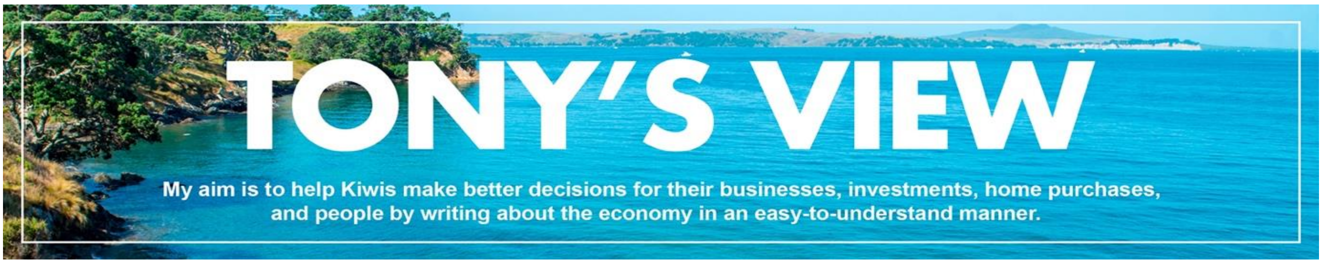

Input to your Strategy for Adapting to Challenges

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

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Population growth projections

A couple of weeks ago in Tview Premium I published Statistics NZ projections for local authority level population growth out to 2048. As luck would have it SNZ have just updated those projections for about 90% of the 65 areas covered. So, for those who want to base their decisions regarding business expansion and property investment on where population growth is likely to be the greatest, here are the updated data. And this time, I've ranked them from fastest growth to greatest shrinkage. Enjoy and good luck. Now that we are talking about the housing cycle turning upward, more people will be giving thought to where to locate their investable funds.

	Population Growth % 2023-48
Selwyn	47
Waikato	43
Queenstown-Lakes	38
Hamilton	33
Tauranga	29
Waimakariri	25
Auckland	25
Central Otago	25
Kaipara	22
Western Bay of Plenty	21
Mackenzie	21
Whangarei	20
All NZ	**18**
Hastings	16
Waipa	15
Christchurch	15
Far North	15
Tasman	14
Ashburton	14
Porirua	13
Carterton	12
Horowhenua	12
Upper Hutt	12
Wellington	12
South Wairarapa	12
New Plymouth	12
Palmerston North	11
Central Hawke's Bay	11
South Waikato	10
Manawatu	10
Taupo	10
Napier	10
Lower Hutt	9
Hurunui	8
Otorohanga	8
Masterton	8
Matamata-Piako	8

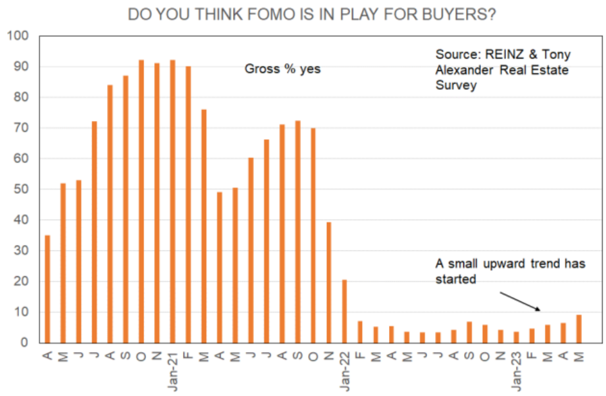
Kapiti Coast	8
Rotorua	7
Marlborough	6
Rangitikei	6
Nelson	5
Invercargill	5
Gisborne	5
Dunedin	5
Waimate	5
Wanganui	4
Wairoa	4
Hauraki	4
Opotiki	4
Southland	3
Chatham Islands	2
Waitaki	2
Stratford	2
Whakatane	2
Tararua	1
Timaru	1
Clutha	1
South Taranaki	0
Thames-Coro.	-2
Kaikoura	-2
Waitomo	-3
Gore	-3
Kawerau	-4
Grey	-5
Westland	-6
Ruapehu	-9
Buller	-15

