

# CAIRNS REPORT

A monthly snapshot of the  
Far North Queensland economy



PRESENTED BY



## OCTOBER 2023 IN BRIEF

**EMPLOYMENT:** It's now been a run of five months with positive employment growth for Cairns; up another 600 in August. [MORE > Pages 3 - 6](#)

**BUILDING APPROVALS:** Stable at 74, down from the COVID-induced peaks in 2021 and 2022 but still healthy compared to pre-COVID norms. [MORE > Page 8](#)

**TOURISM:** Our Trend estimate suggests total monthly numbers are approaching 420,000, only 3% below pre-COVID levels at this time of year. [MORE > Pages 9-10](#)

**REAL ESTATE:** Despite lingering concerns about interest rates, property prices continue their march higher in Cairns with median house prices up 13% in the past 12 months, while units have risen 9%. [MORE > Pages 11-13](#)

### UNEMPLOYMENT RATE

<b>3.7%</b>	<b>4.1%</b>	<b>2.6%</b>
NATIONAL	QLD	CAIRNS

### PEOPLE EMPLOYED

<b>14,096,100</b>	<b>2,849,700</b>	<b>141,000</b>
NATIONAL	QLD	CAIRNS

### PROPERTY PRICES

<b>↑ \$302,000</b>	<b>↑ \$509,000</b>
+9% y/y	+13% y/y
UNITS	HOUSES

### MEDIAN RENTS

<b>↑ \$423 P/W</b>	<b>↑ \$522 P/W</b>
+6% y/y	+9 y/y
2-BED UNIT	3-BED HOUSE

### AIRPORT PASSENGERS

<b>462,032</b>	<b>↓</b>	<b>444,430</b>
AUGUST '19		AUGUST '23
CAIRNS AIRPORT		

### BUILDING APPROVALS

74 APPROVALS IN JULY

**↓ -41%**

YEAR-ON-YEAR

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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Pic: Cairns Regional Council

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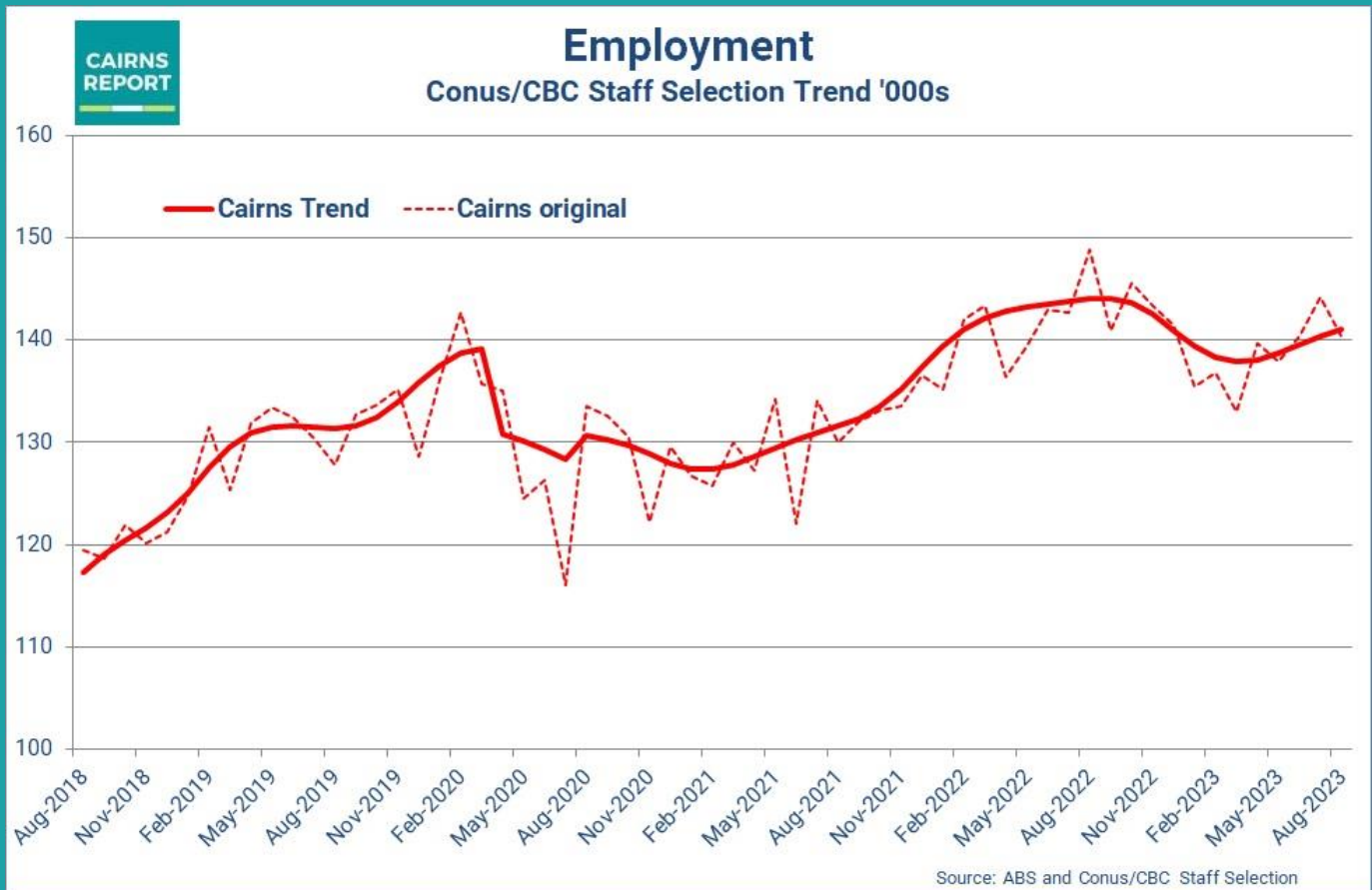
**Cairns is on a run of five months with positive employment growth; up another 600 in August.**

However, employment is now 2.1% below where it was a year ago as participation has drifted lower. This is especially true for the female cohort where the participation rate (the proportion of those of working age who are in the labour force, either employed or unemployed and looking for work) has dropped 7.2 pts over the course of the year. Employment growth this month was split evenly between male and female cohorts. However, for males the gains came in full-time positions while for females the gains were seen mainly in part-time.

## PEOPLE EMPLOYED




<b>14,096,100</b>	<b>2,849,700</b>	<b>141,000</b>
NATIONAL	QLD	CAIRNS
↑	↑	↑
	LAST MONTH	
<b>14,067,800</b>	<b>2,849,700</b>	<b>140,400</b>

Queensland saw growth in Trend employment (+6,000) although the pace of growth (+2.1% pa) is slowing and now sits somewhat below the national rate. This month full-time employment growth accounted for only 50% of the total increase. Nevertheless, full-time employment growth remains at a very healthy +3.2% pa (compared to a pre-COVID 10-year average of just 1.1% pa).

