

New Zealand Insolvency Trends

Key Insights

Formal appointments in New Zealand have risen to their highest levels in 15 years, signalling sustained financial pressure on businesses and a slow, uneven recovery ahead.



Annual formal appointments activity

Annual formal appointments activity has risen steadily since 2021, with the total in 2025 reaching 3,080 – the highest level in 15 years and a 12% increase on the previous year. This trend reflects elevated levels of business stress across the economy, influenced in part by tighter financial conditions and recent interest rate settings.



Rising formal appointments signal growing pressures on New Zealand businesses

In the December quarter of 2025, New Zealand recorded 932 corporate formal appointments, the second-highest December quarter outcome since 2000, exceeded only by Q4 2008. This figure is 34% higher than the corresponding period in 2024, underscoring the growing pressures facing businesses nationwide.

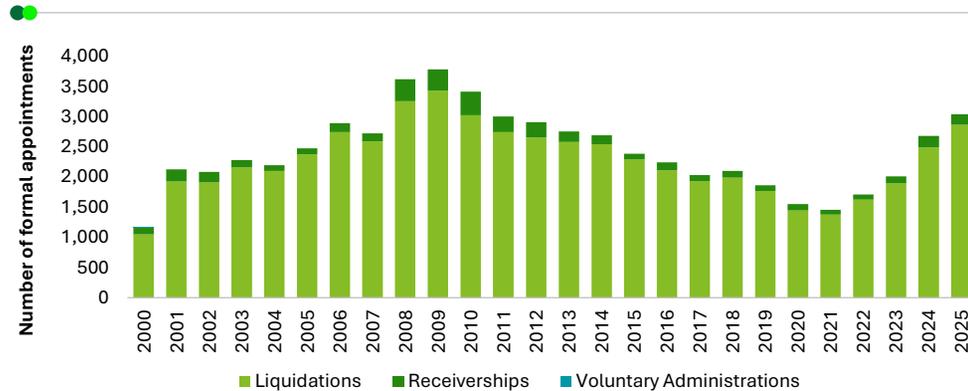


Recovery will be uneven and slow

While easing inflation and prospective interest-rate relief may support conditions later in 2026, insolvency risk is expected to remain elevated in the near term. Recovery is likely to favour larger, better-capitalised businesses, and consolidation is likely to be observed across several sectors. Elevated Inland Revenue tax arrears, combined with renewed enforcement and investigation activity following the withdrawal of pandemic-era accommodation, are expected to remain a key driver of insolvency activity, reinforcing a slow and uneven recovery.

* We note for completeness that the data used in our analysis does not capture entity types other than companies, such as Limited Partnerships or Incorporated Societies.

Formal appointments | 2000 - 2025 annually



Source: Companies Office

Formal appointments | 2022 - 2025 Quarterly



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Sector Hotspots and Trends

Construction: A consistent pressure point



Overview

Construction remained the most affected sector, with 197 company failures in Q4 (21% of the quarterly total) – the highest quarterly figure observed since we began collecting sector data in 2022. Annual formal appointments reached 747 (24% of total), up 14% year-on-year.

The sector continues to face weak demand, elevated build costs, cashflow pressure, and a thinning project pipeline. Insolvency risk remains highest among smaller contractors, with subcontractor failures amplifying stress across the supply chain.



Implications

Strong project oversight and robust due diligence remains critical. This includes credit and reference checks, understanding group structures, reviewing up-to-date financial statements, and assessing GST and PAYE compliance – particularly amid increased Inland Revenue enforcement.

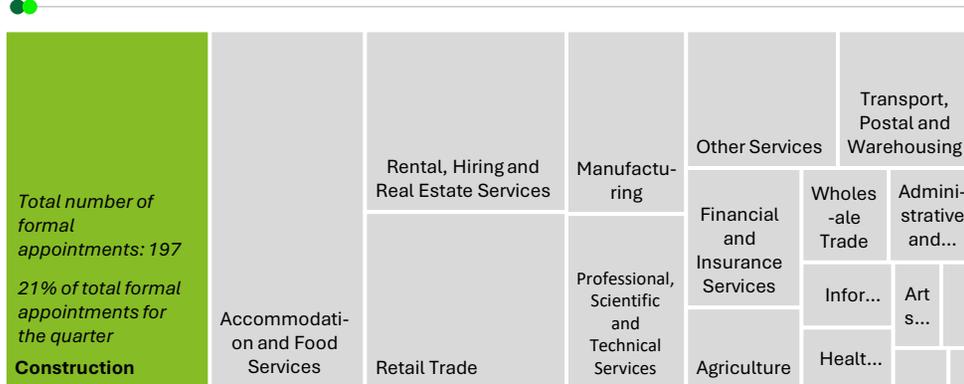
Best practice also includes securing bank performance bonds, confirming retention funds are held in trust, and seeking appropriate guarantees where relevant.



