

Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy in a language they can understand.

The results here come from a monthly survey of over 25,000 Weekly Overview readers. To receive the Weekly Overview each Thursday night please email tony.alexander@bnz.co.nz with 'Subscribe' in the Subject line.

Confidence Recovers

Our monthly BNZ Confidence Survey sent out to Weekly Overview readers last Friday morning has revealed a sizeable lift in confidence about the state of the economy in a year's time. A net 36% of respondents expect the economy to be in better shape in a year's time compared with a net 22% in August and a net 45% in July. However, while hopes are high for stronger economic activity next year, the tone of comments submitted by respondents about current conditions in their sectors remain largely, though not completely, downbeat.



One theme running through the responses is that some business activity has been put on hold ahead of the Rugby World Cup and other activity is expected to be similarly sidelined until the competition is over. Overall margins still appear tight, and while there is concern from exporters about the exchange rate it is not as strong as one might expect. In residential real estate listings remain in short supply, Auckland is shifting more and more toward a sellers market, but there is no flood of buyers as such with most still seeming cautious. The construction sector remains weak and this month there are noticeably more expressions of concern about factors delaying building in Christchurch.

For individual industries responses can be broadly be summarised as follows.

Accountancy

Mainly busy with compliance work. No widespread indication of clients experiencing improving conditions as yet.

Agriculture

Only mild concern about the NZD, costs rising. Cautious optimism.

BNZ CONFIDENCE SURVEY

Agriculture Servicing

Growth but no boom.

Construction

Lack of ability to ensure restricting activity in Christchurch, major uncertainty about when building will commence in earnest and concerns becoming strong about the delays. Margins tight. Commercial construction looks quite challenging.

Construction Related

Building materials supply appears weak.

Forestry/Manufacturing/Sawmilling

Generally negative sentiment in sawmilling.

Horticulture

PSA vine disease growing in Kiwifruit. Apples weak.

Information Technology/Telecommunications

Appears strong with increasing public service contracting driven by efficiency drives.

Legal

No indication of any generalised up-tick in activity.

Manufacturing

Worries about the exchange rate, margins compacted, but an absence of outright negativism.

Printing

Busy.

Property Development

Mild signs of activity picking up.

Property Management

Good enquiry from tenants in Auckland.

Real Estate – Non-residential

Still highly challenging and very few respondents saying things are improving. Tenants still generally hard to find.

Real Estate – Residential

More and more a sellers market in Auckland with listings short. But there is no flood of buyers as such.

Recruitment

Picking up.

Retail

Reasonably strong feedback indicating things are steady to improving though profitability remains constrained.

Tourism and Travel/Accommodation

Generally still tight ad mixed to negative views on the impact of the Rugby World Cup.

Vehicles & Automotive

Words used like “stagnant” and “discount driven” so still a sector under pressure.

BNZ CONFIDENCE SURVEY

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
4 February 2010	53.5	29.7	16.8	36.8	555	344
5 March	49.7	35.8	14.5	35.2	523	347
26 March	55.3	31.0	13.8	41.5	436	263
7 May	50.9	31.9	17.2	33.7	501	329
11 June	44.4	37.0	18.6	25.9	549	394
8 July	32.7	36.5	30.8	1.8	542	405
5 August	31.2	36.3	32.6	-1.4	565	398
7 October	42.0	33.8	24.2	17.8	607	421
5 November	47.5	32.8	19.7	27.8	467	318
2 December	42.0	34.4	23.6	18.4	521	339
3 February 2011	43.3	35.6	21.1	22.2	540	401
3 March	22.4	34.4	43.2	-20.8	456	349
7 April	44.3	25.6	30.1	14.1	418	321
5 May	57.3	27.1	15.6	41.7	314	240
3 June	65.2	26.1	8.7	56.5	379	300
8 July	59.3	26.5	14.2	45.0	351	257
4 August	44.6	32.4	23.0	21.7	383	279
5 September	52.5	31.3	16.2	36.3	531	361

Full historical data at <http://tonyalexander.co.nz/bnz-confidence-survey/>

INDUSTRY COMMENTS SUBMITTED BY RESPONDENTS

NOTE: THESE ARE NOT OUR COMMENTS BUT THOSE SUBMITTED BY RESPONDENTS TO OUR MONTHLY SURVEY.

We exclude comments which don't say anything about current business conditions in an industry and are instead mainly rants and raves. Also those with comments that are chopped off or indecipherable, contain appalling grammar or are in capital letters are left out.

Accountancy

- Chartered Accountancy Manawatu - still busy time for compliance work so that masks general economic situation. Aside from dairy farming noticing more tax credits from 2011 year so incomes reduced on 2010 year. Most hit industry seems to be building where work is very patchy - waiting for the upturn in activity - hopefully before the tradespeople start to disappear over the ditch.
- Accounting practice- busy with good levels of enquiry
- Accounting, in CHCH so has been a bit busier with insurance and rebuild decisions with client, however seeing some clients starting to struggle with turnover down therefore our debtor recover harder
- Chartered Accounting - busy with compliance work. Other areas quiet
- Chartered Accounting - Rural South Island - still busy with our annual compliance and tax returns. Clients slow to pay and everything still quiet down here. Everyone keeping their heads down.
- Accountancy - Christchurch - Mixed bag Some clients benefiting because of industry & location - others holding their own - Reconstruction will stall unless issues around insurance & taking on new risks are sorted ASAP
- Accounting practice - uncertain
- Accounting. Very few of our clients are doing well. They are hanging in waiting for better times.
- Small Chartered Accountant- Auckland Very busy on compliance and some project work. Several clients had very poor July's
- Accountancy. some clients are paying better, some no worse, and some worse. I am aware of non-clients who may ending up losing whole businesses.
- Accounting/advisory. Things continue to improve. Recruiting talent continues to be the biggest issue facing the industry.

