

CAIRNS REPORT

A monthly snapshot of the
Far North Queensland economy



PRESENTED BY



NOVEMBER 2023 IN BRIEF

EMPLOYMENT: We're on a run of six months with positive employment growth for Cairns; up another 200 in the latest figures. **MORE > Pages 3 - 6**

BUILDING APPROVALS: Latest figures show this is the fourth consecutive month where we have seen a move up in the number of Trend approvals. **MORE > Page 7**

TOURISM: Total passenger numbers at Cairns Airport have moved higher to sit about 2% above where they were in September 2019. **MORE > Pages 8-9**

REAL ESTATE: Property prices in Cairns continue to move ahead strongly. Median house prices, which have broken above the \$530,000 level, are now up 18% from a year ago and have increased about 42% since COVID. **MORE > Pages 10-12**

UNEMPLOYMENT RATE

3.6%	4.0%	3.3%
NATIONAL	QLD	CAIRNS

PEOPLE EMPLOYED

14,115,100	2,855,400	140,500
NATIONAL	QLD	CAIRNS

PROPERTY PRICES

↑ \$323,000	↑ \$531,000
+15% y/y	+18% y/y
UNITS	HOUSES

MEDIAN RENTS

↑ \$430 P/W	↑ \$535 P/W
+11% y/y	+7 y/y
2-BED UNIT	3-BED HOUSE

AIRPORT PASSENGERS

430,287	↑	437,901
SEPTEMBER '19		SEPTEMBER '23
CAIRNS AIRPORT		

BUILDING APPROVALS

89 APPROVALS IN AUGUST

↓ -25%

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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Cover: Coral Princess Cruise liner docked in Cairns
Credit: Tourism and Events Queensland



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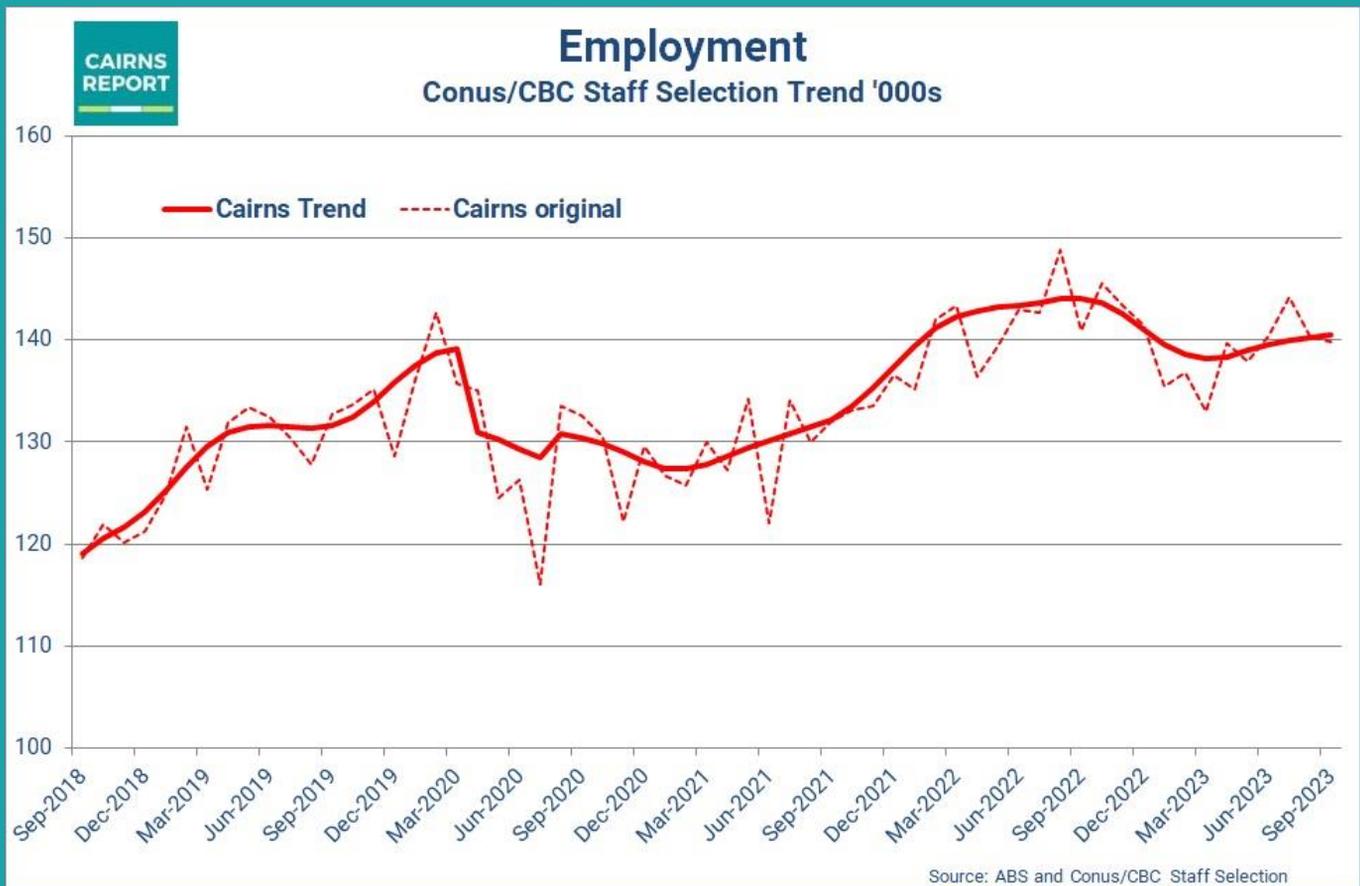
It's now been a run of six months with positive employment growth for Cairns; up another 200 in September.

Employment is still 2.5% below where it was a year ago as participation has drifted lower, from very high to more 'normal', over that time. As we noted last month, this drift lower in participation has been most prominently seen in the female cohort where the rate has dropped by 7 pts in the past year. Male participation, by comparison is down just 1.7 pts in the same period. Employment growth this month was driven by female part-time work which more than compensated for a decline in female full-time employment.

PEOPLE EMPLOYED

14,115,100	2,855,400	140,500
NATIONAL	QLD	CAIRNS
↑	↑	↑
	LAST MONTH	
14,092,000	2,850,000	140,300

The male cohort saw a shift with full-time employment up at the same pace as part-time employment declines. Nationally, the pace of the increase has once again slowed this month, though 2.8% is still historically a very healthy pace of growth; the 10-year pre-COVID average was +1.8% p/a. Similarly in Queensland, growth in Trend employment (+5,400) has also slowed to just 2.2% pa.



