

Territory Economic Review September 2017

The Territory Economic Review provides an overview of the state of the Territory economy, including key economic indicators and economic conditions influencing households and businesses.

Summary

In 2015-16, the Territory’s gross state product (GSP) increased by 2.7 per cent to $23.6 billion. This was the fourth highest growth of all jurisdictions and slightly below national gross domestic product of 2.8 per cent. Key drivers of economic growth in the Territory were net exports which were largely driven by a significant decline in international imports to the Territory from the previous year and consumption.

Territory state final demand (SFD) showed an increase of 8.8 per cent, to $30.6 billion, in 2016-17, the largest increase of the jurisdictions. This was largest year on year increase recorded since the March quarter 2014. Growth was largely driven by strong private business investment. Territory SFD is largely influenced by investment in major projects. As construction of major projects begins to subside, SFD is expected return to long term trend levels.

Employment growth has shifted in the last 12 months from being largely driven by construction in major projects and dwelling activity to strong growth in part time employment. In the year to August 2017, employment grew by 2.9 per cent, which has been mainly driven by part time employment. Employment conditions are expected to soften, reflecting the transition of the Ichthys liquefied natural gas (LNG) project to the less labour-intensive production phase. The Territory’s unemployment rate remains the lowest of the jurisdictions.

The Territory’s estimated resident population was 244 990 as at 31 March 2017. In annual terms, Territory population growth has weakened to 0.1 per cent. This was influenced by net overseas migration, down from recent peaks, as well as a lack of inflow of interstate migration, as a significant proportion of resident construction workers depart the Territory from the Ichthys LNG project.

The Darwin Consumer Price Index (CPI) has slowed substantially over the last two years to an increase of 0.1 per cent in 2016-17, reporting the lowest change of all jurisdictions in year on year terms. The Darwin CPI is expected to remain below long term trends due to subdued economic conditions and low population growth over the medium term.

In the 2016-17, the Territory’s Wage Price Index (WPI) grew by 2.1 per cent. Growth is anticipated to remain subdued over the medium term, following the anticipated slowdown in employment growth and the moderation in the Darwin CPI.

| *Note: Economic indicators for the Territory should be interpreted with care, particularly over short periods of time. They can be highly volatile due to the small size of the Territory economy and are be heavily influenced by major projects and international trade.*  *Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omissions. For queries please contact the Department of Treasury and Finance, Economic Analysis Unit by email, economics.dtf@nt.gov.au* |
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**Table 1: Summary of change in the Territory’s key economic indicators**

|  | **Monthly** | | **Quarterly** | | | **Year on Year** |
| --- | --- | --- | --- | --- | --- | --- |
| **Economic Growth** | | | | | | |
| GSP, 2015-16 | | n.a. | | n.a. | | 2.7% |
| SFD, Jun Qtr 2017 | | n.a. | | 0.6% | | 8.8% |
| International goods exports July 2017 | | -1.7% | | n.a. | | 6.7% |
| International goods imports July 2017 | | -26.7% | | n.a. | | -42.5% |
| **Population** | | | | | | |
| NT population, Mar Qtr 2017 | | n.a | | 0.0% | | 0.1%1 |
| **Labour Market** | | | | | | |
| Employment, Aug 2017 | | -1.0% | | n.a. | 2.9% | |
| Unemployment rate, Aug 2017 | | 0.2ppt | | n.a. | 0.1ppt1 | |
| **Prices and Wages** | | | | | | |
| CPI, June Qtr 2017 | | n.a. | | 0.3% | | 0.1% |
| WPI, June Qtr 2017 | | n.a. | | 0.2% | | 2.1% |
| Unleaded fuel, Sep 2017 | | flat | | n.a. | | 18.4 cpl1 |
| Diesel fuel, Sep 2017 | | -0.1cpl | | n.a. | | 9.5 cpl1 |
| **Construction** | | | | | | |
| Construction activity,  June Qtr 2017 | | n.a. | | 2.9% | | -12.8% |
| **Property Market** | | | | | | |
| Darwin house prices,  June Qtr 2017 | | n.a. | | 1.9% | | -6.3%1 |
| Building approvals,  June 2017 | | -1.7% | | n.a. | | -46.5% |
| **Business Environment** | | | | | | |
| Retail trade,  July 2017 | | 0.4% | | n.a. | | 0.6% |
| Sales of new motor vehicles, Aug 2017 | | 0.9% | | n.a. | | 1.8% |

ppt; percentage point; cpl: cents per litre 1Annual change  
Source: ABS; REINT; AIP

**Economic Growth**

**Territory economic growth was the fourth highest in Australia in 2015-16**

**Territory state final demand increased by 8.8 per cent in 2016-17**

Economic growth  
In 2015-16, economic growth in the Territory, as measured by GSP, increased by 2.7 per cent to $23.6 billion.

