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Chief Economist Unit



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# Making sense of Auckland's economy

## Four good habits for interpreting economic information



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**Summary**

Good habits can help make sense of Auckland's economic data:

- Separate short-term fluctuations from longer-term trends
- Consider whether examples reflect broader patterns or trends
- Assess performance using both growth rates and levels
- Consider alternative explanations before drawing conclusions about cause

*Auckland's economy generates a steady stream of data, headlines and commentary. Four habits can help make sense of this information and build a more informed understanding of economic conditions and prospects.*

### 1. Separate the cycle from the trend

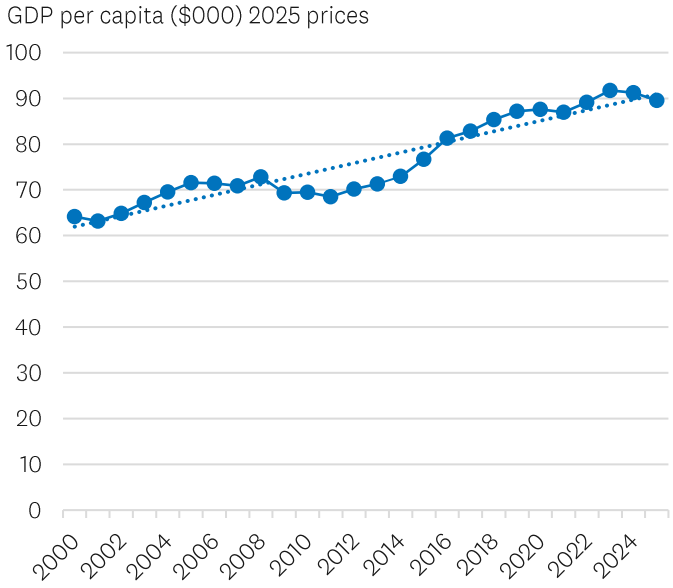
Short-term fluctuations can obscure long-term trends

The economy tends to move through cycles, with periods of expansion often followed by a slowdown or contraction. These fluctuations in economic activity typically occur around a longer-term trend, as illustrated by Auckland's GDP per capita (Figure 1).

Auckland's economic performance may move above or below trend over time, but periods of strength or weakness do not necessarily signal a change in the underlying trajectory. The recent downturn is a useful reminder that current conditions may not be a reliable guide to Auckland's longer-term prospects.

Takeaway: Avoid overweighting current conditions when thinking about long-term prospects

*Figure 1: Auckland GDP per capita, 2000-2025*




Notes: The dashed line represents a fitted linear trend. Deviations from the line indicate periods when real GDP per capita was above or below trend. Data is for years ended March.

Source: Stats NZ data; Chief Economist Unit analysis

## 2. Look beyond the obvious

What is most visible may not be representative

Examples and anecdotes can provide useful insight into economic conditions. However, what is readily visible is not always representative of a broader pattern or trend.

For example, recent cases of high-profile apartment developments being deferred or put on hold may suggest weak housing demand. Yet building consents for new homes were up 16% to 17,100 in the year to September 2026. While current conditions may not support some larger-scale development proposals, overall consent activity remains high by historical standards.

Whatever the economic issue, examples can be informative but should be tested against broader data.

Takeaway: Consider whether an example is representative of broader patterns or trends

