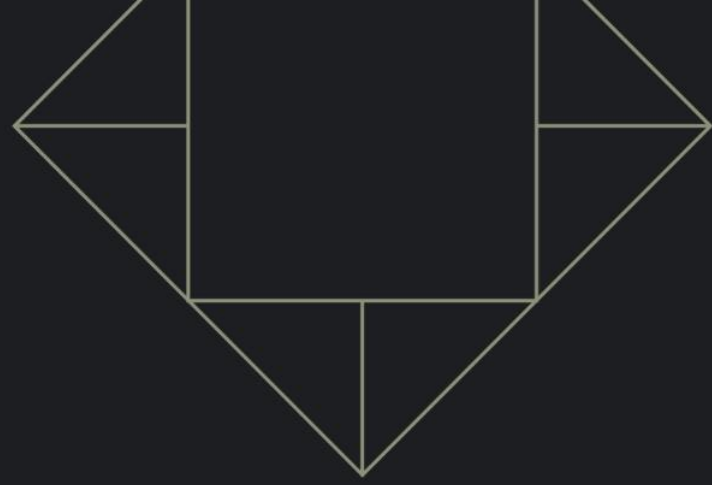


BUSINESS CONFIDENCE SURVEY

Q1 2023 Results



Overview

The Queenstown Business Survey is a check on the health of local businesses. Where applicable, results are summarised in net terms by taking the percentage of businesses reporting an increase in the indicator in question, minus the percentage reporting a decrease. This approach gives a reliable indicator that can be tracked over time.

The Survey is updated every quarter, providing an important barometer of business conditions in Queenstown and surrounds that can be used for planning purposes.

Key insights

For Q1 2023 (Jan – Mar) we had 80 businesses complete the survey.

This quarter has seen a marked decrease in overall confidence compared to Q4 2022. Only a net 3% are confident in the outlook for their own business, while a net 56% expect conditions to deteriorate in New Zealand. A net 9% have decreased confidence in the Queenstown economy which highlights the rising pressure on costs, staffing and the growing concern regarding housing for staff.

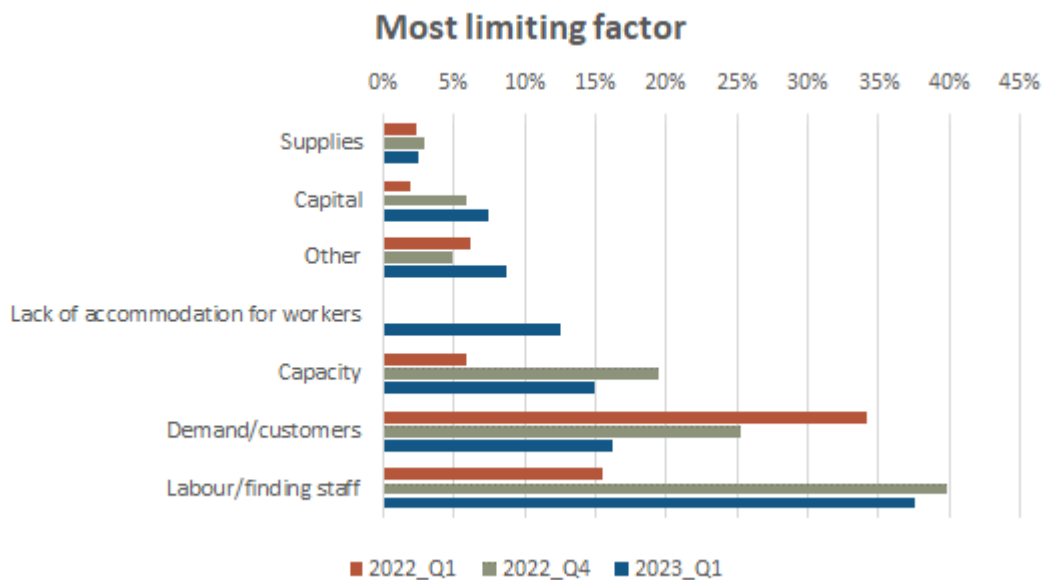
Economic outlook	Q1 2023	Q4 2022
My business	3%	20%
New Zealand	-56%	-33%
Queenstown Lakes	-9%	3%

