State & Territory Quarterly Perspective

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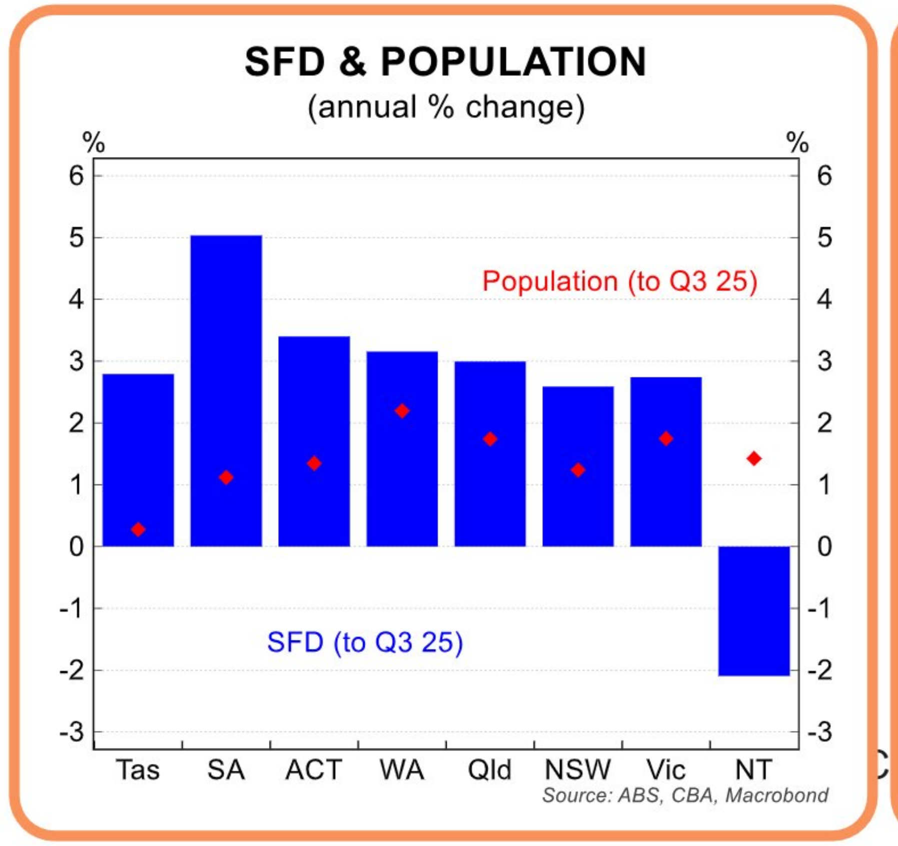
Commonwealth Bank of Australia

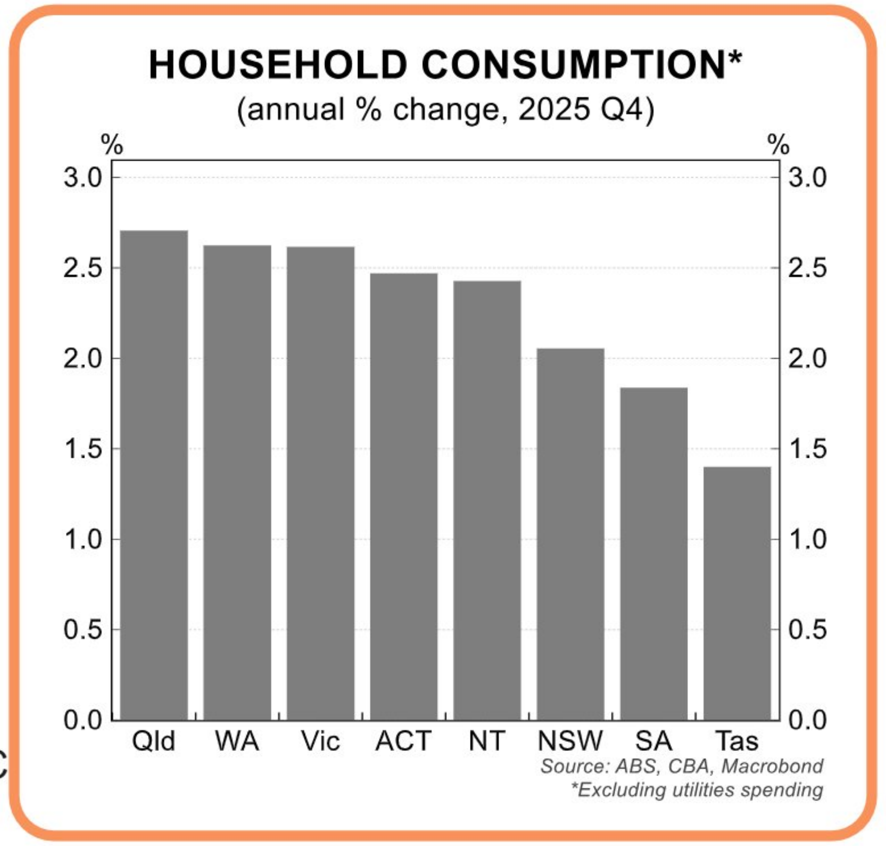
Index

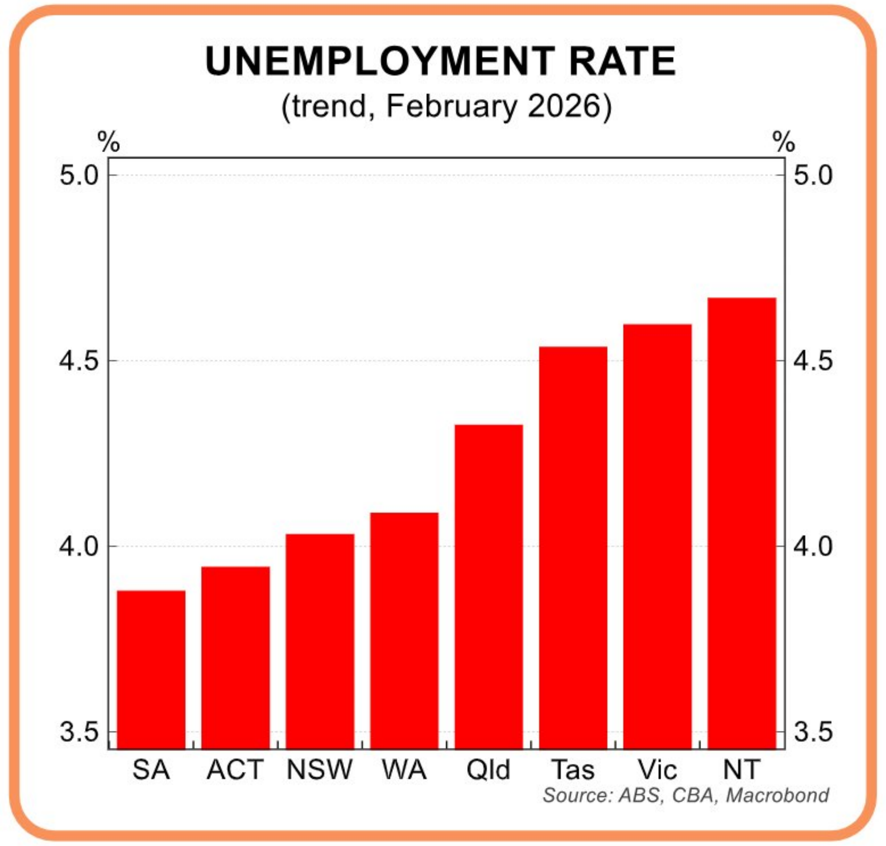
Summary

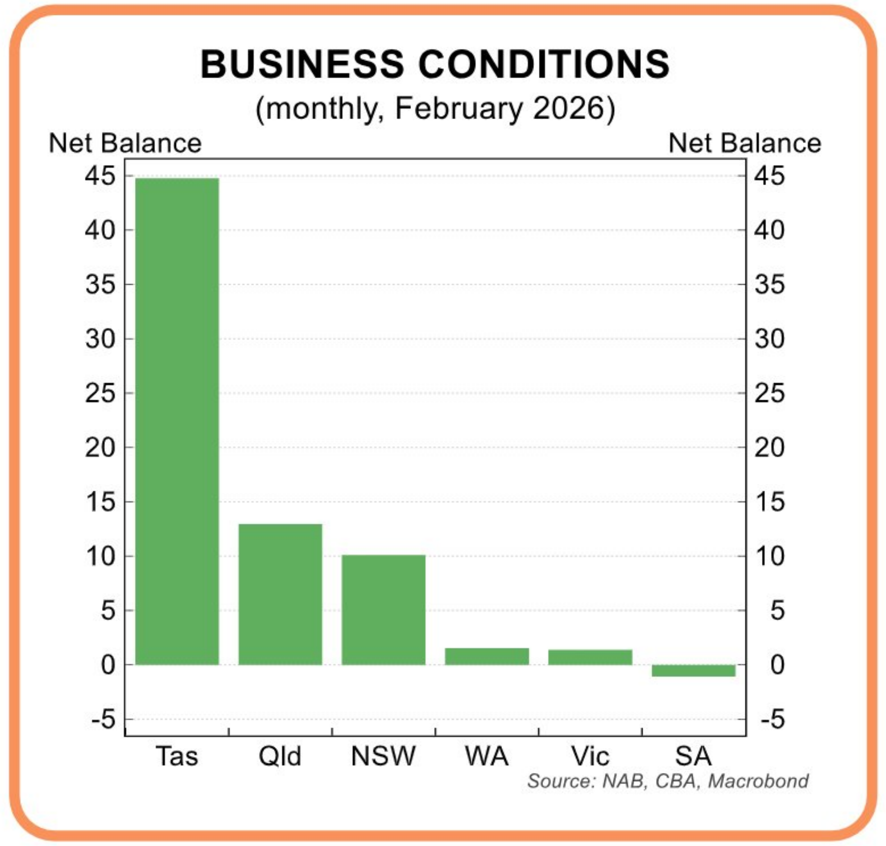
NSW: The nation's largest state continues to improve, albeit at a moderate pace. State Final Demand (SFD) rose by a solid 0.6%/qtr in Q4 25, underpinned by gains in both public (+4.2%/qtr) and private (+0.5%/qtr) investment. Annual growth sits at a softer 2.6%. Household consumption is also picking up and was the strongest in the nation in the December quarter when excluding utilities (+0.6%/qtr). Yearly spending growth tracks towards the middle of the pack (+2.1%/yr), mirroring trends seen in our CommBank HSI. Sydney consumer prices rose a more modest 0.5% in Q4. Although, annual inflation remains at a firm 3.5%. Weekly petrol and diesel price data points to a pickup in prices in recent weeks following the breakout of the conflict in Iran. Our weekly card spend data suggests NSW consumers have remained resilient despite the recent developments in the Middle East, while regional spending growth softened slightly in the third week of March. Business investment eased a touch in Q4 but remains at a robust 5.0% higher through the year, supported by a ramp up in data centre investment in 2025. The labour market is also firm, with the trend unemployment rate holding steady at 4.0% in February, the third lowest rate nationally. However, housing remains a weaker spot. Sydney dwelling prices rose 6.0% through the year to February, lagging the booming mid-tier capitals and 9.9% national average pace.

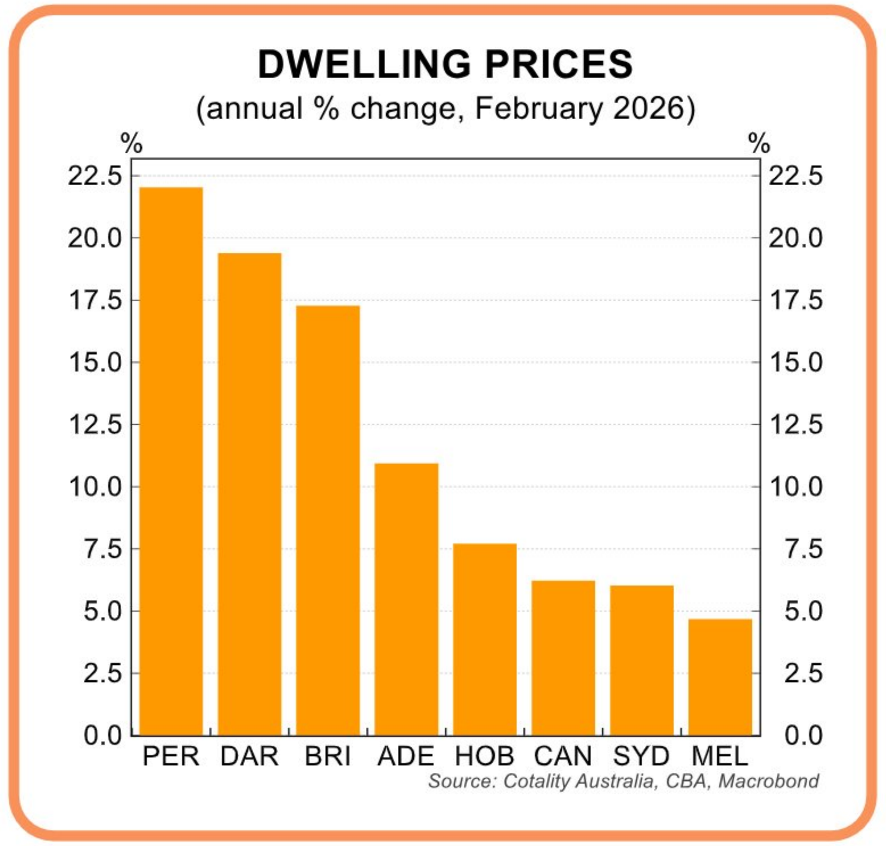
Vic: Victoria was one of Australia's weaker performing states over 2025, though conditions improved into years end. SFD increased 0.7% in Q4, the third fastest pace nationally, taking the annual rate to 2.7%. Business investment was another area of strength in Q4 (+1.9%/qtr), supported by data centre investment. Household consumption, excluding utilities is improving, up 0.5%/qtr to sit at the equal second strongest yearly rate (+2.6%/yr). That said, our CommBank HSI points to a resumption of weaker spending in February. Consumer prices remained firm in Q4, but yearly inflation sits at the softest pace nationally (+3.2%/yr). Weekly fuel price data indicates a sharp rise in prices in March following the beginning of the conflict in Iran. Consumers remain resilient however, with our weekly card spend data indicating spending growth continued to lift across metro and regional Victoria in March. However, headwinds to the Victorian economy remain. Melbourne's housing market continues to underperform as RBA rate hikes, greater supply, higher tax burdens and weak household disposable income growth temper demand. Melbourne dwelling values rose 4.7%/yr to February, the weakest pace in the country. Victoria's labour market is also softer than other states, with the trend unemployment rate having risen 1.0pts since post pandemic lows to 4.6%, the second highest rate nationally. However, employment growth remains strong up a solid 1.7%/yr







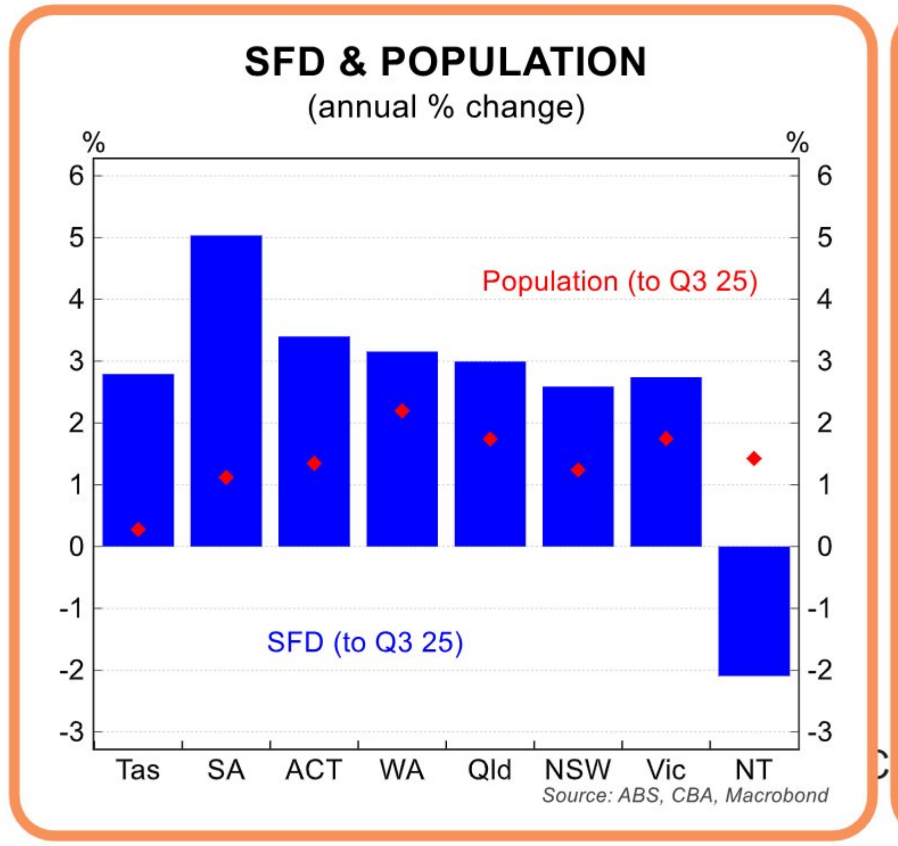


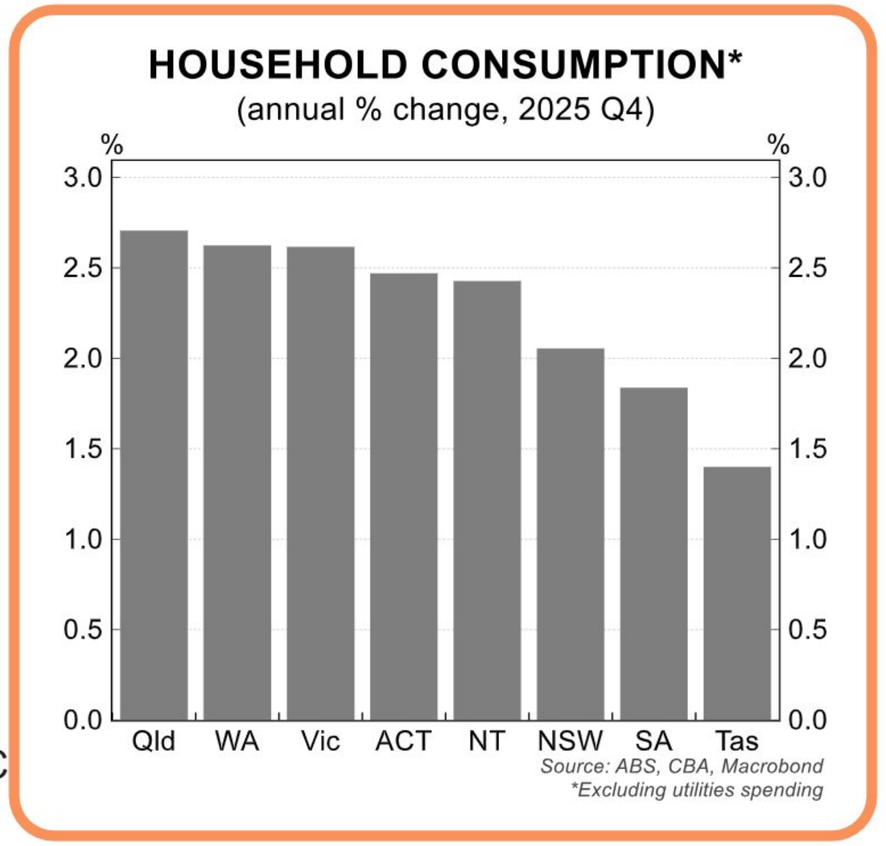


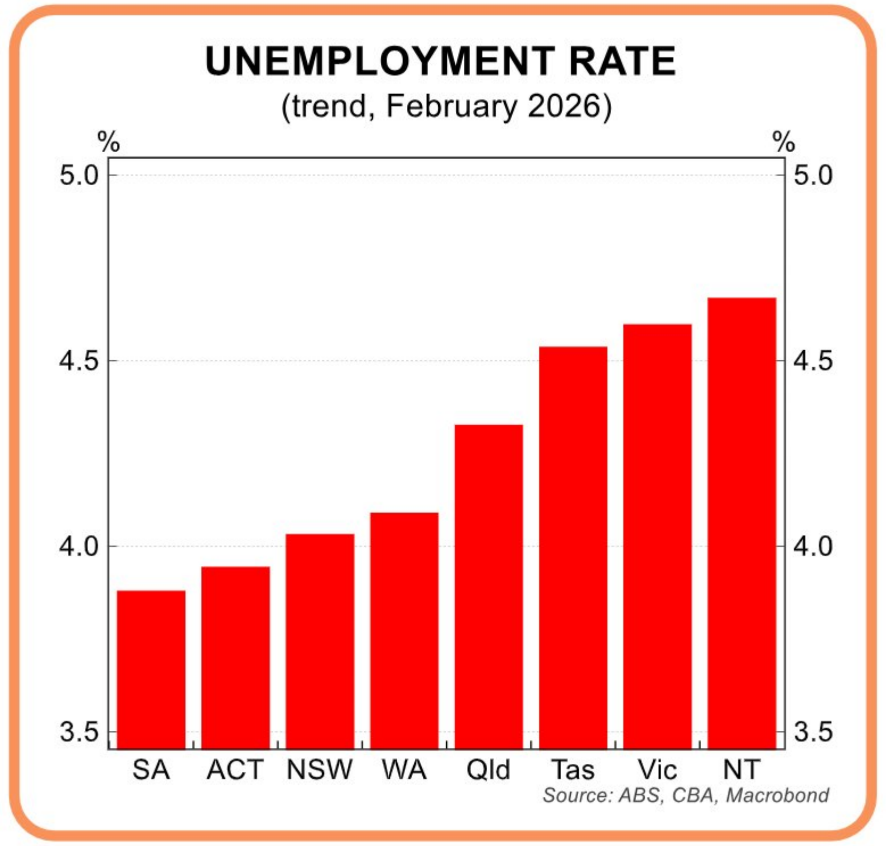
Summary

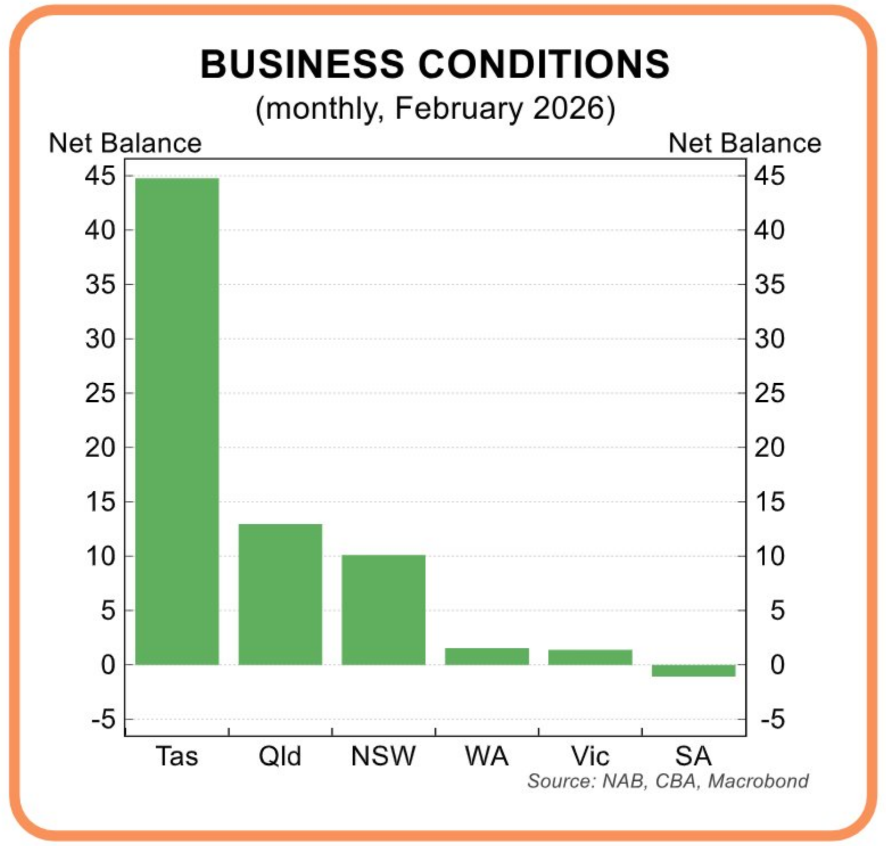
Qld: Queensland came back to the pack this quarter after outsized strength in Q3. SFD rose just 0.1%/qtr, the weakest result nationally, reflecting pullbacks in both private (-1.3%/qtr) and public (-1.8%/qtr) investment. Even so, annual growth remains robust up 3.0%/yr. Household consumption excluding utilities lifted at the second strongest pace (+0.5%/qtr) and continues to outperform in annual terms (+2.7%/yr). Our CommBank HSI also pointed to continued gains in the first two months of 2026. Strong demand is driving inflation higher. Brisbane consumer prices lifted 0.9% in Q4 to be 5.1% annually, well above any other capital city. This predated the recent escalation in the middle east and fuel prices in Brisbane have risen sharply in March. In response, metro Qld has seen a slight moderation in consumption in the last week according to our weekly card spend data. However, this was marginal and regional Queensland spending has continued to lift. Business investment moderated in Q4 (-1.3%/qtr) but sits at the third highest pace annually (+5.7%/yr). The Brisbane housing market continues to be strong with dwelling values up 17.3% through the year to February. Queensland's labour market remains tight but is gradually loosening. Trend unemployment sits in the middle of the pack at 4.3% and employment growth is tracking close to the national average pace at 1.1%/yr.

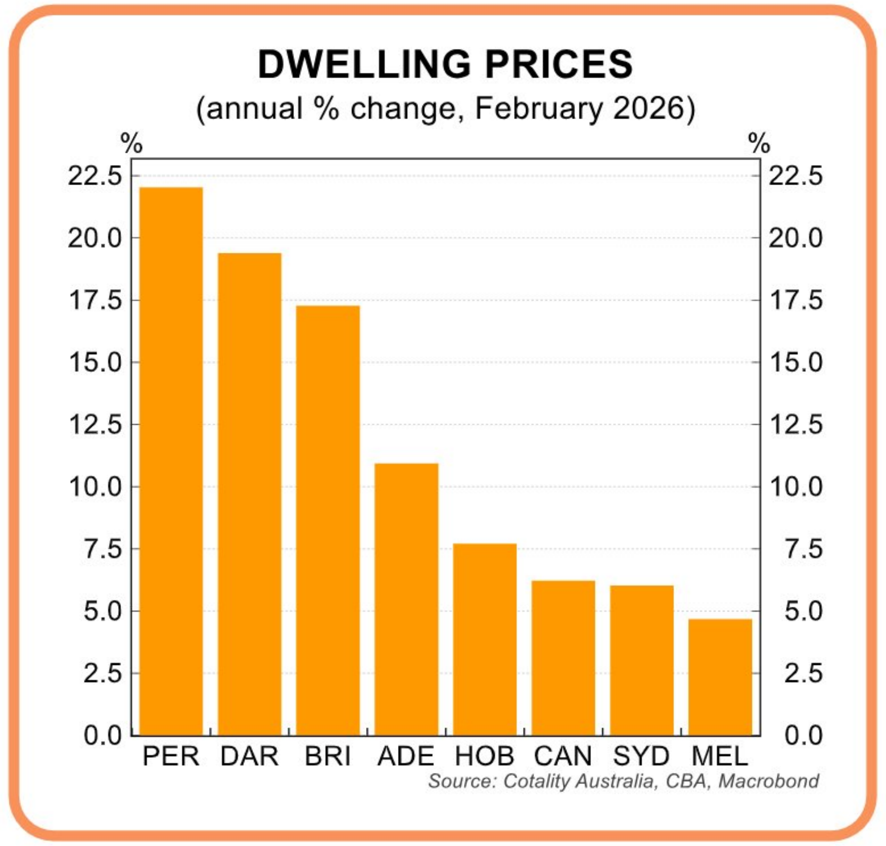
WA: The Western Australian economy remains on solid footing. SFD lifted 0.5%/qtr in the December quarter as a decent rise in private investment (+1.8%/qtr) more than offset a sharp decline in public investment (-7.0%/qtr). Annual SFD growth sits at the third fastest pace nationally (+3.2%/yr). Strong economic fundamentals are supporting household spending. Household consumption excluding utilities rose 0.5% in Q4 to be 2.6% higher over the year. Our CommBank HSI showed continued momentum in February 2026. Despite strong consumption, Perth consumer prices moderated in Q4 (+0.2%/qtr). That said, the annual rate remains at a firm 3.9%/yr and weekly fuel price data points to a significant rise in petrol and diesel prices in recent weeks. WA is particularly exposed to a direct oil shock given its diesel-intensive mining and agricultural sectors and long-haul freight networks. Nevertheless, CommBank weekly card spend data points to continued spending in March in both metro and regional areas. Business investment remains an area of strength, lifting 1.8% in the December quarter to sit at the fastest pace of growth on an annual basis (+7.6%/yr). The Perth housing market has also far exceeded expectations in 2025 and into 2026, with dwelling prices rising 22.0% over the year to February. The labour market remains in a solid position, with trend unemployment holding at 4.1% in February and trend employment lifting 1.3%/yr.







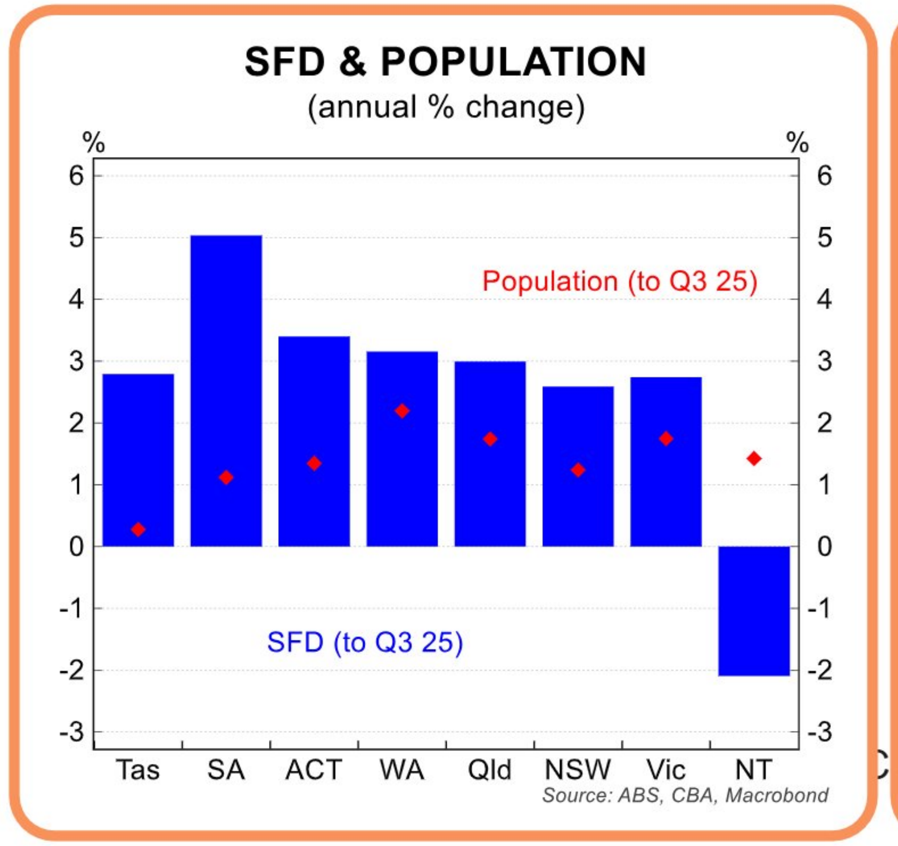


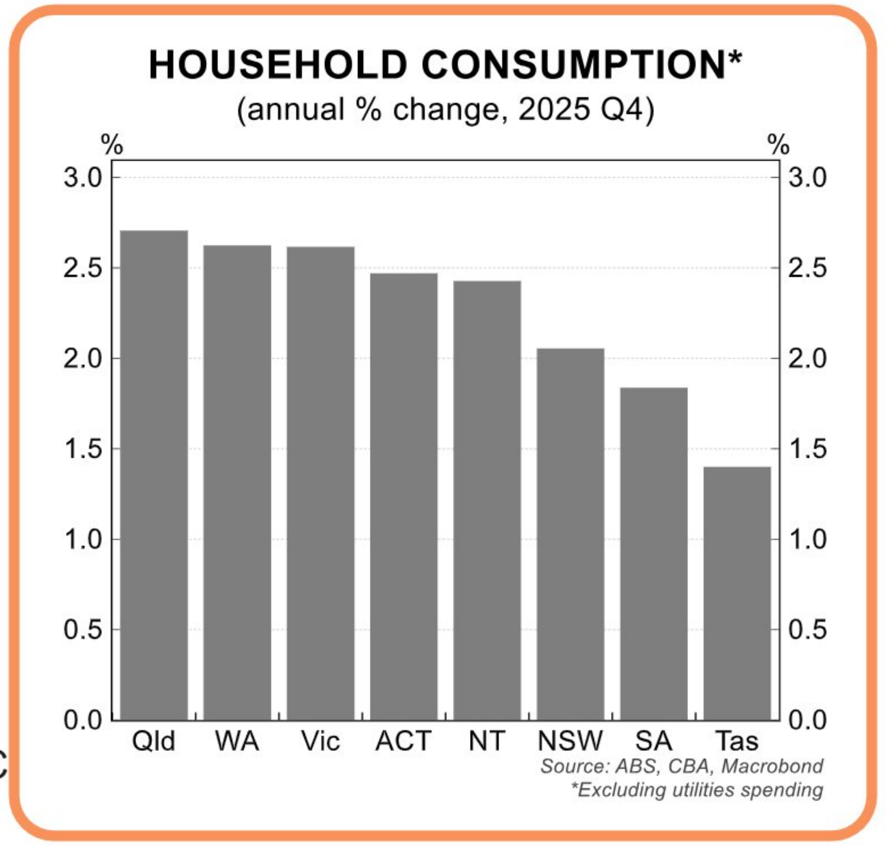


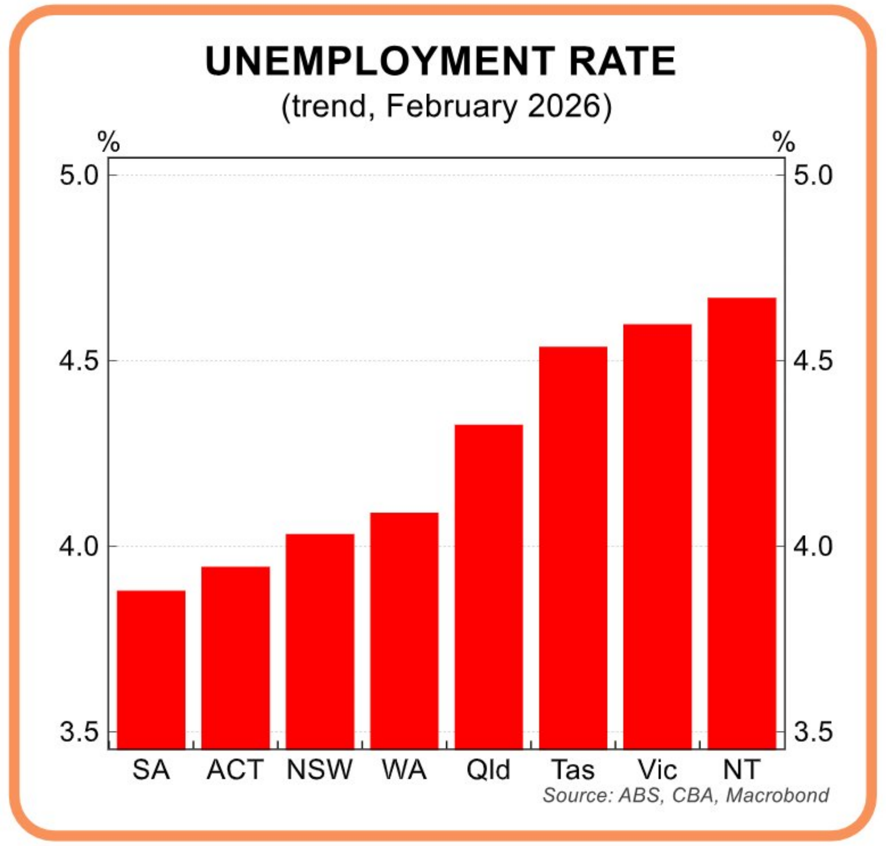
Summary

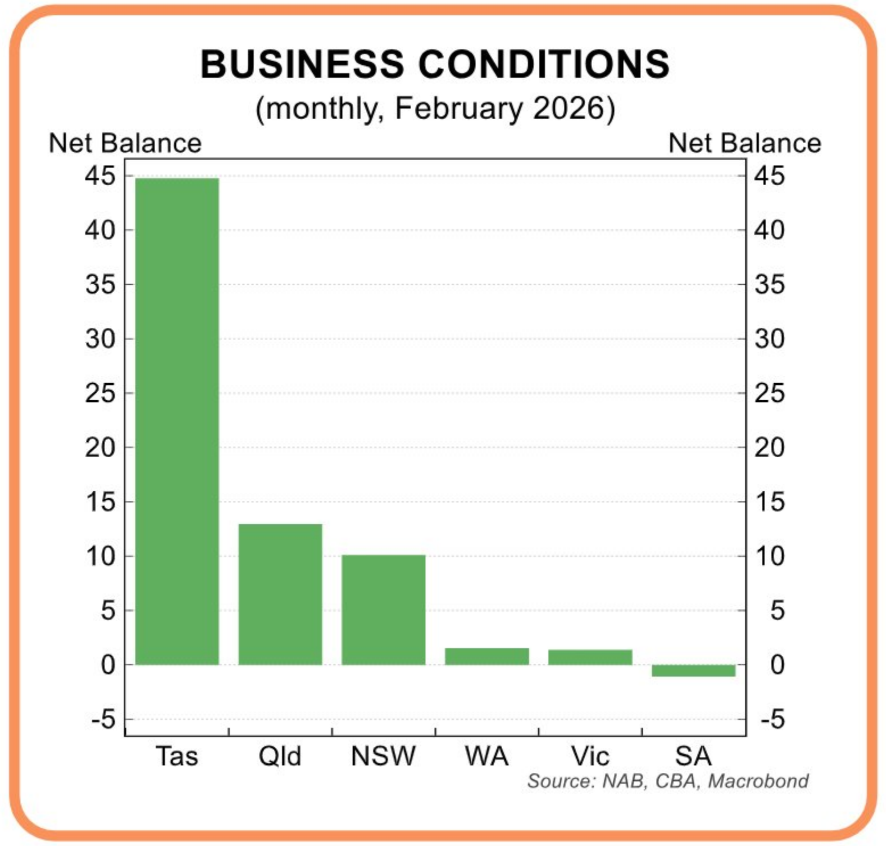
SA: South Australia is the standout performer this quarter. SFD rose 1.2% in Q4, the strongest pace in the country, driven by solid gains in both public (+4.3%/qtr) and private (+1.4%/qtr) investment. Business investment now sits at the second highest annual pace nationally at 7.2%/yr. The SA labour market has retightened in recent months. In February, trend unemployment held steady at 3.9%, the lowest rate in the country and employment growth remained exceptionally strong, up 3.3%/yr. This continued gains from January and December and followed a softer patch in 2025 where the state recorded the second highest unemployment rate from April to September. Housing market momentum has also continued to pick up steam in Adelaide (+10.9%/yr), far outpacing the nation's two largest capitals. However, consumption is a weaker spot. Household spending excluding utilities tracked towards the lower end of the pack in the quarter (+0.4%/qtr) and is the second weakest annually (+1.8%/yr). Though, our CommBank HSI pointed to an improvement in February. Adelaide consumer prices lifted by a firm 0.8%/qtr in Q4 to be 3.3% higher annually. Weekly fuel price data points to a pickup in petrol and diesel prices in March but shows a slightly softer reaction than some other jurisdictions. CommBank weekly card spend data also indicates continued gains in spending in March across the state.

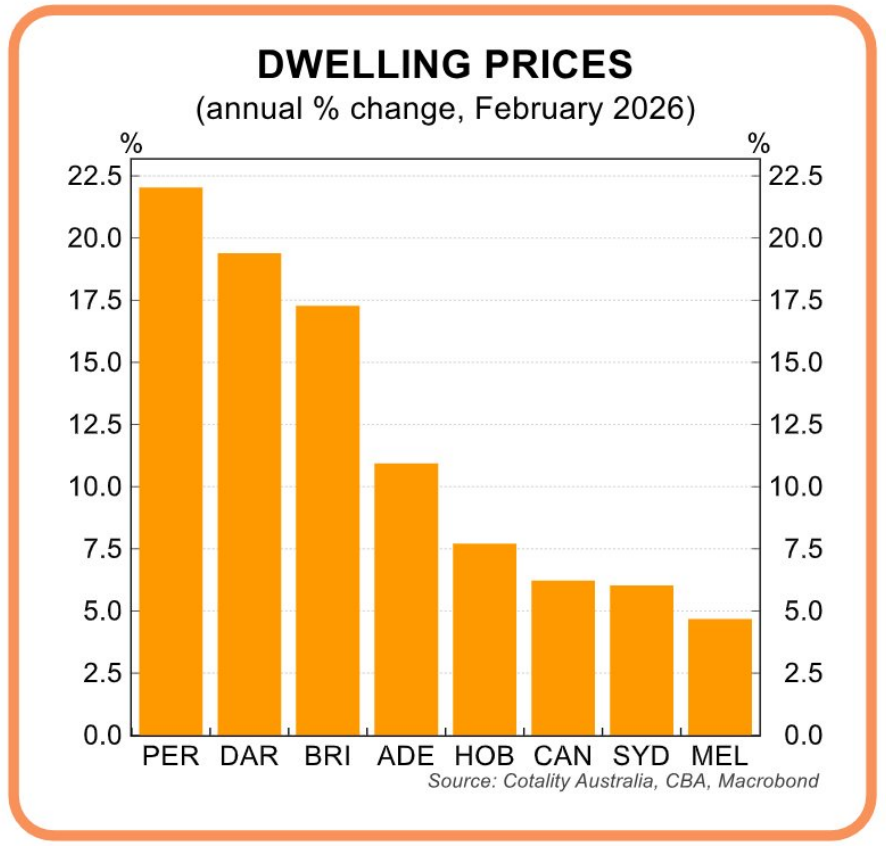
Tas: Tasmania's economy was a laggard in 2025 but there are some bright spots. SFD rose by 0.3% in Q4 to be 2.8% higher over the year, tracking around the middle of the pack. Business investment was a clear positive, rebounding 2.8%/qtr, the strongest quarterly gain of any judication. That said, annual growth sits a bit softer at 3.2%/yr. Hobart's housing market has held up reasonably well, with dwelling values rising a solid 1.2% in February to be 7.7% higher annually. However, household consumption remains weak. Spending growth excluding utilities was the softest in the nation in Q4 (+0.1%/qtr) and internal CBA data points to continued weakness into early 2026. Despite subdued consumption, inflation remains elevated. Tasmania's consumer price index rose 1.1% in Q4 to be 3.9% higher through the year. Weekly fuel price data indicates a strong response in Hobart petrol prices to the war in Iran. Diesel prices have seen a softer reaction than other jurisdictions. The Tasmanian labour market has loosened considerably. The trend unemployment rate edged up to 4.5% in February. Trend employment growth rose by a modest 0.2%/yr, well below the national average (+1.2%/yr), even as the participation rate has declined since September last year.







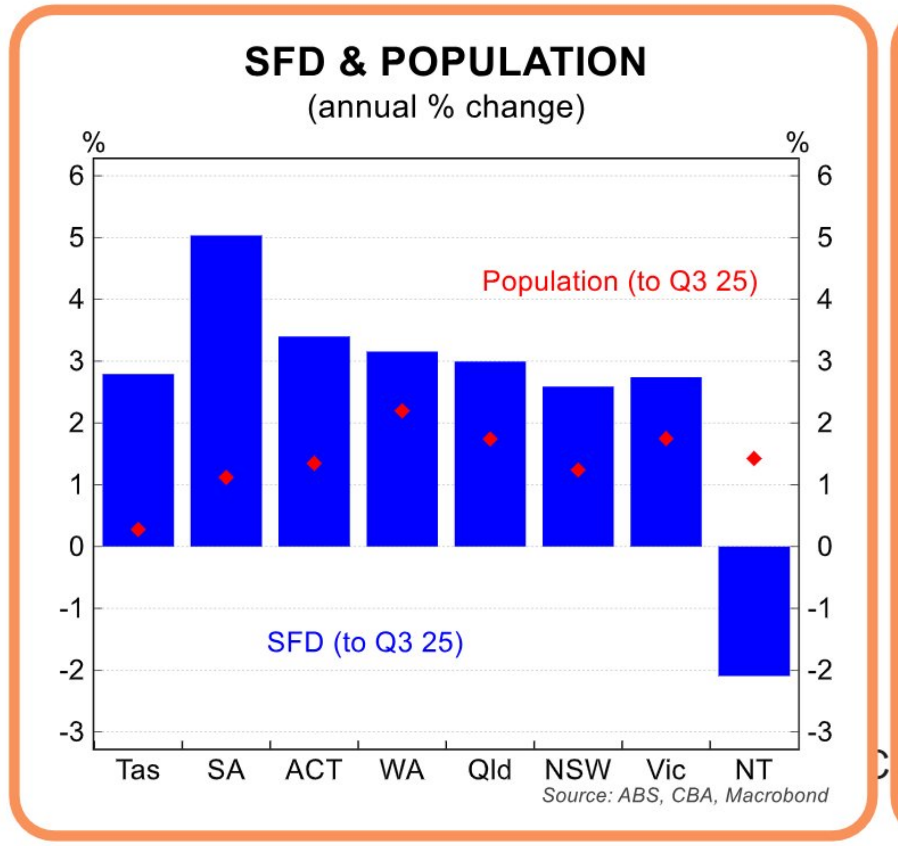


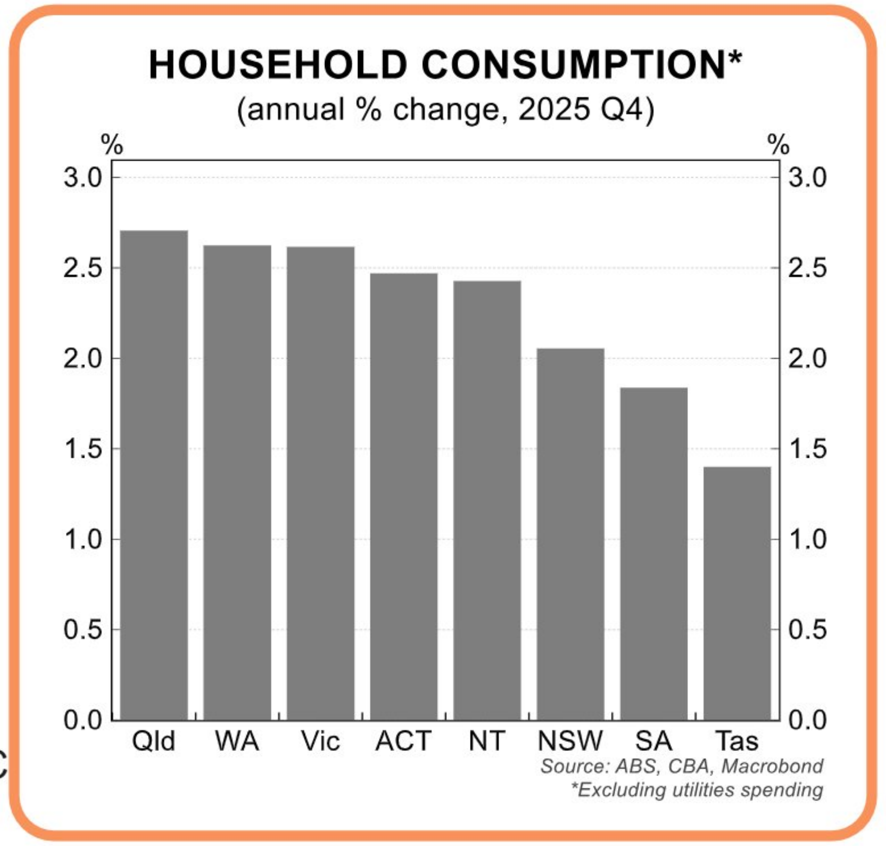


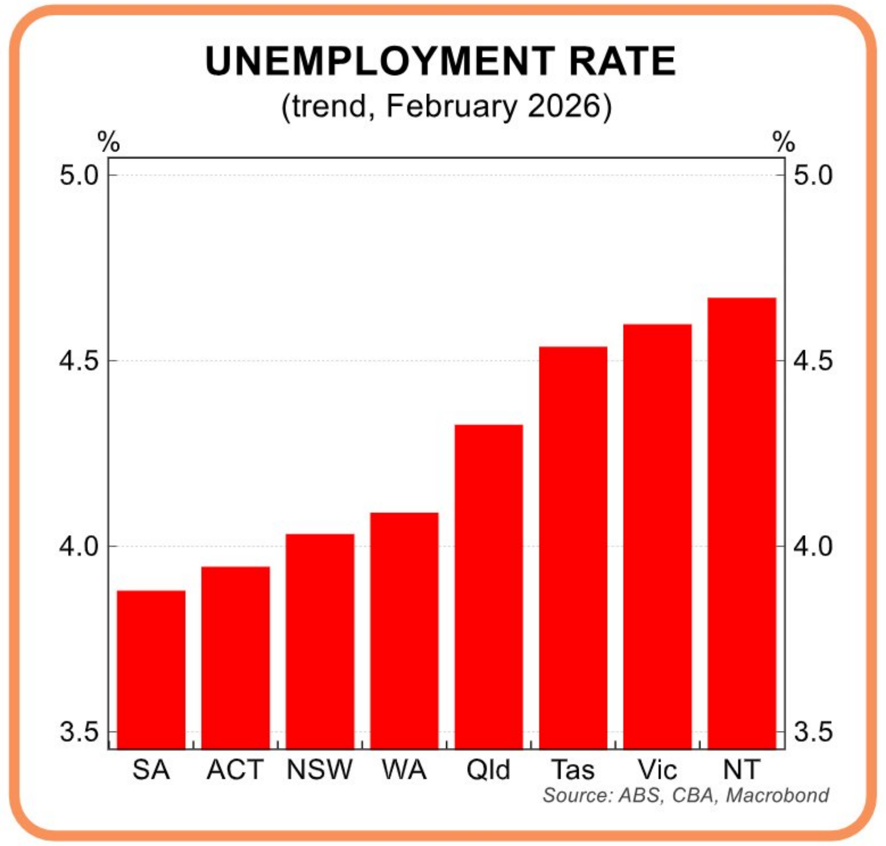
Summary

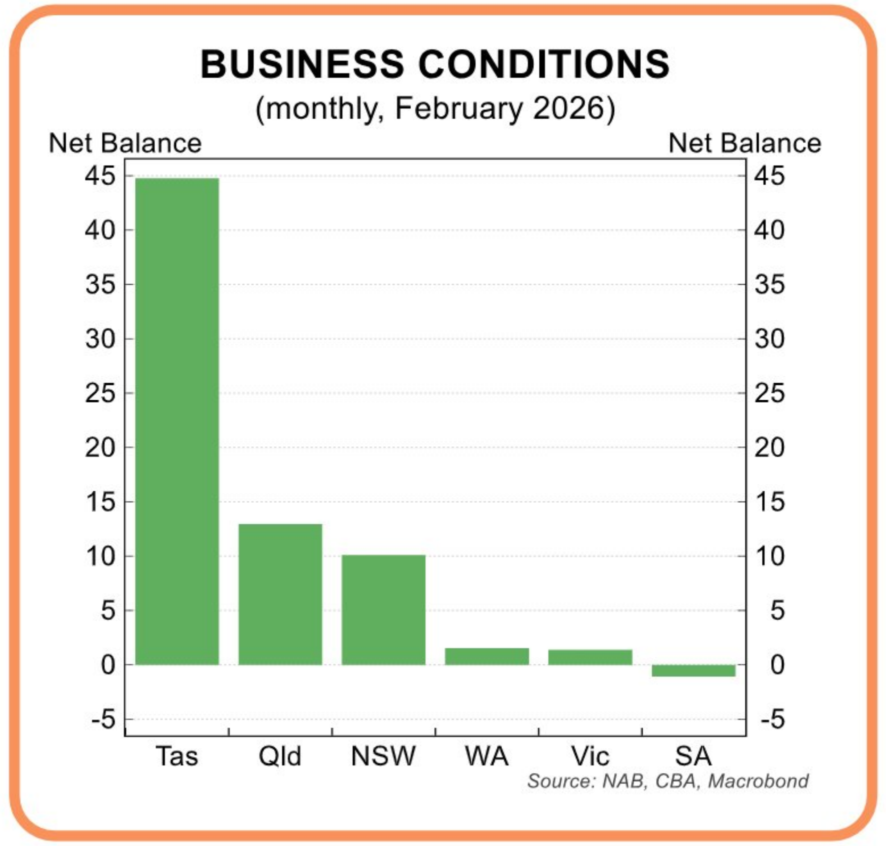
NT: The performance of the Northern Territory economy remains mixed. SFD growth was the second strongest nationally in Q4 up 0.8%/qtr. However, growth was driven by a lift in public investment (+4.2%/qtr) with private investment contracting (-0.2%/qtr). Annual SFD growth remains subdued, down 2.1%/yr. Household consumption excluding utilities outperformed this quarter (+0.5%/qtr) but tracks softer through the year (+2.4%/yr). Business investment also continues to disappoint and sits at the weakest pace annually, down 25.0%/yr. The NT labour market has the most slack of any jurisdiction, with the trend unemployment rate rising another 0.1pts to 4.7% in February. However, trend employment growth was solid, lifting 1.4%/yr and absorbing a 0.1 pts rise in the participation rate to 73.2%. The Darwin housing market is also a bright spot. Darwin dwelling prices have lifted a strong 19.4% through the year to February 2026. Inflation remained firm in Q4 (+0.7%/qtr, +3.3%/yr). Weekly fuel price data indicates Darwin has seen the sharpest rise in petrol prices of any capital city in March following the beginning of the Iran warr. Regional NT is also witnessing the highest diesel prices in Australia. CommBank weekly card spend data shows consumers have reacted, with metro and regional spending in the NT pulling back over the last few weeks of March.

