



**Business
South**

Quarterly Business Survey

Q2 2024 | In field: 30 May - 16 June

The quarterly results show declining confidence amongst Southern businesses.

Inflationary pressures and interest rates are still major challenges for businesses, with 50% reporting significant impacts from rising costs and nearly three-quarters expect them over next 12 months. Consumer confidence and demand continue to significantly increase for 49 per cent of businesses, up from 24% twelve months ago. Productivity and growth is becoming a more prevalent concern, up 7% in the previous quarter and 13% six months ago.

On a net basis, only 11% of businesses are positive about future financial performance – a significant decline from 32% in the last quarter and 35% six months ago.

There are some good shifts in sentiment out there. Labour market constraints are steadily easing, down 10% in the six months ago 60% are confident in their ability to manage disruption. The Southern region still has a net positivity score, while declined since March,

Budget 2024 came at a time when businesses are feeling the toll of cost pressures and reduced demand, caused by years of inflation and an economy now in recession.

We were expecting a planned roadmap away from the inflationary conditions, alongside targeted investments will enable businesses to grow our economy out of the recession. The Budget signals are good, but time will tell if the Government can pull the economy around and get the outcomes needed. It will take some convincing, as 57% are moderately or very confident about the Budget having a positive impact on the economy.

A major concern for a lot of businesses is healthcare funding. This has come out as the top issue in our region – followed by infrastructure, workforce development and education, and law and order – Business South will be advocating to ensure the south gets increased funding in the region to meet the current and future population growth.

Please contact us via advocacy@business-south.org.nz if there are sectors you would like to know more about.

33%

Expect the Southern economy to be stronger in 12 months.

73%

Expect costs to continue rising over the next 12 months.

49%

Identified consumer confidence and demand as a top three concern for their business.

