

## State of the Regions 2019

- Over the past decade CommSec has conducted quarterly assessments of state and territory economic performance. We have now extended the analysis to Australian regional economies.
- Data were assessed across 88 SA4 regions that tend to have populations of between 100,000 to 300,000 people. The data assessed included population growth, business counts, unemployment and home building approvals. The most recent data was compared with long-term averages ('normal' levels) to find the best performing economies.
- The best performing regions were found to be Melbourne-South East; Sydney-Baulkham Hills and Hawkesbury; Melbourne-West; the Gold Coast; and Sydney-Blacktown.

### Comparing regional economies

- Every quarter CommSec assesses eight indicators to determine the best performing state and territory economies. There is no single 'best' way to determine relative economic performance. But use of a broad range of economic indicators with assessments against long-term averages determines the best-performing economies rather than identifying just the biggest or fastest growing economies.
- Looking at the current pace of growth to assess economic momentum may yield perverse results to judge performance. For instance building approvals may be up sharply on a year ago but from depressed levels. Overall spending may still be well below "normal". And focussing on regions with the fastest population growth would ignore those regions that are now growing faster than what would be considered 'normal' for that region.
- Unfortunately only building approval and labour market figures are readily available for regions. Consistent and comparable data on population and business counts are available up to the 2017/18 year. So only four indicators can be used to determine Australia's best performing regional economies. While assessment of a small number of indicators is not ideal, the results are useful as a basis for further research.
- The SA4 level was chosen as a point of comparison as consistent results were available for regions of significant size (SA4s tend to have populations of between 100,000 to 300,000 people). At the SA4 level there are 88 regions with consistent data to be assessed. The results can be further broken down to a SA3 level (358 regions) and SA2 level 9 (2,310 regions). Capital city areas can be excluded to focus on rural and regional areas.

### STATE OF THE REGIONS

Latest data\*; % change on long-term average

| State | SA4 region                             | Bus counts | Population | Unemploy rate | Home Approval |
|-------|--|------------|------------|---------------|---------------|
| VIC   | Melbourne - South East                 | 17.3       | 13.9       | -17.4         | 18.2          |
| NSW   | Sydney - Baulkham Hills and Hawkesbury | 13.3       | 7.9        | -24.3         | 38.4          |
| VIC   | Melbourne - West                       | 21.6       | 16.6       | -6.0          | 27.7          |
| Qld   | Gold Coast                             | 11.4       | 10.8       | -21.5         | 14.9          |
| NSW   | Sydney - Blacktown                     | 17.0       | 10.9       | -21.9         | 22.3          |

Source: ABS, CommSec.

\* Latest: 2017/18 (Population, Business counts); 2018 (Home building approvals, unemployment rate)

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## The best performing Australian regional economies

- The regions that consistently performed best across the four criteria were: **Melbourne-South East; Sydney-Baulkham Hills and Hawkesbury; Melbourne-West; the Gold Coast; and Sydney-Blacktown.**
- Given the strength of the Victorian and NSW economies, it shouldn't be a surprise that regions within Sydney and Melbourne performed well in the survey. But Queensland's Gold Coast is included in the top performing economies while the ACT, the non-metro Richmond-Tweed region, Sunshine Coast, Geelong and Illawarra were amongst the regions that performed consistently well on the four criteria.

## The top regions

### Melbourne-South East

- The region includes around 40 suburbs and the SA3 regions of Cardinia, Casey-North, Casey South, Dandenong and Monash. Population stands near 840,000 and is growing around 3 per cent per annum. The number of businesses stand at around 70,000. The unemployment rate averaged 5.4 per cent in 2018. And there were over 10,000 council approvals to build new homes in 2018.

### Sydney-Baulkham Hills and Hawkesbury

- The region includes around 20 suburbs and the SA3 regions of Baulkham Hills, Dural-Wisemans Ferry, Hawkesbury and Rouse Hill-McGraths Hill. Population stands near 245,000 and is growing around 2 per cent per annum. The number of businesses stand at around 30,000. The unemployment rate averaged 3.0 per cent in 2018. And there were over 4,200 council approvals to build new homes in 2018.

