

MintHC

Business
Insights

**War brings
increased caution**

with Tony Alexander

March 2026

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Optimism for 2026 strengthens again

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. 332 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

- There have been strong rises in concerns about supply chain functioning, input costs, and to a lesser extent politics.
- As yet it is not clear that expected hikes in costs are driving stronger plans to boost one's own selling prices.
- More businesses are utilising AI, and expectations are growing of some disruption.



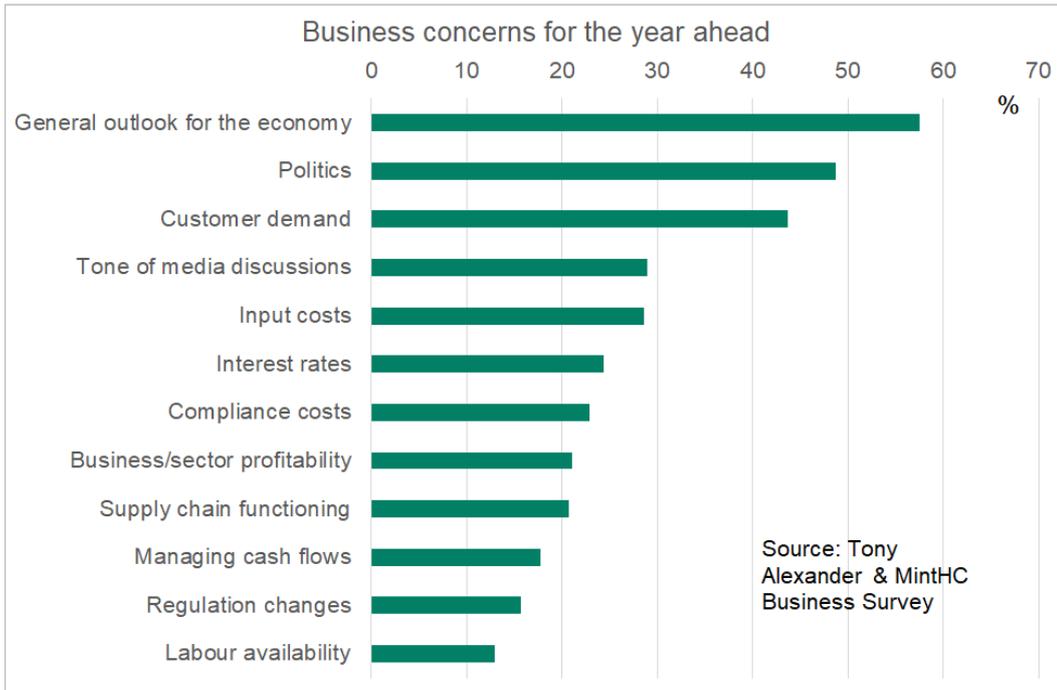
Tony Alexander

Independent Economist

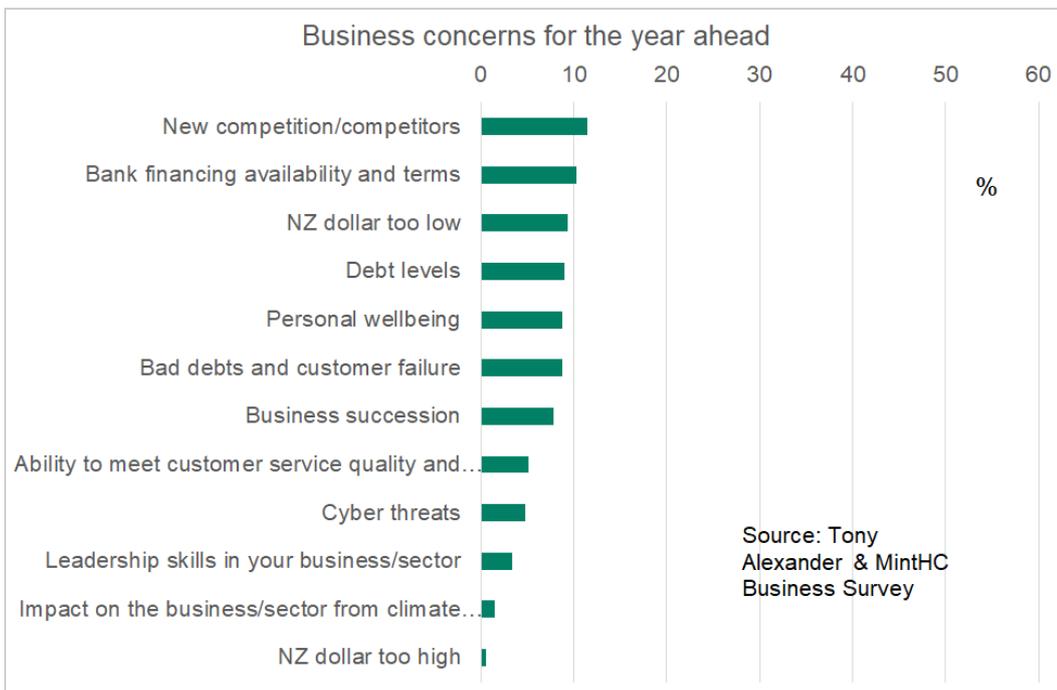
What concerns you most for the year ahead?

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 the general outlook for the economy, politics, and customer demand. Climate change, a “high” NZ dollar, and business sector leadership concerns rate as only minor worries.

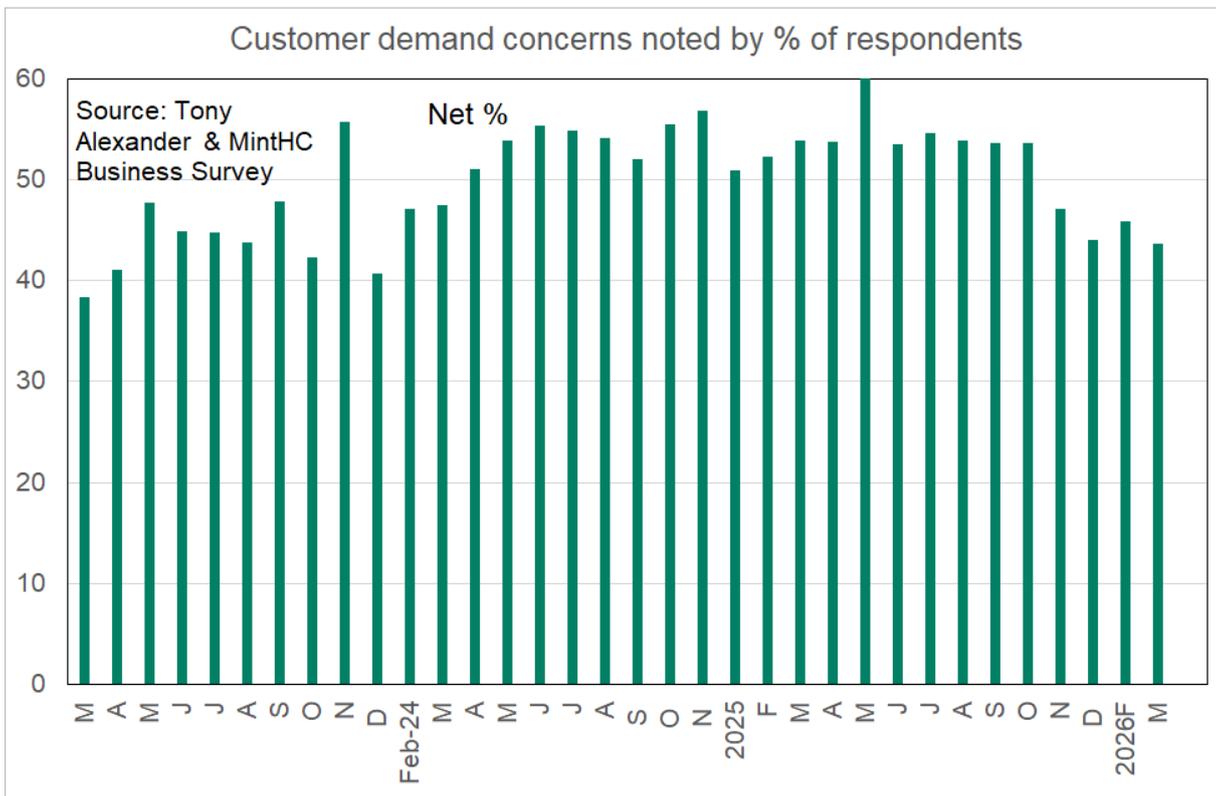
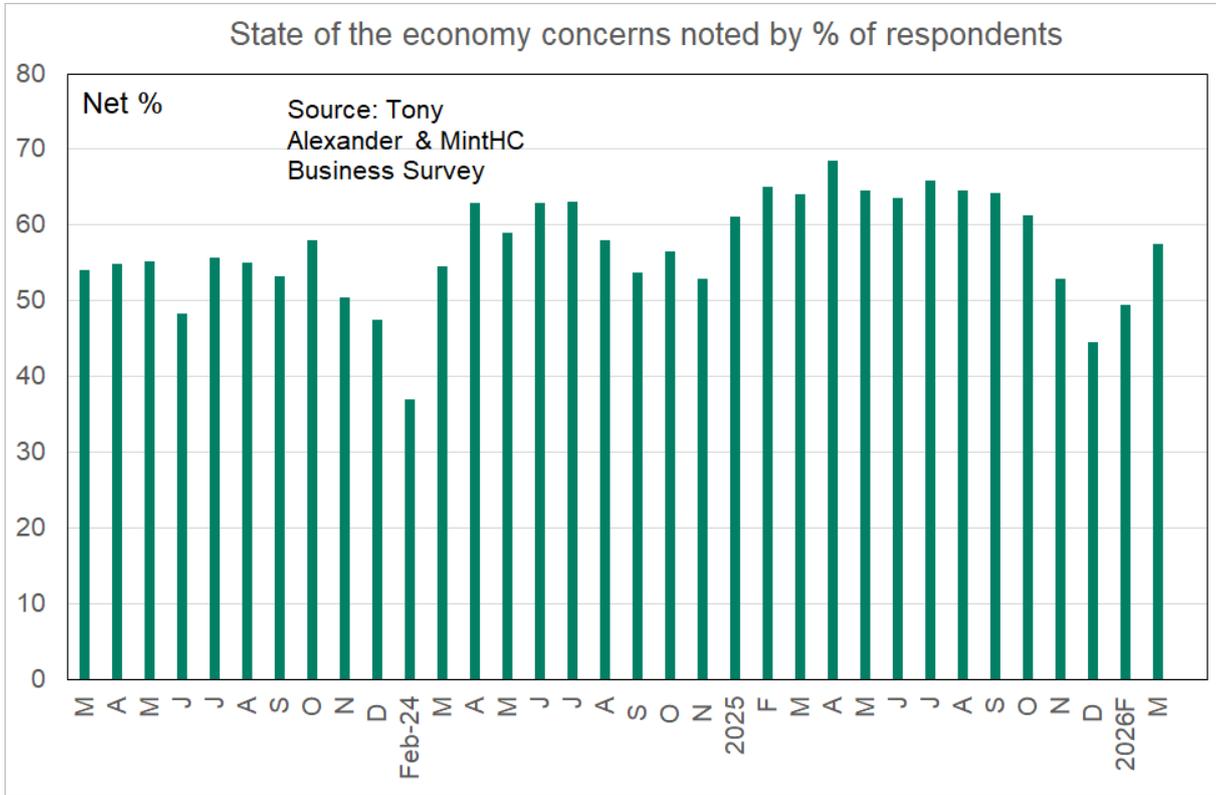


This graph shows the lesser ranked concerns.

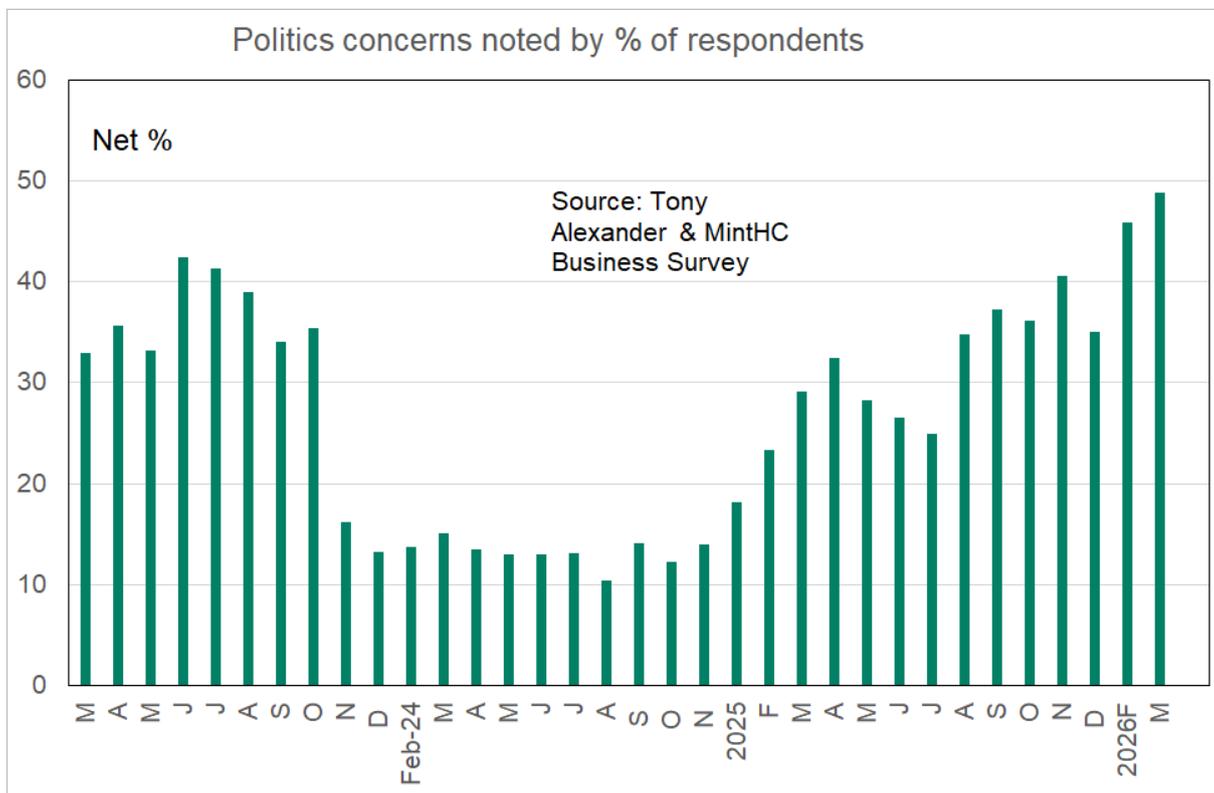
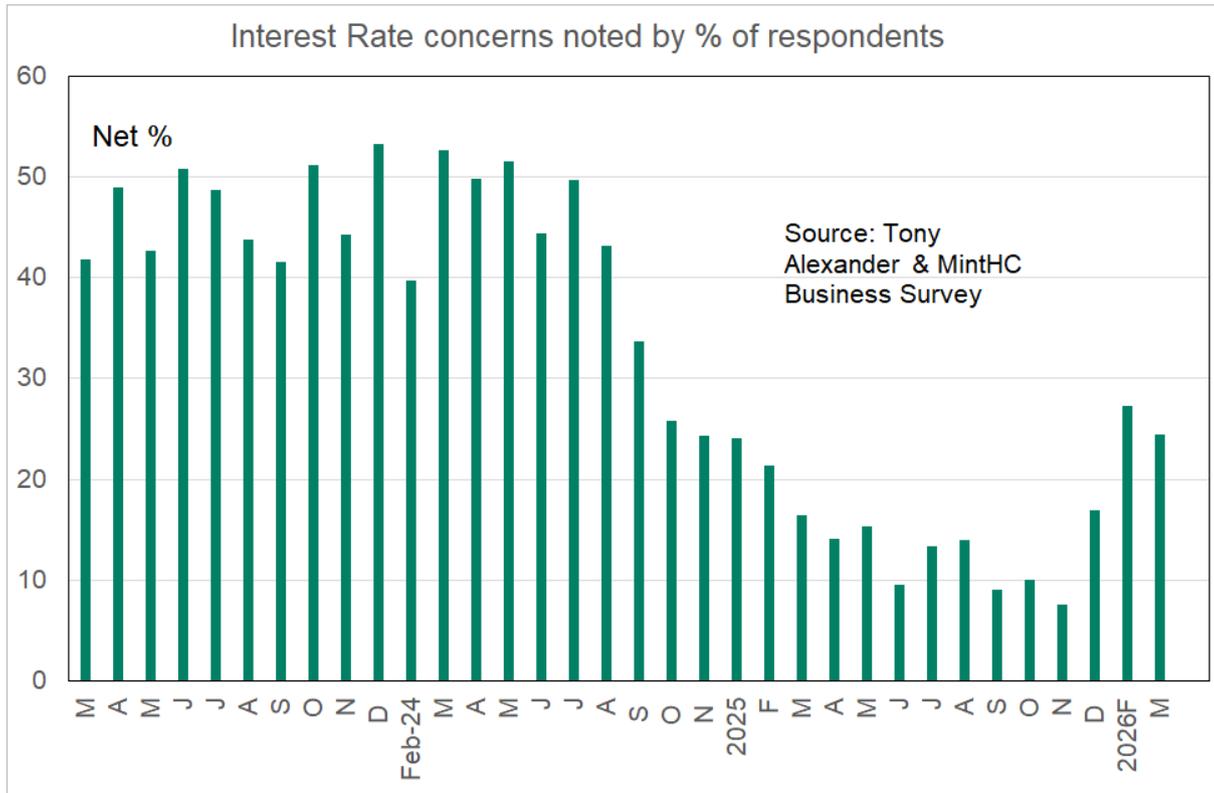


