

# CAIRNS REPORT

A monthly snapshot of the  
Far North Queensland economy



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## More support needed for Cairns tourism as vax rates lag

Real estate, residential construction, and employment are all tracking strongly in Cairns, yet a dark shadow remains over the local economy due to the devastating downturn in tourism. The ongoing impact of border closures, lockdowns interstate and the lack of clarity over Queensland's roadmap out of the pandemic pose a risk that the industry will be hollowed out by the time the state returns to some kind of normal. As evidenced by the slow pace of COVID-19 vaccination rates in Queensland (page 13), the future remains very uncertain for operators. More direct support is urgently required.

### UNEMPLOYMENT RATE

4.5%	5.3%	4.6%
NATIONAL	QLD	CAIRNS

### PEOPLE EMPLOYED

13,022,600	2,626,700	132,400
NATIONAL	QLD	CAIRNS

### PROPERTY PRICES

\$250,000	\$386,000
UNITS	HOUSES

### MEDIAN RENTS

\$359 P/W	\$447 P/W
2-BED UNIT	3-BED HOUSE

### PASSENGERS

462,032	▼	94,089
AUGUST '19		AUGUST '21
		CAIRNS AIRPORT

### BUILDING APPROVALS

113 APPROVALS IN JULY

▲ 26%

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: Taking a stroll near the Cairns Lagoon.

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**belle** PROPERTY

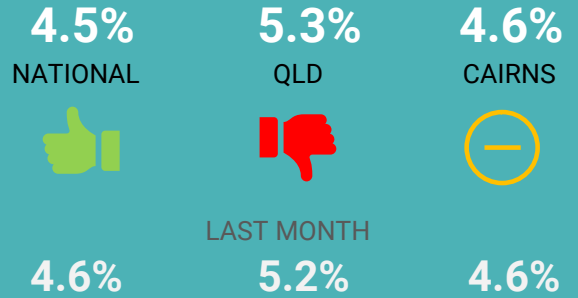
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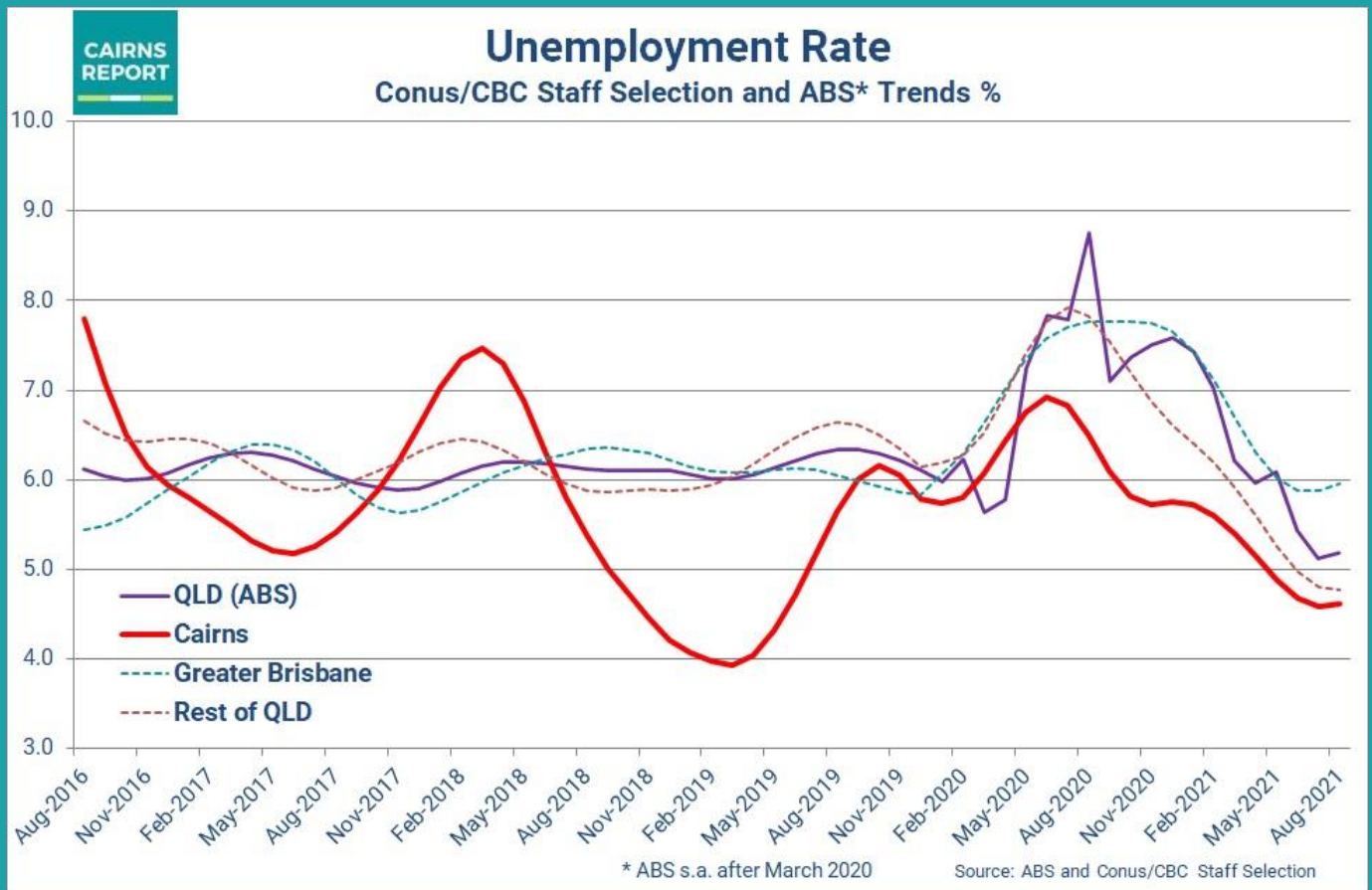
Any effect on the employment scene in Cairns caused by the tourism lock-out is yet to show up in the data and will take a few months to manifest if the pain within the tourism sector continues.

