Experian

Experian **Spend Index** Report

Contents

Executive summary

Australians entered 2026 after a year defined by careful spending and growing financial pressure. On the surface, household spending initially pointed to signs of recovery, growing **7.3%** as inflation and interest rates stabilised following the near-stagnant conditions of 2023. But the resilience was uneven. For much of 2025, Australians were spending again, but cautiously, making deliberate trade-offs to manage rising costs across groceries, housing, transport and utilities.

By the final quarter, momentum was softening. Growth slowed to 5%, the festive uplift was weaker than previous years, and Experian's Commercial Risk Barometer analysis was already picking up warning signs, with rising severe-risk businesses across traditionally stable sectors suggesting household budget pressure was beginning to flow through to broader economic conditions.

These pressures appear to have evolved into wider financial anxiety in 2026. Most Australians entered the year concerned about the economic outlook and the majority had already changed their financial behaviour in response. Over one-third were relying on credit to cover everyday essentials, and 41% were finding those repayments increasingly hard to manage.

For lenders, retailers, policymakers and brands, understanding where pressure is building will be critical to navigating what comes next.

These are the findings from Experian's inaugural Spend Index Report that combines consumer research conducted in 2026 with comprehensive analysis of millions of credit active Australians via Experian's 2025 transaction and bureau data, to examine how people are adapting their spending, saving and borrowing behaviour in response to ongoing economic pressure.

The cost-squeeze:

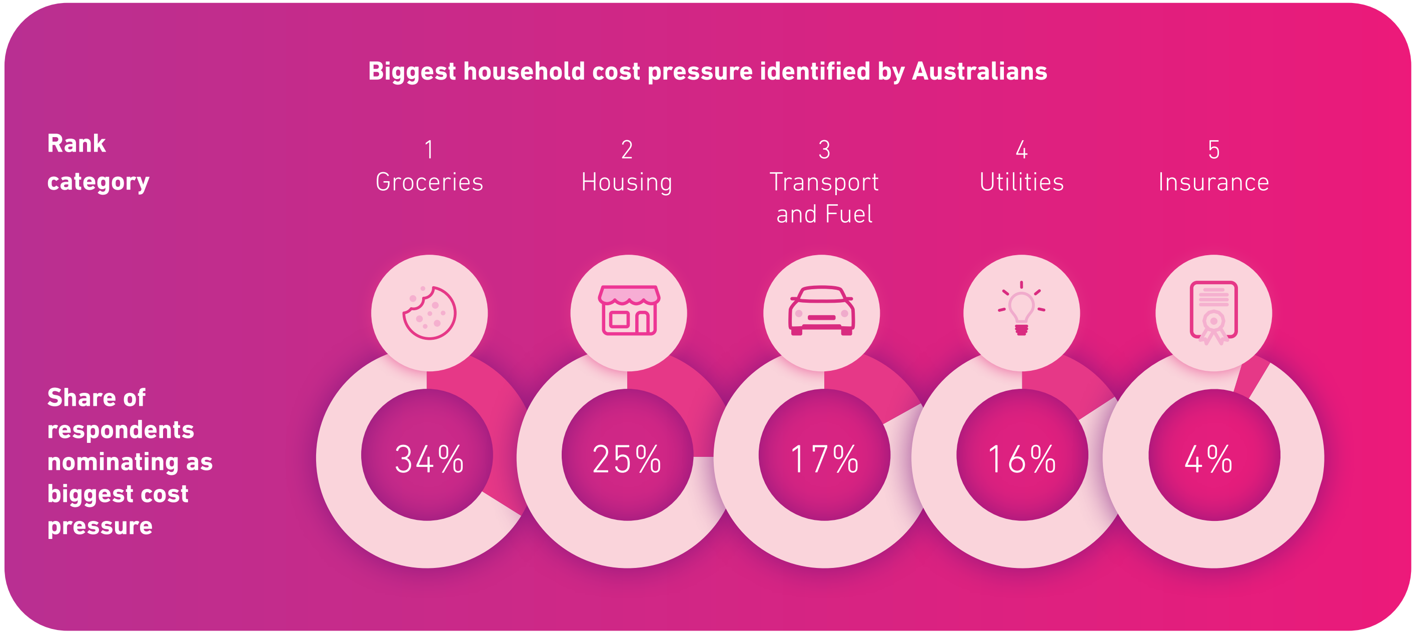
Essential household spend

Rising costs across groceries, housing, transport and utilities intensified cost-of-living pressures throughout 2025, leaving many Australian households with little room to move.

