GDP from Self-Employment

A new economic measure by
Hnry and Simplicity Research Hub

Hnry | Simplicity

GDP from Self-Employment is the first economic indicator dedicated to measuring the output of New Zealand's self-employed workforce - tracking their contribution to GDP by industry, over time, and through economic cycles. This inaugural report presents findings from the first full release in June 2026.

Self-employment is woven through every part of the New Zealand economy

Sole traders are a meaningful presence in every major industry of the New Zealand economy. Of the 17 industry classifications tracked, sole traders contribute at least 10% of total output in ten of them.

Sole traders are the unseen backbone of primary industries

Across primary industries (agriculture, forestry, fishing and mining), sole traders account for 20% of all sector output. This challenges a common perception that sole traders are predominantly white-collar professionals. In reality, more than one in five dollars generated by New Zealand's farms, forests, fisheries, and mines comes from people working for themselves.

Self-employment is a dominant model in professional services and the creative industries

Beyond primary industries, several other sectors show high concentrations of self-employment. In arts and recreation services, sole traders account for 28% of sector output, meaning more than one in four dollars of creative and cultural economic activity in New Zealand is generated by a self-employed Kiwi. In professional, scientific and technical services, the figure is 22%, covering consultants, engineers, designers, lawyers, accountants and a wide range of independent specialists who deliver expertise to New Zealand businesses on a contracted basis. The headline self-employment shares are even higher in rental, hiring and real estate services (72%) and financial and insurance services (52%), though these figures are likely inflated by zero-employee trusts and holding entities that are businesses in a legal sense rather than self-employed individuals in any practical one.

Self-employed workers contribute significantly to GDP

New Zealand's self-employed economy is significantly larger than commonly understood. This is not a niche segment of the workforce, yet it has historically lacked the dedicated economic measurement that other sectors take for granted.

Self-employed Kiwi contributed 1 in 6 dollars of the NZ economy in 2025/26

In the year to March 2026, sole traders generated approximately $78 billion of economic output, accounting for approximately 17% of total New Zealand GDP. The March 2026 quarter reached $20.6 billion on a seasonally adjusted basis, with sole traders' share at 17.9% in the quarter.

The self-employed GDP is growing faster than total GDP

Over the 15 years from 2011 to 2026, sole trader real GDP grew at a compound annual rate of 3.6% per year, compared to 2.9% for the total economy, meaning sole traders have grown 1.2x faster than the broader economy in real terms over the long run. The COVID-19 pandemic was a key contributor to this divergence. The self-economy economy boomed post Covid, especially in 2023 and 2024. But it was hit hard by the recession and has since recovered strongly.

Economic swings hit the self-employed hardest

When the New Zealand economy moves, the self-employed economy moves much further and much faster. Sole traders sit at the leading edge of demand, with no buffer between client decisions and household income, which makes their economic experience structurally more volatile than that of the wage-earning workforce.

Self-employed GDP swings are around 9 times larger than total GDP swings

The self-employed economy is much more volatile than the economy as a whole. The variability, measured as the standard deviation of quarterly changes post covid, is nearly 9x the overall economy. For self-employed Kiwi, every shift in client demand or business confidence translates almost immediately into a shift in household income.

Self-employed income is more exposed than salaried employment

The volatility reflects the structural reality of working for yourself. A self-employed worker's income is directly tied to client demand in a way that an employee's salary is not. When a business decides to defer a project, cancel a contract, or tighten its budget, that decision flows through to a sole trader's bottom line in the same week, with no notice period and no severance to soften the impact. Conversely, when demand returns, sole traders can pick up new work quickly, without the lag of a hiring process or the friction of permanent headcount approval. The result is an income stream that fluctuates far more than the wage economy.

Methodology

Credit

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The business data collection treats all businesses without paid employees the same, although they may have contractors or limited partners the same way.

These issues mean this segment of the economy does not get the regular reporting of industries or the focus on large businesses.

