

# **Xero Small Business Insights**

## **New Zealand Update**

October 2024 - June 2025

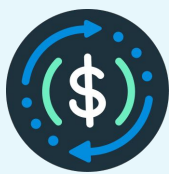
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# Small business sales stagnate

Quarterly average sales growth - since September 2024 release



Sales

Dec Quarter  
2024

-0.5% y/y

Mar Quarter  
2025

+1.1% y/y

Jun Quarter  
2025

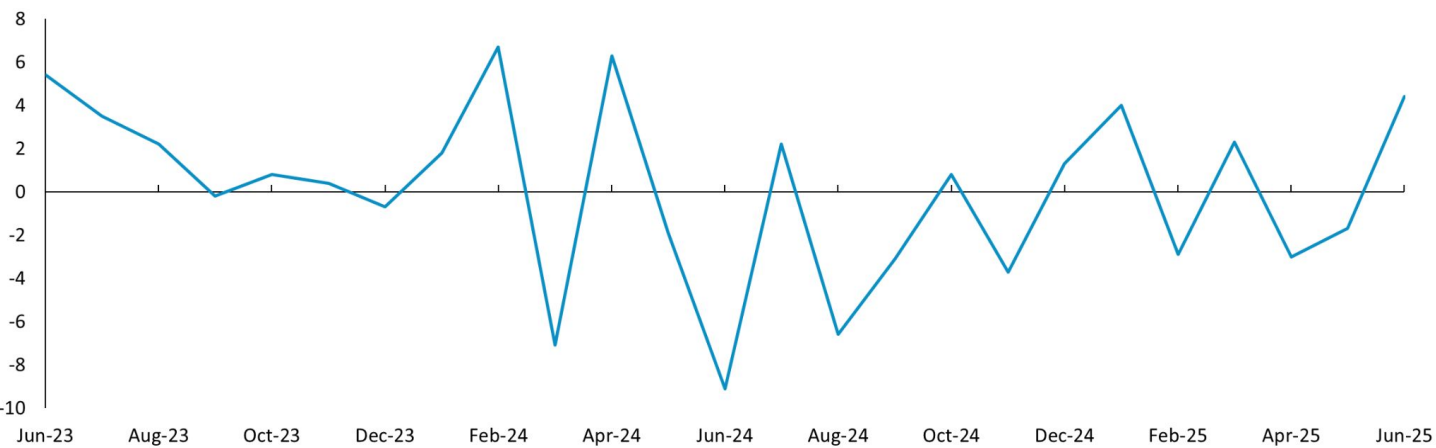
-0.1% y/y

Xero Small Business Insights (XSBI) data for New Zealand shows sales have hardly grown in the nine months since data was last released. This timeframe suggests that the current softness in sales can't be entirely attributed to the rise in global uncertainty of recent months and also reflects challenges in the domestic economy.

**Sales in small businesses fell 0.1% year-on-year (y/y) in the June quarter, after growing only 1.1% y/y in the March quarter and falling 0.5% y/y in the December quarter.** These weak sales results happened despite the Reserve Bank of New Zealand cutting interest rates by 225 bps since August 2024. Sales were lower than the same month in the previous year in four of the past nine months. One of the few positive signs in the national data is the 4.4% rise in sales during June - the largest rise in sales since April 2024. For context, the long term average for this series is 6.3% y/y, so even 4.4% y/y is a below average result.

### Small business sales

%, year-on-year, monthly



Source: Xero Small Business Insights

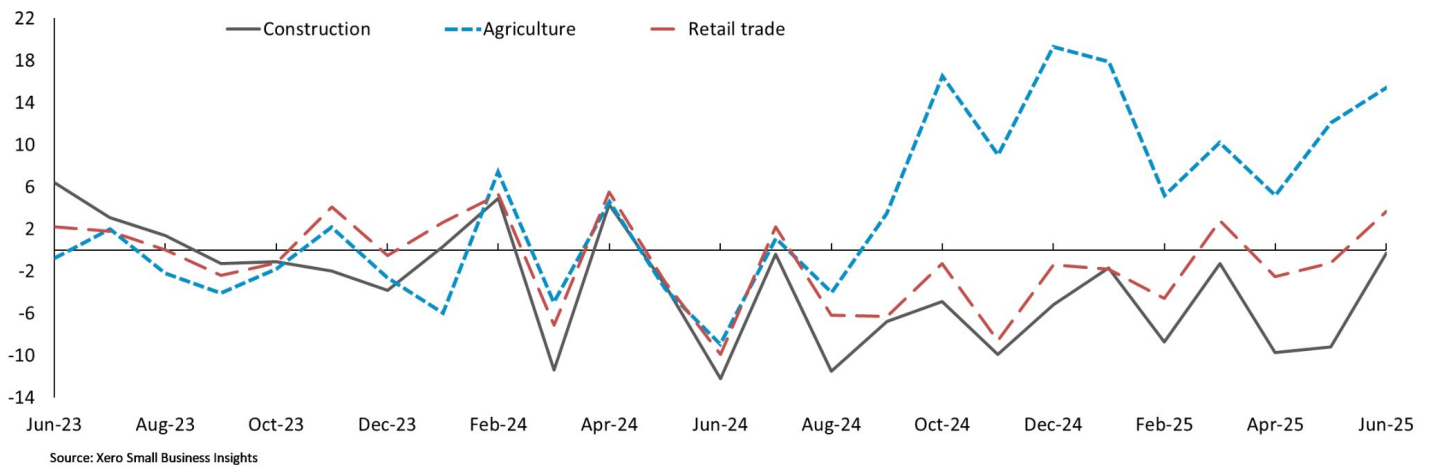
In terms of **regional** sales, the weakness in sales in the June quarter was centred around Auckland (-1.3% y/y), Northland (-3.5% y/y) and Wellington (-3.1% y/y). The South Island population centres of Otago (+3.9% y/y) and Canterbury (+1.8% y/y) performed better than the national average.

