Rangahau Aotearoa
Research New Zealand

MEDIA RELEASE

Business owners are in survival mode, with many uncertain about investing

The topic

As many economists predicted, on Wednesday of this week, the Reserve Bank of New Zealand (RBNZ) dropped the Official Cash Rate (OCR) by 50 basis points.

The background to this can be summarised as follows:

- As we head into the second quarter for 2025-26, New Zealand businesses continue to find conditions challenging. In fact, some business leaders have been quoted as saying trading conditions are significantly worse than the GFR and during the COVID period.

- But with inflation dropping from around 6% two years ago to 2.7% in the year to June, households and businesses are no longer facing the same steep price rises.

- However, cost pressures are still present, and many businesses remain cautious. In theory, lower inflation should be creating a better environment for businesses to invest, yet uncertainty remains.

- In September 2025, Statistics New Zealand reported that GDP fell by 0.9% in the June quarter. This was the third decline in the past five quarters, with 10 out of the 16 measured industries recording a fall in activity. At the same time, more businesses closed, with liquidations up 26%. For many, the early optimism of “thrive in ‘25” has shifted to survival, with the focus now simply on staying in business through to 2026.

The survey

Based on these conditions, we decided to repeat the poll we conducted in March and June 2025. This latest State of Business survey looks at how businesses are coping in the current economic climate, what confidence they have in the immediate future and as a reflection of this, whether they intend to make any new investments.

For this new poll, a sample of n=433 business owners and senior managers was interviewed online between 10 and 29 September 2025. This group is nationally representative in terms of business type and business size, and had agreed to be recontacted after participating in previous business surveys. We asked them questions about:

- The current economic conditions and how these compared with the situation in 2023 and 2024.
- How they saw these conditions changing, if at all, in the immediate future.
- What their plans were for their business (i.e., retrenchment or development).
- Their business expectations for the current year (i.e. sales, revenue, profitability and costs).
- Whether they would be investing in their business, and in which areas they planned to invest.

Key findings

The following are the key findings from this poll:

- As other recent surveys and polls have shown, New Zealand businesses are at best subdued, with most finding trading conditions difficult and simply hoping to get through to the end of the year and 2026.
- Our poll is slightly different from these other surveys and polls in that, in addition to the usual business confidence questions, we also ask business owners, etc. about their **mental health**. With this in mind, eight out of ten respondents said they were experiencing some degree of stress (78%, with 35% saying that in the last two weeks they 'hardly ever' or 'not at all' felt hopeful and optimistic.
- This level of stress is similar to that recorded in March (77%) and in June (82%). The following verbatim illustrates how this was often expressed by respondents:

  > *"We are hanging on by a thread. Most difficult year since we opened in 2010. Most of the time I just want to give up, but we owe too much money to close, and we can't sell in this economy. I'm holding on for an alien invasion taking us out."*

- Putting this level of stress into context, 62% of respondents described the **current economic situation** in Aotearoa New Zealand as 'bad' or 'very bad'; significantly more than in June (55%) and in March (53%). Furthermore, 46% described the current economic situation as **worse** than in 2024, as well as in 2023 (61%).
- Looking forward to the next 12 months, 25% reported they were predicting their **revenues to fall** by more than 20%. With 25% predicting their **costs to increase** by more than 20%, 26% expected their **profitability to decrease** by more than the same percentage.
- Reflecting these expectations, most planned to stay roughly the same size (54%), although 12% planned to become smaller and 3% to close down. Obviously, the latter was more likely the case for those 78% of businesses currently feeling stressed.
- Also reflecting these expectations is the fact that over two-thirds of respondents reported their business had **no immediate plans to invest in productive assets**, such as additional staff, new vehicles, IT/technology, new plant and machinery, and marketing, promotions and sales.

Comment

“This poll was taken immediately prior to the OCR announcement on Wednesday 8 October.

Reflecting the results of our ’State of Business’ polls in March and June, much of the feedback in this poll emphasises the point that most business owners are looking for greater certainty before they look to grow, develop and invest. It will be interesting to see whether the recent OCR cut, while making money more affordable, will help in this regard.”

