

MARCH 2026



CAIRNS ECONOMIC MONITOR



SNAPSHOT

As had been widely expected (and as flagged in our last issue) the RBA hiked the Cash Rate target by 25bps to 3.85% at their February meeting. Inflation remains too sticky for the Bank's liking and their own forecasts now suggest that inflation may not return to the middle of their 2-3% target range until early in 2028... if that is the case we can certainly expect further rate hikes during this year.

The deteriorating trend in building approvals across the region continues to be a source of concern. In an already chronically tight accommodation sector, the fact that approvals are declining rather than significantly increasing should be ringing alarm bells at all levels of government. Trend approvals (when adjusted for the exceptional Woree units) are now perilously close to a 6-year low.

Monthly CPI data for January confirmed the reality that inflation remains sticky, which is broadly in line with recent expectations of the Reserve Bank. Headline CPI was unchanged in January at 3.8%, and the Trimmed Mean measure of core inflation edged slightly higher to 3.4% (although the actual increase was from just 3.34% to 3.36%). The fact that there was no decrease (as some had hoped for) will cement the fact that further rate rises are very much live options.

The Trend unemployment rate in Cairns fell in January and now sits at 4.5% with another 400 people added to the total employed. Cairns was the only region in Queensland to enjoy a decline in the unemployment rate this month which once again highlights the relative underlying robustness of the labour market.



BUILDING APPROVALS

TREND APPROVALS

↓ **114**
DEC 2025

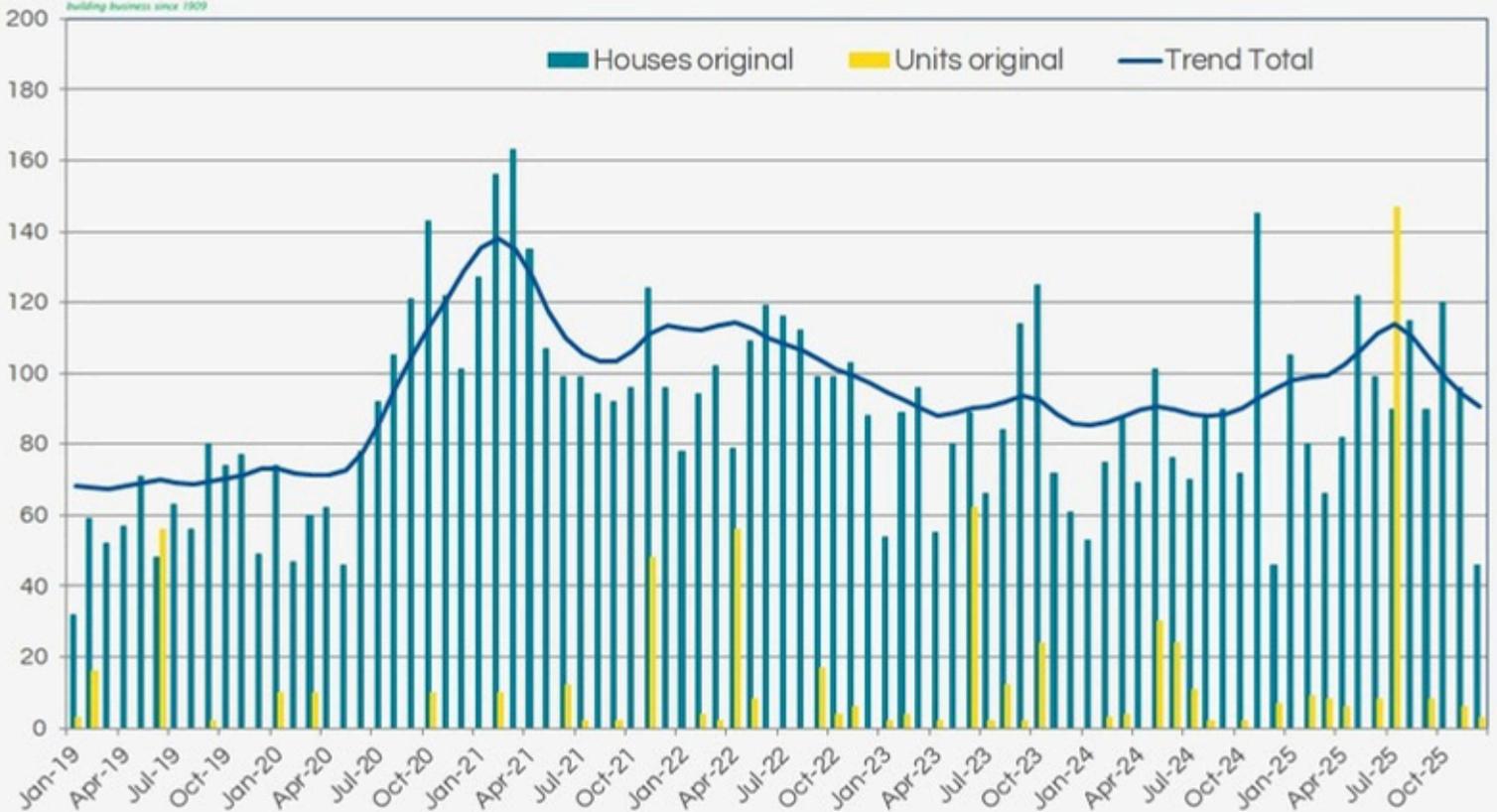
TREND RATE OF APPROVALS

↓ **19.0%**
year on year

As we have been doing for the past few months, we will continue to report on building approvals data in both its unadjusted (i.e. including the 468 Woree affordable housing units) and adjusted form (i.e. excluding those Woree units).

The unadjusted Trend series for December has (as expected after such a large distortion), moved significantly lower this month. The unadjusted Trend now sits at 114. When we adjust for the Woree units, we also see a decline to just 91 trend approvals in December. While December is historically a weak month for approvals, the fact that the seasonally adjusted trend series now sits at its lowest level since October 2024, highlights the problem that still exists in the accommodation sector.

Cairns Building Approvals (adj for Woree units) original & Conus Trend



Source: Conus based on Australian Bureau of Statistics

As expected, we will see these two series converging as time goes on. Until then we will continue to monitor both adjusted and unadjusted series.

We can only continue to make the point that the current chronic shortage of accommodation in the region will persist and indeed is set to get worse as regional population growth continues apace, if we do not see a very significant pick-up in the level of approvals in the near to medium-term.

There is no silver bullet fix to the problem, but governments at the Federal, State and Local levels need to consider what levers they are able to pull to facilitate some form of resolution. Those levers may be in the form of planning schemes, building regulations, apprenticeships, approvals costs or enabling infrastructure. Without action, our accommodation crisis will simply get worse.

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Photo credit: Tourism Tropical North Queensland

