

CAIRNS REPORT

A monthly snapshot of the
Far North Queensland economy

APRIL 2022



PRESENTED BY



Still some capacity in local workforce to fill jobs

Participation in Cairns has recovered significantly in recent months, but it still sits a little below its pre-pandemic highs. This suggests there may be some scope for more people to return to the labour market. While that should see employment numbers rise even further, it will also make additional declines in the unemployment rate (now 4% locally!) a challenge to achieve.

The Online Jobs Vacancy data shows just how strong the labour market outlook in Cairns remains, with seasonally adjusted jobs vacancies reaching 10-year highs in the latest data available.

UNEMPLOYMENT RATE

4.0%	4.3%	4.0%
NATIONAL	QLD	CAIRNS

PEOPLE EMPLOYED

↑ 13,372,000	↑ 2,712,400	↑ 137,400
NATIONAL	QLD	CAIRNS

PROPERTY PRICES

↑ \$275,000	↑ \$408,000
UNITS	HOUSES

MEDIAN RENTS

↑ \$370 P/W	↑ \$477 P/W
2-BED UNIT	3-BED HOUSE

PASSENGERS

348,209	▼	153,089
FEBRUARY '19		FEBRUARY '22
CAIRNS AIRPORT		

BUILDING APPROVALS

101 APPROVALS IN JANUARY

▼ -32%

COMPARED TO 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. © The Cairns Report 2022. For media or reproduction purposes, please credit The Cairns Report.

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Cover: Marlin Marina

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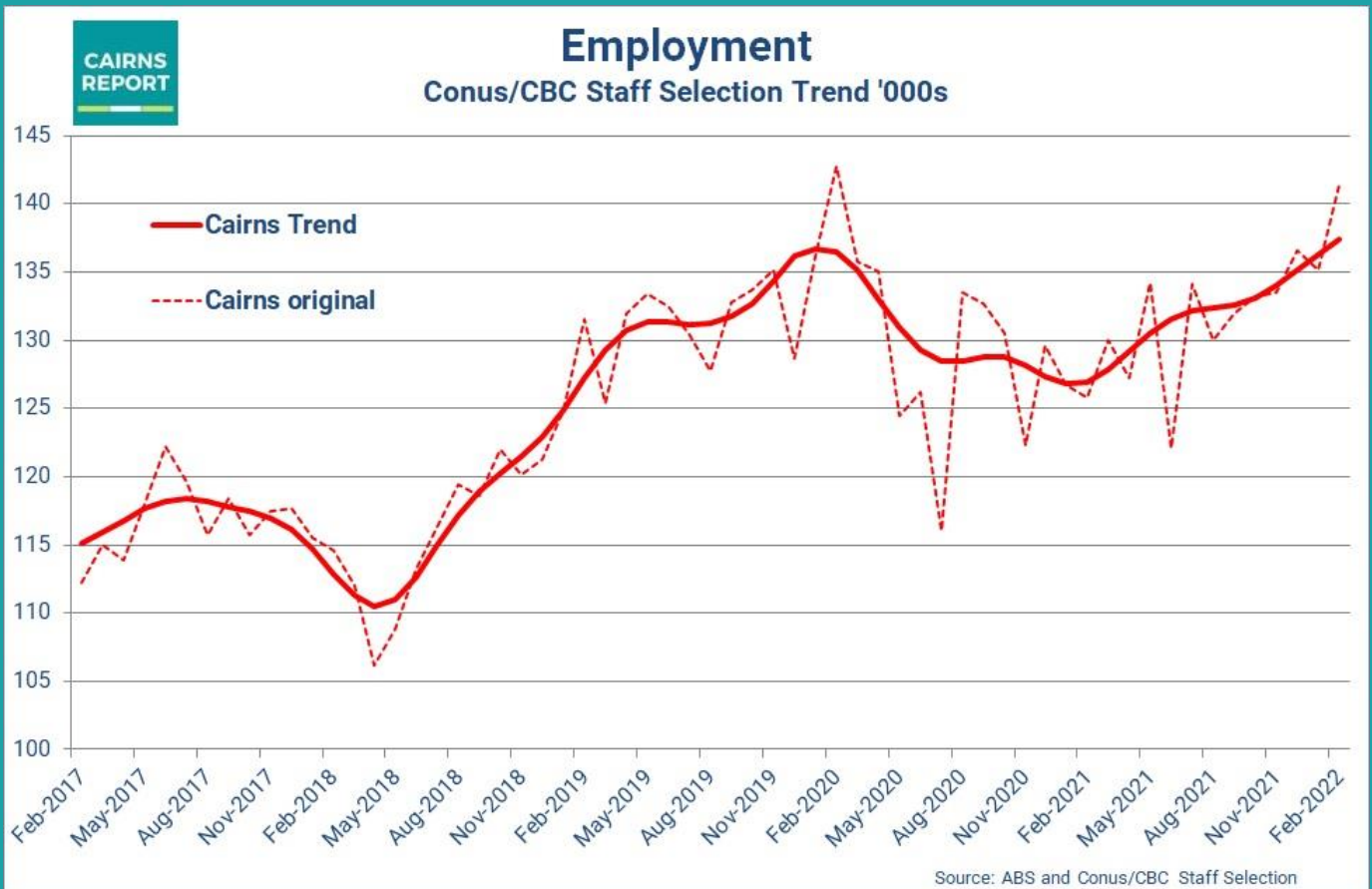
The strong labour market results of the past few months have been repeated in the latest statistics.

Here in Cairns, trend employment has been edging higher over the past few months with the city adding another 1,100 people to the workforce in February to reach a new record high level. In Queensland, jobs growth has remained even more robust with employment, and in particular full-time employment, hitting another new record high.

PEOPLE EMPLOYED

13,372,000	2,712,400	137,400
NATIONAL	QLD	CAIRNS
↑	↑	↑
LAST MONTH		
13,255,000	2,684,600	134,000




However, despite being at a record high, employment in Cairns is still only 0.6% higher than it was just before the pandemic hit. Contrast that to the situation in Queensland where employment now sits 5.5% above its pre-pandemic level, or Australia which is 2.9% higher.



