



CommSec

State of the States

State and Territory
Economic Performance Report

October 2025

Edition 65

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 17th 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 borrowing costs, rising real wages, increasing home prices, robust government spending, a pickup in housing investment and a solid labour market.

While private sector activity is improving, business investment remains subdued, job growth is slowing, and weaker public sector activity could eventually push up unemployment and slow wages growth. The future path will depend on the resiliency of the labour market, further interest rate cuts and global trade policies.

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

Queensland has climbed to second from third place driven by a rebound in household spending. **South Australia** slips to third, but the **Northern Territory** jumps to fourth from eighth, its highest position since October 2016, supported by solid domestic spending.

Victoria slips back to fifth from fourth spot, **Tasmania** drops from fifth to sixth place, **NSW** dips from equal sixth to seventh, with the **ACT** now in eighth place.

Accounting for the eight annual indicators, **Western Australia** remains in first place, just ahead of **South Australia** in second and the **Northern Territory** in third. **Queensland** stays in fourth spot, followed by **NSW** (fifth), **Victoria** (sixth), the **ACT** (seventh) and **Tasmania** (eighth).

1. WA

Strength

Household spending.

Weakness

Economic growth.

Western Australia is ranked first on four indicators.

4. NT

Strength

Relative population growth.

Weakness

Construction work.

The Northern Territory is ranked fourth on two indicators.

2. QLD

Strength

Housing finance.

Weakness

Equipment spending.

Queensland is ranked second on three indicators.

7. NSW

Strength

Equipment spending.

Weakness

Housing finance.

NSW is ranked seventh on household spending.

8. ACT

Strength

Economic growth.

Weakness

Dwelling starts.

The ACT is ranked eighth on three indicators.

3. SA

Strength

Construction work.

Weakness

Relative population growth.

South Australia ranks first on two indicators.

6. TAS

Strength

Relative unemployment.

Weakness

Relative population growth.

Tasmania is ranked eighth on three indicators.

5. VIC

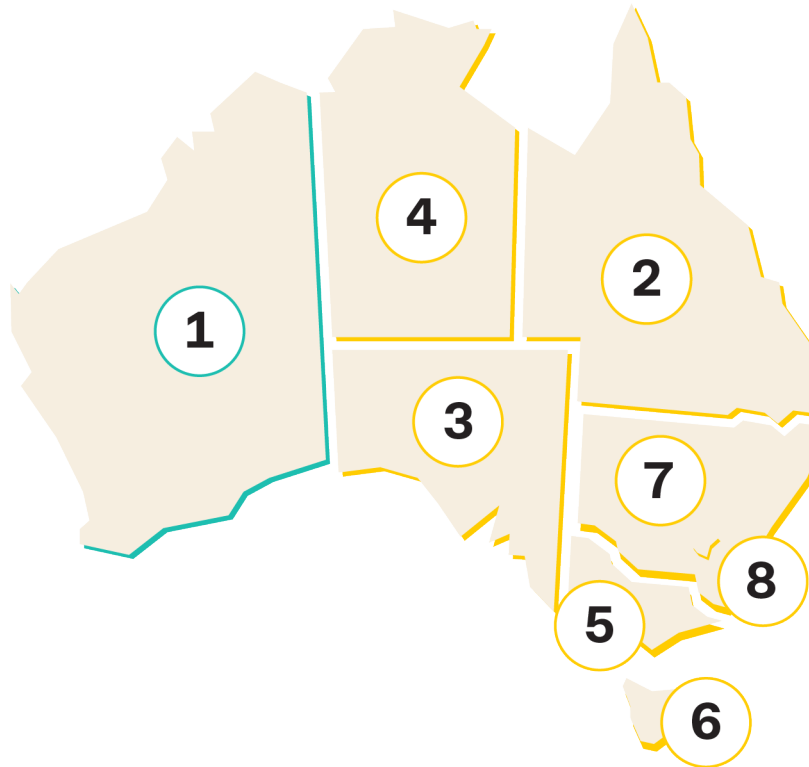
Strength

Relative population growth.

Weakness

Relative unemployment.

Victoria is ranked fifth on three indicators.



Source: CommSec

Overall *performance*

Western Australia tops the *State of the States'* economic performance rankings for the fifth successive report, clocking a full year in first position.

Western Australia ranks first on household spending, housing finance, dwelling starts and equipment spending. **Queensland** is now in second spot, climbing from third place, with solid results across the board.

South Australia slips to third position but ranks first on economic growth and construction work.

The **Northern Territory** is the big improver, jumping from eighth to fourth spot, a position it last held in October 2016. The 'Top End' is ranked first for relative population growth, supporting domestic spending.

The South-Eastern states and territories are in a tight cluster on the table, held-back by still-sluggish private sector activity. **Victoria** drops from fourth to fifth place, with support from robust population growth.

Tasmania dips from fifth to sixth spot due to anaemic private sector demand. **NSW** falls to seventh from equal sixth position as the transition from public to private sector-led growth begins to take hold. The **ACT** drops back to eighth place as public demand eases.

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, helped by robust household spending, a rebound in the export sector and solid population growth.

In a tight contest, **South Australia** remains in second place, just behind Western Australia, supported by ongoing growth in the private sector. The **Northern Territory** is still third, followed by **Queensland** in fourth. **NSW** and **Victoria** are in the middle of the pack in fifth and sixth spots, respectively.

The **ACT** (seventh) and **Tasmania** (eighth) lag the bigger states and territories, held-back by slowing public investment and a shift towards budget repair.

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



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

Economic growth



In the year to June 2025, real economic activity in South Australia was 8.7 per cent above a long-run average level of output.

South Australia 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.

South Australia takes the lead

In the June quarter 2025, economic activity in South Australia was 8.7 per cent above its long-term average level of output, lifting to first place from second position. In a tight contest, the ACT slips back to second spot, with output 8.6 per cent above the long-run average.

Queensland jumps up to third from sixth (up 7.4 per cent), followed by the Northern Territory which remains in fourth position (up 6.8 per cent).

