



Small Business Momentum Survey



Small
Business
Commissioner

May 2025

Overview



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The NSW Small Business Commission (the Commission) regularly engages with small businesses across the State through the monthly Momentum Survey. This report summarises key insights, trends and data from the survey conducted in May 2025.

Small business confidence declined by two percentage points between April and May, falling to 23 per cent. While confidence levels have remained broadly stable throughout 2025, they remain subdued amid challenging trading conditions.

Businesses reported rising operating costs, cash flow pressures, staffing shortages, uneven customer demand, policy uncertainty and climate- and weather-related risks as key factors weighing on confidence.

Expectations about revenue and profitability improved marginally between April and May. Eleven per cent of businesses expect their profitability to increase over the next three months, an increase of one percentage point from April.

The Momentum Index, a measure of underlying business trends, decreased by 5.0 points to 91.0. The Index remains in contractionary territory for a third consecutive month. The decline was largely driven by weak performance in the business investment, staffing decisions and expected business performance components of the Index.

The online survey was completed between 1-31 May, with more than 600 small businesses across NSW responding.



Confidence

23 per cent of businesses indicated they were confident about their individual business prospects.

Previous
month



Concerns

87 per cent of businesses indicated they were concerned about the cost of business inputs.



Momentum*

The Momentum Index decreased by 5.0 to 91.0 points.



Staff

48 per cent of businesses that have plans to expand are looking to hire additional staff.



Expansion

31 per cent of businesses indicated they have plans to grow, alter or expand operations.



Profitability

11 per cent expect profitability to increase, compared to 46 per cent expecting a decline.



Revenue

16 per cent expect revenue to increase, compared to 36 per cent expecting a decline.



Local economy

17 per cent of businesses indicated they were confident about their local economy.



Confidence down
in May

"The cost of business inputs continues to rise.

Our operating expenses are generally increasing every 3 to 6 months, including internet, electricity, fuel, insurance and materials".

*See pages 5 & 9 for more information on the Momentum Index.

Business conditions



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Business conditions improved in May, with most business performance indicators increasing for both recent and near-term performance, except for recent revenue, while concerns about input costs also rose.

The number of businesses exploring new ways to grow, alter, or expand their operations increased by two percentage points in May to 31 per cent, three percentage points below the series average, reversing some of the decline observed in the previous month. Among businesses with plans to expand, the proportion intending to purchase or rent additional property, plant, and/or equipment declined significantly, decreasing by nine percentage points to 25 per cent, the second-lowest result on record. The business expansion series has shown volatility in recent months, coinciding with policy and economic uncertainty.

The percentage of businesses reporting a near-term increase in revenue rose in May. Sixteen per cent of businesses anticipate their revenue to increase over the next three months, up one percentage point from April.

