



Business Pulse Monthly

Your update on consumer and commercial market trends impacting Australian businesses

Australia

March 2026

©2026 Experian and the marks used herein are service marks or registered trademarks of Experian Information Solutions, Inc. or its related bodies corporate. Other product and company names mentioned herein may be the trademarks of their respective owners.



What we found interesting - what we are watching

Escalating conflict in the Middle East is increasing global uncertainty and is likely to place upward pressure on energy prices, inflation and borrowing costs – adding further strain to Australian households and businesses.

Australia's economy in early 2026 continues to show resilience at a headline level, but underlying indicators point to growing pressure across households and businesses. GDP rose 0.8% in the December quarter (2.6%), and employment remains solid, with unemployment at 4.3%. However, this stability masks weakening sentiment and tightening financial conditions.

Monetary policy remains restrictive, with the RBA lifting the cash rate to 4.1% as inflation holds at 3.8%, further weighing on consumer and business confidence.

Overall spending declined modestly year-on-year, with discretionary spending down 0.5% and essentials down 1.1%. Housing markets remain a key source of strength, with national prices up 9.6% year-on-year, driven by Perth (+2.3%), Brisbane (+1.6%) and Adelaide (+1.3%), while Sydney and Melbourne remain flat.

Business conditions are increasingly uneven. Company profits rose 5.8% quarter-on-quarter, yet insolvencies reached 1,260 in February (+4% YoY), with court-initiated wind-ups up 27%. Credit stress is also building, with 60+ day B2B delinquencies rising across sectors.

In this month's spotlight, we explore trends in affordable luxury spending across Australia and New Zealand as cost-of-living pressures persist. While households are pulling back on big-ticket purchases, demand for smaller, feel-good indulgences remains resilient.



Analytics
Consulting &
Insights Team



Louis Tsang

Head of Analytics
Consulting & Insights

Credit Bureau, Data &
Analytics and TenderLink

Louis Tsang is a seasoned analytics and risk consulting leader with over 16 years of experience across banking, insurance, and data consultancy. His expertise spans across the customer credit life-cycle and has driven bespoke analytics and strategic consulting initiatives for clients across AU and NZ. He specialises in delivering market insights – as a trusted advisor he has delivered presentations, speeches and conference keynote discussions across multiple forums. With a background in actuarial science and an MBA, Louis combines technical depth with commercial acumen, making him a key contributor to data governance, economic insights, and enterprise-wide analytics transformation.



Michael Johnson

Manager, Analytics
Consulting & Insights

Credit Bureau, Data &
Analytics and TenderLink

Michael Johnson is an experienced leader in commercial credit risk, AML/KYC remediations and marketing analytics. He has a proven track record of delivering high-impact projects focused on risk identification, assessment and monitoring, as well as conducting retrospective analysis to uncover hidden risks, improve recovery-rates and minimise write-offs. Michael is also an expert in market insights and spend analytics, providing clients with in-depth evaluations of their competitive positioning, market share, share of wallet and customer churn to uncover growth and customer retention opportunities.



Rishabh Kochhar

Analyst, Analytics
Consulting & Insights

Credit Bureau, Data &
Analytics and TenderLink

Rishabh Kochhar is an analyst with over 4 years of professional experience with expertise in statistical-driven analytics and modelling. Working across both spend analytics and bureau, he helps transform complex datasets into meaningful insights and uncover market trends for external clients to support decision making. He holds Master of Data Science from Monash University and contributes to various cross functional projects to unearth additional analytics use cases and improve operational efficiency.

Monthly Spotlight contributor



Janie Chen

Analyst Data Services &
Insights

Credit Bureau, Data &
Analytics and TenderLink

Janie Chen is a Data Service Analyst focusing on commercial data and delivering tailored analytics for clients. She spent three years as an investment banking analyst in cross-border M&A, building valuation models and developing strong business grounding that informs her commercial insight today. She later worked as a data scientist and statistician, deepening her coding skills and statistical modelling expertise. Janie holds a Master of Business Analytics from Monash University, where she built a strong foundation in data and business.

Macroeconomic and bureau insights

- **The unemployment rate returned to 4.3%** in February, up from 4.1%, despite an increase of 48,900 employed persons. The rise in the unemployment rate was largely driven by an increase in the participation rate to 66.9% with more people actively looking for work. Underemployment remained unchanged at 5.9%. (Source: Australian Bureau of Statistics)
- The RBA raised the cash rate by another 25 basis points in March to 4.1% to address elevated inflationary pressures.
- GDP grew by 0.8% in seasonally-adjusted terms for the December quarter. Both private and public demand equally contributed to this growth, at 0.3 percentage points each. **GDP growth for the year (Dec'24 to Dec'25) was 2.6%, with GDP per capita more modest at 0.9%**. (Source: Australian Bureau of Statistics)
- There were 1,260 company insolvencies in February, up marginally by 4% compared to February last year. Voluntary administrations were down 18% while **court-initiated windups have increased by 27% year-on-year**. (Source: ASIC)
- **Consumer and business confidence is the lowest it has been in the past 5 years.** Consumer confidence fell for the fourth consecutive month in March by 3.7 points to 73.4. This reflects continued increasing financial stress for consumers and eroding confidence in the economy. Business confidence also fell sharply by 8.8ppts to 88.6 in February. (Source: ANZ-Roy Morgan)
- National house prices rose by 0.7% in February and are 9.6% higher than the same time last year. Growth this month continues to be driven by Perth (+2.3%), Brisbane (1.6%) and Adelaide (1.3%). **House prices for Sydney and Melbourne were effectively unchanged**. (Source: Cotality)
- Business-to-business 60+dpd delinquency rates ticked up in February across all sectors. The hospitality industry rose for the second consecutive month to 13.9%, while retail trade jumped 0.7ppts to 10.0%. **Construction delinquencies are trending back up** with 60+dpd rates now 1.1ppts higher than the same time last year. (Source: Experian Bureau)
- Consumer spending across categories for the December-January holiday period.
 - **Holidays:** overseas and domestic travel spending was down 3.3% compared to last year.
 - **Retail:** independent clothing stores were down 6.8%, but online marketplaces grew 2.9% and spend on furniture and floor coverings surged 15.4% from last year.
 - **Eating Out:** consumers were price conscious; spend on fast food and takeaway rose 8.0% year-on-year, while spending on dining at restaurants declined by 1.6% (Source: Experian Bureau)



Monthly Spotlight

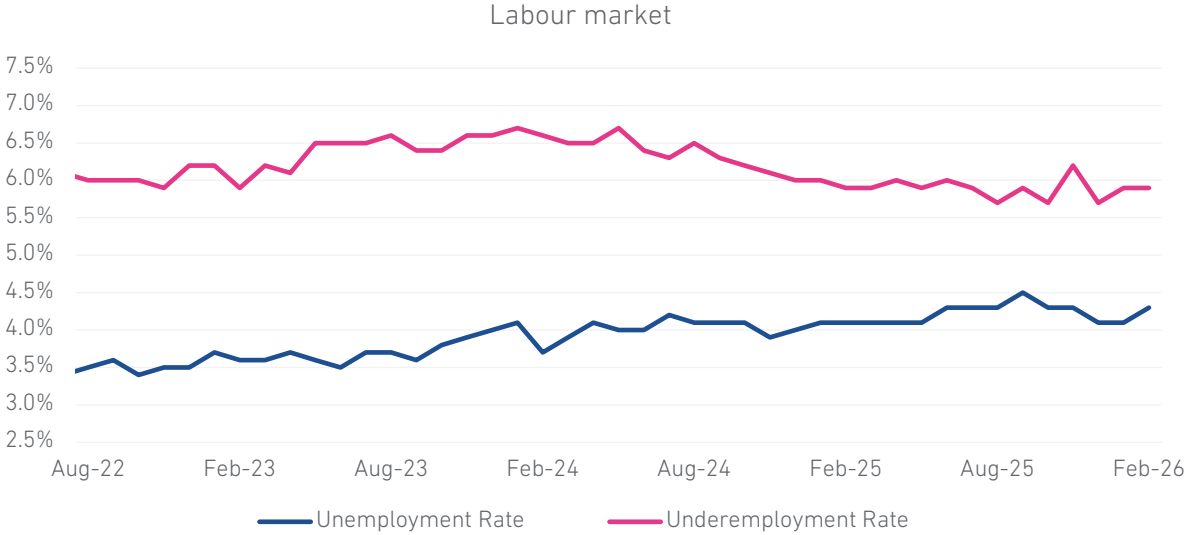
Quiet splurges: The resilience of the aspirational. A Trans-Tasman view of affordable luxury spending

This month, we examine affordable luxury spending across Australia and New Zealand amid persistent cost-of-living pressures. While households have scaled back big-ticket purchases, spending on smaller, emotionally rewarding indulgences has remained resilient.



