Rangahau Aotearoa
Research New Zealand

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Most business owners continue to be in survival mode, not helped by the current situation in the Middle East

The topic

The impasse over the situation in Iran and the crippling effect happening in Aotearoa New Zealand, with both households and businesses directly impacted (with little government relief), adds salt to an economic wound that has been festering for some time. Economists are reporting that very soon inflation is likely to be well in excess of the RBNZ's top-end target of 3%.

As a reality check for those living in the capital city, *The Post-$*'s Rob Stock reported (on Monday 7 April 2026), that a net 1,578 Wellington firms closed between November 2023 and February this year, while a net 12,000-plus firms opened in Auckland, the Waikato and Christchurch.

The survey

Last September, when we completed our State of Business Poll, almost two-thirds of respondents (62%) described the current economic situation in Aotearoa New Zealand as 'bad' or 'very bad'; significantly more than in June 2025 (55%) and in March 2025 (53%).

Given recent worldwide developments, we decided to complete another of these polls. For this new poll, a sample of n=433 business owners and senior managers were interviewed online between **24 March and 2 April 2026**. This sample is nationally representative in terms of business type and business size. Respondents were recontacted by agreement after having participated in previous business surveys. As usual, we asked them questions about:

- The current economic conditions and how these compared with the situation in 2023-2024 and 2024-2025.
- How they saw these conditions changing, if at all, in the immediate future.
- What their plans were for their business (i.e., retrenchment or development).
- Their business expectations for the current year (i.e. sales, revenue, profitability and costs).
- Whether they would be investing in their business, and in which areas they planned to invest.

This poll also included special questioning on the impact of the current situation in the Middle East.

Key findings

The following are the key findings from this poll:

- In three separate polls last year, significantly more respondents were identified as being pessimistic than optimistic with their trading conditions. In this poll, **this pattern not only continues, but has become worse**.

  A record 42% of respondents stated they had 'hardly ever' felt 'hopeful and optimistic' in the last 2 weeks, or 'not at all'. This compares with 22% who said they had felt 'hopeful and optimistic' 'all the time', or 'many times'.

- All types of business owners, **regardless** of their industry category, business size, or region, are feeling stressed.

- Against this background:
  - 63% of respondents also described the **current** economic situation in Aotearoa New Zealand as **'bad' or 'very bad'**. This is a similar percentage as in September 2025 (62%), but much higher than the percentages in March (53%) and June (55%).
  - As was the situation in March, June and September last year, around one-quarter predicted **decreases** of '20% or more' in their revenue in the next 12 months (21%) and profitability (24%), combined with **an increase** of '20% or more' in their costs (31%).
  - As a result, most respondents reported being focused on **maintaining** their business and keeping it roughly the same size (52%). This was also the case in March, June and September 2025.

    However, 14% saw themselves **downsizing**, while 2% were planning to **close down** (16% overall). In comparison, 31% reported being in expansion and development mode.
  - Almost two-thirds of respondents (61%) said they were **not** planning any investment in their business in the next 12 months. Amongst those who are planning to invest, most investment is likely to occur in 'marketing, promotions & sales' (20%), 'new IT/technology to help the business run more efficiently internally' (18%) and/or 'new IT/technology to help the business run more efficiently externally' (18%).

- Compounding the above is the impact of the conflict in the Middle East. One-in-every two respondents stated they were concerned with the impact of the conflict in the Middle East on their business. Specifically, one-in-every-two said they were either 'very concerned' (28%) or 'extremely concerned' (21%); 49% in total.

  Compared with the percentage who were concerned with the impact on their business, a much greater percentage of respondents (71%) stated they were concerned about the impact of the conflict on the economy in general. In fact, 40% said they were 'very concerned' and 31% said they were 'extremely concerned'.

Comment

"In our September 2025 State of the Business poll, much of the feedback related to the fact that most business owners were looking for greater certainty before they looked to grow, develop and invest in their business. While the domestic economy has continued to splutter in the interim, the conflict in the Middle East has put a further spanner in the works."