Confidence

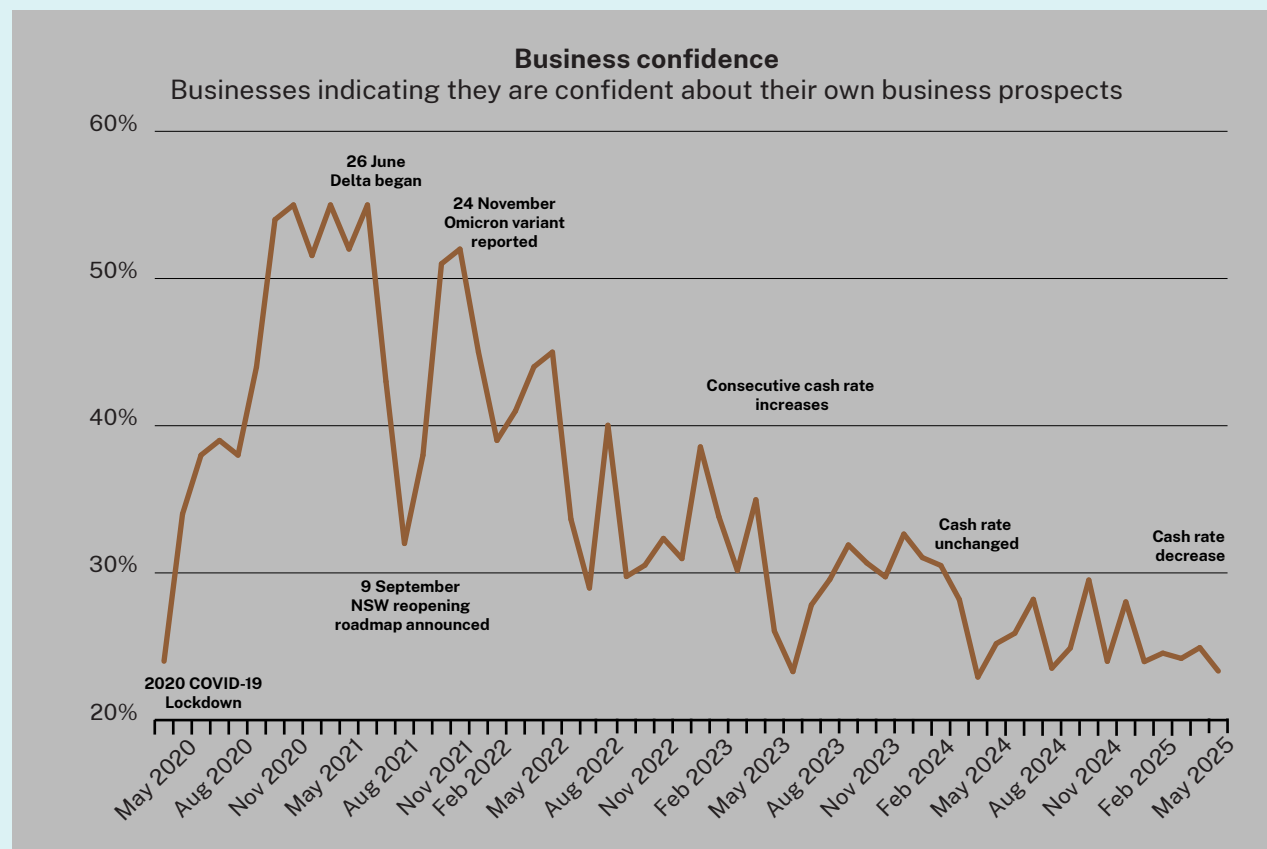
Small business confidence declined in May, decreasing by two percentage points to 23 per cent. Businesses in Greater Sydney were marginally more confident about their individual business prospects than their regional counterparts (24 per cent compared to 23 per cent).

Business performance

All business performance indicators improved slightly in May, except for recent revenue performance. A significantly higher proportion of businesses anticipate a decline in revenue and profitability compared to those expecting an improvement.