FOMO vs. FOOP

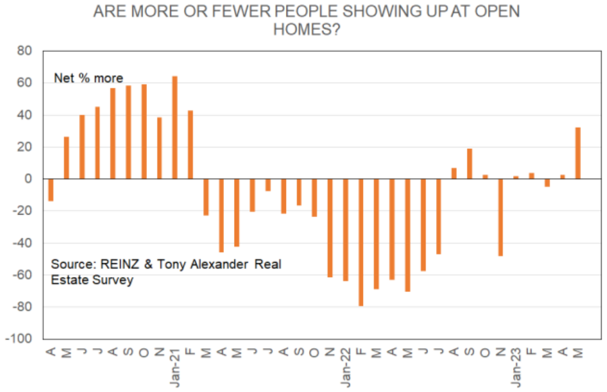
Just when you thought it was safe to go back in the water – FOMO 2, the renervousing.

Apologies to anyone unfamiliar with the tagline for the Jaws 2 movie many years ago.

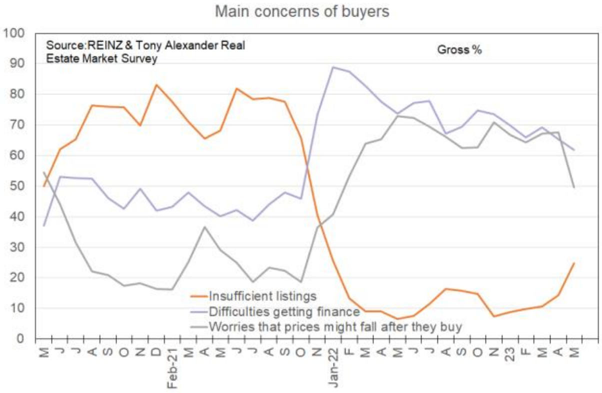
Actually, we are not quite there yet but the ball is rolling, and I wanted to use that line. In my monthly survey of residential real estate agents undertaken last week 9% said that they are seeing buyers display FOMO – the fear of missing out. This is a low reading nowhere close to the levels approaching 90% seen in the second half of 2020 and early-2021 before the return of LVRs and investor tax changes.



But the trend since January is clear and there are other developments underway as well. People are out attending open homes again (low numbers as yet) with a net 32% of agents noting this as compared with only 3% last month and a net 5% seeing fewer in March.



When I ask agents what the things are which buyers are most concerned about, we can see a sharp dip this month in the grey line in the next graph showing worries about prices falling. This is my FOOP gauge – the fear of over-paying. Such fears are there but they are easing. Note however how concerns about the stock of listings are starting to make a reappearance.



FOMO is creeping up, FOOP is creeping down. The market is turning and if you believe prices, having fallen on average 17.5% from late-2021, are now going to sit flat for three years, "tell him he's dreaming."

In case you missed it

This past week I've not had any survey results to release. But tomorrow I'll be releasing my latest real estate agent survey results undertaken with REINZ. Early next week I'll release results from my monthly Spending Plans Survey where I aim to give retailers some insights into whether average consumers will be spending more or less on particular things like furniture and travel.

If I were a borrower, what would I do?

Wholesale interest rates have increase by reasonable amounts over the past week. The rises in the likes of the two year swap rate from 5.14% to 5.3% reflect 0.25% rate rises in Australia and, surprisingly, in Canada overnight. The central banks there feel that more pressure needs to be applied to their economies to get inflation back down.

However, it pays to note that the Australian cash rate now sits at 4.1% while Canada's is at 4.75% and both rates are well below ours at 5.5%. Our central bank has been more aggressive in its tightening than these central banks offshore and for that reason it is not automatically the case that the current pause here will end with another rate rise – though there are those who consider this likely.

Also, across the ditch electricity prices are rising sharply (>20%) as the sector is being forced to adjust too quickly to the use of renewable sources of electricity generation. Rents are on the rise as a population surge encounters very weak construction in recent years in state capitals. Wages growth is also very strong courtesy of legislated rises and ongoing moves to unionise the workforce and enforce sector-wide agreements whilst slaying the labour-hire economy.

In other words, a lot of the upward pressure on inflation in Australia is from factors not so present here in New Zealand.

The upshot is that scope for falls in NZ fixed mortgage interest rates in the near future is fairly small.

If I were borrowing currently, I'd fix one year but would be tempted to 18 or 24 months if a bank cut me a deal.

I discuss rates a lot more in Tview Premium with lots of useful graphs to help your decision-making process.

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.