



# Economic Update June 2025

KPMG

June 2025





# Acknowledgement of Country

**KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.**

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

[kpmg.com/au/rap](https://kpmg.com/au/rap)

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# Agenda

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**01**

# **Economic Data**



# Summary on data used

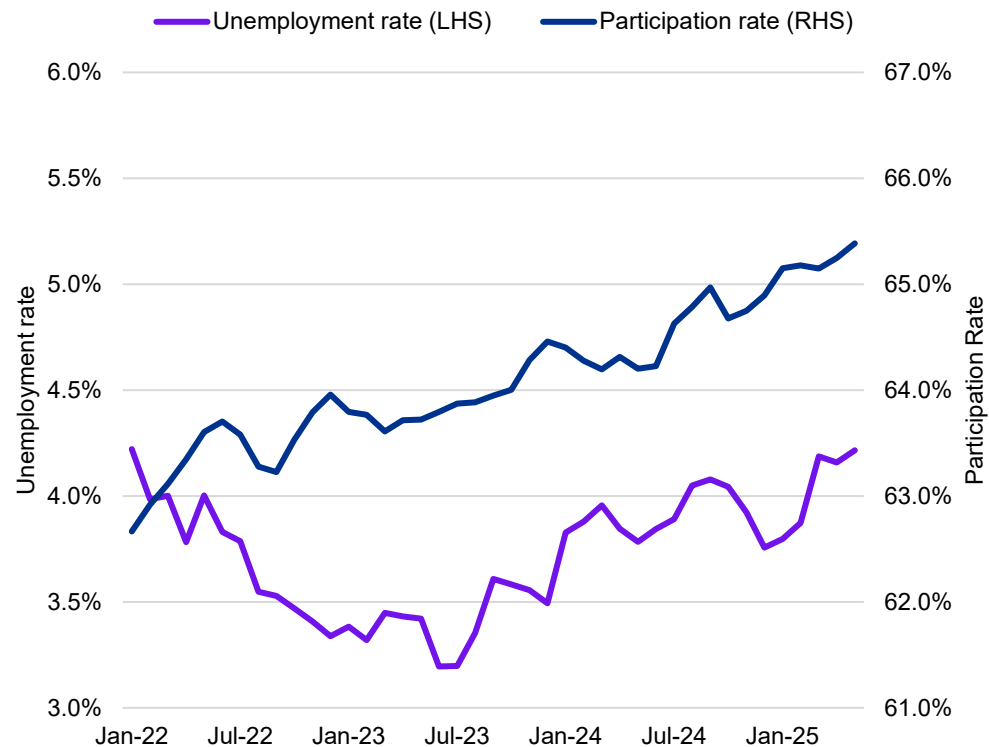
- Each quarter KPMG presents to the Strategy and Innovation Committee to provide insight to inform discussions and priorities.
- The data we use typically comes from the Australian Bureau of Statistics (ABS) for its accuracy and validity.
- To view data at a Newcastle LGA level we use what is known as Statistical Level 3 (SA3) data and this is our first preference when it is available. This data is not updated as frequently by the ABS as some other data sets.
- The table on the right-hand side provides a snapshot of the most recent SA3 data.
- There were today's data releases in February 2025, covering all 2024 and broken down to a Hunter level (but not a Newcastle LGA level). We have used this data for today's presentation.

**Table 1: Newcastle LGA summary from SA3 data set**

Description	Data Year	Region	Australia
Estimated resident population (no.)	2024	189 800	27 483 366
Working age population (aged 15-64 years) (%)	2023	66.9	64.9
Estimated resident Aboriginal and Torres Strait Islander population (no.)	2021	9 684	983 709
Speakers of an Aboriginal or Torres Strait Islander language who identify as Aboriginal and/or Torres Strait Islander (%)	2021	1.7	10
Persons born overseas (no.)	2021	26 017	7 029 262
Children enrolled in a preschool or preschool program (no.)	2023	2 388	337 305
Median price of established house transfers (\$)	2023	870 000	730 000
Median total income (excl. Government pensions and allowances) (\$)	2020	55 157	52 338
Total number of businesses	2023	15 838	2 589 873
Number of jobs	2021	148 096	20 797 175
Median weekly household rental payment (\$)	2021	400	375
Median monthly household mortgage payment (\$)	2021	1 962	1 863

