



State of the States

State and Territory
Economic Performance Report

July 2025

Edition 64

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 combination of slowing inflation, a reduction in mortgage repayments, rising real wages, robust government spending and a solid labour market. But economic growth has moderated, held back by slowing public investment, population growth and household spending. Ex-Tropical Cyclone Alfred temporarily disrupted export volumes. The future path will depend on the resiliency of the job market, further interest rate cuts and US President Donald Trump's trade policies.

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

South Australia has jumped to second from fourth place after a strong start to 2025. **Queensland** stays third but **Victoria** slips back to fourth from second spot. **Tasmania** is steady in fifth place but **NSW** dips from fifth to sixth, joined by the **ACT**, up from 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. Accounting for the eight annual indicators, **Western Australia** remains first placed, also now ahead of **South Australia** in second and the **Northern Territory** in third. In a tight contest, **Queensland** (fourth), **NSW** and **Victoria** (both fifth) are in the middle of the pack. The **ACT** (seventh) and **Tasmania** (eighth) lag the bigger states and territories, constrained by more modest public demand.

1. WA

Strength

Retail spending.

Weakness

Economic growth.

Western Australia is consistently strong across most indicators.

8. NT

Strength

Relative population growth.

Weakness

Equipment spending.

The Northern Territory is ranked eighth on three indicators.

3. QLD

Strength

Housing finance.

Weakness

Equipment spending.

Queensland is ranked second on two indicators.

=6. NSW

Strength

Equipment spending.

Weakness

Housing finance.

NSW is ranked fifth on four indicators.

=6. ACT

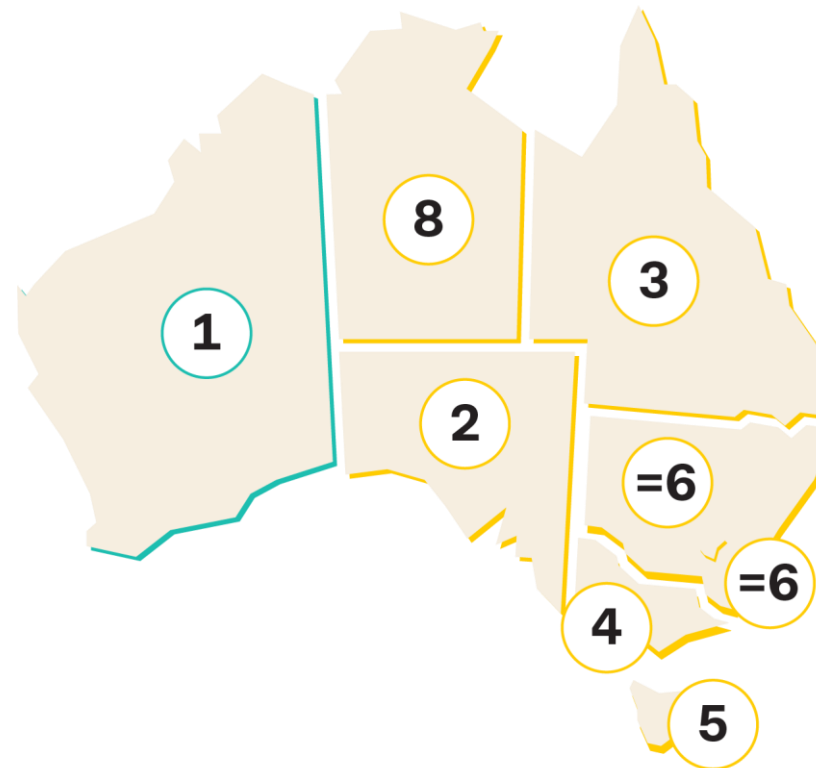
Strength

Economic growth.

Weakness

Dwelling starts.

The ACT is ranked seventh on two indicators.



2. SA

Strength

Construction work.

Weakness

Relative population growth.

South Australia ranks first on two indicators.

5. TAS

Strength

Relative unemployment.

Weakness

Relative population growth.

Tasmania is ranked sixth on three indicators.

4. VIC

Strength

Retail spending.

Weakness

Relative unemployment.

Victoria is ranked third on four indicators.

Source: CommSec

Overall *performance*

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

Western Australia ranks first on retail spending, housing finance and equipment spending.

South Australia is now in second, climbing from fourth place, with solid results across the board. **Queensland** remains in third position, ranking second on relative unemployment and housing finance.

Victoria drops from second to fourth place. The state is in third spot on four indicators but is held-back by lower rankings on other indicators.

Tasmania is steady in fifth spot—ranking first on relative unemployment. **NSW** slips back to sixth from equal fifth position due to a delayed transition from public to private sector-led growth. The **ACT** joins NSW in sixth, ranking first on relative economic growth.

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** has the strongest annual economic momentum, consolidating its first position, supported by robust private sector activity and population growth.

South Australia climbs to second place following a strong start to 2025, with a pickup in consumer spending and business investment to begin the year. The **Northern Territory** moves up to third from fifth. In a tight contest, **Queensland** (fourth), **NSW** and **Victoria** (both fifth) are in the middle of the pack.

The **ACT** (seventh) and **Tasmania** (eighth) lag the bigger states and territories, constrained by more modest public demand and weak business investment.

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



Source: Adobe stock for images in pages 1,3 & 15

Economic growth



Real economic activity in the ACT in the year to March 2025 was 7.8 per cent above a long-run average level of output.

The ACT takes the lead 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.

The ACT takes the lead

In the March quarter 2025, economic activity in the ACT was 7.8 per cent above its long-term average level of output, lifting to first place from second position.

South Australia jumps to second spot from sixth place, with output 7.4 per cent above the long-run average of output.

Victoria remains third (up 6.4 per cent), followed by the Northern Territory now in fourth position (up 5.8 per cent).

