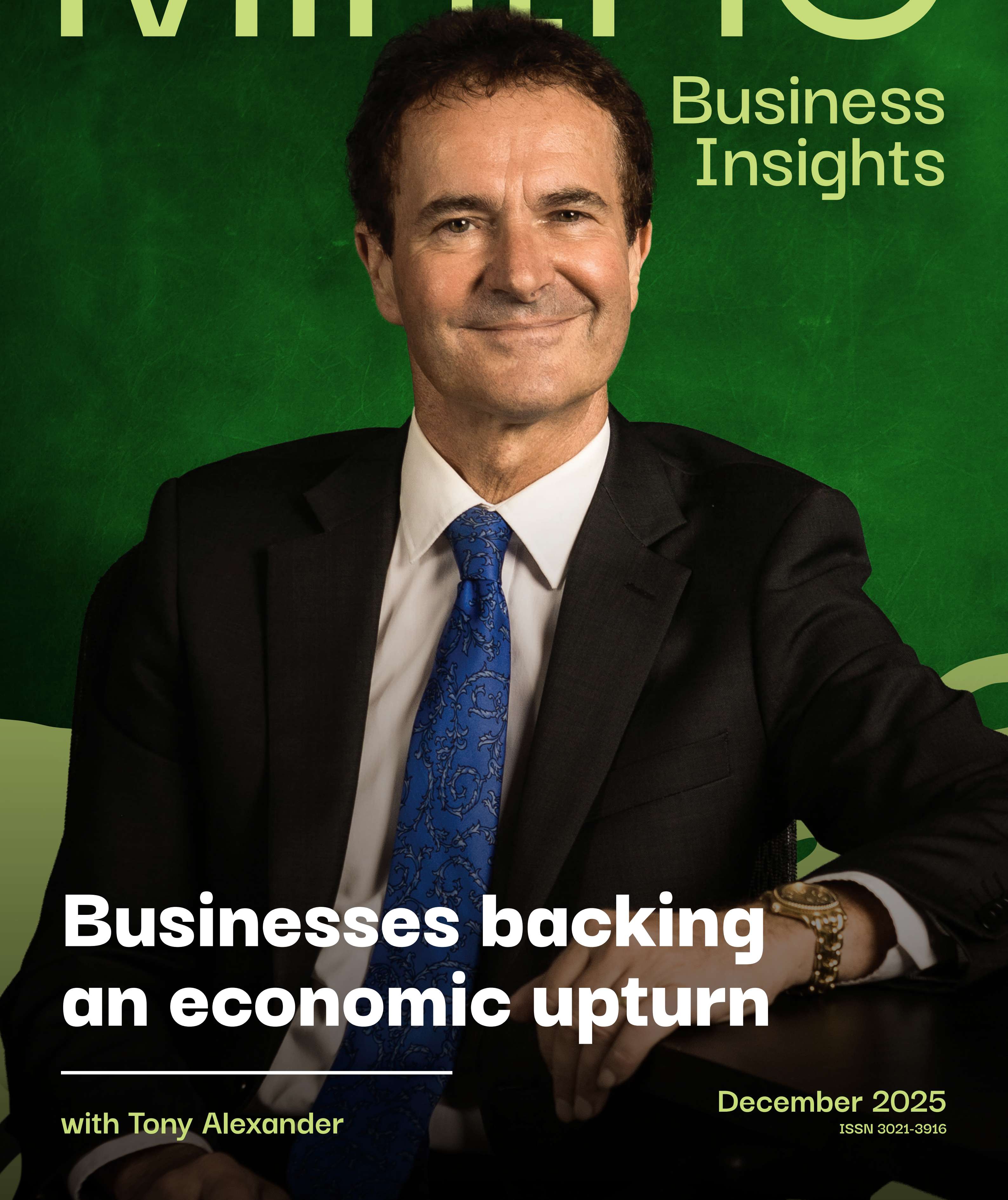
MintHC

Business Insights



Businesses backing an economic upturn

with Tony Alexander

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Businesses backing an economic upturn

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. 276 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:

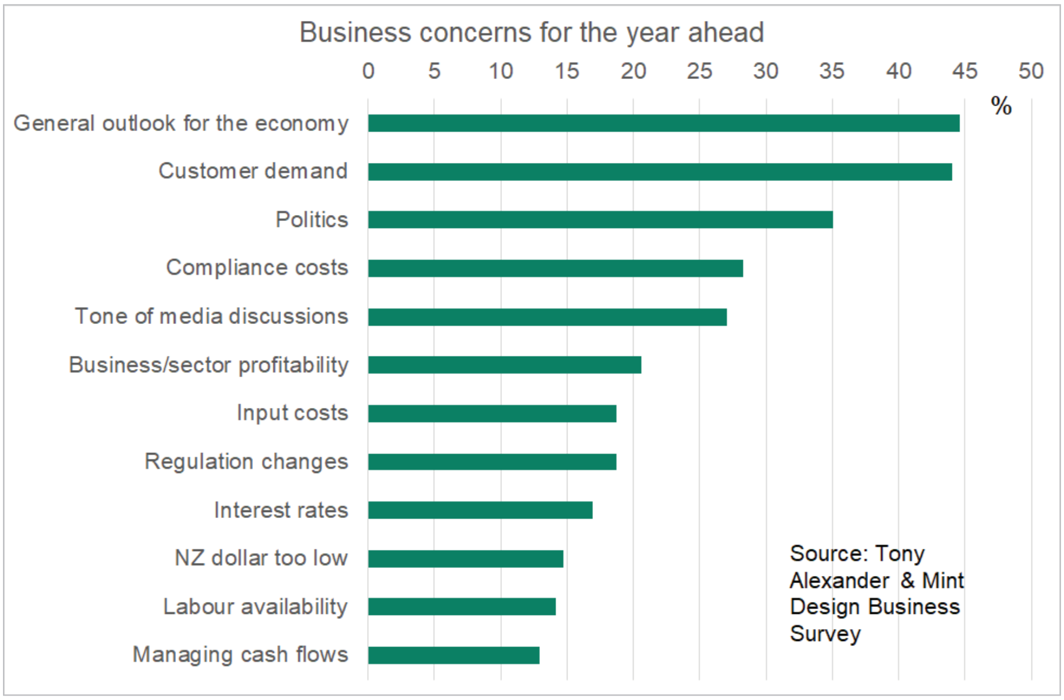
- There is a mild upward trend underway in business plans for raising prices in the coming year.
- Labour availability is falling away amidst strong optimism about business sales in the coming year.
- For the first time in our survey more businesses plan raising their inventories than plan cutting them.

Tony Alexander
Independent Economist

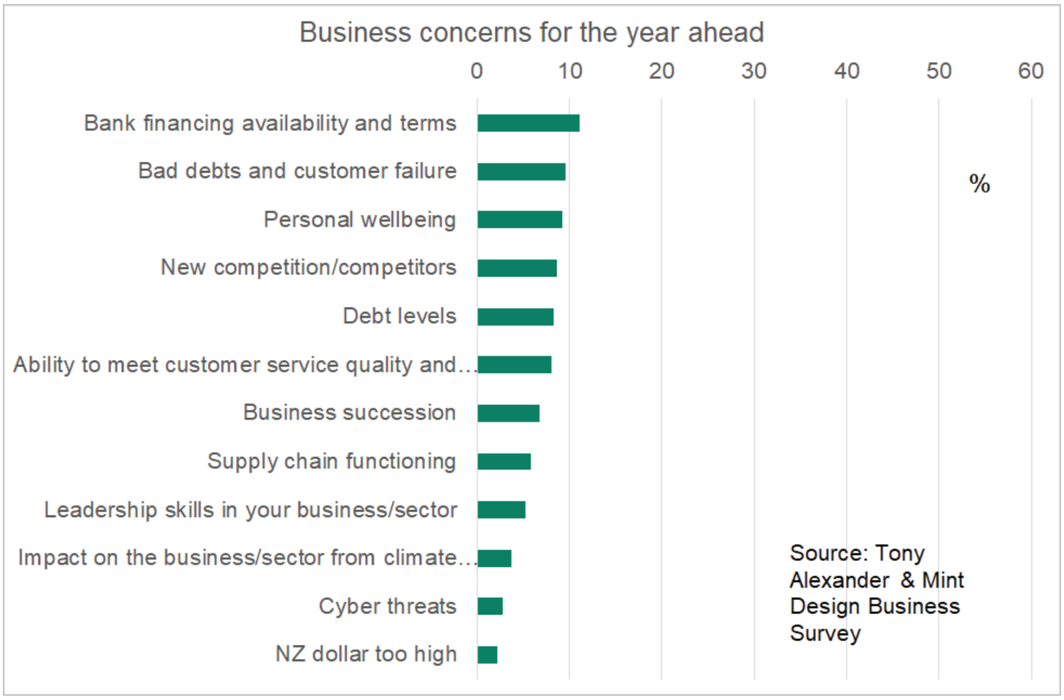
What concerns you most for the year ahead?

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 the economy, customer demand, and politics. Almost no-one feels that the Kiwi dollar is too high and as always cyber threats and the climate feature lowly in the rankings of things to be concerned about.

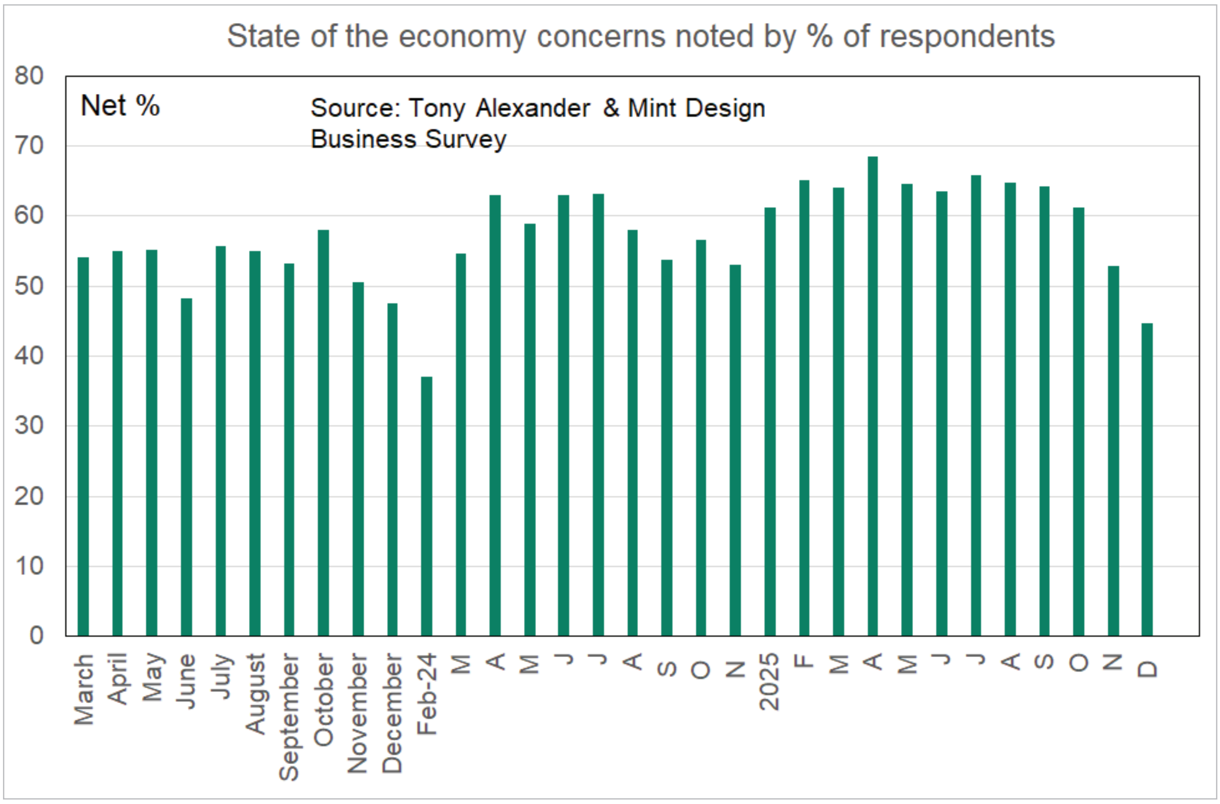


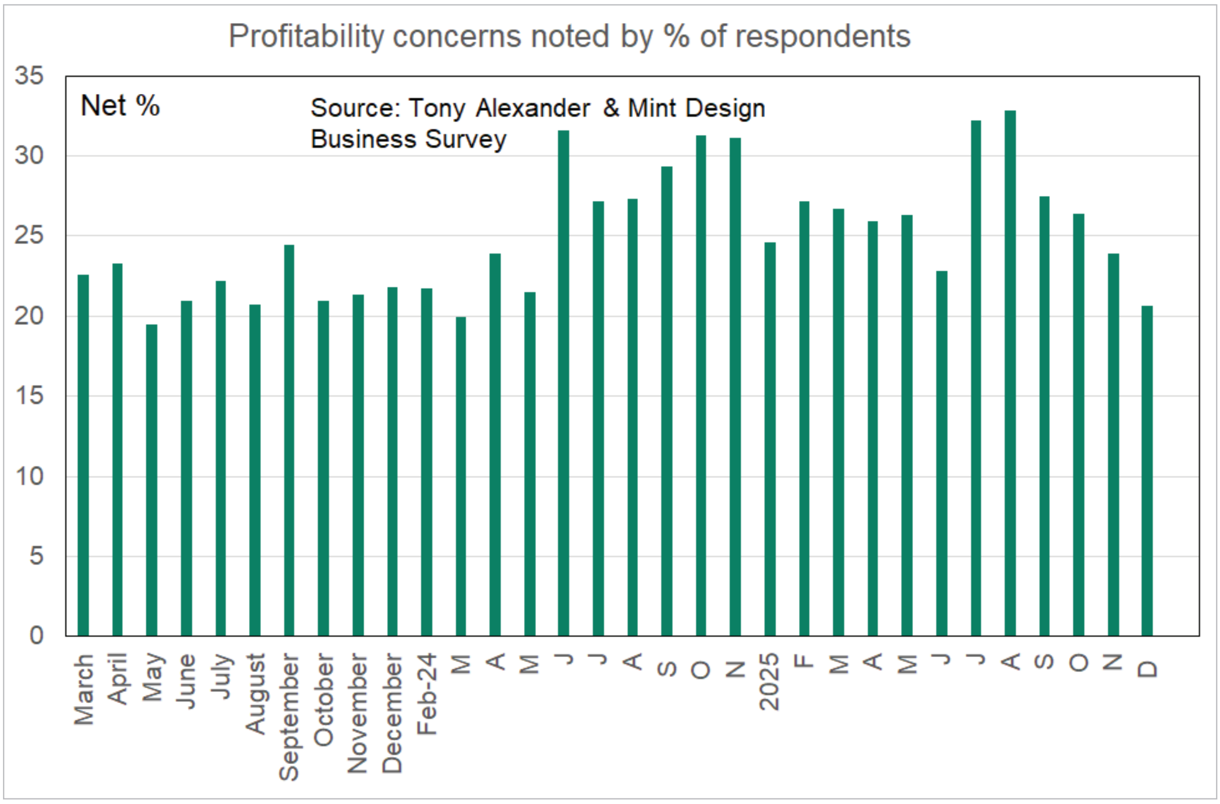
This graph shows the lesser ranked concerns.



