Mint

Business Insights

with Tony Alexander

Businesses confident but uncertain

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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. 305 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:

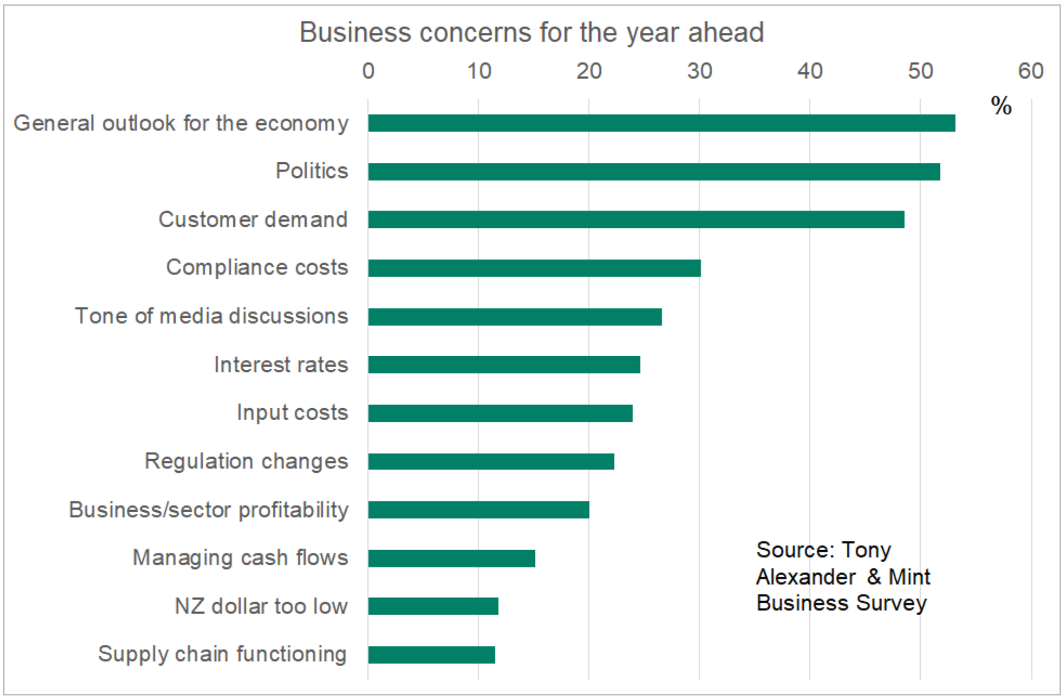
- Optimism is high that better growth lies ahead and businesses are planning to spend more on advertising and recruitment. But current conditions are still seen as difficult by many businesses.
- In many sectors there are concerns about what the election outcome will be and how this may impact the economy and specific business sectors.
- Despite cost pressures businesses feel that their ability to raise prices is limited and a net 6% in fact plan price reductions in the coming 12 months.

Tony Alexander
Independent Economist

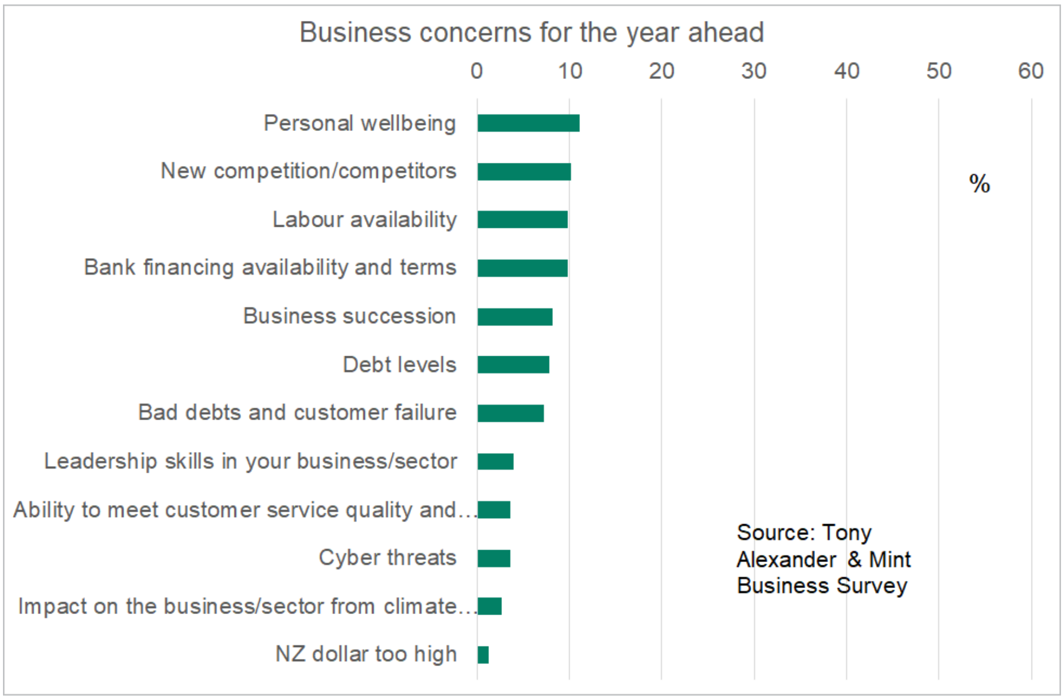
What concerns you most for the year ahead?

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

The three top ranking areas of concern for Kiwi businesses are yet again the general outlook for the economy, politics, and customer demand.

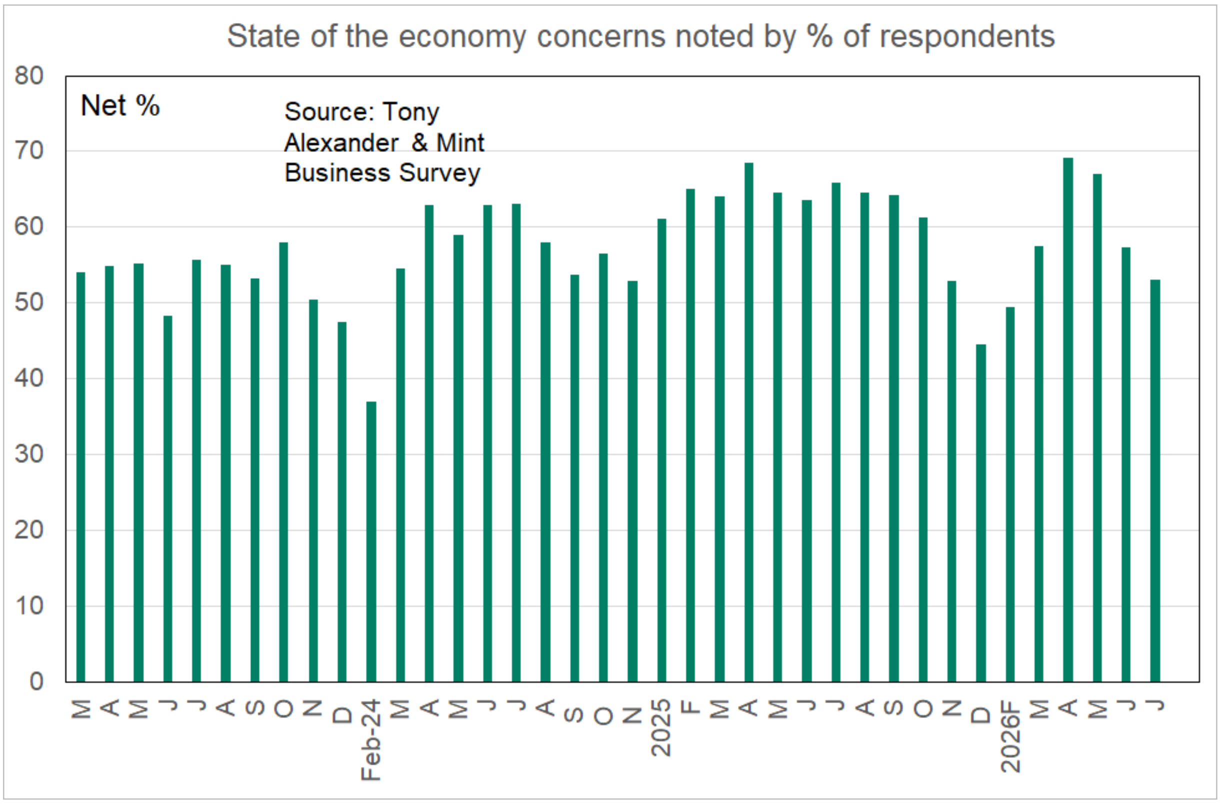


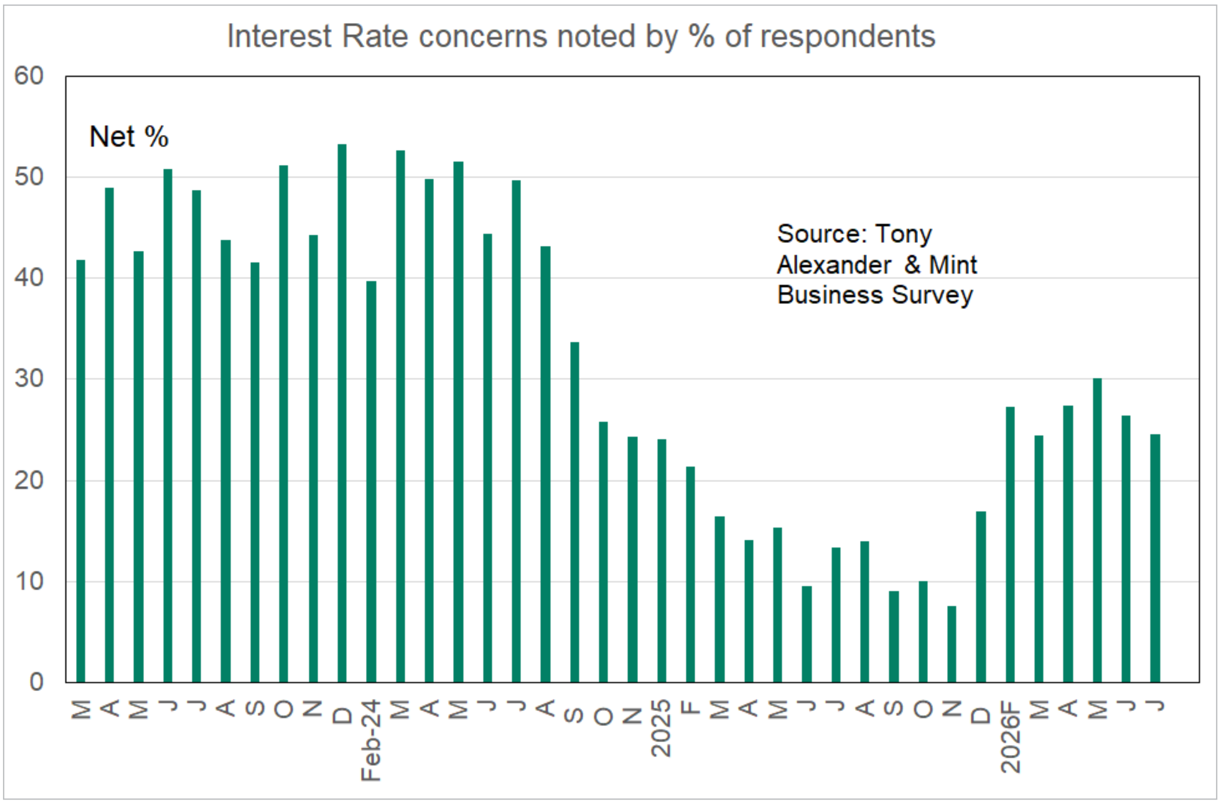
This graph shows the lesser ranked concerns.



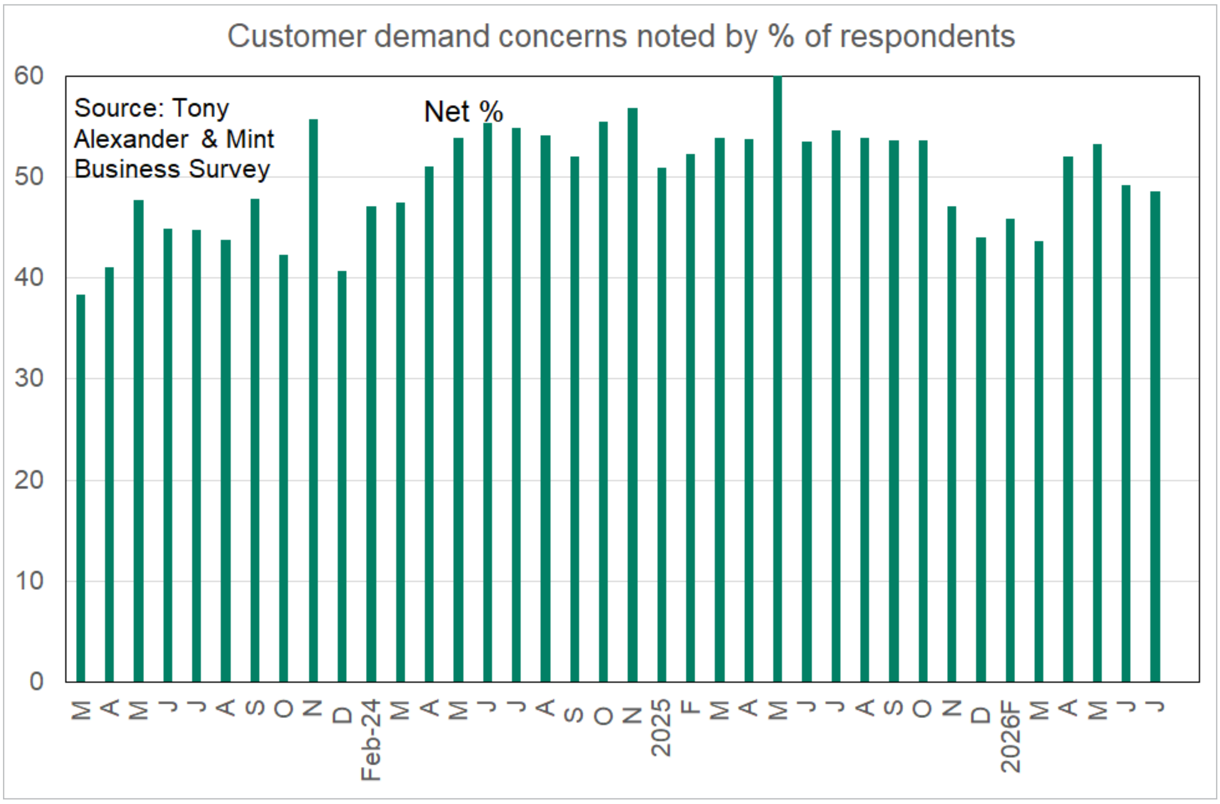
These next graphs look at changes in a selection of areas of concern for businesses since our survey started in March 2023.