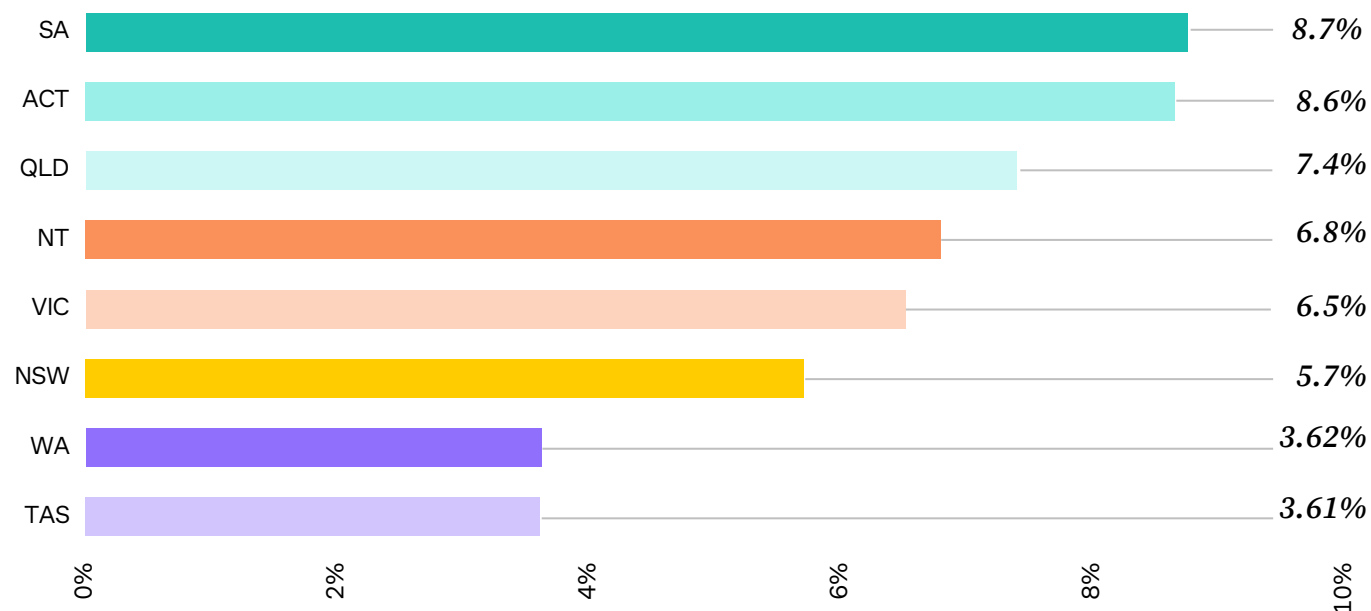
At the other end of the scale, Tasmania's June quarter economic activity was 3.61 per cent above its long-run average. Western Australia swaps places with Tasmania in seventh (up 3.62 per cent), followed by NSW which dips from fifth to sixth spot (up 5.7 per cent). Victoria drops to fifth from third place (up 6.5 per cent).

The Northern Territory recorded the fastest annual economic growth, jumping 5.4 per cent over the year. Next best is the ACT (up 4.5 per cent), NSW (up 2.9 per cent), South Australia (up 2.7 per cent) and Victoria (up 1.8 per cent).

Tasmania records the slowest growth

The weakest performer on annual economic activity in the quarter is Tasmania (down 0.2 per cent), followed by Western Australia (up 0.8 per cent) and Queensland (up 1.7 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 June 2025 on a long-run average.

Source: CommSec, ABS

Household spending



Western Australia leads on household spending ahead of Queensland and the Northern Territory.

Western Australia is strongest for household spending

The measure used was the chain volume measure of the monthly household spending indicator (MHSI) in seasonally adjusted terms, with the June quarter 2025 data the latest available. While the data only extends back five years, the results can be consistently compared across all economies.

Western Australia leads on household spending

Household spending remained above the long-term average in all states and territories in the quarter as borrowing costs fell and inflation eased. Solid job growth, tax cuts, sales events and government energy subsidies have also supported spending.

Western Australia is in first position, with spending 14.8 per cent higher in the June quarter 2025 on its long-run average levels.

Queensland is in second spot with spending 10.4 per cent above its 'normal' levels or the long-term average.

The Northern Territory is in third position, with spending up 9.0 per cent on long-run average levels. South Australia is in fourth place, with spending up 8.10 per cent on 'normal' levels. The ACT is in fifth position with spending 8.09 per cent above the long-term average.

At the other end of the rankings, Tasmania spending was up 5.2 per cent on the long-term average, behind NSW (up 7.2 per cent) and Victoria (up 7.5 per cent).

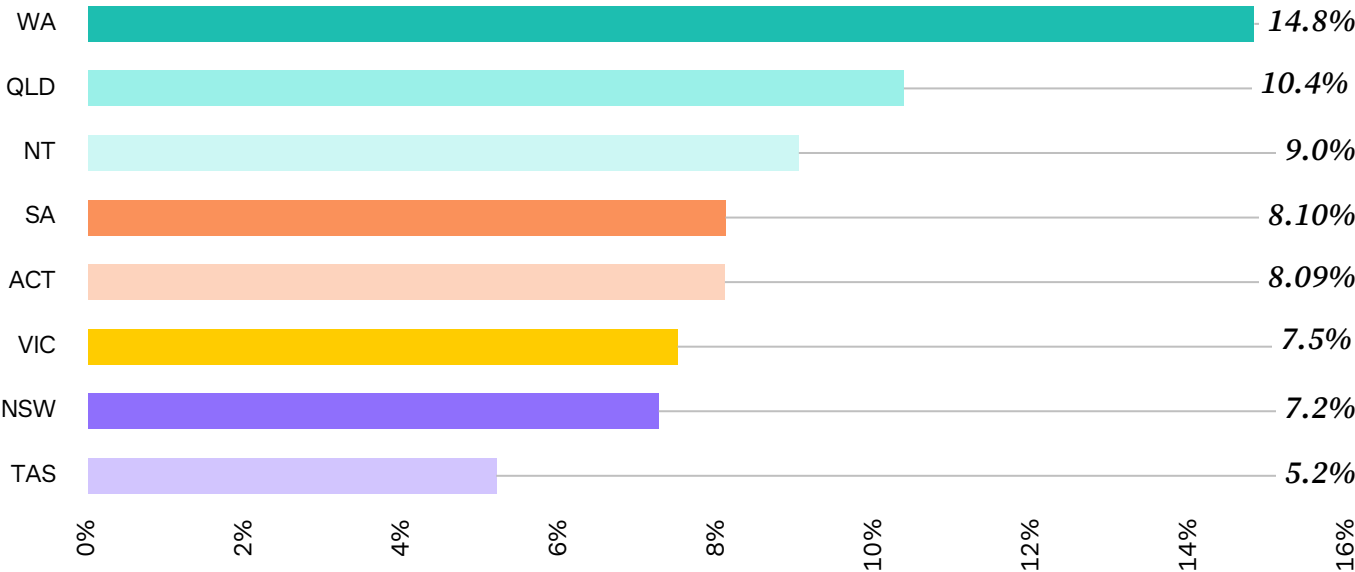
Tasmania has the weakest annual spending

