

Eco-Pulse

20 February 2026

Mapping the recovery around the regions

- **Economic recovery broadening, gathering momentum**
- **Spread of regional performance still wide**
- **Some convergence likely, but only a few signs of such to date**
- **The South Island is still out in front, with Wellington, Taranaki, and the Top of the South lagging**

The economic recovery appears to be both broadening across sectors and gaining in momentum, a point the Reserve Bank was keen to highlight last week. But how is it being experienced around the regions?

One of the big themes of last year was a decidedly lop-sided regional performance. The north underperformed the south and urban areas (outside Christchurch) generally under-performed the regions.

Below, we check in on how this dynamic is evolving. It's worth bearing in mind at the outset that NZ's regional data is patchy. Regional GDP figures are also far too lagged to be of use. We've tried to pull the available regional threads together broadly by sector. So that's: [housing](#), [construction](#), [population](#), [employment](#), [retail](#), and [manufacturing/services](#).

Some convergence in regional economic performance is likely this year. Indeed, a sustained recovery would be difficult without it. The lagged impacts of lower interest rates and a slow turn in migration should assist the service, retail, housing, and construction sectors, thus allowing the cities to play a bit of catch-up.

The key take-away from our regional stock-take is that there are a few early signs of this convergence occurring, but it's yet to happen to any significant degree. Activity in most parts is steadying, a change from when we first flagged the southern outperformance [story two years ago](#). The recent uplift in construction, services, and manufacturing activity is also looking more evenly spread. And Auckland and Waikato have, notably, nudged a few slots up the relative rankings.

But the ongoing outperformance of the South – Otago and Canterbury in particular, but also Southland – continues to leap off the page. The flow of people, both permanent migrants and tourists, and past and continued strength in some key commodity export prices remain powerful supports.

By contrast, Wellington, Taranaki, and the Top of the South more often than not occupy the weaker end of the indicators traversed below, as they have for some time.

The table offers a summary of current regional relativities, as we see them. The sections below add detail.

Regional economic heatmap						
	Employment	House prices	Construction	Retail	Population	
Canterbury	3	3	1	5	1	Stronger Weaker
Otago	5	2	2	2	4	
Waikato	2	4	4	8	3	
Southland	8	1	6	3	5	
Auckland	7	9	3	4	2	
BoP/Hawke's Bay	4	6	9	6	7	
Northland	6	5	8	7	6	
Nelson/Tasman	9	7	5	1	10	
Wellington	1	10	7	9	8	
Taranaki	10	8	10	10	9	

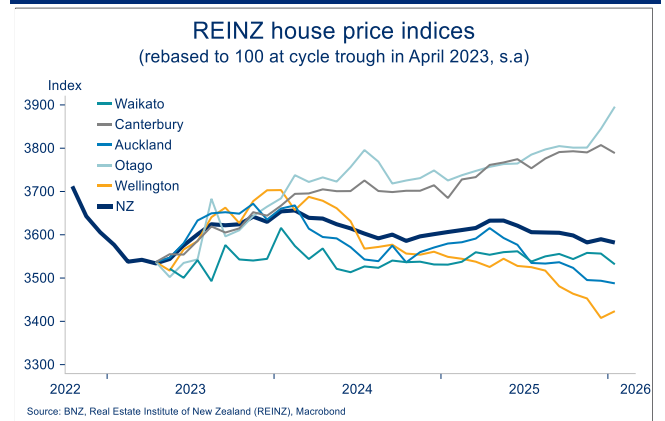
* Based on annual % change in HILFS employment (to Q4), 3m/3m change in REINZ House Price Index, residential new builds consented per capita (year to Dec), combination of nominal retail sales growth (Q3) and consumer confidence (Q4), population is year to June 2025.

House prices/rents – Southland, Canterbury, Otago

The 'tale of two islands' thematic characterising NZ's housing market shows few signs of abating.

The correction in national house prices ended in April 2023¹. In the 33 months since, house prices have declined an additional 1.4% in Auckland and an additional 3.2% in Wellington. That's even as those in Canterbury, Otago, and Southland have soared 7%, 10%, and 20% respectively.

Tale of two islands



¹ All house price references are to the seasonally-adjusted REINZ House Price Index.

