more than money

The Performance Era:

Decision pressures and the path to growth

Contents

Foreword

Confident but occasionally constrained – that's the sentiment driving professional services, according to NAB's 2026 survey of the industry. Revenue is strong, expectations are rising and most firms feel well-placed to adapt.

Kate Bain
Executive of Professional Services, NAB

That's not to say the challenges aren't real. Talent shortages, regulation, compliance, cash flow and technology pressures are all making their mark.

Our latest survey gathered insights from around 100 firms on the opportunities, priorities and challenges shaping 2026. AI stood out as a key theme – but more as a tool to enhance productivity than a threat to professional judgement.

That ties in with a core belief within professional services: people are its greatest asset and its biggest constraint. Talent sits at the centre of almost every finding, influencing growth strategies, succession plans, AI adoption and service delivery. At its heart, professional services remains a people business.

As Australia's largest business bank,* NAB understands this well. Through this report, we aim to be a partner to our professional services customers by understanding the opportunities and challenges shaping your future.

We hope these insights will help inform your strategy, whether that's around growth, AI readiness, succession planning, cyber resilience or operational improvement.

The good news is that most firms are starting from a position of strength, with stable revenue, improving pipelines and manageable levels of risk. That creates an opportunity to formalise plans, invest in capability and get ahead of operational complexities rather than simply react to them.

*NAB is Australia's Biggest Business Bank based upon the combined value of business deposits and business lending according to Monthly Banking Statistics data (excluding nonfinancial corporations and government) published by the Australian Prudential Regulation Authority as at April 2026.

Key findings at a glance

Momentum and confidence are strong

Nearly two-thirds of professional services firms reported positive revenue outcomes over the past 12 months. Confidence is even stronger looking ahead. Almost four in five firms expect revenue growth to be good or very good in the year to come.

Positivity and preparedness are high

Confidence extends beyond firm-level performance – nearly three-quarters of firms rate the overall industry outlook as good or very good. It's the same story for preparedness, with almost three-quarters of firms reporting they are well or very well placed to adapt to changing conditions.

Cost control is a clear strength

More than three-quarters of firms report strong expense control over the past year. The next opportunity is to convert this efficiency into greater investment in core drivers without costs blowing out.

AI strengthens as a strategic partner

Two-thirds of firms expect AI to have a large or very large influence on their operations, mainly viewing it as a way to boost productivity rather than replace professional judgement.

Firms have set their sights on growth

Almost nine in 10 firms plan to expand over the next 12 months. However, the intent is to grow in capability rather than size – around three-quarters of firms are investing in people through hiring, retention or training, alongside continued investment in technology and customer experience.

Operational challenges are the major constraint

Nearly half of firms report hiring and retaining skilled staff and regulatory and compliance burdens as their major challenges. Cost pressures, cash flow timing and delayed payments add to the strain, particularly for firms with high fixed labour costs.

Well-planned succession is a live issue

Succession planning is an inherent risk for many firms: around one in two report having a formal plan, but only around one in four firms have a fully documented roadmap. The most significant barriers to formal planning are time pressures, financial considerations and people-related challenges.

M&A activity on the backburner for most

Almost three-quarters of firms report no buying or selling activity in the past two years. Among those that do, acquisitions have been far more common than sales, with most of these focused on scaling the core business.

Guarding against cyber risk is a long-run requirement

Only 5% of firms report a cyber-attack or data breach in the past year, but nearly one in three have been hit over the life of the business – reinforcing the importance of sustained investment in cyber resilience.

THE BIG PICTURE:

A confident and ambitious industry constrained by complexity

Professional services firms continue to believe in their relevance and remain committed to growth. As they become more deliberate in how they deploy people, processes and technology, the key challenge is overcoming operational friction: the combined pressure of workforce constraints, compliance demands and cash flow management.

The standout firms will be those that turn efficiency into capacity, embed AI safely into day-to-day delivery, invest in people and succession, and actively reduce complexity. The insights that follow are designed to help your firm be among them.

PROFESSIONAL SERVICES BY THE NUMBERS:

Opportunities to advance

Professional services firms are performing strongly – and the conditions to go further are firmly in place.

2 in 3 firms reported strong revenue performance

65% of firms reported good or very good revenue in the past 12 months. Only 6% reported weakness, despite ongoing economic uncertainty.

9 in 10 Almost 9 in 10 plan to grow in next 12 months

Top priorities are **hiring, retaining and training staff** (74%) **and technology investment** (54%).

3 in 4 are confident they can adapt to change

21% of firms report being very well prepared and 53% well prepared for what's ahead.

2 in 3 expect AI to have a significant impact

Most firms see AI as a way to improve productivity and service quality, rather than replace professional judgement.

4 in 5 say less regulation would help them grow

The same proportion cite more **favourable government policy as an aid to expansion**.

46% cite talent and regulation as top challenges

Hiring and retaining skilled staff is the biggest operational pressure – tied with regulation and compliance.

76% have kept their cost base under control

Despite high costs, more than **three-quarters of firms rate their expense management as good or very good**.

1 in 2 More than 1 in 2 firms have no formal succession plan

Of the 45% that do have a plan, **only 23% have a fully documented, transferable roadmap**.

01

What's driving performance

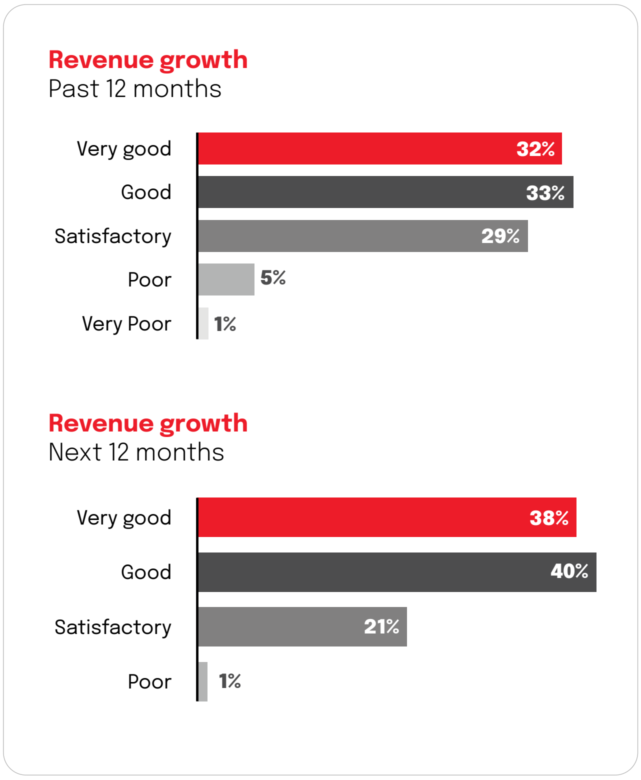
Revenue has remained strong across the professional services sector over the past 12 months.

Almost two-thirds of firms reported revenue growth as very good (32%) or good (33%). Another 29% said performance was satisfactory, indicating broadly stable conditions even where growth has been more modest.

Only a small share of firms reported weakness, underscoring the sector's resilience despite ongoing economic uncertainty and cost pressures.

Looking to the next 12 months, expectations are on the rise, with nearly four in five firms expecting revenue growth to be very good (38%) or good (40%).

Importantly, only 1% of firms expect revenue performance to be poor, and none anticipate very poor outcomes, highlighting the depth of confidence firms have as they look to the future.



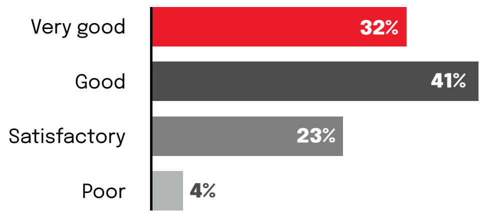
Resilience underpins growth

The uplift in expectations suggests firms have strong pipelines and better visibility over demand. With little evidence of lasting impacts from recent economic challenges, many are operating from a stable base and can focus on growth rather than simply protecting existing revenue.

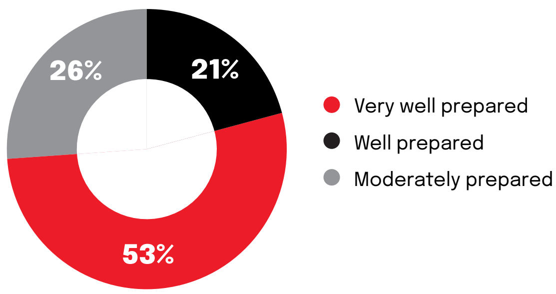
The results show a sector performing well over the past year and even more confident about the year ahead. The absence of widespread distress and the broad lift in expectations suggest professional services remains one of the more resilient and forward-looking parts of the Australian economy.

Professional services firms enter the year ahead confident that sector fundamentals remain supportive, and most feel well positioned to respond as conditions evolve. Nearly three-quarters rate the overall industry outlook as good (41%) or very good (32%), reflecting a broad belief that demand for specialist advice and trusted relationships will hold up even as the broader economy experiences headwinds. Overall, sentiment points to expectations of steady workflows.

General outlook
for your industry



How well is your business equipped
to adapt to this outlook?