### Melbourne-West

- The region includes around 20 suburbs and the SA3 regions of Brimback, Hobsons Bay, Maribyrnong, Melton - Bacchus Marsh and Wyndham. Population stands near 820,000 and is growing around 3.5 per cent per annum. The number of businesses stand at around 55,000. The unemployment rate averaged 7.1 per cent in 2018. And there were almost 12,000 council approvals to build new homes in 2018.

### Gold Coast

- The region includes around 60 suburbs and the SA3 regions of Broadbeach-Burleigh, Coolangatta, Gold Coast-North, Gold Coast Hinterland, Mudgeeraba-Tallebudgera, Nerang, Ormeau-Oxenford, Robina, Southport, Surfers Paradise. Population stands near 622,000 and is growing around 2.6 per cent per annum. The number of businesses stand at around 70,000. The unemployment rate averaged 4.3 per cent in 2018. And there were around 6,500 council approvals to build new homes in 2018.

### Sydney-Blacktown

- The region includes around 30 suburbs and the SA3 regions of Blacktown, Blacktown-North and Mount Druitt. Population stands near 370,000 and is growing around 2.5 per cent per annum. The number of businesses stand at around 23,500. The unemployment rate averaged 4.9 per cent in 2018. And there were over 4,800 council approvals to build new homes in 2018.

## State of the regions: Strongest by State/Territory

- Sydney and Melbourne regions dominate the top rankings across the regions. But what regions are best performing in each state and territory? The ACT ranks highly in home building approvals but other regions are showing greater improvement on unemployment. In South Australia, Adelaide-Central Hills ranks highly on growth of businesses and building approvals. In Tasmania, Hobart ranks highly on home building approvals. In Western Australia, Perth-South West ranks highly on relative population growth. And in the Northern Territory, Darwin's population is 7.3 per cent above the decade average although business numbers and building approvals are

### STATE OF THE REGIONS: Strongest by State/Territory

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| State | SA4 region                             | Bus counts | Population | Unemploy rate | Home Approval |
|-------|--|------------|------------|---------------|---------------|
| VIC   | Melbourne - South East                 | 17.3       | 13.9       | -17.4         | 18.2          |
| NSW   | Sydney - Baulkham Hills and Hawkesbury | 13.3       | 7.9        | -24.3         | 38.4          |
| Qld   | Gold Coast                             | 11.4       | 10.8       | -21.5         | 14.9          |
| ACT   | Australian Capital Territory           | -4.7       | 8.9        | -6.0          | 31.3          |
| SA    | Adelaide - Central and Hills           | 4.9        | 3.2        | -11.9         | 24.1          |
| Tas   | Hobart                                 | -2.7       | 5.1        | 5.9           | 30.7          |
| WA    | Perth - South West                     | 7.0        | 8.4        | 17.5          | -29.2         |
| NT    | Darwin                                 | -9.4       | 7.3        | 14.8          | -168.5        |

Source: ABS, CommSec.

\* Latest: 2017/18 (Population, Business counts); 2018 (Home building approvals, unemployment rate)

below decade-average levels.

### Rural & regional areas

- If we strip out metropolitan areas, which rural/regional areas are performing best? The Gold Coast is joined by Richmond-Tweed on the NSW North Coast, the Sunshine Coast, Geelong and the Illawarra, south of Sydney.
- Richmond-Tweed, Geelong and Illawarra rank highly on relative population growth and building approvals. Sunshine Coast had an unemployment rate averaging 6.2 per cent in 2018, slightly above the decade average.