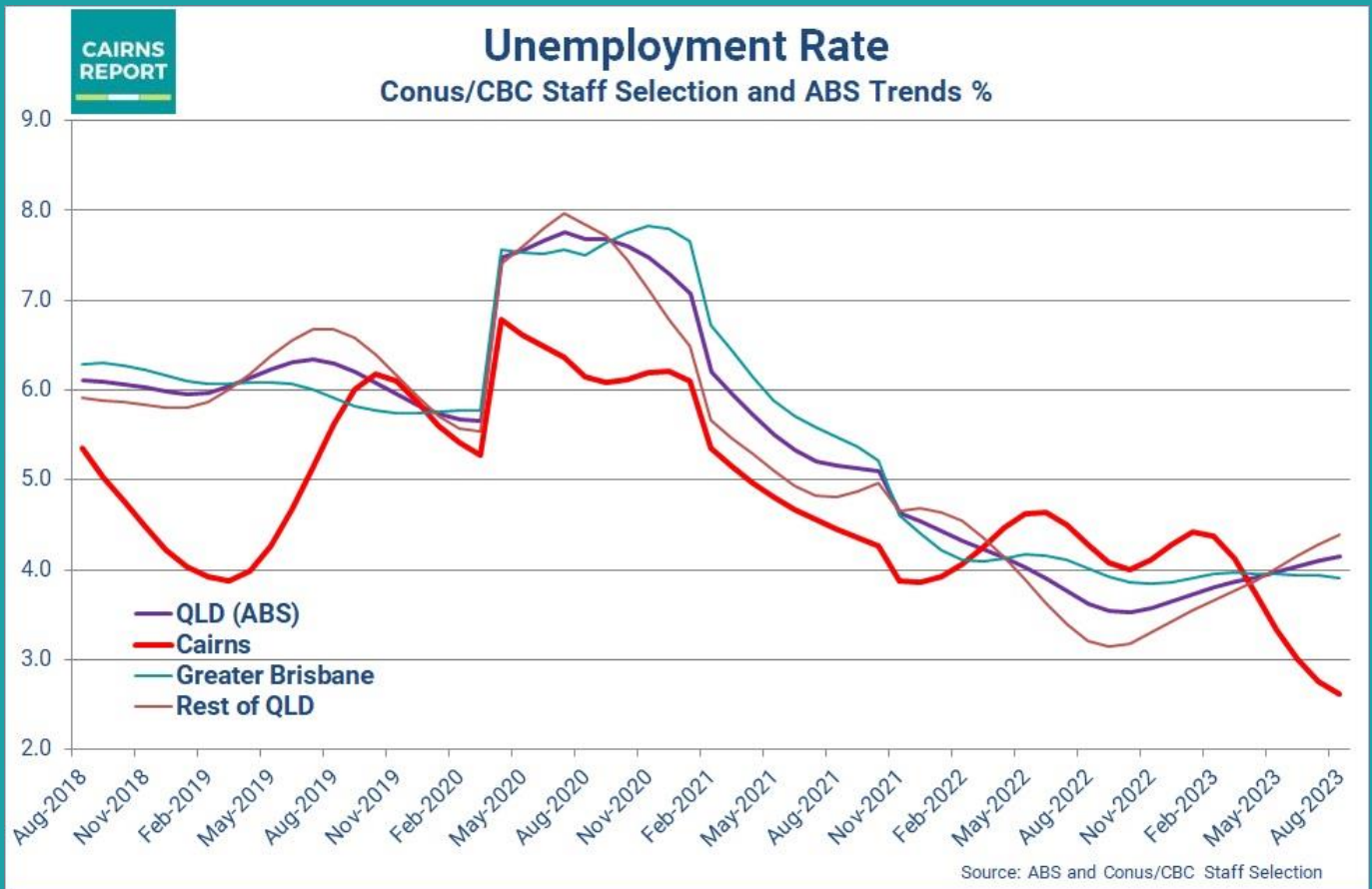


After some concerns about rather anomalous original ABS data for the Cairns region we have now seen things settle in the past two months. That has resulted in a slight revision upwards of the previous month's Trend unemployment rate, with July revised from 2.6% up to 2.8%. The more reliable data this month is showing a Trend unemployment rate for August at a record low of just 2.6% (although we must caution that this could still see further revisions in coming months). Even allowing for some concerns about the original data, it now appears quite clear that the Trend unemployment rate in Cairns has been moving sharply lower