In terms of annual growth of household spending, Western Australia remains strongest (up 5.2 per cent), ahead of Queensland (up 4.2 per cent), the Northern Territory (up 4.1 per cent) and NSW (up 1.8 per cent).

At the other end of the scale, household spending in Tasmania was down 0.3 per cent, behind Victoria (up 0.4 per cent), the ACT (up 1.5 per cent) and South Australia (up 1.7 per cent).

If monthly household spending was assessed instead to calculate the decade average rankings (August 2025 data is the latest available), Western Australia would still be in top spot, ahead of the Northern Territory and the ACT.

In August 2025, annual spending growth was fastest in Western Australia (up 8.2 per cent), ahead of the Northern Territory (up 6.6 per cent) and the ACT (up 6.5 per cent).



Monthly household spending indicator (MHSI), chain volume measure, seasonally adjusted, percentage change June quarter, 2025 on the long-run average. The ABS discontinued the long-standing retail trade series on 31 July 2025. **Source:** CommSec, ABS

Equipment investment



In the June quarter, equipment investment in Western Australia was 32.9 per cent above the decade average.

Western Australia leads on equipment investment

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

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

Western Australia out in front

Equipment investment in Western Australia was up by 32.9 per cent on the decade average, remaining in first place. Tasmania retains second spot (up 18.8 per cent) with NSW also steady in third place (up 12.0 per cent). South Australia lifts to fourth from fifth spot (up 9.9 per cent), followed by Victoria now in fifth after previously being seventh (up 9.3 per cent). Queensland is still in sixth spot (up 6.8 per cent).

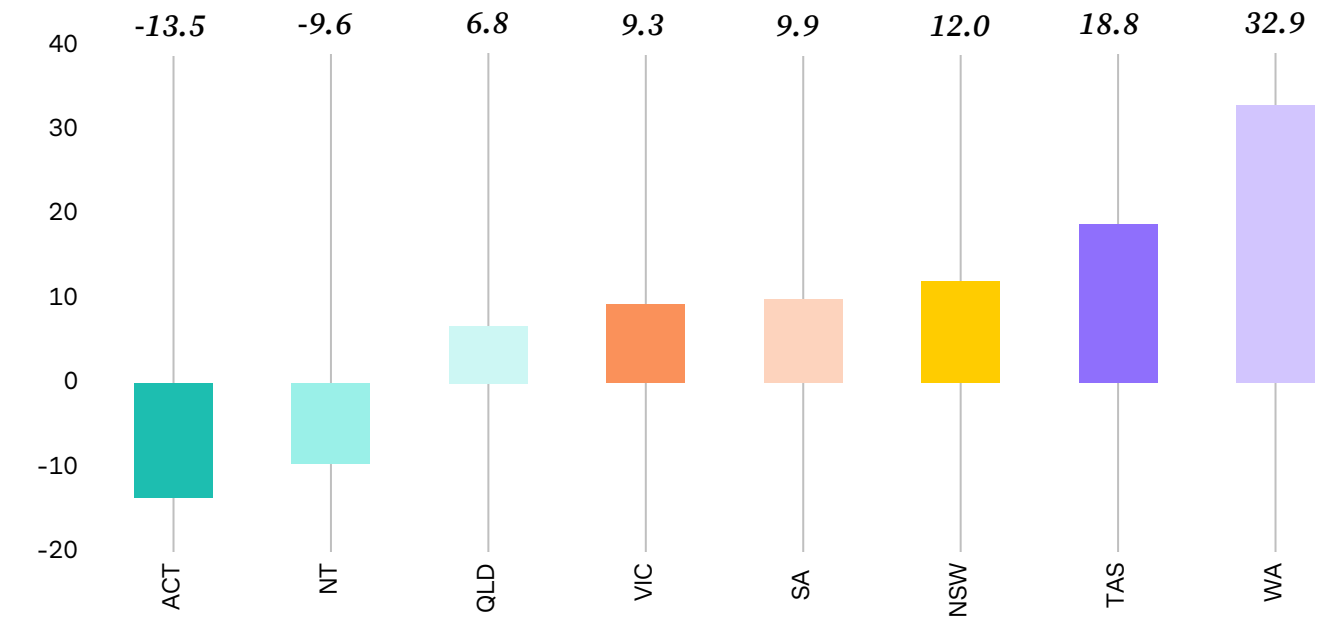
At the other end of the scale, equipment investment in the ACT is down 13.5 per cent on the decade average, sliding from fourth to eighth place. The Northern Territory lifts one spot to seventh (down 9.6 per cent).

On a shorter-run analysis, real equipment investment in the June quarter of 2025 was up on a year ago in just one of the eight states and territories, down from four in the previous quarter.

Equipment investment in Western Australia was up 11.4 per cent on the previous year, ahead of Victoria (down 1.9 per cent), Tasmania (down 3.0 per cent) and South Australia (down 3.3 per cent).

