

# **Xero Small Business Insights**

## **New Zealand Update**

October - December 2025

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# Small business performance continues to improve

## Average results for three months to December 2025



### Sales

+4.8% y/y



### Jobs

+0.4% y/y



### Wages

+1.5% y/y



### Time to be paid

24.8 days



### Late payments

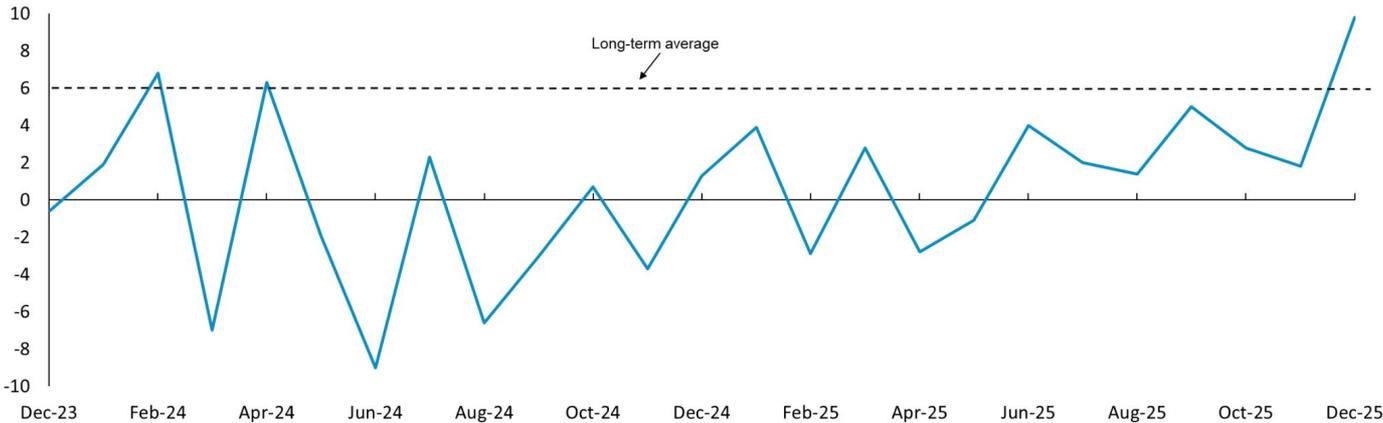
4.5 days

The latest Xero Small Business Insights (XSBI) data for New Zealand shows small businesses had a reasonable end to 2025, building on the signs of improvement seen in the September quarter. During the December quarter sales growth recorded the best result in three years, jobs growth was the strongest in two years and the late payment time metric was the shortest in the history of the series. Overall, while small business performance is still below average, it was clearly on an improving trend heading into 2026.

**Sales in small businesses rose 4.8% year-on-year (y/y) in the December quarter**, after a 2.8% y/y rise in the September quarter (revised up from 1.9% y/y initially reported). The December quarter result represents the largest rise in sales in three years. Small businesses had a particularly good final month of the year, with sales up 9.8% y/y in the month of December - which is above the long-term average for this series (6.2% y/y). This outcome suggests that the aggressive easing in interest rates by the Reserve Bank of New Zealand, underway since mid-2024, is starting to flow through to small businesses.