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High-level findings – New Zealand's business owners continue to experience high levels of stress

1. Respondents were asked to comment on how many times they had felt '**hopeful and optimistic'** in the last 2 weeks.

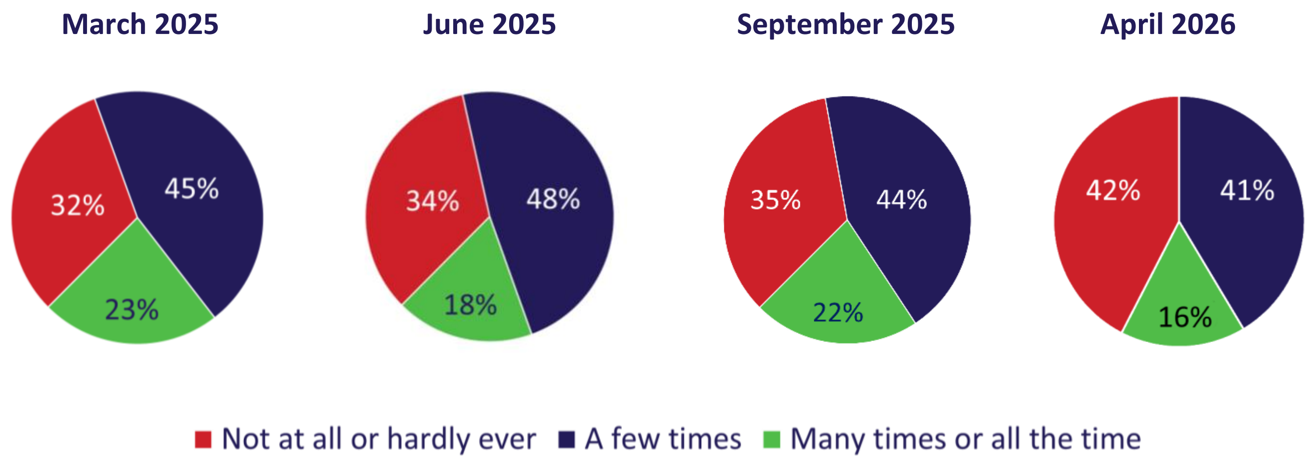
   Last year, in three separate polls three months apart, **significantly more** respondents stated they had 'hardly ever' felt hopeful and optimistic, or 'not at all', compared with the percentage who said they had felt 'hopeful and optimistic' 'all the time', or 'many times' (refer to Figure 1).

   In September, for example, just over one-third (35%) said they had 'hardly ever' felt hopeful and optimistic, or 'not at all'. In contrast, fewer (22%) said they had felt 'hopeful and optimistic' 'all the time', or 'many times'.

   In this poll, **this pattern not only continues, but has become worse**. A record 42% of respondents stated they had 'hardly ever' felt 'hopeful and optimistic' in the last 2 weeks, or 'not at all'. They are referred to in this report as, *very stressed business owners.*

   When we add the respondents who stated they had felt hopeful or optimistic only a few times in the last two weeks, we can say that 83% of respondents were experiencing some degree of stress.

Figure 1: How often respondents felt a sense of hope and optimism in the last two weeks



NB: Total may not sum to 100% due to rounding.

Some examples of how respondents described their current situation:

> *"Global uncertainty hits hard, prolonging our "recovery". The government response to fuel crisis and impacts of US actions in the Middle East has not given anyone hope for improvement." (Other industries, 2 to 5 staff)*

“We experienced a noticeable improvement in market conditions, with a greater number of job and project opportunities becoming available. Small to medium government sector projects, in particular, contributed to a sense of optimism and growth. More recently, however, this momentum appears to have weakened, and the pace of new opportunities has begun to slow.” (Construction, 50 to 99 staff)

“I think there are so many disruptive factors coming into play now that the usual hope of 'weathering the storm' and expecting it to pass is unlikely to pay off. With the existing strains brought about by climate change, the impacts of severe weather events on infrastructure and means of production, increasing energy costs and now this ridiculous war, we need to be thinking about how we are going to adapt to the big changes and harder times coming.” (Manufacturing, Sole trader)

2. As we have seen previously, the high levels of stress being experienced by New Zealand businesses are being experienced by all types of business owners and managers, **regardless** of their industry category, business size, or region.

