

BNZ Confidence Survey

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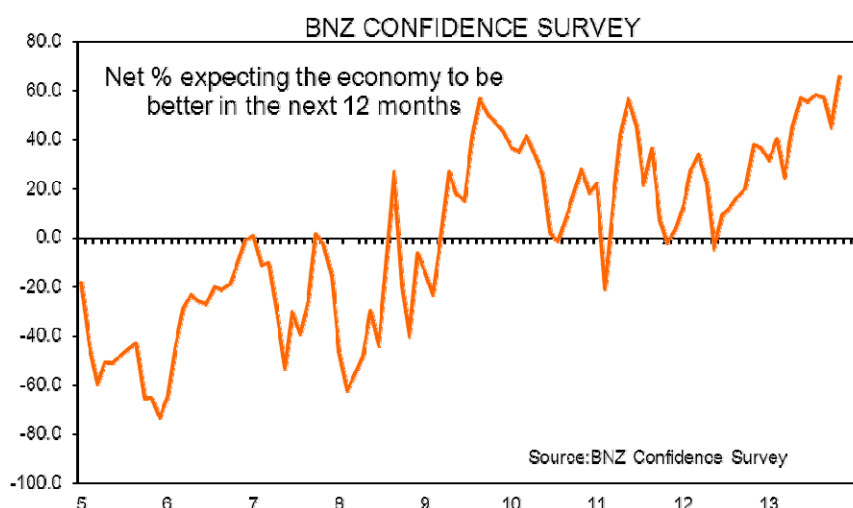
Mission Statement

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 28,000 Weekly Overview readers. To receive the Weekly Overview each Thursday night please click [here](#).

Confidence Surges To A Record High

Confidence amongst BNZ Weekly Overview readers regarding where the NZ economy will be in a year's time has surged to a record high. A net 65.7% of the 469 respondents are optimistic compared with a net 45% in October and 57% in September. Sentiment has been broadly trending upward since the middle of last year and this month only 27 people in fact felt that the economy would be in worse state in a year's time.



There has been a rebound in the net percent of people feeling happy that house prices are rising to 13% from 6% in October. A net 45% of people are relaxed about New Zealand's growing economic relationship with China – a result back at levels seen before the false botulism scare. There has been a rise in the gross percent of businesses thinking about borrowing money to 26% from 20% in October, but there is no overall upward trend as yet in this early indicator of business investment.

With regard to specific sectors the following broad comments can be made.

Accountancy

Signs of an upturn in activity.

Advertising & Marketing, Media

Weak overall.

Agriculture

Dairy sector very strong.

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Agricultural Services

Looking much better.

Construction and Construction Related

Very strong and getting stronger in Christchurch and Auckland with stirrings in Wellington.

Finance

Strong demand with only minor LVR impact noted.

Forestry/Timber

Six comments, five and a half quite positive.

Food Manufacturing

Improving.

Horticulture

Good conditions noted.

Hospitality

Generally getting better.

Information Technology/Telecommunications

Lots of work available.

Legal

Busy

Manufacturing

11 comments, 9 positive.

Marine

Increase in activity underway.

Printing and Packaging

Improving mildly but comments indicate still caution and hesitancy.

Property Management/Investment

Nothing outstanding one way or the other.

Real Estate – Non-residential

Very positive comments.

Real Estate – Residential

Strong negative LVR impact noted on demand from first home buyers. But listings still short in some areas like Auckland, Napier, Hamilton, Dunedin.

Recruitment

Shortage of good candidates.

Vehicles/Automotive

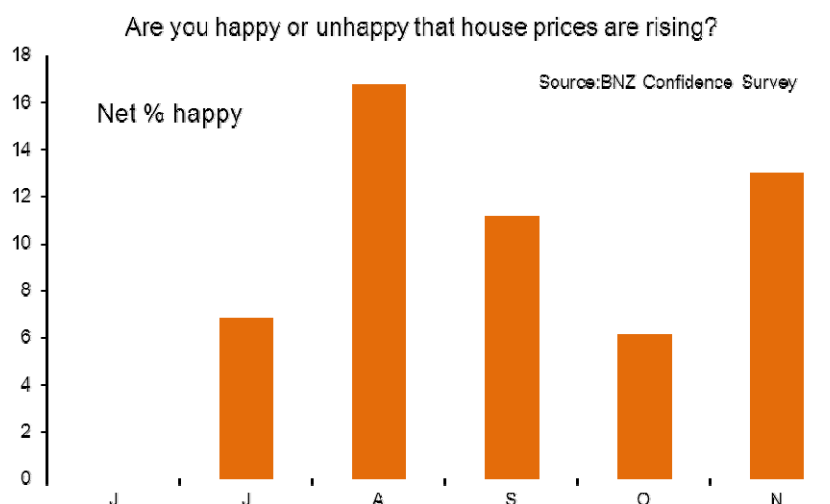
Conditions still quite challenging.

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Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
3 August	38.6	35.5	25.9	12.7	324	214
6 September	43.0	30.5	26.5	16.6	302	206
5 October	42.7	34.9	22.4	20.3	241	168
2 November	52.3	33.3	14.4	37.8	333	207
7 December	51.9	33.0	15.0	36.9	233	174
7 February 2013	51.2	29.1	19.7	31.5	203	150
7 March	53.9	32.8	13.3	40.6	180	144
28 March	45.0	34.6	20.4	24.6	211	135
26 April	56.7	32.0	11.3	45.3	203	128
31 May	66.7	23.7	9.7	57.0	93	70
26 June	64.6	26.3	9.0	55.6	642	345
29 July	65.7	27.1	7.2	58.5	763	551
26 August	64.4	28.0	7.6	56.9	582	430
25 September	55.5	34.1	10.5	45.0	458	350
4 November	71.4	22.8	5.8	65.7	469	355

Do you personally feel happy or unhappy that house prices are rising?