### Small business sales, New Zealand

% , year-on-year, monthly



Source: Xero Small Business Insights

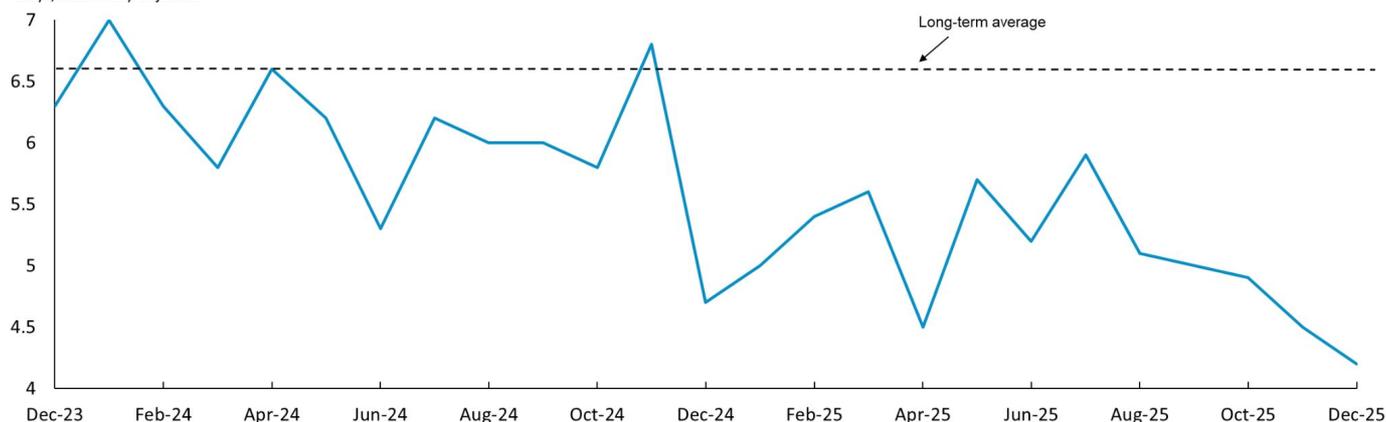
**The improvement in sales wasn't uniform, with some industries and regions recording stronger sales growth than others.** The best performing industry in the December quarter was professional services (+8.6% y/y) - driven by a near-record 18.5% y/y rise in the month of December. Real estate (+6.5% y/y) and manufacturing (+5.2% y/y) also had solid December quarters. Retail trade sales rose 4.5% y/y, building on the 3.9% y/y rise in the September quarter, suggesting the benefits of lower mortgage rates are starting to flow through to retailers. Unfortunately, the news was not as positive for hospitality, which continues to be soft. Sales increased only 0.5% y/y, similar to the 0.6% y/y rise the previous quarter.

The South Island continues to outperform the North Island. Sales in Canterbury (+8.0% y/y) and Otago (+6.2% y/y) outpaced Auckland (+4.4% y/y) and Wellington (+3.7% y/y). The one North Island region to go against this trend was Bay of Plenty, where sales rose 6.3% y/y - the best result for this region since the September quarter 2022.

**On average small businesses were paid 4.5 days late in the December quarter - the lowest level since the series began** (in January 2017). Of course, this means that small businesses are, on average, still being paid late suggesting there is more work to do in this important policy area.

