



# May Credit Indicator



Arrears fall and lending grows, but financial stress remains for many

The most up-to-date credit insights available in New Zealand

While the Reserve Bank held the Official Cash Rate at 2.25% last week, many economists expect increases in the coming months as inflation pressures build.

This is occurring against a backdrop of ongoing geopolitical tensions and elevated oil prices, which are continuing to push up operating costs for businesses and strain household budgets through higher fuel prices.

Despite this challenging environment, there are signs of gradual improvement in New Zealand's credit landscape, although the recovery remains uneven across products, regions, and sectors.

At the consumer level, credit conditions are showing some clear signs of stabilisation. Fewer borrowers are falling behind on repayments, and arrears rates are continuing to decline.

This reflects the combined effect of lower interest rates in recent periods and a slow but steady economic recovery, which has helped ease debt servicing pressures for many households.

Encouragingly, this improvement is broad-based. Arrears across mortgages, personal loans, credit cards and auto lending are all trending down, suggesting stronger repayment behaviour overall.

However, this recovery is not being felt equally. A portion of borrowers remains under financial stress, with some households still struggling to keep up with repayments.

Overall household lending is increasing, driven largely by growth in non-mortgage lending, particularly in personal and vehicle finance.

Mortgage lending remains in positive territory but is beginning to lose momentum after a strong start to the year, as expectations of higher borrowing costs start to weigh on buyer confidence.

We're also seeing some interesting housing trends, with first-home buyers becoming more prominent, supported by improving access to lending. Additionally, overall loan sizes are increasing as borrowers take on larger mortgages to get on the property ladder.

For businesses, conditions are stabilising but remain fragile. Demand for credit has softened slightly overall and company liquidations remain elevated, particularly in construction and hospitality, highlighting persistent financial pressure.

Small business owners are exposed, particularly those relying on home equity, reinforcing the close link between household and business financial health.

Overall, the recovery seems to be uneven with pockets of borrower stress, slowing mortgage momentum, elevated liquidations and softer demand. For those feeling the strain, it's important to take proactive steps now to help avoid long-term financial roadblocks.

**Monika Lacey**  
Chief Operating Officer  
Centrix

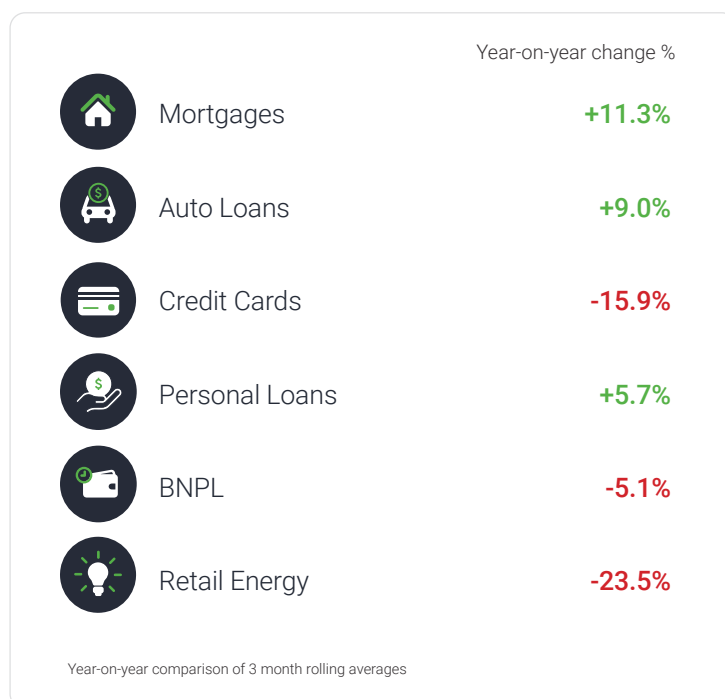
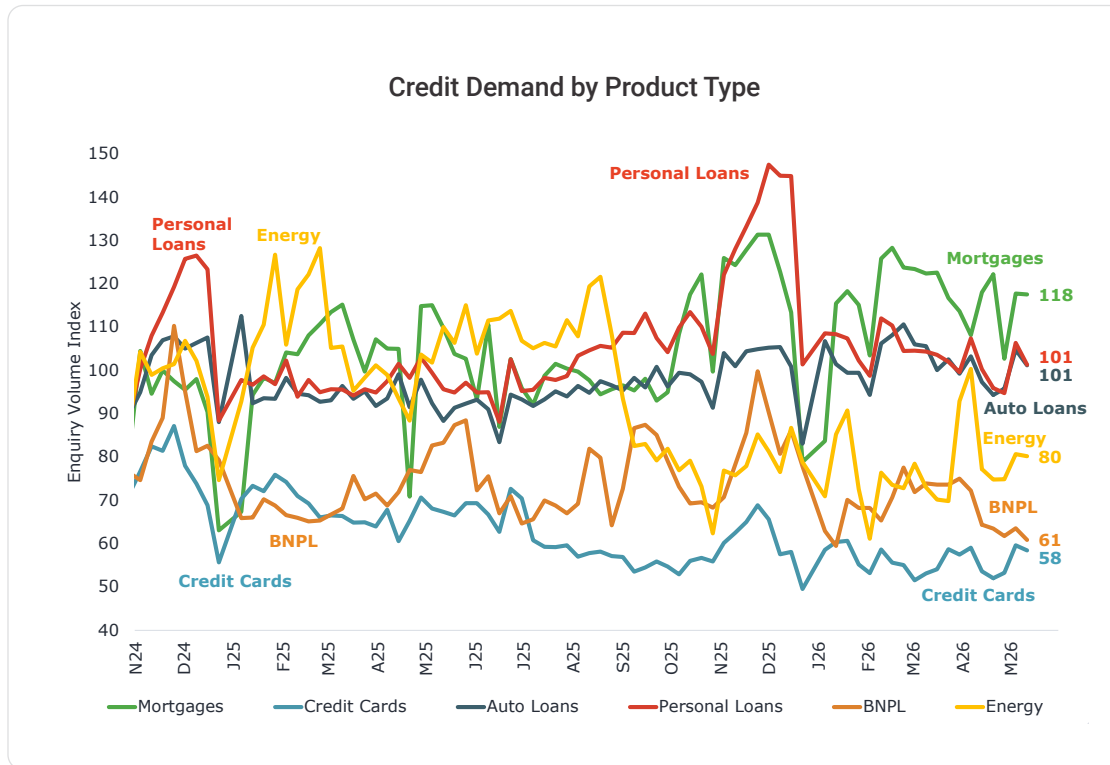


## Consumer borrowing demand dips amid uncertain outlook

Consumer credit demand is down 1.9% year-on-year in a softer economic environment, with continued strength in auto, personal and home loan enquiries offset by weaker demand elsewhere in May.

There was growth across several credit products, driven by mortgages (+11.3%), auto loans (+9.0%), and personal loans (+5.7%), which highlights continued strength in larger, purpose-driven borrowing.

On the other hand, demand for retail energy (-23.5%), credit cards (-15.9%), and Buy Now Pay Later (-5.1%) have all declined year-on-year, signalling a pullback in more flexible, short-term credit use.

