# MintHC

## Business Insights

# Business pricing power heavily constrained

with Tony Alexander

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# Business pricing power heavily constrained

## My Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy-to-understand manner.

Each month I send an invitation to people on my Tony's View subscribers list inviting recipients to give insights into what is happening in their business sectors at the moment. 425 people replied from a wide variety of sectors this month. The aim is to gain real time insights into what is happening in various sectors with respondents choosing whether to focus on customer flows, pricing and cost pressures, expansion plans, and so on – whatever they consider to be the most important developments.

### Key results from this month's survey include the following

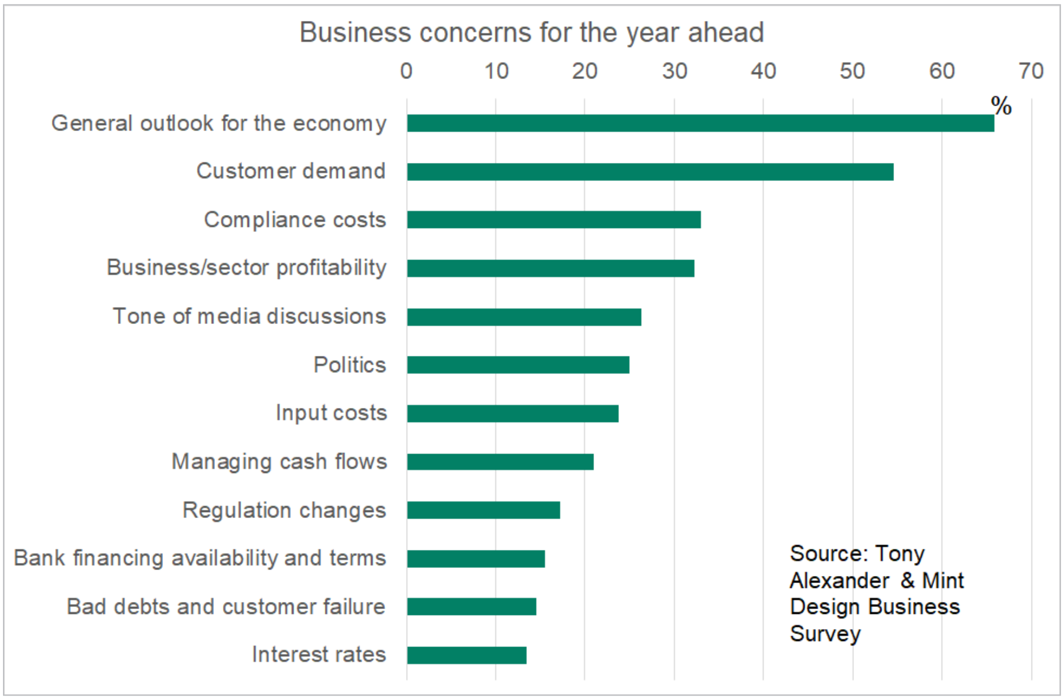
- Currently tight trading condition are constraining business perceptions of ability to raise selling prices.
- A record net 36% of businesses this month have said that they intend spending more on social media.
- Businesses continue to indicate good levels of intentions for investing in new plant and equipment.

**Tony Alexander**
Independent Economist

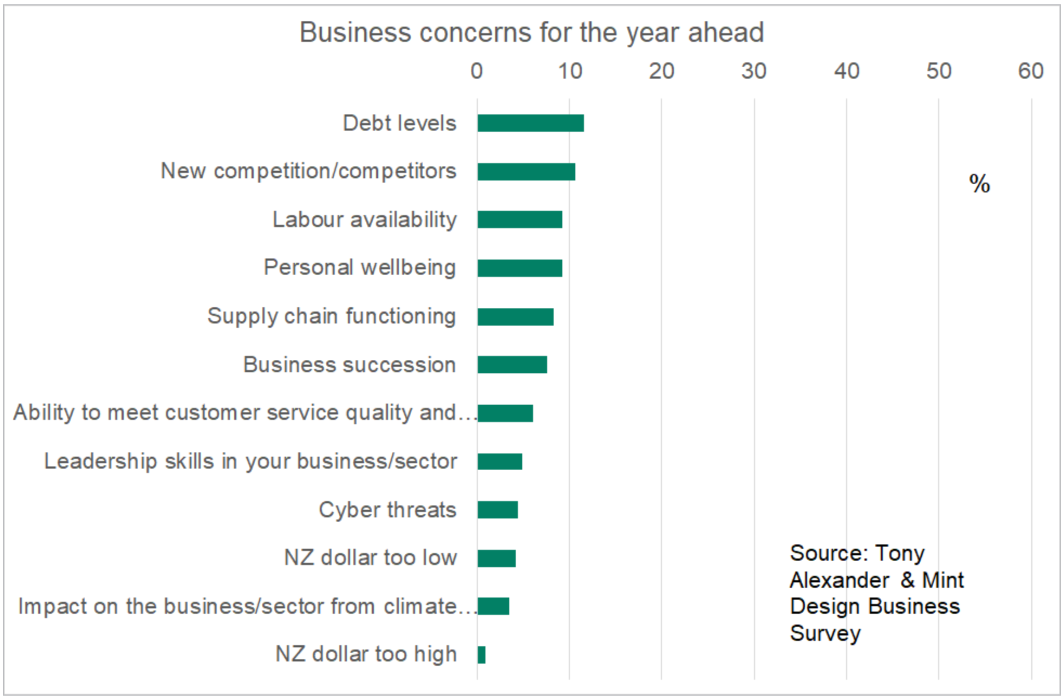
## What concerns you most for the year ahead?

We ask businesses to choose the things which concern them most about the year ahead. They can choose more than one area of concern. The following two graphs show the most common and then least common areas of concern cited by business in this month's survey.

The three top ranking areas of concern for Kiwi businesses are yet again the general outlook for our economy, client demand and compliance costs.

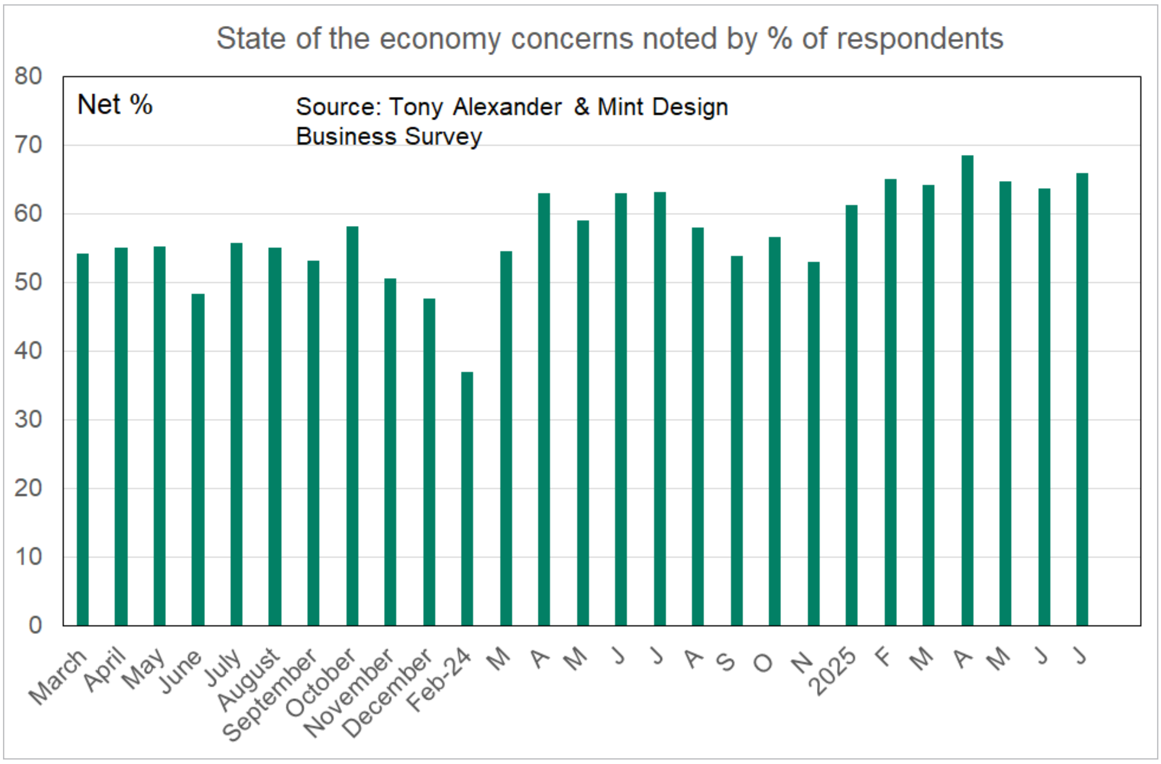


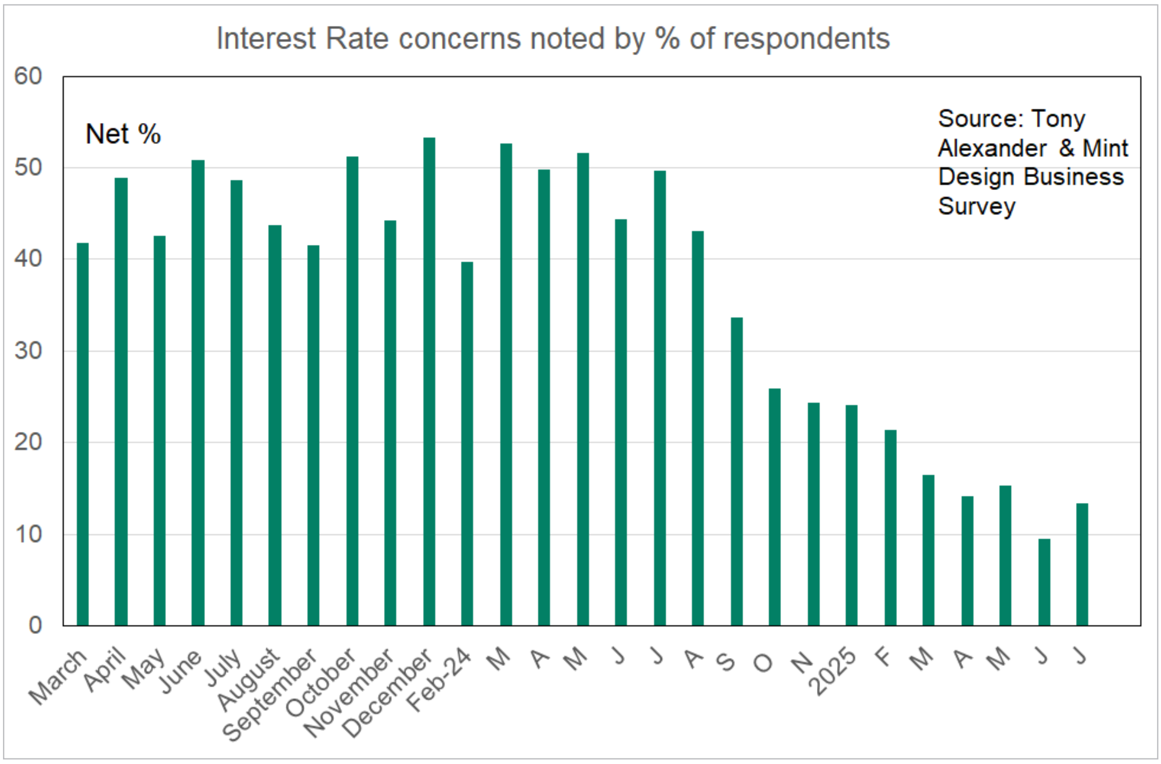

The Kiwi dollar is not a source of worry for either those who might like it higher (importers) and those who might like it lower (exporters).



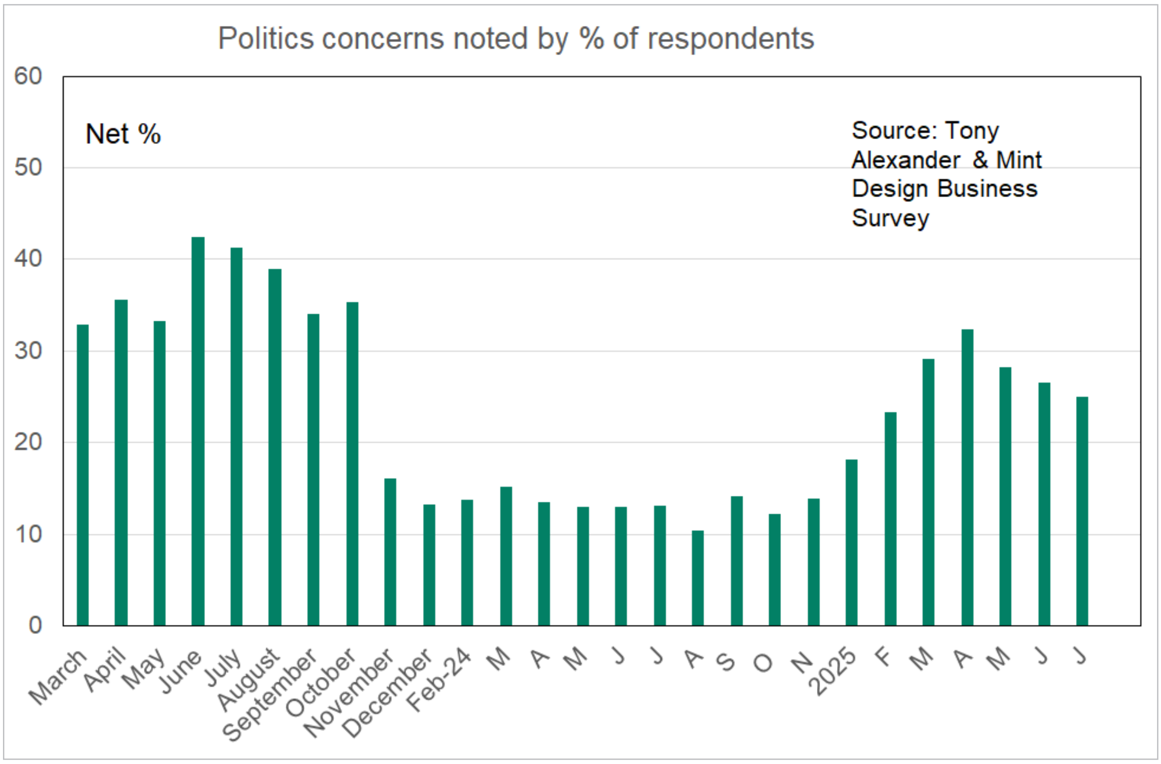
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