Outlook

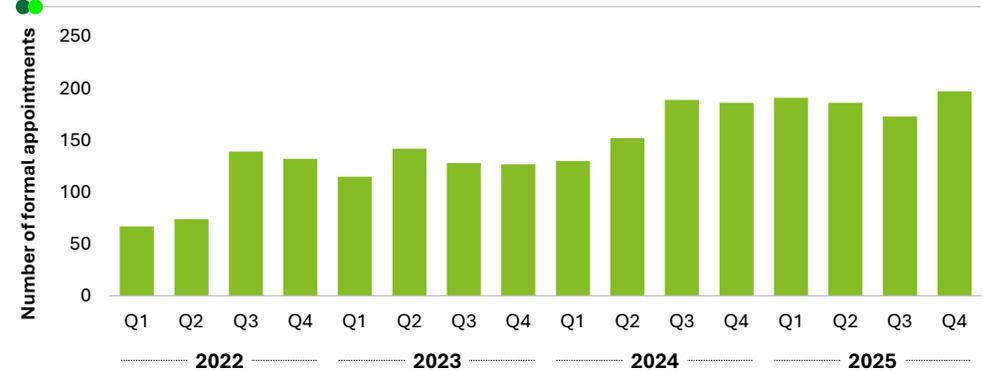
Despite interest-rate easing from mid-2024, construction GDP declined from Q4 2023 following earlier OCR tightening that reduced consents and elevated costs. As activity typically lags monetary policy, recovery is expected to be gradual and uneven, favouring larger, well-capitalised businesses.

Sector drilldown (Construction) | 2025 Q4



Source: Companies Office

Sector drilldown (Construction) | 2022 to 2025 Quarterly



Sector Hotspots and Trends

Accommodation & Food Services (Hospitality): A growing contributor to insolvency risk



Overview

Accommodation & Food Services recorded a sharp rise in formal appointments, with 149 cases in Q4 – around 80% higher than recent quarters. Annual formal appointments reached 380, up 53% year-on-year.

The collapse of the YB Sushi group (around 50 related entities) inflated Q4 results; however, even excluding these companies, insolvency levels remain elevated, reflecting sustained sector-wide pressure.



Implications

Smaller and highly leveraged operators are most exposed. High fixed costs, ongoing wage and input inflation, and limited pricing power leave many businesses vulnerable to modest demand shocks or seasonal downturns.

Rising insolvencies have increased risk exposure for landlords, suppliers, and financiers, while tighter credit and leasing conditions may further constrain weaker operators, and accelerate closure and consolidation.



Outlook

Improving consumer confidence toward late 2025 – driven largely by Auckland and Wellington – may offer near-term optimism in a recovery. However, confidence remains modest by historical standards and cost pressures persist.

Insolvency risk is expected to remain elevated in the near term, with recovery likely to be slow and uneven, led by larger, better-capitalised businesses.