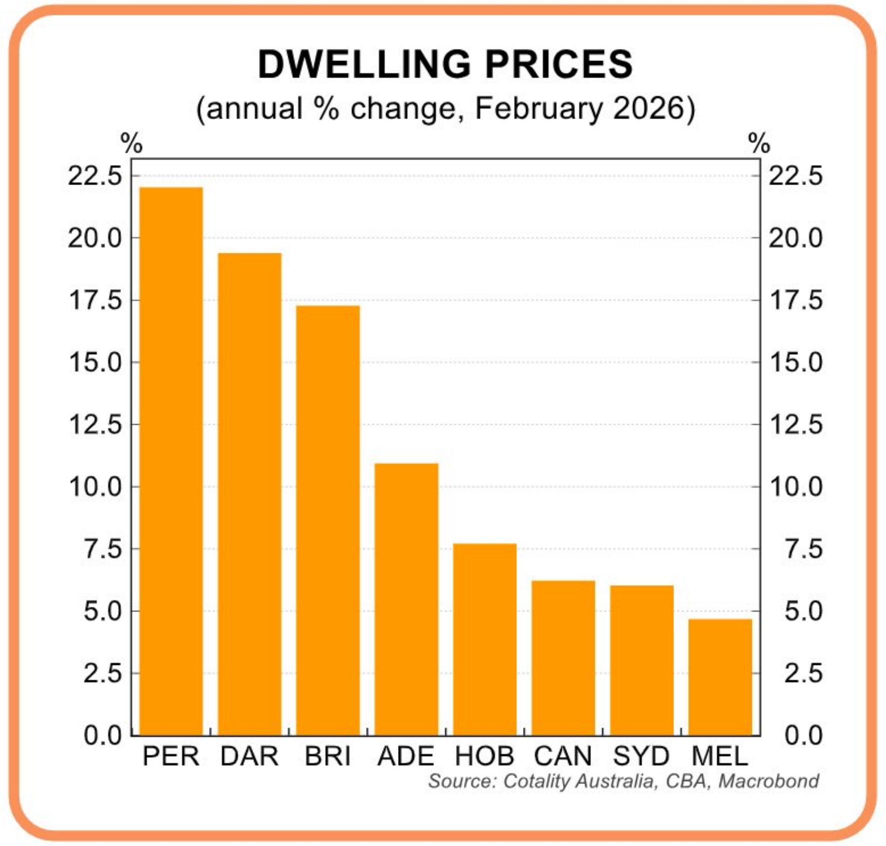
ACT: The ACT economy is recovering, albeit slowly. SFD rose by 0.5%/qtr in Q4, taking the annual rate to 3.4%/yr, the second highest in the nation. However, quarterly growth was driven by public investment (+2.0%/qtr) which offset a sharp drop in private investment (-5.2%/qtr). Business investment now sits 3.1% lower through the year. Household consumption excluding utilities was also softer in Q4 (+0.2%/qtr). That said, annual growth remains a healthy 2.5%. Canberra consumer prices moderated in Q4 but remain firm annually at 3.4%/yr. Weekly fuel price data points to a reasonable pickup in petrol and diesel prices in March. However, our internal card spending data shows no slowdown in consumption as of yet. Canberra dwelling price growth sits on the weaker side but tracks ahead of Sydney and Melbourne (+6.2%/yr). The ACT labour market has been gradually loosening but retightened slightly in February. The trend unemployment rate declined 0.1pts to 3.9% to sit at the equal lowest rate in the country. Even so, employment growth remains flat through the year.





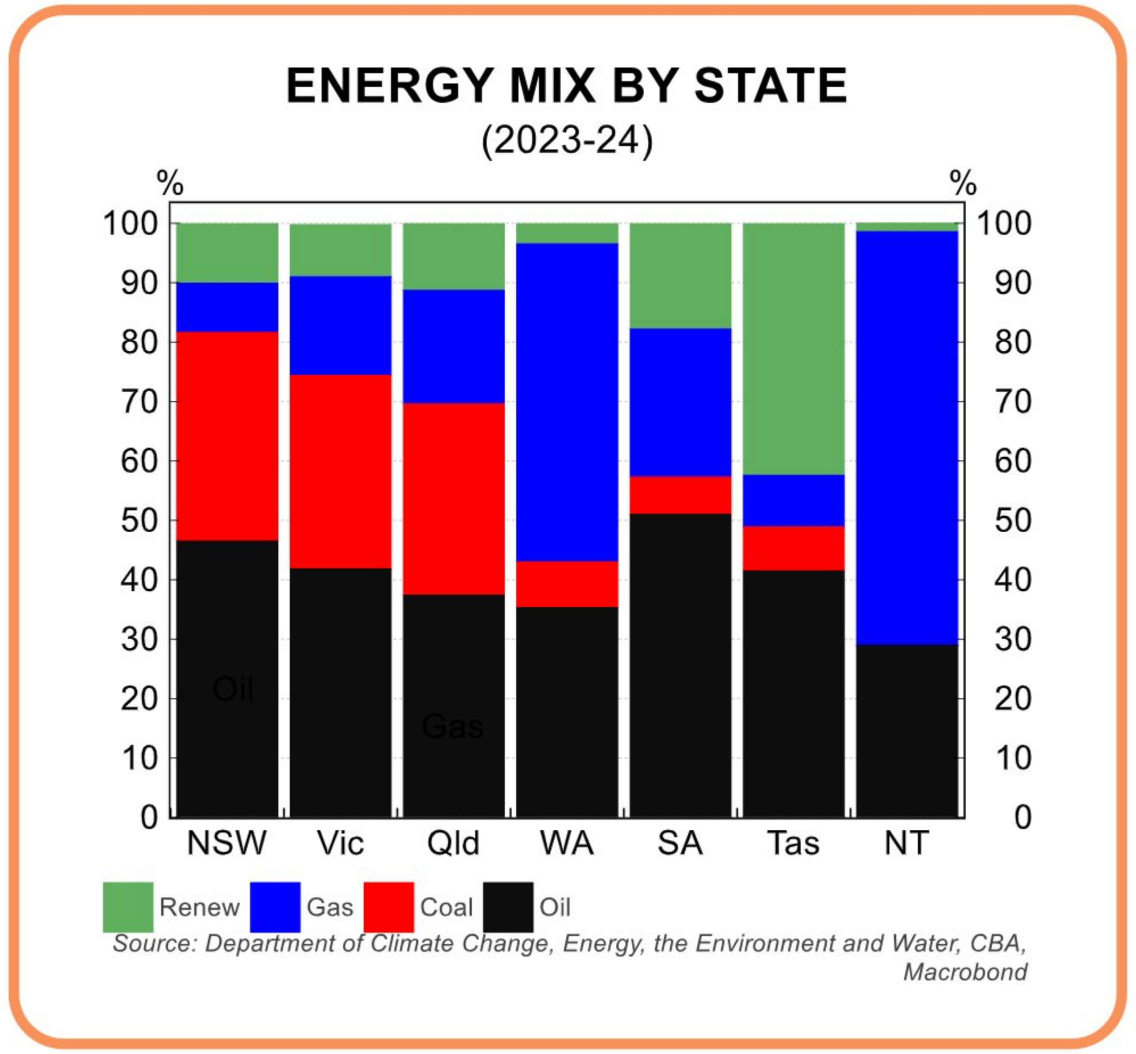


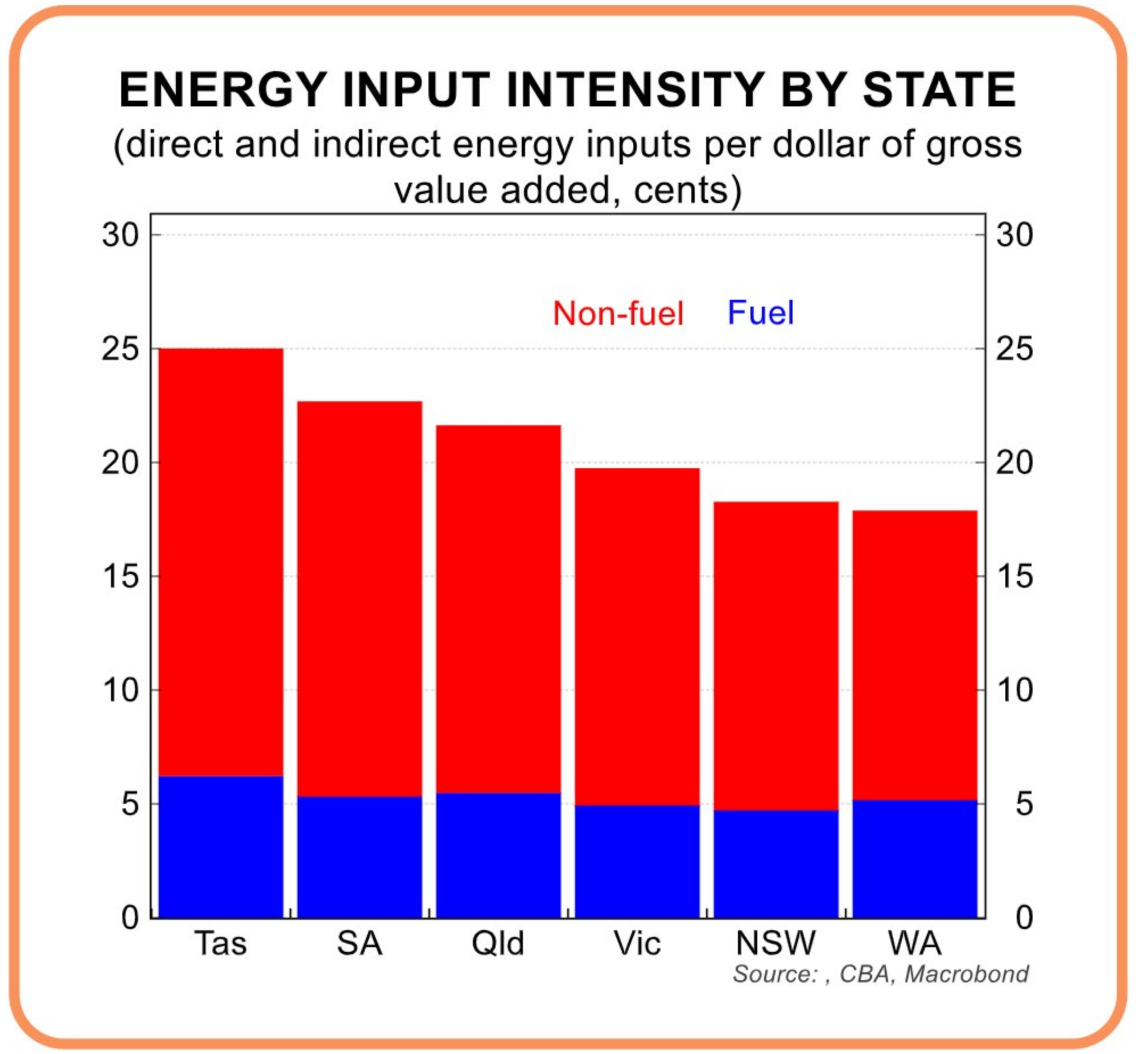




Special deep dive into Iran war impacts

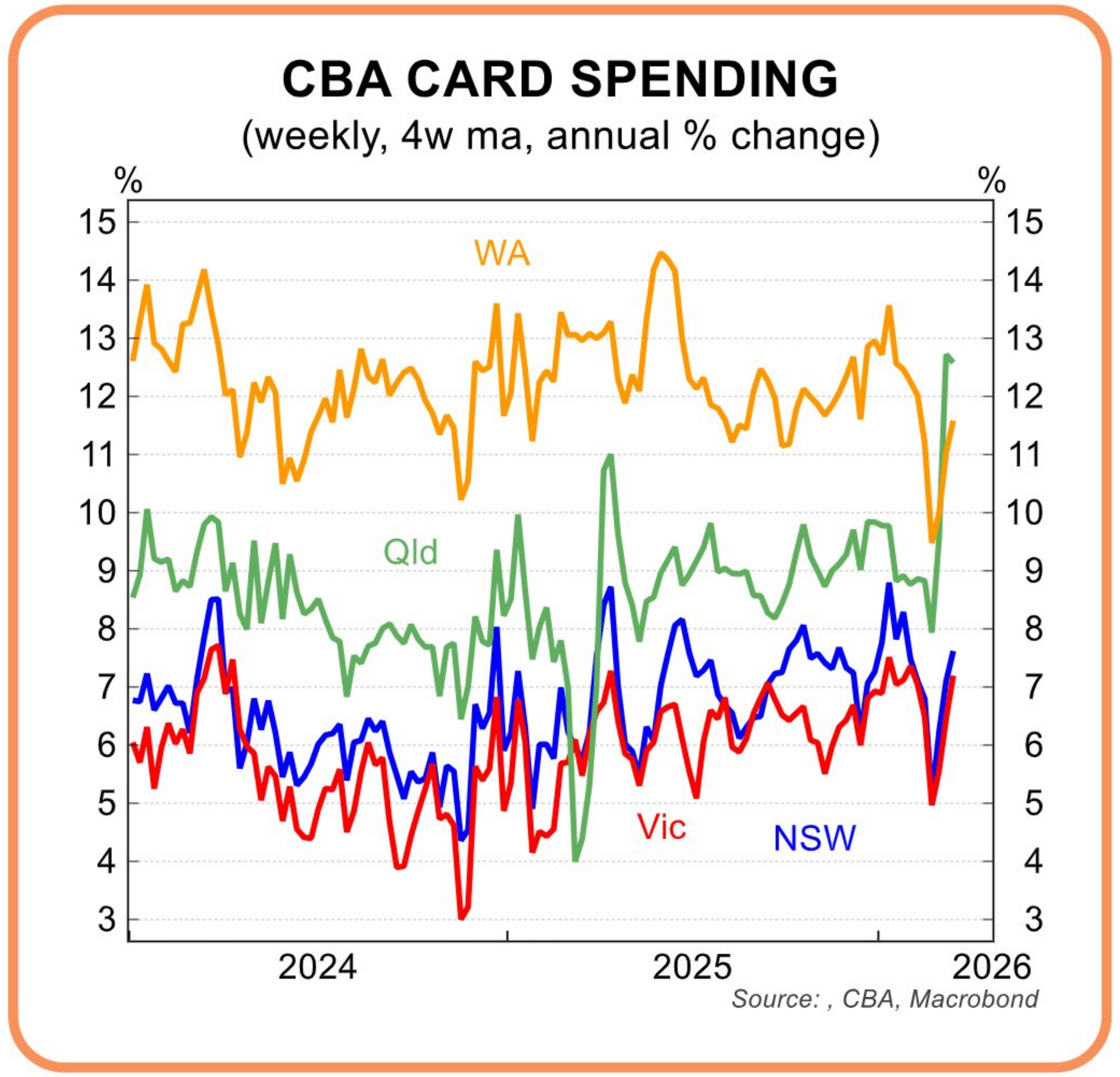
State exposure to the Iran driven energy shock

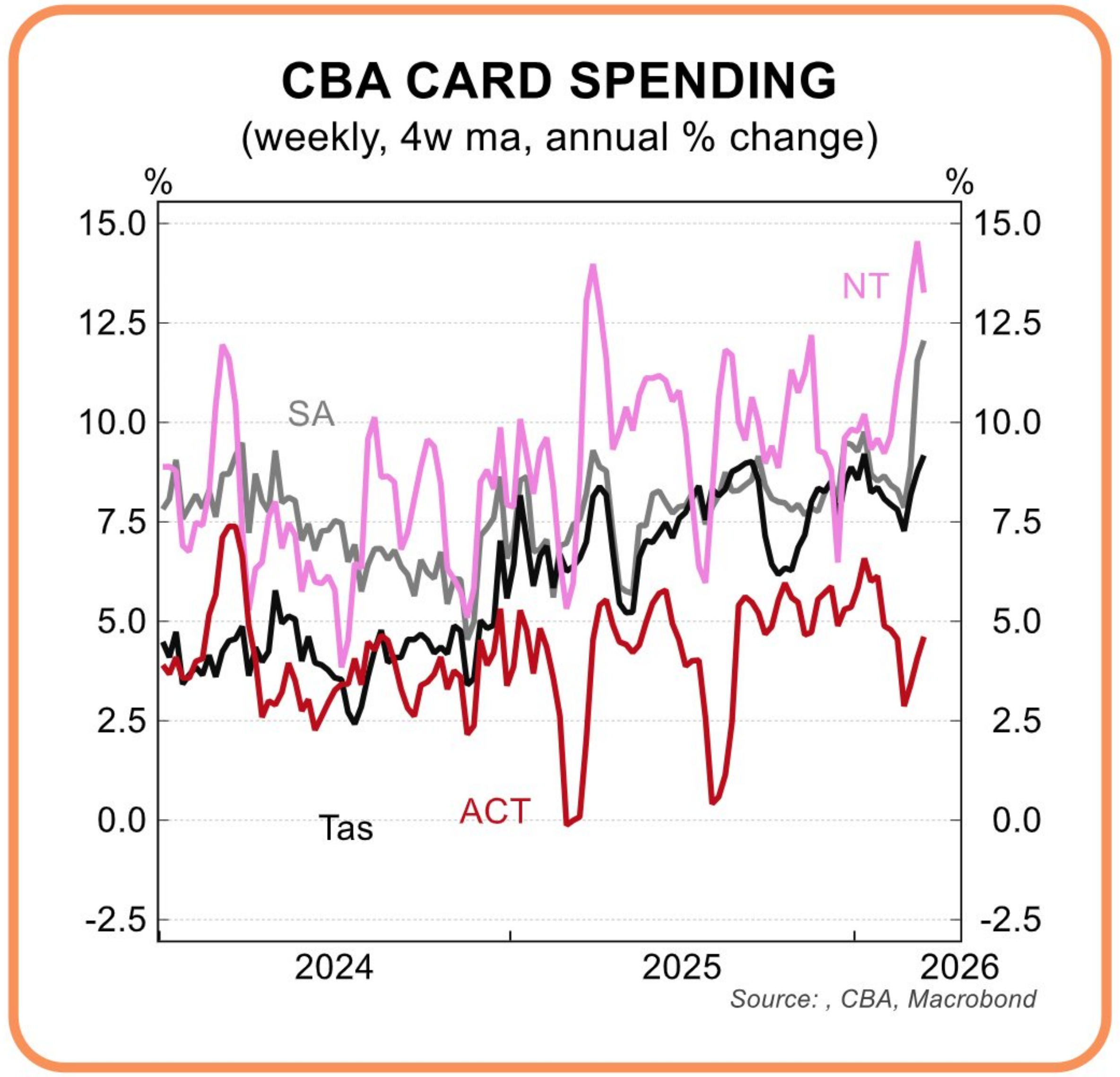




- The conflict involving Iran has triggered an oil price shock that could spill into broader energy markets. The direct fuel-price effect is likely to be fairly similar across states, but broader electricity and gas exposure is more uneven.
- Oil accounts for the largest share of primary energy use in SA at 51%. This is followed by NSW (47%), Vic and Tas (both 42%). Qld (38%), WA (35%) and the NT (29%) are slightly less reliant on oil in their energy mix.
- Coal provides more than one-third of primary energy used in NSW, Vic and Qld, while natural gas provides more than half of the primary energy used in WA and the NT.

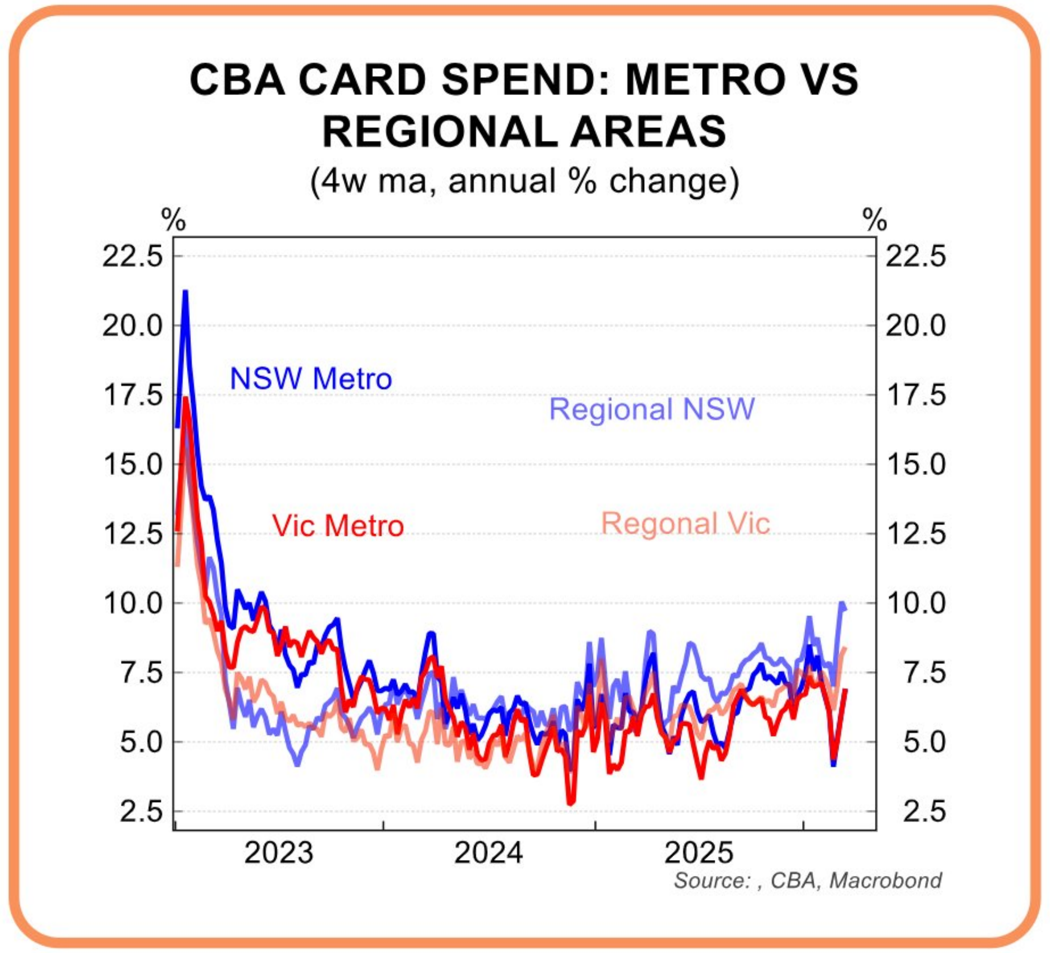
CommBank Weekly Card Spend data – A first look at the reaction to the war in Iran

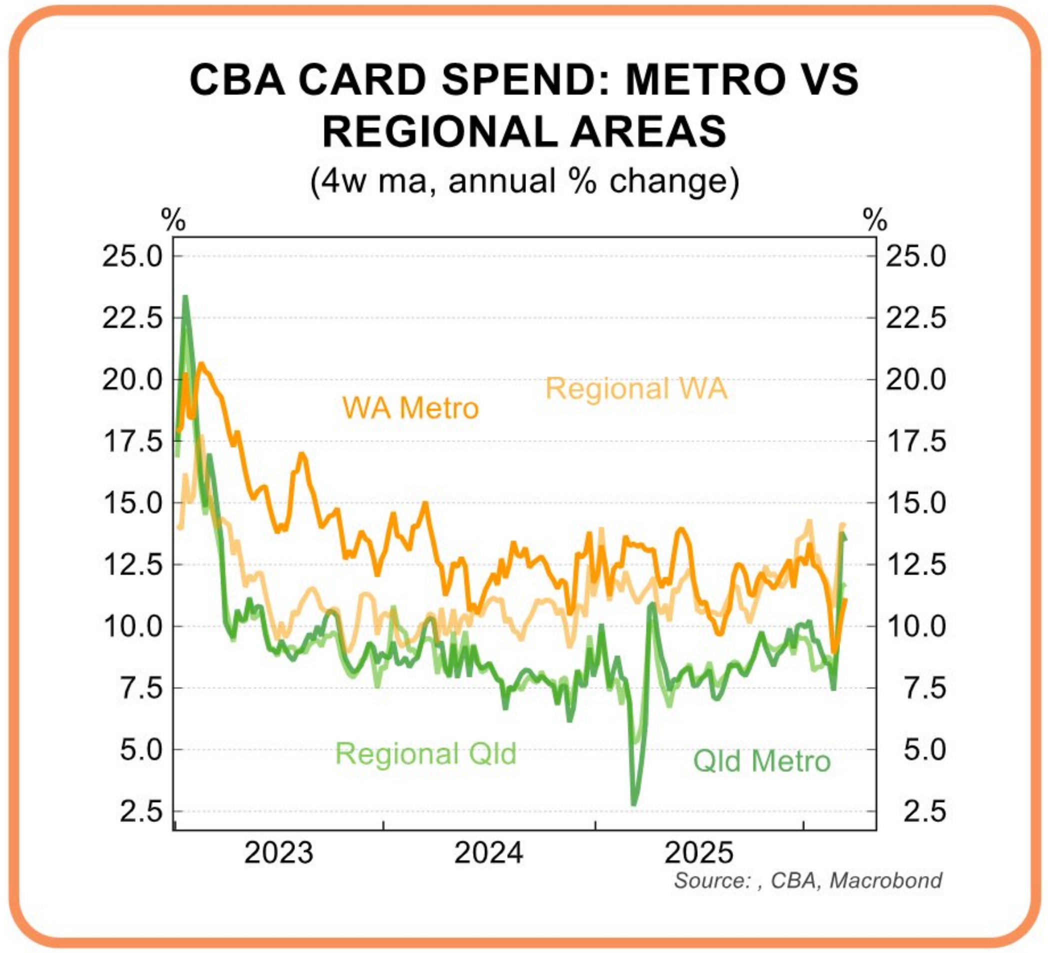


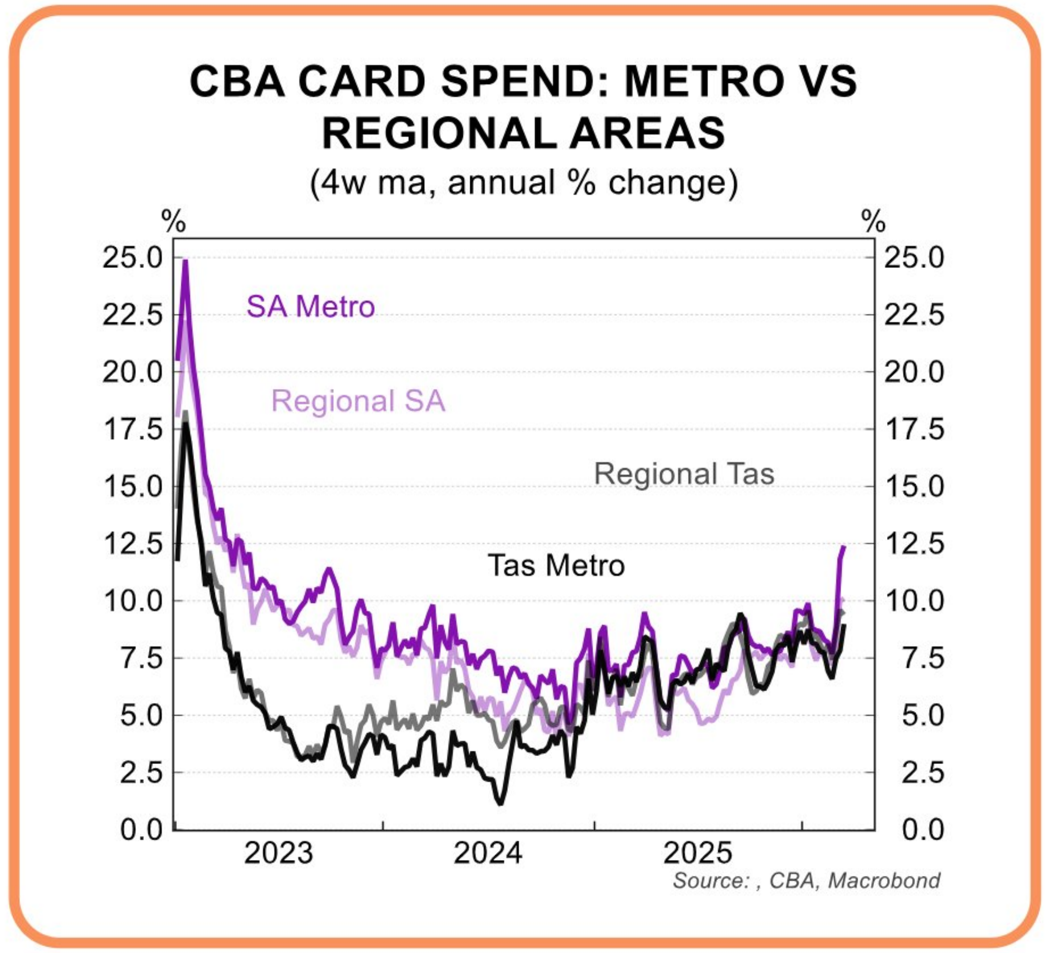


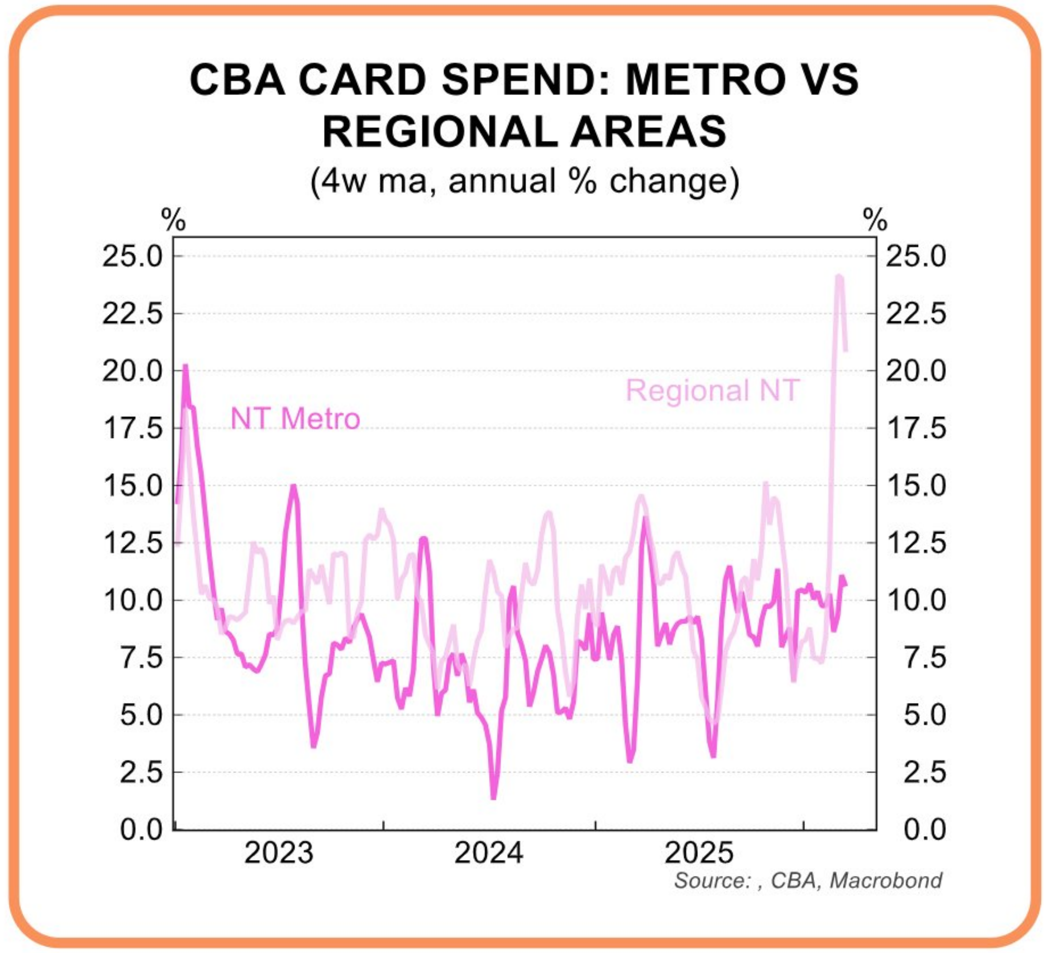
- Our CBA weekly card spend data shows spending across the nation eased from mid January 2026 before rebounding in the first three weeks of March.
- On a smoothed basis, Qld and the NT have seen the strongest rebound with spending up 12.6% and 13.3% through the year to the third week of March respectively. Card spending in SA (+12.1%/yr), WA (+11.6%/yr) and Tas (+9.2%/yr) has also been strong. By contrast NSW (+7.6%/yr), Vic (+7.2%/yr) and the ACT (+4.6%/yr) track below the national average pace.
- Darwin and Brisbane have also seen some of the largest fuel price reactions from the War in Iran (see slide 11-12). By contrast, every other state saw a continued lift in spending, albeit some at a slightly slower pace.

CommBank Weekly Card Spend data – A first look at the reaction to the War in Iran



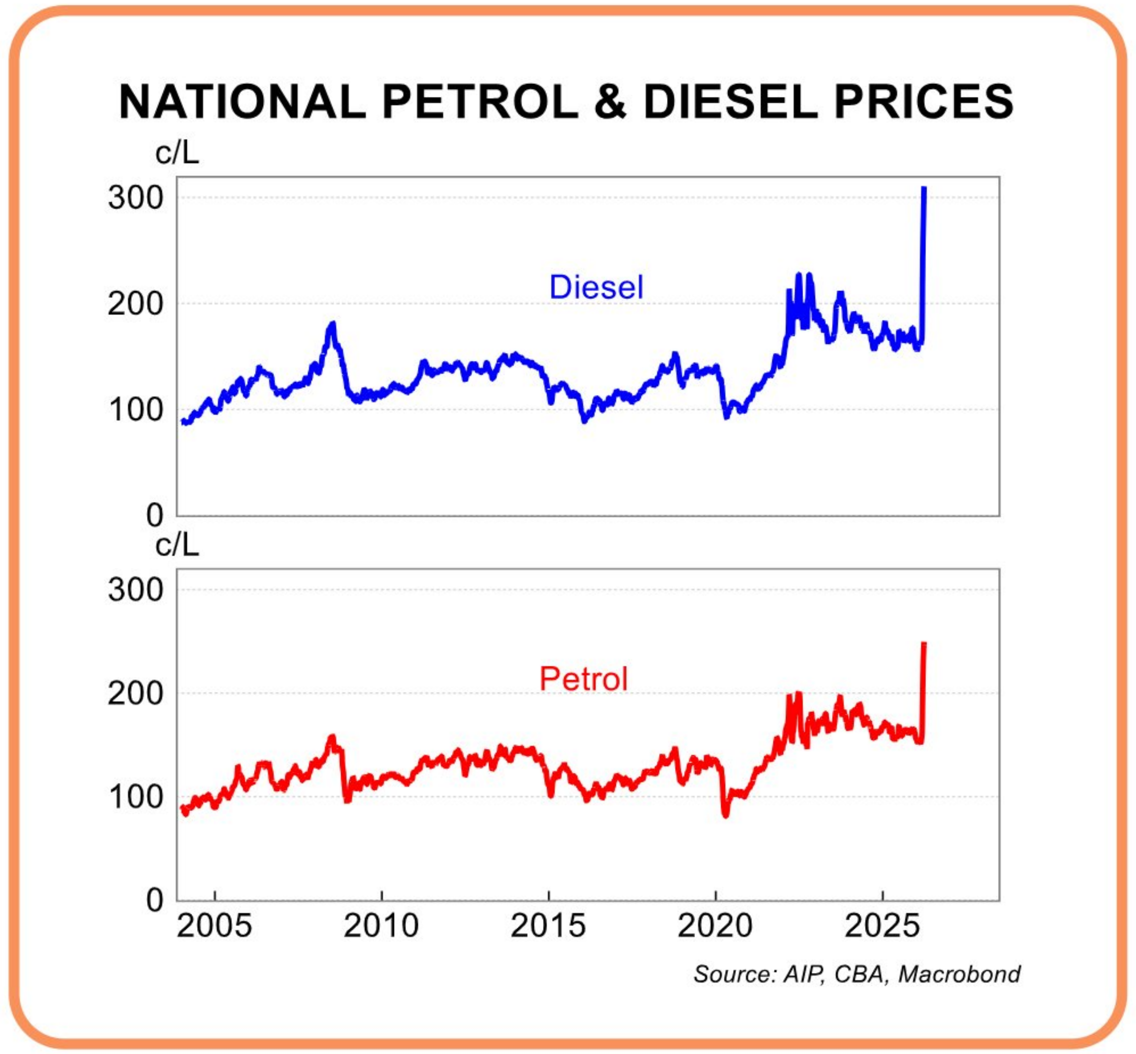


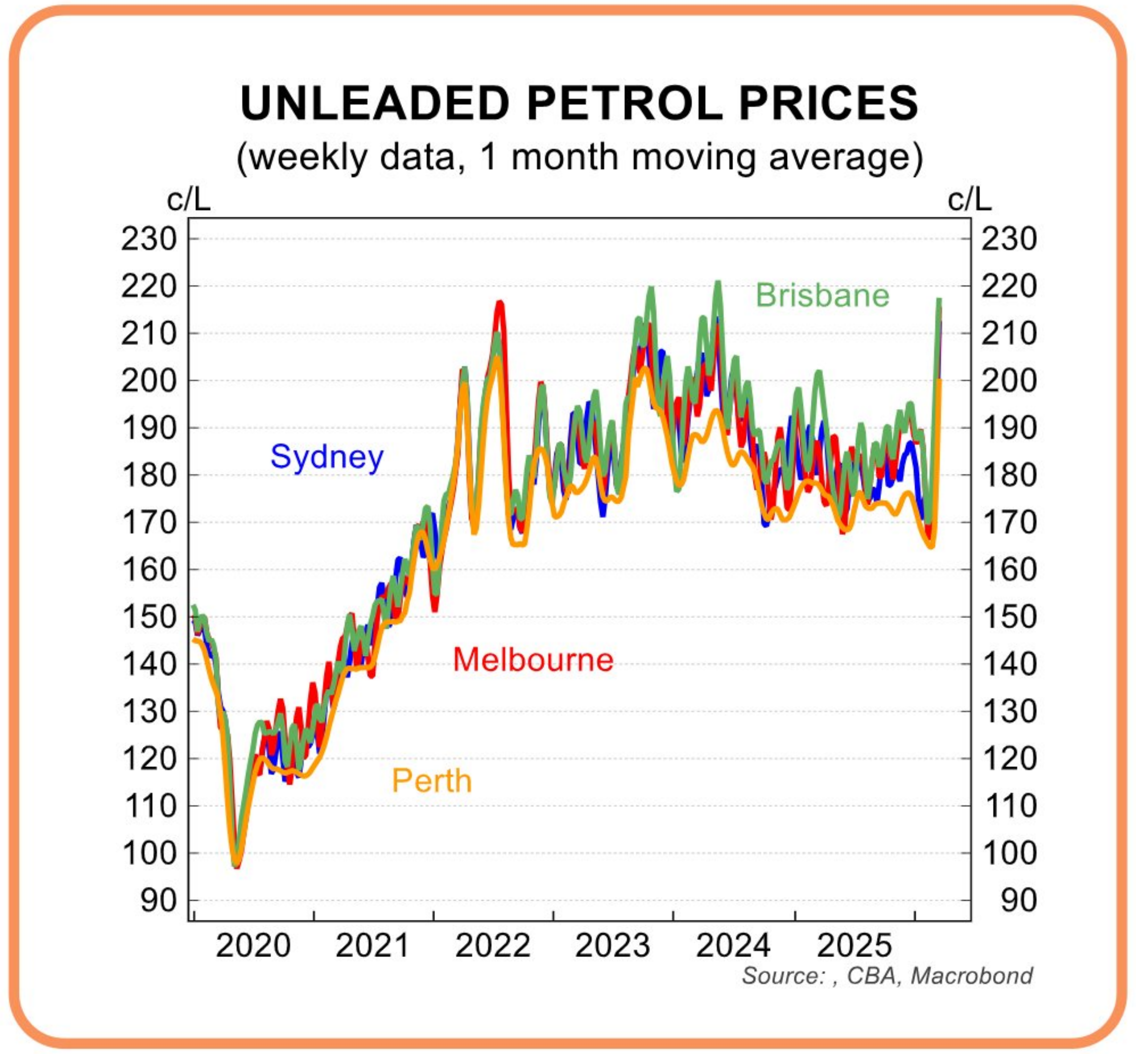


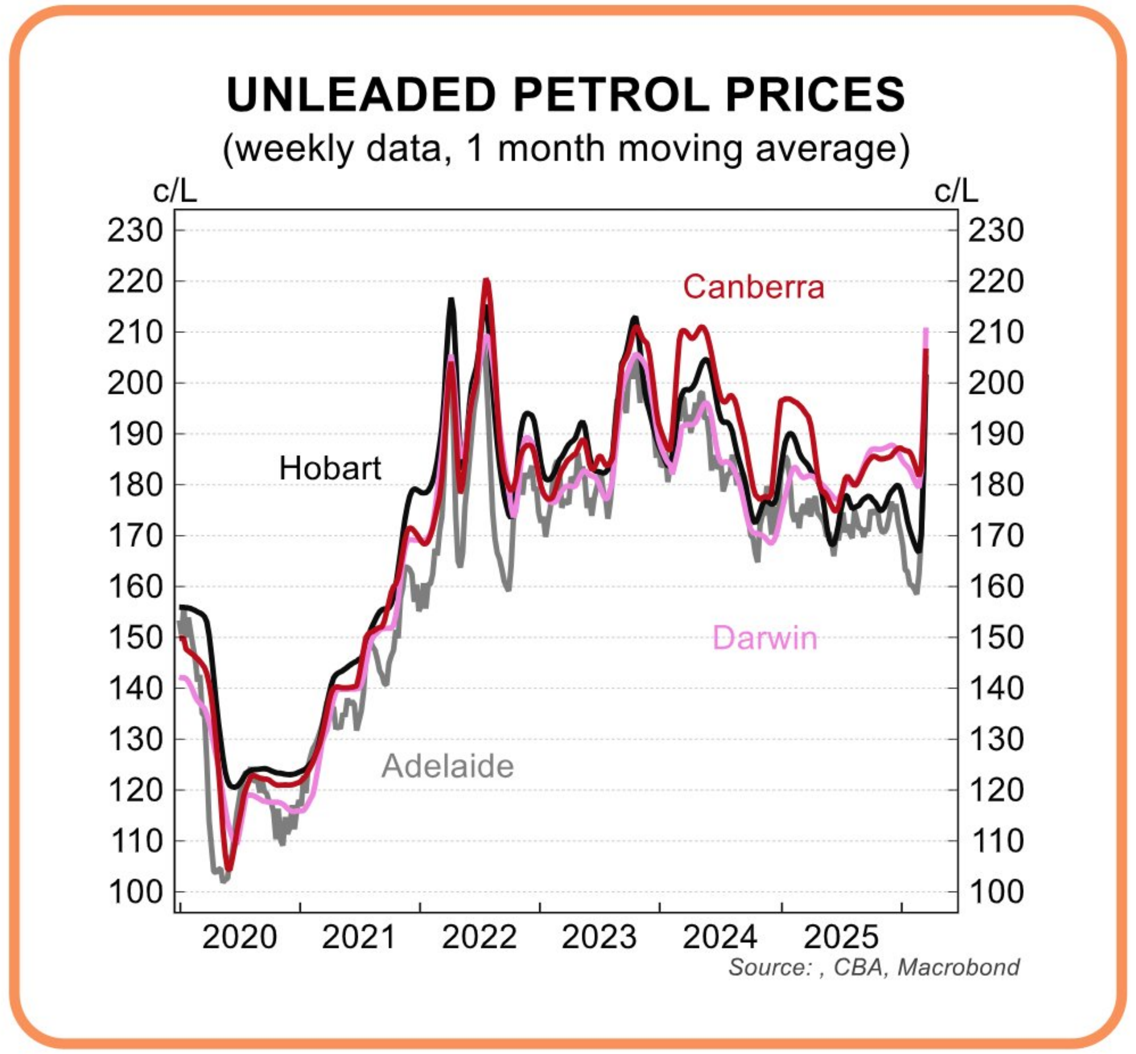


- On a smoothed basis, almost every regional area recorded stronger annual card spending growth than their respective capitals in the year to the third week of March. The exceptions are SA (+12.4%/yr metro vs +10.1%/yr regionally) and Qld (+13.4%/yr metro vs +11.7%/yr regionally, although base effects from the 2025 floods are likely at play).
- The war in Iran has caused a sharp rise in fuel prices (see slide 11-12). While the flow through effects of this will be felt nationwide, regional areas are most exposed given the heavy reliance of agricultural, mining and freight industries on diesel intensive operations with limited short-term alternatives. WA is particularly vulnerable to shortages due to its diesel intensive mining and agricultural sectors and long-haul logistics networks connecting remote sites. Note our card spend data captures only household spend.
- Annual card spending in regional NT sits at the highest rate nationally in the third week of March, up 20.8%/yr. However, this has come down from 24.2%/yr prior to the beginning of the conflict in Iran. All other areas have seen spending growth continue to trend higher, except for regional NSW (10.0%/yr to 9.7%/yr) and metro Qld (13.8%/yr to 13.4%/yr) which have eased slightly in the last week.

