

SEPTEMBER 2021



CAIRNS REPORT

A monthly snapshot of the
Far North Queensland economy



PRESENTED BY



Cairns economy holding steady... except for tourism

The lockdowns in NSW and Victoria are obviously hurting the tourism sector, yet again. But the latest data shows broader economic activity remains solid in the region. The Cairns unemployment rate has dropped to a very respectable 5%, while building approvals remain strong despite a slight easing from their high levels earlier in the year. Perhaps the most important set of statistics in this Cairns Report is the table on vaccination rates, broken down into local council areas along with state and nationwide figures. Turn to page 12 to find out more.

UNEMPLOYMENT RATE

4.6%	5.2%	5.0%
NATIONAL	QLD	CAIRNS

PEOPLE EMPLOYED

13,156,400	2,654,700	126,800
NATIONAL	QLD	CAIRNS

PROPERTY PRICES

\$250,000	\$380,000
UNITS	HOUSES

MEDIAN RENTS

\$345 P/W	\$426 P/W
2-BED UNIT	3-BED HOUSE

PASSENGERS

489,291	▼	233,767
JULY '19		JULY '21
		CAIRNS AIRPORT

BUILDING APPROVALS

123 APPROVALS IN JUNE
▲ 57%
INCREASE FROM A YEAR AGO

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: Looking north along Cairns Esplanade.

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belle PROPERTY

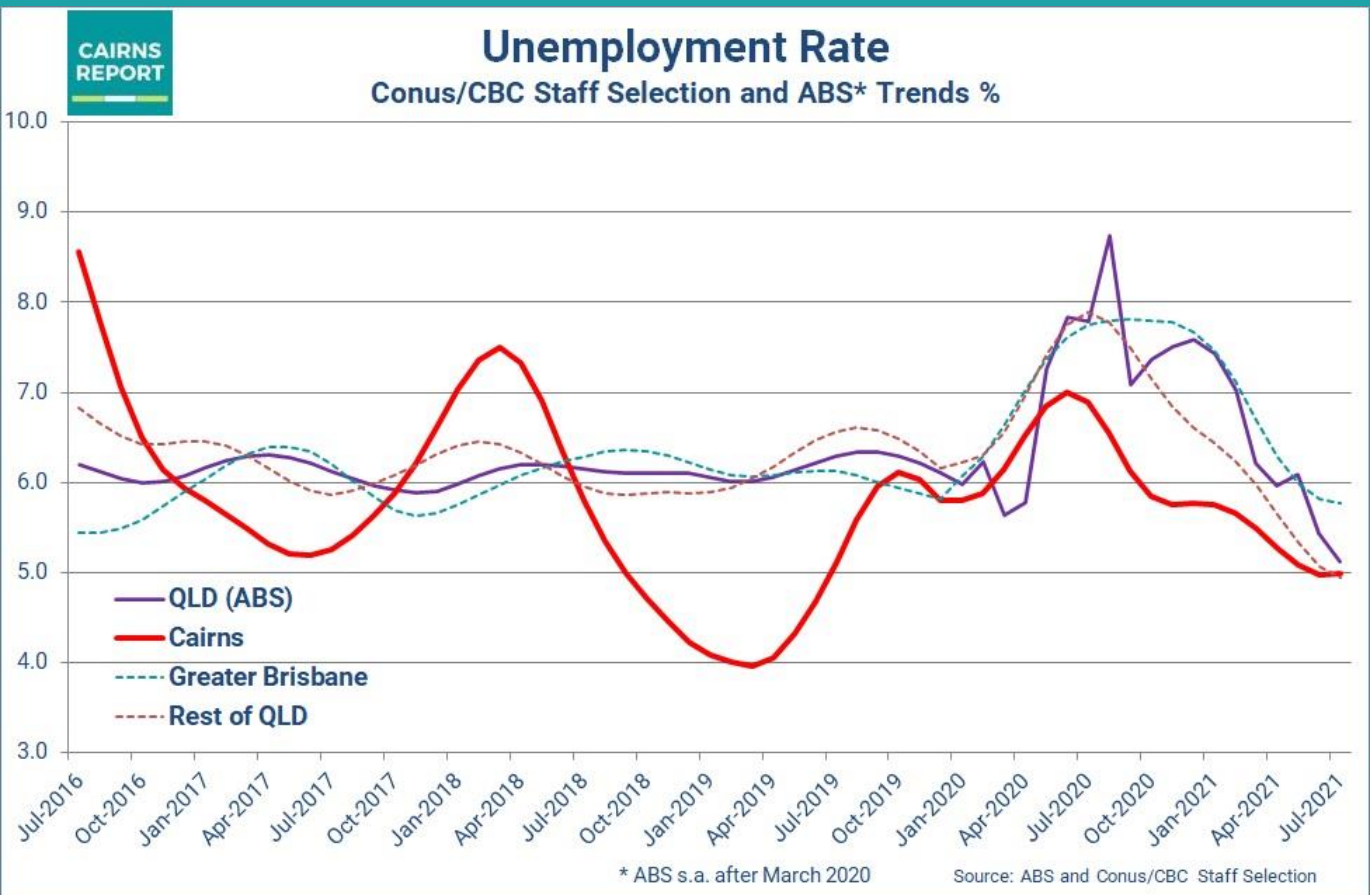
Grant Thornton

HOLDING REDLICH

The unemployment rate in Cairns has dropped slightly and is now sitting at 5%. On a national level, the unemployment rate fell to 4.6% while in Queensland the reverse was true with a small rise in the unemployment rate to 5.2%.