These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

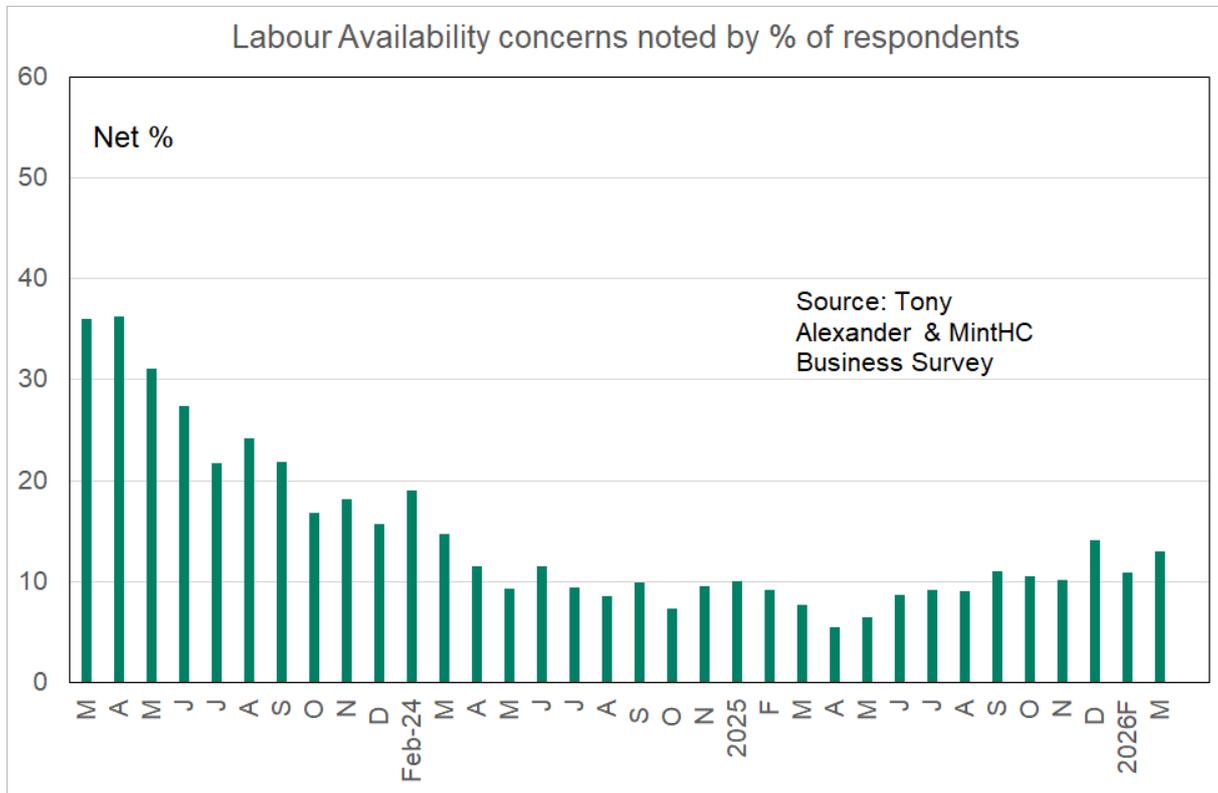
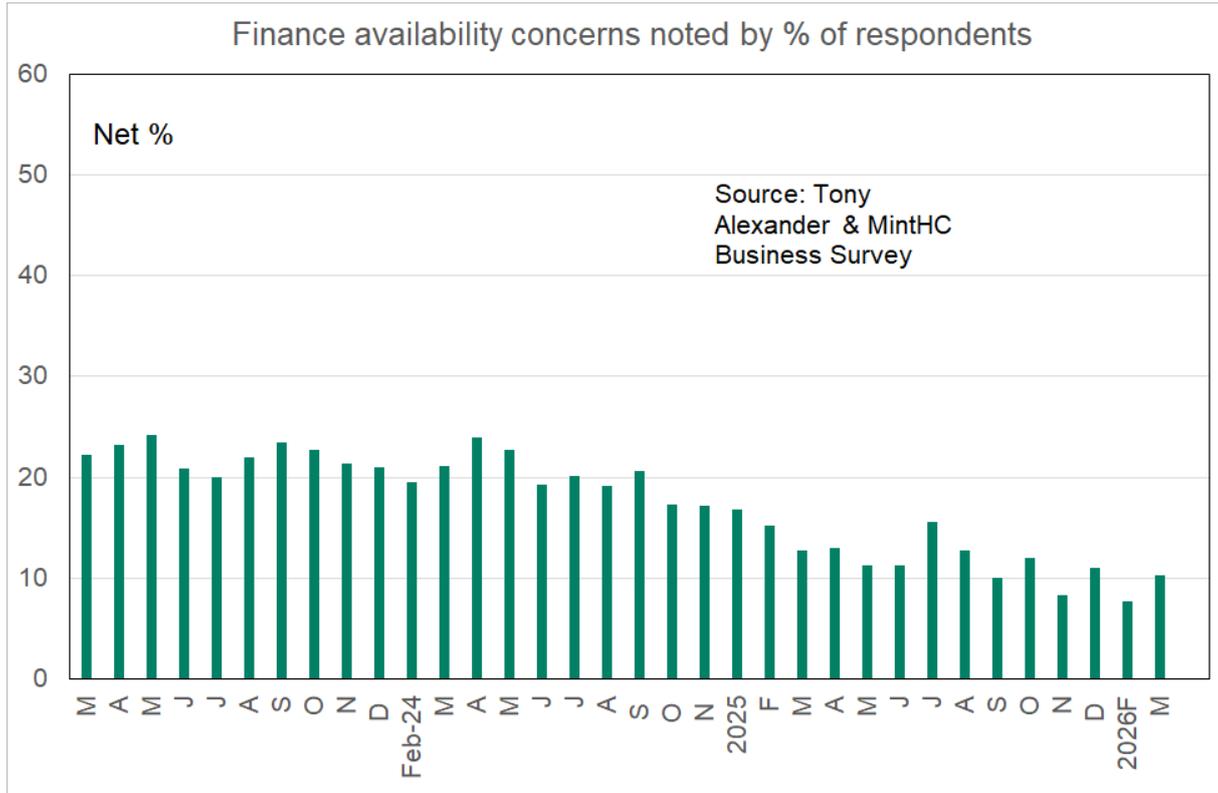
Concerns about the economy this year were trending up before the latest jump in response to events offshore. Interestingly, although feelings about the economy are worsening businesses have not really altered their expectations for growth in customer demand.



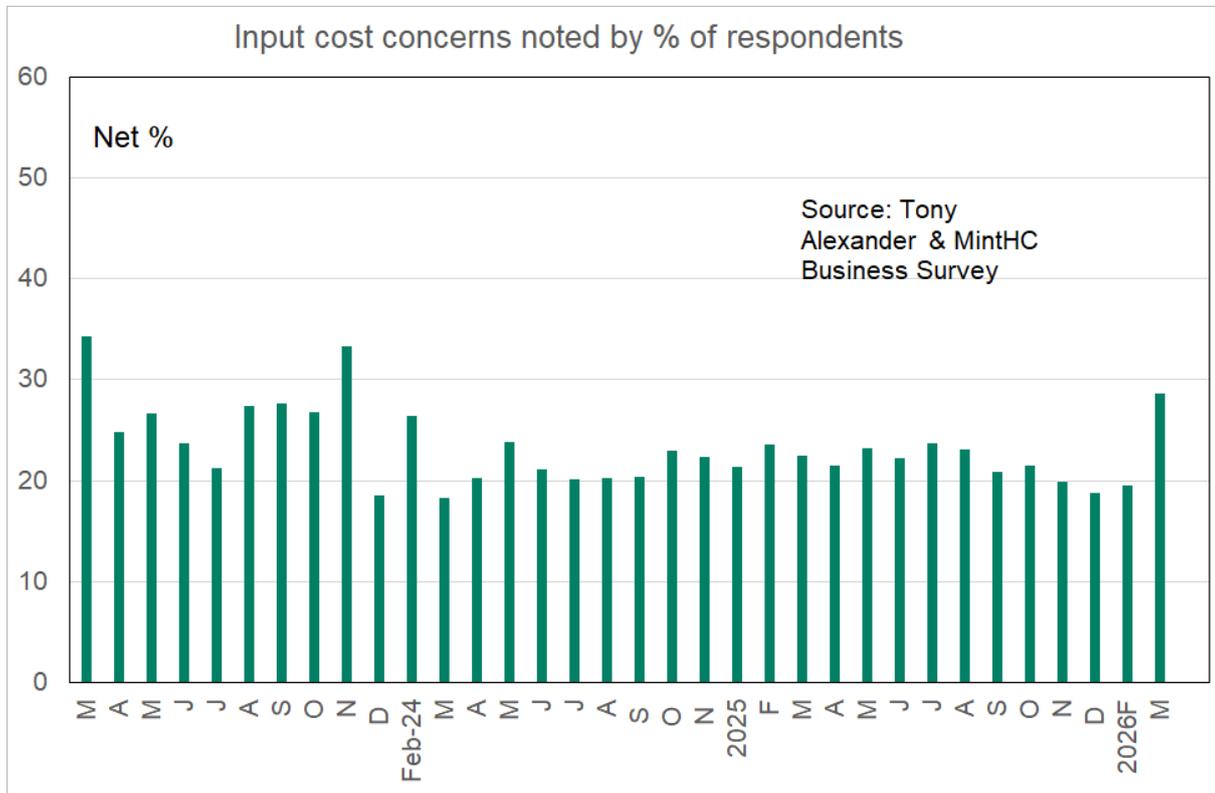
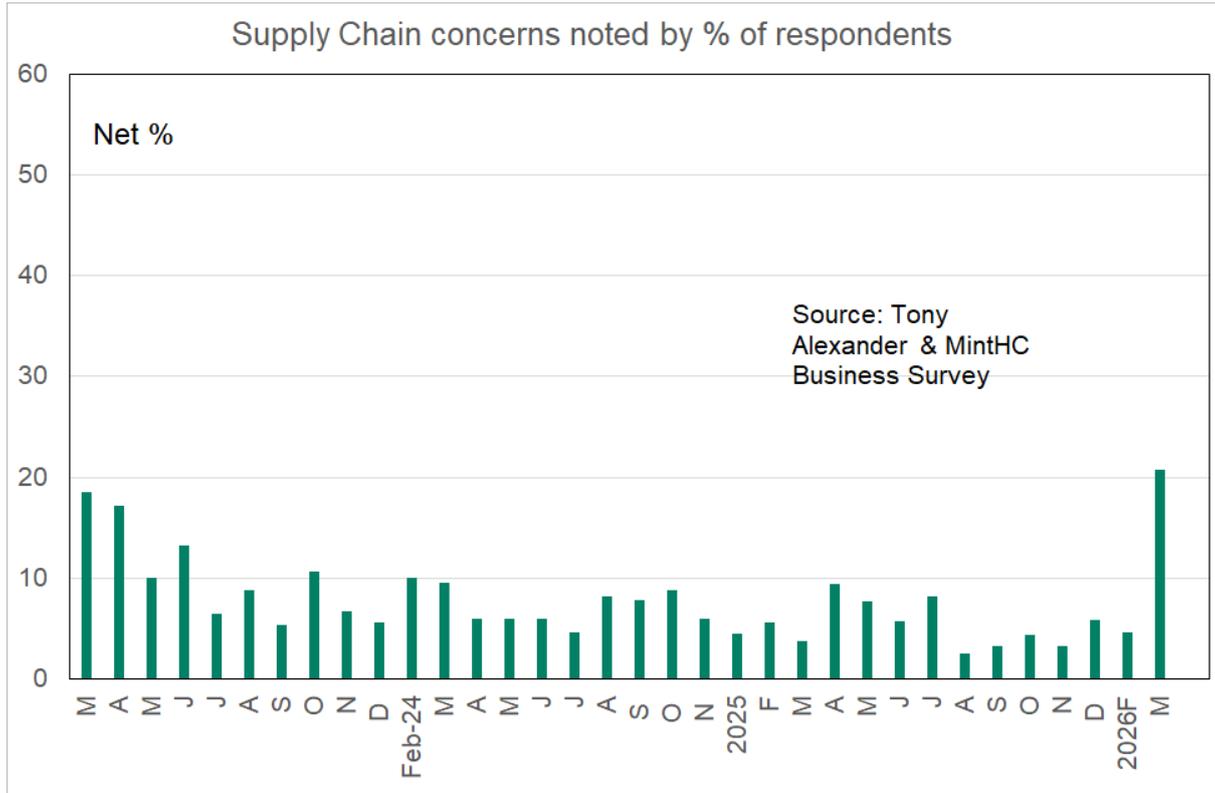
Worries about where interest rates are headed jumped sharply over December and February but have eased marginally this month. Concerns about politics in New Zealand have however continued their upward trend, perhaps assisted by developments in the polls.



