

JUNE 2024

# CAIRNS REPORT

A monthly snapshot of the  
Far North Queensland economy



PRESENTED BY



## JUNE 2024: SNAPSHOT

**BUILDING APPROVALS:** The seasonally adjusted Trend continues to show a steady decline, having fallen each of the past 6 months to sit almost 22% below its level of a year ago.


**TOURISM:** Over the course of the past 12 months the Airport has seen 3.9% more domestic passengers than a year ago and the 12-month total for International passengers is now very close to 600,000 which is almost 100,000 below the record high seen in 2019.

**LABOUR FORCE:** Trend employment in Cairns has been on a consistently positive trajectory since the COVID recovery in 2020. The rate of that increase has also been accelerating for more than 6 months and now sits at 3.7% pa which compares well with the national rate of 2.6% pa and the State figure of 4% pa.

**REAL ESTATE:** Both house and unit median prices have hit new record highs with median house prices hitting \$580,000, up 21% for the year. Unit prices too have seen solid growth, albeit at not quite the pace of houses, and are up 16% for the year at \$346,000. The rental vacancy rate has fallen again in March to just 0.7%.

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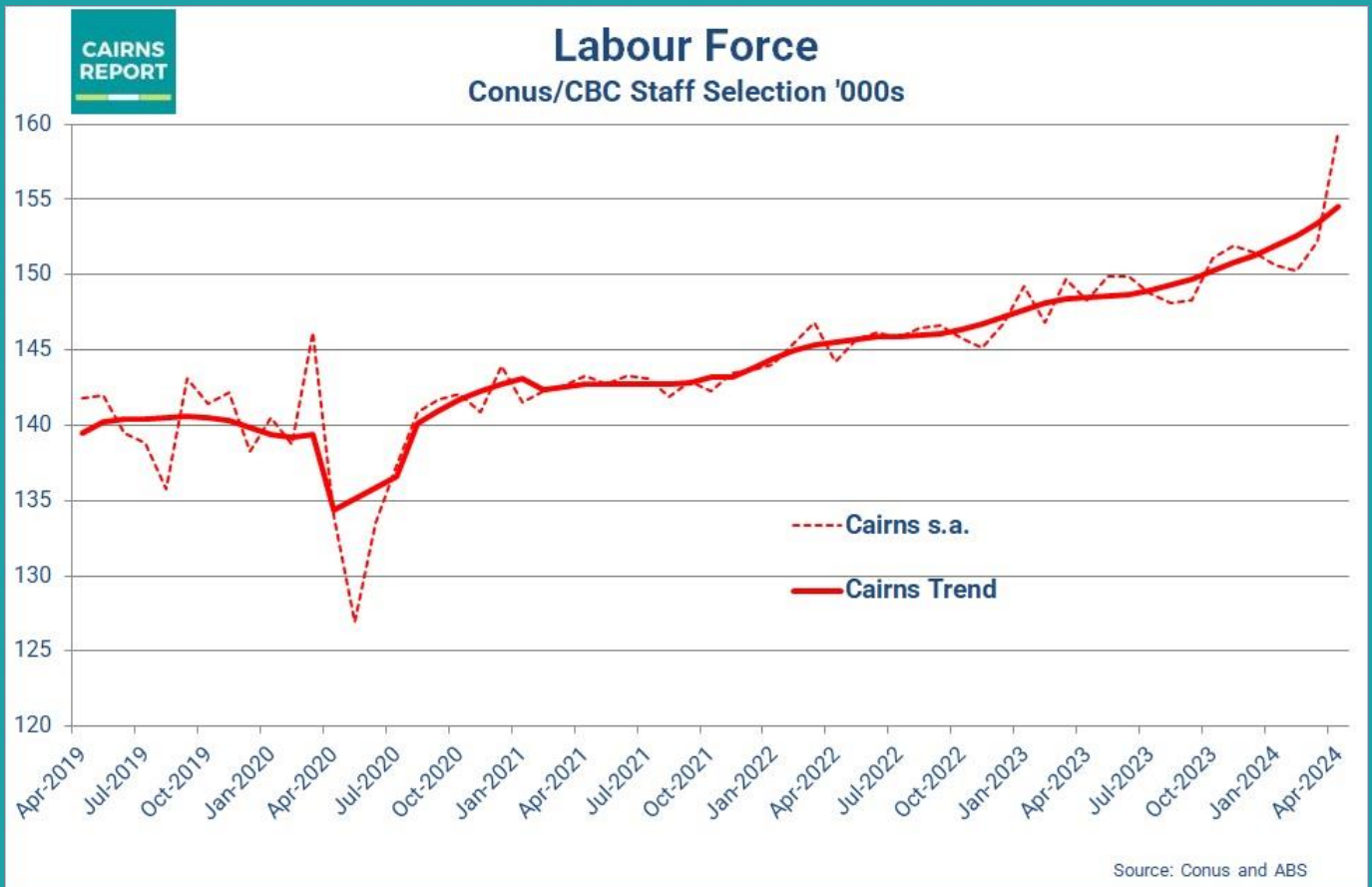
All data relates to Cairns unless otherwise stated. The most current data set available before publication is used throughout.  
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**This month, for the first time, we are able to utilise a new dataset from the ABS for regional employment data.**

The ABS are now producing modelled estimates of labour force statistics for regions which, as well as the previously available Labour Force Survey data, are using 'administrative' data such as ATO Single-Touch Payrolls numbers and DSS data on JobSeekers and Youth Allowance. This means that the extreme volatility, which has up to now been a feature of the original LFS data at the regional level, should be a thing of the

past and by using this new modelled data our own Conus/CBC Staff Selection Trend analysis will provide us with a more accurate, and consistent, view of our regional labour market.

Therefore, regional results for Trend employment, unemployment rate, and Participation Rate from this month will not be directly comparable to previous results. For data from April 2024 onwards we will be using this new modelled regional data as the base data from which we estimate our Trend series.



The new enhanced ABS data allows the less volatile Trend analysis to show us that Trend employment in Cairns has been on a consistently positive trajectory since the COVID recovery in 2020.