   However, relatively-speaking, **sole traders** appear to be the most stressed. Table 1 shows they made up one-third of those interviewed (32%), but 40% of the group that reported they had 'hardly ever' felt hopeful and optimistic, or 'not at all' in the last 2 weeks.

   In comparison, a significantly lower percentage of sole traders (26%) reported being optimistic 'many times' or 'all of the time' in the last two weeks.

Table 1: Feeling hopeful and optimistic by business size

	Total April 2026	Hardly ever or not at all optimistic (very stressed)	Optimistic a few times	Optimistic many times or all the time
Unweighted base =	**403**	**160**	**169**	**70**
	%	%	%	%
1 (sole trader)	**32**	**40**	**29**	**26**
2 to 5	**39**	**41**	**39**	**36**
6 to 9	**8**	**3**	**13**	**8**
10 to 19	**8**	**6**	**9**	**11**
20 to 49	**6**	**8**	**5**	**4**
50 to 99	**3**	**1**	**5**	**5**
100 or more	**3**	**2**	**2**	**9**
Total	**100**	100	100	100

Total may not sum to 100% due to rounding.
NB: Table is based on businesses that are currently operating.

Some examples of how respondents described their current situation:

> *"The Middle East situation unfortunately gives the present government another excuse as to why they have underperformed and been economically lazy. Possibly hamstrung by smaller coalition partners, we can only hope that the upcoming election tempts them into a more positive approach." (Rental, hiring, etc., 6 to 9 staff)*

> *"There has been reported that there is a sense of optimism for the future which is not realistic with the falling production and industrial base in NZ. Investment in many industries has not been forthcoming, and corporate business is being driven by shareholder returns at the cost of maintenance of existing physical assets or investment in new businesses." (Manufacturing, 20 to 49 staff)*

> *"It is virtually impossible to plan forward at present due to the complete upheaval with the Middle East war. Things were okay with some slight optimism, but now that is totally wiped out, and we are concerned about whether we can continue to keep all staff employed in the medium-term." (Retail, etc., 10 to 19 staff)*

Almost two-thirds of respondents described the current economic situation in Aotearoa New Zealand as 'bad/very bad', especially those who are stressed

1. Last year, in September, almost two-thirds of all respondents (62%) described the then current economic situation in Aotearoa New Zealand as 'bad' or 'very bad' (Table 2). This was significantly more than the percentage in March (53%) and June 2025 (55%).

   In this poll, a similar percentage as in September (63%) described the **current** economic situation in Aotearoa New Zealand as **'bad' or 'very bad'.**

2. Not surprisingly, a **significantly higher** percentage of the *very stressed business owners* (42%) described the current economic situation in Aotearoa New Zealand as 'bad' or 'very bad' and **far worse** in comparison to how they described the situation in 2023/2024 (72%) and 2024/2025 (77%).

3. Furthermore, despite their optimism, even almost one-in-every two respondents who said they had been optimistic 'many times' or 'most of the time' in the last two weeks, described the current economic situation as 'bad' or 'very bad' (43%).

Table 2: Opinions about the current economic situation in New Zealand, and in comparison to 2023/2024 and 2024/2025

Unweighted base =	Total March 2025 605 %	Total June 2025 550 %	Total Sept 2025 422 %	Total April 2026 403 %	Hardly ever or not at all optimistic (very stressed) 160 %	Optimistic a few times 169 %	Opti-mistic many times or all the time 70 %
Percentage agreeing the current economic situation in Aotearoa New Zealand is bad/very bad	53	55	62	**63**	85	48	43
Percentage agreeing the current economic situation in Aotearoa New Zealand is worse than in 2024/2025)	51	56	61	**62**	77	55	42
Percentage agreeing the current economic situation in Aotearoa New Zealand is worse than in 2023(/2024)	38	43	46	**58**	72	49	43

NB: Table is based on businesses that are currently operating.