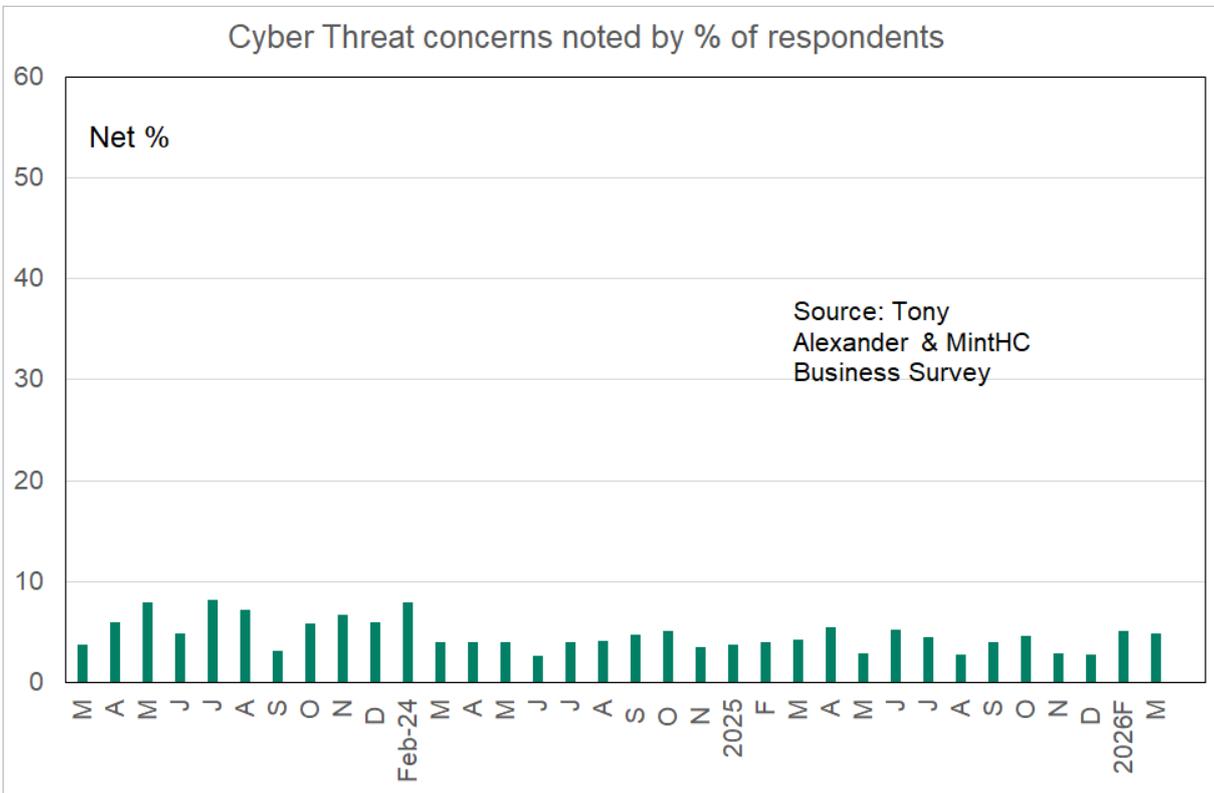
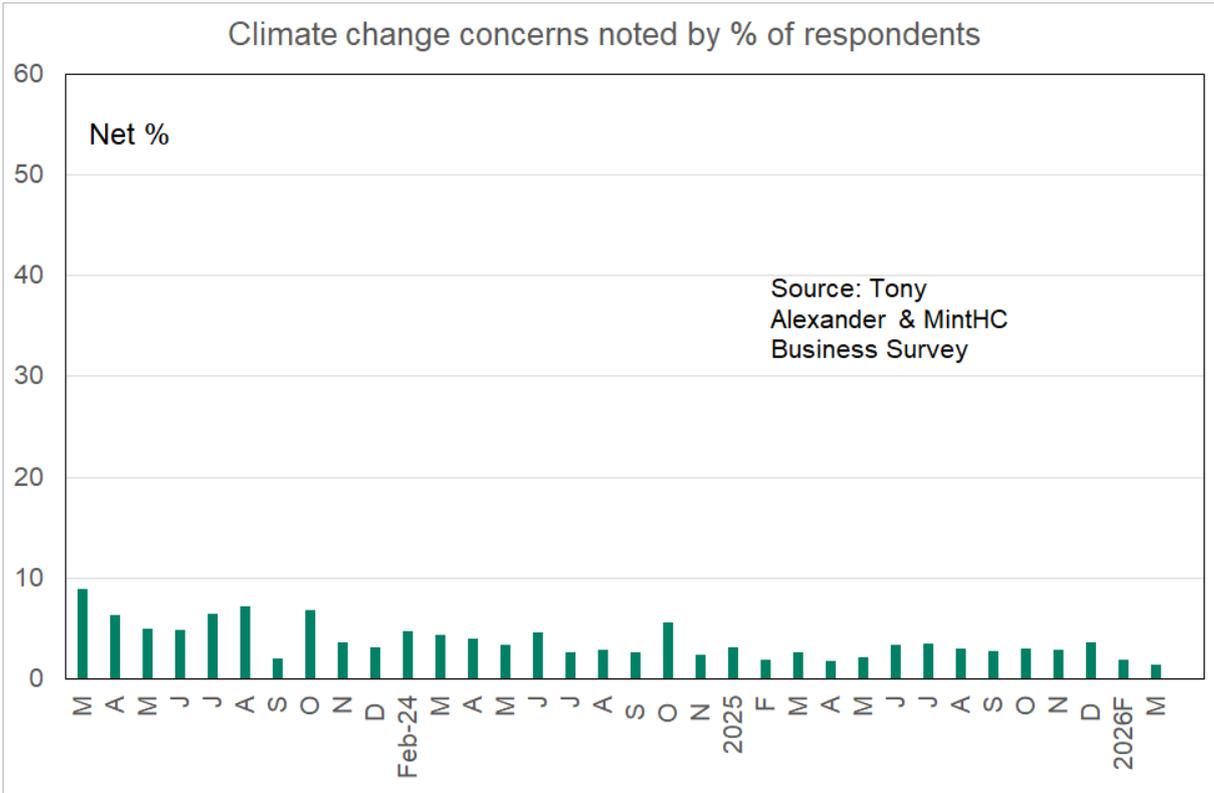
Finance availability does not rate as an area of high or growing concern. But there is a small upward trend apparent in concerns about the availability of labour.



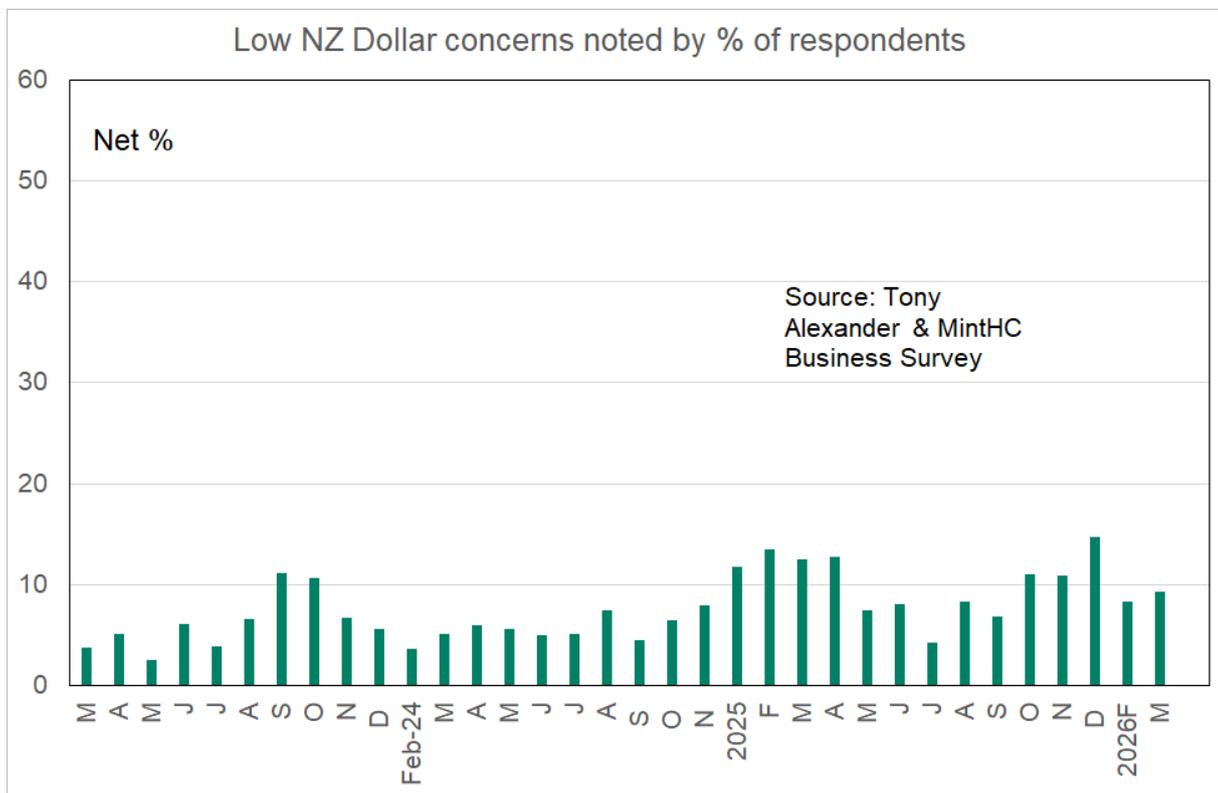
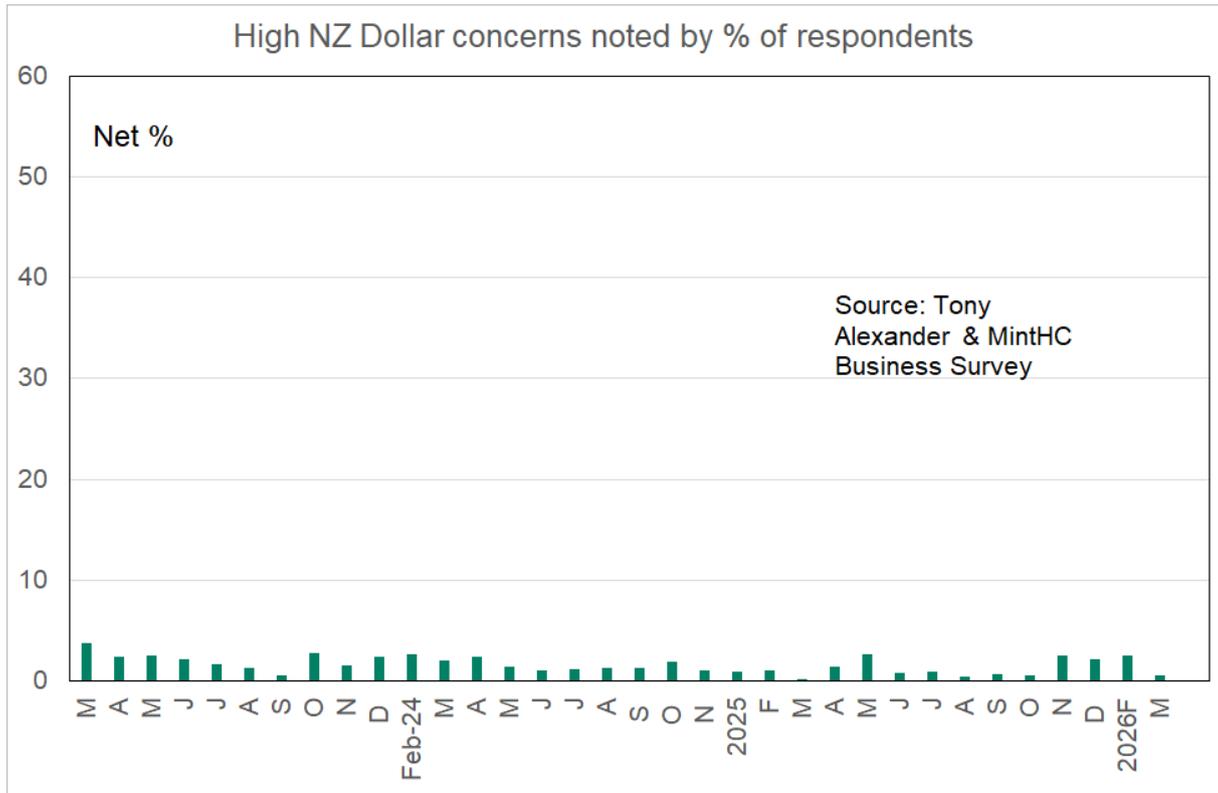
The biggest lift in concerns this year has been about the functioning of supply chains. Associated with this, concerns have grown about input costs.



The trend in climate change concerns remains down. But worries about cyber threats have edged slightly higher over the past two months – though they remain low.

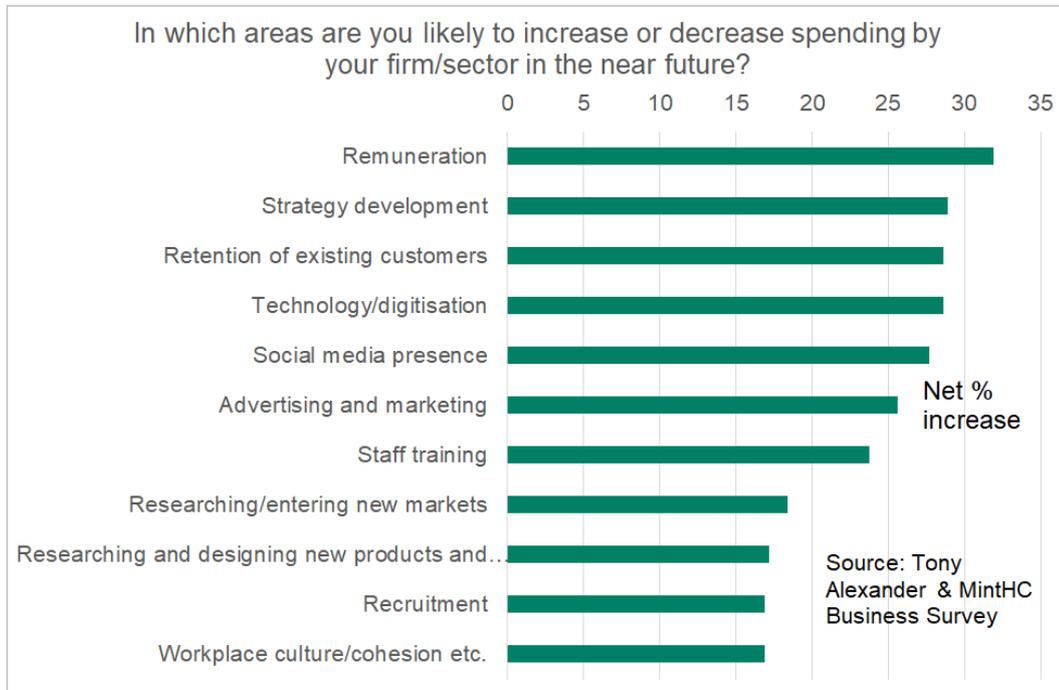


There are few worries about the NZD being high and an earlier upward move in worries about the currency being too low have eased back.

