



6 NSW	6-2	13	14-5
7 NSW	5-2	8	9-5
8 NSW	4-6	14	15-5
9 NSW	7	11	12-5
10 NSW	7	12-5	14
7 NSW	6-2	13	14-5
8 VIC	6-1	9-5	18-5
9 VIC	8-2	14	15-5
10 VIC	4-2	7-5	9

* COCKTAILS *	
DARK N STORMY	15
NEGRONI	16
OLD FASHIONED	18
APEROL SPRITZ	15
NOBLE SUNRISE	15
+ SUNDAY SPECIAL +	
SPRITZ	- 10
+ BOILERMAKER +	- 15



December 2023

# Business Needs Survey 2023

The Council of the City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area.

We acknowledge Elders past and present and celebrate the diversity of Aboriginal and Torres Strait Islander peoples and their ongoing cultures and connections to Country.

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## Document Information

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Photo: Chris Southwood

Thank you to all the businesses who participated in the 2023 Business Needs Survey.

For any enquiries about this document, or to sign up to receive future surveys and have your say about your business needs, please email: [citybusiness@cityofsydney.nsw.gov.au](mailto:citybusiness@cityofsydney.nsw.gov.au)

This report contains findings of the City of Sydney's third annual Business Needs Survey. The survey ran between 12 September and 23 October 2023 and was distributed widely to businesses across the City of Sydney local government area (LGA) through all City of Sydney marketing channels, industry and community bodies and key business stakeholders.

The economic outlook and analysis contained in this report represent the research of Oxford Economics Australia. Oxford Economics is a leading economic advisory firm undertaking economic forecasting and analysis of more than 200 countries across the world.

Data from secondary sources presented in this report was validated in December 2023. Primary City of Sydney Business Needs Survey data is up to date as at time of publication. While all care is taken to ensure a high degree of accuracy, the contributors accept no responsibility for any injury, loss or damage arising from the use, error or omissions therein.

Users are invited to notify the City's Business team of any discrepancies.

# Executive Summary



**The City of Sydney is home to over 24,000 businesses and a focal point for much of the Australian economy.**

The annual Business Needs Survey is a critical source of information to support the City of Sydney to make decisions and design programs to support our local businesses. We thank the 524 businesses who responded to the 2023 survey.

Insights from the business community from previous surveys have directly informed activation initiatives such as festivals and events sponsorship, the Alfresco City dining program and Sydney Streets events, and capability building programs such as Reboot Webinar series and Business Innovation programs.

The purpose of this report is to communicate the survey findings within a broader economic context and to help policymakers and local businesses identify emerging trends, challenges and opportunities. It also aims to provide a framework for the business community and the City of Sydney to advocate to other levels of government.

# Executive Summary

## Key findings

The City of Sydney economy grew by 3.5% in the 2023 financial year, outpacing the national growth rate of 2.1%, and reaching 110% of its pre-pandemic level. Within the City's economy, the recovery for consumer-dependent businesses continues to lag that of office-based businesses, although consumer-dependent businesses are catching up. Relative to the 2022 survey results, the gap between office based and consumer dependent business performance has halved in 2023 as the share of consumer-dependent businesses operating at or above pre pandemic capacity has increased to 45%, while office-based businesses has declined to 58%.

The City economy, and consumer-dependent businesses in particular, have benefited from a strong rebound in overseas migration as international students return to Sydney. Foot traffic in the CBD has increased to 70% of pre-pandemic levels over the last three months and weekly average consumer spend across the City is at 95% of pre-pandemic levels. Labour market challenges have also eased, with 72% of businesses maintaining or increasing staffing levels in 2023 relative to the 63% of businesses in last year's survey.

However, the economy faces headwinds, with interest rate and inflation pressures partially offsetting some of these benefits to consumption, with an impact on business confidence. Only 35% of businesses expect the Australian economy will be

better off in 12 months, down from 44% in last year's survey. Businesses continue to be more optimistic about their own future than that of the wider economy, with 63% of businesses expecting their business to be financially better off in a year's time. However, this share has fallen 11 percentage points from 74% in 2022.

With business confidence down in 2023, businesses within the City continue to seek financial support. Of businesses who completed the 2023 survey, there was a significant increase in the proportion of office based businesses that request business support grants when compared to 2022. In contrast, consumer-dependant businesses were less likely to seek support through business support grants this year than they were in 2022. Positively, easing labour market pressures resulted in a decrease in the share of businesses looking for support to hire employees, with this dropping from 38% of businesses in 2022 to just 25% in 2023.

The top priorities identified by City-based businesses over the next 12 to 18 months are strengthening their marketing capabilities and customer acquisition and retention. Many businesses are also shifting their focus away from product and service development towards business continuity and resilience.

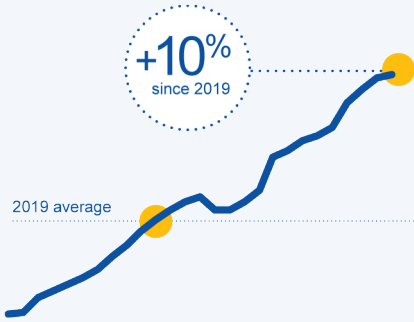
Despite concerns about the economic outlook, businesses remain confident in their own resilience and ability to weather the economic challenges of the year ahead.



# Key Insights

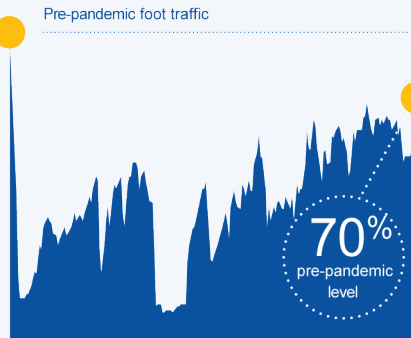
## Economic Overview

### City of Sydney Gross Regional Product (GRP)



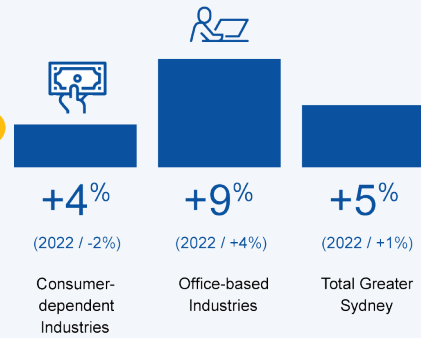
Source: Economy.id

### Pedestrian count Sydney CBD



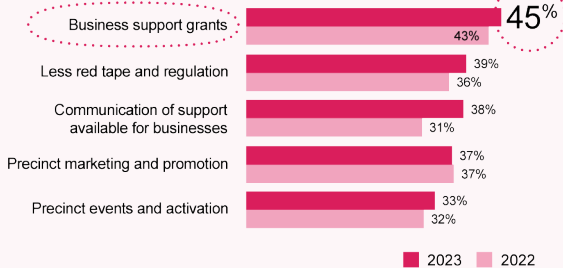
Source: City of Sydney

### Employment change from 2019 average to June 2022 and June 2023



## Business Needs

**45%** of businesses are looking for business support grants



**52%** of businesses are focusing on strengthening social media marketing and communication skills



The proportion of businesses looking for support finding employees and skilled workers:

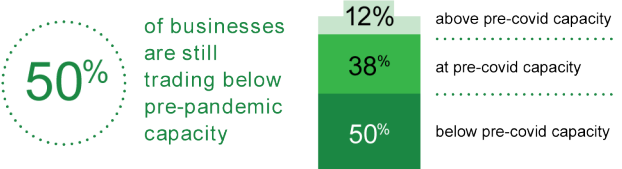
decreased from **38%** in 2022 to **24%** in 2023

## City Areas



	Central	East	South	West
Operating at or above pre-covid capacity	55%	78%	66%	33%
Increased or maintained staffing levels	43%	70%	55%	31%
Expect their business to be better off next year	49%	69%	71%	46%
Expect Australian economy to be better off next year	39%	60%	58%	37%

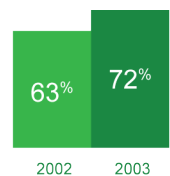
## Business Performance



**63%** of businesses expect to be financially better off in 12 months

However, just **35%** of businesses expect the Australian economy to be financially better off in 12 months

**72%** of businesses maintained or expanded their staffing over 2023



# Economic Overview

Tough nationwide and global macroeconomic conditions are weighing on consumption and business sentiment in the City of Sydney

**The City of Sydney's local government area economy (the City's economy)<sup>1</sup> is expected to underperform over 2024 before bouncing back from 2025 as interest rates decline.**

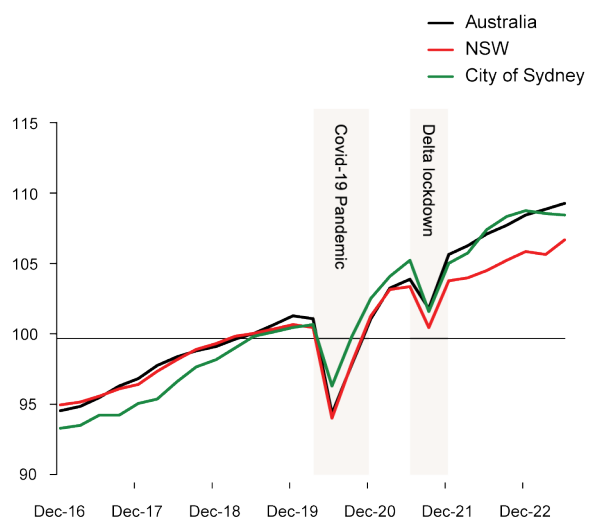
The City's economy grew 2% faster than Australia over the three years prior to the Covid-19 pandemic. However, the City was hit hard by lockdowns and zero migration due to its exposure to working from home arrangements and domestic and international visitation.

Since the initial outbreak, the economy has been trending upwards, suffering a setback with the Delta outbreak but reaching above pre pandemic activity by the end of 2020. Over the past year to June 2023, the City of Sydney economy has grown by 3.5%, up from 2.0% over the same period last year.

However, growth has been slowing. Oxford Economics expects the City's economy to perform below the national average but above wider NSW over the next few years as strong population growth is offset by reduced consumption weighing relatively heavier on City households compared to other parts of the country. Additionally, The City economy is relatively more exposed to the slowing global economic conditions, being the home of a disproportionate share of Australia's largest businesses. Interest rate declines from 2025 will support stronger growth and the City is expected to outperform both the national and NSW economy over the long-term.

The City's economy was hard hit by the pandemic but has been recovering well over the past two years

Gross Domestic, State and Regional Product (Index, 2019=100)



Source: Oxford Economics Australia, Australian Bureau of Statistics, Economy.id

1. The focus of this report is the City of Sydney local government area (LGA). References to "the City of Sydney" or "the City" refer to the City of Sydney LGA.

**Interest rate and inflation pressures have weighed on consumer spending and business trading conditions.**

Inflation peaked at the end of 2022 but has remained stubbornly high through 2023. Cooling global inflation, slowing consumption and easing supply shortages for key input materials has driven a reduction in goods inflation. However, services inflation remains strong reflecting the tight labour market and rising labour costs, with rental growth expected to continue rising for some time.

Whilst inflation is on the way down, the Reserve Bank of Australia (RBA) remains concerned with the pace at which this is occurring. Interest rates have risen from a record low 0.1% over the pandemic to 4.35% as of November 2023. Oxford Economics expects interest rates to peak at 4.6% in February, before a long period of steady rates through to 2025.

