MintHC

Business Insights

Businesses depressed about the current economy

with Tony Alexander

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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. 399 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

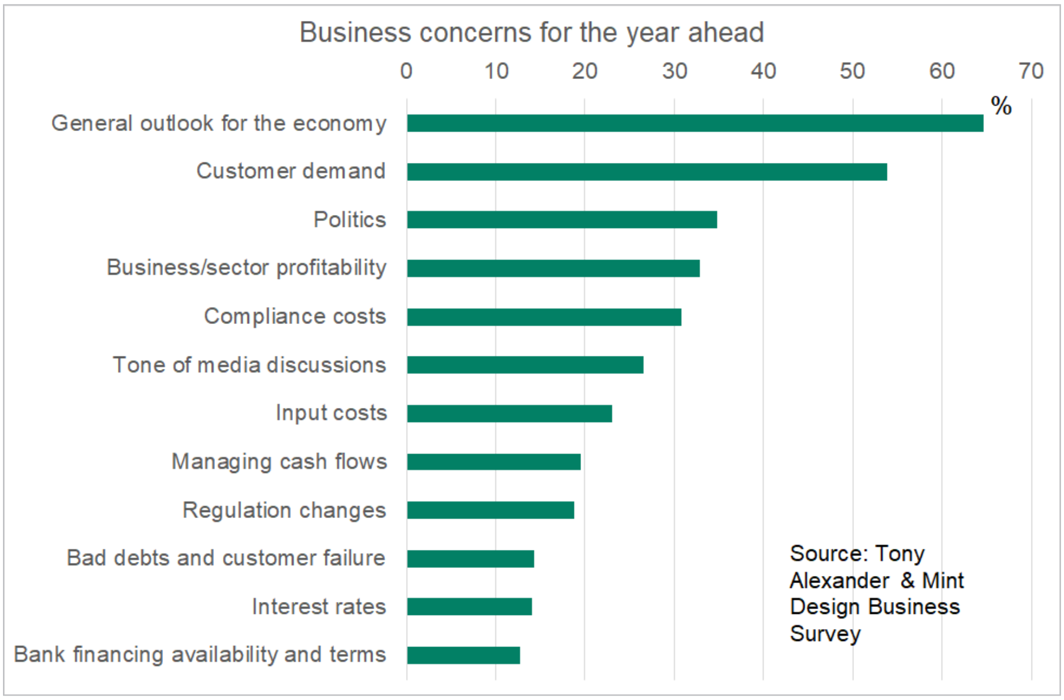
- While businesses are hopeful of better customer flows in 2026, they are deeply concerned about the current weak state of the economy and the political climate. Many are fearful of a change in government next year.
- Business concerns that supply chains might be disrupted by global tariff changes have fallen away this month.
- The net proportion of businesses worried about their supply chains has dropped away, perhaps reflecting the lack as yet of any obviously strong impacts from the hikes in US tariff rates.

Tony Alexander
Independent Economist

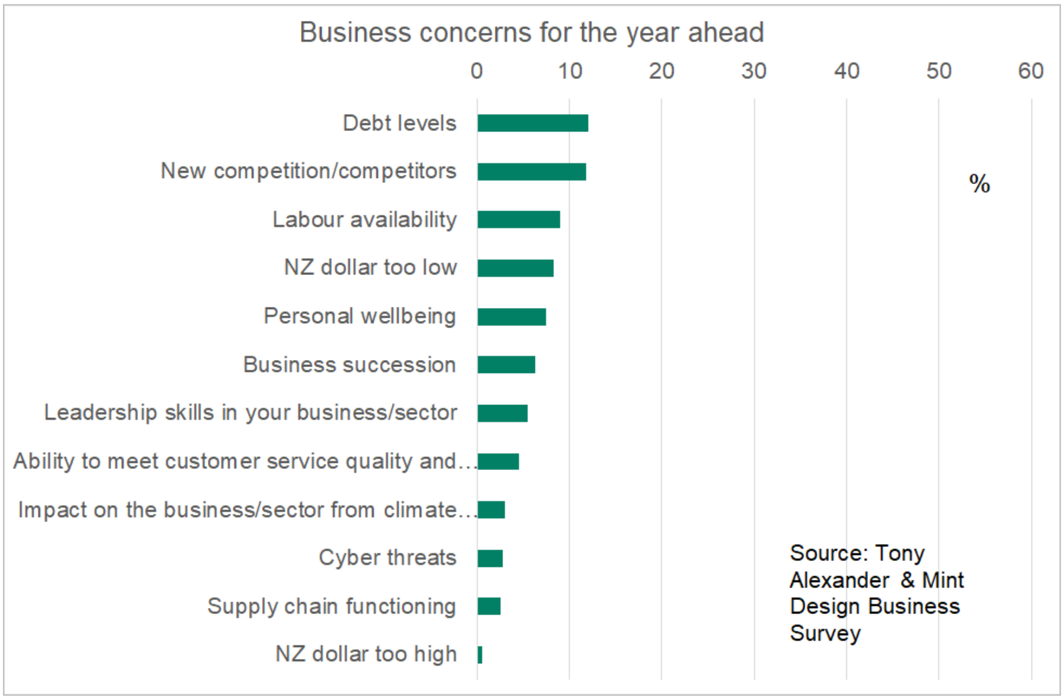
What concerns you most for the year ahead?

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 the two areas which usually rank highly, customer demand and the state of the economy, plus this time around politics.

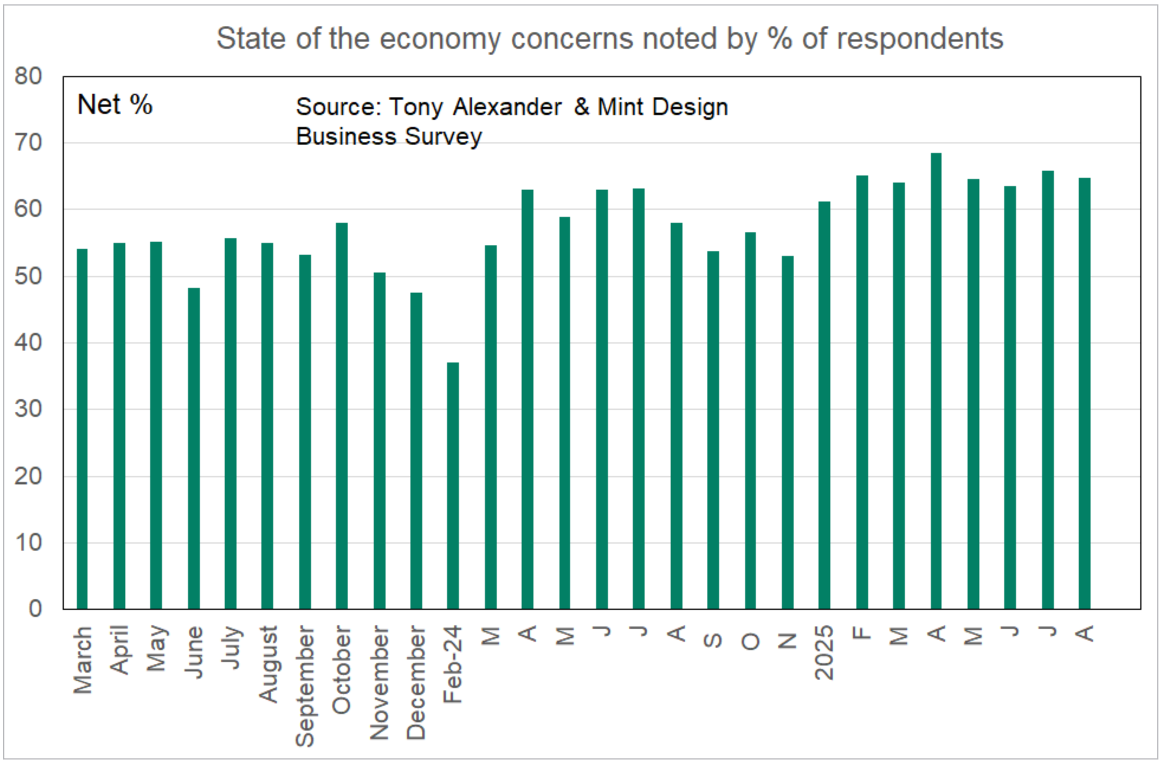


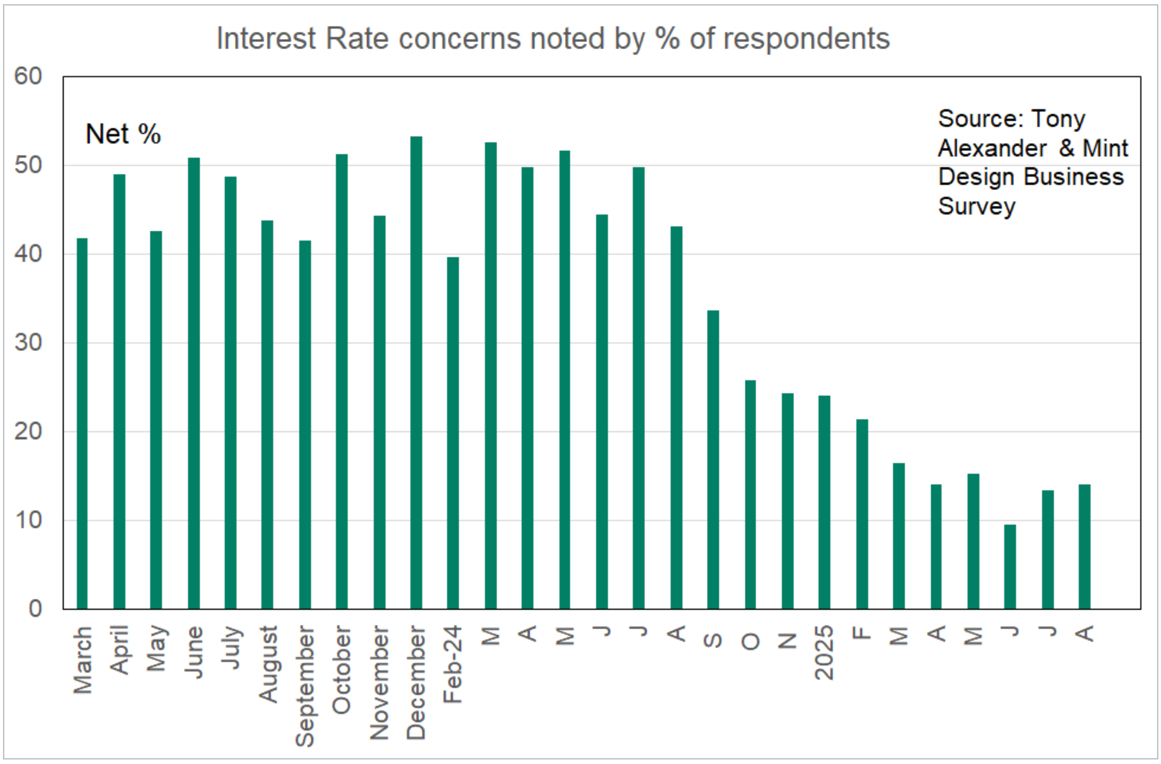
Few businesses feel the Kiwi dollar is too high while more consider it to be too low – possibly reflecting concerns about input costs.



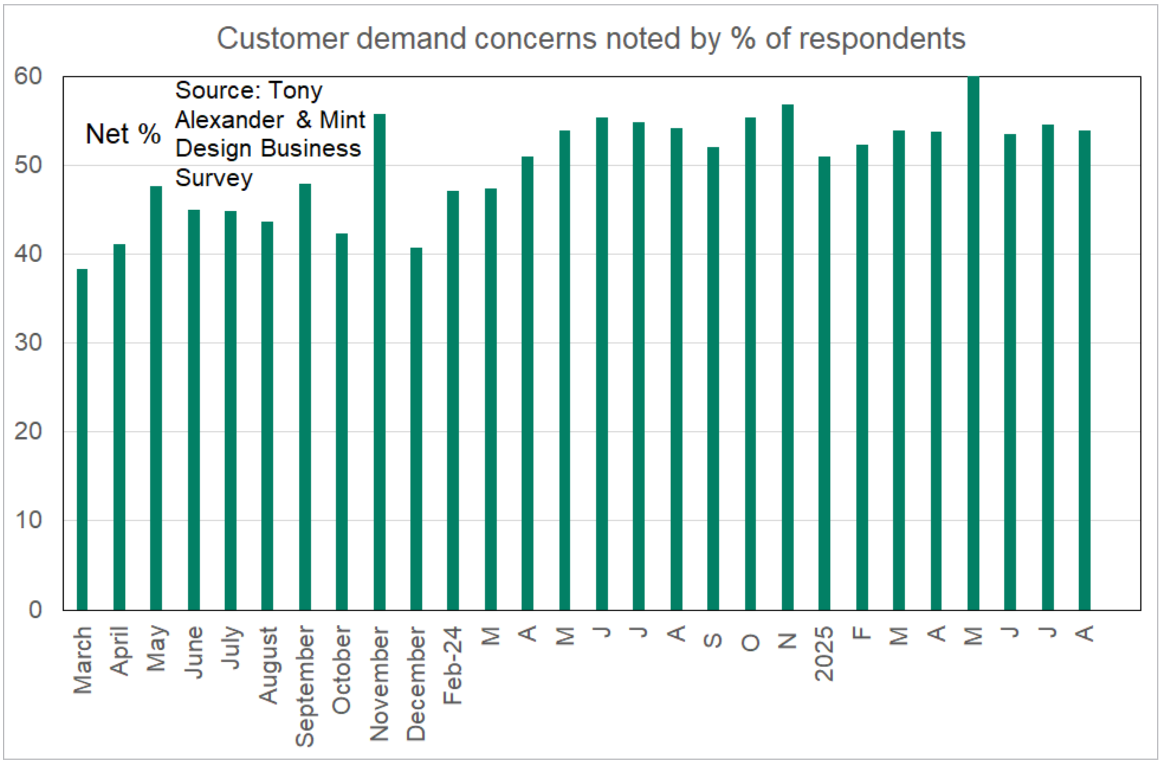
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

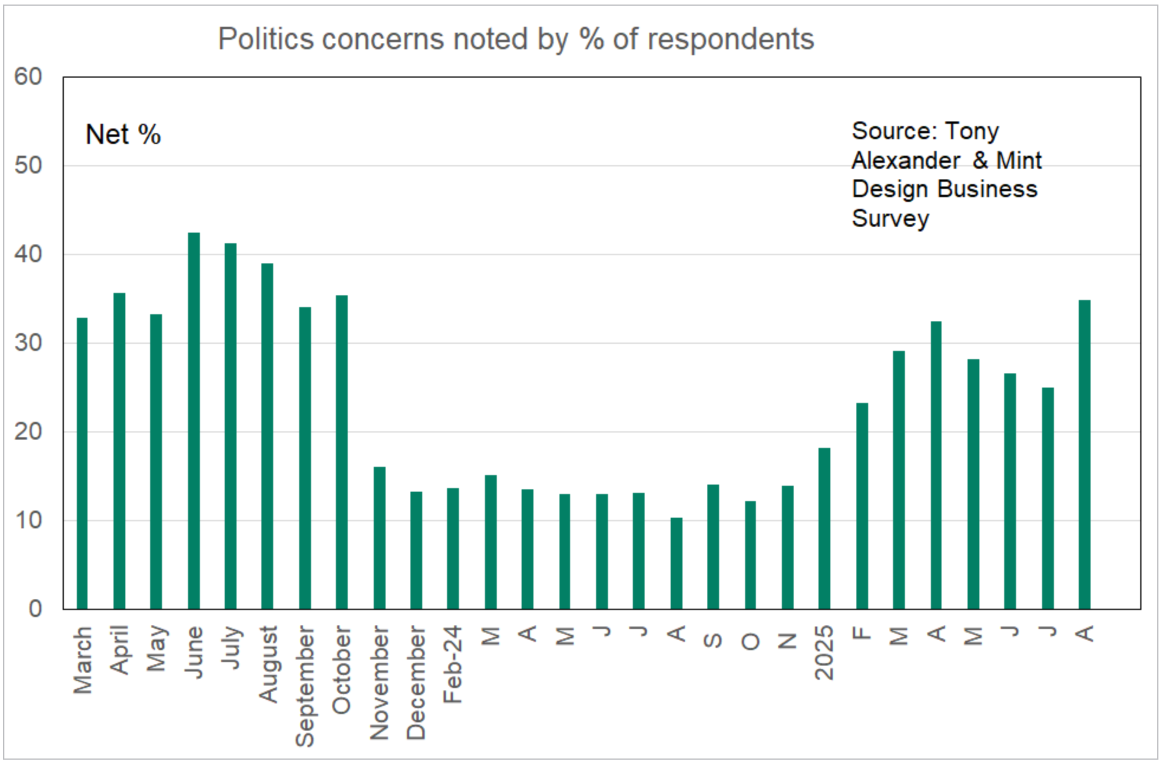
Concerns about the state of the economy have yet to decline. Interest rate worries bottomed out in June but have risen slightly since then. This might reflect some low confidence that extra cuts will be meaningful in size.



