Mint Design

Business Insights

Disappointment at the upturn so far

with Tony Alexander

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Signs of a slow recovery

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. 401 people replied from a wide variety of sectors this month. The aim is to gain real time insights into what is happening in various sectors with respondents choosing whether to focus on customer flows, pricing and cost pressures, expansion plans, and so on – whatever they consider to be the most important developments.

Key results from this month's survey include the following:

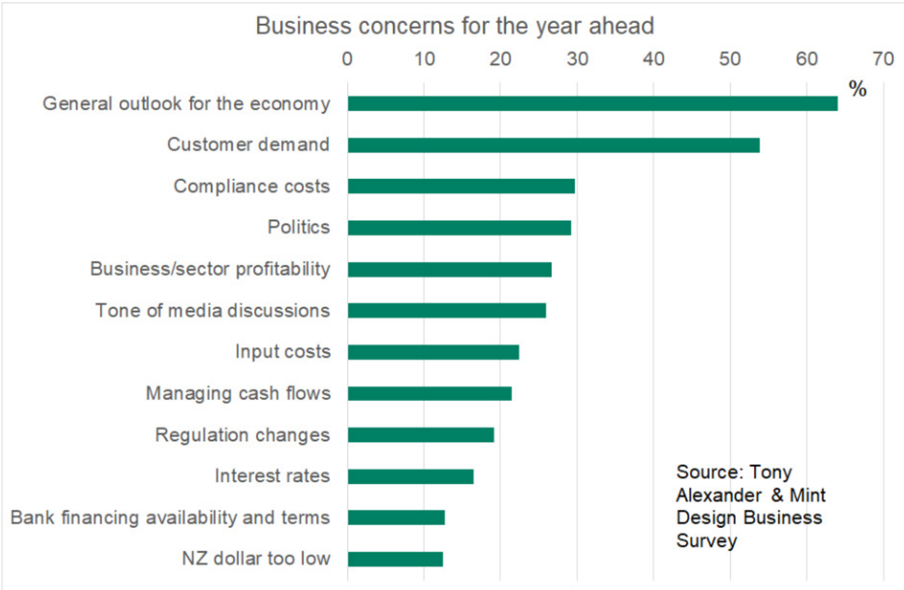
- While a number of businesses have noted some improvement in activity recently, the majority continue to feel conditions are tight and that strength in their margins remains some months or quarters away.
- There is an easing trend in the net proportion of businesses who say they will cut prices or not raise them as margins remain tight and costs continue to rise.
- Concerns are growing about the state of politics in New Zealand alongside the deterioration in the global outlook. These concerns perhaps help explain a lack of strength as yet in the trend towards higher business investment.

Tony Alexander
Independent Economist

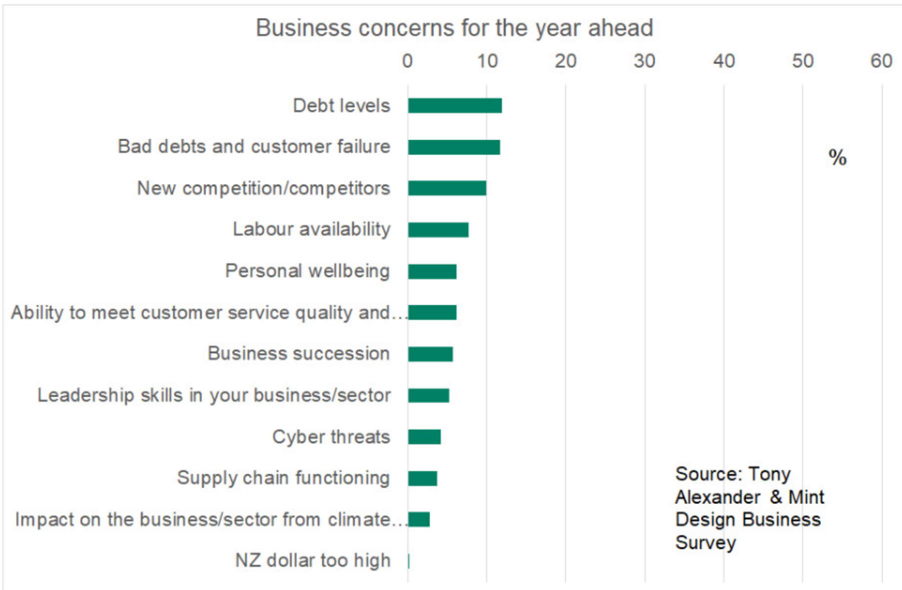
What concerns you most for the year ahead?

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 top three concerns are the state of the economy, customer demand, and compliance costs. Written comments submitted by respondents back up these statistical results with a strong general feeling that if an economic recovery is underway, it is very muted.

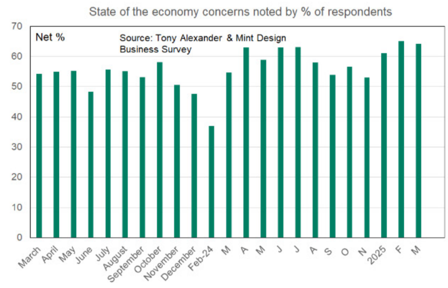


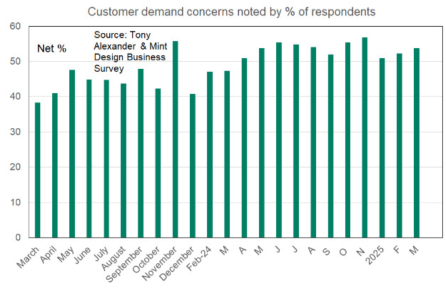
As has long been the case business respondents have few concerns about climate change.



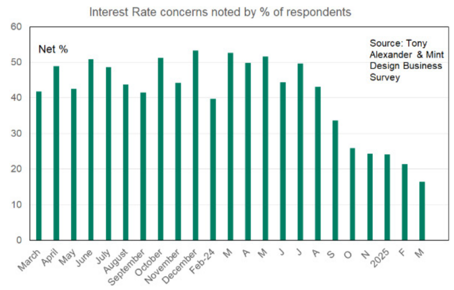
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

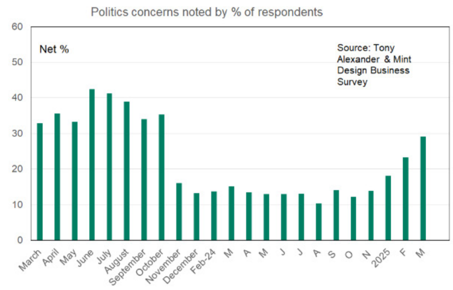
Concerns about the state of the economy have trended upward since the end of last year. The most noticeable thing is a lack of reduction in this area of concern since the easing of monetary policy in August last year. Customer concerns have also risen since November and again the absence of improvement since the official cash rate started falling is telling.



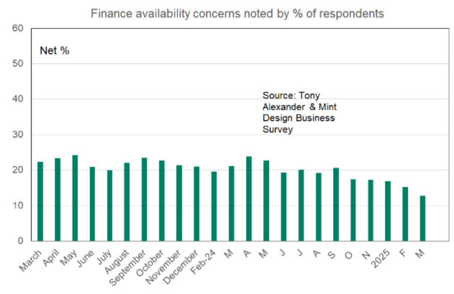


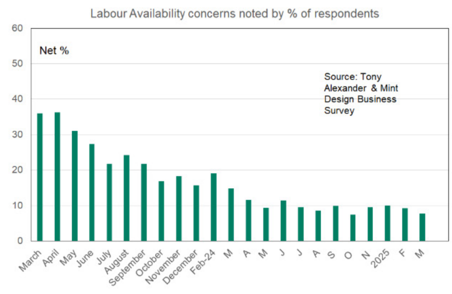
Concerns about interest rates have been falling since August. But since November worries about the state of politics have been increasing and perhaps this is being captured in recent political opinion polls.



