MintHC

Business Insights

Business plan to invest

with Tony Alexander

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Business plan to invest

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. 342 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

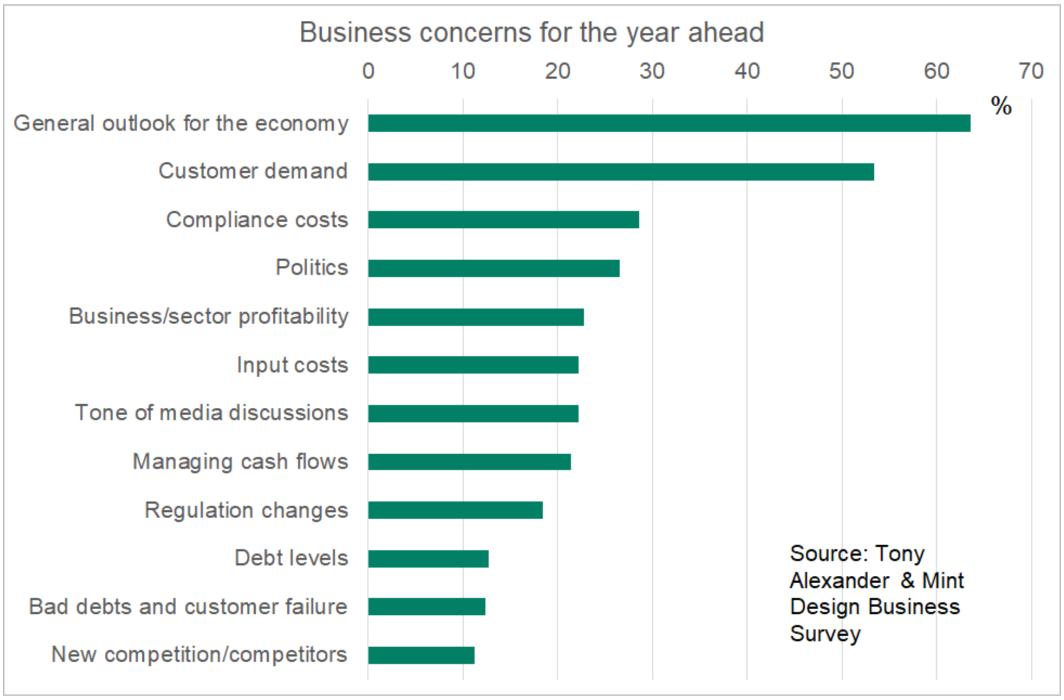
- Businesses are widely disappointed at the economy's performance so far this year and considerable concerns exist about the international economy.
- Cash flows generally remain constrained and in some sectors such as retailing and hospitality expectations are for further business closures.
- Nevertheless, a high proportion of businesses are planning to boost their capital expenditure levels.

Tony Alexander
Independent Economist

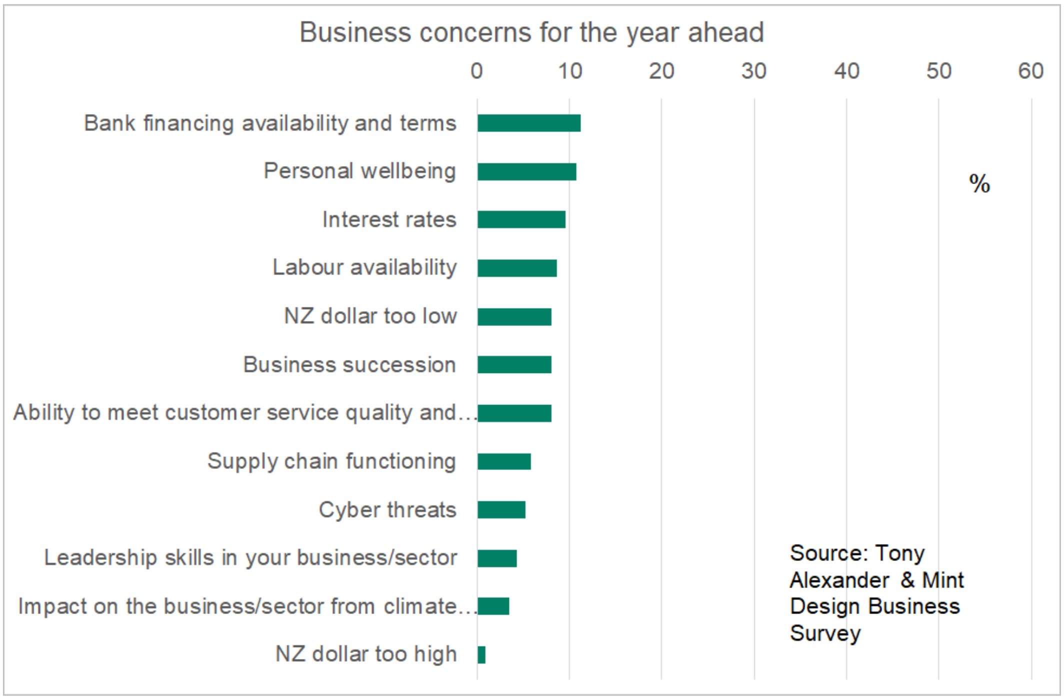
What concerns you most for the year ahead?

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

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

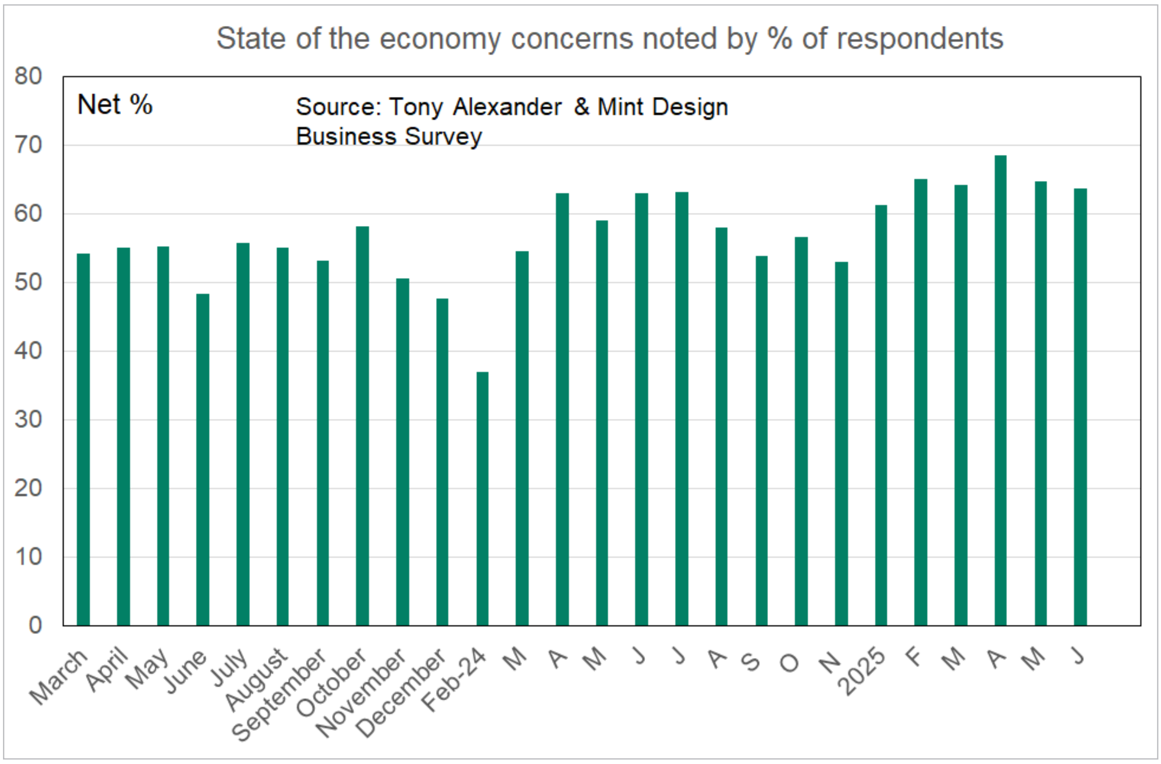


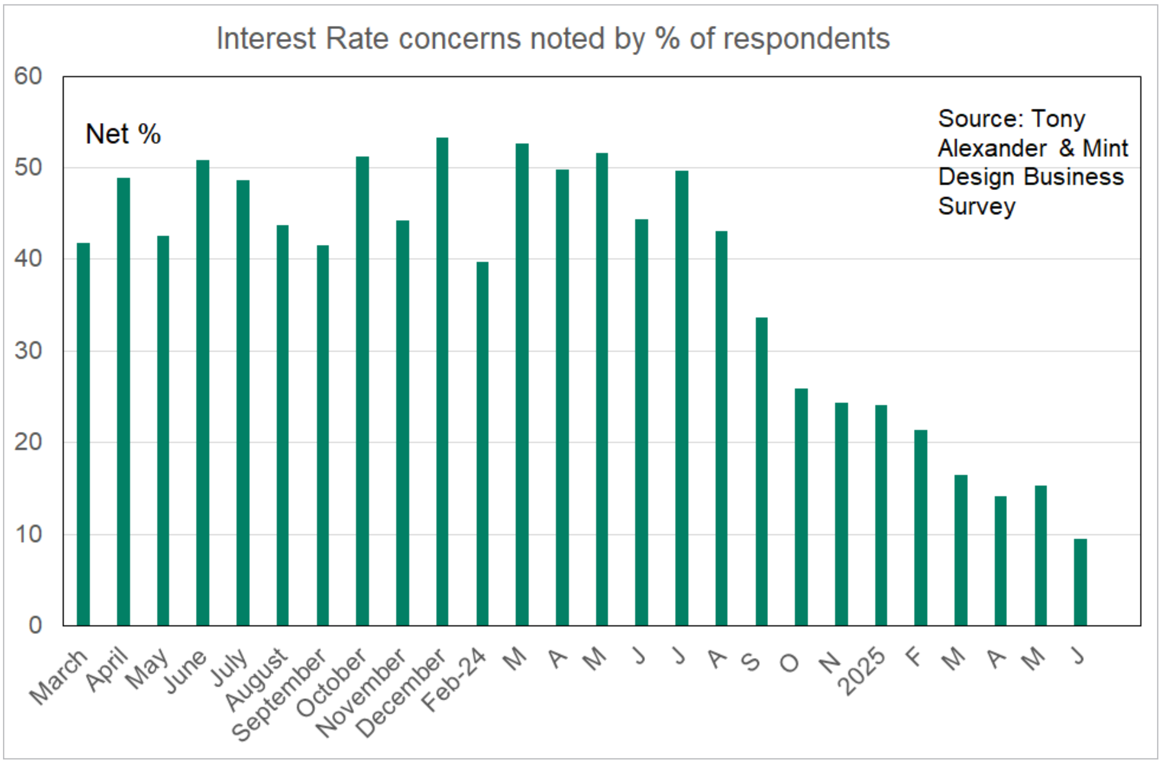
A high Kiwi dollar, climate change, and leadership skills rate as lowest areas of concerns for business operators currently.



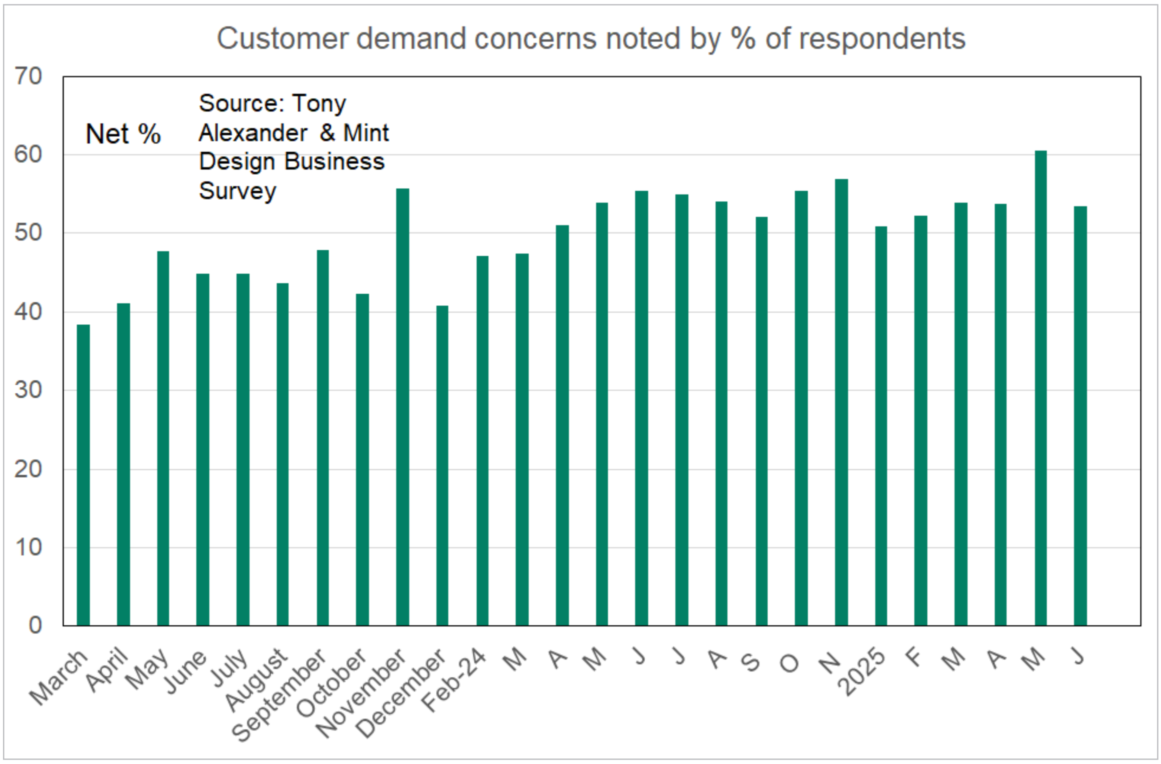
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

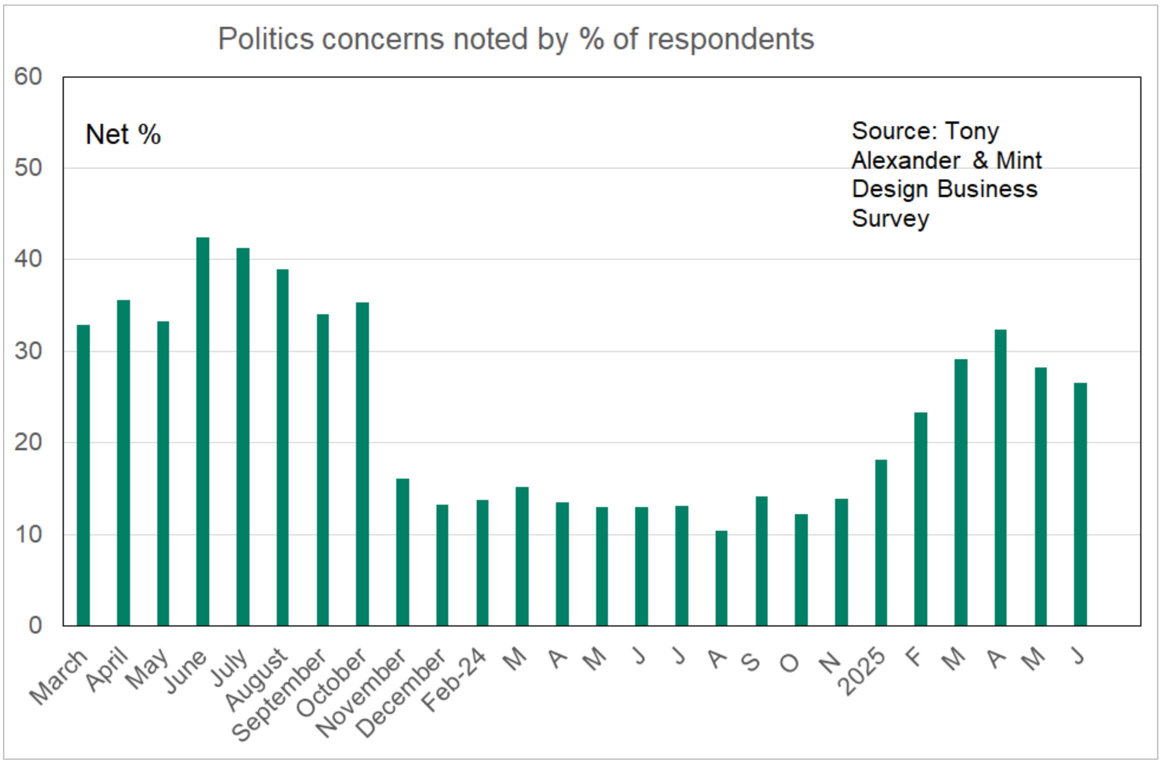
Concerns about the state of the NZ economy rose firmly at the start of this year and have remained high. This tells us that disappointment that the "survive to '25" tactic was not enough kicked in as soon as the year commenced. Note that these concerns have risen even as worries about interest rates have been on a strong downward trend. It takes more than the absence of high interest rates to drive an economy forward.



