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## **No joy for region's retailers this Christmas**

The region's peak business group, Business Hunter, is urging shoppers to support their local businesses, amid a forecast drop of up to 24% in Christmas trade across the region.

The latest [Business Conditions Survey \(BCS\)](#), reveals a challenging outlook for Christmas trade, with a projected state wide decline in business of 11%, expressed by businesses responding to the survey.

In the Hunter Valley, that decline more than doubles to 24%, representing the most extreme drop in trade across the state, with Newcastle and Lake Macquarie recording a projected 12% decline.

Business Hunter CEO, Bob Hawes said the result was reflective of a shift toward more constrained and targeted spending by consumers and businesses.

"Our members are reporting some major changes in buying behaviour as a result of cost of living pressures and businesses being more careful about inventory commitments. For example, families making the choice to buy gifts for the children and not the adults this year. It's understandable given the circumstances, and we're already seeing the impacts," said Mr Hawes.

For the owner of East End Surf and Skate, Aidan Essex-Plath, the trend toward online shopping has impacted sales in his brick-and-mortar store.

"The trend toward online shopping continues to grow and it's an uphill battle for stores like mine to compete. Online traders have greater buying power and are often less impacted by certain costs such as rent, which is by far our biggest expense. It's not a level playing field," he said.

"We continue to see people making big ticket purchases online, such as skateboards and surf boards, only to then bring them in here after receiving them to get them modified to their needs. In many cases they wind up spending more than they would have if they made an advised local purchase in-store in the first place."

Mr Hawes added that buying local was one way to be sure of the origin and quality of the product and limit exposure to cyber risks.

"Buying from knowledgeable local traders ensures what you get is fit for purpose. It's also the easiest way to avoid cyber attacks," said Mr Hawes.

The rising cost of insurance, energy, and taxes were the top three concerns for businesses, with rent, supplier costs, wages and transport costs also contributing to overall negative business sentiment.

Worryingly, Newcastle and Lake Macquarie registered a decline in business sentiment. It was one of only two regions out of sixteen across NSW to slide backward, alongside Coffs Harbour – Grafton.

The top industries expecting a deterioration were Construction and Manufacturing.

Mr Hawes said this may be reflective of workforce shortages across the region.

“Many businesses are reporting that they could do more but are constrained by their inability to find people. This is particularly acute in the manufacturing sector,” he said.

Experienced hospitality operator, Chris Johnston, owner of Good Brother Espresso and Slingtown (formerly Suspension) Espresso, said he had not seen conditions so tough in eighteen years of operation.

“The cost of doing business and lack of support has many businesses crestfallen this year, including ours. We love what we do, we love our vibrant and colourful communities, and we have a fantastic team, but it has never been harder to do business,” he said.

“Cost of living, rent, energy, wages, and cost of goods are all increasing, and you can only raise coffee prices so high. Cafes, pubs and restaurants are in many ways are the beating heart of our city, but the mood among the industry is very sombre. I think we could see an increasing number of closures in the next six months,” he said.

Tough operating conditions have forced Mr Johnston to discontinue his suspended coffee initiative, which donated up to 700 coffees per week to the homeless.

“At a cost of over \$100,000 per year, we made the difficult decision this year to stop. That’s a resource that our most vulnerable community members can no longer access, and a decision we didn’t take lightly,” he said.

Mr Hawes said small businesses play a crucial and sometimes unseen role in creating healthy and vibrant communities.

“While it’s not all doom and gloom, and some of the region’s businesses are doing well, some are really hurting, and a city without small businesses is no city at all.

“Understandably, rising interest rates and cost of living pressures are impacting foot traffic and spending habits, so we’re encouraging people to weigh up their options and support local operators where they can,” he said.

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