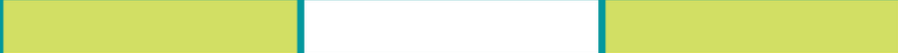




# CAIRNS REPORT



A monthly snapshot of the  
Far North Queensland economy

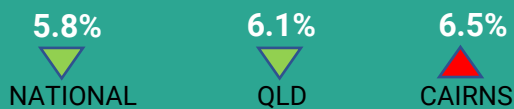
## Welcome to the launch edition of The Cairns Report

There's surprising buoyancy and optimism in the Cairns economy as we enter the second quarter of 2021.

Residential construction and real estate lead the way, along with positive news in the maritime precinct, government spending on the post-COVID 19 recovery and the potential for regional population growth from capital cities. We also note positive signs in accommodation bookings, the travel bubble with New Zealand and recent advice from Qantas that international flights could resume in late October.

There are however some grey clouds in the labour market with the end of JobKeeper and the ongoing impact on the tourism sector of international border closures and state-sanctioned lockdowns.

### UNEMPLOYMENT RATE



### EMPLOYMENT



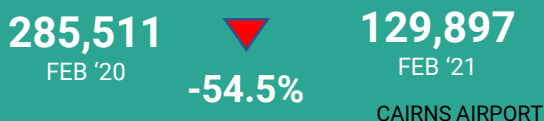
### PROPERTY PRICES



### MEDIAN RENTS



### PASSENGERS



### BUILDING APPROVALS



All data relates to Cairns unless otherwise stated.  
The most current data set available before publication is used throughout The Cairns Report.  
