

# CAIRNS REPORT

A monthly snapshot of the  
Far North Queensland economy



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## MARCH 2024: SNAPSHOT

### Building Approvals

Despite a further decline in the latest building approvals data for Cairns, the seasonally adjusted Trend series has managed to remain virtually unchanged over the past quarter.

### Tourism

A sharp decline in Cairns Airport passenger movement due to the impact of Cyclone Jasper, but the International passenger numbers do show some ongoing recovery.

### Labour market


We are clearly seeing an easing of labour market conditions in Cairns and, as a result, it is no real surprise to see the Trend unemployment rate moving higher.

### Real estate

The median house price appears to have paused close to highs around the \$540,000 level while unit prices show no sign of slowing down, hitting new highs again this month close to \$340,000.

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 [info@cairnsreport.com.au](mailto:info@cairnsreport.com.au)

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

#### Publisher & editor

Gavin King

#### Data analysis & commentary

Pete Faulkner, *Conus*

#### Contributors

Nicholas Slatyer, *Belle Property Cairns*

Michael Wilson, *PVW Partners*

Rachel Drew, *Holding Redlich*

**Cover:** Coral Princess in Trinity Inlet.

**Credit:** Tourism and Events  
Queensland



All data relates to Cairns unless otherwise stated. The most current data set available before publication is used throughout.  
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After a run of nine consecutive months of Trend employment growth in Cairns the January data shows a slight 100 decline.

Although total employment is up 4,800 over the year this has come despite a decline of 7,900 full-time positions. Most of this shift from full-time to part-time employment is coming from the female cohort where full-time positions are down 7,600 while part-time employment has grown by 10,000 over the year. The impacts of TC Jasper and the flooding that followed may well have contributed to a slightly weaker employment result in January so we would not be surprised to see a somewhat stronger result in coming months as some of those effects unwind.

## PEOPLE EMPLOYED

14,221,900	2,885,100	143,600
NATIONAL	QLD	CAIRNS
↑	↑	↓
LAST MONTH		
14,214,500	2,879,100	143,700

The national pace of Trend employment growth has slowed in recent months and in January we added just 7,400 to those employed. This is a growth rate of just 2.6% pa, which is the slowest pace we have seen since March 2021.

In comparison, Queensland Trend employment growth has sped up over recent months and at 3.2% pa now sits at its fastest pace since December 2022.

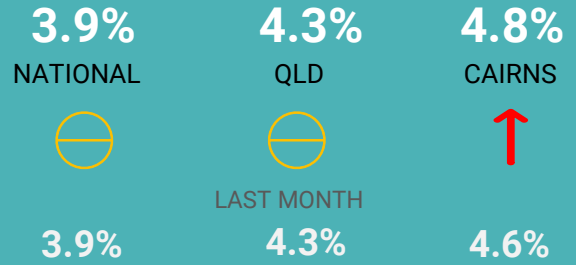


The Cairns unemployment rate now sits at 4.8%, which is somewhat above the level in Queensland (4.3%) and nationally (3.9%).

