# August Credit Indicator

CENTRIX

## Housing market slowdown adds to household caution as financial pressures remain uneven

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

While consumer credit performance remains stronger than a year ago, a softer housing market, rising unemployment, and higher borrowing costs have the potential to place additional pressure on some households in the months ahead.

Recent increases in home loan rates by several New Zealand banks are a reminder that many households are still navigating a challenging financial environment and that we are entering an interest rate hike cycle.

New Zealand's unemployment rate also rose to 5.6% during the June quarter, adding to a softer backdrop for household confidence and borrowing activity.

Against this backdrop, Centrix's latest data shows consumer credit performance remains considerably stronger than a year ago, despite some renewed pressure during July.

Consumer arrears increased to 10.74%, with 424,000 people behind on repayments, but remain 13.4% lower than a year ago. The number of consumers 90 or more days past due fell to 82,000.

Mortgage arrears also increased slightly to 1.22%, with around 19,900 home loans past due, although this remains 12% below year-ago levels. Consumer credit demand declined 7.3% year-on-year, while new mortgage lending fell 11.6% during the July quarter. Refinancing activity remains elevated.

Winter costs continue to place pressure on some households. Retail energy arrears increased to 4.8%, while personal loan hardship rose 44% year-on-year and now represents 24% of all hardship cases.

For borrowers who enter a formal hardship status, the path back to their previous credit position is often gradual, typically taking two to three years.

Business conditions remain mixed. Business credit demand is down 0.8% year-on-year and defaults are down 12%, but company closures and liquidations remain elevated. Hospitality is particularly exposed, with 422 companies (1.3% of the sector) entering liquidation during the past year - a 42% increase - while more than 2,900 hospitality businesses ceased trading altogether.

The annual improvement in consumer arrears and business defaults is encouraging, but some volatility still exists in the broader economic environment.

As always, households or businesses struggling with their finances should seek expert support early to help protect their long-term financial health.

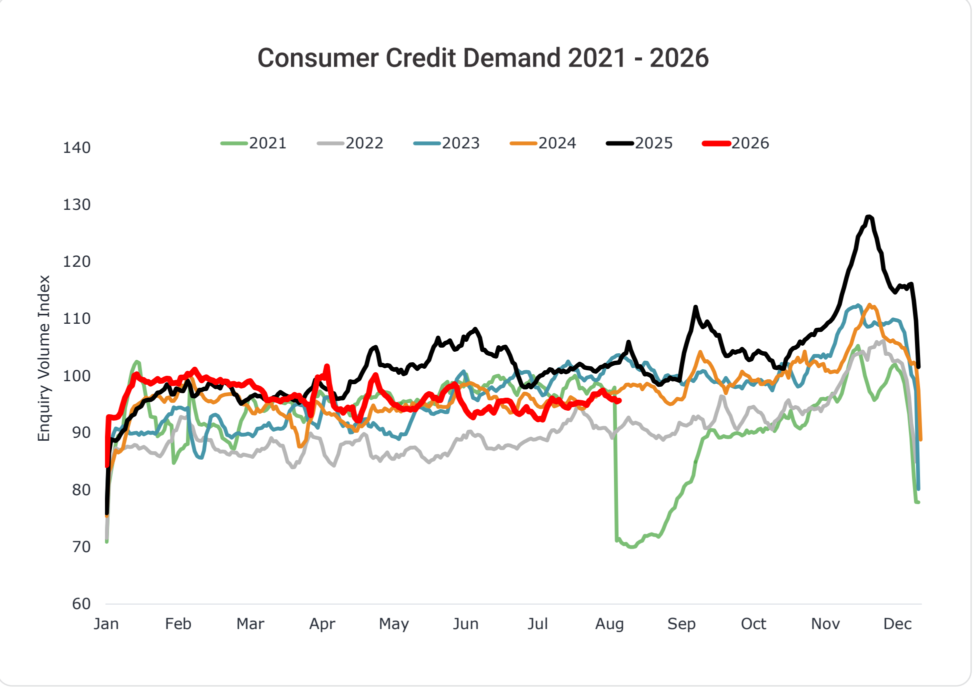
**Monika Lacey**
Chief Operating Officer
Centrix

## Households remain cautious as overall credit demand falls

Consumer credit demand declined 7.3% year-on-year, suggesting households remain cautious .

Mortgage enquiries rose 14.9% year-on-year, while auto loan demand increased 7.4% and personal loan enquiries were up 6.2%.

Demand for credit cards remained weaker, falling 11.7%, while telco enquiries declined 12.2% and retail energy enquiries were down 16.0%.

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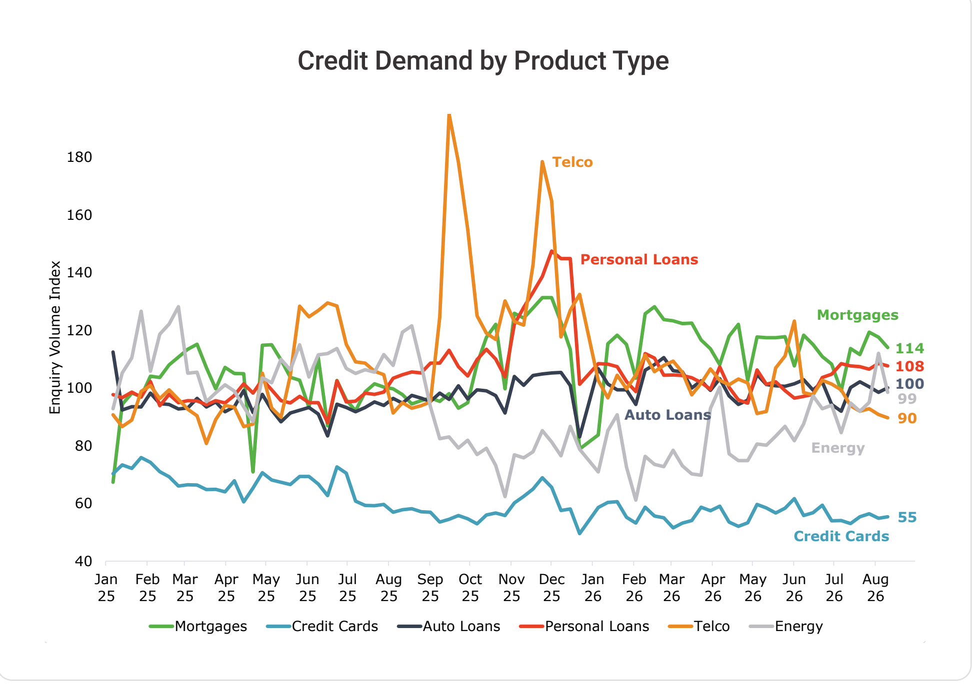


