

# CAIRNS REPORT

A monthly snapshot of the  
Far North Queensland economy

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## Northern Beaches of Cairns is our population growth hotspot

We dig into the first release of 2021 Census data in this edition of *The Cairns Report*, with one area of FNQ a standout for population growth and household income.

The Northern Beaches of Cairns led the way over the five-year period since the 2016 Census, recording an impressive 9.7% population growth rate and a median weekly household income that now sits \$73 above the national average, and \$374 above the broader Cairns region average. Accommodating population growth (particularly to the very popular Northern Beaches), remains one of the key challenges for the city going forward. There certainly appears to be no end in sight to the region's chronic rental shortage.

### UNEMPLOYMENT RATE

3.9%	4.0%	5.0%
NATIONAL	QLD	CAIRNS

### PEOPLE EMPLOYED

↑ 13,510,900	↑ 2,766,700	↑ 141,700
NATIONAL	QLD	CAIRNS

### PROPERTY PRICES

↑ \$270,000	↑ \$440,000
+8% y/y UNITS	+16% y/y HOUSES

### MEDIAN RENTS

↑ \$382 P/W	↑ \$479 P/W
2-BED UNIT	3-BED HOUSE

### PASSENGERS

375,780	▼	317,267
MAY '19		MAY '22
CAIRNS AIRPORT		

### BUILDING APPROVALS

111 APPROVALS IN APRIL

▼ -18%

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.

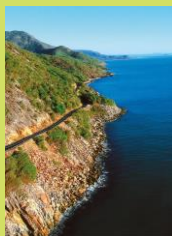
## CAIRNS REPORT

A monthly snapshot of the Far North Queensland economy

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Cover: The highway from Cairns to Port Douglas

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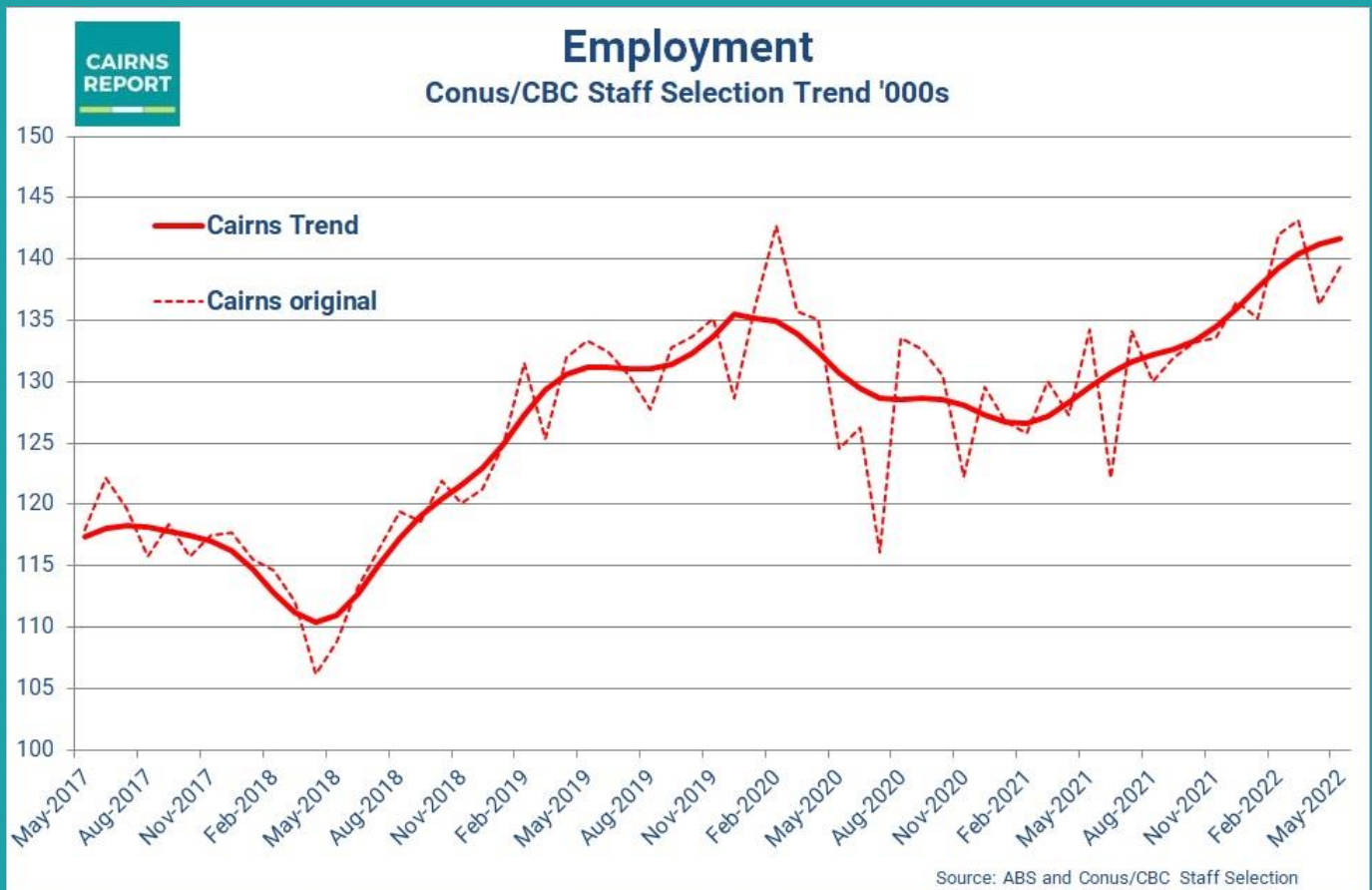


The strong labour market continues across Australia with another 60,600 added to employment in May and 46,600 added in Queensland, although the majority of those in our state were part-time positions which reversed a steep decline in part-time positions we noted in the previous edition of the *Cairns Report*.

## PEOPLE EMPLOYED

13,510,900	2,766,700	141,700
NATIONAL	QLD	CAIRNS
↑	↑	↑
	LAST MONTH	
13,450,300	2,720,100	141,200

Once again, we saw Trend employment lift in Cairns with another 500 jobs added. We have seen a rapid increase in the size of the Cairns labour market with almost 6,000 more people in the labour market in May than just prior to the pandemic in early 2020.



