New Zealand

Market update

SUMMER 2025

Game On! with Jarrod Kerr: What the economic reset means for business buyers and sellers.

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A RECESSION DEEPER THAN ANTICIPATED

Jarrod opened with the reality many business owners already recognise. New Zealand has slipped back into recession and economic activity remains below last year's levels. The hoped-for pivot from "survive till 25" to "thrive in 25" did not eventuate. Instead, frustration and disappointment have been common across sectors.

What sets New Zealand apart is the cause. Unlike Australia and several major economies, our recession has been largely self-inflicted. The Reserve Bank's tightening cycle went too far, too fast, pushing businesses to reduce hours, pause investment, and absorb cost pressures that households felt immediately.

"The good news is that the toughest period is behind us," says Jarrod.

INTEREST RATES FINALLY SET THE STAGE FOR RECOVERY

The Reserve Bank has now taken the Official Cash Rate below 3 percent, acknowledging the need for a genuinely stimulatory setting.

"Mortgage rates have gone from seven and a half right into the fours. That's a big move. That's when interest rates actually start to bite and get people excited again."

Inflation has fallen from 7.3 percent to around 3 percent, and Jarrod anticipates it will drop below 2 percent next year. With wage growth sitting near 3 to 3.5 percent, households are on track to regain spending power. This shift often reignites confidence and activity.

For business buyers and sellers, this transition is significant. Lower borrowing costs strengthen valuations and expand the buyer pool, creating a rare moment where the market is well aligned for decisive action.

GLOBAL DYNAMICS RAISING THE STAKES

Jarrod also explored the geopolitical backdrop shaping New Zealand's economic outlook. Rising protectionism, influenced partly by aggressive US tariff settings, is reshaping global trade. The shift demands that small, export-dependent economies work harder for every trade dollar and diversify beyond traditional partners such as China, the United States, and Australia.

The turbulence has fuelled volatility in currency markets, rising gold prices, and increased diversification by central banks. While the US dollar remains dominant, this global realignment is a trend business owners should monitor closely, particularly those operating in import-heavy or internationally exposed industries.

A COUNTRY DIVIDED IN CONFIDENCE

Regional performance remains uneven. The South Island has shown a clearer uplift, with Christchurch and Otago signalling stronger hiring and investment intentions. Auckland remains cautious and Wellington continues to struggle under constrained public sector budgets and widespread economic uncertainty.

For buyers and sellers, these contrasts create distinct regional opportunities that will become increasingly apparent as conditions improve.

STRUCTURAL CHALLENGES STILL IN FOCUS

New Zealand's long-standing productivity problem persists. Jarrod highlighted infrastructure shortfalls, slow technology adoption, and shifting migration patterns as factors that will continue to shape growth.

Net migration is deteriorating, with record numbers of skilled Kiwis leaving for Australia and the United Kingdom. This trend may tighten labour availability just as the economy begins to accelerate.

These pressures will influence both the pace and strength of New Zealand's recovery. Businesses that plan for them early, particularly around staffing and capability, will be well positioned to move quickly as conditions improve.

A NEW DIRECTION AT THE RESERVE BANK

A significant shift is the arrival of incoming Reserve Bank Governor Dr Anna Breman. Her international credibility and experience at Sweden's Riksbank signal a move toward greater transparency and potentially more balanced capital requirements. If business-lending risk weightings are adjusted, access to capital for SMEs could improve, increasing liquidity and activity in the business-sales market.

"Her credentials are so much better than what we thought we would attract," says Jarrod.

WHAT THIS MEANS FOR BUSINESS OWNERS LOOKING TO SELL

Owners who have delayed selling through the downturn may find the next 12 to 24 months more favourable. As interest rates ease and confidence returns, well-prepared businesses with tidy financials, strong systems, and a clear value proposition will stand out.

Buyers are expected to return early in the cycle and will prioritise businesses that have proven resilient, with stable cash flow and growth potential.

WHAT THIS MEANS FOR BUYERS PLANNING FOR GROWTH

This phase of the cycle offers rare leverage. Competition remains moderate, capital is becoming more accessible, and many vendors are recalibrating their timelines. Buyers who act before valuations fully reflect improving conditions will be best placed to secure high-quality opportunities.