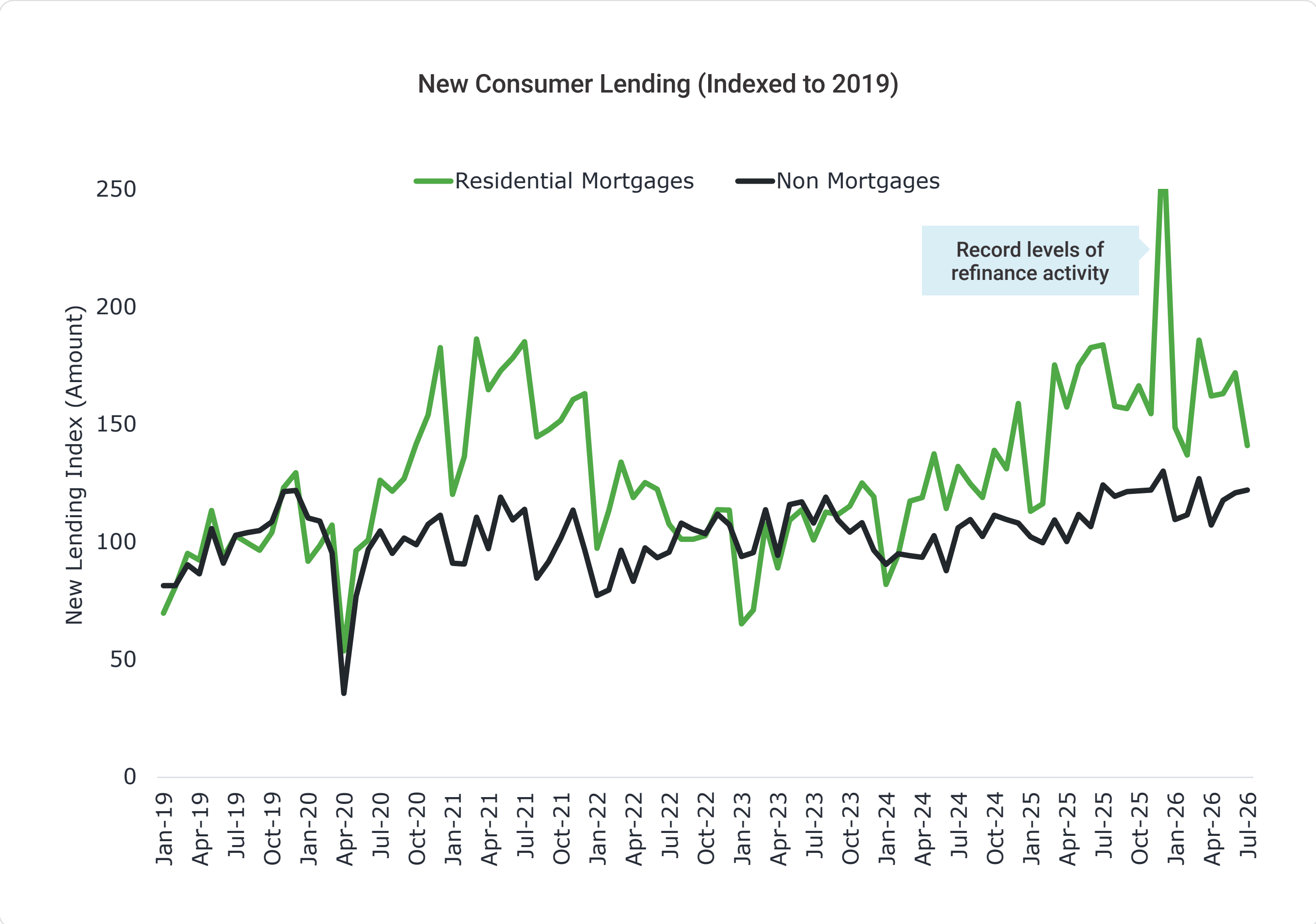

Indexed to 2019 (weekly average)

## Mortgage slowdown weighs on new household lending

Overall new household lending declined 10.5% year-on-year during the July quarter, driven by weaker residential mortgage activity.

Approved new mortgage lending was down 11.6% compared with the same period last year, following stronger activity earlier in 2026.

Non-mortgage lending increased 4.9% year-on-year, supported primarily by continued growth in secured vehicle lending.



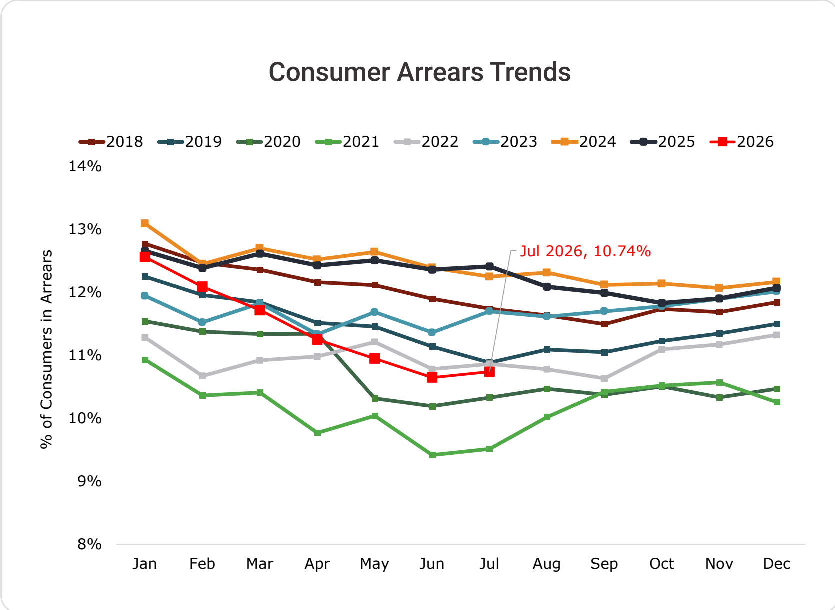

*Approved new mortgage lending was down 11.6% compared with the same period last year, following stronger activity earlier in 2026.*

