



## BWA's quarterly update on insolvencies and business health in New Zealand

*"Inflation looks to have peaked after the Reserve Bank's interest rate rises, consumer spending is still reasonably strong and so is the labour market."*

Bryan Williams, BWA Insolvency

### Insolvencies in NZ October - December 2022

### Quarterly Trends

INSOLVENCIES	Q3 2022	Q4 2022
LIQUIDATION	384	426
RECEIVERSHIP	24	16
VOLUNTARY ADMINISTRATION	8	15
<b>TOTAL</b>	<b>416</b>	<b>457</b>



The final quarter of 2022 has delivered a slight increase in business failures across New Zealand.

- Insolvencies have increased by 10%, however, this number is fewer than what many had predicted.
- The majority of insolvencies relate to small businesses, with large businesses better able to weather tough conditions.
- The ongoing increase in insolvencies can still partly be attributed to the long-run effects of the Government's Covid stimulus programme. Companies that are failing now may have failed earlier without that assistance.



### INDUSTRY SPOTLIGHT: CONSTRUCTION

## What's been happening?

Construction has once again seen the highest overall number of liquidations. This quarter there were 108 liquidations, up by 1 from the previous quarter.

With property prices decreasing, people are holding off building because of increased material and interest costs, so the margins get squeezed. Construction is very vulnerable to these changing dynamics.

In other industries, the manufacturing sector had the most significant jump in formal insolvency proceedings in the quarter, up 80% on the previous period to 36. We expect this sharp increase is due to increasing material and labour costs and challenges with the international supply chain, although this has improved in recent months.

### INSOLVENCIES BY INDUSTRY (OCT - DEC 2022)

CONSTRUCTION	108
PROPERTY & REAL ESTATE	54
BUSINESS SERVICES	53
FINANCE & INSURANCE	37
MANUFACTURING	36
FOOD & BEVERAGE	34
RETAIL TRADE	24

### MANUFACTURING

Q3 2022 20

↑ 80%

Q4 TOTAL

36

### PROPERTY & REAL ESTATE

Q3 2022 40

↑ 35%

Q4 TOTAL

54

### TRANSPORT & DELIVERY

Q3 2022 23

↓ 43%

Q4 TOTAL

13

NEED EXPERT INSOLVENCY OR BUSINESS RECALIBRATION ADVICE?

## BWA Insolvency can help

TALK TO US TODAY.

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