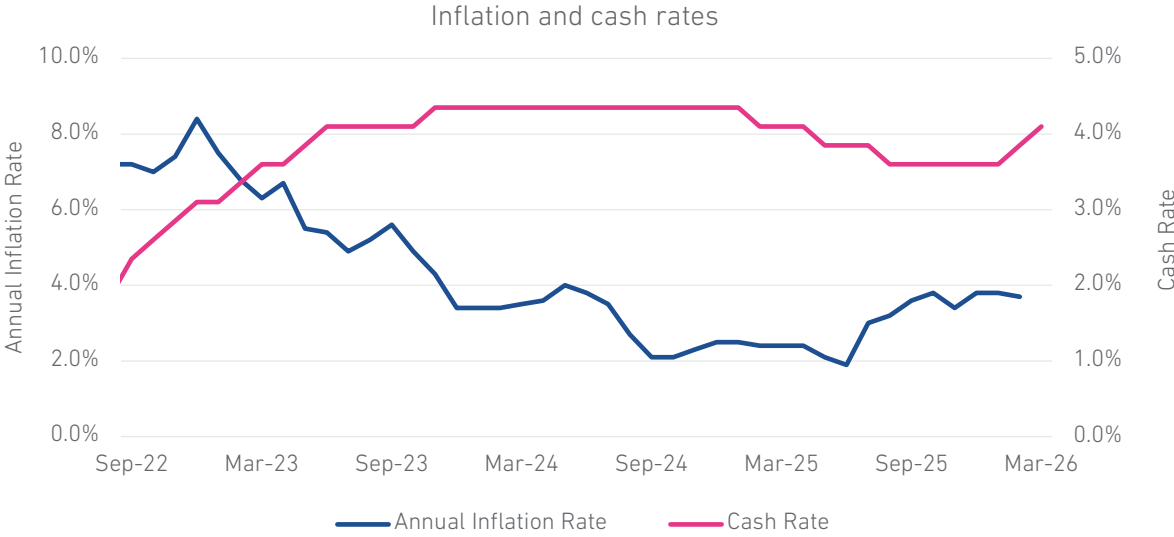
Labour market and inflation

The unemployment rate returned to 4.3% in February, up from 4.1%, despite an increase of 48,900 employed persons. The rise in the unemployment rate was largely driven by an increase in the participation rate to 66.9% with more people actively looking for work. Underemployment remained unchanged at 5.9%.



Source: ABS – Labour Force Stats - seasonally adjusted

The RBA raised the cash rate by another 25 basis points in March to 4.1% to address elevated inflationary pressures. Annual inflation fell slightly to 3.7%, down from 3.8% in January.

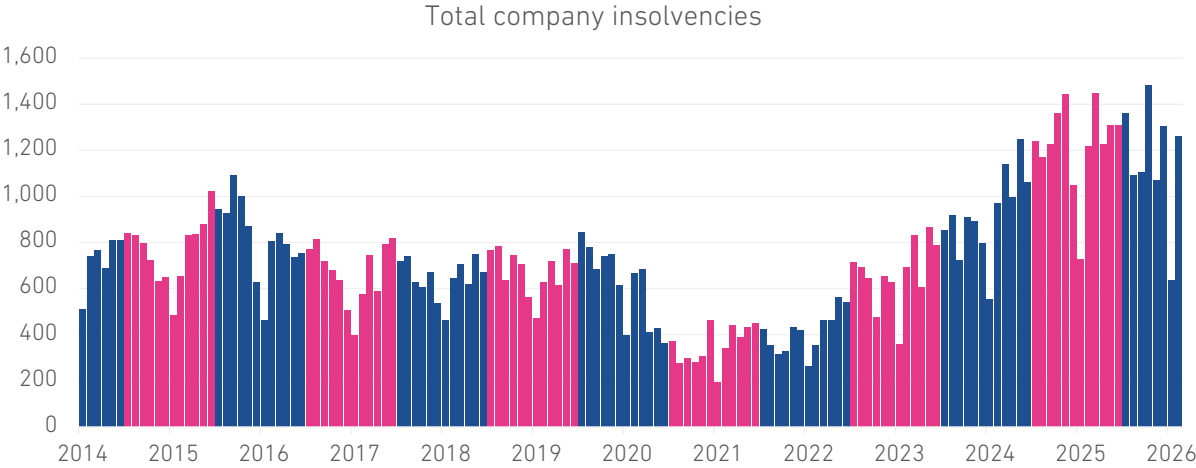


Source: ABS – Monthly CPI, RBA - cash rates



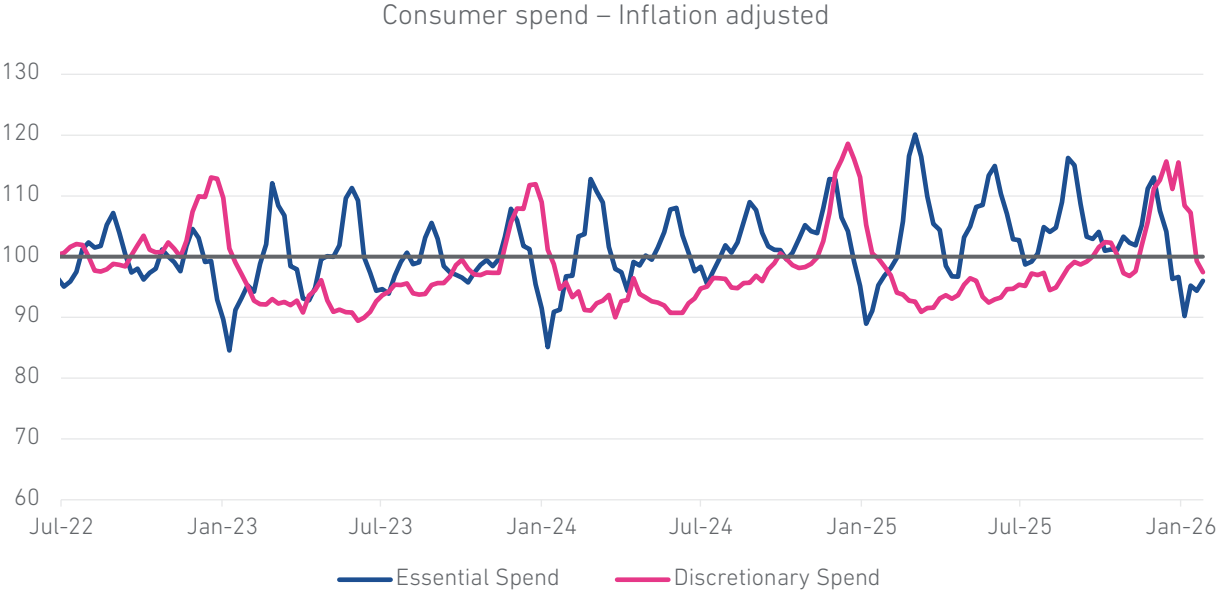
Insolvencies and consumer spend

There were 1,260 company insolvencies in February, up marginally by 4% compared to February last year. Voluntary administrations were down 18% while court-initiated windups have increased by 27%.



