

MintHC

Business
Insights

A man with dark hair, wearing a dark suit, white shirt, and a blue patterned tie, is sitting in a brown leather armchair. He is smiling slightly and looking towards the camera. His hands are clasped in his lap. The background is a solid teal color.

Businesses back their recovery expectation

with Tony Alexander

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Businesses back their recovery expectation

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

- The overall tone of business comments remains downbeat amidst tight margins and weak customer demand. But some early indications of the cyclical upturn commencing are beginning to appear.
- Businesses are backing their positive revenue expectations with plans to boost technology/digitisation spending along with more traditional expenditure on plant and machinery.
- Some signs of a lift in recruitment are beginning to appear.



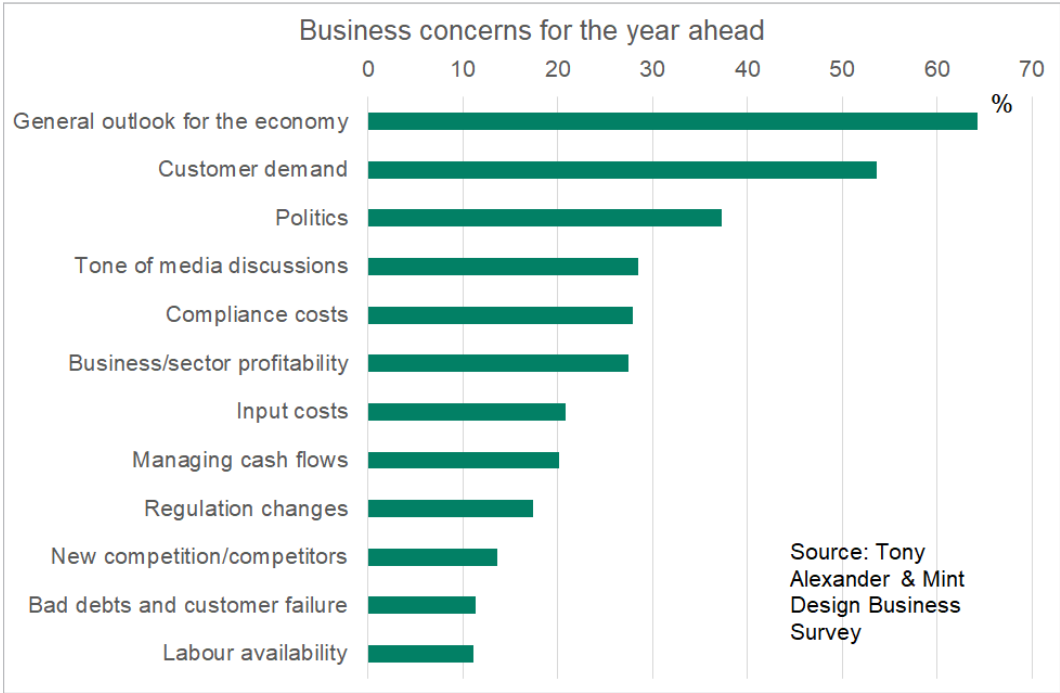
Tony Alexander

Independent Economist

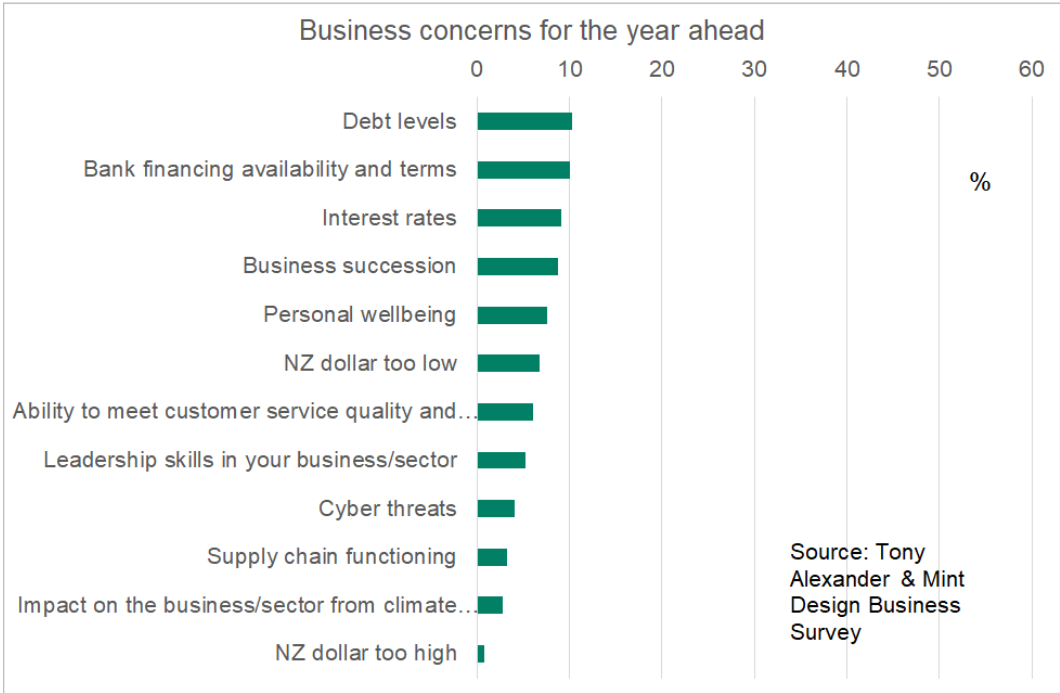
What concerns you most for the year ahead?

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 again customer demand and the state of the economy, plus politics.

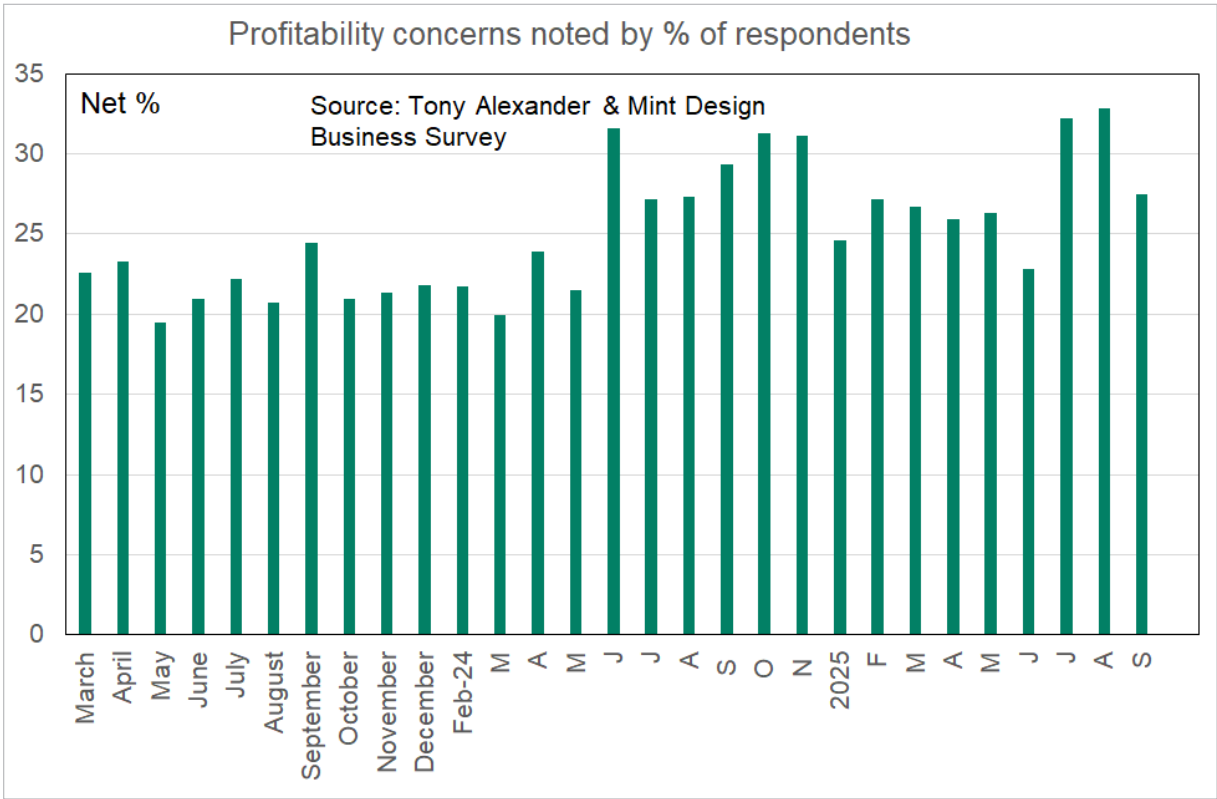
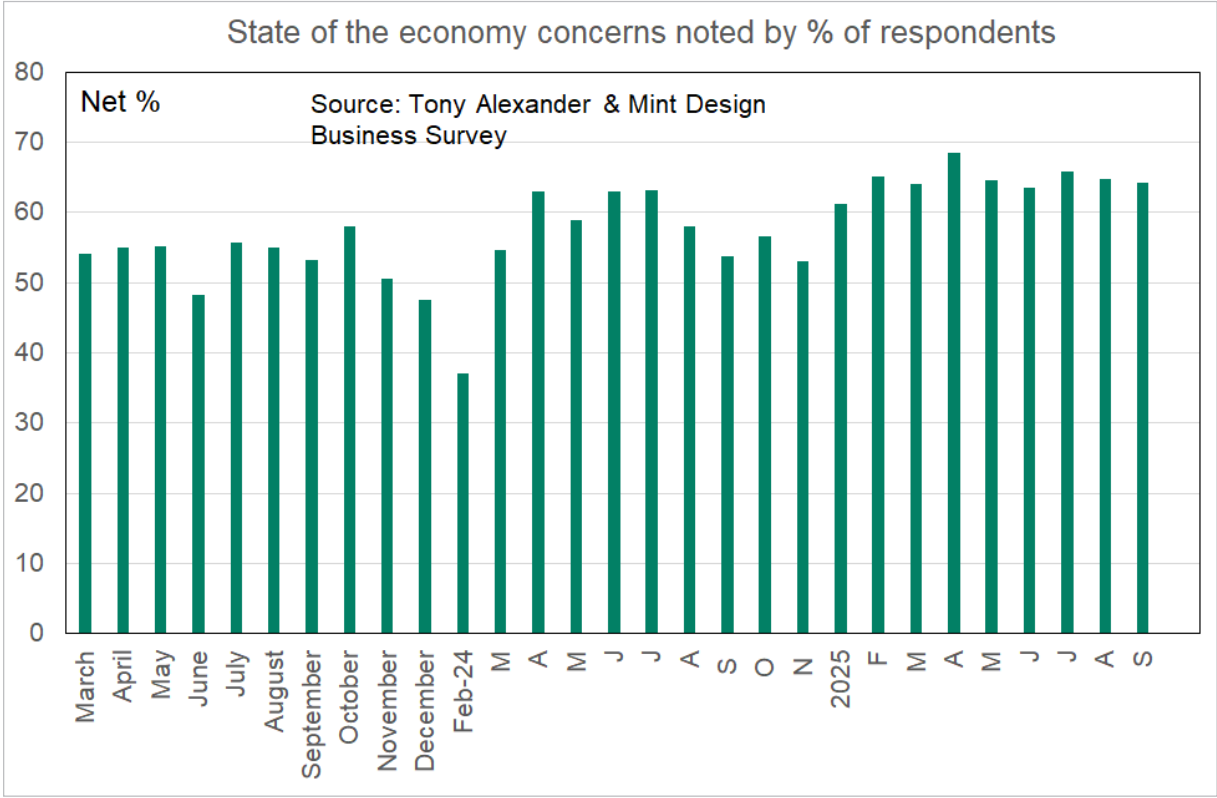


More businesses feel the Kiwi dollar is too low than feel it is too high and the gap between these proportions is growing.

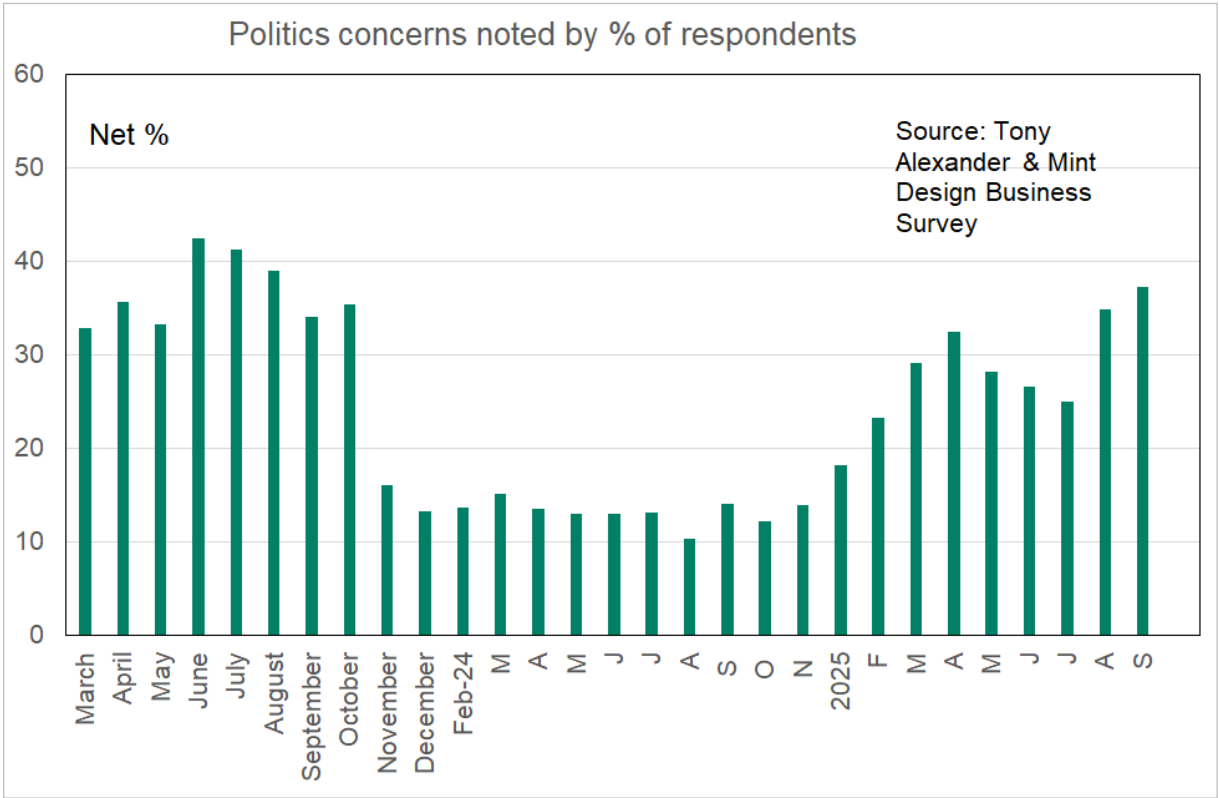
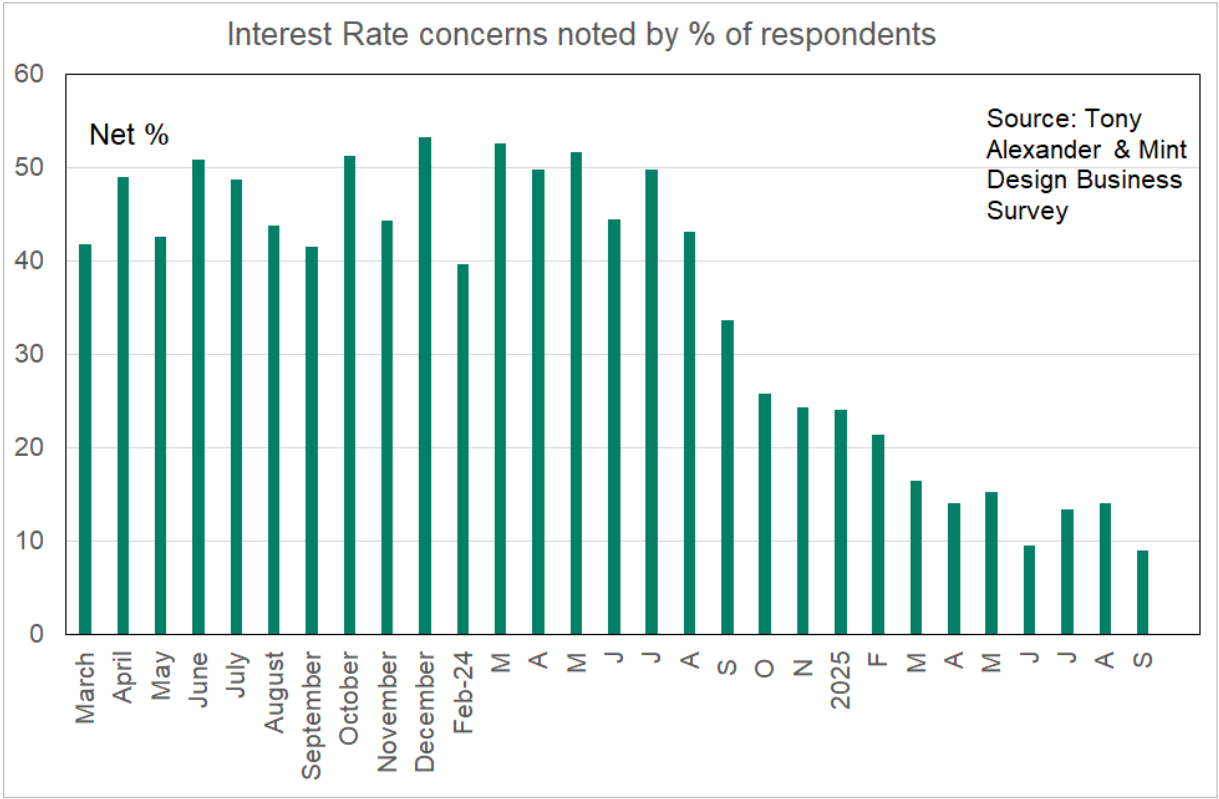