73%

of firms rate the overall industry outlook as good or very good

Firms also report being ready to adjust to this generally positive outlook, with over one in five saying they feel very well prepared and over one in two feeling well prepared. Around one in four do report being only moderately prepared; a meaningful number of firms may be constrained by frictions such as tight labour markets, skills gaps, technology costs or limited room to invest.

Firms with a positive view of the industry outlook also tend to believe they have the people, tools and structures in place to manage both opportunities and risks. For lenders, partners and policymakers, this combination of optimism and preparedness points to the professional services sector's continued resilience, even in a more uncertain environment – high confidence, some caution, strong capability.

We asked firms **why they felt more – or less – equipped to adapt**. Here's what they told us.

AI and digital technology

"AI and digital options will become the norm, but many practices remain digitally hamstrung. We are well prepared."

"[We] have updated our tech stack and can pivot to new solutions."

Capacity constraints and talent shortages

"There is a limited number of advisers, a wave of people approaching retirement and no concrete plan to address this supply and demand imbalance. We are investing heavily in processes, people and technology to create capacity to take on more clients."

Compliance and regulatory burden

"Our firm's growth is based on our ability to capitalise and move quickly on changes through our investment and interest in tech, which we believe will see us continue to take market share. However, the unknown of what the government will require from us continues to be a worry."

Systems and processes

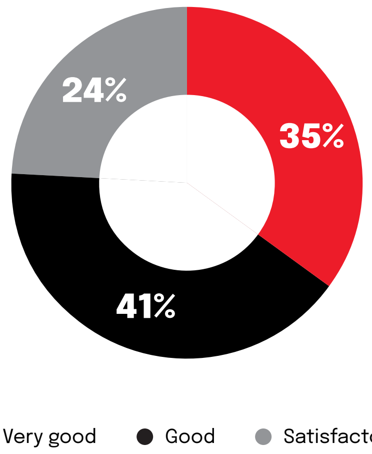
"We are a new business-focused firm that has built proprietary back-office software to allow us to scale quickly with minimal admin staff and maximised adviser capacity."

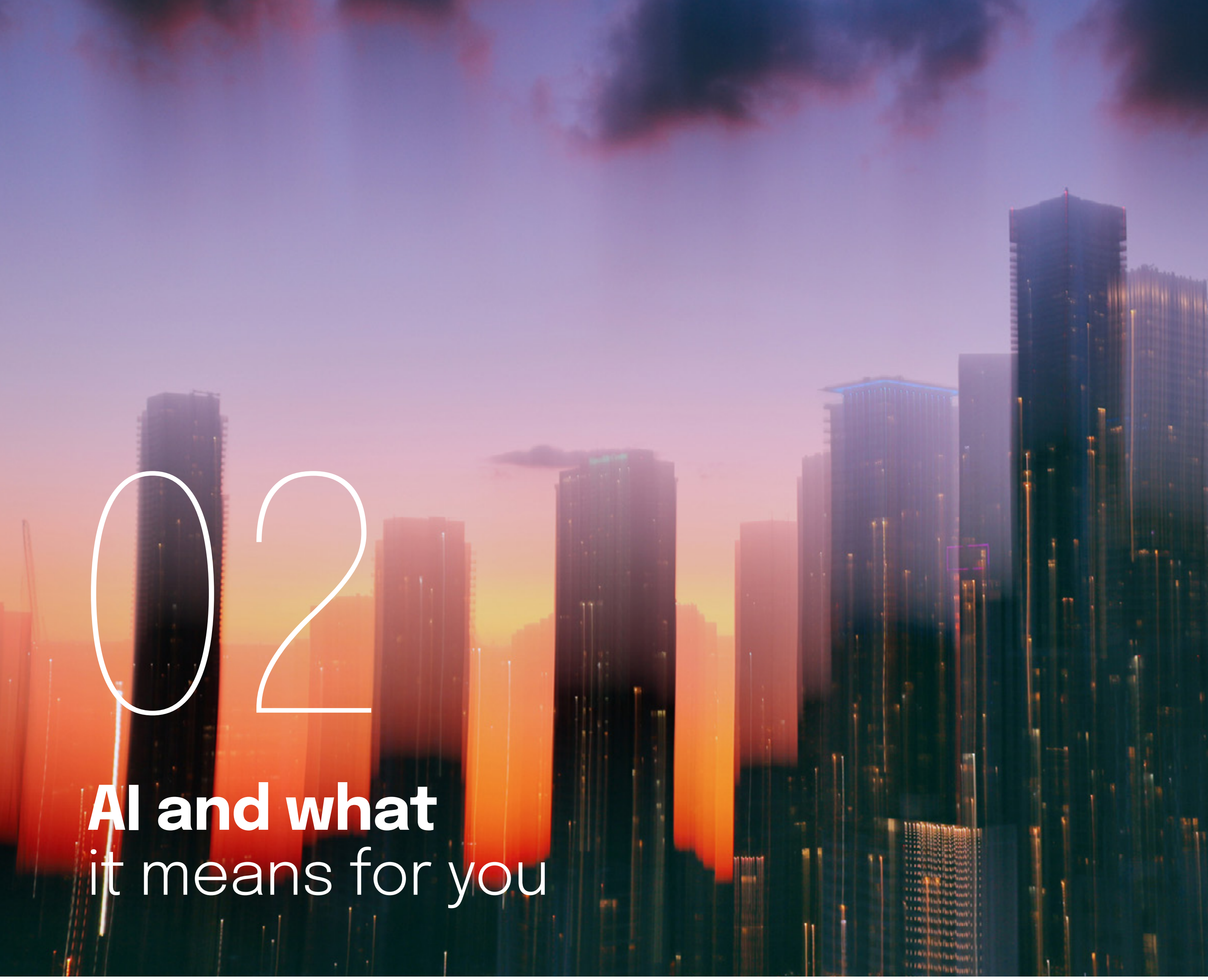
Expense control also stands out as a strength, with every firm surveyed rating its ability to manage expenses over the past year as very good (35%), good (41%) or satisfactory (24%).

Despite persistent wage, compliance and technology costs, it appears most firms have been able to protect margins and reinvest for growth.

With 76% already reporting very good or good expense control, the next gain is likely to come from turning cost discipline into capacity – freeing up time and investment to lift service quality, build resilience and scale without increasing costs. For the firms reporting satisfactory expense management, the results highlight scope to further strengthen cost and process controls.

Ability to manage expenses
Past 12 months





02

AI and what it means for you

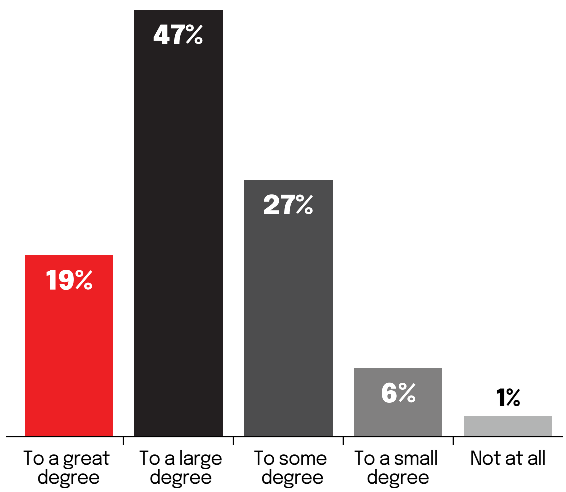
The message is clear: AI is set to play a significant role in future operations and service delivery, with 66% of respondents expecting it to have a large or very large influence.

While this expectation points to AI moving beyond experimentation towards integration in core workflows and client delivery models, there's still a belief in the power of human judgement.

With a further 27% of firms expecting AI to influence operations to some degree, expectations are broad-based rather than polarised. Only a small minority (7%) expected little or no impact, highlighting ongoing concerns around risk and applicability in some specialisations.

These results indicate AI is seen as relevant not only among technology-led practices, but also in more traditional advisory and professional service models.

Extent to which AI will influence operations



AI viewed as an enabler

Overall, firms view AI as an enabler not a threat – a tool that can improve efficiencies, generate insights and help scale service delivery.

As AI adoption grows, a firm's point of difference is increasingly likely to come from how well it embeds AI into day-to-day delivery, governance and client engagement.

CASE STUDY

Embracing AI, but with guardrails

National risk adviser McLardy McShane is using AI to drive greater efficiency across the business. But the firm has done so cautiously.

"I think there's been a lot of businesses that have been quick to implement AI but are now potentially worried about how they control it and the parameters that they probably should have pre-installed before putting it into their business," CEO Meg Long says.

Setting appropriate parameters has been McLardy McShane's key focus.

"Ultimately, we've just got to treat it like another member of staff," Long says. "It's got to be monitored, compliant and managed to ensure it doesn't cause us any potential exposures."

CASE STUDY

AI efficiencies offer up a better experience

For professional services firms, technology represents one of the biggest opportunities for growth, ranking as the second most popular method for expanding their business.

That's not surprising, considering technology allows key staff to focus on high-value customer interactions. That's been the case for Ouwens Casserly Real Estate, which uses AI-driven admin automation, AI-powered targeted marketing and AI-enhanced video briefings.

"We have invested heavily in technology to help our people be more successful and productive," CEO John Thompson explains. "For our agents and property managers, our platforms allow for more time with our customers, and they give our customers a better experience."