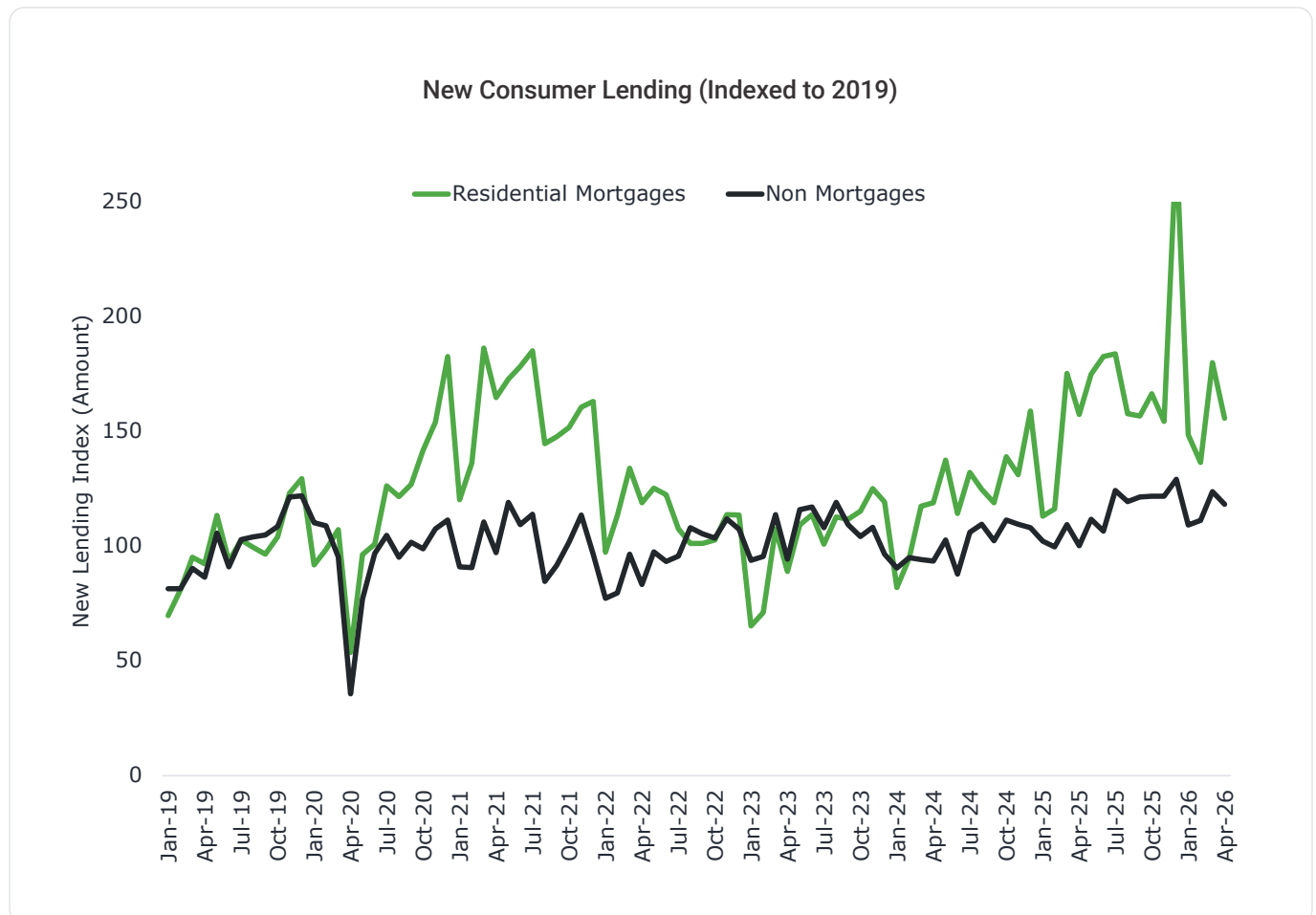


*Consumer credit demand is down 1.9% year-on-year in a softer economic environment, with continued strength in auto, personal and home loan enquiries offset by weaker demand elsewhere in May.*

## Personal, vehicle loans drive new household lending

Mortgage lending remains in positive territory – up 5.7% year-on-year – but is starting to lose momentum after a strong start to the year, as expectations of higher mortgage rates weigh on buyer confidence.

At the same time, non-mortgage lending was also up 14.2% year-on-year, driven by personal and vehicle loans, helping drive an overall household lending growth of 6.3% in April.

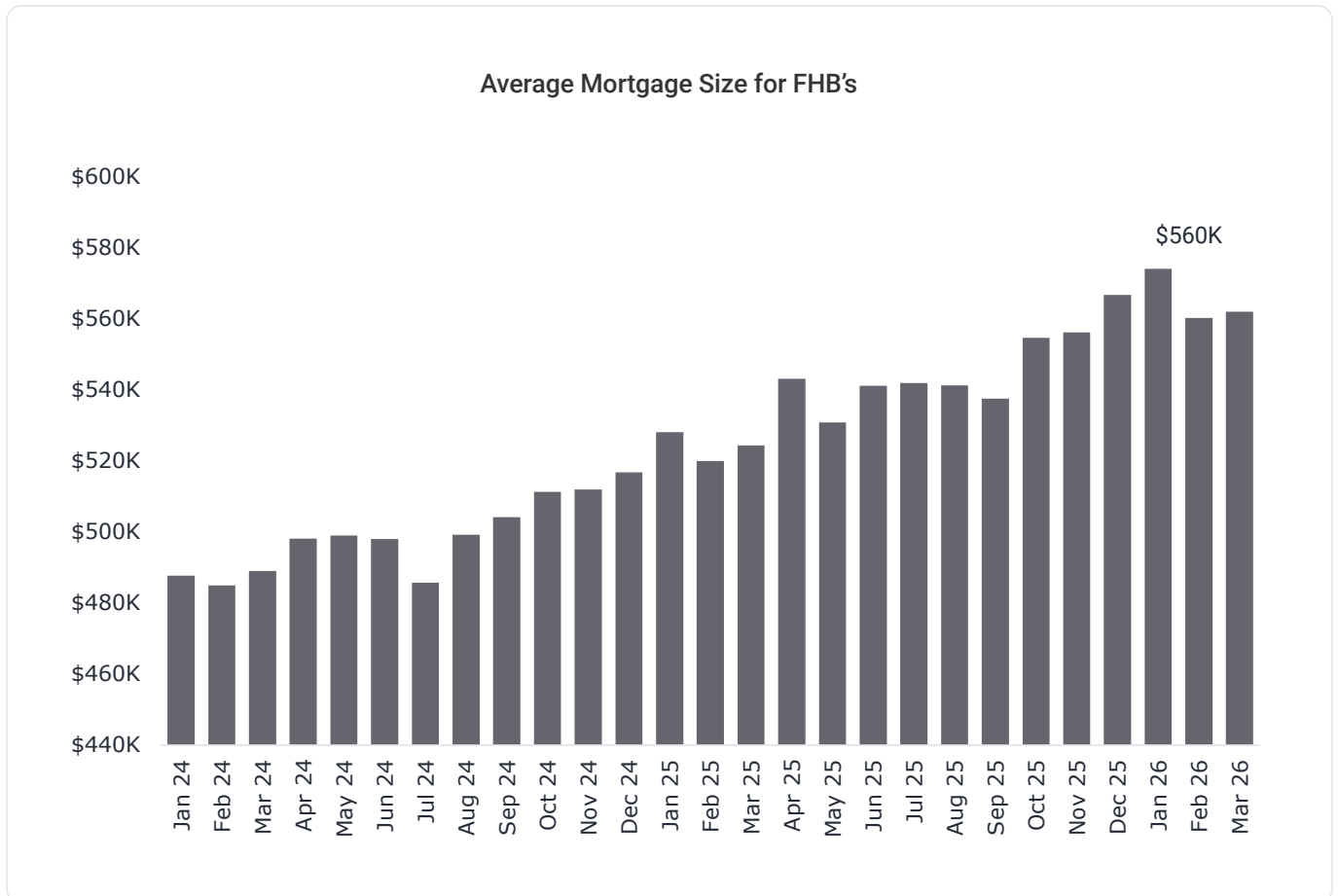


*Mortgage lending remains in positive territory – up 5.7% year-on-year.*

## Spotlight on first home buyers

There are signs of renewed momentum among first-home buyers, who now make up 25% of new mortgage lending as easing rules and lower rates open the door.