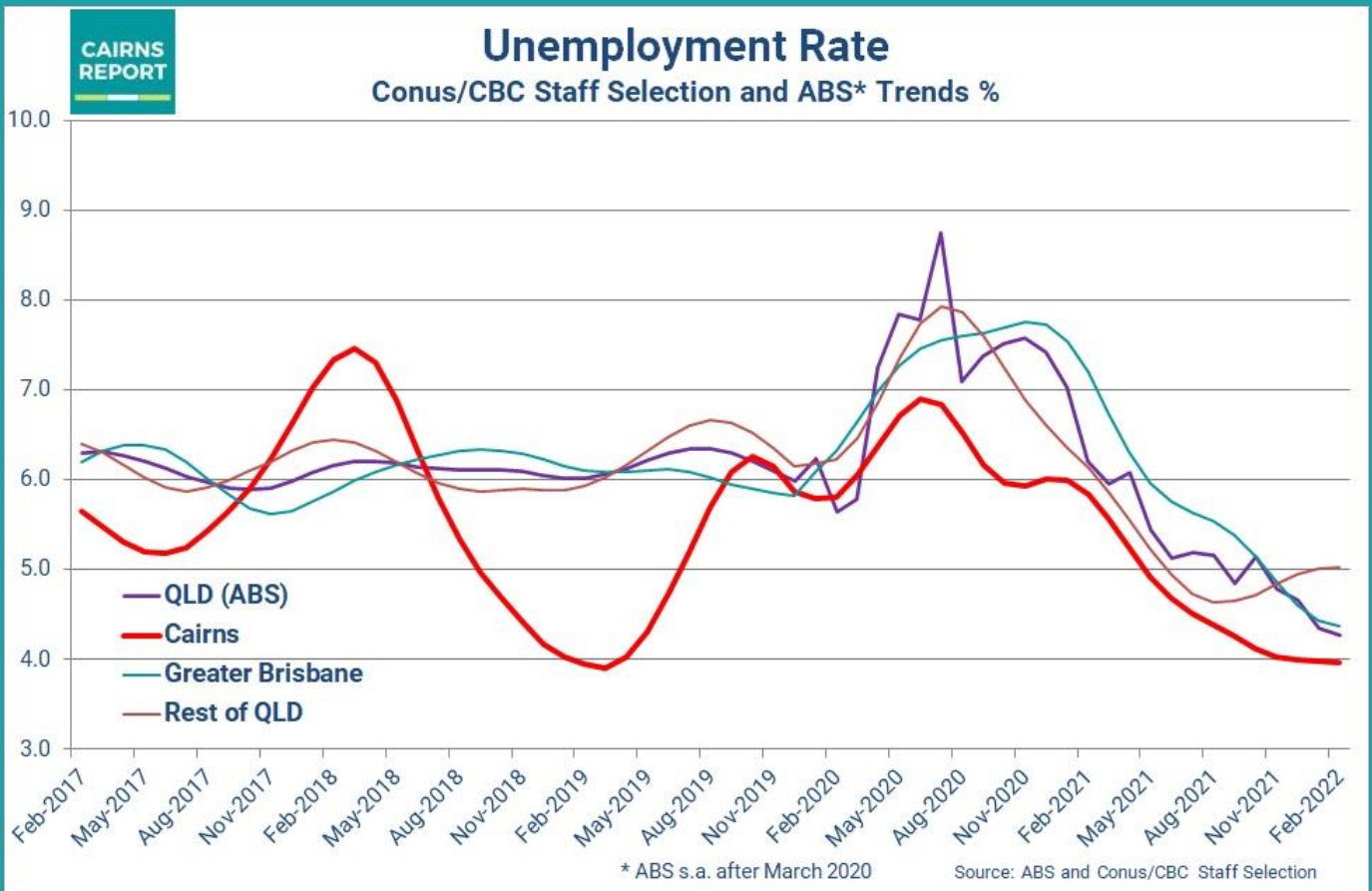
The national headline unemployment rate fell to 4%, the best result since August 2008.

At a state level, Queensland’s unemployment rate has fallen to 4.3%, the lowest level in more than thirteen years. Here in Cairns, solid improvements in participation means the Trend unemployment rate is struggling to get below 4%.

UNEMPLOYMENT RATE

4.0%	4.3%	4.0%
NATIONAL	QLD	CAIRNS
		
	LAST MONTH	
4.2%	4.4%	4.0%

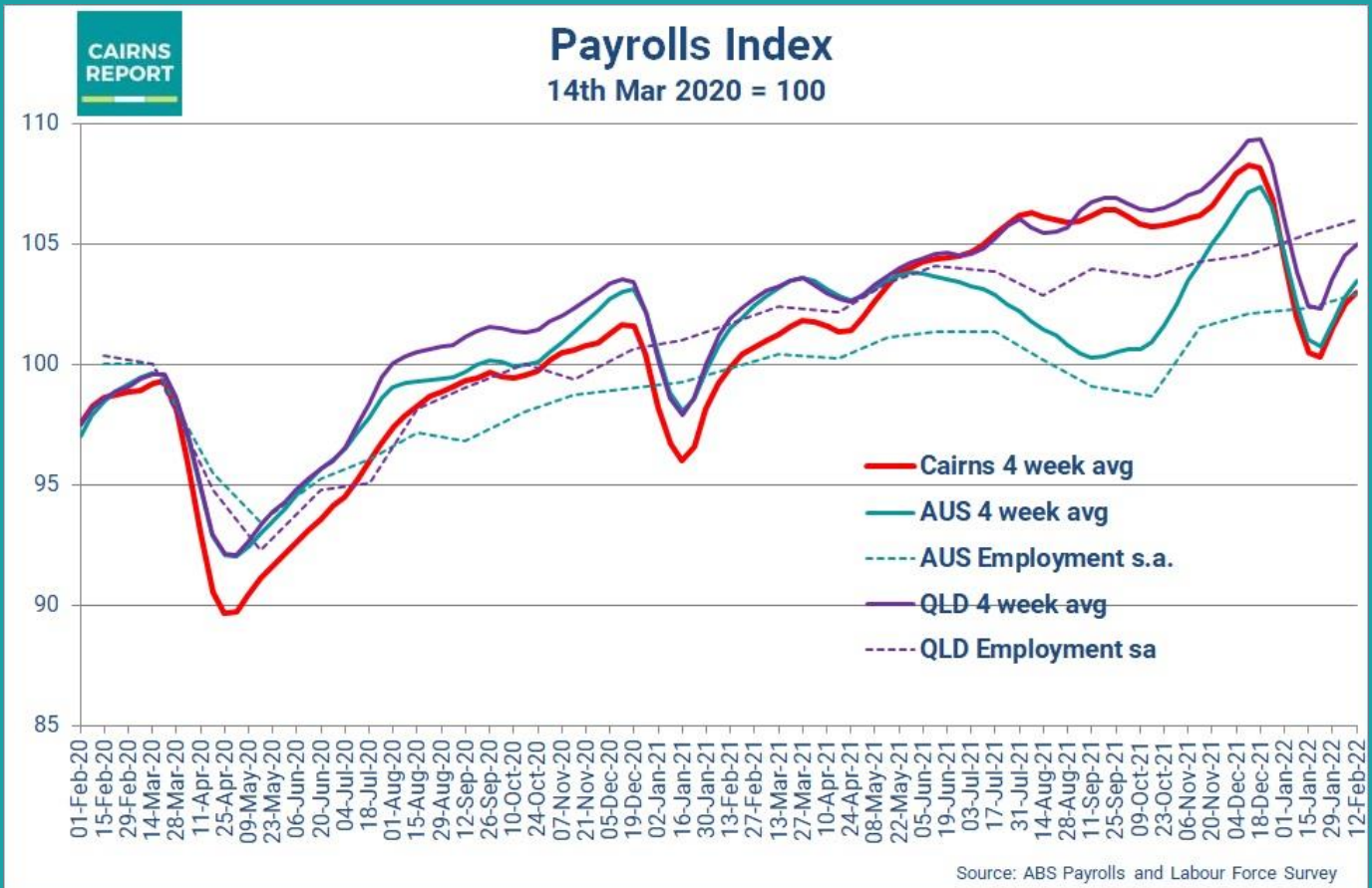
Indeed, last month’s plot of 3.9% in Cairns was revised slightly higher to 4.0% which is where it stayed in the latest statistics.