These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

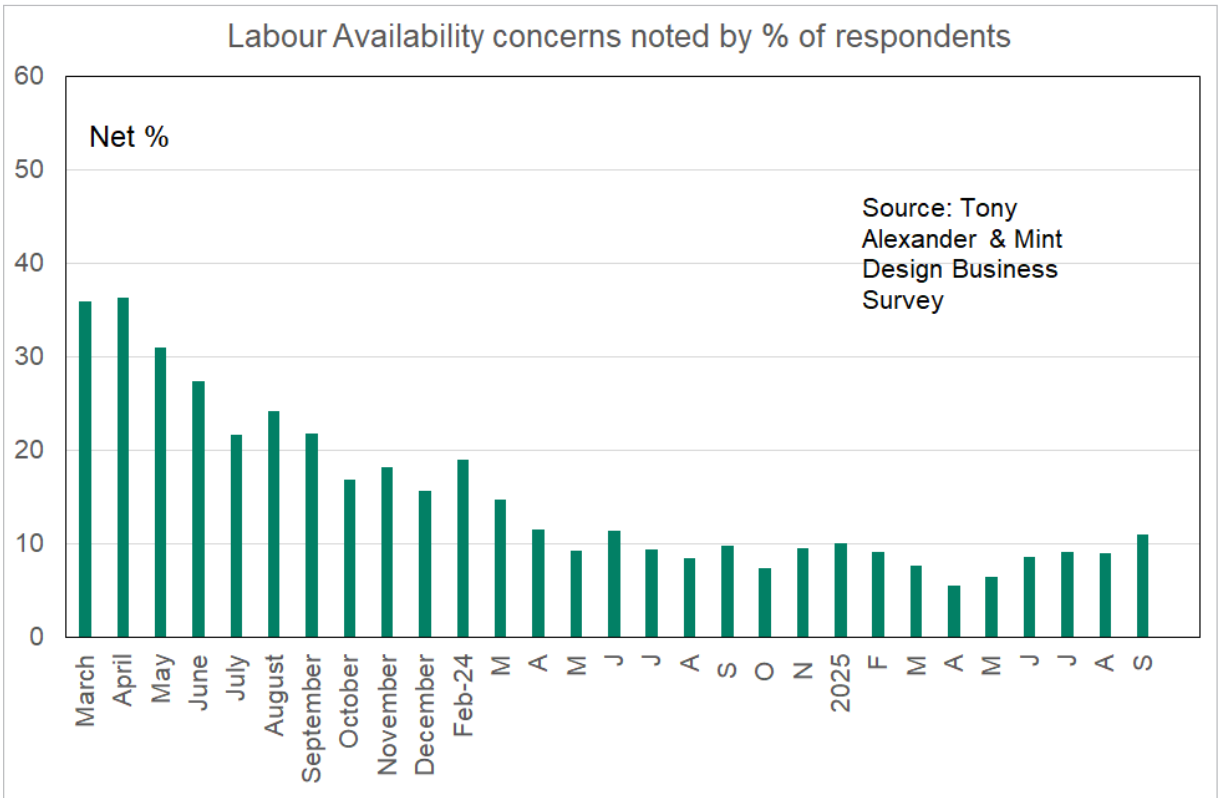
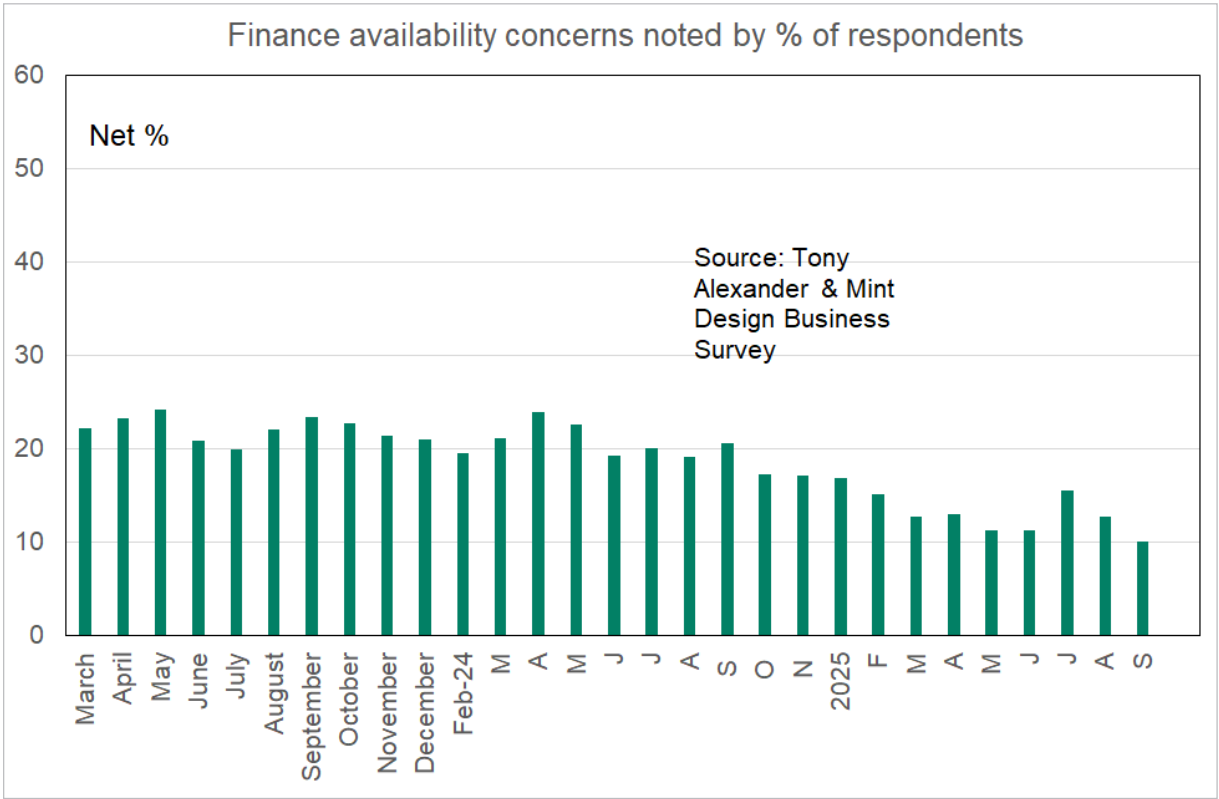
The first graph here shows that concerns about the economy were relatively low at the start of 2024 – just before GDP shrinkage of 1% in the June and September quarters of that year. Concerns about our economic weakness remain elevated. Profitability concerns have eased slightly this month but still remain above 2023 levels.



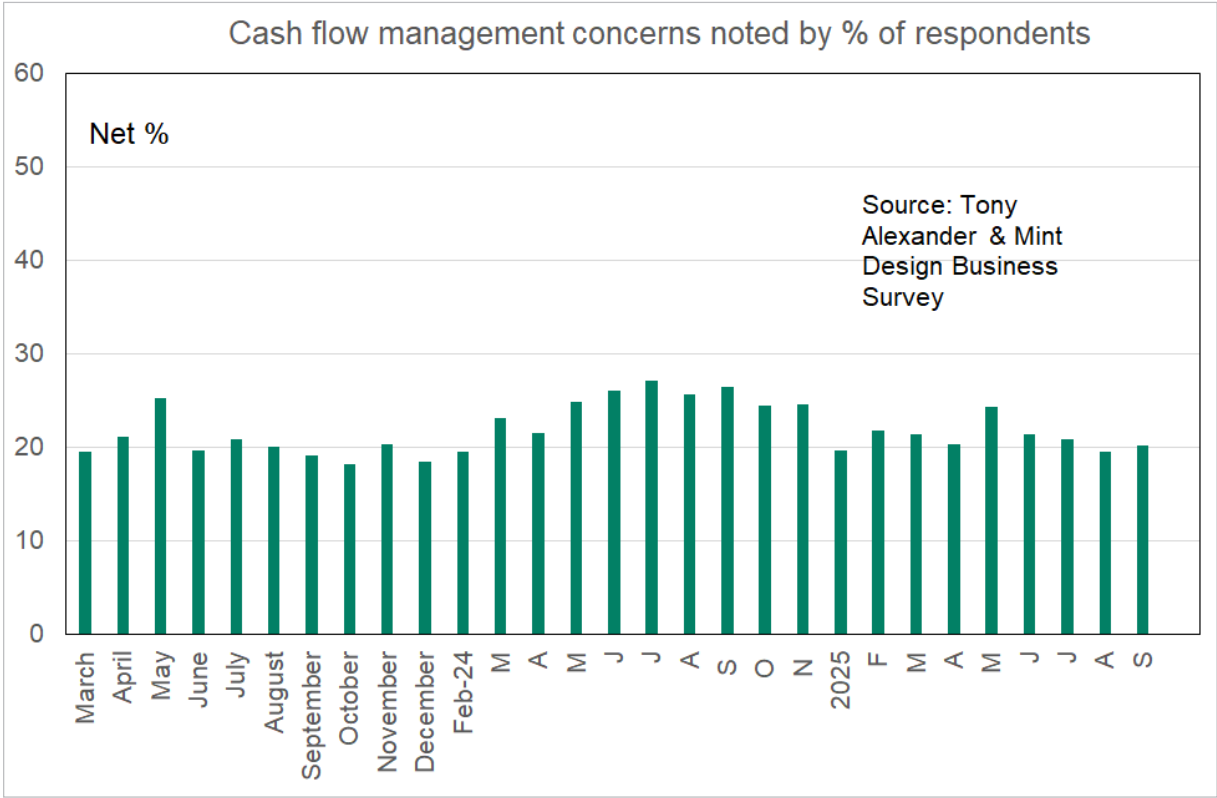
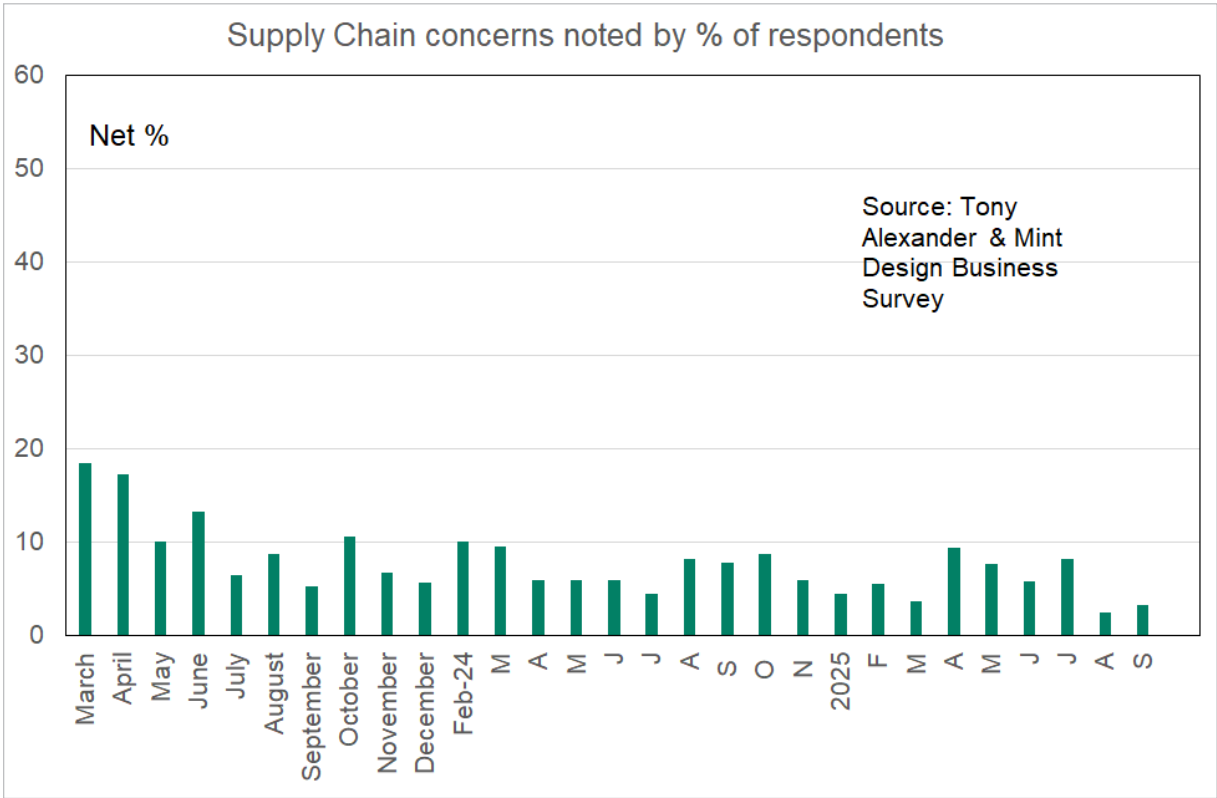
After a couple of months creeping higher, concerns about interest rates have gone back down following the Reserve Bank’s more dovish than expected monetary policy comments last month. But reflecting the high level of concern about the economy and the lack of clear runs on the board for the coalition government, concerns about politics remain elevated. Some businesses have again expressed concern about a change of government next year, though this is not something commonly expressed.