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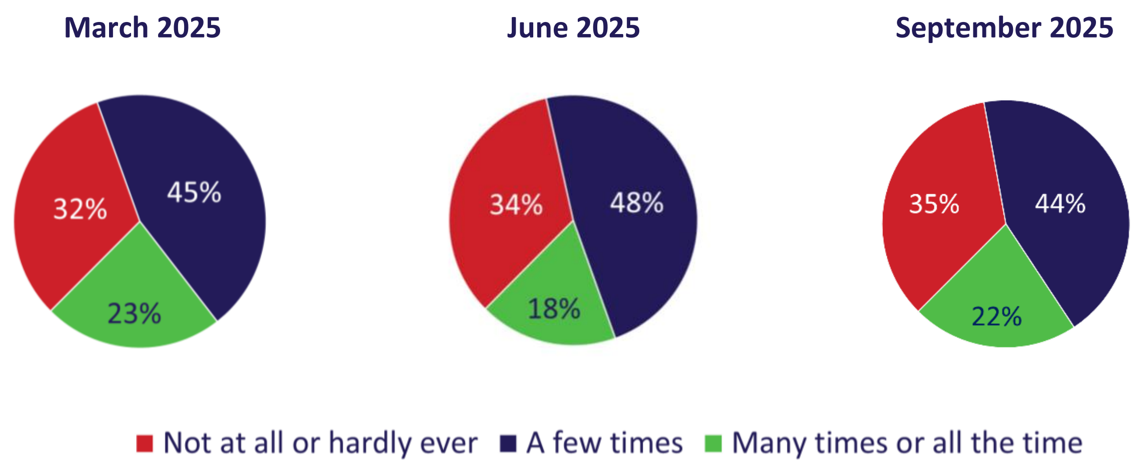
High-level findings – New Zealand's business owners and managers continue to experience high levels of stress

1. Respondents were asked to comment on how many times in the last 2 weeks they had felt '**hopeful and optimistic'**.

   In September, just over one-fifth (22%) reported they had felt hopeful and optimistic **'many times'** or **'all the time'**. In contrast, over one-third (35%) said **'hardly ever' or 'not at all'** (i.e., they were stressed). Another 44% reported feeling optimistic 'a few times' in the last two weeks, (refer to Figure 1).

   Overall, almost eight out of ten are experiencing some degree of stress (78%). This is a return to the level of stress reported in March (77%), and an improvement since June which had the highest level of 82% stressed.

Figure 1: How often respondents felt a sense of hope and optimism in the last two weeks



NB: Total may not sum to 100% due to rounding.

Some examples of how respondents described their current situations:

> *"We are hanging on by a thread. Most difficult year since we opened in 2010. Most of the time I just want to give up, but we owe too much money to close, and we can't sell in this economy. I'm holding on for an alien invasion taking us out." (Other industries, 6 to 9 staff)*

> *"Times are bleak! It sounds like this is a global trend, but locally we have definitely felt the reduction in government spending, as this has reduced the budgets of many of our clients who rely on funding for production and communications." (Retail, 2 to 5 staff)*

> *"The previous question on how I felt over the last 2 weeks had no option for 'wishing to die at times'…" (Manufacturing, 6 to 9 staff)*

> *"Parts of the economy are doing well, but the climate is selfishness, profit, and fear. This is not healthy for people, or communities and wellbeing. We are a small impact organisation, and when business confidence is low, we suffer." (Other industries, 2 to 5 staff)*

2. These high levels of stress are being experienced by all types of business owners and managers, **regardless** of their industry or business size.

   However, relatively-speaking, **sole traders** appear to be the most stressed – Table 1 shows they made up one-third of those interviewed (33%), but 38% of the group that reported they had 'hardly ever' felt hopeful and optimistic, or 'not at all' in the last 2 weeks.

   In comparison, a significantly lower percentage of sole traders (29%) reported being 'optimistic many times or all of the time' in the last two weeks.

Table 1: Feeling hopeful and optimistic by business size

	Total	Hardly ever or not at all optimistic (very stressed)	Optimistic a few times	Optimistic many times or all the time
Unweighted base =	**422**	**141**	**184**	**91**
	%	**%**	**%**	**%**
1 (sole trader)	**33**	38	31	29
2 to 5	**54**	51	54	59
6 to 9	**3**	3	4	2
10 to 19	**4**	4	4	4
20 to 49	**3**	2	3	2
50 to 99	**1**	1	3	2
100 or more	**1**	2	1	1
Total	**100**	100	100	100

Total may not sum to 100% due to rounding.
NB: Table is based on businesses that are currently operating.