UNEMPLOYMENT RATE

4.6% NATIONAL	5.2% QLD	5.0% CAIRNS
4.9%	LAST MONTH 5.1%	5.2%



In Cairns, Trend employment lifted in July with the total number of jobs now back above its level of a year ago.

Despite the lockdowns in NSW and Victoria, employment still lifted slightly across the nation in July. But in Queensland total employment dropped slightly.

PEOPLE EMPLOYED

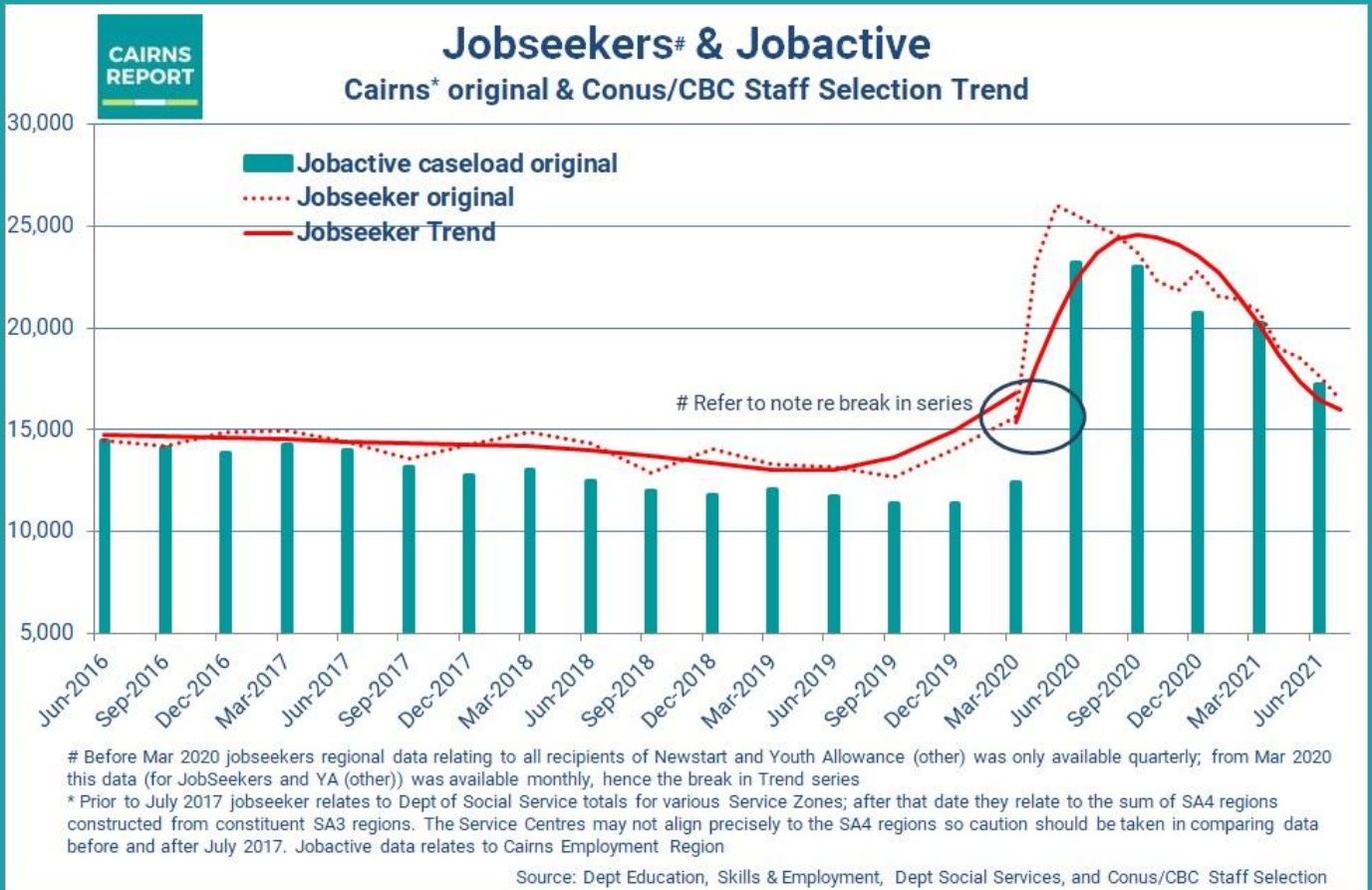
13,156,400	2,654,700	132,700
NATIONAL	QLD	CAIRNS
		
LAST MONTH		
13,154,200	2,661,300	126,800

It should also be noted that the pace of jobs growth in Cairns (+3.2% for the year) is well below the State (+9.1%) and National (+5.4%) rates.