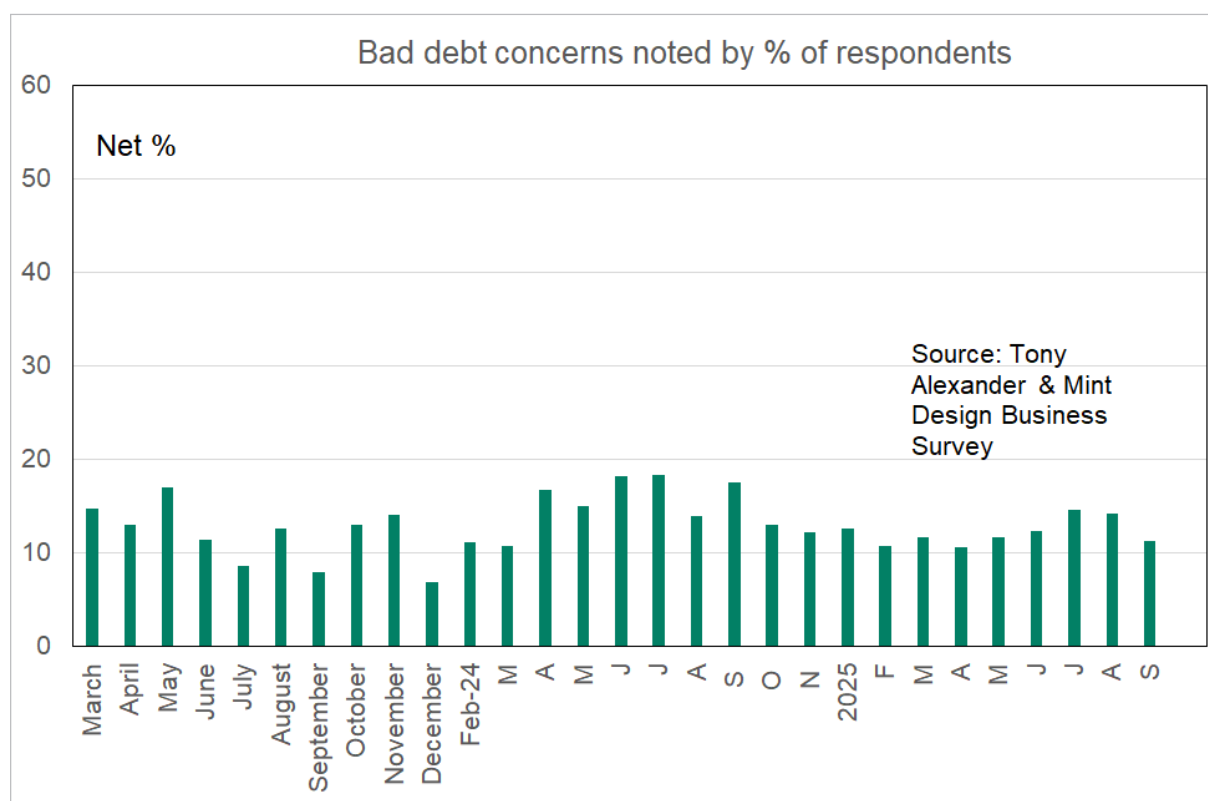
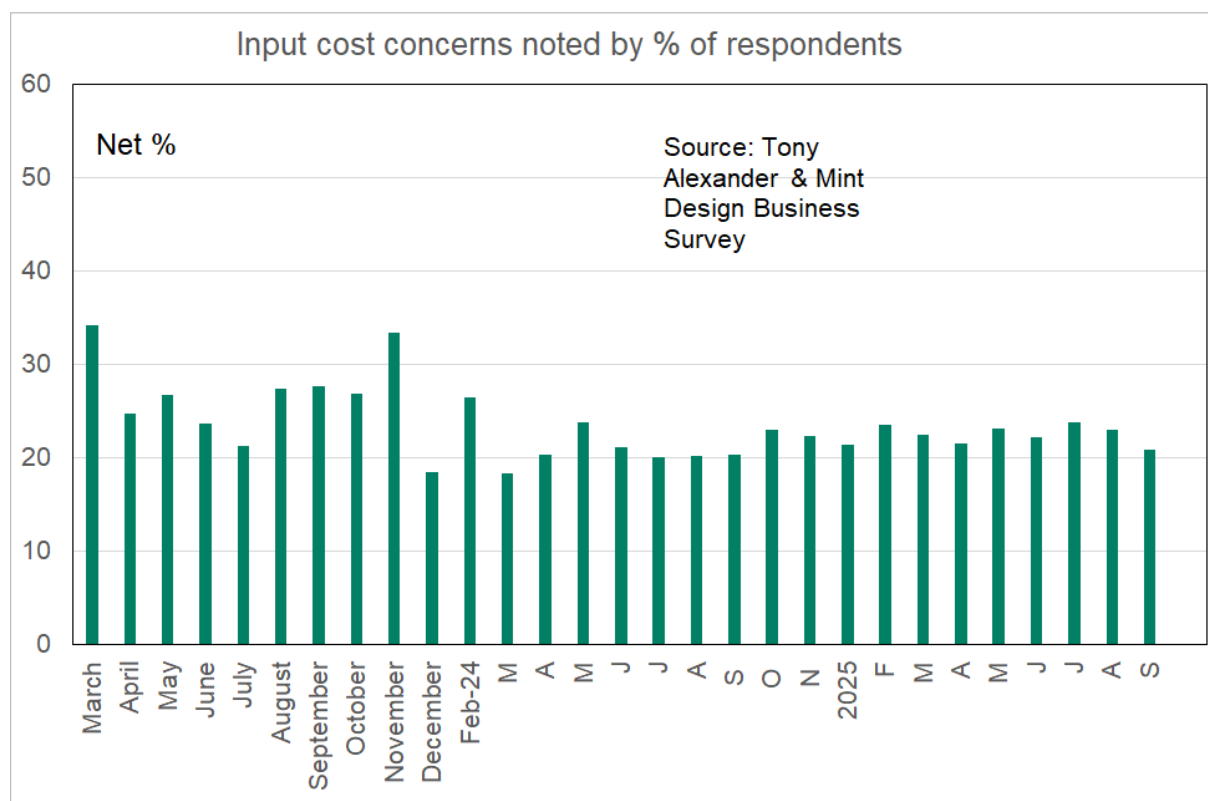
There is no firm indication that businesses feel their situation and plans are constrained by unusually tight bank lending policies. But in an interesting development, there is a slight creeping up underway in concerns about labour availability. This could be driven by weak net migration inflows and the net loss of Kiwi citizens to Australia in particular.



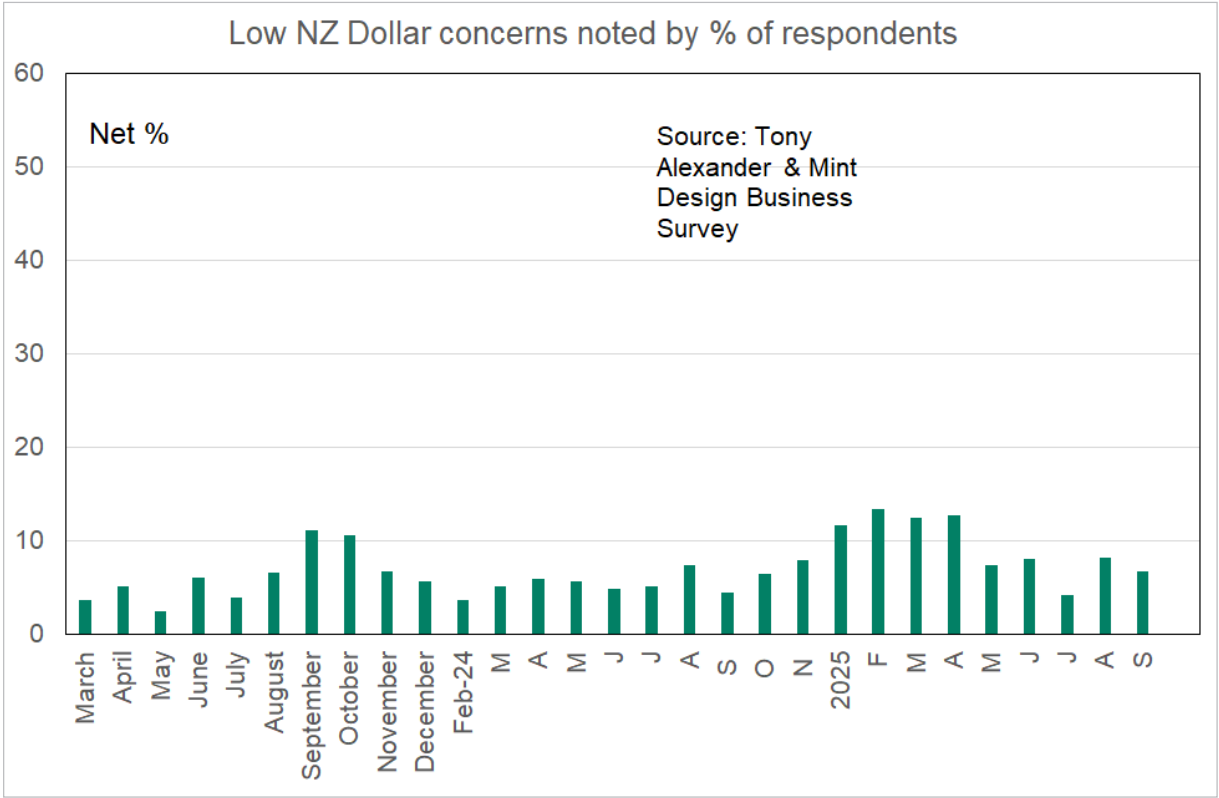
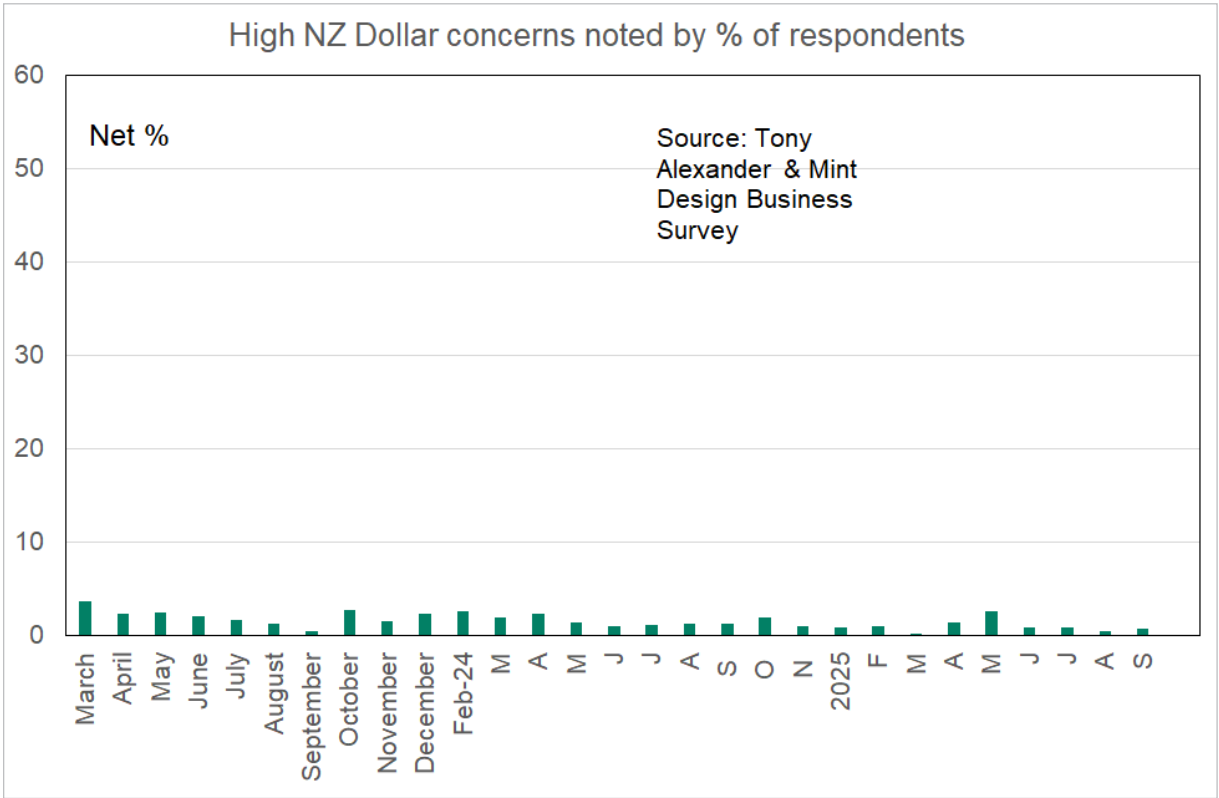
As was the case last month, despite high concerns a few months ago about the impact of President Trump’s tariff war, worries about supply chain functioning are low. No fresh clear worsening of cash flows is underway.



There has been a small decline this month in the proportion of businesses expressing concerns about input costs. If sustained this trend will be good for inflation and interest rates. Bad debt concerns have also eased a tad in this month's survey.

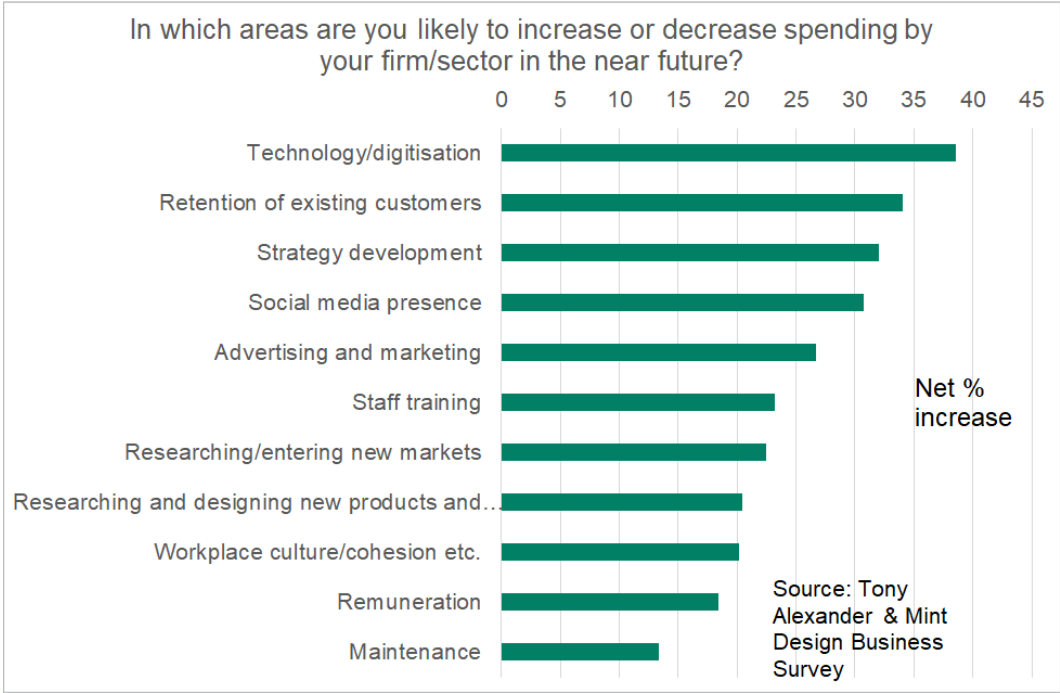


As noted above, concerns about the Kiwi dollar being too high are minimal. But worries that it is too low are re-emerging – especially following the recent consolidation below US 60 cents.