GSP growth in 2014-15 was revised down from 10.5 per cent to 2.0 per cent, largely due to significant revisions to the value and timing of engineering and construction activity.

The main drivers of economic growth in the Territory for 2015-16 were increases in net exports, consumption along with a balancing item adjustment. Partly offsetting growth were declines in private and public investment.

Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

The Territory experienced the fourth strongest growth of all jurisdictions. The Australian economy grew by 2.8 per cent in 2015-16 (Chart 2).

Chart 2: Year on year change in gross state product, 2015-16Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

State Final Demand (SFD)

In 2016-17, SFD increased by 8.8 per cent to $30.6 billion, driven by strong growth in private investment, and continued growth in public investment and consumption. SFD is a partial measure of economic growth, incorporating investment and consumption expenditure, but not trade which is a significant component of Territory economic activity.

Private investment  
Private investment increased by 19.7 per cent to $10.9 billion in 2016-17. This was the highest year on year increase since March quarter 2014.

The increase in private investment was mainly driven by a 26.3 per cent increase in non-dwelling construction investment to $2.1 billion. Intellectual property products also increased by 54.1 per cent to $718 million and cultivated biological resources increased by 59.6 per cent to $158 million.

Private investment was partly offset by a 10.6 per cent decline in machinery and equipment investment to $701 million and an 18.8 per cent decline in dwelling investment to $687 million.

Household consumption   
Household consumption increased by 4.1 per cent to $10.8 billion in 2016-17. Growth was largely driven by: net interstate expenditure; hotels, cafes and restaurants; other goods and services; and insurance and financial services.

Public expenditure   
In 2016-17, public investment increased by 4.5 per cent to $1.4 billion and public consumption increased by 2.5 per cent to $7.4 billion. Public expenditure was driven by both state and local, and national governments.

International trade  
The Territory's annual net goods international trade balance was $3.3 billion in the year to July 2017, in current price terms. This represents a $1.5 billion increase from the year to July 2016. The increase in the Territory’s trade balance was driven by a reduction in the value of goods imports by $1.2 billion to $1.6 billion and an increase in the value of goods exports by $311 million to $4.9 billion, compared to the previous year.

The decrease in goods imports was driven by a reduction in the value of manufactured metal goods imports, reflecting the cessation of arrivals of preassembled modules for construction of the Ichthys LNG project throughout the year. The increase in the value of goods exports reflects the growth in the value of mineral ore exports to China.

**Population**

**244 990 people residing in the Territory**

**3 968 births and 1 056 deaths in the Territory in the year to March 2017**

**The annual population growth rate was 0.1 per cent**

As at March 2017, the Territory’s estimated resident population (ERP) was 244 990 persons, an increase of 0.1 per cent compared to the same period last year (Chart 3). The Territory recorded the lowest annual growth in ERP among all jurisdictions (Table 2).

Chart 3: Population growth, annual percentage change

Source: ABS, *Aus. Demographic Statistics*, Cat. No. 3101.0

Components of growth

In the year to March 2017, the Territory’s population increased by 338 persons, mainly due to net overseas migration, which added 832 persons, and natural increase, which added 2 882 persons. These gains were partly offset by net interstate migration, which reduced the Territory’s population by 3 458 persons (Chart 4).

Chart 4: Components of Territory population growth, moving annual total

*Net overseas migration*

In the year to March 2017, the Territory recorded net overseas migration of 832 persons. Net overseas migration has returned to 2004 levels, following record growth in 2012-13, though remains well below the 20 year average of 1 312. In general, although the Territory’s results are more volatile, the Territory’s net overseas migration flows over the past 10 years have tracked Australia’s net overseas migration flows, and remains a relatively positive contributor to the Territory’s population growth.

*Net interstate migration*

Net interstate migration in the Territory is highly volatile, reflecting the young and transient nature of the Territory’s population. In the year to March 2017, net interstate migration detracted 3 458 persons from the Territory’s population. This was a larger loss than the previous year which reported a net loss of 2 451 persons.