Some further examples of how respondents described their current situations:

"It is so much harder to survive, very difficult for small businesses. I have had to take on outside work to survive and now work in excess of 60+ hours per week and still cannot pay all bills." (IT, Professionals, etc., Sole trader)

"Price pressure is extreme - increases in costs are almost impossible to pass on, with customers generally refusing price increases or going to price-fighter competitors. The economic outlook is forecast to slowly improve, but it will be a long, hard slog to improve both top and bottom line. Very difficult times." (Other industries, 10 to 19 staff)

"Our customers are very stressed. More people are turning to the health system for help, and it is over stretched and overloaded. We are being asked to do more work for less money, and our staff expect wage rises and more support. We are often overwhelmed with workload, which is tiring mentally and physically. People are trying to make their dollar stretch and last longer, so very mindful of spending." (Retail, 20 to 49 staff)

Almost two-thirds of respondents described the current economic situation in Aotearoa New Zealand as 'bad/very bad', especially those who are stressed (i.e., hardly ever or not at all optimistic and hopeful)

1. Almost two-thirds of all respondents (62%) described the **current** economic situation in Aotearoa New Zealand as **'bad' or very bad'** (Table 2).

   This is significantly more than the percentage in March (53%) and June (55%).

2. Given their feelings, nearly nine out of ten (87%) of *very stressed business owners* described the current economic situation in Aotearoa New Zealand as 'bad' or 'very bad' and **far worse** in comparison to how they described the situation in both 2023 and 2024 (75% and 63% respectively).

Table 2: Opinions about the current economic situation in New Zealand, and in comparison to 2023 and 2024

Unweighted base =	Total March 605 %	Total June 550 %	Total Sept 422 %	Hardly ever or not at all optimistic (very stressed) 141 %	Optimistic a few times 184 %	Optimistic many times or all the time 91 %
Percentage agreeing the current economic situation in Aotearoa New Zealand is bad/very bad	53	55	**62**	87	57	36
Percentage agreeing the current economic situation in Aotearoa New Zealand is worse than in 2023	51	56	**61**	75	57	47
Percentage agreeing the current economic situation in Aotearoa New Zealand is worse than in 2024	38	43	**46**	63	39	32

NB: Table is based on businesses that are currently operating.

Respondents described the current economic conditions as follows:

“It's the worse it’s ever been in 30yrs. I would say worse than Covid times. The cost of business/life is way too high. I'm still stuck in high interest rates on personal mortgages into next year. The business is down by 40%, and companies are slow to pay, holding out for 6/7 weeks on small jobs. Looking at what else I can be doing to earn a wage next year. Being self-employed has lost its shine.” (IT, Professionals, etc., Sole trader)

“The monetary policies of the government do not promote business growth. Not enough is done to stimulate the economy and improve productivity. The government is focusing too much on the social/spending side of issues. The economy is not growing at the moment, and that impacts the sentiment of many/most businesses, so they don't kick off new projects, which has a direct impact on our business...” (IT, Professionals, etc., 2 to 5 staff)

“I have been through a number of downturns before, but this current situation is far worse than any.” (Construction, 2 to 5 staff)

“Several businesses near me have closed down or are for sale in my street. It's concerning.” (Retail, 2 to 5 staff)

“We are in survival mode, trying to stay solvent in 2026.” (Other industries, 2 to 5 staff)

Many very stressed business owners don’t see the situation getting any better immediately

1. Similar to the situation in March and June, when business owners were asked to describe how they saw the immediate future (i.e., the next 12 months), around one-quarter predicted **decreases** of ‘20% or more’ in their revenue (25%) and profitability (26%), combined with **an increase** of ‘20% or more’ in their costs (25%) (refer to Table 3). These results are similar to those recorded in March.
2. Reflecting these results, many also reported **decreases** of ‘20% or more’ in the demand from existing customers (18%) and new customers (14%).
3. In all cases, these results are more extreme for the *very stressed business owners.*

