

NZ net migration, August 2018

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Monthly net migration picked up to 5,010 in July. However, that still leaves the down trend in annual migration in place. The annual net inflow of people in to New Zealand has slowed to 63,288 - the lowest level since October 2015. We expect a further fall in net migration over the coming years.

August 2018 net migration

Monthly (seasonally adjusted): +5010 (Previous: +4,720, Westpac: +4,950)

Annual: + 63288 (Previous: +63,779, Westpac: +63,230)

Monthly net migration picked up to 5,010 in August. That was just a touch higher than we had expected.

Importantly, the trend decline in net migration remains firmly in place. The annual inflow of people into the country has now fallen from a peak of 72,400 in 2017 to 63,280 now. While that's still high, it's the lowest level since October 2015.

Looking at the underlying details, we've seen the number of New Zealanders returning from abroad continuing to ease off, and departures rising.

The big factor weighing on migration is departures of non-New Zealand citizens to areas other than Australia, which are continuing to trend higher. That's actually an echo of the increase in arrivals of those on temporary work and student visas that we saw in previous years. While some of the people on those visas will make the jump to permanent residency, many will depart after three to four years. We expect this pattern will continue for some time. At the same time, arrivals from other areas have flattened off.

Looking forward, we expect that migration will continue to ease back over the next few years, pulling population growth down in the process. This reinforces our expectations for a period of soft demand growth over the coming years.