

# Tara-ā-Whare Household Expectations Survey

**May 2024**

20 May 2024

## Summary

- Average household expectations for one-year-ahead annual inflation slightly increased to 5.3% from 5.1% last quarter after three consecutive decreases. However, the median estimate for one-year-ahead annual inflation decreased to 4.0% from 5.0% last quarter.
- The mean two-year-ahead annual inflation expectations remained unchanged at 3.6%.
- The mean five-year-ahead annual inflation expectations decreased to 3.0% from 3.6% last quarter.
- Average household expectations for one-year-ahead house price inflation decreased to 3.4% from 4.2% last quarter.
- Households expected 5.8% average growth in their earnings in one year’s time, a decrease from 8.7% last quarter.
- On average, households reported a 12.3% chance of not making a mortgage payment (17.3% previous quarter). Households also reported a 16.9% chance of not making a rent payment in the next 3 months (18.0% previous quarter).
- Households expected increased difficulty in finding a new job in the next three months. On average, respondents believed there is a 44.5% chance they would find a new job in the next three months if they lost their job, a 6.3 percentage point decrease from the previous quarter (50.8%).

### One-year-ahead inflation expectations slightly increased, while two-year-ahead inflation expectations remained unchanged

The field work for the Tara-ā-Whare Household Expectations Survey for this quarter started on the same day as Stats NZ’s CPI release on 17<sup>th</sup> April 2024. The annual CPI inflation for the March 2023 quarter was measured at 4.0%, compared to 4.7% in the previous quarter.

Average household expectations for one-year-ahead annual inflation slightly increased to 5.3% from 5.1% last quarter after three consecutive decreases. The median estimate for one-year-ahead annual inflation expectations decreased to 4.0% (see Figure 1).

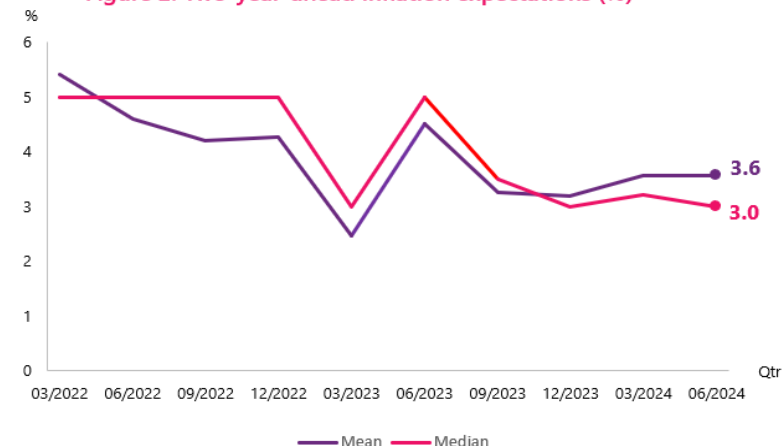
Two-year-ahead annual inflation expectations remained at 3.6% this quarter. The median for the two-year-ahead annual inflation expectations decreased to 3.0%, compared to 3.2% in the previous quarter (see Figure 2).

The survey question about two-year-ahead annual inflation expectations was asked for the first time in March 2022.

**Figure 1: One-year-ahead inflation expectations (%)**



**Figure 2: Two-year-ahead inflation expectations (%)**



This quarter, the mean five-year-ahead annual inflation expectation declined to 3.0% from 3.6% last quarter. The median inflation expectation remained unchanged at 3.0%.