Nationally, the impact of the lockdowns in NSW and Victoria were reflected in a sharp decline in hours worked along with a large fall in the number employed in August. However, this was not mirrored in the national headline unemployment rate, which fell to 4.5%, as people simply

## UNEMPLOYMENT RATE



removed themselves from the labour market rather than register as unemployed. Queensland saw a similar story play out although here a slightly less dramatic decline in participation saw the unemployment rate nudge higher to 5.3%.

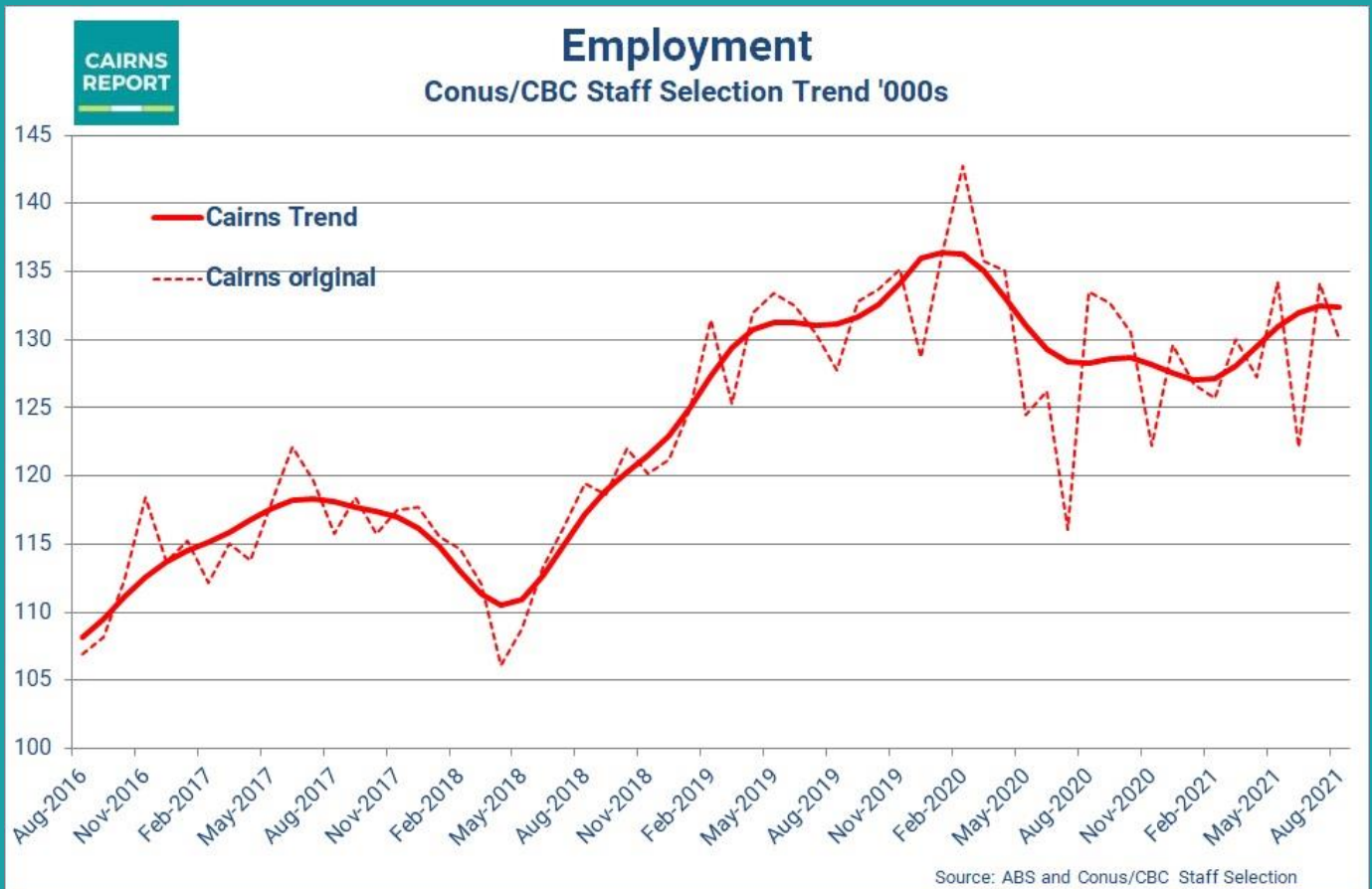


**Trend employment remained steady in Cairns during August with only a slight fall recorded.**

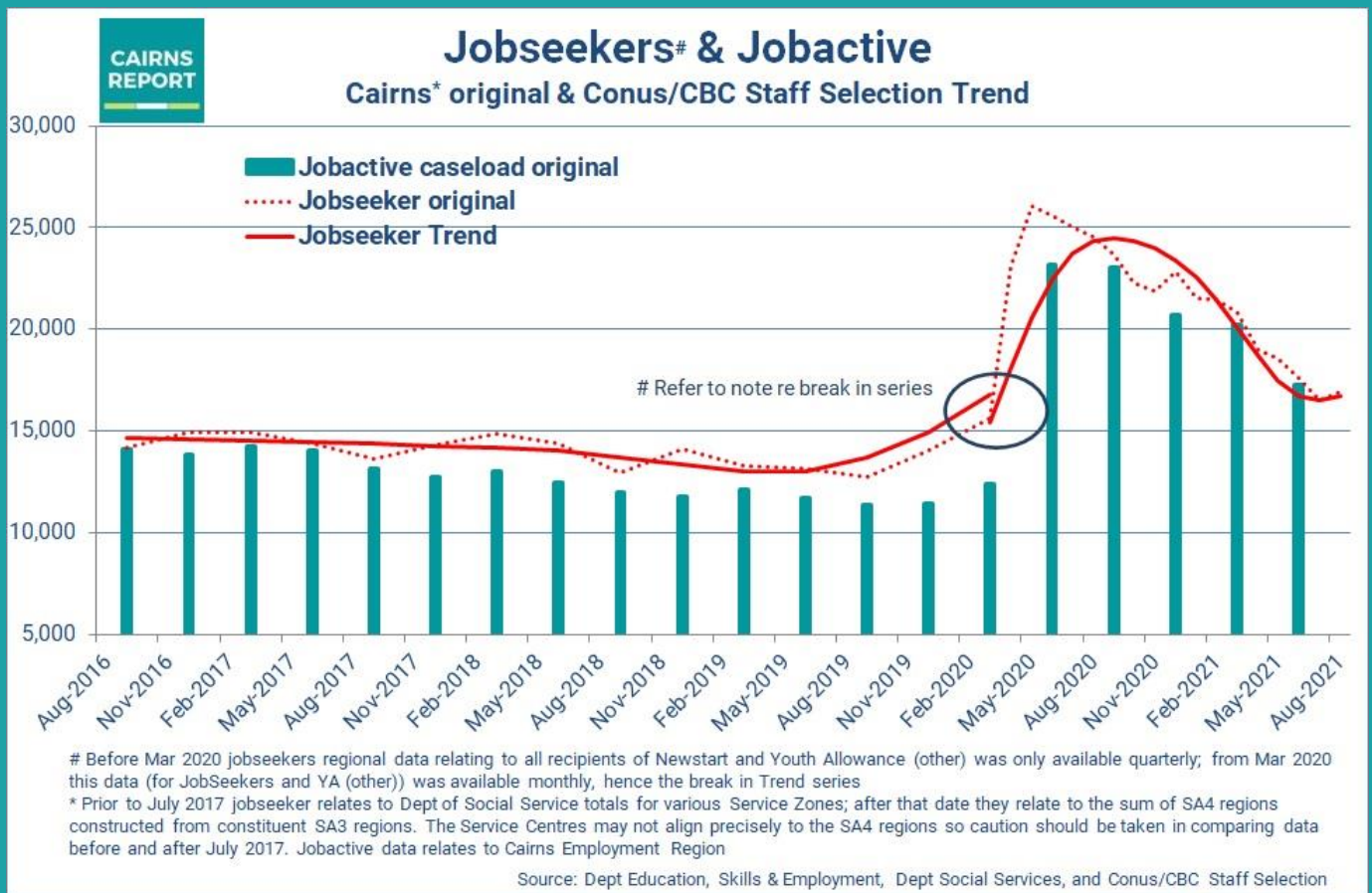
Employment is now back above its level of a year ago although the pace of growth (+3.2% for the year) is well below the State rate (+4.6%).

