

Selwyn Business Opinion Survey

February 2025







About the survey

The Selwyn Business Opinion Survey is a pulse check of Selwyn businesses. The Survey has been designed to help understand current and future business trading conditions at a local Selwyn District level.

The topics covered include:

- Employment and investment trends
- Recently experienced business conditions
- Expectations of future business conditions
- Comments on current challenges and opportunities affecting Selwyn businesses

Results are generally summarised in net terms by taking the percentage of businesses reporting an increase in the indicator in question, minus the percentage reporting a decrease.

The Survey is updated every six months. It provides an important barometer of business conditions in Selwyn that can be used by local businesses for planning purposes. The Survey is also an important engagement tool that supports the delivery of the Kai Aku Rika Economic Development Strategy's strategic focus to "get the settings right" — by working together, being a business-friendly Council, attracting investment, building our brand and telling our story.

The most recent survey was conducted from **Monday 10th February 2025 to Friday 21st February 2025**. There were 138 respondents in total.



Executive Summary

This section summarises key messages from the survey of Selwyn businesses and sets that against the general economic context.

Key messages from Selwyn businesses

The February 2025 Selwyn Business Survey highlighted green shoots emerging for Selwyn businesses, after relatively hard trading conditions throughout 2024. Recent falls to interest rates at a time when export returns in the primary sector have ticked higher have buoyed confidence among Selwyn businesses. Businesses have also highlighted that they expect Selwyn to continue attracting large numbers of new residents compared to other areas.

Selwyn businesses have reported better conditions than their counterparts across other parts of New Zealand across virtually every indicator.

Selwyn is one of the few districts in New Zealand to have experienced significant increases to employment over the latter stages of 2024 and start of 2025. A two-tier labour market has emerged in Selwyn over the past year. It has become increasingly easy to find workers to fill unskilled roles, but despite some improvement since 2023, it remains relatively more difficult to fill skilled and semi-skilled roles.

Operating costs are continuing to challenge some businesses, with many highlighting disproportionate pressures from insurance, rates, electricity, and fuel. It has become more difficult to pass on these cost pressures to customers in the form of price increases.

Business investment, and expectations of revenue growth, have both improved markedly over the past six months, in line with recent decreases to interest rates and better returns for the dairy sector.

Given expectations that sales activity will improve in 2025, businesses are becoming more optimistic that profit margins will begin to rebuild over the months ahead.

Table 1 – Businesses’ recent experience and expectations of the six months ahead

Net Balance	Previous Experience (August 2024)	Current Experience (February 2025)	Predicted Experience (Next 6 Months)
Staff Numbers	-4%	7%	16%
Investment	12%	36%	30%
Output/Sales	-28%	0%	28%
Prices	39%	33%	42%
Operating Costs	68%	77%	64%
Profitability	-40%	-4%	22%

Results are summarised in net terms by taking the percentage of businesses reporting an increase in the indicator in question minus the percentage reporting a decrease.

Background context to the survey

Economic activity in Selwyn rose 0.9% in the year to December 2024, ahead of a 0.5% decline nationally, according to Infometrics provisional GDP estimates in the Selwyn District Quarterly Economic Monitor December 2024. Selwyn experienced broad-based growth, led by the agriculture sector, which has been boosted by a forecast record-high dairy payout, as well as improved returns for beef, sheep and arable farmers.

Selwyn's population continues to grow strongly, as indicated by 4.0% growth in health enrolments and 5.0% growth in employment of Selwyn residents in the year to December 2024. However, slower growth in GDP and businesses suggests that local economic activity isn't keeping pace. Consumer spending growth of 6.1% suggests that population growth is driving local retail activity, but growth in spending is minor on a per capita basis.

As the labour market across New Zealand became more challenging in 2024, an increasing number of people have sought support, with a 17% increase in Jobseekers and 12% increase in other benefit recipients in Selwyn in the year to December 2024. However, these increases must be put in perspective, all up only 4.6% of Selwyn's working age population is receiving a benefit, which is well below the national rate of 12.4%. It is also worth noting that there is still hiring occurring locally, with job numbers in Selwyn still rising by 5.0%pa in 2024, even though that is down on the 7%+pa growth that occurred in the peak during 2022.

Softer construction industry activity was the key detractor from Selwyn's GDP growth over the past year, reflecting a soft investment environment nationally. Non-residential building consents have been buoyed over the past year by large consents for education and commercial buildings, but it hasn't flown through to local construction activity yet. Falling interest rates are yet to spur the housing market into action, with Selwyn house values down 2.1%pa and national house values down 2.0%pa in the December 2024 quarter. However, interest in Selwyn is still strong, with 1,411 houses sold in the year to December 2024, just shy of the previous peak of 1,522 in June 2021.