BNZ CONFIDENCE SURVEY

- Chartered Accounting - still trucking along reasonably well, but cash is tight as always. Builders & real estate agent clients seem a bit more optimistic, which is a good sign
- Accountant very busy - patches of excellent results & optimism but still lots of caution re capital commitments. Clients slow to pay but demanding financials quickly!!!
- Accounting (Tax) - Things are really busy, although more compliance work as opposed to transactional work.
- Chartered Accounting: Rush of work in the doors has slowed to a bare trickle. Hard to get clients to bring their work in, suggesting they can't pay our fees. Debtor collection has also suddenly become very hard - may be a timing issue as prov tax was due 28 August, so clients may have paid IRD and not us!
- Accounting - Very busy with staff shortages
- Chartered accountant - still very quiet for local businesses not involved in exporting. Not seeing much M & A activity which for some reason has dried up. Some new projects in prospect, but not proceeding until economic conditions show positive signs of recovery.

Advertising & Marketing, Media

- Public Relations, Wellington: The last couple of months have seen an up-tick, clients giving the green light to projects that they have been talking about for months but not prepared to action until now.
- TV- slow. 1 major player still plagued by debt. Other has showed a slight improvement.

Agriculture

- Dairy industry, It will weather the storm, albeit on falling income
- Agribusiness, Physical - Cold, wet start to spring could dampen farmer confidence and spirits in Southland.
Economic - High dollar some concern but commodity prices appear to be holding.
- Dairy Farming Very good cash returns at present - best for several yrs - 9% on our farm. But not translating into land values which are holding steady
- Dairying, excellent spring weather for calving. Should be a good season climate wise. Biggest concern is continued rising costs. Payout may fluctuate but costs on average just keep increasing.
- Agricultural export (non pastoral). Finding overseas customers cautious about committing for deliveries over next 12 months sales in USD). Expect orders overall to be back on last season.
- Dairy - cautious optimism, have to watch costs and not get carried away - and plan for tax!
- Reasonably good considering the over priced dollar (thanks to Asian markets we remain buoyant) dairy farmer

Agriculture Servicing

- Veterinary Services & Supplies. unabated! Right now, weather is good; stock are in good condition; grass has disappeared but is starting to grow - roll on a good spring!
- August was quieter than we've been experiencing, slow up in the agricultural side, but a slight lift in building related product.
- Suppliers to the dairy industry. Business is good.
- Agribusiness Consulting- Business is steady without great highs or lows. Some more inquiry from off-shore.
- Supplier to the dairy industry. Big spending certainly isn't showing.
- Some uncertainty with ag commodities but things going ok Tractor and Machinery dealer

Architecture

- Architectural design- based in ChCh pick up in new homes work but stilted by insurance and new NZBC consent requirements. Possibly a 10% rise in costs for new houses on average ground due mainly to new foundation requirements.

Business/Management Consulting and Broking

- The market research sector seems to be recovering, although we understand that the big research companies are struggling. The govt sector has reduced their in-house market/social research capability, and external market research providers are picking up this work.

BNZ CONFIDENCE SURVEY

- Market Research - Still good, work from NZ and Aussie coming in.
- Management Consulting: More work than I can handle

Civil Engineering

- We are in infrastructure support. Right now it is dead in the water, primarily through the blackout on works in the CBDs of all major cities. The WRC may be a fortune for some yet to be identified organisations but for the working class it is a huge and costly inconvenience
- Civil Engineering. Less work to price again but the world cup has a bearing on this as councils, rail etc are refraining from undertaking works prior and during the event. Not an over-abundance of confidence out there but we still seem to be steady in our work so....?

Construction

- The commercial building work is centred on small to medium size projects. The market has changed in Wellington. Major projects will be infrastructure in the future.
- Commercial building in Christchurch. Insurers won't start work till the ground stops shaking. Think things will improve because they can't get worse.
- Building in Christchurch is pretty flat at the moment ,insurance companies need to pull finger and put some serious money to the rebuild
- Building Industry. Very, very slowly improving.
- Residential housing, Auckland. Enquiries and sales increasing for new homes under \$700k, \$800k plus homes sales are sluggish. Starting to turn away smaller jobs as we are too busy. 2012 looking good!.
- Construction Christchurch. Exceptionally buoyant in some sectors however still awaiting for the release of repair work by CERA and CCC and insurance companies, our builders are basically idle.
- Still not enough work to go around. Residential Building
- Commercial construction (national)very busy and employing additional resources
- Construction Hawkes Bay Still very patchy, but not as bad as last year
- Building Industry - supplier / manufacturer - just no signs of the housing market picking up in the markets we operate in. Margins are incredibly tight.
- Light steel construction. Work in progress very good, forward sales looking quite promising. Interesting to note that while price needs to be competitive, it isn't the only reason clients buy off us.
- Commercial Construction. Very competitive market, few opportunities apart from future Christchurch activity.
- Construction (Sheds, Garages & Commercial Bldgings) - Slowed right down, not getting many enquiries and very few sales.
- Construction in Christchurch - insurance and consent hold ups are starting to ease and there has been an increase in tenders and concept plans. Going forward the workload is looking very positive.
- Construction-remains 'tight' but suggests positive growth.
- Building industry. Tough and although the data from Statistics NZ for construction residential and non residential for July seem to indicate a turn for the building sector - in reality the level is still way down on where it should be.
- Construction - Housing has very slow activity, there is work there but having to work hard to get it. Have spent the last two years tightening up. Are diversifying into varied building work to keep busy.
- Building - gradually picking up
- Construction - signs of slow improvement.
- Residential home building, volume of work looks better over the next 12 months, Christchurch, Leaky homes, general housing shortage. we have seen a noticeable increase in sales over the last 6 weeks.
- Margins still extremely tight in construction

Construction Related

- Slightly improve but relatively static - Electrical Contracting Services
- Sub-contractor to construction Industry. Commercial work is still light and competed for with intensity. Industrial work better providing work through to Xmas with better prospect beyond. Seen a vast improvement in the last 12 months after trimming overhead costs out of business.