The War in Iran and state fuel prices

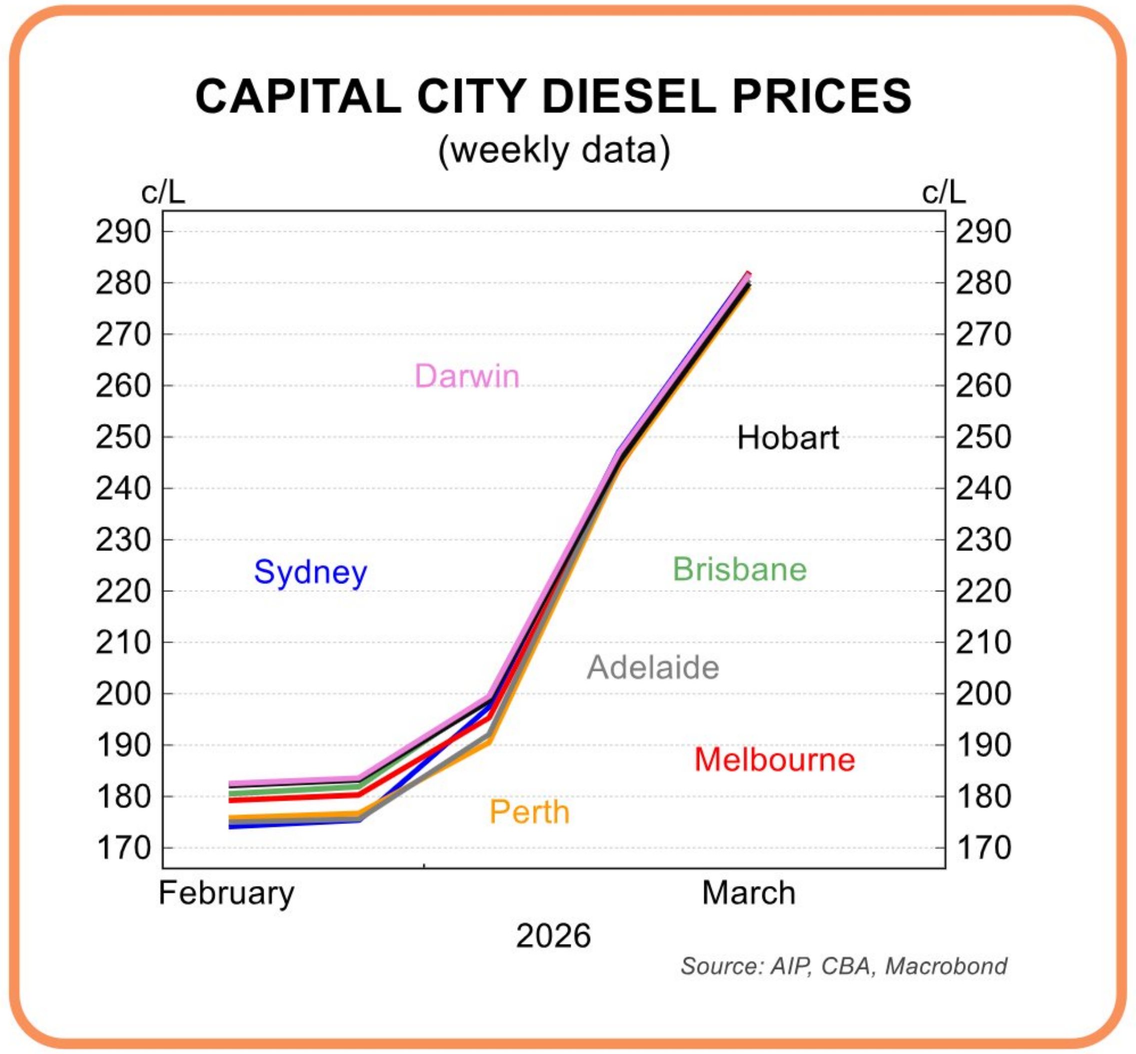


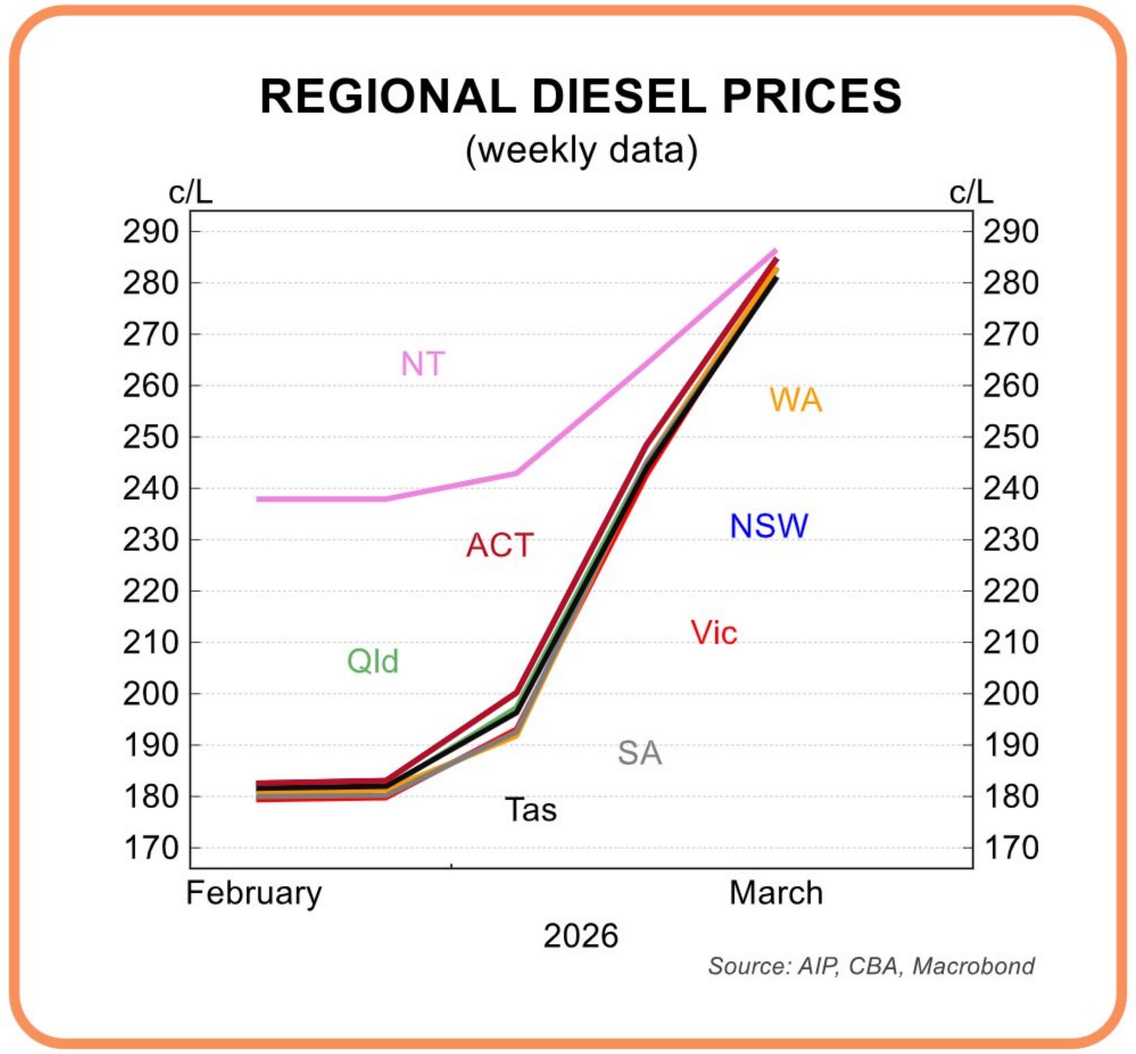




- The most direct effect of the War in Iran will be felt through fuel prices. National petrol prices have already lifted to ~237 cents per litre in the third week of March.
- Weekly data from AIP shows unleaded petrol prices have risen across the capital cities. Darwin has seen the largest increased in unleaded petrol prices, at ~244 c/L to end the third week of March. This is followed by Hobart (~240 c/L), Perth (~239 c/L), Adelaide and Canberra (both ~238 c/L). Sydney and Melbourne sit at ~237, while Brisbane prices are closer to ~236.

The War in Iran and state fuel prices

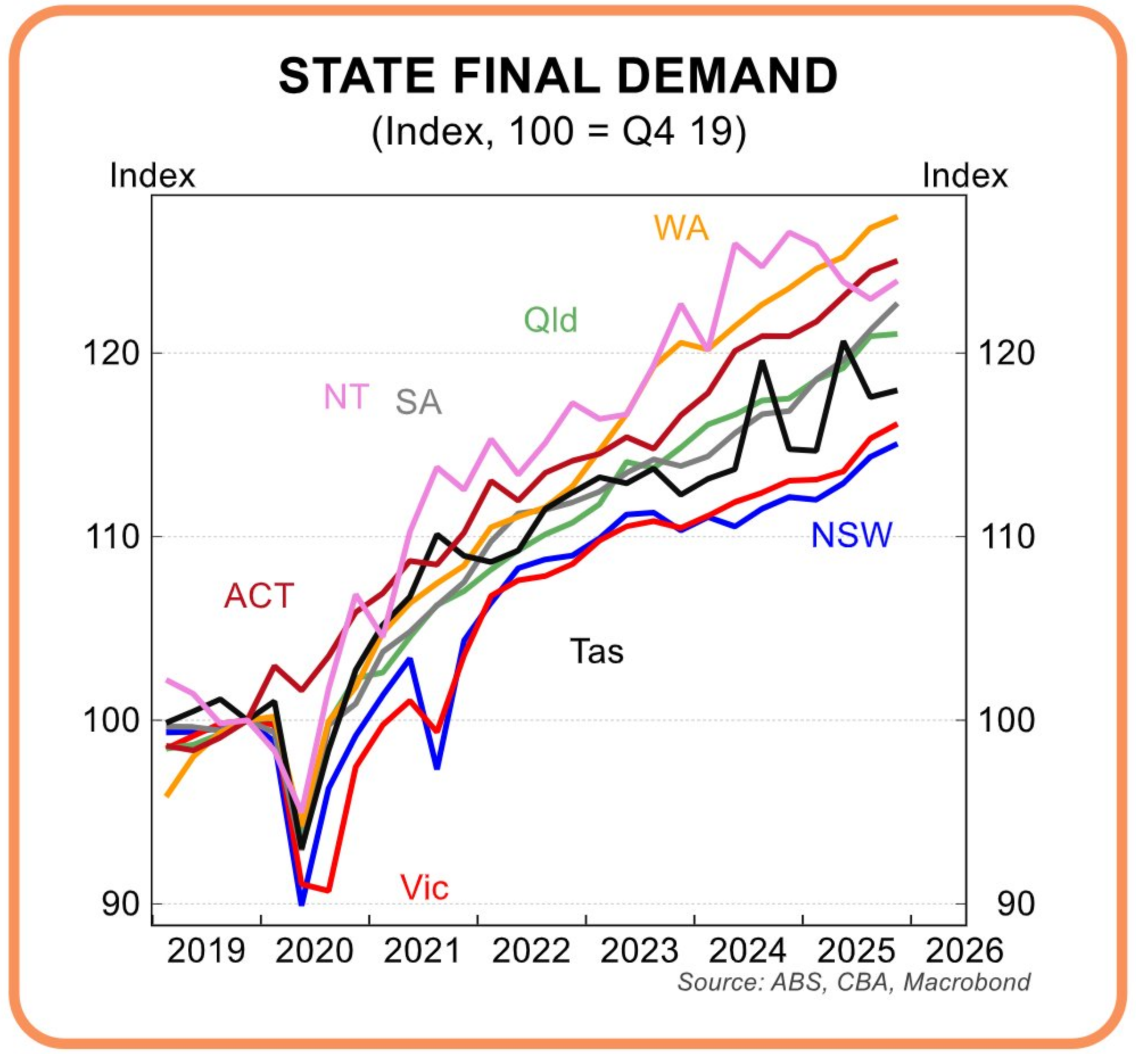


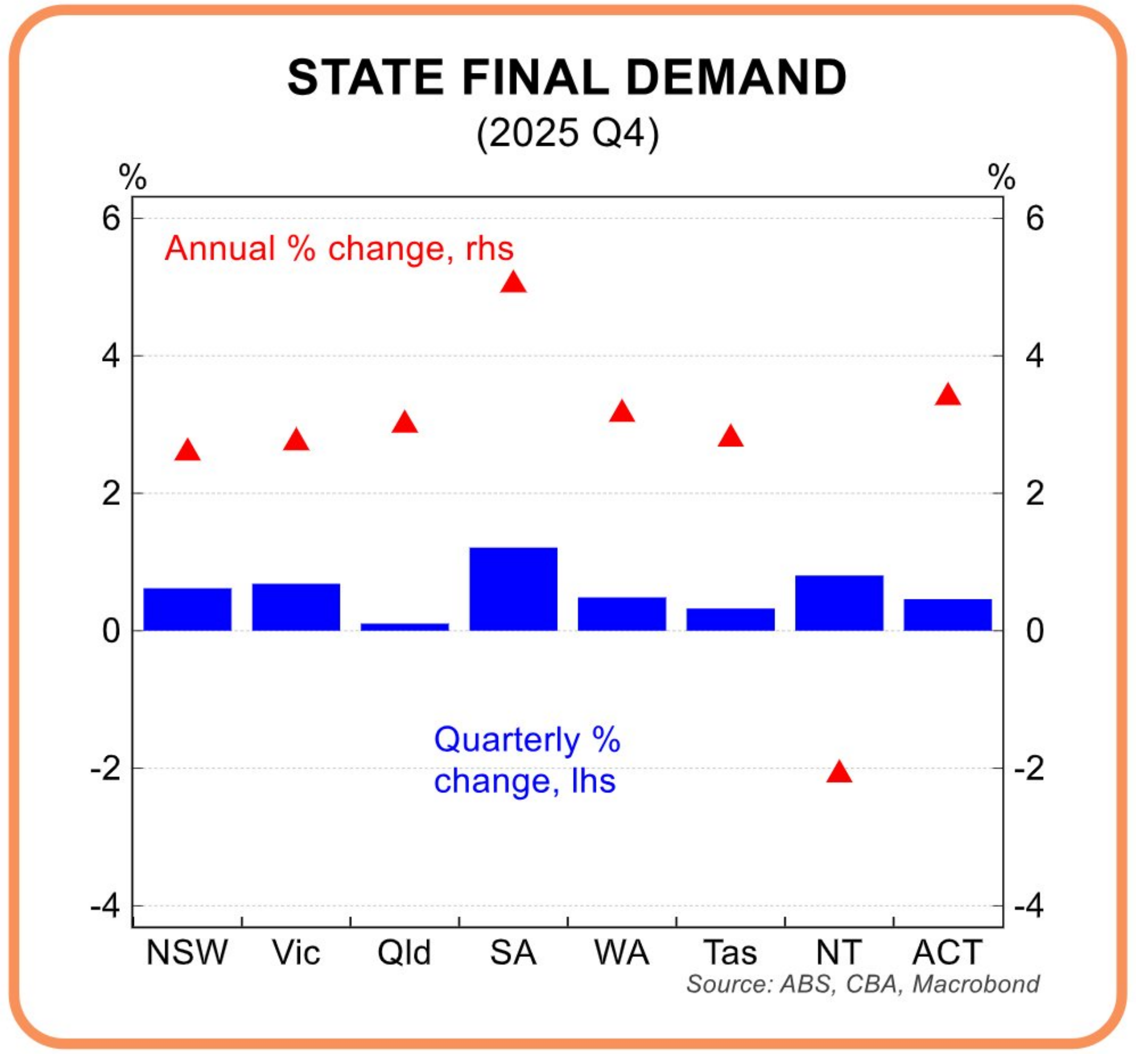


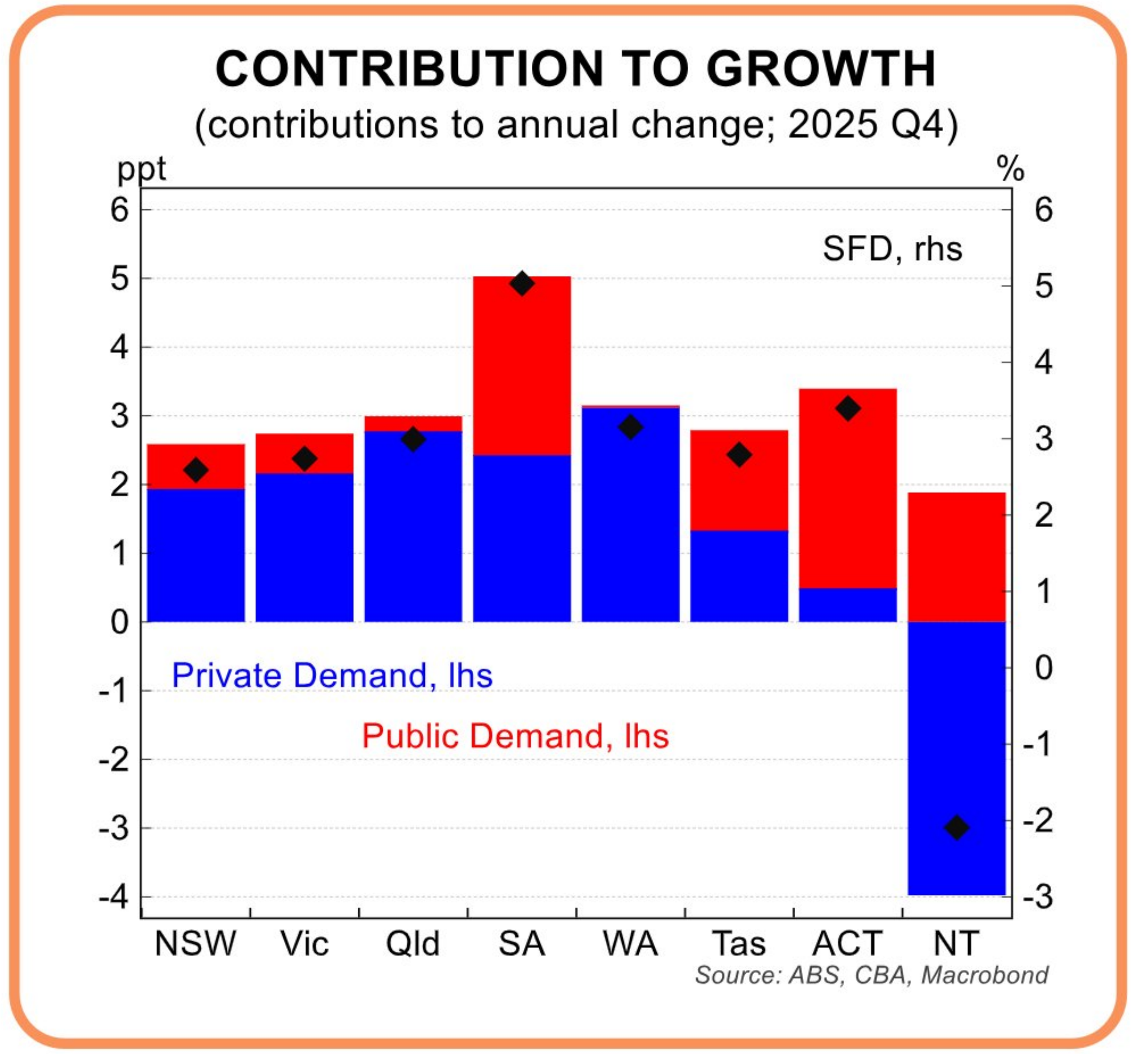
- The war in Iran has also caused a sharp rise in diesel prices. While the effects of this are nationwide, regional areas are most exposed given their heavy reliance of agricultural, mining and freight on diesel intensive operations with limited short-term alternatives. WA is particularly vulnerable to shortages due to its diesel intensive mining and agricultural sectors and long-haul logistics networks connecting remote sites.
- Weekly data from AIP shows diesel prices have risen sharply across the regions since the last week of February when the conflict in Iran began. Regional NT recorded the highest diesel prices in Australia in the third week of March at ~287 c/L. This was followed by regional NSW, ACT, (both ~ 285 c/L), WA and Vic (both ~283 c/L). Regional Tas and SA are sitting slightly lower at ~ 281 c/L.
- Diesel prices in the capitals have not risen as far. Canberra recorded the highest diesel prices at ~283 c/L in the third week of March. Melbourne, Sydney, Brisbane and Darwin tracked around ~282 c/L. Hobart and Perth were a touch lower at ~279 c/L.

Regular state deep dive

State final demand growth underpinned by both public and private sector





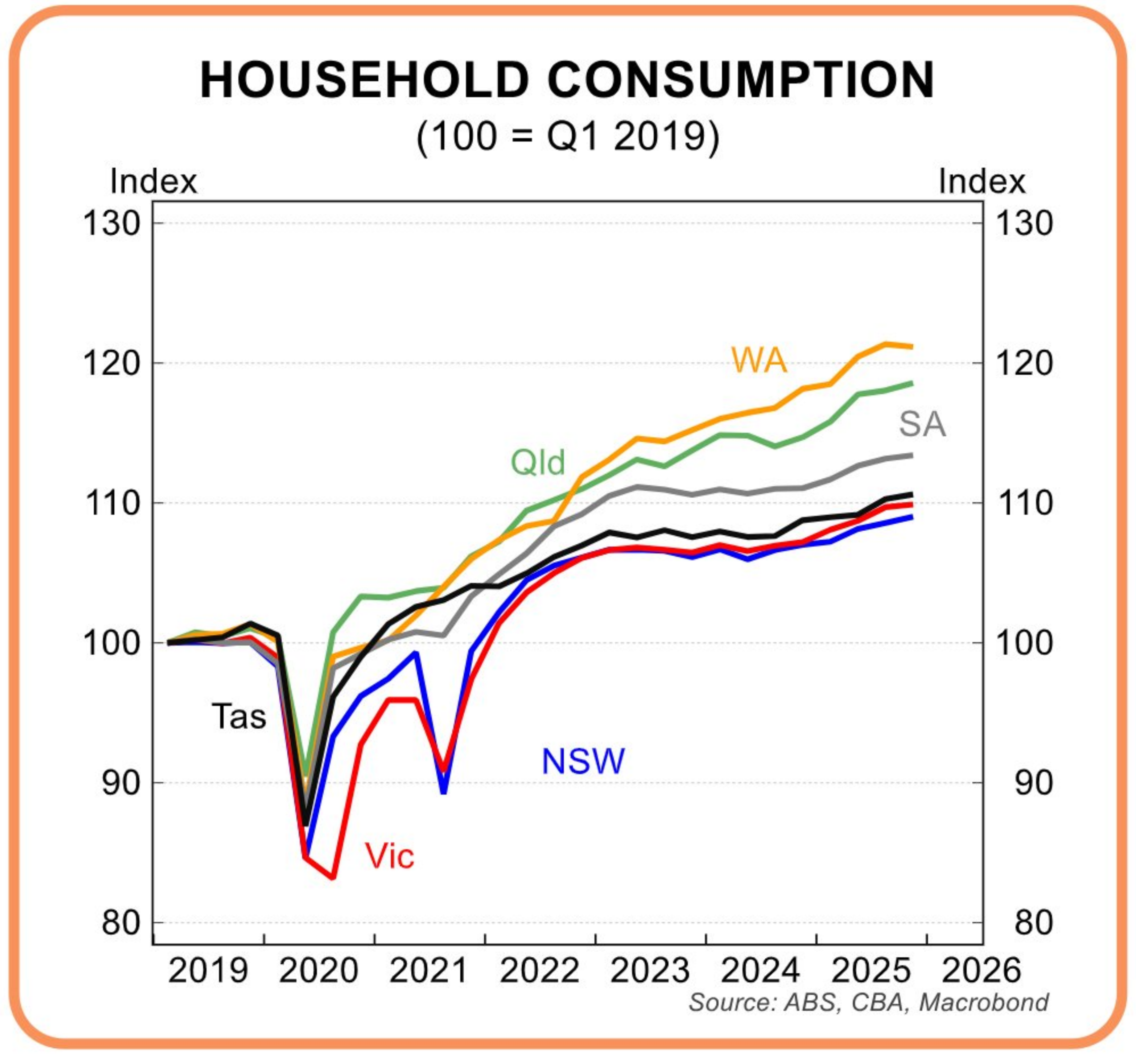


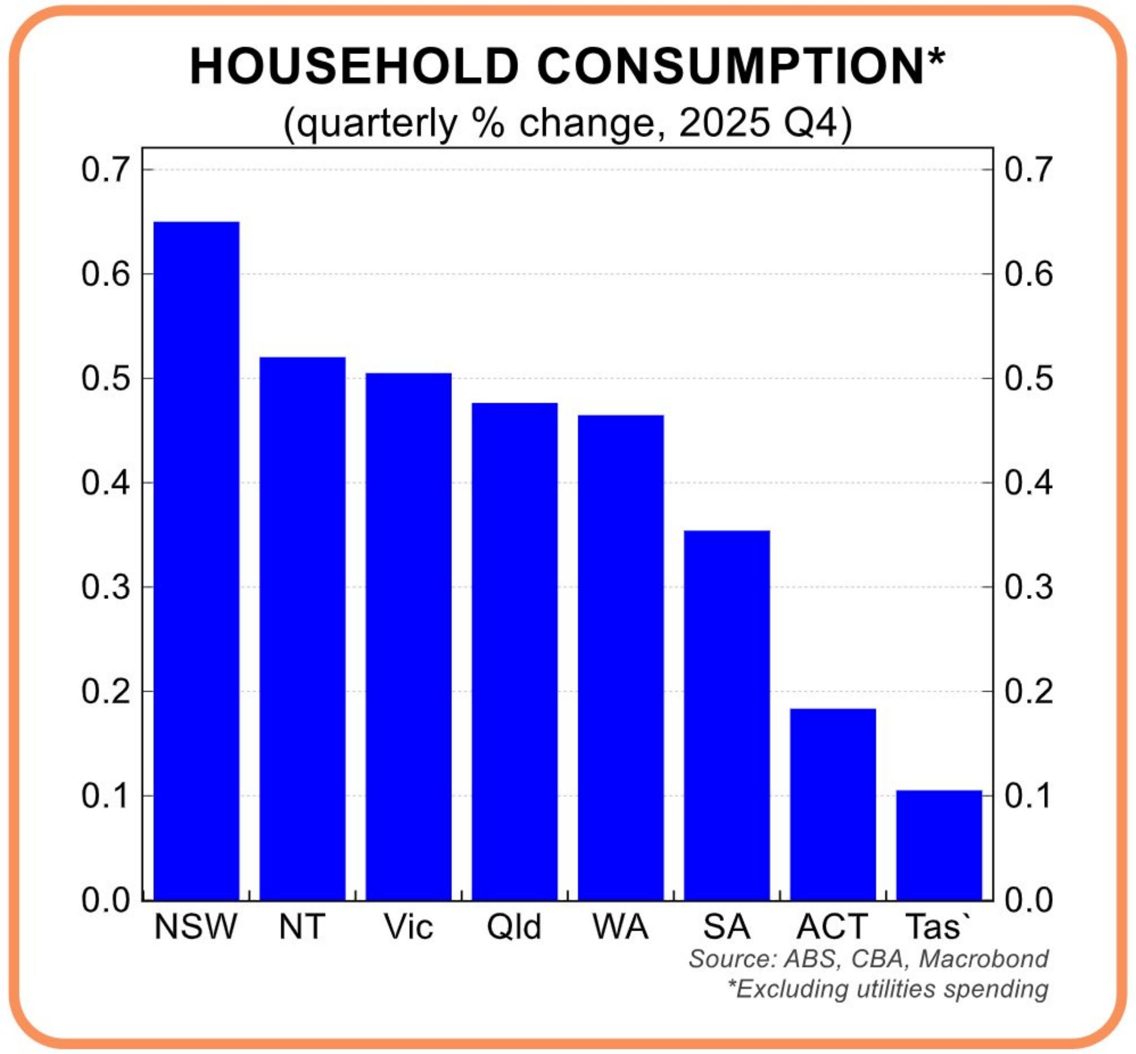
- National GDP growth was firm in Q4 2025, rising by 0.8%/qtr to take the annual rate to 2.6%. This is well above our estimate of potential growth (~2.1%). In Q4. State Final Demandgrowth, which excludes the external sector was strongest in SA (+1.2%/qtr), driven by strong public investment (+4.2%/qtr). This was followed by the NT (+0.8%/qtr), Vic (+0.7%/qtr) and NSW (+0.6%/qtr). WA and the ACT (both +0.5%/qtr) tracked at the national rate while Tas (+0.3%/qtr) was a touch softer. Qld recorded the weakest quarterly SFD growth in the nation (+0.1%/qtr) following strength in Q3. This reflected a fall in both private (-1.3%/qtr) and public (-1.8%/qtr) investment.

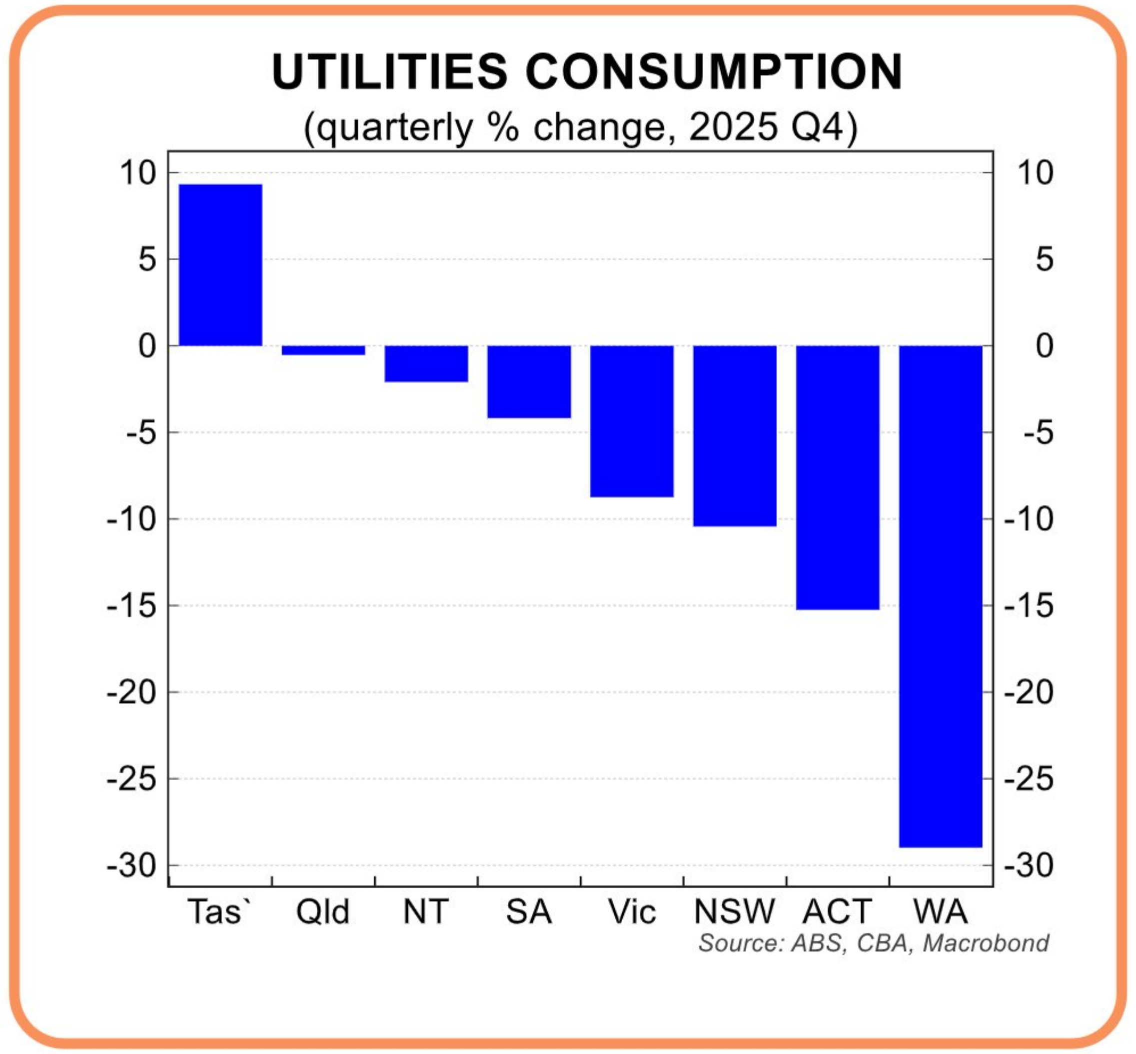
- Public demand rose in every state and territory in Q4 25, except Tas (-0.6%/qtr). SA recorded another strong lift outpacing every other jurisdiction in the quarter (+2.3%/qtr) to be 9.0% higher annually. The NT (+1.5%/qtr), the ACT (+1.4%/qtr) and NSW (+1.1%/qtr) also saw solid gains. By contrast, Qld (+0.3%/qtr) and WA (+0.4%/qtr) recorded softer quarterly growth. Through the year, public demand was strongest in SA (+9.0%/yr), the ACT (+4.8%/yr) and the NT (+4.7%/yr) and weaker in WA (+0.1%/yr) and Qld (+0.7%/yr).

- All jurisdictions recorded a rise in private demand this quarter except the ACT (-1.0%/qtr). Tas (+0.8%/qtr) and Vic (+0.6%/qtr) were the standouts. In annual terms, private demand growth was strongest in WA (+4.2%/yr) and Qld (+4.0%/yr). SA (+3.4%/yr), Vic (+3.0%/yr) and NSW (+2.6%/yr) also noted decent rises. Growth was weaker in Tas (+2.0%/yr) and the ACT (+1.2%/yr), while the NT (-6.6%/yr) contracted.

Household consumption continues to rise

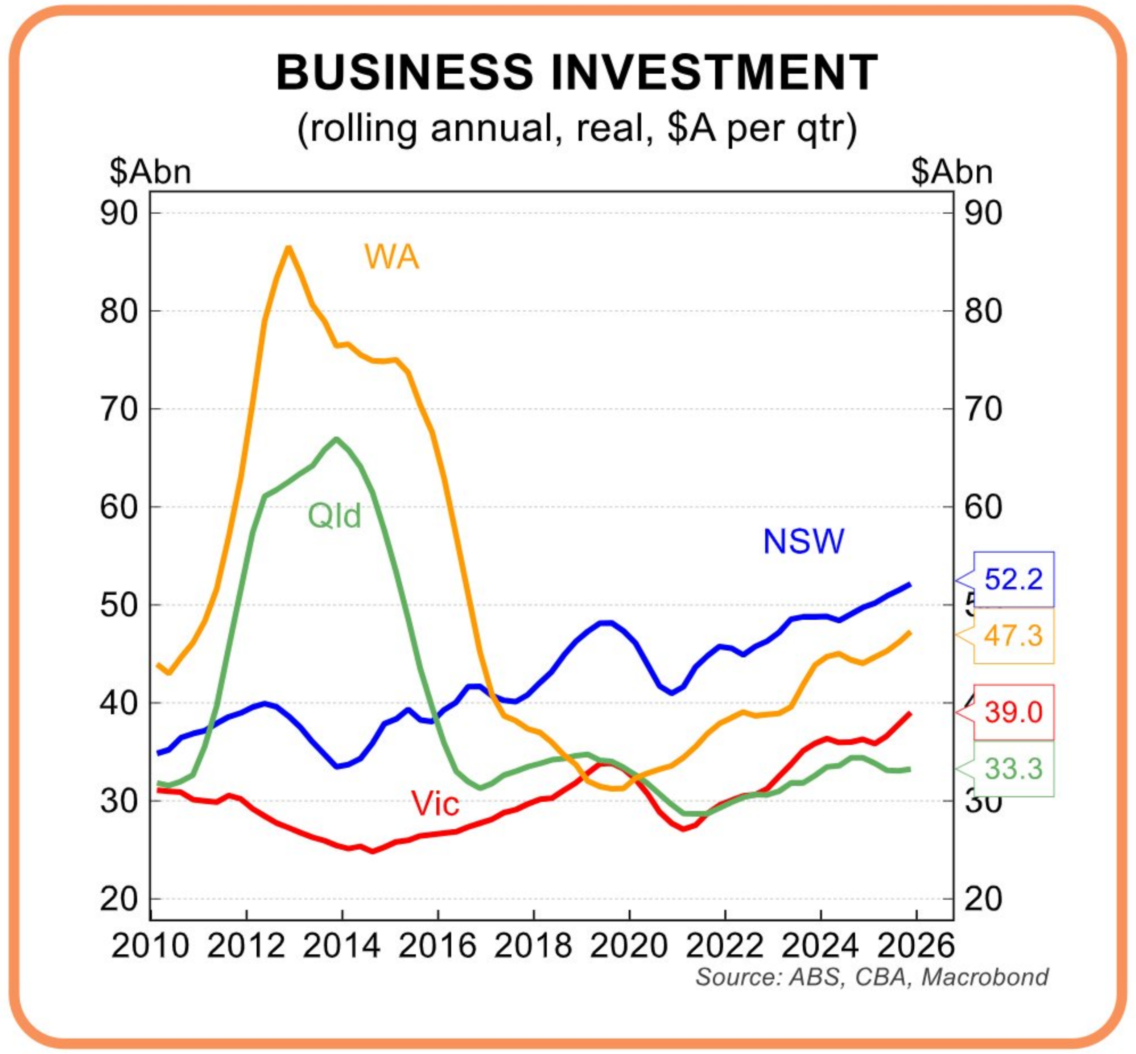


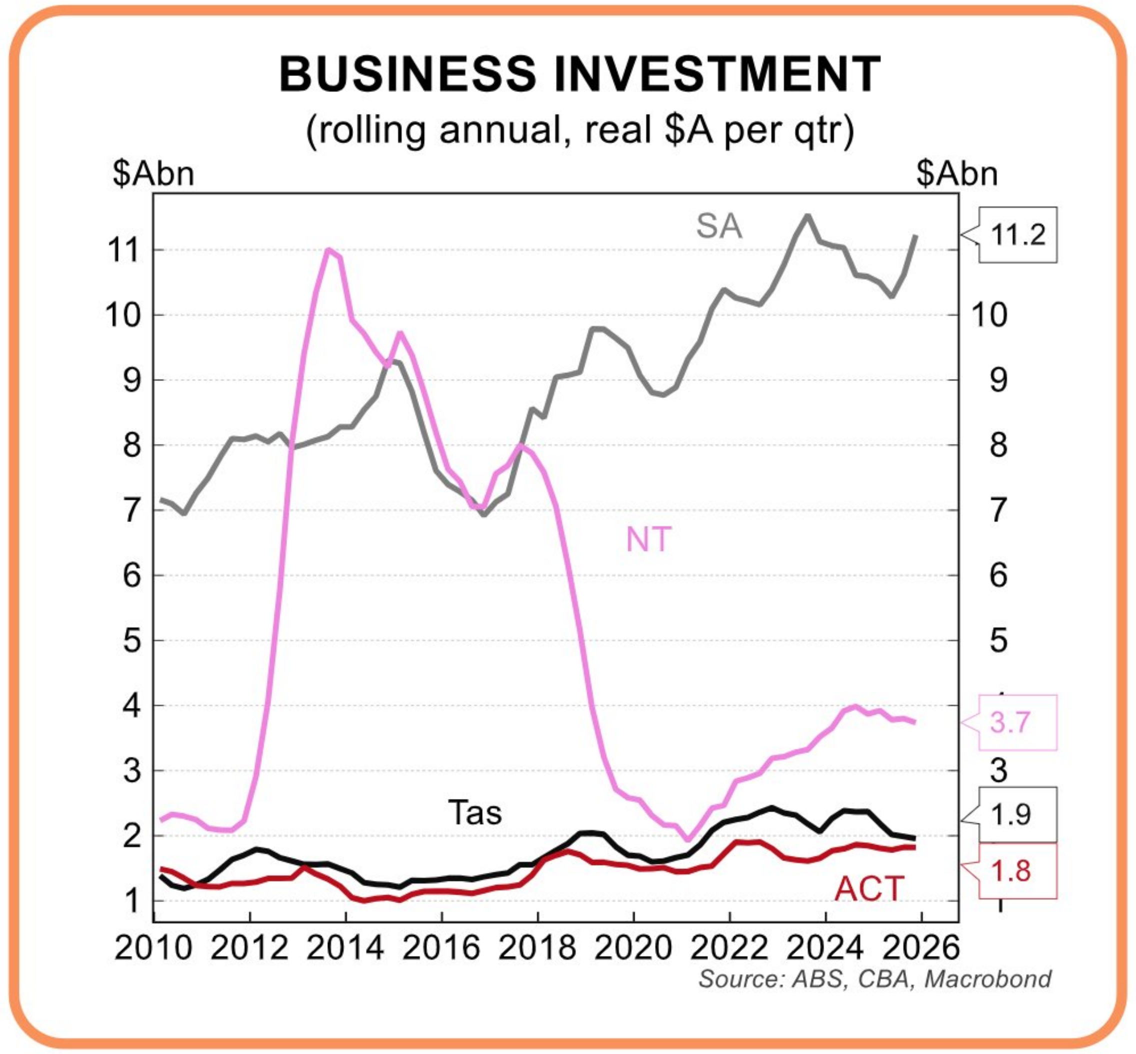


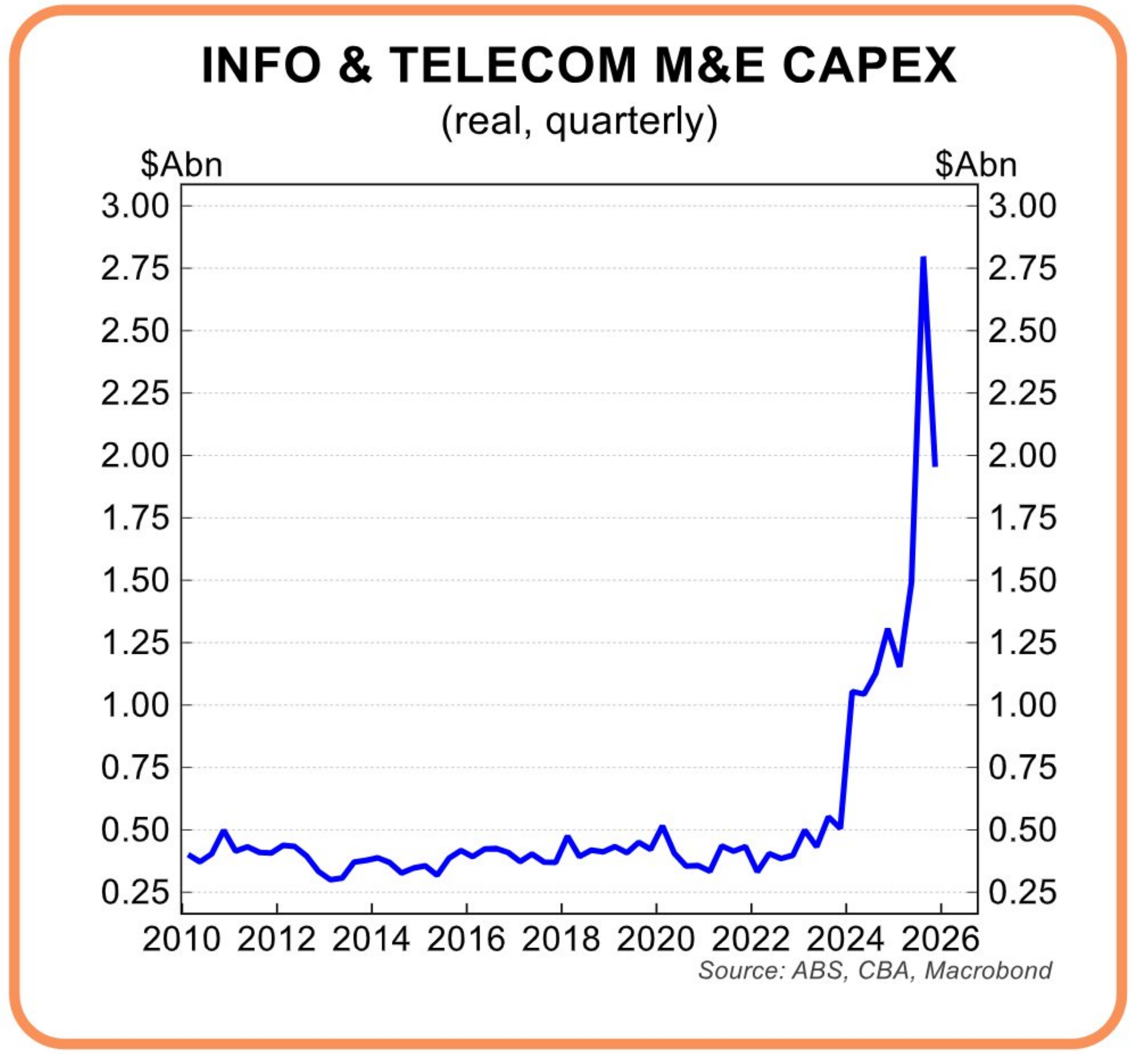


- Household consumption came in a touch weaker than expected to end 2025, lifting 0.3% in Q4. That said, spending remains a healthy 2.4% higher through the year, supported by solid gains in household income.
- Government electricity rebates impacted state household consumption to varying degrees in 2025. Both the WA and Qld state governments have reduced rebates to households for 2025-26. In contrast, the Tasmanian government continued to pay out $60 energy credits. The simplest way to account for differences in electricity rebates is to exclude electricity from overall consumption.
- On this score, NSW outperformed this quarter (+0.6%/qtr), propped up by spending on hotels, cafes and restaurants, recreation and culture, and health. The NT, Vic and Qld saw the next strongest quarterly growth, all up 0.5%/qtr. By contrast, Tas recorded the softest household spending (+0.1%/qtr). In annual terms, household consumption in Qld outpaces every other jurisdiction in Australia, (+2.7%/yr). This was closely followed by WA, Vic (both +2.6%/yr) and the ACT (+2.5%/yr). Weakness was evident in SA (+1.8%/yr) and Tas (+1.4%/yr), as in the quarterly figures.