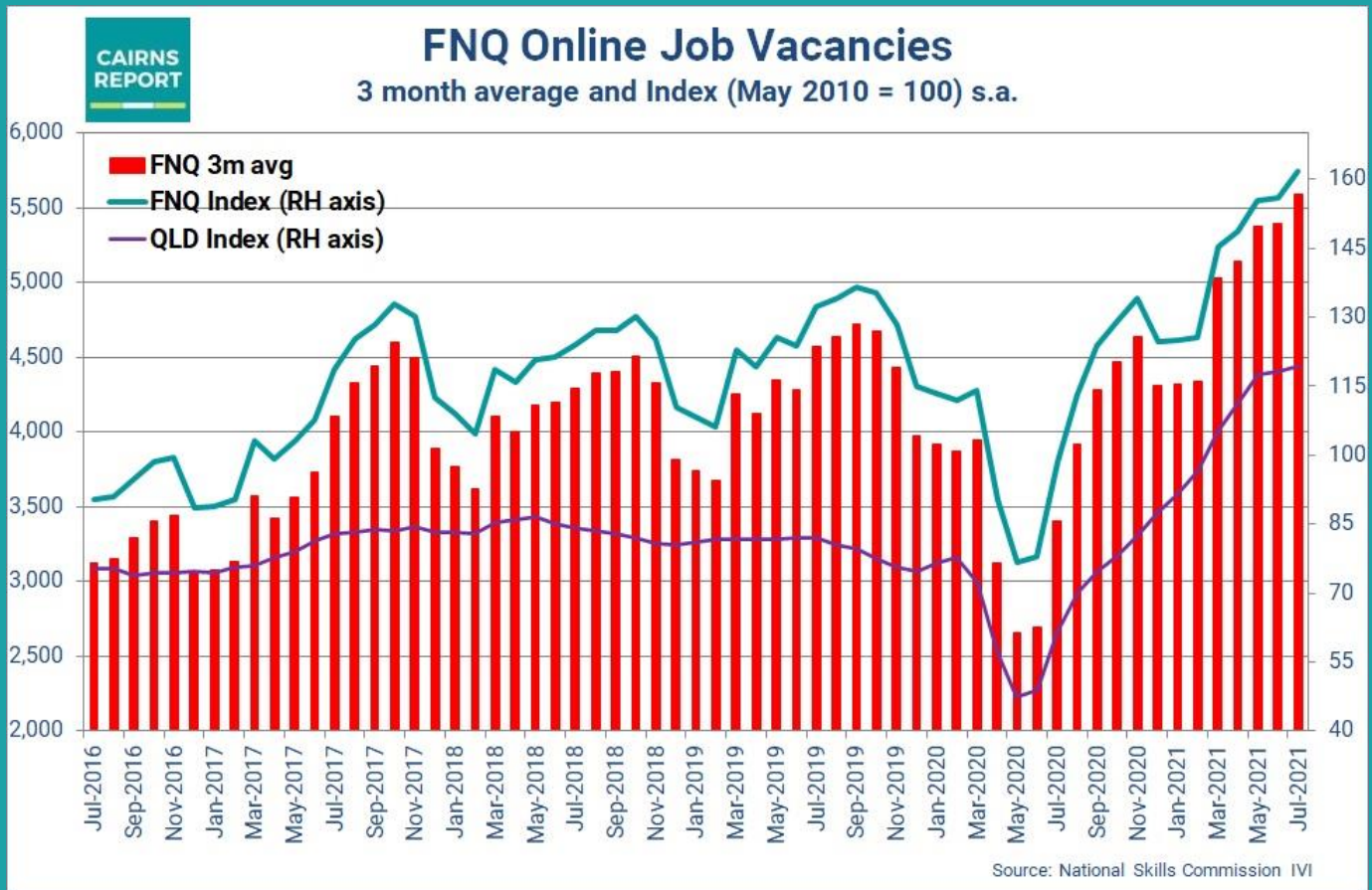
JobSeeker numbers in Cairns continue to show strong improvements.

Levels are now not far above those seen prior to March 2020 when the COVID-19 pandemic started to bite.



As we have been noting for a few months, the number of job vacancies advertised online has continued to surge and again hit new highs in July.

With JobSeekers now close to a more 'normal' level, the fact that job vacancies are so high emphasises the anecdotal evidence we are hearing of employers struggling to find workers in many sectors.



The recent strong performance in residential building approvals has continued to ease in June, although the Trend is still at elevated levels.

The Trend total remains well above the levels of a year ago but has now fallen back noticeably from recent highs. There remains a strong pipeline of building projects in coming

