



CommSec

State of the States

State and Territory
Economic Performance Report

April 2025

Edition 63

Western Australia leads the nation

How are Australia's states and territories performing?

Each quarter CommSec attempts to find out which state or territory is Australia's economic leader. Now in its 16th year, the report also includes a section comparing annual growth rates for the eight key indicators across the states and territories as well as Australia as a whole, enabling comparisons in terms of economic momentum.

Overall, the economic performances of Australian states and territories are being supported by a strong job market, robust government spending and solid population growth at a time of higher-than-desired cost-of-living pressures. But economic growth has slowed, with consumers squeezed by elevated mortgage costs. The future path will depend on the resiliency of the job market, expected interest rate cuts, the federal election outcome and China's demand for commodities in the face of rising US import tariffs.

Western Australia leads the national performance rankings for the third successive report. The state is ranked first on five of the eight economic indicators.

In a closely fought contest, **Victoria** jumps up to second place from fourth spot. **Queensland** slips from second to third spot, just ahead of **South Australia** now in fourth, also dropping from equal second spot.

Tasmania is steady in fifth place but is joined by **NSW**, which lifts from sixth spot. The **ACT** remains seventh.

The **Northern Territory** stays in eighth spot. We acknowledge that the economic performance ranking criteria disadvantages this small, open economy. As a result, we highlight the annual growth rankings—a measure of economic momentum.

Measuring annual growth rates of the eight economic indicators **Western Australia** replaces **Queensland** in first spot, which slips back to second. **Victoria** remains third and **South Australia** stays fourth. The **Northern Territory** remains fifth ahead of **NSW** in sixth and **Tasmania** in seventh. The **ACT** slips to eighth spot.

1. WA

Strength

Relative population growth.

Weakness

Economic growth.

Western Australia is consistently strong across most indicators.

8. NT

Strength

Equipment spending.

Weakness

Housing finance.

The Northern Territory is ranked eighth on four indicators.

3. QLD

Strength

Housing finance.

Weakness

Equipment spending.

Queensland is ranked third on two indicators.

=5. NSW

Strength

Economic growth.

Weakness

Retail spending.

NSW is ranked fifth on two indicators.

7. ACT

Strength

Economic growth.

Weakness

Dwelling starts.

The ACT is ranked seventh on three indicators.

4. SA

Strength

Relative unemployment.

Weakness

Equipment spending.

South Australia ranks second on three indicators.

=5. TAS

Strength

Equipment spending.

Weakness

Relative population growth.

Tasmania is ranked fourth on two indicators.

2. VIC

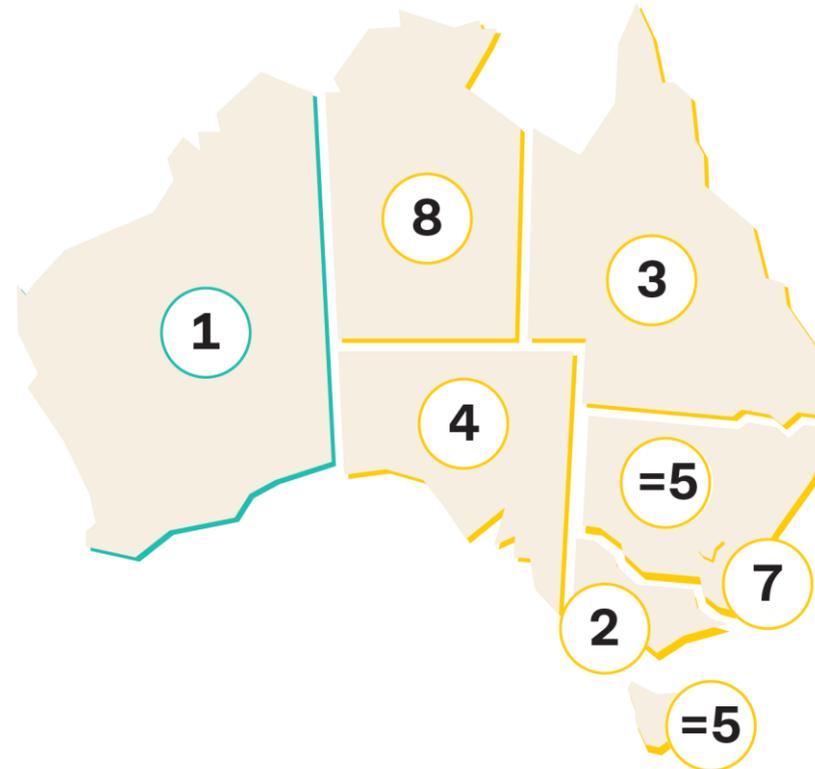
Strength

Construction work done.

Weakness

Relative unemployment.

Victoria is ranked in the top three on four indicators.



Source: CommSec

Overall *performance*

Western Australia tops the *State of the States'* economic performance rankings for the third time since July 2014—and for the third successive report.

Western Australia ranks first on retail spending, relative unemployment, relative population growth, housing finance and dwelling starts.

Victoria is now in second, climbing from fourth place, with solid results across the board. **Queensland** slips from joint second to third, ranking third on retail spending and dwelling starts.

South Australia drops from equal second to fourth place. The state is in second spot on three indicators but is held-back by lower rankings on other indicators.

Tasmania is steady in joint fifth spot—ranking first on equipment spending. **NSW** moves up to equal fifth from sixth position and now ranks first on economic growth. The **ACT** remains seventh—in that position on three indicators.

The **Northern Territory** stays in eighth place. But we acknowledge that the decade-average method of assessing economic performance disadvantages the 'Top End.' Significant LNG construction over 2012–18 inflated a range of economic indicators. So, we also compile rankings of economic momentum—that is, the annual growth rates for the eight indicators.

Resources-focused **Western Australia** and **Queensland** both have the strongest annual economic momentum. But the escalating US-China trade war could yet dampen growth in these states due to their reliance on Chinese demand for commodity exports.

Western Australia is now in first spot with **Queensland** slipping to second. **Victoria** is the 'surprise packet' in third, benefitting from solid retail spending and inbound overseas migration. There is little separating **Victoria** from **South Australia** (fourth), **Northern Territory** (fifth) and **NSW** (sixth). **Tasmania** (seventh) and the **ACT** (eighth) are both being held back by slowing population growth and retail spending.



Western Australia is
**Australia's best
performing economy.**

Economic growth



Real economic activity in NSW in the year to December 2024 was 8.0 per cent above a long-run average level of output.

New South Wales leads on real economic growth

Ideally, Gross State Product (GSP) would be used to assess broad economic growth. But the data isn't available quarterly. To date, we have used nominal state final demand (SFD) plus trade with rolling annual totals used to remove seasonality.

To keep the results consistent with other indicators being measured in real terms, we now measure economic growth using real state demand plus real net trade in goods and services in seasonally adjusted terms. While the data only extends back over five years, the results can be consistently compared for all economies in real terms.