However, Thompson says they make sure technology is adopted strategically and used to its full potential.

"There are some fantastic systems out there, but you need to be strategic or you will end up with an inefficient tech stack," he advises. "Most businesses only use a fraction of their systems capability, so it's best to assess what you need and what the gaps are before grabbing the next shiny piece of tech."

We asked firms **how they expected AI and related technologies to impact their operations** and service delivery. Here's what they told us.

Efficiency and productivity

"Improve efficiencies in delivering existing services."

"Greater employee efficiency and productivity to allow for focus on higher-value activities."

Improved client experience and service quality

"Provide tools to provide a better product and customer experience."

"[AI] will enable more relationship building, quicker access to analytics and an ability to process more efficiently."

AI as a support, not a replacement

"Most likely to help our teams access information and draft reporting."

"Provide more options on investment opportunities with ability to research and collate larger quantities of information from wider sources."

Automation of administrative and repetitive tasks

"Streamline back office, better value for clients by eliminating manual or repetitive tasks."

Doing more with the same staff

"[AI will] allow us to deliver more with the same level of human resources and do more with the same level of admin support."

Human oversight and relationships

"People will still do business with people."

"Clients can use AI to ask questions they normally got us to resolve. They will still need our confirmation, but the client is more informed now."

03

Where growth is coming from

The appetite for growth among professional services firms is strong – almost nine in 10 plan to expand in the next 12 months. Just 6% report no intention to grow.

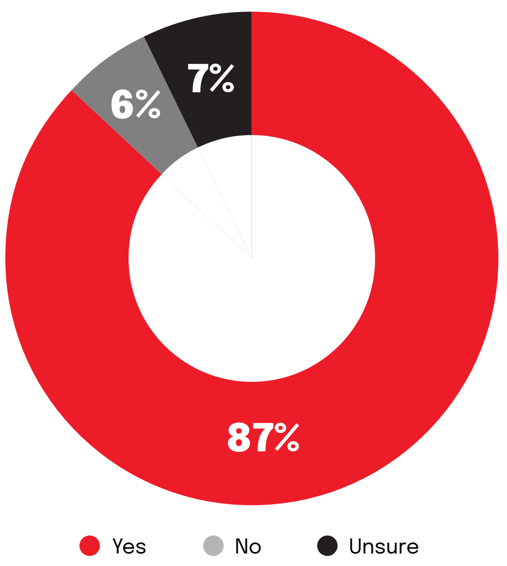
The small share sitting on the sidelines suggests expansion remains a central strategic focus for most firms, despite economic uncertainty.

For firms planning to grow, the most common means is investing in people, with around three-quarters planning to hire, retain or train staff. Investment in new technology or systems is also prominent (54%), alongside improving customer experience or support services (53%). This points to growth that emphasises productivity, service quality and execution, not just volume.

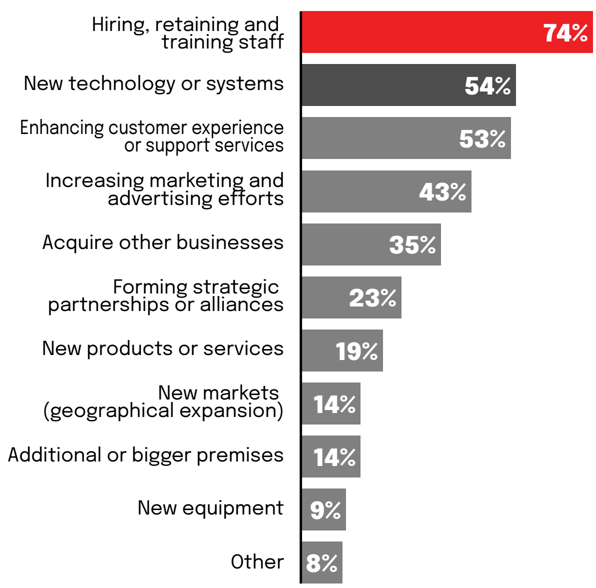
87%

of firms are planning to grow in next 12 months

Plan to grow business
over next 12 months



What ways are you looking
to grow your business?



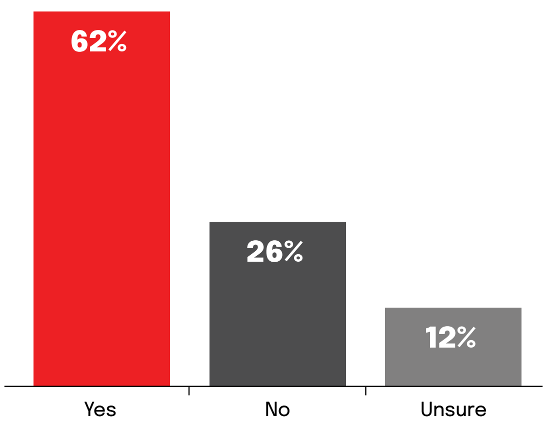
Other prominent growth strategies include marketing and advertising (43% of firms), indicating an appetite to actively build demand. A sizeable share are also looking outwards, planning growth through acquisitions (35%) or strategic partnerships and alliances (23%). More traditional expansion steps such as launching new products or services (19%), entering new geographic markets (14%) and investing in larger premises (14%) also remain relevant, but are less dominant.

Overall, growth in the year ahead appears less about physical expansion and more about strengthening capability – that is, people, systems and customer relationships.

43%

of firms are growing through marketing and advertising

Expect to hire
more people



Reflecting the focus on workforce capability, almost two in three firms planning to grow expect to increase their headcount.

The even larger share prioritising people investment overall (74%) suggests many firms are also focusing on retention and upskilling to help them grow.

A sizeable minority (26%) do not expect to hire, pointing to capacity constraints, or growth through productivity gains or other avenues.

A further 12% are unsure about hiring, consistent with firms wanting to grow but waiting for a clearer picture of demand.

16%

of firms cited compliance obligations as adding to the broader administrative burden and paperwork

Here's what's blocking growth

For the small group of firms not planning to grow over the next 12 months, the results provide a clear picture of what would make expansion more attractive.

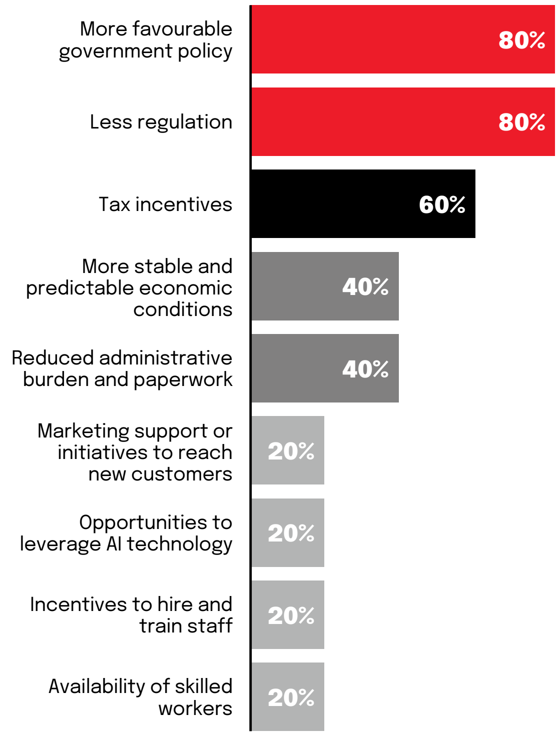
Policy and regulation are the biggest factors. Eight in 10 say less regulation would encourage growth, and the same proportion also point to more favourable government policy. Tax incentives rank next, cited by six in 10, suggesting that after-tax returns are a major factor affecting decisions around growth.

The economy and day-to-day friction also matter. Four in 10 say more stable economic conditions would make growth more attractive; the same proportion cite reduced administrative burden and paperwork, underscoring how time spent on compliance is viewed as a direct drag on productivity and capacity.

While policy settings dominate, capacity constraints also play a role. One in five firms say skilled labour availability, incentives to hire and train, and opportunities to leverage AI would help them grow.

Overall, encouraging growth among inactive firms looks less about appetite and more about removing friction, restoring confidence and improving the expansion payoff. Firms appear willing to respond, but largely on the condition the regulatory, policy and tax environment becomes simpler, more predictable and more supportive of growth decisions.

What would encourage business growth?



Overcoming operational challenges

For many firms, the complexities of operating a business are the greatest challenge. People pressures sit at the centre. Almost one in two cite hiring, retaining and training staff as a major challenge, reflecting labour market tightness, wage pressures and rising expectations around flexibility and development. In professional services, talent is both the largest cost base and the main source of value, making workforce constraints especially acute.

Regulation is of equal concern. Compliance obligations are extensive and evolving, and require time and capability to interpret, implement and monitor. This load adds to the broader administrative burden and paperwork, cited by 16% of firms.