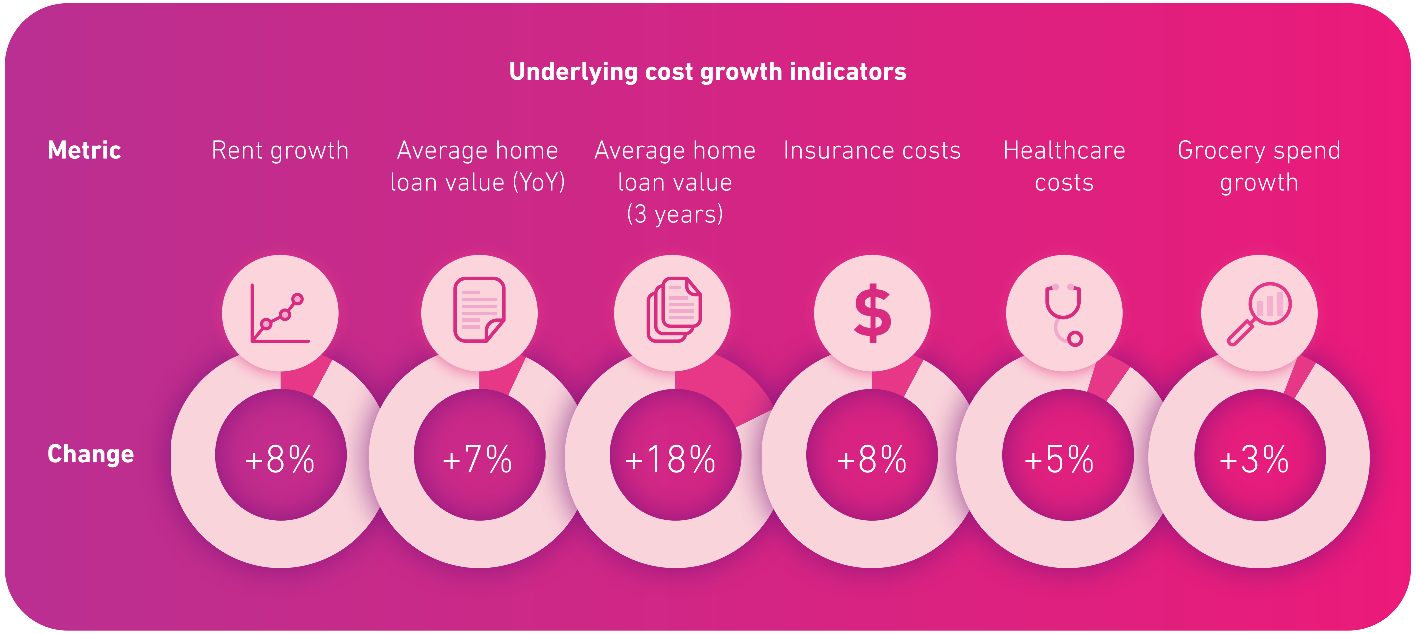
Groceries emerged as the most widely felt pressure point, nominated by more Australians than any other category as the hardest-hit household expense. At the same time, bureau data shows how grocery spend growth slowed to just 3% in 2025, suggesting households were cutting back on volume and trading down to cheaper alternatives.

Housing costs continued climbing for both renters and homeowners, with mortgage holders facing a compounding burden as rising loan values collided with interest rate pressures. Even traditionally non-negotiable expenses like healthcare and insurance began to give way, with one in four Australians stating they delayed or skipped a medical appointment. Transport and utility costs added further strain, though unevenly across the different states and regions.

The adjustments households made appeared rational and deliberate, but cumulative, and for many Australians, financial buffers look to be thinning.



Source: Pollfish consumer survey



Source: Experian bureau data

The housing crunch:

