



Small Business Momentum Survey



Small
Business
Commissioner

January 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 January 2025.

Small business confidence declined between December and January, decreasing by four percentage points to 24 per cent. This decline reverses the improvement observed in the previous month. Confidence levels remain subdued amidst challenging trading conditions.

Businesses reported rising input costs, compliance burdens, staff shortages, insurance costs, weaker customer demand, government fees and charges and an uncertain economic outlook as factors weighing on confidence.

Expectations about revenue stabilised, while expectations about profitability moderated between December and January. Ten per cent of businesses expect their profitability to increase over the next three months, a decrease of two percentage points from December.

The Momentum Index, which measures underlying business trends, improved significantly, increasing by 11.3 points to 107.4. The index has been more volatile in recent months, likely due to seasonal factors with investment and staffing decisions deferred over the Christmas and New Year period (the improvement in the index was largely driven by strong performance in the business investment and staffing decisions component of the index, while other components remained stable).

The online survey was completed between 7-31 January with more than 800 small businesses across NSW responding.

	Previous month
<p>Confidence 24 per cent of businesses indicated they were confident about their individual business prospects.</p>	↓
<p>Concerns 86 per cent of businesses indicated they were concerned about the cost of business inputs.</p>	=
<p>Momentum* The Momentum Index increased by 11.3 points to 107.4 points.</p>	↑
<p>Staff 53 per cent of businesses that have plans to expand are looking to hire additional staff.</p>	↑
<p>Expansion 30 per cent of businesses indicated they have plans to grow, alter or expand operations.</p>	↑
<p>Profitability 10 per cent expect profitability to increase, compared to 40 per cent expecting a decline.</p>	↓
<p>Revenue 16 per cent expect revenue to increase, compared to 30 per cent expecting a decline.</p>	=
<p>Local economy 15 per cent of businesses indicated they were confident about their local economy.</p>	↓



"Business has gone really quiet, there is less demand for our services as customers' budgets tighten due to the cost of living".

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

Business conditions



Business conditions deteriorated in January, with profitability declining. Concerns about input costs stabilised.

The number of respondents exploring new ways to grow, alter, or expand their operations rose in January, increasing by two percentage points to 30 per cent. This figure is four percentage points below the series average and may have been impacted by seasonal factors. Among respondents planning to expand, there was a significant increase in the proportion of businesses intending to hire staff, rising by 16 percentage points to 53 per cent, reversing the significant decline observed last month.

The percentage of businesses reporting an increase in revenue stabilised in January. Sixteen per cent of businesses anticipate their revenue to increase over the next three months, unchanged from December.

Confidence

Small business confidence decreased by four percentage points in January. Businesses in Greater Sydney were slightly more confident about their individual business prospects than their regional counterparts (25 per cent compared to 23 per cent).

Business performance

Business performance indicators were mixed in January, with revenue stabilising and profitability moderating. A significantly higher percentage 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 86 per cent expressing concern, three percentage points above the series average. The next highest concerns were red tape, followed by cash flow and the availability of working capital, with 73 per cent and 72 per cent expressing concern, respectively.

