

nab regional & agribusiness

more
than
money



Embracing Opportunity

Expert NAB insights into what's driving trends in regional and rural Australia

NAB Regional & Agribusiness
Horizons Report 2025

To find out
more, talk to:



Khan Horne

Executive – Regional and
Agribusiness, NAB Business
and Private Banking

Khan.Horne
@nab.com.au



Alison Blanshard

State Business
Banking Executive,
QLD

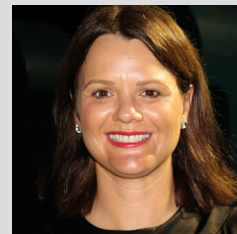
Alison.Blanshard
@nab.com.au



Peter Steele

State Business
Banking Executive,
Northern NSW

Peter.B.Steele
@nab.com.au



Naomi Stuart

State Business
Banking Executive,
ACT & Southern NSW

Naomi.Stuart
@nab.com.au



Jeff Pontifex

State Business
Banking Executive,
WA

Jeff.Pontifex
@nab.com.au



Joe Paparella

State Business
Banking Executive,
SA & NT

Joe.Paparella
@nab.com.au



Nigel Rumble

State Business
Banking Executive,
VIC & TAS

Nigel.Rumble
@nab.com.au



Melissa Hepworth

Executive
Business Execution

Melissa.M.Hepworth
@nab.com.au

| | |
|--|----|
| Introduction | 4 |
| By the numbers | 6 |
| The big picture | 7 |
| The Australian and global economic outlook | 10 |
| Agriculture trends | 12 |
| Consumer trends | 14 |
| Regional and rural property | 17 |
| Debt and cash flow | 20 |
| Trade, FX and working capital | 22 |
| Deposits | 24 |
| Equipment finance trends | 26 |

Cover image: Prefabulous

Let's count the reasons why our regions are ready to embrace opportunity

There are promising indicators for the year ahead, according to insights and data from the 2025 NAB Regional & Agribusiness Horizons Report. Even as uncertainties loom large, we're ready to adapt to whatever comes our way.



Khan Horne
Executive – Regional and Agribusiness,
NAB Business and Private Banking

It's the same whether you're a farmer in Far North Queensland or a publican in Port Macquarie; an agronomist in Albany or a mechanic in Mildura.

If you're in business in regional Australia, you know the uncertainties of the seasons and the market. A bumper year can be followed by a dry patch, flood or downturn; the year after that, you're back on top again.

All businesses are exposed to changes in trading and economic conditions. But those on the land, in country towns and in regional hubs are well versed at dealing with the unexpected, and pushing through. They know that a good result requires a bit of help, a touch of luck, a lot of planning and plenty of hard work.

We have more than 700 Regional & Agribusiness bankers across 110 locations in the country, and they know that too. I think that's why we work so well together, particularly in the current environment.

The 2025 NAB Regional & Agribusiness Horizons Report shines a light on the opportunities and challenges we're facing – and how we're responding.

It brings together the latest data from our bankers in the regions, as well as specialist teams in equipment finance, property, trade, lending, commodities and currency markets. We've combined this with surveys and reports from our conversations with customers: farmers, manufacturers, logistics and shipping businesses,

wholesalers and retailers, accountants and health professionals. We've also added insights and analysis from our economists.

It's become clear that, while there's plenty of uncertainty about what's over the horizon, we're in a strong position to tackle it head on and continue to succeed in our chosen markets.

Our businesses are in good condition, there are signs of cautious optimism and, most importantly, we have the skills, experience, character and financial firepower to overcome any hurdles that spring up.

Many of our regions and agricultural sectors across the country have seen great results over the past 12 months, with particularly notable yields in wheat. Others had a challenging time with commodity prices, poor weather or trading conditions. Overall, our agricultural sector continues to grow and we're well on track to hit the

“

Overall, our agriculture sector continues to grow and we're well on track to hit the bipartisan government target of a \$100bn industry by 2030.



bipartisan government target of a \$100bn industry by 2030, with about 70% of that going to export.

Our regional towns and businesses continue to grow and evolve, both benefiting from ongoing population growth and struggling under its weight. New services have arrived in town and quality of life is flourishing. But housing remains a challenge for businesses trying to attract skilled workers, and a real burden for those simply trying to put a roof over their head.

There are promising indicators for the year ahead. Customers are telling us that they're excited about investing in new technology and finding solutions – about the possibilities of a climate-friendlier way of doing business and about expanding into new markets.

After years of stable but higher interest rates, we're finally starting to see downward pressure, and that both reflects and amplifies some positive action on inflation, on margins and on many of the struggles we've had with the cost of doing business and the cost of living.

“

After years of stable but higher interest rates, we're finally starting to see downward pressure.

The story you'll find in this report is one of Australians getting on with business – keeping an eye on the horizon but staying focused on the task at hand.

It's a story of regional and agricultural businesses making hay while the sun shines and being ready for whatever tomorrow brings. You can't control the weather, but you can adapt to it.

Through it all, know that our team of NAB bankers is ready and able to support you in whatever way we can.


VIEW FROM THE GROUND

Migration is through the roof and the economy is in great shape. The 2032 Olympics is going to amplify those trends in coming years; expect plenty of work coming your way if you're in the trades or construction. The challenge remains the housing squeeze – the combination of increased demand and lack of supply continue to be the drivers of higher property prices, increased rental costs and record low vacancy rates across both metropolitan and regional locations.

Alison Blanshard
State Business Banking Executive,
Regional & Agribusiness, QLD

Maintaining momentum

Across rural and regional Australia, businesses continue to hold strong in challenging times.

↑ **\$91bn** **Earnings on the up** 

Hopes are high for the year ahead, with ABARES predicting a \$91bn turnover for the agriculture sector.

↑ **6.1%** **A great year for agricultural prices** 

Products such as beef, dairy and lamb drove NAB's Rural Commodities Index higher last year – up 6.1% in Aussie dollar terms, at March 2025.

70% **Exports carry the day** 

Export momentum held strong in 2024, with around 70% of all Australian agriculture production exported on average over the past three years.

↑ **11.9%** **Food & Beverage investment runs hot** 

This year, the focus was squarely on the Food and Beverage Manufacturing sector, which enjoyed strong growth in investment over the past 12 months – up an astonishing 11.9%.

1 in 2 **Cash flow concerns** 

Our bankers are hearing that cash flow challenges are a concern for 1 in 2 of their regional and agribusiness customers.

↑ **5.3%** **Property prices on the rise again** 

Regional valuations continued to outpace the cities – up 5.3% versus 2.6% in the year to April 2025.

↑ **50%** **Vehicle prices continue to climb** 

The price of new and used vehicles continued to rise – now 50% above 2020 levels.

↑ **8.2%** **Deposits surge** 

Robust conditions over the previous 12 months saw more money in pockets to spend and save. Deposits grew 8.2% in 2024.

↓ **3.1%** **Rates to fall fast** 

The cash rate peaked in November 2023 at 4.35% and NAB forecasts additional cash rate cuts, to land at 3.1% by the end of 2025.

↑ **42%** **Prioritising technology** 

Businesses are looking for the tech edge, with over 4 in 10 considering investing in new technologies and systems over the next year.

Core strengths set to prove the difference in 2025

Australia's regions can expect the unexpected this year, and our regional and agribusinesses have the strength to take on any challenge.