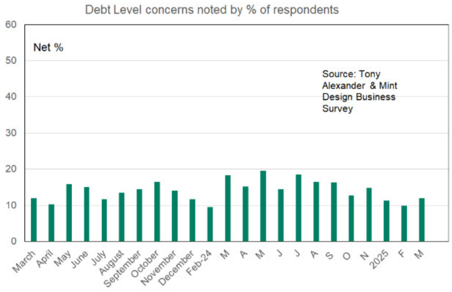


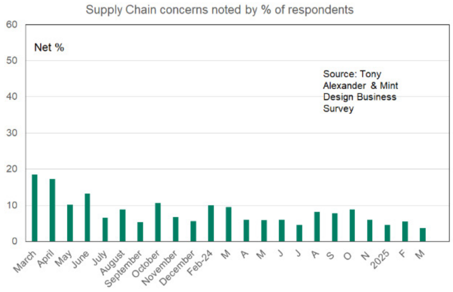
While there is a focus on moves that some believe may improve the flow of finance to the business sector, this is decreasingly viewed as an area of concern by those who may do the actual borrowing. Often, the issues of finance and capital availability are red herrings which cover up the true causes of business failure to grow. Labour availability is viewed as not a major area of concern and many respondents noted a high flow of CVs in the market.



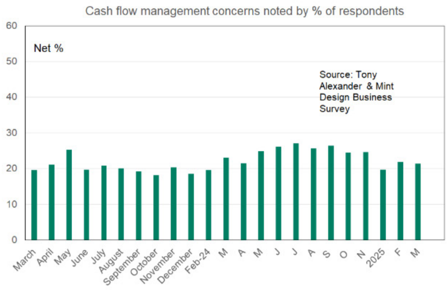


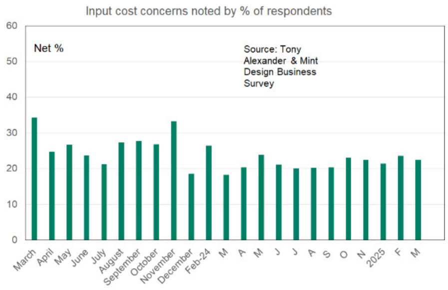
Neither debt levels nor supply chains rate as high concerns at the moment.



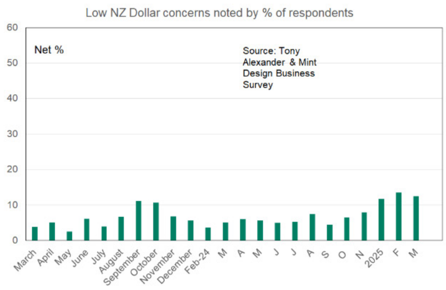


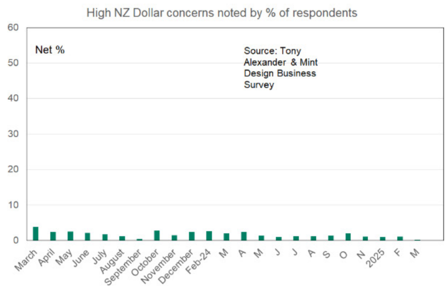
Concerns about cash flow management have yet to show any strong improvement and perhaps change here cannot occur until consumer spending is a lot more robust. Similarly, and worrying from an inflation down the track point of view, concerns about input costs have undergone no decisive move downward.





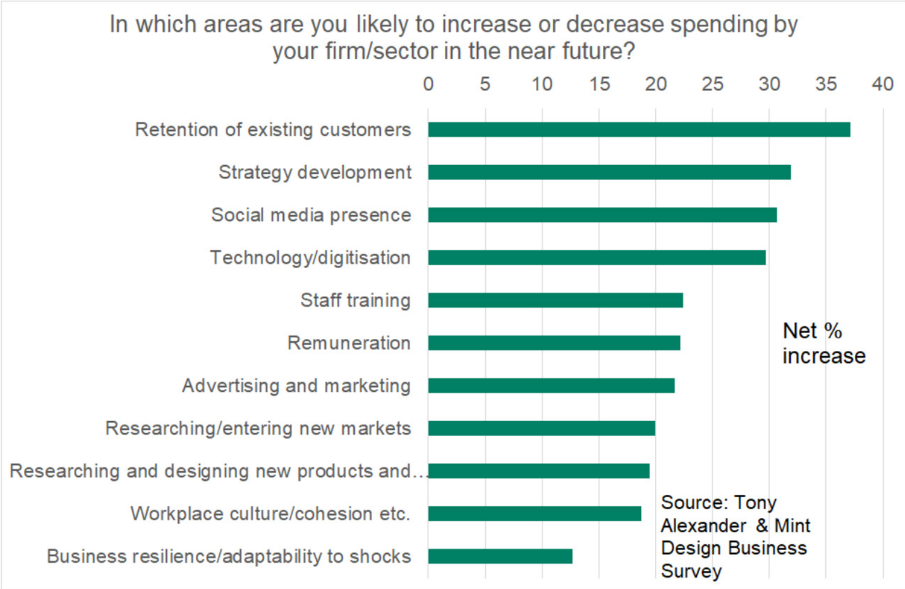
As noted in our reports over the past few months, there has been a rise in feelings that the NZ dollar is too low. Hardly any respondent feels the NZD is too high.



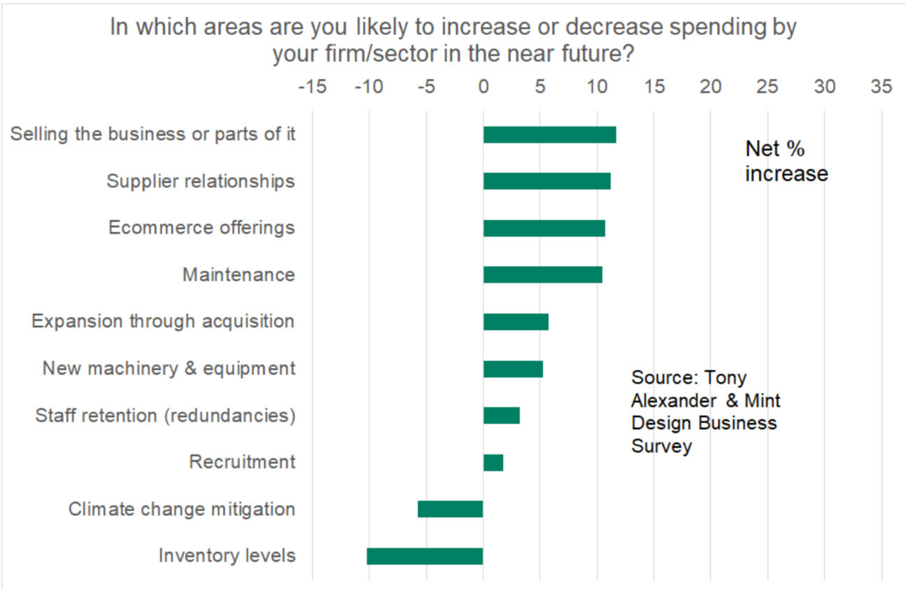


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

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 three top areas of spending intentions are retaining existing customers, development of strategy, and social media policy.