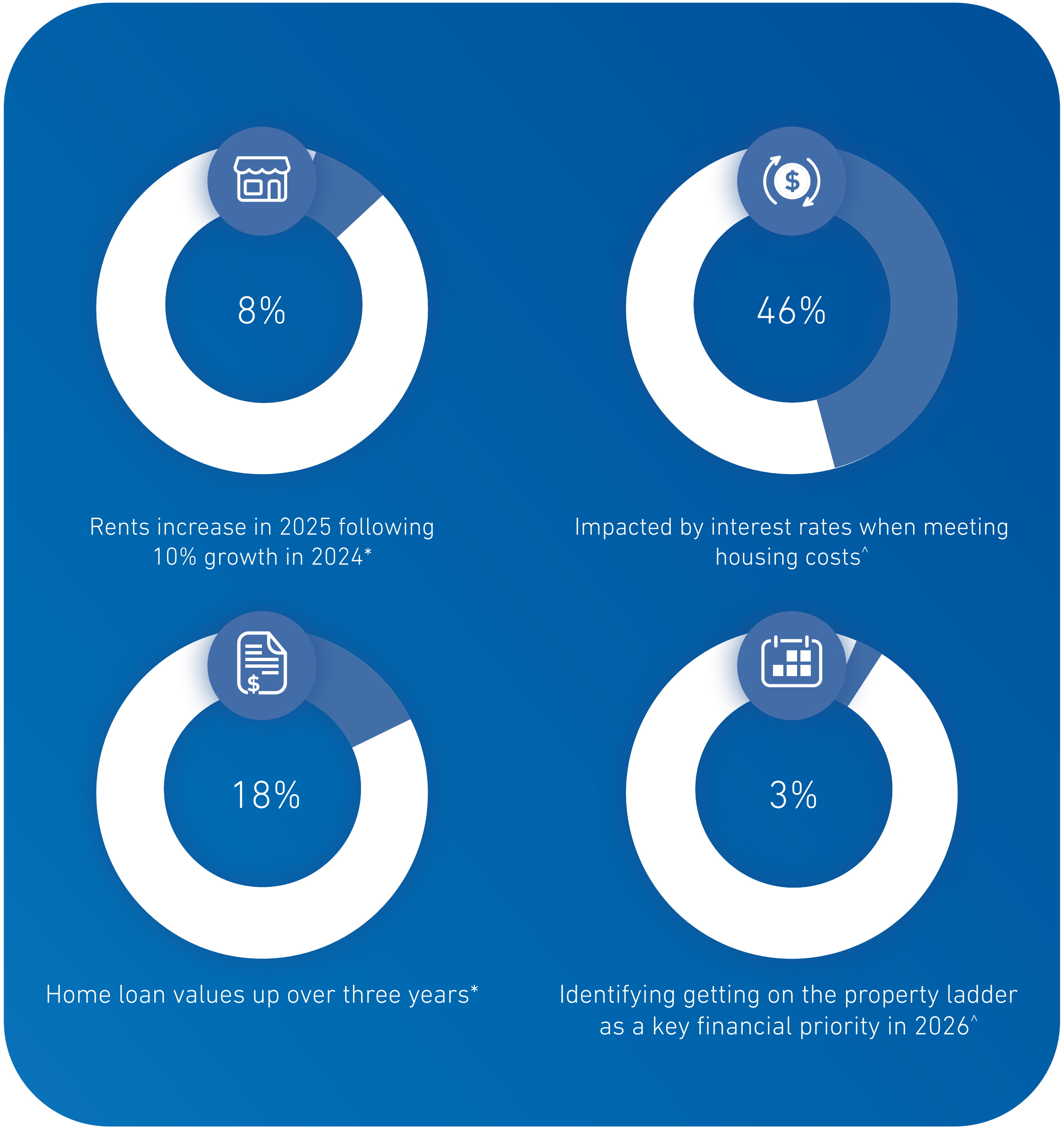
How housing status is reshaping spending

Housing remained one of the defining fault lines of 2025, shaping spending behaviour differently depending on whether Australians owned, rented or were still hoping to one day achieve either.

For renters, higher living costs did not necessarily translate into lower spending. Renters recorded stronger growth across groceries, retail and entertainment, suggesting they maintained stronger short-term spending despite broader affordability issues. However, this may also reflect a growing sense among younger Australians that home ownership is increasingly out of reach, shifting priorities away from long-term saving and towards day-to-day consumption.

Homeowners, by contrast, were tightening more aggressively. Spending growth slowed across both essential and discretionary categories, alongside a visible shift toward at-home consumption and tighter budgeting overall. Rents rose 8% in 2025 following a 10% increase the year prior, while average home loan values increased 18% over three years. Recent home buyers are doubly affected by higher mortgage debts and higher interest rates, while existing borrowers are already navigating higher rates.

Among consumers holding multiple credit facilities, homeowners reduced credit card usage while increasing reliance on BNPL, suggesting a shift toward more flexible borrowing. Renters with multiple credit products continued to increase spending across both.



Source: *Experian bureau data | ^ Pollfish consumer survey

Treat vs tighten:

Travel, entertainment and retail discretionary spend in focus

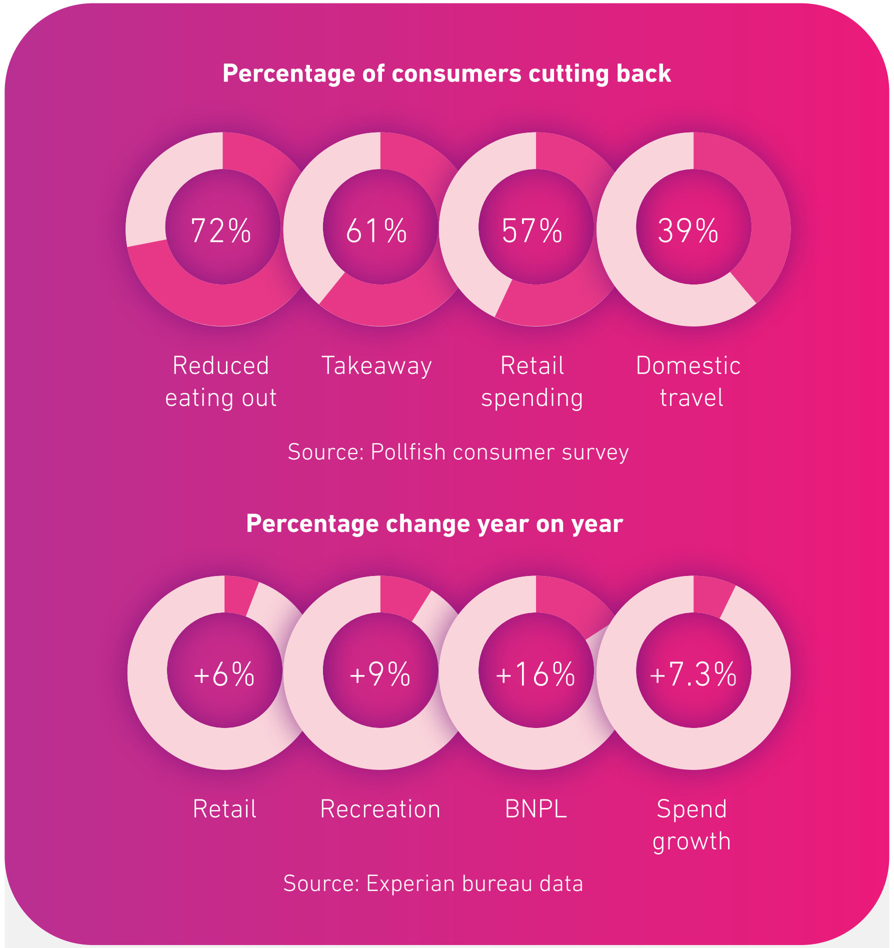
While most Australians felt pressure on household cashflow, discretionary spending did not disappear in 2025. Instead, households became more selective, making deliberate trade-offs to preserve some lifestyle comforts while pulling back elsewhere.

Annual consumer spending increased appreciably in 2025, rising 7.3% year-on-year compared with 4.4% in 2024. However, this strength softened by year's end, with December quarter growth slowing to 5%, down from 7.3% in the prior year. The usual Christmas uplift was still present, but less pronounced, with quarter-on-quarter spending growth easing to 3.9%, compared with 5.1% in 2024.

This late-year slowdown helps align the spending data with consumer sentiment captured in 2026, where many respondents reported cutting back on eating out, retail spending and domestic travel, dipping into savings and delaying major purchases to manage rising costs. The data suggests this was not a wholesale retreat from discretionary spending, but a reshaping of it.

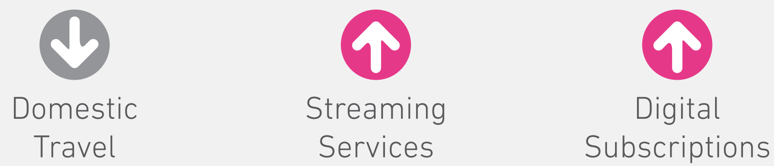
By late 2025, going-out and experience-led categories softened. Live entertainment and cinema fell 5% in the December quarter, while travel declined 9%, despite both categories recording annual growth. At the same time, at-home and digital entertainment grew strongly, with digital goods up 11%, digital subscriptions up 15%, video streaming up 8% and gambling up 27% in the December quarter.

Together, these trends suggest Australians were not simply cutting discretionary spending. They were reprioritising it around affordability, flexibility and lower-cost forms of entertainment, with Q4 showing a clearer budget-driven shift from going out to staying in.



Consumers are redirecting spending toward at-home entertainment

Declining travel spend against rising streaming and digital subscription growth in late 2025, reflecting the shift toward at-home entertainment.



Source: Experian bureau data (late 2025)

Seasonal pulse of consumption

Festive and seasonal spending remained important for Australian households in 2025, but consumers approached key moments with greater caution and tighter budgets. While retail, dining and digital categories still experienced clear seasonal peaks, the typical festive uplift softened to **3.9%**, down from around **5%** in the prior year, reflecting growing financial restraint beneath the surface.

Rather than abandoning seasonal spending altogether, households became more strategic about how and when they spent. Nearly one-third of consumer respondents dipped into savings to fund Christmas expenditure, while a significant proportion reported buying only essentials during major sales events. Yet department store spending surged in Q4, a reminder that Australians were still drawn to seasonal retail moments even as overall confidence weakened.

This more cautious spending environment was also reflected in how households used different payment instruments. Consumers relying on multiple debt products recorded the weakest spending growth, suggesting heavier debt reliance may have constrained discretionary spend. By contrast, stronger growth was seen among consumers using transaction accounts only, as well as those using transaction accounts with BNPL, indicating that spending held up best among households either funding purchases directly or using more limited, flexible credit options.