Business investment lifts across the states but contracts in the territories

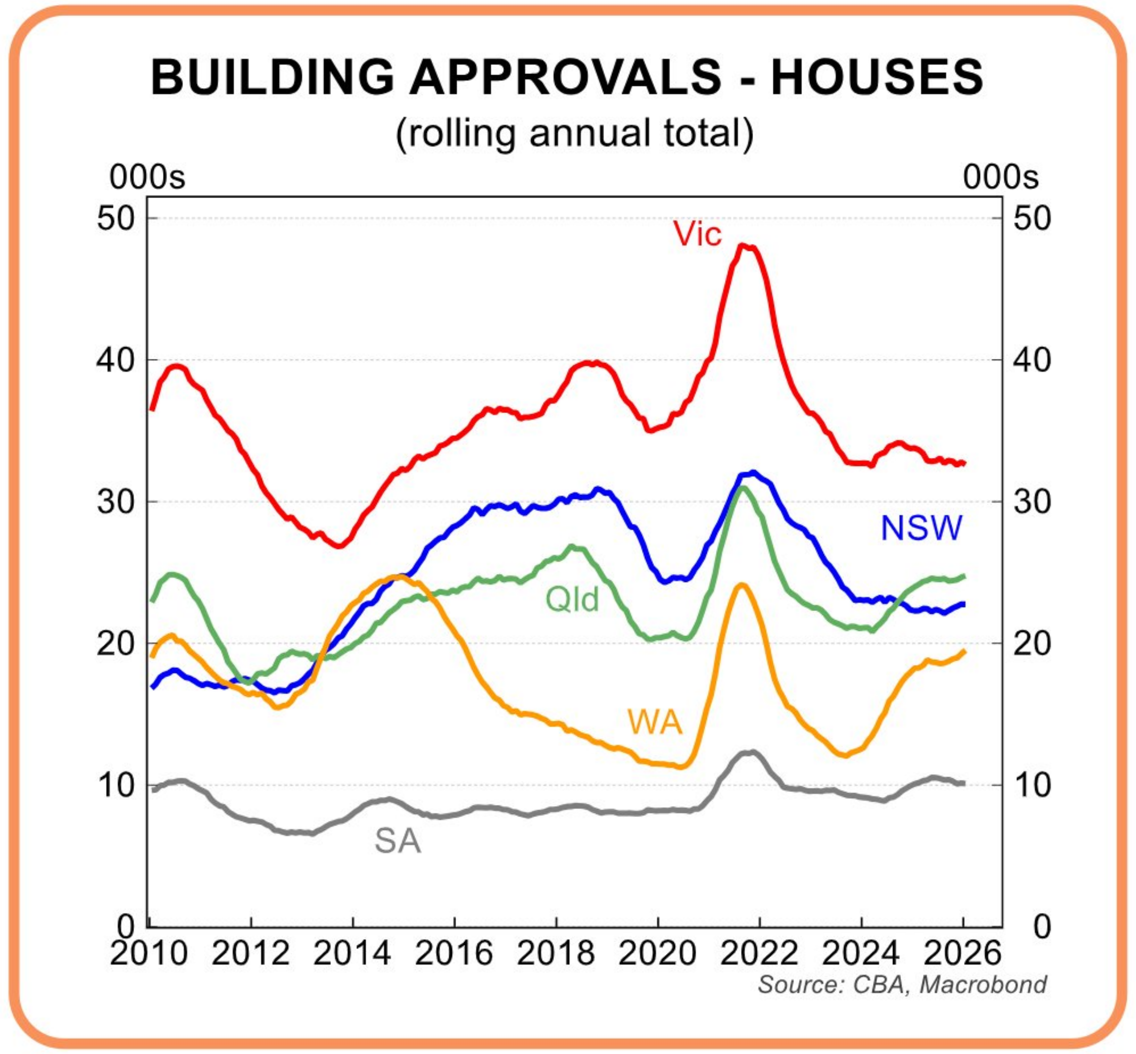


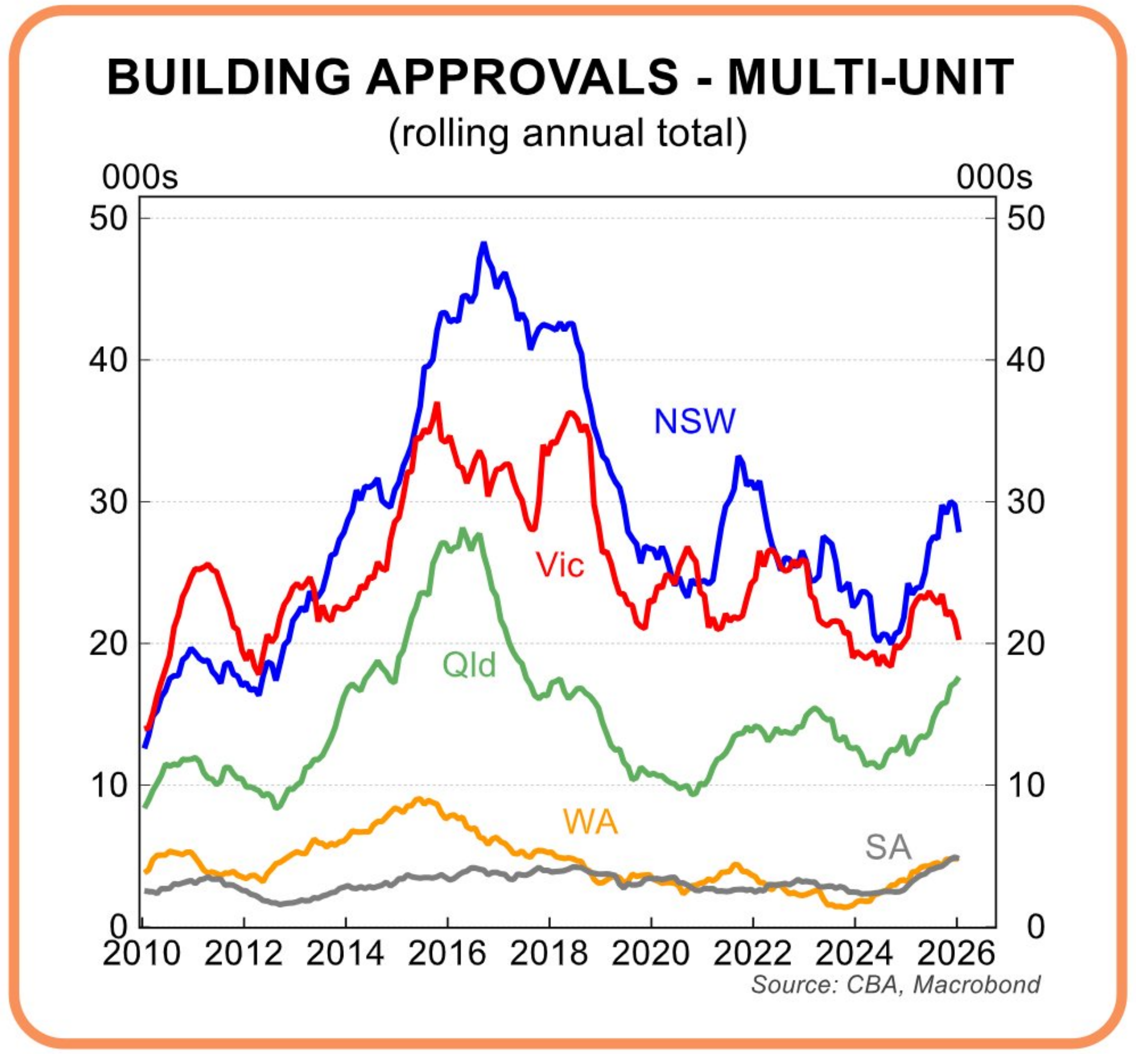


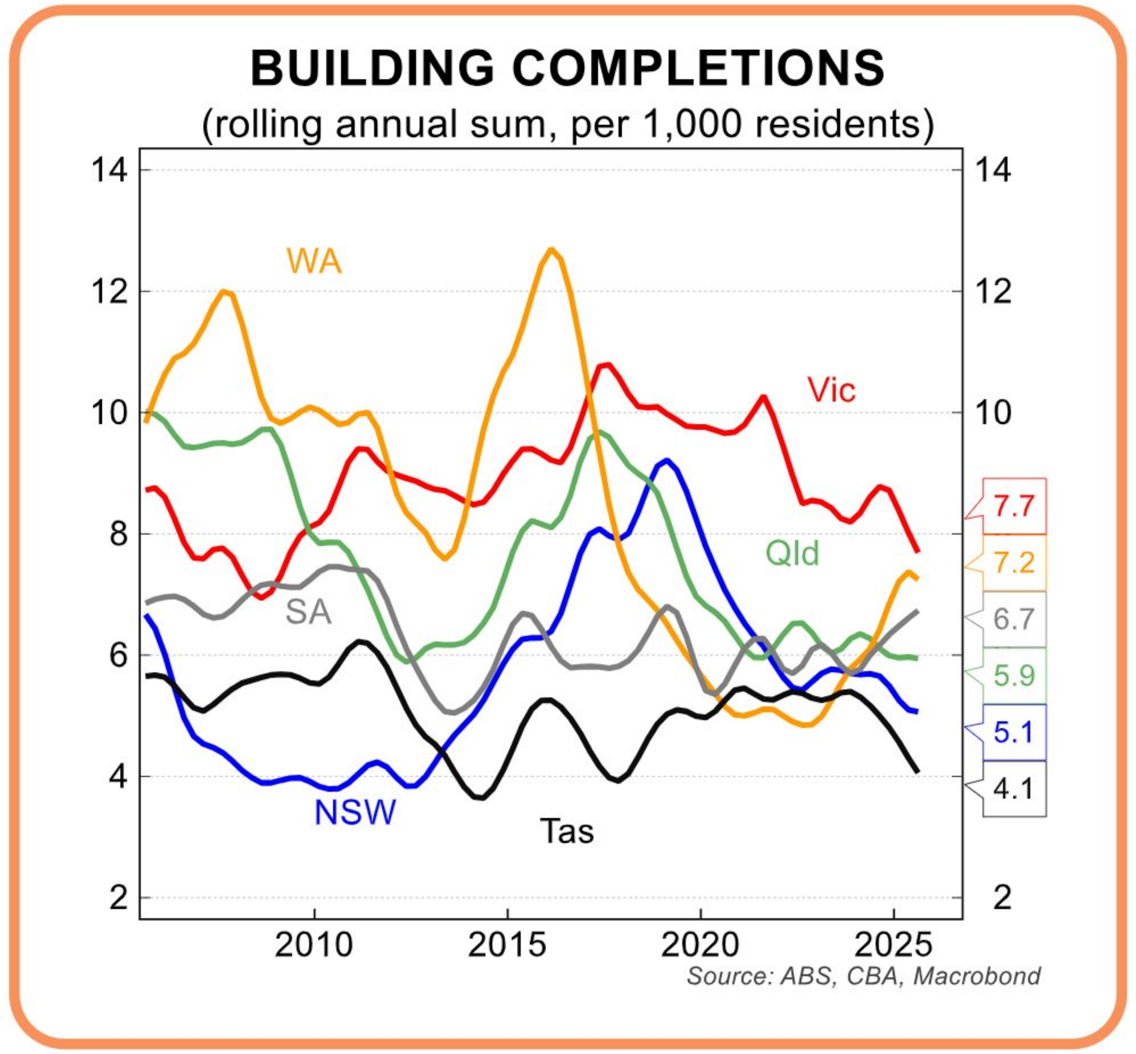


- Private business investment lifted 0.7% in the December quarter, a pull back from the outsized 3.1%/qtr gain in Q3 driven by data centres. Annual growth held steady at 4.9%.
- Business investment rose in all states except Qld (-1.3%/qtr). This followed a solid lift in the sunshine state in Q3 (+5.0%/qtr). The largest quarterly growth rates were recorded in Tas (+2.8%/qtr), Vic (+1.9%/qtr) and WA (+1.8%/qtr). SA (+1.4%/qtr) also saw decent growth while NSW was a touch weaker (+0.5%/qtr). The territories lagged the states, contracting by -5.2%/qtr (ACT) and -0.2%/qtr (NT).
- In annual terms, business investment growth remains highest in WA, up 7.6%/yr. SA (+7.2%/yr), Qld (+5.7%/yr) and NSW (+5.0%/yr) also sit above the national average pace. By contrast, investment in the NT (-25.0%/yr) and the ACT (-3.1%/yr) is lower through the year.
- NSW and Vic have been benefiting from a ramp up in data centre investment in 2025. SA is amidst a large uplift in defence spending.

Building approvals fall in January



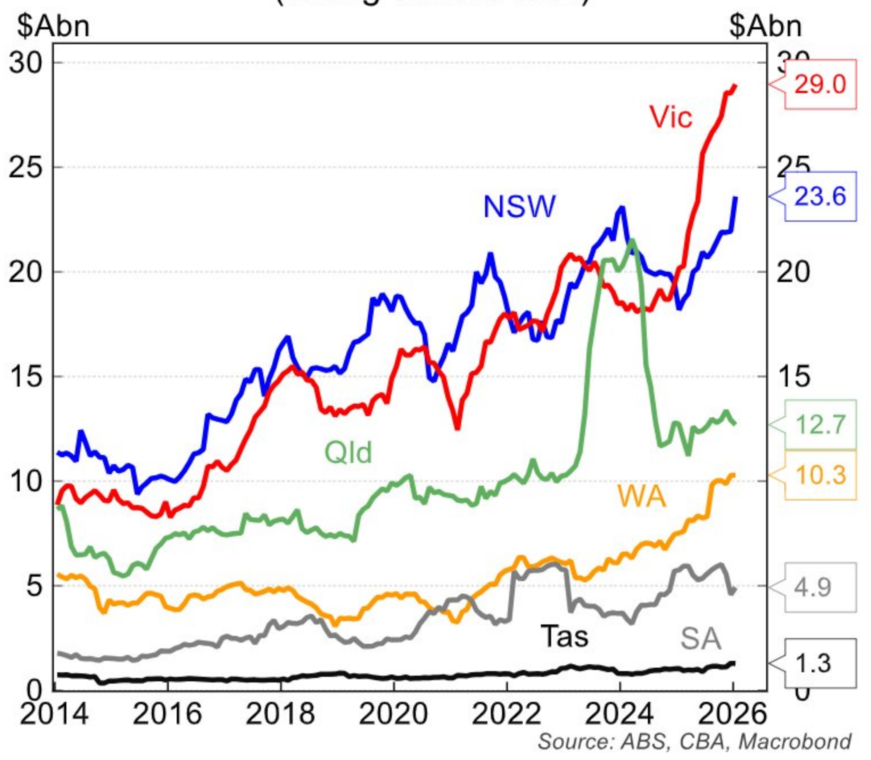




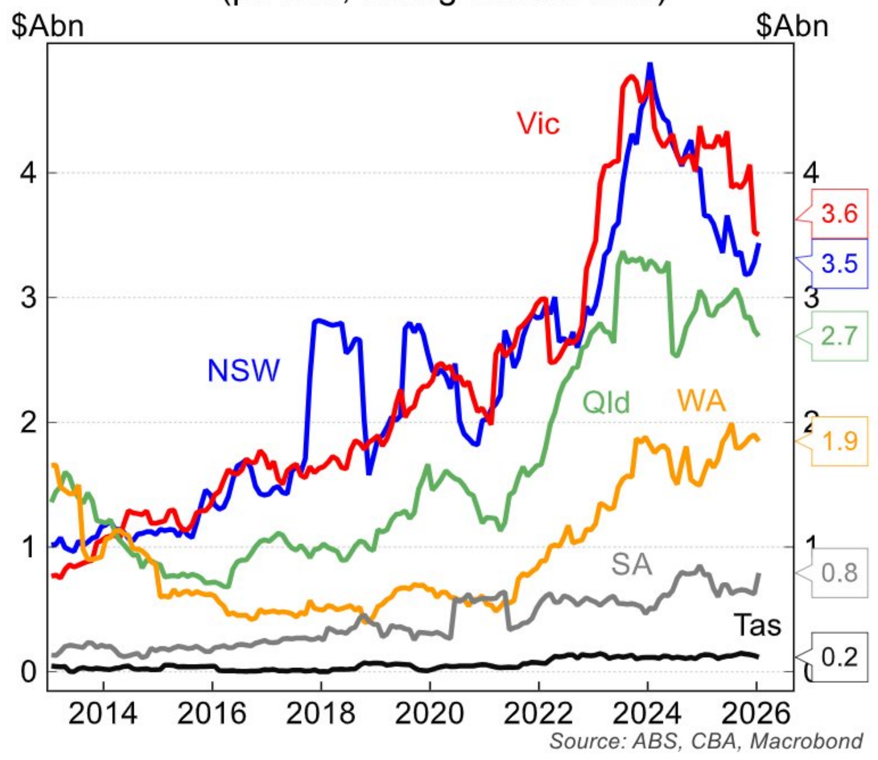
- Building approvals retreated 7.2% in January to 14,564 in seasonally adjusted terms, continuing weakness from a 14.9% fall in December. Through the year, approvals are 15.7% lower.
- Building approvals data is notoriously volatile. Trend data can help smooth volatility. Trend monthly approval figures indicate a gradual easing in momentum over the last two months. In January, the NT (-4.5%/mth) recorded the largest monthly decline in trend approvals, followed by Vic (-2.3%/mth), the ACT (-1.9%/mth) and Qld (-0.3%/mth). In contrast, WA (+2.5%/mth), Tas (+1.8%/mth) and NSW (+1.0%/mth) grew solidly.
- In annual terms, the strongest growth has been in the ACT (+38.9%/yr) and the NT (+28.6%/yr). Tasmania (+27.9%/yr), WA (+23.7%/yr) and Qld (+12.8%/yr) follow. NSW has seen softer growth (+8.1%/yr) while SA (-1.4%/yr) and Victoria lag (-6.9%/yr). However, in levels terms, approvals in Victoria remain the highest in the country.

Data centres keep non-residential building approval values high

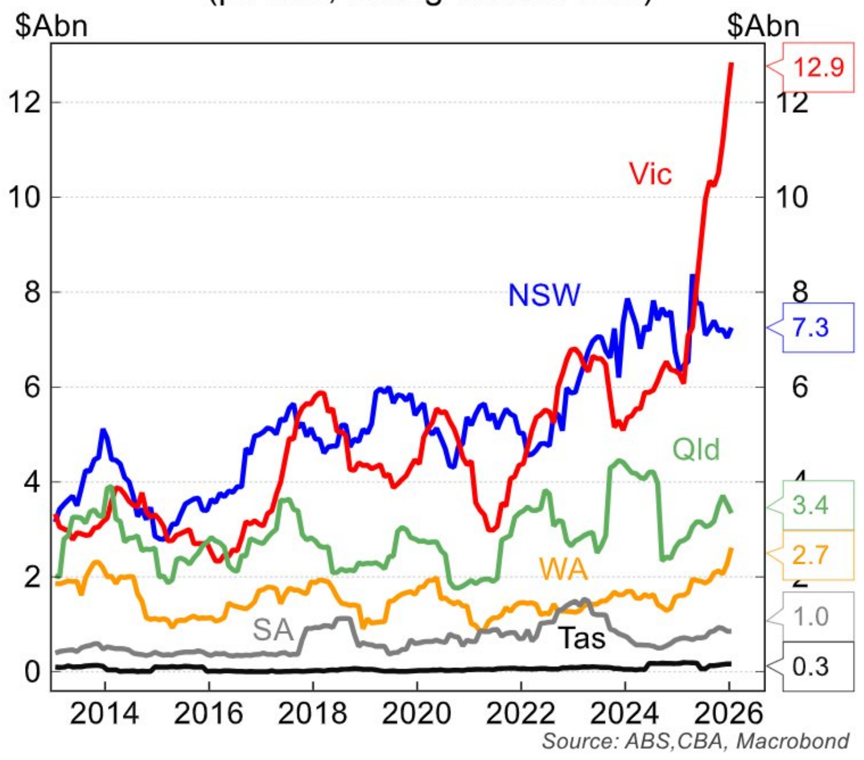
TOTAL NON-RESIDENTIAL
(rolling annual total)



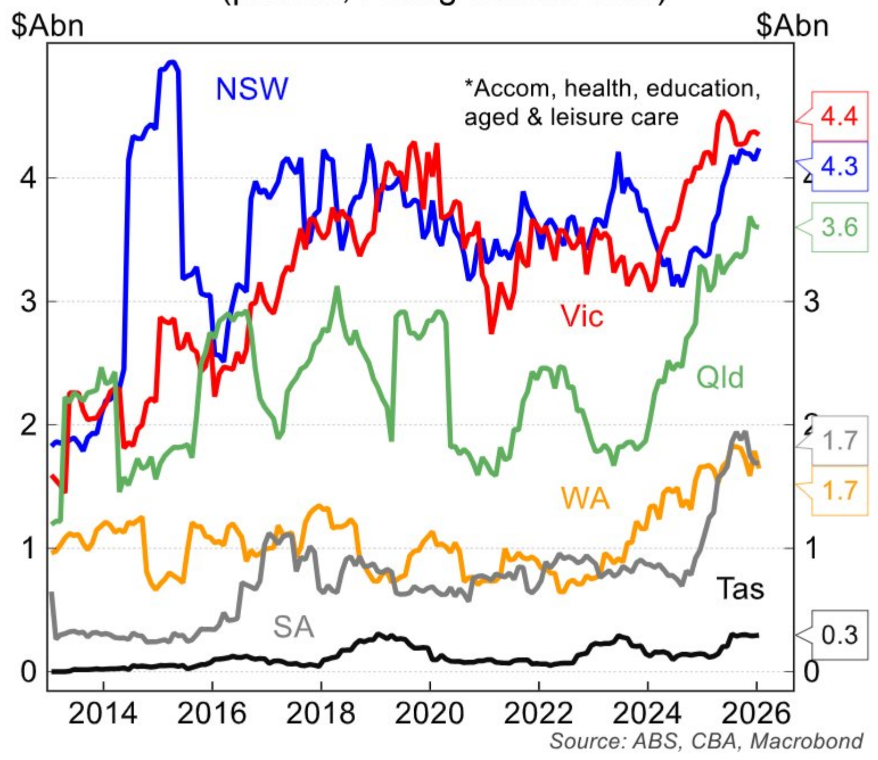
INDUSTRIAL BUILDING APPROVALS
(private, rolling annual total)



COMMERCIAL BUILDING APPROVALS
(private, rolling annual total)

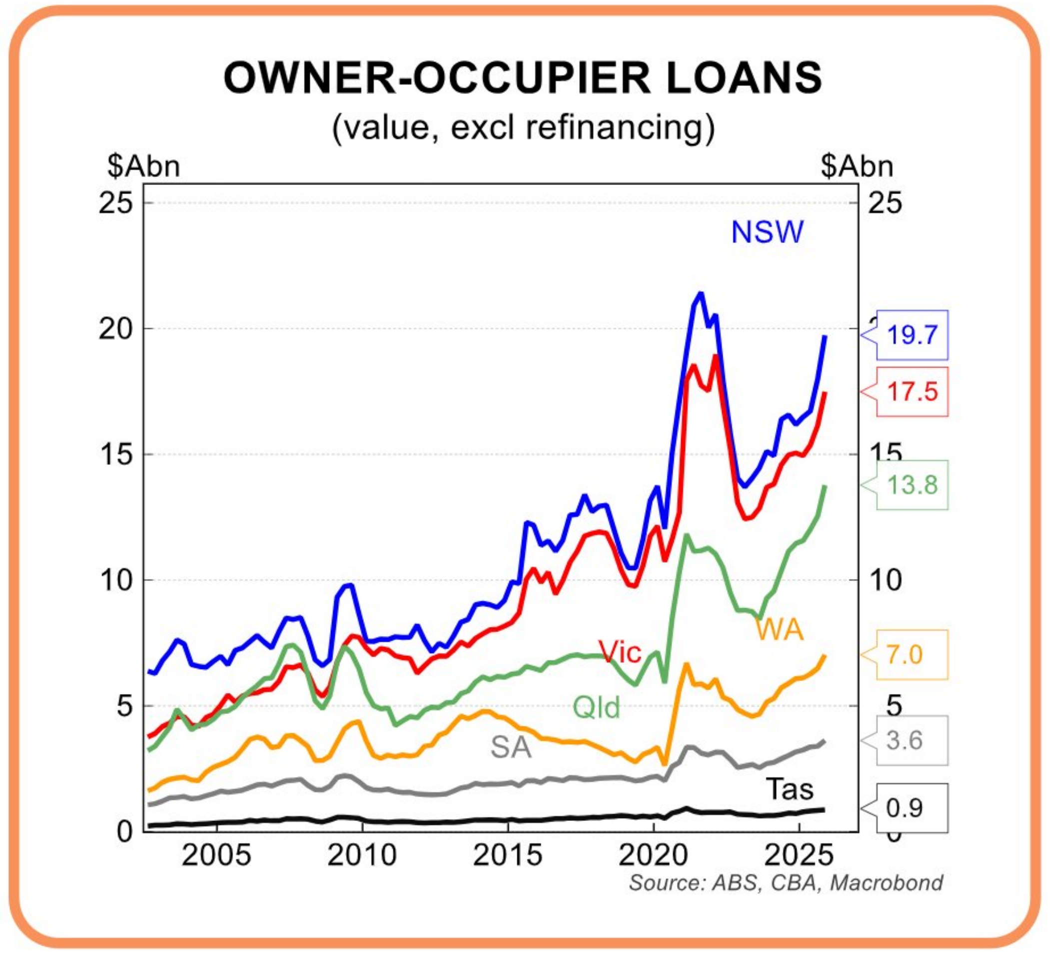


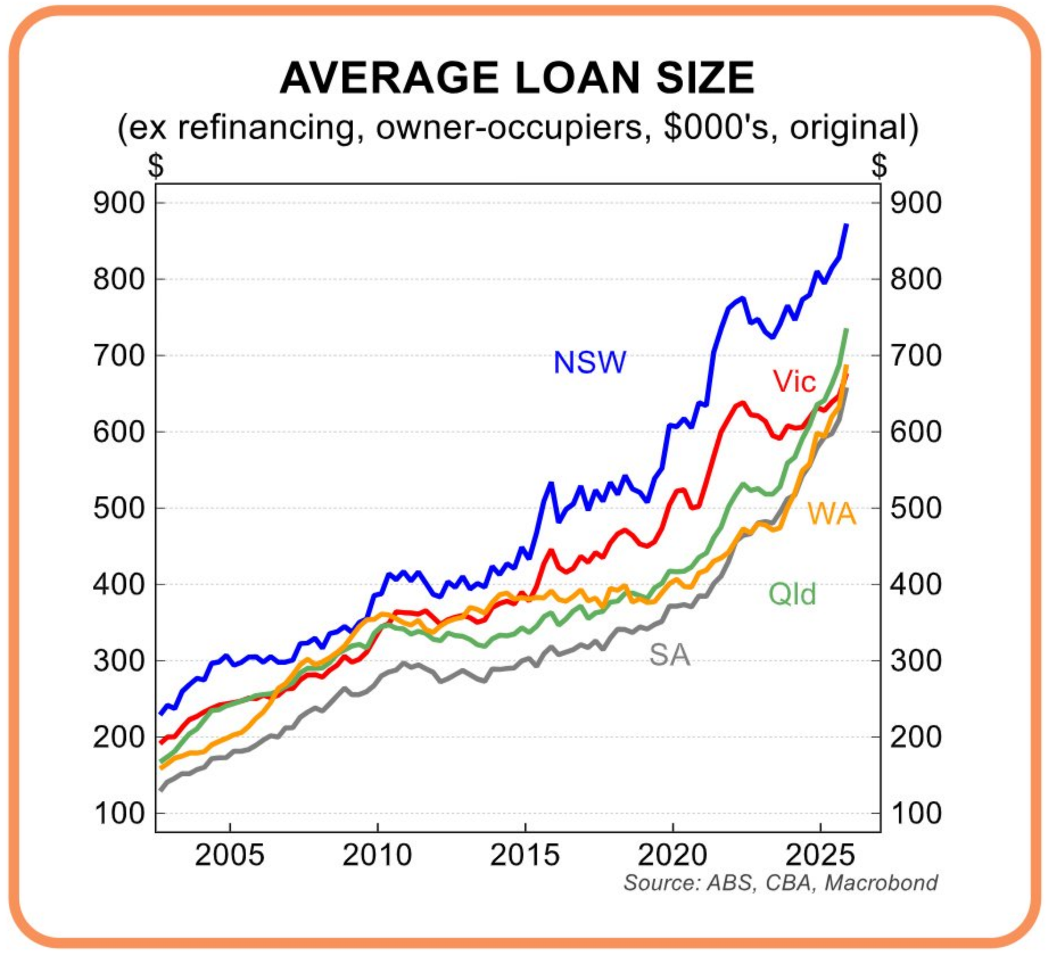
OTHER* BUILDING APPROVALS
(private, rolling annual total)

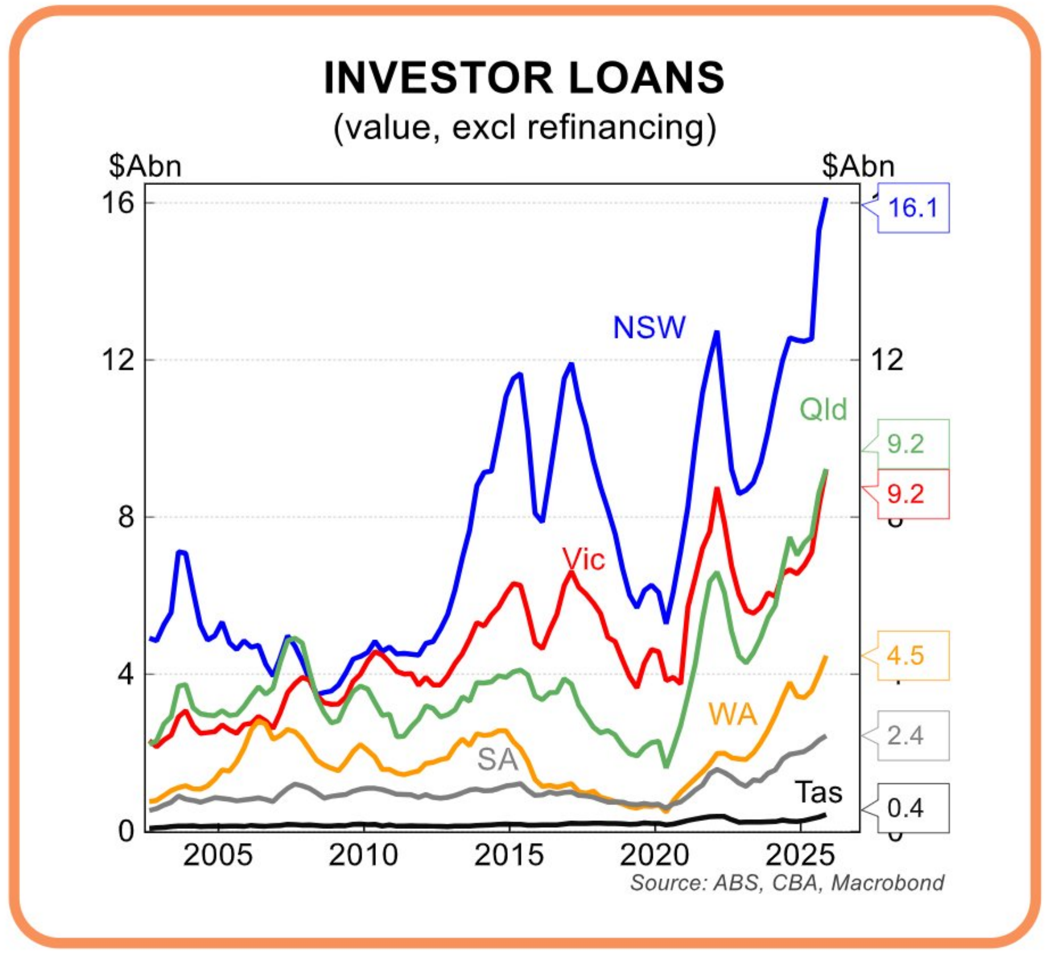


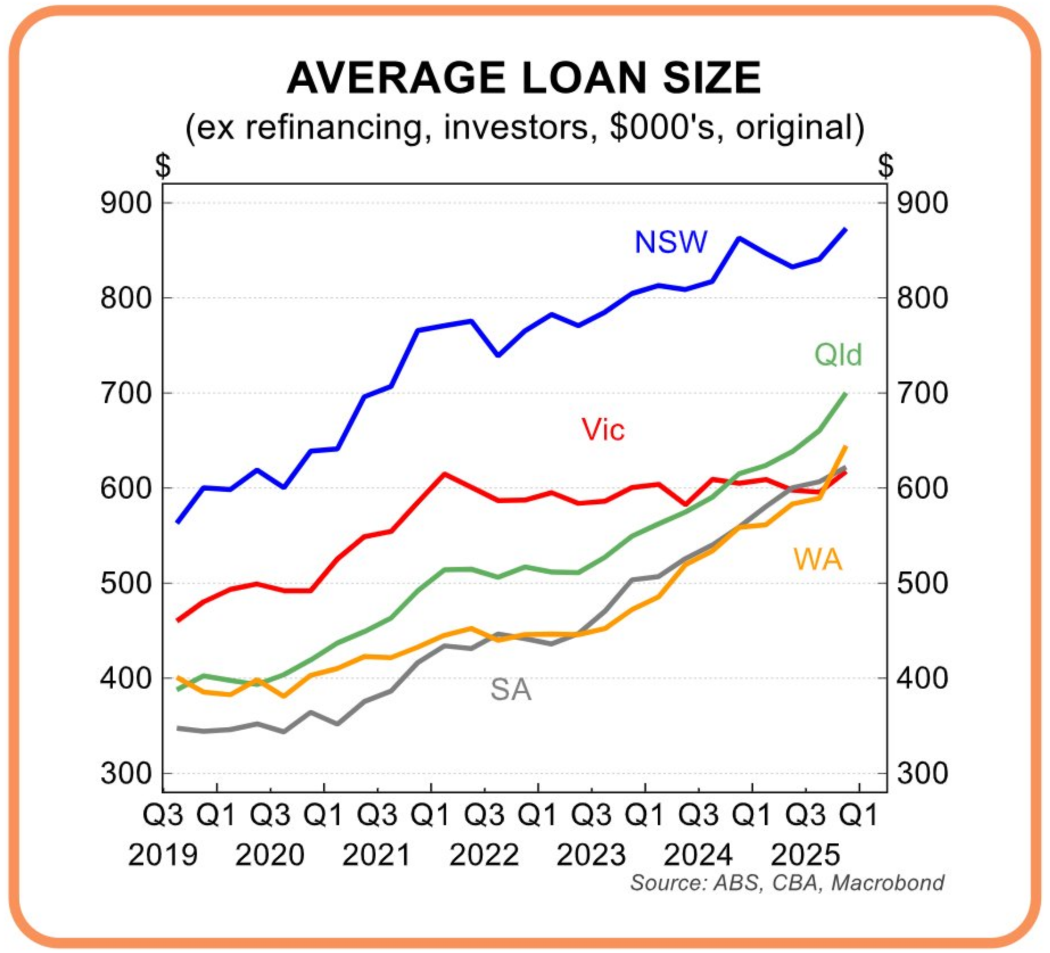
- The total value of building approvals rose 7.3% in January to $17.7bn in nominal terms. In trend terms, approval values rose 0.7%/mth to be 12.5% higher annually. Non-residential trend approvals continued to lift, up 2.0%/mth and 21.3%/yr. Residential approvals eased 0.3%/mth after a flat print last month.
- On a rolling annual seasonally adjusted basis, all jurisdictions except SA (-14.5%/yr), Qld (-0.2%/yr) and the NT (-12.6%/yr) recorded an improvement in non-residential building approval values in the year to January. The ACT (+147.6%/yr), Vic (+43.6%/yr) and WA (+36.8%/yr) were the standouts.
- The value of private industrial approvals remains off its peak across the states. Vic and NSW are back down to levels seen in early 2023. By contrast, WA and SA's industrial approval values have lifted recently and sit just below recent highs.
- The strength in non-residential approvals since mid-2024 is in large part due to data centres, classified by the ABS as 'other commercial buildings.' The data centre approvals impact is evident at the state level. Private commercial building approvals in Victoria far exceed any other state or territory on a rolling annual basis. In January, NSW and Vic where the only jurisdictions to record a rise in private commercial building approvals, up 6.7% and 5.9% respectively.

Housing lending remains strong









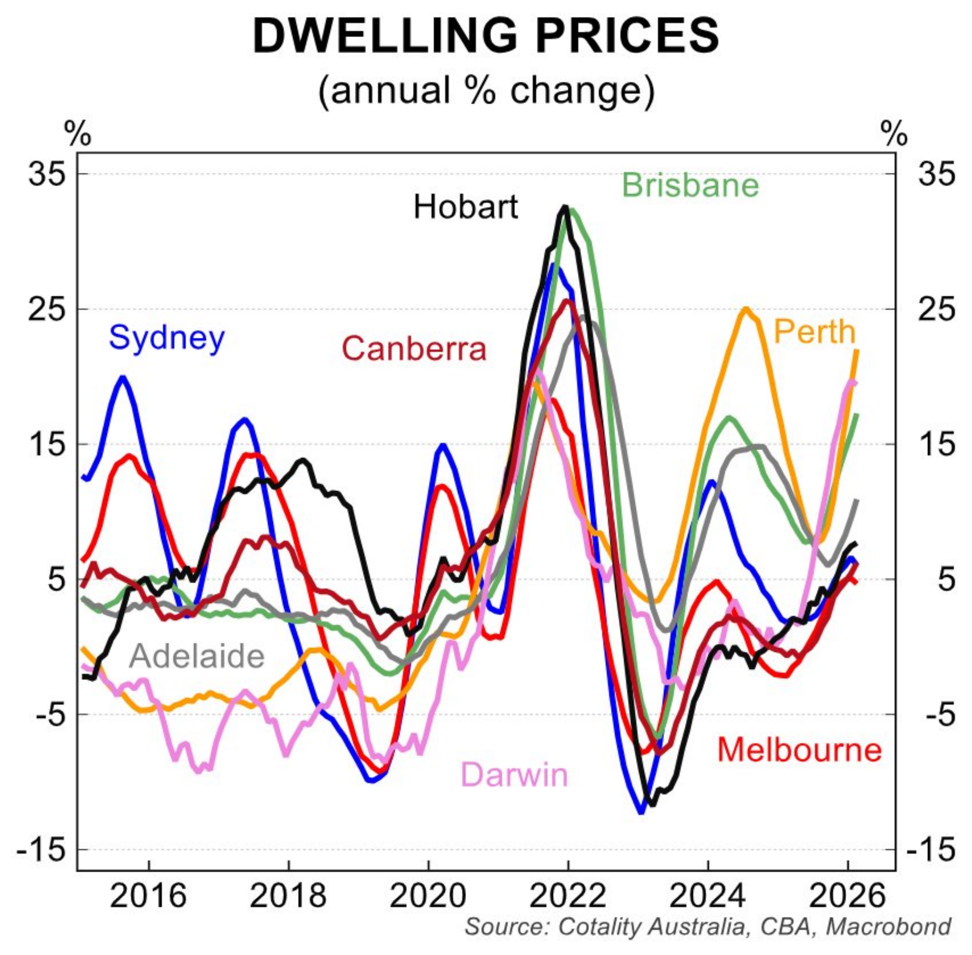
- New housing lending rose strongly again in Q4 25, up by 9.5%/qtr to be 23.5% higher through the year. Growth in the quarter was strongest for owner occupier first home buyers. The flow of new lending rose by 15.5%/qtr to be 22.4% higher annually. The strong outcome was largely driven by the Australian Government expanded 5% deposit scheme which came online in October.

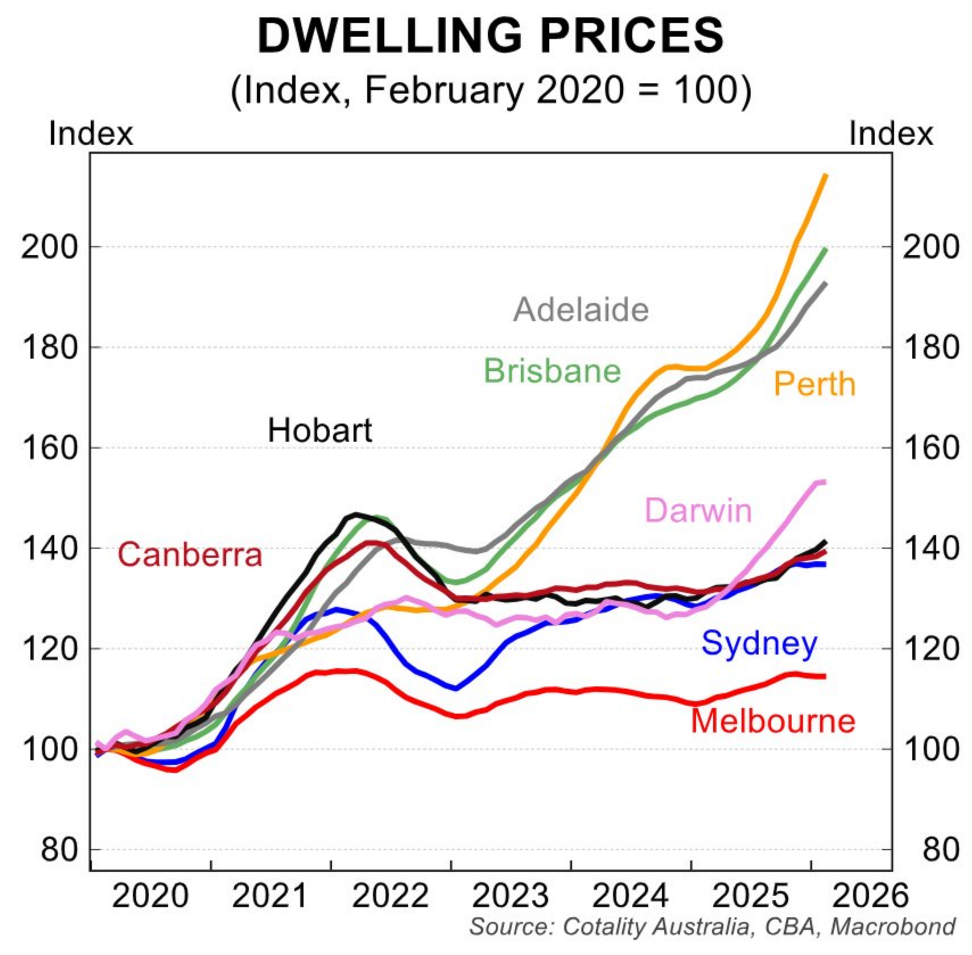
- First home buyers in NSW had the largest response to the policy change, both in terms of the value of lending and the number of loans written. This likely owes in part to the affordability challenge in Sydney. The value of lending to first home buyers rose by 19.9%/qtr in NSW, followed by Qld (+18.7%), WA (+18.6%), SA (+11.5%) and Vic (+7.7%). Tasmania was the only state to see the value of new loans fall in the quarter, down 0.3%.

- All states except for Tasmania saw the value of first home lending outpace the number of new loans written and so saw average loan sizes rise. The biggest increase was in Qld (+11.6%), followed by NSW (+8.1%) and WA (+8.0%). SA (+6.4%) and Vic (+1.4%) were a touch softer.

- Investor lending cooled, expanding by 7.9%/qtr. However, through the year investor lending remains up a strong 31.8%. Tasmania led the charge in the quarter (+18.9%/qtr) followed by WA (+11.8%/qtr) and Vic (+11.4%/qtr). SA lagged (+5.0%/qtr). Annually, Tas remains the standout (+73.0%/yr). Vic (+40.5%/yr), Qld (+31.2%/yr) and WA (+30.1%/yr) were also strong.

Dwelling prices face crosswinds





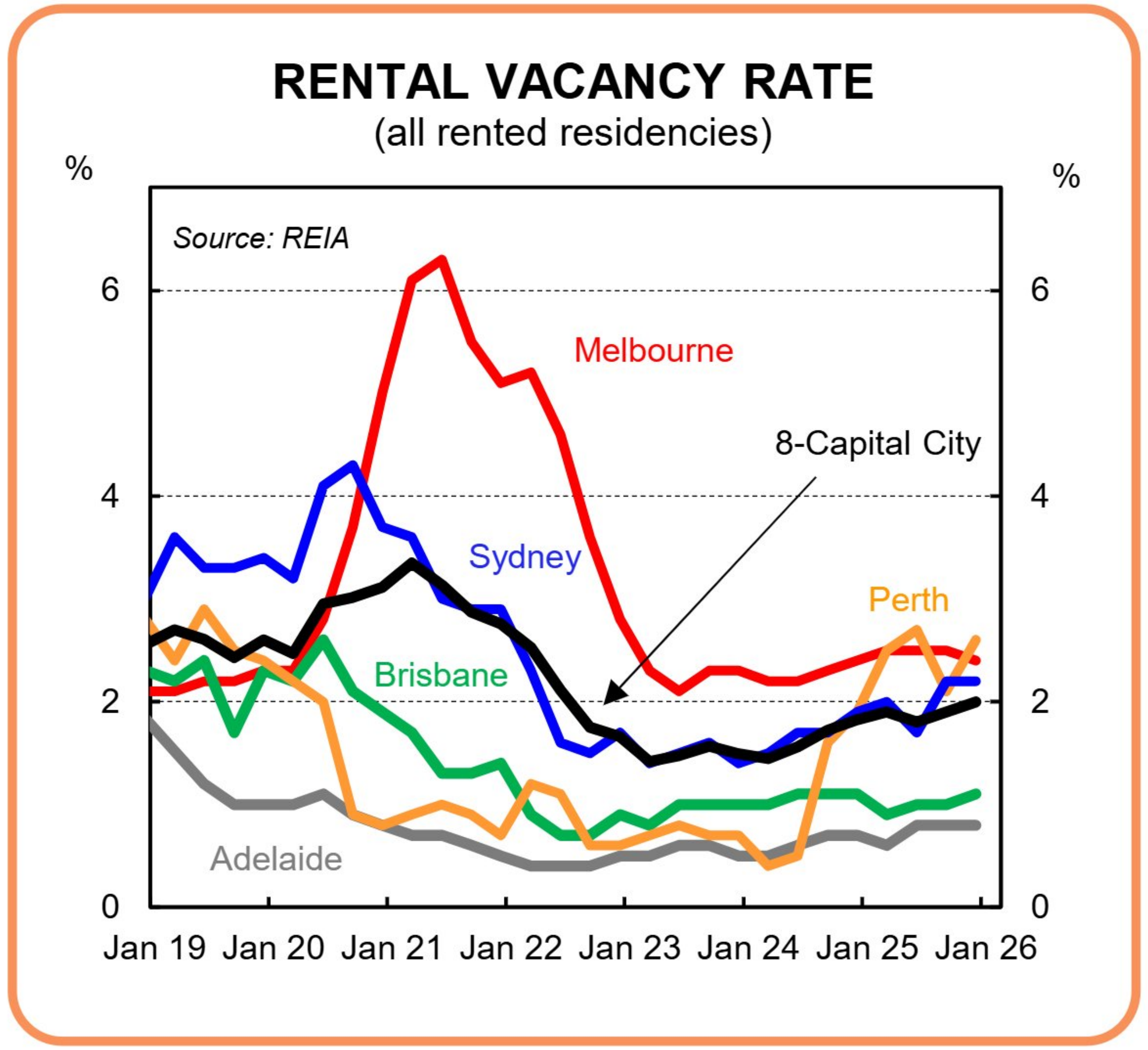
DWELLING PRICE GROWTH
(February 2026)

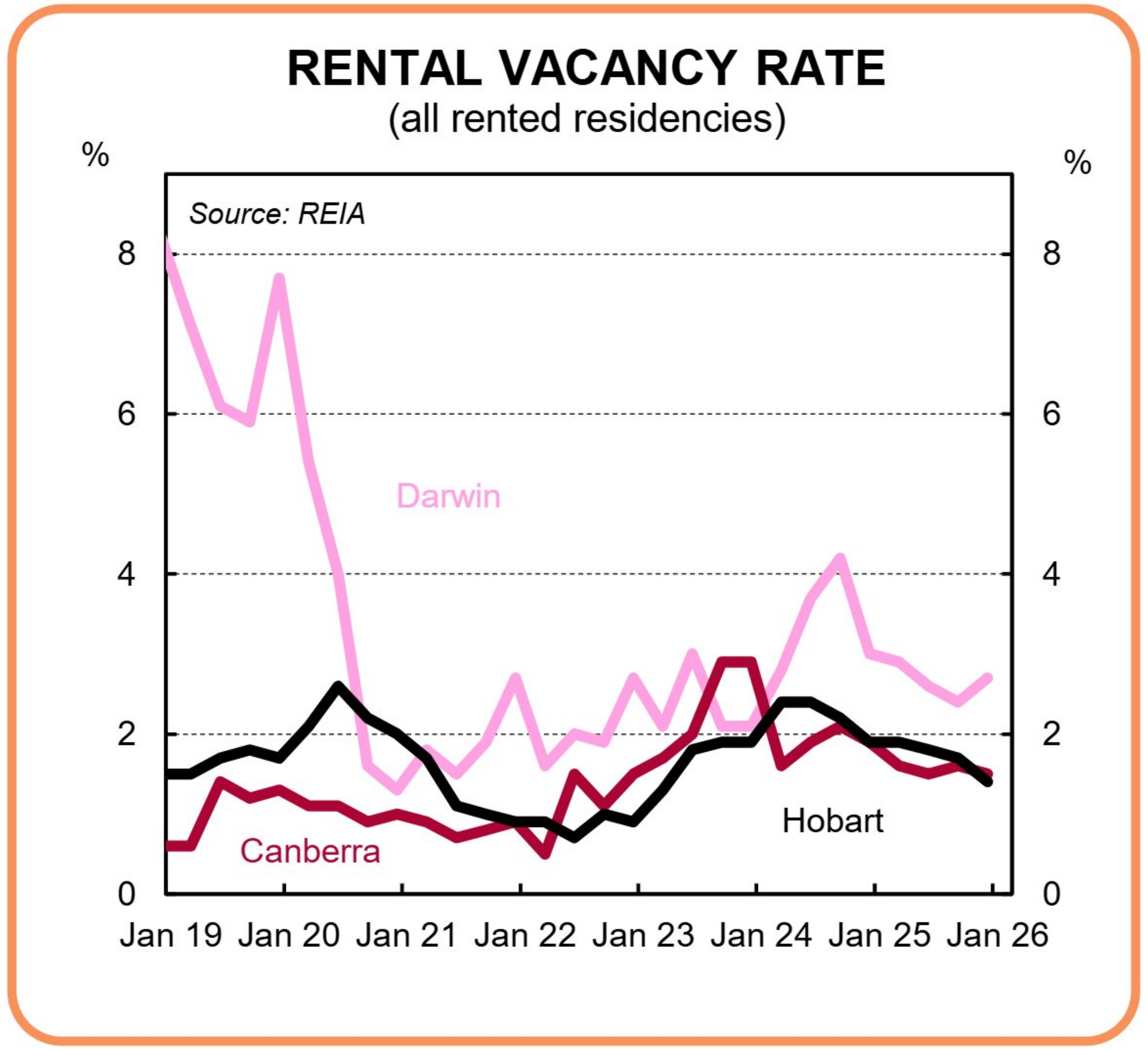
	Monthly	3-monthly	Annual
Sydney	0.0%	-0.1%	6.0%
Melbourne	0.0%	-0.4%	4.7%
Brisbane	1.6%	4.8%	17.3%
Perth	2.3%	6.8%	22.0%
Adelaide	1.3%	4.3%	10.9%
Darwin	0.2%	3.6%	19.4%
Hobart	1.2%	2.6%	7.7%
Canberra	0.8%	1.3%	6.2%
Rest of NSW	0.9%	2.2%	8.4%
Rest of Vic	0.6%	2.2%	7.8%
Rest of Qld	1.4%	3.7%	13.9%
Rest of WA	1.6%	5.9%	18.6%
Rest of SA	1.5%	5.3%	12.6%
Rest of NT	0.2%	1.6%	1.8%
Rest of Tas	1.5%	4.8%	8.7%

Source: CoreLogic, CBA, Macrobond

- National home prices rose 0.8% in February 2026, an equal pace as in January. In annual terms, dwelling values are 9.9% higher. There are a mix of crosswinds influencing the housing market. Persistently low supply, high investor activity, Federal Government support for first home buyers and a broader improvement in the economy are pushing prices higher. However, affordability constraints, normalising population growth and RBA rate hikes are headwinds.
- The February price rise was relatively broad based with almost every region recording a lift. Sydney and Melbourne were the exceptions with flat growth in the month amid a pickup in the flow of new listings. Perth was the standout performer, dwelling values rising 2.3%/mth to be 22.0% higher annually. Brisbane (+1.6%), Adelaide (+1.3%) and Hobart (+1.2%) recorded the next largest monthly gains. Darwin's growth eased back (+0.2%) after outsized strength through 2025.
- In annual terms, Perth (+22.0%/yr), Darwin (+19.4%/yr) and Brisbane (+17.3%/yr) have outperformed. By contrast, Melbourne (+4.7%/yr), Sydney (+6.0%/yr) and Canberra (+6.2%/yr) lag.