New South Wales takes the lead

In the December quarter 2024, economic activity in NSW was 8.0 per cent above its long-term average level of output, jumping up from fifth position.

The ACT moves up to second spot from third place, with output 7.4 per cent above the long-run average of output.

Victoria lifts to third from fourth (up 6.9 per cent), followed by Tasmania now in fourth position (up 6.5 per cent).

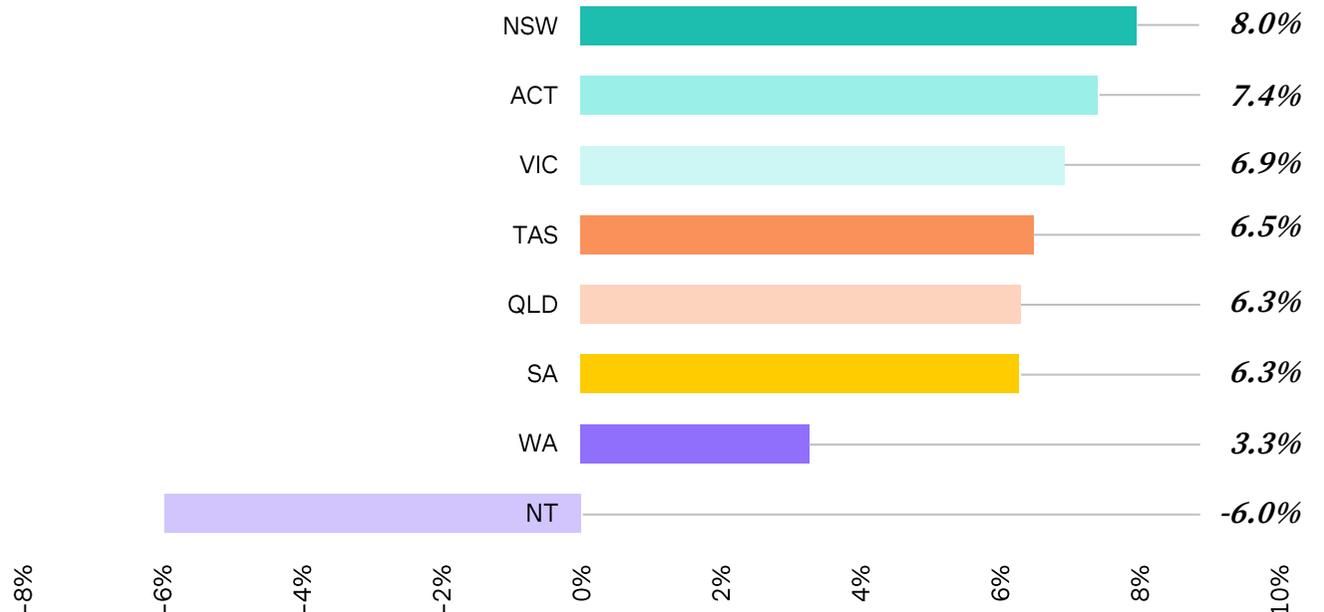
At the other end of the scale, the Northern Territory's December quarter economic activity was 6.0 per cent below its long-run average, behind Western Australia (up 3.3 per cent), South Australia (up 6.28 per cent) and Queensland (up 6.31 per cent).

Tasmania recorded the fastest economic growth, up 3.8 per cent over the year. Next best is the ACT (up 3.7 per cent), NSW (up 2.20 per cent), Queensland (up 2.16 per cent) and Victoria (up 1.6 per cent).

Northern Territory records the slowest growth

The weakest performer on annual economic activity in the quarter is the Northern Territory (down 11.2 per cent), followed by Western Australia (down 0.9 per cent) and South Australia (flat).

If seasonally adjusted SFD is used in real terms, comparing the latest result with long-run averages reveals notable changes in the rankings. Western Australia leads from Northern Territory (due to solid export growth) and Queensland.



Economic growth (state final demand, SFD, plus trade) real, seasonally adjusted, percentage change year to December 2024 on a long-run average.

Source: CommSec, ABS

Retail Spending



Western Australia leads the retail rankings ahead of Victoria and Queensland.

Western Australia is strongest for retail spending

The measure used was real (inflation-adjusted) retail trade in seasonally adjusted terms with December quarter 2024 data, the latest available.

Western Australia leads on 'real' retail spending

Despite cost-of-living pressures and elevated borrowing costs, retail spending remained above the long-term average in all states and territories in the fourth quarter of 2024. Solid job growth, tax cuts, promotional sales events and government energy subsidies have all supported consumer spending.

Western Australia remains in first position, with real spending 11.5 per cent higher in the December quarter 2024 on its decade-average levels.

Victoria remains in second spot with spending 10.4 per cent above its 'normal' levels or the decade average.

Queensland stays in third spot with real spending up 10.1 per cent on decade-average levels. The ACT remains fourth, with spending up 8.6 per cent on 'normal' levels. South Australia lifts to fifth from seventh with spending up 7.0 per cent above the long-term average.

At the other end of the rankings, Northern Territory spending was up 1.4 per cent on the decade average, behind NSW (up 6.7 per cent) and Tasmania (up 6.8 per cent).