Source: ASIC Insolvencies Statistics. Colours mark the financial years.

Consumer spending eased slightly in January compared to last year. Discretionary spend was down 0.5% year-on-year, while spend on essential goods and services was down 1.1%.



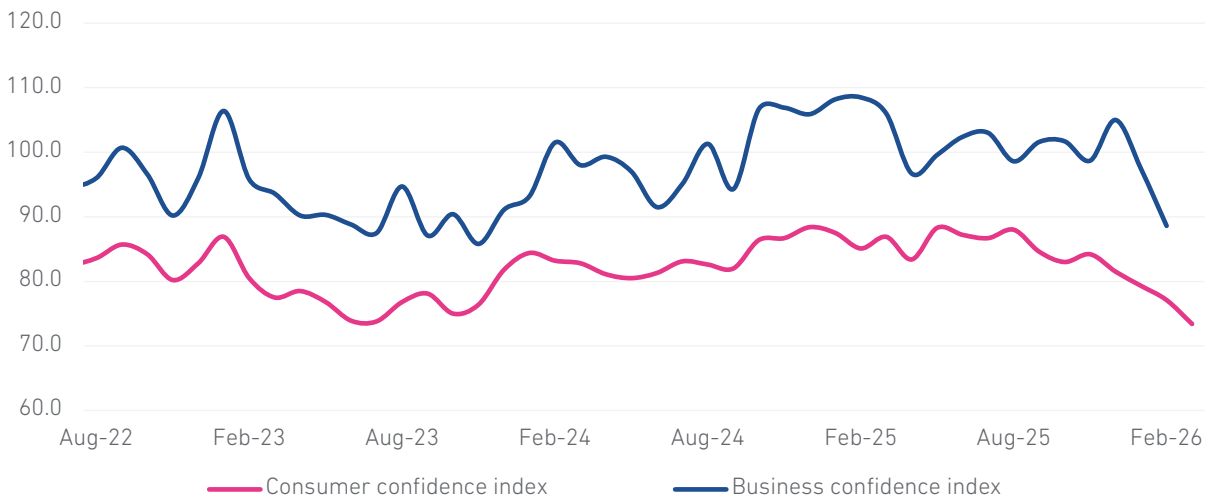
Source: Experian Spend Indices; indexed to the average weekly spend across 2022; adjusted for inflation



Sentiment and house prices

Consumer and business confidence is the lowest it has been in the past 5 years. Consumer confidence fell for the fourth consecutive month in March by 3.7 points to 73.4. This reflects continued increasing financial stress for consumers and eroding confidence in the economy. Business confidence also fell sharply by 8.8 pts to 88.6 in February.

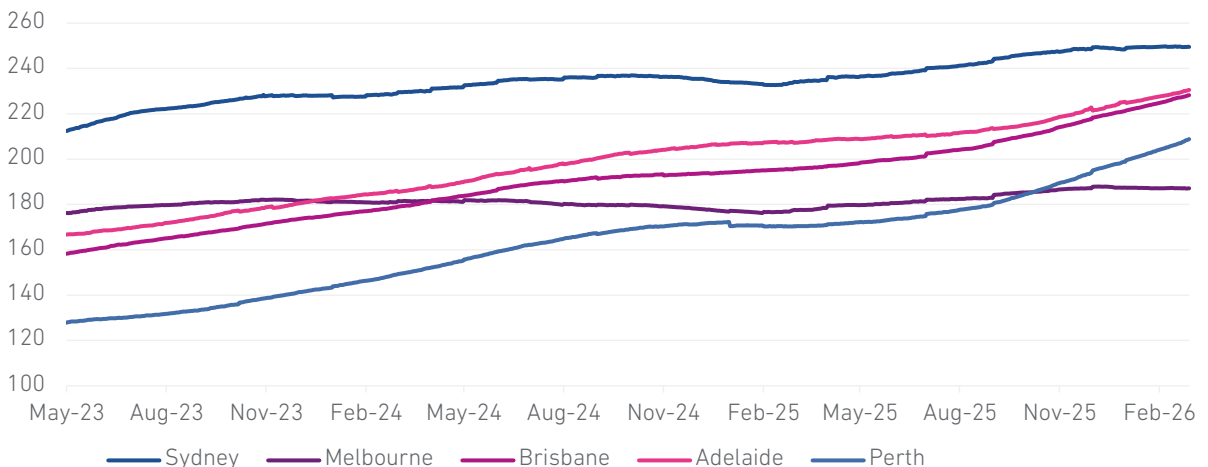
Confidence Indices



Source: ANZ-Roy Morgan Survey

National house prices rose by 0.7% in February and are 9.6% higher than the same time last year. Growth this month continues to be driven by Perth (+2.3%), Brisbane (1.6%) and Adelaide (1.3%). House prices for Sydney and Melbourne were effectively unchanged.

Home Value Index – Last 12 months



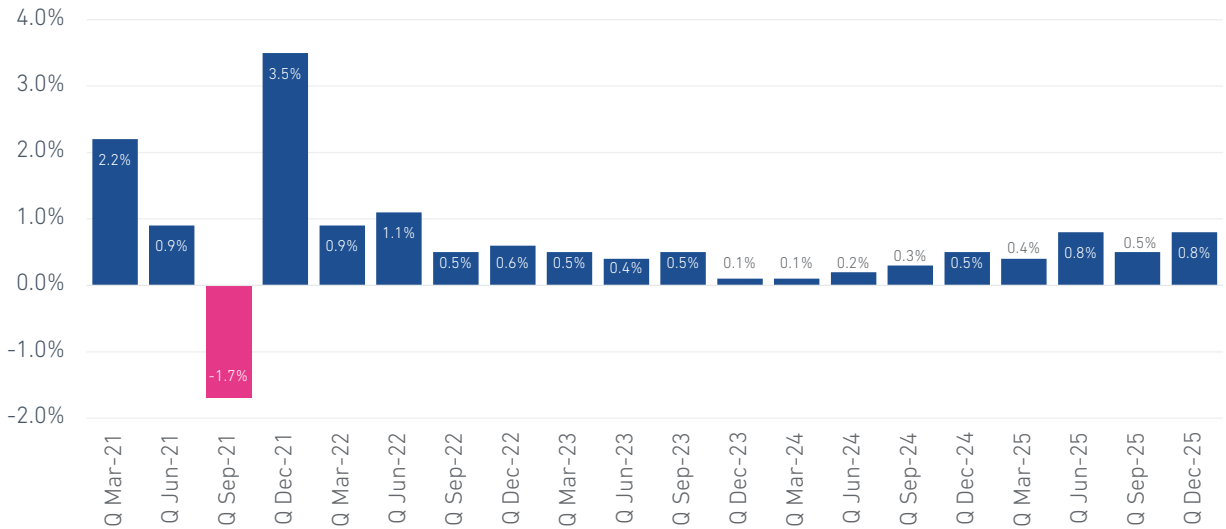
Source: Cotality Home Value Index



GDP and company profits

GDP grew by 0.8% in seasonally-adjusted terms for the December quarter. Both private and public demand equally contributed to this growth, at 0.3 percentage points each. GDP growth for the year (Dec'24 to Dec'25) was 2.6%, with GDP per capita more modest at 0.9%.