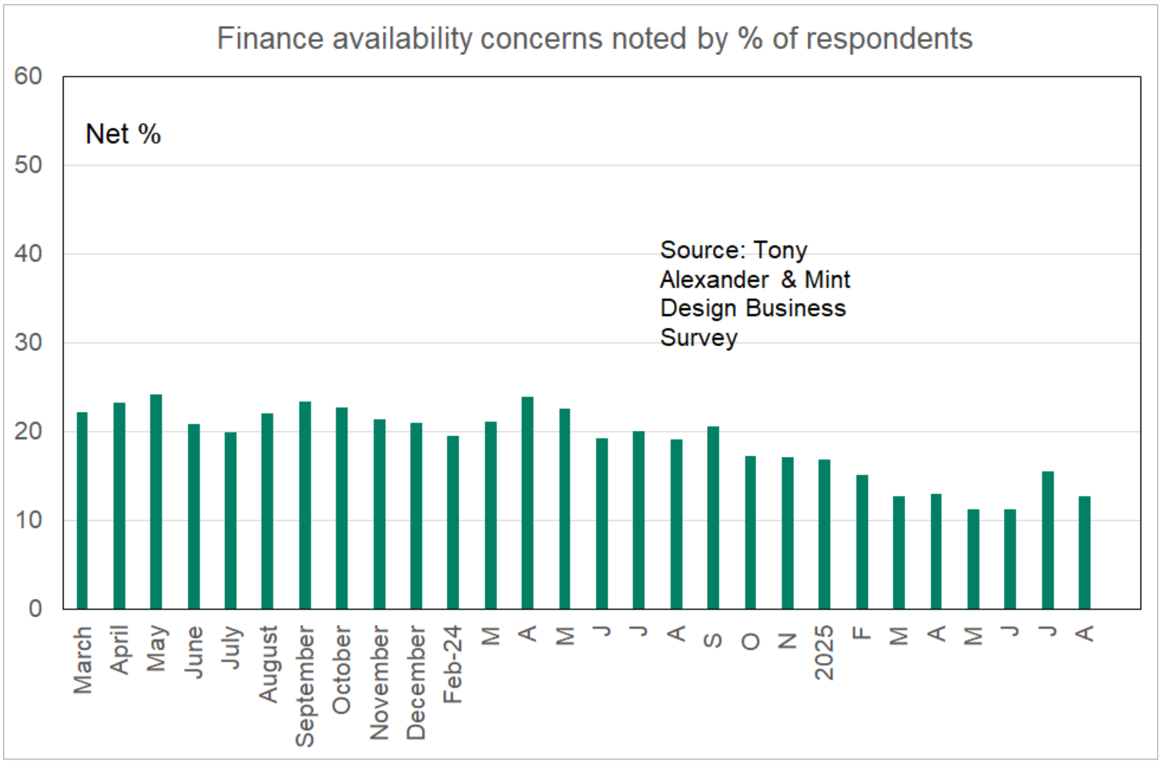


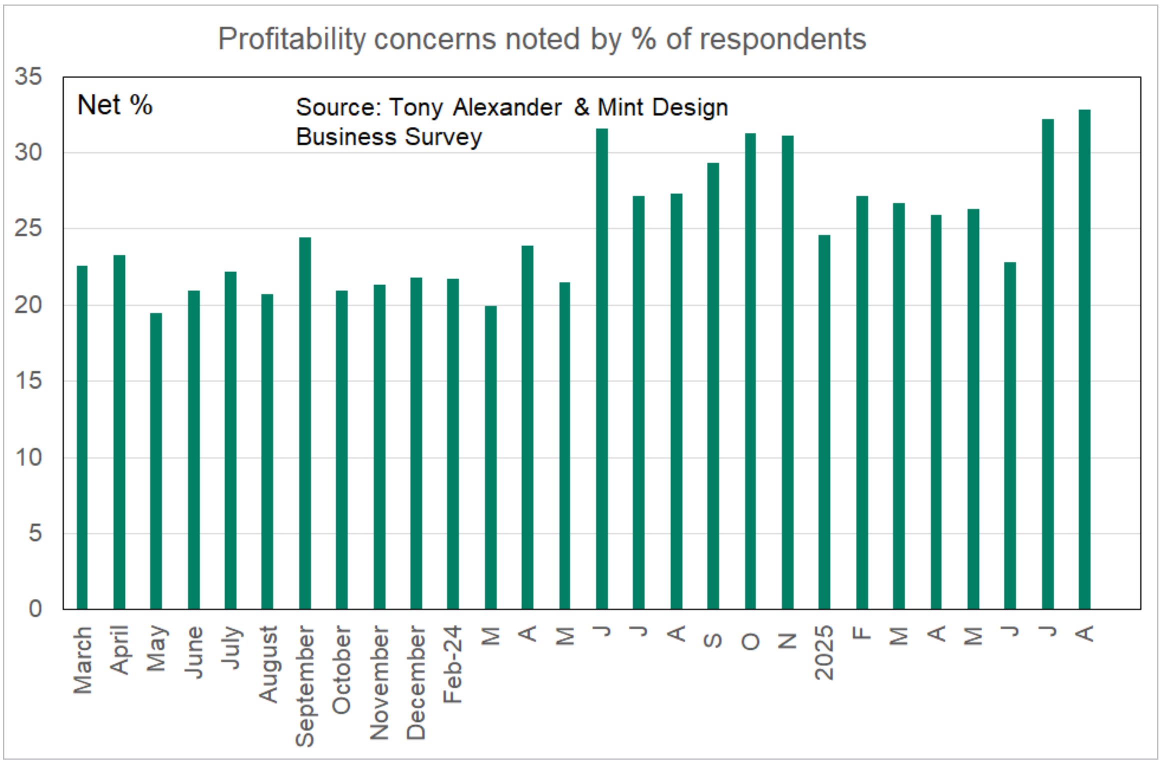
Concerns about the level of demand from customers rose early in 2024 and have yet to decline. This month there has been a sharp rise in the net proportion of businesses saying that they are concerned about the state of politics in the country. This concern is made clear in the section of our survey where respondents can volunteer some comments. Many such comments were weeded out from the list below however because they did not yield specific insight into conditions in the sector the respondent operates in.



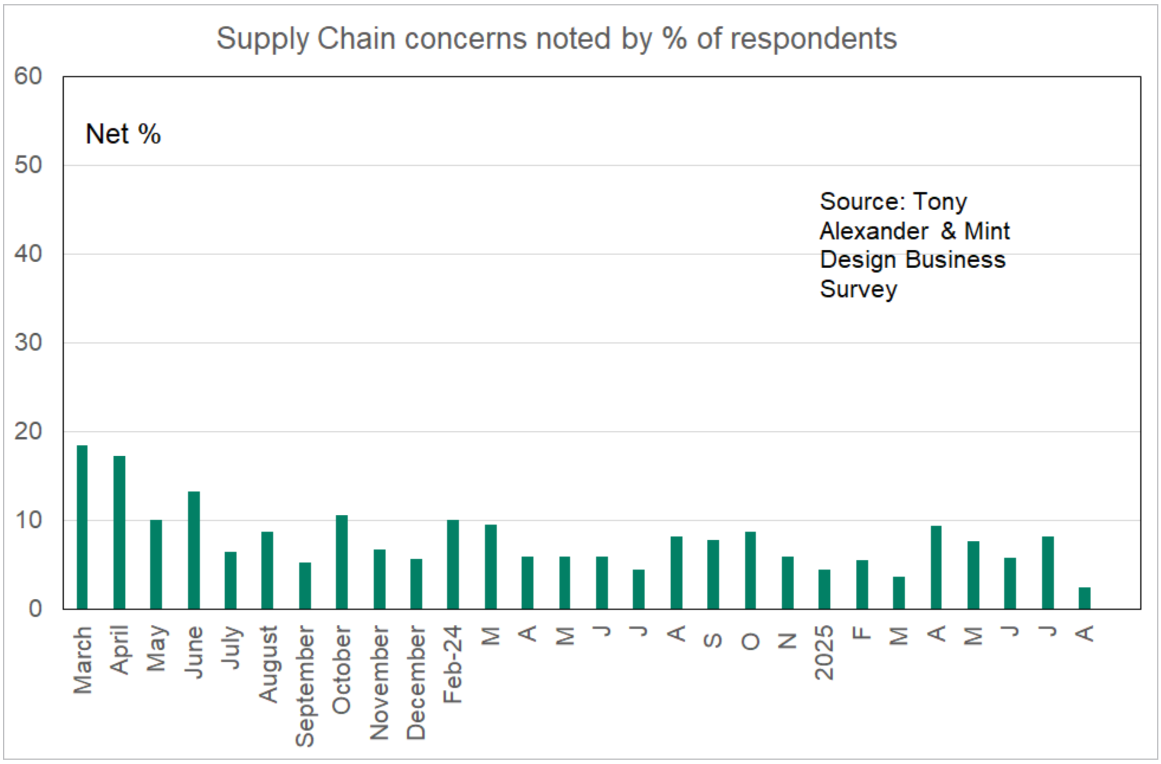


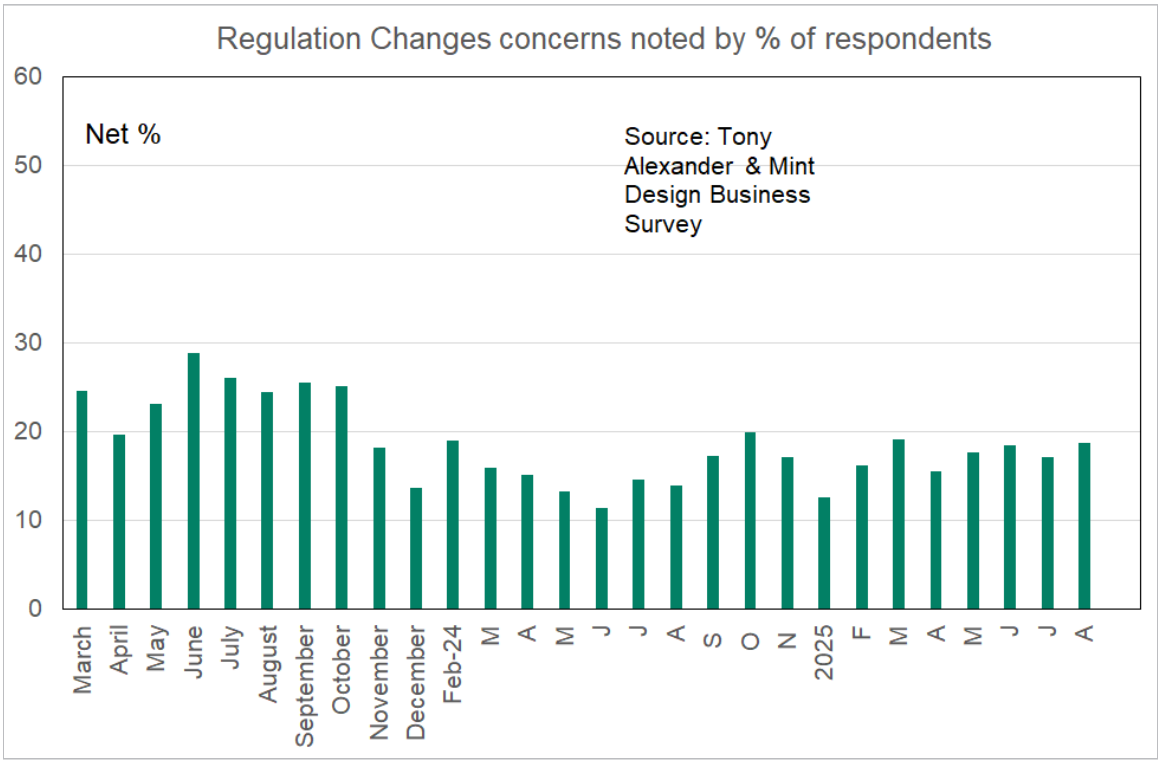
The net proportion of businesses expressing concern about the availability of finance has crept up over the past two months. But these rises pale into insignificance beside the sharp increase in worries about profitability.