## UNEMPLOYMENT RATE

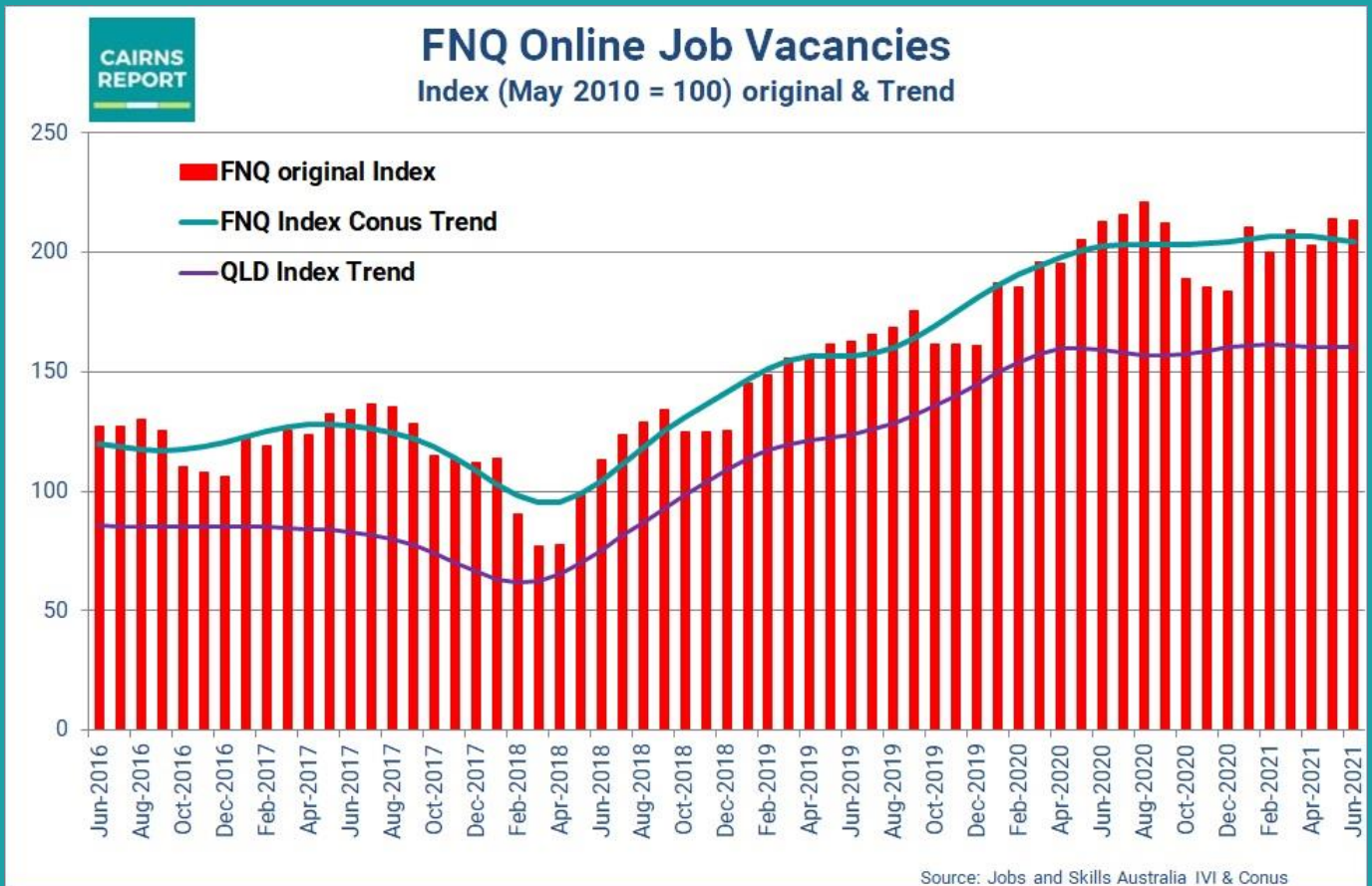
<b>3.7%</b>	<b>4.1%</b>	<b>2.6%</b>
NATIONAL	QLD	CAIRNS
		
	LAST MONTH	
<b>3.7%</b>	<b>4.1%</b>	<b>2.8%</b>

in recent months. While a large part of the reason for this historically low unemployment rate is the decline in participation already mentioned, we cannot ignore the fact that the number of people unemployed has fallen by 2,600 since January.

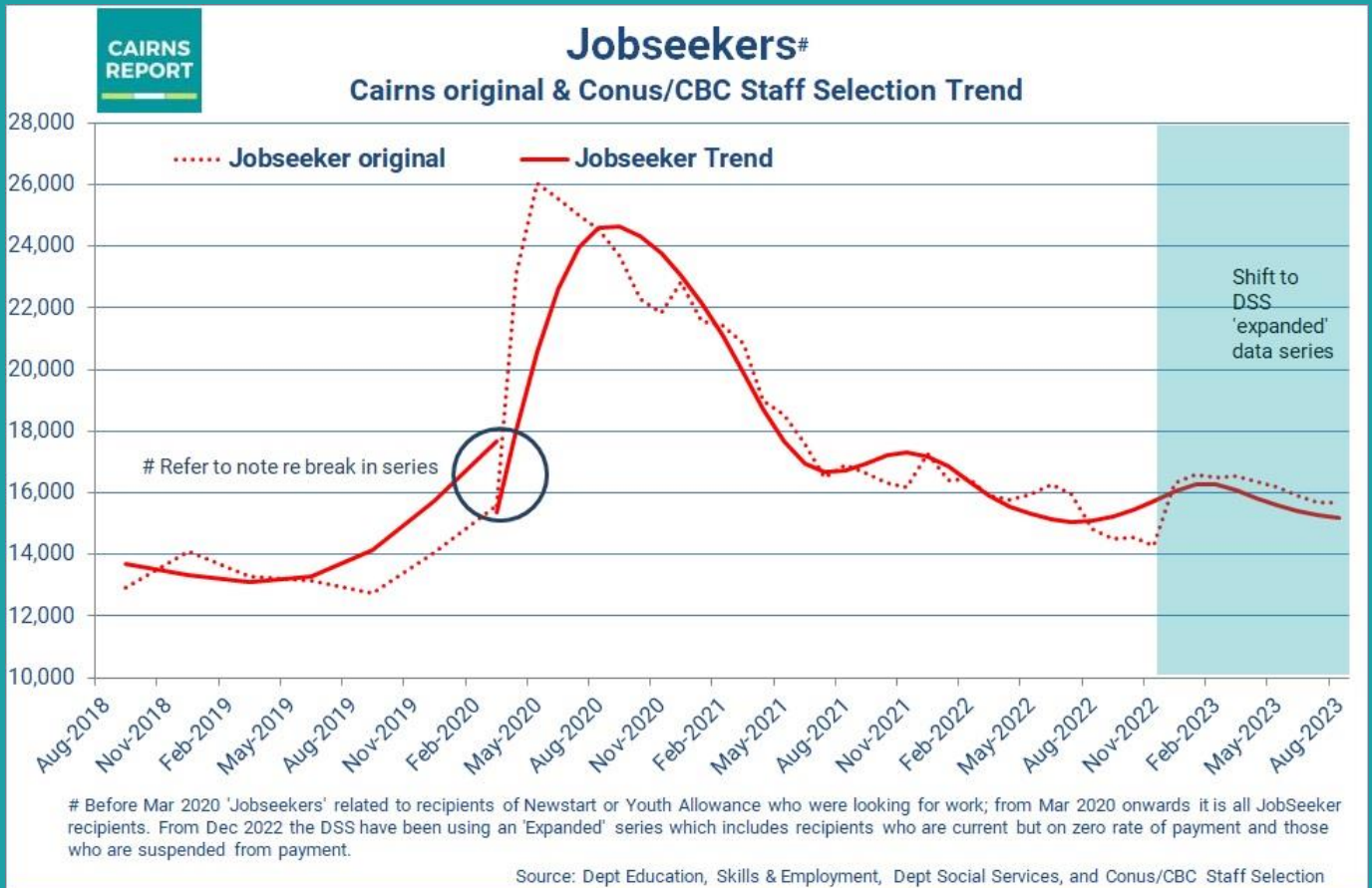


The Trend for Online Job Vacancies has stabilised in recent months at, or very close to, record highs.

It's clear that despite some decline in participation rates in recent months, the Cairns labour market remains tight.



JobSeekers in Cairns have moved very slightly lower in recent months and has now settled at levels similar to where they were pre-COVID, particularly when we consider that a more detailed, 'expanded', reporting methodology from the Department of Social Services added about 2,000 to the original data from December onwards.