The Northern Territory lags on annual comparisons

At the other end of the scale, new equipment investment in the Northern Territory was 33.3 per cent lower than a year ago in the June quarter 2025, behind the ACT (down 29.1 per cent), Queensland (down 7.3 per cent) and NSW (down 4.2 per cent).



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

Unemployment



With unemployment at 25.2 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 has the strongest job market, remaining in first place. Trend unemployment in Tasmania was at 4.0 per cent in September 2025, 25.2 per cent below the decade-average level. Next best is Queensland, its 4.2 per cent jobless rate is 20.7 per cent below the decade average.

Western Australia climbs to third place from fourth (18.9 per cent below the decade average), now ahead of the Northern Territory which lifts to fourth from fifth spot (16.4 per cent below 'normal').

The ACT is at the bottom of the table

At the other end of the scale, the ACT jobless rate of 4.1 per cent—which is at a four-year high—is 9.5 per cent above the 3.7 per cent decade-average rate. Ahead of the ACT is Victoria, its jobless rate of 4.6 per cent is also at a four-year high and is 7.7 per cent below the decade average.

Next best is NSW (7.9 per cent below the decade average) and South Australia (16.2 per cent below the decade average), dropping from third to fifth place in the rankings.

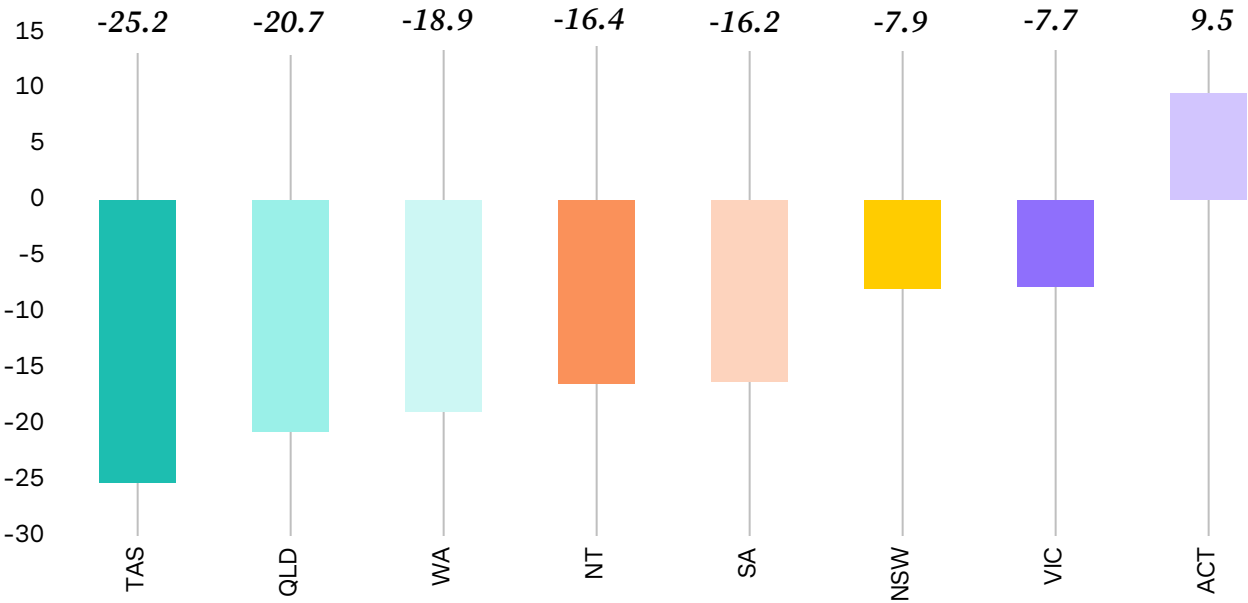
In September 2025, employment in all the states and territories was above decade-average levels. Western Australia was the strongest performer on this measure with employment 14.6 per cent higher than the decade average.

South Australia has the fastest job growth

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

Performing best was South Australia (up 3.7 per cent), ahead of Tasmania (up by 2.5 per cent) and Queensland (up 1.9 per cent).

Jobs in Victoria were up by 1.7 per cent over the year; the Northern Territory (up by 1.4 per cent); Western Australia (up 1.3 per cent); NSW (up 0.5 per cent); and the ACT (flat).



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

Source: CommSec, ABS

Construction work



Up 21.9 per cent on the decade average level, South Australia is strongest for construction work done.

South Australia remains strongest for construction work

The measure used for analysis was the total real value of residential, commercial and engineering construction work completed in trend terms in the June quarter 2025.

In seven of the eight states and territories, construction work in the June quarter was higher than the decade average. It was an improvement on the six economies in the March quarter.

South Australia remains top

South Australia stays in top spot for construction work done, which is 21.9 per cent above its decade average. Western Australia remains in second place, with work done 16.6 per cent above the decade average.

Queensland climbs to third place, up from fourth, with work done 10.4 per cent above the 10-year average. NSW advances to fourth spot from fifth, with work done 7.7 per cent above the decade average.

At the lower end of the scale, construction work done in the Northern Territory was 25.0 per cent below the decade average in the June quarter.

Next lowest was the ACT with construction work up 4.3 per cent on the decade average, just behind Tasmania (up 4.4 per cent) and Victoria (up 7.2 per cent).