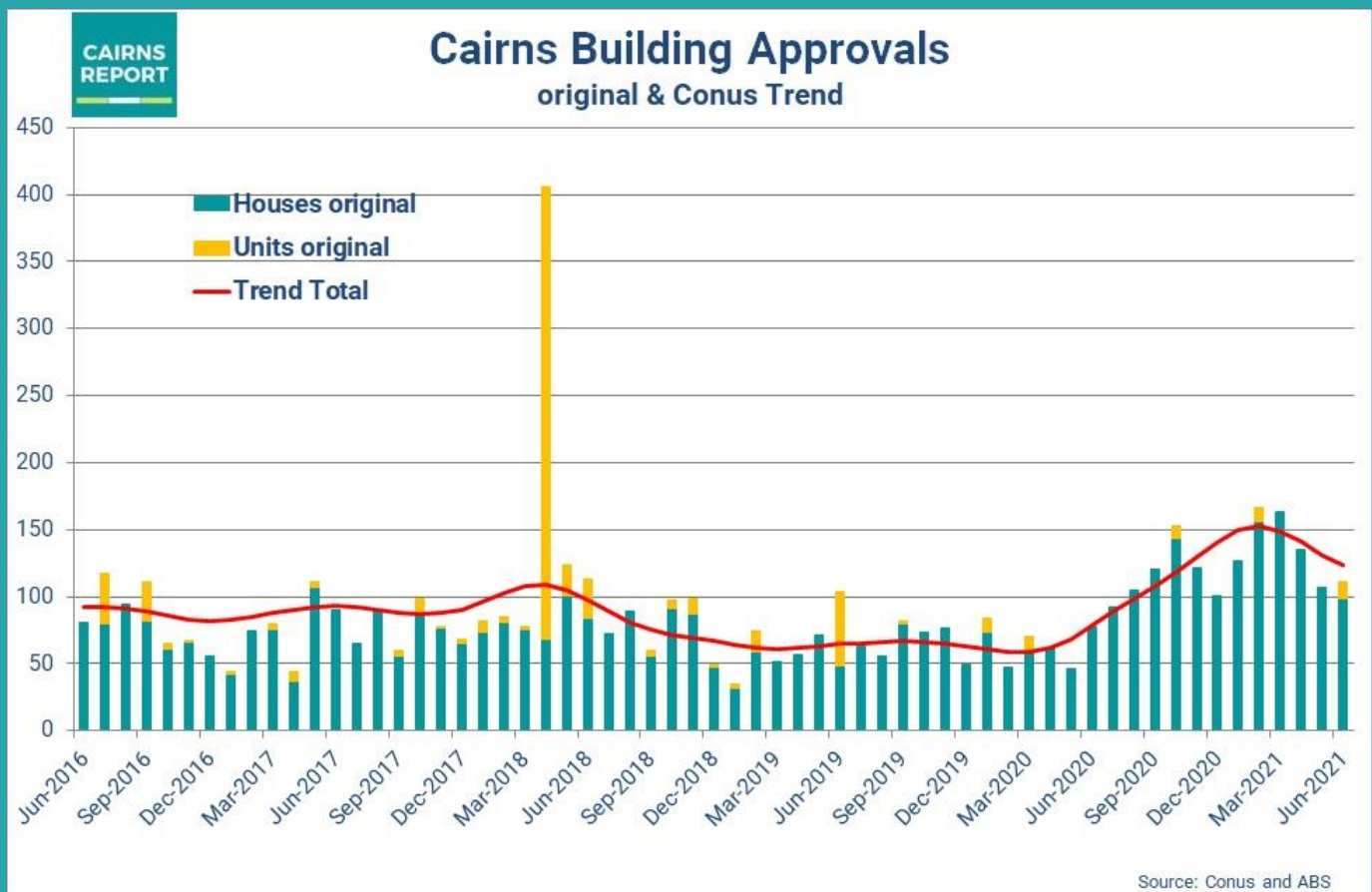
months as these recent approvals convert to activity on the ground, which should support continued strong demand in the construction sector in Cairns.

HOUSES

▲ 57%

Building approvals increase from a year ago

A slight easing in June for residential building with 123 Trend approvals in June.



Source: Conus and ABS



Data from Cairns Airport for July has confirmed the impact that lockdowns in Sydney and Melbourne have had on passenger numbers with total passengers through the Airport falling 12.5% for the month. It seems certain they will be down sharply in August too.