# Regional unemployment and workplace participation

Figure 2: Unemployment and participation rate 2022 - 2025



Source: KPMG Analysis of ABS Labour Force Survey

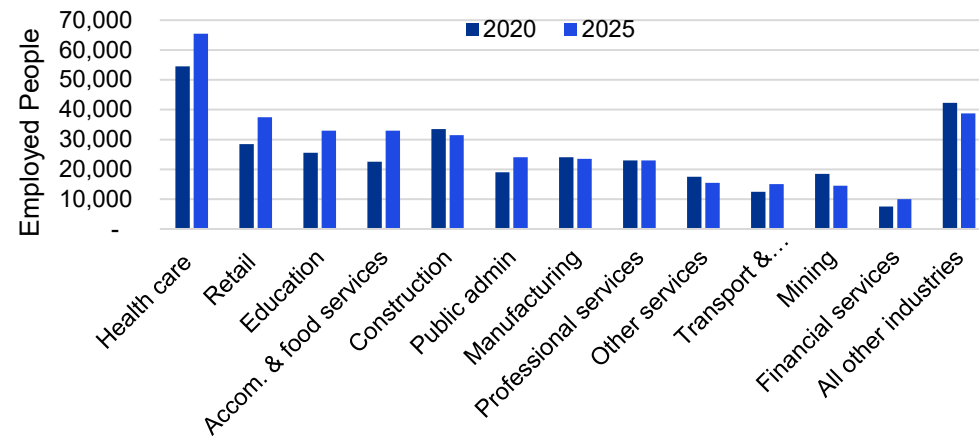
Note: Based on Hunter Valley exc Newcastle and Newcastle and Lake Macquarie SA4

- The Hunter's workforce participation rate has shown an upward trajectory over the past three years. It is interesting to note how this aligns with significant increases in interest rates.
- The labour force participation rate is at a record high, and even with this rapid growth in the number of people looking for work, the unemployment rate has remained relatively steady.
- The unemployment rate remains low, standing at 4.2% in May 2025. The Hunter's unemployment rate is broadly in line with the NSW figure of 4.1%.
- In May 2025, both Newcastle and Lake Macquarie, as well as the Hunter Valley, recorded an unemployment rate of 4.1%.
- There is a clear divergence in the participation rate between Newcastle and Lake Macquarie (almost 67.0%) and the rest of the Hunter (63%), with participation declining in other parts of the Hunter.

# Hunter Industry Employment Structure

Across the Hunter, labour moves freely between LGAs for work. Therefore, it tends to give a more fulsome picture looking at the region rather than just the LGA.

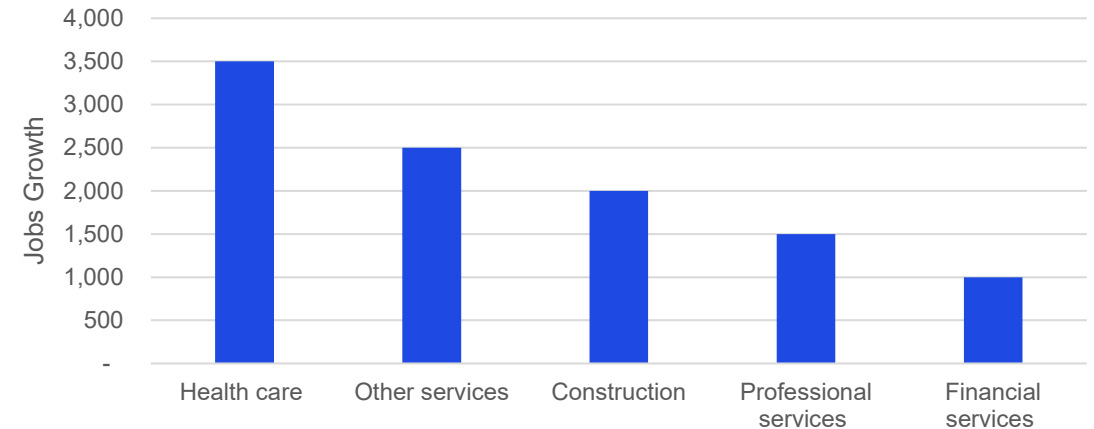
**Figure 3: Hunter Industry Employment Structure 2019-20 and 2024-25**