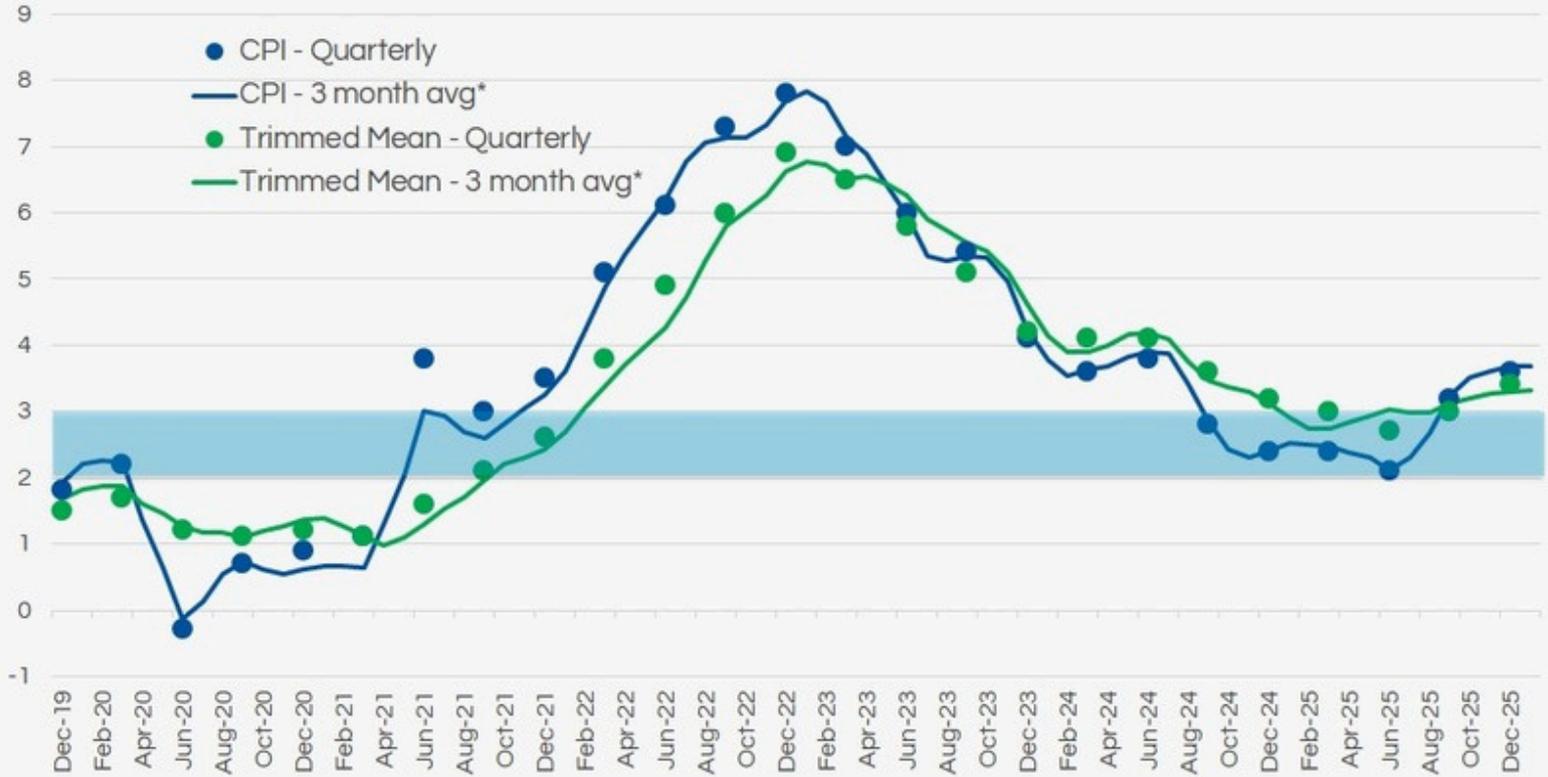
INFLATION & INTEREST RATES

The ABS's new Monthly read on inflation will, eventually, supplant the quarterly data. However, for now the RBA have said their focus will remain more on the quarterly numbers as the new monthly series 'beds down'. The data for the March quarter will be released in late April.

The January monthly data showed headline monthly CPI steady at 3.8% and the Trimmed Mean core inflation measure increase to 3.4% from 3.3% in December (although in actuality the increase was only from 3.34% to 3.36%). This read on core inflation is broadly in line with the RBA's expectations expressed in the Minutes from their February meeting when they raised the Cash Rate by 25 bps to 3.85%. At that meeting the RBA noted that their "central projection for trimmed mean inflation now peaked at 3.7 per cent in mid-2026".

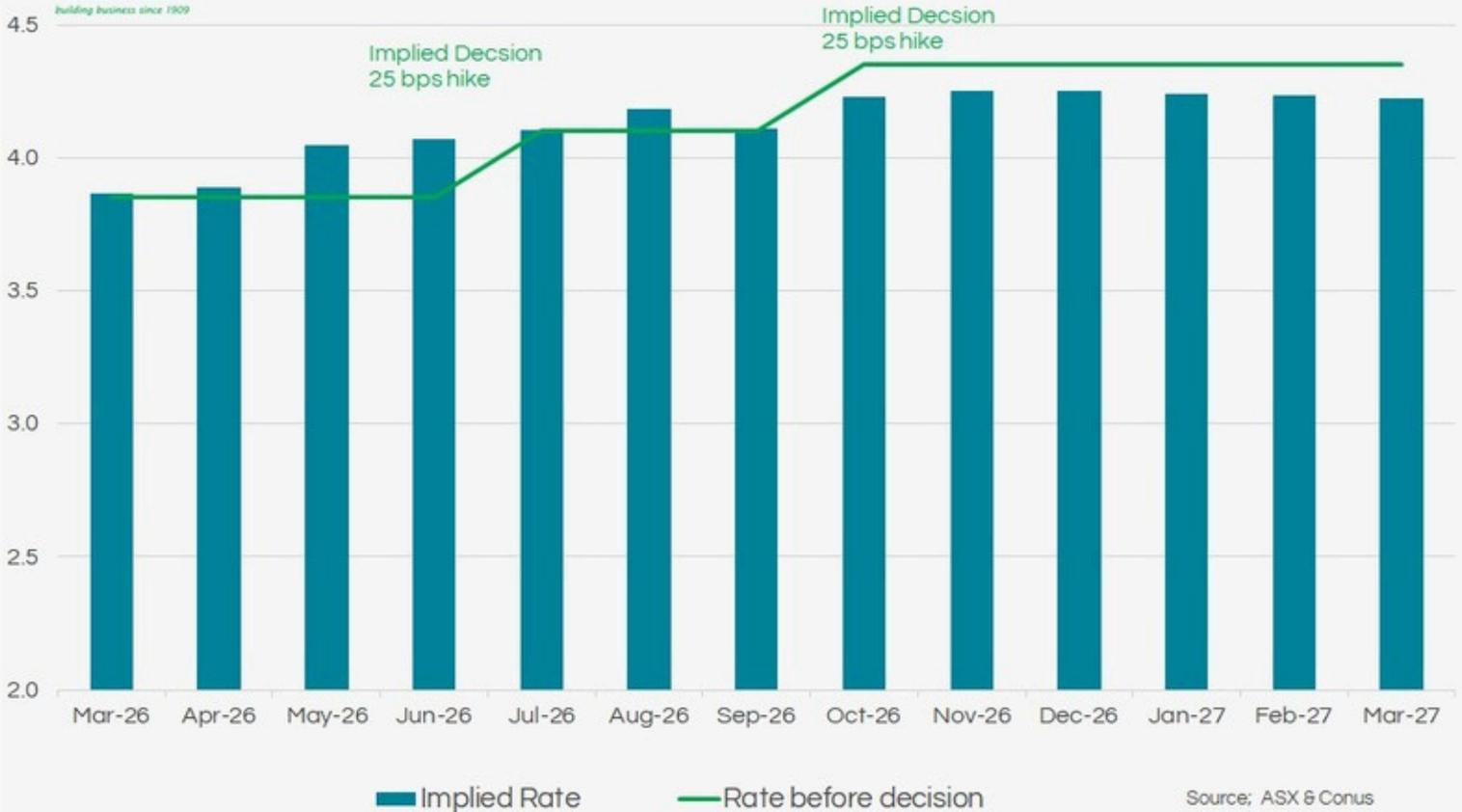
The core inflation data is unlikely to materially alter the RBA's thinking and as a result we are expecting a further 25 bps hike at the May Board meeting when they will have had a chance to consider the quarterly inflation data which will have been released a week before.

