



BWA INSOLVENCY

Quarterly Market Report - Q3 2025



Insolvency activity rises in Q3 2025

After easing in Q2, insolvency numbers climbed again in the third quarter. The total number of insolvencies between July and September 2025 rose by 5%, increasing from 738 cases in Q2 to 777 cases in Q3. Compared to the same period last year, however, there was a 6% decline from the 831 cases recorded in Q3 2024. This year-on-year drop offers some perspective, but the quarterly rise suggests ongoing stress for vulnerable businesses.

With insolvencies rising quarter on quarter, this upward trend is expected to continue through mid-2026 as the lingering effects of Covid and the correction of inflationary pressures from pandemic-era stimulus finally work their way through the economy.

It's a game of two halves

The third quarter of 2025 paints a mixed picture for New Zealand businesses. On one side, forward-looking indicators are flashing signs of optimism: share prices are climbing on investor confidence, real estate agents report renewed interest in auctions and deadline sales, building consent activity is ticking up, and even ready-mix concrete demand forecasts are improving. These signals suggest recessionary thinking may be starting to loosen its grip.

But the other half tells a different story. Many companies remain weighed down by cost inflation, tighter credit conditions, and mounting enforcement actions for unpaid taxes or creditor claims. For businesses burdened with legacy debt that earnings can no longer service, the outlook is bleak. In some cases, the concept of "healthy destruction" appears to be shaping creditor decisions, accelerating the exit of firms that cannot recover.

NZ Total Insolvencies by Quarter

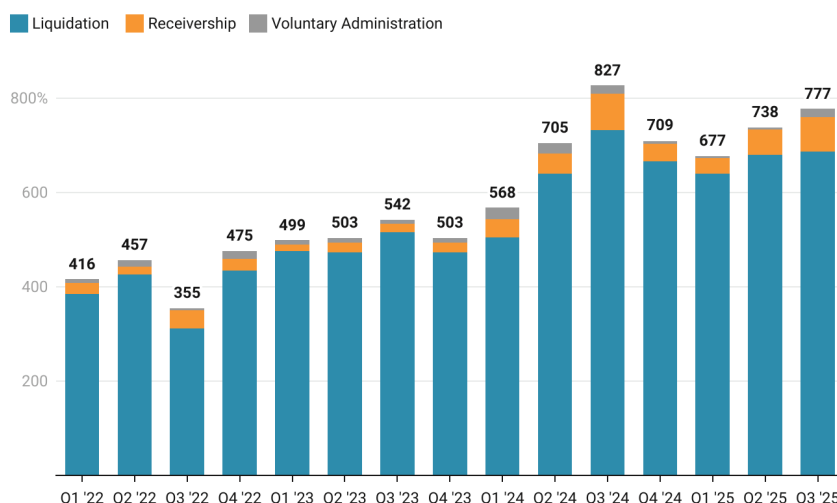


Chart: BWA Insolvency • Source: Quarterly Market Report • Created with Datawrapper

NZ Insolvencies Year-on-Year Comparison

LIQUIDATIONS

YEAR-ON-YEAR
Q3 2024 – Q3 2025

Q3 2024 735
Q3 2025 687

↓ 7%

+ / - - 48

RECEIVERSHIPS

YEAR-ON-YEAR
Q3 2024 – Q3 2025

Q3 2024 78
Q3 2025 72

↓ 8%

+ / - - 6

VOLUNTARY ADMINISTRATION

YEAR-ON-YEAR
Q3 2024 – Q3 2025

Q3 2024 18
Q3 2025 18

— 0%

+ / - 0

TOTAL INSOLVENCIES

YEAR-ON-YEAR
Q3 2024 – Q3 2025

Q3 '24 831
Q3 '25 777

↓ 6%

+ / - - 54



Economic Outlook

Optimism is beginning to return to New Zealand's economic outlook, supported by interest rate cuts and stabilising costs. These factors point to an upward phase in the economic cycle, creating conditions for renewed confidence and investment activity.

External influences, however, remain significant. Geopolitical tensions, while currently more posturing than escalation, could either ease uncertainty or dampen enthusiasm if they intensify.

Trade policy decisions—particularly around U.S. tariff powers—will also shape global flows. A move toward fairer practices could energise cross-border trade, while continued protectionism would raise barriers and suppress demand.