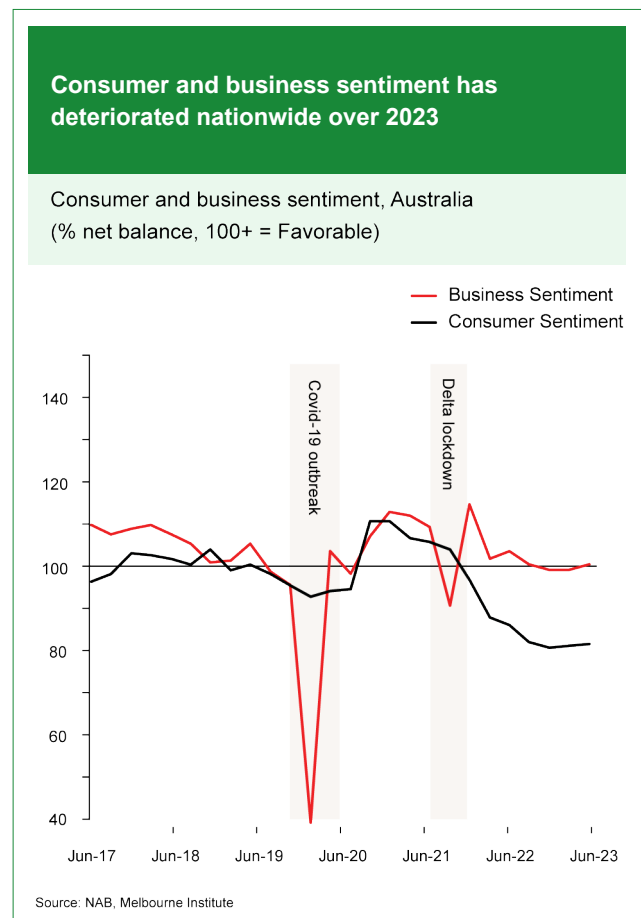
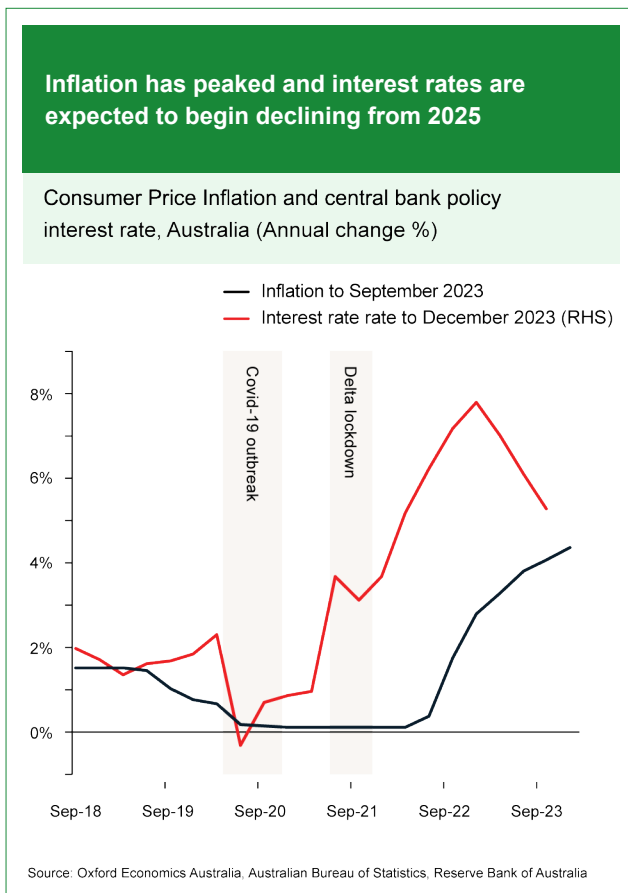
On the back of these financing and cost of living pressures, business and consumer sentiment have declined over 2023 across Australia. Consumer sentiment now sits well below the low reached during the Covid-19 pandemic and business sentiment has declined from a relatively high in late 2022 to a level

similar to 2019. Reduced sentiment and rising cost of living pressures has weighed on consumption growth in the City, which has slowed, but remained positive after reaching a peak at the end of last year.

**Population flows have returned, providing vital support for City businesses in 2023.**

Strong net overseas migration (NOM) has provided a boost to economic activity in the City over 2023. NOM to Australia reached 450,000 over the year to March 2023, with NSW receiving 150,000 migrants. The City of Sydney has disproportionately benefited from this with a vast majority of migrants to NSW settling, working and spending in Sydney. Strong population flows have been supported by the return of international students, with over 90,000 international students commencing over the first six months of 2023 in NSW.

The strong migration inflows are a result of pent up demand, particularly for international students. During the Covid-19 pandemic borders closed but the number of visa applications continued to increase. With restrictions lifted, the inflow





of migrants has overshot historical averages as the backlog of visa applicants arrive. Oxford Economics Australia expect overseas migration to remain above historical average in 2024 but return to long term government planning levels from 2025 onwards.

Visitation flows into Sydney are trending upwards with domestic visitation approaching pre pandemic levels and international overnight visitors at 76% of pre-pandemic levels. This has led to a similar recovery in international visitor spending in the City, reaching \$125 million in August 2023, 84% of the pre-pandemic level. International visitation is likely being weighed upon by relatively difficult economic conditions in key source countries such as China, United Kingdom and China. Oxford Economics expect these visitation flows to continue trending back towards pre pandemic levels over 2024.

Foot traffic in the Sydney CBD has also been trending upwards, averaging 70% of pre-pandemic levels over the last 3 months relative to 51% over the same period last year and reaching heights of around 85%. Opal tap-offs in the CBD reached 94% of their pre-pandemic base in October 2023, up from 67% in the same period in 2022. International

visitation, overseas migration and increased office occupancy compared to this time last year have all contributed. Foot traffic over the weekend has been relatively strong, sitting 20-30% above pre-pandemic levels. However, this has been more than offset by the reduction during the working week.

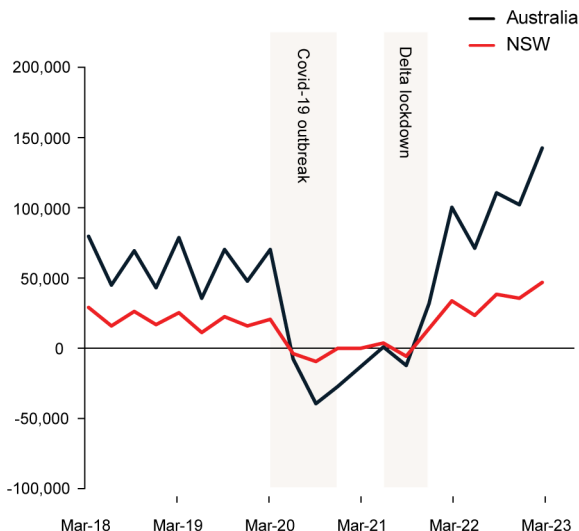
Oxford Economics notes that productivity gains from remote working during the pandemic have waned as remote working reduces the benefits of in-person collaboration, training and social connection.

Remote work is having a lasting impact on the utilisation of office space across Australia. Even though more businesses are asking their staff to return to the office, this is commonly being done via hybrid arrangements, with notable differences between peak and quieter days, slowing the recovery in total occupancy. CBRE currently estimates office occupancy in their Sydney buildings at 75% of pre-pandemic levels, up from 54% this time last year.<sup>2</sup>

Oxford Economics expects the change in working patterns represents a structural shift however, there remains uncertainty around how much the recovery in foot traffic has left to run.

### Strong migration will continue to support economic activity in the City

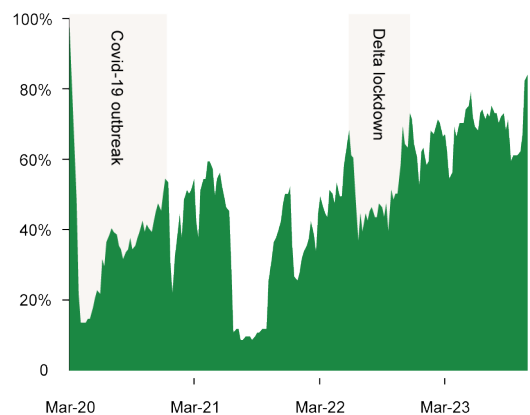
Net Overseas Migration, Australia and NSW (Number)



Source: Oxford Economics Australia, Australian Bureau of Statistics

### The outlook for office occupancy remains uncertain, but foot traffic has recovered to around 70% of pre-pandemic levels

Foot traffic as a share of pre-pandemic average, Sydney CBD



Source: City of Sydney

2. CBRE (2023). Available here: <https://www.cbre.com.au/press-releases/cbd-occupancy-rates-spike-as-more-australians-return-to-the-office>

**Labour market pressures have eased for City businesses as staffing levels stabilise.**

The labour market has remained resolutely strong over the past year, stimulating wage growth and providing some offset to consumption headwinds of higher inflation and interest rates. A lack of overseas migration and record low unemployment has contributed to nationwide workforce and skills shortages that City businesses have not been exempt from.

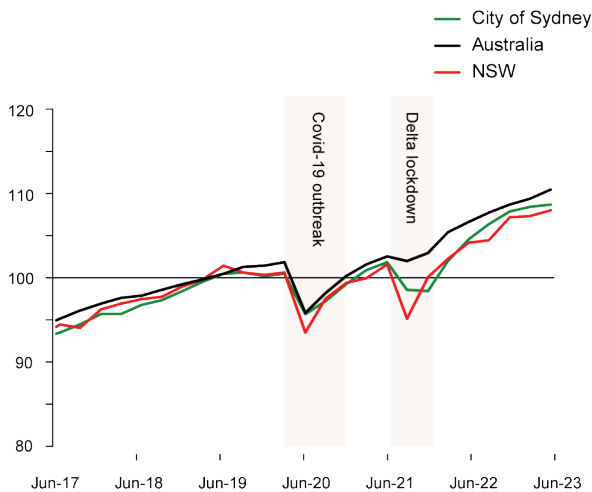
Despite unemployment remaining low, employment growth has slowed and the return of overseas migration has eased labour shortages. Migrants have

been able to fill vacant roles, relieving workforce shortages, with the return of international students particularly benefitting in consumer-dependent and service industries. Additionally, businesses have reacted to less favourable economic conditions dampening demand for new employees.

Internet job vacancies have declined 17% since their peak in May 2022. This easing of labour market pressures has allowed City businesses to more easily fill roles over the last year and employment in the City has increased.

**Employment growth in the City remains strong**

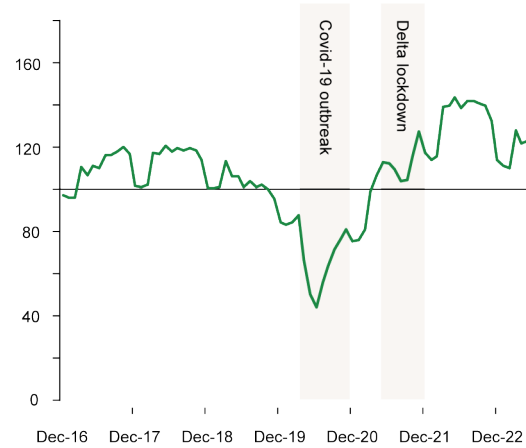
Employment, City of Sydney  
(Index, 2019 = 100)



Source: Oxford Economics Australia, Australian Bureau of Statistics, Economy.id

**Job vacancies have reduced as businesses react to less favourable economic conditions and labour pressures ease**

Internet job vacancies, Greater Sydney  
(Index, 2019 = 100)



Source: Oxford Economics Australia, Australian Bureau of Statistics



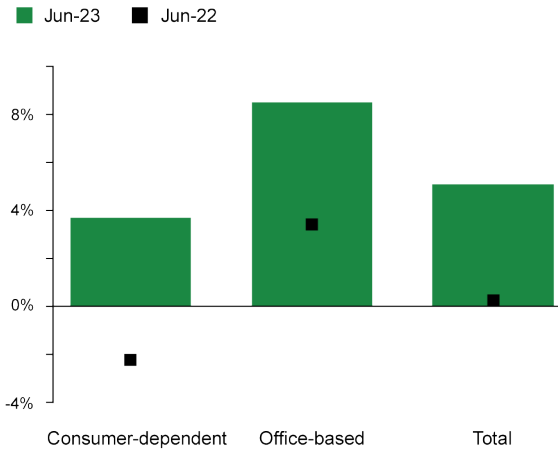
## The gap between consumer-dependent and office-based industries is narrowing.

Consumer-dependent sector employment in greater Sydney now sits 3.8% above the pre pandemic level. Whilst this is still significantly below the 8.6% and 5.2% of office based and total employment growth, this represents a significant increase from this time last year when employment was still 2.4% below pre-pandemic levels.

The factors supporting growth over the past 12 months have mostly favoured consumer dependent sectors – migration, visitation, increasing foot traffic – while the headwinds of rising interest rates have impacted both sectors more evenly. This has resulted in a reduction in the gap between these two sectors.

### Employment in the consumer-dependent sector has recovered to above pre-pandemic levels

Employment change from 2019 by key sectors



Source: Oxford Economics Australia, Australian Bureau of Statistics

# Business Trends

Tougher trading conditions are weighing on the post-pandemic recovery of the City's businesses

**Migration flows have returned, buoying economic activity, but tough nationwide and global economic conditions have kept a lid on growth for City businesses.**

Challenges remain for businesses in 2023 but from different sources than last year. Migration has relieved pressure on the labour market and improved foot traffic. However, inflation and interest rate increases have resulted in increased cost-of-living pressures, reduced consumer sentiment and spending.

Migration flows have rebounded after the pandemic, with net overseas migration (NOM) to Australia. NSW, and particularly Sydney, was a major beneficiary of migrant arrivals helping to improve foot traffic. This has provided support for spending and consumer-dependent businesses have benefitted.

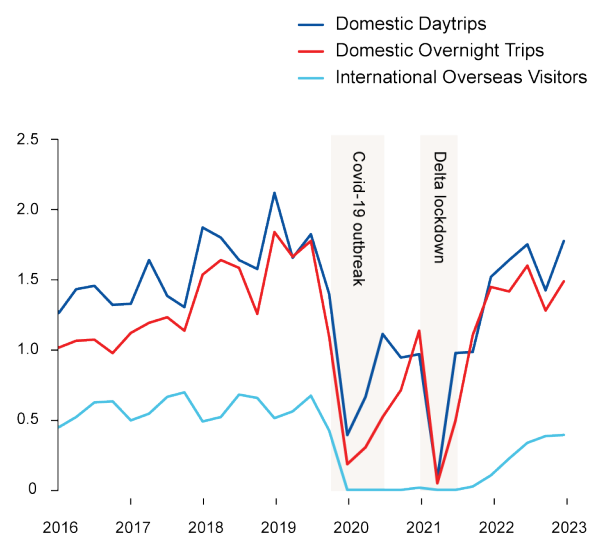
However, foot traffic in the Sydney CBD remains around 70% of pre-pandemic levels and economic conditions are exacerbating these challenges. Rising interest rates and cost of living pressures are weighing on household spending, consumer confidence and business confidence, creating a relatively difficult trading environment for both consumer-dependant and office-based industries.

These competing factors have left 50% of City business below pre-pandemic capacity, the same share as last year. Medium to large businesses have been relatively more resilient with 57% operating at or above pre-covid capacity compared to 46% of small businesses in part owing to the larger representation of office-based businesses in the medium-large category.