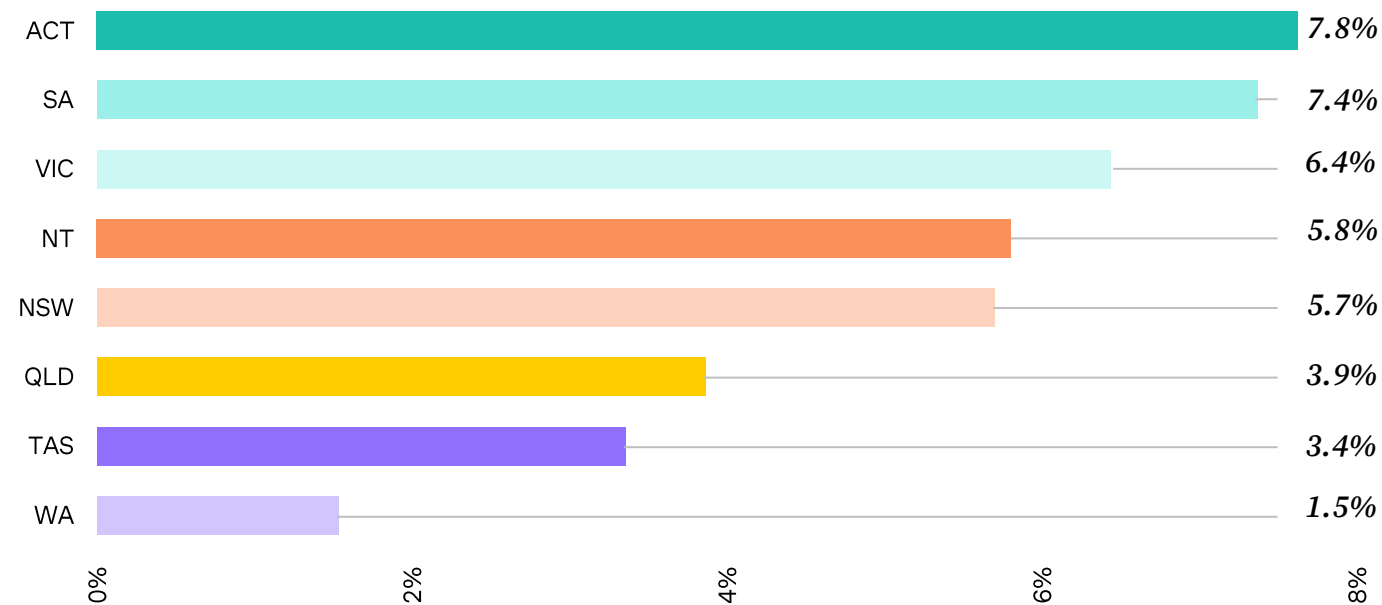
At the other end of the scale, Western Australia's March quarter economic activity was just 1.5 per cent above its long-run average, behind Tasmania (up 3.4 per cent), Queensland (up 3.9 per cent) and NSW (up 5.7 per cent).

The Northern Territory recorded the fastest economic growth, soaring 10.2 per cent over the year. Next best is the ACT (up 3.6 per cent), South Australia (up 3.10 per cent), NSW (up 3.09 per cent) and Victoria (up 2.3 per cent).

Tasmania records the slowest growth

The weakest performer on annual economic activity in the quarter is Tasmania (down 0.9 per cent), followed by Western Australia (down 0.1 per cent) and Queensland (up 0.1 per cent).

If seasonally adjusted SFD is used in real terms, comparing the latest result with long-run averages reveals some slight changes in the rankings, with Western Australia performing better due to solid export growth.



Economic growth (state final demand, SFD, plus trade) real, seasonally adjusted, percentage change year to March 2025 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 March quarter 2025 data, the latest available.

Western Australia leads on ‘real’ retail spending

Retail spending remained above the long-term average in all states and territories in the first quarter of 2025 as borrowing rates dropped and inflation cooled. Solid job growth, tax cuts, promotional sales events and government energy subsidies have also supported consumer spending.

Western Australia remains in first position, with real spending 11.5 per cent higher in the March quarter 2025 on its decade-average levels.

Victoria stays in second spot with spending 10.0 per cent above its ‘normal’ levels or the decade average.

Queensland remains in third position, with real spending up 8.7 per cent on decade-average levels. The ACT stays fourth, with spending up 7.9 per cent on ‘normal’ levels. South Australia is in fifth position with spending 6.9 per cent above the long-term average.

At the other end of the rankings, Northern Territory spending was up 1.7 per cent on the decade average, behind NSW (up 5.9 per cent) and Tasmania (up 6.7 per cent).