Respondents described the current economic conditions as follows:

> *"Retail base is shrinking very fast. Hospitality is just about non-existent. Retailers are just hanging in there. Government is not spending. So the economy is shrinking." (Retail, etc., 2 to 5 staff)*

> *"Extraordinarily hard for most businesses and has been that way for several years now, there was a slight recovery post-Covid lockdowns, but very tough conditions in Construction since 2024." (Construction, 20 to 49 staff)*

> *"Why would anyone invest in an unstable, unclear, developing business or nation? The NZ mindset that leads us - both sides of the government! - is so busy criticizing everyone to justify their own bias, they're not actually really doing anything at all to anchor the nation in a clear path ahead." (IT, Professionals, etc., Sole trader)*

Many businesses are projecting significant decreases in demand and, therefore, revenue and profitability

1. Similar to the situation in March, June and September last year, when respondents were asked to describe how they saw the immediate future (i.e., the next 12 months), around one-quarter predicted **decreases** of '20% or more' in their revenue (21%) and profitability (24%), combined with **an increase** of '20% or more' in their costs (31%) (refer to Table 3).
2. Reflecting these results, many also reported **decreases** of '20% or more' in the demand from existing customers (12%) and new customers (12%).
3. In all cases, these results are more extreme for the *very stressed business owners.*

Table 3: Current business expectations for 2025/2026

Unweighted base =	Total March 2025 605 %	Total June 2025 550 %	Total Sept 2025 422 %	Total April 2026 403 %	Hardly ever or not at all optimistic (very stressed) 160 %	Optimistic a few times 169 %	Optimistic many times or all the time 70 %
Percentage predicting a 20%+ decrease in **profitability**	23	22	26	**24**	37	17	11
Percentage predicting a 20%+ decrease in **revenue**	22	23	25	**21**	30	15	11
Percentage predicting a 20%+ increase in **costs**	24	21	25	**31**	38	28	19
Percentage predicting a 20%+ decrease in business with **existing customers**	16	13	18	**12**	18	9	8
Percentage predicting a 20%+ decrease in interest from **new customers**	15	16	14	**12**	19	9	6

NB: Table is based on businesses that are currently operating.

Respondents explained these projections as follows:

> *"Costs are going up by the day which makes running our farm to stay profitable more difficult, more planning is done before we do anything." (Agriculture, 2 to 5 staff)*
>
> *"The fuel crisis created by the Middle East war is a real worry. Our business relies almost completely on visiting customers in their premises. If our access to fuels is restricted or stopped, the business will quickly become unsustainable." (IT, Professionals, etc., 50 to 99 staff)*

"Already seeing significant increases in costs on petrochemical based raw materials, if this is combined with reduced enquiry and issues with staffing and deliveries it could be terminal for the business." (Rental, hiring, etc., 10 to 19 staff)

Most business owners are focused on maintaining their status quo as best as possible

1. As was the case in March, June and September 2025, most respondents reported being focused on **maintaining** their business and keeping it roughly the same size (52%) (Table 4).

   However, 14% saw themselves **downsizing**, while 2% were planning to **close down** (16% overall).

   In comparison, 31% reported being in expansion and development mode.

2. Not surprisingly, 25% of the *very stressed business owners*, 19% reported planning to downsize (14%) or close down (5%).

   Interestingly, in contrast, some other *very stressed business owners* reported that they were planning to build and develop their business (18%).

Table 4: Current business focus

Unweighted base =	Total March 2025 587* %	Total June 2025 528* %	Toal Sept 2025 410* %	Total April 2026 392* %	Hardly ever or not at all optimistic (very stressed) 157 %	Opti-mistic a few times 165 %	Opti-mistic many times or all the time 66 %
Maintaining the business/staying roughly the same size	52	56	**54**	**52**	60	50	31
Growing/developing the business	30	28	**30**	**31**	18	33	63
Becoming smaller/slowing down	14	13	**12**	**14**	14	16	5
Closing down	3	2	**3**	**2**	5	0	2
Don't know/would rather not say	1	1	**0**	**1**	2	1	0
Total	100	100	100	**100**	100	100	100

Total may not sum to 100% due to rounding.
*Subsample is based on business owners.

