



CommSec

State of the States

State and Territory
Economic Performance Report

January 2025

Edition 62

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 and solid population growth at a time of higher-than-desired price inflation.

Australia's state and territory economies have slowed as consumers respond to higher borrowing costs and price pressures. The future path will depend on the resiliency of the job market and interest rates.

Western Australia leads the national performance rankings for the second time in a decade. The state is ranked first on five of the eight economic indicators.

In a closely fought contest, **Queensland** moves up from third spot, joining **South Australia** in second spot.

Victoria remains in fourth place, with **Tasmania** steady in fifth place.

NSW leapfrogs the **ACT** into sixth from seventh place, with the nation's capital dipping down to second last.

The **Northern Territory** remains 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, **Queensland** replaces **Western Australia** in first spot, which slips back to second. **Victoria** climbs to third and **South Australia** is fourth. The **Northern Territory** is now fifth ahead of both the **ACT** and **NSW** in joint sixth. **Tasmania** now sits in eighth place.

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 five indicators.

=2. QLD

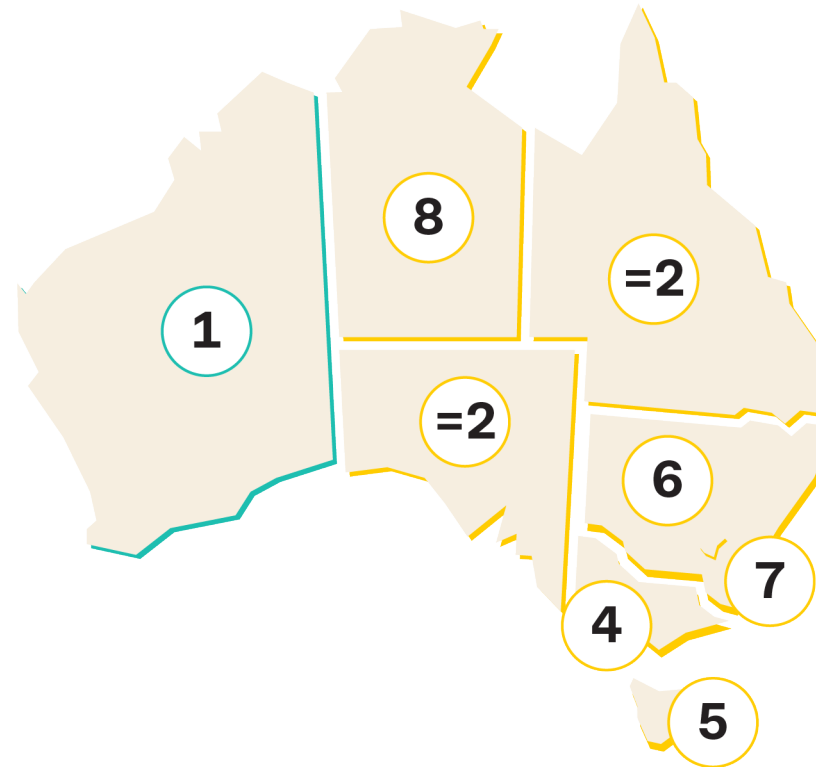
Strength

Housing finance.

Weakness

Equipment spending.

Queensland is ranked second on two indicators.



6. NSW

Strength

Relative population growth.

Weakness

Dwelling starts.

NSW is ranked fifth on four indicators.

7. ACT

Strength

Economic growth.

Weakness

Relative population growth.

The ACT is ranked seventh on four indicators.

=2. SA

Strength

Economic growth.

Weakness

Retail spending.

South Australia ranks second on three indicators.

5. TAS

Strength

Equipment spending.

Weakness

Relative population growth.

Tasmania is ranked fourth on two indicators.

4. VIC

Strength

Construction work done.

Weakness

Equipment spending.

Victoria is ranked fourth on two indicators.

Overall *performance*

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

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

Queensland is now equal second, up from third place, with solid results across the board. **South Australia**, now joint second, ranks first on economic growth.

Victoria remains in fourth place—leading on construction work done—and is in fourth spot on two indicators.

Tasmania is steady in fifth spot—ranking second on equipment spending—but is held-back by lower rankings on other indicators.

NSW moves up to sixth from seventh position and now ranks fifth on four indicators. The **ACT** has slipped back to seventh—in that position on four indicators.

The **Northern Territory** remains in last 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 **Queensland** and **Western Australia** both have the strongest annual economic momentum. There is little to separate the states with **Queensland** ranked first or second on five indicators. **Western Australia** is top ranked on three indicators.

Queensland is now in first spot with **Western Australia** slipping to second. The biggest mover is **Victoria**, which has jumped to third from seventh place. **South Australia** has ascended to fourth from sixth place. The **Northern Territory** has eased back to fifth from third spot. The **ACT** and **NSW** are now in joint sixth position, ahead of **Tasmania** in eighth spot.

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



Economic growth



Real economic activity in South Australia in the year to September 2024 was 8.4 per cent above a long-run average level of output.

South Australia 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 around five years, the results can be consistently compared for all economies in real terms.

South Australia takes the lead

In the September quarter 2024, economic activity in South Australia was 8.4 per cent above its long-term average level of output. Queensland moves up to second spot from fourth place, with output 7.9 per cent above the long-run average of output.

The ACT drops back from second to third (up 7.0 per cent), followed by Victoria in fourth position (up 5.9 per cent) and NSW (up 5.8 per cent).