Khan Horne

Executive – Regional and Agribusiness,
NAB Business and Private Banking

A tale of two years

Over the past few years we've come to expect the unexpected. So it's almost a surprise that 2024 turned out broadly in line with predictions.

Challenges, hurdles... certainly. But we didn't experience a pandemic, a country-wide black summer or a trade-throttling ship stuck sideways in the Suez Canal.

It looks like we're back to regular programming for 2025, with plenty of action to keep us on our toes. Trading conditions are changing day by day and businesses are going to need to be more wary than ever of currency risks, commodity price movements and evolving access to markets.

The agricultural outlook

In the agricultural sector, it looks like we can expect two very good years, back-to-back. ABARES is predicting a \$91bn turnover for the 2025-26 financial year, with a hefty contribution of over \$40bn from the livestock sector.

That's a tick down from 2024-25 but, if it proves to be accurate, still the third-highest ever recorded.

Higher volumes and prices should push producers' take up, with average broadacre cash income projected to hit \$213,000 in FY25-26 – up from \$124,000 in FY24-25. Grains are also looking at two bumper seasons in a row, and prices that producers will be happy with.

The conditions in the agricultural sector are partly behind the continuing drive towards consolidation. Large producers are getting larger but there's a new generation



on the way; expect to see a new crop of operators and businesses turning up in the near future, and a significant volume of wealth transfers. If you foresee a succession on the horizon, it's never too early to talk with your banker and start planning.

“

Expect to see a new crop of operators and businesses turning up in the near future, and a significant volume of wealth transfers.

The big picture

The regional outlook

The performance of the sector will spread to regional businesses servicing agriculture, as well as downstream sectors like Food and Beverage Manufacturing (which saw a solid 11.9% growth in investment this year). We need more value-adding industries in our regions, and there's plenty going on in logistics, business services and retail and wholesaling – online shopping isn't going anywhere.

International developments continue to keep financial markets on high alert, creating a period of uncertainty. As always, there will be pockets of opportunity, but it's fair to say that trading businesses prefer stability. We have a couple of advantages on our side: our trading businesses have used the experience of the past few years to learn a few things about diversifying, hedging and protecting against risk. Those who travel and build relationships in many markets, and have a reputation for quality, are generally the ones who'll thrive.

Interest rates are finally beginning to come down. Inflation is still top of mind for businesses and consumers, but we'll be breathing a sigh of relief every time a rate cut does come through. Still weighing on many businesses are labour availability and affordability, cost of inputs and margins. We can expect conditions to improve towards normalisation throughout 2025, but it won't happen overnight.

Election years bring heightened focus on key issues. Housing remains top of the political agenda, just as it dominates backyard barbecues, and there's every indication that we'll be talking about property prices and availability for years to come.

We're feeling the bite particularly acutely in the regions. The treechange migration trend has slowed, but not ended, and looks set to continue into the foreseeable future. We're all well aware that affordability is almost as big an issue in the country as it is in the capitals; regional property valuations grew 5.3% to April 2025, outpacing the capitals' 2.6%.

In fact, more than half of our bankers report that lifestyle is the major factor in migration. Pleasant climate and friendly people are almost as important as affordability in terms of motivation, all at around 25%. People are flocking to the regions not just because it's cheaper but because the quality of life can be better.

With this migration has come an improvement in the availability and quality of services, but there's no question that businesses are struggling to get enough workers. For those with capacity, providing housing is an option, with the caveat that it has to be of a standard high enough to meet workers' expectations.

“

Still weighing on many businesses are labour availability and affordability, cost of inputs and margins.

Acting smart about technology

Other businesses are going to need to get creative. We're hearing from customers that they're very excited about new technology, particularly AI. In this case, businesses are looking for solutions to some of the problems that have seemed intractable over the past few years – labour availability, costs and margins.

Hopefully, advancements in AI will help provide some protection against cyber crime too. But in some instances, it's also making it easier for scammers; we're seeing a quantum leap in the scale and sophistication of cyber crime attacks. The right software can help, but it pays to remember that the human element is the crucial part of the equation – stay informed and keep your staff educated.

Payroll and accounting technology is another area making huge leaps in recent times (and with the ATO getting more forceful on outstanding payments, it's helpful to have your paperwork in order).

In the physical plant and equipment space, businesses are seeing new equipment every year, in-paddock and on the factory line.

Ultimately, whether it's software, systems or plant, the right investment can mean a short-term cost for long-term improvements, either in reduced costs, improved productivity or even a better product. That's good news for producers and good news for consumers who benefit from these improvements in output.

“

Whether it's software, systems or plant, the right investment can mean a short-term cost for long-term improvements.

The win-win of sustainable investments

We've also heard that businesses are looking for solutions in the sustainability and climate space.

For those on the land, resilience to weather is particularly crucial, so any improvements you can make on-farm or in your practices have the double benefit of strengthening your business while meeting compliance or market preferences.

NAB is leading the charge on supporting regional and agricultural businesses to get ahead of the consumer and regulatory demand for action on sustainability. Backed by the Clean Energy Finance Corporation (CEFC), we're offering new products with interest rate discounts for loans on green equipment and activities. To find out more about these initiatives, talk to your NAB banker.

Going for growth

The thing that customers are most excited about is managing business expansion, and that's what gets me and my team up in the morning too. Businesses aren't sitting still, no matter the weather or the trading conditions.

We'll be there whenever businesses are ready to invest, and we've committed to keeping all our regional branches open until at least July 2027. That's not just our retail branches – that's our huge network of regional and agribusiness bankers. We put 35 new graduates into our regional communities in 2024, and all our bankers are connected to specialist teams with a focus on equipment finance, FX, commodities markets and more.

There are definitely exciting times ahead, with plenty of opportunities – and probably some pitfalls – to navigate. Uncertainty may be in the air, but I'm confident the core strength of Australia's regional and agribusinesses will set us up to take on whatever 2025 brings.

VIEW FROM THE GROUND

WA has seen a rotation out of lithium into other mining sectors, iron ore in particular. There's been some turnover of infrastructure projects, with projects completed and new budget allocated towards preparing facilities for the AUKUS submarine deal. Land prices have boomed, but are still cheap compared to the eastern seaboard. There's growth behind us, and more ahead.

Jeff Pontifex

State Business Banking Executive,
Regional & Agribusiness, WA

VIEW FROM THE GROUND

A solid few years back-to-back, including good winter crops in 2024, have led to the vast majority of Northern NSW customers being well placed to invest in growth in the near future. Strong agricultural businesses are spending more in regional towns and boosting those economies.

Peter Steele

State Business Banking Executive,
Regional & Agribusiness, Northern NSW

THE FUTURIST'S TRENDS

Automation is driving higher-value job positions and efficiencies

- Australia is experiencing a workforce revolution thanks to automation and robotics.
- Technological advancements are not just improving efficiency, they're enhancing our overall lifestyles. With more Australians now in Skill Level 1 and 2 jobs, we're seeing increased pay and improved job satisfaction. The low unemployment rate reflects a robust economy ready to reap the benefits of technological innovation.
- As technology continues to evolve, the key skill for future workers is adaptability: "In a world driven by AI and tech, being open to learning and embracing change is essential."