## PEOPLE EMPLOYED

13,022,600	2,626,700	132,400
NATIONAL	QLD	CAIRNS
		
LAST MONTH		
13,156,400	2,654,700	132,700

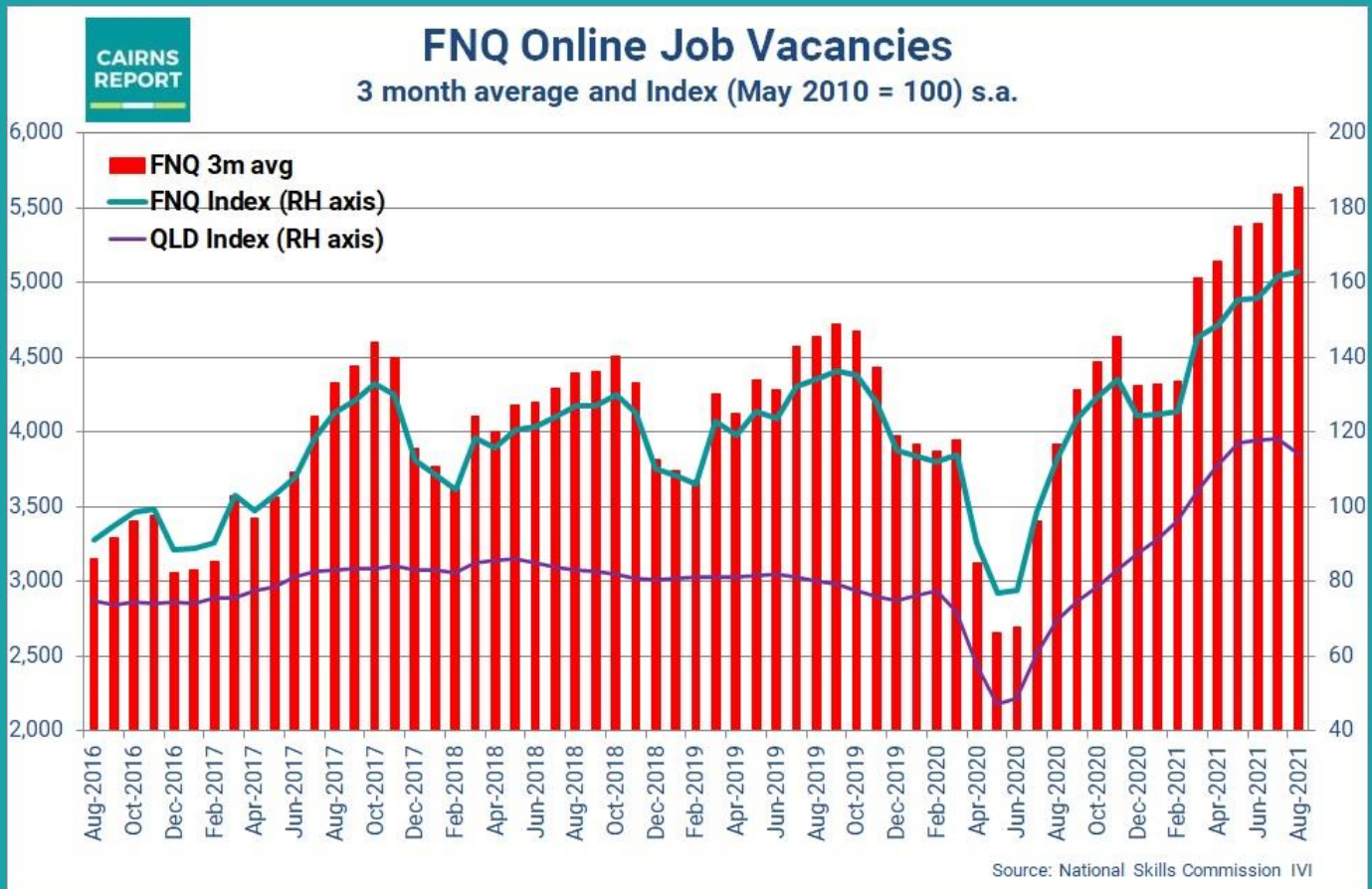


**JobSeeker numbers in Cairns edged slightly higher in August, although they remain well below their post-COVID highs.**



As we have been noting since the start of this year, the number of job vacancies advertised online has continued to surge and, despite the pace of growth moderating, has again hit a new record high in August.

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 eased again in July, although the Trend remains at historically quite elevated levels.

Total actual residential approvals in Cairns for the 2020/21 financial year were up 81% (at 9,554) from the previous financial year. There remains a strong pipeline of building projects to come

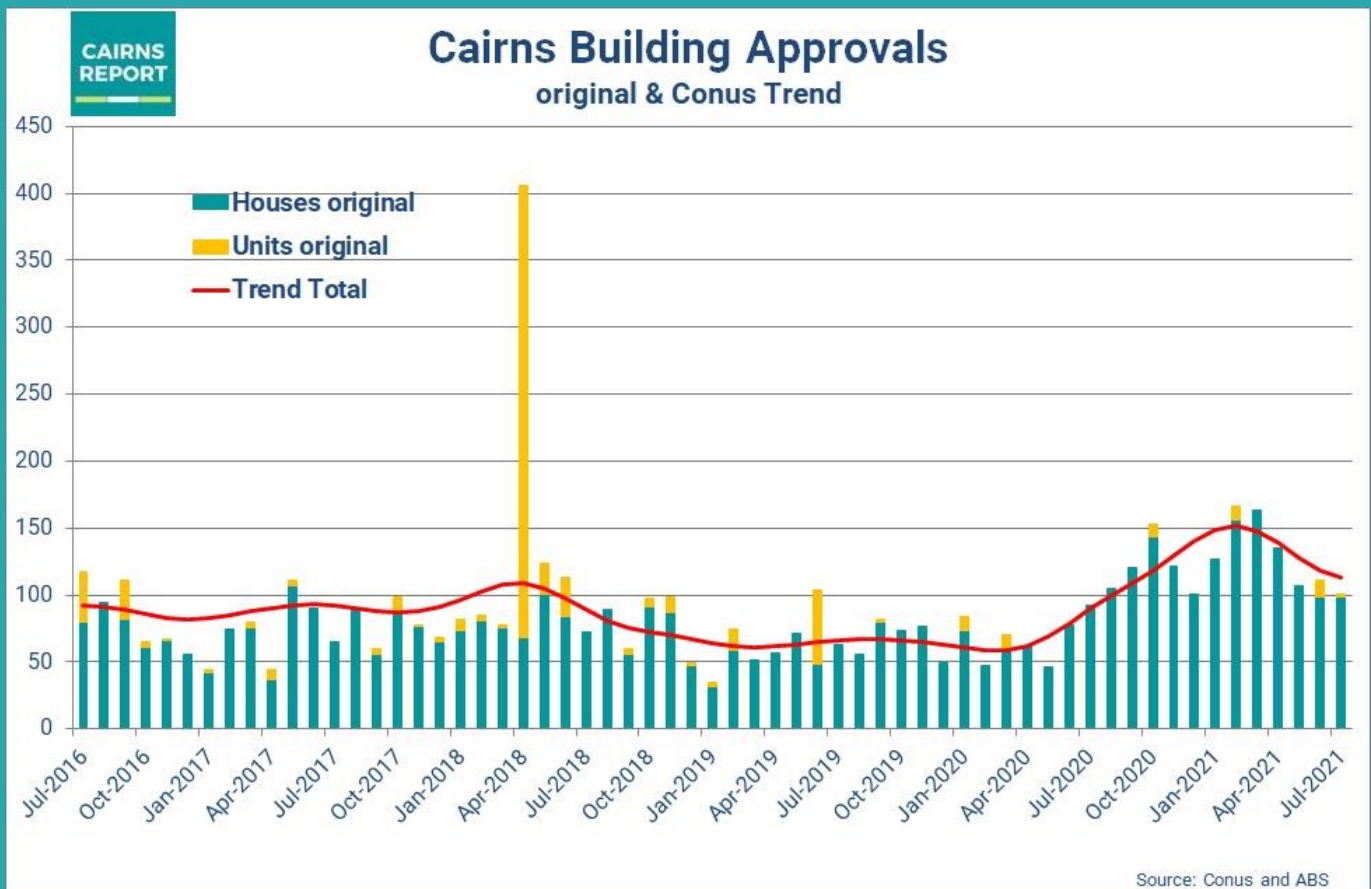
## HOUSES

▲ 26%

Building approvals increase from a year ago

Residential approvals eased again in July with 113 Trend approvals.

over the next few months as these recent approvals convert to activity on the ground. This should support continued strong demand in the construction sector in Cairns.