Net increase	Current (last 3 months)	Outlook (next 3 months)
Real activity	48%	5%
Input costs	84%	63%
Staff count	6%	9%
Operating hours	4%	1%
Investment	23%	19%
Prices	56%	46%
Profits	20%	-13%

Coming out of the busy summer period, activity for the next three months is expected to slow. The arrival of working holiday visa holders has enabled staff count to grow slightly, however with costs still rising considerably due to inflationary pressures, profits are expected to decline.

Net increase expected	Queenstown	Wanaka	Other
Real activity	11%	0%	0%
Input costs	72%	60%	55%
Staff count	6%	20%	11%
Operating hours	8%	20%	-8%
Investment	25%	-20%	18%
Prices	53%	40%	39%
Profits	-3%	-40%	-18%
Economic outlook:			
My business	16%	-40%	-5%
New Zealand	-56%	-80%	-53%
Queenstown Lakes	5%	-20%	-21%

Single most limiting factor to growth



Businesses were asked "What single factor is most limiting your ability to grow your business?". The most common response was "Labour, finding and employing the right staff", with 38% of respondents.

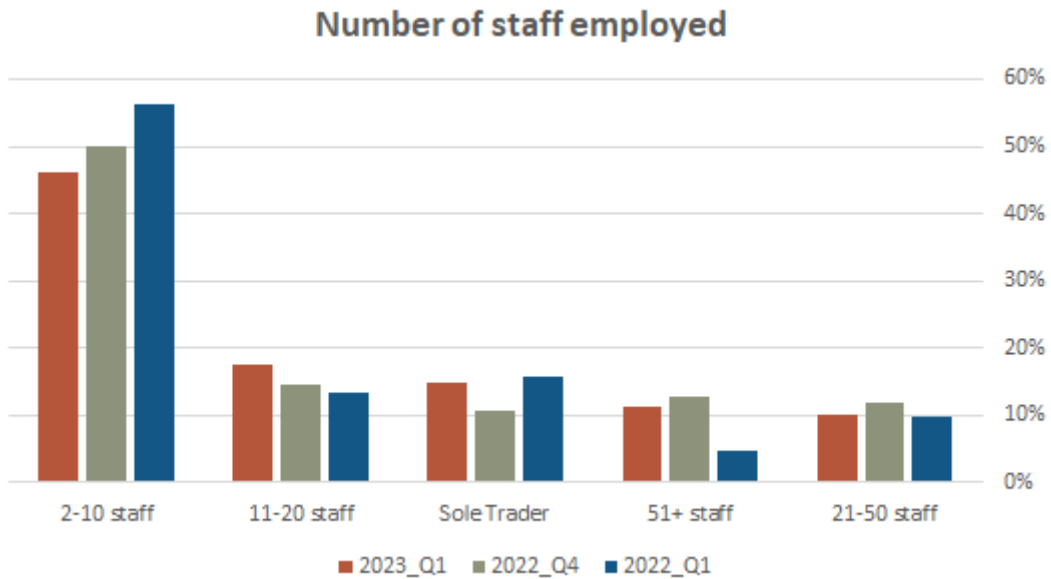
Lack of accommodation for workers was cited as a new limiting factor by 13% of respondents. It will be interesting to track this over time.