## The City's domestic and international visitation has been approaching pre-pandemic levels

Domestic and international visitation, City of Sydney (Millions)



Source: Tourism Research Australia

**Business sentiment has marginally deteriorated from last year in the City, aligning with reduced sentiment in wider Australia.**

The expected return of migration, including international students, and increased office attendance acted to support business expectations last year. However, with this boost largely played through, business sentiment for the year ahead has declined. Across all industries, 63% of businesses expect to be better off financially in a year's time, compared to 74% in 2022. This share remains significantly higher than the 50% recorded in the 2021 Business Needs Survey.

This slip in confidence has occurred across the vast majority of regions and sectors for both small and medium/large businesses. However, the decline has been larger for consumer dependant businesses and even more so for medium/large businesses in that sector.

Those businesses that are financially worse off compared to a year ago were almost twice as likely to be pessimistic about the year ahead. This linkage between past performance and optimism about the year ahead was stronger in consumer-dependant businesses and consistent across all regions.

Confidence in the broader Australian economy also declined. Only 35% of respondents expect the Australian economy to be better off next year, down from 44% in 2022 and 54% in 2021. This is reflective of a decline in trading conditions amidst rising interest rates and strong inflation and reflects the mood amongst consumers and businesses nationally.

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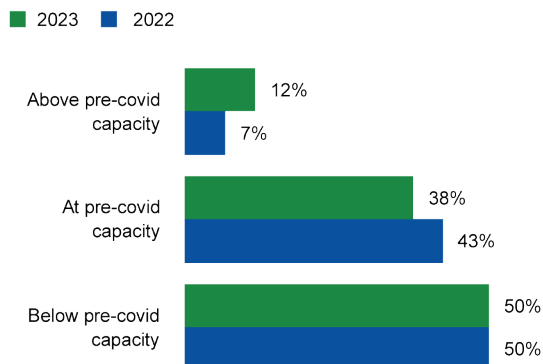
The foot traffic has diminished in the CBD and has not got back to pre-covid levels.

”



**Half of all City of Sydney businesses remain below pre-pandemic capacity**

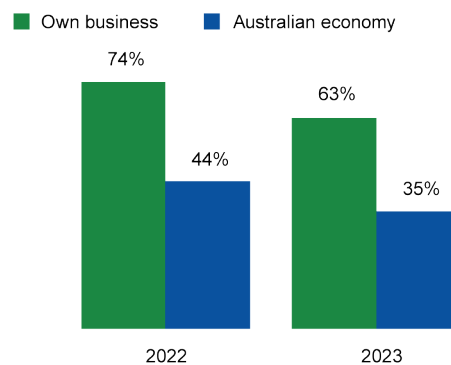
Business Capacity compared to pre-pandemic (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

**Business confidence has declined from last year under tough economic conditions**

Expectation of whether their business and the Australian economy will be financially better off in 12 months (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

“

Operations are...  
back to normal  
but business is way  
harder than before  
the pandemic.

”



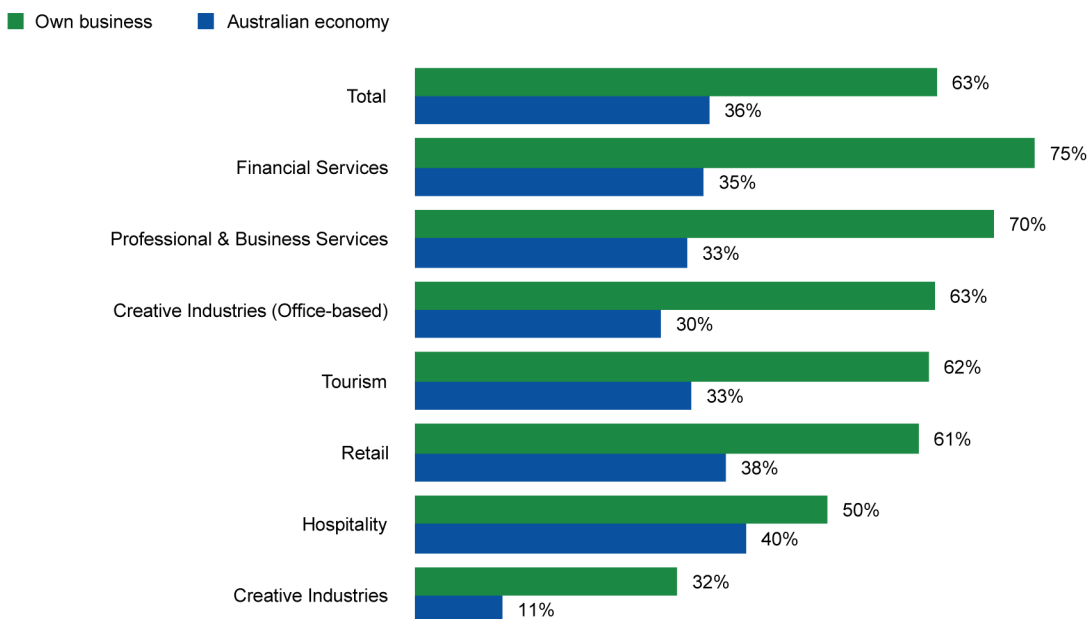
**Despite concerns about the economic outlook, businesses remain relatively confident in their own performance over the year ahead.**

Respondents across all industries are more optimistic about their own business than the broader Australian economy. This trend has continued from last year and reflects, in part, a greater optimism about the resilience of trading conditions in their business and the City compared to the rest of Australia.

The largest discrepancy between confidence in their own business and the Australian economy is in the professional services and financial services industries who are much more optimistic about their own business and pessimistic about Australia. Consumer dependant creative industries were particularly pessimistic about both their own business and the Australian economy and noted the difficulty they are facing due to both reduced foot traffic and the pressures cost of living are having on discretionary spending.

**Across every industry, respondents were more optimistic about their own business than the Australian economy as a whole**

Expectation of whether their business and the Australian economy will be financially better off in 12 months (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

## Businesses capitalised on easing labour markets to increase their staffing levels in 2023

Since the beginning of 2023 both demand and supply side pressures have begun to ease making finding employees easier.

Labour supply drastically reduced over the pandemic resulting in record low unemployment and a build-up in workforce shortages that reached a peak in 2022. Since then, pressure has eased and businesses have been able to increasing staffing.

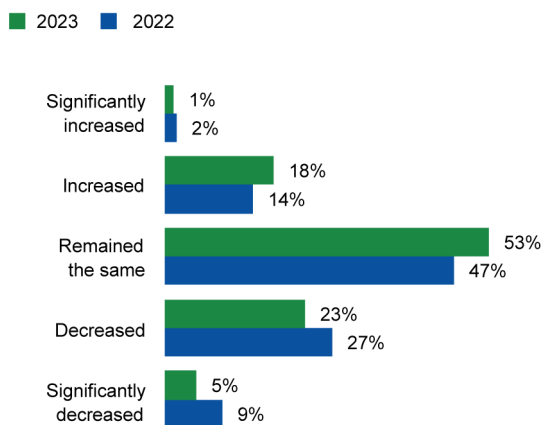
On the supply side, strong net overseas migration has supported employment growth, allowing businesses to fill vacant roles, particularly in consumer-dependent industries. On the demand side, slowing economic growth amidst higher interest rates and lower consumption has decreased the need for businesses to expand. Job vacancies have reduced and employment growth is stabilising.

This easing of labour market tension allowed City of Sydney businesses to effectively expand staffing levels in 2023. Across all industries, 72% of businesses retained or expanded their staffing levels over the past year, up from 63% in last year's survey. The share of consumer dependent businesses with the same or greater staffing this year increased from 54% in 2022 to 68% in 2023 while office-based sectors share increased by 3 percentage points to 78%.

Oxford Economics expects a further unwinding of labour market pressures over the next year, with employment growth to continue slowing and the national unemployment rate to drift up to 4.5% by the end of 2024. Similarly, expectations of staffing increases have declined compared to last year. Although they remain resolutely positive, with 82% of businesses expecting to maintain or increase staffing, this share has decreased from 87% in 2022.

### Labour market easing has allowed more businesses to increase staffing over 2023

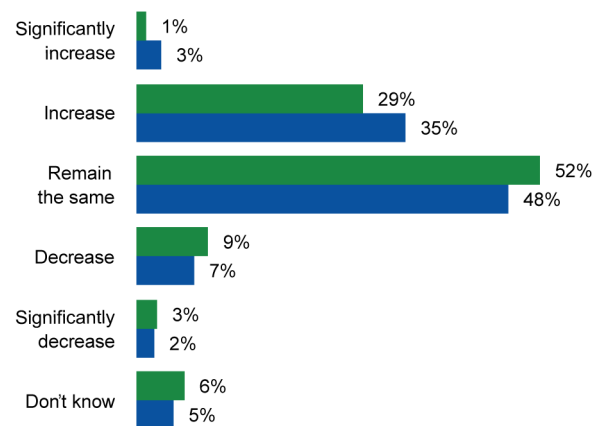
Staffing levels over the previous 12 months  
(Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

### Fewer businesses are looking to increase staffing over the next 12 months than in 2022

Expected staffing levels over the next 12 months  
(Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

## The shift in economic conditions has reduced the gap between office-based and consumer-dependent business performance

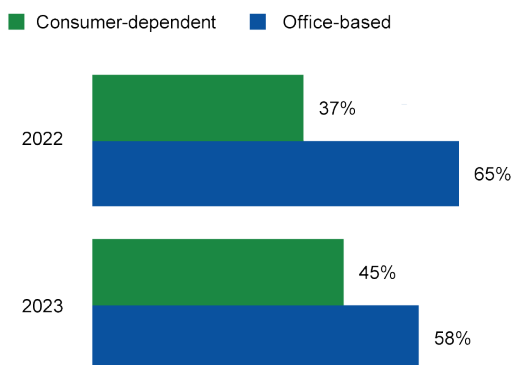
**Consumer-dependent businesses continue to face strong challenges but have benefited from migration and increased foot traffic in the Sydney CBD over the past year.**

Staffing outcomes for consumer-dependant businesses have improved and the share of businesses operating at or above pre pandemic capacity has increased from 37% to 45% in 2023. That being said, their overall business performance still sits below that of office-based businesses – only 43% of consumer dependant businesses are financially better off this year relative to 51% of office-based businesses.

Opposing this, office-based businesses are facing more challenges this year than they did previously. While staffing levels have remained relatively strong, more businesses report operating below pre-covid capacity than in 2022, 42% up from 35%. This is most acute outside of the Central City, particularly in the East and South regions. Against the backdrop of tough nationwide and global economic conditions, larger businesses appear to have been hit harder. The share of large office-based businesses reporting being better off now compared to a year ago, reducing from 74% to 56%.

### The gap between consumer-dependent and office-based industries has narrowed over 2023

Share of businesses at or above pre-pandemic capacity (%)



Source: City of Sydney, Business Needs Survey 2023

“

Unpredictable foot traffic is, making it hard to make rosters, burning up expenses on labour and power in the shop.

”



# Business Needs

## Businesses are focusing on financial support as labour challenges ease

**Labour market pressures for City businesses have eased with only 25% requesting support finding employees – down from 38% in 2022.**

Support finding employees was the second highest request from businesses last year but has fallen to 8th place in 2023.

A vast majority of City businesses have maintained or increased their staffing over the last year (72%) as borders have opened and labour supply has increased. Uncertain economic conditions and an alleviation of pent up demand has reduced staffing intentions for next year – 30% of businesses expect to expand their staffing over the next 12 months, down from 38% last year.

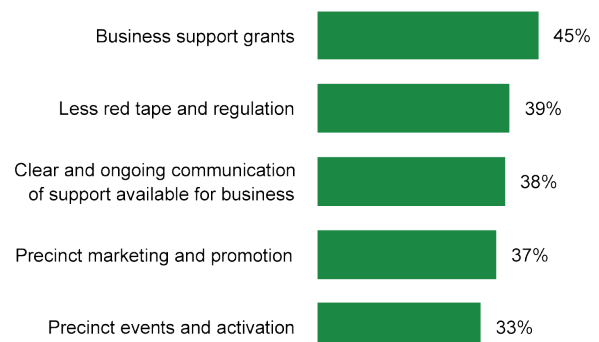
### Businesses continue to seek financial support.

As in 2022, many businesses have requested assistance in the form of business support grants (45%). However, office-based businesses significantly increased their request for grants this year – from 33% to 42% in 2023. In contrast, consumer-dependant businesses were less likely to seek grants – from 54% to 48% in 2023.

Support with government fees and charges has become a higher priority, particularly in the East and West City regions. Across all regions 30% of businesses requested this support, with the share in the East region highest at 40%.

### Businesses are seeking financial support and less red tape

Service and support areas most in need over the next 12 months (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023



“

The City of Sydney could increase marketing of the city post codes using the TV screens, banners, posters and newsletters.

”

## Businesses are focused on promoting themselves to reach new customers

### City of Sydney businesses are looking to strengthen their social media marketing and customer retention and acquisition.

