

Territory Economic Review December 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 2016-17, the Territory’s gross state product (GSP) increased by 4.0 per cent to $25.4 billion. This was the second highest growth of all jurisdictions and above the national economic growth rate of   
2.0 per cent. Key drivers of economic growth in the Territory were increases in private investment, along with public investment and household consumption, partly offset by a decrease in net exports.

Territory state final demand (SFD) showed an increase of 8.2 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 on major projects and dwelling activity, to strong growth in part time employment. In the year to December 2017, employment grew by 1.8 per cent. 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 is the second lowest of all jurisdictions.

The Territory’s estimated resident population was 246 105 as at 30 June 2017. In annual terms, Territory population growth has increased by 0.1 per cent. This reflects ongoing weakness in the Territory’s Population growth.

The Darwin Consumer Price Index (CPI) remains subdued increasing by 0.3 per cent in the year to September 2017, recording 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 1.9 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.

**Table 1: Summary of change in the Territory’s key economic indicators**

|  | **Monthly** | | **Quarterly** | | | **Year on Year** |
| --- | --- | --- | --- | --- | --- | --- |
| **Economic Growth** | | | | | | |
| GSP, 2016-17 | | n.a. | | n.a. | | 4.0% |
| SFD, Jun Qtr 2017 | | n.a. | | 0.6% | | 8.2% |
| International goods exports, Oct 2017 | | -1.0% | | n.a. | | 22.6% |
| International goods imports, Oct 2017 | | -21.6% | | n.a. | | -20.7% |
| **Population** | | | | | | |
| NT population, Jun Qtr 2017 | | n.a | | 0.5% | | 0.1%1 |
| **Labour Market** | | | | | | |
| Employment, Nov 2017 | | -0.4% | | n.a. | 1.8% | |
| Unemployment rate, Nov 2017 | | 1.0ppt | | n.a. | 1.0ppt1 | |
| **Prices and Wages** | | | | | | |
| CPI, Sept Qtr 2017 | | n.a. | | 0.6% | | 0.3% |
| WPI, Sept Qtr 2017 | | n.a. | | 0.5% | | 1.9% |
| Unleaded fuel, Dec 2017 | | 9.7 cpl | | n.a. | | 25.7 cpl1 |
| Diesel fuel, Dec 2017 | | 9.8 cpl | | n.a. | | 28.0 cpl1 |
| **Construction** | | | | | | |
| Construction work done,  Sept Qtr 2017 | | n.a. | | 2.9% | | -12.8% |
| **Residential Property Market** | | | | | | |
| Darwin house prices,  Sept Qtr 2017 | | n.a. | | -8.3% | | -10.0%1 |
| Building approvals,  Oct 2017 | | -54.9% | | n.a. | | -39.5% |
| **Business Environment** | | | | | | |
| Retail trade,  Oct 2017 | | -6.0% | | n.a. | | 0.6% |
| Sales of new motor vehicles, Nov 2017 | | 6.0% | | n.a. | | 0.4% |
| Sensis Business Index, Sept 2017 | | n.a | | 17.0% | | -4.0% |

| *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* |
| --- |

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

**Economic Growth**

**Territory economic growth was 4.0 in 2016-17 the second highest in Australia**

**Territory state final demand increased by 8.2 per cent in 2016-17**

Economic growth  
In 2016-17, economic growth in the Territory, as measured by GSP, increased by 4.0 per cent to $25.4 billion.

The Territory’s Economic growth was largely driven by strong growth in private investment, while household consumption and public investment also contributed positively. Economic growth was partly offset by a decrease in net exports.

Chart 1: Year on year percentage change in the Territory, 2005-06 to 2016-17Chart 1: Year on year percentage change in the Territory, 2005-06 to 2016-17Source: DTF, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

The Territory recorded the second strongest growth of all jurisdictions. The Australian economy grew by 2.0 per cent in 2016-17 (Chart 2).

Chart 2: Year on year change in gross state product,   
2016-17Chart 2: Year on year change in gross state product, 
2016-17Source: DTF, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

State Final Demand (SFD)

In 2016-17, SFD increased by 8.2 per cent to $30.0 billion, driven by strong growth in private investment, and continued growth in public investment and household 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 23.5 per cent to $9.9 billion in 2016-17. This was the first increase since 2013-14, when private investment peaked at a record $11.7 billion.