Source: How Automation is Increasing Higher Value Jobs – Power Retail, October 2024.



Why 2025 is shaping up to be a year to be prepared

NAB recently released its monthly business survey, our local and global outlooks and our NAB data insights. This is what we are seeing.

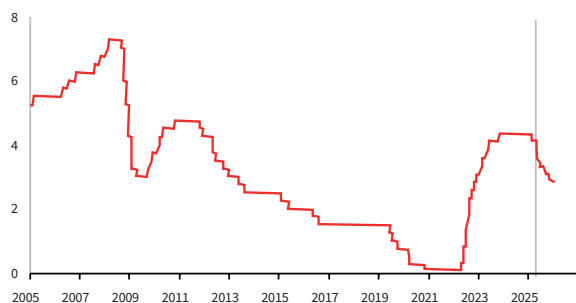
The Australian economic outlook

Tariff announcements from the US since 2 April have led to significant market volatility. Though Australia hasn't been hit as hard as some countries, these announcements have shifted global and domestic risks to the downside.

Before tariffs, we did not view inflation as a barrier to a gradual easing of monetary policy as the RBA became more comfortable with an unemployment rate in the low fours.

We expect the RBA to further cut rates in July, August and November this year. This would see the cash rate fall to 3.1%, which is around its neutral level, where we would expect it to settle longer term – which is a more appropriate policy stance given core inflation is expected to be around the mid-point of the target range and the shock imposed by changes to US trade policy.

RBA cash rate forecast



Source: National Australia Bank, Reserve Bank of Australia



The NAB business survey for March reported business conditions remain a little below average. An uptick in profitability was mostly offset by slightly lower trading conditions and employment. Confidence eased slightly and remains in negative territory. Elsewhere, most survey measures were fairly steady, with +1 pt improvements in forward orders and capital expenditure. Capacity utilisation was the exception, rising from 82% to 82.9% in March. This was driven by increases in utilisation in the goods production industries (mining, transport & utilities, construction and manufacturing) while capacity utilisation was steady in consumer-facing and services industries.

Overall, the survey suggests that businesses remain cautious about the outlook, but overall conditions are holding largely steady.

Upcoming surveys will be important to gauge how businesses are feeling about a tariff-added domestic outlook. Even though direct exposure is limited (due to limited US trade and a relatively small share of businesses in Australia that export), business confidence and investment decisions may be impacted given significant volatility and media focus. Goods production industries may be impacted more than services industries, though weaker consumer sentiment will also weigh on service industries.

Trade and Foreign Exchange

NAB's FX forecasts see scope for a multi-year bear market for the USD. Because of this USD weakness we see a good chance that the AUD/USD will hit 0.70 by year end and move higher into 2026. While the AUD has recovered its recent losses against the USD, it remains lower on various cross rates, including against EUR and JPY, as global growth concerns and doubts about how quickly risk sentiment can recover, are weighing on the AUD.

NAB forecasts, AUD/USD



Source: National Australia Bank, Reserve Bank of Australia

Consumption

Insights from NAB spending data suggest that nominal retail sales growth over the March quarter was up 0.6% quarter-on-quarter, though broader consumption growth (including services) was stronger at 1.3% quarter-on-quarter with strength evident in essential services spending. March retail data may reflect a few factors, including the Australian Grand Prix (where large sporting events typically support catering services spending) and Cyclone Alfred (which may see an uptick in spending to replace household goods, though this is likely to also spill into April spending data). However, ABS data for March quarter 2025 retail sales volumes were less positive (showing no growth) and concerns on the

global backdrop have started to flow through to weaker consumer confidence. If weakness in consumer sentiment is sustained, cautious consumers may opt to save more as real disposable incomes continue to improve. The household savings ratio remains low relative to history.

Labour market

The labour market remains healthy. While we expect to see a small rise in unemployment, to 4.4%, this would still be low by historical standards. The unemployment rate was 4.1% in March, within the range it has been over the past year, and employment grew by 32k. It takes about 30,000 a month to keep pace with population growth, and trend employment growth has now slowed to 14,000.

Global outlook

The tariff increases announced by the Trump Administration this year will place significant pressure on global growth. We have lowered our 2025 and 2026 growth forecasts for a wide range of countries, particularly China and the US, and we now expect global growth to be below 3% in both years. Outside the extreme shocks of the GFC and COVID, these growth rates would be the lowest experienced since the early 2000s. Recessions are possible in some countries, particularly for countries such as Canada and Mexico which have high trade exposures to the US. Forecast uncertainty is higher than normal, in part because US tariff policy is likely to change further with some tariffs currently paused, trade negotiations taking place, and sector specific tariffs being considered.

Realised volatility across financial markets has fallen in recent weeks, as markets have responded positively to incrementally less hawkish news on US trade policy. Typically, the US experiences safe haven flows in times of volatility and weakening growth prospects; however, the fall in the US dollar and increase in US sovereign bond yields following the April tariff increases point to changing investor views on the US as a destination for investment capital.

The US tariff on China is well above that for other countries. A workaround may occur through trade diversion where the US/China source imports from elsewhere, but given the tariff uncertainties, the incentive to build up extra capacity is likely limited. There is also the risk that Chinese exporters seeking alternative markets may lead countries to impose trade barriers on imports from China to protect domestic producers.

This follows US controls on certain technology exports to China. The decoupling in global trade underway – mainly between China and US but with the risk other countries will have to pick a side – is a clear negative risk for longer-term global productivity and hence growth.

Global outlook presents some uncertainty for Australian agriculture

On average, Aussie farmers have benefited from higher production and prices in 2024-25.

Gerard Burg

Senior Economist – International

The picture in agriculture

Favourable conditions drive stronger production

Australian agricultural production has increased strongly over 2024-25, as improved seasonal conditions in key parts of the country supported increased crop output.

According to ABARES' latest estimates and forecasts, winter crop production rose by 26% to its third-highest level on record. This increase was driven by substantial gains in NSW and Queensland, while output in Victoria and South Australia fell on below-average rainfall in these states' growing regions. Summer crop output is tipped to fall slightly year-on-year but remain above its 10-year average.

Gains in livestock production are expected to be more modest than grains in 2024-25 – with output up by around 3.5%.

Agricultural prices have trended higher over the past 18 months

Australian agricultural prices have broadly trended higher since the recent cycle lows of late 2023 – with producers benefiting from both higher prices and domestic output – reflecting global demand that has remained strong.

In Australian dollar terms, the NAB Rural Commodities Index was stable month-on-month in March, but up around 6.1% from the same time last year.



“

Winter crop production rose by 26% to its third-highest level on record.

The main drivers of this year-on-year increase were beef (up 9.9%), dairy (22.1%), lamb (14.4%) and wheat (4.4%). In contrast, prices for cotton, sugar and chickpeas have fallen.

Price increases were more modest in US dollar terms – up 1.9% year-on-year – reflecting the weakening in the exchange rate over this period.

Input costs remain a pressure for the bottom line

While the farm sector has generally benefited from higher prices over the past year, it has also faced higher costs for key inputs.

In particular, fertiliser prices have moved higher since mid-2024, up around 19% year-on-year in March 2025. As most fertiliser is imported, the weaker Aussie dollar over this period has increased the cost pressure.

In contrast, feed grain prices were a little lower in March 2025 than a year ago – down around 1.3%. However, prices have been trending higher since October 2024.

