



Business Pulse Monthly

Your update on consumer and
commercial market trends
impacting Australian
businesses

Australia

August 2026

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What we found interesting - what we are watching

The labour market remains relatively resilient, with the unemployment rate ticking up to 4.5% in July. While this is the highest rate recorded over the past year, unemployment has reached this level several times without breaking higher.

Consumer confidence was largely unchanged in August, while household savings balances have begun to recover after a prolonged period of pressure. However, weak business sentiment remains a concern, with a record low proportion of businesses reporting that now is a good time to invest, despite easing inflation and the RBA holding the cash rate in its last two meetings.

Insolvency activity fell again in July and remains ~10% lower than a year ago, suggesting overall business stress moderated. However, there were notable insolvencies within the gas and electricity sector with both the QPM Energy and Z Energy group of companies entering administration.

Housing market conditions weakened further, with national dwelling prices declining 0.9% in July. Notably, this softness is no longer limited to Sydney and Melbourne, with previously thriving markets such as Perth and Brisbane now showing signs of slowing.

Consumer credit data presents a mixed picture. Demand for new credit strengthened considerably in June with credit card and personal loan originations increasing month-on-month and year-on-year. At the same time, hardship trends continue to diverge across products. Mortgage and credit card hardship rates have improved over the past year, while personal loan hardship has continued to rise, reaching 2.14% in June.

In this month's Spotlight, we explore how retail and hospitality spending patterns are evolving across Australia and New Zealand, with a deeper look into Melbourne's changing landscape. We looked at shifts in where and how consumers are spending across the CBD and which consumers are driving CBD spending.





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 lifecycle 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 a Master of Data Science from Monash University and contributes to various cross-functional projects to unearth additional analytics use cases and improve operational efficiency.

Macroeconomic and bureau insights

- The **unemployment rate ticked up slightly to 4.5%** in July – the third time it has hit this number in the last 12 months but is yet to surpass this level. Unemployment rose by 0.2 percentage points across TAS, WA and NSW. (Source: Australian Bureau of Statistics)
- **Annual inflation** rose 3.5% for the last 12 months to July, down from 3.8% in June.
 - Food, rent, insurance and health costs were all relatively unchanged in July.
 - Fuel prices rose 7.5% in July due to the removal of the government fuel excise cut, taking prices to about the same as they were this time last year. (Source: Australian Bureau of Statistics)
- Company insolvencies fell to 1,211 in July and remain around 10% lower year-on-year. The fall was offset partially by a **spike in insolvencies for the electricity and gas sector** as the QPM Energy and Z Energy group of companies entered administration. (Source: ASIC)
- Consumer confidence was effectively unchanged in August, ticking up slightly to 76.5. Business confidence remains low, falling further to 76.1, despite easing inflation numbers and the RBA holding the cash rate. According to the Roy-Morgan Survey, a record low number of businesses believe now is a good time to invest in growing their business. (Source: ANZ-Roy Morgan)
- Average national home prices fell by 0.9% in July. Sydney and Melbourne fell by 1.4% and 1.2% respectively, with Melbourne dwellings now 2.8% lower than the same time last year. **Housing market conditions in Perth and Brisbane were notably softer in July**, with Perth homes increasing by just 0.1%, while Brisbane fell 0.6%. (Source: Cotality)
- Consumer savings balances lifted in the last quarter, reaching an index of 83.6 in May. If we follow previous seasonal patterns, balances may continue to climb further through to September. (Source: Experian Bureau)
- **There was strong demand for credit in June.** New credit card accounts jumped, increasing 8% from May. Personal loan accounts rose 4.7% and are 15.9% above last year's levels.
- Hardship rates on mortgages were 0.92% in June, which is 6 basis points below what they were the same time last year. Credit card hardships eased slightly to 0.22%, whereas **personal loan hardship rates have continued to trend higher, reaching 2.14%**, which is 14 basis points above the levels recorded a year ago. (Source: Experian Bureau)



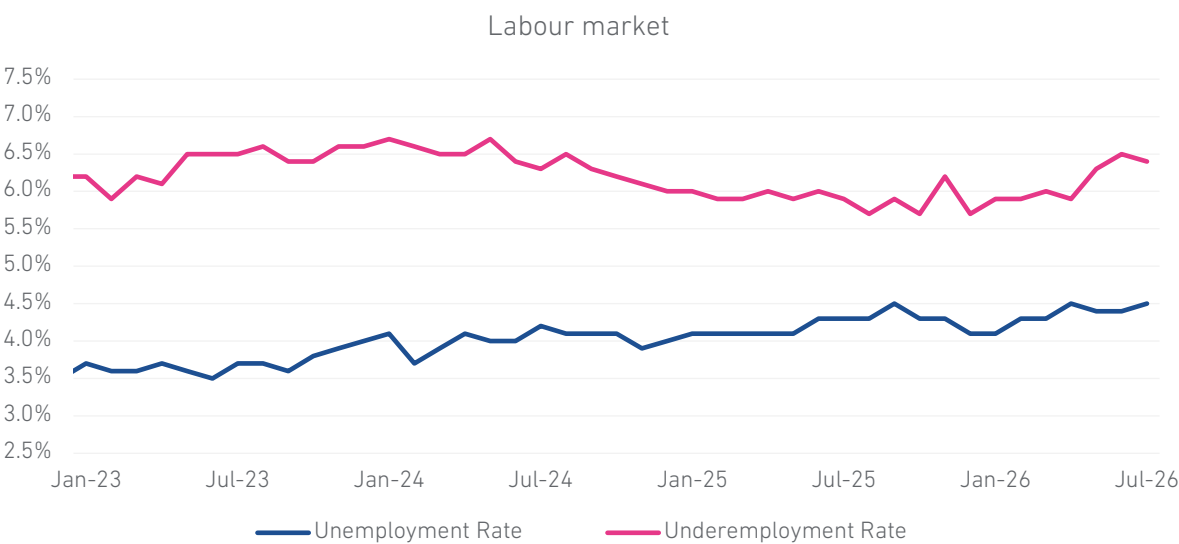
The changing geography of retail and hospitality spending

This month's Spotlight explores how retail and hospitality spending patterns are evolving across Australia and New Zealand, before taking a deeper look into Melbourne's changing landscape. We examined spending activity, business closures and consumer catchments to uncover shifts in where and how consumers are spending.