BNZ CONFIDENCE SURVEY

- Major customers indicating layoffs imminent. Commercial projects in a real slump and we all know how residential numbers for consents are shaping up. That there is expectation for future activity will not come quick enough for some. Christchurch rebuild now not a factor in numbers until at least Q4 2012 and maybe even 2013 at current rates of progress (Electrical)
- Building finishing trades in the south look like there's a big struggle ahead while we once again are working on no margins to get work, then wait 60-90 days for payment. All this while waiting for improvement which I am sure will come eventually will test businesses sustainability .
- Construction Sub Contract - Good volumes of work and OK margin forecasts for the next quarter
- Commercial Building Fit Outs and furniture systems. Very competitive but reasonably stable.
- Building products, August start well and finished poor. Continued uncertainty!
- Construction finishing sub-trade...low levels of enquiry but most happen. Buyers show extreme caution & only the absolutely necessary works are completed...we are all a bit PitHS....Possum-in-the-Headlights Syndrome :(
- Ready Mixed Concrete, BOP sluggish at present looking better for Spring
- Building supplies, The last month has shown slight increase in plans to estimate and price. Margin erosion is rife in my market. Fine balance between taking or leaving given low BC's
- Supply of construction products - abysmal. Customers are really struggling now, we need a lift in activity ASAP to prevent further closures and layoffs.

Education

- Tertiary Education - still ok

Energy

- Oil & Gas industry; lots of investment happening in NZ over the next 12-24 months so things are looking good. Gas demand is expected to continue to be soft however investment is being made to take advantage of expected increase in demand over the next 5 years.
- Utilities - Electricity we continue to experience customers struggling to pay in a larger group than previous, customers more concerned about how they are spending their dollars lowering their base service costs as a result we see customers switching retailers to balance their dollar spend
- Energy industry is flat

Engineering

- Rural Engineering Consultancy. Slow pick up in rural development (essential work only).
- Engineering - Continued improvement in forward orders however still a lot of short lead-time orders. Suppliers are not holding stock which causes problems responding to our customers short lead-time requirements. Acquiring good additional tradesmen is a problem.

Finance

- Industry = Tax Pooling/Intermediary - Financial Services. Things are looking good. A lot of clients have underestimated the tax for 2011 and now returns are being completed are needing to top up. Plus many new clients joining the tax pool to mitigate this in future.
- Property Investment Christchurch: Good rents and tenants. Lack of insurance on new properties or builds in a worry.
- Banking - times are tight. Intense competition between institutions for deposits, lending growth in doldrums. Expecting position to ease over coming year as ChCh rebuild gets underway and international markets pick up.
- Mortgage Broker , am having a very steady year so far but the type of business is very erratic
- While my mortgage and insurance broking business has recorded an improved profit for the year ended to 03/2011 against 2010 figures things remain flat in the industry.
- Financial services - people are still taking longer to make decisions. They don't know where to turn for "good" investments or advice and seem stuck in limbo.

BNZ CONFIDENCE SURVEY

Forestry/Manufacturing/Sawmilling

- Business progressively deteriorating thru stiff competition leading to lower margins as well as lousy sales. We are timber wholesalers and can see more financial carnage ahead.
- Sawmilling.. local market holding up ..just!
- Forestry - growing side in reasonable shape, processing trading water. NZETS only mildly positive.
- Engineering (forestry sector) is strong, in our business 12 months ago we were employing 12 now 19.
- The NZ export industry is hurting severely due to the high FX rate. We are in the Sawmilling industry and things are very tough.
- Sawmilling is awful. Exchange rates, domestic & international demand & log prices all against at cycle high/low.

Health and Fitness

- Pharmaceuticals. Still experiencing growth in prescription medicines but non-prescription lines are static. Some debtors are slowing and creditors are phoning early "just to confirm 20th payment". Cash flow appears to be the issue out there.
- Acupuncture - Small pick up in patients. Now taking a more proactive role in marketing.
- In my health & wellness business I have restarted with finding & helping clients with their health. I am still working on making money with my affiliate businesses right now. The work I'm doing is for the benefit of charities, the church I attend and myself.
- Good=- natural health
- State medical healthcare - excellent

Horticulture

- The kiwi fruit industry has an uncertain future with PSA, and prices are very depressed. This is likely to impact on the whole of the Bay of Plenty.
- Kiwifruit - ok this at stage as I am a grower in Gisborne and PSA is not her YET! Industry as a whole very uncertain and scary times. Te Puke is devastated another 21 orchards in Te Puke confirmed +PSA V strain this week, 25 new orchards last week.
- Horticulture. Stronger demand, better prices, low interest rates and relatively stable costs, future looking a lot brighter.
- Dire! PSA on al our minds. New season we need some good news! Sentiment is very low. High Dollar, low payout, equity being eroded, costs rising.....
- PSA is a worry , in the western bay of plenty , being kiwi fruit dependant we are refocusing on non dependant areas. but things still look ok:)
- I work in an export fruit industry based in Nelson. Generally things are very tough, because of the high exchange rates. In Nelson, with forestry and fishing other large industries, business is as bad as it was 2 years ago

Hospitality/Entertainment

- Hospitality -Short lead times predominate.