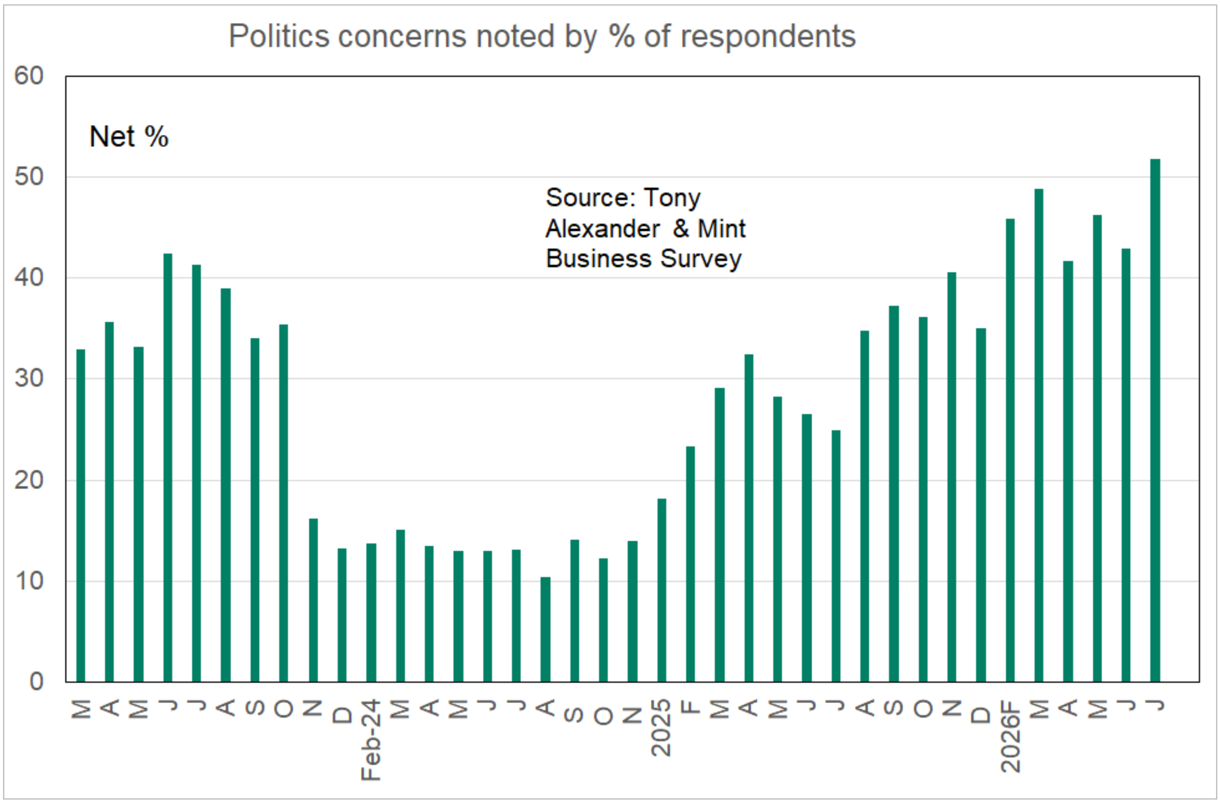
Concerns about the economy have eased for three months in a row. Interest rate concerns interestingly have not increased despite the recent tightening of monetary policy.



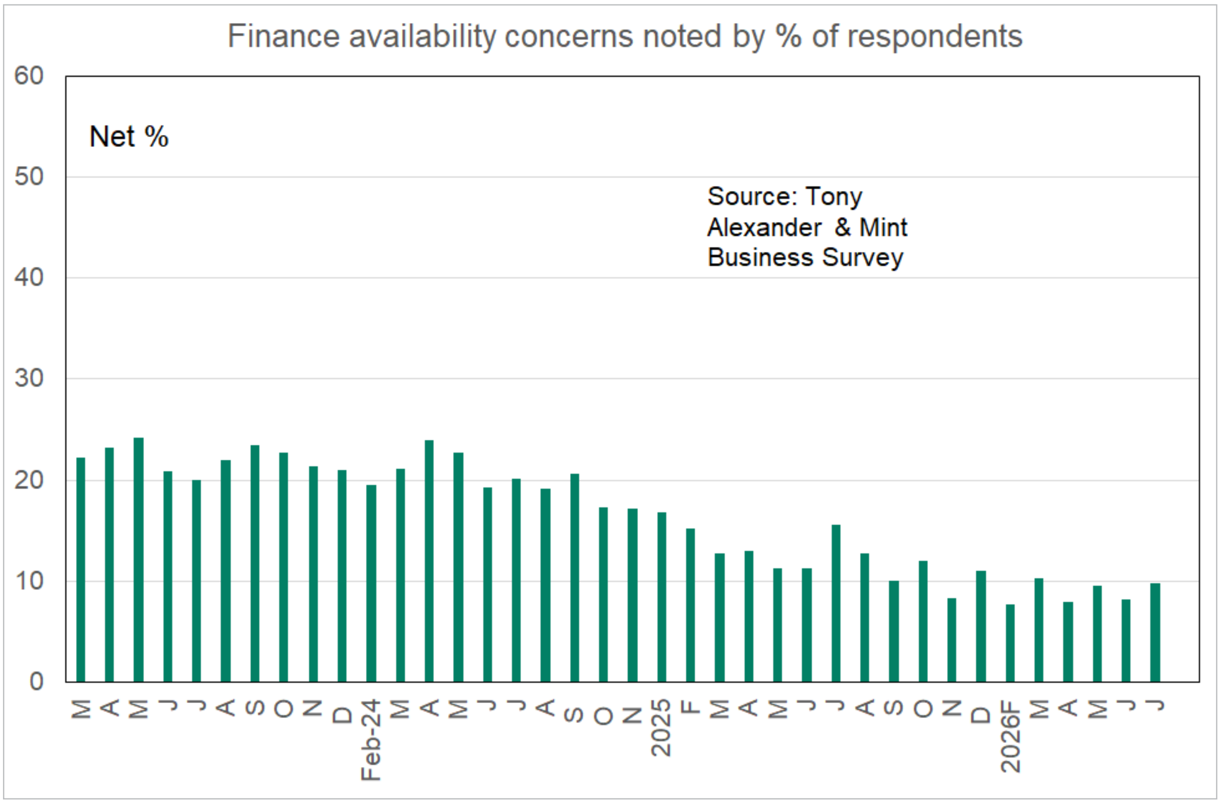


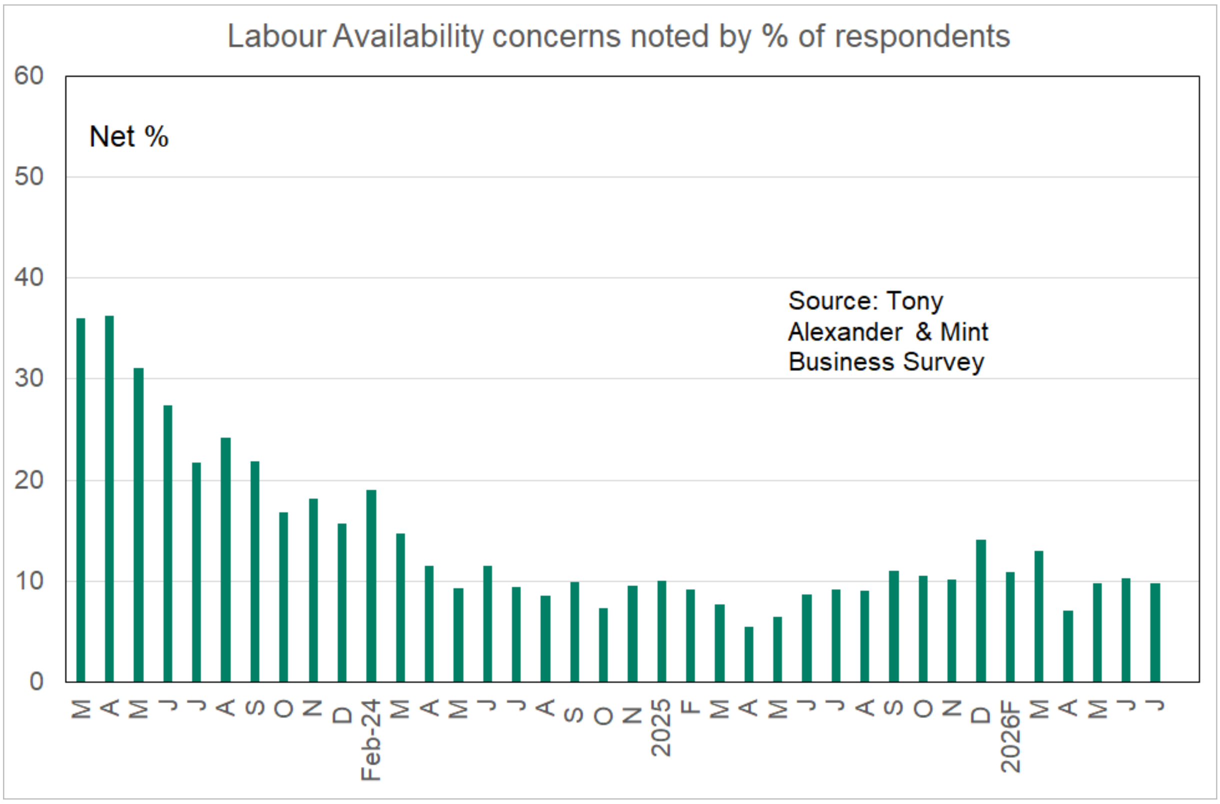
Worries about customer demand never seem to ease much. In contrast the concerns which businesses have about the potential outcome of this November's general election are clear and very strong.



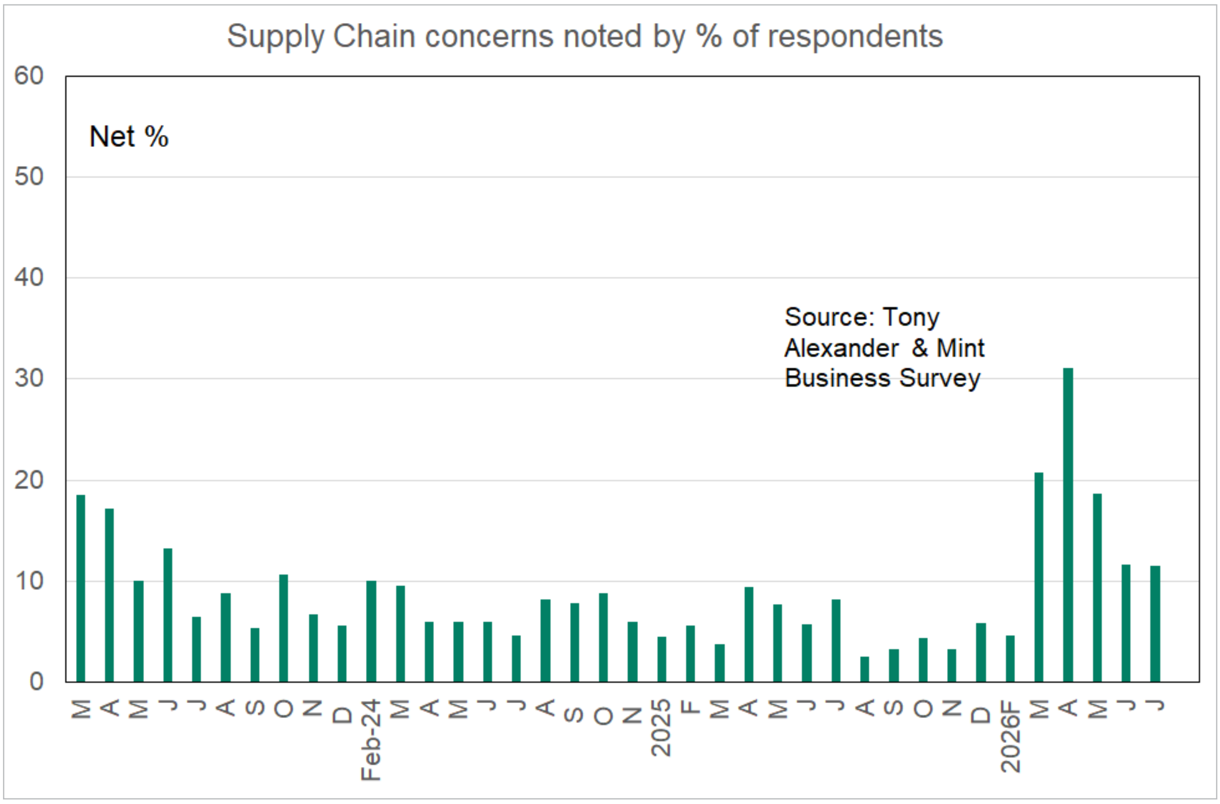


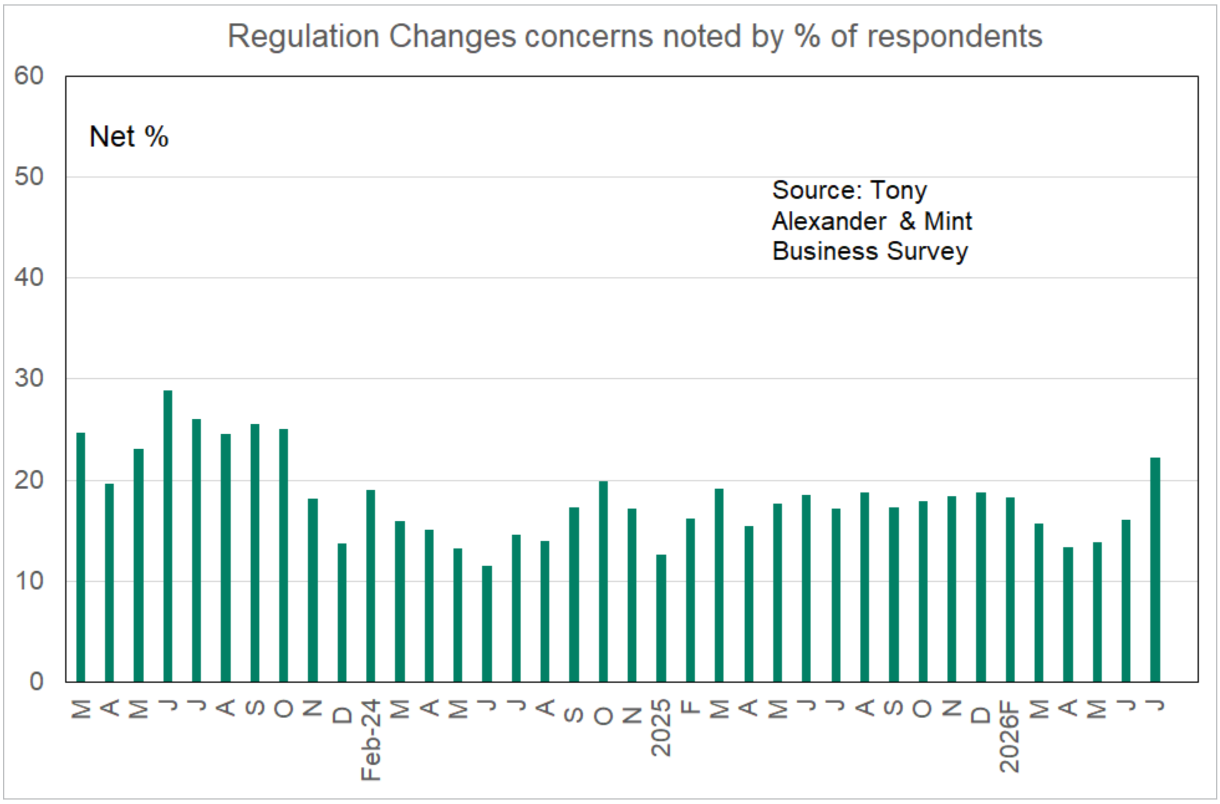
Availability of finance rarely rates as a high concern in the business sector. Concerns about the availability of labour eased over 2023 into 2024 and have remained relatively low for an extended period as the unemployment rate has climbed from 3.2% to 5.3% with a further rise possible.