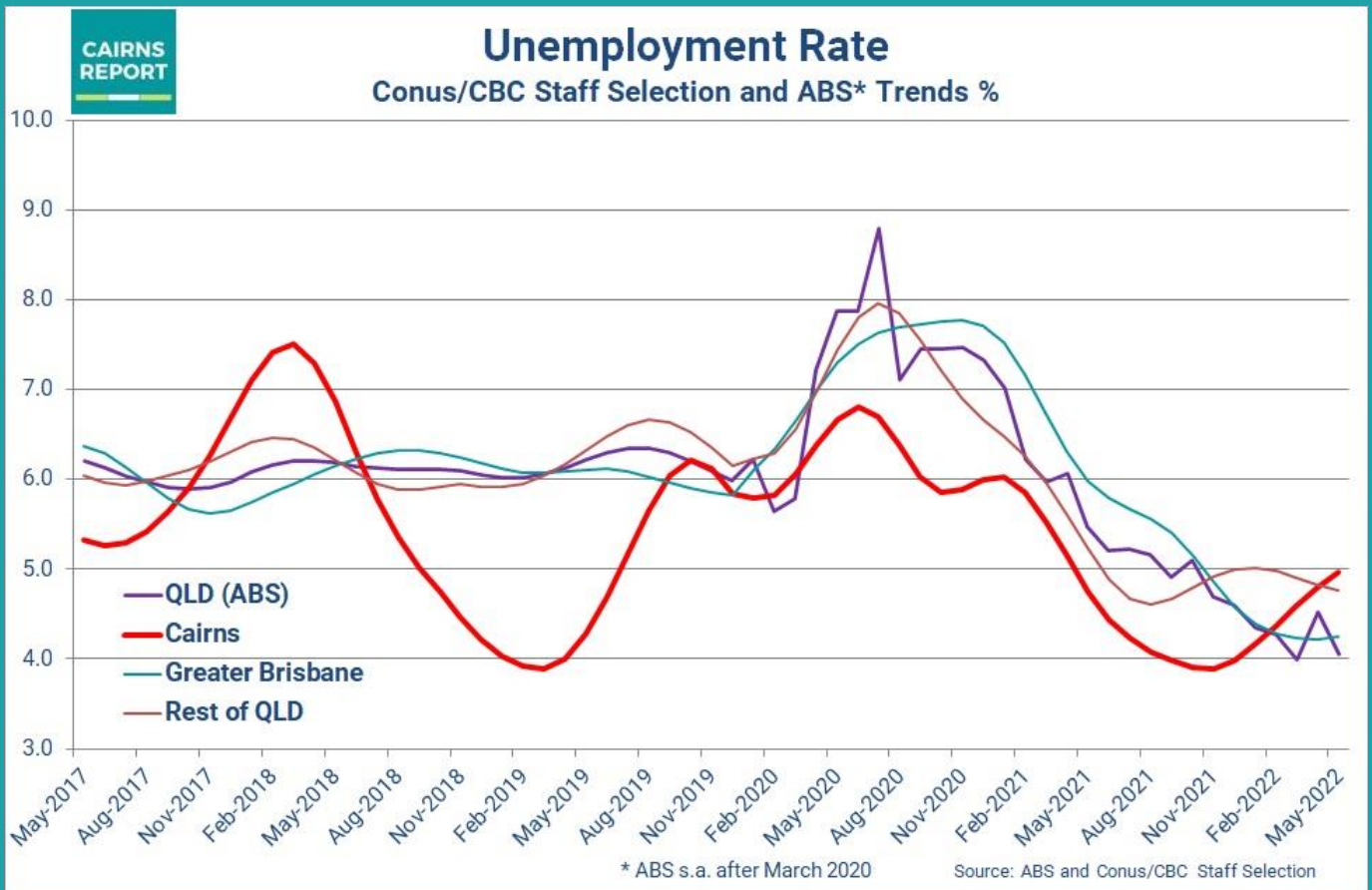
The national headline unemployment rate is holding steady at 3.9%, while in Queensland the headline unemployment rate dropped back to just 4.0% this month.

In Cairns, further sharp increases in participation (to their highest levels in almost 12 years), and some revisions to previous months, saw the Trend unemployment rate move back up to 5.0%.

