

'Hollowing Out': New Zealand grapples with an uncertain future as record numbers leave

By Michelle Duff, *The Guardian*, May 8th, 2025

She considers herself a diehard South Island girl, but Harriet Baker, 33, won't be raising her children in the city where she's spent most of her life. "The living costs just keep climbing," she says.

Her family is among a surge of departures from New Zealand, mostly fleeing a weak economy, in an exodus that is fuelling concern for the country's future and has small towns scrambling for survival. Demographers are particularly worried as all ages of New Zealanders – not just young people – are packing their bags.

Over the past two years, tens of thousands of New Zealanders have left the country, surpassing the last spike in 2012.

For those aged 20-29, a backpacker-style overseas experience in Australia is a time-honoured rite of passage. They are still the biggest group leaving New Zealand but now, they are being followed by 30-39-year-olds and their children, as well as an unprecedented number of retirees – groups that are considered less likely to return.

Experts are also worried about the impact on the workforce, now and in the future. This is in part due to working age people leaving New Zealand. "This is a hollowing out of this demographic of mid-career workers, who in reality do the bulk of the work," said Simplicity chief economist Shamubeel Eaqub.

The high cost of living, along with wages, job conditions and difficulty finding employment were among the reasons given for moving by those spoken to by the Guardian. Many did not want to leave, but felt they were left with no option after struggling to get by.

It's a story repeated in small towns across New Zealand.

To boost the economy, the centre-right National party government has said it will cut new spending by \$1bn to reduce borrowing and debt. Some economists say that could slow the recovery while Labour leader Chris Hipkins criticised spending reductions as an invitation to young New Zealanders to move overseas. Thousands of jobs have been cut from the public service since 2023.

Finance minister, Nicola Willis, rejected those claims and told the Guardian the government would increase spending overall and save money by cutting unnecessary services. Willis said she "wanted see more New Zealanders choosing to stay here". She said young people leaving New Zealand was an ongoing challenge, which could be addressed by growing the economy.

"I am very concerned if New Zealanders don't believe that they have good prospects in New Zealand. I want people to see that this is a place of enormous economic future and enormous social future."

For many who have moved to Australia and elsewhere the fact remains; they are better off. "They're willing to pay for good workers over here," says surveyor Daniel Reed, 38, who moved to Townsville from a small North Island town with his wife and three young children last year. "We're putting \$1000 away a fortnight and we enjoy our life, we're not scraping by or wondering what the grocery bill is." Leaving was hard, but their kids were already enjoying their new schools and lifestyles. "They'll always be Kiwis, but they know the Australian national anthem. I don't know if they remember the New Zealand one."