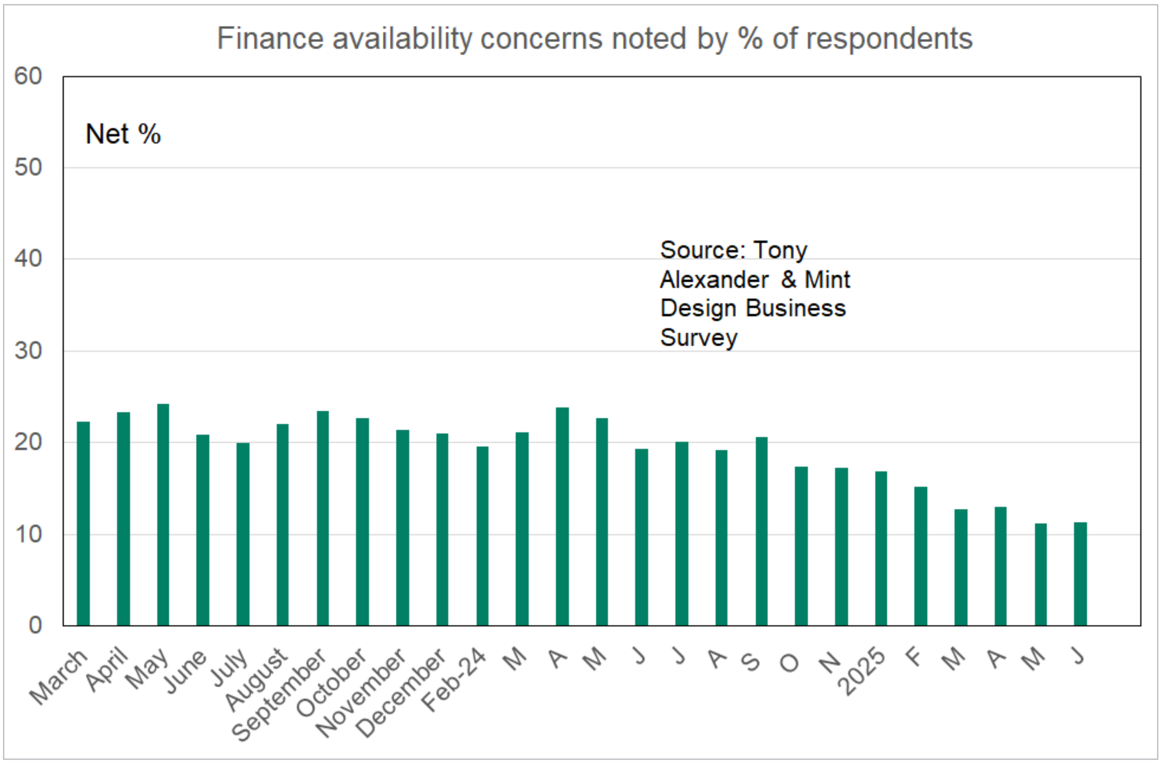


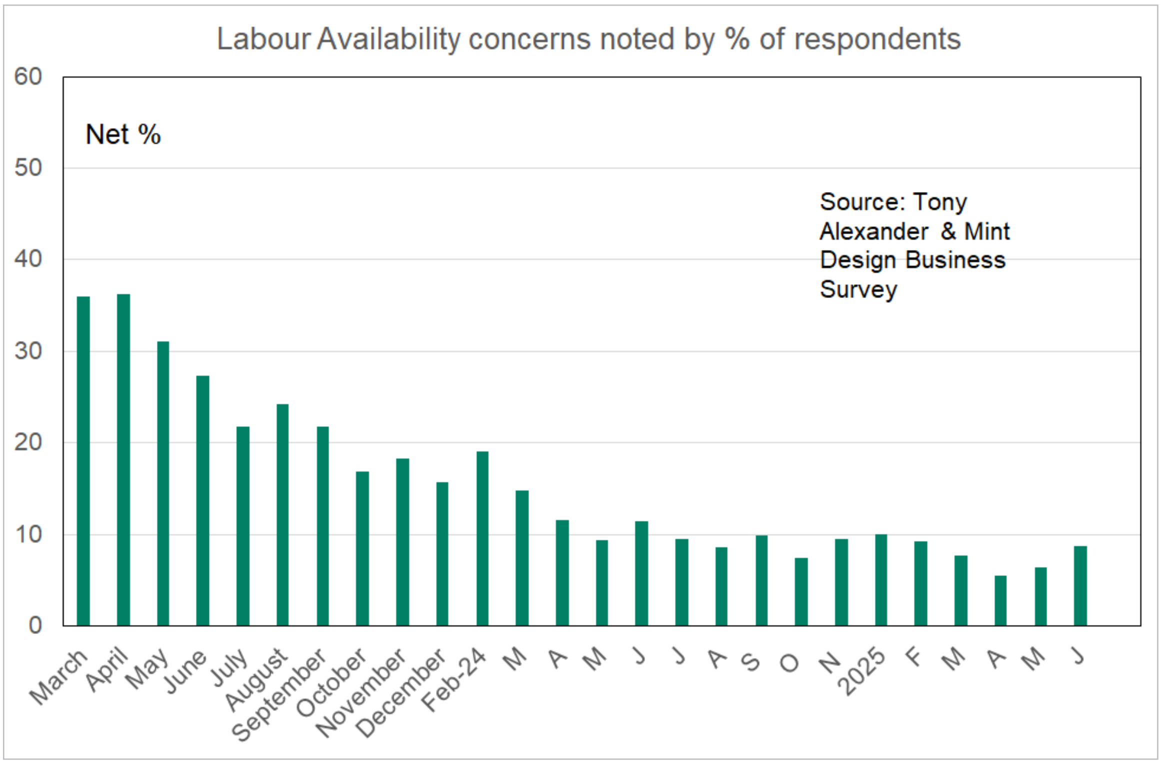
Concerns about customer demand have yet to decline at all on a trend basis. One candidate to help explain the lack of confidence about the state of the economy noted above may be worries about New Zealand's political environment.



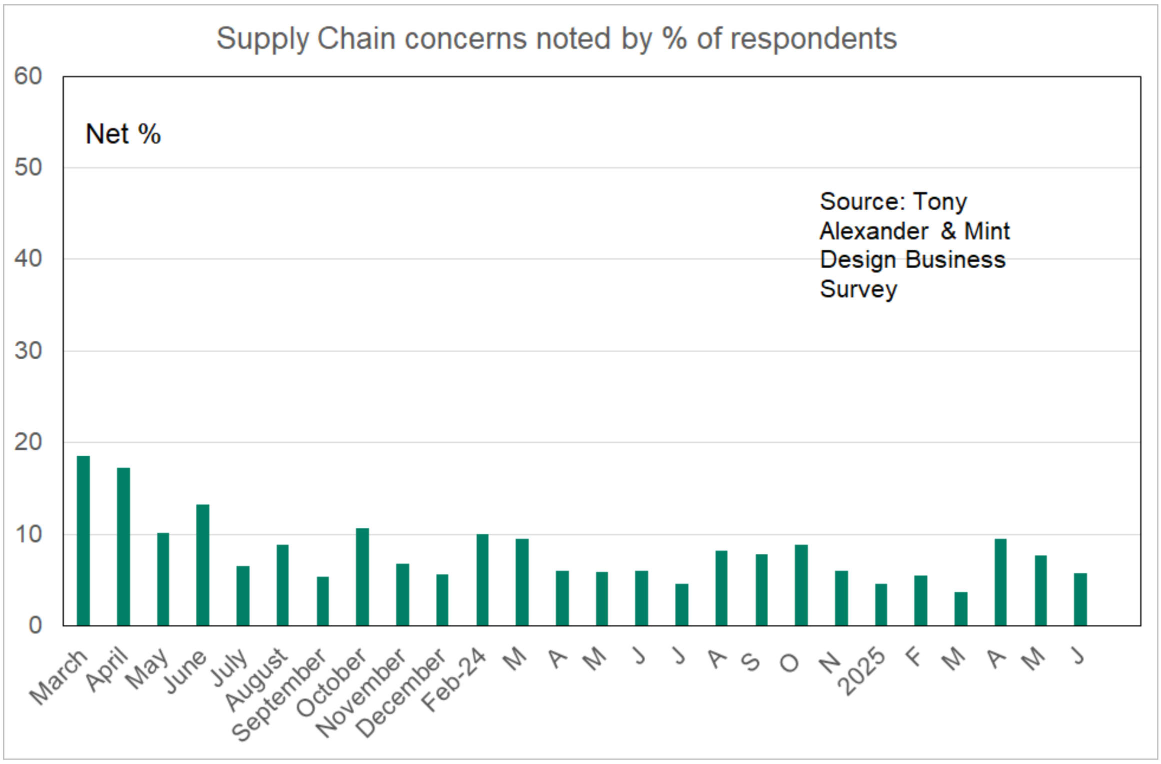


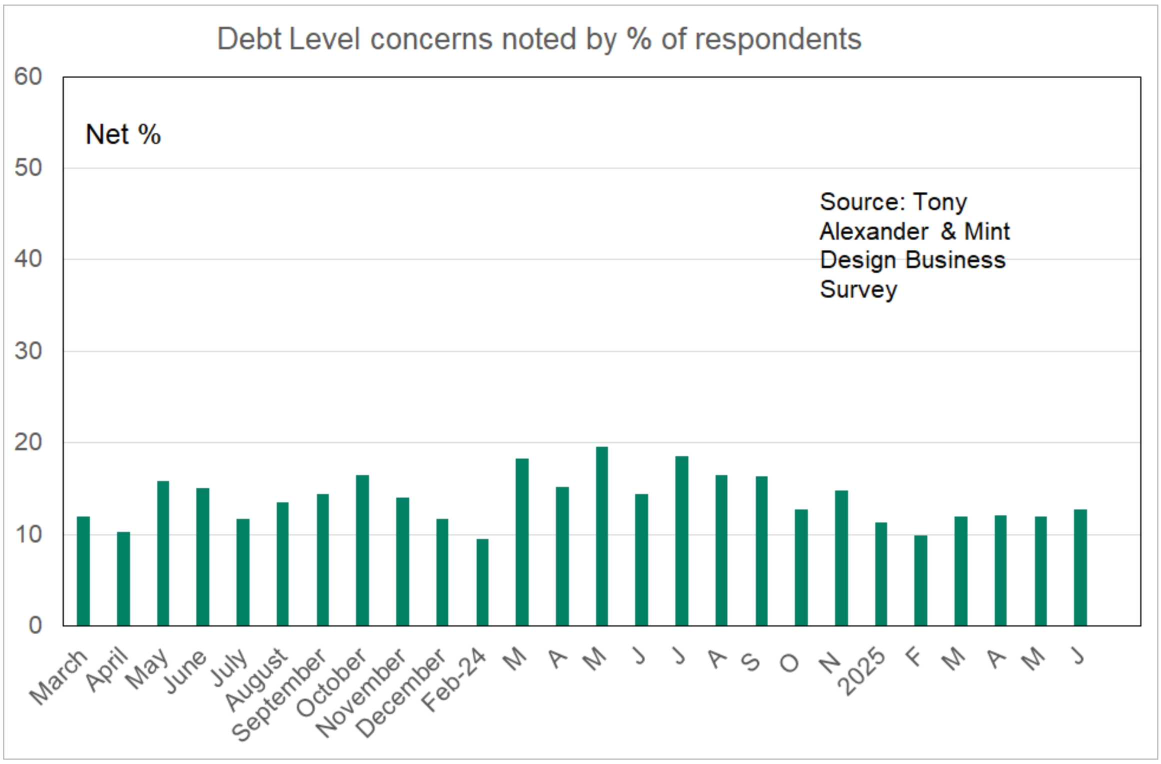
Much as many people looking for some understanding of current weakness in business operating environments may like to blame the banks, the truth is that a decreasing proportion of businesses rate lack of finance as an area of concern. Meanwhile, availability of labour remains good.



