



Media Release

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Property revival spells record boost for small building firms – ANZ Business Micro Scope

Builders, plumbers and electricians are gearing up for a record boost to business as low interest rates drive a revival in the housing market, according to ANZ's Business Micro Scope survey of small businesses.

Construction intentions among small firms rose sharply in the June quarter, for both residential and commercial property – with residential building intentions soaring to a record high, surpassing levels seen during last decade's property upturn.

At the same time, larger firms have reported a slight fall in construction intentions, in part reflecting delays to the Christchurch CBD rebuild amid ongoing aftershocks.

ANZ's Managing Director, Business Banking, Fred Ohlsson, says: "Builders, plumbers and electricians are gearing up as historically low mortgage rates breathe new life into the property market. Firms see building activity lifting nationwide as new homes are built or owners extend or renovate what they have amid renewed sales activity. This will be particularly welcome in the Christchurch and Auckland property markets which have been facing a shortage of supply.

"The construction sector now leads the way in small business optimism. This is a big turnaround which bodes well for many firms across New Zealand as they prepare to emerge from the constraints of a subdued property market and lift activity. Small firms are the lifeblood of New Zealand business so any upturn will be good news for the wider economy."

Overall, small business sentiment fell slightly in June, but remains upbeat. The ANZ Business Micro Scope composite measure – based on activity, employment, investment and profitability – showed firms with a positive outlook outnumbering the negatives by nearly 12%, down by less than 1 percentage point from March.

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

[Note: Net percentages reflect the balance of sentiment, i.e. positive minus negative responses]

- **Construction intentions rose strongly** over the quarter for both residential construction (net balance 39%, up from 32%) and commercial construction (23%, up from 19%)
- **Residential construction** expectations hit their highest level since comparable data was first collected in December 1999
- **Construction is now the leading sector** for positive business sentiment among small firms
- **Small business sentiment overall eased slightly** but remains upbeat, with a net balance of 12%. Hiring and investment intentions remain positive
- **Export intentions fell** to their lowest level in three years, at a time when intentions are rising among larger firms
- **Regulation and low turnover** were cited as the biggest problems facing small firms

"Firms with up to 20 staff make up 90 per cent of businesses in New Zealand and provide one in three jobs," Mr Ohlsson says. "The Business Micro Scope puts a new focus on how they're faring and the support they need, while also picking up early signs of new trends in the economy."

ANZ BUSINESS MICRO SCOPE: TECHNICAL NOTES

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

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

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