



INDUSTRY CONDITIONS & IMPACT OF MIDDLE EAST CONFLICT

Heavy Vehicle Industry Snapshot
October 2026





HVIA Purpose

To promote and advocate for an innovative, safe, productive and sustainable heavy vehicle industry for Australia.



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HV INDUSTRY SNAPSHOT – OCT 26

Current sentiment in Australian's Heavy Vehicle Sector

Recent survey data confirms sentiment in Australia's heavy vehicle industry has weakened sharply over the past 12 months, with most respondents reporting worse business conditions and two-in-five reporting lower sales. The Middle East conflict pressures are compounding input costs and uncertainty, although planned employment and capital investment indicate some confidence in the sector's longer-term outlook.

The sector directly employs more than 70,000 people and includes truck original equipment manufacturers and importers, trailer makers and suppliers, parts and accessories manufacturers and distributors and support services and advisers. It includes small and large businesses, across all of Australia, and plays a key role in supporting nation's fleet of approximately 600,000 registered trucks which provide crucial economy-wide linkages for key sectors.

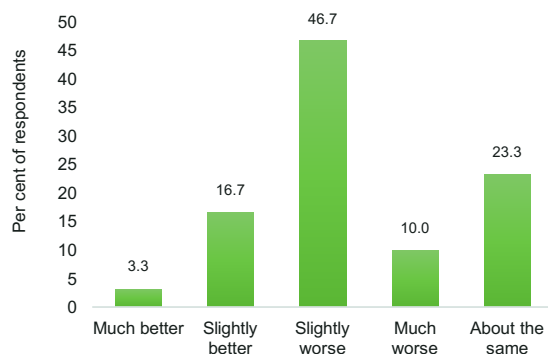
An online national survey of the sector's industry leaders was conducted between 21 July and 5 Aug 2026. This *Industry Snapshot* highlights key findings of the survey, together with feedback received from additional discussions and forums with HVIA members.

Current conditions: overall worsening of business sentiment and sales

More than half of respondents described a worsening of business conditions over the past 12 months. 10% reported these as "Much Worse" and almost 47% reported conditions as "Slightly Worse". On sales, 42% reported an overall decrease.

On the other hand, about one-in-five reported an improvement in business conditions, and 23.3% reported conditions as "About the Same". About one-third (35%) reported a sales increase.

Compared with 12 MONTHS AGO how would you describe your CURRENT BUSINESS CONDITIONS (eg customer demand, business costs, supply chain issues)?

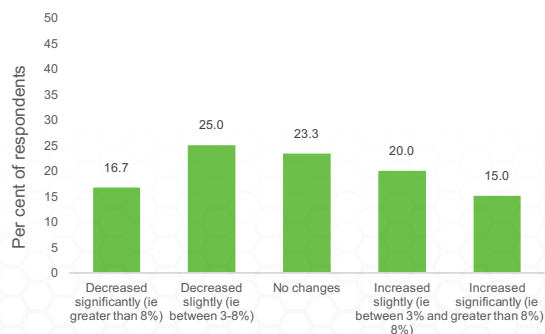


*"Enquiry level is reasonable, **confidence in decision is lower**. Customers impacted by fuel prices"*

*"People are **ringing for quotes**, but **no one is actually ordering** new equipment- they seem to be 'seeing what happens' and sitting on the idea of ordering new equipment. (Interest) rates and the fact they keep saying they will go up - this has most buyers uneasy"*

*"**Collecting cash** from customers is a significant issue and although we have a strong order bank, we have difficulty recruiting suitable staff."*

Compared with 12 MONTHS AGO how have your SALES OR REVENUE changed?