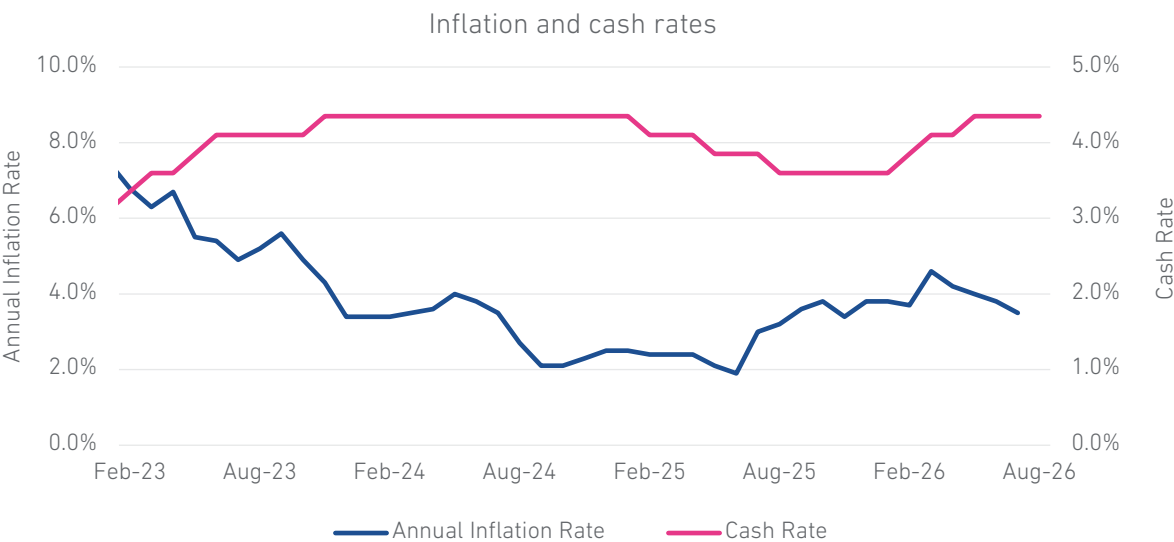
Labour market and inflation

The unemployment rate ticked up slightly to 4.5% in July – the third time it has hit this number in the last 12 months but is yet to surpass this level. Underemployment fell to 6.4%.



Source: ABS – Labour Force Stats - seasonally adjusted

Annual inflation rose 3.5% for the last 12 months to July, down from 3.8% in June. The RBA held the cash rate at 4.35% in its August meeting.

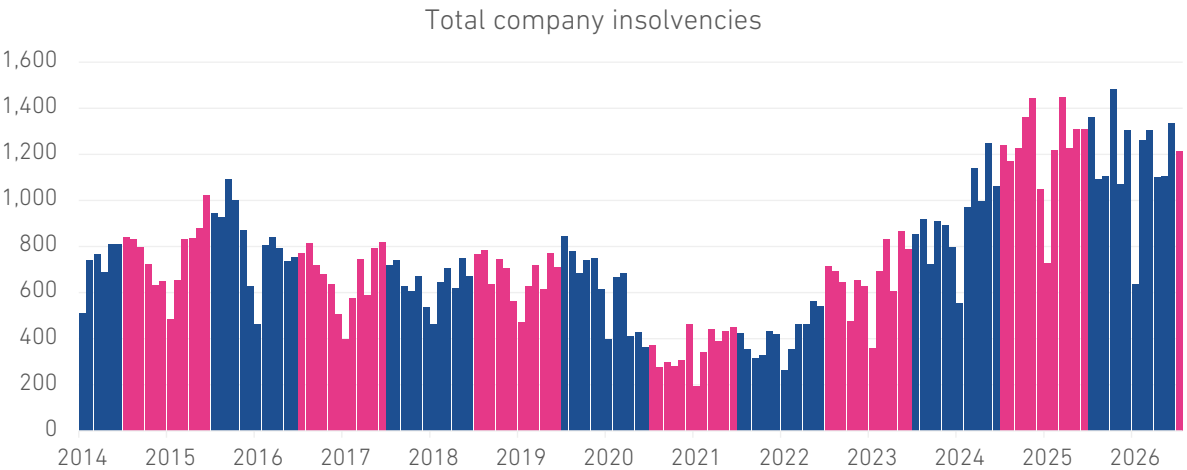


Source: ABS – Monthly CPI, RBA - cash rates



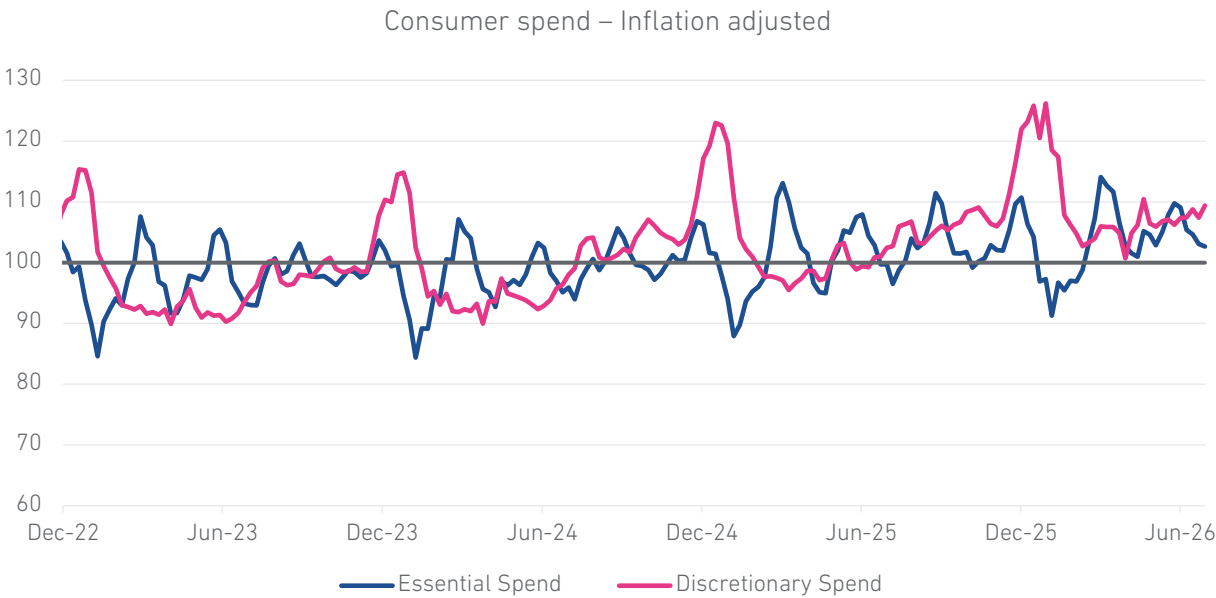
Insolvencies and consumer spend

Company insolvencies fell to 1,211 in July and remain around 10% lower year-on-year. The fall was offset partially by a spike in insolvencies for the electricity and gas sector as the QPM Energy and Z Energy group of companies entered administration.



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

Discretionary spend increased by 7.7% year-on-year in June, led by increases in household furnishings (+12.5%) with consumers taking advantage of end of financial year sales. Essential spend was 1.8% higher year-on-year in June.