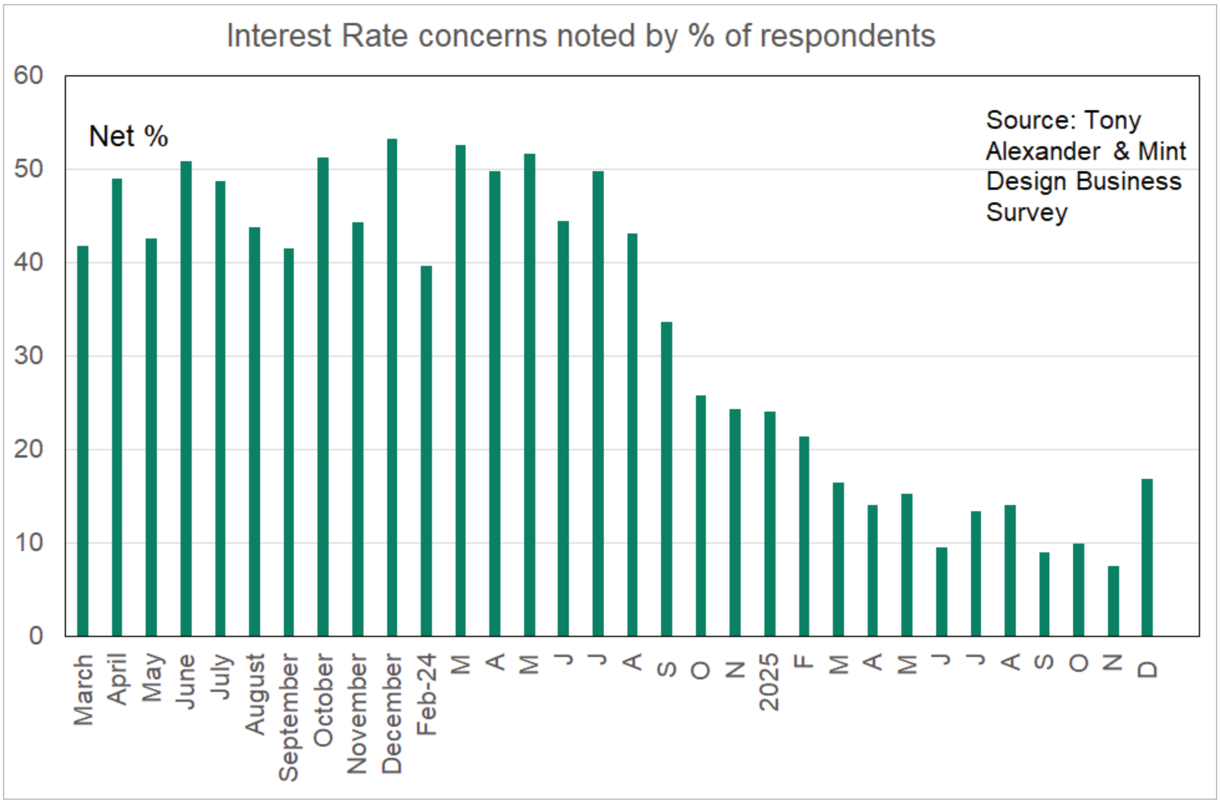
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

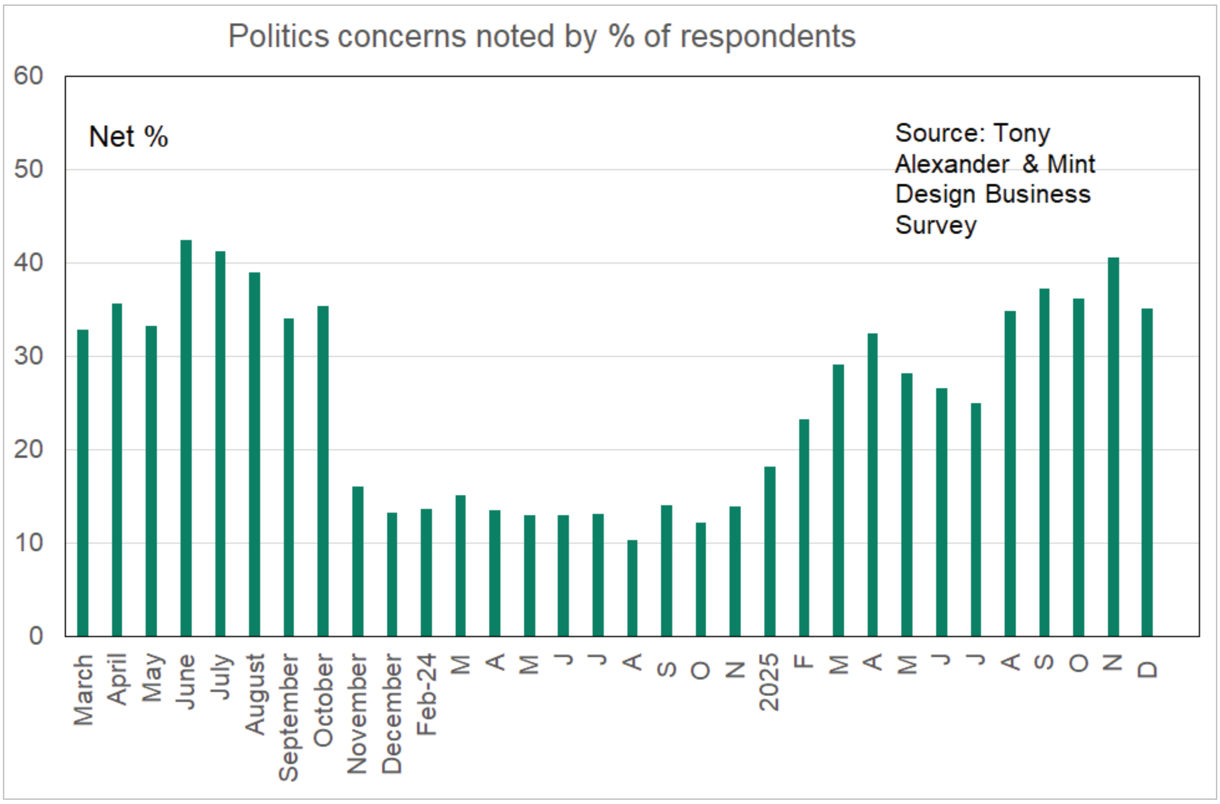
There has been a notable drop in concerns about the economy in recent months. Worries about business profitability are also easing amidst strong expectations of higher revenue noted above.



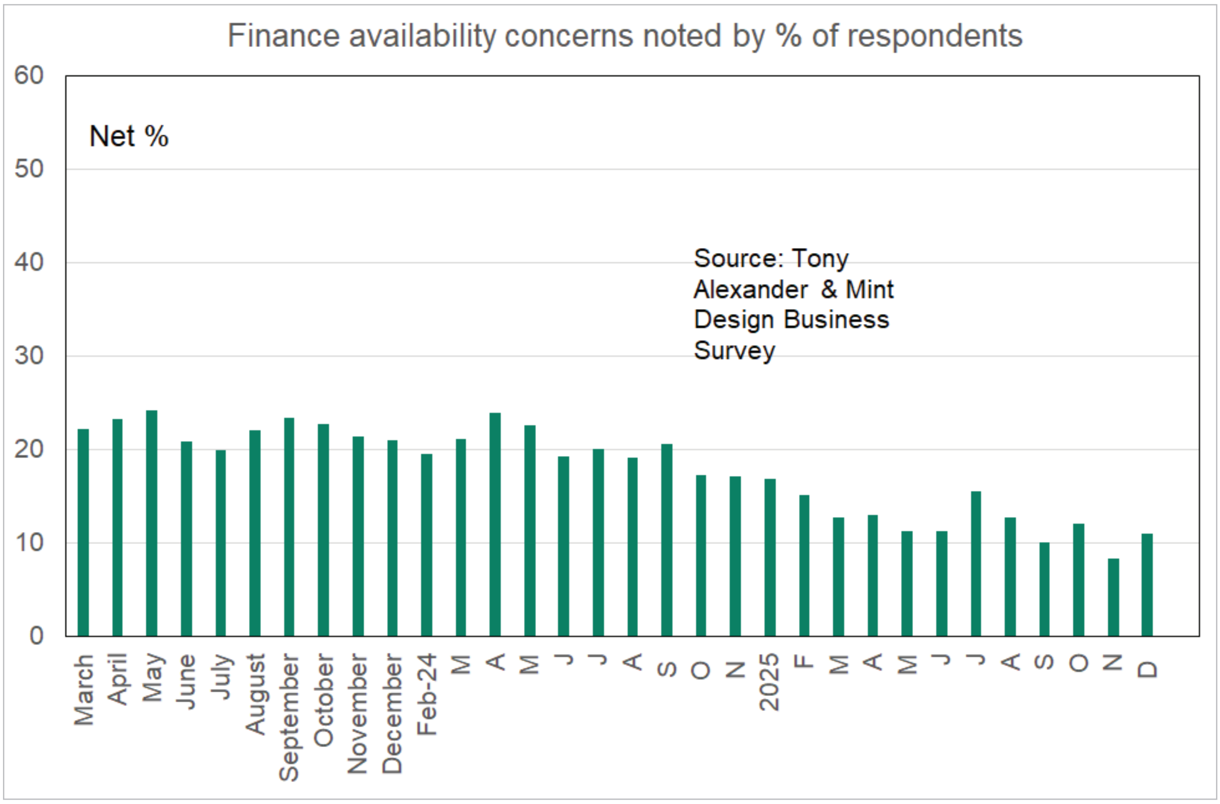


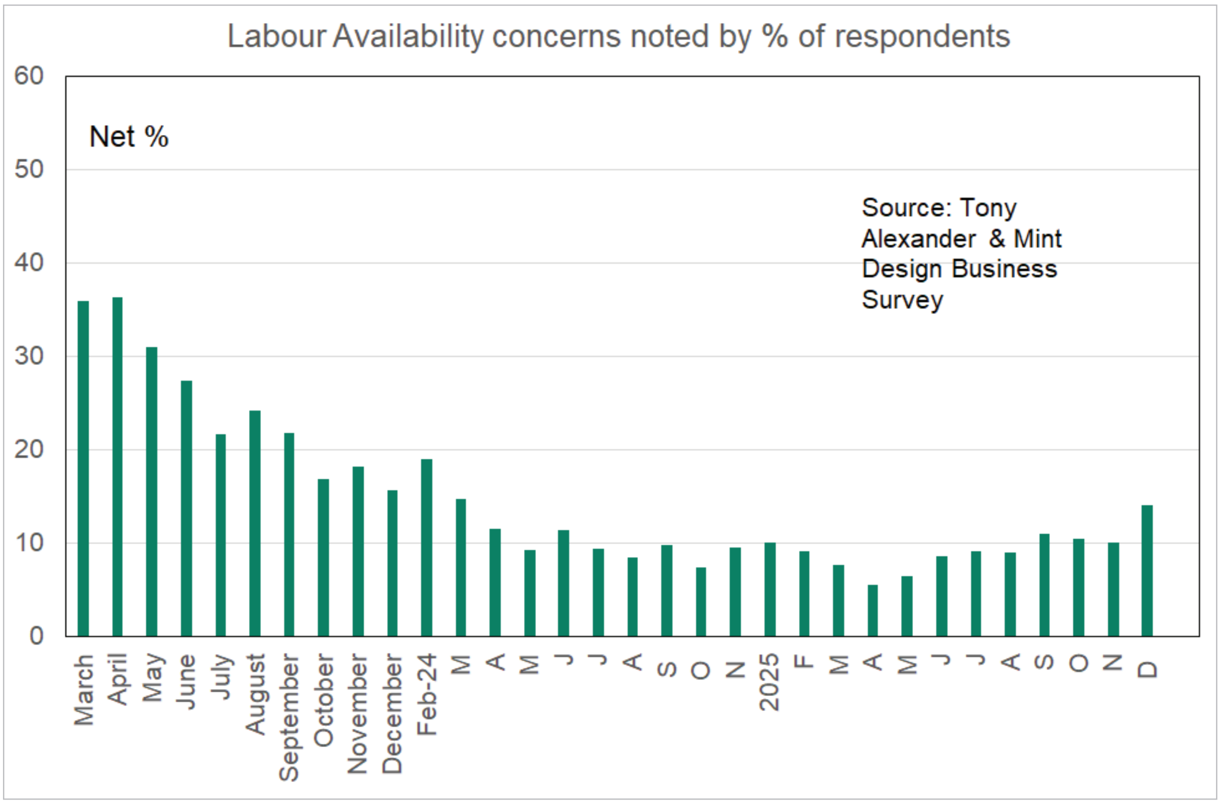
An area of significant change in concerns this month has been about interest rates, as shown in this first following graph. Worries about politics still appear relatively elevated.