### Average late payments, New Zealand

Days, seasonally adjusted

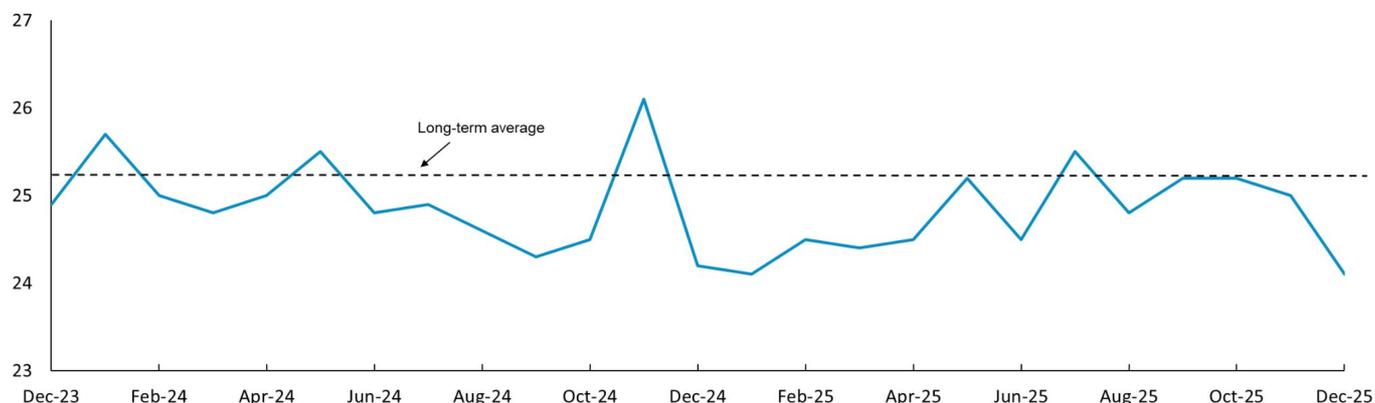


Source: Xero Small Business Insights

The average length of time small businesses waited to be paid, after issuing an invoice, was 24.8 days in the December quarter, down from 25.2 days in the September quarter. Over the whole year payment times in 2025, at 24.8 days, were little changed from 2024, at 24.9 days.

### Time to be paid, New Zealand

Days, seasonally adjusted



Source: Xero Small Business Insights

**Despite the national improvement in late payments, there remains considerable variation in payment practices across industries.** Small manufacturing businesses were paid an average of 9.1 days late in the December quarter, much longer than construction (7.3 days) and professional services (7.6 days). Retail trade (3.1 days) and hospitality (2.4 days) are the industries closest to actually being paid on time.

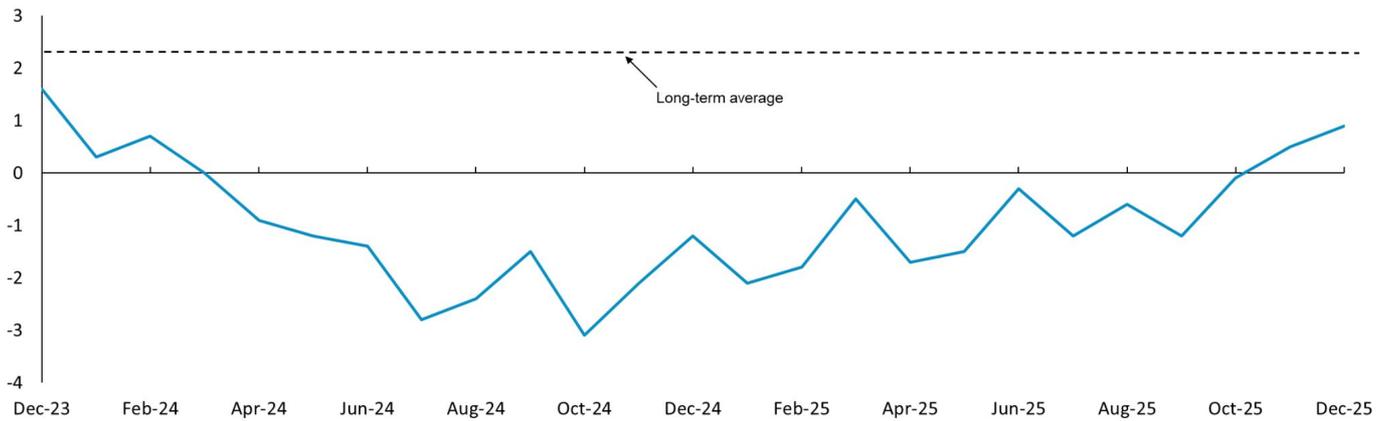
**The labour market has started to respond to the improved sales performance.** Jobs grew 0.4% y/y in the December quarter. This is the first quarter of positive jobs growth since the March quarter 2024. It is a positive sign for the overall health of the small business economy, as owners become more confident that the pick-up in sales in the second half of 2025 is sustainable enough to start growing their staff numbers again.

**Jobs growth was not uniform across industries during the December quarter.** Hospitality (-2.0% y/y), retail trade (-1.5% y/y) and construction (-0.9% y/y) all still employ fewer people than a year ago. In contrast, agriculture (+2.9% y/y) and manufacturing (+2.3% y/y) are both seeing healthy jobs gains.