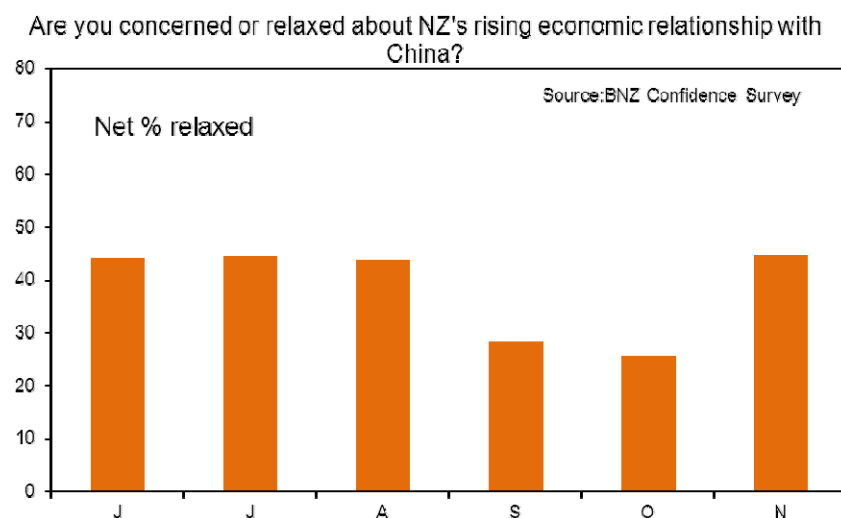
There has been a recovery in the net percent of people in New Zealand feeling happy that house prices are rising to 13% from 6% last month and 11% two months ago. The constituency in favour of policies aimed at causing house prices to decline is not as great as the hand-wringing regarding house price rises in the media might have us believe. The Reserve Bank also with its warnings and credit controls has certainly not generated a tendency for people to believe that rising house prices are a danger.



Are you relaxed or concerned about New Zealand's rising economic relationship with China?

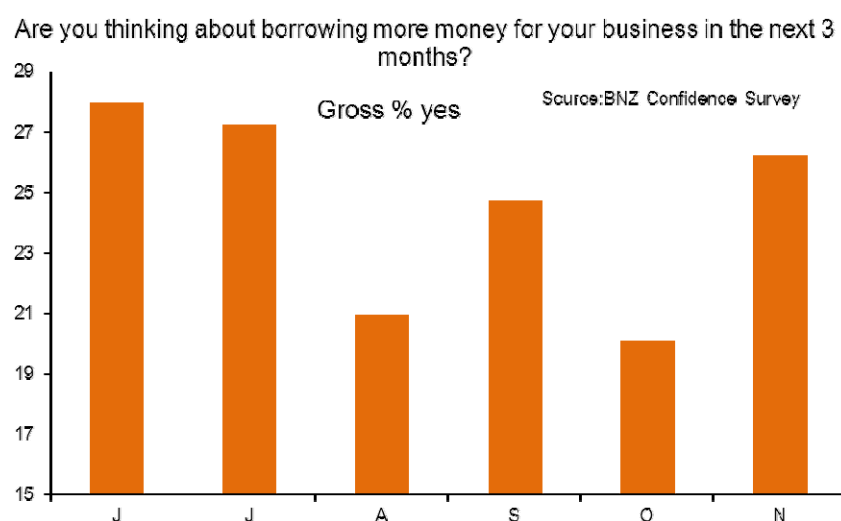
It appears that the effects of the false botulism scare have worn off and Kiwis have gone back to a default setting of relaxation with regard to our growing dependence upon China. A net 45% of our 469 respondents are relaxed, up from 26% last month and 28% in September. For your guide in case you missed it, in our Weekly Overview of October 31 we highlighted how China including Hong Kong has just become our largest export destination, surpassing Australia.

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Are you thinking about borrowing more money for your business in the next three months?

There remains no upward trend in business intentions of funding their activities through credit. This is generally what is happening in many other countries as well where even though household spending is picking up businesses are reluctant to invest and even more reluctant to borrow. This debt aversion could be a factor constraining the duration of recoveries around the world and may contribute to an eventual surge in inflationary pressures in New Zealand as capacity limits get reached and productivity growth slows.



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 Accountants - two partners 14 staff. Plenty of work on as usual. More fee pressure though as clients are more concerned about their own costs. competitive sector.
- Good growth in our accountancy practice
- Accountant for film and television - and design. Film and television industry is having a very difficult time.
- Accounting - solid
- Chartered accountancy. We are busier than ever. Up with the pre GFC days
- Accounting very busy and continuing opportunities for business are continuing
- Accounting: majority of clients are hoping for better, some will go out the back door
- Chartered Accountant dealing mainly with tax, so business remains the same (payment another matter as days-debt can get longer)
- Public accountant in retirement mode but have had new businesses sign up recently so may be more people becoming self-employed than previously.
- Accountancy - Clients seem a little more optimistic
- Chartered Accountant: Definite rise in activity with my better clients outside of compliance work. Bad clients still bad!!
- Chartered Accountants. Steady year so far and see no reason to change. Slight pickup in special work. Always working very hard to collect fees which if left to the clients would be a lot slower than they are.