The increase in private investment was mainly driven by a 33.2 per cent increase in non‑dwelling construction to $7.5 billion. Intellectual property products increased by 56.7 per cent to $674 million and cultivated biological resources increased by 73.9 per cent to $200 million.

Private investment was partly offset by a 10.8 per cent decline in machinery and equipment investment to $710 million and 23.9 per cent decline in dwelling investment to $644 million.

Household consumption   
Household consumption increased by 2.8 per cent to $11.4 billion in 2016-17. Growth was largely driven by net expenditure interstate.

Public expenditure   
In 2016-17, public investment increased by 7.5 per cent to $1.4 billion and public consumption decreased by 0.3 per cent to $7.3 billion. Public investment was driven by both state and local, and national governments.

International trade  
The Territory's annual net goods international trade balance was $3.6 billion in the year to October 2017, in current price terms. This represents a $1.4 billion increase from the year to October 2017. The increase in the Territory’s trade balance was driven by an increase in the value of goods exports by $964 million to $5.2 billion, partly offset by reduction in the value of goods imports by $425 billion to $1.6 billion.

The decrease in goods imports was driven by reductions in the value of manufactured metal goods imports. The increase in the value of goods exports reflects the growth in the value of mineral ore exports to China.

**Population**

**246 105 people residing in the Territory**

**4 000 births and 1 068 deaths in the Territory in the year to June 2017**

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

As at 30 June 2017, the Territory’s estimated resident population (ERP) was 246 105 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 changeChart 3: Population growth, annual percentage change

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

Components of growth

In the year to June 2017, the Territory’s population increased by 365 persons, mainly due to net overseas migration, which added 923 persons, and natural increase, which added 2 932 persons. These gains were partly offset by net interstate migration, which reduced the Territory’s population by 3 490 persons (Chart 4).

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

*Net overseas migration*

In the year to June 2017, the Territory recorded net overseas migration of 923 persons. Net overseas migration has returned to 2004 levels, following record growth in 2012-13, though remains below the 20 year average of 1 334. 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 June 2017, net interstate migration detracted 3 490 persons from the Territory’s population. This was a larger loss than the previous year which reported a net loss of 2 696 persons.

*Natural increase*

In the year to June 2017, natural increase contributed 2 932 persons to the Territory’s population, which was slightly higher than the previous year. This consisted of 4 000 births, which were partly offset by 1 068 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 June 2017

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 861.1 | 6 323.6 | 4 928.5 | 2 580.4 | 1 723.5 | 520.9 | 410.3 | 246.1 | | 24 598.9 |
| Annual growth | 1.6% | 2.3% | 1.6% | 0.8% | 0.6% | 0.6% | 1.7% | 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**

**134 912 residents employed in the Territory**

**The unemployment rate at 4.6 per cent the second lowest of the jurisdictions**

**The Territory’s participation rate at 75.3 per cent is the highest among jurisdictions**

Employment

In November 2017, the trend number of people employed in the Territory increased by 0.3 per cent to 134 912 persons. Nationally, trend employment increased by 0.2 per cent in the month to   
12 380 118 persons.

In the year to November 2017, employment in the Territory increased by 1.8 per cent. In other jurisdictions, the change in year on year employment ranged from increases of 0.9 per cent in Western Australia to 3.5 per cent in Victoria (Chart 5). Nationally, employment grew by 2.0 per cent over the same period.

Chart 5: Year on year change in employment, November 2017Chart 5: Year on year change in employment, November 2017Source: 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 2 906 persons in November 2017. This reflects decreases of 1 440 employed males and 1 466 employed females.

In trend terms, full-time employment accounted for 79.2 per cent of total employment in November 2017. In annual terms, the trend number of people employed on a full‑time basis decreased by 2.8 per cent while part‑time employment increased by 0.6 per cent in November 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 November 2017, the Territory’s trend unemployment rate increased by 0.2 percentage points to 4.6 per cent, the second lowest unemployment rate of all jurisdictions. The unemployment rate in other jurisdictions ranged between 3.8 per cent in the Australian Capital Territory to 6.2 per cent in Western Australia. Nationally, the unemployment rate in the month was 5.4 per cent (Chart 6).