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Top Issues

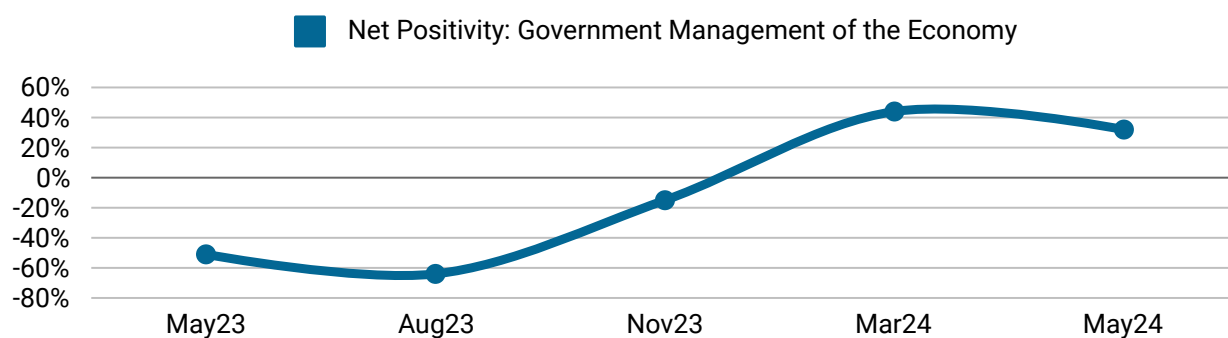
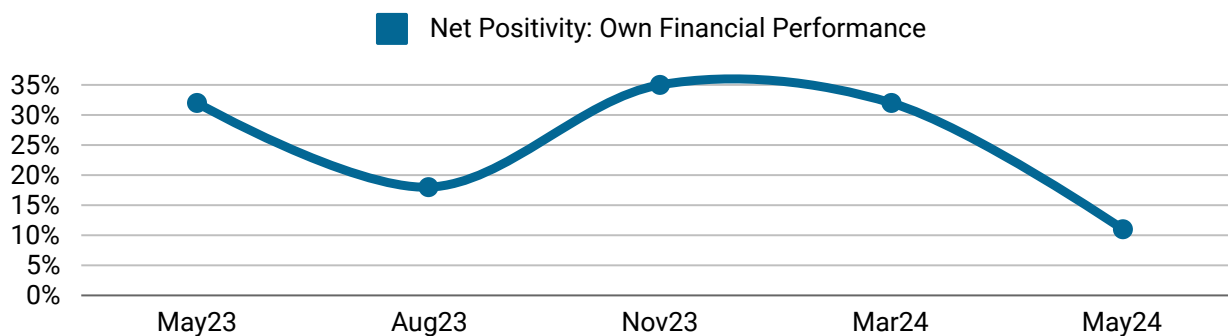
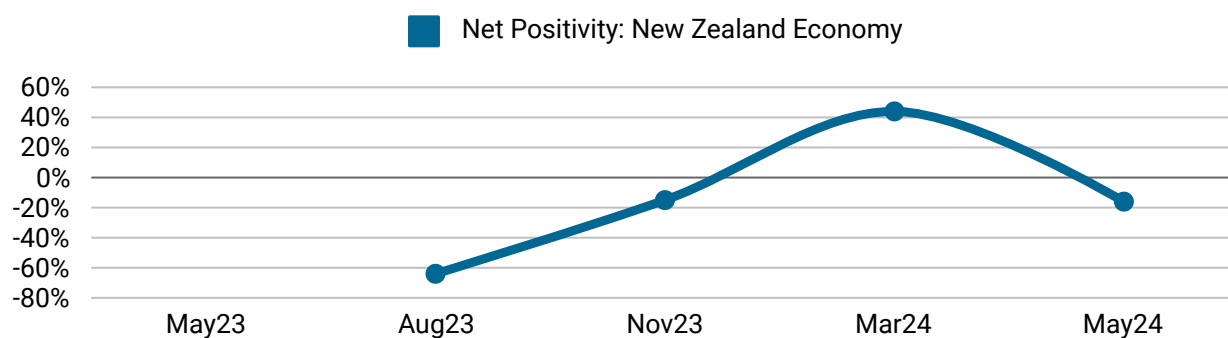
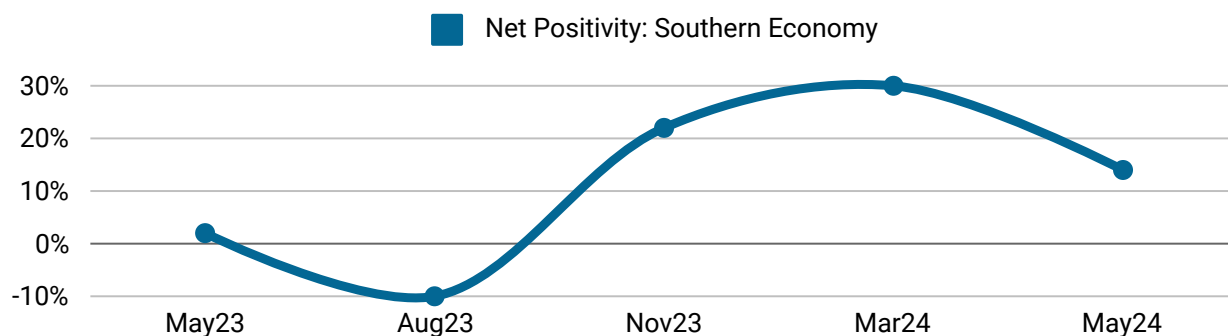
36%

Expect stronger financial performance over the next 12 months.

1. Inflationary pressure and rising interest rates
2. Consumer confidence and demand
3. Increased compliance costs
4. Productivity and growth
5. Cashflow and accounts receivable/payable