Information Technology/Telecommunications

- It Industry- is busier with increased activity in part driven by RWC in Auckland, reconstruction in ChCh and government ICT consolidation occurring in Wellington.
- Information Technology: Strong but could be robust if not for RWC. Many projects deferred until November/new year as change control freezes in place for RWC. Hard to find right staff too.
- Computer software development. Mixed. Food related businesses seem to be doing ok and are spending money. Others seem to be flat and are not spending or investing in future
- IT jobs are tight
- The I.T. sector is looking fairly strong
- IT & Networking - there is an increasing confidence happening from the client base with new projects being looked at and increased business opportunities - the very small businesses are still struggling but even they seem to be having a more positive outlook. We are busier than this time last year with confirmed projects queued for the next two months. We are at a position that if this continues we need to

BNZ CONFIDENCE SURVEY

increase staffing levels. We are now having to manage customer expectation as once they make a decision they are looking for immediate delivery. very good outcome going forward as we take advantage of being in a better shape to turn increased business into increased profit

- I'm in a specialist management consultancy - we specialise in information management. A lot of our work comes from Govt and we always experience a downturn around election time and over the Christmas holiday period. this year it looks as if we'll be picking up work coming out of mergers of govt agencies. Certainly there'll be plenty of work from about February on once the govt sector settles down after the election.
- IT Consultancy: Steady flow of work, with several large projects pending financial approval, but almost certain to proceed this year.
- IT - busy, efficiency drives in public sector are providing work for systems that can provide better ways of working but the price needs to be right and the service provided by vendors needs to be very good for customers to buy.
- Telecommunications: New business occurring after the new financial year for most companies, however customer focus is on maximizing value per dollar spent so monthly spend tends to remain flat, customers negotiating hard to get more from current spend.
- IT - steady, money seems to be tighter
- Digital Agency - booming. Cant keep up

Insurance

- General Insurance - reinsurance driven price increases being readily accepted by domestic market at present. Add in EQC levy hikes and things will get tougher. Canterbury remains a perplexing issue - when's the shaking going to stop?

Legal

- Legal services on Kapiti Coast - steady workflow in property transactions and increased activity in Trusts and business related advice - aware of some still holding back on major project work, but hope that will change post election.
- Law Christchurch. Red Zone offers are starting to come through. CERA needs to sort out their process and stop the "bottle neck". You get the feeling that the trickle will turn into a flood in the near future - provided CERA, EQC and Insurance Companies get their act together at some point!!
- Provincial Taranaki legal. Steady but unspectacular. Maybe the housing market is moving a little more.
- ChCh - Small office. Very busy at the moment. Owners of properties in the residential red zone are actively buying new properties. Also larger commercial clients are providing steady work - but most of that work is negative restructuring work rather than positive growth related work.
- Legal - Busy (in Christchurch)

Local Government/Public Sector

- Impacted by the effects of the Canterbury earthquakes, even nationally, as lessons are learned by everyone. Major projects are getting done, as construction firms still keep their pencils sharp. Developers, while they may not be putting their toes in the water yet, seem to be starting to ask us, the 'beach patrol' whether the water is nearly safe to enter.
- Public sector. Undertaken staff restructuring in the last few months. Some new growth capital expenditure in this years budget.
- Local Government is facing lower income with people unable to pay rates, less building work in the area and declining populations in rural areas
- Central Government - Focus on cost saving continues, as we get through a review of one area the focus moves on to the next. Uneasy times continue in the public sector however its not unexpected or unwarranted.
- Public Service. Budget cut for all public service to meet the Govt. expectation to meet the surplus in 4 or 5 years.

BNZ CONFIDENCE SURVEY

Machinery – Including Hire

- Equipment Hire - another month with sales ahead of budget and well ahead of last year. Though much of this is Christchurch related, the rest of the country is gathering a little momentum. The RWC may well pause some hire related activity to avoid traffic disruption, but after the RWC finishes we expect quite a lift through the summer.

Manufacturing

- Composites industry. Picking up slowly from a low in April 2011. Hardware industry in NZ. Bouncing along the bottom. Australian exports to hardware. Going from strength to strength
- Ice Cream manufacture - still very competitive but with some innovation and hard work things are looking better. World Cup should assist but how much and how long only time will tell.
- Food manufacturing - very good
- Manufacturing: Slow.
- Electronics export: exchange rate having significant impact on revenue. Export sales holding up despite state of overseas economies.
- Manufacturing - a mixed bag with the biggest issue being a severe shortage of good machine operators. this is a direct result of the appalling state of our apprenticeship training in this country and the continued loss of qualified people overseas.
- Timber and Pole Manufacture - Still slow domestically, but export is increasing and everyone in the industry is convinced that there will be a short sharp increase in demand for product within the next 12 months (A lot of sawmills have shut down, pulling a lot of product out of the market)
- Soft demand locally, export orders weakening and high dollar now making export margins hardly worthwhile. Continual attempts by local and offshore suppliers to lift prices. Electronics manufacturing.
- Fresh Chilled Food manufacturer. No growth over same period for last year. Slow last 3 to 4 months but signs of improved sales over last 4 weeks.
- Kitchen manufacturing, business appears to be on the improve. Confidence is there, just need more new houses to justify it!
- We export aircraft parts. The high dollar is having an extremely negative effect on our bottom line.
- Electronics - more of the same. Limited growth
- Manufacturing - tough US\$ but we'll just have to live with it.
- Food Manufacturing. Local market tough but looking to increase exports.
- The high dollar is making life very difficult on the back of rising input costs (wood panel manufacturer)
- Food Manufacturing: still doing it tough, believe consumers will keep their spending reigned in for anything other than essentials.
- Manufacturing. Workload picking up although margins still very tight. Balancing act on inventories, do we start increasing or wait until level of orders more consistent.
- Domestic manufacturing. Demand is reasonably good, combining sales to farm sector with modest sales to recreational (boating). Debtors are stretched more than usual for this time of year. Margins are very hard to recover in the face of continued material cost increases, in spite of currency. Our competition is imported.
- Challenging (FMCG Manufacturer)
- Electronics Manufacturer - steadily improving, very busy last 3 months but Sep/Oct are below average. Is everybody on holiday for the RWC?