Source: KPMG Analysis of ABS Labour Force Survey

Note: Based on Hunter Valley exc Newcastle and Newcastle and Lake Macquarie SA4

**Figure 4: Top Industries for Growth in 2024-25**



Source: KPMG Analysis of ABS Labour Force Survey

Note: Based on Hunter Valley exc Newcastle and Newcastle and Lake Macquarie SA4

- Healthcare dominates the growth of employment in the region and is expected to continue with developments at John Hunter Hospital plus an aging population and large proportion of the population with a disability.
- In June 2024, the HNE Health District had the highest number of NDIS participants in NSW of over 32,000. This accounts for approximately 17% of the States total NDIS participants and ~ 5% Nationally.
- In terms of % growth, accommodation and food services was the fastest growing industry.

- Health care was the largest growing industry in 2024-25, adding 3,500 new jobs, although this was lower than the growth of 6,500 jobs in 2023-24.
- Other services, which include machinery repair and maintenance, experienced another strong year of employment growth.
- Construction continues to see steady growth in employment as demand for housing and new infrastructure rises.
- Professional services and financial services returned to the top five industries but experienced declines in employment in 2023-24. This highlights an economy returning to a growth phase.

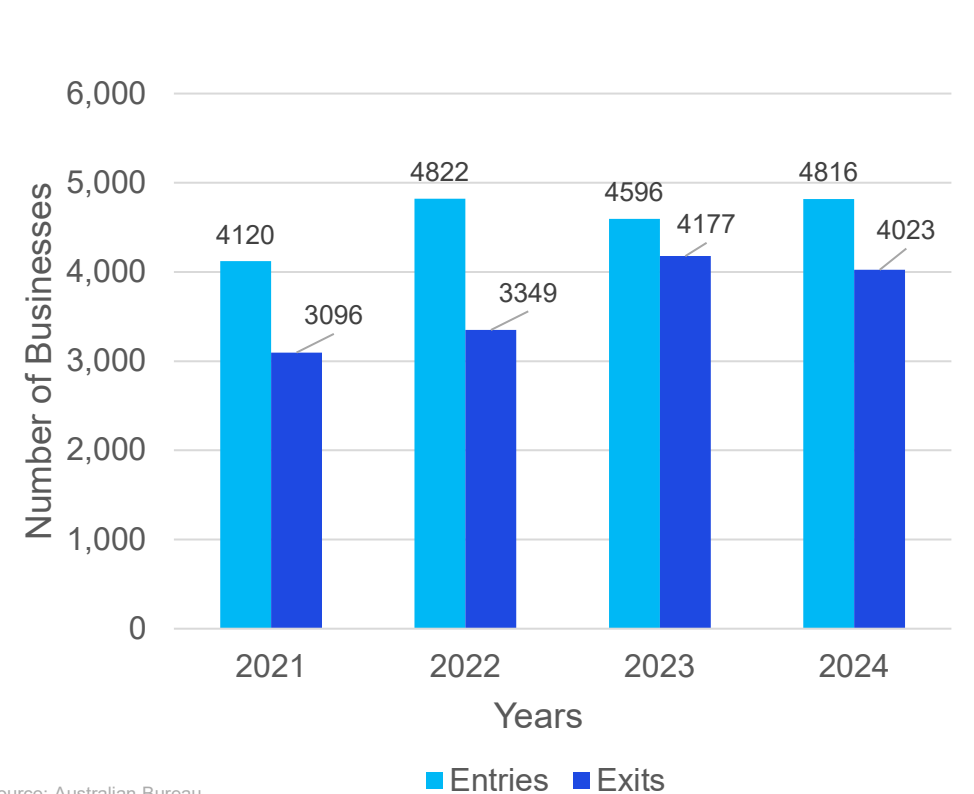
02

# Local Business Dynamics: Growth, Churn and Emerging Trends



# Steady Growth, High Churn – Especially Among Small Employers

Figure 6: Business Entries vs Exits in Newcastle-Lake Macquarie (2021-2024)



Source: Australian Bureau of Statistics



The local business base grew by 3% over the past year, adding 908 new businesses. This reflects steady underlying economic confidence across the region.



Business entries continue to outpace exits, with 4,816 new businesses established and 4,023 closures. That net growth of 793 businesses highlights the region’s ongoing entrepreneurial momentum.