The RBA is forecast to make a series of policy rate cuts through to February 2026, which should bring some interest rate relief to farmers.

Outlook for the agricultural sector is clouded by uncertainty

NAB's global outlook sees a significant slowing in economic growth in 2025 and 2026.

The full impact of this on Australia's agricultural sector is not clear. While slower global growth could negatively impact demand (particularly for higher quality products), large trade barriers imposed by the United States and China on each other could present opportunities for Australian exporters.

ABARES sees a return to more normal seasonal conditions in 2025-26, and with it a slight easing of farm output – albeit remaining high by historical terms.

THE FUTURIST'S TRENDS

Farming to move to a new model within the decade

In the 2021 census, 5% of the Australian workforce was over 65 – while 44% of Australian beef/cattle farmers and 37% of sugar cane farmers were over 65. The longer farmers hold out, the greater must be the inevitable avalanche of ensuing family farm sales.

It could be that in the late 2020s and early 2030s, the Australian model of farming will transition from family farming to a new model based on corporatised, mechanised, digitised, drone-filled farming.

Source: The Australian – Real Commercial section, 27 February 2025



In a sign of growing optimism, more regional Australians think things will improve

Across the country, Australians face a myriad of challenges. But that doesn't mean they aren't optimistic about the future – particularly those of us living in regional areas. In our latest NAB consumer survey, 1 in 4 regional Australians think things will improve while the appeal of living far from the cities continues to grow.

Dean Pearson and Rob De Iure
Behavioural & Industry Economics, NAB

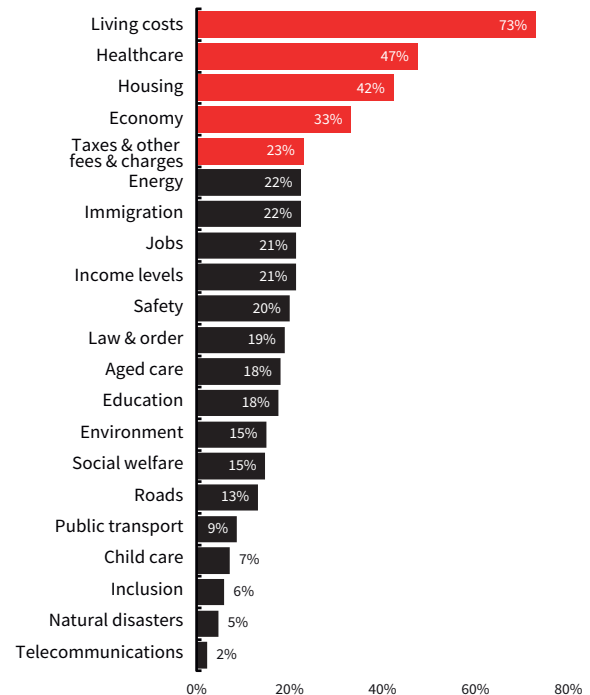


When asked about the current key issues affecting their lives, regional Australians for the most part mirrored the rest of Australia. Living costs topped the list, with 73% identifying this as the most significant issue, followed by access to affordable and quality healthcare (47%), housing and relative housing affordability (42%), the stability and strength of our economy (33%) and taxes and other government fees and charges (23%).

But there are some issues which particularly resonate with those of us living in the regions. Regional Australians are more likely to also speak of our welfare system and support for the disadvantaged; availability and access to quality and affordable education; and the quality, availability and physical condition of our road networks, as important concerns.

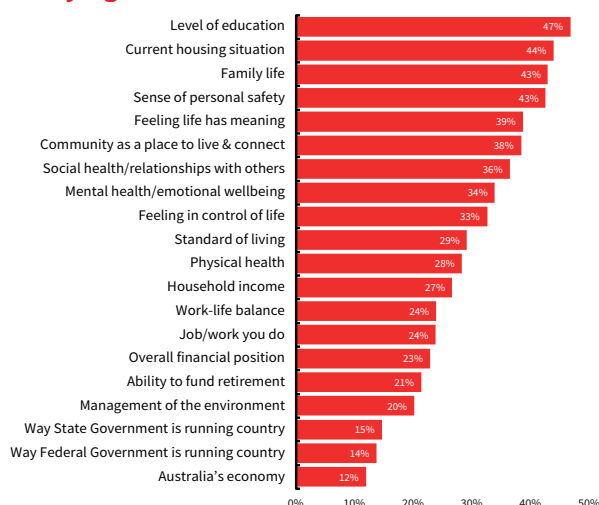
Yet despite these challenges, more Australians living in regional areas (1 in 4) tell us they feel optimistic about the future compared to those living in our capital cities (1 in 5).

Key issues in regional Australia



Source: NAB

Living in regional Australia: Very high satisfaction



Source: NAB

So what is underpinning this optimism?

Clearly, the appeal of living in regional Australia continues to grow, reflected in the continued strong population growth. Data from the Regional Australia Institute shows the number of people living in regional areas grew 1.3% from 9.78 million in 2023 to 9.91 million in 2024, representing a 6.3% increase since 2019.

Indeed, a significantly large portion of regional Australians reported 'very high' life satisfaction stemming from education (47%), their housing situation (44%) for those with established housing, family life (43%), their sense of personal safety (43%), feeling their lives have meaning (39%), their sense of community (38%), their social health and relationships with others (36%) and their mental health and emotional wellbeing (34%).

How are consumers in regional Australia faring?

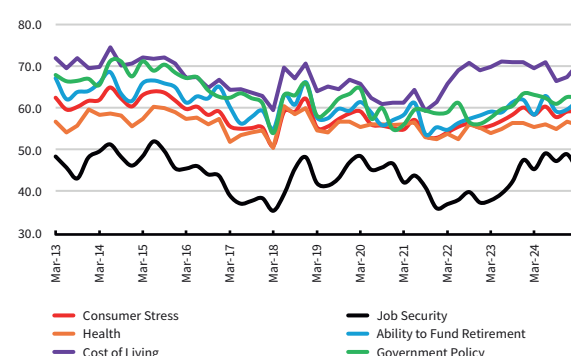
Amid elevated global uncertainty, pressure on consumers has been rising.

NAB's key metric of consumer sentiment – the NAB Consumer Stress Index – is based on five key drivers: cost of living, job security, ability to fund retirement, government policy and health. It shows consumers in the regions are under growing strain, with the index lifting to 59.3 pts in the March quarter. However, this was below stress levels reported in capital cities (where the average is currently 59.6 pts).

Not surprisingly though, with 3 in 4 regional Australians identifying living costs as the biggest issue they face today, elevated consumer stress levels were mainly underpinned by heightened concern about the cost of living. Despite inflation slowing, it is clear that, just like the rest of the nation, high prices are still adding to already elevated living costs in regional Australia, with around 1 in 3 people reporting 'very high' cost of living stress. Concerns over the ability to fund retirement also rose over the March quarter.

Encouragingly, however, regional Australians reported much lower stress associated with their job security in the first quarter of 2025 (45.1 pts) and considerably less so than in capital cities (48.3 pts). What's more, regional Australians who expect their weekly income to increase over the next 12 months also anticipate getting more than people living in the capital cities (\$194 compared to \$187).