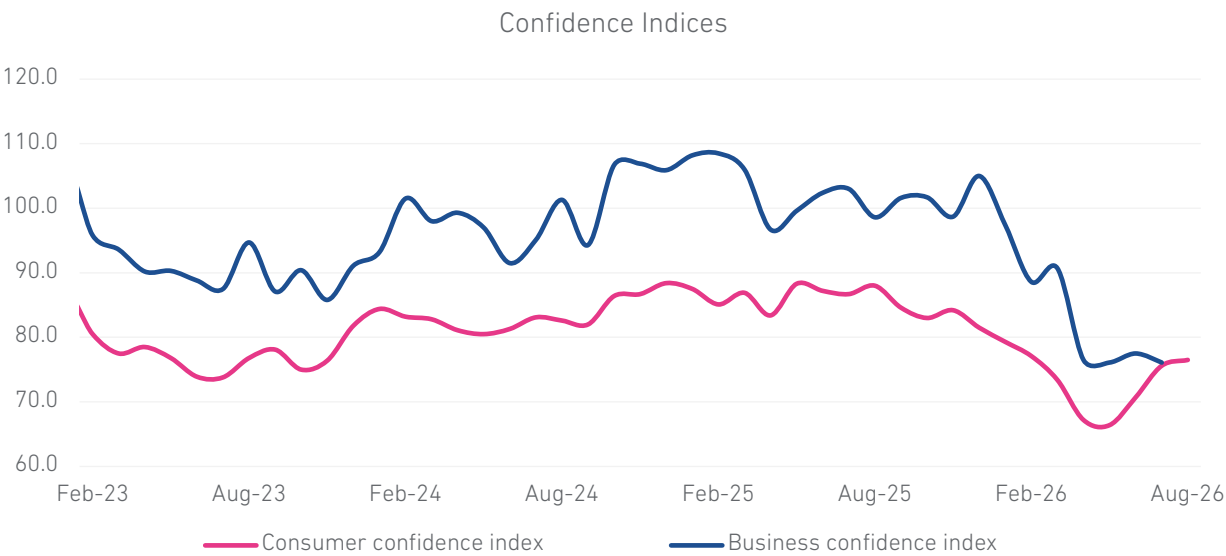


Source: Experian Spend Indices; indexed to the average weekly spend across 2022; adjusted for inflation



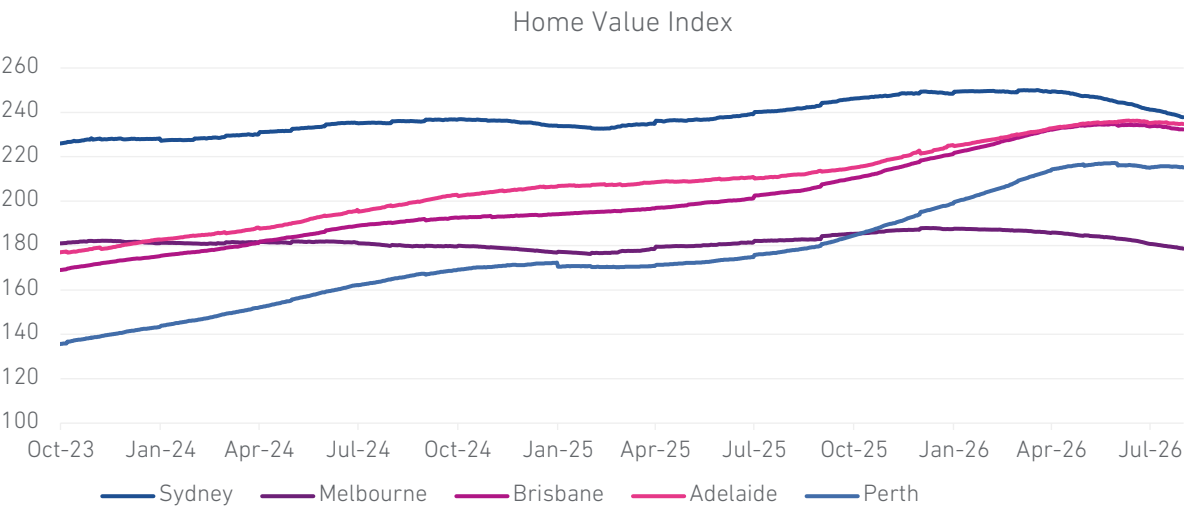
Sentiment and house prices

Consumer confidence was effectively unchanged in August, ticking up slightly to 76.5. Business confidence remains low, falling further to 76.1, despite easing inflation numbers and the RBA holding the cash rate. According to the Roy-Morgan Survey, a record low number of businesses believe now is a good time to invest in growing their business.



Source: ANZ-Roy Morgan Survey

Average national home prices fell by 0.9% in July. Sydney and Melbourne fell by 1.4% and 1.2% respectively, with Melbourne dwellings now 2.8% lower than the same time last year. Housing market conditions in Perth and Brisbane were notably softer in July, with Perth homes increasing by just 0.1%, while Brisbane fell 0.6%.



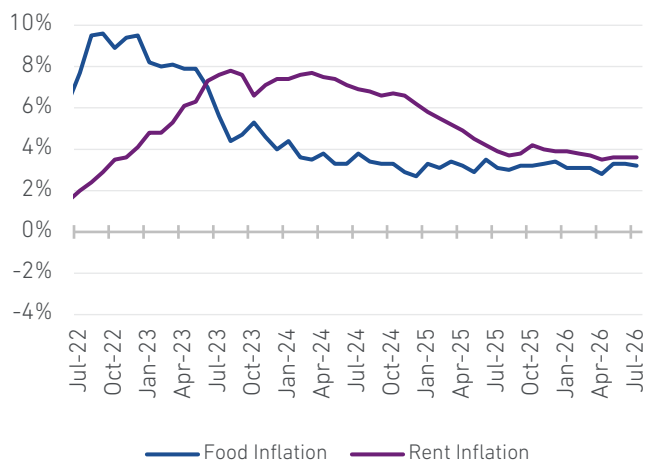
Source: Cotality Home Value Index



Measures of consumer price inflation

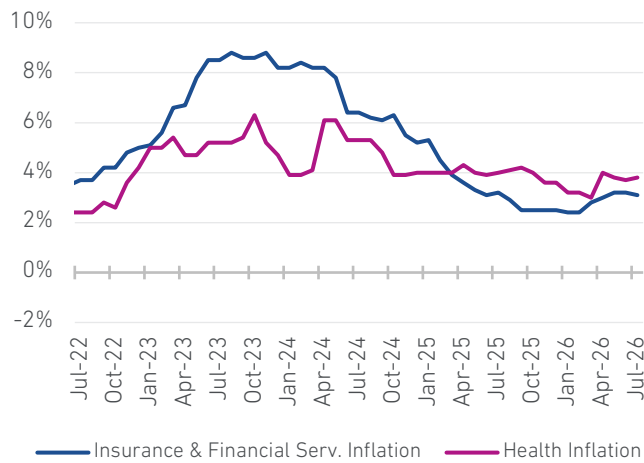
Annual food inflation returned to 3.2% in July, up from 2.8% in April. Rental inflation has been flat at 3.6%.

Food and Rent



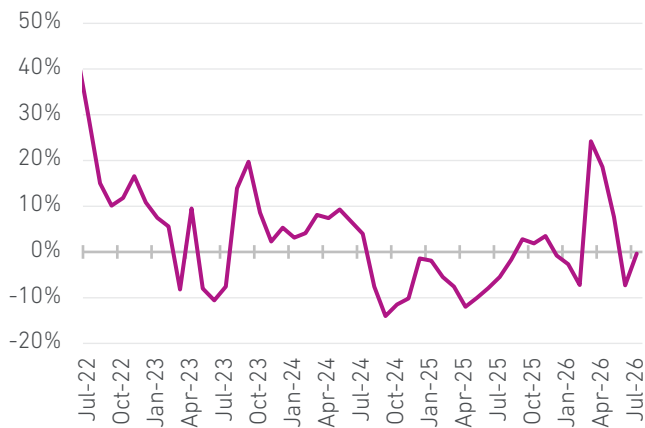
Insurance and financial services inflation was 3.1% for the last 12 months to July. Annual health costs were also flat, rising just 0.1% from the previous month.