We have developed this metric, that utilises official data on firms with no employees from the Annual Enterprise Survey, and combined it with Hnry's confidentialised proprietary data to understand the movements of this important sector.

The approach we have taken is simple. We estimated the gross value added (compensation of employees and gross profits) by industry and business size using the Annual Enterprise Survey for 2011-2024 financial years. This does not capture owner occupied dwellings and the residual items not allocated by industry - these are included in total GDP, but not for self-employed GDP.

We then used the Hnry data, using matched responses in consecutive quarters to estimate quarterly movements. This ensures that we aren't confusing Hnry customer acquisition with the health of the sector.

For the period after 2024, we have assumed (conservatively), the growth is simply from income growth. We know that the total number of businesses has continued to increase over this period from the Companies Office filings. We will refine these estimates when more up to date Annual Enterprise Survey data is released.

Our analysis is built up for 17 ANZSIC industries at chapter level. Each chapter and the Self-employed share of GDP in each industry is shown below. We group some industries, where we have small samples (mining and utilities).

Economic Summary

GDP from self-employment in the year to March 2026 was approximately $77.8b, or 17.9% of the total economy.

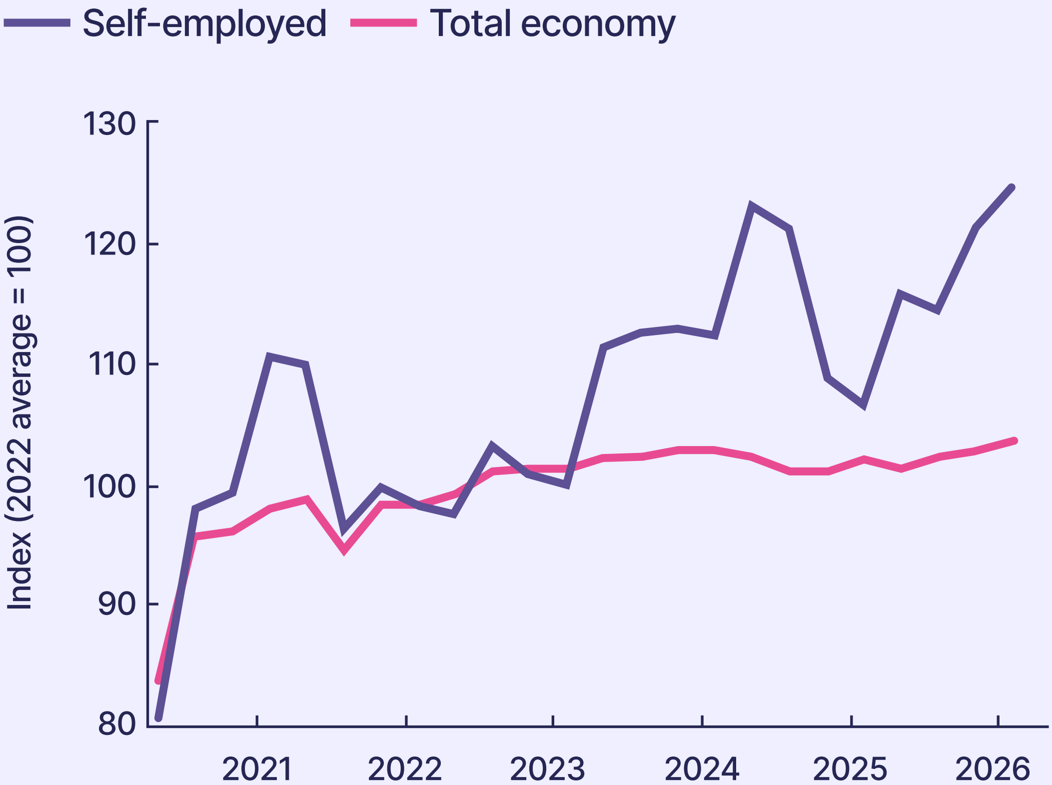
The last annual data from 2024 gives an industry perspective. Real estate, finance, construction, primary industries, and arts and recreation, are heavily reliant on sole traders. This is consistent with Hnry data, where construction, the arts, sport and fitness, and farming and animal services all rank among the top industry groups on the platform.