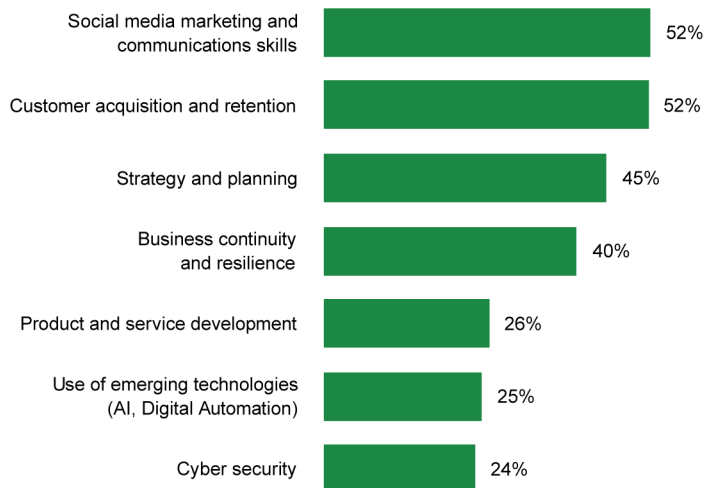
The top priority for City businesses is strengthening their marketing capabilities over the next 12 to 18 months - over half of survey respondents are looking to strengthen their social media marketing and communication skills (52%). Further, the equally ranked other top priority for City businesses is to strengthen customer acquisition and retention (52%).

### Businesses are shifting focus away from product and service development and towards continuity and resilience.

The share of respondents looking to strengthen product and service development over the next year has decreased from 32% to 26%. At the same time, business continuity and resilience has increased as a priority from 36% to 40% of businesses. Office-based businesses particularly have decreased focus on product development – falling from 35% to 20% in 2023.

### Cyber security and new technologies are an emerging focus for City businesses

Business focus areas over the next 12 to 18 months  
(Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

## Businesses need targeted support for the challenges they face

### The gap in support requirements has narrowed between office-based and consumer-dependent businesses.

The share of consumer-dependent businesses seeking support has decreased from 94% to 89% while the share of office-based businesses has increased from 76% to 80%. This may reflect shifts in the economic environment as the direct impacts of the pandemic on migration and foot traffic fades and the impact of inflation and interest rates on business and consumer sentiment becomes more prominent.

Still, consumer-dependent businesses are seeking more support overall, particularly in marketing their local area. On the other hand, office-based businesses are looking for more financial support through grants, support with government fees and information about how what support is available.

### Businesses operating below pre-pandemic capacity are seeking more support overall and are focused on how the City can provide direct financial support.

Businesses that report operating below pre-pandemic capacity are more likely to be seeking support. Of those businesses, 95% reported that they are seeking support over the next 12 months compared to 81% of businesses operating at or above pre-pandemic capacity.

They are overwhelmingly asking for direct financial support, significantly more so than businesses that have fared better. Half of respondents below pre-pandemic capacity requested business support grants and 40% requested support with government fees and charges compared to 38% and 20% respectively for those at or above pre-pandemic capacity.



“

There has been some great local work, focusing on the new local area promotion such as Hollywood Quarter. However, it is very geared towards hospitality. I would love to see some more focus on retailers.

”

# Analysis of Key Sectors

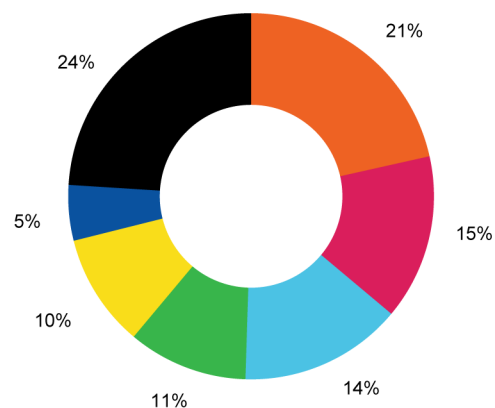
## Overview

This chapter provides an analysis of the key industry sectors in the City of Sydney. The analysis largely draws from the insights in the Business Needs Survey 2023 as well as other trends within the industries. This chapter covers the City's six largest employing industries - professional & business services, hospitality, retail, financial services, creative industries and tourism.

Consumer-dependant businesses in the City of Sydney - hospitality, retail and tourism and consumer-dependant creative industries – remain affected by changed spending patterns post-pandemic and 55% are still operating below pre-pandemic capacity, an improvement on 63% in last year's survey. The main driver often cited by these businesses is the reduction in foot traffic which has improved since 2022 but remains at an average 70% of pre-pandemic levels over the last 3 months. As workers continue to work from home at least part of the week it could be some time until employment growth drives foot traffic back to pre-pandemic levels.

The share of respondents across industries this year was similar to last year's survey

- Professional & Business Services
- Retail
- Creative Industries
- Financial Services
- Hospitality
- Tourism
- Other



Source: City of Sydney, Business Needs Survey 2023

# Analysis of Key Sectors

## Overview

As the transition to hybrid working starts to stabilise, office based businesses in the City – professional services, financial services and some office-based creative industries - continue to have mixed experiences with productivity, collaboration and culture. However, hybrid working has allowed office-based businesses to remain resilient to the challenges faced by consumer-dependant businesses and this is reflected in their financial performance.

Office-based businesses continue to be confident they will be financially better off next year (72%) though they are less optimistic about the performance of the Australian economy – only 36% expect the economy to be better off over the next 12 months.

Despite these competing trends consumer dependant businesses and office based businesses are less divergent in their operating capacity and staffing intentions than in last year's survey reflecting both an improvement in consumer-dependant industries and slight deterioration in office-based industries in 2023.

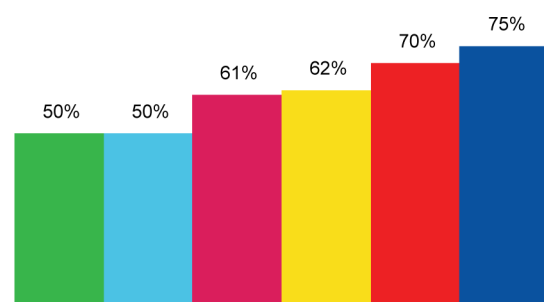
The City's businesses remain relatively aligned on their top business needs:

1. Business support grants
2. Less red tape and regulation
3. Clear communication of support available for businesses
4. Precinct marketing and promotion, and
5. Precinct events and activation.

Similar to previous surveys, consumer-dependant businesses are more likely to need precinct-focussed support while office based businesses prefer business support grants and less red tape and regulation.

### Financial & Professional services are the most confident about the outlook for the year ahead

Proportion of businesses expecting to be financially better off over the next 12 months (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

## Hospitality

**Many hospitality businesses are operating at below-covid capacity and are expecting their financial performance to further deteriorate.**

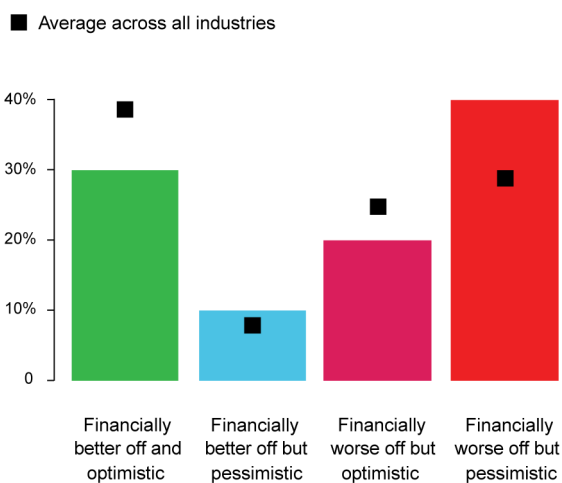
Compared to the average of 50% across all industries, 75% of hospitality businesses are still operating at below pre-pandemic capacity and 40% have reduced staffing since last year.

This year 60% of hospitality businesses reported being financially worse off relative to last year and they expect this trend to continue - 50% of businesses expect to be worse off next year. Last year hospitality businesses were more optimistic - only 36% expected to be worse of this year.

The economic outlook is a key driver of hospitality businesses' pessimism - 60% of hospitality businesses expect Australia's economy to be financially worse off next year compared to 43% last year. These expectations are reflected in their staffing intentions - less than 1 in 4 hospitality businesses intend to increase staffing levels over the next 12 months.

### Hospitality businesses are struggling financially and are more pessimistic about the next 12 months than other industries

Businesses' Financial Positions:  
Hospitality Industry vs average across all industries  
(Share of respondents)



Source: City of Sydney, Business Needs Survey 2023



“

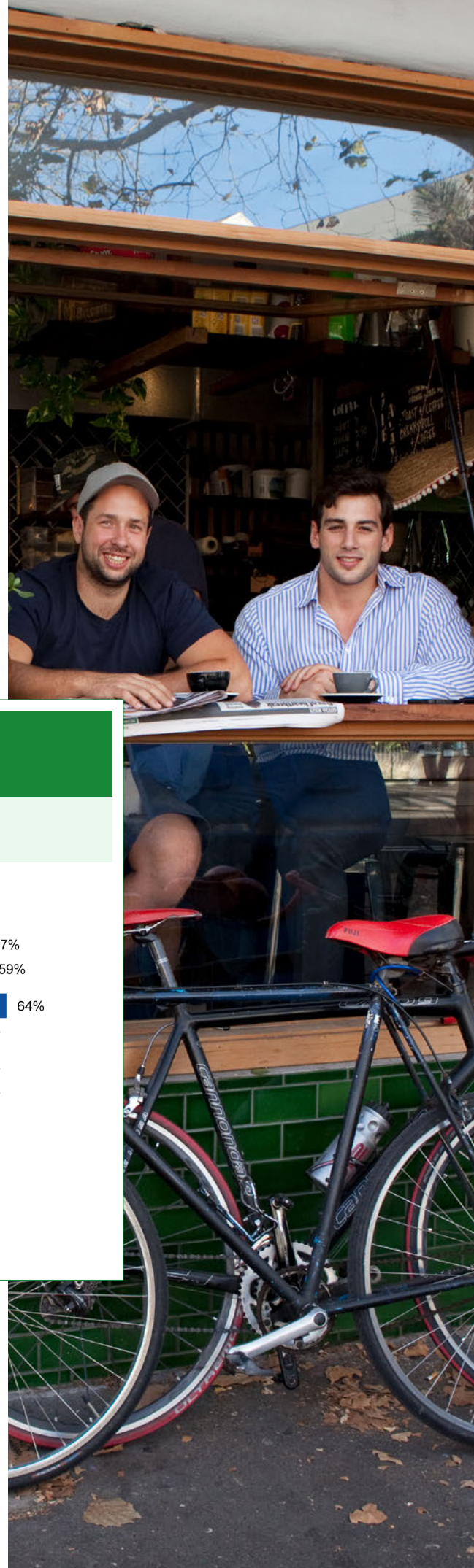
The impact of the pandemic has been devastating. We now have fewer customers every day with the worst days being Monday and Friday. Friday is extra quiet.

”

## Hospitality businesses overwhelmingly seek precinct-focussed support from the City.

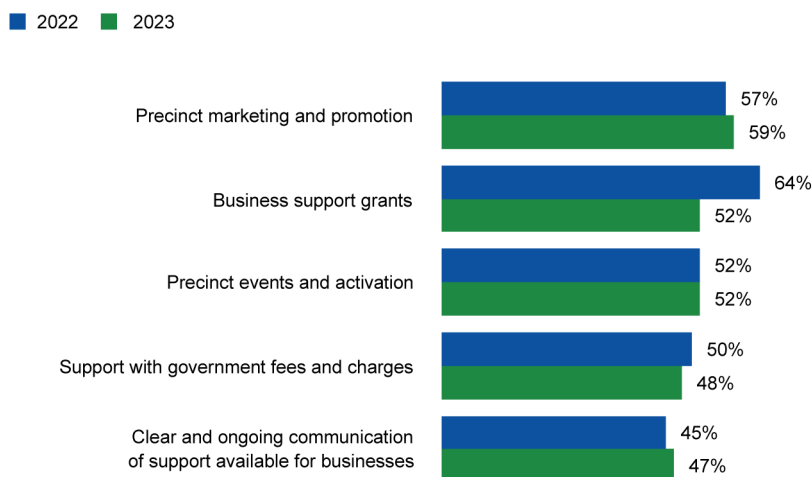
Precinct marketing and promotion (59%) followed by precinct events and activation (52%) were the top requests for support from hospitality businesses in contrast to businesses overall who ranked these services 4th and 5th most important. Despite their financial struggles, fewer hospitality businesses sought financial support via grants this year – 52% down from 64% in 2022.

Despite their different needs, hospitality businesses have similar areas of focus as other City businesses for 2023 – 57% will strengthen their social media marketing and communication skills and 48% will focus on customer acquisition and retention over the next 12 to 18 months. These were the same areas of focus for hospitality businesses in 2022.



### Precinct marketing and promotion is the top business need requested by hospitality businesses

Service and support areas most in need over the next 12 months  
(Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

## Retail

**Despite a deterioration in financial performance over 2023, retail businesses are optimistic about their performance over the next 12 months.**

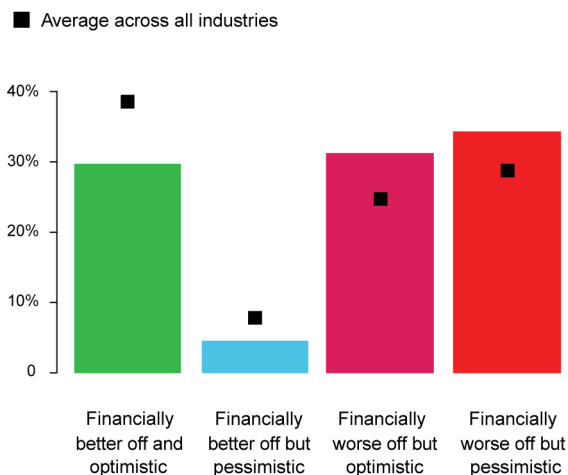
Compared to 57% last year, 66% of retail businesses are financially worse off and half of businesses are still operating below pre pandemic capacity. Although it has improved, pedestrian foot traffic remains below pre-pandemic levels and cost of living pressures are further impacting consumption in 2023. Many qualitative responses from retail respondents noted the impact foot traffic has had on turnover, with some noting a 30-40% loss in revenue.