Advertising & Marketing, Media

- Design Advertising - still tight / tough
- Market research - Has been dead over past 2-3 months, but now the Christmas panic is setting in, and work is coming through.
- Media is looking okay.
- Positive. Advertising. Media.
- Media. Dynamic and changing fast, lots of opportunity with pressures rising on incumbents, massive skill shortage in required IT capability (Xero is hiring everyone!)
- Advertising - Better than 2012 that's clear. Tracking in right direction
- Marketing - budgets still stagnant. up and down
- Advertising - slow gradual pick-up in enquires, but revenues pretty flat. Shift from traditional media to more digital, and decline in creative spend main reasons.
- The media is going through rapid and unpredictable change. Having said that, it's not going to disappear.

Agriculture

- Farming (sheep, beef, dairy). Dairy very bright, sheep and beef improving in spite of the relatively high value of the dollar. Relieved interest rates are lowish and stable. General optimism in rural sector, irrigation makes a positive difference.
- Grocery - flat growth industry but at least looking positive for some growth vs. other retail sectors.
- Dairy farming, strong
- Dairy Farming - Waikato. Great spring and great payout.

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- Dairy Industry: Prices still continue to be high with high demand from China which has flowed onto other countries. Full prices have not flowed to consumers at this stage although they should be by December. Expecting a decrease in demand after this.
- Agriculture service - farming indicators are looking good with better prices and plenty of feed about. A good spring will only allow us to catch up since the drought.
- Dairy sector, very busy, regulations re effluent disposal a biggy

Agricultural Services

- Dairy payout and weather are making thing look positive with an increased air of positiveness - with the backlog of capex on farms being looked at. Farm machinery dealership
- Suppliers to the dairy industry. It's good. Positive. Hopeful. Nice time & place to be in.
- Rural contracting - usual work ok, nothing spectacular
- Agribusiness -- things are looking positive particularly the dairy sector. But things also looking good for red meat prices and even wool is on the up!
- Agricultural Machinery Sales and Service. Very strong enquiry. Good levels of sales. Workshop busy.
- Rural Real Estate Canterbury. Buyers are very selective. Volume of quality economic rural listings slowish. Expect Water supply and Nitrate levels to be factored to much greater degree than previous in certain areas.
- Rural Engineering consultancy. Generally looking more confident-especially dairy and wineries.
- Very strong demand, shortage of supply of raw materials (bovine serum)
- Agricultural Mapping Service. The climatic season is good, the farm pay-outs are good and service industries are benefitting

Business Consulting

- Tax Debt Negotiation / Business Turnaround. Extremely optimistic, with a lot of scope to increase business.
- Niche management consulting. The outlook is looking stronger right now, but the demand for our services can be quite volatile. So I'm cautiously optimistic.
- Business Consulting with SME's. More positive outlook from most clients in Canterbury.
- Business services consulting. Strengthening as businesses and govt agencies need to get on with life, build capability and deliver on promises to shareholders and stakeholders.

Civil Construction

- Civil Engineering - work is picking up with govt clients. Private work still soft
- Infrastructure - some good prospects over the next 3 to 6 months but we have to be more flexible and mobile than ever if we want to get the work.
- Infrastructure Construction - negative

Construction

- Building house construction. Very strong. Very confident
- Construction: Workloads are steady with prices starting to move up after a few years of flat lining. A slow recovery would be better for us and talk of another 10,000 houses in Christchurch is pie in the sky stuff. We are struggling to find good staff as many left the industry after the recession.
- Construction. Slow but steady upward movement in Wgtn.
- Residential Building. We have a full calendar of work booked up through to the middle of 2014, all renovation work, and will be looking to employ more staff in the new year.
- Building Industry Manawatu. Very flat with low margins. Commercial work at an all-time low.
- Building/Construction - very positive if you keep honest
- Construction industry. Improving
- Construction in Southland. The books are full at present with no capacity before Christmas but plenty of space left after that.
- Construction. More activity and better prices in the residential area but competition fierce in the commercial sector. This is the reverse of 2 years ago.

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- Construction North Rodney. Increased activity and work booked ahead
- Commercial construction is competitive with sufficient work
- Christchurch commercial CBD rebuild is slowly gathering pace but costs tend to make rebuild not really economic. You do it because you believe in Christchurch and have a very long term view.
- Construction- really positive. All sectors within construction market seem to be firing. The large scale projects that have been talked about for some time are starting to come to fruition. Labour shortage and skill levels is a big concern going forward.
- In the building industry , things are looking good . Looking fwd to more building consents.
- Construction industry: workload is looking up, resource availability is decreasing.
- Construction - Steady upwards progress but not so much in Wellington. However where Wellington fails it is easy to find work in Christchurch or Auckland. There is enough in Wellington at present however. Solid, but not spectacular.
- Construction - getting busier. main issue is getting suitably qualified and experienced staff.
- Construction Christchurch. The best they have been in my time in the industry - since the mid-60s. The e/q is the best thing that has ever happened in CHCH
- Commercial construction. Good forward work load in most regions.