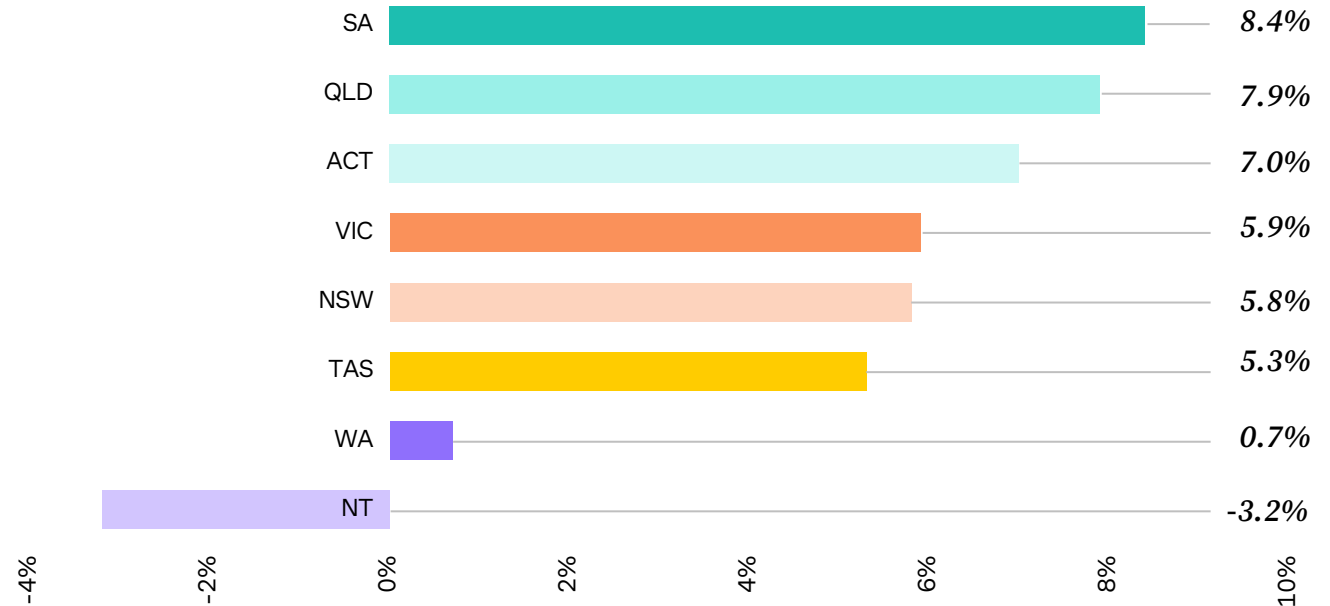
At the other end of the scale, the Northern Territory's September quarter economic activity was 3.2 per cent below its long-run average, behind Western Australia (up 0.7 per cent) and Tasmania (up 5.3 per cent).

The ACT recorded the fastest economic growth, up 4.2 per cent over the year. Next best is Queensland (up 4.1 per cent), South Australia (up 1.6 per cent), Victoria (up 1.1 per cent) and Tasmania (up 0.2 per cent).

Northern Territory records the slowest growth

The weakest performer on annual economic activity in the quarter is the Northern Territory (down 8.9 per cent), followed by Western Australia (down 2.0 per cent) and NSW (down 0.3 per cent).

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 September 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 September quarter 2024 data, the latest available.

Western Australia leads on 'real' retail spending

Despite the rising cost of living and higher borrowing costs, retail spending remained above the long-term average in all states and territories in the September quarter.

Western Australia remains in first position, with real spending 11.2 per cent higher in the September quarter 2024 on its decade-average levels.

Victoria moves up to second spot with spending 9.5 per cent above its 'normal' levels or the decade average.

Queensland stays in third spot with real spending up 9.45 per cent on decade-average levels. The ACT falls to fourth position, with spending up 9.43 per cent on 'normal' levels.

NSW lifts to fifth position with spending up 6.03 per cent above the long-term average.

At the other end of the rankings, Northern Territory spending was up 2.4 per cent on the decade average, behind South Australia (up 5.4 per cent) and Tasmania (up 5.97 per cent).

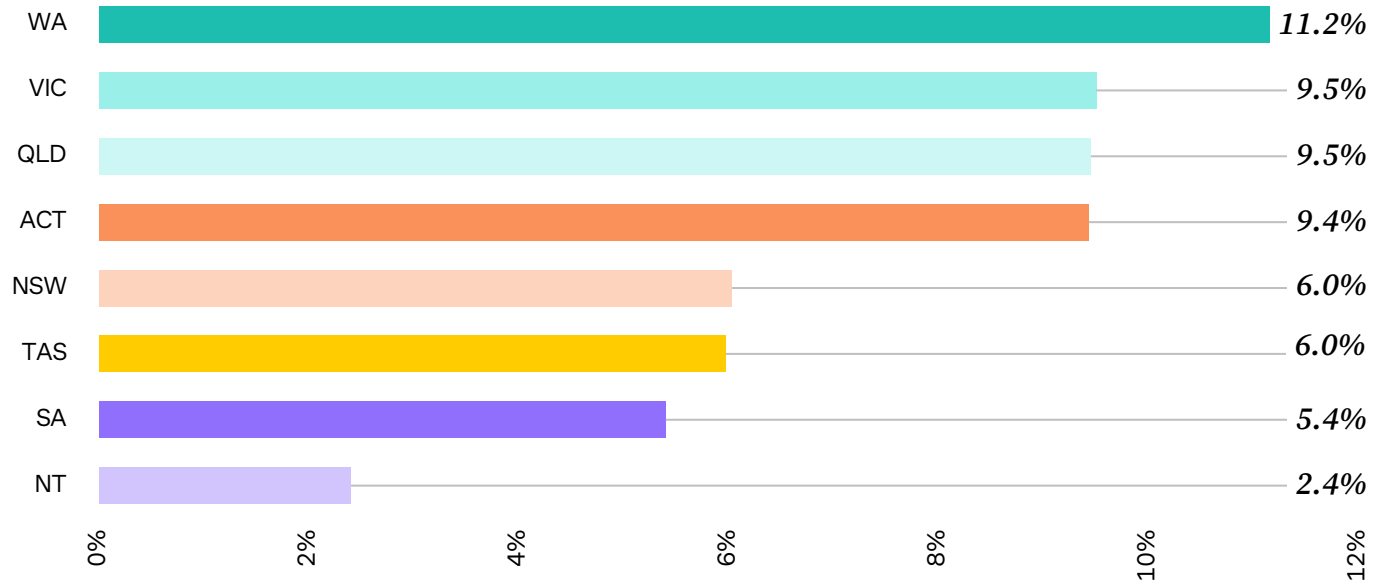
Northern Territory has fastest annual growth

In terms of annual growth of real retail trade, the Northern Territory is now strongest (up 2.3 per cent), ahead of the Western Australia (up 2.1 per cent) and Queensland (up 1.2 per cent).