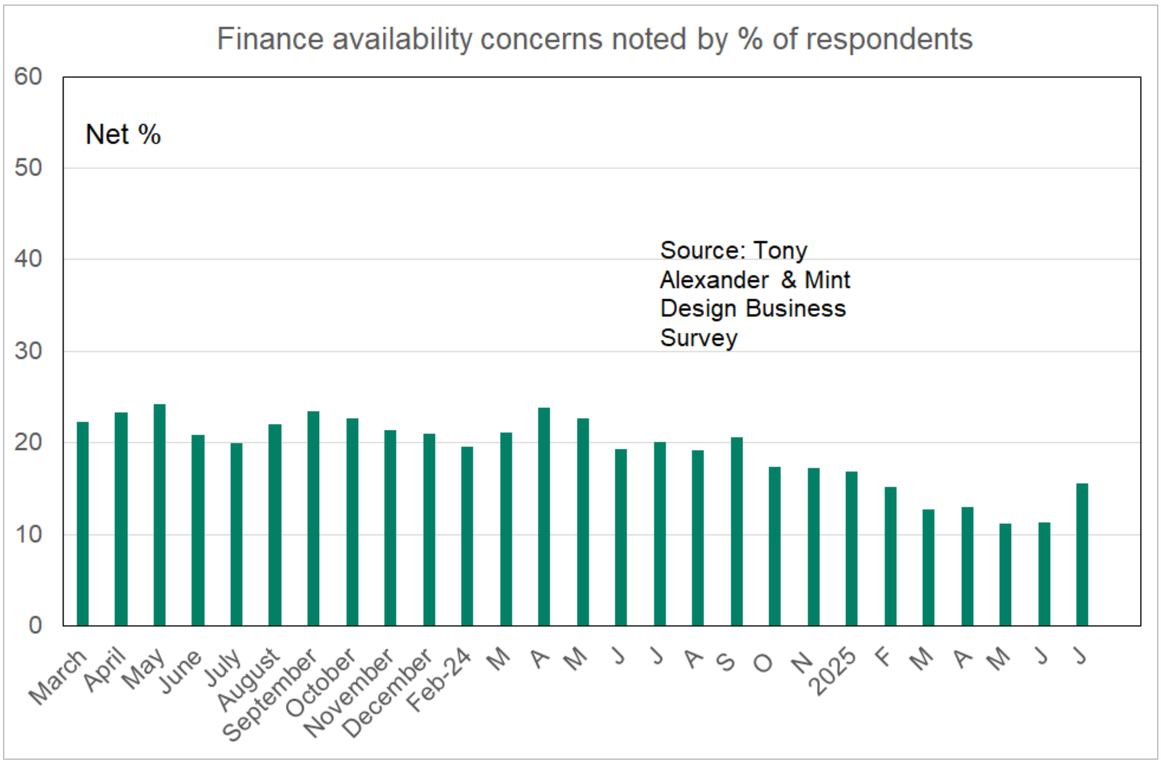
Worries about the state of the NZ economy rose from the start of this year and have remained elevated. Interestingly, the second graph here suggests to us that happiness derived from falling interest rates has at best plateaued in recent months amidst growing discussion of the easing cycle being almost at an end.



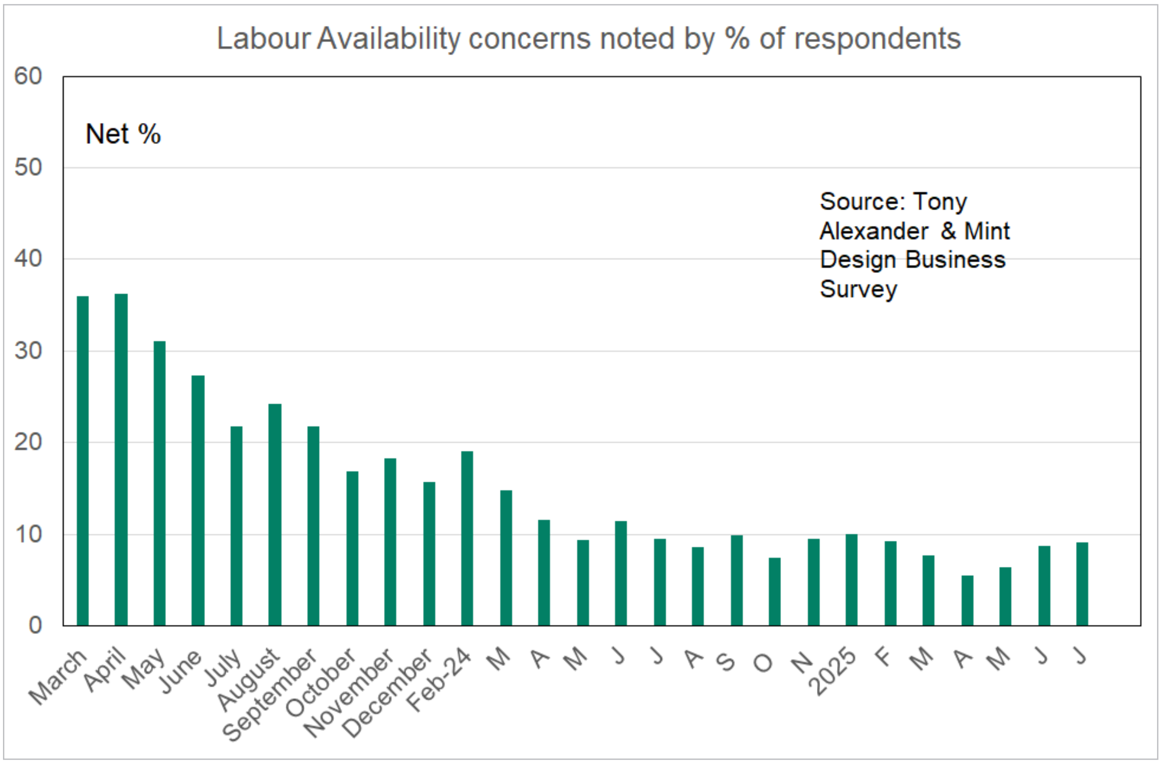



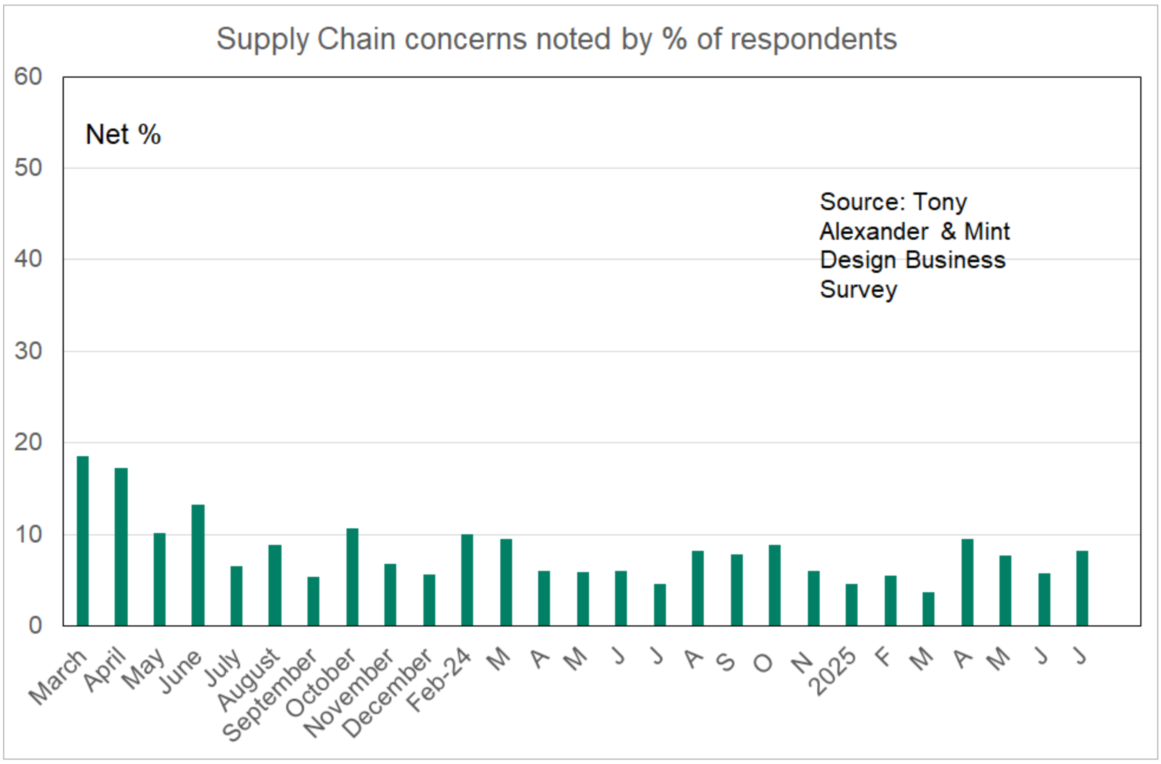
There is a slight easing trend underway in concerns about the state of politics in New Zealand. But those concerns are still at high levels compared with the initial year and a half after the late-2023 general election. One of the areas of concern to surprise on the upside this month was access to finance. This is backed up by some comments along these lines in the written submissions listed in the second half of this document.



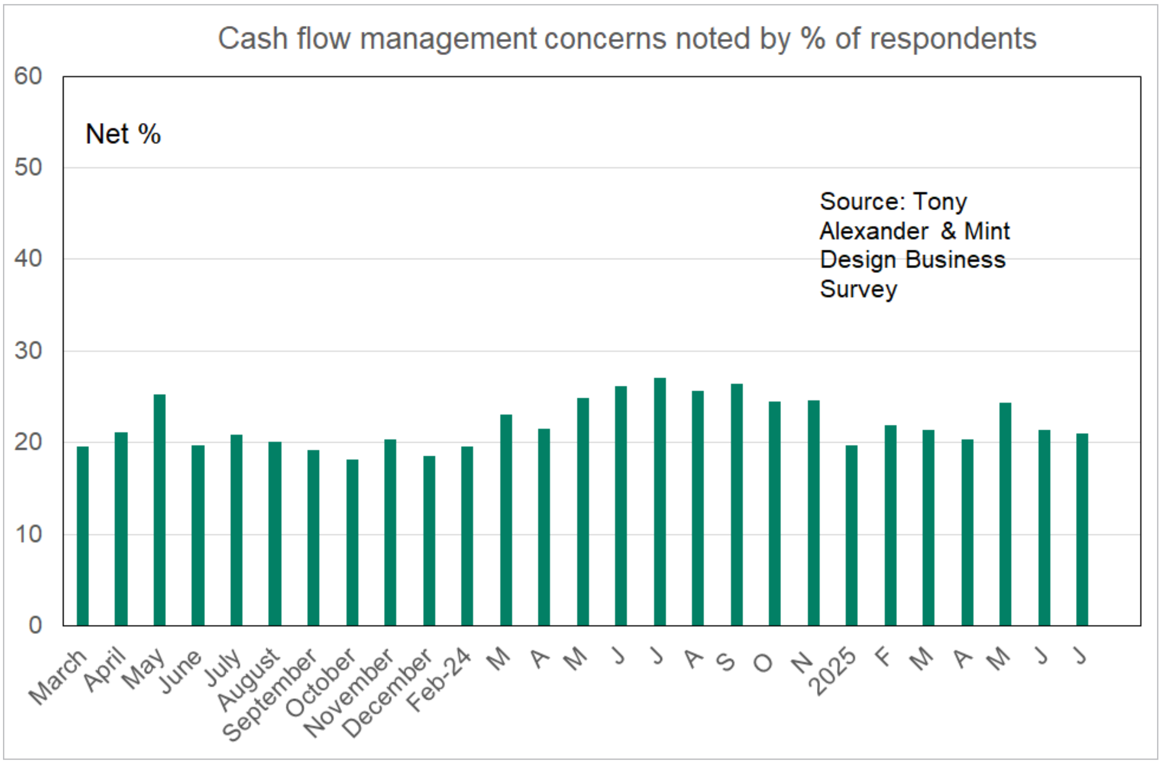



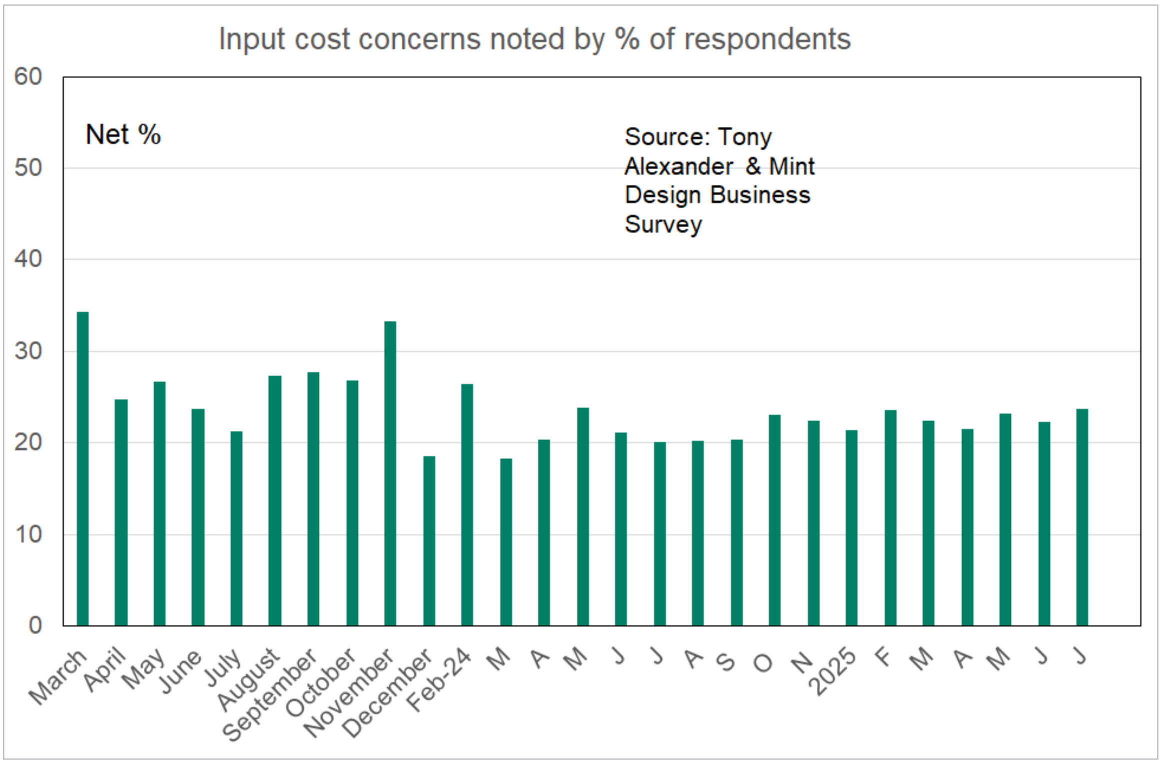
Concerns about labour availability are low, but those concerns are interestingly showing a tendency now to creep higher, perhaps as staff are lost offshore. At this stage no fresh new supply chain disturbances appear to be in train following the US-initiated tariff war.