Insurance and Health



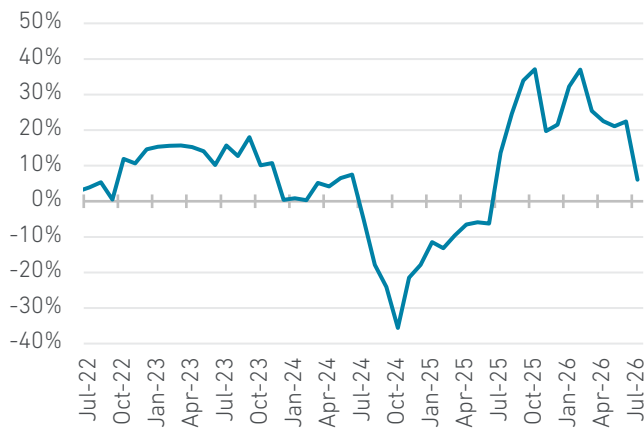
Fuel prices rose 7.5% in July due to the removal of the government fuel excise cut, taking prices to about the same as they were this time last year.

Fuel



Annual electricity inflation eased to 6.1% in July. Compared to the previous month, they fell 1.6%.

Electricity



Source: ABS – Monthly CPI – Annual Movement (year-over-year)



Unemployment and savings balances

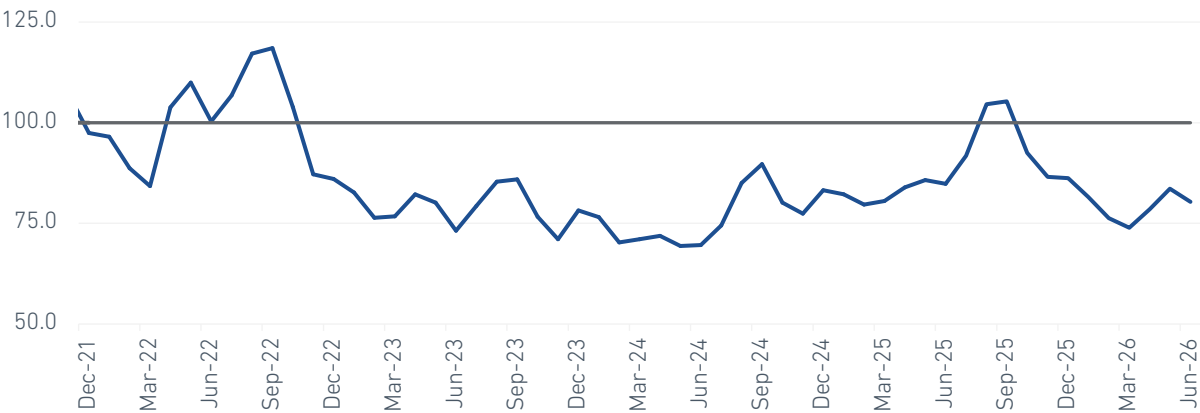
The unemployment rate increased by 0.2 ppts across TAS, WA, and NSW. TAS now has the highest unemployment rate alongside VIC at 5.1%.

Unemployment rates by state			
	Jul-26	Jun-26	Percentage point change
TAS	5.1	4.9	0.2
VIC	5.1	5.1	0
NT	4.7	4.7	0
WA	4.4	4.2	0.2
NSW	4.2	4	0.2
QLD	4.2	4.3	-0.1
SA	4.1	4.3	-0.2
ACT	4	4	0

Source: ABS – Labour Force Stats - seasonally adjusted

Savings balances lifted in the last quarter, reaching an index of 83.6 in May. If we follow previous seasonal patterns, balances may continue to climb further through to September.

