

UNDERSTANDING AOTEAROA NEW ZEALAND: COST OF LIVING

An Ipsos Report

April 2025

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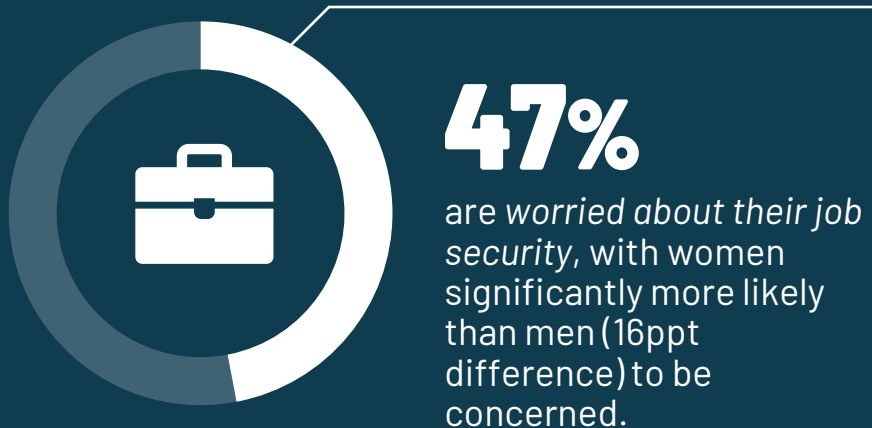
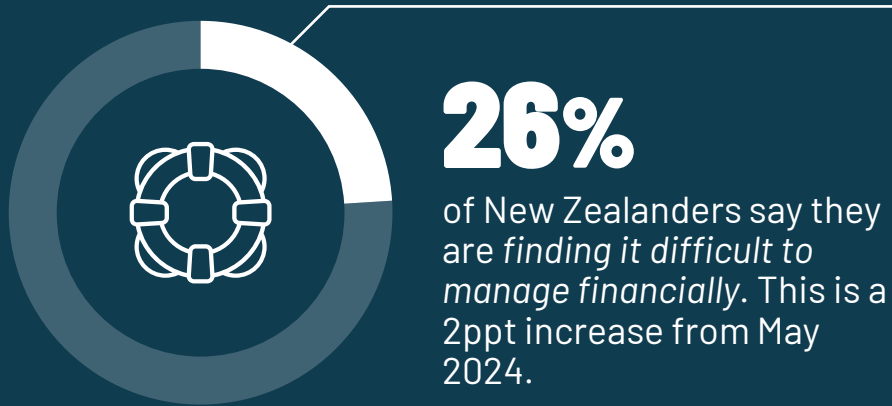
Methodology

Summary





New Zealand at a glance



41%



think their *disposable income* will fall in the next year.

80%



think they will be paying more for their *food shopping* in the next six months.

65%



say the *number of unemployed people* in New Zealand will increase.

35%



expect their *mortgage /rent* will increase – a significant (13ppt) decrease from May 2024.

49%



think that it will take *more than 12 months* before inflation returns to normal New Zealand.

36%



anticipate taxes to increase – a significant (20ppt) rise from May 2024.

Key findings



New Zealanders are still finding it tough

One in four New Zealanders (26%) are *finding it difficult* to manage financially. This figure has stayed consistent since February 2023, while more low-income households reporting that they are *finding it difficult* compared to nine months ago.



Interest rates expected to fall but inflation concerns persist

While nearly half (45%, a significant 21ppt rise from May 2024) expect interest rates to fall in the next year, the majority (52%) still believe inflation will rise in the next 12 months. More than a third (38%) also feel that our “cost of living crisis” has been worse than neighbouring countries in recent years.



Expectations for the future remain challenging

Fewer than a quarter (22%) expect an improvement in their standard of living in the next year, while half (49%) think it will take more than 12 months for inflation to return to normal in New Zealand. Two-thirds (65%) are expecting unemployment to rise, while more than a third (36%) are anticipating taxes will go up.



Household spending expected to increase

The vast majority of New Zealanders expect an increase in the cost of food shopping (80%), utilities (80%) and other household shopping (75%) in the next 6 months. However, there is relief on financial pressures for some, with only one in three (35%) expecting a rise in their mortgage /rent.



Rising prices, a multi-faceted influence

The state of the global economy (80%), interest rate levels (73%) and government policies (73%) are seen to be the most significant drivers attributed to the rising cost of living, underscoring the interconnectedness of global, national and local factors.



Job security concerns are prevalent

Nearly one in two (47%) are worried about their job security, highlighting a sense of uncertainty and vulnerability in the labour market. This uncertainty is impacting consumer confidence, with four in five (83%) stating they're spending less as a result.

How people are feeling now

Finding it difficult



26% of New Zealanders are facing financial difficulty.

This figure has remained relatively steady in the last year. However, over the longer term we see a significant increase in financial difficulty faced by New Zealanders, with a 6ppt increase since May 2022.

Increases in financial difficulty disproportionately affect those in low-income households, with a 13ppt increase compared to May 2022, compared with those in medium income households who report a 3ppt increase in the same period.

[The Ipsos New Zealand Issues Monitor](#) has shown that inflation / cost of living has been the number one issue facing our country since February 2022.

Widespread job insecurity



47% of New Zealanders are worried about their job security.

Overall, the proportion of people who are worried about their job security in New Zealand is equal to the number who are not worried.

However, a significantly higher proportion of men (55%, compared to 40% women) report *not* being worried about job security, while women are significantly more likely to be worried (54%, compared to 38% men).

Of those who state that they are worried about their job security, 83% say that they are spending less, demonstrating concerns about job security are impacting consumer confidence.

Inflation



38% believe that New Zealand's experience of the "cost of living crisis" has been worse than neighbouring countries.

This proportion is significantly higher (by 5ppt) compared to May 2024.

More than 1 in 3 (27%) expect inflation to stay the same, while a significantly lower proportion (16% compared to 20% in May 2024) expect relief.

This outlook is further compounded by negative economic perceptions, with 70% believing the economy is currently in recession.

Expectations for the future

When will inflation end?



64% think it will be at least 12 months before inflation returns to normal in New Zealand.

The majority of New Zealanders are not expecting inflation to return to normal in the short term and a significantly higher proportion (15% compared to 11% in May 2024) do not expect inflation to ever return to normal, indicating that inflation is a significant and long-lasting issue for some.

Money to spend?



Only 1 in 5 New Zealanders expect their disposable income to rise.

This sets the bar for low expectations for personal financial prospects, with 22% expecting an improvement in their standard of living.

This is further compounded by anticipation of increased household financial pressure, with the majority of New Zealanders expecting increase in household spending, particularly on essentials like food (80%), utilities (80%) and other household shopping (75%).

Rates and Taxes



Nearly 1 in 2 New Zealanders expect interest rates to continue falling, but a similar sentiment is lacking when it comes to taxes.

While future outlook on interest rates is largely positive relieving financial pressures for some, over a third (36%) of New Zealanders expect their taxes to increase over the next year, a 20ppt increase in the sentiment compared to May 2024.

Why are prices still rising?

Inflation remains a global issue



80% of New Zealanders perceive the state of the global economy as the primary driver for cost of living in the country

This reflects New Zealanders' understanding of the interconnected nature of modern economies and the impact of global condition on domestic prices.

Geopolitical situations also play a role, with 1 in (34%) viewing the political situation in the US and the war in Gaza as contributing factors. This research was conducted before the US announced details of their import tariff strategy.

The COVID-19 pandemic continues to affect economic outlook, with 1 in 2 New Zealanders viewing it as a contributor towards cost of living in the country.

The role of interest rates



Nearly three-quarters of New Zealanders say interest rates are fuelling inflation

New Zealanders are not associating the Reserve Bank's reductions in the official cash rate and cheaper borrowing with lower living costs.

The same proportion of New Zealanders (73%) also view government policies as a major factor driving up the cost of living.

Excessive profits and worker pay



70% think businesses making excessive profits is driving inflation

This sentiment has remained constant over the past four years, suggesting a perception among New Zealanders around corporate profiteering and its effects on consumer prices.

Meanwhile, the proportion of New Zealanders who perceive workers demanding pay increases as a contributing factor has dropped significantly (46% compared to 53% in May 2024).

Consumer perceptions and understanding

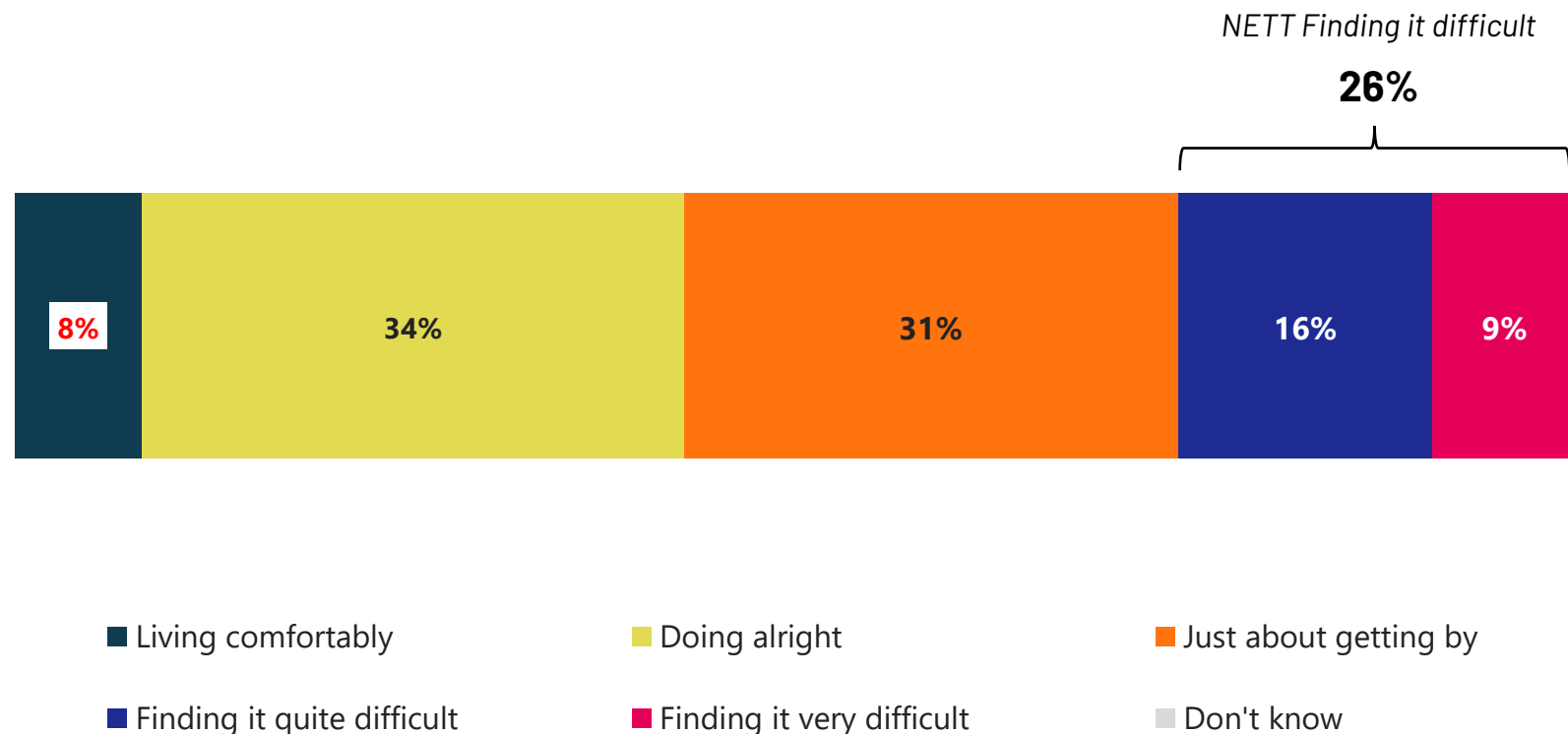
How well would you say you are managing financially these days?