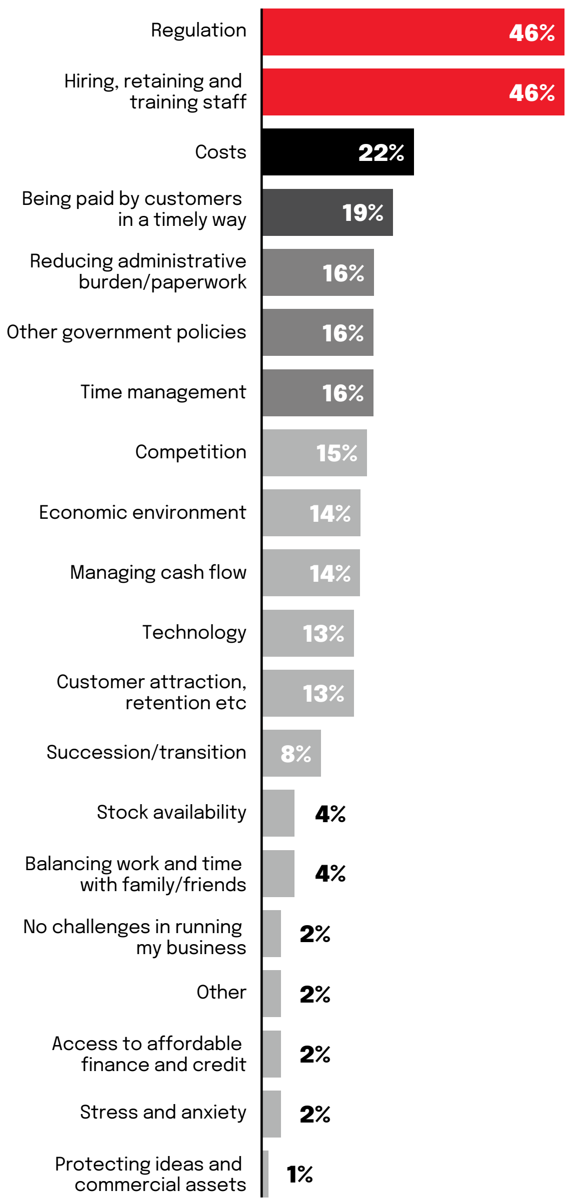
Cost pressures are another key challenge. More than one in five firms cite costs, reflecting higher wages, overheads and rising investment in technology and compliance. These pressures feed into cash flow management (14%), particularly where timely customer payments are an issue (19%). Delayed payments are especially difficult for firms with high fixed labour costs and limited ability to flex expenses quickly.

Other government policies are cited by 16% of firms, while 15% point to competition and 13% to customer attraction and retention. Competition is often about the quality of service and relationships rather than price, requiring ongoing investment in differentiation, reputation and client experience.

Time is also a constraint for a notable minority of firms, with 16% citing time management and 4% balancing work with family and social commitments. These pressures reflect the intensity of professional services work, where partners and senior leaders juggle client delivery, people management, compliance and strategic oversight.

Overall, the results point to higher execution risk. For individual firms, success will increasingly be shaped not only by professional expertise, but by an ability to manage people, navigate regulation, control costs and protect cash flow, all while staying competitive and responsive to clients. The very small share reporting no challenges (2%) highlights how pervasive these pressures have become.

What are the biggest challenges in running your business?



CASE STUDY

Choosing the right strategy for growth

"In this market, you have to be really big or really small, because if you're caught in the middle it's very challenging," says John Thompson, CEO of Ouwens Casserly Real Estate.

However, he believes growth must be strategic, "not just scale for scale's sake". His firm's growth strategy focuses on a mix of hiring, acquisitions, equity partnerships, diversification, succession planning and technology.

It favours growth in geographical clusters, in areas aligned with its brand and price point.

"Real estate businesses operate well if they are connected with the community," Thompson says. "Our firm supports major statewide charity initiatives as well as local football teams and bowls clubs."

Whatever the opportunities or challenges, Thompson is keen for staff to remain fully invested in the firm's progress.

"We always talk about how growth is an opportunity for all of us," he says.

We asked firms **how NAB could support them to overcome people, regulatory and cost pressure challenges**. Here's what they told us.

Lower pricing and better lending terms

"Reduced covenants over loans that have been in place for several years now."

Access to capital

"Banker has been brilliant. We just need access to capital when required to purchase assets and businesses."

"If costs or cash flow were an issue, then an overdraft-type facility. Advancing funds for late payment from clients could potentially assist in some scenarios."

Less paperwork, simpler processes

"Reduce unnecessary paperwork. Provide a personal service (i.e., know your client)."

Relationship-led service

"Very happy with the NAB team. If NAB continues to have great people with a customer focus, then that's the biggest help they can provide me."

Non-financial support

"Seminars on AI and what's being put into practice."

"Help us to expose our brand and service through NAB networking events."

We also asked firms to tell us the **one thing they wished NAB understood about their business and sector.** Here's what they said.

Cash flow, repayments and short-term liquidity

"Even established business in the property market can be momentarily caught out by government policies and require short-term cash flow solutions."

"Principal and interest repayments are not deductible and cause cash flow issues unnecessarily."

Banker relationship

"Need for a dedicated banker and referral point."

"More consistent understanding of our business."

Process and technology simplification

"It is helpful when banks streamline technology to help reduce duplication and support more streamlined processes."

CASE STUDY

Talent pipeline supports smart expansion

Over the past several years, law firm Bartier Perry has more than doubled its revenue and grown its headcount from 120 to over 250.

That's not by chance.

As CEO Riana Steyn explains, the firm has implemented disciplined and focused strategic three-year plans detailing how and where it wants to grow.

One area of focus has been the firm's approach to diversity.

"From day one in this role, I understood that our growth strategy needed to align with our diversity strategy," Steyn says. "That was supported by the Board."

Rather than a top-down approach, Bartier Perry focuses on building a pipeline of diverse talent.

At the same time, the firm has continued to invest significantly in leadership development and market-leading parental leave policies to ensure this pipeline flows through to the partnership level.

Another area of focus is technology. "While we've targeted the growth of specific practice areas and diversification into new ones, a consistent theme has been the transformative impact of technology on service delivery across the board," Steyn says.

The firm has continually invested in technology and, in support of this, has appointed a Chief Transformation Officer. "Again, it's about taking a multi-layered approach to growth that sees individual partner and practice group accountability supported by a firm-wide approach to providing them with the tools they need to succeed," Steyn explains.

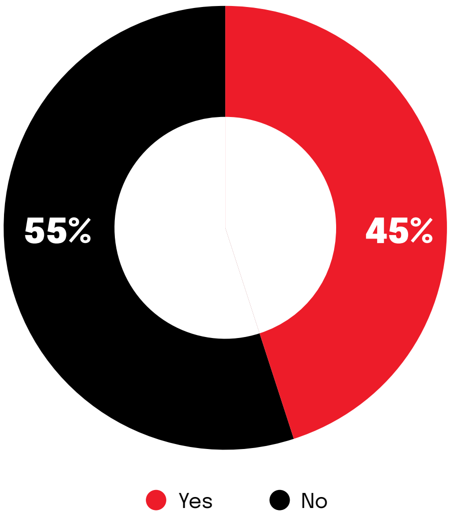
04

How to plan well for what's next

Succession planning is particularly important in professional services because much of a firm's value sits in its people, client relationships, reputation and specialist expertise.

Changes in leadership or ownership can expose the business to risk where relationships are concentrated, knowledge transfer is informal or governance arrangements are unclear. A documented succession plan can help manage these risks by clarifying transition paths, supporting client servicing and creating a more deliberate approach to developing future leaders.

Does your firm have a formal succession plan?



When it comes to formally planning for succession, there's a clear gap. While 45% of firms report they have a formal (maybe partial) plan in place, the majority (55%) don't.

The lack of a formal plan leaves many firms reliant on informal or ad hoc arrangements, increasing the risk of client disruption when key people leave. These risks can be material in people-intensive businesses where value is closely tied to relationships, reputation and specialist expertise.

At the same time, the 45% of firms with a formal plan reflects a meaningful segment investing in governance, leadership development and ownership transition – supporting continuity, resilience and enterprise value over time.

Planning gap raises vulnerability risk

Most firms recognise succession as a live issue, but the results reveal a sizeable execution gap.

While 45% report having a formal plan, fewer than one in four describe themselves as fully prepared with a documented transferable plan, and just over one in two say they are somewhat prepared through informal or partial arrangements.

The result is significant risk exposure. More than one in four firms (26%) have no effective transition framework in place, including 18% who are aware of the need to prepare but have not yet developed a plan, and almost 8% who report no preparation at all.

For these firms, the absence of even a basic roadmap increases their vulnerability to unplanned events such as illness, burnout or partner exits. Without clarity on succession, options narrow, whether the preferred path is an internal handover, external sale or merger.

In this context, the gap between being somewhat prepared and fully prepared is meaningful. Informal readiness often reflects an understanding of potential successors or paths, but stops short of documenting roles, timeframes, governance and funding arrangements. Without these safeguards, even firms that see themselves as partially prepared remain exposed when it comes time to transition.

Current level of preparedness for future ownership or leadership transition

51%	Somewhat prepared with an informal or partial plan
23%	Fully prepared with a documented plan
18%	Aware of the need but have not yet developed a plan
8%	Not prepared and no plan currently in place

For the 23% that are fully prepared, formal planning allows them to manage change on their own terms. For the remainder, now is the time to make the most of stable conditions to formalise succession – shifting succession from a latent risk into a managed, repeatable capability.