**Regional job patterns were similar to sales,** with Canterbury (+3.2% y/y) and Otago (+2.5% y/y) doing better than Auckland (-0.5% y/y) and Wellington (-2.6% y/y), which both have fewer small business jobs than the same time last year.

## Small business jobs, New Zealand

% , year-on-year, monthly

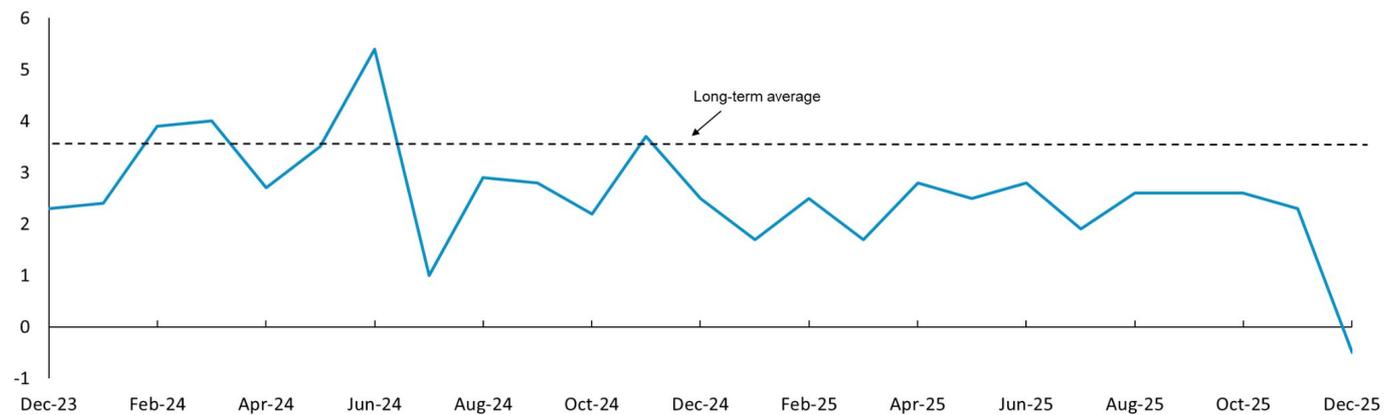


Source: Xero Small Business Insights

**Wages rose only 1.5% in the December quarter, largely due to a very weak December result (-0.5% y/y).** This doesn't mean NZ wages fell in the month, however. Instead it is a regular pattern of XSBI data, due to the holiday period delaying wage reporting in Xero's system. We expect this result to be revised up in the future as more data becomes available. Setting the December month result aside, wages grew an average of 2.5% y/y in October and November - similar to the 2.4% rise in the September quarter and below the long-run average for this series of 3.6% y/y.

## Employee hourly earnings, New Zealand

% , year-on-year, monthly



Source: Xero Small Business Insights

**Overall,** the latest XSBI data confirms that the recovery in the NZ economy is becoming more sustainable. Sales, jobs and wages growth are still below the historical averages for these series but they are improving. The payment time indicators, especially late payments, show that small business owners are getting paid 'less late' but this metric needs to be at 0 to reflect small businesses are getting paid when they should be.

**Looking ahead,** the latest economic forecasts from the Reserve Bank of New Zealand also indicate that the economy is in the early stages of recover, consistent with the XSBI data. The RBNZ also [noted](#) that, *in response to previous cuts in the OCR, economic growth is broadening across sectors of the economy, such as manufacturing, construction and some retail. Economic growth is expected to increase over 2026.* In further good news for small business owners, the RBNZ also indicated that *monetary policy is likely to remain accommodative for some time,* suggesting it is not in a hurry to follow its counterpart in Australia and start raising the official cash rate in the near-term.

# 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 2025. This includes changing the definition used for a small business and the way we identify region-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 cannot be identified.