Would you say you are...?

February 2025

Base: Total Sample NZ - Feb '25 (1,002)

1 in 4 New Zealanders are *finding it difficult* to manage financially.



Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

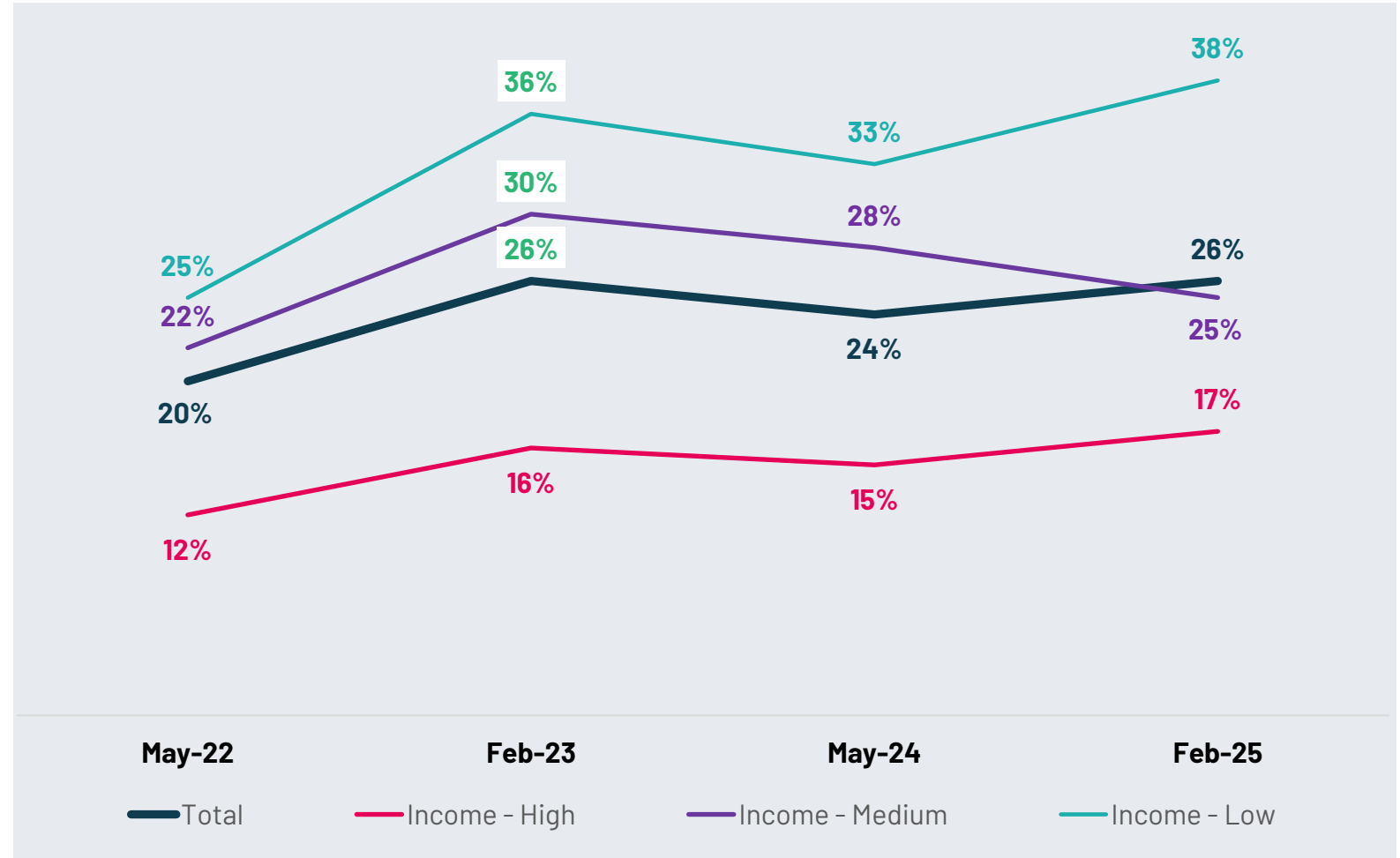
How well would you say you are managing financially these days?

Would you say you are...?

% finding it difficult

Base: Total Sample NZ - May '22 (n=1,000), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

Financial difficulty continues to disproportionately affect low-income households, and more are reporting that they are *finding it difficult* compared to nine months ago.

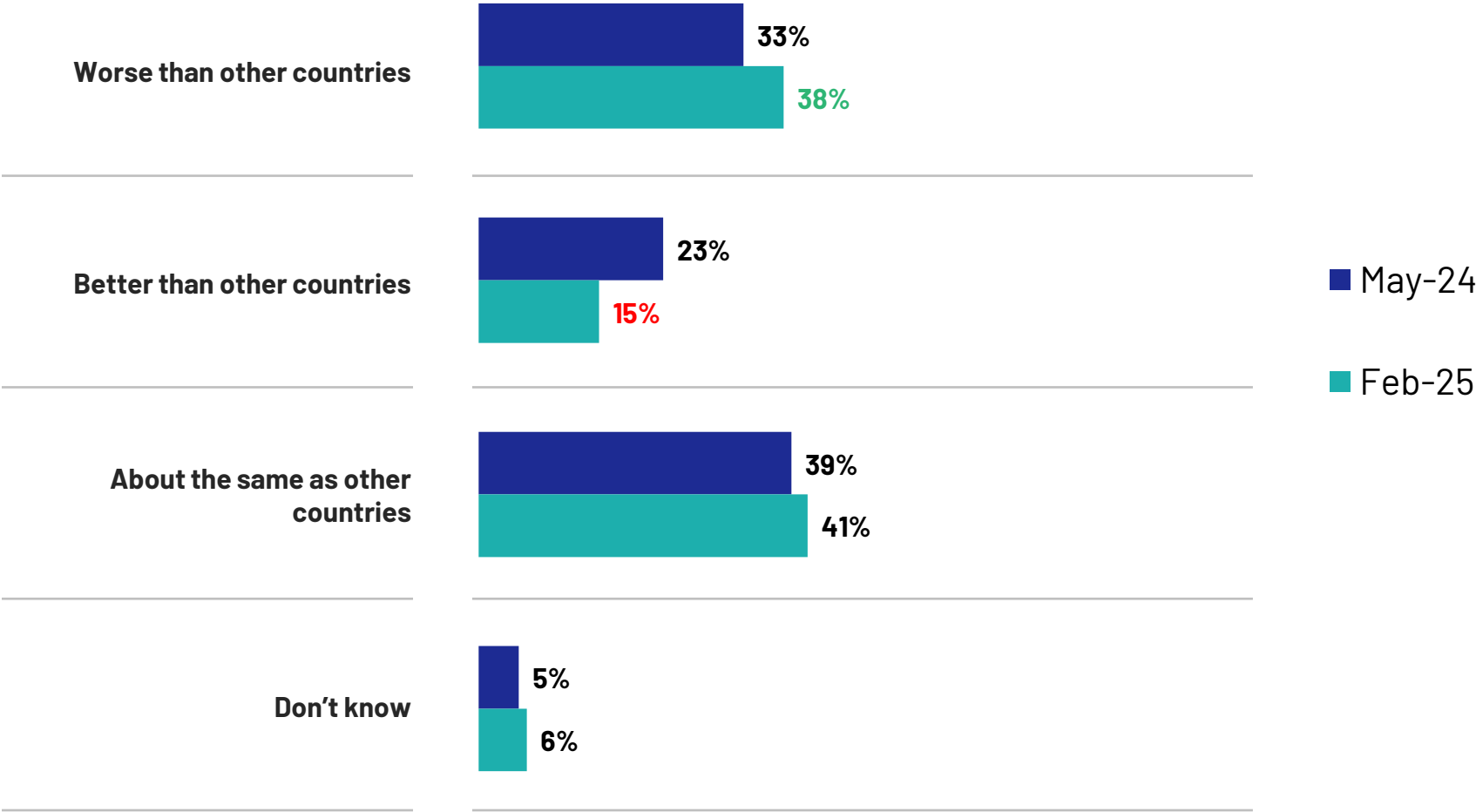


Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the last few years, compared with neighbouring countries, New Zealand’s experience of “cost of living crisis” has been...