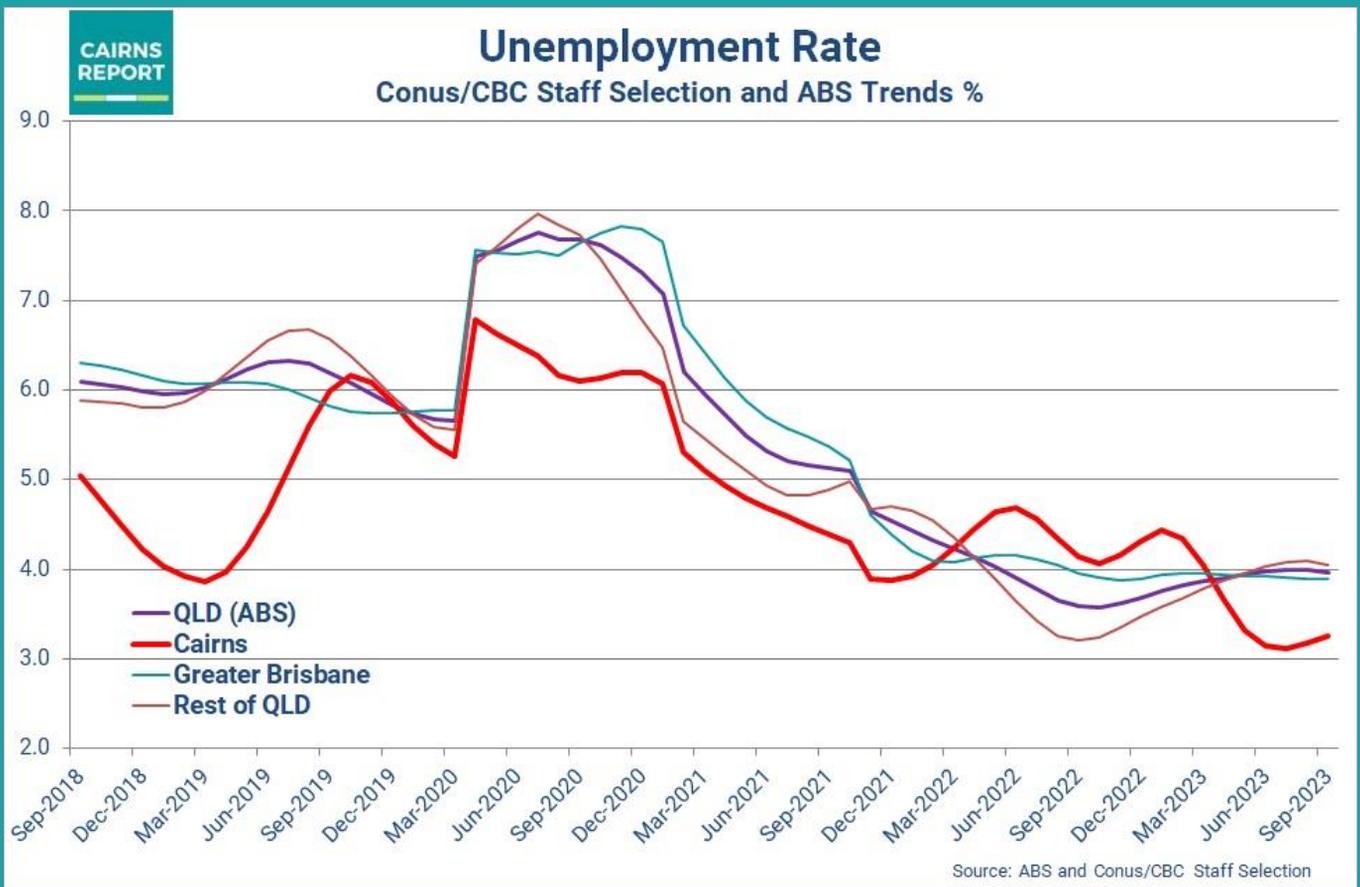
As the Cairns data from the ABS settles down a little after some anomalous readings in recent months, the Trend unemployment rate is now estimated at something closer to the State average.

The September Trend unemployment rate sits at 3.3% (up from 3.2% in August which was in turn revised up from 2.6%). While we certainly are seeing a very gradual easing in labour market conditions in Cairns in recent months (as has been the case at both State and National levels) it remains true that the conditions in the Cairns labour market remain tight. The national headline unemployment rate has remained stable at just 3.6%