Median savings balance

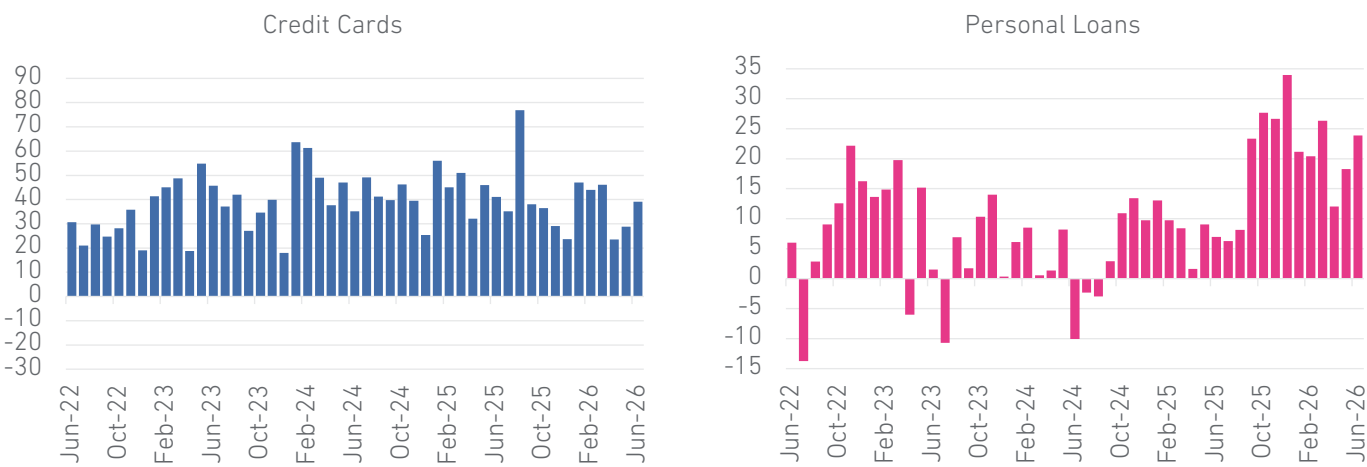


Source: Experian Savings Index – indexed to the average balance across 2022



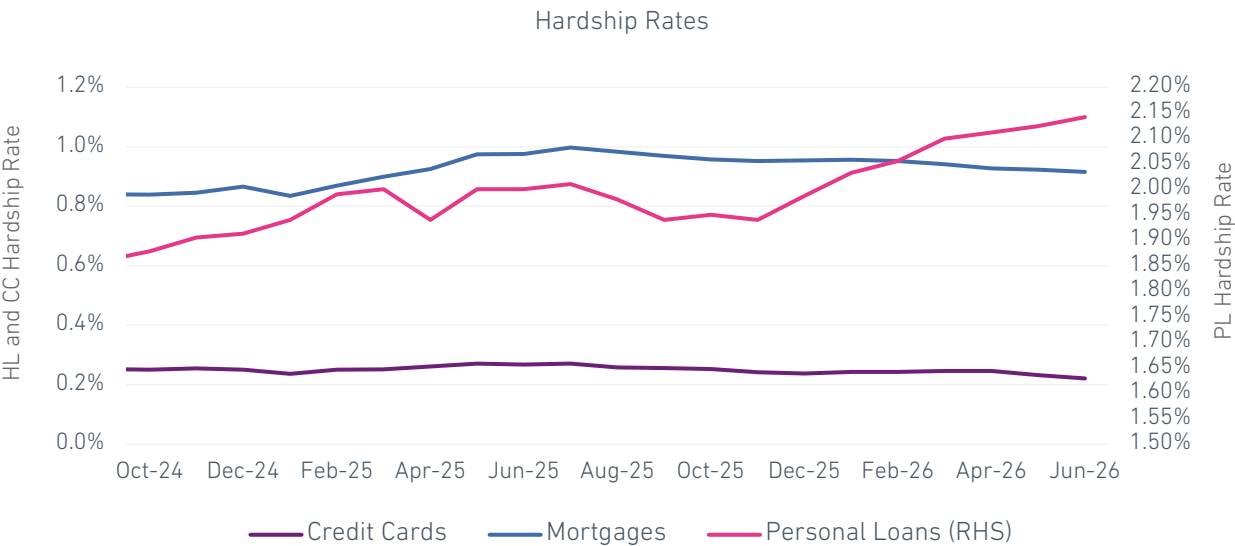
New account openings and hardship cases

There was strong demand for credit in June. New credit card accounts jumped, increasing 8% from May. Personal loan accounts rose 4.7% and are 15.9% above last year's levels.



Source: Experian Bureau – data is indexed to Jan 2022 and rebased to 0

Hardship rates on mortgages were 0.92% in June, which is 6 basis points below what they were the same time last year. Credit card hardships eased slightly to 0.22%, whereas personal loan hardship rates have continued to trend higher, reaching 2.14% which is 14 basis points above the levels they were a year ago.

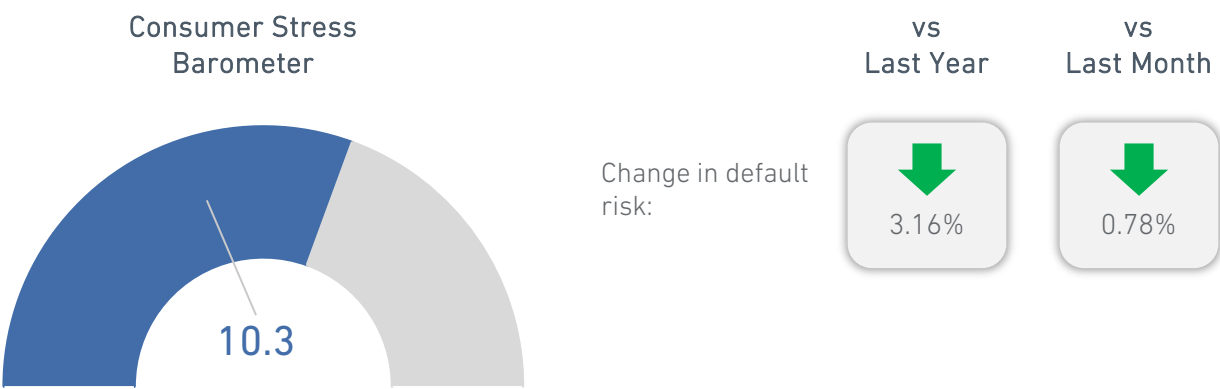


Source: Experian Bureau

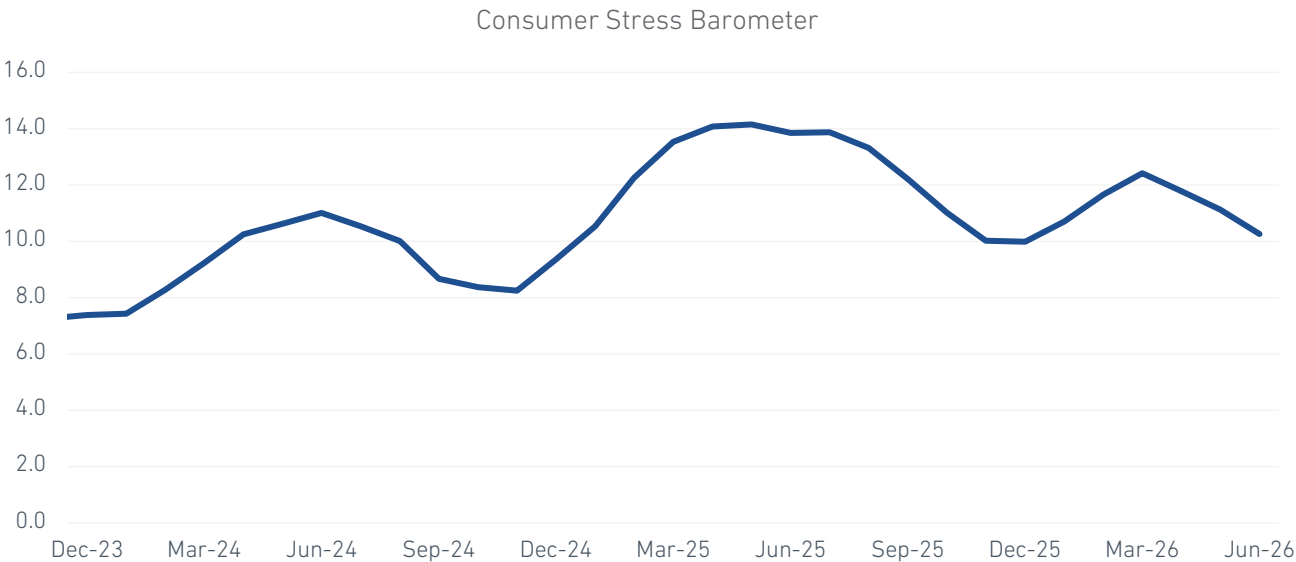


Consumer credit risk

The Consumer Stress Barometer fell in June to 10.3, declining for the third consecutive month, with consumer risk now 3.16% lower than the same time last year.



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

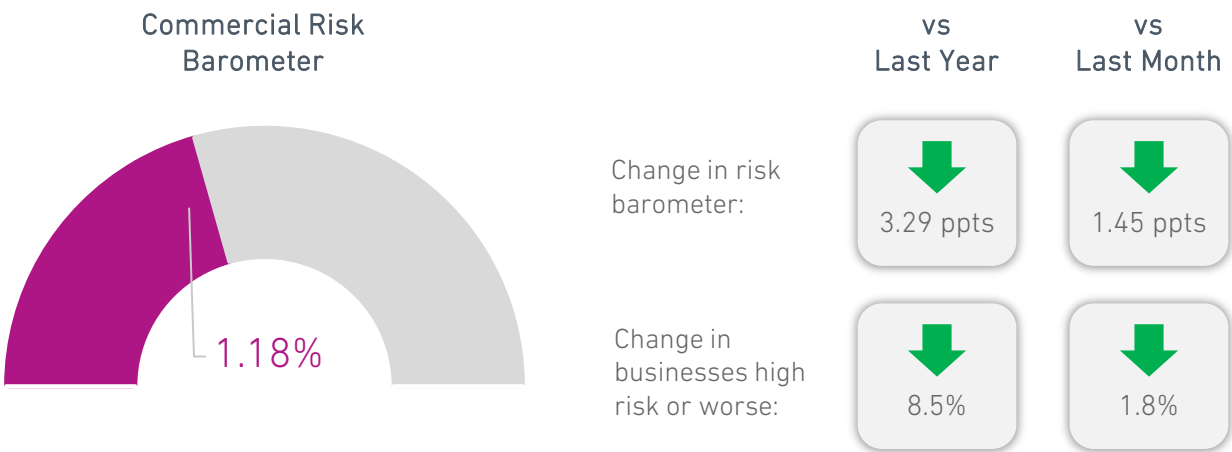


Source: Experian Bureau - Barometer shows the change in the consumer default risk (Baseline: January 2022)