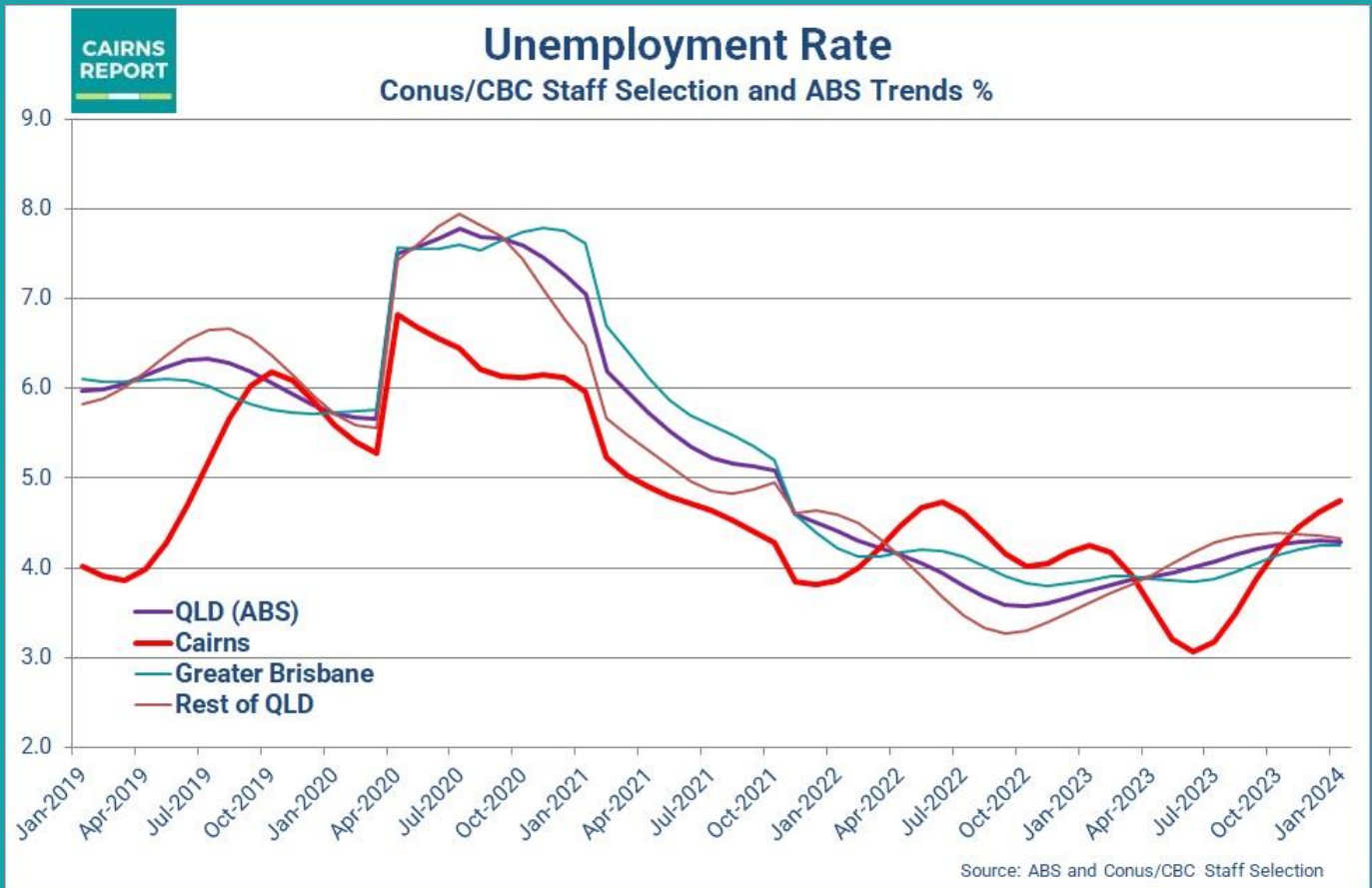
We have been seeing a gradual move up in unemployment rates across the country and therefore seeing something similar in Cairns could have been expected (albeit in Cairns we tend to see rather more volatility in movements by dint of the data sample-size being so much smaller). At least some of this movement in January may be related to the events following TC Jasper and the flooding in the region.

