

2 May 2025

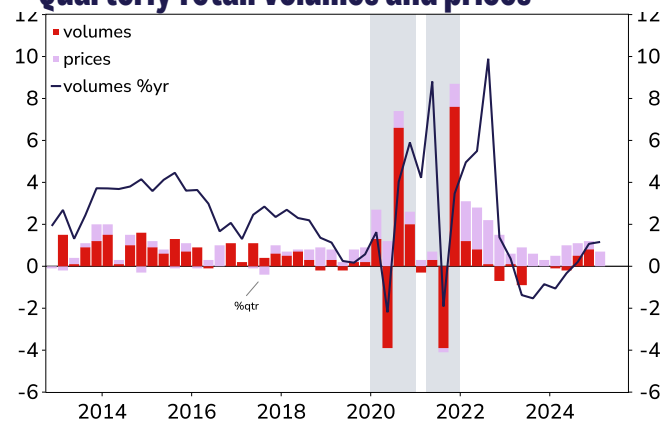
AUSTRALIAN RETAIL SALES BULLETIN

Retail volumes flatline

Key points

- Real retail sales growth was flat in Q1, following two consecutive quarters firmly in positive. Sales declined in real per capita terms. Nominal sales rose 0.3%*mth* in March to finish up 0.7%*qtr*.
- Food drove the gain in nominal spending and also rose in volume terms.
- Ex-Tropical Cyclone Alfred affected spending in Queensland. While the state saw a drag from business closures, power disruptions and stay at home guidance, food-related spending rose.
- Removing Queensland disruptions, retail volumes would have been up 0.2%*qtr*, with nominal spending up 0.5%*mth*.
- Looking ahead, Westpac expects the recovery in household consumption to continue, though at a slower pace. We expect household consumption to show a 0.3%*qtr*, 0.5%*yr* rise in the Q1 national accounts due June 4.

Quarterly retail volumes and prices



**Q1 real
retail sales:
flat%*qtr*,
1.2%*yr***

Retail volumes flat



Neha Sharma
Economist

Nominal retail spending edged higher in March, bringing quarterly growth to 0.7%qtr. However, after adjusting for prices, real retail spending was flat – marking a pause after two positive quarters in the second half of 2024. On a per capita basis, quarterly growth in real retail trade volumes returned to negative territory.

Third monthly lift in nominal retail spending

Nominal retail sales rose 0.3%*mt* in March, following increases of 0.2%*mt* and 0.4%*mt* in the previous two months. The annual growth rate lifted from 3.7%*yr* to 4.3%*yr*, indicating that the gradual recovery in consumer spending is intact.

The breakdown between food and non-food showed March's increase centred on a 0.4%*mt* rise in food retail, while non-food retail rose by 0.2%*mt*. So far in 2025, food retail has outpaced non-food retail, reversing the trend seen in 2024 when non-food retail averaged 0.5%*mt* against 0.3%*mt* for food.

By store-type, basic food recorded the strongest monthly lift, rising 0.7%*mt*, likely driven by weather events in Queensland. The ABS pointed to significant stockpiling in Queensland ahead of ex-Tropical Cyclone Alfred. This was also seen in our Westpac Card Tracker (see [here](#)). Other retailing rose 0.7%*mt*. This was followed by a 0.3%*mt* lift in clothing & footwear, while household goods retailing was flat.

Both cafes & restaurants and department stores posted a -0.5%*mt* fall in March, with the latter recording their first monthly decline since September last year.

All states saw retail sales rise in March except Queensland, where a -0.4%*mt* decline reflected widespread disruption from extreme weather. A lift in food retail due to stockpiling was not enough to offset weakness across other sectors. The ABS highlighted significant impact on businesses and households, including temporary store closures, widespread power outages and public advice to avoid non-essential travel. Excluding Queensland, national retail sales would have risen 0.5%*mt*.

Results for other states were as follows: 0.6%*mt* in Victoria; 0.5%*mt* in NSW; 0.5%*mt* in Tasmania, 0.3%*mt* in SA; and 0.2%*mt* in WA (heading into its 15th month of gains).