Tourism spending growth has been slowing nationally, as the recovery of international tourism slows. However, tourism expenditure in Selwyn rose 8.2%, ahead of national growth of 3.7%, led by 27% or \$10m growth in international tourist spending in Selwyn. Guest night growth has been more muted, growing less than 1% in Selwyn and nationally, reflecting that domestic visitors are focusing on value more than ever, in the current weak economic environment.

Stronger export returns across the primary sector will buoy activity in Selwyn over the coming quarters, with strong returns for dairy, beef, and improving returns for lamb. The current \$10/kgMS Fonterra farmgate milk is set to help deliver a \$754 million pay-out in the current season to Selwyn dairy farmers. At that level, the pay-out would be the largest ever, up \$176 million from last season. Other parts of the sector are strong contributors too, with beef prices up 8.8%pa on average over 2024 and lamb prices recovering.



Employment trends

This section outlines what the Survey showed is happening for overall staff numbers at Selwyn businesses and whether businesses are facing difficulty finding staff to fill vacancies.

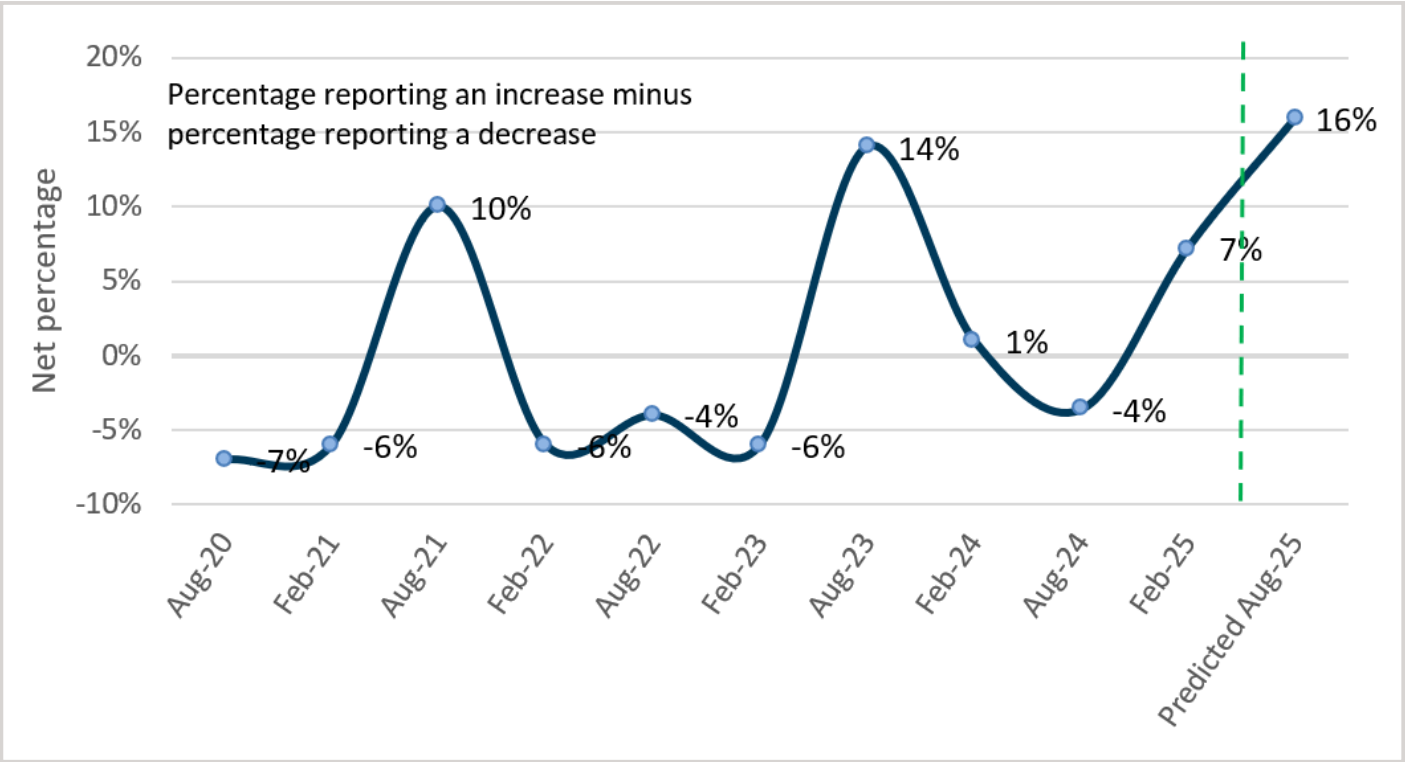


Total employment

Employment trends are an important barometer of businesses’ confidence in their own activity outlook. Staffing decisions are not made based on day-to-day activity — instead decisions reflect how businesses expect conditions to unfold over a more sustained period.