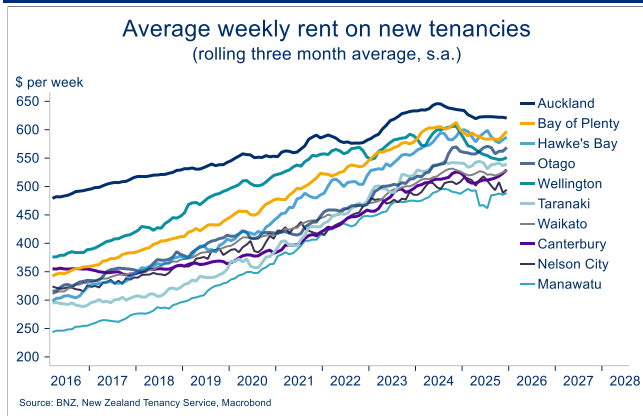
Some of the forward indicators – like days to sell a house and the pace of sales activity (details in the housing heat map in [appendix](#)) hint at the degree of southern outperformance abating a little in coming months.

But probably not to a significant degree given the still favourable South Island fundamentals of a) people flows (see population section); and b) relatively tighter housing [supply](#) dynamics compared to the likes of Auckland, Taranaki, and Wellington.

These regional supply-side differences are also on display in the rental market. An abundance of available inventory has seen (smoothed) new tenancy rents in Wellington fall 7% over the past year. Auckland rents have stabilised about 4% below the 2024 peak. The strongest rental price inflation over the past 12 months has been in Otago, the Bay of Plenty, and Canterbury.

Zooming out, the chart shows how much rents have converged over the past 5-10 years. Some or all of the once significant premiums of Auckland and Wellington have been eroded in the wake of differing supply responses and internal migration flows.

Rents converging



Construction – Otago, Auckland, Canterbury, Welly

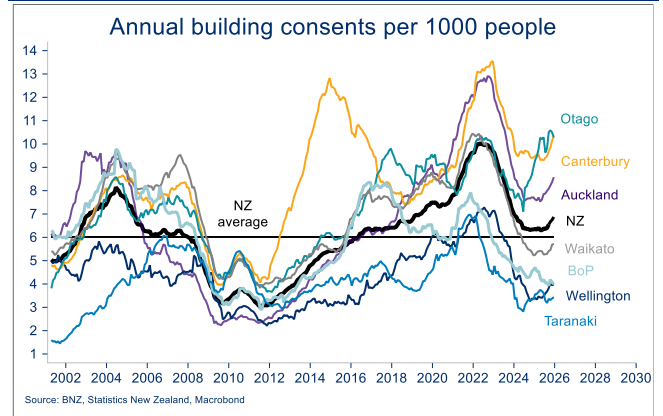
The four year, 26% peak-to-trough decline in residential construction volumes bottomed out last year. A solid slug of building consent issuance since has buoyed hopes the home building cycle will turn back upwards this year.

The larger regions – Canterbury, Otago, Wellington, and Auckland – have been at the forefront of this lift in consents. From a low base, Wellington residential consenting numbers rose 18% over calendar 2025. The other three regions all posted respectable growth around 12% over the same period.

Growth numbers in Nelson and Southland were also very strong in 2025, although low absolute numbers of consents issued in the smaller regions can throw these numbers around a bit.

For the Auckland, Otago, and Canterbury regions this carries on the recent trend of building relatively well compared to their populations. For Auckland and Christchurch, the boom in townhouse construction has been a big part of the story.

Otago, Canterbury, Auckland building well for population



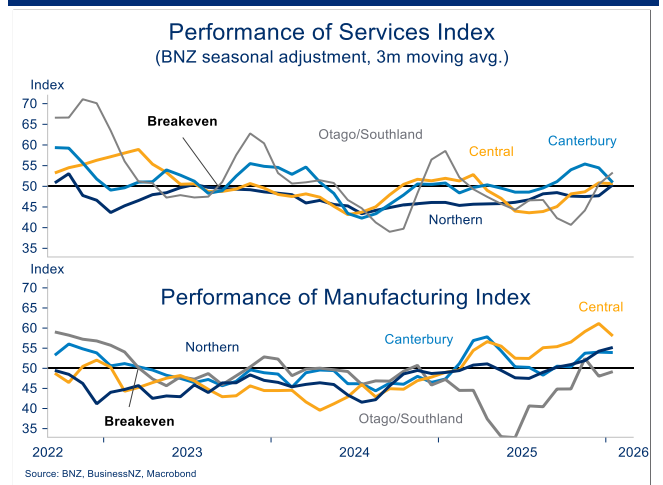
The Wellington uplift in consents per capita looks more like some catch-up. Meanwhile, the Bay of Plenty continues to head in the other direction, risking further tightening in its housing market. The number of new consents lodged in the BoP declined 13% through 2025.