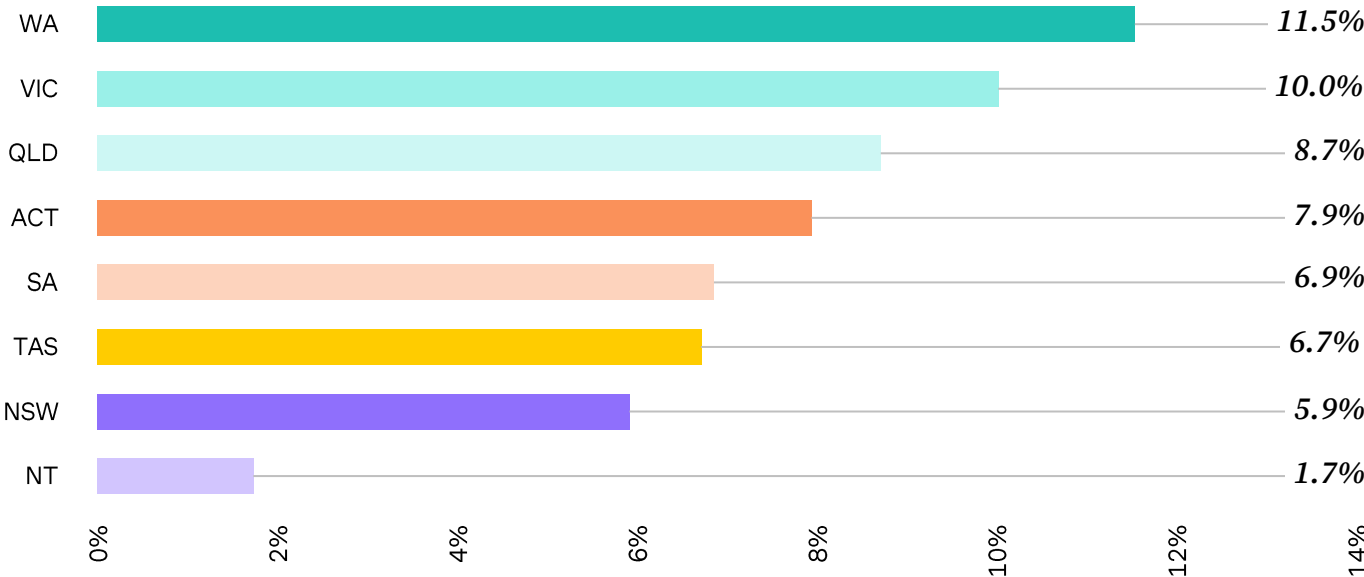
ACT has weakest annual spending growth

In terms of annual growth of real retail trade, Western Australia remains strongest (up 2.9 per cent), ahead of Victoria (up 2.0 per cent), South Australia (up 0.9 per cent) and Queensland (up 0.8 per cent).

At the other end of the scale, retail spending in the ACT was down 0.5 per cent, behind Tasmania (up 0.2 per cent), NSW (up 0.3 per cent) and the Northern Territory (up 0.6 per cent).

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

In May 2025, annual spending growth was fastest in Western Australia (up 5.6 per cent), ahead of Queensland (up 4.1 per cent) and Victoria (up 3.9 per cent).



Real retail trade, seasonally adjusted, percentage change March quarter, 2025 on the decade average.

Source: CommSec, ABS

Equipment investment



In the March quarter, equipment investment in Western Australia was 30.1 per cent above the decade average.

Western Australia takes the lead on equipment investment

The measure of equipment investment is real spending on new plant and equipment in trend terms with March quarter of 2025 data compared with decade averages (the 'normal' performance).

In the March quarter, seven out of eight states and territories had equipment spending above or in-line with decade-average levels, down from eight in the previous quarter.

Western Australia now in the lead

Equipment investment in Western Australia was up by 30.1 per cent on the decade average, lifting to first from second place last quarter. Tasmania falls back to second spot (up 22.4 per cent) with NSW steady in third place (up 15.6 per cent). The ACT lifts to fourth from fifth spot (up 14.1 per cent).

At the other end of the scale, equipment investment in the Northern Territory is down 11.1 per cent on the decade average, sliding from fourth to eighth place. Victoria was up 6.7 per cent on the decade average with Queensland 9.5 per cent higher and South Australia up 13.9 per cent.

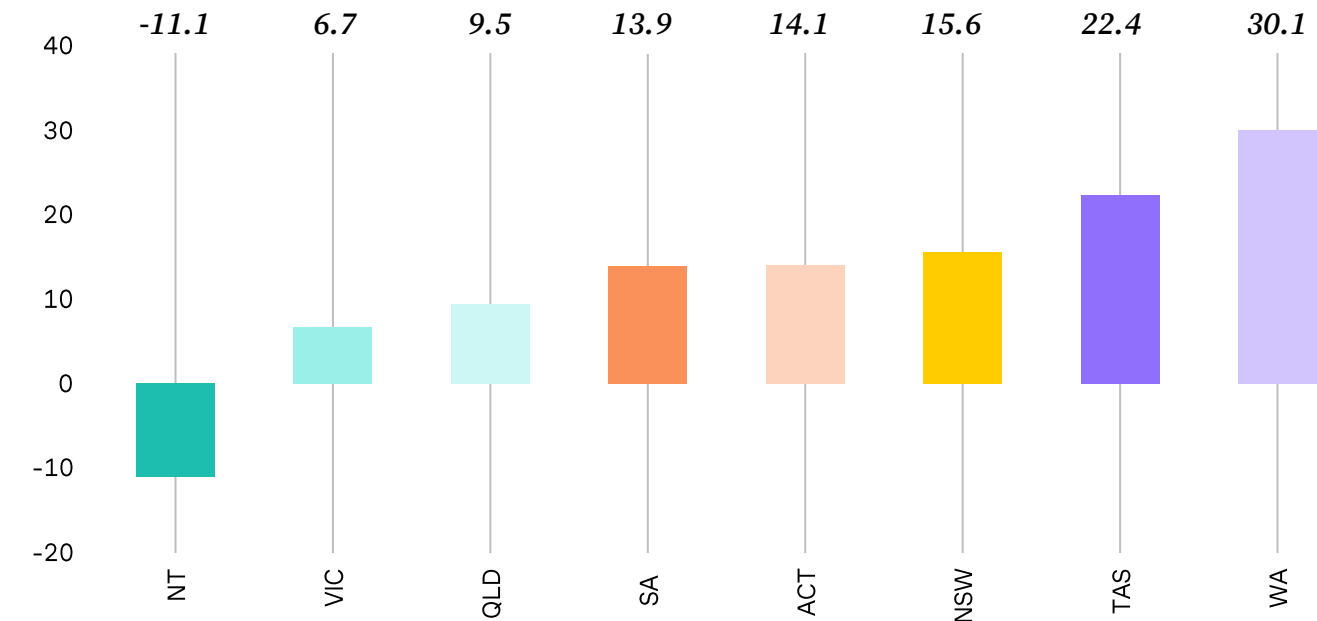
On a shorter-run analysis, real equipment investment in the March quarter of 2025 was up on a year ago in four of the eight states and territories, in-line with the previous quarter.

Equipment investment in Western Australia was up 5.1 per cent on the previous year, ahead of NSW (up 3.0 per cent), South Australia (up 2.7 per cent) and Tasmania (up 1.1 per cent).

Equipment investment was just below record highs in South Australia in the March quarter of 2025.

The Northern Territory lags on annual comparisons

At the other end of the scale, new equipment investment in the Northern Territory was 26.4 per cent lower than a year ago in the March quarter 2025, behind the ACT (down 8.1 per cent), Queensland (down 5.4 per cent) and Victoria (down 5.1 per cent).



Equipment spending, trend, percent change March quarter, 2025 on the decade average.
Source: CommSec, ABS

Unemployment



With unemployment at 29.7 per cent below its decade-average level, Tasmania has the strongest job market.