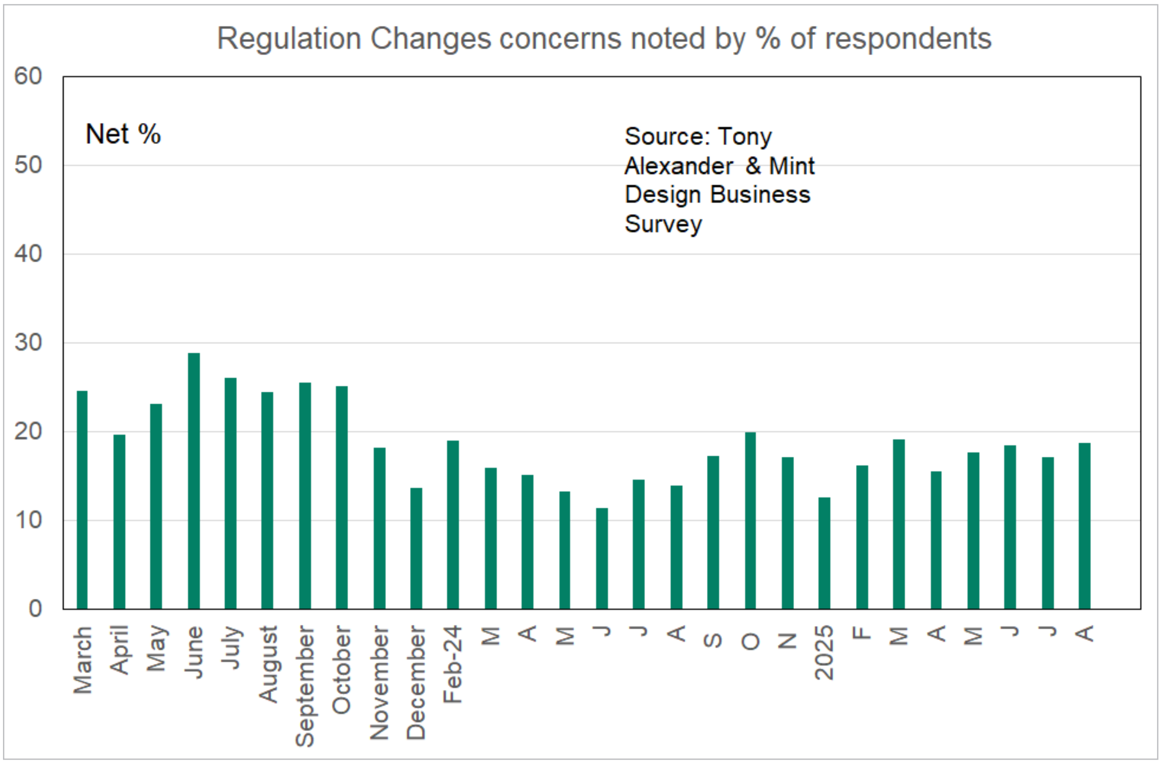


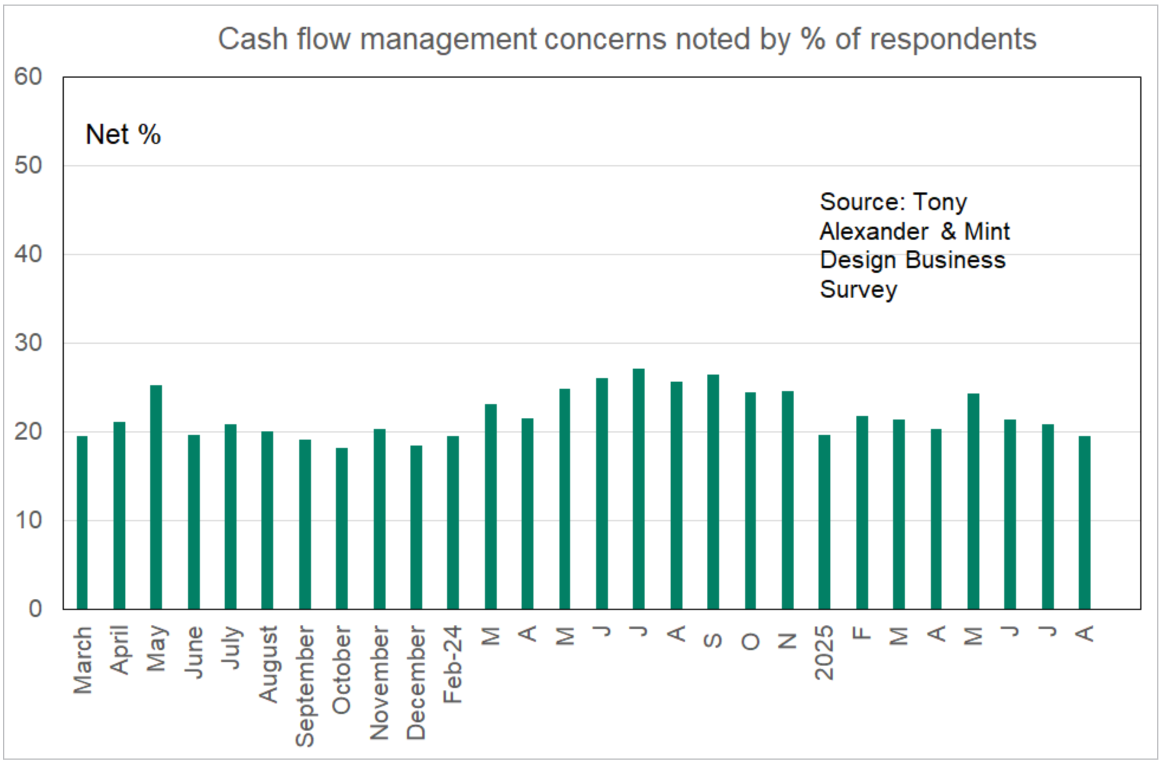
Despite earlier concerns about the impact of tariffs, the net percentage of respondents worried about the functioning of their supply chains has fallen away this month. No fresh concerns about regulations are apparent.



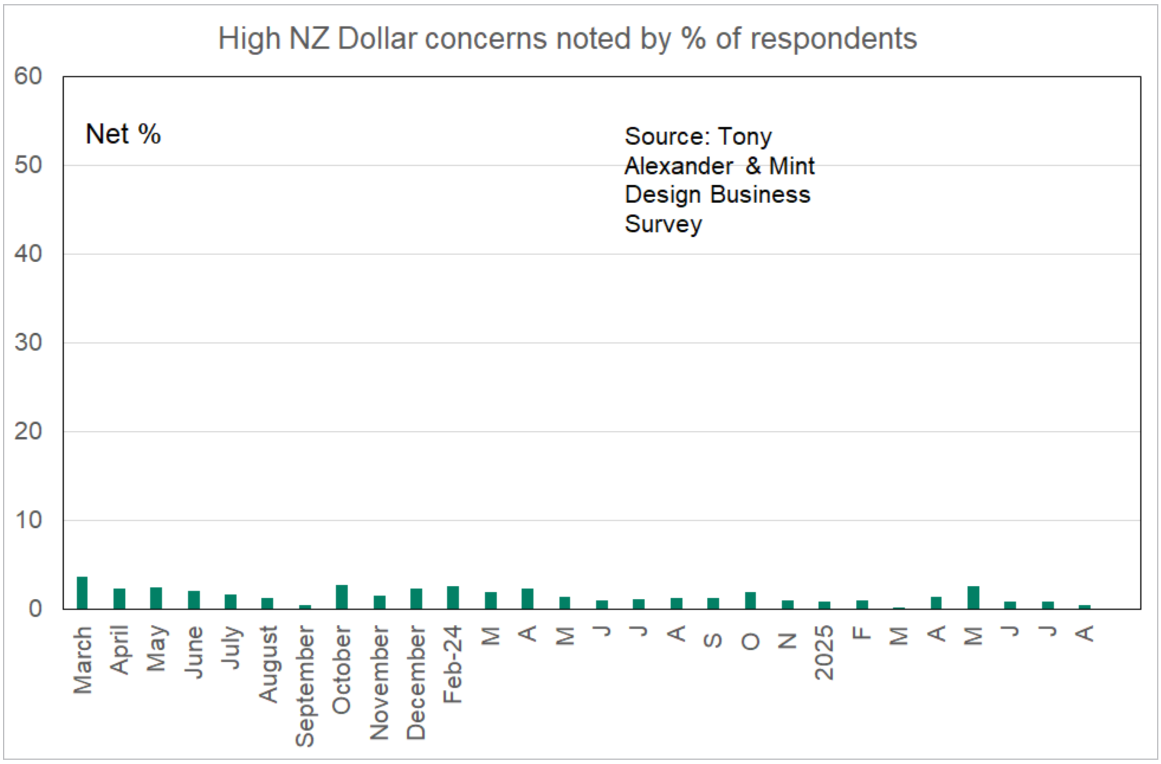


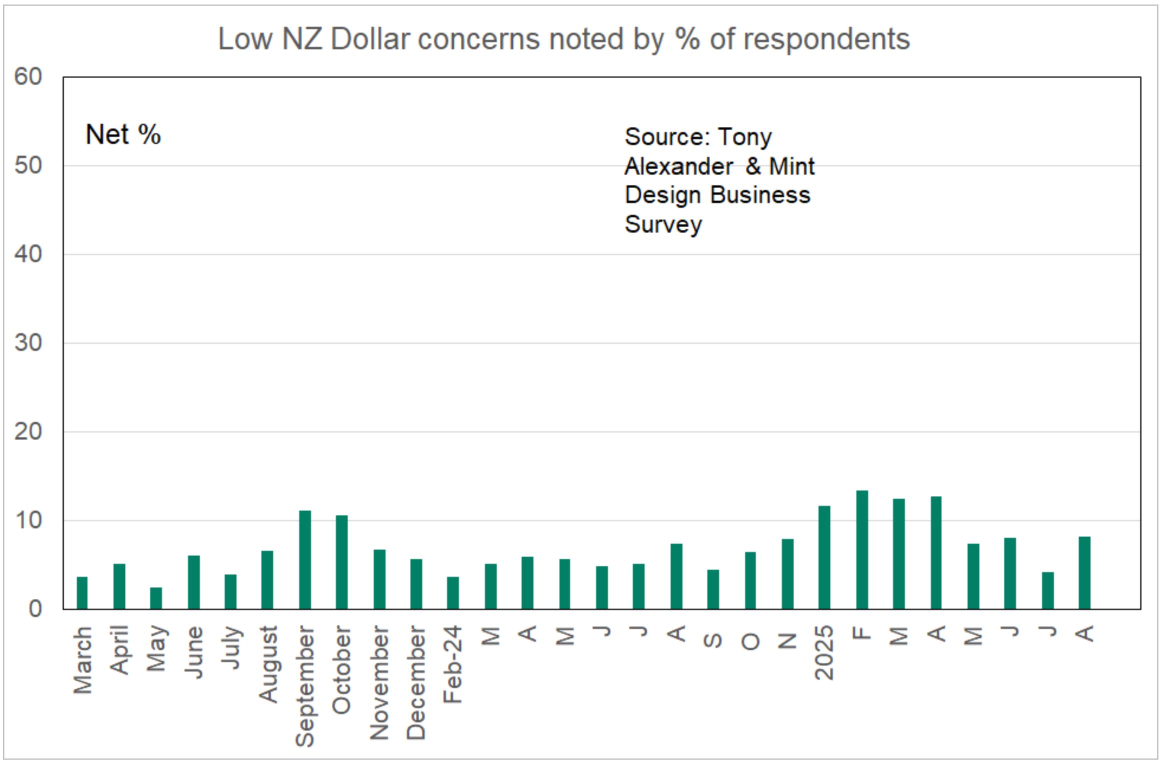
There is a slow and mild upward trend in the net proportion of businesses worried about their input costs. But despite this, concerns about cash flows are not rising.





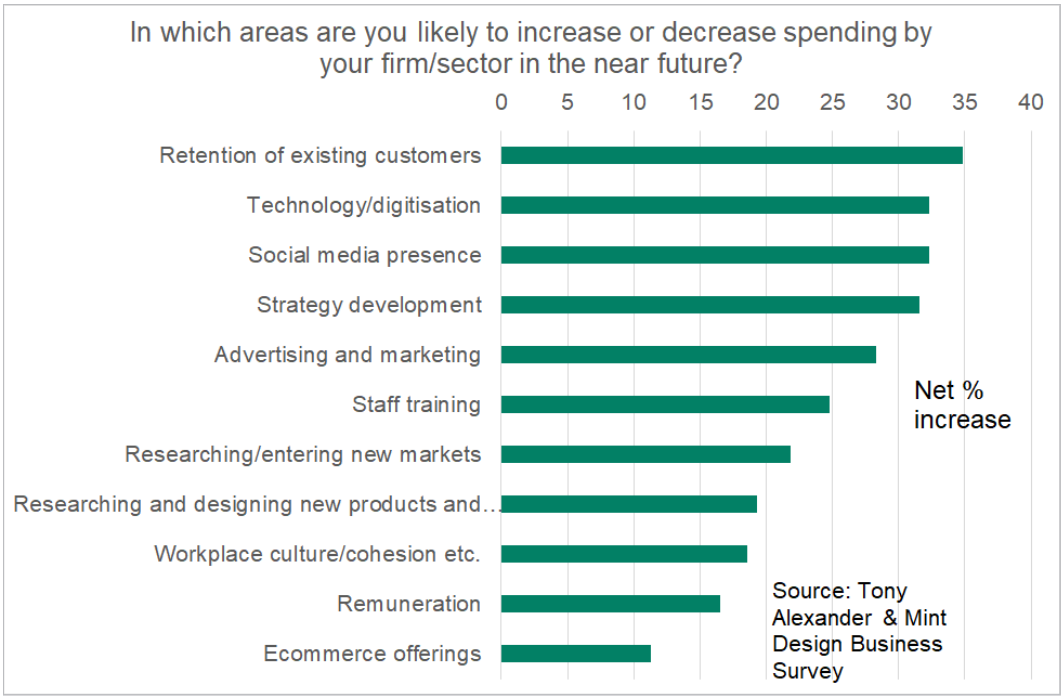
Very few businesses are concerned that the NZD is too high but a few more have concerns that the currency is too low. These low levels of concern are likely to persist while the Kiwi dollar remains relatively steady as it has done against the US dollar since early-2023.



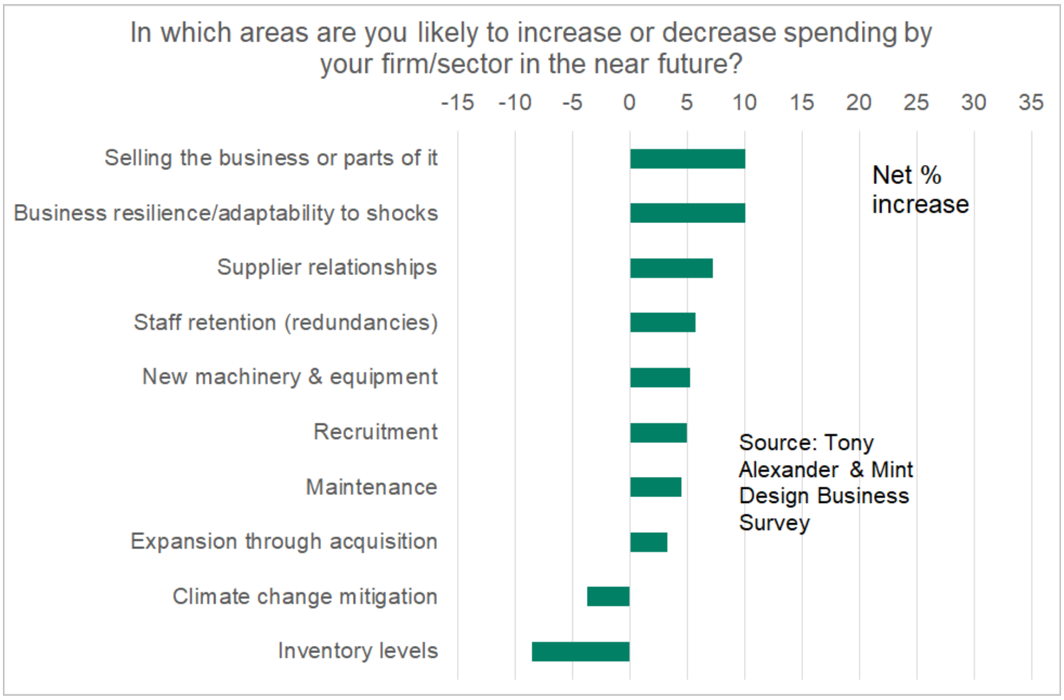


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

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 top areas of spending intentions are retaining existing customers, investment in new technologies and digitisation, plus presence on social media.