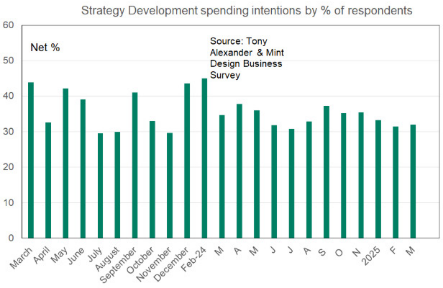


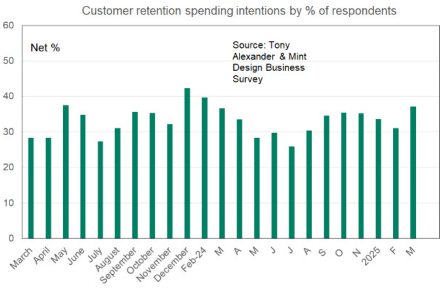
Businesses still feel such little confidence in the future that they intend to cut back inventory levels.



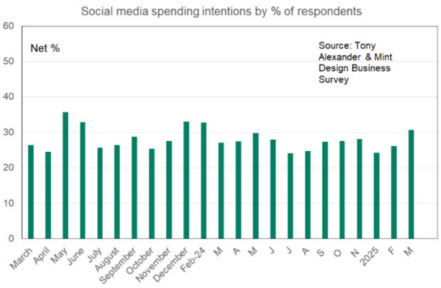
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

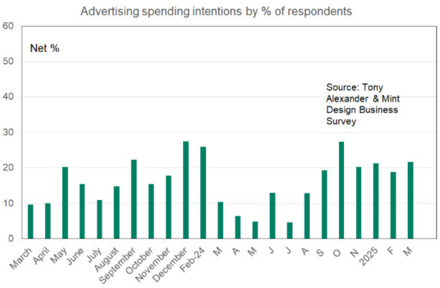
As always businesses overwhelmingly plan to focus on development of their strategy – something which is difficult to do as the outlook for the global trading environment becomes more uncertain and the domestic economy fails to respond much as yet to lower interest rates. Of note this month is a jump in plans to spend on retaining existing customers as opposed to finding new ones. Were businesses truly confident about strength in their market this would be unlikely to occur.



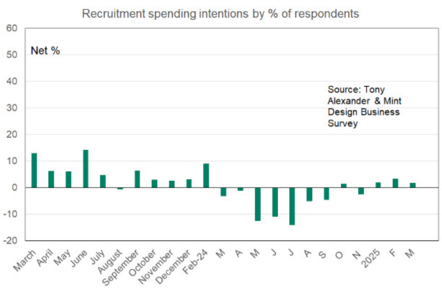


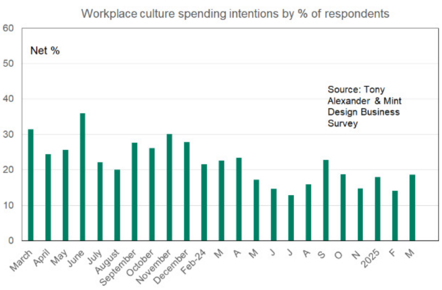
More businesses plan boosting spending on their social media presence. Of recent times there has been an increasing discussion in media for instance of how social media is used to promote tourism around the country. Intentions of spending on advertising generally rose firmly once monetary policy started easing in August 2024. But businesses in the sector note a lot of caution as yet.



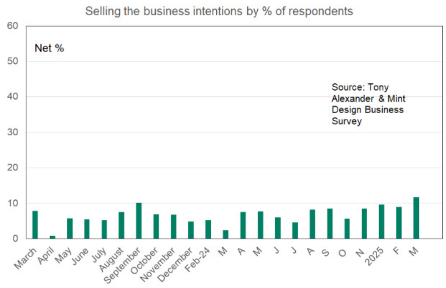


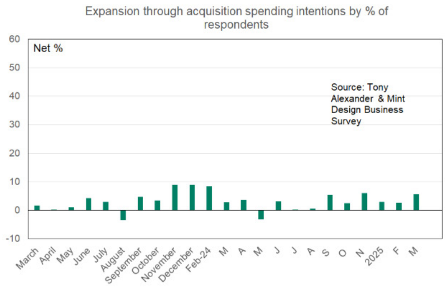
Spending on recruitment is receiving little explicit focus currently and that is understandable in light of a number of respondents noting their particular sector is awash with people looking for work. For the moment there is no fresh trend up or down in plans for spending on issues of workplace culture. Most respondents will I believe view this as referring to the traditional concept of workplace culture as opposed to the increasingly contentious area of DEI etc.



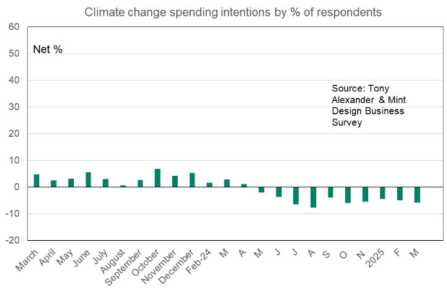


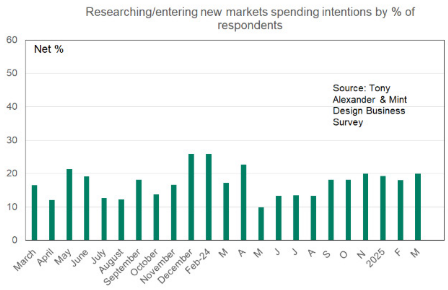
It is worth noting the upward trend in the proportion of businesses thinking about selling their business. That may be hard to do when there is little evidence of a lift in business plans to expand through acquisition.



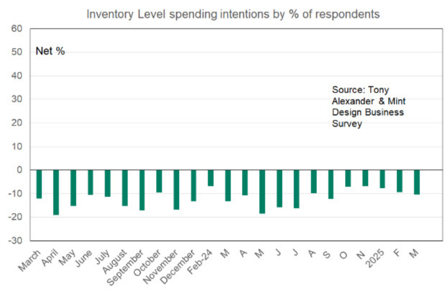


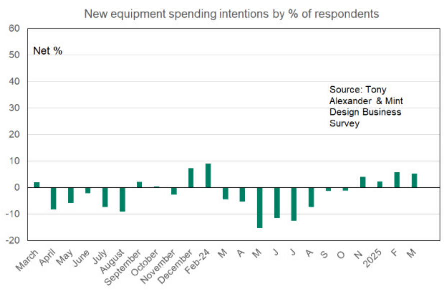
Climate change as a focus is moving more and more to the end of the queue. Entering new markets took a lift in planned spending terms following the easing of monetary policy.





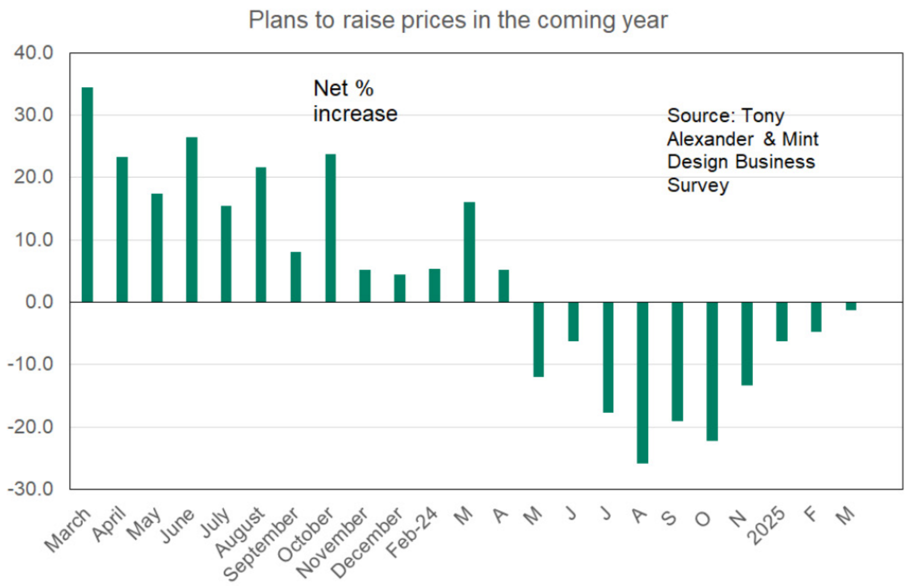
Finally, while businesses say they plan to cut inventory levels still, thankfully plans for investing in new equipment etc. are positive – but only just.