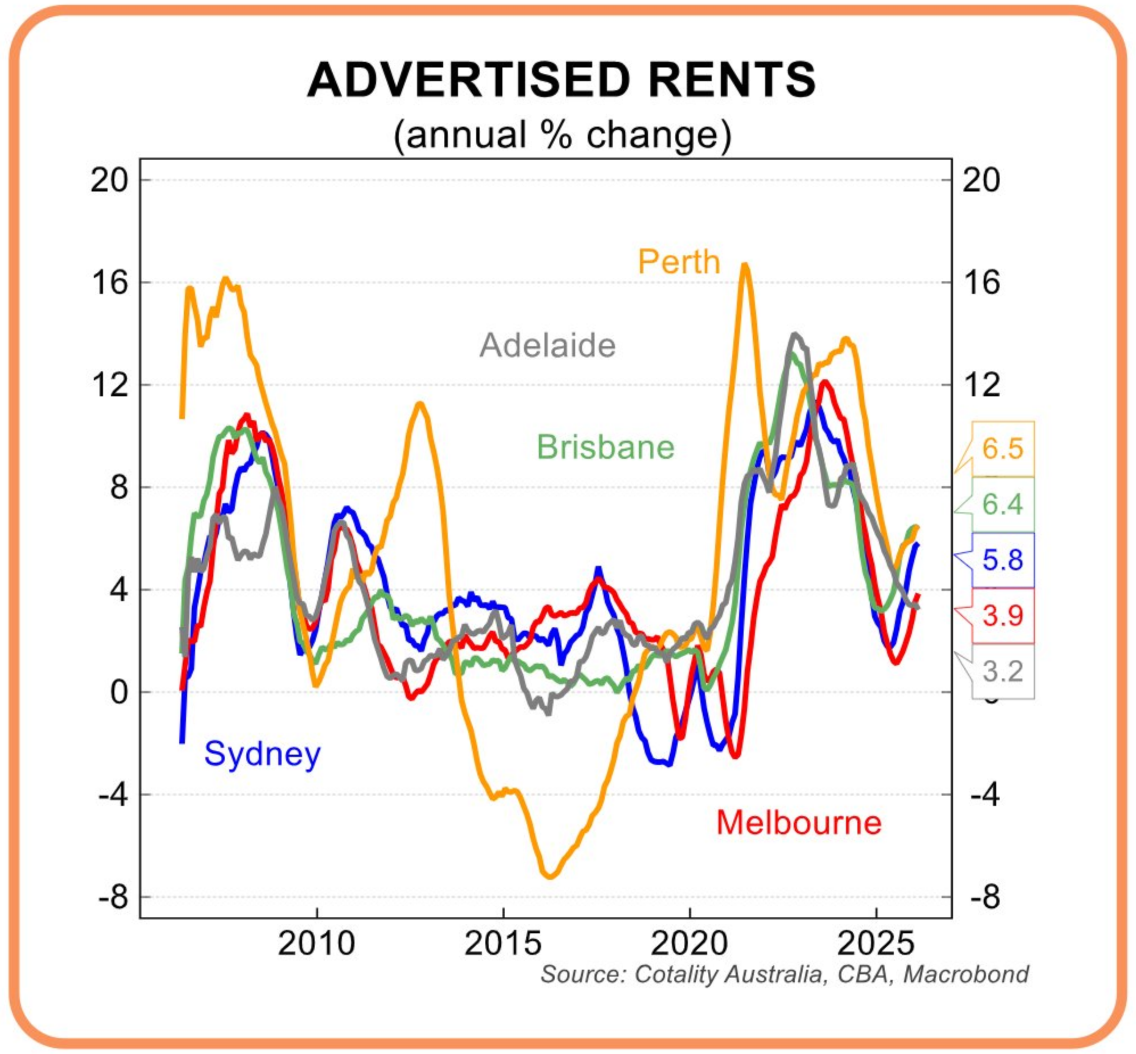
Residential vacancy rates edge higher

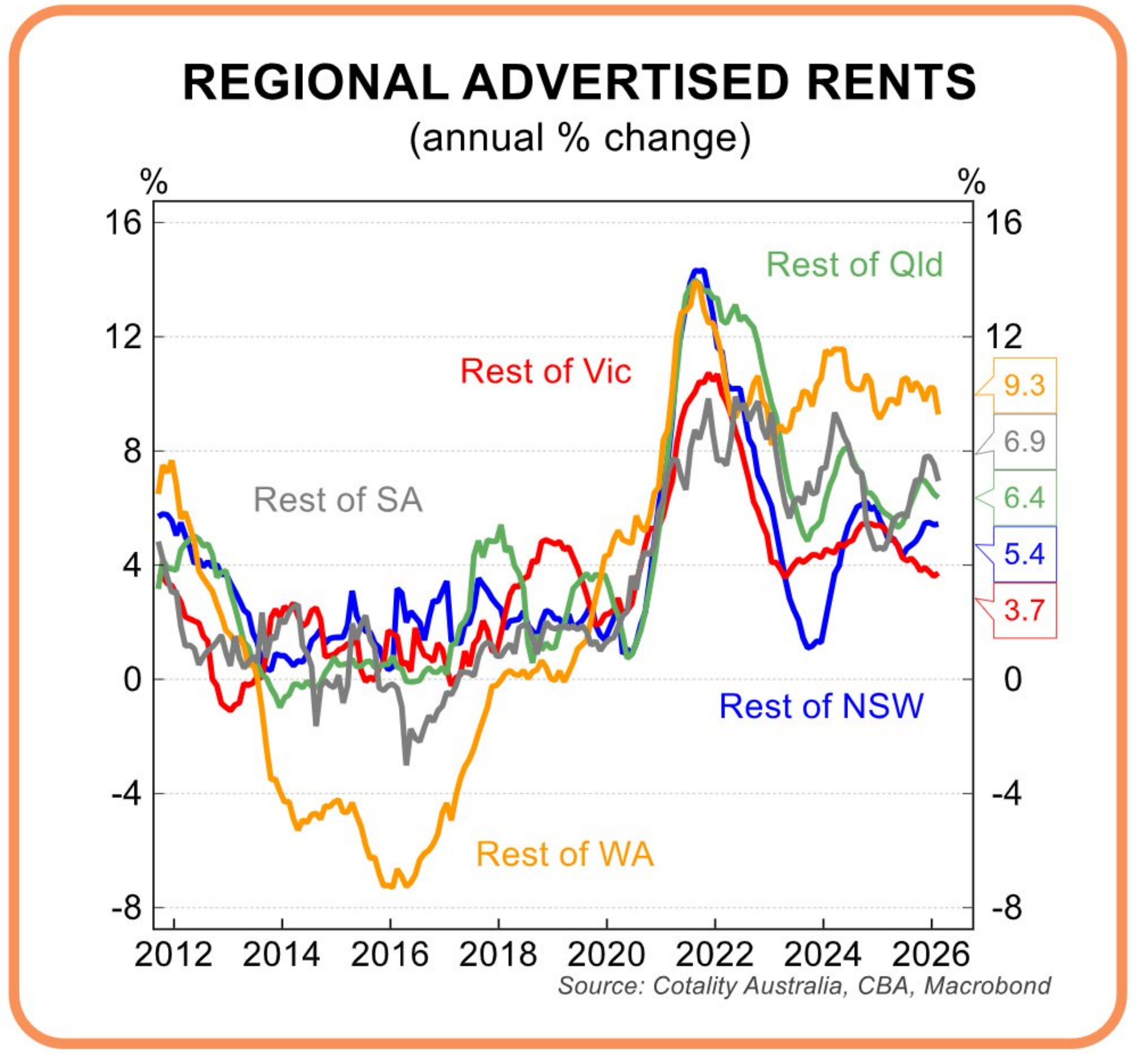


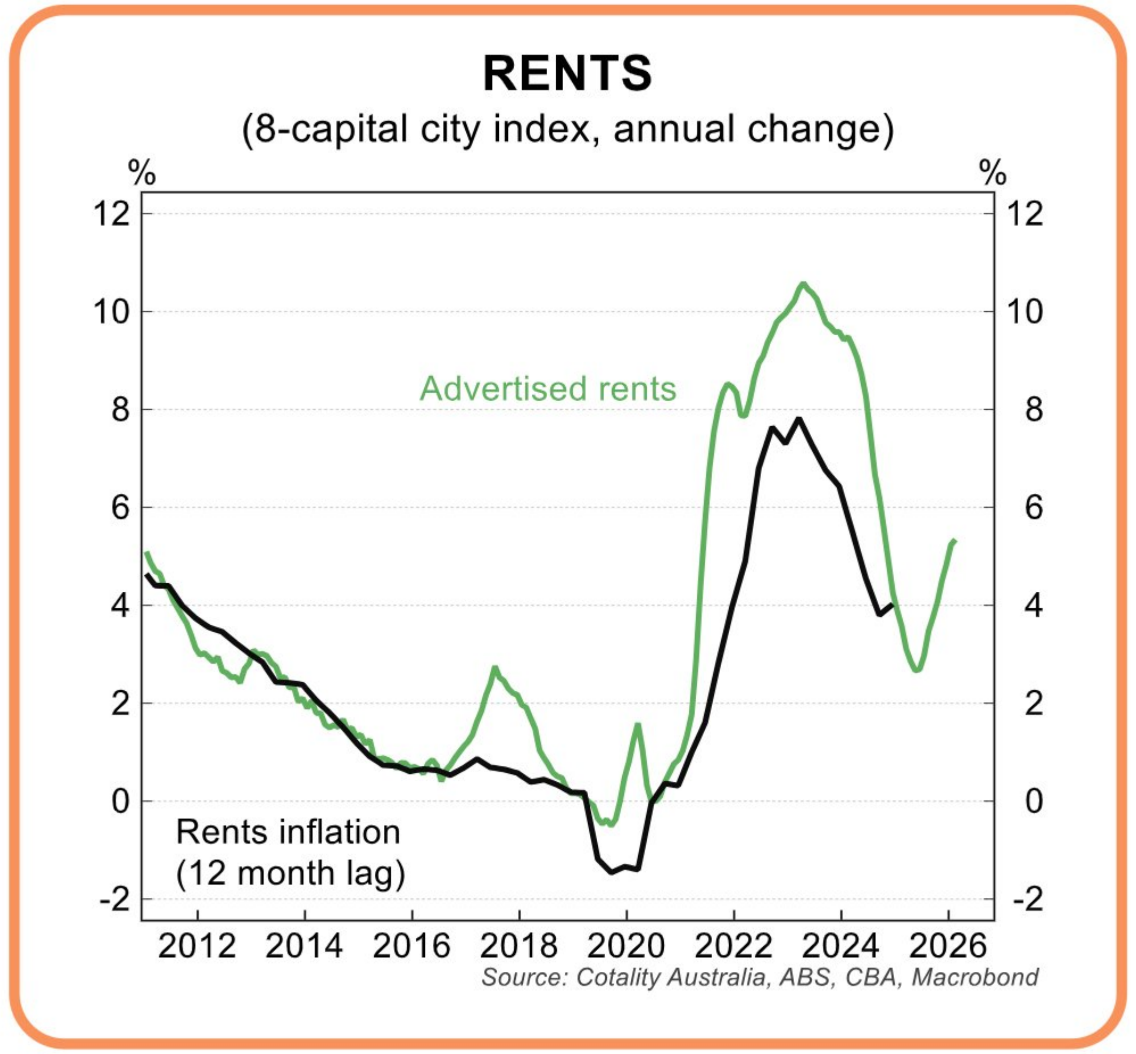


- Rental vacancy rates remain well below recent peaks but have lifted from troughs in late 2022-early 2023. Normalisation in migration patterns post pandemic have helped ease market tightness.
- Q4 2025 data from REIA indicates rental markets are loosening but progress is slow. The 8-capital city index edged up by 0.1ppt to 2.0% in the December quarter to be 0.2ppts higher through the year. The largest rise was in Perth where the vacancy rate increased 0.5ppts to 2.6%. Darwin (2.7%) and Brisbane (1.1%) also eased by 0.3ppts and 0.1ppts, respectively. Vacancy rates were flat in Adelaide (0.8%) and Sydney (2.2%) while Melbourne (2.4%) and Hobart (1.4%) witnessed a retightening, decreasing 0.1ppts and 0.3ppts respectively.
- Across the nation levels remain below what would be considered a healthy rental market (~3%).

Advertised rental growth strengthens

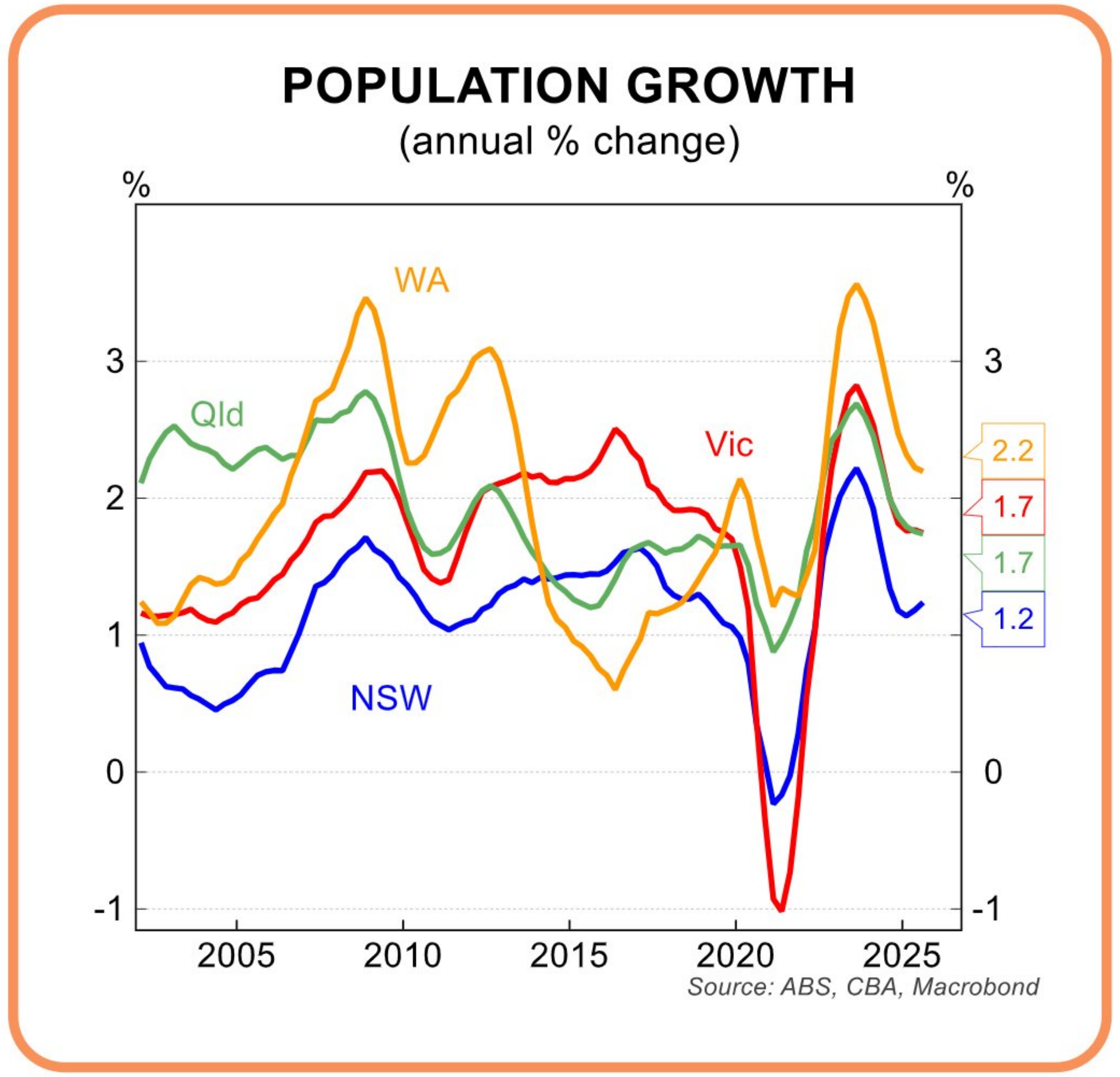


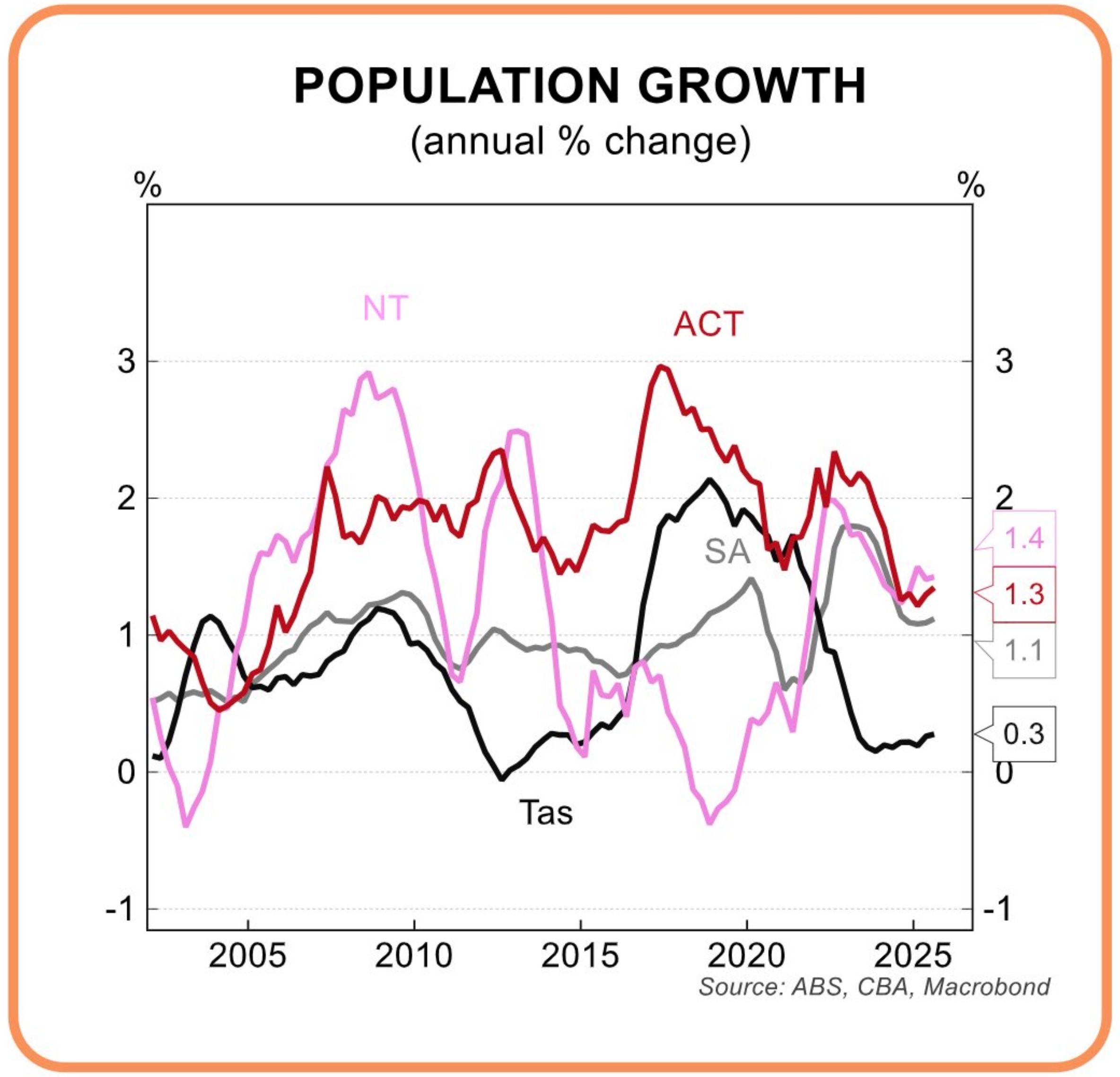




- Rental markets have loosened since post pandemic peaks as population growth has slowed and renters have economised on housing by increasing household size. However, over 2025 many states have witnessed a retightening.
- Advertised rents across the capitals increased 0.7% in February 2026, continuing momentum from an equal lift in January. In annual terms, advertised rents are 5.3% higher, the strongest annual pace of growth since October 2024. In quarterly terms and by city, Perth (+2.4%/qtr) recorded the strongest rise, followed by Hobart (+2.2%/qtr), Melbourne (+1.8%/qtr) and Brisbane (+1.6%/qtr). Rental growth was weakest in Sydney, the ACT (both +1.4%/qtr) and Darwin (flat).
- Through the year, advertised rental rates increased the most in Darwin, up 8.6%. Hobart (+7.0%/yr), Perth (+6.5%/yr) and Brisbane (+6.4%/yr) recorded the next largest rises while the ACT (+2.6%/yr), Adelaide (+3.2%/yr) and Melbourne (+3.9%/yr) were softer.
- In contrast to the cities, regional markets have not witnessed the same retightening in rental conditions. The rest of WA (+9.3%/yr) and rest of SA (+6.9%/yr) are the only regional areas where annual rental growth exceeds their respective capitals. Regional Queensland tracks at the same pace as Brisbane (+6.4%/yr), while the rest of NSW (+5.4%/yr) and Vic (+3.7%/yr) are a touch below.

Population growth lifts marginally in Q3





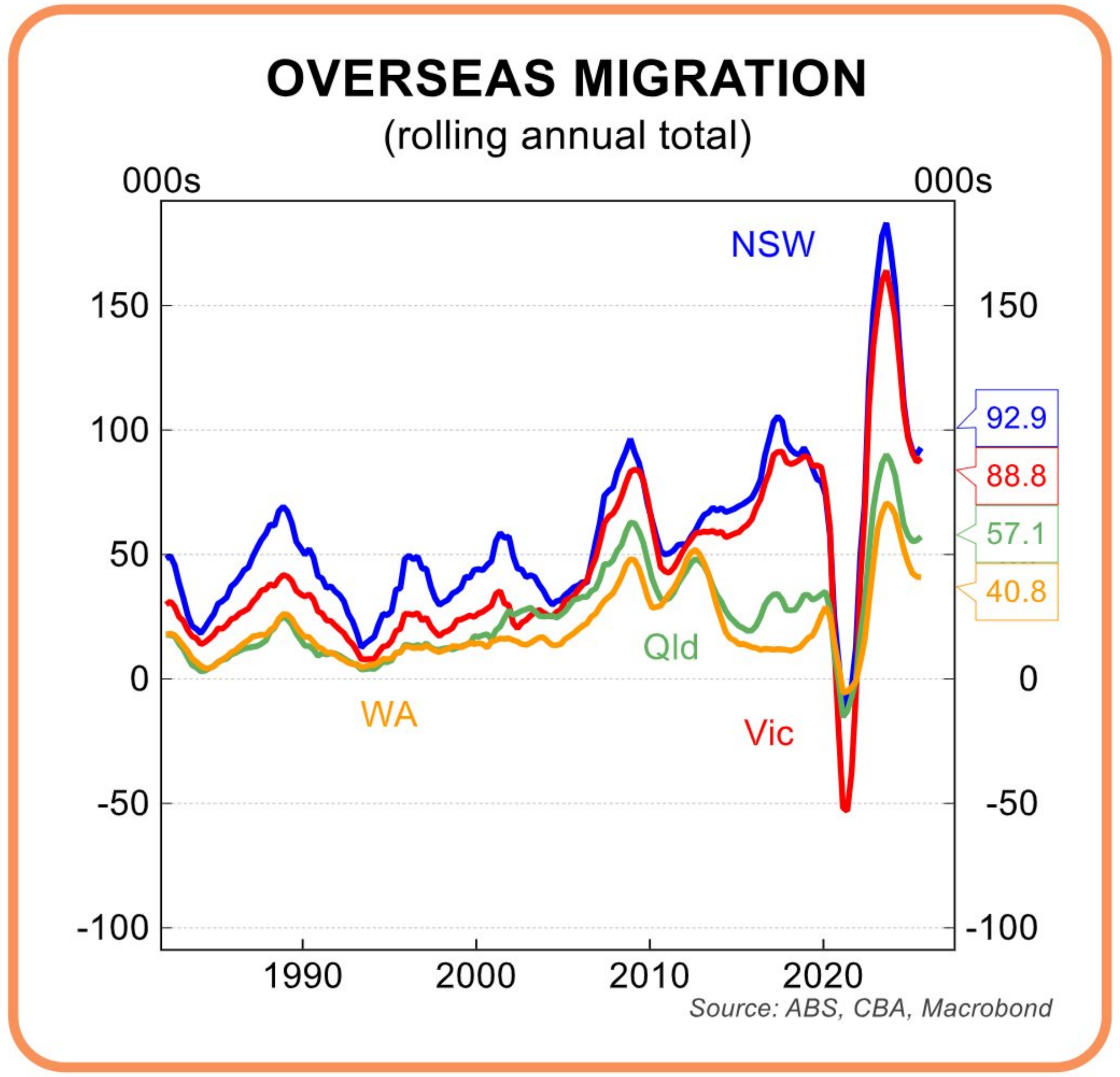
- Australia’s population rose 0.4% in Q3 25 to 27.7 million people. The annual growth rate marginally accelerated from 1.5% to 1.6%, driven by net overseas migration. However, some of this lift was seasonal, with Q3 typically boosted by student arrivals ahead of second semester. The broader trend remains one of normalisation.

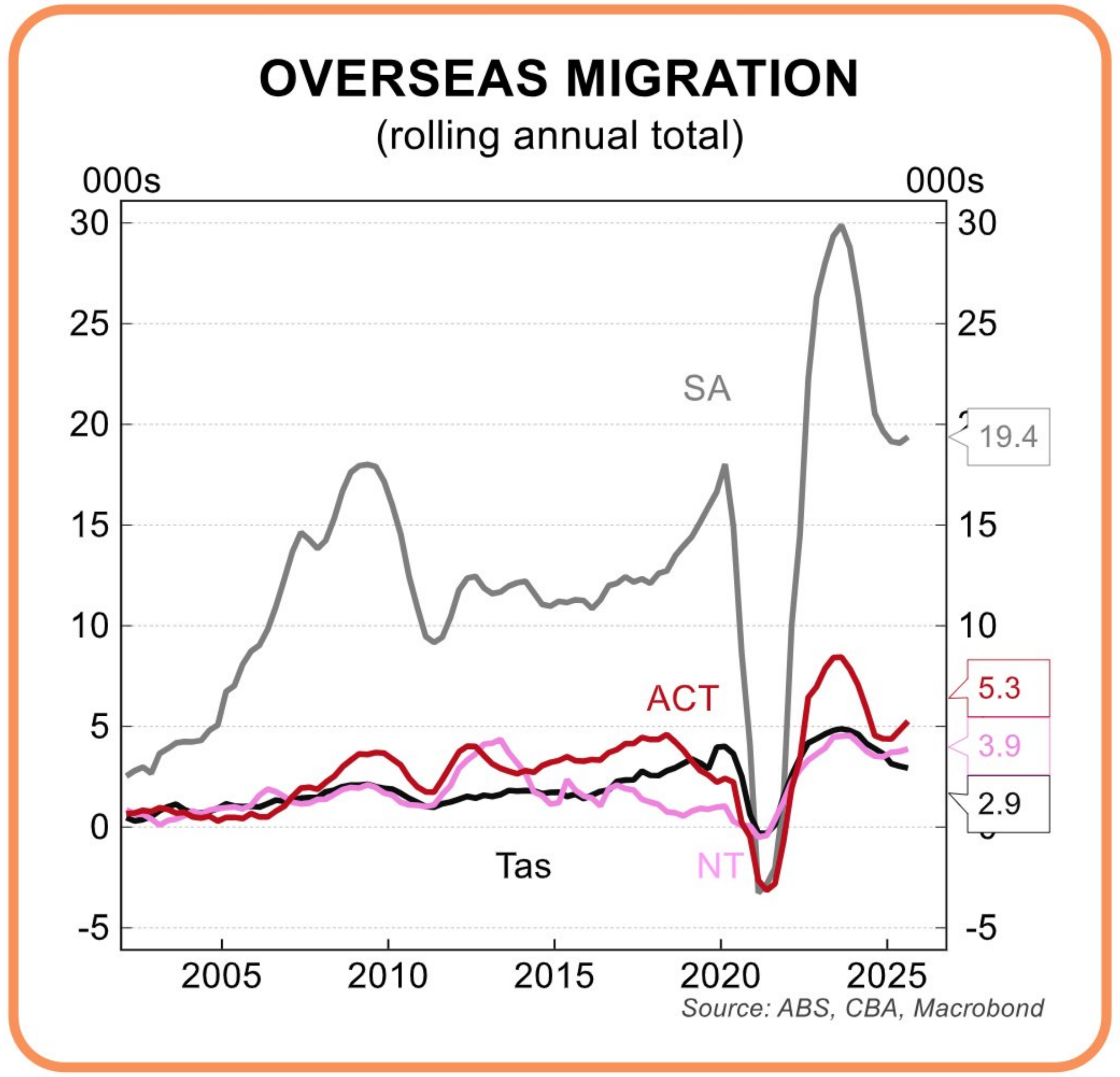
- Population growth remains the strongest in WA, up 2.2% from a year ago. This was followed by Vic, Qld (both +1.7%/yr) and the NT (+1.4%/yr). Tasmanian population growth continues to lag, rising a modest 0.3% over the year to Q3.

- Since the onset of covid, population growth has been strongest in WA and Qld, driven by solid interstate migration. In contrast, Tasmania’s population has risen only marginally.

- In Q1 24, Australia's population surpassed its long-term trend, indicating the population losses recorded during the pandemic had been recovered. In Q3 25, Australia’s population sits 85.5k above the 2010-2019 trend.

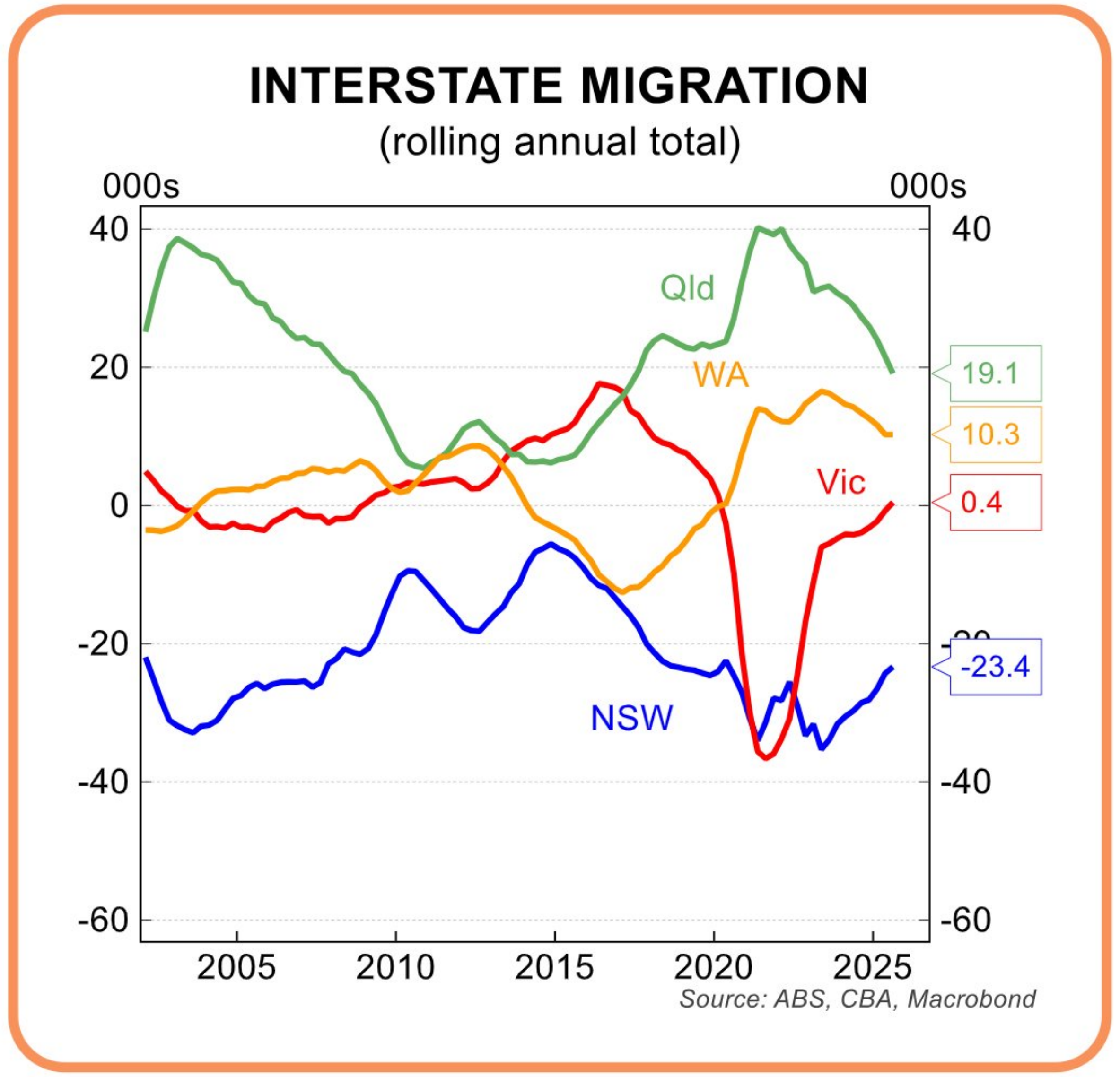
Net overseas migration rises in Q3

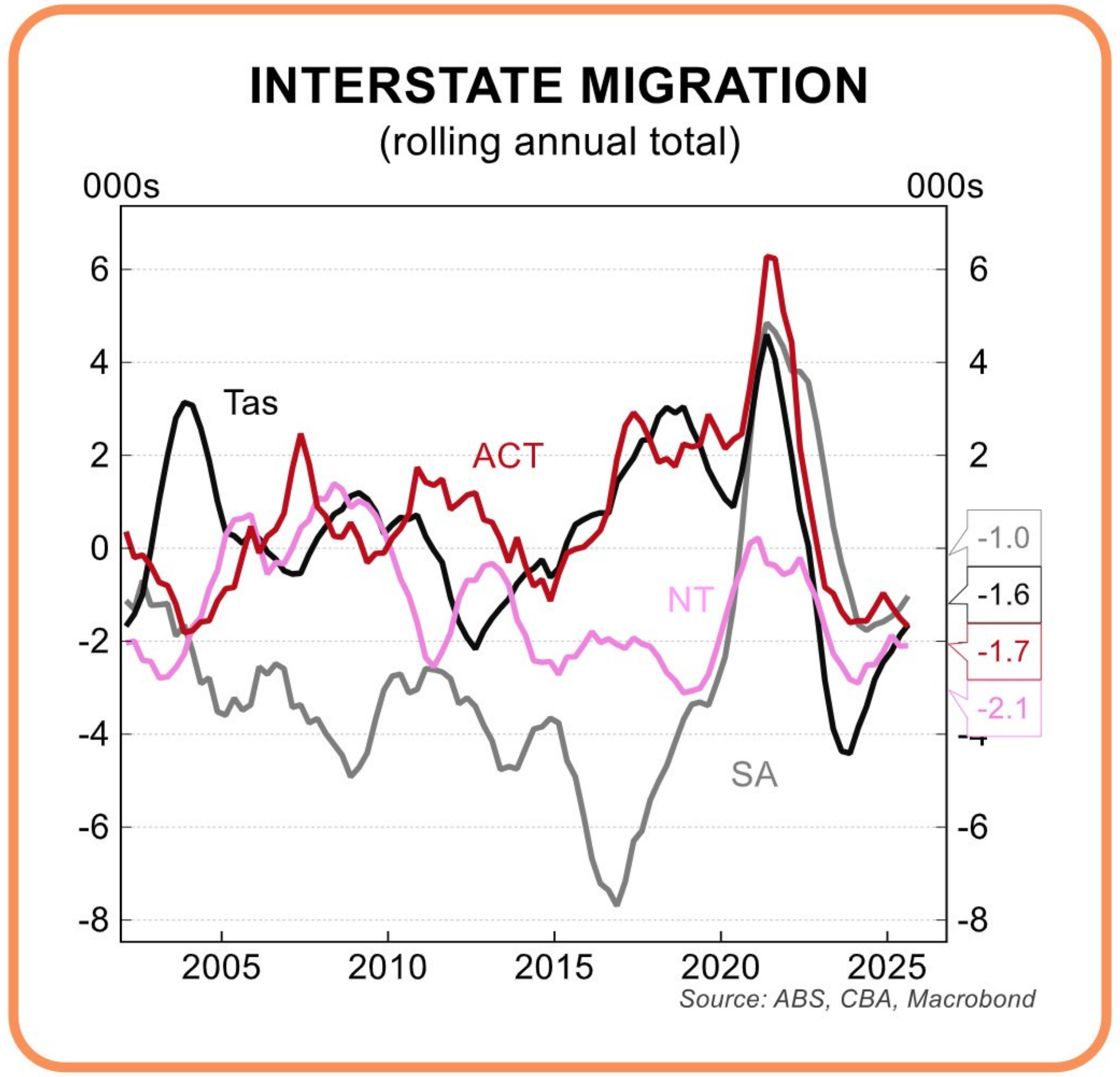




- Net overseas migration added 87.8k to the Australian population in Q3 25. In rolling annual terms, net overseas migration rose 2.0%/qtr to 311k. However, this is a 14.9% decline from the 365.6k recorded in Q3 24 and continues the downward trend from a record peak of 555.8k in Q3 23.
- By state on a rolling annual basis, NSW (+92.9k), Vic (+99.8k) and Qld (+57.1k) saw the greatest net overseas migration in the year to Q3 25. WA (+40.8k) and SA (+19.4k) had the next strongest growth. NOM in the ACT (+5.3k), the NT (+3.9k) and Tas (+2.9k) was weaker.
- In the MYEFO, the Government forecasts for net overseas migration in 2025/26 remained at 260k. Last week, Treasurer Jim Chalmers noted net overseas migration is forecasted to decrease over the next four years, but lower-than-expected departures has kept it resilient. He also discussed that the nation's fertility rate, which fell to an all-time low of 1.48 in 2024, and is predicted to continue to decline and weigh on natural increase. Together, easing population growth is likely to put downward pressure on economic growth in coming years.

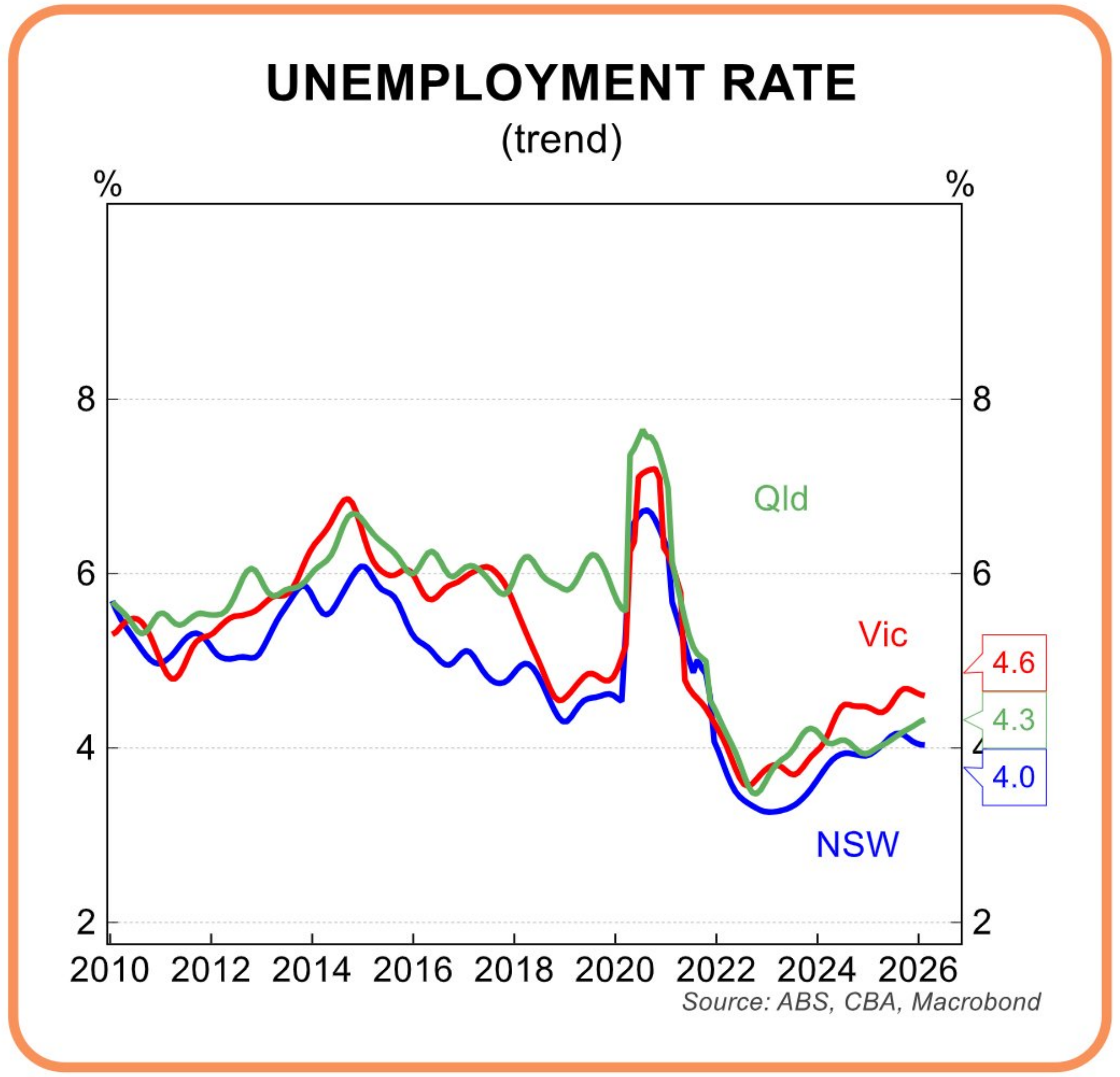
Interestate migration

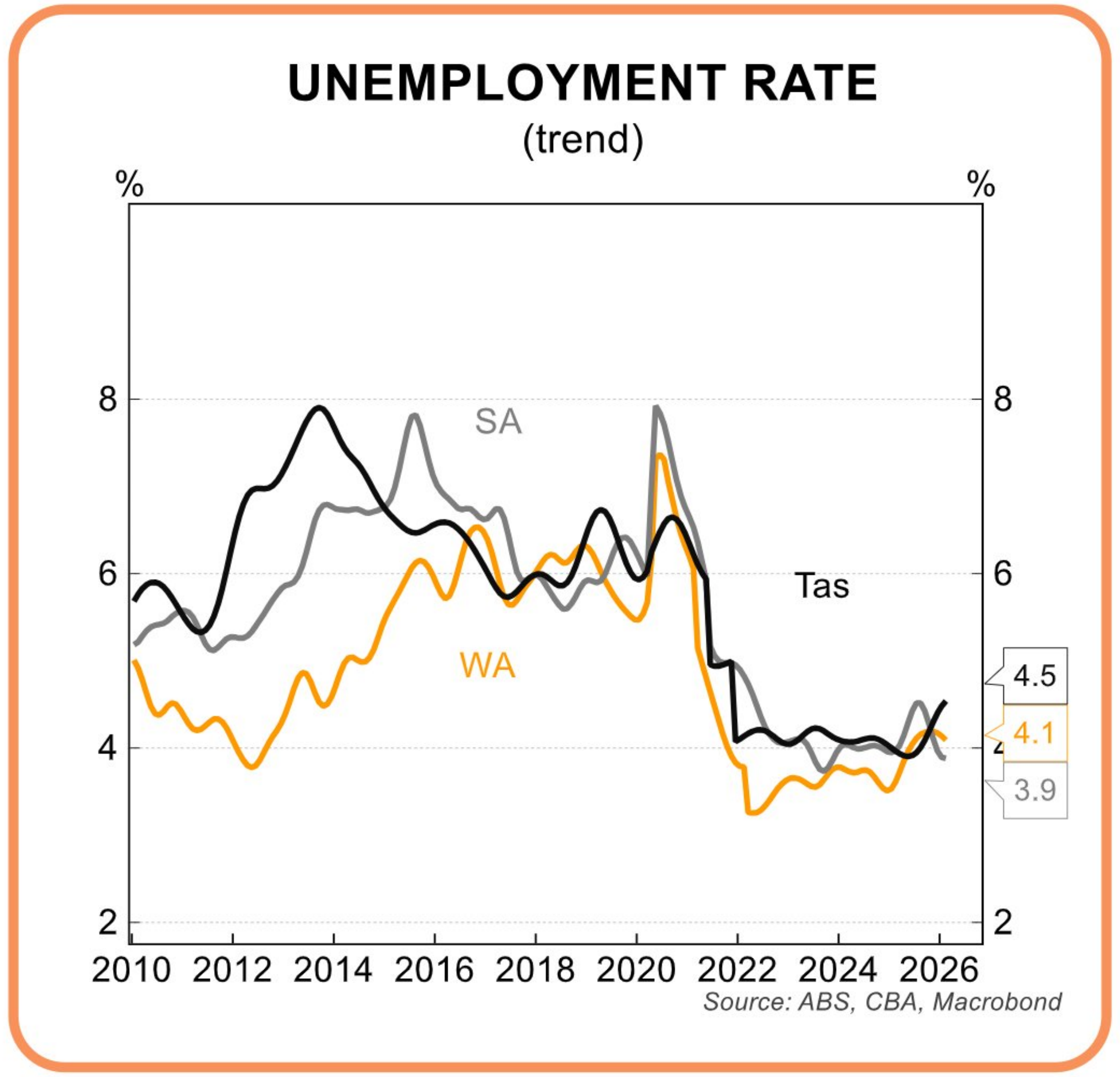




- Qld and WA remain the main destinations for interstate migration; however, migration has eased over the last two years. Qld added 19.1k in net interstate migration over the year to Q3 25, while WA added 10.3k.
- Residents of NSW continue to leave the state in large numbers with interstate migration down -23.4k. However, the number of residents leaving has declined over the past two years.
- In Victoria, the net number of interstate migration has been around zero for the last few quarters and was +0.4k on a rolling annual basis in Q3 25. This is well below the pre-covid trend where Vic was a popular destination for internal migrants.
- The smaller states and territories are all seeing negative interstate migration. However, less people are leaving most of these judications than a year ago. The exception is the ACT were residents leaving has continued to increase over the last three quarters.

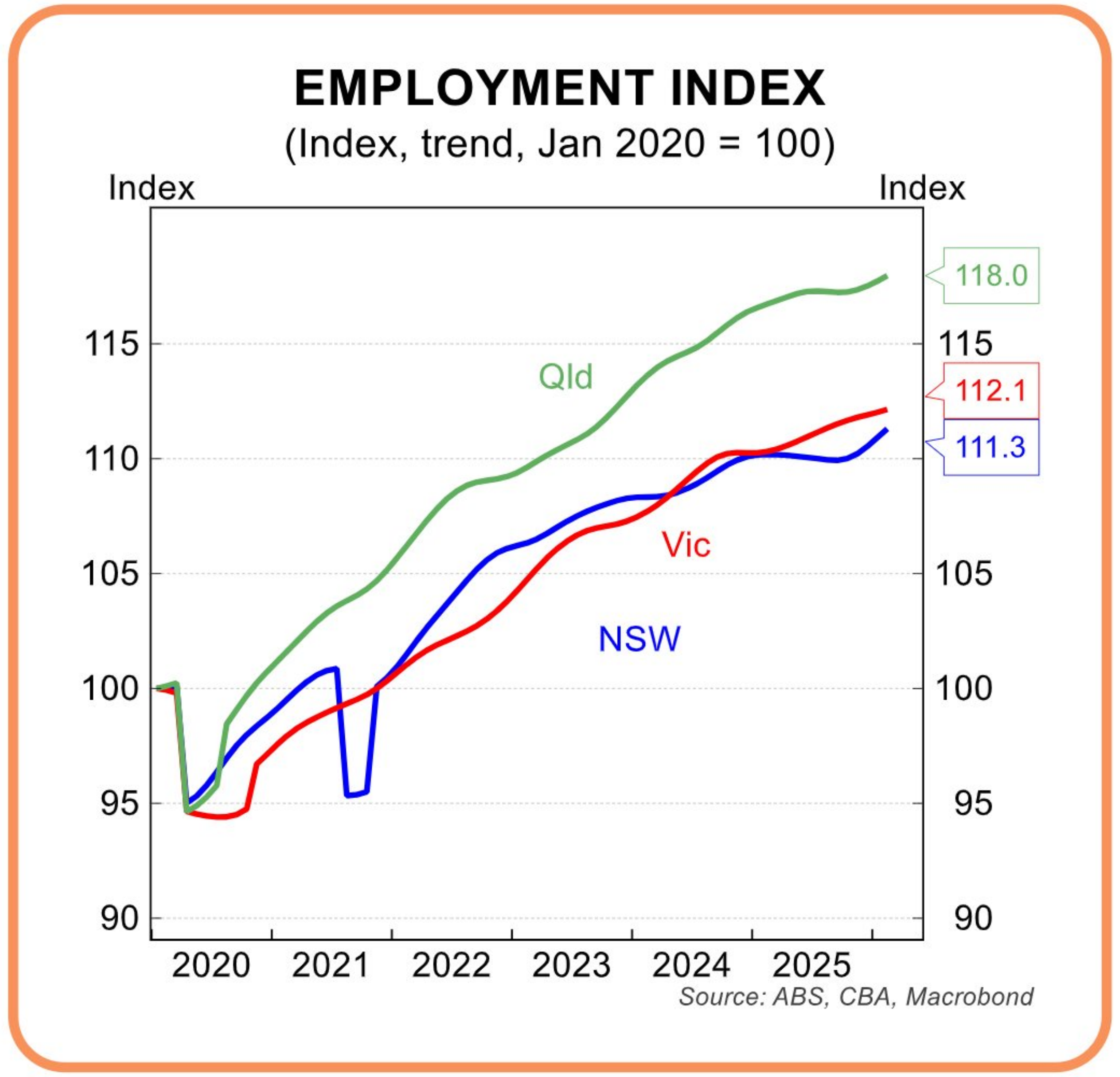
Trend unemployment rate ticks down in February

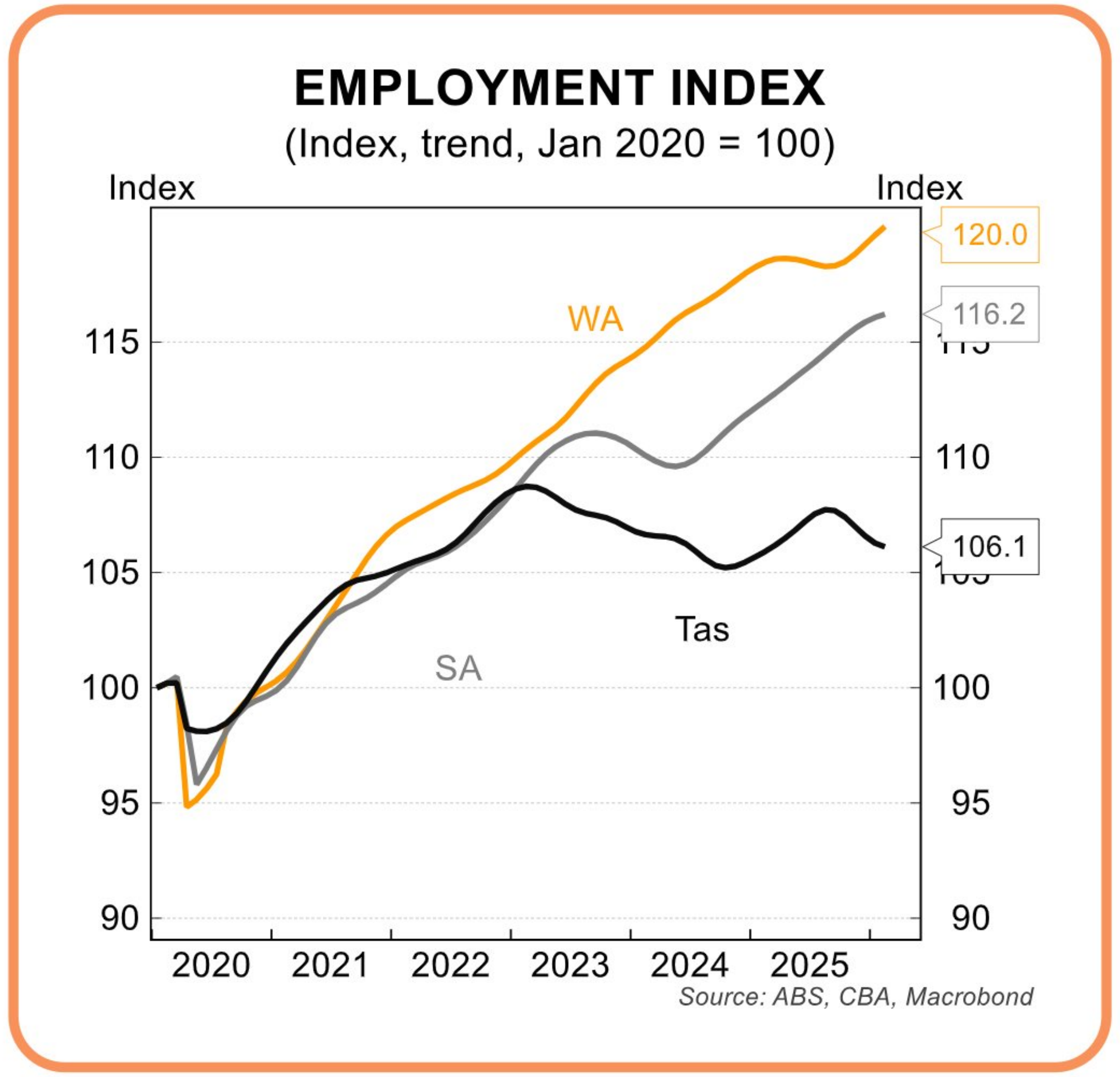




- Labour markets around the country remain tight by historical standards, but a gradual loosening is underway.
- In February, the trend unemployment rate declined from 4.3% to 4.2%. However, this has risen from 4.0% at the start of 2025 following stability through 2024.
- Trend unemployment rates were broadly steady except for the ACT which declined 0.1pts to 3.9% and the NT and Tasmania which lifted 0.1pts to 4.7% and 4.5%, respectively.

