



Competitive Cities: A Decade of Shifting Fortunes

Spotlight on Tauranga

Household change 2008 vs 2018

↑14%



Household
income

—

↓3%



Mortgage
payments

—

↑19%



Basic
expenditure

=

\$3,695



Annual discretionary
income

Primed to move

Tauranga is competing with other smaller cities for growth spilling out of Auckland (Figure 1).

Just two and a half hours away, it offers outstanding natural amenity, high sunshine hours and port infrastructure, all without the crowds and congestion. Tauranga has a strong pitch to make.

Discretionary income rose by \$71 per week over the last decade. While Tauranga has the lowest estimated median earnings of all the Growth Cities, it is catching up.

Median wage growth over the decade was second only to Christchurch and 48 per cent higher than Auckland. Employment growth is even more impressive, with the pace lifting considerably since 2013 (Figure 2).

House prices have increased since 2015, but relative housing costs remain an advantage.

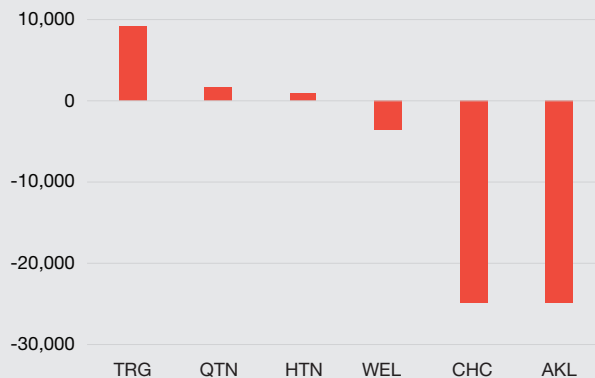
The difference between Auckland and Tauranga median house prices rose more than threefold over the decade, from \$65,000 in 2008 to \$209,000 today. The gap might have been larger had Tauranga avoided significant rises of its own, with house prices rising some 64 per cent between 2008 and 2018.



The time is right for a bold vision of urban growth and prosperity.



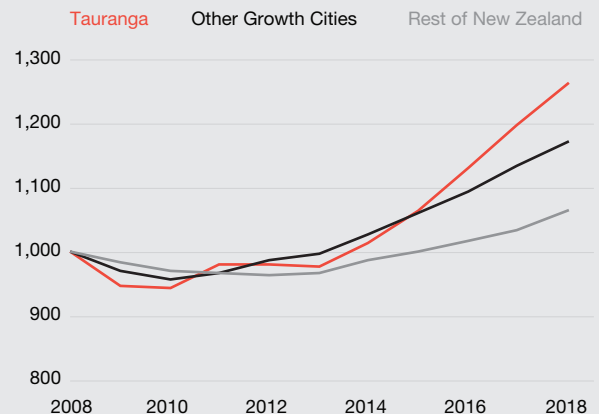
Figure 1: Net internal migration by city, 2008-2016



Source: New Zealand Treasury (Insights)



Figure 2: Growth in employment (2008=1000)



Source: Statistics New Zealand

Tauranga's population has grown steadily over the last decade, matching growth in other Upper North Island cities. Much of this growth is internal migration. Over the four year period from 2012-2016 for which data is most robust, 40 per cent of Tauranga's population growth was from relocating Aucklanders.

Tauranga has a unique opportunity – but it might not last for long. Matching high wage growth with relatively low living costs is a powerful combination. Implementing policies that keep housing and transport costs low for new residents will be central to success, while the new Tauranga CBD campus of Waikato University couldn't be timed better.

With residents spilling out of Auckland, the economic conditions are right for a bold vision to invest in high value firms that attract highly skilled workers. Matching this growth with policies that support liveability and environmental sustainability will set Tauranga on a path of urban prosperity and elevate the city to a key player in New Zealand's urban ecosystem.

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