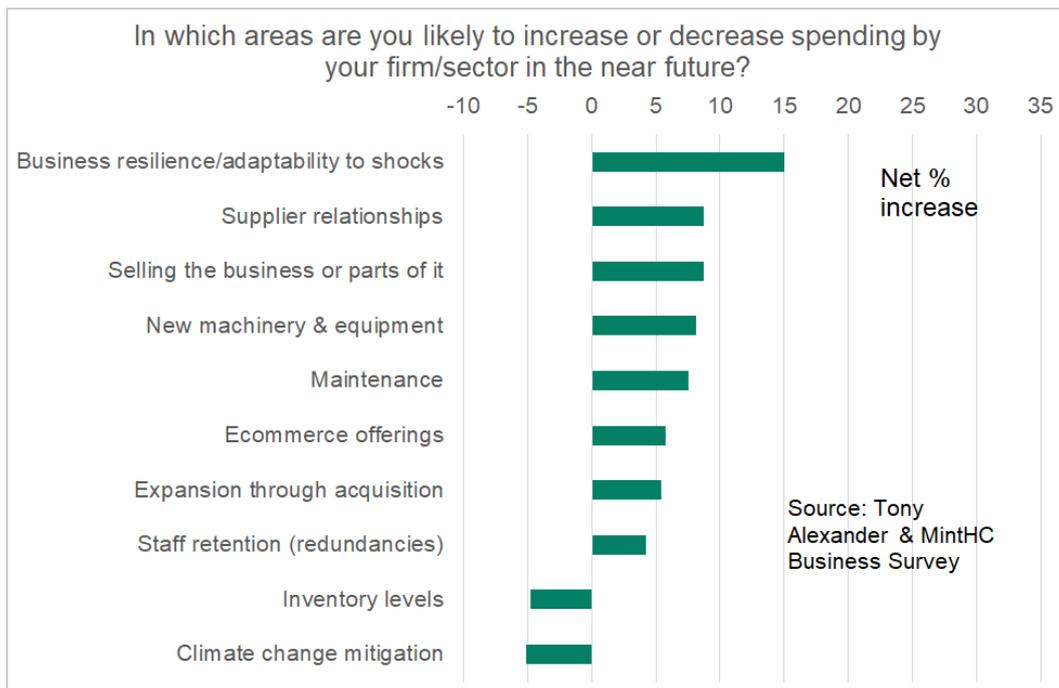


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

Our second main question is addressed at identifying where businesses are going to allocate their scarce funds in the coming year. For the first time ever the highest ranking area of planned spending intentions is remuneration. After that two usual top rankers of strategy development and customer retention appear.

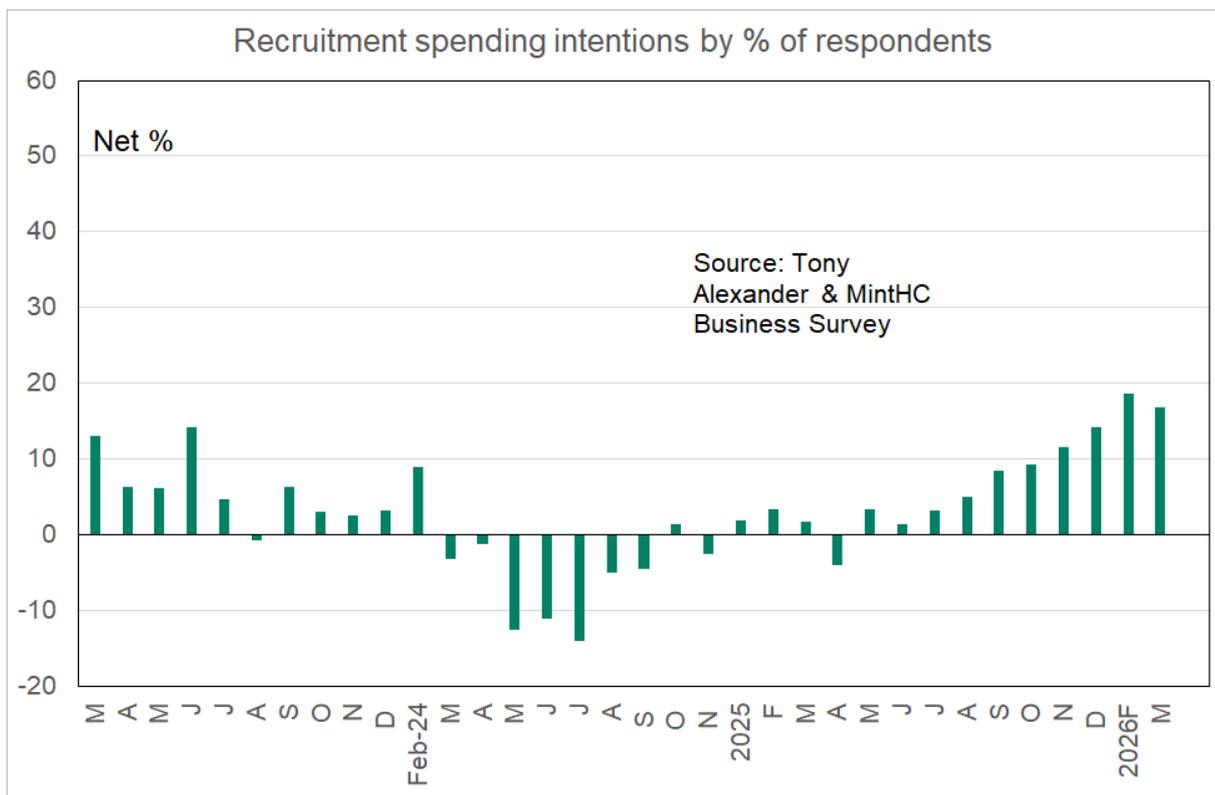
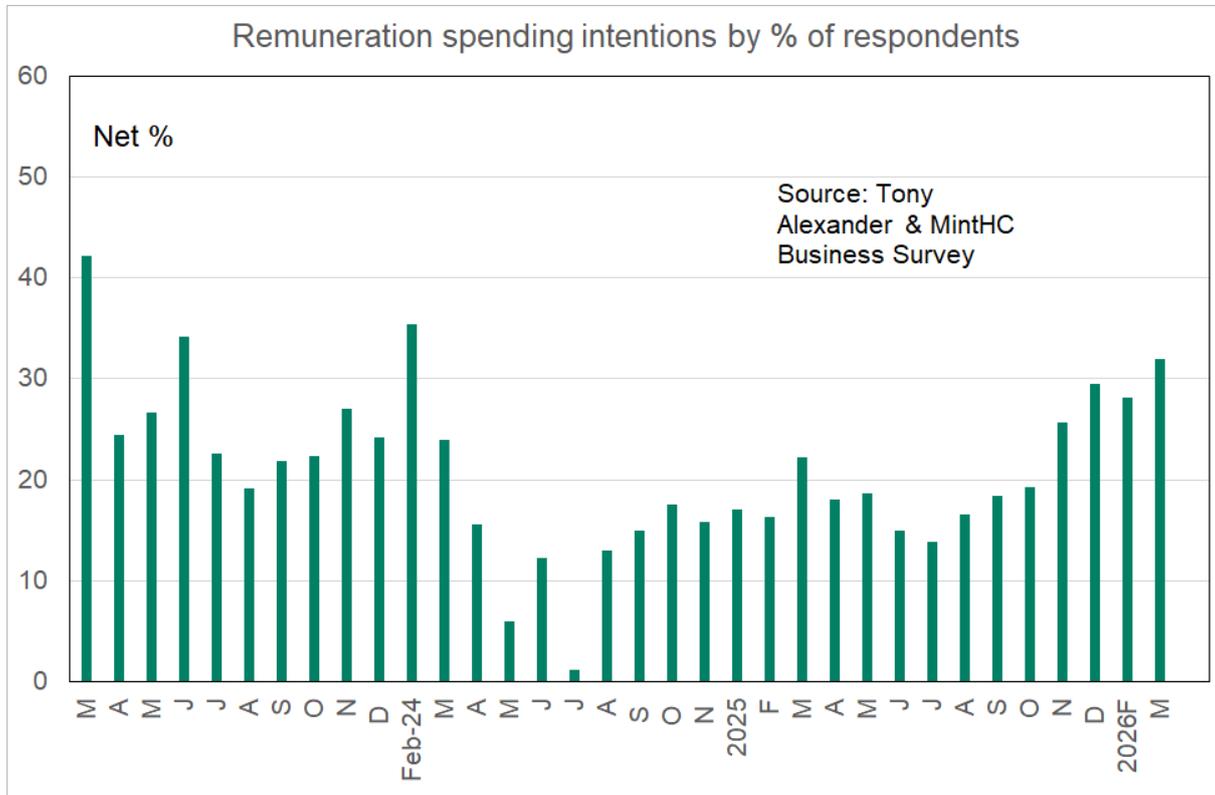


Plans remain on a downward trajectory for spending on climate change and inventory levels. This latter area is interesting considering the incentive provided to boost inventories of inputs because of supply chain worries. But it is highly likely that people read this category as referring to inventories of finished products rather than inputs. I certainly do.

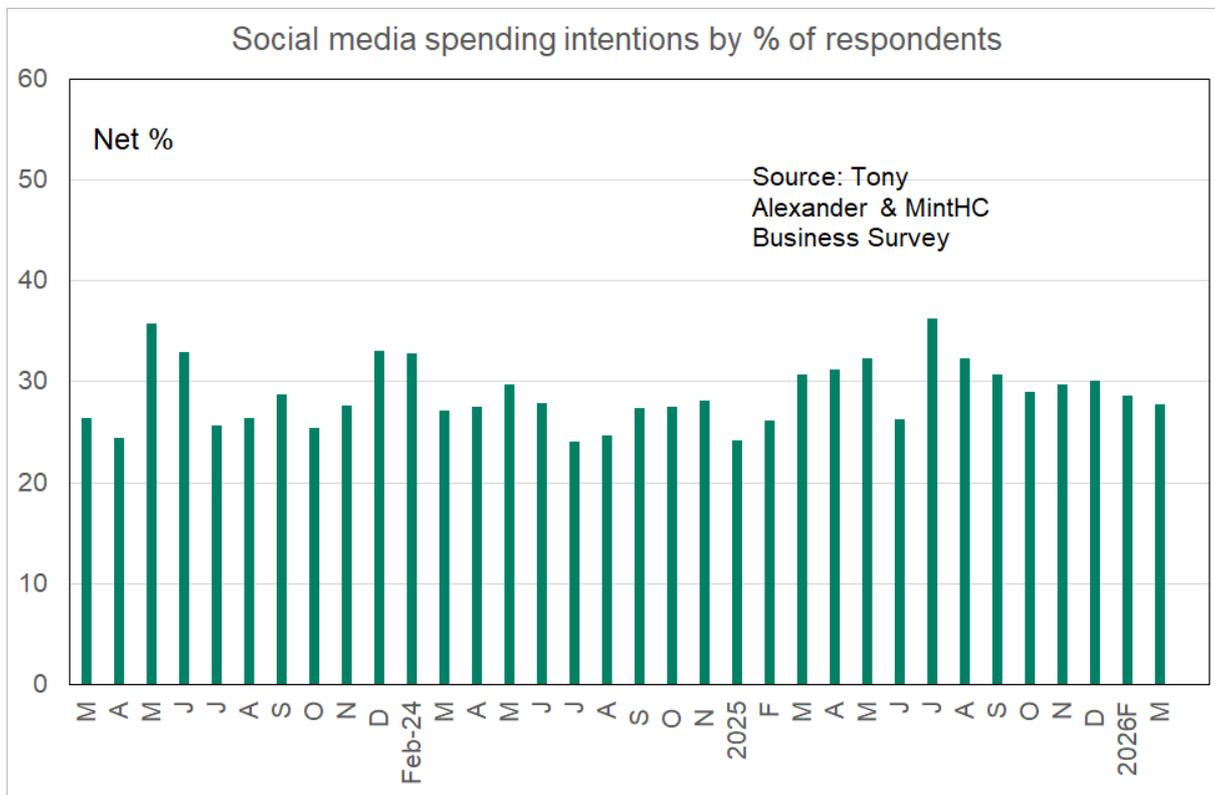
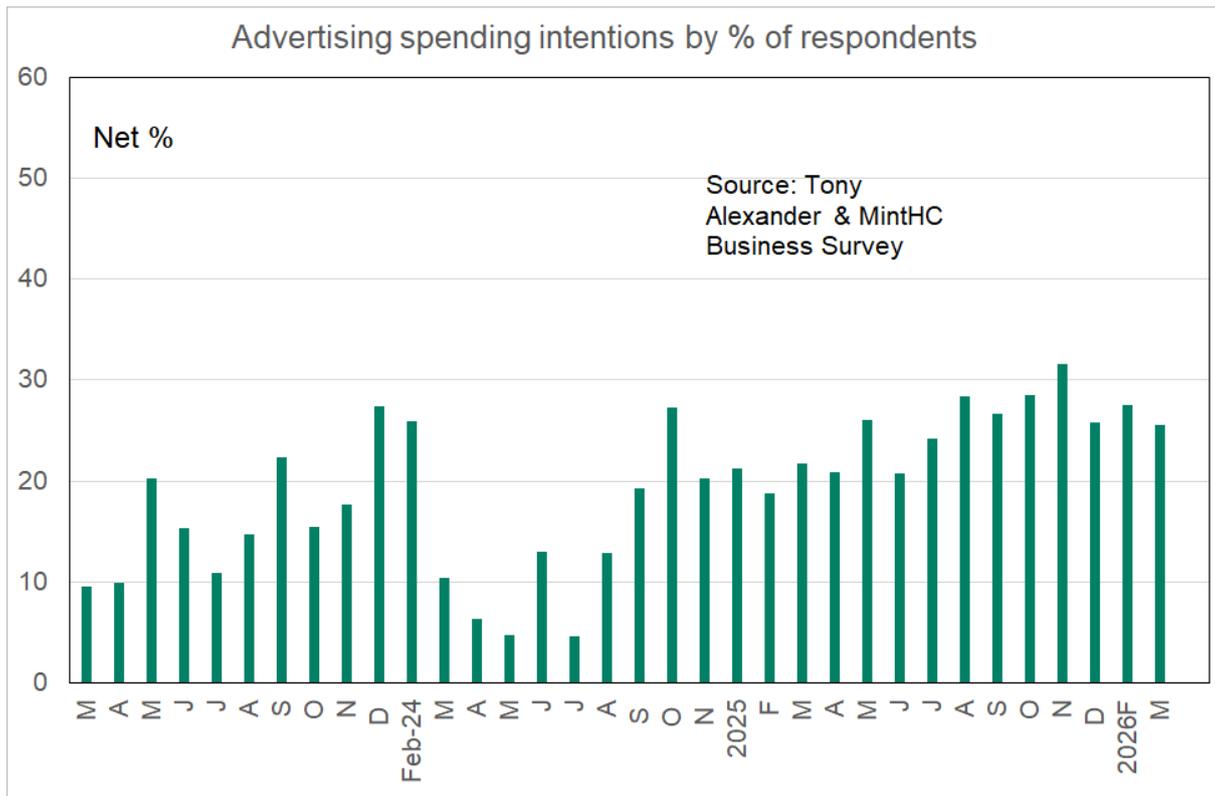