A net 7% of Selwyn businesses reported increasing their headcounts over the past six months. This was the strongest result since August 2023 and is set against a context of deteriorated employment conditions across the rest of the country. Selwyn is one of the few districts in New Zealand to have experienced increases to employment over the latter stages of 2024 and start of 2025. With Selwyn businesses expecting their trading conditions to improve during 2025, a net 16% of local businesses expect to expand their staff numbers of the next six months.

Graph 1 — Staff numbers



Selwyn businesses’ recent experiences with regards to staffing sit above the rest of New Zealand. The January 2025 ANZ Business Outlook showed that a net 7.1% of businesses have reduced their headcounts over the past year are similar to the rest of New Zealand.

Difficulty of finding staff

Making decisions about staff numbers is only half the challenge, finding workers to fill any vacancies that emerge is the other. Consequently, it is also important to assess how easy it has been for Selwyn businesses to find staff.

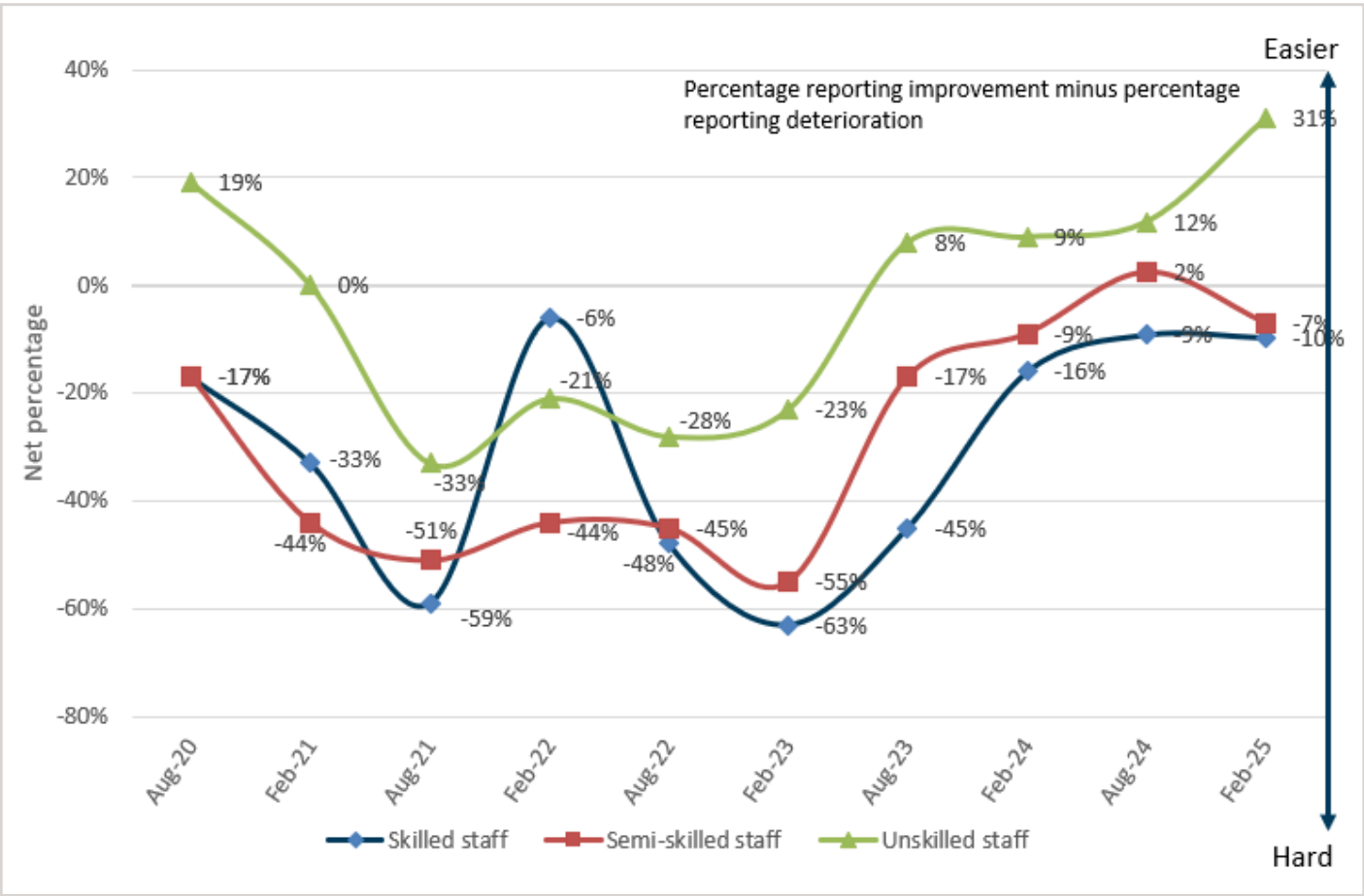
A two-tier labour market has emerged in Selwyn over the past year. It has become increasingly easy to find workers to fill unskilled roles, but despite some improvement since 2023, it remains relatively more difficult to fill skilled and semi-skilled roles.