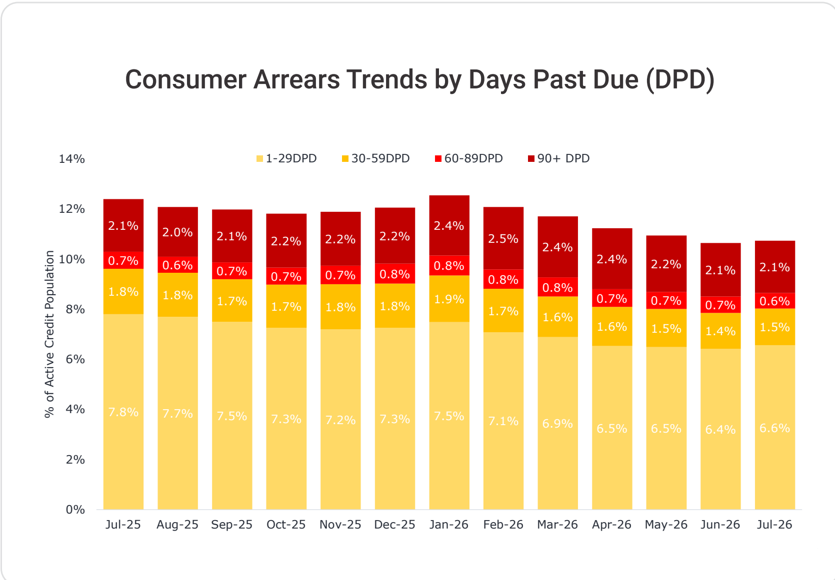
## Consumer arrears remain well below last year despite July increase

Consumer arrears edged higher during July to 10.74% of the credit-active population, from 10.65% in June. The number of consumers behind on payments increased by 4,000 to 424,000.

Despite the monthly increase, arrears are 13.4% lower than a year ago. The number of consumers 90 or more days behind has also continued to decline, falling to 82,000.

Renters account for approximately 69,000 of consumers currently 90+ days in arrears.

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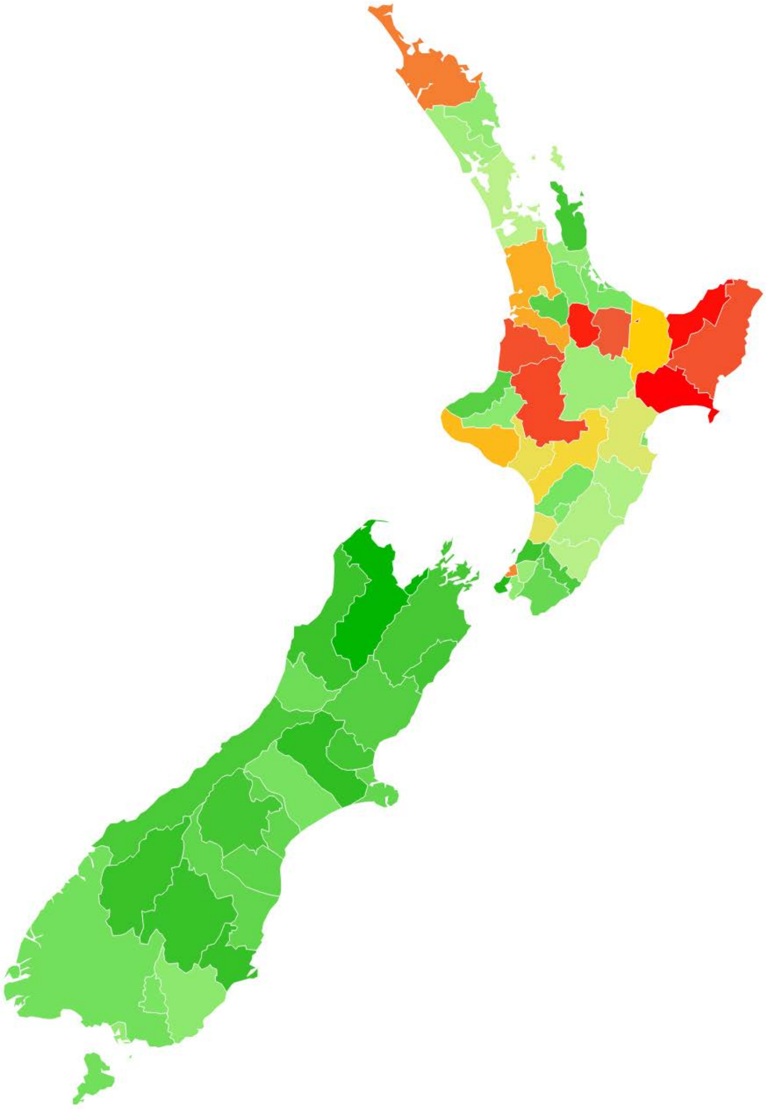
## Arrears across New Zealand



| Lowest Arrears Areas | | |
|---|---|---|
| | District | Arrears % |
| 1 | Nelson City | 7.28% |
| 2 | Tasman District | 7.31% |
| 3 | Wellington City | 7.78% |
| 4 | Selwyn District | 8.24% |
| 5 | Dunedin City | 8.48% |
| 6 | Queenstown-Lakes District | 8.59% |
| 7 | Central Otago District | 8.61% |
| 8 | Buller District | 8.69% |
| 9 | Kapiti Coast District | 8.74% |
| 10 | Kaikoura District | 9.00% |

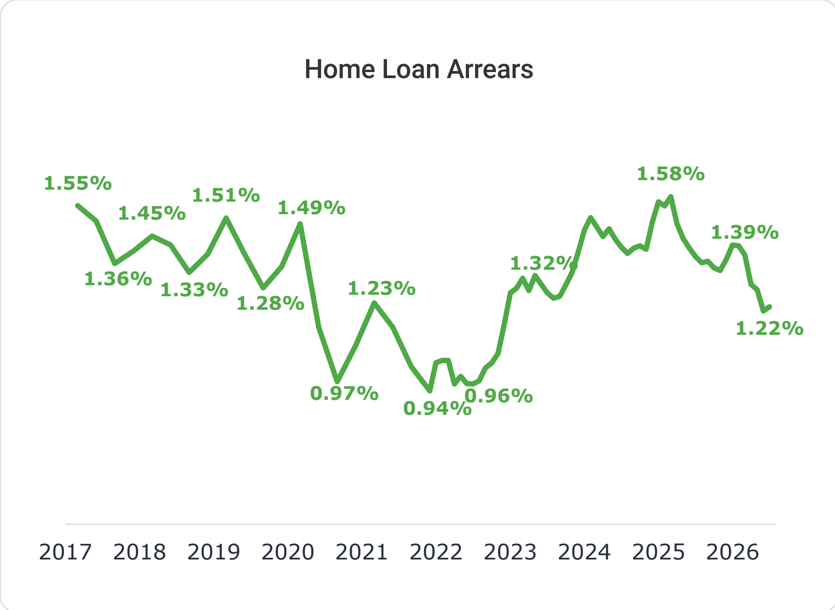
| Highest Arrears Areas | | |
|---|---|---|
| | District | Arrears % |
| 1 | Wairoa District | 16.13% |
| 2 | Kawerau District | 16.01% |
| 3 | Opotiki District | 15.69% |
| 4 | South Waikato District | 15.54% |
| 5 | Ruapehu District | 14.94% |
| 6 | Waitomo District | 14.75% |
| 7 | Gisborne District | 14.72% |
| 8 | Rotorua District | 14.45% |
| 9 | Far North District | 13.83% |
| 10 | Porirua City | 13.65% |