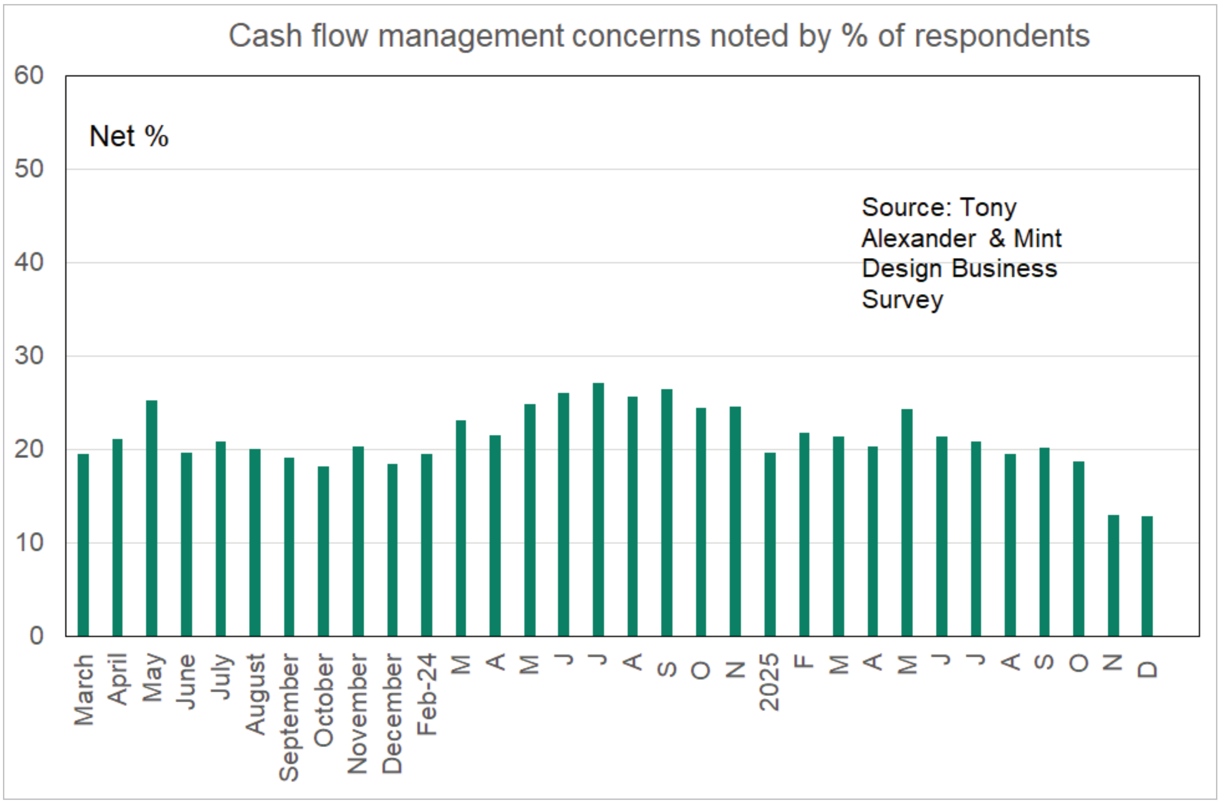


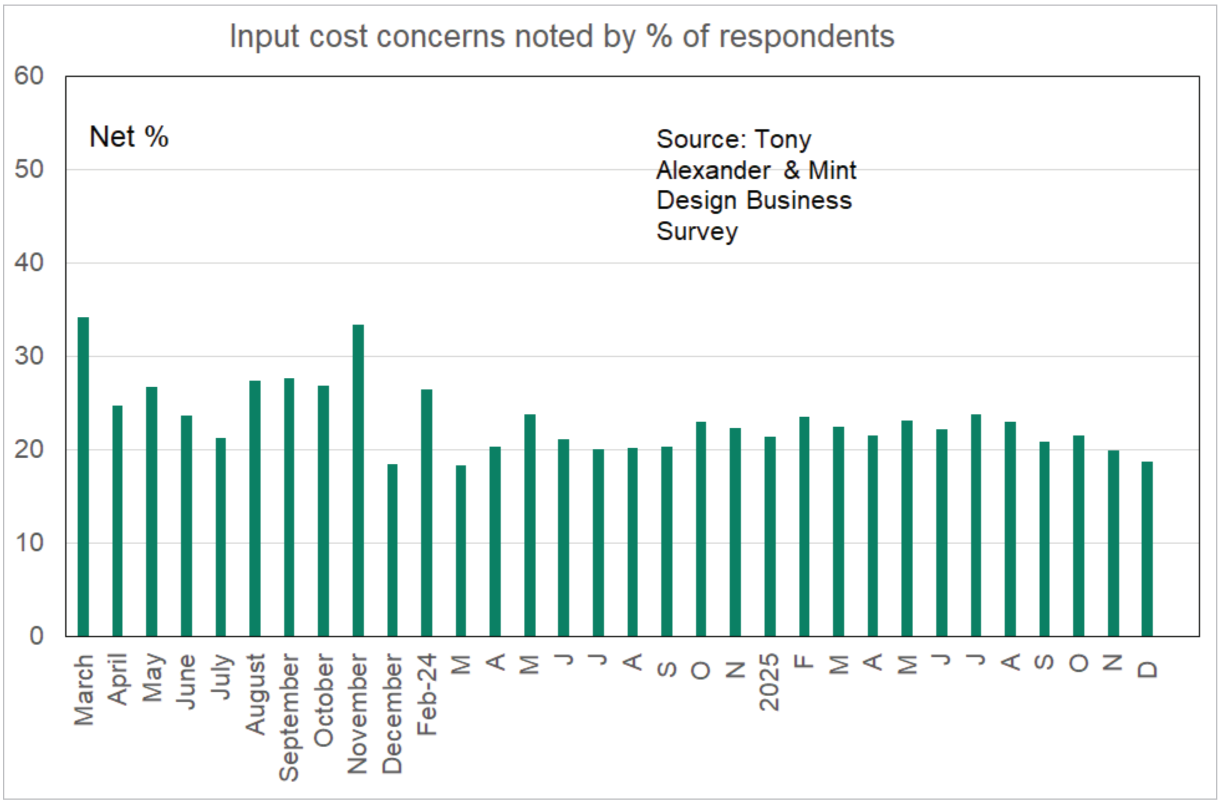
Few businesses are concerned about their access to finance. But access to labour is starting to occupy the minds of more and more business operators.



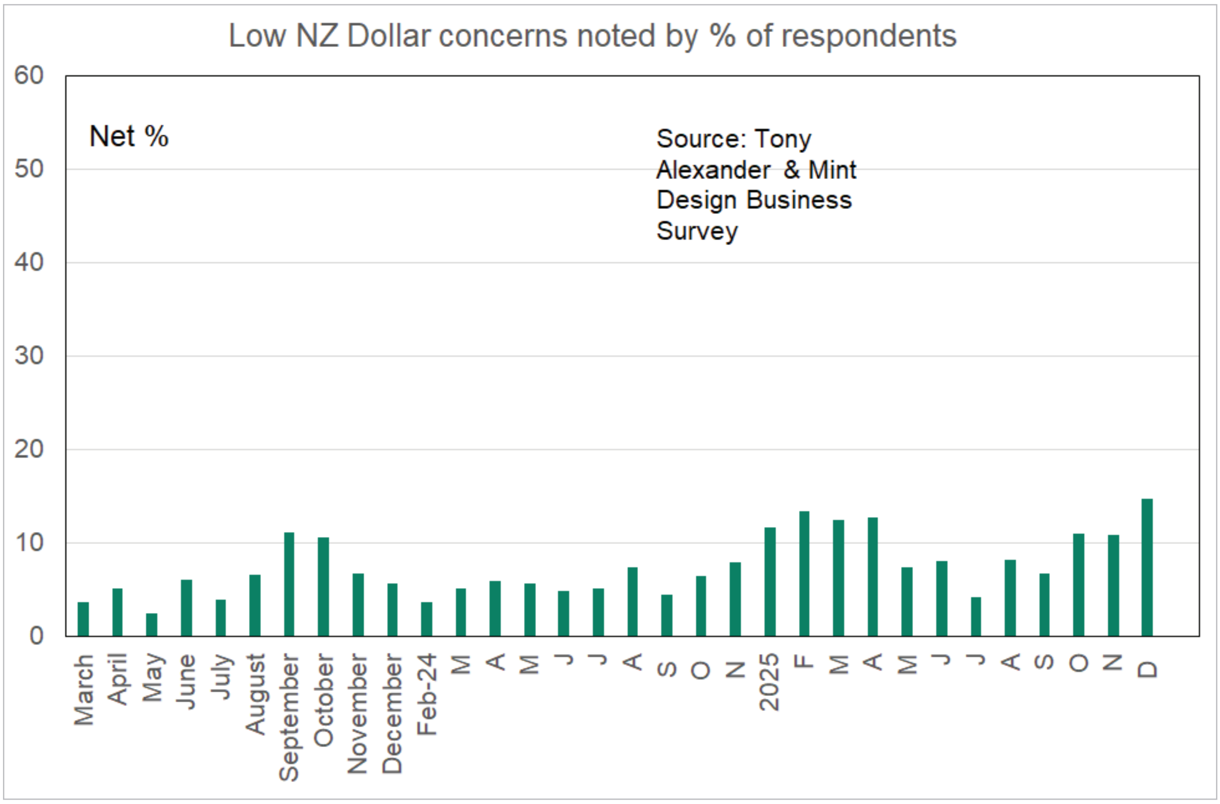


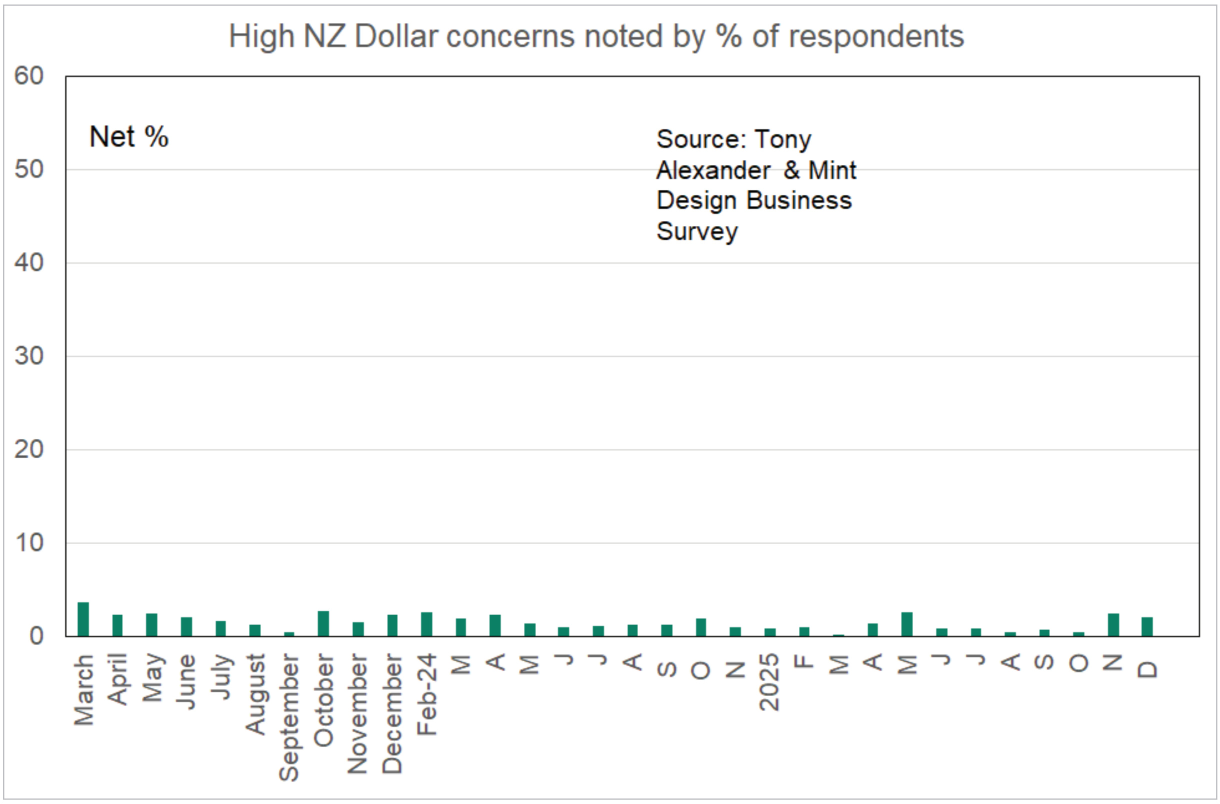
Worries about cash flow management have pleasingly fallen away over the past two months. One factor assisting this may be slightly easing concerns about input cost increases.





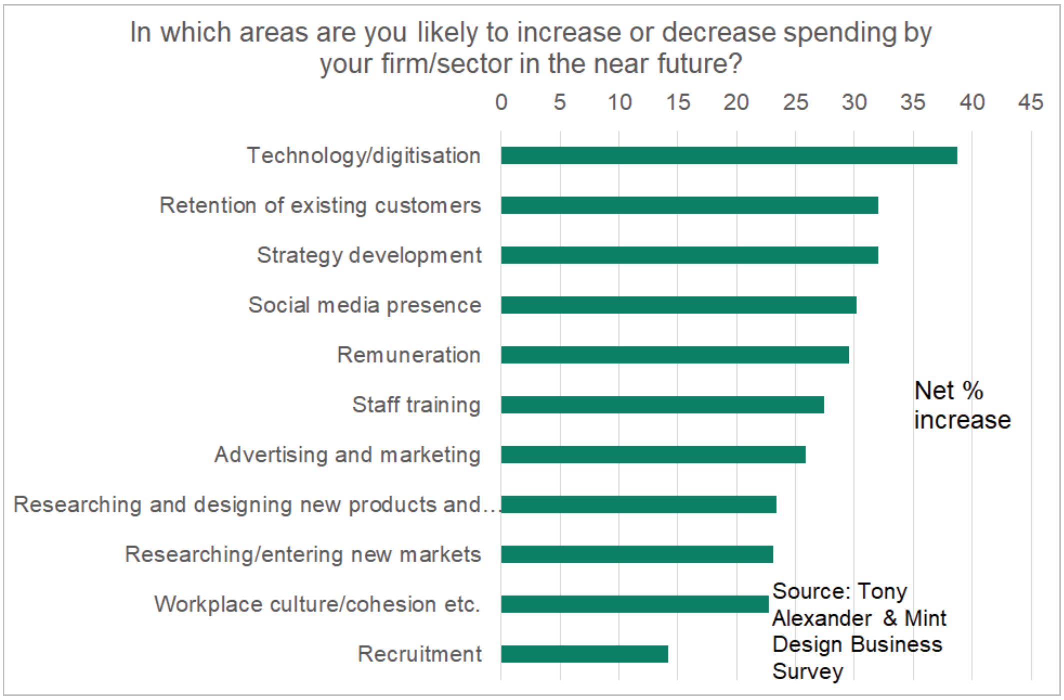
Concerns that the Kiwi dollar is too low continue to grow. But feelings that our currency is too high remain weak.