NAB Consumer Stress Index: Regional Australia (10 = extreme stress)



Source: NAB



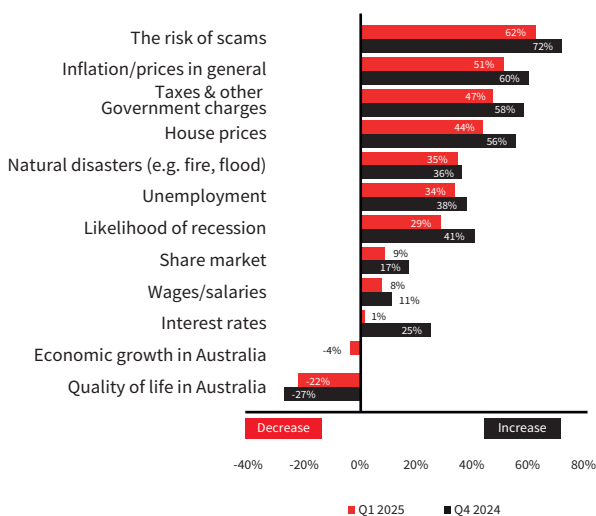
Consumer trends

Cost of living remains a key pain point and consumers tend to use a few key anchor or reference prices to determine their overall cost of living. In the March quarter 2025, it was encouraging to see that the share of regional consumers reporting higher prices fell (on balance, 70% of regional Australians reported higher prices compared to 80% at the same time a year ago). Most people living in the regions (75%) continued to notice higher grocery prices in particular, but along with all other monitored expenditure categories. We did, however, record a much lower number of people reporting higher prices for transport (56% of regional Australians reported noticing higher prices in the March quarter compared to 72% a year ago), mortgages (53%, down from 65%), utilities (63%, down from 73%) and personal goods (53%, down from 62%).

High living costs are influencing a range of consumer spending behaviours, with regional shoppers increasingly looking for ways to save money. Most regional Australians on balance remain mindful or more careful about where they spend their money (40% of regional consumers report doing this) and changing to less expensive products to save money (33%). Most regional consumers are also cutting back on eating out at restaurants (60%), spending on micro treats such as coffee (55%), entertainment (54%), car journeys to save petrol (45%), food delivery services (45%) and their travel plans (44%).

But there are some types of spending where regional Australians are least inclined to cut back – private school fees and tutors (only 12%), their children's activities (15%) and, in a sign of how much those living in the regions love their animals, spending on their pets (21%).

How will following change in next 12 months: Regional Australia



How do regional Australians see the year ahead?

In a sign of growing optimism for the future, more regional Australians think things will improve. When we asked those living in the regions in the March quarter to bring out their crystal ball and think about a range of factors and how they might change over the coming year, considerably fewer regional consumers said they expected heightened risks from scams (62%, down from 72% in the December quarter 2024), higher inflation (51%, down from 60%), taxes and other government charges (47%, down from 58%) and the likelihood of recession (29%, down from 41%).

However, regional Australians were somewhat more cautious about house prices (44% expect them to rise versus 56% in the December quarter 2024) and the share market (only 9% expect it to rise in the next 12 months, down from 17%). This is also likely to explain why regional Australians also reported a spike in stress associated with their ability to fund their retirement in the March quarter. At the same time, regional Australians were less optimistic about their salaries and wages increasing (8%, down from 11%), while 4% on balance expect economic growth to decrease over the next 12 months.

Following the first interest rate cut in over four years in February 2025, there was also a sharp turnaround in expectations for interest rates, with just 1% of regional consumers expecting them to increase in the next 12 months, down sharply from 25% in the December quarter 2024. Importantly, it was also very encouraging to note that 1 in 4 regional consumers viewed the interest rate cut as a positive move for their household, with 15% saying it offered significant home loan stress relief and 1 in 5 significant cost of living stress relief.

THE FUTURIST'S TRENDS

Regional Australia an increasingly attractive lifestyle gem

Australians are obsessed with home and lifestyle. Millennials (the avocado generation) have become the driving force behind mass migration to Australia's larger regional towns and cities. Their pursuit of a better lifestyle and forever home is opening up a golden opportunity for brands to get on trend. Don't expect Australia's high-earning millennials to return to the office full time.

Source: Bernard Salt and the new near regions Australian demographic lifestyle zone, The Australian, 8 November 2024

Demand pushes regional property higher again

Valuations for regional property continued to climb in 2024 and year to date in 2025. Rural valuations broadly continued recent years of growth in most states.

Mark Browning

National Head of Valuations & Property Advisory, NAB

Regional property valuations had another stellar year, led by ongoing internal migration.

At 5.3% annual growth, regional valuations exceeded the metro pace of 2.6% to settle at a median value of \$673,373 as at end of April 2025. Values are now 58.7% above pre COVID prices and sitting at a peak in April 2025.

Population flows also remained higher than pre-COVID, registering 8.3% above average, according to the Regional Australia Institute (although down a little from pandemic peak rates). It seems settled that remote and hybrid working is here to stay – in at least some form. Equally as important, treechangers continue to recognise the lifestyle benefits of the country.

Services and infrastructure still have some catching up to do, although there's been progress. It appears that certain aspects of services and infrastructure, by their nature, will always have some correlation with population density – there's good coverage of base medical services across the country, but some specialist services will require a trip to the capitals or a major regional hub.



“

Certain aspects of services and infrastructure, by their nature, will always have some correlation with population density.

Regional and rural property

Regional differences continue to evolve

Queensland property valuations had another winning run in the year to April 2025: beautiful one year, perfect the next. Growth continues to spread; first to satellite coastal regions like the Gold Coast and Sunshine Coast, then inland to Toowoomba, and now across the state, including Far North Queensland. In fact, seven of the top 10 highest-growth regions were in Queensland.

Elsewhere, homebuyers and investors were also looking beyond the capitals. While the Sunshine Coast took 7.9% of the share of migrants from the capitals, Greater Geelong in Victoria captured 7%. In NSW, Lake Macquarie absorbed 4.2%, while Maitland (in the Hunter Valley) welcomed 1.5% of migrants from capital cities. Rounding out the top five Local Government Areas was Moorabool in Victoria, which captured 4.2% of capital migrants.

After a big gain in 2023, WA doubled its pace to grow values by 16.1% in 2024, and by the end of April 2025, annual growth was still high at 13.2%. There, and in SA (12.9% at the end of April 2025), values reflect interstate migration as much as treechangers from the capitals. Strong and evolving state economies also contributed to growth.

Regional Tasmania grew by 3.3% and Hobart which largely tracked sideways at 0.5% over the 12 months to April. In part, that's the overwhelming lifestyle appeal of rural and regional Tasmania in the face of flat economic conditions.

Victoria (-0.9%) was the only underperformer by the end of April 2025, but still outperformed its capital (-2.2%). Whilst resuming growth since February, Victoria was impacted by weaker conditions in 2024 including the states land tax on investment properties.

