

**Input to your Strategy for Adapting to Challenges**

Feel free to pass on to friends and clients wanting independent economic commentary

ISSN: 2703-2825

7 May 2026

Sign up for free at [www.tonyalexander.nz](http://www.tonyalexander.nz)

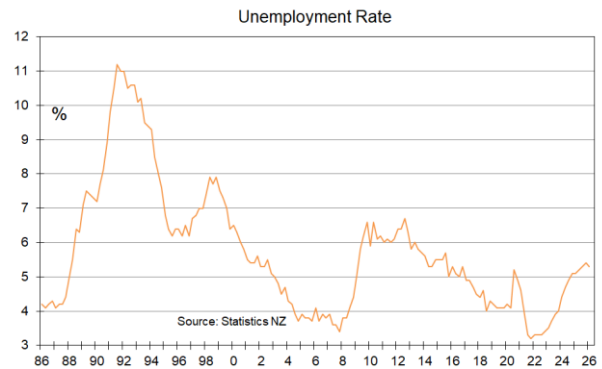
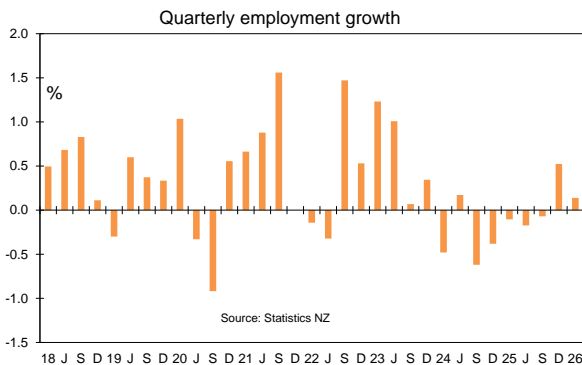
**Pre-War employment caution**

Data released yesterday by Statistics NZ show that during the March quarter the number of people in work in New Zealand rose by just 0.1% after gaining 0.5% in the December quarter. This tells us that heading into the effects of the Iran War businesses were still exercising a lot of caution regarding their staff numbers.

Instead of hiring more people employers have been giving them more hours. In seasonally adjusted terms hours worked gained 0.8% in the March quarter after rising 1.2% in the December quarter and 1.0% in the September quarter.

This is a healthy development in that it signals growth in actual job numbers lies ahead – or at least that was going to be the case before the American attacks. Now, with the AN Business Outlook survey showing a net 3% of businesses plan to lay off staff we can reasonably anticipate still minimal growth in job numbers if any for the other three quarters of 2026 and into maybe 2027.

The unemployment rate edged down to 5.3% from 5.4% but is likely to creep higher over the rest of this year.



The wages measure I pay attention to, average hourly ordinary time earnings, rose by a small

## Construction finance

### from 5.95% p.a.

Call now.

Naomi Yueh  
+64 21 912 006

Warren Law  
+64 21 483 666

Andrew Stevenson  
+64 27 700 2708

\$2m to 5m Loan Facilities | No pre-sales, QS reports or RV required | **For a limited time only** | [cressida.co.nz](http://cressida.co.nz)



**Erskine Owen™**  
Building Lasting Wealth

**VERITAS PROPERTY FUND**

**6.5% P.A.\***  
Projected Cash Return

**MR APPLE**  
TENANT: OWNED BY AN NZX-LISTED COMPANY

**20-YEAR**  
TRIPLE NET LEASE (5+5+5)

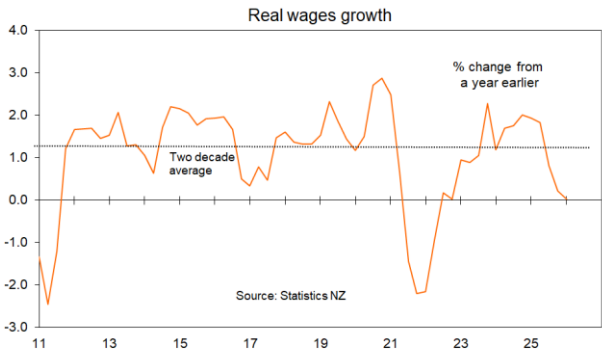
This offer is only available to Wholesale Investors.

**Invested Here**  
First asset:  
14 Groome Place,  
Hawke's Bay

\*Projected pre-tax return only is subject to change, and based on certain assumptions. Only available to "Wholesale Investors" under the Financial Markets Conduct Act 2013. Visit [erskieneowen.co.nz](http://erskieneowen.co.nz) for further information.