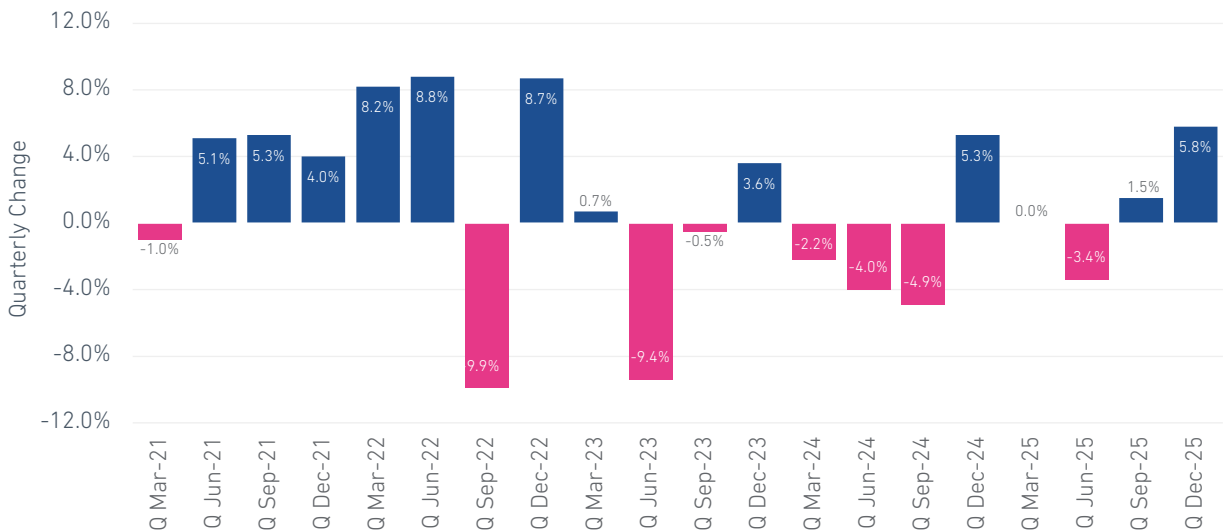
GDP quarterly growth



Source: ABS – National Accounts

Overall company operating profits are up 5.8% since the previous quarter and 3.8% compared to last year. Mining (+8.1%), transport, postal & warehousing (+8.9%) and wholesale trade (+6.5%) contributed to this growth.

Company gross operating profits



Source: ABS – Business Indicators, seasonally adjusted



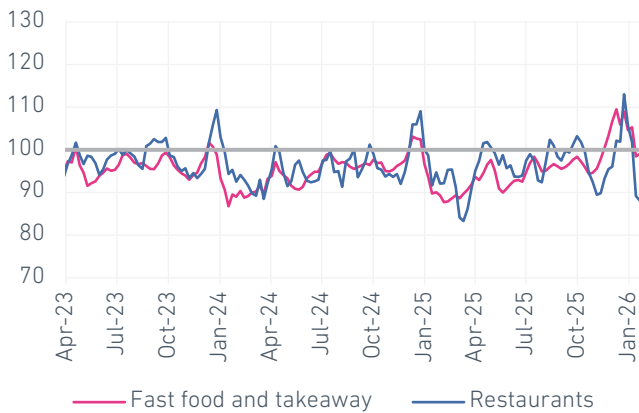
Consumer spending trends

Consumers eased back on both overseas and domestic travel spending during the December-January holiday period, with total spend down 3.3% compared to last year. Many chose to stay local, redirecting their budgets towards dining-out and home-furnishing purchases.

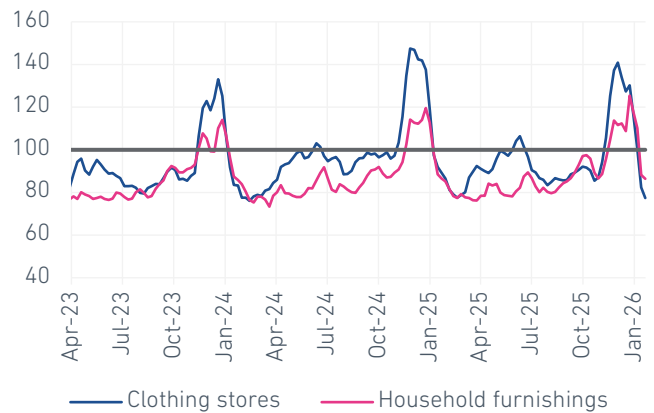
They remained cost-sensitive: spend on fast food and takeaway options rose 8.0% year-on-year, while spending on dining at restaurants declined by 1.6%.

Retail performance varied across categories. Independent clothing stores saw spending fall 6.8% from last year, whereas online marketplaces experienced a 2.9% increase. Household furnishing spend grew 1.5% year-on-year, driven largely by strong demand for furniture and floor coverings, which surged 15.4%.

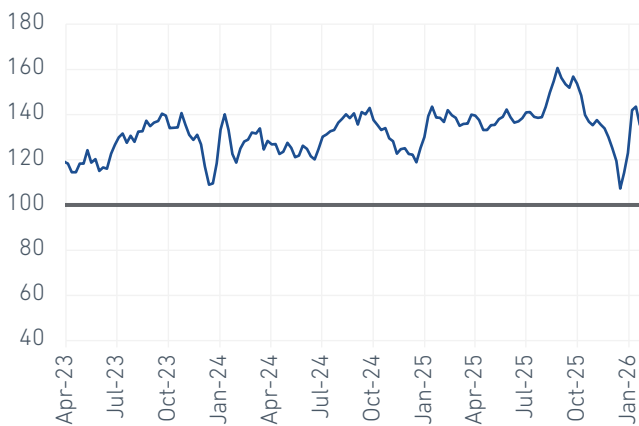
Eating Out



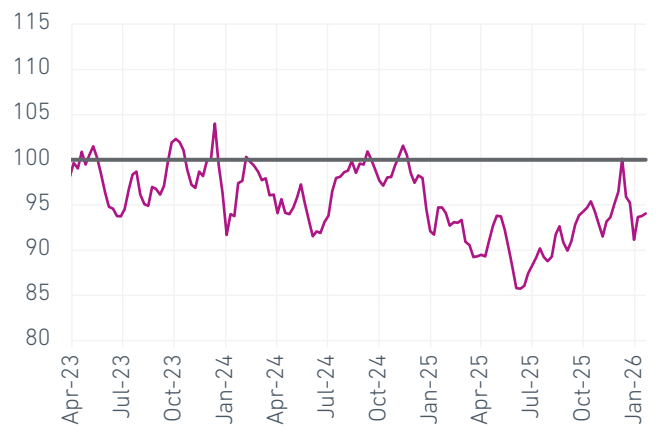
Retail



Holidays



Fuel



Source: Experian Spend Indices; indexed to the average weekly spend across 2022; adjusted for inflation



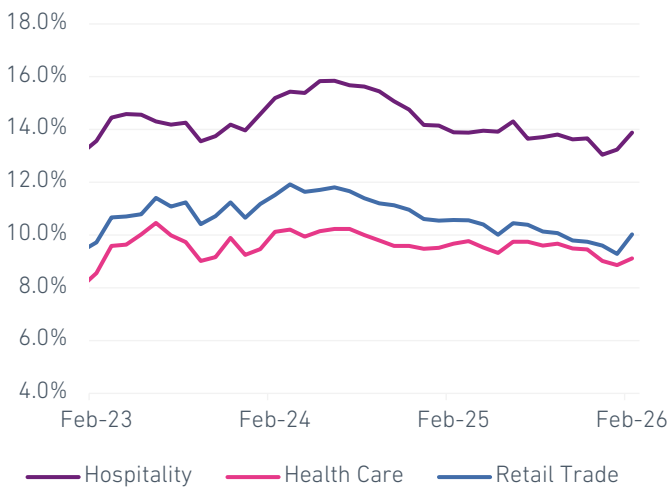
B2B payment delinquencies – 60+ days overdue

Delinquency rates ticked up in February across all sectors. The hospitality industry rose for the second consecutive month to 13.9%, while retail trade jumped 0.7ppts to 10.0%.