Retail sales – March 2025

	\$bn	% chg <i>mt</i>		% chg <i>yr</i>	
	Mar-25	Feb-25	Mar-25	Feb-25	Mar-25
sa	37.28	0.2	0.3	3.7	4.3
trend	37.26	0.2	0.2	4.1	4.1

Chained volumes – Q1 2025

	real \$bn	% chg <i>qtr</i>		% chg <i>yr</i>	
	Q1	Q4	Q1	Q4	Q1
sa	105.70	0.8	0.0	1.1	1.2
trend	105.86	0.5	0.5	0.9	1.4

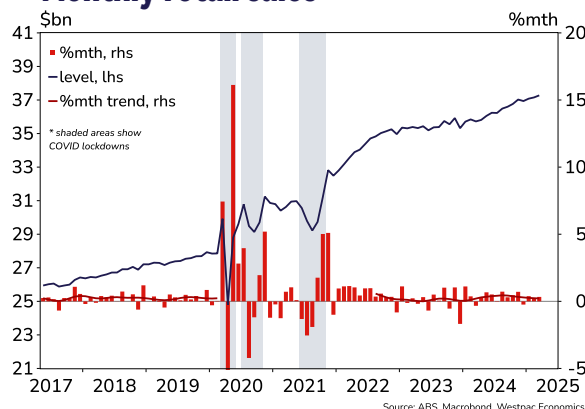
Other consumer spending indicators – Q1 2025

	level	% chg <i>qtr</i>		% chg <i>yr</i>	
	Q1	Q4	Q1	Q4	Q1
vehicle sales ('000s)	229	2.5	-1.5	-4.9	-6.5
fuel sales (ML)*	3953	-1.1	-2.5	0.9	-2.8

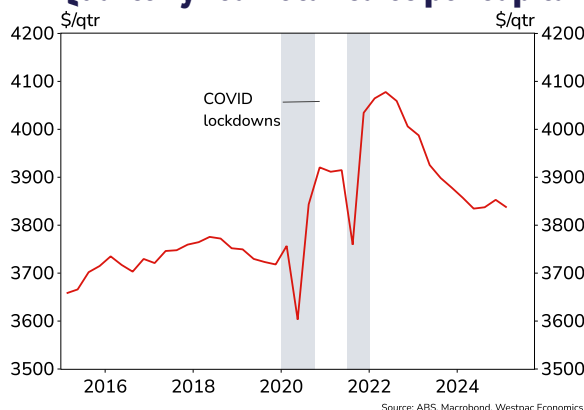
*Q1 is the 3 months to February.

Source: ABS, FCAI, Macrobond, Westpac Economics.

Monthly retail sales



Quarterly real retail sales per capita



Volumes growth moderates

Nominal retail sales rose 0.7%qtr in Q1, the slowest pace in a year. With retail prices also up 0.7%qtr, underlying real retail sales ('volumes') were effectively flat in Q1. Our recent Westpac DataX Consumer Panel also pointed to flat real spending in Q1 (see [here](#)).

The result came in at the lowest end of consensus expectations and follows two consecutive quarters of volume growth. That said, annual growth in retail volumes edged up to 1.2%yr in Q1 from 1.1%yr in Q4, marking the strongest annual increase since Q4 2022.

After two positive quarters, growth in real retail sales per capita slipped back into the red, to -0.4%qtr in Q1. Per capita volumes were down -0.5%yr and have declined -5.9% since peaking in Q2 2022.

The split between food and non-food volumes showed food retail providing some upside, rising 0.3%qtr. In contrast, non-food volumes fell for the first time in a year, down -0.2%qtr.