Miscellaneous

- Huge winter bookings, exceeded all predictions/budgets. Lots of summer work coming in now so things continue to look great. Cleaning company, short term rentals.
- Aviation Maintenance. Up and down with private aircraft owners either not flying hence no work needed or they only do the bare minimum. Weather has also been a factor over past 2 months.
- Import Distribution - discretionary spend - holding ok.
- Very very busy. Working offshore in Australia in the oil and gas industry. Bringing lots of AUD back to NZ and paying taxes in NZ. I meet quite a lot of kiwis working offshore in OZ doing the same.
- Lawn mowing...seasonal so in a lull right now, will pick up overall. Have noticed a bunch of people have cancelled where as they normally cut the repeat cuts back. We'll see!

BNZ CONFIDENCE SURVEY

- Funeral industry, Families still choosing less expensive caskets, preparing floral tributes themselves, having friends videoing the service rather than pay a professional to keep costs down.
- Large inner city Church with large infrastructure costs. Cash flow has plateaued and meeting our regular personnel, supplier and loan commitments. About to embark on building expansion opportunities.
- Processing (Seafood)- still pretty tough, little room to raise prices and restore margins.
- Storage looking ok in ChCh due to earthquake but payment proving to be slow.
- Flat , insect and odour control
- Almost all of our Biotech product is exported. We are seeing definite increases in demand which is resulting in sales.
- Slightly buoyed (Geotechnical Consultants) due to Christchurch having sucked significant resources out of Auckland, but we view that buoyancy as ephemeral.
- Company director - various industries. There has been a noticeable firming of business at industrial level but people are still wary of spending at retail level without a very clear call to action
- Commercial Cleaning & Hygiene. We are and have been experiencing a significant uplift in inwards calls as customers are making decisions again. While we still see the small client struggling financially, the larger customer with contracts \$100k+pa are expanding and requesting additional services. current growth at 20%+ with expectation of further increase. National company.
- Photography - industry and work have been great for me setting up my new business as I have priced myself right and families are still willing to pay for certain things - I think people in general still buy if they believe they are getting true value for money.
- Electronic Development Contractors. Pickup is patchy and much slower than we anticipated. Some good clients are still in survival mode, not yet willing to invest in new products.
- Wholesale-- hand tools and machinery. Things are still tight from market feed back but for us its picked up last 4 mths to the good old days.
- Relatively challenging given the changes in Gvt funding and also the increased reluctance presently of Kiwis to commit medium/long term to fund projects - NFP Aid and Development

Packaging

- New Flexible Packaging projects are coming through but some non Australian export business has been badly effected by the high exchange rate.
- Timber packaging. Slightly down on the last 6 months average. We see this picking up over the next 3-4 months.

Printing

- Print packaging industry, we have never been busier. After a slow start to the year business has picked up and is very strong with good forward orders.
- Activity has improved in our sector of the Printing Industry over the past 3- 4 months, but is still well down on pre GFC levels of business.
- Reasonably busy - Printing Industry.

Property Development

- Property development, Kerikeri, have had my first call on sections for sale in a development in over a year.
- I own a small medium sized Land Surveying Consultancy. Our industry has been struck extremely hard with many firms having to lay off staff over the past 2 years. Some past employees have moved to Australia. We have set up a branch office off-shore and have merged our Auckland operation with a South Island survey company in order to offer a nationwide service and to give us a better resource base. This has all come at considerable cost (and risk).
- Property Management. The rental market in the Wakatipu Basin has been particularly buoyant over the winter months and the big dump of snow set the scene for a really good season. Some major development planned to begin in October should see the market retain some strength especially in the Frankton area.
- General activity is increasing - more enquiries from people looking to invest from out of town / property development Dunedin.

BNZ CONFIDENCE SURVEY

Property Management

- Residential rentals. Earthquake damage and rebuild delays will reduce our income. Uncertainty with Insurance payout and land status has brought further investment to a standstill. Once insurance payout comes do we reinvest in Christchurch? Will we get adequate insurance ? Is it going take too long for a return if we continue to invest in CHCH?
- Rental property, Wanganui. Houses all tenanted, but looking to sell and the market is still not good.
- I lease houses. Demand from tenants in Auckland is very good. When tenants vacate I get \$10-15 increases.
- Property Management Wellington - tough year, but business has grown. Rents receding still, tenancy landscape quiet, investors prowling for bargains.
- Auckland Property leasing. Residential strong. Bulk (2ndary) Retail strong. Warehouse and Commercial doing it tough still.
- Rentals still fully occupied, some signs of improvement in EQC assessment process/times. Waiting for EQV levy to increase, insurance premiums to increase- then rents will follow. No shortage of enquiries for quality rentals.
- Property Manager North Shore Auckland. Market has levelled off this month still good enquiry. Investors looking to sell their properties on which will have an effect later in the year on rental stock. Student housing is going well best occupancy in 5 years.
- Property management in Christchurch - damage to buildings located within earthquake red zone has bought about redundancies.