Tasmania 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, Tasmania now has the strongest job market, moving up from third place. Trend unemployment in Tasmania was at a record-low 3.8 per cent in June 2025, 29.7 per cent below the decade-average level. Next best is Queensland, its 4.0 per cent jobless rate is 25.1 per cent below the decade average. Queensland moves from fourth to second position.

South Australia dips from second to third place (24.6 per cent below the decade average), ahead of Western Australia which drops from first to fourth spot (21.7 per cent below 'normal').

The ACT is now at the bottom of the table

At the other end of the scale, the ACT jobless rate of 3.5 per cent—which is at a 12-month high—is just 6.7 per cent below the 3.8 per cent decade-average rate.

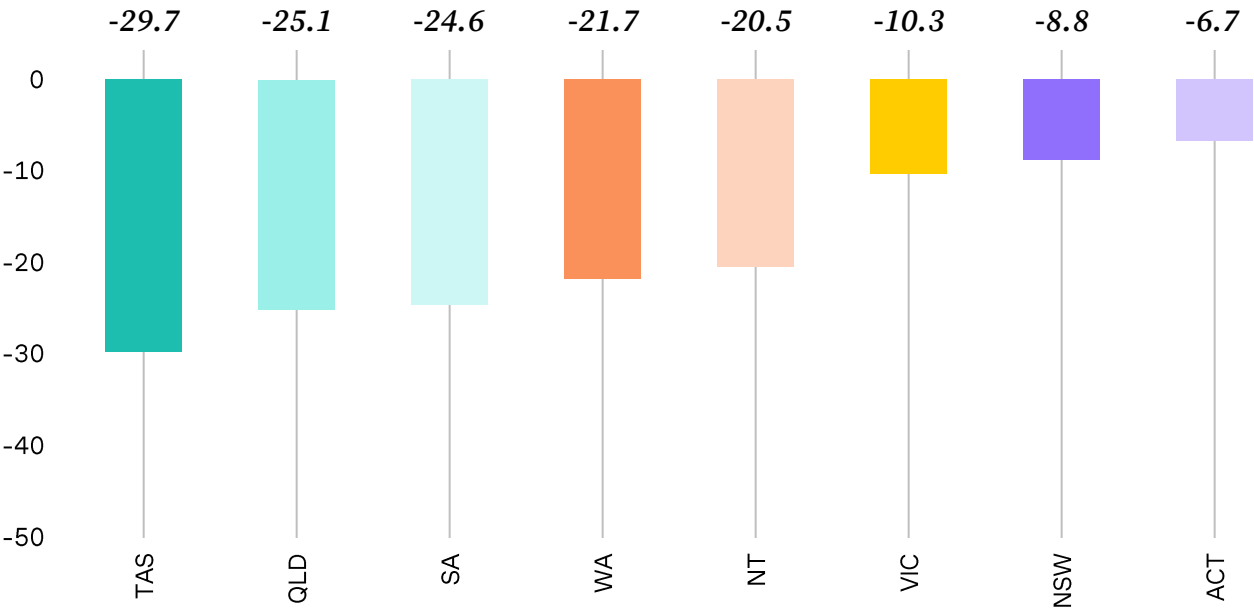
Ahead of the ACT is NSW, its jobless rate of 4.2 per cent is at a 3½-year high and is 8.8 per cent below the decade average. Next best is Victoria (10.3 per cent below the decade average) and the Northern Territory (20.5 per cent below the decade average).

In June 2025, employment in all the states and territories was above decade-average levels. Western Australia was still the strongest performer on this measure with employment 15.8 per cent higher than the decade average.

South Australia has the fastest job growth

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

Performing best was South Australia (up 3.8 per cent), ahead of Queensland (up by 2.8 per cent) and Western Australia (up 2.5 per cent). Jobs in Victoria were up by 2.0 per cent over the year; NSW (up by 1.7 per cent); the ACT (up 1.32 per cent); the Northern Territory (up 1.26 per cent); and Tasmania (up 0.9 per cent).



Unemployment, trend, percent change in June 2025 on the decade average.
Source: CommSec, ABS

Construction work



Up 16.7 per cent on the decade average level, South Australia is strongest for construction work done.

South Australia 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 March quarter 2025.

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

South Australia is now in top

South Australia lifts from second to top spot for construction work done, which is 16.7 per cent above its decade average. Western Australia moves up to second from third place, with work done 14.6 per cent above the decade average.

Victoria slips to third from first place, with work done 11.4 per cent above the decade average. Queensland is now in fourth place, up from fifth, 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 26.5 per cent below the decade average in the March quarter.

Next lowest was the ACT with construction work down 7.2 per cent on the decade average, behind Tasmania (up 5.1 per cent) and NSW (up 11.0 per cent).

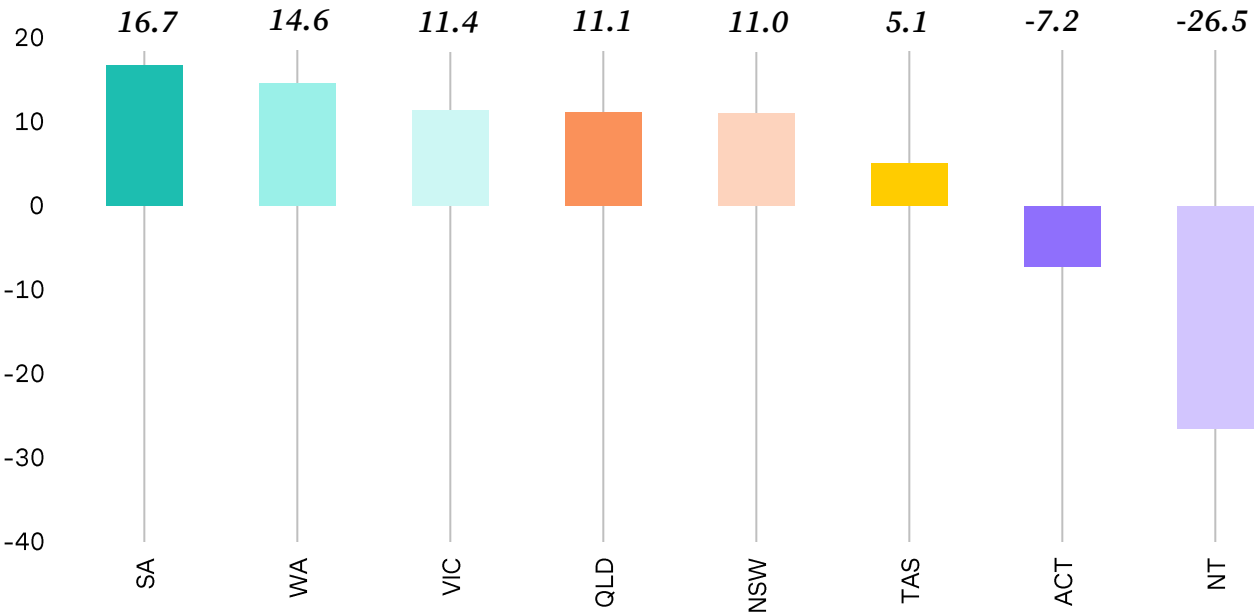
The Northern Territory posted the weakest growth in the March quarter (down 2.9 per cent), while South Australia (up 1.4 per cent) and NSW (up 1.2 per cent) were the strongest performers alongside Western Australia (up 0.7 per cent).