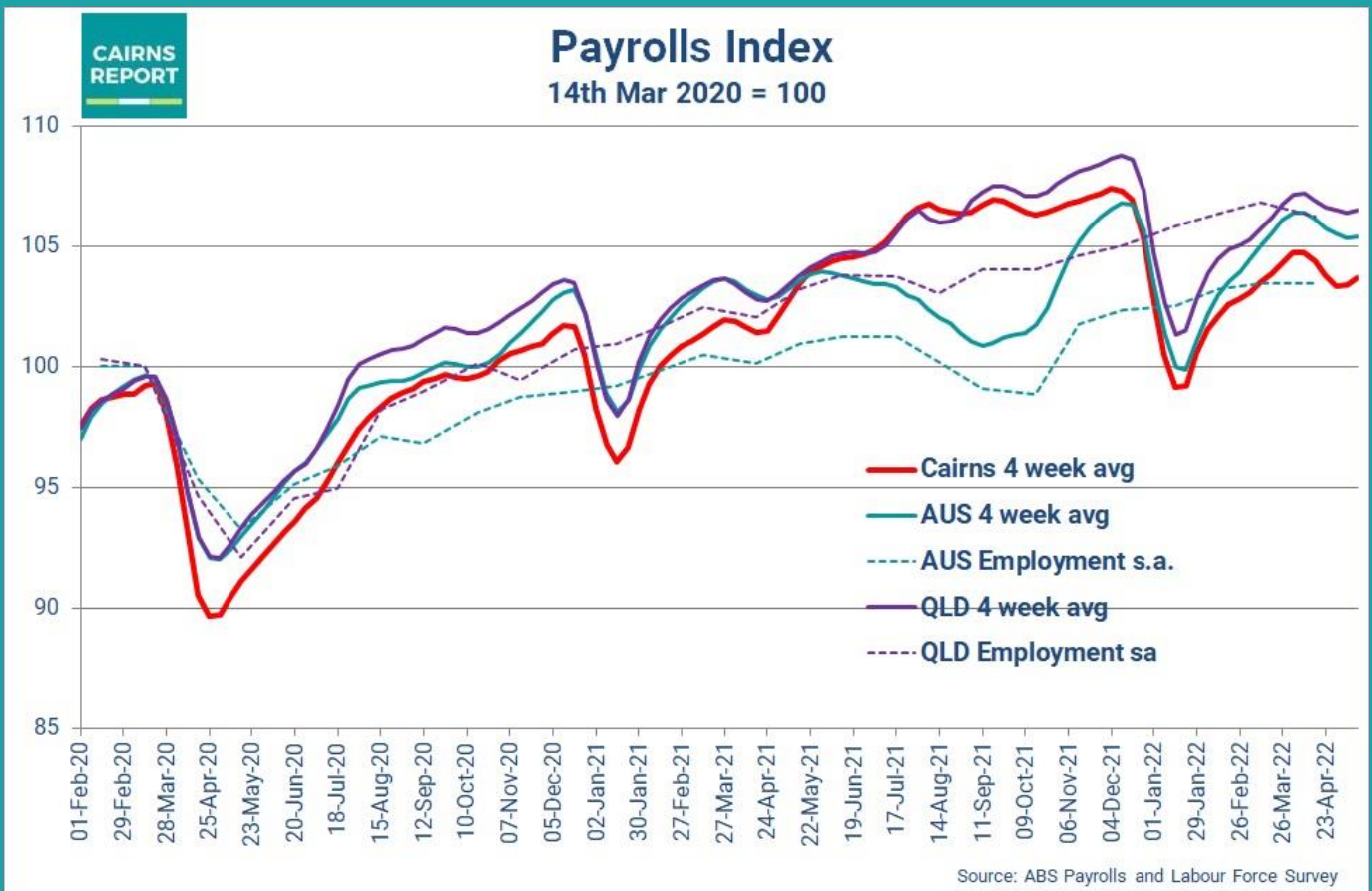
## UNEMPLOYMENT RATE

<b>3.9%</b>	<b>4.0%</b>	<b>5.0%</b>
NATIONAL	QLD	CAIRNS
⊖	↓	↑
	LAST MONTH	
3.9%	4.5%	4.8%

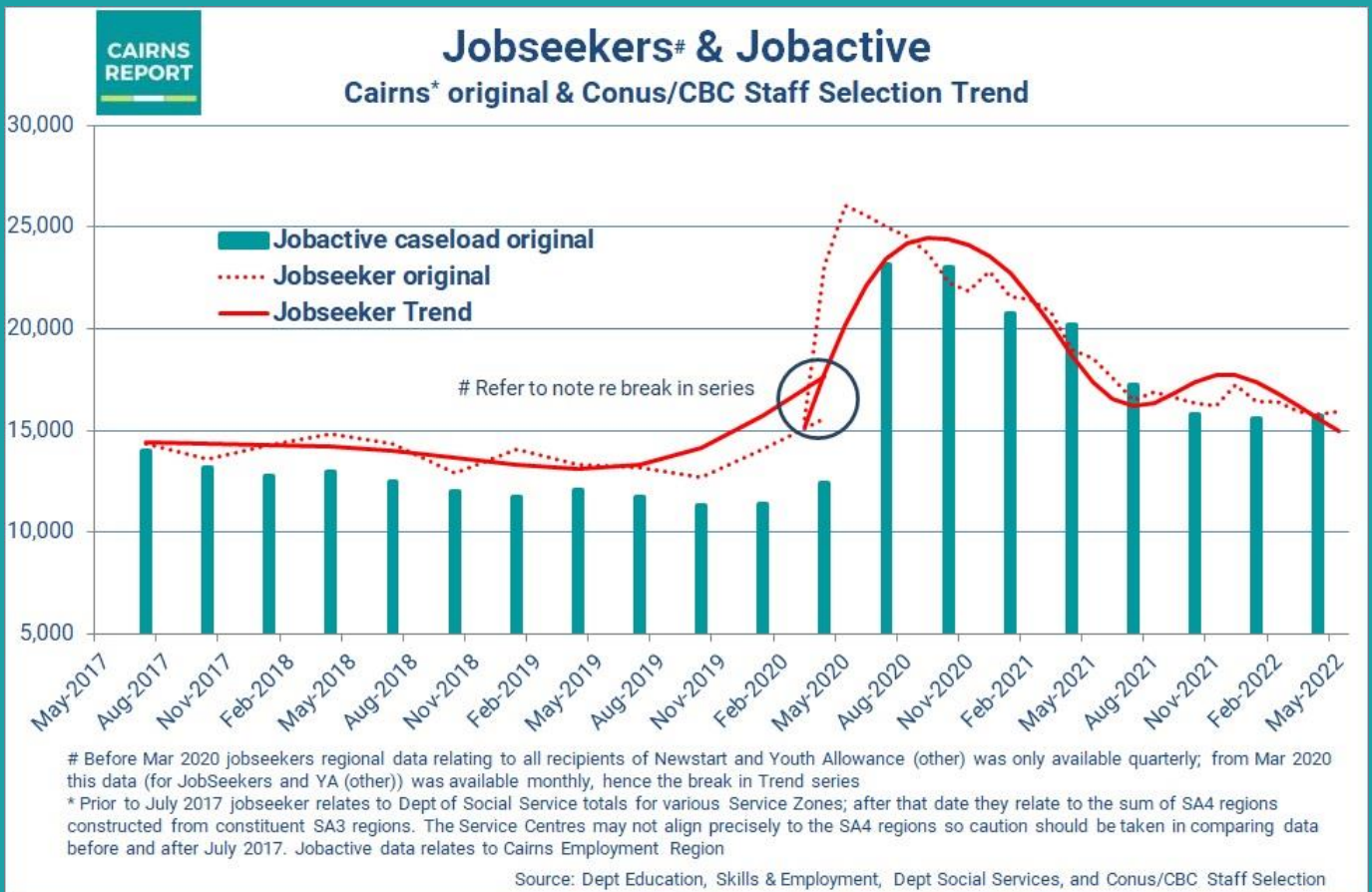
Despite the unemployment rate's gradual increase over the past few months we are not seeing a weakening labour market. Quite the contrary, as the previous page of employment data shows.



The most recent data (to the middle of May) from the ATO and ABS show that at the national and State levels Payrolls have levelled off, which is at least to some degree supported by the monthly employment data. However, the fact that this data-set is not seasonally adjusted makes it hard to draw many conclusions from it.

