# Mint!

## Business insights

with

# Tony Alexander

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# Pessimism easing

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

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

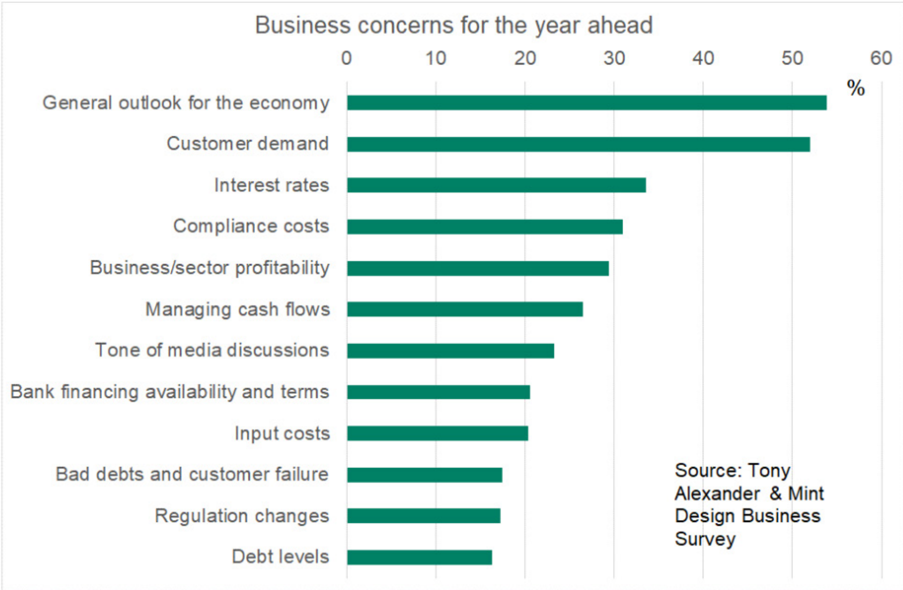
- Businesses have become more concerned about their cash flows perhaps due to cost rises still continuing but the ability to gain selling price rises being restrained by low customer demand.
- There are signs of decreasing antipathy towards spending on new equipment. This is positive for the ability of the coming upturn in economic activity to be sustained beyond the initial recovery in household spending.

**Tony Alexander**
Independent Economist

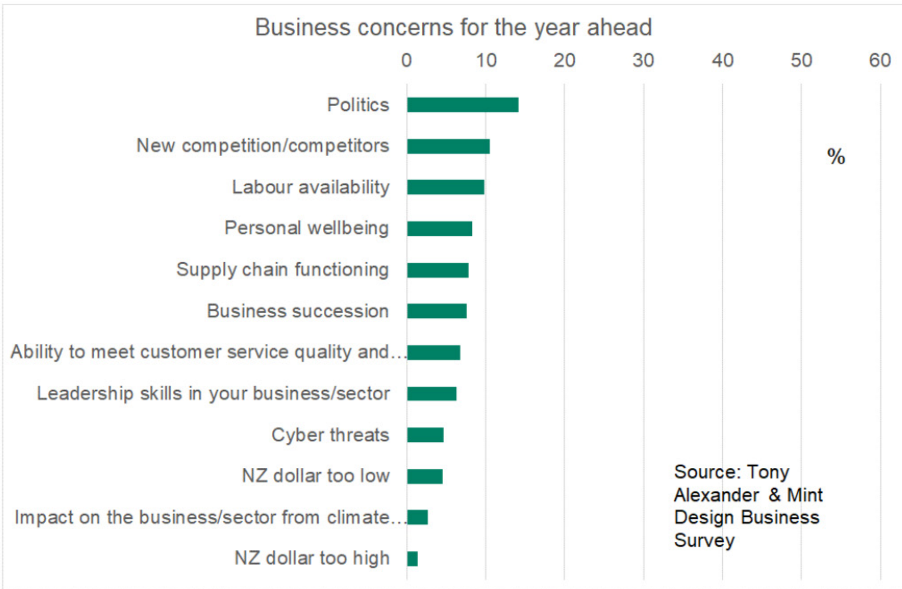
## What concerns you most for the year ahead?

We ask businesses to choose the things that 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 businesses in this month's survey.

The top three concerns are still the general outlook for the economy, customer demand, and interest rates – the same as last month. This shows us that just because the various sentiment measures in hand show that optimism is rising, concerns about where we sit currently do not necessarily change quickly.

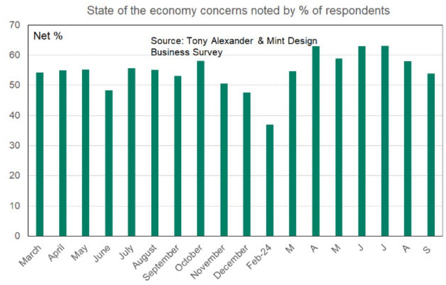


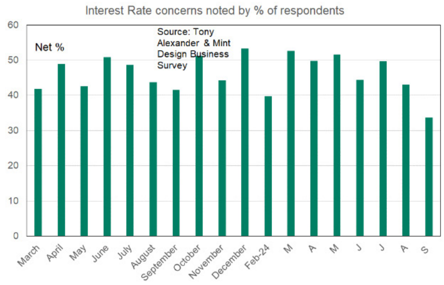

Very few businesses are concerned about the currency or climate change.



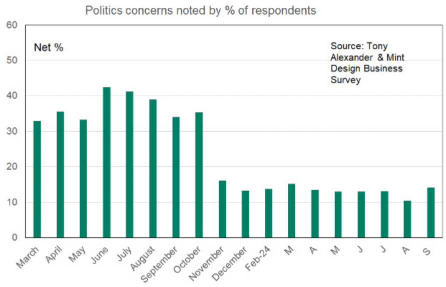
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

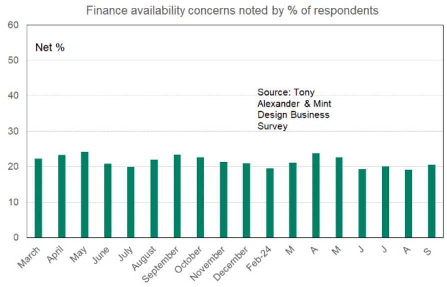
Concerns about the economy are only slowly edging lower but there has been a more noticeable decline in worries about interest rates which is understandable considering the recent easing of monetary policy and Reserve Bank projections of easings for the next couple of years.



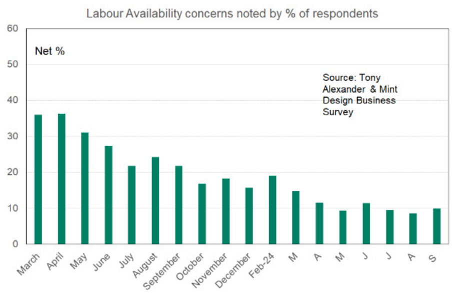



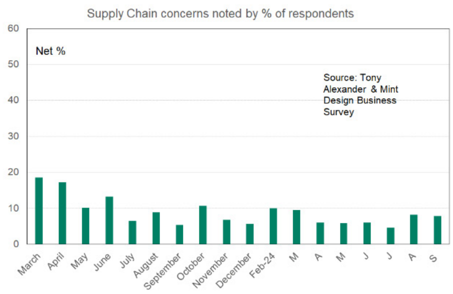

Worries about politics remain at low levels and finance availability does not unduly occupy the minds of businesspeople currently.