The most recent data (to the middle of February) from the ATO and ABS show that at the national and State levels, payrolls have continued to improve but remain well below the levels seen prior to the Christmas and New Year holiday period.

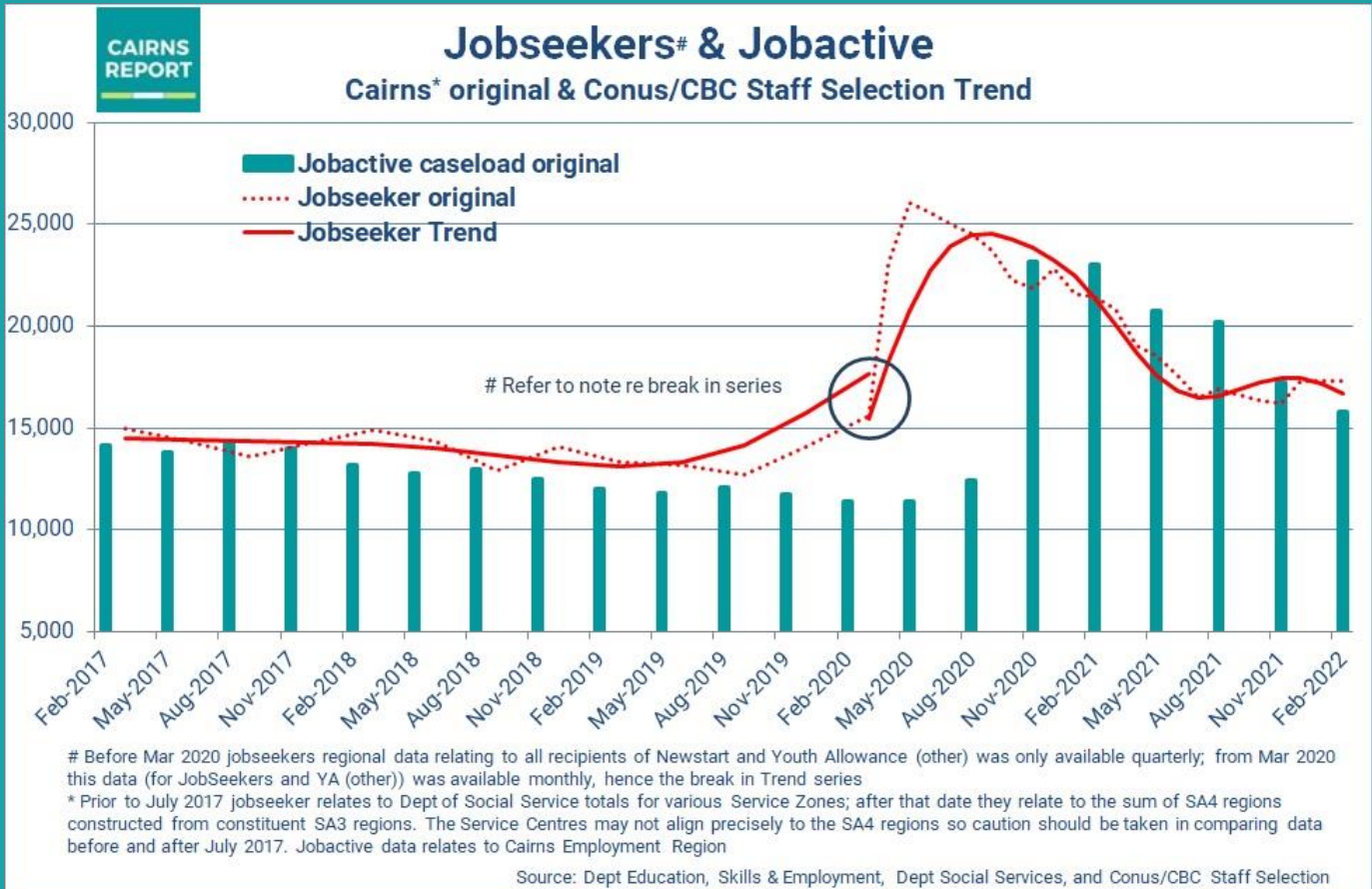
This data-set is not seasonally adjusted so we

should see further improvements in coming weeks as the holiday impact on the 4-week averages starts to unwind. Cairns is following a similar trajectory although the local data remains somewhat below that seen across Queensland as a whole.