Base: Total Sample NZ - May '24 (n=1,002), Feb '25 (1,002)

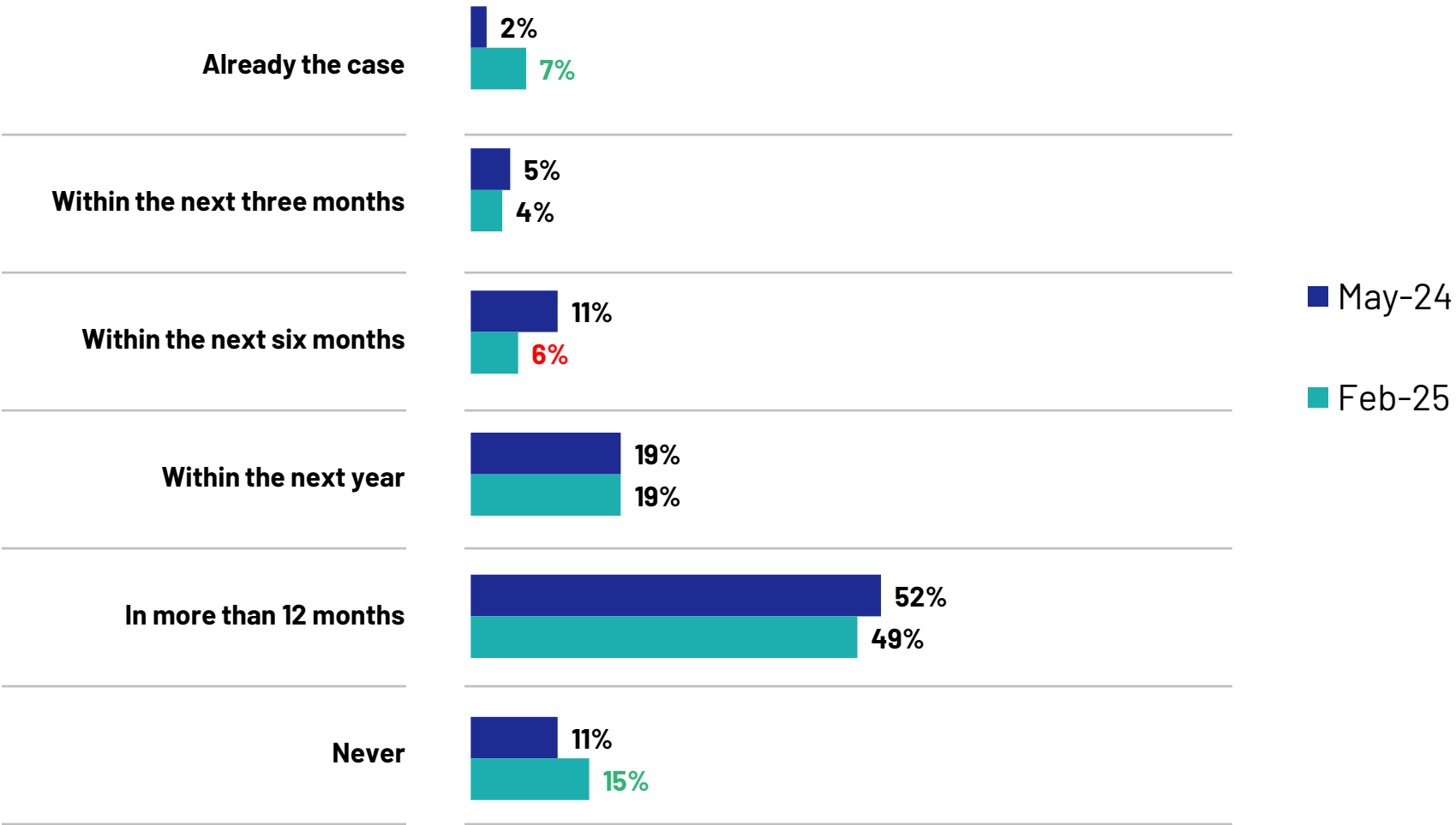
Significantly more New Zealanders believe that our “cost of living crisis” has been worse than other countries compared to May 2024.



How long do you think it will take before **inflation returns to normal** New Zealand?

Base: Total Sample NZ - May '24 (n=1,002), Feb '25 (1,002)

Inflation is a long-term concern for most New Zealanders.



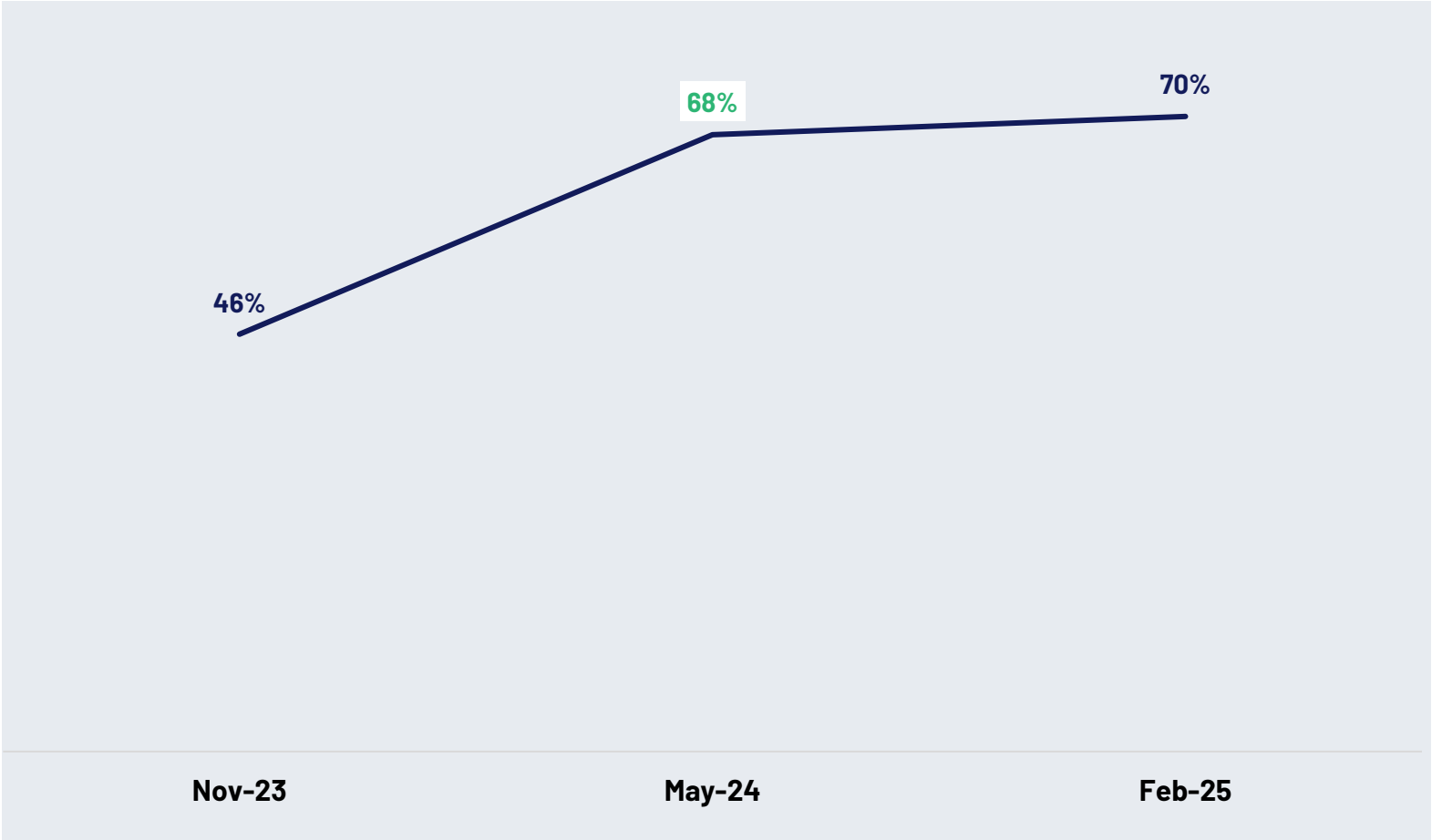
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

As far as you are aware, is the economy in New Zealand **currently** in a recession?

% Yes

Base: Total Sample NZ – Nov '23 (n=1,001), May '24 (n=1,002), Feb '25 (1,002)

The majority perceive New Zealand’s economy to be in a recession.

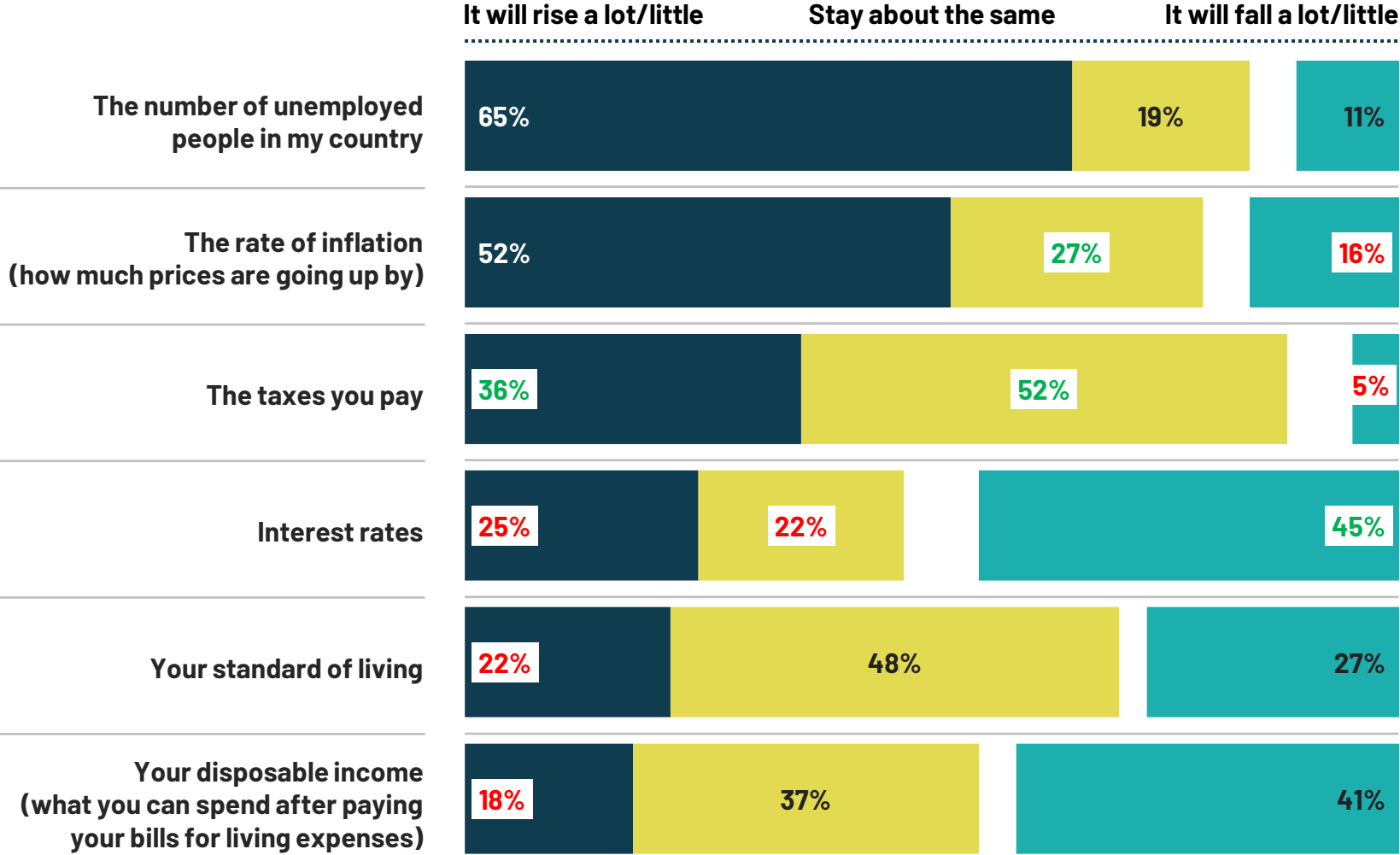


Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Expectations for the future

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

While interest rates are expected to fall, few believe that their standard of living or disposable income will rise.