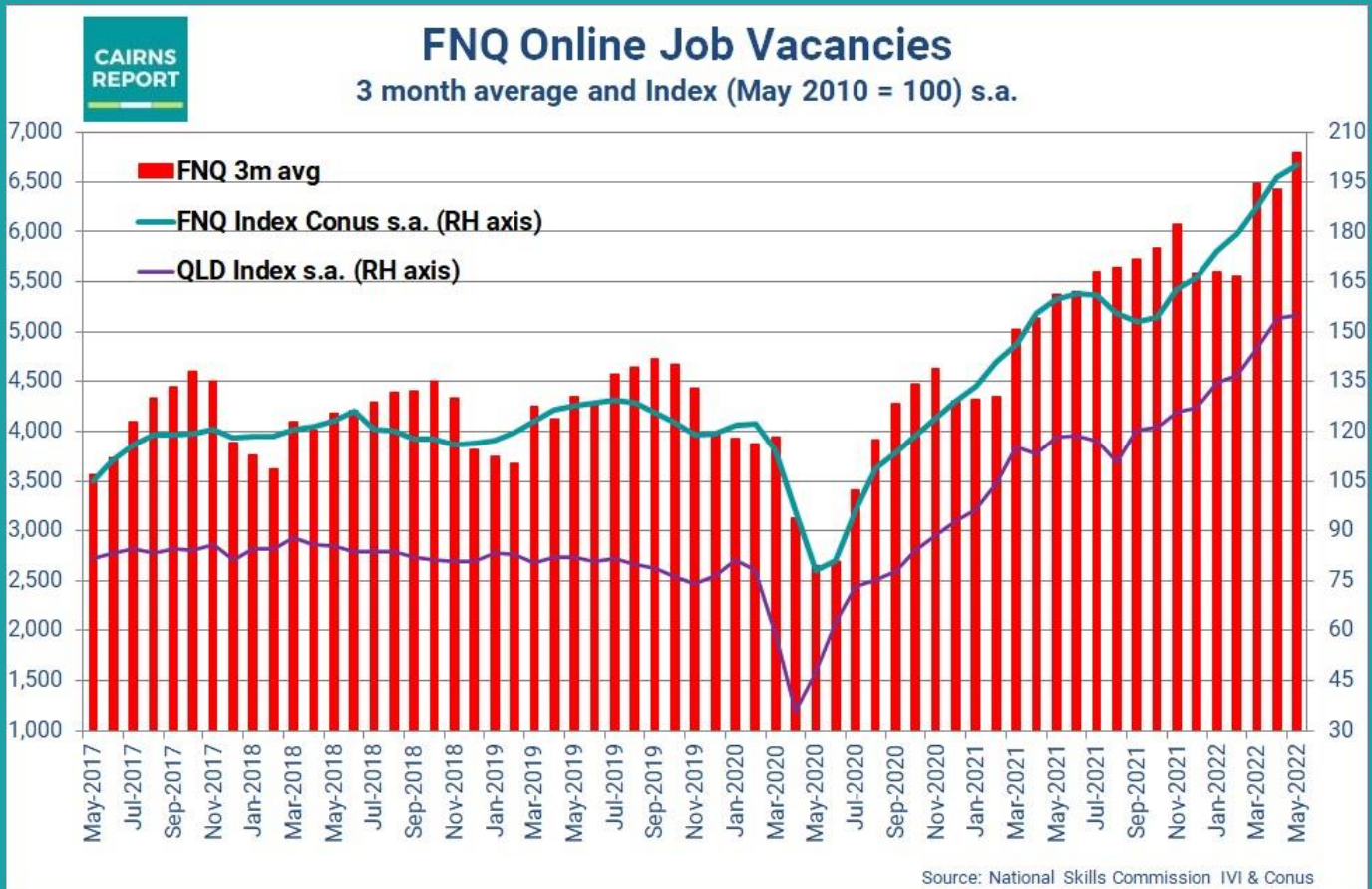


The JobSeeker numbers in Cairns lifted very slightly in May, although the seasonally-adjusted Trend continued its gradual decline and now sits lower than at any time since the pandemic.



## The Online Jobs Vacancy data for FNQ was sharply higher again in May.

This level remains at decade-long highs and perhaps highlights the challenges that employers are facing in filling vacancies.



Trend residential building approvals in Cairns have settled at just above 100 per month for the better part of the last 12 months.

This is a significant improvement from the level of 60-70 per month seen throughout the two years prior to the pandemic and continues to suggest a robust construction sector. Government incentives for first-home buyers and the shift of population into regional Queensland have both played a part. Despite concerns about rising interest rates, the fact that there is such a lag between approval and construction work starting means that the demand for house building in Cairns looks set to

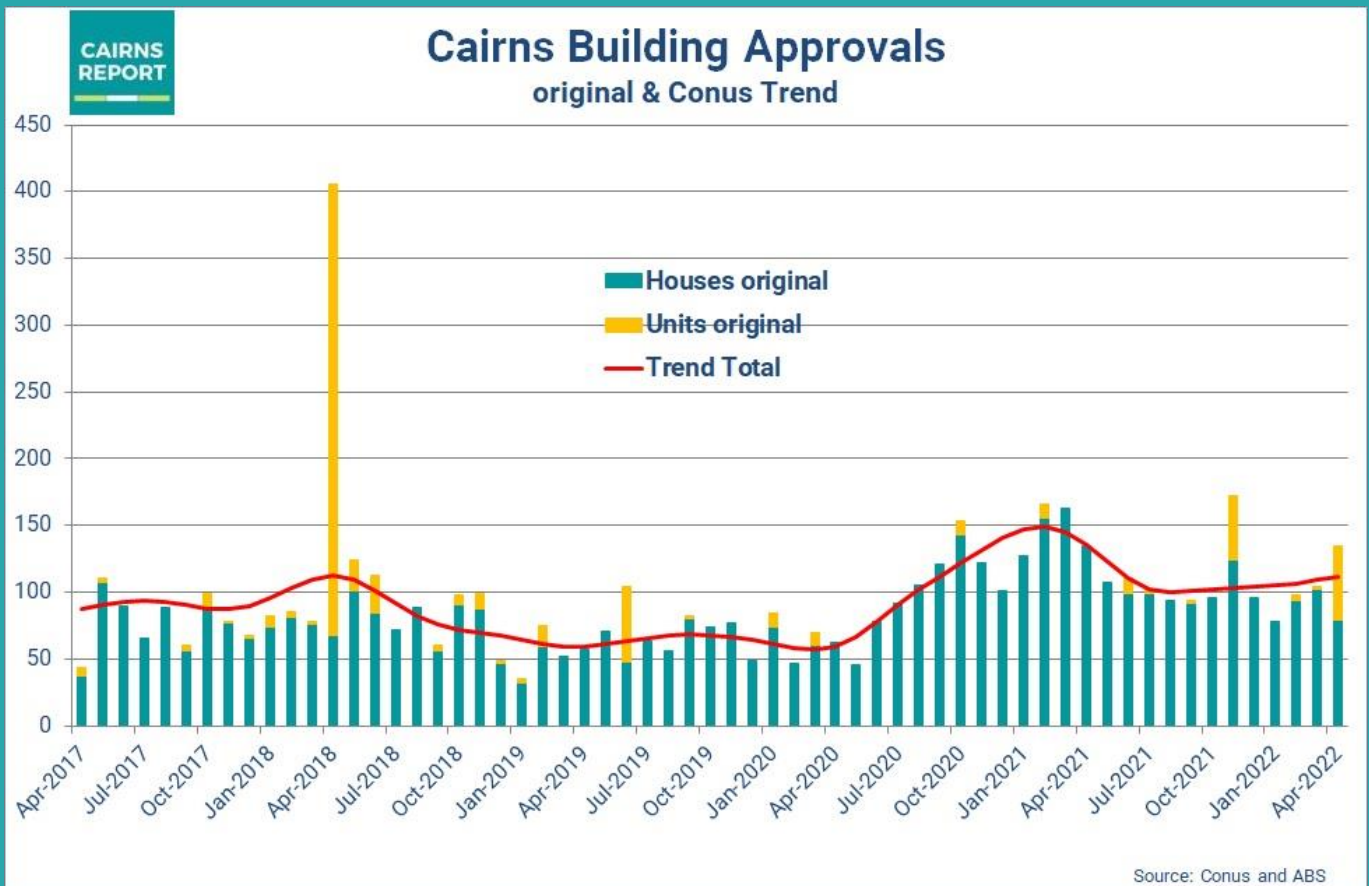
## HOUSES

▼ -18%

Building approvals change from a year ago

Latest trend approvals = 111

remain strong for the rest of 2022. Added to the residential construction backdrop will also be the infrastructure projects promised during the Federal election, which we can expect to see start in coming years. Together, these two factors point to a strong construction sector. The challenge for the sector may not be one of too little demand but rather of too much.





It is no surprise that the latest data from Cairns Airport for May showed a slight decline from the Easter-impacted April numbers, although our Trend estimate is now higher than at any time since December 2019. Despite this slight decline in the original data, the number of domestic passengers using Cairns Airport in May was just 6% lower than for the same month in 2019. In addition, we are starting to see the return of

international travellers, albeit in small numbers. In May international passenger numbers increased to 5,700 which is a solid start to the rebuild but still only about 12% of the monthly pre-COVID totals.