Indeed, the rate of that increase has also been accelerating for more than 6 months and now sits at 3.7% pa which compares well with the national rate of 2.6% pa and the State figure of 4% pa. In April we saw another 1,200 people added to the number employed and the region has seen an increase of 5,300 in the past 12 months. The majority of that increase has come in the part-time sector, where we have added 3,700, but full-time positions are also up (+1,600) and

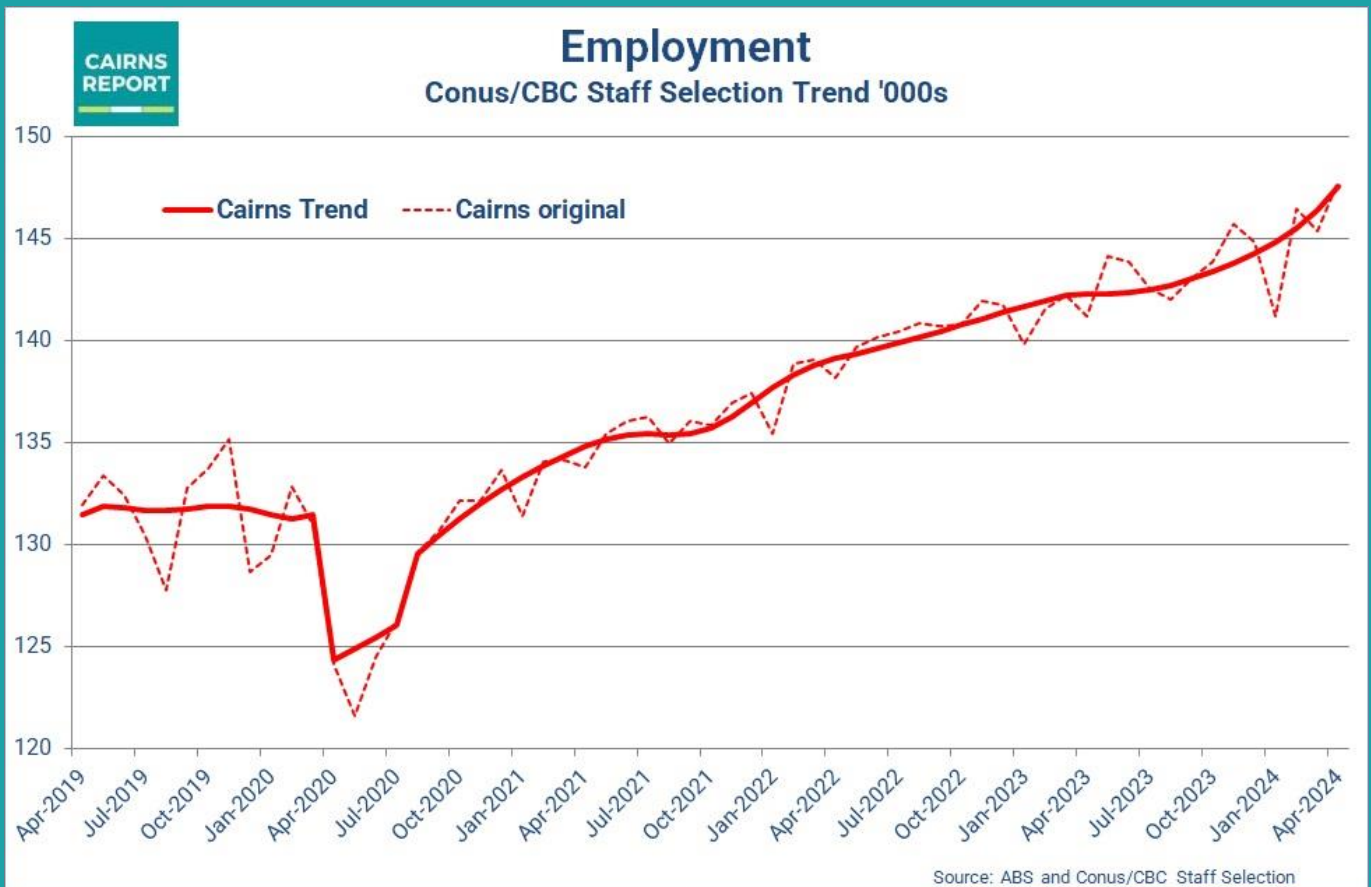
## PEOPLE EMPLOYED

14,289,600	2,928,300	147,600
NATIONAL	QLD	CAIRNS
↑	↑	↑
LAST MONTH		
14,258,700	2,917,700	146,400

are once again close to record highs for the region.

The rate of employment growth in Queensland has now hit 4% p.a. and is well in excess of the national pace.

The rate of national employment growth has been slowing since the third quarter of 2022 and now sits well below that seen in Queensland at just 2.6% p.a.