These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

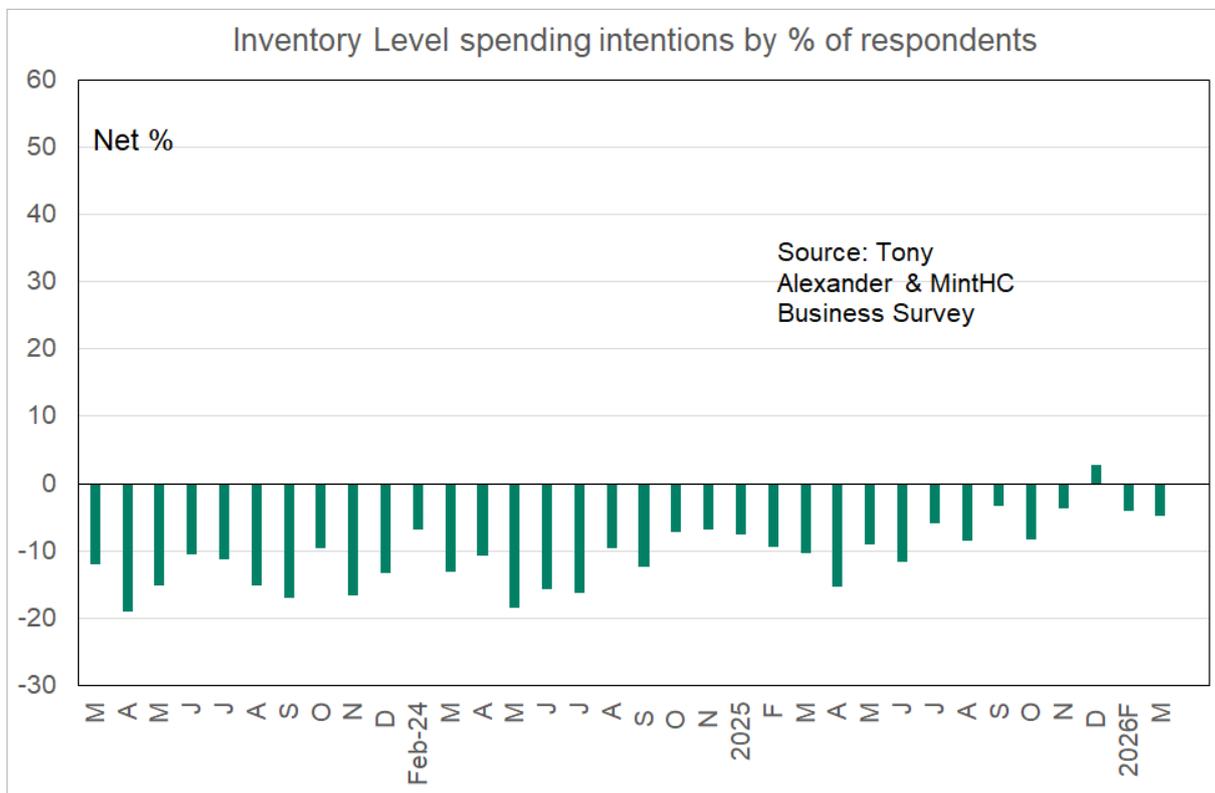
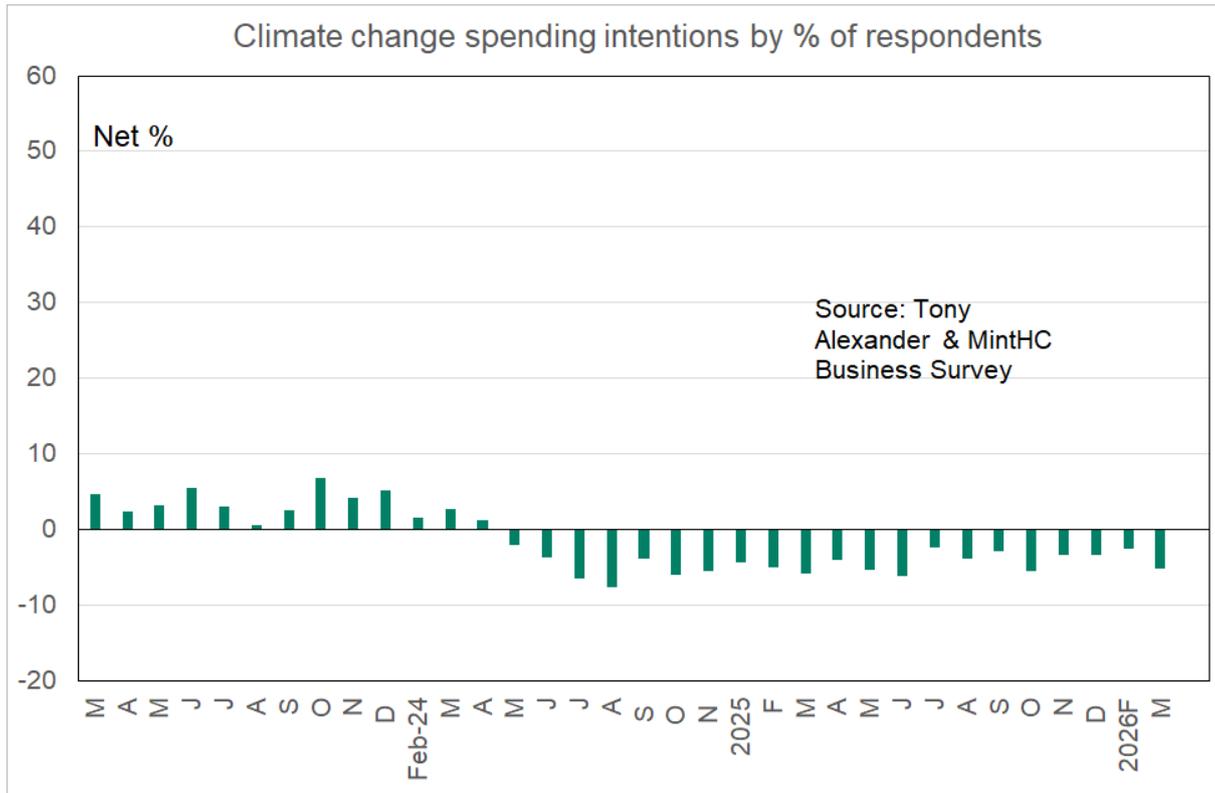
Remuneration spending plans have been climbing since August last year. Recruitment spending plans have also been firming, although they eased marginally in this month's survey.



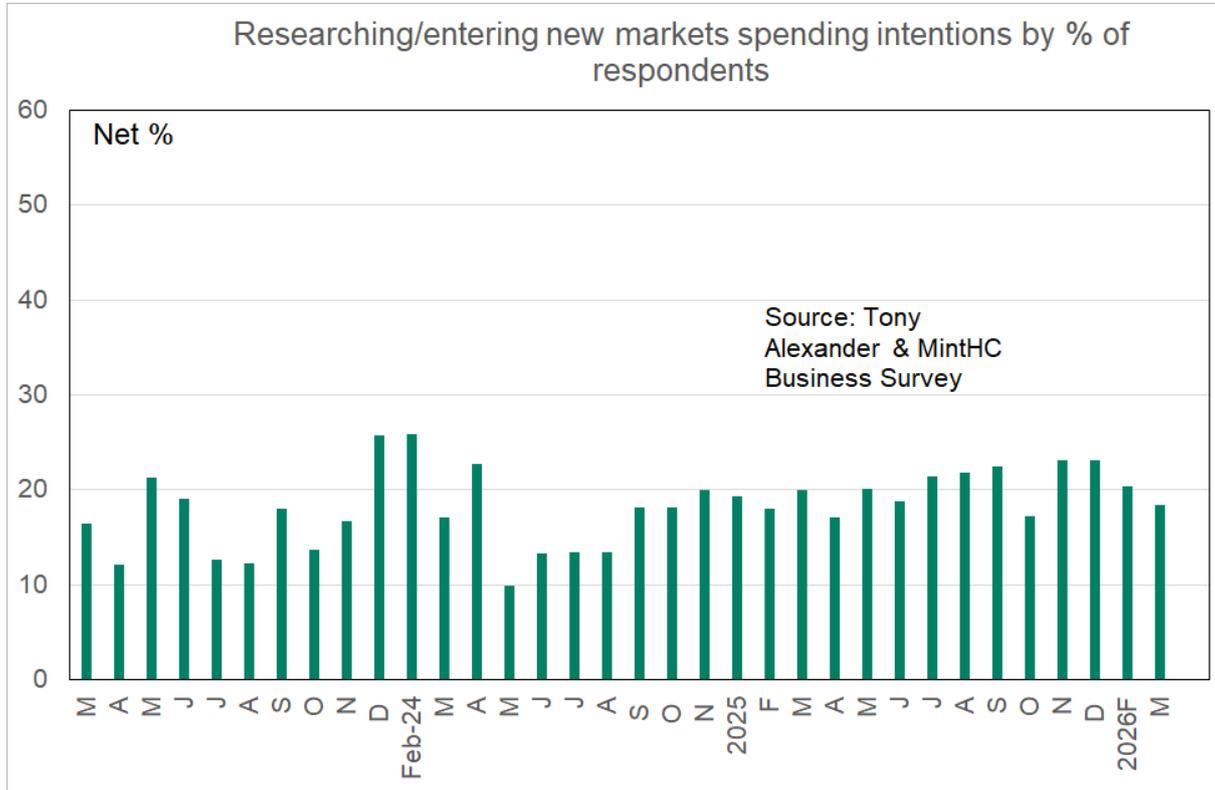
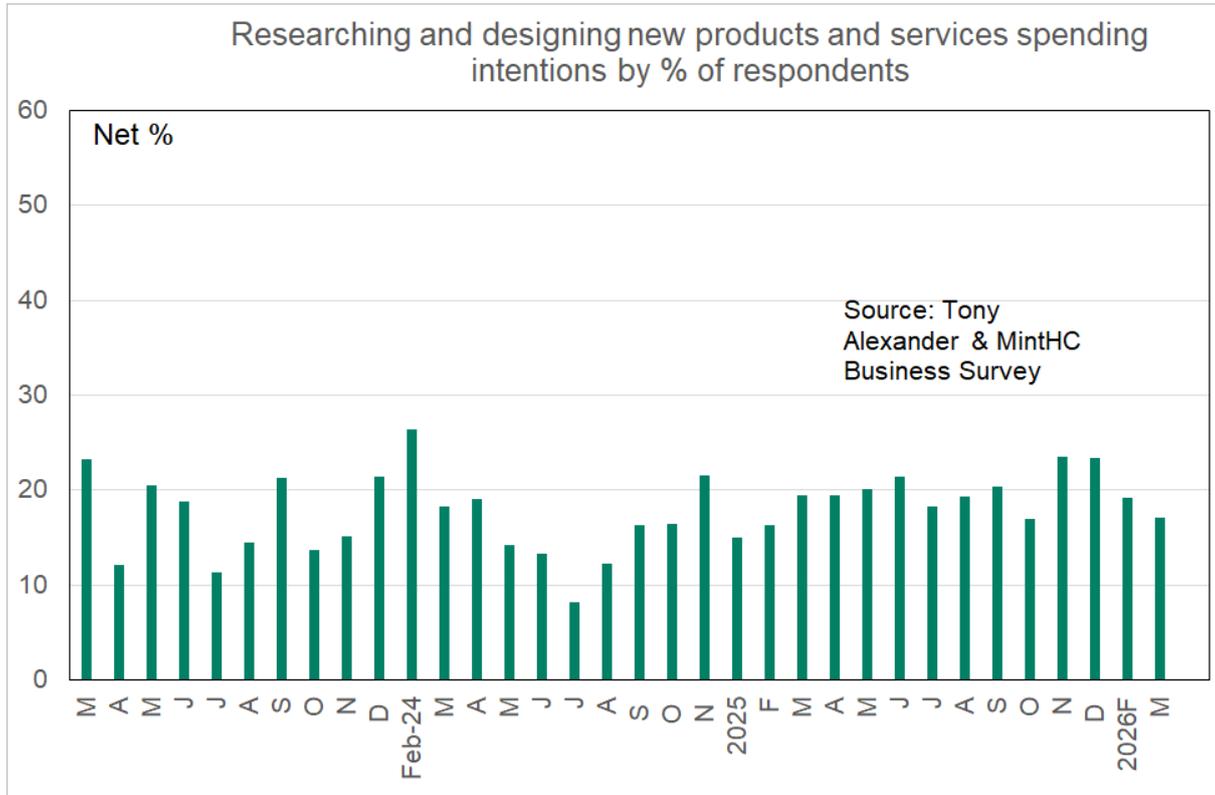
There is no particular trend in plans for spending on advertising, but a small decline is underway for plans to spend on social media.