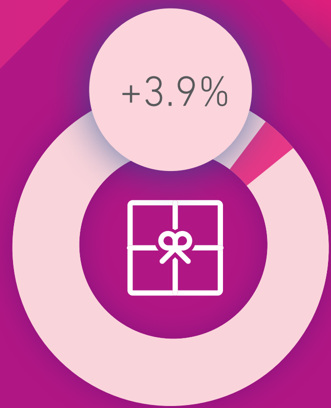
Christmas under pressure

Dipping into savings
Australians are increasingly drawing on savings buffers to fund festive spending.

Essentials first
Households are prioritising essential purchases and delaying discretionary spending.

Sale-driven purchases
Consumers are focusing on discounts and promotions while avoiding non-essential spending.

Budget strain
Many shoppers report feeling financial pressure heading into the holiday season.



Source: Experian bureau data

Christmas spending growth remains positive, but significantly softer than historical seasonal peaks.
Source: Pollfish Consumer Survey

Spending by generation

The cost-of-living pressures of 2025 landed differently depending on where Australians were in life.

Younger households absorbed the sharpest grocery price pressures of any age group, eating at home more than older cohorts while relying increasingly on credit to sustain everyday consumption. Among under-35s using multiple credit products, spending continued rising across both BNPL and credit cards, suggesting credit was doing significant work to bridge the gap between income and rising costs.

Middle-aged households appeared to be tightening most deliberately, with spending growth slowing across categories and a clear shift toward home-based entertainment in electronics, streaming and digital goods.

Older Australians told a different story entirely. Consumers aged 55+ increased spending across dining, retail and travel, with travel spend rising more than double that of younger age groups. Among older Australians drawing on savings rather than credit, spending growth was the strongest of any cohort, pointing to the resilience that comes with accumulated financial buffers.

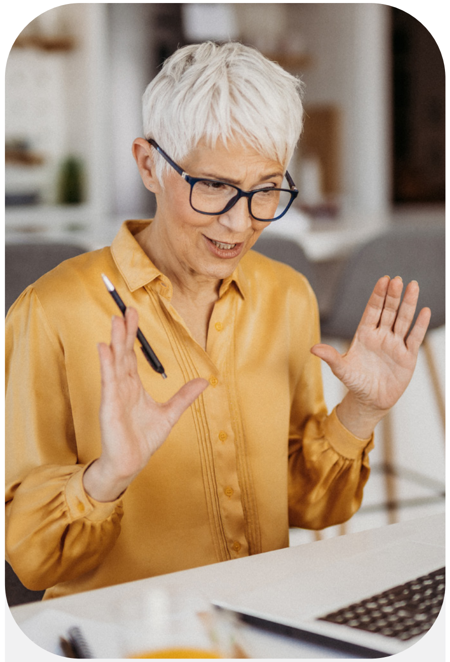
Spending patterns also differed by residential status and geography. Home buyers showed stronger growth in electronics, up 24% compared with 13% for renters, while renters recorded higher entertainment growth at 10% compared with 5% for home buyers. Regionally, consumers appeared more likely to increase at-home digital spending, with regional digital spend rising 11% compared with 7% in metro areas, and regional streaming up 5% compared with 3% in metro areas.

Under 35s

- ↑ Groceries **+9%**
- ↓ Travel
- ↓ Dining
- ↓ Electronics
- ↑ Credit usage

Ages 35–54

- ↓ Groceries
- ↑ Travel **+6%**
- ↓ Dining
- ↑ Electronics
- ↓ Credit usage



Ages 55+

- ↓ Groceries
- ↑ Travel **+14%**
- ↑ Dining **+11%**
- ↓ Electronics
- ↓ Credit usage

Source: Experian bureau data

Postcode economics:

What shapes spending behaviour across Australian states

Cost-of-living pressures were not felt evenly across Australia in 2025, with spending patterns shaped by location, housing costs and access to financial flexibility.