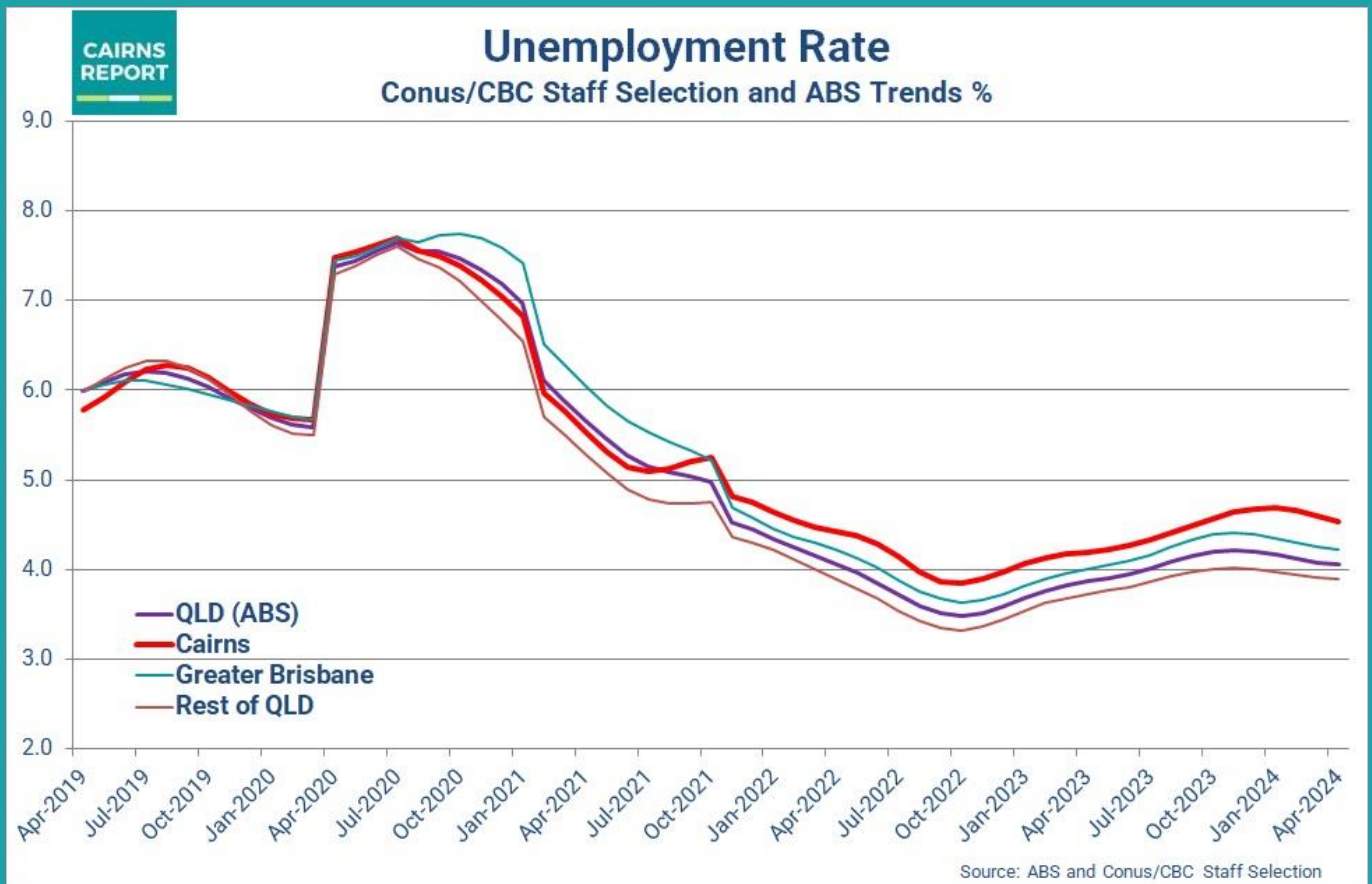


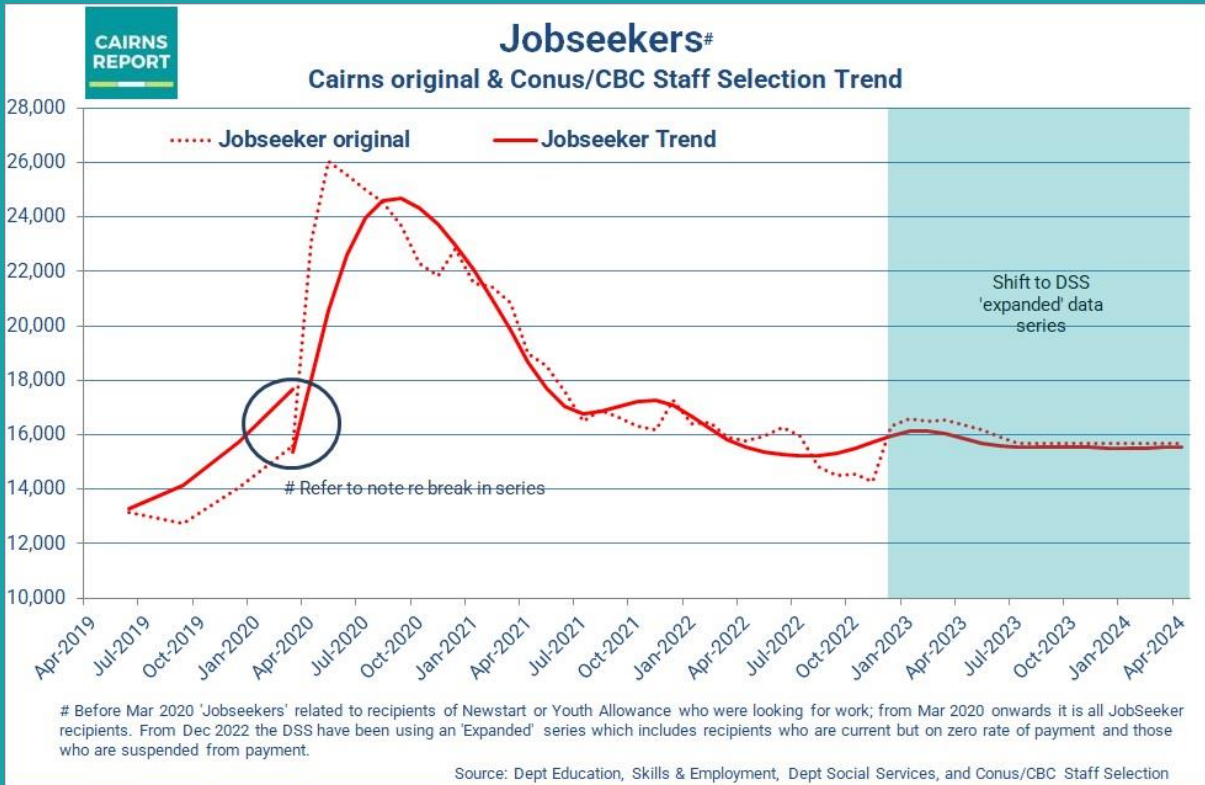
The April Trend unemployment rate in Cairns has fallen slightly this month to 4.5% which remains higher than the State level (4.1%). As we have previously noted in past Cairns Reports, this is due to a strong increase in participation rather than a weakness in the labour market. The participation rate in Cairns, which has been increasing for the past six months, has now hit levels that we have not seen since late-2012; the region's labour force has grown sharply. Such an elevated level of participation makes it hard for employment growth to keep pace with the growth in the labour