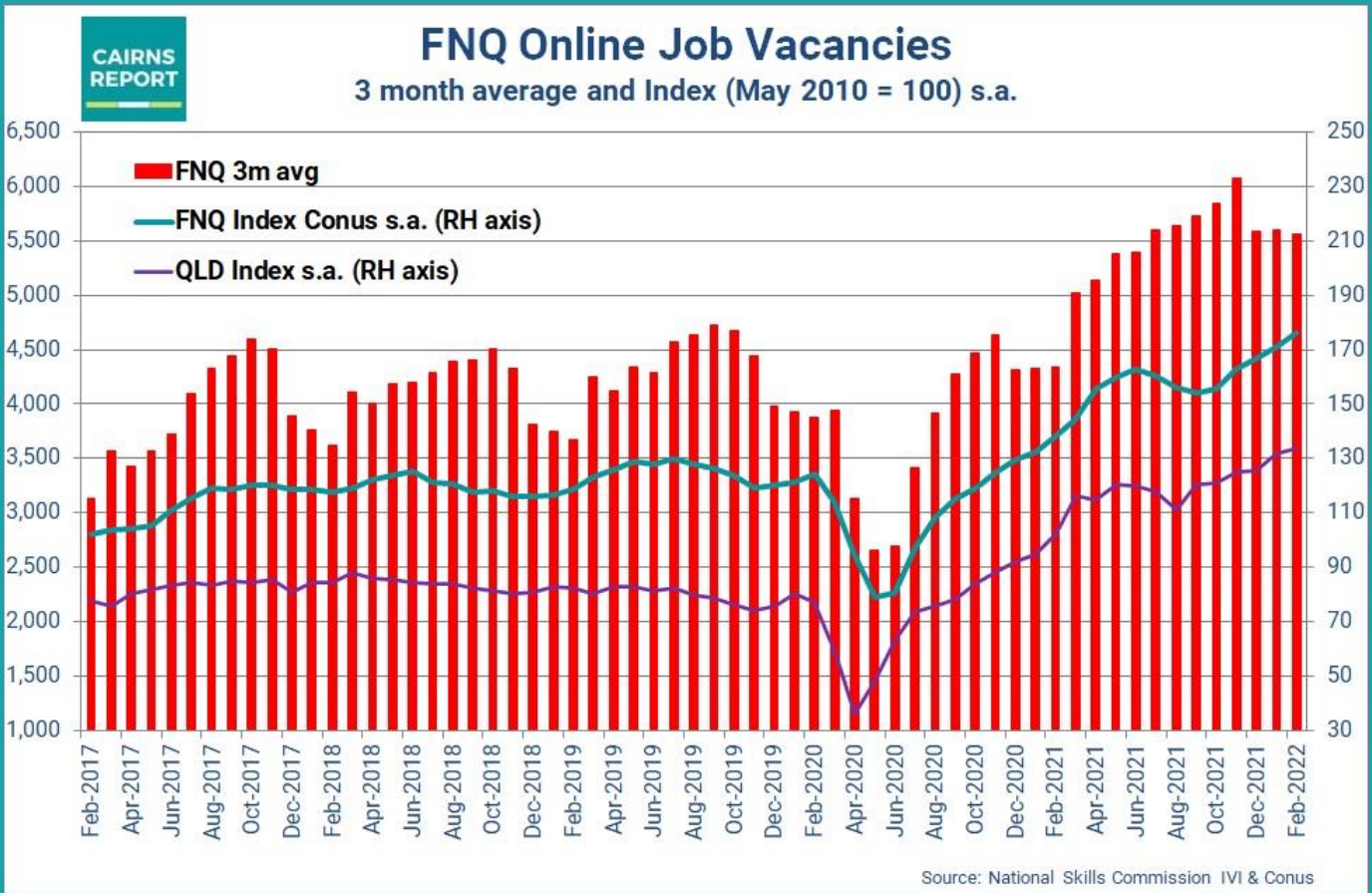


The JobSeeker numbers in Cairns appear to have stabilised in recent months after sharp falls from the pandemic highs of 2020. Despite the low unemployment rate, the number of people in Cairns

receiving either JobSeeker or Youth Allowance payments still remains about 4,000 above the level seen prior to the pandemic.



A slight easing of online job vacancies in the Far North in the latest data, but there's still a very buoyant jobs market in the region after the highs of October last year.



Over the past 8 months Trend residential building approvals in Cairns have settled at about 100 per month.

This is a significant improvement from the level of 60-70 per month seen throughout the 20 months prior to the pandemic. Clearly ultra-low interest rates, government incentives for first-home buyers and the shift of population into regional Queensland have all played a part.