Even so, affordability pressures persist, with average loan sizes rising to \$560,000 in early 2026. The typical buyer is now 37, and while that trend has stabilised, those entering the market tend to have relatively strong credit profiles.



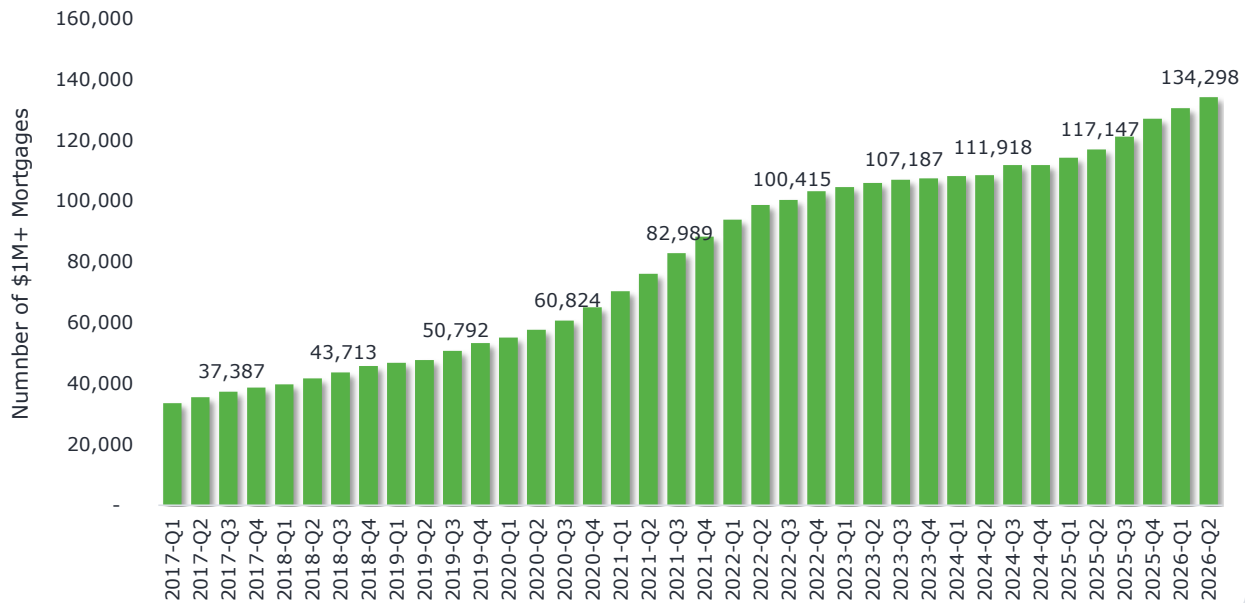
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## Rise in million-dollar loans as market regains momentum

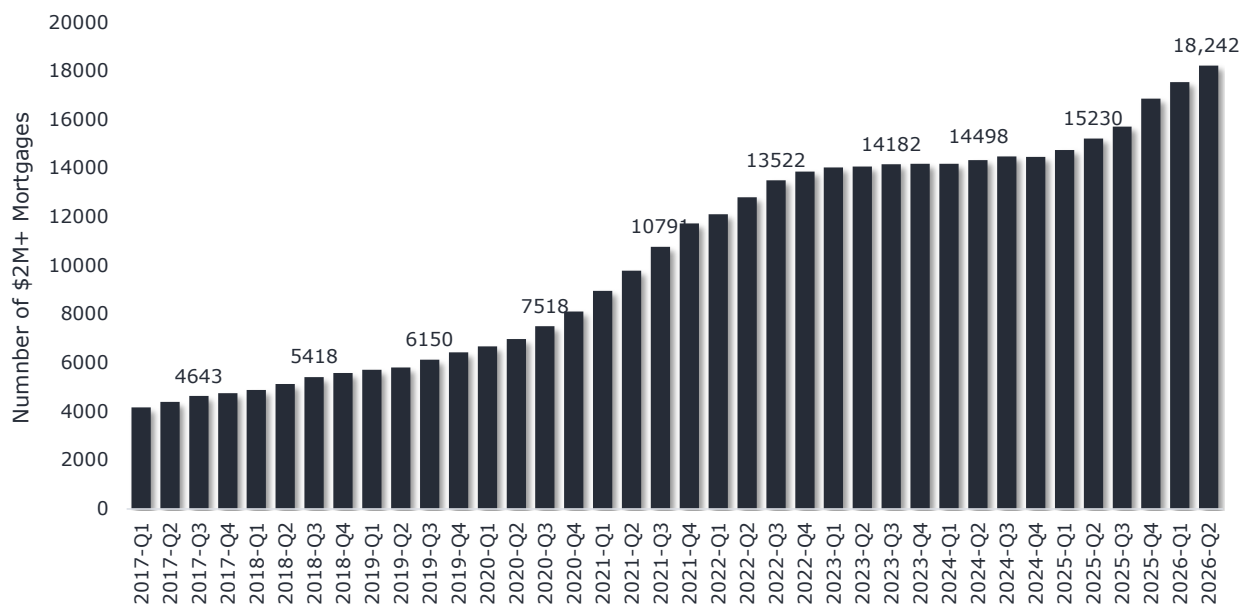
The number of borrowers with mortgages exceeding \$1M has risen 15% year-on-year, with more than 134,000 homeowners now in this category following a plateau during the softer property market of 2023–2024.

Higher-value lending is also rising at the top end, with over 18,000 borrowers now holding mortgages above \$2M – a figure that has grown rapidly over the past 12–18 months.

### One Million Dollar Residential Mortgages



### Two Million Dollar Residential Mortgages



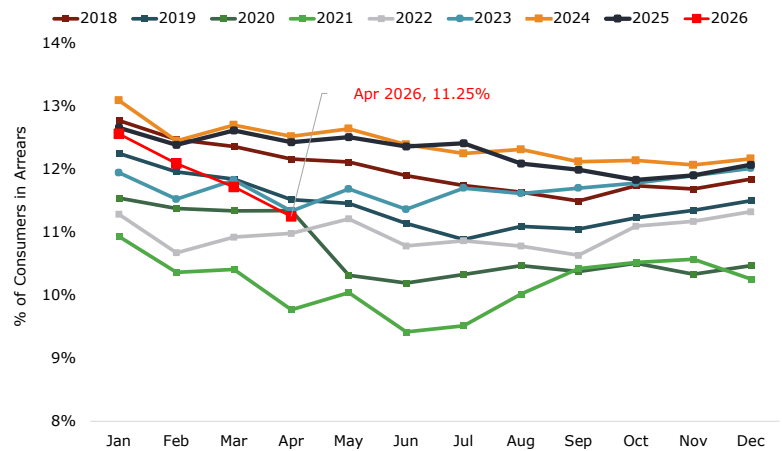
## Signs of relief in household finances as arrears continue to ease

Arrears continue to trend down, with 11.25% of consumers behind on payments in April, down from 11.72% a month earlier.