In February 2025, a net 31% of Selwyn businesses reported that it was easy to fill unskilled positions, while a net -7% reported difficulty filling semi-skilled roles and a net -10% had difficulty filling skilled roles.

An increasing nationwide trend of emigration to Australia, at the same time as there has been a sharp decline in immigration into New Zealand from elsewhere, will be exacerbating challenges for employers looking to fill roles with higher skills and experience pre-requisites.

The ongoing availability of people to fill unskilled roles, on the other hand, is likely to be largely because many of the industries which have been worst affected by the ongoing economic squeeze, such as the retail sector, are often those with lower skills requirements. As such, the pool of people looking for work in these sectors is relatively high at present compared to the jobs that are available.

Graph 2 — Difficulty of finding staff

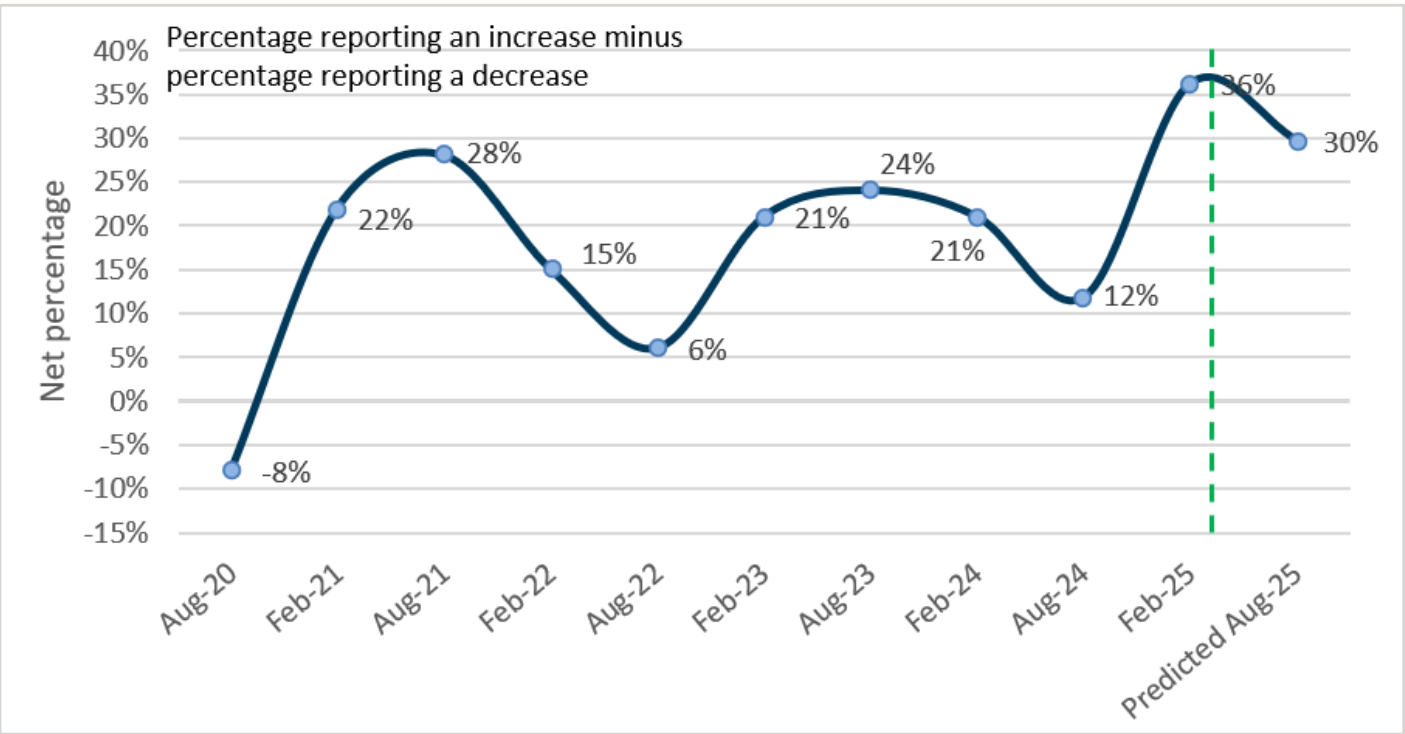


Investment trends

Current and intended investment is another important barometer of confidence by Selwyn businesses in their outlook. Business investment is typically quite volatile across the economic cycle.

Business confidence to invest in Selwyn has risen substantially since the last business survey. A net 36% of Selwyn businesses reported increasing their investment over the past six months, with a net 30% of businesses expecting to lift their investment over the next six months. These results are the highest since the survey began in 2020, and a marked improvement on the relatively low level of investment activity that was persisting when the last survey was undertaken in August. A key factor behind the increase in business investment will be falling interest rates — since August the Reserve Bank of New Zealand has lowered the Official Cash Rate from 5.25% to 3.75%, with further cuts signalled.