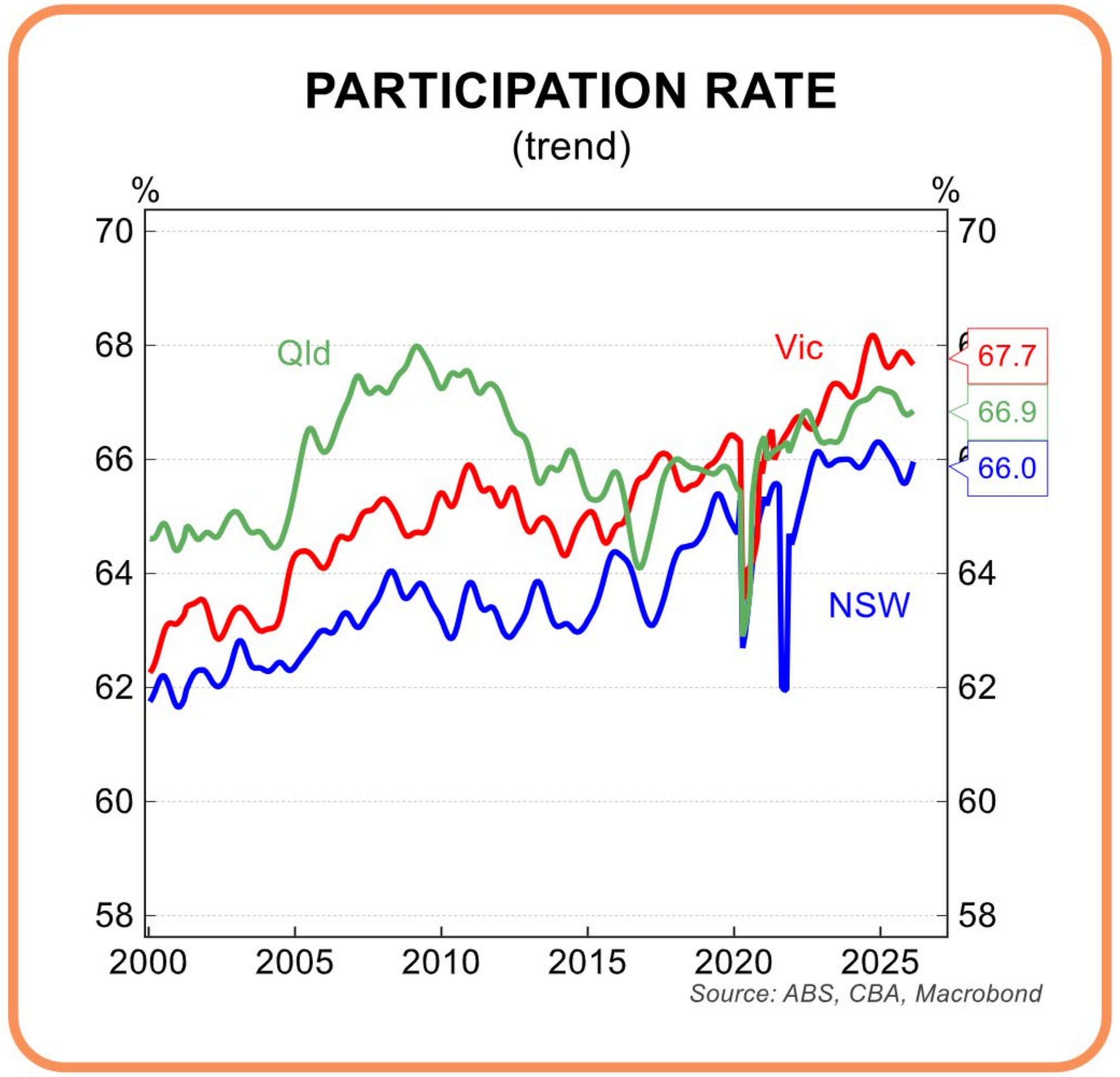
Employment growth strong in February

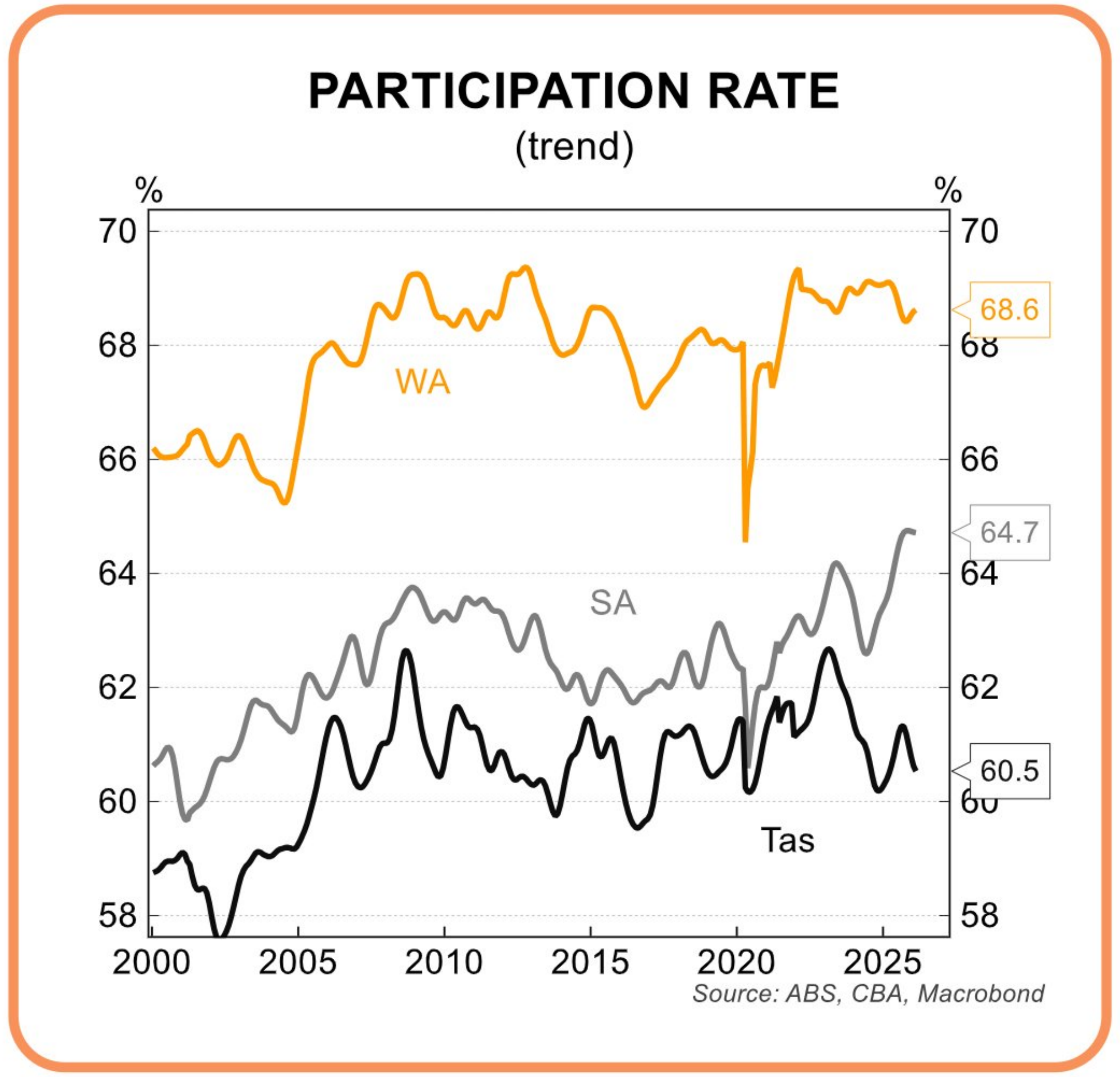




- Employment increased by a strong 48.9k in February, following an upwardly revised 26.1k lift in January. The annual rate of growth lifted to 1.8% from 1.0% in January.
- Over the year to February in trend terms, all states and territories recorded a lift in employment growth. SA (+3.3%/yr) and Vic (+1.7%/yr) recorded the strongest growth, followed by the NT (+1.4%/yr), WA (+1.3%/yr) and Qld (+1.1%/yr). In contrast, Tasmania (+0.2%/yr) and the ACT (+0.0%/yr) were considerably softer.

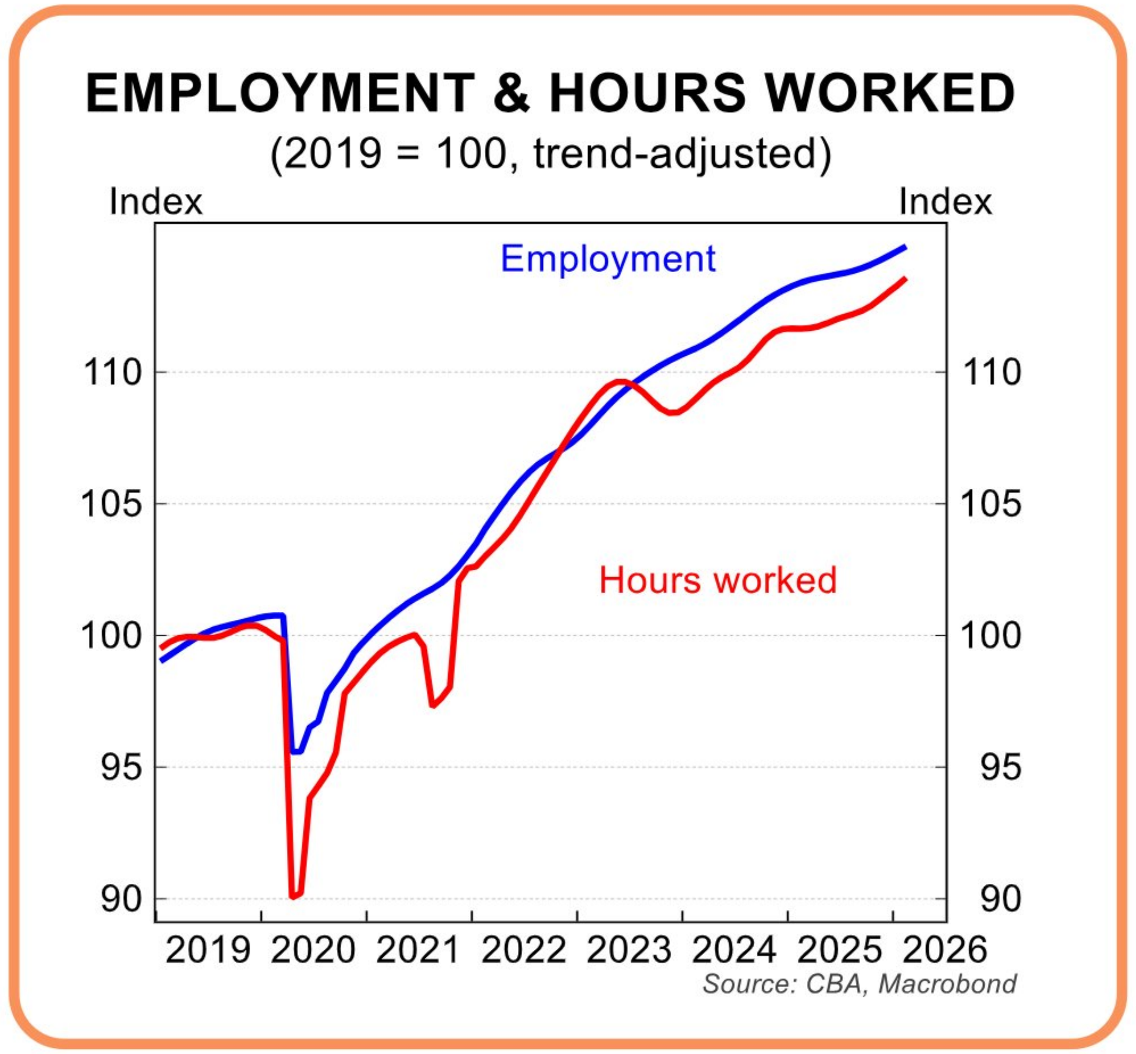
Participation rate rises in February

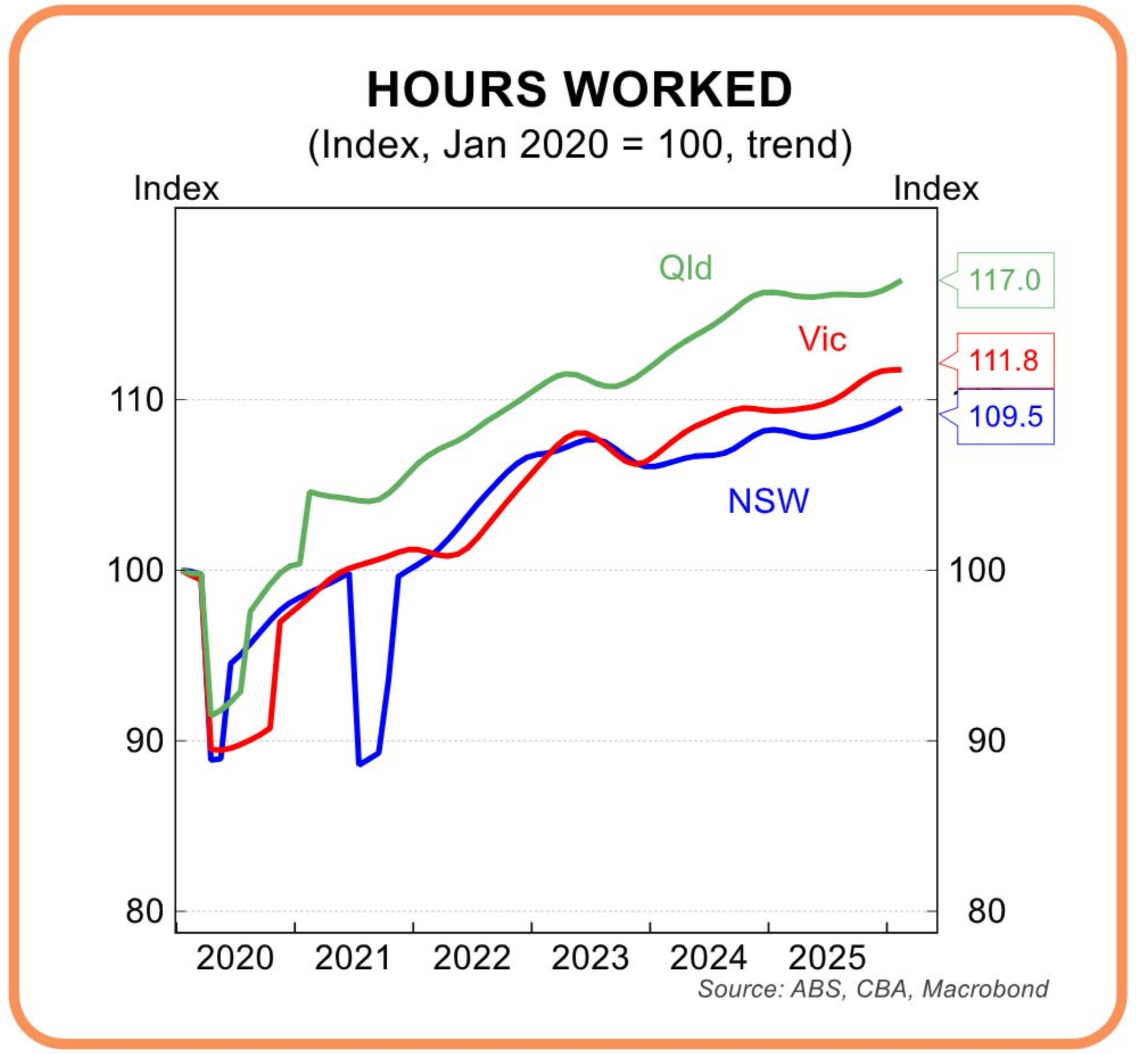


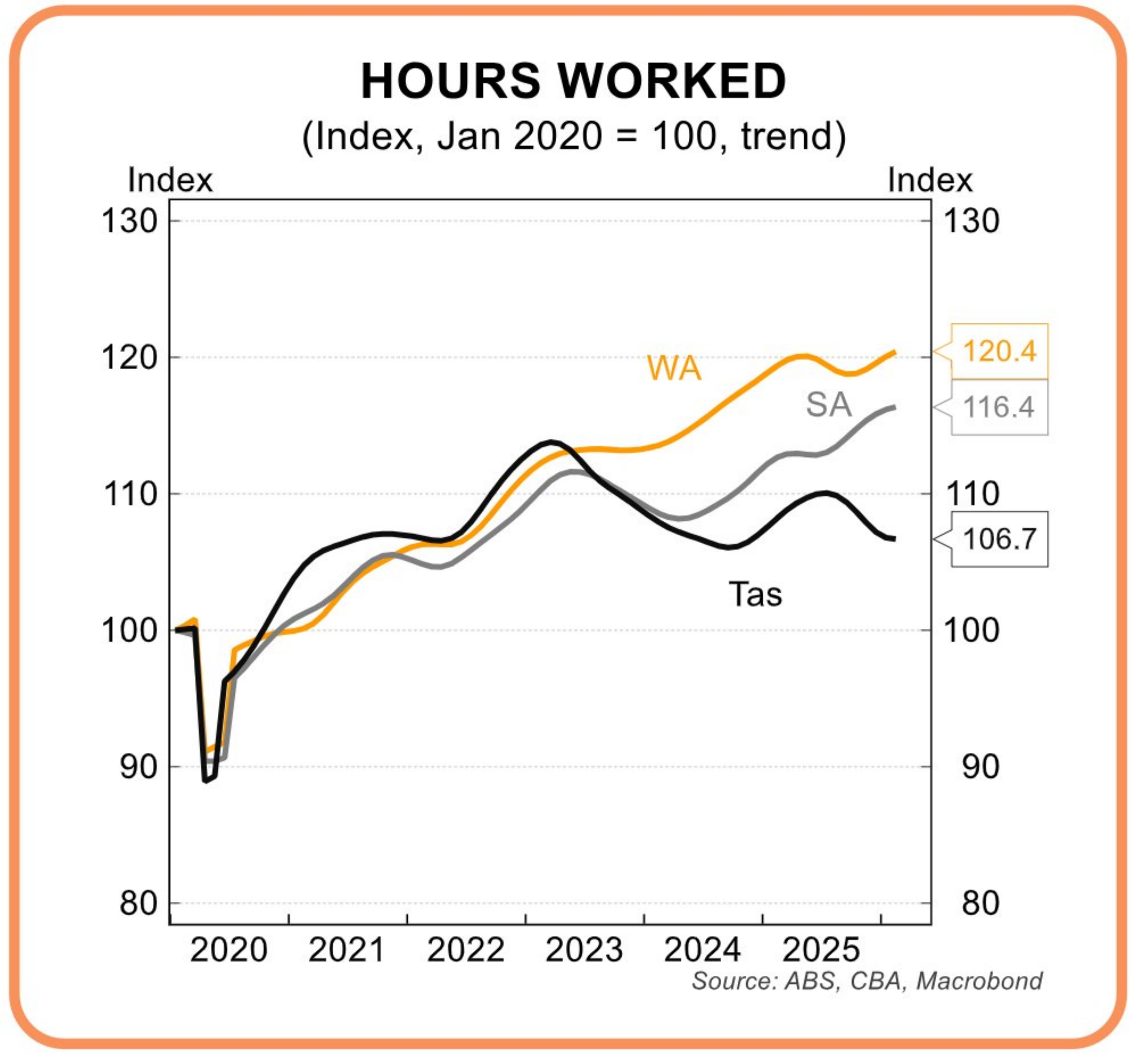


- The participation rate hit a record high of 67.2% in January 2025. Since then, the participation rate has eased to 66.9% in February 2026. That said, this was a tick up from 66.7% in January 2026.
- In trend terms, the NT and ACT have the highest participation rates in the nation at 73.2% and 71.5%, respectively. This is followed by WA, Vic and Qld at 68.6%, 67.7% and 66.9%, respectively. NSW and SA trail at 66.0% and 64.7% while Tas consistently records the lowest participation rate in the nation at 60.5% in February.
- Participation rates across the country declined in 2025. However, in February, WA, NSW, Qld and the NT saw participation lift. SA has witnessed a rapid increase in participation since June 2024, from 62.6% to 64.7%. In contrast, Vic and Tas have seen participation continue to trend lower.

Hours worked outpaces employment growth

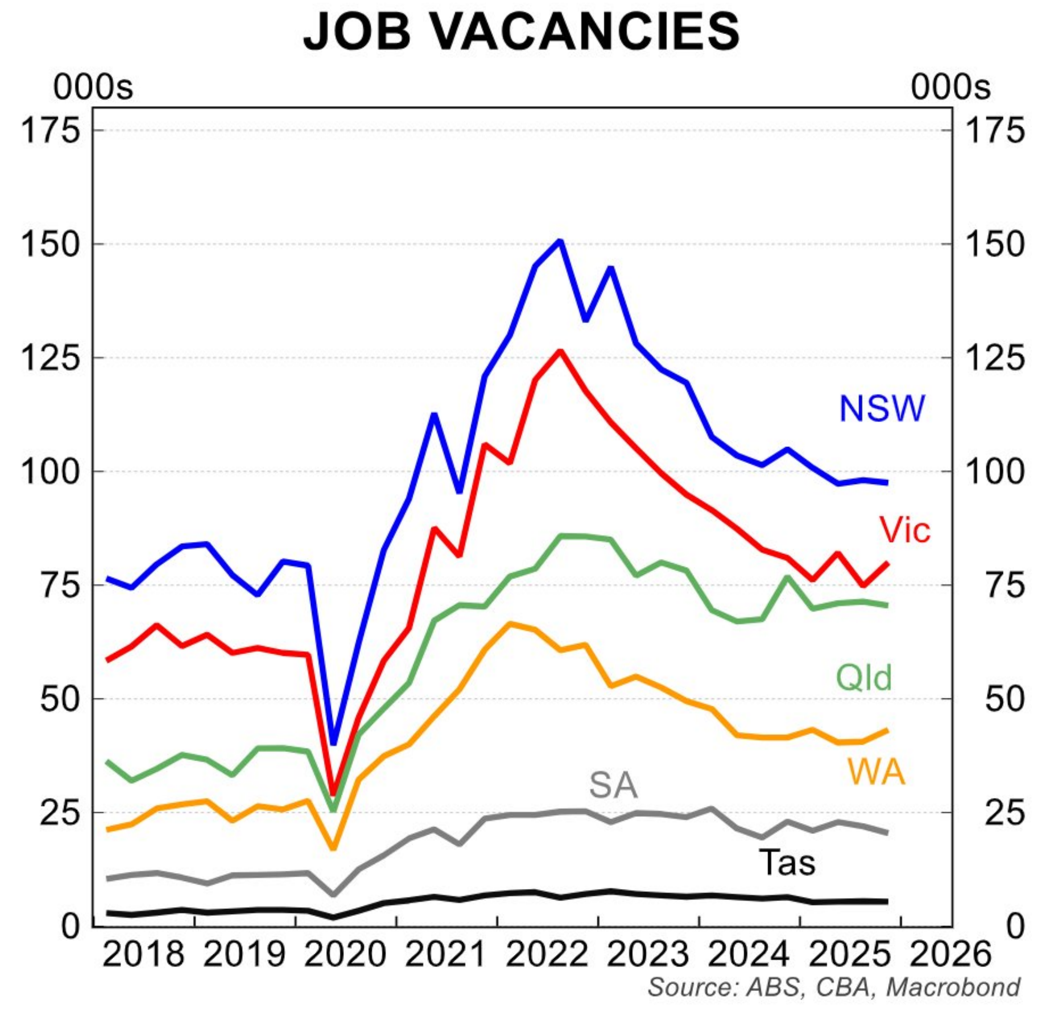


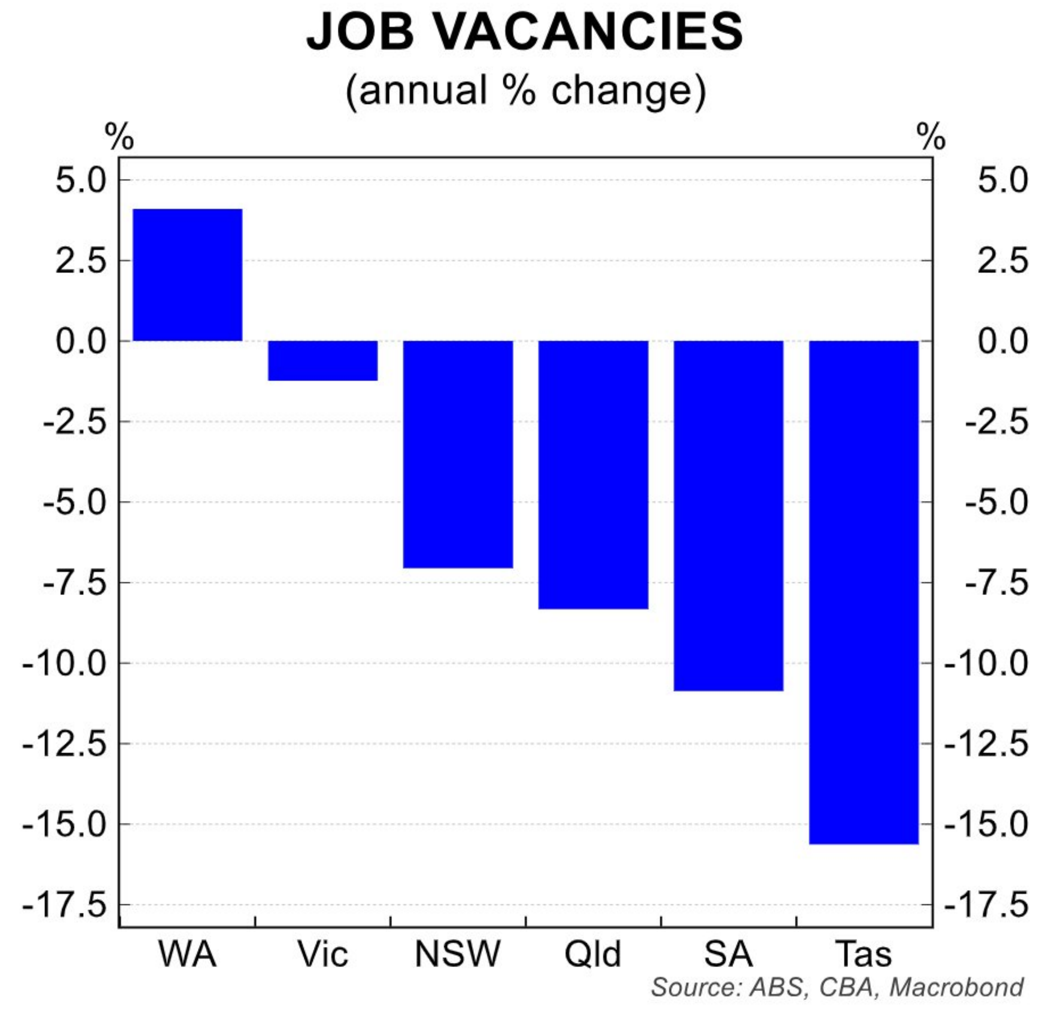




- Employment growth has continually outpaced hours worked. Some of this has been driven by employment in the non-market sector which traditionally has lower average hours worked. However, over the year to February, trend hours worked outpaced trend employment growth at 1.7% and 1.2% respectively.
- Since the pandemic, hours worked have increased the most in WA, Qld and SA. NSW has also seen hours worked consistently trend higher since May last year. By contrast, hours worked in Tasmania has declined since July after a solid lift in the first half of 2025.
- Trend underemployment held steady at 5.9% in February and remains low in historical standards. This suggests that part-time workers are happy with the hours they are being given.

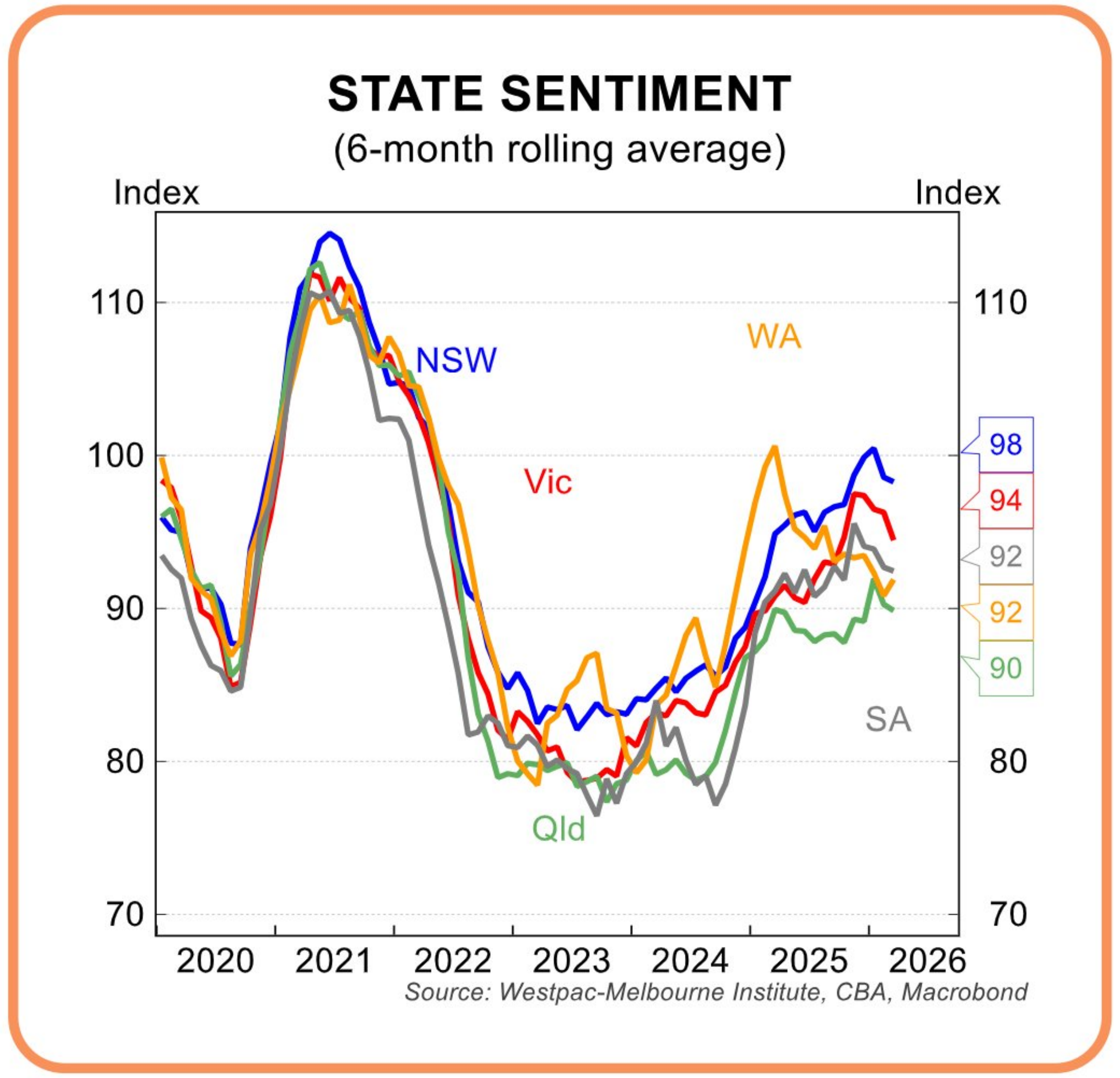
Labour Demand – Job vacancies fall in November

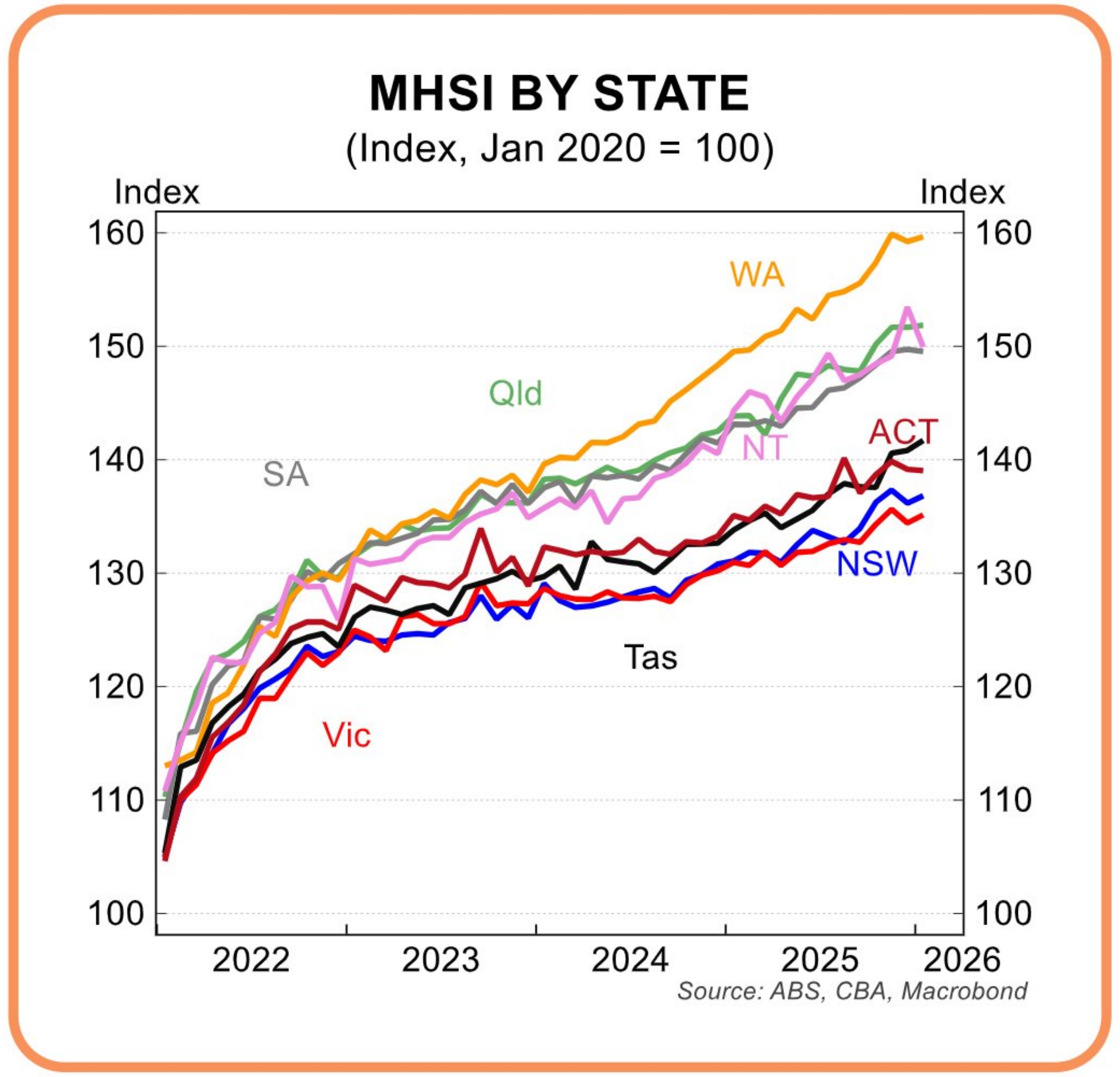




- Total job vacancies fell 0.2% to 326.7k in the three months to November 2025. This leaves vacancies 5.1% lower than a year ago. While the stock of vacancies is high compared to history, the slow grind lower points to a labour market that is gradually softening from previous extremely tight conditions.
- Job vacancies by state (in original terms) were mixed. Vic (+7.0%/qtr) and WA (+6.5%) recorded the strongest quarterly gains. SA (-6.6%), Qld (-1.2%) and NSW (-0.6%) saw vacancies fall.
- In annual terms, WA is the only state to see vacancies rise, up 4.1%/yr. Vic (-1.2%/yr), NSW (-7.1%/yr) and Qld (-8.3%/yr) saw the smallest annual declines while Tasmanian job vacancies are 15.6% lower through the year.
- Since pre-covid, NSW and Vic have eased the most whereas vacancies in Qld, SA and WA have remained much higher.

Consumer Sentiment & MHSI





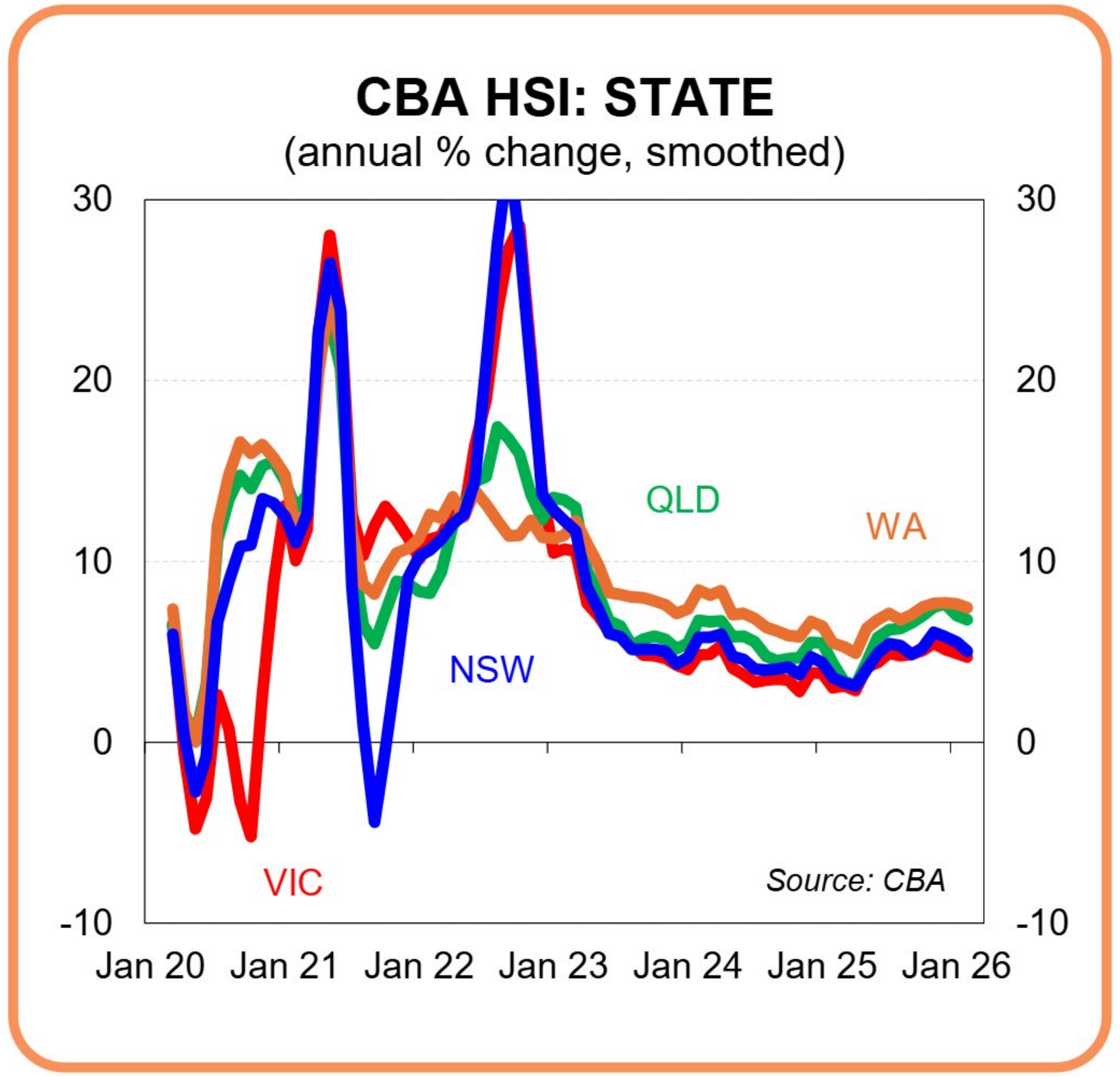
- The WBC-MI consumer sentiment index edged up 1.2% in March. This followed a relatively muted response to the RBA's 25bp rate hike in February where sentiment dipped 2.6% over the month. However, daily responses over the March survey pointed to a material weakening over the course of the survey week, likely reflecting growing concerns about the conflict in the Middle East. We expect the conflict to continue for months not weeks. This will weigh on sentiment.

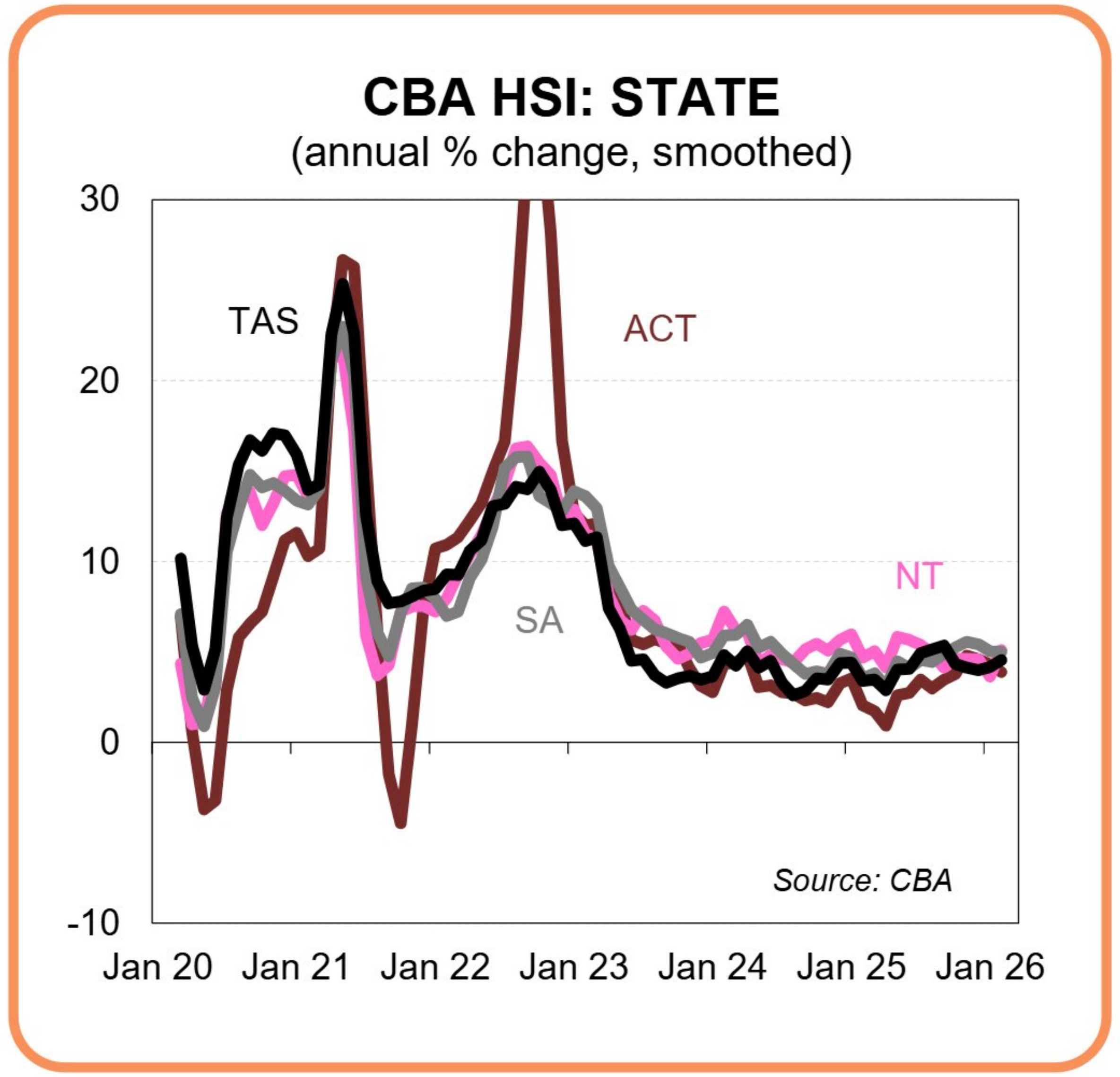
- On a 6-month rolling average basis, most states recorded a decline in sentiment in March. Vic (-8.3%/mth) and Tasmania (-4.5%/mth) recorded the largest contractions. By contrast, Qld and NSW were the exceptions, sentiment lifting 9.1%/mth and 7.0%/mth respectively.

- The ABS MHSI increased by 0.3% in January in nominal terms, partially retracing a 0.5% decrease in December. Over the year, the indicator is 4.6% higher. Combined with weaker-than-expected household spending growth in the National Accounts and annual inflation of 3.8%, this suggests momentum in the household sector was slightly softer than expected.

- By state, WA continues to outperform, spending lifting 6.8% through the year to January. Tas (+5.9%/yr) and QLD (+5.6%/yr) also recorded solid gains, while spending in Vic (+3.2%/yr) and ACT (+2.9%/yr) has lagged. SA (+4.5%/yr) and NSW (+4.4%/yr) tracked in the middle of the pack.