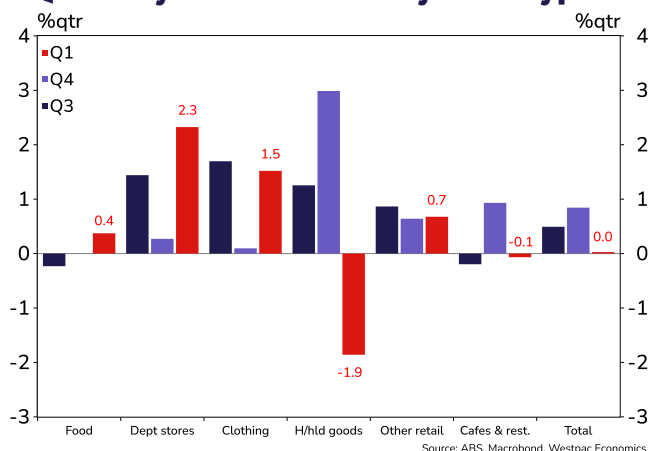
By detailed industry split, department stores recorded the strongest rise in two years, with volumes up 2.3%qtr. This was followed by clothing & footwear (1.5%qtr), other retailing (0.7%qtr) and food (0.4%qtr).

In contrast, household goods retailing saw a sharp decline (-1.9%qtr) and while cafes & restaurants slipped (-0.1%qtr).

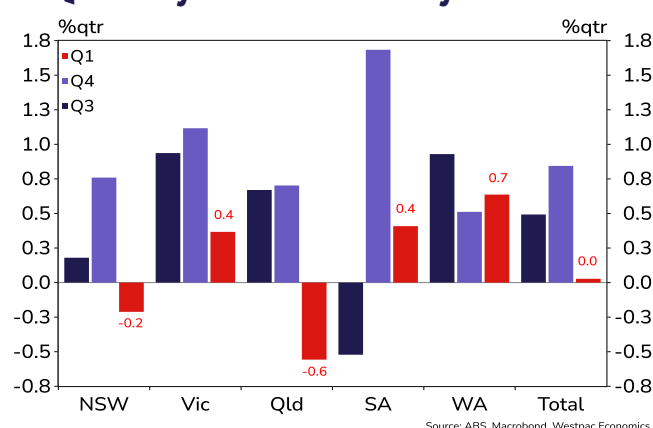
Across the states, unsurprisingly Queensland posted the largest decline, down -0.6%qtr. Excluding Queensland from the mix, national retail volumes would have risen 0.2%qtr. Retail volumes also fell in NSW, down -0.2%qtr.

Other states posted gains, led by a fourth consecutive rise in WA (0.6%qtr), then followed by SA and Victoria (0.4%qtr).

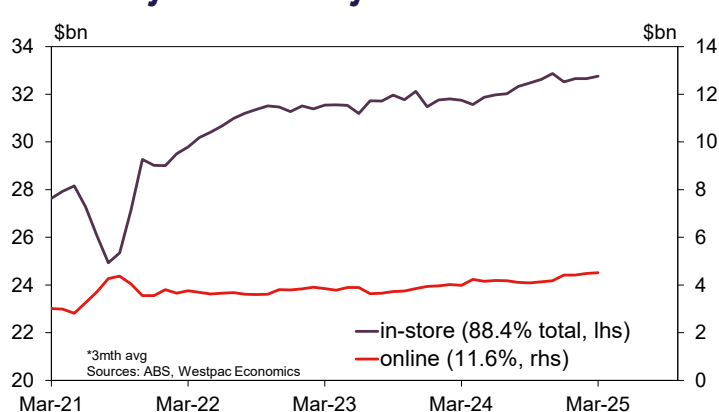
Quarterly real retail sales by store-type



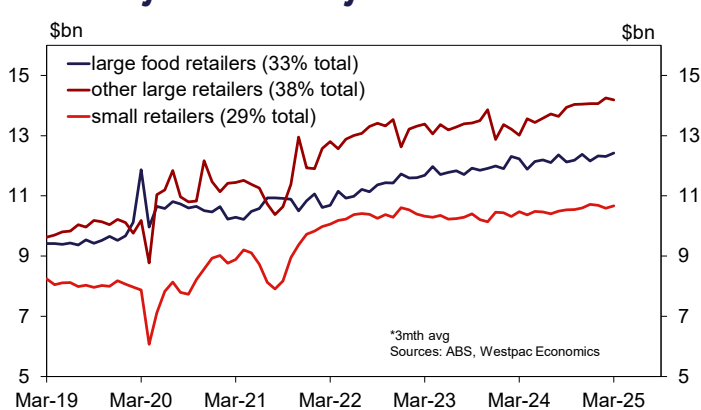
Quarterly real retail sales by state



Monthly retail sales by channel



Monthly retail sales by size



Sales by channel

The nominal sales detail also sheds light on online versus in-store spending, as well as across retailers of varying sizes.