Graph 3 — Investment in your business



Selwyn businesses' level of investment intentions remain more positive than the national average. The January 2025 ANZ Business Outlook showed that a net 15% of businesses nationally expect to increase investment.

Business Conditions

This section outlines what the Survey showed regarding the conditions faced by Selwyn businesses in terms of sales, costs, prices and profitability.

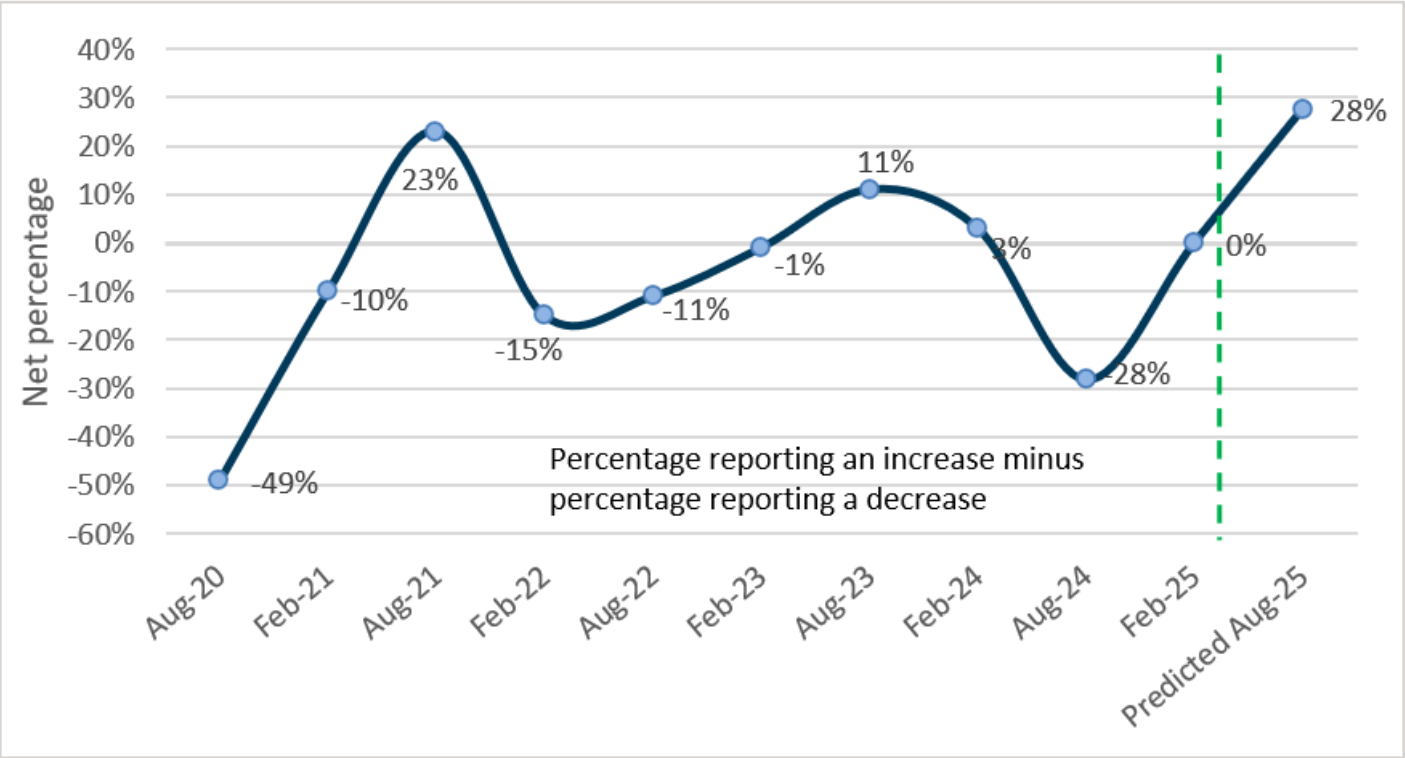


Sales

Selwyn businesses were asked about how their revenue had performed over the past six months and how it is expected to perform over the next six months.

Although sales activity was flat over the past six months, the most recent survey result was a substantial improvement on the August 2024 survey when a net 28% of businesses reported a decline in sales. Businesses expect green shoots to emerge in 2025, with a net 28% anticipated an increase in sales activity over the next six months. Two factors expected to help support sales activity are lower interest rates and a sharply higher dairy payout.

Graph 4 — Output/sales



Selwyn businesses' recent trading activity is similar to businesses' experiences nationally. The January 2025 ANZ Business Outlook also showed that sales activity was flat, with a net 0% of businesses experiencing an improvement to their sales activity over recent months.