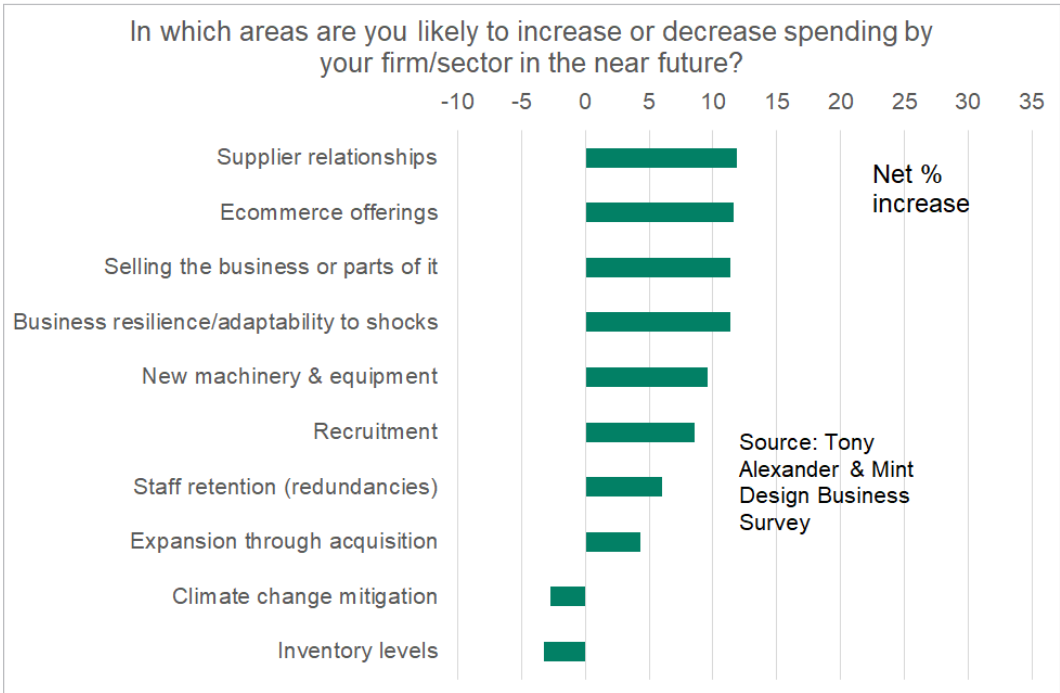


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

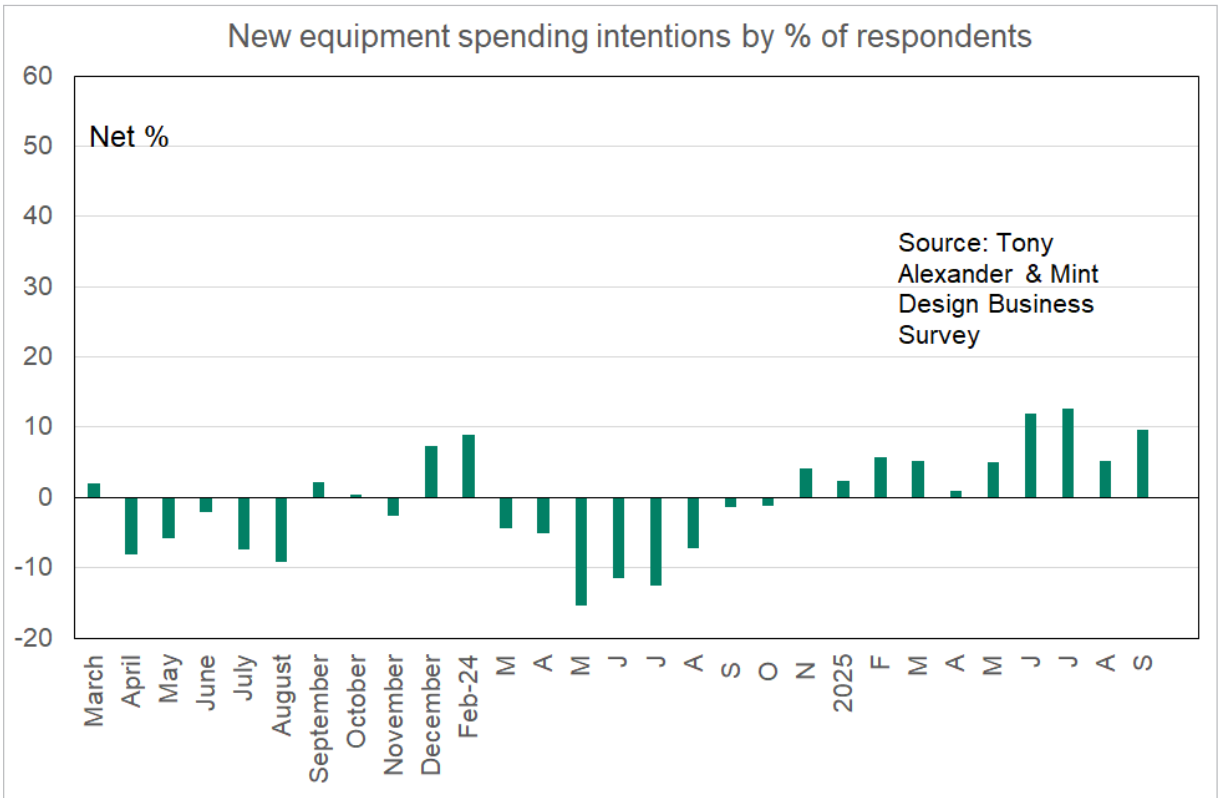
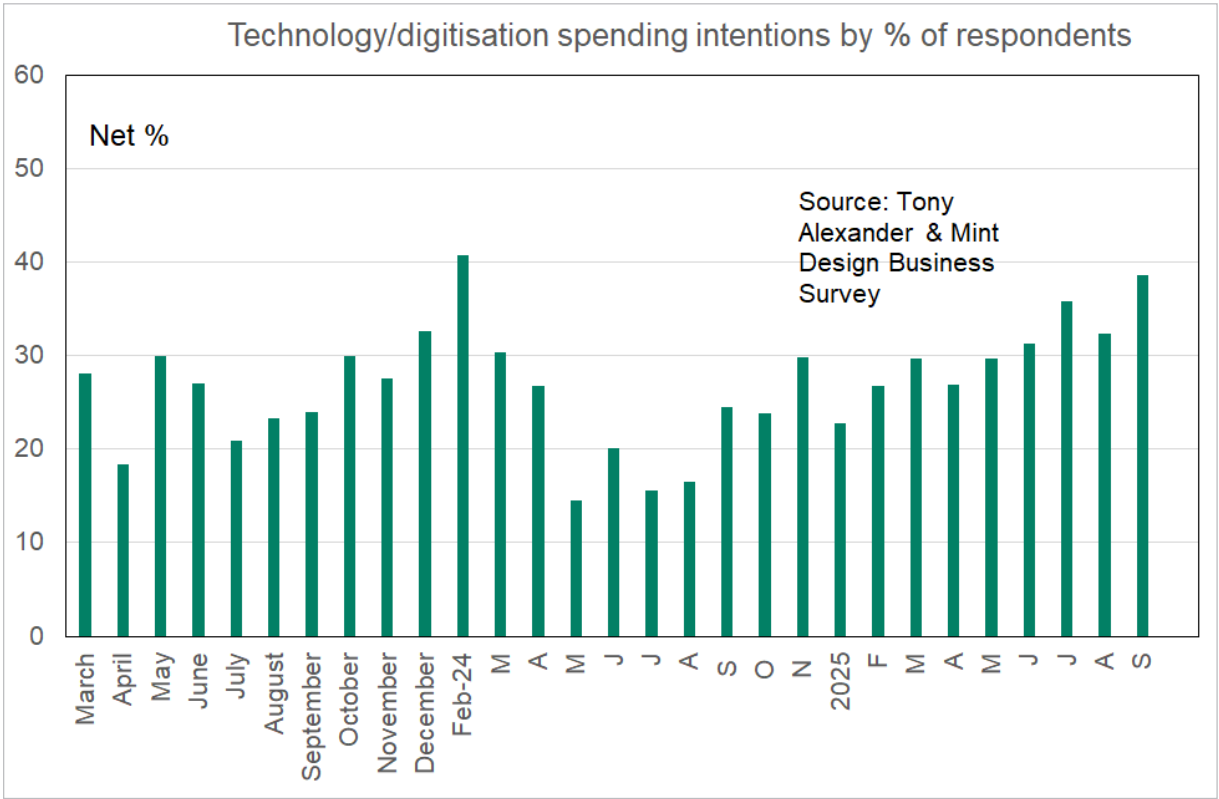
Our second main question is addressed at identifying where businesses are going to allocate their scarce funds in the coming year. As above, we split the results across two graphs starting with areas where most businesses plan greater allocation of resources. The top area of spending intentions is for the first time technology/digitisation. This is a positive indication of the commitment of businesses to taking advantage of technological developments and to back a view of better economic conditions next year.



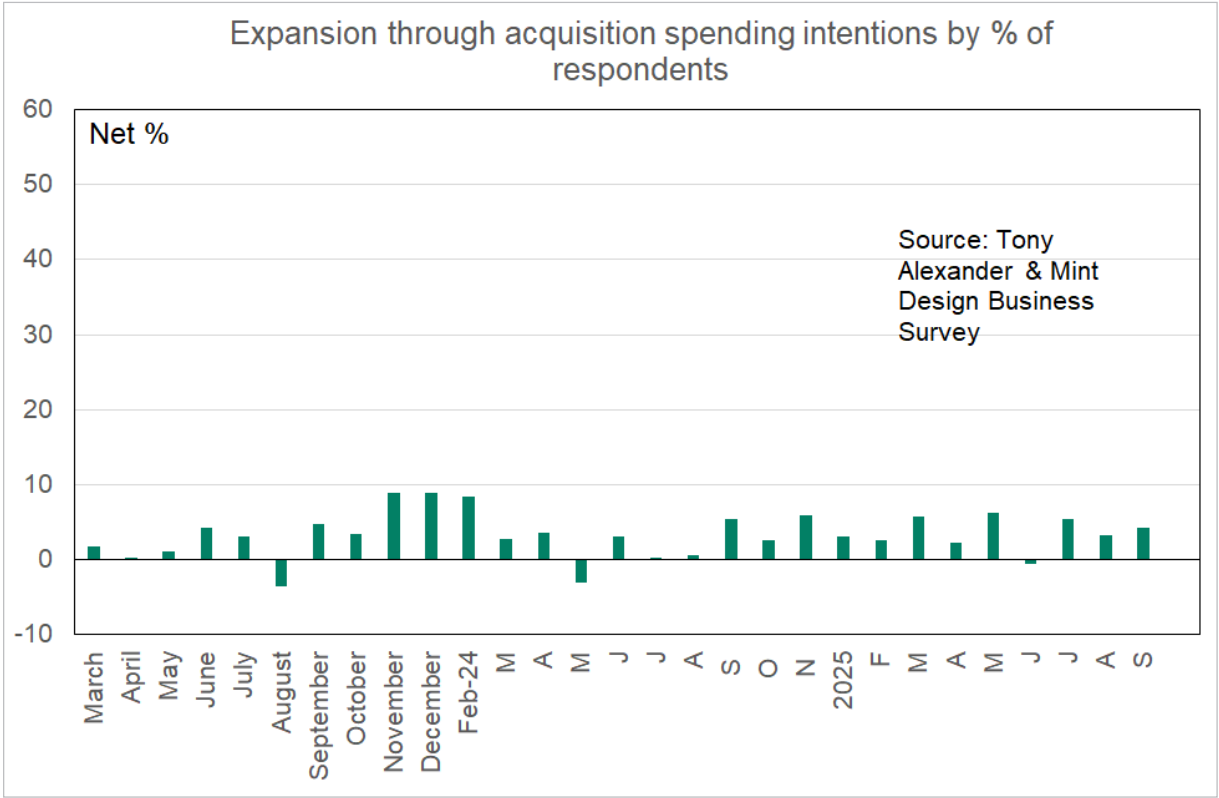
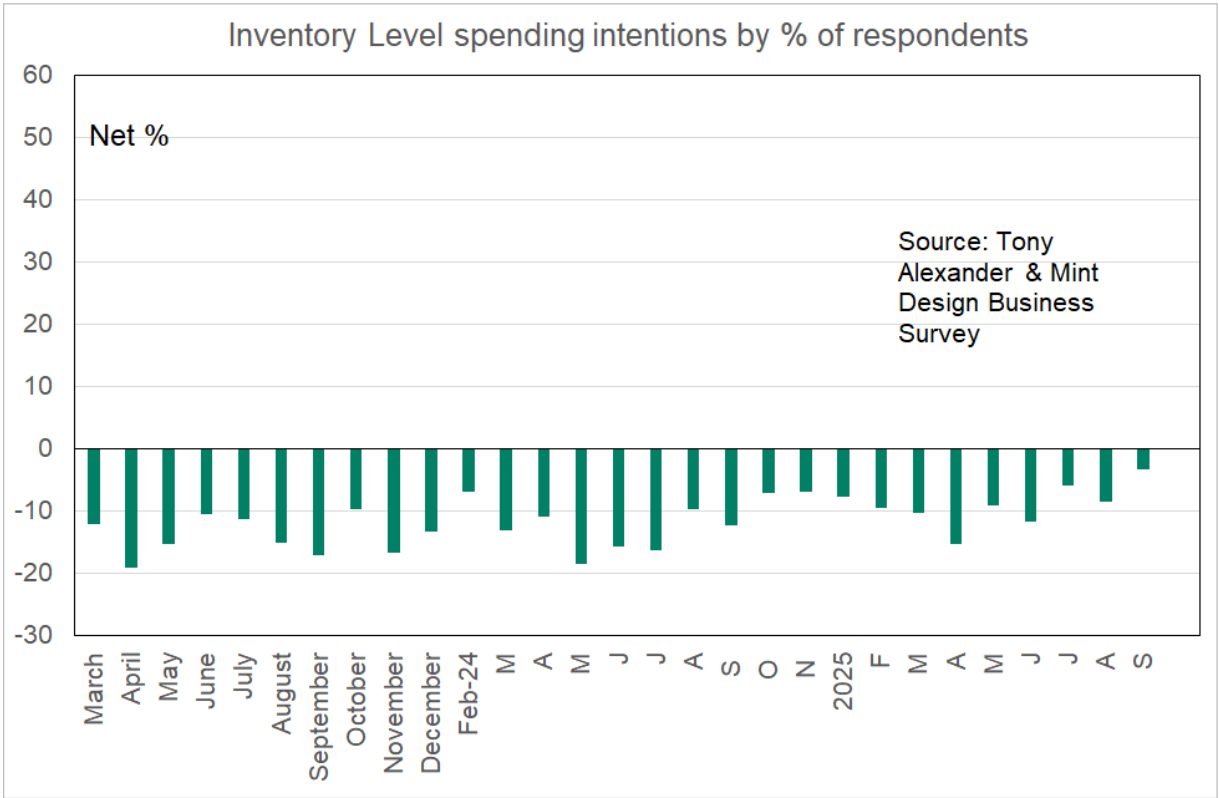
Businesses are still looking to keep short-term financing levels down by cutting inventories in an environment currently of low customer demand. It will be interesting to see when this particular measure turns positive.