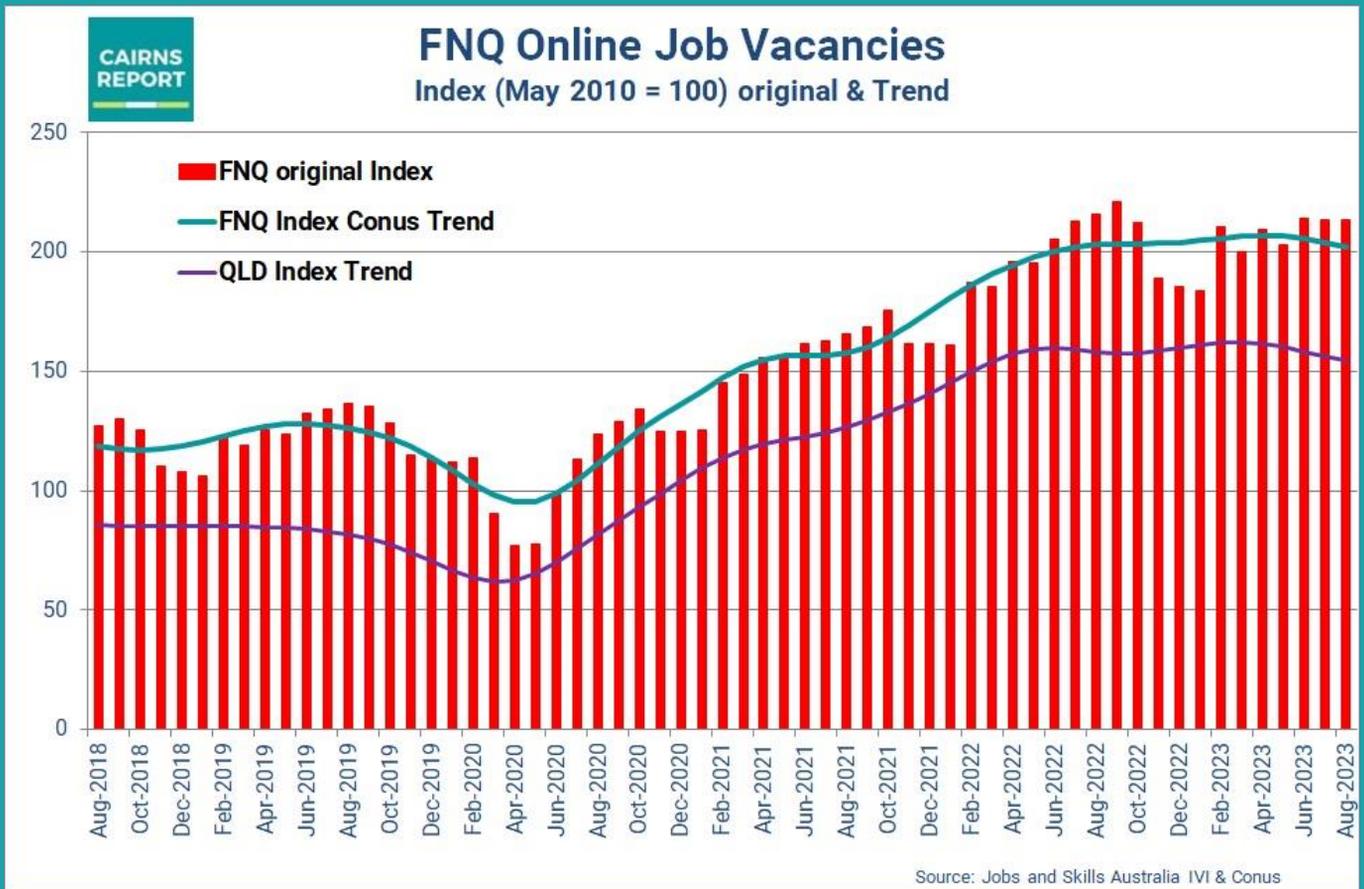
UNEMPLOYMENT RATE

3.6%	4%	3.3%
NATIONAL	QLD	CAIRNS
		
	LAST MONTH	
3.6%	4%	3.2%

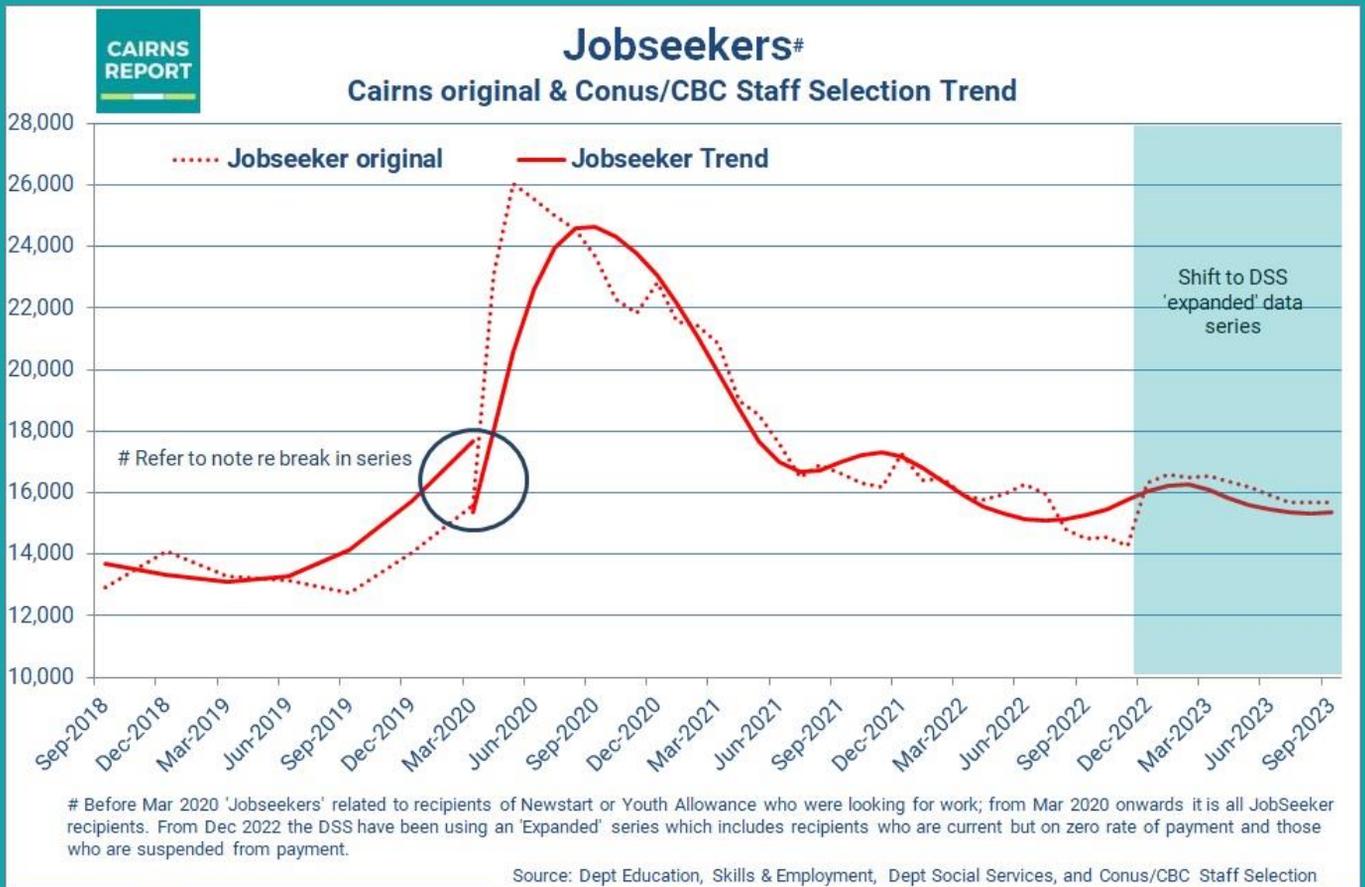
(after August was revised lower from 3.7%). Similarly in Queensland the headline unemployment rate was also revised down in August (to 4.0%) and has remained there in September. Although the labour markets both nationally and in Queensland have certainly eased a little in recent months it is also clear that the underlying picture remains quite robust.



The number of online job vacancies in the Far North has stabilised at an elevated level compared to pre-COVID. Both the job vacancy and Jobseeker indicators demonstrate that, although the steam may have come out of the labour market in recent months, it nevertheless remains relatively tight.



The number of JobSeekers in Cairns has settled at a level close to that seen pre-COVID, particularly when you consider that the Dept of Social Services started reporting an 'expanded' series in December which added about 2,000 recipients in Cairns compared to the pre-December series.