*Natural increase*

In the year to March 2017, natural increase contributed 2 882 persons to the Territory’s population, which was slightly higher than the previous year. This consisted of 3 968 births, which were partly offset by 1 056 deaths.

Population measurement

The Australian Bureau of Statistics (ABS) model for estimating interstate migration flows is based on Medicare ‘change of address’ information.

Due to the age profile of the Territory’s interstate migrants, there is generally a lag in recording population movements into the Territory, but a timely recording of people leaving the Territory.

People arriving in the Territory tend to be relatively young, transient and highly mobile and these characteristics mean that they are less likely to update their Medicare records. Conversely, the age profile of those leaving the Territory tends to be older and they are more likely to update their Medicare records in a timely manner.

Source: ABS, *Aus. Demographic Statistics*, Cat. No. 3101.0

Table 2: Estimated resident population, as at December 2016

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 837.7 | 6 290.7 | 4 907.6 | 2 576.0 | 1 717.0 | 520.1 | 409.1 | 245.0 | | 24 511.8 |
| Annual growth | 1.6% | 2.4% | 1.6% | 0.7% | 0.6% | 0.6% | 1.8% | 0.1% | 1.6% | |

1Includes Other Territories – Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Source: ABS, *Australian Demographic Statistics*, Cat. No. 3101.0

**Labour Market**

**132 224 residents employed in the Territory**

**The unemployment rate at 3.6 per cent remains the lowest of the jurisdictions**

**The Territory’s participation rate at 73.3 per cent is the highest among jurisdictions**

Employment

In August 2017, the trend number of people employed in the Territory decreased by 1.0 per cent to 132 224 people. Nationally, trend employment increased by 0.2 per cent in the month to 12 249 534 persons.

In the year to August 2017, employment in the Territory increased by 2.9 per cent. In other jurisdictions, the change in year on year employment ranged from a 0.5 per cent decline in Queensland to an increase of 3.6 per cent in Victoria (Chart 5). Western Australia was unchanged. Nationally, employment grew by 1.5 per cent over the same period.

Chart 5: Year on year change in employment, August 2017

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Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

*Jobs versus employment*

The ABS labour force statistics estimate employment based on an individual’s place of residence, not their place of employment. This is a significant issue for the Territory due to the relatively large proportion of people working within the Territory, but whose usual residence is outside the Territory. As such, the ABS labour force estimates significantly understate the number of jobs in the Territory and potentially, the growth in jobs in the Territory.

Additionally, there is a large defence force contingent based in the Territory. Members of the Australian Defence Force are not captured in ABS labour force statistics.

Overseas military personnel working in the Territory such as US Marines and temporary overseas workers employed on major projects across the Territory are also excluded from the Territory’s labour force data.

While the ABS treats interstate resident and overseas workers consistently across all jurisdictions, the exclusion of these workers has a larger impact on Territory labour force data due to the size of this workforce in the Territory relative to other states.

*Employment by industry*

In the year to August 2017 the rate of employment growth in the Territory varied substantially across the different industries. The industries that experienced the largest growth included:

* ‘agriculture, forestry and fishing’ up by 24.5 per cent;
* ‘accommodation and food services’ up by 16.9 per cent;
* ‘education and training’ up by 15.8 per cent; and
* ‘retail trade’ up by 14.4 per cent.

Industries that experienced the largest declines in the year to August 2017 included:

* ‘wholesale trade’ down by 20.4 per cent;
* ‘public administration and safety’ down by 9.9 per cent;
* ‘transport, postal and warehousing’ down by 5.8 per cent; and
* ‘construction’ down by 5.1 per cent.

*Employment by gender and full****-****time status*

In annual terms, the trend number of people employed in the Territory decreased by 2 266 persons in August 2017. This reflects a decrease of 1 493 employed males and a decrease of 773 employed females.

In trend terms, full-time employment accounted for 78.5 per cent of total employment in August 2017. In annual terms, the trend number of people employed on a full‑time basis decreased by 3.4 per cent while part‑time employment increased by 4.9 per cent in August 2017. This reflects strong growth in part time employment across several industries including ‘education and training’, ‘accommodation, cafes and restaurants’, and ‘retail trade’.