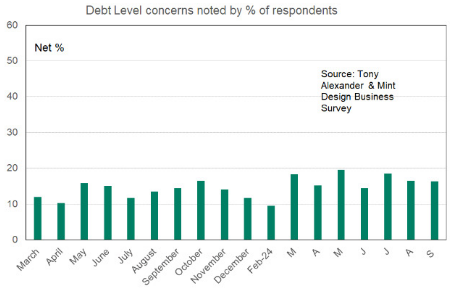



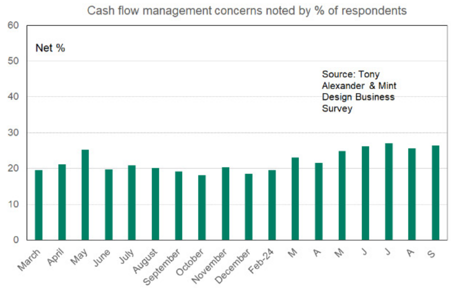

Concerns about labour availability are holding at low levels but there has been a slight uptick recently in supply chain concerns. This may reflect some recent discussion about New Zealand's shipping being challenged by international shipping companies giving our location lower priority than in the past.



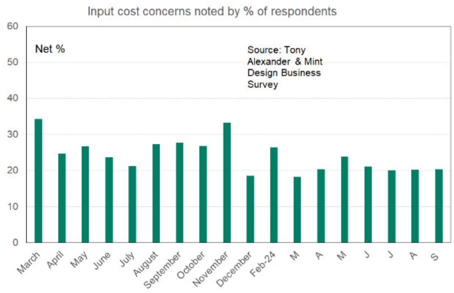



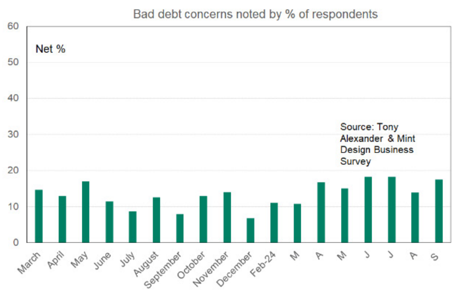

There was a rise in worries about debt levels early this year and those concerns have persisted though at low levels. On the other hand worries about cash flows are trending upward and that is consistent with the pressures coming from weak sales, running out of pandemic savings, still rising costs, and IRD bills falling due and being chased.



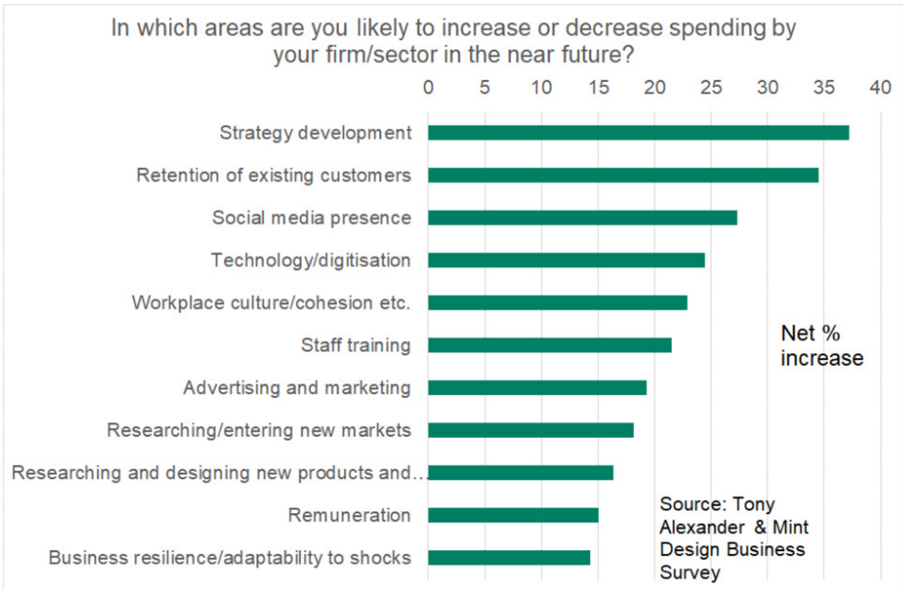

Having said that, worries about input costs are not newly rising and that is a positive development in the context of monetary policy now on an easing path. Should these concerns however resurface then the extent to which interest rates will ease this cycle will be more limited than people are currently thinking. In conjunction with the rise in cash flow concerns, we can see that bad debt worries are also edging up.



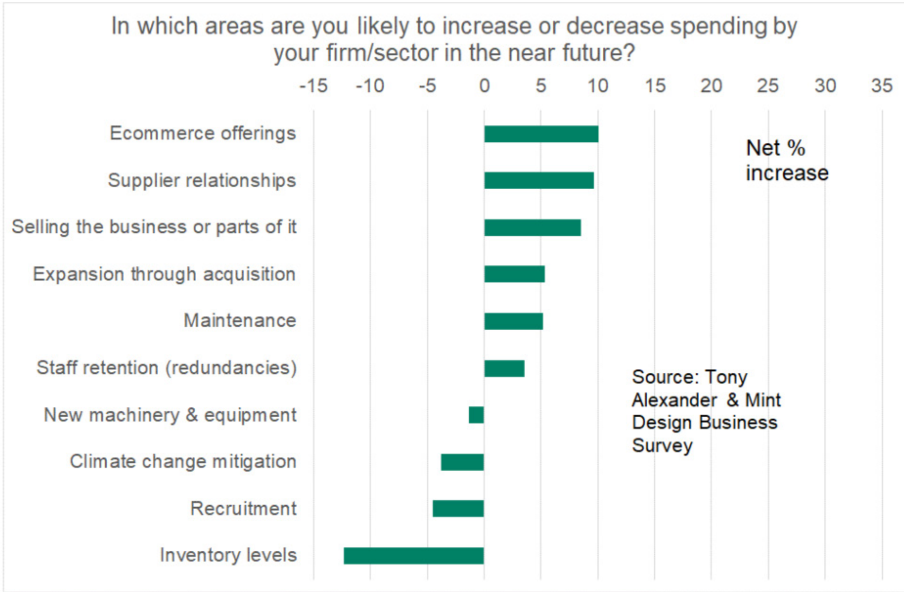




## In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

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 yet again strategy development, retention of existing customers, and social media presence.

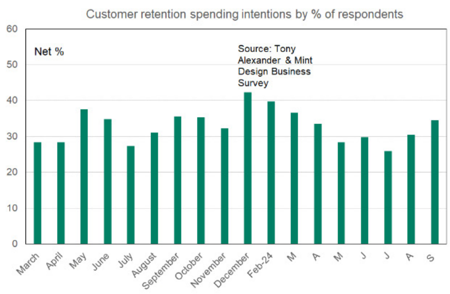


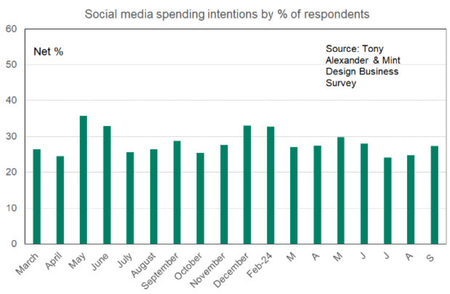
Cutbacks in spending are again planned in four areas.