Self-employed share of sector

Rental, Hiring and Real Estate Services	72%
Financial and Insurance Services	52%
Arts and Recreation Services	28%
Professional, Scientific and Technical Services	22%
Primary (Agriculture, Forestry, Fishing & Mining)	20%
Health Care and Social Assistance	15%
Construction & Utilities	15%
Other Services	14%
Information Media and Telecommunications	12%
Administrative and Support Services	12%
Education and Training	9%
Retail Trade	7%
Accommodation and Food Services	6%
Wholesale Trade	6%
Transport, Postal and Warehousing	6%
Public Administration and Safety	5%
Manufacturing	3%

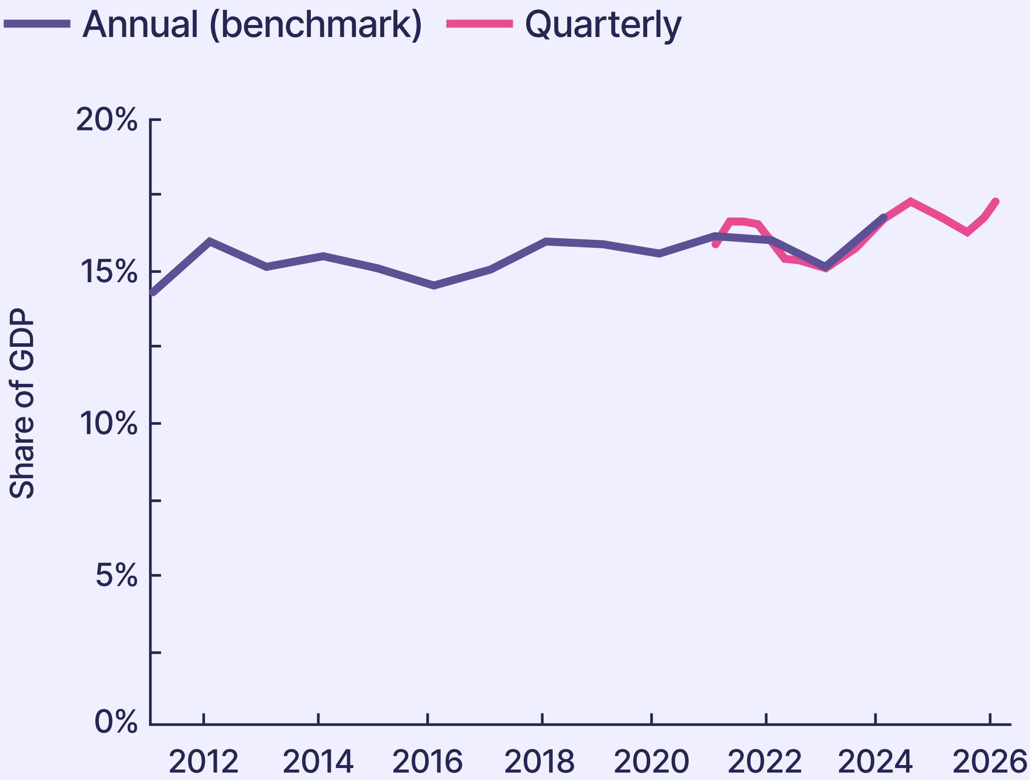
The recovery looks different. GDP from Self-employment rose sharply at the end of 2025, benefiting from a recovery in the real estate sector (seen across the whole economy and sole-trader segment). The chart below shows that the self-employed economy is more volatile, but has outperformed the wider economy in recent years.

