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BUSINESS HUNTER

28 October 2026

Hunter labour market softens as unemployment hits post-pandemic high

Business Hunter says rising unemployment across the region reflects growing pressure on businesses and households, with weakening confidence beginning to flow through to employment outcomes.

New labour force data shows the Hunter unemployment rate increased to 4.9 per cent in September, the highest since October 2021. It now sits slightly above the national rate of 4.7 per cent, which also remains at its highest level since the COVID period as labour market conditions soften across the country.

The Hunter unemployment rate for September is up from 4.6 per cent in August and 3.9 per cent in June 2026. Unemployment in the Hunter Valley rose from 4.7 to 5.2 between August and September, and in Newcastle and Lake Macquarie from 4.5 per cent to 4.7 per cent over the month.

The number of unemployed people in the Hunter increased by 1,100 during September to 19,200 and has grown by almost 4,000 people since June.

Business Hunter CEO Bob Hawes said the figures highlighted mounting economic pressures facing businesses and workers alike.

“Business sentiment remains well into negative territory, as reflected in our last Business Conditions Survey, and this is now being reflected in the employment statistics,” Mr Hawes said.

“The Hunter experienced relatively solid employment growth through to June 2026, but those gains are being eroded by more recent outcomes as economic conditions become increasingly challenging.

“Slowing consumer spending, ongoing cost-of-living pressures and uncertainty around interest rates are causing businesses to be more cautious about investment and hiring decisions.”

While unemployment has risen by one percentage point since June, the region still recorded an increase of 8,200 employed people over the 12 months to September, demonstrating that the labour market remains stronger than it was a year ago.

Mr Hawes said the broader national trend reinforced that the Hunter's labour market challenges were not occurring in isolation.

“What we're seeing locally reflects a broader moderation in employment conditions across Australia as higher interest rates and slower economic growth work their way through the economy.”

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Particularly concerning was the continued deterioration in youth employment outcomes.

The regional youth unemployment rate rose to 11 per cent in September, up from 10.4 per cent in August and 9.1 per cent in June.

“The rise in youth unemployment is concerning because young people are often the first to feel the effects of weaker hiring conditions," Mr Hawes said.

“Ensuring young people can access training, skills development and pathways into work will be critical as labour market conditions become more challenging.”

Despite the increase in unemployment, demand for workers remains relatively resilient.

The Jobs and Skills Australia Internet Vacancy Index recorded 5,042 job advertisements in the Hunter during September, up from 4,838 in August.

However, vacancy numbers remain 28 per cent lower than September 2023, representing a decline of almost 2,000 advertised positions over the past three years.

“Job advertisement numbers remain relatively buoyant, although it is likely we will see some softening as we move towards year end, with many businesses delaying recruitment decisions until early 2027 unless they require seasonal staff," Mr Hawes said.

Business Hunter noted that labour demand continues to vary significantly between industries.

Job advertisements in the medical, allied health and welfare sectors have increased by more than 15 per cent over the past three years, reflecting ongoing workforce shortages and growing demand for services.

In contrast, advertisements for technicians and trade workers have declined by 36 per cent, while substantial falls have also been recorded for Information and Communication Technology (ICT) professionals (-61 per cent), hospitality workers (-57 per cent) and automotive and engineering trade workers (-48 per cent).

“The continued growth in health and community services vacancies reflects the well-documented workforce challenges facing those sectors," Mr Hawes said.

“While the Hunter labour market remains relatively resilient, the trend over recent months shows both businesses and households are becoming more cautious. Supporting economic growth, business investment and productivity will be critical to maintaining employment opportunities across the region.”

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