Construction Related

- Construction Management. All indicators are positive, but very little movement in commercial industrial sector, apart from large established companies
- Quantity Surveying - Christchurch - Very busy and looks like staying that way
- insulation - quieter this time of year self-shed sheep – busy alpacas - Busy
- Extremely busy and backlog of orders.. Supply of construction materials
- Electrical / and electrical irrigation installations. Very busy. Work is only limited by the number of tradesmen we can get
- Construction related - definitely improving albeit steadily as the Canterbury rebuild is finally noticeable and we are seeing an increase in Auckland's construction levels.
- Noticing a gradual increase in commercial & deferred maintenance projects - wholesale paint to commercial & industrial markets
- Building Industry - supplier / manufacturer - the last 3 months acceptance level have had a real big improvement. Let's just hope the new equity rules for housing doesn't upset something that has just started to get going again.
- Christchurch - jobs are readily available and the employment market is buoyant. Employers are starting to realise that the 'experienced' workers are already in work and therefore some give and take is in play when looking for staff. Some employers are starting to take steps for 'in house' training programmes to get the less-skilled but available job seeker into work. Many of these programmes are subsidised by the government.
- Building Industry - Supplying Merchants. Extremely positive, sales are very good. Still only activity in Auckland and Christchurch the rest of the country is still slow but the big two more than make up for this.
- Building Industry supplier - strong demand in residential construction. Short to mid-term looking promising.
- Auckland residential interiors sub-contractor in construction sector. We have so much work that we are cautiously being more and more selective about what work we price, what work we do, and who we work for, and our rates are creeping up. Quality labour resource is an issue for us and we are looking at importing labour.

Education

- Tertiary Education, heavily constrained domestic revenue streams coupled with lower student numbers will make it very difficult for this sector over the next 12 months.
- English language. Very positive the govt has finally. Given our students the right to work while studying here. This gives us a level playing field with Aussies and other competitor Nations. Expect significant increase
- Lots of downsizing and redundancies-tertiary sector

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- Private Education - Things are busy enough.
- Education Early Childhood, worse over supply, Ministry of education still licencing services that to add to market share
- Outdoor Education - very flat environment with growing concern around H&S Early Childhood Education - strong growth Out of school care - very patchy market. High competition but very average service delivery overall
- Tertiary education North Island - Light on enrolments still, we have had to work very hard this year to get the numbers, especially young school leavers or those not in education, employment or training (NEETS) . The talk is of more work available, staying at school longer, and a variety of programmes in-school like Trades Academy and STAR are keeping this group engaged and at school. The hard work will continue into next year as well I believe.
- Adult Education - Ever changing environment, Positive changes in the Foundation learning skills sector.

Energy

- Oil & Gas. Positive but project delivery needs to improve to enable more investment.
- Challenging, highly competitive. Electricity industry.

Engineering

- Engineering and Surveying consultancy. Have been extremely busy for the last 12 months and is getting busier. We are seeing from 1 -3 project opportunities a day, most of which are sizeable.

Finance

- Gaining good momentum - Financial Planning
- Finance. Positive even given the changes in lending regulations. Finance has been too easy to access in the past for those who don't want to show financial literacy and save a decent amount of money for a house deposit.
- Finance (mortgages). Consistent past few yrs., awaiting LVR impact.
- Mortgage Finance - has been very quiet last eight weeks with LVR restrictions maybe having an effect.
- Finance Industry - growth levels static
- Finance in Christchurch - concerned that some small guys are getting too big too fast and will struggle with Cash Flow over the Christmas/New year period while they race around on their new jet skis and boats. I hope liquidations is not the place to be!!
- Finance - great!
- Financial Services (PIE fund, KiwiSaver) Looking up - rising investor appetites for risk - witness Jnr IT sector, small caps etc.,
- Financial Services - Business is buoyant. However, whilst business is up again this year, we are being stymied by loss of productive hours to regulatory compliance.

Forestry/Timber

- Equipment supplier to the Sawmilling industry, and things have never been busier. The industry has got smaller but there is a steady rate of reinvestment going into plant improvements.
- Forestry exports. Very buoyant, more stable than we are historically accustomed to.
- Forestry. Log prices at very high levels. Strong log demand from China continues
- Forestry sector - selling logs. Outlook is positive with the high prices prevailing over the past 6 months expected to continue and possibly improve in ensuing months.
- Wood Processing - Forest sector (log growers) booming on back of log exports, processor sector (sawmills and processors) struggling with high log prices, high Fx. Many businesses under duress in spite of lifting building activity in NZ. Tachikawa gone, several others for sale (read - in financial strife). Yet there's a perception building sector is ripping the public off. Go figure.
- Sawmilling – Construction. Good

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Food Manufacturing

- Food Industry – manufacturing. 25% Increase over same quarter last year. Competitive but good potential for growth in the food sector.
- Food Manufacturer and Distributor Local and Export. Continuing slow growth in sales and margins in local and export sales.
- Food industry --- reasonable --- lots of competition from imports.
- FMCG - Food manufacturing. We have invested in new and upgraded equipment and pumped product out over winter in expectation of meeting summer demand for the first time in many years. With the predicted seemingly good weather we are hopeful for a boomer last six months to the financial year.

Health

- Medicine general practice central Auckland cbd, business improving
- Fitness Industry will remain highly competitive and difficult to retain profitability.
- Healthcare-lots of acute care being provided on day despite flu season being over. Still people struggling w/ bills
- Fitness - Subsidised services provided by the local council are an issue
- Healthcare - still uncertain - with Pharmac involvement with medical devices in the future it's hard to know the impact this will have long term for us.
- Still very tight. Healthcare
- The Health and Disability sector remains very tight regarding funding. My organisation will continue to stay over costs to maintain as lean an organisation as possible.
- Healthcare - improving but uneven. Government related spend is at a point where service delivery will have to change. Out of pocket is better - but depends on where in the country.
- Fitness - tough market being flooded with (predominantly offshore franchise) competition - downward pressure on market.