For the less-prepared firms, the main barriers to developing or finalising a succession plan are practical. Time is the most commonly cited constraint – more than a third say day-to-day operational demands prevent meaningful progress, reflecting owners' deep involvement in delivery, client relationships and business development.

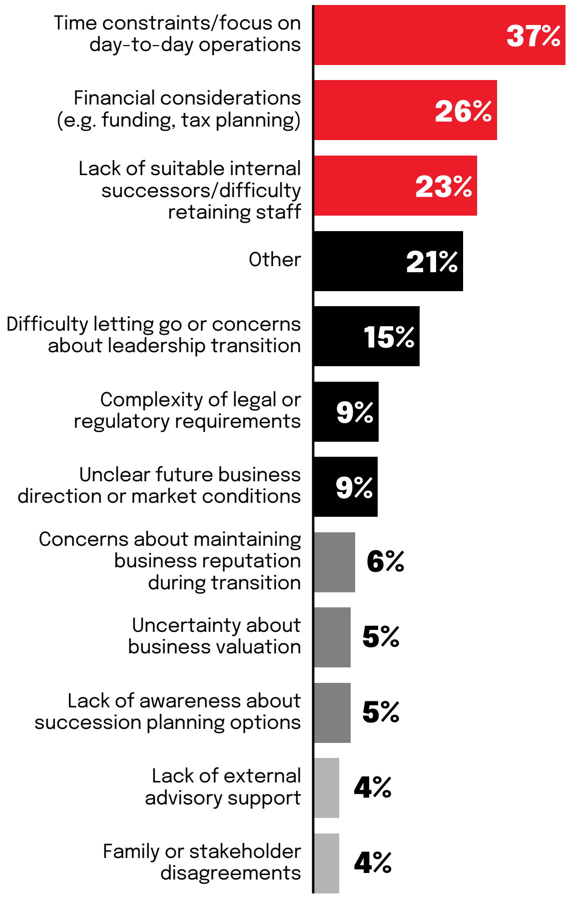
Financial complexity is next – around one in four cite financial considerations like funding and tax planning as barriers.

People issues also feature prominently. Nearly a quarter report difficulty identifying suitable internal successors or retaining staff, while 15% cite difficulty letting go or concerns about leadership transition, reflecting the personal and cultural dimensions of succession.

A further 21% cite "other" barriers, indicating many firms face constraints that are highly specific to their structure, ownership and client base, reinforcing that succession planning is rarely a one-size-fits-all exercise. While attracting smaller responses, legal or regulatory complexity (9%) and uncertainty over business valuation (5%) highlight the technical and bespoke nature of ownership transitions in people-based businesses.

Overall, the findings suggest barriers are less about awareness or access to advice and more about accumulated friction – time scarcity, financial and legal complexity, people risks and firm-specific considerations. This underscores the value of early, tailored and incremental approaches that turn a firm's succession planning into a practical work program rather than a single, high-stakes event.

Barriers preventing you from developing/finalising a succession plan for your business



Where succession will come from

Firms most commonly expect succession to occur internally, reflecting the relationship and human-capital intensity of the sector. Almost six in 10 nominate transition to internal leadership (partners or senior employees) as the most likely path over the next 5-10 years.

External paths still matter. More than a quarter of firms expect a merger or acquisition with another firm, while more than one in five anticipate a sale to an external buyer. This points to meaningful consolidation pressures, likely linked to scale advantages, technology investment needs, regulatory complexity and succession gaps where internal candidates are limited.

Family succession remains smaller but still meaningful, with 18% expecting ownership to pass within the family. Alongside this, 14% anticipate pursuing an employee ownership model, signalling growing interest in broader equity participation to retain talent, align incentives and manage transition more gradually. By contrast, winding down operations or liquidating assets is a last resort (4%), suggesting most firms continue to see viable long-term futures if succession is actively managed.

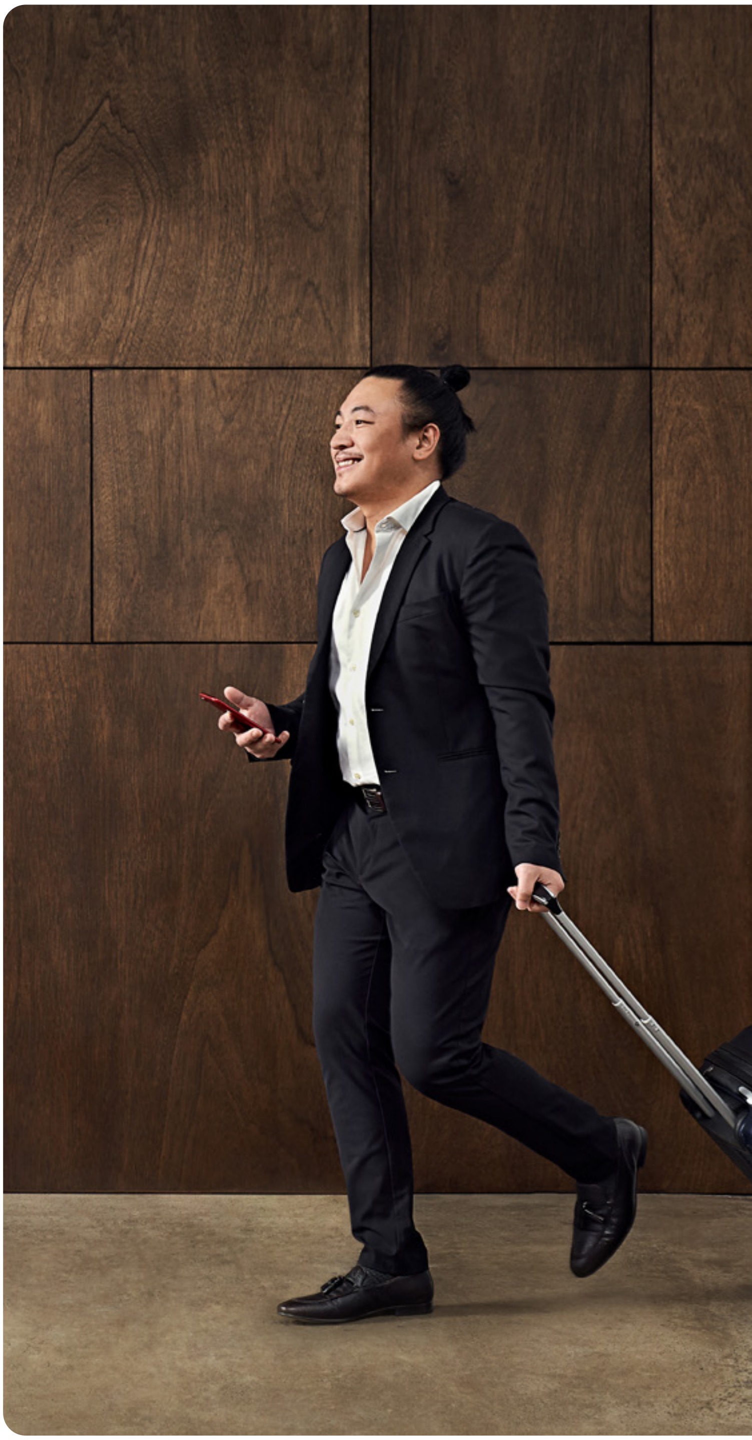
The pattern points to a sector prioritising continuity and internal capability, but increasingly open to consolidation where scale, skills or succession pipelines fall short. Over the next decade, outcomes are likely to be shaped less by timing and more by preparedness – how well firms invest in leadership development and formal transition paths to preserve value and client relationships.

18%

expect ownership to pass within the family

Succession pathway most likely to be pursued over next 5-10 years

59%	Transition to internal leadership (e.g. partners, employees)
27%	Merger or acquisition with another firm
22%	Sale to an external buyer
18%	Family succession
14%	Employee ownership model
8%	Forming strategic partnerships or joint ventures
5%	Other
4%	Winding down operations or liquidating assets



05

M&A moves and expectations

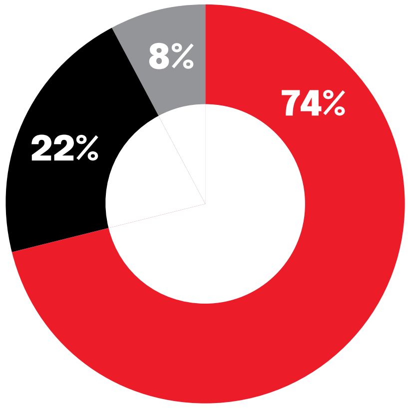
Ownership and transaction activity is a core feature of professional services, often signalling confidence, consolidation pressures and longer-term sustainability.

For now, transaction activity remains the exception rather than the norm. Nearly three in four firms report no purchase or sale of fees, equity or part of a business over the past two years, suggesting most are focused on organic growth and day-to-day delivery rather than dealmaking.

That said, a meaningful minority are leaning into consolidation. Over one in five report acquiring fees, equity or a business interest. By contrast, fewer than one in 10 report selling, pointing to relatively limited divestment or exit activity over the period.

In sum, the balance of activity is in expansion rather than contraction, even though most firms remain on the sidelines.