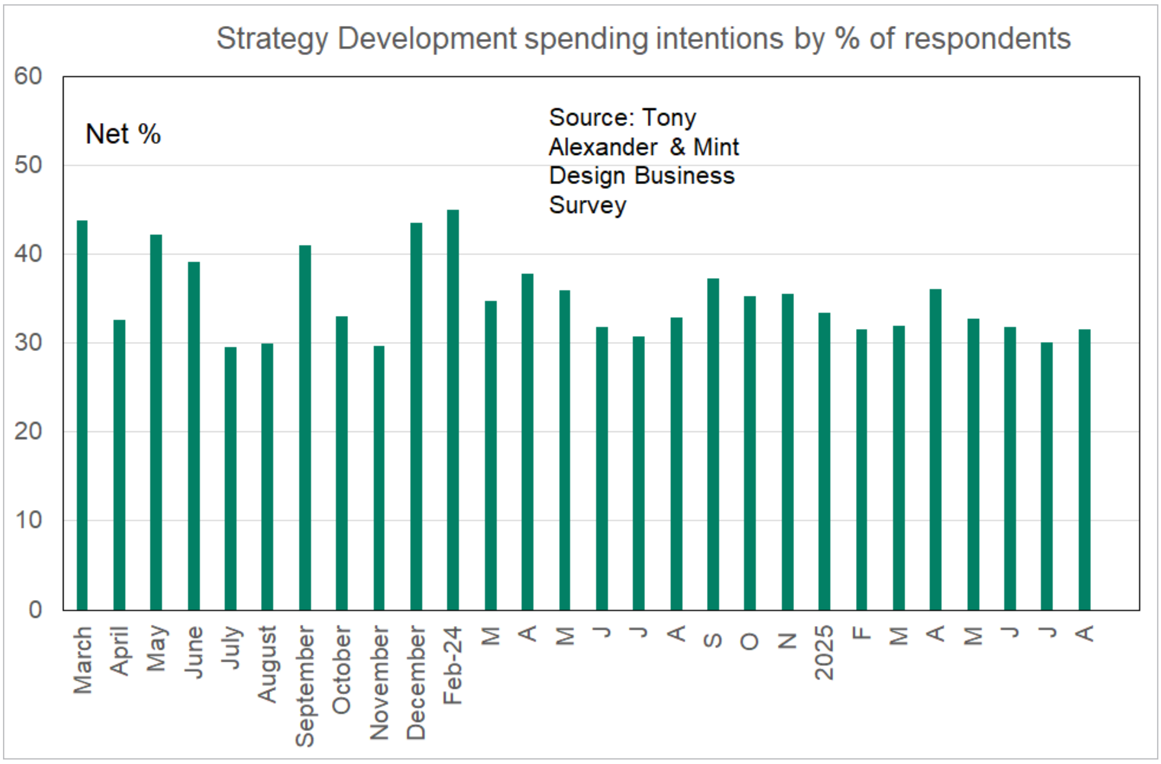


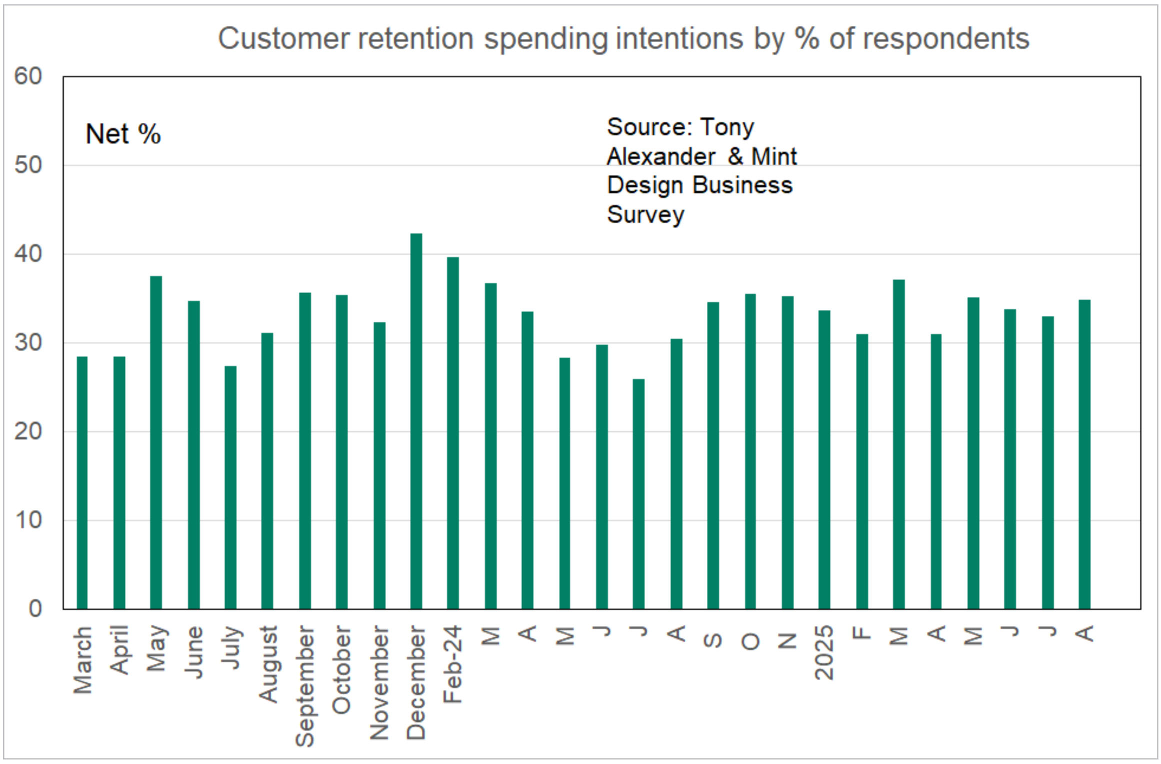
Spending on issues related to climate change is well off the business radar, and desires are still firm for reducing inventory levels.



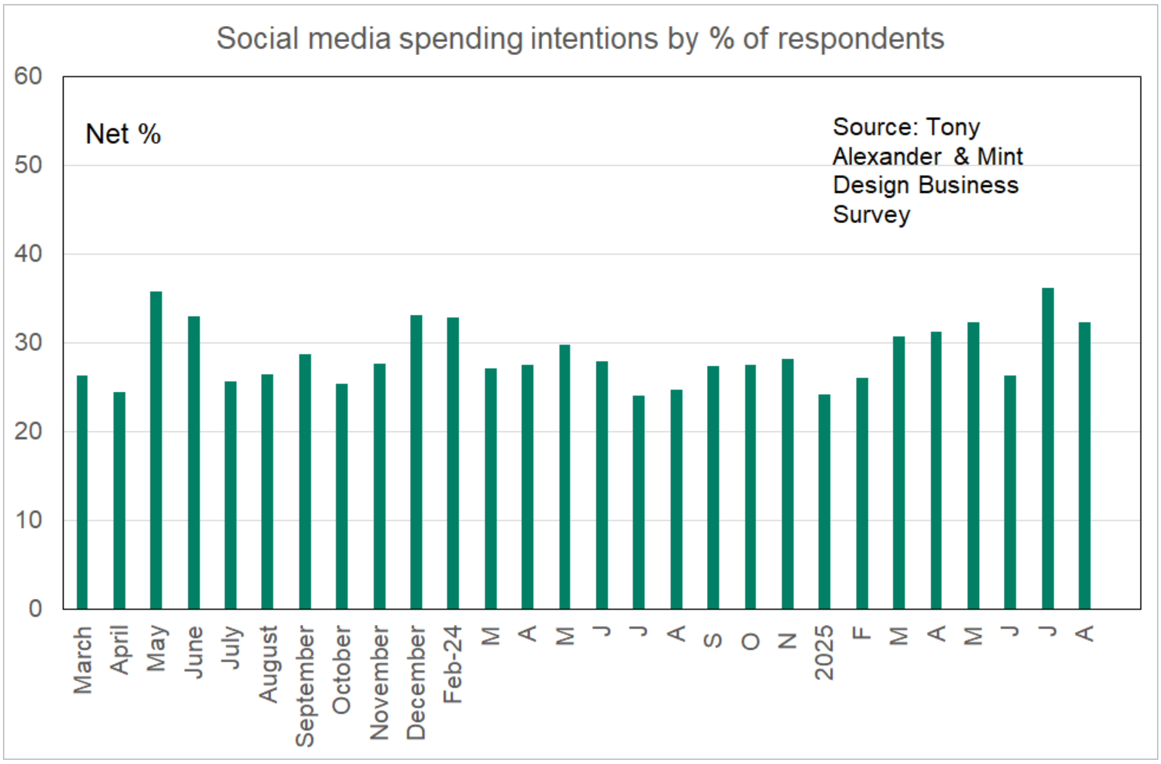
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

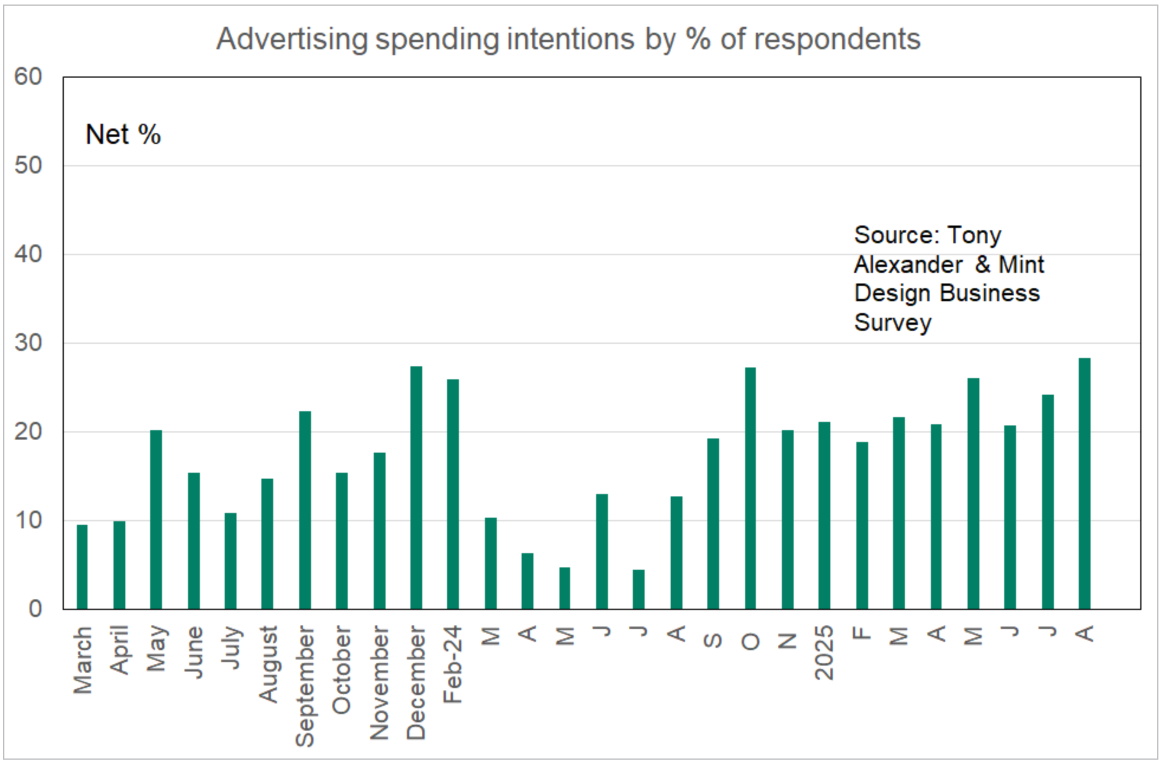
As ever the development of one's business strategy remains a strong focus, as does customer retention.



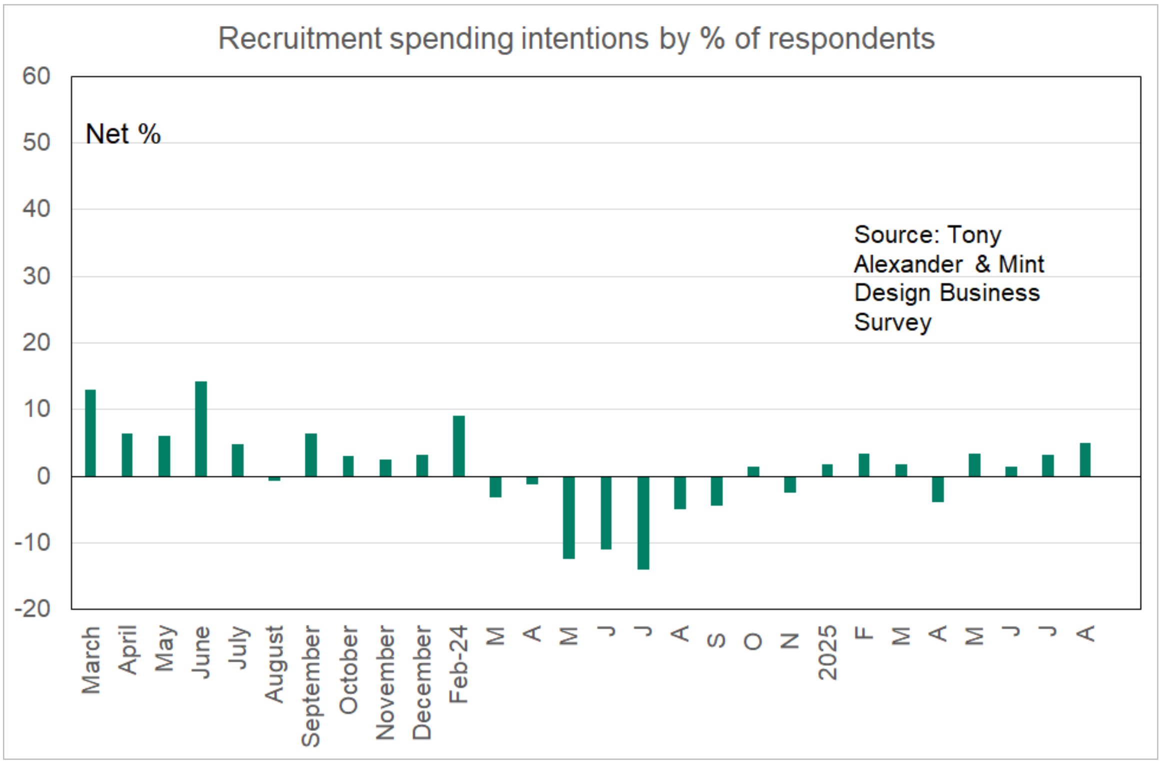


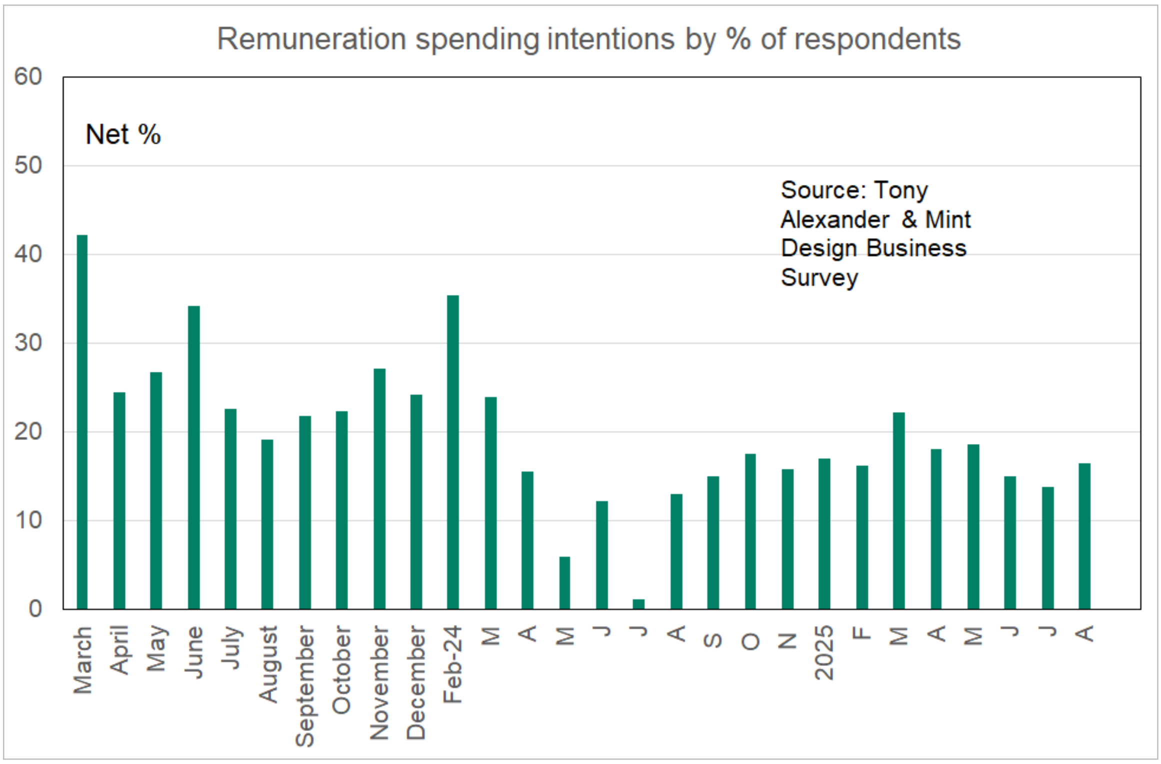
Spending on social media is gaining more attention. But advertising spending generally looks like an increasing area of priority for businesses. This might be an early indicator of businesses backing their hopes of stronger economic activity and presumably customer flows through 2026.