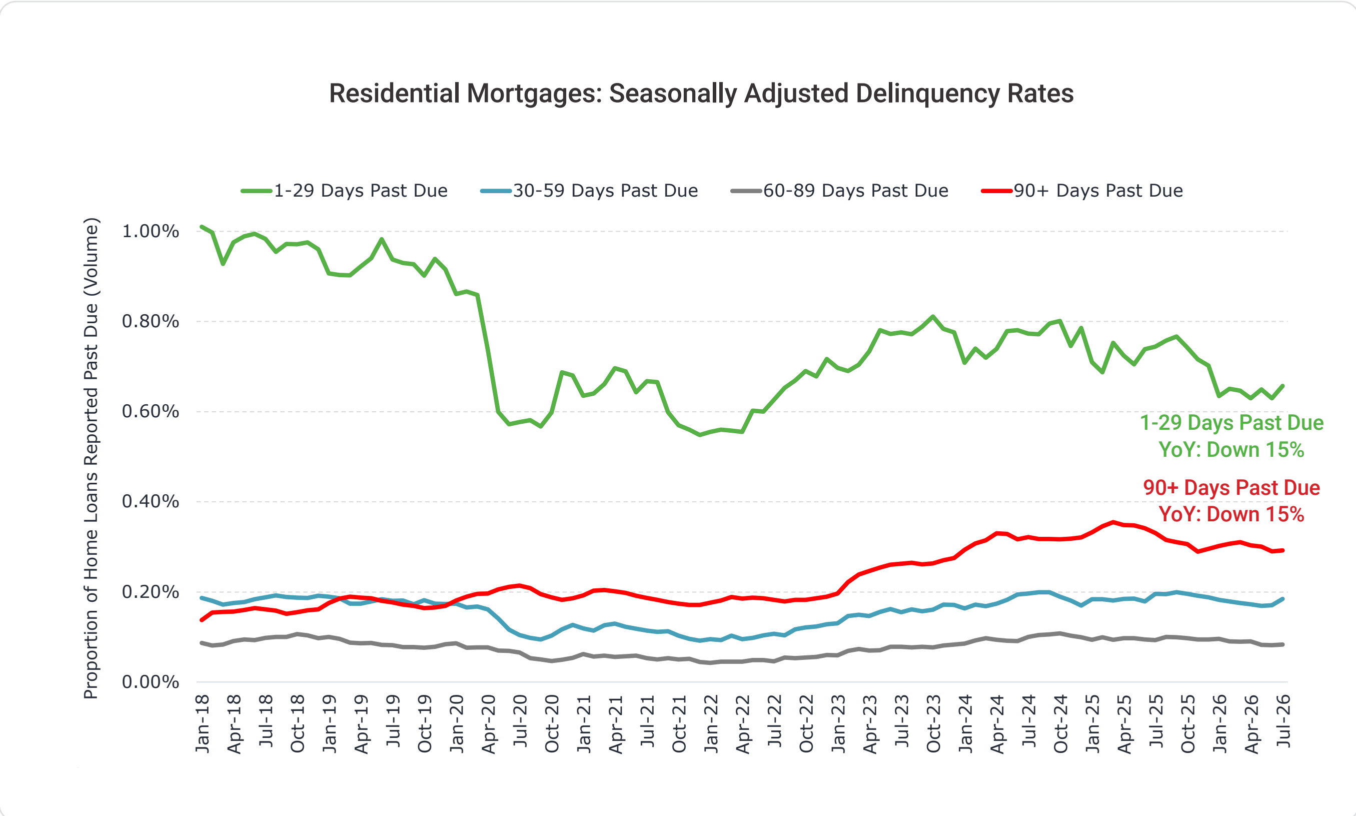
## Mortgage arrears edge higher, but remain well below last year

Residential mortgage arrears rose slightly to 1.22% in July, from 1.20% in June, with 19,900 home loans currently reported as past due.

Mortgage arrears remain 12% below the level recorded a year ago.

Seasonally adjusted mortgage delinquencies have also improved, with both early-stage arrears of 1–29 days and serious arrears of 90+ days down 15% year-on-year.

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## Most lending arrears improve as winter utility pressure rises

Repayment performance continued to improve across most consumer lending products during July.

Credit card arrears remained at 3.8%, while auto loan arrears eased to 5.1%. Personal loan arrears held at 8.7% and are 5% lower year-on-year, while BNPL arrears fell to 7.0%, down 4% from a year ago.

Retail energy arrears moved in the opposite direction, increasing to 4.8% during July as winter energy use increased. Telco arrears improved further to 7.1%.

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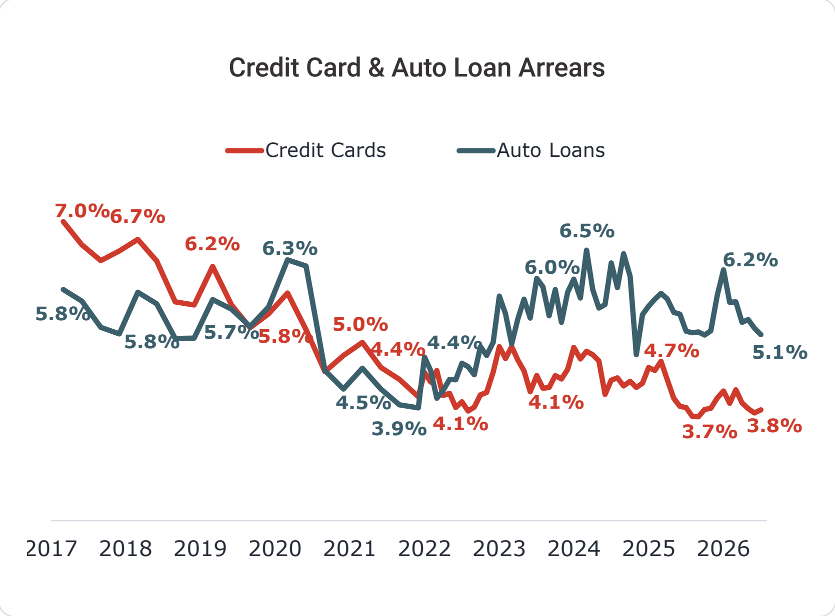