The good news is that the toughest period is behind us.

"Resilience and smart decision-making will define the winners of 2026."

LOOKING AHEAD

The recession has been longer and deeper than necessary, but the foundations for recovery are strengthening. Rate cuts are gaining traction. Regions are diverging in ways that create both opportunity and risk. Global and domestic shifts are shaping what the next cycle will look like.

It is a moment that calls for clarity, timing, and informed decision-making.

If you are considering your next move, get in touch. Here at LINK Business, we help New Zealanders buy and sell great businesses with confidence.

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Highly Profitable Importing & Distribution Business

CANTERBURY

$3,400,000 CS00909

Graeme Brenssell 029 200 9992

Market Leader in High Growth FMCG Food Sector

AUCKLAND SURROUNDS

$1,950,000 EL04511

Tony Andrew 021 938 560

Highly Profitable Retail Business for Sale

WEST COAST

$1,750,000 CS00777

Graeme Brenssell 029 200 9992

Laundry & Drycleaning 60+ Years of Success

AUCKLAND SURROUNDS

$765,000 EL04316

Mark Allright 027 533 6338

Waihi Daytime Cafe Dream

HAURAKI

$299,000 BOP00898

Alanah Eagle 021 606 345

Family-Friendly Cafe

CHRISTCHURCH

$230,000 CS01013

Smina He 0276 588 589

Stable Revenue Stream | Occupational Health Service

MARLBOROUGH

$180,000 BOP00897

Anika Gamba 022 560 3241

Auto Workshop – Christchurch South Central

CHRISTCHURCH

$175,000 CS00848

Brinner Antony 027 756 3333

Stylish, Established Hair Salon

TAURANGA

$110,000 BOP00784

Lucy Hammond 021 0242 2978

2026: *The smart time to sell*

For business owners thinking about an exit, timing your sale is one of the most important factors that differentiates a good sale from a great one. You can build a great business, present immaculate financials, and prove resilience through performance, but timing your sale is what allows you to leverage those strengths and negotiate with confidence. It's what lets you walk away with confidence, knowing you've done everything you can to achieve the best possible return on your investment.

WHY 2026 STANDS OUT

New Zealand's economy is turning a corner. Following two years of high-inflation, tight lending, and a hesitant sentiment, 2026 offers a moment of economic respite. Inflation rates are dropping, and rate cuts are on the horizon, with the next election cycle fast-approaching, the time between then and now offers business owners a brief window of opportunity to capitalise on the relative calm before the next election happens.

Easing interest rates means that buyers have more flexibility and confidence to borrow. Finance accessibility attracts qualified buyers to the market, driving demand for well-structured, successful businesses. This has resulted in record buyer enquiry with both local and international interest. The New Business Investment Visa is likely to accelerate that, inviting capital and investors that see business acquisition as their fastest path to establishment.

At the same time, demographic shifts are reshaping the ownership landscape. Many business owners who've built and led for decades are starting to think about what comes next and see this as the right time to pass the baton while market conditions are strong.

This synergy of economic stability, buyer confidence, and market motivation has created a window of opportunity, making 2026 the best times to sell your business.

> **Right now, the conditions have aligned for a successful sale, one that *maximises both value and return.*** ”

THE CERTAINTY PREMIUM

There's a distinct sense of relief and satisfaction that follows a successful transaction; the moment when years of hard work crystallise into a result you can bank. That's more than money, it's certainty. And certainty carries a premium.

What the policy landscape will look like following the 2026 election is unknown. There is potential, should Labour be elected, that the capital gains tax may be reintroduced. This uncertainty is a variable that emphasises the importance of planning ahead. Right now, the absence of CGT offers business owners a rare advantage: a clear runway, predictable conditions, and a market full of motivated buyers. Combined with favourable borrowing rates and record demand, it's a powerful alignment of stability and opportunity.

Selling your business when the odds are stacked in your favour isn't just a smart move, it's how you turn years of hard work into the result you deserve.