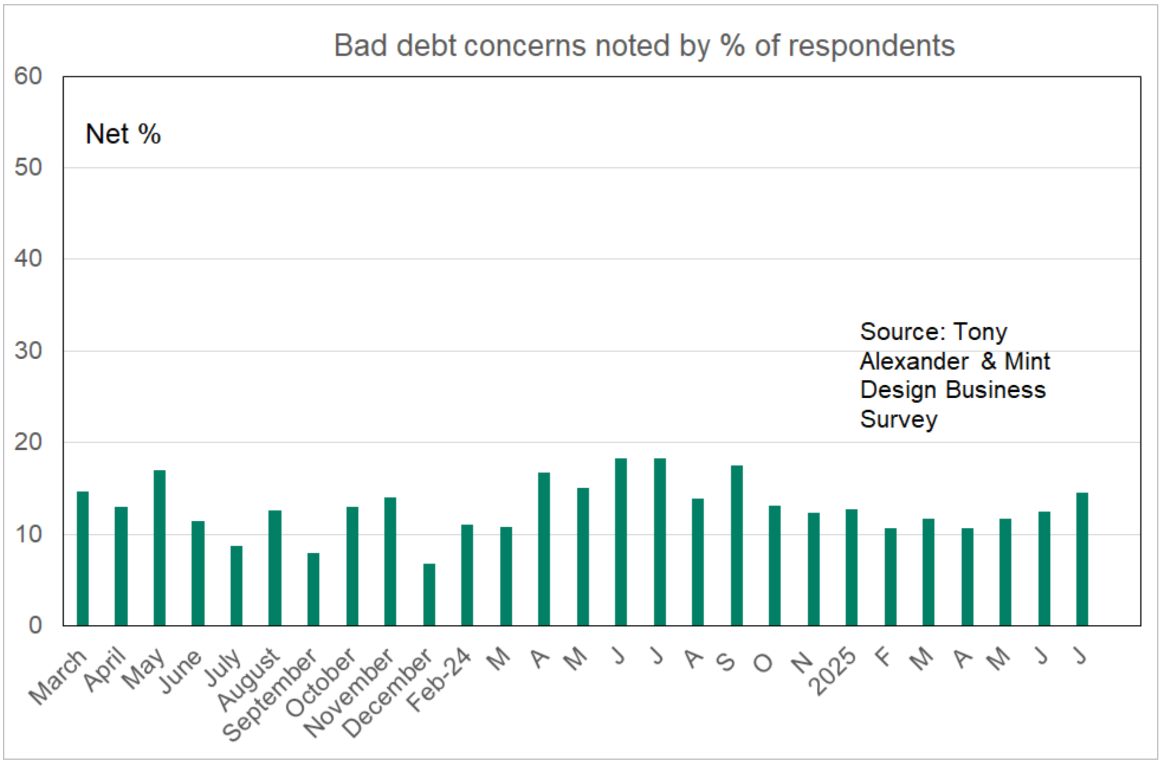



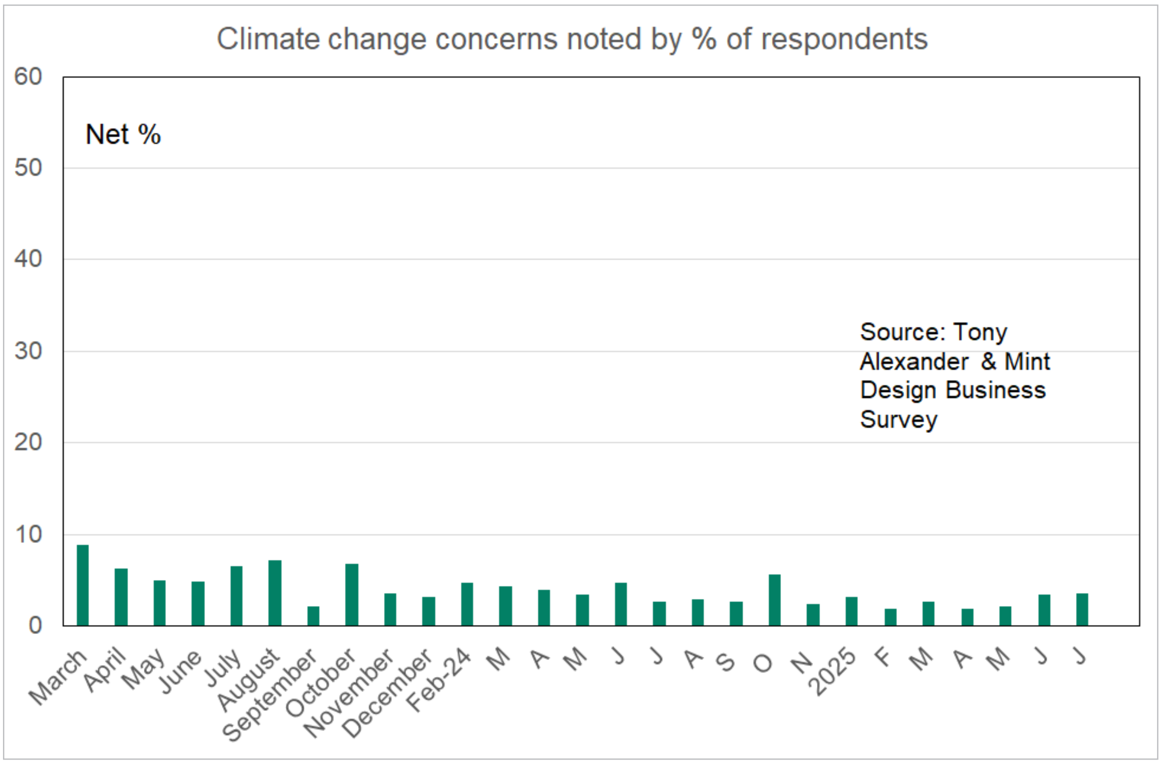
Cash flow concerns are showing no particular trend up or down. But worries about input costs are very slowly creeping higher.



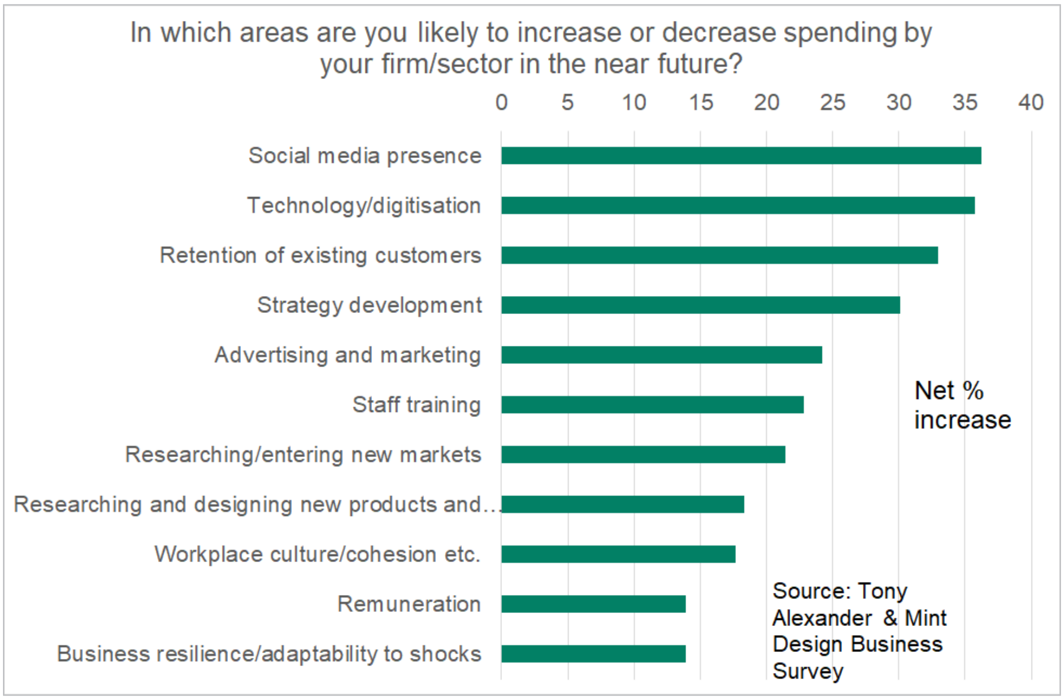
In similar vein, concerns about bad debts are slowly edging up. Despite storm events climate changes ranks as ever very low on the list of business concerns.



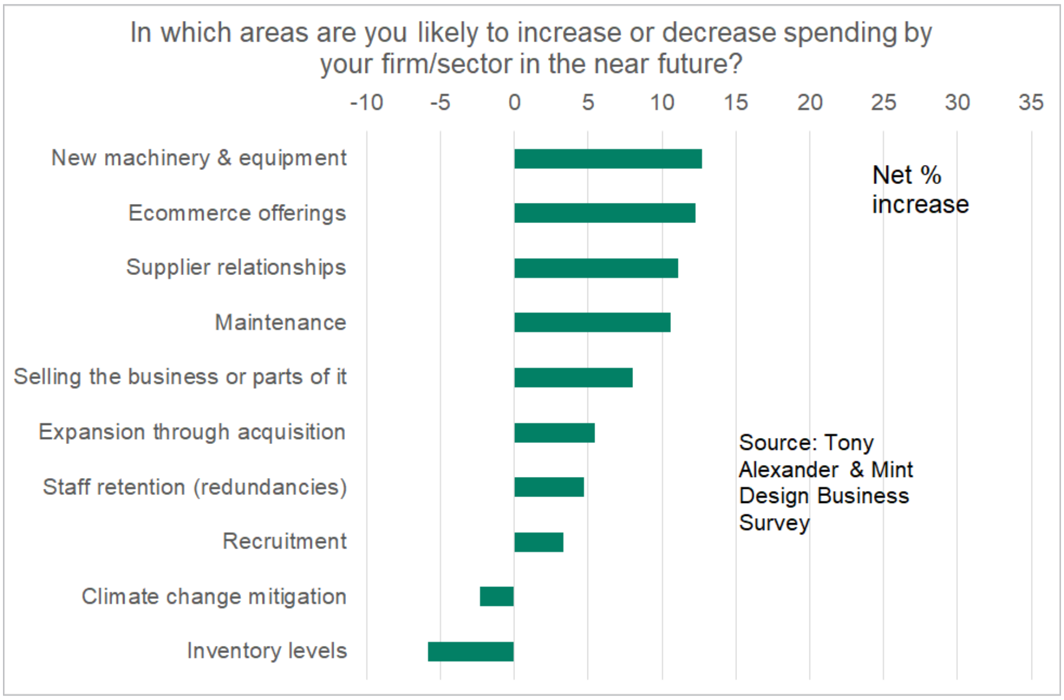



## In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

Our second main question is addressed at identifying where businesses are going to allocate their scarce funds in the coming year. As above, we split the results across two graphs starting with areas where most businesses plan greater allocation of resources. The four top areas of spending intentions are retaining social media presence, technology, customer retention, and strategy development.

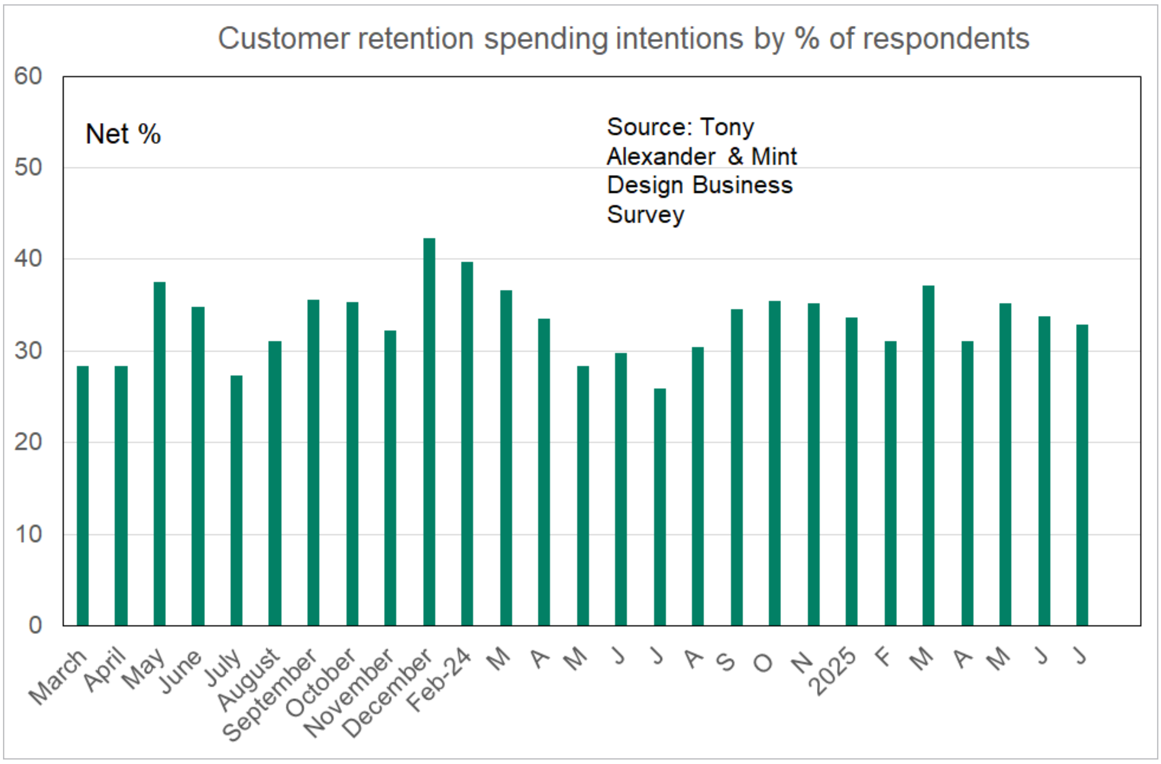


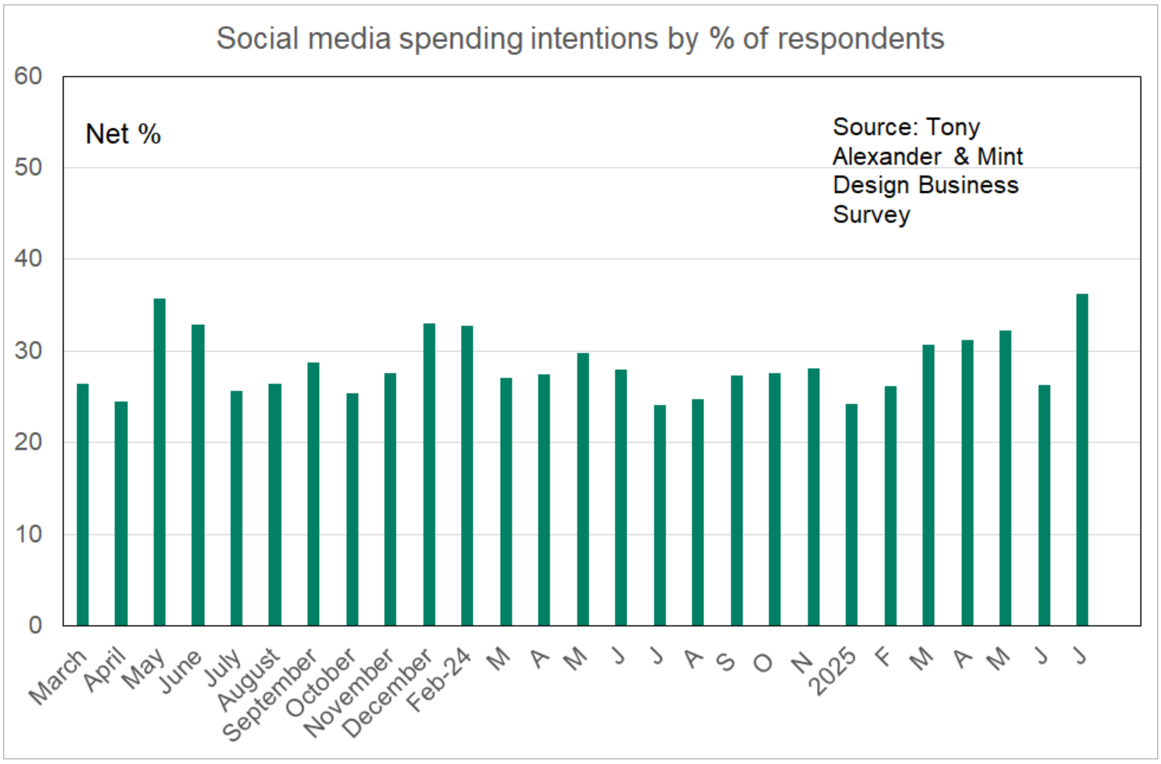

As has been the case since our survey started, businesses continue to report intentions to reduce inventory levels amidst tight cash flow conditions with rising margins. Climate change measures also rate as an area of spending shrinkage.