Real Estate – Non-residential

- Commercial Property Investment. We have not been pushy with rental increases during the GFC and have been rewarded by keeping full tenancies. The majority of our tenants are still struggling; others looking confident.
- Slow but steady. Commercial Property investment
- Flat, Wellington property investment, government sinking lid having a marked effect.
- Commercial Property - Things are picking up, being lead by the industrial market which has low vacancy rates across Auckland, especially in prime properties. Rents are still flat but incentives are decreasing across all sectors. Very few new builds in the office market, landlord's preferring to refurbish
- Commercial real estate sales. Whilst our market (Dunedin) is trying to get traction I find getting deals home is proving exasperatingly difficult. Purchasers do want to do deals and indeed can get to a place where they are comfortable price wise but uncertainty looking out makes them jittery and they find reasons not to transact. Why buy today if the property has every chance of being cheaper tomorrow? This lack of pressure on buyers to move to action finds its basis in uncertainty.
- Commercial Property - Activity still slow and deliberate but momentum is beginning to build.
- Commercial Industrial Real Estate, Manukau Counties: Although things are much stronger than 12 months ago, there is a critical shortage of tenants and owner occupiers
- Commercial Property. It's very bad, Tenants leaving in droves. The high cost of compliance cost, Council fees etc are to high and leases cannot afford it. I have one building only quarter rented out now.
- Wellington, Hutt, Porirua commercial property: average quality office buildings facing challenges. Industrial and commercial: good interest from owner occupiers up to \$2.5 million. Limited high value transactions (20mill+) this year. Government focused on controlling rent costs, strong differentiation between earthquake risk and not by occupiers and purchasers. Keen investor interest on long leased 7 years+ buildings.

Real Estate – Residential

- Real Estate Lower Hutt... short of really good quality stock in all price ranges short of realistic motivated vendors a few rentals coming on and price not where the vendor's at and off the market it goes at offers we think are fair and reasonable, motivation the key thing in this industry. I can see more agents leaving the industry.
- Real Estate Tauranga more positive signs than negative. Properties priced to meet the market are selling. Auctions on well marketed properties selling well with keen buyer interests.

BNZ CONFIDENCE SURVEY

- Real Estate Rodney - sales have been slow, getting good number of listings
- Real Estate central Auckland. Very strong sellers market in Pt Chevalier, Westmere and Grey Lynn. August was our best month in many years with multiple offers on most properties and many selling within a week and street records broken. Big increase in price on resale of homes that were previously purchased two or three years ago and have just been resold. Shortage of quality listings will remain the state of play through to at least December as level of appraisals is still relatively low.
- Selling stock of lifestyle blocks 2 hours from Auckland. Slightly more enquiry as news on the property front seems to indicate it's now becoming more of a sellers market for housing in Auckland.
- Real Estate - increasing buyer activity but listing stock difficult
- Real Estate....getting brighter all the time.
- Real Estate - starting to get better.
- Real Estate. Auckland Central. Sales are picking up and sellers aware its their game now. Buyer numbers increasing but a major lack of quality listings. Multi offers the norm now for fear of missing out. Mt Eden, Epsom, Remuera doing very well and above 07 levels in my opinion.
- Real Estate - more enquiry, most buyers are hesitating and some are missing out. Less stock but more should be coming on now (spring time. Very busy doing market appraisals.
- Housing Market getting better now that spring is here
- Residential real estate - central Auckland. Very healthy prices being paid. Still a shortage of property, so this is a contributing factor to high prices, but we are seeing an increase in listings/activity. Once we see an increase in confidence and banks coming back we are going to be very busy.
- Real estate . There are pockets of hope and the Asian market is buying up investments but overall there's a general stagnation especially for this time of the year
- I list and sell Real Estate and have been doing so for the last 30 years. Numbers of written contracts have been up considerably in the last few months compared with the same months last year. Prices have levelled off however stock levels are still a little higher than ideal - however as we move into our busiest selling period I expect stock numbers to reduce as buyers become more active and we see the market swing a little more in favour of the sellers
- Real Estate in Christchurch. Starting to experience a severe lack of stock in areas perceived free of land damage. Insurance issues continue and best results for vendors coming via auction. Delays to payouts for owners of red zone properties see activity come in waves - fair to say quiet period now. Rateable valuation is ceiling to prices in some areas, but areas North and West seeing prices well in excess of RV.
- Residential real estate sales - considerably better than last year. Plenty of buyers, shortage of listings.
- Real Estate in Invercargill is suffering from a severe shortage of listings Plenty of buyers
- Real Estate - Christchurch. More buyers coming into the market with a shortage of good stock in the \$300-\$400k range. Slow resolution of damaged homes holding things up plus the stance by insurance co's of not taking on new business making the option to build very difficult.
- Real Estate North Shore. It is good but many people don't want to sell now and will just wait a year or two as they believe they won't be able to find a house that they want. If they all just put their houses on the market they would all find what they want!!!! Another listing or two would be help.
- Real Estate City Fringes ... Good demand shortage of listings. Most people paying down debt and uncertain whether to reinvest at present until the economy settles down worldwide.
- Real Estate Johnsonville: Sales picking up and listings coming through more frequently. Good numbers of buyers and multiple offers appearing.
- Real Estate - Good spring flush forming with plenty of buyers. Not sure it will sustainable in the new year
- Real estate Auckland, continuing demand and good sales largely due to low interest rates expected to stay low for longer.
- Real Estate in Wanganui, a lot of houses on the market and not a lot of buyers so prices still lowering.
- Hard work, activity slow. Real Estate
- I sell Real Estate on the north shore of Auckland. There is still a shortish of stock although there are signs that more properties are staring to come to the market now weather is getting better. There are a lot of buyers at open homes. One property I sold over three weekends had over 100 groups through open homes and I wrote up offers resulting in a higher than expected price for vendor. A slight sellers market currently with prices moving up slightly.