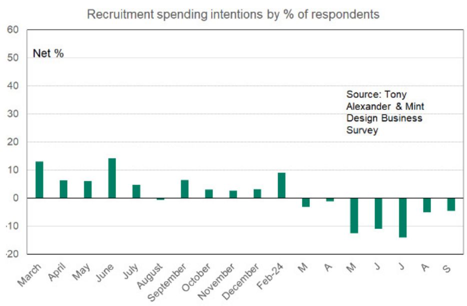

These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

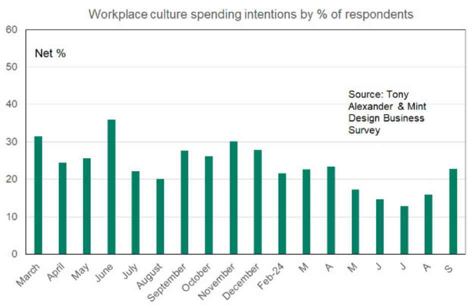
Perhaps assisted by the more positive outlook which has developed for the economy since interest rates started falling, businesses are increasingly planning to spend funds on retaining their customers. No fresh developments are in train regarding plans for spending on social media.

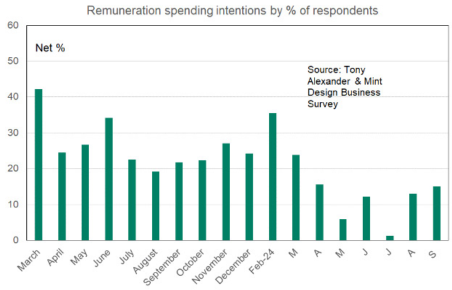


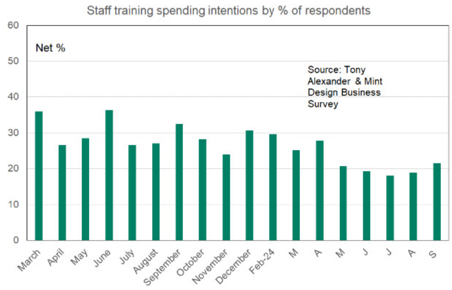




Plans for spending in areas related to staffing are becoming less weak as shown by each of the following four graphs.

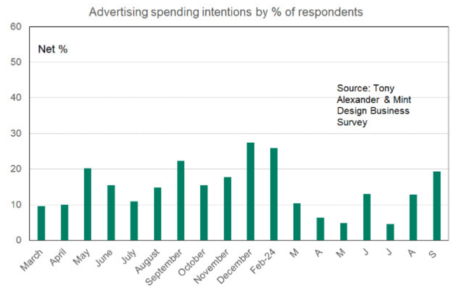


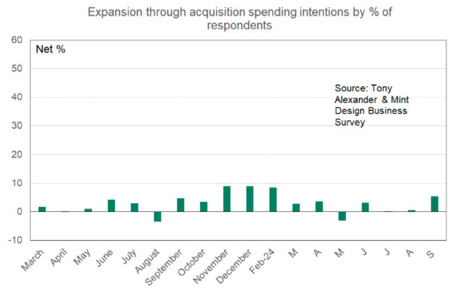





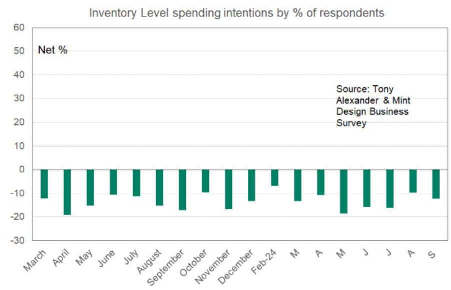



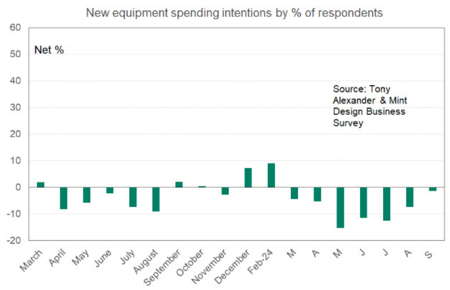

Plans for spending on advertising have stepped slightly higher over the past two months. But there is no obvious lift underway in thoughts of late-cycle purchasing of competitors in preparation for stronger times.



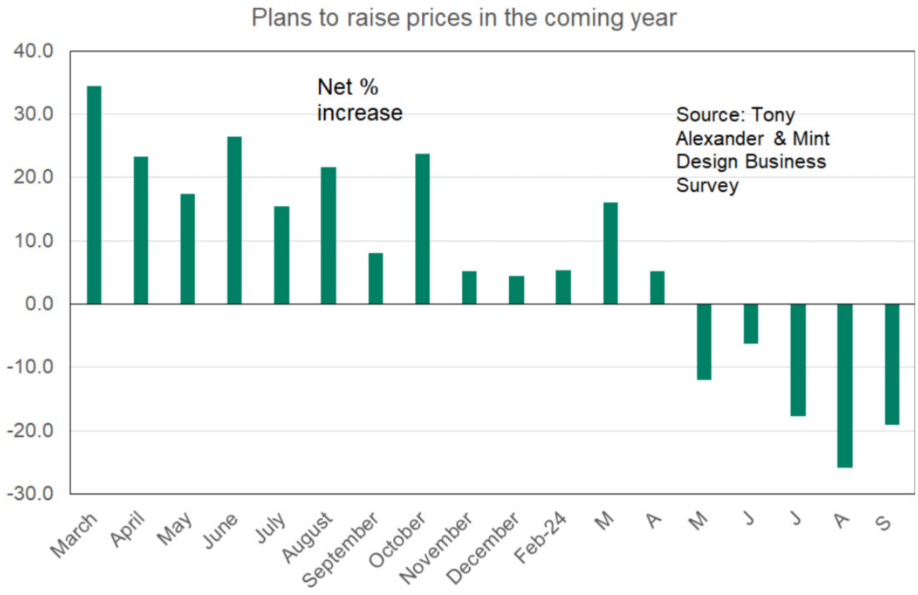

Businesses still plan cutting their inventory levels. But there is an improving trend underway in plans for spending on new equipment. That is a positive development (almost into positive territory) for a key element needed for any upturn in the economy to be sustained.