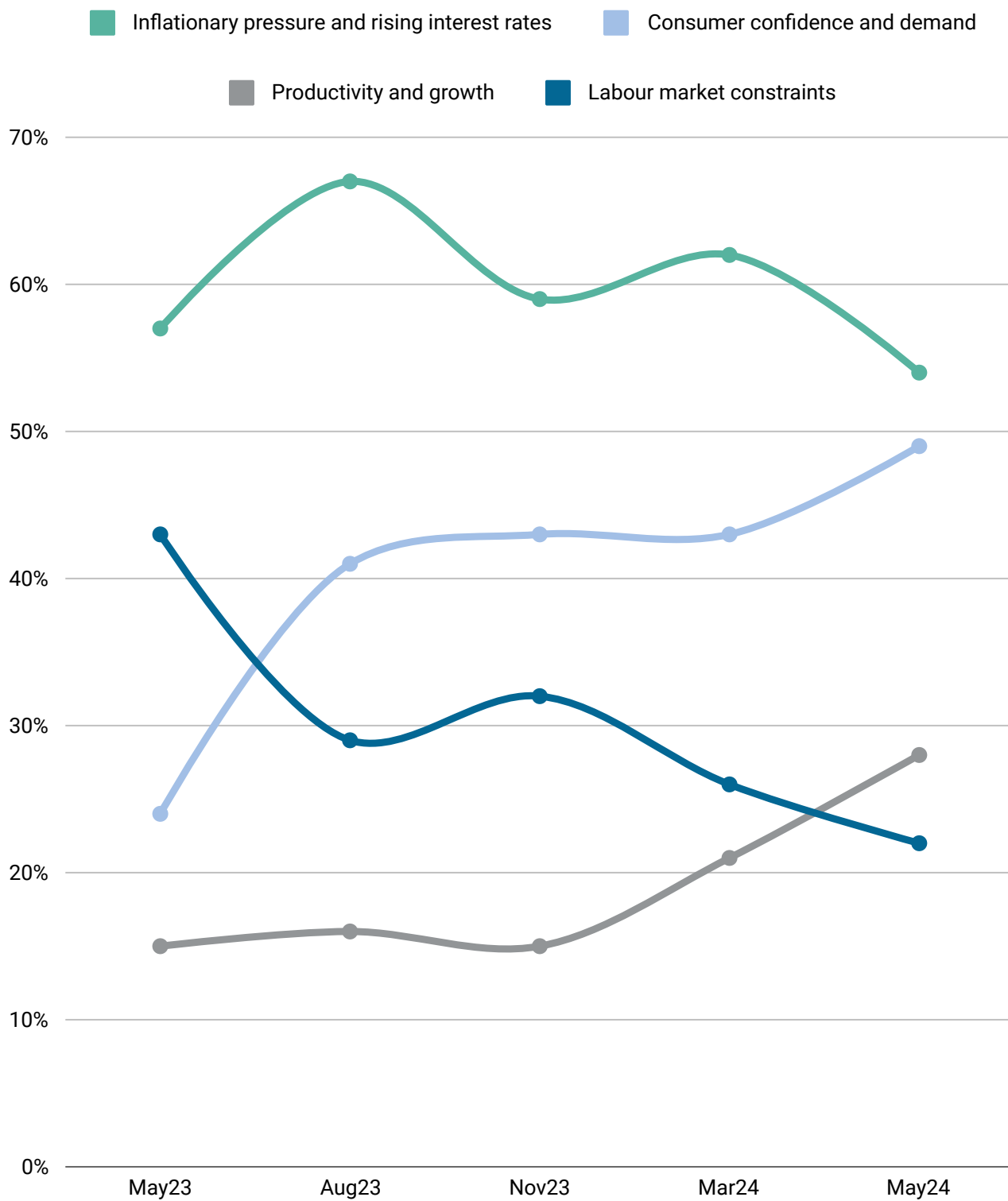
Business confidence: net positivity scores

To calculate a net positivity score, we subtract the percentage of negative responses from the percentage of positive responses. A higher net positivity score indicates a more positive overall sentiment, while a lower score suggests a more negative sentiment.



Top issues

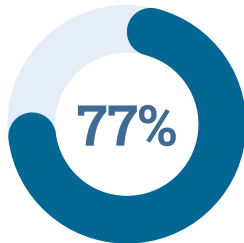
In every survey, we ask respondents to select the three biggest concerns for them. The graph below shows the proportion of respondents who listed one of the following four issues among their top three concerns.