Base: Total Sample NZ - May '24 (n=1,002), Feb '25 (1,002)

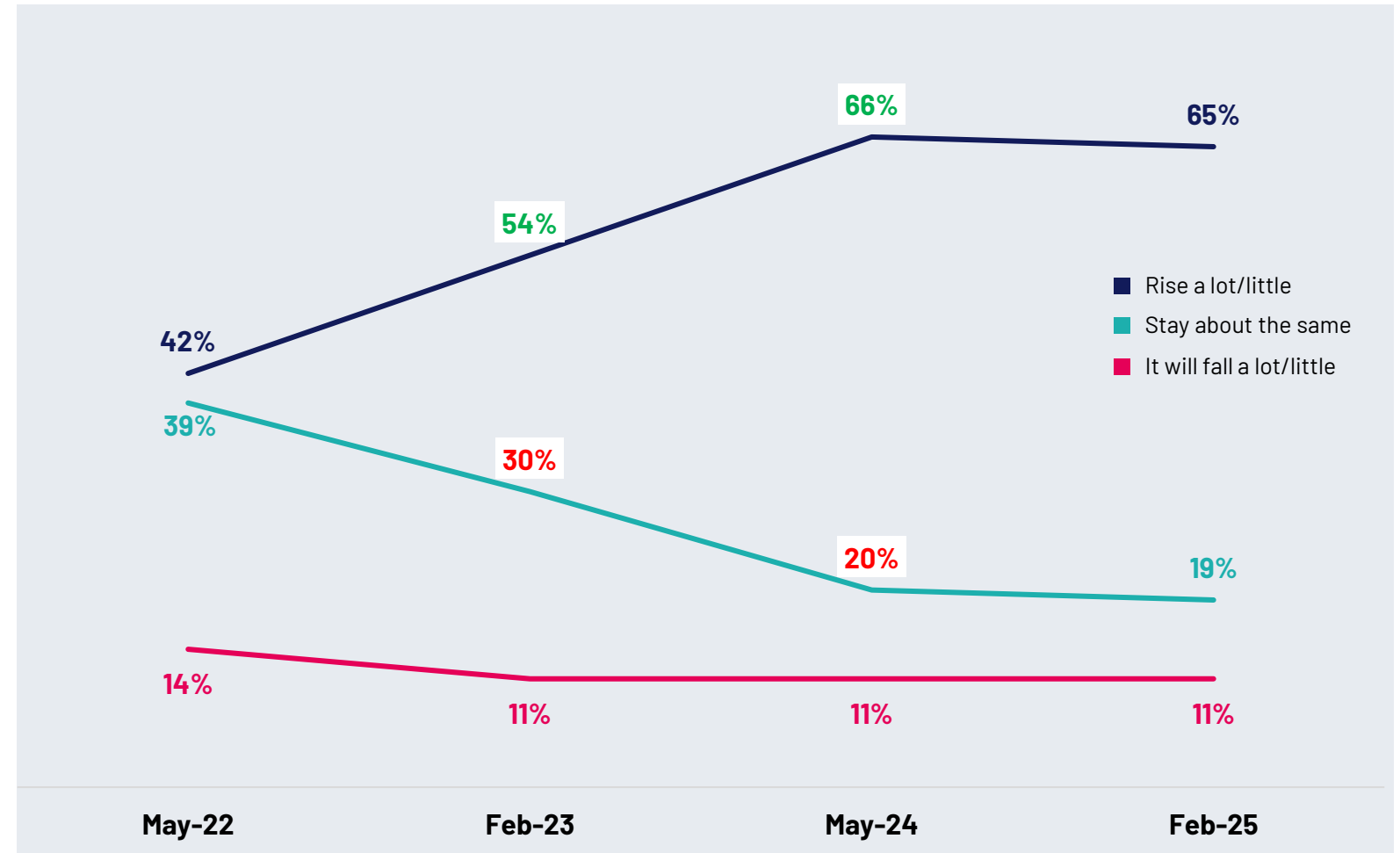
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

The number of unemployed people in New Zealand

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

The majority of New Zealanders still believe that unemployment will rise in the next year.



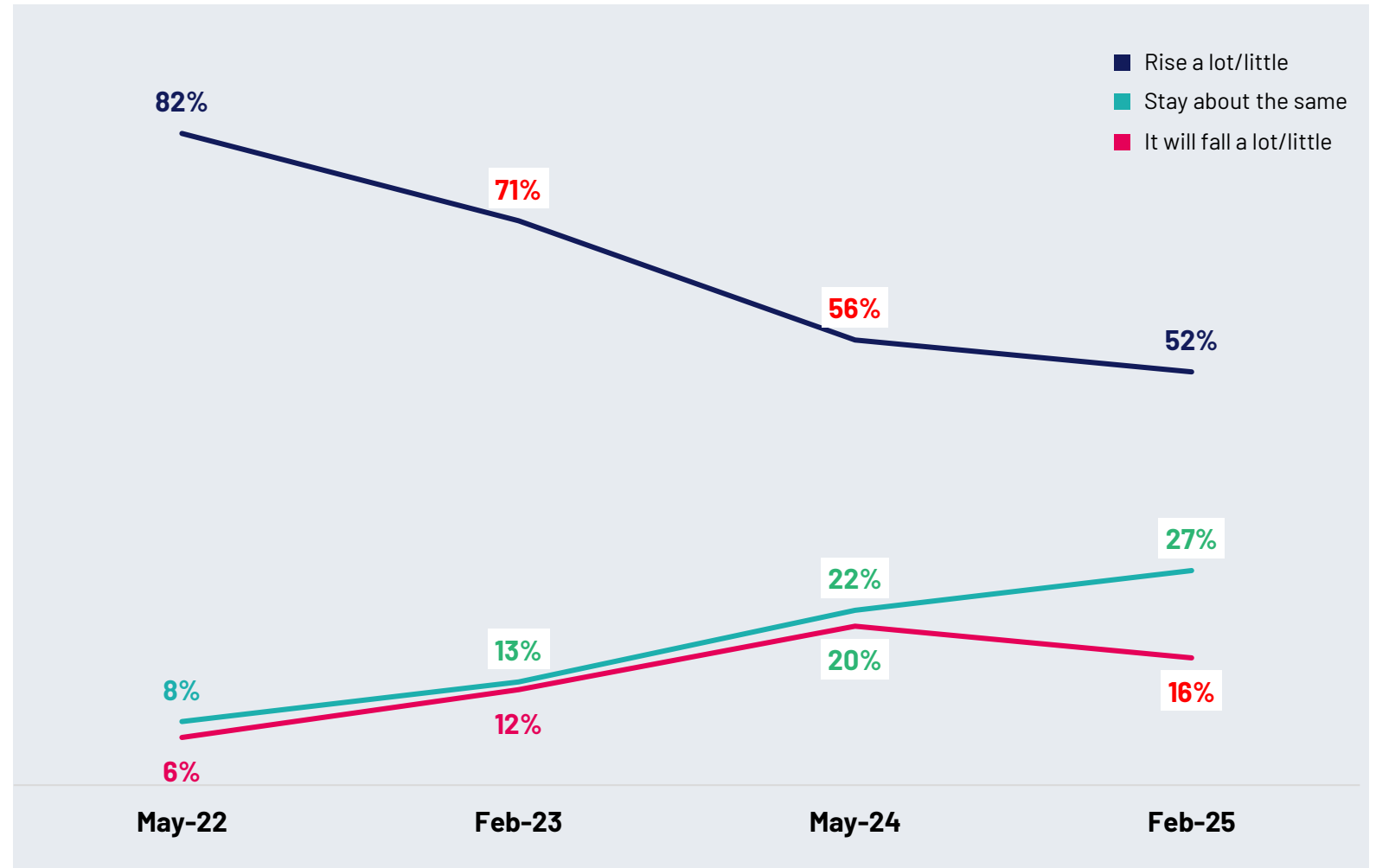
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

The rate of inflation (how much prices are going up by)

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

Fewer expect inflation to rise, but expectations of a decline remain low.



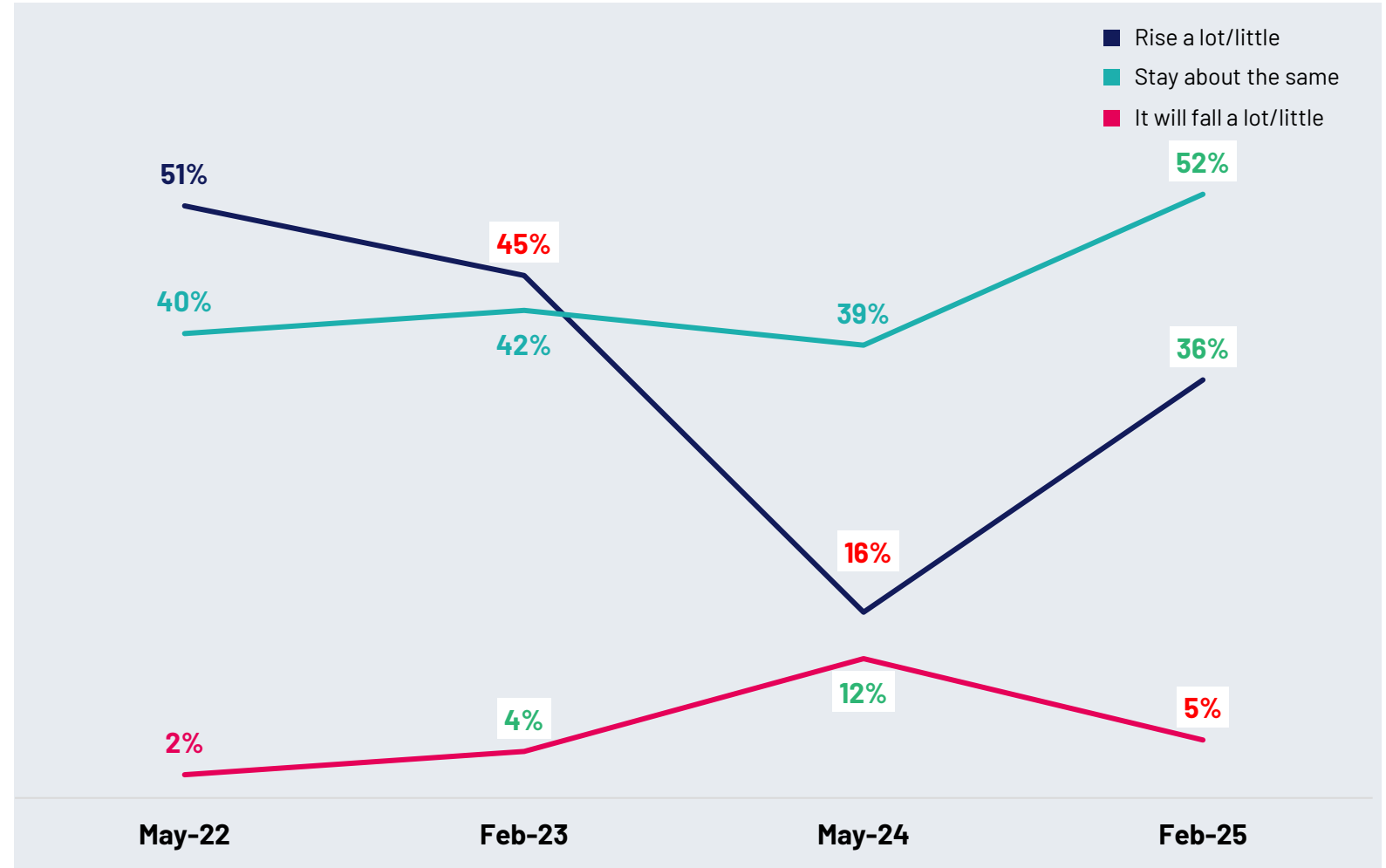
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

The taxes you pay

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

The vast majority believe taxes will either remain the same or increase in the next 12 months.