*"**Lack of large new construction in NSW** has adversely affected demand for new trailers and Prime Movers"*

*"**Taxes and government charges** are the biggest constraint on cashflow and growth. Despite high demand, I've **delayed hiring more staff** to grow due to economic uncertainty."*

*"**Imports** (Unregulated, or with regulations that are not being enforced) is putting extreme pressure on market share and profit margins"*

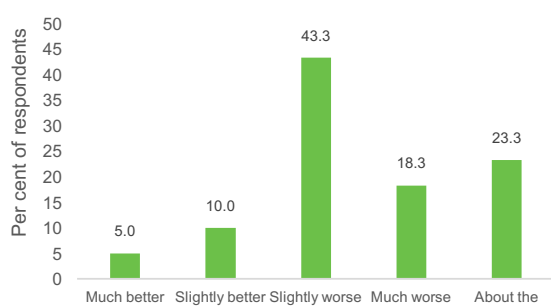
Middle East conflict: *visible impact on conditions, sales and input costs*

Conditions have worsened for 3-in-5 respondents (61%) since the Middle East conflict began early 2026.

There has been a sales decrease for about 40% of respondents (with almost 12 % experiencing a sales decrease of more than 8%. For just over one-third (35%) sales have increased

On input costs, most companies have seen large input cost increases since the start of the conflict.

Compared with JANUARY 2026 (prior to the start of the Middle East conflict), how would you describe your CURRENT BUSINESS CONDITIONS



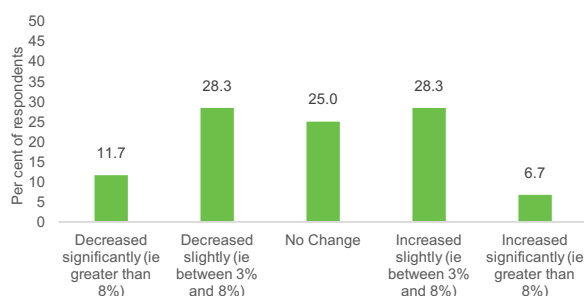
*"Customers have **lost confidence** in the economy and fuel prices, and it has impacted decision making and buying new equipment"*

*"Consumer confidence & **increased fuel prices** have impacted tyre demand"*

*"The **global dynamics** have stagnated growth into the Middle East and European Markets and domestic challenges impact local growth. We are in a fortunate position as our growth is conquest driven so even though conditions are worse, we still experience strong growth."*

*"The **industry demand is very quiet** at the moment, which is a major concern."*

Compared with 6 MONTHS AGO how has your SALES OR REVENUE changed?

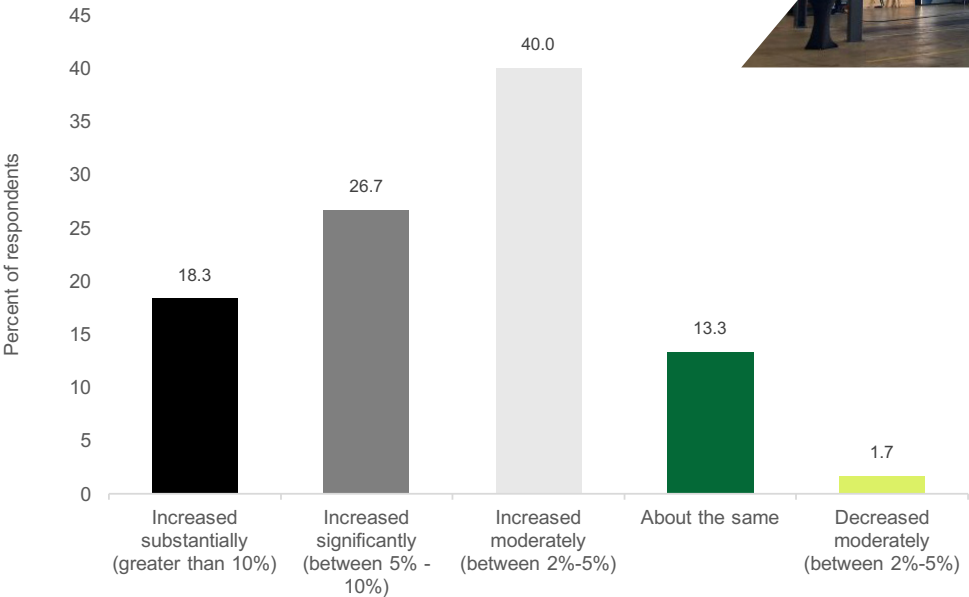


*"Due to current industry conditions and supply delays and increasing costs we have had to **expand into other markets** but have maintained the same revenue but with higher costs."*