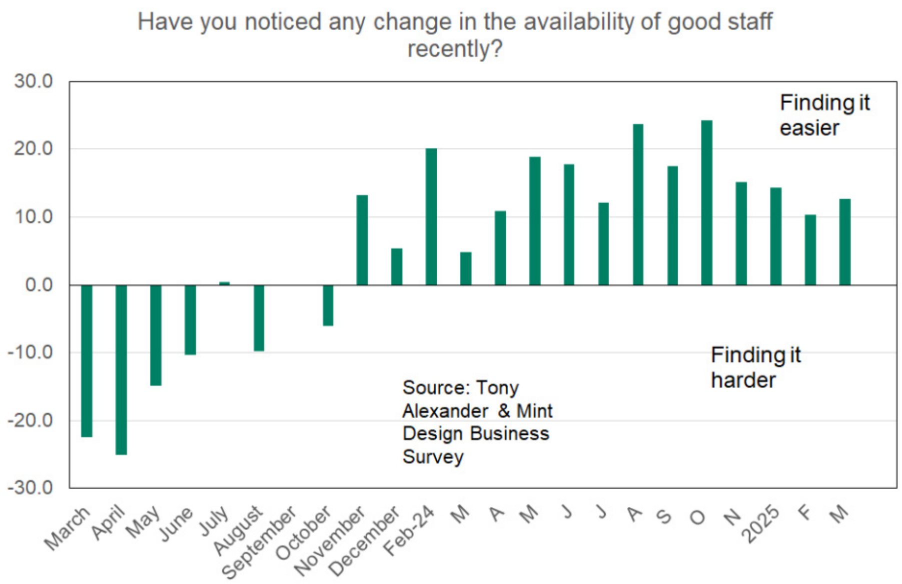
Are you planning on increasing your prices for any of your products or services this year?

A net 2% of our survey respondents plan either cutting or not raising their prices in the coming year. This sounds positive. However, this proportion has been easing since the month when monetary policy was first eased. Comments from businesses indicate that their margins are still being squeezed. The risks of an early cyclical rise in inflation to follow the eventual cyclical rise in economic activity remain present.



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

As has been the case since the latter part of 2023, many more businesses consider finding good staff to be easy than hard as they watch the unemployment rate rise and receive many job applications even when not seeking anyone.

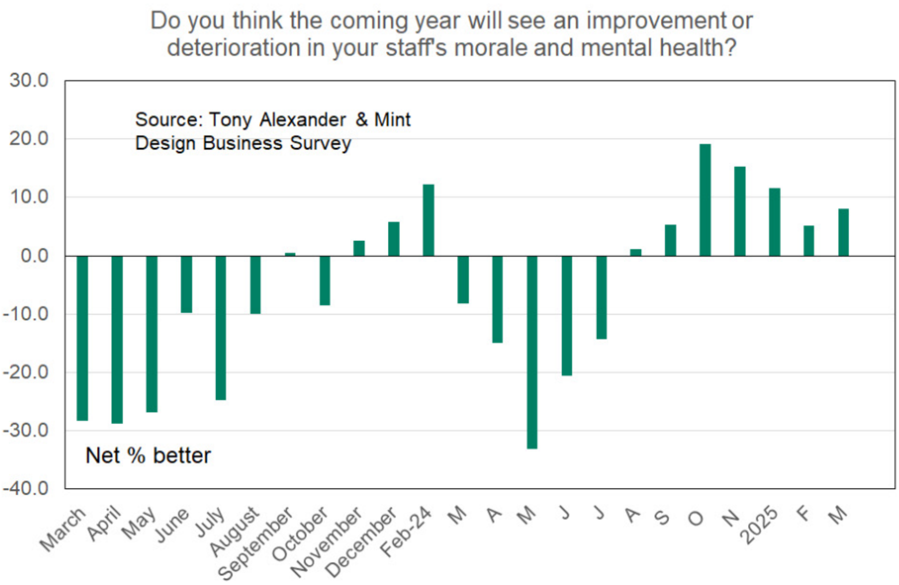


In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

A net 47% of businesses expect their revenue levels to improve in the coming year. This result is consistent with others since late last year. Comments submitted by respondents also indicate expectations that the future will be better.

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

Since interest rates began cyclically falling businesses have been saying that they expect improvement in staff morale. Presumably this view is based on expectations of reduced stress for those with or seeking mortgages and hopes of better economic times. But it is noteworthy that sentiment recorded with this measure has deteriorated since the peak in October.



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.

- There is a general view that things will improve later this year but at the moment conditions remain very challenging.
- Many respondents are disappointed at the current state of the economy and politics and fearful of what may happen internationally.
- The construction sector still looks weak and problems with central government workstreams and compliance costs of councils remain.
- There are noticeably few comments about stimulus to the economy flowing from easing monetary policy.

Accounting & business advisory services incl. business broking

- We are snowed under with work & could do with changing staff to more knowledgeable ones in some positions.
- Speaking from a Business Advisor perspective, we are seeing productivity being held up constantly by compliance, such as waiting for consent sign-off particularly in Construction and Civil sectors.
- Trying to retire.
- Indecision very evident due to general lack of business confidence & absence of leadership from Government.
- Treading water, waiting for a sustained uptick in the economy & political stability!
- The increased use of AI for our business and our customers. Creating efficiencies with communication and solving problems. Also highlights the importance of 'being human' and nurturing relationships.
- Clients continue to treat revenue aspirations, at least till 3Q 25/26, with doubt and are holding back on growth/hiring/capital spend. Now treating cashflow management as king- at last!
- Low revenue but high employment costs.
- Overall going pretty steady. Some signs of pressure, but mostly being sustained. Not all the way back to pre-Covid.
- Receiverships and Liquidations on the rise.
- Uncertainty from offshore is a real concern, causing clients and their customers to take a defensive approach to investment and expenditure generally. NZ is also very flat, the exodus to Aus is not helping.
- Getting approached by numerous people looking for jobs (Accounting sector) - none available. The client's financial performance is declining or flat. Continuing to reduce expenditure and hang on to staff for now.
- Small chartered accountant Auckland - Very mixed bag of client results. Quality seems to be the key to success. Building and retail are struggling.
- Lots of change with AI and automation which I welcome, many businesses are too slow to move here, and I believe this will impact their survival.
- A reluctance to adopt the new normal - slower growth and therefore a slower recovery in trading conditions. As their advisor I am telling them to look at 2025 as another year where survival rather than revival will rule.
- Hard to be positive with so many clients facing deteriorating profitability and still seeing businesses going to the wall.
- Anxiety/uncertainty about the economic outlook; concerns about the ability of consumers to spend.