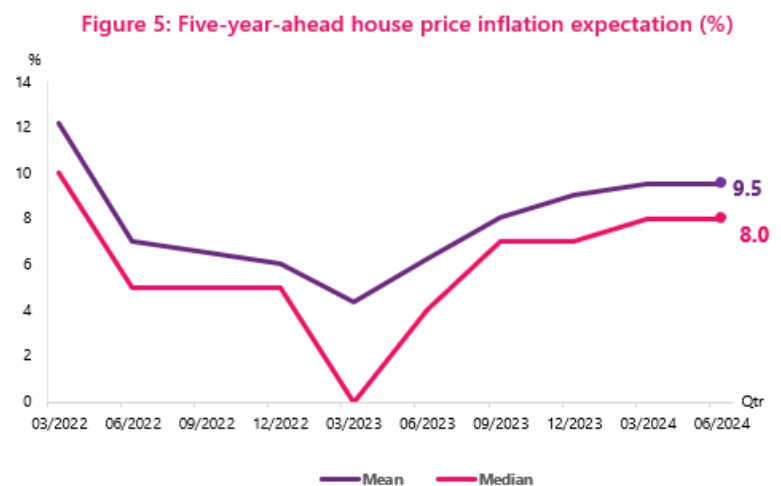
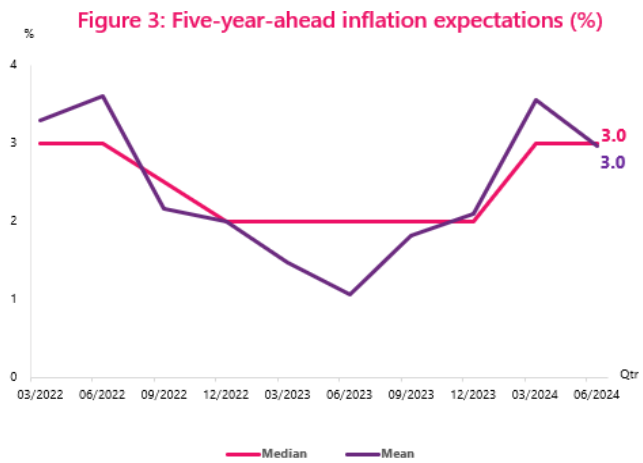
Note: In March 2022, we changed the survey to specify that we are asking for an expected annual rate of inflation five years ahead. As a result of this improvement to the survey, there was a break in the time series for five-year-ahead inflation expectations in March 2022. This is now shown as a new series; therefore, these results cannot be compared with earlier quarters.

### One-year-ahead house price inflation expectations for the next 12 months slightly decreased

Figure 4 illustrates the one-year-ahead house price inflation expectations. The mean expectation decreased to 3.4% from last quarter's 4.2%. The median expectation decreased to 0.0%, moving back to the level last seen between mid-2022 and mid-2023.

Figure 5 shows the five-year-ahead house price inflation expectations (how much prices are expected to have changed in five years' time).

Both mean and median for five-year-ahead house price inflation expectations remained unchanged this quarter. The mean and median expectations were 9.5% and 8.0%, respectively.



### Households expected 5.8% growth in their earnings next year

Respondents are asked about the expected percentage change in their earnings 12 months ahead, assuming they stay at the same job, with the same number of hours. They are asked to give an answer on a scale of -100 to +100. This question was first asked in the March 2022 quarter and is asked only of those who are employers, self-employed, or employees earning a wage or salary.

This quarter, the mean estimate decreased to 5.8% from last quarter's 8.7%.



## The average chance of not making a mortgage payment in the next 3 months was 12.3%

Respondents are asked on a scale of 0 (i.e. not at all likely) to 100 (i.e. extremely likely) the chance they will be unable to make a mortgage or rent payment in the next 3 months. This question was first asked in the March 2022 quarter and is asked of a subset of the total sample.

This quarter, the average chance of not making a mortgage payment in the next 3 months is 12.3%, a 5.0 percentage point decrease from 17.3% reported in the previous quarter. It is the lowest percentage since the series began in the March 2022 quarter (see Figure 7).

The average chance of not making a rent payment in the next 3 months was 16.9%, a decrease from last quarter's 18.0% (see Figure 8).

## Respondents expect increased difficulty in finding a new job in the next three months.

Respondents are asked on a scale of 0 (i.e. not at all likely) to 100 (i.e. extremely likely) the chance they would find a new job in the next 3 months if they lost their job in this coming month. This question was first asked in the March 2022 quarter and is asked only of those who are employers, self-employed, or employees earning a wage or salary.

On average, respondents believed there is a 44.5% chance they would find a new job in the next three months if they lost their job, a 6.3 percentage point decrease from the previous quarter (50.8%). This was the lowest expected chance of finding a new job in the next 3 months since the series began in the March 2022 quarter. (see Figure 9).

The median expectation also decreased from 50.0% to 48.0% in the June 2024 quarter, after six consecutive quarters unchanged at 50.0%.

Figure 7: Chance of not making a mortgage payment (%)

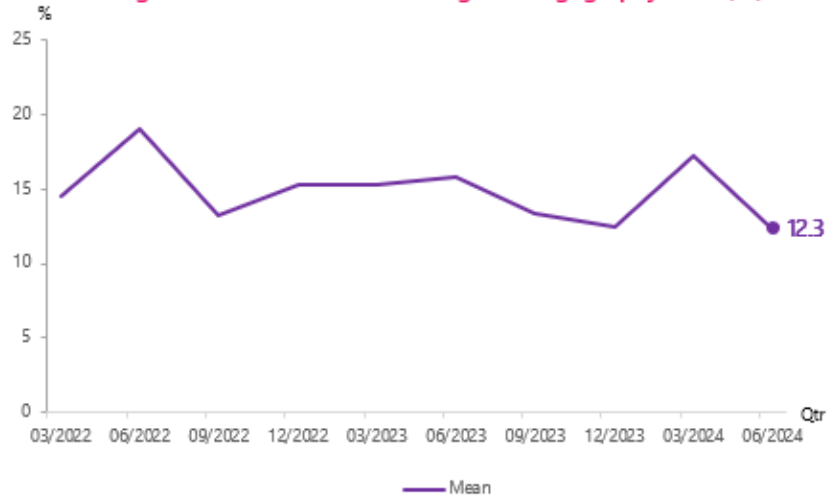


Figure 8: Chance of not making a rent payment (%)