Online sales rebounded strengthened in Q1 up 4.8%qtr from a 3.2%qtr lift in Q4. Online non-food retailing led the gains, rising 5.6%qtr with online non-food retailing up 4.8%qtr.

By size (seasonally adjusted by Westpac), spending at large food retailers and large non-food retailers rose 0.9%qtr. Spending at small retailers was down -0.1%qtr.

Other spending indicators lift

The weaker-than-expected flat result in retail volumes coincides with weakness among other 'partial' indicators.

New vehicle sales (including EVs) posted 1.5%qtr decline in Q1 to be down 6.5%yr. This follows a 0.8%qtr lift in Q4. Annual growth was weak coming in at -3.3%yr. This however was a slight improvement from the -4.3%yr and -9.5%yr pace seen in the two quarters prior.

Meanwhile fuel consumption figures to February are down -2.5%qtr to be -2.8% lower over the year. This is a notable decline from the 0.9%yr result seen three months ago.

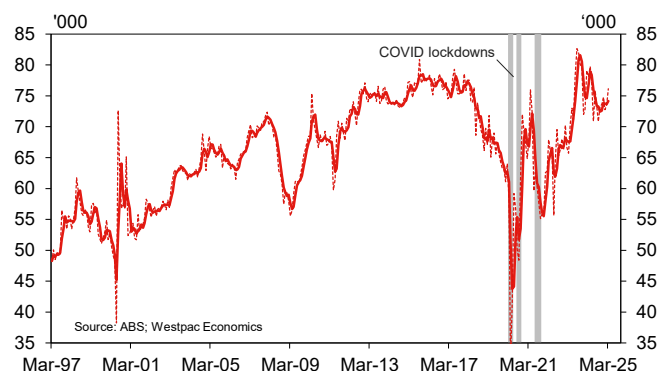
Conclusion

Overall, consumer spending had a slow start to 2025 after a solid second half to 2024. This is evident in other data including our **Westpac DataX Consumer Panel** and **Westpac Card Tracker**. The former in particular shows that the stage 3 tax cuts continue to have little effect on consumer spending, with the latest update showing households on average have spent just 20c for every extra \$1 they gained from the tax cuts over the last nine months.

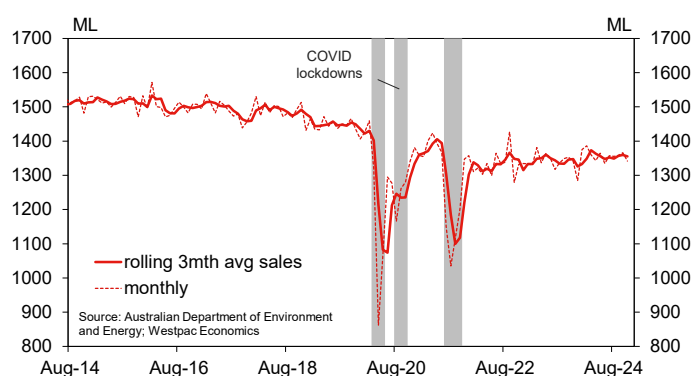
Several downside risks are also at play heading into Q2. US tariff announcements have heightened consumer risk aversion (see [here](#)), and there are early signs of a possible loss of momentum in the labour market, as noted by Chief Economist Luci Ellis in this week's essay (see [here](#)). We think that while these factors are unlikely to cause a lapse back into outright contraction they will add a further delay to the recovery in consumer spending that has been forming. That recovery should still come through, with our expectation of three more RBA rate cuts in 2025 set to keep the consumer propped up.

For now, we turn our attention to the March household spending indicator due next Tuesday (May 6), which will become the key release before the national accounts. This will become a more important release as the retail trade publication ends following the release of the June 2025 report.

New vehicle sales: passenger & SUVs



Auto fuel sales





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