Advertising & marketing

- Still really tough out there for many sectors. Seems to be a greater level of pessimism and uncertainty than optimism amongst clients.
- There are a lot of new startup competitors in our market which seems as a result of redundancies in marketing departments and other agencies that aren't doing well.
- Increased volume of young entrepreneurs with potential innovative start-up businesses.
- We are noticing things seem to be loosening up in the demand for video marketing.

Banking and Finance

- Merge of business. Consultation within business to cut costs, staff morale at all time lows.
- Expanding our services to wider audience

Cafes, bars, and restaurants

- Overall consumer spending ability as a result of mortgage rates.
- Very strong competitive pressure - share swap but with lower investment in market growth.
- Costs are up and we can't pass it on to customers and it is getting harder and harder.

- People are not spending on discretionary items like meals out or going to the local bars and restaurants.
- Turnover seems to have bottomed out. Hopefully.
- Stronger demand. Tourism and international students are more visible. Good weather helps too.

Civil construction/infrastructure

- Very quiet, lots of operators pricing tenders and if you get one or two it's ok, but if you miss, then there isn't much other work to pick up. I think people are choosing to give up margin to stay in business and keep staff on at the moment so they can be there for when things pick up. Optimists are saying it will pick up in Sept which feels optimistic.
- We are still seeing spending on infrastructure and large projects being delayed. 2025 is expected to be much like 2024 and everyone just seems to be holding on until things improve in 2026.
- Lack of governmental leadership with regard to work pipelines and long-term planning.

Commercial construction

- Slow recovery from a very deep economic slowdown. Some suppliers' pricing is ridiculously low and unsustainable - just have to wait for this business to return to market, which it inevitably will.
- Nelson is on the up, Auckland is crippled.
- Everything is price driven despite customers wanting value for money - more competition for less work.
- Very tough market with competitors pricing at our cost. To compete we need to find a way to lower our costs.
- A lot of projects are still getting delayed or cancelled in the short term, but the pipeline for the 2nd half of the year is starting to improve.
- Not viable to construct any kind of quality product. Everyone wants top quality but not pay for it. Businesses just can't pay higher rents to cover costs. Real problem in such low productivity country
- Lack of ongoing work in the commercial construction industry is a problem. There needs to be agreement between political parties for a 5-10 plan for infrastructure so there is a stable pipeline and not the boom and bust which is not good for anyone.
- We are a farm building manufacturing business. Dairy-sector clients have been more positive of late with more quotes being requested and being accepted. Other sectors are still a little flat. We are still seeing price-rise pressures coming from compliance, local and import transportation, insurances and construction labour related costs. We are doing our best to keep our products' prices stable but have had to accept a tighter margin to do so. This will work in the short to medium term - but if sales do not grow the lower margin plan is not a long-term option.
- Commercial Construction is back, with strong inquiry and clients eager to commit now and make the most of low prices.
- We are working harder on all aspects of our business and hustling for sales which is proving effective. I am disappointed with the current government's performance, and I voted for them.
- Commercial Architecture: We were unexpectedly busy at the end of last year and that has rolled over to the start of this year. We have a number of proposals out there from a higher number of inquiries which is close to converting to good projects. Definitely needing to hustle and guide clients to making decisions.
- Very competitive market, low margins needed to win tenders. Expect this to be the case for some time until there are less firms in the race. Tough times ahead for those without capital readily to hand. Can't see that lower interest rates will make much difference in the next 24 months. Could be some acquisition opportunities ahead
- Tepid growth prospects. Survive to 2027.
- Health and Safety Compliance Costs.
- Tendering is still active but competitiveness is intense. Concerns there could be pricing submitted below sustainable levels to buy capacity/work.
- Hard finding quality staff at the right levels as we operate regionally.
- Still very quiet and lots of competition for jobs.
- Still tough. Improving, but still extremely patchy.

Commercial real estate

- The silence at times is deafening!
- Lack of confidence in the economy.
- With interest rates coming down Commercial developers are starting to plan for the upswing.
- Financial hardship and low business activity
- Retail tenants are all struggling and concerned with rates and insurance cost increases.
- Food premises have onerous compliance costs and labour costs are too high.
- Commercial owner-occupiers are still quite strong in the market. Investors are returning but are still reasonably cautious, concentrating on the strength of the lease covenants and the resilience of the tenant's business. Developers are starting to eye up their next projects in order to get through planning, construction and release just in time for the market to be ready to need it.
- Viability of tenants who are tenants in commercial leased property.
- Get the economy moving and transactions on the up with development increasing.

- Geo-political impacts on business are at a historical high, unpredictability seems to be the new watch word. We are potentially entering an era of a total re-balance in the western alliance and free trade and the implications are impossible to predict.
- The uncertainty of where we are going, globally, nationally and locally. There is no long term vision at any level that encourages me to invest more.
- There has been an increase in activity in the market. People are starting to realise the current conditions are the new norm with interest rates near the bottom, so people are making better informed decisions based on this stability.

Education and training

- Childcare is not immune to general economic conditions. Unemployment in government sectors in particular and general cost of living is impacting on needs for early children education
- Many people enquiring are not committing. They say they don't have the spare funds.
- Early Education sector - biggest pain is the appallingly set up pay parity structure.
- Uncertainty due to looming regulatory changes to vocational education.
- Parents looking for work to afford fees, parents prioritising fees.
- A number of staff issues recently resolved affected staff morale and moving forward the hope is to expand the business by opening another site or centre.
- Increase in overseas students but drop in retaining domestic students with increased drop out rate possibly due to cost of living conditions with students finding it difficult to survive financially through work/loans.
- Concerningly slow pull back on former Govt mandated indoctrination of teachers at all levels of Education sector. Continuing lack of focus on robust education and resilience training for kids in preparation for adult life in the real World of optimal productivity and self sufficiency.
- Increased demands (curriculum, compliance) impacting on already stretched staff. Something is going to give.

Engineering

- Residential building design. Still a low number of jobs.
- Everyone is holding back on projects. Regulation and red tape are costing the country too much.
- Shackles are starting to come loose - too much time and money being tied up in red tape in the property industry. Hard to get any momentum when you are currently swimming against a tide of public bureaucracy. Small little things you would have never even considered in the past, get blown up into massive issues - i.e. an arborist worried about thrusting near a root zone of a 20 year old tree holding up site progress for months and months and have dozens of people needing to waste their time through a process. The tree is going to be fine every day of the week. Examples like these are at every turn in every department in the public sector; but especially the T/As, and I don't think they understand they are strangling progress in metro areas. The money and energy required to do what we were doing 10 years ago is out the gate and it's not providing better outcomes – in fact it is providing compromised outcomes.
- We need to get the economy moving to ensure money goes around. We need big projects to be greenlit to give confidence that we are coming out of the mire.
- Plenty of work out there. Clients taking their time to commit. If even half of our proposals and leads turn into work, we will likely have delivery issues.
- Declining productivity and rising costs to do business are putting pressure on the profitability of the business.

Facilities Management

- Facilities Management - A mentality that something should be offered at a discount or a discount demanded even without any previous relationship or loyalty.