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## CAIRNS REPORT

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Cover: Rooftop view from Rocco at Riley, a Crystalbrook Collection Resort

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Grant Thornton

HOLDING REDLICH




In Queensland and across the nation, there were very strong employment outcomes with the unemployment rate falling to 5.8% in Australia and 6.1% in Queensland.

It was a different story in Cairns however, with Trend employment in February falling by 500, resulting in the number of people employed dropping by 10,600 from a year earlier.

Despite this sharp loss of employment in Cairns those registered as unemployed is almost unchanged from a year ago. Participation has fallen very sharply in Cairns with the region losing about 10,000 from the labour force; people no longer working but also no longer even looking for work.

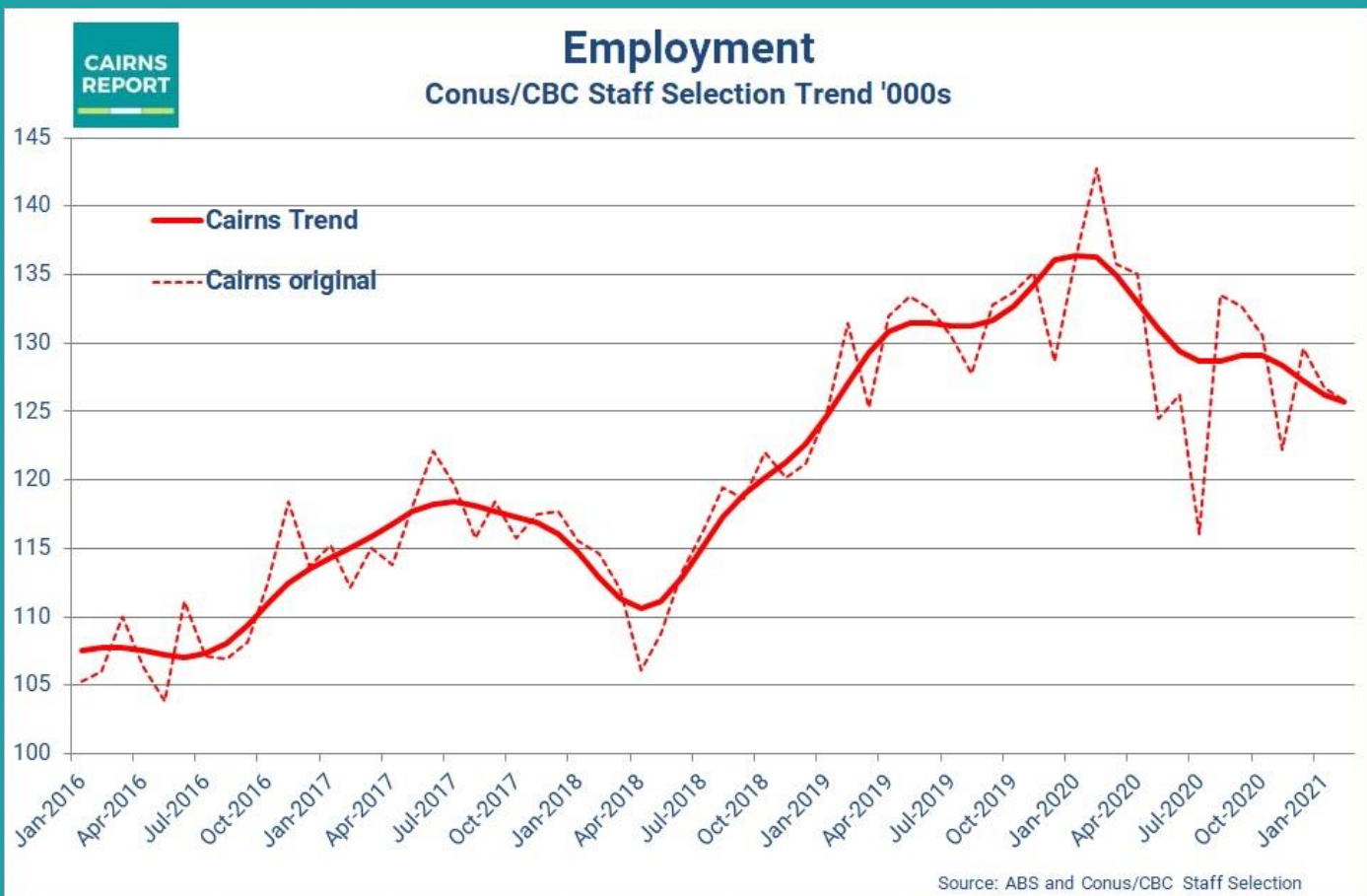
As a result, the Trend unemployment rate, at only 6.5%, belies the underlying weakness evident in the Cairns labour market. The Payrolls data from the ATO confirms the fact that Cairns continues to underperform labour markets across Queensland and the nation.