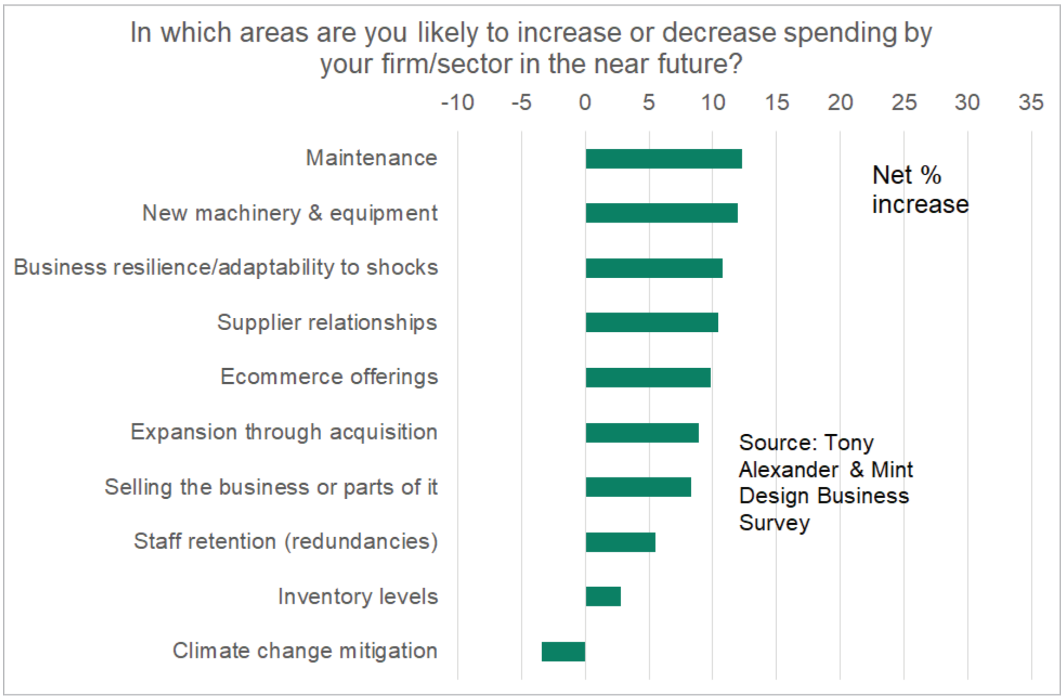


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

Our second main question is addressed at identifying where businesses are going to allocate their scarce funds in the coming year. As above, we split the results across two graphs starting with areas where most businesses plan greater allocation of resources. The top area of spending intentions is still technology followed by retention of current customers and then development of one's strategy.

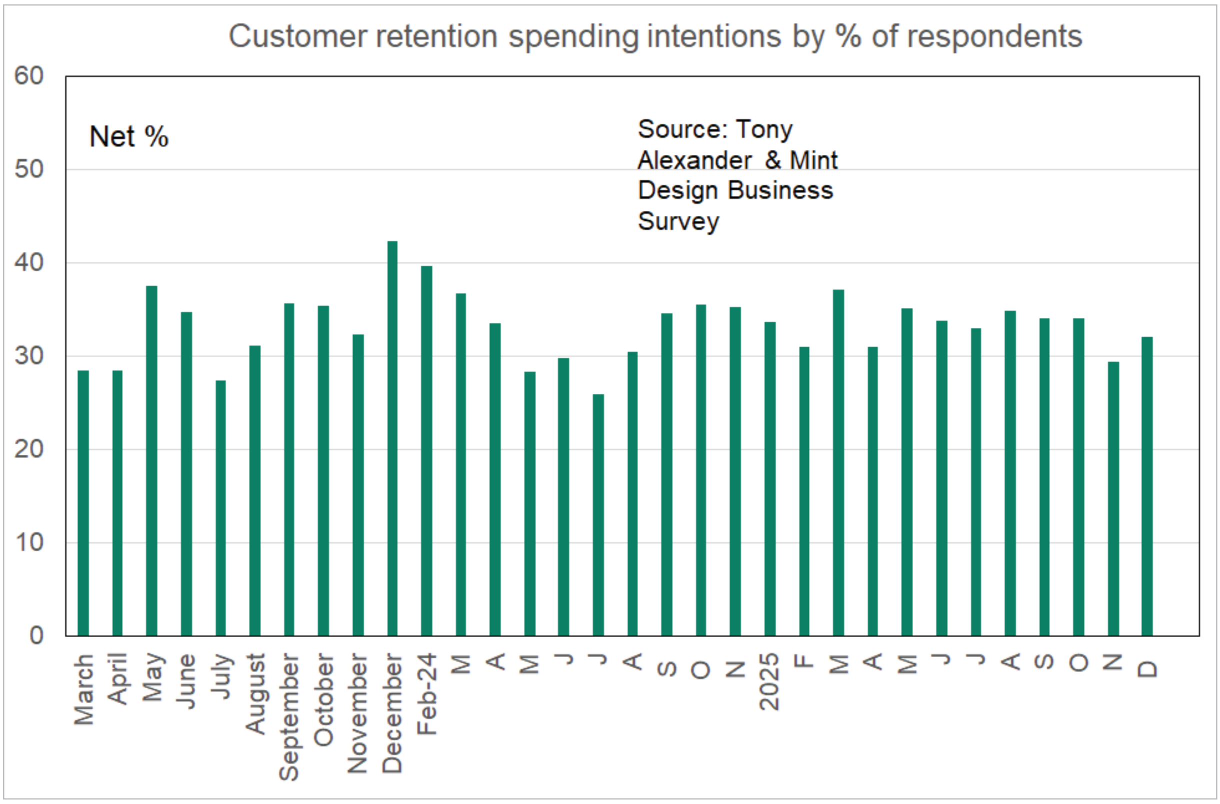


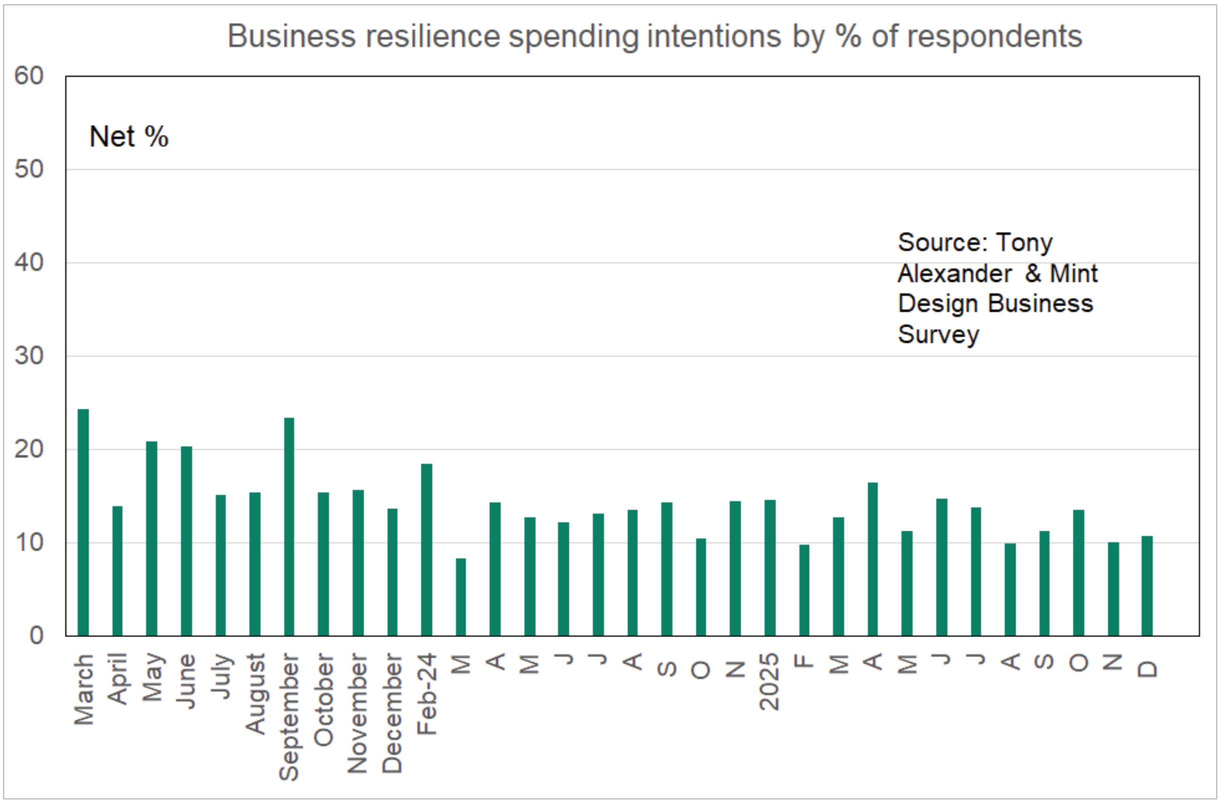
For the first time ever in our survey a net positive proportion of businesses plan raising their inventory levels.



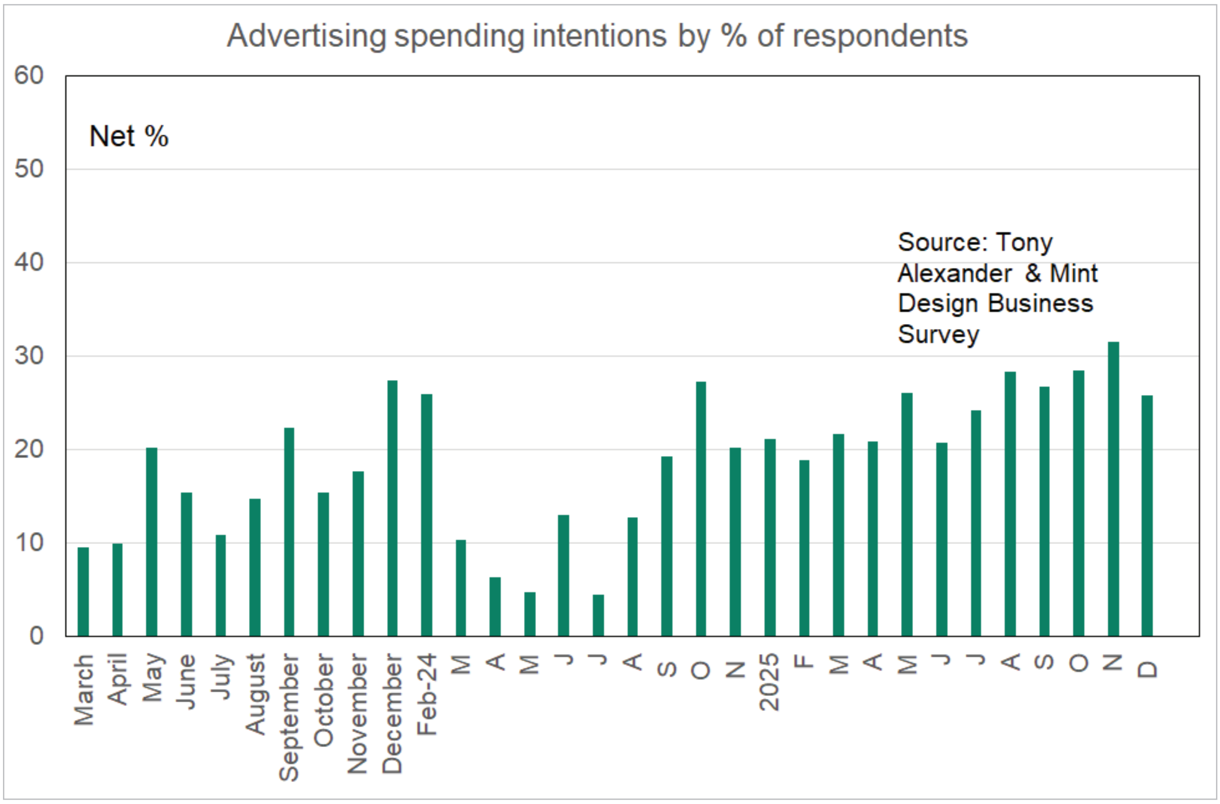
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

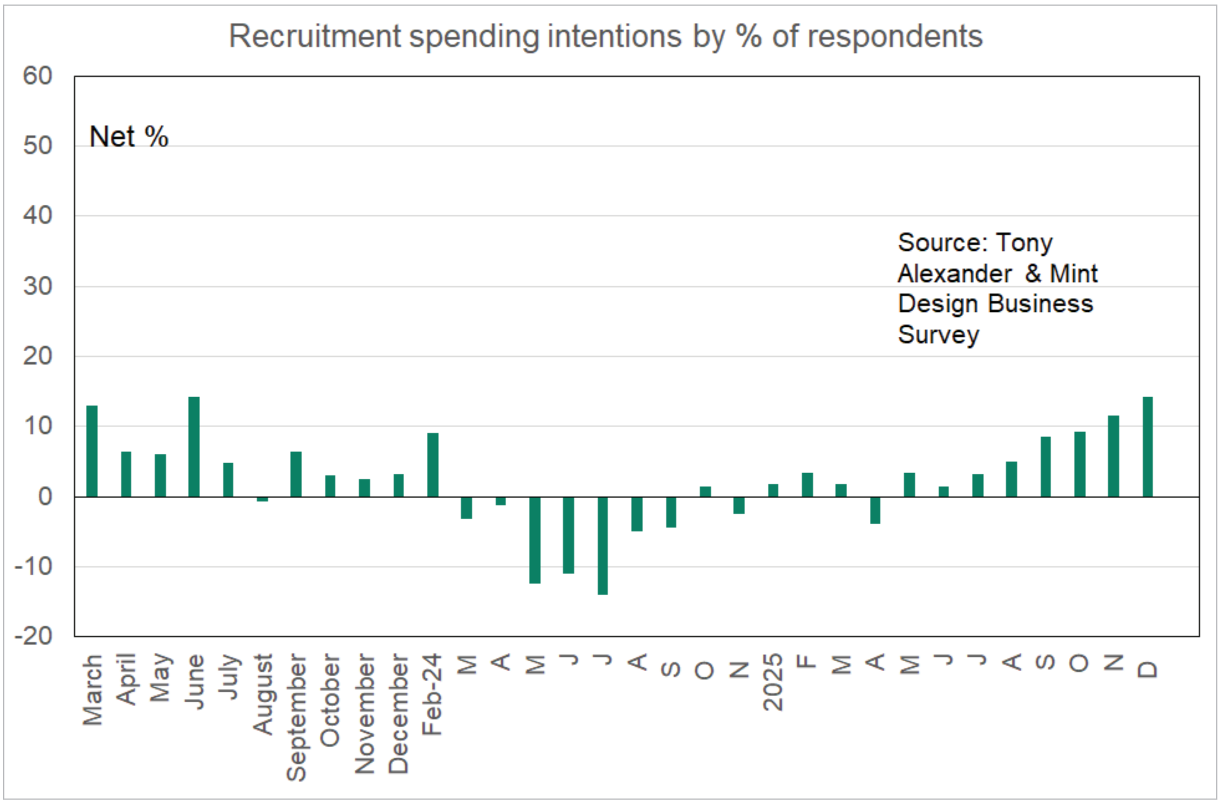
Customer retention spending plans rarely change. Neither do plans for spending on business resilience.