BNZ CONFIDENCE SURVEY

- Slow but steady enquiry from Buyers and Sellers about the current 'state of the market' (Real Estate Whangaparoa)
- Real Estate - Hastings / Havelock North, Hawke's Bay. Great activity combined with a shortage of listings suggests that the worse may now be over and that we can expect some improvement on sales volumes over the next 12 month period. Prices however are unlikely to improve significantly, in this same period.
- Real Estate A little more activity with listings
- Real estate investment: detecting signs of boom and having to buy at CV levels. Lack of confidence in business sector makes me wary of the property cycle but my broker feels that there are different indicators this time around.
- Real Estate still sluggish, listings short & numerous companies discounting fees & also paying for auction costs, East Auckland.
- Residential real estate Wellington. Stable but weak. little confidence from buyers. Sellers still generally under little pressure to reduce expectations of price.
- Real Estate Auckland's North Shore, strong buyer activity but shortage of listings, many multi offers and record prices being set.
- Looking promising...cautiously optimistic. Real estate...all 3 sectors
- Real Estate - Central North Island. Listings are coming in and buyer enquiry is up - it is still taking hard work to get buyers to commit and make an offer. Offers are generally very low
- Napier Real Estate is busy lots of sales but we still need listings they are in short supply.
- Kapiti Real Estate, still quiet. few buyers
- Residential Real Estate Pakuranga/Howick - still very short of listings but a few more starting to trickle through; a few buyers about (not lots) but sufficient to create multiple offers on the few properties available so the auction orientated are getting some good action; prices not rising.
- Residential Real Estate Napier/Hastings. More listings coming to the market. Multiple offers being received on well priced property.
- Real estate; been very busy; have had two record months and listings and enquiry are both up 50%; thank god!!
- Residential Real estate, Central Otago. People have confidence that things are not going to get any worse. Therefore we are seeing a little more activity
- Real Estate, a slight improvement in listing activity.
- Real Estate in Manawatu is showing signs of life with spring listings already starting to come through.

Real Estate – Rural

- Farm sales are coming through in Southland. Resi remains the same in Queenstown. The farming returns will start to have an impact (once they have paid off debt and caught up with deferred maintenance) and filter through into the residential market next year!

Real Estate Valuation

- Property Valuer North Shore & Rodney - we have just experienced our best winter in four years, and note that clients are finally deciding to start building again. We suspect work volumes may slow slightly during the Rugby World Cup and the elections whilst people become pre-occupied, however it is likely to pick up again for the usual Christmas rush.

Recruitment

- Short of skilled staff
- Recruitment- Simply stunning! Employers all seem to be in recruitment mode.
- Technical Recruiting. Very up and down.....8 weeks ago it was "gang busters", today decisions are taking ages.
- Recruitment - Engineering & Construction. High demand for technically strong engineers across most disciplines including civil and industrial. EQC work is massive and enabling grads to get work quickly. Construction still quiet.
- Recruitment - finally some positive signs.
- Very good - seen steady improvement week on week nationally Recruitment services
- Employment - spring appears to be bring some new life to the market.

BNZ CONFIDENCE SURVEY

- Demand for recruitment of Product Managers is high with companies developing and looking to roll out new products to market

Retail

- Liquor industry. Wholesale business. After a difficult 9 months there has been a significant turn around in the past 6 weeks.
- Wet fish, and takeaways. The previous few weeks have been very good
- Fire technician. We are ticking along. Been a busy winter but slowed sooner than usual. I'm sure people are reluctant to spend. Less fires going in even less people getting chimneys swept this year even though it only costs \$50 and is necessary for insurance but even \$50 matters these days
- Supermarket. Some growth in sales in our region but varied between stores. Could also be flow on from things in ChCh. But still extremely competitive.
- Patchy & slow. Food Retailer.
- Commercial Interiors (Auckland) - would have to say that last 4 x months have been very quiet.
- Retail home wares and general household - noticed a slight positive turn in last two weeks.
- We import/retail/manufacture Business NZ wide is stronger than last year. We are Christchurch based and have wide product lines from building industry to retail domestic and tourist
- Retail Bookseller (Academic/General Retail) - muddled picture. Last month down a little this month up a little. Maybe it's a timing thing (when people choose to buy)we'll get a better idea heading into the pre Christmas season.
- Vending snacks & drinks. Operators selling up, walking away or downsizing their fleets because of poor trading especially in smaller sites. The biggies are cutthroat for the big/good sites. Similar activity is going on in other industries too, like Logistics, building & general retailing.
- Retail- FMCG looking better for near future
- Retail Pharmacy : Retail sales remain flat but prescription numbers are showing some growth
- In my milk Delivery Franchise things are picking up slowly but still down 8% on last year. This recession is the first time in 22 years we have dropped in this business.
- Florist Turnover is up slightly and customers seem happier with there lot.
- Retail - total industry, still tough. Lucky to be ion a company performing very well in tough retail times. Retail will require the economy to bounce back to take some focus off aggressive discounting.
- Retail development. Awful and it seems internet purchases are now becoming a wet blanket.
- Flooring retailer Waikato. Annual turnover to date first 5 months, down from last year. Monthly sales up and down very hard to read how sales will go a month ahead even.
- Video Games, There have been a lot of good games released with strong sales.
- Retailing finally looking up especially in discount stores.
- Office furniture. Fine
- Retail Services: Not seeing a lot of confidence in either current clients nor those looking to change their model. Hard to read!
- Retail. Better than 2010 but still not as good as expected
- Electronic Retail Auckland. August had a 10% lift in sales over July. Most likely weather related as Spring arrives. Spending still remains sluggish with buyers still very cautious about spending.
- Retail sales and service electronics. Things still limping along. Commercial work now drying up again and retail almost non existent. Hard to compete against the big players who sell at cost.
- Retail pet stores. Steady now, paying the wages, but not as profitable as past years.
- Retail - Toys. We are one of the larger online toy retailers in NZ and note that the spending has slowed a lot in the last 6 weeks. Even discounting not bringing the customers in so just need to batten down the hatches and ride it out
- Toy Industry - still very patchy at retail but more enthusiasm at retail level for a lift in business in the next few months. The supply side is still very patchy and lacking strength. Consumer purchasing is also variable and lacking in confidence.
- Restaurant & catering business ... Both showing steady growth at the moment , summers looking great!
- Grocery retailing - growing slowly with usual margin pressures