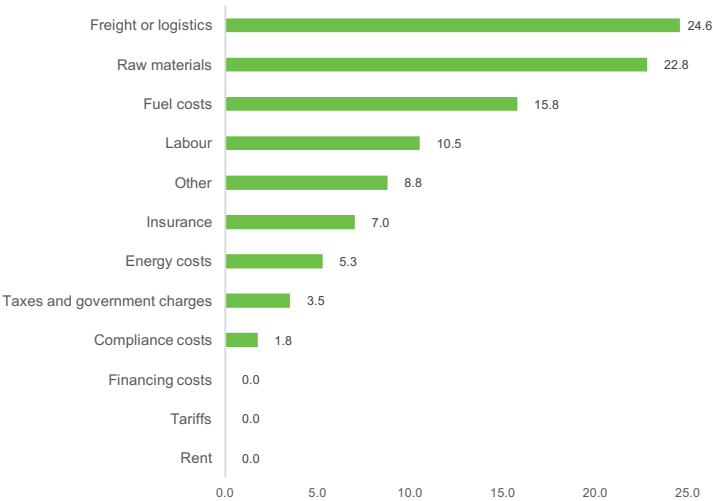
*"**Damage to CGT & Trust policies** causing much angst and changing how clients (and ourselves) are running businesses."*



How have your INPUT COSTS changed since the beginning of the Middle East Conflict?



Which INPUT COSTS have grown the most?



“Costs more now to ship from Melbourne to Brisbane than it does from Japan to Melbourne”.

“Input costs are continuing to rapidly change and extremely difficult to manage.”

“There are huge component and memory input costs increases and shortages coming and we have no support from government to manage this challenge.”

“US Tariffs have driven a rise in supplier pricing”

“It is almost impossible to pass on increased costs in this climate which means margin erosion is a big problem”

“Overseas supplier delays in manufacturing and shipping. High costs of insurances, what seems like forever increases in taxes, customer late payments or default payments, the list goes on”



Future sentiment: *employment and capital investment projected to grow*

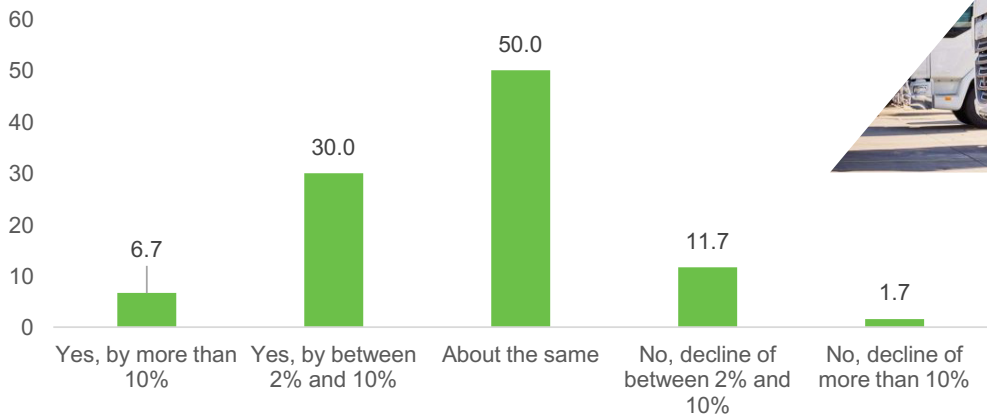
Despite the current difficulties, some positive sentiment exists. For example, more than one-third of respondents (36.7%) anticipate a growth in employee numbers over the coming 12 months. Some of these (6.7% of responses) anticipate strong growth of more than 10%.

Half of responses expect employee numbers to remain the same, and 13.4% expect a decline in employee numbers.

On capital investment plans, more than a half of respondents are planning capital investment in the next 12 months which is greater than their previous 12 months. The biggest areas for capital investment are product development, technology/digital systems; and equipment/plant.