Farming & farming services

- Definitely a feeling of the unknown with the developing tariffs and trade wars around the world. Interested offshore markets are keen but sitting on their hands and afraid to commit.
- A lack of central government direction/policy and globally a more uncertain world.
- We are Kiwifruit growers, and most growers have had a good growing season and appear to be feeling quite positive.
- Dairy Farming is looking really positive. At last a chance to pay off some debt and catch up on deferred maintenance. Input costs are very challenging as suppliers ramp up their prices.
- Eye watering Input costs. Drought affecting production
- The dairy sector and beef are seeing an upturn, but drought is causing stress - a lot of equipment has not been maintained creating cost pressure.
- Horticulture - We are a plant seedling nursery that supplies mostly wholesale nurseries. Everyone is saying they are very quiet, and indent orders are considerably less than the previous two years. Horticultural supply companies and freight companies are saying they are very quiet too, with landscapers also having jobs cancelled on them so they're cancelling plant contracts. No real signs for optimism for 2025 so far unfortunately.

- Vineyard - As a grape grower we are seeing foreign wines "dumped" on the market which we cannot afford to even compete with. xxx to whom we supply grapes are decreasing their stocks dramatically as have a lot of wine left - in vats & bottled as not selling.
- Wine - Biggest concern is the volatility and dropping consumer confidence of our biggest market, USA. We are currently in an oversupply situation; we work through this in time. But obviously the risk of tariffs and dropping customer confidence is something we can't control.

Financial advice/wealth management

- In wealth management, an increase in demand due to market volatility, and presumably the uncertainty of current political and economic conditions.
- Just overall increase and complexity in compliance.
- Clients sitting tight on their investments/savings/term deposits. Consumer sentiment weighing on changes.
- Hard to retain good staff. The financial environment is pretty chaotic at present. General confidence is low.

Forestry

- Increasing regulatory pressure from council.

Health

- Patients wanting to reuse their own spectacle frame rather than buying new- particularly retired patients.
- Caregivers being rostered and pressured to work required to work less than three hour shifts with more than one shift in a day without travel compensation. Failure to agree to comply usually resulting in the penalty of no more work being offered. Another matter, sometimes a result of the first point is that some caregivers' failure to turn up to work leaving the career without cares and suffering/distressed. rates of pay are insufficient. agencies are doing a poor job.
- High interest rates and not being able to pass on costs. Hence reduced profits.

Information technology

- Uncertainty about the year ahead due to geopolitical issues, otherwise it was looking positive.
- Projects are on hold, very few companies are starting ew projects.
- Still a tight market out there, not really improvement. There is an industry specific event in October (Windows 10 end of support) which is beginning to drive some activity, but if it weren't for that I'd be expecting a tough next 6 months +.
- Rising input costs are putting the squeeze on sector profitability.
- Customers are slower to pay than ever, I think the business cycle is starting to turn and the danger is this is when people don't have working capital to fund their journey up the other side of the cycle.
- Green shoots and a general set of signals showing an improved year ahead. Items that we quoted a year ago and not ordered are being re-quoted now and conversion rates are improving. A general feeling that customers are starting to "get on with it" as they can't just keep delaying these decisions.
- Business is tough and new customers are difficult to find and close. Global politics is not helping.
- Everyone is conscious of the geopolitical issues which are affecting business sentiment. This uncertainty is slowing or postponing decision making and, assuming most other businesses are the same, that has a flow on effect to everything else in our economy. It seems that people are already thinking will I survive through 25 until we (hopefully) get a fix in 26!
- Grass shoots of optimism are appearing in some businesses I deal with, looking towards 2026 for growth. Concerns about a change in Government in 2026 are worrying some in how they plan long term. RBNZ Governor departure of Orr welcome news!
- Momentum and customer demand.
- Less contractor work with the government.
- Clients want and deserve quality and value, hence critical to delivery this. Enhance relationships, focus to business needs, improved Cyber Security and focus on growth.
- We're still growing through steady stream new clients, and projects as people seek to digitise for productivity increases. Not getting hacked is a major concern, yet still incredible to see companies coming to us who have done nothing/little to adequately protect themselves so far. Many people are still careful/tight with cashflow, some industries a lot more than others.
- Customers still delaying projects due to lack of confidence to spend.
- Challenging market, heavy competition, Competitors driving profitability down, high expectations but a lack of strategic planning will prove costly. People seem numb not driven.
- Reduced opportunity due to government and private sector cost cutting.

Insurance

- Needing to change our mindset from being passive to being far more aggressive to drive our business goals of growth.
- Cyclical pricing for market share commencing.

Legal

- Rising input costs (staff, rates, rent, insurance etc), flat top line revenues squeeze on profits. Customer demand patchy and hard to forecast (sometimes flat out other times quiet). Add on top very uncertain general economic and political environment making forward planning challenging.
- A tendency to just process without thinking.

Manufacturing (all categories)

- Small increase in sales, concern about US trade policies.
- The financial tone of New Zealand has dropped below a line that is retrievable, We are focusing on moving offshore for business and living to be around people who chose to be happy and motivated in life and business as a culture.
- Increase in raw material input costs of 3.90%, and decreased spending by our top customers who provide 80% of all revenues.
- Lack of confidence from customers and sector colleagues. Still pricing a lot with lower conversion rates from previous years.
- We have seen a reduction in demand from Australian sales in Feb and March, is this related to the election uncertainty?
- 2025 started slower than everyone expected - I think lots of our customers had talked themselves into it being a sea-change in the positive direction, in terms of demand for their products / services, thinking that 'survive to '25' would mean things suddenly flipped. Hasn't happened, not happening. Once people get over that and face their current reality, things are looking much more like a slow grind back up. Cash is tight across almost all of our customer set, including the big guys / multi-nationals, who are requesting payment term extensions etc. Expecting things to pick up slowly over the next 2 quarters, with and anticipate that the govts investment plans + projects of national significance will start to turn some wheels in a positive direction too. Mindset is fairly poor nationally as far as we can tell, and it feels like the govt isn't doing enough. Maybe it isn't, or maybe its' just that the levers they have available are slow to drive significant change.
- The drop in orders in unbelievable. Customers have significantly reduced spending.
- Soft demand.
- We're starting to implement some small price increases, almost 2yrs since our last one and we've made some gains in areas like procurement and efficiency which we can share with customers by means of a lower price increase than would otherwise be the case. Overall things are okay.
- So much uncertainty plus Trump.
- Half our business is the tourist sector, and we are seeing slow and steady growth there. More growth needed. The 2019 year was a down year for tourist numbers. 2015 and 2016 were the good years so the direct comparison to 2019 that everyone makes is flawed.
- Continuing to have to rely on budget/value brands to maintain cashflow with return in premium brand sales from improving economic outlook so far minimal.
- A slowdown in building consents coupled with project volatility means forecasting is very difficult.
- We are in the depths of the trough. Everyone saw it coming, now we are all just slogging through it as best we can. There is a glimmer of light at the end of the year for a gentle improvement.
- The increase in behind the scenes costs is as much a worry as always. Does our Government know or react to this?
- Softening demand.
- Green shoots of optimism, however likely to take 6 - 18months to flow through into any significant revenue.
- Growing climate change influence on the industry and client base pushed by the EU. There are big question marks over cc validity.
- Need homeowners to be comfortable in investing in Renovations and improvements, Job security & world events are destabilizing everyone.
- Low level of consumer confidence, Consumer Durable goods of a larger dollar value last in line for purchase, poor demand, cost input increases.
- Main competitors losing money and panicking further reducing industry profits.
- Financial difficulties. Payments problems.
- I am an employee in a large manufacturing company. There are so many office staff drawing a wage and doing? I'm still waiting for the axe to come through and clear the dead wood. I'd be quite keen on redundo!
- People choosing cheaper options.
- Seems to be a slight increase in activity, some new customers, so cautious optimism for a better year than the last.
- Projects taking to long to be actioned, leaving an uncertainty for the next 6 - 8 months.