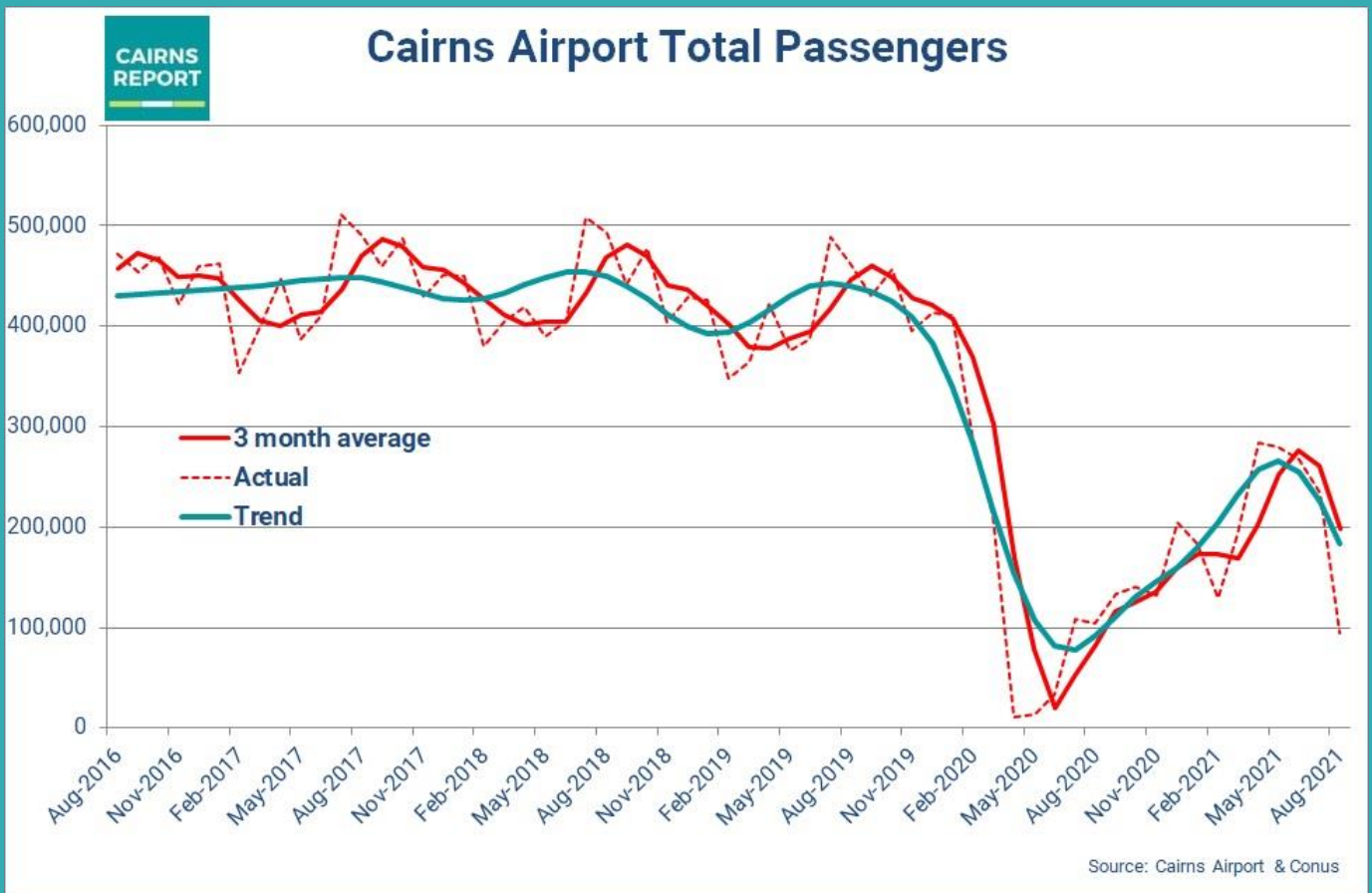
The August data from Cairns Airport confirmed what everyone already knew; the lockdowns in NSW, Victoria and ACT have absolutely decimated domestic travel.

Passengers through Cairns Airport fell by 60% from July (which was already 12% down from June). This represents a 10% decline from the same month in 2020, even though August 2020 was already down 77% from the previous year. Over the course of the past 12

**PASSENGERS**

<b>462,032</b>		<b>94,089</b>
AUGUST '19		AUGUST '21

months, total passenger numbers are down 20% but are down 55% from two years ago. 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.