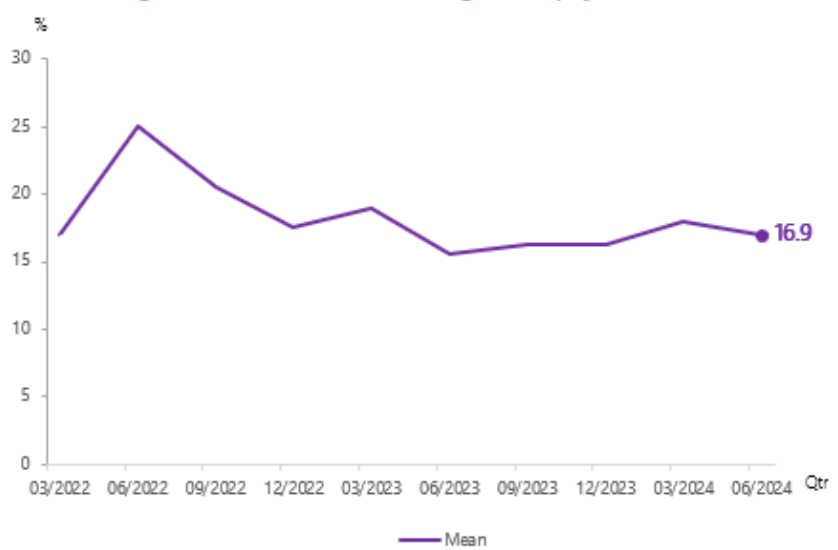
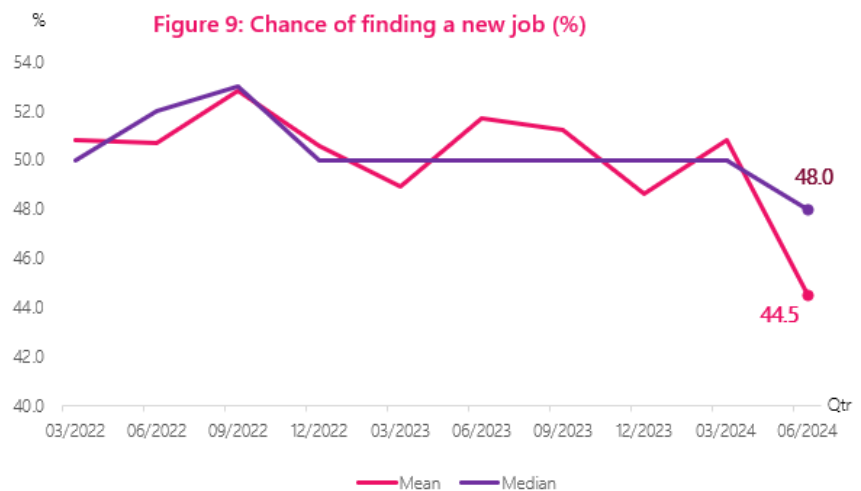


Figure 9: Chance of finding a new job (%)



## About the Tara-ā-Whare – Household Expectations Survey:

The RBNZ Household Expectations Survey was re-developed in 2022 Q1 and renamed to *Tara-ā-Whare - Household Expectations Survey*. The word "Tara" is derived from Pakitara, or the walls, and "Whare" means a house. Tara-ā-Whare is also used to describe going door to door, to ask questions.

The data for this report was collected by Research NZ on behalf of RBNZ. Fieldwork for this survey was conducted between 17 and 25 April 2024. The sample size for this quarter's survey was n=1,007 and has a margin of error of +/-3.1% for a 95% confidence interval for a 50% figure. The survey is conducted online and is made up of a nationally representative sample of New Zealand residents aged 18 and over. Because the survey is a sample of New Zealand households and varies quarter to quarter, we advise caution in interpreting results across quarters as they may not be 'statistically significant' (i.e. the observed result may have occurred by chance or by sampling error). For more information, contact: stats-info@rbnz.govt.nz