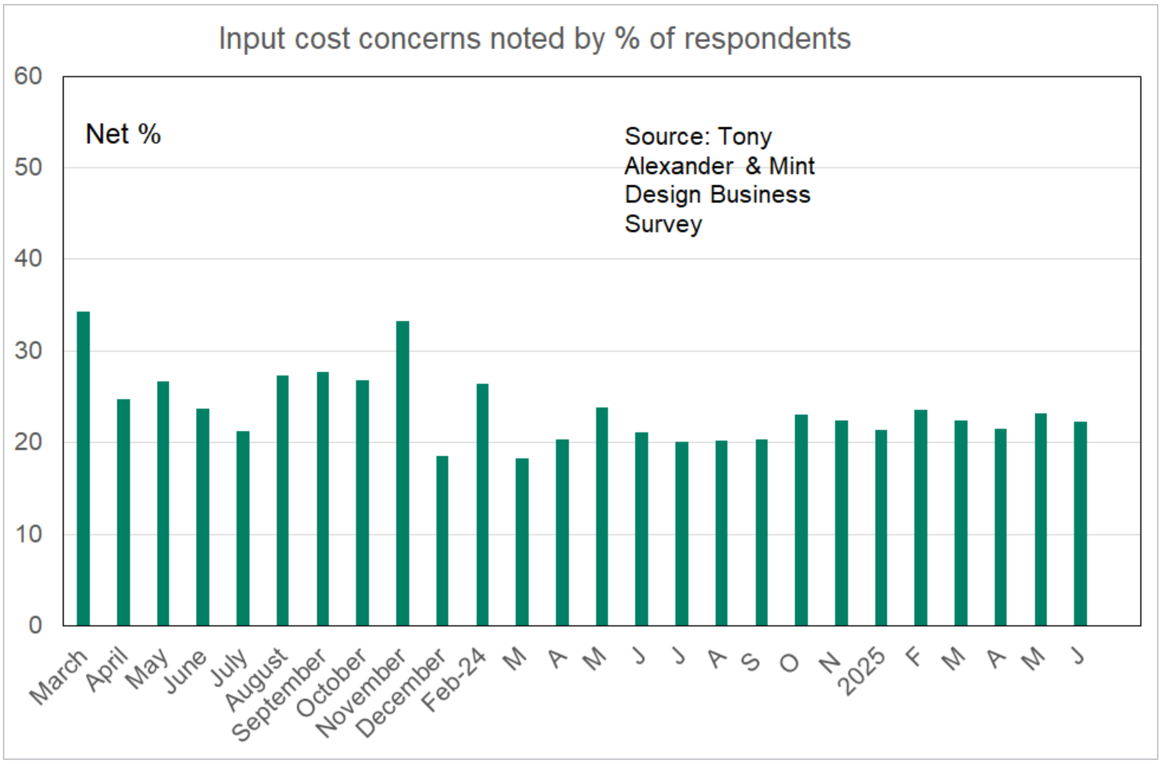


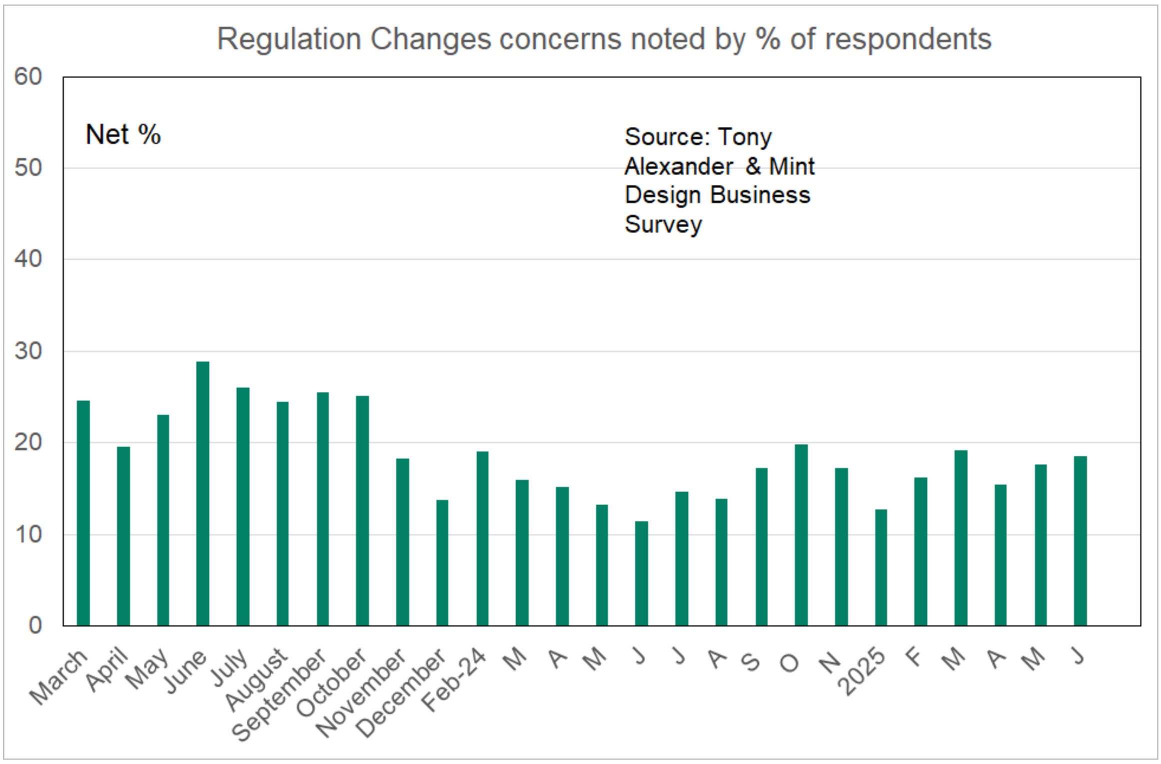
Thankfully, as yet the US-initiated tariff war does not appear to have impacted much on supply chains. This was a large problem during the pandemic and an area of high vulnerability for a far-flung country like New Zealand. Despite squeezed cash flows businesses are not reporting more worries about their levels of debt.



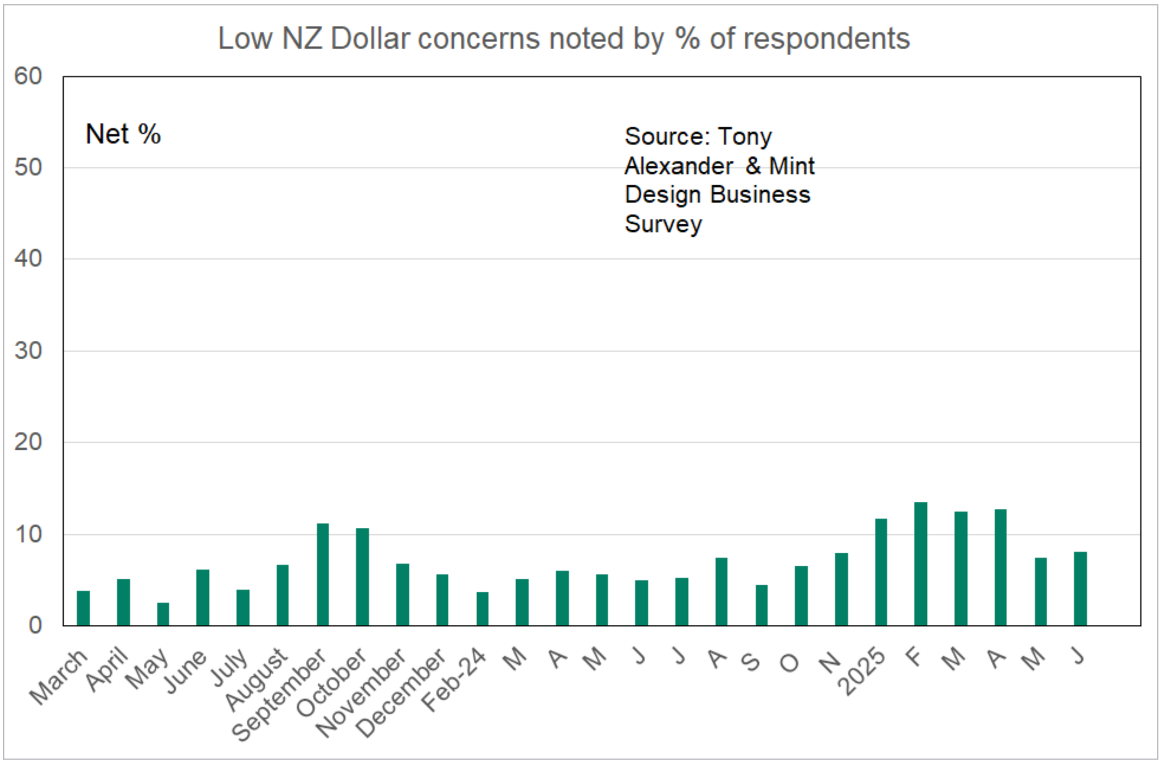


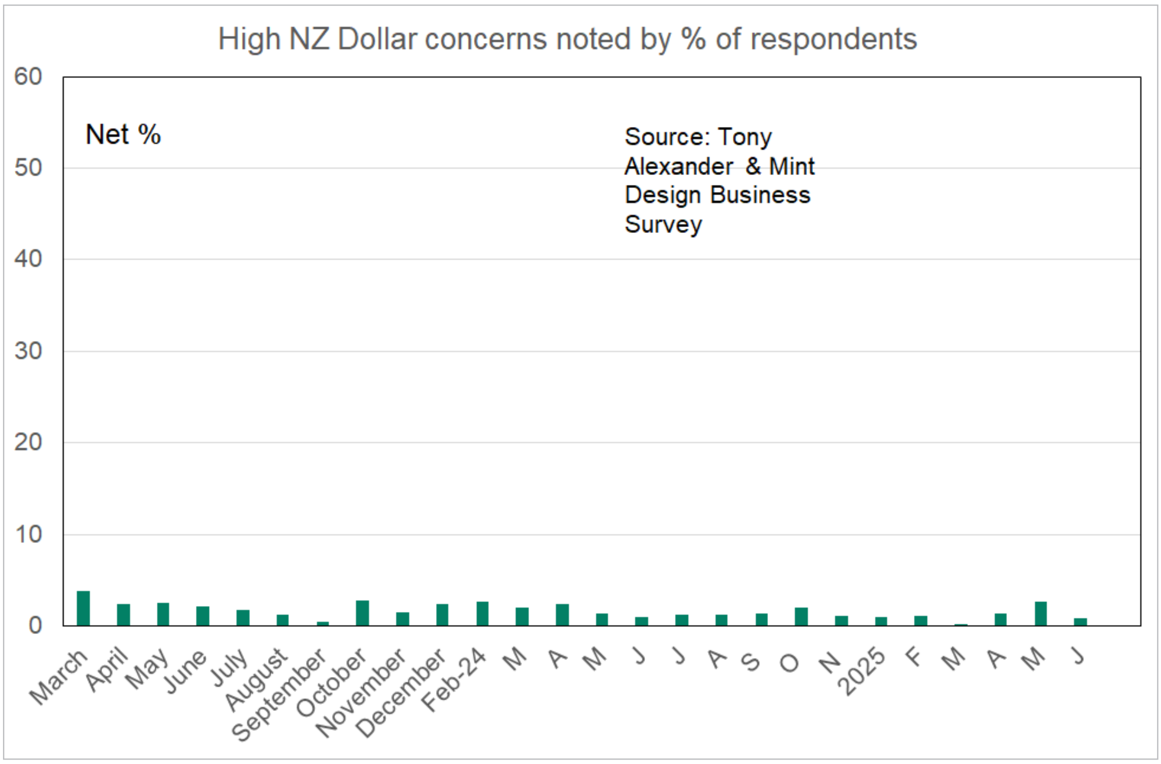
In a worrying sign for the cyclical change in inflation, there has been no decrease underway in concerns about input costs since an initial easing back at the end of 2023. No trend up or down is apparent in concerns about regulations even though a number of respondents have specifically cited this as a problem for them.





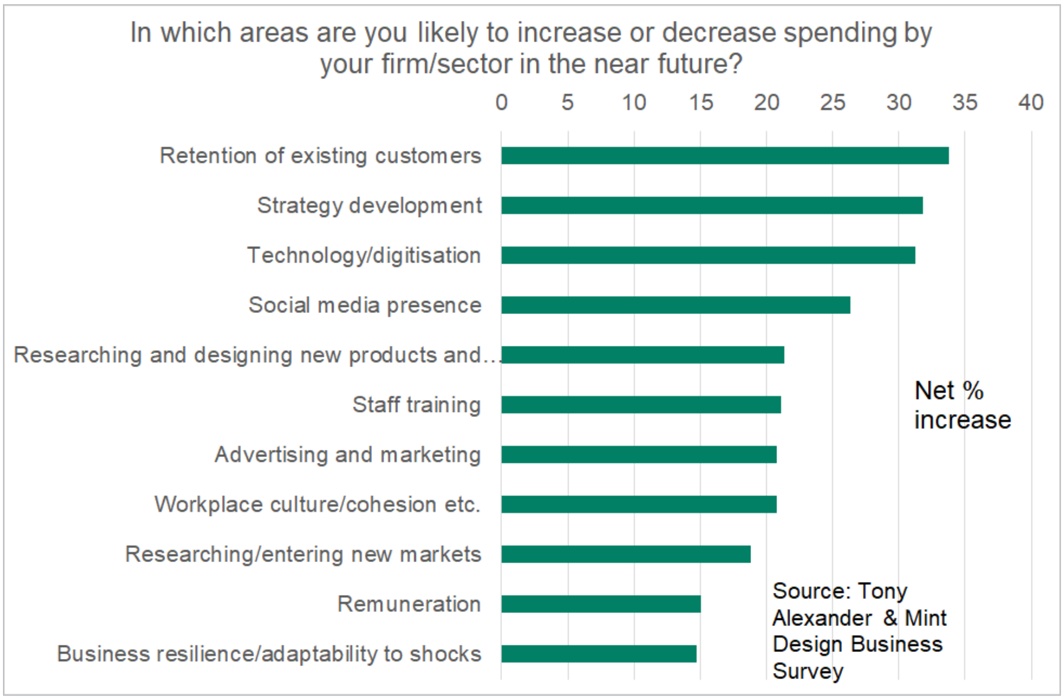
For this cycle of the NZ economy it is noteworthy that few businesses feel the NZ dollar is too low and even fewer feel that it is too high. It is unusual not to have our currency as an area of discussion and concern.



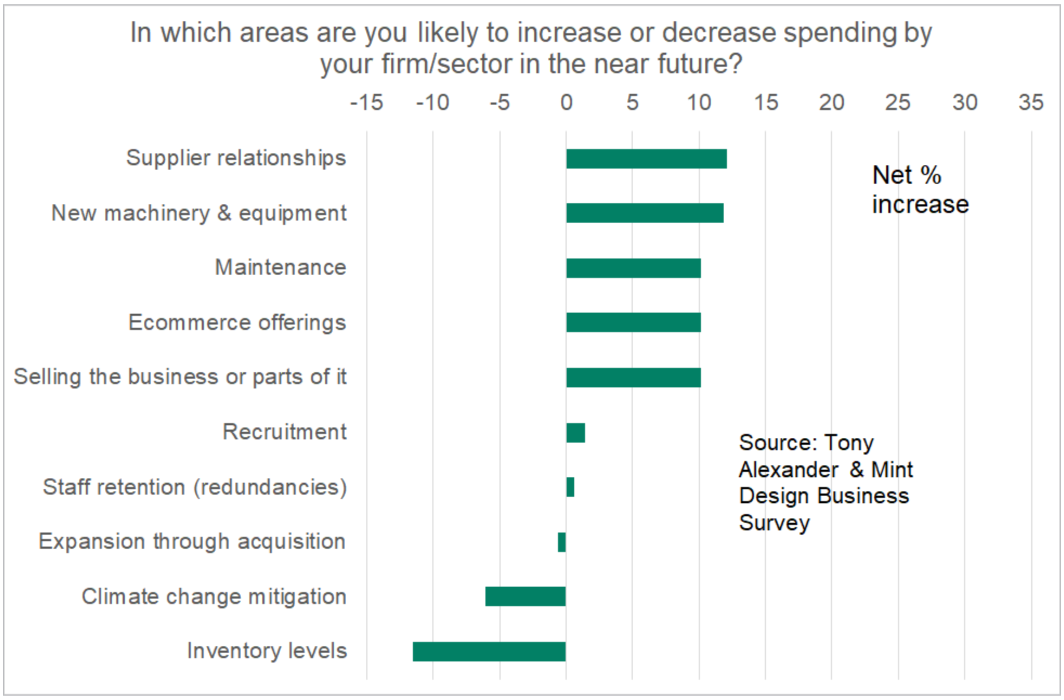


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

Our second main question is addressed at identifying where businesses are going to allocate their scarce funds in the coming year. As above, we split the results across two graphs starting with areas where most businesses plan greater allocation of resources. The four top areas yet again of spending intentions are the same as last month – retaining existing customers, development of strategy, technology/digitisation, and social media policy.