0.3% in the quarter after rising 0.9% in the December quarter and 0.5% a year earlier. The March quarter gain is typically the smallest each year and the annual wages growth rate now stands at 3.1% from 4.5% a year ago.

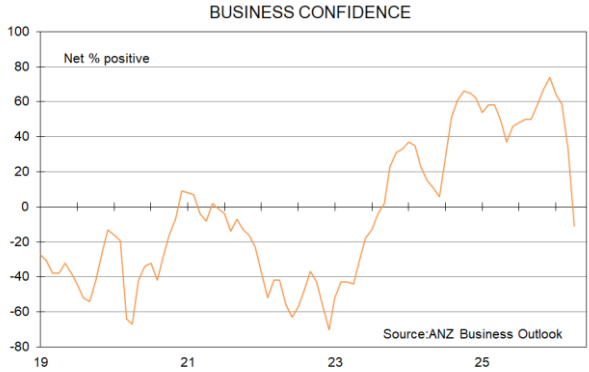
Wages growth has slowed but it is only just below the 3.3% average recorded since 1992. However, looking at real wages we find zero growth this past year (inflation also 3.1%) and this is the slowest pace of real wages growth since early in 2022.



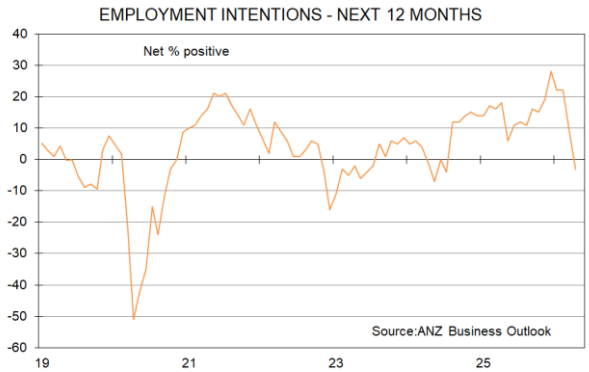
**Depressed businesses**

Last Thursday ANZ released the results of their latest Business Outlook survey, and the results are largely what one would expect to see given the deep levels of concern about the impact of events in the Middle East.

Whereas before February 28's invasion a net 59% of businesses had been expecting the economy to improve over the coming 12 months, now a net 11% expect it to deteriorate.



A net 22% were planning to hire more people, now a net 3% plan to lay people off. Investment intentions have also weakened but are thankfully still slightly positive at 3% from 25% pre-Feb. 28.



A high net 90% of businesses expect their costs to go up. However, it pays to note that before the war broke out this reading was 79%. There was already a high expectation that operating costs would be going up, and this was one of the factors underpinning my warnings about upside risks to inflation and interest rates.

The net proportion of businesses planning to raise their selling prices over the coming year has risen

# WANTED:

High quality, low to medium density housing stock to lease for transitional housing.

Partnering with us provides peace of mind and guaranteed returns.



**Ka Puta Ka Ora**  
Emerge Aotearoa



[Click here to learn more](#)

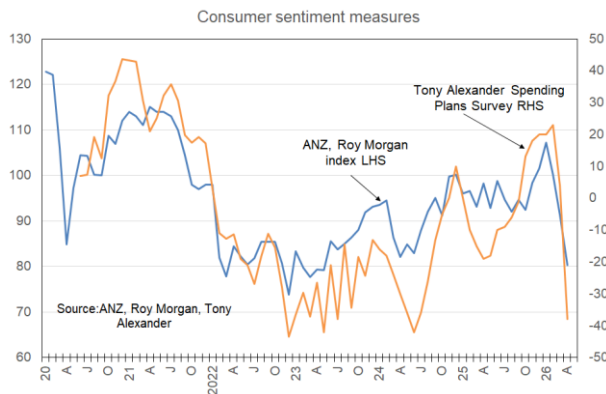
from 53% to 58%. So far, the price planning impact is relatively small.

The difficulty we all have at the moment is trying to figure out the extent to which we should extrapolate latest survey results into implications for the future.

There is not only a risk that things suddenly get better in the Middle East, they might also get worse. Plus, we cannot know if the shock impact in survey results will ease off as people adapt in some uncertain degree to the new operating environment.

It would be very unwise to rely on old relationships between the various leading indicators and actual economic outcomes. All we can say is that the outlook for growth in our economy, employment, and profits, is worse. The outlook for inflation and interest rates is also worse on the upper side.

Note that we also received the monthly ANZ Roy Morgan Consumer Confidence gauge and it showed a decline to a reading of 80.3 from 91.3 last month and 100.1 before the war started. This mirrors the decline already seen in my own monthly Spending Plans measure.