CPI & Trimmed Mean Inflation % annual rate



* From April 2025 CPI and Trimmed Mean annual rates are the new Monthly CPI data released by the ABS in Nov 2025 Source: ABS

Cash Rate Futures Implied Rates % & RBA Decisions



Source: ASX & Conus



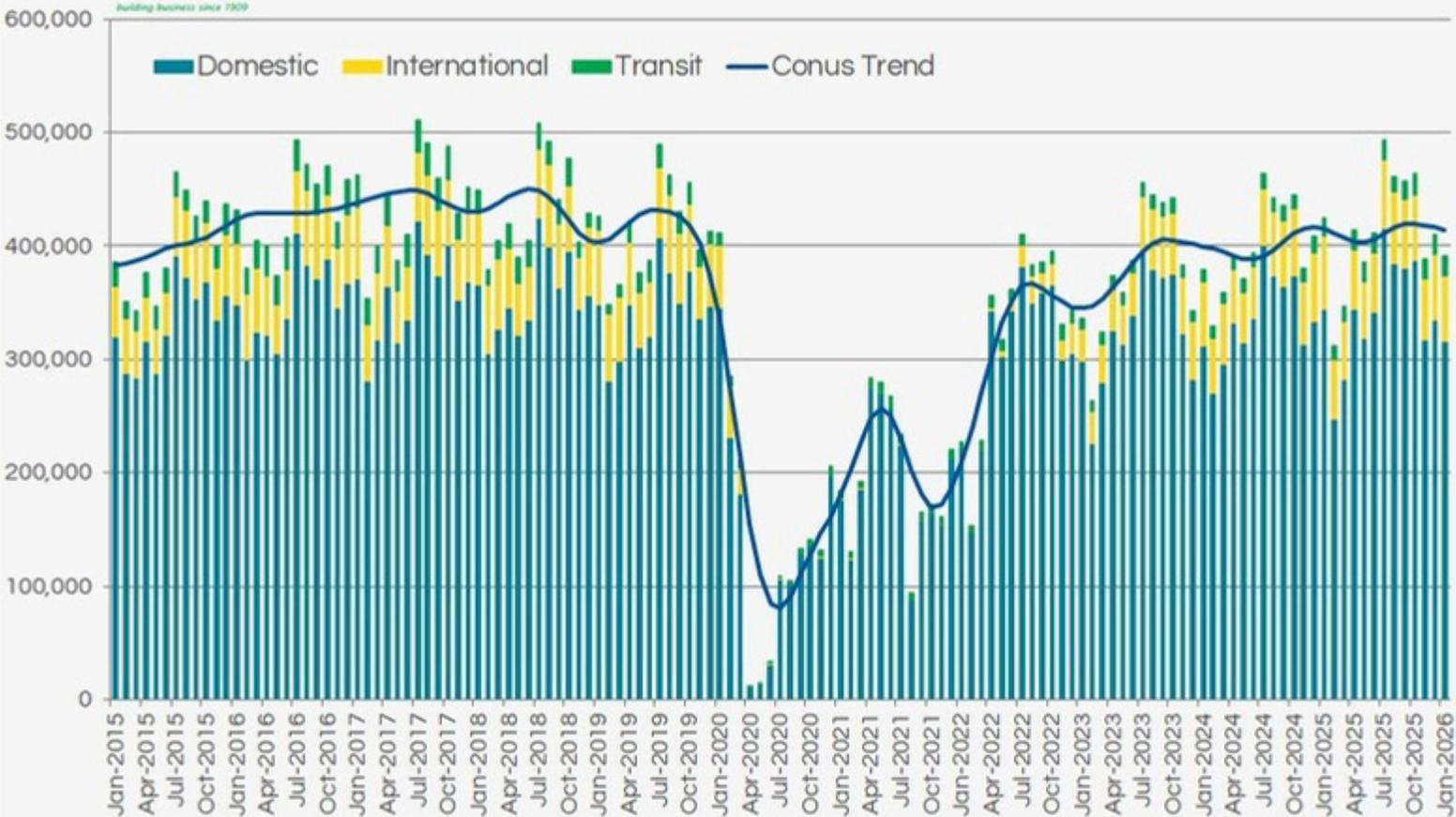
Photo credit: Tourism Tropical North Queensland

TOURISM

For the third consecutive month the Trend number of passengers through Cairns Airport fell in January and are now down 0.4% from a year ago. The weakness is coming from the domestic sector where Trend passenger numbers are down 0.7% from a year ago (the first annual decline in 15 months) while international passenger numbers continue to improve, up 11.7% for the year.



Cairns Airport Total Passengers monthly



Source: Cairns Airport & Conus

Although this ongoing recovery in international numbers is encouraging, the fact that domestic passenger numbers appeared to have stalled at about 4.1 million for the year (which is some 200,000 below the peak seen in the months before COVID) will no doubt be causing some concern within the sector.

We will have to wait until later in March before we get official tourism data for the final quarter of 2025. However, our own regression modelling based on a series of more timely tourism-based data sets suggests that domestic tourism expenditure will have increased slightly to \$3.48 billion (from an estimated \$3.31 billion in the Sept quarter) while international expenditure remains unchanged at \$1.14 billion.

Photo credit: Tourism Tropical North Queensland

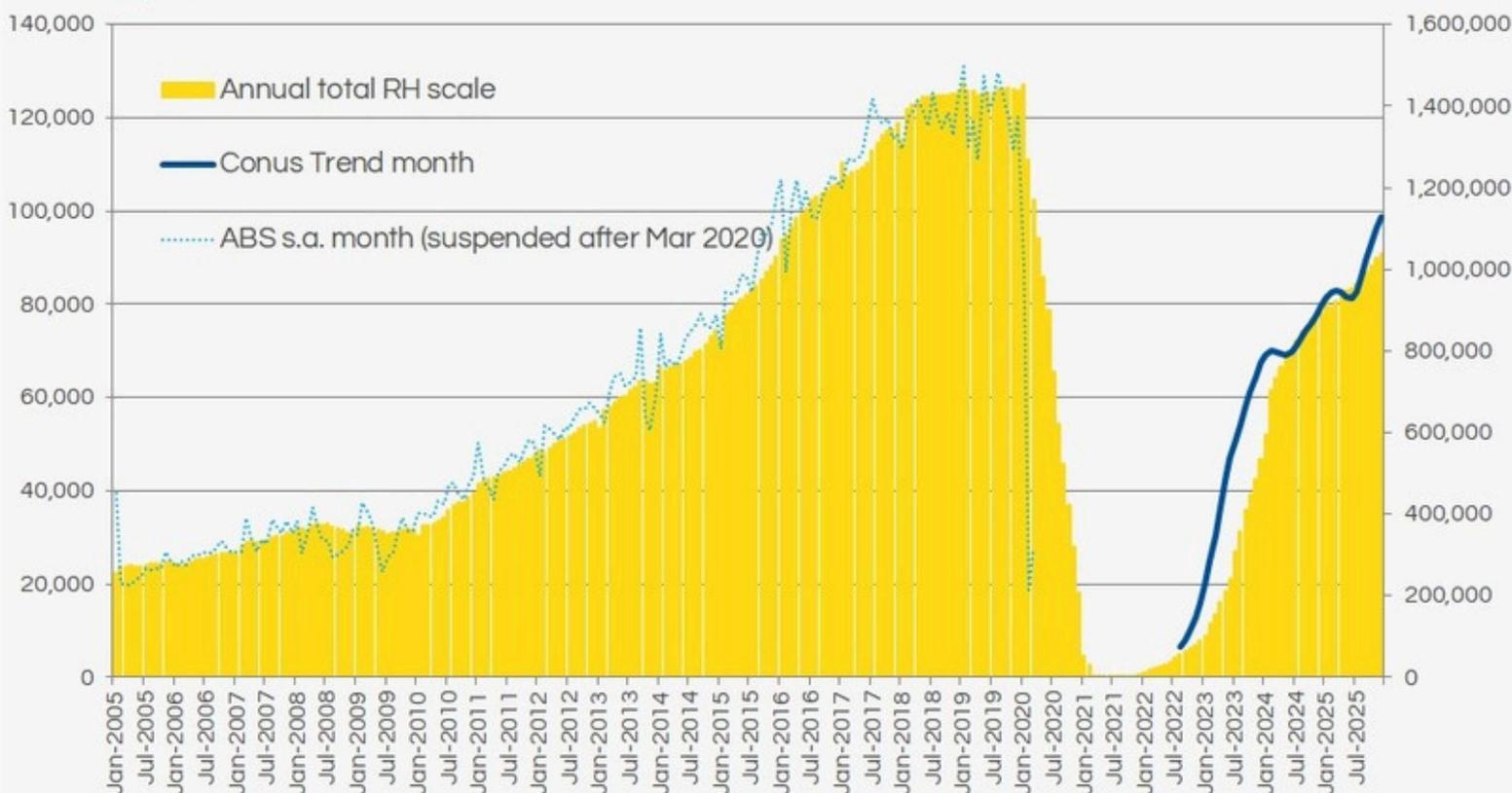


We need to note that the release of the December quarter data will be the first time that we have a view of the actual domestic tourism expenditure data using the new DoTS methodology. We are fully expecting that the quarterly figures we have been estimating for all of 2025 will be significantly revised once we have the official data. As we move beyond the 2025 data we will have full access to domestic expenditure data each quarter.