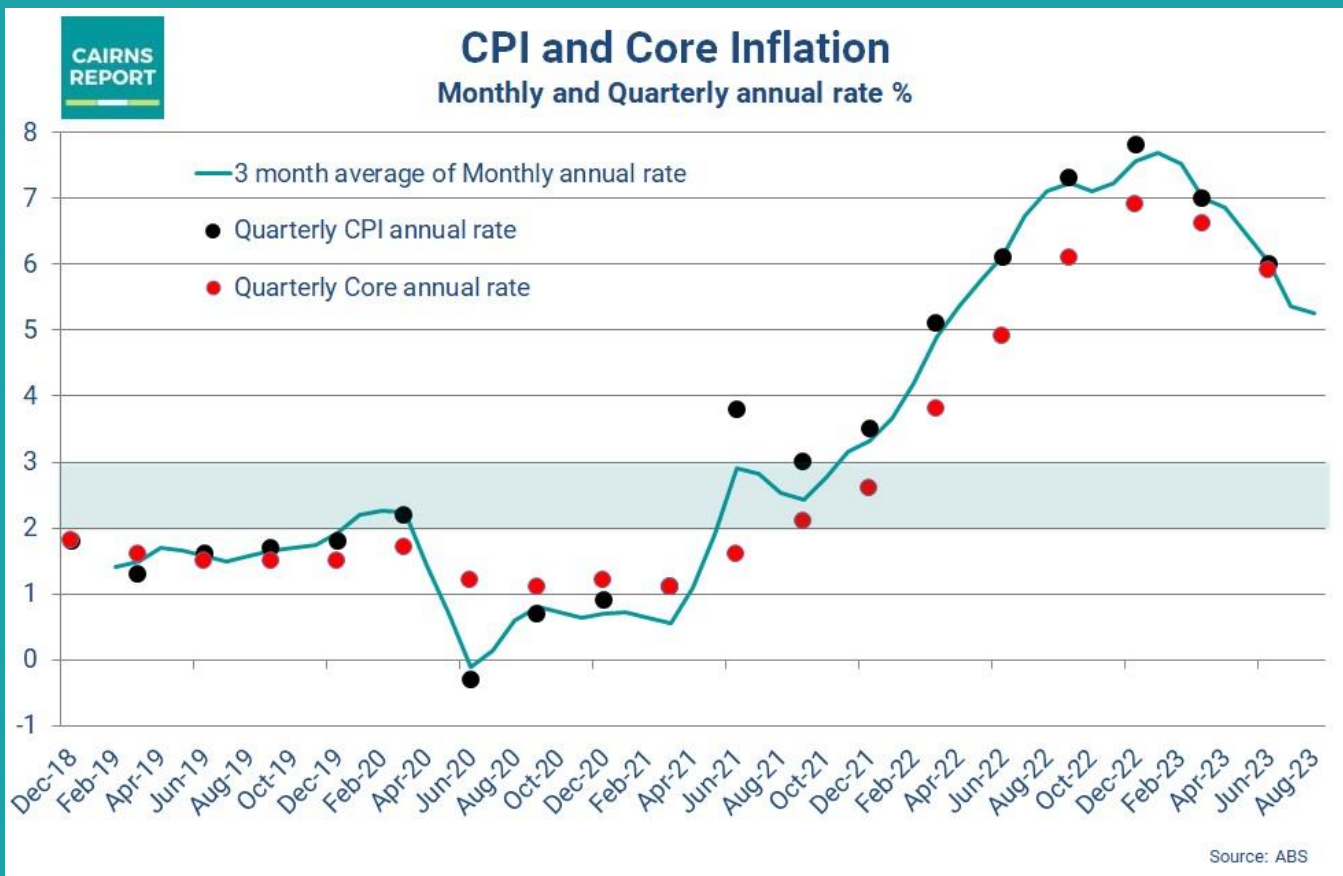
The monthly inflation data for August registered a broadly expected increase largely on the back of fuel prices.

However, the 3-month average of the monthly data, which tracks quite well with the more important quarterly numbers, continued to decline (albeit at a slightly slower pace) and sat at 5.3%, down from 5.4% the previous month.

Developments in recent weeks, not the least of which was the strong

employment data discussed on page 3, have seen the markets pricing in the very real possibility of a further interest rate hike to 4.3% by the middle of next year.

The monthly CPI data released for August has made virtually no change to the forecast with most people still expecting the RBA to sit tight at their September meeting.





The Trend series, which aims to smooth-out the type of one-off distortions we saw last month, sees approvals stable at 74 for July.

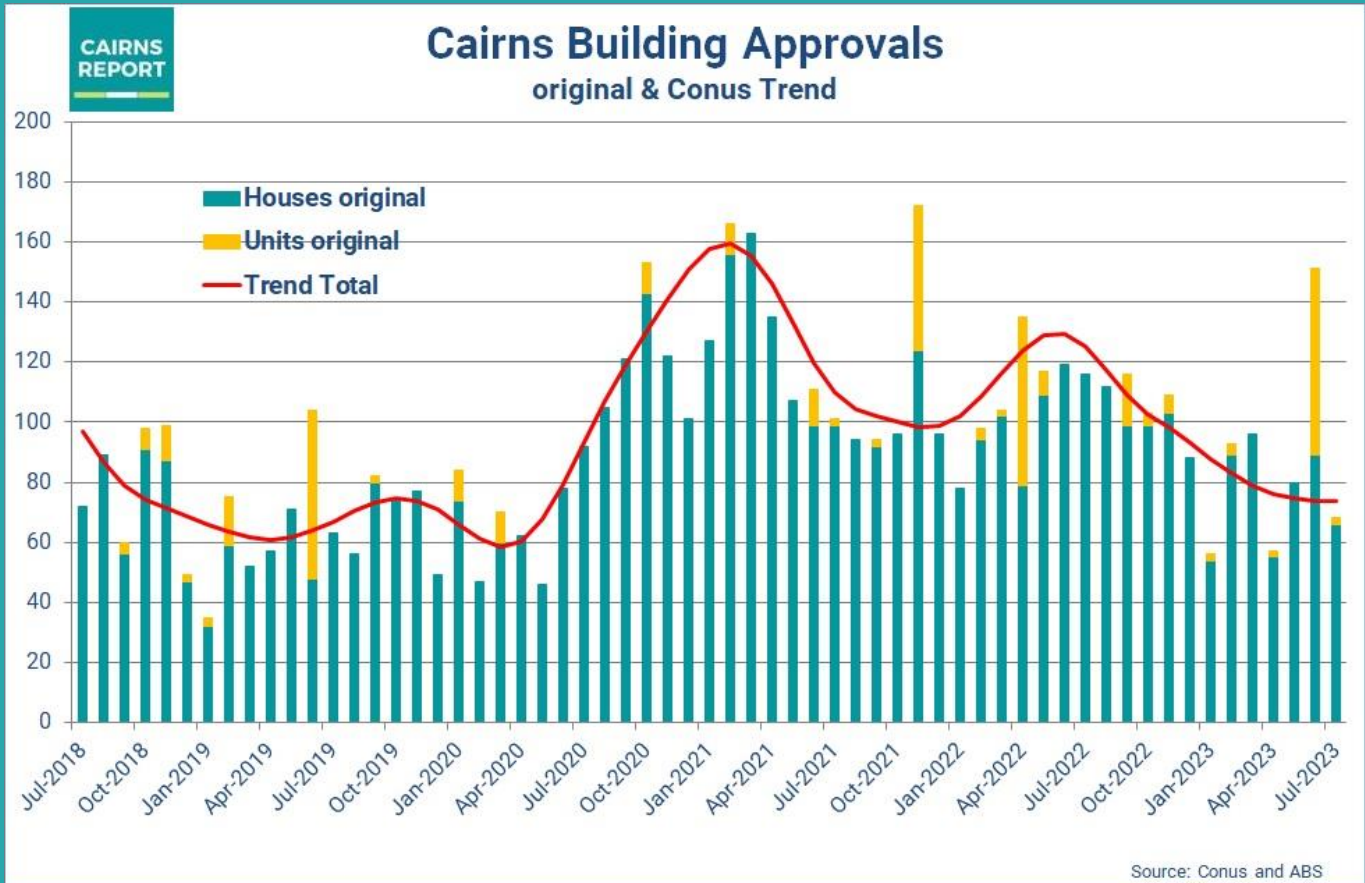
Although this is a significant reduction from the COVID-induced peaks we saw in 2021 and 2022, it is still a relatively healthy level when compared to the pre-COVID norm. For many months we have been talking about the COVID build-up of approvals still working their way through the construction pipeline as being a solid