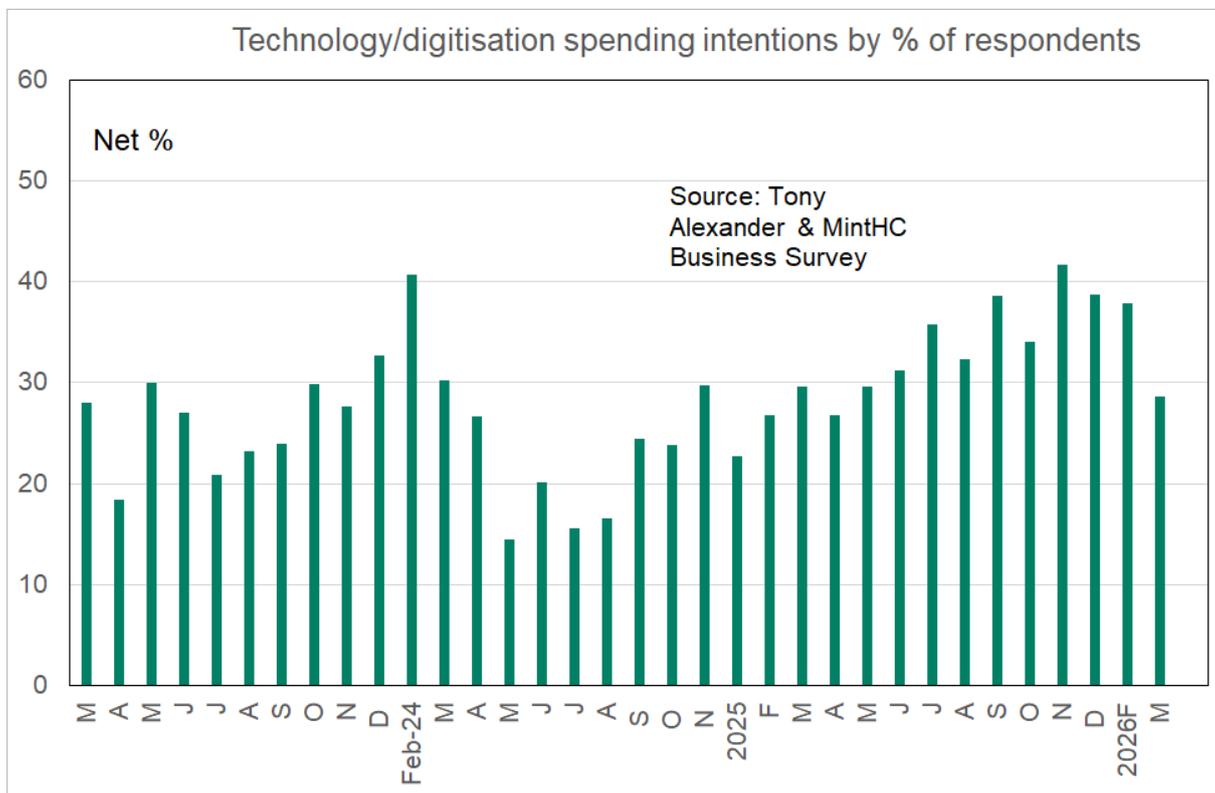
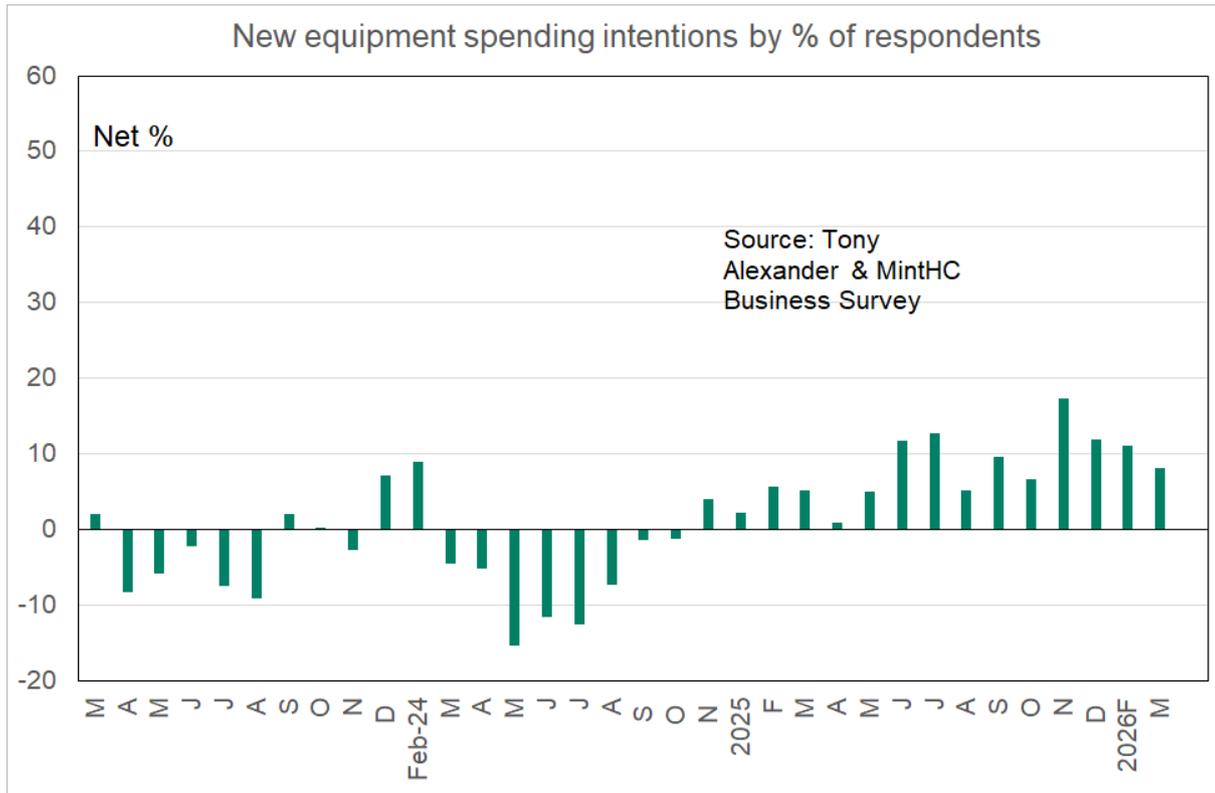
When it comes to climate change there are more businesses saying they plan reducing spending than raising it. The same goes for inventory levels.



There are no particular trends in areas of researching new products and entering new markets.



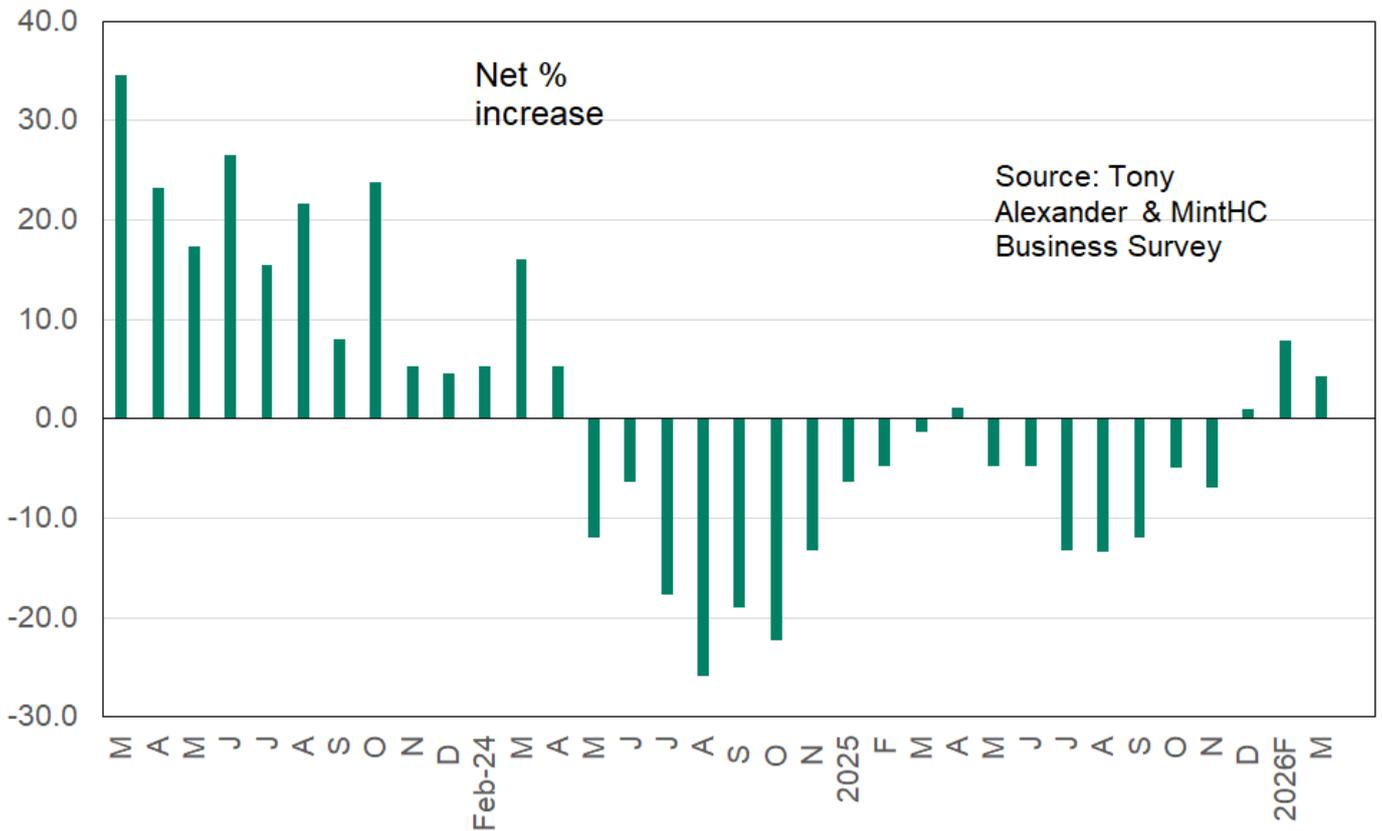
Thankfully, plans for capital expenditure remain positive overall. But this month there has been an unusually large pullback in plans to spend on technology.



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

There is a growing expectation around the world that hikes in oil prices will be in place for some time and that this will drive a generalised lift in inflation across all sectors and products. However, our survey this month has recorded a small decline in the net proportion of businesses saying they will raise their selling prices over the coming year. It might be surprising to see this decline repeated again given the increasing discussion of rising costs.

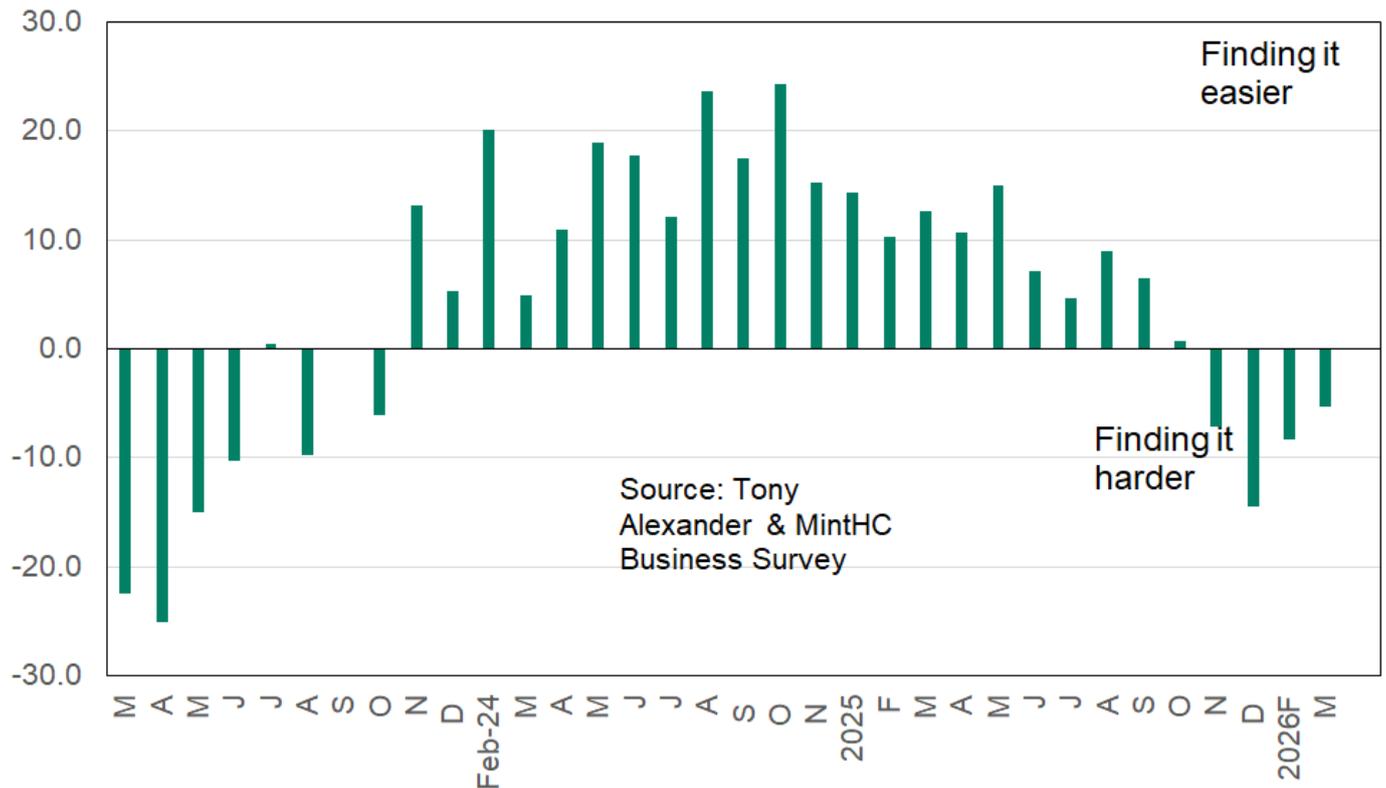
Plans to raise prices in the coming year



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

For the second month in a row there has been a slight easing in the net proportion of businesses saying that they are having difficulties sourcing good staff. This tells us that as yet the labour market is still not responding firmly to the general upturn in the economy and might not do so for a number of months given the pushing out of forecasts for when NZ's pace of economic growth has a good head of steam.

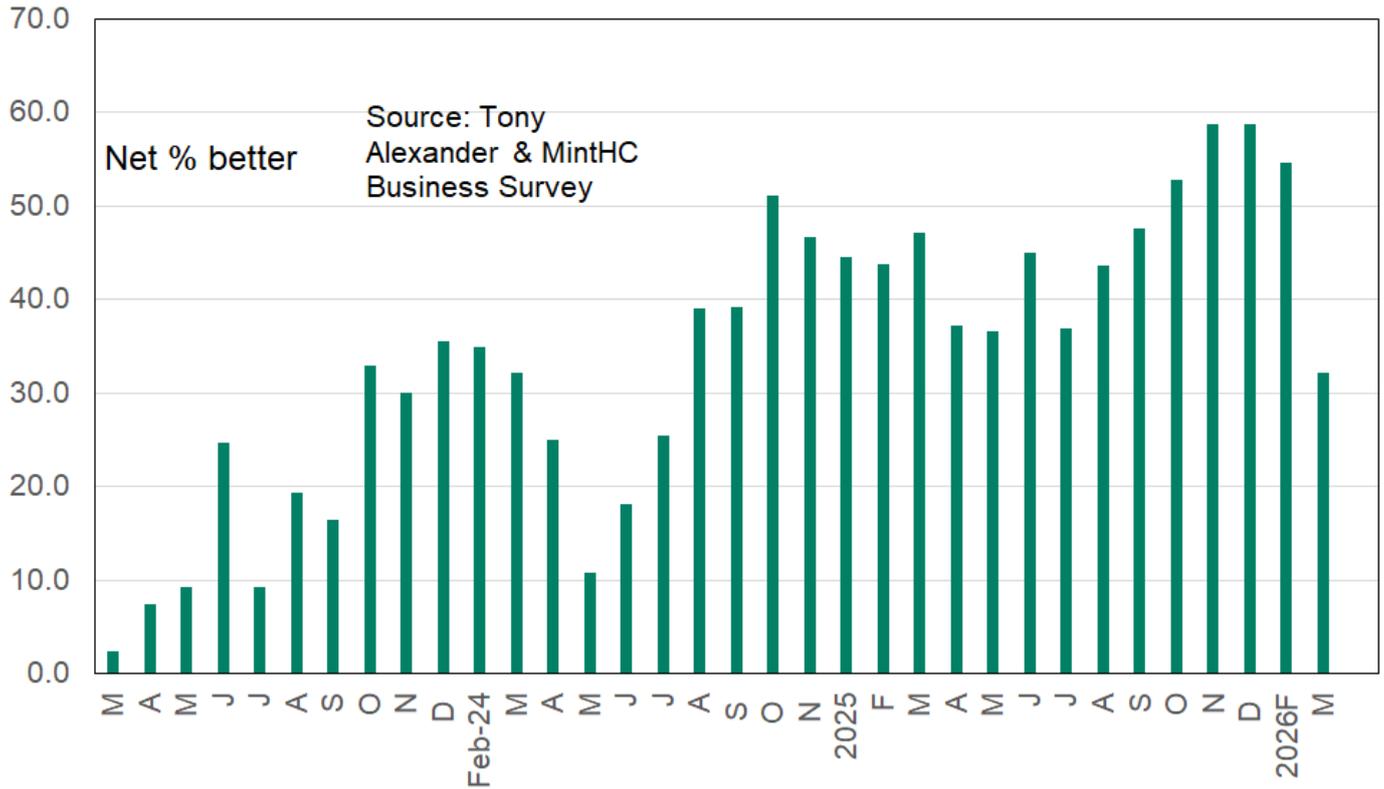
Have you noticed any change in the availability of good staff recently?