**PASSENGERS**

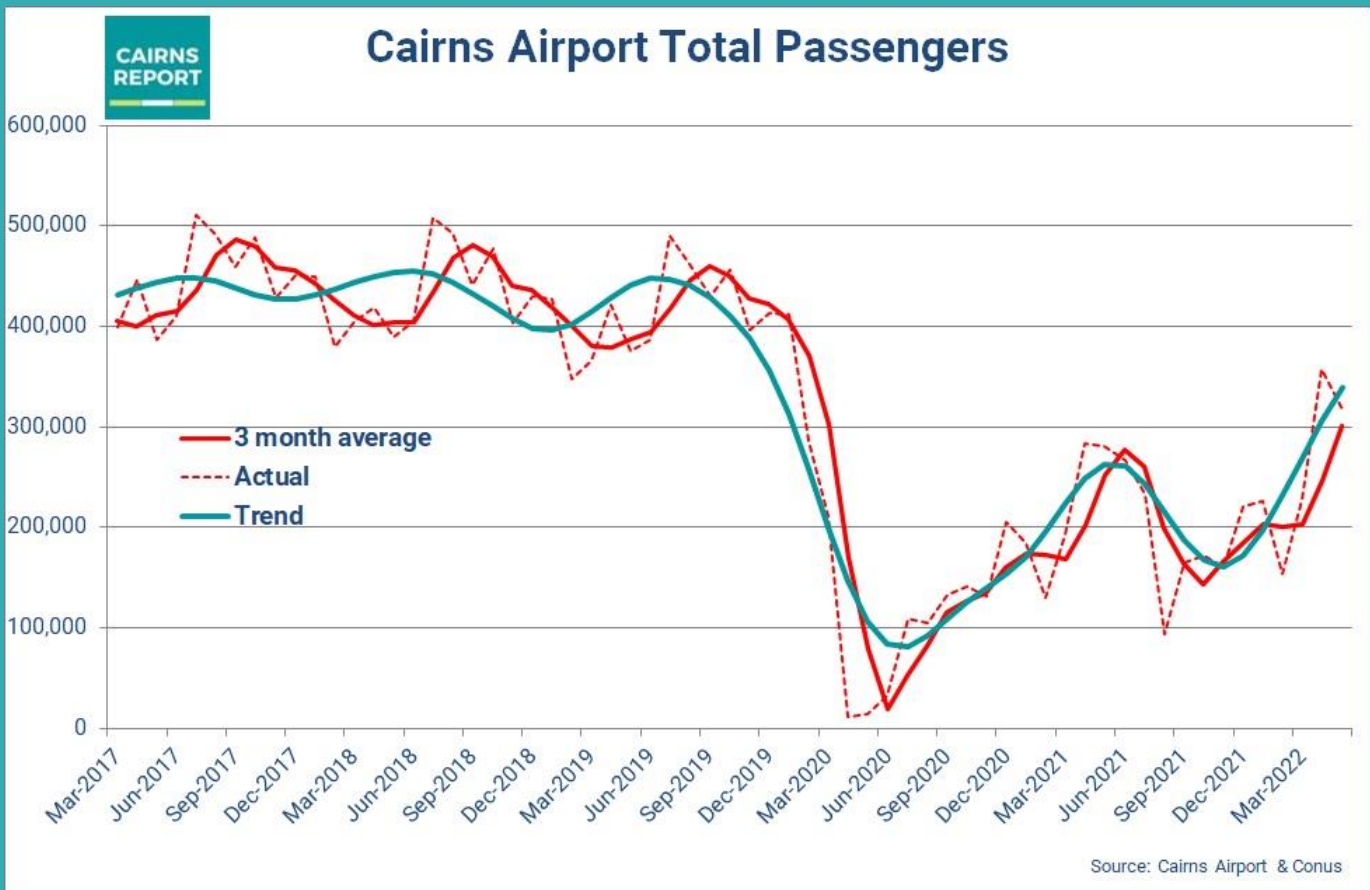
**375,780**

MAY '19

▼

**317,267**

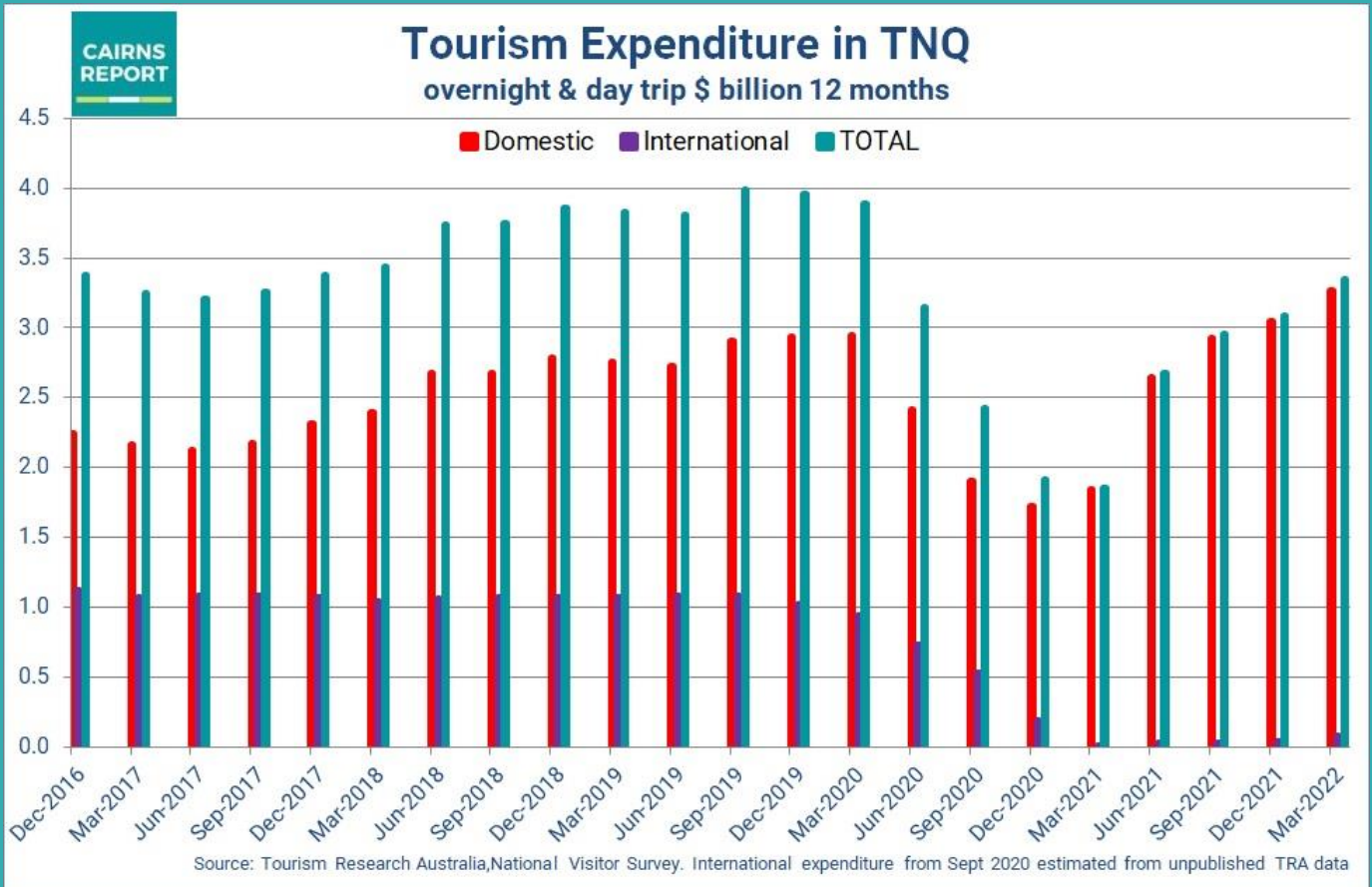
MAY '22



**In short, our region has done VERY well in the latest National Visitor Survey.**

In the year to March 2022, domestic visitors (including overnight and day trips) were up by 39% in TNQ while expenditure increased by a massive 76.8%.