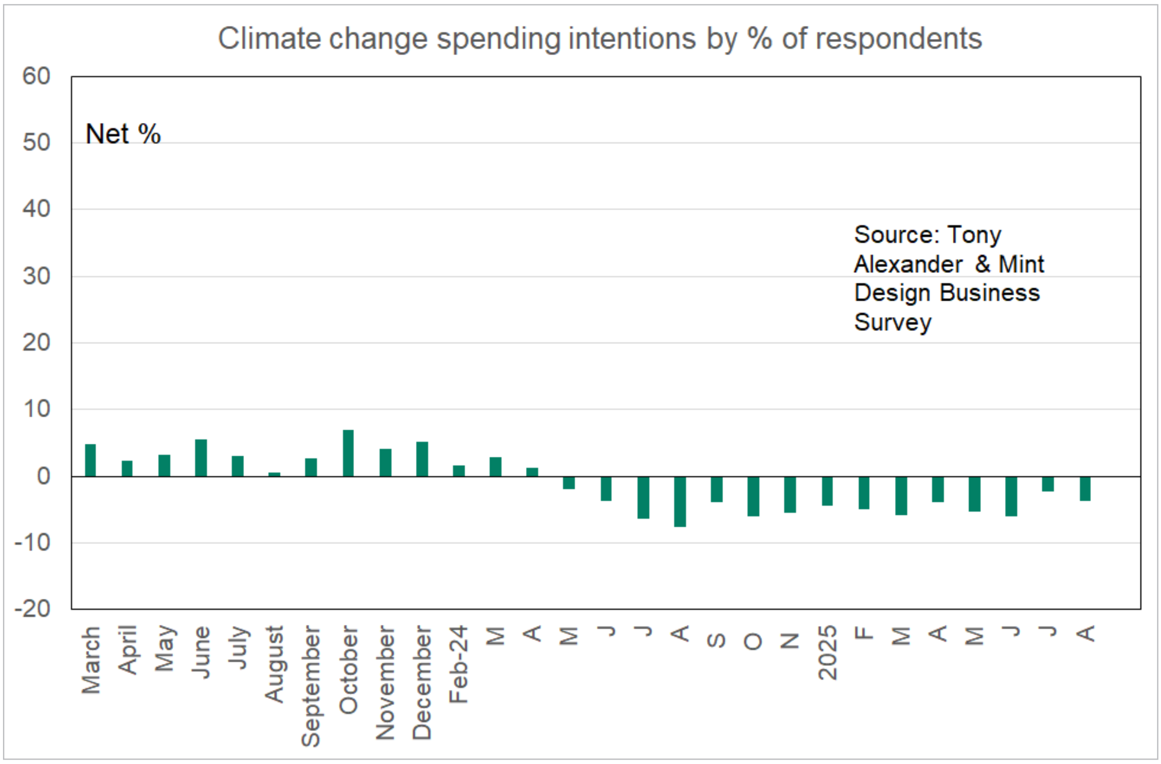


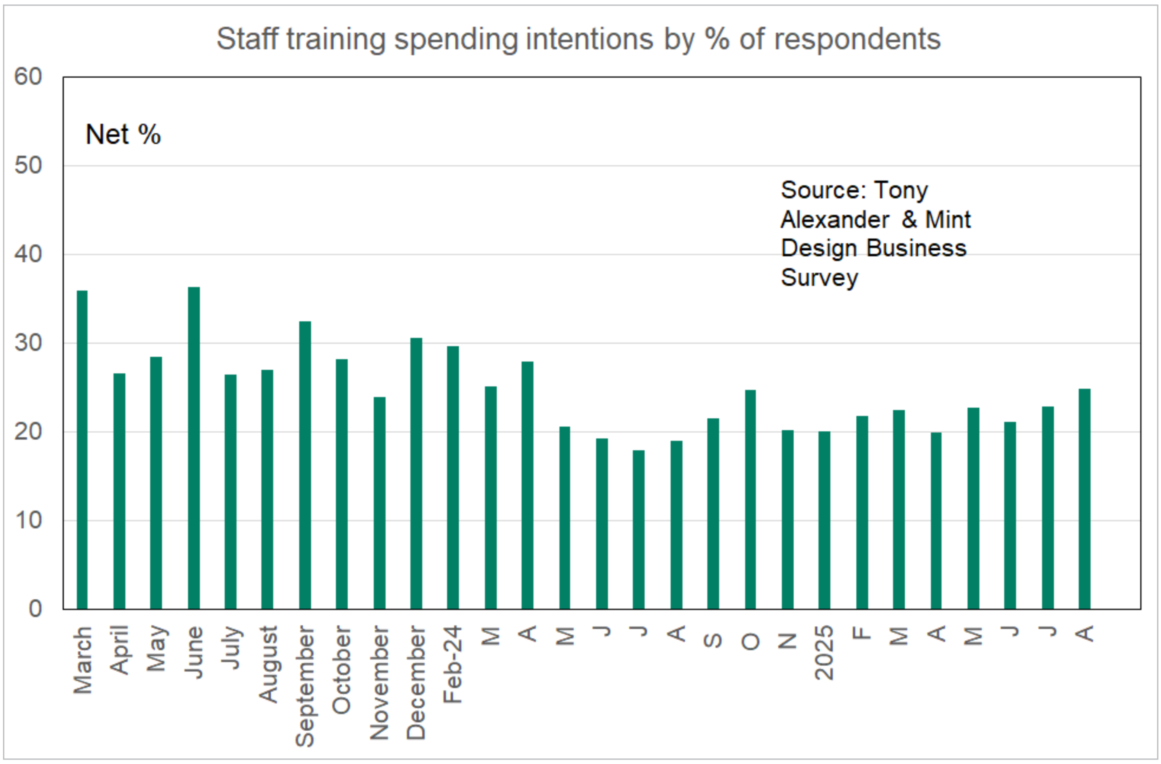
Across the various labour market measures in our survey we can see some small increases appearing. For instance, there is a small upward trend in the net proportion of businesses planning to spend more on recruitment. Plans for spending on remuneration have risen this month but an upward trend cannot be stated yet as definitely in place.



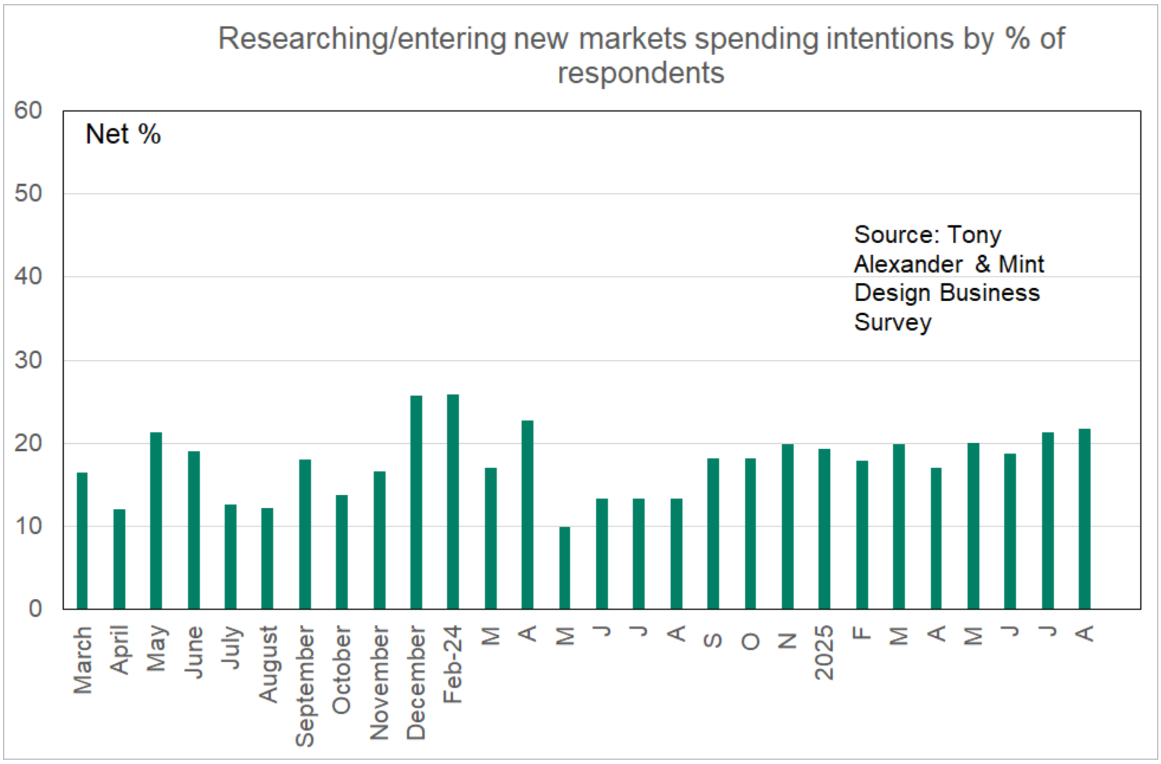


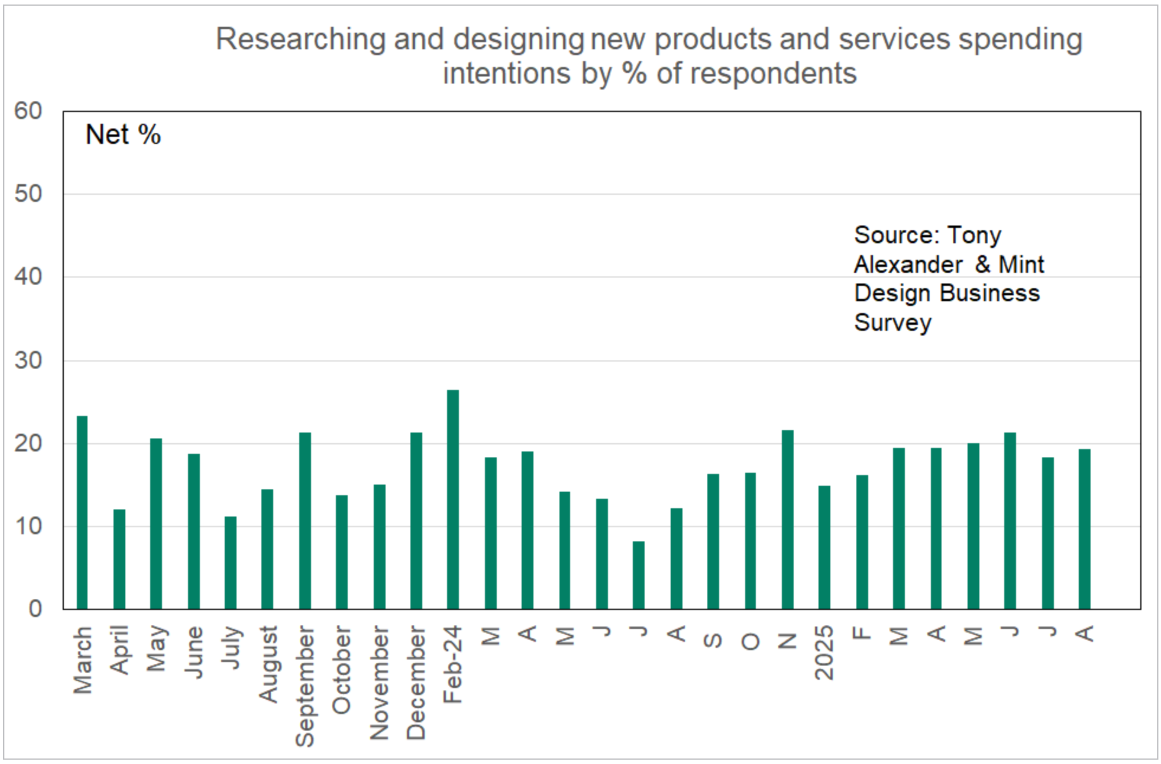
As has been the case for a long time now, intentions of spending on issues of climate change remain low. Staff training is receiving a bit more attention in recent times.