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

Likely affected by concerns for inflation, the supply chain, and economic growth associated with the Middle East war businesses have become less confident about their revenue growth over the coming year. The net proportion expecting improvement has this month decreased to 32% from 55% a month ago and 59% at the end of 2025.

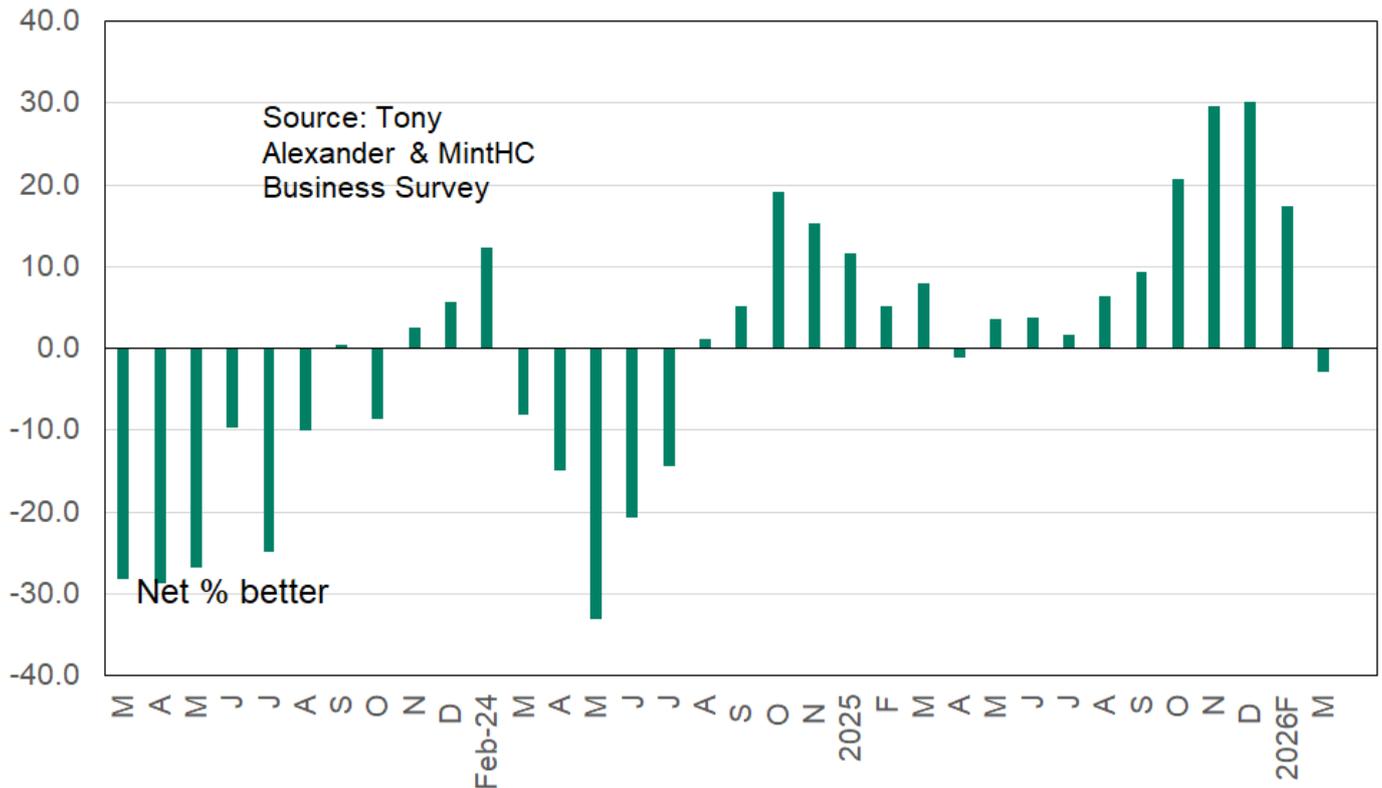
In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?



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

Businesses have grown decreasingly optimistic about how staff will be feeling in general about the world around them (morale) over the coming year. In this month's survey a net 3% have reported that they expect morale to deteriorate compared with a net 17% who last month expected their feelings of wellbeing etc. to improve.

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



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 firmly report that their clients by and large are still struggling and the nascent economic upturn has yet to have much positive impact on bottom lines.
- AI is frequently mentioned by respondents across a wide range of sectors. Changes in practices are widely anticipated.
- War in the Middle East has generated a strong lift in concerns about what lies ahead with the high uncertainty exacerbated by building concern about the election outcome later this year.

Accounting & business advisory services incl. business broking

- Some of our clients are doing very well but some are really struggling. Some have sold to remove themselves from the uncertainty of the times
- A lowering of business profitability with higher fixed overheads such as insurance, rates, rent, power and fuel costs.
- Lack of experienced staff in the 3 to 5 years experience range.
- Although national averages suggest that conditions are improving, this does not reflect what I am seeing on the ground. I am an accountant based in Auckland with approximately 300 clients across a wide range of industries (excluding primary industries such as farming). At present, only around five clients are genuinely growing and performing well, and these are the strongest businesses on my books. I am also seeing a continued movement of clients out of Auckland, with no clients relocating back from regional areas or Australia. The uptake of the Investment Boost by smaller businesses has been minimal, and the broader economic benefits of larger companies using it have not yet filtered through. In practice, it appears that only larger companies with strong balance sheets and ready access to funding are able to take advantage of the scheme. A policy similar to the Australian approach "allowing an immediate deduction for assets under \$25,000" may have provided more practical support for smaller businesses. Additionally, increases in petrol costs have an immediate and significant impact on hospitality clients. For many, continued operation is largely sustained by access to relatively low-cost IRD funding arrangements.

- Big gap in middle level of staff creating a gap between partners and younger staff. Issues from Covid and reduction in those choosing the profession are an issue.
- Still a lot of businesses under stress and some stragglers coming to terms with repaying the IRD business loan. Generally clients are a little more up to date with tax payments. Trusts continue to be ceased.
- Digitalisation with a whole bunch of disconnected solutions all charging a fee. AI is saving time and giving better outcomes. Don't need junior staff like we used to, but who is going to train them coming through.
- Tentative positivity and expectation
- AI disruptions to the accounting industry are about to hit hugely. We just settled in after cloud disruption, and I can see this job being hugely different in 5 years time
- A lot of small businesses clients are struggling, overall tax take is down.
- Liquidations and Receiverships increasing
- People catching up that's good.
- The morale of a lot of our clients is at a low ebb. They feel they have been in a constant battle for what will be nearly 3 years to keep their businesses in shape. They are weary and feel like they are making little or no progress. The oil shock is another hurdle which will knock confidence even further.
- Clients are increasingly saying, "this is what AI tells me, is it right?"
- Uncertainty re Govt decision making and International Issues e.g. Iran and flow on issues

Advertising & marketing

- Lack of confidence
- I'm in Marlborough, and it's very grim in the wine industry here. Only half the grapes growing are likely to be harvested again, and that will flow through the whole regional economy. I'm trying to grow my local contracts for my business, but reckon it will be a couple of years before that's really feasible. Remote working will continue, sigh.

Banking and Finance

- Bad debt
- Demand for our product is growing from distressed borrowers
- Lack of confidence, over-supply of product due to existing stock levels, fewer bankable transactions
- Just as businesses appeared to have decided it was time to invest, the upcoming election and the Iran action have resulted in them firmly putting the wallet back in their pocket. Confidence is very shaky at variable.
- Concerns supply chain issues increasing cost of goods. This will increase costs for my customer's cost of production and reduce profitability. Already seeing more use of technology (especially AI) to reduce time to serve.

- Consistent increase in homeowners defaulting on mortgage obligations and struggling to rectify the situation. This increase was forecast to slow in 2026, but this has not happened and levels are still rising dramatically.
- Increase in mortgagee sales and shortfall post-sale with high mortgage debt remaining, which is now unsecured. High levels of redundancy with skilled workers still seeking employment a year later.
- Uncertainty! Global events impacting supply chain and input costs
- Unfortunately, the election this year is going to play a big part in this outlook. Uncertain outcome of this means uncertainty. As like the last election, we will know more about this in 2027. Inflation and rising interest rates will be the sole determiner of our recovery post election assuming the current govt is retained.

Cafes, bars, and restaurants

- The Mount business community has been significantly impacted by the recent tragic landslide event. The Mount walking track attracts 1 million visitors a year & is now closed. This needs to be reopened for the local community to flourish again.
- February 26 turnover was the same as February 25 which was a cause for optimism as it was the first time in a long time since turnover hadn't decreased. Then [Trump] started a war and turnover dropped 20 percent. Came back a bit in week two. We've cut costs, made efficiency improvements as much as possible and this happens. Hoping it'll be over soon. First Covid, cyclones, inflation, recession and now a war. I'm waiting for the frogs and locusts now.
- Staff skills do not necessarily match those on the CV. ChatGPT often makes a CV for staff look fantastic however we waste a lot of time having vet inexperienced staff.
- Cost of fuel impacts supply chain and customer demand.

Civil construction/infrastructure

- Councils continue to be very sensitive to costs but seem to have moved out of panic mode. More clarity on future spend than in the past.
- Increasing forward works program driven by a buy up (by developers) of small residential properties for intensification which still seems to be hidden, so strangely no FOMO - yet. Especially in areas with low development contributions especially Mount Wellington for some reason. (maybe high costs in GI).
- Steady client inquiries and work opportunities, better than last calendar year.
- Demanding customers with complex systems

Commercial construction

- General business conditions are still extremely challenging with price being the main driver of customer decisions. Internal resourcing adjustments have had to be made to reduce overhead costs, and these should allow us to go forward with greater confidence.

- Increased enquiries and mood. A change of government is a huge concern as this will quash this.
- There is no shortage of smaller projects to bid for. Still pretty competitive. Thus far no material resourcing or supply chain issues. Likely spike in expenses in the short term has tempered our expectations a little. Expect the coalition to boost the economy noticeably in the next 6 months. Overall we are expecting a similar result to the previous year
- After two really tough years we will be looking to restructure small parts of the business but also looking to expand other parts of the business to be more competitive. Succession planning also comes into it as owners are now past retirement age. We are concerned about the coming election but only because it can slow down the work pipeline for construction in the next few months.
- Lack of forward work
- People have no disposable income so aren't going out for meals or drinks. Surviving with cheese on toast at home.
- For us it's a combination of new project opportunities...which for us maybe stems from landowners holding too long now needing release quickly, or perhaps we are actually seeing some signs the economy is improving, people are selling their houses, things are better.
- Lots of small businesses opening up in direct competition - they have smaller outlay so potential to win business on price
- The commercial construction sector is continuing to go through a difficult period with no clear lift in sight.
- Up and down, we had a very challenging year last year, hope it will get steady improvement for the coming year.
- Margins have been squeezed and it has been hard on staff energy level. Steady workload, but tight margins and Councils are difficult.
- Lack of sizable projects coming up. Lots of smaller jobs means less margin and profit.

Commercial real estate

- Relationship gap between property yields and commercial bank funding
- More positivity with the amount of inquiry coming through and business confidence improving across most sectors of the commercial market.

Education and training

- Early Childhood Education. This is year 4 or 5 of being on tenterhooks waiting for a government to make major and consequential changes. Under Labour it was forcing up Teacher salaries without wishing to pay for it, under National it is revising the funding system while making clear there is no more funding, meaning there is an expectation of creating "winners and losers". Meantime this year's funding inflation adjustment is 0.5% against a backdrop of 2-3% inflation.
- We started the year very busy indeed, but enquiries from March have slowed down quite a bit.
- A very sudden drop in sales following the start of the latest war.
- Costs are increasing. Staff feeling demoralised.

Engineering

- If we can look through this current war/shock things are looking ok
- No confidence for people to commit to developments or building, people adopting a wait and see attitude. Very competitive out there with some low ball fees being submitted.
- Still flaky.
- A bit of a recovery is trying to happen, that will be short lived with the war and election creating uncertainty. Clarity on the RMA reform is desperately needed. Local Territorial Authorities need to get back to delivering their core services well and stop being the sand in the gearbox.
- Lack of forward workload with increased competition, pushing prices down. this is the worst period in 20 years

Farming & farming services

- Arboriculture - Poor training and career development opportunities for staff due to the industry's inability to position itself in the public eye as a skilled industry. This has led to an underdeveloped industry with low wages and small profit margins.
- Finding skilled and experienced Production Animal Veterinarians remains super challenging. Meanwhile, global supply chain complexities are about to go to the next level.
- Strong wool industry ready to grow rapidly.....it would help hugely if the world would just "Calm the Farm".
- Cautious optimism
- Uncertainty, shipping costs to markets, disruption to marketing and freight affect product prices looking ahead.
- Costs keep increasing esp. fuel recently

Financial advice/wealth management

- Big focus on the future impact of AI, how best to use it to leverage opportunities, create efficiencies and enhance client service
- Adoption of AI which is exciting but also scary
- Savvy investors are tipping more money into their investments. However for KiwiSaver investors the lack of financial literacy is seeing some people misunderstand the impact of the current Middle East co fluctuations and wanting to pull money out or derisk, even for long term investment like KiwiSaver.
- Continued industry consolidation, a drive to lower costs.
- Seeing an increased need to adopt newer technologies and faster
- Fund Manager / KiwiSaver Provider – There has been a noticeable surge in demand from Financial Advice Providers seeking to incorporate KiwiSaver into their service offerings. This trend appears to be fuelled, in part, by rising insurance premiums, which are consuming more of advisers' time on client retention and making it increasingly challenging to secure new business. At the same time, mortgage advisers

are feeling the impact of certain banks discontinuing trail commissions. In light of these changes, advisers are recognising the importance of diversification and realising that relying on a single revenue stream is no longer sustainable and is changing how their businesses are valued.

- Funds Management – Investor sentiment is being affected by the uncertainties around the global geopolitical situation, the threat to the NZ economy poised by such as well as a general sense of feeling overwhelmed with the pace of change, AI, Quantum Computing becoming more mainstream, the very real possibility of a radical change of government in NZ this year etc.

Health

- Customers not purchasing like they used to.
- In Christchurch, the chiropractic industry has been fairly quiet over the past couple of years, with fewer new clients and growing pressure in the market. Most established practices seem to be steady, which is important for patients who value certainty and continuity of care, but some newer clinics appear to be under pressure and are competing by heavily discounting initial visits to attract new clients before returning to normal pricing. That may help get people through the door, but it can also create uncertainty for patients who want a trusted practitioner they can return to over time. For us, referrals and long-term relationships remain very important, and around half of our new business comes from word of mouth.
- We are currently experiencing a higher than normal staff turnover, due to personal life timing (maternity leave, travel, etc) but also due to stress in the workplace (heavy workload on top of office relocation and fit-out). But we are confident the stress will level out once we have settled into the new premises, and when new staff members settle into their roles.
- Private medical services. - The health services are overloaded. I think it will worsen.

