Small Business Momentum Survey

Small Business Commissioner

October 2025

Overview

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 October 2025.

Small business confidence improved between September and October 2025, increasing by two percentage points to 29 per cent. This marks the first rise in confidence levels in three months. Despite the improvement, confidence levels remain subdued amid challenging trading conditions.

Businesses continue to report rising input costs, uneven customer demand, compliance burdens, cash flow challenges, staffing shortages, weather and climate-related impacts and global uncertainty as factors weighing on confidence.

Expectations about profitability declined between September and October, with 14 per cent of businesses expecting an increase over the next three months, two percentage points lower than in September.

The Momentum Index, a measure of underlying business trends, rose by 11.3 points to 114.1, a record high and remained in expansionary territory for the third consecutive month. This increase was driven by positive results across all components of the Index, particularly the business investment and staffing component, which rebounded significantly.

The online survey was completed between 1 and 31 October, with more than 500 small businesses across NSW responding.

	Previous month
Confidence 29 per cent of businesses indicated they were confident about their individual business prospects.	↑
Concerns 86 per cent of businesses indicated they were concerned about the cost of business inputs.	↑
Momentum* The Momentum Index increased by 11.3 to 114.1 points.	↑
Staff 43 per cent of businesses with plans to expand are looking to hire additional staff.	↑
Expansion 36 per cent of businesses indicated they have plans to grow, alter or expand operations.	↑
Profitability 14 per cent expect profitability to increase, compared to 41 per cent expecting a decline.	↓
Revenue 20 per cent expect revenue to increase, compared to 31 per cent expecting a decline.	↓
Local economy 21 per cent of businesses indicated they were confident about their local economy.	↑

"Businesses are not investing as heavily or as frequently. There is a lot of fear in the market. Cash flow seems to be an increasing issue, with huge knock-on effects.."

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

Business conditions

Business conditions deteriorated in October, with all business performance indicators declining, except for recent revenue performance. Concerns about input costs also increased.

The proportion of businesses exploring new ways to grow, adapt or expand their operations rose in October, increasing by seven percentage points to 36 per cent, three percentage points above the series average and the strongest result since January 2024. Among businesses with expansion plans, the proportion intending to hire additional staff rose significantly, increasing by 11 percentage points to 43 per cent, rebounding from a record low and rising for the first time in two months. Despite this improvement, the result remains four percentage points below the series average. The business expansion activity series continues to show volatility in 2025, potentially reflecting broader economic uncertainty and challenging trading conditions.

The percentage of businesses expecting a near-term revenue increase declined in October, with 20 per cent anticipating growth over the next three months, down three percentage points from September.