## EMPLOYMENT

13,006,900 NATIONAL   
 2,603,839 QLD   
 125,700 CAIRNS 

## KEY TAKEAWAY

Cairns continues to underperform labour markets across Queensland and the nation.





Many of our clients are telling us they're facing difficulties filling vacant positions – we expect the task of finding skilled staff will be a key challenge for Cairns businesses over coming months.



Joe Mendiolea  
Grant Thornton

## UNEMPLOYMENT RATE

5.8%	6.1%	6.5%
NATIONAL	QLD	CAIRNS

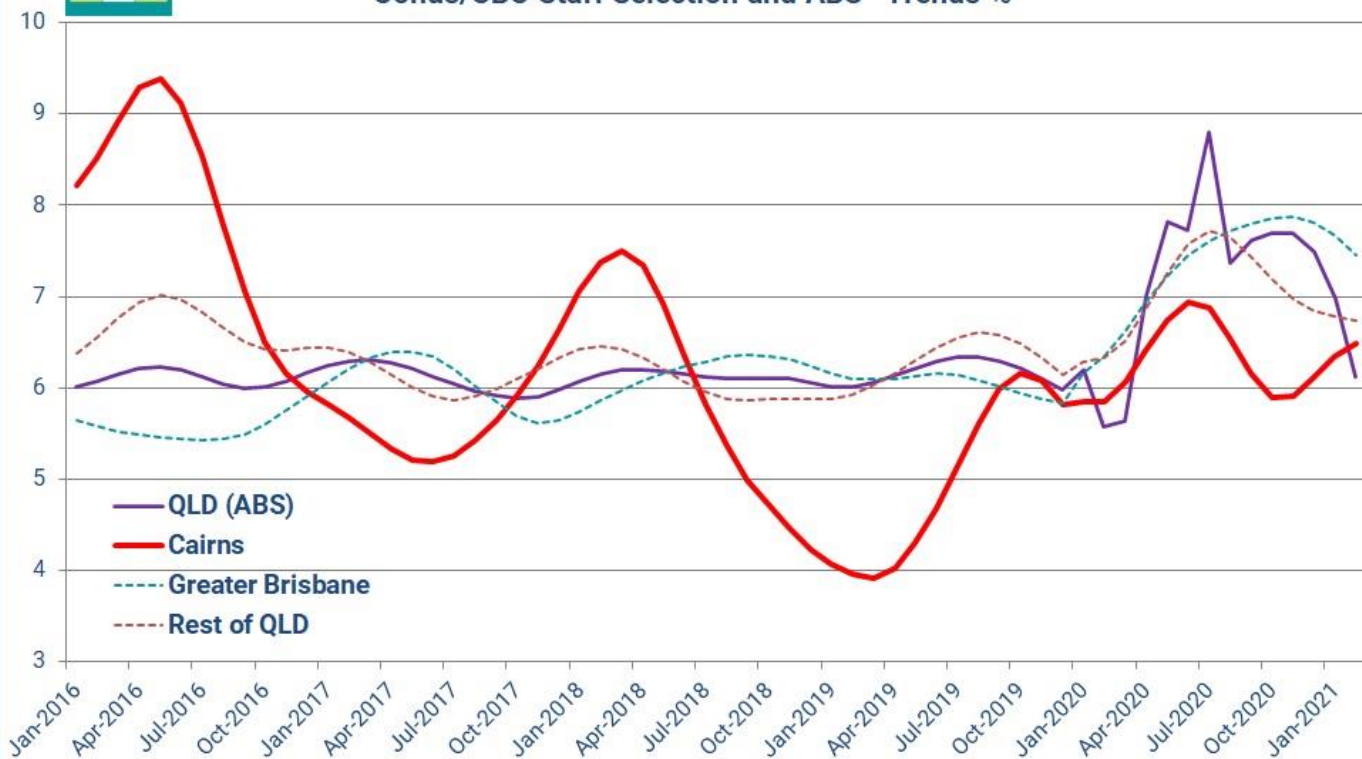
## KEY TAKEAWAY

There's been a sharp fall in the participation rate in Cairns. As a result, the 6.5% Trend unemployment rate belies the underlying weakness evident in the Cairns labour market.



## Unemployment Rate

Conus/CBC Staff Selection and ABS\* Trends %



\* ABS s.a. after March 2020

Source: ABS and Conus/CBC Staff Selection

### EXPLAINER

The **participation rate** is the percentage of people in the working-age population in the labour force. The **unemployment rate** measures the percentage within the labour force currently without a job. A high participation rate combined with a low unemployment rate is a sure sign of a robust job market. In contrast, Cairns has experienced a sharp fall in the participation rate, resulting in a lower unemployment rate that doesn't reflect the current weakness in the local labour market.



Residential housing approvals in the Cairns region held up well in January on the back of continued support for house building and historically low interest rates.

Trend approvals now sit at their highest level for 11 years and suggest solid demand for construction in coming months as approvals convert to actual builds.

## KEY TAKEAWAY

Master Builders QLD say the residential construction sector in Cairns is so strong many people who lost their job in tourism have jumped into trade apprenticeships to service demand for new builds.