PASSENGERS

489,291

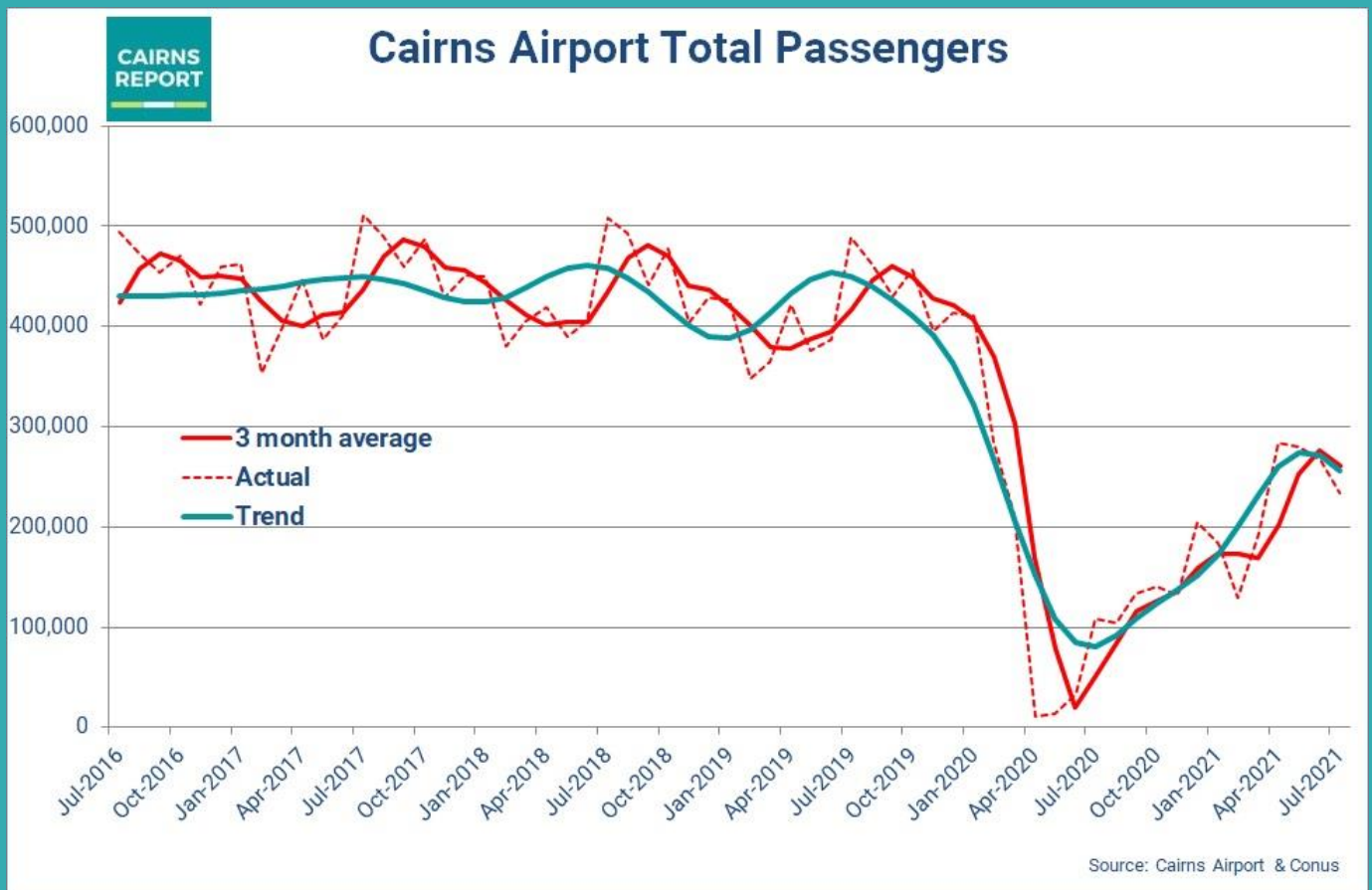
JULY '19

▼

233,767

JULY '21

Over the course of the past 12 months total passenger numbers are down 29%. Clearly the longer that lockdowns in NSW and Melbourne drag on the slower the path to recovery for the Airport will be.