Manufacturing/Services – broad

The monthly Performance of Manufacturing (PMI) and Performance of Services (PSI) indices give us a reasonable guide to business activity.

The signal from both has perked up. Both the PMI and PSI have held above the 50.0 'breakeven' level for two consecutive months now (December and January). A low bar maybe, but it's the first time it's happened in almost three years.

PMI/PSI uplift seen in most regional subcomponents



You can tie yourself in knots (and we did) trying to pull meaningful trends from the surveys' regional entrails. Our

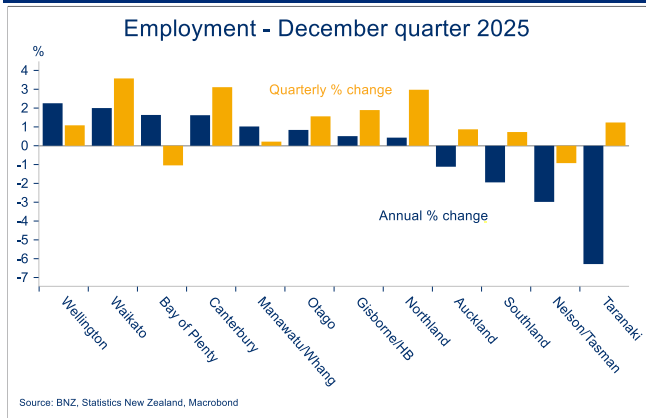
overall conclusion is that the PMI/PSI's nudge into expansionary territory has been characterised by a relatively broad-based lift around the regions. That's perhaps in contrast to the past two years in which we've seen periods of often mixed fortunes with Canterbury and Otago often doing more of the heavy lifting.

Employment – Wellington, Waikato, BoP

Employment increased in the final quarter of last year, the first such expansion in 18 months. Unemployment nudged up, to 5.4%, but we think that's the peak. A rate below 5% is expected by year end.

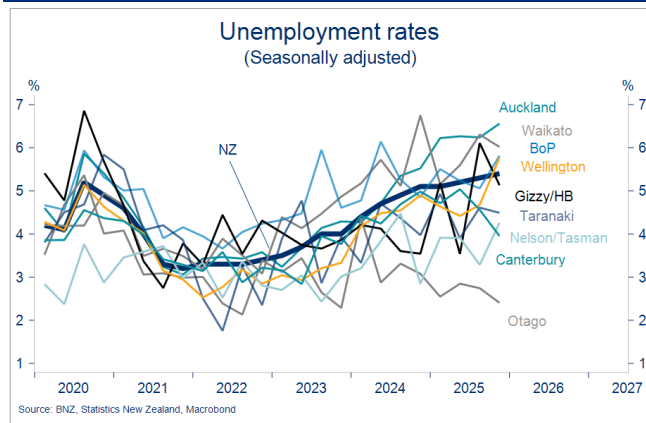
Most regions participated in the December quarter's jobs gain, with the exceptions of Nelson/Tasman and the Bay of Plenty. Relative to a year ago, Wellington recorded the largest employment increase, closely followed by Waikato, the Bay of Plenty, and Canterbury. Taranaki experienced a 6% annual decline.

Most regions experienced employment growth in Q4



That's employment, but what of unemployment? The latter puts jobs growth in the context of those seeking work, thus providing a broader picture of labour market conditions.