The 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 5.5 per cent, ahead of Western Australia (up 4.8 per cent), NSW (up 3.3 per cent), South Australia (up 3.1 per cent) and Queensland (up 2.6 per cent).

At the other end of the scale, construction work in the ACT was down by 9.4 per cent, followed by Tasmania (down 3.7 per cent) and Victoria (down 0.03 per cent).



Construction work done, trend, percent change, March quarter 2025 on the decade average.
Source: CommSec, ABS

Population growth



The Northern Territory has the highest relative population growth.

The Northern Territory leads on 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 an important driver of the broader economy, especially for retail spending and housing demand. Annual population growth rates remain robust but are beginning to normalise following a period of strong inbound migration flows after the Covid-19 pandemic. Five states or territories have population growth above the decade average.

The Northern Territory is now in top spot

The Northern Territory is now ranked first on the relative population growth measure—the 1.21 per cent annual population growth rate is up 66.0 per cent on the decade average.

Western Australia drops to second place on relative population growth, with its 2.39 per cent annual population growth rate 39.8 per cent above the decade average for the year to the December quarter 2024 (latest available).

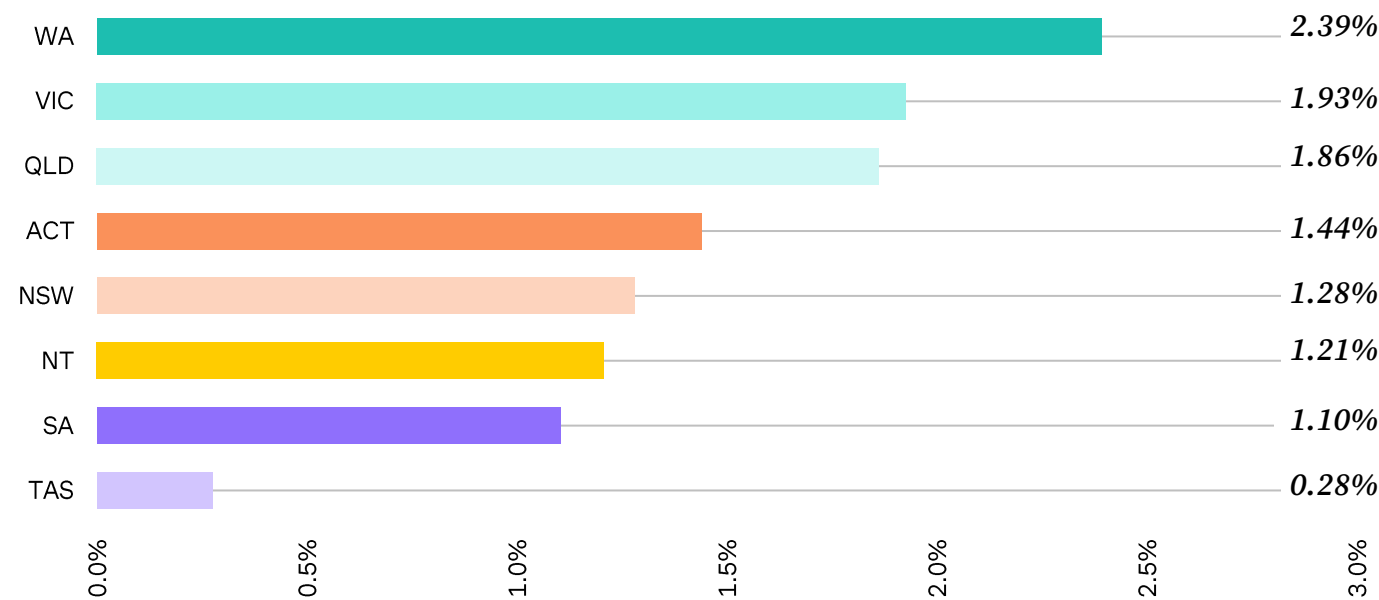
Next strongest was Victoria (up 15.8 per cent), Queensland (up 10.8 per cent), followed by NSW (up 3.2 per cent), South Australia (down 0.3 per cent), the ACT (down 31.1 per cent) and Tasmania (down 75.8 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 2.39 per cent). Next strongest is Victoria (up 1.93 per cent), followed by Queensland (up 1.86 per cent); the ACT (up 1.44 per cent); NSW (up 1.28 per cent); the Northern Territory (up 1.21 per cent); South Australia (up 1.10 per cent); and Tasmania (up 0.28 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 is just above the weakest level in ten years observed in late 2023.



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

Source: CommSec, ABS

Housing finance



Western Australia is in top spot, with the value of home loans up by 42.4 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 remained above decade averages in the March quarter 2025. Western Australia stays in top spot, with the value of home loans up by 42.4 per cent on the long-term average.

The next strongest was Queensland (up 39.2 per cent), followed by South Australia (up 30.3 per cent) and Tasmania (up 20.1 per cent), which moves up to fourth from sixth spot.

