Business South

Quarterly
Business Survey

Regional business confidence has steadied since May's sharp drop, though the recovery remains measured. Forty-four percent of businesses expect the Southern economy to be stronger in 12 months, up from 32% in May but still well below the 66% recorded at the start of the year.

Hiring intentions have bounced back strongly from 49% in May to 61% in August, and investment intentions have held steady at 62% for three consecutive quarters. However, own financial performance expectations have eased to 54%, the softest reading since early 2024, and 75% of businesses expect costs to rise further over the next 12 months.

With the General Election just weeks away, 52% of Southern businesses believe New Zealand is heading in the wrong direction. Reducing cost of living pressures tops the election priority list at 24%, followed by infrastructure investment at 19% and support for small business growth at 17%.

Sector conditions remain mixed but with genuine bright spots. Tourism is performing strongly, with visitor numbers moving back toward 2019 levels and yield per visitor improving.

Construction remains solid in Central Otago, Southland businesses report a significant project pipeline ahead, and manufacturing and engineering have healthy forward order books, particularly into Australian and international markets.

Fuel costs continue to weigh on transport-dependent businesses and hospitality operators, and insurance has become a new pressure as 76% of businesses have seen premiums rise over the past 12 months. Services are holding steady, with AI adoption increasingly cited as a productivity driver, and three in four businesses are already trialling or actively using AI.

There is much to celebrate. Businesses across the South continue to show the adaptability and determination that defines this region — winning contracts, expanding premises and growing their teams. We acknowledge that cost, cashflow and confidence pressures remain real for many, and through the South Island Election Manifesto, Business South is ensuring the voice of Southern business is heard where it matters most.

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

"We have managed to sponsor 4 staff via AEWV which is a massive relief coming into a new season — we have highly skilled gardening staff who are committed to staying in the area for years."

"We have a nearly full calendar of adventure trip (day and multi-day) bookings from both international and national clients going into our summer season."

"We are building a new factory which will enable us to continue our automation and investment into productivity and efficiency gains."

"Haven't had to make any redundancies but dealt with it through not employing new staff."

"We're growing, have new clients onboarding and only just keeping up with demand."

"We have high demand for our expertise and services due to high interest in the transition to renewable electricity."

Southern Snapshot

Respondents

Top issues

1. Consumer confidence and demand
2. Productivity and growth
3. Inflation and rising interest rates
4. Compliance costs
5. International trade and geopolitical risks

Industries

1. Tourism, Accommodation and Hospitality
2. Services – Professional, Administrative, Public, Info, Media, Telco
3. Other
4. Manufacturing, Engineering and Logistics
5. Community, NFP, Health and Social Services

44%
Expect the Southern economy to be stronger in 12 months.

62%
Expect to invest in property, plant and equipment over the next 12 months.

61%
Expect to hire new staff over the next 12 months.

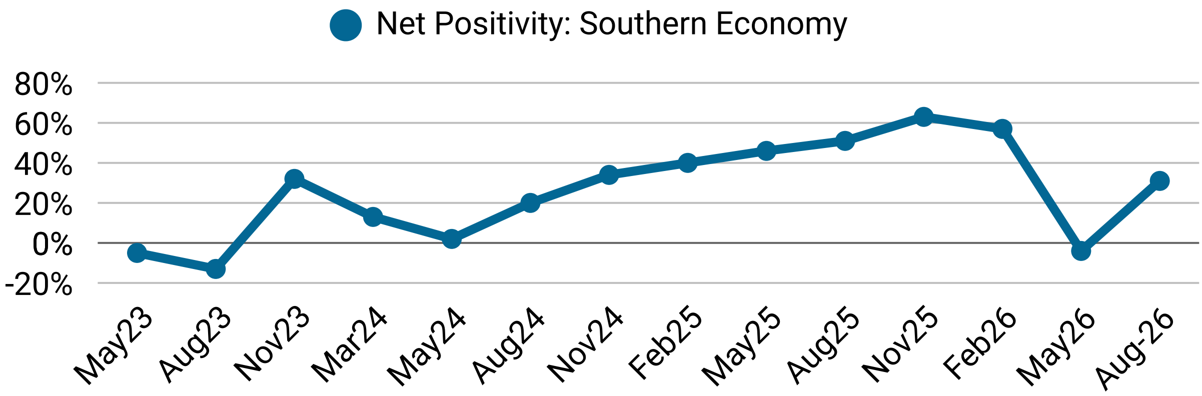
54%
Expect stronger financial performance over the next 12 months.