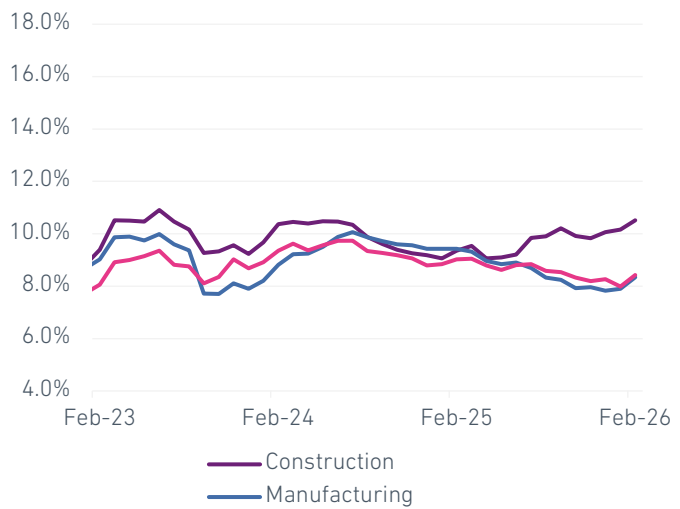
Construction delinquencies are trending back up and 60+dpd rates are now 1.1ppts higher than the same time last year.

Despite a small uptick in February, manufacturing and professional services remain at historically low levels.

Hospitality and Retail



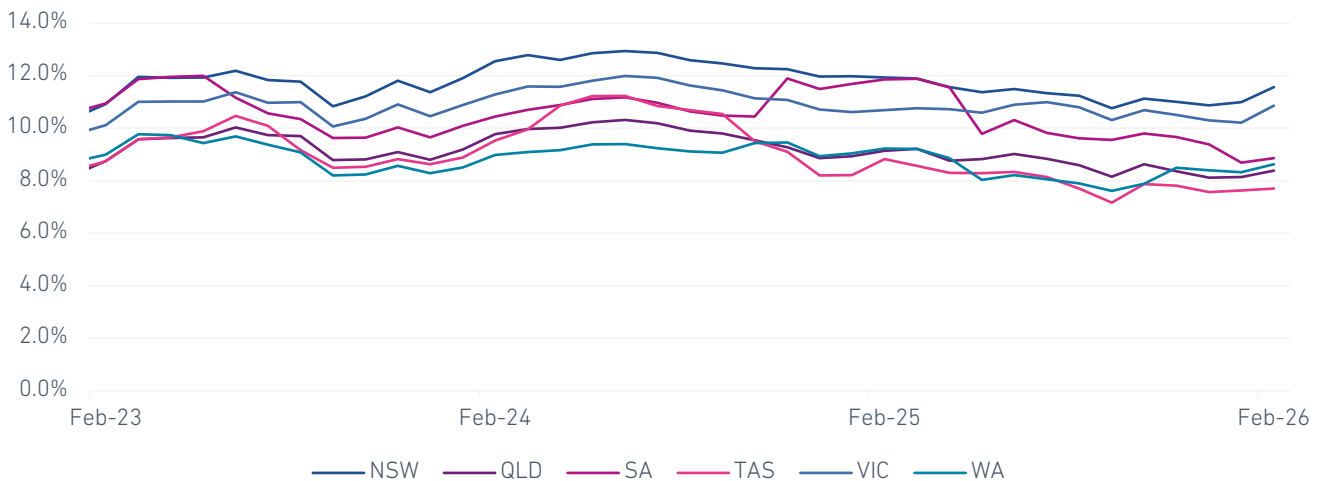
Industrial and Professional



Source: Experian Bureau

VIC and NSW were the primary driver of the increase in delinquency rates in February, with VIC increasing by 0.7ppts to 10.9% and NSW increasing by 0.6ppts to 11.6%. VIC is the only state with a higher delinquency rate compared to this time last year (+0.2 ppts).

State



Source: Experian Bureau

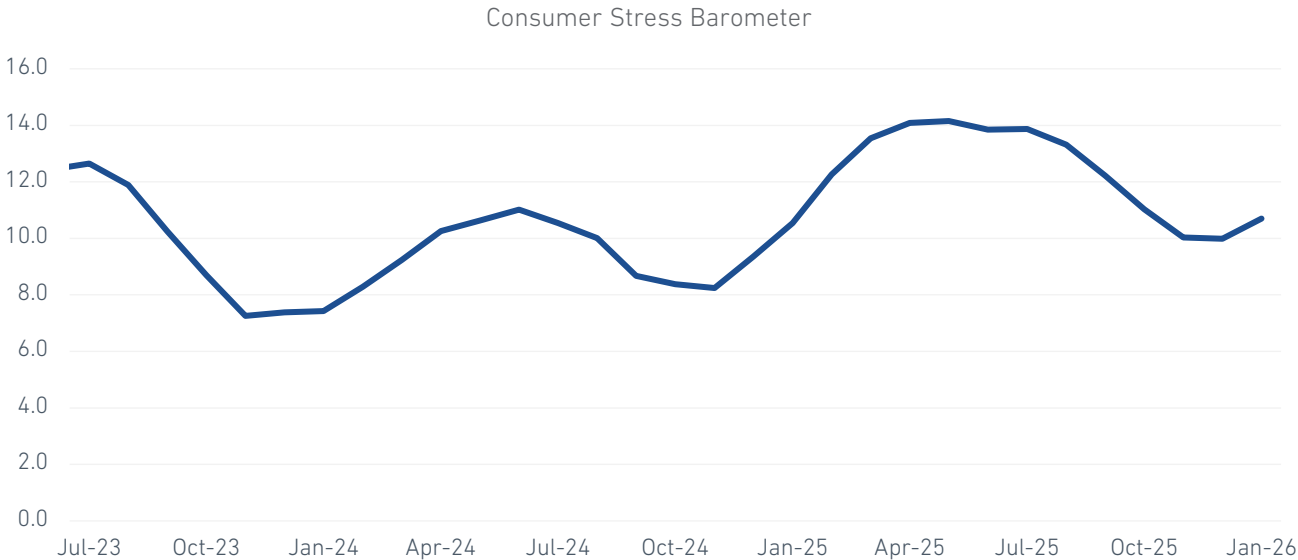


Consumer credit risk

The consumer risk barometer is 10.7 in February, with consumer default risk increasing by 1.51% from last month, in line with seasonal trends. However, it is up 0.22% from February last year, indicating consumer risk continues to rise.



Source: Experian Bureau - Barometer shows the change in the consumer default risk (Baseline: January 2022)

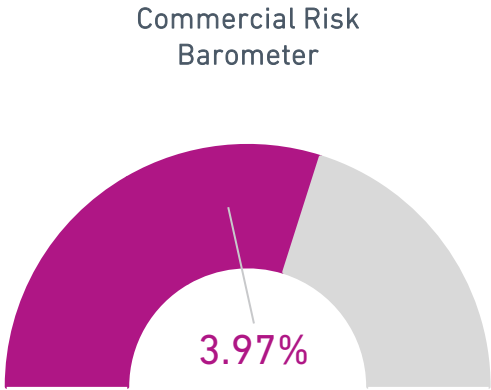


Source: Experian Bureau - Barometer shows the change in the consumer default risk (Baseline: January 2022)



Commercial credit risk

Business failure risk fell in February by 0.4 pts with failure risk now 3.97% higher than the baseline period (January 2023). The number of businesses at high risk of failure or worse declined by 2.2%.



	vs Last Year	vs Last Month
Change in risk barometer:	↓ 1.58 pts	↓ 0.40 pts
Change in businesses high risk or worse:	↓ 8.6%	↓ 2.2%

Source: Experian Bureau – Barometer shows the percentage change in the likelihood of business failure (Baseline: January 2023)



Source: Experian Bureau – Barometer shows the percentage change in the likelihood of business failure (Baseline: January 2023)



Quiet splurges: The resilience of the aspirational

A Trans-Tasman view of
affordable luxury spending

Louis Tsang

Janie Chen



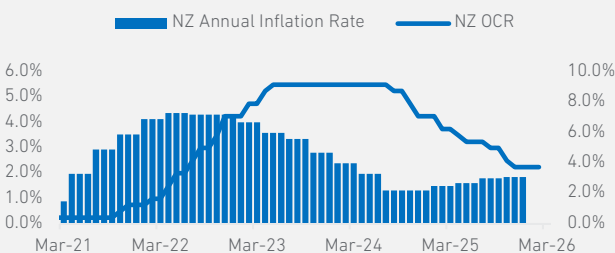
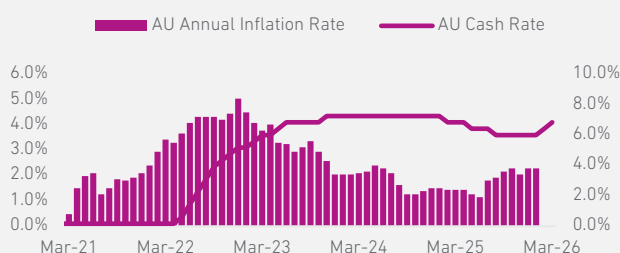
Affordable luxury: Modest indulgences in a high-cost world

Affordable luxury refers to accessible indulgences – small, discretionary purchases that feel premium, such as prestige beauty, fragrance, treat-oriented food and beverage, or experience-led spend, yet sit well below the price of true luxury goods.

