

# Migration past its peak - economists

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## **New Zealand's record-breaking migration flow is starting to ease off, economists say as new data shows a declining monthly trend.**

The latest Statistics New Zealand migration data is out and it provides evidence that the migration tide may be turning - which could mean less pressure on the housing market.

In May 2016, the net gain of migrants remained steady at 5,500. The monthly net gain was also 5,500 in April.

Since reaching a peak of 6,200 in November 2015, the seasonally adjusted net gain in migrants has averaged 5,700 a month.

Statistics New Zealand population statistics manager Jo-Anne Skinner said this reflects a declining trend in monthly net gains in migration.

The monthly net gain is still positive and remains high relative to historic levels, she added.

Despite the monthly decline, New Zealand's unadjusted annual net gain of migrants set yet another record, hitting 68,400 in the May 2016 year.

However, Westpac chief economist Dominick Stephens said the May data serves as further confirmation that monthly net migration has passed the peak.

If the recent trend continues, annual net migration will reach a cycle peak next month of about 68,500, and will then start declining, he said.

"The main driver of the reduction in net migration has been a reduction in foreigners arriving, on both work visas and student visas. The number of New Zealanders leaving remains low and stable."

Westpac expects annual net migration to fall rapidly over the coming year or two.

This will be due to the departure of people on temporary work or student visa and the recovering Australian labour market starting to attract New Zealanders back across the Tasman.

Stephens said that, even if net migration does drop away from its peak, it will still be very high by historical standards for some time.

ASB economist Daniel Snowden also said the data showed that immigration inflows could be close to peaking.

Returning New Zealanders and Australians remain the two main sources of arrivals, with many of the former coming back from Australia, he said.

“We expect inflows from Australia to slow as the Australian labour market continues its recovery.”

He added that, while the migration boom has provided support to the New Zealand economy, it has also placed strain on the country’s already-tight housing market.