Confidence

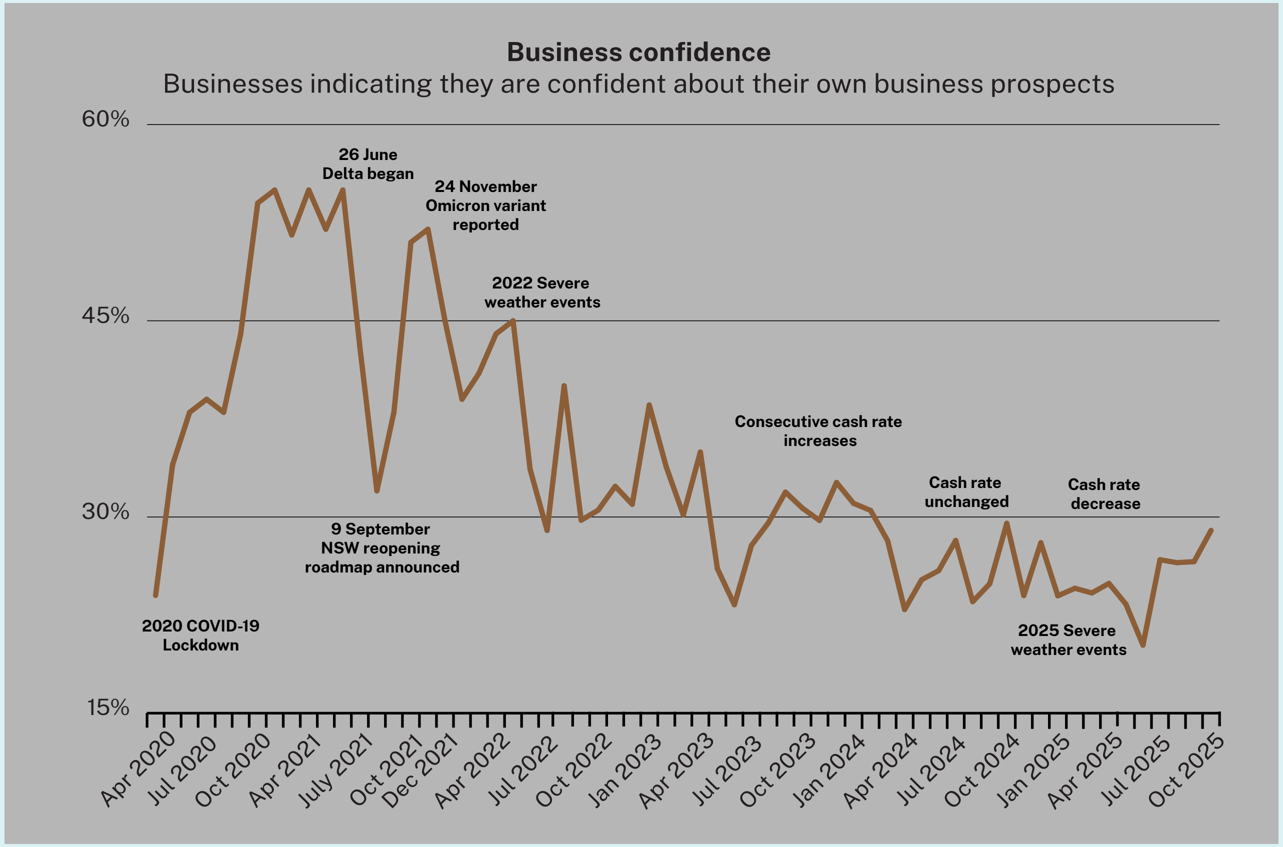
Small business confidence improved by two percentage points to 29 per cent between September and October. Businesses in Greater Sydney were significantly more confident about their individual business prospects than their regional counterparts (32 per cent compared to 26 per cent).

Business performance

Business performance indicators moderated between September and October, with fewer businesses anticipating increased revenue and profitability over the next three months. Consistently, a higher proportion of businesses anticipate a decline in revenue and profitability than those expecting an improvement.