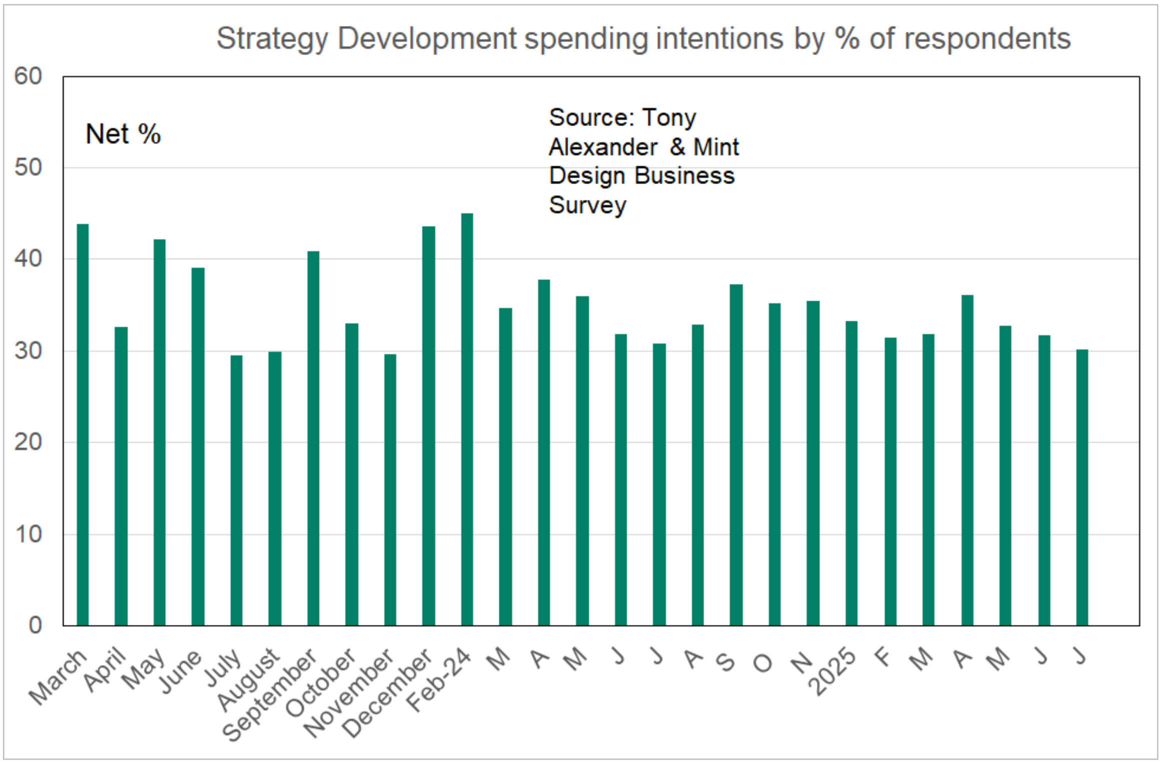
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

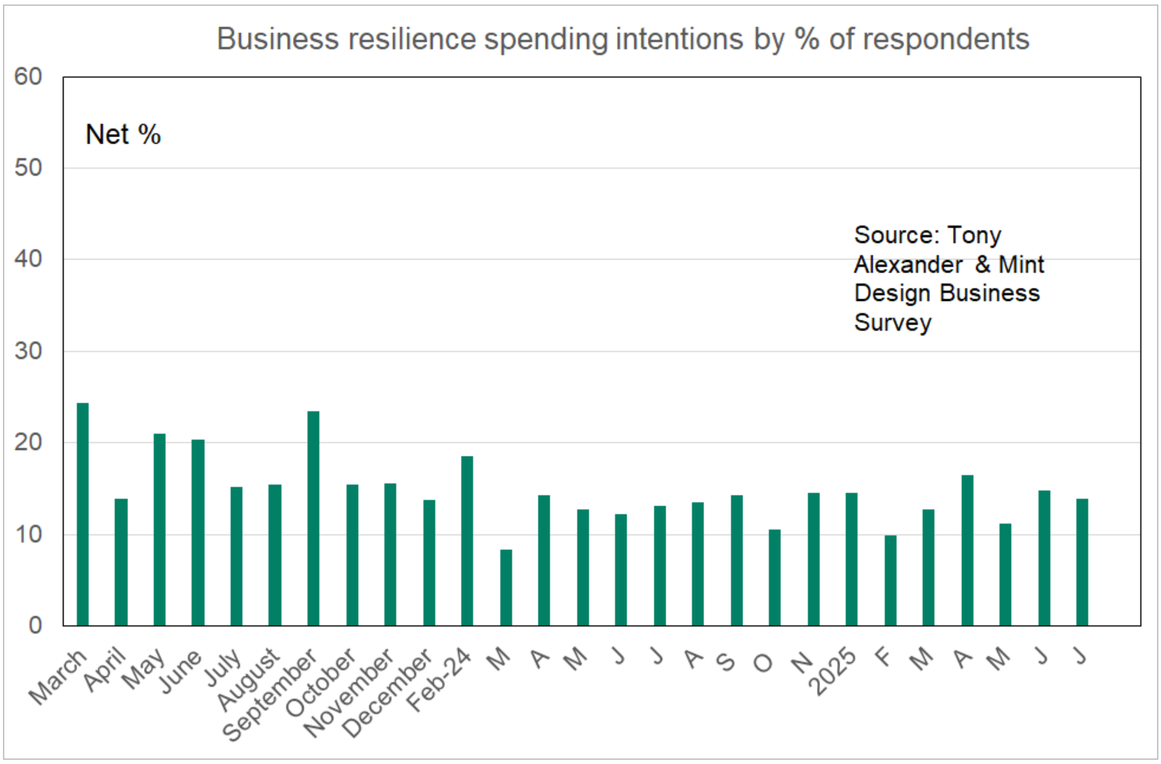
Plans for spending in the area of customer retention have been strong for the past two years with no particular trend up or down. But intentions of spending on social media are moving higher and now sit at a record level.



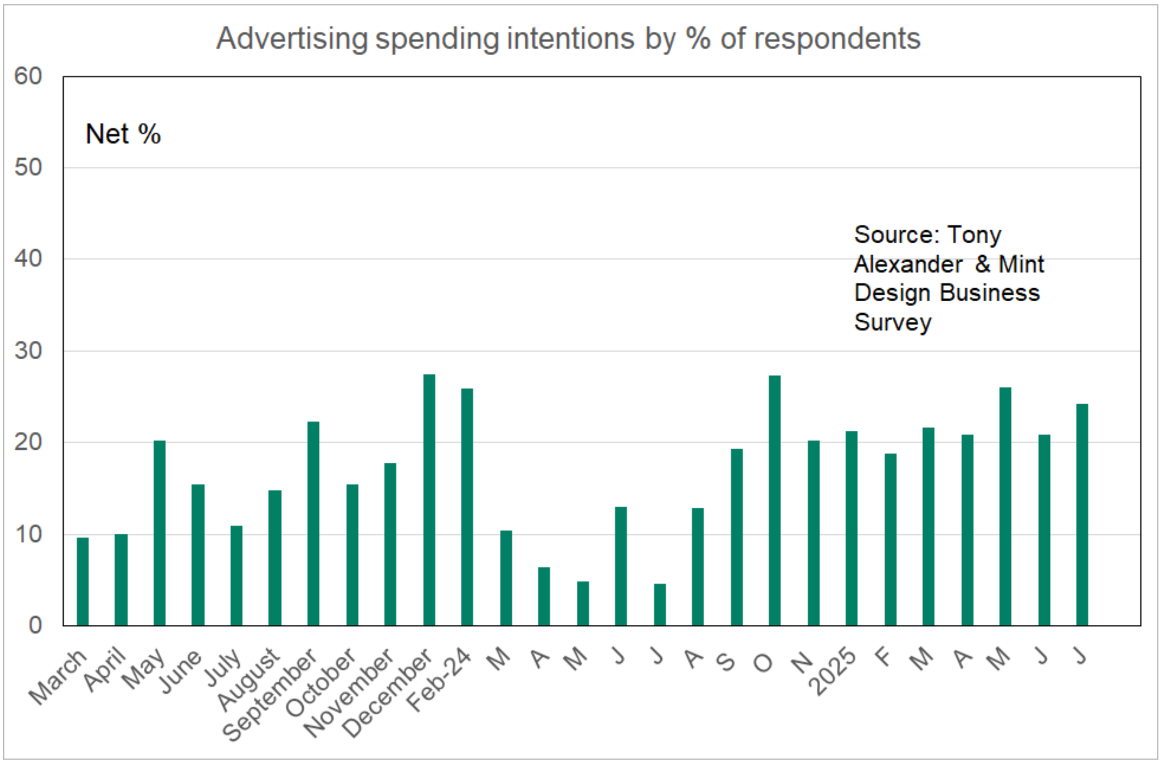



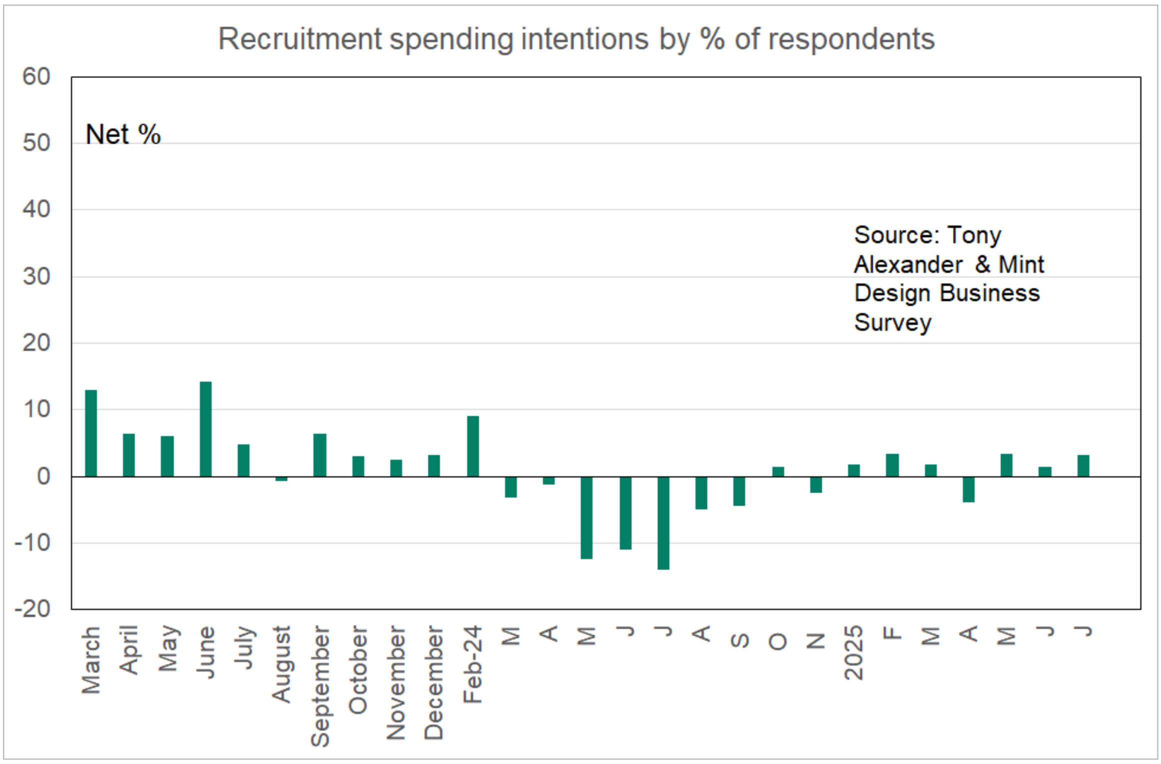
No new trend is underway with regard to spending on development of one's business strategy. The same goes for spending on business resilience.