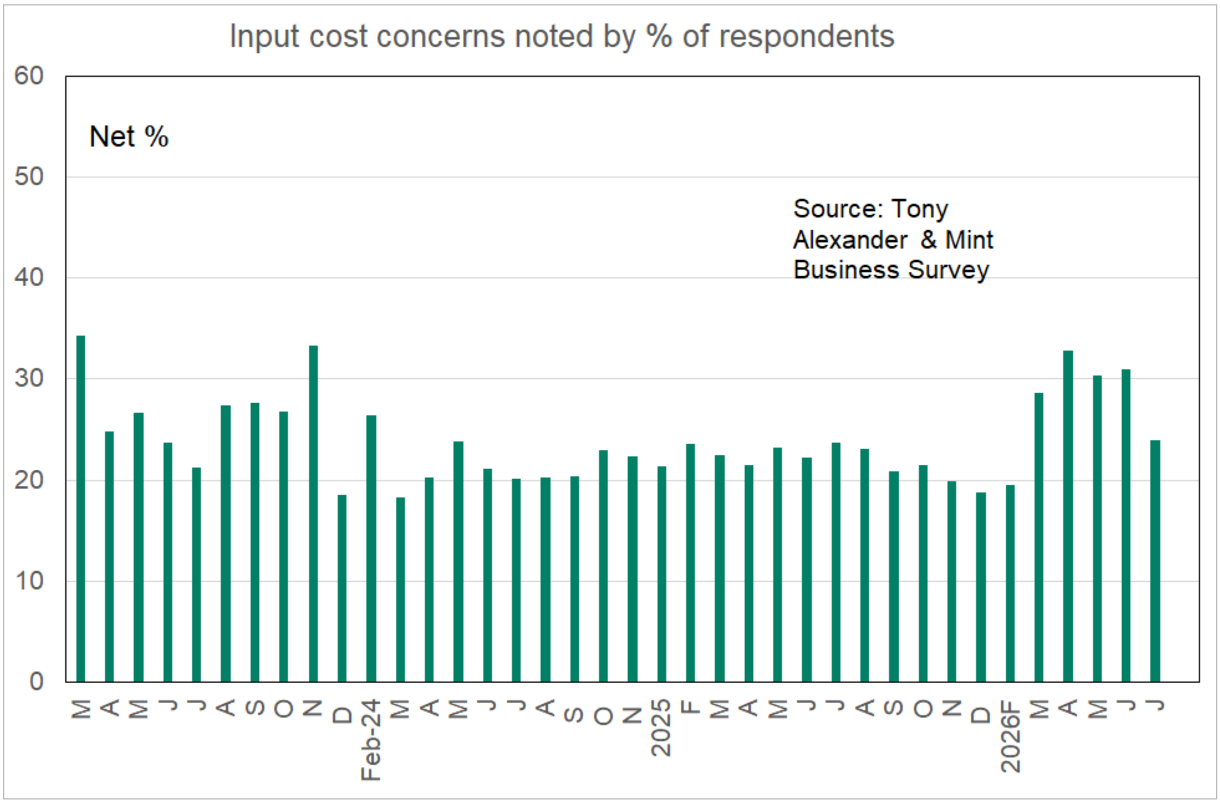


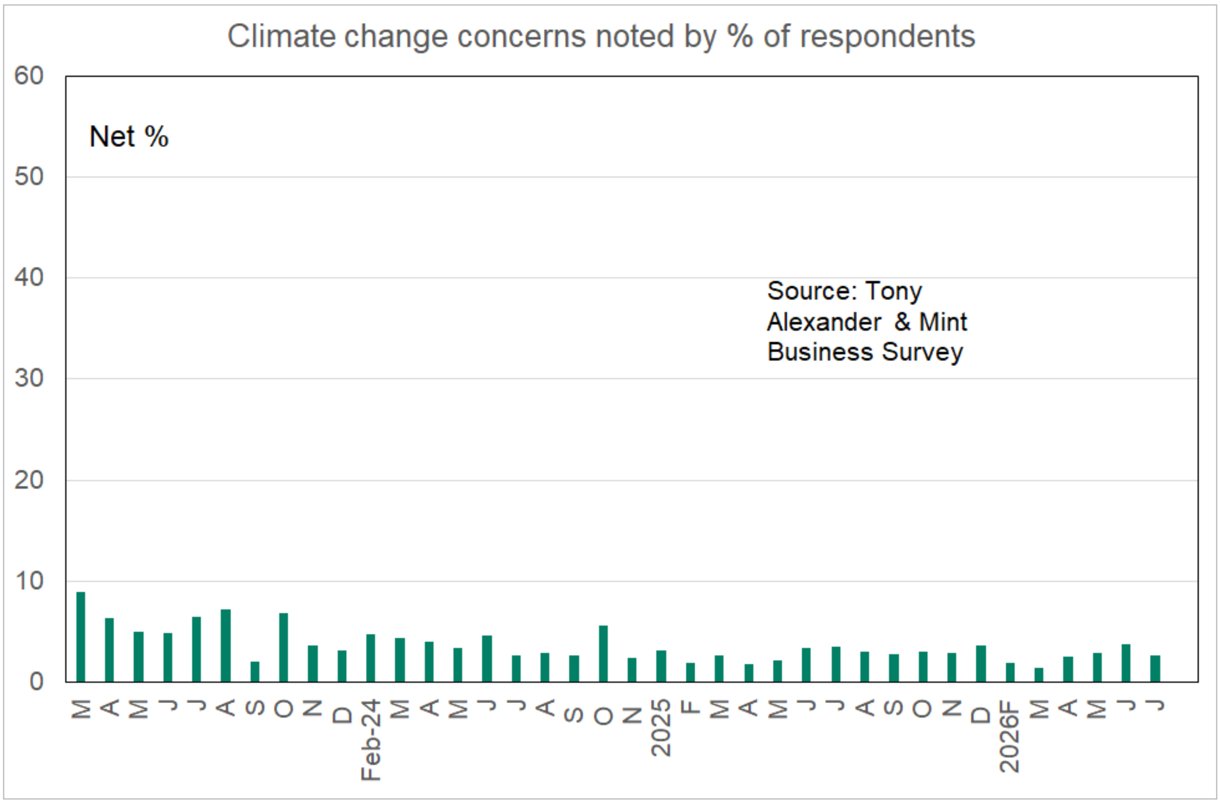
Supply chain concerns soared immediately after the US attacks of February 28. They have eased since then but remain above usual levels. Interestingly this month and perhaps in response to what the opinion polls are showing, businesses have become more concerned about potential regulatory changes down the track.



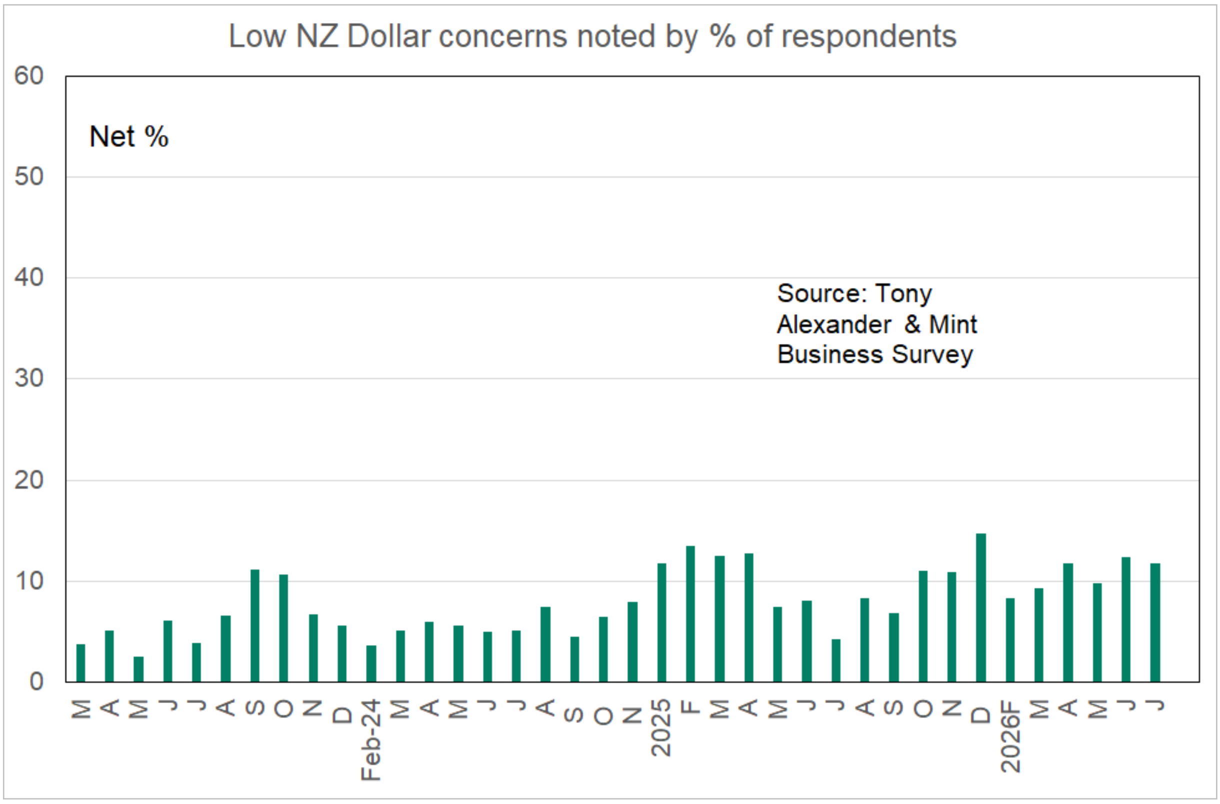


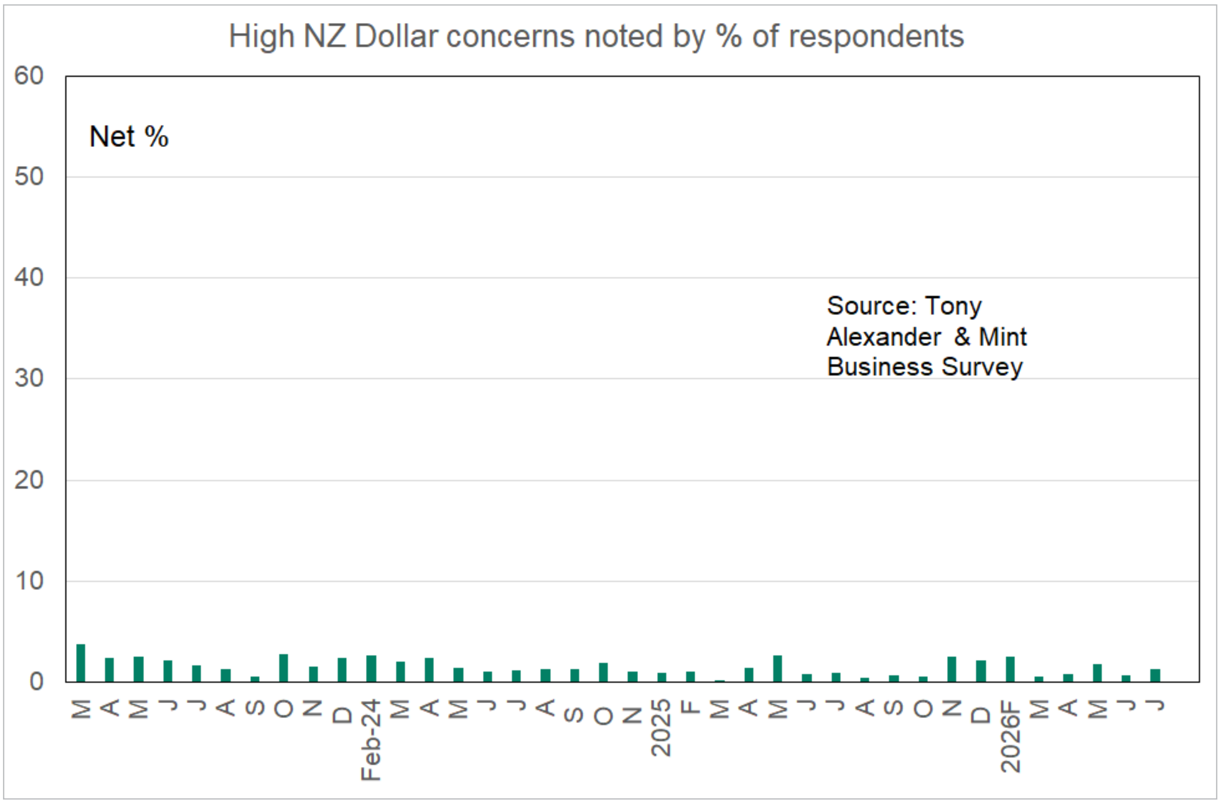
As with supply chain concerns business worries about cost increases rose as energy prices soared earlier this year and although they have eased since remain above normal levels. Reports of a heat wave in the northern hemisphere have failed to shift the dial on business concerns about climate change.