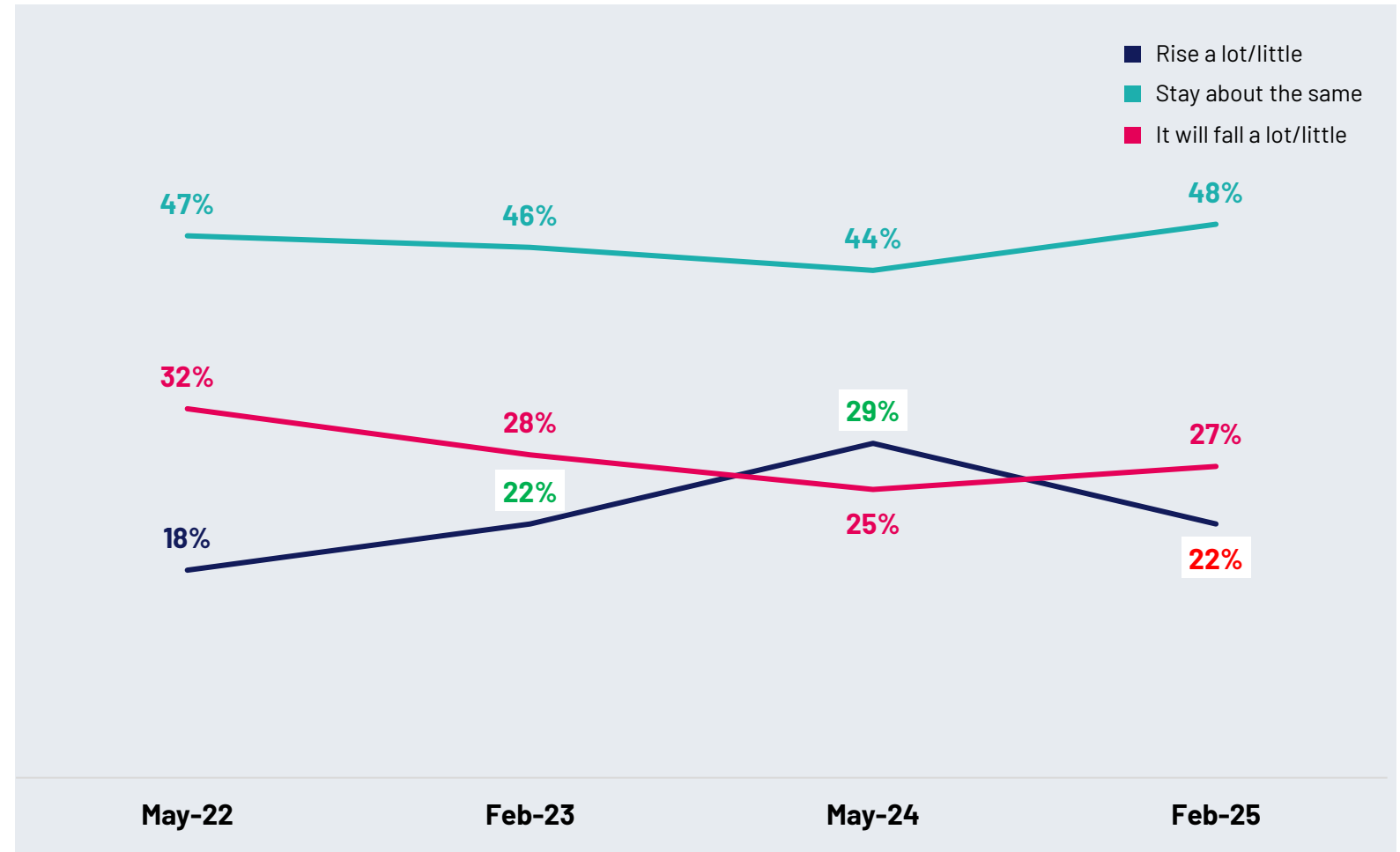
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

Your own standard of living

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

Significantly fewer New Zealanders anticipate an improvement in personal standard of living.



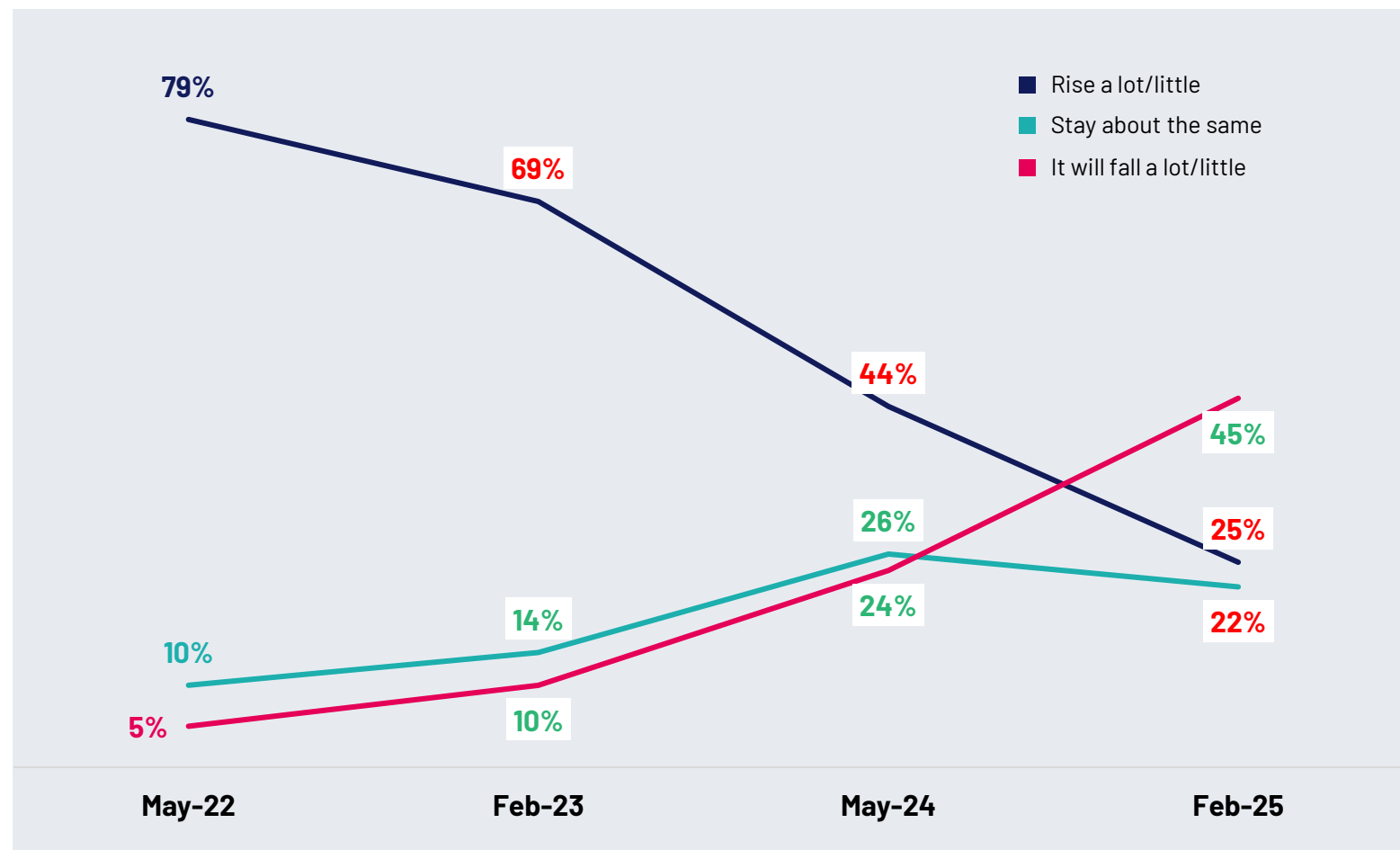
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

Interest rates

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

New Zealanders' expectation that interest rates will fall continues to rise, with nearly half holding this view.