Sector drilldown (Accommodation & Food Services) | 2025 Q4



Source: Companies Office

Sector drilldown (Accommodation & Food Services) | 2022 to 2025 Quarterly



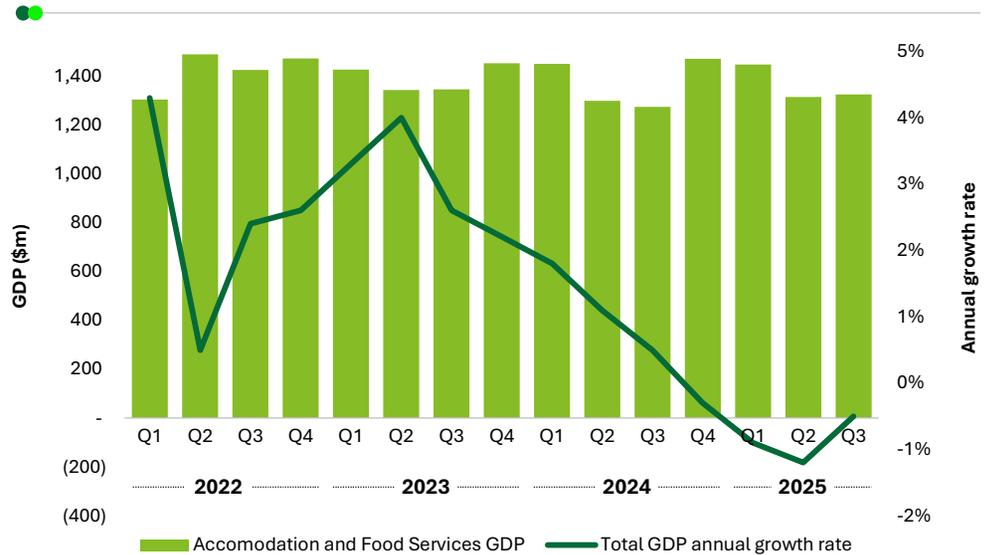
Sector Hotspots and Trends

GDP vs Annual growth rate in Construction and Accommodation & Food Services: Both sectors remain under pressure, with only early signs of stabilisation in 2025.

Construction | Contribution to GDP in 2009/2010 prices



Accommodation & Food Services | Contribution to GDP in 2009/2010 prices



Construction GDP grew steadily from early 2022 through late 2023 before entering a period of contraction from Q4 2023 to Q1 2025.



This decline reflects a slowdown in residential building activity, driven by reduced consent volumes and elevated construction costs, both associated with the steady increase in the Official Cash Rate between 2022 and mid-2024.

While interest rates have since begun to ease, construction activity typically responds with a lag to monetary policy changes, which helps explain the modest improvement in GDP observed in 2025.

Accommodation and Food Services GDP follows a clear seasonal pattern, with peaks in Q1 and Q4 reflecting higher summer and spring tourism activity.



GDP in Q2 and Q3 2025 was marginally above the same periods in 2024, supported by improving consumer confidence, while weaker outcomes in Q2 and Q3 2024 align with recessionary conditions marked by high interest rates and subdued discretionary spending.

Overall, sector GDP has remained within a narrow range, indicating limited real growth, consistent with low to negative annual growth across the broader economy.

Source: Companies Office, Deloitte Economics

Sector Hotspots and Trends

Other sectors of note

Retail Trade

Overview

The sector recorded 230 formal appointments in 2025, a 36% year-on-year increase, reflecting sustained pressure across discretionary retail categories.

Implications

Elevated operating costs, margin compression and subdued discretionary spending continue to challenge retailers, particularly smaller operators with limited ability to pass through costs or adapt to changing consumer behaviour.

Outlook

While easing inflation and interest-rate relief may provide some stabilisation late in 2025, insolvency risk is expected to remain elevated, with recovery likely uneven and skewed toward larger, well-capitalised retailers with greater pricing flexibility and scale efficiencies.

Transport, Postal and Warehousing

Overview

The sector recorded 174 formal appointments, up 28% year-on-year, reflecting ongoing cost inflation and subdued freight volumes.

Implications

Elevated fuel, labour, and financing costs, along with ongoing competitive pricing pressures, have had a significant impact on this sector, particularly for smaller operators and those with higher levels of debt.

Outlook

While improved demand may emerge as economic conditions stabilise, a sustained recovery will likely require stronger freight volumes and easing cost pressures. Insolvency risk is expected to remain elevated in the near term, with recovery favouring scale operators and integrated logistics providers.

Rental, Hiring and Real Estate Services

Overview

The sector reported 326 formal appointments, up 15% year-on-year, driven by higher financing costs and softer activity in property-adjacent segments.

Implications

Counterparty risk is rising, as insolvencies in construction and retail flow through to rental and property service providers via unpaid leases, contract terminations and asset recovery delays. Refinancing risk remains elevated for leveraged businesses.

Outlook

A more sustained improvement is unlikely until property market confidence stabilises and demand for commercial leasing and equipment hire recovers to a normalised level.