## HOUSES

▲ 107.6%

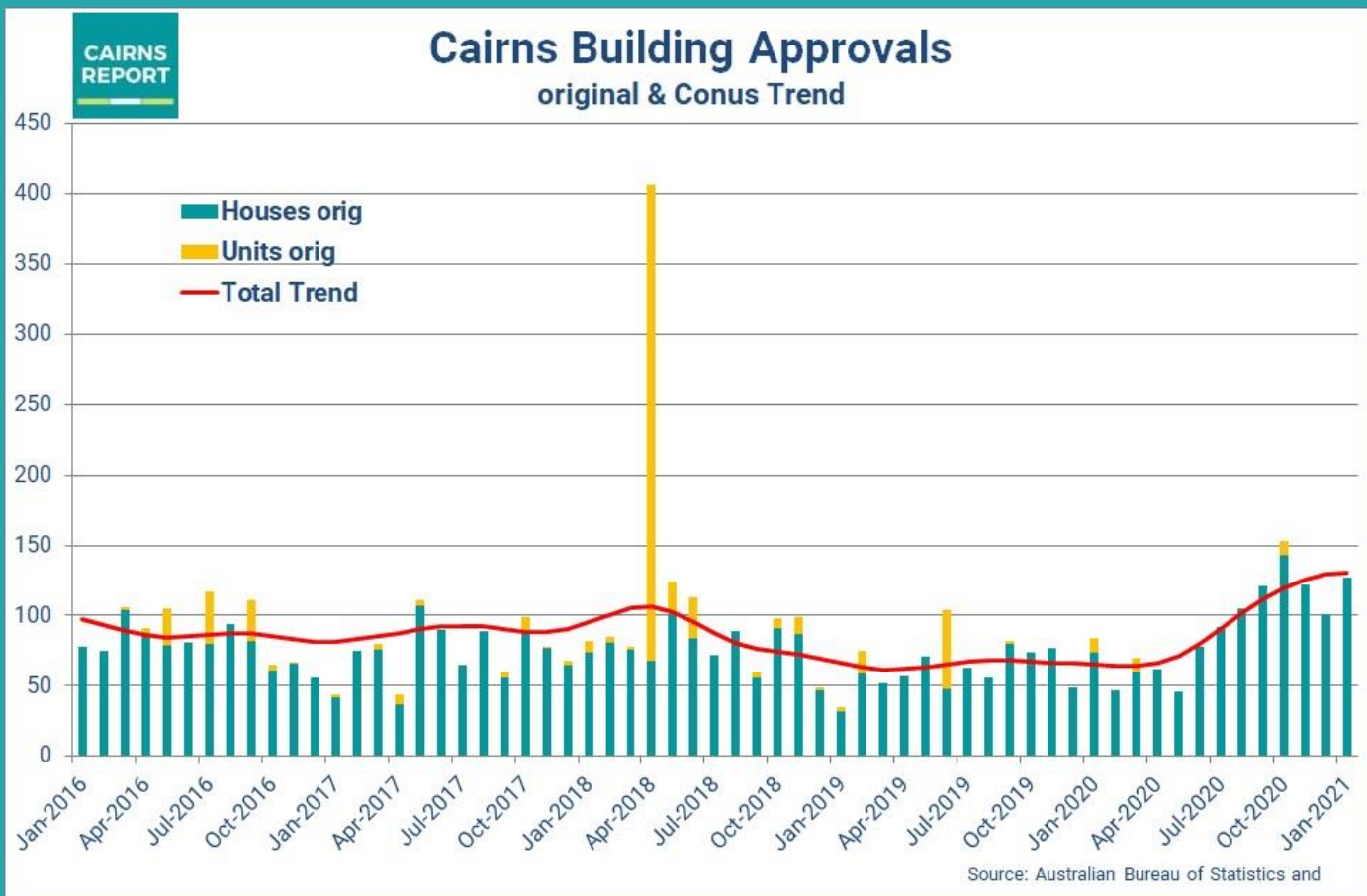
Building approvals increase from a year ago

Cairns saw a lift to 134 Trend approvals in January which represents a 107.6% increase from a year ago. This is the highest level in Cairns in 11 years.

Government stimulus such as Home Builder, low interest rates and housing affordability has led to something very closely resembling a residential building boom in Cairns.

