

AUGUST 2025



CAIRNS ECONOMIC MONITOR

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SNAPSHOT

Cairns building approvals continue to show a slowly improving trend. While the Trend remains well below the level needed to materially impact the ongoing housing shortage, it is certainly encouraging to see this growth (which is outstripping both State and National trends), along with the substantial commitment within the 2025-26 Queensland State Budget towards more social and affordable housing in Cairns.

The markets, most economists (including this one) and even the Treasury were surprised by the RBA's decision at their July meeting to leave the Cash Rate unchanged at 3.85%. The Bank made it clear that they were prepared to wait another month to get inflation data for the June quarter before deciding whether to pull the rate-cut trigger again. That inflation data was released in the last couple of days and shows that both headline and core inflation are now well within the RBA's target. Expect further rate cuts.

We are finally starting to see some sign of the much-anticipated easing in the labour market at the national level- although in Queensland, things remain robust. Cairns labour market continues to impress with particularly strong full-time employment, participation at near-15-year highs and the unemployment rate very stable at 4.3%.

Photo credit: Tourism Tropical North Queensland

LABOUR MARKET

Employment

Trend employment in the Cairns region hit another record high in June adding 500 people to 147,300. While the pace of growth has slowed somewhat in the past 6 months, at 2.1% pa, it remains healthy. June also sees a reversal of some recent declines in the number of people employed in full-time positions.

The Trend series shows 400 new full-time positions filled which takes this metric to a new all-time high with 103,900 people in full-time work across the Cairns region. Full-time job growth now runs at an annual rate of 3.6%, a good deal faster than employment growth generally.

The Participation rate in Cairns moved higher in June, for the fourth consecutive month, to 68.9 and now sits at its highest level since December 2010. This strong participation rate is an indicator of the underlying strength in our labour market, emphasising the impressiveness of such low unemployment rates.