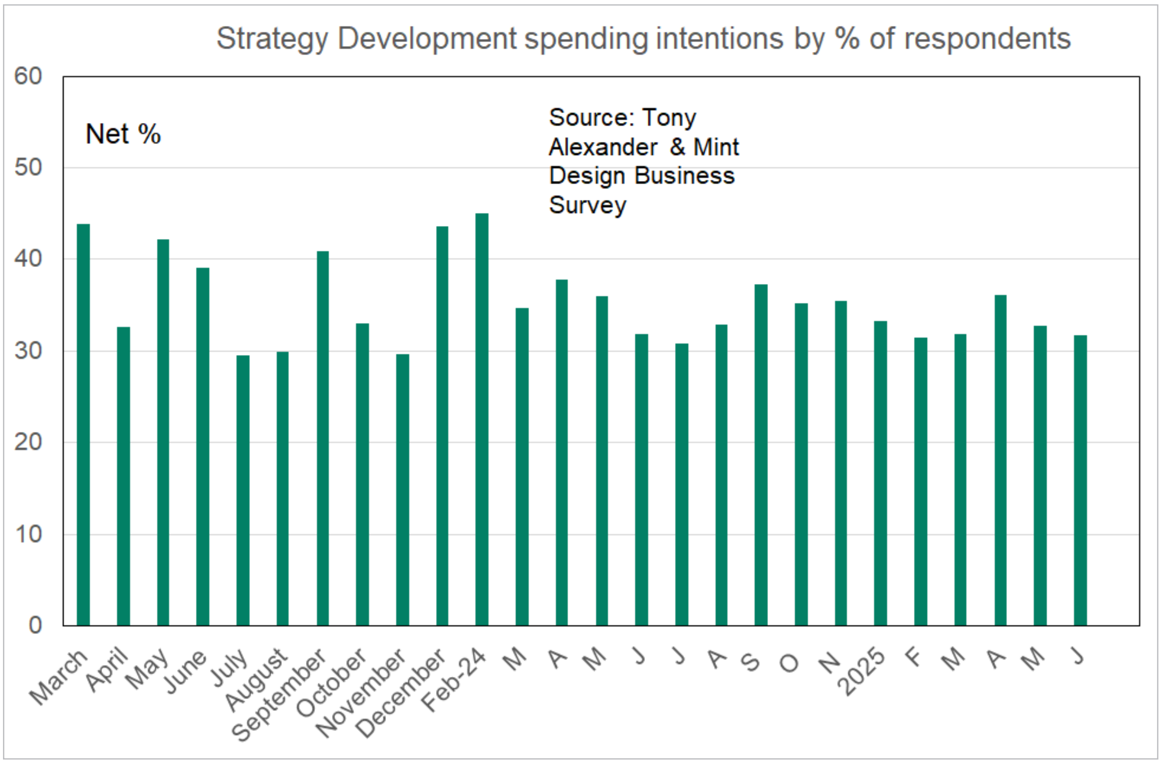


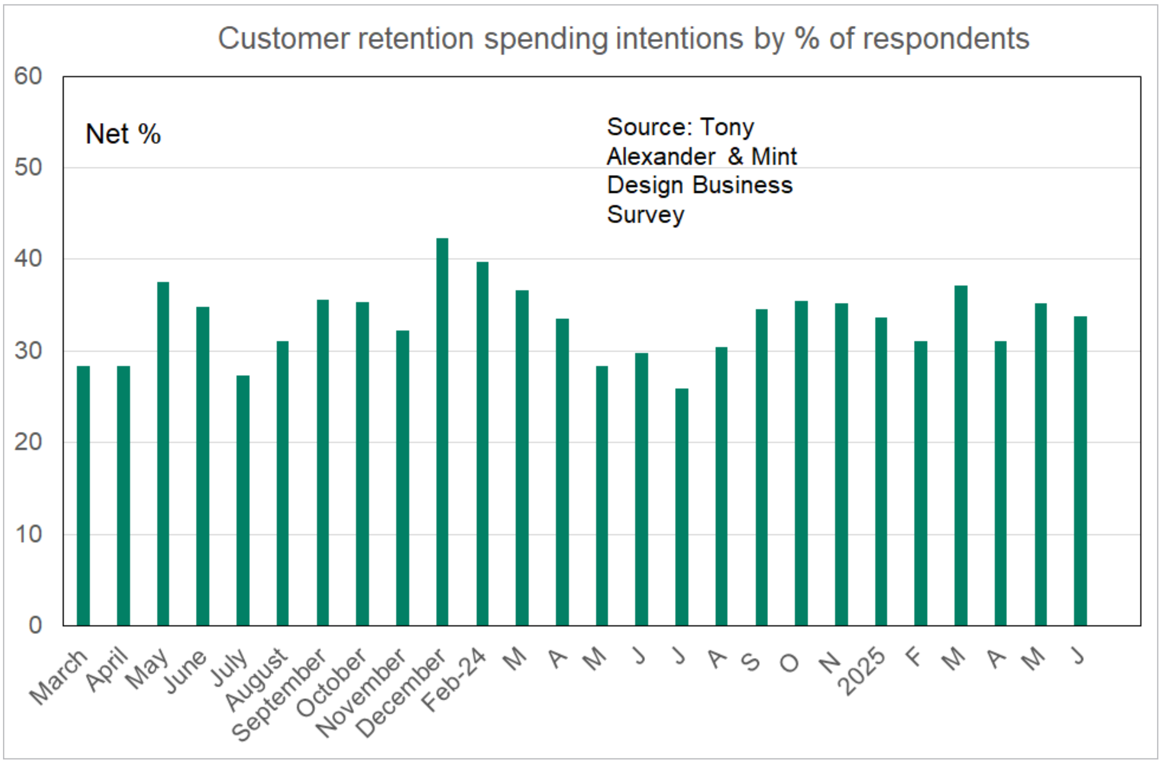
Cutbacks also continue to be planned for levels of stock and spending on climate change. Plans to expand via acquisition have shifted to the negative. Note that this would not capture the currently high level of demand for business purchases coming from those moving beyond paid employment for reasons of lack of being hired, redundancy, etc.



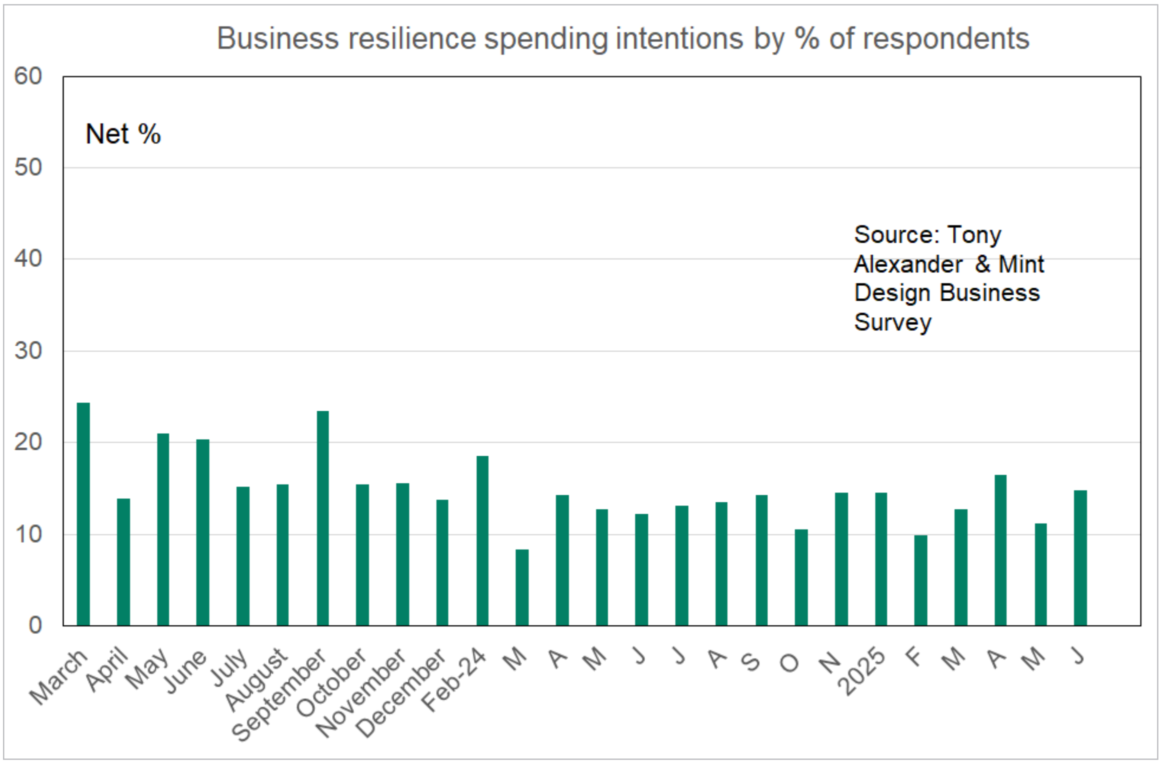
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

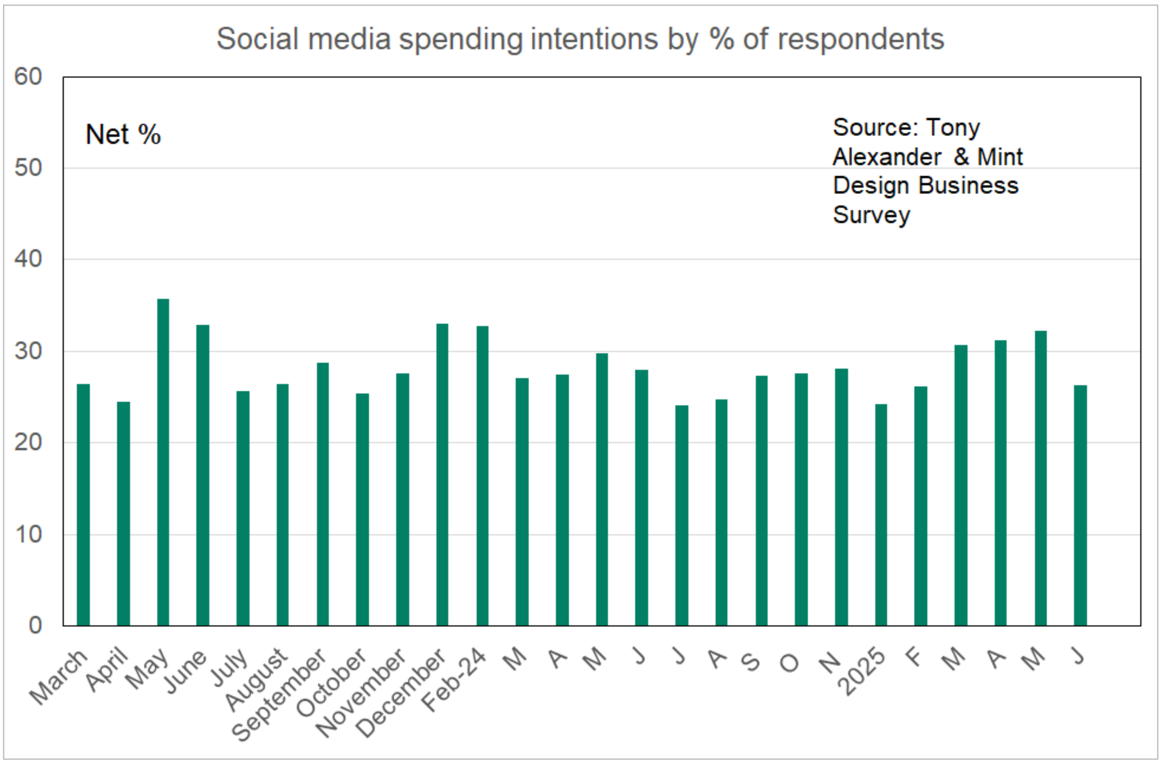
Thoughts of where to go and how to get there (strategy) have always rated near the top in the list of spending areas planned by businesses since our survey started. One day when the economy is next booming, we might see businesses plan less spending to acquire more customers. But that time is definitely not at hand now.