Table 3: Current business expectations for 2025

Unweighted base =	Total March 605	Total June 550	Total Sept 422	Hardly ever or not at all optimistic (very stressed) 141	Optimistic a few times 184	Optimistic many times or all the time 91
	%	%	%	%	%	%
Percentage predicting a 20%+ decrease in **profitability**	23	22	**26**	44	19	13
Percentage predicting a 20%+ decrease in **revenue**	22	23	**25**	43	19	10
Percentage predicting a 20%+ increase in **costs**	24	21	**25**	36	19	21
Percentage predicting a 20%+ decrease in business with **existing customers**	16	13	**18**	25	17	6
Percentage predicting a 20%+ decrease in interest from **new customers**	15	16	**14**	25	10	4

NB: Table is based on businesses that are currently operating.

Respondents explained these projections as follows:

> *“As existing clients continue to feel pressure, they are reducing their costs everywhere possible, focusing only on what is required for compliance and withdrawing budget for reactive or proactive work that continues to maintain their assets. This is having a material impact on our revenue.” (Other industries, 100 or more staff)*

> *“Costs have risen significantly in terms of power, fuel, travel costs. Due to the current economic climate, we feel we cannot pass on these costs and therefore the business is seeing a significant reduction in profit.” (Other industries, 2 to 5 staff)*

Overall and particularly most very stressed business owners are focused on maintaining their status quo as best as possible

1. As was the case in March and June, most respondents reported being focused on **maintaining** their business and keeping it roughly the same size (54%) (Table 4).

   Notwithstanding most trying to maintain the status quo, 12% saw themselves **downsizing**, while 3% were planning to **close down** (15% overall)

   However, in comparison, 30% reported being in expansion and development mode.

2. Not surprisingly, almost twice as many of the *very stressed business owners* 12% reported planning to downsize (16%) or close down (8%) (25% overall).

   Interestingly, in contrast, some other *very stressed business owners* reported that they were planning to build and develop their business (15%).

Table 4: Current business focus

Unweighted base =	Total March 587* %	Total June 528* %	Total Sept 410* %	Hardly ever or not at all optimistic (very stressed) 138 %	Optimistic a few times 178 %	Optimistic many times or all the time 88 %
Maintaining the business/staying roughly the same size	52	56	**54**	62	52	46
Growing/developing the business	30	28	**30**	15	34	48
Becoming smaller/slowing down	14	13	**12**	16	13	4
Closing down	3	2	**3**	8	1	1
Don't know/would rather not say	1	1	**0**	0	0	1
Total	100	100	**100**	100	100	100

Total may not sum to 100% due to rounding.
*Subsample is based on business owners and senior managers.

Respondents expressed these plans as follows:

> *"We are a small privately owned business, and we always seek growth and continue to invest regardless of the economic cycles. However, compliancy costs, rates and peripheral taxes are significantly eroding our ability to invest and grow. I have been in this business for 45 years and am concerned about succession viability." (Other industries, 50 to 99 staff)*

> *"We have downsized the business significantly to be economically viable from 2 operations to 1, also from 22 to 12 staff." (Retail, 10 to 19 staff))*

Very few businesses have plans to invest in new productive assets

1. Building on respondents' plans for the immediate future and their perceptions of the current economic climate, they were asked to what extent they had plans to invest in the following areas:
    - Additional staff
    - New IT/technology to run their business more efficiently internally (e.g., laptops, accounting software such as Xero).
    - New plant/machinery
    - New vehicles
    - Marketing, promotions and sales.
    - New IT/technology to operate their business more effectively externally (e.g., a website, digital marketing).
2. Table 5 shows that, overall, most businesses (approx. two-thirds plus) have no immediate investment plans, and some others are undecided (i.e., state they are unlikely or are neutral in their response when asked).
3. The table shows that where investment is likely, it is in terms of 'marketing, promotions & sales' (17%), 'new plant & machinery' (14%), 'new IT/technology to help the business run more efficiently internally' (12%) and/or 'new IT/technology to help the business run more efficiently externally' (12%).