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

Through the year to November 2017, the Territory’s trend unemployment rate for females increased by 1.1 percentage points to 4.4 per cent. The male unemployment rate increased by 1.1 percentage points to 4.8 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 small changes in the employment status of respondents within the survey, particularly households in remote Aboriginal communities.

Chart 7: Historical trend unemployment rate,   
2007-08 to 2016-17Chart 7: Historical trend unemployment rate, 
2007-08 to 2016-17Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

Participation

In November 2017, the Territory’s trend participation rate was 75.3 per cent. The Territory continues to record the highest trend participation rate of all jurisdictions and was 9.9 percentage points above the national rate of 65.4 per cent.

Following record levels of participation in the Territory’s workforce earlier in the year, the participation rate has begun to decline over recent months in both female and male participation in the labour force.

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

Chart 8: Number of job vacancies, Territory

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 decreased by 0.5 per cent in November 2017.

There were monthly decreases across most vacancy types, with the exception of ‘managers’ (up 1.6 per cent) and ‘technicians and trade workers’ (up 0.1 per cent). Nationally, the number of internet job vacancies was 177 873 (up 0.3 per cent) over the same period.

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

Source: DoE, *Internet Vacancy Report*

The monthly change in internet job vacancies in other jurisdictions ranged from a 0.5 per cent decline in South Australia to a 1.4 per cent increase in the Western Australia.

**Prices and Wages**

**Darwin CPI increased by 0.6 per cent in the September quarter 2017**

**Territory WPI grew by 1.9 per cent in the year to September 2017.**

**Territory’s monthly average unleaded fuel price was 154.3 cents per litre**

Prices

The Darwin CPI increased by 0.6 per cent in the September quarter 2017. Darwin recorded the fourth largest increase of the jurisdictions.

The main categories that contributed to an increase in the September quarter 2017 Darwin CPI included recreation and culture (0.34 percentage points), tobacco and alcohol (0.23 percentage points), and transportation (0.20 percentage points).

These were partly offset by decreases in prices for the food and non-alcoholic beverages (detracted 0.11 percentage points) and housing (detracted 0.07 percentage points) categories (Chart 10).

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

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

Darwin CPI increased by 0.6 per cent through the year to September 2017, recording the lowest increase in CPI of all capital cities. In other capital cities, CPI growth in annual terms ranged from 0.8 per cent in Perth to 2.2 per cent in Melbourne. The eight capital cities annual CPI increased by 1.8 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), transportation costs (mainly automotive fuel), and health (mainly medical and hospital services). This was partly offset by decreases in housing costs, and food and non-alcoholic beverages reflecting declines in rents, and fruits and vegetables.

In the year to September 2017, Darwin CPI increased by 0.3 per cent. Darwin CPI was well below the growth of the eight capital cities weighted average increase of 1.8 per cent.

Wages and Income

In the year to September 2017, the Territory’s WPI grew by 1.9 per cent. This consisted of a 2.5 per cent increase in public sector WPI and a 1.6 per cent increase in private sector WPI.

The Territory recorded the second lowest year on year growth of the jurisdictions, equal with the Australian Capital Territory. In other jurisdictions, the increase in the WPI ranged from 1.3 per cent in Western Australia to 2.2 per cent in Tasmania. 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 154.3 cents per litre (cpl) in December 2017. This was 13.9 cpl above the national average ULP price of 140.4 cpl.

The average retail ULP price in Darwin over the month was 147.6 cpl, 160.9 cpl in Katherine, 175.3 in Alice Springs and 183.6 in Tennant Creek.

In December 2017, the average retail price for diesel in the Territory was 154.0 cpl. This was 18.1 cpl higher than the national monthly average price of 135.9 cpl. The monthly average retail price for diesel was 143.2 cpl in Darwin and 170.9 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 the year to September 2017, total construction work done in the Territory decreased by 2.3 per cent to $7.0 billion (chart 12). The Territory recorded the only year on year decline of all jurisdictions. The increase in other jurisdictions ranged from

1.7 per cent in Queensland to 15.1 per cent increase in the Australian Capital Territory.