Results

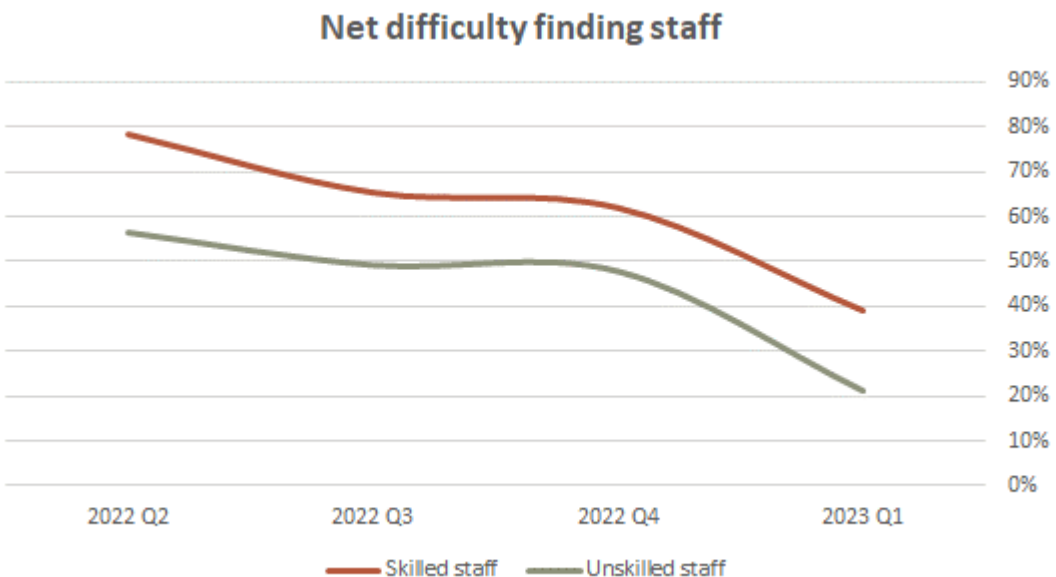
Labour market insights

This section outlines survey findings regarding overall staff numbers, and difficulty filling vacancies. Staffing decisions are an important gauge of businesses' confidence in their own near-term prospects.

Sole traders made up 15% of respondents in the latest quarter, compared to 11% last quarter. The most common size category was 2-10 staff, with 46% of responses in the latest quarter.



Difficulty finding staff



Difficulty is also measured in net terms, but a positive number means higher difficulty. Net difficulty can turn negative if more businesses are finding it easier on average to fill vacancies.

A net 39% of businesses reported that it was harder to find skilled staff over the past three months and a net 21% found it harder to find unskilled staff.

Wages

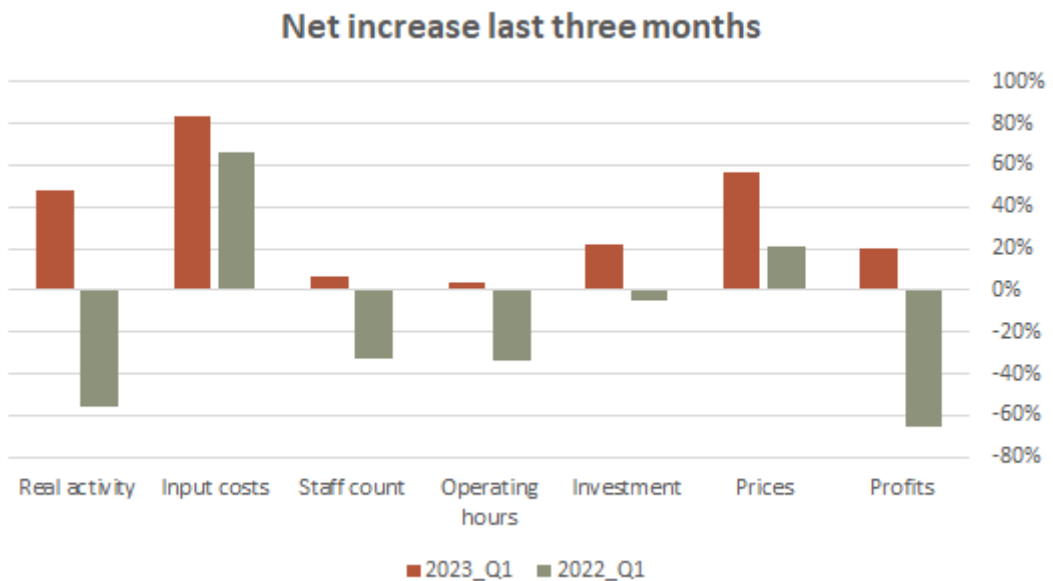
For businesses with employees, 54% expect to increase wages over the next three months, with 63% reporting having increased wages over the last three months.