Yet retail businesses that are financially worse off are more optimistic about next year relative to City businesses overall - 31% are optimistic about their outlook for next year compared to only 25% of financially worse off businesses across all industries.

Despite their optimism, only 20% of retail businesses are looking to increase staffing relative to 30% across all industries. Compared to last year's survey, retailers kept staffing unchanged this year (58%) and an even greater proportion intend to do the same next year (66%).

### Despite a large share of retail businesses being financially worse off, the industry remains optimistic

Businesses' Financial Positions:  
Retail Industry vs average across all industries  
(Share of respondents)



Source: City of Sydney, Business Needs Survey 2023







**Like the hospitality industry, retail businesses are seeking precinct-focused support from the City.**

The top needs requested by retail businesses are precinct marketing and promotion as well as precinct events and activation.

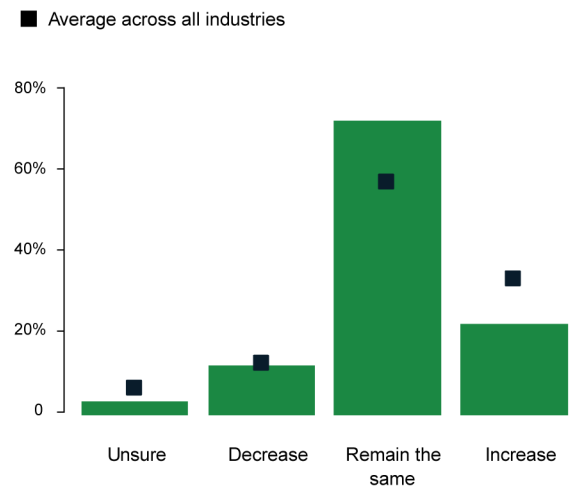
Notably, the share of retail businesses seeking support with government fees and charges doubled from 18% in 2022 to 37% this year, perhaps replacing a preference for financial support through grants which declined from 55% to 43% in this year’s survey.

Retail businesses reflected the intentions of City businesses overall in their focus on social media marketing and communication skills (60%) and customer acquisition and retention (49%) though both focus areas were less popular than last year – garnering 65% and 58% of respondents respectively in 2022.

E-commerce is a business focus area that has declined across many other industries as the onus from Covid-19 pandemic fades and e-commerce initiatives are increasingly already implemented. However, retail businesses are much more likely to be focusing on e-commerce over the next 18 months - 33% compared to 16% across all industries.

**Over the next 12 months, retail businesses seek to maintain staffing levels**

Expected staffing levels over the next 12 months:  
Retail Industry vs average across all industries  
(Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

# Tourism

## Tourism businesses are optimistic about their performance as international visitors return.

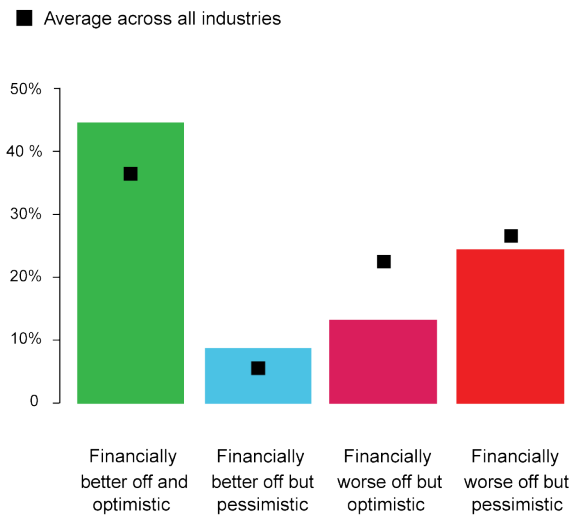
Most tourism businesses were financially better of this year relative to last year (58%), outperforming the average across consumer dependent industries where only 44% of businesses were financially better off this year. And tourism businesses expect the trend to continue - 62% of tourism businesses expect to be financially better off next year.

Though activity in the tourism sector has improved this year with international overnight visitors increasing to 76% of pre-pandemic levels, 55% of tourism businesses are still operating at below pre-pandemic levels.

In the 2022 survey, tourism business had high hiring intentions - 56% of tourism businesses expected to increase their staffing levels – however only 31% reported that they did increase staffing in this year’s survey. Tight labour markets and difficulty filling available roles could have contributed to businesses not hiring as many employees as hoped. Tourism business’ intentions for next year are more muted - only 29% of tourism businesses are looking to increase their staffing levels in the year to come with around half seeking to maintain levels.

### Tourism businesses are financially better off than last year and are optimistic about the future

Businesses’ Financial Positions:  
Retail Industry vs average across all industries  
(Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

“

Less meetings are being held at the hotel and accommodation requirements from corporate accounts have reduced as well as walk-in business for the restaurant and bar.

”



**In contrast to other consumer-dependant industries, tourism businesses are requesting less red tape and regulation as their top business need.**

However, like other consumer-dependant businesses, they are also requesting precinct marketing and promotion (60%) as well as precinct events and activation (53%).

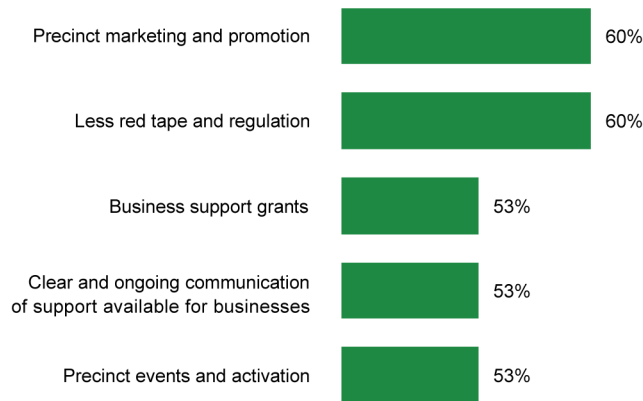
Tourism businesses were more likely to request support finding employees and skilled workers last

year and are still seeking support in this area at higher rates than businesses in general - 60% of tourism businesses requested this support in last year's survey dropping to 37% this year, still much higher than the 24% average across all industries.

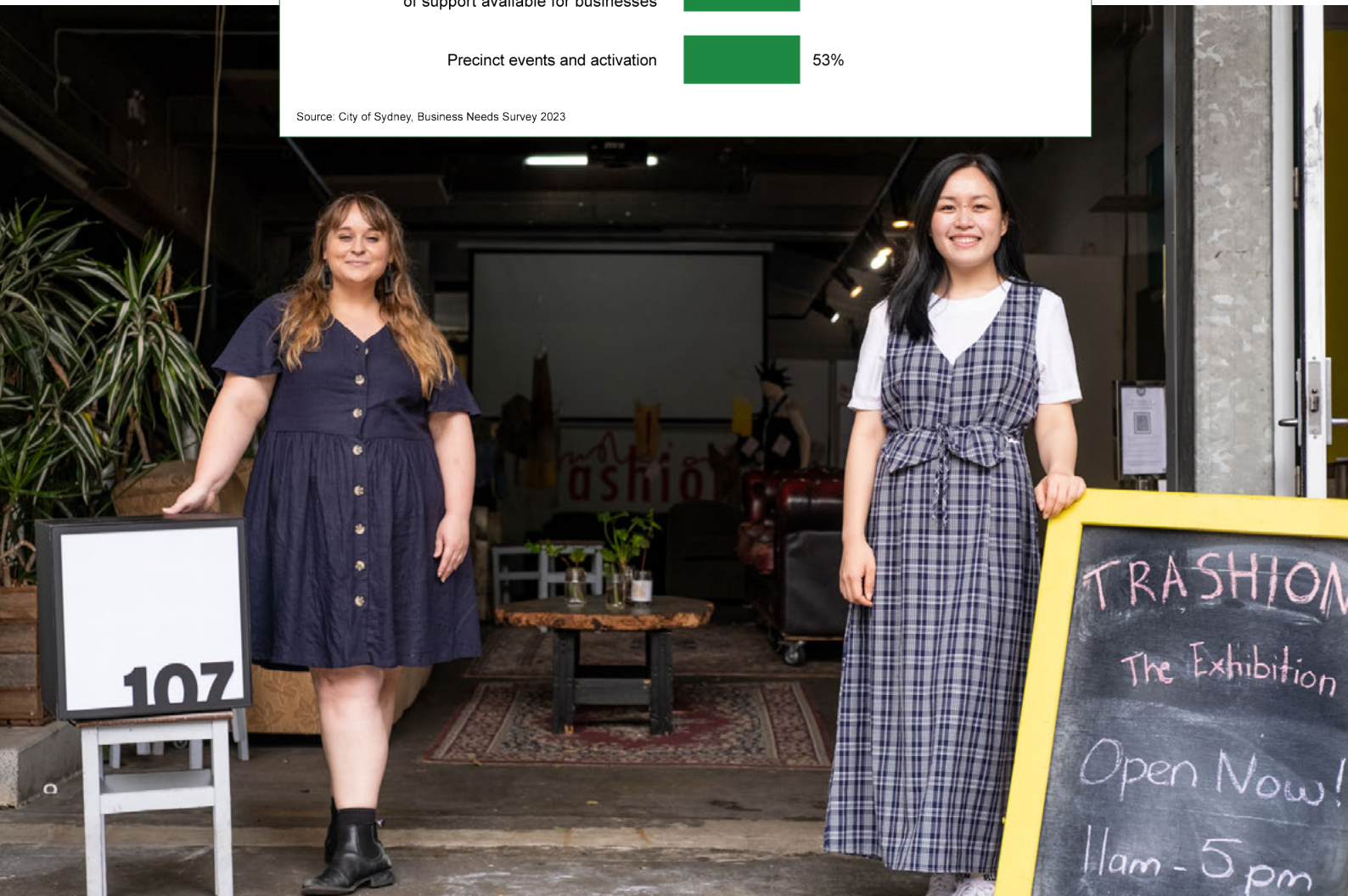
Like many other industries, businesses in the tourism sector are looking to improve social media marketing and, customer acquisition and retention over the next 12 to 18 months.

**Less red tape and regulation as well as precinct marketing are top business needs by tourism**

Service and support areas most in need over the next 12 months (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023



# Creative Industries

**Office-based businesses within the creative industries are generally confident about the year to come, despite mixed financial performance over the last year.**

Office-based businesses in the creative industries encompass creative services (advertising services, architectural services etc) and creative print & media (book publishers, music and sound recording).

Business financial performance deteriorated somewhat this year with 56% of businesses worse off compared to last year. Their staffing intentions haven't materially changed since last year's survey though they're less likely to be decreasing staffing levels over the next year – 22% of office-based creative businesses are expecting to decrease staffing levels next year compared to 19% of businesses in last year's survey.

The needs of office-based creative businesses align with other office-based industries. Businesses are requesting less regulation and red tape (46%) and business support grants (46%) at higher rates than last year.

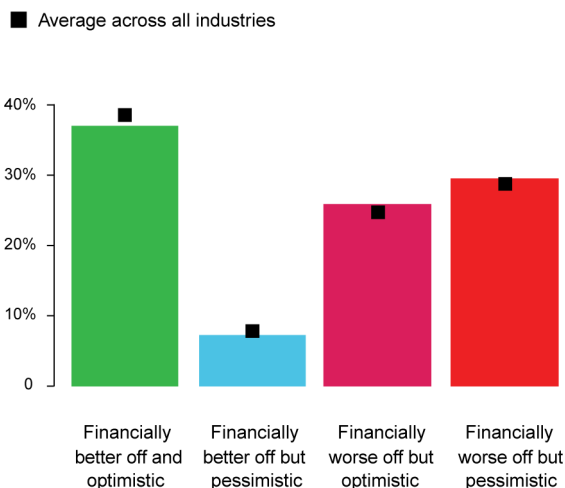
**Consumer-dependent businesses in the creative industries have struggled and are overwhelmingly pessimistic about the future outlook.**

Consumer-dependent businesses in the creative industries encompass those in retailing (art galleries and other retailing), creative culture (artists, musicians, writers), creative recreation (performing arts venues), and creative manufacturing (jewellery and silverware).