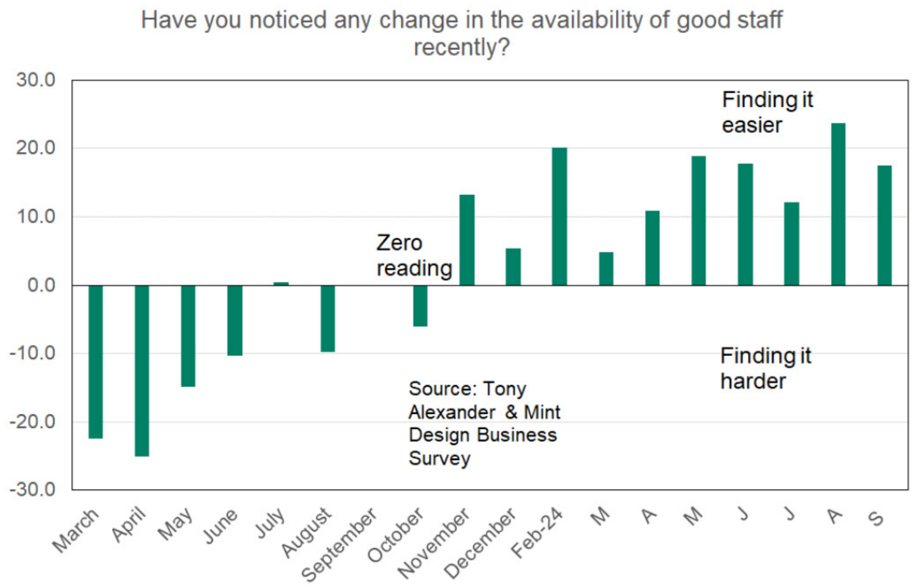
## Are you planning on increasing your prices for any of your products or services this year?

A net 19% of the respondents in our monthly survey have said that they plan cutting or not raising their prices in the coming year. This is less strong than the -26% of last month but still an indicator supporting the path of interest rates downward



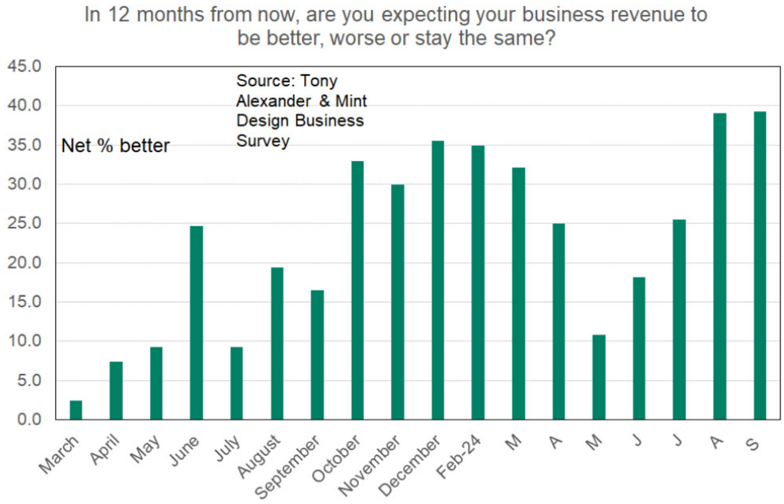

## Have you noticed any change in the availability of good staff recently?

A net 17% of businesses this month have said that they are finding it easy to secure good staff. This is an unsurprising reading in the context of the weak state of the economy and the way in which labour market changes lag changes in the pace of economic growth.



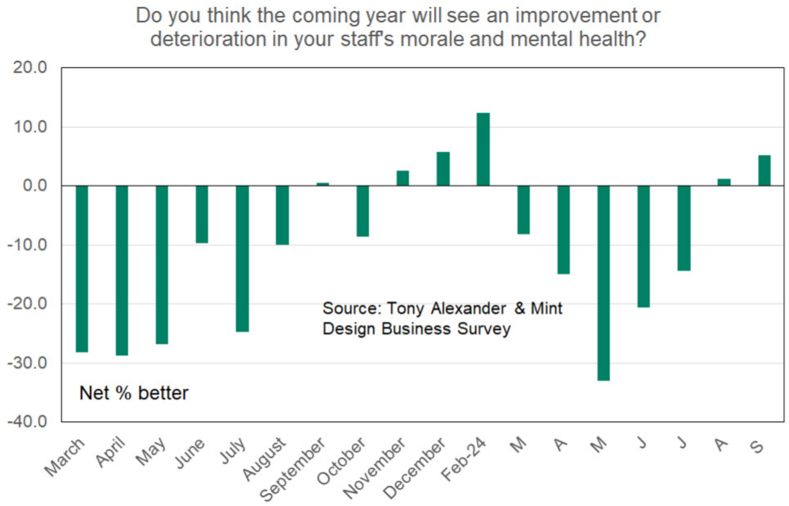
## In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

Since the depths of despair about revenue were reached in May there has been a strong recovery in business expectations of receipts with an extra boost since the Reserve Bank's interest rate reduction.




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

With businesses increasingly expecting better times ahead they expect this to flow through to the labour market and people's feelings about their employment. But as noted just above, there is a lag between changes in the state of the economy and changes in labour market conditions and the still to come announcements of redundancies and layoffs will likely keep workplace morale levels depressed well into 2025.



# 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 comments of the respondents.

The main points which we are able to glean from these responses include the following.

- Cash flows remain very tight at the moment.
- There is deep concern about the negative commentary prevailing in NZ media.
- Green shoots are appearing and there are rising hopes that 2025 will be much better than this year in most sectors.

## Accounting & business advisory services incl. business broking

- As a business advisor, we see SME's hanging on by a thread. Banks and lending institutions' refusal to assist/refinance or restructure debt is causing owners to become desperate or use GST, PAYE and INC to fund cashflow, which in turn leads to their next headache when IRD come knocking.
- Mixed results on most metrics.
- Older business owners too slow to adapt to changes in their markets.
- Debt and cashflow management. Cost reviews continuing. Continual target setting/review. Improving systems/procedures. All aimed at not only getting by but setting things up for better times.
- We have noticed a huge upturn in business confidence.
- Confidence growing now we have a proper Government in charge.
- Less money to spend for businesses, however still busy enough with investors looking for opportunities.
- Positive apprehension, business has picked up but there is still uncertainty - a bit like Spring - the sun feels good on your face but the weather app on your phone displays thunderclouds.
- Pushback on fees, clients want more help but don't want to pay for it.
- Cost cutting. Revenues are down. Hunkering down for a challenging time for the whole economy 6 to 12 months
- Clients are reviewing opex costs line by line and acting on advice to cut costs.
- Chartered accountant - plenty of new business. A lot more mentoring of struggling businesses. Good staff are rare. some business owners who have been hanging on since COVID are now looking to exit. Construction related businesses are hurting badly.
- Consistency of workflow. Juggling staff requirements. Managing staff expectations.
- Debt service struggles and lack of turnover increase.
- Concern on economy which is bottoming.
- Inflation concerns and a slowing economy. Also dismay at the support for the non-business agenda by the media.
- Business acquisitions - stronger interest in buying a business provided such companies are operating in industry sectors where demand for their products and services remains at least consistent or increasing. This is the bleeding obvious and almost always the case, but notwithstanding, it seems to me at least enquiry levels and interest are higher than last year.
- Business as usual - compliance accounting = steady state.
- Clients are looking forward to an improving economy hopefully next year.
- Rapid changes in software and de-risking from monopolist supplier.
- Government not spending.
- Business Advisory services to the trade industry - Lack of operational business knowledge (includes financial literacy).
- Business services. - The lowest it could be. Good customers are seeing us through.

