

# New Zealand Investment Pulse Q3 2025: Key market and commercial developments

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August 2025

Economic recovery remains on the horizon, but conditions are looking more favourable, with inflation at 2.7% and the official cash rate down to 3.25%, with further cuts expected later this year. Unemployment has risen to 5.2% but farmer confidence has hit a 10-year high, on the back of falling interest rates and high commodity prices. The New Zealand-United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA) is now law. This is good news for exporters, giving them access to a \$500 billion market that imports 90 per cent of its food, especially as tariffs on US exports will increase from 10% to 15% as of 7 August.

## Major deals

M&A activity is showing signs of revival, with a sudden influx of deals in the pipeline, and we're expecting this to continue. We're still waiting on IPO decisions from Fonterra for its consumer brands business and the Government on Kiwibank, but it has been great to see Kiwi-founded startups Halter and Substack both achieve unicorn status in their latest funding rounds. Notable Q2 deals include:

- Xero acquired Melio, a New York-based payments startup, for nearly \$4 billion as part of its strategy to expand its market share in North America.
- Watercare secured \$3.4 billion in committed bank debt facilities as part of its financial separation from Auckland Council. This is New Zealand's largest debt raise to date.
- Smartpay's board unanimously backed a NZ\$296 million takeover deal from US-based Shift4 Payments at a significant premium over recent share prices.
- TradeMe acquired a 50% stake in Stuff Digital, positioning the two companies to compete directly with NZME in the real estate and motoring advertising markets.
- EBOS Group's major shareholder, Sybos sold NZ\$949 million worth of shares in the company via block trade, representing around 13.2% of its issued capital.

## Government

In June, the Government introduced a Bill which should significantly speed up foreign investment. The effect of the new Bill is that for many foreign investors, provided there are no national interest risks, their applications will be processed within 15 business days. Investments involving national security risks will undergo a consolidated assessment process.

The rules around farmland and residential land are not changing, and investments in strategically important business that currently require consent will undergo a mandatory national interest assessment to consider whether the benefits of the application outweigh the risks. The Government plans to pass the Bill by the end of 2025.

Employment is facing the biggest shake up in decades, with the introduction of the Employment Relations Amendment Bill. The Bill introduces a contractor 'gateway' test where if the working arrangement meets the five factors, then the worker will be considered a contractor (and will have no right to challenge this in the Employment Relations Authority). This should reduce uncertainty around gig economy arrangements following the Court of Appeal decision in 2024 which found that Uber drivers were employees not contractors. The Bill also makes changes around personal grievance remedies and thresholds and the application of collective agreements.



## Infrastructure

The Government is currently considering [changes to the thin capitalisation rules](#) that would allow interest on third-party limited recourse debt for eligible infrastructure projects to be fully deductible. This change would significantly improve the commercial viability of private infrastructure investment for non-resident investors.

More broadly, the National Infrastructure Pipeline shows a long-term investment outlook of \$207 billion across central government, local government, and the private sector. In the short term, \$6 billion of government-funded infrastructure construction is due to begin between now and Christmas.

It has also been nearly six months since applications opened under the new Fast-track Approvals process, which allows nationally and regionally significant infrastructure and development projects to apply for accelerated consents and Crown permits. Over 50 projects have applied, with the first eight expected to complete the full end-to-end fast-track process by the end of 2025.

## Energy

So far, wholesale electricity prices this winter have not reached the highs of 2024, but Transpower's June Security of Supply assessment showed that the national energy margin (whether generation will match expected demand in a long dry winter) is at risk of dropping below the security standard by 2026. Genesis Energy, Mercury, Meridian, and Contact have just signed a detailed non-binding term sheet to establish a strategic energy reserve centred on Huntly Power Station to boost national security of supply and avoid a repeat of 2024's market conditions.

The Government is also currently consulting on proposed changes to the National Policy Statement for Renewable Energy Generation. The changes will strengthen the requirement for decision-makers to consider the national benefits and significance of renewable energy projects when making decisions under the Resource Management Act 1991.

[The Government has passed the Crown Minerals Amendment Act](#) which will reverse the 2018 ban on new petroleum exploration (other than onshore Taranaki). The Bill was due to pass in late 2024 but was delayed due to disagreement over the approach to be taken to petroleum decommissioning liability reform.

## Conclusion

While the pace of economic recovery in New Zealand has been slower than hoped, underlying conditions are improving, and confidence is rising across key sectors like agriculture. Government initiatives to attract foreign investment, particularly in infrastructure and energy, are laying the groundwork for future growth and investment conditions are favourable.

To find out more about how international investors see current investment opportunities in New Zealand, look out for our 2025 M&A Report *Expanding Horizons* later this month.



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