## UNEMPLOYMENT RATE

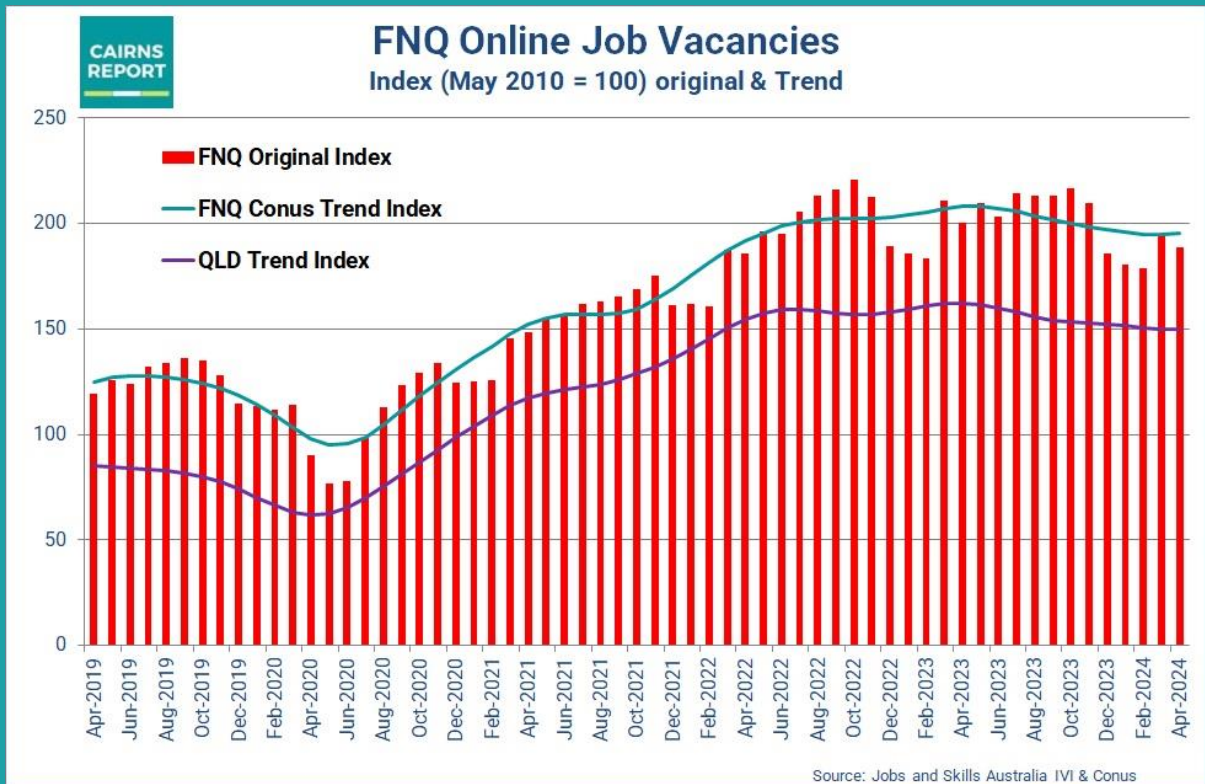
4.0%	4.1%	4.5%
NATIONAL	QLD	CAIRNS
4.0%	4.1%	4.6%
	LAST MONTH	

force, and therefore constrains declines in the Trend unemployment rate. If, and when, we see this rate of participation moderate (as we can expect at some stage) then the pace of employment growth will be reflected in declines in the rate of unemployment.





The slow decline in the Trend number of Online Job Vacancies abated this month, and once again the Trend of JobSeekers in Cairns remains remarkably stable just below the 16,000 level. Both these indicators confirm the overall picture of a tight labour market in Cairns.





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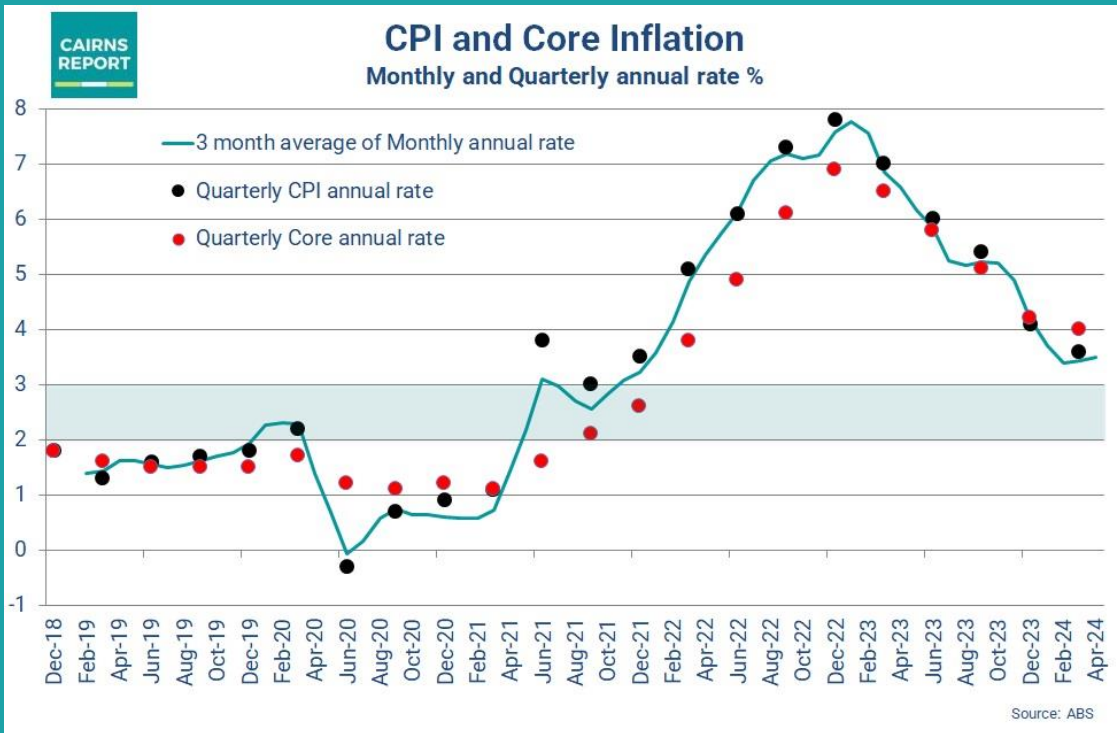
Agribusiness