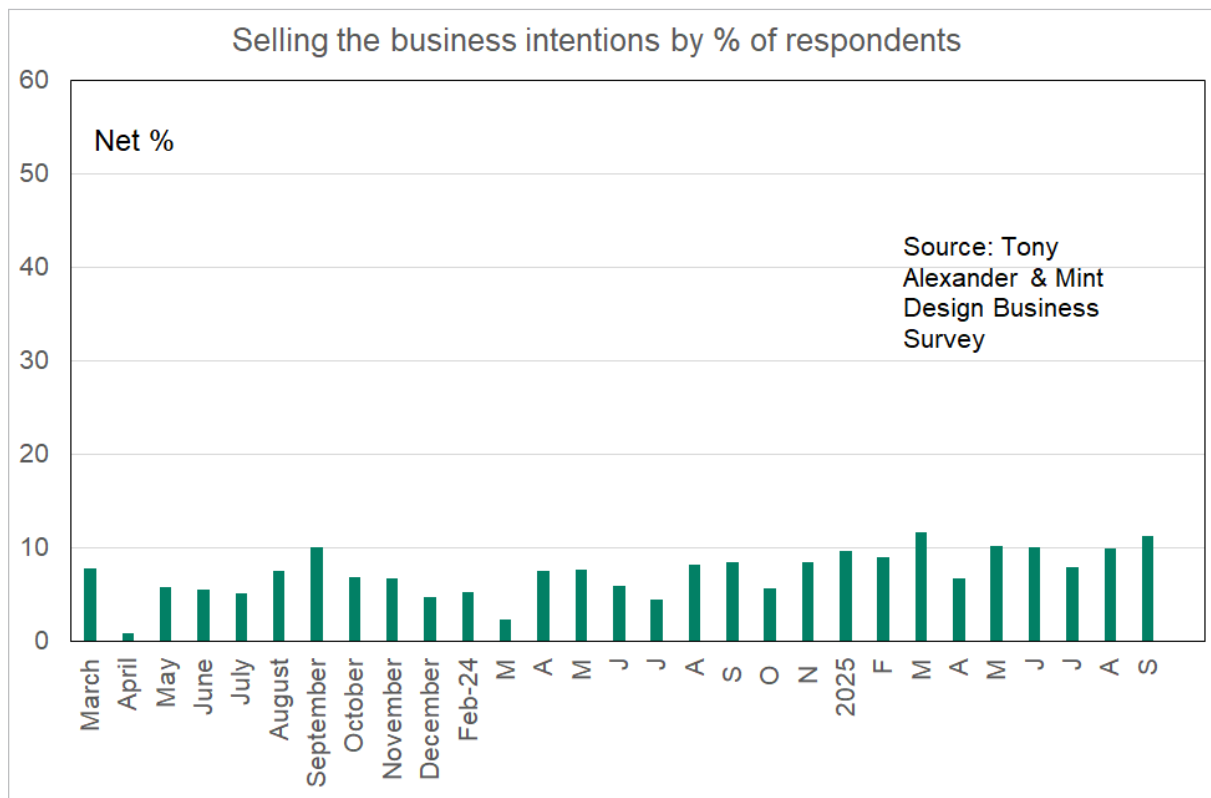
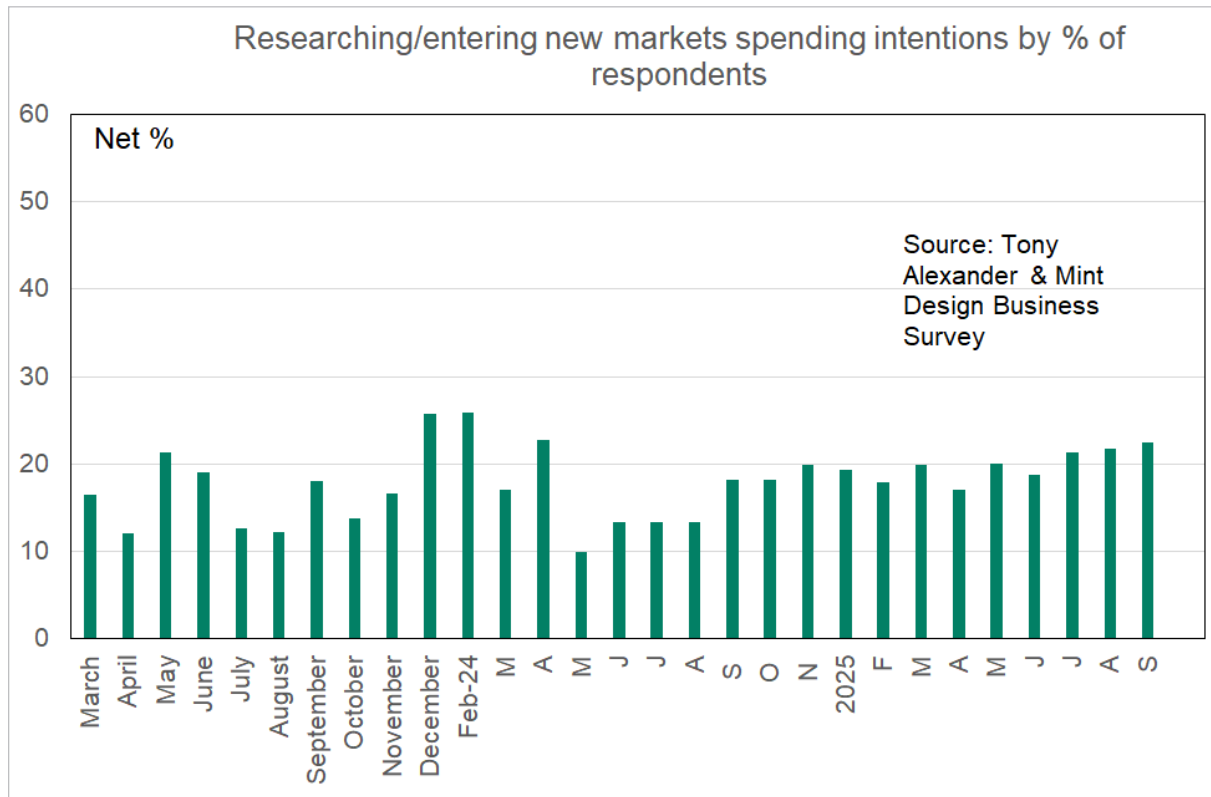
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023. Embracing new technologies is firmly in vogue. Investing in more traditional plant and equipment is also trending up.



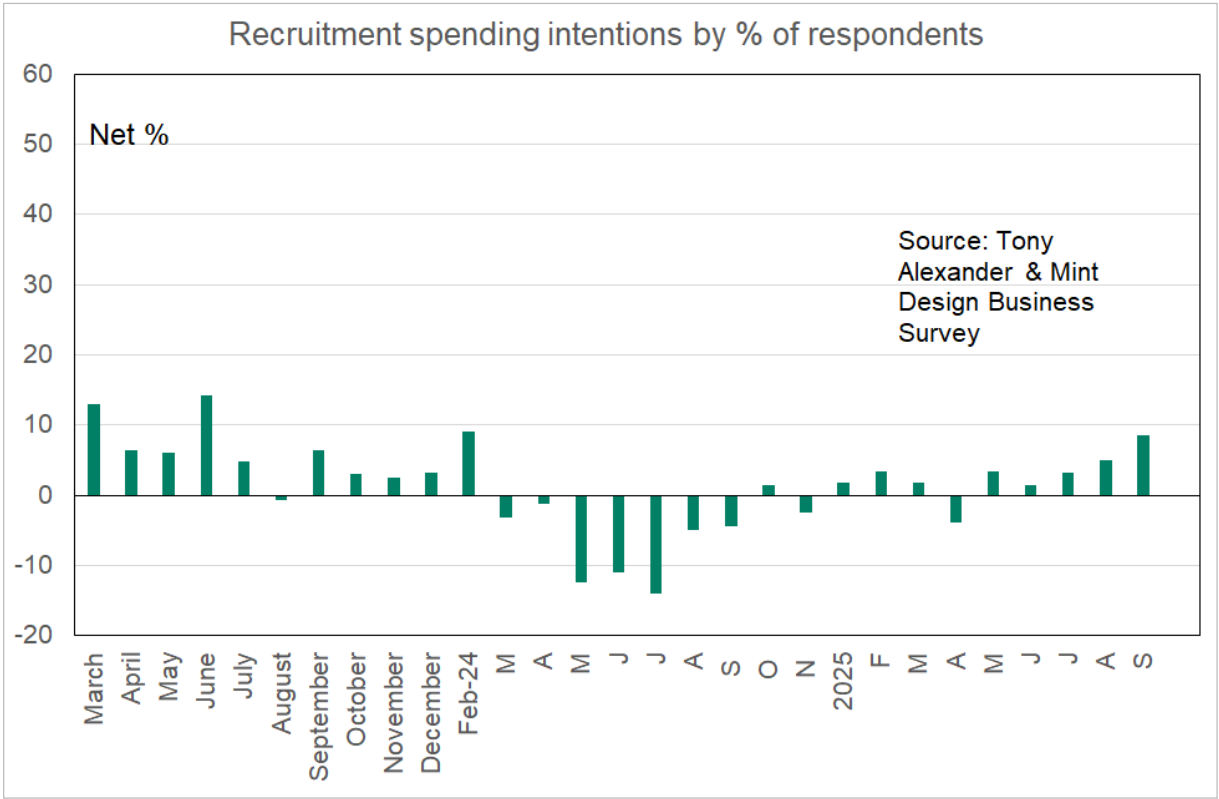
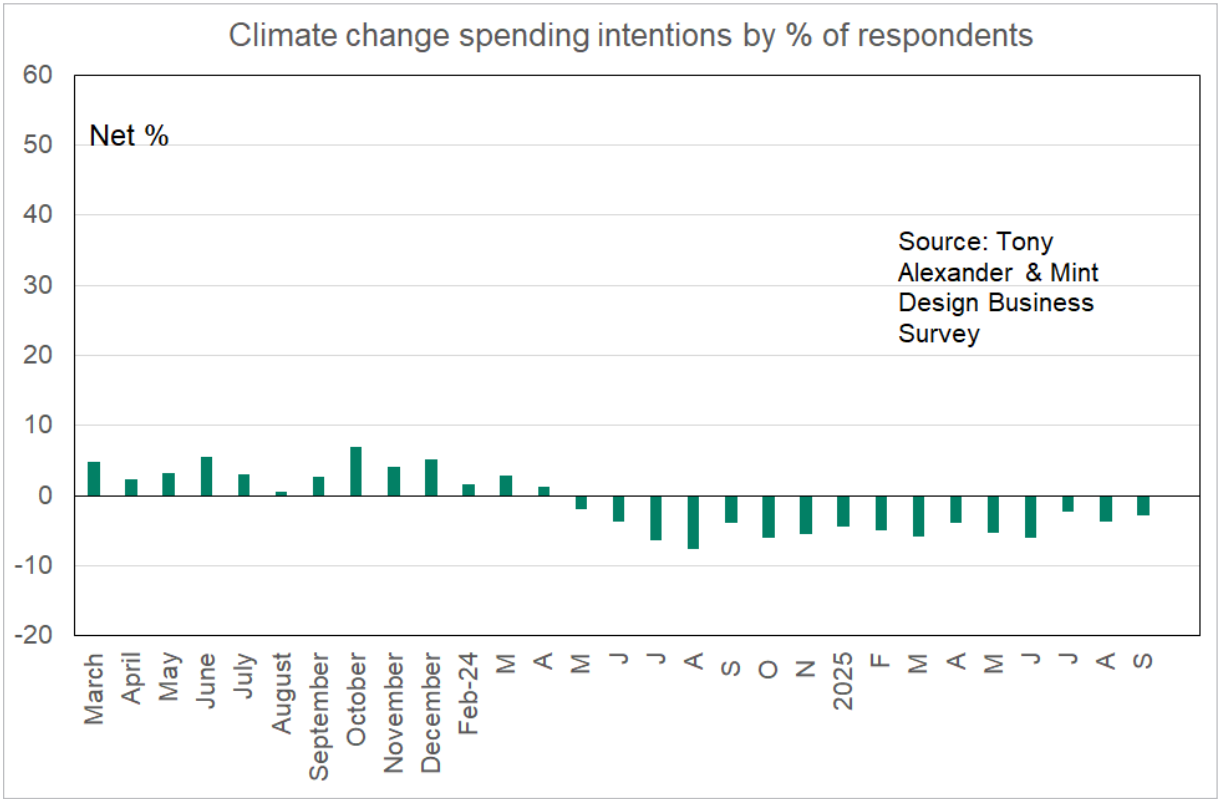
Of interest is that net plans for cutting inventory levels are at their lowest since our survey started. There is no particular sign that businesses plan to back their 2026 view by acquiring other businesses.



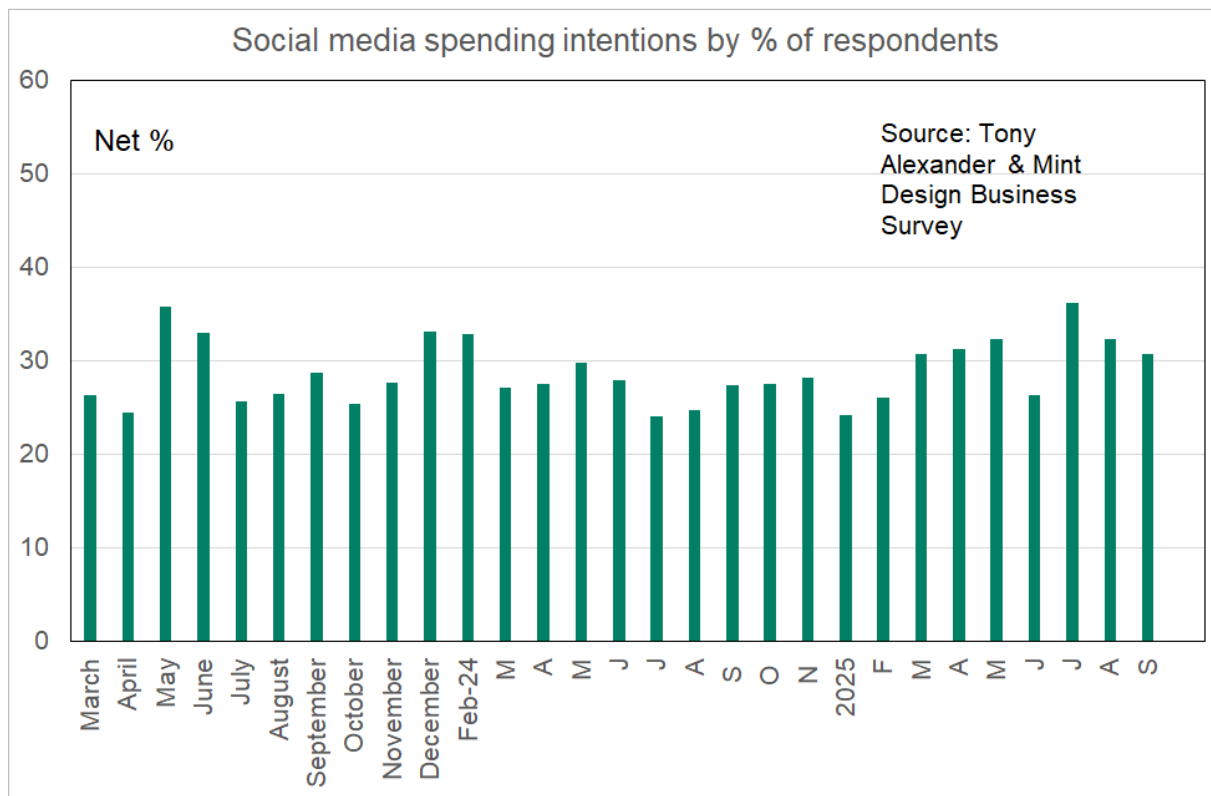
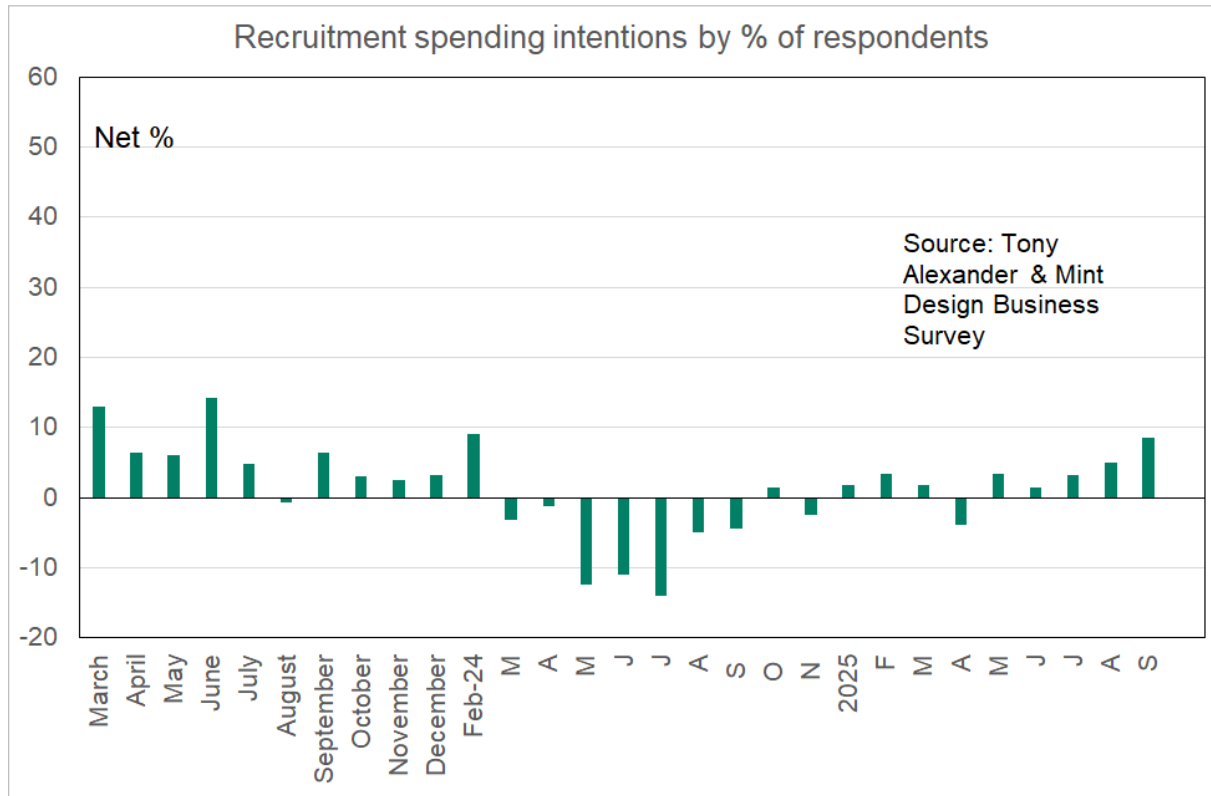
There are however signs of willingness to explore new markets as the expected recovery approaches. And perhaps there is a very small sign in the next graph that some business owners hope the recovery will be strong enough to allow them to sell their enterprises.