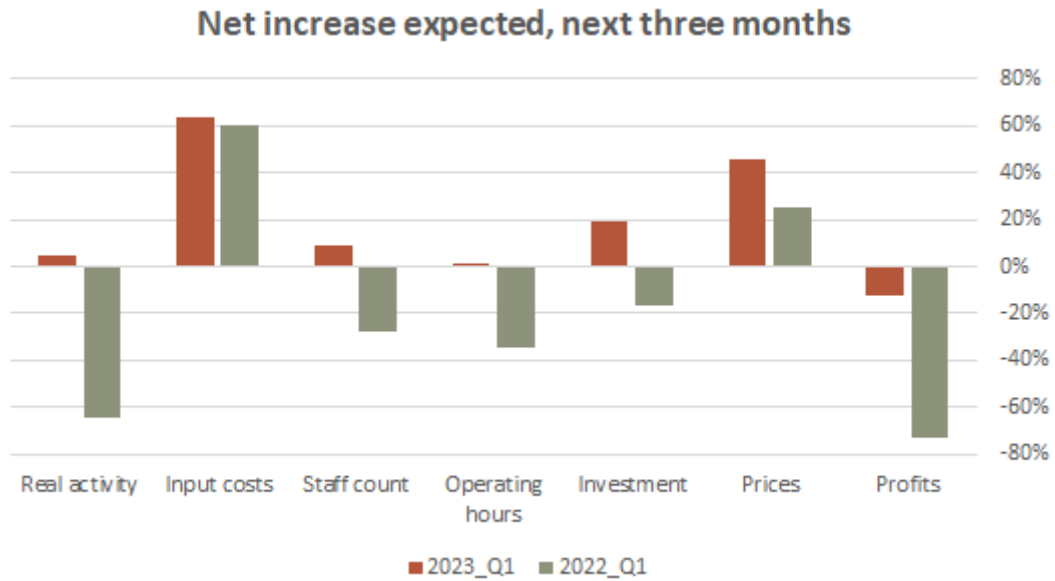
Of all businesses surveyed in the latest quarter, 92% reported paying their employees a living wage (at least \$23.65/hr).

Activity indicators

This section contains information on how businesses have performed over the last three months, and how they expect to perform over the next three months.