PEOPLE EMPLOYED



↑ **14,637,800**

Last month 14,614,900



↑ **3,012,600**

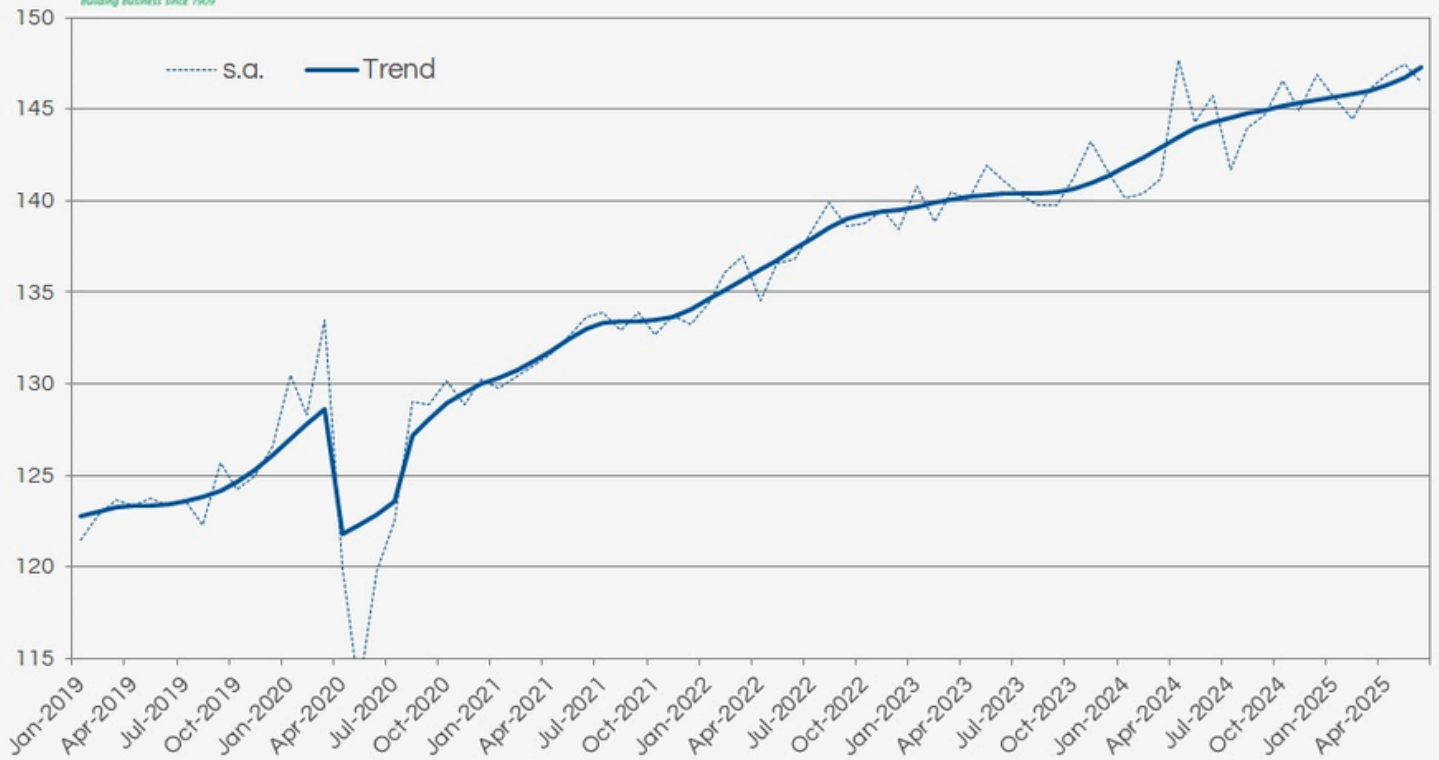
Last month 3,002,300



↑ **147,300**

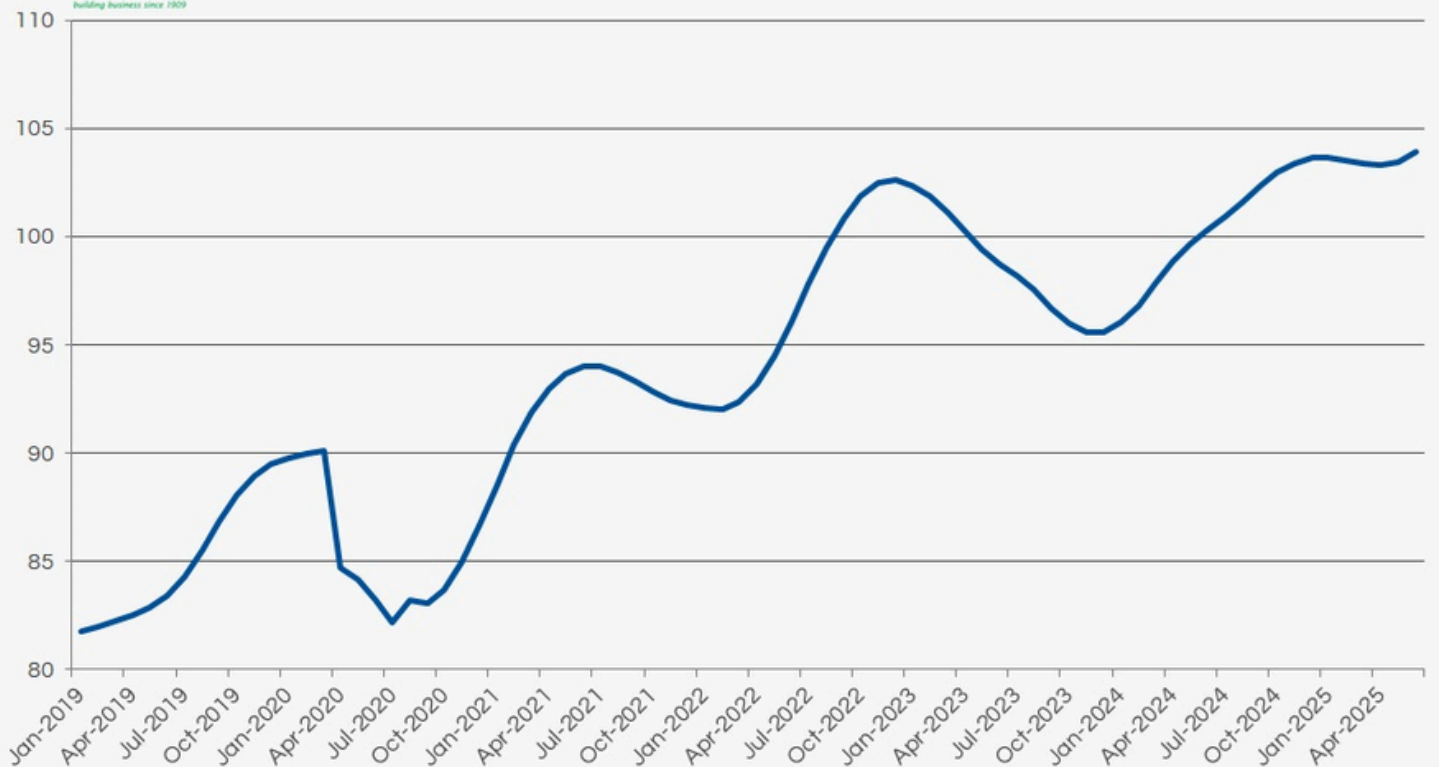
Last month 146,800

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



Source: Conus derived from ABS original data

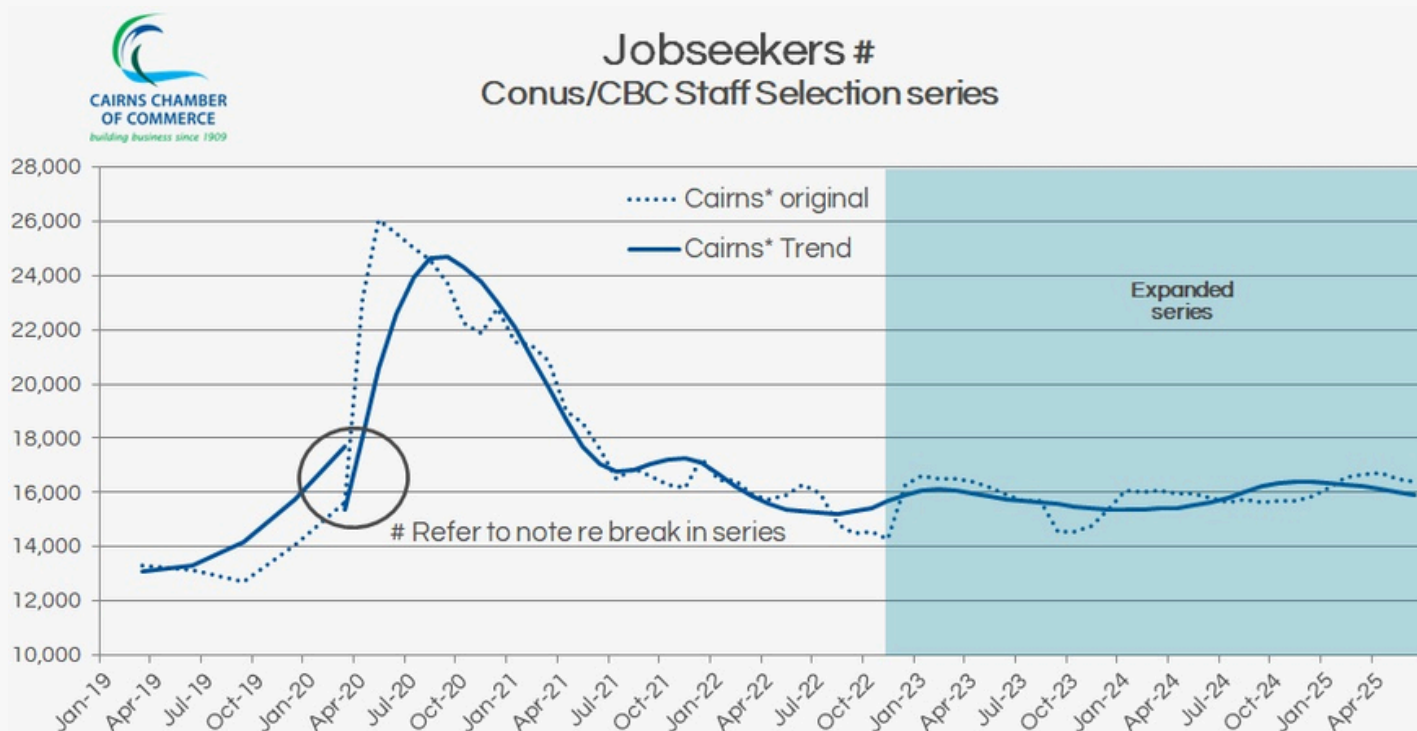
Cairns Full-time Employment Conus/CBC Staff Selection Trend '000s



Source: Australian Bureau of Statistics and Conus

While the state and national level trends for JobSeeker numbers are clearly upwards, here in Cairns we have seen a very gradual move lower in recent months. Over the course of the past 12 months, trend JobSeekers in Australia have lifted by 7.6% and are up 5.4% in Queensland; in Cairns the increase is a much more modest 1.8%. This is the slowest pace of growth in this metric in any region of Queensland and is further testament to the relative strength of our region's labour market.

Trend employment grew by 10,300 in Queensland during June (after a slight downward revision to the May data) which is the largest monthly increase in a year and a half. Annual Trend employment growth has increased to 2.8% which is the fastest pace we've seen since January and is in sharp contrast to the slowing pace of growth seen across the nation. As we noted last month, full-time employment continues to grow at an even faster pace (3.4%) and provides yet another indicator of the robustness of our state's labour market.