## Advertising & marketing

- Hearing about lots of quiet business closures and redundancies. In the South Island, so worried about the ferries' future. Looking at developing new skills and offerings to ensure I can pivot to whatever opportunity might present itself as I expect the next 12 months to be hard.
- There is a general nervousness around advertising spend with fingers crossed for green shoots next year. Ad spend is linked to the OCR and as interest rates come down, we expect to see an increase in ad spend. However the advertising market for local publishers is increasingly challenged as clients and agencies spend more offshore (e.g. Facebook, YouTube, Google), and still apply intense price pressure to local publishers but still demanding the same high quality local content.
- Businesses have cut back on their marketing spend significantly due to business downsizing, lack of cash, no confidence that work is out there, etc.

- After 2 years of 'I don't need marketing' we are overwhelmed with enquiries as customers are focussing on increasing sales and customer retention, as well as on expense reduction. Sales cycle is slow as there is a recognition of a need to spend, but reluctance to commit to investing. Many tell us they are trying to divert funds from payroll (by not employing) and other expense lines to marketing. To help sell our services, we are not increasing our prices however our supplier costs have jumped which means reduced profit margin.
- Some clients dropping off but new enquiries coming in to replace them. Clients wanting high quality, quick turn around but on a shoestring budget.

## Banking and Finance

- Uptick in arrears.
- Harder to get funding caused by compliance issues, climate both economic and global warming. Too many competitors.
- Businesses are beginning to think about investment again.

## Cafes, bars, and restaurants

- Lack of disposable income for people to spend going out for meals or drinks, all caused by higher interest rates going straight to the banks profits.
- We're staffing our cafe ourselves after the last hire lasted two days, and our sales have settled at 60 to 65% of prerecession highs. We're having to increase prices because our suppliers are. Anecdotally I've heard from a chippie who's gone from no work to booked out until 25, an earthworks operator booked out until Jan 25 in two weeks and the local trade store has gone from dead quiet to crazy busy. Good news finally!

## Civil construction/infrastructure

- Projects and infrastructure spend has been put on hold or the scope drastically reduced but we are starting to see some green shoots with projects coming back online.
- The gap in time from announcement of projects to the actual work start date.
- Not much work to price, and no new builds.
- Problems foreseeing the Government's direction in health and schooling sectors. With the construction industry having problems, credit control is becoming problematic.
- Outlook remains poor in regional areas. Enquiries have definitely dropped off and seem to be getting worse.

## Commercial construction

- 50% of sales in 2024 FY.
- Outlook for construction is extremely poor.
- Tail end of projects wrapping up leaves the industry in limbo. I see many tradespeople leaving for Aus and I have decided that in the mid term I am going to wrap it up and join them.
- It appears that the outlook for the coming months is quite challenging, largely due to complications arising from the previous administration's policies. The extent of these issues is only becoming evident now, making it difficult to forecast beyond the immediate term. The current situation demands careful navigation and strategic planning to address and mitigate the emerging problems. The possibility of our company going under is becoming more of a reality day by day.
- Liquidations and ridiculous pricing with competitors buying revenue without profit. Lack of residential demand driving a more competitive commercial environment. Some investment by large institutions but very little tier 3 activity.
- The need for the Commercial (incl. residential apartment) sector to downsize/reduce capacity to meet current & foreseeable future demand. A very difficult ask. But must occur to restore stability & profitability.
- Contractors and suppliers are no longer tolerating any form of late payment and are becoming vocal when this may occur. Companies and contractors/employees have used all their cash flow capacity. There is money available for those with skills, but filtering through applications to find the skill is difficult. Auckland Council is costing our business greatly with their inefficiencies.
- In consulting engineering in a niche sector in commercial construction. Getting very quiet and the future workload is not looking flash. It turned quickly this year. I have been here before so not entirely surprised.
- Lack of Government actions and decisions.
- There is an increase in positivity and projects seem to be coming back online. There is increased competition however.
- Uptake of older tenders now coming through.
- Bottoming out of the construction sector.
- The pause in government spending on new projects has left a big shortfall of new work for construction companies and related trades. This is resulting in a downturn and high level of competition to win new work which may take another year or so to get through.
- The process of sale for basic commercial farm buildings or sheds now takes much longer (compared to 5 years ago). Clients have a fear of getting bogged down in compliance related matters with regard to construction of buildings at local council level (not just for the main building structure itself but for all items related to the entire building process requiring an often onerous and time-consuming and costly process. Our business now has to employ 2 full time staff just to manage compliance matters.... These costs are loaded onto the customer.
- Architecture sector - forward work into 2025 is the focus. New project opportunities are tightening up, with increased competition and rumours of redundancies abound especially when tied to Govt work (Kainga Ora, MofE etc).

## Commercial real estate

- More investors.
- Retail tenants are all finding business difficult, due to less customer spending, and operating cost increases (rates water and insurance). Wintertime the well off go overseas and the rest stop spending.
- Commercial activity is slowly picking up although many are waiting for interest rates to come down and market confidence to increase.
- After a couple of years of buyer and tenant indecision and sitting on their hands, we are now seeing a general improvement in commercial enquiries across most asset classes. Unfortunately some buyers and tenants are left disappointed for not believing that there is actually other interest and by not acting fast enough when requested to. A local bank has certainly lifted its support for the commercial and business lending compared to the 4 Aussie banks which still seem overly risk averse and slow to recognise that the market has already bottomed out and is starting to come out the other side.
- Rural farmland trading with combined business sector analysis of farming/whenua utilisation, is presently sitting at the top of the market due to market level maximisation that occurred in the past three years $/ha paid by less traditional business interests.
- General uncertainty, more caution from investors and ever-increasing compliance costs.

## Education and training

- Music school - we started our business in 1984 and in all recessions we have got busier except this one. Although we are only around 5-10% down, we can weather the storm.
- As an Early Childcare Centre owner parents have adjusted to fee increases by reducing hours and if unemployment hits this region, it may reduce demand for positions.
- Increase in interest from international students with Australia becoming harder to get into.

## Energy

- Trying to show improvement - but seems to 2 steps forward, one step backward. Clear it is a time to tender construction and the ones with money know that now is the time to get stuff fully designed and priced - there is only a small window here.

## Engineering

- Engineering consultant. The residential construction industry is quiet. Not much work in the pipeline.
- Business confidence is increasing, and many clients are looking to now invest in property, as interest rates have started falling. Many realise the property market has bottomed out, and prices are forecast to start increasing in the coming months.
- Declining backlog, dwindling opportunities, desperate pricing, redundancies, despondency.
- The importance of selecting the type of work to be involved in, anything that is commonplace and able to be completed by the multitudes is a recipe for a fight to the bottom and we suspect we haven't seen the company failures peak yet.
- A mix of optimism and pessimism. Some clients pushing ahead with projects, others sitting back and waiting.
- Lack of sales from larger key customers.

## Farming & farming services

- It's been a tough year with cutbacks in farm spending, but there are green shoots appearing, more so with dairy. Planning on a modest 2% price increase just to help cover fixed cost increases. Sales forecast to improve in 2025 ...... along with farmer income.
- Pessimism about the future.
- Costs are getting higher.
- NZ Strong Wool.... Improving but too slow. We are investing, innovating and educating.
- Dairy Farming's future looks positive, but let's not spend before we see it in the bank account. Still waiting after 2 years to see the interest rates drop.
- Increased input costs. Less cash flow.
- Strong global demand for Kiwifruit. Excellent fruit quality. Both leading to firm pricing.