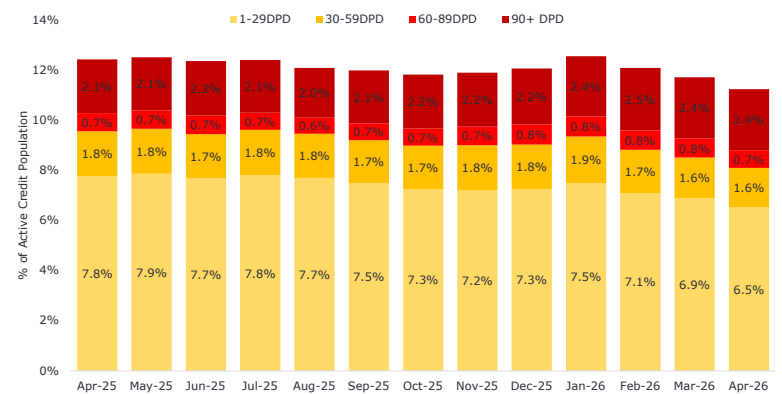
The total number in arrears has dropped to 443,000 and is now 9.5% lower year-on-year, supported by improving economic conditions and lower rates.

Despite this, 96,000 borrowers remain 90+ days overdue, with renter households disproportionately affected.

### Consumer Arrears Trends

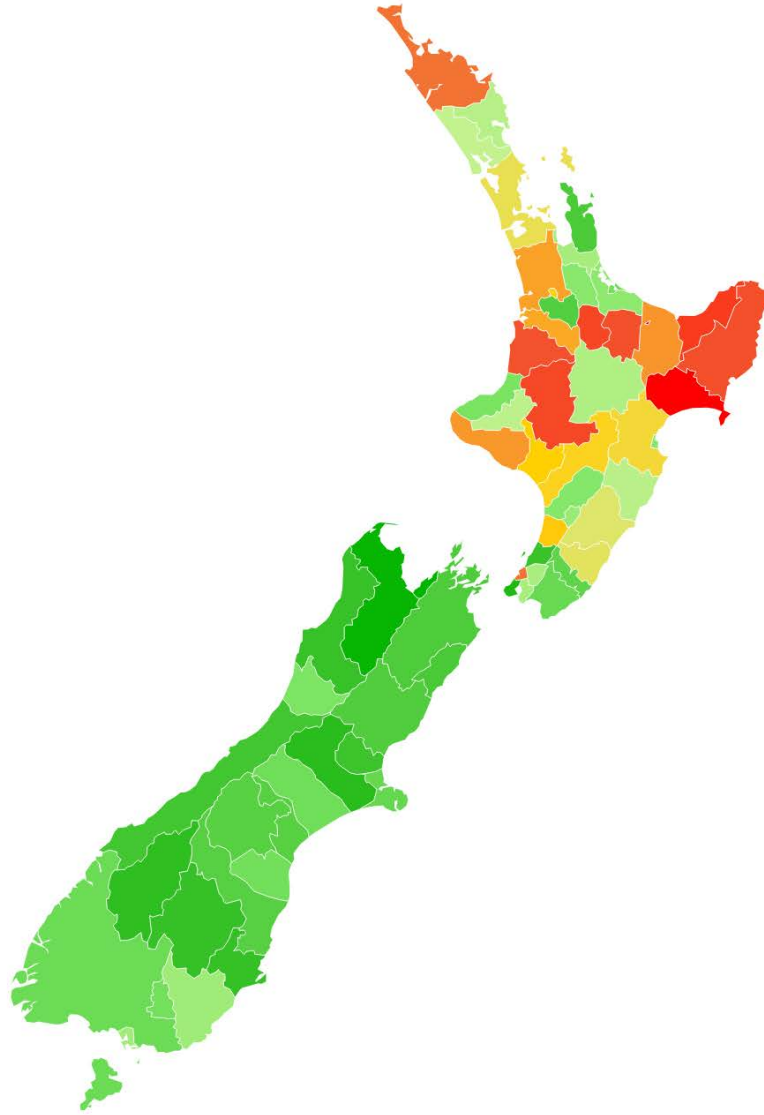


### Consumer Arrears Trends by Days Past Due



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## Tale of two recoveries continues to be seen between North and South



Lowest Arrears Areas	
District	Arrears %
1 Nelson City	7.71%
2 Tasman District	7.78%
3 Wellington City	8.16%
4 Selwyn District	8.44%
5 Queenstown-Lakes District	8.60%
6 Dunedin City	8.82%
7 Central Otago District	8.87%
8 Buller District	8.92%
9 Kapiti Coast District	8.99%
10 Waimakariri District	9.13%

Highest Arrears Areas	
District	Arrears %
1 Wairoa District	17.35%
2 Kawerau District	16.99%
3 Opotiki District	15.94%
4 South Waikato District	15.62%
5 Ruapehu District	15.57%
6 Rotorua District	15.31%
7 Gisborne District	15.31%
8 Waitomo District	15.25%
9 Far North District	14.39%
10 Porirua City	14.37%

## Mortgage, auto and card arrears all trend downward

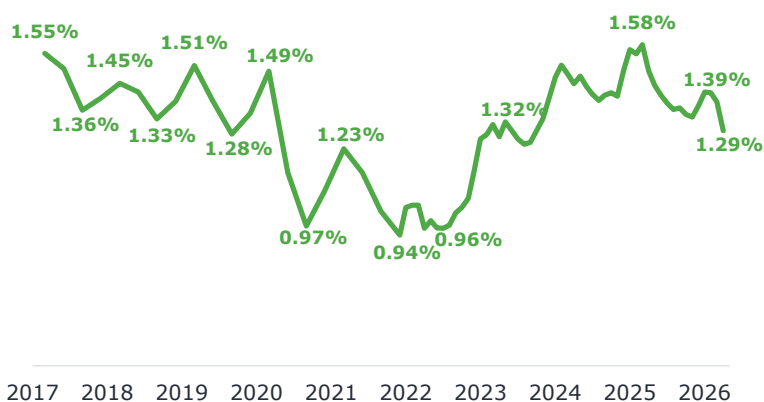
Residential mortgage arrears continued to improve in April, declining to 1.29% from 1.39% the previous month, with 21,100 accounts past due.

This marks a 13% year-on-year improvement, reflecting the impact of lower interest rates in easing repayment pressure and stabilising household finances after a period of strain.

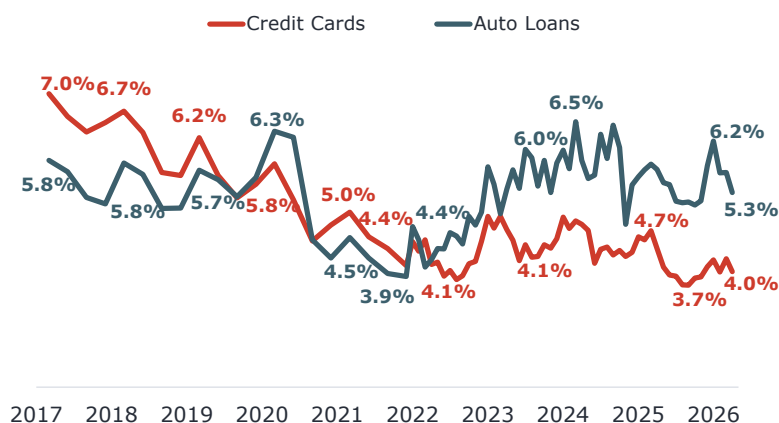
Additionally, seasonally adjusted mortgage delinquencies continue to improve, with 90+ day arrears down 13% from a year ago.