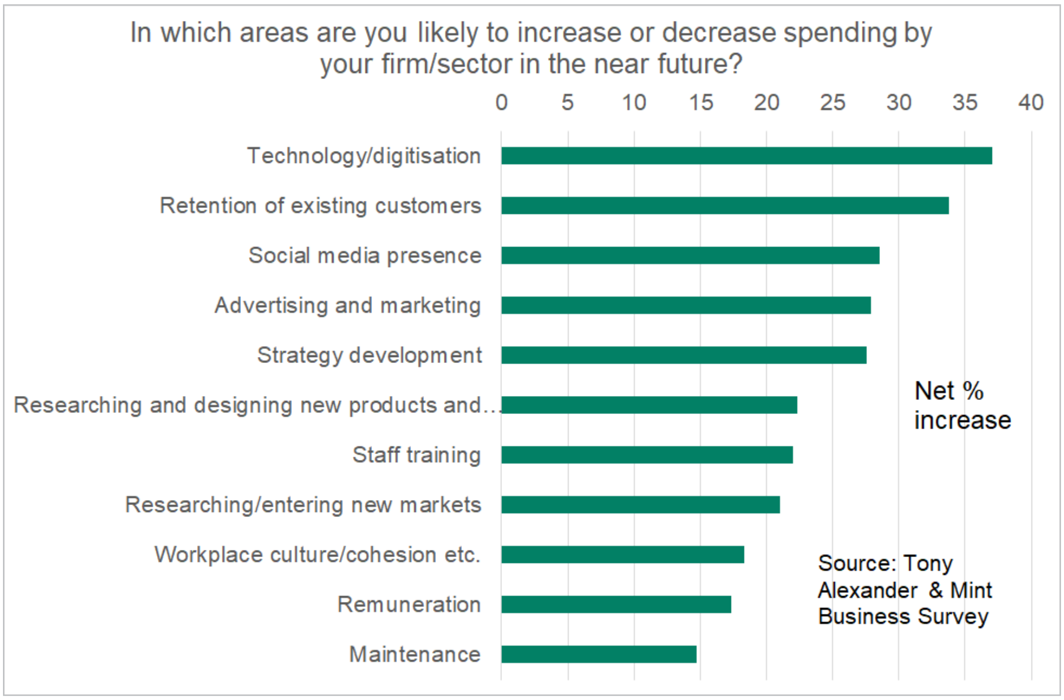
Worries about the level of the Kiwi dollar fall decidedly on the side that it is too low rather than that it is too high.



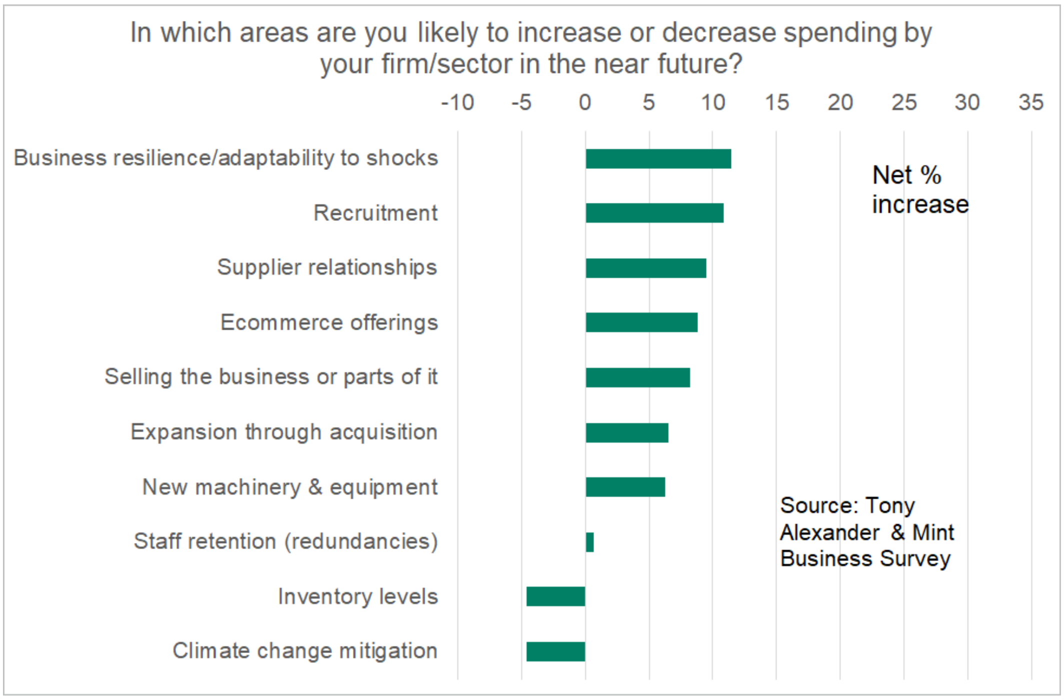


In which areas are you likely to increase or decrease spending by your firm/sector in the near future?

Our second main question is addressed at identifying where businesses are going to allocate their scarce funds in the coming year. Of interest this month is the scaling back of plans for spending on strategy development in favour of focussing on technology, customer retention, and social media presence.

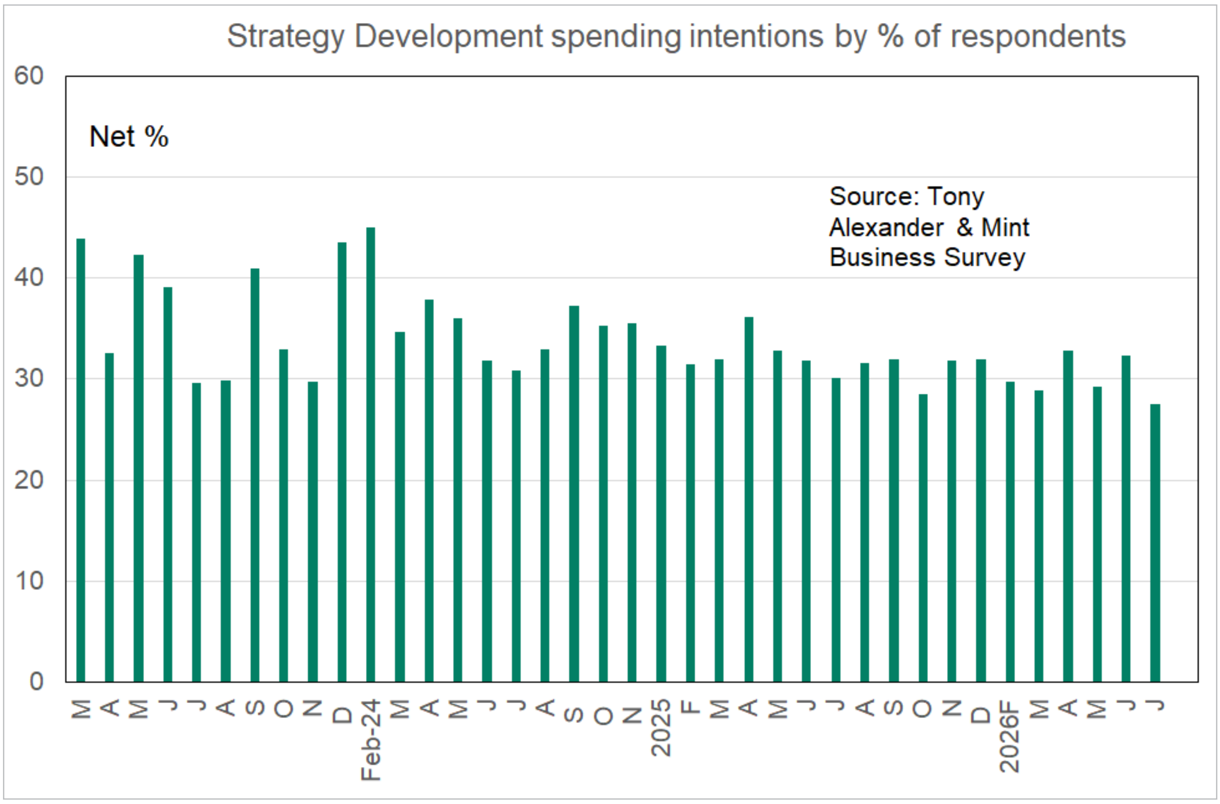


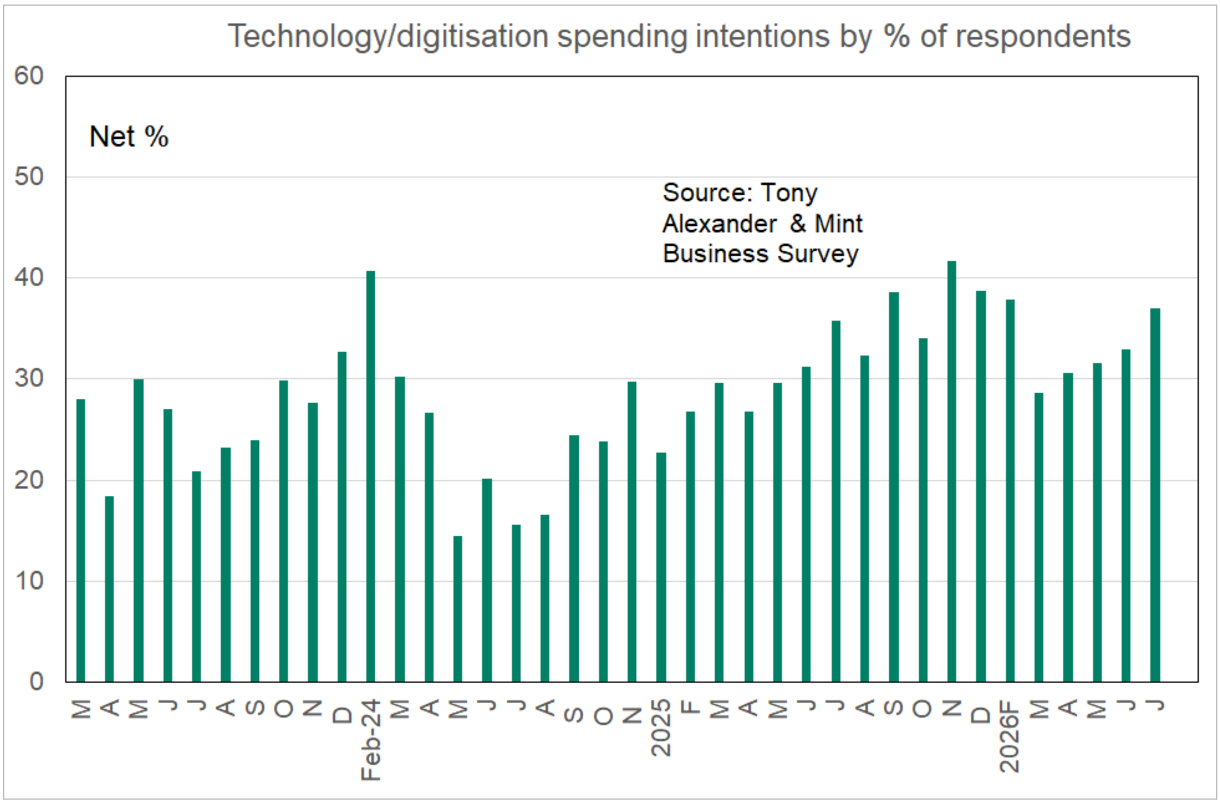
Decreased spending is still planned on climate change and inventory levels.



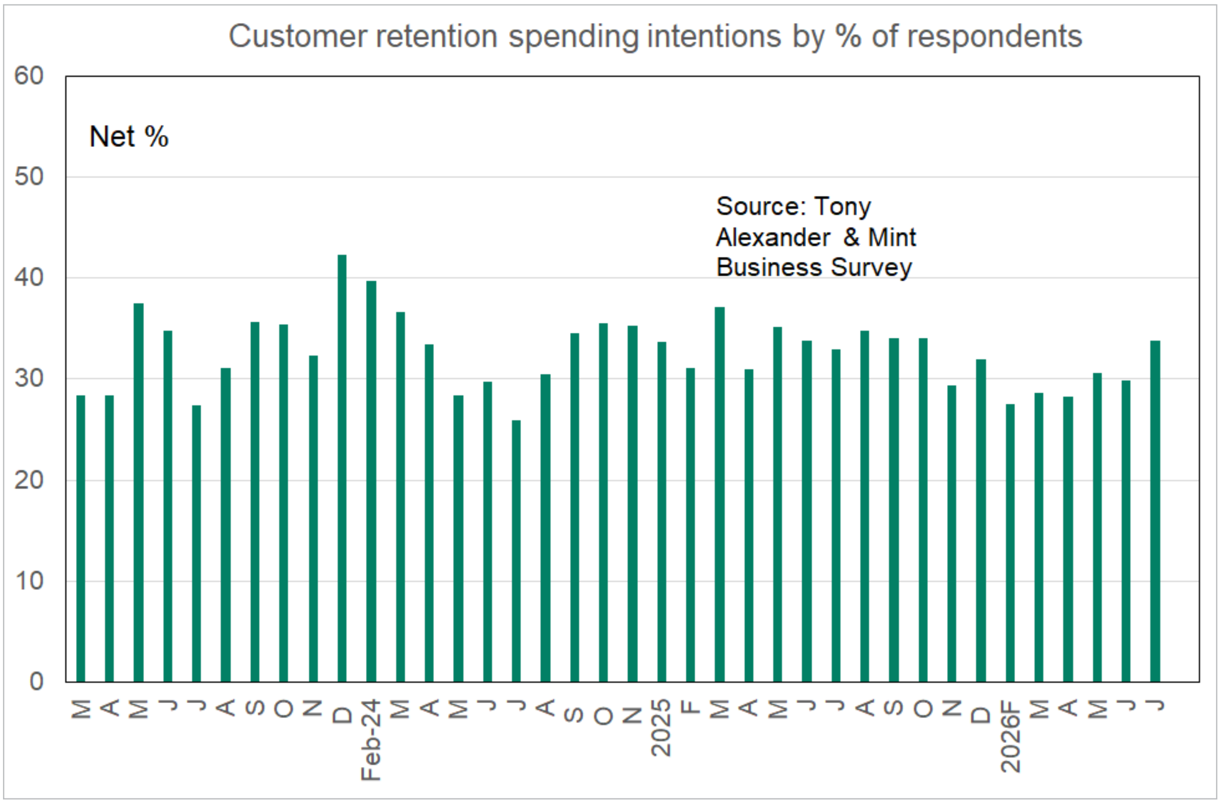
These next graphs look at how planned areas of spending change have been tracking since our survey started in March 2023.