Regional residential valuations growth

| | 12 months to April | |
|--------------|--------------------|--------|
| | 2025 | 2024 |
| Regional NSW | +2.7% | +4.3% |
| Regional VIC | -0.9% | -0.6% |
| Regional QLD | +8.7% | +11.2% |
| Regional SA | +12.9% | +9.8% |
| Regional WA | +13.2% | +13.3% |
| Regional TAS | +3.3% | +0.4% |

Source: CoreLogic for NAB – end of April 2025

Top 10 performing regional housing markets, annual value movement

| | |
|------------------------|---------|
| Mid West WA | +25.3% |
| Townsville QLD | +21.9% |
| Mackay QLD | +21.4% |
| Albany WA | +20.6% |
| Central Highlands QLD | + 20.4% |
| Gladstone QLD | +20.2% |
| Darling Downs West QLD | +19.3% |
| Darling Downs East QLD | +19.0% |
| Burnett (Wide Bay) QLD | + 17.6% |
| Murray and Mallee SA | +16.7% |

Source: CoreLogic for NAB – end of April 2025

Top 5 Local Government Areas by share of regional migration

Percentage share of total regional migration from capital city residents, 2024

| | |
|----------------------|------|
| Sunshine Coast, QLD | 7.9% |
| Greater Geelong, VIC | 7.0% |
| Lake Macquarie, NSW | 4.2% |
| Moorabool, VIC | 4.2% |
| Maitland, NSW | 1.5% |

Source: Regional Movers Index December 2024 (Regional Australia Institute)



Help on its way

Undersupply of dwellings has remained on the agenda over recent years. In response, targeted funding was identified in the 2025-26 Federal Budget and is being rolled out to help find solutions for the long term.

The challenges of the construction industry is not a new story, nor is it unique to Australia. A recent Productivity Council report showed that physical productivity (houses per hour worked) has dropped by 53% over the past 30 years. Labour productivity (value per hour worked) is better, but still decreased by 12%.

To address this challenge, \$900m of government funding has been made available for reforms which improve productivity. A further \$50m has been laid aside to support the modular and prefabricated dwellings sector, which should speed up projects.

The labour shortage has been felt in construction too, so incentive bonuses for apprentices will double to \$10,000 from 1 July. Another 40,000 fee-free TAFE places will be funded, to help get more construction certifications out the door and onto worksites. Federal and state governments are also working on a national certification scheme for electricians, which should help labour mobility to get skilled workers where they're needed, particularly for employers in cross-border regions.

A significant \$1.5bn has been allocated to the Housing Support Program to help establish greenfield residential precincts; this sits alongside the Housing Australia Future Fund and the Social Housing Accelerator as direct government intervention.

“

\$900m of government funding has been made available for reforms which improve productivity.

Agricultural interest expected to be strong

Forecasts for agricultural production values and volumes in 2025 are strong, with ABARES expecting FY24-25 to be the second-highest year by value ever, followed by another strong year in FY25-26. In conjunction with a dollar conducive to foreign investment, expect to see a continuation of 2024's trend of foreign corporates and institutional investors active in the agricultural property market.



Investors from the United States made up the lion's share of buyers in 2024, which saw more than 265,000 hectares change hands for a collective price tag of more than \$1.2bn. Some differentiation emerged over the year, with Western Australia remaining affordable relative to the eastern states, despite a big uplift. Queensland also had a good run, while some regions in the southeast of the country saw softer conditions, as drought conditions persisted.

In 2025, we expect strong activity and valuations in the \$25m+ and \$50m+ segments, given the continuing appeal of agricultural property to foreign investors and high net worth buyers (who may be less impacted by cost of capital factors or who may benefit from the exchange rate). Established owner-operator producers may also look to add in the \$5-\$15m range where the opportunity is right.

We welcome housing increase measures and announcement to unlock supply. On the outlook we expect the remainder of 2025 to see all property types benefit from the expected easing in interest rates.

THE HEADLINES

- 2024 was another stellar year for regional property, with 2025 looking strong
- Regional migration seems embedded as a long-term trend
- Housing availability may ease, but there's no holistic fix on the horizon
- Corporate buyers may be active in agricultural property, particularly in boom states

Solid growth with some stars the story of 2024

Rate cuts and consumer confidence should push investment higher in 2025 – as should the continuing evolution of regional industries.

2024 was a solid year for investment in the regions, with demand for credit growing by 4% – a healthy rate, if more moderate than the post-COVID regional boom. However, it was marked by some outstanding performers among regional industries.

Among those industries driving investment was Food and Beverage Manufacturing, which led the field and reflects the maturation of regional businesses. As the regions continue to value-add and trade in increasingly sophisticated ways into both the national and global economy and industrial supply chains, they're looking for investment opportunities. Already a world-leading 'brand' in the agricultural sector, it's a natural development for regional businesses to tap into that demand for Australian food by doing more processing and manufacturing close to the source, capturing more of the final value.

At the same time, there was strong growth in Road Transport and Construction Trade Services, reflecting the increasing connectivity we're witnessing in the regions and a continued infrastructure boom. Rising investment in wholesaling businesses, on the other hand, highlighted the continued shift towards establishing cost-efficient operations in regional areas, while solid growth in Business Services pointed to an increasing preference for accessing services locally, making a trip to larger towns and capital cities no longer necessary.



2024 growth in lending by industry

| Industry | % Growth | Rank |
|---|----------|------|
| Food and Beverage Manufacturing | 11.9% | 1 |
| Road Transport | 11.4% | 2 |
| Construction Trade Services | 8.5% | 3 |
| Business Services | 6.7% | 4 |
| Property Services | 4.8% | 5 |
| Agriculture | 4.5% | 6 |
| Personal and Household Good Wholesaling | 4.2% | 7 |
| Food Retailing | 4.0% | 8 |
| Basic Material Wholesaling | 3.5% | 9 |
| General Construction | 2.9% | 10 |

Source: NAB data, December 2024

Most states maintained solid growth in borrowing for investment. This included Western Australia and Queensland, which posted particularly strong results in agriculture and mining, driving prosperity for other regional businesses.

State-by-state breakdown Dec 24 (growth)

| | % Growth |
|-----|----------|
| ACT | 7.7% |
| NSW | 5.1% |
| NT | -1.2% |
| QLD | 5.3% |
| SA | 7.7% |
| TAS | 6.0% |
| VIC | 3.9% |
| WA | 9.3% |

Source: NAB lending data, December 2024

Cash flow remains a problem for many businesses, with our bankers reporting that customers are still rating costs and margins among their top concerns. From its 2021 net balance peak of around 40 points, cash flow sat below 20 points (the long-run average) for much of 2024.

Businesses' capacity utilisation, (that is, how they are managing resources, such as equipment, labour or facilities) is above the long-run average, so rather than spending cash on hiring more labour or investing in more assets, they appear to be maximising existing resources to meet consumer demand.

With interest rates projected to fall, investment may well accelerate over the calendar year. As reductions continue over 2025 and into 2026, liquidity will improve over the economy as a whole, and should positively impact the speed of cash flow for businesses and consumers. Shoppers should respond by loosening their spending.

Although consumer conditions largely improved, or at least remained stable, over 2024, a cost-of-living fatigue weighed down sentiment. However, some good headlines should turn things around. Each rate cut locked in will act as a signal for businesses to invest, improving the cost of capital along with consumer sentiment and final demand.

New legislation mandating that corporate entities report on their climate impacts and risks is being rolled out. While it's early days with, as yet, no structural effects, the new regime will cascade down to producers in coming years. By 2027, entities with turnover of over \$50m, assets of over \$25m or with more than 100 employees will also be required to report. That may drive an uptick in investment among some sectors, as farmers and regional businesses get to grips with what their buyers (and end-stage consumers) are demanding from them.