Information technology

- AI is rapidly changing the playing field.
- People who provide good value for money or make people's lives easier continue to do well.
- Uncertainty as a result of global activity affecting confidence and costs
- So hard to find good staff. And the cost of new stock is going through the roof at present.
- Stock shortages because stock is going to AI manufacturers
- Business is good in Canterbury.
- The business sector is picking up. We are concerned by global events triggering cost increases which we may not be able to pass on. With the election looming we are concerned there will be too much largesse in the Budget or too little work performed by the Government focused on improving New Zealand. It would be helpful if the NZ Media reported on how well New Zealand is placed globally and whilst we have some issues we do not have anything like the scale of issues other countries have.

- Uncertainty and a strong perception of economic mismanagement.
- We are an MSP. New business is still very slow. A little bit more inbound interest but not enough to be excited. Existing customers are our focus - They are starting to spend more after a period of not. 2026 is not so great yet. War and election may ruin things!
- Very busy at the moment completing inflight project deliveries
- It's challenging, however, a good product at the right price still delivers value!

Insurance

- If Middle east war goes on will impact costs and delay supply chain leading to products particularly motor vehicle parts delaying repairs
- Boomers exiting business and selling-up and/or passing-on to children

Legal

- Attraction of skilled good staff. Significant numbers of qualified grads and young lawyers leaving for Australia and overseas.
- Hard to say from an employee perspective about the higher level strategies and health of the business (I am a shareholder), but NZ also really seems to be stagnant when it comes to innovation, particularly stubborn sectors like legal/government which I work in.
- I think a significant threat/issue we have the most control over is our own leadership and attitudes in the business, people are almost too comfortable and resist change. This means threats from AU tech firms in our sector makes us easy pickings as we are just so far behind and so slow.
- From the ground level, I feel like I hear every week of another friend of a friend going to Australia and they leave quick too just weeks. I've had an uptake in recruitment calls, and I wouldn't say I'm more than mid-level which probably goes to show our skilled people are leaving, young and mobile. Whereas older people who have things setup, and as mentioned before don't like change; are staying and just want the same as always. I believe the ones who leave are the ones with potential.
- Legal Practice - Considerable pressure in supplier costs (e commerce suppliers) - Continued and worsening cost pressure from government regulations e.g. government threat of levying our industry for AML
- Steady demand from those who have money at risk

Manufacturing (all categories)

- The Crisis in the middle east has large ramification for us with regard to our supply chain (polymer imports) and input costs. There is significant concern as to how long this will continue.
- Just need Government to provide basis for industry confidence!

- Variable cash driven stress points. AI driven diversification is now instrumental to making it to the next "Green Gold" (property) cash out in New Zealand.
- Increased workflow, which is a relief after last year, in the light engineering sector.
- Am taking a longer term view given the events of the past 1-2 weeks. Need to see how the next few weeks play out
- Imported raw materials and unionised labour, coupled with domestic freight costs and energy are just too expensive, and the B2B domestic market is struggling to absorb extra cost so it is hard to pass on the increases. Starting to consolidate and close parts of the business that are now selling at a loss. This will make it harder for local businesses who will need to switch to imports. There is no will from overseas owners to invest in NZ inc to make manufacturing more efficient. The political environment is considered to be too unpredictable.
- Global uncertainty on input prices
- Trumps stupid wars affecting consumer confidence and discretionary spending
- We're exporting and uncertainty has never been so high, can't predict a week out, let alone 3 months which is how an export supply chain works. Thankful for measure of stability and common sense in current Nat led government, but a real fear if it changes.
- Buildings consents are up but not seeing increased work yet.
- Increased FAF. We have already tentatively placed our orders for supplies required for the next summer peak season. Expecting this geopolitical event to cause more restraints than Covid did. Preparing for a rocky ride by locking in supplier pricing now ahead of the demand and tightening our efficiencies where we can.
- More superfluous tasks which have no bearing on production. Just added tasks to be done to get the result we can get without the added silliness.
- Global demand for red meat remains strong, which makes the conversion of productive farms to forestry in recent years feel like a missed opportunity for New Zealand.
- Nervousness around a potential for a government change in the upcoming election.
- There appear to be more opportunities than this time last year. However, tendering is very tight, with many companies buying work to keep projects moving. There is still a lot of uncertainty in the market.
- economy, politics, supply and demand.
- Manufacturing and Distribution - Improved sales. Now new anxieties re possible mtg rates increases

Miscellaneous

- Biosecurity - Uncertainty of future budget allocation to ongoing biosecurity control to maintain the momentum.
- Design make and install signage - Falling business confidence on the back of middle east and oil price impact

- Electrical contractor - It feels like steady as she goes
- Entertainment - International Screen Industry - The recent changes to the New Zealand Screen Production Rebate have had little or no effect on the pipeline of projects wanting to shoot in NZ. The industry is suffering with business profits down and many crew unemployed or underemployed. Numbers of crew are either leaving NZ to find work or leaving the industry altogether. It is hoped that this is simply due to time lags in Studio decision-making but could be a sign that the International industry is still not competitive enough to entice work here. More suitable and aggressive marketing needs to be undertaken, but still may not be the silver bullet.
- Entertainment - Customers are staying home more - Friday nights are more like a normal weekday
- Equipment Hire - The Iran War and the election later this year are going to create massive uncertainty as the industry normally sees projects placed on hold during an election year
- Immigration Advice - Immigration settings have been changed far too often for anyone in the industry (including migrants) to have any certainty. National is still trying to sort out Labour's mess.
- Plant and machinery distribution - Main problem in NZ market demand, it's still very slow. Fortunately Australia more than makes up for this otherwise we would have seen staff layoffs. Auckland seems dead, I was in a Ponsonby cafe with a colleague yesterday and we were the only people there at 12.15 pm - prime lunch time. Nice food and people but empty.
- Property development - Huge disconnect between media and actually what is happening in reality in the market
- Property valuation - Continuation of relatively low levels of activity in property transactions (not much change in the past three years)
- Quarrying - General trading is okay, although many more contractors chasing the same work, but significant lack of major projects/infrastructure spend compared to previous years and no significant sign of change in the next 12-months. Setting budgets now for July 26 to June 27 and predicting nationally flat product demand at best; bearing in mind current volumes are 10-15% down from previous year.
- Residential house painting - Customers price driven
- Resource exploration and mining - Significant growth in the resources sector resulting in a competitive labour market. Fuel costs are concerning.
- Telecommunications - Customers taking a long time to make a final buy decision.
- Utility - Growth driven by electrification
- Veterinary pharmaceuticals - The low dollar and higher oil prices will directly impact the price of the products we import while it will reduce demand as consumers worry about the impact of the Iran war.

Mortgage broking/advisory

- Low levels of new enquiries likely due to middle east
- Banks continue to place an increasing demand on mortgage advisers to service client/customer demands and requirements without any or appropriate compensation for such work. This is allowing banks to reduce their staff costs and time involved in doing nonproductive work and shifting the responsibility to advisers without consideration or provision of any monetary recognition. Furthermore this removes their responsibility and accountability for such work.
- Continued demand for finance

Motor vehicle sales/parts

- Automotive repairs - If we end up having further fuel price increases or even fuel shortages the car repair/ parts sales sector will die off dramatically.
- Reduction in new customer enquiry due to the economic conditions in NZ.
- Officially in a recovery? Yet we are not seeing any increases in any area. Safety inspections (WOF) are down but could be a blip on normal seasonal variation. Vehicle servicing is down which will present expensive problems in a couple of years (put bluntly, good for our Trade). Reluctance from Customers to maintain has increased very slightly. Big dealerships still culling/closing. We're very lucky in our geography/customer space, but the pinch is noticed and thoughts for the next 2 quarters are not positive. Oil prices and sensitivity may translate to more interest in EV vehicles, however a large contingent of cheap EV's means that sector will be up for repairs within 5 years and most of those repairs required will not be financially viable - so more EV's being dumped on the environment. \$\$\$\$ for environment cleanups & storage will start to show. Current quandaries are still confusing common sense, within a population/generation that seems rather distant from solid basics - at least for the next 2 quarters... :-)
- Tightening economic conditions, lower sales
- Competition is strong from both Distributors and Retail. Finding it very difficult to find qualified mechanics and a need to streamline our processes to make the most of a light increase in charge out rates coming soon.

Printing and packaging

- Input cost variability. It is getting harder to understand margin.
- A lot of business that have been holding on since covid are now folding

Recruitment

- Recruitment is inextricably tied to business confidence and I'm seeing an improvement in both (despite the negative bias in the media!).

- The Iranian war has put a very large spanner in the works in an economy that was just finding its feet. Already we have had a few recruitment jobs cancelled by clients who are concerned about the effects of the increased oil prices on the profitability of their business and therefore their ability to increase staff numbers. Businesses that have just survived the recession may throw in the towel now, as there is little mental tolerance left amongst business owners.
- I am seeing an uplift in client recruitment requirements but no equivalent improvement in the quality or quantity of applicants.

Residential construction incl. section development

- Sawmill - We sell framing timber and there has been a noticeable pick up in demand from the building retailers since Christmas and it is proving a struggle to keep up with demand.
- Last month I would have said positive, now I'm saying uncertainty again
- The unpredictability of the world with Trump & the Iran conflict.
- There is low demand for new residential construction or subdivision development, with limited opportunities available (Western Bay of Plenty region).
- The Residential subdivision market remains patchy. New developments are likely to experience cost increases due to the Iranian / Middle East war.
- Customer Enquiry has been strong the last 3-4 months but is decreasing now. Very hard to retain staff and even harder to recruit new ones.
- Down here in Wellington, it feels like there are early signs that things might be improving. But then Iran happened... who on earth knows what this will mean. Probably alright if it ends quickly and the Strait of Hormuz opens up, but if it takes a while, I can only see bad things coming from it. I would be extremely happy to be proven wrong on that one!
- I'm seeing a crippled construction sector with various big name construction managers in my office telling me there's nothing happening out there. The economy is worse than ever in the cities and there seems to be a reluctance to admit this. 2026 is worse than 2025.
- It feels like a stuttered restart to what is otherwise still a flat market. We're starting to see some green shoots after the off-the-cliff drop in residential building activity and customer spending, but confidence remains fragile. Ongoing geopolitical tensions may not affect us directly, but they flow through global trade and supply chains and weigh on local business sentiment. High-net-worth clients also appear to be holding back discretionary spending on higher-end builds, which makes gaining traction on new contracts slower than expected.
- Inquiry levels were pretty strong during January and February - certainly up on the same time last year! However, despite no changes to our marketing and advertising, there has been a notable drop in inquiries this month, supposedly due to the uncertainty the conflict in Iran is causing. Even those clients in our pipeline that we have been working with for the last 6 months are now very slow to make decisions.

- It's so frustrating - just when we thought we were gaining some momentum in forward sales, the brakes seem to have been put back on again.
- Volatile market
 - Significant supplier price hikes in last week due to expectation of fuel price increase
 - A lack of financial confidence in clients. We have many projects that are held up due to clients sorting finances or otherwise waiting on a sale of a property to fund their project. Even if they do have the funds, they are very careful.
 - Customer interest but no desire to commit.
 - Building consents and Resource Management consents getting harder with LA staff making decisions on loose legislation.
 - Uncertainty in the economy is making things hard to predict
 - Busy first half of the year
 - Really inconsistent demand from customers and highly competitive market
 - Seeing more house plans
 - Residential construction still patchy. Enquiry levels definitely rising but customers taking a long time to commit. Economic recovery still feels very 'lumpy'.

Residential real estate

- Properties taking longer to sell, working on Vendor expectations based on lowered Cvs Qvs
- Good tenants hard to find, fixed costs soaring, margins being squeezed. Residential tenancy is in the doldrums for the near foreseeable time and is now a political football of the left. I think many baby boomers are treading water waiting for a lift in the property value so they can exit with enough cash to see out their ears. There will be a paucity of rentals available in central Auckland within two to three years as they exit and sell to first home buyers.
- Weak economic consumer mood, lending and insurance complexities.
- Hesitancy. Hard to get people to commit.
- Malaise. Poor return on investment - due to low demand & high input costs.
- Temporary slowdown due to geo-political environment
- Uncertainty with property market due to overseas wars and NZ general election. Volumes of buyers and sellers may reduce due to uncertain economic and political conditions
- More activity, especially first home buyers. Buyers and sellers are engaging. Sellers meeting the market, even if it hurts. Taken on a new associate as looking to drive up market share.
- Selling houses very dependent on the interest rates. But I feel we are at a turning point meaning the cost of goods will increase and consumer spending will reduce

- Over supply of property with low demand. In part due to vendors cashing up and leaving the country or opting for lower cost areas. Purchasers have plenty of properties to pick from but there remains nervousness over prices and their economic position.
- Getting more decent inquiry for our rentals and our business operations are picking up.

Residential rentals/Investment

- Uncertainty of interest rates due global events and political outcomes from the upcoming general election.
- cost of living is still high with the global unsettlements
- Another year and another [hard] one. Nothing positive showing. Selling rental to reduce debt exposure and then hunker down and hope we don't lose our jobs
- People are taking the opportunity to improve their quality of housing, properties that are mediocre are flooding the rental market in Wellington rather than being sold at reduced rate.
- Change in demand and work output is more demanding.
- Slowly declining number of houses available for rent.
- Opportunities with war in Iran.
- Investors holding back due to uncertainty caused by international events and the pending election
- Over supply
- Insurance and interest costs are too high
- uncertainty

Retailing

- Some early signs of increased business confidence, becoming quickly eroded by the impact of the war in the Middle East. A trend of staff returning to the office is good for our business, as well as for workplace culture and performance.
- Demand has slowed significantly since the Iran situation, and I can see this impacting very negatively in consumer spending and cost increases
- People are cautious to spend. My franchise released a month-long promotion. The result has been poor. People keep mentioning the war and filling the car. These things have an impact.
- Apoplexy from international risks and government failure.
- Global instability is resulting in further uncertainty just when we thought things were about to make a turn for the better.
- Customers still hesitant with their purchasing decisions with the higher priced products, and generally opt for cheaper priced options. Increased trend with maintaining equipment rather than replacing. Price appears to be a major consideration with customer loyalty well down the priority list.
- District Shopping Centre owner - Consumer confidence is fickle

Shipping, transport, storage & distribution

- Trading is slow and steady with no improvement forecast for 2026 - even if now slightly chaotic following Trump "stopping" another war - which will cause costs to rise
- Fuel cost and availability
- The threat of global instability due to USA / Iran / Gulf war

Tourism & accommodation

- Increased competition due to new hotels opening in Auckland CBD. Global uncertainty could impact international tourists travelling.
- Current plans will go ahead despite turmoil in the Middle East. Indeed it has reaffirmed the wisdom of our longer term aim of de-fossilising the energy requirements of our company.
- War in ME causing fuel costs/flight costs to increase is a concern as tourists may not visit the region, or have the budget to be able to travel
- Our sales pipeline is the strongest it has been in some while. The key will be to convert the leads into revenue. The South Island continues to provide the most opportunities.
- Business is good, so I expect someone to step in and muck it up. If they don't, I will be very happy.

Wholesale

- Most market segments are still spluttering along, no obvious lift in new work and volumes and margins remain tight.
- Lack of customer confidence and demand

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