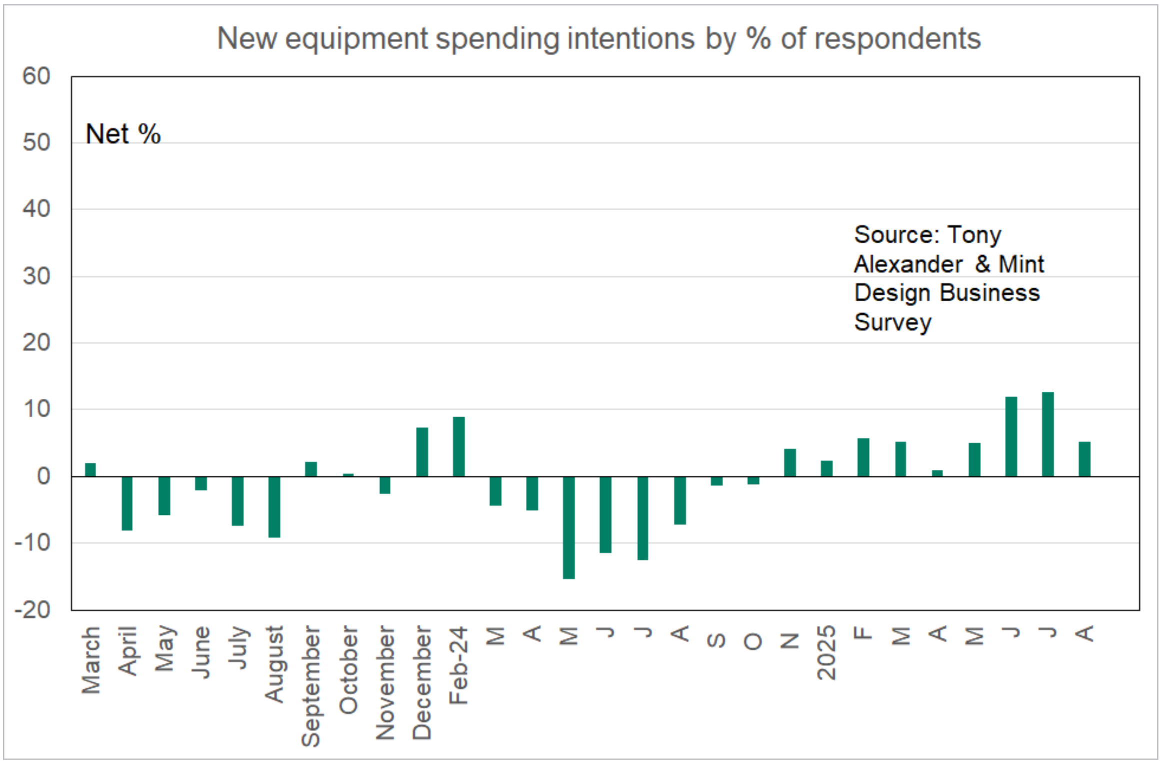


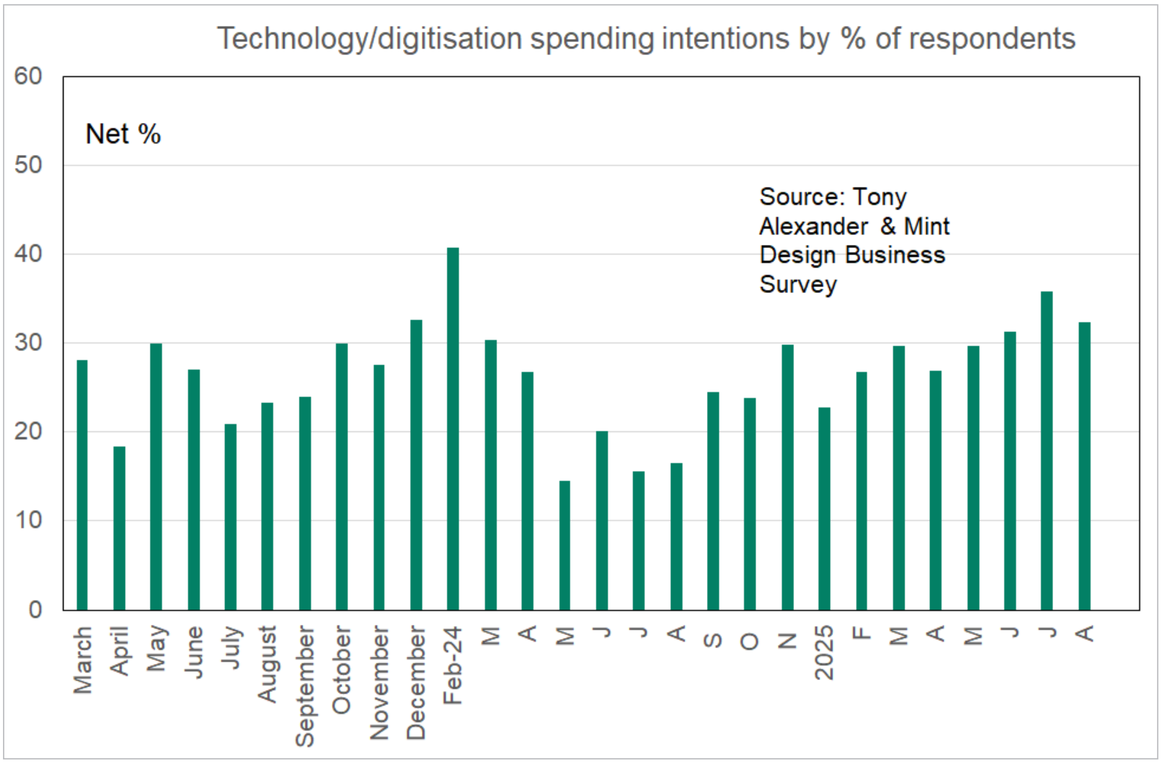
More businesses are slowly thinking about entering new markets. The upward trend is small considering the global disturbance underway caused by US tariff increases to Great Depression levels. New product design however is not seeing much extra focus.





There is not yet a convincing decreasing trend in place regarding cutting spending on inventories. New equipment spending intentions are positive but down from levels of the previous two months. Hopefully this is not a new trend. In the area of technology and digitisation there is probably still a rising trend in spending plans underway despite the slight pullback this month.



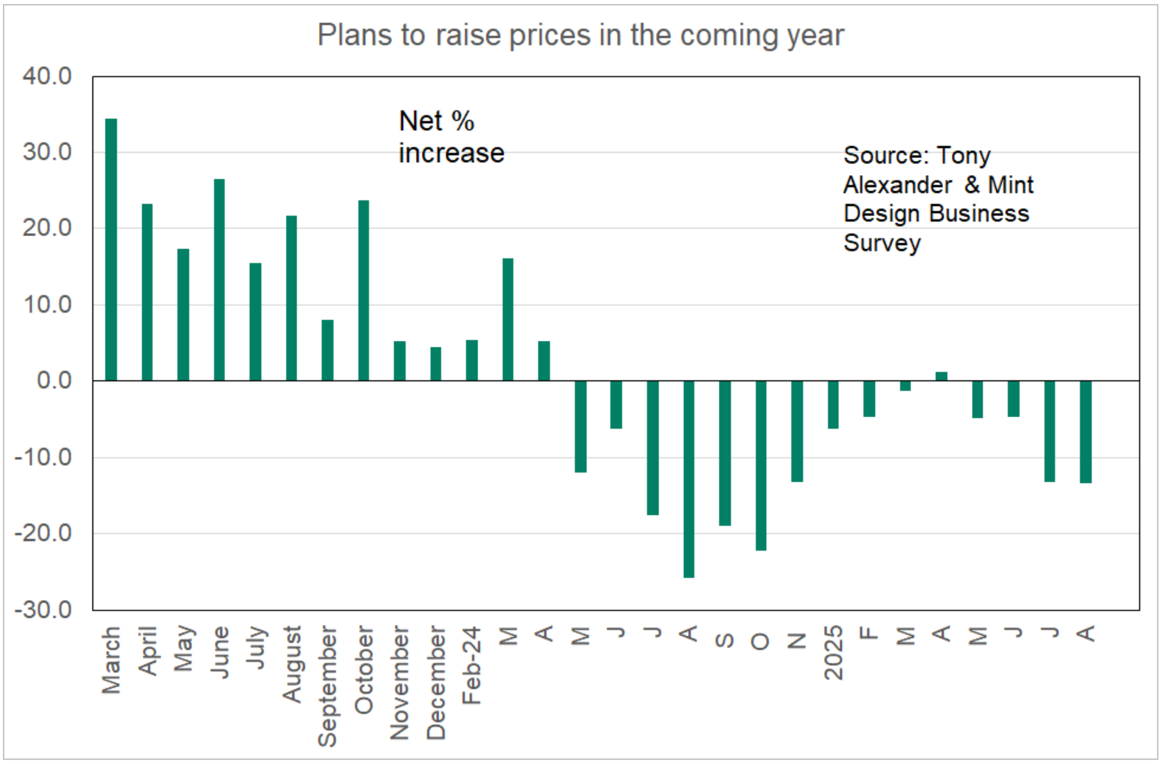


Are you planning on increasing your prices for any of your products or services this year?

A net 13% of business respondents have said that they plan on cutting their selling prices or not raising them over the next 12 months. This is the same result as in July and firmly solidifies a pullback in pricing intentions which started in May.

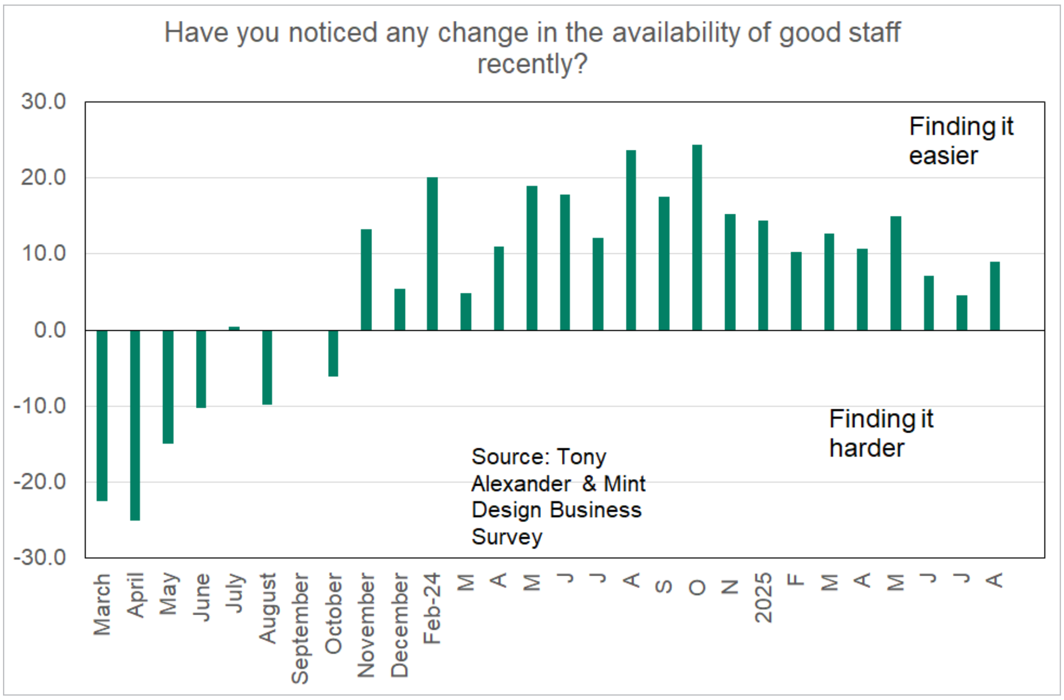
Pricing intentions rose as the economy improved late last year and hopes for good customer flows were improving. But the step back in happiness about what 2025 is delivering for most businesses has stripped away those earlier plans for rebuilding margins.

In the short-term this is positive for inflation and interest rates. But there remains a strong risk that once the economic outlook is confirmed as a lot better – maybe next year – businesses will re-engage with their pricing plans.



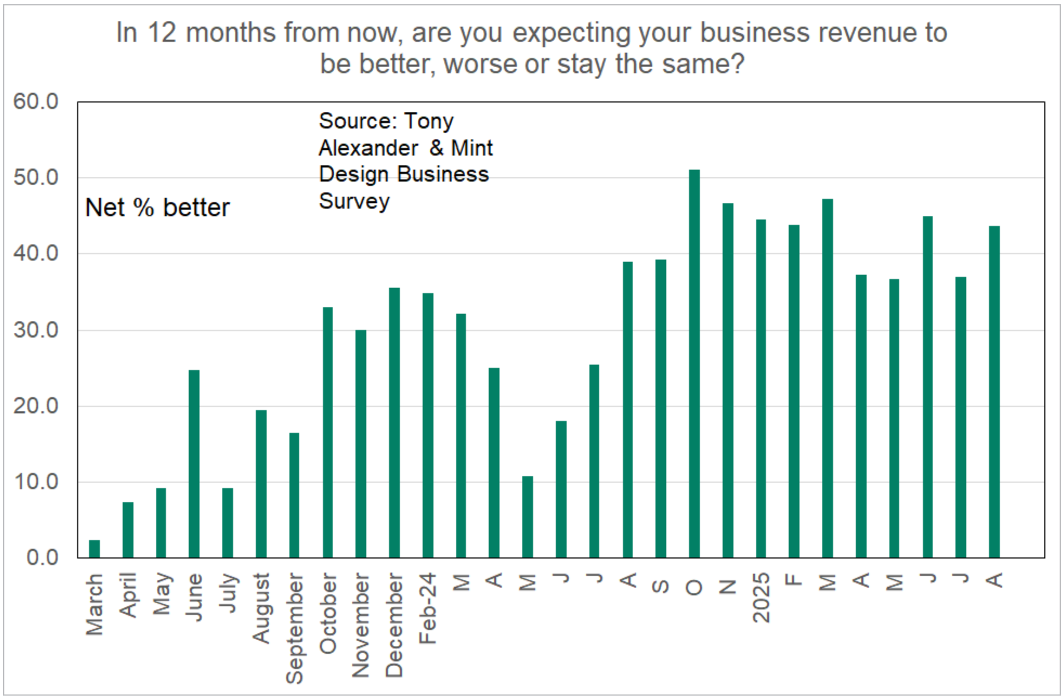
Have you noticed any change in the availability of good staff recently?

A net 9% of businesses have reported that good staff are getting easier to find. This result is broadly consistent with others in recent months, but it also suggests the easing trend in this measure since late-2024 may have ended for now. That is, underlying improvement in labour market fundamentals may have stalled in the face of disappointment about 2025.



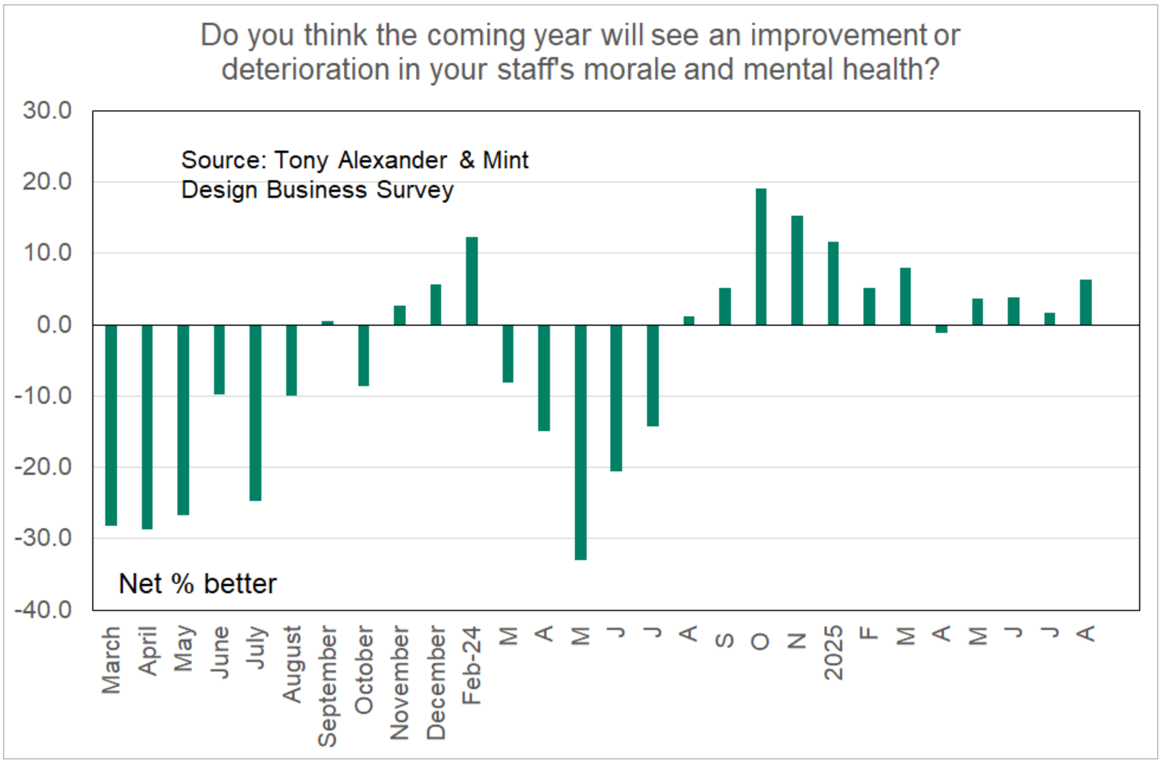
In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

A net 44% of businesses expect better revenue a year from now. Hopes of better cash inflows soared from mid-2024 as optimism about better economic conditions grew with eventual assistance from easing monetary policy. The optimism for 2025 may have proved misplaced for many, but there remain firm expectations that things are going to eventually improve.