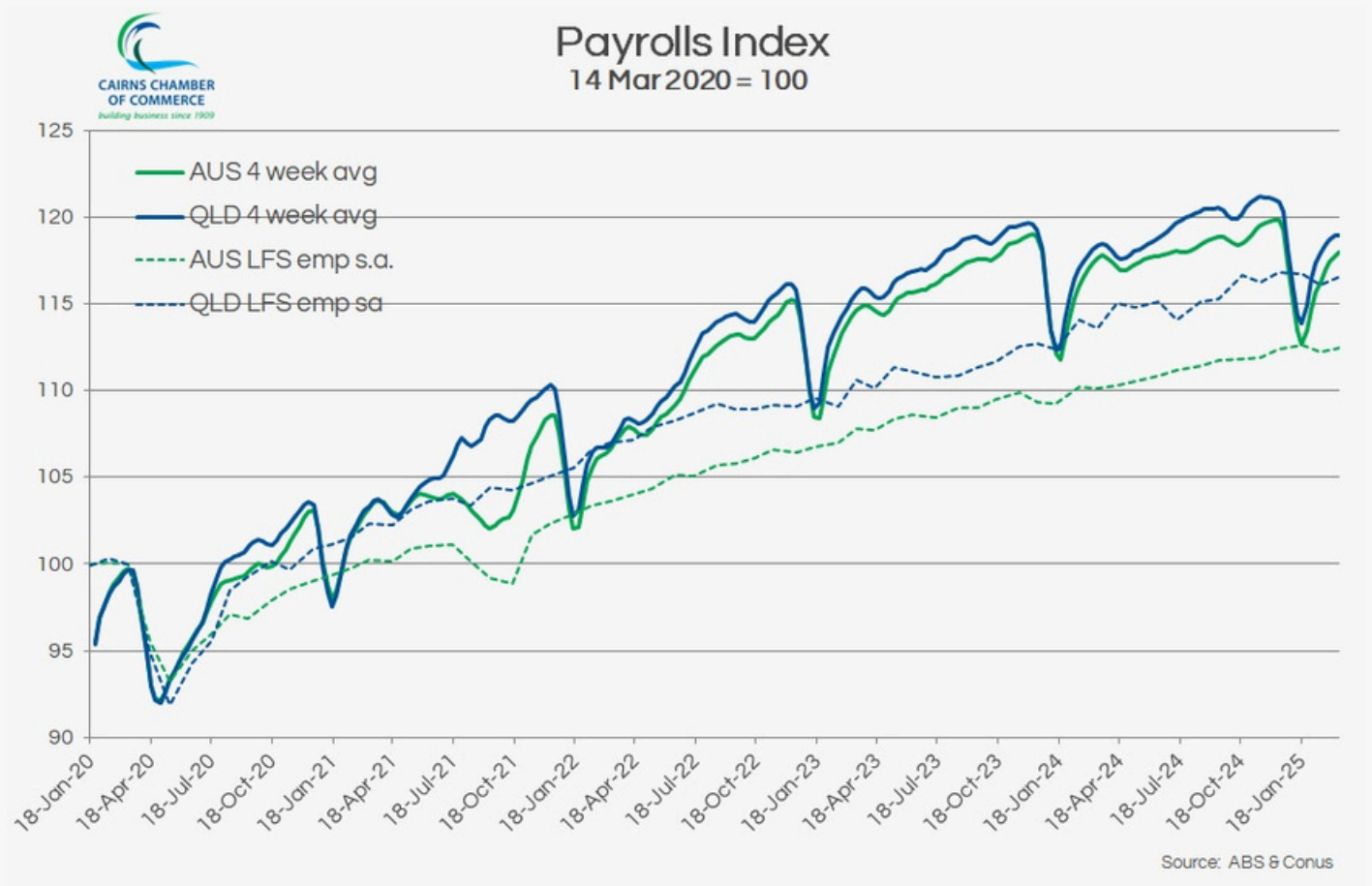


Before Mar 2020 'Jobseekers' related to recipients of Newstart or Youth Allowance who were looking for work; from Mar 2020 onwards it is all JobSeeker recipients. From Dec 2022 the DSS have been using an 'Expanded' series which includes recipients who are current but on zero rate of payment and those 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