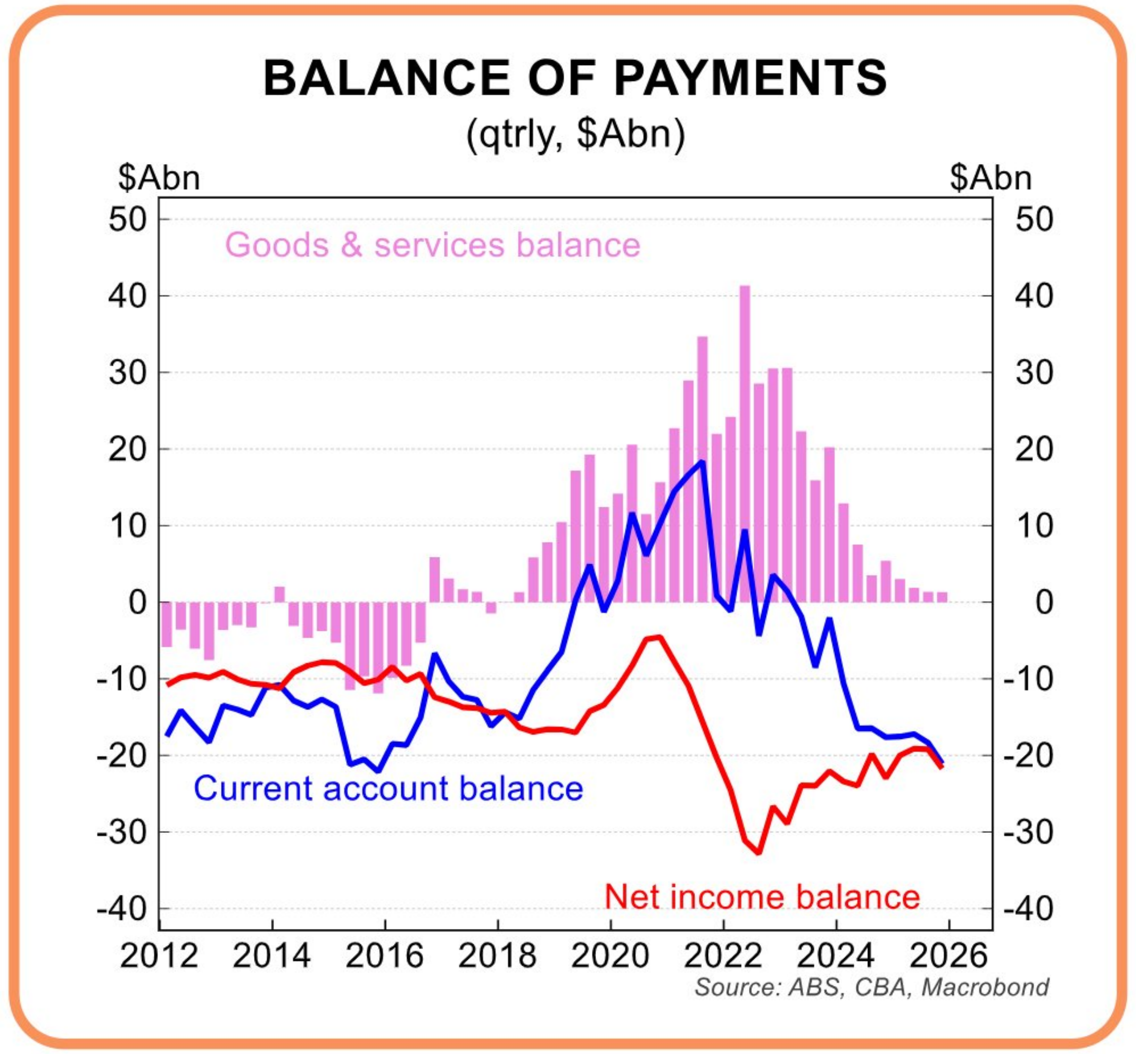
CommBank Household Spending Insights

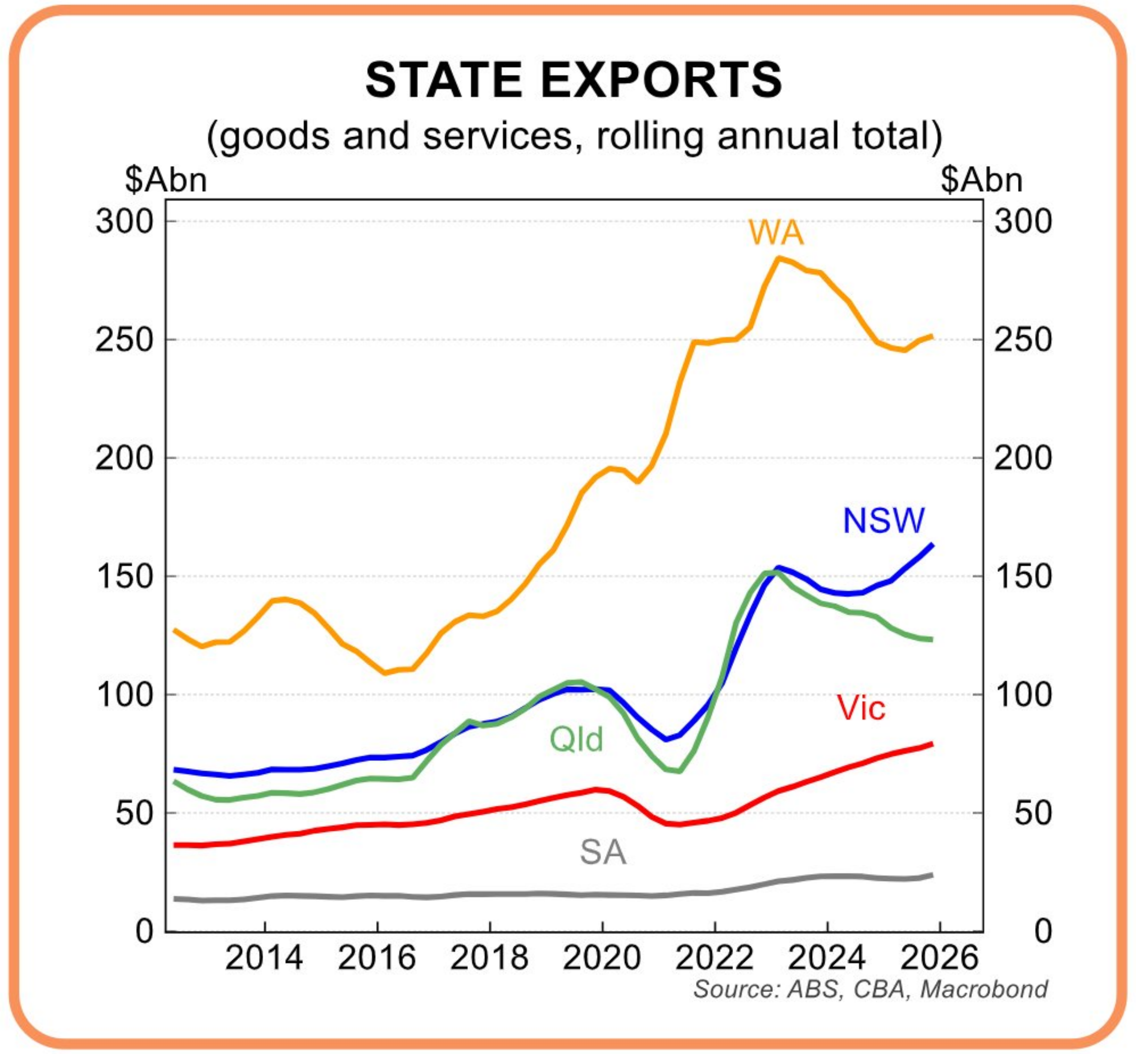


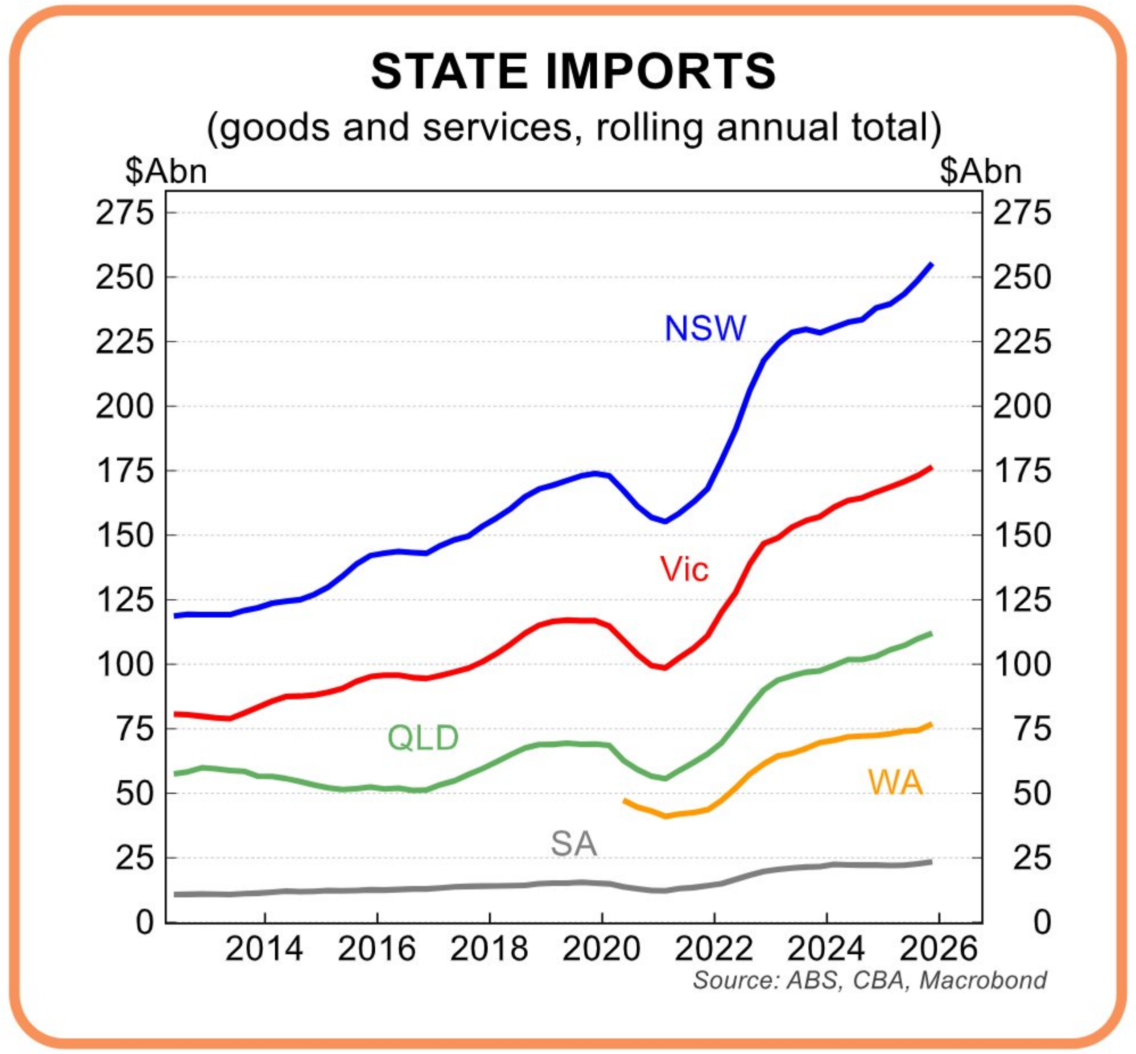


- The CommBank Household Spending Insights index recorded its first fall since September 2024 in February, down 0.5%/mth to be 4.9% higher through the year. Spending had been remarkably resilient over the last 12 months, buoyed by a sharp lift in real household disposable income and an increased marginal propensity to consume. The pull back in spending in February did coincide with the RBA decision to lift the cash rate by 25bp. We judge it is too early to tell if this was coincidence or the start of a slowing trend in household consumption growth. Weekly CBA credit & debit card spend has rebounded.
- Over the year to February, the strongest judication for household spending was Qld, up 6.8%/yr (3 month smoothed). This was followed by WA (+7.5%/yr), the NT (+5.1%/yr) and NSW (+5.0%/yr). By contrast, Tas (+4.5%/yr) and the ACT (+3.9%/yr) continued to record the weakest annual spending growth in the nation in smoothed terms.

Exports and imports in Q4

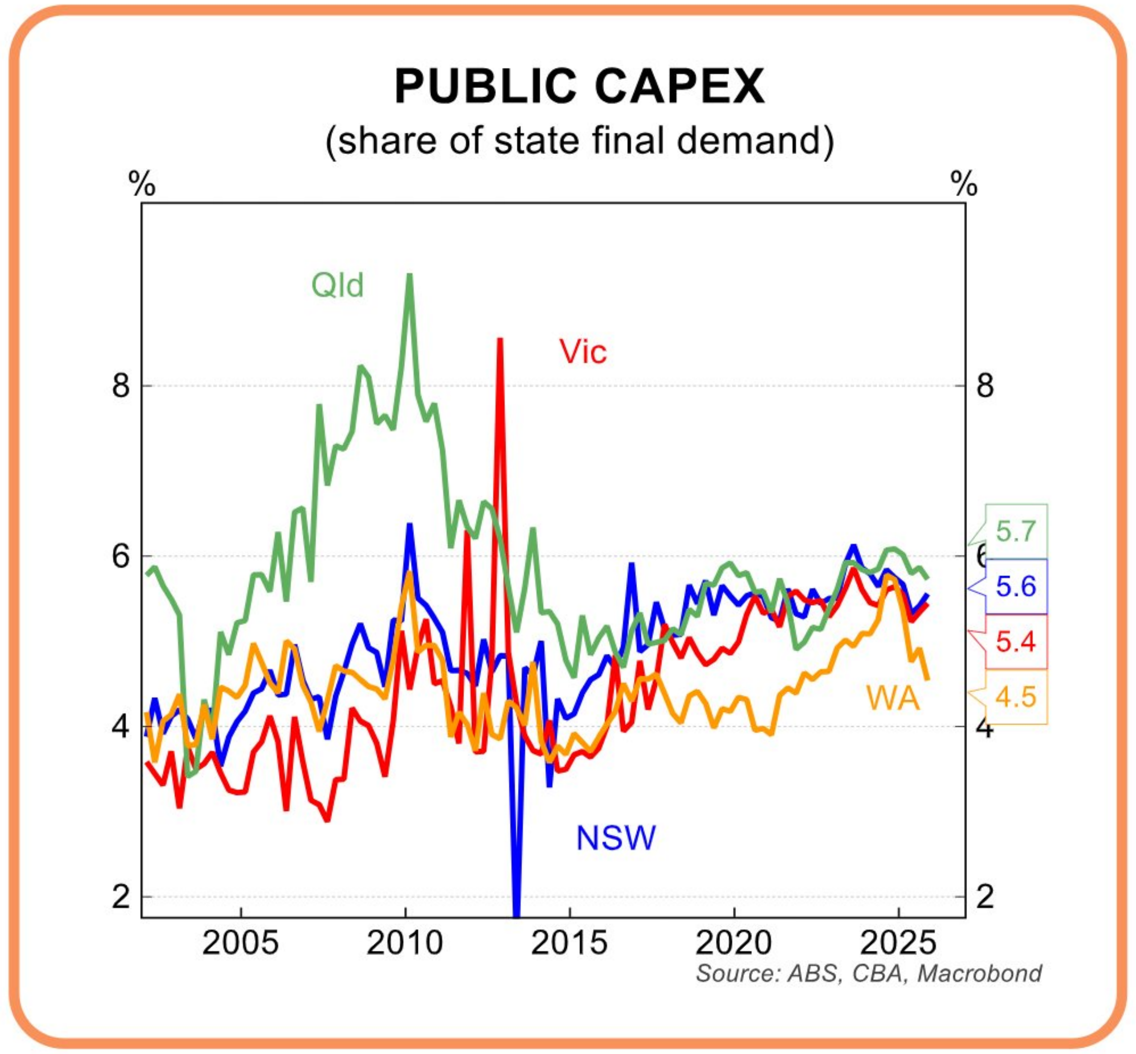


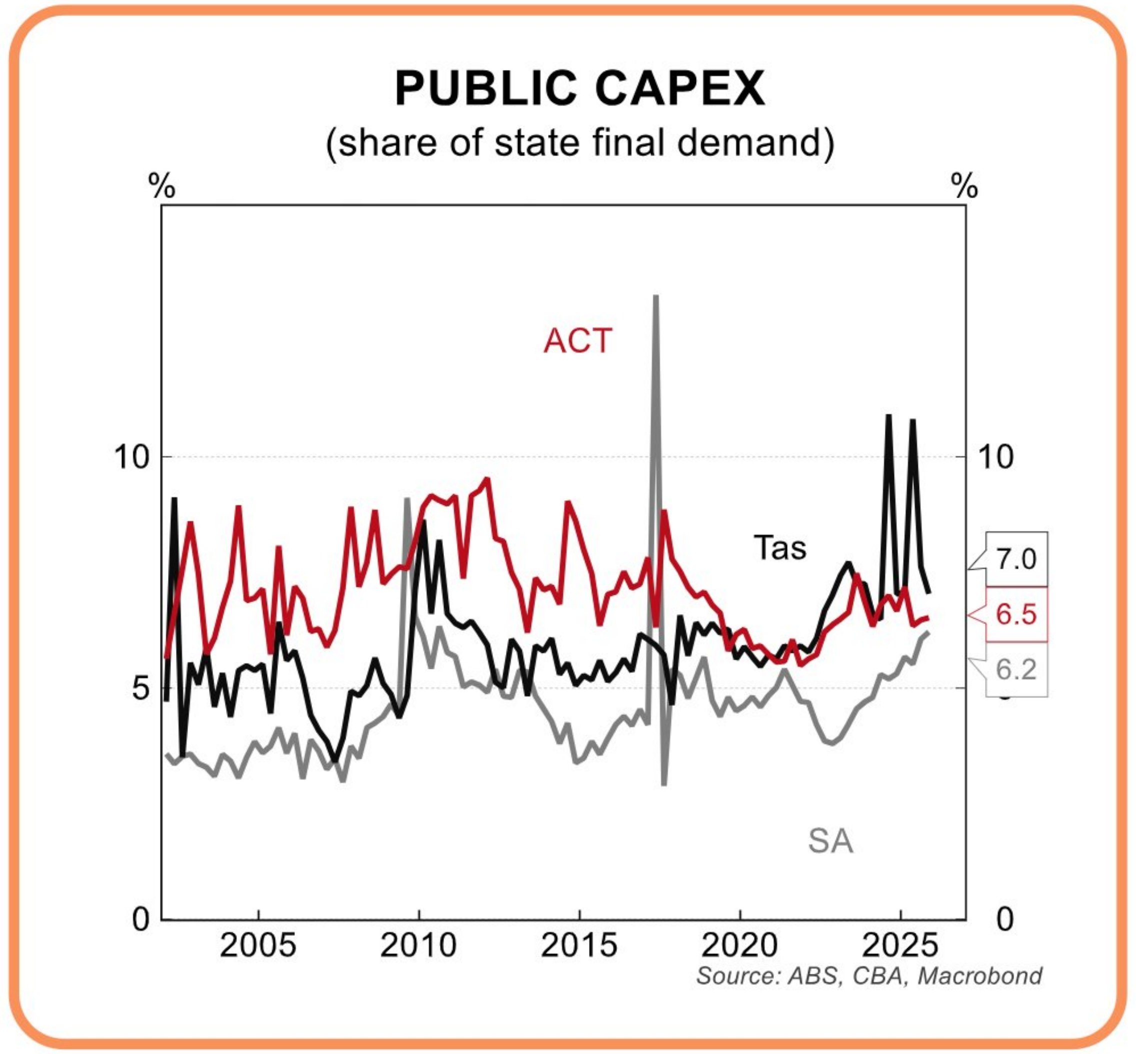


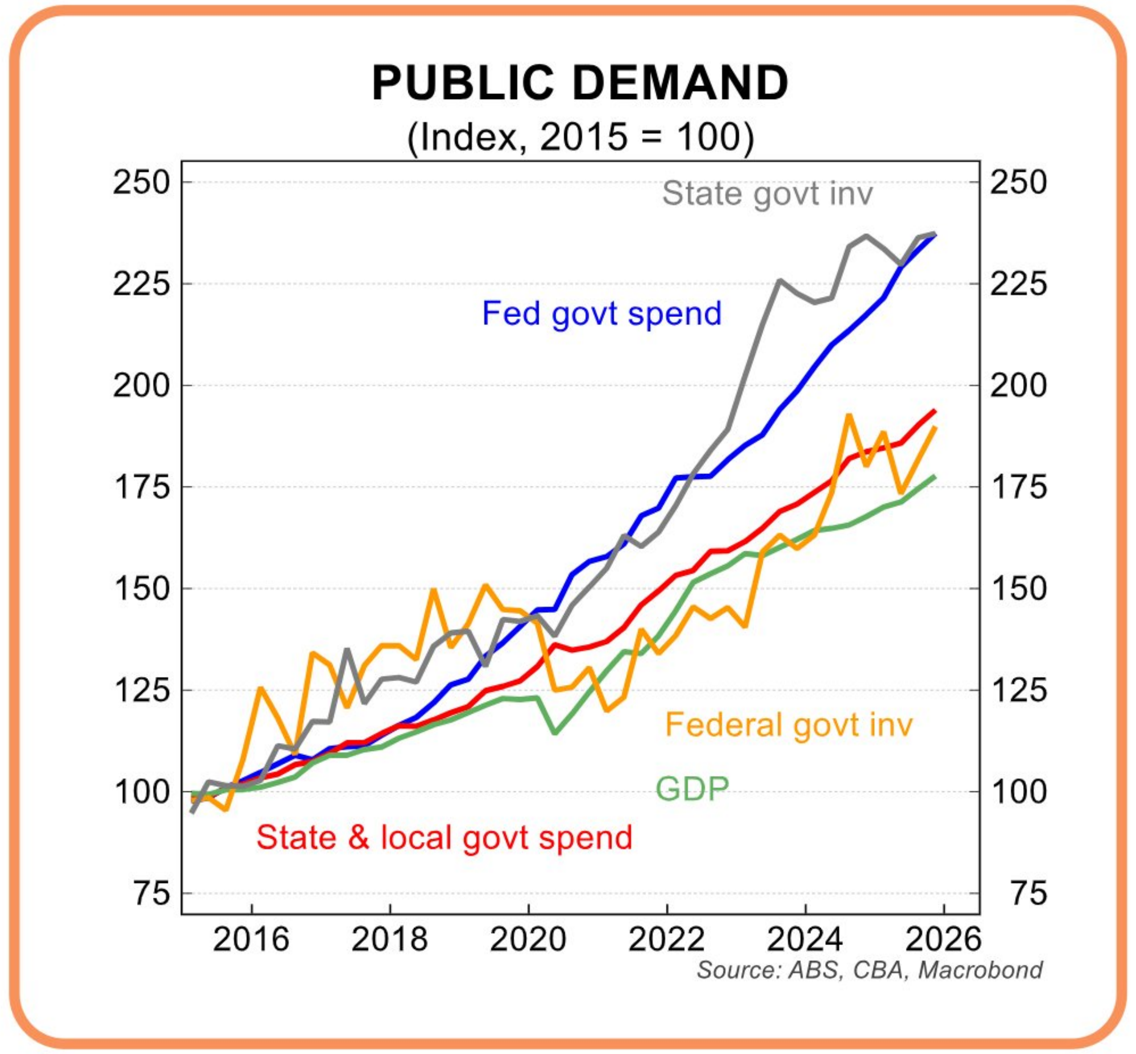


- Australia has recorded a current account deficit for 11 consecutive quarters after moving into surplus during 2019-mid 2022. In Q4 25, the current account deficit widened by $2.7bn to $21.2bn. The deficit has now been widening for two quarters, driven by declines in both the trade balance and the net income balance. The trade surplus narrowed slightly to $1.3bn. The net income deficit widened to $21.7bn.
- By state on a rolling annual basis, export values have increased the most in NSW (+12.1%/yr) and Victoria (+8.4%/yr). SA (+6.1%/yr) and WA (+1.1%/yr) recorded more modest growth while Queensland declined (-7.2%/yr).
- NSW import values far exceed other states and continued to edge higher in Q4 25, up 7.3%/yr. A quarterly rise was also evident in every other state. Qld (+8.7%/yr) was particularly strong, while SA (+5.6%/yr) was softer.

Public investment remains strong





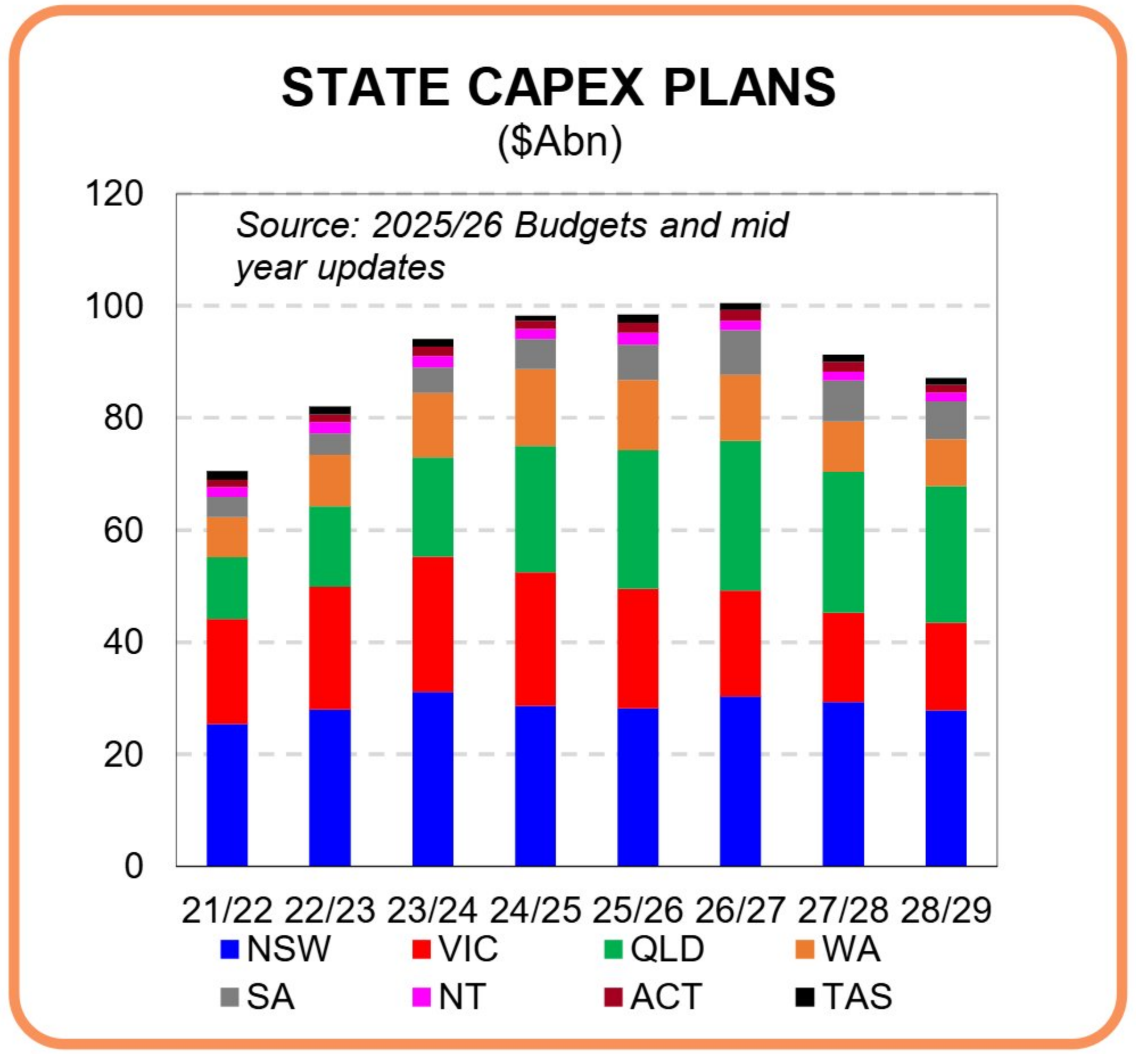


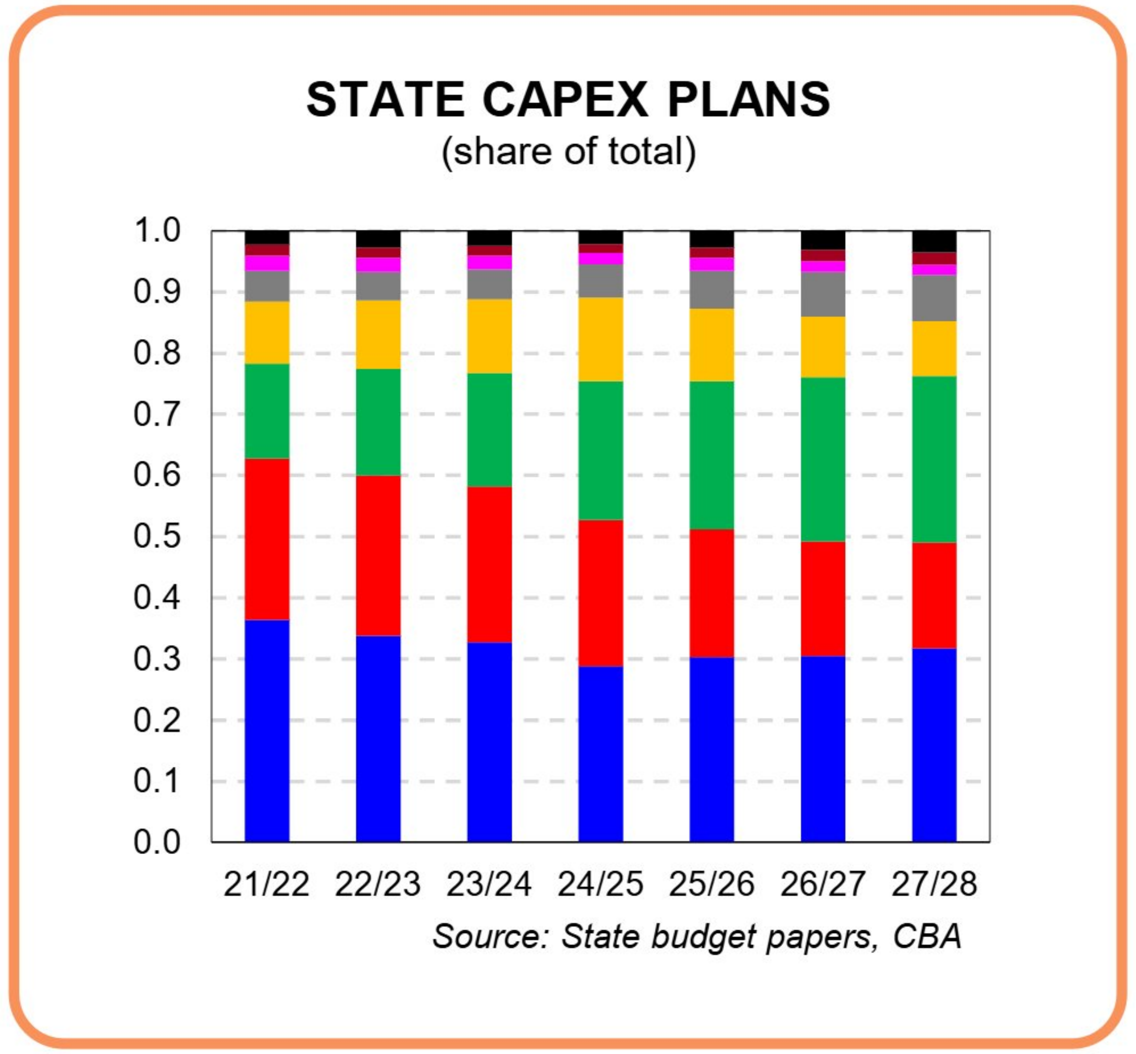
- Public demand was firm in the December quarter, rising by 0.9%/qtr and 2.4%/yr. The second half of the year was much stronger than the first, mostly due to a turn around in public investment. The quarterly run rate for public investment in 2025 was -1.0%, -3.7%, +3.0% and +0.9% in chronological order. In Q4, public investment was driven by transport infrastructure from state and local governments and defence investment from the commonwealth.

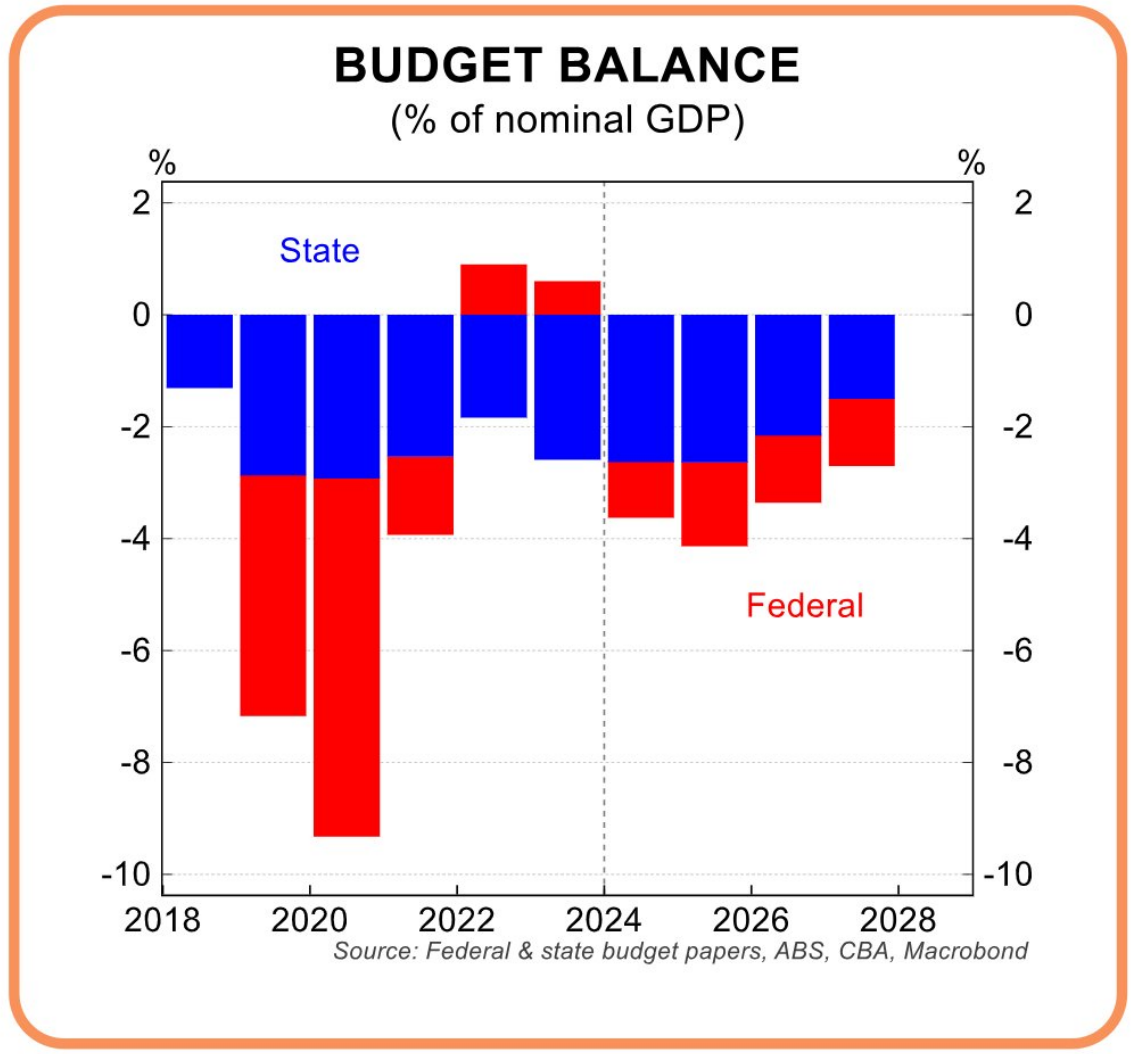
- Public consumption continued to rise strongly, up by 0.9%/qtr (+3.8%/yr) with commonwealth defence spending especially strong in 2025 (+2.0%/qtr, 9.2%/yr). Pressure on Commonwealth services remains in areas of health, disability and aged care. Non-defence Commonwealth consumption was 0.6% higher in the quarter and 3.8% higher through the year.

- Public capex as a share of state final demand remained highest in Tas at 7.0%. The ACT (6.5%), SA (6.2%) and Qld (5.7%) recorded the next largest shares. NSW (5.6%) and Vic (5.4%) were slightly smaller while WA has seen a considerable easing in public capex as a share of state final demand from 5.8% in Q3 24 to 4.5% in Q4 25.

Public investment remains strong

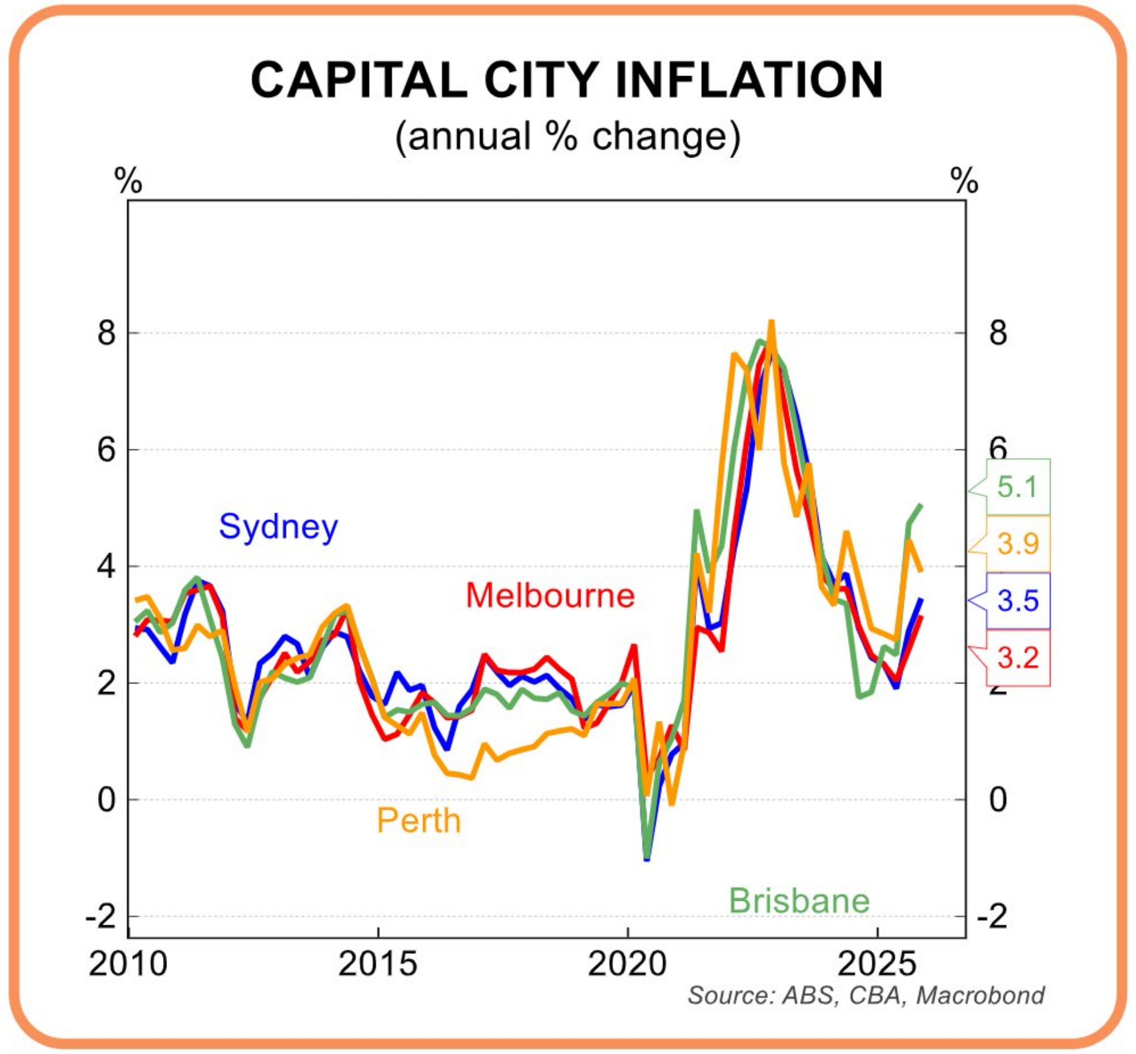


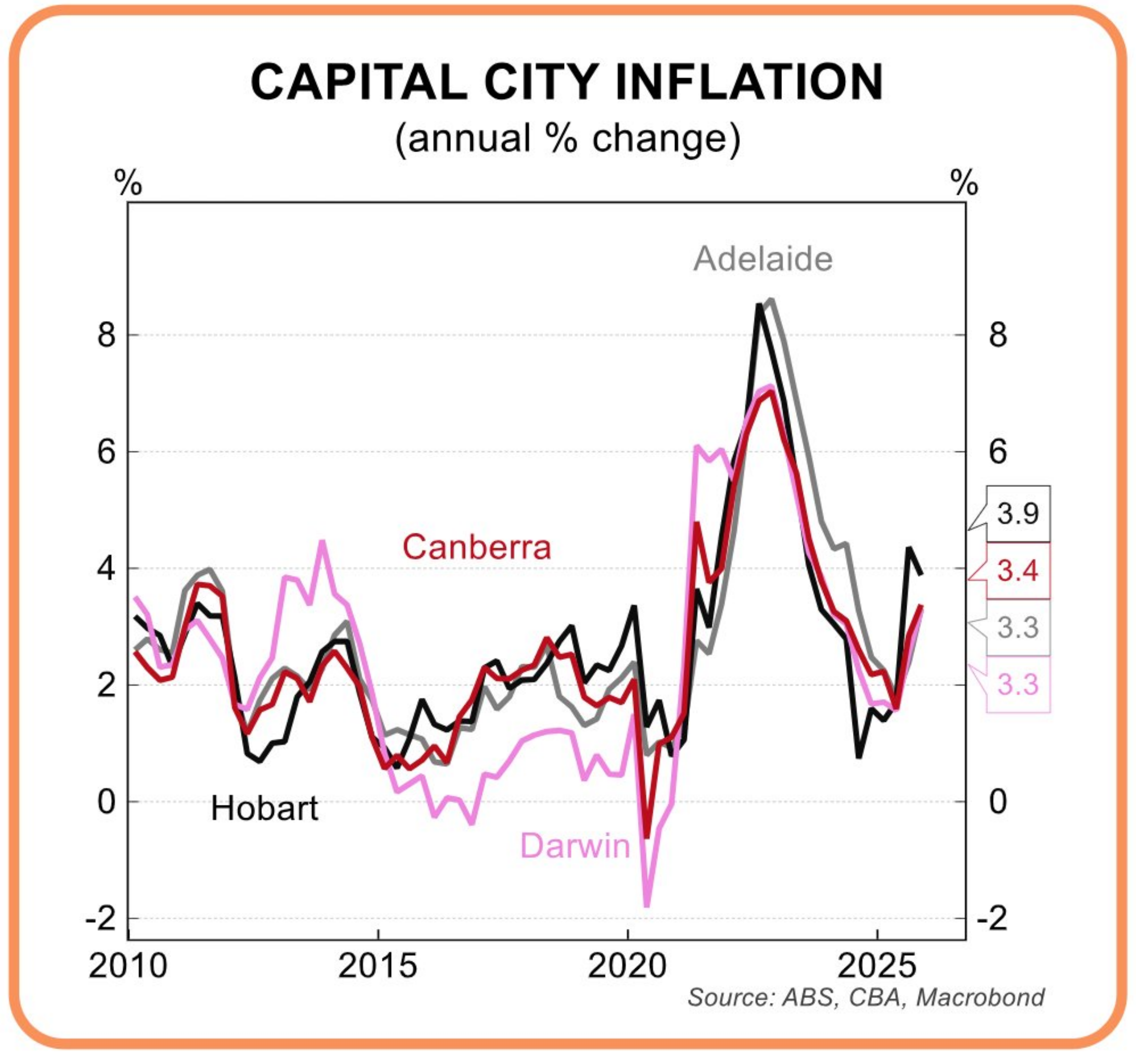


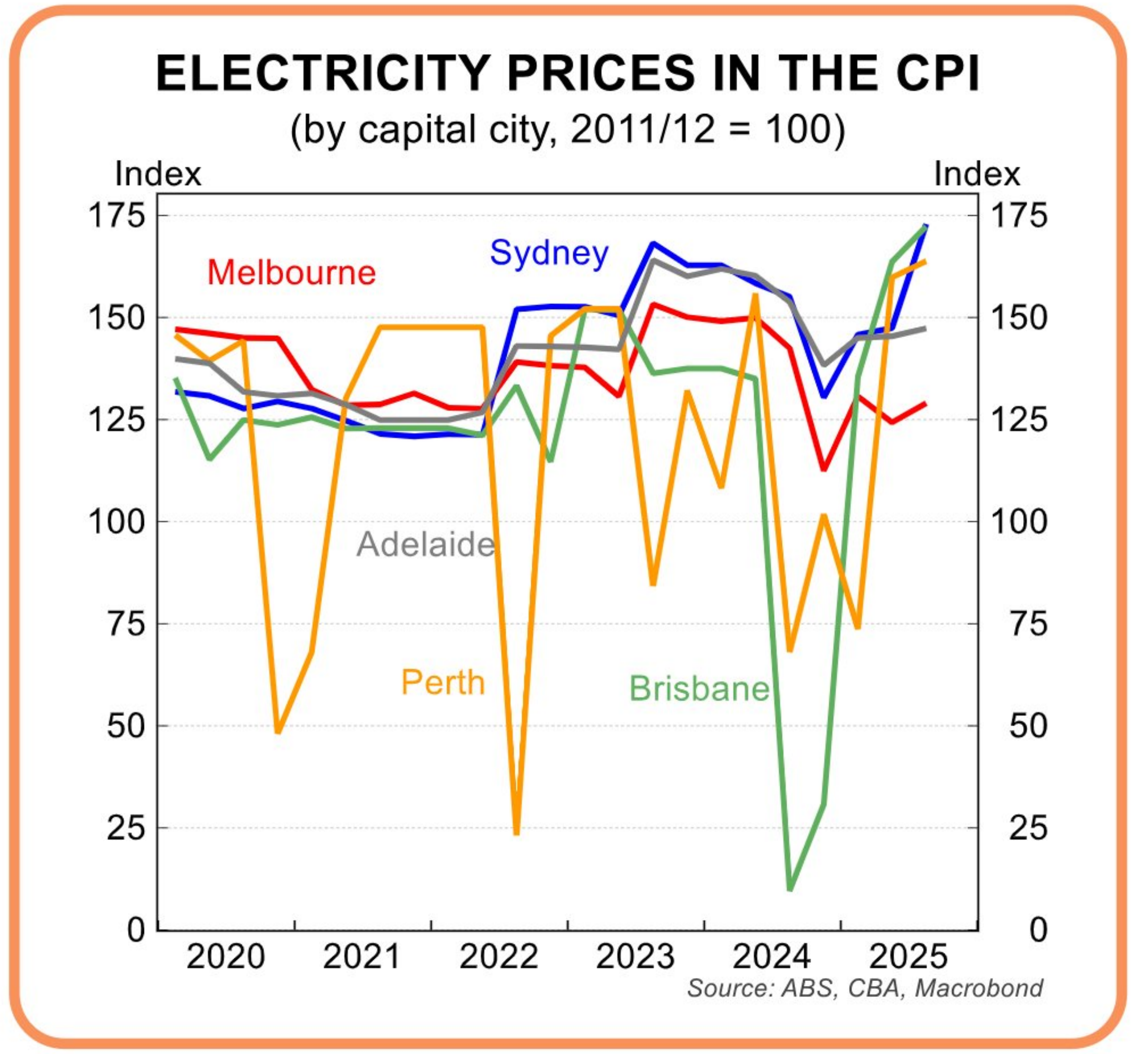


- Victoria's 2025/26 Budget Update showed infrastructure investment is moderating as the pipeline normalises. Infrastructure investment is expected to total $21.5bn in 2025/26, broadly unchanged from the Budget, before declining over the forward estimates to $15.6bn in 2028/29.
- Qld's Mid Year Fiscal and Economic Review showed the state's infrastructure pipeline remains large over the forward estimates, underpinned by ongoing demand for infrastructure linked to strong population growth and the 2032 Olympics. Infrastructure spending will equate to $116.8bn over the next four years, including $4.7bn allocated to developing venues for the 2032 Olympics.
- NSW's Half Yearly Review indicated the state's infrastructure program is projected to be $28.2bn in 2025/26, the largest on record. The update also pointed to a $111.5bn pipeline over the four years to 2028/29.
- WA's 2025/26 Mid Year Review highlighted that infrastructure investment remains strong and has been revised higher. Asset Investment Program spending over the next four years was lifted from $3.8bn in the 2025/26 Budget to $41.8bn, to support the Building Hospitals Fund, the delivery of decarbonisation projects and the completion of major transport initiatives.