The delay between approvals

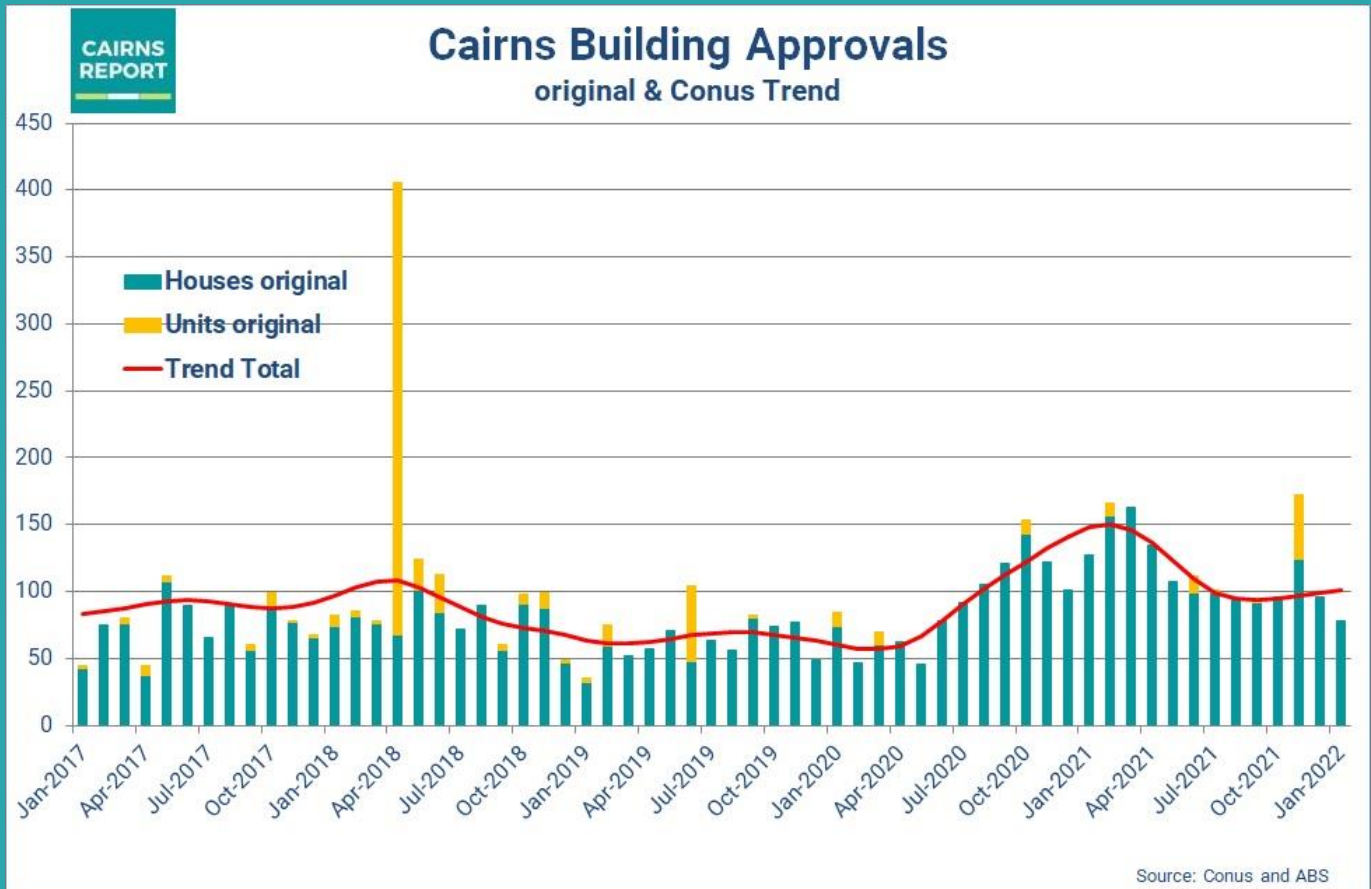
going through Council and construction work starting on the ground (delays which are only getting longer as supply constraints are felt across the sector) suggests that the level of approvals will remain supportive for the sector as we move through 2022, despite coming off the highs from a year ago.

HOUSES

▼ -32%

Building approvals change from a year ago

Another slight easing in approval numbers this month.



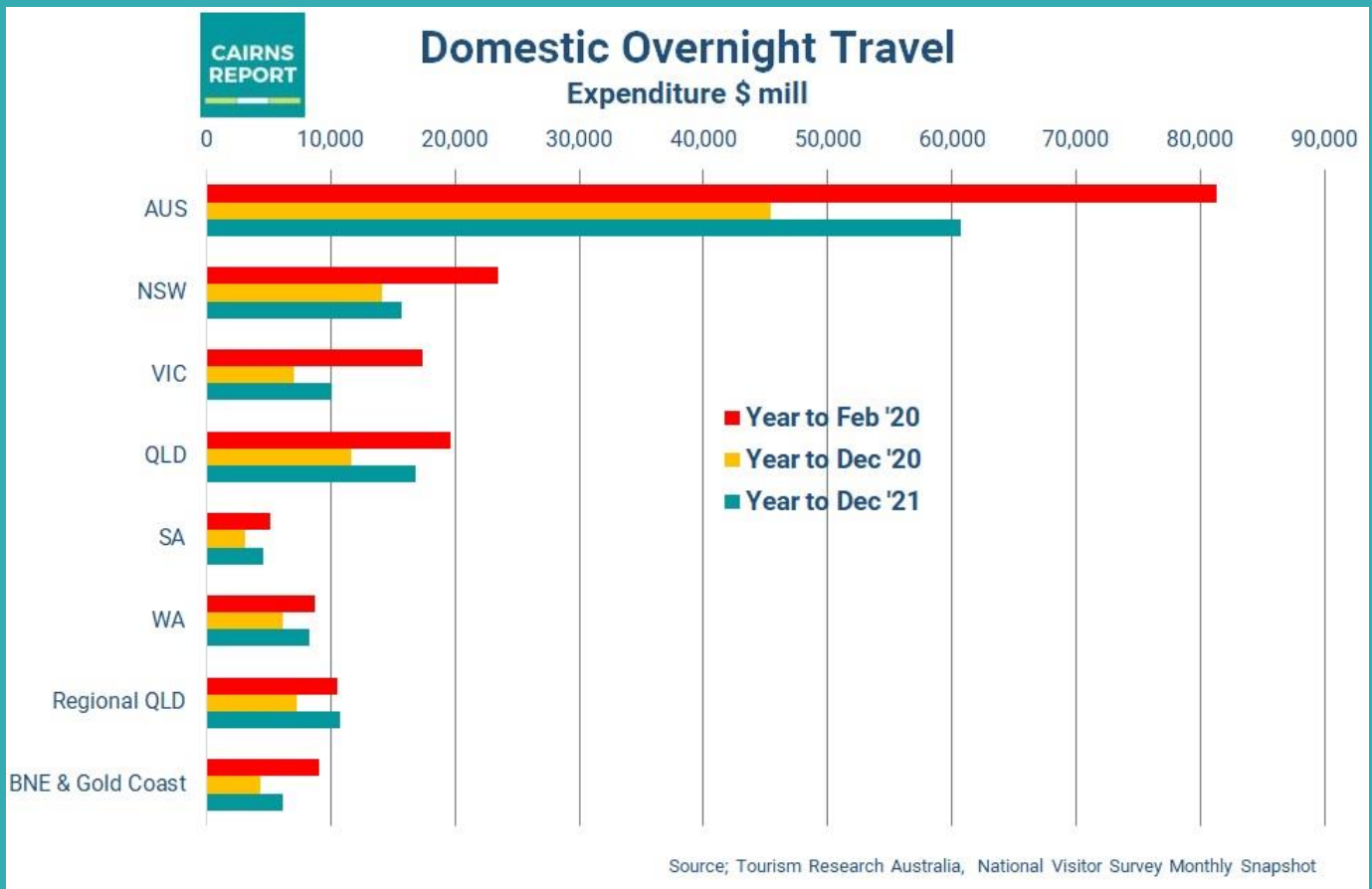
In the year to December (at this stage the most recent data we have access to) we can see that domestic tourism in regional Queensland was at levels slightly above those seen for the 12 months prior to the start of the pandemic.

