

Business Opinion Survey

Snapshot

67%

Expect their business to perform better over the next year

63%

Expect the New Zealand business situation to improve over the next year

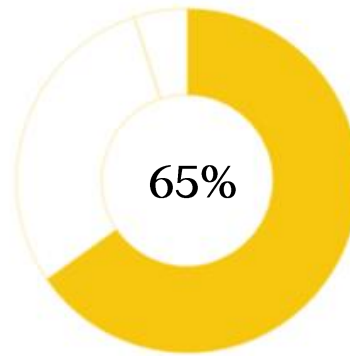
40%

Continued to see decreasing profitability for their business over the last six months

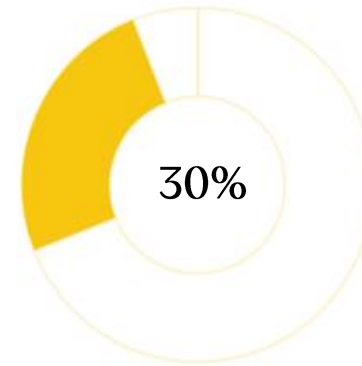
74%

Experienced increasing costs of doing business over the last six months

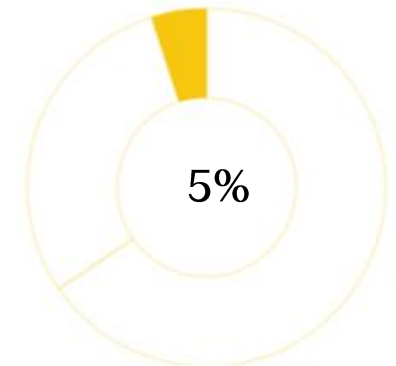
Business Size of Respondents



0-10 Employees



11-100 Employees



101+ Employees

Industries of Participants

1. Professional Services
2. Construction and Trades
3. Retail
4. Cafes and Restaurants
5. Manufacturing
6. Agriculture
7. Other

Top Issues

1. Lack of orders/sales
2. Costs of doing business
3. Government policy

Key Messages

Confidence from North Canterbury businesses is at a 10 year high. North Canterbury shows a net +47%* confidence in the New Zealand business situation, a 1% increase from our previous survey in October 2024. In comparison, New Zealand businesses overall have a +23% net confidence.

63% of businesses are positive about the New Zealand business situation while 16% are negative. Slightly above the results we saw in our last survey, this is the most positive result we have seen for this question since October 2013.

67% of businesses are positive about their own business prospects while 7% are negative. This gives a net +60% result which is a 3% increase since our last survey in October 2024.

Profitability for North Canterbury businesses continues to decrease with only 24% reporting an increase in profits over the last year and 40% of businesses reporting lower profits (Net -16% profitability).

Staff turnover in North Canterbury remains low with an average turnover of 10% reported by businesses in the survey. Business Owners are finding it easier to find staff, with net +4% finding it easier to find skilled staff, net +22% finding it easier to source semi-skilled staff, and net +30% finding it easier to find unskilled staff.

41% of businesses report that the single most limiting factor for them is a lack of orders or sales. This is a 16% increase from our October survey. 74% of businesses report that their costs have continued to increase.

25% of businesses reported an intention to increase investment in plant/equipment compared to 15% who said they would be reducing investment (net +10%). This is an improvement on our October result of net +2%.

Investment intentions on buildings remains low at net -3%, but this is a great improvement on this time last year where we were seeing net -32%.

**Net scores are calculated by working out the percentage of answers given that are positive, neutral and negative and then subtracting the negative percentage from the positive percentage.*

