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Unemployment rises as regional job market tightens

Unemployment rose across the Hunter in September, with a loss of 6,500 jobs reflecting a slowdown in hiring by regional businesses and a stagnation in job creation nationally.

Australian Bureau of Statistics Labour Force figures for August show unemployment at 4.6 per cent in the Newcastle and Lake Macquarie statistical area and 5.1 per cent in the rest of the Hunter Valley,

Both figures are a full percentage point higher than the 12-month averages for the respective areas, and higher than the NSW and national unemployment figure of 4.2 per cent.

"These figures are consistent with the feedback we received in the most recent Business Conditions Survey, which showed only 13 per cent of Newcastle and Lake Macquarie businesses and 10 per cent of Hunter Valley businesses had hired additional staff in the last quarter," Business Hunter CEO Bob Hawes said.

"While business confidence was up slightly, there was still a strong sense of caution around hiring, given global economic uncertainties and the rising pressure of inescapable costs such as energy, insurance and government taxes and charges.

"Nationally, economists are saying that job creation has stalled, with the August unemployment rate of 4.2 per cent only remaining steady due to a reduction of more than 22,000 in the number of people looking for jobs.

Mr Hawes said unemployment in the region had begun to creep up over the past two months after showing very favourable conditions for job seekers for most of the year.

"It is not time to hit the panic button, but it does suggest a slowdown in the local job market," he said.

"Interestingly, our Business Conditions Survey showed that more regional businesses anticipated increasing their headcount in the third quarter, so hopefully the predicted rebound in business confidence eventuates and that trend is reflected in labour force figures in coming months."

The Jobs and Skills Australia Internet Vacancy Index remained stable with just over 5,000 jobs listed across the region in August. While the index is high by pre-Covid standards, there has been a drop in the number of jobs by 8 per cent in the last 12 months and a decrease of 27 per cent compared with August 2023.

"There's a sense of fatigue in the job market whereby some businesses are still unable to find workers with the right skills and experience and those seeking work are becoming less active in looking because the job they want or that matches their qualifications is not out there. This is all showing up in continuing soft labour force participation rates in the region compared to the rest of NSW and Australia," Mr Hawes said.

"We're also seeing a trending upwards over the last three months of unemployment in the youth market (15- to 24-year-olds), which is worrying. The rate of unemployment has grown from 7.2 per cent in August 2024 to 13.4 per cent, signalling perhaps the end of the purple patch of youth employment we were experiencing.

"It's an area the region will need to focus on given the medium and longer term needs of existing and foreshadowed jobs demand. We must get the education, training and skills aligned with job market requirements for the next generation."

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