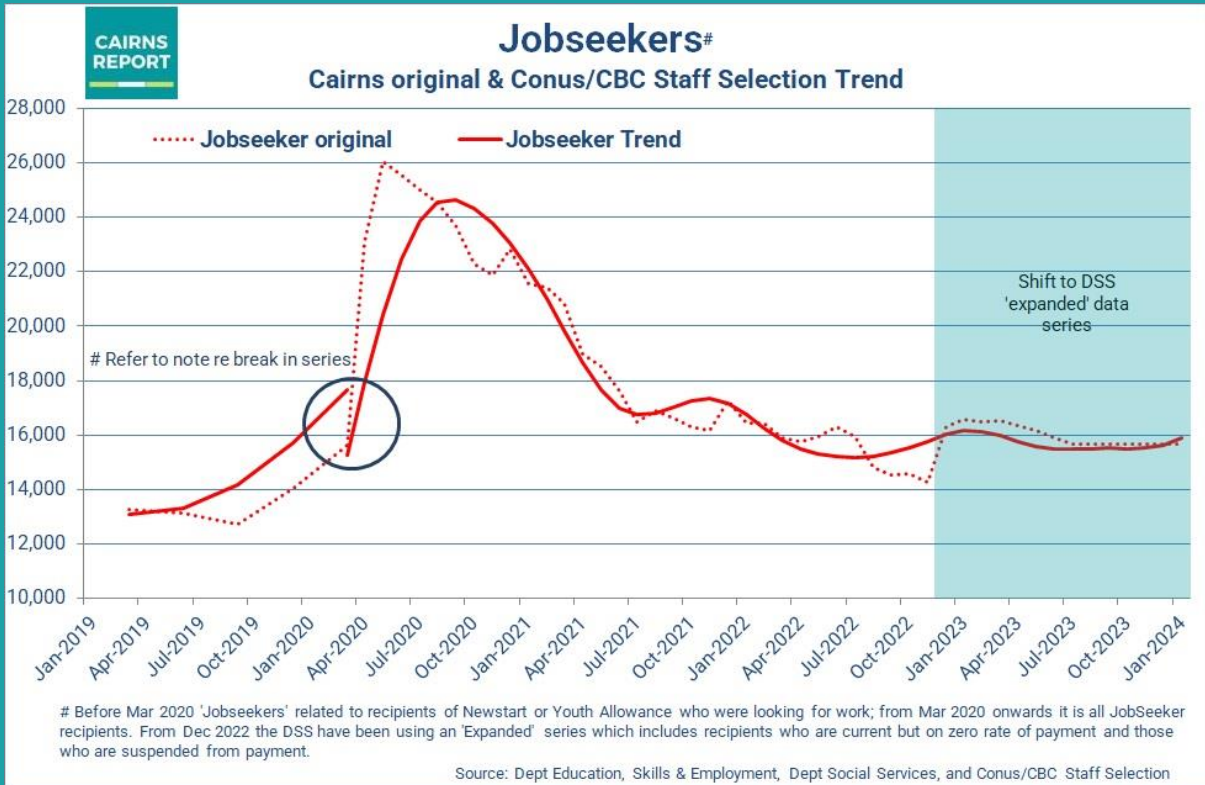
Nationally, since the end of last

## UNEMPLOYMENT RATE

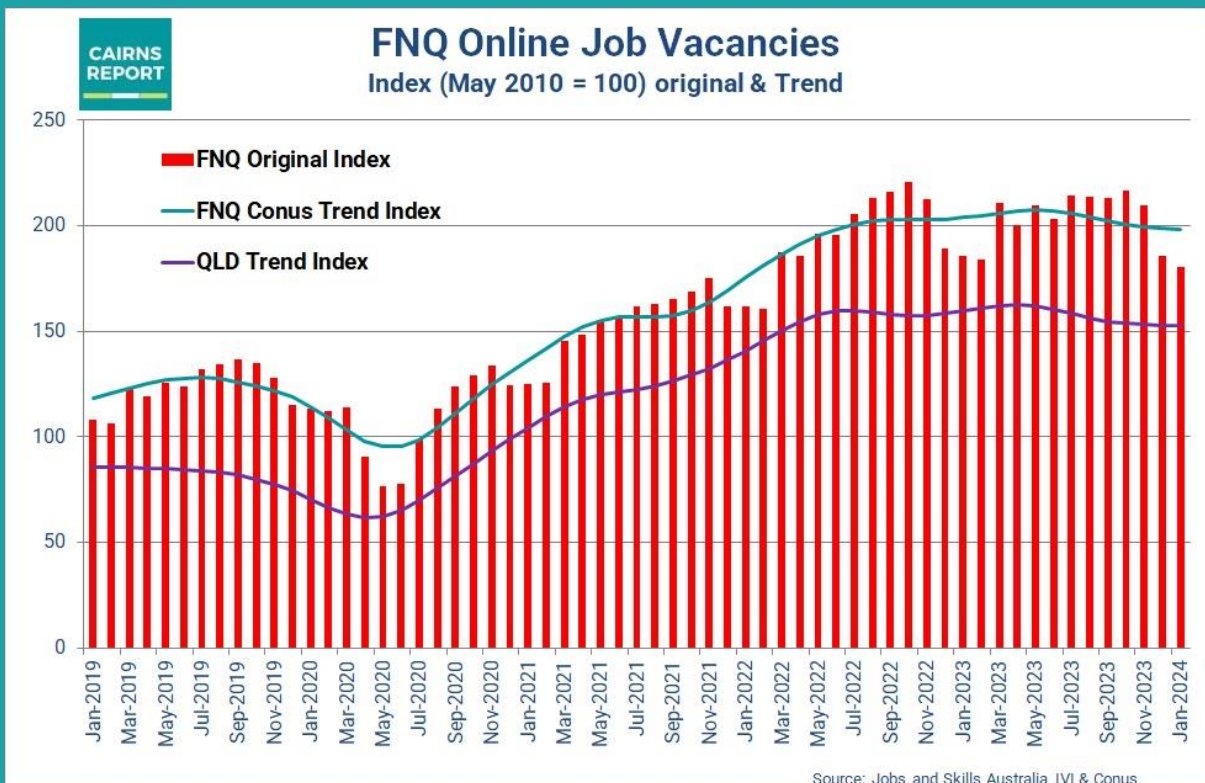


year we have seen a very slow, but nevertheless clear, shift higher in the Trend unemployment rate and would not be surprised to see it move higher still in coming months. In Queensland, the slightly elevated unemployment rate is a result not of weakness in the jobs market, but rather of the strengthening Participation Rate and strong population growth.





The number of JobSeekers in Cairns appear to be moving very slightly higher, and we are starting to see, in common with the picture at a State and National level, something of a slow decline in the number of Online Job Vacancies in the Far North. Both indicators support the contention that the labour market in Cairns is easing slightly.