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

A net 6% of businesses expect staff morale to improve next year. This is the best result since March, but it is too early to say that an improving trend in this measure is underway.



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.
- Accountants report businesses across many sectors are struggling with weak cash flows amidst a depressed climate of economic discussion. Yet good staff are hard to find for many.
- While many parts of the primary sector are doing well, others like retaining and construction remain very challenged and weak.
- This month I have weeded out more general comments about the economy being weak etc. alongside extreme discontent with the media and politics than ever before (these comments not telling us about any particular sector which is what we are interested in).

Accounting & business advisory services incl. business broking

- My industry is short of sensible experienced staff who are keen to work & it has been that way since covid lockdowns. My patience has run out on hiring through recruitment agencies or directly to find staff who can work 37.5 hours per week in a practical way & follow instructions. I'm very tired of hiring nonperforming staff & the damage they do to the business.
- Small businesses are suffering badly and Auckland is in bad shape.
- There is a general malaise across a wide range of sectors in Auckland, black swan overload and a 'loss of mojo'. There are some green shoots, but we need continued reducing interest rates and a growth in inwards migration to get Kiwis feeling confident, spending and generating some sustainable growth.
- The biggest challenges are uncertainty, the economy, and rising costs for customers, staff and suppliers. Business margins are tight and getting tighter. In business circles the feeling is that the Government hasn't really made enough progress and the risk is high that they will lose the election. Nobody in business wants that.
- Increase in business closures, liquidations and receiverships.
- Clients and business owners in general have an increasing sense of inability to cope with the plethora of challenges facing their business and wider market.
- More clients slow to pay, more clients experiencing significant decline in profit.
- Clients experiencing downturn in revenue, and needing to adapt through reducing staffing, and monitoring expenditure carefully.
- Compliance work goes on.
- Issues are dispute resolution and costs thereof; international business/trading patterns and influences and related international political uncertainty, internal racial and political division.
- IT is speeding up a lot of our processes requiring fewer people to do the job
- Much talk about the slow economy but still not easy to quickly access a quality builder, plumber etc. Notably retail and hospitality continue to struggle. Tourism is in the slow season, but indications turnover is down on last year.
- Steady business, but can be lumpy. M&A is a focus for growth with smaller operators struggling or had enough post COVID in how long it is taking to recover. Staff are easier to find, but also a much lower pool of talent.
- Too much uncertainty to employ anymore. Banks are harder to deal with. Clients dropping insurance cover as too expensive.
- Client base is largely treading water and waiting for business conditions to improve before making any new commitments.
- Businesses with leaders who want growth; can manage/access the investment; and who stay on track with their strategies and execution of these – are on a positive, committed forward focused trajectory. Thankfully – that describes my client base.
- With increasing costs for rent, insurance, and energy. It's hard for business to maintain profitability
- Clients looking for more economic services due to economic and business uncertainties.
- Everyone struggling, everyone slow to make decisions
- Customer demand is just not there.
- It has become even more difficult to recruit quality skilled professional staff. Those that have left us recently have gone overseas.
- Concern about Govt making good decisions . Reducing consumer demand.
- Lack of ability to find good staff is making it harder for those still standing.
- My clients are still showing signs of financial stress. The media say the recession is over but that isn't what I am seeing on the ground.

Advertising & marketing

- Overall the economy feels a bit down right now. But hopefully with summer nearly here people will get their vitamin D requirements and have a more positive attitude.
- Subdued economic conditions impacting the level of activity, and client cashflow challenges has increased our debtor's ledger.
- Customers reluctant to spend money on media/ marketing and gun-shy on taking on new suppliers
- There is no hesitation by clients to invest in high quality human-generated strategy and content ideation.

Banking and Finance

- Sentiment around business confidence is the worst I have seen in 20+ years in finance.
- An interesting combination of some customers (businesses) seeing green shoots and now ready to borrow to invest in business growth, while other customers (businesses) are falling over into liquidation with little notice (due to tax debt) as the IRD swings finally into action.
- Established second tier funders appear to be experiencing increased demand from businesses, with 'bank quality' applications often unable to be satisfied by the main banks.
- Pervasive doom and gloom are challenging. Hopefully, spring, alongside lower interest rates flowing through the economy, will be circuit breakers.
- Software developers hard to find and harder to keep

Cafes, bars, and restaurants

- It's bad out there. I also own commercial and residential rentals, fully managed tenants getting laid off and can't pay rent.
- Cost of goods – meat and some dairy are big ones at the moment.
- Everything is flat but showing signs of improvement on the horizon. If you have managed to hold on this far you are likely to make it!
- Last year was terrible. This year is 10% worse.
- We thought we were seeing the mythical green shoots after June as it was our busiest month this year. Unfortunately July was 20% down monthly which was even worse considering the extra trading days we had. In our region a number of hospo businesses listed in the last week of July so it seems it wasn't just us struggling. It's sad seeing people's wealth being destroyed in an apparently never ending recession.
- Sales are still very lumpy in Auckland Hospo. Auckland and Wellington Hospo are certainly struggling when compared to the rest of the country, particularly in the city centres.
- Customer numbers are dropping
- Finding it increasingly difficult to attract management level staff. Supplier cost increases are difficult to pass onto the consumer. Renovation and improvement plans on hold due to high costs. Looking at selling down the stressful assets that rely heavily on skilled staff and are under constant compliance stresses.
- Business is picking up this year and the restrained conditions of last year brings more opportunities to grow.

Civil construction/infrastructure

- More competition is popping up in the area. Employees moving to Aussie for jobs
- Government is slow to approve new infrastructure projects
- Very patchy at the moment. There is enough work to get by but not enough to feel comfortable about the medium term. Lots of subcontractors ringing and asking us for more work and lots of stories about people being taken to the wall. Some larger companies almost seem to be pricing work at breakeven (or a loss?) just to stay active. Smaller companies don't have the balance sheets to do that.
- Clients in the development industry slow to commit or not committing to fresh projects – many seem to be waiting for "green shoots" of recovery
- Very poor, no demand for work. People need more confidence. The government needs to start spending.
- Clear and settled government policy would go a long way to removing uncertainty.

Commercial construction

- Concerned about the number of young tradesmen leaving for Aussy. Costs for running the business just keep increasing – relentless so forced to increase charge out rates.
- The Government is putting six Billion into infrastructure which only helps a few contractors in the main centres. It does nothing for all the other building contractors in New Zealand who have next to no work and it's a race to the bottom.
- The construction industry is grim. May be better in some areas but small change and not consistent. Apartments and residential is stone dead.

Commercial real estate

- All the signs of recovery are emerging. Kiwis just take time to get out of first gear. Hopefully the return of the sunshine in Spring is the catalyst for a sustained shift towards forward progress.
- Looking toward 2026 potential for some green sprouts but currently still very much in a state of low demand limbo
- Tenants are battling. They have endured tough economic trading conditions for 18-24 months. They are holding their own, but have little to fall back on so any shocks have a large impact on their performance and viability. Having to nurse some tenants through a tough winter as better to have a tenant paying less, rather than no tenant at all.
- A clear improvement in commercial rental rates will be a big boost for us.
- We cannot see how businesses can keep absorbing increases in operating costs
- We are seeing a lack of spending which as an end result is causing instability

- It's been a tough winter with a lot of uncertainty and low business confidence making it difficult to extract decisions from customers to either lease or buy buildings. Enquiry levels have lifted but there is a lot of potential business sitting on the back burner. Hopefully some more sunshine, with spring around the corner, and a drop in interest rates might encourage these businesses off the sidelines. The market is definitely in recovery phase now.
- Lack of demand for first floor office space

Education and training

- The value of higher education continues to be challenged by other options which prospective students are aware of and actively pursuing. Employers are also looking at alternative credentials including work experience over a higher education qualification (not STEM).
- Concerns about economy resulting in parents not working / requiring childcare
- We are seeing increased sign ups in the last month
- Early Childhood Education – Government subsidies as a percent of operating costs have decreased steadily for 5 years. The government is now reviewing the funding structure of Early Childhood Education, and it has already been declared that there will be no extra funding meaning there will be “winners and losers”. Sector expectations are low. The ability of parents to pay more is limited, potentially meaning less children in care as prices increase further, resulting in less parents participating in the workforce meaning greater structural shortages of staff across NZ

Engineering

- Pulses and flurries of improved sentiment and ability to win new work, followed closely by undulations of low confidence in market improvement. Still very much up and down, but optimistic that things can only get better from here on out.
- Auckland is a major issue. Urgent initiatives are needed to bolster confidence in our main city
- Chaos. No long term planning being done. Short term thinking from management
- Investment uncertainty and holding off due to continuing weak construction and knock on effects of gas shortage on industrial users.
- Slowly seeing an increase in activity levels
- We are at the front of the construction / development process, and this year has had a marked shift in a positive direction. Hopefully this feeds through the system shortly as chatting with contractors and subbies downstream is getting depressing.

Farming & farming services

- Commercial Beekeeping – Lack of industry leadership; high input costs, low returns, not getting paid for final product
- The dairy farming sector is on fire at the moment. In the southern region it's hard to get a contractor to do anything as they are that busy. Lots of uptake of new technology to further lift productivity and enhance staff experience and morale.
- The business sentiment and domestic economy, particularly outside of agriculture, still feels quite gloomy.
- The Kiwifruit industry is performing well, like most other primary industries in NZ.
- Cattle prices are high. Trump's tariffs will reduce sale price.
- Horticulture – Our sector is going very well and shows good growth prospects. Very competitive environment which is putting pressure on us to match with our offering.

Financial advice/wealth management

- Hope for better interest rates, improvement of the inflation and prices and more stability
- I'm seeing some clients treading water making changes that impact their position, and others with no concerns due to being comfortable financially – it's a mixed bag
- It's the mood of the country. When clients don't feel confident about the future direction, they won't make decisions.
- Funds Management – Some hope that the outlook for next year will be better than this and last year but uncertainty is still the watchword.

Fishing

- As an exporter of live and processed seafood primarily to China and SE Asia, China has become a competitor with its own seafood/aquaculture products, so now hard competition from the market itself. Similar situation in SE Asia with China derived products and their pricing available to the market. Trying to maintain NZ differentiation in marketplace to maintain prices and survive still. More to the story… but that's another story.
- We seem to have too many changes in an ad hoc way – there doesn't seem to be a strategic overview going on. Each minister is shouting to be heard.
- Uncertainty in China, Chinese economy having an effect on purchasing power for nz products.

Health

- Possible difficulty in selling
- Attention is on costs and more specifically on how to be more frugal.
- Stagnation in customer demand
- Group medical practice – There's too much work, and there are not enough experienced and appropriately qualified staff to hire.
- Local government sector needing plenty of support to address expectations of the crown
- Customer confidence and new competition are the main factors.

Information technology

- It is quiet – the usual Q1 and Q2 budget cycles have played out, and overall activity is fairly muted at the moment. Customers remain conservative with spending.
- Uncertainty in the world politics and the flow on effect, slow and fragile climb out of depressed period
- We are into our 4th month of things looking significantly better compared to the same time last year (or the year prior). Demand is higher for the products we sell and it's exciting to be back to positivity, with a good pipeline of upcoming business too. This is coming from a few different angles, catching up on overdue spend is one major as businesses have to keep up with developments. Still wary about what the future holds and don't want to get carried away, but cautiously optimistic we are riding the early wave to recovery. We did seem to feel the downdraft earlier than others too in our industry.
- Reluctance to commit to projects. Still uncertainty due to poor economic conditions for clients to feel confident to hit the go button.
- Vendor margin significant drop
- We operate almost exclusively in overseas markets, and the uncertainty caused by the present US administration is slowing down decision making in all our customer segments

Insurance

- Increased competition and lack of available staff means we have to pay more for what we need.
- Tough market conditions reflecting business looking to reduce costs
- Reluctant to spend on toys – cars boats bikes etc
- Very price driven – hope over experience!

Legal

- Demand volatile due to uncertainty. High cost environment.
- Too much emphasis on process and not enough thinking ahead.

Manufacturing (all categories)

- In the manufacturing and retail space. Cashflow is becoming a major concern as monthly revenue continues to stay low. Cash reserves that were built up over the COVID-19 boom have dried up and we are now getting to a point where things are very tight. Where has the money gone?
- South island looking more positive than it has. More interest and activity in the north island, but yet to convert to sales.
- Finally starting to see the green shoots. Pipeline creeping up meaningfully, with flow through to the forward order book. Lots of small businesses are still under huge cashflow pressure though – customer payments still slipping out.
- Things remain steady – but by no means massive growth. We are looking to expand to more international markets where demand is hopefully higher.
- We export to the US, so the uncertainty and tariffs have already negatively affected our sales and are a major concern going forward.
- In general there is an uptick in consumer confidence and sales
- Price war squeezing margins vs input inflation mainly from monopolies/ NZ non-tradables
- We manufacture farm machinery and have seen a large uptick in the demand this year. We have struggled to keep up with the demand since March, mainly due to the commodity prices being up and the equipment fleet being worn out after 2 years of low orders. We weren't ready for the magnitude of the uplift. We note that this uplift hasn't yet occurred in Australia yet though.
- It was survive to 2025, now its just Survive 2025 – residential building market is still slow and we really don't see when its going to pick up, and the optimism I don't think is helping, merchants and builders are hurting, but some specifiers seem to be busy – think at least we are at rock bottom so its only a way up from here, that just doesn't seem to be clear when and how that will come about
- Customers are still being cautious with their money. Not a lot of add-on niceties, just ordering the basics.
- Slightly more positive vibe in the commercial fitout market, but not backed by strong pipeline yet
- Clients not committing to projects, or leaving it to the last minute, putting pressure on being able to deliver.
- We are in manufacturing and a section of our clients belong to the hospitality industry. I can see the final weeding out of poor performers in this sector happening.
- We are seeing a slight increase in lead numbers but still hard to get customers to commit. Staying on the right side of the ledger is a struggle.
- We're a supplier to the dairy processing industry so feeling grateful for strong demand for our product and services at present
- Slow consumer demand in the Consumer Durables sector associated with a large dollar value.
- Competitors buying work through cut price negotiations
- Muted demand
- Collapse in demand for premium/craft spirits at liquor retail and direct online sales over the past 18 months. Looking for a seasonal pickup into summer and hoping for a return to growth in the new year with an improving economic climate.
- Strong demand from farmers for our products

- New Zealand retail is contracting.
- We are manufacturers supplying into the water and wastewater sector. This is in decline across the country with repeal of Three Waters and the slow replacement policy. We are also seeing large industrial customers reduce spend or shutter plant entirely. The market is in downturn with perhaps an upturn that can be reasonably expected in Q2 2026 as Local Water Done Well is rolled out – which is a long way away from a business perspective
- A greater drop in demand than we expected
- Struggling with the negative vibe of the media, the team and people in general. Demand is still incredibly low with sales down 30% on this time last year. We are working on lots of positive activities, but we need to survive this downturn. I have noticed a significant increase of great people with significant experience looking for employment as they have been made redundant. As each week goes by, they sound more and more desperate. Very few are posting the have found something. In fact many are saying they have given up looking.
- Things continue to improve in our sector but still uncertainty in the market. Small growth each month – slow recovery.
- Input costs are continuing to rise but the ability to pass these costs on is increasingly difficult. CPI does not match the input costs of labour (unionised workforce), energy, imported raw materials, insurance, rates etc. Remaining profitable is the biggest concern.