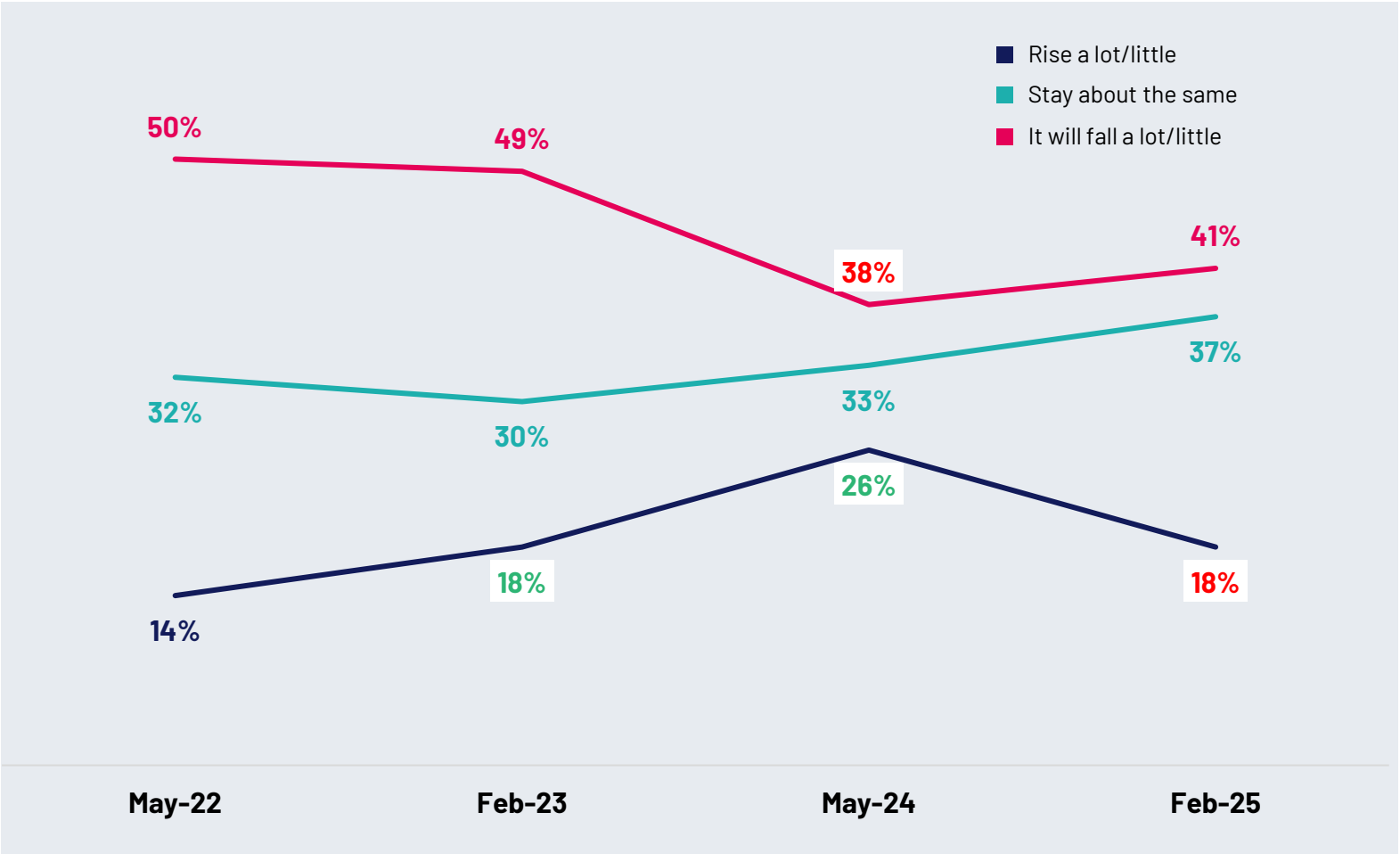
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Over the next year, do you think each of the following will rise, decline, or stay at about the same level?

Your disposable income

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

Fewer New Zealanders expect an increase in disposable income in the next 12 months.



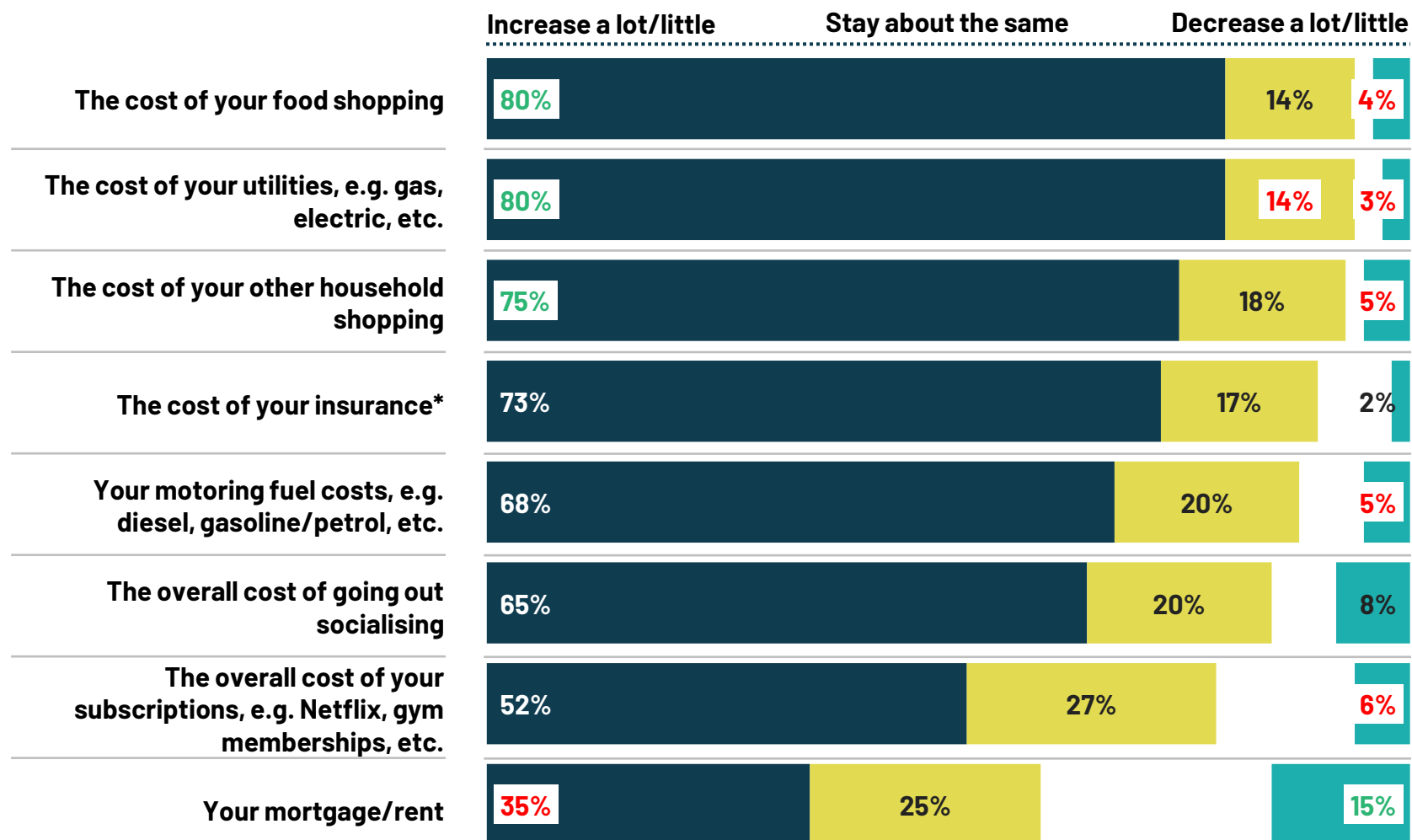
Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

Thinking now about your household spend in the next six months, for each of the following types of spend, please say whether you expect it to increase, decrease, or stay the same as it is now.

Base: Total Sample NZ - May '24 (n=1,002), Feb '25 (1,002)

***Note: Option added in February 2025**

3 in 4 New Zealanders expect the cost of food, utilities, and household shopping to rise, while 1 in 3 think their mortgage / rent to increase.



Green indicates significant increase, / Red indicates significant decrease compared to the previous wave

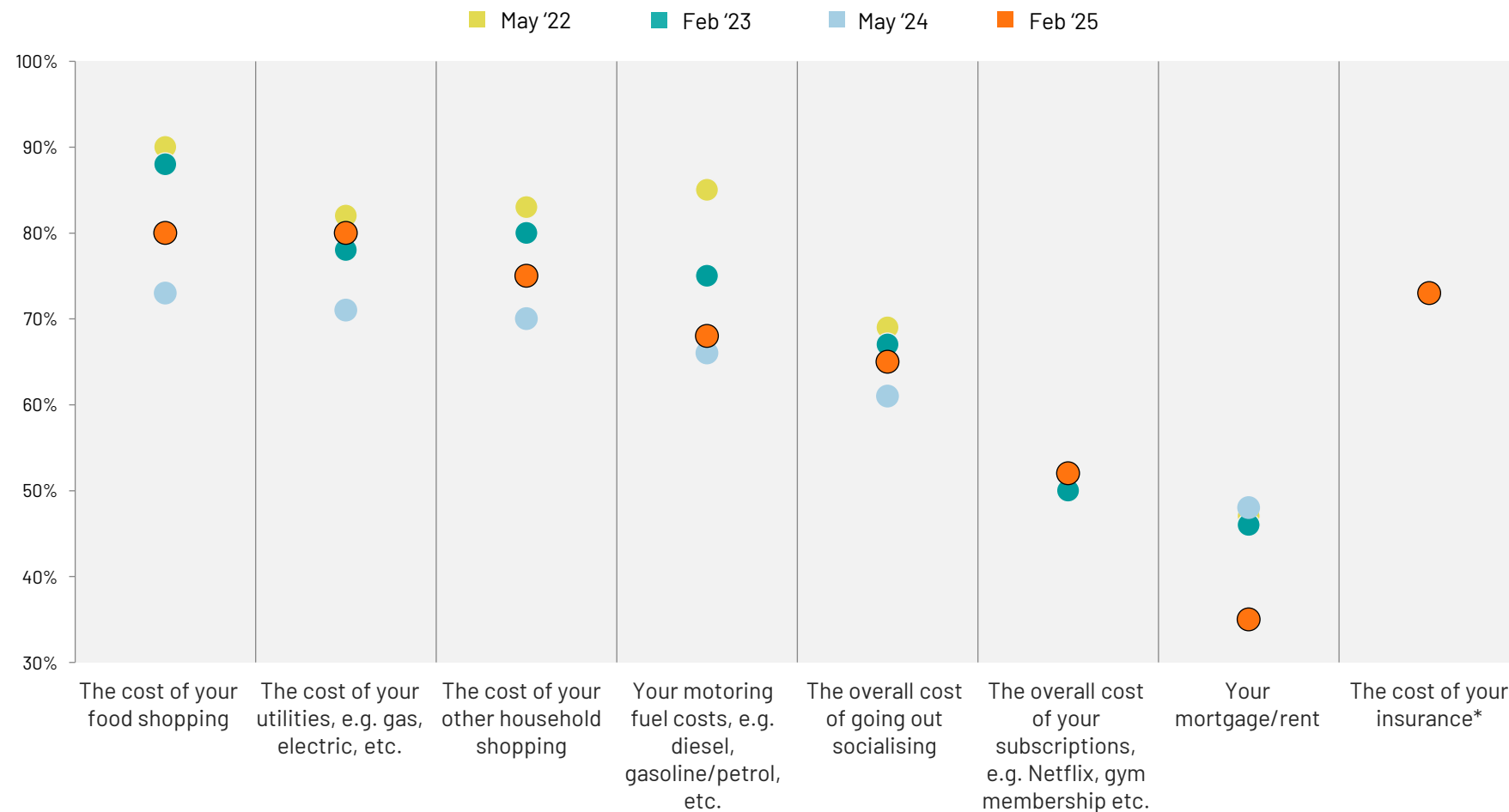
Thinking now about your household spend in the next six months, for each of the following types of spend, please say whether you expect it to increase, decrease, or stay the same as it is now.

Increase a lot/little

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

***Note: Option added in February 2025**

Expectation of an increase in household spend remains higher compared to 2024 on most fronts, with the exception of mortgage / rent payments.



Why are prices rising?

