



## 2025 so far: Insolvencies continue to rise

The start of 2025 has shown a surge in business failures, with year-on-year data revealing a 31% increase in total insolvencies in New Zealand. Insolvencies jumped from 569 in Q1 2024 to 748 in Q1 2025, with most cases attributed to liquidations, which increased by 40%. In contrast, receiverships and voluntary administrations decreased, with receiverships down by one, and voluntary administrations dropping from 25 in Q1 2024 to just four in Q1 2025.

Looking at the quarterly comparisons, we've seen a mixed picture for insolvencies. Overall, the total number of insolvencies has increased by just 6%, from 709 in Q4 2024 to 748 in Q1 2025. Taking a closer look, we see liquidations have increased by 6%, from 666 in Q4 2024 to 705 in Q1 2025 and receiverships have also seen a rise of 5%, moving from 37 to 39. However, voluntary administrations have decreased from six in Q4 2024 to four in Q1 2025.

## How does global instability impact insolvencies in New Zealand?

It is inevitable that New Zealand will be affected by instability in America. Tariffs will make our exports more expensive, causing buying habits to change and reducing orders for exporters. The daily news presents a tale of woe for many business owners.

Even if America and China become more conciliatory, the confrontational posturing will be recessionary for both, and demand for New Zealand's goods and services will go down. Investment capital always steers clear from uncertainty and has dampened enthusiasm for new projects. Even if projects are ready, it is more likely they will be put on hold until stable and more reliable economic policies are in place.

New Zealand is a small economy with its wellbeing dependant on its ability to trade internationally. If New Zealand's trading partners are suffering, so too will New Zealand. The flow on effect will be reduced demand locally, which will cause further challenges to businesses that are already suffering from the lingering overhang effects of Covid. What influences whether a company will survive or fail is the state of its balance sheet. Companies with a weakened balance sheet will be vulnerable as the events of this year unfold.



## The short-term outlook

**Headwinds will increase in the coming months as the geopolitical landscape plays out.**

Increased costs and decreased demand will be on the minds of many business owners in the coming months. The IRD's forthright approach to taxpayer non-compliance will add pressure and become an issue for defaulting companies. Meeting the demands of the Commissioner amid lowered income and thinning profits will likely require recapitalisation and restructuring, both of which are difficult to achieve in the current landscape.

Obtaining capital from tier lenders is a short-term fix that only serves to delay and worsen a company's shortcomings. Instead, consolidating down to core activities, minimising wasted expenditure, and seeking opportunities to enhance gross profit are more appropriate measures in the current economic environment.

**There is cause for hope for brighter times. Large amounts of capital are available for investment, and capital consolidators must put that money to work to meet the interest demands of their investors. While caution accompanies uncertainty, once political stability is evident, investment will drive growth, and agile businesses will be in a good position to capitalise on opportunities.**