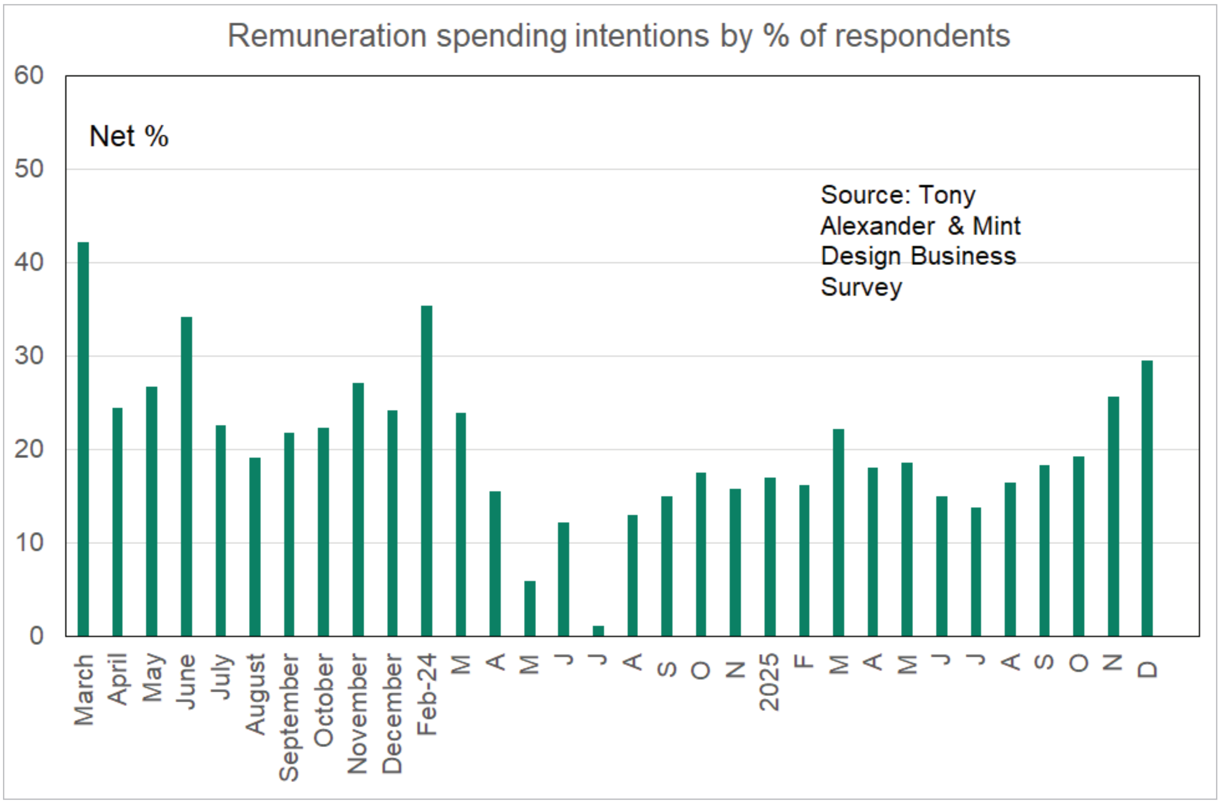


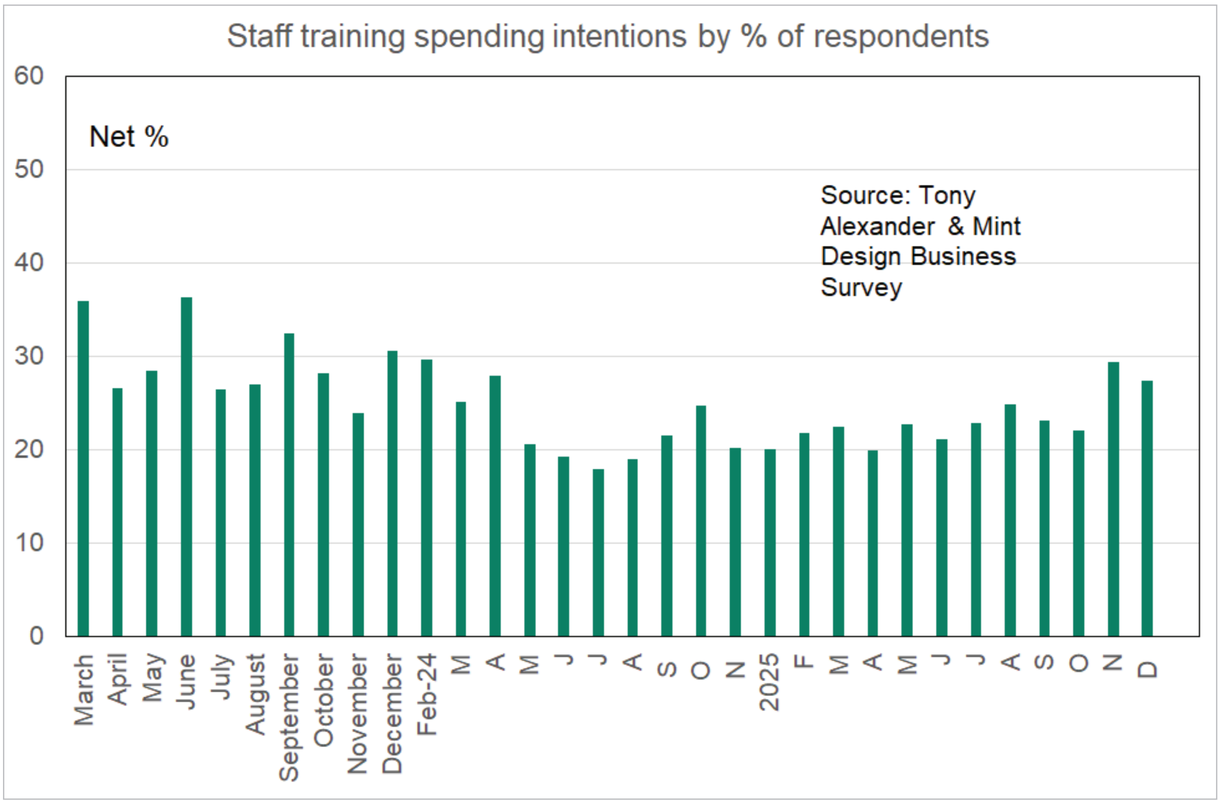
The trend in intentions of spending on advertising is upward. But this month plans have eased off just marginally. In contrast, and commensurate with labour availability concerns noted above, more businesses plan increasing their spending on staff recruitment. This gives confidence to our expectations of accelerating jobs growth through 2026.



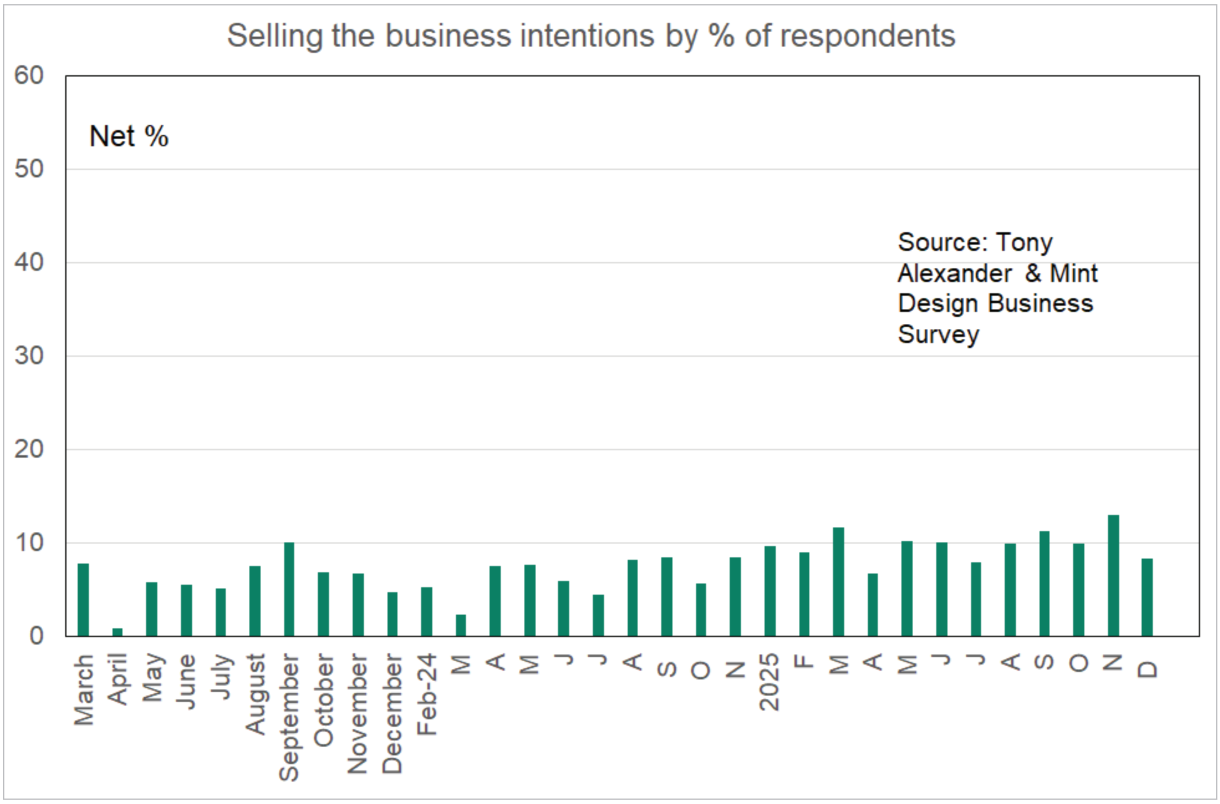


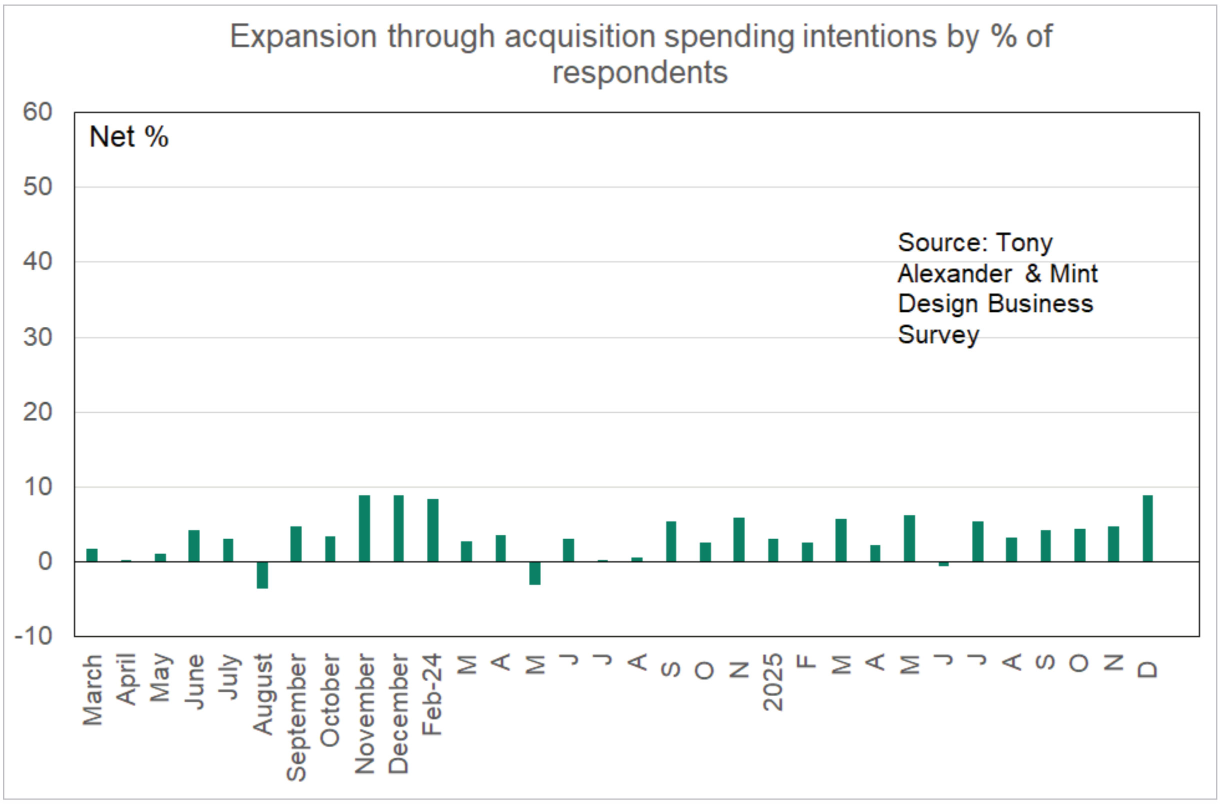
Plans for boosting remuneration are also going higher. And businesses are saying they will increase spending on the training of their people.