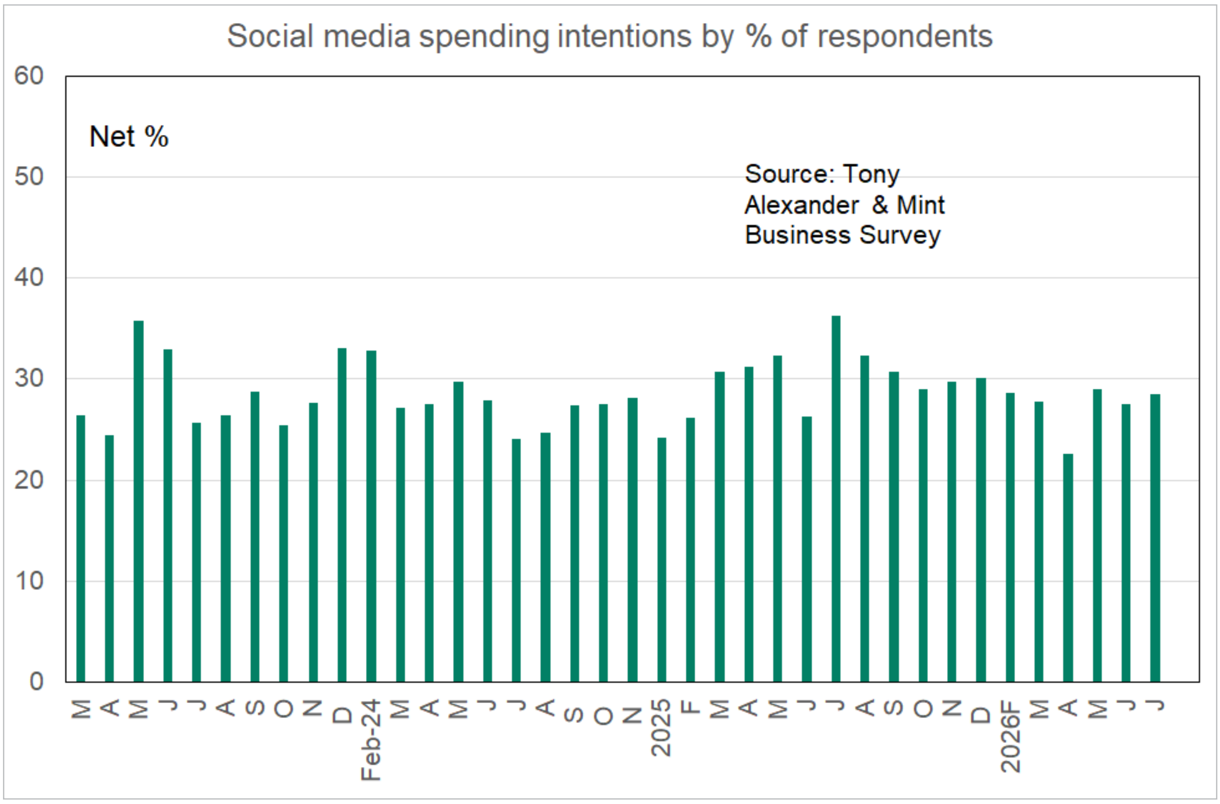
Strategy development planning is slowly ebbing away while the focus on technology which fell in March has returned to the fore.



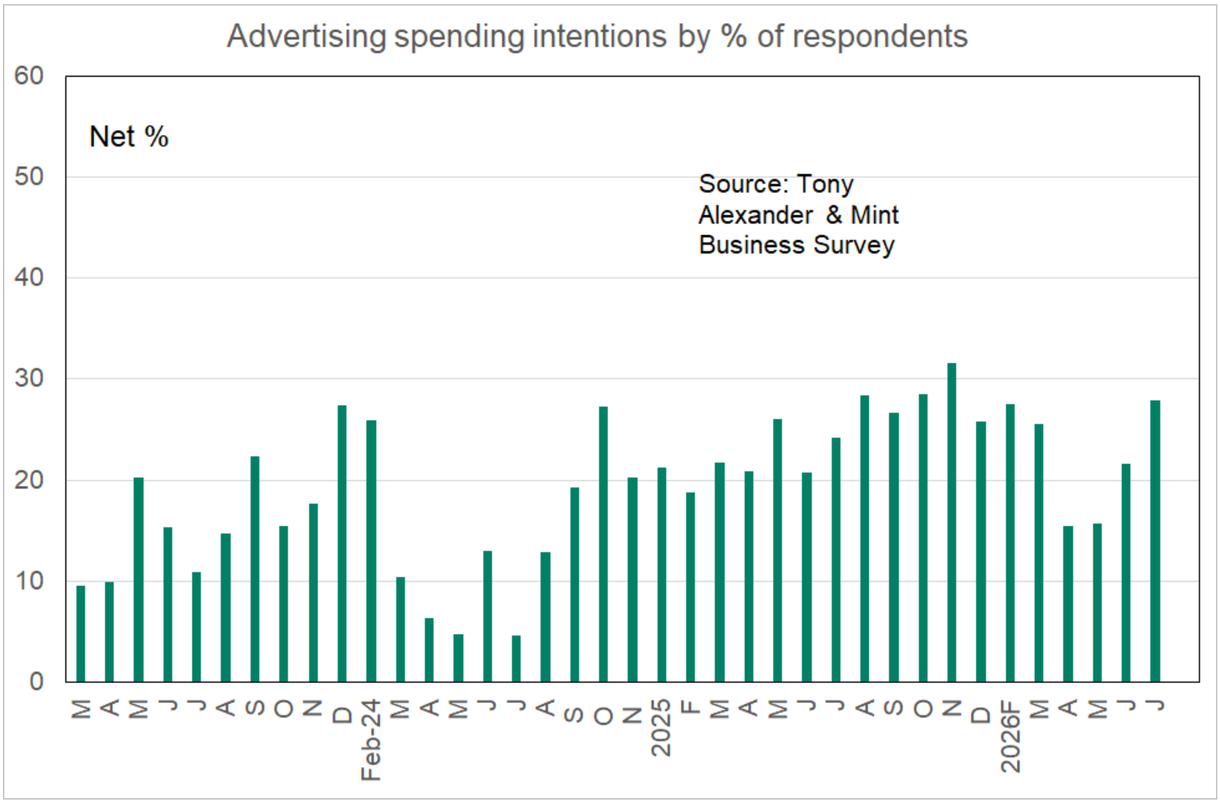


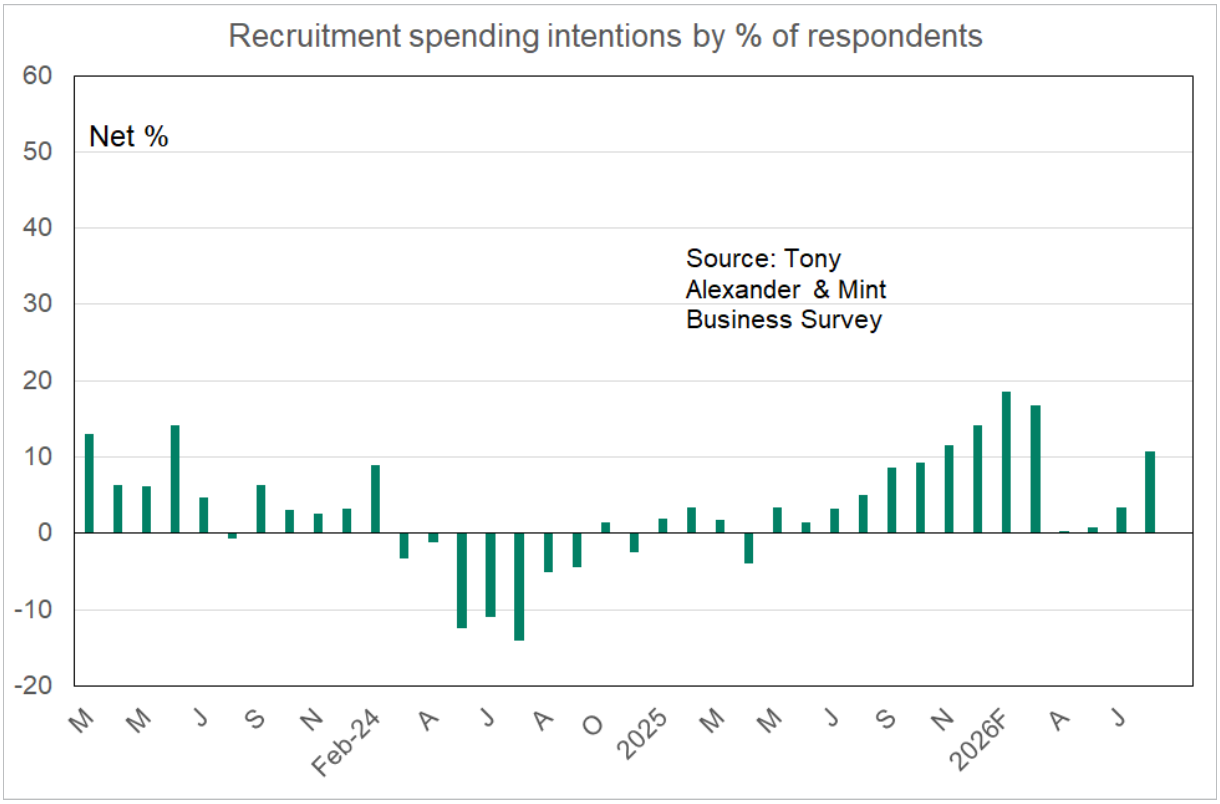
Retaining existing customers has become a greater focus this month and social media spending remains seen as an important area to address.



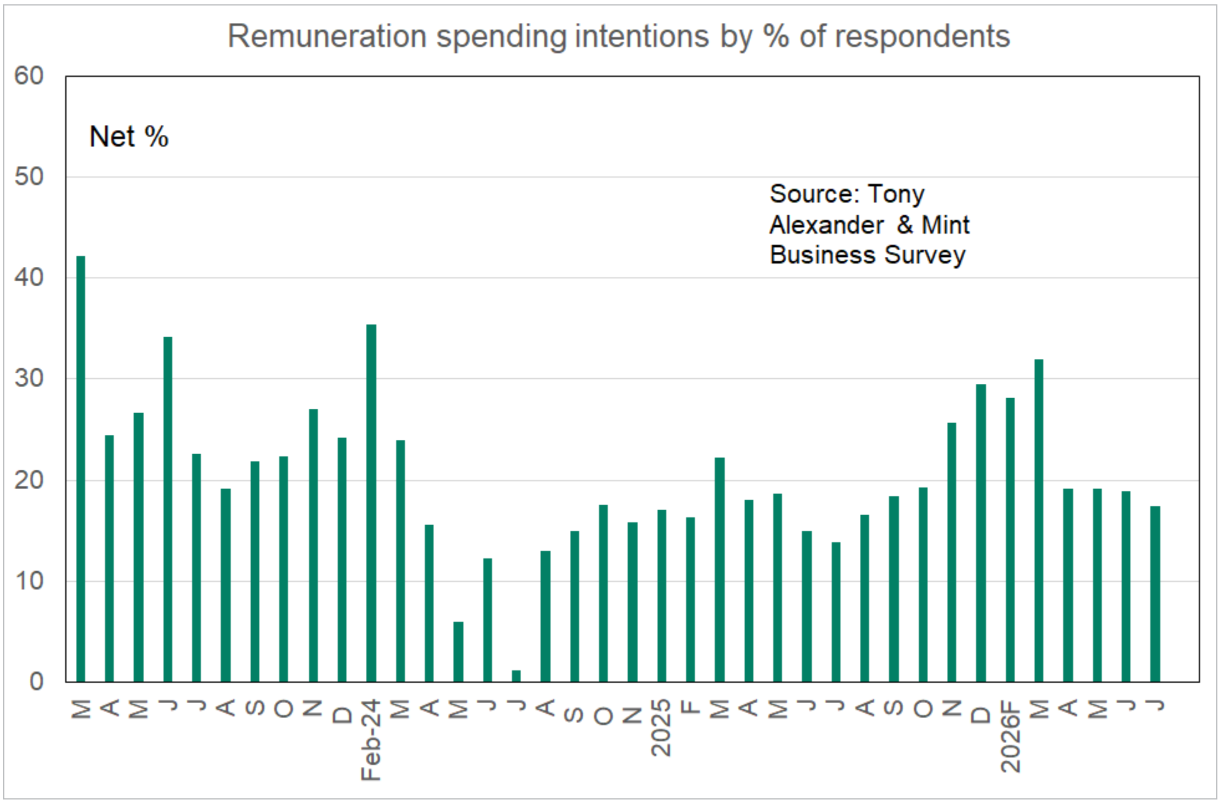


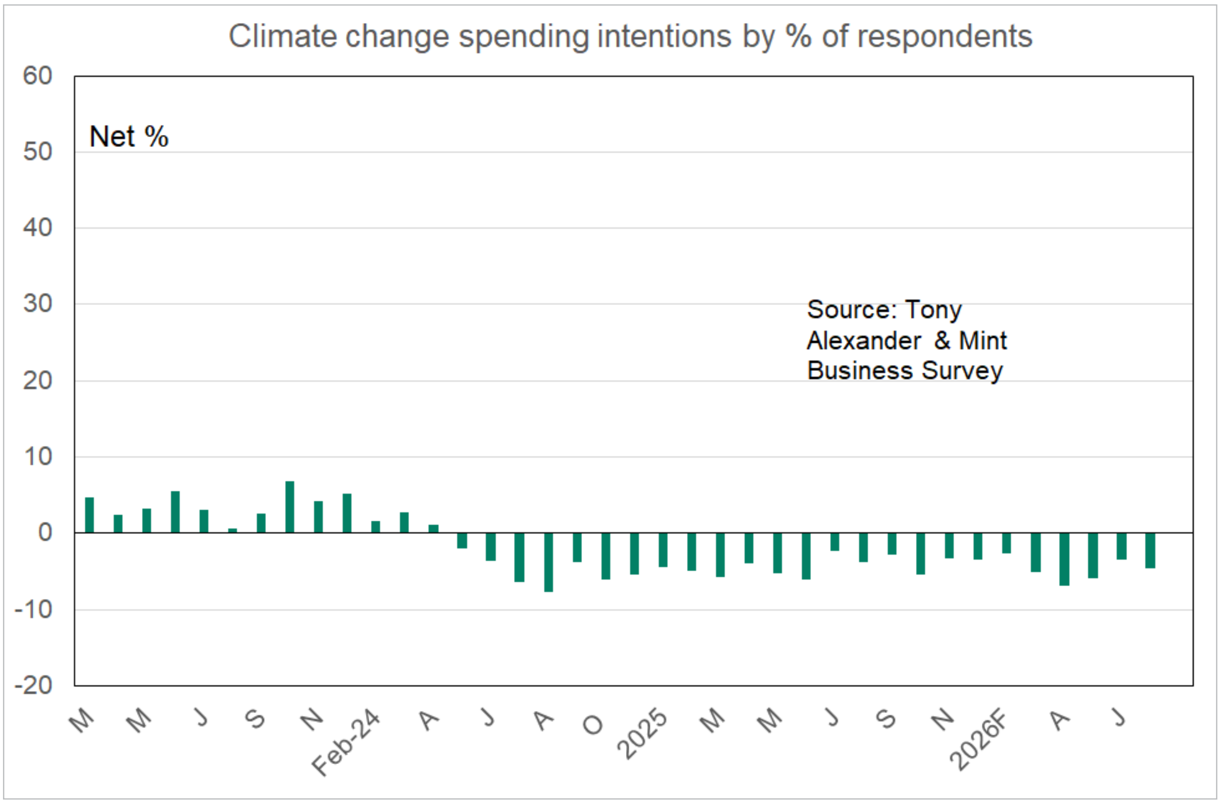
Perhaps the most interesting result gleaned from this section of our survey this month has been the rebound in plans for spending on advertising. This movement up over the past two months is akin to the hopeful surge in such spending intentions when monetary policy eased from August 2024. Recruitment spending plans are coming back to life after the February 28 hit from war in Iran.