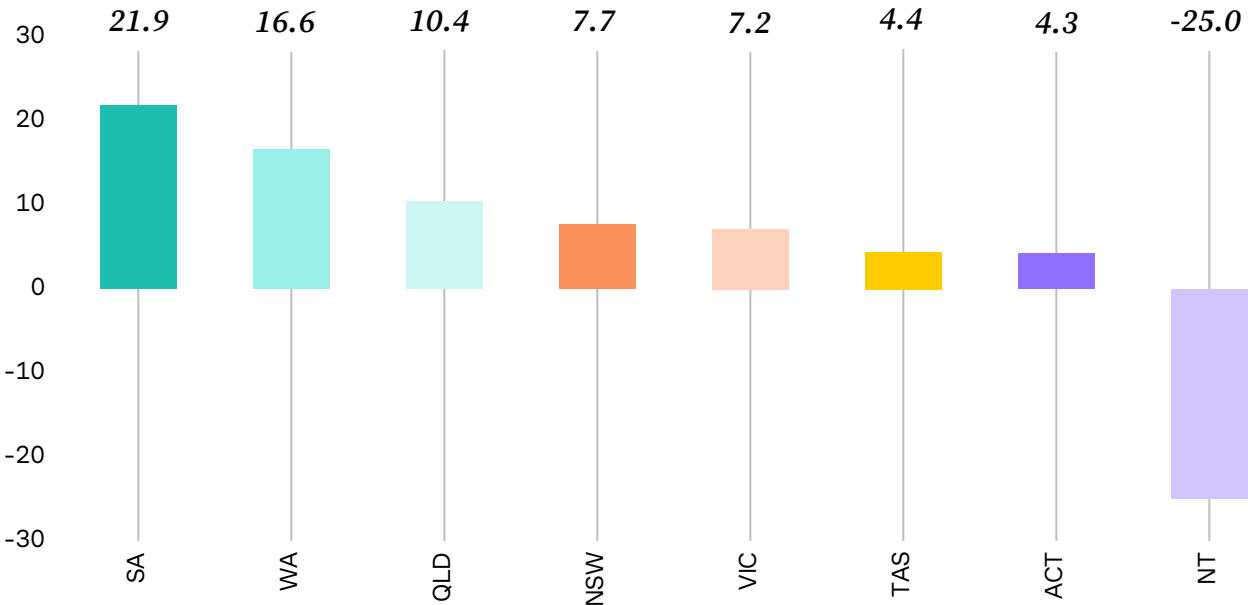
The Northern Territory (down 2.9 per cent) and Victoria (down 2.1 per cent) posted the weakest growth rates in the June quarter, while the ACT (up 5.3 per cent) and South Australia (up 3.2 per cent) were the strongest performers.

South Australia also leads on annual growth

In terms of annual growth rates, six economies had construction work higher than a year ago.

South Australia was also the strongest performer on this measure, up 9.7 per cent, ahead of the ACT (up 7.4 per cent), Western Australia (up 3.1 per cent), NSW (up 1.4 per cent), Queensland (up 0.9 per cent) and the Northern Territory (up 0.5 per cent).

At the other end of the scale, construction work in Victoria was down by 4.2 per cent with Tasmania 3.6 per cent lower.



Construction work done, trend, percent change, June 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 consumer spending and housing demand. Annual population growth rates remain solid but are beginning to normalise following a period of strong inbound migration flows after the Covid-19 pandemic. Four states or territories have population growth above the decade average.

The Northern Territory remains in top spot

The Northern Territory is again ranked first on the relative population growth measure—the 1.33 per cent annual population growth rate is up 74.7 per cent on the decade average.

Western Australia stays in second place on relative population growth, with its 2.28 per cent annual population growth rate 30.6 per cent above the decade average for the year to the March quarter 2025 (latest available).

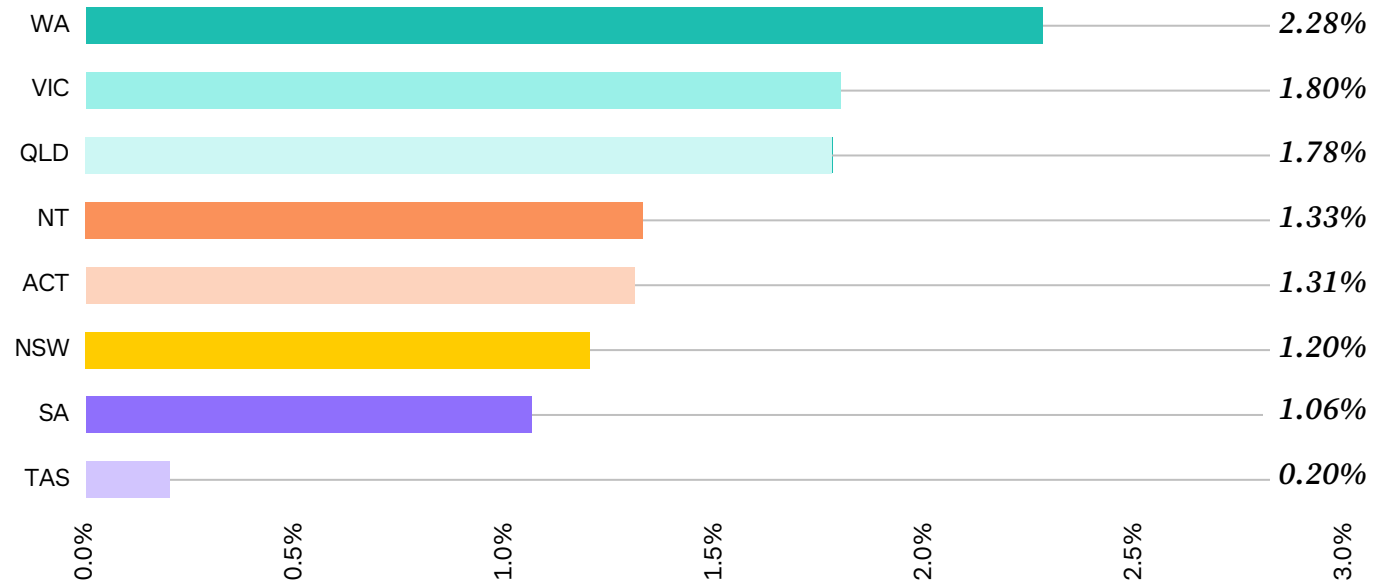
Next strongest was Victoria (up 8.8 per cent), Queensland (up 4.9 per cent), followed by NSW (down 2.6 per cent), South Australia (down 4.5 per cent), the ACT (down 37.2 per cent) and Tasmania (down 82.5 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 2.28 per cent). Next strongest is Victoria (up 1.80 per cent), followed by Queensland (up 1.78 per cent); the Northern Territory (up 1.33 per cent); the ACT (up 1.31 per cent); NSW (up 1.20 per cent); South Australia (up 1.06 per cent); and Tasmania (up 0.20 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 2023.