Chinese visitation into Australia continues to recovery strongly, although numbers remain approximately 25% below their pre-COVID highs seen in the middle of 2019. While we do not yet have access to up-to-date data for Chinese visitors into Tropical North Queensland, the fact that Trend Chinese arrivals grew by 24% across Australia in 2025 is likely to have also been reflected in some solid grow in our region.



Chinese Visitors to Australia



Source: Australian Bureau of Statistics



LABOUR MARKET

Employment

Trend employment growth picked up in January with another 400 added to the number in work. This takes the annual rate of growth to 0.9%. While this is the fastest pace of growth since the middle of last year it remains well below the almost 3% rate 18 months ago. For the past few years we have been watching the changing structure of the Cairns labour market.

PEOPLE EMPLOYED



↑ **14,705,800**

Last month 14,681,100



↑ **3,013,400**

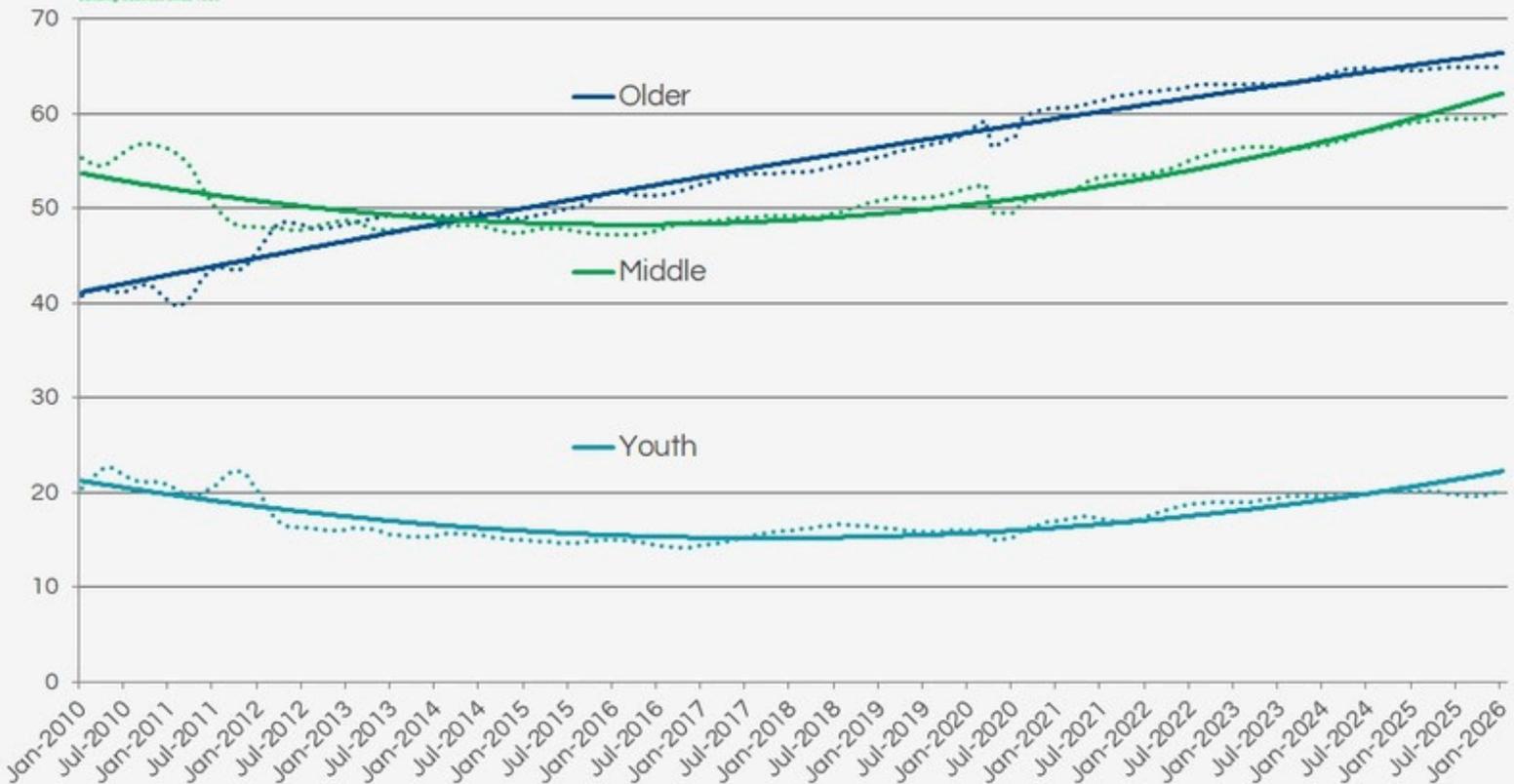
Last month 3,013,700



↑ **145,100**

Last month 144,700

Not only have we seen a huge increase in the number of females employed, but the age breakdown of those employed has also seen major changes. As the chart makes clear in the past 12 years we have seen those over 45 years become the largest single cohort of workers while the youth sector has remained largely static. More recently in the past 6 months the pace of growth of middle-aged workers has picked up significantly and it now sits at 1.5% annually, well above the total pace of just 0.9%.



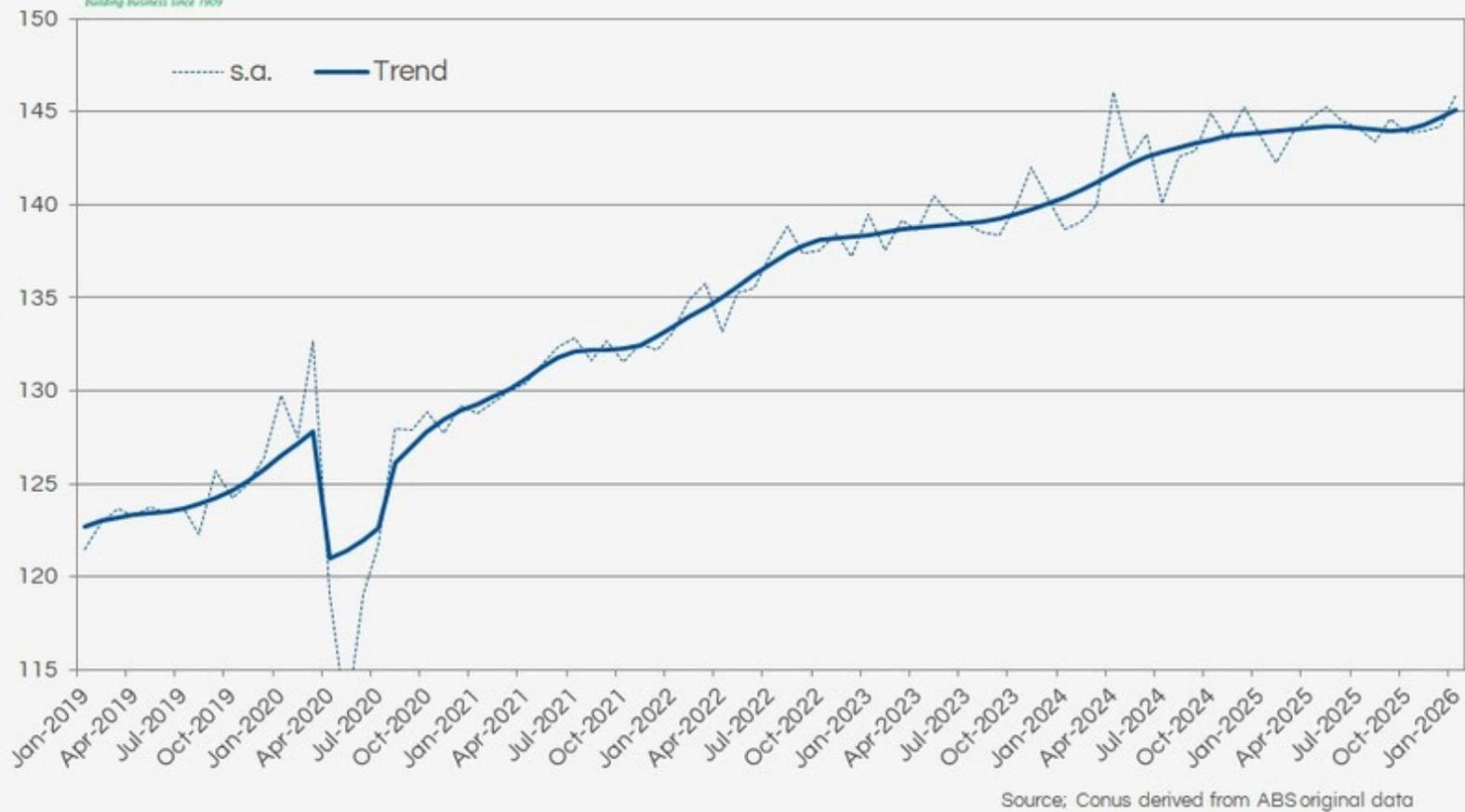
Source: Australian Bureau of Statistics and Conus/CBC Staff Selection

Over the past year the ABS has made several changes to the way that labour market data for regions is calculated and presented. Those changes have almost uniformly been extremely positive. However, a recent change means that monthly regional data on part-time and full-time employment will now only be available on a much more lagged basis. Therefore, until such time as the ABS improve this data set, we will be unable to track part- and full-time employment on a regular monthly basis.