Horticulture

- Marketers/processors frozen fruit, mainly berry fruit. (probably falls under horticulture1! Category is enjoying 22% growth, due in the main to a growing consumer awareness that berry fruit deliver a health benefit and should be a part of a well-balanced diet. What could be better?
- Kiwifruit Orchard--best returns in years
- Kiwifruit - despite PSA & worsening exchange rates (due to lack of forward cover) the improved prices realised for all fruit this year has helped offset the headwind from Forex.

Hospitality

- Great ... Very busy ... Catering & restaurants
- Hospitality Christchurch- lots of work but number smaller than pre 2010/11 incidents.
- Function catering. in Auckland and Waikato We are trading strongly, enjoying good growth from last year. Forward bookings, especially weddings are even further up on last year as compared to non-wedding catering
- Catering Equipment supplier to hospitality industry. We are experiencing the usual pre-Christmas seasonal upswing but noticing spending caution by our customers.
- Steady, similar to last year - Hospitality

Information Technology/Telecommunications

- IT Wellington. Government showing signs of increasing procurement but very bureaucratic and sales cycles are longer than ever
- IT prof services - very busy
- Very competitive. Good growth in cloud computing - it support
- Software - going well
- IT - lots of work around.
- IT. We are busy but not for any reason that we can identify. Business are not keen to purchase or update hardware unless they are forced to by breakdowns?

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- IT industry- things are looking average and we are hoping to get more projects.

Insurance

- Insurance- In commercial sector we are seeing more competition and premiums for good risks going down (some property 5-10% in Waikato). Motor insurance very competitive depending on claims history.
- Insurance clients are becoming reluctant purchasers now they are aware of the extent of insurers profits as their costs continue to increase exponentially. Bubble is about to burst.

Legal

- Legal services. Busy
- Law (litigation) strong steady supply of work continues
- Legal-small provincial southern north island rural town. Conveyancing still patchy. New Reserve Rules will slow down the first home buyer's market as family members not able to help. There is not the money in the community for the average businesses to expand but it is survival mode for many. What is happening in Auckland and Christchurch has no relevance to us.
- Legal - busy
- Regional Legal. Steady but still lacking confidence.
- Still busy - law Christchurch
- Legal - more positive deals than usual
- Law - Conveyancing has fallen away a little in the last month.
- Legal - steady
- Provincial Legal - quiet; wide variation between clients' business activity. Some are very busy and looking to hire more staff, while others are thinking they may have to close their doors. Conveyancing still slow.
- Legal, Taranaki. After two poor years work has picked up but the local housing market is still very slow.
- Litigation - legal - going well
- Legal activity recently increased
- Legal - variable
- Law - getting busier
- Still busy - law Christchurch

Manufacturing

- Metal products manufacturing for domestic market. Sales have improved recently, though only for a selection of our customers. I am planning to increase my prices from the new year. Still running as lean as possible, making sure to manage cash-flow with very tight margins.
- Manufacturing. Things are flat and I don't see that changing in the next quarter.
- Electronic component distribution and manufacture. Very competitive and highly influenced by strength of NZD, as most of our customers are manufacturing exporters. Still a potentially lumpy road ahead, as it has been since 08, but hopefully continuing to head in the right direction.
- Good. We are in the steel fabrication business. About to do a 1.3 million capital expansion.
- Heating appliance manufacturing, import. export and wholesale- best year we have had since 2003 /2004 - both sales and profit. investigating opportunities to grow the company, M & A, new product, new export markets
- Safety Helmet manufacturing. Very buoyant international sales, but the FX rates (especially the AUD/NZD cross is a concern if it carries on for too long. Strangely the Aussies think their currency is overvalued, but that's because the real culprit is the USD.
- Manufacturing supplier - Volumes this year are panning out at similar levels to last year. That said we have a high level of quoting and enquiry indicating a likely lift in activity. Some of this will be seasonal but some of it will be confidence becoming activity
- Good - we manufacture and sell paint and decorative supplies
- Steel manufacturer. Seems demands are increasing.

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- Fabrication and machining, good and steady however some in the industry are still in recession mode with their pricing, believing they can exist on zero profit.
- Paint manufacturing - Well out of the trough and not booming yet but not bad.

Marine

- Leisure marine industry . Business picking up as usual for summer season. More positive than last few years. People have become way more demanding and tend to hesitate longer before making decisions.
- We are a manufacturer for the domestic market and we are definitely seeing an increase in activity driven by both Auckland and Christchurch. Particularly in the new build residential sector .Forward work looks strong for commercial but not till next year.
- Marine industry, good inquiry, good sales.
- Marine. Things have picked up significantly and look forward to a busy Summer period. Good quantity of Super yachts here getting considerable work done and good local market sales as well.