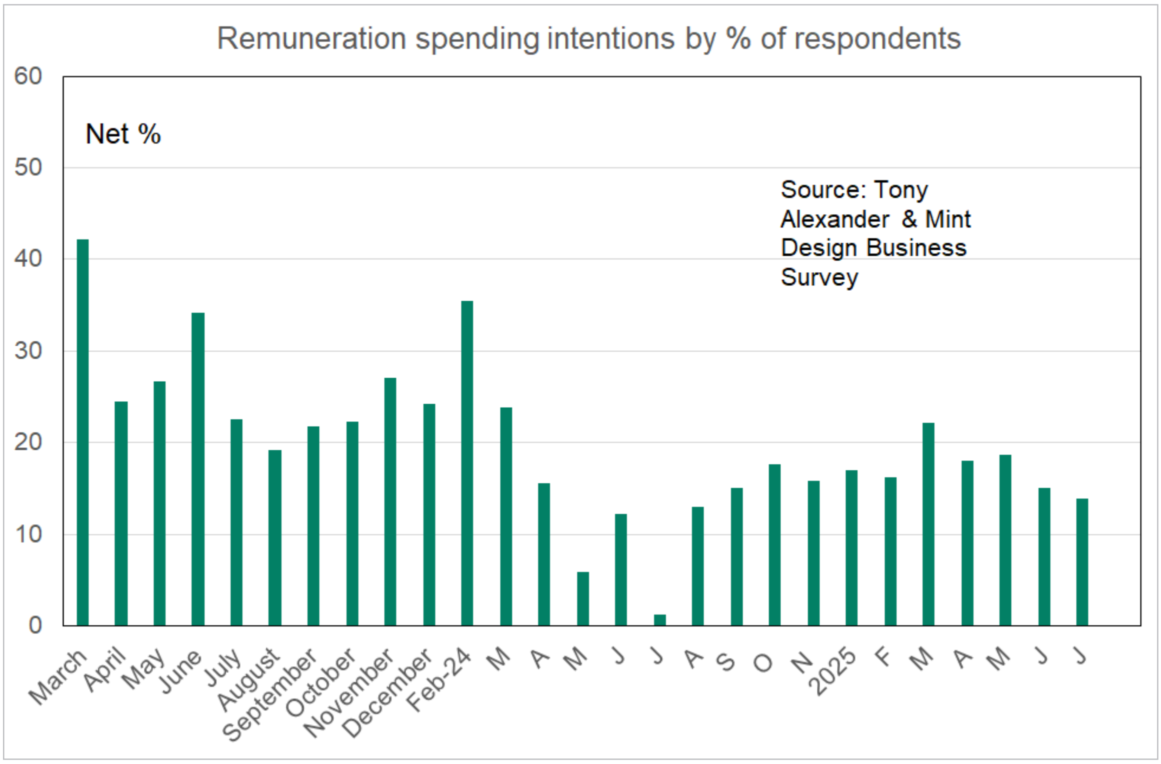



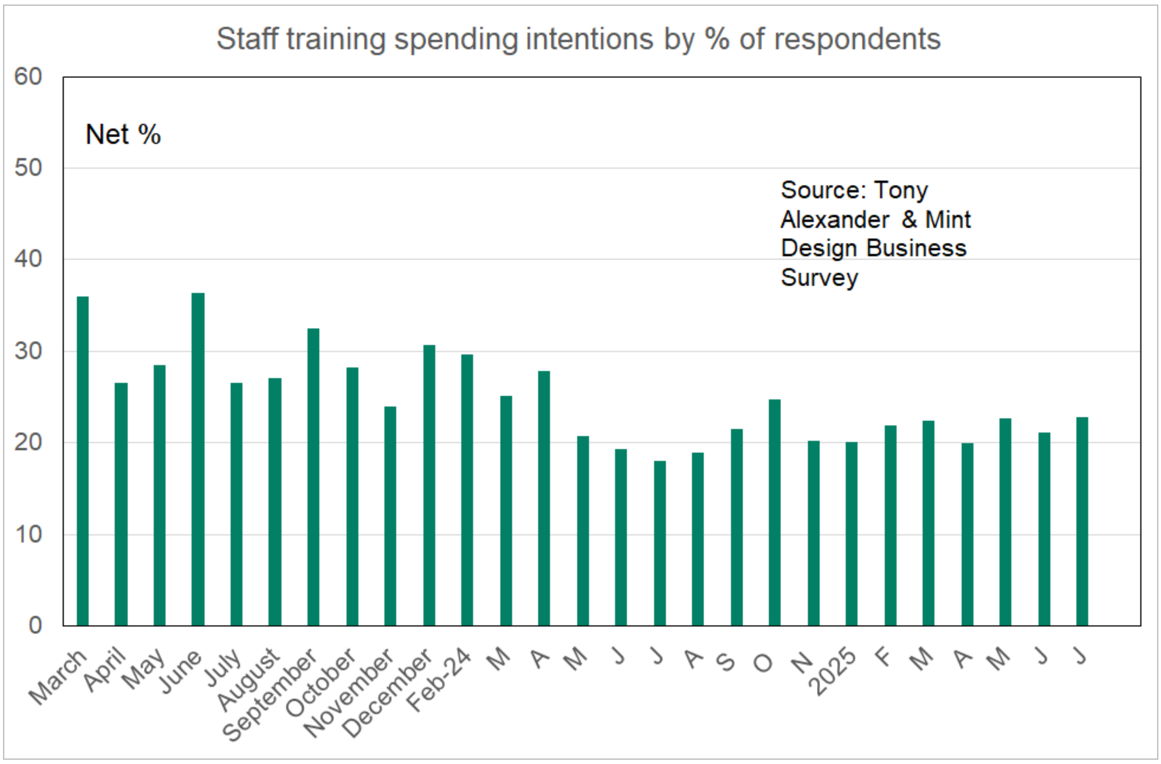
Plans for spending on advertising recovered over the second half of 2024 as interest rates fell away. But things now seem relatively static. Recruitment spending has yet to start edging up to reflect the slight tightening of the labour market evident in some measures discussed earlier on.



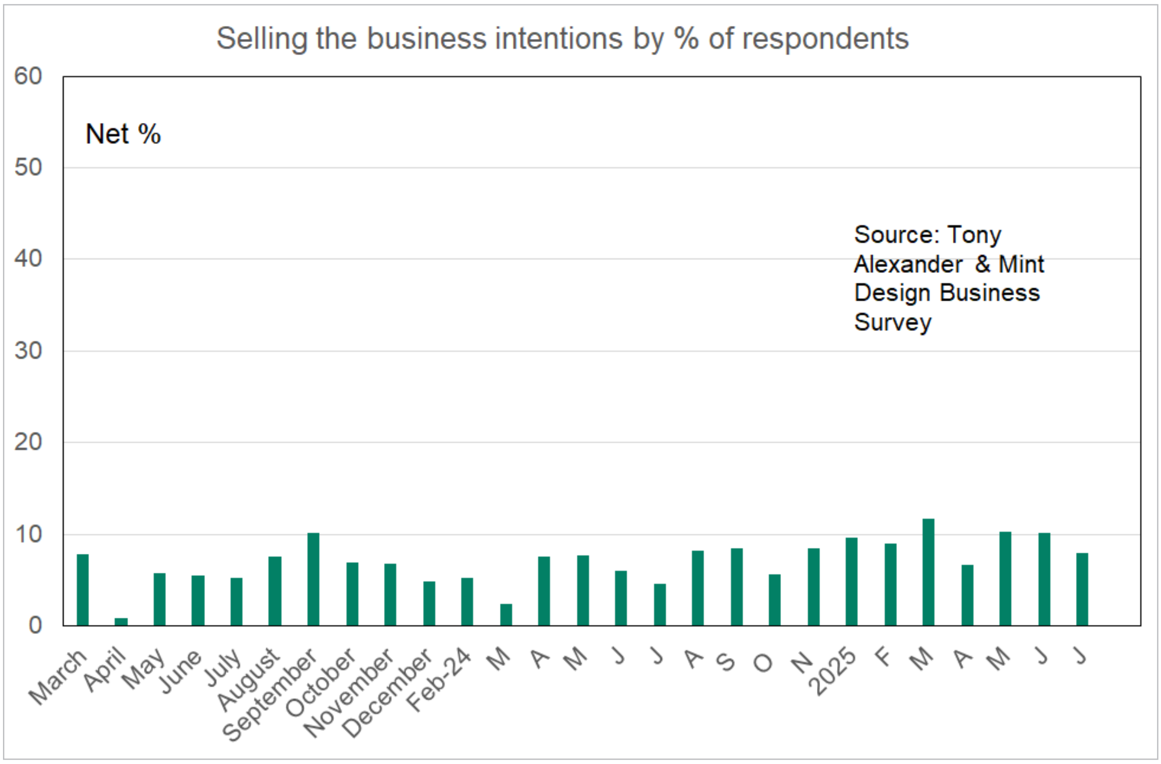



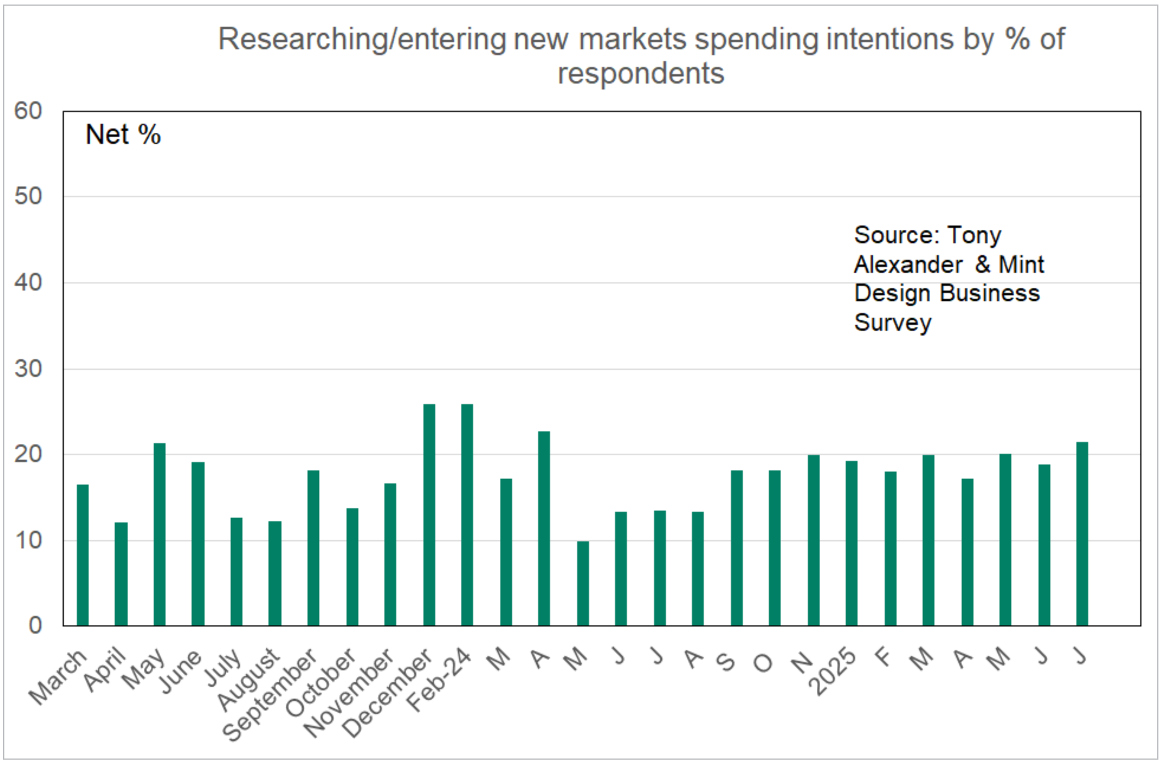
The same comment applies to plans for spending on remuneration. This is normal in that wage changes tend to lag the economic cycle. And despite some increased discussion about staff shortages, decisions to spend more on training of employees are not being lifted.



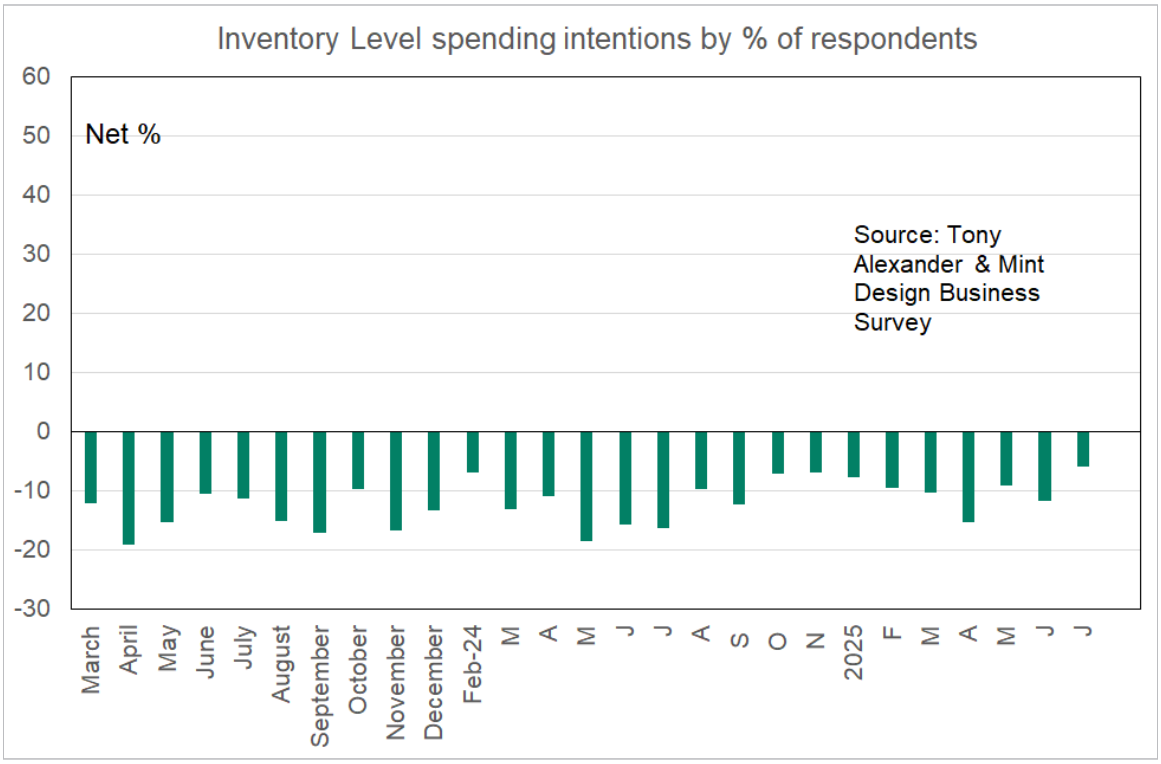



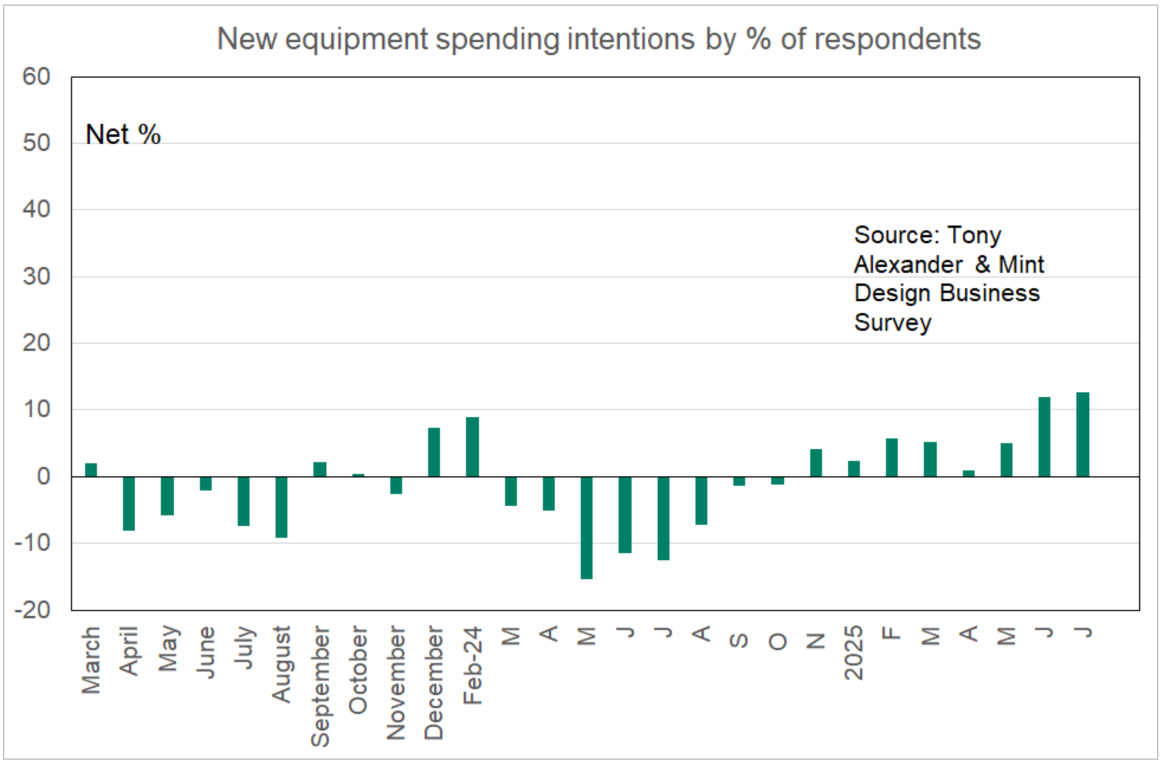
There is reported to be good demand for businesses to purchase outright. But those currently owning businesses are not showing an increasing willingness to sell. A small upward trend is in place for spending plans in the area of entering new markets. In other words, there is little evidence as yet that the anticipated 10% tariff on NZ goods going to the United States is leading to investigation of non-US markets.