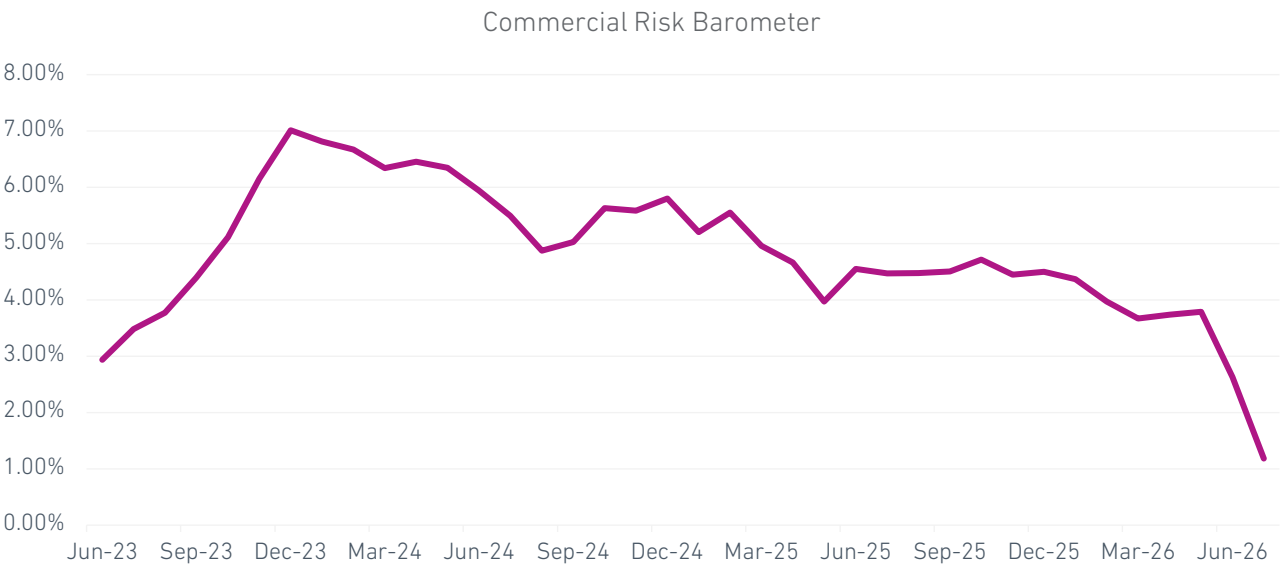


Commercial credit risk

The Commercial Risk Barometer fell again in July to 1.18%, down 1.45 ppts from last month, with average credit risk for businesses now close to the baseline period (Jan 2023). The number of businesses at high risk of failure or worse is 8.5% lower than the same time last year.



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)



Monthly
Spotlight

The changing geography of retail and hospitality spending

Michael Johnson

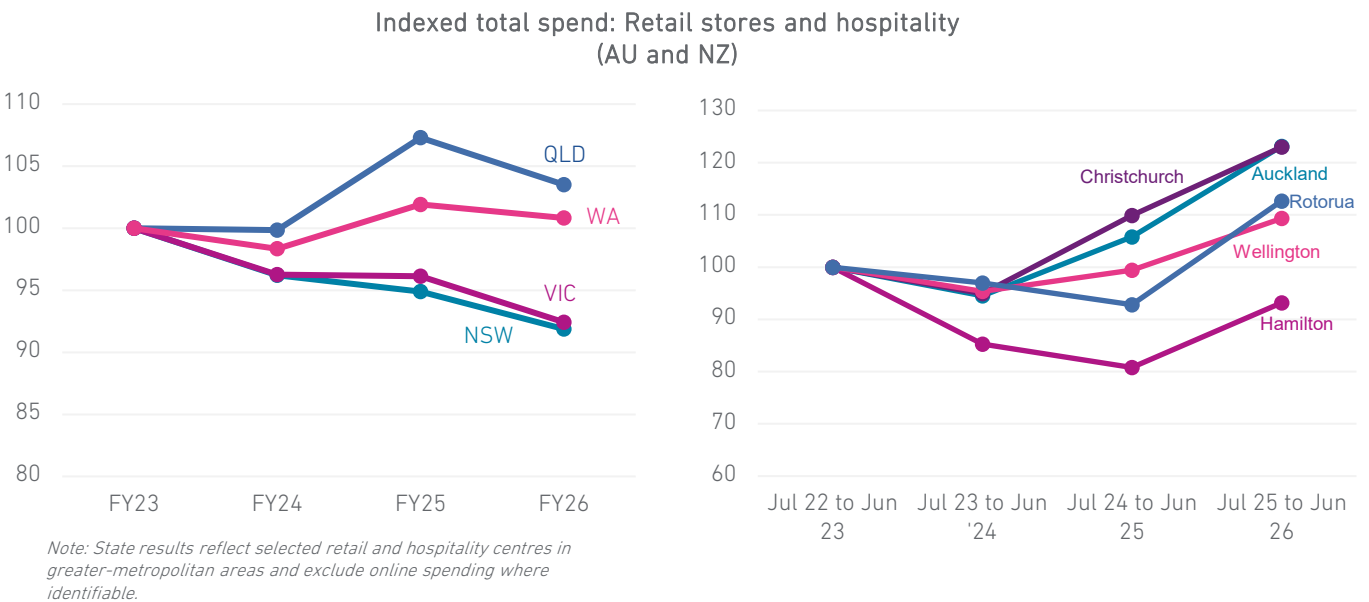


Introduction

This analysis focuses on consumer spending within major physical retail and hospitality centres in greater metropolitan areas and is intended to reflect in-person spending activity and consumer movements rather than total state expenditure.

The physical retail and hospitality spending landscape

Consumer spending across retail stores, restaurants, pubs and other eating places has diverged considerably across Australia over the past three years. While each state experienced a pull-back in spend in the latest financial year, Western Australia and Queensland have remained the strongest performers with spending levels still above those recorded in FY23. In contrast, Victoria and NSW have experienced a sustained slowdown, with spending activity now around 8% below FY23 levels.



New Zealand presents a very different picture of activity. Following an initial downturn in 2024, spending activity has rebounded strongly over the past 12 to 18 months across each of the major cities analysed. Auckland and Christchurch recorded spending levels 23% higher than in the 12 months to June 2023, highlighting a significant recovery in consumer activity. While Hamilton has also had a strong rebound, spending remains 7% below the June 2023 benchmark.