In terms of **industry performance**, the standout is agriculture - sales grew 10.9% y/y in the June quarter after growing 11.1% y/y in the March quarter and 14.9% y/y in the December quarter. These results, that run strongly contrary to the rest of the economy, come after several quarters of tepid sales performance in agriculture. Those industries that are more dependent on discretionary spending or sensitive to interest rates have found conditions particularly challenging. This is despite the aggressive easing in interest rates by the RBNZ over the past year. Construction sales fell 6.4% y/y in the June quarter and have recorded lower sales than the same quarter a year ago since mid-2023. This is concerning because construction is an industry that has strong multiplier effects across an economy. A new house requires new floor and window coverings and the new owners often buy new furniture and white goods. When this sector is performing poorly it can be a drag on other connected sectors such as retail.

Retail sales were the same as in June 2024, after declining in year-on-year terms for the previous four quarters. Although the declines in sales have been smaller in recent quarters, pointing to tentative signs of improvement. Hospitality sales fell 2.1% y/y in the June quarter - the fifth successive quarter of sales declines.

### Small business sales by selected industry

% , year-on-year, monthly



### Heightened global uncertainty not helpful for small businesses

For small business owners, this data reflects just how tough it is to make a sale right now. In such circumstances it is more important than ever for small business owners to stay on top of cash flow, ensure they get paid as quickly as possible and keep an eye on costs.

These sales results are being reflected in overall concerns amongst small business owners about the future of their business. A Xero commissioned poll<sup>1</sup> in June of 152 New Zealand small businesses showed 29% are feeling negative about the future prospects of their business. This is up from 23% when asked the same question in May. Nevertheless, the majority (71%) of Aotearoa businesses are still feeling positive about the future prospects for their business, despite current challenges. The reasons given for this positivity were having more work available (36%), making more sales (32%) and reducing costs and overheads (24%).

Planning is difficult for small business owners currently, amid heightened uncertainty about the global economic outlook. On the one hand the Reserve Bank of New Zealand has aggressively cut the official cash rate, currently at 3.25%. This is 225 bps lower than it was at the start of this easing cycle in August 2024. These lower interest rates should mean lower debt repayments for small businesses and also give customers some extra dollars to spend. On the other hand, New Zealand is a small open economy that is dependent on exports. Direct impacts from US tariff policy on New Zealand are expected to be limited. The risk for New Zealand is what these tariffs do to the global economy. Any slowdown in global growth is likely to flow through the domestic economy and impact small businesses, even those not directly involved in exporting.

<sup>1</sup> All figures, unless otherwise stated, are from an online survey commissioned by Xero in June 2025. Responses are among small businesses in Australia (306), New Zealand (152), UK (600) and US (321). Options have been edited for readability.

## Additional details about Xero Small Business Insights

### About Xero

[Xero](#) is a global small business platform that helps customers supercharge their business by bringing together the most important small business tools, including accounting, payroll and payments — on one platform. Xero's powerful platform helps customers automate routine tasks, get timely insights, and connects them with their data, their apps, and their accountant or bookkeeper so they can focus on what really matters. Trusted by millions of small businesses and accountants and bookkeepers globally, Xero makes life better for people in small business, their advisors, and communities around the world.

### About Xero Small Business Insights

The aim of Xero Small Business Insights is to create insights to help inform decision makers in support of the small business economy as a whole. The principal source of small business insights in this report is customer data from Xero - a small business platform that supports online accounting and a range of other applications. Xero is a responsible custodian of our customers sensitive data and does not release any data that could identify individual businesses. The data used is aggregated and anonymised to ensure the privacy of Xero subscribers, and their counterparts.

As part of the program, we publish regular blogs and research notes and deep-dive Special Reports on specific small business topics. These can all be found at [xero.com/xerosbi](https://xero.com/xerosbi).

### Methodology

Changes were made to the XSBI methodology in July 2025. This includes changing the definition used for a small business and the way we identify regional-based businesses. Full details of the methodology used to construct Xero Small Business Insights can be found [here](#).

### Disclaimer

This report was prepared using Xero Small Business Insights data and publicly available data for the purpose of informing and developing policies to support small businesses.

This report includes and is in parts based on assumptions or estimates. It contains general information only and should not be taken as taxation, financial, investment or legal advice. Xero recommends that readers always obtain specific and detailed professional advice about any business decision.

The insights in this report were created from the data that was available as at the date it was extracted. Data used was anonymised and aggregated to ensure individual businesses can not be identified.