NSW is the weakest for home lending

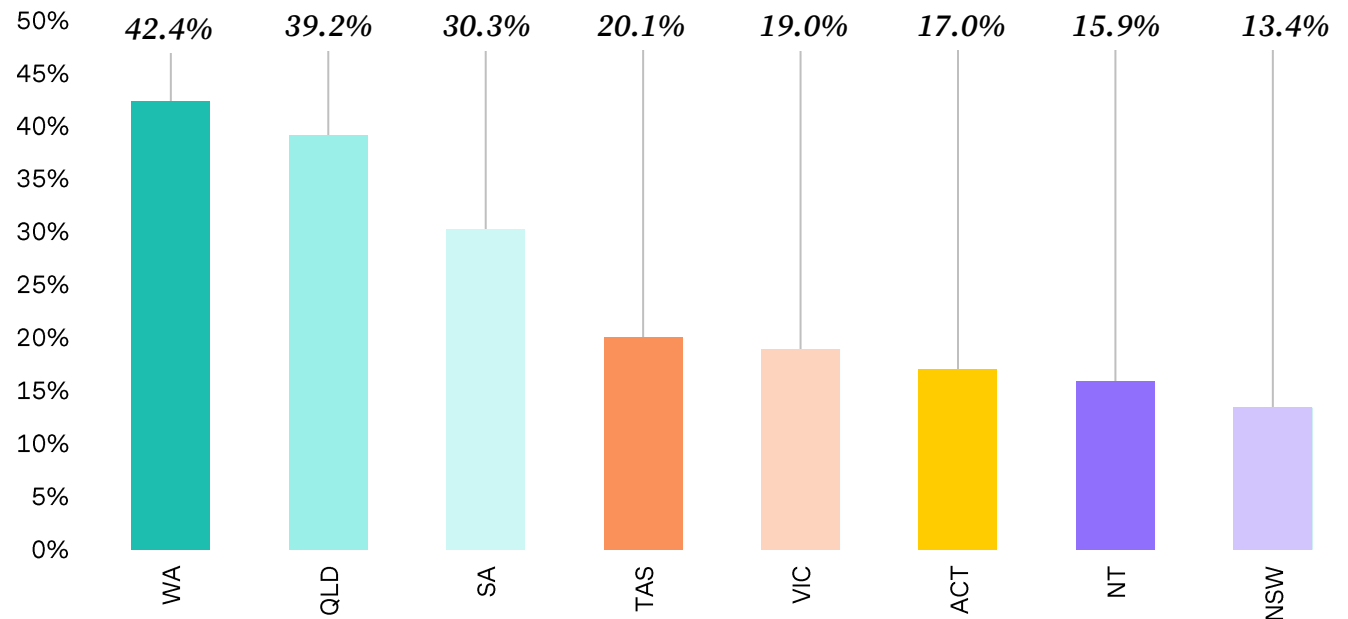
NSW is now the weakest for housing finance with commitments 13.4 per cent higher than its decade average. NSW drops from fifth place, replacing the Northern Territory (up 15.9 per cent) which moves up to seventh place.

The ACT also lifts a place in the rankings to sixth with commitments up 17.0 per cent on the decade average.

Victoria slips from fourth to fifth place with lending 19.0 per cent higher than its decade average.

In annual terms, the re-shuffling of the rankings has seen the Northern Territory replace high-flying Western Australia in top spot, which drops down to fifth. Lending in the Northern Territory is now up 30.1 per cent, followed by Queensland (up 19.9 per cent) and South Australia (up 17.7 per cent).

Home loans in Tasmania were up 17.5 per cent; ahead of Western Australia (up 17.1 per cent); the ACT (up 16.4 per cent); Victoria (up 9.6 per cent); and NSW (up 6.5 per cent).



Housing finance commitments, trend, percent change March quarter 2025 on the decade average.

Source: CommSec, ABS

Dwelling starts



South Australian dwelling starts for the March quarter were up on the decade-average level by 22.8 per cent.

South 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.

South Australia takes top spot

South Australia now leads other economies on dwelling starts, lifting from second spot. In the March quarter 2025, starts in South Australia were 22.8 per cent above the decade average.

Western Australia drops to second position, with starts 17.9 per cent above 'normal' (the decade average).

Victoria moves up to third from fifth place, with starts down 9.5 per cent on the 10-year average.

At the other end of the scale, dwelling starts in the ACT were 56.7 per cent below the decade average.

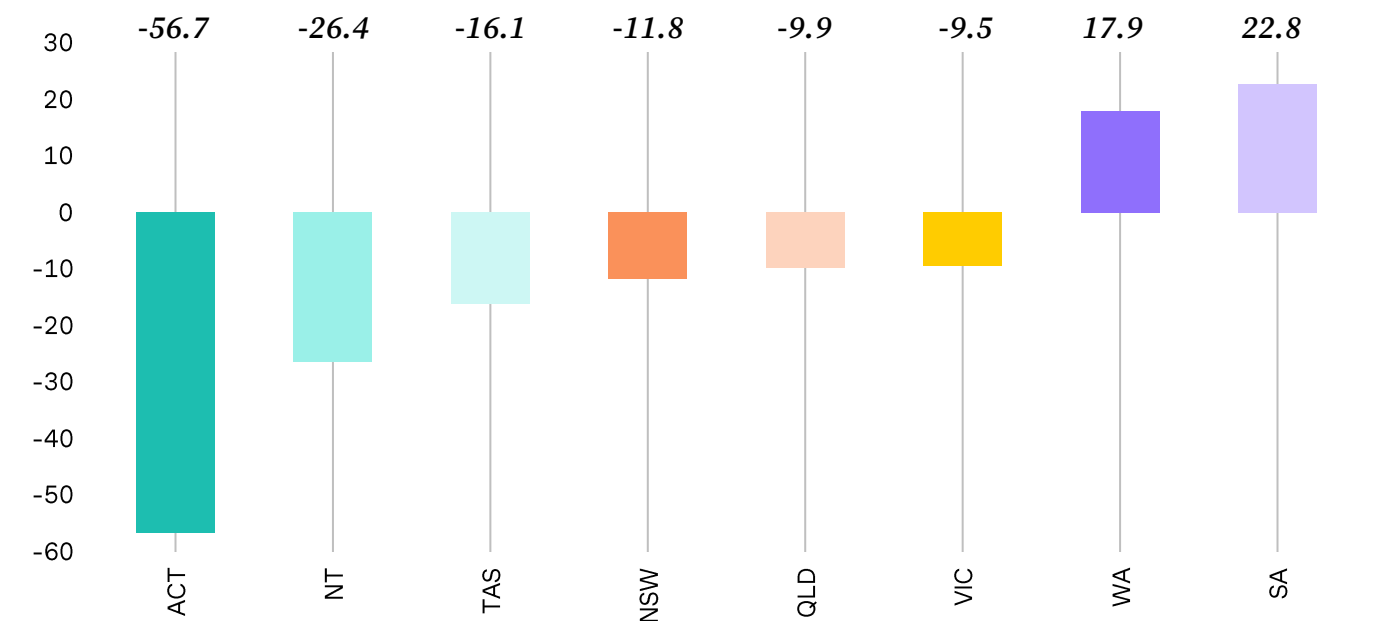
Next weakest was the Northern Territory (down 26.4 per cent); below Tasmania (down 16.1 per cent); NSW (down 11.8 per cent) and Queensland (down 9.9 per cent).