Respondents expressed these plans as follows:

> *"All of our finances are committed to just maintaining the business as it is. There is a great need for re-investment, but insufficient reserves to allow it unfortunately." (Construction, 2 to 5 staff)*

> *"We have the necessary cash reserves which have been earmarked for improved investment into projects that will maintain growth in our business." (Manufacturing, 20 to 49 staff)*

"We are really unsure about the future of the business. Three large government clients have indicated that our contracts will either be gone or worth less to us. We have lost tenders with government agencies that we had thought we had a strong prospect in winning." (Agriculture, 20 to 49 staff)

Very few businesses have plans to invest in new productive assets

1. Building on respondents' plans for the immediate future and their perceptions of the current economic climate, they were asked to what extent they had plans to invest in the following areas:
    - Additional staff
    - New IT/technology to run their business more efficiently internally (e.g., laptops, accounting software such as Xero).
    - New plant/machinery
    - New vehicles
    - Marketing, promotions and sales.
    - New IT/technology to operate their business more effectively externally (e.g., a website, digital marketing).
2. Around two-thirds of respondents said they were **not** planning any investment in their business in the next 12 months. This, however, is significantly lower than the 69% recorded in September 2025.
3. For the remainder, Table 5 (overleaf) shows that investment is most likely to be made in 'marketing, promotions & sales' (20%), 'new IT/technology to help the business run more efficiently internally' (20%) and/or 'new IT/technology to help the business run more efficiently externally' (18%).
4. In contrast, investment is less likely to occur in relation to 'additional staff' (12%), 'new vehicles (10%) and 'new premises' (5%).

Table 5: Likelihood of investing in new productive assets in the next 12 months

Unweighted base = 377	No investment planned for 2026 %	Unlikely to invest in this area %	Neutral %	Likely to invest in this area %	Don't know %	Total %
Marketing, promotions & sales	**66**	**6**	7	**20**	1	100
New IT/digital technology to help the business run more efficiently internally	**65**	**6**	8	**20**	1	100
New IT/digital technology to help the business run more effectively externally	**67**	**9**	6	**18**	0	100
New plant & machinery	**65**	**13**	5	**14**	3	100
Additional staff	**65**	**18**	4	**12**	1	100
New vehicles	**65**	**17**	4	**10**	4	100
New premises	**65**	**23**	4	**5**	3	100

Total may not sum to 100% due to rounding.
*Subsample is based on business owners who are developing or maintaining their businesses (n=377).

Optimistic business are the most likely to be planning investment in their businesses

1. Overall, three out of ten business owners who are currently focused on developing or maintaining their businesses (30%) had plans for new investment in the remainder of 2026.
2. Not surprisingly, Table 6 shows that the most optimistic respondents (31% of the total sample) were significantly more likely than the stressed respondents to be planning to invest in specific areas of their businesses.
3. For example, four times as many planned to invest in 'marketing, promotions and sales' (38% cf. 10% for stressed respondents), 'new IT/digital technology to help the business run more efficiently internally' (28% cf. 12%) and 'new IT/digital technology to help the business run more efficiently externally' (33% cf. 13%).

Table 6: Business investment plans for 2026 (i.e., 'likely' to invest)

Unweighted base =	Total April 2026 377* %	Hardly ever or not at all optimistic (very stressed) 144 %	Optimistic a few times 164 %	Optimistic many times or all the time 65 %
Marketing, promotions & sales	**20**	10	24	38
New IT/digital technology to help the business run more efficiently internally	**20**	12	25	28
New IT/digital technology to help the business run more effectively externally	**18**	13	18	33
New plant & machinery	**14**	5	20	18
Additional staff	**12**	6	13	28
New vehicles	**10**	6	13	16
New premises	**5**	2	3	16

Total may not sum to 100% due to multiple response.
*Subsample is based on business owners who are developing or maintaining their businesses (n=377).