The number of JobSeekers continues to increase across the country and in January the number claiming climbed by a touch more than 6,000. The Trend across the Nation is up 7.1% for the year, it's up 6.7% across Queensland, but is only up 2.2% for the year in Cairns.

The Trend figure for Cairns increased slightly in January having fallen in each of the previous three months. Once again, this series suggests a continued relative underlying robustness within the Cairns labour market.

Cairns Employment Conus/CBC Staff Selection s.a & Trend '000s

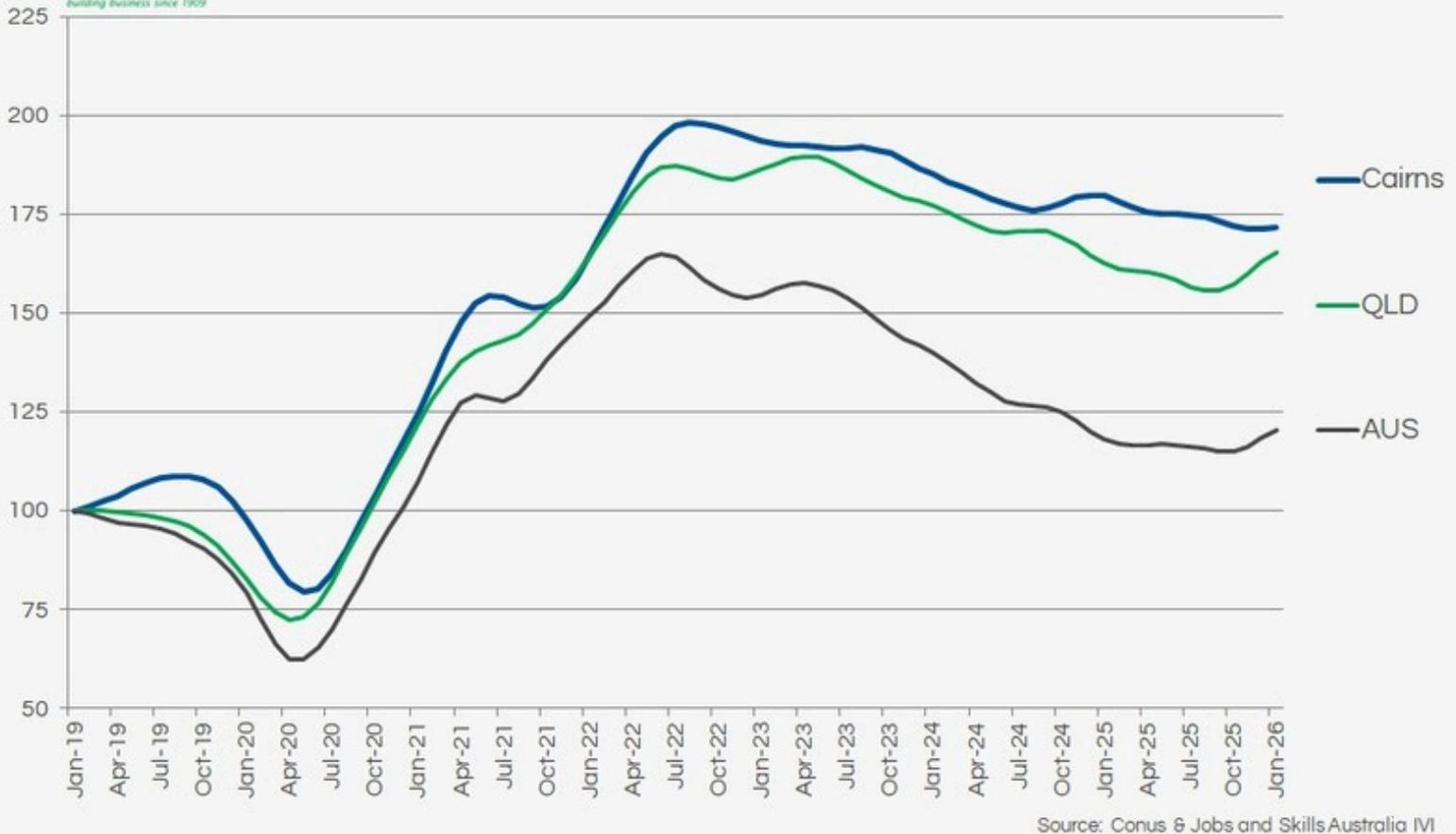


Trend employment growth in Queensland picked up a little in January to 1.2% y/y with 6,700 added to the number in work, although this remains well below the pace of growth seen throughout the early part of 2025. Encouragingly the pickup in employment growth has come from full-time employment, which had been declining though the last quarter of 2025.

A similar story holds true at the national level. Trend employment across Australia grew by 24,700 in January to take the annual pace of growth to 1.2% which is its fastest pace since September last year. Almost 20,000 of that increase came in the form of full-time positions. Although we have seen a clear easing in labour market conditions over the past 12 months, conditions remain robust and this pace of employment growth was one of the factors which nudged the RBA into their current tightening cycle.

Online Job Vacancies

Conus Trend Index (Jan 2019 = 100)



Online Job Vacancies data continues to show the Cairns region underperforming the State and National figures. Vacancies in Cairns are now down 4.3% for the year while they are up 1.6% in Queensland and 2.0% across the country. Part of the reason for this worse performance is the fact that Cairns had been doing so much better through the early part of 2025 and taken over the past 3 years Cairns has still done better than both State and Nation.

Nevertheless, this more recent weakness does point towards a gradual easing in labour market conditions in the region. Quarterly data on Total New Vacancies (which includes estimates of vacancies beyond those posted online) confirm this somewhat weaker performance in Cairns in recent months.