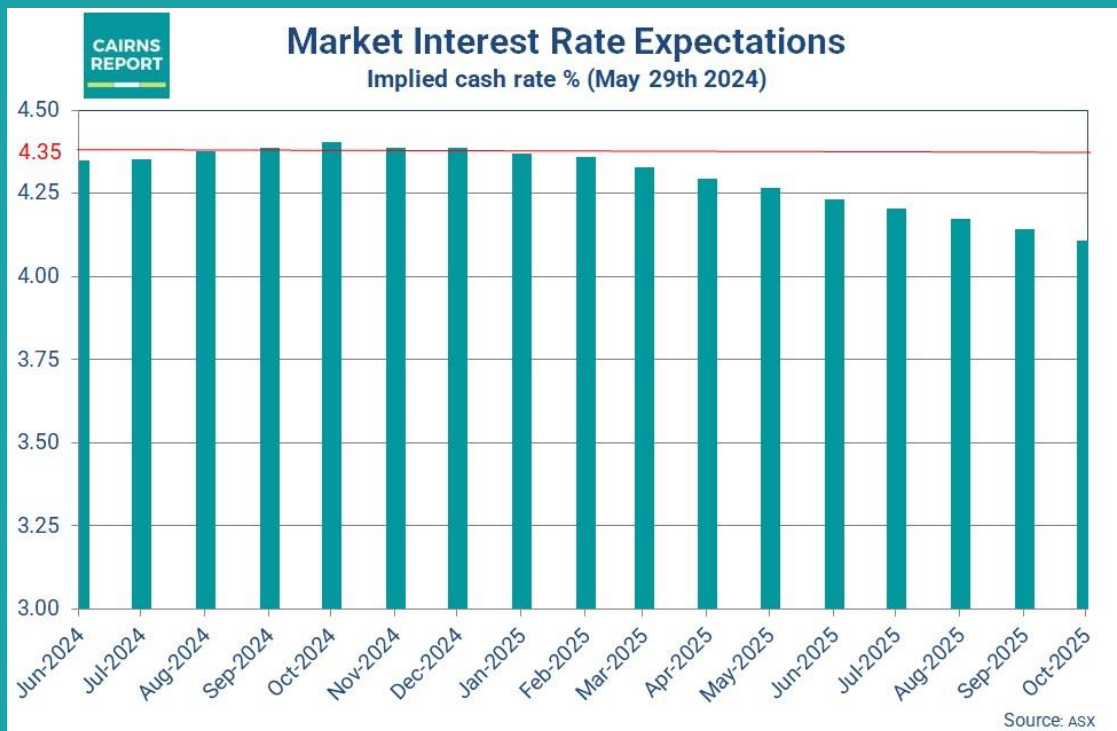
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This month, on the back of some more benign inflation data in the US and Treasury’s projections for inflation outlined in the recent Budget the markets have moved to a slightly more dovish stance. However, the most recent monthly CPI data (April) highlighted that the drift lower in inflation has certainly slowed, and as a result the markets have once again moderated their expectations of future rate cuts. Any chance of a 25bps reduction in the RBA’s Cash Rate target by the end of this year has been fully discounted by the market, with a cut now only seen as a 50% likelihood by the middle of 2025.





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Although the actual number of building approvals improved in March, the seasonally adjusted Trend continues to show a steady decline.

The Trend has fallen each of the past 6 months and now sits almost 22% below its level of a year ago at just 72. Across Queensland approvals are similarly weak, down 17% for the year. Most of the reason for the decline in Cairns has been the almost complete lack of unit approvals since something of a surge back in the second half of

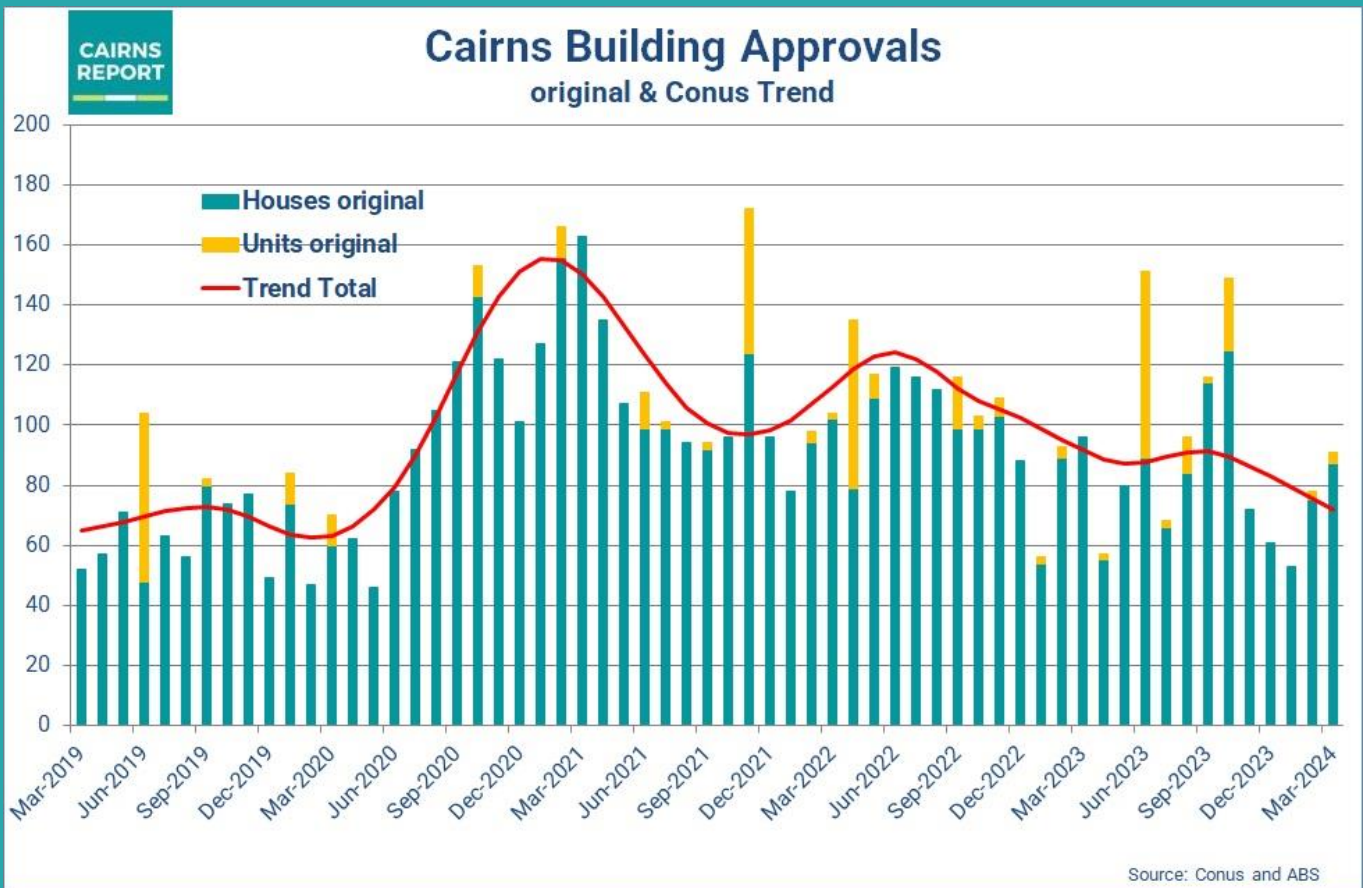
last year. In the five months to October 2024 there were a total of 102 unit approvals; in the five months since October there have been just 7!