Similarly, in the Far North the data for domestic tourism to the end of the September 2021 quarter (most recent data at this more specific level) was also a little above that seen in

the September quarter in 2019. Clearly, domestic tourism has been remarkably strong as Aussies' travel has remained restricted to Australia. How this trend will play out as international borders reopen will be crucial for the sector in coming months and years.

PASSENGERS

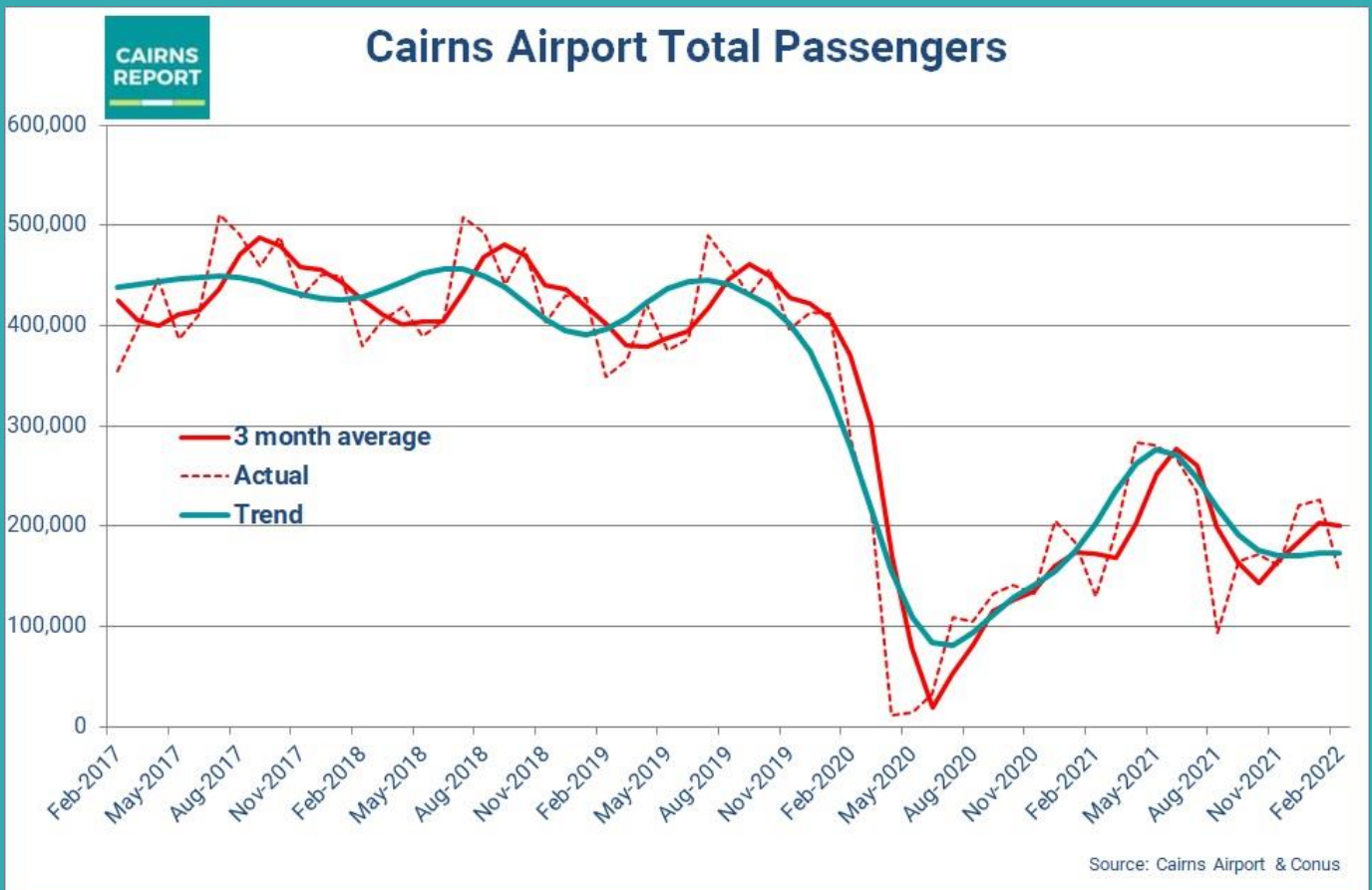
348,209 FEBRUARY '19 ▼ **153,089** FEBRUARY '22



Now that Australia is ‘living with’ COVID we are seeing what the tourism sector is facing as the international sector slowly starts to come online.

As borders reopen the hope is that the international sector, which prior to COVID accounted for about 30% of the Far North’s tourism market, will start to show signs of recovery.