## HOUSES

▼ -41%

Building approvals change year-on-year  
Trend approvals for July = 74

support for the sector. That remains true, but it has now been at least 12 months since those peaks and the supporting pipeline will not last indefinitely. Given the well-documented lack of accommodation in the region it would certainly be welcome to see a higher level of approvals in coming months.

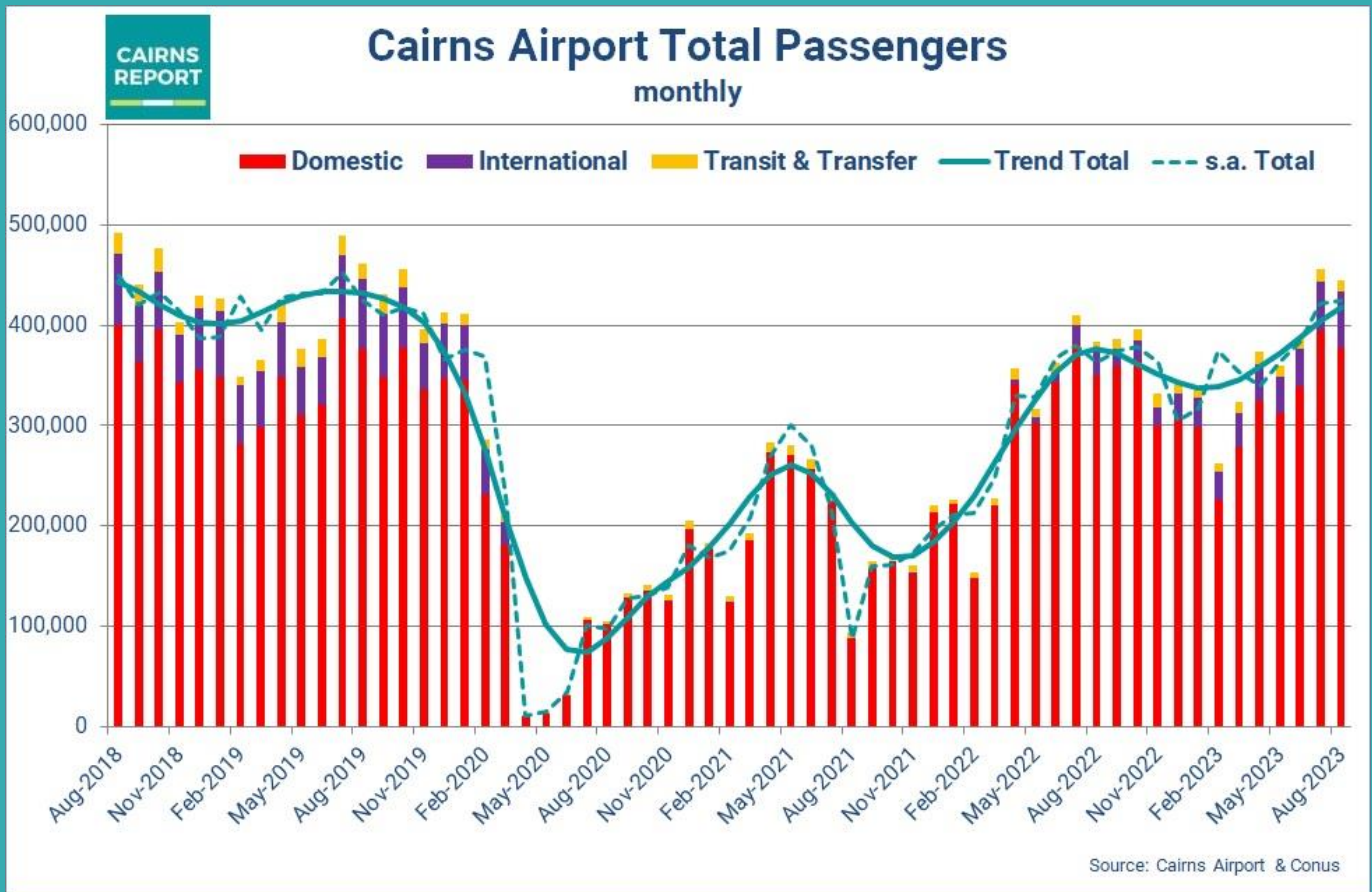




The data from Cairns Airport for August shows a slight dip in domestic numbers although this is a seasonal result and the seasonally adjusted Trend has once again moved higher. Our Trend estimate suggests that total monthly numbers are now approaching 420,000 which is now only 3% below pre-COVID levels at this time of year. With domestic passenger numbers slightly more for August 2023 than they were in