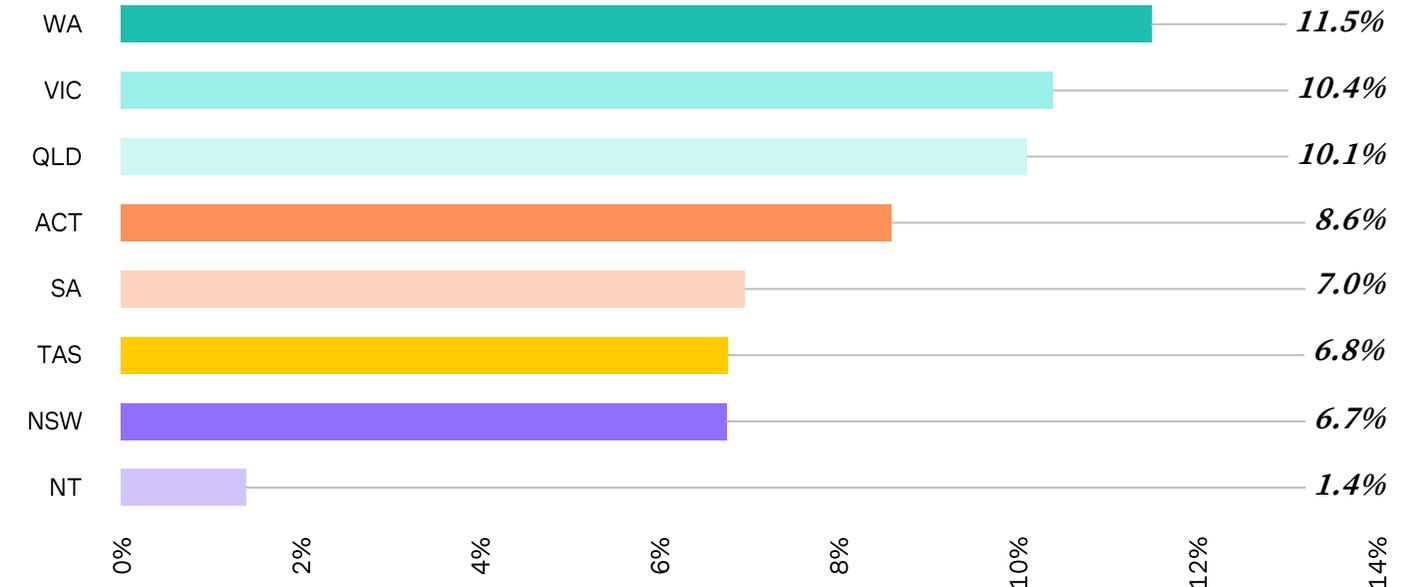
ACT has weakest annual spending growth

In terms of annual growth of real retail trade, Western Australia is now strongest (up 2.0 per cent), ahead of Victoria (up 1.7 per cent), Queensland (up 1.4 per cent) and the Northern Territory (up 0.9 per cent).

At the other end of the scale, retail spending in the ACT was down 0.9 per cent, behind Tasmania (up 0.1 per cent), NSW (up 0.3 per cent) and South Australia (up 0.5 per cent).

If nominal monthly retail trade was assessed instead to calculate the decade average rankings (February 2025 data is available), Western Australia would be in top spot, ahead of Victoria and Queensland.

In February 2025, annual spending growth was fastest in Western Australia (up 6.2 per cent), ahead of Victoria (up 4.0 per cent).



Real retail trade, seasonally adjusted, percentage change December quarter, 2024 on the decade average.

Source: CommSec, ABS

Equipment investment



In the December quarter, equipment investment in Tasmania was 25.7 per cent above the decade average.

Tasmania takes the lead on equipment investment

The measure of equipment investment is real spending on new plant and equipment in trend terms with December quarter of 2024 data compared with decade averages (the 'normal' performance).

In the December quarter, all eight states and territories had equipment spending above or in-line with decade-average levels, the same as in the September quarter of 2024.

Tasmania now in the lead

Equipment investment in Tasmania was up by 25.7 per cent on the decade average, lifting to first from second place last quarter. Western Australia moves from third to second spot (up 25.1 per cent) with NSW also up one place to third (up 22.3 per cent). The Northern Territory drops from first to fourth (up 17.9 per cent), ahead of the ACT (up 14.7 per cent).

At the other end of the scale, equipment investment in South Australia was up 5.2 per cent on the decade average with Queensland up 6.3 per cent and Victoria 14.3 per cent higher.

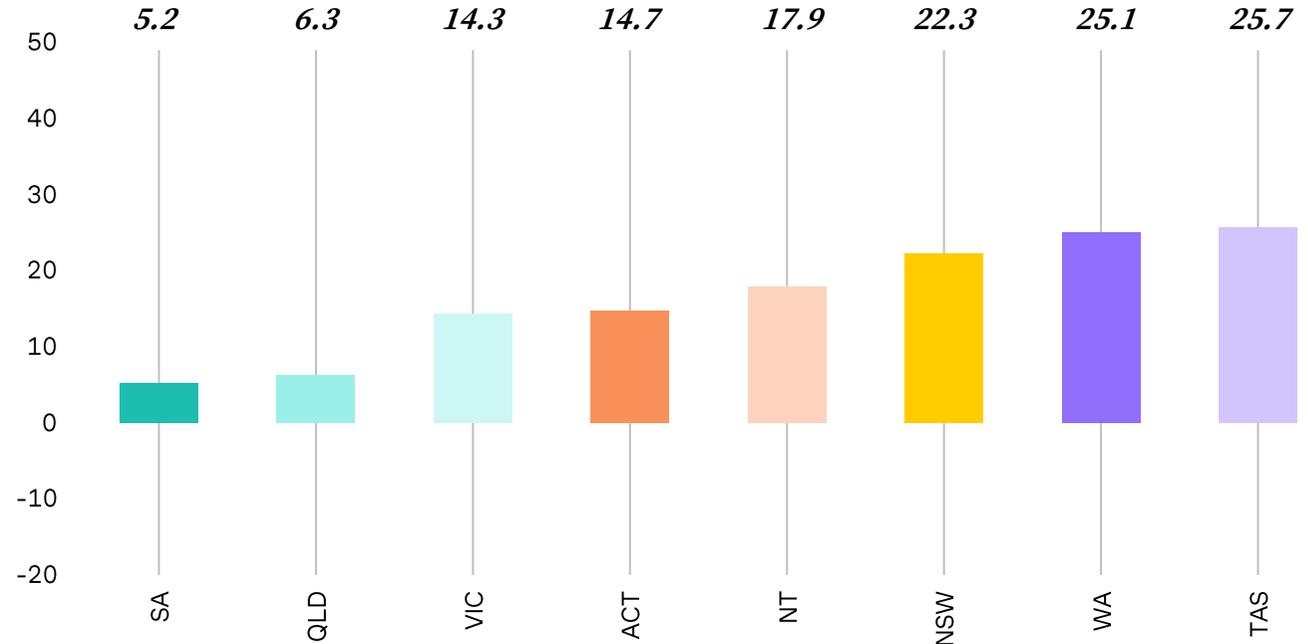
On a shorter-run analysis, real equipment investment in the December quarter of 2024 was up on a year ago in just four of the eight states and territories, down from six in the previous quarter.

Equipment investment in the Northern Territory was up 16.3 per cent on the previous year, ahead of NSW (up 11.1 per cent); Tasmania (up 4.0 per cent) and South Australia (up 0.4 per cent).

Equipment investment was at a record high in NSW in the December quarter of 2024.

Queensland lags on annual comparisons

At the other end of the scale, new equipment investment in Queensland was 4.9 per cent lower than a year ago in the quarter, behind the ACT (down 3.5 per cent), Western Australia (down 2.2 per cent) and Victoria (down 0.7 per cent).



Equipment spending, trend, percent change December quarter, 2024 on the decade average.

Source: CommSec, ABS

Unemployment



With unemployment at 32.1 per cent below its decade-average level, Western Australia has the strongest job market.

Western Australia has the strongest job market

Which state or territory has the strongest job market in the nation? It is not an easy question to answer. But we have looked at unemployment rates across state and territory economies, comparing the rates with the decade average.

On this measure, Western Australia still has the strongest job market. Trend unemployment in Western Australia was at 3.5 per cent in March 2025, 32.1 per cent below the decade-average level.

Next best is South Australia, its 3.9 per cent jobless rate is 31.0 per cent below the decade average.

Tasmania moves up to third place (28.8 per cent below the decade average), swapping places with Queensland, which drops to fourth (27.7 per cent below the decade average).