Miscellaneous

- Arts and Recreation - More competition from low cost gyms which don't deliver. Customer expectations of low cost high quality gyms are unrealistic. The industry is at fault by offering deals to sign you up, and not being able to service you on their reduced income. Race to the bottom. Job advert recently - candidate applications are poor quality, AI generated CV, many without covering letters, the younger generation aren't being prepared for the world of work. Poorly educated generation where no one fails, now think they are entitled to a high paying job with no experience.
- Biosecurity - We rely on Government budget allocations, which are diminishing. So tough times ahead.
- Electrical Contracting - Cash economy/ black market for services in our industry.

- Entertainment - We are seeing a lot of people 25 - 45 moving to Australia or other countries which has been concerning given the large numbers. Our business is still doing well but many of our service providers are struggling.
- Equipment Hire - Lack of government initiative in large spending means industry is on tender hooks with little work on the horizon.
- Export/import, global fresh food trading - Global shipping delays are a challenge. Many offshore markets exhibiting subdued consumer demand. Payments from customers are being dragged out in many markets. General market feeling of uncertainty.
- Importer & wholesaler - Trading remains difficult. Don't anticipate improvement until early next year.
- industrial plant and machinery - Thank God for Australia! NZ market is very quiet and since Christmas has dropped off noticeably. Increasing levels of nonsensical compliance from anything remotely connected with government (national and local) and some large NZ companies, which delays and adds to costs for no real-world gain. Australia, however, is showing good growth and opportunities. We are sending our Kiwi staff over the water to install projects which is offsetting crashing demand here in NZ. It's less bureaucratic now to work for a multinational in Melbourne or Sydney, than a small job in a dockyard / new build/ factory in NZ.
- Landscaping and grounds maintenance - Customers with wealth are spending, anyone relying on bonus/ profit share etc is not.
- Lawn mowing services - The drought resulting in a big drop in demand.
- Publishing – It's highly inconsistent and blows hot and cold. Still seeing a general reluctance/nervousness about spending money. Cashflow is quite challenging - more bad/ aged debtors than we've ever had which speaks to many of our clients literally running on empty. I'm seeing signs of improvement, but they're tentative and maybe based more on optimism than anything else.
- Residential house painting - Clients have more power and are demanding with short notice to do painting work impacting on existing (already booked) jobs.
- Resource Management - Things are still strong generally, but overall business sentiment has reduced significantly with little hope the current Government will deliver on promises or required long terms changes to productivity and cost of regulation.
- Stamp production (stationery), plus laser engraving - Paperless systems are eroding general demand. Aging client base used to these products diminishing. Strong product demand narrowing to a few industries.

Mortgage broking/advisory

- Plenty of demand and we are gaining market share without formal marketing. New bank systems coming in that prioritise the higher performing advisers with faster turnaround times and better access to decision makers.
- Mortgage advice industry is ramping up activity.

Motor vehicle sales/parts

- Very hard out there. Competitors are falling over & customers reducing/delaying spending. Compliance, employment & training costs still unsustainably high. Future uncertain. No ability to increase pricing.
- There are signs of profitable growth as previous excess inventory levels move back towards normal.
- Muted customer demand, waiting for disposable income to increase with interest rate cuts. Increased competition and higher input costs affecting bottom line profitability.
- The carbon trading scheme for automotive wholesalers is starting to bite. Companies with a popular model that are high users of fuel that also do not have a popular small or EV to help offset are starting to react in ways we see when the market is distressed. I will be keeping a close eye on advertised (above and below the line) ex demo cars and the used car market may come a cropper as well. Interesting times, couple that with more new entrants to the market from China than the industry has seen since the 1970's or 1980's and we don't really have a prior model to compare all this with. Fun times!
- Automotive suppliers are running their inventory down, more and more parts are now ex-overseas. This will be costing them trade & money as workshops can also source the same quality components from overseas cheaper and just as quick. Regards staff - established businesses still going to the wall and yet we are still not seeing more Techs available for hire.

Printing & packaging

- The wide caution in spending has a flow-on effect across the printing industry, and in particular impacts small businesses.

Property Valuation

- Plenty of business and demand for services despite the slow property market.
- Slow but steady increase in residential property buying confidence.

Recruitment

- I have had it confirmed by several other recruitment consultancies in Auckland that this is the worst the job market has been since the GFC.
- Slight improvement in demand.
- White collar recruitment: Application rates for most semi specialist, individual contributor and mid manager roles remain just as high as last year. So, underutilised internal recruiters feel more comfortable doing it themselves. We're busier at the senior end of the market where almost all companies would engage an agency to manage from the get-go, and temporary / contract hiring, again where clients are less inclined/able to source themselves. Mid level permanent recruitment (our bread and butter) will pick up more once internal recruiters get busier with growth hiring again and/or the supply of labour starts to tighten again. We're expecting a slow gradual improvement in trading conditions through this year.
- confidence in WLG very low, through lack of any indication from the government as to when they will cease wholesale, untargeted cuts to the public sector.

Residential construction incl. section development

- Architect - Concern that even though interest rates and inflation have stabilised at good levels, demand is still 'shy'. Motivated, confident developers are anticipating a wave of demand maybe next year so getting going, but these are few and far between.
- Architectural designer. - Slight lift in job enquiries for residential additions and some new builds coming thru seems builders and people are 'getting on with it' lower interest rates will kick in and help in due course maybe 3-6 months out thru winter? anywhere but AK and Hamilton and Wellington doing ok market sentiment is better! e.g. regions people are happier (farming?) Napier, Canterbury rural etc.
- Land Development - Lack of profitability for land development projects is keeping people away from the market.
- Land Surveying - I am busy here, but hear there are some places that are quiet. The box ticking and plethora of requirements to complete property developments are not getting any less.
- Property development - Government not moving forward fast enough.
- General pessimism is becoming contagious.
- General worsening of construction activity, lower demand, and a lot more competition driving prices downwards. Going to be a tough winter.
- The residential construction market is slow but there seems to be more positivity on the horizon. Our pipeline looks healthy in value terms, but volume is down on previous years <50%.
- Very low demand for housing due to large amount of people leaving, excess stock, affordability. Need some positive actions from government and others to spur on growth and get business moving again.
- We specialise in residential renovations. We are finding that whilst there is a reasonable steady flow of inquiries, that's as far as people are going. No one seems to be in any rush to sign up and progress their projects.
- Lack of customer demand.
- Residential property being lacklustre.
- The biggest concern in my business sector is consumer confidence and I see a lack of optimism. Local optimism has slightly improved in 2025 however potential clients at the level that I have interaction with are apprehensive about global instability. That is a lack of trust is the greatest destabiliser in economic confidence.
- Getting busier in Canterbury.
- Uncertainty housing market is stagnant.
- As with most industries we are overregulated by poorly trained public servants.
- Council staff overreach.
- Plumbing maintenance and renovations in Wellington: as a sole trader am seeing demand increase and am almost too busy at the moment which is great. But still seeing bigger guys struggle to keep all of their staff busy, and am losing some quotes to some crazy cheap prices that must be running labour at a loss.
- Slight pick up.
- Residential Property Development - Softening of customer demand (high end residential real estate).
- New house plans have all but dried up, but renovations are steady. Out of town trades are undercutting prices to the point of it not being worth doing the job. Looking like it's going to get slower before it picks up.
- Low demand and a lack of customer confidence.