Business Confidence

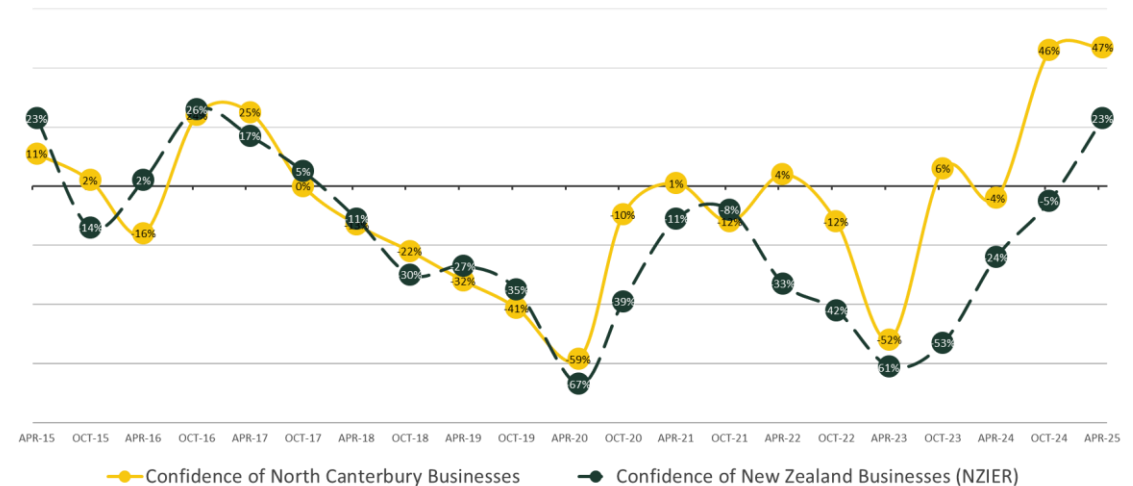
Confidence in the New Zealand business situation has stayed steady, increasing 1 percentage point to net +47%. This remains the most confident North Canterbury Businesses have been since October 2013. This number is made up of 63% of businesses who feel the business situation will improve over the next 6 months, 21% who feel it will stay the same and 16% who feel it will worsen.

The majority of businesses surveyed also felt that the business prospects for their district (net 50%), for their industry (net 38%) and for their individual businesses (net 60%) were positive. All of these results are better than six months ago.

Context:

North Canterbury businesses have remained at a high and steady level of confidence and New Zealand as a whole has improving levels of confidence. New Zealand business confidence currently sits at net +23%, an increase of 28 percentage points from the NZIER October survey and getting closer to the high levels of confidence in North Canterbury.

Confidence: New Zealand Business Situation



Local Business Confidence regarding:



Operations

Profitability:

Profitability continues to decline in North Canterbury. 40% of businesses in North Canterbury reported a decrease in profitability over the last six months while 24% saw profits increase (net -16%). While this is still a decrease, it is not as stark as the net -42% we recorded in April last year

Sales Volumes:

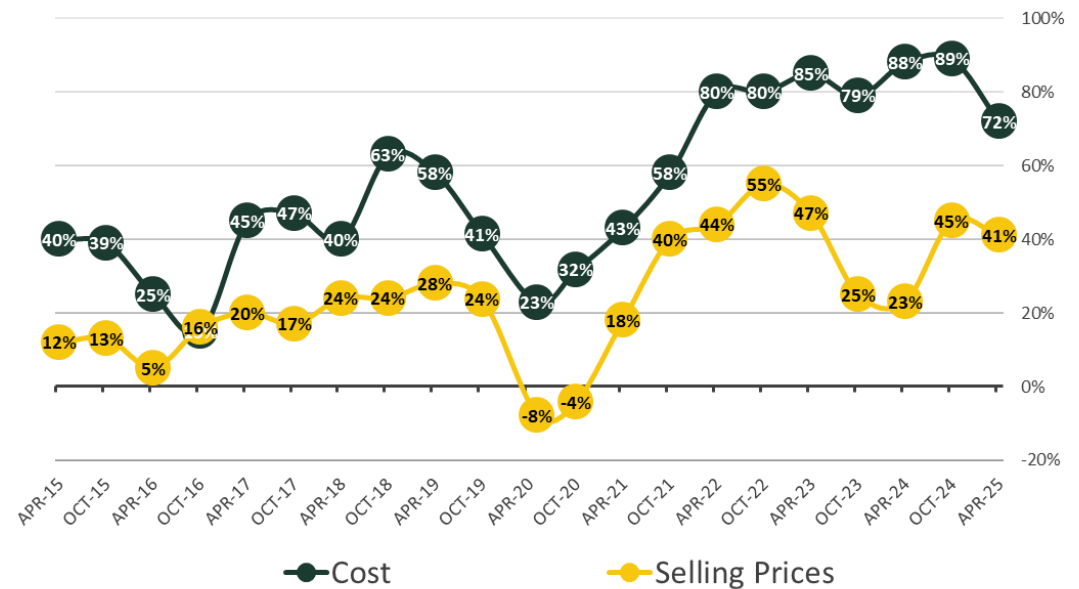
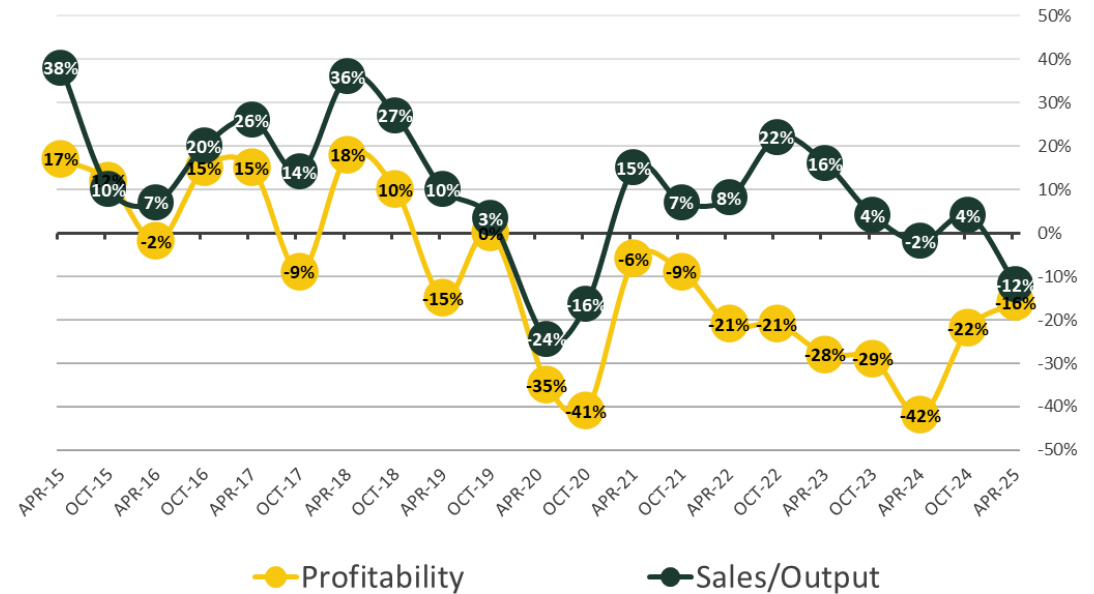
Sales have dropped by net -12% in North Canterbury, with 32% of businesses reporting increased sales levels but 44% reporting a decrease in sales.

Cost of Doing Business:

74% of businesses reported that the cost of doing business continues to rise for them. 2% reported a decrease in the costs of doing business (net +72%)

Impact on Pricing:

43% of businesses reported that they put up their prices in the last six months while 2% decreased their prices (net +41%).



Operations

Context:

North Canterbury businesses overall are continuing to operate in a tough environment.

41% of businesses reported that a lack of sales is the single factor most limiting their business – up from 25% in the last survey. This was followed by the cost of doing business (27%, down from 43%) and government policy (12%, up from 2%).

Many businesses have reported to us that they feel that the market will not support any further increase for their prices which, in those cases, is leading to even tighter margins.

With lowering interest rates and an increase in consumer confidence, many businesses report that they remain hopeful that we are seeing some early signs of recovery, but others (particularly exporters) have stated that geopolitical events are adding an extra layer of risk and cost to their businesses.

Survey Feedback:

“Lack of sales and staff are both crucial to profitability”.

“Per head spend is down, Increased costs of core items”.

“Publics budgets are still tight and suppliers are still putting up their prices”.

“Cost of doing business and lack of sales is making business very tough”.

“Thank you for continuing to support the region and for helping us understand the landscape :-)”.

“The cost of our raw product is rising significantly putting pressure on our profit margin and making sourcing also difficult”.