Townsville | Innisfail | Cairns | Darwin

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Unemployment

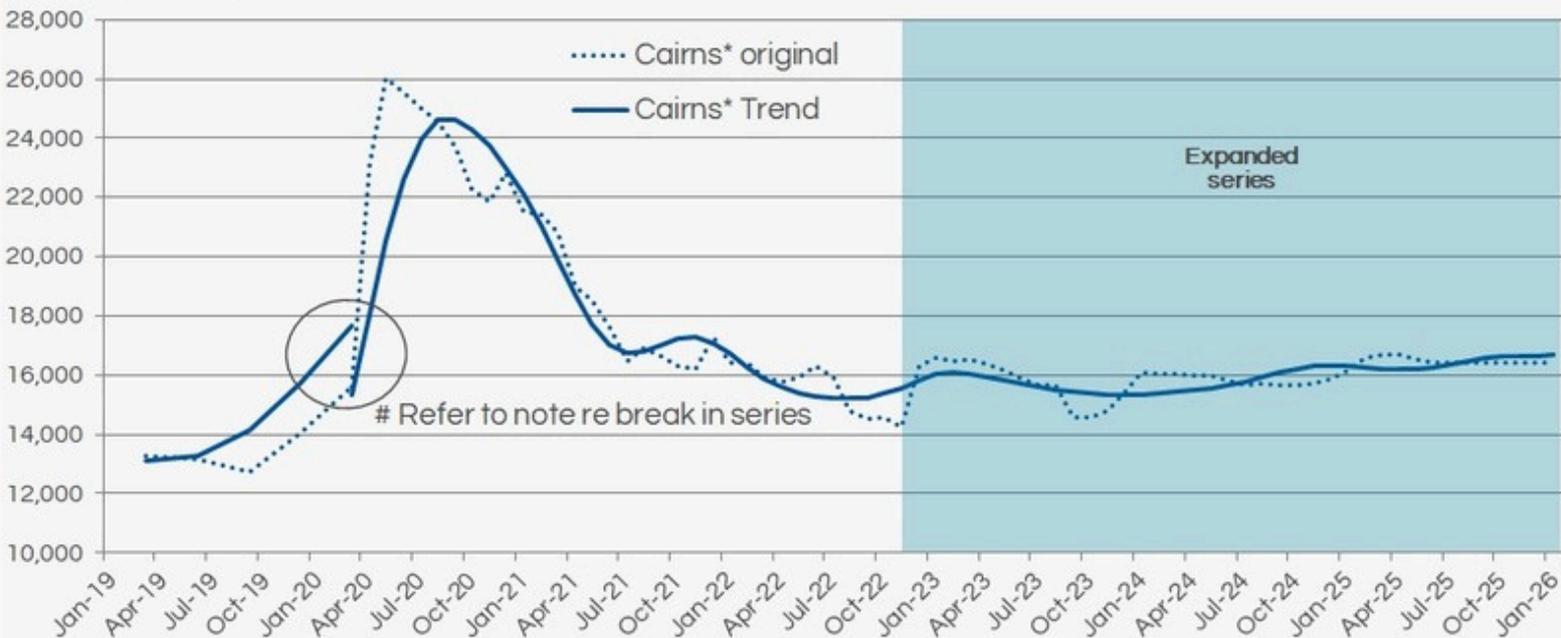
With the pace of employment growth picking up a little and an additional 1,000 people employed in the past 5 months, we have seen the Trend unemployment rate in Cairns moving lower. That continued in January with the unemployment rate now down to 4.5% which is its lowest level since March last year and Cairns was the only region in Queensland where the Trend unemployment rate fell in January.



The JobSeeker data for Cairns points to a continuing robustness in the labour market. Indeed, the pace of growth of JobSeekers in Cairns, at just 2.2% y/y, is the slowest of any region in Queensland.



Jobseekers #
Conus/CBC Staff Selection series

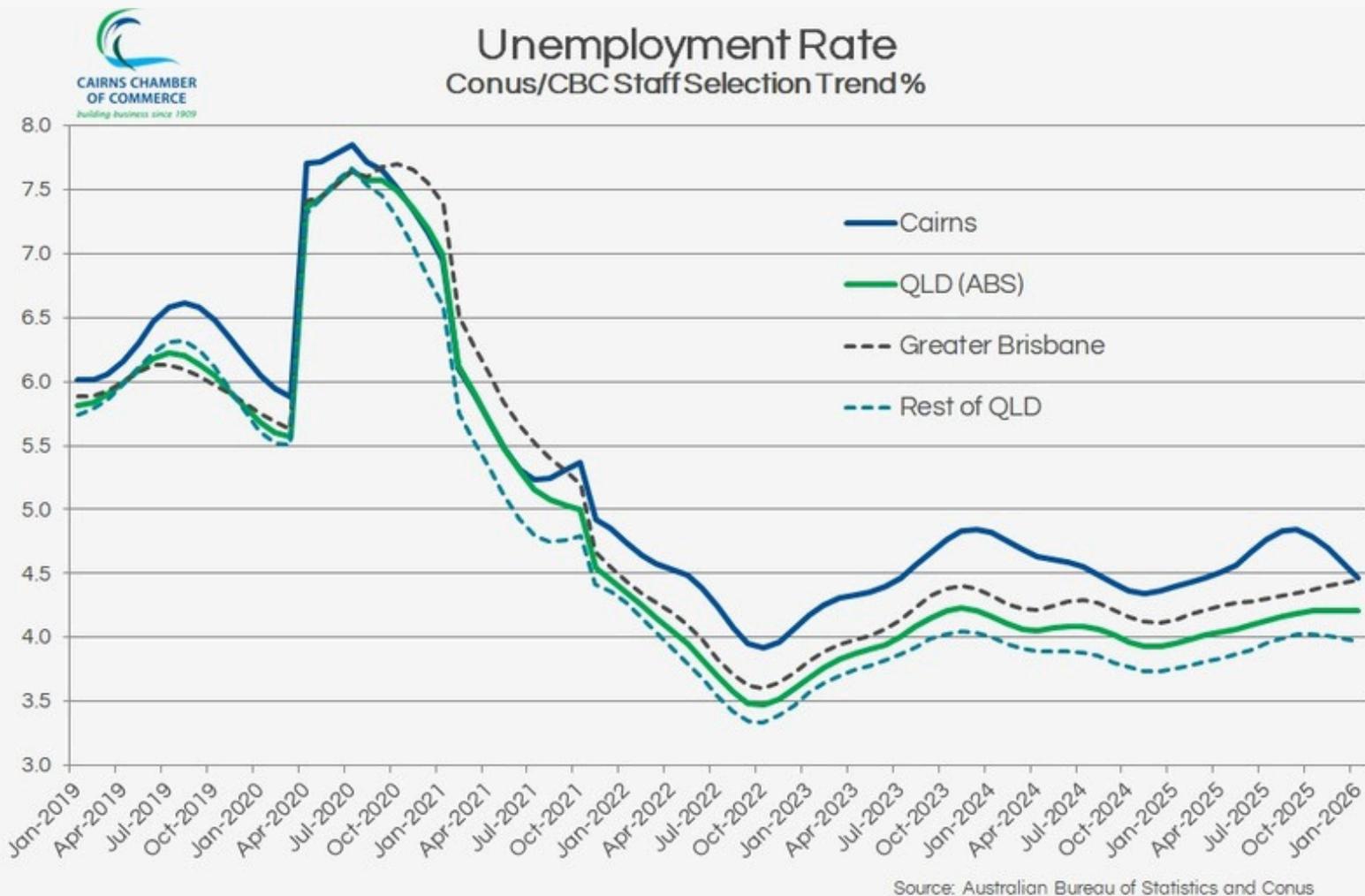


Before Mar 2020 'Jobseekers' related to recipients of Newstart or Youth Allowance who were looking for work; from Mar 2020 onwards it is all JobSeeker recipients. From Dec 2022 the DSS have been using an 'Expanded' series which includes recipients who are current but on zero rate of payment and those who are suspended from payment.
* Prior to July 2017 areas relate to Dept of Social Service totals for various Service Zones; after that date they relate to the sum of SA4 regions constructed from constituent SA3 regions. The Service Centres may not align precisely to the SA4 regions so caution should be taken in comparing data before and after July 2017