Table 5: Likelihood of investing in new productive assets in the next 12 months

		Planning investment in 2025				
	No investment planned for 2025 %	Unlikely to invest in this area %	Neutral %	Likely to invest in this area %	Don't know %	Total %
Marketing, promotions & sales	69	**8**	5	**17**	2	100
New plant & machinery	69	**11**	4	**14**	2	100
New IT/digital technology to help the business run more efficiently internally	69	**12**	5	**12**	2	100
New IT/digital technology to help the business run more effectively externally	69	**13**	5	**12**	2	100
Additional staff	69	**20**	2	**8**	1	100
New vehicles	69	**19**	3	**7**	1	100
New premises	69	**24**	2	**2**	3	100

Total may not sum to 100% due to rounding.
*Subsample is based on business owners and senior managers who are developing or maintaining their businesses (n=395 businesses).

Optimistic business are the most likely to be planning investment in their businesses

1. Overall three out of ten business owners and managers who are currently focused on developing or maintaining their businesses had plans for new investment in the remainder of 2025 (31%).
2. Table 6 shows that the most optimistic respondents (many times or all the time) are more than twice as likely as the *stressed businesses* to be planning to invest in specific areas of their businesses.
3. In fact one-quarter plan to invest in ‘new plant and machinery’ (26%), ‘new IT/digital technology to help the business run more efficiently internally’ (25%) and/or ‘marketing, promotions and sales’ (24%).

Table 6: Business investment plans for 2025 (i.e. ‘likely’ to invest)

	Total September	Hardly ever or not at all optimistic (very stressed)	Optimistic a few times	Optimistic many times or all the time
Unweighted base =	**395***	**128**	**176**	**86**
	%	**%**	**%**	**%**
Marketing, promotions and sales	17	**12**	17	24
New plant and machinery	14	**11**	11	26
New IT/digital technology to help the business run more efficiently internally	12	**4**	12	25
New IT/digital technology to help the business run more effectively <u>externally</u>	12	**8**	12	19
Additional staff	8	**3**	10	10
New vehicles	7	**4**	5	17
New premises	2	**3**	2	2

Total may not sum to 100% due to multiple response.
*Subsample is based on business owners and senior managers who are developing or maintaining their businesses (n=395 businesses).

Respondents’ reasons for planning to invest are described in the following examples:

> *“I feel the economy has turned the corner and am optimistic that we are heading into better economic conditions.” (Agriculture, 2 to 5 staff)*

> *“My personal opinion is that we are on the way to a big improvement in the economic outlook for the next few years.” (Construction, 20 to 49 staff)*

> *"The economy is being stifled by a growing number of negative people who are only looking at the present status of the economy, and don't see the potential for significant growth in New Zealand." (Other industries, 2 to 5 staff)*

> *"We have seen that the money is there. We have days where our turnover set new records, but unfortunately this is followed by days of mediocre and low turnover." (Retail, 2 to 5 staff)*

In contrast, respondents' reasons for not investing are reflected in the following examples:

> *"My business is currently struggling to be profitable, mainly due to expenses increasing faster than income. There isn't any spare cash to invest in new areas, and new opportunities are very limited, so the continued viability of my business doesn't look good." (Agriculture, 10 to 19 staff)*

> *"The current economic climate is too weak to invest without future certainty. There are no clear signals that the economy is going to improve to a point where we have the confidence to invest." (Construction, 50 to 99 staff)*

> *"Cashflow is tight. We are making prudent choices as to where our funds go." (Manufacturing, 20 to 49 staff)*

> *"There is far too much uncertainty out there at the moment. Those who think a reduction in interest rates is a panacea and will lead to a growth in business and turnover, don't understand the effect that double-digit price increases in rates, insurance and electricity are having on business." (Other industries, Sole trader)*

Method

This survey of 433 business owners and managers was conducted online, between 10-29 September 2025. The maximum margin of error is +/- 5.8 percent (at the 95 percent confidence level).

The sample has been weighted by industry and business size (based on the StatsNZ Business Demography 'at February 2024') to ensure the results are representative of the New Zealand business population, based on these demographic criteria.

The survey was not undertaken on behalf of any organisation, but as part of Rangahau Aotearoa Research New Zealand's poll of New Zealanders' opinions about topical issues.

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