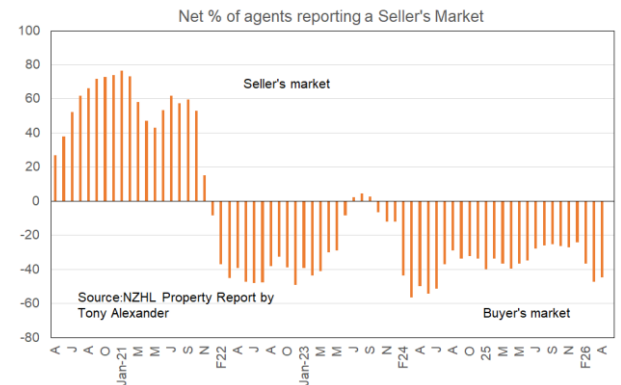


### Agents report weak conditions

Yesterday I released the results of my monthly survey of real estate agents, and they show a market freshly turning down – again.

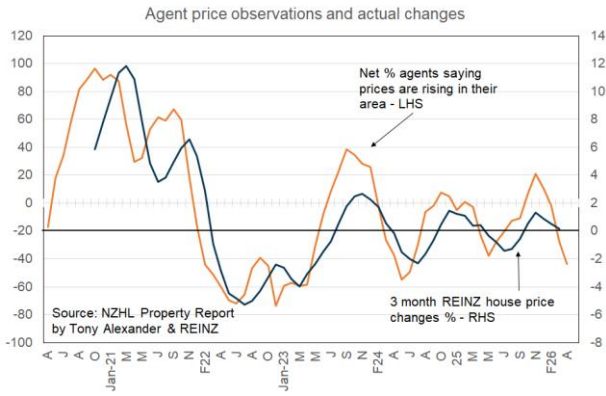
A net 50% of agents report that they are seeing fewer investors in the market looking to make a purchase. In the last survey for 2025 undertaken late in November this reading was a net 2% of agents seeing more investors.

A net 26% say however that they are seeing more first home buyers, down from 56%. Young people are continuing to take advantage of a market seen by a net 45% of agents as in their favour. The solid buyer's market remains in place.



FOMO has almost disappeared again with only 5% of agents versus 26% late last year saying they see buyers feeling that they need to move quickly.

A net 44% of agents feel that house prices are falling, and this suggests actual prices are in fact going down according to the following graph which shows the correlation between these two measures.



The proportion of agents reporting FOMO on the part of buyers in the March quarter of 2021 was 13% compared with 86% in 2021.

There is no comparison between the flat conditions in the residential real estate market at the moment and where things were tracking exactly five years ago – except for prices. They are the same.

**Misdirection**

It is perhaps worth noting that the market conditions which real estate agents are reporting throughout the country stand in high contrast to the glowing report released by realestate.co.nz this week regarding listings. To whit...

“The market is back in motion as latest data from realestate.co.nz reveals activity in the New Zealand property market has returned to 2021 levels.”

Nope.

Over the past year dwelling sales totalled 79,500. The 2021 total was 89,000 with a peak of 100,000 in the year to June 2021.

On average in the three months to March it took 50 days to sell a dwelling in New Zealand. Over the same period in 2021 it took 31 days.

Average house prices in the country in the three months to March this year were exactly the same as in the three months to March 2021 using the only nationwide indicator I monitor – the REINZ House Price Index.

Average prices in the March quarter of 2021 were ahead 8.5% from the December quarter of 2020 and up 22% from a year earlier.

Average prices over this year’s March quarter were ahead 0.2% from the December quarter of 2025 and 0.1% down from a year ago.



## If I were a borrower, what would I do?

Wholesale interest rates have edged slightly lower this week taking them back to where they were a fortnight ago. The labour market data were largely as expected with no clear monetary policy implications. The situation in the Middle East remains as uncertain as ever at the time of writing.

In Australia the cash rate was increased for the third time this year, so it now sits at 4.35%. Australia's inflation rate sits at 4.6%, the labour market is tight, and the Federal government is

likely to include some stimulus measures in the Budget due next week.

All up, for now there is no clear drift in NZ wholesale interest rates.

If I were borrowing at the moment, I personally would still favour fixing three years.

To see the interest rates currently charged by major lenders go to [www.mortgages.co.nz](http://www.mortgages.co.nz)

**Nothing I write here or anywhere else in this publication is intended to be personal advice. You should discuss your financing options with a professional.**

This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. To the extent that any information or recommendations in this publication constitute financial advice, they do not take into account any person's particular financial situation or goals. We strongly recommend readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. No person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation, or omission, whether negligent or otherwise, contained in this publication. No material in this publication was produced by AI.