That compares very favourably to Queensland visitation, up by 21.6% and expenditure up by 37.6%.

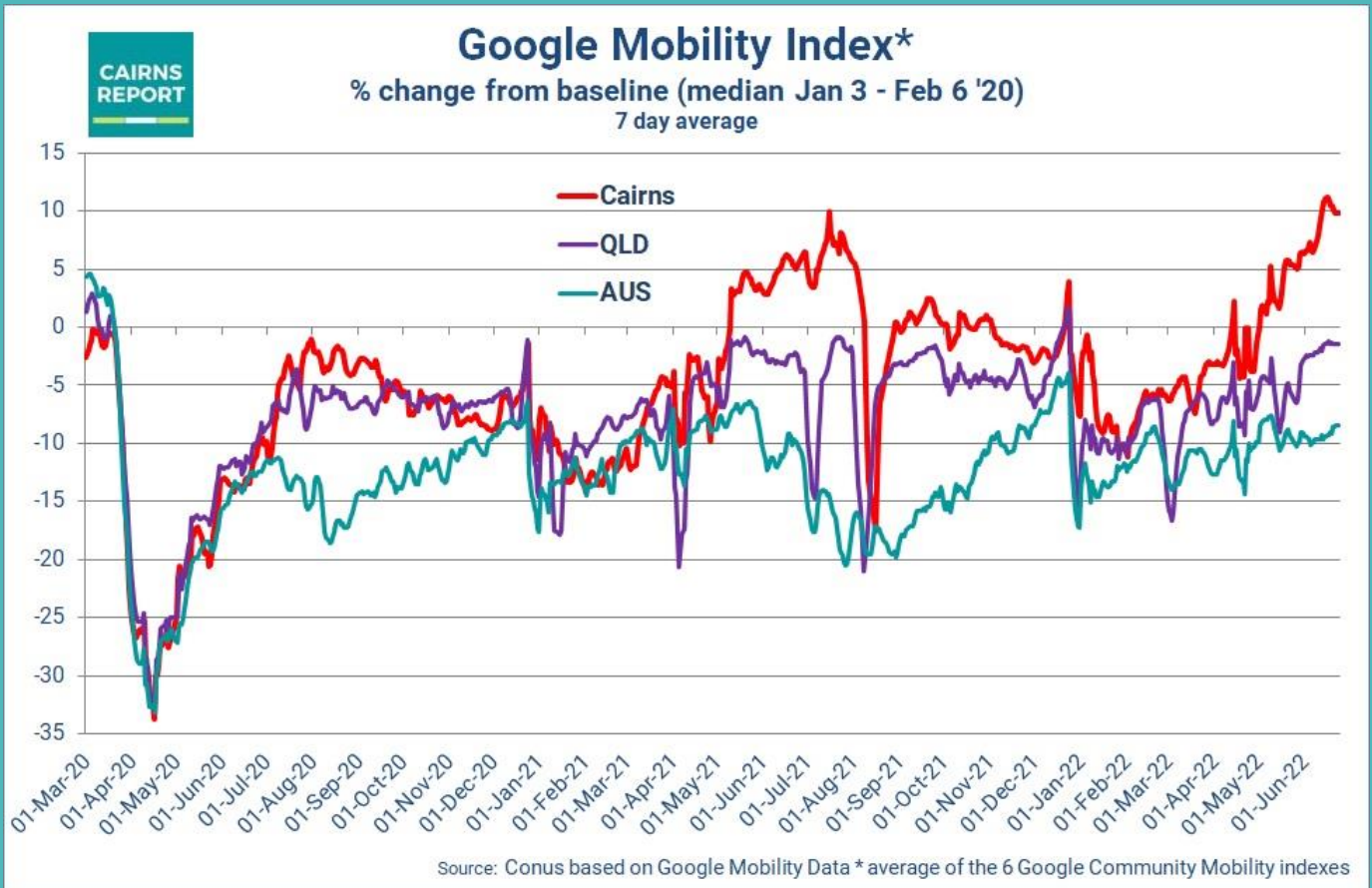


The Google Mobility data to June 24th confirms the anecdotal data which points towards Cairns enjoying a very solid May and June with domestic visitors and the re-emergence of some international travellers.

The 7-day mobility average now sits higher than it has done since before the COVID pandemic and the gap between Cairns and the rest of the country has opened even further.

## 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 prices in Cairns continue to show remarkable strength and are now up 16% for the year.

Although the data on sales volumes is rather delayed, it appears clear that sales volumes have softened a little but still remain elevated on a historical basis. The slowdown in unit sales prices noted in last month's *Cairns Report* has continued, although they remain up 8% for the year.

Just as we were finalising this edition of *Cairns Report*, the RBA raised the cash rate to 1.35% and warned of more to come.

But as we noted last month, there would appear to be some degree of 'slack' for mortgagees who maintained repayments at somewhat higher levels even as rates fell to historic lows and this may moderate any negative impact on the real estate market as rates climb.