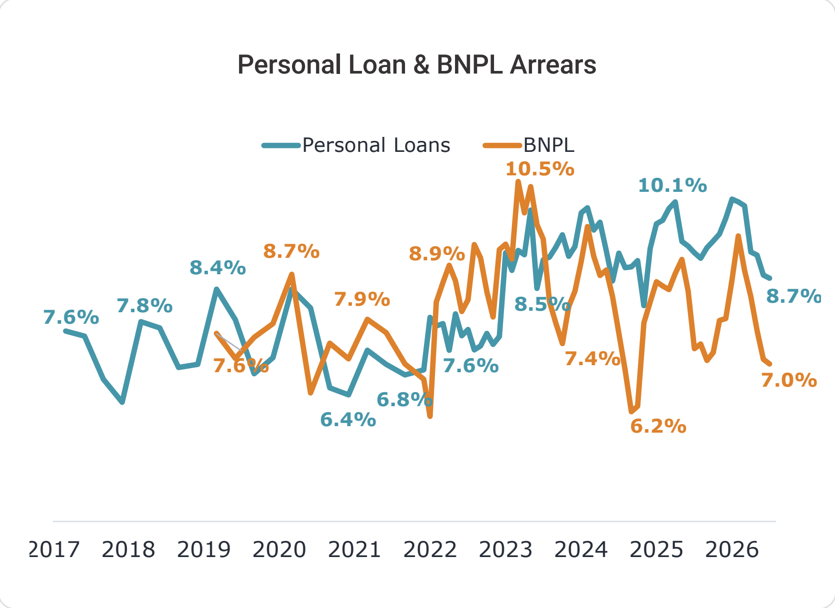


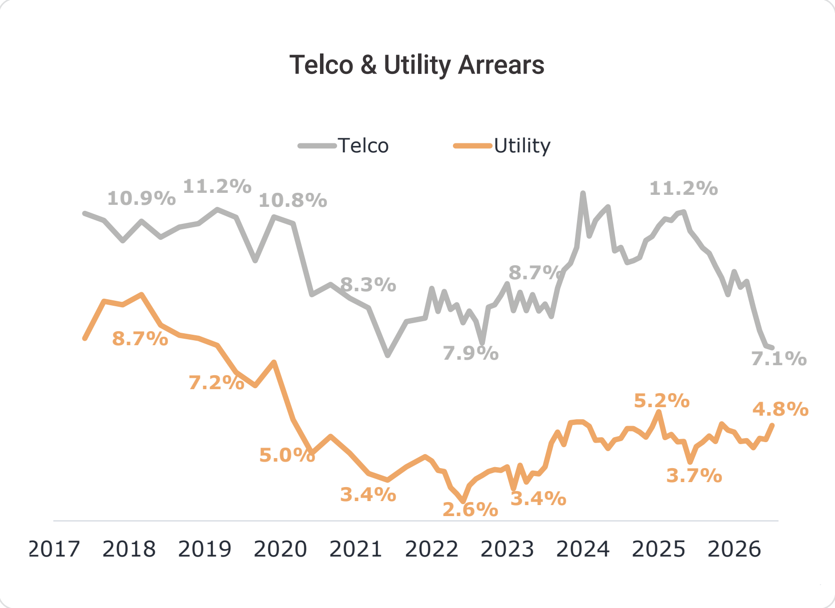

## Financial hardship remains lower overall, but personal loan pressure persists

There are currently 14,000 accounts reported in financial hardship, up 450 from June but 1.3% lower than a year ago.

Mortgages are the largest hardship category, accounting for 38% of cases, followed by credit cards at 32%.

Personal loans account for 24% of hardship cases, with personal loan hardship increasing 44% year-on-year. Consumers aged 35–39 continue to record the highest incidence of financial hardship.