**PASSENGERS**  
**462,032** ▲ **444,430**  
 AUGUST '19 AUGUST '23

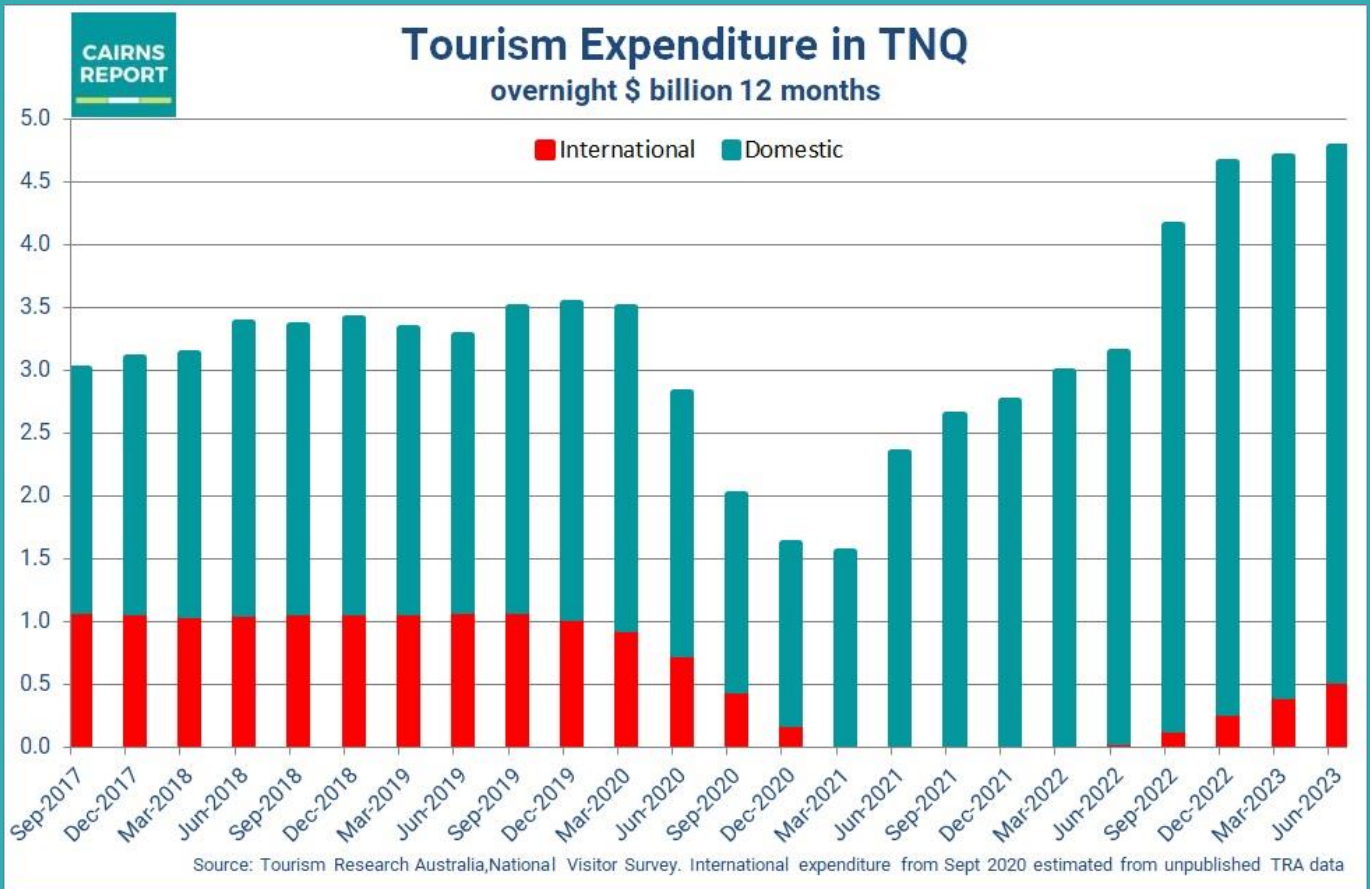
August 2019, the shortfall is all down to fewer international passengers compared to pre-COVID. However, the gap is closing and compared to pre-COVID international passengers are down just 21% and recovering quite strongly each month.



The quarterly tourism data for the year to June shows that, as expected and as Aussies start to travel abroad more freely, domestic tourism expenditure fell compared to the year to March.

However, the decline (from \$4.3bn to \$4.25bn) was nowhere near as bad as we had been expecting. Indeed, last month we were asking the question as to whether the ongoing recovery in international tourism could possibly make up for the anticipated decline in the domestic

sector. The answer is now in, and it's a resounding 'yes, it can'. International expenditure, on our estimates, increased by about \$130m to \$530m and takes the total for TNQ to a new record high of \$4.8bn.



Despite some new concerns about the potential for interest rates to climb a little higher (a change since last month), real estate prices continue their march higher in Cairns.

Median house prices are up 13% in the past 12 months while units have risen 9%. There is no certainty that this will last, but it does look as if median house prices have finally managed to break through the \$500,000 barrier and median unit prices are staying above \$300,000. Over the course of the past 4 years (i.e. since just before COVID)

house prices in Cairns are up almost 35%. While this may appear like a strong result it looks less so when compared to the national average growth of 51%, Sydney at 43% and Brisbane at 60%. Despite strong growth in recent years, real estate prices in Cairns remain relatively cheap which suggests plenty of potential further upside.