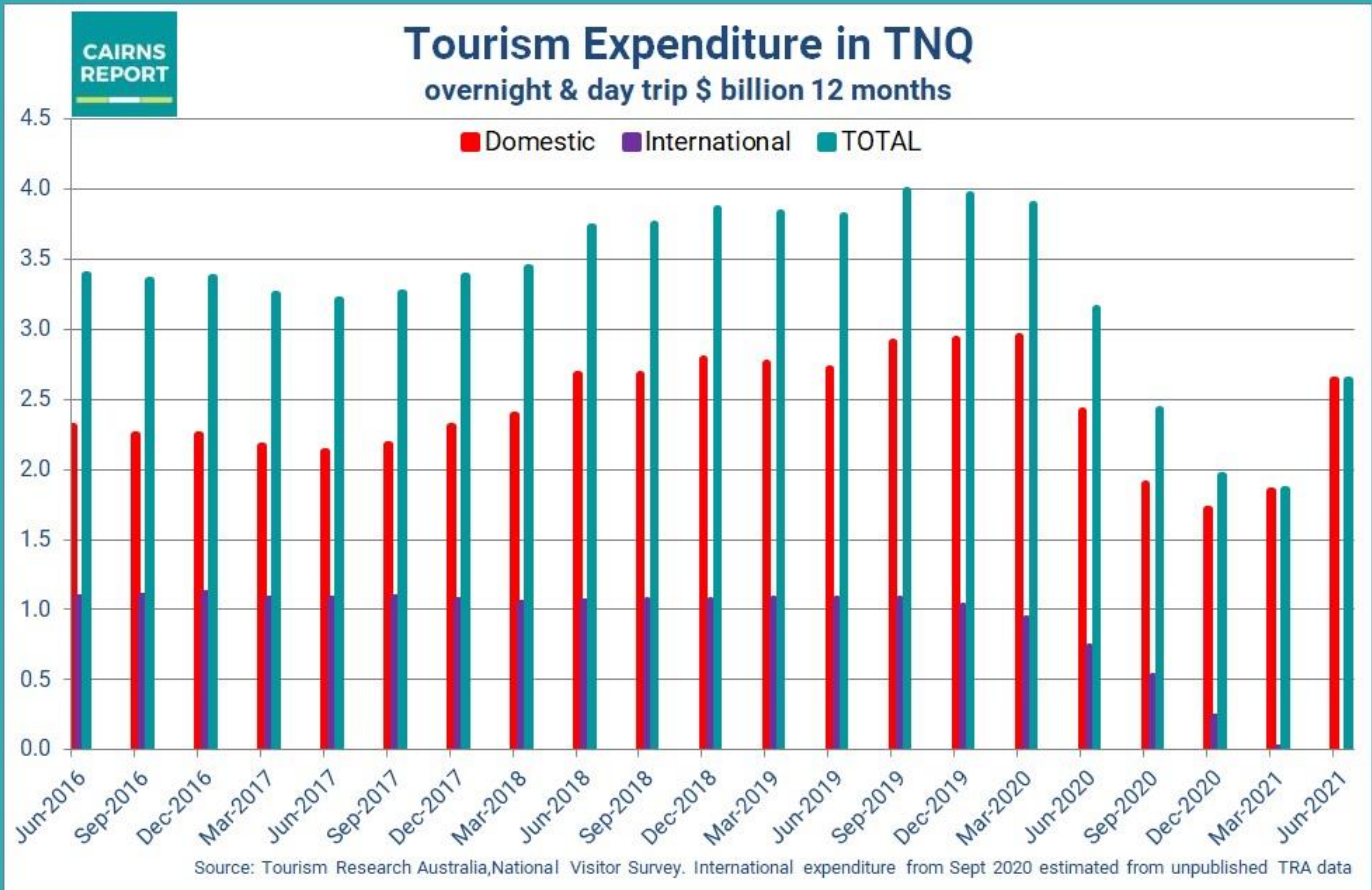


The National Visitor Survey for the June quarter, while also pre-dating the recent lockdowns, shows us just how well TNQ was doing in the first half of this year.

While domestic visitors and expenditures were down 5.1% and 5.9% for the year respectively across the nation,

in the Far North visitors were up 8.6% and expenditures rose by 9.5%.

Even compared to the pre-COVID data from June 2019, domestic tourism expenditure in TNQ was down just 2.9% compared to a 21.1% fall across Australia.