Encouragingly, this improvement is being seen across other lending categories, with auto loan arrears also falling to 5.3% and credit card arrears declining to 4.0%, now 9% lower than a year ago.

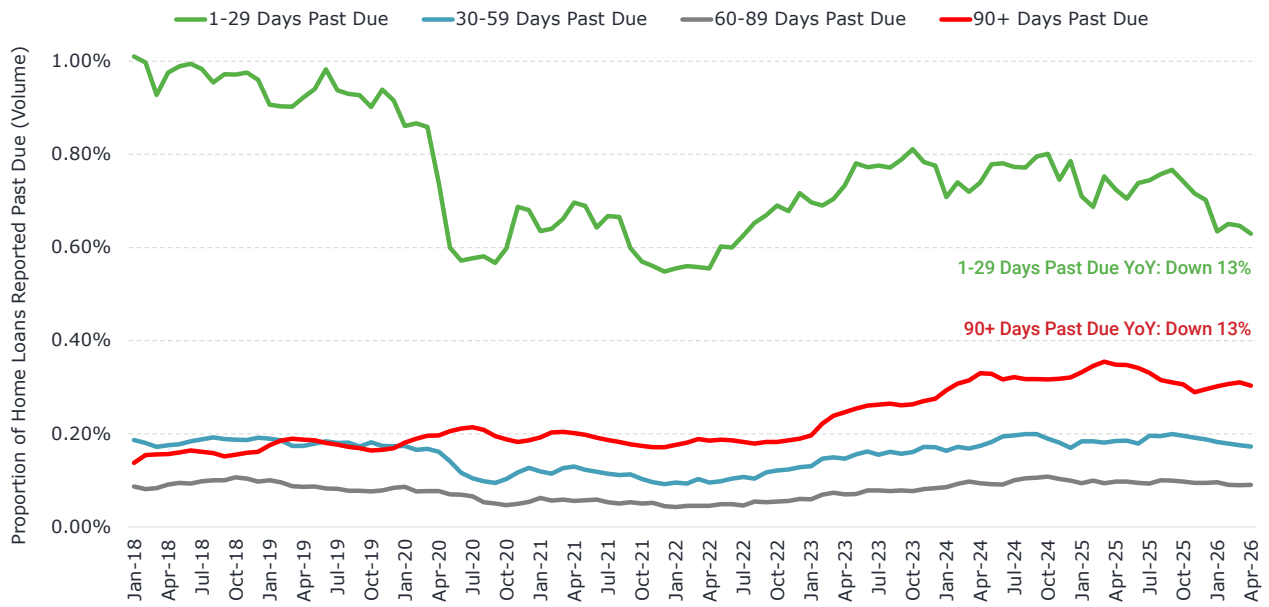
### Home Loan Arrears



### Credit Card & Auto Loan Arrears



### Residential Mortgages: Seasonally Adjusted Delinquency Rates



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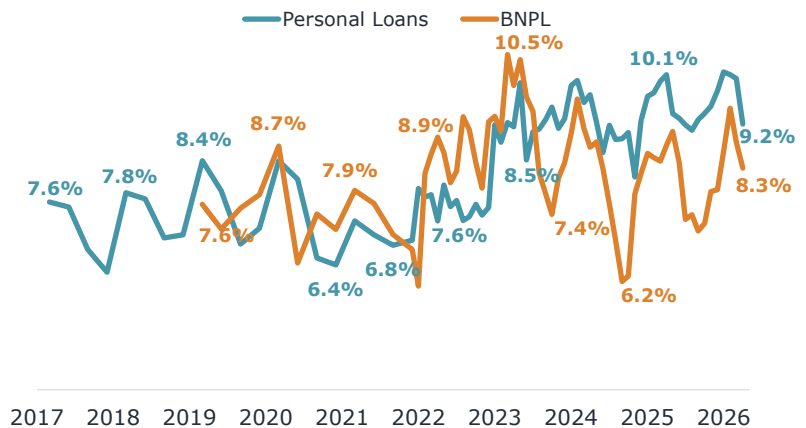
## Household arrears ease overall, but unsecured lending remains a pressure point

Personal loan arrears improved to 9.2% in April, down 8% year-on-year, indicating a gradual easing in repayment pressure.

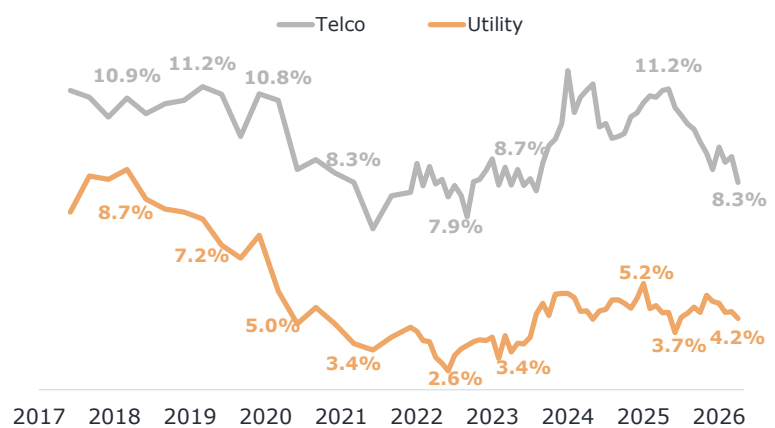
BNPL arrears also declined to 8.3%, down 5% year-on-year, while retail energy arrears edged down to 4.2%, broadly in line with last year.

Telco arrears showed the most significant improvement, falling to 8.3% from 11.1% a year ago.