Real GDP index, seasonally adjusted



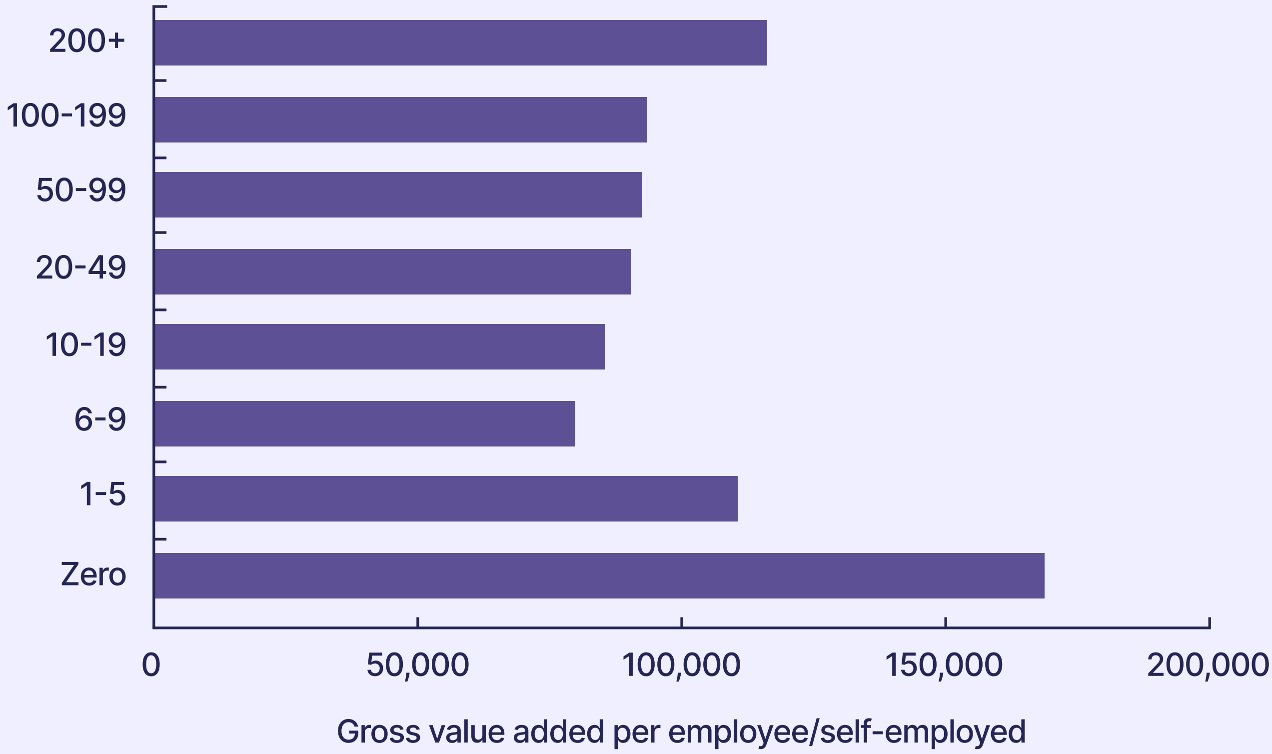
The momentum is encouraging across almost all industries. Only wholesale trade is slowing. This relative outperformance shows up in a self-employed GDP increasing as a share of the economy.

Self-employed share of GDP



There is often a misconception that small businesses, especially sole traders, suffer from low productivity. This is a myth. The available data suggests that sole traders are in fact highly productive, comparable to the largest businesses, even after adjusting for industry composition differences. Productivity is u-shaped across business size. Sole traders are highly productive, dropping away until around 20 employees and then improving again.
This suggests an issue with small businesses struggling to grow from small to medium, rather than sole traders being a source of low productivity.

Labour productivity by firm size



Sole traders are the most numerous of businesses in New Zealand. They are also highly productive. This monitor shines a spotlight on the sector, showing productivity is in fact high, and that the segment has recovered strongly from a low point in December 2024.