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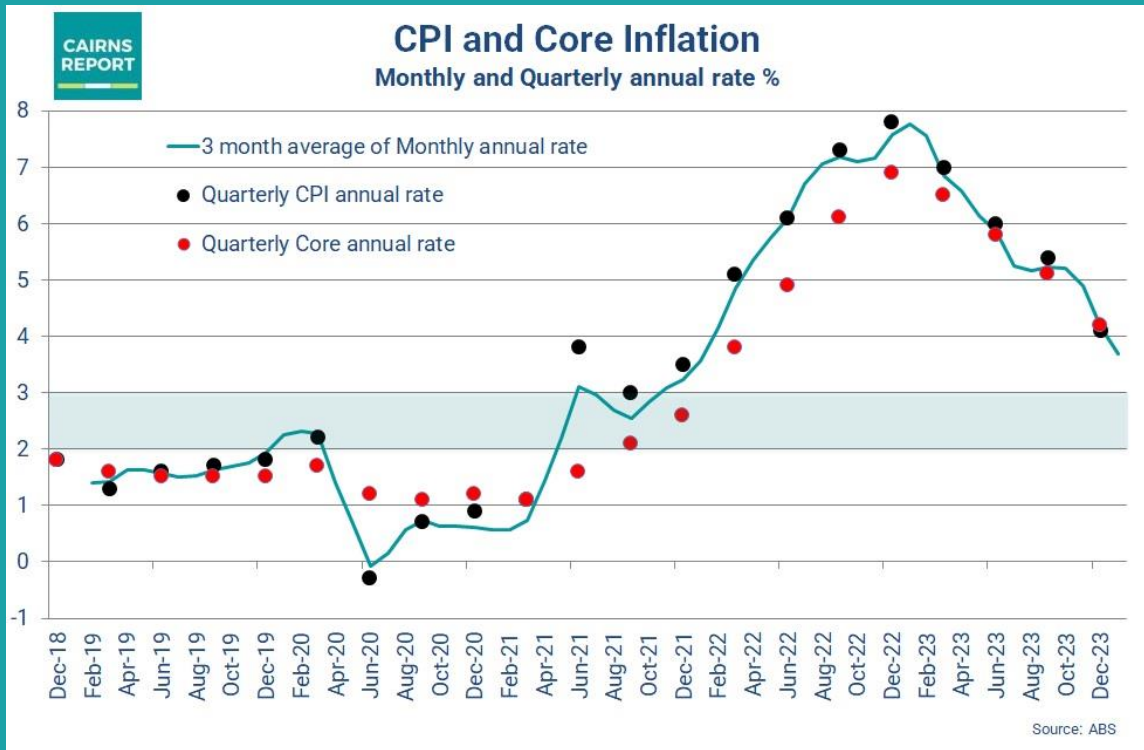


**Regional Australians Growing Regional Australia**

Cairns Office  
4/220-226 McLeod Street Cairns North QLD 4870  
PO Box 328, Bungalow QLD 4870

T (07) 4080 9800  
info@pwwpartners.com  
www.pwwpartners.com





On the back of the most recent employment market data, which indicated the economy showing clear signs of a slow-down, and the most recent monthly CPI data which showed inflation moving quickly back towards the RBA's target the market is now focused on rates moving lower in the coming months. The futures market has priced in a first cut to rates by the third quarter of this year with another by mid-2025.



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Despite a further decline in the original building approvals data for Cairns in December, the seasonally adjusted Trend series has managed to remain virtually unchanged over the past quarter.

We would expect to see approvals again move higher once we get beyond the seasonally weak period of the Wet. This year this seasonal impact may be somewhat greater than usual due to the effects of TC Jasper and the subsequent flooding event.