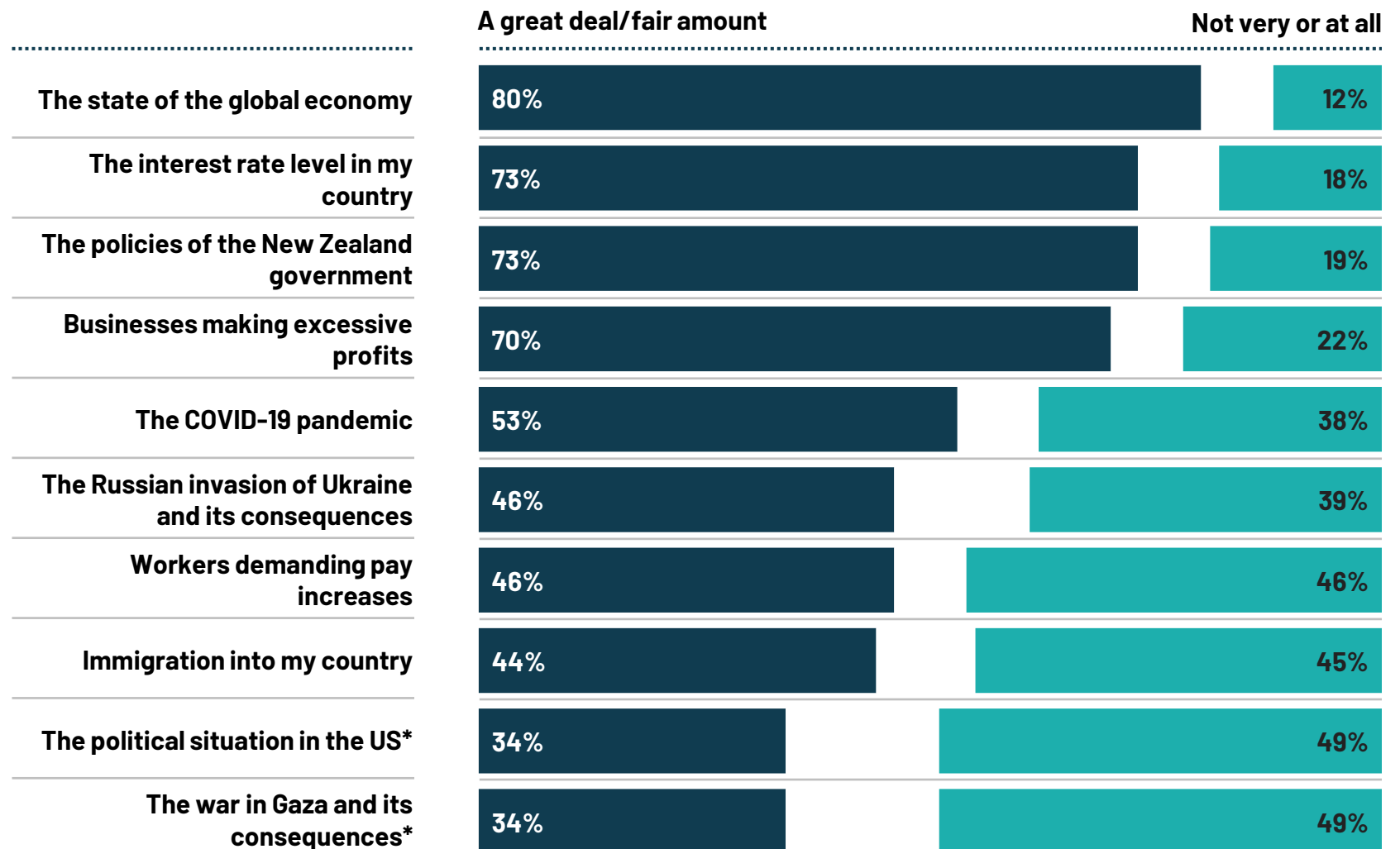


How much, if at all, do you think each of the following **are contributing to the cost of living** in New Zealand today?

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

***Note: Option added in February 2025**

The global economy, along with interest rates and government policies are identified as the key factors contributing to the cost of living in New Zealand.

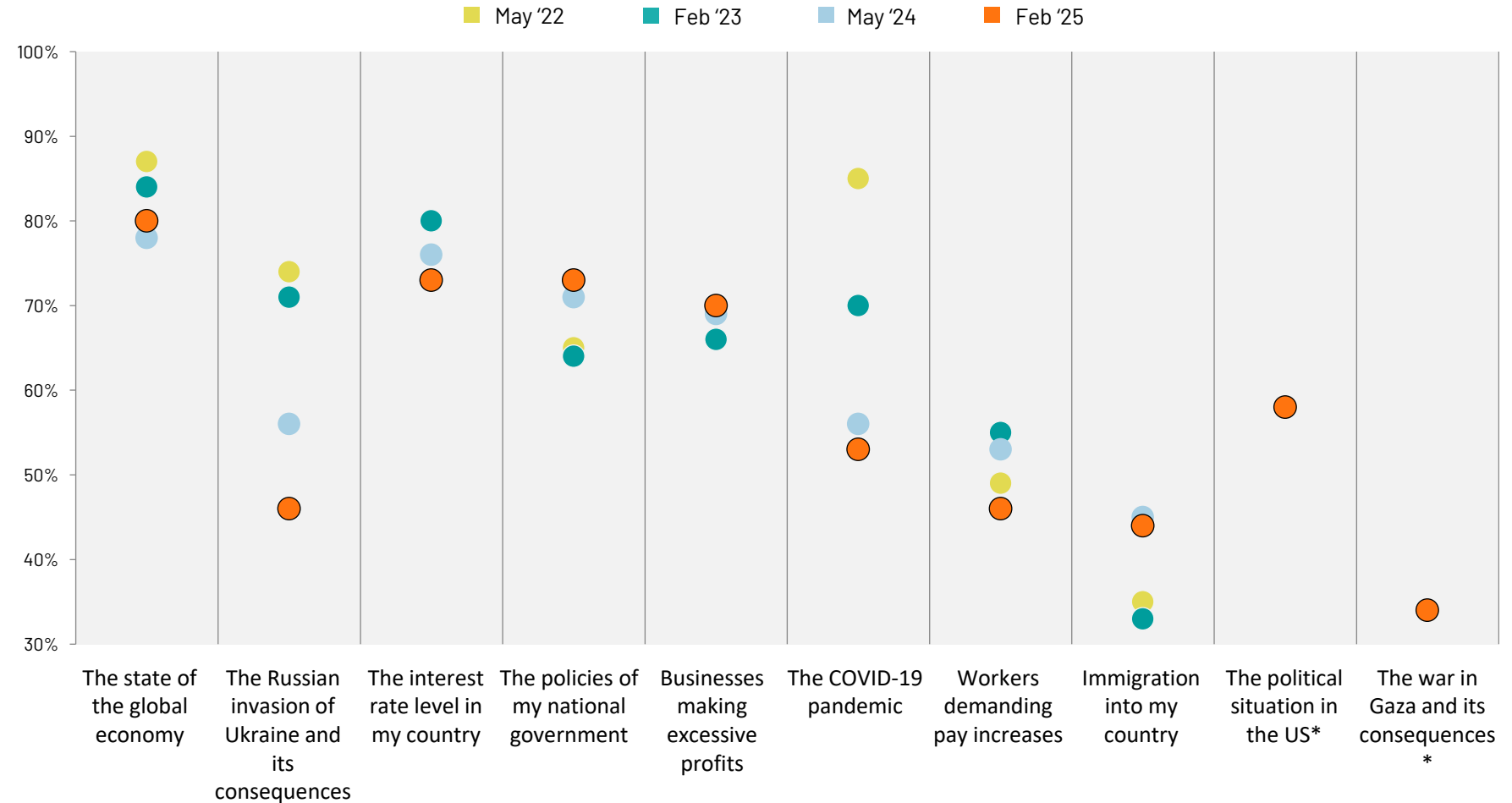


How much, if at all, do you think each of the following are contributing to the cost of living in New Zealand today? **

A great deal/fair amount

Base: Total Sample NZ - May '22 (n=1,00), Feb '23 (n=1,002), May '24 (n=1,002), Feb '25 (1,002)

Perceptions of the impact of Government policies and business profiteering on cost of living continue to trend upward



*Note: Option added in February 2025

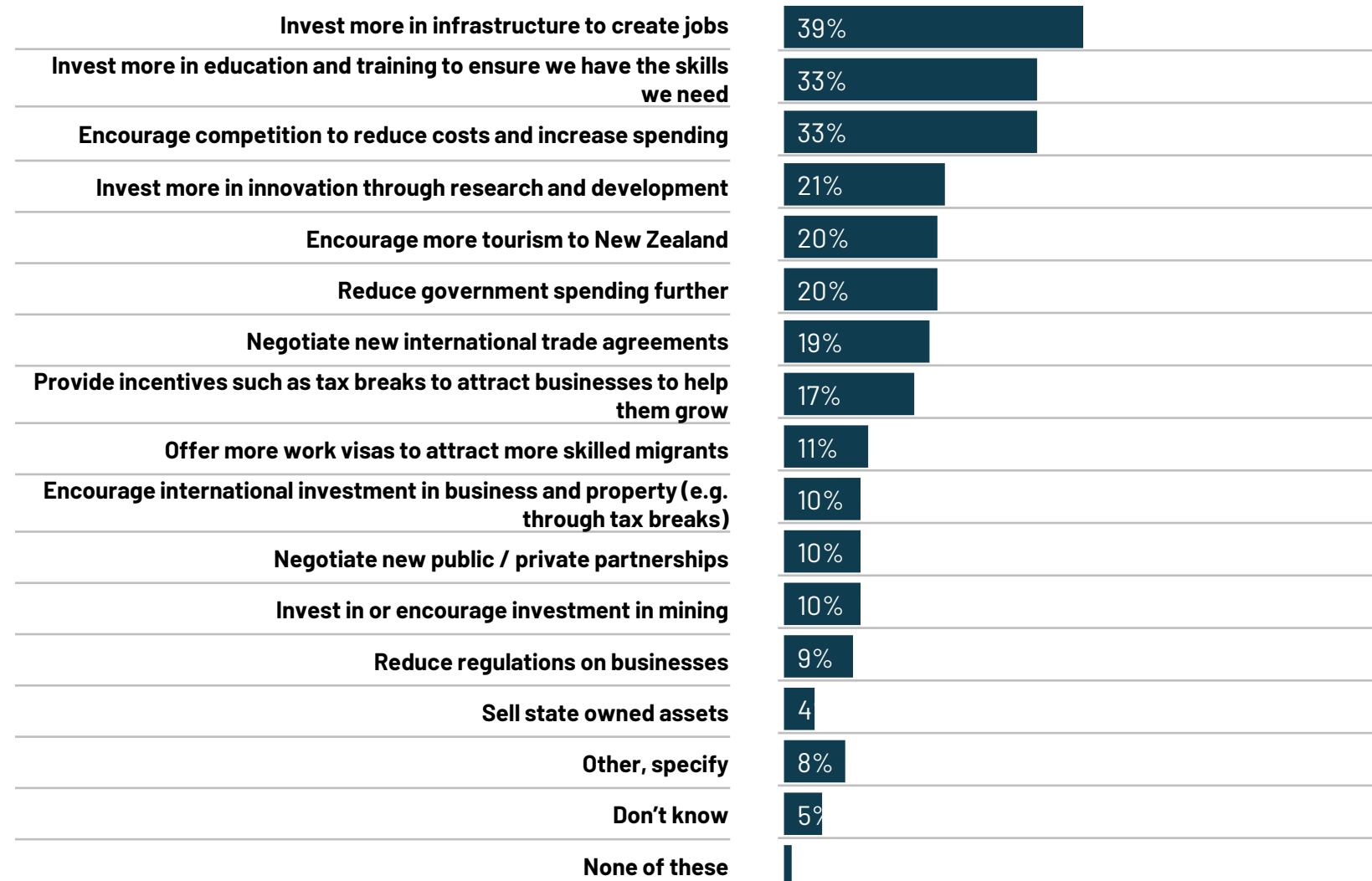
**Note: Question wording changed in February 2025

What are the things you think the New Zealand government should do to help improve our economy?