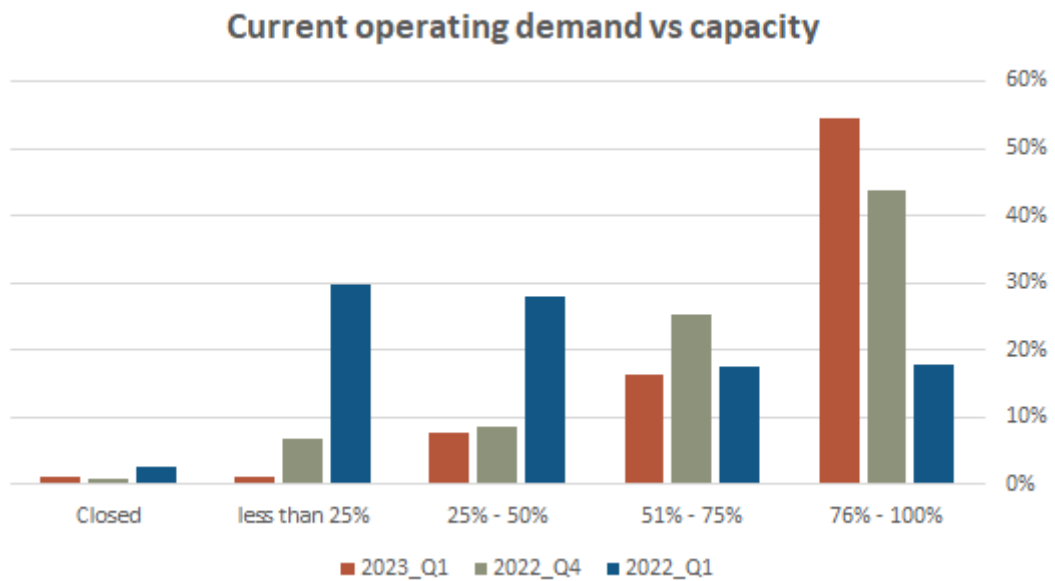


Businesses were asked about the same activity indicators for the next three months. The net increase is therefore a forward-looking indicator based on the average expectations of businesses surveyed.



Capacity

Business operating at over 75% capacity made up 71% of respondents in the latest quarter, compared to 69% last quarter. Businesses operating at less than 25% capacity made up 1% of responses in the latest quarter.



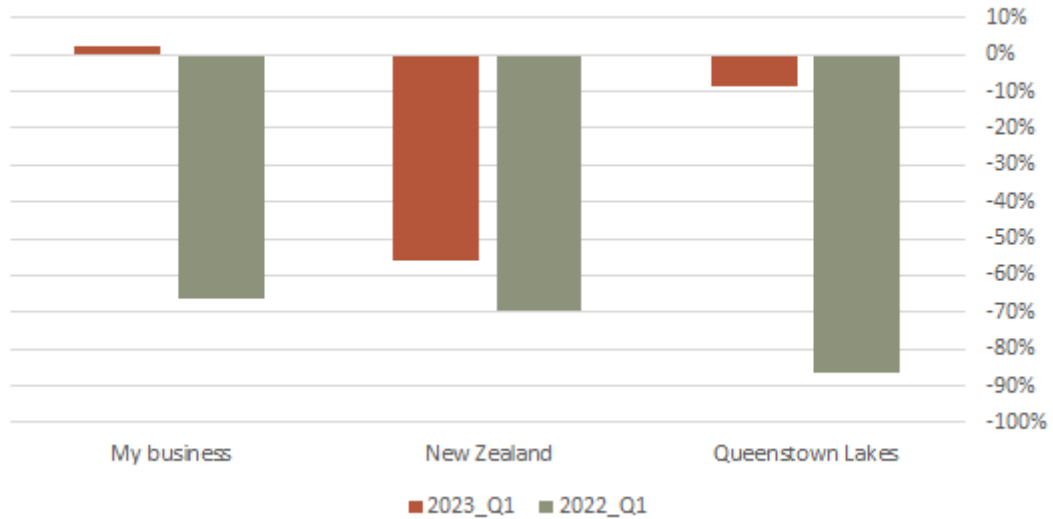
Economic activity

Businesses were asked about their expectations about economic conditions in their own business, the Queenstown lakes economy, and New Zealand as a whole. In comparison to the first quarter 2022 there is a marked increase in confidence in individual businesses and Queenstown Lakes, however confidence in the NZ economy as a whole still low.

Expected change in economic conditions, Q1 2023

	Improve	Remain the same	Deteriorate	Net expectation
My business	23	36	21	3%
New Zealand	6	23	50	-56%
Queenstown Lakes	16	41	23	-9%