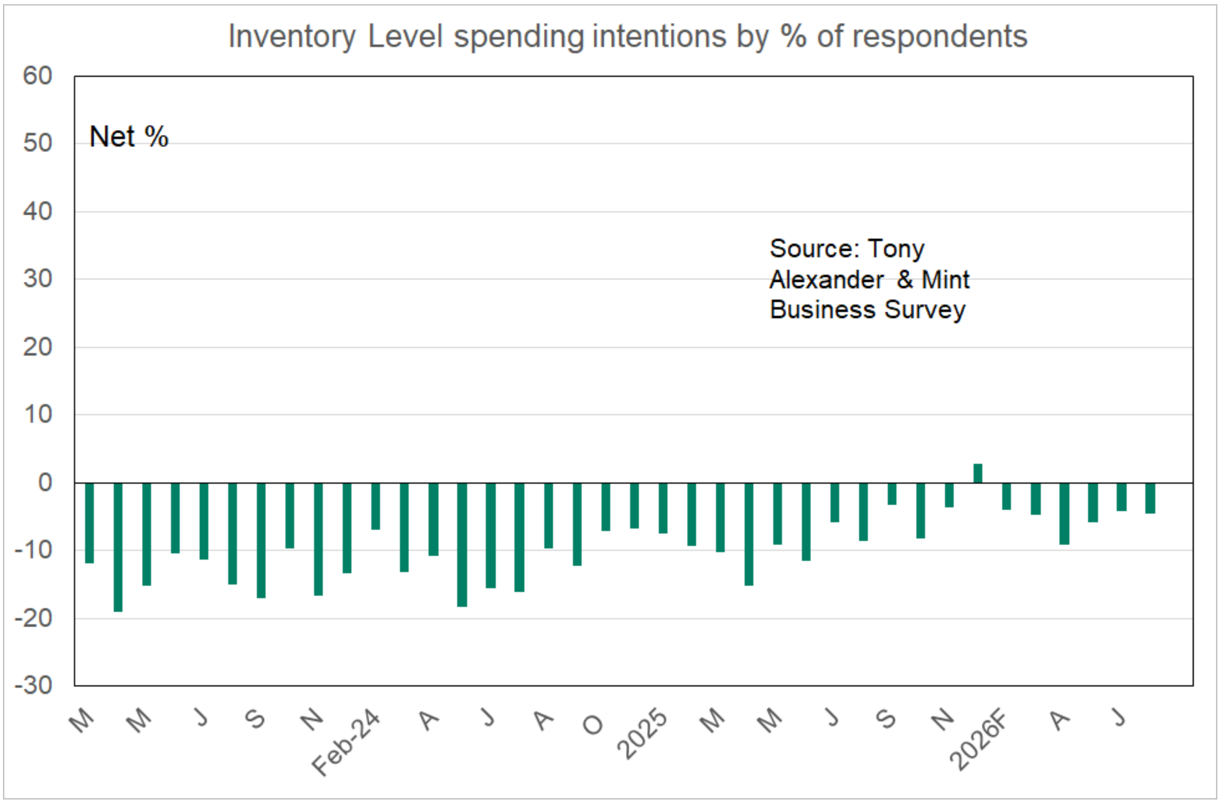


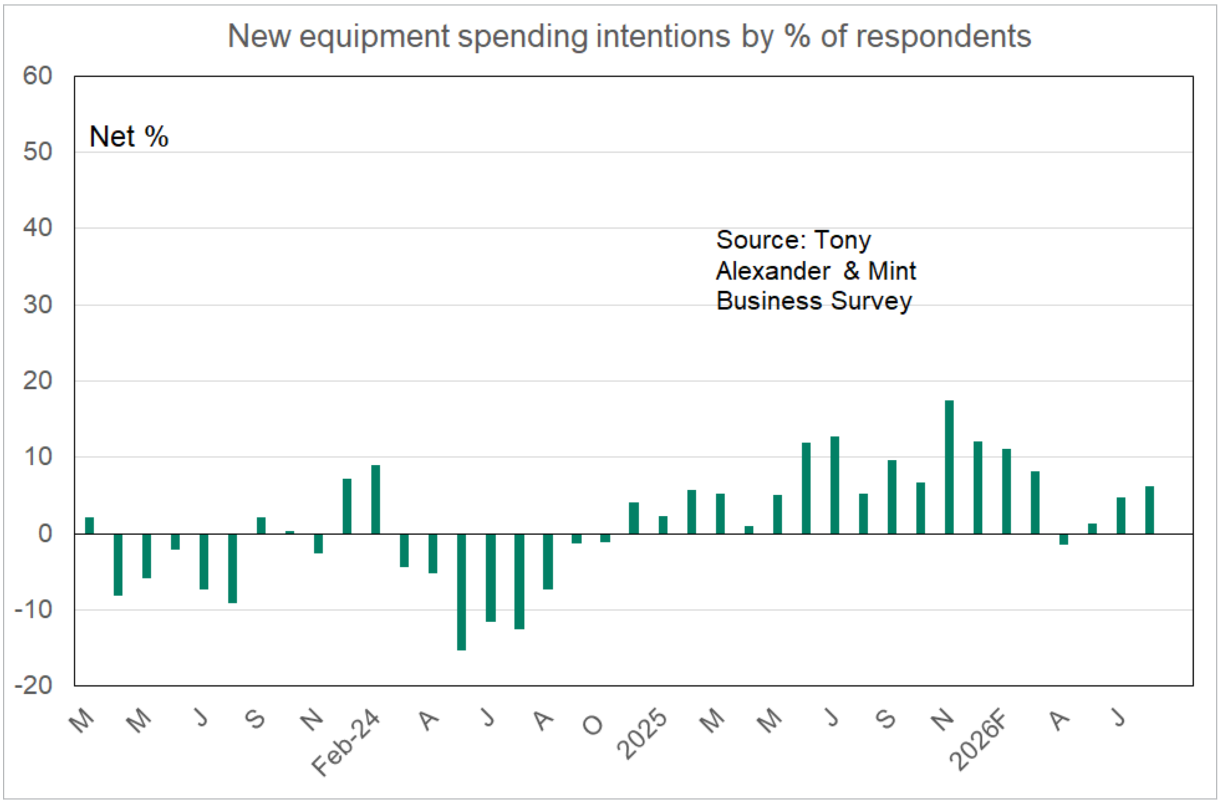
Immediate prospects for higher wages growth look low with no change upward in business plans for remuneration spending over the past few months. As has been the case since the economy entered a very weak period in the first half of 2024, more firms plan cutting spending on issues related to climate change than increasing it.





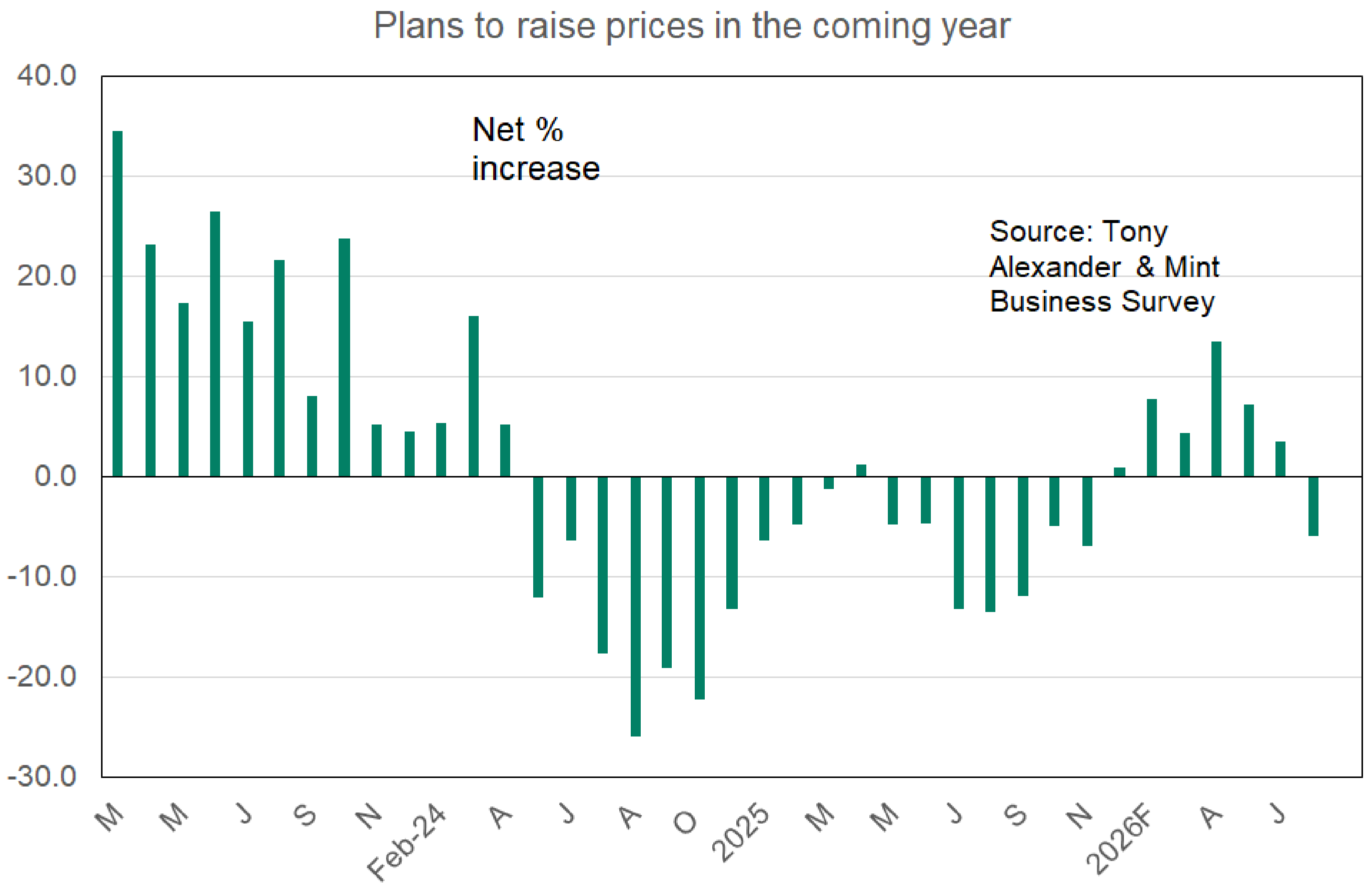
Apart from one month in the past three and a bit years businesses always report that they plan to cut inventory levels. But on a positive note plans for spending on plant and equipment have firmed once again.





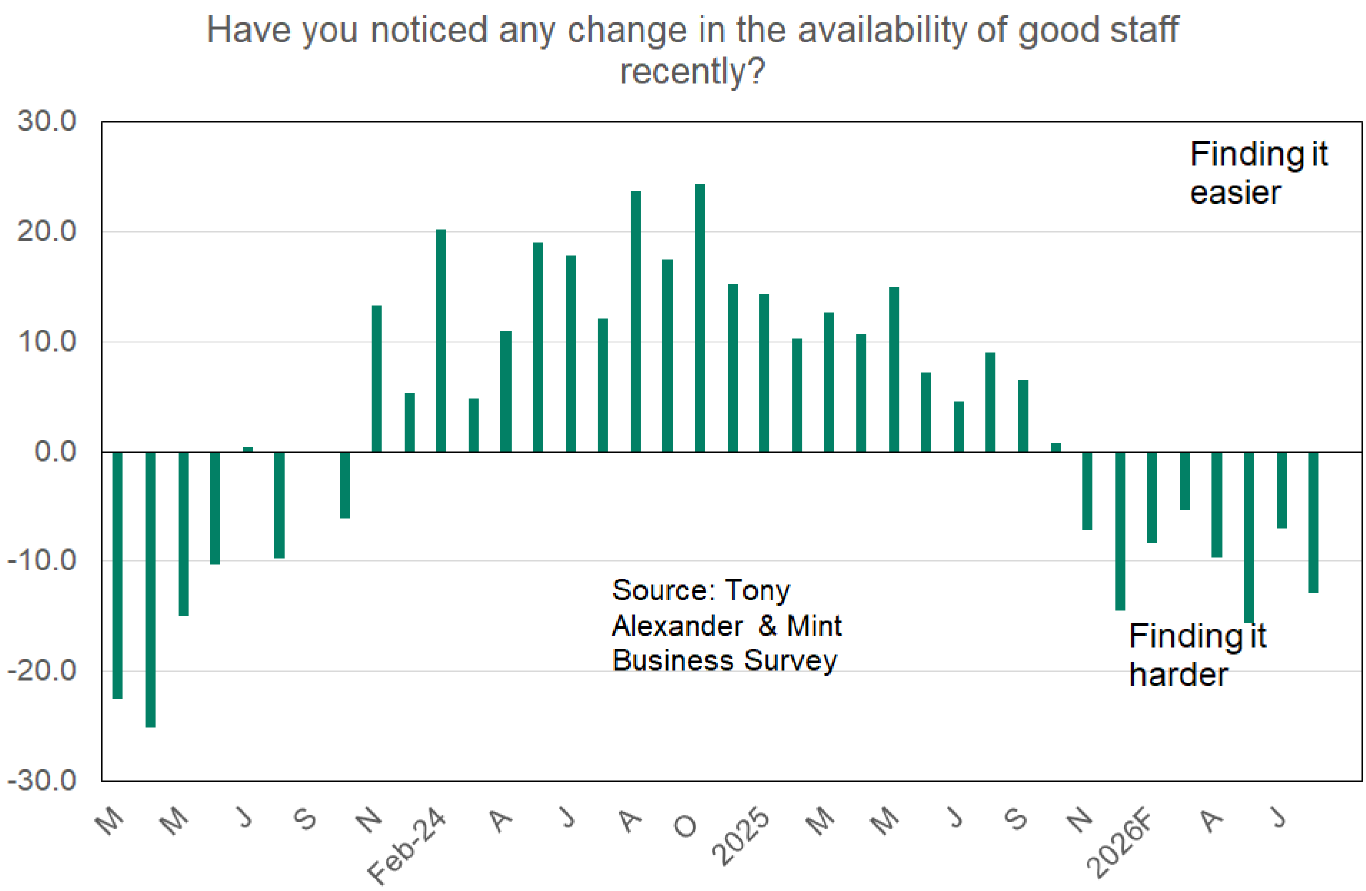
Are you planning on increasing your prices for any of your products or services this year?