## MEDIAN PRICES

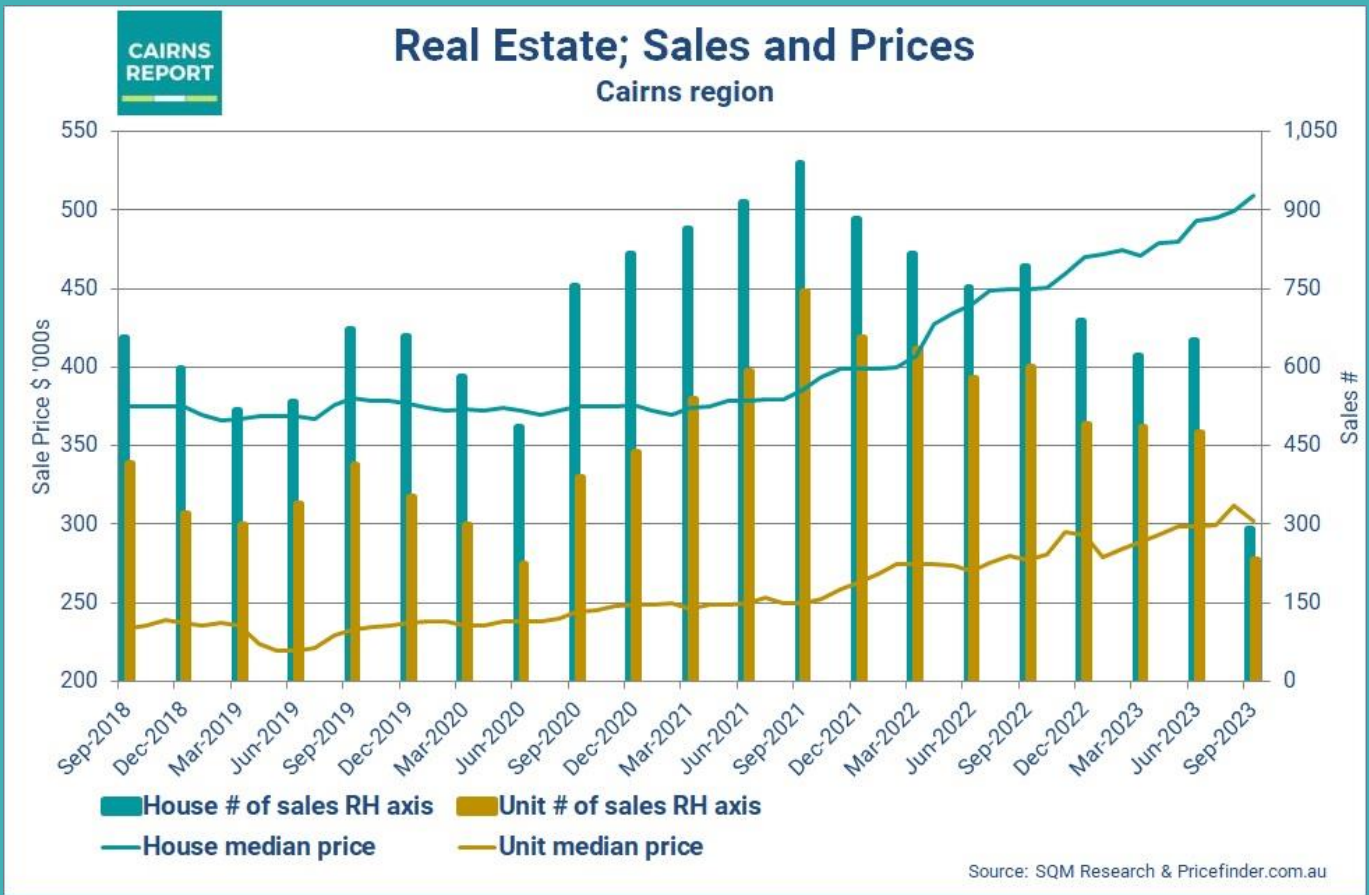
▲ **\$302,000**

UNITS  
+9% y/y

▲ **\$509,000**

HOUSES  
+13% y/y

Source: SQM Research





## RENTAL VACANCY RATE

With the vacancy rate showing no signs of easing, the tight rental market remains very much an issue for Cairns.

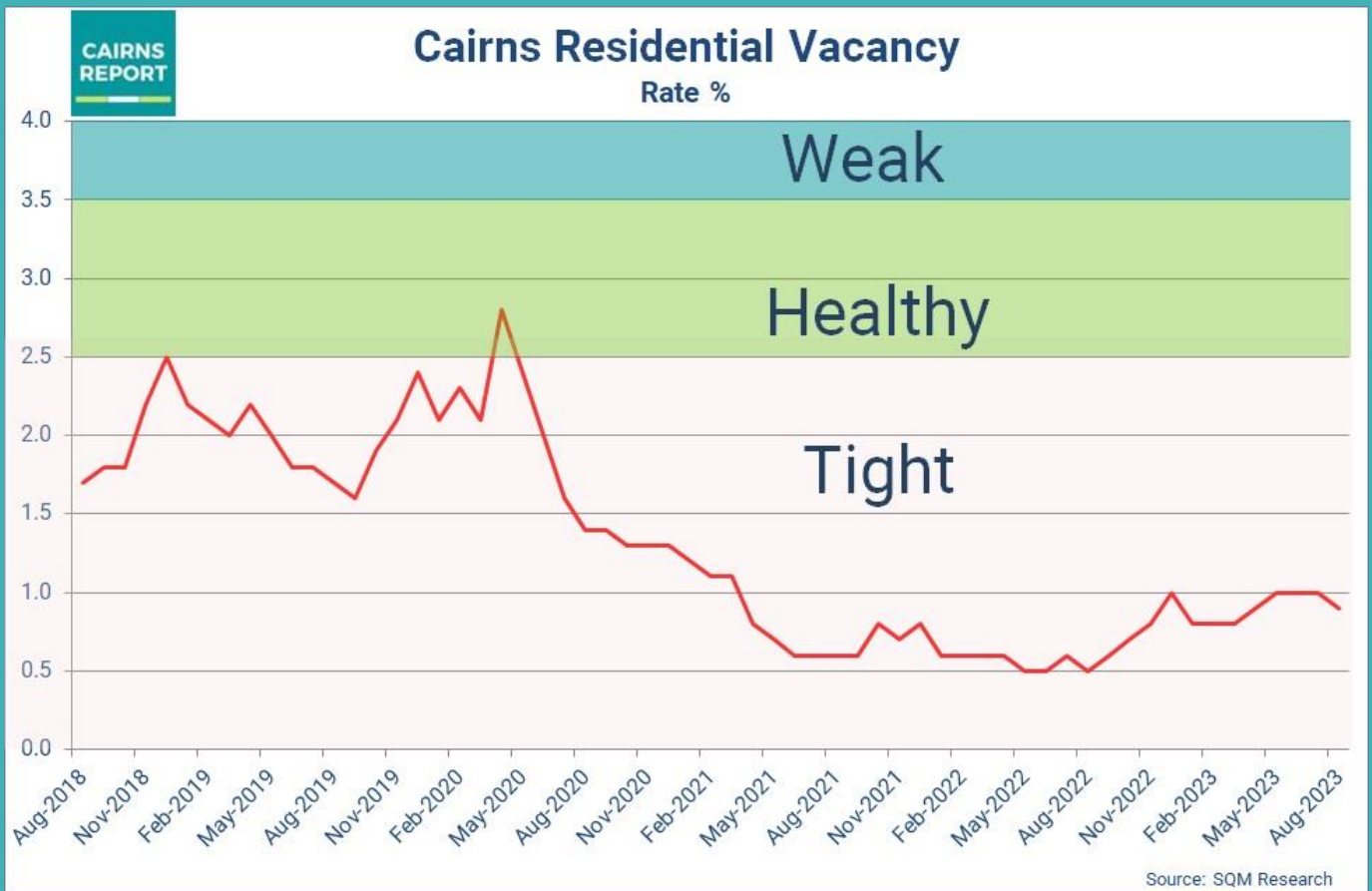
**0.9%**  
AUGUST '23

**0.6%**  
AUGUST '22

**1.6%**  
AUGUST '20

**1.8%**  
AUGUST '18

Source: SQM Research



Like real estate prices, rents also continue to move significantly higher.