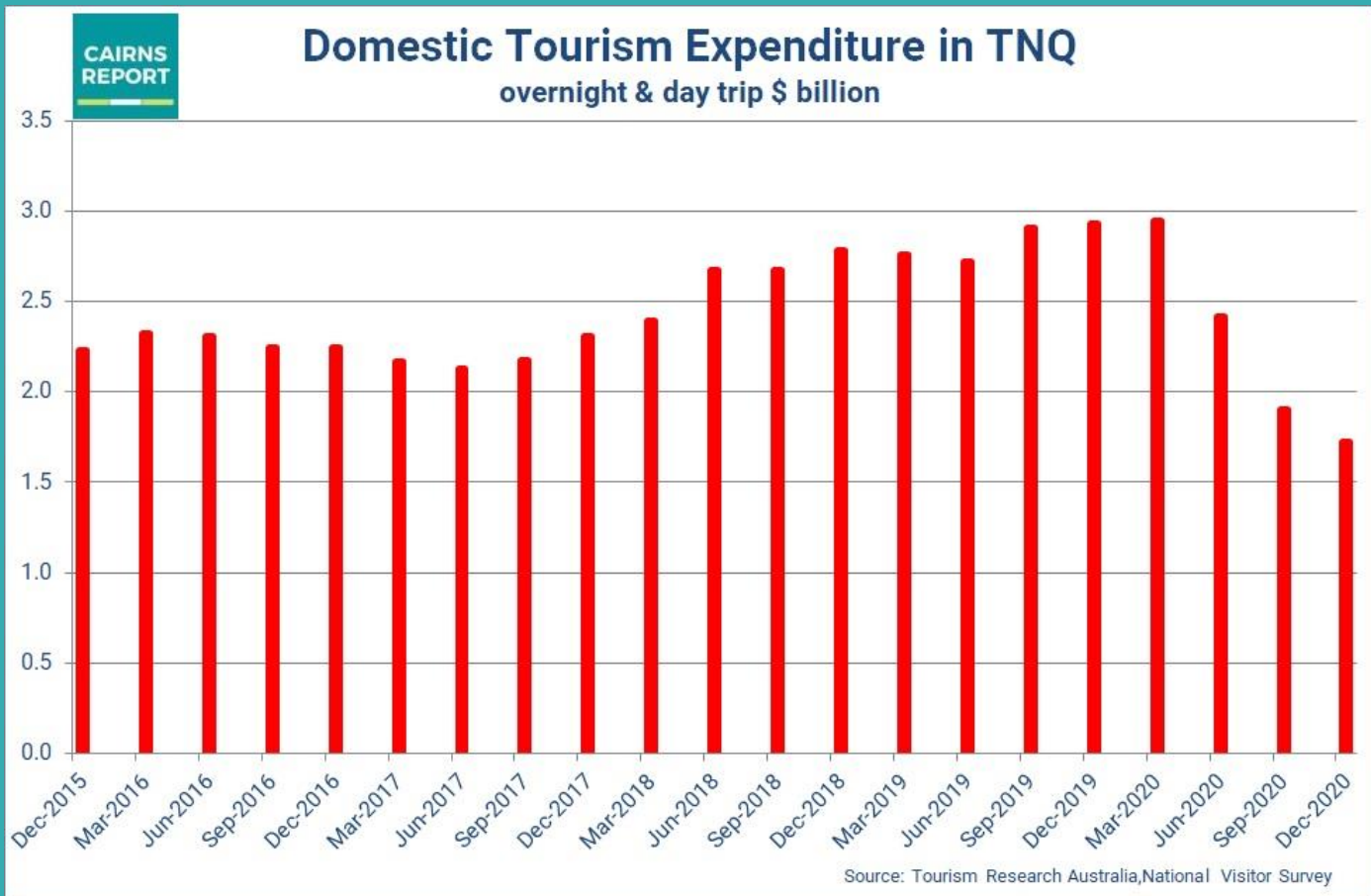


Ranjit Singh  
*Holder Redlich*



**Locally, the latest National Visitor Survey results were a mix of the national and Queensland story; visitor numbers fell 35% and expenditures were down 41% as the average spend on an overnight trip in TNQ fell below \$1,000 (actually \$998) for the first time in at least 12 years.**

Total domestic tourism expenditure in the region was more than \$1.2 billion lower than in 2019. Obviously the vast bulk of the more than \$1 billion international expenditure the region usually sees has also disappeared. The Federal Government’s half-price tickets and the Queensland Government’s \$200 voucher scheme will provide some limited support with JobKeeper now finished. On the bright side, anecdotal evidence suggests solid bookings over coming months.



**CAIRNS AIRPORT**

Cairns Airport landed two of the top 10 busiest routes in the nation in January. Brisbane-Cairns was third with 73,900 passengers, a drop of -32.7% compared with January 2020. Melbourne-Cairns was tenth busiest with 37,700 passengers, down -39.7%. The busiest route was Melbourne-Gold Coast with 125,700 passengers, a drop of -36.1% compared with January 2020.

Source: Bureau of Infrastructure and Transport Research Economics



Median property prices have moved higher through 2020 with house prices up 3.5% in December from a year earlier. Prices are being driven up by the continuing short supply of stock on the market, with around 550 fewer available properties compared to a year ago.

Unit prices, which have been barely changed for 5 years, actually fell 2.1% during 2020 although an increase in volume of sales and prices in the second half of the year points to better demand.

## MEDIAN PRICES

▲ \$230,000 UNITS      ▲ \$440,000 HOUSES

Source: Pricerfinder.com.au

The prices we're achieving are at the higher end of our expectations and properties are selling quite quickly. Momentum is definitely on the side of the seller. There's no doubt whatsoever that the lack of available property for sale is driving competition between buyers.