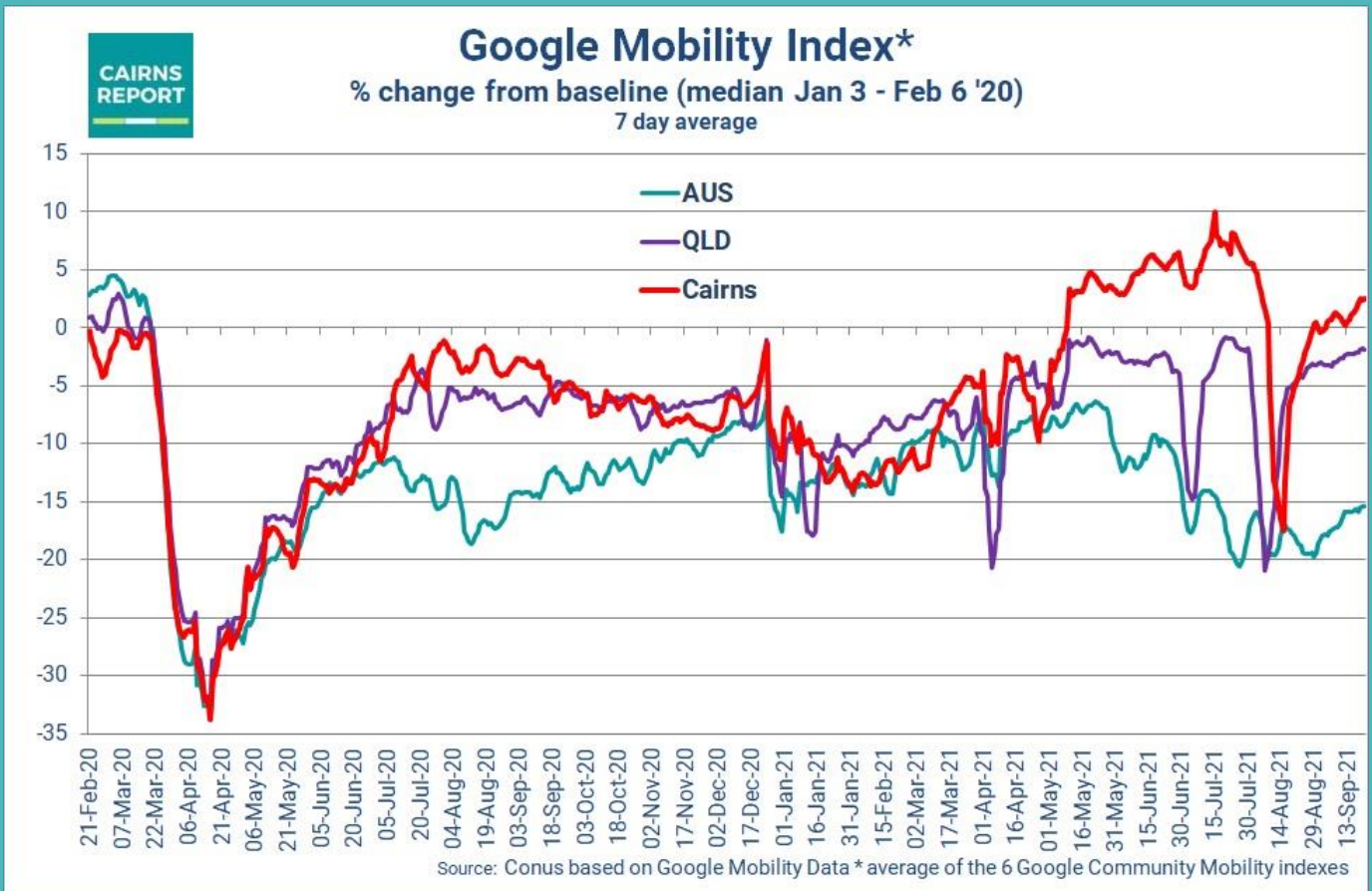


The Google Mobility data to 21st September confirms that activity is starting to pick up again in Cairns after the initial shock of the lockdowns down south (as well as our own 3-day lockdown).

However, what remains clear is that activity has been significantly impacted with Cairns still almost 7.5% below its highs seen at the end of June.

## 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.



House and unit prices continue to increase, but the fact that so much trade is occurring 'off-market' (see commentary from last month's Cairns Report for details) means that the reported prices may not be a true indication of just how strong the underlying market really is.