Markets will need more data from their suppliers and will increasingly look to purchase from those who minimise their emissions or protect against climate risk. However, support is available. Australian manufacturers, businesses, agribusinesses and farmers can access interest rate discounts and lower borrowing costs as part of a \$300 million program supported by NAB and the Australian CEFC.

THE FUTURIST'S TRENDS

Expect a significant increase in food production over the next 60 years

A 25% increase in world population by 2086, as projected by the UN Population Division, suggests food- (e.g., wheat) exporting nations such as Australia should be planning to increase food production, and efficiencies generally west of the near regions line, by no less than, say, 40% in the 21st century.

A 40% lift in food production means Australia is taking market share in a global market. It also suggests that port-handling facilities at, say, the Port of Fremantle should plan for expansion in the decades ahead.

Source: The Australian Magazine, 2 February 2025



Preparation will be the key to meeting 2025's challenges and opportunities

Trading businesses have used the experience of the past few years to learn a few things about diversifying, building strong relationships and protecting against risk.

United States tariff discussions and escalating trade tensions have introduced uncertainty into global markets, a result which is of particular concern for Australia's export businesses. However, Australia's agricultural sector remains robust, putting it in a good position to weather challenges that come its way.

Exports were valued at \$75.6bn in 2023–24, accounting for approximately 70% of total agricultural production. Key contributors include grains, oilseeds, pulses and meat products, with significant demand from partners such as China, the United States, Japan and the Middle East. The end result was an overall trade surplus on goods of \$7.08bn in November 2024.

Meanwhile, there are opportunities to be had in the current environment. While protectionist policies may disrupt traditional trade flows, they allow Australian exporters to reinforce their position as reliable suppliers of high-quality, sustainable products in the global market.

A decline in interest rates will also help. The recent interest rate cut – and the Reserve Bank's change in sentiment about the general interest rate environment in 2025 – is already bolstering business confidence, prompting businesses to revisit investments in agtech, automation and processing infrastructure to enhance productivity and competitiveness and deal with ongoing labour and energy price challenges.

That said, potential trade repercussions could impact the cost and availability of imported machinery and equipment, which are essential for these advancements. The fact is, strategic planning and diversification of supply chains will be critical to mitigate risks around non-delivery, the geopolitical environment, performance and FX, and to capitalise on a potential favourable investment climate.



“

Expect plenty of volatility in all currency pairs over the coming year, led by the US dollar.

Opportunities for the savvy

Even as we consider the challenges 2025 may bring, regional businesses seem to have a mood of cautious optimism, having built up their resilience over the past few unpredictable years.

From an export perspective, there's opportunity to expand into new markets, made easier by our new free trade agreement with the United Arab Emirates. Already our largest trading partner in the region with \$20.6bn in two-way trade, the UAE is hungry for aluminium, meat and dairy.

There's also a shift in developing markets such as Indonesia and China, with an increase in demand for premium-quality Australian beef. This presents new opportunities for farmers, abattoirs and meat processors.

For importers, there's opportunity to consider diversifying their supply chain to mitigate global trade risks. They should also ensure strong risk management plans are in place to maintain business operations and access to key resources remains available. Additionally, to potentially reduce labour costs, businesses could leverage foreign manufacturers to import machinery and technology that support the automation of manual operational processes.

As ever, keep in mind that not every deal is a good deal, and counterparty risk is always a factor. When dealing with a new buyer or supplier, it's a good idea to get expert advice on how to protect your business.

Getting ahead of the dollar

NAB expects plenty of volatility in all currency pairs over the coming year, led by the US dollar as that economy navigates the Trump presidency and a Federal Reserve easing cycle. We will also watch the local economy closely this year in response to the federal election and an RBA easing cycle.

Many of NAB's importing customers have been waiting for normalisation around US70-75¢ before making big decisions. NAB is forecasting a multi-year bear market in place for the USD and has lifted our year-end target for AUD/USD to US70¢ and expect it to move higher into 2026.

Business must go on. If there is currency exposure and payments that can't be delayed – or products that can't sit in storage indefinitely – then take advantage of the facilities available through NAB Connect, or ask your NAB Trade & Working Capital specialist or Markets specialist for personalised advice about any risk you may be exposed to.

“

For importers, there's opportunity to consider diversifying their supply chain to mitigate global trade risks.

THE HEADLINES

- Agricultural trade is in a strong position, driven by strong volumes and prices holding steady
- As interest rate conditions soften, general business sentiment will improve
- Expect volatility in the Australian dollar in 2025
- Look to break into new markets, and speak with your banker to protect against counterparty risk

VIEW FROM THE GROUND

Reopening Chinese markets will do wonders for producers of wine and seafood and food and beverage manufacturers. But farmers in South Australia are looking for rain this year after a dry 2024. It'll be a year to watch for wine producers, in particular, who have an oversupply on their hands.

Joe Paparella

State Business Banking Executive,
Regional & Agribusiness, SA





Deposits on the rise off the back of a strong 2024

Robust conditions over the previous 12 months saw more money in pockets to spend in some sectors – and to deposit.

Deposits rose in 2024, increasing 8.2% across regional and agricultural businesses.

That uptick was largely driven by a very strong year for agriculture, with some sectors and regions being standouts, particularly grains and red meat, which exported record volumes in 2024.

Regional businesses demonstrated strength, growing by 8.7% (beating 8.5% in 2023). But it was the agricultural sector that saw the big turnaround, improving to 5.1% growth off the back of 2023's 3.3% decline.

The cash rate peaked in November 2023 at 4.35% and NAB forecasts additional cash rate cuts, landing at 3.1% by late 2025. In a declining rate environment, term deposit growth tends to slow relative to at-call deposits; nevertheless, interest in term deposits remains high as some customers seek a more certain return.

The nation's Farm Management Deposits scheme as a whole was flat in 2024, reflecting some challenging seasonal and market conditions in some locations and industries. However, NAB's share of the scheme increased

in both volumes and accounts, indicating that our customers are putting more away in expectation of greater opportunities to come, or for spending through more challenging seasons.

Grains had a notable 2024, with Western Australia recording its third-highest volumes on record. A good season and decent prices meant more cash in hand for producers and traders, and 2025 is shaping up to be another winner.

Livestock producers, on the other hand, have less cash sitting in the sector at the moment. After a run of good years, the market is feeling some pressure, squeezing liquidity for some producers.

“

Interest in term deposits remains high as some customers seek a more certain return.



The good news is that 2024 was a record year for red meat exports, and livestock and livestock products are projected to lift another \$700m in the 2025-26 financial year to \$40.3bn, according to ABARES. That should contribute significantly to the year's projected \$91bn production value for agriculture and put Australia well on the path to the target of \$100bn by 2030.

The US may provide an opportunity for livestock producers in 2025, with the American herd at a 73-year low. Australia was one of the top importers into US markets in 2024, according to the US Department of Agriculture, and became the top destination for Australian sellers. There's potential to knock Canadian beef out of first place in 2025. If trade conditions align, we may be seeing the right signals for a significant recovery in livestock, which could flow on to Farm Management Deposits and other deposits in coming years.