Last year consumer-dependant creative businesses were optimistic about their future financial

## The performance and outlook of office-based creative businesses are fairly representative of businesses overall

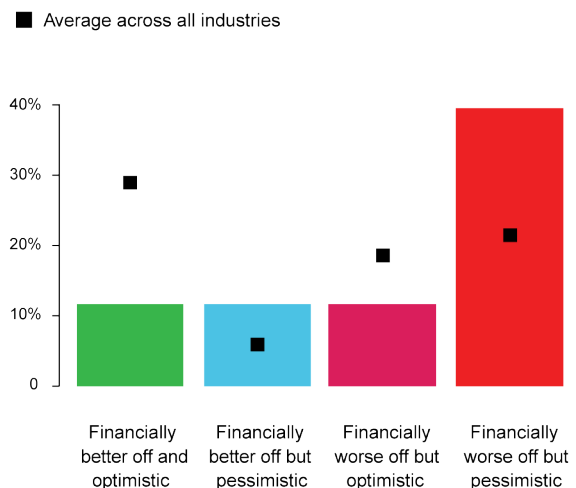
Businesses' Financial Positions:  
Office-based creative industry vs average across all industries (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

## Consumer-dependent creative businesses are far more pessimistic about their outlook relative to average in the consumer-dependent sector

Businesses' Financial Positions:  
Consumer-dependent creative vs average across all industries (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

performance (86%) and the Australian economy (71%), more so than businesses overall. In this year's survey, consumer dependant creative businesses are much less optimistic about the outlook relative to businesses overall. This year only 32% of businesses expect to be better off next year and only 11% expect the Australian economy to be better off. Note that some of this variation will be due to smaller sample sizes at this level of analysis.

Like office-based creative industries, consumer-dependant creative businesses are requesting business support grants (56%), less red tape and regulation (56%) and clear communication of support available for businesses (56%).

**Over the next 12 to 18 months, office-based creative businesses are focusing on social media marketing and strategy planning, whilst consumer-dependent creative businesses are prioritising customer acquisition and retention.**

A large share (69%) of office-based creative businesses are focusing on social media marketing over the next 12 to 18 months, followed by 54% focusing on strategy and planning.

The most common requests by these businesses are less red tape and regulation as well as financial support through grants. Both were requested by almost half the office-based creative respondents.

An overwhelming majority (78%) of consumer-dependent creative businesses are prioritising customer acquisition and retention over the next 12 to 18 months, with the next priority being strategy and planning. Half are focusing on business continuity and resilience, with the top needs generally being financial support via grants, clear communication of support available for businesses and also less red tape and regulation.

“

Less people in the city means less traffic and the sales and livelihoods of many Australian artists are affected. A city needs life and energy.

”



## Professional & Business Services

**The financial performance of professional & business services businesses has worsened slightly over the year, but businesses are confident in their outlook.**

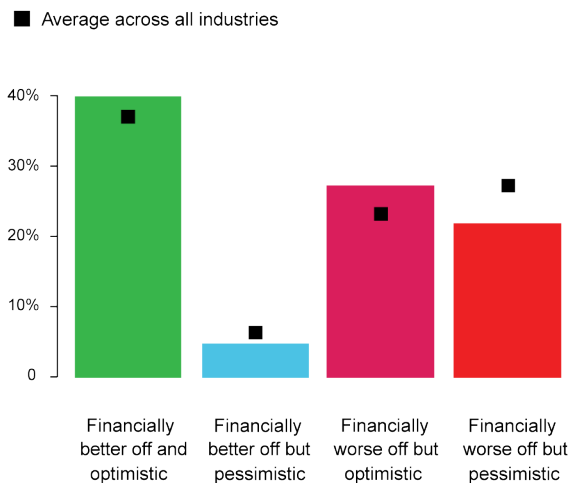
A higher share of respondents are operating at below pre-pandemic capacity relative to last year's survey – 38% in 2023 compared to 30% last year. A significant share also note that they are financially worse off than last year (52%) compared to last year (42%).

However, professional and business service businesses are still more likely than businesses overall to be optimistic about their financial performance next year – 70% expect their business to be financially better off next year compared to 63% across all industries.

Staffing expectations also reflect optimism in the industry, with 40% of respondents looking to increase staffing levels over the next 12 months, higher than the average across all industries (30%). However, two-thirds believe the Australian economy will be worse off next year as sentiment is impacted by the high interest rate environment.

**The professional services industry is generally optimistic about their outlook for the next year**

Businesses' Financial Positions:  
Professional services industry vs average across all industries (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023



“

It has been hard to onboard people and also monitor productivity. It requires more planned management and systems.

”

**Professional & business services continue to have mixed experiences of working from home.**

Some responses noted positive outcomes and that workplace flexibility supported employee attraction and retention in a tight labour market, lowered commute times and enhanced abilities to work with people and clients in regional, interstate and overseas locations. Conversely, many qualitative responses noted that working from home has negatively affected productivity, collaboration, training newly hired staff and overall team culture. Some have also said that they are paying for office space that is under-utilised especially given the currently high rent environment.

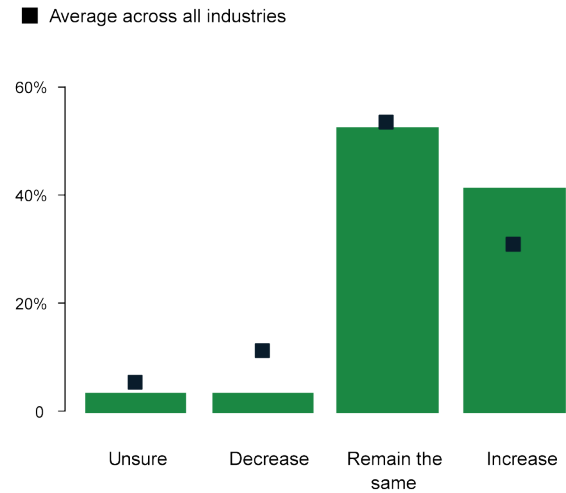
**Businesses in professional and business services are more likely than other businesses to be seeking advocacy for business support across other levels of government and industry.**

Businesses overall ranked advocacy for business support as the 6th most important business need in contrast to professional and business services who sought it as their highest priority (40%) along with less red tape and regulation (40%).

Professional and business services businesses are less focused on social media and marketing and communication skills than they were last year and compared to businesses in general. Instead, they intend to focus on strengthening customer acquisition and retention (49%) and strategy and planning (46%) at similar rates as last year.

**The professional services industry is expecting to increase staffing levels at higher rates than the average**

Expected staffing levels over the next 12 months: Professional services Industry vs average across all industries (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023



## Financial Services

**Financial services has the highest share of businesses that are financially better off this year and optimistic about their performance over the year to come.**

A lion's share of the financial services industry (88%) is operating at or above pre-pandemic capacity. Two-thirds performed better off financially relative to the previous year, and three-quarters expect to be financially better off next year, signalling strong business performance and optimism in the sector.

High confidence in their own business is in contrast to the industry's outlook for the Australian economy - only 35% of financial services businesses expect the Australian economy to be better off next year which is below the average across all industries.

**The ability to work from home has made financial services firms resilient but businesses have mixed sentiments about the ongoing impacts of people working from home.**

Some financial services businesses have transitioned to a hybrid work environment with no significant impacts. However, other businesses continue to report inefficiencies, lower productivity and challenges with team collaboration leading to negative impacts on learning and career development.

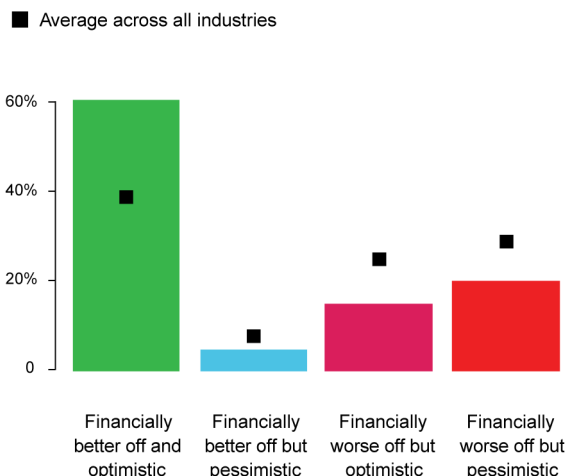
Like professional services, a few financial services businesses noted that they are paying for more office space than they required. Although office occupancy in Sydney has continued to rise, hitting an estimated 75% of pre-pandemic levels in Q3 2023, the long-term occupancy outlook is still uncertain.<sup>3</sup>

3. CBRE (2023). Available here: <https://www.cbre.com.au/press-releases/cbd-occupancy-rates-spike-as-more-australians-return-to-the-office>



### The financial services industry has continued to perform strongly in 2023

Businesses' Financial Positions:  
Professional services industry vs average across all industries (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023



**Financial services business interest in cyber security increased markedly in this year's survey with 63% of respondents identifying it as a key focus area over the next 12 to 18 months.**

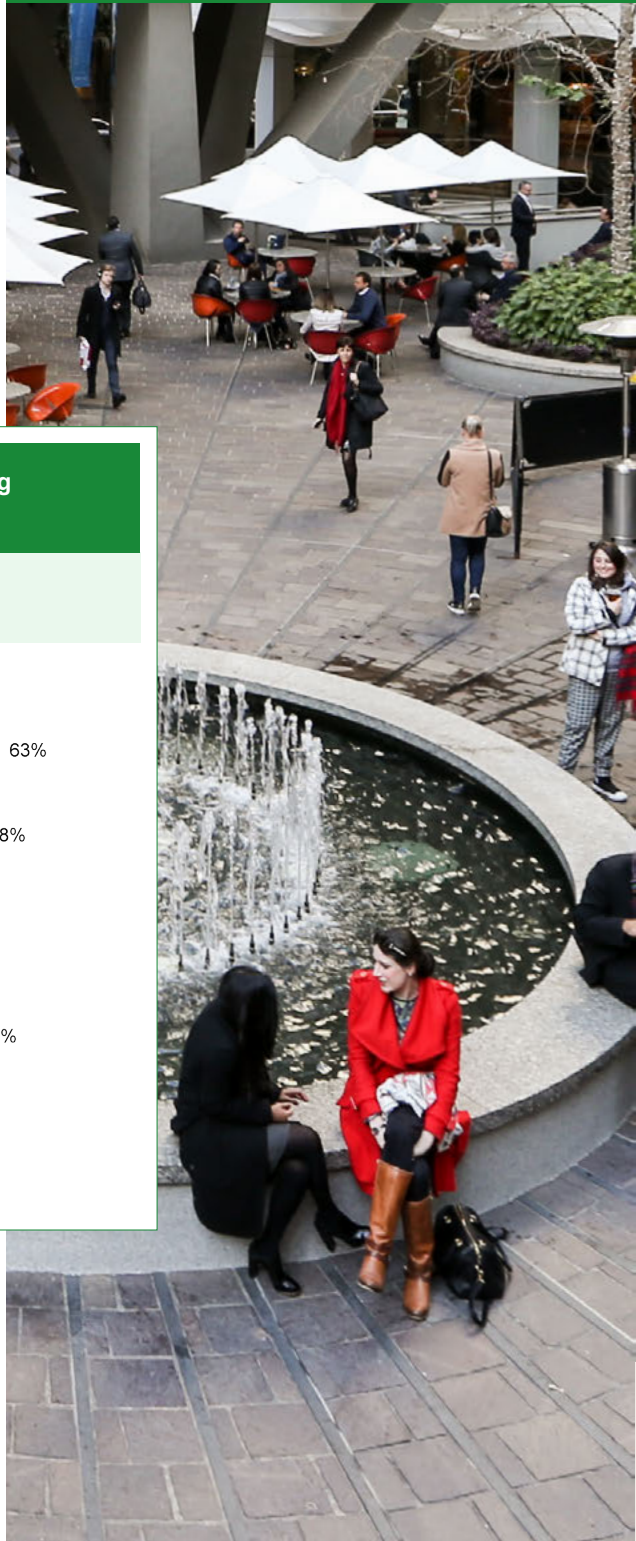
Likewise, customer acquisition and retention jumped from 37% to 58% of respondents whilst businesses looking to strengthen product service development and strategy and planning substantially decreased.

Financial services businesses are more likely to not be seeking any support (32%) compared other industries. When they are seeking support, they request less red tape and regulation (42%), advocacy for business support across other levels of government and industry (32%) and clear communication of support available for businesses (32%). They are substantially less likely to need support finding employees than last year – only 11% of businesses need this kind of support relative to 44% in 2022.

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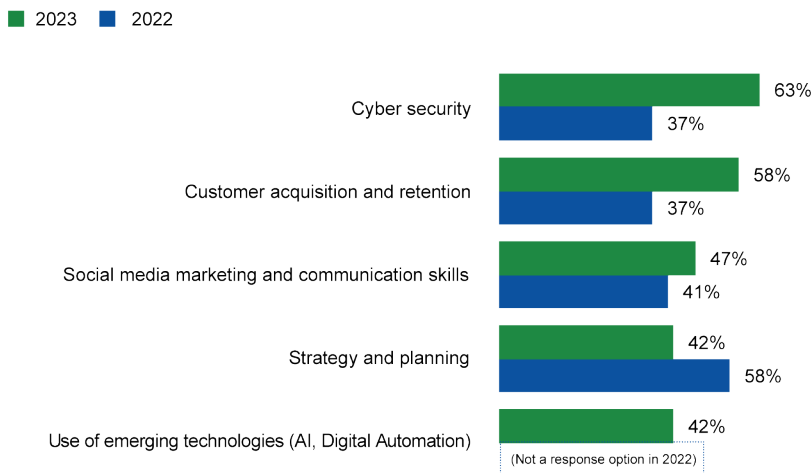
We have more office space than needed... as the occupancy has reduced to 75-80%.

”



**Cyber security is the top area financial services businesses are looking to strengthen in the next 12 to 18 months**

Service and support areas most in need over the next 12 months (Share of total respondents)



Source: City of Sydney, Business Needs Survey 2023

# Analysis by Area

## Overview

This chapter provides an analysis of the different trends emerging across the areas within the City of Sydney. Responses have been aggregated by mapping the postcodes given by respondents into their corresponding area. The City of Sydney has been split into:

- the Central City, covering the CBD, the Harbour, Chinatown and Haymarket,
- the East City, covering Macleay Street and Woolloomooloo, Oxford Street and Crown Street precincts,
- the South City, covering Green Square and City South, King Street and Redfern Street precincts and,
- the West City, covering Harris Street and Glebe Point Road precincts.