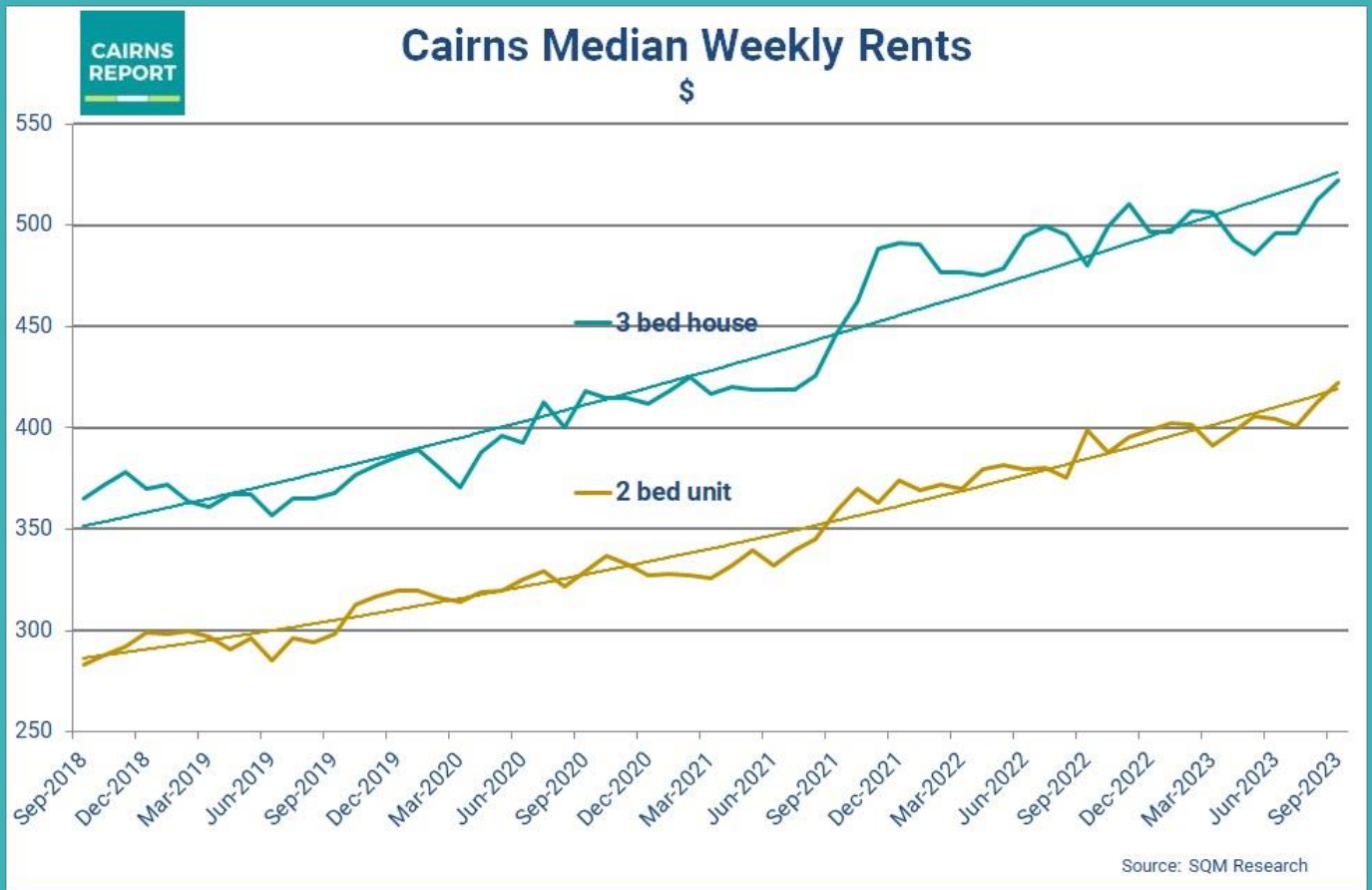
The unit rental market has been consistently firmer over recent months and has once again reached record highs this month at \$423 pw for an average 2-bedroom unit, an increase of 6% for the year. 3-bedroom houses have also moved higher and are also at record highs (\$522 pw), an increase of 9% for the year.

## MEDIAN RENTALS

**\$423**  
UNITS p/w  
+6% y/y

**\$522**  
HOUSES p/w  
+9% y/y

Source: SQM Research





A photograph of a swimming pool in a lush tropical garden. The pool is on the left, and the deck on the right has two blue lounge chairs with white and blue striped cushions. The background is filled with various tropical plants, including palm trees and banana plants, under a clear blue sky.

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PROPERTY



Cairns is famous for its resilience and remains an attractive destination for interstate and overseas travellers. The recent pause in interest rates is likely to provide some much-needed temporary relief to households and homeowners, however there is still a lot of stress due to increased petrol prices, basic food items, rents, and increased mortgage repayments. The cocktail of skilled worker shortages and available affordable rental accommodation for workers continues to put pressure on hospitality and local businesses to maintain a stable workforce. Any plans by government to subsidise childcare costs would provide some welcome relief and enable more workers to operate on a full-time basis (particularly women). Cairns is still the best place to live in Australia, but we have to batten down to survive the recent inflationary pressures in order to come out the other side.



Helen Wilkes  
*Partner – Indigenous  
Services*  
Grant Thornton



There is no doubt that the market is running again. If you are looking in Cairns City basically every second listing (and there aren't many) is under contract and the sales are happening very quickly. The Northern Beaches are no different. We have just sold our fifth house in Ocean's Edge for the quarter, all at \$1.25m - \$1.4m (for 3 bed, 2 bath, circa 400m<sup>2</sup> block) of which four never hit the market. Two houses just sold in Clifton Beach (not by me) very strongly. One last traded in 2020 for \$980k and sold for \$1.55m and the other I sold back in 2016 for \$680k (and it took me months!) just traded for \$1.33m, so doubled in 7 years. Houses in the inner city are barely lasting a week if priced correctly and have broad market appeal. Why..? Interest rates being on hold obviously helps but I think that is mostly sentiment because there are still a lot of sales where we aren't seeing a mortgage. Stock levels are dropping again causing a bit more competition between buyers.



Nicholas Slatyer  
*Belle Property  
Cairns*

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