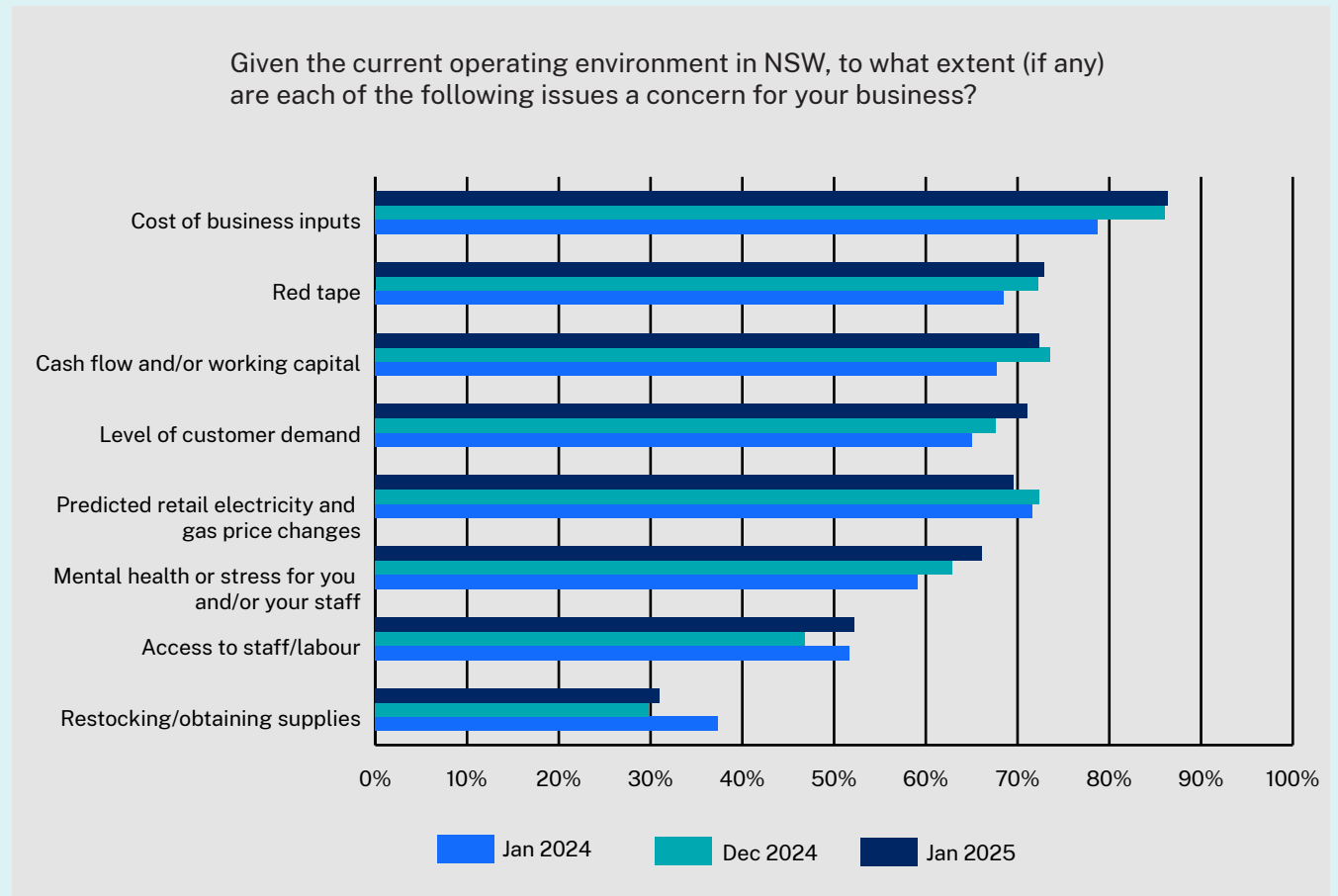


Business conditions



"Prices for raw materials, freight, postage and packaging continue to rise. Staff wages are so high that hiring more help is too expensive, which means more work falls onto my shoulders".

Business concerns



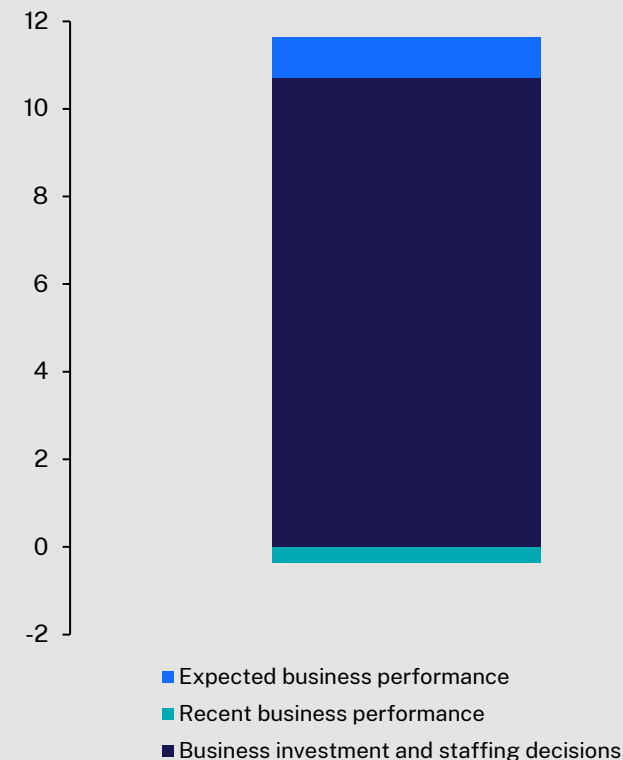
Momentum in focus

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 increased by 11.3 points and has been more volatile in recent months, potentially due to seasonal factors coinciding with the Christmas and New Year period. In this report, we examine the primary drivers behind the change in the Momentum Index to better understand the factors contributing to these fluctuations and gain insights into current business conditions.

The Momentum Index's acceleration was largely driven by strong performance in the business investment and staffing decisions component, which likely reflects seasonal patterns. While expected business performance also contributed positively to the improvement, its impact was much smaller. In contrast, the recent business performance component of the Index contracted slightly.