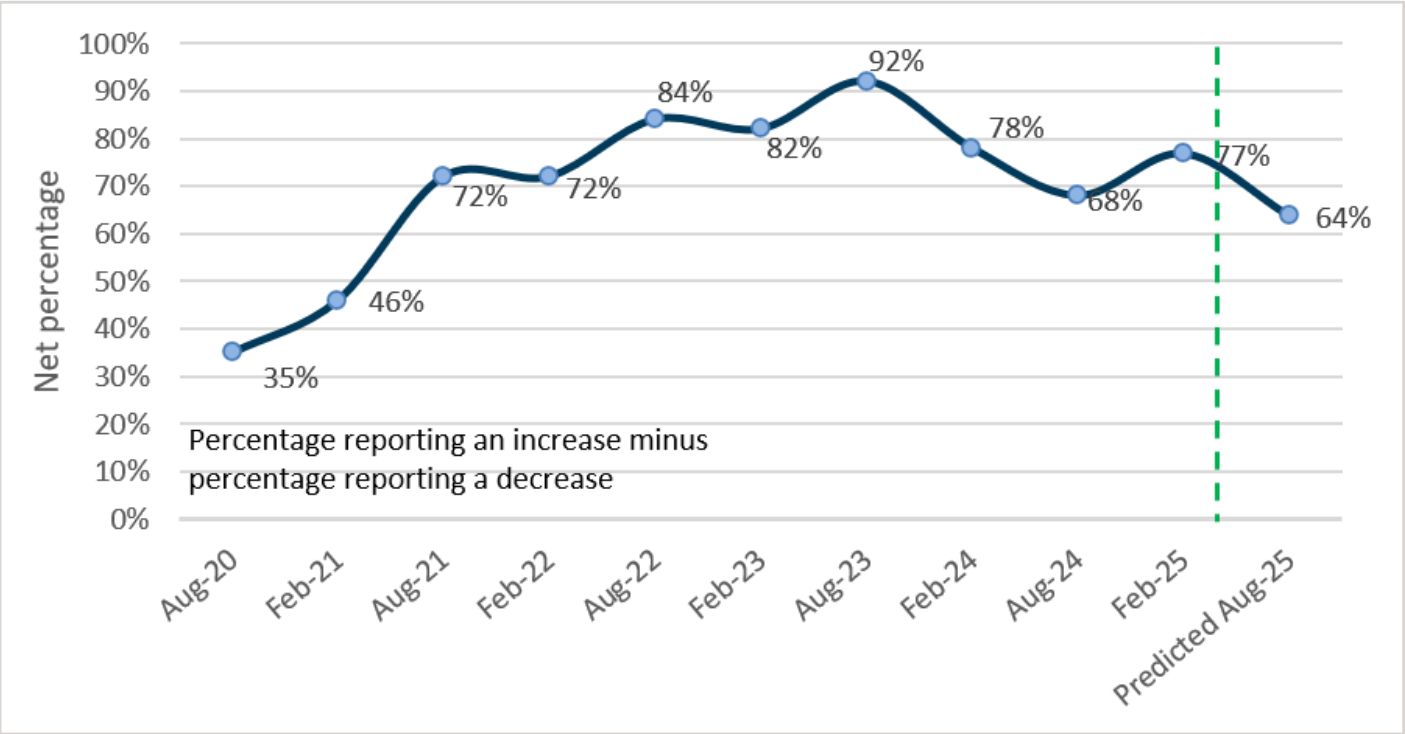
Operating Costs

Selwyn businesses were asked about whether their operating costs had increased over the past six months and whether they expected their operating costs to increase over the next six months.



The data appears to show some re-emergence of cost pressures since the previous survey, with a net 77% of businesses reporting increases to their operating costs, up from 68% in August. Nevertheless, businesses anticipate that operating cost pressures will ease off again somewhat in the next six months. Temporary concerns regarding costs, are likely to have been partly driven by increases to key input prices, such as diesel. There were a number of businesses in the survey, who also highlighted the disproportionate pressure that insurance, rates, and electricity, have had recently on their operating costs.