### STATE OF THE REGIONS: Rural & regional areas

Latest data\*; % change on long-term average

| State | SA4 region       | Bus counts | Population | Unemploy rate | Home Approval |
|-------|------------------|------------|------------|---------------|---------------|
| Qld   | Gold Coast       | 11.4       | 10.8       | -21.5         | 14.9          |
| NSW   | Richmond - Tweed | 4.4        | 3.9        | -28.5         | 24.3          |
| Qld   | Sunshine Coast   | 7.7        | 10.7       | 2.6           | 23.6          |
| VIC   | Geelong          | 12.6       | 11.1       | 1.3           | 27.1          |
| NSW   | Illawarra        | 14.2       | 5.1        | -24.0         | 31.3          |

Source: ABS, CommSec.

\* Latest: 2017/18 (Population, Business counts); 2018 (Home building approvals, unemployment rate)

### Strongest regions: Relative population growth

- The Victorian population is growing at the fastest rate in Australia. So it shouldn't be as surprise to find three Melbourne regions in the top five regions with the strongest relative population growth. (Compares the population in 2017/18 versus the average population over the past decade). The population of Sydney City and the inner south has been growing at a fast 2.9 per cent average annual rate over the past decade.

### STRONGEST REGIONS: POPULATION 2017-18

| State | SA4 regions                   | Population | Decade Average | % change on decade avg |
|-------|-------------------------------|------------|----------------|------------------------|
| VIC   | Melbourne - West              | 818,983    | 702,266        | 16.6                   |
| VIC   | Melbourne - Inner             | 681,787    | 587,634        | 16.0                   |
| NSW   | Sydney - City and Inner South | 359,302    | 310,731        | 15.6                   |
| Qld   | Moreton Bay - South           | 213,866    | 187,526        | 14.0                   |
| VIC   | Melbourne - South East        | 842,560    | 739,533        | 13.9                   |

Source: ABS, CommSec

### Strongest regions: Relative growth of business numbers

- Sydney and Melbourne regions have actively been creating new businesses in recent years. In part this can be attributed to the growth of the 'gig' economy – ride-sharing, taxi and delivery services, home businesses and home-sharing, accommodation services like Airbnb.

### FASTEST GROWTH OF BUSINESSES: 2017-18

| State | SA4 regions            | number | % change decade avg |
|-------|------------------------|--------|---------------------|
| NSW   | Sydney - Parramatta    | 48517  | 22.07               |
| VIC   | Melbourne - West       | 55446  | 21.62               |
| VIC   | Melbourne - South East | 70074  | 17.27               |
| NSW   | Sydney - Blacktown     | 23569  | 17.01               |
| NSW   | Sydney - South West    | 32917  | 15.94               |

Source: ABS, CommSec

**Strongest regions: Relative growth of home building**

- The growth of new home building has been spreading outside Sydney and Melbourne in the past few years. The Central Coast, north of Sydney, as well as the Illawarra, south of Sydney, were amongst the best-performing regions for home building in 2018. The ACT, regional Victoria, Tasmania and Queensland regions have also been notable for relative home building growth.

**RELATIVE GROWTH OF HOME BUILDING: 2018**

| State | SA4 regions                         | 2018 number | 7 year Average | change on 7yr avg |
|-------|-------------------------------------|-------------|----------------|-------------------|
| NSW   | Sydney - Baulkham Hills, Hawkesbury | 4265        | 2628           | 38.4              |
| Qld   | Logan - Beaudesert                  | 3880        | 2512           | 35.3              |
| NSW   | Central Coast                       | 2207        | 1464           | 33.7              |
| ACT   | Australian Capital Territory        | 7160        | 4920           | 31.3              |
| NSW   | Illawarra                           | 2749        | 1890           | 31.3              |

Source: ABS, CommSec

**Strongest regions: Relative unemployment**

- In the past four years, unemployment in Sydney's Outer West and Blue Mountains has halved from 6.4 per cent to 3.2 per cent. A similar result has been achieved in the Far West, Orana region of NSW.