Source: Conus derived from Dept Social Services

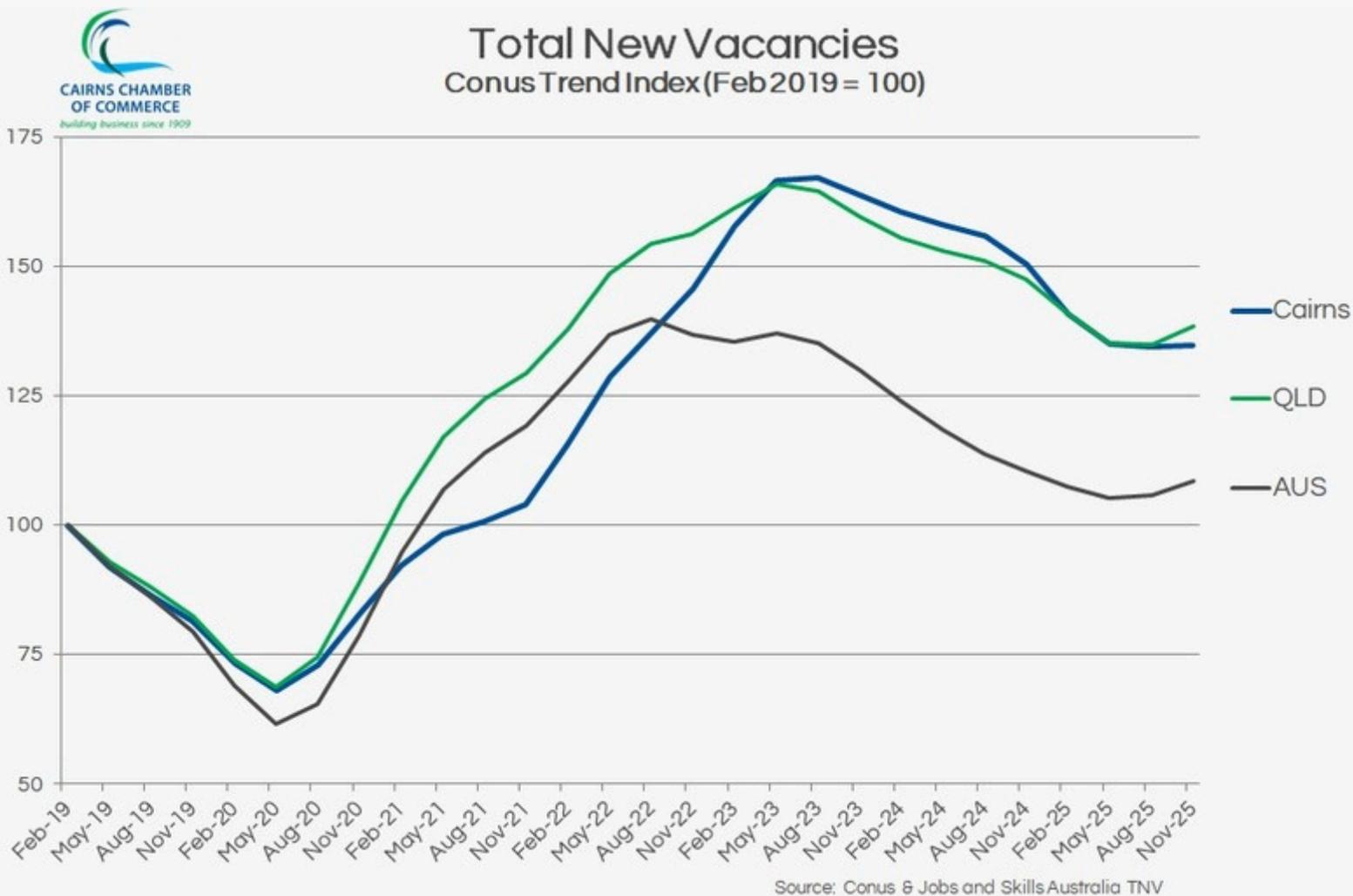
This is a much slower pace of growth than in either Queensland (+6.7% y/y) or Australia (+7.1%). Townsville's JobSeekers are growing at 4.4% y/y which is the second slowest growth across the State and highlights once again the underlying strength in the Northern labour market.

Queensland's Trend unemployment rate remained unchanged at 4.2% (after an upward revision from 4.1% in December) and while there has been a very gradual move higher since the start of 2025, it is also true that the Trend unemployment rate has been in a band between 3.9% and 4.2% for 34 consecutive months, and has been stable at 4.2% for the past 6 months. The high levels of participation in Queensland (about which we have extensively commented on in previous issues) remain. It is this strength in participation which is keeping the unemployment rate from falling despite the slight pickup in employment growth noted above.



Across Australia the resilience of the labour market is on full display. The Trend unemployment rate fell in January to 4.1% and now sits at its lowest level since April 2025. After having shown clear signs of easing throughout 2025, when the unemployment lifted from 4.0% to 4.3%, the past few months have seen it declining again. Part of the reason for this has been a slight easing in the participation rate, but it remains true that the Australian labour market is still doing well.

In the Minutes from their last Board meeting the RBA state, "the unemployment rate had been lower than expected and measures of underemployment were historically low. The staff's overall assessment was that the labour market was a little tighter than consistent with full employment".





REAL ESTATE

Even though the interest rate cycle has clearly moved into a tightening phase, the pace of real estate price growth in Cairns appears to be continuing unabated. In particular house prices remain very strong with the median rising more than 15% over the year and now sitting at \$789,000; it is likely only a matter of time before we breach the \$800,000 median price barrier.

This is extraordinary when we consider that we only breached \$600,000 as recently as mid-2024! Unit prices have eased a little in recent months but remain up 10% for the year. We noted last month that the divergence between unit rent and unit price growth could signal that there was rather more potential upside in unit prices; this month's data only makes that conviction firmer.





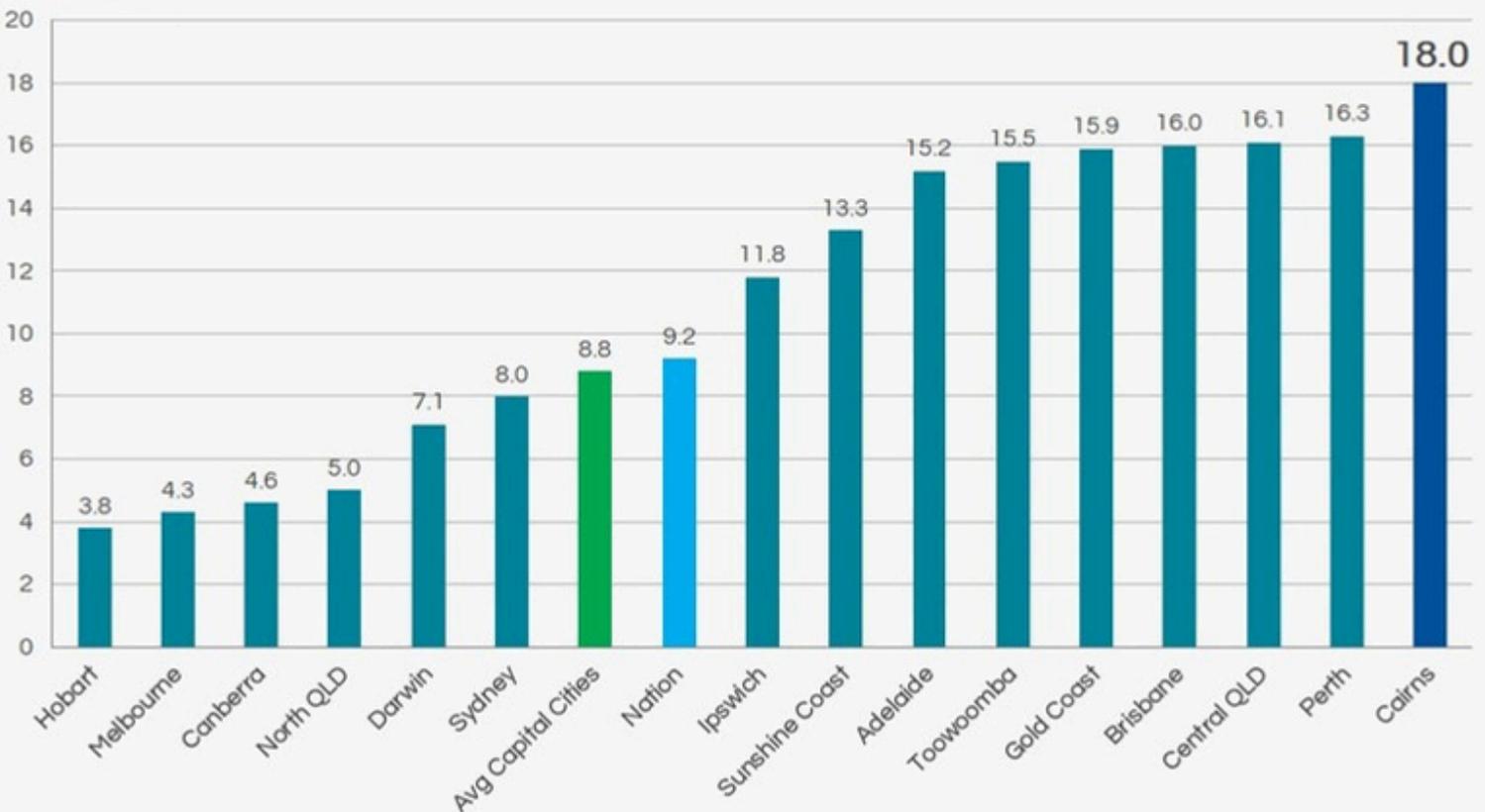
Real Estate Prices Cairns region \$000s



Source: SQM Research



Real Estate Prices 3 yearpa%



Source: SQM Research

Given what we have written above it should come as no surprise that Cairns continues as one of the best performing real estate markets in the country. Compounding growth over the past three years is now running at 18% pa. This equates to a median price increase over the three years of 64% and is well ahead of the national average of 9.2% pa (or 30% over three years).