We are now seeing some clear evidence that the downward move in approvals in Cairns that we had been seeing since the middle of last year might have ceased.

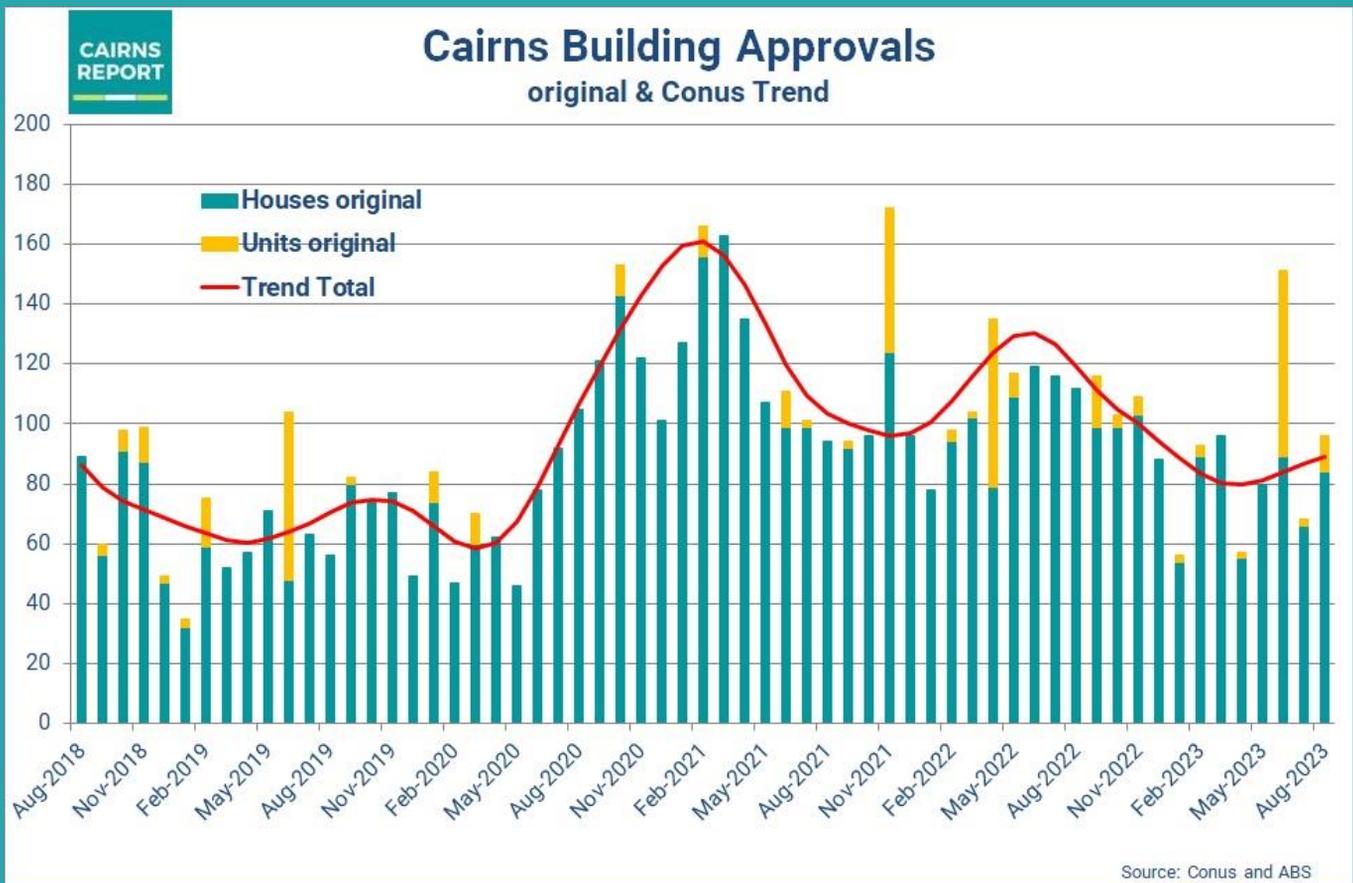
August is the fourth consecutive month where we have seen a move up in the number of Trend approvals. Nevertheless, we still sit some 25% below the level of a year ago and obviously far below the COVID-induced spike that we saw in 2012. Last month we made note of the fact that, although there was a solid pipeline of construction to

come on the back of the surge of approvals in 2021-22, this would not last forever. We expressed our desire to see Trend approvals at least stabilise (and ideally rally a little) to ensure the pipeline of future construction remains positive for the sector. This month's data appears to confirm that that hope is being realised.