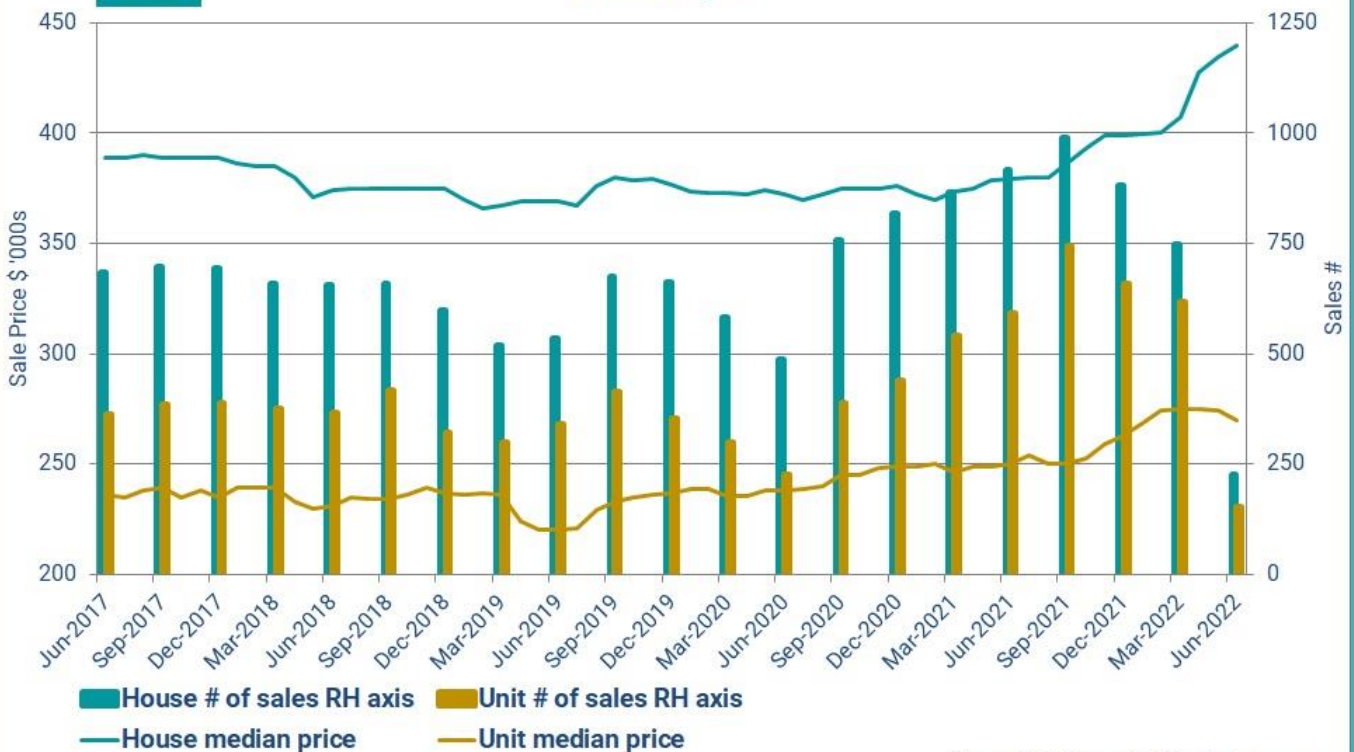
## MEDIAN PRICES

▲ **\$270,000** ▲ **\$440,000**  
 UNITS                      HOUSES  
*+8% year on year*        *+16% year on year*

Source: SQM Research

## Real Estate; Sales and Prices

Cairns region



Source: SQM Research & Pricefinder.com.au



The already low vacancy rate in Cairns has fallen once again to a new record low of just 0.5%.

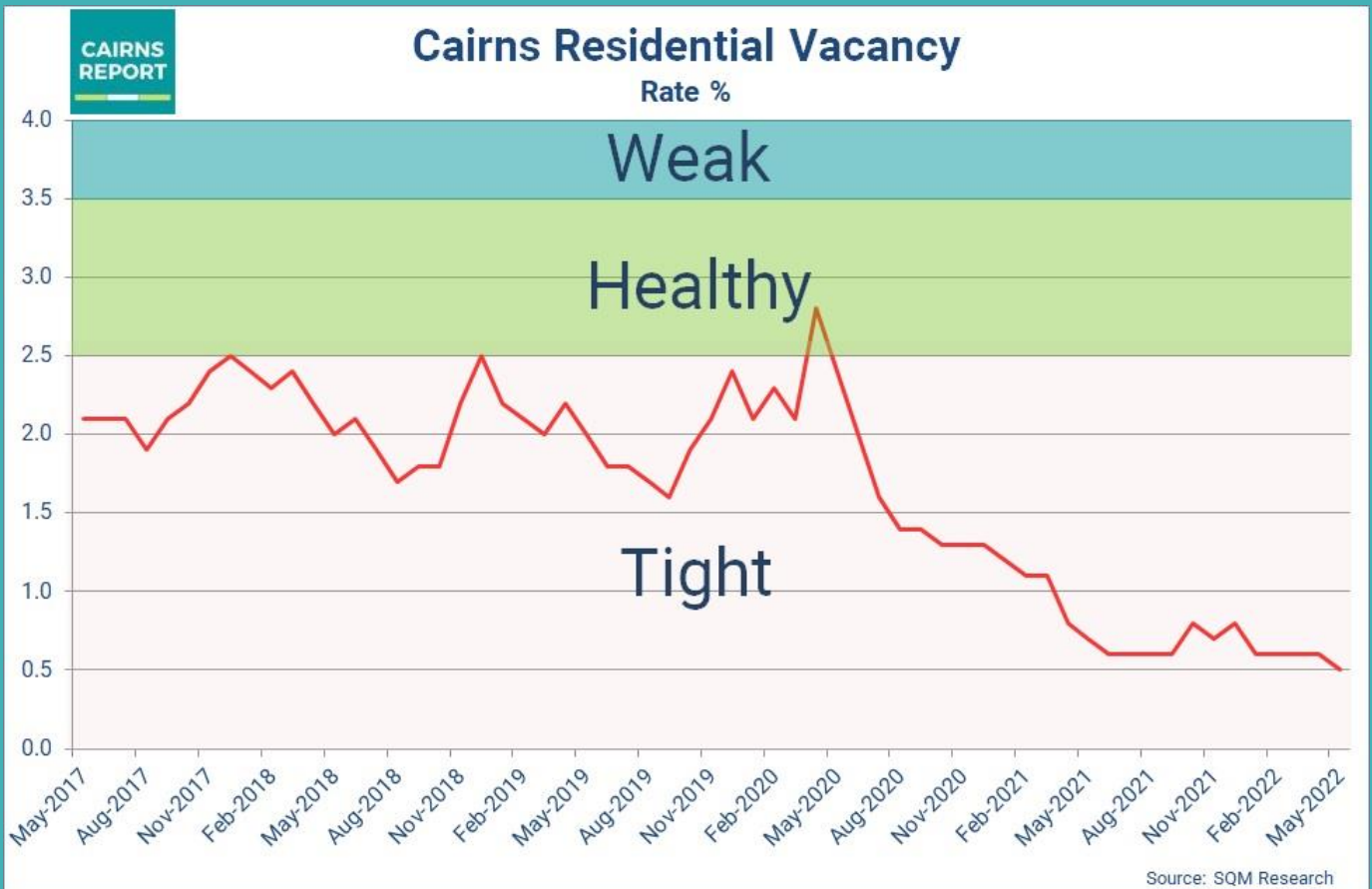
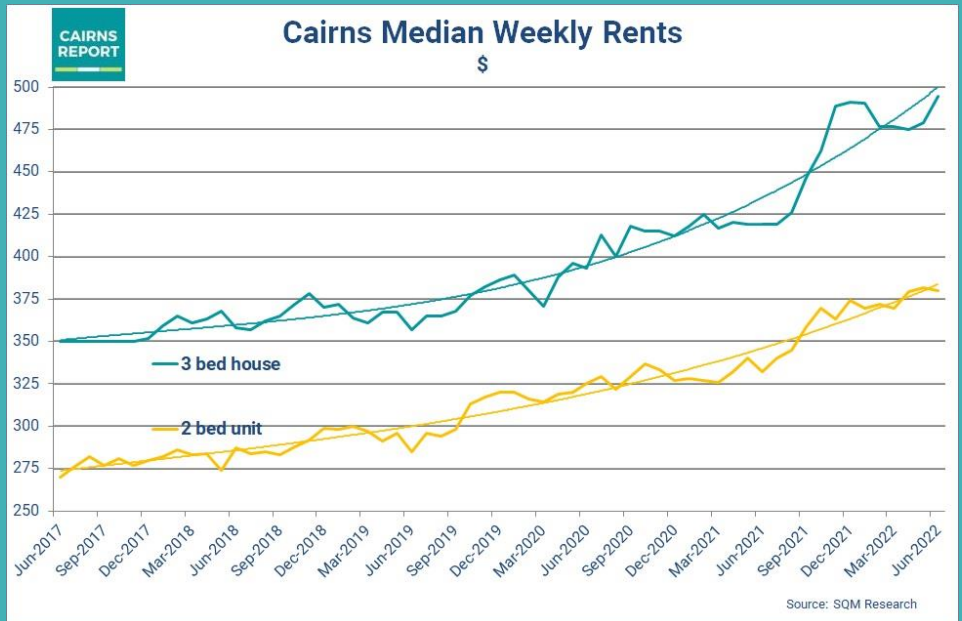
As a result, rents continue their upwards trajectory. House rents rose sharply again in June to new record highs approaching \$500 p/w for a 3-bed house; an increase of 18% for the year. By comparison, the rise in unit rents looks rather less dramatic, although 2-bed units are now fetching 14% more than they were a year ago.