The business environment

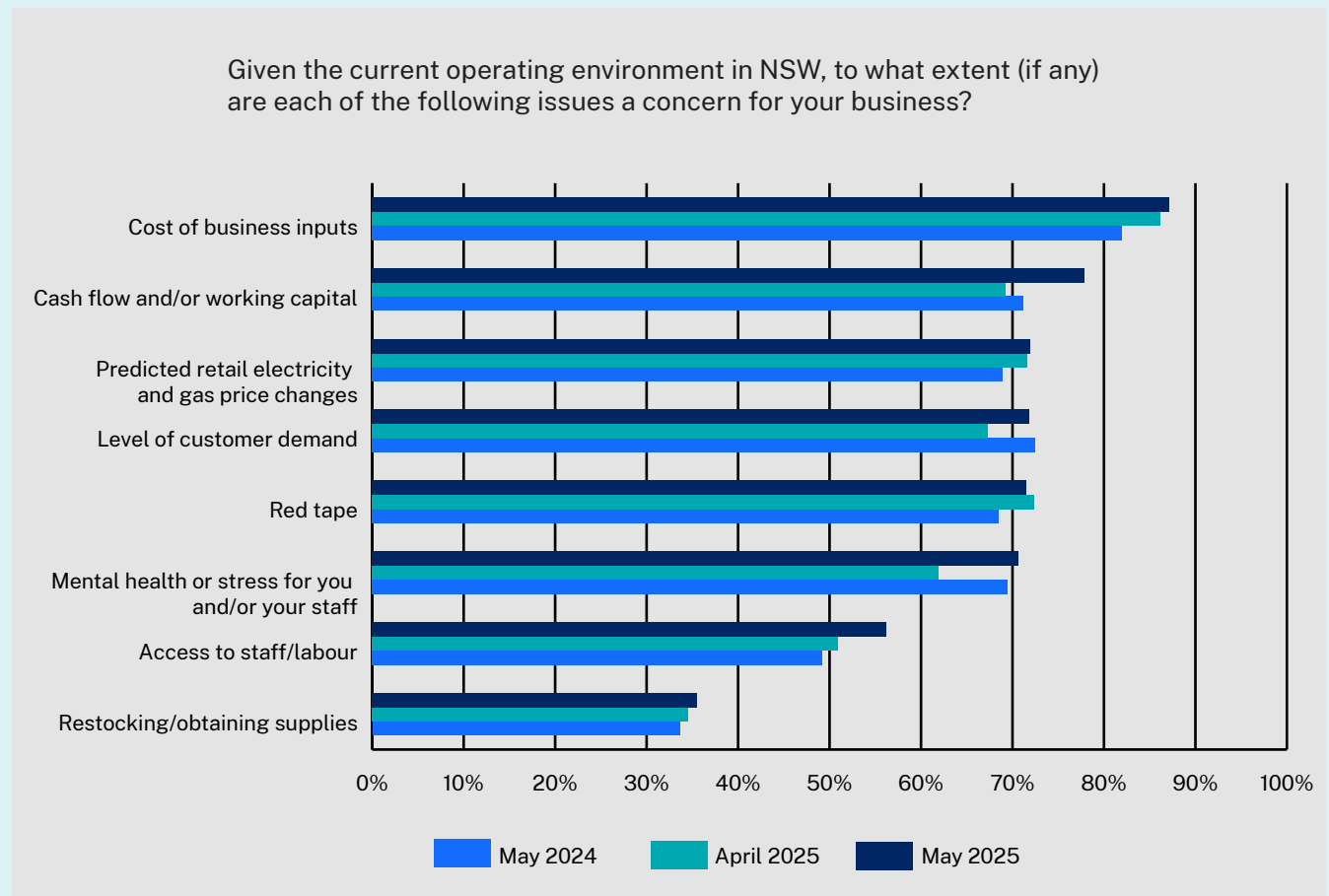
The cost of business inputs remains the top concern for small businesses with 87 per cent expressing concern, four percentage points above the series average. The next highest concerns were cash flow and the availability of working capital, followed by predicted retail electricity and gas prices, with 78 per cent and 72 per cent of businesses expressing concern respectively.



Business conditions

"Inconsistent workloads are causing cash flow issues and due to restrictive access to finance, most investment opportunities that could drive business growth are put on hold, as the business must self-fund".

Business concerns



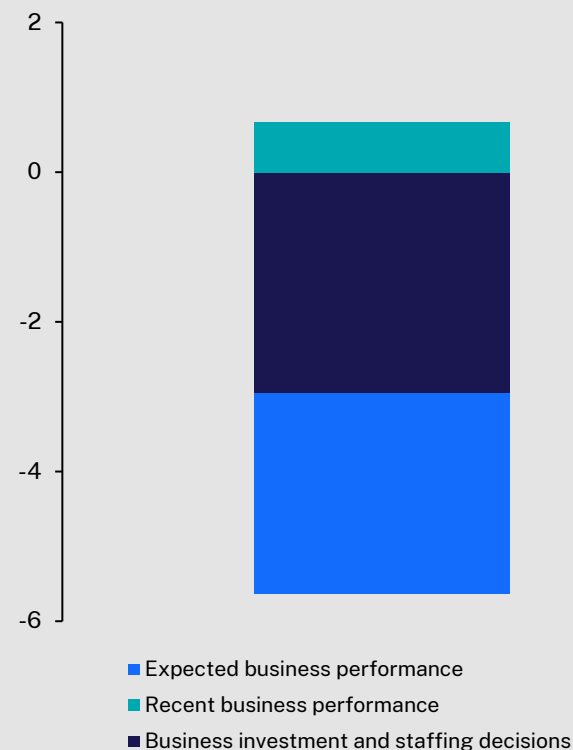
Momentum in focus

The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. This month, the Momentum Index declined by 5.0 points. The May index remains in contractionary territory for the third consecutive month.