Plans to spend on climate change issues turned net negative early in 2024 and remain there. Some of our labour market measures such as for spending on workplace culture, remuneration, and staff training are not trending up. However plans for staff recruitment are firming and that is a positive sign for the expected 2026 upturn.

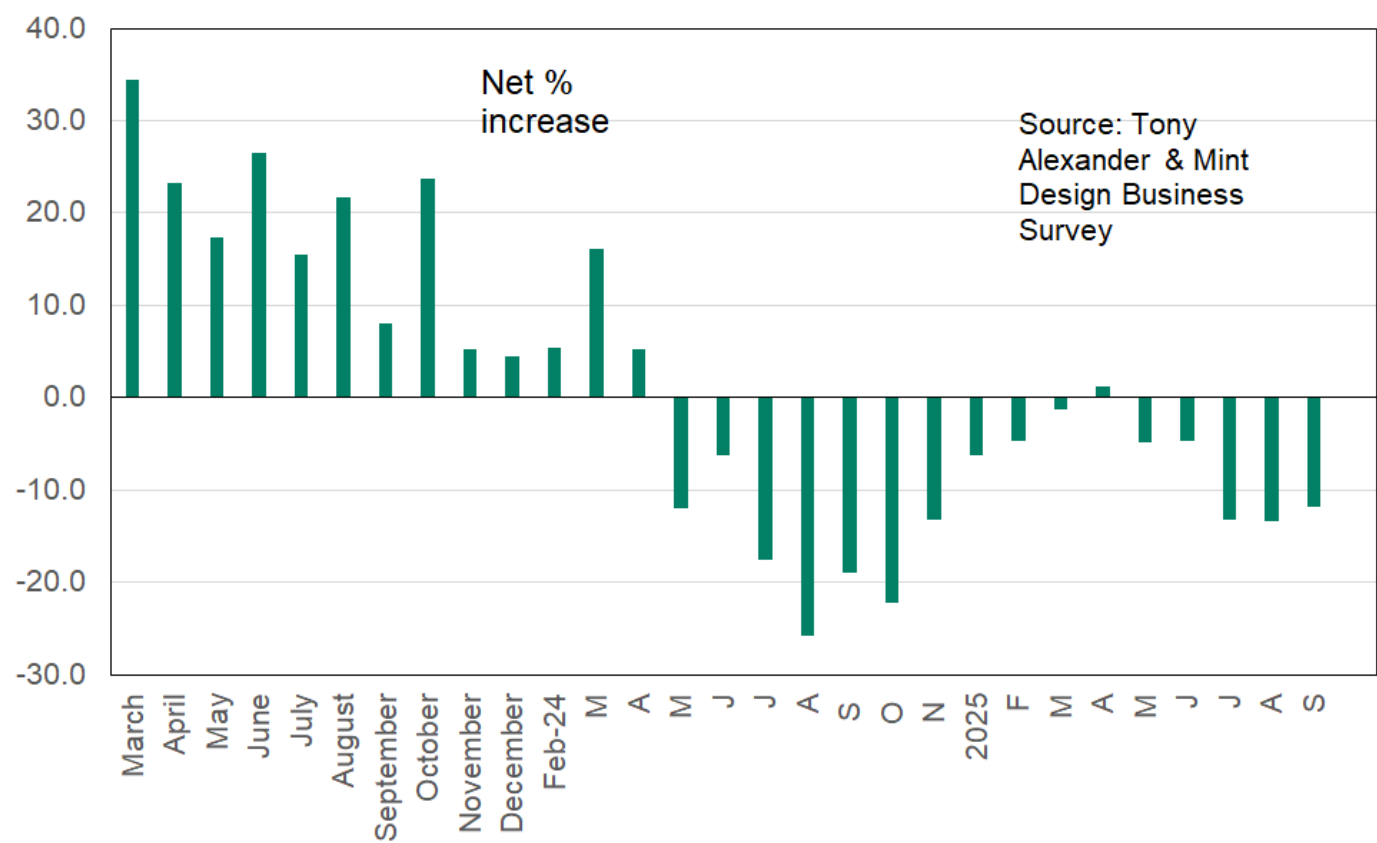


Maybe the trend up in advertising spending is also a sign of firm willingness to back a recovery view. In the social media space net positive spending intentions are as strong as ever.



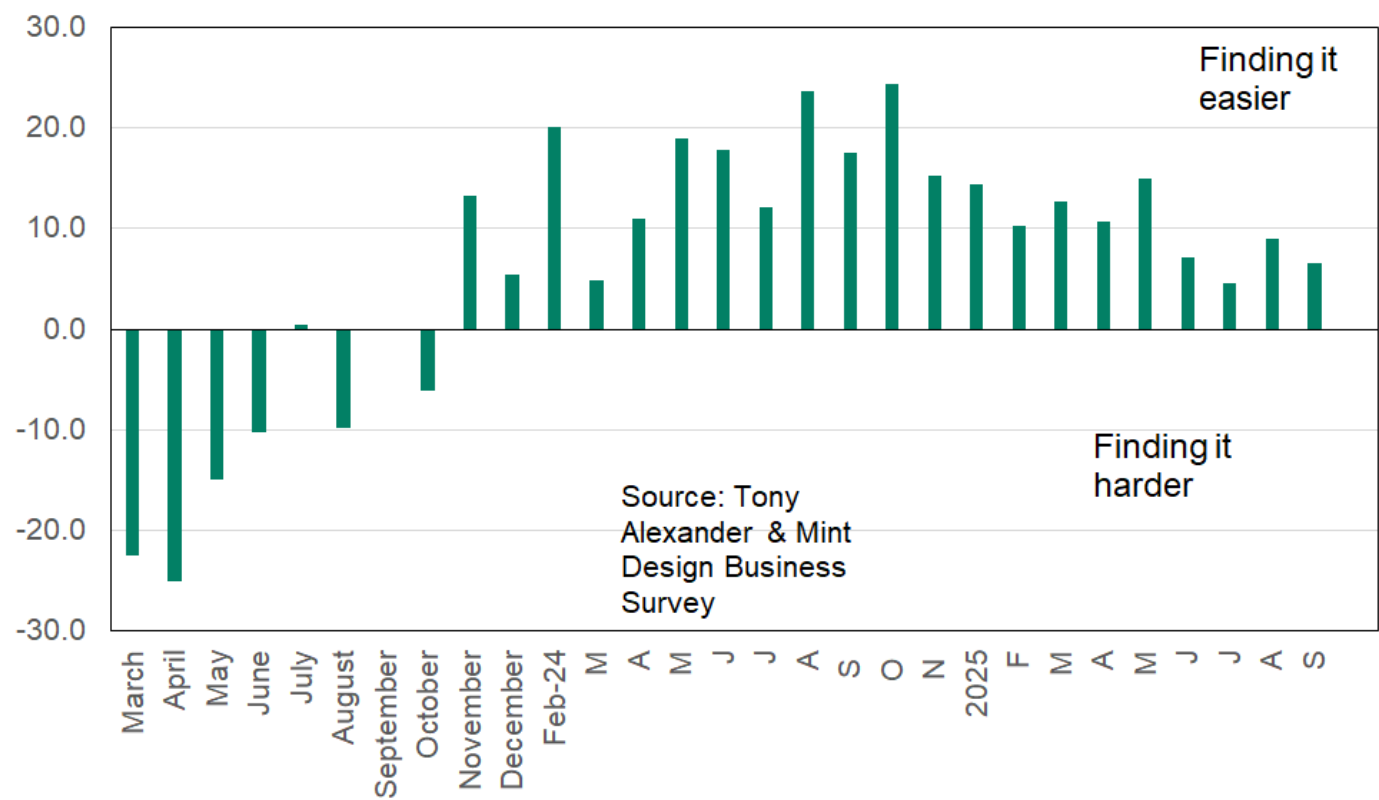
Are you planning on increasing your prices for any of your products or services this year?

A net 12% of businesses have indicated that they do not plan raising their prices in the coming year. The important thing to gauge with this measure is the trend and for now that trend is on the price restraint side. This is good for inflation and will give the Reserve Bank some assurance that its recent dovish signals may be warranted.



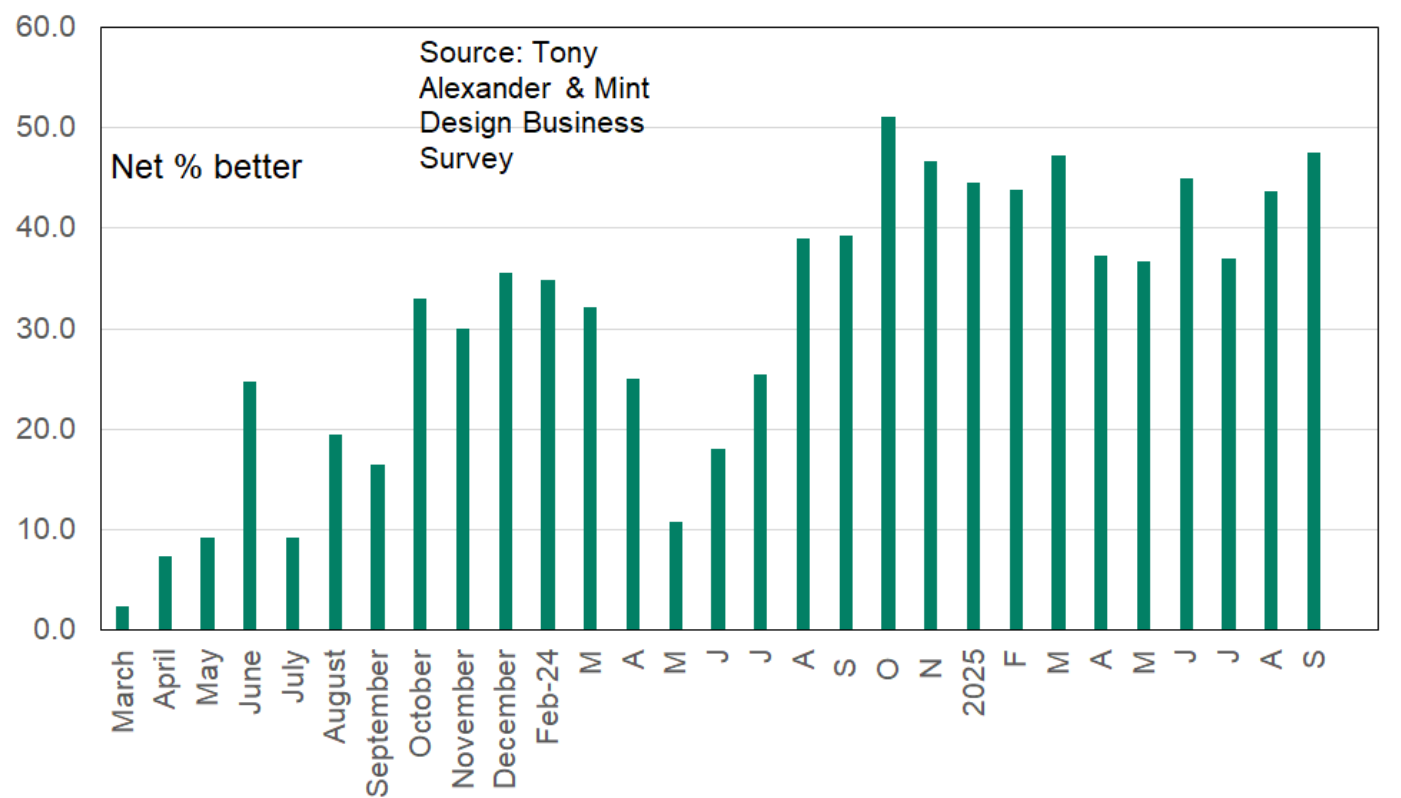
Have you noticed any change in the availability of good staff recently?

A net 7% of businesses from 9% last month report that good staff are readily available. The interesting thing to note here is that this measure has been trending downward since the end of last year despite the rising unemployment rate. This is something to watch closely once economic activity picks up. Labour shortages may return relatively quickly over 2026, and some businesses are already noting in specific areas that staffing is tight.



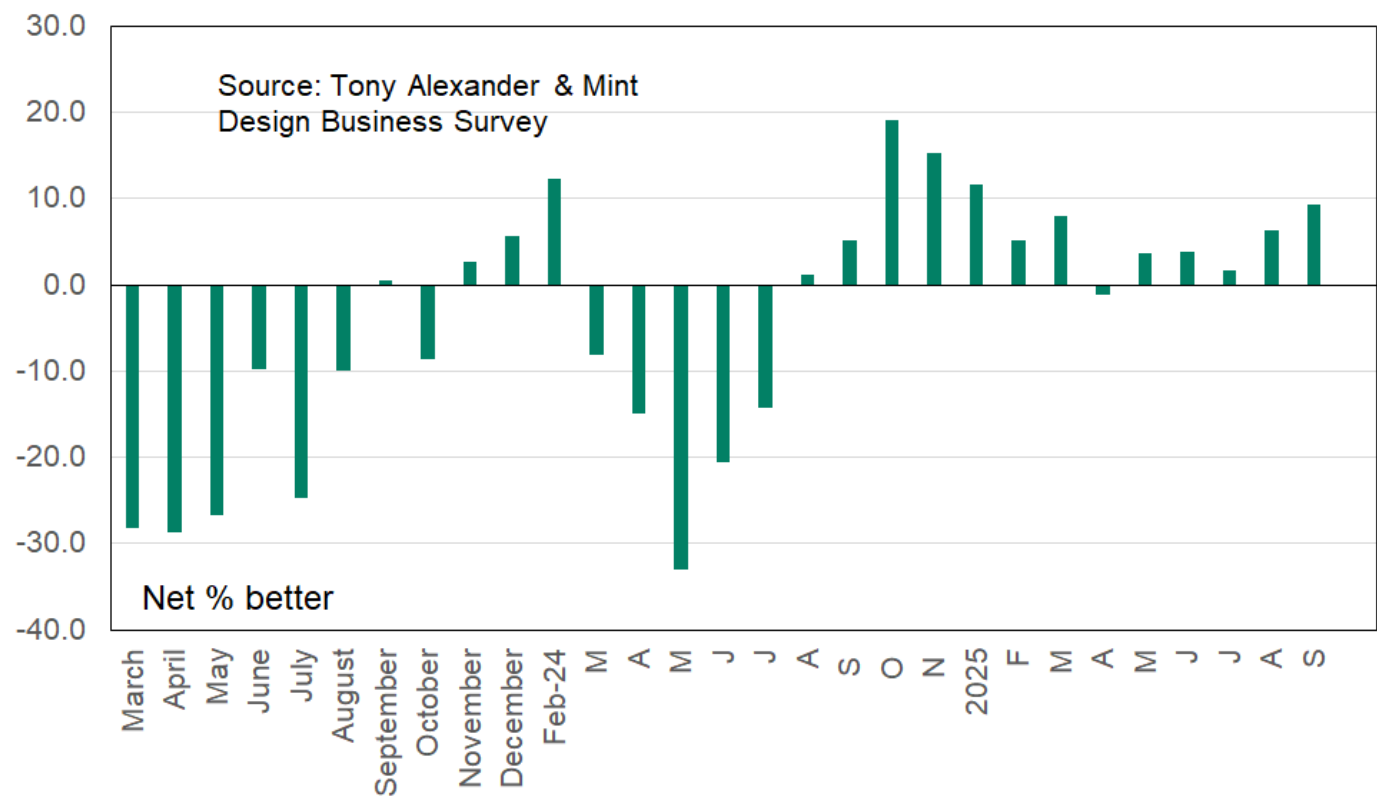
In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

A net 48% of businesses from 44% last month and 37% in July anticipate higher revenues in a year's time. This measure backs up a view that 2026 will be better in the economy because as we discussed above, businesses are planning to boost their capital spending levels to allow them to take advantage of the anticipated firmer economy.