“Hostility from the government towards business is now at the point that it is shifting business plans and creating a protectionist environment for business owners”.

“The job market seems to be becoming more buoyant”.

“My clients are trying to save money where possible. Some moving to online purchasing and looking for discounted prices”.

Employment Trends

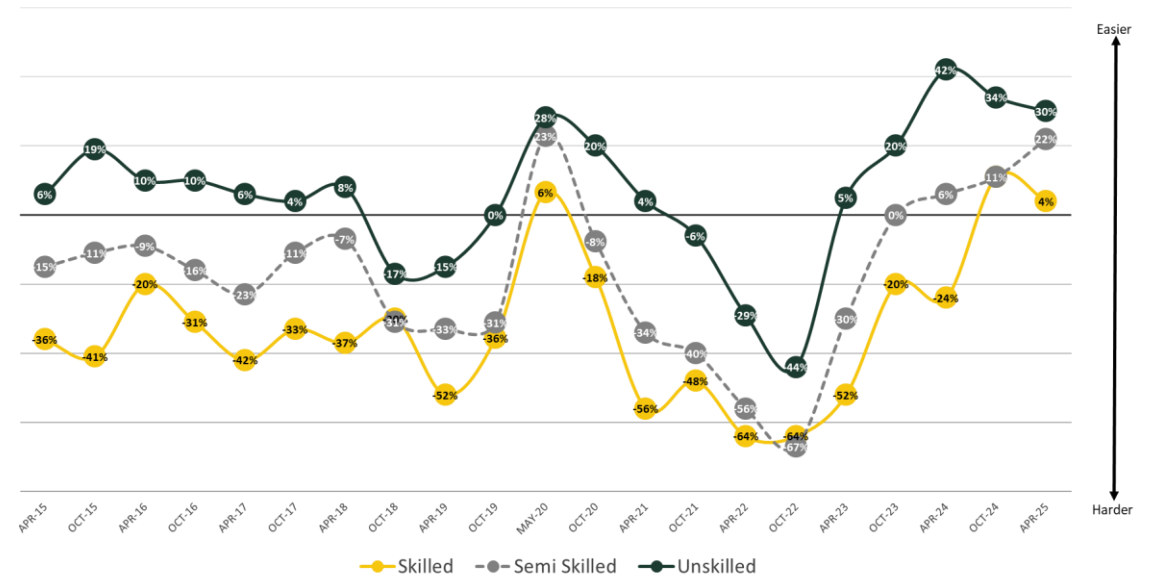
Staffing numbers are holding steady in North Canterbury with 18% of employers confirming an increase in their levels of staffing and 15% reporting a decrease (net +3%).

Employers report that it is easier than six months ago to recruit staff of all skill levels, with a net +4% improvement for skilled staff, a net +22% improvement for semi-skilled staff and a net +30% improvement for unskilled staff.

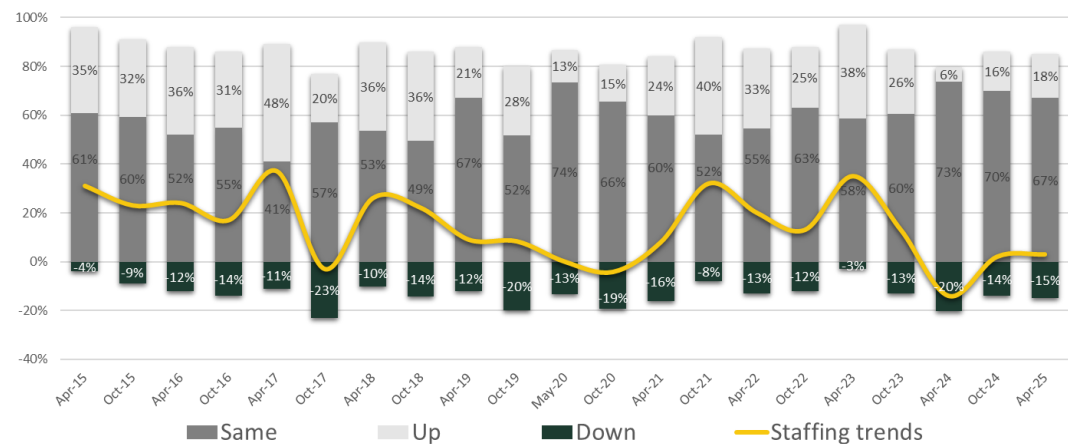
Employers report that the most used methods of finding staff are word of mouth (62%), internet advertising (57%) and social media (43%).