Personal Loan & BNPL Arrears



Telco & Utility Arrears

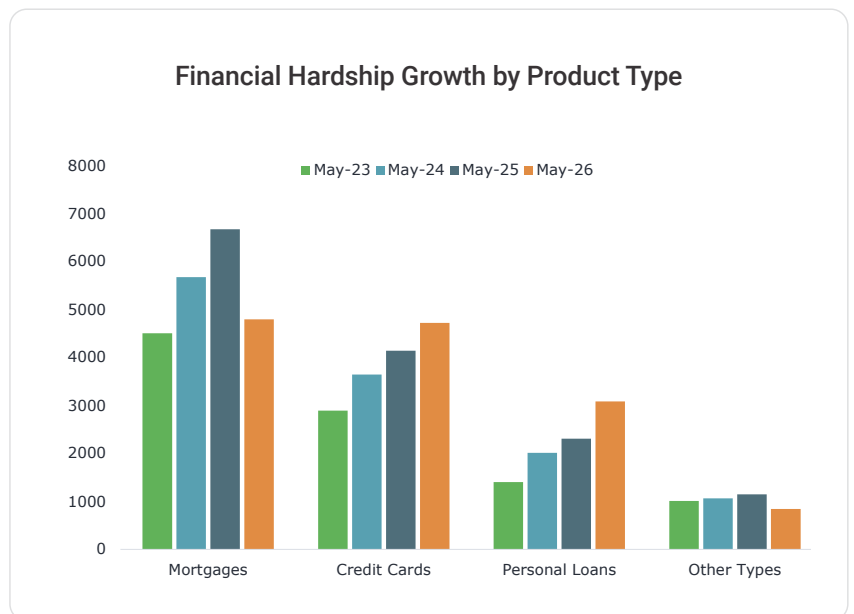
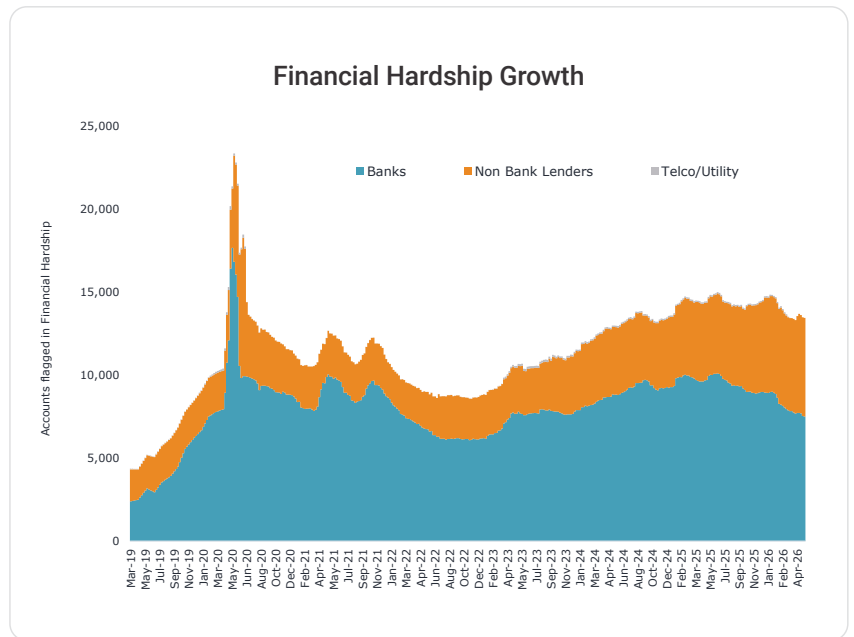


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## Financial hardships ease overall, but personal loans remain a risk

Financial hardship cases have declined 9.3% year-on-year, with 13,450 accounts currently reported in hardship – up slightly by 50 month-on-month, but reversing the upward trend seen since late 2022.

Mortgage-related hardship remains the largest category (36%) and is easing, followed by credit cards (35%). However, personal loan hardship is rising sharply, up 34% year-on-year and now accounting for 23% of cases.

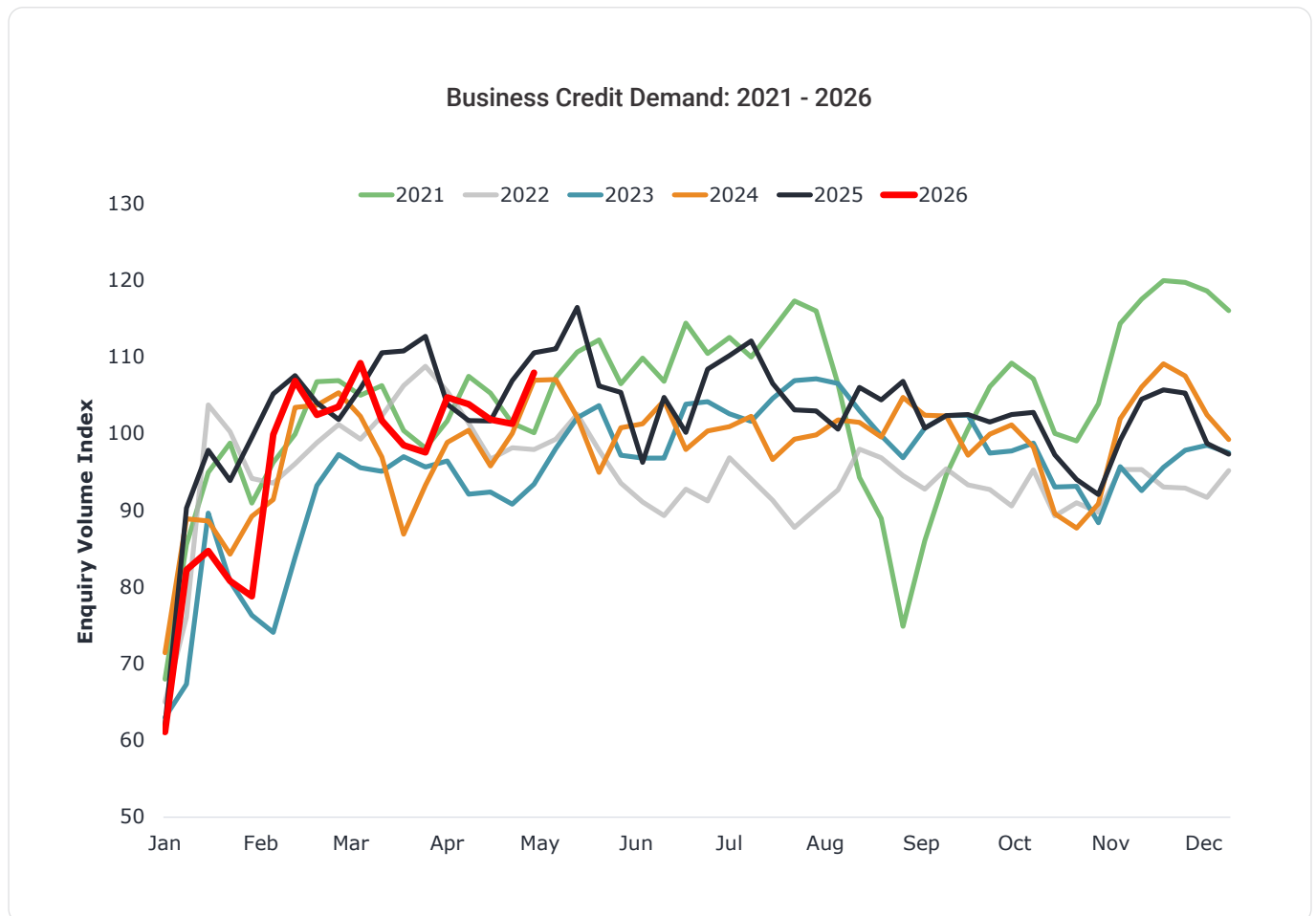


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## Business credit demand dips, hospitality and agriculture drive growth

Business credit demand has softened, down 3.6% year-on-year. Credit demand has increased by 22% in the hospitality sector over the past 12 months, with agriculture up 13% and wholesale up 5%.

The average credit score for new credit applications in April was 744, up 6 points year-on-year and compares to 747 in March.



*Business credit demand has softened, down 3.6% year-on-year.*

## Sector default pressures largely ease, liquidations remain up

While business credit defaults are trending downward – falling 14% year-on-year – company liquidations remain elevated, rising 17% overall. This divergence highlights improving repayment behaviour among active companies, even as business closures continue to reflect the lagged impact of economic pressure.

Agriculture remains a standout performer, with defaults down 34% year-on-year and company liquidations broadly stable (-1%), supported by strong credit quality and rising demand (+13%).

Manufacturing is also showing improvement, with defaults down 28% and liquidations slightly lower (-1%) year-on-year, although weaker credit demand (-15%) suggests activity across the sector remains soft.

Construction and transport are both seeing improved credit performance, with defaults down 21% in each sector. However, liquidations have increased (+7% in construction and +8% in transport), indicating ongoing structural pressure despite better repayment trends.