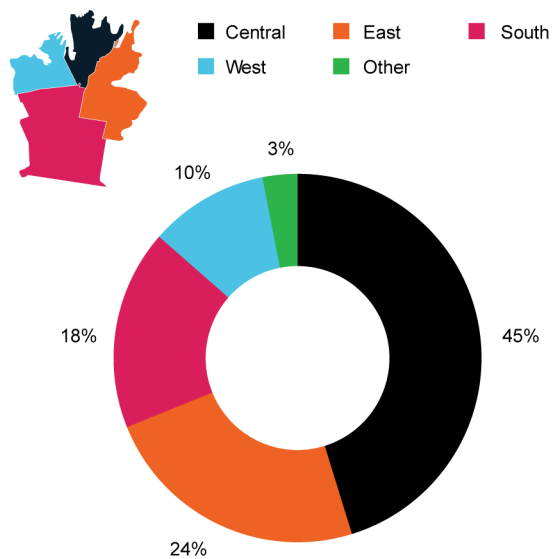
The region with the most responses to the 2023 Business Needs Survey was the Central region of the City of Sydney. The South, East and West made up a combined 52% of responses and 3% of responses came from areas bordering the City of Sydney. There was a notable increase in the number of respondents from the South and West City compared to the 2022 Business Needs Survey.

The experiences of businesses in the Central versus relatively more suburban East, West and South City have somewhat reversed in 2023.

Central City businesses have performed stronger over 2023 compared to other regions, particularly for consumer-dependent businesses, as foot traffic returns to the Sydney CBD.

Looking forward, the majority of businesses remain confident about their financial prospects for the year ahead, although to a lesser degree than they did last year and the variation in confidence across regions is relatively larger than in 2022.

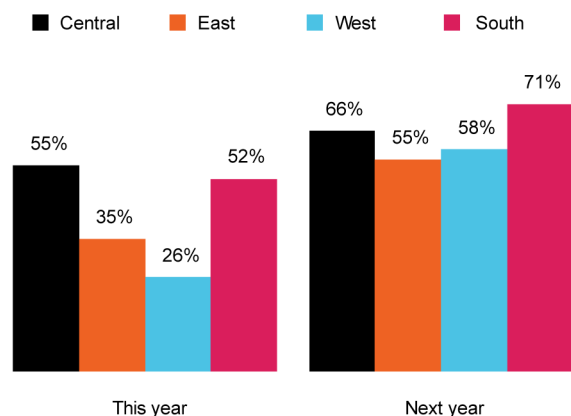
The share of respondents across industries this year was similar to last year's survey.



Source: City of Sydney, Business Needs Survey 2023

Regions that have a lower proportion of businesses operating below pre-pandemic capacity are more optimistic about next year

Proportion of businesses financially better off compared to 12 months ago and expectations for the next 12 months (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

## Central City – CBD and Harbour, Chinatown and Haymarket

### Consumer-dependant businesses have driven a resurgence of Central City Businesses.

The share of consumer-dependant businesses operating at or above pre-pandemic levels has doubled from 24% to 49% in 2023. This has come on the back of strong overseas migration, for which Sydney has been a key beneficiary, increased domestic and international visitation and increased office occupancy in the CBD. All of this has pushed foot traffic in the CBD to an average of 70% of pre-pandemic levels over the last three months, reaching heights on 85% in November.

While this represents a significant improvement, half of all consumer-dependant businesses still remain below pre-pandemic capacity. This reflects slowing consumption growth amidst higher interest rates and a lack of full recovery in foot traffic, despite a strong upward trend.

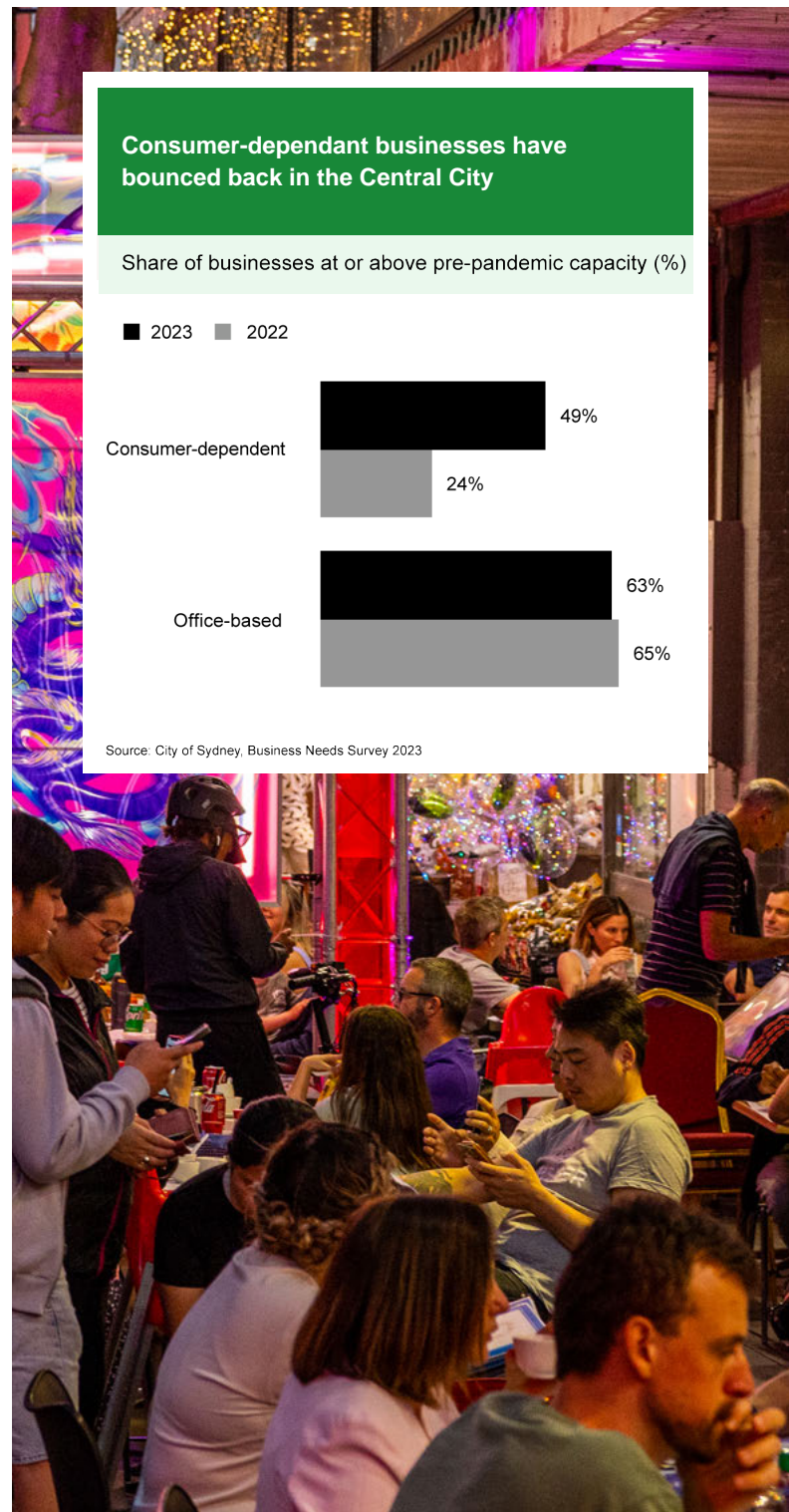
While the share of office-based businesses at or above pre-pandemic capacity has remained relatively flat, this hides the fact that 14% have reported being above pre-pandemic capacity, nearly three times more than last year.

The easy wins in the post-pandemic recovery have largely played through in the Central City. Migration flows have recovered, visitation is up and foot traffic has increased significantly.

However, trends in office occupancy and foot traffic suggest that this upward trajectory is slowing and a structural decrease is likely due to ongoing working from home arrangements.

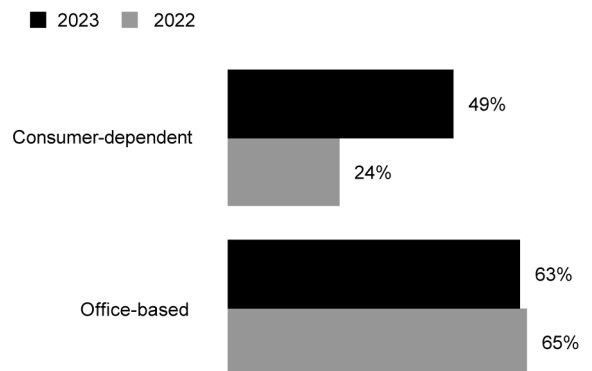
This, combined with generally weaker economic conditions weighing on consumption, has left consumer-dependent businesses uncertain of the year ahead. The share expecting to be financially better off in a year's time has decreased from 69% to 59% and belief that the Australian economy will be better off in a year's time has decreased from 54% to 34%.

Optimism is high for office-based CBD businesses, with 73% expecting to be financially better off next year, similar to the average across all regions. Over the last year, 81% of office-based businesses in the Central City maintained or increased their staffing since last year and 42% intend to increase staffing levels next year, the highest of any sector in any region.

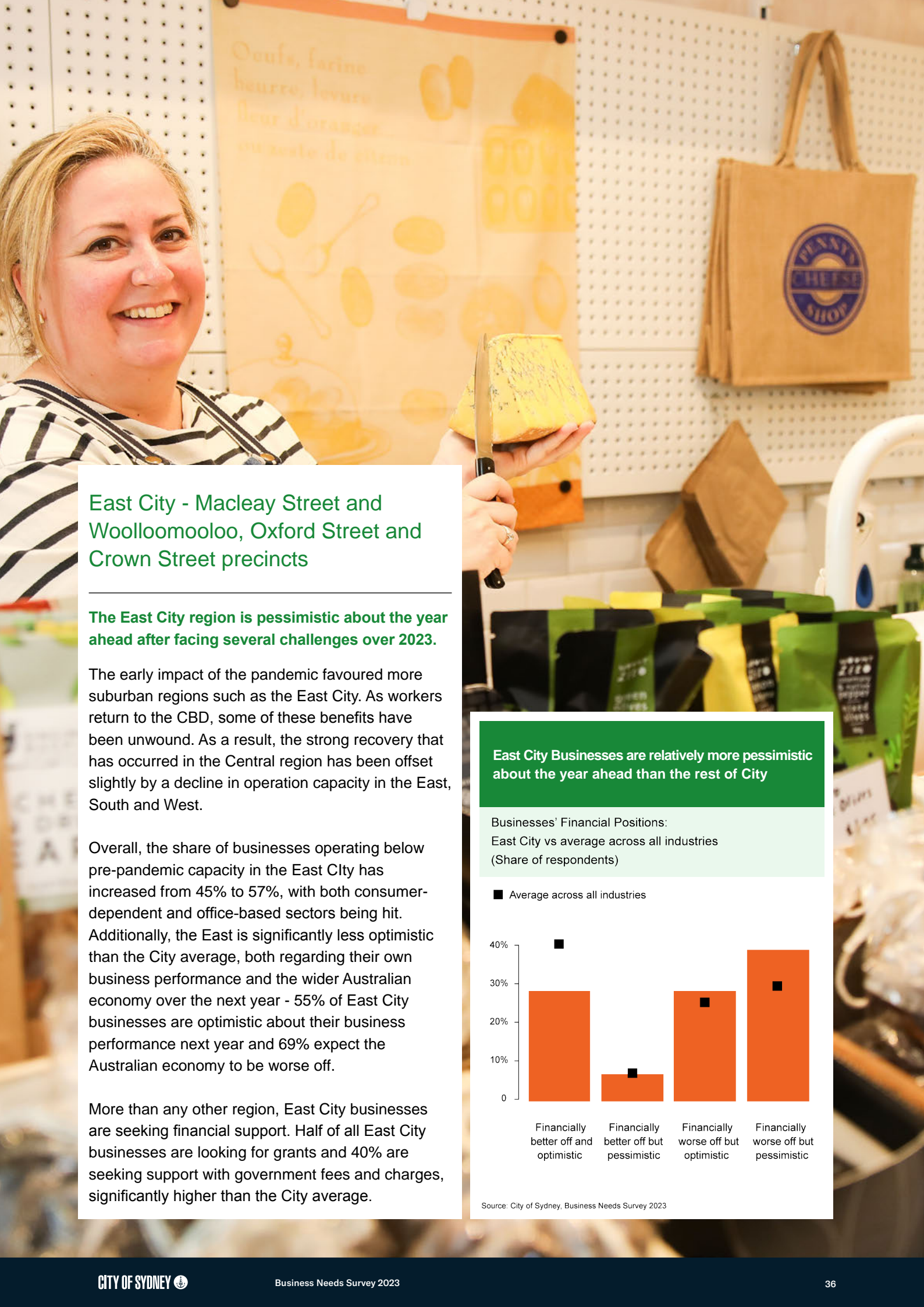


### Consumer-dependant businesses have bounced back in the Central City

Share of businesses at or above pre-pandemic capacity (%)



Source: City of Sydney, Business Needs Survey 2023



## East City - Macleay Street and Woolloomooloo, Oxford Street and Crown Street precincts

### The East City region is pessimistic about the year ahead after facing several challenges over 2023.

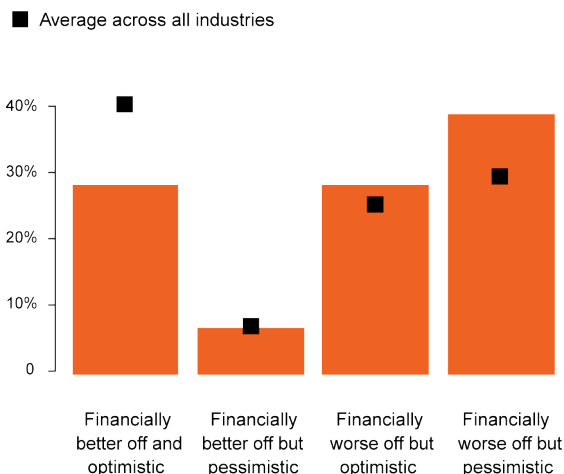
The early impact of the pandemic favoured more suburban regions such as the East City. As workers return to the CBD, some of these benefits have been unwound. As a result, the strong recovery that has occurred in the Central region has been offset slightly by a decline in operation capacity in the East, South and West.