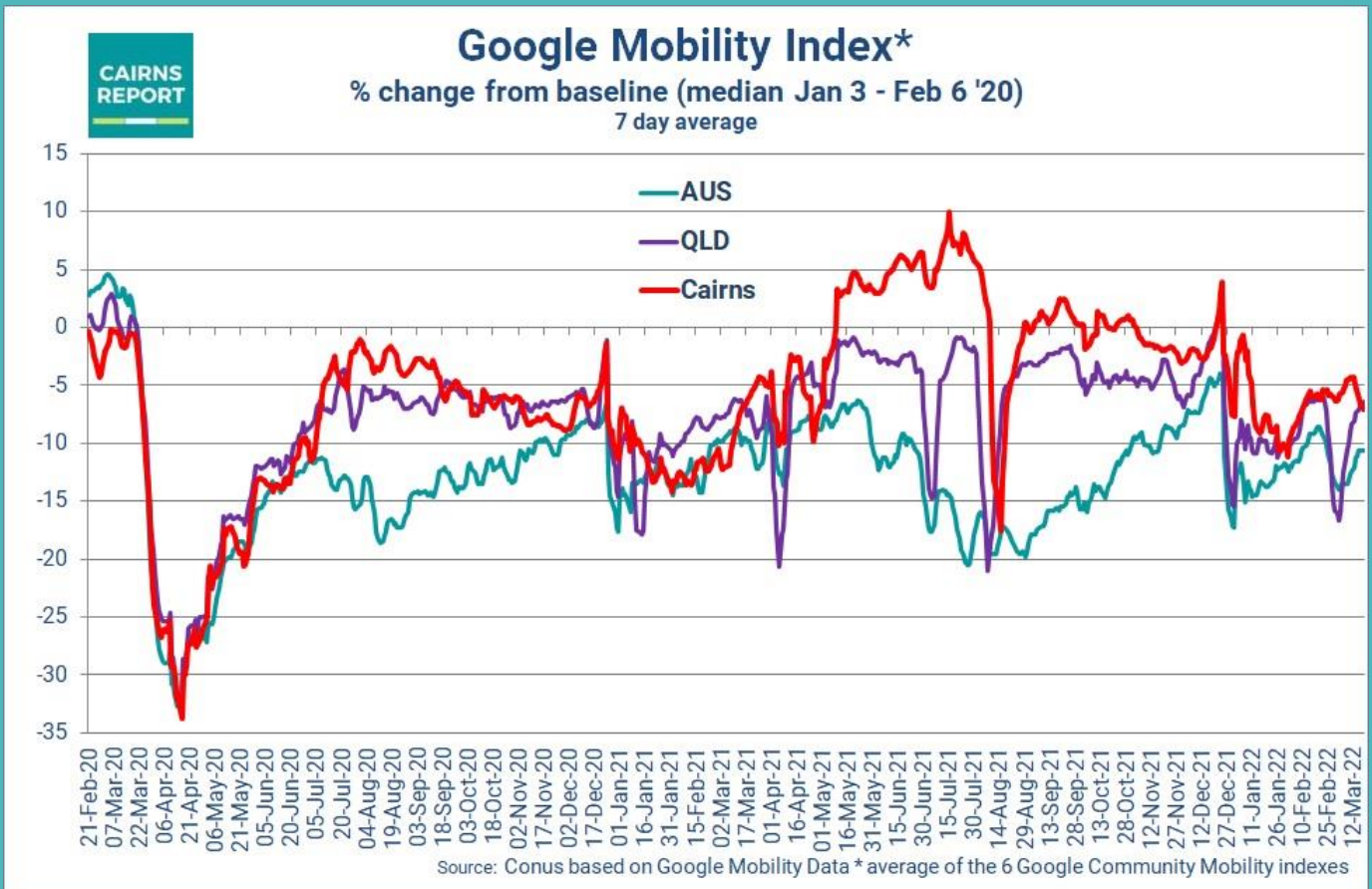
Only time will tell how willing and able foreign visitors are to return Down Under, but the emergence of some new international and domestic airline routes into Cairns and an increase in Federal funding to TTNQ for international marketing should provide some positive momentum.



The Google Mobility data to March 18 clearly shows the slowdown in mobility caused by the heavy rains in Cairns during the first half of the month. Nevertheless, it appears clear that mobility has still not returned to the levels seen prior to the Omicron surge and the re-opening of the state border. On the plus side, Cairns (and Queensland as a whole) remain well above the levels seen more broadly across the nation.

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.



We have started to see property sale prices displaying significant upward movement. House prices are now up 9% for the year and units up at least 12%.

There is certainly evidence that these increases are even more impressive in certain areas within the broader Cairns region, with plenty of data showing increases well in advance of

these rates in some pockets of the region.

Sales volumes remain robust (we are yet to get complete data for the March quarter) which supports the view that there is still significant pressure in the market for further price increases.

MEDIAN PRICES

▲ \$275,000 ▲ \$408,000

UNITS
+12% year on year

HOUSES
+9% year on year

Source: SQM Research



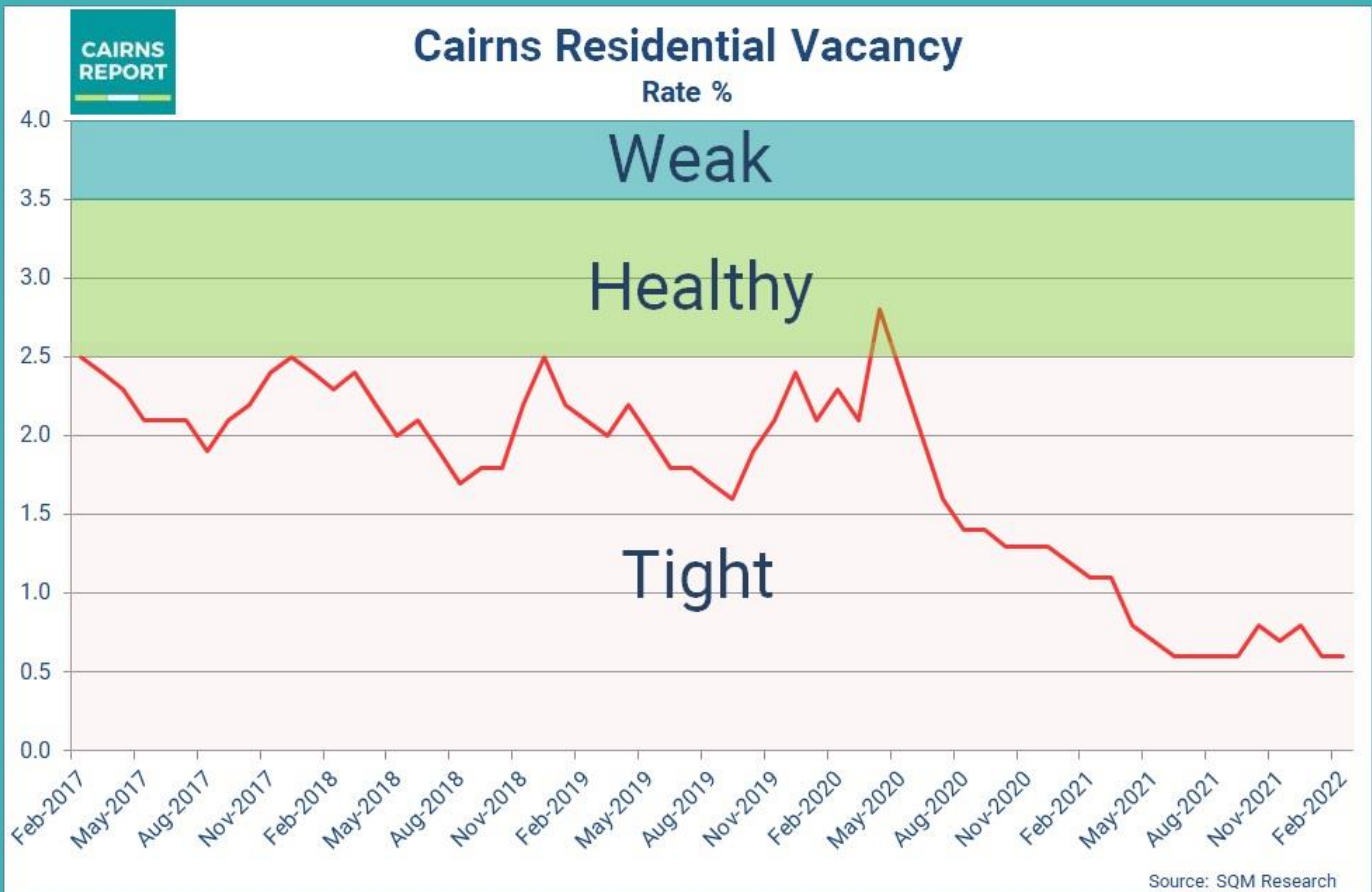
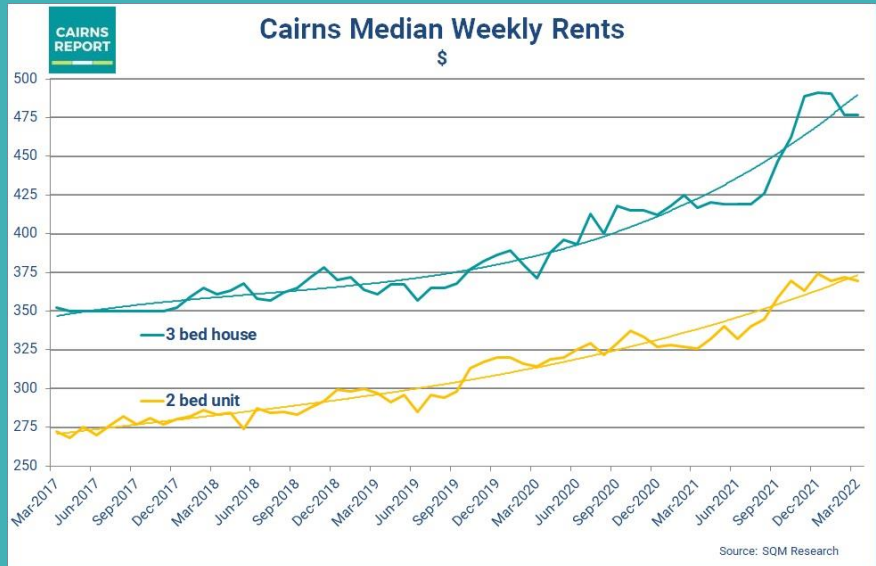
The vacancy rate in Cairns remains stuck at the record low level of 0.6% in February.