## Financial advice/wealth management

- Slight return of optimism.
- Business is starting to pick up, but the volatility & uncertainty still exists.
- Increasing confidence, falling interest rates.
- Consumers not panicking over their investments and relying on my professional expertise.
- Higher expectations from clients due to the reducing interest rates.
- Lack of new clients.
- Reluctance of customers to invest in new products.
- Uncertainty of the market conditions, job security, recovery from the affects of a previously poorly led government, loss of productive working population overseas and influx of lower skilled population to replace, increased crime affecting confidence.

## Forestry

- Slow down in China and the lack of domestic construction activity waning on forestry sector. Input and compliance costs continue to increase.

## Health

- Anxiety.
- Expectations for wage increases too high.
- Pay Equity issues causing disruption. Government funded contracts proving less economic to manage.
- Lack of government funding or increases to government funding, input costs going up, staff wanting reasonable pay increases makes it very hard to balance the books. Having trouble in finding experienced/qualified staff. Reducing interest rate costs of some help but not the silver bullet. Lack of direction from the government.
- The lack of consumer confidence is affecting our revenue. Too many young people are leaving New Zealand.
- Cutbacks on expenses across all areas of the business.
- Compliance and insurance costs increasing!
- Health workers leaving NZ in droves - burnout for those who remain.
- Central govt decision impact has the most influence.

## Information technology

- Lots of uncertainty. Which can be both good and bad.
- Dramatic decline customer demand in the Wellington region due to public sector cuts.
- Capital spend is decreasing.
- Order cancellation due to projects being deferred due to economic uncertainty.
- Product margin decreases; slightly higher customer demand.
- Quietly hopeful that we are seeing the bottom of the economic cycle, and we start to slowly improve through 2025, but it is the worst trading environment our business has ever seen in terms of revenue and activity decline. There is a sudden spike in our business customers who are now capitulating, so managing credit tightly is important.

## Insurance

- Customer business failing.

## Legal

- Very hard to recruit lawyers to meet client demand.

## Manufacturing (all categories)

- Health supplement manufacturers through to retail. Public are cautious about spending on new products, so we are increasing our marketing budget.
- Exceptionally low demand for both premium and low priced products in our consumer market at (liquor) retail. Some sparks in direct online sales and in hospitality.
- Still seeing large increases in commodities I can not control (electricity, rates etc). Product demand is still weak, but our inquiry pipeline is growing. Very positive Auckland Home Show!
- Commercial furniture - fewer small to medium 'bread & butter' projects around, larger ones continuing. Govt spending pull back too.
- Invoiced revenue at rock bottom (hopefully!) for the last two months, but forward order book for next 6 months has started noticeably ticking up. Not forecasting strong revenue growth until March 2025 now though. Significant uptick in late customer payments.
- slow demand - business being cautious at the moment.
- Still tough times, but light at the end of the time.
- Lack of forward sales.
- There is a definite shift in positivity across the markets in NZ.
- We are very busy but many of our customers are not. Growing online offerings is gradually becoming more of a focus.
- Hard yakka. The cuts in interest rates aren't flowing through yet to make consumers spend more on food, will take more than just interest rate reductions for that I feel.
- August was a great month however September is tracking down which is disappointing.
- While interest rates may have peaked, other inflationary pressures are still evident in the building and construction market, and will take a time to run their course.
- Still a lot of uncertainty with some large long-standing customers struggling but we remain positive that things will improve in the months leading up to Christmas. Very focused on cash management.
- Soft demand for Building & Construction Products/ Materials.
- We are starting to see some green flags waving, very slow to flutter in the wind though. Small but Incremental improvement in revenue, although some regions are suffering more than others. Slow payers are more prevalent, in the past all customers have paid on time and in full.
- Retail demand for our product has been completely decimated this calendar year. For some reason our sales in the first 2 weeks of August were down by 60% on 2023.

- Costs are just nuts - insurance, rates, water, power. Wage expectations are huge. I hope that we have this right as a nation, or it will not be just Wellington cafes that are closing. We have grown the team as we believe that we will get growth but some days it feels like a big leap of faith.
- We have export orders which is an encouraging sign of an uplift that may be on the way?
- Compliance cost and red tape. Government making it harder to conduct business.
- Really tough retail consumer space in hardware.
- General drop off in demand across most sectors.
- Price sensitivity - clients value price over service currently.
- Our biggest problem in the marketplace is cheap and inferior products imported from China India and other economies that don't have compliance or regulation to deal with and have their government backing them.
- Consistent govt policies.
- Our product offer is predominantly sold through retail - We don't see retail conditions improving "materially" for another 12 -18 months.
- We have had an easing of work but still busy enough, although anticipating a drop in demand after Christmas. Lower demand than usual in Auckland still, and we are seeing increased demand from Canterbury again after a lull there also.

## Miscellaneous

- Automotive Repair - Automotive repair, a lot of industry consolidation in parts supply. Customers continuing to significantly delay car maintenance. Dealerships being very aggressive in trying to acquire servicing vehicles out of warranty period. Believe at least 9 months of challenging trading still ahead.
- Carpet Cleaning - Very slow due to job cuts (operate in Wellington region) which are affecting most other businesses. Also increase in people setting up with basic equipment and possibly no real skills undercutting prices of us who are skilled and operate a legit business, having invested in training, promotion and equipment. The last 3 months have been terrible, if we had staff and debt, it would have been a big struggle. October is looking better with some bookings already. Time will tell how it goes.
- Commercial & residential property services - Margins being squeezed down - services being supplied at unsustainable price levels. Survival mode until things improve and / or cowboys shaken loose.
- Commercial Fabric - Decrease in orders. The next 6-12 mths is a worry, enquiries and orders have dropped off a lot this month. Makes for anxious times.
- Commercial Property Investment - Despair about actions by Auckland Transport and Auckland Council which are putting businesses and consumers from coming to the CBD - instead they should be promoting the CBD and assisting recovery. Depressed business conditions and state of CBD have led to high vacancy rates in commercial properties in Auckland CBD.
- Distribution - Reduced revenue and declining sector growth.
- Domestic plumbing - Spending dropped off a cliff in August. Quoting against multiple others. Evidence of competitors buying work to stay busy which is alarming, damaging to everyone and not seen since GFC. We think the volume of work hasn't gone away, but is backing up until a later date or becomes urgent.
- Entertainment - Constant pressure to include carbon neutral, environmental and all ESG concerns is a distraction to good business practice and ultimately doesn't serve anyone, including the people and environment they purport to protect.
- Facilities management - A reticence to plan even in the medium turn. This will further curtail productivity.
- FMCG Distribution - The spending power of average NZers has dramatically reduced, which is putting a lot of cash flow pressure on businesses.
- Franchised Home services - Customers still spending provided they see value. Established immigrants (5+yrs in NZ) ditching the jobs and looking for small businesses.
- Immigration consulting - Inefficiencies in the immigration New Zealand processing means that workers and employers are waiting for 3 months for work visas to be approved - this is putting significant strain on employers who are struggling to find good workers due to brain drain to Australia.
- Import, sales & distribution - Supply chain costs, managing customer expectation, reduction in demand for supply.
- Importer & Wholesaler - General trading conditions difficult. Cash flow slowing with more probable bad debts. Important to keep looking at your own KPI's and plan accordingly. Like all downturns it doesn't last forever, and you need to be planning for the longer term upside.
- Importer and distributor of outdoor goods Across the board weakness in demand at retail level.
- Industrial distribution - Tight market conditions.
- Industrial plant and equipment - Some of our NZ market sectors have stopped buying. Competition is cutting prices and it's all going to lowest cost price again. All other considerations are being put to one side. Fortunately, Australia is positive and coming on stream just in time to pick up the slack.
- Large equipment hire - There is a slight up tick in upcoming projects although the majority of customers are waiting on government to start spending on infrastructure again.
- Media Redundancies, loss of customers, squeezed profit margins.
- Miscellaneous - Import shipping costs, increasing in cost and subject to frequent port changes with delays.
- Miscellaneous - nobody spending, including ourselves - and like our customers to us, we are looking to buy at better prices and higher discounts.