Auckland, Otago diverge



Auckland continues to experience the highest unemployment rate in the country at 6.6% (all rates seasonally adjusted). Otago has the lowest at 2.4%. It's

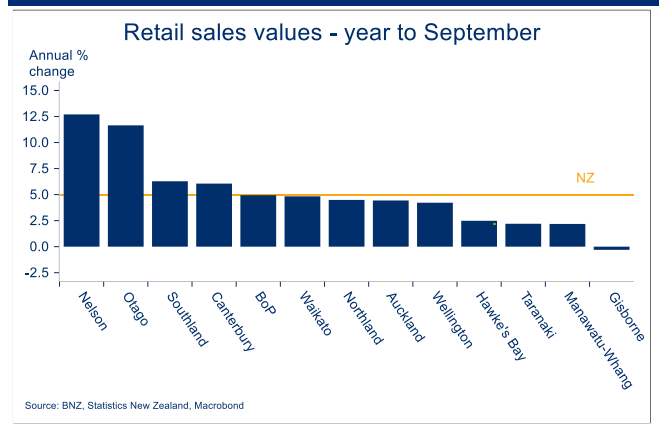
remarkable that these two regions shared the same unemployment rate of 4.3% as recently as March 2024.

Wellington, Waikato, and the Bay of Plenty all have unemployment rates above the national average, while Canterbury, Taranaki, and the Top of the South are below.

Retail – Nelson, Otago/Southland, Auckland

After a torrid three years, retail activity turned a corner last year. There was even a hint of acceleration in the latest (Q3) official figures. There's been some zigs and zags through the summer months but through it all a cautiously positive spending trend is becoming established.

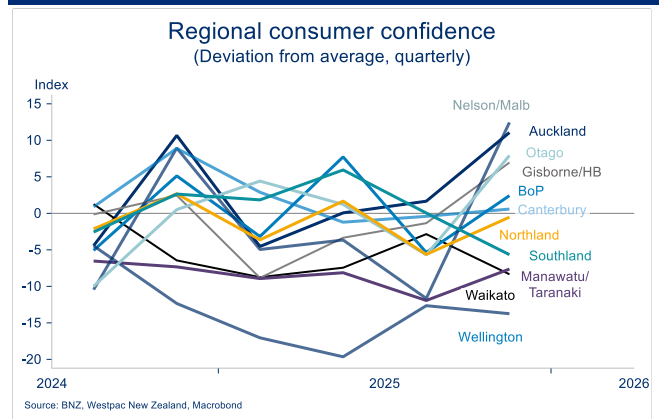
Top and bottom of the south head north



Retail data split by region is far from perfect – the best of it being either dated quarterly values from Stats NZ (chart above) or a timelier read on regional consumer confidence (chart below). The latter is instructive for directional spending trends but hard data it isn't.

Feeding into the relative spending pulse will be all the other parts of the economy summarised here – the likes of employment, population, house prices, and construction. It's thus no surprise to see Otago, Auckland, Canterbury, and Southland appearing at the stronger end of the above metrics.

Nelson, Auckland lead confidence lift



It's more of a surprise to see Nelson/Tasman top both the confidence and spending growth rankings given the

region’s more downbeat economic performance elsewhere. This may well reflect spending related to recovery and replacement following mid-2025 flooding.

People flows – Canterbury, Auckland, Otago

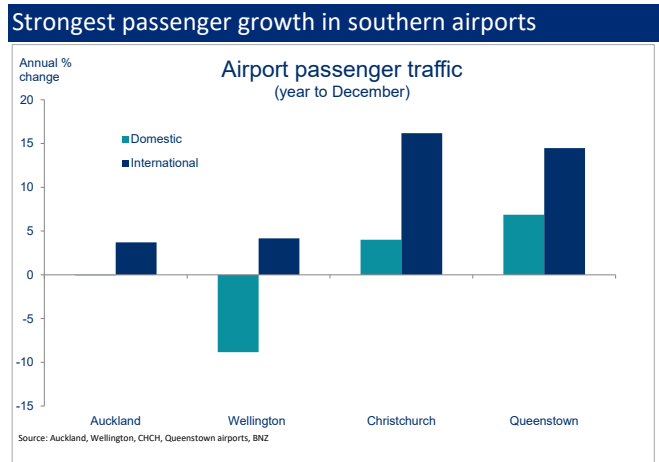
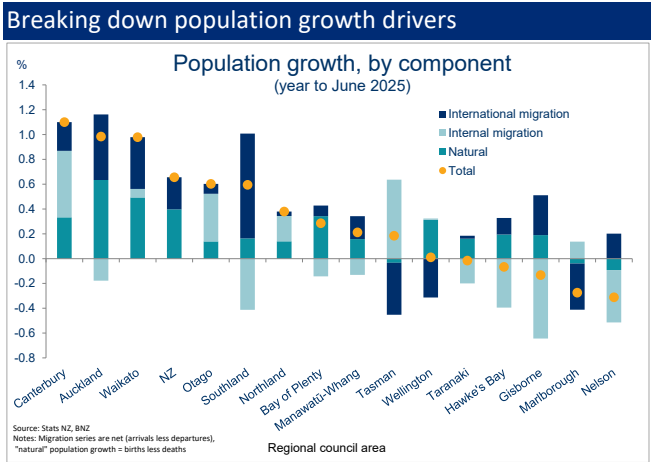
The flow of people, particularly permanent migrants, is both an important driver, and reflection, of regional economic performance.