Businesses overall still plan cutting stock levels. But this level of intentions is the lowest on record. That is interesting as it may suggest we have passed the peak in the decluttering phase of the inventory cycle. Again there is a good trend evident in business plans for spending on new plant and equipment. This is important for strengthening economic activity now and setting the stage for higher productivity down the track.

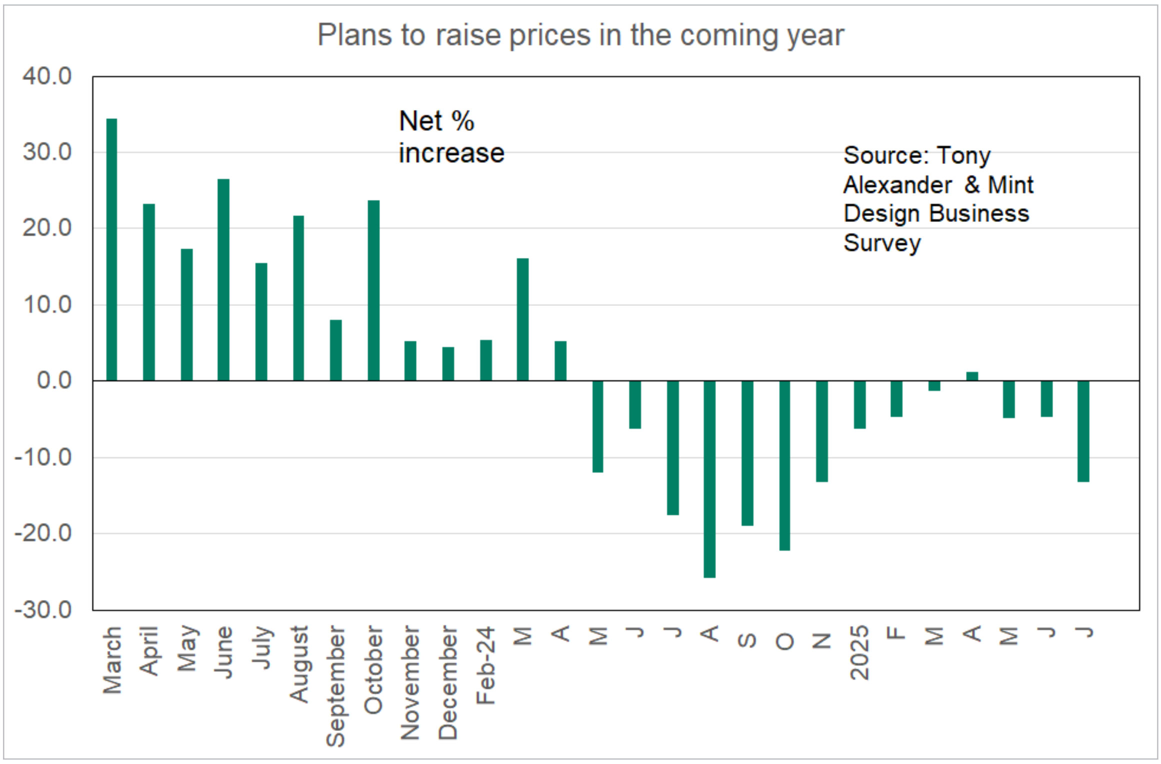


## Are you planning on increasing your prices for any of your products or services this year?

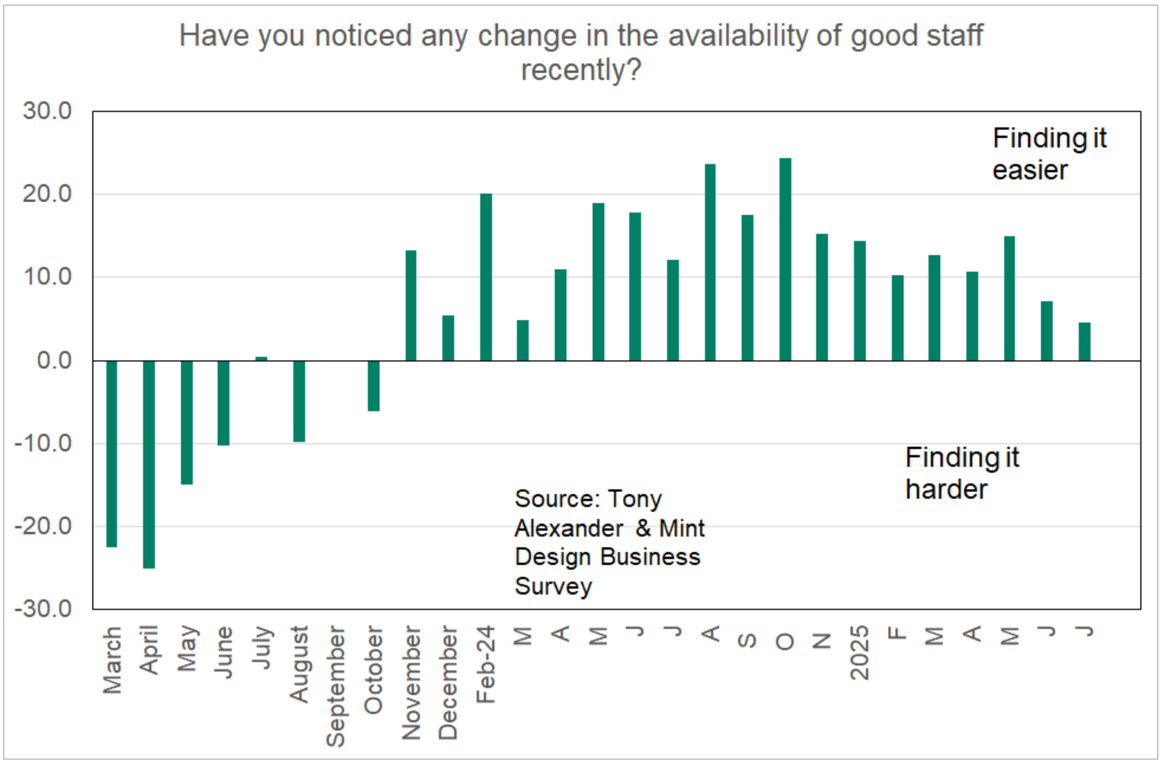
Between September last year and April of 2025 there was a rising trend in the net proportion of our business respondents saying that they were planning to raise their prices in the coming year. But since May that trend has reversed, going from a net 1% planning price rises in May to a net 13% now planning price cuts.

This is good news for the Reserve Bank as it attempts to keep inflation between 1% and 3%. The change in pricing plans may reflect some deterioration in sentiment about the strength of the economy in the near future and therefore the ability to raise prices without a strong customer response.



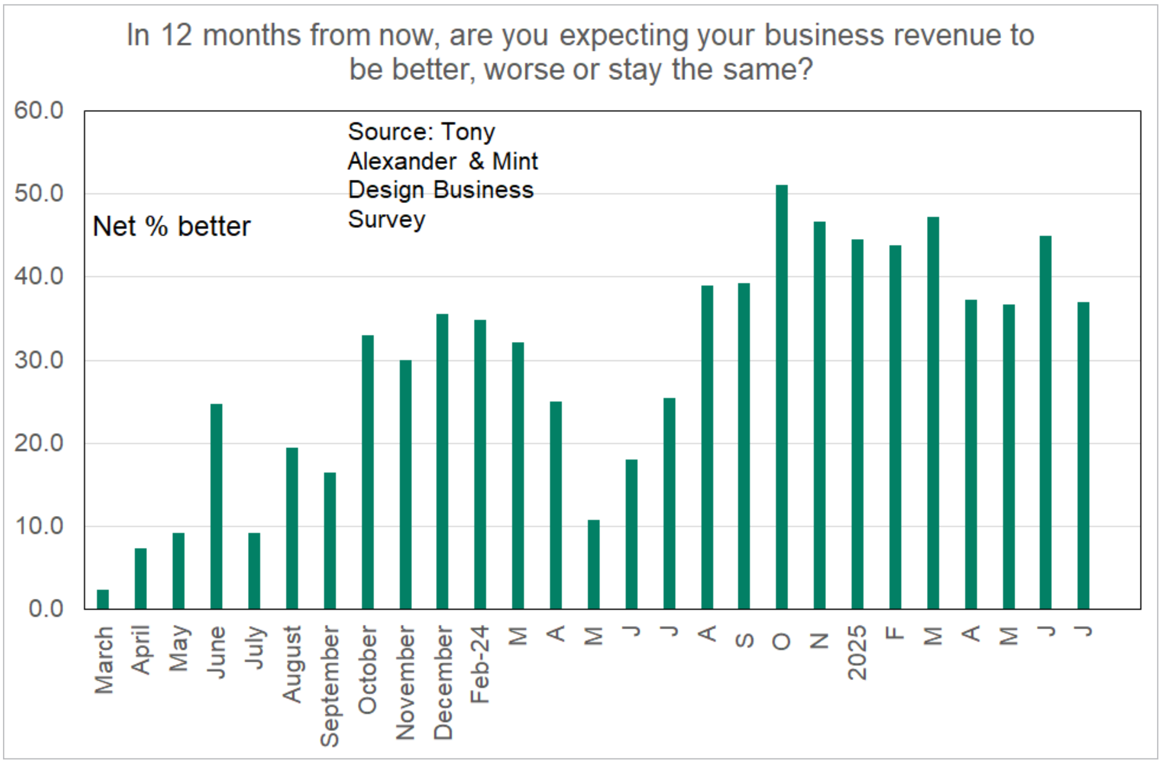
## Have you noticed any change in the availability of good staff recently?

A net 5% of businesses have reported that it is currently easy to find good staff. This is a slight tightening from a net 7% a month ago and 15% in May. What this tells us is that despite a deterioration in hopes for the strength of the economy this year, the labour market is not moving in favour of employers. This may be because of the loss of skilled people offshore, especially to Australia.



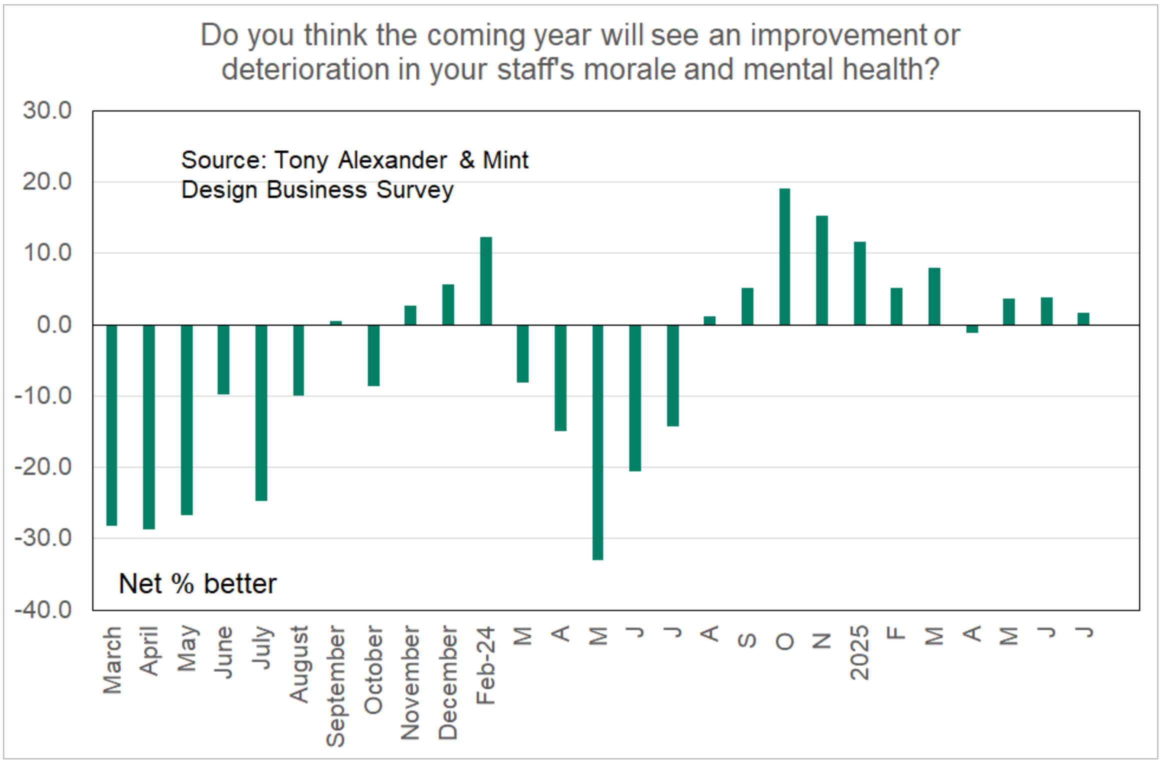
## In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

A net 37% of businesses expect their revenue to improve in the coming 12 months. This is down from a net 45% a month ago but essentially the same as outcomes in April and May. A look at the graph here tells us that piercing through the month to month volatility there is a slight downward trend underway in revenue growth expectations though this trend is not particularly strong. Just as businesses had hopes last year of 2025 being a lot better, they now have hopes that 2026 will deliver even though 2025 has turned out to be a disappointment.



## Do you think the coming year will see an improvement or deterioration in your staff's morale and mental health?

Little change in staff morale is expected by businesses over the coming 12 months. Perhaps all we can say is that the situation is much better than when the economy was in recession around the middle of last year. But the grand hopes of better conditions from late in 2024 as interest rates fell have declined.



# Respondent Insights

Following are most of the comments submitted by survey respondents, grouped by the industry they allocated themselves to from a list of over 30 sectors. These are the tidied up comments of the respondents.

Main points which we are able to glean from these responses include the following.

- Negative comments dominate over positive ones with many businesses across most sectors struggling with customer flows.
- Operators in the residential real estate and construction sectors are mainly downbeat.
- There is notable weakness in the residential rentals sector with only scant evidence generally of fresh interest in purchasing properties for investment purposes.