	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	-15%	-21%	756 ↑	+7%	2.3X
	Hospitality	+22%	+1%	727 ↑	+49%	3.3X
	Retail Trade	+2%	-13%	763 ↑	+37%	1.3X
	Transport	-9%	-21%	727 ↑	+8%	2.2X
	Property / Rental	-5%	+9%	805 ↑	+18%	0.8X
	Manufacturing	-15%	-28%	780 ↑	-1%	1.5X
	Agriculture	+13%	-34%	793 ↑	-1%	0.7X
	All Sectors	-4%	-14%	783 ↑	+17%	1.0X

Table above shows 'year-on-year' comparisons using 12 month rolling averages.  
The Liquidation rating is the proportion of liquidations divided by the proportion of businesses in a given sector.

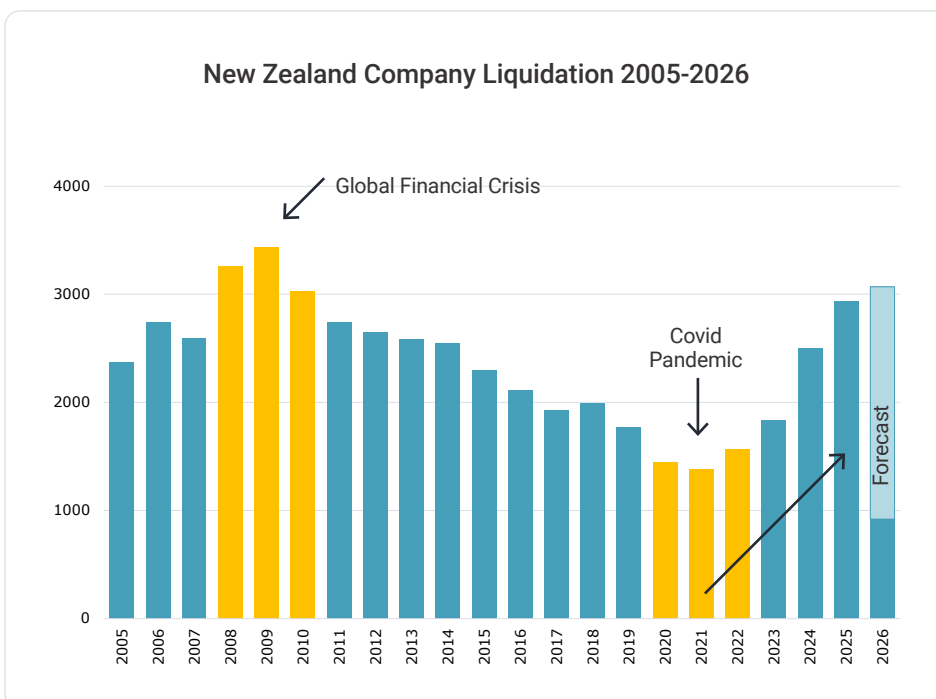
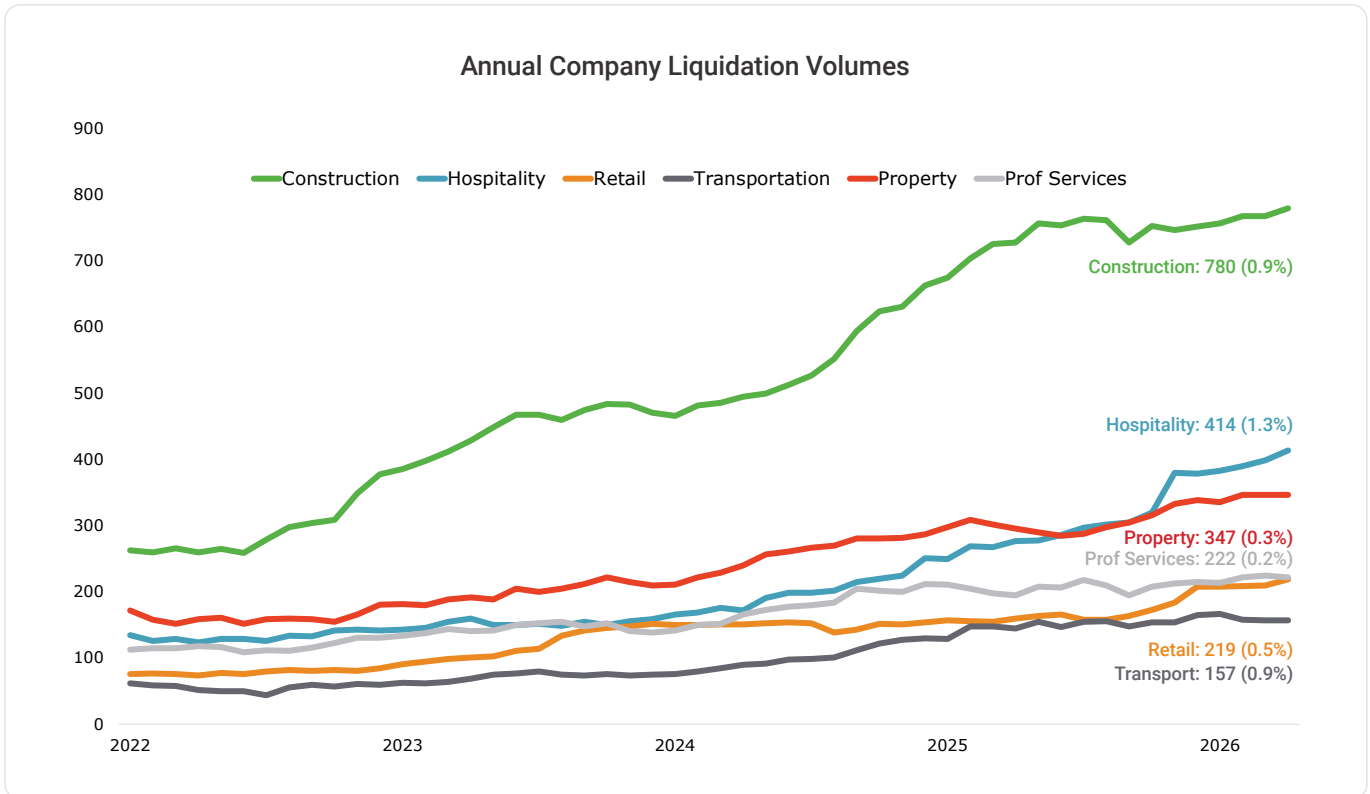
*While business credit defaults are trending downward – falling 14% year-on-year – company liquidations remain elevated, rising 17% overall.*

## Construction and hospitality drive increase in liquidations

While company liquidations continue to rise – tracking toward their highest level since 2010 – the impact remains uneven across sectors. Company liquidations have increased by 17% year-on-year, while closures remain up 14%.

Construction continues to lead in absolute terms, with 780 companies liquidated in the past year, up 7% year-on-year. While this reflects ongoing pressure in the sector, it represents just 0.9% of all registered construction firms, suggesting failures remain concentrated rather than widespread.

Hospitality is the second-largest contributor and the fastest rising, with 414 liquidations recorded – up 49% year-on-year. This sharp increase highlights the continued strain on the sector, particularly amid cost pressures and softer discretionary spending.