Respondents' reasons for planning to invest are described in the following examples:

> *"We believe we can grow the business without significant additional investment; however, it is likely, in our opinion, that as the current fuel crisis bites, customers will change their spend habits. We are not, however, expecting the same degree of financial downturn as accompanied the COVID pandemic." (Other industries, 100 or more staff)*

In contrast, respondents' reasons for **not** investing are reflected in the following examples:

> *"With the cost of fuel driving the cost of everything else up, and us not being able to increase our prices, we need to maintain rather than invest." (Retail, etc., 6 to 9 staff)*
>
> *"Fuel price goes up, customers have less disposable income to spend, business sales goes down. Once again in a position affected by factors a small business like mine cannot control, but we are expected to just deal with it, with limited resources and capacity." (Retail, etc., 10 to 19 staff)*
>
> *"Not sure whether we will be investing or not, reason would be lower profitability than last year, but hoping for better times." (IT, Professionals, etc., 20 to 49 staff)*
>
> *"The petrol costs are going to kill us! We have all-petrol cars for our sales team and cannot afford to replace them and even if we could, we couldn't replace them with long enough range EV's, it's just so out of our affordability. We need our salespeople on the road. It's funny because we were just starting to see green shoots and get excited for a 2026 turn around and now it's all downhill. It's exhausting." (Other industries, 10 to 19 staff)*

Most businesses believe the situation in the Middle East will adversely impact the New Zealand economy and, therefore, their own business

1. Overall, most respondents stated they were concerned with the impact of the conflict in the Middle East on their business. Specifically, one-in-every-two said they were either 'very concerned' (28%) or 'extremely concerned' (21%) (Table 7).

   Stressed respondents were significantly more likely to be concerned, with 63% stating they were either 'very concerned' or 'extremely concerned'. This compares with 28% of the more optimistic respondents.

2. Compared with the percentage who were concerned with the impact on their business, a much greater percentage of respondents (71%) stated they were concerned about the impact of the conflict on the economy in general (Table 8). In fact, 40% said they were 'very concerned' and 31% said they were 'extremely concerned'.

3. Respondents who were stressed were also more likely to be concerned with the impact of the conflict in the Middle East (82%) than respondents who were optimistic, although over one-in-every-two in the latter group were concerned (56%).

Table 7: How concerned are you about the impact of the conflict in the Middle East on your business

Unweighted base =	Total April 2026 403 %	Hardly ever or not at all optimistic (very stressed) 160 %	Optimistic a few times 169 %	Optimistic many times or all the time 70 %
Not at all concerned	3	2	3	4
Somewhat concerned	49	36	53	68
Very concerned	28	31	27	22
Extremely concerned	21	32	16	6
Don't know	0	0	1	0
Total	**100**	100	100	100

Total may not sum to 100% due to rounding.

Table 8: And how concerned are you about the impact of the conflict in the Middle East on New Zealand businesses and the economy generally

Unweighted base =	Total April 2026 403 %	Hardly ever or not at all optimistic (very stressed) 160 %	Optimistic a few times 169 %	Optimistic many times or all the time 70 %
Not at all concerned	1	0	1	6
Somewhat concerned	28	18	32	39
Very concerned	40	35	45	45
Extremely concerned	31	47	23	11
Don't know	0	0	0	0
Total	**100**	100	100	100

Total may not sum to 100% due to rounding.

Method

This survey of 433 business owners and managers was conducted online, between 24 March and 2 April 2026. The maximum margin of error is +/- 5.8 percent (at the 95 percent confidence level).

The sample has been weighted by industry and business size (based on the StatsNZ Business Demography 'at February 2024') to ensure the results are representative of the New Zealand business population, based on these demographic criteria.

The survey was not undertaken on behalf of any organisation, but as part of Rangahau Aotearoa Research New Zealand's poll of New Zealanders' opinions about topical issues.

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