Victoria remains at the bottom of the table

At the other end of the scale, the Victorian jobless rate of 4.5 per cent is 11.1 per cent below the 5.1 per cent decade-average rate.

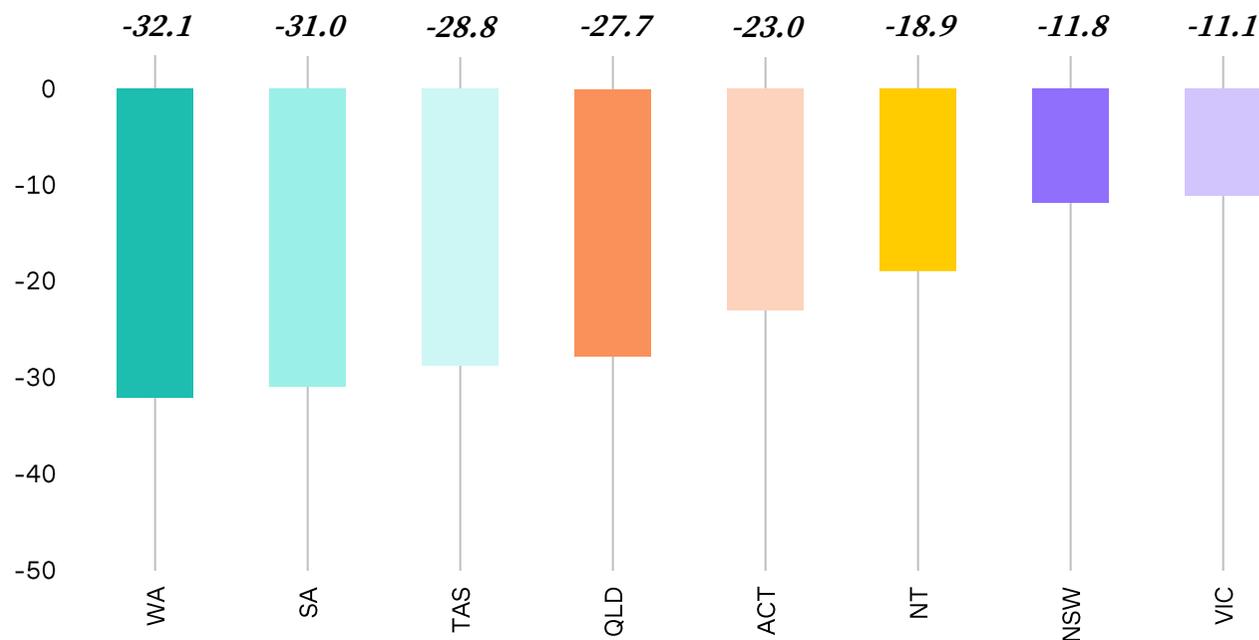
Ahead of Victoria is NSW, its jobless rate of 4.1 per cent is 11.8 per cent below the decade average, the Northern Territory (18.9 per cent below the decade average) and the ACT (23.0 per cent below the decade average).

In March 2025, employment in all the states and territories was above decade-average levels. Western Australia was strongest on this measure with employment 15.9 per cent higher than the decade average.

Western Australia has the fastest job growth

Looking over the year to March 2025, employment in all states and territories recorded annual gains.

Performing best was Western Australia (up 3.4 per cent), ahead of South Australia (up by 2.7 per cent) and the ACT (up 2.5 per cent). Jobs in Victoria were up by 2.4 per cent over the year; Queensland (up by 2.2 per cent); NSW (up 2.1 per cent); the Northern Territory (up 0.6 per cent); and Tasmania (up 0.04 per cent).



Unemployment, trend, percent change in March 2025 on the decade average.

Source: CommSec, ABS

Construction Work



Up 15.1 per cent on the decade-average level, Victoria is strongest for construction work done.

Victoria is strongest for construction work

The measure used for analysis was the total real value of residential, commercial and engineering work completed in trend terms in the December quarter 2024.

In six of the eight states and territories, construction work in the December quarter was higher than the decade average, the same as in the September quarter.

Victoria remains on top

Victoria stays in top spot for construction work done. Construction work done is 15.1 per cent above its decade average, ahead of South Australia in second place, which is 13.9 per cent above the decade average.

Western Australia moves up to third from fifth place, with work done 12.6 per cent above the decade average. NSW is now in fourth place, up from sixth, with work done 11.1 per cent above the 10-year average.

At the lower end of the scale, construction work done in the Northern Territory was 23.7 per cent below the decade average in the December quarter.

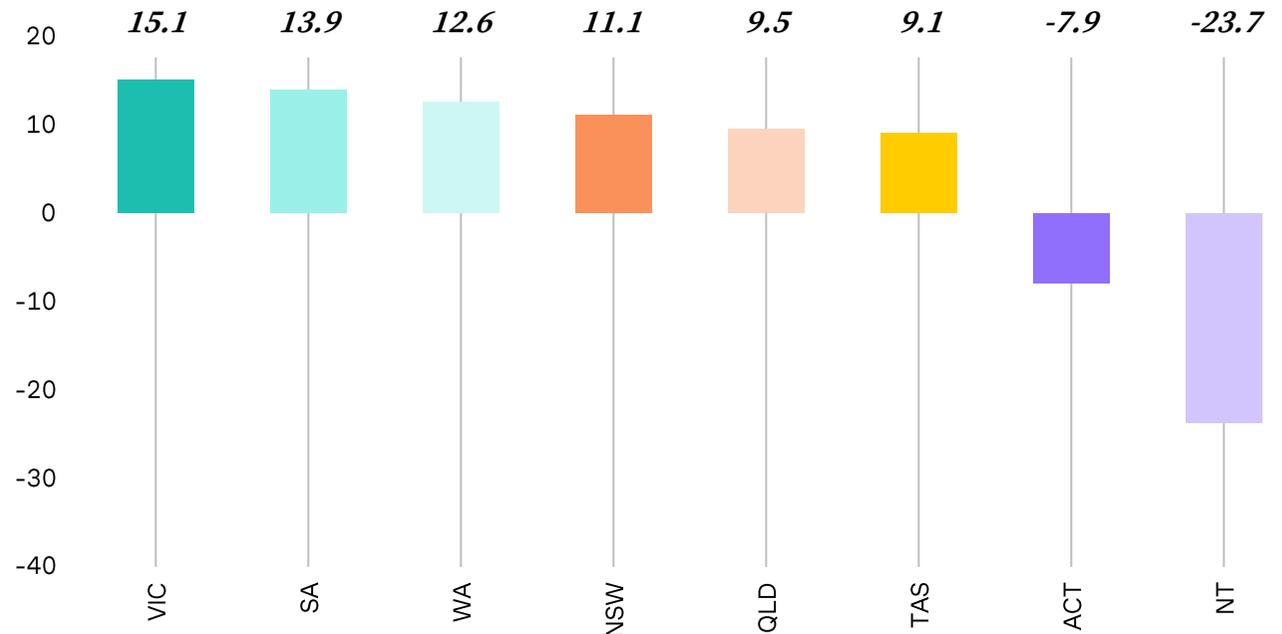
Next lowest was the ACT with construction work down 7.9 per cent on the decade average, behind Tasmania (up 9.1 per cent) and Queensland (up 9.5 per cent).