Miscellaneous

- Art – There is an upturn in sales despite seeming gloom around
- 24 hour gym – We see all segments of the work force, construction, trades are struggling, car dealers mixed but petrol cars selling, electric down, banks busy. People looking for deals, but a demographic of who are not impacted by the economy. I am positive the economy will improve end of this year start of next, but for the moment I am treading water
- Cabin/ tiny home manufacturing – Those with money not spending. Those without not wanting to borrow.
- Caravan dealership – I see a lot of my competitors changing their business model and looking for new revenue streams
- Catering – Businesses have cut back on their expenses
- Cobbler – Things are less predictable than 5 years ago.
- Commercial & residential property services – Still very hard going with no easing of price pressures and lowered consumer demand. Treading water.
- Drugs & diagnostics development – Building relationships in the USA seems to be more difficult now due to the uncertainty about business investment by VC and PE in foreign companies.
- Entertainment – We keep hearing about layoffs and businesses struggling across a number of industries. There is some light starting to come back in different areas for some businesses we speak to as well though.
- Entertainment – Lots of international competition but weaker customer demand
- Equipment Hire – Government lack of investment in infrastructure hurting.
- Food import and distribution – The all too common liquidation of companies due to failure to meet IRD obligations.
- Fuel (petrol & diesel) supplier to SME's – Depressed/ sluggish economy leading to less spend on fuel as numerous companies reduce their staff/fleet sizes
- Hire of equipment to the Construction industry – We are bouncing along the bottom – 2025 is a write off – now looking to 2026.
- Import & Nationwide Distribution of industrial products to Agri, Civil, & Engineering sectors – Significant uptick in activity in the past few months. Getting the type of orders through from the civil sector in the past 4 months or so like we have not seen for nearly 2 years prior.
- Landscaping and grounds maintenance – The bigger picture is starting to look better but its still tough week to week. Got to be positive
- Media – Increasing overall cost.
- Printing & packaging – The general economy remain hesitant has an impact across the whole industry. There is still a hesitation in people/businesses pushing 'go' on projects which is keeping things a little constrained.
- Publishing – Very tiny green shoots. There is optimism out there, but it is not backed by hard evidence or cash just yet. Many key clients are talking about improvements and new projects in 2026.
- Residential painting – Other painters cutting rates excessively to get work, to then just keep their workers employed till the economy gets better. Paint suppliers all put their prices up (citing raw materials) , then some doing regular 'specials' now, realizing how slow the market is Had quite a few other painters call to temporarily offload their workers to painters who do have work.
- Resource Management Consultant – Economic Malaise. Development projects lacking profitability. No sense of a greater NZ Inc plan to provide growth opportunities.
- Screen Industry – The international screen industry is facing an existential crisis. The New Zealand Screen Production Rebate is no longer competitive, and US Studios are no longer considering New Zealand for their projects. Our principal competitor Australia offers a more generous incentive, and the Studios are choosing to shoot there, despite a higher exchange rate and the added cost of fringe benefits on labour. Our Government urgently needs to reset the Rebate's settings in order to attract more

production. Otherwise the result will be severe negative growth, and a brain drain to the sector as crew leave NZ to find work elsewhere – already happening.

- Sustainability and environment in primary industries – I'm involved in sustainability and environment space of the primary sector and with the protracted reform of the RMA and the proposed degrading of environmental regulations I have made the difficult decision to wind my business up and am actively seeking employment, with no luck so far in this stalled economy and record unemployment. The general opinion of others in this sector is that we are in a 'sustainability recession' and a lot of people are very worried.
- Temporary Power Specialty Rental – Customer demand is dire!
- Trade supplies – The trade industry is hurting, and it is the first time in many years we have seen redundancies in our sector. Most companies in our industry are cutting costs/minimizing risks to weather the storm. Wellington in particular the market feels depressed/heavy
- Veterinary – More consolidation and market power from customers, suppliers
- Wellness – The wellness sector is growing. I see "competition" as raising awareness of the industry.

Mortgage broking/advisory

- Improving confidence
- Still too much red tape

Motor vehicle sales/parts

- Money is very tight, see Auckland workshops closing due to insufficient work, a lot more workshops on stop credit
- Caution in spending.
- We are in a running race where everyone is deliberately holding back to see what happens.
- Demand for necessities remains strong.
- Urban customers struggling, rural tracking fairly well. Consumer spending remains depressed, but we are tracking ahead of last year, which must be a market share story. ready for an improved market.
- Good, qualified staff are harder to find. The work is there just need someone to do it
- New and or adapted competition popping up or being imported. Race to the bottom just to move stock. Still a slow uptake from the rural sector. Would have thought we might have seen a pickup by now, but is lagging. Not the end of the world, just delayed. In a comfortable position, and ready for opportunities should they arise.
- I'm closing a branch and considering liquidation of my business
- Debtors are slowing their repayments & a number are defaulting. Business is slow & there is no capacity for price increases. We are seeing a freeing up of the labour market, although only at the lower skilled end. No one wants to be a manager anymore & why would they! This industry will never be the same again, so we need to change, or I won't be making comment this time next year.

Recruitment

- Steady growth
- Still a lack of funding into major capital projects requiring specialist engineering resource. Reduction in the importance of decarbonisation focused projects in industry. Still a major outflow of engineering talent heading to Australia and Europe, about 20% of the professionals I am talking with have left or have concrete plans to exit NZ within the next 3-6 months, averaging 2-10 years of industry experience per engineer, Junior to Intermediate career stage. When the brakes come off, we are going to be facing severe talent shortages again. Good for me, but a very real constraint for getting the economy moving again. :-(
- Businesses have shelved development plans and so aren't recruiting more staff. However staff retention is good because it is difficult to replace good employees when economy turns. Blue collar workers still in demand e.g. dairy, flooring installers, diesel mechanics and agri contractors
- Anecdotally, word in the sector is that revenues are down 60% in the recruitment market
- Lack of jobs, government policies, government inaction and incompetence, decline in social cohesion, rising unemployment, increase in overall poverty

Residential construction incl. section development

- As Land developer we service the new Residential housing market. Sales uptake is sluggish and there is a lot of downward pressure on prices. At this point there appears to be little improvement in demand, so expect the balance of 2025 year to mirror the first half. Looking forward to an improvement in the NZ economy, however the existing house prices are selling below replacement cost, so more attractive to home buyers.
- Land Development & Land Surveying – Undercutting professional rates is rife; it's a race to the bottom which is a poor business decision. Auckland Council time delays & resource/engineering consenting costs hamper a land developer hugely; the time delay add to their holding costs. A monopoly within the utilities sector doesn't help a land developer, more competition is required. The cost to build a new home is astronomical, all brought on by regulations from Government & Council, with no thought about the end user & the cost to them.
- We are still bouncing along the bottom with no clear sign of what might pull us out of it
- Customers are slow to commit.
- Clients looking at new builds are taking longer to commit to contracts, and are looking at multiple quotes (more competition for each build). Builders are looking at segments of the market they wouldn't normally operate in.
- The demand is relentless and has been for years for us as a residential design firm.
- There is a lack of buyer demand in new-builds, and a general lack of confidence. There needs to be certainty in regulations, and incentives to get the industry moving again.

- The number of new homes actually being built seems substantially less than the number of new home consents issued. Is there any national data to show the percentage difference?
- Buyers not appreciating the extra cost and value of a new home compared to an existing home that can be up to 25 years old.
- The price to build new has become exorbitant and with the government tax review of 2020-2021 that closed down residential enquiry, and we clearly lost momentum from building 35 houses a year to just 3 in 2024.
- Resi multi unit new work is dead, private houses are still going but sparse, existing relationships are crucial. Unlikely to be green shoots with an election year looming – maybe better after
- Generally demand from clients is still very low. We are seeing a lot of interest and enquiry both via social media, website and people visiting our show home but very few people are willing to commit. A number of projects, which we thought were sure things, have fallen over due to people's various circumstances.
- We specialise in large scale home renovations. The first half of the year has been miserably quiet – very little inquiry and nobody in a rush to make any decisions. But over the past month we have seen inquiry levels pick up a bit and people seem a to be more willing to progress their plans. Perhaps the 'green shoots' that everyone has been talking about but not seen by us yet may have finally spread to the building industry!
- We getting a lot of quote enquiries and spending a lot of time quoting however they are just not going ahead once they have the quote. A very up and down market at the moment still – in residential plumbing
- Confidence returns.
- Low cost housing provider, seeing small Increase in sales & customer enquiry.
- Getting busier
- The only reason I see an improvement in the next 12months, is that it can't get any worse. In 40 years in building I have never seen such poor demand. If this carries on much longer I dont see there being any builders left to do the work.
- Not enough qualified people in the industry- most are leaving for Australia
- At the moment, I think it is quite patchy. Some weeks you win work and it's wonderful. Then, you lose out on other work. The key thing is, there are leads. Conversion remains quite a challenge.
- Continued pressure on margins and lower demand. Can't see any major fundamentals that will change the demand for housing dramatically in the near future. This is our new normal.
- Resi construction Auckland, very little demand, what little we get are just thinking about building, or price shopping, land prices still haven't dropped, now IGC and DC's have increased by $47k in some areas, oh look…. just lost another client!
- Requests for new house designs were going very slow from last winter up until April 2025. Now getting back to pre-COVID levels of interest. Bring in on!
- Trade Merchant to the Construction Industry. (ITM) Withdrawal of Housing NZ builds by government, councils blocking inner city development

Residential real estate

- Lack of growth in sales
- Very static across the board
- Clients remain uncertain and seem to be generally researching as opposed to committing to sell. Buyers are looking for favourable prices and often not in a hurry to make a decision. Bit of a waiting game watch and see approach presently.
- Property owners' rental expectations are skyrocketing due to their financial commitments. So properties take a very long time to go on rent. Some owners are reluctant to decrease the rent to match the market rent which compels us to leave them. 2) As the properties don't sell, owners come back to rent. This has given many choices to the prospective tenants to rent a property. This is another reason properties take time to rent. 3) Property owners are trying to throw their cost on property management companies. Eg: they are not willing to pay letting fee or any other similar cost associated with renting or managing their property.
- Buyer frustration, being staunch and wanting to be in control, but the market is changing.
- Some life coming back to the market.
- In the Real Estate sector, the market is very flat. Banks still making it too hard for first Home Buyers to get on the ladder. Relaxation on amount of deposit needed badly needs reduction.
- The most key thing at the moment is our purchasers trying to get finance from banks as they are understaffed and this is making the process hard for prospective purchasers.
- Slow decision making by purchasers. No FOMO
- Seems to be coasting, stagnant, flat. Positively, though, steady. Hoping for increase in activity in the real estate market starting this Spring, when it typically steps up – carrying on throughout the summer and beyond.
- Clients holding back on purchasing and or selling
- Caution and buyers taking their time to make a decision. Feeling they have choice and still overall control of the market – a buyer's market.

- Sellers realise the buyers have upper hand and willing to negotiate. Buyers taking more action than even a few months ago. First time home buyers busy but need coaching to build confidence to make the step onto the ladder.
- The lack of Oil & Gas activity in the province is having a large impact on the confidence in the local Taranaki economy. We are yet to see the flow on financial benefits from the higher dairy payout but expect them to start flowing through in late September/October this year.
- After many false dawns, we are hoping for a steady improvement to the housing market through reduced interest rates, higher buyer activity and steady price growth to overcome the negative reaction following the housing boom during the Covid crisis.
- We are in the transition from Winter to Summer so that should bring a lift in the levels of interest in Real Estate. Would like to see employment numbers improve.
- Lack of stock currently
- Buyers/people looking to leave Auckland and move up to Mahurangi region. Visible at all open homes. Quite strong market in the Matakana Coast area. However, Buyers do not have FOMO and want all boxes ticked before proceeding. Generally a good vibe in the. North, compared to Auckland city.
- Lowering interest rates is helping the increase in rates, power, food, job uncertainty still around and people are cautious in their spending habits.

Residential rentals/Investment

- So much compliance cost. Expenses keep climbing.
- Increased levels of vacancy a great concern
- Opposition tax policies (capital gains, wealth taxes, depreciation and non deductibility of interest) will quickly drive investors from the market. Long term investors are quietly selling in anticipation of a change of government.
- Shortage of quality tenants, owners in financial distress
- It feels like we are just treading water.
- Prospective tenants viewing properties, but only looking what is available for future. First time in 30 years have had a property empty for over a month.
- Tourism seems a bit subdued which is affecting number of visits at our properties that are on Airbnb and VRBO. Also long-term tenants are harder to find. We've had to reduce rent in Auckland to get tenants even though costs have been going up. Luckily cashflow is a bit freer with reduction in interest rates and refining at a lower rate.
- Significant growth in university enrolments creating more demand for student housing than we provide.
- Rent decreases, Lower demand, Oversupply of properties to let, increases in rates and insurances, lack of profitability, more people leaving NZ
- Big increase in supply recently but demand underpinned by new arrivals
- Hard to find and keep good tenants. Costs soaring; being hit upon by government and media as the cause of all that's wrong with NZ at present.

Retailing

- Inconsistency, great months, followed by dead months, no loyalty and customers shopping around but not comparing apples for apples and then they end up getting a worse deal.
- We're positive about the future, and currently feel there may be some green shoots, as we're seeing more enthusiasm from our customers than expected, via growing revenue. This could also be due to our long term marketing efforts gaining greater penetration.
- Need for economic stimulus.
- Lower sales
- A lot of positive discussions with customers just not seeing it materialize into sales yet
- Auckland based – we have seen a return to same store sales growth in the past couple of months. Feeling more positive about the year ahead.
- It appears that customers are only buying essentials.
- The Manawatu is doing well, with more negative impacts seemingly other cities or regions.
- Lack of customer demand is single biggest issue. Fear of another left wing coalition at next years election is our greatest threat.
- Lack of customer demands.
- Retailing is still struggling with poor customer demand. Competitors are offering 40-50% discounts just to keep the lights on. The government's austerity strategy is an unmitigated disaster.

Shipping, transport, storage & distribution

- Extra costs for some things, EG. Ports of Auckland have increased their booking system from \$10.00 to \$150.00 over a 3 year period and plane to increase it to \$250.00 (per container) within 18 months!
- The country's come to a stop, sales down 30%, stop credits up 30%.
- Climate change rules and issues are biting with large costs attached – and all of which will have a nonsensical outcome – hidden from NZer's who will ultimately pay the bills.
- Govt inaction in transport aviation area and ineffective control of Airways monopoly.

Tourism & accommodation

- People aren't spending money they don't have
- Too many Airbnb's in Christchurch. The developers sell these apartments with the promise of using them as Airbnb's with most not having council consent. The purchaser doesn't realise there is significant competition for a decreasing number of tourists, especially over winter.

- Sales down 15% on last year
- Overseas interest in NZ still notable although markets still trying to ascertain their position relative to the tariff turmoil and constant change in position coming out of the N. hemisphere.
- Lack of Domestic spend continues to weigh heavily on the overall business performance, International visitors strong but need domestic to pick up to make business profitable
- The low dollar is eating into already tight profits. Retail spending is still significantly down impact my turnover. Does not appear to be any significant change to this in the medium term.
- A widespread loss of demand, perhaps due to loss, or fear of future loss, of discretionary spending ability.

Wholesale

- We supply retailers and all are saying they are very quiet.
- No pickup in demand, ploughing along at the bottom still.
- Wholesale continues to be tough with our retailers' sales down. Retailers struggling to keep credit accounts current. No sign of any economic improvement outside farming. Temu & others direct shipping from China and elsewhere continue to erode NZ e-commerce and retail whilst contributing nothing to our economy (except local courier delivery).

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