At the other end of the scale, retail spending in South Australia was down 0.9 per cent, behind the ACT (down 0.8 per cent), NSW (down 0.7 per cent), Victoria (down 0.2 per cent) and Tasmania (flat).

If nominal monthly retail trade was assessed instead to calculate the decade average rankings (November 2024 data is available), Western Australia would be in top spot, ahead of Queensland and Victoria.

In November 2024, annual spending growth was fastest in Western Australia (up 3.53 per cent), marginally ahead of Victoria (up 3.52 per cent).



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

Source: CommSec, ABS

Equipment investment



In the September quarter, equipment investment in the Northern Territory was 40.3 per cent above the decade average.

Northern Territory takes the lead on equipment investment

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

In the September quarter, eight states and territories had equipment spending above or in-line with decade-average levels, compared to eight states and territories in the June quarter of 2024.

The Northern Territory hits the lead

Equipment investment in the Northern Territory was up by 40.3 per cent on the decade average, jumping from sixth place last quarter. Tasmania falls back to second place (up 25.2 per cent) with Western Australia slipping to third from second position (up 23.2 per cent). NSW is now fourth (up 22.4 per cent), ahead of the ACT (up 20.1 per cent).

At the other end of the scale, equipment investment in Victoria was up 10.2 per cent on the decade average with Queensland up 14.7 per cent and South Australia 17.9 per cent higher.

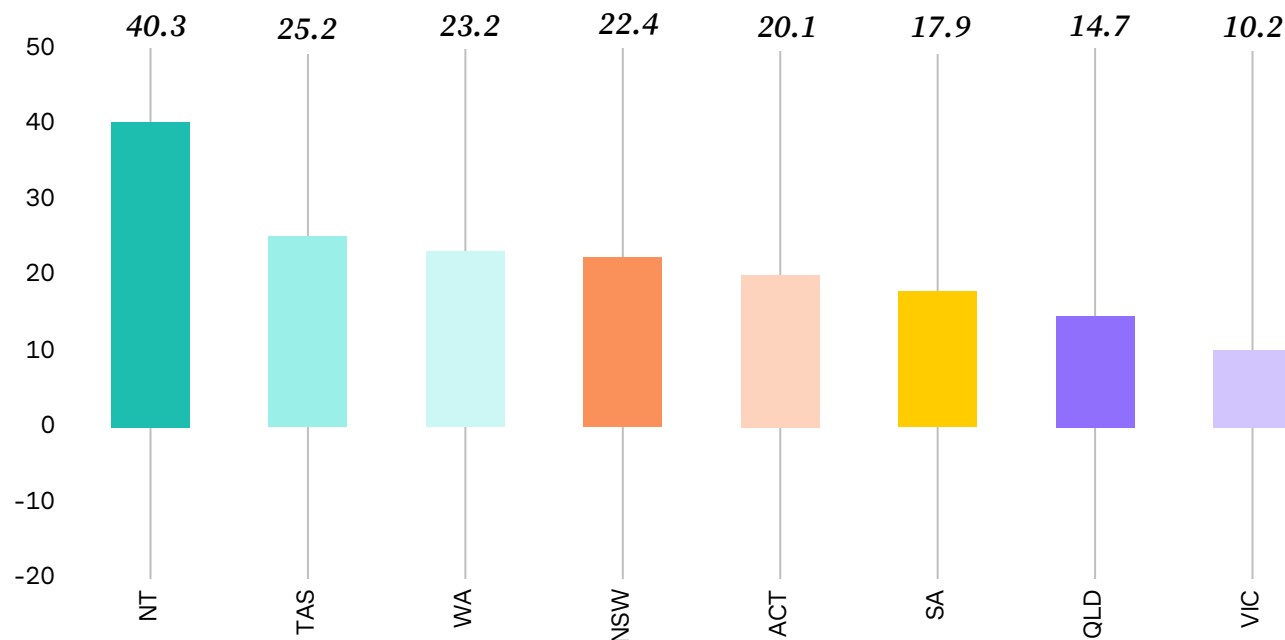
On a shorter-run analysis, real equipment investment in the September quarter of 2024 was up on a year ago in six of the eight states and territories, down from seven in the June quarter.

Equipment investment in the Northern Territory was up 47.5 per cent on the previous year, ahead of South Australia (up 15.3 per cent); the ACT (up 15.0 per cent); NSW (up 9.3 per cent); Tasmania (up 7.2 per cent) and Queensland (up 7.1 per cent).

Victoria lags on annual comparisons

At the other end of the scale, new equipment investment in Victoria was 6.5 per cent lower than a year ago, behind Western Australia (down 3.0 per cent).

Equipment investment was at a record high in NSW and South Australia in the September quarter of 2024. Equipment investment was at a nine-year high in the Northern Territory in the quarter.



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

Source: CommSec, ABS

Unemployment



With unemployment at 34.7 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 3.4 per cent in December 2024, 34.7 per cent below the decade-average level.

Next best is South Australia, its 4.0 per cent jobless rate is 30.2 per cent below the decade average.

Queensland remains in third place (28.6 per cent below the decade average), ahead of Tasmania (26.0 per cent below the decade average).

Victoria falls to the bottom of the table

At the other end of the scale, the Victorian jobless rate of 4.5 per cent is 11.8 per cent below the 5.1 per cent decade-average rate.

