

Queensland bumps WA from top spot: CommBank State of the States

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Key points

- Queensland ranks first in the latest CommBank State of the States, rising one place over the quarter.
- South Australia was the biggest quarterly improver, moving up two spots to second place.
- Western Australia surrendered top spot moving to third place, while New South Wales slipped to fourth position.
- The data centre boom is emerging as a major new force in Australia's investment landscape, led by NSW and Victoria.

Queensland has overtaken leader Western Australia to take top spot in CommBank's State of the States report, with investment strength propelling the Sunshine State to pole position and reshuffling the nation's economic leaderboard.

Returning in revised form with updated data and methodology, the quarterly CommBank State of the States index ranks the relative performance of the economies of Australia's eight states and territories across six key indicators:

- household consumption,
- business investment,
- dwelling investment,
- public demand,
- unemployment rate and
- wage price index.

Results from the six key indicators are combined into a single composite score, with the highest scoring state ranked first.

Queensland takes the lead

Queensland ranked first in the June quarter of 2026, moving up one place over the quarter and three places over the year.

Its top result reflects broad-based strength, with Queensland ranking in the top three nationally on five of the six indicators. Dwelling investment was the standout, rising 16.8 per cent over the year - the strongest growth in the country - while business investment increased 9.0 per cent.

CommBank economist Harry Ottley said Queensland's economic expansion had increasingly shifted

towards investment.

“Queensland’s rise to No.1 is about consistency rather than one single standout result, with dwelling and business investment now doing more of the heavy lifting,” Ottley said.

South Australia jumps, WA slips

South Australia was the big mover over the June quarter, jumping two places to take out second spot.

South Australia’s public demand (which includes government spending from all levels of government), increased 5.6 per cent over the year, the strongest result nationally, while annual wage growth of 3.6 per cent was also the highest in the country. But SA ranked sixth on household consumption, and dwelling investment in the state fell 1.8 per cent over the year.

Western Australia moved down two places to third after holding the top position in four of the previous six quarters.

Even so, WA continues to have the most balanced economic profile of any state or territory, ranking between second and fifth on every indicator. Household consumption rose 2.4 per cent over the year, dwelling investment increased 7.4 per cent and business investment grew 6.6 per cent.

“South Australia’s second-place ranking is being driven by public demand and the fastest wage growth in the country, while WA remains a broadly strong performer even though it has surrendered the top spot,” Ottley said.

Business lifts NSW as consumers remain cautious

New South Wales ranked fourth, down one place over the quarter but two places higher than a year ago.

Business investment surged 19.4 per cent over the year, the strongest result nationally, with machinery and equipment investment rising 35.1 per cent and non-dwelling construction up 14.3 per cent.

At the same time, household consumption increased just 1.6 per cent, the weakest result in the country. Sydney’s high housing costs are weighing on household budgets, with a dual-income household buying a median-priced home spending around 31 per cent of its pre-tax income on the mortgage, the highest share of any capital city.

Victoria came in at sixth position. Government and business investment were relative strengths, but household consumption growth of 1.6 per cent was the second weakest nationally and the Victorian unemployment rate rose to 4.9 per cent, the second highest in the country.

“NSW shows just how different the picture can be within a state economy. Business investment is growing at the fastest pace in the country supported by data centre investment, while household consumption is the weakest,” Ottley said.

“In Victoria, investment and public demand are providing support, but the household side remains soft and the unemployment rate has moved higher.”

The Australian Capital Territory ranked fifth, unchanged over the quarter. The ACT has the lowest unemployment rate in the country, with household consumption and wage growth both ranked third nationally.

“The ACT has one of the more mixed economic pictures in the country. It has low unemployment and solid household spending, but construction is moving in the opposite direction, with dwelling investment

falling sharply after a period of strength," Ottley said.

At the other end of the rankings, the Northern Territory remained seventh, combining the country's strongest household consumption growth and second-strongest dwelling investment with the weakest business investment and wage growth.

Tasmania ranked eighth after recording the largest annual fall in the standings, with public demand declining 5.7 per cent over the year, however this is largely due a base effect following a recent surge after the Government purchased Spirit of Tasmania ferries. The Tasmanian unemployment rate has risen to 5.1 per cent, the highest in the country, although household consumption remains comparatively resilient.

Data centre investment gives NSW and Vic a push

The data centre boom is emerging as a major new force in Australia's investment landscape, led by NSW and Victoria but increasingly spreading to other states.

"Data centres are becoming an increasingly important part of the investment story, particularly in NSW and Victoria," Mr Ottley said.

"The June quarter showed that activity is shifting from equipment and fit-out towards construction, while interest is also spreading beyond the two largest states."

Outside NSW and Victoria, private non-dwelling construction rose over the year in Western Australia, Queensland, South Australia and Tasmania, while machinery and equipment investment was particularly strong in WA and Queensland.

About the CommBank State of the States report

The headline index compares economic performance across Australia's eight states and territories using six equally weighted indicators. Each quarter, every jurisdiction's result is measured against the eight-state median and scaled against historical state-to-state variation, allowing different indicators to be compared on a common basis.

Higher scores indicate stronger performance, except for unemployment, where a lower rate is better. The six indicator scores are averaged to produce a composite score and ranking from 1, strongest, to 8, weakest. A score of zero indicates performance in line with the national state-and-territory median, while positive and negative scores indicate relative outperformance or underperformance.

The index uses official ABS data, based on real, seasonally adjusted measures. Individual indicator scores are capped at their historical 10th and 90th percentiles to prevent unusually volatile results from disproportionately affecting the rankings.

Downloadable media assets

- Question: What is the CommBank State of the States Report?
- Question: What stands out the most in this quarter's rankings?
- Question: Why has Queensland taken the top spot?
- Question: SA has jumped to second while WA has slipped to third - what's driving the reshuffle?
- Question: How important is the data centre boom becoming to state economies?

- Question: At the other end of the table, what is holding back TAS and the NT?

Video grabs of Harry Ottley are available via Dropbox.

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