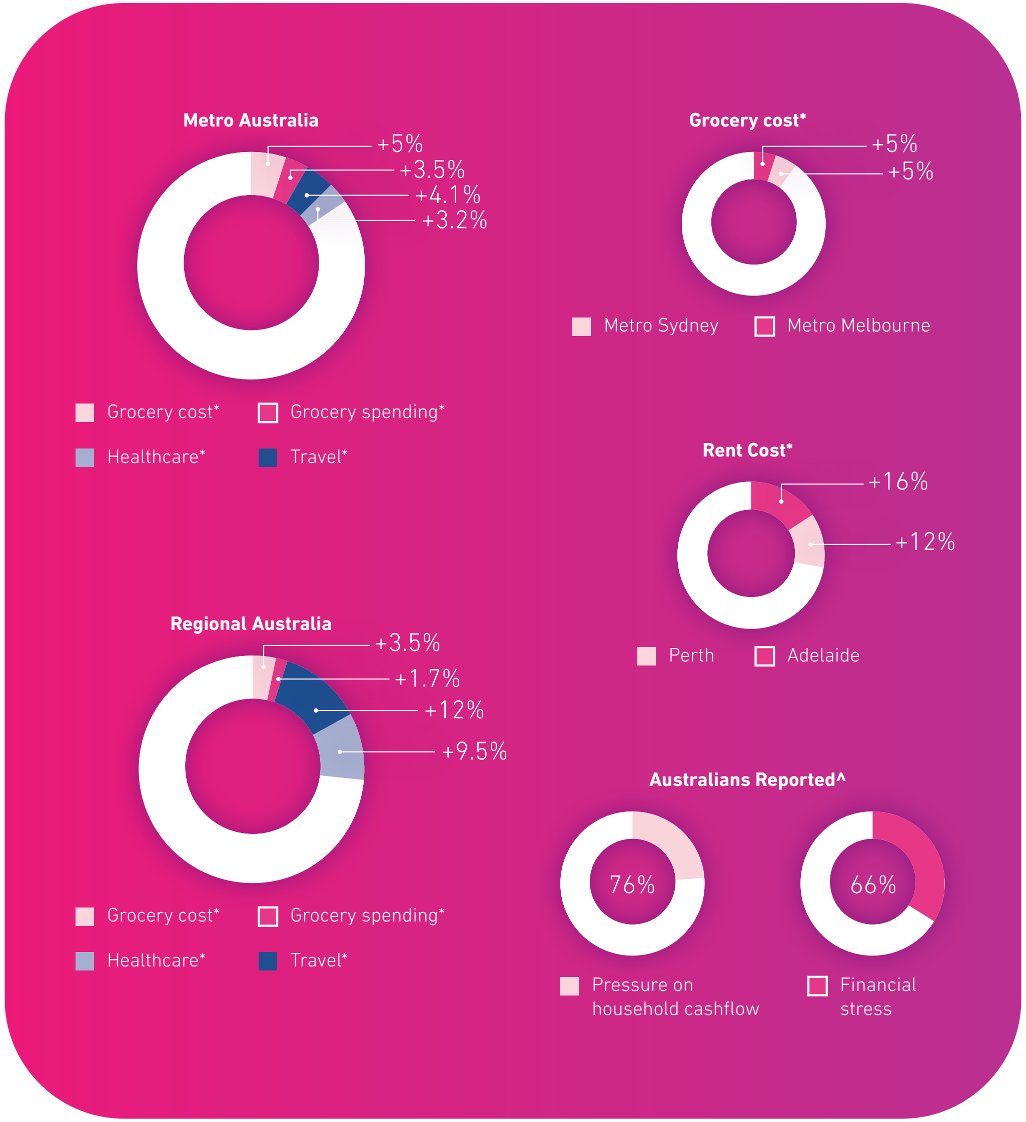
Regional households appeared to be under greater strain, pulling back on essentials like groceries while recording sharper increases across unavoidable costs such as healthcare and travel. Metro consumers, supported by higher incomes and greater choice, maintained stronger discretionary spending across retail and electronics.

This reflects broader consumer sentiment entering 2026, with **76%** of Australians reporting increased pressure on household cashflow and **66%** experiencing financial stress amid rising living costs.

At a city level, Perth emerged as the sharpest pressure point. Rents rose **16%** in 2025, the highest of any capital city, while insurance costs also climbed disproportionately, compounding the strain on already stretched budgets. Like Brisbane, Perth households felt the roll-off of state electricity subsidies more sharply, as previous bill credits fell away, and headline electricity costs became more visible again. Adelaide experienced sustained housing pressure too, with rents rising **12%**.

Melbourne showed weaker grocery spending growth (**+1%**), suggesting more active trade-down behaviour, while Sydney consumers appeared better positioned to absorb rising food costs, with grocery spending growth reaching **+5%**. In Brisbane, the roll-off of electricity subsidies exposed households to higher energy costs that had previously been cushioned, adding a new pressure point to an otherwise relatively resilient market.

Early signs of stress were also emerging across construction, property management and related finance sectors in Perth and Adelaide, suggesting housing pressure may increasingly be flowing through to business activity.