The decline in the May Index was largely driven by weakness in the business investment and staffing decisions component, as well as in the expected business performance component. The recent business performance component contributed positively to the Index.

- **Business investment and staffing decisions** (-3.0%) were the leading detractor from the Index. The proportion of businesses planning to purchase or rent additional plant and/or equipment fell significantly, offsetting the modest increase in the proportion of businesses intending to hire additional staff.
- **Expected business performance** (-2.7%) also negatively impacted the Index, with a decrease in predicted profitability (-1.4%) and revenue (-1.3%).
- **Recent business performance** (+0.7%) made a minor positive contribution to the Index, with increases in both recent profitability (+0.3%) and revenue (+0.4%).

Contribution to change in Momentum Index: April to May



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	May 2025	April 2025	May 2025	April 2025
Extremely confident	↓ 3.2%	4.1%	↓ 0.5%	3.0%
Fairly confident	↓ 20.1%	20.8%	↑ 16.1%	11.6%
About the same	↓ 24.0%	27.5%	↓ 30.3%	31.4%
Fairly worried	↑ 35.3%	31.5%	↓ 37.0%	38.0%
Extremely worried	↑ 17.3%	16.0%	= 16.1%	16.1%
Extremely or fairly confident	↓ 23.3%	24.9%	↑ 16.6%	14.6%

Business size	n	% sample	Confidence*	Previous month
Non employing	210	34.4%	24.6%	↑
1 – 4 employees	197	32.2%	24.9%	↓
5 – 19 employees	150	24.5%	22.3%	↑
20 – 199 employees	54	8.8%	15.5%	↓
Total	611	100.0%	23.3%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	323	53.4%	23.9%	↓
Regional and Rural NSW	282	46.6%	22.8%	↓
Total	605	100.0%	23.3%	↓

[#]Confidence figures weighted according to industry share of the small business population.

^{*}Confidence figures refer to share of businesses indicating they are confident about their own business prospects. Caution should be taken when interpreting results for categories with a small sample size.

Detailed results



Confidence

Industry	n	% sample	Confidence*	Previous month
Agriculture, Forestry and Fishing	35	5.7%	18.2%	↓
Mining	3	0.5%	66.7%	↑
Manufacturing	36	5.9%	28.6%	↑
Electricity, Gas, Water and Waste Services	10	1.6%	22.2%	↑
Construction	83	13.6%	20.8%	↑
Wholesale Trade	19	3.1%	10.5%	↓
Retail Trade	48	7.9%	19.6%	↑
Accommodation and Food Services	40	6.5%	15.4%	↓
Transport, Postal and Warehousing	28	4.6%	7.4%	↓
Information Media and Telecommunications	19	3.1%	31.6%	↑
Financial and Insurance Services	30	4.9%	51.7%	↑
Rental, Hiring and Real Estate Services	30	4.9%	14.3%	↓
Professional, Scientific and Technical Services	53	8.7%	35.3%	↑
Administrative and Support Services	11	1.8%	30.0%	↓
Public Administration and Safety	1	0.2%	100.0%	N/A
Education and Training	27	4.4%	29.6%	↑
Health Care and Social Assistances	40	6.5%	23.1%	↓
Arts and Recreation Services	20	3.3%	25.0%	↑
Other Services	78	12.8%	17.3%	↑
Total	611	100.0%	23.3%	↓

*Confidence figures refer to share of businesses indicating they are confident about their own business prospects. Caution should be taken when interpreting results for industries with a small sample size.