HOUSES

▼ -25%

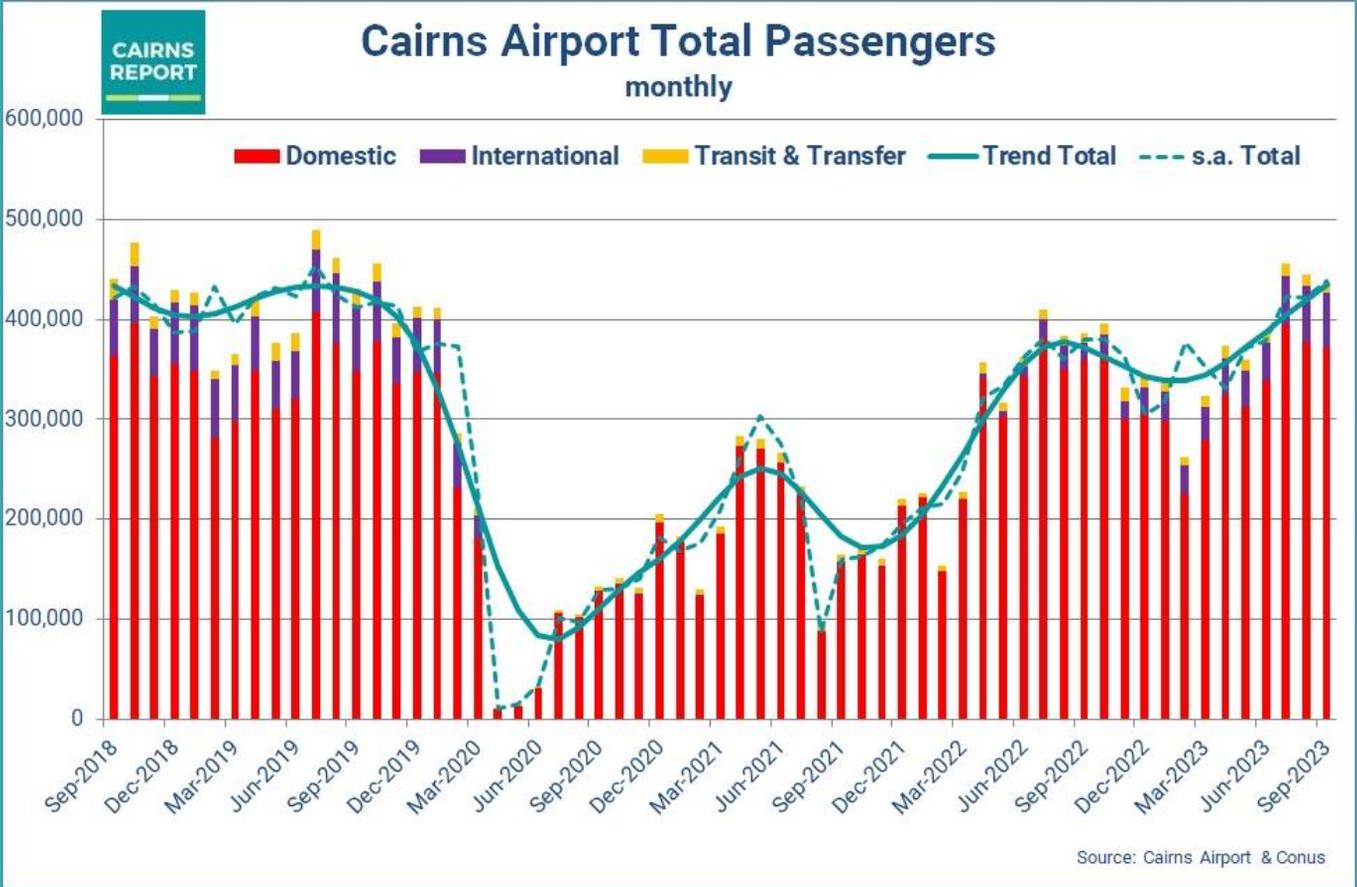
Building approvals change year-on-year
Trend approvals for August = 89



The seasonally adjusted Trend for passenger numbers has moved higher to sit about 2% above where it was in September 2019.

International passengers are still about 13% below where they were at this time of year pre-COVID, although we are starting to see an improving trend of international data with numbers to and from Japan showing particular strength.

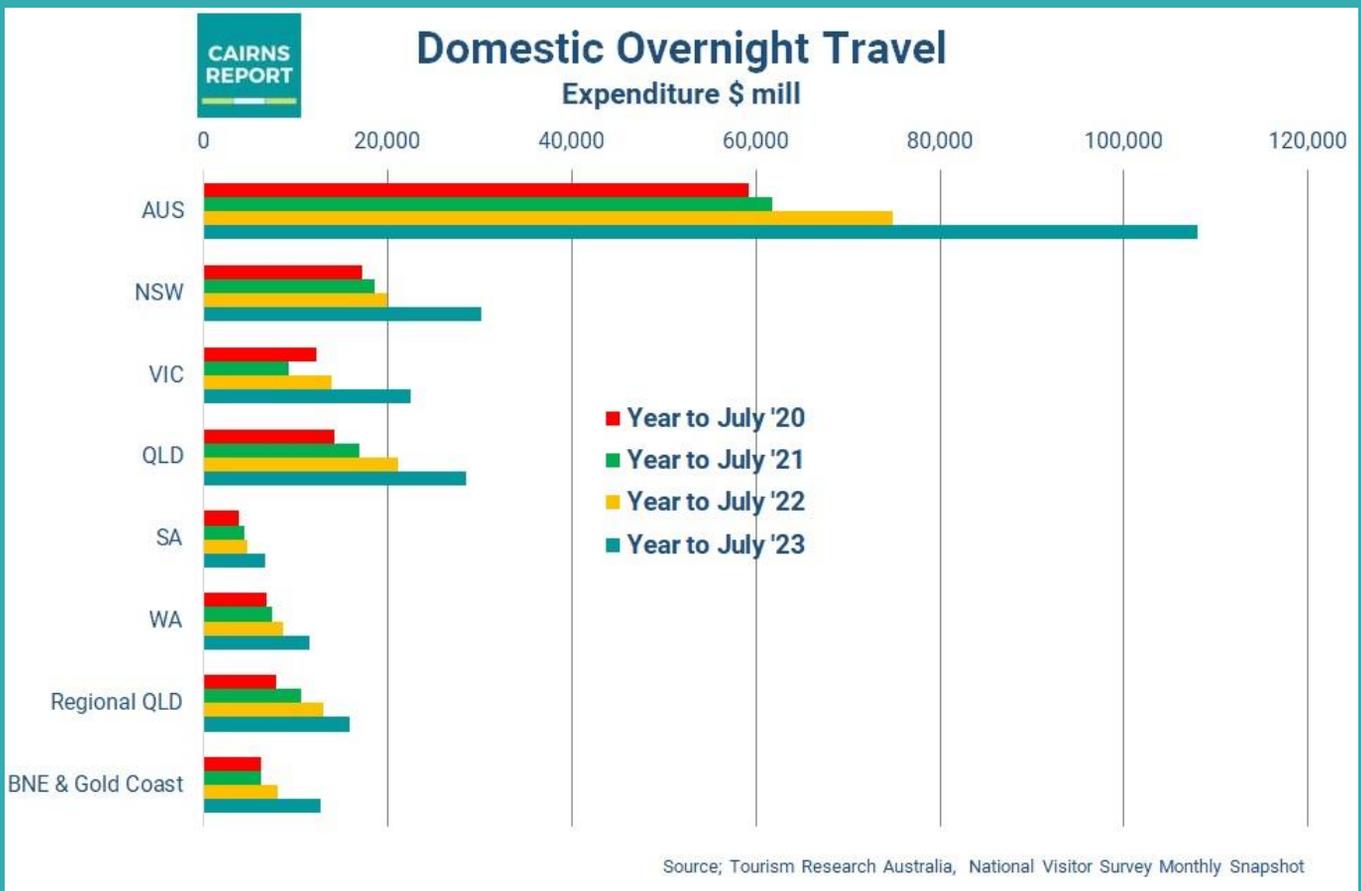
PASSENGERS
430,287 ▲ **437,901**
 SEPTEMBER '19 SEPTEMBER '23



The monthly tourism data for July shows that the decline we had been seeing in domestic tourism expenditure, brought about by the fact that Aussies have started travelling more extensively internationally, may have reached a bottom.