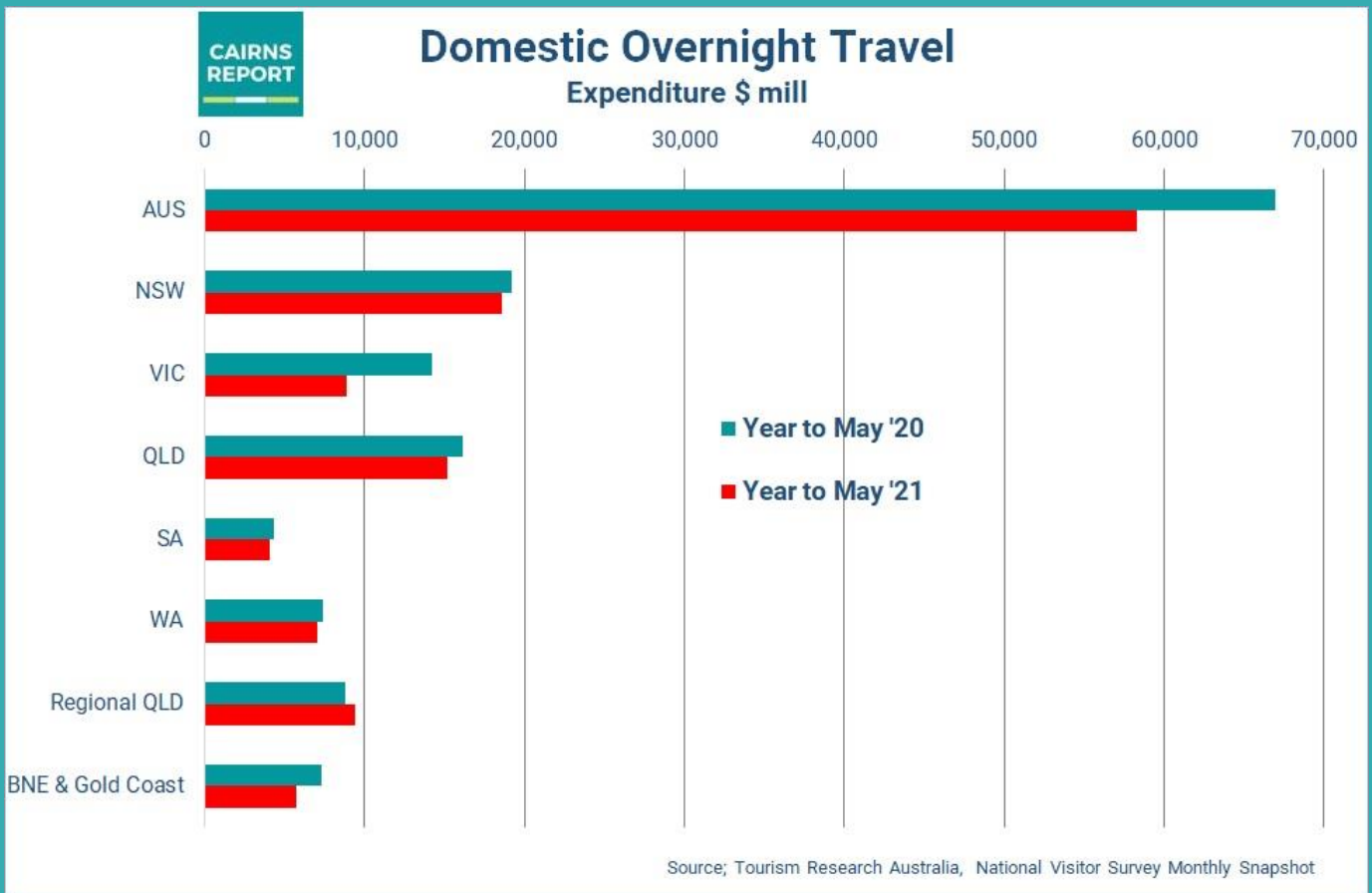


While the most recently available data on tourism expenditure pre-dates the recent lockdowns in NSW and Victoria, it does show strong results for regional Queensland.

The May data for domestic expenditure in the regions is up 6.6% for the 12 months to May compared

with a nation-wide decline of 12.9%.

This provides some hope that once lockdowns end in other states, the local tourism industry could experience a quick snapback in domestic visitor numbers and expenditure.



As we've noted in recent editions of The Cairns Report, the tightening rental market is flowing through to a rise in prices.

Data suggests median unit prices are up 4% from a year ago, while median house prices have lifted 2%.

MEDIAN PRICES

▲ \$250,000 UNITS ▲ \$380,000 HOUSES

Source: SQM Research

APARTMENTS ON THE RISE

Because there are so few houses to buy, apartment sales have certainly strengthened. Two penthouses in Cairns City have just traded for over \$2 million (both off market sales), after going unsold when we marketed them previously.

Over 50% of what Belle Property Cairns agent Kaine Rowe is selling hasn't been listed on the market... hence why so many active buyers are now asking to be added to our databases. They used to say "don't add us, we don't want your emails"!