Miscellaneous

- Service industry & capital plant supply. Steady just starting to see some movement in capital plant supply.
- Import Distribution Electronic Security Industry has been affected by the Chch earthquake and lack of new houses, however we believe with the increase in activity this should have a flow on effect to our industry.
- Retirement and Aged Care Industry. Generally looking very positive with rising number of people entering into the age 65 plus. New LVR restrictions will slow the property market which in turn will slow resale rates.
- Continued growth and opportunities, looking great for summer and beyond. Cleaning Company, short term rentals only.
- Retirement industry looks good
- Electronic security: still low margins but expect to rise over next year. Upswing in activity in Auckland.
- Importing Safety Products: Very Good
- Capital equipment looking brighter, finance is readily available and oem's looking to stimulate replacement with good finance options coming available
- I am associated in the pet transport industry so I see directly how many people travelling abroad. There has been a large number of those we have sent in the past returning back from overseas due to realising NZ is a more favourable location to live. Whether this is due to a decrease of those other countries, or NZ increasing.
- Constrained due to skilled labour shortages
- Property Consultancy Industry. Work from Government Departments has dried up. Other work harder to come by but still enough to keeps us going.
- Landscaping business looking good going into summer. Aucklanders spending on home improvements to add value to their property.
- Security industry. Unchanged, some growth though margins are smaller than in past years
- Industrial Equipment - somewhere between negative growth and no growth for our industry. There are minimal large projects underway or planned and cheap Asian imports are eroding the market share of traditional western brands.
- Capital Equipment supply - improving

Printing and Packaging

- Flexible packaging is strong but with tight margins as businesses try to pull overseas production back into local plants.
- Flexible packaging - should see a seasonal uplift over the next 6 months but cheap imports still affecting margins
- Remains tough. Printing Design Agency

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- Commercial Printing sales have increased and GP has improved. We are of the view this trend will continue into 2014. A lot of capacity has disappeared which is having a positive impact on the remaining companies
- Average activity - Commercial Printing
- Printing Industry. Still a fight against trends towards online offerings....however retaining excellent, well-motivated and trained staff, will keep our company ahead of the pack.
- Printing Industry – Auckland Very solid year and will remain busy right through to Christmas. Geon's failure has been helpful, shame it didn't happen 2 years earlier. Margins are still tight but print volumes have improved.
- Wood Packaging. very buoyant
- Printing; Very happy with 6 month results. At last we are making profits.
- Printing - Volumes increasing at last, but customers starting to demand up to 90 days payment terms if you want to retain their business. Aussie exchange rate still hurting.

Property Development

- Property development on the North Shore busy, with lack of supply re. suitable development land the biggest culprit.
- Land development, lifestyle blocks north of Auckland: Major increase of interest from buyers over the last month.

Property Management/Investment

- Real estate (property management). Fine. Slowly growing at a manageable pace.
- Harder to find tenants to pay premium rents and fewer tenants about a sign the a down turn ahead.
- Property Management, Lower North Island: An increase in request for rental appraisals with a suggestion that more investors are now looking but also some people rather than sell their house will consider renting it out with a drop in first home buyers. We may see an increase in rents for 3 bedroom homes as we anticipate an increase in demand
- Quiet, heading up to Christmas and the New Year, which means we can look at new projects and medium to longer term investments. (Property Management & Business Services)
- Property Manager North Shore Auckland, enquiry steady to picking we are starting to see the turnaround immigration wise flowing into enquiry. Not yet seeing it in rent increases but think based on past surges this is a matter of time. Lot of investors selling and moving on this will also effect supply in the future and put additional pressure on rents.
- Body corporate management. Insurance costs, EQ strengthening and leaky building issues are putting pressure on bodies corporate and therefore on companies such as ours.
- Residential property investment Christchurch. Good yields at present and tenants behaving as they don't want to lose their home in a short market. Cashed up a lot of properties with Insurance money and awaiting opportunities in the new city rebuild to continue my investing.

Real Estate – Non-residential

- Property investment and development in South Auckland . Things are ok due to low interest rates. rents are stable with increases nearly impossible to achieve in residential with some vacancy. Definitely no boom here. Commercial shops very hard to lease but at least we have some enquiry now for 3 vacant shops for the last 7 months in Papakura and have just leased 1 of them. Have noted a vacant refurbished apartment in Papakura that's been empty for 6 months so no dire shortage of housing in South Auckland and in fact there has been a big exit of tenants who have purchased so residential rentals are hard at present with no increases and Slack demand and decreased quality of tenant.
- Commercial Real Estate. The market is very positive with growth in both the sale and leasing sectors. One concern is that development is not meeting demand, specifically the demand for both purchasers and tenants for industrial units.
- Commercial (retail) property investor, Auckland CBD: continued strong interest from tenants for good retail space.
- Retail leasing - much more positive sentiment from retailers, although some are still doing it tough.

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- Leasing and Sales of Industrial Real Estate (Penrose/Onehunga, Auckland). Leasing Market - Vacancy for prime stock is at a low, saturated market. Sales Market - Owner occupier demand is stronger than Investors, resulting in a lot of off-market transactions.
- Commercial Real Estate Sales and Leasing. Up up and away... Everyone seems to be motivated to close the deals they have been talking about for the last 10 months, just in time for Christmas.
- Commercial Property Christchurch. Busy but very competitive. Next year resources may be stretched for the rebuild.