Non-employing businesses now represent over half of the local economy, increasing by nearly 1,000 in the past year. This points to a rising cohort of sole traders and independent operators.



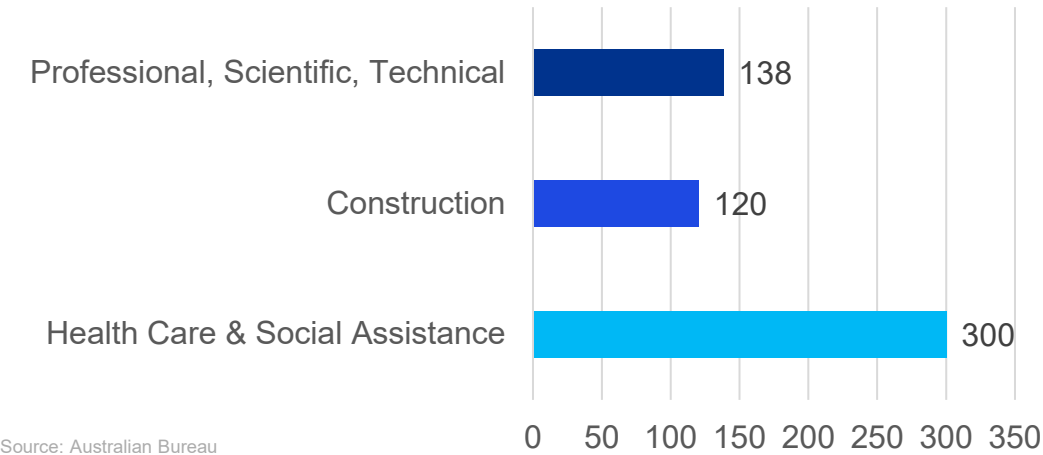
The most significant growth was in larger employers, with businesses employing 20 or more staff increasing by over 6%. This suggests growing capacity in sectors that are likely contributing more meaningfully to employment and investment.



Micro-businesses remain the most vulnerable, with 954 exits in the 1 to 4 employee category. This represents nearly 1 in every 10 businesses in this group.

# Industry Growth Anchored in Services and SME Strengthening

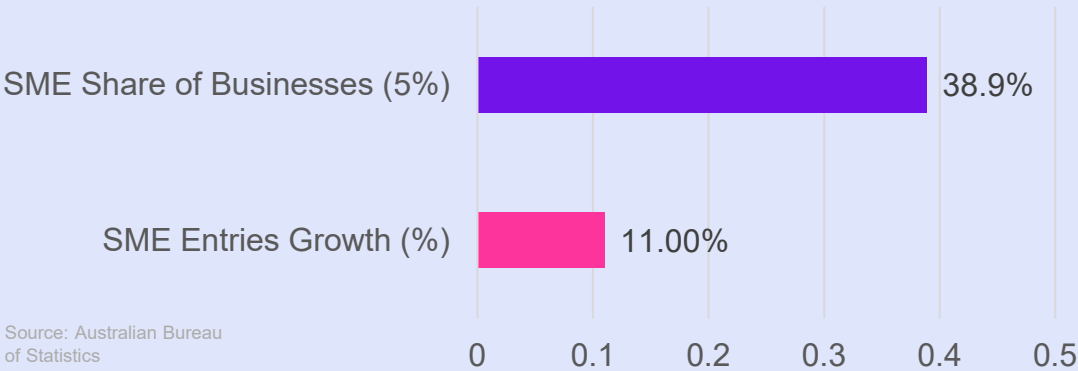
Figure 7: Top 3 Industries by Business Growth in Newcastle-Lake Macquarie (2024)



Source: Australian Bureau of Statistics

- Health care and social assistance is the fastest-growing industry, adding 300 businesses in 2024, reflecting critical workforce expansion and rising local demand.
- Construction remains the largest local industry, growing by 120 businesses (2%), underpinned by ongoing infrastructure and housing investments.
- Professional, scientific, and technical services sector shows strong growth (+138 businesses), highlighting the rise of knowledge-based jobs and innovation opportunities.

Figure 8: SME Trends in Newcastle-Lake Macquarie – Percent Change



Source: Australian Bureau of Statistics

- Business entries in the \$200k–\$2 million turnover bracket surged 11%, signalling increased SME formation and strengthening economic resilience.
- Businesses with turnover of \$200k–\$2 million now make up 38.9% of all local businesses (up from 37.1%), confirming growth in stable, established SMEs poised for scale.