Scope and Methodology

The analysis in this Spotlight is designed to measure physical consumer activity, visitation and spending patterns across retail and hospitality locations.

- State-level results represent major retail and hospitality centres in the greater-metropolitan area rather than whole-of-state spending activity.
- Online transactions and non-location-based spending have been excluded where identifiable.

Business resilience differs across sectors and regions

While consumer spending provides insight into demand conditions, business closure rates provide another perspective on the health of local areas. Strong spending activity does not always result in lower business failures, as businesses continue to navigate rising operating costs, labour constraints and changing consumer behaviour.

Hospitality faces greater pressure in Australia

Across Australia, businesses operating in CBDs generally had lower closure rates than those in surrounding metropolitan suburbs, with Western Australia the notable exception. Hospitality businesses experienced higher closure rates than retail stores during FY26, highlighting ongoing profitability pressures facing cafés and restaurants.

This trend is particularly evident in NSW, where the Sydney CBD recorded the lowest retail closure rate among the analysed CBDs, yet the highest closure rate for eating and drinking places. Hospitality business closures were also elevated across prominent inner-urban dining and entertainment precincts, including Surry Hills and Newtown in Sydney, and Richmond, South Yarra and Brunswick in Melbourne.

FY26 Closure Rates: Retail Stores

	NSW	VIC	QLD	WA
CBD	4.6%	5.7%	6.4%	6.5%
Inner-Urban	8.1%	6.8%	7.1%	5.8%
Suburban Centre	7.5%	6.6%	7.4%	9.0%

FY26 Closure Rates: Eating and Drinking Places

	NSW	VIC	QLD	WA
CBD	7.1%	6.8%	5.9%	6.7%
Inner-Urban	9.2%	8.8%	9.4%	6.0%
Suburban Centre	8.9%	7.7%	7.6%	9.7%

Retail closures more pronounced in New Zealand

New Zealand exhibited a contrasting pattern to Australia, with retail businesses recording higher closure rates than cafés, restaurants and other food operators. The difference was especially evident in Wellington, where retail closures significantly exceeded those in the hospitality sector, which recorded the lowest closure rate among the analysed cities.

Business Closure Rates FY26

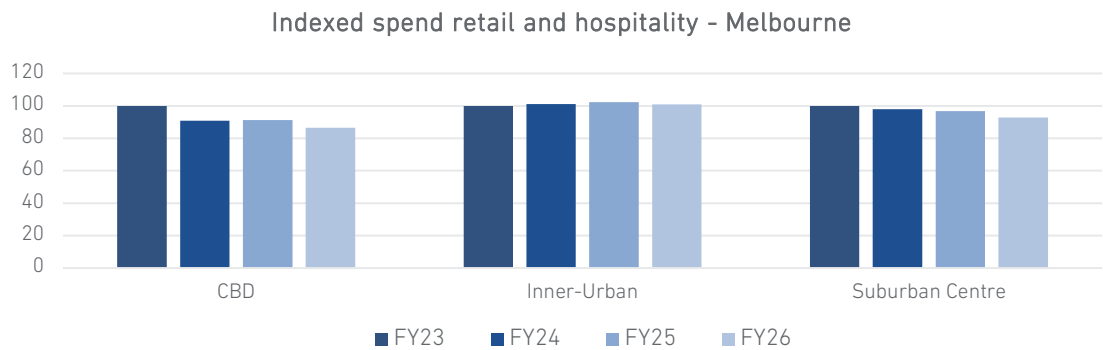
City	Retail Stores	Eating & drinking places
Auckland	10.7%	9.8%
Christchurch City	11.3%	10.1%
Hamilton City	11.9%	10.2%
Wellington City	12.7%	7.9%
Rotorua District	10.0%	9.6%

Melbourne Spotlight: a CBD in transition

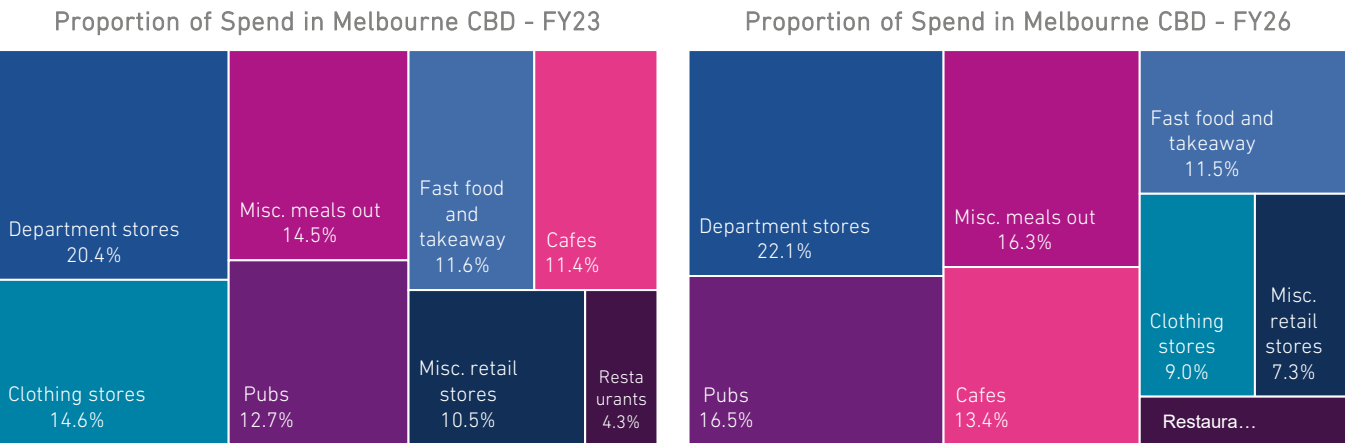
As Australia’s second-largest city, Melbourne has been at the centre of discussions about the future of CBDs. Compared with other major capitals, the city experienced a more gradual recovery in office occupancy post the COVID-19 pandemic, while debates around flexible working arrangements continue to shape expectations on future CBD activity.

According to the Property Council of Australia’s Office Market Report (Jul 2026), Melbourne’s CBD has the highest office vacancy rate among capital cities at 18.9%, compared with 13.3% in Sydney.

Consumer spending across Melbourne’s retail and hospitality businesses has moderated in recent years, with CBD spending in FY26 sitting 14% below FY23 levels. However, this decline is not unique to the CBD, with suburban centres also showing reduced spending activity over this period. In contrast, Melbourne’s inner-urban shopping precincts have shown greater resilience, maintaining stable spending levels.



Beyond changes in overall spending, the composition of spending within the CBD has shifted noticeably. The following graphics compare the proportion of spend across key retail and hospitality categories between FY23 and FY26. Traditional retail categories have lost share, with clothing declining from 14.6% to 9.0% of total spend and miscellaneous retail falling from 10.5% to 7.3%.



Over the same period, spending at pubs increased from 12.7% to 16.5%, while cafés and restaurants also saw an increase in their share of total consumer spend.