The business environment

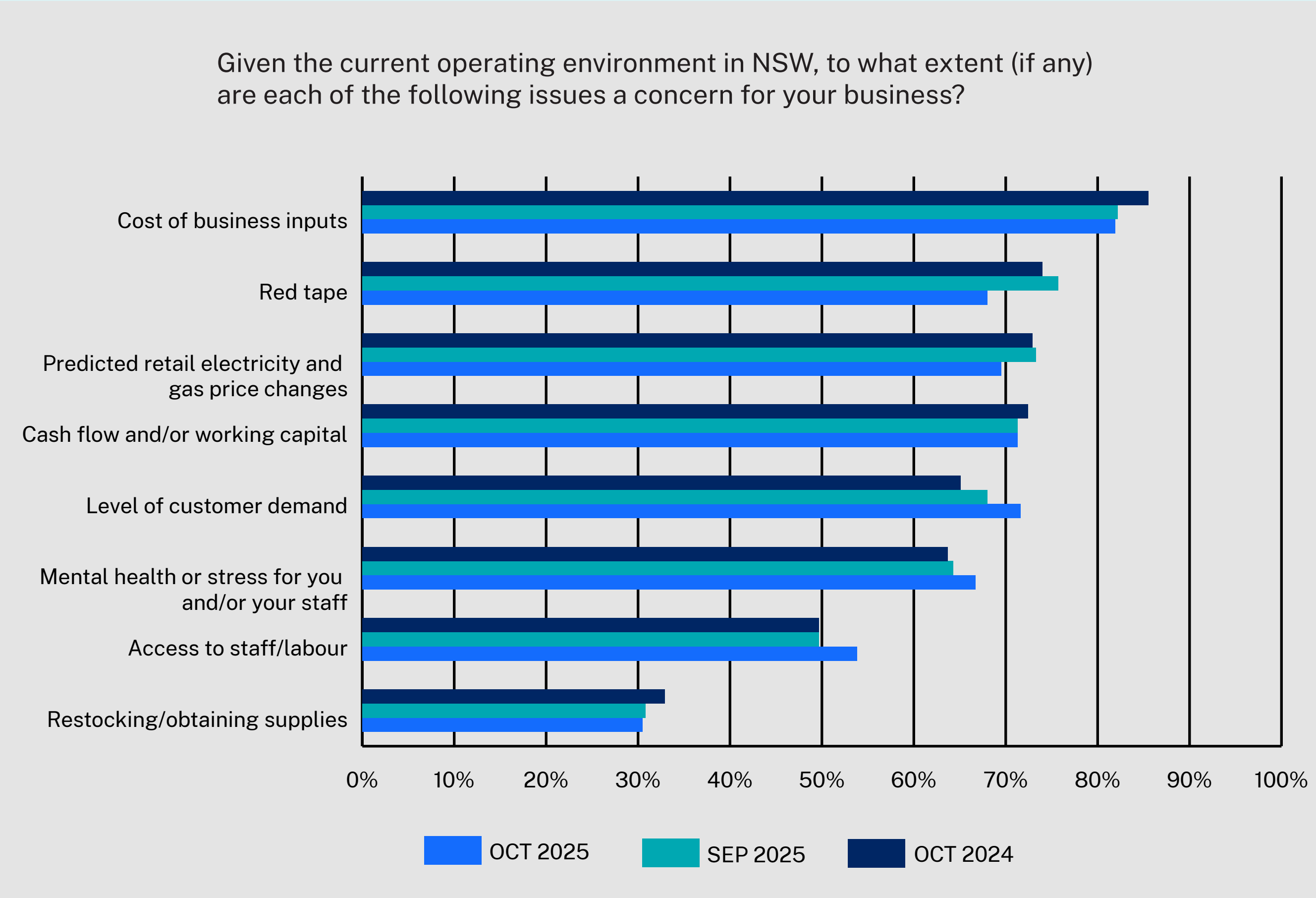
The cost of business inputs remains the top concern for small businesses, with 86 per cent expressing concern, two percentage points above the series average. The next most cited concerns were red tape (74 per cent, slightly below the record high of 76 per cent) and predicted retail electricity and gas price changes (73 per cent).



Business conditions

“It is very difficult to hire staff. There is a shortage of skilled beauticians, barbers and admin staff. Spending by customers is at an all time low”.