Source: *Experian bureau data | ^ Pollfish consumer survey

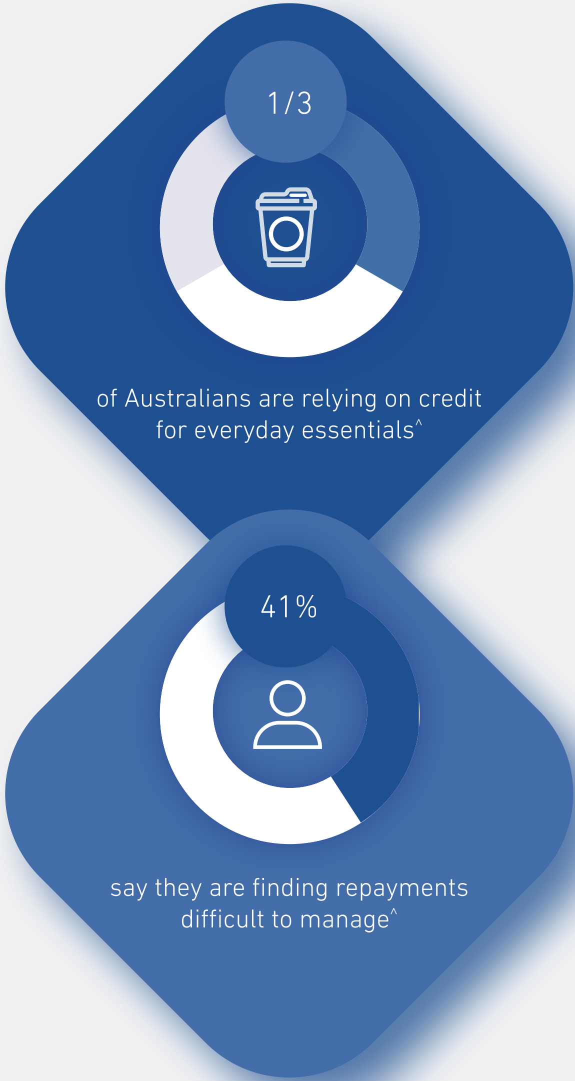
The big picture:

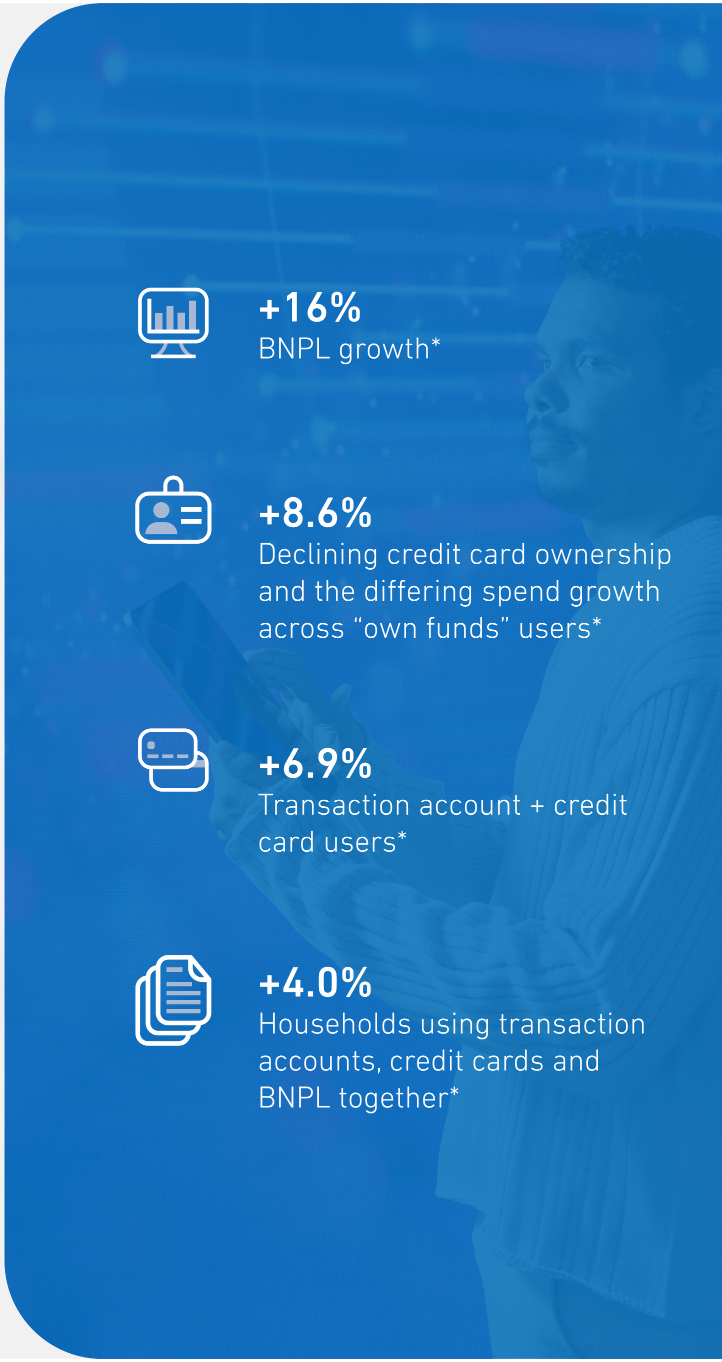
How Australians are spending

Credit became a financial pressure valve for Australian households in 2025, helping many consumers bridge the gap between rising costs and income growth. More than **one-third** of consumer respondents reported relying on credit to cover every day or essential expenses, while **37%** said they had used one form of credit to help manage or repay another, highlighting the growing financial strain facing some households.