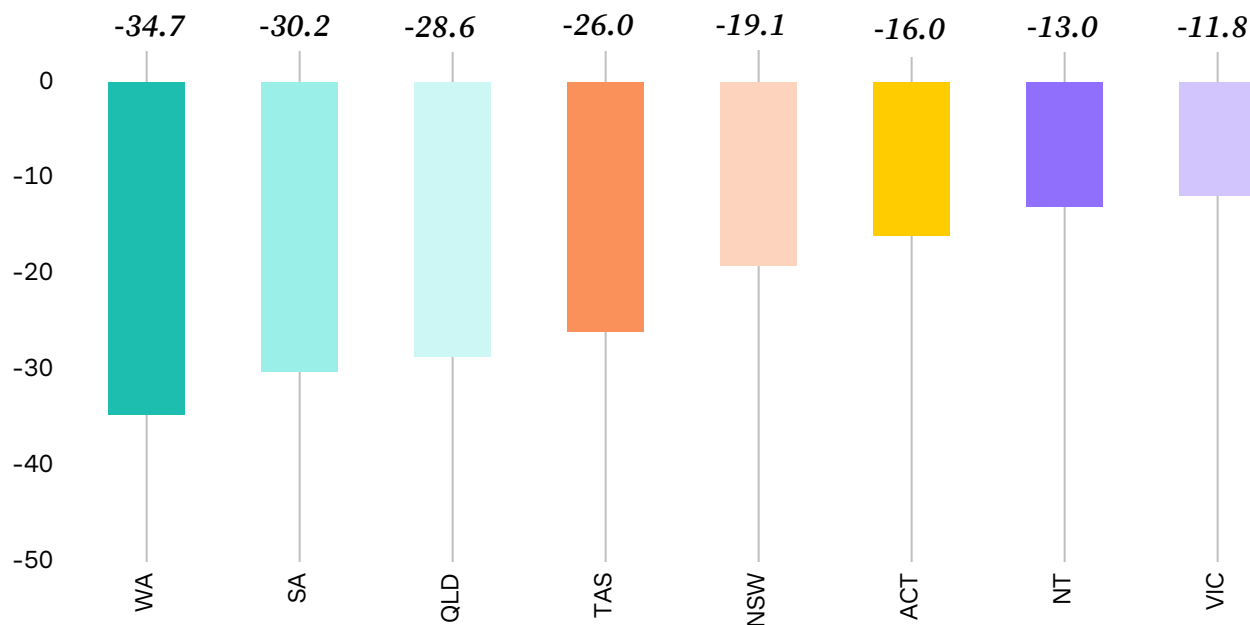
Ahead of Victoria is the Northern Territory, its jobless rate of 4.4 per cent is 13.0 per cent below the decade average, the ACT (16.0 per cent below the decade average) and NSW (19.1 per cent below the decade average).

In December 2024, employment in all the states and territories were above decade-average levels. Western Australia was strongest on this measure with employment 15.9 per cent higher than the decade average.

Queensland has the fastest job growth

Looking over the year to December 2024, employment in all states and territories recorded annual gains except Tasmania and the Northern Territory.

Performing best was Queensland (up 3.79 per cent), ahead of Western Australia (up by 3.76 per cent) and Victoria (up 3.6 per cent). Jobs in the ACT were up by 3.0 per cent over the year; NSW (up by 2.4 per cent); South Australia (up 0.7 per cent); the Northern Territory (down 0.1 per cent); and Tasmania (down 1.4 per cent).



Unemployment, trend, percent change in December 2024 on the decade average.

Source: CommSec, ABS

Construction work



Up 16.1 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 September quarter 2024.

In six of the eight states and territories, construction work in the September quarter were higher than the decade average, down from seven states and territories in the previous quarter.

Victoria stays on top

Victoria remains in top spot for construction work done. Construction work done is 16.1 per cent above its decade average, ahead of South Australia in second place, which is 15.4 per cent above the decade average.

Tasmania is next in third place with work done 10.7 per cent above the decade average, ahead of fourth placed Queensland (up 9.3 per cent) and Western Australia (up 9.1 per cent).

At the lower end of the scale, the Northern Territory construction work done in the September quarter was 34.2 per cent below the decade average.

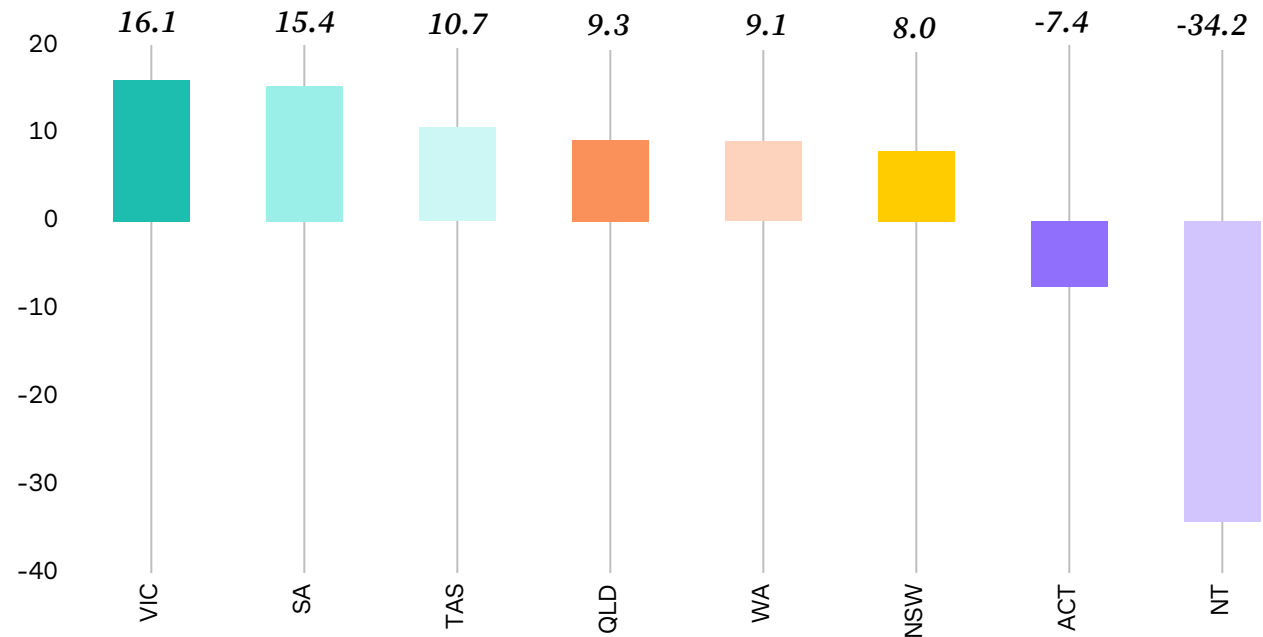
Next lowest was the ACT with construction work down 7.4 per cent on the decade average, behind NSW (up 8.0 per cent).