The ACT posted the weakest growth in the December quarter (down 2.0 per cent) while the Northern Territory (up 6.1 per cent), NSW (up 1.8 per cent) and Western Australia (up 1.4 per cent) were the strongest performers.

Northern Territory leads annual growth

In terms of annual growth rates, five economies had construction work higher than a year ago. The Northern Territory was the strongest performer, up 13.3 per cent, ahead of Western Australia (up 8.6 per cent), Victoria (up 4.1 per cent), Queensland (up 3.8 per cent) and NSW (up 0.4 per cent).

At the other end of the scale, construction work in the ACT was down by 11.5 per cent, followed by Tasmania (down 2.5 per cent) and South Australia (down 1.8 per cent).



Construction work done, trend, percent change, December quarter 2024 on the decade average.

Source: CommSec, ABS

Population Growth



Western Australia has both the highest relative and absolute population growth.

Western Australia leads relative population growth

We assess relative population performance—that is, we compare the current annual growth rate to each economy's decade average ('normal') growth pace. This is most relevant to the economic performance of each state or territory.

Population growth is clearly an important driver of the broader economy, especially retail spending and housing demand. With the ending of Covid-19 pandemic foreign border closures, annual population growth remains strong across most states and territories. Six states or territories have population growth above the decade average, the same as the previous quarter.

Western Australia remains in top spot

Western Australia is the strongest on relative population growth, with its 2.50 per cent annual population growth rate 52.3 per cent above the decade average for the year to the September quarter 2024 (latest available).

The Northern Territory remains second on the relative annual population growth measure—the 0.68 per cent annual population growth rate is up 40.6 per cent on the decade average.

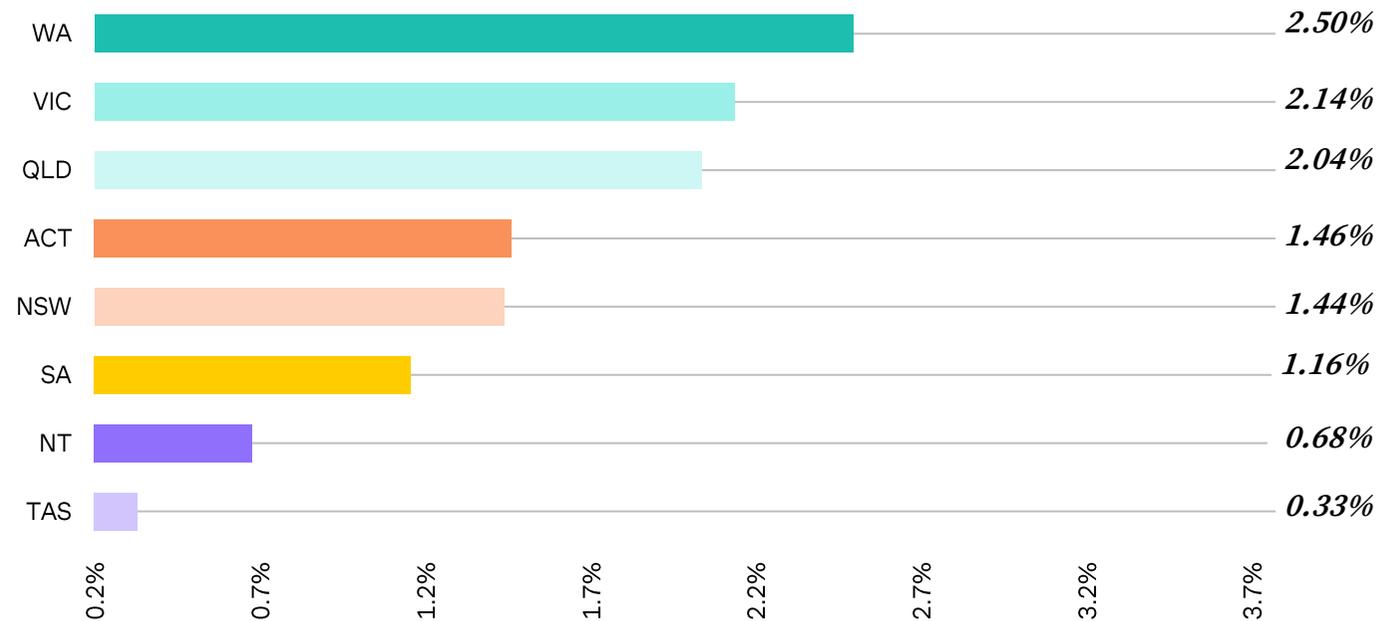
Next strongest was Victoria (up 25.2 per cent), Queensland (up 20.6 per cent), followed by NSW (up 17.2 per cent), South Australia (up 7.3 per cent), the ACT (down 26.5 per cent) and Tasmania (down 71.2 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 2.50 per cent). Next strongest is Victoria (up 2.14 per cent), followed by Queensland (up 2.04 per cent); the ACT (up 1.46 per cent); NSW (up 1.44 per cent); South Australia (up 1.16 per cent); the Northern Territory (up 0.68 per cent) and Tasmania (up 0.33 per cent).

Annual population growth rates in Western Australia and Queensland have eased from the strongest pace in over 14 years.

Population growth rates in NSW, Victoria and South Australia continued to slow from record annual highs observed in the September quarter 2023.

In Tasmania, annual population growth was near the weakest level in nine years.



Population, absolute annual percent change, September quarter 2024 (latest).

Source: CommSec, ABS

Housing Finance



Western Australia is in top spot, with the value of home loans up by 43.2 per cent on the long-term average.

Western Australia is in top spot for home lending

The measure used was the trend value of owner-occupier housing finance commitments (home loans) excluding refinancing and this was compared with the decade average for each respective state and territory.

Housing finance is not just a leading indicator for real estate activity and housing construction, but it is also a useful indicator of activity in the financial sector.

It would be useful to compare figures on commercial, personal and lease finance, but long-term data is not yet available.

Housing finance is above decade averages

In all states and territories, housing finance commitments are now above decade averages in the December quarter 2024.

In previous reports similar findings were obtained with only the Northern Territory below the decade average.

Western Australia remains in top spot, with the value of home loans up by 43.2 per cent on the long-term average.

The next strongest was Queensland (up 40.3 per cent), followed by South Australia (up 28.0 per cent) and Victoria (up 22.0 per cent).