We ranked how successful each method is for sourcing staff and found the most successful methods (averaged over the last 3 years) are internet advertising (51% effectiveness), immigration/skills hubs (43%) and word of mouth (42%).

Finding Staff



Employment Trends in North Canterbury



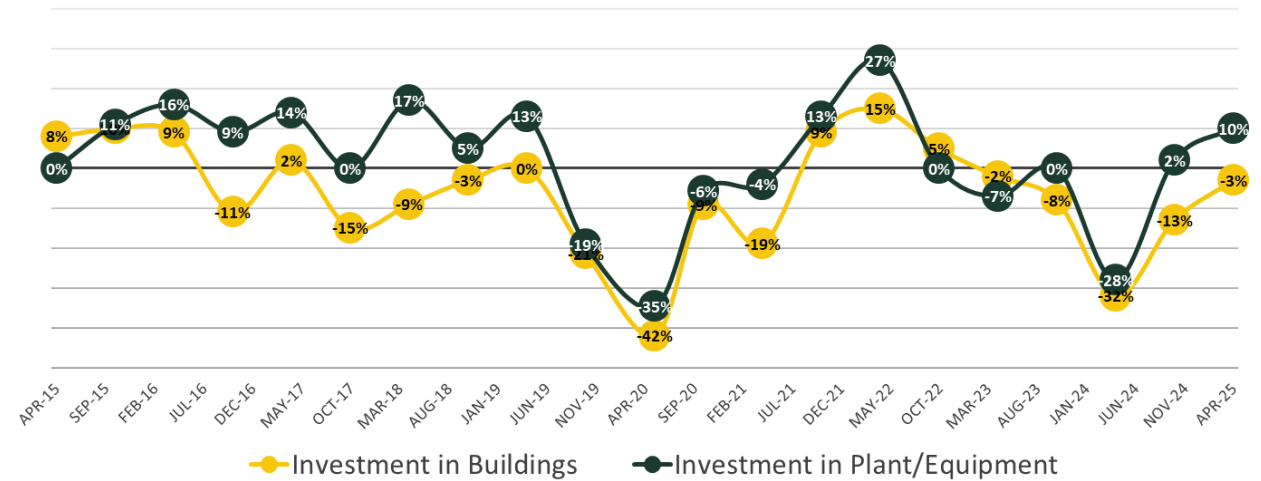
Investment

Investment in buildings continues to decline with 27% of respondents planning to decrease their investment levels in buildings compared to 24% who are planning to increase their investment (net -3%).

Investment in plant and equipment appears to be growing with 25% planning to invest more, 15% planning to invest less and 60% planning to invest the same amount as they did in the last 6 months (net +10%).

Discussions with building developers and businesses reflect that many operators are still pausing planned developments and holding off from discretionary investment until the economy improves.

Predicted Investment



Who completed the survey?

The North Canterbury Business Opinion Survey is administered online every six months for the Waimakariri and Hurunui districts. The results of this survey should always be considered as an indication of the views of local businesses given the sample sizes involved and is best used for identifying trends.

- 44 businesses responded to this survey
- 37 respondents were from Waimakariri, 3 were from Hurunui and 4 considered that they are based equally in both districts.

Industry*

Professional Services	12
Construction and Trades	9
Manufacturing	7
Retail	4
Cafes and Restaurants	4
Agriculture	3
Accommodation	3
Health	3
Tourism	2
Wholesale Trade	2
Finance and Insurance Services	2
Hospitality	2
Electricity, Water and Gas	2
Education	2
Other	6

Number of Employees

0 employees	9
1-10	19
11-20	9
21-50	4
51-100	1
101-200	1
201-500	1
Over 500	0

*Some businesses identify as operating in more than one industry

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