Chart 12: Total construction work done in the Territory, moving annual total

Chart 12: Total construction work done in the Territory, moving annual totalSource: 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 4.0 per cent to $707 million in 2016-17. The decrease was primarily driven by a 39.8 per cent decrease in private sector non‑residential building construction, to $318 million.

This was partly offset by an increase in public sector non-residential building construction, which increased by 87.4 per cent to $388 million over the year, the largest estimate recorded in over the times series.

Private residential buildings

Total private sector residential building construction decreased by 37.6 per cent to $347 million in 2016‑17 (Chart 14). The decline was driven by lower levels of new unit and house construction.

Public residential buildings

In 2016-17, total public residential building construction in the Territory increased by 15.5 per cent to $107 million. This increase is partly due to public sector housing related 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 October 2017, the number of residential building approvals declined by 39.5 per cent to 844, recording the largest year on year decline of the jurisdictions. This was driven by 66.4 per cent decrease in other residential approvals (units, townhouses, etc.) to 178, a decrease of 23.6 per cent in house approvals to 646 and a 4.8 per cent decline in alterations, additions and conversions (approvals over the value of $10 000) to 20.

In the year to October 2017, the value of non‑residential building approvals in the Territory decreased by 26.5 per cent to a total of $470 million, following a period of elevated growth. The decrease was driven by a 52.1 per cent decline in public non‑residential building approvals, partly offset by a 31.1 per cent increase in private non-residential building approvals.

**Property Market**

**Median house prices ranged from $282 500 in Tennant Creek to $495 000 in Darwin Overall in the September quarter 2017**

**Housing finance commitments declined by 8.1 per cent in the year to   
October 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) increased by 0.2 per cent to 2 030 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 totalChart 15: Territory overall dwelling sales, moving annual totalSource: REINT

The total number of housing finance commitments for owner occupation (excluding refinancing) decreased by 0.8 per cent to 2 748 in the year to October 2017. This was driven by a 26.1 per cent decline in refinancing of established dwellings to 831 (Chart 16).

Chart 16: Territory housing finance commitmentsChart 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 the median house prices in Darwin Overall (includes Palmerston) decreased by 8.3 per cent to $495 000, in the September quarter 2017 (Chart 17). REINT does not adjust for quality and location of houses sold.

The median house prices in Inner Darwin decreased by 5.0 per cent in the quarter to $760 000. In Palmerston, the median house price remains the same at $460 000.

Median house prices in other urban areas of the Territory are: 8.8 per cent decrease to $310 000 in Katherine, 27.0 per cent increase to $282 500 in Tennant Creek; and 10.8 per cent increase to $476 500 in Alice Springs.

Chart 17: Territory median house prices

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 September quarter 2017, the median house price in Darwin decreased by 2.6 per cent to $592 290, the fourth highest of all the capital cities. Median house prices in other capital cities ranged from $400 534 in Hobart to $1 176 567 in Sydney. Nationally, the median house price decreased by 0.8 per cent to $803 229 (Chart 18).

In the September quarter 2017, APM reports that the median unit price in Darwin decreased by 6.8 per cent to $330 354. In other capital cities, the median unit price ranged from $294 434 in Hobart to $741 472 in Sydney. Nationally, the median unit price decreased by 1.8 per cent to $552 611.

In annual terms, Darwin recorded an decrease of 3.0 per cent in median house prices, and a decrease of 30.5 per cent in median unit prices compared to the September quarter 2016. Nationally, median house prices increased by 8.0 per cent, and median unit prices increased by 3.8 per cent over the same period.

Chart 18: Capital city median house prices, September quarter 2017Chart 18: Capital city median house prices, September quarter 2017Source: 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 September quarter 2017, Darwin’s RPPI decreased by 2.6 per cent, the largest decline among all jurisdictions (Chart 19). This reflects decreases of 1.0 per cent in the established house price index and 6.1 per cent in the attached dwelling price index. In other jurisdictions, the change in RPPI ranged between a 1.4 per cent decrease in Sydney to a 3.4 per cent increase in Hobart, in the September quarter 2017. Nationally, the RPPI decreased by 0.2 per cent in the September quarter 2017 (Chart 19).