Reported house and unit prices are only up about 3% year-on-year.

## MEDIAN PRICES

▲ \$250,000 UNITS    ▲ \$386,000 HOUSES

Source: SQM Research

Quarterly sales volume data (which is quite lagged due to reporting delays) confirms the anecdotal evidence of a very healthy market in the region; for the year 2020/21 the number of house sales was up 36% while unit sales increased by 51%.



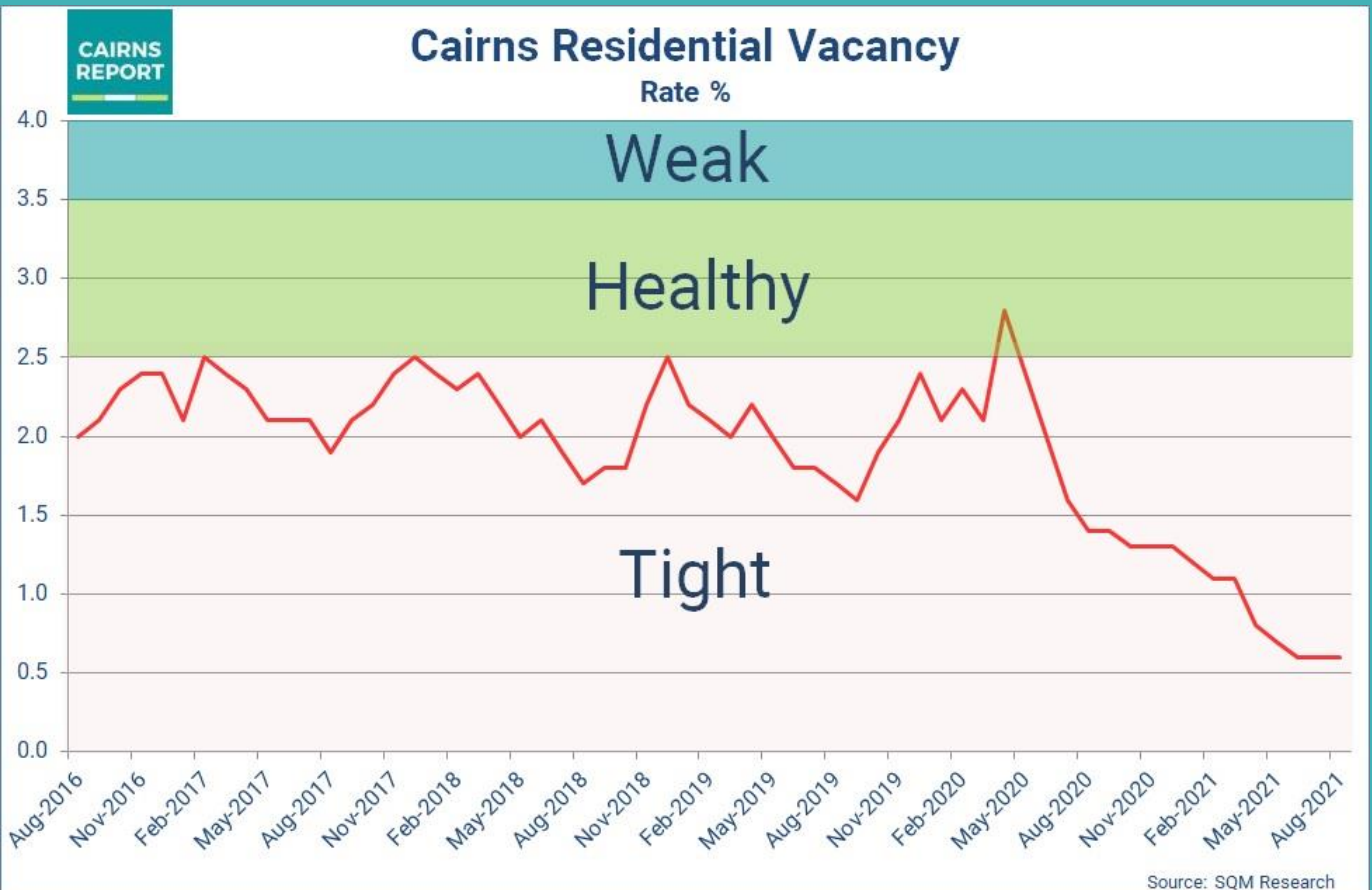
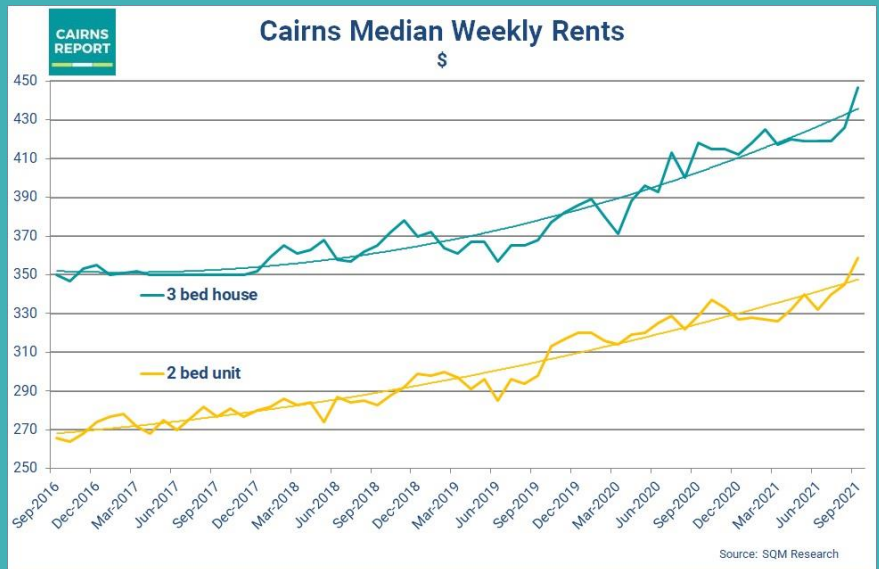
The rental market continues to be extremely tight, with the vacancy rate at a decade-long record low of 0.6% for the three months to August. This is being reflected in very solid increases in median rental prices.