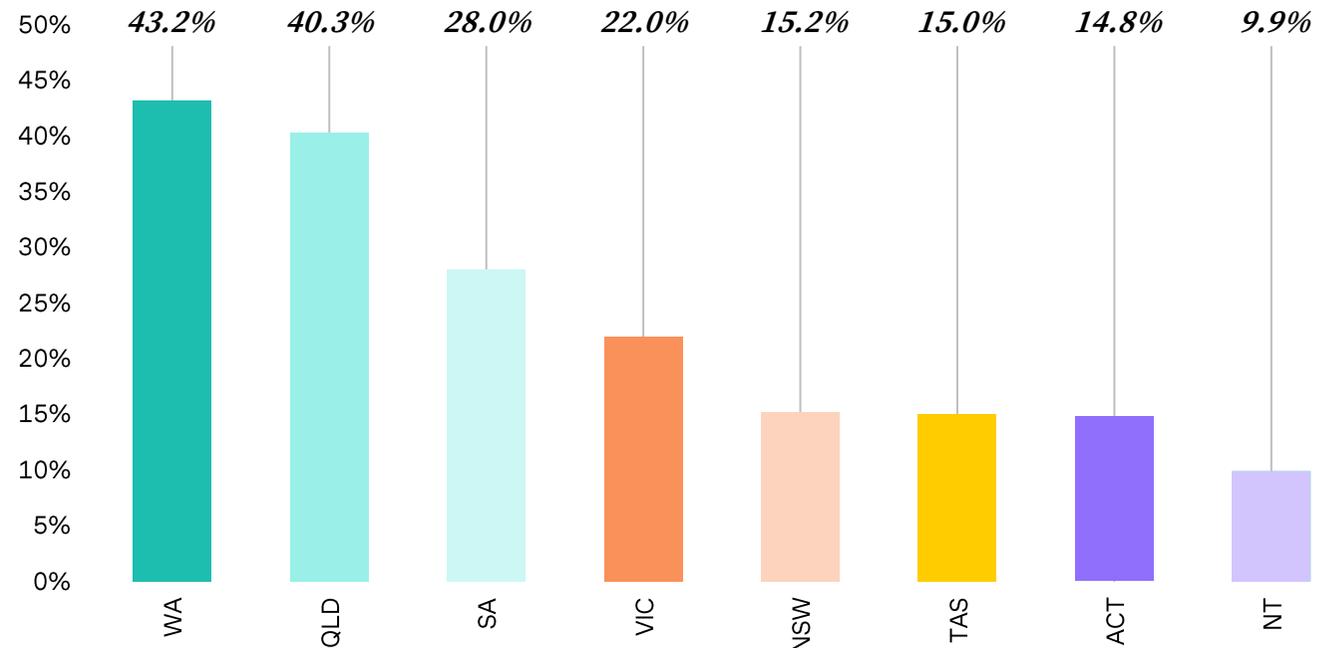
The Northern Territory is the weakest

The Northern Territory is still the weakest for housing finance with commitments 9.9 per cent higher than its decade average.

Commitments in the ACT were up 14.8 per cent on the decade average, behind Tasmania (up 15.0 per cent) and NSW (up 15.2 per cent).

In annual terms, lending in Western Australia is also strongest, up 25.4 per cent, followed by Queensland (up 24.0 per cent) and the Northern Territory (up 23.8 per cent).

Home loans in South Australia were up 16.1 per cent; ahead of Victoria (up 15.7 per cent); Tasmania (up 14.4 per cent); the ACT (up 14.3 per cent); and NSW (up 10.5 per cent).



Housing finance commitments, trend, percent change December quarter 2024 on the decade average.

Source: CommSec, ABS

Dwelling Starts



Western Australian dwelling starts for the December quarter of 2024 were up on the decade-average level by 10.4 per cent.

Western Australia leads on dwelling starts

The measure used is the trend number of dwelling commencements (starts), compared to the decade-average level of starts. Housing starts are driven in part by population growth and housing finance, and can affect retail trade, unemployment and overall economic growth. However, any over-building or under-building in previous years can affect the current level of starts.

Western Australia takes top spot

Western Australia continues to lead other economies on dwelling starts. In the December quarter 2024, starts in Western Australia were 10.4 per cent above the decade average.

South Australia remains in second spot, with starts 8.2 per cent above 'normal' (the decade average). Queensland stays in third place, down 6.0 per cent on 'normal'.

At the other end of the scale, dwelling starts in the ACT were 56.4 per cent below the decade average.

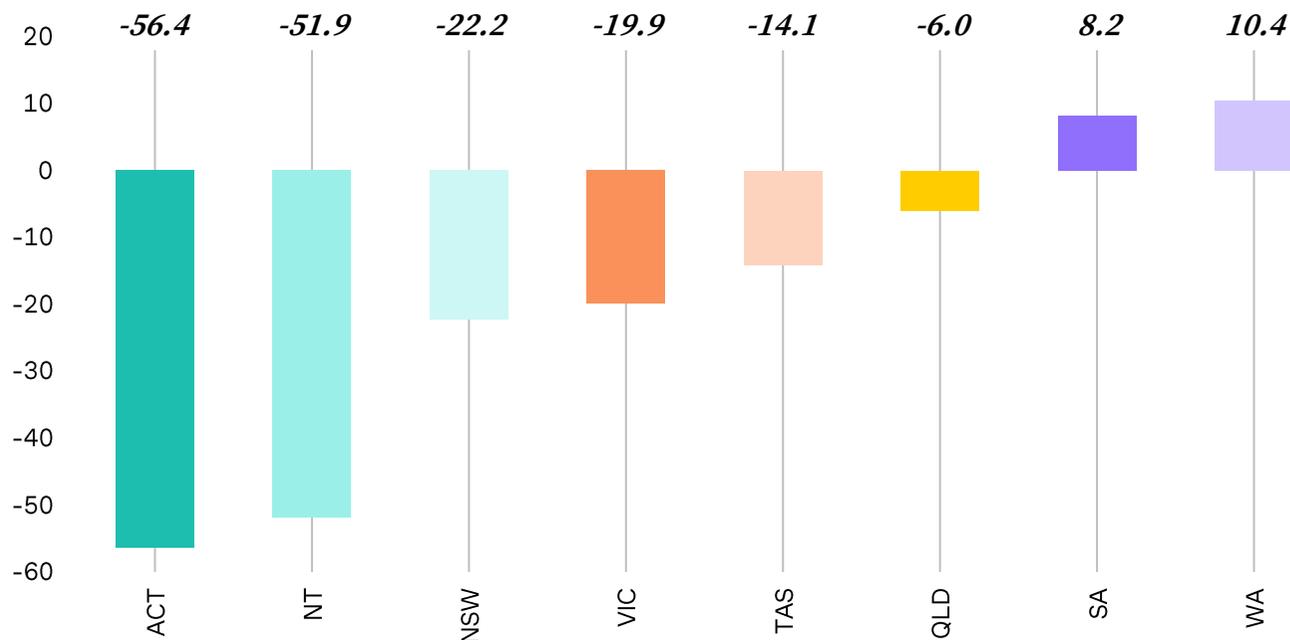
Next weakest was the Northern Territory (down 51.9 per cent); below NSW (down 22.2 per cent); Victoria (down 19.9 per cent) and Tasmania (down 14.1 per cent).