The ACT posted the weakest growth in the September quarter (down 4.6 per cent) while Victoria (up 1.4 per cent), Western Australia and Queensland (both up 1.2 per cent) were the strongest performers.

Western Australia leads annual growth

In terms of annual growth rates, four economies had construction work higher than a year ago. Western Australia was the strongest performer, up 12.2 per cent, ahead of Queensland (up 4.9 per cent), Victoria (up 3.3 per cent) and the Northern Territory (up 2.8 per cent).

At the other end of the scale, construction work in the ACT was down by 10.8 per cent, followed by NSW (down 4.3 per cent), South Australia (down 1.9 per cent) and the Tasmania (down 2.1 per cent).



Construction work done, trend, percent change, September 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.

Western Australia in top spot

Western Australia is the strongest on relative population growth, with its 2.82 per cent annual population growth rate 76.0 per cent above the decade average for the year to the June quarter 2024 (latest available).

The Northern Territory is now second on the relative annual population growth measure—the 0.81 per cent annual population growth rate is up 70.1 per cent on the decade average.

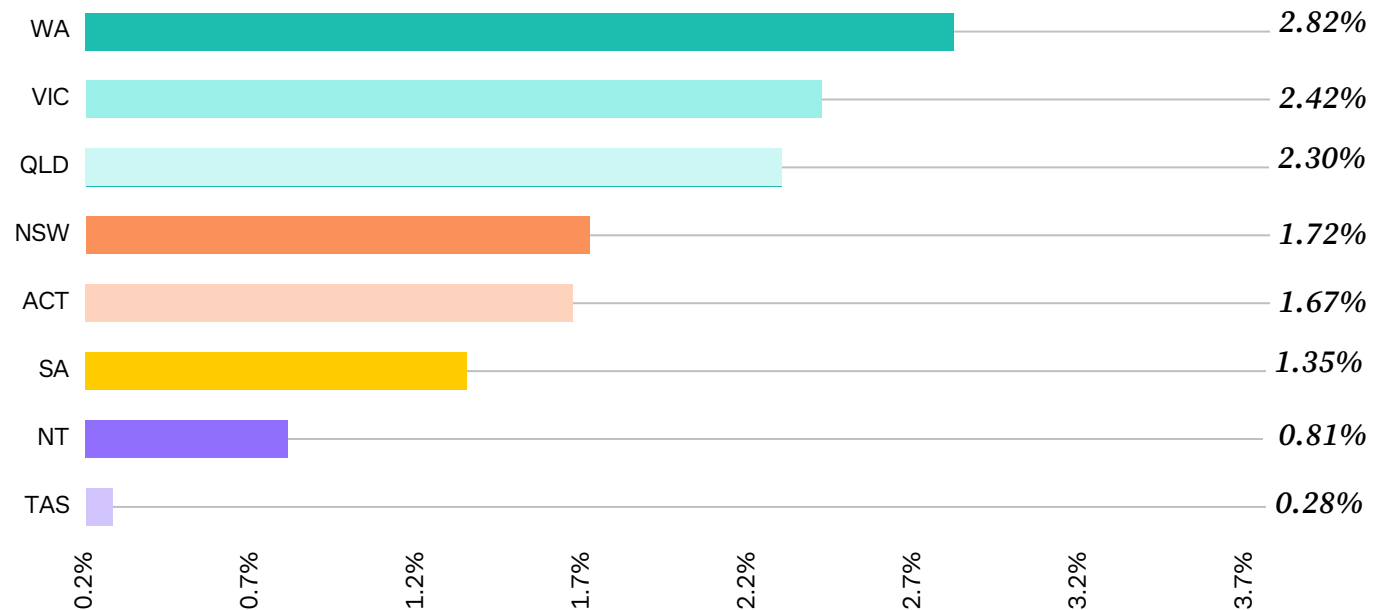
Next strongest was Victoria (up 41.8 per cent), NSW (up 39.5 per cent), followed by Queensland (up 37.6 per cent); South Australia (up 26.2 per cent), the ACT (down 16.4 per cent) and Tasmania (down 75.2 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 2.82 per cent). Next strongest is Victoria (up 2.42 per cent), followed by Queensland (up 2.30 per cent); NSW (up 1.72 per cent); the ACT (up 1.67 per cent); South Australia (up 1.35 per cent); the Northern Territory (up 0.81 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 the weakest in more than nine years.



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

Source: CommSec, ABS

Housing Finance



Western Australia is in top spot, with the value of home loans up by 39.4 per cent on the long-term average.

Western Australia is now 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. Data for September 2024 is the latest available as the ABS transitions to quarterly data, which is next scheduled for February 2025.

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 except the Northern Territory, housing finance commitments are above decade averages. In the previous six reports similar findings were obtained.

Home loans are also still below last year's levels in the Northern Territory, the same as the previous survey.