**BEST PERFORMING JOB MARKETS: 2018**

| State | SA4 regions                         | %   | decade average | % change on avg |
|-------|-------------------------------------|-----|----------------|-----------------|
| NSW   | Sydney - Outer West, Blue Mountains | 3.2 | 5.1            | -37.9           |
| NSW   | Far West and Orana                  | 3.1 | 4.9            | -37.9           |
| SA    | South Australia - Outback           | 4.2 | 6.0            | -30.6           |
| NSW   | Richmond - Tweed                    | 4.8 | 6.6            | -28.5           |
| VIC   | Victoria - North West               | 3.8 | 5.3            | -28.4           |

Source: ABS, CommSec. Jobless rates are annual averages.

**What does it all mean?**

- Just as it was demonstrated in the "CommSec State of the States" report, Victorian and NSW regions dominate the top positions in the *State of the Regions* report. But clearly with only four indicators to highlight relative economic performance, there are gaps in our knowledge about the current state of regional economies. Ideally data on spending, incomes and investment would assist our knowledge of current economic performance at a regional level.
- The *State of the Regions* report does bring together the most recent economic indicators at a regional level and highlights results and trends useful for further analysis.
- Population in all but eight of the 88 regions over the last financial year was ahead of decade averages with Melbourne, Brisbane and Sydney regions recording strongest growth. Home building was more mixed: 48 of the 88 regions had council approval numbers ahead of decade averages in 2018. Encouragingly, annual average unemployment rates in 51 of 88 regions in 2018 were below decade averages. At the other end of the scale, Queensland and Western Australian regions dominate the regions with unemployment above longer-term averages.
- Also encouragingly, the number of businesses continue to expand across the country with increases in 64 of 88 regions compared with decade averages. In 2017/18 there were 8 per cent more businesses across Australia than on average over the past decade.