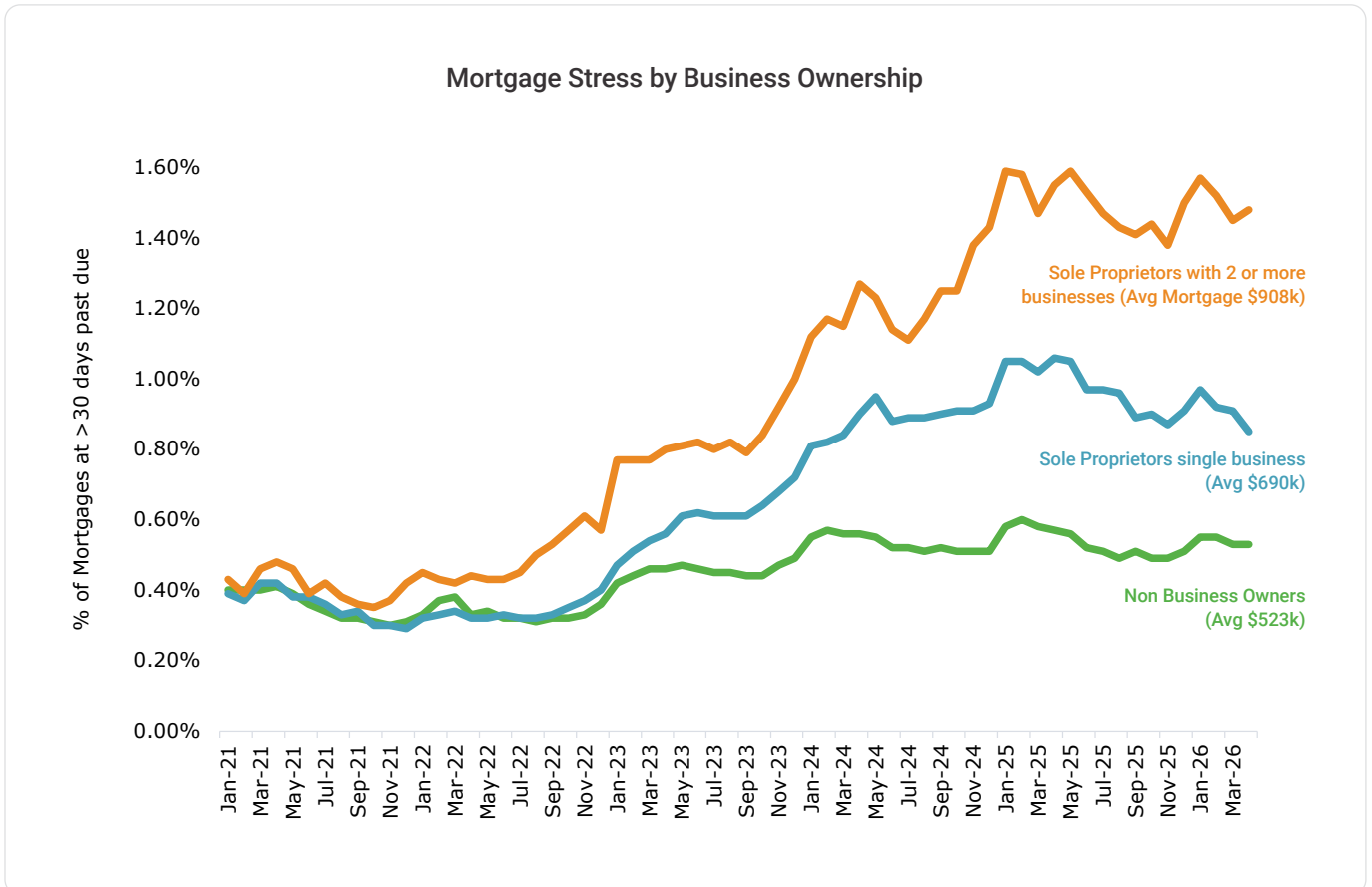
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## Small business owners face elevated mortgage stress

Small business owners are facing elevated financial pressure, particularly those relying on home equity to fund operations.

Mortgage stress – measured as loans 30+ days past due – is significantly higher among sole proprietors compared to non-business owners.

This pressure intensifies for those operating multiple businesses, with mortgage stress levels more than double that of non-business borrowers.



*Small business owners are facing elevated financial pressure, particularly those relying on home equity to fund operations.*

## Spotlight on retail trade sector

The retail trade sector includes over 43,000 registered companies, representing nearly 6% of all businesses. Over the past year, 219 firms entered liquidation – up from 160 the previous year, a 37% increase – though this still equates to just 0.5% of the sector.

Performance remains mixed, with fuel, motor vehicle and hardware retailers under continued pressure, while recreational goods retailers are showing signs of recovery.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
<b>Retail Trade</b>	<b>43,157</b>	<b>5.8%</b>	<b>2%</b>	<b>-13%</b>	<b>763</b>	<b>37%</b>	<b>1.3X</b>
Food Retailing	8,454	1.1%	-3%	-11%	731	28%	1.6X
Fuel Retailing	606	0.1%	-6%	7%	781	50%	1.2X
Motor Vehicle and Motor Vehicle Parts Retailing	3,842	0.5%	18%	-15%	756	53%	1.5X
Non-Store Retailing and Commission Based Trade	5,277	0.7%	-16%	-22%	760	-14%	0.6X
Clothing, Footwear and Personal Accessories Retailing	6,322	0.8%	2%	-17%	765	5%	0.8X
Department Stores	132	0.0%	-	-	748	-	-
Electrical and Electronic Goods Retailing	2,125	0.3%	-16%	-26%	762	33%	1.9X
Furniture, Floor, Houseware and Textile Goods	2,344	0.3%	-6%	17%	776	19%	2.0X
Hardware, Building and Garden Supplies Retailing	1,691	0.2%	16%	58%	798	67%	1.5X
Pharmaceutical and Other Store-Based Retailing	8,581	1.1%	9%	-18%	777	175%	1.3X
Recreational Goods Retailing	2,894	0.4%	10%	-15%	792	-67%	0.4X

Over the past year, 219 firms entered liquidation – up from 160 the previous year, a 37% increase.

Last updated May 2026.

This report contains the most up-to-date credit insights currently available in New Zealand - specifically, May credit activity and April arrears (reported in May).

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## Centrix data

Centrix provides the most up-to-date credit insights available in NZ and holds the richest dataset of payment credit information available in New Zealand. Our extensive and unique credit information comprises of comprehensive credit information, utility data and supporting credit risk information aggregated from a wide range of sources.

### Specifically our data comes from:

- 97 registered banks, finance companies, utility companies, telcos, and other business contributors to Comprehensive Credit Reporting (CCR), providing payment behaviour data. Major bank contributors include ANZ, ASB, BNZ, Westpac, Kiwibank, TSB Bank, and The Co-Operative Bank.
- Credit enquiries, when businesses or individuals apply for finance – indicative of real time credit demand.
- Monthly snapshots of arrears trends and exposure (open accounts and credit limits).
- Fintech providers such as Buy Now Pay Later (BNPL) etc.
- Payment history on more than 95% of individuals and most credit active businesses within New Zealand.
- Credit defaults loaded by collections agencies and credit providers.
- Company tax debts loaded by Inland Revenue.

### Glossary of Terms:

- Credit demand - real time - a leading indicator of consumer and business confidence.
  - Consumer - applies to individuals that apply for finance, telco, broadband, power, tenancy, and utility accounts.
  - Business - applies to businesses that apply for credit terms with any goods and services providers including finance.
- Payment arrears - a one month lag indicator – data contributors typically report the payment status of their customers the month after the payment is due.
- Defaults - a lag indicator - a default will be listed on a credit file where a payment over \$125 is overdue by at least 30 days and the credit provider has tried to recover the money.

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