Over the past seven years the price gap is smaller, but Cairns (+11.3% pa) is still ahead of the national average (+9.5% pa). Even when considering the past ten years Cairns (+7.2% pa) is now only a little behind the national average (+7.8% pa).

After a series of incremental moves higher in recent months, the rental vacancy rate in January has been stable at 1.1%. This remains a historically low level of vacancies and, once again, highlights the problem the region faces with accommodation availability.

VACANCY RATE

→ **1.1%**
Previous month 1.1%

MEDIAN RENTALS

2-bed unit
\$548 p/w
+ 7% y/y

3-bed house
\$636 p/w
+ 4% y/y

Photo credit: Tourism Tropical North Queensland





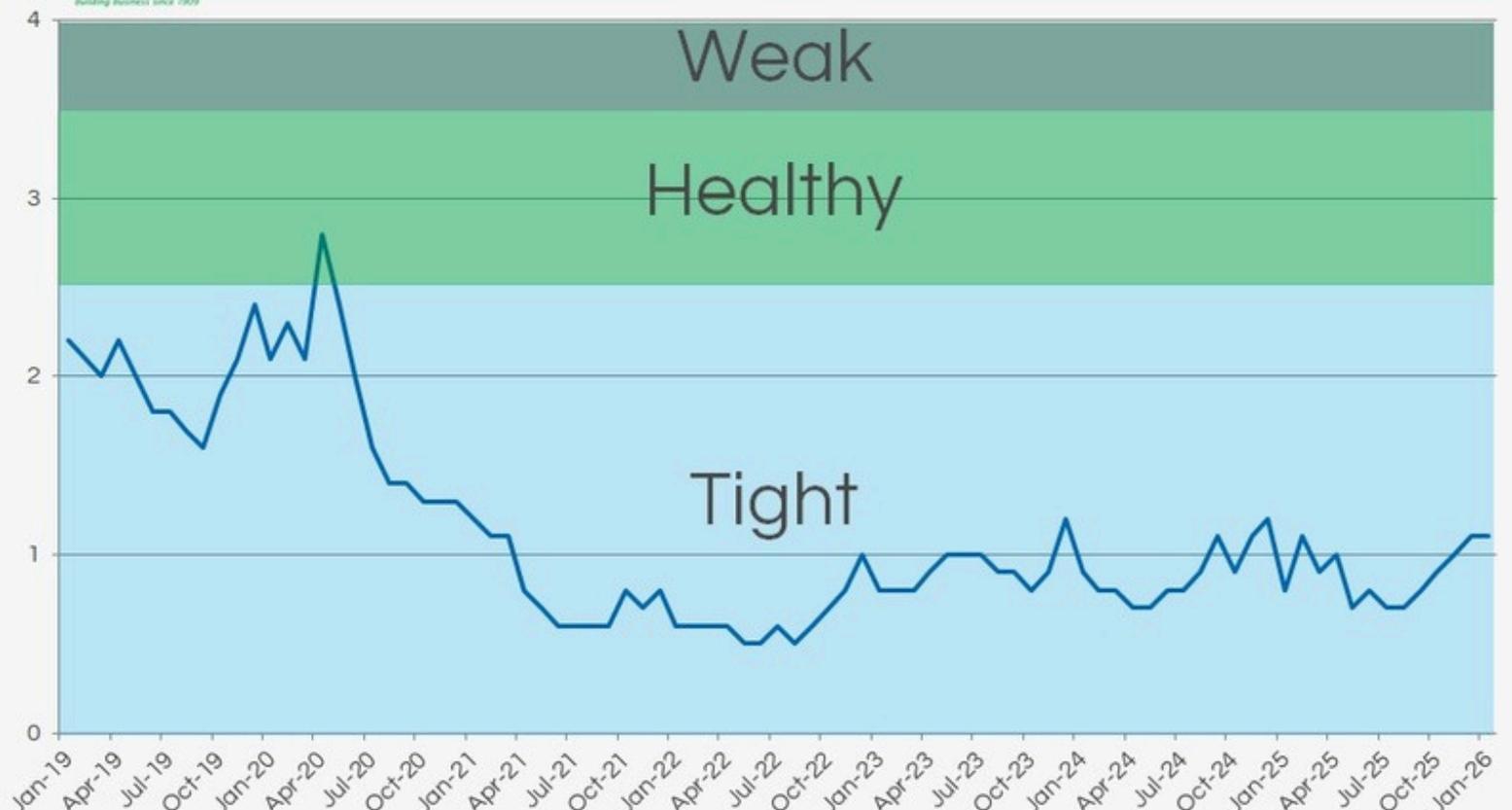
Cairns Median Rents \$pw



Source: SQM Research



Cairns Residential Vacancy Rate %



Source: SQM Research



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A WORD FROM OUR SPONSORS

“ As we mark International Women’s Day this month, we recognise the vital role women play in the economic strength of Far North Queensland. Across tourism, healthcare, education, marine industries, agribusiness and small business, women are driving innovation, building resilient enterprises and supporting local employment. Female entrepreneurs are diversifying the regional economy, while women in leadership strengthen governance and long-term growth. Wishing everyone in our region a happy International Women’s Day as we celebrate these important contributions. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“ Cairns continues to see encouraging growth in international passenger numbers, reinforcing confidence ahead of the upcoming peak tourist season. The rebound reflects strengthening demand across key Asian and European markets. However, emerging geopolitical tensions, particularly in the Middle East, present a degree of uncertainty. Disruptions to major European flight routes to Australia could influence travel patterns and shift domestic tourism flows. While higher fuel prices may add some cost pressure, prolonged conflict and airspace disruptions would pose a greater risk to visitation levels. The region remains well positioned, but global stability will play an important role in sustaining momentum. ”

Michael Wilson
Partner, PVW Partners

“ The number of properties for sale in Cairns and the surrounding region remains limited. This tight property supply continues to drive prices in an upward direction as competition between buyers remains strong. The new median house price sits at \$789,000, while the median unit price is \$441,000. The recent interest rate rises do not appear to have put a dent in buyer demand. ”

Nadine Edwards
Director, LJ Hooker Cairns Edge Hill





“ At the Cairns Chamber of Commerce, we are proud to deliver to you, our business community, **this March 2026 edition of the Cairns Economic Monitor.**

We have partnered with the highly regarded Pete Faulkner from Conus Business Consultancy Services to produce the all-important economic data of our region. It is crucial for businesses to be armed with the facts, as it offers valuable insights into market trends, consumer behaviour, and industry performance. Access to such data will help you make informed decisions, whether it relates to investments, expansions, or potential growth opportunities.

Understanding the economic landscape will enable you to remain competitive, adapt to changes, and contribute to the overall development of the region's economy.

We sincerely thank LJ Hooker Cairns Edge Hill, PVW Partners and WGC Lawyers for their support in assisting us to produce such a valuable report.

”



Patricia O'Neill
Chief Executive Officer

UPCOMING EVENTS

To Book Your Tickets, Visit www.cairnschamber.com.au/events

MARCH

20
MAR

Annual General Meeting

10.15am - 11.15am
Reef Hotel Casino

20
MAR

Destination Cairns (insights into Tourism & Business Events - March Business Luncheon

11.30am - 2.00pm
Reef Hotel Casino

26
MAR

Business Resilience Series I Resilient Leadership

08.30am - 12.30pm
The Benson Hotel

APRIL

01
APR

Member Orientation Session

09.00am - 10.00am

FNQ Dama Information Session for FNQ Employers

10.00am - 11.00am
Cairns Chamber of Commerce

16
APR

NBN Connects with Microsoft AI Workshop

08.30am - 11.05am
Rydges Esplanade Hotel

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