The biggest barriers to this capital investment are costs; uncertainty over government policy; and general market uncertainty.

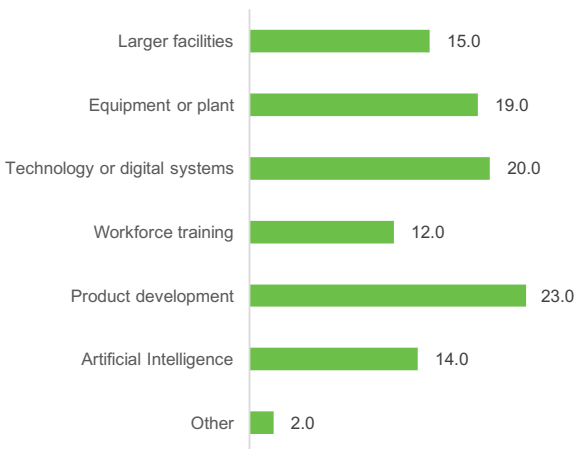
Do you expect a growth or decline in EMPLOYEE NUMBERS (FTE) over the coming 12 months?



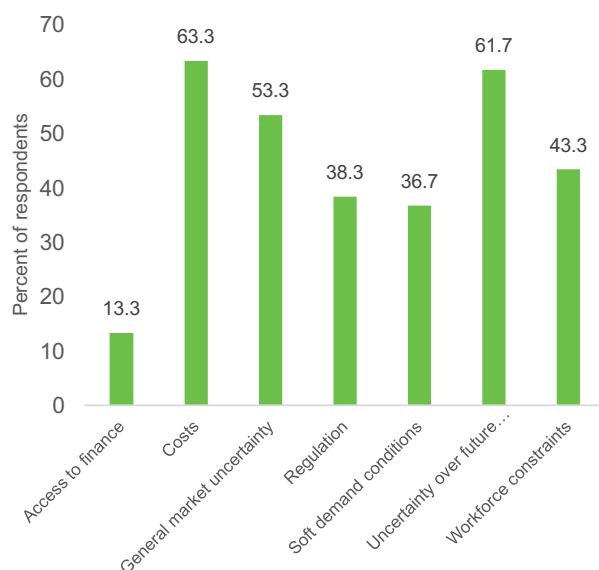
Are you planning CAPITAL INVESTMENT in the NEXT 12 months which is GREATER than your PREVIOUS 12 MONTHS?

Yes	53.3
No	31.7
Maybe	15.0

If so, what areas?



What are the biggest barriers to capital investment?



"Cost pressures on operators, including rising fuel prices and broader economic uncertainty driven by inflation, interest rate increases, and ongoing driver and skills shortages, are impacting the overall size of the heavy vehicle road freight market."

*"It is important to recognise that **this may represent a period of market resetting or normalisation** following the unprecedented demand and record growth experienced in recent years. Despite these short-term challenges, the long-term outlook remains positive, with demand for road freight services in Australia projected to continue increasing as freight volumes grow alongside population growth, regional expansion and economic activity."*

Analysis – Current Sentiment in Australia's Heavy Vehicle Sector

Survey results in this *HV Industry Snapshot* indicate that Australia's heavy vehicle industry is under pressure across both the 12-month and six-month comparison periods.

Most respondents report weaker business conditions, lower sales and rising input costs, compounded by regulatory and market uncertainty. These pressures affect the sector's capacity to support reliable supply chains and the delivery of goods and services across the economy.

This was borne out in the statistical data, as well as the individual stories and raw feedback that industry members shared in the survey.

Many companies are really hurting and are finding current conditions extremely difficult and stressful.

However, it is also important to note that the pessimism and difficulties are not universal. Some companies are seeing a light around the corner, and some are seeing improvements in sales and in business conditions. Longer-term industry cycles should also be considered when interpreting the results.

In addition, anticipated growth in employment and capital investment also provides grounds for measured optimism.

The findings point to a need for policy stability, targeted action on input-cost pressures and stronger conditions for investment so the sector can maintain freight capacity, employment and supply-chain resilience.

Further information:

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