## HOUSES

▼ -21.8%

Building approvals change year-on-year

Trend approvals for March = 72





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PROPERTY

Both house and unit median prices have hit new record highs in May. Median house prices hit \$580,000 and are up 21% for the year.

Unit prices too have seen solid growth, albeit at not quite the pace of houses, and are up 16% for the year at \$346,000. The brief dip that we saw earlier in the year on the back of the floods and other seasonal factors is well and truly in the rear-view mirror.

## MEDIAN PRICES

▲ **\$346,000** ▲ **\$580,000**  
 UNITS HOUSES  
 +16% y/y +21% y/y

Source: SQM Research



## RENTAL VACANCY RATE

The rental vacancy rate has fallen again in March to just 0.7% which highlights the continued tightness of the rental market in Cairns.

Barring December last year, we have now seen the rental vacancy rate no higher than 1% for a full three years; the average over the past 3 years has been just 0.75%.

0.7%

APRIL '24

0.9%

APRIL '23

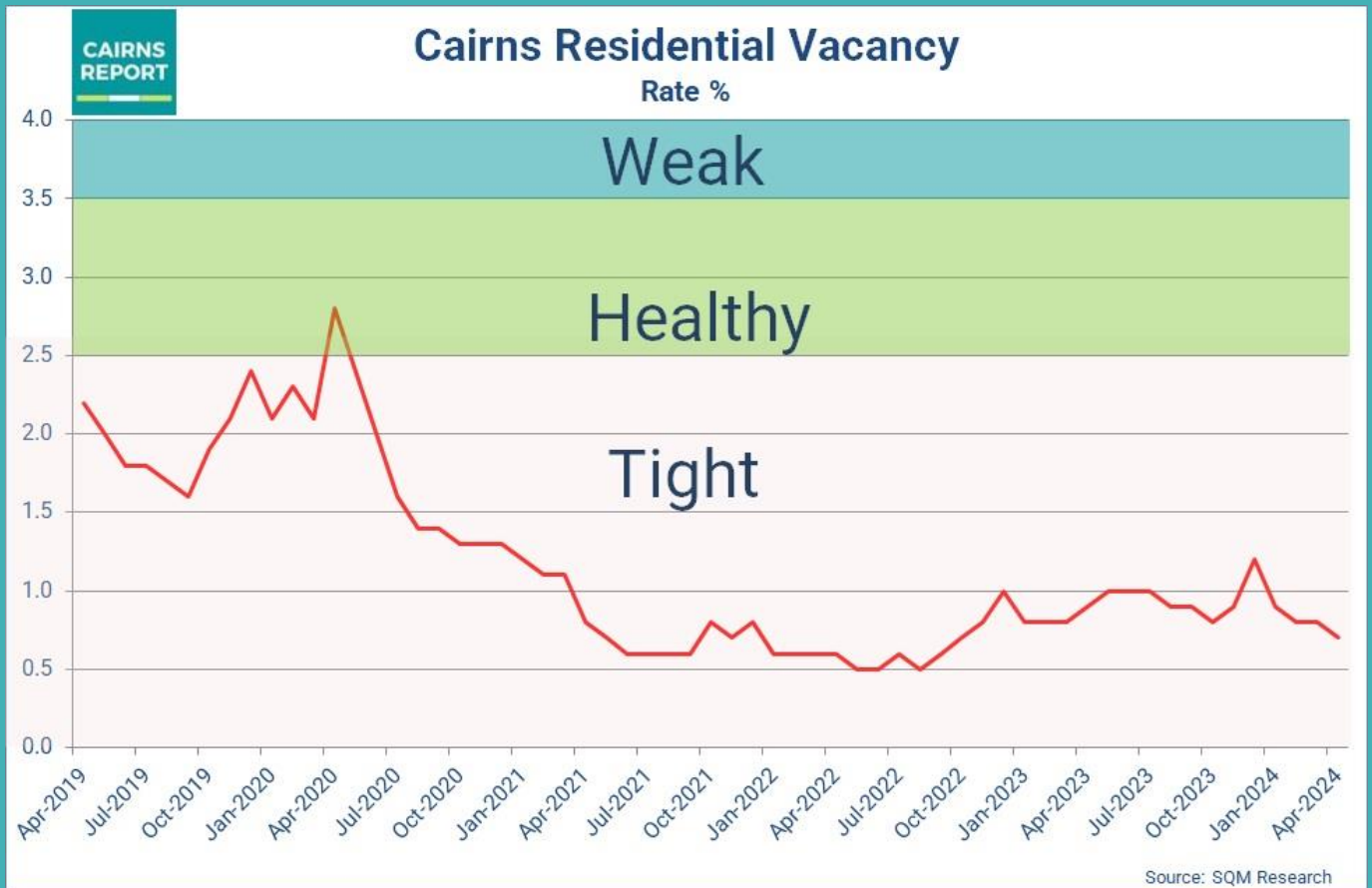
0.9%

APRIL '21

2.4%

APRIL '19

Source: SQM Research



When we see such a tight rental market it will come as no surprise to see rents continuing to move ahead.