Please select your top 3

Base: Total Sample NZ – Feb '25 (1,002)

Investment in infrastructure, skills training and increased competition are seen as the best ways to improve the economy



What are the Top 3 things the government should do

"Incentivize investment in local businesses, especially those that produce high value goods, rather than continuing to incentivise investment in things like property. things that create jobs and high value products"

"Propose capital gains tax, especially in property, and businesses."

"Providing incentives such as tax breaks and encouraging new international investment is all very well. However they must ensure that profits made don't just flow out to these foreign investors' home countries but stays here in New Zealand. Otherwise what's the point in encouraging them here?"

"Introduce Capital Gains Tax. Believe in the NZ institutions by transferring government banking to Kiwibank. Acknowledging that there are some economic activities that should be owned by the people of NZ, so they should look at buying back the electricity companies."

"Hire skilled contractors to assess and rectify actual inefficiencies in government spending. These things are systemic and can't be fixed by layoffs. Right now the people who could help are all out of work."

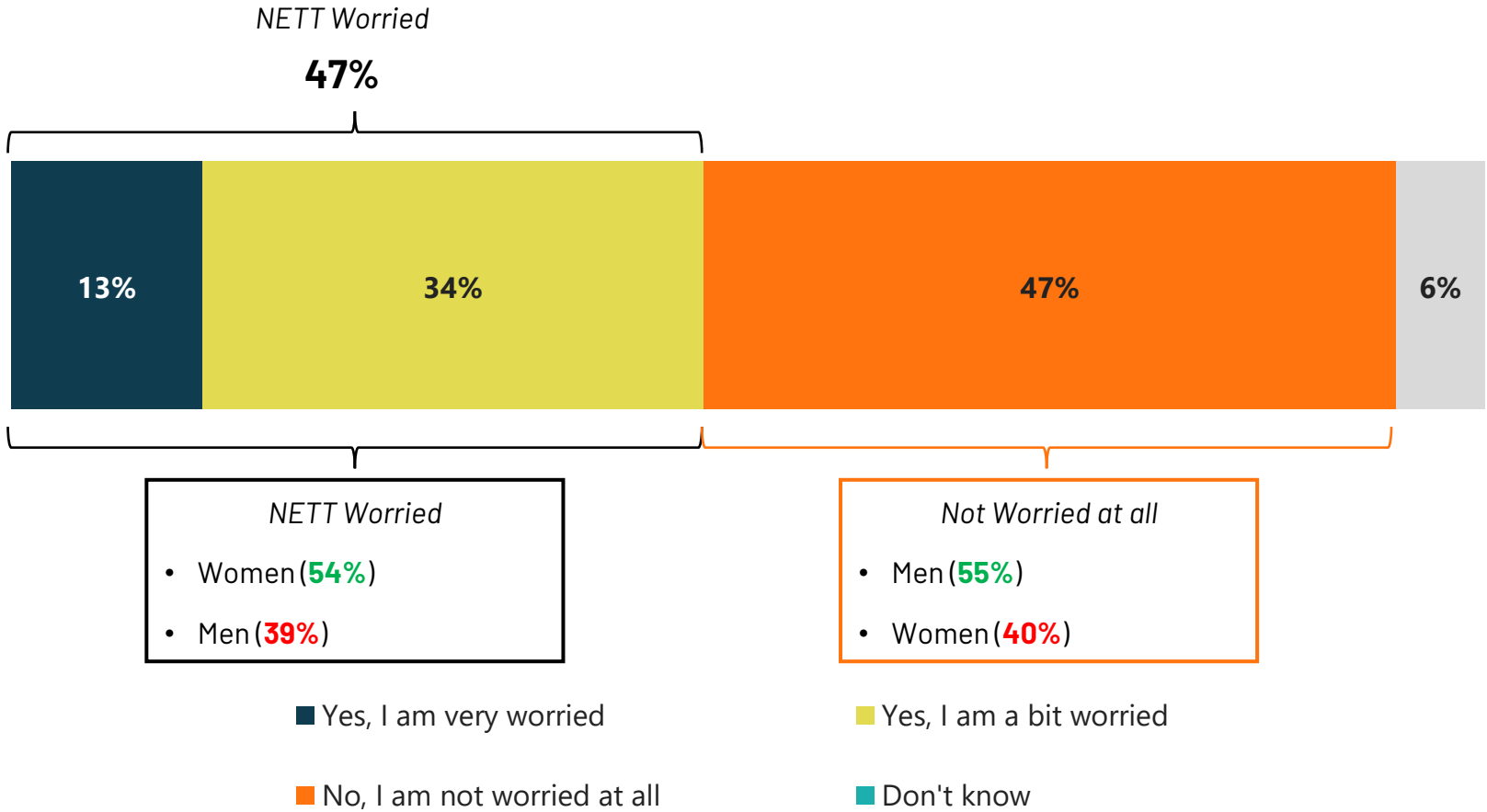
"Tax corporations and high earners more to fund better social support."

Job security



Do you have concerns about your own job security?

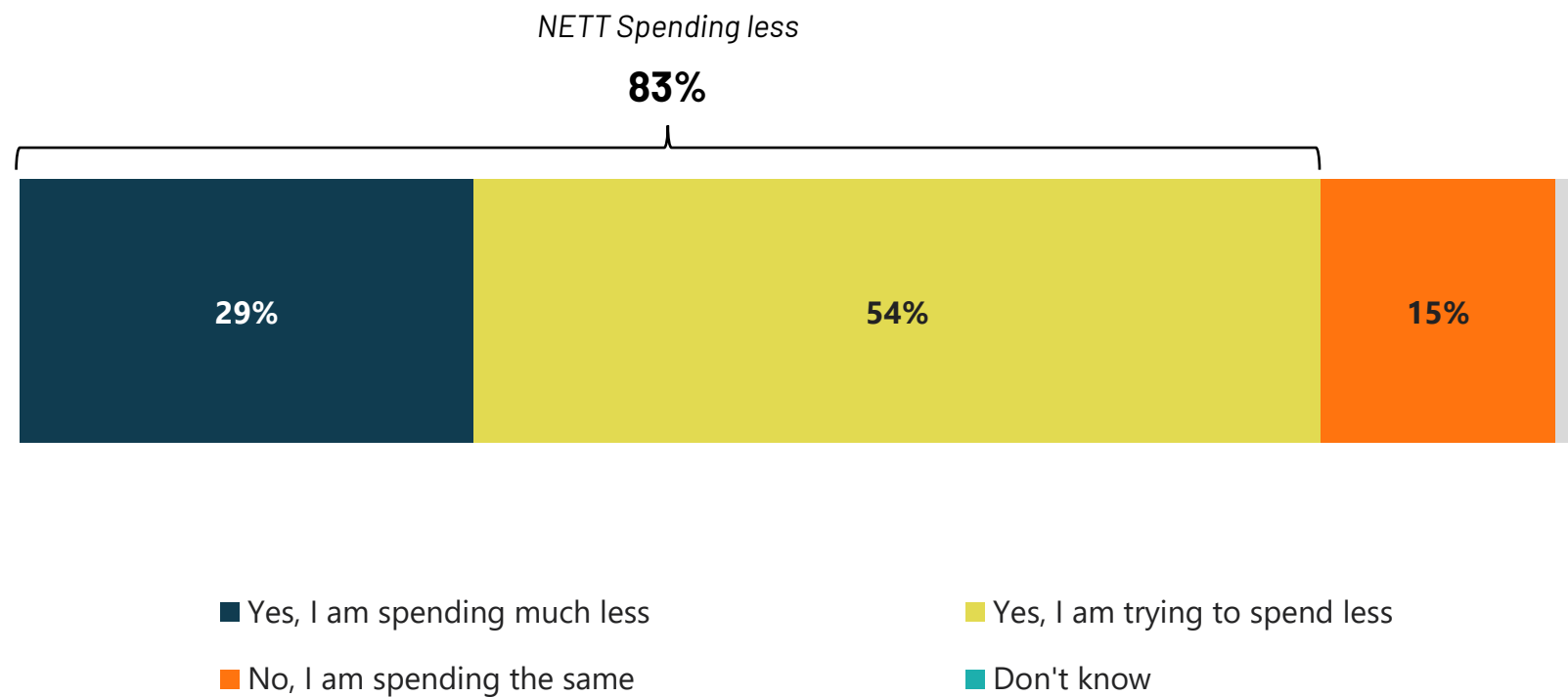
1 in 2 worried about job security with women being significantly more likely to report this sentiment.



Base: Total Sample NZ – Feb '25 (1,002)

Is your job security impacting the amount you are currently spending?

Confidence to spend is low, with 4 in 5 reporting reduced spending as a result of job insecurity



Base: Those worried about job security - Feb '25
(469)

Methodology

Methodology

These are the results of an online survey conducted by Ipsos between 24th February and 2nd March 2025.

For this survey, Ipsos interviewed a total of 1,002 New Zealand adults aged 18 years and older.

The precision of Ipsos online surveys is calculated using a credibility interval with a poll where $n=1,002$ being accurate to ± 3.5 percentage points. Significantly higher / lower figures are reported at 95% confidence.

For more information on Ipsos' use of credibility intervals, please visit the Ipsos website.

When percentages do not sum up to 100 or the 'difference' appears to be ± 1 percentage point more/less than the actual result, this may be due to rounding, multiple responses, or the exclusion of "don't know" or not stated responses.

The publication of these findings abides by local rules and regulations.

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