Unemployment

In August 2017, the Territory’s trend unemployment rate increased by 0.2 percentage points to 3.6 per cent, remaining the lowest unemployment rate of all jurisdictions. The unemployment rate in other jurisdictions ranged between 4.7 per cent in the Australian Capital Territory to 6.1 per cent in South Australia and Tasmania. Nationally, the unemployment rate in the month was 5.6 per cent (Chart 6).

Chart 6: Trend unemployment rate, August 2017   
Chart 6: Trend unemployment rate, August 2017  Source: ABS, *Labour Force Australia*, Cat. No. 6202.

Through the year to August 2017, the Territory’s trend unemployment rate for females increased by 0.5 percentage points to 3.3 per cent. The male unemployment rate decreased by 0.2 percentage points to 3.9 per cent over the same period.

The Territory’s reported trend unemployment rate has traditionally been more volatile than the national rate (Chart 7). This is due to small sample sizes increasing the impact of households rotating into and out of the ABS labour force survey, and to small changes in employment status of respondents within the survey, particularly households in remote Aboriginal communities.

Chart 7: Historical trend unemployment rate,   
2007-08 to 2017-18 Chart 7: Historical trend unemployment rate, 
2007-08 to 2017-18  Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

Participation

In August 2017, the Territory’s trend participation rate was 73.3 per cent. The Territory continues to record the highest trend participation rate of all jurisdictions and was 8.1 percentage points above the national rate of 65.2 per cent.

Vacancies

The ABS reports that in the year to August 2017, the number of job vacancies in the Territory increased by 30.2 per cent to 3 800. This was solely driven by a 41.3 per cent increase in the number of private sector vacancies, as public sector vacancies was unchanged in year on year terms (Chart 8).Chart 8: Number of job vacancies, Territory

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Source: ABS, *Job Vacancies Australia*, Cat. No. 6354.0

The Commonwealth Department of Employment’s internet job vacancy report shows that trend job vacancies in the Territory increased by 2.8 per cent in August 2017.

The monthly increase in the Territory internet job vacancies was primarily driven by increases in machinery operators and drivers’ (up 8.6 per cent), ‘labourers’ (up 4.8 per cent), and ‘technicians and trades workers’ (up 4.1 per cent). This was partly offset by a decrease in ‘community and personal services workers’ (down 0.9 per cent). (Chart 9). Nationally, the number of internet job vacancies increased by 0.3 per cent over the same period.

Chart 9**:** Internet vacancies by industry, monthly change, trend, August 2017

Source: DoE, *Internet Vacancy Report*

The monthly change in internet job vacancies in other jurisdictions ranged from a 1.1 per cent decrease in South Australia to a 0.9 per cent increase in the Australian Capital Territory.

**Prices and Wages**

**Darwin CPI increased by 0.3 per cent in the June quarter 2017**

**Territory WPI grew by 2.1 per cent in the year to March 2017**

**Territory’s monthly average unleaded fuel price was 131.3 cents per litre**

Prices

The Darwin CPI increased by 0.3 per cent in the June quarter 2017. Darwin recorded the third largest increase of the jurisdictions.

The main categories that contributed to an increase in the June quarter 2017 Darwin CPI included recreation and culture (0.43 percentage points), and health (0.14 percentage points).

These were partly offset by decreases in prices for the housing (detracted 0.12 percentage points) and transportation (detracted 0.10 percentage points) categories (Chart 10).

Chart 10: Percentage point contribution to CPI change in the June quarter 2017

Source: ABS, *Consumer Price Index*, Cat. No. 6401.0

Darwin CPI increased by 0.5 per cent through the year to June 2017, recording the lowest increase in CPI of all capital cities. In other capital cities, CPI growth in annual terms ranged from 0.7 per cent in Perth to 2.3 per cent in Hobart. The eight capital cities annual CPI increased by 1.9 per cent.

The key drivers of the annual increase in Darwin CPI included tobacco and alcohol prices (mainly due to the biannual increase in excise for both items) and transportation costs (mainly automotive fuel). This was partly offset by decreases in clothing and footwear, and housing costs, reflecting declines in garments costs, and rents.

In 2016-17, Darwin CPI increased by 0.1 per cent. Darwin CPI was well below the growth of the eight capital cities weighted average increase of 1.7 per cent.

Wages and Income

In the year to June 2017, the Territory’s WPI grew by 2.1 per cent. This consisted of a 3.1 per cent increase in public sector WPI and a 1.6 per cent increase in private sector WPI.