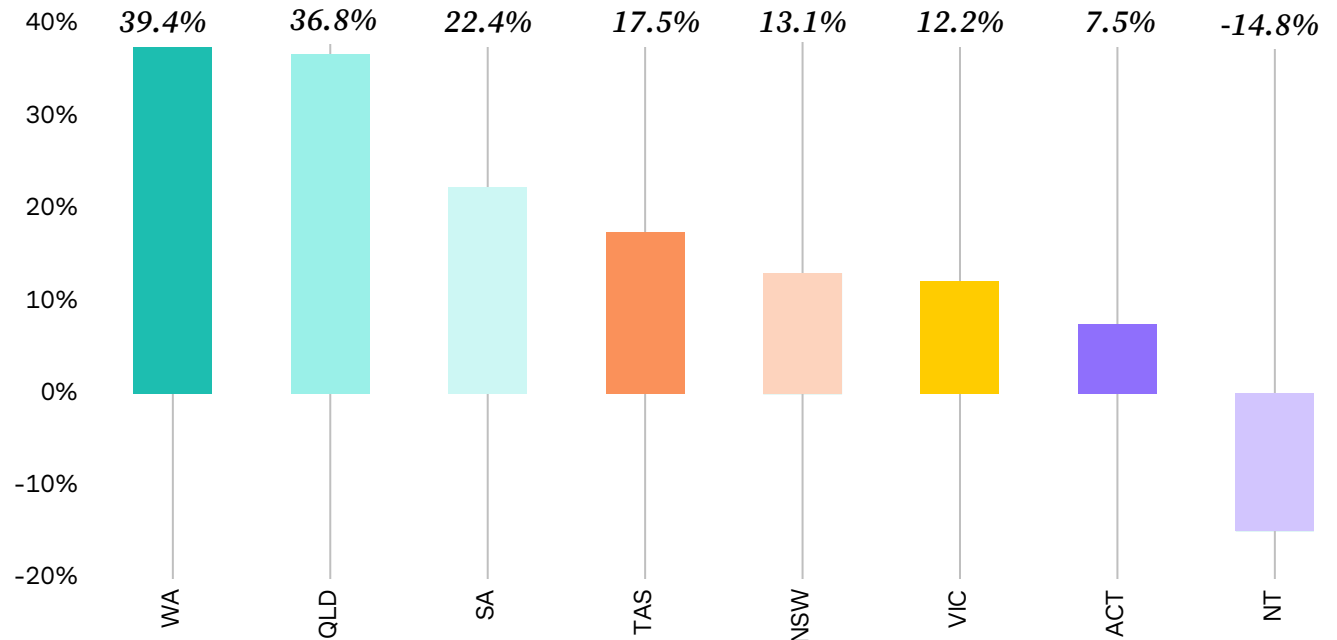
Western Australia is now in top spot, with the value of home loans up by 39.4 per cent on the long-term average. The next strongest was Queensland (up 36.8 per cent), South Australia (up 22.4 per cent) and Tasmania (up 17.5 per cent).

The Northern Territory is the weakest

The Northern Territory is still the weakest for housing finance with commitments 14.8 per cent lower than its decade average. Commitments in the ACT were up 7.5 per cent on the decade average, behind Victoria (up 12.2 per cent) and NSW (up 13.1 per cent).

In annual terms, lending in Queensland is strongest, up 25.5 per cent, followed by Western Australia (up 24.3 per cent).

Home loans in Tasmania were up 16.8 per cent; followed by South Australia (up 11.5 per cent); NSW (up 8.9 per cent); Victoria (up 7.0 per cent); the ACT (up 5.6 per cent); and the Northern Territory (down 11.1 per cent).



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

Source: CommSec, ABS

Dwelling Starts



Western Australian dwelling starts for the September quarter of 2024 were up on the decade-average level by 10.8 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 now leads other economies on dwelling starts. In the September quarter 2024, starts in Western Australia were 10.8 per cent above the decade average.

South Australia drops back to second spot, with starts 0.5 per cent below 'normal' (the decade average). Queensland slips to third place, down 9.7 per cent on 'normal'.

At the other end of the scale, dwelling starts in the Northern Territory were 52.8 per cent below the decade average.

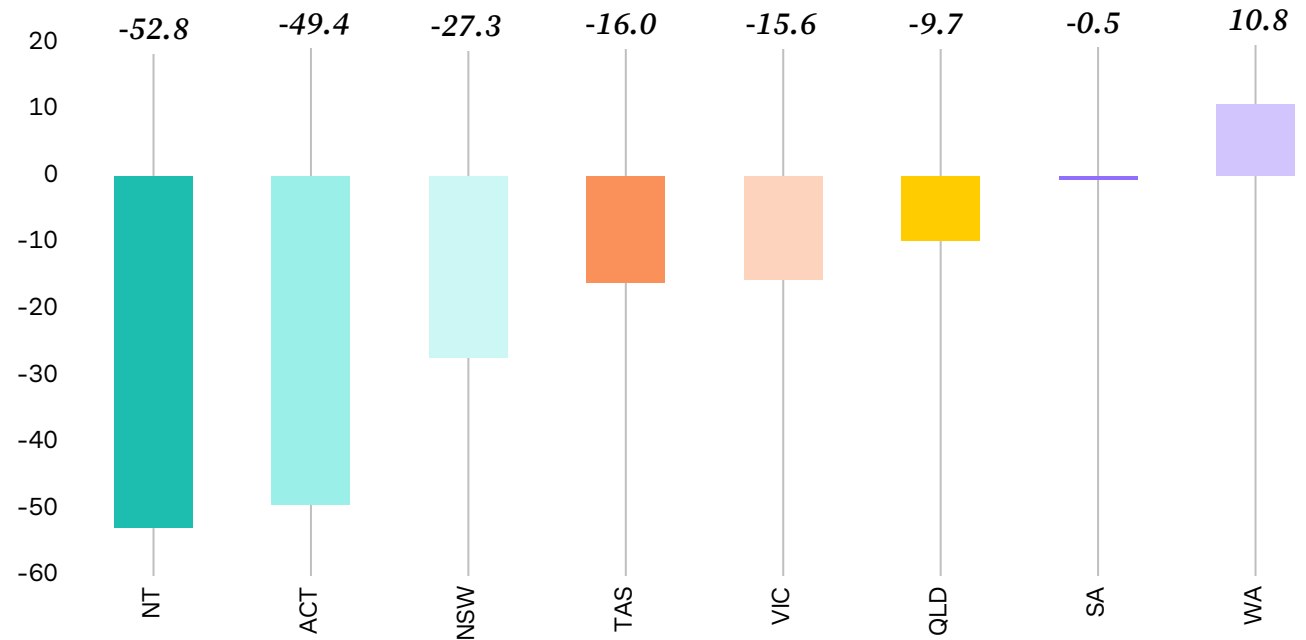
Next weakest was the ACT (down 49.4 per cent); below NSW (down 27.3 per cent); Tasmania (down 16.0 per cent) and Victoria (down 15.6 per cent).