While the rapid rise in rentals rates appears to have eased somewhat in recent weeks, they remain about 14% above their levels of a year ago.

MEDIAN RENTS

\$370 P/W
2-BED UNIT

\$477 P/W
3-BED HOUSE





With the cost of living pressures we are facing, the impacts of the COVID-19 pandemic we are still dealing with, the war in Ukraine continuing and a Federal Election about to be called, it's safe to say there is still some cause for concern about what lies ahead both locally, nationally and internationally.

Inflation and interest rate rises are inevitable, so we need now more than ever to be aware of the impact this will have on our personal and business affairs.

The Federal Budget has provided very little in the way of funding for the region and despite the national jobs market being at a record high, the number of people employed in Cairns is still only 0.6% higher than it was just before the pandemic hit.

Contrast that to the situation in Queensland where employment now sits 5.5% above its pre-pandemic level, or Australia which is 2.9% higher.

On a positive note, European and Asian tourists have commenced flying directly back into Cairns and this trend should continue... this is a positive boost for our region and all going well we should, within a few years, be back to our pre-pandemic inbound tourist visitor numbers. This milestone is critical for the Cairns economy. Even though other sectors such as building and construction and agriculture continue to be very resilient, tourism will always be a significant part of the future of Cairns and our entire region.



Joe Mendiolea
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It's safe (and perhaps obvious to local business owners and managers!) to say that employers are still struggling to find skilled workers.

As part of its 2022 Budget push, the Federal Government says it is addressing critical skills shortages, driving innovation and attracting investment. Another key element of the recent Budget is a ceiling of 160,000 people for the permanent migration program, with more places being made available for employer sponsored, skilled independent, regional and state and territory nominated migration. Unfortunately, the business, innovation and investment visa stream has taken a hit. Locally, changes have been made to the FNQ Designated Area Labour Agreement (DAMA) to support local businesses, with more occupations now available plus an increase to the age concessions.

India and Brazil have been added to the Work and Holiday visa program which will bring an additional 1500 working holiday makers to Australia each year. The age limit for Italian and Danish Working Holiday Makers is increasing to 35 and additional places are being made available for Hungary, Austria, and the Slovak Republic.

On the agriculture workforce front, Vietnam is the first country to sign a bilateral Memorandum of Understanding under the Agricultural Visa program which is designed to assist our farmers fill labour shortages.



Rebecca Macmillan
 Holding Redlich

Skilled Stream Planning levels

Visa stream	2022-23	2021-22
Employer sponsored	30,000	22,000
Skilled Independent	16,652	6,500
State and Territory Nominated	20,000	11,200
Regional visas	25,000	11,200
Business and Innovation and Investment	9,500	13,500
Global Talent	8,488	15,000
Distinguished Talent	300	200
Total	109,900	79,600

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There are some interesting pressures making themselves felt in our property market. Five years ago, rental availability was already classified as “stressed” and the situation has only continued to become tighter. The pool of rental properties has been decreasing for many years as owner-occupiers buy apartments and houses that were once rented. With no new high-density construction and strong net population growth for Cairns, I think that we are in for some challenges ahead. People aren’t selling because they can’t “just get a rental” in the short term after they settle. Where will all our tourism and F&B staff live once travel is truly back in full swing?



Nicholas Slatyer
Belle Property Cairns



Nicholas nails it in his blurb above: accommodating population growth – and even existing residents - is one of the biggest challenges facing Cairns right now, and long into the future.

Our city has a massive opportunity to build our population thanks to the positive shift in capital city mindsets towards regional lifestyle living. But it will be curbed by the lack of rentals, new apartment developments and the stunted supply chain and rising costs for new home builds.

Where is the political will to tackle this complex problem? All levels of government need to take the issue seriously and formulate a strategy to sort it out. I just hope it’s not too late to capitalise on the potential growth for our economy, and all the benefits a larger population would deliver for Cairns.



Gavin King
The Cairns Report

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