In Tasmania, annual population growth is marginally above the weakest level in ten years observed in December quarter 2023.



Population, absolute annual percent change, March quarter 2025 (latest).

Source: CommSec, ABS

Housing *finance*



Western Australia is in top spot, with the value of home loans up by 42.5 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 June quarter 2025. Western Australia stays in top spot, with the value of home loans up by 42.5 per cent on the long-term average.

The next strongest was Queensland (up 39.5 per cent), followed by South Australia (up 32.4 per cent) and Tasmania (up 25.5 per cent), with no change at the top of the rankings.

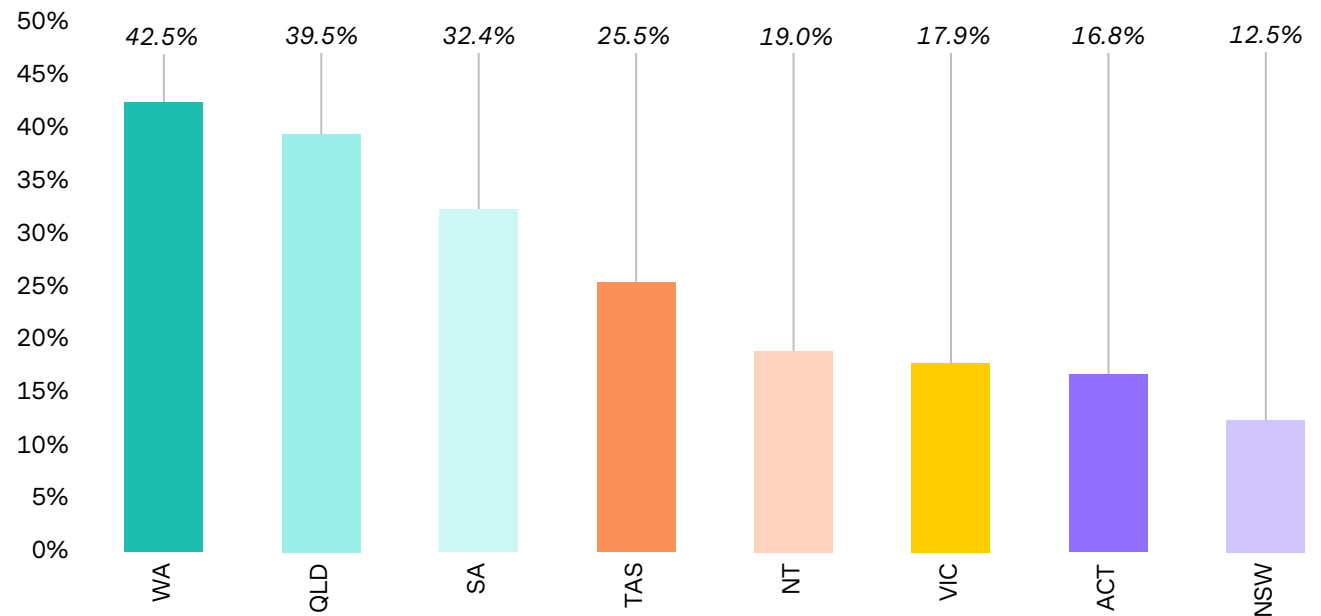
NSW is still the weakest for home lending

NSW is still the weakest jurisdiction for housing finance with commitments 12.5 per cent higher than its decade average. The ACT drops one place to seventh, with commitments up 16.8 per cent on the decade average.

Victoria slips from fifth to sixth spot with lending 17.9 per cent higher than its decade average. The Northern Territory lifts to fifth from seventh place, with commitments up 19.0 per cent on the decade average.

In annual terms, the Northern Territory retains top spot, with lending now up 24.1 per cent. Tasmania jumps to second from fourth place with home loans up 19.4 per cent, followed by South Australia (up 16.7 per cent), which remains in third spot.

Home loans in Queensland were up 15.1 per cent; ahead of the ACT (up 13.8 per cent); Western Australia (up 11.0 per cent); NSW (up 3.4 per cent); and Victoria (up 3.1 per cent).



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

Source: CommSec, ABS

Dwelling starts



Western Australian dwelling starts for the June quarter were up on the decade-average level by 24.8 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 household spending, unemployment and overall economic growth. However, any over-building or under-building in previous years can affect the current level of starts.

Western Australia back in top spot

Western Australia now leads other economies on dwelling starts, lifting from second spot. In the June quarter 2025, starts in Western Australia were 24.8 per cent above the decade average.

South Australia drops back to second position, with starts 16.9 per cent above 'normal' (the decade average).

Queensland moves up to third from fourth place, with starts down 4.4 per cent on the 10-year average.

At the other end of the scale, dwelling starts in the ACT were 52.5 per cent below the decade average.