Graph 5 – Operating costs



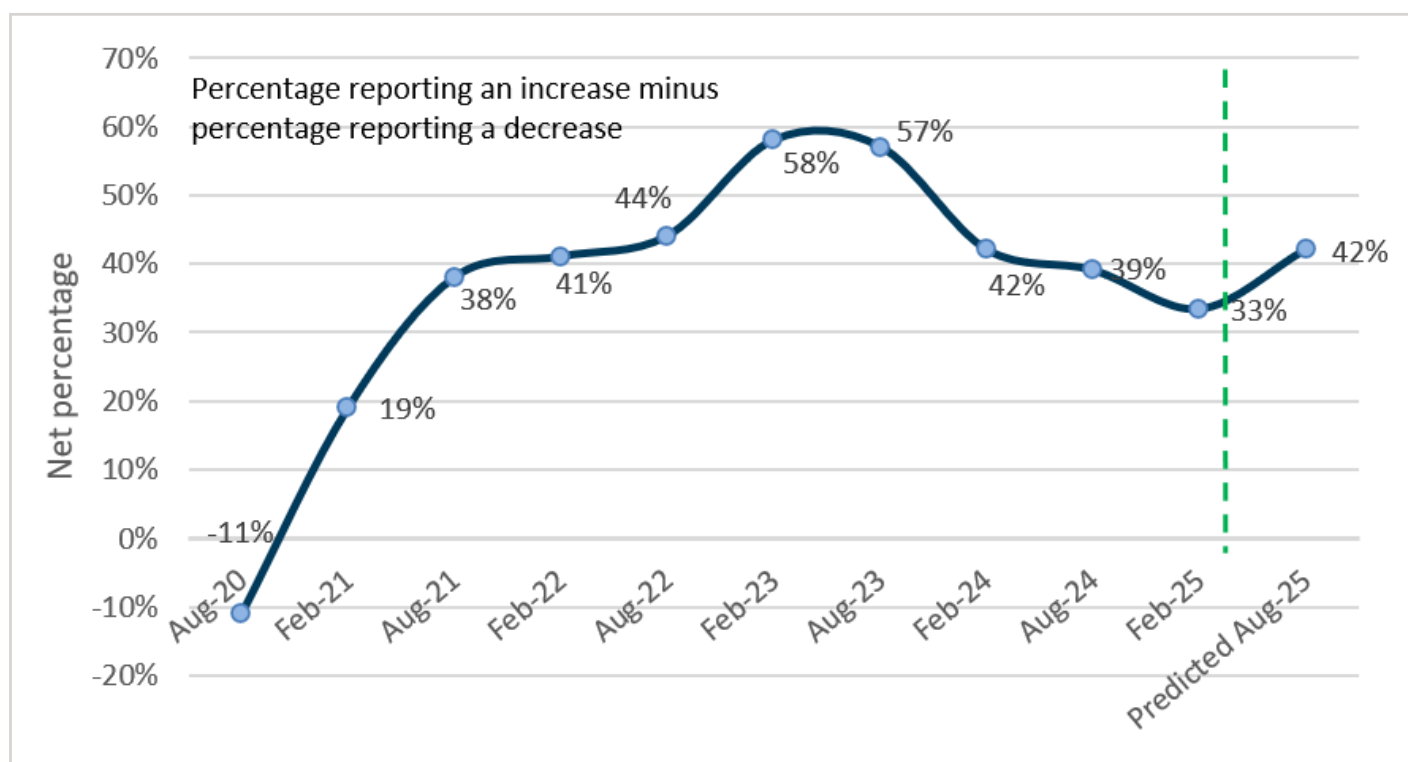
Price of Goods/Services Sold

Selwyn businesses were asked about whether they had increased their prices over the past six months and whether they intend to increase their prices over the next six months.

A net 33% of Selwyn businesses increased their prices over the past six months, which was the lowest proportion to have lifted their prices in four years. This reduction to the proportion of businesses who are lifting their prices is consistent with nationwide inflation data which has shown consumer price inflation stabilising at close to 2%pa in the second half of 2024, compared to over 7%pa a couple of years ago.

However, with businesses' input costs having had pressure put on them of late, there are some signs that more businesses would like to put their prices up in the months ahead. A net 42% of Selwyn businesses signalled they intend to lift prices over the next six months. However, these price increases are not a given, especially as significant spare capacity exists in other parts of the country, which is likely to limit the extent to which local businesses can lift their prices when businesses elsewhere are competing to find business.