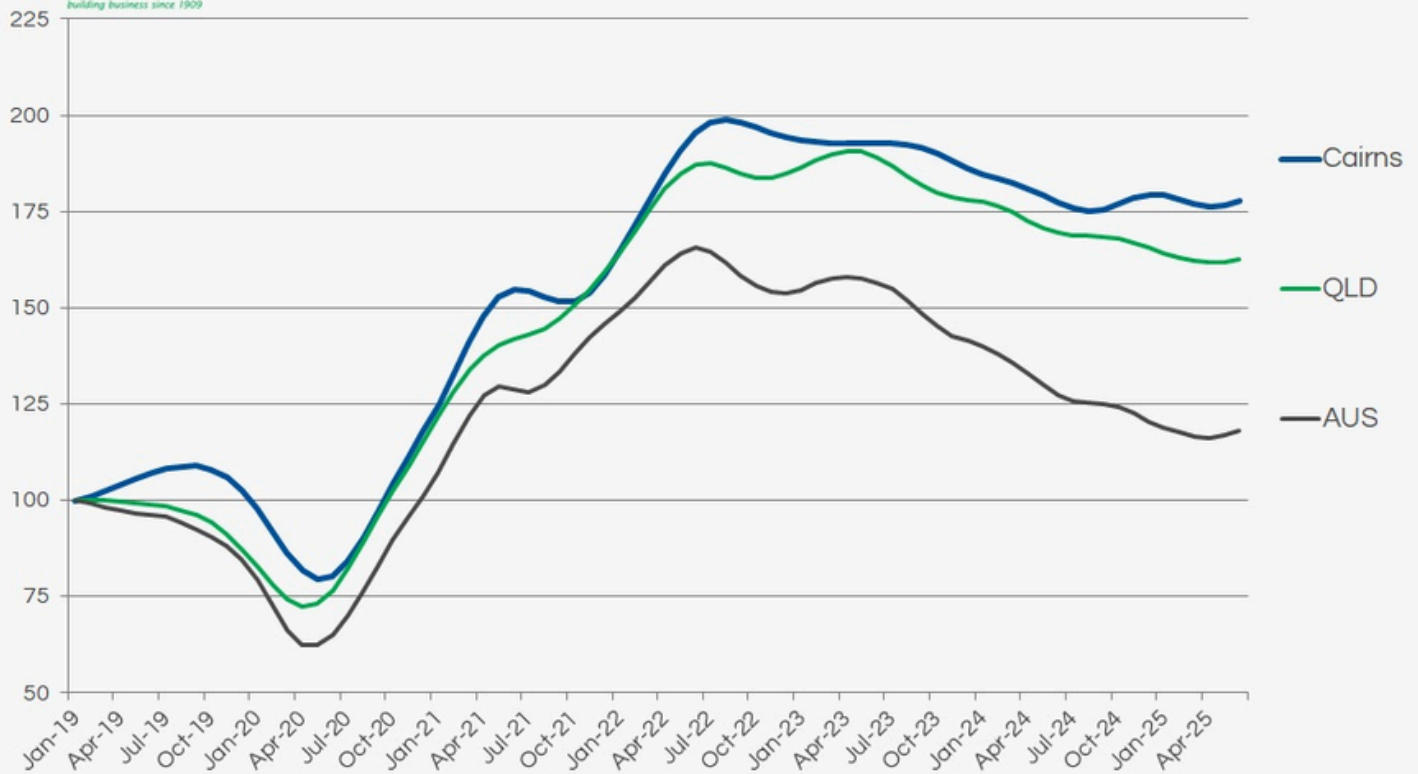
Although it is a rather delayed and non-seasonally adjusted data set, the Payroll numbers clearly show the outperformance of Queensland, compared to the nation.



National employment growth has now slowed to 2.1% for the year, with another 22,800 employed added in June. This pace of growth is certainly still healthy when observed in historical context, but it is also true that it is the slowest we have seen since March 2021.

Both Treasury and the RBA are expecting the national labour market to gradually ease through the rest of this year, and this month’s data clearly supports that expectation.

Online Job Vacancies Conus Trend Index (Jan 2019 = 100)



Source: Conus & Jobs and Skills Australia IVI

Online job vacancies increased very slightly this month, although across the nation this measure is still down 7.3% for the year. The data for FNQ is also weaker (down 6.9%) but continues to show slightly more strength than nationally. We see here another sign of the very gradual easing in the labour market that is being foreshadowed in Budget papers and RBA decision-making.



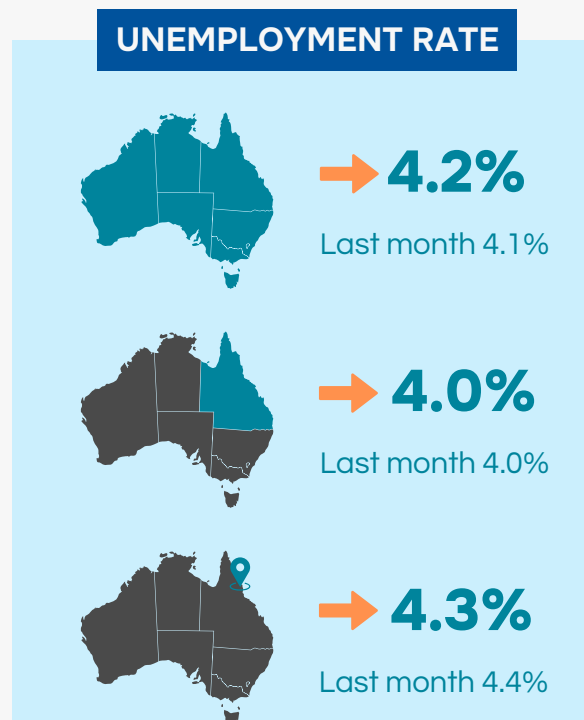
Photo credit: Tourism Tropical North Queensland