We don’t get particularly timely updates on population growth by region. But, as of June 2025, Canterbury lead the way thanks primarily to the ongoing ‘head south’ vibe in internal migration trends. Otago benefitted in a similar fashion.

Auckland and Waikato rounded out the top four in the population growth stakes by getting a larger lift from international migration and natural population growth. At the other end of the spectrum, four regions suffered outright population declines last year – Nelson, Marlborough, Gisborne, and Hawke’s Bay.

Recovering numbers of shorter-term arrivals (i.e. tourists) have also bolstered activity in those regions with strong tourism links. As at December, tourist numbers were back to around 95% of pre-COVID levels.

The latest passenger numbers from NZ’s international airports show growth in passenger numbers strongly favouring the major South Island airports in the year to December.



Appendix: Regional housing heatmap

Regional Housing Market Heatmap - January data*								
Region	House prices ¹			House sales	Days to sell	New tenancy rents ²		Relative strength
	Median price	3m/3m %	Annual %	3m/3m %	Deviation from av	Per week	Annual %	
Northland	\$668,333	0.0	1.5	6.5	-2%	\$522	0.9	
Auckland	\$996,968	-1.1	-2.6	9.0	32%	\$620	-2.2	
Waikato	\$751,856	0.0	0.0	-2.5	4%	\$532	0.3	
Bay of Plenty	\$813,584	-0.2	-0.3	0.7	-9%	\$596	-0.3	
Gisborne	\$657,400	-0.4	-1.2	-10.8	18%	\$557	3.9	
Hawke's Bay	\$678,540	-0.4	-1.2	12.7	7%	\$587	-1.9	
Manawatu-Wanganui	\$536,875	-0.5	-1.8	-0.5	0%	\$500	0.1	
Taranaki	\$604,845	-0.9	-1.7	1.7	-14%	\$540	-0.2	
Wellington	\$849,443	-1.7	-3.5	4.9	38%	\$557	-7.4	
Nelson, Tasman	\$745,165	-0.3	-1.8	0.6	NA	\$486	-2.5	
Canterbury	\$713,826	0.2	2.8	-3.4	13%	\$548	1.3	
West Coast	\$420,000	0.1	0.0	-7.1	NA	\$422	5.1	
Otago	\$719,004	1.2	4.6	-1.6	9%	\$560	1.2	
Southland	\$499,202	3.2	12.0	-0.2	-9%	\$417	NA	
New Zealand	\$781,119	-0.5	-0.7	0.9	18%		-2.7	Relative weakness

*Notes: All data seasonally adjusted by BNZ; (1) House price data (other than Median Price) based on REINZ HPI; (2) December data, based on new tenancies.
Sources: REINZ, Statistics NZ, BNZ, realestate.co.nz, NZ tenancy service, Macrobond.



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Quarterly Forecasts

Forecasts as at 16 February 2026

Key Economic Forecasts

Quarterly % change unless otherwise specified

	Forecasts									
	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26	Sept-26	Dec-26	Mar-27	Jun-27	Sept-27
GDP (production s.a.)	-1.0	1.1	0.5	0.7	0.9	0.6	0.6	0.5	0.5	0.5
Retail trade (real s.a.)	0.7	1.9	0.4	1.0	0.9	0.8	0.7	0.7	0.7	0.7
Current account (ann, % GDP)	-3.7	-3.5	-3.5	-3.5	-3.5	-3.6	-3.5	-3.4	-3.3	-3.2
CPI (q/q)	0.5	1.0	0.6	0.5	0.5	0.7	0.5	0.4	0.5	0.6
Employment	-0.2	0.0	0.5	0.5	0.7	0.8	0.7	0.6	0.5	0.5
Unemployment rate %	5.2	5.3	5.4	5.3	5.2	5.0	4.8	4.6	4.7	4.7
Pr. avg hourly earnings (ann %)	4.6	4.1	3.5	4.2	3.3	3.3	3.4	3.3	3.2	3.2
Trading partner GDP (ann %)	3.3	3.2	2.5	2.7	2.7	2.8	3.0	2.9	2.8	2.8
CPI (y/y)	2.7	3.0	3.1	2.7	2.7	2.4	2.3	2.2	2.1	2.1
GDP (production s.a., y/y)	-1.1	1.3	1.7	1.3	3.2	2.8	2.9	2.7	2.3	2.2