Detailed results



Revenue and profitability

	Revenue change – Past 3 months [#]		Revenue change – Expected over next 3 months [#]		Profitability change – Past 3 months [#]		Profitability change – Expected over next 3 months [#]	
	May 2025	April 2025	May 2025	April 2025	May 2025	April 2025	May 2025	April 2025
Increase	↓ 13.2%	14.6%	↑ 15.6%	15.1%	↑ 8.3%	7.2%	↑ 11.5%	10.2%
No change	↓ 35.9%	37.7%	↓ 41.1%	41.2%	↓ 29.6%	34.6%	↓ 36.1%	39.2%
Decrease	↑ 48.9%	46.8%	↓ 36.2%	37.0%	↑ 59.9%	56.7%	↑ 45.8%	44.3%
Unsure	↑ 2.1%	0.9%	↑ 7.1%	6.8%	↑ 2.2%	1.5%	↑ 6.6%	6.3%

[#]Revenue and profitability figures weighted according to industry share of the small business population.

Business expansion

Plans to grow, alter, or expand business operations? [#]		
	May 2025	April 2025
Yes	↑ 31.2%	28.6%
No	↓ 50.7%	56.6%
Unsure	↑ 18.1%	14.7%

[#]Weighted according to industry share of the small business population.

Nature of plans (of those who indicated 'yes') [~]		
	May 2025	April 2025
We have plans to hire additional staff	↑ 47.8%	45.1%
We have plans to purchase/rent additional property, plant and/or equipment	↓ 25.0%	33.9%
We have plans to establish or expand our online business	↓ 27.4%	33.6%
We have plans to improve the range and/or quality of our products and services	↑ 68.3%	60.4%
Other	↑ 24.1%	22.6%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=177.

Detailed results



Momentum Index

	Momentum Index	Previous month
November 2023	95.1	↓
December 2023	91.6	↓
January 2024	103.4	↑
February 2024	106.8	↑
March 2024	106.8	=
April 2024	97.9	↓
May 2024	89.1	↓
June 2024	93.2	↑
July 2024	92.8	↓
August 2024	98.4	↑
September 2024	99.7	↑
October 2024	100.8	↑
November 2024	109.3	↑
December 2024	96.1	↓
January 2025	107.4	↑
February 2025	102.4	↓
March 2025	93.0	↓
April 2025	96.0	↓
May 2025	91.0	↓

About the Momentum Index

The Momentum Index (the Index) is forward-looking and combines a variety of indicators to provide a better overall measure of small business conditions in NSW.

The Index is comprised of three core indicators, including business decisions to hire staff or purchase capital equipment, their recent performance and expectations of their near-term performance.

The Index measures current sentiment and business performance relative to recent levels. A recording above 100 implies businesses are in an expansionary phase and picking up momentum. A recording below 100 implies businesses are in a contractionary phase and slowing down in momentum.

Please contact the Small Business Commission for more information about methodology.

About the Commission



Small
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Our purpose

The NSW Small Business Commissioner is an independent statutory appointment that operates under the Small Business Commissioner Act 2013.

The Commissioner:

- **Is independent**
- **Is a source of information and guidance for NSW small businesses**
- **Advocates to reduce administrative burden for small businesses**
- **Facilitates and encourages the fair treatment of small businesses**
- **Promotes greater partnership between government and small business**
- **Conducts mediation to resolve disputes.**

What we do

We help resolve issues affecting small businesses across the State and influence changes in Government policies.



We ensure that small business needs are front of mind in NSW Government decision-making.



We advocate for small businesses, providing information resources, strategic advice and practical guidance to tens of thousands of businesses each year.



We provide a cost-effective dispute resolution service to help keep leasing disputes and other small business disagreements out of court.

Contact us



Call us

1300 795 534



Get more information

www.smallbusiness.nsw.gov.au



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Methodology

Fieldwork conducted between 1 May to 31 May with 611 respondents. The survey is conducted through an online survey platform.

Selected businesses are invited to participate, with the sample randomly drawn. Where indicated, figures are weighted according to each industry's share of the small business population. Smaller sample sizes mean that results for individual industries and other categories should be treated with caution.

Figures may not align with the total percentage as respondents were able to select multiple options for certain questions.

Please contact the Small Business Commission for more information about survey methodology.