Inflation is also expected to continue its decline through 2025, helping with margins and leaving businesses with some more cash in their pockets to spend or save. Interest rate cuts should also improve final demand while simultaneously improving investment appetite rather than reducing the attractiveness of term deposits.

Other regional businesses grew their deposits again too. Our data and customer conversations are showing an evolution of trends from recent years, reflecting a maturation of regional economies. While services to agriculture and mining remain important to the health of businesses, we're seeing growth around and outside of those sectors. Personal services have caught up a little bit – we're no longer lacking hairdressers, personal trainers and other lifestyle businesses in the regions.

VIEW FROM THE GROUND

Continued development of the Inland Rail and Special Activation Precincts in Wagga, Parkes and the Snowy Mountains are going to bring short-term challenges and long-term opportunities. Increased input costs and tight margins, and attracting labour, are still top concerns for businesses, especially those looking for skilled tradespeople. But business confidence is strong and we expect plenty more domestic migrants to arrive in the ACT and Southern NSW.

Naomi Stuart

State Business Banking Executive,
Southern NSW & ACT

Construction equipment proves 2024's prime mover

Digging into last year's equipment finance trends reveals an interesting story of investment hot spots combined with cooler spending overall. As for 2025, expect a raft of factors to come into play.

While not the whole story, 2024 brought a slight fall in equipment finance investment – nationally, a 0.3% decline was recorded.

Conversely, NAB's regional and agribusiness customers showed continued appetite for investing, with 2024 being a record year for new and used vehicles. We're seeing values up 50% on 2020, reflecting both increased volumes and growth in equipment values. Nationally, car sale volumes are up 25% on 2020 figures, at over a million vehicles per year.

Strength in parts and places

It's a more nuanced story when we take a closer look at different sectors and regions.

Queensland punched above its weight again, recording 4.5% growth in demand for equipment, according to NAB's data. Western Australia ticked up as well, growing 0.2%, although raw volumes are not as high as in the east.

Other states showed small drops in appetite: the VIC and TAS markets both declined by 1.6%, the combined SA/NT market drew back 1.9%, and the NSW/ACT market fell by 2.4%.

By equipment type, mining, earthmoving and construction equipment was in hot demand, with 14.9% growth in values moved. Cars and light commercial vehicles recorded a 12.7% increase. Meanwhile, trucks, trailers and buses fell by 7.6%, perhaps reflecting a pause in the cycle after years



of frenzied buying by the transport and logistics industries and a super-heated market for trailers.

Demand for agricultural equipment fell by 14.5%, but, again, NAB continues to see strength in this sector.

Some heat to come off the market

We're projecting another year of very strong market activity for 2025, although the record-beating run will probably come to an end. Election years are always a time for buyers to put purchases on pause until the results come in, although pent-up demand comes back strongly afterwards (no matter which party wins). Seasonal and business cycles, of course, mean that plenty of buyers will be replacing assets in the first half of the year.

The federal election aside, 2025 should feel a more normal 12 months than we've experienced in half a decade. There'll be plenty of appetite for investment but none of the super-charged activity caused by supply chain disruptions, microchip shortages and free-flowing cash.

The end of the \$150,000 Instant Asset Write-Off scheme took some heat out of the market, although surprisingly less than expected. However, some of the vehicles and equipment purchased under the initial take-up in 2021 are coming to the end of their replacement life. With prices 10-20% below those of two years ago, it could be a good time to renew assets. (Some buyers who have been holding off for a few years, waiting for prices to cool, may be tempted to make purchases now).

On the other hand, vehicle durability is evolving faster than purchasing habits. While it used to be common practice to turn over a light truck fleet every four years, it may now be possible to run them for seven or longer – particularly as warranty durations are extending out to that length.

As the New Vehicle Efficiency Standard comes into play in July, the range of vehicles available in Australia may begin to change. Manufacturers will be required to offset high-emissions vehicle sales – including utes – with more emissions-friendly vehicles. Over the course of years, this may have some bearing on manufacturers' decisions over which equipment to market in Australia.

Equipment types normalise after bumpy years

In the agricultural sector, a greater variety of equipment is hitting the market, particularly now that production and logistics challenges are finally being worked through. The range of headers in Australia, for example, is more diverse than in much of Europe. Conversely, cars and light trucks in this country continue to face constraints: as a small, right-hand-drive market, this will always be the case.

Agricultural volumes and values, when seasonal demand is taken into account, are generally more consistent and predictable. The transport and logistics sector, on the other hand, is more capricious – the nature of the industry means that fleet buying businesses will always produce lumpier market demand.

2024 did not see any particular asset type over- or under-performing, unlike recent years. NAB is seeing an increase in demand for light aircraft. Although primarily seen as assets for aviation businesses, NAB recognises that light aircraft are simply tools of the trade for many regional and agricultural businesses.

How to make a purchasing decision

NAB customers are reporting increasingly diverse needs and strategies when it comes to buying cycles and, therefore, to equipment finance.

In addition to looking for fair value, a key concern that customers are reporting is the impact of tariffs. While these will always have an effect, vehicles and equipment are overwhelmingly import-based, and should suffer less. There's no question though that consumers will feel their shadow; some buyers may be able to find upsides, but ultimately tariffs will have a small but noticeable impact on prices and availability.

For those looking to finance green equipment or vehicles, now is a good opportunity, with new technology on offer every month. As market and regulatory demand for action on sustainability ramps up, NAB is supporting customers' sustainability strategies, backed by our partnership with the CEFC offering interest rate discounts on loans for eligible green equipment and vehicles.

THE HEADLINES

- 2024 was another big year for demand for equipment, with 2025 forecast to also be very strong
- Supply is normalising after years of disruption, and prices are easing
- Tariffs and the federal election will have some impact on equipment finance performance, but should be limited

VIEW FROM THE GROUND

Businesses are excited about the opportunity to invest in technology and automation. Inflation is coming down, but is baked in, so they're focusing on productivity. An improvement in trade relations with China will have positive impacts for exporters down the line.

Nigel Rumble

State Business Banking Executive,
Regional & Agribusiness, VIC



To find out more, visit
nab.com.au/horizons

Important information

This document contains general advice only, and has been prepared without taking into account your personal objectives, financial situation or needs. Before acting on the advice in this document, you should seek professional advice and consider whether it is appropriate for you in light of your objectives, financial situation and needs. The information in this document is general in nature and based on information available at the time of publishing, information which we believe is correct and any forecasts, conclusions or opinions are reasonably held or made as at the time of publishing. The information does not constitute financial product or investment advice. Past performance is not necessarily indicative of future results. No warranty is made as to its accuracy, reliability or completeness. To the extent permitted by law, neither National Australia Bank Limited ABN 12 004 044 937, Australian Credit Licence and AFSL No. 230686 or any of its related entities accept liability to any person for loss or damage arising from the use of this information. You should consider the relevant Product Disclosure Statement and Financial Services Guide (available on request) before deciding whether to acquire, or to continue to hold, any of our products. Target Market Determinations for these products are available at nab.com.au/TMD. Fees and charges are payable. Terms and conditions apply and are available on request from NAB. Our credit products are subject to eligibility and lending criteria. All products and services mentioned in this document are issued by National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian Credit Licence 230686. Information correct as at May 2025. ©2025 National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian Credit Licence 230686. A180910-0525A