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

With firmer activity levels anticipated next year a net 9% of businesses expect staff morale to improve. This is the best reading since February.



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.

- Businesses overall are still struggling with constrained cashflows, high uncertainty, and deep concerns about the political environment.
- Signs of an upturn are appearing in the residential construction sector. In other sectors comments remain negative overall but with more noting improvement than has been the case for many months.
- Discontent with the current government is apparent, as are concerns about the impact on taxes etc. should there be a change in government late next year.

Accounting & business advisory services incl. business broking

- Uncertainty at present with state of economy, big emphasis sadly still on property prices driving sentiment, but people have money, they are just choosing not to spend, so when it turns it will feel buoyant
- Hangover from previous government still dragging us down.
- Many businesses we're meeting with are sitting on their hands knowing what they need and want to do but are very hesitant to spend because the outlook is so uncertain. It makes planning dire. This is worse than the GFC.
- The increase of business closures, receiverships and liquidations.
- Resilience in the entertainment sector
- Just generally quite quiet, holding on and managing cash very carefully.
- Staff motivation is quite low and lots of absences. Clients in retail struggling. Otago in general is holding up pretty well. Businesses looking to ease owner burden by taking on other shareholders/partners.
- Hospitality and retail still lagging. Speaking to an insurance agent this week, she is seeing concern for the economy and viability in a wider range of industry.
- AI disruption
- Getting squeezed in all directions.
- Small businesses either suffering badly or simply closing and walking away. Very worried about a Labour, TPM and Green government absolutely finishing NZ off.

- Most of our client businesses have restructured and hunkered down to the point that they should be able to manage to survive the slower recovery than we have seen in the past.
- The recession is still flowing through businesses with many businesses struggling. AI buzzing everywhere with a lot of hype. Constant bombardment from offshore outsourcing agencies.
- I'm a finance broker and seeing many businesses cautious about the future which is affecting their willingness to invest in new equipment

Advertising & marketing

- Clients are talking about how the market has bottomed out and expect a slow but steady increase in business. Many have made hard cuts and seen competitors fall away, and are now looking to work on customer retention strategies to lead as the market and economy lift going into summer, an election year and as primary markets' (e.g. farming) profits flow through to metro areas/cities.
- Clients still wary to spend on campaigns and events

Architecture

- Big firms are still laying off staff
- Enthusiasm but a lack of confidence.

Banking and Finance

- Still seeing reluctance in the business sector to undertake borrowing for investment. Vehicles under operating leases are being held onto for longer to avoid the extra cost (due to increased purchase cost and higher interest rate) of replacements.
- Customer uncertainty as a result of Govt uncertainty and reluctant to commit. Treading water at best.
- Waiting for the recovery.

Cafes, bars, and restaurants

- The market is getting more competitive against a backdrop of ever increasing costs on all fronts. It is increasingly difficult to maintain profitability in this market.
- We got through the Covid lockdowns etc. but have had to be very tight on operational costs since then. Ongoing cost increases are increasingly hard to handle. Doom and gloom in the mainstream media have a significant effect on customer's propensity to spend.
- We have seen a slight lift on day to day spending from customers which tells me we are heading in the right direction.
- Constant erosion of the bottom from all angles in an industry (i.e. hospitality) where they are already very skinny.
- We looked at our August figures for the last three years. 23 40k, 24 24k, 25 17k (ex GST). Pretty much sums up how hard this recession has been. 2 cafes closed down last month up here. Yet we're told spending is up 1%. Needs to go a lot higher. Also being told to stop being negative by highly paid people who have never owned a SME in their lives grates somewhat. Not a huge morale boost. Still September is looking better. So far.

Civil construction/infrastructure

- DEI hires in client organisations are not up to the task. They don't have the skills to complete roles!
- Uncertainty. One month will be great the next bad.
- In the infrastructure sector continuity of investment, rather than stop start, and stable policy and regulation are key issues. Uncertainty leads to investment hesitancy.

Commercial construction

- Still very tough going – extreme price pressures meaning customer retention a challenge, let alone growth. Green shoots few and far between.
- A lot more companies are bidding for the same work. Great for customers, not great for construction companies.
- There is no future work in the pipeline. Big Government funded projects do nothing for the provinces. Really hard going at the moment, trying to keep the business going.
- Construction section completely stalled and stagnant
- Lots of quoting for future construction. However due to the current lack of work around, there are more competitors pricing jobs very low to secure work. So there is very little margin in any successful tenders.
- Electrical Contractor: Improving forward work with larger projects starting, still hearing about experienced staff leaving for Australia, noticing it harder to find staff with 8+ years experience
- Seeing green shoots. Group builders starting to ramp up. More interest in the showroom from customers
- New work opportunities have increased recently as a number of new players have exited the market. Margins have lifted slightly to a more sustainable level. Recent capital investment in plant and machinery is really delivering now

Commercial real estate

- A lack of confidence
- Tenant hardship is starting to turn around and improve.
- A number of businesses are failing to see the light at the end of the tunnel getting any bigger – some are seeing it fade and for a few more it has gone.
- Slow recovery
- Much caution to be exercised in a flat, low reward for risk market. Little substance in future vision being promoted by central government (of any persuasion). Feeling very much like a slow second world decline.
- Some companies are more desperate for work, and some are inflating prices.
- Still a challenging environment out there for small business which has a catapulting effect throughout the economy/country.

- Worry about the number of young people leaving the country. So many we know and all skilled. Retailing and high street shops are vacant in a lot of suburbs as no one seems to be spending. Tenants say their rates and insurance and compliance costs are increasing more than the rate of inflation, this is unsustainable.
- In inner city fewer tenants seeking premises and increased competition with new builds. Local authorities enabling bigger box retailers to exit the city centre and hence reduce inner city shoppers
- Improving outlook although the path is bumpy with the economic winter, just like the change in seasons, lingering for some time.
- The big issue for us is interest rates with some light at the end of the tunnel now. By and large tenants have come through the hard times, retail excepted which is frankly a disaster.
- Increasing optimism within the commercial market and with business sentiment.

Education and training

- Low business confidence, cluttered and confused education landscape
- People do not have enough money to spend. They only rely on basics.
- Current decrease in domestic student numbers but increase in international student numbers. Internal staff survey results poor indicating lack of confidence in organisation leadership and strategy and efforts to date. Academic component looking to develop new academic offerings that are attractive to industry and school leavers.
- Unemployment in the community and business failure affects our clients/families demand for our services. This also puts pressure and stress on my management team.
- Things have turned slightly better in the last few months
- Lack of good qualified local people, do local people prefer to travel for work, or are they just not out there?
- The School sector in overload, while the early childhood sector is fine.
- Businesses closing down with no plan or support from govt, increasing cost of living, food, power, rates, electricity; answer seems to be austerity.
- Weather plays a big part in how well we perform as part of our business is tourism/retail in a holiday destination. Summer is our cream, and we have been without for several years now. Political moves to change outdoor education could have serious impacts for us depending on how that plays out.

Engineering

- Upturn has started with new projects kicking off, acquiring as much talent as possible now while we can before the labour market becomes constrained again due to skills shortages
- We are in land development professional services operating across the NI. Auckland is a very tough market at present with new development opportunities (both medium and large scale) few and far between. The regions however have good activity and are propping up the lack of development in Auckland.
- Continued difficult trading conditions. Not enough work in the market due to lack of infrastructure investment and ongoing weak economy. No signs of any meaningful recovery yet...
- Flurry of pre-Christmas activity – lots of rushed, poorly written RFP's coming out with short deadlines and vague scopes.
- Government cuts on infrastructure spending have destroyed the construction industry. The engineering consultancy sector has lost 2,000 people out of 15,000 in just over a year. It's decimated our sector and will take a very long time to recover.
- Recovery is coming – need to get Council Ideologies back off the table and back to operating like we did 10 years ago. The changing technologies and legislative changes are going to blow Council Staff minds; it will be interesting how they cope.
- Economic stagnation in infrastructure, contracting and building – all the areas we produce engineering solutions for !!

Farming & farming services

- Farmer confidence is improving although an uncertain world and price inflation on imported goods is reducing demand
- The domestic economy still feels very fickle. It's been a pretty tough winter for many people.
- Farming of all types is going very well at present. Historically we get a good year before prices go lower or crash. This time it looks as though we may get a couple of good years before any correction. It will be interesting to see what happens with the Fonterra capital payment to shareholders. Historically extra cash has resulted in higher farm prices.
- In Kiwifruit we're doing well with great production year, great international sales and great fx position – plenty of cashflow. Having spent 35 years in the sector I've seen highs and lows, so while it's high we're investing in technology and business development, building high quality team and organisational resilience
- Local authority rates and compliance costs are increasing for no good reason.
- Lack of government funding
- The increasing wet conditions is making things difficult.
- Increasing input costs especially electricity supply. Concerned about increasing summer droughts on pasture.

- Paying back principle off loan. Reducing exposure to interest rate changes and overseas price changes, shocks, events. Less debt equals more security for us to withstand future challenges. Dairy farming going well currently with sustained high prices, Fonterra share payout and promising financial situation looking ahead.
- Horticulture- Confidence is steadily building, bring on 2026!
- Viticulture – Global glut & economic issues in NZ – a double whammy!

Financial advice/wealth management

- Difficulty with succession planning and retaining staff
- Still tough out there and consumers still watching their dollars
- Industry consolidation and restructures.
- Potential change of government is not ideal in our industry – we seem to get hit with further rules/regulations/red tape when the left run the show (i.e. – higher business costs and less time “on the tools” for staff/business owners).
- A bit more optimism and willingness to invest but still cautious, just the start of green shoots but nervous they may wither.
- Competition between banks and difficult with secure lending.
- Funds Management – Confidence in investing from Retail investors slowly coming back as deposit rates head lower.

Health

- We run a chiropractic centre and usually we're 30% busier by now from the slower wintertime. I've spoken with several health practitioners and they're all saying the same
- Concerns about continual significant loss of buying power due to inflation – apparently largely government related.
- There's no consistency
- People delaying getting treatment. Not continuing treatment once they feel even slightly better
- Current lease expiring within 12 months, so relocating to larger premises. Actively recruiting qualified staff and expanding business.
- Alarming destruction engineered by the government.
- Increase in unemployment and decrease in customer buying – business is deteriorating.
- Private sector health – Slow customer growth.

Information technology

- We're definitely seeing increased activity and interest. Still tight cashflow constraints however which are delaying decision making on large capital projects
- Product margin decrease; staff redundancies
- Rapid technology change is an ongoing constant especially considering AI influence, yet good staff resources (especially home-grown) are increasingly harder to find, driving operational costs up. It's a case of having to do more with the same, in an industry where anything less than a 40-hour week is a distant memory.

- Customer demand in my customers is down. The economy is trashed. Tariffs having impact
- Very low customer demand – they are all struggling themselves, so we are helping them by reducing our costs where possible in order to help each other get through to 2026, when evidently things will start to improve.
- No confidence in the economy improving. The Coalition Government aren't delivering on the promises they made to focus on the economy. Trickle down effect, no one is keen to spend any money!
- Our business is doing well and increasing turnover and some of our clients are the same, but some are struggling.
- Things were picking up, then from April onwards it dropped off a cliff! Still very slow, not much inquiry, and slow decision making on opportunities.
- Challenging entertainment

Insurance

- Customer defaults and looking for savings

Legal

- More interest in residential property both home and investment. A broad range of work in most private and family areas such as Business advice, Trust establishment and advice, more advice in relation to aging clients, relationship property – contracting out agreements by younger people.
- I am a sole-practitioner Barrister. Business is booming.

Manufacturing (all categories)

- No confidence from customers to commit to large capital items
- Still very tough out there for many. IRD finally catching up with slowpokes who have been using them like a bank for the past few years. Many more liquidations to come. There's light at the end of the tunnel, but the market volatility means it is tough to navigate for those who don't have a good cash buffer.
- Tighter margins from pressure to sell and increasing prices from suppliers.
- There has been an uplift in business in the last 2 months, hopefully it is a trend not a blip.
- We have stopped reading the herald, focused on our strengths and subbed out what we don't do well. Our sales & net profit are increasing on all metrics as a result.
- Grateful to be operating in the dairy manufacturing sector where we are seeing increased spending
- We are seeing a firm uptick in demand from the Ag sector due to the increased commodity prices. Also thankful for the dollar dropping, giving us more profit from increased return on our overseas sales, this is a deep improvement for the NZ economy, especially if the exports are higher than the imports.
- Imported input costs are very high. B2B customers are looking to suppliers to be their funding source, so cash conversion cycle is very long. The suppliers are carrying the risk of businesses collapsing, and there are many.