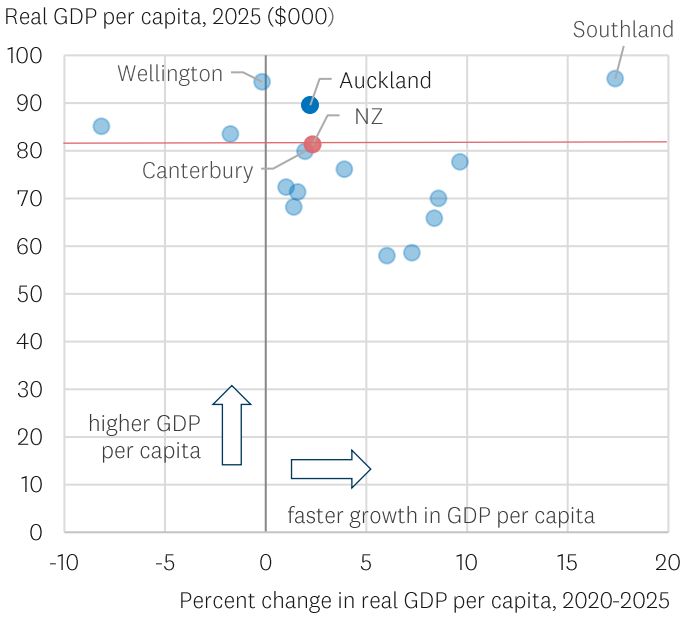
## 3. Put performance in context

Growth rates and levels answer different questions

Recent commentary has highlighted that some regions have been growing faster than Auckland. Growth rates are useful because they indicate how quickly conditions are changing, but they only provide part of the picture.

Auckland has not had the strongest growth in GDP per capita in recent years (Figure 2). Yet Auckland remains one of New Zealand's higher-income regions, with GDP per capita well above the national average and higher than most regions.

*Figure 2: Regional GDP per capita: levels and growth*




Notes: GDP per capita expressed in 2025 prices. The horizontal red line is NZ GDP per capita. Estimates for 2025 are provisional.
Source: Stats NZ data; Chief Economist Unit analysis

This contrast illustrates why both relative and absolute measures matter. Growth rates can tell us about momentum, while levels tell us about a position.

Takeaway: Consider both levels and growth rates when assessing economic performance

## 4. Be cautious about cause and effect

The first explanation is not always the right one

Economic outcomes often have more than one contributing factor. Some caution is therefore needed before drawing conclusions about cause and effect.

For example, Auckland's unemployment rate has increased over the past year. One interpretation is that unemployment rises because jobs are being lost. However, a rise in unemployment does not necessarily mean that fewer people are employed. Auckland still had slightly more people employed in the September 2026 quarter than a year earlier, even as the unemployment rate increased from 6.1% to 6.3%. This reflects labour force growth outpacing job growth, meaning the number of people in, or seeking, work increased faster than the number of jobs available.

Considering unemployment, employment and labour-force growth together provides a more complete understanding of the labour market. Looking beyond the first explanation often leads to a better understanding of economic outcomes.

Takeaway: Consider alternative explanations before drawing conclusions about cause

## Why these habits matter

It is fair to say Auckland has had a period of weaker economic growth, as measured by GDP per capita. There are also genuine long-term economic challenges, including relatively low productivity growth.

Understanding those challenges requires careful interpretation of economic information. These four habits can help distinguish between short-term fluctuations and longer-term trends, examples and broader patterns, growth rates and levels, and outcomes and explanations.

Applying these habits will not provide all the answers, but it can help separate signal from noise and build a more informed understanding of Auckland's economic conditions and prospects.

# Economic commentary

Recent developments in Auckland's economy

*Households face renewed cost-of-living pressures as fuel prices rise again and inflation remains elevated. Despite these pressures, Auckland's population continues to grow, supporting demand for housing, infrastructure and services.*

**Inflation remains elevated**

Annual CPI inflation was 3.7% in the September quarter, down from 4.1% in June but above the Reserve Bank's policy target range of 1-3%. More recent rises in fuel prices suggest cost pressures may have intensified since the end of the quarter.

**Fuel prices rise again**

Fuel prices increased sharply during September and October compared with the same period a year earlier. As of the week ending 1 November, petrol prices were around 36% higher than a year ago, while diesel prices were 68% above year-earlier levels. These increases are placing additional pressure on household budgets.

**Household spending patterns shift**

Auckland households are spending more on fuel. Weekly card spending data shows fuel spending in Auckland was 29% higher in the week ending 31 October than a year earlier. In contrast, hospitality spending was 9% lower, suggesting a pullback in discretionary spending.