Net economic expectation

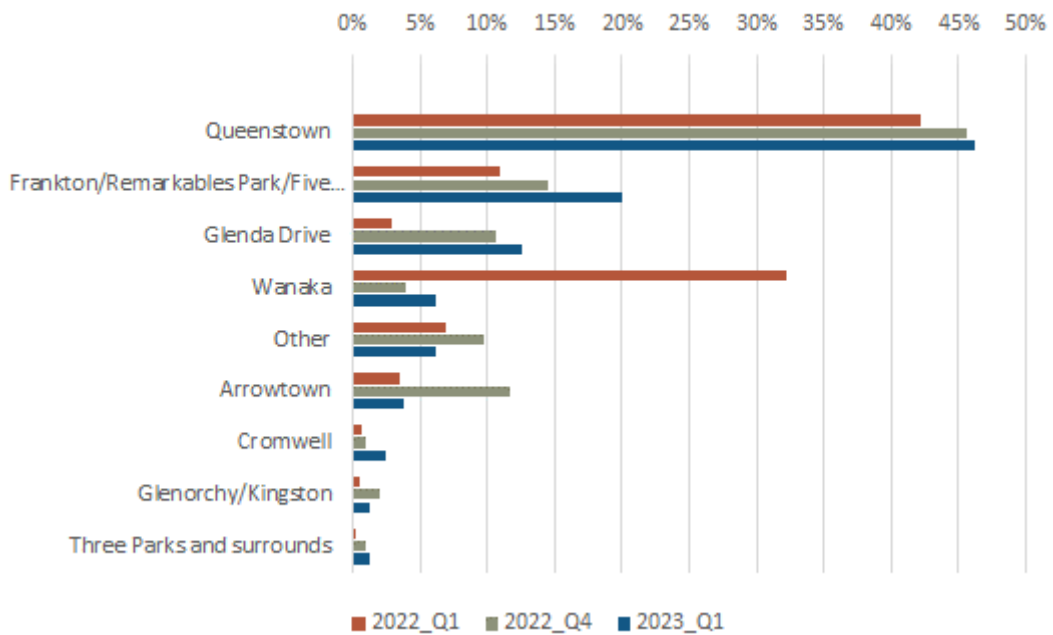


Other information

This section provides further information about the characteristics of businesses surveyed.

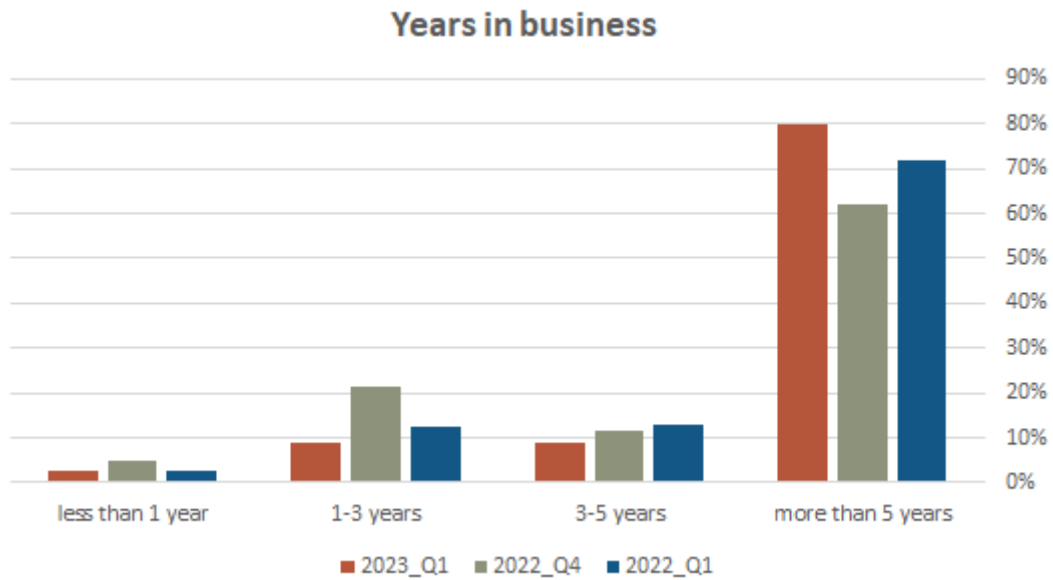
Location

Primary location of participating businesses



Queenstown was the primary business location for 46% of respondents in the latest quarter, compared to 46% last quarter and 42% a year earlier. The second most popular location was Frankton/Remarkables Park/Five Mile/Queenstown Central with 20% of responses in the latest quarter.

Years in business



More businesses reported operating for more than 5 years than other categories, with 80% of respondents in this category. Businesses operating for less than a year made up 2.5% of respondents in the latest quarter, compared to 2.8% in Q1 2022.