It is probably a little too early to draw such a final conclusion, but the data does appear to be indicating that the trend, which had been in decline

since early-2023, is likely to turn around in coming months if we see the pattern of stabilisation shown in the July data continue. Such a stabilisation would indeed be good news as it would see the 'new normal' for domestic tourism expenditure in Queensland established well above the pre-COVID level.



Despite concerns about interest rate rises, real estate prices in Cairns continue to move ahead strongly.

Median house prices, which have broken above the \$530,000 level, are now up 18% from a year ago and have increased about 42% since COVID. Median unit prices are also strong, up 15% over the year and 35% since COVID, to now sit above \$320,000 for the

first time. Real estate prices across the nation are also stronger, so the relatively value in Cairns remains appealing.

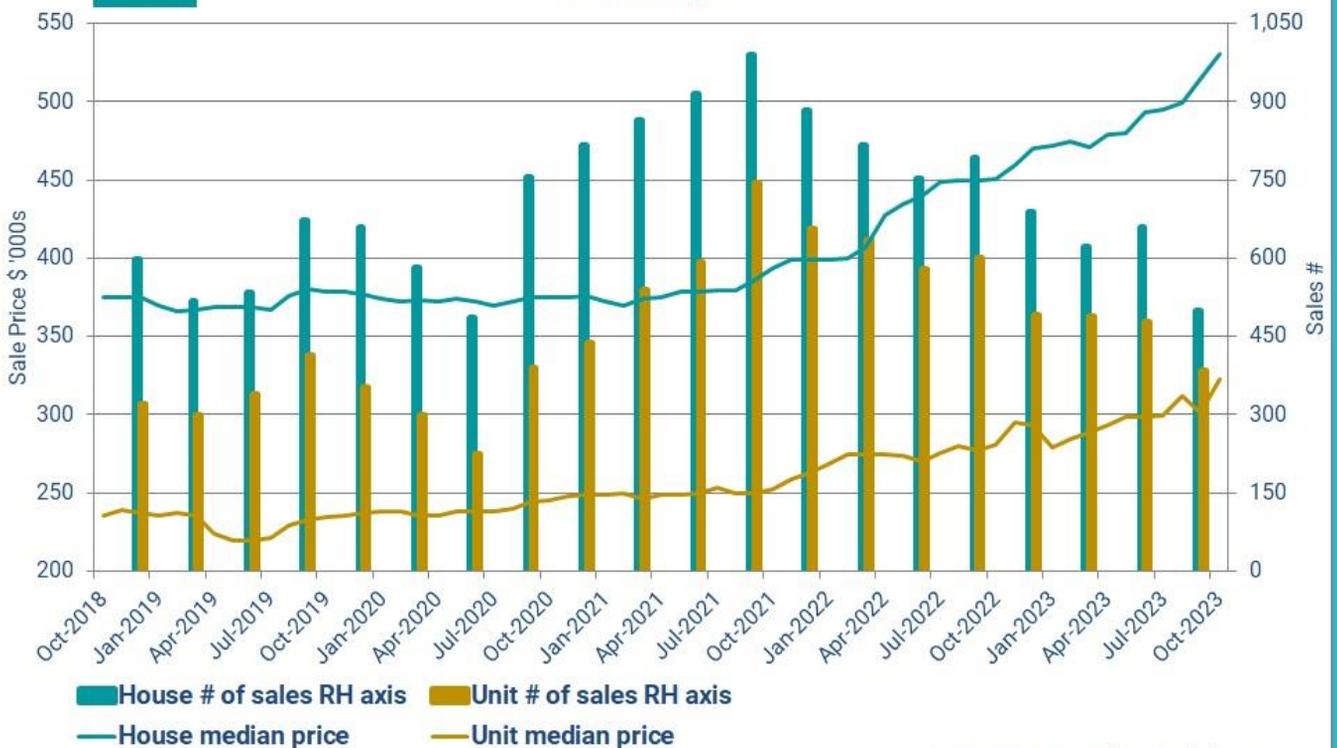
