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New Zealand hospitality activity climbed to about 64 in October, the strongest services reading

The accommodation, cafes and restaurants subindex sat roughly 14 points above expansion, signaling a sharper rebound than other consumer services

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Activity in New Zealand’s accommodation, cafes and restaurants sector led the country’s services survey in October, in a sign that parts of consumer-facing spending strengthened even as some other discretionary categories remained soft.

Data released Monday, November 16, by BNZ and BusinessNZ showed the sector’s subindex in the Performance of Services Index, or PSI, stood at about 64 points in October on an unadjusted basis, according to the activity breakdown published in the report. That was the highest reading among the service industries covered and left the sector about 14 points above the 50-point level that separates expansion from contraction.

The result points to a clear pickup in reported activity for hotels, food service and related businesses after the sharp weakness described earlier in the year. The PSI measures the direction of change reported by firms rather than the level of output, so a reading above 50 indicates more businesses reported improvement than deterioration.

The October sector reading stood out because it came in a month when not all parts of the services economy improved at the same pace. The hospitality-related category outperformed other service activities tied to discretionary spending, including recreational services, which remained weak in the sector breakdown.

At the national level, the seasonally adjusted PSI rose to 51.7 in October from 50.9 in September, according to a separate BNZ-BusinessNZ release issued Monday, November 16. That left the overall services index modestly in expansion territory and above the 48.8 recorded in October 2025.

The contrast between the national reading and the much stronger result for accommodation, cafes and restaurants suggests that the recovery in services was uneven. Hospitality businesses appeared to report a stronger rebound in demand than many other service providers, even with households and firms still facing a mixed economic backdrop.

The October reading is especially notable because service-sector surveys had pointed to a difficult start to the year for many customer-facing businesses. Against that backdrop, a subindex near 64 suggests a broad improvement in conditions for the

hospitality segment, at least in month-to-month terms. Because the figure is taken as an approximate reading from the report’s chart and is not seasonally adjusted, it should be read as a strong directional signal rather than a precise measure comparable with the headline national figure.

Even so, the message from the survey was clear. The accommodation, cafes and restaurants category was the strongest part of the services landscape in October, and it was comfortably above the expansion threshold at a time when some other sectors were still struggling to gain momentum.

That matters for the broader economy because hospitality is closely tied to household spending, domestic travel and tourism flows. A stronger reading in that category can indicate that customers are returning to restaurants, cafes and lodging providers after a period of restraint. It can also suggest that firms in the sector saw better sales, busier trading conditions or improved bookings during the month.

The broader services survey remains important because services make up a large share of New Zealand’s economy. A national PSI above 50 does not point to rapid growth, but it does indicate that the sector as a whole moved back into expansion and improved from September. Within that picture, the hospitality segment’s much higher reading showed that some businesses were recovering faster than the national average.

BNZ and BusinessNZ published both the industry breakdown and the national release on Monday, November 16. The survey material described the sector detail in the Services Landscape report and the headline national result in a separate statement. Together, the releases showed that while the overall services recovery remained moderate in October, accommodation, cafes and restaurants provided one of the clearest signs of renewed momentum.