In terms of changes over the September quarter, five states and territories posted increases in starts. Western Australia rose the most, up 15.9 per cent; followed by Tasmania (up 8.3 per cent); South Australia (up 2.3 per cent), NSW (up 1.4 per cent) and Victoria (up 0.9 per cent). But starts fell by 28.7 per cent in the ACT; followed by the Northern Territory (down 4.9 per cent); and Queensland (down 0.1 per cent).

Western Australia strongest; ACT weakest

In terms of annual changes, starts in Western Australia rose by 69.4 per cent, followed by Queensland (up 10.1 per cent). Next best was South Australia (up 6.6 per cent) ahead of Victoria (up 4.4 per cent) and the Northern Territory (flat).

Starts in the ACT fell most over the year (down 39.9 per cent); followed by Tasmania (down 7.3 per cent); and NSW (down 5.1 per cent).

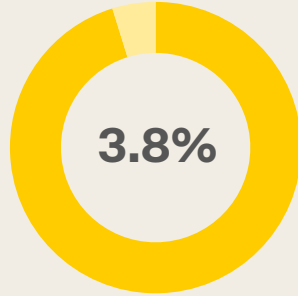


Dwelling starts, trend, percent change, September quarter 2024 on decade average.

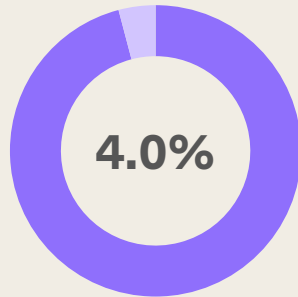
Source: CommSec, ABS

Other indicators

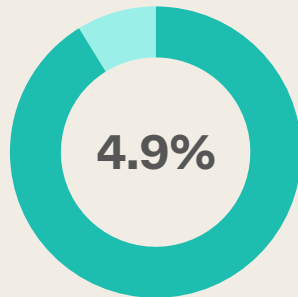
Highest inflation rate in Perth, WA



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 September quarter 2024.

Perth, Western Australia had the highest annual inflation rate in the September quarter 2024 at 3.8 per cent, ahead of Adelaide, SA (3.2 per cent) and Melbourne, VIC (3.0 per cent).

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

Nationally in the September quarter 2024, headline consumer prices (CPI) rose 0.2 per cent, with the annual growth rate decelerating from 3.8 per cent to 2.8 per cent. The underlying (or trimmed mean) measure rose by 0.8 per cent in the quarter with the annual rate down from 4.0 per cent to 3.5 per cent.

The Wage Price Index (WPI) in the year to the September quarter 2024 was strongest in Tasmania (4.0 per cent), ahead of Queensland (3.9 per cent), NSW and the ACT (both 3.6 per cent) and Western Australia (3.5 per cent).

Wages in South Australia and Victoria were both 3.2 per cent higher, ahead of the Northern Territory (3.0 per cent).

Slowing growth of home prices

Turning to home prices, in December 2024 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 four out of the eight economies in the latest month compared with three months earlier.

National home prices rose by 4.9 per cent over the year to December after rising by 6.7 per cent in the year to September.

In December, the strongest annual growth in home prices was in Western Australia (up 19.1 per cent); followed by South Australia (up 13.1 per cent); Queensland (up 11.2 per cent); NSW (up 2.3 per cent); the Northern Territory (up 0.8 per cent); the ACT (down 0.4 per cent); Tasmania (down 0.6 per cent); and Victoria (down 3.0 per cent).

	CPI September Qtr. 2024	Wages September Qtr. 2024	Home Prices December 2024
NSW	2.9	3.6	2.3
VIC	3.0	3.2	-3.0
QLD	1.8	3.9	11.2
SA	3.2	3.2	13.1
WA	3.8	3.5	19.1
TAS	0.7	4.0	-0.6
NT	2.2	3.0	0.8
ACT	2.6	3.6	-0.4



Western Australia

The fastest annual lift in home prices was in Western Australia, up **19.1%**.

*Annual % change.

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

Annual growth rates

Queensland now 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).

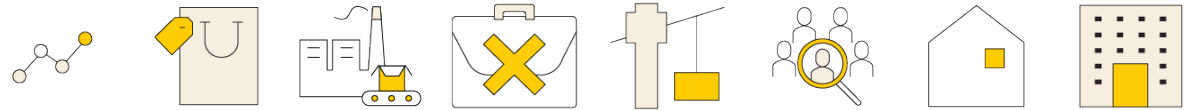
Queensland takes the outright lead

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

Queensland is now in first spot with **Western Australia** slipping to second. There is little to separate the commodities and tourism-heavy states, with **Queensland** ranked first or second on five of the eight key economic indicators.

Close behind, **Western Australia** is top ranked on three economic indicators—construction work done, relative population growth and dwelling starts.

