



Market Pulse

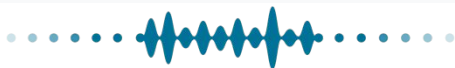


Business Market Pulse Industry Sector Spotlight Retail & Construction

May 2026

Credit Trend Data as of May 2026

Retail Sector Credit Trends



Australia's retail sector is navigating a growing cash-flow bottleneck. While overall retail business loan demand has flattened, asset finance investment shows modest growth, and the underlying payment health of the sector has hit its lowest point since late 2024.

As retailers navigate these pressures, a widening gap has emerged between the investment appetite of **large corporate retailers** and the tightening cash positions of **small-to-medium enterprises (SMEs)**. Large-scale retailers continue to push ahead with capital upgrades, driving positive momentum in asset finance and expanding their business loans in certain regions. In contrast, smaller operators are showing signs of capital caution in May YoY, pulling back on borrowing and asset finance demand. This size-based divergence suggests that smaller retailers are actively prioritising immediate cash preservation over long-term capital investments.

Crucially, a sharp shift in payment performance and a spike in severe payment delinquencies highlight these cash flow pressures. This tightening liquidity environment aligns with a notable increase in new retail ATO tax defaults, which may potentially suggest that some of the more vulnerable and higher risk retailers may be managing their day-to-day constraints by delaying their tax obligations.

Key insights

Payment Bottleneck

The proportion of retail debts paid on time (1–30 days) has dropped from 90% to 61%.

Severe Delinquencies

A spike in severe delinquencies (91+ days) now represents 15% of all retail payment debt.

Investment Divide

The +3.3% rise in Asset Finance is being driven almost entirely by large-scale retailers in the eastern states and WA.

SME Capital Caution

Conversely, SME asset finance demand has declined across almost every state, which could suggest smaller players are stalling capital upgrades to prioritise liquidity.

Regional Performance

Demand remains relatively resilient in NSW, whereas VIC and WA are showing broad-based declines, with the exception of large-business asset finance investment.

ATO Tax Defaults Rising

In May Equifax observed a +25.6% increase YoY in new ATO tax defaults among retailers.

Overall Retail Business Credit Demand in May 2026*

-1.7% YoY

Overall Business Credit Demand

-0.3% YoY

Business Loans

+3.3% YoY

Asset Finance

**All figures are Trading Day Adjusted.*

State-by-State Credit Demand Breakdown

State	Business Loans (Large)	Business Loans (SME)	Asset Finance (Large)	Asset Finance (SME)
NSW	+0.6% YoY	+4.4% YoY	+12.7% YoY	-1.8% YoY
VIC	-5.8% YoY	-7.4% YoY	+15.5% YoY	-3.8% YoY
QLD	-2.0% YoY	+3.4% YoY	+1.6% YoY	-12.7% YoY
WA *	-9.38% YoY	-15.9% YoY	+22.7% YoY	-7.2% YoY

* Note: WA enquiry numbers improved over a low baseline in May 2025.

Days Beyond Terms, Tax Defaults & Adverse

DBT (Days Beyond Terms)

1 to 30 Days (On Time):

Fell sharply from ~90% down to 61% of overall debt (lowest since Dec 2024).

31 to 60 Days (Late):

Spiked to ~21% of overall debt (last time in this range was Dec 2024).

91+ Days (Severe Delinquency):

Spiked to ~15% of overall retail debt.

ATO Tax Defaults

+25.6%

New Defaults YoY

May 2026 vs May 2025

+26.7%

Removals YoY

May 2026 vs May 2025

Industry Adverse Rates

-8.5%

Company Adverse Rates

May 2026 YoY decline

-5.1%

Director Related Entities

May 2026 YoY decline

Days Beyond Terms data reflects April reporting schedules.

Construction Sector Credit Trends



Australia's building industry is experiencing notable cash-flow bottlenecks amid ongoing cost pressures. Average payment delays jumped significantly to 5.56 days, a clear signal that builders may be under pressure and actively managing tight working capital by delaying outgoings.

This friction is accompanied by a capital strain, reflected in a **+46% surge in new ATO tax disclosures**, a historical indicator of late-stage stress.

Business failures show a significant regional divergence. Corporate insolvencies are heavily concentrated on the East Coast where corporate insolvencies rose in Queensland. Additionally, **a sharp size divide persists**: large construction enterprises are driving positive loan demand in NSW and Western Australia, whereas smaller operations face negative demand and contraction, pulling back in May YoY on asset finance investments in states like Victoria and Western Australia to preserve capital.

Key insights

Payment Friction

The average time construction firms took to pay bills past their due dates jumped to **5.56 days**, indicating that builders may be actively managing tight cash positions by delaying outgoings.

ATO Tax Debt Disclosures

Equifax observed a **+46% increase** in ATO tax debt disclosures. Delays in meeting tax obligations historically can serve as a late-stage signal of severe capital strain.

East Coast Insolvency Increases

Construction business failures are being led by East Coast states with Company Insolvencies increasing in Queensland (**+11.4% YoY**).

Construction Sector Credit Demand

May 2026 vs May 2025 (Trading Day Adjusted)

Overall Credit Demand

-3.0% YoY

Business Loans

+0.4% YoY

Asset Finance

-0.8% YoY

**All figures are Trading Day Adjusted. This normalises data to eliminate variations in working days and holidays, ensuring apples-to-apples between months, without penalising shorter months.*

Construction Credit Demand by State

May 2026 vs May 2025 • State by State Construction Business Credit Demand (Trading Day Adjusted)

State	Business Loans (Large)	Business Loans (SME)	Asset Finance (Large)	Asset Finance (SME)
NSW	+5.0% YoY	-4.8% YoY	-0.4% YoY	+6.7% YoY
QLD	-0.5% YoY	+12.8% YoY	+5.2% YoY	+9.9% YoY
VIC	-0.7% YoY	-2.5% YoY	-4.2% YoY	-11.5% YoY
WA	+10.6% YoY	-10.2% YoY	-22.7% YoY	-10.7% YoY

**All figures are Trading Day Adjusted. WA enquiries numbers improved over a low baseline in May 2025.*

Days Beyond Terms, Tax Defaults & Adverse

Construction Sector Credit Performance & Stress Indicators

Days Beyond Terms (DBT)

5.56 Days

Spiked significantly from the **~3.8-day baseline** seen in February and March.

ATO Tax Defaults

+46.0% New Defaults (YoY)
May 2026 vs May 2025

+59.2% Removals (YoY)
May 2026 vs May 2025

Adverse Rates

-12.8% Company Adverse
YoY change in May 2026

-13.2% Co. & Director Entities
YoY change in May 2026

Key Definitions

Companies (ACNs) Incorporated entities with a board of directors. These range from private firms to publicly traded stock exchange companies.

Other Businesses (ABNs) Unincorporated small businesses, typically owner-operated (sole traders or partnerships) registered on the Australian Business Registry.

Days Beyond Terms data reflects April reporting schedules.

Further Information

Contact Equifax for More Information

<https://www.equifax.com.au/contact>

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