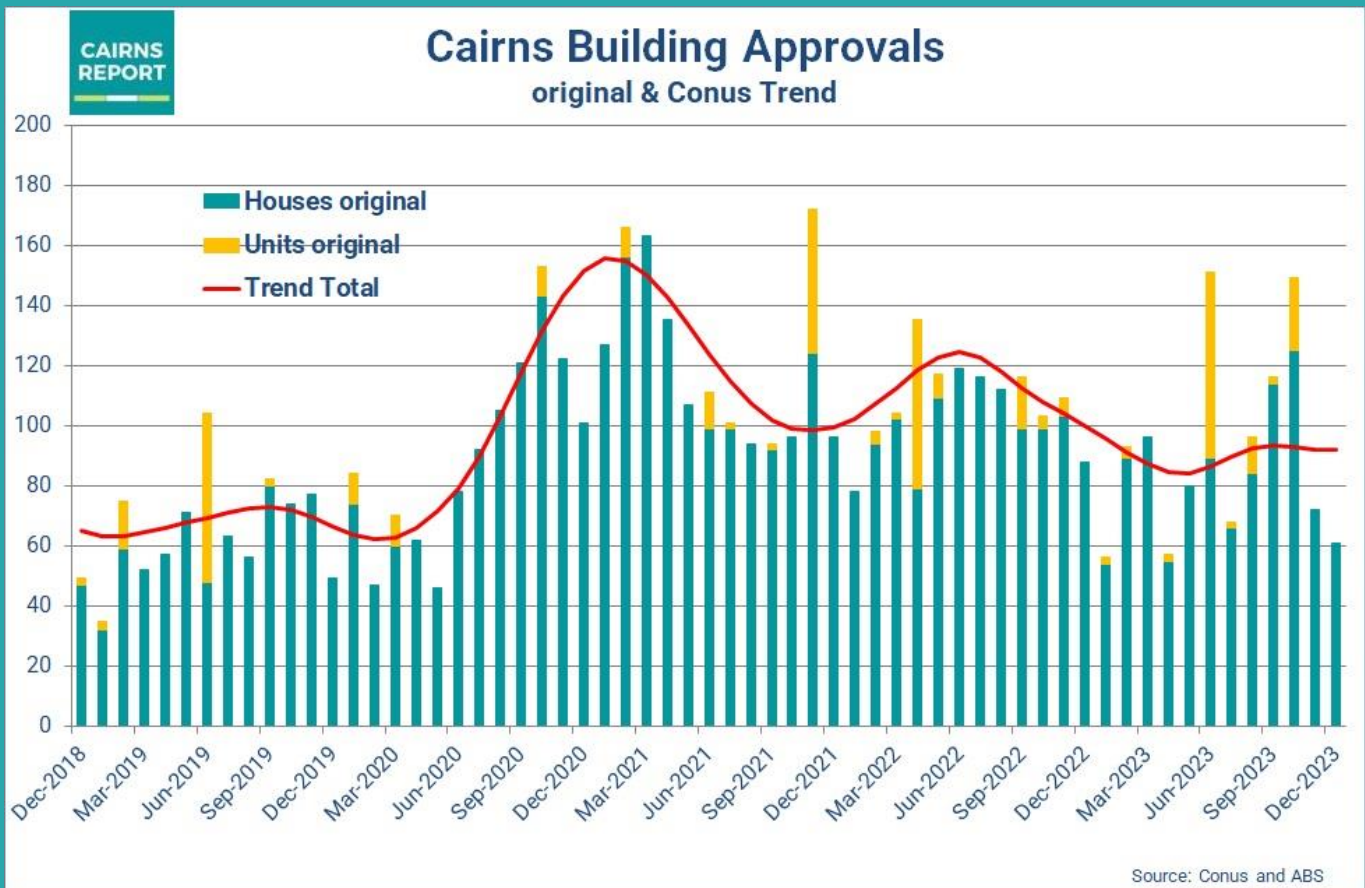
## HOUSES

▼ -8.0%

Building approvals change year-on-year

Trend approvals for December = 92

Nevertheless, with the peak in interest rates almost certainly past, the construction sector in Cairns has been remarkably resilient and continues to show a strong pipe-line of work to come throughout 2024.





A photograph of a swimming pool in a lush tropical garden. The pool is on the left, with a white tiled deck. On the deck, there are several blue lounge chairs with white and blue striped cushions. A glass safety fence surrounds the pool area. The background is filled with dense green foliage, including palm trees and banana plants, under a clear blue sky.

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PROPERTY



Despite the fact that the top of interest rates seems to have been reached, and with the prospect of cuts to come later in the year, the median house price appears to have paused close to highs around the \$540,000 level. Unit prices, on the other hand, show no sign of slowing down and have hit new highs again this month close to \$340,000. We may still be seeing some distortion in the house market caused by the floods late last

year so we would not be surprised to see house prices moving higher again in coming months.