3-bedroom houses have seen rents increase by 17% this year while 2-bedroom units are up 10%. Despite the tightness in the accommodation market, both of these trends appear to be seeing some resistance to moving significantly higher than \$570pw (for 3-bedroom houses) and \$450pw (for 2-

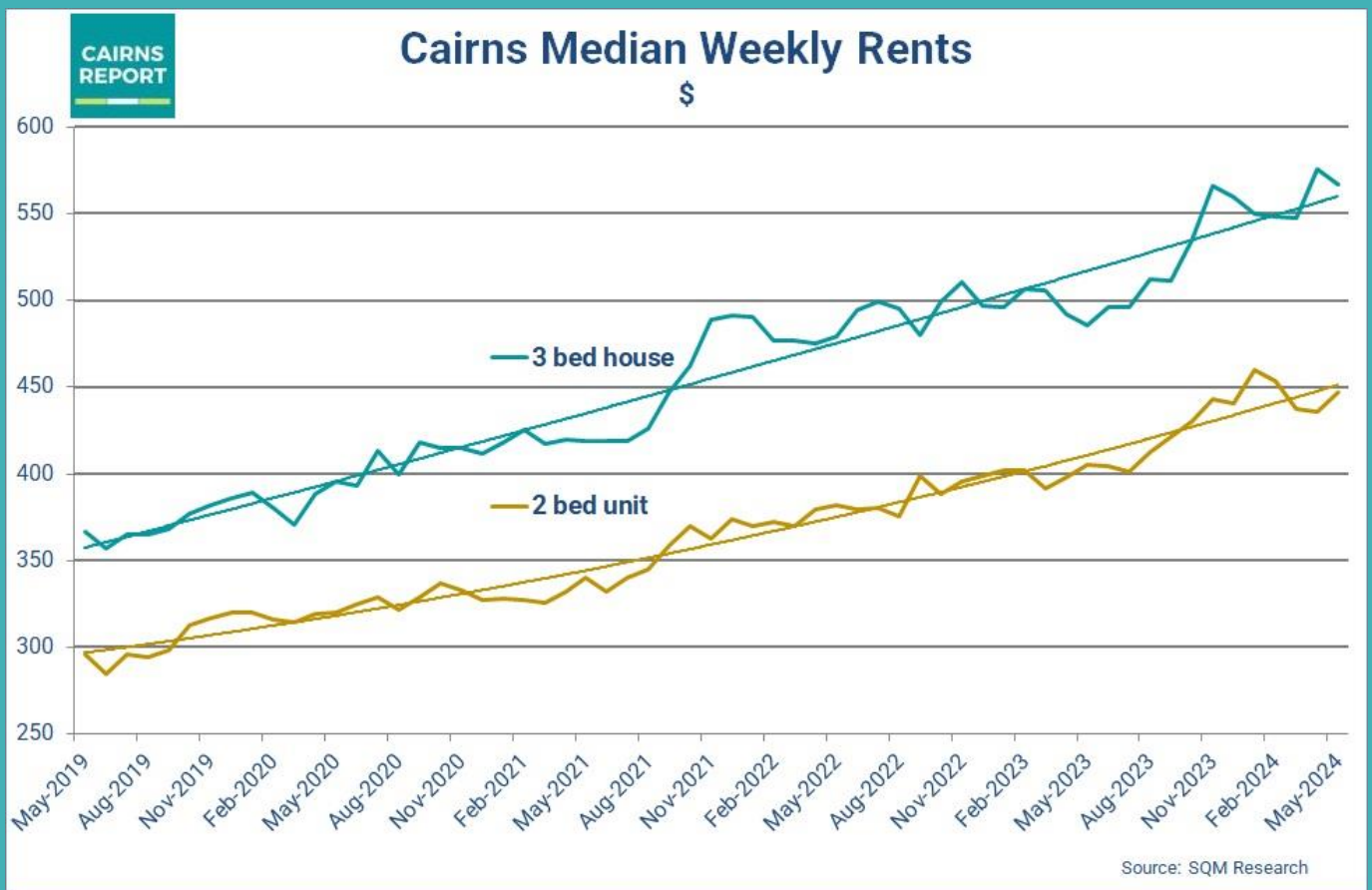
bedroom units). With population continuing to grow, interest rates unlikely to rise any further, and sale prices strong it seems only a matter of time before we see those resistance levels breached.