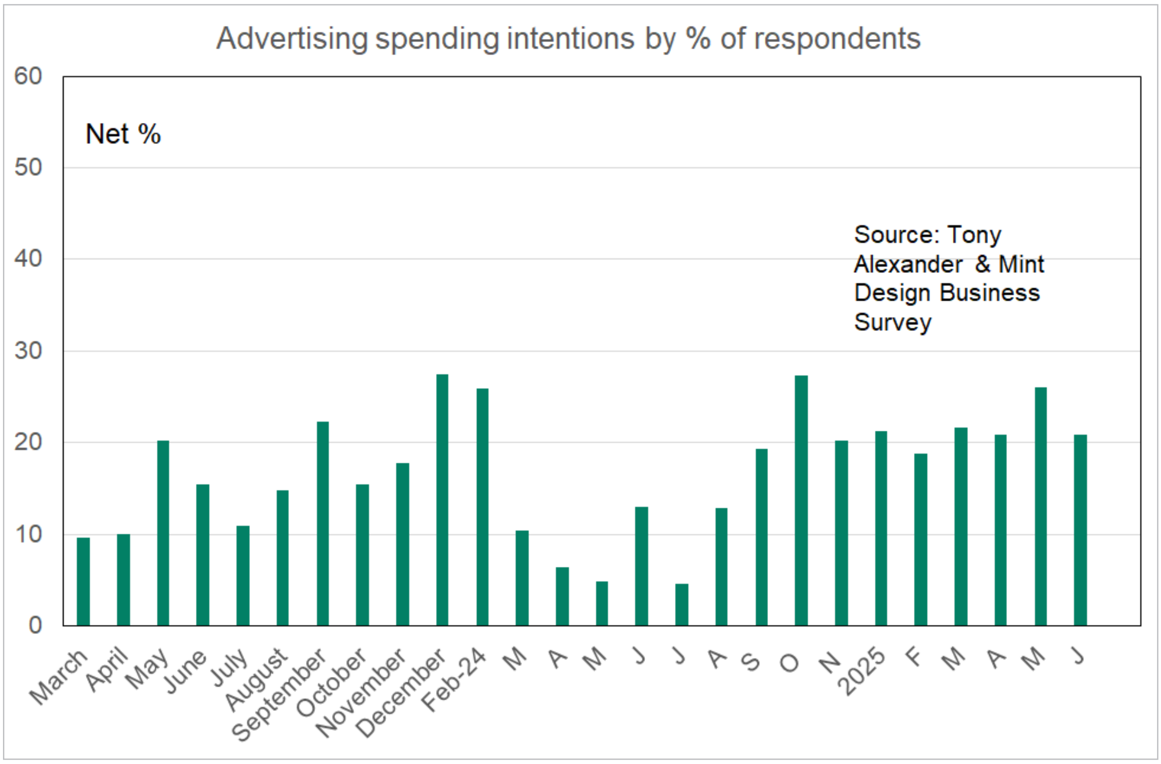


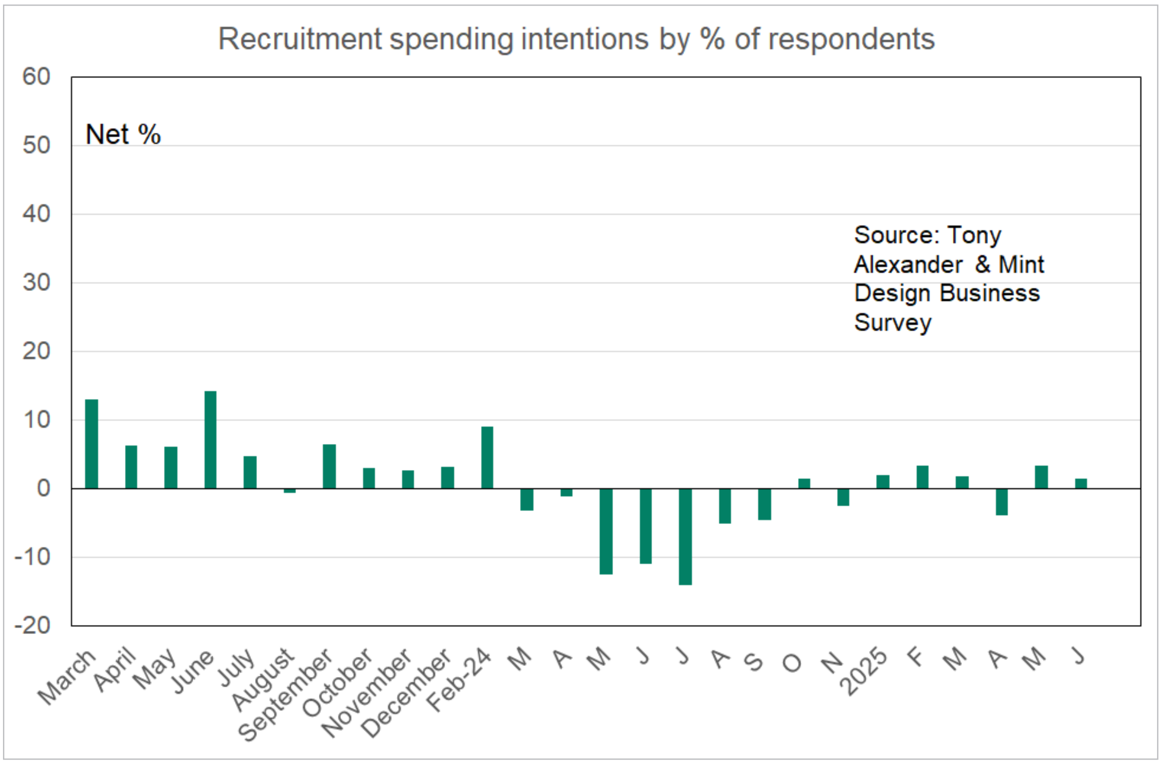
Similarly, spending on business resilience may be a luxury able to be afforded when times are very strong. But for now such spending looks like remaining restrained. Plans for spending on social media have eased this month, but that could just be a statistical blip. In a world where AI is making search engine optimisation less useful an area of spending because 75% of Google searches now yield no url click, social media presence may get more and more important.



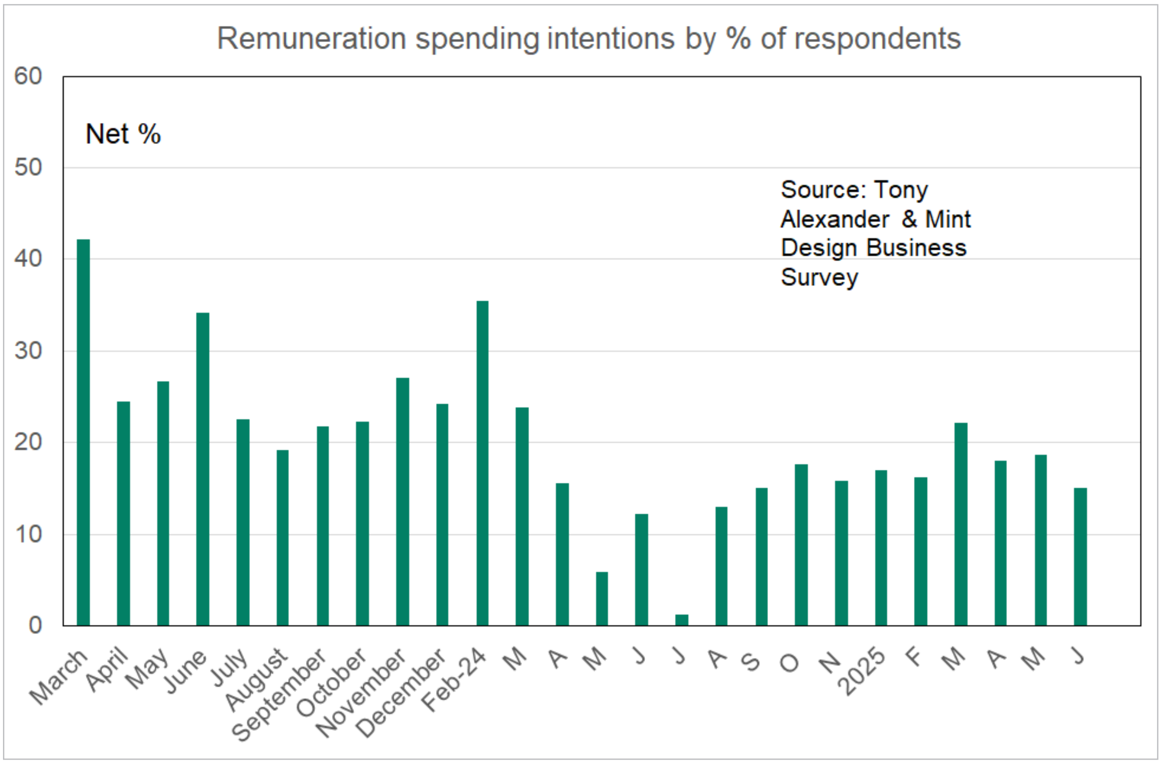


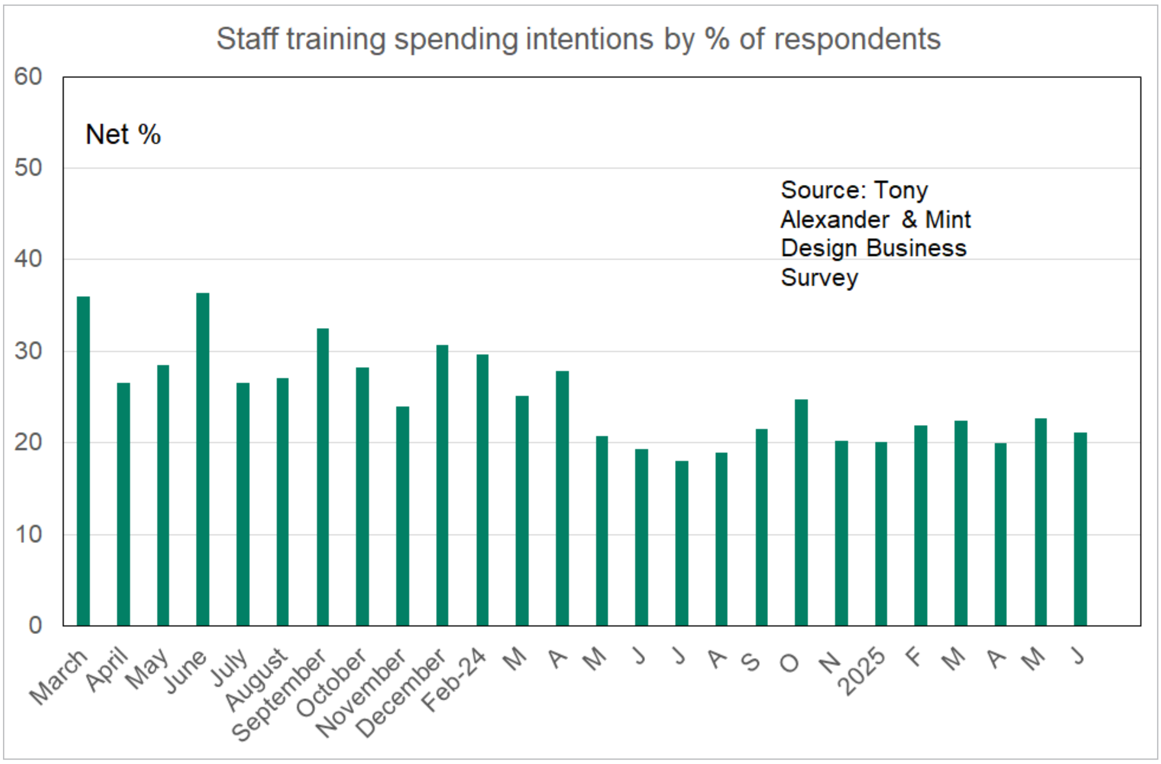
Plans for spending on advertising recovered last year as interest rates began to fall. But the recovery has stalled since November and sector participants reporting below in our respondent comments section note that conditions remain tough overall. At a time when businesses report labour as relatively easy to source in most (not all) sectors, it is unsurprising that plans for spending on recruitment have for now taken a back seat to other things.



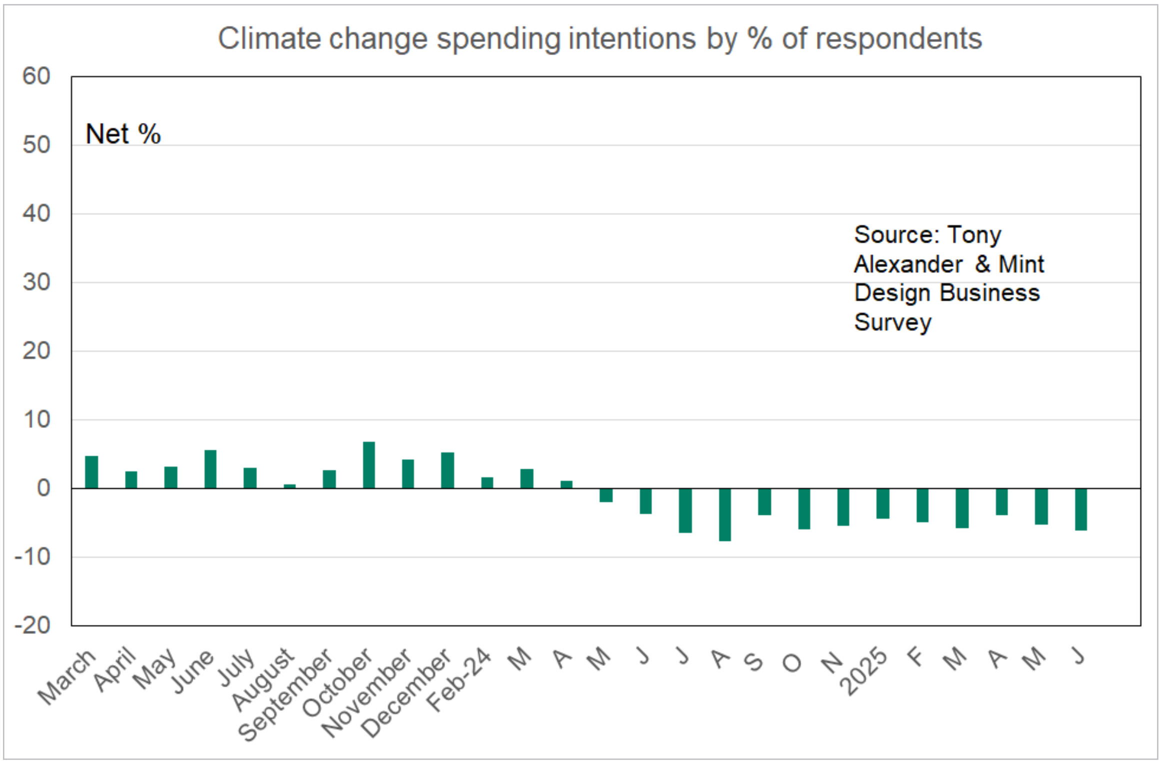


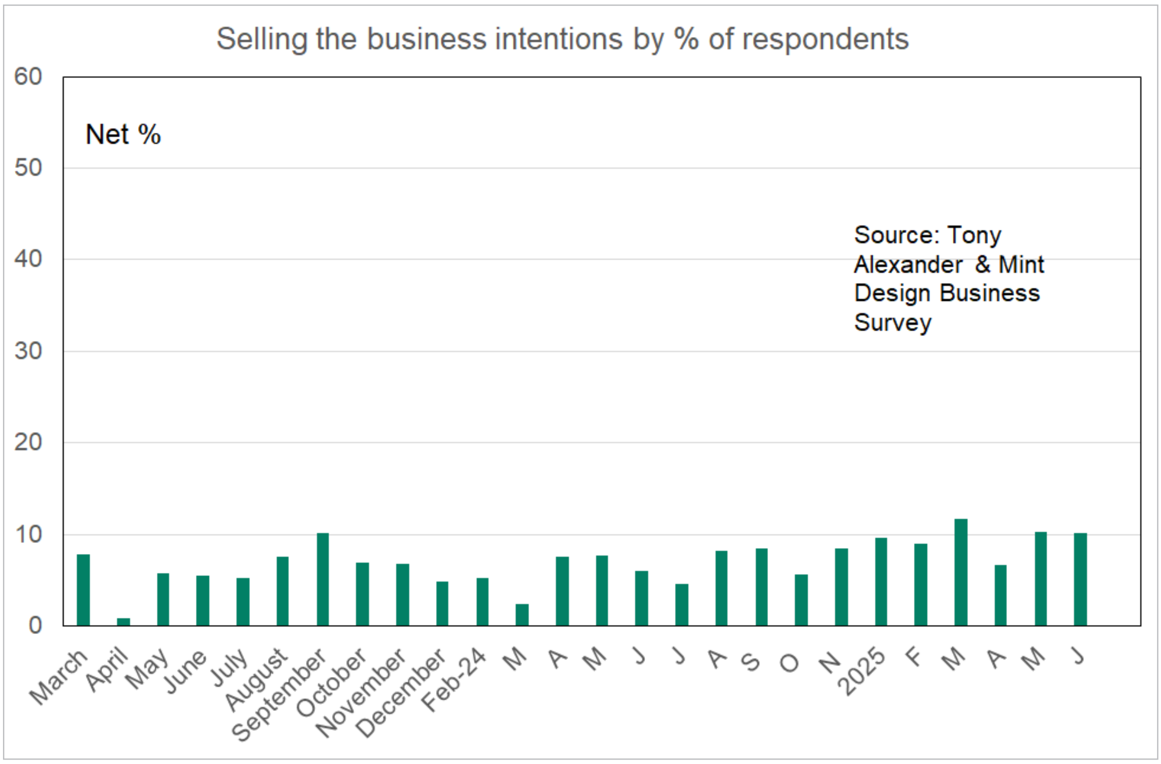
Similarly, the need for extra remuneration spending is currently low. And staff training is also slightly on the backburner for now.