In terms of changes over the December quarter, five economies posted increases in starts. Tasmania rose the most, up 4.3 per cent; followed by South Australia (up 3.8 per cent); Western Australia (up 3.7 per cent), NSW (up 3.6 per cent) and Queensland (up 1.4 per cent). But starts fell by 17.7 per cent in the ACT; followed by the Northern Territory (down 5.0 per cent); and Victoria (down 2.3 per cent).

Western Australia strongest; ACT weakest

In terms of annual changes, starts in Western Australia rose by 56.3 per cent, followed by South Australia (up 15.3 per cent). Next best was Queensland (up 14.0 per cent) ahead of NSW (up 10.5 per cent), Tasmania (up 7.9 per cent) and the Northern Territory (up 3.3 per cent).

Starts in the ACT fell most over the year (down 54.2 per cent); followed by Victoria (down 3.0 per cent).

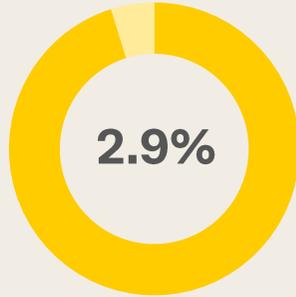


Dwelling starts, trend, percent change, December quarter 2024 on decade average.

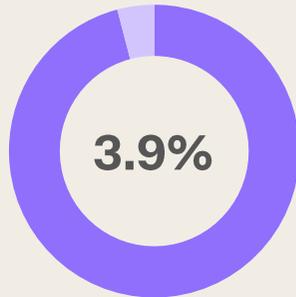
Source: CommSec, ABS

Other indicators

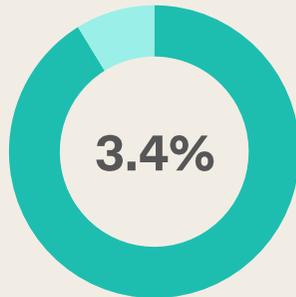
Highest inflation rate in Perth, WA



Fastest wage growth in Tasmania



National home prices rose by



Perth, WA posts the biggest lift in consumer prices

Annual percentage changes of consumer prices eased in all eight capital cities in the December quarter 2024.

Perth, Western Australia had the highest annual inflation rate in the quarter at 2.9 per cent, ahead of Adelaide, SA and Melbourne, VIC (both 2.5 per cent).

With annual inflation rates easing and wage growth rates staying elevated, all states and territories had positive real wage growth in the fourth quarter of 2024 (the gap between wage growth and inflation).

Nationally in the December quarter 2024, headline consumer prices (CPI) rose 0.2 per cent, with the annual growth rate decelerating from 2.8 per cent to 2.4 per cent. The underlying (or trimmed mean) measure rose by 0.5 per cent in the quarter with the annual rate down from 3.6 per cent to 3.2 per cent.

The Wage Price Index (WPI) in the year to the December quarter 2024 was strongest in Tasmania (3.9 per cent), ahead of Queensland and the ACT (both 3.7 per cent), the Northern Territory (3.4 per cent) and Western Australia (3.3 per cent).

Wages in Victoria were 3.2 per cent higher, ahead of South Australia (3.1 per cent) and NSW (2.9 per cent).

Slowing growth of home prices

Turning to home prices, in March 2025 all states and territories posted annual increases in home prices except Victoria, Tasmania and the ACT.

Also, the annual price changes of homes were higher in five out of the eight economies in the latest month compared with three months earlier.

National home prices rose by 3.4 per cent over the year to March after rising by 4.9 per cent in the year to December.

In March, the strongest annual growth in home prices was in Western Australia (up 11.9 per cent); followed by South Australia (up 11.0 per cent); Queensland (up 8.6 per cent); the Northern Territory (up 2.6 per cent); NSW (up 0.9 per cent); Tasmania (down 0.2 per cent); the ACT (down 0.5 per cent); and Victoria (down 2.6 per cent).

	CPI December Qtr. 2024	Wages December Qtr. 2024	Home Prices March 2025
NSW	2.4	2.9	0.9
VIC	2.5	3.2	-2.6
QLD	1.8	3.7	8.6
SA	2.5	3.1	11.0
WA	2.9	3.3	11.9
TAS	1.5	3.9	-0.2
NT	1.7	3.4	2.6
ACT	2.2	3.7	-0.5



Western Australia

The fastest annual lift in home prices was in Western Australia, up **11.9%**.

*Annual % change.

Source: ABS, CoreLogic, CommSec. CPI—Consumer Price Index, Wages—Wage Price Index

Annual growth rates

Western Australia heads the leaderboard when annual growth rates are assessed for the eight economic indicators.

Growth leaders

The *State of the States* report assesses economic performance by looking at the most recent results—such as retail trade or construction—and compares that with the ‘normal experience’. And by ‘normal experience’, we define this as the decade average.

A resident of the state or territory can therefore assess whether they are experiencing relatively better economic times. Comparing states or territories on the same criteria determines which state or territory is performing the best on a certain indicator.

In addition to relative economic performance, some are also interested in economic momentum. That is, annual changes to the key indicators. A state or territory may have been under-performing, but if annual growth is strengthening, then this suggests that performance has scope to improve.

Annual growth rates are a better tool of measurement of economic performance for the **Northern Territory** as the small, open economy is hit by big projects (that is, LNG construction over 2012–18 period which inflated decade averages).

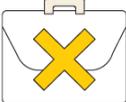
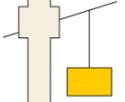
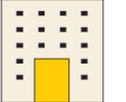
Western Australia takes the outright lead

If we focus just on annual growth rates, on an aggregate basis (looking across all indicators), resources-focused states **Western Australia** and **Queensland** both have the strongest annual economic momentum, supported by robust housing markets and solid population growth.

The commodities and tourism-heavy state of **Western Australia** continues to outperform the rest of the nation, ranking first on five of the eight key economic indicators.

Queensland slips from first to second place but is ranked second or third on four of the major economic indicators. The housing market remains a pillar of support for the Sunshine State economy amid still-strong interstate migration.

Victoria is the ‘surprise packet’ in third spot, benefitting from solid retail spending and inbound overseas migration. There is little separating **Victoria** from **South Australia** (fourth), **Northern Territory** (fifth) and **NSW** (sixth). **Tasmania** (seventh) and the **ACT** (eighth) are both being held back by slowing population growth and retail spending.