Unemployment

The June Trend unemployment rate in Cairns is unchanged at 4.3%, opposed to the previous slight revision to the from 4.4% to 4.3% in May. After some data collection challenges for the ABS in the region earlier, this year we are now seeing the Trend series settle down at very healthy level; the Trend unemployment rate in our region has been either 4.4% or 4.3% for the past

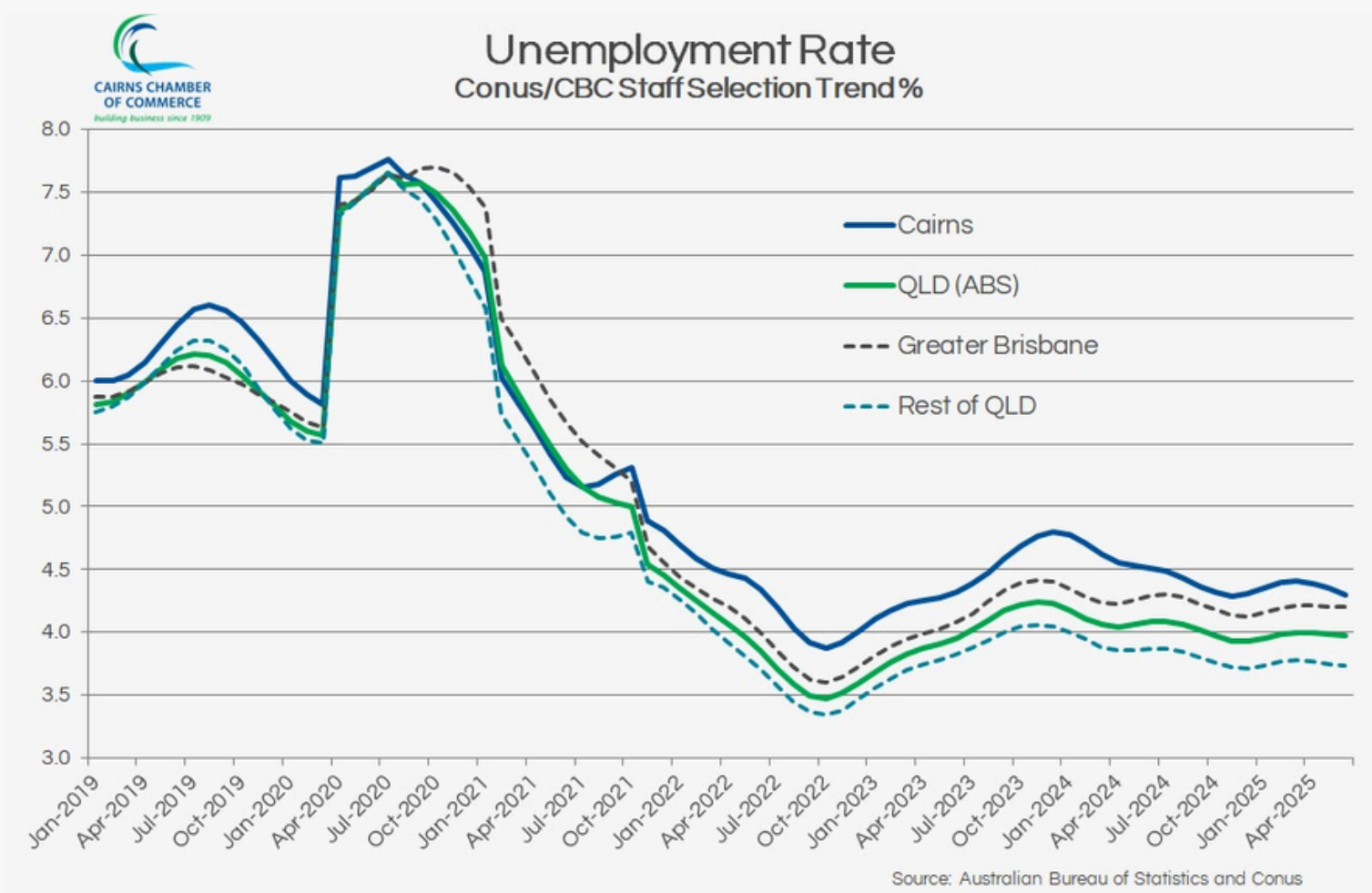
11 consecutive months and speaks volumes about the strength of our labour market even as the national rate of unemployment gradually increases.

Queensland's Trend unemployment rate has sat at 4.0% for the past 6 months and has been between 3.9% and 4.1% for all of the last 17 months. This an extraordinary period of stability and demonstrates how strong the State's labour market remains.