Despite these risks, New Zealand's fundamentals are strong. We are a small economy but nonetheless, a powerful one. The country benefits from robust systems and technology infrastructure, and a stable and intelligent workforce. While some talent has moved offshore, others have returned or arrived, reinforcing the capacity for balanced growth. With Kiwi ingenuity and resilience, businesses are well positioned to capture new opportunities and lead the economy toward a more dynamic and prosperous phase.

Industry Spotlight

The tide has yet to turn for construction, which again tops insolvency charts with 192 cases this quarter—slightly higher than last quarter's 187 but down from 215 a year ago. Despite these challenges, the sector remains a cornerstone of New Zealand's economy, contributing around \$17 billion annually and accounting for roughly 7% of GDP. While insolvency numbers appear high, they are proportionally low compared to its economic weight, especially when measured against the restaurant sector, which also shows high insolvency rates but contributes far less to GDP.

Challenges persist, particularly for undercapitalised firms that have struggled as consumer spending shifted under the pressure of higher interest rates. However, signs of recovery are emerging: building permits rose 7.2% in September, and demand for ready mix concrete—a key industry indicator—is forecast to grow by over 8% annually. The pipeline of large-scale developments remains a concern, as many developers are unable to move projects at prices that preserve their investment. This pressure will weigh heavily on balance sheets and could see over-gearred companies lose control to secured creditors.

Construction Insolvencies vs Total Insolvencies

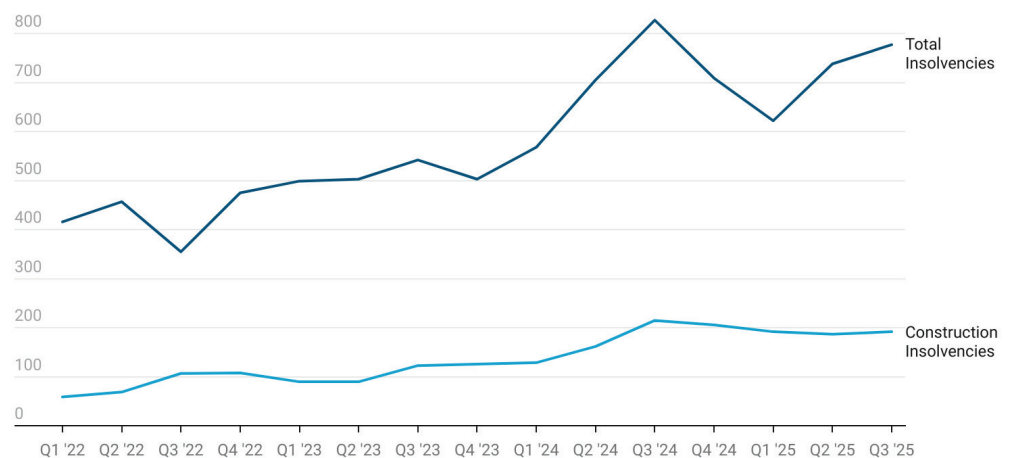


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Yearly change in Insolvencies: By Industry

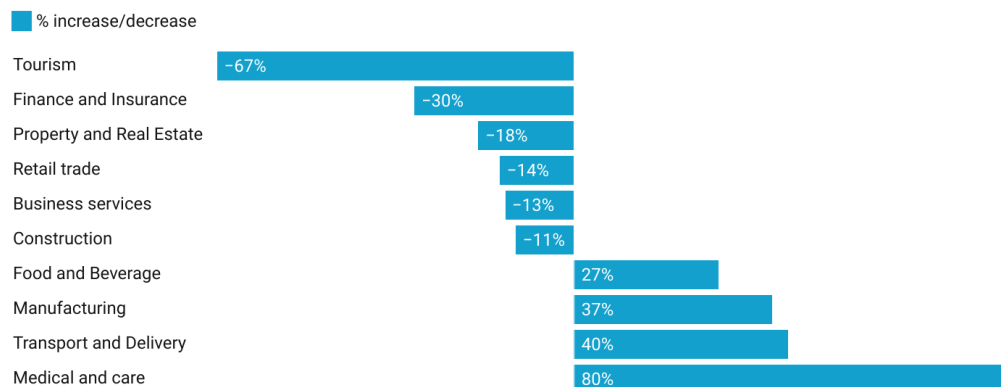


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