Trend in these sectors | 2022 – 2025



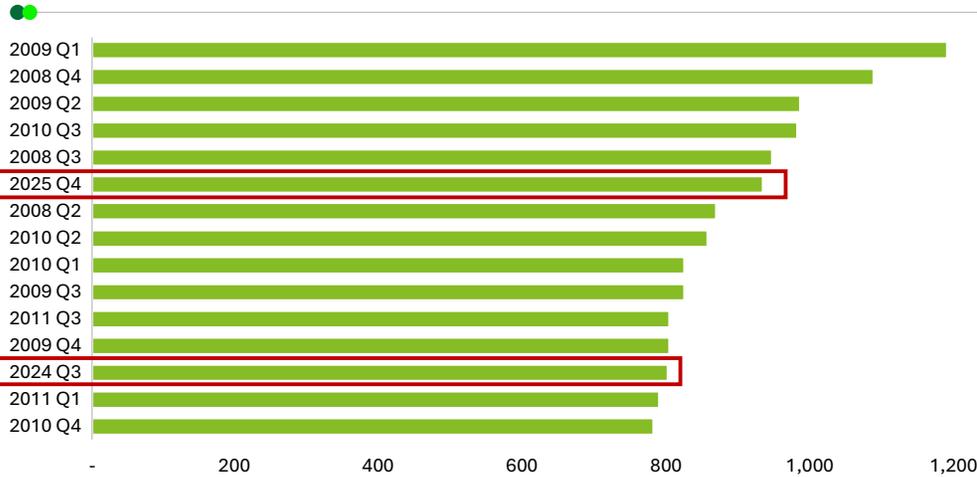
Source: Companies Office

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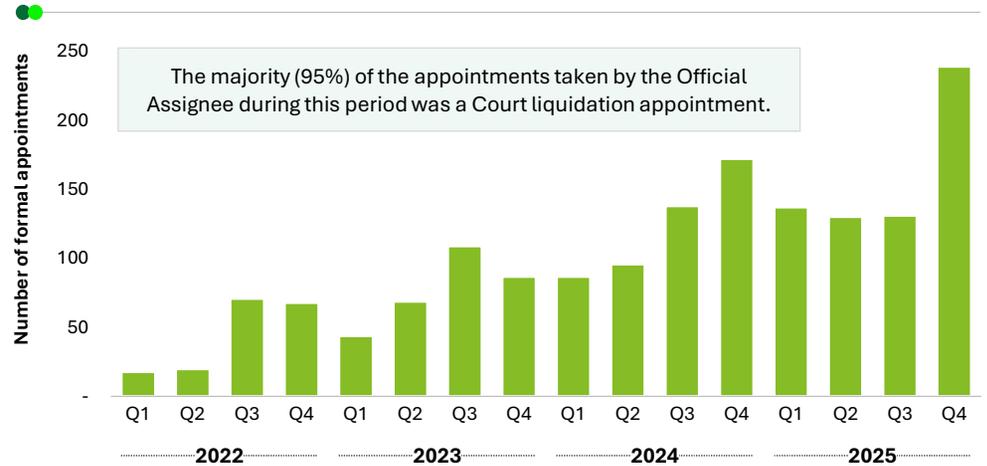
Other insights of note

Below charts show a renewed rise in formal appointments following a prolonged decline after the GFC. There has been an increase in the number of appointments taken by the Official Assignee since 2023, which is driven by Inland Revenue's increased enforcement activity.

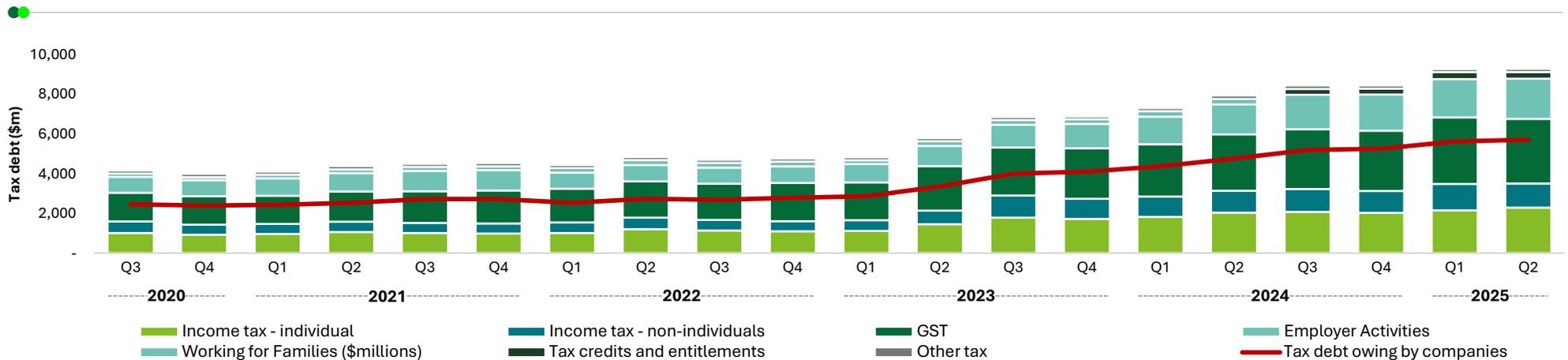
Number of formal appointments | Top 15 Quarters since 2000



Formal appointments taken by the Official Assignee | 2022 – 2025 Quarterly



Level of tax debts outstanding by type | 2020 Q3 to 2025 Q2



Source: Companies Office, Inland Revenue tax statistics



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