The resumption of fighting in the Persian Gulf has newly dented feelings in the business sector that rising costs will be able to be comfortably passed onto customers. This means there is a risk of inflation jumping quickly once economic growth gets a more stable footing. But for now pricing power is perceived to be low and despite rising costs a net 6% of businesses have reported plans to cut their prices in the next 12 months.



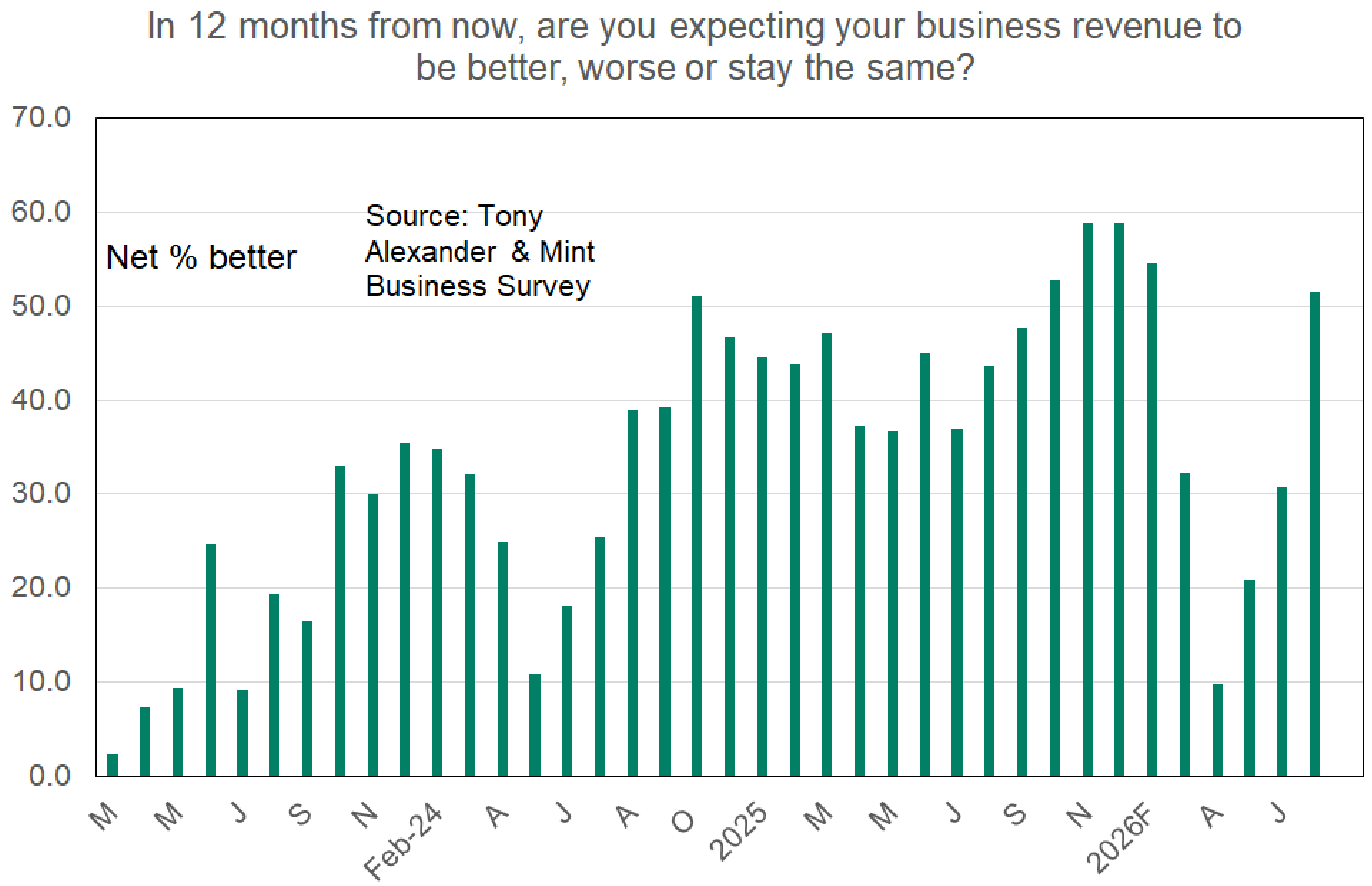
Have you noticed any change in the availability of good staff recently?

A net 13% of businesses this month have reported that they are finding it harder to get the staff they want. Some noted in their comments that once growth in their sector truly picks up staff shortages risk becoming quite noticeable very quickly.



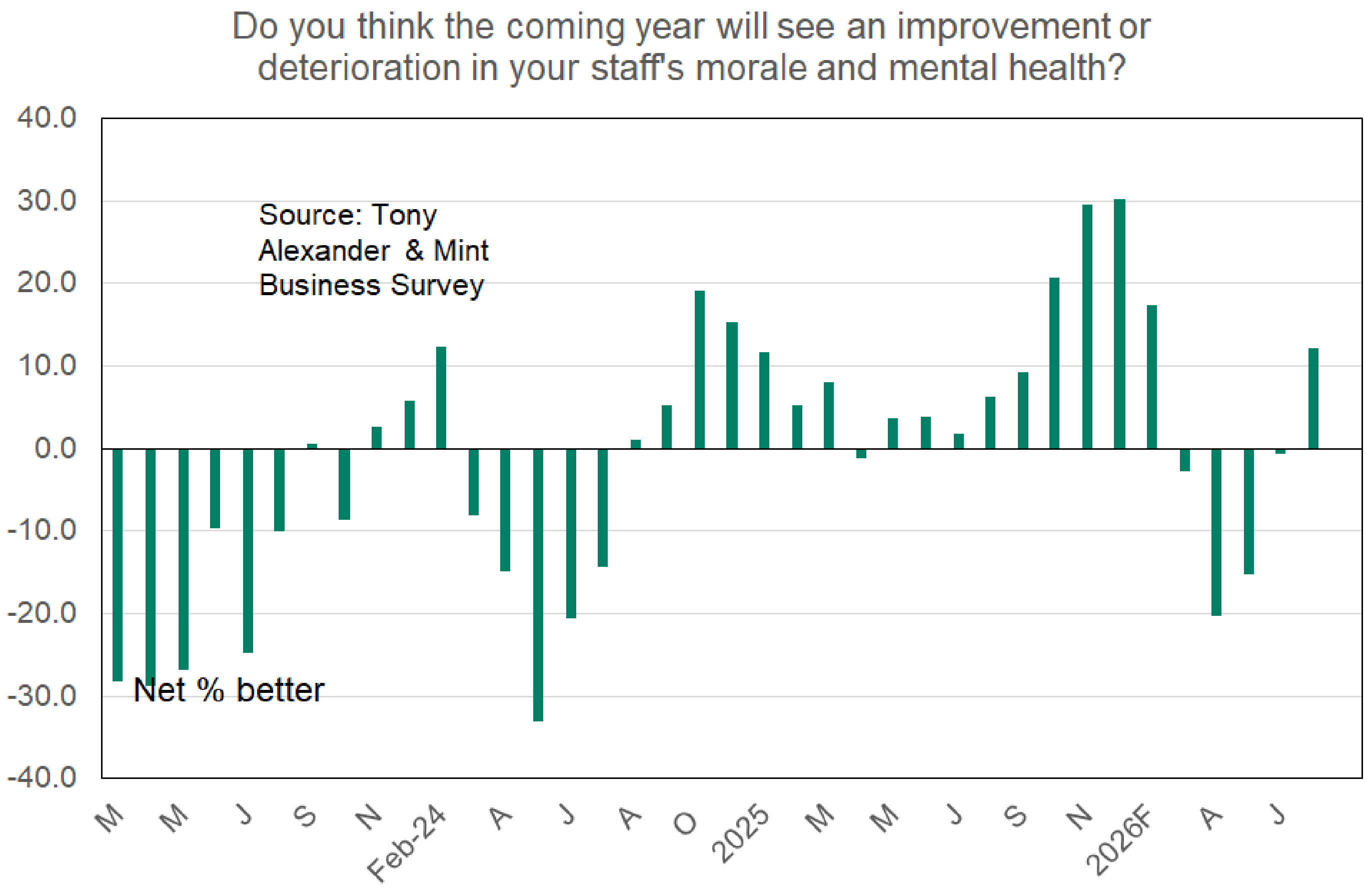
In 12 months from now, are you expecting your business revenue to be better, worse or stay the same?

Despite the resumption of hostilities involving Iran there has been a lift in business expectations for revenue growth in the coming year for the third month in a row. A strong net 51% of businesses expect improved receipts compared with 31% last month and a low of 10% in April.



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

Business anticipation of stronger growth ahead alongside perceptions that labour is increasingly hard to find are likely to have contributed towards the firm net 12% of respondents expecting staff morale to improve over the coming year. This is well up from the net 20% expecting deterioration in our April survey and the best result since February's pre-war net 17% positive.



Respondent Insights

Following are most of the comments submitted by survey respondents, grouped by the industry they allocated themselves to from a list of over 30 sectors. These are the tidied up comments of the respondents.

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

- Accountants note some improvement in sentiment though optimism remains fairly low with deep concerns about the election. Willingness to undertake investment is being impeded.
- In commercial construction there are some improving signs of activity recovering.
- Uncertainty remains the dominant theme.

Accounting & business advisory services incl. business broking

- General economic malaise, compounded by election year + Trump.
- Slow down.
- Lack of spending.
- Uncertainty with upcoming general election.
- There is a lot more confidence at present however all business owners say if the left block get into power this will go.
- AI integration - working smarter not harder, open minds to challenging what we do, and how we improve in a more robust efficient manner with the aid of AI.
- The impact of the war in the middle east has not quite started to impact but it will soon.
- Finally starting to see improving performance for a majority of our business clients. Hoping that this is sustainable - unlike the last few years.
- Caution
- Less consultancy work. Clients not wanting to get a bill.
- AI innovation coming full steam. On average clients are struggling.
- Lethargic business owners. The continued stop-start economy is leaving many business owners stuck in a holding pattern (i.e, unsure whether to invest, pull back or simply wait. That uncertainty is exhausting. We are working with a growing number of owners (in the <%5m t/o market) in Canterbury who are looking at exiting. These are solid businesses, 8-12 years operating, strong balance sheets who are looking at exiting because they are frustrated and exhausted at carrying the risk while the 'big boys' make their minds up. They no longer have confidence (or easy access to capital) to invest, preferring the unknown after exiting than the known market they have worked in for 25+years. It's a real tragedy.
- Customer delays in approving capital. Trickle down time taking longer.
- Most small business clients have been going backwards last year. Tough to put up prices.   Would like to employ more but hard to find right people.
- Fear of change of Government
- Business is fine for those who want it - those who are prepared to go and look for work are finding there is plenty to do.
- Holding steady, still new opportunities, but can be lumpy at times.
- We're seeing decent demand in Christchurch for our services, and there is a sense of quiet optimism in the market.
- We are being undercut by other agencies, clients are not willing to pay a premium for the best service available, but rather, they are choosing to opt for a cheaper price in the hope they will get a similar result (but they won't). Everyone is shopping around and reducing their spend on design. Agencies are having to do more, for less.
- This has been our worst year in 20 years. Once there is more confidence in the marketplace, we expect to see an upturn in business
- Slight increase in client optimism, which hopefully translates through to greater marketing spend & activity.

Banking and Finance

- Clients gravitating back to term deposits as interest rates rise, they see this as a safer bet in this uncertain economy and everything going on at the moment.
- Businesses are still reticent to make decisions - the potential for orange swan events means many are sitting on their hands.
- Over supply, lack of confidence.

Cafes, bars, and restaurants

- Interest rates and general economic outlook affect trade. I would like to see the end of the Iranian War as this is of course adding costs to our patrons leaving less in the pocket
- I have no idea what is happening anymore. Days start off slow and end busy, or the complete opposite. Started getting busier with fuel dropping but then the football World Cup made days quieter. My feeling is slight improvement is happening as fuel drops. With diesel down at least the fuel surcharges have gone. Wait that hasn't happened!
- Strong sales growth continues.

Civil construction/infrastructure

- Activity is lifting despite geopolitical and election uncertainty. Forward order book is healthy
- Problems with getting large scale projects off the ground.

- A very slow market with no real sign of significant recovery. Maybe a new normal?
- A realisation that we, as a brown fields (or infill) residential land development community, have been too focused on the negative and it's time to focus on the positive as there is clearly a positive change afoot.
- The civil construction sector continues to face challenging market conditions, with competition for work increasing significantly and placing downward pressure on margins as contractors bid aggressively to secure workload. Many businesses are reporting little or no confirmed pipeline beyond the next month, making forward planning difficult and creating considerable uncertainty. At the same time, the industry is experiencing an increase in restructures, business closures and liquidations as reduced workloads, delayed project starts and ongoing cost pressures take their toll.
- High demand for key skills and significant shortages, particularly in asset management and water sector technical and strategic skills

Commercial construction

- Increased sentiment.
- More opportunity, subcontractors are beginning to get full workbooks
- Commercial market is back to the way it was before Covid - very competitive, fewer projects available and hard to get quality tradesmen - a lot have left for Aussie.
- Increased levels of activity and associated optimism. The experienced operators seem to be doing Ok. Lots of pressure on smaller businesses to make ends meet
- Increase in the number of tenders and opportunities for the third month in a row and an increasing number of these progressing into actual awarded and commenced jobs.
- Uncertainty in the construction sector about forward work has crept in only in the last month or so. Some projects are being delayed and pushed back, general forward workload has decreased
- Hoping building starts up again, not many cranes in the sky currently and as an old mentor used to say "you can tell the strength of the economy, by the number of cranes in the sky"
- People always chasing cheaper price Really quiet work wise. We hire access equipment.