TIMING THE MARKET VS. TIMING YOUR LIFE

Selling in 2026 offers distinct advantages, not only for your business, but also for you. Markets move in cycles, and so do people. For many business owners, 2026 isn't just when market conditions align; it's when life does too. Business is performing, energy is strong, and the future feels within reach.

For some, that next chapter might mean taking on new ventures or diversifying into other opportunities. For others, it might mean stepping back, spending more time with family, pursuing personal goals, or simply enjoying the freedom that comes from completing a major chapter of life. Whatever the motivation, selling in a year defined by certainty and stability gives you the power to choose your path on your own terms.

Timing the sale of your business isn't just about numbers, it's about making your move when it serves both your financial and life goals.

THE LINK VIEW

At LINK, we see timing as strategy, not luck. It's the powerful lever that when used correctly separates a good business sale from a great one.

Right now, the conditions have aligned for a successful sale, one that maximises both value and return. The question isn't whether now is the smart time to sell, it's whether you're ready to make the most of it.

2026 won't wait and neither should you.

Renewed confidence signals a strong *2026 ahead*

With interest rates falling, buyer enquiry strengthening, and Christmas fast approaching, the headwinds of the past two years are beginning to ease. Early signs of renewed confidence are emerging, setting up an optimistic finish to 2025 and strong momentum heading into 2026.

Steven Matthews, Business Development Manager for LINK New Zealand says sentiment has shifted noticeably in recent months, bringing a welcome lift in market engagement.

"We're seeing business multiples starting to lift again," he explains. "Sellers have been sitting on the fence, but the market is beginning to move, and confidence is building."

After a period of hesitation, buyers are preparing to re-enter the market. With borrowing costs easing and finance becoming more accessible, many are positioning themselves to take advantage of improved affordability and the opportunities expected in 2026.

"We expect activity to accelerate in early 2026, with the back half of the year looking especially buoyant. Those who prepare now will be best placed to take advantage."

For business owners considering an exit, Steven's advice is clear, timing is everything.

"Now's the time to get your business in order," he says. "Interest rates are easing, buyer activity is strong, and quality listings remain in short supply. Sellers who move early in 2026 will stand out and achieve stronger results before the next wave of baby-boomer businesses come to market."

He encourages owners to use the summer period wisely, tidy up financials, streamline operations, and ensure the business is presented at its best. Being ready early means standing out when buyer demand peaks.

> **The sooner you buy, the sooner you can start living the dream,** ***building equity, creating freedom, and shaping your own future.***

Buyers also have reason to be confident. Lower interest rates are reducing the cost of capital, creating a more accessible environment for acquisition.

"The sooner you buy, the sooner you can start living the dream, building equity, creating freedom, and shaping your own future."

He adds that preparation and decisiveness will define success in the year ahead.

"The best opportunities go quickly. Buyers who know what they want and are ready to move will lead the way."

As 2025 comes to a close, confidence is gradually returning and conditions are improving. For sellers, the months ahead are ideal for preparation; for buyers, it's a time to plan and position.

With borrowing costs falling, demand strengthening, and optimism returning, 2026 is shaping up to be a defining year for those ready to act.

STEVEN MATTHEWS
Business Development Manager
LINK New Zealand

6 reasons to sell with LINK

International buyers. Local specialists.

Our reach spans borders. Our brokers know your market.

Trusted for 30 years.

A legacy of results, referrals, and relationships across New Zealand and Australia.

Know your value. Own your exit.

Expert business value appraisals that build trust and drive outcomes.

Confidential. Ethical. Always client-first.

Integrity and discretion guide every step of your business sale.

Industry specialists. Tailored strategy.

Sector know-how shapes every step of your business sale.

Innovative marketing that delivers.

Smart tools and tailored campaigns that reach serious buyers.

Empowering life-changing transitions for 30 years.

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we sell businesses

INTERNATIONAL BUYERS. LOCAL SPECIALISTS.

KNOW YOUR VALUE. OWN YOUR EXIT.

INDUSTRY SPECIALISTS. TAILORED STRATEGY.

TRUSTED FOR 30 YEARS.

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