- Nicholas Slatyer, Belle Property Cairns



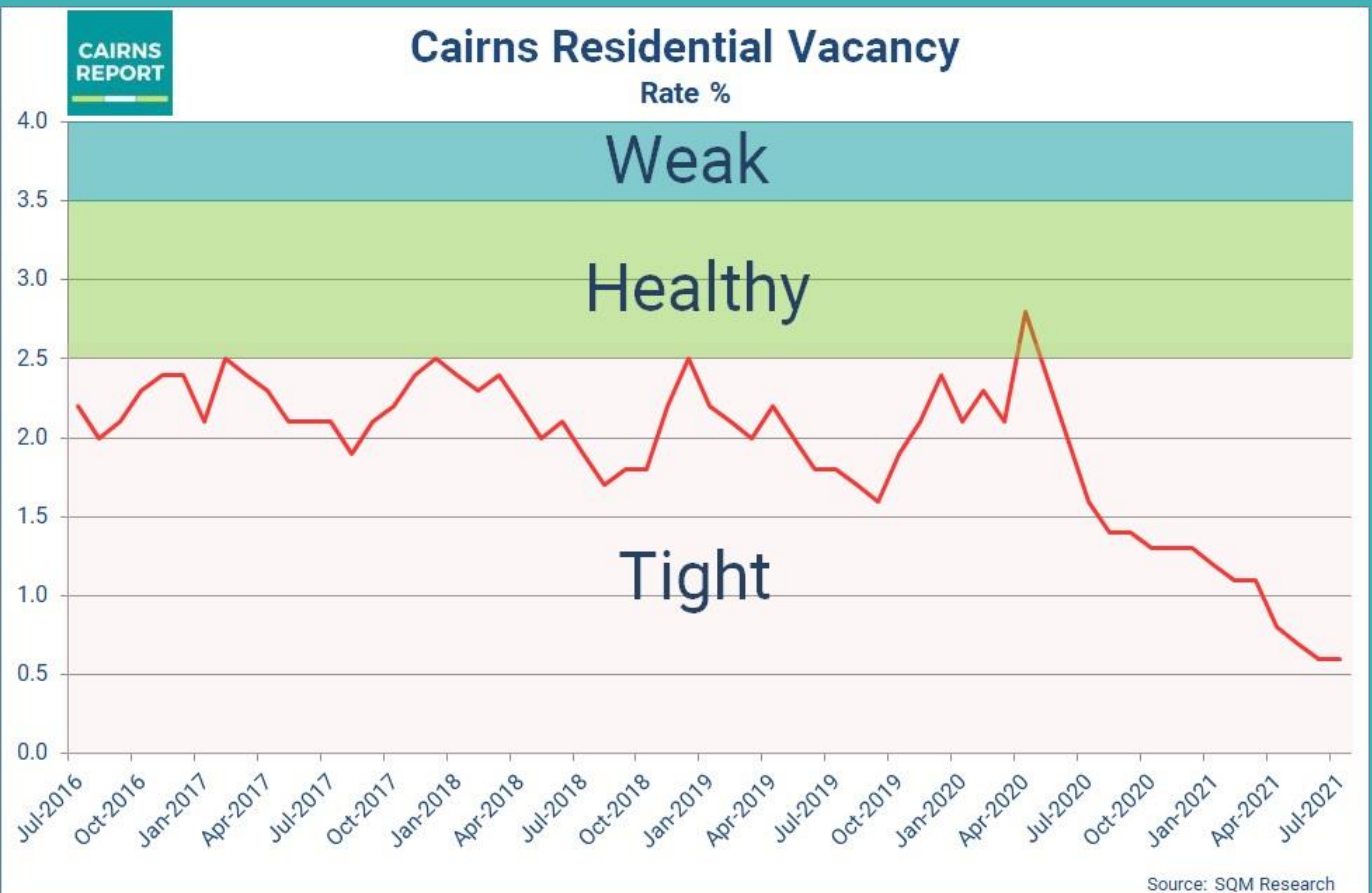
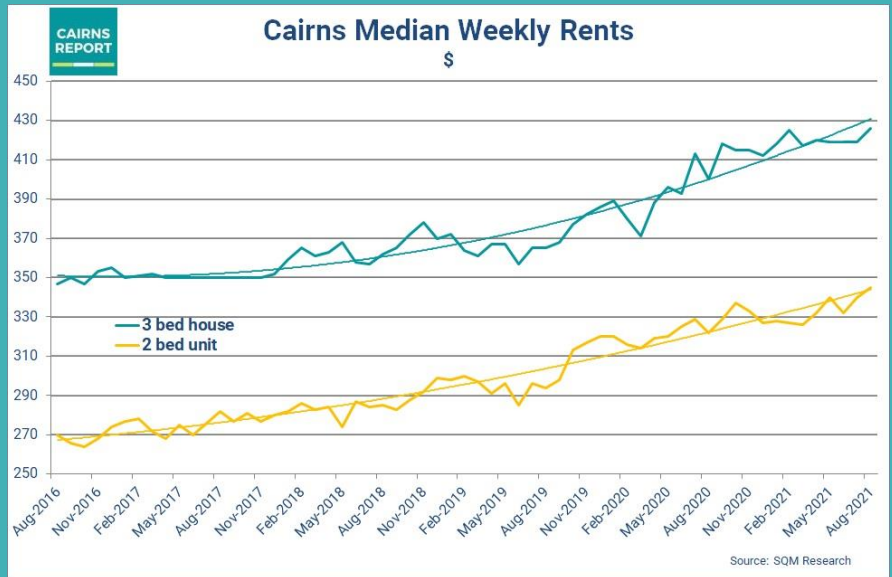
The extremely tight rental market, with the vacancy rate remaining at a decade-long record low of 0.6% in July, is being reflected in solid increases in median rents.

Both house and unit rents are up around 6% or 7% for the year. With the vacancy rate so low, and anecdotal evidence pointing towards many people struggling to find suitable rental properties, this move towards higher rents looks set to continue. This could be a significant brake on future growth for the region if it does not spur increased supply of properties.

MEDIAN RENTS

▲ **\$345** P/W
2-BED UNIT

▲ **\$426** P/W
3-BED HOUSE



New data published by the Federal Department of Health shows COVID-19 vaccination rates at the Local Government level as at September 5th.

The Tablelands council area is leading the way in the Tropical North, followed by Cairns and Douglas Shire.

The slow pace of the rollout across Queensland compared to NSW and Victoria, however, would be of concern for the tourism industry if those states were to reach vaccination targets and open up to tourists earlier than Queensland.

LOCAL GOVERNMENT AREA	FIRST DOSE	SECOND DOSE
Tablelands Regional Council	58%	40.4%
Cairns Regional Council	56%	38.8%
Douglas Shire Council	54%	34%
Cassowary Coast Regional Council	50.1%	30.5%
Mareeba Shire Council	46.1%	30.4%
Townsville City Council	53.2%	36.5%
Yarrabah Shire Council	26.1%	11%
QLD & AUSTRALA	FIRST DOSE	SECOND DOSE
Queensland	53.3%	34.8%
New South Wales	74.1%	41.0%
Victoria	60.8%	37.8%
Australia	63.2%	38.4%