MEDIAN PRICES

▲ **\$323,000** UNITS
+15% y/y

▲ **\$531,000** HOUSES
+18% y/y

Source: SQM Research

Real Estate; Sales and Prices Cairns region



Source: SQM Research & Pricefinder.com.au

RENTAL VACANCY RATE

0.9%

SEPTEMBER '23

0.6%

SEPTEMBER '22

1.6%

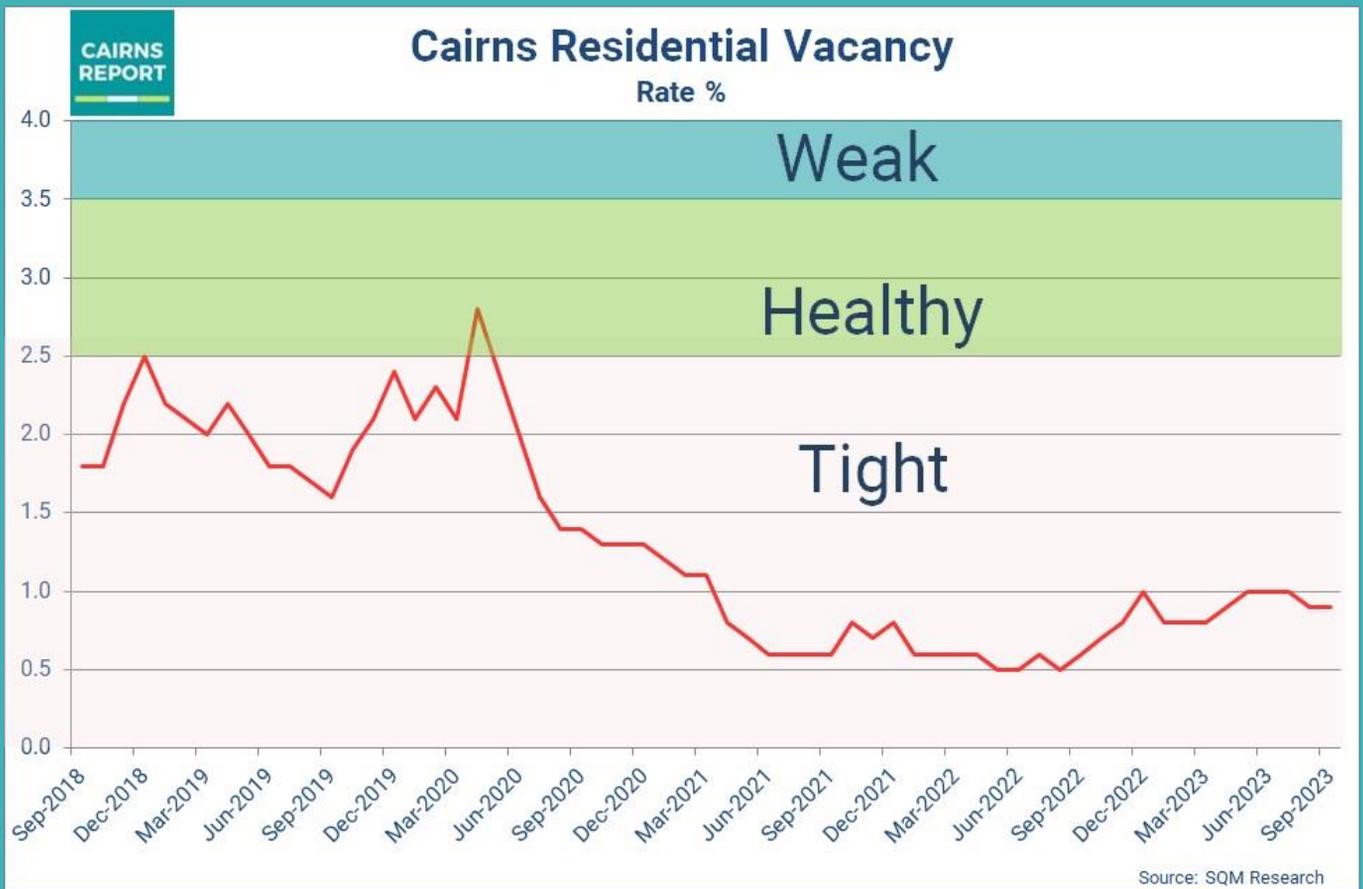
SEPTEMBER '20

1.9%

SEPTEMBER '18

Source: SQM Research

Yet again, the rental vacancy rate shows no signs of easing, so the tight rental market remains very much a concerning issue for Cairns.



Like real estate prices, rents also continue to move significantly higher, albeit at a somewhat slower pace.

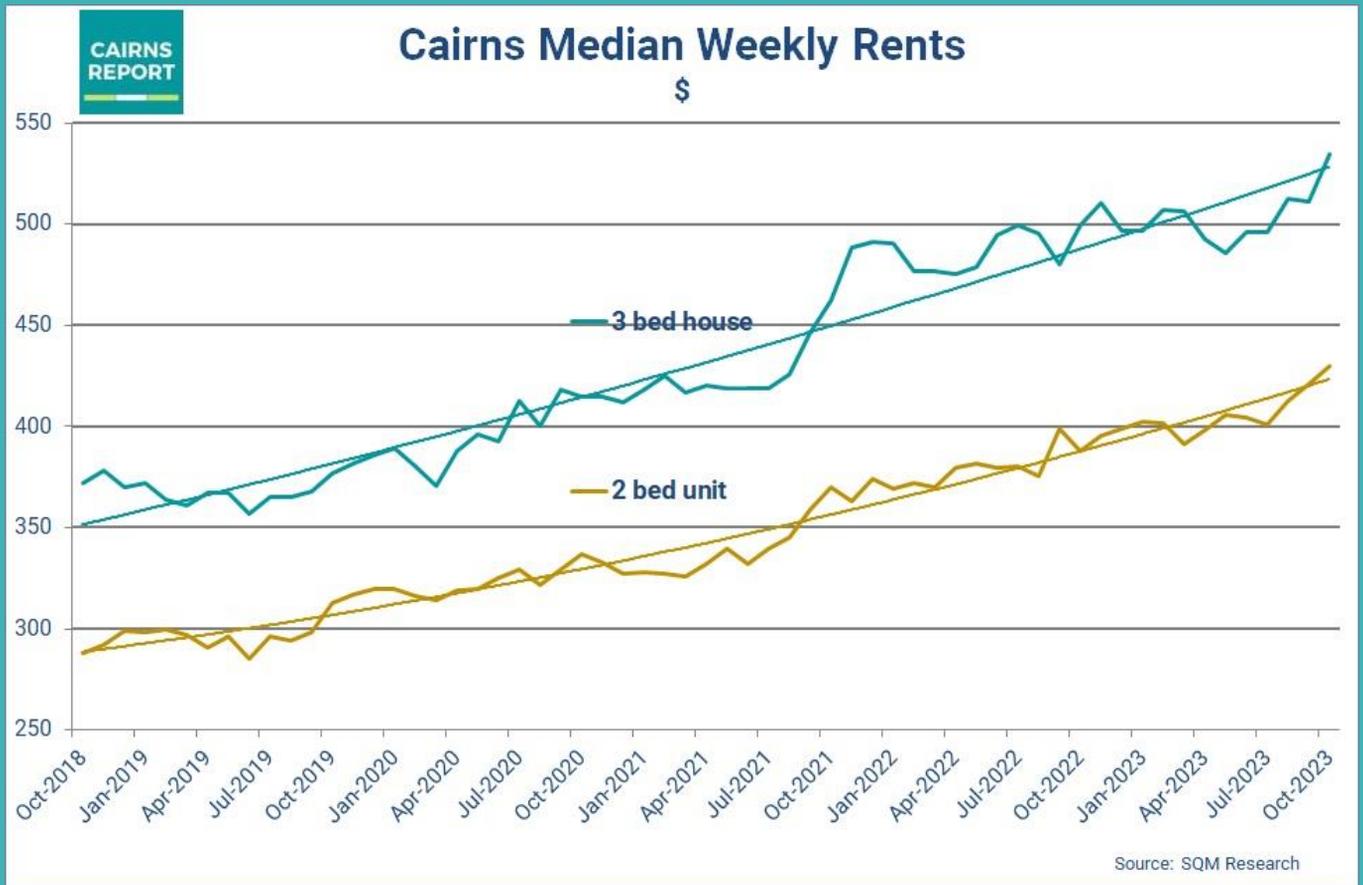
The unit rental market has been consistently firmer over recent months and has once again reached record highs this month at \$430 pw for an average 2-bedroom unit, an increase of 11% for the year. 3-bedroom houses have also moved higher and are also at record highs (\$535 pw), an increase of 7% for the year.