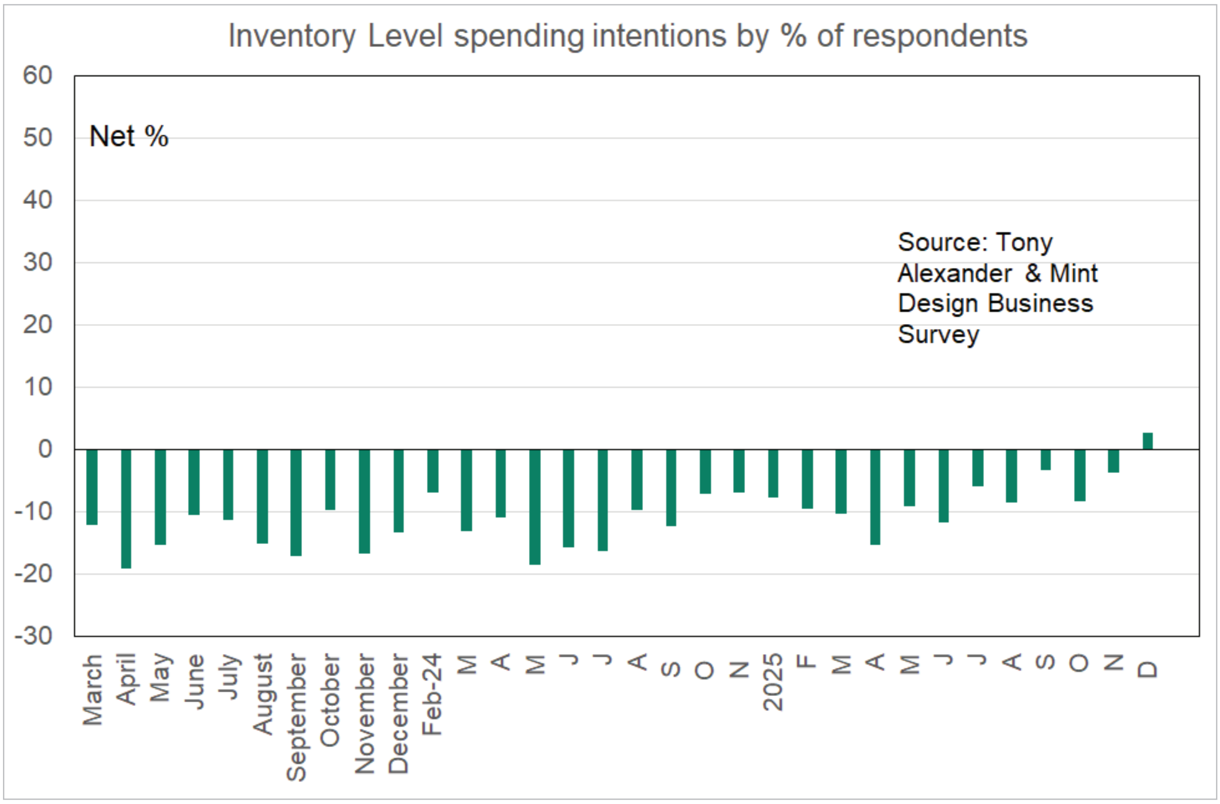


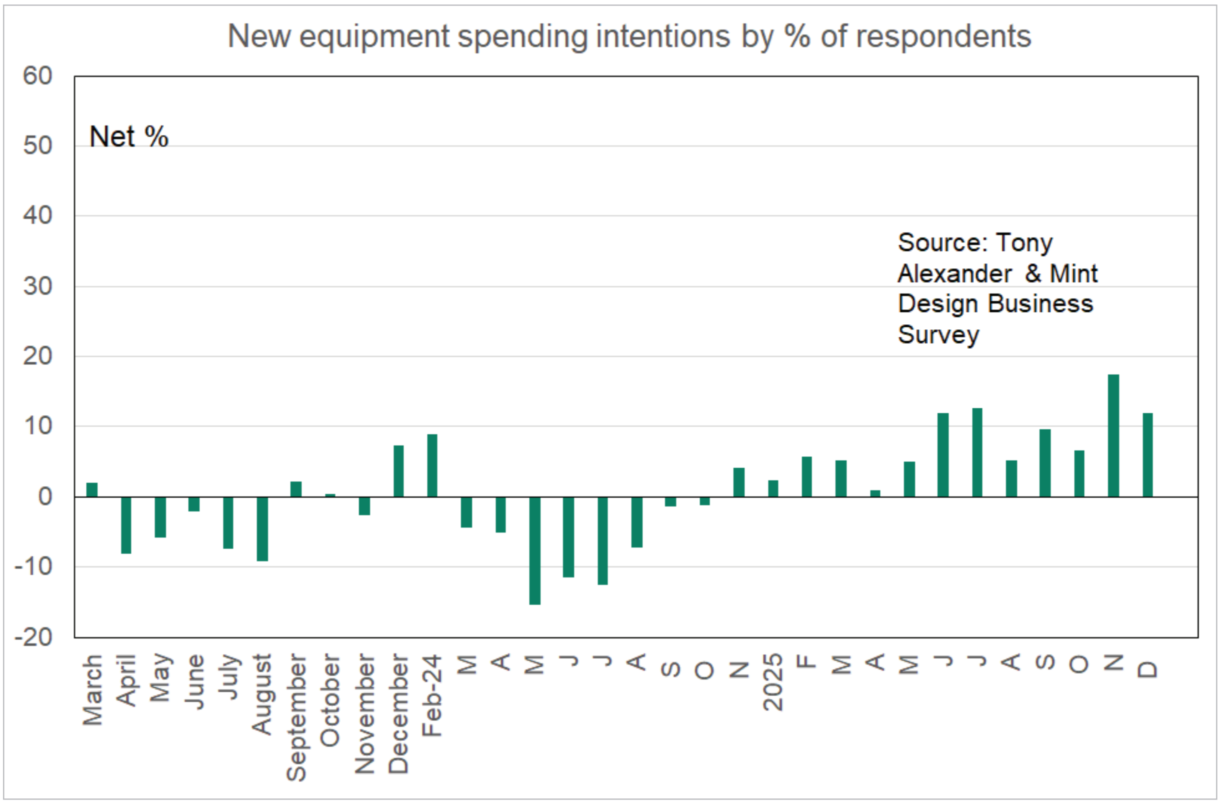
There is no clear trend change underway in business plans for selling their business. But this month there has been a small rise in the proportion of businesses considering expansion through acquisition.





As noted above, for the first time in our survey more businesses plan to grow their inventory levels than to shrink them. This feels like a significant indicator of willingness to back the general view that stronger economic times are underway. Plans for spending on plant and machinery have eased slightly this month, but the trend still looks to be upward.

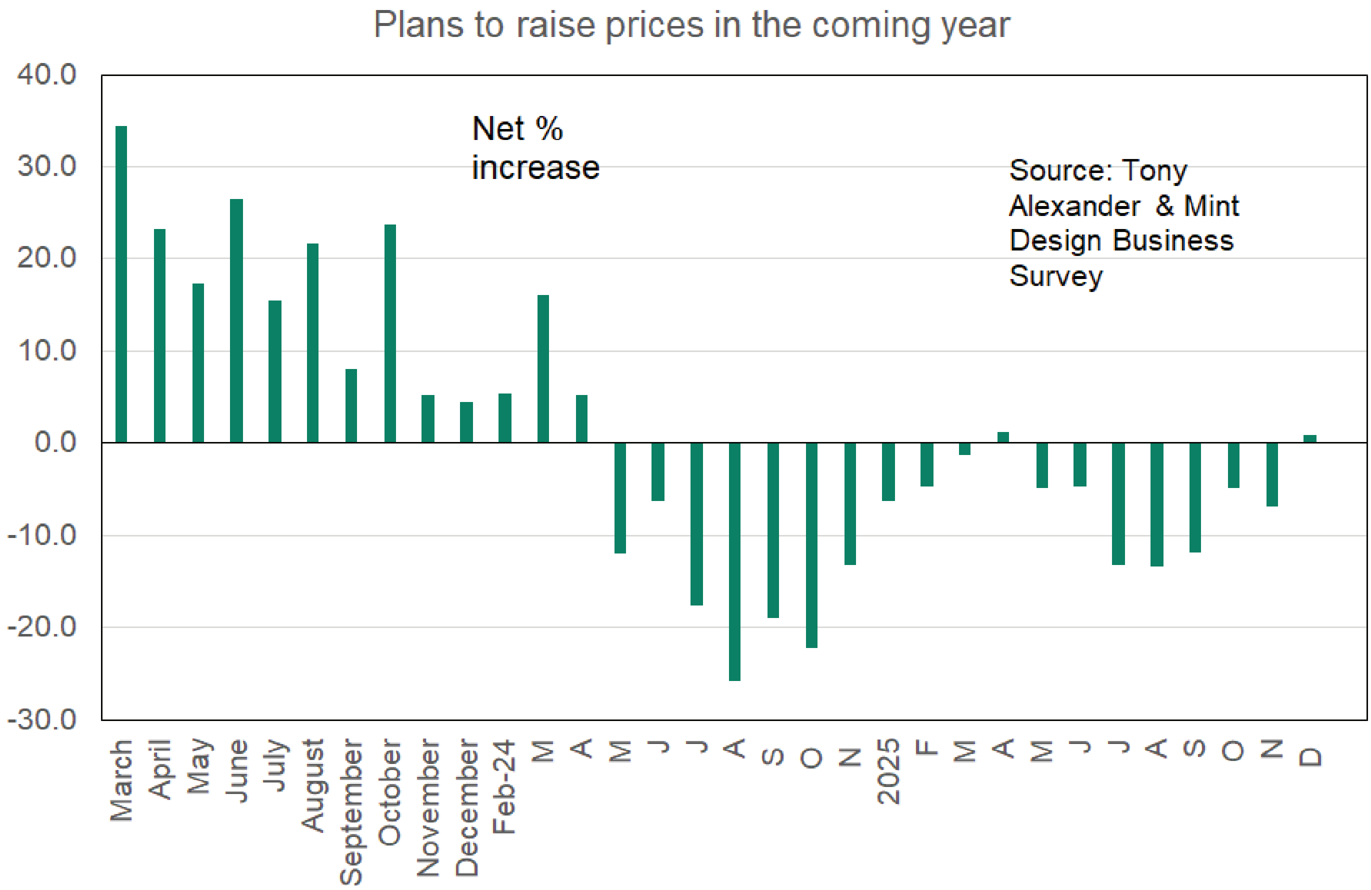




Are you planning on increasing your prices for any of your products or services this year?

For the first time since April this year more businesses have said they plan raising their prices over the coming year than say they won't, or they will cut them. At a net 1% the result by itself is not that meaningful. But it follows a net -7% result in November and -12% three months ago in September.

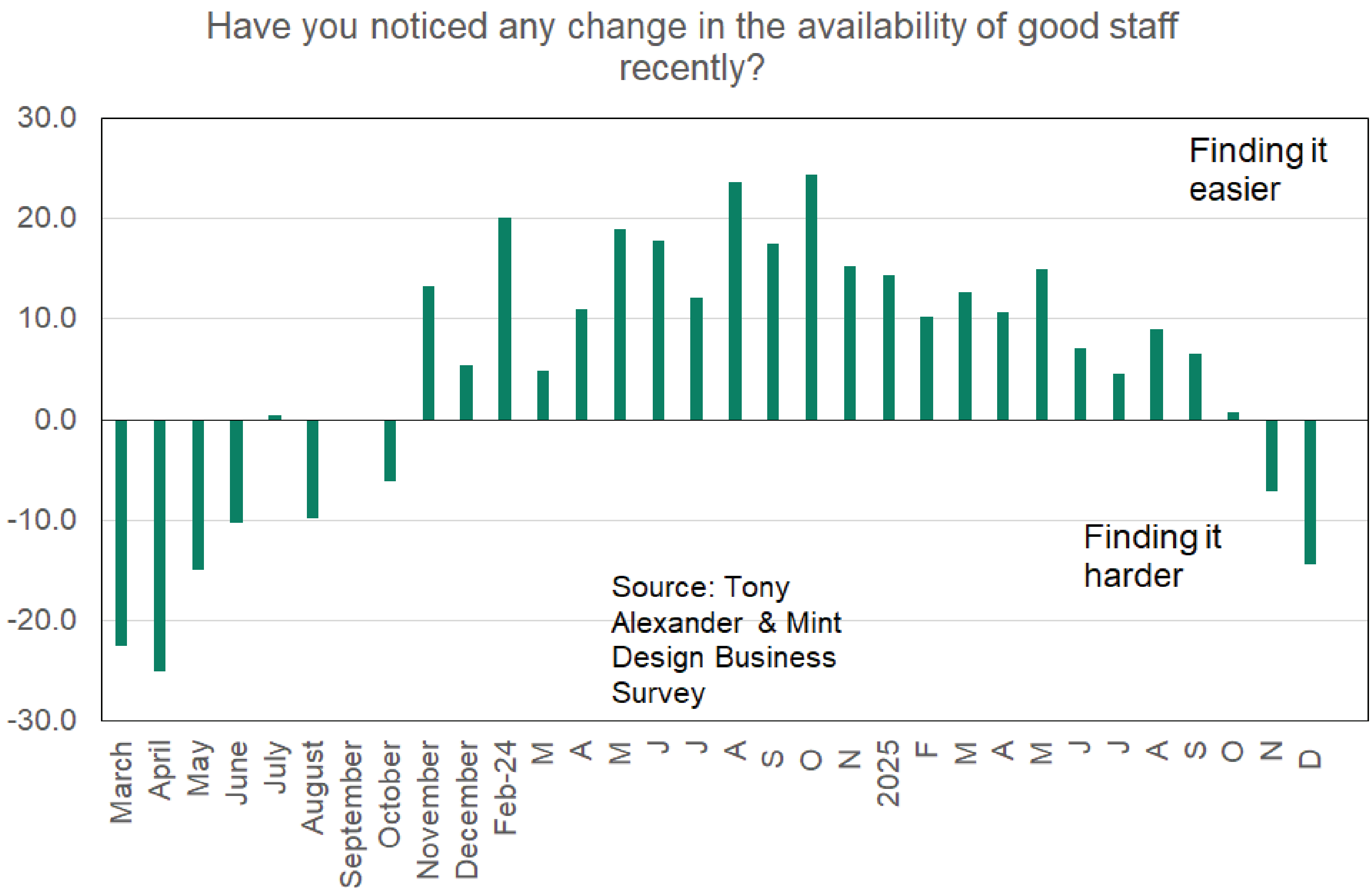
The trend in pricing plans is upward but not necessarily to a worrying degree yet.



