

# Economic growth

- Estimated Gross Domestic Product (GDP) in the eight cities grew by 3.4% per annum on average over the four years to March 2002, compared to the rest of New Zealand at 2.3%.
- The eight cities have generally experienced faster population growth, therefore the difference in per capita income growth will be much smaller.
- The eight cities account for between 55% and 60% of all economic output in New Zealand.

## WHAT THIS IS ABOUT

Economic growth is a widely accepted measure of how well an economy (region or city) is performing. Faster economic growth generally translates into higher economic welfare - people have more purchasing power. Gross Domestic Product (GDP) is a convenient way of capturing in one number all the partial indicators of economic performance, for example more jobs, houses, tourists, etc.

GDP data for the eight cities shows how each city's economy has grown since 1998. The data are based on regional GDP estimates by Infometrics Wellington, which are derived from detailed employment data by region and industry and also from rates of productivity growth by industry.

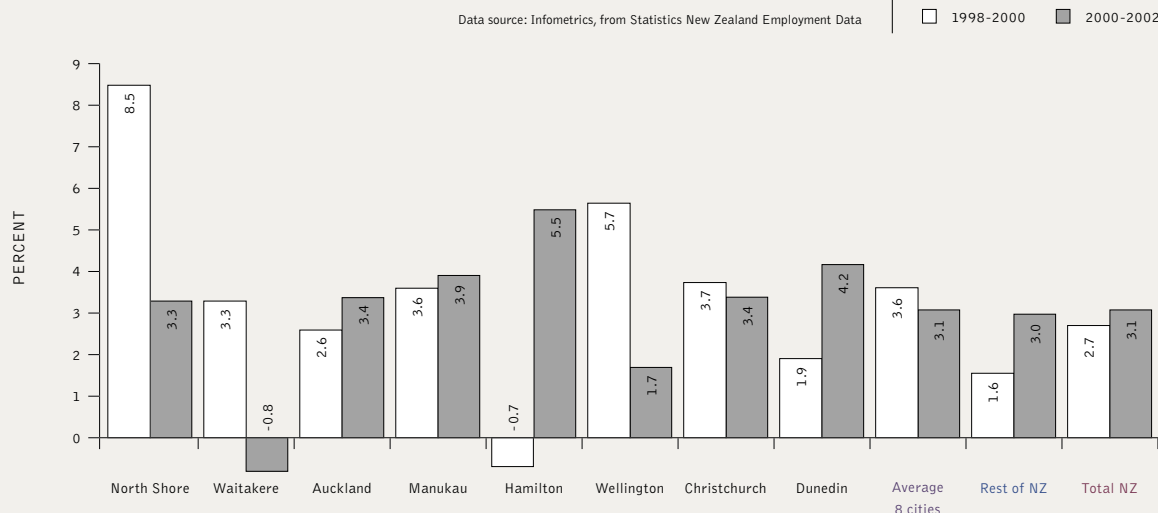
## WHAT DID WE FIND?

### Gross Domestic Product (GDP)

Over the four years ended March 2002, the eight cities grew by an average of 3.4% per annum, as measured by estimated GDP for each city. This was half a percentage point faster per annum than overall New Zealand economic growth. From 2000 to 2002, GDP in the rest of New Zealand grew at roughly the same pace as the eight largest cities on average.

North Shore saw the greatest economic growth over the four years. It had an average growth of nearly 6% per annum, although the bulk of this occurred over the period 1998 to 2000. For cities in the Auckland region, economic performance over the four years to March 2002 is not quite so large once population growth is taken into account. GDP for the Auckland region is estimated to have increased by 3.4% per annum between 1998 and 2002, while the region's population increased 1.9% per annum over the same period-implying 1.5% per capita GDP growth per annum. This compares with 1.9% per annum per capita growth for New Zealand as a whole over the same period.

ANNUAL AVERAGE PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT, ESTIMATES 1995/96 PRICES (1998 TO 2002)



# Economic growth

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Wellington and Christchurch enjoyed relatively strong rates of economic growth over the period, but neither experienced particularly fast population growth, implying that the majority of the growth translated into higher per capita incomes.

## The economic significance of the eight cities

The eight cities account for between 55% and 60% of all economic output in New Zealand. By their very nature cities are concentrations of economic activity, especially where scale and quality is important. For instance, people are drawn to the major cities to shop because there is a broader range of goods, quality and prices. Banks, retailers distributors, manufacturers and entertainment tend to be concentrated in the major cities because the labour and customer markets are bigger. In turn these activities attract people and businesses to locate in cities.

As the graph below shows, the eight cities account for around 70% of total national employment in the finance/ insurance/business services; wholesale; construction; and communications sectors. Personal services and government also account for a relatively high proportion of total national employment.

SHARE OF TOTAL NATIONAL EMPLOYMENT (BY FTE), TOTAL EIGHT CITIES (FEBRUARY 2002)

Data source: Statistics New Zealand, Business Demographic Survey