**Despite current pressures, Auckland is growing**

Auckland grew by 22,700 people in the year to June 2026, with Stats NZ's provisional estimate putting the population at 1.841 million. This represents annual growth of 1.2%, up from 0.9% a year earlier. The drivers were natural increase (10,800) and net international migration (13,000), partly offset by a net loss of 1,100 residents to other regions. This growth supports demand for housing, infrastructure and services, with population estimates tracking slightly ahead of projections that show Auckland reaching 2 million residents by 2033.

**Housing supply continues to respond to demand**

Building consents for around 17,100 dwellings were issued in the 12 months to September 2026, up 16% on a year earlier. Auckland's median house price fell 2.6% to $975,000 in the year to September 2026. Strong consenting activity despite softer house prices is unusual and suggests housing supply is responding more readily to demand than in previous cycles.

Looking ahead, population growth and housing demand continue to support Auckland's economy. However, elevated inflation, higher fuel prices and the prospect of further interest rate increases present downside risks to household spending and economic activity.

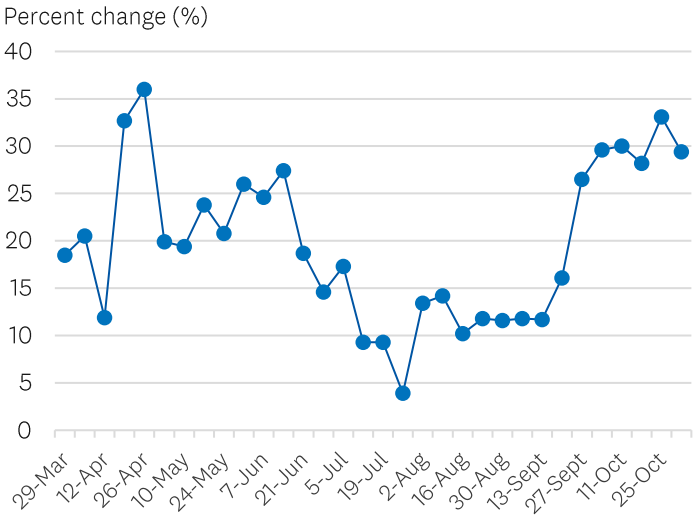
## Selected indicators

Latest available data compared with a year earlier

| Indicator | Latest |
|---|---|
| Annual CPI inflation | 3.7% (Sept 2026 quarter) |
| Petrol prices | 36% (week ended 1-Nov) |
| Diesel prices | 68% (week ended 1-Nov) |
| Fuel spending (Auckland) | 29% (week ended 31-Oct) |
| Population growth (Auckland) | 1.2% (year to June 2026) |
| Annual dwelling consents (Auckland) | 16% (year to Sept 2026) |

## Auckland fuel spending

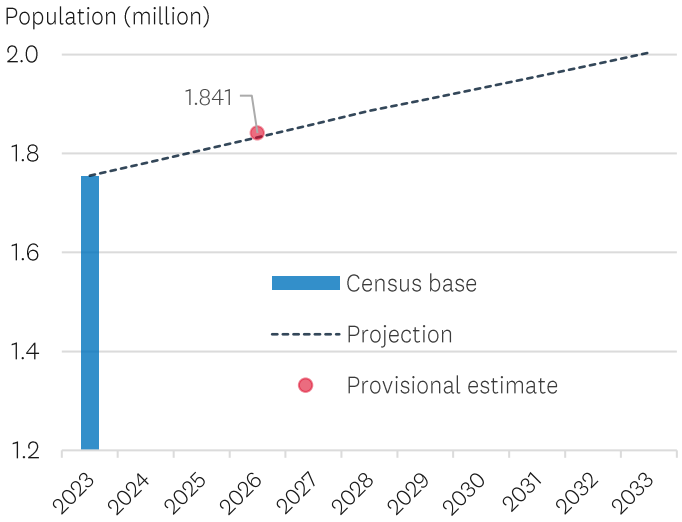
Weekly spending in 2026 is tracking above 2025




Source: Marketview data; Chief Economist Unit analysis

## Auckland population growth

Tracking slightly ahead of projections




Note: chart y-axis is truncated at 1.2 million

Sources: Stats NZ Subnational population projections 2023(base) – 2053 released October 2025; subnational population estimates 2026