From an economic perspective, this reflects **a mix of income effects and substitution**: when real incomes are squeezed or uncertainty rises, households tend to defer larger, postpone-able purchases and redirect spending toward lower-cost items that still deliver emotional value. Rather than switching off discretionary spend altogether, consumers often trade down in ticket size, preserving wellbeing, identity and confidence through purchases that remain financially manageable.

In downturns, **this shows up less as outright contraction and more as a reshaping of spending habits**. For example, shifting away from apparel and toward comparatively affordable premium personal-care items. As a result, affordable luxury offers a clear lens on consumer sentiment, revealing how households protect small moments of aspiration when budgets are under pressure.

Two paths through a cost-of-living squeeze



While both markets followed a similar path through the inflation shock of 2022, their **monetary journeys have since diverged**. Australia remains in a prolonged high-rate environment as inflation proves stubborn, whereas New Zealand moved earlier and harder and has begun easing sooner as price pressures cooled.

These differing paths have shaped borrowing costs, disposable income, and consumer confidence in distinct ways. Amid this pressure, **affordable luxury spending has shown notable resilience**, with consumers trading down on big-ticket items while still prioritising smaller, emotionally rewarding indulgences, setting the stage for the insights explored in this report.

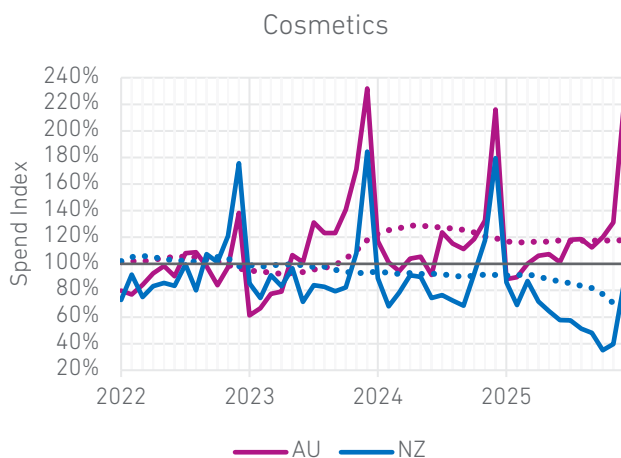
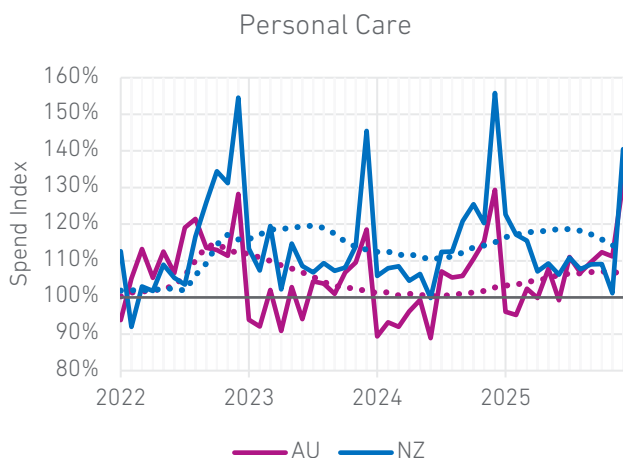
Experian Spend Analytics

Underlying Spend Analytics are many millions of transactions across AU and NZ, revealing spending habits across time. This dataset provides a comprehensive view of consumers' financial wallets, covering salaries, direct debits, loans, deposits, and expenses. It is deidentified and adheres to our strict data privacy and retention policies.

Blend Spend Analytics with your internal data for powerful insights.

Making up for it: The resilient glow of personal care

Across Australia and New Zealand, the personal care spend category has proven itself to be one of the most tenacious trends in the face of tightening monetary policy. If there was any need to validate Leonard Lauder's famed "Lipstick Index", this would be the data to reference. It's the idea that lipstick (and other small "affordable luxuries") sales often rise when the economy weakens, as people skip big splurges but still buy small treats.



Spend Index: Solid Line is calculated as [monthly spend] / [sum of 2021 spend] in that category. Dotted Line is the 12 month rolling average. Spend has been inflation adjusted.

Being highly seasonal, the Spend Index in Dec-25 for both personal care and cosmetics in Australia reached 131% and 220% respectively. For New Zealand, the uplift is even more striking, at 140% in Dec-25 (and previous holiday periods have been even higher), though less so for cosmetics. Under financial stress, **consumers forgo big-ticket purchases and permit themselves smaller, "more" affordable substitution**. There would be other reasons as well: increase in personal care (e.g. massages, grooming services, wellness services) is a **healthier way** to keep the doctor (and their bills) away; **more affordable or generic brands** of cosmetics with a lower average unit price which helps sustain usage; and **greater outreach** to wider audiences through social media and influencers – a channel which has really exploded in the last half-decade.

Personal care – AU Spend Index by income band

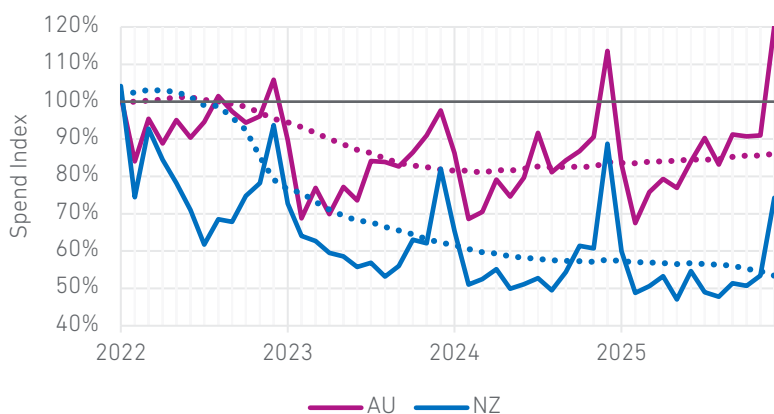
Income band	Jan-22 Index	Dec-25 Index	Change
Under \$20K	80%	85%	+6%
\$20K-\$50K	80%	98%	+23%
\$50K-\$90K	95%	127%	+34%
\$90K-\$160K	99%	149%	+51%
\$160K+	101%	155%	+53%

Income segmentation, however, reveals a **socially significant difference**. Lower-income spenders are spending more-or-less the same as they did five years ago. Middle-income segments show a meaningful 34% lift, consistent with the **"aspirational middle class"** that cosmetics brands and salons most effectively target – spending more on personal care as a conscious, affordable indulgence within their budget.