After something of an apparent hiatus in rental increases earlier in the year the trend upwards seems to have reasserted itself; both house and unit rentals are up 7-9% over the year and are now up around 20% from the pre-COVID levels in early 2020.

## MEDIAN RENTS

▲ \$359 P/W  
2-BED UNIT

▲ \$447 P/W  
3-BED HOUSE



**The latest COVID-19 vaccination data shows that at the current rate, Queensland will hit the magic 80% double-dosed mark about 7-8 weeks after NSW and Victoria.**

This would be of great concern to the local tourism sector, with Queensland likely to miss out on visitors for around 2 months

after those other states start opening up. Those regions which are still lagging behind will be at additional risk when borders do inevitably open to international visitors. Clearly, the very low vaccination rates in Indigenous communities such as Yarrabah are also a massive concern.

LOCAL GOVERNMENT AREA	FIRST DOSE	SECOND DOSE
Tablelands Regional Council	64.8%	50%
Cairns Regional Council	68.7%	52.6%
Douglas Shire Council	66.3%	48.2%
Cassowary Coast Regional Council	63.4%	44.3%
Mareeba Shire Council	56.1%	42.6%
Townsville City Council	65.8%	50.6%
Yarrabah Shire Council	31.8%	18.2%
QLD & AUSTRALA	FIRST DOSE	SECOND DOSE
Australia	79.4%	56.5%
New South Wales	88.4%	67.1%
Victoria	82.0%	52.1%
Queensland	67.3%	48.4%

AS AT 3/10/21



“ We continue to face uncertainty and frustration in the immigration space. While the Australian Government recently announced the return of international travel, the devil will be in the detail. The information available indicates that vaccinated Australian citizens and permanent residents will be permitted to travel overseas once certain vaccine milestones are met but there is no indication of when skilled workers, students and visitors can return to Australia. Some certainty from our Government as to when the entire country will open its borders to everyone is needed.



Shona Cram  
*Grant Thornton*



Rebecca Macmillan  
*Holding Redlich*

” Our local economy is a series of contradictions. Continued domestic border closures mean tourism is on ‘life support’ with a mixed prognosis – critical but stable, you could say. Other sectors like construction are strong if materials and labour can be sourced. Real estate is selling at price levels not seen for a decade, while rental properties are extremely scarce and rents are steadily increasing as leases expire. Your response to the conundrum: ‘to open up or stay closed?’, is likely shaped by your view on health matters as well as what part of the economy you live and work in. We know that when restrictions ease the visitors will return and in droves. We saw that earlier this year. It will happen again. Businesses just need to still be here when that happens.



Nicholas Slatyer  
*Belle Property Cairns*

“ I look back at properties we sold in late 2020 and even early this year, and they now seem like good value... welcome to Cairns in 2021! Here’s a good example of the current situation: we recently had 9 offers in a day on apartments in Palm Cove – and not one of the buyers had personally inspected the properties.

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As we noted in last month's Cairns Report, evidence from the tourism sector is suggesting that many operators are now at a crisis point and we are already seeing some closures taking effect. The recently announced support from the State Government will be welcomed by the sector but it remains well below what will be needed to ensure that the region does not suffer from a hollowing-out of the tourism industry in the Far North before national, and international, borders reopen.



Pete Faulkner  
*CONUS*

## EXPERT ADVICE

### Grant Thornton

*Audit, tax and advisory*

[grantthornton.com.au](http://grantthornton.com.au)

### Holding Redlich

*Commerical Law*

[holdingredlich.com.au](http://holdingredlich.com.au)

### Belle Property Cairns

*Real estate and rentals*

[belleproperty.com.au/cairns](http://belleproperty.com.au/cairns)



Land supply, rising construction costs, the rental crisis and population growth are colliding to create a perfect storm for Cairns. We need a clear, coordinated strategy to articulate how we'll accommodate the city's growing population over coming decades. Questions such as urban sprawl, small lot development and suburban nodes need to be addressed. Crucially, the State Government and Cairns Regional Council (and their myriad departments) need to collaborate and agree on this growth plan. It won't work if they don't work together.



Gavin King  
*The Cairns Report*

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