	 Economic growth	 Retail spending	 Equipment investment	 Employment growth	 Construction work	 Population growth	 Housing finance	 Dwelling starts
NSW	2.2	0.3	11.1	2.1	0.4	1.44	10.5	10.5
VIC	1.6	1.7	-0.7	2.4	4.1	2.14	15.7	-3.0
QLD	2.2	1.4	-4.9	2.2	3.8	2.04	24.0	14.0
SA	0.0	0.5	0.4	2.7	-1.8	1.16	16.1	15.3
WA	-0.9	2.0	-2.2	3.4	8.6	2.50	25.4	56.3
TAS	3.8	0.1	4.0	0.0	-2.5	0.33	14.4	7.9
NT	-11.2	0.9	16.3	0.7	13.3	0.68	23.8	3.3
ACT	3.7	-0.9	-3.5	2.5	-11.5	1.46	14.3	-54.2
Aust	1.2	2.3	1.9	2.3	3.2	1.80	21.8	9.3

Source: CommSec

Looking ahead

Western Australia has cemented its position as Australia's top economic performer.

Western Australia leads on new car sales; Looking ahead

Timely data on new vehicle sales is available monthly. The latest data covers March 2025. We don't include vehicle sales in assessing overall economic performance as we look at broader data on consumer spending. But the vehicle sales figures are worth noting.

In all the states and territories, rolling annual new vehicle sales are above 'normal', except in the **ACT**. **Western Australia** is doing best with vehicle sales up by 25.2 per cent on the decade average. Looking at the yearly change of the rolling annual sum of new vehicle sales, just one economy recorded growth. Also performing best is **Western Australia**, up 1.5 per cent on a year ago. Sales are down most in the **ACT**, falling 8.0 per cent.

Western Australia strengthens grip on first

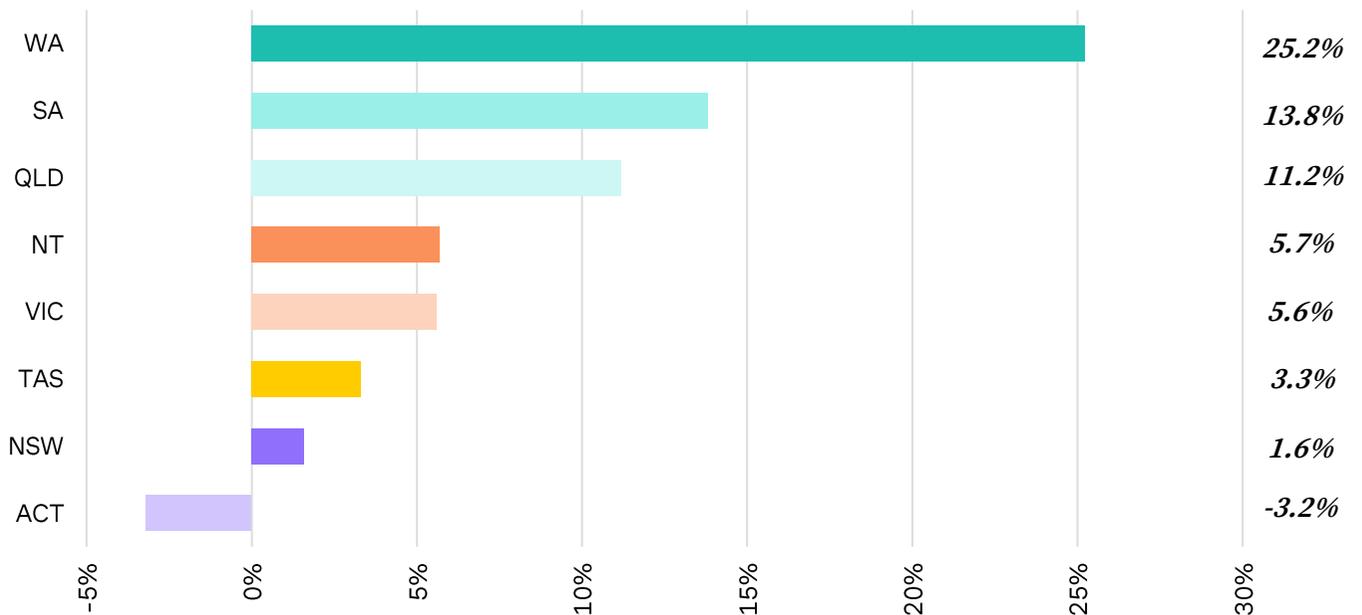
Western Australia remains top of the economic performance rankings for the third successive quarterly report, cementing its position as Australia's top economic performer. Strong relative population growth in 'The West' is boosting both the labour and housing markets, encouraging consumers to spend.

Where to from here?

Last quarter we noted that **Western Australia** and **Queensland** were expected to continue their recent domination of the rankings in early 2025. While **Western Australia** tightened its grip atop the national economic leaderboard, both **Queensland** and **South Australia** slipped back from joint second to third and fourth places, respectively, losing some momentum. The pace of gains in the states home prices are slowing following a strong post-pandemic upswing.

Victoria is the biggest surprise, jumping from fourth to second spot. The southern state continues to benefit from solid retail spending and inbound overseas migration.

Looking ahead, an expected reduction in interest rates could boost economic sentiment in the mortgage-sensitive states of **NSW** and **Victoria**. Federal election uncertainties and a potential public service downsize pose a downside risk to the **ACT** economy. The escalating US-China trade war could dampen growth in **Western Australia**, **Queensland** and the **Northern Territory** due to their reliance on Chinese demand for commodity exports.



Motor vehicle registrations, percent change in the twelve months to March 2025 on the decade average.

Source: CommSec, ABS, Federal Chamber of Automotive Industries



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State of the States

Methodology

Each of the state and territory economies were assessed on eight key indicators: economic growth; retail spending; equipment investment; unemployment, construction work done; population growth; housing finance and dwelling commencements.

The aim is to find how each economy is performing compared with 'normal'. Similar to what the Reserve Bank does with interest rates, we used decade averages to judge the 'normal' state of affairs. For each economy, the latest level of the indicator—such as retail spending or economic growth—was compared with the decade average.

While we also looked at the current pace of growth to assess economic momentum, it may yield perverse results to judge performance. For instance, retail spending may be up sharply on a year ago but from depressed levels. Overall spending may still be well below 'normal'.

And clearly some states, such as **Queensland** and **Western Australia**, traditionally have had faster economic growth rates due to historically faster population growth. So the best way to assess economic performance is to look at each indicator in relation to what would be considered 'normal' for that state or territory.

For instance, the trend jobless rates in **South Australia** and **Tasmania** both stood at 3.9 per cent in March 2025. But the **Tasmanian** unemployment rate was 28.8 per cent below its decade average of 5.5 per cent, while the **South Australian** jobless rate of 3.9 per cent was 31.0 per cent below its decade average of 5.7 per cent. So **South Australia** ranks above **Tasmania** on this indicator.

Seasonally adjusted or trend measures of the economic indicators were used to assess performance on all measures. The preference was for the less volatile trend measures. Original data is used to assess population growth.

We now measure economic growth using real state demand plus real net trade in goods and services in seasonally adjusted terms. While the data only extends back four years, the results can be consistently compared for all economies in real terms.

State of the States



State and Territory Economic Performance Report

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