Business concerns

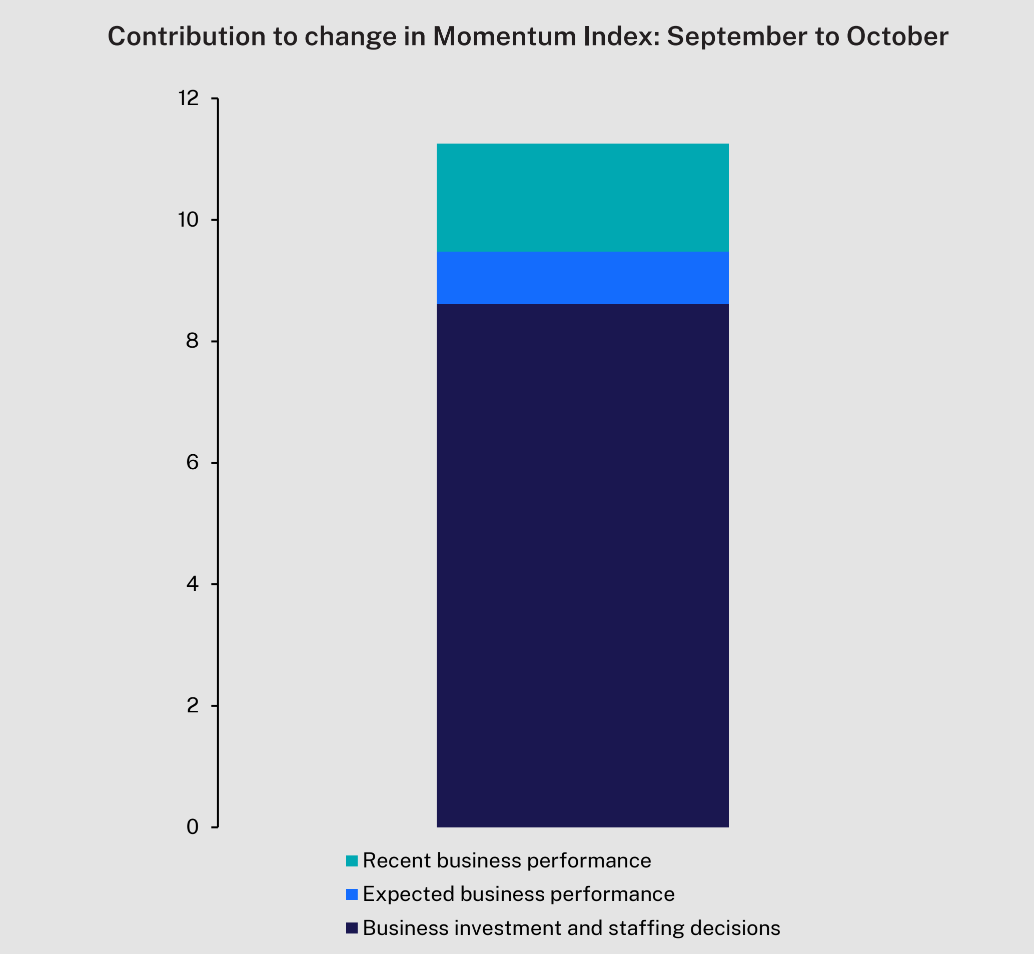


Momentum in Focus

The Momentum Index is a composite measure that tracks key business performance metrics to identify critical turning points in underlying trends. In October, the Index rose significantly, increasing by 11.3 points to 114.1, an all-time high and remaining in expansionary territory for the third consecutive month.

This increase was driven by positive results across all components of the Index, with the business investment and staffing decisions component rebounding strongly in October from a particularly poor result in September.

- **Business investment and staffing decisions (+8.6%)** - was the leading contributors to the Index. The proportion of businesses planning to purchase or rent additional property, plant and/or equipment, as well as hire additional staff, increased significantly.
- **Expected business performance (+0.9%)** - positively contributed to the Index, with marginal increases in predicted profitability (+0.1%) and revenue (+0.8%).
- **Recent business performance (+1.8%)** - also had a positive impact, with modest increases in recent profitability (+0.7%) and revenue (+1.1%).