Chart 19: ABS Residential Property Price Indexes, quarterly change September 2017Chart 19: ABS Residential Property Price Indexes, quarterly change September 2017Source: 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 September quarter 2017 (Chart 20):

* decreased by 0.8 percentage points to 6.1 per cent in Darwin;
* decreased by 0.7 percentage points to 5.5 per cent in Palmerston;
* decreased by 1.7 percentage points to 1.5 per cent in Alice Springs; and
* decreased by 0.6 percentage points to 5.2 per cent in Katherine.

Chart 20: Territory vacancy rates\*, September quarter 2017

Chart 20: Territory vacancy rates*, September 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 1.2 per cent to $478 in the September quarter 2017. In contrast, prices increased by 3.0 per cent in Alice Springs to $515 and increased by 2.4 per cent to $430 in Katherine.

The latest data from APM reports that the median weekly asking rent for a three bedroom house in Darwin is unchanged at $520 in the September quarter 2017. Darwin had the second highest asking rent for houses at $550. Compared to the September quarter 2016, weekly asking rent in Darwin declined by 5.5 per cent (Table 3).

Table 3: Median House Rents, September quarter 2017

|  | Median house rent |
| --- | --- |
| Sydney1 | $550 |
| Melbourne1 | $420 |
| Brisbane1 | $400 |
| Perth1 | $350 |
| Adelaide1 | $360 |
| Hobart1 | $375 |
| Canberra1 | $510 |
| Darwin1 | $520 |
| Alice Springs2 | $515 |
| Katherine2 | $430 |

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

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

**Business Environment**

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

**10 783 sales of new motor vehicle in the year to November 2017**

**Retail trade improved by 0.6 per cent in the year to October 2017**

Business confidence

The Sensis Business Index September 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 increased by 17 percentage points to +26 per cent. The net balance business confidence level in the Territory is 17 percentage points higher than the same time last year (+9 per cent).

In other jurisdictions, net business confidence levels ranged between +32 per cent in Western Australia and +60 per cent in the Australian Capital Territory. Nationally, the net balance business confidence level increased by 7 percentage points in the quarter to +46 per cent.

The actual conditions experienced by Territory SMEs in the three months prior to the survey improved in sales, wages, prices and profitability. The result for employment was the only category to record a decrease. Wages were neutral.

The Territory’s SMEs were generally less positive about the next three months than they were at the time of the last survey, reporting negative balances in sales, employment, wages, and profitability. An increase was reported in prices. (Table 4).

Table 4: SMEs actual experience in the past three months and current expectations

|  |  |  |
| --- | --- | --- |
|  | Actual experience | Current expectations |
|  | Net balance | Net balance |
| Sales value | 0% | -3% |
| Size of workforce | 1% | -4% |
| Wages bill | 11% | -8% |
| Prices | 16% | 9% |
| Profitability | -2% | -1% |
| Source: Sensis Business Index | |  |

Tourism

In the year to September, the total number of visitors to the Territory decreased by 1.7 per cent to 1.8 million, driven by a 1.8 per cent decrease in domestic visitor arrivals to 1.5 million and a 1.5 per cent decrease in international visitor arrivals to 289 000. The main purpose of domestic travel was visiting friends and family (up 19.9 per cent) and business (up 3.2 per cent).

However, the Territory experienced growth from key source markets including Greater China (up 43.8 per cent) and Switzerland (up 6.8 per cent).

Retail trade turnover

In October 2017, Territory trend retail trade turnover decreased by 0.4 per cent, compared to the previous month, to $259 million in current prices. In the year to October 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 3.2 per cent and contributed 1.5 percentage points. The main detractor from growth in the year was household goods down by 2.7 per cent and detracted 0.4 percentage points.