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## STATE OF THE REGIONS

Latest data\*; % change on long-term average

| State | SA4 region                             | Business counts | Population | Unemploy rate | Home Approval |
|-------|--|-----------------|------------|---------------|---------------|
| ACT   | Australian Capital Territory           | -4.7            | 8.9        | -6.0          | 31.3          |
| NSW   | Central Coast                          | 6.5             | 3.8        | -9.1          | 33.7          |
| NSW   | Sydney - Baulkham Hills and Hawkesbury | 13.3            | 7.9        | -24.3         | 38.4          |
| NSW   | Sydney - Sutherland                    | 7.3             | 2.6        | -23.8         | 23.8          |
| NSW   | Sydney - Blacktown                     | 17.0            | 10.9       | -21.9         | 22.3          |
| NSW   | Sydney - Eastern Suburbs               | 10.7            | 5.9        | 3.2           | 19.3          |
| NSW   | Far West and Orana                     | 4.9             | -0.1       | -37.9         | -14.2         |
| NSW   | Sydney - South West                    | 15.9            | 11.2       | -14.4         | 15.3          |
| NSW   | Sydney - City and Inner South          | 11.7            | 15.6       | -24.0         | -62.4         |
| NSW   | Murray                                 | 3.7             | 3.5        | 14.2          | -7.8          |
| NSW   | Richmond - Tweed                       | 4.4             | 3.9        | -28.5         | 24.3          |
| NSW   | Sydney - Northern Beaches              | 7.8             | 5.0        | -16.7         | -32.3         |
| NSW   | Coffs Harbour - Grafton                | 2.7             | 3.0        | 44.0          | 6.9           |
| NSW   | Sydney - Outer South West              | 13.9            | 10.2       | -20.7         | 19.2          |
| NSW   | Sydney - Parramatta                    | 22.1            | 11.7       | 0.1           | 7.2           |
| NSW   | Southern Highlands and Shoalhaven      | 0.5             | 5.7        | -12.1         | 19.0          |
| NSW   | Newcastle and Lake Macquarie           | 10.4            | 3.5        | -2.5          | 19.5          |
| NSW   | Mid North Coast                        | 5.8             | 4.1        | -23.2         | 14.9          |
| NSW   | Sydney - Ryde                          | 13.7            | 10.1       | -25.5         | 4.2           |
| NSW   | Sydney - Outer West and Blue Mountains | 10.5            | 5.5        | -37.9         | 13.1          |
| NSW   | Illawarra                              | 14.2            | 5.1        | -24.0         | 31.3          |
| NSW   | Capital Region                         | 6.1             | 3.8        | 21.5          | 22.1          |
| NSW   | Sydney - Inner South West              | 15.5            | 7.6        | -13.4         | -21.9         |
| NSW   | New England and North West             | 1.6             | 1.6        | -7.3          | -27.5         |
| NSW   | Riverina                               | 3.0             | 2.2        | 0.3           | 4.1           |
| NSW   | Sydney - Inner West                    | 12.2            | 8.6        | -10.9         | -78.2         |
| NSW   | Central West                           | -2.3            | 2.9        | 3.9           | -18.9         |
| NSW   | Hunter Valley exc Newcastle            | 6.4             | 6.3        | 6.6           | 9.6           |
| NSW   | Sydney - North Sydney and Hornsby      | 13.6            | 6.7        | -10.4         | -33.9         |
| NT    | Northern Territory - Outback           | -23.7           | -2.1       | 1.3           | 6.4           |
| NT    | Darwin                                 | -9.4            | 7.3        | 14.8          | -168.5        |
| Qld   | Mackay - Isaac - Whitsunday            | -5.7            | -0.0       | -23.3         | -81.7         |
| Qld   | Gold Coast                             | 11.4            | 10.8       | -21.5         | 14.9          |
| Qld   | Sunshine Coast                         | 7.7             | 10.7       | 2.6           | 23.6          |
| Qld   | Ipswich                                | 2.5             | 12.4       | 8.5           | 13.0          |
| Qld   | Darling Downs - Maranoa                | 2.6             | 1.5        | 48.5          | -92.6         |
| Qld   | Logan - Beaudesert                     | 4.3             | 8.3        | 1.7           | 35.3          |
| Qld   | Cairns                                 | 0.1             | 4.9        | -18.0         | 16.0          |
| Qld   | Brisbane - South                       | 12.5            | 7.7        | 10.6          | -1.9          |
| Qld   | Brisbane Inner City                    | 11.4            | 12.0       | 9.9           | -82.9         |
| Qld   | Central Queensland                     | -4.3            | 1.7        | 7.9           | -274.4        |
| Qld   | Moreton Bay - South                    | 15.2            | 14.0       | 21.4          | -33.5         |
| Qld   | Queensland - Outback                   | -1.7            | -2.7       | 44.0          | -169.3        |
| Qld   | Toowoomba                              | 1.9             | 5.2        | 20.2          | -24.3         |
| Qld   | Brisbane - North                       | 7.7             | 7.4        | 15.6          | -6.9          |
| Qld   | Moreton Bay - North                    | -0.2            | 7.9        | 32.2          | 29.7          |
| Qld   | Townsville                             | -4.7            | 3.0        | 18.4          | -140.2        |
| Qld   | Wide Bay                               | -4.3            | 3.6        | -3.4          | 1.9           |
| Qld   | Brisbane - West                        | -0.7            | 4.5        | 17.1          | 22.9          |
| Qld   | Brisbane - East                        | 2.6             | 5.5        | 0.5           | -0.0          |

Source: ABS, CommSec.

\* Latest: 2017/18 (Population, Business counts); 2018 (Home building approvals, unemployment rate)