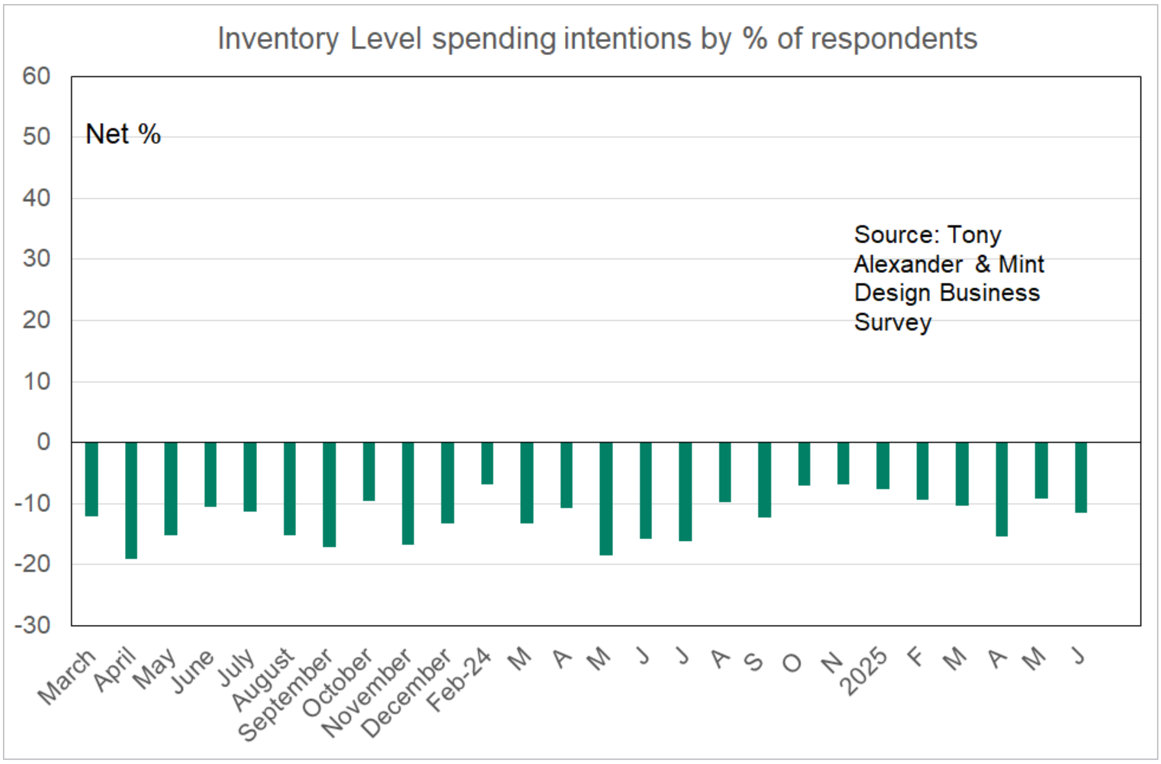


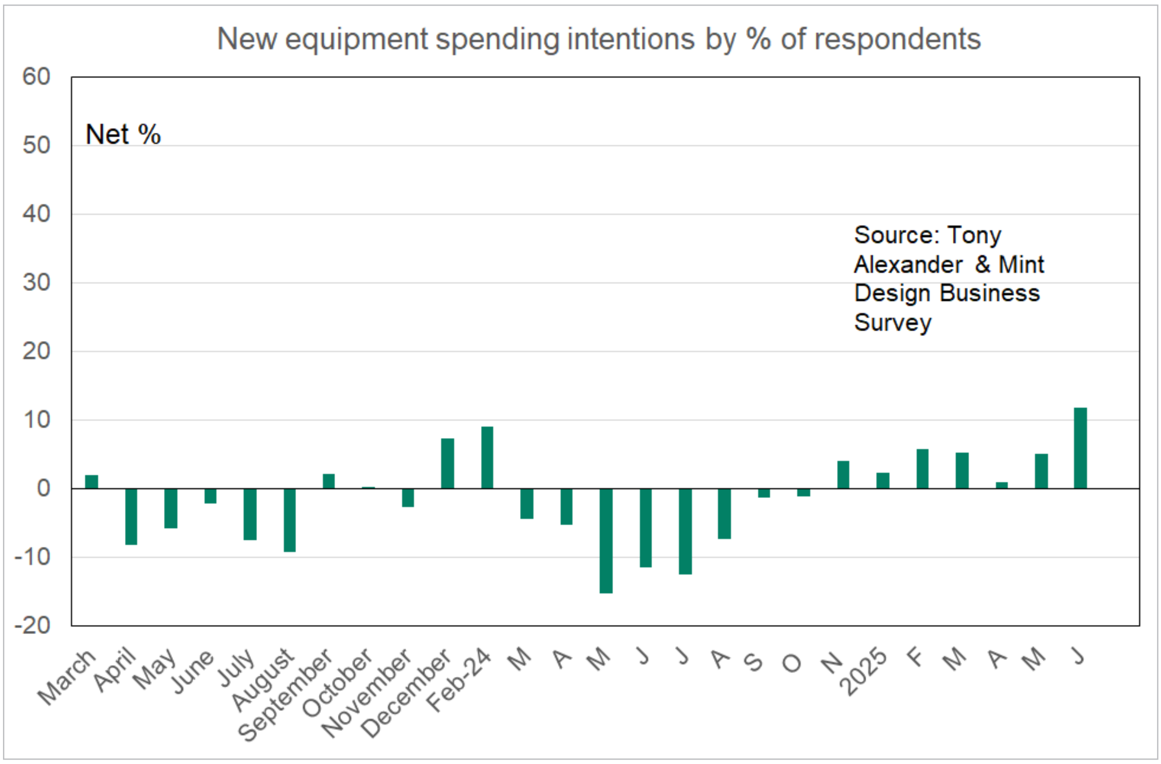
Spending on climate change reduction is also not a priority currently. There is a small upward trend in the proportion of businesses saying they are looking to sell their operation.





Reflecting the still relatively fraught business climate, businesses still plan to reduce their inventory levels. But the most positive reading from our survey only now comes at the very end of our run of green graphs. A net 12% of businesses plan spending more on equipment in the coming 12 months. This is the strongest reading for the duration of our survey from March 2023 and gives some hope for not only firmer economic growth down the track but higher average productivity as well.

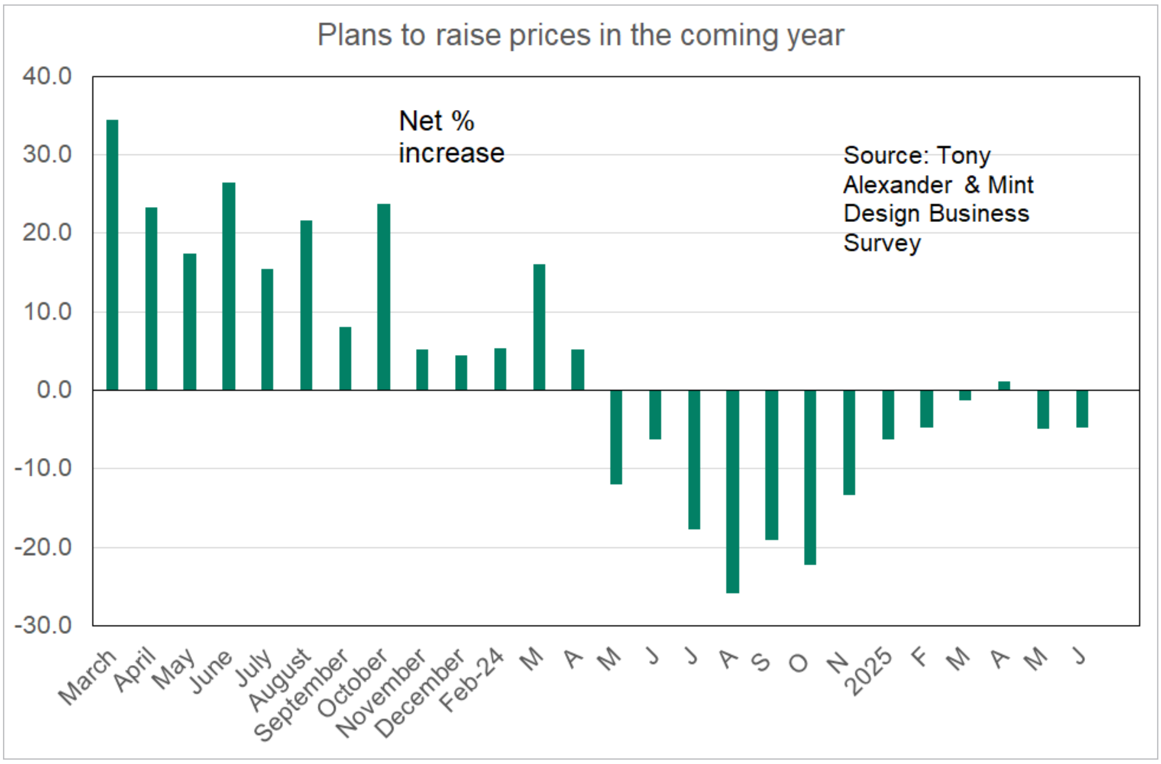




Are you planning on increasing your prices for any of your products or services this year?

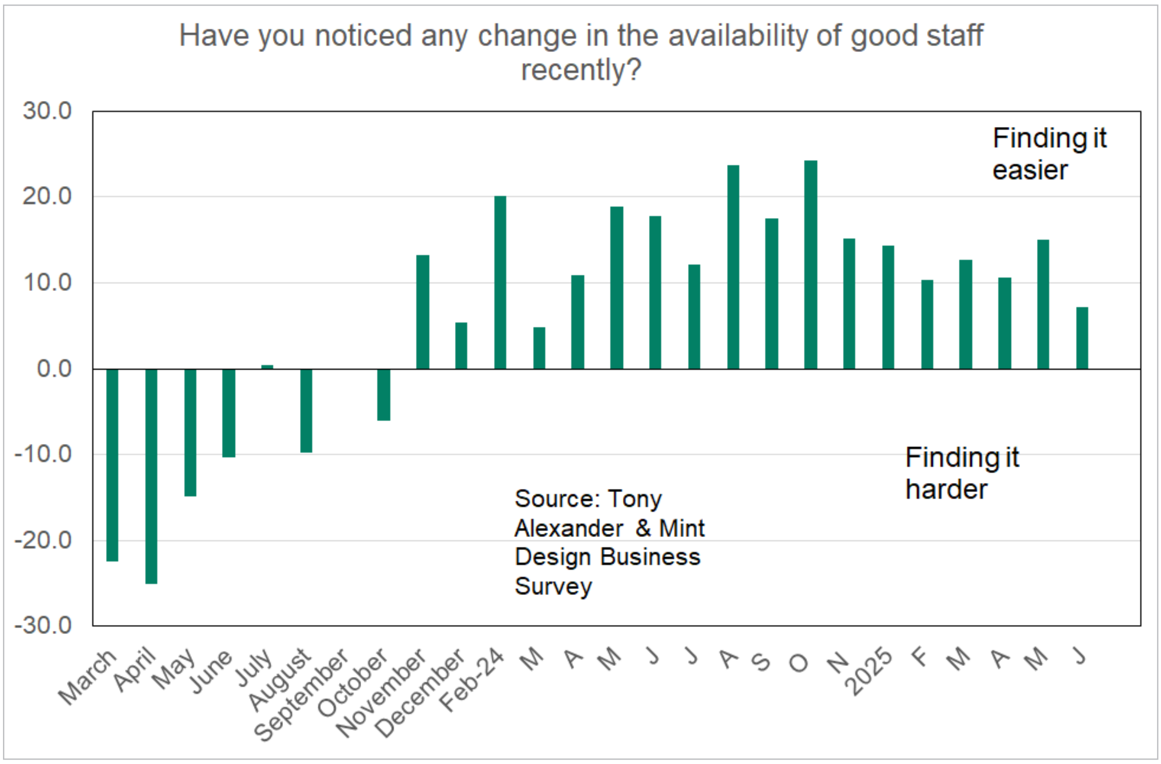
For the second month in a row a net 5% of business respondents in our survey have reported that they don't plan raising their selling prices over the next 12 months. The graph shows us that at these levels pricing intentions are between the high inflationary period of 2023 and the low inflation period which prevailed over much of 2024 when the economy was in recession.

Given the short time period over which our survey so far has been running we cannot make any strong statements regarding the exact implications for inflation and interest rates from the latest slightly negative readings. However, perhaps we can broadly say that an earlier shift this year towards higher pricing plans has been nipped in the bud for now amidst considerable uncertainty about where the NZ and global economies are going.



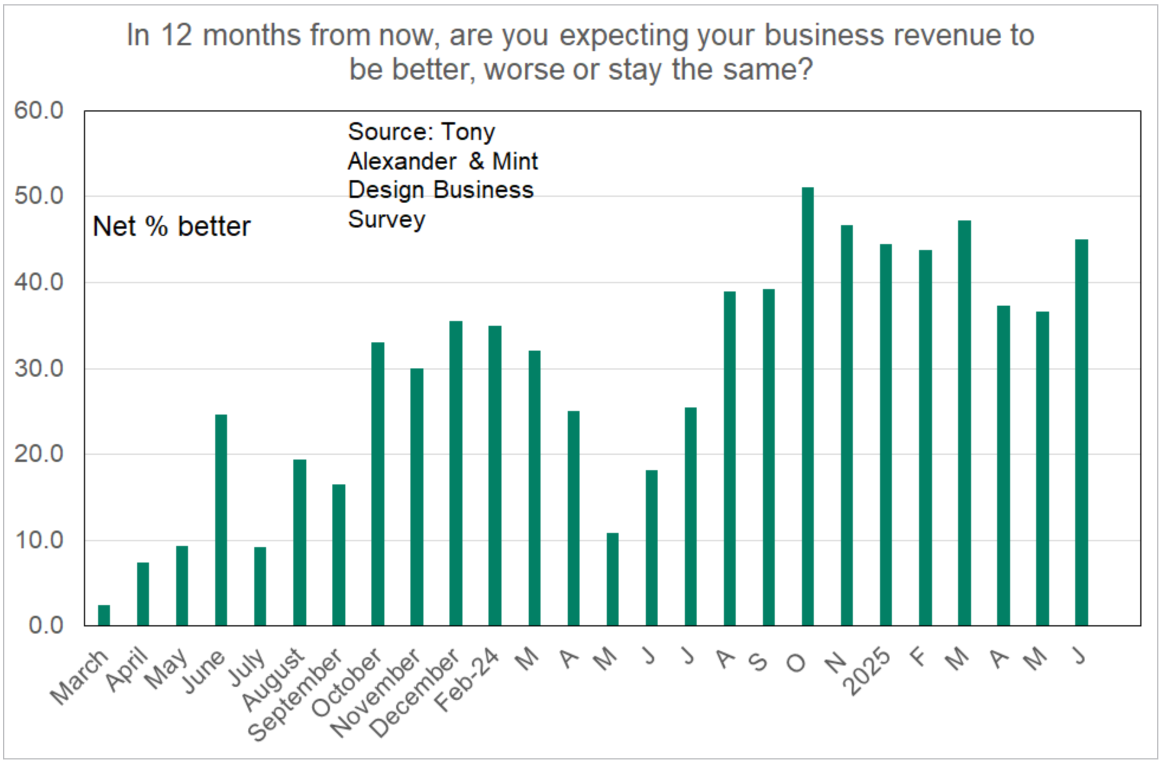
Have you noticed any change in the availability of good staff recently?