## MEDIAN RENTALS

**\$380**  
UNITS  
+14% y/y

**\$495**  
HOUSES  
+18% y/y

Source: SQM Research



In this edition of *Cairns Report*, we dig into the first release of 2021 Census data, focusing on two measures: population and household income.



Pete Faulkner  
CONUS /  
Cairns Report data analyst

## POPULATION

Across Australia, population lifted 8.6% since 2016 to 25,422,788. Growth in Queensland was faster (+9.6%) to 5,156,138.

In the Cairns region (roughly Cape Tribulation down to Cardwell and out to Mt Garnet), growth was much slower at just 5.6%. The Northern Beaches of Cairns was a standout with strong population growth of +9.7%.

	SA4	SA3	2016	2021	change	%
<b>Australia</b>			23,401,892	25,422,788	2,020,896	8.6
	<b>Queensland</b>		4,703,193	5,156,138	452,945	9.6
		<b>Cairns</b>	240,190	253,748	13,558	5.6
		<b>Cairns-North</b>	52,656	57,774	5,118	9.7
		<b>Cairns-South</b>	100,791	105,489	4,698	4.7
		<b>Innisfail-Cassowary Coast</b>	34,731	35,333	602	1.7
		<b>Port Douglas-Daintree</b>	11,609	12,252	643	5.5
		<b>Tablelands (East)-Kuranda</b>	40,401	42,900	2,499	6.2

## HOUSEHOLD INCOME

Nationally, median weekly household income grew by \$308 to \$1,746 (+21.4%) since 2016. Growth in Queensland was somewhat slower (+19.5%) to \$1,675 and slower still in the Cairns region (+17.9%) to \$1,445. However, here again there was a better performing area... this time the Tablelands-Kuranda area which saw incomes grow 20.6%, albeit from a much lower base, to \$1,217. Household incomes in the Northern Beaches, although only up 17.1% since 2016, are the highest in the region and are now \$73 above the national average.

	SA4	SA3	2016	2021	change	%
<b>Australia</b>			1,438	1,746	308	21.4
	<b>Queensland</b>		1,402	1,675	273	19.5
		<b>Cairns</b>	1,226	1,445	219	17.9
		<b>Cairns-North</b>	1,554	1,819	265	17.1
		<b>Cairns-South</b>	1,238	1,469	231	18.7
		<b>Innisfail-Cassowary Coast</b>	1,071	1,211	140	13.1
		<b>Port Douglas-Daintree</b>	1,171	1,314	143	12.2
		<b>Tablelands (East)-Kuranda</b>	1,009	1,217	208	20.6





As at this edition of *The Cairns Report*, FNQ is emerging strongly from the last two years of COVID-related restrictions with an increase in online jobs vacancies, a rise in building approvals compared to the last two years, continued growth in domestic tourism visitor numbers, the return of international travellers and an increase in tourism expenditure. As FNQ businesses move closer to trading activities comparable to pre-COVID levels, some of those businesses may have legacy debts incurred pre-COVID or during the pandemic which cannot be serviced, including taxes. One possible solution is the small business restructure (“SBR”) process which enables eligible businesses to compromise their debts with the creditors’ agreement to maximise the chance to trade viably in the future. In essence, it enables a reconfiguration and re-set of the company’s balance sheet to reduce debt to more sustainable levels to optimise performance going forward. One of the

attractive features to a business owner considering the SBR process is that they remain in control of their business during the restructure process. Approximately 90% of the businesses who have undertaken the SBR process to date have been successful in reaching agreement with their creditors (including the ATO) to complete the restructure and to continue operations with a reduced debt profile. A company is eligible to participate in the SBR process if it has total debts not exceeding \$1 million, tax lodgments are up-to-date (although not necessarily paid), all employee entitlements which are due and payable are paid in full and the company and its directors have not engaged in a SBR (or simplified liquidation) process in the past 7 years. Grant Thornton has assisted a number of business owners in successfully utilising the SBR process. Give our office a call on (07) 4046 8888 to find out more about the SBR process.



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It feels like the Cairns property market has matured and may very well have changed forever. It was less than five years ago that I would hear from both buyers and sellers that “anything over \$1 million is a hard sell in Cairns”. That certainly isn’t the case anymore. With volumes up over 300% last calendar year and tracking stronger this year to date, sales over \$1m are now common. Long term Cairns’ locals have a bit of PTSD when it comes to property prices. We are always waiting for the market to fall again – “this won’t last forever” or “you know Cairns, always boom then bust” are common phrases we hear. In the past, however, our market has been driven by investors and that isn’t the case at the moment. Consider our economic indicators compared to the last big downturn we had, and we look pretty solid:

- The AUD is at \$0.68 vs over \$1.00 in 2011, making domestic and international tourism stronger
- The RBA cash rate is currently a quarter what it was in 2011

- We have record low unemployment
- We have record low rental vacancy rate; I remember at one point in 2011 I had 10% of my rent roll sitting dormant

I’m not saying there are not plenty of challenges. The election slowed us momentarily. Interest rates rising isn’t great. Rents increasing / low vacancy doesn’t suit everyone. Inflation is real and as a business owner I can tell you it is felt when you run eight cars, an office churning through electricity, buying office supplies, etc. I couldn’t normally tell you what vegetables cost but when I paid \$5 for two sad looking truss tomatoes it made me look twice. I heard Stephen Halmarick (Chief Economist at the CBA) on the ABC on the 21/06. He said their expectation is that interest rates could start to decline in late 2023. If that is the case and Cairns can stumble its way through the next 12 months, we might just ride out the downturn that southern states are feeling and catch it on the way up again.



Nicholas Slatyer  
*Belle Property Cairns*

I certainly have no issue with prices stabilising for the next year or so as a worst-case scenario. Southern buyers are still flocking our way. In early June we sold three properties in a weekend for \$1.225m, \$1.26m and \$1.37m. Two in Palm Cove and one in Trinity Beach, each was purchased sight unseen (but subject to an inspection now that buyers can get here easily). Two of the buyers were from Melbourne, one from Sydney. If you have a budget of up to \$1.5m and want to be on the northern beaches, it is very slim pickings. There is plenty going on at the moment and everyone will have a different take. Feel free to call me any time if you ever want to discuss on (07) 4030 1600.

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