## MEDIAN RENTALS

▲ **\$447**  
UNITS p/w  
+10% y/y

▲ **\$567**  
HOUSES p/w  
+17% y/y

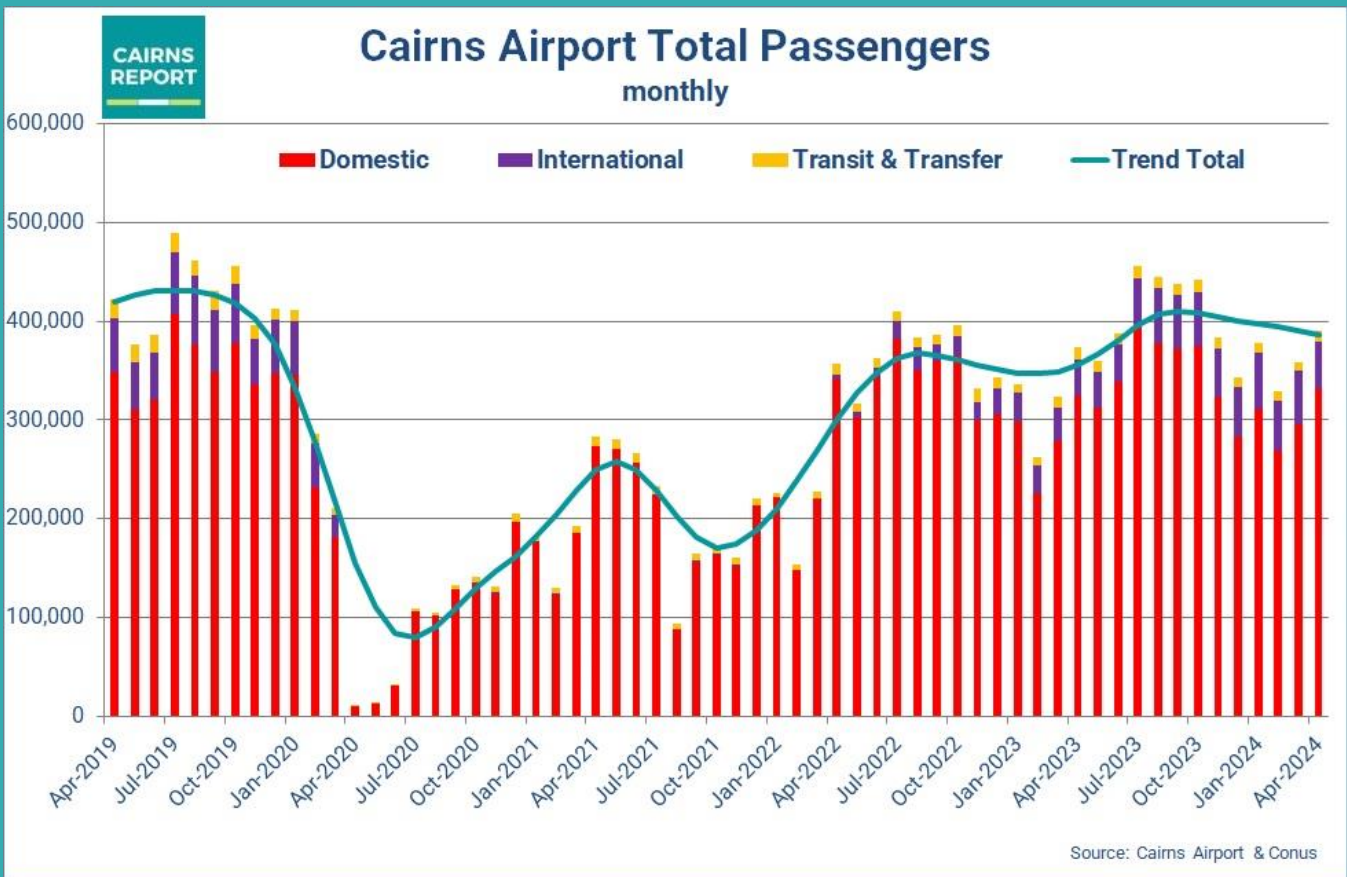
Source: SQM Research



The most recent data from Cairns Airport for April shows the number of domestic passengers up from earlier in the year and a little higher than in the same month last year. Overall, over the course of the past 12 months the Airport has seen 3.9% more domestic passengers than a year ago and we are close to 4 million over the 12 months. The previous high for a 12-month period was towards the end of 2018 when we hit 4.3 million. International numbers fell slightly in April, but the 12-month total is now very close to

**PASSENGERS**  
**422,000** ▼ **390,073**  
 APRIL '19 APRIL '24

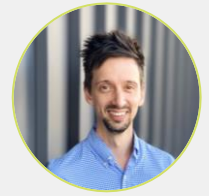
600,000 which is almost 100,000 below the record high seen in 2019. Overall, the Trend series has continued to show a slight decline in recent months, although a solid performance in May (perhaps on the back of some good take-up of the increased Singapore Air capacity on their A350) is likely to see that Trend revised upwards as the seasonal effects of the floods dissipate.





While the recent budget offered some individual tax savings, the Cairns region didn't see substantial direct benefits.

With the government continuing to spend beyond its income, our short-term prospects largely depend on local initiatives, subject to any election promises from the state government election to be held in October. Although ongoing disaster repair stimulus provides some relief, our economic fate remains intertwined with broader macroeconomic conditions. Hopefully, the cost-of-living relief measures can sustain tourism.



Michael Wilson  
PVW Partners



How's the market? Everyone I see in every type of setting asks me. At dinner with friends, sitting with people looking to sell, at the supermarket, buying a coffee... literally everywhere. I don't mind at all, not even in the slightest.

I imagine I only get asked because I should have some sort of opinion (or it's a more interesting topic than talking about the rain).

The thing is, I suspect I answer differently one day, one week, one month to the next at the moment.

January to March I would have said it has definitely slackened off a bit. By mid April to early May we were in the midst of the best run of sales we have ever had... and in early June we have just listed more high-end homes than we have ever had before.

At current count we have 7 properties listed for over \$2 million and to coincide with this there are 22 more currently for sale, which is about two years of supply (13 sales in 2023, 7 recorded year to date). The top end of the market (\$1.7m+) feels pretty good so time will tell if we have the buyers to match the stock levels.



Nicholas Slatyer  
Belle Property  
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As building approvals continue to show a steady decline, median prices for houses and units have hit new record highs in May.

With rental stress continuing due to extremely low vacancy rates, there seems to be no end in sight to a situation where there is insufficient supply to meet the growing demand for housing in our region.

Unfortunately, this is likely to be exacerbated by the fact that the Federal Budget failed to deliver any new money to critical infrastructure projects in Far North Queensland. These infrastructure projects are crucial if there is any hope in meeting demand in the medium to long term and addressing the lack of housing supply.

Without additional funding for more water infrastructure, a number of local governments including Douglas Shire Council, Cairns Regional Council and Tablelands Regional Council run the real risk of being unable to meet the growing needs of their communities.

Without a new water supply, Cairns faces the possibility of a drinking water shortage by 2026. Water is one of the most important issues facing the newly elected Douglas Shire Council and issues associated with water security are closely tied to food security on the Tablelands.

Without adequate water infrastructure and the necessary funding for essential infrastructure projects, any efforts to alleviate the current housing crisis in Far North Queensland are likely to be short-lived.



Vanessa Maruna  
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