Short-term and flexible payment options played a major role in this shift. BNPL spending rose 16% in 2025, significantly outpacing 2023 growth and increasingly shaping payment behaviour across income groups. Credit cards still accounted for a much larger share of overall spending, however, if a person had a BNPL account, credit card spend has been seen to go from 46% to 31% of total spending, highlighting the impact BNPL has played in changing people's use of credit instruments.

The greatest risks appear not to be linked to any single product, but to households relying on multiple credit products simultaneously. Households spending within their own means recorded the strongest growth, while those juggling multiple credit products showed the weakest, suggesting that cash still remains king and alongside BNPL, these payment methods are currently adding to economic activity.





Source: *Experian bureau data | ^ Pollfish consumer survey

Bringing it together:

The defining trends

Consumer spending in 2025 told two stories. The first was genuine recovery, with stronger growth across retail and discretionary categories following the weakness of 2023, as households spent again while inflation and interest rates stabilised. The second emerged in the final quarter, when festive spending softened, discretionary behaviour became more cautious, and consumers increasingly shifted toward lower-cost, home-based alternatives.

Beneath the surface, the divide between households with financial buffers and those without continued to widen. For those with savings and limited credit exposure, 2025 was manageable. For those relying on multiple credit products to stay afloat, the pressure was already building.

Looking ahead, the conditions that drove late-2025 caution show little sign of easing. With interest rates rising and global economic uncertainty intensifying in 2026, the slowdown observed toward year's end may prove to be the beginning of a broader shift in how Australians spend, save and borrow.

Key shifts shaping 2026

Credit as a pressure valve

Credit is increasingly being used to manage everyday household pressure, not just fund major purchases.

BNPL spend growth; over one-third relying on credit for essentials	+16%
Finding repayments harder to manage	41%

The rise of selective spending

Consumers are not simply cutting back, they are making sharper trade-offs between what feels essential, affordable or worthwhile.

Reduced eating out	72%
Reduced retail spending	57%
Digital subscriptions in Q4	+15%

The two-speed consumer economy

The gap is widening between households with financial buffers and those relying on multiple forms of credit to keep spending.

Own-funds users spend growth	+8.6%
Multi-credit users spend growth	+4.0%
55+ travel spend	+14%

Housing pressure reshaping behaviour

Rising rents, larger home loans and interest rate pressure are redirecting household budgets and influencing how Australians spend, save and borrow.

Rents in 2025	+8%
Home loan values over three years	+18%
Impacted by interest rates when meeting housing costs	+46%

The 2026 consumer is cautious, but not inactive. Spending is still happening, but it is more selective, more credit-influenced and more sharply divided by financial resilience.

Appendix:

Methodology and resources

This report combines consumer survey findings with aggregated consumer spending and commercial insights data from Experian.

Consumer research methodology

Consumer sentiment findings are based on a Pollfish survey conducted in April 2026 among Australian consumers. The survey included **934** Australian responses used for Australia-specific findings. The research explored attitudes towards household finances, spending behaviour, credit use, cost-of-living pressures and financial confidence across demographic groups.

Experian spending insights

Experian spending insights are drawn from Experian's spend analytics universe, which uses aggregated and de-identified consumer transaction data to analyse current and historical spending patterns across selected household categories, payment instruments, consumer segments and geographic regions. These insights are used to identify observed spending trends and behavioural shifts over time. They should be interpreted as a sample-based view of consumer spending behaviour, separate from Experian's consumer credit bureau data.

About Experian consumer credit insights

Experian consumer credit insights are based on aggregated and de-identified data from Experian's consumer credit bureau. These insights draw on credit holdings, credit demand and credit payment records to understand changing patterns in credit usage, repayment behaviour and credit risk among credit-active consumers.

About Experian commercial insights

Commercial observations referenced throughout the report draw on Experian's commercial and trade credit bureaus, which hold data on the business demographics and commercial trading activity of Australian businesses, including indicators of late-payment behaviour, business trading growth and sector-level financial stress. Commercial observations referenced in the report draw on Experian's commercial and trade credit bureaus, which provide insight into business demographics, commercial trading activity and payment performance across industries, geographies and business segments. These insights are used to provide broader context on business conditions and sector-level financial pressure.

Definitions and notes

BNPL refers to Buy Now, Pay Later payment products. "Multi-credit users" refers to consumers actively using multiple forms of credit. Metro and regional classifications are based on consumer location data. Metro = capital cities, Regional = regional cities + rural areas. Generation breakdowns include under 35s (younger), 35-54 (middle) and 55+ (older). All figures are rounded where applicable.

About Experian

Experian is a global data and technology company, powering opportunities for people and businesses around the world. We help to redefine lending practices, uncover and prevent fraud, simplify healthcare, deliver digital marketing solutions, and gain deeper insights into the automotive market, all using our unique combination of data, analytics and platforms. We also assist millions of people to realise their financial goals and help them to save time and money.

We operate across a range of markets, from financial services to healthcare, automotive, agrifinance, insurance, and many more industry segments.

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