Commercial real estate

- Confusion due to USA positioning.
- Slight improvement in sentiment
- Inner city business exit to the suburbs

Education and training

- Arts funding is drying up and causing havoc with organisations struggling to meet fixed costs. The wealthy still have plenty of money to spend.
- Early Education sector - It's always difficult in election year as the activist voices grow much louder with embellished stories & tales of woe, particularly around pay parity & the current funding review. In reality, all good service providers will be focusing on great outcomes for the children & for the teaching team whilst balancing the need for good cash management. I personally do not know of any providers who would reduce individual staff pay for registered teachers whatever the outcome of the review & any that do would lose their valued team members very quickly & fall foul of employment law.
- Uncertainty due to government changes and lack of clarity.
- Enquiries have levelled off a bit at present, but that is standard during the winter months in our business.
- Contracting sector with small increases in public funding.

Energy

- Client demand improved on 2025. Supplier inflation driving prices ever higher.
- Lack of confidence in customer demand.

Engineering

- Customers in wood processing in the doldrums. Others more ready to invest but indecisive due to various uncertainties: gas/electricity supply and prices, markets impacted by Gulf closure, NZ election, etc.
- More positive out there in the market. Reps reporting not as much negative talk from customers and sales seem to confirm that.
- Steady / Busy flow of work at present but mindful that with the country starting to move into election mode its likely clients and developers will get distracted and hit pause from Aug / Sept until the election is out of the way. Then it'll be a mad rush to Xmas!

Farming & farming services

- Agriculture is doing quite well at the moment. The diesel crisis has sucked a lot of cash out of the system though, negating the impact of the dairy payout.
- The underlying fundamentals of the Dairy and Red Meat markets remain solid. Outside of agriculture the wider domestic economy continues to feel a bit "two steps forward, one step back"
- Dairy farming is steady as she goes but input prices are starting to erode the profit.
- Very strong dairy sector, global prices remain high but have pulled back slightly. Still a great time to be a dairy farmer.
- High cattle prices allowing debt payments
- Increased costs.
- Unknowns continue, both domestic (election) and international (wars and world debt). Plenty of optimism in the rebounding wool industry. I'm all for adding more value to NZ wool, however we should be doing more of it in NZ, rather than continuing to export it to China and India unprocessed. Giving margin away to other countries.
- Horticulture Horticulture is currently delivering stronger returns, offset significantly by increasing input costs and some deferred maintenance costs.

Financial advice/wealth management

- More regulation and compliance without value add.
- Tenants in general are reporting better business prospects. Orders and sales are improving.
- Funds Mgmt Investor fatigue with the ongoing global uncertainty and the future direction of NZ INC with the election looming large in the thinking of most investors.

Forestry

- Uncertainty in global markets and energy supply.
- Signs of economy growth requiring more wood products

Health

- Our products are included with other ingredients with all the final products being exported to China. The Chinese market has visibly slowed in last 6 months and I expect our demand will continue to fall.
- Government decisions directly and indirectly impacting on demand for our consultancy services.
- Managers are really trying to decrease their expenditures to reduce cost.
- Private Medical - An increase in costs which causes a flow on effect to increase pricing

Information technology

- I'll use that old buzzword if it's still applicable. 'Green shoots' are appearing, Finally after what seems like an eternity! May it continue.
- The ongoing uncertainty due to the conflict in the Middle East and the flow on effects continues to weigh on our customers sentiment. Decisions are slow or being delayed.
- People are not taking cyber crime seriously in NZ. We are also So far behind in AI Adoption versus where like companies are globally. We must adapt or we will be left behind and businesses will become extinct.
- AI is providing us better efficiencies and potentially better products and services for our customers.
- Uncertainty about what is happening in the world and how it impacts on decision making.
- IT and AI - huge potential but so much uncertainty and unclear how to embrace. Effort is there; it's just a period of trial and error to find path forward

Insurance

- In the fire and general insurance industry competition is increasing in the commercial sector due to higher levels of profitability which is stimulating competition for growth. House insurance prices are stabilising.
- Another review by Regulator aimed at reducing revenue, for a problem that doesn't exist, which will be detrimental as it was overseas in Australia, now the industry is in trouble. Acquisition where able is an option to consider. Upgrade in technology an ongoing investment for competitiveness.
- Higher rate of lapses & policy cancellations than usual
- More overseas capacity available causing continued soft market conditions

Legal

- Since the Iran War overall enquiries have reduced. Work levels are holding up for the moment, and we are looking through the current supply issues and possible interest rate rises. The biggest concern would be grappling with a plethora of short term thinking political parties, however change is always good for law firms initially at least.
- Unwanted Regulation costs such as the upcoming AML levy imposed by the Government
- Continued economic and political uncertainty impacting upon customer demand. Business environment is uncertain and demand up and down. Work is often complex dispute, restructuring and protracted negotiations, signs of tension in the business sector. Continuing increase in costs, staffing, compliance, insurance etc.
- Property market slowly moving as reality sets in for sellers
- Reviewing affairs
- Too great a focus on profit and an increase in taking income rather than preserving the business. And the mess at ACC is serious and all parties are not making comment.

Manufacturing (all categories)

- Still highly competitive with low margins
- increased Chinese imports undercutting NZ products, a building market still stagnant, and economy that is struggling to add value and a significant under investment in the NZ economy. The current policy of tax more is not going to grow businesses
- Some glimmers of confidence from customers having an intention to invest into infrastructure.
- Still very slow in commercial interiors
- Resilience. Great hard working people despite Our retailers still struggling. Little spending money in our demographic of first time parents.
- We are definitely seeing a 2 speed economy. A lot of activity in the South Island and sluggish in the North Island.
- Higher levels of competition and price wars (race to the bottom)
- Fickle customer demand!
- Commercial construction is still very quiet, need the government to announce some more decent projects to bring confidence to the sector. We have pivoted to other industries in the meantime, with varying success due to the weak economic climate.
- Static sales, and dropping WMP price on GDT possibly influencing sales going forward.
- We have seen a lot of uncertainty in the retail and commercial (residential) market over the past 5 months with customers sitting and waiting to make decisions and or bumping out installation dates. Conversely, in June we saw a huge uplift in retail customers confirming orders with us and new leads into the business are strong for July - feels like

things are turning but still a lot of uncertainty in the economy so who knows?

- The dairy industry continues to feel like its foundations are strong
- Finally some life in consumer demand over the last 3 months in the garden sector.
- Getting good staff is proving harder. What we're also seeing at the moment (school holidays) is an increased number of staff calling in sick which is probably due in part to sickness and part because there is no one else to look after the kid/ kids.
- Competition from inferior imported products not at the level of claimed certification and internal corruption arriving with immigration.
- The amount of time and effort going into compliance costs for no return, customers want more and to pay less.

Miscellaneous

- Corporate Travel Management Business - Demand for travel is continuing to be difficult to predict. Currently, we're experiencing another decline but unsure if this will be temporary or not
- Entertainment - The pipeline of work is fickle ... longer term work is not visible at this point.
- Exhibition, events & trade shows - Moderate sector growth owing to new channel opening and filling sales pipeline (so perhaps short-lived growth), but with that continued pressure on supply requirements with short lead times .
- Gardener - There is still a demand for hard working trustworthy knowledgeable gardeners
- Hire industry - Challenging business environment with uncertain inflation outlook.
- Landscaping -We need to rethink our services provided to meet modern sustainability goals of our clients.
- Licensed Immigration Adviser Immigration regulations remain difficult, and decision-making remains subjective and uncertain. Immigration officers lack training resulting in inconsistent outcomes.
- Miscellaneous - Some customers are very price sensitive; others are willing to spend.
- Plumbing gas fitting drain laying - Customers' hands are still reasonably jammed in pockets until 2027 due to election, especially in Wellington, a city built on civil servants wondering what their job prospects are going forward. However, we are starting to see some replacement work rather than fixit till later. 3 years of fixit eventually comes home to roost. Maybe a bit of borrowing activity before rates go up again.
- Printing & packaging Increased input costs remain a concern but there is more optimism and that needs to be the train you catch. Projects have been stalled but some of these are now being given the green light to proceed.
- Residential house painting - repaint not new spec houses. An increase of quoting & some smaller jobs, but still at the lower charge out rates due to the ongoing recession

Mortgage broking/advisory

- Influx of new Advisers
- Not enough pace on Open Banking, Big Banks still holding on using every excuse.

Motor vehicle sales/parts

- Increased competition from new entrants & current brands trying to maintain market share. An underlying positivity is there, but still holding out for increase in consumer spending

Recruitment

- Slow but steady increase in recruitment demand from clients who are growing or have had investment. Many clients still having a go at doing it themselves to save money.
- Inconsistency
- Right now the recruitment market sucks!

Residential construction incl. section development

- Architecture - Still plenty of townhouse design activity in Christchurch.
- Building supplies residential and rural supplies The high cost of building houses/construction.
- Land Surveying & Land Development - Slow demand for subdivisions in Auckland. A 'race to the bottom' on pricing for professional services.
- Modular home provider, based in the Wellington region servicing the north island. Falling Wellington regional house prices combined with further planned government job cuts and an election are making life hard. Team, premises and costs cut to the bone to try and survive as we can see a small uptake or increase in sales volumes.
- New builds becoming more attractive especially for first home buyers. Now is there chance
- It is still tough in residential building. It was looking up until Trump started the war, since then it has wobbled. Inquiry rate has increased but commitments still lacking.
- Too much competition. Every builder rushing to build projects to avoid more rapid price increases.
- Wellington-based architects. Been really hard 2 years, due to lack of access to finance for developer & private clients alike. This month we got a new project, and another good project gaining traction. It would be nice if my bills got paid. Cashflow!
- Reduced and/or delayed customer spending. Increased supplier pricing. Reduced activity in construction
- Over Regulation. Lack of buyers due to lack of confidence in the economy.
- Labour is currently fine, but when infrastructure projects start, we won't be able to match what they will be paying. Retention of good people won't be impossible, but it will get harder.
- Stop/start pattern. No one rushing to make purchasing decisions
- Slow sales

- Everyone in our business circles is tired. It has been a long and challenging couple of years in the building game and things don't seem to be improving very quickly. We're all holding on for better days but also highly aware that the November election may further suppress a recovery (as things historically come to a halt 2 months out from any election)!
- We are our own worst enemy in NZ imposing compliance and increasing standards which just gets passed onto consumers making affordability unachievable. Needs major surgery in local and central government processes
- Demand remains patchy. We can sign on many large jobs all at once, then nothing for quite a while. No consistency, which makes planning and resourcing a nightmare. Cash flow, as well.
- back to uncertainty holding things up, add the upcoming election and any hope for improvement not until start of the new year
- Very busy presently in Selwyn
- Green shoots but buyers still slow to make decisions
- A bit slower than normal
- Very lumpy customer demand. Clients slow to sign up. Client enquiry has dropped, again, over the last 6-8 weeks.
- Residential Land developer With a further war escalation in the middle east and America imposing tariffs in Strait of Hormuz movements of ships, NZ businesses will likely experience further inflation pressure and a slower recovery.

Residential real estate

- Need confidence to come back to market
- Uncertainty amongst both buyers and sellers worried about what impact the election may have especially if there was a change in Govt. Some feel it could destabilise the economy.
- Buyers in our area, Franklin, placing low offers, negotiating hard and walking away if deal price not going their way.
- Political uncertainty
- Endless bureaucratic intervention and costs
- Poor sentiment, poor economic outlook.
- Residential property market is nervous - owners think their houses are worth more than they are - buyers think they are worth less.
- Well presented (nil defects, consents issues) properties, at buyer expectation price, do sell after more DOM
- Everyone is keeping their hands in their pockets
- Residential real estate is still moving but prices are going up. Buyers still keen to get access to fresh property as early as they can. If vendors are sensible properties are selling quickly.
- Decision making seems to be paralyzed people scared to make a decision or sell for what the market will pay.
- Getting people to commit. So much uncertainty out there.
- It is a buyer's market at the moment
- Vendors are looking to sell at slightly above market value.
- Clients holding back because of finance, elections and perceived economic problems. People need to keep calm and carry on. Stop moaning.
- Uncertain in future due to the election and possible new Capital Gain Tax and so on. A lot of buyers have the lack of confidence to make their decision now
- Residential property, worst ever
- Keep high standards listening to clients' customers and market
- In the real estate sector we are very slowly seeing light at the end of the tunnel.

Residential rentals/Investment

- In general we are finding it difficult to get good tenants.
- Pre election hands-in-pocket approach, delayed decisions.
- Rental market is very quiet and difficult to find good tenants.
- High rates, insurances, so many new Town Houses competing with older rentals.
- Still a difficult market for finding quality tenants, rent rates are still down and longer vacancy periods between tenants.
- Concerned about a Labour-led coalition and consequent corrosive anti landlord and redistributive legislation.
- A wait and see attitude but no real sign of deterioration
- Rentals are becoming more competitive - haven't put rent up for a couple of years. Worried about CGT!!
- Access to cheaper finance and inputs costs
- Concern about a nutter coalition after election.
- Reducing property values, reducing rents, increasing costs

Retailing

- Art glass - Retail, B2B, manufacture and teaching Feels like many people are holding back until at least after the election. There aren't a lot of positive vibes coming provide the B2B customers.
- The flare up of the Middle East conflict again will likely lead to a knock in consumer confidence to spend.
- improving confidence (but vulnerable to a change of government).
- Supplier price increases due to fuel and not reducing. Fear of the election result
- The effect of global stability on the NZ economy
- Decrease in foot traffic and average order value along with the need to use promotions to create demand.
- No aspirations
- Continuing strong visitor arrivals supporting good revenue & profit.

Shipping, transport, storage & distribution

- People are fence sitting waiting for something to happen
- The government has no money, they are our biggest customer and they are squeezing us
- Companies spending now for later benefits.

Tourism & accommodation

- Demand down since Iran war started
- Increase in tourism is encouraging
- Even though the media has us believe otherwise, things are slowly improving. Our low dollar means we are highly attractive to international tourists, and we believe things will improve - the concern is fuel prices with continued issues in the Middle East
- Very random business levels up and down in last Quarter, domestically seeing some very small signs of improvement, but weather events and shifting of seasons a particular concern for us in the tourism industry
- We rely heavily on the discretionary Dollar. There has been a noticeable decline in visitation over the past 3 months.
- Reduction in cruise ship numbers arriving in Napier will reduce revenue from this segment as it has also over last three years.
- Being in tourism, the uncertainty created by the global fuel crisis and US-Iranian war means that travellers are not booking until the last minute. Whilst NZ is still seen as a safe destination, costs and uncertainty are preventing people planning ahead. Domestic tourism numbers are down 30% on last year showing the pressure New Zealanders are feeling.
- A lack of disposable spending power by NZ consumers

This publication is written by Tony Alexander, independent economist.
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