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

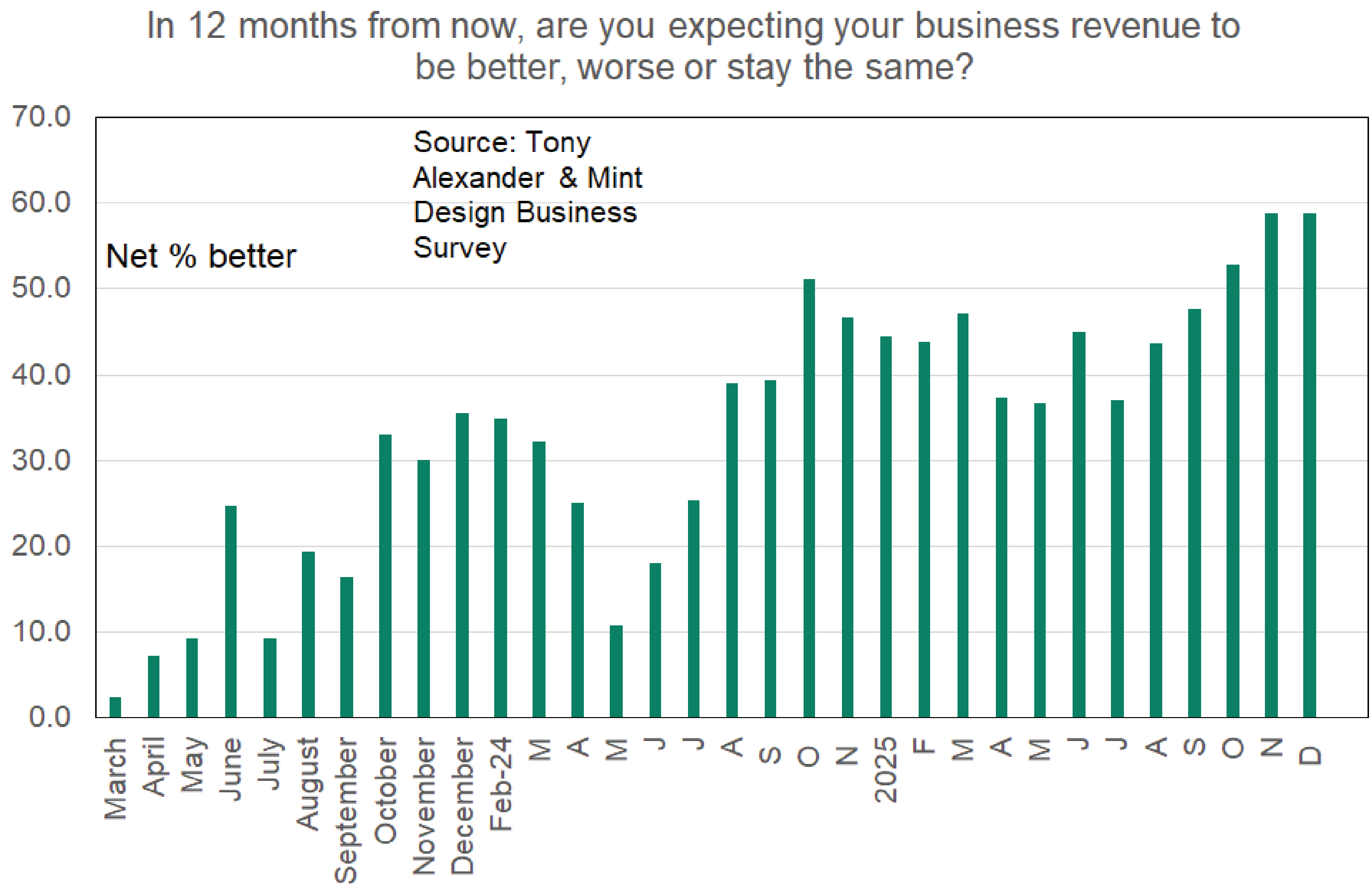
There has been a substantial change over the past three months in the net proportion of businesses indicating that they are finding it hard to get good staff. In September a net 7% said it was easy. Now, a net 14% say it is difficult.

This is the greatest level of difficulty sourcing staff since May 2023 and suggests that one characteristic of the economic upturn now underway could be the early appearance of staff shortages with associated extra upward pressure on wages, productivity, and business operating costs.



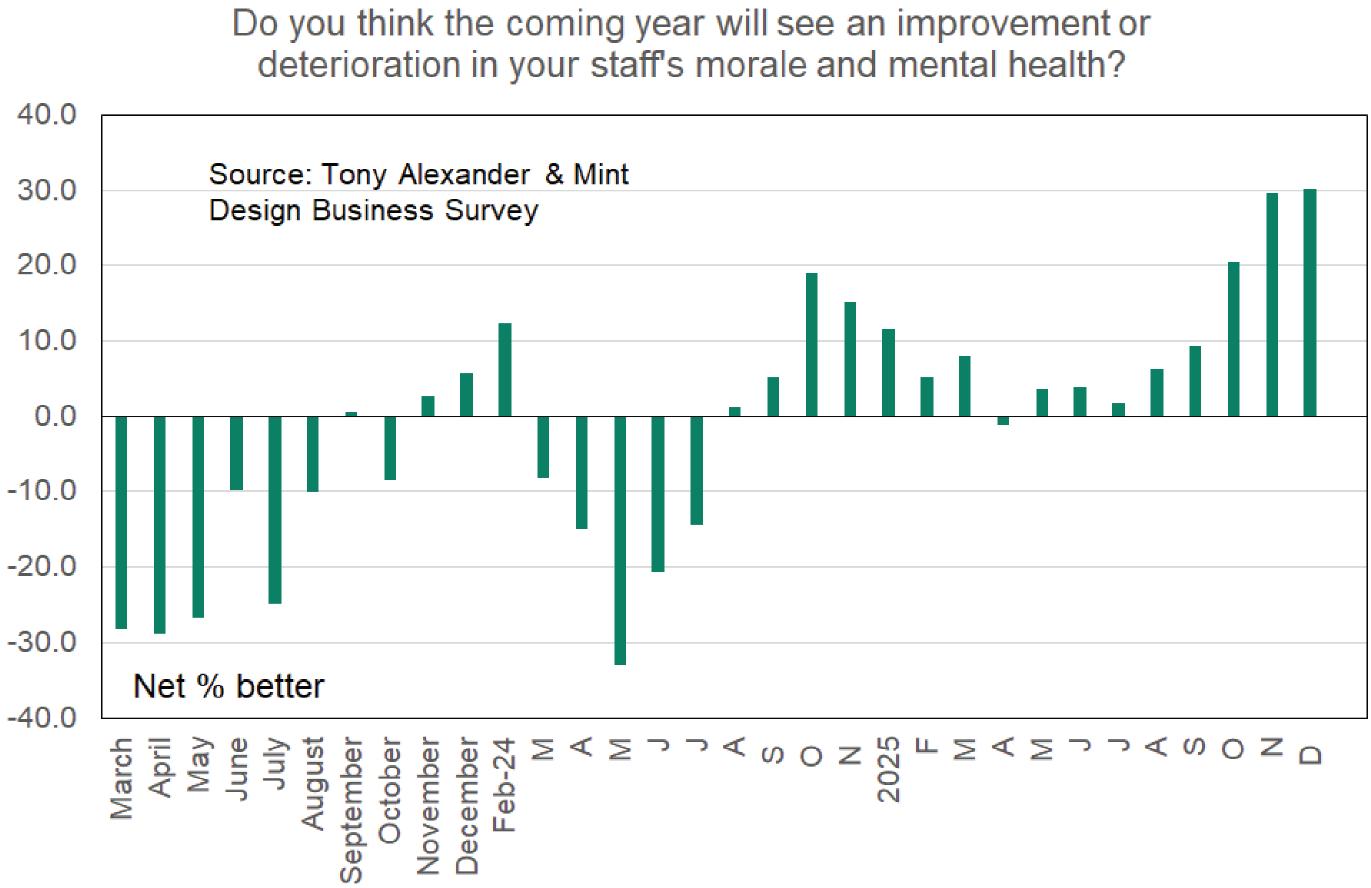
In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

For the second month in a row a net 59% of businesses in our survey have reported that they expect their revenues to improve over the coming year. The trend in this measure has been upward since August, and it tells us that businesses are more hopeful of a better year ahead than at the same time last year when the reading was about 46%.



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

A net 30% of businesses expect staff morale to improve in the coming year. One suspects there is a strong correlation between this measure and businesses' general expectations for the economy, their businesses, and the labour market.



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.

- Staff availability is declining.
- Use of AI seems increasingly discussed in advertising, IT, legal.
- Some notable positive signs are appearing in the commercial construction sector. Residential construction comments are also turning upward.

Accounting & business advisory services incl. business broking

- The number of receiverships and liquidations is on the increase.
- There is a large disconnect between the current state of the economy (solid if not spectacular) and the tone of MSM/ opposition politicians' commentary on the economy and this is causing a drag.
- Hope 26 is better than 25, the last few years have been very trying for our clients
- More people starting new small businesses, and more redundancies in the IT space
- Many clients looking to refinance to a new bank to get cash backs.
- A focus on productivity.
- Business confidence is building slowly. A recovery is expected by most of our clients, but we expect it to be slower than they would like.
- It's a struggle to find staff, and match work requirements with staff requirements. Our business model is basically utilizing labour to maximize accounting revenue, and there seems to be a lot of friction preventing staff moving between firms, or those without good matching skills changing roles. Regulatory bodies like CAANZ only increase friction and barriers to entry. All our best accountants are moving to Australia.
- Overall steady, some signs of life in market, but not across the board
- Businesses scrapping over the crumbs. Growing concern AI is a path to our own demise.
- IRD are finally chasing debt which is a good thing. Previous governments softly softly approach created a lot of these problems.

Advertising & marketing

- Old business models are dying. Pivoting to AI adoption is crucial to survival.
- Companies not spending on marketing, advertising, digital transformation and new AI technologies. NZ companies are just sitting still getting left behind the rest of the world.
- Advertising/marketing industry is a tough gig right now. Marketing budgets are usually first to go in tough times (and last to come back), so there have been lots of staff cuts and restructures industry-wide as companies cope with reductions in revenue accordingly. The arrival of AI is exciting, but is also putting further pressure on revenue and job security.
- People seem to be already on the holiday shutdown "lets look at it in the new year" but also, overall, lots more positivity about next year.
- More clients are investing in strategy and market research, indicating a shift back toward long-term thinking rather than mere survival. This feels like a positive shift with the potential that our clients will increase their marketing activities in the new year and have a more positive outlook on their own future potential.
- We are seeing an increasing positivity in the marketplace and firmer intentions to spend and invest.
- Not sure how AI can add to or take away from our video production business.
- Some advertising clients are still cautious. We expect to see a recovery in advertising spend but probably not until Q2 at the earliest. And it will be modest growth on 2025 rather than a flood of new revenue.

Banking and Finance

- Competitors loosening credit terms and margin compression.
- Businesses are seeing better revenue. This has not translated to additional spend
- Lots of competition in the finance sector and banks throwing more cash around at the same time as their service delivery has fallen well below par and has been for some time, some bank turnaround times are shocking at present, partly due to added compliance but also a lack of experienced staff
- Poor capacity regards Commercial Credit acumen in the NZ banking / finance sector, CCCFA overreach still apparent - terrible legislation, weak AI integration for the commercial finance sector regards financial spreading to reduce my admin (Private companies).
- Very patchy customer enthusiasm

Cafes, bars, and restaurants

- Business is better for us than what you hear from media. Good to hear some good news on the economy starting to be broadcasted, well overdue, and good for people's morale.
- Reflections on the year. Our turnover is down on last year, but our net profit is up thanks to cost cutting (no staff), judicious price increases and a focus on maintaining a low Cost of Goods. Our hourly and daily turnover is still wildly inconsistent with no rhyme or reason to it. However the weekly turnover has increased over the last six months and is reasonably consistent. We will not be hiring any staff in the near future because of this inconsistency, and we are concentrating on rebuilding our cash reserves in preparation for the next shock.

Civil construction/infrastructure

- Most civil & development tenders are going close to cost. There is a strong possibility that some contractors will go into liquidation. Sending a ripple through a nervous civil industry. There needs to be a change
- A lot more confidence and optimism
- Business has picked up on one end of the supply chain, however, large scale projects are showing signs of high competition, so tender prices are slim and margins at risk or erosion.
- Demand is lifting (time of the year doesn't help) impacted by investment and infrastructure work we are seeing in Hawkes Bay. Our challenge in 2026 will be to meet this by retaining and developing good staff.

Commercial construction

- This year has surprised on the upside across all metrics in our business. Property developers are dusting off feasibility studies and updating budgets as they look to get larger projects underway one again. We expect medium activity levels first half of 2026 with a steady increase second half. Surprisingly frequent supply chain price increases at the moment definitely ahead of client expectations and creating friction.
- Pricing pressure
- Skilled trades staff continue to be hard to find – we train a lot, they get qualified, stay for a year or so then do the OE, or worse jump ship, despite what seems like going the extra mile to keep them within the business. With lot of skilled trades retiring we have some serious gaps appearing.
- Commercial Architecture – We have been busy for the last 2 months now, but the test will be in February 2026 to see if the momentum keeps going forward. Some of my peers in Residential architecture have not been so fortunate and are still trying to stay afloat.
- Lots of talk of green shoots in the construction sector but little to show for it as yet
- Lots of smaller competition. Difficult to find qualified staff with more than 1yr experience
- Less hesitation in clients committing to projects

Commercial real estate

- Generally more upbeat now. Enquiries are heading back to normal levels. Confidence is creeping up as interest rates head lower.
- Generally a growing positive business sentiment across all sectors and property asset types.
- Cautious investment. Many balls in the air making decisions difficult to execute. Investors have low risk tolerance.
- Commercial tenants are generally feeling more positive about the future with signs the economy is improving.
- Still difficult to fill commercial tenancies – one for over 12 months (office in CBD).
- Retail tenants are busy with customers
- Can't make development economics work
- The C&I market is whirring back to life. Tenant demand is on the rise; investors are growing in numbers.

Education and training

- Implementation of AI in all aspects of business is key to succeeding to achieving our vision.
- The school sector is still overloaded with changes, and this affects their time/energy/budget for staff training. The ECE sector finds it hard to keep up with the cost increases.
- A lot more people calling for our services
- People not spending. People who are quite negative.