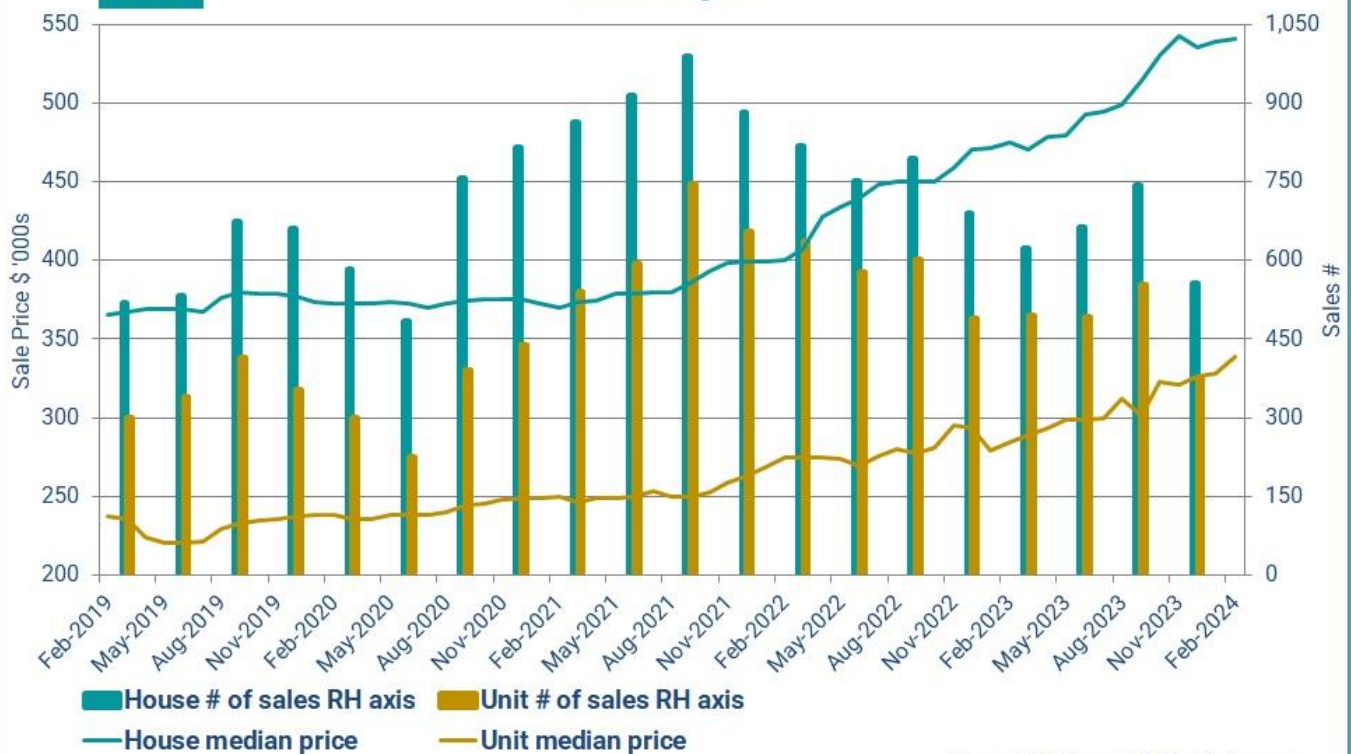
## MEDIAN PRICES

▲ **\$338,000**    ▲ **\$540,000**  
 UNITS                      HOUSES  
 +19% y/y                      +14% y/y

Source: SQM Research

## Real Estate; Sales and Prices

Cairns region



Source: SQM Research & Pricerfinder.com.au



RENTAL VACANCY RATE

We noted last month that the move above 1% in the vacancy rate in December was more than likely simply a seasonal effect, and indeed that suggestion appears to have been borne out. In January we again see the vacancy rate back below 1% at just 0.9%. Barring the December blip, we haven't seen a rental vacancy rate greater than 1% in Cairns since early in 2021!