### LIQUIDATIONS

YEARLY COMPARISON  
Q1 2024 - Q1 2025

Q1 2024	504
Q1 2025	705

↑ 40%

+ / - + 201

### RECEIVERSHIPS

YEARLY COMPARISON  
Q1 2024 - Q1 2025

Q1 2024	40
Q1 2025	39

↓ 3%

+ / - - 1

### VOLUNTARY ADMINISTRATION

YEARLY COMPARISON  
Q1 2024 - Q1 2025

Q1 2024	25
Q1 2025	4

↓ 84%

+ / - - 21

### TOTAL

YEARLY COMPARISON  
Q1 '24 - Q1 '25

Q1 '24	569
Q1 '25	748

↑ 31%

+ / - + 179

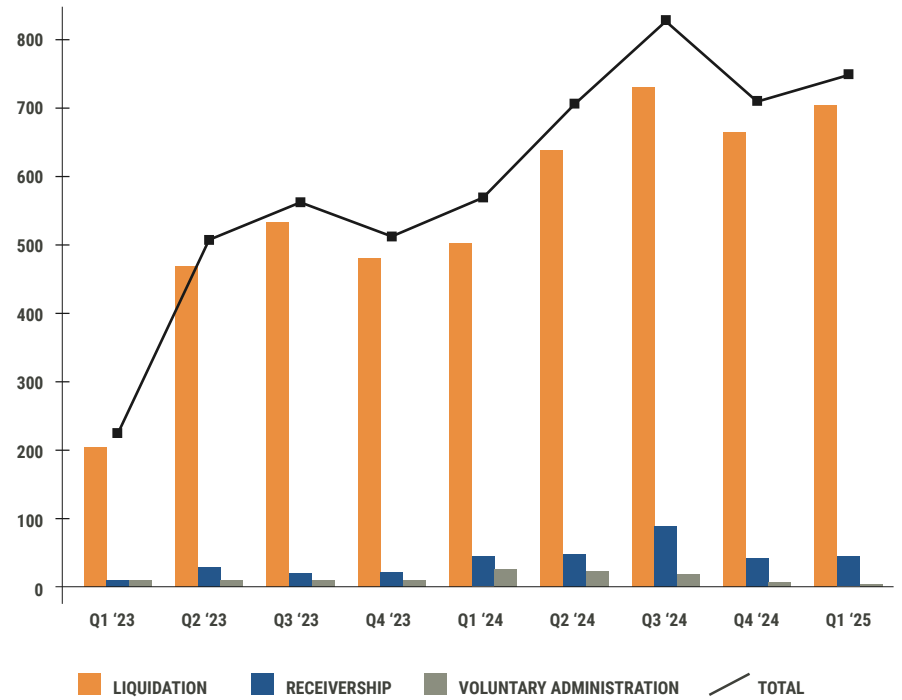


## The arrival of a Statutory Demand

Receiving a statutory demand can be a critical moment for any business owner. BWA's Statutory Demand series guides you through the process – from understanding your immediate obligations to potential pathways towards liquidation or rehabilitation. Company directors and owners need to make informed decisions during this challenging period, while understanding their rights and obligations. Read the series for free on the BWA Insolvency website.

Read more [here](#).

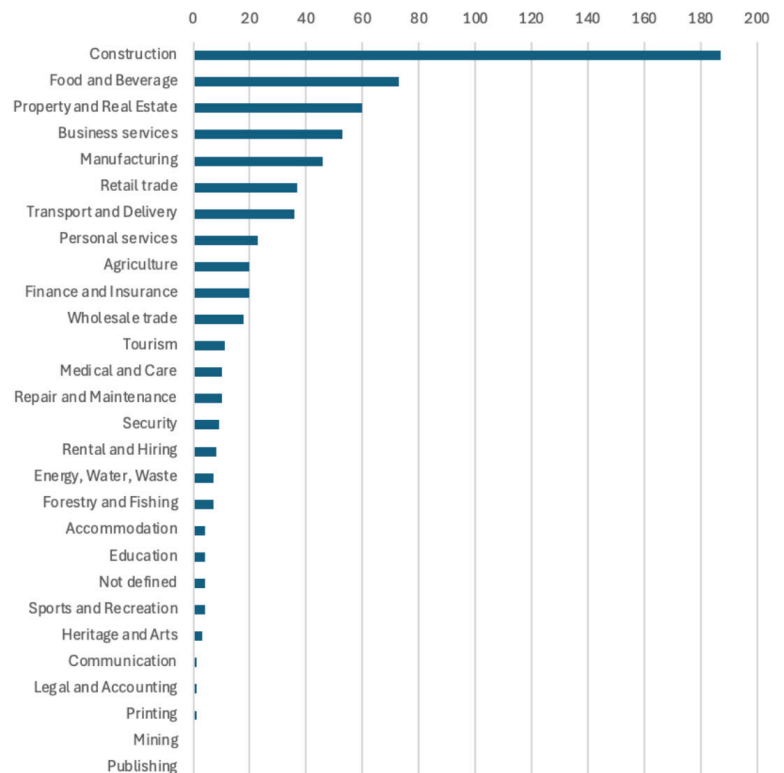
## QUARTERLY TRENDS / INSOLVENCIES BY QUARTER



## INDUSTRY SPOTLIGHT

- Construction** saw a 44% increase in insolvencies, rising from 130 in Q1 2024 to 187 in Q1 2025.
- Food & Beverage** experienced a 35% increase, with insolvencies rising from 54 to 73.
- Manufacturing** saw a 44% increase, from 32 to 46.
- Agriculture** had a 25% increase, with insolvencies rising from 16 to 20.

## INSOLVENCIES BY INDUSTRY | JAN-MAR 2025



## INSOLVENCIES IN KEY INDUSTRIES

YEAR-ON-YEAR

INDUSTRY	Jan-Mar 24	Jan-Mar 25	+/-
Tourism	6	11	83%
Transport & Delivery	25	36	44%
Construction	130	187	44%
Manufacturing	32	46	44%
Food & Beverage	54	73	35%
Agriculture	16	20	25%
Retail trade	31	37	19%
Property & Real Estate	59	60	2%
Business Services	74	53	-21%



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**BWA Insolvency can help.**



TALK TO US TODAY.

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