Engineering

- 2025 has been a tough year for residential construction, but it's finally over. Hoping for a strong recovery in 2026.
- Far too much race to the bottom by others in the general markets. "price is what you pay but value is what you get" if our clients don't buy into this then they don't remain our clients!
- Government is saying the right things but no action on spend.
- Its improving. 5 good months

Farming & farming services

- Dairy Farming is going well, but restraint is necessary with dark clouds on the payout horizon
- Dairy sector confidence drop is a concern and a lot of customers lacking confidence to make capex decisions
- Steady customer demand. Much improved from Jan-Oct this year
- Rising costs
- Kiwifruit remains strong – poor spring conditions a challenge, but this summer shaping up to be a corker. Recent soft fx will start showing up in future returns as Zespri are able to enter into substantial future fx deals. Everyone on the hunt for good land and water supply – growth
- Competition from large companies, huge cost increases for input costs. Maintaining Profitability in the Arable farming sector.
- Horticulture, Gold kiwifruit – Inflation adjusted profits going down over time as gold tray numbers increase, what a surprise

Financial advice/wealth management

- Despite recent lowering of interest rates the market is very much immune to respond positively. The interest rate will begin to rise which is a concern to client.
- With interest rate falls, more new lump sum money is coming through.
- Uncertainty seems to be the order of the day. Clients are sensitive to the geopolitical issues out there and also the uncertainty around the General Election next year.

Health

- Not being able to maintain previous profitability and being able to adjust prices due to competition and risk of pricing ourselves out of the market.
- A period of low demand for the first quarter of 2026.
- We having increased our digital marketing budget to increase sales growth. We still think people are reluctant to open their wallets, but hope our own marketing investment and the “green shoots” prove real and grow new customers.

Information technology

- AI is exponentially changing the playing field
- Increased interest in investing in automation and AI development. Still not seeing a lot of businesses prepared to commit to spending money yet however
- 2026 is Election year and this is starting to come up in more conversations. The risk of a leftwing government getting back in is stopping development of big projects especially around compliance and tax changes. We need stability.
- Businesses are enquiring about buying services but not sure if this is genuine or tire kicking.
- Customers anxious to have competitive digital services
- A lot of competition changing in the ERP space causing confusion and mixed messaging in the market. More businesses looking to upgrade or replace their systems, especially with Cloud and AI enabled solutions.

Insurance

- Plenty of demand. Timely Compliance is the biggest issue.
- Commercial markets remain soft due to excess global capacity and period of low claims from natural events

Legal

- AI is massively changing client expectations, so we need to look hard at what we are actually selling.
- Wage cost pressure still prevalent, increasing prices to maintain profit levels. Customer demand for legal services uncertain in year ahead with forward demand tied to whether economic conditions continue to improve.
- More interest but still the same level of commitment
- Uncertainty as to the impact of AI on the services industry.

Manufacturing (all categories)

- We smashed our November 2025 budget, for the first time in three years!
- Lack of demand and reduced employment
- Sales into export focused industries have improved.
- We are seeing an uplift in the dairy service companies who we mould for. We will hopefully see a lift in other sectors mid-late 2026
- Grateful to be a supplier to the New Zealand dairy industry
- Strong improvement over the last few months. RB rate cut sparked an upturn.
- The number of orders we’re receiving haven’t changed, but the value and size of orders is increasing. Consumers are starting to spend more
- Cautious positivity for 2026 as far as the market goes, although concern in almost every area as to local council ridiculous compliance and over the top bureaucracy. Relief with Govt RMA reform, but serious concern should be if the Greens ever have a seat in govt again.
- Low NZ dollar affecting base cost of materials and no real option to avoid this by sourcing locally. Work/Life balance of staff becoming more important but at the end of the day this often means reduced productivity for a manufacturer (it is what it is)
- Manufacturing building products, 80% export. Finally seeing a lift in sales, just a few % but after being flat for so long it is a welcome change. Shifting our medium/long term planning to position for improving the world economy as when our customers decide to restock it will quickly flip to additional orders and there is not much spare capacity left in the market after all the restructuring and closures.
- Farmers holding off spending money.
- An increase in incoming orders, and likewise with enquiries for new projects; hopefully early signs of business improving.
- Christchurch based manufacturer supplying supermarkets and other retail outlets South Island wide. Very busy, struggling to keep up with demand. Should have employed more staff three months ago when we had the time. Experiencing record sales which is exciting but feeling burnt out already!
- Clients clearly still under pressure with the inevitable expectations to assist being passed down the line.
- Better but a very slow ramp up. Next year definitely is looking better, pipeline filling up, but need to remember that it’s an election year which could screw the third and fourth quarters...
- Staff wanting to work part time.
- Huge opportunity for expansion
- Everyone appears to be waiting for a silver bullet. Businesses need to innovate during slow times and continue to optimise their operations to become more efficient and increase productivity.
- Increased sales compared with 12 months ago. Most of the year’s sales were behind last years but November was an increase for the first time this year.

Miscellaneous

- Architecture – Still very flat. Waiting for clients to commit.
- Architecture – Slow demand for private house alterations
- Electrical & Security Contractors – Opposition pricing too low, but that's fine, as someone has to be at the bottom of the chain. We have carved a niche market for ourselves and will stay there, with planned growth for the next year and more.
- Gelato artisan made – Our artisan product is for a Summer market, with very high COGS – We are not profitable over the winter. Recently there has arisen increased competition in the market segment, which is now very crowded given the current economic outlook.
- Immigration Advice – Licensed Immigration Adviser – The immigration sector is seeing increased competition leading to change in outlook of existing competitors, specially towards pricing and professional fees. Demand continues to slow down from the euphoric highs of 2022 and 2023.
- Importing and wholesaling – There is a growing demand for better end apparel and women's fashion particularly. We will be looking to offer new labels to the NZ and Australian domestic markets. Confidence is improving.
- Miscellaneous – Still very quiet with discretionary spending with all customers. Capex release is very slow or on hold. Quoting is busy but turning that into orders is on hold everywhere still
- Not for profit – People are still wanting to be generous and donate. But given the continued squeeze on household expenses, they are getting more creative with donations that don't translate into cash. We are grateful for the physical contributions that alleviate some of our running costs. But we find our limited cash resources have to stretch further and further across wages, building costs, compliance costs. I'm also concerned that our cash constraints and not being able to find good staff means that our great staff will leave for greener pastures after years of doing it tough.
- Plumbing gas fitting drain laying – Quotes coming back from a year ago for repricing/acceptance. When we see a crane up in Wellington, we will feel some assurance that things are moving.
- Rural real estate – Buyers are very careful when thinking of buying

Motor vehicle sales/parts

- Good, qualified technicians are hard to find
- Some people no longer have the spare capital to spend additional money enhancing & servicing their vehicles.

Property valuation

- We are seeing a continued emphasis on cost control, even in cases where debt servicing costs have eased and revenue is stable or growing. This cautious approach reflects an underlying lack of confidence in a strong economic recovery with many businesses we work with still uncertain about when conditions will significantly improve.
- Struggling to find qualified, experienced staff to fill vacancies left by retiring or resigning staff. Our specialist average age is getting older.

Recruitment

- There has been a recent but slight uptick in recruitment activity which may be an indicator of better times to come – fingers crossed.
- Generally feeling optimistic about the job market in 2026.

Residential construction incl. section development

- Land development – General tide change around people's willingness to buy new residential housing. Its the cheapest we've ever seen it, but the buyers don't exist.
- Increased enquiry for new builds, though we'll need to see how early 2026 unfolds before we can discuss whether this reflects a positive shift.
- We are in Flooring – so last cab off the rank with new builds. We have really felt the builder market slowdown in the last 12 months but are seeing good numbers of quote requests for this sector. In general, it does feel like there is a lot more positivity out there and we are getting more return customers for refurb ready to now do the work we quoted for up to 18 months ago.
- Improved interest but concerned its just not the Xmas fever
- Confidence is improving
- Lack of infrastructure from government, making clients uncomfortable
- Very few forward bookings and lots of very small jobs
- Building merchant, rural supplies going well residential still very patchy
- Uptick in construction Mangawhai
- Feels like general conversation is more positive but with election year it could still see some headwinds
- Busy in Selwyn
- Business not knowing their true cost and doing poor work to achieve the visual result but not fit for long run
- Resi construction, generating new business enquiry is still our main focus, almost all potentials are just thinking about building, however, I had 2 new leads contact me in one week last week, which hasn't happened for a very very long time, again, both in no hurry, but is this a sign?
- Some recent improvement in activity but ongoing market challenges with margins tight
- Seeing a mild, but still patchy recovery in Wellington residential construction. But it is from a very low bar, and so we are still at a point where it restores us to a small profit position from a breakeven to loss position where it has sat for much of this calendar year. The last 12 months have been the worst-performing years on record. To see things picking up a little is a welcome relief. I expect things over the next economic cycle to be subdued compared to the heights of the previous one. Happy to be proven wrong on that one!

- Need to see customer confidence returning
- Subdivision development – Reduced revenue and profitability from not having started new developments during the last three/four years while residential housing has been in recession.

Residential real estate

- Market is still stagnant despite drop in OCR.
- Slow decision making- hesitancy to buy and sell
- The glut of rental property will accelerate our plans to divest a large portion of our residential holdings (circa $12m) as the returns are no longer available for a viable business. Monies to be reinvested elsewhere.
- I am in residential/ lifestyle real estate sales and marketing. We are still seeing significant buyer interest in the greater Christchurch area. I am based in Rangiora (Waimakariri District).
- Approx. 25% of our buyers are from outside Canterbury.
- Listing numbers are as high as I have seen in recent years, and we are now seeing an increase in sale transactions, since October.
- We are expecting to see an increase in values, I estimate these will rise by 5-10 % in the next 12 months.
- Vendors losing money when they sell as purchased when the market was high
- Increased interest in acquiring a property, people have been saving for a long time and now the commentary seems to be the interest rates are as long as they like you to go so, they are confident in taking that step to purchase their first home
- Here on the Coastal Strip of The Mount & Papamoa, the market is very active with lots of sales and even more stock coming on board. Good properties are being snapped up whilst buyers ignore seemingly poorly presented and possibly overpriced or 'over-quoted' (Auction) properties. Those Vendors selling are likely to be those 'listening' to the market!
- In real estate, we expect to see more volume of sales as vendors in our area (Central) begin to accept the market value of their property.
- The gap between the price a seller wishes to achieve, and a purchaser wishes to pay remains a hurdle.
- More inquiry, prices beginning to rise as are sales volumes. The market has turned.
- Sellers and buyers seem to be less committed to engaging. Many have adopted a wait and see what happens in 2026 approach.
- Steady improvement expected in our industry over the next couple of years
- A lot of people moving to Australia. Poor outlook in the export markets.
- Lack of buyers
- Still a buyer's market. Heaps of open home attendees, not many putting pen to paper.
- An increase in buyer interest.
- Buyers disengaging quickly and often just researching for 2-5 years in advance. Apartment sales very difficult to achieve
- Number of listings increasing but prices still not rising.
- Becoming very busy with people more relaxed and ready to make a buying decision.
- The beginning of an upturn in activity.

Residential rentals/Investment

- Lack of quality tenants, higher vacancy rates, lower rental rates
- Property investment – it comes down to the interest rate cycle, re-financed our entire portfolio in April and this made a huge difference. First time I'd ever considered re-financing multiple properties (over 10). Banks became more flexible in their approach once they saw us moving. Especially the split we have between commercial and residential rates which wasn't negotiable 2/3 years ago however in April the banks were prepared to talk, especially when they saw they'd be losing business.
- Oversupply of houses, and office space
- Property maintenance costs are still increasing significantly. Healthy Homes has had an ongoing impact on my costs. Rents need to rise to cover these costs.
- Clients becoming increasingly demanding and expecting support beyond the scope of our service agreements
- Residential Landlord – market has changed- good tenants harder to find, and keep
- True cost too high
- Lack of suitable tenants. Rate, insurance and maintenance expenses
- Wellington Hutt Valley residential rentals: I think the market bottom is in, but the economic fundamentals needed for a recovery will take a long time – I think the improvement in 2026 will be a lot more gradual than some might think based on headlines.
- Outlook positive but real gains yet to materialise
- Almost impossible to expand and account for so many potential operational risks. Potential risks indicate selling down to reduce portfolio size is prudent, yet sitting on land that was to have multiple new rental dwellings added. How do you practically move forward faced with reduced tenant demand, deteriorating quality of tenants, imbalance between bond and cost of damages / arrears, exploding rates and insurance costs, new LWDW rates (not doubt overall the annual rates burden will be higher), deficient insurance payouts (so many typical instances result if no or poor payouts), high construction costs relative to rent, risk of Labour or a left coalition getting in with interest non-deduction and anti-landlord legislation, and likely reduced value increases. Property is a great leveraged investment if have capital gain on top of good cashflow. Ruin the cashflow with interest limitation and hit diminished capital gain with tax, and other options look much more attractive. One thing is sure – we won't be investing realised property equity in NZ businesses. Perhaps exempt property in Queenstown, but more likely just bullion in a vault and offshore stocks, bonds, etc.

- Opportunity arising for hard working owner operators. Those not willing to engage falling by the wayside
- Things will get better around the country, even in Wellington.
- My main concern is regulation around rentals. Biggest risk I see is a labour victory next year and the subsequent removal of interest deductibility and more anti landlord policies.

Retailing

- Recovering sales volumes and ongoing increment in the purchasing of capital items.
- Apparel retail sales stable at last year's dire levels. Suspect any improvements being dampened down by Shein and Temu and other offshore online retail.
- 2026 Election. If National, Act and NZ First win then good for business. Otherwise we sell and migrate
- I deal mainly with trade painters – they have noticed a huge increase in confirmed bookings and future bookings through to winter 2026
- Business steady. People haven't locked in their long term mortgages, so until that happens en masse, we will just see a very very slow up tick
- Continuing to post record revenues & strong profits. Any threat to our excellent, & record, international customer flows is a concern.

Shipping, transport, storage & distribution

- Very tight and tough out there. Less expendable money and more bad debts. Or people just going out of business as costs too high and lower margins.
- Input costs are increasing, service levels are decreasing across all levels of transport
- In NZ 2026 looks same as 2025 but global tensions/issues are building, and possibility of negative impacts is rising fast
- Customers more questioning the costs and with AI comparing costs and last xx invoices.

Tourism & accommodation

- Too many changes by Government that are not logically presented.
- A lack of confidence in believing the economy may or should be or is improving
- This summer's weather will be key on its impact on our industry's ability to earn in what is our peak season. No cyclones would be helpful. On the backs of Covid years, Coromandel cyclones and subsequent road closures and the downturn in economy – businesses here are just hanging in. We all need a good summer!
- Some increase in demand but still well below level of 2 years ago

Wholesale

- No uplift anywhere. still slow and steady.
- Still slow customer demand

Disclaimer

This publication is written by Tony Alexander, independent economist.
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