The Territory recorded the second highest year on year growth of the jurisdictions, equal with New South Wales. In other jurisdictions, the increase in the WPI ranged from 1.4 per cent in Western Australia to 2.2 per cent in Tasmania and South Australia. Nationally, the WPI grew by 2.0 per cent over the same period.

In the year to May 2017, the Average Weekly Full Time Earnings (AWFTE) in the Territory increased by 5.8 per cent. Nationally, in the same period, the AWFTE increased by 2.1 per cent (Chart 11).

Chart 11: Average weekly full time earnings, year on year change Source: ABS, *Average Weekly Earnings*, Cat. No. 6302.0

Fuel prices

The average price for unleaded petrol (ULP) in the Territory was 131.3 cents per litre (cpl) in September 2017. This was 6.1 cpl above the national average ULP price of 125.2 cpl.

The average retail ULP price in Darwin over the month was 128.2 cpl, while the monthly average retail ULP price was 139.8 cpl in Katherine.

In September 2017, the average retail price for diesel in the Territory was 130.9 cpl. This was 4.1 cpl higher than the national monthly average price of 126.8 cpl. The monthly average retail price for diesel was 129.6 cpl in Darwin and 133.0 cpl across the Territory’s regional areas.

**Construction**

**Construction activity in the Territory has moderated**

**Value of engineering construction continues to decline**

**House construction has returned to long-term average levels**

In 2016-17, total construction work done in the Territory decreased by 12.8 per cent to $6.7 billion (Chart 12). This was the second lowest year on year change of all jurisdictions. The change in other jurisdictions ranged from a 29.7 per cent decline in Western Australia to a 15.7 per cent increase in the Australian Capital Territory.

Chart 12: Total construction work done in the Territory, moving annual total Source: ABS, *Construction Work Done,* Cat. No. 8755.0

Engineering

Engineering construction work done in the Territory decreased by 12.7 per cent to $5.5 billion in 2016-17 (Chart 13). This followed a period of record growth. Despite the decline, the value of engineering construction work remains above the ten year long term average level of $4.0 billion.

Chart 13: Engineering construction work done in the Territory Source: ABS, Engineering *Construction Work Done*, Cat. No. 8762.0  
  
Non-residential buildings

In the Territory, non-residential building construction decreased by 3.3 per cent to $712 million in 2016-17. The decrease was primarily driven by a 40.2 per cent decrease in private sector non‑residential building construction, to $316 million.

This was partly offset by an increase in public sector non-residential building construction, which increased by 90.7 per cent to $395 million over the year, the largest estimate recorded in over the times series.

Private residential buildings

Total private sector residential building construction decreased by 37.2 per cent to $349 million in 2016‑17 (Chart 14). The decline was driven by lower levels of new unit construction and reflects a return towards long term average levels of dwelling construction.

Public residential buildings

In 2016-17, total public residential building construction in the Territory increased by 15.3 per cent to $107 million. This increase is partly due to work related to public sector housing initiatives.

Chart 14: Residential construction in the Territory, moving annual total Source: ABS, *Building Activity,* Cat. No. 8752.0

Building Approvals

In the year to July 2017, the number of residential building approvals declined by 42.4 per cent to 899, the lowest annual number of approvals on record. This was driven by 76.3 per cent decrease in other residential approvals (units, townhouses, etc.) to 172, a decrease of 12.2 per cent in house approvals to 710 and a 32.0 per cent decline in alterations, additions and conversions (approvals over the value of $10 000) to 17.

In the year to July 2017, the value of non‑residential building approvals in the Territory decreased by 42.6 per cent to a total of $439 million, following a period of elevated growth. The decrease was driven by a 62.9 per cent decline in public non-residential building approvals, partly offset by a 13.6 per cent increase in private non-residential building approvals.

**Property Market**

**Median house prices ranged from $222 500 in Tennant Creek to $540 000 in Darwin Overall in the June quarter 2017**

**Housing finance commitments declined by 4.3 per cent in the year to July 2017**

The residential property market has moderated over the last three years due to below trend population growth and consumer demand, as well as a significant increase in dwelling supply. Conditions have resulted in a decline in sales volumes and rents, and an increase in vacancy rates.

Sales activity

Overall dwelling sales in the Territory (houses and units) decreased by 2.1 per cent to 2 017 in 2016-17 (Chart 15). Dwelling sales volumes remain significantly below the ten year average of 3 274.