## STATE OF THE REGIONS

Latest data\*; % change on long-term average

| <i>State</i> | <i>SA4 region</i>                   | <i>Business counts</i> | <i>Population</i> | <i>Unemploy rate</i> | <i>Home Approval</i> |
|--------------|-------------------------------------|------------------------|-------------------|----------------------|----------------------|
| SA           | Adelaide - West                     | 10.8                   | 3.5               | -6.1                 | 15.2                 |
| SA           | Adelaide - Central and Hills        | 4.9                    | 3.2               | -11.9                | 24.1                 |
| SA           | Adelaide - North                    | 5.7                    | 5.4               | -8.4                 | -4.5                 |
| SA           | Barossa - Yorke - Mid North         | -18.8                  | 3.0               | 10.5                 | -23.8                |
| SA           | South Australia - South East        | -2.2                   | 3.5               | -16.6                | -8.0                 |
| SA           | Adelaide - South                    | 0.8                    | 3.2               | 3.6                  | 5.8                  |
| SA           | South Australia - Outback           | -20.8                  | -1.7              | -30.6                | -115.4               |
| Tas          | Launceston and North East           | -11.5                  | 1.3               | -12.5                | 9.8                  |
| Tas          | Hobart                              | -2.7                   | 5.1               | 5.9                  | 30.7                 |
| Tas          | West and North West                 | -9.2                   | -0.5              | -15.4                | 6.1                  |
| Tas          | South East                          | -2.5                   | 2.7               | -19.6                | 8.4                  |
| VIC          | Warrnambool and South West          | -1.9                   | 1.2               | -24.2                | 6.0                  |
| VIC          | Mornington Peninsula                | 10.1                   | 5.9               | -12.5                | -11.7                |
| VIC          | North West                          | 0.2                    | 0.7               | -28.4                | -0.8                 |
| VIC          | Shepparton                          | -0.4                   | 3.0               | -17.2                | 21.7                 |
| VIC          | Bendigo                             | 2.4                    | 7.5               | -18.3                | 4.5                  |
| VIC          | Melbourne - West                    | 21.6                   | 16.6              | -6.0                 | 27.7                 |
| VIC          | Melbourne - Inner South             | 7.5                    | 6.8               | -26.8                | 13.4                 |
| VIC          | Melbourne - South East              | 17.3                   | 13.9              | -17.4                | 18.2                 |
| VIC          | Melbourne - Inner East              | 10.1                   | 6.1               | -5.4                 | 9.1                  |
| VIC          | Melbourne - Outer East              | 4.8                    | 4.3               | -11.5                | -2.2                 |
| VIC          | Hume                                | 3.4                    | 5.8               | -25.0                | 17.2                 |
| VIC          | Latrobe - Gippsland                 | 3.5                    | 5.8               | 1.1                  | 14.3                 |
| VIC          | Ballarat                            | 7.5                    | 6.8               | -23.2                | 10.5                 |
| VIC          | Geelong                             | 12.6                   | 11.1              | 1.3                  | 27.1                 |
| VIC          | Melbourne - Inner                   | 14.4                   | 16.0              | -12.3                | -43.3                |
| VIC          | Melbourne - North East              | 8.0                    | 11.9              | -15.6                | -6.3                 |
| VIC          | Melbourne - North West              | 9.6                    | 13.8              | -11.9                | 22.4                 |
| WA           | Bunbury                             | 6.6                    | 6.1               | 10.7                 | -30.5                |
| WA           | Perth - North East                  | 4.0                    | 7.8               | 43.5                 | -28.2                |
| WA           | Perth - South West                  | 7.0                    | 8.4               | 17.5                 | -29.2                |
| WA           | Perth - North West                  | 4.5                    | 5.7               | 26.0                 | -58.7                |
| WA           | Perth - South East                  | 9.5                    | 6.8               | 25.0                 | -40.5                |
| WA           | Western Australia - Wheat Belt      | -4.8                   | 0.9               | -13.8                | -12.5                |
| WA           | Perth - Inner                       | 7.7                    | 4.0               | -3.7                 | -163.4               |
| WA           | Western Australia - Outback (South) | -6.2                   | -4.1              | 25.2                 | -104.1               |
| WA           | Western Australia - Outback (North) | -17.0                  | -1.0              | 25.2                 | -503.0               |
| WA           | Mandurah                            | -1.7                   | 9.0               | -0.0                 | -65.7                |

Source: ABS, CommSec.

\* Latest: 2017/18 (Population, Business counts); 2018 (Home building approvals, unemployment rate)