In terms of changes over the March quarter, five economies posted increases in starts. The Northern Territory rose the most, up 14.6 per cent; followed by South Australia (up 8.6 per cent); NSW (up 6.0 per cent), Victoria (up 5.4 per cent) and Western Australia (up 3.7 per cent). But starts fell by 2.1 per cent in Queensland; followed by the ACT (down 1.0 per cent); and Tasmania (down 0.8 per cent).

Western Australia strongest; ACT weakest

In terms of annual changes, starts in Western Australia rose by 42.9 per cent, followed by the Northern Territory (up 42.4 per cent). Next best was South Australia (up 31.0 per cent) ahead of NSW (up 27.1 per cent), Tasmania (up 11.8 per cent), Victoria (up 5.5 per cent) and Queensland (up 1.8 per cent).

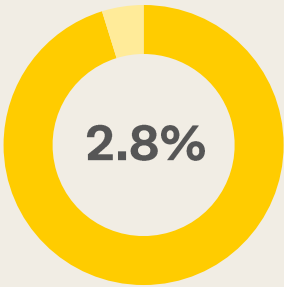
Starts in the ACT fell most over the year (down 52.9 per cent).



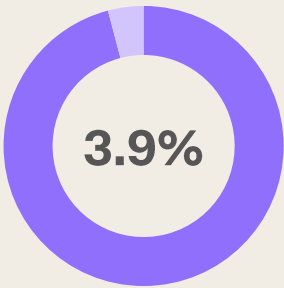
Dwelling starts, trend, percent change, March quarter 2025 on decade average.
Source: CommSec, ABS

Other indicators

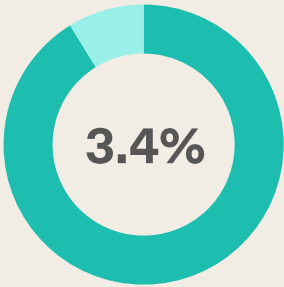
Highest inflation rate in Perth, WA



Fastest wage growth in the ACT



National home prices rose by



Perth, WA posts the biggest lift in consumer prices

Annual percentage changes of consumer prices eased in five of the eight capital cities in the March quarter 2025.

Perth, Western Australia had the highest annual inflation rate in the quarter at 2.8 per cent, ahead of Brisbane, QLD (2.7 per cent), and Sydney, NSW and Melbourne, VIC (both 2.3 per cent).

With annual inflation rates mostly easing and wage growth rates staying elevated, all states and territories had positive real wage growth in the first quarter of 2025 (the gap between wage growth and inflation).

Nationally in the March quarter 2025, headline consumer prices (CPI) rose by 0.9 per cent, with the annual growth rate steady at 2.4 per cent. The underlying (or trimmed mean) measure rose by 0.7 per cent in the quarter with the annual rate down from 3.3 per cent to 2.9 per cent.

The Wage Price Index (WPI) in the year to the March quarter 2025 was strongest in the ACT (3.9 per cent), ahead of Western Australia (3.7 per cent), Queensland (3.6 per cent) and South Australia (3.5 per cent).

	CPI March Qtr. 2025	Wages March Qtr. 2025	Home Prices June 2025
NSW	2.3	3.1	1.3
VIC	2.3	3.3	-0.4
QLD	2.7	3.6	7.0
SA	2.2	3.5	8.0
WA	2.8	3.7	7.0
TAS	1.4	3.2	2.0
NT	1.7	3.3	6.0
ACT	2.2	3.9	0.3

*Annual % change.
Source: ABS, CoreLogic, CommSec. CPI—Consumer Price Index, Wages—Wage Price Index

Wages in Victoria and the Northern Territory were both 3.3 per cent higher, ahead of Tasmania (3.2 per cent) and NSW (3.1 per cent).

South Australia leads on home prices

Turning to home prices, in June 2025 all states and territories posted annual increases in home prices except Victoria.

Also, the annual price changes of homes were higher in seven 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 June after rising by 4.0 per cent in the year to March.

In June, the strongest annual growth in home prices was in South Australia (up 8.0 per cent); followed by Western Australia and Queensland (both up 7.0 per cent); the Northern Territory (up 6.0 per cent); Tasmania (up 2.0 per cent); NSW (up 1.3 per cent); the ACT (up 0.3 per cent); and Victoria (down 0.4 per cent).



South Australia

The fastest annual lift in home prices was in South Australia, up **8.0%**.

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).


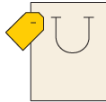


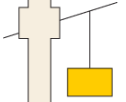

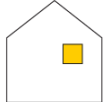

Western Australia retains outright lead

If we focus just on annual growth rates, on an aggregate basis (looking across all indicators), the commodities and tourism-focused state of **Western Australia** continues to outperform the rest of the nation, ranking first on four of the eight key economic indicators. Population growth is particularly strong.