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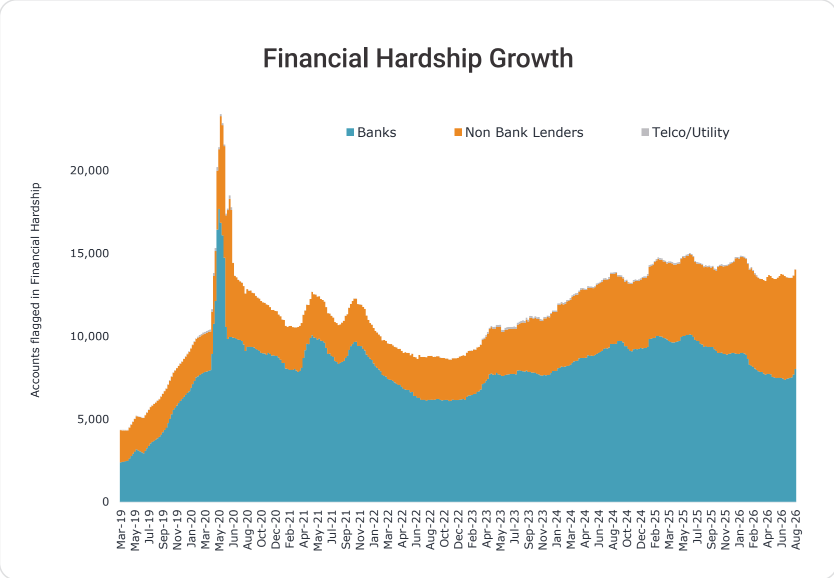
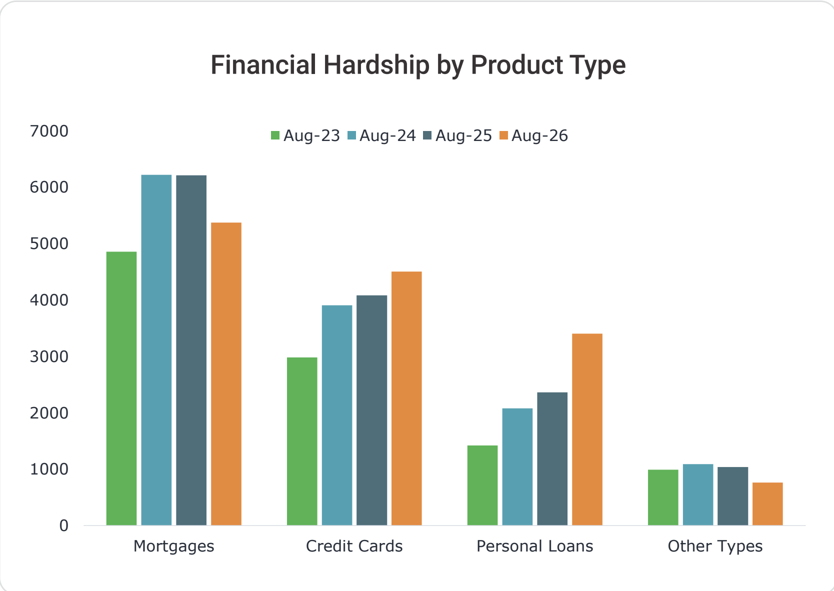
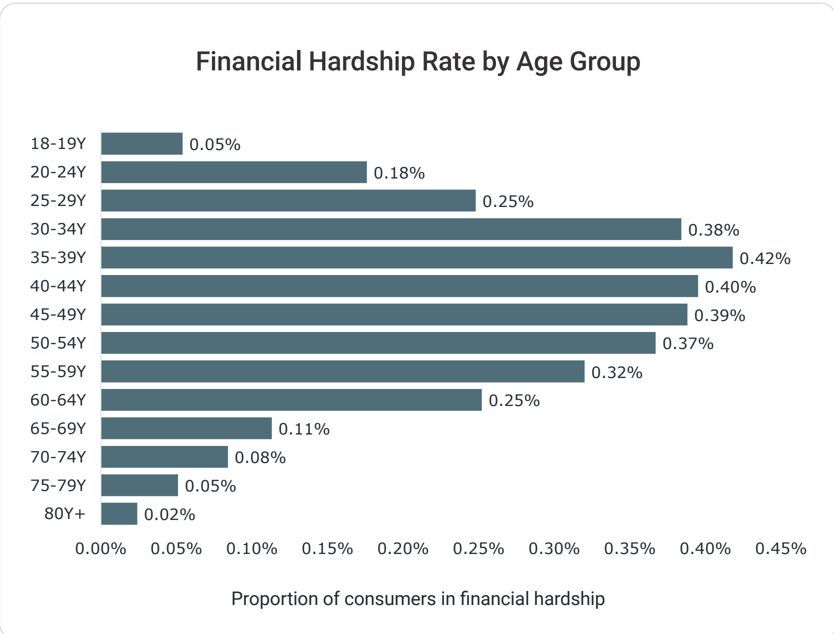


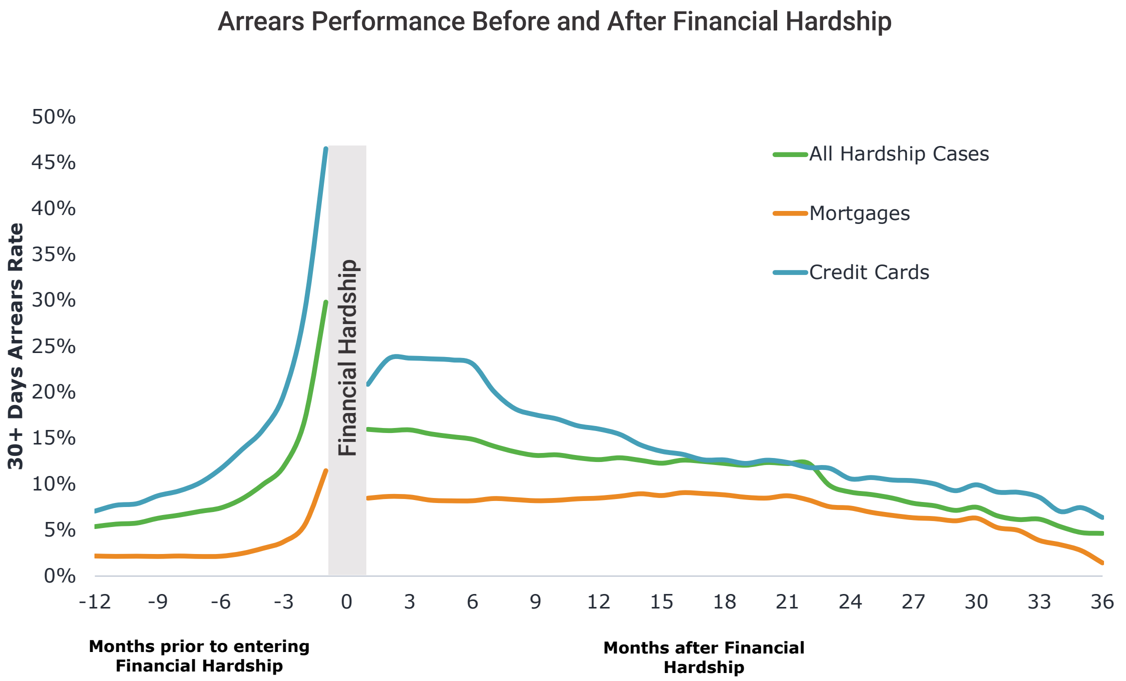



## Spotlight: Hardship support helps borrowers recover, but improvement takes time

Around 48,000 consumers have entered a financial hardship arrangement since 2023, including 26,000 who have entered hardship on multiple occasions.

Mortgage payment difficulties account for 42% of hardship cases during this period, while credit cards account for a further 32%.

Arrears typically increase sharply during the six months before a borrower enters hardship and begin to improve following intervention. Centrix data shows it generally takes two to three years for borrowers to return to the credit position recorded six months before entering hardship.

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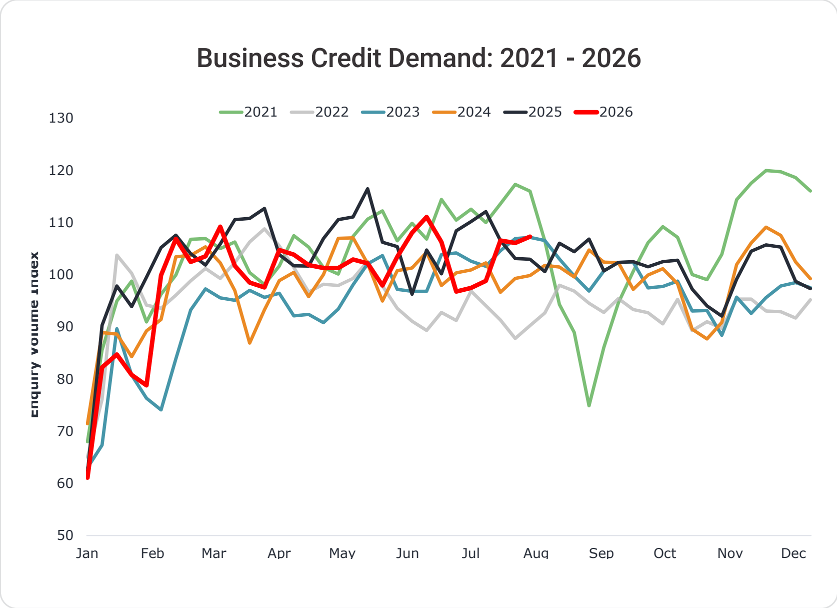
## Business credit demand remains soft as sector performance diverges

Business credit demand declined 0.8% year-on-year, although activity has improved in recent weeks.