The biggest mover is **Victoria**, which has jumped to third from seventh place in a sign of improvement in underlying economic activity. **South Australia** has ascended to fourth from sixth place. The **Northern Territory** has eased back to fifth from third spot. The **ACT** and **NSW** are now in joint sixth position, ahead of **Tasmania** in eighth spot.



	Economic growth	Retail spending	Equipment investment	Employment growth	Construction work	Population growth	Housing finance	Dwelling starts
NSW	-0.3	-0.7	9.3	2.4	-4.3	1.7	8.9	-5.1
VIC	1.1	-0.2	-6.5	3.6	3.3	2.4	7.0	4.4
QLD	4.1	1.2	7.1	3.79	4.9	2.3	25.5	10.1
SA	1.6	-0.9	15.3	0.7	-1.9	1.4	11.5	6.6
WA	-2.0	2.1	-3.0	3.76	12.2	2.8	24.3	69.4
TAS	0.2	0.0	7.2	-1.4	-2.1	0.3	16.8	-7.3
NT	-8.9	2.3	47.5	-0.1	2.8	0.8	-11.1	0.0
ACT	4.2	-0.8	15.0	3.0	-10.8	1.7	5.6	-39.9
Aust	0.7	0.2	3.4	2.8	2.0	2.1	12.1	7.7

Source: CommSec

Looking ahead

There is little to separate the top three states in terms of economic performance.

Western Australia leads on new car sales; Looking ahead

Timely data on new vehicle sales is available on a monthly basis. The latest data covers December 2024. 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 the **ACT**. **Western Australia** is doing best with vehicle sales up by 25.4 per cent on the decade average. Looking at the yearly change of the rolling annual sum of new vehicle sales, five economies recorded growth. Also performing best is **Western Australia**, up 4.9 per cent on a year ago.

Western Australia remains number one

Western Australia remains top of the economic performance rankings for the second successive quarterly report.

South Australia has clung on to second spot, joined by fast-finishing "boom state" **Queensland**, which has moved up from third. Both states were last ranked equal second in April 2023.

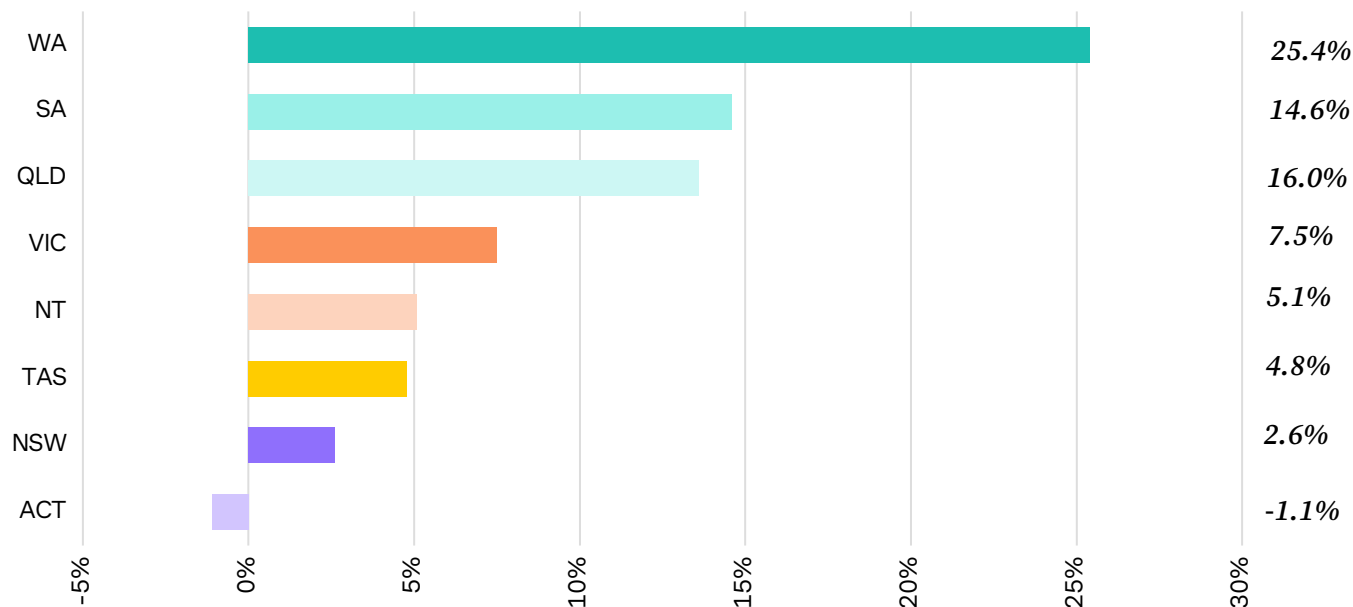
Overall, economies have slowed in response to higher interest rates and inflation, but have generally remained resilient, underpinned by firm population growth and low unemployment.

Where to from here?

Last quarter we noted that **Western Australia** would likely consolidate its position atop the leaderboard given its strong economic performance. We also said **South Australia's** economy had lost some momentum, but alongside the fast-improving **Queensland** economy, would remain near the top.

While **Queensland** moved up the leaderboard, as expected, the interest-rate sensitive south-eastern states and territories remained in a tight cluster mid-table. **NSW** displaced the **ACT** in sixth spot. The **ACT**, **Northern Territory** and **Tasmania** are all struggling with slower relative population growth rates.

Looking ahead, **Western Australia** and **Queensland** are expected to continue their recent domination of the rankings in early 2025. **Queensland** was ranked first in January 2023.



Motor vehicle registrations, percent change in the twelve months to December 2024 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 rate in **NSW** stood at 3.8 per cent in December 2024. But the **NSW** unemployment rate was 19.1 per cent below its decade average, while the **South Australian** jobless rate of 4.0 per cent was 30.2 per cent below its decade average. So **South Australia** ranks above **NSW** 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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