Nicholas Slatyer  
Belle Property Cairns



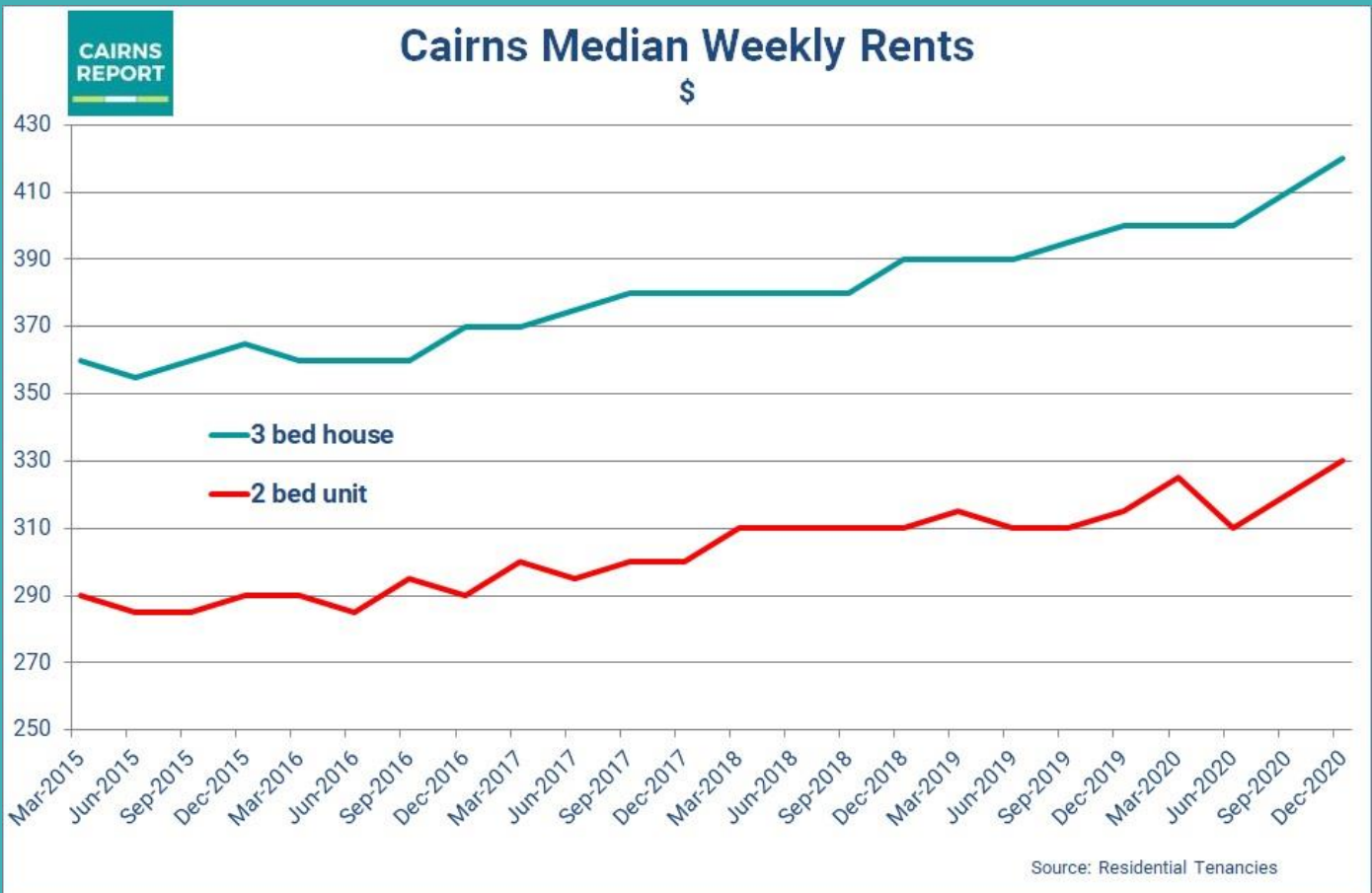
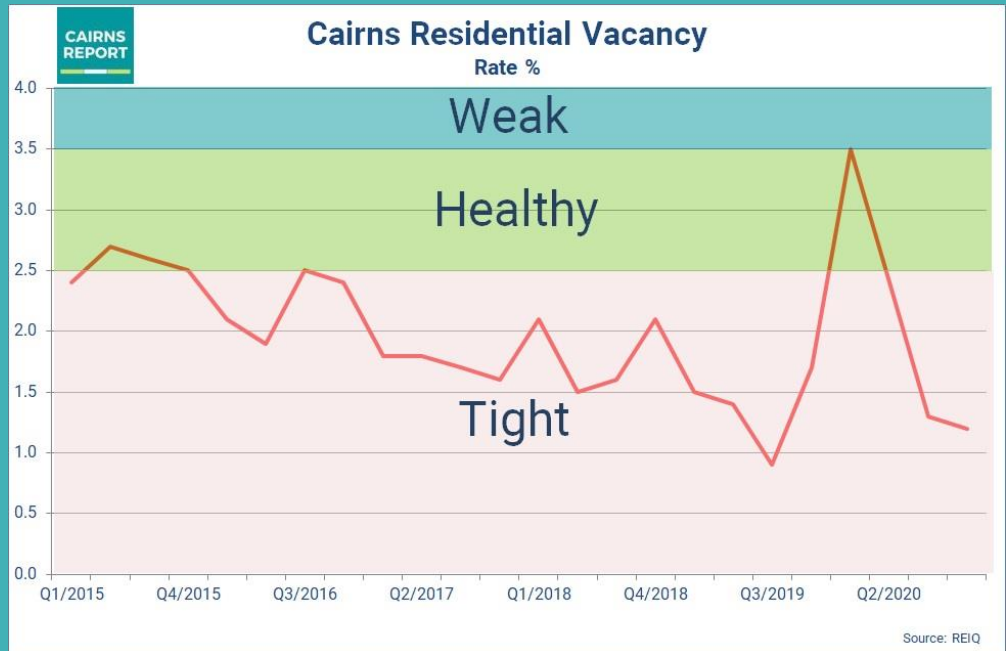
Vacancy rates remain very tight at 1.2% which has seen median rents for houses and units increase by 5% over the year.