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

|  |  |  |
| --- | --- | --- |
|  | Value $M1 | Year on year % change |
| Food retailing | 1 503.2 | 3.2 |
| Household goods retailing | 470.1 | -2.7 |
| Clothing, footwear and personal accessory retailing | 167.5 | -2.0 |
| Cafe, restaurants and takeaway food services | 469.3 | -0.6 |
| Other2 | 521.9 | -1.8 |
| **Total** | **3 132** | **0.6** |

1Annual total in the year to September 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 November 2017, the number of new motor vehicle sales in the Territory increased by  
0.4 per cent to 10 783. The year on year increase was driven by growth in sports utility vehicles (SUV) sales (up 1.8 per cent) to 4 119 and other vehicle sales (up 4.5 per cent) to 3 386. This was partly offset by a 4.9 per cent decline in passenger vehicle sales to 3 278.

Chart 21: Territory New Motor Vehicle Sales, moving annual total

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 | 2016-17 | % change | 2.9 | 3.3 | 1.8 | -2.7 | 2.2 | 1.1 | 4.6 | 4.0 | 2.0 |
| 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 exports2 | Year to Oct 2017 | % change | 26.8 | 10.4 | 45.4 | 24.4 | 11.7 | 17.5 | 35.3 | 22.6 | 25.0 |
| International goods imports2 | Year to Oct 2017 | % change | 2.1 | 3.4 | 15.5 | 16.9 | 6.4 | 20.7 | 266.7 | -20.7 | 6.5 |
| **Population** |  |  |  |  |  |  |  |  |  |  |  |
| Population | Jun 2016 Qtr to Jun 2017 Qtr | % change | 1.6 | 2.3 | 1.6 | 0.8 | 0.6 | 0.6 | 1.7 | 0.1 | 1.6 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Nov 2017 | % change | 1.2 | 3.5 | 1.9 | 0.9 | 1.4 | 2.6 | 2.4 | 1.8 | 2.0 |
| Participation rate3 | As at Nov 2017 | % | 64.0 | 66.1 | 65.9 | 68.4 | 62.0 | 60.9 | 72.2 | 75.3 | 65.4 |
| Unemployment rate3 | As at Nov 2017 | % | 4.6 | 5.7 | 5.8 | 6.2 | 5.8 | 5.9 | 3.8 | 4.6 | 5.4 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index4 | Sep Qtr 2017 | % change | 0.7 | 0.5 | 0.4 | 0.5 | 1.1 | 0.3 | 0.9 | 0.6 | 0.6 |
|  | Year to Sept 2017 | % change | 2.1 | 2.1 | 1.7 | 0.7 | 1.7 | 2.0 | 2.1 | 0.3 | 1.8 |
| Wage Price Index | Year to Sept 2017 | % change | 2.1 | 2.0 | 2.0 | 1.3 | 2.1 | 2.2 | 1.9 | 1.9 | 2.0 |
| Unleaded fuel4 | Dec 2017 average | cpl | 138.0 | 143.8 | 142.6 | 137.5 | 140.0 | 143.3 | 146.4 | 147.6 | 140.4 |
| Diesel fuel4 | Dec 2017 average | cpl | 133.3 | 137.0 | 136.5 | 137.2 | 133.1 | 140.8 | 139.3 | 143.2 | 135.9 |
| 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 Sept 2017 | % change | 7.8 | 9.1 | 1.7 | 6.4 | 9.8 | 1.8 | 15.1 | -2.3 | 6.4 |
| **Residential Property Market** |  |  |  |  |  |  |  |  |  |  |  |
| Residential building approvals (number) | Year to Oct 2017 | % change | -8.9 | 1.3 | -17.5 | -9.1 | 2.1 | 11.0 | -10.9 | -39.5 | -7.3 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to Oct 2017 | % change | 8.8 | 8.7 | 4.1 | -2.0 | 0.3 | 8.6 | 12.7 | -0.8 | 6.0 |
| **Business Environment** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade1 | Year to Oct 2017 | % change | 3.1 | 3.4 | 2.0 | 0.1 | 3.4 | 3.1 | 3.2 | 0.6 | 2.6 |
| New motor vehicle sales | Year to Nov 2017 | % change | 0.3 | 2.5 | -0.3 | -3.3 | 1.0 | -0.5 | 0.6 | 0.4 | 0.5 |
| Sensis Business Index | As at Sept 2017 | Level (%) | 50 | 50 | 42 | 32 | 36 | 50 | 60 | 26 | 46 |

\*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, or return values that are too small to calculate.

3Trend.

4Capital cities.

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