- Customers are still being cautious about purchases. Feedback from customers is that banks are processing business loans at a slow / cautious pace. Lots of talk about slow / sluggish New Zealand economy. The press seem keen to highlight every business restructure or shutdown no matter how large or small which helps keep the economic "funk" going
- Soft central economic management affecting NZ Inc and internal economy
- Manufacturing side of business is good, general wholesaling quiet
- Still crazy regulations and Government imposed costs
- We have experienced solid business for the past twenty four months while media continue to focus on the negatives and fail to report the positives. Our company has been manufacturing for over 115 years covering a wide range of sectors.
- We are closely tied to the housing construction activity. It is a very mixed bag out there. Up one month, down the next. I say we are bouncing along the bottom. We have stopped going backwards and are seeing small gains. No consistency in the market though. Optimistic for next 12mth.
- The reluctance of infrastructure to release the handbrake and getting business rolling again. It feels like Auckland is so far behind the rest of the country. Competition seems to be increasing, which is fine, but they are lowballing on prices
- A lot of uncertainty for the USA exports, we are expecting a section 232 tariff announcement for wood products in the next month. Finally seeing the non-tradeable/ local service supply chain realise we are in a recession and reducing pricing (after a couple of years of seeming like they were in a completely different economy)
- Continued reduced consumer spending
- Input costs continue to rise putting pressure on margins. This has been addressed though price increases this year but we're at that tipping point of where demand would noticeably decline if we sought another round next year, even if "get your fix in 26" becomes anywhere close to reality.
- Customer demand remains the main issue. Our customers need international inbound tourism to recover back to pre covid levels. For Auckland hotel operators, the new convention centre cannot open too soon. Demand is significantly better in the South Island.
- There is still some hesitancy from consumers to invest in our product, but it is improving. We have found that the average family has stopped spending with us as they can no longer afford our product so that is a sector of the market that is missing.
- Strong sales out to 2026

Miscellaneous

- Arts and recreation – We have a cross section of people in the gym. Trades quiet. Fewer young people leaving to go overseas. Most salespeople say they are quiet. Positive outlook for next year, this summer

- No one is saying they are busy, apart from car dealers at the higher end. For us, we are about 10% compared to last year, but have also put prices up for some members. No push back
- Catering – Corporates are still limiting entertainment expenses and when they do spend, they do a major event rather than smaller team events. Large scale caterers are probably doing okay however smaller ones are just keeping their heads above water.
- Electrical contractor – Our local market in Whangamata seems flat
- Entertainment – Things are still tough out there. Many want better vision from the Government on the path forward and a plan. Many concerns about the long road out of this mess and the current global geopolitical situation which continues to throw curveballs at the global economy every six months. Lots of businesses in Auckland still struggling, lay offs continue and more people talking about heading offshore to live. A few however are now moving back from Australia after realising the grass wasn't always greener.
- Facility Services – Overall demand remains soft in the short term, so continues to be a great time to mend fences for when things improve in the medium term.
- Forestry – As a forest owner I'm a price taker. The sector is pretty ugly but that's what you get dealing in commodities. In 2027 when harvesting is complete, I'm selling up.
- Franchise sales and support – Levelling off of the growth in demand for new franchises – but still high demand. Indicates to us that we may be past the bottom of the cycle
- Importer/ Wholesale – Depressed spending due to lack of confidence and still high interest rates.
- Industrial plant and equipment – Private companies are struggling. Capex spend is very restricted or non-existent. Meanwhile central government (and local) are pushing up costs with ever increasing costly compliance, and fees. Much of this is ill-informed or plain silly. It's like there is a sector of government that's simply trying to appear busy. It's far worse in NZ than in Australia for projects that are much smaller in value.
- International Screen Industry – The downturn in the International Screen sector continues and is facing an existential crisis. Without changes to the filming incentive, negative growth and brain drain will carry on. Literally hundreds of crew have already relocated offshore for work, principally to Australia. If relatively minor adjustments are made to the New Zealand Screen Production Rebate, this trend can be reversed. If not, billions of dollars of export revenue will cease to exist. The NZ Film Industry is bigger than the Wine Industry, and even though it is supported, it is not well understood. The incentive is not a simple hand out of taxpayer's money. It is more akin to a discount on expenditures made in New Zealand. Big difference.
- Marketing lead design and manufacturers of construction products – Around the new property market. We see our customers fighting on multiple fronts against poorly managed territorial authorities, who lack planning and skills necessary

to implement infrastructure roll out and its respective funding. also the inability for the finance sector to get itself sorted out to continue some level of fluidity in lending, and to recognise that despite downward shifts in property values, things run on cycles and this should not impede the process of lending, which has definitely been happening to affect new builds and even the midway process of new builds. Sorting these two issues alone would help boost the building sector and the extensive circle it encompasses.

- Miscellaneous – The Queenstown wedding industry is going very well, which means that more people are coming here to be a part of it – therefore more competition. although this has been the case for many years, it seems to be increasing faster atm.
- Miscellaneous – Negative sentiments being held by individuals flowing into more conservative spending behaviour, creating more business hardship.
- Miscellaneous – Low economic recovery, international political climate, international shipping costs and taxation.
- Miscellaneous – Being busy, but not as productive as we could be as relying on other businesses to be well coordinated
- Personal services – Demand remains patchy; we always get busier in the spring with more events which is helpful for marketing
- Printing & packaging – Clients lack confidence in developing increase of sales
- Residential house painting – Clients slow to organise a quote from us
- Trades – Plumbing & Gasfitting Sole trader, no staff. People are counting every dollar going out.

Mortgage broking/advisory

- Still too much red tape in banking and finance.
- We are performing very well and increasing staff to meet existing demand as well as expanding into related areas of our business by offering new services.
- Refinances and depletion in savings for clients
- Increasing regulatory and compliance requirements and policies initiated by lenders predominantly and also by the regulators within our industry are choking productivity and eroding profitability within mortgage advisory businesses. Add to that the fact that many of the banks are expecting mortgage advisers to undertake a good deal of the administrative work that should be completed by bank staff. Apart from advice given to clients regarding their interest rate refixes, for which only a nominal fee is paid, none of the other administrative duties advisers undertake on behalf of the bank are we remunerated for. Clearly the reason for this is a lack of experienced, skilled or well trained staff within the banking industry therefore the sorting out of customer problems with their bank falls back on the adviser to sort out.

- Clients are expressing concern with the economy, especially those who purchased in the 2021-23 highs of the property market and are now looking to sell for various reasons. Those experiencing relationship breakups in particular are getting the short-end of the stick.

Motor vehicle sales/parts

- Automotive repair and retail – The tiniest of green shoots although this could just be seasonal. People still doing it very tough. Three decades of NZ's relying in property prices going up has caught up with us, I suspect there is a little more left in the tank, but we must be getting close to empty.
- Collision repair industry is very quiet. Larger businesses are offering products at extremely low prices, but poor quality. Insurers are increasingly expecting us to match this pricing, but for higher quality parts.
- Continued lack of new customer inquiry. People do not have the surplus income or funds available to performance enhance or service their vehicles or to buy performance parts in these economic times, been a similar trend for the last 3 years
- Very low demand atm. Local economy is very flat.
- No revenue increase with OCR drops and now Rate rises also may be having a negative effect on customer spend. We're lucky in our positioning but there have been several owner operators just closing down rather than selling their workshops. Dealers and inner suburban workshops are quiet, as has the last month for us. A positive note is the feeling that we are along the bottom of several cycles. We've got used to hanging on so waiting another 12 months will be what it will be

Recruitment

- Recruitment is still a tough gig at the moment
- Early signs of an improving job market, but not enough activity to spot a trend.
- The govt need to spend some money on and sort out inflation. Get the economy spending their cash on more than just essentials.
- Slowly improving
- Sales are soft, while there are more staff available this doesn't equate to quality, so our value proposition is still good. We are seeing the next 2 years as investment years, upgrade our systems and processes, embrace and get ahead with automation, level up our people and expand our footprint. It's a tough market but not our first rodeo – can't wait for the market to show more consistency!
- Huge increase in people responding to job advertisements but finding people with appropriate skills and good attitude becoming more difficult. Many appear to be applying just to satisfy jobseeker requirements and happy to stay on a benefit.

Residential construction incl. section development

- Lack of work, going to put company on hold until economy recovers.
- Demand driver for immigration is flat, so not expecting any sudden improvement
- Steady enquiry from residential customers (individuals) however lots of competition and tight margins.
- Tightening of belts and trying to hold the ship steady.
- Much more positivity in the real estate market. Buyers are back!
- After the drought in the first six months of the year, we are finally seeing inquiry levels lift and are starting to have some good conversations with people looking at spending money on their homes again. Hallelujah!
- Competitors doing stuff for cost and at times below cost!
- It is still hard to build a sustainable pipeline of work. Very volatile. This has not been the year we've made money, and honestly, it feels like a blessing that we have survived at all. Really hoping next year is easier. Last 24 months have really taken a toll, and especially the last 12.
- This adage is getting tired...but we are starting to see green shoots (they've been compost brown and in need fertiliser for a long time). Starting to see good inquiry levels, at a recent weekend open home (last weekend) we had really good numbers through, over double the amount of people who came through our previous open home at the start of March 2025. People are still tentative to commit though but we do feel like the tide is changing.
- New Builds, North Auckland. Last 4 months in particular have been very slow with sale prices edging slightly lower, We have seen a lift in buyer enquiry recently but these are yet to lead to sales, many have just started their search for a new property and are taking their time before they commit to any property with an offer or purchase. We are hoping the OCR edges lower by years end and this along with the usual seasonal change will see the market given a timely boost.
- Little demand for new build multi unit houses – the current building consent figures are not accurately reflecting reality of being in the sector. New bespoke houses are still ok
- Residential and the smaller end of commercial construction is very slow. Supply chain relationships are critical in maintaining a flow of orders.
- Very small increase in customer demand and confidence
- Lack of customers, market is saturated with spec builds which provides alternatives for people looking to build/ buy new

- The residential construction market has been really badly hit this last quarter. Sales are down; the forward pipeline is quiet. There are leads, but they are not quality leads. Customers unrealistic about construction costs and expecting a discount when there are already wafer thin margins. House prices being down and lack of job security, has badly dented confidence. Customers are very price sensitive and not willing to spend. I am concerned that a lot of talent has already gone from the sector and will continue to go. This will make growth harder when the property market changes and customers want to carry out residential work.
- It is such an up and down market in the maintenance area for our trades business (plumbing, gas and drainage). One minute we are busy and the next the phone isn't ringing. We are managing to limp along, but it would be great if people would make decisions on their projects. Lots of enquiries for quotes but then no action once sent at the moment
- More competition combined with rising material costs is combining to make quoting and getting jobs more difficult to make a profit from
- Static industry. Very little innovation. Same.
- Labour availability is good, but pay rise expectations are starting to be discussed. The big government funded projects will overpay to get labour, pushing up the market rates for everyone else. This will squeeze profits for those who can't pass on the increases.
- Very low conversion rates, customers taking their time to make decisions and price checking
- Unnecessary time spent on Govt. and local govt compliance and consents.
- Plenty of work- renovations, alterations etc just no new houses, supply caught up with demand. The new normal for at least the next 6 months.
- Market is stagnant
- Getting busy
- Seeing increase in interest from purchasers
- Lack of motivation to buy and sell
- Repositioning as finance costs reasonable
- Clients are holding off and waiting for more certainty from the economy, cost of living, and through media impressions
- In the last two weeks the real estate market in Tauranga has finally reactivated as it went dormant in the last 45 days and there is plenty of buyer activity and contracts coming together
- RE depends on what part of the country you operate in and what your attitude is. In weak markets positive salespeople continue to perform and negative people do the opposite in active markets. Fortunately I 'roam' in the positive Mt. Maunganui/Papamoa market and rub shoulders with like-minded positive people!
- Improvement and more interest from buyers
- Clients under financial pressure and needing to sell their second dwelling
- Lack of confidence in both the economy and political direction
- The level of council red tape and disregard of time taken in the consenting process. Land subdivision can now have 30% of development costs lost on these issues compared to 10% previously. This is making new sections unaffordable.
- Increase in levels of buyer activity and commitment plus good pipeline of listings coming to market. No real price movement evident yet.
- Slightly more optimism in the market.
- Very high council costs. Development contributions/building consent costs/ resource consent costs/rates/insurances. Doesn't add up anymore to rents coming in.
- Technology is opening up new ways of doing business that were previously not possible and are now able to be done by one person.
- Over supply, challenging market conditions
- Extremely fickle market that seems to come and go in waves; one month really busy and then the next really quiet. The uncertainty in the general economy seems to be the biggest factor for a slower overall market, with clients unsure what to do and buyers very cautious in their behaviour. I'm expecting next year to be worse with potential tax policies being argued out by the political parties such as a CGT from Labour. The lead up to the election for most of the year could be a very subdued market. Reserving cash supplies now in case this is a long dry spell.
- Property valuation – Low residential property investor activity.

Residential real estate

- Uncertainty, lack of confidence in both national and global economy
- No Confidence in the Real Estate sector
- A steady real estate market which should continue into 2026 provided no external shocks
- Not as positive as it has been as of late but only from the ones who are listening to the media continually beating up Luxton
- A very slow market – very little enquiry and no urgency to buy

Residential rentals/Investment

- Currently businesses are not making investment decisions and probably will wait till next year when things get better and have a better gauge on political stability.
- Political stability
- I'm a property manager; we have to consistently lower rents for existing property we manage when it becomes available in order to rent it. Rents are firmly between 7-10% lower now than a year or two ago. It is very hard to find a good tenant.
- Difficult to find good quality tenants. Falling rents, increased vacancies.
- Central and Local Government intervention in building regulations the cost of building Warrant of Fitness bit ridiculous and overkill as has been earthquake strengthening regulations
- The supply of rental properties in Napier has increased over the last year. Rent prices for 3 bedroom properties have reduced. We are now at the bottom of the cycle. Rent prices should stabilise as more rental properties get sold.
- We just need the steadiness of this government to continue next year and not the crazy ideas being flouted by the opposition parties coming into play if they get into government.
- Challenging times indeed in the real estate business section
- Increased supply and less demand, increased rates and insurance costs. Political uncertainty for property investors.
- Cost of compliance
- If you have good tenants, keep them !
- A temporary surplus of rental properties in Auckland is making it difficult to find good tenants and maintain previous rent levels.
- Property rents and property values have stabilized. I think we are at a turning point in the residential market (at last!).
- Increasing costs, stagnant or decreasing income.
- Student housing continues to outperform the residential market.
- Rental demand is flat.
- Concern about a Green/Labour government introducing taxation changes around wealth and capital gains in addition to Tenancies Act changes limiting owners' rights to manage delinquent tenants. Some personal investment decisions are pending.
- Lack of tenants
- Lower interest rates and employment rate in NZ. Overseas economic and geopolitical uncertainty.
- Landlords are keen for good tenants, leading to new opportunities. Sales have been improving.

Retailing

- Alcohol – It is tough. Lack of discretionary spend is impacting the total economy
- Retail/manufacturing/wholesale & construction of stained glass – Due to changes in the US the Chinese distributors are now willing to deal with our smaller order. Previously they would only deal with full containers. This has opened up access to the manufacturers. This should reduce cost, but Chinese distributors take time to get good relationships with and sometimes products aren't what we expected
- Suppliers have increased prices, and I've been absorbing that for 6 months now but by the end of this year I'm going to have to increase my costs.
- Fear of change govt. Reserve Bank incompetence.
- Recession dragging on – it's tough out there. Usual flow of new entrants but we continue to spend most time duking it out with existing competitors. Business focus on fighting hard on price but also slower burn on constantly improving our service/ internal processes to differentiate our offer and manage our cost down. Strategy evolution rather than revolution.
- Consumer confidence is down and the media messaging around the economy is not generating any confidence, it's keeping things negative regardless of OCR changes.
- Just when we thought sales couldn't get any worse, along comes the RBNZ commentary from the most recent OCR cut, and the bottom has fallen out of the market. Really need some leadership to pull the non-farming economy out of the pit of despair.
- Customer count is down and spend per customer down.
- Customers still reluctant to spend on large value items. Always looking to repair before replacing.
- Many people have closed their wallets.
- Lack of government leadership.
- Still no green shoots evident in retail. Wholesale and retail customers still buying less and less of them.
- Tourism Gift Supplier to retail – I am very concerned about the deterioration of Auckland CBD as retail centre with lack of Aucklanders being able to actual drive/park in city – Retail suburban malls is where they shop these days – On an inbound tourism perspective, I am excited about the ICC opening in Feb 2026 potentially bringing in overseas delegates to spend in hospitality and retail.

Shipping, transport, storage & distribution

- Reduced demand, margin pressure.
- Construction sector is still softening, and we don't expect much improvement over the balance of this year but hope for some improvement in metals manufacturing with strong primary produce sector performance.
- General mood (in the Auckland area) is still gloomy and the feeling that things are still really tough business wise.

Tourism & accommodation

- Good news to hear this morning tourism should reach pre-COVID levels in Q12026 – we need it. We have suffered badly for the 5 years since lockdowns/border closures
- There has been an increase in the number of both international and local guests staying compared to this time last year. Not huge, but still better.
- In the Auckland region we are not yet seeing any pickup in either the local or international visitor economy
- Bed taxes being imposed but no level playing field with short term rental – threat of FPA with next years election. Unions and Labour are already in discussions.
- Travel management -Squeezed margins and tough trading conditions across the travel sector as business and govt spending continues to be constricted

Wholesale

- No uptick in demand and no volumes anywhere, still ploughing along the bottom
- The flat economy is still playing havoc with demand. Cash flows are horrifically tight, and it seems like we still have a good 2 years of pain ahead of us. We are barely holding on.

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