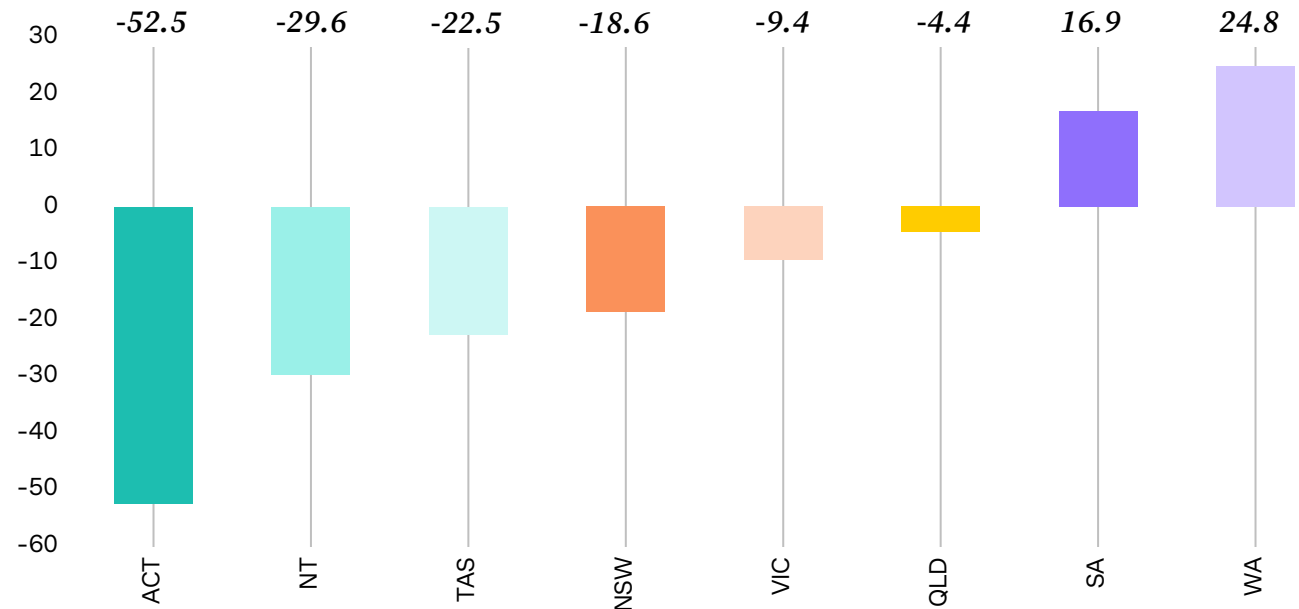
Next weakest was the Northern Territory (down 29.6 per cent); followed by Tasmania (down 22.5 per cent); NSW (down 18.6 per cent) and Victoria (down 9.4 per cent).

In terms of changes over the June quarter, six economies posted increases in starts. The ACT rose the most, up 3.9 per cent; followed by Western Australia (up 3.5 per cent); the Northern Territory (up 3.2 per cent), Victoria (up 1.1 per cent) and Queensland (up 1.0 per cent). But starts dropped 5.4 per cent in Tasmania and were down 1.5 per cent in NSW.

Northern Territory is the strongest

In terms of annual changes, starts in the Northern Territory jumped 30.0 per cent, followed by Western Australia (up 27.9 per cent). Next best was South Australia (up 23.0 per cent) ahead of NSW (up 11.5 per cent), Victoria (up 8.2 per cent), Queensland (up 2.1 per cent) and Tasmania (up 0.2 per cent).

Starts in the ACT fell most over the year (down 35.9 per cent).

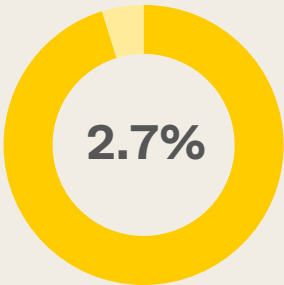


Dwelling starts, trend, percent change, June quarter 2025 on decade average.

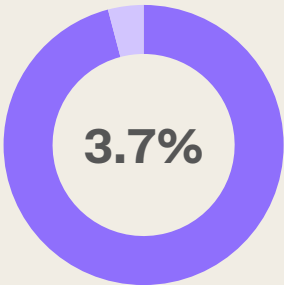
Source: CommSec, ABS

Other indicators

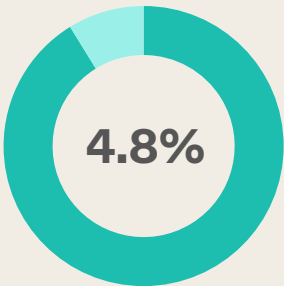
Highest inflation rate in Perth, Western Australia



Fastest wage growth in Western Australia



National home prices rose by



Perth, WA posts the biggest lift in consumer prices

Annual percentage changes of consumer prices eased in seven of the eight capital cities in the June quarter 2025.

Perth, Western Australia had the highest annual inflation rate in the quarter at 2.7 per cent, ahead of Brisbane, QLD (2.5 per cent), Melbourne, VIC (2.0 per cent) and Sydney, NSW (1.9 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 second quarter of 2025 (the gap between wage growth and inflation).

Nationally in the June quarter 2025, headline consumer prices (CPI) rose by 0.7 per cent, with the annual growth rate easing to 2.1 per cent from 2.4 per cent. The underlying (or trimmed mean) CPI measure rose by 0.6 per cent in the quarter with the annual rate down from 2.9 per cent to 2.7 per cent.

The Wage Price Index (WPI) in the year to the June quarter 2025 was strongest in Western Australia (3.7 per cent), ahead of Queensland and the ACT (both 3.6 per cent), Victoria and South Australia (both 3.4 per cent).

	CPI June Qtr. 2025	Wages June Qtr. 2025	Home Prices September 2025
NSW	1.9	3.2	3.0
VIC	2.0	3.4	1.9
QLD	2.5	3.6	8.8
SA	1.8	3.4	6.2
WA	2.7	3.7	7.5
TAS	1.7	3.1	2.7
NT	1.6	3.3	12.9
ACT	1.6	3.6	2.5

*Annual % change.

Source: ABS, Cotality, CommSec. CPI—Consumer Price Index, Wages—Wage Price Index (WPI)

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

The Northern Territory leads on home prices

Turning to home prices, in September 2025 all states and territories posted annual increases in home prices.

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 4.8 per cent over the year to September after rising by 3.4 per cent in the year to June.

In September, the strongest annual growth in home prices was in the Northern Territory (up 12.9 per cent); followed by Queensland (up 8.8 per cent); Western Australia (up 7.5 per cent); South Australia (up 6.2 per cent); NSW (up 3.0 per cent); Tasmania (up 2.7 per cent); the ACT (up 2.5 per cent); and Victoria (down 1.9 per cent).



The Northern Territory

The fastest annual lift in home prices was in the Northern Territory, up **12.9%.**

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 household spending 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).

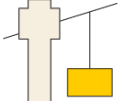
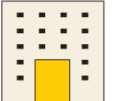
Western Australia retains outright lead

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 three of the eight key economic indicators. Population growth is particularly strong.

