Auckland Economic Update – January 2020

Data is the latest available as at the start of the month, and is for the Auckland region unless otherwise stated.

Real GDP Growth 1

-6% 0% 6%
-5% -4% -3% -2% 0% 2% 3% 4% 5% 6%
Sep-07 Sep-09 Sep-11 Sep-13 Sep-15 Sep-17 Sep-19

Real retail sales growth

-10% 0% 10%
-8% -6% -4% -2% 0% 2% 4% 6% 8% 10%
Sep-07 Sep-09 Sep-11 Sep-13 Sep-15 Sep-17 Sep-19

Real weekly rent 2 [*]

800 600 400 200 0 200 400 600 800
0 100 200 300 400 500 600 700 800

Tourism – Guest nights

6,000 4,000 2,000 0 2,000 4,000 6,000 8,000
0 1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000

House sales: price [*] and number sold 3

Price ($, LHS): $385,000

Sold: 21,577

(Number, RHS)

0 10,000 20,000 30,000 40,000 50,000 60,000 70,000 80,000 90,000 100,000
50 100 150 200 250 300 350 400

Number sold – annual total (000s)

0 1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000 9,000 10,000

Non-residential consents real value (RHS)

Buildings consented: res. and non-res. [*]

Residential: 14,918
(Number, LHS)

$2,372m
(Non-res., $m, Right)

1,800 2,000 2,200 2,400 2,600 2,800 3,000
0 200 400 600 800 1,000

Dwellings consented (LHS)

Non-residential consents real value (RHS)

Employment and unemployment [**]

4.1% (UR)

+0.5% (AEG)

4% 8% 12% 16% 20%
0% 2% 4% 6% 8% 10% 12% 14% 16%
Sep-07 Sep-09 Sep-11 Sep-13 Sep-15 Sep-17 Sep-19

Annual employment growth

Unemployment rate

50 60 70 80 90 100

Consumer (LHS): 106.7

Business (RHS): 38.6%

Confidence indicators 4, 5

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Sources:
All data is from Statistics New Zealand unless otherwise stated below:
(1) Infometrics, Regional Economic Profile; subject to revision. (2) Ministry of Business, Innovation and Employment (MBIE), Regional Rental Prices. (3) Real Estate Institute of New Zealand; subject to revision. (4) Westpac McDermott Miller. Values over 100 indicate more optimists than pessimists. (5) New Zealand Institute of Economic Research, Quarterly Survey of Business Opinion. Measures the net percentage of firms that believe the general business situation will improve in the next six months.

[*] All historical $ converted to latest quarter equivalent $ using quarterly price index, so may differ from previous updates.

[**] Historical HLFS data to March 2016 rebased August 2016 by SNZ, but not fully compatible with June 2016 onwards.

Disclaimer - The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.
In Auckland, real GDP for the year ended September 2019 was 2.6% higher than for the year ended September 2018; in the rest of New Zealand, the annual growth was 2.3% (see note).

[NOTE: Latest and historical real GDP figures are modelled estimates, and subject to revision.]

Real GDP refers to GDP in constant 2010 dollars, to remove inflation.

In Auckland, real retail sales\(^1\) for the year ended September 2019 were 2.9% higher than for the year ended September 2018; in the rest of New Zealand, the annual growth was 2.1%.

[NOTE: These figures exclude non-retail activity captured elsewhere in the retail sales survey.]

\(^1\) 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.

In Auckland, the average (not median or geometric mean) real weekly rent\(^2\) for the month (not year) of November 2019 was $569; in the rest of New Zealand, the figure was $429.

Rent here is for new rental bonds lodged each month with Ministry of Business, Innovation and Employment, for housing tenancies with private sector landlords.

Data here 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.

\(^2\) 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.

In Auckland, tourism guest nights for the year ended September 2019 totalled 7,556,000; in the rest of New Zealand, the figure was 32,990,000.

Tourism guest nights here refers to both international and domestic tourists, but only when staying in short-term commercial accommodation covered by the Statistics NZ survey, such as hotels, motels, backpacker hostels, or holiday parks. It excludes private homes or parts thereof rented out typically via third party websites.

[NOTE: The accommodation survey is no longer produced by Statistics NZ. The last results published were for the September 2019 month.]

[\(LHS/RHS = \) Left/right hand side axis; the Auckland (left) axis is a different scale to the Rest of NZ (right) axis]

Source: Statistics NZ, Accommodation Survey (monthly).
In Auckland, the total number of houses sold in the year ended November 2019 was 21,577. The median (not average) sale price of houses sold in Auckland in the month (not year) of November 2019 was $885,000.

[NOTE: REINZ² revises backdata each month for prices and numbers sold.]

The data here covers only “houses” that actually sold during the period. “Houses” here includes all dwelling types (eg apartments and flats), not just free-standing houses, but excludes sales of undeveloped land. “Price” here is real actual sale price[4] (not just listed).

[1] Prior months’ “real” prices are here calculated by inflating previous quarters’ dollars to the latest quarter’s equivalent dollars using the quarterly consumer price index (CPI).

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

In Auckland, the total number of new dwellings consented in the year ended October 2019 was 14,918. The real value[*] of new non-residential buildings consented in Auckland in the year ended October 2019 was $2,372 million.

Projects consented are not necessarily commenced or completed. “New” here refers to new buildings (i.e. excludes alterations and additions). (Also, the data takes no account of whether a previous building had been demolished there.) Residential number here 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.

[3] Source: Statistics NZ, Building Consents (monthly); Statistics NZ, CGPI (quarterly); Auckland Council (RIMU), calculations.

In Auckland, the number of people employed in the quarter (not year) ended September 2019 was 0.5% higher than in the September 2018 quarter. The unemployment rate in Auckland in the quarter (not year) ended September 2019 was 4.1%.

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 have - or be actively seeking - a job.

Historical HLFS data for 2013 to June 2019 was partially rebased by Statistics NZ in November 2019, but 2014 to 2017 data is still not fully consistent with data for other periods. Consequently, annual employment growth rates may be under or overstated.


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