Agriculture recorded the strongest growth, with credit demand up 14% over the past year. Hospitality demand increased 9%, while wholesale trade was up 8%.

The average credit score for new business applications was 741 in July, three points higher than a year ago but down from 744 in June. Business credit defaults declined 12% year-on-year.




Year-on-year comparison based on 3 month rolling averages

*Agriculture recorded the strongest growth, with credit demand up 14% over the past year. Hospitality demand increased 9%, while wholesale trade was up 8%.*

| Sector | Credit Demand | Credit Defaults | Avg Credit Score | Company Liquidations | Liquidation Rating |
|---|---|---|---|---|---|
| Construction | -6% | -17% | 755 ↑ | +0% | 2.2X |
| Hospitality | +9% | +1% | 727 ↑ | +42% | 3.3X |
| Retail Trade | -5% | -17% | 761 ↑ | +50% | 1.4X |
| Transport | -7% | -3% | 727 ↑ | -4% | 2.1X |
| Property / Rental | -1% | +5% | 805 ↑ | +19% | 0.8X |
| Manufacturing | -3% | -27% | 780 ↑ | +0% | 1.5X |
| Agriculture | +14% | -29% | 791 ↔ | +4% | 0.6X |
| All Sectors | -1% | -12% | 783 ↑ | +14% | 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.

## Company closures and liquidations remain elevated

New company registrations increased 7% year-on-year on a rolling 12-month basis, while company closures rose 26%.

Company liquidations totalled 3,092 during the past 12 months, up 14% year-on-year. July recorded 302 company insolvencies, compared with 276 in July last year, including 267 companies placed into liquidation.

Construction accounted for 28% of company insolvencies during July, followed by property, leasing and hiring at 13%, and hospitality at 11%.

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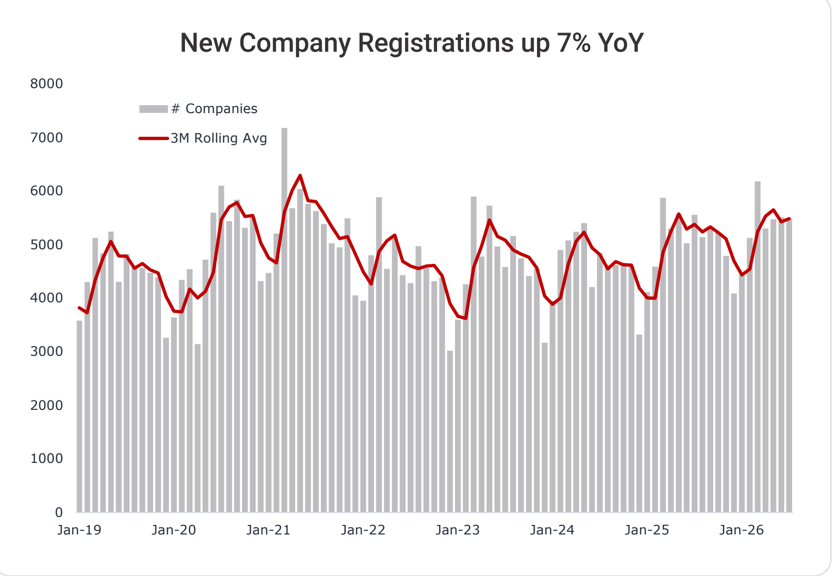
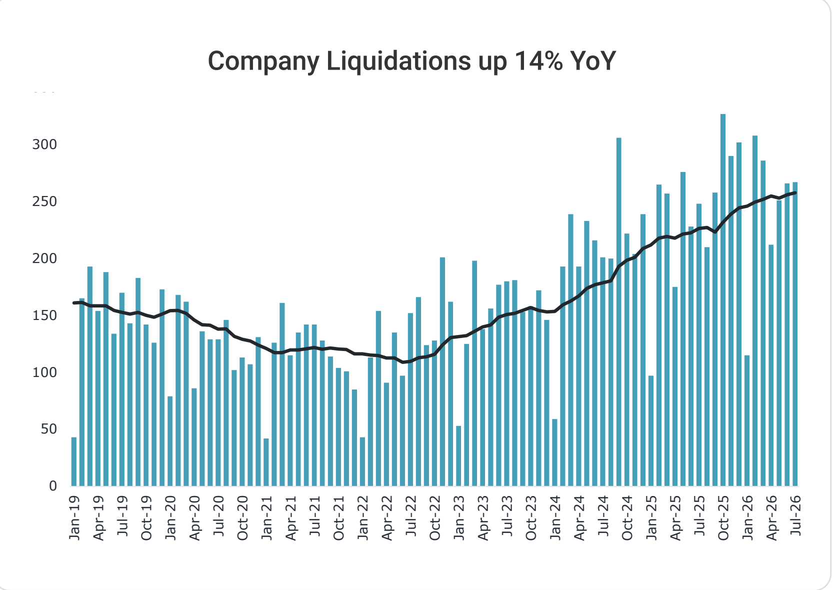
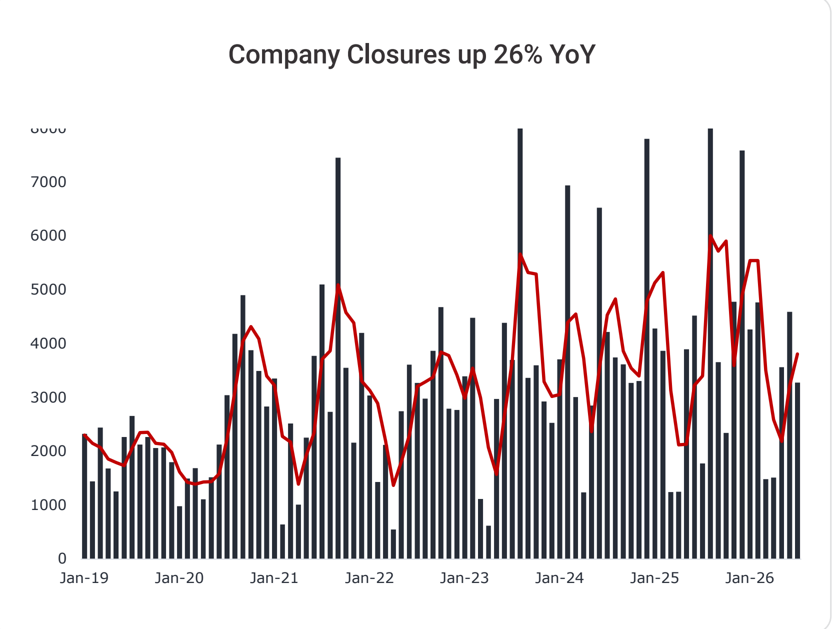