Graph 6 — Prices of goods/services sold



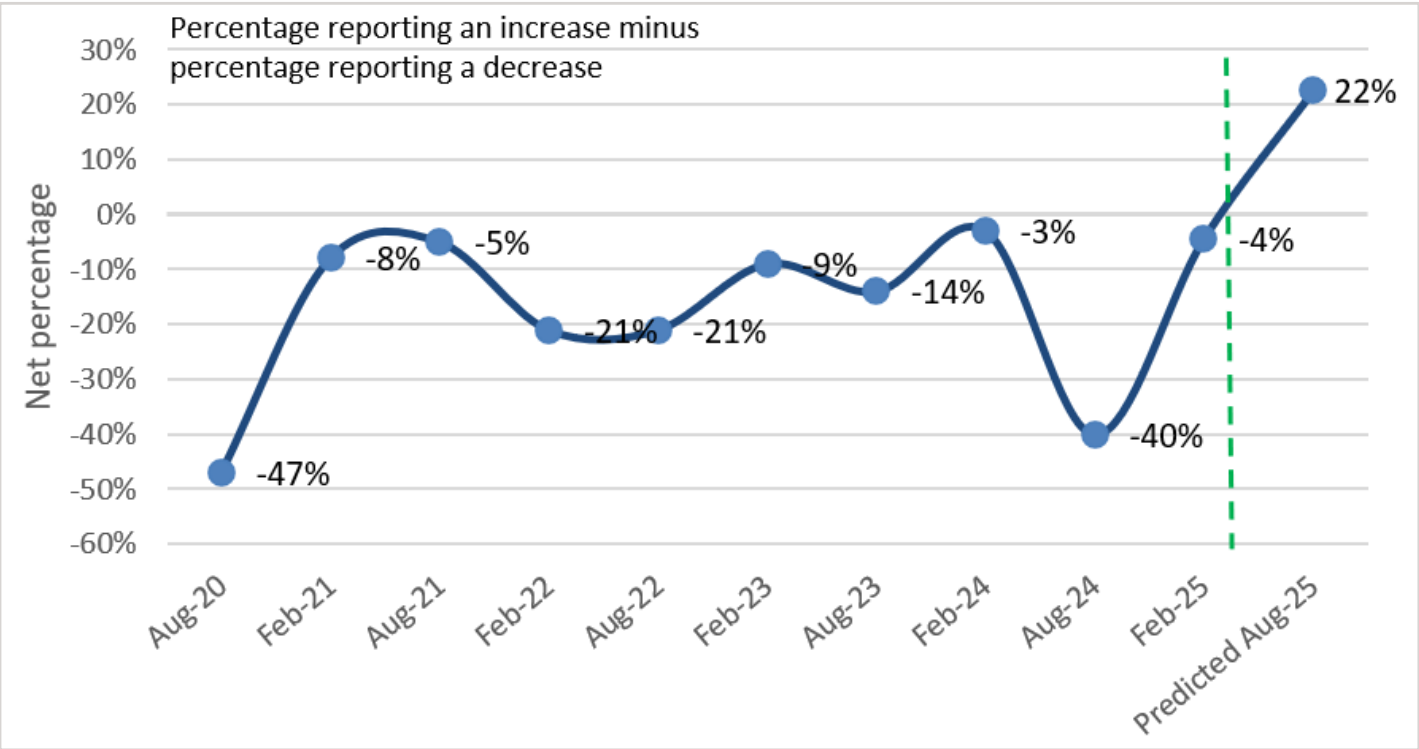
Profitability

Selwyn businesses were asked about how their overall profitability had changed over the past six months and whether they expected profits to change over the next six months.



The worm seems to be showing signs of turning for Selwyn businesses' profitability. At the August 2024 survey, a net 40% of Selwyn businesses reported shrinking profits, however, by February this metric had improved to just 4% of businesses experiencing smaller profits. Given expectations that sales activity will improve in 2025, businesses are becoming more optimistic about their profit outlook for the months ahead.

Graph 7 — Profitability



This confidence in an improving profit outlook is also echoed nationally. The January 2025 ANZ Business Outlook reported that nationally a net 23% of businesses expect their profit to increase in the year ahead.

Business comments

Businesses were asked whether they wanted to comment on other areas they expect to be positively or negatively affected over the next six months.

On the downside, there were several comments that identified:

- Disproportionate pressures on operating costs due to electricity, rates, and insurance.
- Significant recent changes in government regulation and heavier compliance burdens.
- Disruptions due to infrastructure works and planning delays.
- An ongoing reluctance by customers to spend and less ability to pass on cost increases.

On the upside, comments focussed on:

- Lower interest rates are expected to improve trading conditions.
- Confidence that Rolleston will continue to attract new residents which supports business growth.



Who responded to this survey?

Table 2 — Industry of survey respondents

Industry	Count
Agriculture, Forestry and Fishing	19
Tourism	4
Mining	0
Manufacturing	11
Electricity, Gas, Water and Waste Services	3
Construction	21
Wholesale Trade	0
Retail Trade	14
Accommodation and Food Services	13
Transport, Postal and Warehousing	11
Information Media and Telecommunications	3
Financial and Insurance Services	3
Rental, Hiring and Real Estate Services	1
Professional, Scientific and Technical Services	13
Administrative and Support Services	3
Public Administration and Safety	0
Education and Training	4
Health Care and Social Assistance	11
Arts and Recreation Services	4
Total count	138

Table 3 — Size of survey respondents measured by employee count within business

Number of employees in business	Count
1–5	102
6–9	21
10–19	6
20–49	5
50–99	1
100+	3

Table 4 — Length of time survey respondents' business has been operating

Length of time business has been in operation	Proportion
<6 months	6.5%
6–11 months	7.2%
1–5 years	32.6%
6–9 years	15.9%
10+ years	37.7%