# Household Spending Modest Growth, Cautious Consumers

## Key National Data Points



### Total Household Spending

- **+ 0.1% month on month (seasonably adjusted)**
- **+3.7% year on year**



### Category Trends

- **Services ↑ 1.5% | Goods ↓ 1.1%**
- **Discretionary ↓ 0.2% | Non-discretionary ↑ 0.6%**



### Strongest Growth Areas

- **Hotels, cafés & restaurants (+2.2%)**
- **Health (+1.6%)**
- **Recreation & culture (+1.1%)**

- Consumer confidence remains steady but cautious, reflecting concerns about living costs.
- Total household spending is stable with only a small increase month-on-month.
- There is a noticeable shift toward spending on services such as hospitality, dining out, and recreational activities.
- Health-related spending is rising consistently, showing strong and lasting demand in this sector.
- Spending on discretionary goods like clothing and vehicles is declining, indicating consumers are cutting back on non-essential purchases.
- The retail sector continues to face challenges, suggesting a need for support and new strategies to adapt to changing consumer habits.

Source: Australian Bureau of Statistics

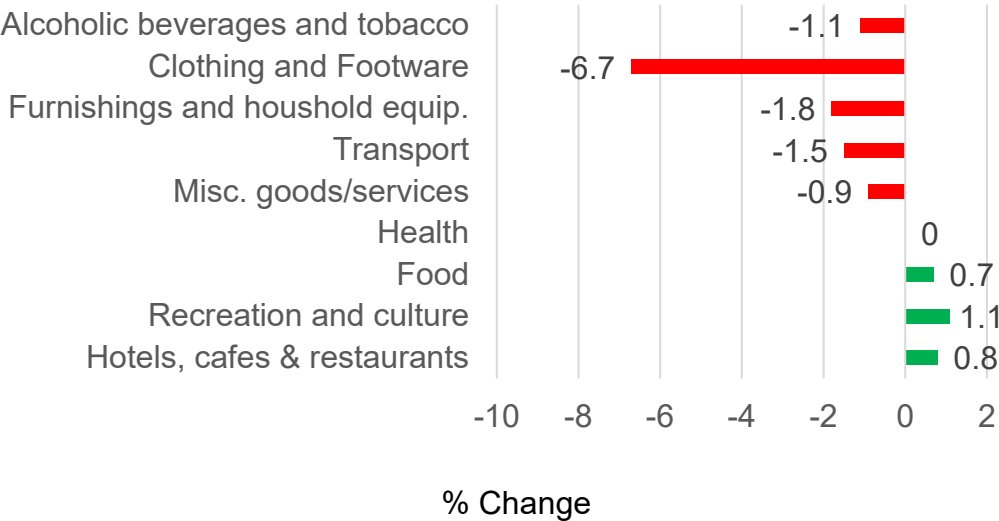


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# NSW Trends: Services Hold Up, Retail Squeezed

Figure 9: State Household Spending by Category – NSW April 2025 (%)



Source: Australian Bureau of Statistics

- Spending in NSW declined slightly (–0.5%), indicating households may be experiencing more cost pressures compared to the national average. ↓
- Growth in everyday services and leisure categories, such as food (+0.7%), recreation & culture (+1.1%), and hospitality (+0.8%) - shows these remain priorities for consumers. ↑
- In contrast, retail-focused goods categories are under pressure. A sharp decline in clothing & footwear (–6.7%) signals reduced appetite for discretionary purchases, particularly in fashion and non-essential items. ↓
- Miscellaneous goods & services (–0.9%), which includes personal care and household items, also fell, reinforcing that consumers are cutting back on smaller non-essential spending. ↓
- These trends mirror a broader national shift, with consumers reallocating spending away from goods toward services, especially experiences and health-related areas. ↔



A coastal scene with waves crashing against a rocky shore, overlaid with a large white 'KPMG' logo. The logo is positioned in the center of the image, with the letters 'K', 'P', 'M', and 'G' each contained within a white rectangular frame. The background shows a calm sea in the foreground, a rocky shoreline with a chain-link fence, and a dramatic sky with purple and orange hues from a sunset or sunrise.

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