Purchased or sold fees, equity, or all or part of a business
within past 2 years



- Yes, we purchased fees, equity, or all or part of a business
- Yes, we sold fees, equity, or all or part of a business
- No

Among firms that made acquisitions over the past two years, growth was the overwhelming motivation. Nearly nine in 10 cite business growth and more than half increasing scale, suggesting acquisitions are being used to accelerate expansion rather than as defensive or opportunistic plays.

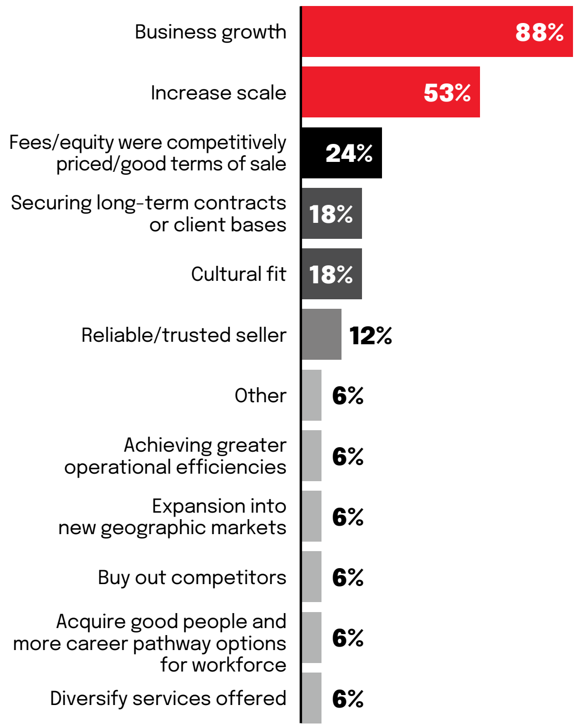
Commercial fundamentals also matter. Around one in four firms were motivated by attractive pricing or favourable terms, pointing to growth not coming at any price.

Less tangible factors also feature, however, including cultural fit (18%) and securing long-term contracts or client bases (18%), highlighting the importance of alignment and revenue durability in acquisition decisions.

Trust matters too, with 12% citing a reliable or trusted seller.

More tactical motives were less common. Diversifying services, acquiring talent, geographic expansion, operational efficiency gains and buying out competitors were each cited by just 6% of firms, suggesting recent acquisitions have been more about scaling core businesses than incrementally adding to capability.

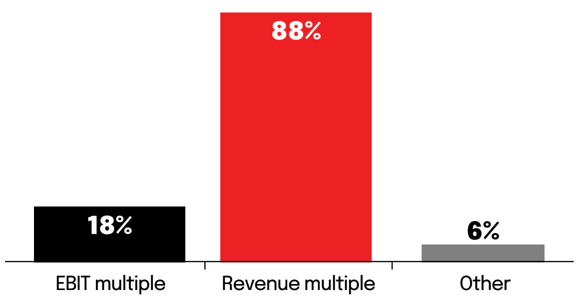
Motivation to purchase fees, equity, or all or part of a business over the past 2 years



Among firms that made an acquisition over the past two years, valuation most commonly centred on the top line. Almost nine in 10 buyers report using a revenue multiple, compared with fewer than one in five who used an EBIT multiple.

This reflects the nature of professional services, where the core asset is often a stream of recurring client fees and the capability to retain and service those relationships, making revenue a practical starting point for pricing.

How did you value fees, equity, or all or part of a business purchased over the past 2 years?



What's driving decisions to sell

Decisions to sell over the past two years appear to have been driven more by planned transition than financial pressure. Succession planning dominates, cited by one in two firms. This points to a structural handover underway, as founders and senior principals seek to solidify value, reduce personal exposure and create a clearer path for the next generation of leaders.

Strategic partnerships or merger opportunities are also important (33%), suggesting some firms are using transactions to strengthen capability and resilience – for example, expanding into adjacent specialties, achieving scale to invest in technology and compliance, or deepening client coverage.

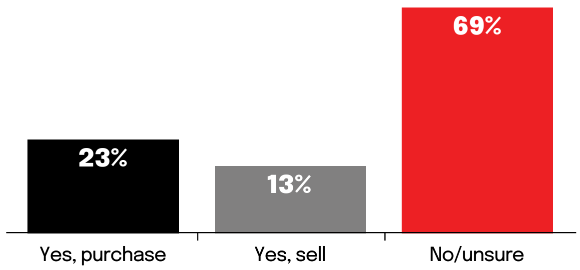
Operational and balance-sheet considerations also feature. Almost one in five firms cite capacity constraints, while the same share point both to a deliberate shift away from non-core services and a need for liquidity or capital. Personal factors such as retirement, health or relocation are equally material.

Taken together, selling activity is being shaped by planned succession and strategic repositioning. Transactions are a proactive tool to secure continuity, build capability and fund the next phase of growth, rather than a response of last resort.

Motivation to sell fees, equity, or all or part of a business
over past 2 years

50%	Part of succession planning
33%	Strategic partnership or merger opportunity
17%	Personal reasons (e.g. retirement, health, relocation)
17%	Need for liquidity or to raise capital
17%	Some services no longer a strategic focus
17%	Firm was at or over capacity (i.e. workload)

Intention to purchase or sell fees, equity, or all or part of a business in the next 2 years



Looking ahead, M&A intentions remain selective. Around one in four firms intend to acquire fees, equity, or all or part of a business over the next two years, pointing to pockets of confidence and inorganic expansion among a minority of firms.

Fewer firms are positioning themselves as sellers (13%), suggesting valuations, balance sheets or owner expectations may not yet be aligned to drive a broader wave of exits.

Overall, caution still dominates. More than two-thirds of firms are either not planning a transaction or remain unsure, reinforcing that uncertainty, execution risk and longer-term strategic considerations continue to weigh on deal-making.

In short, the market is open to opportunity but not primed for a broad-based lift in consolidation.

CASE STUDY

What makes a firm 'battle ready' when it comes to M&A?

M&A has been crucial to the expansion plans of one Victorian accounting, audit and business advisory firm.

Instead of relying on internal growth, the firm has actively sought out opportunities. But it's done so with careful forethought, making sure it was "battle ready" for any acquisitions.

This includes having all partners and stakeholders aligned on strategy and financing prepared in advance.

Due diligence is also important. And that doesn't just mean going through the books – the cultures of the merging firms are just as important, because when they are too different, it can cause issues such as clashing approaches to client management.

06

Keeping cyber threats at bay

Cyber risk is a material issue for professional services firms, which often hold sensitive client information and rely heavily on digital systems to deliver work.

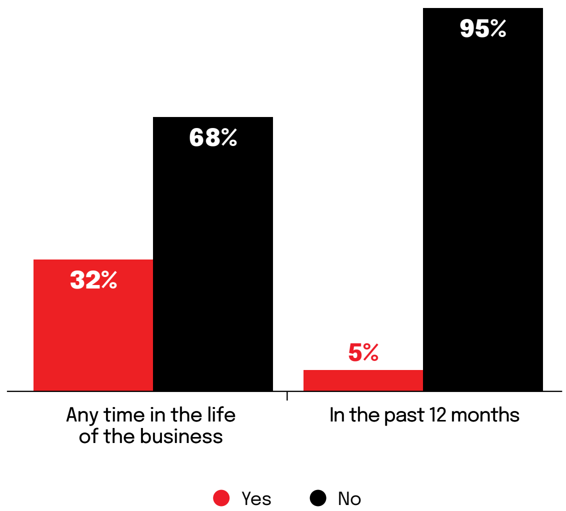
Even relatively small incidents can disrupt billable activity, trigger remediation and compliance costs, and damage client trust. By measuring whether firms have experienced a cyber-attack or data breach, this report provides an evidence-based view of real-world exposure, beyond general perceptions of risk.

Cyber incidents are not a fringe risk for professional services firms. While only 5% report an incident in the past 12 months, around one in three report a cyber-attack or data breach at some point in the life of their business.

This pattern suggests cyber events are relatively infrequent in any single year but become more common when viewed over a longer operating history. It may also reflect that some incidents are contained, not detected or not consistently classified as a "breach".

Either way, the gap between lifetime and recent experience reinforces that cyber resilience is a long-term capability rather than a once-off compliance task. Firms may go extended periods without a major event, but a meaningful share will face one over time, often with impacts that extend beyond IT into confidentiality, client trust and business continuity.

Experienced a cyber-attack or data breach



1 in 3

report a cyber-attack or data breach at some point in the life of their business

Building cyber resilience

With this in mind, cyber risk should be managed like any other business risk – through ongoing investment rather than a reactive response after an incident.

Given the nature of professional services, resilience depends on more than technology alone. Firms need to focus on third-party exposure, including cloud providers, practice platforms and outsourced IT, while also strengthening the human layer through staff training, phishing resilience and robust access controls.

It's also critical to put in place an incident response plan. This needs to cover communications, legal and insurance risks to help reduce downtime and contain second-round costs should a cyber incident occur.