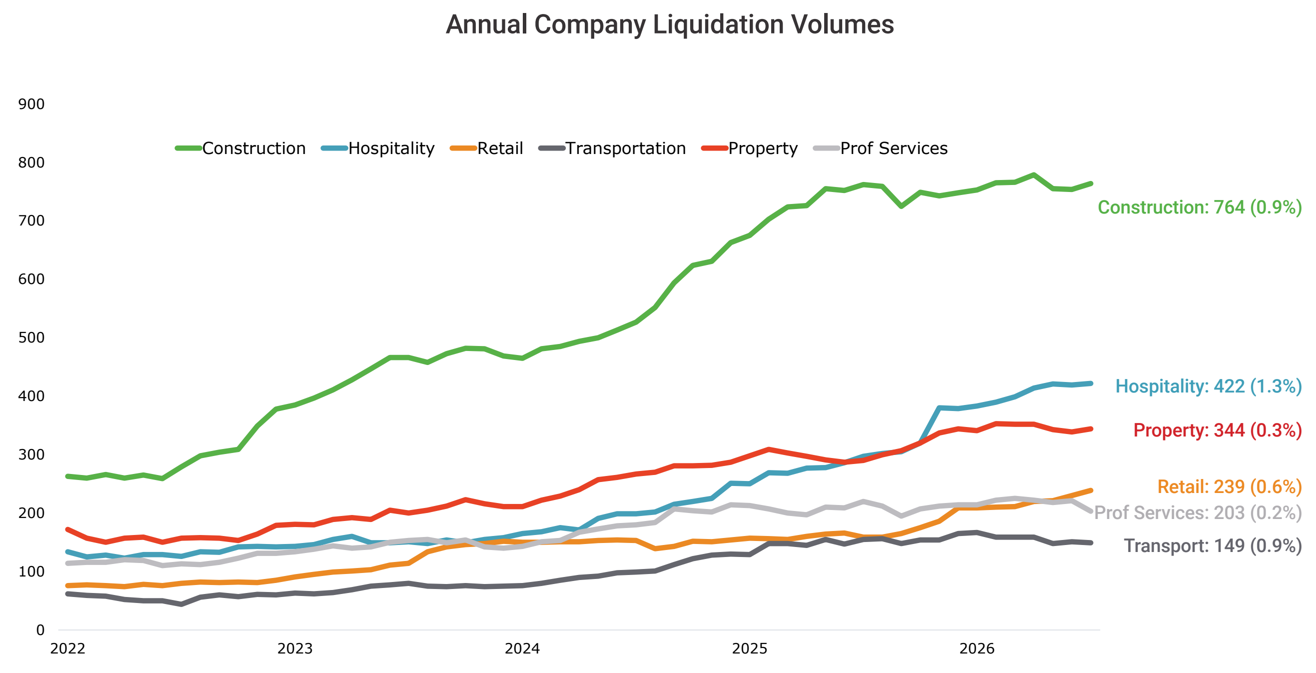



## Construction leads liquidation volumes as retail and hospitality failures rise

Construction remains the largest contributor to company liquidations, with 764 businesses liquidated during the past year, representing 0.09% of the sector. However, annual construction liquidation volumes are now broadly unchanged from a year ago.

Hospitality recorded 422 liquidations, up 42%, while retail trade liquidations increased 50% to 239 businesses.

Transport liquidations declined 4% year-on-year, while manufacturing was broadly unchanged. Business defaults have also fallen across construction, retail, transport, manufacturing and agriculture.

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## Hospitality remains one of the most vulnerable business sectors

Hospitality continues to face elevated insolvency pressure, with its liquidation rate sitting 3.3 times that of the average New Zealand business

During the past 12 months, 422 hospitality companies entered liquidation, up from 297 a year earlier. More than 2,900 hospitality businesses also ceased trading during the period, an increase of 38%.

Restaurants and takeaway operators remain among the most affected. Restaurant liquidations increased 43% year-on-year, takeaway food service liquidations rose 143%, and café liquidations increased 27%.

Accommodation, catering services and pubs, taverns and bars recorded lower liquidation volumes than a year ago.

| Industry Classification Description | Registered Companies | | Key Credit Indicators (YoY Change) | | | | |
|---|---|---|---|---|---|---|---|
| | # | % | Δ Credit Demand | Δ Defaults | Credit Score | Δ Company Liquidations | Liquidation Rating |
| **Accommodation and Food Services** | **31,613** | **4.2%** | **9%** | **1%** | **727** | **42%** | **3.3X** |
| Accommodation | 6,207 | 0.8% | 11% | 9% | 784 | -50% | 0.6X |
| Cafes | 4,259 | 0.6% | 9% | -12% | 723 | 27% | 3.3X |
| Catering Services | 1,325 | 0.2% | -14% | -14% | 710 | -36% | 1.3X |
| Coffee shops | 1,189 | 0.2% | 3% | -17% | 720 | 22% | 2.3X |
| Restaurants | 6,239 | 0.8% | 14% | 14% | 705 | 43% | 5.7X |
| Takeaway Food Services | 8,528 | 1.1% | 10% | 12% | 713 | 143% | 4.4X |
| Clubs (Hospitality) | 665 | 0.1% | 5% | -15% | 696 | -14% | 4.5X |
| Pubs, Taverns and Bars | 1,680 | 0.2% | 9% | -25% | 695 | -8% | 3.2X |

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Last updated August 2026.

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

## 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:

- 100 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.
- Inland Revenue (IR) information about unpaid tax debts that meet the statutory reporting criteria..

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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