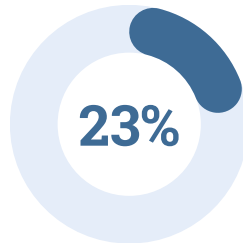
Dunedin City Snapshot



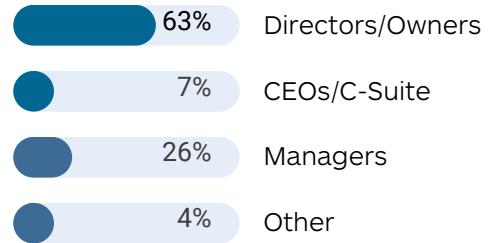
Respondents



SMEs



Large Businesses



Top issues

1. Inflationary pressure and rising interest rates
2. Consumer confidence and demand
3. Productivity and growth
4. Increased compliance costs
5. Cashflow and accounts receivable/payable

Industries

1. Services – Professional, Administrative, Public, Info, Media, Telco
2. Tourism/Accommodation & Hospitality/Retail
3. Manufacturing & Engineering
4. Construction & Property
5. Community, NFP, Health & Social Services

34%

Expect the Southern economy to be stronger in 12 months.

50%

Expect to invest in property, plant, and equipment within the next 12 months.

48%

Expect to hire new staff within the next 12 months.

36%

Expect stronger financial performance over the next 12 months.

38%

Are experiencing significant impacts from rising costs.

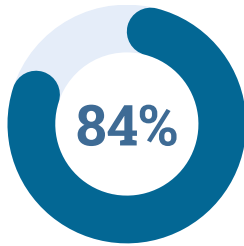
67%

Are confident in their ability to deal with disruption.

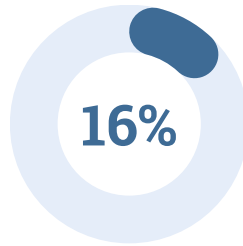
Central Otago and Queenstown Lakes Snapshot



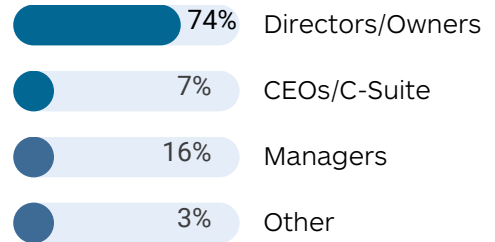
Respondents



SMEs



Large Businesses



Top issues

1. Inflationary pressure and rising interest rates
2. Consumer confidence and demand
3. Increased compliance costs
4. Availability of housing for staff
5. Labour market constraints

Industries

1. Accommodation & Hospitality
2. Tourism
3. Services - Professional, Administrative, Public, Info, Media, Telco
4. Retail
5. Manufacturing and Engineering

32%

Expect the Southern economy to be stronger in 12 months.

44%

Expect to invest in property, plant, and equipment within the next 12 months.

44%

Expect to hire new staff within the next 12 months.

31%

Expect stronger financial performance over the next 12 months.

55%

Are experiencing significant impacts from rising costs.

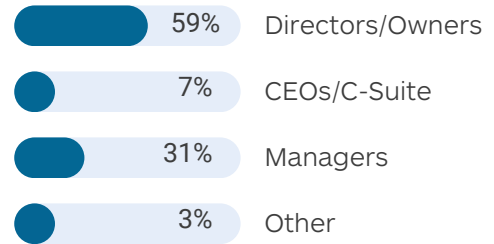
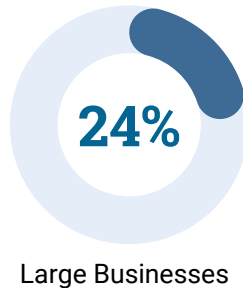
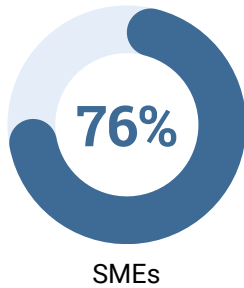
54%

Are confident in their ability to deal with disruption.

Manufacturing and Engineering Snapshot



Respondents



Top issues

1. Consumer confidence and demand
2. Inflationary pressure and rising interest rates
3. Increased compliance costs
4. Productivity and growth
5. Labour market constraints

52%

Expect the Southern economy to be stronger in 12 months.

59%

Expect to invest in property, plant, and equipment within the next 12 months.

56%

Expect to hire new staff within the next 12 months.

48%

Expect stronger financial performance over the next 12 months.

52%

Are experiencing significant impacts from rising costs.