A net 7% of businesses have reported that it is currently easy to find good staff. This suggests that the labour market remains loose and likely to act to constrain wages growth in the near future. However the trend in this measure is downward and from the point of view of the Reserve Bank is not sending a signal that sufficient extra employment deterioration may be under way which would warrant much additional stimulus to the economy from lower interest rates.



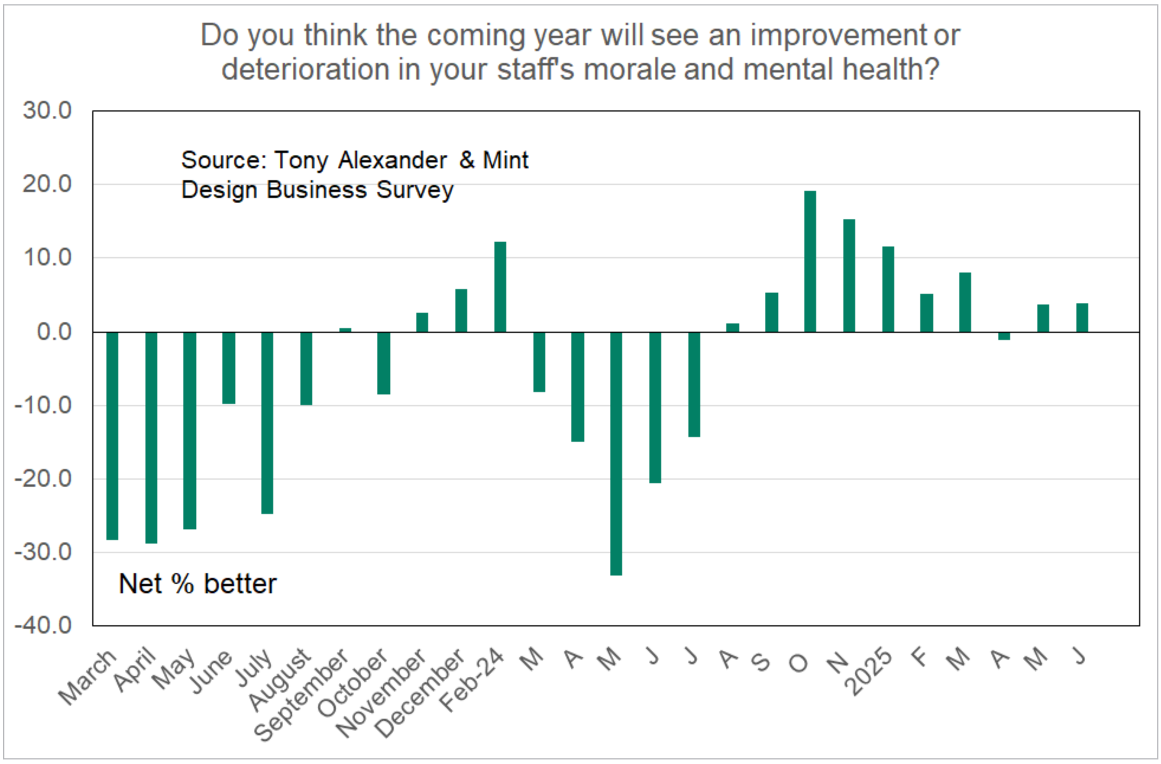
In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

A firm net 45% of businesses expect their revenue to improve in the coming year. This is up from a net 37% last month but consistent with most other outcomes in our survey since August last year when monetary policy started pulling back from contractionary settings. Businesses currently are widely reporting that 2025 is proving to be a disappointment. But hope springs eternal that while surviving to '25 may not have yielded the environment hoped for, surviving to '26 surely will. Surely.



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

After rising firmly late last year as interest rates fell, businesses have become more cautious about how their staff will cope in the coming operating environment. Only a net 4% of our survey respondents expect that staff morale will improve in the coming year, down from a peak net 19% reached in October last year.



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 continue to feel under pressure from tight cash flows and general pessimism about the economy and the path forward.
- Hospitality and retailing are particularly restrained.
- Residential property development looks relatively weak still, but commercial construction prospects appear to be slightly improving.
- Frequent mention of AI use.

Accounting & business advisory services incl. business broking

- Clients wanting shorter turnaround times. Many customers slow to pay.
- People are very price sensitive.
- More companies going into liquidation etc.
- My tax clients suffering to varying degrees in terms of business activity are builders, cleaners, landscapers, general contractors, portfolio investors, residential property investors & wholesalers (textiles especially) & therefore a lack of cashflow can hinder maintaining going concern status at times, recovery from these business fluctuations has been successful so far though. My computer consultants & real estate agents (especially the latter) are going very well. I personally am going well.
- Lack of confidence. People talking their chances down.
- Improving quote enquiry level but really hard to get confirmations.
- Challenging environment for business owners in the current environment with ever increasing costs of compliance.
- Every change the government makes, increases compliance cost for both my clients and myself which they don't seem to take into consideration when looking at timeframes and tax changes.
- Lack of business confidence is hampering demand, with clients taking a wait and see attitude toward new customers investment.
- Business owners' mental health, they are working too hard and making poor decisions to not benefit as much as they thought.
- Stressed business owners due to the length of time conditions have been tough. Very few have faith that the current pain will be worth it especially if we get a change of government at the next election. We will just end up back where we were.
- Helping client maintain focus on the economy and enhancing the variables like interest rates reduction in their own markets.
- A dismal outlook pervades the economy
- Growth in international tertiary education section, stress in General medical Practice, flat in manufacturing.
- Lots of uncertainty and pressure on businesses who traditionally have had strong balance sheets and good cash flows. The uncertainty has driven around work pipeline being a lot shorter than normal.
- Economic outlook in South Island much better and signs of positivity are improving outlook from a business outlook.

Advertising & marketing

- It's tough out there.
- New financial year has unlocked some budgets, but clients are very nervous, decision making is slow and uncertain. There is a lot of chatter about A.I and the impact it is having on decision making and budget allocation. Better faster cheaper is often tricky to do. We are using A.I extensively to improve efficiency, but much more can be done.
- The impact of AI and the international political uncertainty created by Donald Trump.
- In my comms sector I have steady local government inputs, but even they are tightening comms investment. I have a few brand start-ups, but only the brave. And no one is investing in digital tech properly, let along core digital business systems, in the SME space.
- AI looks very exciting, supercharging productivity in my comms sector. How it influences NZ productivity per capita is a guessing game – but opportunities everywhere around me to transform performance – local govt, industry comms, strategic planning, investment modelling, business case dev etc.
- Our Wellington comms business is quiet. Everyone's in 'save my job' mode, no progress, no go forward. Our tourism clients are OK, chugging along. Premium suppliers are sold out. Our education clients are struggling. Hospitality is brutal. No fun. Locals aren't spending. Staffing not as desperate as last year, but hardly spectacular.
- The market for creative industries is tough. Particularly in Wellington. Hopefully we are seeing an increase in government spending.
- It's grim. People are tired and lack tolerance or resilience. There's a lot of second-guessing happening and white-anting and re-visiting decisions at the cost of morale and funding. I'm focused on core clients and activities, but I see a lot of businesses shutting up or shrinking hard.
- Clients are still struggling, and some are having to pull back on marketing spend. We are continuing to bring on more clients, but are only managing to stay even ourselves as existing clients have to pull back their spends.

- Customer businesses struggling from residential construction through to retail sales, e.g. spa pools and other discretionary spend.
- Customers still sitting on their hands and not willing to commit. Many parts of the economy in a state of inertia. Confidence to spend and invest required.

Banking and Finance

- Very slow lift in people willing to borrow to invest in capital equipment. The number of customers who are struggling seems to be slowly reducing.
- Generally expect second half of the year to have more customer demand as interest rates decrease. Hoping for an increase in customers for residential property development.
- More opportunities opening up for senior tier two funders as banks further limit manager discretion for anything slightly outside the box.

Cafes, bars, and restaurants

- Economy on the streets is really bad! Worse than stock market crash.
- Its hard to say at the moment because we are in the middle of our low season, however sales are low for this time of year but with plenty of activity coming ahead and waiting on the impact of the low OCR to hit to put more money in peoples' pockets and corporates taking the handbrake off discretionary spending, I am looking ahead with optimism.
- Things still tough for Auckland restaurants. Nearly all suppliers increasing costs. Patronage very unpredictable. Public holidays hammering hospitality. Cash flow difficult with fluctuating sales. Would be great if the govt started to back some bigger projects, especially around tourism.
- Cafes are really struggling across the board. Most would be 20 to 40% down. This now includes the good operators too. Some closures and fire sales happening now. Lots of empty sites around in retail generally. The total number of cafes in NZ has started to fall for the first time, but more to come. Support your local if you want it to still be there in 12 months.
- As a national business the rural sales upturn is noticeable urban has small growth to flat with Wellington as an exception still in doldrums.
- The only consistent part of our business is the inconsistency. One week we have one of the slowest days, the next week we have the busiest day in over a year. It has seemed to pick up a bit recently with reps from local firms saying they've gone from quiet to flat out in the space of a couple of weeks. Next stop an AI till system remote ordering and payment . Better times ahead.

Civil construction/infrastructure

- In regional New Zealand, we are seeing a continued decline in the civil construction market. Homeowners have significantly reduced their spending on home improvements and renovations, which has intensified competition. Many companies are working with very low margins, and some are unfortunately going under. The uncertainty in the market is also leading to the loss of our more experienced and productive staff, with some considering opportunities overseas. This comes at a time when, as a business, we simply can't afford to increase wages to retain talent.
- Projects are being delayed and competition for work is intense with very tight margins. We are having to reduce headcount to remain profitable. .
- A race to the bottom.
- Green shoots are appearing in this economy.
- Companies lowering prices below cost to win work. Companies holding onto good staff at all costs – availability of good staff has not improved despite worsening economic conditions which is surprising.
- Large skills gaps in industry with loses to steady retirement, people leaving overseas.

Commercial construction

- Some green shoots but too late I suspect for some subcontractors in the construction industry
- Pessimism in sector, no confidence in political or financial environment, money is tight.
- Tight margins to win work.
- Taking too long to get projects approved – too much council red tape.
- A "race to the bottom" culture in tendering and pricing, influx of out of town tenderers.
- Very tight margins still and a lot of competition for a small amount of work.
- We have been surprised by a short-term increase in projected revenue with a corresponding lift in achievable margin. We are expecting activity to flatten again in the new year. Some clients have been chasing lower prices all over town and taking greater risks with desperate inexperienced contractors. This cycle looks to have run its course for some with clients looking for more experienced and financially secure service providers to entrust their project delivery to.

Commercial real estate

- Tepid demand plus tight &/or diminishing margins that fail to deliver sufficient reward for risk.
- A decrease in the "wait and see" approach that's been dominant in the last year or so.
- A slow recovery is underway. Business tenants are looking around for new premises for various reasons, with some seeing it as an ideal time to relocate to newer or larger premises or a better location, especially in the office and retail sectors. Owner occupiers are active as they see that now is a good time to be buying their own premises, especially when they can show a long history of paying rent at similar figures to what their loan repayments will be. Investors are starting to wake up, especially if buildings contain reliable, recession hardy businesses. There has also been a noticeable shift too in businesses wanting to set up in Christchurch from Auckland, in order to escape the many issues Auckland faces, especially the overall cost of running a business in Auckland vs here Christchurch.
- Some commercial tenants are really struggling financially.
- Tightening of the economy.
- Over supply.

Education and training

- Increase in student numbers due to tight job market is good for us. However replacement of aging imported equipment is necessary this year and that is going to hurt.
- The last month has seen an improvement in the amount of people seeking our services.
- ECE sector is welcoming Coalition's rationalisation of ECE regulations but still encumbered by the legacy of previous Govt's regulation and compliance monitoring craziness.
- Much uncertainty in being able to build something meaningful, not just as an owner but for the teachers I employ & the families we care for. The constant push for taking the sector public & unions, misses the fact that over 4000 ECE's are privately owned buildings with huge rents due to private investors (an industry in itself), the regulation of this, managing it & then finding public sector educators that actually understand how to run & manage a business would be disastrous for the sector & the children who are our primary objective (yet somehow lost with all the pay parity & wanting more money conversations that take place instead!).
- Less spend on speakers/trainers.

Engineering

- Lack of skilled staff in sector making it hard to grow due to training.
- All our customers are buying less across all sectors. It's hold on until the economy improves.
- From March onwards we have seen a steady increase in market activity and quotes are turning into orders much quicker than they were 6 months ago. If this trend continues, we will need to start increasing prices for certain customer segments in order to control our workload, however we are somewhat holding off in fear that the current increase in demand is transitory. Having said that, sales are still significantly below levels from 3-4 years ago and we're now running a much leaner team. If things pick up further, we'd prefer to keep the smaller team and focus on the work that we're best at.
- Decline in consulting service demand. Increase in global sales consumer products.

Farming & farming services

- A strong increase in livestock values thus increased commission and net profit.
- Input costs. Replacement calves expensive.
- Dairy farming. Discipline is required to achieve a profitable business even at $10+ per kg/MS.
- Blue sky ahead!
- The Kiwifruit industry is still performing well, Zespri appears to be doing a good job of marketing and selling this 2024-25 crop which is one of biggest volume crops yet.
- Fishing – Future is currently hard to predict and as a result, hard to plan.
- Forestry – Uncertainty.

Financial advice/wealth management

- Uncertainty stimulated by USA President creating global turmoil is having a small negative impact on clients investing decisions.
- In discussions with suppliers and trades people the anecdotal evidence is that the economy is turning and improving, albeit very slowly this time.
- The tone is pretty optimistic. The flow-through of the lower OCR to mortgage rates hasn't yet had a significant impact on the economy, but it will.
- Nervousness around financial markets and general cost of living issues.
- Be cautious, take time to consider contracts or proposals, margins are fine.
- Good demand from overseas clients but difficult to recruit quality people locally.
- Funds Management – Investor sentiment is fairly soft on the back of geopolitical uncertainty.

Information technology

- Caution, companies are worried about committing.
- A lack of urgency by clients to start new projects, which filters down to consultancies like mine not needing the same staff. Having to let people go.
- Our IT business in Christchurch is getting busier all the time. From what we hear business generally is better here than other centres.

