in the prices of imported goods for Auckland businesses and consumers.

Annual export growth rate



The IMF's latest global economic outlook shows that while supply chain pressure has fallen since the pandemic period, there is still a downside risk of geopolitical conflicts causing shocks to supply chains and increase in food, energy and transportation costs. Furthermore, there is evidence of trade between economies in politically distant blocs (e.g. the EU and US vs China, Russia and Russian allies) slowing more since the onset of the Russia-Ukraine conflict. If such "fragmentation" continues, this could have an adverse impact on efficiency, specialisation, and competition.

Climate change is another factor that has influenced investment and trade in recent years. There has been a global shift towards more sustainable trade practices to address climate change. Extreme weather events caused by climate change can disrupt international trade routes and trade infrastructure. In 2022, New Zealand

ranked first in the Sustainable Trade Index, reflecting its commitment to economic growth, environmental protection and societal development. The country scored highly in categories such as labour standards, political stability, air pollution and environmental standards in trade.

Finally, the advancement of artificial intelligence (AI) could transform many aspects of the world economy. While the impact is still unclear, it could have profound effects on productivity and investment, especially in advanced urban economies like Auckland. According to a recent paper by the New Zealand Treasury, the benefits could be dependent on the pace of diffusion and levels of investment in intangible capital in New Zealand, both of which have traditionally lagged behind other developed economies.



DEEP DIVES

Industrial employment areas

Despite the strong increase in employment in service industries over the last 20 years, industries which require industrial zoned land, such as manufacturing, wholesale trade and transport and postal and warehousing are still a considerable source of jobs in Auckland. These three industries still account for over 20% of jobs in the Auckland region, are highly productive in terms of their GDP output per worker, and are large employers of Māori and Pacific peoples.

These industries benefit from co-location in industrial employment areas given their interdependencies, as do parts of the construction sector (Auckland's fastest growing industry over the last two decades). Furthermore, a range of support services also benefit from locating themselves alongside their customer base. Zoned industrial land supports these types of industry and is an important resource enabling the regional economy to flourish.

The 12 main industrial employment precincts in Auckland account for over a quarter of regional employment and a quarter of employment growth over the last 20 years. Auckland currently has a shortage of industrial land, with demand for industrial premises at elevated levels, resulting in historically low vacancy rates. Overall vacancy rates have not exceeded 2.5% since 2014, with prime grade industrial premises even scarcer at around 0.7%. Constraints on (re)development have intensified in recent times due to higher interest rates, tighter financing conditions and higher building costs.

Over the last 20 years, employment growth has occurred in industrial areas further out from central Auckland such as Auckland Airport, Botany Junction, Wiri and North Harbour. Most manufacturing employment growth, as well as growth in associated industries in higher value-add industries like wholesale trade, transport, postal and warehousing, has occurred in these areas over the last decade.

There has been far less employment growth in most of the region's more central, typically older, industrial areas such as Wairau Valley, Rosebank Peninsula, Onehunga-Te Papapa, Otāhuhu and Glen Innes-Panmure. While manufacturing had long been the biggest employment sector in these well-established precincts, its importance has declined. East Tāmaki, with the addition of Highbrook and the newer industrial development at Botany Junction, is the exception here, especially post-GFC.

Employment trends in Auckland's key industrial areas: 2003 – 2023

Industrial Area	Employment (2023)	Growth 2003-2023 (Jobs)	Growth %
Botany Junction	8,200	4,350	113%
Wiri	19,200	10,000	109%
Auckland Airport	29,600	14,600	97%
North Harbour	26,300	12,900	96%
East Tāmaki	31,400	14,000	80%
Penrose	30,700	8,600	39%
Lincoln Road	11,620	3,200	38%
Great South Road	16,810	4,035	32%
Ōtāhuhu	9,630	2,090	28%
Mount Wellington Industrial	16,900	3,600	27%
Rosebank Road	9,400	1,300	16%
Glen Innes-Panmure	11,310	390	4%
Wairau Valley	11,100	200	2%
Onehunga-Te Papapa	8,500	-1,100	-11%

Sources: Vacancy rates – Colliers Auckland Industrial Report | Second Half 2023. Table – StatsNZ: Business Demography Statistics

With a decline in manufacturing employment, public administration and safety has contributed strongly to employment growth in many of the older industrial precincts, highlighting the importance of public service provision for jobs. There has also been strong growth in lower value-add industries like retail and hospitality in Onehunga-Te Papapa, Penrose, Rosebank Peninsula, East Tāmaki and Wiri over the last 20 years.

A transition away from traditional industrial activity in some of these lower growth industrial areas is well underway, with large format retail and administrative type office uses replacing industrial uses. Smaller, predominantly older, areas like Onehunga-Te Papapa, Henderson, Avondale-New Lynn, Wairau Valley, Glen Innes-Panmure, Rosebank Road and Ōtāhuhu are constrained by size and limited available development potential. They are therefore not as well placed to attract firms in growth and higher value-add industries compared to larger and newer employment precincts (e.g. North Harbour, Auckland Airport, Botany Junction, Highbrook and Wiri) that have more prime grade industrial stock.

However, given low vacancy rates in these prime grade industrial sites, businesses looking to expand may also reconsider relocating outside of the Auckland region to find large industrial sites, e.g. in Northgate (100ha) and Ruakura (490ha) outside Hamilton. Such industrial parks are positioned to capitalise on land availability, large lots, improved roading and inland port facilities, to attract occupiers.

So, what does this all mean? According to the ‘Housing and Business Development Capacity Assessment for the Auckland Region (2023)’, Auckland could need to accommodate an additional 257,000 jobs by 2052 as its population and dwelling counts increase.

Planning to accommodate these jobs, in the right places, to support productivity gains will be critical, and doing so in a way that aligns with our transition to a low carbon economy.

Auckland's industrial areas and infrastructure



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