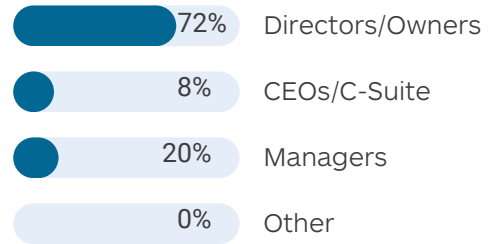
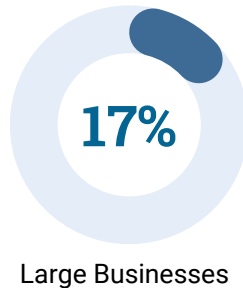
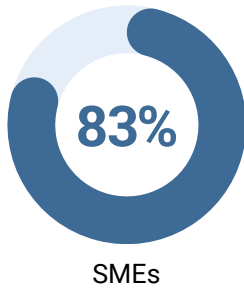
55%

Are confident in their ability to deal with disruption.

Retail, Tourism, Hospitality and Accommodation Snapshot



Respondents



Top issues

1. Inflationary pressure and rising interest rates
2. Consumer confidence and demand
3. Increased compliance costs
4. Labour market constraints
5. Availability of housing for staff

30%

Expect the Southern economy to be stronger in 12 months.

53%

Expect to invest in property, plant, and equipment within the next 12 months.

47%

Expect to hire new staff within the next 12 months.

33%

Expect stronger financial performance over the next 12 months.

58%

Are experiencing significant impacts from rising costs.

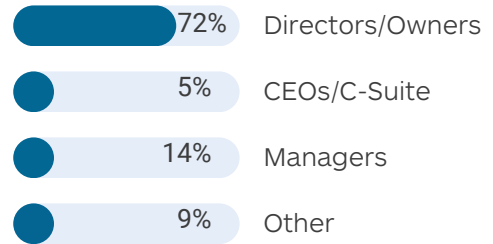
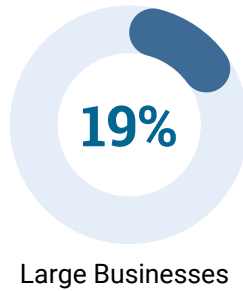
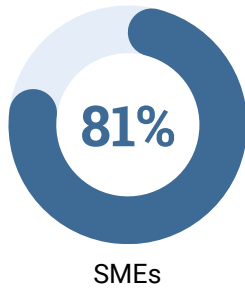
62%

Are confident in their ability to deal with disruption.

Construction and Property Snapshot



Respondents



Top issues

1. Inflationary pressure and rising interest rates
2. Productivity and growth
3. Cashflow and accounts payable/receivable
4. Increased compliance costs
5. Consumer confidence and demand

38%

Expect the Southern economy to be stronger in 12 months.

48%

Expect to invest in property, plant, and equipment within the next 12 months.

57%

Expect to hire new staff within the next 12 months.

39%

Expect stronger financial performance over the next 12 months.

50%

Are experiencing significant impacts from rising costs.

76%

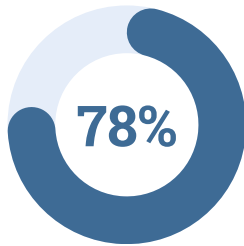
Are confident in their ability to deal with disruption.

Services Snapshot

Professional, Administrative, Public, Info, Media & Telco



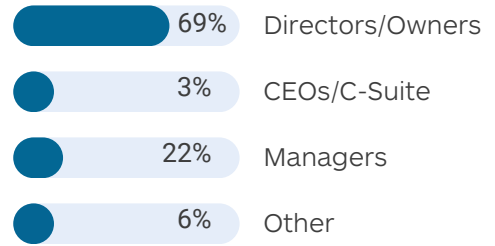
Respondents



SMEs



Large Businesses



Top issues

1. Inflationary pressure and rising interest rates
2. Consumer confidence and demand
3. Productivity and growth
4. Increased compliance costs
5. Adoption of Artificial Intelligence and digital transformation

41%

Expect the Southern economy to be stronger in 12 months.

22%

Expect to invest in property, plant, and equipment within the next 12 months.

47%

Expect to hire new staff within the next 12 months.

40%

Expect stronger financial performance over the next 12 months.

25%

Are experiencing significant impacts from rising costs.

62%

Are confident in their ability to deal with disruption.