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Government Stock				Swaps			US Rates		Spread
	Cash	90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	SOFR	US 10 yr	NZ-US
		Bank Bills						3 month		Ten year
2025 Mar	3.92	3.84	3.99	4.58	3.47	3.71	4.15	4.30	4.45	0.13
Jun	3.33	3.38	3.85	4.55	3.19	3.57	4.10	4.30	4.35	0.19
Sep	3.08	3.09	3.67	4.42	2.99	3.40	3.95	4.20	4.25	0.17
Dec	2.33	2.51	3.54	4.27	2.71	3.26	3.85	3.80	4.10	0.18
Forecasts										
2026 Mar	2.25	2.40	3.85	4.60	2.90	3.60	4.20	3.65	4.25	0.35
Jun	2.25	2.50	3.90	4.75	3.30	3.65	4.35	3.40	4.35	0.40
Sep	2.50	2.75	4.15	4.90	3.60	3.90	4.50	3.15	4.50	0.40
Dec	2.75	3.05	4.35	4.90	3.90	4.15	4.55	3.15	4.50	0.40
2027 Mar	3.00	3.55	4.40	4.90	4.05	4.25	4.60	3.15	4.50	0.40
Jun	3.50	4.00	4.40	4.90	4.10	4.30	4.65	3.15	4.50	0.40
Sep	4.00	4.15	4.35	4.90	4.10	4.30	4.70	3.15	4.50	0.40
Dec	4.00	4.15	4.35	4.90	4.10	4.35	4.75	3.15	4.50	0.40

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.60	0.71	1.19	1.36	153
Forecasts					
Mar-26	0.60	0.70	1.20	1.37	154
Jun-26	0.62	0.72	1.22	1.38	152
Sept-26	0.63	0.73	1.22	1.38	150
Dec-26	0.63	0.73	1.23	1.38	148
Mar-27	0.63	0.72	1.22	1.36	146
Jun-27	0.63	0.71	1.22	1.35	145
Sept-27	0.63	0.71	1.21	1.34	143
Dec-27	0.62	0.70	1.19	1.34	142

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.60	0.85	0.51	0.44	92.2	68.2
Forecasts						
Mar-26	0.60	0.86	0.50	0.44	92.4	67.8
Jun-26	0.62	0.86	0.51	0.45	94.2	69.4
Sept-26	0.63	0.86	0.52	0.46	94.5	70.0
Dec-26	0.63	0.87	0.52	0.46	93.8	70.1
Mar-27	0.63	0.88	0.52	0.46	92.0	69.9
Jun-27	0.63	0.89	0.52	0.47	91.4	70.4
Sept-27	0.63	0.89	0.52	0.47	90.1	70.5
Dec-27	0.62	0.89	0.52	0.46	88.0	69.8