Residential real estate

- More confidence in people to transact when it comes to buying or selling their house.
- There has been a significant increase in people who have delayed selling who are now putting their homes on the market. This is combined with the completion of a larger than usual number of new homes. Once this has been absorbed, we will be back to a more balanced market.
- General uncertainty about future.
- Lack of buyer confidence.
- Retaining the balance between company growth and the performance and work satisfaction of existing salespeople.
- More interest from outside the area from NZ and overseas.

- Uncertainty in the economy, with global impact having an impact on the market conditions.
- Swamped with new listings and unskilled agents. Upskilling will shift the stock faster.
- People not committing. Risk aversity
- Boost in real estate market is possible. With interest rates going down, more investors and first home buyers will buy houses.
- Very slow, buyers taking time in making a decision.
- Customer interaction more difficult as they tend to text or email and despite regular follow-up they don't bother to respond.
- Increase of listings on the market, overpriced stock taking a long time to sell.
- Buyers seeking a bargain and an increase in Kiwi withdrawals.
- Business needs to run lean, up their game and add value to the customer experience. Actively look for new opportunities and maybe revisit areas that have been in decline and see whether the issues can be identified and turned into opportunities.
- Volumes increasing and a great opportunity to increase market share.
- More interest at open homes, more sales being made. Vendors expectations meeting market.
- Contrary to many regions the real estate listings level has not greatly increased. Many clients holding back from listing their property until interest rates fall further. They feel they want more competition from bank qualified purchasers.
- Lacklustre enquiry levels.
- People very cautious around committing to make a buying decision. One feels more like a dentist extracting teeth than a Real Estate Agent. Also stress levels of Vendors and prospective Vendors affecting their ability to make rational decisions. Mentally debilitated. Not seen this so difficult since Recession of 1990/1991. As always there will be light at the end of the tunnel....but when is the question.
- Purchasers and vendors have different - often unrealistic - expectations related to price. Council CV still used as a price indicator. The gap will widen if CVs are increased later this year. Lack of purchasers in the $2M+ price range. Recent increase in buyers/ transactions in the $700-$850 range / first home buyer interest increased.
- A steady but unspectacular market currently. It seems ready to go ahead and so are we, but it has not shown a willingness to do so yet.
- Buyers have no urgency.
- Confidence in the Economy.
- Steady. I hope for better weather ahead but think this year will still be tough.
- Low activity. Apprehension. Supportive lending. Opportunities for those well positioned to take them.
- Bank more willing to lend reducing cost of money.
- The political scene had put a lot of uncertainty in people's mind, and it has held out lowered the price of residential property. The lowering of interest rates has had zero effect.
- Uncertainty and slow decision making.
- Shaky confidence seems to have set in for a while yet.
- A lot of listings coming on the market, deflating prices.

Residential rentals/Investment

- Rental demand is remaining pretty steady. People are looking for a deal.
- Continual upward rates/insurance costs.
- Customers are too hard-up to pay.
- Plans to reduce debt by selling property, to consolidate in order to weather economic all to regular downturns.
- The key issue for me is the banks are starting to look for business so we're in a position whereby we'll refinance our entire portfolio moving debt off commercial rates onto residential properties and this is making a substantial cost saving. We're still using the same four banks but changing securities around whereas we could never have achieved these savings trying to negotiate directly with the banks, in fact they we're really prickly to deal with in a loan extension only back in June 2024.
- Oversupply of houses in CHC & Akl, drop of property values in Wellington.
- Imperative to spend time vetting and ensuring the best tenants selected.
- I am no longer able to supplement my income from Rental income, as Bank interest rates, Local rates and regional rates, Insurance and all Maintenance costs have climbed in the last 2 years. Working another business to cover shortfall works well.
- Low profitability.
- Residential Landlord - some good buying opportunities at the moment and banks are willing to lend.

Retailing

- More and more customers are now asking for discounts even though my prices are the lowest in the market.
- Ongoing retail crime and the inability and lack of resources in the police and justice system to deal with the issue. The shear blatant criminal misconduct is appalling and is affecting our business. Adding extra shifts due to security concerns affects the bottom line.
- We are a luxury not a necessity and have found the past 6 months the most difficult since we opened (3 years ago) with customers cancelling due to increase in mortgage/ living costs. Have received multiple CVs via email although we aren't advertising for positions so not expecting a lack of applicants if we were to look for an additional staff member.

- Our company is focussed on paying down debt. No larger projects coming online due to limited cash in market, banks talking about growth but also tightening up lending criteria. Normal political rhetoric is tired and frankly I'm bored of the distraction. Get the economy moving, no more excuses.
- Affluent tourist numbers down; Tourist and NZ customers reduced per head spending.
- People are spending money, but very conservatively. They're buying the best of the best, or the heavily discounted items. There is no in-between. Discounting has to be deep to drive any sales, and 30% off discounts don't cut it anymore. Huge race to the bottom on price between like-retailers, which is going to make our climb out of negative turnover take a long time. Australian Online retail targeting NZ consumers with aggressive pricing and constant sale messaging. On the positive, for the right product, price isn't a barrier. If they want it, they want it.
- Static demand.
- Economic uncertainty and no focus on long term planning.
- Retail/Manufacturing - In the beer industry and noticing a decline in demand which has been happening for the past 12-18 months but really starting to have an impact on sales. Worried if things don't pick up or we don't expand the range to capture other markets we won't be able to hold on for much longer.
- Good tourist numbers continuing to support our business. Hoping to see an increase in Kiwi spending over the winter months as last year was well under what was expected.
- Suppliers losing distribution contracts to Australia making it hard to get stock in a good time frame. Sales dropping below last years level.
- Suppliers increasing costs due to the dollar, freight, rates, insurance etc. at a time when business is tough. Not ideal.
- Customers still only purchasing their essential needs. The discretionary spending is seldom seen. Customers also seeking in the first instance to repair equipment rather than purchasing new replacement equipment.
- Slow return of consumer confidence, leading to more transactions & revenue.
- Freight costs climbing rapidly having an impact on margins.
- Still pretty flat to the second half of 2024 in the B2B space. Some heightened interest in capital items - green shoots maybe or tax year end? Lots of market testing and hunting for best price continues. Low dollar starting to impact imported product costs with limited offset from shipping rates. Competition intensifying as companies seek to top up lost revenue, sometimes at silly prices. Some products incurring significant price increases driven by climate and global/geo-political scenarios.
- Low to mid market demand has reduced.
- Improving.
- Wholesale Trade - Still in recession, no volume to any markets.
- Wholesale/Retail - Ridiculous discounts and unbelievable levels, but gullible public believe them.
- Lack of demand; customers unwilling to spend much at all.

Shipping, transport, storage & distribution

- Confidence with respect to sales levels with our clients is improving quickly.
- Business generally still slowing down - our customers' customers (cafes and food users) still finding it tough and our input costs are still rising - power, rates, technology, compliance and insurance all still increasing faster than official inflation.

Tourism & accommodation

- Inbound tourism still too slow to recover and grow past 2019 levels (are the increased tourism levies being used to drive increases tourism or is it going into the consolidated fund or DoC?). Biggest risk to NZ tourism growth is the lethargic performance of Air NZ. Ongoing positive growth on overseas travel and increased frequency of trips.
- International Tourism positive now but winter uncertain. Many unknowns how tariffs will knock on to other sectors. Ukraine war and unfair peace leading to higher defence spending globally - will this result in more taxation and / or higher interest rates? Biggest risk I have identified is a China / Taiwan conflict and resulting sanctions - I have no effective plan for this.
- A reduction in demand with no obvious reason. Presumably people are travelling less, particularly internally. Customer satisfaction as provided is still high.
- Reduction in customer numbers and spend per customer vs. same time last year.

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