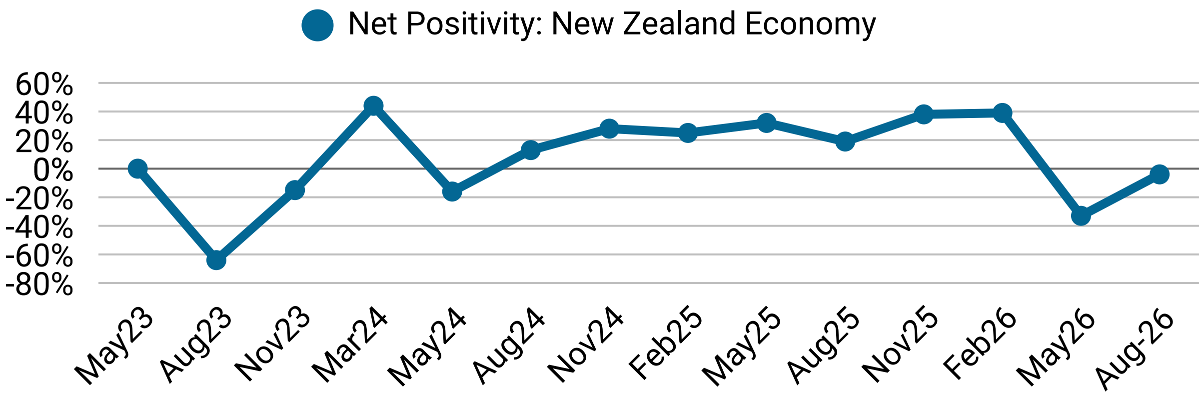
72%
Are confident in their ability to deal with disruption.

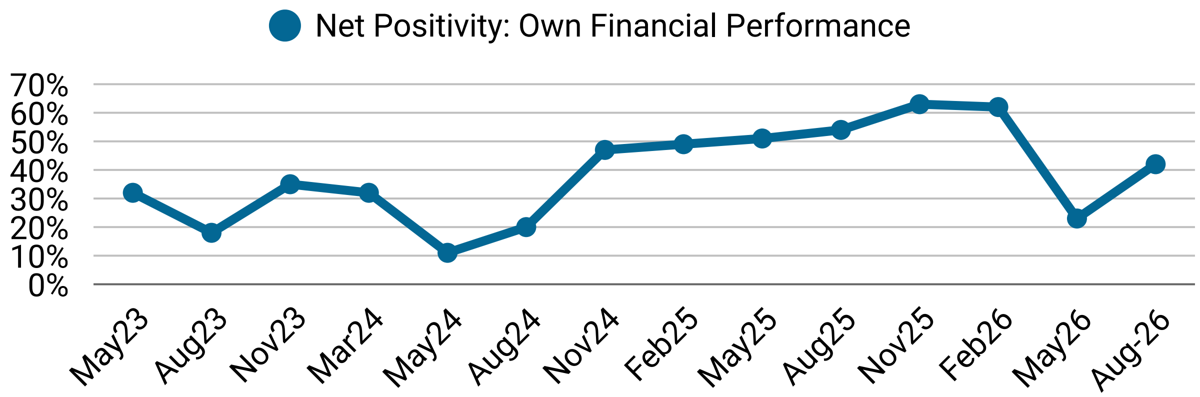
28%
Think the Government is managing the economy better than 12 months ago.

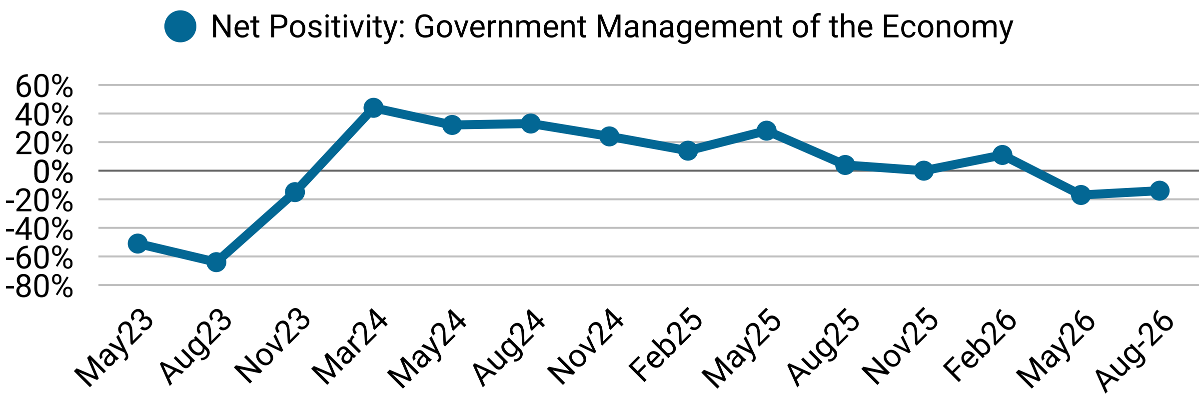
Business confidence: net positivity scores

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.