



**Business
Canterbury**
Our Chamber of Commerce

Quarterly Canterbury Business Survey

Manufacturing Sector Report

In field: 13 February - 28 February

Manufacturing Sector Report Introduction

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Over the February to April period, we've observed encouraging signs of recovery across the manufacturing community, with emerging "green shoots" suggesting a shift from simply weathering the economic storm of the past 6 to 8 months toward a renewed desire for growth and expansion. However, this cautious optimism has yet to translate into widespread employment or significant investment in capital plant and equipment. Many businesses remain tentative, closely monitoring market signals before committing to larger-scale decisions. Feedback from industry players, including sheet metal suppliers, indicates that while interest is rising, firms are holding off on major orders as they await further certainty.

This tentative recovery is set against a backdrop of persistently weak consumer confidence and subdued demand. Inflationary pressures in New Zealand remain a concern, with many businesses facing increased input costs and needing to tightly manage production expenses. Currently, 39% of businesses report significant impacts from rising costs, which has sharpened the focus on cashflow management and efficiency. These cost pressures are also impacting productivity.

Compounding the challenge, recent events in the United States have shaken global markets. Heightened geopolitical tensions and international trade uncertainty are also playing a role, prompting many local businesses to pause or delay growth plans until the risks are better understood.

The recovery remains uneven across New Zealand, with a clear "three-speed" economy emerging:

- Group 3: businesses are thriving in their niche markets and experiencing strong demand.
- Group 2: businesses have made deep operational cuts and are cautiously optimistic, expecting improvements later in the year.
- Group 1: businesses are under significant financial strain, relying on reserves or external funding while they wait for the market to rebound.

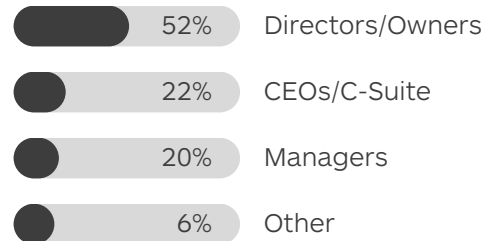
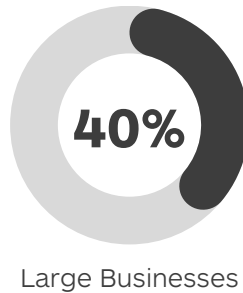
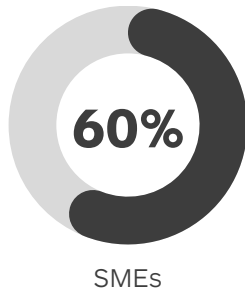
These observations align with our survey results, indicating growing confidence in the outlook for the latter half of 2025. Our data points to a cautiously optimistic business environment where many are preparing for growth but doing so with eyes wide open to the ongoing risks and realities of the economic climate.

Page 4 & 5 of individual comments support the 3 groups I see across the market.

Manufacturing Snapshot



Respondents



Top issues

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

66%

Expect the Canterbury economy to be stronger in 12 months.

71%

Expect stronger financial performance over the next 12 months.

76%

Expect to hire new staff within the next 12 months.

39%

Are experiencing significant impacts from rising costs.

72%

Expect to invest in property, plant, and equipment within the next 12 months.

78%

Are confident in their ability to deal with disruption.

What is going well for your business right now?

Respondents in Manufacturing have said:

Exporting & International Sales

- “International orders are holding up”
- “International projects”
- “USD exchange rate”
- “Good strong overseas interest”
- “Improving sales for our exporting OEMs”
- “NZ\$ good for exporting”

Market Expansion & Opportunity

- “Entry into a new market segment”
- “Opportunities in the Auckland coatings market”
- “A slight increase interest towards manufacturing”
- “Nationwide sales to other competitors”
- “Aviation/Aerospace Sectors”

Operational Improvements & Efficiency

- “Adapting to the changing market conditions”
- “Increasing capacity and capability”
- “Operational procedures continually improving”
- “Working on reducing costs and efficiency”

People & Staffing

- “Productivity improvements, quality hiring”
- “Good key staff”
- “Investing in front line sales people”
- “Stable staff and new products gaining listings”

Strategy & Business Foundations

- “We are growing steadily due to doing things well and seeking more business”
- “Good strategic planning delivering great results”
- “A real focus on the long-term future”
- “Constructing expanded premises to allow for growth”
- “Hard work equals positive gains”

Resilience & Adaptability

- “We had been weathering the lower market confidence and spending better than most, but that is now catching up to us”
- “Doing lots of smaller jobs and makes us focus on bigger opportunities and needing to be better prepared”

What do you think is going well for the local economy?

Respondents in Manufacturing have said:

Population Growth & Migration

- “Growth, people moving to Canterbury and anchor projects getting closer to completion”
- “People are coming to Christchurch as housing prices are lower than other main centers”

Labour Market

- “Plenty of casual labour available”

Local Government & Policy Settings

- “Council seems ahead of the curve nationally in enabling and supporting growth”
- “Greater focus on the important matters to allow businesses to grow”
- “Local authorities starting to focus on core issues”

Construction & Infrastructure Projects

- “Housing market stability, labour supply, infrastructure projects”
- “Stadium build”
- “I think the Stadium will help”
- “The Stadium”
- “The new hotel builds”
- “New projects about to start”
- “There seems to be a bit of activity in construction which is good to see”
- “Still building houses”
- “Expecting construction to pick up”

Business Confidence & Resilience

- “Many businesses are growing due to hard work and effort to improve”
- “Our business is improving to the point we can transfer our improvement onto our local clients”
- “Strong business community, good engagement with local government”
- “There is some confidence coming through from customers to spend money”

Tourism & International Connectivity

- “Tourism is coming back with more international flights to Christchurch.”
- “Have international airport, better access to productive economies”