07

Key sectors in focus

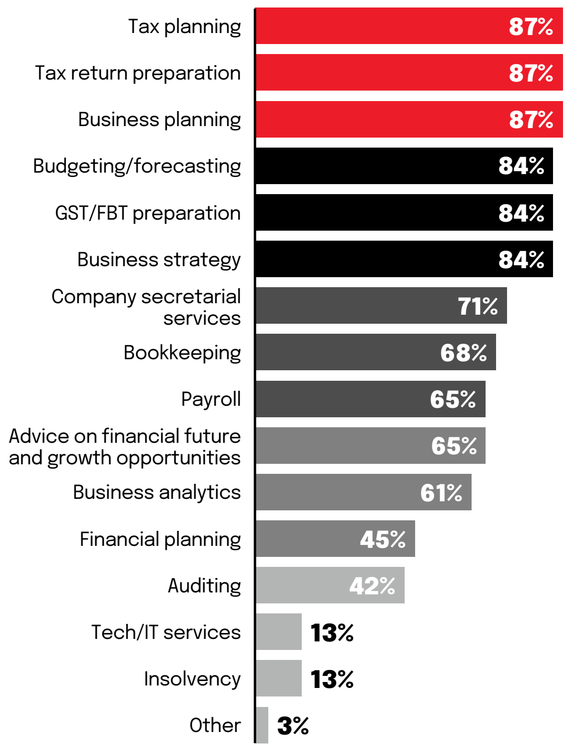
Accounting

Accounting firms increasingly operate beyond traditional compliance, but the contrast between current service mix and where firms see future growth is instructive.

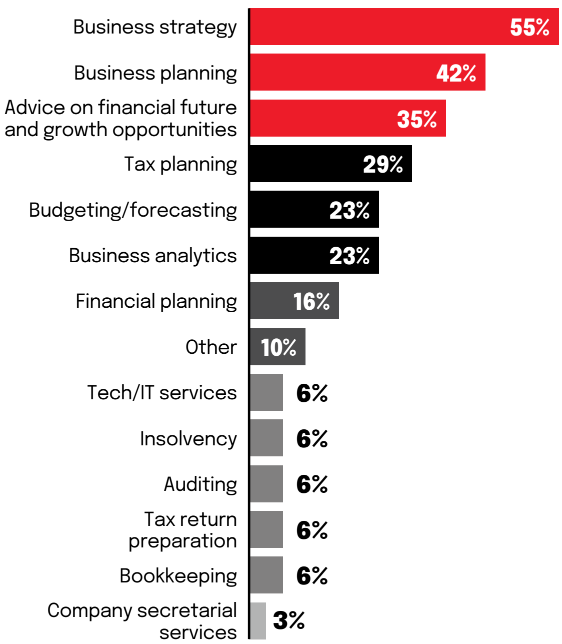
The current offer remains anchored in tax and core planning services. Almost nine in 10 firms provide tax return preparation, tax planning and business planning, while around eight in 10 provide budgeting and forecasting, GST/FBT preparation and business strategy. These services are supported by operational “back office” functions such as bookkeeping (68%), payroll (65%) and company secretarial services (71%).

This mix reinforces how embedded accountants are in clients’ day-to-day operations.

Services offered
Accounting firms



Best industry opportunities
Accounting



Firms reveal where opportunity lies

Looking ahead, firms see value creation shifting from scaling compliance to deepening advisory relationships. Business strategy is the standout opportunity, nominated by a majority as a top-three growth area, followed by business planning and advice on clients’ financial future and growth opportunities.

By contrast, services that dominate today’s workload – tax return preparation, auditing and bookkeeping – are rarely viewed as engines of future growth. This divergence suggests compliance remains essential but is increasingly commoditised and less likely to differentiate firms in a competitive market.

The results also suggest a gap between capability and ambition. Many firms already offer higher-value services. Over six in 10 provide business analytics and over four in 10 offer financial planning, yet fewer nominate these as core growth drivers (23% and 16% respectively).

This disconnect highlights a strategic execution challenge. The next phase of growth may be less about inventing new services and more about integrating what firms already do – turning compliance, data and reporting into forward-looking insight. Linking forecasting, tax strategy, governance and analytics into practical advice on investment, cash flow, risk and expansion will leave firms best placed to reposition from producing outputs to shaping client outcomes.

Financial Planning

Financial planning firms offer a broad proposition, but delivery remains concentrated in a strong advice core. Almost all provide investment and portfolio management and superannuation/ SMSF advice, alongside mainstream financial planning.

Many extend beyond portfolio-only advice to cover the full household balance sheet, with retirement planning and income strategies and wealth creation also standard.

Advice commonly extends into protection and later-life needs. Personal and business insurance is offered by 73% of firms, while estate-focused advice is also widespread (62% for both estate planning and estate and succession planning). A second tier of services – cash flow management, tax-effective strategies, debt management and aged care – highlights the growing complexity clients face across life stages and the breadth of capability required to deliver holistic advice.

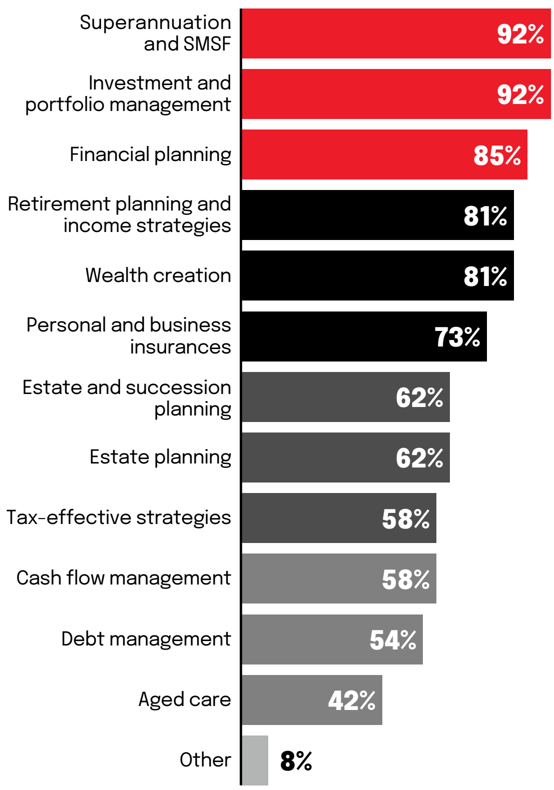
Growth expectations don’t fully mirror current offerings. Superannuation/SMSF advice is near universal and remains a leading growth opportunity, reflecting continued momentum in the super ecosystem and the strategy around it. Retirement planning and income strategies appear particularly “now and next”. While 81% of firms offer it today, 50% nominate it as a top-three growth area. By contrast, investment and portfolio management is widely delivered (92%), but is less often seen as a growth engine (38%), suggesting implementation is increasingly expected.

73%

of firms offered personal and business insurance

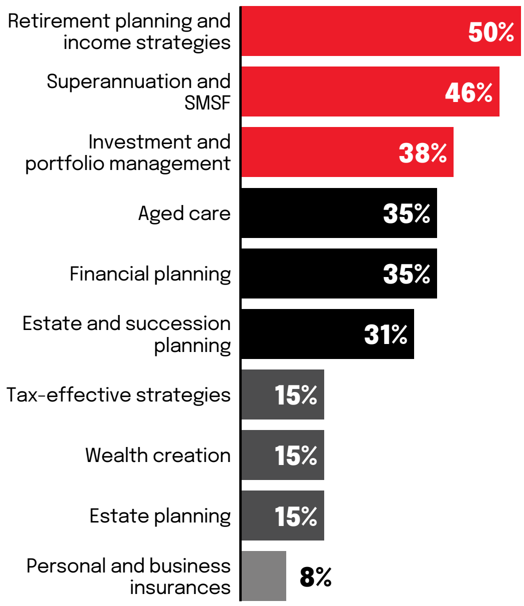
Services offered

Financial Planning firms



Best industry opportunities

Financial Planning



Opportunities are clearest where demand is rising and advice is harder to standardise. Aged care stands out – only 42% currently provide it, yet 35% rank it among top growth areas, an unusually wide gap that reflects complexity across health, housing, family decision-making and policy. Estate and succession planning shows a similar dynamic. Around six in 10 offer it today but three in 10 still see it as a leading opportunity. By contrast, personal and business insurance is widely offered (73%) but is rarely viewed as a growth lever (8%).

Lower growth expectations for wealth creation, tax-effective strategies and general financial planning do not suggest these services are retreating. Instead, they appear increasingly embedded in the baseline offer. Clients expect tax awareness, cash flow discipline and goal tracking to be integrated by default, not packaged as standalone service lines.

The results point to a shift from investment selection towards advice that helps households navigate transitions – retirement income, aged care and intergenerational structuring – while superannuation strategy remains central to client value. For firms, the opportunity is less about adding new lines and more about building an operating model that delivers complex advice reliably – specialist capability where needed, strong partner ecosystems, and tools that make trade-offs clear to clients. Firms that consistently integrate portfolio decisions with tax, cash flow, retirement income design and estate outcomes are best placed to capture the next wave of growth.