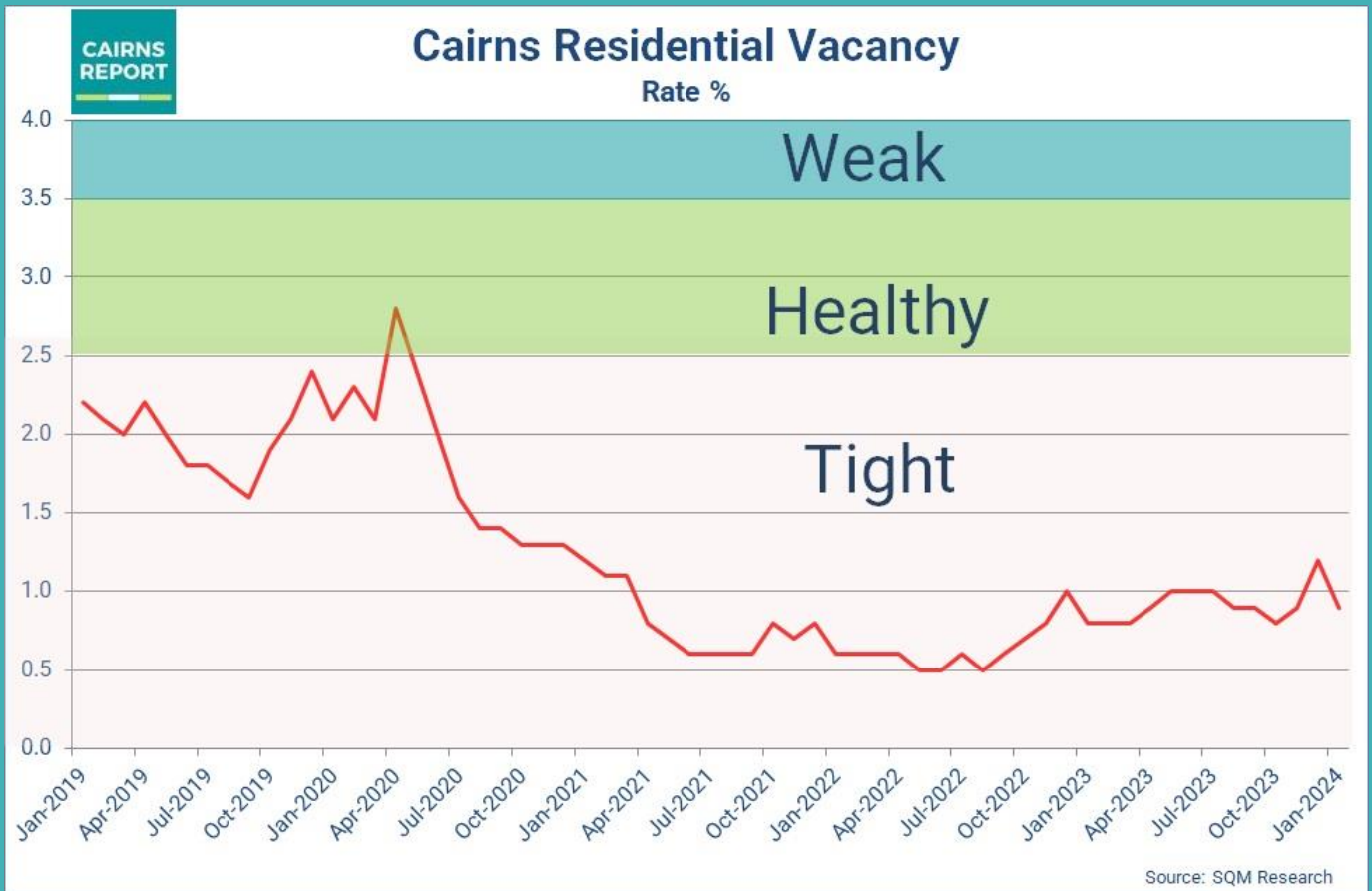
0.9%  
JANUARY '24

0.7%  
JANUARY '22

2.4%  
JANUARY '20

2.4%  
JANUARY '19

Source: SQM Research



Given the continuing tight vacancy rate, it is perhaps a little surprising to see rent increases moderating somewhat in recent months.

Although growth remains robust it has slowed and for 3-bedroom house is now just 8.1% y/y with 2-bedroom units up 12.7% y/y. Despite this apparent slowdown in the past few months these remain very healthy rates of growth and the longer-term trend of growth still appears intact.

## MEDIAN RENTALS

**\$453**  
UNITS p/w  
+13% y/y

**\$548**  
HOUSES p/w  
+8% y/y

Source: SQM Research

### Cairns Median Weekly Rents



Source: SQM Research



Data from the Airport shows a sharp decline (particularly in December where the effects of the 2-day closure of the Airport due to Jasper will have been most keenly felt).

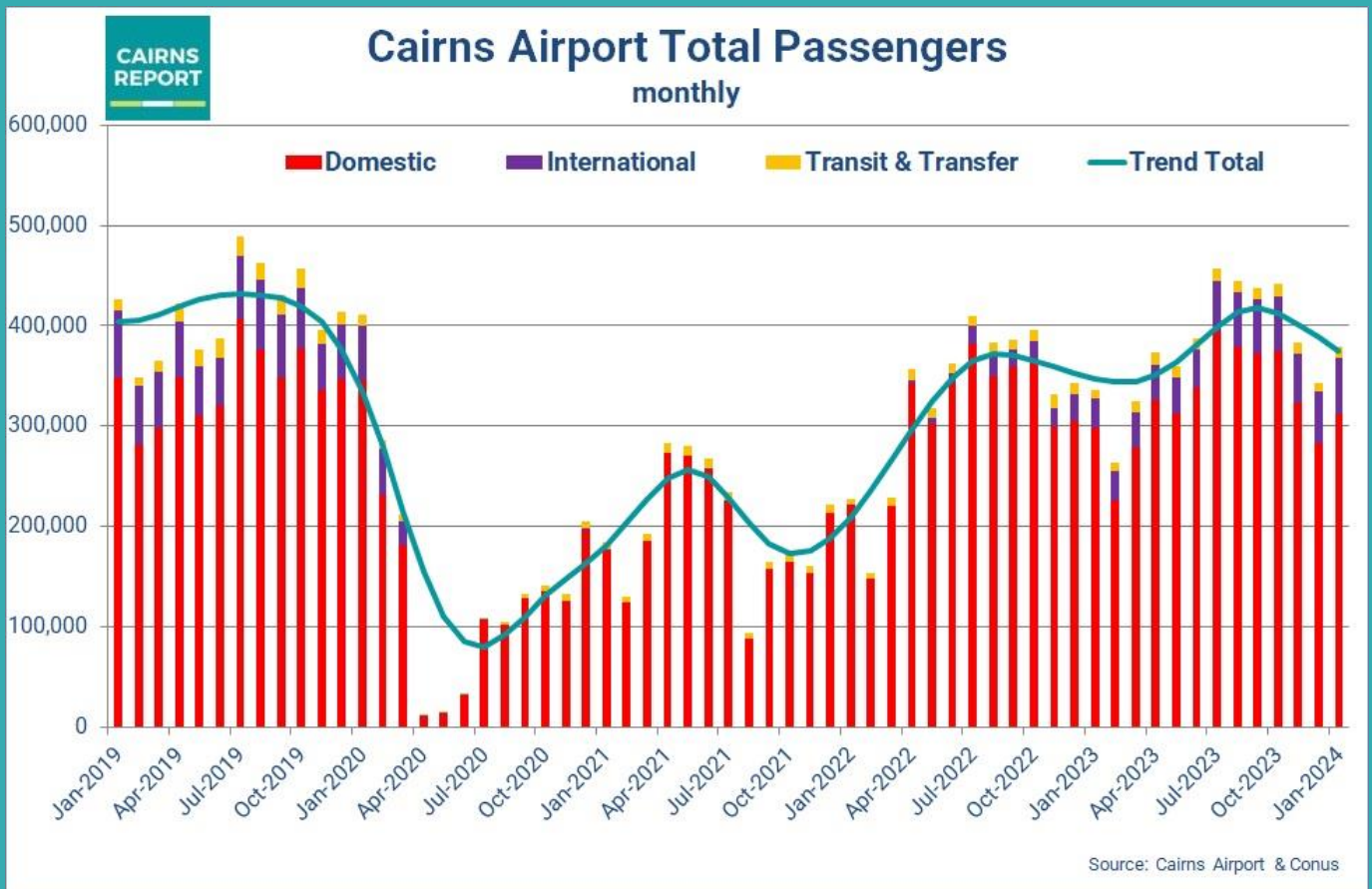
Despite something of a bounce back in the January numbers the seasonally adjusted data shows a clear declining Trend. With the seasonally weak month of February to come we do not anticipate any sharp recovery in this Trend for some months. The International passenger numbers through the Airport do show some recovery ongoing and the return of seasonal flights