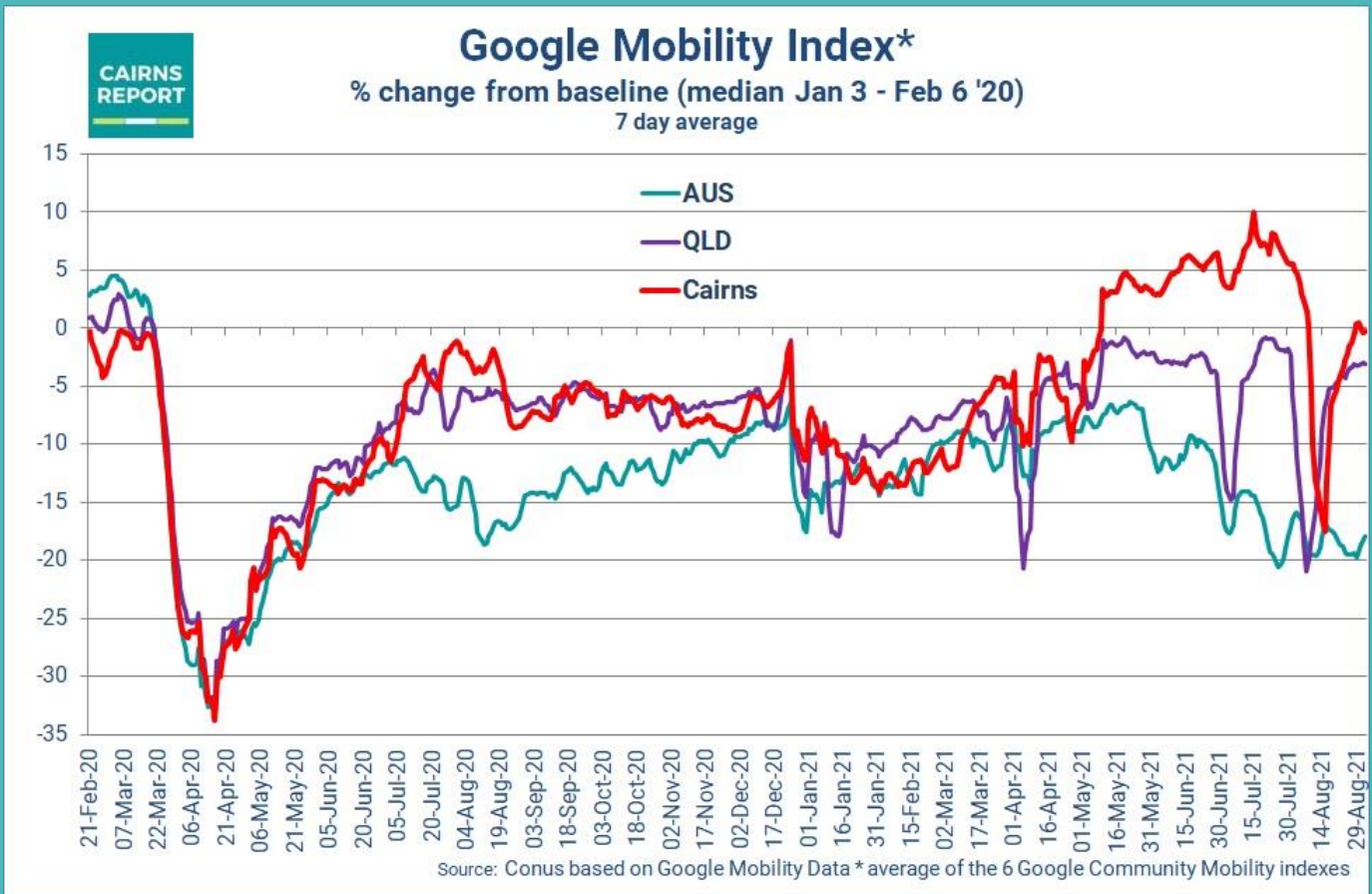
The Google Mobility data to August 31st shows just how dramatically the Cairns market has been hit in the past months by the lockdowns.

From the peak in mid-July, Mobility in Cairns had fallen as much as 25%.

Despite some improvement in recent days, it remains well below that peak.

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.





The FNQ tourism and hospitality industry has lost a huge share of its market while QLD remains closed to NSW and Victoria and other countries, which is having an adverse impact on most operators in the industry. Some operators are using their limited reserves to retain their skilled employees for as long as financially possible, but unfortunately not all operators have the financial capacity to do so which is resulting in highly skilled employees not only leaving the region but the industry altogether. Once QLD reopens it is uncertain whether operators will be able to resume operations at full capacity due to a limited labour market given the absence of international visitors with work visas. At present the Government support packages are not providing the assistance urgently needed by so many of the operators. Interestingly, formal insolvency appointments are down from prior years. One of the main reasons is that the Australian Taxation Office is not pursuing businesses to recover outstanding taxation debts. Watch this space.



Matthew Mullen
Grant Thornton

The construction sector is seeing an increase in disputes stemming from delays. The pandemic is causing imports to contract, resulting in rising prices and material shortages in timber and steel products. In response, the QBCC has introduced an Accelerated Builder/Consumer Dispute Resolution framework to enable parties to more effectively manage disputes. The program offers free mediation for frustrated homeowners and embattled builders. More information is at qbcc.qld.gov.au



James Harding
 Holding Redlich



The continuing lockdowns have spawned another round of sight unseen purchasing. We stopped keeping a running tab on the total dollar value a while ago (as the novelty wore off), but we would easily be over \$30 million in sales to people who have never stepped foot inside their new property - including two sales at either side of \$2 million in the last month.



Nicholas Slatyer
Belle Property Cairns

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