Overall, the share of businesses operating below pre-pandemic capacity in the East City has increased from 45% to 57%, with both consumer-dependent and office-based sectors being hit. Additionally, the East is significantly less optimistic than the City average, both regarding their own business performance and the wider Australian economy over the next year - 55% of East City businesses are optimistic about their business performance next year and 69% expect the Australian economy to be worse off.

More than any other region, East City businesses are seeking financial support. Half of all East City businesses are looking for grants and 40% are seeking support with government fees and charges, significantly higher than the City average.

### East City Businesses are relatively more pessimistic about the year ahead than the rest of City

Businesses' Financial Positions:  
East City vs average across all industries  
(Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

## South City - Green Square and City South, King Street and Redfern Street precincts

**Despite a challenging 2023, South City businesses are confident about the year ahead.**

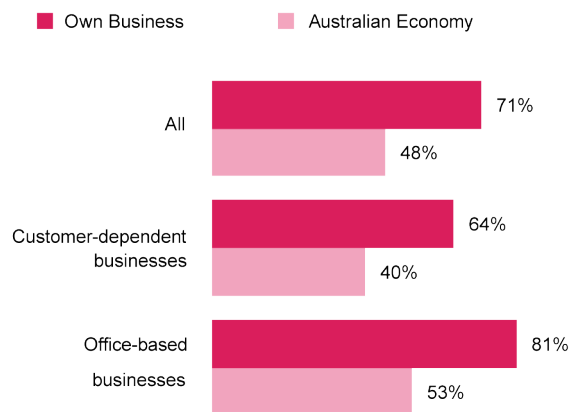
Similar to the East and West City, unwinding of Covid-19 pandemic benefits on more suburban areas of the City has left a higher share (51%) of South City businesses below their pre pandemic capacity compared to last year (44%).

Despite reporting below average business performance over 2023, South City businesses are relatively optimistic - 71% expect to be financially better off next year. This is particularly true for the South City's office based sector. And this optimism extends to expectations of the broader Australian economy as well - 46% of businesses expect the Australian economy to be better off in a year's time compared to the average across all regions (35%).

Consumer-dependent businesses have similar support needs as last year, requesting precinct marketing and business support grants. However, the share of office-based businesses not seeking support decreased from 25% to 19%. These businesses are looking for financial support as well as information about what support is available – the share of businesses looking for communication of support available increased from 10% to 44% over 2023.

### South City businesses are confident about the year ahead

Expectation of whether their business and the Australian economy will be financially better off in 12 months South City (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023

## West City - Harris Street and Glebe Point Road precincts

**The West region is looking for direct financial support, with the majority still operating below pre-pandemic capacity.**

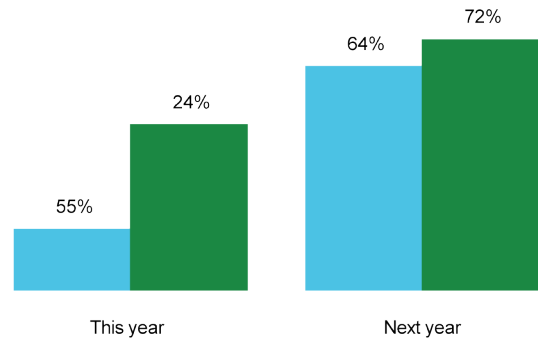
The West City has the highest share of businesses operating below pre-pandemic capacity (61%). This is reflective of the industry makeup of the region, with a large share of consumer-dependent businesses and a heavy reliance on commuter and visitor foot traffic.

Contrasting to previous surveys, the West City generally are looking for more support, more information on what support is on offer and particularly financial support. While they have increased focus on direct financial support, they are also seeking precinct marketing and activation. The share of businesses looking to strengthen social media marketing and communication skills over the next 12 to 18 months increased from 39% to 64%. This increase was largely driven by office-based businesses.

A vast majority of West City businesses (74%) responded that they are financially worse off this year compared to last year, yet 58% are optimistic about their business performance next year. This optimism is reflective in their expectation of staffing levels, with 25% looking to increase staffing despite only 7% managing to do so this year. However, this optimism does not extend to the wider Australian economy, with 63% expecting the Australian economy to be worse off in a year's time.

**Despite a relatively poor performance over 2023, West City businesses remain optimistic about the year ahead**

Proportion of businesses financially better off compared to 12 months ago and expectations for the next 12 months, West City vs total across all regions (Share of respondents)



Source: City of Sydney, Business Needs Survey 2023



# Conclusion

## Thank you to all the businesses who participated in the 2023 Business Needs Survey

By releasing a companion report to the 2023 survey results we intend to share the insights to inform our business community about current and emerging trends as well as future challenges and opportunities. This information is designed to empower business owners to make informed decisions for their business development.

The results from previous years' surveys have enabled the City of Sydney to provide ongoing support to local businesses as we continue to work through the long-tail effects of the pandemic. Programs we have implemented based on these surveys include:

### 1. Festivals and events sponsorship

Over four years of surveys we have heard that precinct events and activations have been vitally important to sustaining businesses. The City provides ongoing financial support for local festivals and events that celebrate, develop, and engage our communities. Events in the city drive economic outcomes for small businesses and the City continues to support a range of major events including Vivid Sydney, SXSW Sydney, and Australian Fashion Week.

### 2. Alfresco City – on-street dining program

In 2020, the City joined forces with the NSW Government with a plan to enliven the City centre, boost the economy, support businesses and the cultural sector, and create jobs. Following the success of the \$20 million 'alfresco' initiative, the City has waived all outdoor dining permit fees until 30 June 2025, and the on-street dining program will continue until 31 December 2024. Participating businesses have told us outdoor dining has been a crucial aid to staying afloat.

### 3. Sydney Streets 2023

Emerging from the 2021 Covid lockdown, businesses had been struggling and needed assistance to reconnect with residents. Focusing on community recovery, the Summer Streets series aims to reconnect communities in a safe way. Since then the 'Sydney Streets' program has delivered four more event series across six street precincts. Streets are pedestrianised to create safer space for people to gather and provide more space for local businesses and organisations to extend onto the street. The series will continue in the first quarter of 2024.

### 4. Reboot Webinar Series

Commencing in October 2020, Reboot is the City's free webinar series comprising nine events each year to upskill our small businesses and creatives. The series features a line-up of guest experts from some of Australia's most successful companies, workshopping live ideas with local small business owners. So far there has been 36 live sessions, over 13,600 registrations, with an average of 380 registrations per event.

### 5. Business Innovation programs

In 2019, the City launched the Retail Innovation Pilot Program, a business accelerator aimed at developing more entrepreneurial and innovative mindsets among Sydney retailers. Using the results of the annual surveys, the program has transitioned to include more of our hardest hit sectors, such as hospitality, tourism, and creative businesses. The program provides an opportunity for the owners of local businesses to learn, free of charge, from innovation and entrepreneurial leaders and experts.

**As in previous years, the City of Sydney will use the insights from the 2022 survey to design programs and initiatives to support our local business community to thrive, as well as updating internal teams to better inform the work they deliver to support our local community.**

# Methodology

## Business Needs Survey 2023

The Business Needs Survey 2023 by the City of Sydney is a continuation of the suite of Business Needs Surveys that commenced in 2020. The survey was conducted over the period 12 September to 23 October and was designed to gain insights into business needs, priorities, and operational challenges.

The Business Needs Survey 2023 was an online survey with 524 respondents. Responses came from 17 postcodes, 31 suburbs, and 16 industries enabling the City of Sydney to examine specific business needs depending on business size, location, and the industry they operate in. The sample of businesses in the Business Needs Survey 2023 is broadly representative of the business population.

To assess the representation of the survey, we compare the share of respondents by business size and by industry with the Floor Space and Employment Survey (FES) 2017. The FES 2017 provides a much larger sample (over 47,000) of businesses across Sydney.

The characteristics of the sample in the Business Needs Survey 2023 are broadly similar to the FES 2017 in terms of the share of business size and the share of industry. The share of medium and large businesses was slightly higher in the Business Needs Survey 2023. The survey had a greater proportion of businesses in the professional & business services, tourism and creative industries, and a lower proportion in the financial services industry. Relative to the Business Needs Survey 2022, this year there was a lower share of responses from professional & business services and financial services, but a higher share of responses from tourism and creative industries.

Note: "Other" includes Life Science, Motor Vehicle, Community, Government and other industries.

**Table 1. Share of respondents by business size**

	Business Needs Survey 2023 (n=508)	Business Needs Survey 2022 (n=564)	Floor Space and Employment Survey 2017 (n=47,016)
Very small (1-4 employees)	33.5%	37.8%	41.2%
Small (5-19 employees)	44.0%	36.5%	42.6%
Medium (20-199 employees)	19.8%	21.8%	14.7%
Large (200+ employees)	2.7%	3.9%	1.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Table 2. Share of respondents by industry**

	Business Needs Survey 2023 (n=508)	Business Needs Survey 2022 (n=564)	Floor Space and Employment Survey 2017 (n=47,016)
Professional & Business Services	21.5%	24.3%	17.2%
Retail	14.6%	14.5%	15.0%
Hospitality	14.4%	14.4%	15.9%
Tourism	10.0%	8.9%	6.1%
Creative Industries	10.6%	8.3%	7.9%
Financial Services	4.9%	5.7%	9.1%
ICT	3.7%	4.6%	4.5%
Health	3.7%	4.1%	4.7%
Higher Education & Research	4.9%	3.5%	3.7%
Property	2.6%	3.4%	4.1%
Transport & Logistics	2.4%	3.0%	3.4%
Social Capital	4.3%	2.3%	2.7%
Manufacturing	0.4%	0.5%	1.1%
Other	2.0%	2.1%	3.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## The 2023 Survey Questions

The Business Needs Survey 2023 provided businesses with questions that either had single-choice responses, multiple responses, numerical responses, and/or open-ended responses. The list of questions given to businesses in the 2023 survey was as follows:

Business Survey 2023 Questions	Response Type
<i>What suburb does your business operate from?</i>	<i>Single choice and numerical</i>
<i>What is the main activity of your business (for example cafe, architect, software design, clothing retailer)?</i>	<i>Open-end</i>
<i>How many years has your business been trading in the City of Sydney?</i>	<i>Single choice</i>
<i>Do you identify as an Aboriginal and/or Torres Strait Islander owned, and/or managed and/or controlled business or enterprise?</i>	<i>Single choice</i>
<i>How many employees do you have? Include both PAYG and contract employees. Numerical values only</i>	<i>Numerical</i>
<i>What have been the ongoing impacts of people working from home on your business?</i>	<i>Open-end</i>
<i>Compared to this time last year, have your staffing levels:</i>	<i>Single choice</i>
<i>And over the next 12 months do you expect your staffing levels to:</i>	<i>Single choice</i>
<i>In what capacity is your business currently operating compared to before the pandemic? Select all that apply</i>	<i>Single choice and open-end</i>
<i>At this time, is your business better off or worse off financially today than it was 1 year ago?</i>	<i>Single choice</i>
<i>This time next year, do you expect your business to be better off financially or worse off than it is now?</i>	<i>Single choice</i>
<i>This time next year, do you expect Australia's economy to be better off financially or worse off than it is now?</i>	<i>Single choice</i>
<i>Which services or support areas might your business need within the next 12 months? Select all that apply</i>	<i>Multiple choice and open-end</i>
<i>Which areas are you looking to strengthen in your business over the next 12 to 18 months? Select all that apply</i>	<i>Multiple choice and open-end</i>
<i>Does your business currently use any of the following sustainable practices? Select all that apply</i>	<i>Multiple choice and open-end</i>
<i>Does your business currently have strategies that support diversity and inclusion in the workplace and / or customers with disability or access requirements? Select all that apply</i>	<i>Multiple choice and open-end</i>
<i>Does your business currently engage with First Nations people and communities through any of the following?</i>	<i>Multiple choice and open-end</i>
<i>What would help your business prepare for disruptions when they occur?</i>	<i>Multiple choice and open-end</i>
<i>Have you accessed any of the following services or programs from the City of Sydney?</i>	<i>Multiple choice and open-end</i>
<i>Would you like to hear from the City of Sydney about free business events, news, support programs and future business surveys?</i>	<i>Single choice and open-end</i>