Chart 15: Territory overall dwelling sales, moving annual total Source: REINT

The total number of housing finance commitments for owner occupation (excluding refinancing) decreased by 4.3 per cent to 2 670 in the year to July 2017. This was driven by a 10.4 per cent decline in non-first home commitments to 2 067, partly offset by a 24.6 per cent increase in first home buyers to 603 (Chart 16).

Chart 16: Territory housing finance commitments Source: ABS, *Housing Finance*, Cat. No. 5609.0

Median property prices

The Real Estate Institute of the Northern Territory (REINT) reported that, in the June quarter 2017, the median house prices in Darwin Overall (includes Palmerston) increased by 1.9 per cent to $540 000 (Chart 17). REINT reports the median price for all properties sold in the quarter and does not adjust for quality and location of houses sold.

The median house prices in Inner Darwin increased by 19.9 per cent in the quarter to $800 000. In Palmerston, the median house price decreased by 6.1 per cent to $460 000.

Median house prices in other urban areas of the Territory all decreased in the quarter by:

* 2.6 per cent to $340 000 in Katherine;
* 12.4 per cent to $222 500 in Tennant Creek; and
* 11.8 per cent to $430 000 in Alice Springs.

Chart 17: Territory median house pricesSource: REINT

Capital city median house prices

There are a number of data sources that report on median prices across all capital cities. The reported median price of each capital city may vary between sources due to different methodologies and geographical boundaries used.

Australian Property Monitors (APM) reports that in the June quarter 2017, the median house price in Darwin increased by 6.1 per cent to $666 686, the fourth highest of all the capital cities. Median house prices in other capital cities ranged from $405 834 in Hobart to $1 194 247 in Sydney. Nationally, the median house price increased by 2.0 per cent to $806 727 (Chart 18).

In the June quarter 2017, APM reports that the median unit price in Darwin decreased by 13.4 per cent to $351 880. In other capital cities, the median unit price ranged from $308 699 in Hobart to $764 364 in Sydney. Nationally, the median unit price increased by 2.5 per cent to $565 366.

In annual terms, Darwin recorded an increase of 12.2 per cent in median house prices, and a decrease of 23.5 per cent in median unit prices compared to the June quarter 2016. Nationally, median house prices increased by 10.5 per cent, and median unit prices increased by 7.9 per cent over the same period.

Chart 18: Capital city median house prices, June quarter 2017 Source: APM, *APM House Price Report*

The ABS Residential Property Price Indexes (RPPI) allows a comparison of movements in Darwin residential property prices relative to other capital cities.

In the June quarter 2017, Darwin’s RPPI decreased by 1.4 per cent, the largest decline among all jurisdictions (Chart 19). This reflects decreases of 1.1 per cent in the established house price index and 1.8 per cent in the attached dwelling price index. In other jurisdictions, the change in RPPI ranged between a 0.8 per cent decrease in Perth to a 3.0 per cent increase in Melbourne, in the June quarter 2017. Nationally, the RPPI increased by 1.9 per cent in the June quarter 2017 (Chart 19).

Chart 19: ABS Residential Property Price Indexes, quarterly change June 2017

Source: ABS, *Residential Property Price Indexes*, Cat. No. 6416.0

Vacancy Rates

Compared to the previous quarter, rental vacancy rates for a three bedroom house in the June quarter 2017 (Chart 20):

* increased by 1.2 percentage points to 6.9 per cent in Darwin;
* increased by 0.9 percentage points to 6.2 per cent in Palmerston;
* increased by 0.8 percentage points to 3.2 per cent in Alice Springs; and
* increased by 0.2 percentage points to 5.8 per cent in Katherine.

Chart 20: Territory vacancy rates\*, June quarter 2017  
\*3 bedroom house and 2 bedroom unit

Source: REINT

Rental Prices

REINT reported the weekly median asking rent for a three bedroom house in Darwin Overall (includes Palmerston) decreased by 2.0 per cent to $484 in the June quarter 2017. Median weekly asking rent for a house was increased by 2.0 per cent in Alice Springs to $500 and decreased by 4.5 per cent to $420 in Katherine.

The latest data from APM reports that the median weekly asking rent for a three bedroom house in Darwin decreased by 5.5 per cent to $520 in the June quarter 2017. Darwin had the second highest asking rent for houses behind Sydney at $550. Compared to the June quarter 2017, weekly asking rent in Darwin declined by 5.5 per cent (Table 3).