- Miscellaneous Driving service - steady as she goes. Regulation/compliance crack down at the moment - way over the top and impacting bottom line.
- Pet care and services - Pet Boarding is down this year
- Pharmaceutical Supply Pharmaceutical supply - ongoing pressure on cost of goods remains a global issue. Seeking to pass on and maintain reasonable margins where possible.
- Property maintenance - Customer depersonalisation due to increasing online job ordering and digital invoicing/payment.
- Service - Bit of a pick-up, little bit more general enthusiasm from clients.
- Sports supplements - Supply chain issues, coupled with supplier and manufacturer owner/employee health issues undermining their performance that flows on to negatively affect our business.
- Supplying Garage Doors Residential & Commercial - Additional pressure on staff to perform, sales figures in Auckland have decreased at an estimated 40% in the North Island, and the South Island branch is humming along as normal with no decrease.

## Mortgage broking/advisory

- More activity.... more home loans approved = more house sales.
- Vibe is getting optimistic. but still long way to go for a full recovery of housing market and mortgage market.
- The mortgage finance sector is heavily over-compliant and is also struggling with unacceptable turnaround times and a very poor quality of loan assessment staff in most bank broker centres. Broker centre staff generally have very poor finance or lending knowledge of the New Zealand mortgage market and how New Zealand businesses operate.

## Motor vehicle sales/parts

- Fewer bookings, more costs and there's still a shortage of staff and this is still driving wages up, will see a few shops close if it keeps up like this for to long.
- Market is up and down with no clear pattern being seen.
- Still not consistent from week to week, August was better, this month (September) trade has declined.
- Very light increase in enquiry and consumer confidence. Lots of business still struggling and certainly an increase in queries to decreasing consumer spend in the finance space.
- Hard times. August panel jobs equivalent to December. Hearing through repairers and dealers that some customers can't even afford insurance excesses to get their vehicles repaired.
- Automotive parts predominantly selling to the accident repair industry. Sales are really flat and have been so for a sustained period. We're about to have 1 staff member retire and another resigning due to moving, and it's unlikely we'll look to replace either in the short-medium term.
- Interest rates too high, demand uncertainty.

## Printing and Packaging

- Cautious consumers and reduced Government spending continue to see a slowdown in the commercial print market.
- Increased digitisation of traditional printed matter. Falling manufacture in NZ.

## Recruitment

- Employees, like houses, are worth less in a monetary sense than they were 3 years ago but all want pay increases - seriously considering returning to Australia after 25 years in NZ , just can't see a recovery happening quick enough as only have 10 years left working.
- Passed the bottom and on the improve.
- My focus is helping SMEs with their recruitment. Volume of candidates is not a problem, but quality definitely is. 'Survive to 2025' has become a mantra for many business owners but some are also wondering if that is when they end up having to pull the plug as blame culture and sense of entitlement take over rational debate and personal responsibility.
- I work in engineering recruitment, for the most part it has been a very quiet past 6 months, there is some improvement, but the government are holding back on so much work that my clients dont know whether they need to increase staff, or let some go. Xmas is coming so if things dont pick up now it won't be till March/April next year probably which will affect the industry quite a lot.
- Good staff availability and the impact of AI making it more difficult to determine actual work history and competence.
- Reluctance of businesses to spend money.

## Residential construction incl. section development

- Land development - Customer uncertainty and lack of commitment.
- Surveying - Land Development, planning, civil engineering People still sitting on their hands with spending on anything discretionary, which affects house reno's, new builds, section purchases and instruction on subdivision work. Wait and see approach to where interest rates going.
- Surveying, subdivision and land development - A little confusion, apparent post Gabrielle recovery works vs. general downturn in development sector.
- Things are picking up slowly. Customer service goes a long way, people want to support local. Homes still need maintaining.
- The construction sector is tough at the moment, very little new work around, larger contractors playing the smaller pools and dropping prices which makes it tough for smaller operators. KO slow down has impacted a lot in Auckland, won't see new private developments starting for at least six months.

- Government review into the retirement village sector is my legislative concerns. In terms of customers moving into the villages, we're seeing an increase in sales, which is promising.
- Companies who are short of work and have high levels of debt and unable to pay creditors are undercutting companies who have realised what was coming in the economy. This will be a short term fix for their cashflow but wont stave off the inevitable.
- The lag between purchase of a house and starting to build is longer than people think. You also have Christmas in the middle of everything that will slow things down. I expect the business environment to show signs of improvement, but we really will not see any real upside until well into 2025. Then winter hits and the Residential building industry slows in Auckland due to the weather. Will be a long tough twelve months.
- There has been a significant decrease in clients wanting a new house built for them in the last year. This has probably bottomed out recently with the recent interest cut by the Reserve Bank.
- Uncertainty, patchiness.
- People finding it hard to commit to project, need to sell properties first before being able to build or buy land however they are struggling to sell or not getting what they need value wise from the market.
- We work in the high end residential market, and this has been highly affected.
- More hope for the coming year.
- Very slow hard to plan.
- Heavy handed and delaying Local Authorities. Time means nothing to them. Slow going, cost to build still quite high with interest rates high also. More interest, work starting to pick up.
- I am beginning to see more confidence and increased sales.
- Waiting OCR and interest rate changes. Also material costs are not really coming down. When it's low like it is some major players have been trying to increase costs. It's starving our industry.
- Small boosts of activity followed by dry periods. People are holding off starting jobs to see what happens with the economy.
- Subdued sales for my lifestyle village.
- A need to down scale to remain profitable to set up for when things improve.
- Customer concerns over their own job security is negatively impeding their decision to sign contracts.
- The market is very volatile. Some companies are business as usual, and others are shedding staff or retaining staff by reducing their hours.
- Easier to get quality contractors, and there are no longer people putting in excessive/high quotes as there is no scarcity of contractors now, so contractors have had to be more honest and transparent.
- Green shoots appearing.
- Bare land and infrastructure costs are not good value, Resi construction industry won't improve until job security stabilises, existing house prices increase to match new home build, and public concerns about build companies falling over reduces.
- Existing homes are not selling so our prospective customers are not able to proceed with a new build as they are too cautious to sign up for one without their existing home already sold.
- The lack of new builds.
- Less enquires and having to price work.
- New house sales still very slow contrary to current consent numbers.
- After 3 months with no work, I am now getting a small amount of interest. Building sector is very slow in my region.
- Interest in house construction seems to be on the rise. Good times!
- The impact of Government reductions and reviews in spending on infrastructure and public housing, combined with the uncertainty on timing of Plan Change 14 being decided by Christchurch CC, have led to a significant decline in workload and an uncertain outlook over the next few months. The rest of 2024 and early 2025 are looking rocky.
- Slowly picking up.