## Accounting & business advisory services incl. business broking

- Businesses struggling to maintain income and margins with increasing overheads for insurance and wages.
- Absence of decision making stalling progress.
- Activity & demand has increased in recent months, however financing options (main bank & non-bank) remain challenging, especially if client has tax issues or any adverse trends in bank account conduct or loan repayment history.
- Lots of trades customers have little or no work – building civil contractors, plumbers etc. are all finding it difficult. Things are very quiet overall – location Auckland.
- Mindset is generally positive, and many believe they will see improvement soon. The frustration is the lack of ability to secure funding for any growth aspirations. So, many projects are being funded out of cashflow.
- The need to invest in AI.
- A general loss of confidence. Focus on shorter term tactical measures to ensure survivability.
- Good active people are getting work. It has never been more important to have a positive mindset, and being service led.
- Skilled labour shortage, low staff morale/culture.
- Again speaking from the perspective as a business advisor we are seeing businesses really struggling. The investment boost scheme was only ever going to assist big businesses, not small to medium businesses (unless they were already planning on buying new assets). Small to medium businesses don't have cash to invest in capital assets and banks aren't coming to the party. Yes, finance companies have stepped in, but the interest cost makes debt repayment levels unsustainable for many businesses. Business owners need strategic planning to increase revenue / how to add value because value is what is going to make them more desirable to their competitors. They shouldn't start undercutting their competitors in the marketplace, because then it's just a race to the bottom for them all.
- Other firms trying to poach our staff. Getting debt down.
- There is a clear stress for most (but not all) of my tradie clients. A lot of property investors are starting to wonder if it's a better use of their equity to invest into a managed fund. In our own industry big 4 retrenchment has meant senior level staff are getting easier to find.
- Lack of confidence in the future and emigration of bright young people. Concern over ability of Government to make good decisions.
- We have a steady flow of new clients above the normal and no apparent reason. Times are becoming tougher for a lot of clients as old big contracts are not being replaced.
- The key issue is the lack of quality listings... but this just may be starting to turn the corner. We have plenty of buyer demand, but we need the opportunities to present to them.
- Downturn in sales and profit. The general public is really struggling financially
- Service providers should find it easier to provide them over time, but the varying levels of regulation only ever seem to make it increasingly complicated and time consuming.
- Margins decreasing whilst a steady increase in the product costs
- More businesses struggling. Slow payments impacting cashflow.
- Clients are looking for ways to increase business income e.g. increase client base through diversity of business. Other clients are selling up and getting out of business all together.
- Business broking – Very quiet at the moment. Notably so with the level of phone calls and email traffic.
- Business Broking – Still patchy economically in the Waikato, depending on the sector you're operating in

## Advertising & marketing

- Client inertia continues. Significant implications on cashflow.
- A few older existing clients are starting to spend money on advertising. It has been quiet for 2 years. Something has changed.

## Banking and Finance

- The organisation is undergoing restructures in multiple teams currently. While my role appears 'safe' we are losing many years of experience and many people who have been the 'go to' people for their knowledge and skills are facing uncertainty. The communication of this has been poor and briskly rolled out.

- Large amounts of negativity and concern about employment
- Recession holding back capex, Regulatory & taxation overreach.

### Cafes, bars, and restaurants

- Sales getting softer. Some isolated amazing days but offset with bad days. Can the Auckland Council please get the beggars and homeless off our prized streets.
- Our landlord is the only reason we are still in business. They have drastically reduced our rent. We can't thank them enough really. COGs have increased by 5% and we can't really raise the prices of our slices etc because the customers are still struggling. Next year?
- Things are getting better, and we are again growing same store sales.

### Civil construction/infrastructure

- Price cutting reducing margins
- After managing through the difficult economic conditions over the past few years, we have finally come to a point where our low level of revenue has become unsustainable and we are not making any profit, so we have had to make staff cuts and reduce working hours to manage through to until things pick up. We are hopeful that this will be 2026!
- AI adoption and implementation is a big driver of change. Sector changes driven by central government continue to impact workloads and forward work.

### Commercial construction

- Failure to launch and get going, stagnant and struggling, lack of tenders and projects.
- The green shoots are slow in growing and 2025 will be another tough year.
- Australian businesses are entering the market
- Electrical Contractor: Slow pick up of work, especially of larger projects coming to market. Others in industry still complaining of losing good staff to Australia.
- We are in the Commercial Architecture sector; workflow is up and down at the moment. Some months are busy, and others are quiet, but we are managing through right now. In terms of staff we are in a holding pattern. Definitely know of firms that are struggling out there.
- Static work demand.
- In over 40 years as a supplier/subcontractor in the Auckland construction sector I have never seen such a quiet market. There are definite signs of an increase in activity next year. We are taking advantage of the slowdown to initiate various ways to increase market share and increase our efficiency and service levels.
- The weather is having a big impact on people's mental health. Also it's very hard to make decisions as the market an economy is very unpredictable at the moment. There is no sense of urgency at the moment. I cannot see the market changing very much in the next 12 months unless the government allow more people to take residency in NZ. It is going to take a lot more than an interest reduction to get the country going.
- Lack of confidence to invest in face of significant regulatory change & economic uncertainty.

### Commercial real estate

- As shopping centre owners, our tenants' turnover is increasing, we are working hard to be lucky.
- Continuing compliance cost increases coupled with a negative press view of our sector.
- Shortage of tenants for commercial real estate.
- Very slow recovery. Some green shoots starting to happen, but there is still a lot of pain going on with most commercial business tenants running very skinny to zero margins and even some quality businesses needing rent and/or OPEX relief to stay on their feet. The market could have certainly done with another 25 basis point drop in the OCR, rather than being left on hold as many businesses are only hanging on by the skin of their teeth.
- Complete stagnation.
- Some tenants are struggling financially, and we are doing all that we can to help them.
- A few bargains coming to market, but getting tenants is the sticking point.

### Education and training

- Childcare – Our business aims to capitalise on the rising cost of living, as stay-at-home mums need to return part-time to the workforce. However they need to be able to earn more than we charge to make it worthwhile. Thus we are always interested in wage increases, productivity growth, and we currently see a bit of a stasis. Thus we have customers/leads who sit on the fence and can't/won't commit as the financials don't "quite" work.
- Fear of job security and cost of living is driving more couples to not seek childcare services.
- I have noticed and recorded a small upturn in enquires for our services in the past month.
- People with money are still spending just fine.
- Lack of spending by customers on training, holding back to see if there are any improvements in general, not using this time to upgrade or upskill either people or equipment. Waiting on the political landscape to move.
- Lack of new business due to the businesses we deal with doing it hard as well.
- Increase in international students has enabled us to hold revenue and get back toward pre-COVID levels. Decrease in domestic students due to government change in funding.
- Education – ECE. A steady decrease in government funding in real terms with a funding review underway to simplify a complex system. Concern is that the government's funding review is unlikely to increase the available funds, instead it is likely to be redistributed in new and novel ways, increasing sector uncertainty.

- Education sector needs a kick up the arse
- Clients are looking for genuine quality of care and personnel. ECE
- Rapid change in education policy.

### Energy

- Margins getting squeezed. Pay increases not enough for staff. Staff leaving for AUS.
- Trying to keep business running as well as before.

### Engineering

- No confidence from end users, which feeds all the way up to the importer. Constant delays in shipping doesn't help.
- Engineering consultant in residential construction. It's been very quiet for some time with no new house design jobs in the last few months. There is not much in the forecast workload, and I don't see any signs of improvement in the near future.
- Large projects/shovel ready projects are painfully slow to get going. I am seriously looking at opening a branch in Australia as my engineering/construction flow is just not available here
- Some green shoots, but this could just be a bounce from 3 terrible months. Tentatively hoping for a steady slow improvement across the remaining year.

### Farming & farming services

- Aquaculture – Slow government response to promised changes re RMA etc, every new proposal tied up in red tape and the courts, need to hurry along the fast track changes.
- High input costs. Hoping for better returns.
- Pure focus on profit margin at expense of everything else.
- Horticulture (Kiwifruit) riding high, key issues are what to do with cash, debt reduction, further investment in automation as industry continues to grow
- Steady growth in the wool industry but vulnerable to external politics and a precarious world situation means a lot of the economies just sit on their hands waiting.
- Solid workflow with new customers requesting work done. Work load increasing.
- Dairy Farming is looking very positive, but dark clouds are starting to emerge.
- Horticulture – Economic Darwinism – We are observing consolidation with smaller players retiring/leaving the industry. Local market demand in hospitality trade is lifting. Real feel of economy is stronger than media is reporting.

### Financial advice/wealth management

- From a Fund Manager perspective, Financial Advisers around NZ remain at capacity, many have little to no time to work on their business as they are so busy working in their business servicing their clients. Providing efficient processes/technology is critical to helping these businesses manage their workload.
- As asset managers our focus is on domestic and offshore economic and geopolitical impacts on investment performance and domestic growth.
- Investors reluctant to purchase rental properties because unstable marketplace.
- Very negative business confidence, cash flow issues, lack of decision making.
- Funds Management – Little momentum out there but lots of uncertainty in the market around the state of the economy and the direction in which the country is going.

### Health

- The need for increased revenue
- More lay-offs. More difficult to find jobs
- Raw basic costs continue to rise
- Pessimism
- Our main clients are government agencies; they are all looking to reduce where they can.
- Cost cutting removal of staff extras such as morning teas staff events reduced training.
- Clients are valuing our specialised eyecare services

### Information technology

- Fear and uncertainty in the world causing businesses to hold fire on making decisions and doing new things
- Keeping cash tight, only wanting to spend on the must haves.
- General mood of clients is still down and lack of willingness to start new projects.
- Uncertainty about the impact of AI is significant. My productivity has increased which makes me wonder how future work will change with new positive new opportunities and the negative of staff reductions due to productivity gains
- Some pickup in certain export related areas. Flat or decreasing in local.
- Mostly we see customers (businesses) starting to spend again after deferring works over the past 18 months – they realise that they have survived and now need to move on. But we are seeing price being a bigger factor than before and we are being challenged by customers on price – looking to maximise value.
- Geopolitical pressures pushing prices of goods sourced up
- Things are still very slow. Small pickup in inbound sales enquiry but not much converting or customers slow to decide.
- Govt projects starting off again with some momentum
- Seeing an increase in interest from govt depts – our software increases staff productivity analysis, and they seem more interested in such analysis these days.

### Insurance

- Stiffer competition, regulation, climate change. Insurer nervousness about the uncertainties in the natural and economic world.
- Cost of living pressures influencing client decisions on retention of existing insurance products, or deferring the acquisition of new products.
- Reduction in premiums through competition along with values insured due to valuations and inventory levels. Business closings. All against an increase in natural hazards like flooding.
- Customers wanting to maximise claims without justification & slow to pay.

### Legal

- There is activity across a number of sectors, but it is a little muted in the property conveyancing area
- Too emphatic a focus on cost reduction
- A lack of customer demand

### Manufacturing (all categories)

- People are just not buying.
- NZ Market dead, export strong. Whales available to be chased, but most whales swim slowly.
- Lots of quote requests, but little action being taken. General economic confidence is very low – worst in 40 years.
- Finally beginning to see decent improvements in revenue and pipeline. Small customer failure a concern still however as some never really caught up after covid.
- Steady as she goes.
- Still some market uncertainty, Clients who have the cash appear to be comfortable to keep it in the bank and are cautious regarding investments into big ticket items like infrastructure.
- A hell of a lot of hard work for very little return again this year... its not easy out there.
- People are holding onto their money or cutting costs so looking for more affordable options.
- Weak demand from all sectors. Government treading water
- Our customers are really struggling. Winning one decent job can be the difference for them between an OK month and a terrible month.
- Everyone I talk to in the industry all say it is bad out there and can't see any improvement.
- Going through the mind-shift from 'holding on until the market changes' to accepting that today's market environment is our now our normal operating environment.
- There is an ever widening divide between employees at management level and employees at operator level.
- Two parts to our business. The part reliant on tourism, inbound & outbound, is looking encouraging. The part the supplies retailers is okay but there's no growth and consumers are clearly continuing to do it tough. It's fine to talk about the high prices our food exports are getting overseas but these same high prices aren't doing anything to help the budgets & confidence of Kiwis here in NZ
- Still very tough – seeing a small increase in work but still a lot of uncertainty in the market.
- We are slowly see a lift in general business sentiment.
- Margins getting squeezed.
- Retailers are running out of financial breath; the government is mistaking it as a growing economy. We are moving our sales and location focus offshore to governments who are globally forward thinking.
- Demand has been increasing since Feb, particularly in the agricultural sector. Hard to find decent staff who show up consistently and don't use their 10 days of sick leave just because they can.

### Miscellaneous

- Arts and recreation – We have increased our weekly rates and have seen no decrease in sign ups to the gym. Focus on quality over quantity and people will join us. The restaurant next door is quiet, my thinking is people see a gym as a better option – value over a long time, compared to a meal which is a moment in time. The exodus of younger members is still there, but settled down. I think the 2 year OE will be replaced by the 5 to 7 years live overseas, and return to NZ for aging family members.
- Body Corporate Management – The constant increases in needless compliance requirements are increasing costs with little or usually no value to clients. This country is holding itself back so badly and it is a very frustrating place to do business.
- Building Consultancy Professional Services – No, limited, cancelled and or delayed decisions to invest in residential building development wasted time and cost pricing same for nil return.
- Caravan Sales – Consumer sentiment is an issue
- Commercial rentals/investment – Shortage of commercial businesses needing long term rental space.
- Direct to business consumables – More trying to sell into it
- Distribution – Pumps, motors, aquatics & filtration – Lots of green shoots but they need to turn into actual projects then cash. It's been an incredibly tough 18 months. Everyone is knackered.
- Equipment Hire – Business is starting to tick upwards. More enquiries are incoming and generally people are starting to sound more positive about the future in the industry
- Franchise sales and support – Surge in people wanting to have a better lifestyle through small business ownership
- Industrial plant and machinery supply and installation – NZ market fell off a cliff around Easter, worst situation since the business started in 2005, concentrating my time now

on Australia as NZ's small market has so many obstacles presently. NZ compliance is hitting new highs, worse than Aus; seem the consultants and H&S staff are franticly trying to find work to do, (to appear busy perhaps).

- Market Research – Continued shrinking of the business
- Miscellaneous – Customers are very price sensitive. I have been careful about price increases knowing this but even with a price increase of $1, I had a customer mention it yesterday because her husband is worried about the price increase. It's going to be hard for businesses to recover, let alone grow, if the consumer is so worried about any price increase. We can't continue to provide services when our own overheads are increasing all the time. I'm particularly aggrieved at insurance and rates increases.
- Miscellaneous – Business is currently very good however in 9-12 months cannot see any new business. That is a concern.
- Supplier to bookbinding and stationary producers – Customers lack confidence. Sales much lower expected over the next 12months.
- Veterinary pharmaceuticals – Increasing consolidation with veterinary clinics, increasing competition.

### Mortgage broking/advisory

- First Home buyers are still in the market. Banks are slow to process due to volumes of applications. Interest rate fluctuations are quick to affect market.
- Over supply of stock; low sales; falling prices
- They may think inflation is high… word on the street is not the same
- No confidence in property market with many sitting on their hands, the expected upturn in 2025 hasn't happened and clients thinking it will take a lot longer likely into 27.
- Too much red tape, move faster to remove esp. banking regs, still too many hangovers from CCCFA

### Motor vehicle sales/parts

- People not spending money on their cars unless they really have too, and insurance owned repair hubs, with there own rules
- Customer inconsistency. One week we are busy, the next week dead. Speaking to others in our Industry, They are experiencing the same patterns at similar times. We have tried to uncover the leavers that could be causing the enquiry fluctuation, but we are struggling to do so. The other main issue we have, is that costs have increased over the past 24 months, and margins decreased, due to a slow market and other dealers dropping prices and we are having to meet the market.
- Continued low demand & lower revenue
- There seems to be restrained growth but not a lot of confidence.
- We're not getting the positivity flow on from the OCR drops this year compared to previous years. Even our solid customers are slowing down their rebooking for repair jobs. Margins still tight and big suppliers are not providing any healthy trade costs (even though they've had record profits). The big suppliers also seem reluctant to look after us as I suspect they reorient towards retail to meet the market. Nationwide parts inventory still low, forcing us to go offshore (infrequent but required) – much rather spend in NZ than overseas! Feeling the trade is still in Winter and not expecting the financial sun to peek through until mid 26.
- We are seeing a rapid change in customers buying habits as our sectors been opened to increased competition which has squeezed our margins and reduced our volume of sales.