- Organisations are still hesitant to commit to longer than 12 month term contracts. Operational spends are being scrutinised. Lower end and larger suppliers are taking the opportunity to go in super low to win business in a market where companies feel they can maybe not afford the best. The Australian market (QLD) is a lot more vibrant than NZ.
- There have been notable layoffs in the wider industry, and customers for the most part are taking a "wait and see" approach amid the uncertainty, by aiming to extend the life of existing technology investments rather than upgrading to new.
- We are an IT Managed Services Provider (MSP). It has been very slow on the new business acquisition front for the past 12 months. Its showing signs of improvement through increased interest, but that is yet to translate into new sales.
- Things are still slow out there; deals are still taking a long time to land.
- Increased international competition, increased demand/ expectations for AI, some providers struggling.

Legal

- Law seems to be reasonably active across most areas, but there is some uncertainty ahead particularly in construction which will no doubt flow through at some point.
- Political instability in NZ is dampening my client demand.

Manufacturing (all categories)

- Building/construction industry has never been as low as this since 1989 (KiwiBank stats) this govt has killed all confidence in the building industry.
- Very tough start to the year, trading at a loss. Competitors similar judging by desperation pricing seen in the market.
- Employee. Manufacturing. Waiting for the axe to come through, chop out the deadwood. Our business is trucking on as if everything is going well. That's not what I'm seeing in the world. Plenty of people in positions not doing meaningful work.
- Things are getting better, albeit slowly. South Island demand seems to have bounced back a lot faster than North Island, and Auckland in particular is still struggling to get out of the doldrums – I guess that is the good times for farmers reflected there. Expecting more customer failure as a return to some growth squeezes already tight cashflow even further – 'growing broke'. Noticing customer payments stretching out still, especially for smaller firms who are probably getting double squeezed as IRD starts clamping down on old debt. Many customers are also feeling the effect of having dropped prices in an attempt to grow revenue, and then finding they still ended up with the compounded effect of lower sales and lower margin % resulting in a decimation of profits.
- Business from existing customers, are below last year's levels.
- A little lift in customer enquiry. Need more good economic news and leadership. All competitors and suppliers in the industry seeing same slow demand. Consumer demand higher than business demand. Keeping a very tight rein on stock, costs and expenditure.
- Seeing an improvement in the market but very slow. Customer payments have slowed – chasing more. Watching cashflow carefully.
- Good market opportunities still exist; it just takes more resource and effort to secure forward workload.
- We're reliant on international travel, inbound and outbound, for much of our turnover. Currently business is good, with it too early to predict what the summer season will be like given the current global state of affairs.
- Everyone is light on work, so businesses are "looking over the fence" and getting involved in markets that are outside their normal area of expertise. This is disruptive to the incumbent players in these markets and time will tell if these changes become permanent.
- Low demand and low prices for our commodity markets to our customers overseas.
- Our client base, predominantly retail is devastated – Low foot traffic and poor sales conversions. We are a large dollar value consumer durable where consumers are not reaching for their pockets!!
- Just a lack of demand across all sectors.
- We are in the research and development phase on a new project. We are spending more this year to speed that process by outsourcing development and industrial design work but only doing so taking a medium term (5yrs+) view on where we might be. Industrial designers seem to be busy so there are likely others like us out there who are also spending on developing pipelines of new products.
- Companies still hesitant to push go on big projects, smaller jobs drying up, lead time shortening. Hoping for an improvement in the economy to get things on the move.
- Offshore opportunity is high for living, business and reliable governance.

Miscellaneous

- B to B for retail in big box hardware stores – In very general terms business sales are down 10-15%, there are star performers in most regions, but that is not the norm. Most are trading through looking to later in the year for an improvement . Current weather isn't helping, but that said it hasn't been exceptionally poor either. A lot of retail outlets are managing their stock down, so that their money isn't sitting on the walls.
- E-commerce – Instability of costs.
- Electrical contractor – Competition between local electrical contractors is getting stronger as our local market appears to be slowing.
- Energy – Increasingly using AI at work.
- Film Wellington – Just a complete lack of work coming through across all scales of production, from TV Commercials, NZ Funded jobs up to large-scale studio productions.

- Franchise Sales and Support – A big increase in numbers of experienced, mature, capable people seeking a better life through owning their own business.
- Garden Maintenance – We are getting a lot of enquiries and some new clients surprisingly. But being weather dependent, we aren't making much headway with all the rain.
- Household appliance repairs – Customers are becoming more reluctant to spend.
- Landscape Contracting – Customer demand for quality, reporting, compliance continues to increase despite sensitivity on price. Not really open to the "what should we stop doing so we can offer it to you cheaper" conversation.
- Landscaping and grounds maintenance – Existing and returning customers are steady, new customers few and far between.
- Local govt – Reduced govt funding for public services and social services, local govt being asked to do more with less and resulting impact on ratepayers short term via rates or long term by pausing investment in infrastructure, new buses etc for several years.
- Miscellaneous – Customer demand is still unpredictable. We have a couple of good weeks followed by a downturn again which plays on your mental health and feelings of security.
- Miscellaneous – Reduced spending.
- Professional Services Planning & Surveying – There is still new activity happening, but less enquiry
- Property valuation – More confidence needed.
- Residential house painter. – Many painters in our industry have no or little work now or ahead of them.
- Trade shows and business events – Seasonality of business can be difficult to manage, with a large portion of work builds rapidly from steady hectic, typically happening in the May June period, then tapers away to steady again. Happens every year, but the supplier sector does not have enough influence to manage change.

Mortgage broking/advisory

- At present the delay in obtaining decisions from lenders is the greatest frustration for myself and my mortgage clients.
- Burnout.
- There are opportunities in every market cycle.

Motor vehicle sales/parts

- Slow revenue growth, customers deferring vehicle maintenance.
- Retailers depressed, waiting for farmer wealth and reduced interest rates for other consumers to be unlocked.
- Weakness in personal wealth levels (tied to property) making people delay purchasing. Also noting that despite the OCR drop and costs of funds increasing. People still expect a drop.
- Customers are concerned about the NZ & World economy & are very cautious on what they spend & in some cases they no longer have the funds available.
- RV dealership – Customer demand is incredibly soft.
- Automotive repair and retail – Few green shoots out there but overall people still seem to be doing it very tough.

Printing and packaging

- Lack of confidence from customers.
- It has been a difficult start to the year (on top of a challenging 2025), but there seems to be a slight lift in positivity.

Recruitment

- The number of candidates applying for roles is not an issue but the overall quality, and appropriateness for the role they are applying for, definitely is.
- Suppressed business confidence. A lack of investment into capital projects.

Residential construction incl. section development

- Architecture – Desire to develop but lack of confidence and potential customers.
- Building Supplies Trade Merchant – Continued low demand in urban areas with rural areas being more positive.
- Developer – Green shoots of recovery. We are a large scale developer in the Manawatu, and we are seeing quite a drift north from Wellington with engineers etc and people looking for the rural type of pace of life. The improvement in roading new east west crossing plus Ohakea upgrades and anticipation of Otaki to north of Levin has seen a similar theme to the South Island drift.
- Development – The development sector has not improved at all the previous Govt actions have decimated the industry.
- Land Development & Land Surveying – Uncertainty in the Auckland land development market: cost to subdivide & build are more than a realistic market value sale price.
- Still weak in the building sector, no confidence in the markets to start developing or building.
- Customers are only wanting to do the bare minimum maintenance on their properties.
- With all the government layoffs in the public sector, this has had a huge detrimental effect in the Wellington area, with a lot of the trades now affected, from the flow on effect of this, so the Wellington region where I do business is now flat and going backwards, and it won't recover in a hurry with the new governments policies.
- Ticking along.
- Sluggish real estate market.
- Residential construction (tradies) is going to suffer until consent numbers pick back up. However tides are already turning. Focus is to be positioned well and ready for the upswing.
- The construction sector is like something out of Mad Max at the moment, and it has been for some time. Some of the pricing out in the market seems like pure panic/desperation.

- I think there is definitely an upturn underway, but it is very muted. That said, I'll take any upturn over no upturn or a downturn!
- Lack of work.
- Incredibly busy which seems against what other local and national offices are reporting atm.
- I feel there are green shoots of activity. Definitely more enquiry starting to happen and while clients are slow to commit it is heading in the right direction. Expecting late 2025 to early 2026 to really see the market coming right. We have the attitude of keep things tight, costs under control, keep providing a good quality product and service and it will come.
- Still not enough plans coming through to price.
- Demand still lower than LY can't see it improving until end of year at least margins squeezed due to high competition off low demand.
- Very quiet in residential construction at the moment.
- It is very quiet. Enquiry levels fluctuate up and down but there is no urgency or appetite for clients to commit to projects.
- Residential construction demand for Architectural designs has increased in the last two months – almost back to 2022 levels.
- A slow increase in residential construction. Continued increase in Australian corporate retail growth for retail upgrades/expansion.
- Barely any new house plans for pricing so the next six months will be sluggish, those who are not borrowing money are continuing onwards, small jobs keeping us steady so could be a lot worse.
- Cost increases due to councils and govt.
- New builds have almost completely dried up! Pricing against commercial construction companies coming down into the residential tier. BCAs are telling us they are quiet too so pipeline of work on the horizon slim! Seems timber and other materials have dropped slightly in price.
- Residential Property Development – No urgency to buy. Reluctance to commit.

Residential real estate

- A lot of relocation of people to Canterbury, who live outside the area. I am in real estate in Waimakariri District, 20 mins to Christchurch.
- Flat Market.
- Starting to see a big increase in multiple offers on properties, decisions are now being made.
- Greater uncertainty
- No one wants to act, they need surety about OCR movements.
- After a prolonged period where business has remained steady and prices have not risen the market is starting to look below trend. Unless compliance costs reduce and subdivision becomes cheaper the increasing cost to build will mean increased prices.
- Vendors' expectations are still too high; buyer expectations are very low with crazy offers being made.
- Staying positive in a very negative market.
- Residential real estate sales flat-lining. No improvement even though interest rates attractive for purchasers.
- Uncertainty.
- Increasing positivity in civil and construction industries.
- Residential property prices on a gradual decline. There's a lot of pent up tension with housing stock on the market versus buyers. At the moment people are waiting on both sides. Hopefully cashflow issues ease and prices level out.
- A lot of negative reporting about the property sector "crashing" etc. This isn't reflected in what I'm seeing. I see a reduction in building/consents for new dwellings coupled with a decreasing OCR.
- Clients and customers are still slow in engaging due to global concerns.
- Its extremely tough one would hope this is the final year of famine. The market/vendors/buyers is/are at an all time high for difficulty.

Residential rentals/Investment

- Steady as she goes, slight optimism, slight improvement.
- Given the high housing supply and low net immigration, finding good tenants can be more challenging, which in turn limits the potential for rent increases.
- Job security and migration.
- Too many unqualified people entering the property management industry.
- The main-stream media keeps telling people how hard it is for tenants but never says anything about how expensive it is for property investors to own houses and make them available for rent. Bias against landlords is of course par for the course but it's particularly noticeable now, with media employing young people (few older folk in media, giving them another viewpoint) and they all think they are hard done by.
- After five years of turbulence and the economy being suppressed by the RB I, along with other people I speak with, are financially exhausted. There have been plenty of liquidations, bankruptcies and a fair share of suicides. A break and some sunshine would be good.
- Increases in water and general rates and insurances above the rate of inflation.
- Stress in some staff, cashflow challenges with increased bad debts.
- Rents are having to be reduced to keep good tenants.
- Shortage of quality tenants, increased vacancy rates, lower rents, stressed landlords.
- Stressed property manager trying to manage a portfolio with tenants leaving and others requested a discount in rent. Owners unwilling to carry out maintenance or wanting to do it themselves when not qualified.
- Properties, whether own homes or rentals in the medium price range are selling quickly in Tasman.

Retailing

- Mail order bookselling – Customers reluctant to spend; high cost of parcel freight; increasing costs generally.
- Most of the companies around us are well down in turn over. We expect this to eventually impact us more. We certainly don't see an upturn. Maybe the conference centre in Auckland will breathe some life/energy into the city. Everyone seems wary and concerned about how much of a downturn they see but is not yet talked about much in the media. Talking to other owners they are just trying to keep enough work to keep their staff.
- Regulation is adding cost of doing business. Supermarket sector is now over-regulated and not an attractive place for another competitor to enter the market (home goal consecutive governments), why would you with the amount of scrutiny and regulation.
- Customers are increasingly wanting products that are online, sustainable and hand crafted and there is a move away from overpriced new items. Increasing crime and the desire for superb customer service has seen customers becoming increasing loyal to retailers that genuinely meet their needs. Customers want transparency, communication, facts not just images and a relationship with a person they can trust as AI and automation make retailing less personal.
- Customers still hesitant to open their wallets. Think everyone is spooked by the continuously negative reporting on the state of the economy; they are keeping their powder dry.
- Rural community seems to have a continued strong financial position (Fieldays results may confirm this or not), whereas the cities seem to be doing it tougher.
- Number 1 is demand for our products; we are now coming up against an annualised tougher environment & metrics. There is little to no sign of improvement in sales performance so clearly the domestic retail landscape is no better. In my opinion the supermarkets are pushing prices up and other retailers unable to do same as more competitive industries. When are we going to see better competition in supermarket sector, for too long now they've had it too good.
- Continued stagnation.
- Hanging in there, hoping for better things in 26.
- Economic and political uncertainty is having a negative effect on consumer demand and spending habits. That's both here in NZ (with the coalition government's austerity approach) and globally (no thanks to Trump). As house values and consumption are intrinsically linked, as retailers we need to see a steady uplift in house prices, along with a drop in the unemployment rate for consumers to feel happy about spending again.
- Growing concerns about consumer confidence.
- Customers continue to spend only the minimum to maintain plant. Usually seeking to repair rather than replace.
- The economy is not picking up as the media would have everyone believe. Wholesale customers have halved their orders over past 2 years, as well as ordering less frequently. Retail customers have dropped off as well.

Shipping, transport, storage & distribution

- Intense competition, tighter margins, lower volume.
- Slow freight incoming to NZ high airfreight cost importing.

Tourism & accommodation

- Local business is steady – Good, cruise Ship visits to Napier down 30% will negatively impact revenue from Cruise Tours.
- Demand from hoteliers for our products is reasonably buoyant in the South Island. Auckland is flat due to the oversupply of hotel rooms versus the (improving) in bound tourism numbers.
- Disappearance of customers. Lack of money about no spending.
- Lack of airline capacity is keeping cost high. Some clients opting for bi-annual instead of annual, long haul trips.
- People are travelling and creating memories. They are looking for curated travel experiences and are prepared to pay for it. Our client base is quite active and regularly joined by new clients. High-end cruises – expedition, exploration, sea and river – are in hot demand. New Zealand is still somewhat constrained by airline capacity, but we are seeing a gradual improvement. Barring any unexpected events, we remain positive and optimistic about our own business and the sector.
- Weakening consumer demand based on static housing market – reduction in CV Auckland leading customers to feel less wealthy and further belt tightening.

Wholesale

- Weakening consumer demand base on static housing market – reduction in CV Auckland leading customers to feel less wealthy and further belt tightening.
- Lack of business confidence which has led to lack of customer demand.

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