BNZ CONFIDENCE SURVEY

- After the GST gone up, I found that customers are price conscious. Also, there are less new business in Albany suburb at the moment. My business is not as good as 4 years ago, fortunately I am survive. my business is locksmith, key cut & retails.
- Building for summer - wholesale/retail
- Electrical installations and repairs, plus heat pump installations. Things are feeling ok and slowly on the increase. Especially with some commercial buildings getting under way in Ashburton that we are wiring.

Signage

- Sign writing - very busy but clients very slow at paying
- Signage Christchurch -Trade turnover still bumping along the bottom cash flow patchy with increasing late & very late payments. I sense much frustration at the continuing quakes & problems with insurance and rebuilding I fear the city rebuild will become a mess.

Tourism and Travel/Accommodation

- The tourism/accommodation sector in Christchurch has lost numerous bed nights because of the earthquake and those like ourselves who have come through unscathed are benefiting.
- Tourism - hopeful about this month due to RWC 2011 - not so sure about the summer - perhaps the market is moving to scenarios of making later bookings. Southern China Airlines route from Guangzhou will help but a concern is that they may market to other than higher income groups. It would be nice if Air Asia could fly to Hamilton Intl Airport for local tourism industry in my part of NZ. Muted optimism I would say - and a bit of grasping at straws for post Sept/Oct period.
- Tourism and Travel - quite depressed apart from the RWC boost September/October
- Hunting & Fishing. With price of fuel not so many travelling these days to undertake hunting or fishing
- Very bad in South Island tourism, hopefully can only get better. Economic Crisis, earthquakes, tsunamis, ash clouds and exchange rates (especially Aus vs. Northern Hemisphere currencies and the weak Pound and US\$) have all worked against us. Losing the ChCh RWC games has also had a big effect. A large number of wholesale Australian bookings have not been made so as to avoid being here during RWC. We may have picked up the shortfall with RWC visitors but losing those key games to the North Island is likely to mean we will not get those FIT customers. We will know in another week or so!
- Motels. We are a new complex and occupancy is growing but the other motels around the area are well down on last year
- Average in the accommodation industry
- Tourism: Dollar driving overseas interest down, would be good to see the infrastructure created for RWC made permanent. Maybe we need to realise that is what it takes to foot it with the world.
- Tourism operator, RWC a fizzer, Overseas travel agents released hundreds of rooms back to Hoteliers as unable to sell, high dollar is killing the industry, serous stuff, worst in 10 years and many operators will go under.
- Tourism, very slow. summer looks shaky at best.
- Tourism.. We may not get a huge increase, but with our pricing for our accommodation increasing we do not need as many guests to make the increases happen-now if it works in the opposite direction I would be disappointed.
- Tourism/Hospitality - We are looking at a tough year. Though we are in the greater Canterbury region the ChCh earthquake has had a significant effect on our business.
- Tourism....scant. Even the world cup hasn't been spectacular probably because people want to be in the city centre. Wondering if we should get out of it at the moment.
- Tourism - Very weak post RWC

Vehicles & Automotive

- Still on and off but keep things small and tight and all will be right. Automotive
- Motor vehicle finance whilst we are expanding our customer base we find the used vehicle struggling. This will be compounded by the emission control standards which will limit imports by 50% thereby causing a severe shortage of cars.
- Automotive Repair and Servicing. Stagnant - not enough servicing going on to provide cash flow as people do less kms and spend less on petrol. Very difficult in business still.

BNZ CONFIDENCE SURVEY

- Automotive Parts Wholesaling - trading is very patchy across the country - weather and seasonality have an effect on this - anticipating improvement in September
- Franchised Motor Dealer Auckland. Only activity is 'discount' driven. Lack of profitability a real concern for future capital investment requirements.
- Motor industry. After three exceptional months, someone turned the tap off three weeks ago, and it is still dead.
- Automotive training. Industry still experiencing difficulties with low sales and poor returns. This flows on into a reluctance to pay for employee training.

Wine

- Wine industry distribution, not good. Prices still too low, but first signs of anything positive in a long time, with a slight rise and no complaints . This year has been harder than 2 years ago, but feeling more positive.
- Being killed by exchange rate (wine)

For further information contact Tony Alexander, Chief Economist, 04 474-6744, tony.alexander@bnz.co.nz

The BNZ Confidence Survey is run on the first Thursday of each month. In the Weekly Overview email sent to the 25,000 non-BNZ email addresses on our database respondents are asked to click on a URL which takes them to a survey site. Respondents are asked if they feel the economy will get Better, Worse or Stay the Same over the next 12 months. Respondents may also make comments on their own industry if they wish. Results are collated over the weekend and released on the following Monday in this publication to media and WO readers.

This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. BNZ strongly recommends that readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. Neither the Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever that may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.