Internal migration to regional Queensland, particularly from Melbourne and Sydney, should keep demand for housing in Cairns solid through 2021.

## MEDIAN RENTS

▲ **\$330** P/W  
2-BED UNIT

▲ **\$420** P/W  
3-BED HOUSE



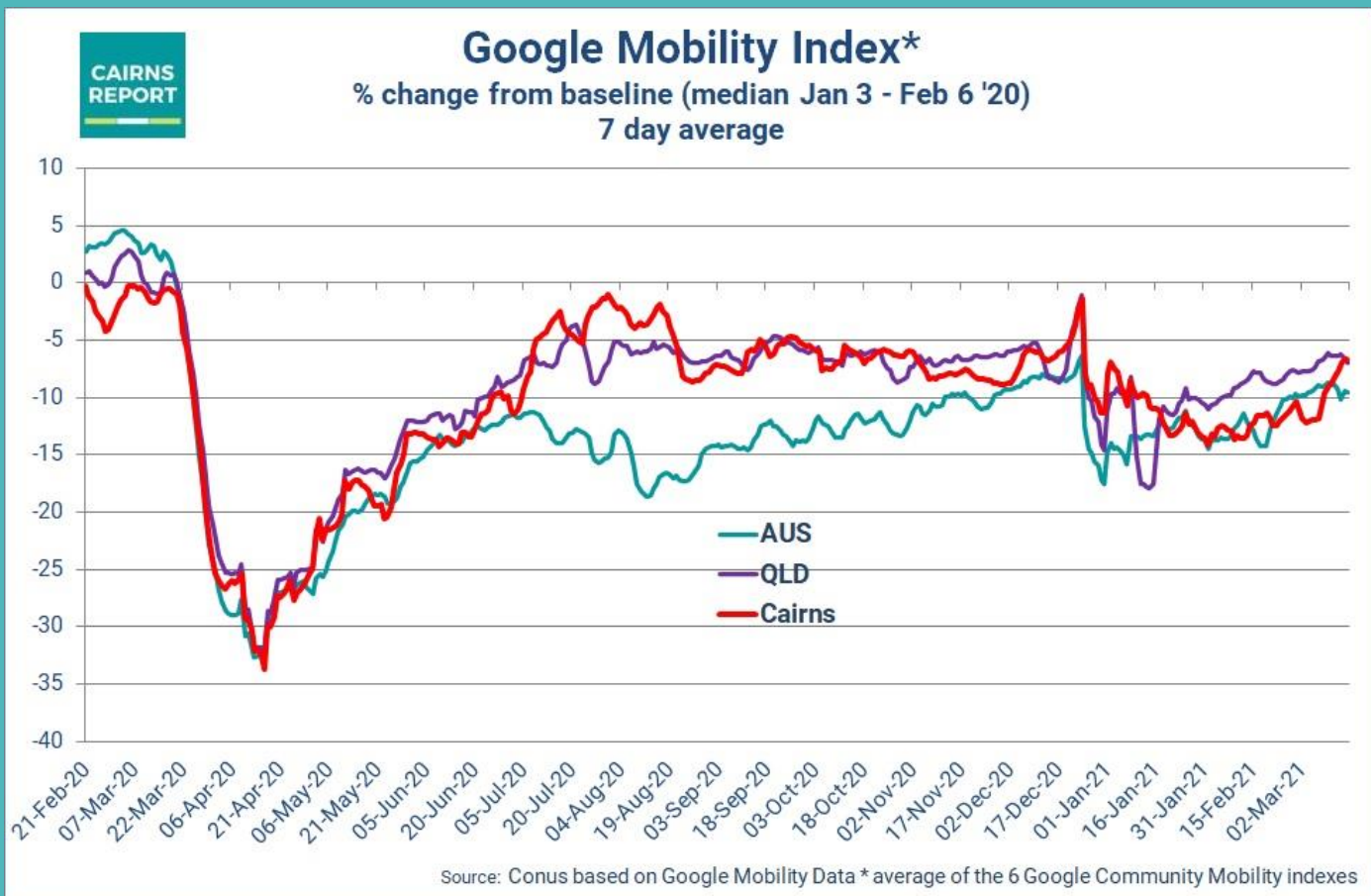


Phone location history data captured daily by Google shows that Cairns is doing quite well relatively when it comes to the movement of people within the city when compared with the state and national index.

The data reflects the low number of cases of COVID-19 in Cairns, with local residents generally able to move around the city to a greater extent than the national median.

## MOBILITY INDEX EXPLAINED

Google mobility data tracks people's phones (those who have location history enabled) and records locations by various classifications such as residential, work, transport, and shops. That data is aggregated and then compared to an index point which was the median level through January 2020. Google Mobility Index reports are created with aggregated, anonymised sets of data from users who have turned on the Location History setting, which is off by default. The Index was created by Google to provide insights into what has changed in response to policies aimed at combating COVID-19.



**AVIATION**

Direct flights between Cairns and Auckland are set to launch in June after the NZ and Australian Governments agreed to a travel bubble. Qantas and Air New Zealand will both service the route, which could start earlier if the QLD Government helps fund and fast-track the services.

**INTEREST RATES**

The Reserve Bank kept the official cash rate on hold at 0.1% at its April meeting. The RBA previously said interest rates may not rise until 2024 as waits to see growth in wages.