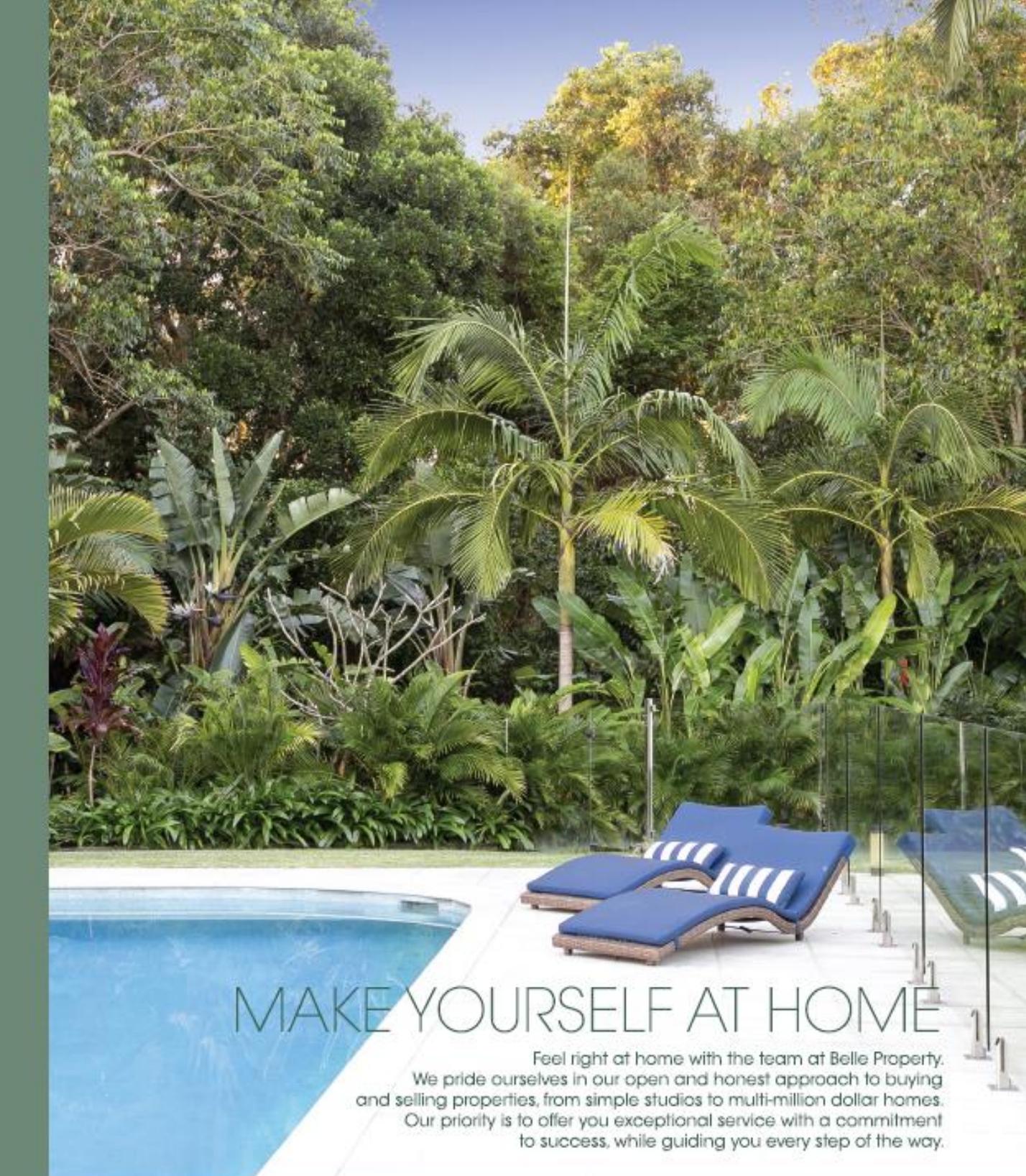
MEDIAN RENTALS

\$430
UNITS p/w
+11% y/y

\$535
HOUSES p/w
+7% 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



There has been no dramatic change in the property market to report – which is good news for anyone looking to sell and less good if you are looking to buy. Stock levels are still amazingly low ... any “normal” property under about \$1.5 million can sell as quick as you like.

The latest interest rate rise on Melbourne Cup day may give the market pause but I don't think it will change much. Buyers have already factored in the extra costs (if they are borrowing) so an extra .25% isn't going to make a discernible difference in the short term.

For the last few months, we have been monitoring how many of our buyers are obtaining finance with their purchase and it's under 50%. Granted we probably operate in a majority of higher end and lifestyle market properties but the figure is nonetheless surprising. No mortgage = no mortgage stress!



Nicholas Slatyer
*Belle Property
Cairns*



“AGM season” is now well underway for ORIC registered entities, so this is a busy time of the year for Indigenous corporations and the professional services businesses that support them. The opportunity to effect leadership change provides corporations with the impetus to push ahead with strategic plans and objectives and invest in their people and their local economies. Whilst the Indigenous business sector still faces challenges such as access to skills and capital, the sector continues to grow at a pace of some 4% p/a and will play an increasingly important role in the economy of Cairns and the wider Far North QLD region. Now is the time to connect and build relationships in a sector that is paying dividends on both social and economic fronts.



Shavi Kanagaratnam
*Senior Manager –
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Grant Thornton*

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Housing availability and affordability continues to be a major focus at all levels of Government with the Federal Government recently announcing a \$10 billion Housing Australia Future Fund which is expected to deliver 30,000 new social and affordable rental homes in the Fund's first year. With the fund only recently being released it remains to be seen how the funds will be shared across the State and what share of funds, if any, Far North Queensland will receive. At a State level, a Parliamentary Committee Hearing into the new Housing Availability and Affordability (Planning & Other Legislation Amendment) Bill 2023 took place last week. The Bill is designed to create greater efficiency in the planning system and therefore improve the delivery of housing supply to the market and includes some significant reforms to the current legislation which, if implemented will include:

- the ability for the Planning Minister to take an easement where needed to unlock development;
- a new Zone to allow Local Governments to control development sequencing; and
- includes a state-facilitated pathway for diverse and affordable housing (including the removal of third party appeal rights).



Vanessa Maruna
Holding Redlich

The Bill's objective is to optimise the State's planning framework to provide new tools and improve the operation of the current planning legislation as part of the response to the current housing crisis. The Bill was introduced into Parliament on 11 October 2023 and there are still a number of steps that the Bill needs to go through before it is passed. Cairns Regional Council of course adopted the Cairns LGA Social and Affordable Housing and Homelessness Plan 2023-2026 earlier this year. It is clear that all levels of Government are struggling to implement policies in real time that are making tangible impacts resulting in delivering faster and better outcomes consistent with community needs and expectations in response to the current housing challenges. The media also reported this week that data released by consumer group Choice include Cairns suburbs in the ten worst areas in the State affected by mortgage stress. Despite the fact that there are general reports of economic growth and recovery in Queensland it appears unlikely that issues associated with housing availability and affordability are likely to improve in the short to medium term including in Cairns and the Far North.

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