This story of a strong labour market is further supported by another month of increasing hours worked per capita as well as participation metrics. The much-anticipated easing in the labour market is proving to be very elusive in Queensland!

The national Trend unemployment rate rose in June to 4.2%, which is its highest level since the end of 2021. After a period of such consistently low unemployment, this slight increase will have come as no surprise to Treasury, Reserve Bank or policy-makers. It does however demonstrate the reality that the labour market- at least at the national level- is now clearly easing and further increases towards the 4.5% level are not be unexpected.





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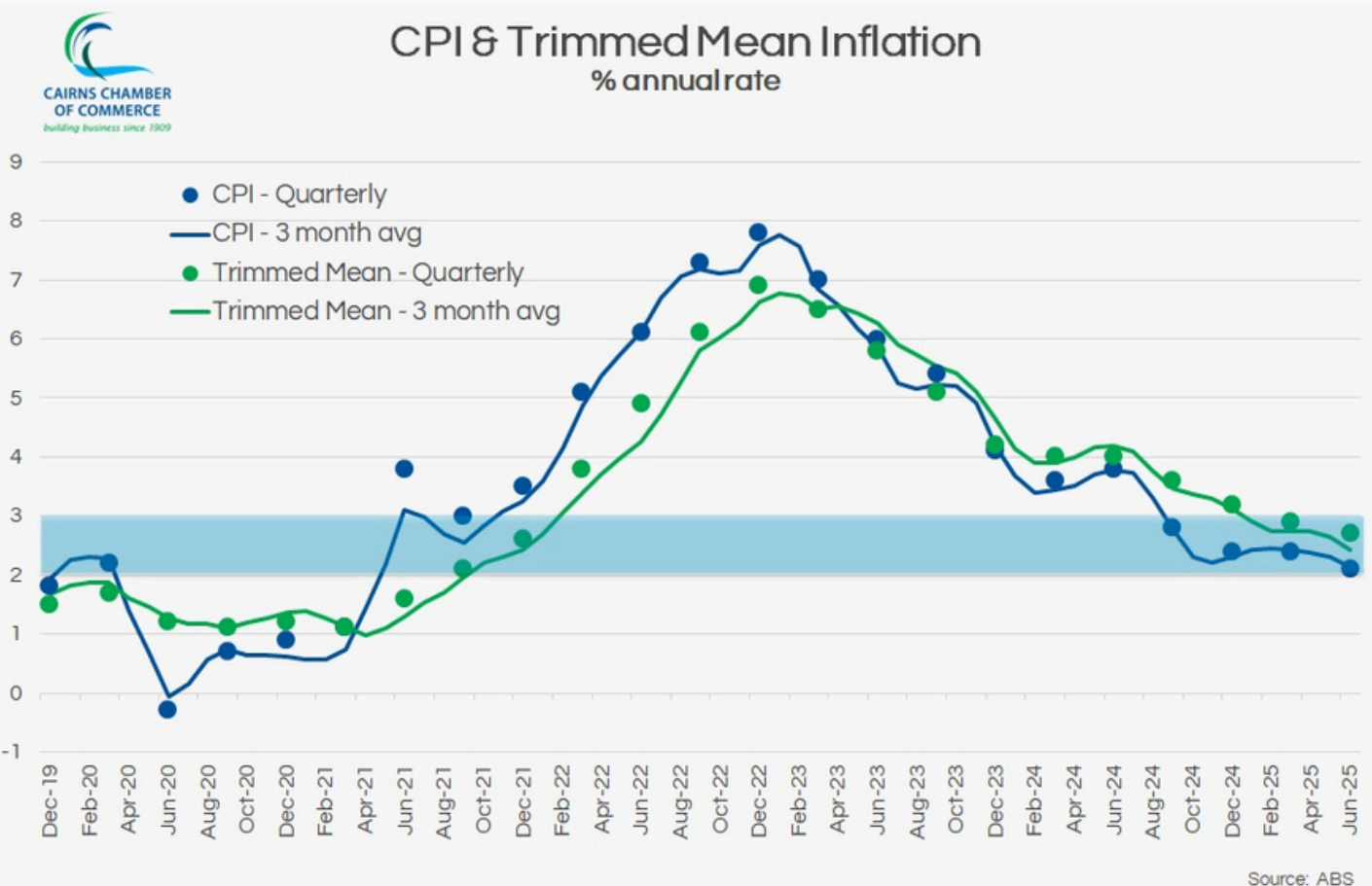
INFLATION & INTEREST RATES

After surprising most people by not cutting rates at their July meeting, the RBA made it clear that they were wanting to see further evidence of inflation settling in the 2-3% range before moving again. That evidence has now been released, and the markets are firmly of the opinion that interest rate cuts will start again in a few weeks at the Bank's August meeting (12th August).