35%

rank aged care among top growth areas, despite only 42% of firms currently providing it

Real Estate Services

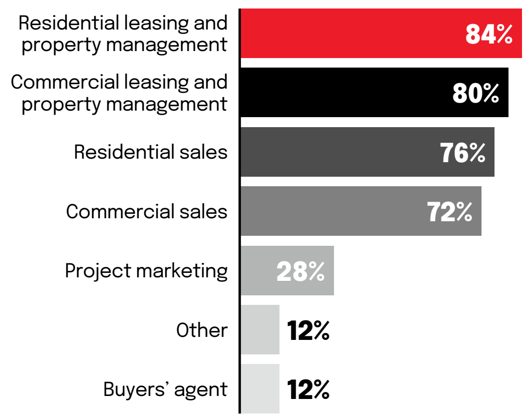
Real estate services firms typically operate across multiple lines of work. Most participate in both residential and commercial sales, but recurring activity provides the operational backbone.

Property management and leasing are especially common, with 84% offering residential leasing and property management and 80% offering the same for commercial. This highlights a business model that balances transactional work with ongoing servicing between sales cycles.

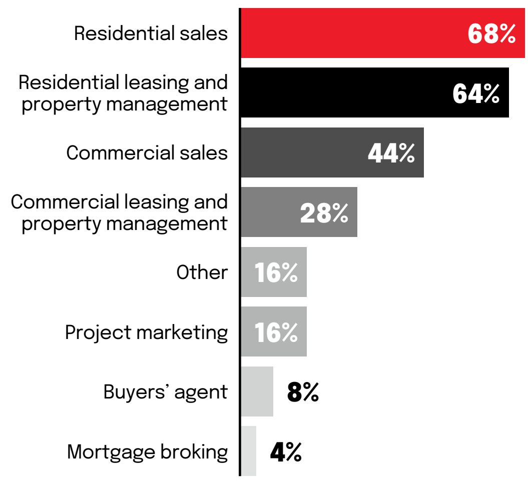
Differentiation is more evident in adjacent and specialised services. Almost three in 10 firms offer project marketing, while buyers' agency remains relatively niche (12%). These lines tend to be more advisory and prospecting intensive. By contrast, the high coverage services are scale driven and operationally repeatable. Many firms therefore face a strategic choice between a broad "one stop" model across sales and management, and a narrower set of higher value specialties.

Looking ahead, perceived growth opportunities remain concentrated in residential. Residential sales top the list, with residential leasing and property management close behind. The pairing is instructive. It suggests firms are seeking growth that isn't solely tied to sales volumes, with larger management books helping to smooth income while also supporting lead generation through existing client relationships.

Services offered
Real Estate firms



Best industry opportunities
Real Estate services



Commercial is a different proposition. Although widely offered, only 28% nominate it as a major growth opportunity and sales here are on the up but still substantially below residential. This gap likely reflects higher barriers to growth in commercial – specialist capability, longer lead times and greater exposure to broader investment and occupancy conditions – leading many firms to view commercial as a book to manage efficiently rather than a major means of growth.

There is limited appetite for branching into adjacent services. Project marketing is flagged as a growth area by 16% (despite 28% already offering it), buyers' agency by 8% and mortgage broking by just 4%. Overall, growth is expected to remain closest to existing capabilities and relationships. Firms most likely to outperform are those that lift productivity and consistency in property management through better systems and processes, strengthen pricing and client acquisition, and add specialist services only where they can clearly differentiate.

Legal Services

Legal services firms balance two engines of work – a high volume "everyday" core and a set of specialised capabilities that are deployed at key points in a client's lifecycle.

On the core side, most firms are anchored in property law and commercial law, supported by estate planning and wealth protection. These areas provide steady, repeatable business tied to transactions, contracts and long-term wealth decisions.

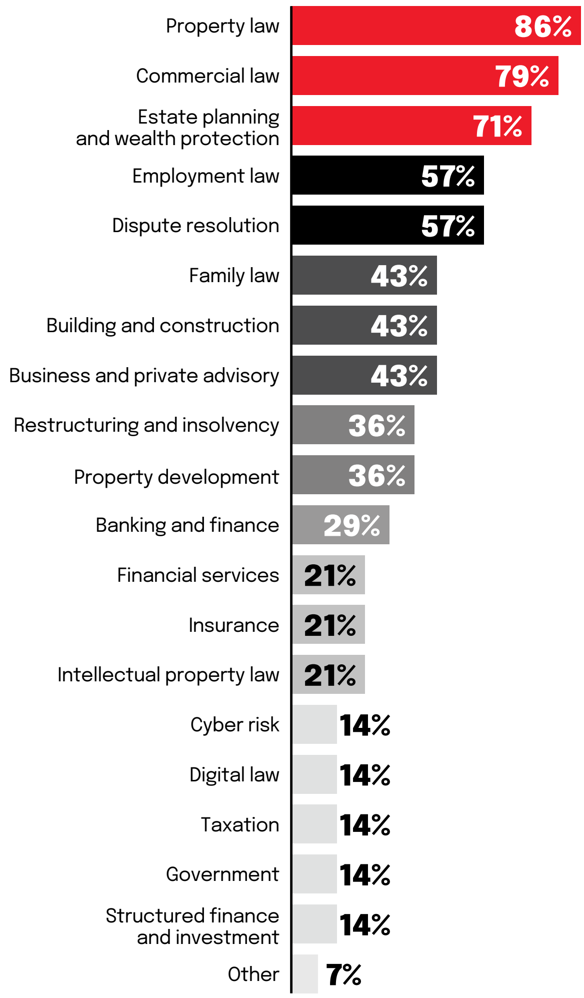
Alongside this, more than half also operate in higher-stakes areas – employment law and dispute resolution – where demand can rise with business change, economic pressure or workplace complexity. The offer broadens further into episodic specialist work such as restructuring and insolvency, property development, and niche areas including banking and finance, financial services, insurance and intellectual property law. This suggests many firms are positioning to capture complex mandates without necessarily making them the centre of the practice.

86%

of firms offer property law legal services

Services offered

Legal firms



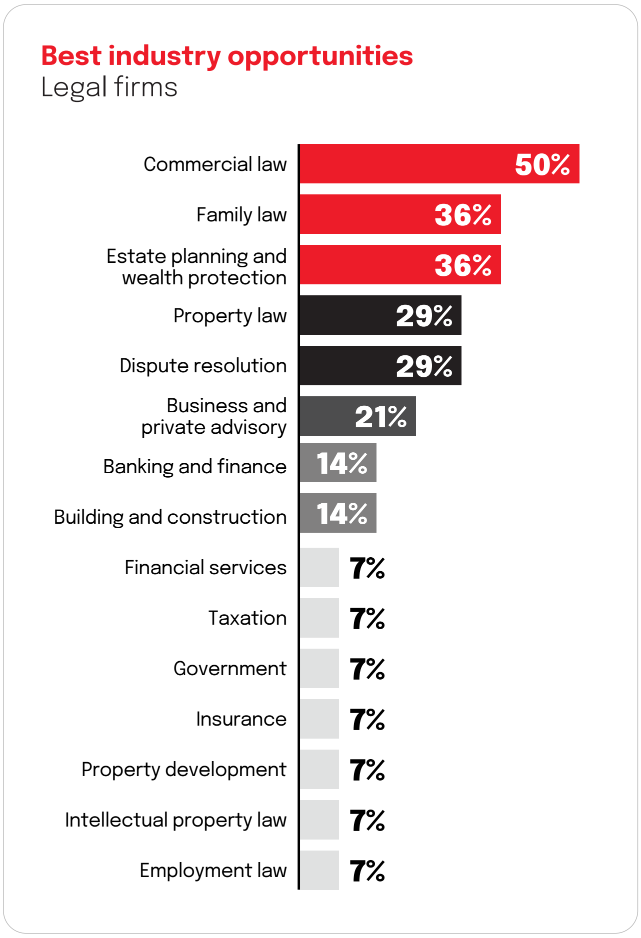
CASE STUDY

Future focus: reimagining what business looks like

When it comes to the services it offers, one Melbourne accounting firm is determined to think outside the box, believing its clients want to understand how the metrics in their business help them grow, rather than just getting a bunch of numbers on a tax return.

That's meant moving into new areas such as cyber risk and ESG, and hiring data scientists and climate engineers to do so – the bonus being the innovation these experts bring with them.

Long-term, this "out of the box" hiring strategy involves seeking out tactical joint ventures or even mergers with, for example, an ESG advisory firm that's similar in scale and playing in a similar market. If successful, such a merger swaps ESG expertise with access to an existing extensive client database.



Perceived growth is concentrated in work closest to business decision-making and sustained advisory relationships. Commercial law is the clearest runway, with half of firms nominating it as a top opportunity, reinforcing its role across governance, risk, trading terms and broader commercial arrangements.

Family law and estate planning and wealth protection also feature strongly as growth opportunities, despite being material parts of many firms' offerings. This points to rising demand for sophisticated, multiparty advice – supported by demographic change, intergenerational wealth transfer and evolving family structures. Property law and dispute resolution remain meaningful opportunity areas, with growth likely focused on more specialised, higher value matters such as complex settlements, strategic disputes and advisory around property transactions rather than purely high volume conveyancing.

The sector overall appears to be broadening from transaction execution into end-to-end client care. Core service lines create a large client base, but perceived growth sits in areas that deepen engagement and offer greater value – commercial advisory, complex personal and family matters, and outcomes-focused dispute work. For many firms, the strategic opportunity is to increase value within existing areas through proactive risk management, earlier intervention and specialist expertise that commands a premium in uncertain conditions.

NAB Behavioural & Industry Economics

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