TWI Weights

16.2% 17.8% 9.2% 4.0% 4.7%

Source for all tables: Stats NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 16 February 2026	March Years				December Years				
	Actuals		Forecasts		Actuals		Forecasts		
	2024	2025	2026	2027	2023	2024	2025	2026	2027
GDP - annual average % change									
Private Consumption	1.1	0.0	1.7	2.3	1.1	-0.2	1.6	2.0	2.3
Government Consumption	1.1	-1.3	2.3	0.2	0.1	-0.9	1.9	0.7	-0.4
Total Investment	-1.1	-5.0	2.5	6.6	-0.3	-4.9	0.3	6.6	4.3
Stocks - ppts cont'n to growth	-1.4	0.4	0.2	0.4	-1.2	0.4	-0.2	0.6	0.0
GNE	-0.9	-1.1	2.3	3.3	-0.7	-1.1	1.2	3.5	2.3
Exports	8.6	3.4	3.2	5.1	11.5	4.7	2.9	5.3	3.8
Imports	-1.4	1.5	5.3	5.4	-0.7	1.7	3.6	6.1	3.4
Real Expenditure GDP	1.5	-0.7	1.3	3.1	2.1	-0.3	0.8	2.9	2.3
GDP (production)	1.8	-0.9	0.8	2.9	2.2	-0.3	0.3	2.5	2.3
<i>GDP - annual % change (q/q)</i>	1.6	-0.7	1.3	2.7	1.4	-1.6	1.7	2.9	2.2
Output Gap (ann avg, % dev)	1.2	-0.7	-1.3	-0.2	1.3	-0.2	-1.2	-0.4	0.1
Nominal Expenditure GDP - \$bn	417	431	449	472	413	427	445	466	489
Prices and Employment -annual % change									
CPI	4.0	2.5	2.7	2.2	4.7	2.2	3.1	2.3	2.0
Employment	0.9	-0.9	0.8	2.8	2.7	-1.3	0.2	2.7	2.0
Unemployment Rate %	4.4	5.1	5.3	4.6	4.0	5.1	5.4	4.8	4.7
Wages - ave. hr. ord. time earnings (private sector)	4.8	3.8	4.2	3.3	6.6	4.0	3.5	3.4	3.2
Productivity (ann av %)	-0.6	0.1	1.2	0.4	-0.8	0.1	1.2	0.6	-0.1
Unit Labour Costs (ann av %)	6.6	4.4	2.7	3.2	7.1	4.7	2.8	3.1	3.3
House Prices (stratified, mth)	2.8	-0.6	-0.7	2.9	0.6	-0.8	-0.3	2.1	3.9
External Balance									
Current Account - \$bn	-23.8	-18.3	-15.8	-16.0	-25.8	-20.0	-15.5	-16.3	-15.1
Current Account - % of GDP	-5.7	-4.2	-3.5	-3.4	-6.3	-4.7	-3.5	-3.5	-3.1
Government Accounts - June Yr, % of GDP									
OBEGAL ex ACC (core op. balance) (Treasury forecasts)	-2.1	-2.1	-3.0	-2.2					
Net Core Crown Debt (ex NZS) (Treasury forecasts)	41.8	41.8	43.3	46.0					
Bond Programme - \$bn (Treasury forecasts)	39.3	42.6	35.0	34.0					
Bond Programme - % of GDP	9.4	9.9	7.8	7.2					
Financial Variables ⁽¹⁾									
NZD/USD	0.61	0.57	0.60	0.63	0.62	0.57	0.58	0.63	0.62
USD/JPY	150	149	154	146	144	154	156	148	142
EUR/USD	1.09	1.08	1.20	1.22	1.09	1.05	1.17	1.23	1.19
NZD/AUD	0.93	0.91	0.86	0.88	0.93	0.91	0.87	0.87	0.89
NZD/GBP	0.48	0.44	0.44	0.46	0.49	0.45	0.43	0.46	0.46
NZD/EUR	0.56	0.53	0.50	0.52	0.57	0.55	0.49	0.52	0.52
NZD/YEN	91.1	85.4	92.4	92.0	89.5	88.4	90.3	93.8	88.0
TWI	71.2	67.9	67.8	69.9	72.0	68.5	66.8	70.1	69.8
Overnight Cash Rate (end qtr)	5.50	3.75	2.25	3.00	5.50	4.25	2.25	2.75	4.00
90-day Bank Bill Rate	5.64	3.60	2.40	3.55	5.63	4.26	2.49	3.05	4.15
5-year Govt Bond	4.60	4.00	3.85	4.40	4.50	3.90	3.90	4.35	4.35
10-year Govt Bond	4.60	4.50	4.60	4.90	4.65	4.45	4.50	4.90	4.90
2-year Swap	4.91	3.35	2.90	4.05	4.93	3.53	2.98	3.90	4.10
5-year Swap	4.40	3.65	3.60	4.25	4.43	3.63	3.61	4.15	4.35
US 10-year Bonds	4.20	4.25	4.25	4.50	4.00	4.40	4.15	4.50	4.50
NZ-US 10-year Spread	0.40	0.25	0.35	0.40	0.65	0.05	0.35	0.40	0.40

⁽¹⁾ Average for the last month in the quarter

Source: Statistics NZ, BNZ, RBNZ, NZ Treasury