Inflation persists in Q4

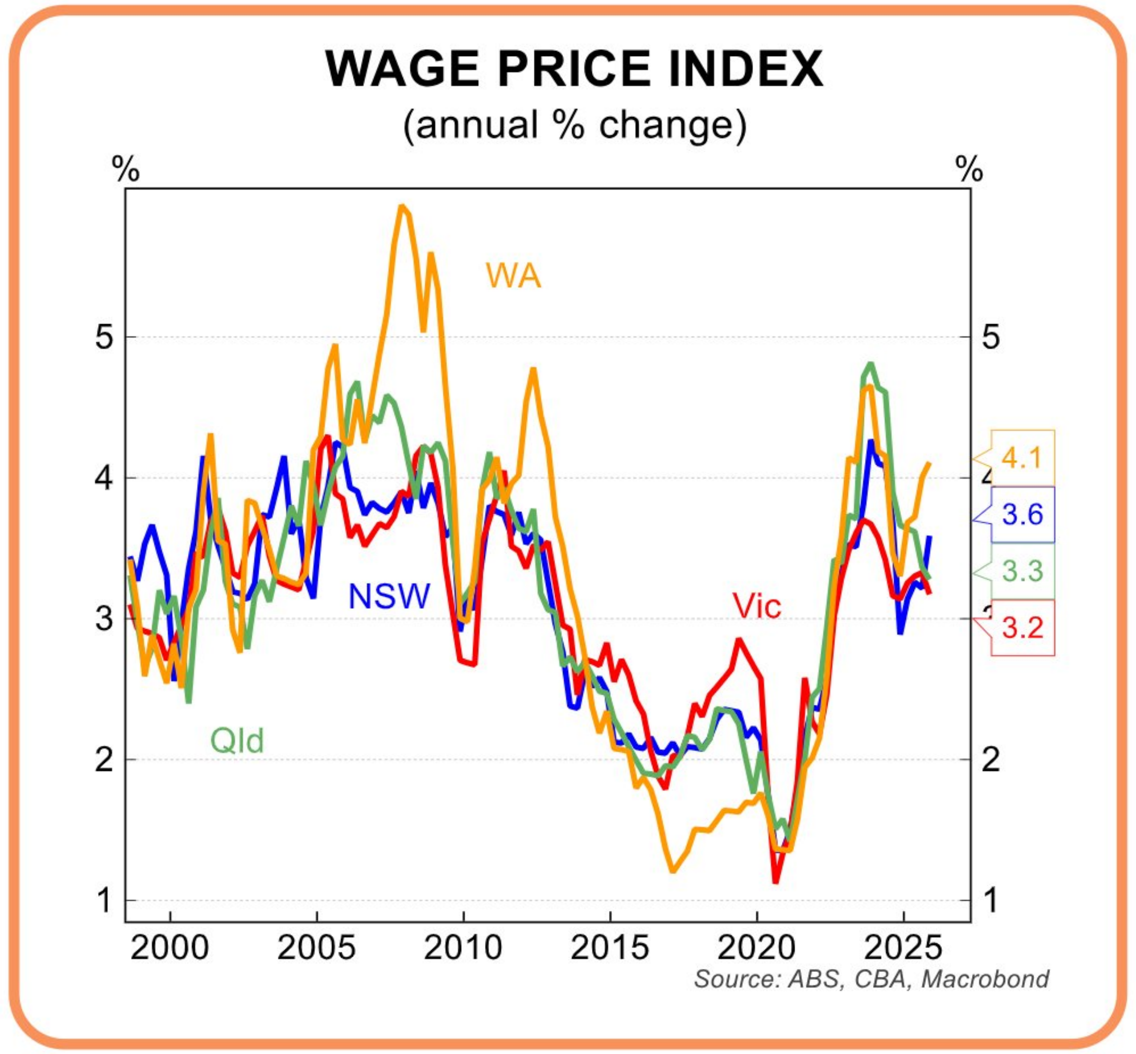


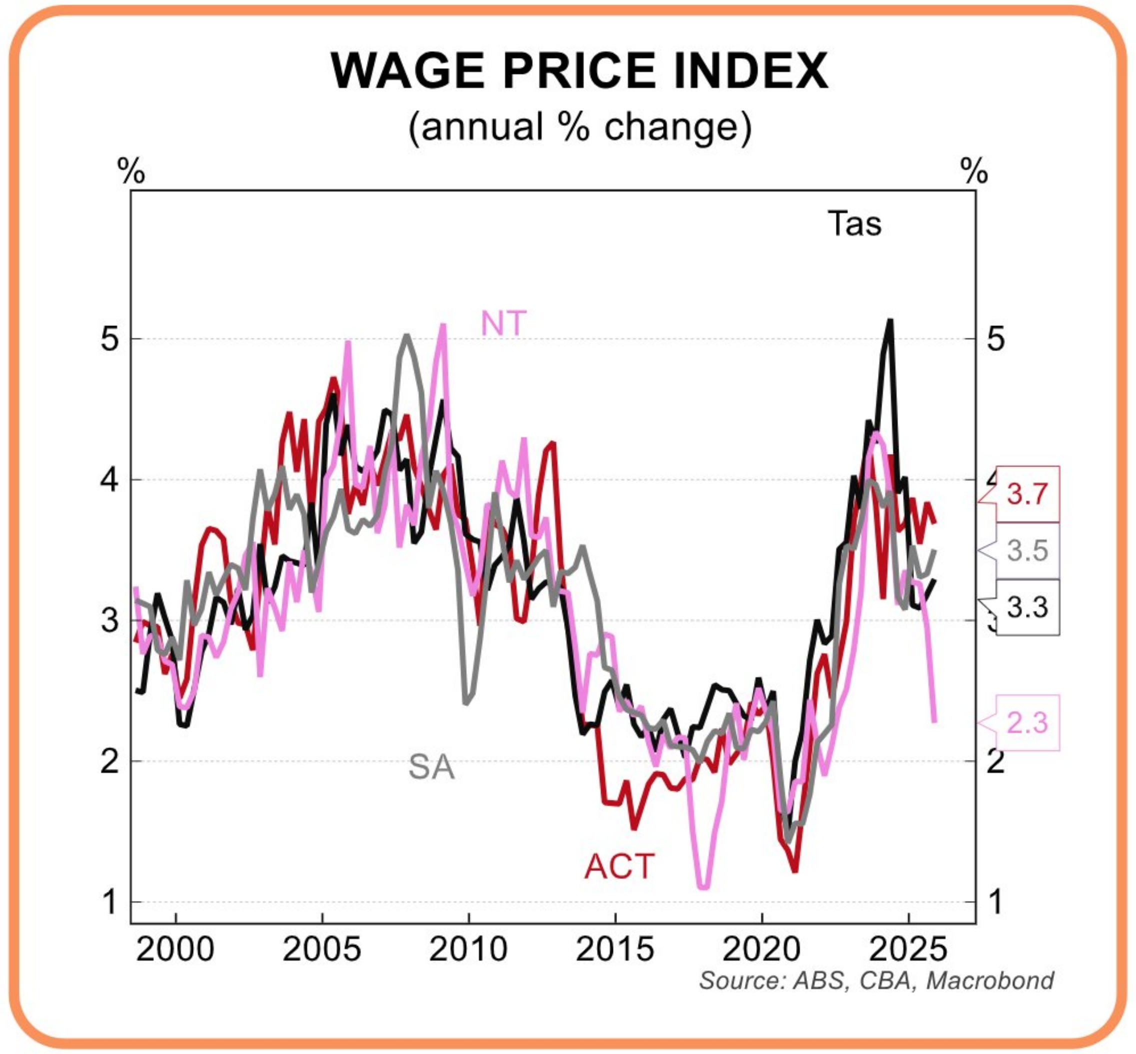


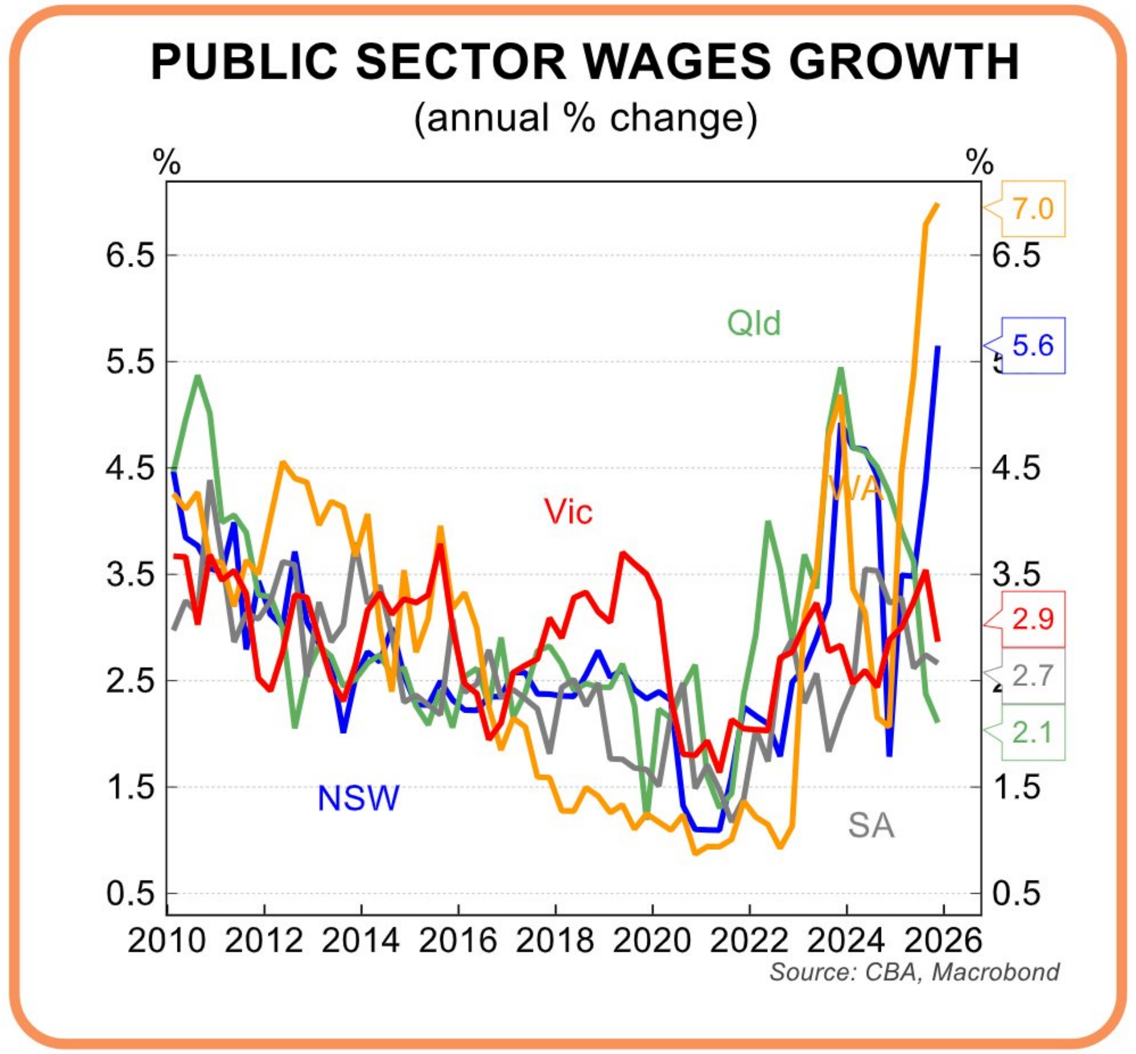


- Quarterly headline inflation eased to 0.8%/qtr in Q4 25 from 1.3%/qtr in Q3 25. The policy relevant trimmed mean measure increased by a firm 0.9%/qtr, with its annual rate rising to 3.4%/yr.
- In Q4 25, Hobart recorded the largest quarterly rise in inflation up 1.1%/qtr, driven by an 8.3% lift in alcohol & tobacco. This was followed by Brisbane (+0.9%/qtr), Adelaide (+0.8%/qtr) and Melbourne (+0.7%/qtr). Notably Brisbane recorded a 12.3% lift in housing inflation. By contrast, prices rise in Perth (+0.2%/qtr) and Sydney (+0.5%/qtr) were softer.
- Through the year, Brisbane recorded the strongest pace of inflation, up 5.1%. This was followed by Perth and Hobart, both 3.9%/yr. The remainder of the states recorded growth below the weighted average rate (+3.8%/yr). Melbourne prices increased at the slowest rate annually at 3.2%.

Wages growth holds steady in Q4







- Wages growth as measured by the Wage Price Index was broadly steady in Q4 25, rising by 0.8%/qtr and 3.4%/yr. Wage gains continued to be underpinned by strong growth in the public sector which increased by 4.0% through the year, compared to 3.4% in the private sector. There are signs from both our internal and the official data that the labour market may be stabilising after a period of gradual loosening, though at a level that remains a little tighter than full employment.

- By state and in through the year terms, WA led the gains up 4.1%/yr. This was followed by the ACT (+3.7%/yr), NSW (+3.6%/yr) and SA (+3.5%/yr). By contrast, Tasmania (+3.3%/yr), Victoria (+3.2%/yr) and the NT (2.3%/yr) were softer.

CommBank Wage and Labour Insights

WA continues to outperform

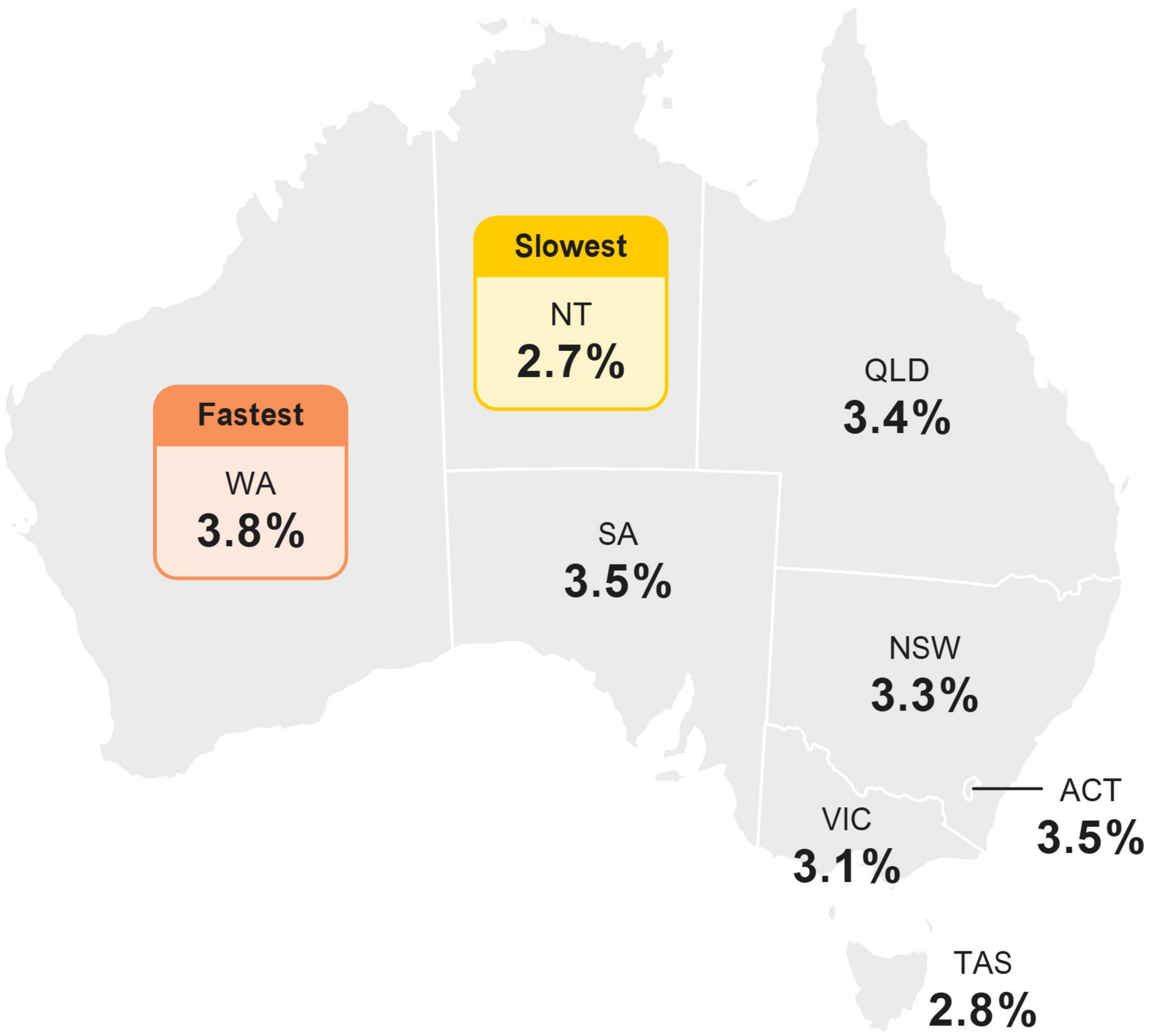
Annual wages growth was mixed in February. WA remains the standout, with wages up 3.8% through the year, though this was down from 4.2% in January.

The Northern Territory remains the weakest jurisdiction at 2.7% but did rise from 2.6% in January.

Wages growth in the two largest states, NSW and Vic were both steady in February at 3.3% and 3.1%, respectively. The ACT remained at 3.5% in the month.

Qld and SA both saw wages growth pick up in February, with annual growth sitting at 3.4 and 3.5%, respectively.

Wages growth has eased noticeably in Tasmania so far in 2026, down to 2.8% in February compared to 3.6% in November.



State Structure

State Composition

% of State GSP, 2024-25

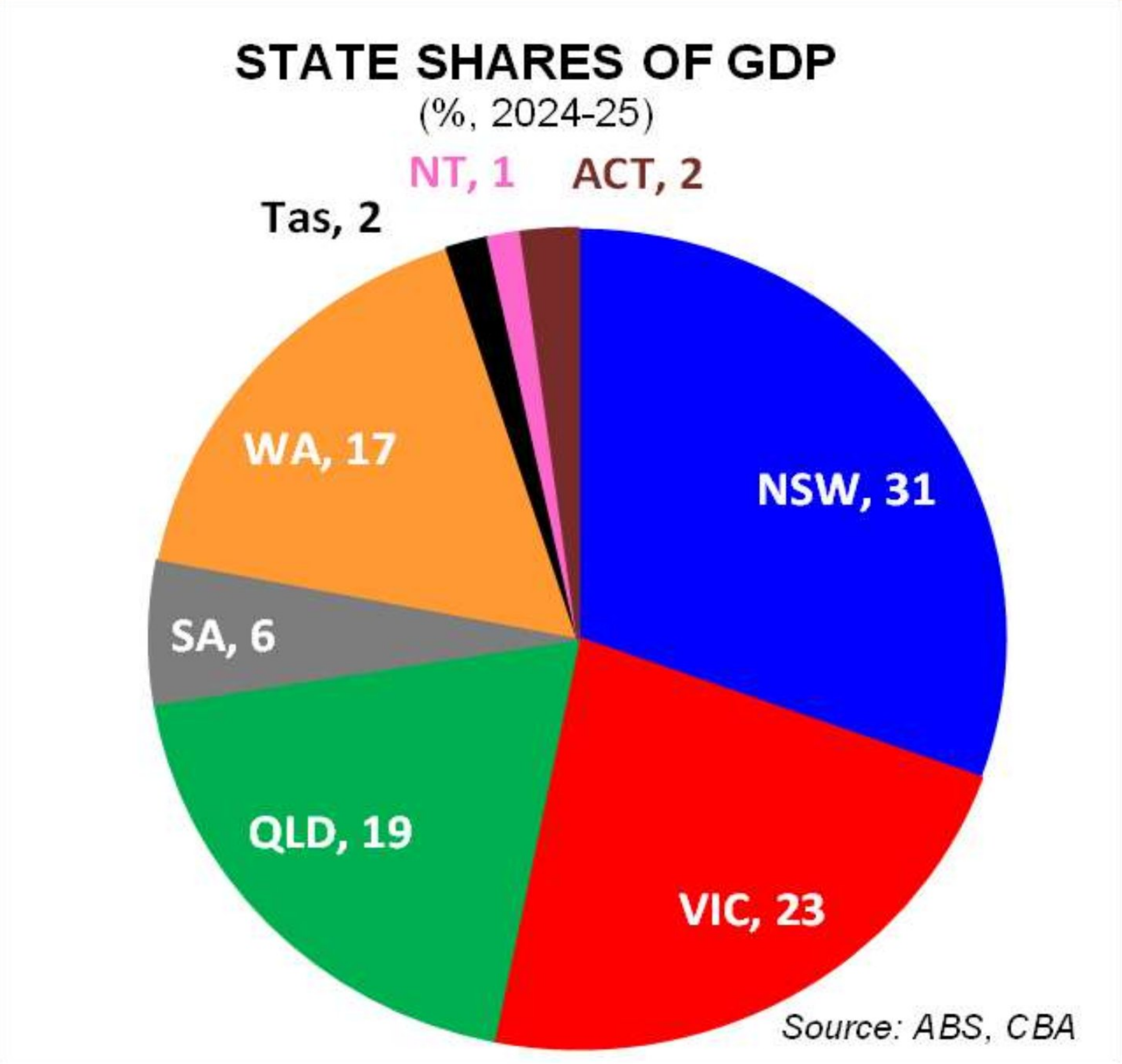
	NSW	Vic	QLD	SA	WA	Tas	NT	ACT	AUS
Agriculture	2	2	3	4	2	9	5	0	2
Mining	3	1	12	4	46	4	28	0	13
Manufacturing	6	7	6	7	5	6	2	1	6
Construction	8	9	9	9	6	8	7	6	8
Retail and Wholesale Trade	10	12	9	11	6	8	6	5	10
Utilities	2	3	3	4	2	4	2	2	3
Transport & Storage	6	6	6	4	3	5	5	2	5
Other Services	61	60	50	56	30	56	45	84	53

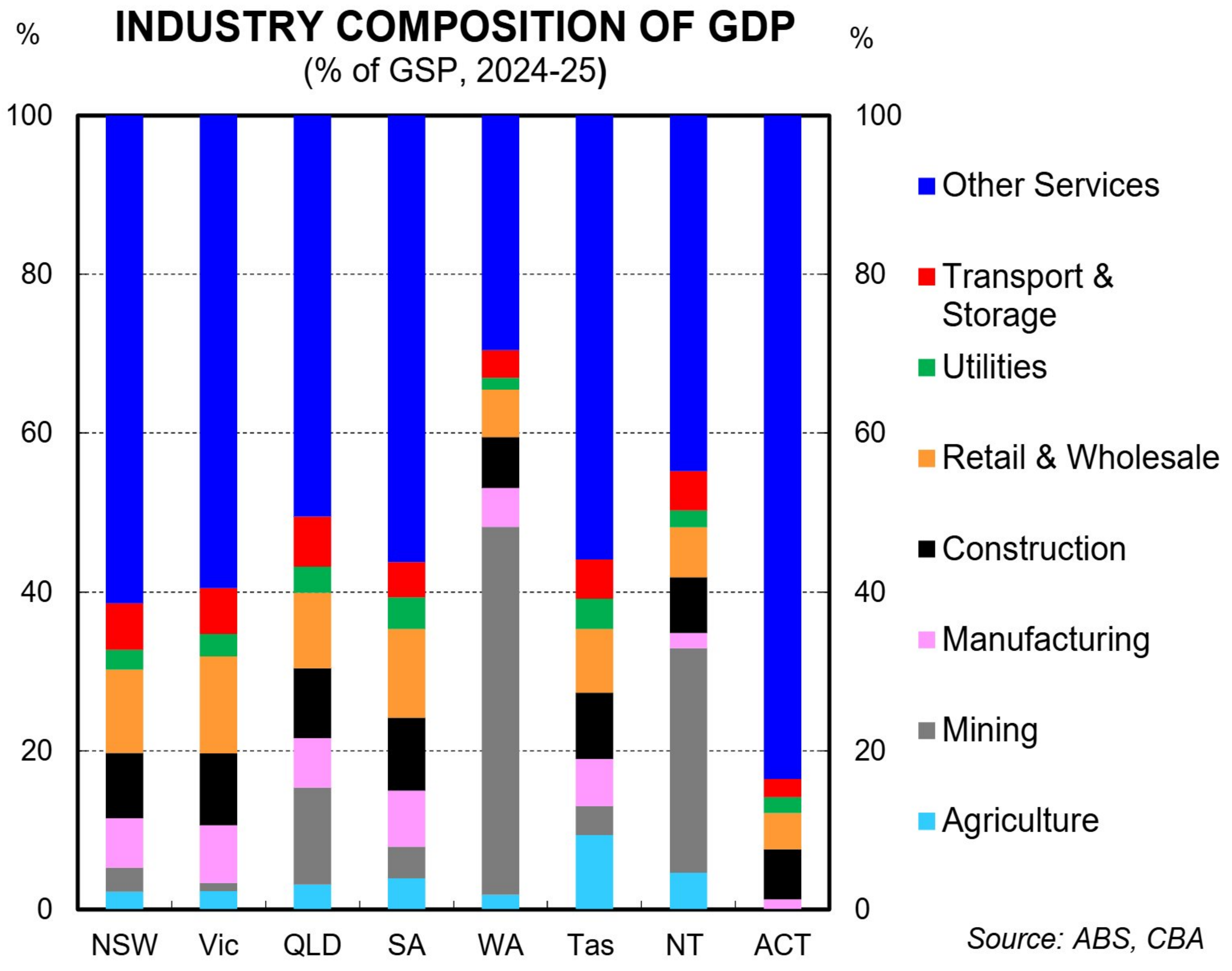
% of State Demand, Q3 2025

	NSW	Vic	QLD	SA	WA	Tas	NT	ACT	AUS
Household Consumption	55	53	52	52	49	52	43	31	52
Residential Construction	5	6	6	5	4	4	2	3	5
Business Investment	13	13	13	13	21	9	13	5	14
Public Consumption	19	20	21	21	19	24	31	48	21
Public Investment	5	5	6	6	5	7	8	7	6

Source: ABS, CBA

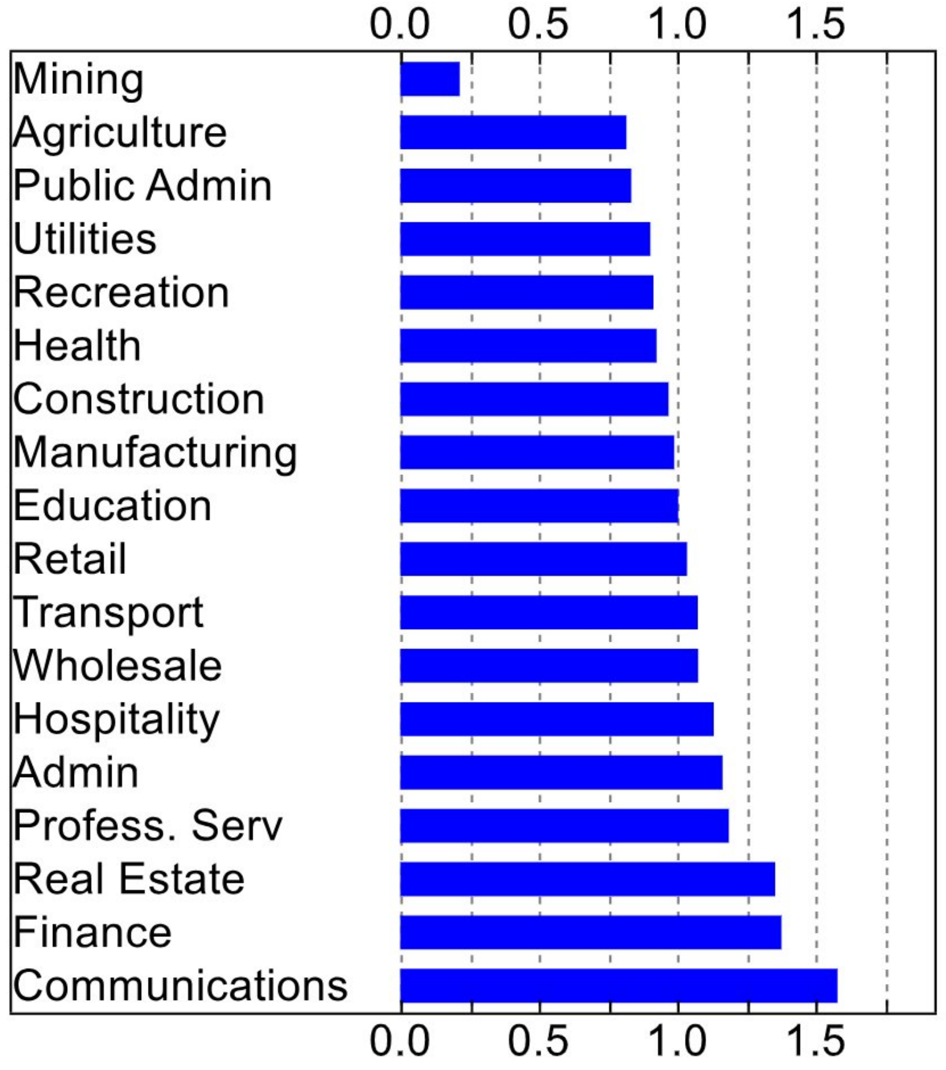
State Structure





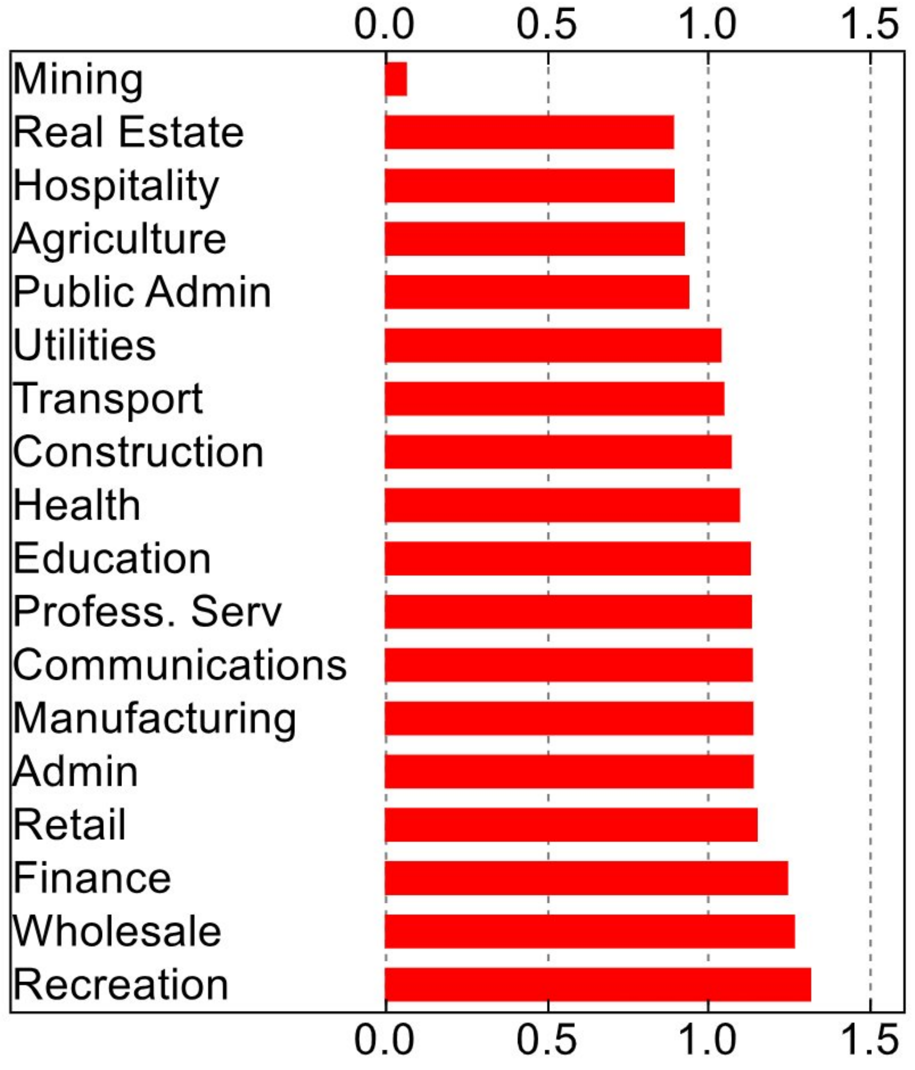
State Specialisation Ratios – NSW & Vic

NSW SPECIALISATION RATIOS (2024-25)



Source: CBA, Macrobond

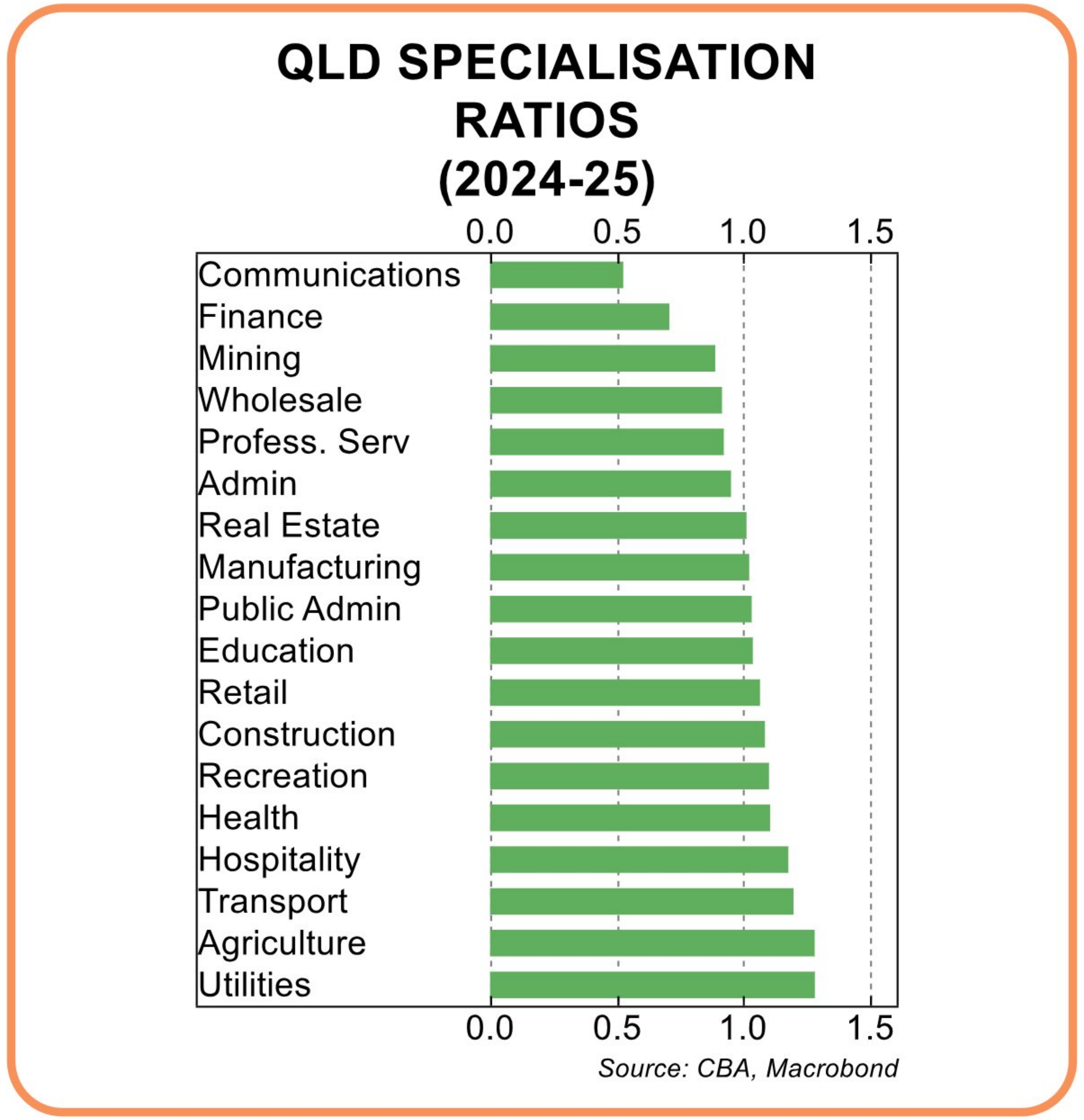
VIC SPECIALISATION RATIOS (2024-25)

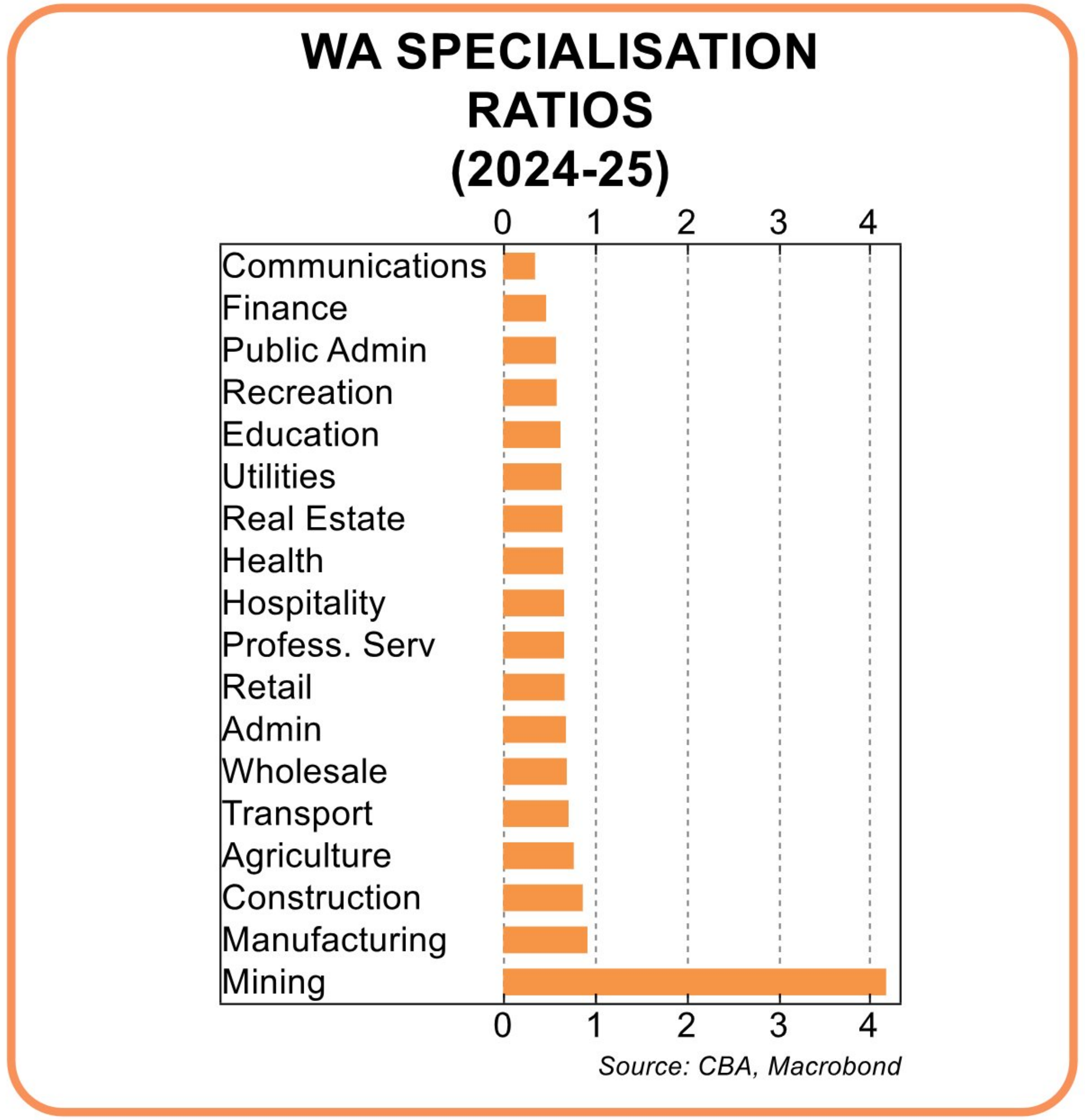


Source: CBA, Macrobond

- Specialisation ratios measure the importance of industries to each state relative to their national importance. For example, if industry x is 10% of State A's total output, but 5% of total national output, it's specialisation ratio to State A is 2 (10%/5%=2). In summary, it means that industry x is worth twice as much to State A's economy than it is to the national economy.
- NSW and Vic are the two most diversified state economies in Australia. Information Media & Telecommunications is the most important sector for NSW. Arts & Recreation Services is the most important industry for Victoria. Both states have a specialisation in Financial & Insurance Services

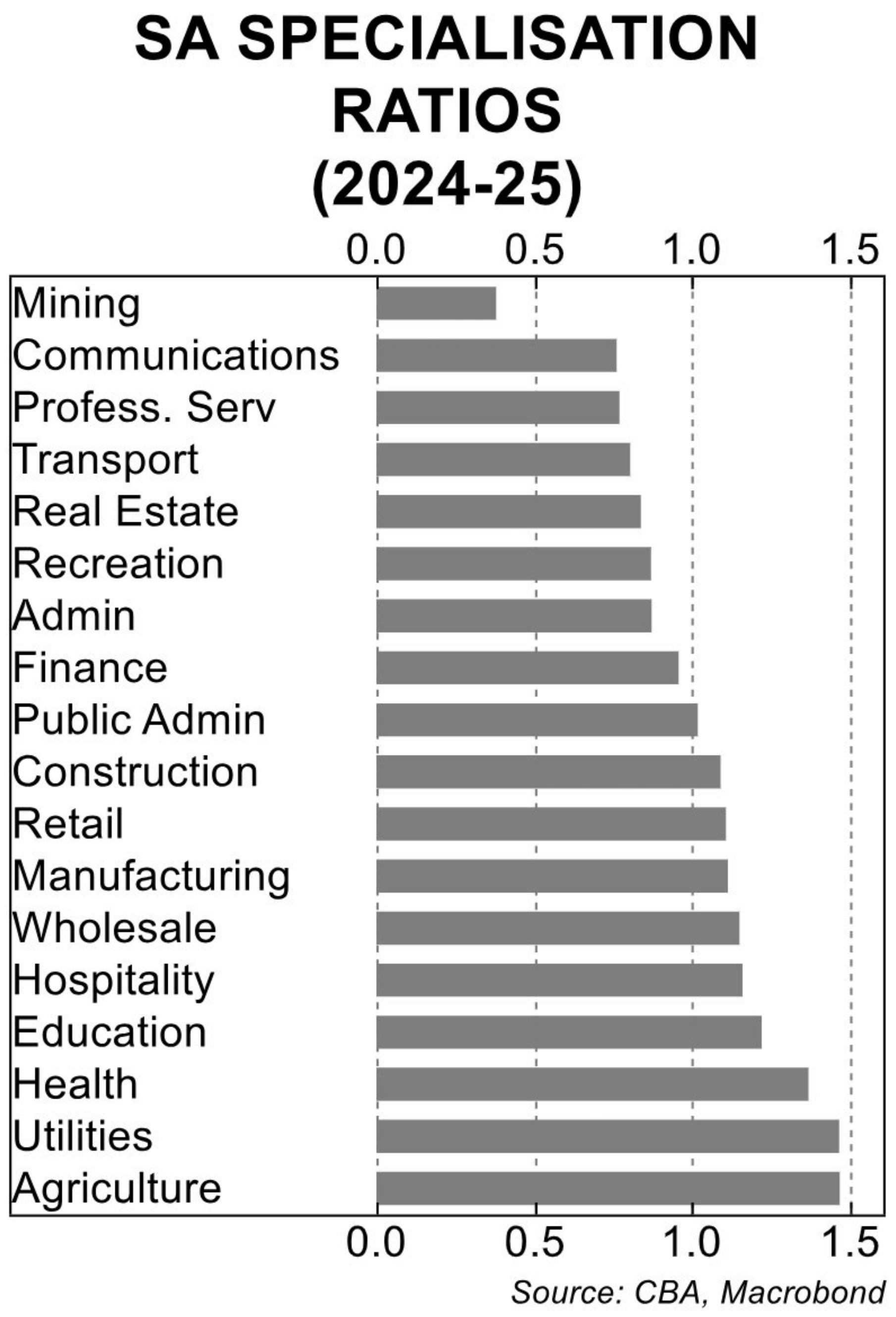
State Specialisation Ratios – Qld & WA

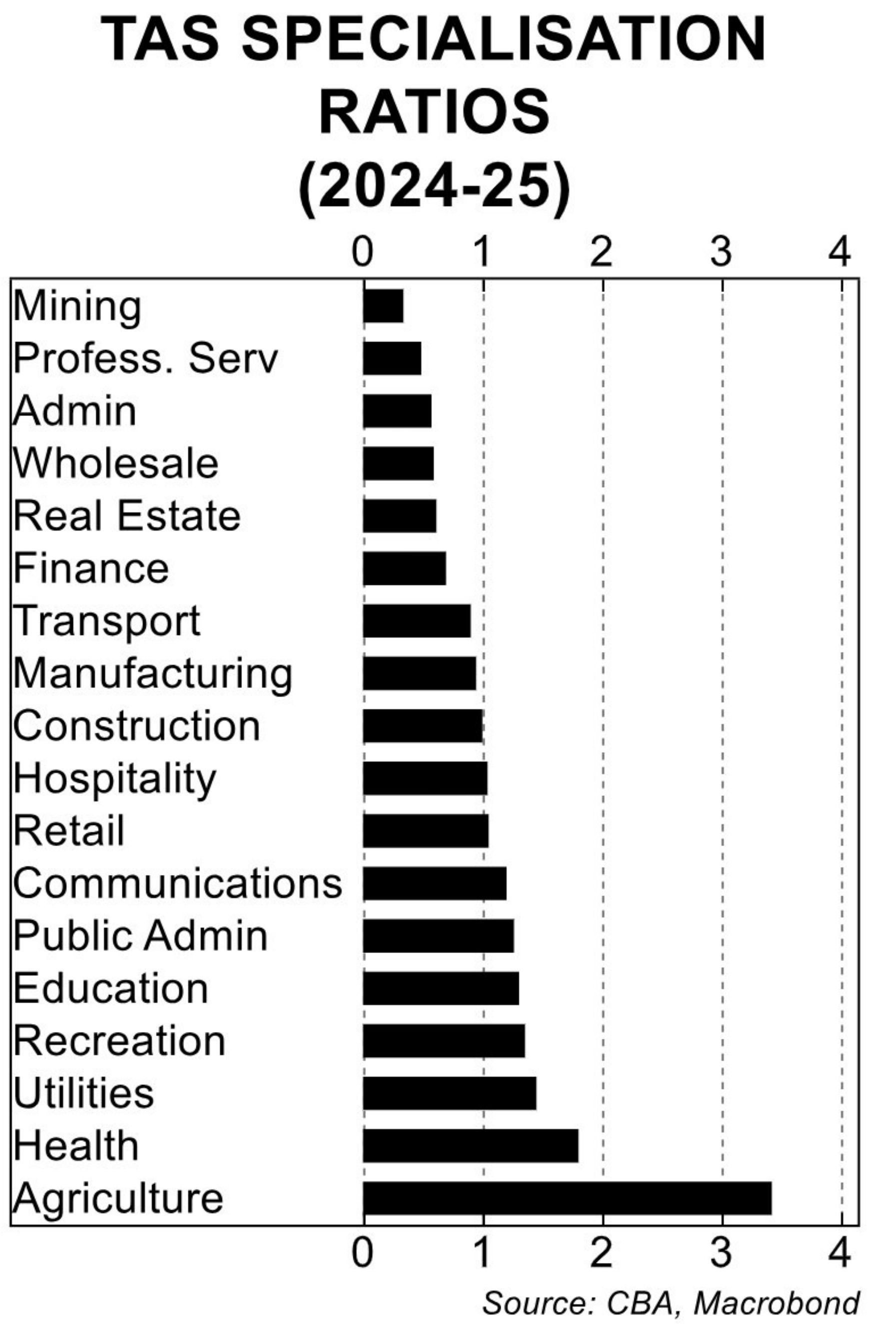




- Qld has specialisation ratios of close to or above 1 in a wide variety of industries making it a diverse state economy. Utilities and Agriculture are the most important sectors to the state. Communications and Finance are underweighted in Qld compared to NSW and Vic.
- The mining industry dominates specialisation in WA with a specialisation ratio of above 4 making it one of the least diverse state economy in the country.

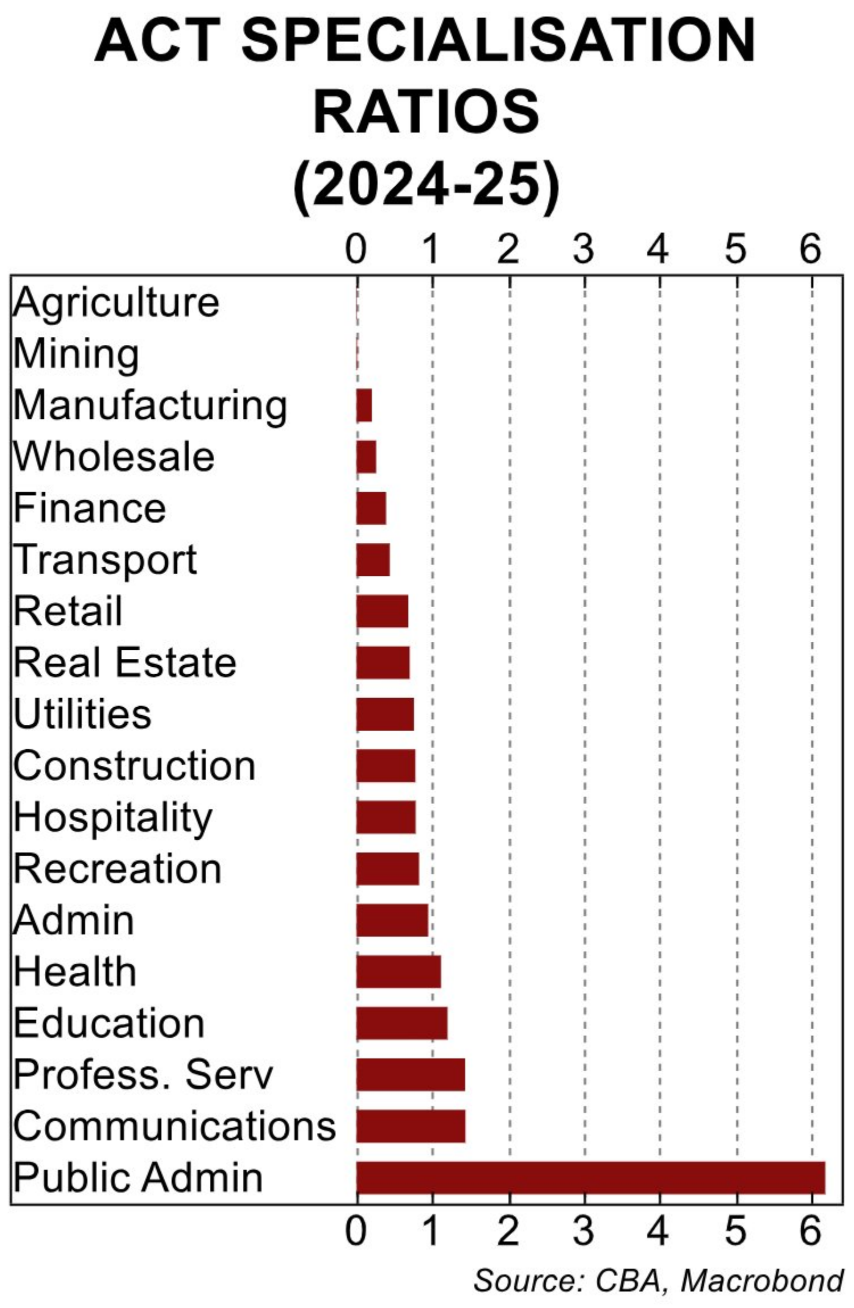
State Specialisation Ratios – SA & Tas

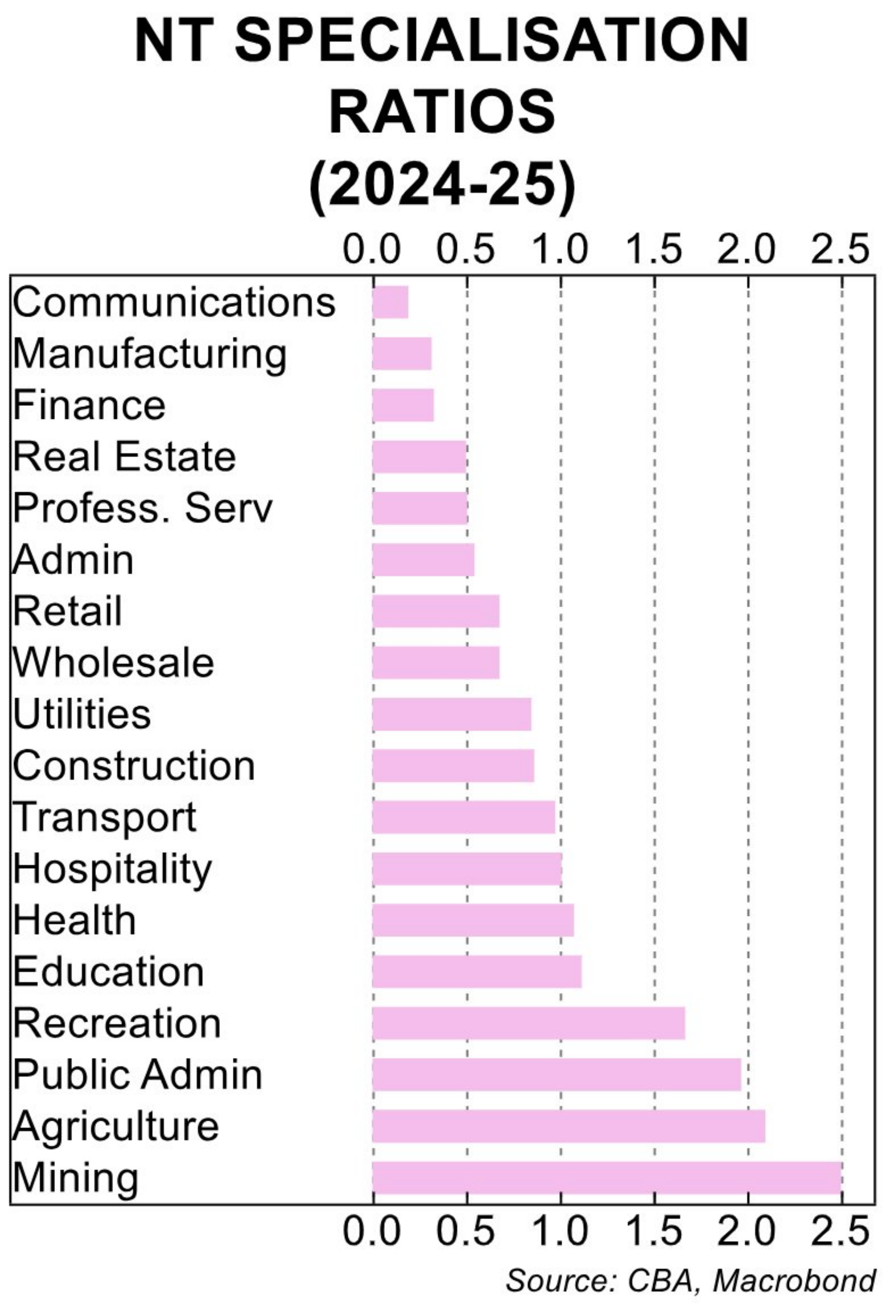




- SA, with sizeable wine, wheat, barley and forestry industries is more reliant on the agricultural sector relative to the rest of Australia. Utilities and Health are also important sectors for the state.
- Tasmania has the highest exposure to the agricultural industry amongst the states. The state is specialised in the Agriculture industry in a similar way to the mining industry in WA.

State Specialisation Ratios – ACT & NT





- Smaller jurisdictions tend to have a larger share of the workforce employed in public administration compared to bigger jurisdictions, essentially due to diseconomies of scale.
- The ACT economy is highly dependent on public sector employment. As the national capital, the public sector employs a big chunk of the workforce and accounts for around a third of the total income generated in the ACT. It means that ACT economic growth outcomes are very much influenced by the size of the public sector workforce.
- Mining, Agriculture and Public admin are the top three industries in the NT.

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i. Made their own independent decision to enter into the transaction;

ii. Determined that the transaction is appropriate;

iii. Ensured they have the knowledge to evaluate and capacity to accept the terms, conditions and risks; and

iv. Is not relying on any communication (including this report) from the Group as advice.

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