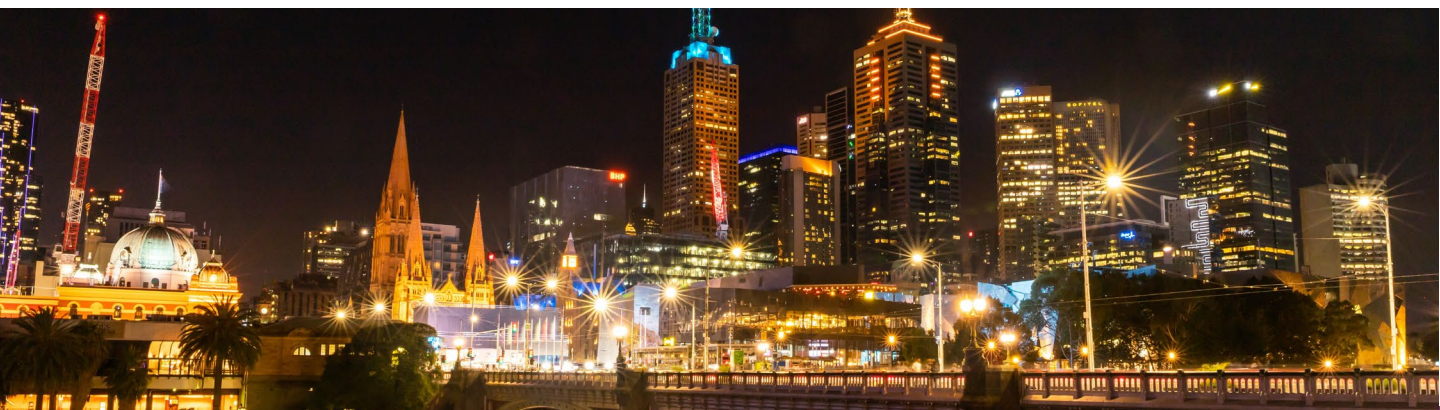
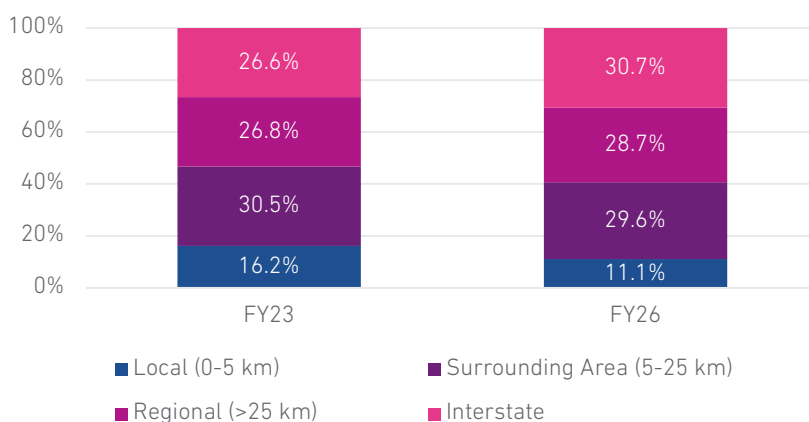
These shifts could reflect changing consumer preferences, with a growing share of retail purchases occurring online while the CBD increasingly serves as a destination for dining, entertainment and social experiences. This suggests that although overall in-person spending activity has softened, the role of Melbourne's CBD may be evolving.

How far consumers travel: CBD catchment area

The profile of consumers visiting Melbourne's CBD has also shifted over recent years. Since FY23, the share of spending generated by local and suburban residents has declined, while the contribution from regional visitors has increased 2%, and interstate visitors have increased 4.1% from 26.6% to 30.7% of total spend.

Interstate visitors appear to be offsetting some of the weakness in local demand, with total spending from this cohort increasing by 5% between FY23 and FY26. In contrast, spending from both local and suburban residents has declined over the same period. Melbourne's CBD may be becoming increasingly reliant on visitors from outside the metropolitan area to support retail and hospitality activity.

Proportion of spend by distance travelled –
Melbourne CBD

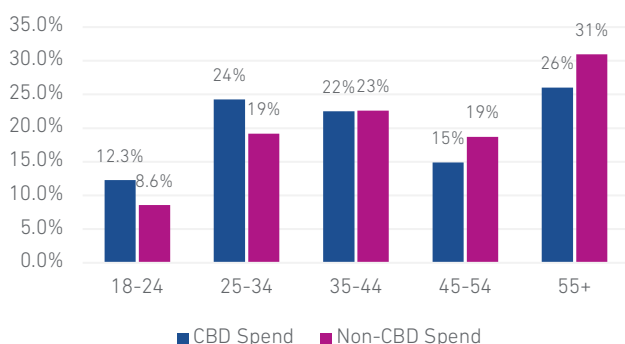


Which demographics are driving CBD spending?

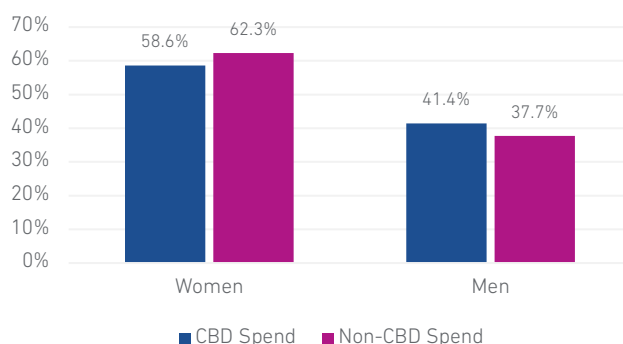
The age profile of spending in the CBD skews younger than the broader Melbourne market. Consumers aged 18 to 34 account for 36.3% of CBD spending, compared to just 27.6% of total retail and hospitality spend across greater Melbourne.

While consumers aged 55 and over account for the largest share of retail and hospitality spending in Melbourne's CBD (26%), this is five percentage points lower than their share of spending across metropolitan Melbourne more broadly (31%). This suggests the CBD continues to play an important role as a destination for younger consumers, reflecting its concentration of employment, dining and social activities.

Proportion of retail & hospitality spend by age group



Proportion of retail & hospitality spend by age group



When it comes to gender, women account for a much larger portion of retail and hospitality spending both across Melbourne and within the CBD. However, their share of spending declines slightly within the CBD, falling from 62.3% across metropolitan Melbourne to 58.6% in the CBD.

While this spotlight focused on Melbourne, every city has its own mix of consumers, businesses and economic drivers. Understanding local dynamics will be important to identifying where opportunities and risks are emerging across urban centres.



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- **Market Insights Services** provide information on market trends, customer behaviour and competitive dynamics to support strategic analysis and decision-making.
- **Portfolio Insight** - Identify customer segments showing early signs of financial pressure, providing additional insights to support customer engagement and portfolio management decisions.
- **Industry Insights Reports** - Benchmark hardship entry, recovery and repeat-support outcomes against broader market trends to better understand portfolio performance and emerging risks.



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A photograph of a young woman with short brown hair, smiling and looking down at a smartphone she is holding in her hands. She is wearing a white top with black polka dots. The background is a blurred indoor setting.

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