Table 3: Median House Rents, June quarter 2017

|  | Median house rent |
| --- | --- |
| Sydney1 | $550 |
| Melbourne1 | $420 |
| Brisbane1 | $400 |
| Perth1 | $360 |
| Adelaide1 | $360 |
| Hobart1 | $360 |
| Canberra1 | $500 |
| Darwin1 | $520 |
| Alice Springs2 | $500 |
| Katherine2 | $420 |

Sources: 1APM, *APM House Price Report, June 2017*

2REINT, *Real Estate Local Market Facts, June 2017*

**Business Environment**

**Business outlook for the next three months is more positive**

**10 830 sales of new motor vehicle in the year to August 2017**

**Retail trade improved by 0.4 per cent in the year to July 2017**

Business confidence

The Sensis Business Index June 2017 reported that the net balance business confidence level of the Territory’s small and medium enterprises (SMEs) in their own business prospects over the next 12 months decreased by 9 percentage points to +9 per cent. The net balance business confidence level in the Territory is 14 percentage points lower than the same time last year (+23 per cent).

In other jurisdictions, net business confidence levels ranged between +26 per cent in South Australia and +52 per cent in the Australian Capital Territory. Nationally, the net balance business confidence level decreased by 5 percentage points in the quarter to +39 per cent.

The actual conditions experienced by Territory SMEs in the three months prior to the survey improved in all categories. Sales and profitability continued to have negative balances, whereas employment and prices had positive balances. Wages were neutral.

The Territory’s SMEs were generally more positive about the next three months than they were at the time of the last survey, reporting improvements in wages, prices and profitability. Decreases however were reported in employment and sales. (Table 4).

Table 4: Expectations of SMEs over next three months

|  | Previous quarter | Current quarter |
| --- | --- | --- |
|  | Net balance | Net balance |
| Sales value | +15% | +13% |
| Size of workforce | +8% | +2% |
| Wages bill | +3% | +6% |
| Prices | +15% | +18% |
| Profitability | +11% | +16% |

Source: Sensis Business Index

Tourism

In 2016-17, the total number of visitors to the Territory increased by 5.0 per cent to 1.9 million, driven by a 4.4 per cent increase in domestic visitor arrivals to 1.6 million and 8.2 per cent increase in international visitor arrivals to 302 000. Growth was supported by holiday makers (up 5.7 per cent), visitors of friends and family (up 22.4 per cent), and other reasons not specified by the survey (up 9.6 per cent).

Strong growth in international visitors were from some of the Territory’s key source markets including Greater China (up 6 000 persons), New Zealand (up 2 000 persons), Germany (up 4 000 persons), and the United States (up 5 000 persons).Retail trade turnover

In July 2017, Territory trend retail trade turnover increased by 0.4 per cent, compared to the previous month, to $264 million in current prices. In the year to July 2017, Territory retail trade turnover increased by 0.6 per cent to $3.1 billion (Table 5).

The main category contributing growth in the year on year result was food retailing which increased by 4.8 per cent and contributed 1.5 percentage points. The main detractor from growth in the year was household goods down by 4.9 per cent and detracted 0.8 percentage points.

Table 5: Retail turnover in the Territory, Year to July 2017

|  |  |  |
| --- | --- | --- |
|  | Value $M1 | Year on year % change |
| Food retailing | 1 495.5 | 3.2 |
| Household goods retailing | 469.7 | -4.9 |
| Clothing, footwear and personal accessory retailing | 168.2 | 1.4 |
| Cafe, restaurants and takeaway food services | 474.3 | 0.9 |
| Other2 | 524.9 | -2.0 |
| **Total** | **3 132.6** | **0.6** |

1Annual total in the year to July 2017, original data, current prices.  
2Comprises newspaper and book, pharmaceutical, cosmetic and toiletry, other recreational goods and confidential items Source: ABS, *Retail Trade Turnover,* Cat. No. 8501.0.

Sales of new motor vehicles

In the year to August 2017, the number of new motor vehicle sales in the Territory increased by 1.8 per cent to 10 830. The year on year increase was driven by growth in sports utility vehicles (SUV) sales (up 4.3 per cent) to 4 181 and other vehicle sales (up 4.2 per cent) to 3 321. This was partly offset by a 3.4 per cent decline in passenger vehicle sales to 3 328.