## Residential real estate

- Hesitation from sellers to list their properties and a shortage of cash buyers for lower priced properties.
- Sluggish times in residential real estate (Taupo), buyers driven by media headlines and job insecurity.
- Optimistic buyers, Some economic uncertainties ahead. Lots of wait and see behaviour.
- Improved confidence in Real Estate market - onset of Spring, prospect of further reducing interest rates etc.
- Our office is over 50 percent up is sales value this year compared to last year as real estate improves.
- Confidence driven by a mix of politics, OCR expectations, media comment and Supply (real estate listings).
- Less demand for our rentals but the people that are inquiring are better. Rents are stabilizing or reducing a little due to less demand.
- Slow real estate market is showing signs of life - we expect we have been through the worst and are looking forward to a more buoyant market in 2025.
- The real estate market has some positive markers going forward with interest rates on the slide finally and a number of investment centric measures slowly reversing (interest deductibility, CCCFA, Bright-line and RTA changes). Already July and August have had a marked increase in sales activity, and I expect this trend to continue now.

- Desire to move forward and sell or buy despite the conditions and make a decision.
- An increase in activity and glimmers on confidence creeping back into the real estate market. Another couple of rate changes and I think confidence across most business sectors will lift. Survive to "25".
- Customers obtaining finance.
- Falling real estate listings and fewer pre finance approved buyers.
- The never ending cost of AML. Compliance has caused a new nonproductive industry.
- Confidence slowly returning.
- See staff lay offs in construction Industry in Dunedin area.
- Real Estate Auckland - August and September so far have seen only a mild increase in activity despite the lower interest rates - suspect we won't see any real ramp up unless 1 year fixed rates drop back to 5% or less. Prices still need to come back on rental investments as returns simply don't stack up and the general economy feels like the GFC right now, so confidence is still lacking.
- More people are selling rental properties, but buyer interest has increased.
- Drop off of income.
- After a reasonably consistent 8 months - the next few months are going to be very busy as lots of people are getting to keen to sell their family homes (interestingly, most are building their next home) and many investors are off-loading rentals as tenants leave or the time works for the owner to give 90 days notice. This is always a busy time of year, though this year it looks like Sept to Dec will be a bumper crop of sales in Christchurch.
- Property Development. Cashflow the hardest thing to control at the moment with some cost over runs. Which leads into sourcing financing being challenging as well. Not impossible but more expensive so margins are very thin at the moment but necessary to proceed with developments to keep staff until things improve.
- Higher client service demands but still hesitancy from customers to commit to purchasing. More time required on product knowledge and market awareness as customers are often only researching with future thoughts of commitment taking longer. Face to face transactions have become less noticeable and less personalised - more transactions evident through email and nitro-sign.
- No consistency in demand which in our business leads to lowering of rates offered to retain base business
- Inflow of sales and new jobs is at it slowest. We are finding some jobs already accepted are being pushed to next year. Hopeful this turn arounds in the coming months, when economic confidence begins to improve.
- The time for knock down bargains is passing. Vendors removing non selling stock. We have bought land in the last 2 years which now will see new houses /movable houses get developed.
- After early little flurry of buyers responding to interest rate drops buyers now thinking " well, if there are two more drops coming by end of year, maybe we should wait.... because the banks haven't indicated that they have factored the coming (maybe) OCR reductions so until they do.... interest rates should drop more.

## Residential rentals/Investment

- Small green shoots.
- Landlords struggling to keep their rental portfolio.
- Harder to find good tenants.
- Really soft rental market at the moment - not accurately reflected in the media.
- A decease in financing costs will improve wafer thin or non existent margins. The last few years have been all about survival. Double digit Rates increases and large above inflation insurance hikes remain of concern, however.
- We are stable and happy at the moment.
- I have 10 rentals - the last properties I rented last month achieved lower rents than the previous tenants had paid. The drop in tax paid really helps - but rises in insurance, rates, and maintenance costs make for a really tight budget.
- The demand for relocatable rental sleepouts has dropped considerably in Auckland. Possibly due to large numbers of young people heading to greener pastures in Aussie.
- Property management very strong but getting harder to find good tenants.
- Bank interest in funding a development. First time in recent years.
- Uncertain tenancy demand.
- Having to increase rents due to increased rates, insurance, maintenance costs but my cashflow / income will still be less one year from now due to spiralling costs.
- Increased cost of maintaining properties with little increase of income.
- High costs. Low profitability. Feels like treading water.
- Less waiting times for contractors/tradespeople i.e. builders, electricians, handymen etc.

## Retailing

- Layoffs, slow down.
- Heavy discounting as competitors scrap for few customers.
- Customer demand is steady. Customers are wanting to travel overseas for longer and to get better experiences.
- More positive attitude and less intense media negativity.
- Optimism, driven by projected reduction in interest rates, more sensible legislation and a more investment receptive environment.
- Other businesses temporarily reducing prices to increase cashflow putting pressure on our selling price.

- Customers are just not spending. Footfall down and basket size as well.
- Tough market, price is the key focus of consumers, more positive mindset but dawning that there is no quick fix so more of the same for the rest of the year and first half of next. Government driving hard on costs.
- Unusually aggressive competitor activity / very soft customer demand.
- Lower customer spend still remains an issue. Positive signs leading into warmer weather.
- The last 3 months have been very hard for retail, but it feels like an improvement is on the way with declining interest rates.
- Consumer demand is down, with more people buying primarily our less elastic products and skipping any nice to have products. Has been this way since February where sales dropped off a cliff overnight, attributed largely to the govt cuts and catastrophising of everything.
- Growing positivity.

## Shipping, transport, storage & distribution

- More Staff available but still not of a High calibre.
- Demand and revenue are the key challenge we face. No indication of an end to the decline yet.
- A weak construction market means continued depressed demand until big projects get underway, probably a couple of years at least. So we will be reliant on taking work from competitors or improvement in existing customers workload.
- After being burned with high import, transport, storage and labour costs over the last 3 years, customers are chasing cheaper providers to recoup these costs.
- People, (customers and staff etc), appear 'flat' and lacking enthusiasm and motivation. I think it is a hangover from the last few years.
- People and companies doing business at less than cost, thinking this will help them survive.

## Tourism & accommodation

- Cost of living crisis means people save on outings & holidays.
- Concerns about new tourism taxes impacting international visitor numbers.
- Low domestic demand as impact of reduced spending and interest rates cycles through the economy.
- Tourism is recovering slower than expected however it is recovering. IVL increase to $100 is not helpful.

## Wholesaling

- Wholesale Fuel Distribution - A lot of businesses are looking to reduce costs through better pricing for their inputs.



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