South Australia is the big improver, jumping to second from fourth spot, supported by a pick-up in consumer spending, business investment and dwelling investment. The **Northern Territory** lifts from fifth to third due to robust growth in business investment and construction activity.

Queensland slips to fourth from second following a fall in coal and agricultural exports caused by ex-Tropical Cyclone Alfred. **Victoria** dips from third to fifth despite above-average net overseas migration, supporting household spending.

NSW joins Victoria in fifth, up from sixth, with Sydney’s heavily mortgaged households benefitting from interest rate cuts. The **ACT** (seventh) and **Tasmania** (eighth) are both being held back by weakness in private sector investment.

								
	Economic growth	Retail spending	Equipment investment	Employment growth	Construction work	Population growth	Housing finance	Dwelling starts
NSW	3.1	0.3	3.0	1.7	3.3	1.28	6.5	27.1
VIC	2.3	2.0	-5.1	2.0	-0.03	1.93	9.6	5.5
QLD	0.1	0.8	-5.4	2.8	2.6	1.86	19.9	1.8
SA	3.1	0.9	2.7	3.8	3.1	1.10	17.7	31.0
WA	-0.1	2.9	5.1	2.5	4.8	2.39	17.1	42.9
TAS	-0.9	0.2	1.1	0.9	-3.7	0.28	17.5	11.8
NT	10.2	0.6	-26.4	1.3	5.5	1.21	30.1	42.4
ACT	3.6	-0.5	-8.1	1.3	-9.4	1.44	16.4	-52.9
Aust	1.7	1.2	-0.2	2.1	2.5	1.65	14.3	14.3

Source: ABS, 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 June 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** and **Tasmania**. **Western Australia** is doing best with vehicle sales up by 24.1 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 just 0.2 per cent on a year ago. Sales are down most in the **ACT**, falling 13.2 per cent.

Western Australia has firm grip on first

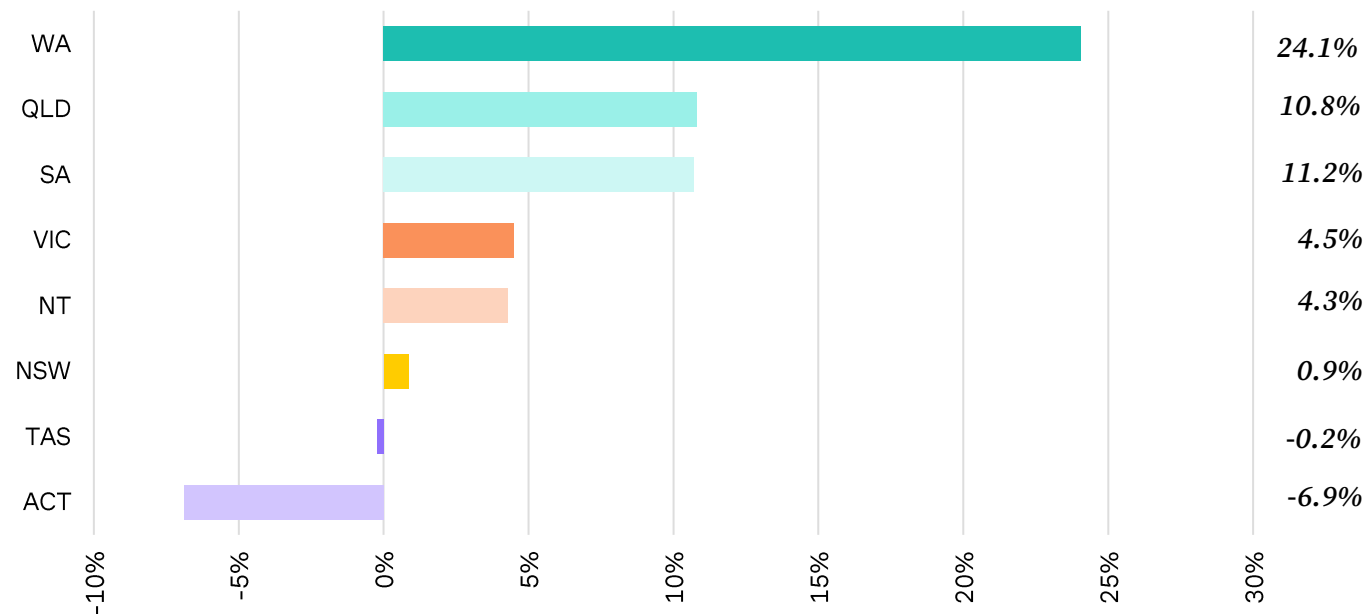
Western Australia is top of the economic performance rankings for the fourth successive quarterly report, retaining its position as Australia's top economic performer. Strong relative population growth in 'The West' is supporting private sector activity, especially in the housing market. Business and public spending remain robust, despite slowing demand for exports.

Where to from here?

Despite a challenging global economic and geopolitical backdrop, a recovery in exports and solid growth in the private sector is expected to drive activity in both the **Western Australian** and **Queensland** economies in late 2025. But expected maintenance of the Ichthys LNG plant and South32's manganese production pause could slow exports in the **Northern Territory** ahead of a likely rebound next year as Santos' Barossa gas project is completed.

Consumer spending in **NSW**, **Victoria** and the **ACT** is expected to recover following recent interest rate reductions, but business investment and confidence remain weak. Housing construction activity poses an ongoing challenge for both **NSW** and the **ACT** amid affordability and supply constraints.

The **Tasmanian** economy is awaiting a much-needed housing recovery and rebound in exports amid weakness in both private and public sector investment. A recovery in household spending, a gradual pickup in business investment and continued strength in government spending should continue to support the **South Australian** economy as we end the year.



Motor vehicle registrations, percent change in the twelve months to June 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 **Queensland** and **Western Australia** both stood at 4.0 per cent in June 2025. But the Queensland unemployment rate was 25.1 per cent below its decade average of 5.3 per cent, while the Western Australian jobless rate of 4.0 per cent was 21.7 per cent below its decade average of 5.1 per cent. So Queensland ranks above Western Australia 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 over 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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