Chart 21: Territory New Motor Vehicle Sales, moving annual total   
Source: ABS, *Sales of New Motor Vehicles,* Cat. No. 9314.0

**Comparative Economic Indicators\***

| **Indicator** | **Period** | **Measure** | **NSW** | **Vic** | **Qld** | **WA** | **SA** | **Tas** | **ACT** | **NT** | **Aust** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Economic Growth** |  |  |  |  |  |  |  |  |  |  |  |
| Gross State Product1 | 2015-16 | % change | 3.5 | 3.3 | 2.0 | 1.9 | 1.9 | 1.3 | 3.4 | 2.7 | 2.8 |
| State Final Demand1 | 2016-17 | % change | 3.3 | 3.9 | 2.0 | -7.4 | 2.6 | 2.2 | 5.1 | 8.8 | 1.9 |
| International goods exports | Year to July 2017 | % change | 23.6 | 5.6 | 43.1 | 21.9 | 2.1 | 2.2 | 57.12 | 6.7 | 21.4 |
| International goods imports | Year to July 2017 | % change | 1.4 | 0.9 | 10.9 | 13.4 | 3.8 | 16.5 | 233.32 | -42.5 | 3.9 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | Mar 2016 Qtr to Mar 2017 Qtr | % change | 1.6 | 2.4 | 1.6 | 0.7 | 0.6 | 0.6 | 1.8 | 0.1 | 1.6 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Aug 2017 | % change | 0.8 | 3.6 | 0.5 | 0.0 | 1.4 | 1.5 | 1.8 | 2.9 | 1.5 |
| Participation rate3 | As at Aug 2017 | % | 63.7 | 66.2 | 65.5 | 68.0 | 62.3 | 61.3 | 70.8 | 73.3 | 65.2 |
| Unemployment rate3 | As at Aug 2017 | % | 4.9 | 6.1 | 6.0 | 5.5 | 6.1 | 6.1 | 4.7 | 3.6 | 5.6 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index4 | June Qtr 2017 | % change | 0.4 | 0.1 | 0.5 | flat | 0.1 | flat | flat | 0.3 | 0.2 |
|  | 2016-17 | % change | 2.0 | 1.9 | 1.7 | 0.6 | 1.5 | 1.8 | 1.9 | 0.1 | 1.7 |
| Wage Price Index | Year to June 2017 | % change | 2.1 | 2.0 | 1.9 | 1.4 | 2.2 | 2.2 | 1.9 | 2.1 | 2.0 |
| Average weekly earnings (FTE)3 | As at May 2017 | $ | 1 608 | 1 572 | 1 558 | 1 796 | 1 510 | 1 416 | 1 815 | 1 765 | 1 606 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | Year to June 2017 | % change | 7.5 | 6.5 | 0.2 | -29.7 | -0.5 | 3.3 | 15.7 | -12.8 | -4.3 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Residential building approvals (number) | Year to July 2017 | % change | -4.3 | -5.3 | -19.4 | -18.7 | -7.8 | -6.9 | 7.4 | -42.4 | -9.5 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to July 2017 | % change | 1.1 | 1.7 | 4.6 | -5.7 | 0.6 | 11.6 | 3.6 | -4.3 | 1.4 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade1 | Year to July 2017 | % change | 3.4 | 3.5 | 2.9 | 0.2 | 3.7 | 3.5 | 4.6 | 0.6 | 3.0 |
| New motor vehicle sales | Year to Aug 2017 | % change | 0.6 | 3.6 | -1.7 | -7.1 | 1.9 | 1.2 | 1.3 | 1.8 | 0.4 |
| Unleaded fuel4 | Sep 2017 average | cpl | 125.6 | 121.2 | 123.3 | 126.9 | 125.6 | 135.8 | 130.4 | 128.2 | 125.2 |
| Diesel fuel4 | Sep 2017 average | cpl | 124.5 | 126.0 | 127.4 | 127.1 | 122.5 | 136.2 | 129.8 | 129.6 | 126.8 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at June 2017 | Level (%) | 46.0 | 40.0 | 35.0 | 32.0 | 26.0 | 42.0 | 52.0 | 9.0 | 39.0 |

\*original data unless stated otherwise.

1Inflation adjusted terms.

2The value of international trade in the ACT is very low, therefore small variations in the value can have a large impact on year-on-year percentage changes.

3Trend.

4Capital cities.

Sources: Department of Treasury and Finance; ABS, Australian Institute of Petroleum