



## Media Release

For release: 9 January 2013

### Christchurch rebuild, property upturn lift small building firm confidence to new high – ANZ Business Micro Scope

Small building firms are gearing up to lift investment and take on more staff in 2013, driven by the Christchurch rebuild and a wider upturn in the property market, according to ANZ's Business Micro Scope survey of small firms.

Investment and hiring intentions among builders, plumbers, electricians and gas-fitters have risen to their highest level in 13 years - surpassing levels seen during last decade's property upturn. On a composite measure, sentiment across small firms in the construction sector is at its highest since 2007, the quarterly survey shows.

ANZ's Managing Director, Business Banking, Fred Ohlsson, says: "Small building firms and tradespeople see a good year ahead with the Christchurch rebuild and a wider property upturn underpinned by low interest rates. Though Canterbury and Auckland have led the way, there is evidence that builders' optimism is spreading to other regions and other sectors including household retailers and services such as architects and designers."

Overall, small business sentiment eased marginally over the final quarter of 2012, but remains relatively upbeat. The ANZ Business Micro Scope composite measure – based on activity, employment, investment and profitability – showed firms with a positive outlook outnumbering the negatives by 11%, compared with a long-term average of 9%.

"Small firms are the lifeblood of New Zealand business so how they're faring matters to the wider economy. While sentiment across small businesses is still relatively upbeat, it is still a challenging environment. It's more important than ever that small firms get the expert support they need to manage their businesses. This survey also highlights the value of a good business plan to manage a business through uncertain times," Mr Ohlsson says.

#### Highlights from December's ANZ Business Micro Scope survey of small firms:

(Note: net percentages reflect the balance of sentiment – i.e. positive minus negative responses)

- **Small business confidence remains above the long-term average.** On the composite measure those with a positive outlook outnumber negatives by 11%.
- **Construction sector** investment and hiring intentions are at their highest since comparable data was first collected in December 1999.
- **Sentiment varies markedly by size.** Confidence across *small* firms (6-20 staff) hit a nine-month high of +16%. *Micro* sized firms (up to 5 staff) came in at +5%.
- **Firms planning to lift activity reached +26%**, up three points from a three-year low in the September quarter.
- **Investment intentions have risen strongly** across both the micro and small business segments.
- **Low turnover** continues to be the biggest challenge, cited by nearly one in four respondents. Competition, the exchange rate and regulation were also cited as significant issues.

## **ANZ BUSINESS MICRO SCOPE: TECHNICAL NOTES**

The ANZ Business Micro Scope is a quarterly indicator which focuses on the prospects of small businesses across New Zealand. The survey was launched in March 2012 to address a lack of ongoing research specific to the small business sector. The Micro Scope covers a range of key business intentions and views on prospects for both respondents' own businesses and the wider economy. Figures released today cover the quarter to 30 December 2012.

The survey takes in responses from 250 firms, comprising *micro* (up to 5 staff) and *small* businesses (6 to 20 staff). The sample is taken from the ANZ Business Outlook survey, which covers micro up to large businesses. Comparisons from earlier quarters are calculated by extracting corresponding data on small businesses from that survey, which goes back to December 1999.

**For media inquiries contact: Pete Barnao, Corporate Affairs, ANZ New Zealand, ph 09 252 6623 or 027 277 3139**