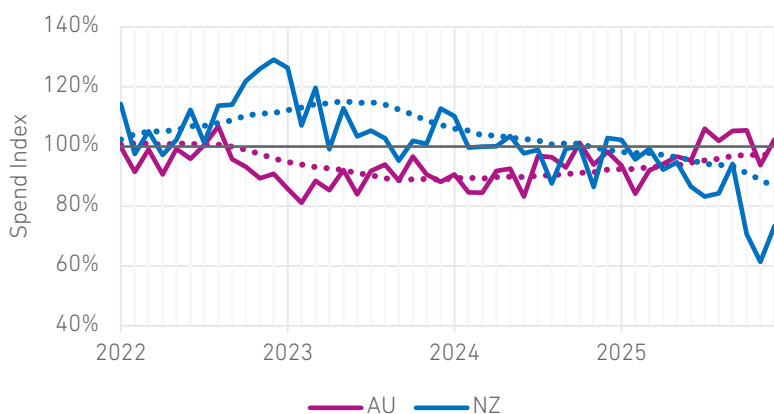
The home ecosystem in the face of inflation

Spending at home (or on the home), however, is showing some differing trends. **Overall spend on household furnishings have been down**, with Spend Index % rolling averages of mid-80s and 60s respectively for AU and NZ over the past 2 years – a drastic decrease since the central banks started to raise rates. Apart from the purchase spikes around Nov/Dec (aided by Black Friday discounts and end-of-year sales), consumers have wound back on buying large household goods. Especially in NZ – where the Spend Index plummeted to 47% – more than halving from baseline – before recovering partially to 74% in Dec-25. This isn't a cyclical dip; it reflects the genuine structural contraction in spending - **New Zealanders adapted their budgets to be thriftier** and opting against redecorating.

Household Furnishings



Animal Expenses

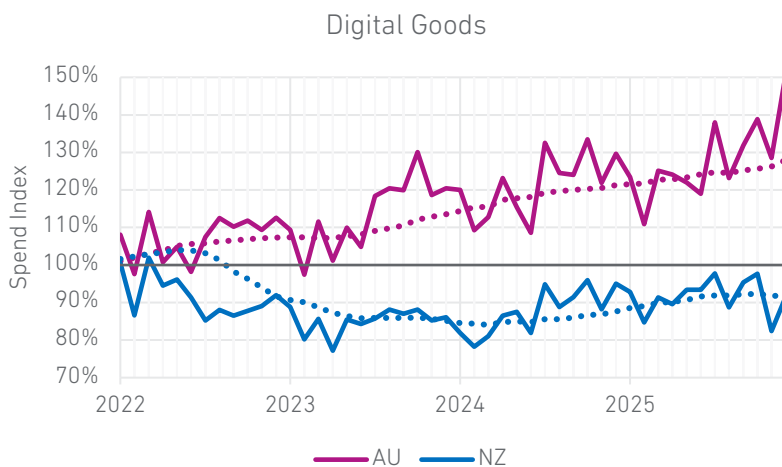


Pet ownership boomed during the pandemic, and with that the financial responsibility of animal expenses. **Australia's animal expenses** Spend Index sits at 102% in Dec-25 – essentially flat to the 2021 baseline – having oscillated without a decisive trend throughout the period. Despite cost-of-living pressures, this spending is **very much a non-negotiable emotional expenditure**.

The similar flat trend can be observed in **New Zealand** historically – however data over the last 6-8 months showing **a more cautionary tale** – the latest spend index for animal expenses is 73%. Pet owners have been more **willing (or rather forced) to more economically rational** – expensive vet visits might be deferred or skipped, or more affordable food options for their furry friends.

Spend Index : Solid Line is calculated as [monthly spend] / [sum of 2021 spend] in that category. Dotted Line is the 12 month rolling average. Spend has been inflation adjusted.

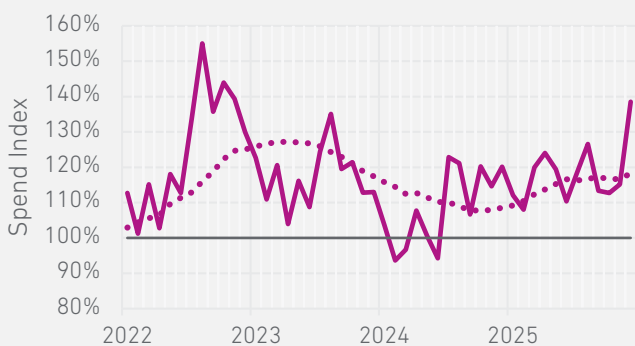
The **digital goods category** (streaming services, software subscriptions, in-app purchases, gaming) is **one of the most textbook examples of the "affordable luxury" thesis**. When consumers cannot afford a TV, they spend \$15 a month on a TV subscription service. The data supports this substitution in Australia – although down from 2021 levels, New Zealand spend in this category is trend up slightly over the past year.



Australia's digital goods Spend Index has increased from 108% in Jan-22 to 151% in Dec-25, with a rolling average of 128%. This is a 28% structural step-up in spending that shows no sign of reversing with streaming proliferation, the subscription gaming market, and the explosion of subscription-based pricing. One could also think of **digital goods behaving more like utilities now rather than discretionary spend**. Once a consumer or household is subscribed to Netflix, Spotify, iCloud, Office, cancelling them feels more like a "deprivation of a necessity" rather than a "smart financial decision".

We see this behaviour in New Zealand, albeit to a lesser degree. The digital goods index, by contrast, sits at 92% in Dec-25, marginally below the 2021 baseline, but it has been increasing since 2024. The deeper economic distress that NZ faced in 2023/2024 (compared to AU) probably forced households to audit even their subscription stacks – but now confidence is returning, users are returning as well.

Small escapes, sticky demand: The rise of creator-led digital subscriptions



A popular creator-led subscription-based platform with diversified content (fitness, music, culinary content, adult content, professional media, education).

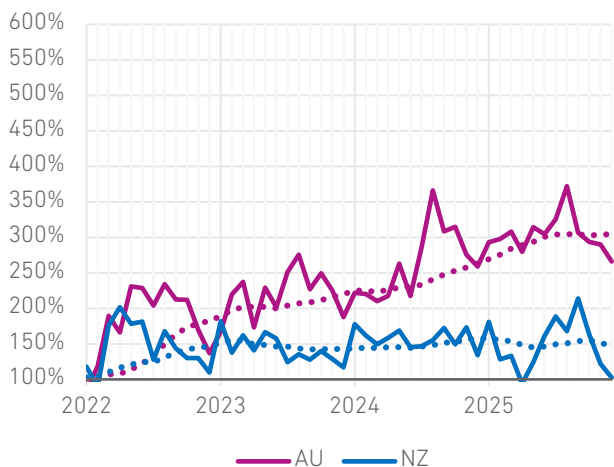
Spending on creator-led digital subscription platforms in Australia has continued to grow over the past three years. These low-commitment, high-perceived-value indulgences offer personalisation, immediacy and emotional engagement at a relatively modest price point.

Consumers appear more willing to preserve spend on digital experiences that deliver ongoing connection, entertainment and escapism, reinforcing the resilience of "micro/affordable-escapism".

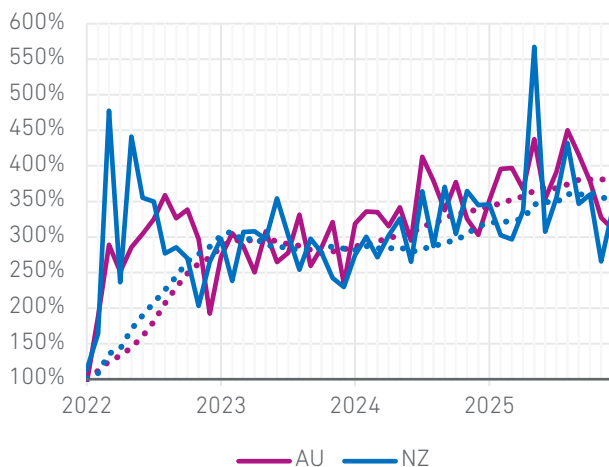
Spend Index : Solid Line is calculated as [monthly spend] / [sum of 2021 spend] in that category. Dotted Line is the 12 month rolling average. Spend has been inflation adjusted.