### Property valuation

- Good demand for our products/services. Price undercutting by competitors is eroding profitability.
- Very slow, 'GFC' like levels of demand. Risks from geopolitics and the local economy.
- As a rental property owner I am at present trying to sell on a depressed market in Pukekohe. the valuations are falling monthly and the threat of falling rents and shortage of quality tenants. I want out and stay out. I am looking at my own home in Pakuranga as well, property as far as investment goes is a loser. Will put funds into balanced fund running at 9.4% after fees rolling 12 month average. Rental showing about 2% return after costs and tax. If co governance comes in I'm off to Brisbane to live with son.
- Recent legislation changes in our sector have improved overall enquiry volume resulting in increased gross turnover.

### Recruitment

- Indecision – clients altering briefs during hiring process and candidates changing their minds. Increased focus on benefits (e.g. particularly insurances), Very tough market – many clients hiring directly to avoid agency fees.
- Lack of reliability and resilience of those looking for jobs. Job availability not matching the skills available and job seekers not adaptable.
- Still no confidence in the overall construction and engineering sectors. If I hear the word "green shoots" one more time I will throw up. It might change Q3 or Q4 or late Q1 next year, it's so hard to tell. Some Architects are hiring again so that is a good sign but its just very slow and tedious. Rest assured the candidate driven market will come back with vengeance into 2026.
- Our work in recruiting high end engineering and IT professionals is reliant on market sector business confidence and major capital projects, both are still too scarce for comfort.
- There are some green shoots, but they are surrounded by business that are struggling and or cash poor looking to cut costs.

### Residential construction incl. section development

- Architect – I see more homeowners seeking to renovate in Christchurch City, and less completing new builds in the boundary townships i.e. Rolleston, Rangiora. We are particularly focused on the renovation market of $50k – $200k and testing the market's appetite to commit quickly to projects of this size.
- Electrical contractor – Local market is slowing.
- Land Surveying & Land Development – Auckland is a stagnant market for land development & subdivision. People are not doing anything because of the cost to build, holding costs waiting for Council to process things, lack of return when they sell (if they can) and the slow property market in general.
- Growing confidence in the residential construction sector. Cashed up developers are buying more land and preparing to build come 2026 & beyond.
- Building industry hasn't been this bad since 1989, no positive sign for construction/ residential and commercial for rest of year.
- Increasing confidence everywhere. Effects of cheaper interest rates starting to be felt. Expect by the end of summer for things to be ticking along nicely and back to normal (what ever that is these days).
- New build demand has dropped off the cliff. Pricing highly competitive amongst Group Home builders, many potential clients shopping around for cheapest price. Builders are coming to a cashflow crunch.
- Concrete and earthworks: hard to find and retain labourers for concrete work. Still having to get on the tools at 61. Have about 2 weeks work ahead of us, a couple of years ago, we would have 2 months work ahead of us.
- Overall tightening of the market with demand slowing. Certainly not like other parts of the country (we are in Queenstown) but noticeably slower than previous years.
- Enquiry is lifting, people are just going to have to get on with projects now.
- We specialise in the design + build of mid-range alterations and extensions and our customer base is just not purchasing. While we have some good projects on at the moment, we are becoming increasingly concerned about our forward work, particularly what we will be doing in 2026. No one if committing to moving forward with their projects. Our phones are ringing, but its all cold calls from suppliers and people looking for work. We are not seeing any 'green shoots' and believe it's because we are Auckland based so the farming-led recovery has not spread to the city yet.
- Demand for residential construction (particularly new dwellings) has increased significantly in the last two months. Keep it coming!
- Scaling back this 20yo+ business (architecture) that was good to 1-2 days a week as demand has gone, can't see it coming back until 2027/2028. starting another unrelated full time business in a different field. after 3 years, I've had enough of waiting.
- Customers holding back, waiting for better times.
- Construction remains tough with many businesses pricing work at zero margin or below. Makes it tough to win what work is out there but also concerns around how those companies will look in a year's time if the market picks up.
- Lack of urgency for customers to commit.
- A slight improvement in demand.
- Continuity. Too many companies chasing fewer work opportunities.
- Year ahead looks bad as finance is getting hard from private funders for large scale resi and banks not lending on bespoke houses – plus the election next year creates more uncertainty along with turmoil in America and Middle East – along with job lay offs in most sectors all adds up to a terrible time in resi market for the year ahead.
- Getting busier
- A slight increase of new plans/ drawings showing up.
- All our builders are now saying they have booked work for the year into next year. We a constantly getting good jobs to quote and getting more quotes across the line. Biggest change is the middle class are happy to proceed with projects again.
- Still an oversupply of residential houses. Low demand – the new normal based on consent data…
- A lot of subcontractors are commenting that this is the slowest they've ever been.
- New work a bit slow at the moment
- Client demand. Enquiries have increased significantly but people are very slow to sign build contracts.
- Still busy but can't see it lasting as there are no new house plans, I think supply has caught up with demand and just ticking along is possibly the new norm. Building has become very expensive. Suppliers have started increasing prices.
- Auckland Resi Construction / Bare Land hasn't come down in price to meet market condition, so new builds still costly when compared to existing homes, clients are not in a hurry, happy to wait until real-estate market show signs of recovery, so throughput taking longer than std, cash flow suffering as a result.
- Steady as she goes. No real growth or deterioration.
- Residential subdivisions – Modern existing homes offer better value compared to new construction particularly in the $1 million plus market segment. Our market is likely to remain slow through 2025 and hopefully slowly improve over 2026

### Residential real estate

- Property photography – Low amount of photography jobs coming through, increased competition undercutting prices, impact is likely to force business closure.
- I'm seeing more negativity, more toxic culture and infighting to get leads.
- Frustrating time to be in Real Estate in the Far North – our agents are working hard to get deals that often fall over on finance and building inspections. Moral is low as the money is not coming in for the time and effort put in.
- The upper end of the market in my area (real estate North Shore) has gone into hibernation. But pent up demand doesn't go away, it just gets deferred so when it eventually kicks off again sales volumes might rocket away.
- Increase in first home buyers. Increase in multi offers. Increase in unconditional offers!
- Increased competition with pricing and competition and hard to recruit good staff.
- Buyers very picky but then they have choice.
- Job uncertainty and the high cost of living is making many of our customers nervous to transact.
- Job uncertainty and the amount of money taken out of the system due to mortgage repayments is reflected in people looking to save or spend less where possible.
- I own and manage residential rentals in Wellington Central. My rents are steady, and I have no trouble finding and keeping tenants although my return on current value is dismally low. This is not the experience of fellow investors. One had a nice house in a nice inner city suburb vacant for five months which finally was let at half the previous rent. I fear that I will never be able to sell a rental to free up cash to retire other than at a fire sale price.
- We have noticed an increase in buyers in our area (Mangawhai). There has also been an increase in multi-offers and pre-auction offers in the Auckland area.
- Real Estate is slowly improving but too much stock on the market for any FOMO.
- At this present time I am seeing a lot of people struggling with obtaining finance to purchase, banks too slow Councils are taking the piss with red tape and charges. Basically the average kiwi is struggling, and a lot of low balling offers are coming across the table and vendors walking away from selling so will expect a lot of agents will look for other employment thus moonlighting.
- I work in residential sales. The market continues to be extremely tough, with buyers unwilling to commit & many sellers holding on to unrealistic expectations.
- Buyers have confidence to take the next step in purchasing real estate. There is still a lot of uncertainly in the marketplace and world events are also weighing on people's minds (negatively). "Hunker down" attitude and wait and see if things start looking on the up.
- Pre-purchase building inspections. Booming, cos everyone has to jump through all the hops to satisfy lenders, insurance providers etc...
- A very flaky market. Stop / start. Positive one minute, negative the next. Every time a politician opens their mouth the market pauses same applies to the woke media.
- Client Uncertainty and reluctance to make decisions no fear of missing out more fear of paying too much and something better in the wings.
- A lack of motivation in decision making on the part of Buyers... and there is actually no shortage of them at present.
- Asking prices a bit high for properties.
- While we are seeing steady interest from first home buyers, investors remain elusive. Banks are also tightening their lending criteria and taking longer to approve loans. Some negotiations are requiring more time and the price gap between buyer and seller is sometimes hard to close.
- Slow in movement. Buyers market stands. Stock is low in this season.
- Lack of confidence.
- There are lots of people moving across to Australia. People are cautious with their spending, shops have a lot of stock with some good sales around or shops have closed down. Fewer houses on the market especially good stock. Some first home buyers are concerned about job stability. Investors returning to the market if the price is right for them.
- Properties staying on the market longer, vendors needing to get more realistic with price expectation. If they did this sooner, they would sell sooner.
- May be an over supply of 2 bed properties.
- Uncertainty in the economic outlook is resulting in big decisions being deferred in business and in people's personal lives. People worry about a brain drain in NZ as the perception is our brightest need to move away for development opportunities or to be rewarded.
- It's a real struggle. Only consolation is everyone in our industry locally is doing it tough. Planning more spend on advertising to obtain new business for when market picks up.
- Would like to see more quality homes coming into the market over the next 3 months.

### Residential rentals/Investment

- Over supply of rentals in the Akld 2 bedroom townhouse/ unit market.
- Move to a positive mind set mode.
- A tough rental market with increased landlord anxiety.
- Quality tenants have gone to Australia and have been replaced by zero skill, zero equity immigrants.
- There is an oversupply of rental properties in Auckland, so vacancies are on the increase.

- As a residential property management business we are seeing a slowdown in letting with good tenants hard to find, and keeping our portfolio numbers steady is a challenge with owners increasingly looking to sell.
- Retaining customers through improvement of customer service.
- Letting is tough at present and worst in 20 years from my experience. We are dropping rents to re let and keep tenants which means our income also goes down. I would expect 2026 to be better and more settled.
- Residential Rental and Relocatable sleep-out rentals. Harder to find tenants, demand for relocatable sleepouts down. Tenants who have been regular payers in the past are missing payments and struggling to catch up again.
- Rental returns are lower as costs are increasing. Rates and Insurance are a real concern and keeping our existing tenants are paramount. We will increase rents by a small amount this year but just to get up to market value and not over.
- It's been a long five years to survive financially, and I have exhausted all my financial reserves. I am improvising and winging it the best I can. I hope I don't lose everything, including my home, due to RB and Government actions.
- Increased costs.
- The key aspect for us is the reduction in interest rates has significantly assisted our cashflow but it isn't uncommon for tenants to try and break fixed term leases and finding new tenants is difficult. With our commercial properties finding one particular tenant pushing harder than previously but this is a government backed tenant, so fiscal cutbacks are coming into play here.
- Rates, Insurance and Repair and Maintenance costs are increasing, relevant to revenue.
- People are poorer and willing but less able to pay.
- Lack of available tenants

## Retailing

- Food truck – Lower spend per customer.
- Mixed retail/b2b/manufacturing art glass – Glass Industry is down 10-25% just trying to hold onto good current staff. Just holding on waiting for confidence to return to the market.
- Business has just been super tough and every time we think we are coming out the other side something else hits us. We have never worked harder. It is hard to know what is going to be the toughest challenge in the year ahead.
- Shop lifting is on the increase, and this could impact staff morale.
- Over the past ten months, sales have declined by an average of 20%. At the same time, rising minimum wages and increasing overheads have significantly impacted our business model, forcing us to consider store closures and reductions in staffing levels. Both our in-store and online channels are affected. Overall profitability is down 40% from its peak.
- Reluctance for the middle class to spend any money.
- Demand levels slowly improving
- Lack of customer demand
- Economic uncertainty, both locally and globally is having a huge negative impact on consumer buying behaviour. They have simply stopped spending, with a massive decline in our revenue since January 2023. As our sector is highly competitive, we have seen competitors offering advertised discounts of 50% to try and win business (and we are having to do the same). We have restructured several times over the last 2 years to right size our business, but are only now breaking even. I have worked in this business for 22 years and year ended March 2025 is by far the worst financial result ever, far worse than the GFC.
- The situation for this period remains the same as previous periods – stagnant or decreasing demand, across wholesale and retail. It really does appear this government, who we voted for, is so far removed from what's really happening on the ground, and continues to gaslight NZ into thinking there are 'green shoots'.
- Customers first preference is to repair rather than replace. Customers deferring maintenance and extending the life cycle of products, only repairing or replacing equipment when absolutely necessary.
- General financial malaise.
- Apparel Retail, things remaining very hard at the moment – the big declines in Sales seem to have stopped, but any uptick in Sales levels from last year quickly washed away by the rain in the last few weeks.
- Very tiny improvement in spend on low value capital items. A small uptick in confidence but still concerns from customers about ongoing trading patterns ahead, the Trump effect, and global stability.
- International visitation is strong & we are forecasting another very profitable year.

## Shipping, transport, storage & distribution

- The economy is stuck in the mud – as is NZ Inc. and no real strategic leadership for NZ Inc. so no change anticipated. We have been here long enough to survive but I won't be investing further in my NZ business anytime soon.
- Soft demand primarily due to ongoing depressed civil construction.
- Import cargo are down by approx. 15-20%, export cargo is going well, in general volumes appear to be low throughout our industry.
- Pricing and service delivery are essential for consumer confidence and continuity.
- increasing prices purely for profit

### Tourism & accommodation

- Turnover down 15% on last year
- Pressure on margins (overhead increases as well as competitor cost cutting on some products) – continued low domestic demand – slight increase in international demand.
- Very flat on domestic tourism – very hard to survive with trading having been so bad for so long. Good international numbers but short season and don't offset the drop in domestic spending – weather has also killed latest school holiday trading so pretty grim outlook for rest of winter
- The absence of the previously predicted upturn in domestic customer demand. We were told 'survive till 25', then it was 'survive through 25', now it's 'we're in the shit till 26'
- Tourism numbers have not recovered since COVID – despite what the government is saying we know in our region Southern Lakes – this is not true.
- Over supply with new operators (new builds) and ex-emergency housing providers coming back online combined with the free reign give to Air B&B operators seeing a massive explosion in homes becoming available for short term rental somewhat driven by the difficulty now in finding good tenants. Also – landlords still increasing rents to recoup covid losses despite the market difficulty and little justification for the increases (i.e. no landlords work/maintenance completed). Makes commercial accommodation far less profitable – especially when compared to 10 years ago.
- Oversupply of hotels in Auckland market and no major events in 2026. Global uncertainty leading to lack of recovery from key markets – US and China.
- Low demand due to constrained incomes and confidence amongst working people fed by rapacious central and local government bureaucrats sucking the life out of the economy.

### Wholesale

- Uncertainty in economy – weak housing market in volume and pricing leading to consumers having an aversion to spend – weakening demand – uncertain local political direction and global impact on tariffs and ongoing conflicts – a large shit sandwich.
- Lower demand. Temu? Retailers struggling which directly affects us.

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