Real Estate – Residential

- Real Estate - regional real estate is weakening because of LVR loans now not being offered in the smaller centres. Anecdotally it appears that these loans are being used in the main centres, predominantly Auckland and Christchurch.
- Real Estate - central Auckland. Simply not enough homes available to meet strong demand from buyers. November right through to the week of Christmas usually remains busy but potential sellers seem to think it is now too late to put their home on the market so probably going to run out of homes to sell during November!
- Wellington real estate. Seller expectations high. Low sales volumes. Listings starting to pick up (better late than never). Buyer activity still slow. Apartment market still at a practical standstill (EQ ratings, BC fees, LVRs and Insurance costs not helping) Lots of talk that the WCC may raise the EQ minimum NBS %.
- In the last 3 weeks there has been a softening in the market. This is not only affecting the lower priced properties. Banks are not so confident about the top end of the market as they are not allowing people in some situations to buy before they have sold \$2m plus properties. There is more on the market right now and it will be interesting to see if prices level out across the board which is what we are starting to see. People are not interested in frenzied bidding at auctions and will choose not to go to the auction rather than get carried away.
- Real estate. Stunning. 72% growth over the last 12 months
- Residential real estate, Auckland. Listings increasing and buyers abundant, so sales good. Some staggeringly high prices being achieved at auction (now 80% of listings are auctions). Seems to be plenty of money about to purchase houses. Long may it last.
- Property valuation business currently boosted by demand for residential insurance valuations but underlying workload much the same as last year
- Not bad in real estate
- Real Estate. Number of sales are a little down due to new LVR quotas bedding in. More prospects available at present than for a long time. Higher demand for commercial property will show through eventually
- Quiet (Property Valuation)
- C & I Property Valuer - Steady workload at present. However our residential valuer's main source of work is borrowers over 80%, the reserve bank changes to LVR has reduced our residential valuers' workload dramatically.
- Residential Real Estate Napier - Still a serious lack of listings, first home buyer enquiry has dropped off however buyers still out and about looking for good mid-range properties.
- Real Estate - The LVR is having an immediate impact in the Real Estate market. Sellers may have to adjust their position to achieve a sale.
- Real estate Auckland. Continued strong buyer demand, although there is talk of the lower end of the market slowing due to LVR rules.
- Real Estate in the Manawatu has been spooked by the LVR requirements that the Reserve Bank has put on bank borrowing. Totally unnecessary in our part of New Zealand and totally frustrating for first home buyers and our industry in this part of New Zealand.
- Hamilton Residential Real Estate. Slowing down, not because of lack of buyers or prices. Severe lack of stock is the issue. We'd be making more sales if we had the stock to sell. still multiple bidders at auctions, 3+ buyers missing out on nearly all good properties @ auction. Buyer interest still very high but starting to wain with Xmas approaching.
- Property Valuation, Auckland. Busy as a result of a lot of confidence in the market.

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- Property Market - Business as usual. There is a concern with our clients regarding the LVR but we're seeing no difference in sentiment in regards to buying decisions.
- Real Estate Johnsonville: Busy with good sale numbers and new listings coming to the market through the \$350k to \$550k range. Good numbers of buyers in market.
- Real Estate in Whangarei Heads area. Although price are not rising, there is more enquiry on waterfront at the top end, from other areas of NZ and overseas; and properties in the area under the 800k range, from locals.
- Real Estate - supply and demand still an issue in Auckland and Christchurch. Rest of country still in recovery but a firm market. Second tier lenders emerging in view of LVR's.
- Real Estate - Manukau. The market has been extremely buoyant over the last few months with record sales. In the last few weeks since the end of the school holidays there has been a noticeable drop off but this expected to be short while the market adjusts to the new LVR regulations.
- Real Estate - Far North - uplift in inquiry but market still very sluggish
- Real Estate-short of listings in the Kapiti Coast. Not many buyers either. The spring market is quieter compare with previous years.
- Real Estate. Fewer buyers through the open homes, the buyers that are around are not in a mad hurry to purchase which was the case prior to new bank regulations - perhaps they are hoping the prices will pull back a bit. Definitely less Chinese purchasers through the open homes which is surprising - perhaps they feel the market has overheated?
- Real estate. Dunedin. A shortage of listings but going pretty well.
- Real Estate Lower Hutt is OK but not spectacular
- Auckland Real Estate. I wish I owned more of it!
- Real Estate - Tasman Bay More offshore buyers in the market (\$600k +) more Chch buyers in the market (\$400+) Evidence of Chch buyers re-selling properties purchased here in haste earlier to relocate to better locations within the district First home buyers non-existent bar a few with kindly parents giving them a leg up. Investors out and about picking over the bargains.
- Real estate Sales North Shore. Hard to get listings, LVR seems to have affected attitudes but sales and prices rising. We are not borrowing money for business but we are investing in upgrades from capital.
- Real Estate, Havelock North. Strangely quiet for spring. The industry is not the topic of conversation currently that it has been historically. Sales still being made however.
- Real estate looking good!
- Real estate... open home numbers plummeting, some talking of a 10% drop in values the last month. Many agents nervous about properties they have appraised/listed that might not get the expected price.
- Nelson Real Estate - Lifestyle property specialist. Listing numbers are rising as expected for this time of the year, but demand is subdued for properties over 800k. Properties under 800k are attracting a lot of attention at open homes, although there is a sense of caution amongst buyers as the threat of interest rate rises looks ominous.
- Property Valuation, provincial Bay of Plenty - terrible. Incoming job numbers more than halved from 15-20 a week consistently to struggling to get 5. No lending happening, banks not requiring valuations, no first home buyers in the market. If people are moving house then generally they are lent less than 80% so there is no need for a valuation. Looking at other career options.
- Real estate - Good
- Real Estate. Reasonably buoyant although properties have to be priced correctly and competitive if there is work to do. Well-presented / maintained homes in good locations are selling quickly.
- Steady but limited stock in real estate
- Real Estate (residential) Tauranga. Slight pick-up in listing Stock. First home buyers almost evaporated due to LVR restrictions. Mid-range still busy.
- Real Estate - positive

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Recruitment

- Executive recruitment. Extremely busy and finding good people is becoming very difficult.
- Recruitment is still at the mercy of strong candidates whom are in a minority. Immigration still takes too long to bring in skilled overseas people and MBIE is still a huge white elephant which is killing Wellington.