**PASSENGERS**

**426,694** ▼ **378,472**

JANUARY '19                      JANUARY '24

from China will certainly help support those in February. In addition, the take-up of flights to and from Japan are also strong and in November 2023 (the most recent month for which we have this data) the total number of passengers using Cairns Airport flying to and from Tokyo and Osaka sat very close to decade highs.



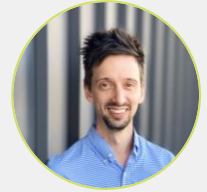




The suppression of CPI is key before any interest rate relief is likely. Things look promising on this front however policy leaders may want to see more economic tightening to ensure rate cuts don't simply invite inflation back.

A potential driver of economic tightening could be the end of tax incentives such as the Instant Asset Write Off.

The Instant Asset Write Off scheme ended on 30 June 2023 and is already impacting people's investment decisions, it is not really until 1 July 2024 that many business owners will begin to feel the pain of having very little depreciation to offset their taxable profits. Once those tax bills start increasing, does this cause the economic tightening required to justify rate cuts?



Michael Wilson  
*Partner*  
PVW Partners



Nicholas Slatyer  
*Belle Property*  
*Cairns*

I am officially over the 'post-Covid' reference point. It comes up a bit in our world because it is when the market changed. 2019 is half a decade behind us but sounds like it was much more recent. Maybe the new reference point is 'post-cyclone'. I don't remember our market ever being more fragmented, with many different speeds running across price points, suburbs, and property styles.

The good news: houses that appeal to local owner-occupiers are very strong (price point up to around \$1.2m). Anything within 10 minutes or so of the CBD can be sold as quickly as you like, often for a price higher than we expect. There are plenty of buyers and very little stock. Likewise, there is basically no apartment availability in the CBD, and prices are firm. Parramatta Park used to have as many 2-bed, 2-bath apartments as you wanted... now there is just one for sale and prices are about 10% up on two years ago.

The bad news: anything that needs a southern buyer is much slower than November 2023. Houses that were selling in a few weeks are unsold after 6-8 weeks (almost 70% of our Palm Cove sales are to interstate buyers).



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The enactment of the Fair Work Legislation Amendment (Closing Loopholes No. 2) Act 2024 late last month is one of the most significant changes employers in FNQ will experience this year. The Act is the second tranche of the Closing Loopholes reforms and will have a substantial impact on businesses in the coming months.

There are also five other areas that employers in Cairns should not overlook in 2024:

1. increased enforcement activity to eliminate workplace sexual harassment – businesses can expect to see increased enforcement efforts from the Australian Human Rights Commission to ensure employers meet their positive duty to prevent workplace sexual harassment. Updating company policies and conducting training may no longer be sufficient to meet the regulators' expectations

2. the 'right to disconnect' to commence in August – with the implementation of the Closing Loopholes No. 2 Act, employees can ignore calls, emails or messages from their employers after work hours, where reasonable, without fear or punishment



Rachel Drew  
 *Holding Redlich*

3. domestic and family violence leave – all businesses, regardless of size, are now required to provide ten days of paid domestic and family violence leave to their employees

4. changes to the gig economy – under the new Closing Loopholes legislation, gig workers will be entitled to rights such as minimum wage, penalty rates and superannuation

5. superannuation included as an entitlement – employees covered by the National Employment Standards now have the right to pursue unpaid or underpaid superannuation under the Fair Work Act, so long as the Australian Taxation Office has not already initiated proceedings.

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