New Zealand Investment Pulse Q4 2025:
Key market and commercial developments

November 2025

New Zealand's economic recovery is gaining traction, with the Reserve Bank delivering an unexpectedly aggressive 50 basis point cut to the Official Cash Rate on 8 October, bringing it down to 2.5%. Inflation reached 3.0% in the third quarter, but remains within the target band and is expected to stabilise.

Unemployment rate is up from 5.2% to 5.3%, but GDP projections suggest growth in our economy will rebound to 1.4% late in 2025 and accelerate to 2.7% in 2026.

This improved outlook is reflected in Simpson Grierson's seventh annual Expanding Horizons report, released in August, which reveals international investor confidence in New Zealand has reached its highest level since 2019. The survey findings signal a strong pipeline of M&A activity ahead, with offshore investors increasingly viewing New Zealand as a safe haven amid global uncertainty.

Expanding Horizons M&A Report 2025

Our 2025 Expanding Horizons Report, which surveyed 90 international investors who have recently invested in New Zealand, revealed:

- **49% of offshore investors are considering an acquisition in the next 12 months;**
- **an unprecedented 99% of those surveyed plan to invest within the next five years;**
- **85% of respondents anticipate a moderate increase in overall M&A activity in New Zealand in the next 12 months, up from 79% the previous year;**
- **78% say current global economic and geopolitical conditions have strengthened their intentions to invest in New Zealand, positioning the country as a safe haven amid global uncertainty; and**
- **New Zealand continues to rank #1 in Asia-Pacific for ease of doing business and quality of investment opportunities, ahead of Australia, Singapore and Hong Kong.**

Partner James Hawes notes: "The deals we're seeing and advising on reflect exactly what our survey data is telling us: there's genuine momentum in the market with quality New Zealand assets attracting serious international interest at the right valuations."

For the first time in the survey's history, favourable valuations emerged as the top draw card for international investors (46% of respondents), reflecting what Hawes describes as fertile ground for inbound investment as the valuation gap that persisted for years finally closes.

Major deals

Notable recent transactions on which Simpson Grierson have advised include:

- Alliance Group's proposed strategic partnership with Dawn Meats, with the European red meat processor investing NZ$250 million for a 65% stake, subject to shareholder, High Court and regulatory approvals.
- The a2 Milk Company on strategic transactions, including the NZ$282 million acquisition of Yashili's Pokeno processing plant and the divestment of its 75% stake in Mataura Valley Milk.
- Comvita's proposed $56.4 million Scheme of Arrangement with Florenz, with shareholder voting expected in November 2025.

Government

The Government's reform agenda continues to accelerate. The quarterly action plan released in October includes 33 priorities, with decisions on Cook Strait ferry contracts and construction of the new Waikato medical school set for completion by year-end.

The Overseas Investment Act reforms are gaining strong traction. Simpson Grierson's survey revealed that 89% of international investors say the proposed reforms will strengthen their intention to invest in New Zealand, while 76% consider current Government policies supportive or very supportive of foreign investment.

The Government expects to pass the streamlined foreign investment legislation by the end of 2025, which will process many applications within 15 business days for investments without national interest risks.

Meanwhile, the Resource Management Act replacement is progressing, with the Government aiming to introduce the Planning Act and Natural Environment Act before the end of the year, targeting passage by mid-2026.

Infrastructure

The National Infrastructure Pipeline now shows over $200 billion in projects underway or in planning, with $6 billion of government-funded construction projects set to begin by year end.

A National Infrastructure Plan is due to be published in December 2025, with the government response expected in early 2026. The newly developed National Infrastructure Agency will serve as a "one-stop shop" for investors to partner with government on infrastructure projects.

Over $550 million has been allocated from the Regional Infrastructure Fund to projects across 14 regions covering flood resilience, energy, water storage, and Māori development.

The Government's commitment to these much needed projects is reflected in its current consideration of changes to thin capitalisation rules that would allow interest on third-party limited recourse debt for eligible infrastructure projects to be fully deductible. This would significantly improve the commercial viability of private infrastructure investment for non-resident investors.

Energy

On 1 October 2025, the Government published its response to an independent electricity market performance review. Whilst the Government rejected the stated need for a fundamental restructure of the sector, it acknowledged that the lack of reliable firming capacity was leading to significant price volatility and stymying growth. As a result, the Government committed to a mix of measures including:

- Advancing the construction of an LNG import terminal designed to fill the Country's energy deficit; and
- Encouraging the majority owned, Meridian, Genesis and Mercury to seek out capital support for new projects.

Combined with the reversal of the 2018 ban on oil and gas exploration permits, there is clearly significant incentive for offshore capital to be put to use in NZ. Moreover, given the fragmented nature of New Zealand's renewable generation sector and electricity distribution networks, the market seems ready for consolidation.

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Get in touch

The combination of accommodative monetary policy, favourable valuations, streamlined foreign investment processes, and substantial infrastructure commitments is creating a compelling environment for investment. As James Hawes observes: "Notwithstanding recent global economic and geopolitical challenges, survey findings tell us that New Zealand maintains its global reputation as an open, politically stable and legally robust member of the Asia-Pacific group."

Please get in touch if you'd like to discuss any opportunities.

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