Retail/Wholesale

- Retail sector is steadily improving. Our business is vulnerable to reductions in NZ\$ (so we are well hedged) and also increases in wage rates, but our expectations are for increased demand for our products, which should more than offset the downside for the next year or two at least.
- Grocery - flat growth industry but at least looking positive for some growth vs. other retail sectors.
- Distribution of quality natural dietary supplements: growth has been tracking at 6% per month compounding since beginning of 2013. Business for this start up is good! Nearly into profit!
- Improving, but this may just be seasonal. Textile wholesaling
- Furniture distributor - we are see a steady expansion in our business, but margins are continually squeezed. Price tags now only indicate what one wants for a product, not what the consumer will pay.
- Wholesale distribution, import/export. Getting paid is still a struggle. Sales improving
- Gift/Decor business...(rural Southland, Winton)I sell things people don't need...(as I explained to my MP Mr English once at my counter).....this industry has been decimated in the down turn (one major supplier told me they'd lost half the stores around NZ that they sell to).....I have come out of the winter in a very strong fiscal position....and am now having some very busy days. Hitting four figures some days. There is definitely more confidence with the buying public.
- Pharmaceutical wholesaling - volume growth but little revenue growth. Very tight margins and a few pharmacies are feeling the pinch as costs keep rising. Not much different from 3 months or even 12 months ago.
- Industry :- Furniture and bedding import and wholesale (Dependant on the fortunes of retail). We have had growth in the last quarter due to increasing our market share rather than reflecting the poor trading of the majority of stores we deal with.
- Retail Hardware. reasonably buoyant – hasn't suffered particularly over the last few years but is threatened by the availability of internet shopping
- Outdoor sports - hunting fishing. Not good - cost of fuel still major constraint to participation.
- Retail Services. Satisfied two current contracts have been extended. One with extra work on higher level due to a great team in the field excelling in their work. Lots of interest in our service.
- Retail - slow sales increase in Sep quarter on last year
- Slowly improving. Bicycle accessories
- Aspirational retail. Things definitely seem to be looking up people seem to be more happy to spend on higher priced quality products.

Signage

- Christchurch Signage - September was a very poor turnover month with October a little better but cash flow is down. Much publicity of City rebuild that is not producing new work & little evidence of widespread construction in the CBD although plenty in the periphery so little trust in media reports.

Tourism and Travel/Accommodation

- Overseas travel (long haul). Steady.
- Very buoyant at this stage and have been able to renew plant and furnishing to stay in front of the competition. Hotel accommodation
- Tourism forward bookings up as generally US economy is starting to get better, and confidence improves
- Travel insurance industry is reasonably stable right now.
- Accommodation; Better this year than last for our own business (though we are still young in the marketplace), though not sure about the industry as a whole.
- Aviation industry is looking good.

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- Accommodation - we are seeing a lift in tourism - good growth
- The Accommodation industry is fine at the moment.

Transport/Logistics and Storage

- Transport/storage - slow recovery but from a very low base. Christchurch leading the way but some regions e.g. Dunedin/Southland still very much down with very little activity.
- Road Transport. The volume of freight movement is steadily increasing but has not yet reached the levels existing pre GFC. Industry infrastructure is faced with major capital investment to upgrade fleets to meet the HPMV increased productivity. This will take several years.
- International Freight. we had a disastrous September followed by a fantastic October so business is still very unpredictable & definitely still in recovery mode.
- Transport - Activity picking up but budgets remain tight
- Outbound travel - 2014 is already shaping up as a very strong year
- Transport. Margins are reducing as service quality is traded away against lower costs.
- Very competitive in the transport industry, not enough work for all of the vehicles.
- We are in local import and export cartage, Christchurch and Auckland. October/November is usually the busiest for our industry and proving to be just that. Generally our customers are working more to "just in time" with their product which would indicate that they are holding less stock on hand. On the whole, everything appears to be tracking well and in a positive manner.
- Logistics - lots of competition but lots of opportunities
- Transport Industry has a big shortage of drivers. We need at least 10 more staff and cannot get them.
- (Freight) Flat

Vehicles/Automotive

- Used car dealer. HB sales good, hard to source good stock. Things finally starting to look better.
- Very Good - Motor Vehicle Sales
- The Motor vehicle industry is showing increasing confidence in new cars but suffering from large volumes of imported used vehicles. There is a huge amount of price competition, however it is done through on the spot discounting and special offers obscuring the true value of vehicles.
- Automotive Industry. Still challenging.
- Retail automotive. Demand for new remains strong due to improving economic conditions and increasing migration levels
- Vehicles, worried as the 'flood' of European cars seems like it will never stop.
- Automotive aftermarket - sales flat across the country as they have been for the last 3 months

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

The BNZ Confidence Survey is run on the last Thursday (was first up to March 2013) of each month. In the Weekly Overview email sent to the over 28,000 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 or Tuesday (depending on how busy I am) in this publication to media and WO readers.

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