- **Business investment and staffing decisions (+10.7%)** - was the leading contributor to the Index. The proportion of businesses intending to hire additional staff or purchase/rent additional property, plant and/or equipment significantly increased in January.
- **Expected business performance (+0.9%)** - positively impacted the Index, with increases in predicted revenue (+0.5%) and profitability (+0.4%).
- **Recent business performance (-0.4%)** - negatively impacted the Index. A decrease in revenue (-0.7%) outweighed an increase in profitability (+0.4%).

Contribution to change in Momentum Index: December to January



Detailed results



Confidence

	Confidence – in own business prospects [#]		Confidence – in local economy [#]	
	January 2025	December 2024	January 2025	December 2024
Extremely confident	↓ 3.5%	6.1%	↓ 1.1%	2.6%
Fairly confident	↓ 20.5%	21.9%	↑ 13.8%	13.3%
About the same	↑ 28.9%	28.1%	↑ 33.4%	29.1%
Fairly worried	↑ 35.4%	30.9%	↓ 38.1%	42.2%
Extremely worried	↓ 11.7%	13.0%	↑ 13.5%	12.7%
Extremely or fairly confident	↓ 24.0%	28.0%	↓ 14.9%	16.0%

Business size	n	% sample	Confidence*	Previous month
Non employing	278	34.4%	24.2%	↓
1 – 4 employees	320	39.6%	20.1%	↓
5 – 19 employees	159	19.7%	32.8%	↑
20 – 199 employees	51	6.3%	21.0%	↑
Total	808	100.0%	24.0%	↓

Location	n	% sample	Confidence*	Previous month
Greater Sydney	449	56.5%	24.9%	↓
Regional and Rural NSW	346	43.5%	23.0%	↓
Total	795	100.0%	24.0%	↓

[#]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	37	4.6%	20.6%	↑
Mining	3	0.4%	100.0%	↑
Manufacturing	32	4.0%	25.0%	↑
Electricity, Gas, Water and Waste Services	7	0.9%	28.6%	↑
Construction	79	9.8%	18.9%	↓
Wholesale Trade	15	1.9%	14.3%	↑
Retail Trade	71	8.8%	14.7%	↓
Accommodation and Food Services	45	5.6%	18.6%	↓
Transport, Postal and Warehousing	23	2.8%	26.1%	↑
Information Media and Telecommunications	16	2.0%	53.3%	↑
Financial and Insurance Services	104	12.9%	41.6%	↑
Rental, Hiring and Real Estate Services	17	2.1%	13.3%	↓
Professional, Scientific and Technical Services	148	18.3%	32.9%	↓
Administrative and Support Services	39	4.8%	23.7%	↓
Public Administration and Safety	1	0.1%	0.0%	N/A
Education and Training	18	2.2%	38.9%	↑
Health Care and Social Assistances	42	5.2%	25.0%	↓
Arts and Recreation Services	14	1.7%	27.3%	↓
Other Services	97	12.0%	23.6%	↓
Total	808	100.0%	24.0%	↓

*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 [#]	
	January 2025	December 2024	January 2025	December 2024	January 2025	December 2024	January 2025	December 2024
Increase	↓ 14.6%	14.7%	↑ 15.9%	15.8%	↓ 9.1%	10.0%	↓ 9.7%	11.6%
No change	↓ 40.4%	41.6%	↑ 45.9%	41.0%	↑ 34.0%	32.1%	↑ 40.8%	35.7%
Decrease	↑ 44.1%	41.8%	↓ 30.1%	37.3%	↑ 55.7%	54.8%	↓ 40.2%	46.5%
Unsure	↓ 0.9%	1.9%	↑ 8.1%	6.0%	↓ 1.2%	3.1%	↑ 9.2%	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? [#]	
	January 2025	December 2024
Yes	↑ 30.1%	27.8%
No	↑ 56.4%	55.9%
Unsure	↓ 13.6%	16.3%

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

	Nature of plans (of those who indicated 'yes') [~]	
	January 2025	December 2024
We have plans to hire additional staff	↑ 53.4%	37.3%
We have plans to purchase/rent additional property, plant and/or equipment	↑ 34.5%	25.3%
We have plans to establish or expand our online business	↓ 32.6%	37.9%
We have plans to improve the range and/or quality of our products and services	↑ 57.4%	48.1%
Other	↓ 21.2%	29.5%

[~]Respondents able to select multiple options; weighted according to industry share of the small business population; n=224.

Detailed results



Momentum Index

	Momentum Index	Previous month
July 2023	84.2	↑
August 2023	88.7	↑
September 2023	99.4	↑
October 2023	103.8	↑
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	↑

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
Business
Commissioner

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 red tape**
- **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



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Methodology

Fieldwork conducted between 7 January to 31 January with 808 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.