In a tight contest, **South Australia** remains in second place, just behind Western Australia, supported by ongoing growth in the private sector.

The **Northern Territory** is still third, with economic activity cushioned by stronger domestic spending. **Queensland** stays in fourth after household consumption rebounded following weather-related disruptions earlier in the year.

NSW and **Victoria** are in the middle of the pack in fifth and sixth spots, respectively, as both states turn to the private sector to stimulate economic growth amid lower borrowing costs. Elsewhere, the **ACT** (seventh) and **Tasmania** (eighth) lag the bigger states and territories, held-back by slowing public investment and a shift towards budget repair.

	 Economic growth	 Household spending	 Equipment investment	 Employment growth	 Construction work	 Population growth	 Housing finance	 Dwelling starts
NSW	2.9	1.8	-4.2	0.5	1.4	1.2	3.4	11.5
VIC	1.8	0.4	-1.9	1.7	-4.2	1.80	3.1	8.2
QLD	1.7	4.2	-7.3	1.9	0.9	1.78	15.1	2.1
SA	2.7	1.7	-3.3	3.7	9.7	1.1	16.7	23.0
WA	0.8	5.2	11.4	1.3	3.1	2.3	11.0	27.9
TAS	-0.2	-0.3	-3.0	2.5	-3.6	0.2	19.4	0.2
NT	5.4	4.1	-33.3	1.4	0.5	1.33	24.1	30.0
ACT	4.5	1.5	-29.1	0.0	7.4	1.31	13.8	-35.9
Aust	2.0	4.6	-2.1	1.5	0.1	1.6	8.5	10.1

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 September 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 24.7 per cent on the decade average. Looking at the yearly change of the rolling annual sum of new vehicle sales, just one economy recorded growth. Also performing best is **Western Australia**, up 1.5 per cent on a year ago. Sales are down most in **Tasmania**, falling 9.2 per cent.

Western Australia has firm grip on first

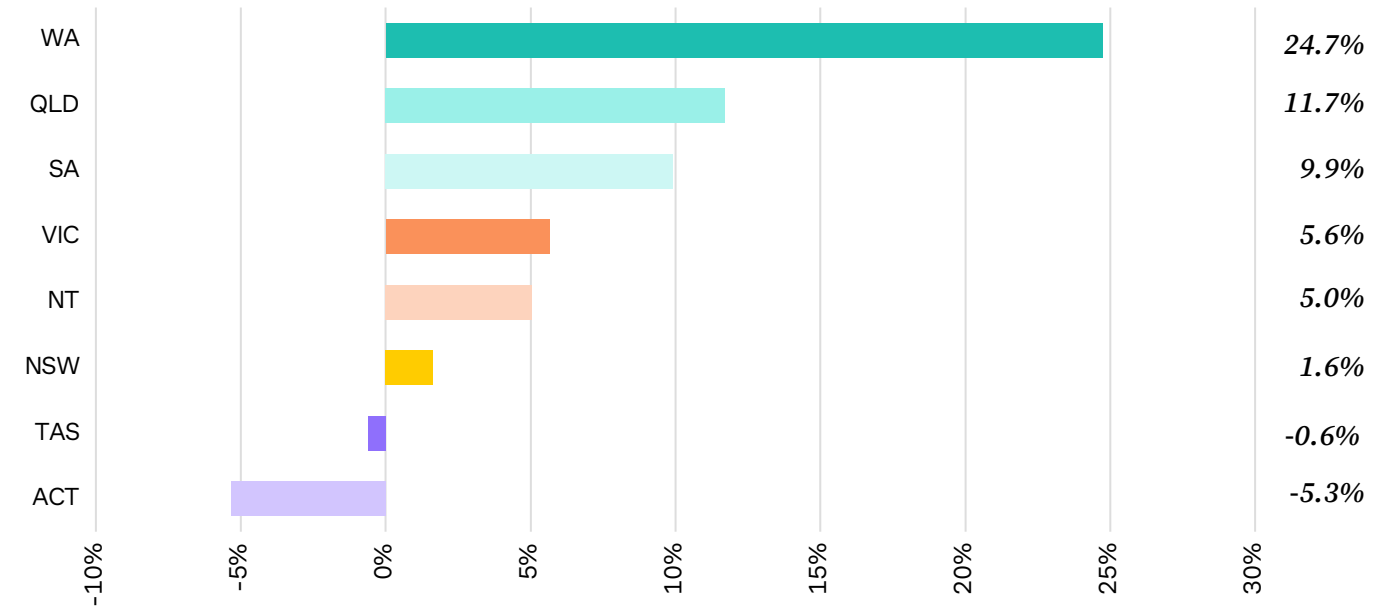
Western Australia is top of the economic performance rankings for the fifth successive quarterly report, retaining its position as Australia's top economic performer. Strong relative population growth in 'The West' is supporting private sector activity, especially in the housing market. Business and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

Where to from here?

Despite a challenging global economic and geopolitical backdrop, stabilising exports, ongoing government support and solid growth in household consumption are expected to drive activity in the resources-led economies of **Western Australia**, **Queensland** and the **Northern Territory** in 2026.

Consumer spending in **NSW**, **Victoria** and the **ACT** is expected to recover following recent interest rate reductions, but business investment remains weak. Housing construction activity poses an ongoing challenge for both **NSW** and the **ACT** amid affordability and supply constraints. The transition from public to private sector-led growth has begun in the bigger states. That said, slowing public demand is expected to continue to weigh on the nation's capital.

The **Tasmanian** economy is awaiting a much-needed housing recovery and rebound in exports amid weakness in both private and public sector investment. A modest outlook for private sector demand remains a challenge. Continuing growth in the private sector alongside a pickup in public demand should support the **South Australian** economy into the new year.



Motor vehicle registrations, percent change in the twelve months to September 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; household 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 household 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, household 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** stood at 4.2 per cent and 4.1 per cent, respectively, in September 2025. But the Queensland unemployment rate was 20.7 per cent below its decade average of 5.3 per cent, while the Western Australian jobless rate of 4.1 per cent was 18.9 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 five 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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