

New Zealand Investment Pulse Q2 2026: Key market and commercial developments

Monetary policy: tightening signals emerge

The benign era that defined New Zealand's post-pandemic recovery may be drawing to a close. The Reserve Bank held the OCR steady at 2.25% this quarter, but its forward guidance has shifted materially: the Committee now signals that rates will most likely need to rise sooner, and by more, than previously envisaged.

Inflation reached 3.1% in the March quarter and is expected to peak at around 4.3% in the September quarter before returning to the 2% target midpoint by mid-2027. Higher energy costs flowing from the Middle East conflict are a key driver. For international investors, this represents a turning point on borrowing costs. GDP growth projections for 2026 have been revised down in light of the conflict, with the OECD now forecasting 1.4% and the IMF 2.1%, which is a genuine but measured recovery.

Landmark trade deal: New Zealand and India sign FTA

The quarter's most significant development for international investors arrived on 27 April, when New Zealand and India signed their long-awaited Free Trade Agreement. The commercial implications are substantial. The agreement eliminates or reduces tariffs on 95% of New Zealand's exports, with 57% becoming duty-free from day one and 82% duty-free when fully phased in.

India's economy is on track to become the world's third largest by 2030. Its 300,000-strong diaspora in New Zealand provides a well-established commercial and cultural foundation for deeper bilateral engagement. For international investors operating in or through New Zealand, the FTA opens a significant new trade corridor to the world's most populous economy (subject to ratification, expected later in 2026), one that has been conspicuously absent from New Zealand's trade architecture until now.

Middle East conflict: managing the real world impact

Three months on from our March update, the conflict's economic effects moved from theoretical to tangible, with disruption to oil and gas transiting the Strait of Hormuz pushing energy prices higher across New Zealand's major trading partners and contributing to the inflationary pressures described above.

The United States and Iran announced an initial agreement on 15 June to end hostilities and reopen the Strait of Hormuz, with a formal signing scheduled for 19 June in Switzerland. The agreement establishes a 60-day ceasefire, with Iran's nuclear programme and other critical issues deferred to further negotiations. Whilst this is a meaningful de-escalation, the situation remains fluid, and the full economic consequences of the disruption to global energy markets will take time to unwind.

The NZ Government responded during the conflict with concrete fuel security measures, including a first-of-its-kind agreement with Z Energy to secure an additional 90 million litres of diesel storage at Marsden Point, and a scheme supporting up to \$1.2 billion in loans to help businesses reduce gas reliance. New Zealand's institutional strengths: a transparent legal system, stable political environment, and geographical distance from the conflict, continue to position it favourably relative to more energy-exposed markets, whatever the final resolution.

OIA reforms: three months in

The Overseas Investment Act reforms we covered at length in March are now operating in practice. Early results are encouraging. Investments in existing developed solar farms, for instance, now fall within the streamlined primary assessment pathway, meaning processing times of five working days for 80% of applications, which is well inside the 15-working-day statutory timeframe.

One caveat for investors with longer planning horizons: a New Zealand general election is due later in 2026, and a change in government or coalition composition could prompt ministerial directions that recalibrate the national interest assessment, particularly around energy assets and foreign ownership.

M&A: award recognition and continued deal flow

New Zealand's M&A market continues to generate international interest across a range of sectors.



Transaction awards

Simpson Grierson advised on two transactions recognised at the 2026 INFINZ Awards. The firm's role advising Adamantem Capital on the PF Olsen and Forest360 merger won Mid-Market M&A Transaction of the Year, while its advice to Bank of New Zealand on funding the Totara Learning Solutions refinance won Mid-Market Debt Transaction of the Year.



Energy

In energy, the firm acted as New Zealand counsel to London-listed Sunda Energy on its acquisition of Matahio Energy NZ, operator of producing oil and gas fields in the Taranaki Basin. The transaction, which was valued at up to US\$14 million plus contingent payments, involved Sunda acquiring the Cheal, Cheal East and Sidewinder producing fields and the Puka exploration permit, with an associated fundraising on the London market. Partner Don Holborow described the deal as reflecting "renewed international appetite for New Zealand's upstream energy sector."

It is a useful reminder that alongside the renewables build-out, conventional energy assets with existing infrastructure are also drawing offshore capital.



Tech

Two significant transactions have closed since our March edition. Bourns, Inc. completed its NZ\$361 million takeover of Rakon Limited, an NZX-listed technology company specialising in high-precision timing technologies used in telecommunications, aerospace, defence, and AI and data centre applications. The transaction, structured as a cash offer under the New Zealand Takeovers Code, represents one of the most significant overseas acquisitions of a New Zealand listed technology business in recent years, with regulatory approvals required across six jurisdictions including the United States, France, India, China, and the United Kingdom. Simpson Grierson advised Bourns from the earliest stages of the transaction, including during a period when a competing proposal had been made by another bidder.



Healthcare

In healthcare, Simpson Grierson advised Tāmaki Health and its shareholders, on the agreed sale of the business to funds managed by TPG Capital. Tāmaki Health is New Zealand's largest privately owned primary healthcare group, and the deal has been described as one of the most significant private healthcare transactions in New Zealand in 2025. The firm ran a competitive auction process involving a large bidder set and coordinated a vendor due diligence programme to support warranty and indemnity insurance. The transaction is a strong illustration of offshore private equity appetite for scaled, well-regulated healthcare platforms in New Zealand.

Energy: record renewables and new investment frontiers

New Zealand’s energy transition is accelerating. Renewables supplied 96.4% of total electricity generation in the December 2025 quarter, which was the highest quarterly share on record, with utility-scale solar output rising over 70% as new projects reached commissioning. More than 1,400MW of renewable generation is currently under construction, with a further 1,300MW at final investment decision.

Two transactions illustrate the depth of opportunity. Simpson Grierson advised on the Tauhei Solar Farm at Te Aroha, which upon completion this year, will become New Zealand’s largest solar development at 202MW, marking Spanish-based global energy company Elecnor’s entry into the New Zealand market. The firm also advised on the Datagrid hyperscale AI data centre, which is the first of its kind in New Zealand. It reflects the growing convergence of energy and technology investment.

Fast-track approval has been granted for New Zealand’s largest wind farm project, and the Government continues to accelerate consenting for renewable infrastructure.



Looking ahead

The second half of 2026 will be shaped by three variables: the trajectory of the Middle East conflict, the Reserve Bank’s response to above-target inflation, and a general election in November that could shift policy settings. Against that backdrop, New Zealand’s streamlined investment regime, NZ\$200 billion infrastructure pipeline, record renewables investment, and new FTA with India together make a compelling proposition - even as near-term headwinds demand careful navigation.

Please get in touch if you would like to discuss any of these developments.

James Hawes

Partner
Auckland
P +64 9 977 5448
M +64 21 826 994

Anastasiya Gamble

Partner
Auckland
P +64 9 977 5121
M +64 21 750 205

Andrew Matthews

Partner
Auckland
P +64 9 977 5402
M +64 21 420 072

Barney Cumberland

Partner
Auckland
P +64 9 977 5155
M +64 21 497 462

Catherine Shipton

Partner
Christchurch
P +64 3 968 4055
M +64 21 028 27715

Don Holborow

Partner
Wellington
P +64 4 924 3423
M +64 29 924 3423

Michael Pollard

Partner
Auckland
P +64 9 977 5432
M +64 21 400 852

Simon Vannini

Partner
Auckland
P +64 9 977 5186
M +64 21 499 178