Sky's the limit: The non-negotiable funding of travel and leisure

Domestic Airlines



International Airlines

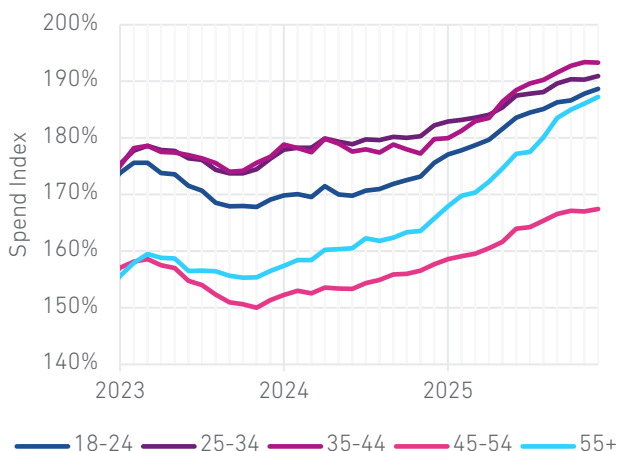


Spend Index : Solid Line is calculated as [monthly spend] / [sum of 2021 spend] in that category. Dotted Line is the 12 month rolling average. Spend has been inflation adjusted.

Airline travel spend across both domestic and international settings have increased dramatically, despite challenges with consumer cost-of-living over the past few years. AU Spend Index for domestic reached 266% - that's 166% more spend than our baseline. It's even higher on international spend – 311% and 337% for AU and NZ respectively. While 2021 baselines may have been artificial low (just coming out of COVID restrictions), **the continuing upward trend is clear.**

Consumers perhaps have **pivoted towards more affordable experiences**, away from costly goods and major life purchases. If buying a property is no longer viable in this market and that kitchen renovation is financially out-of-reach – one might as well make some memories on a holiday.

All Airlines - Age Group – AU (rolling 12 mth avg)

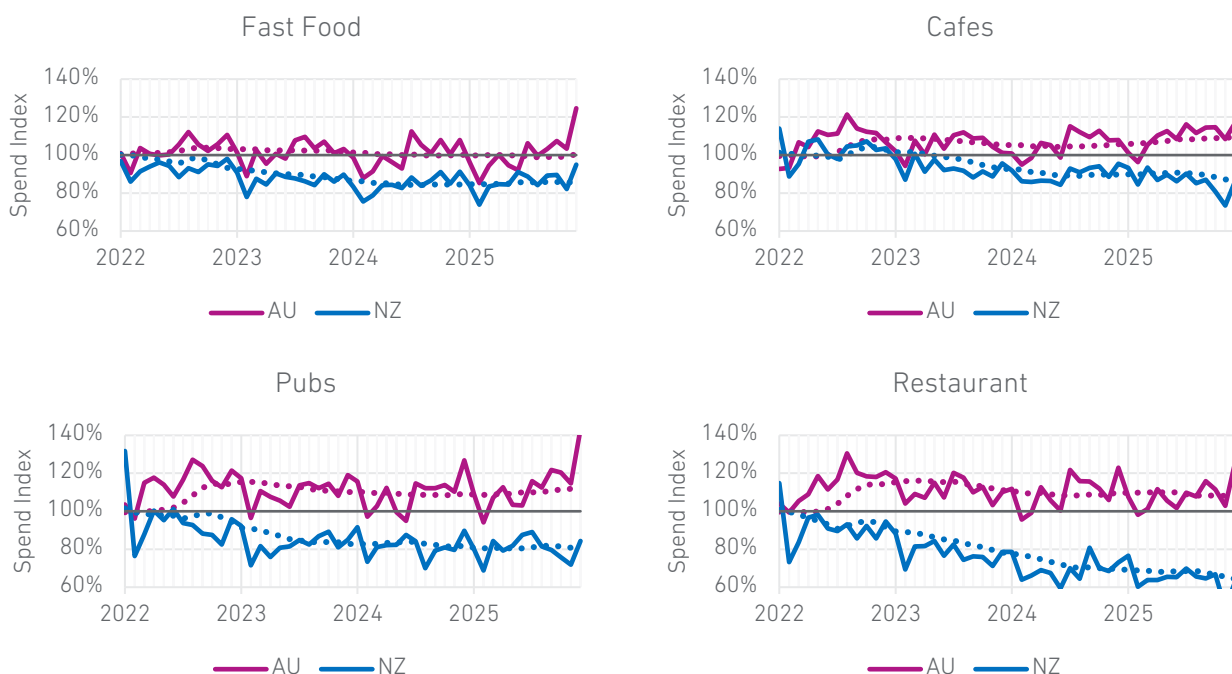


Data shows the **greatest increase in Spend Index across the 55+ and 25-44 cohorts.** Near-retirees with paid-down mortgages and benefitting from elevated interest rates returns on their savings have the means (and desire) to travel. The middle cohorts – consumers with dual-incomes, not yet at peak mortgage stress (if they even have a mortgage at all), taking advantage of budget airlines and holiday deals.

The strength of the AUD would have also helped, in particular, for key popular destinations (e.g. Japan, Bali, Vietnam, New Zealand).

Forking the bill: Dining, socialising and small indulgences

The divergence between Australia and New Zealand is evident when it comes to dining and socialising. Australian consumers sustained spending on cafes, pubs and restaurants, despite cost-of-living pressures, **highlights the social-emotional function of dining**. A stronger labour market (compared to NZ) would also mean, even though wallets are stretched, there is still an appetite for going-out. Australia's multicultural food scene is wildly-varied with many options at very accessible price points and higher urban density in hubs and food precincts would create strong spending demand.



Spend Index : Solid Line is calculated as [monthly spend] / [sum of 2021 spend] in that category. Dotted Line is the 12-month rolling average. Spend has been inflation adjusted.

Aussies have increased pub spend through the rate hike cycle - testament to the social anchoring function of the venue and to the relative health of Australian labour markets and consumer confidence. The RBA's slower, less aggressive tightening cycle preserved enough consumer surplus to keep the mid-week round going.

How can we help?

Market Insights services provide a powerful lens into competitive positioning, customer behaviour, and shifting market dynamics. By uncovering trends and growth opportunities, organisations can make more informed, forward-looking strategic decisions.

Powered by Experian Spend Analytics, you gain a rich, segment-level view of consumer spending – enabling stronger portfolio optimisation and more targeted decision-making.



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 software. 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.

We invest in talented people and new advanced technologies to unlock the power of data and to innovate. A FTSE 100 Index company listed on the London Stock Exchange (EXPN), we have a team of 25,200 people across 32 countries. Our corporate headquarters are in Dublin, Ireland. Learn more at experianplc.com.

This report has been compiled by data sourced from Experian Australia Pty Ltd and/or its related entities, as well as other public sources as referenced where applicable.

©2026 Experian and the marks used herein are service marks or registered trademarks of Experian Information Solutions, Inc. or its related bodies corporate. Other product and company names mentioned herein may be the trademarks of their respective owners.



Disclaimer: Unless otherwise indicated, all the names, characters, businesses, places, events and incidents in this report are either the product of the author's imagination or used in a fictitious manner. This Report is provided by Experian Australia Pty Ltd (Experian), as general information and it is not (and does not contain any form of) professional, legal or financial advice. Experian and its related bodies corporate make no representations, warranties or guarantees that the information (including links and the views/opinions of authors and/or contributors) contained in this Report are error free, accurate or complete. You are solely responsible and liable for any decision made (or not made) by you in connection with the information contained in this Report. Experian and its related bodies corporate exclude all liability for any and all loss cost, expense, damage or claim incurred by a party as a result of or in connection with (whether directly or indirectly) this Report or any reliance on the information in this email or links contained within. Experian own (or has appropriate licences for) all intellectual property rights in the information and this Report must not be edited, copied, updated or republished (whether in whole or in part) in any way without Experian's prior written consent.