**MARINE**

Tenders are expected to close in April for the lead contract to manage a "transformation" of the Cairns maritime precinct into a Defence Department regional maintenance centre. In separate maritime news, Navy Rear Admiral Wendy Malcolm said a recent \$36 million contract awarded to TAFE QLD for patrol boat training in Cairns was "just the beginning of a number of plans that we have here in Cairns."

**MINING**

Operations at the Bauxite Hills mine north of Weipa will resume in late April after a prolonged wet season shut down that began last September. An estimated 250 employees and contractors are expected to return to work at the mine.

**POLITICS**

The Coalition has taken a hit in the opinion polls. On a two-party-preferred basis, the Coalition trails Labor 49-51% averaged over the past four Newspolls. PM Scott Morrison maintains a healthy lead of 58% as preferred PM, compared to Anthony Albanese on 28%.

**COVID-19 RECOVERY**

A Cairns Regional Council report has found stimulus measures have been "largely effective in mitigating the impacts of COVID-19". The report, tabled at council's March meeting, noted consumer spending in the Cairns LGA for the 12 months to December 2020 was higher than the previous 12-month period. "A number of industries, including construction, domestic education, agriculture and marine sectors, are reporting high levels of activity, however the tourism, international education, aviation and related sectors continue to be heavily impacted."

**DEVELOPMENT**

A new Fairmont resort at Port Douglas expected to open in 2023 will create an estimated 1300 jobs, according to a report prepared by Urbis. Land clearing has been completed at the site of the \$300m development by the Chiodo Corporation but Douglas Shire Council is yet to grant final approval.



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