Detailed results

Confidence

	Confidence – in own business prospects#		Confidence – in local economy#	
	October 2025	September 2025	October 2025	September 2025
Extremely confident	↑ 6.1%	5.5%	↑ 3.4%	2.8%
Fairly confident	↑ 22.9%	21.1%	↑ 17.3%	13.9%
About the same	↑ 28.2%	28.2%	↑ 36.4%	35.0%
Fairly worried	↑ 29.4%	29.3%	↓ 28.8%	33.3%
Extremely worried	↓ 13.4%	15.9%	↓ 14.0%	14.9%
Extremely or fairly confident	↑ **29.0%**	**26.6%**	↑ **20.8%**	**16.7%**

Business size	n	% sample	Confidence*	Previous month
Non employing	233	42.1%	29.3%	↑
1 – 4 employees	177	32.0%	30.5%	↑
5 – 19 employees	112	20.3%	23.4%	↓
20 – 199 employees	31	5.6%	39.8%	↑
Total	**553**	**100.0%**	**29.0%**	↑

Location	n	% sample	Confidence*	Previous month
Greater Sydney	280	51.5%	32%	↑
Regional and Rural NSW	264	48.5%	26%	↓
Total	**544**	**100.0%**	**29%**	↑

#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	6.3%	21.9%	↑
Mining	4	0.7%	25.0%	↑
Manufacturing	29	5.2%	28.6%	↑
Electricity, Gas, Water and Waste Services	12	2.2%	20.0%	↓
Construction	79	14.3%	22.7%	↓
Wholesale Trade	19	3.4%	20.0%	↑
Retail Trade	57	10.3%	29.8%	↑
Accommodation and Food Services	27	4.9%	25.9%	↑
Transport, Postal and Warehousing	16	2.9%	14.3%	↑
Information Media and Telecommunications	18	3.3%	18.8%	↓
Financial and Insurance Services	21	3.8%	40.0%	↓
Rental, Hiring and Real Estate Services	16	2.9%	40.0%	↑
Professional, Scientific and Technical Services	62	11.2%	32.8%	↑
Administrative and Support Services	8	1.4%	37.5%	↓
Public Administration and Safety	0	0.0%	N/A	N/A
Education and Training	20	3.6%	30.0%	↑
Health Care and Social Assistances	33	6.0%	25.8%	↓
Arts and Recreation Services	13	2.4%	38.5%	↑
Other Services	84	15.2%	35.5%	↑
Total	**553**	**100.0%**	**29.0%**	↑

*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#	
	October 2025	September 2025	October 2025	September 2025	October 2025	September 2025	October 2025	September 2025
Increase	↑ 17.6%	16.2%	↓ 19.6%	22.8%	↓ 9.5%	10.3%	↓ 13.8%	16.2%
No change	↓ 37.4%	38.1%	↓ 42.6%	43.6%	↑ 35.9%	29.7%	↓ 38.0%	39.9%
Decrease	↓ 43.5%	45.0%	↑ 30.6%	27.0%	↓ 52.8%	58.9%	↑ 40.6%	36.8%
Unsure	↑ 1.4%	0.7%	↑ 7.2%	6.6%	↑ 1.8%	1.1%	↑ 7.6%	7.1%

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

Business expansion

Plans to grow, alter, or expand business operations?#		
	October 2025	September 2025
Yes	↑ 35.5%	29.1%
No	↓ 49.5%	55.4%
Unsure	↓ 14.9%	15.5%

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

Nature of plans (of those who indicated 'yes')˜		
	October 2025	September 2025
We have plans to hire additional staff	↑ 43.0%	32.5%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 34.5%	25.4%
We have plans to establish or expand our online business	↑ 29.2%	22.6%
We have plans to improve the range and/or quality of our products and services	↓ 48.9%	52.6%
Other	↓ 19.5%	20.3%

˜Respondents able to select multiple options; weighted according to industry share of the small business population; n=186.

Detailed results

Momentum Index

	Momentum Index	Previous month
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	↓
June 2025	97.9	↑
July 2025	98.8	↑
August 2025	104.0	↑
September 2025	102.9	↓
October 2025	114.1	↑

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

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
Subscribe to our newsletter	smallbusiness.nsw.gov.au/#subscribe

Methodology

Fieldwork conducted between 1 October to 31 October with 553 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.