Headline inflation in the June quarter fell to 2.1% while Trimmed Mean inflation dropped from 2.9% in the March quarter to 2.7%.

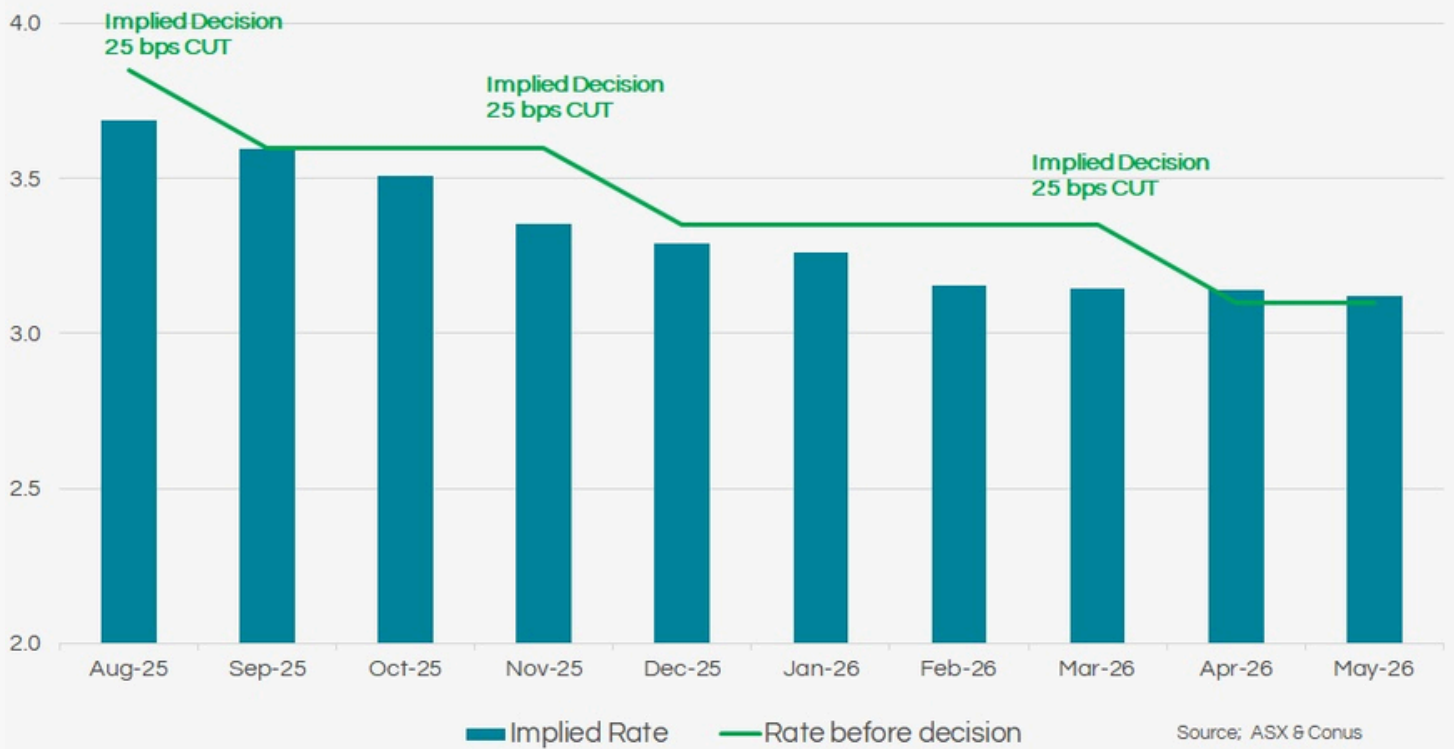
The uncertainty about what might happen to Trump's 'Liberation Day' tariffs after their 90-day pause eased somewhat in recent weeks, when the President announce a further pause on most tariffs until the start of August. New uncertainty has reared its head in the last few days as Trump appeared to suggest that the base tariff rate of 10% (which applies to Australia) could be raised to 20%!

While imposing tariff restrictions on trade is virtually guaranteed to slow growth and add an inflationary pulse around the world, the financial markets are tending to take a remarkably relaxed approach. It would seem that global financiers are convinced that the worst of the threats are unlikely to eventuate, and the TACO (Trump Always Chickens Out) Trade is alive and well.





Cash Rate Futures Implied Rates % & RBA Decisions



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YOUR LOCAL EXPERTS

WGC Lawyers has proudly served Cairns and Far North Queensland for more than half a century. We are a full-service law firm dedicated to providing professional advice and tailored legal support. Our deep understanding of the region and our clients' unique needs, built over decades, ensures we deliver with integrity and commitment.

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BUILDING APPROVALS

TREND APPROVALS

↑ **102**
Apr 2025

TREND RATE OF APPROVALS

↑ **15.2%**
year on year

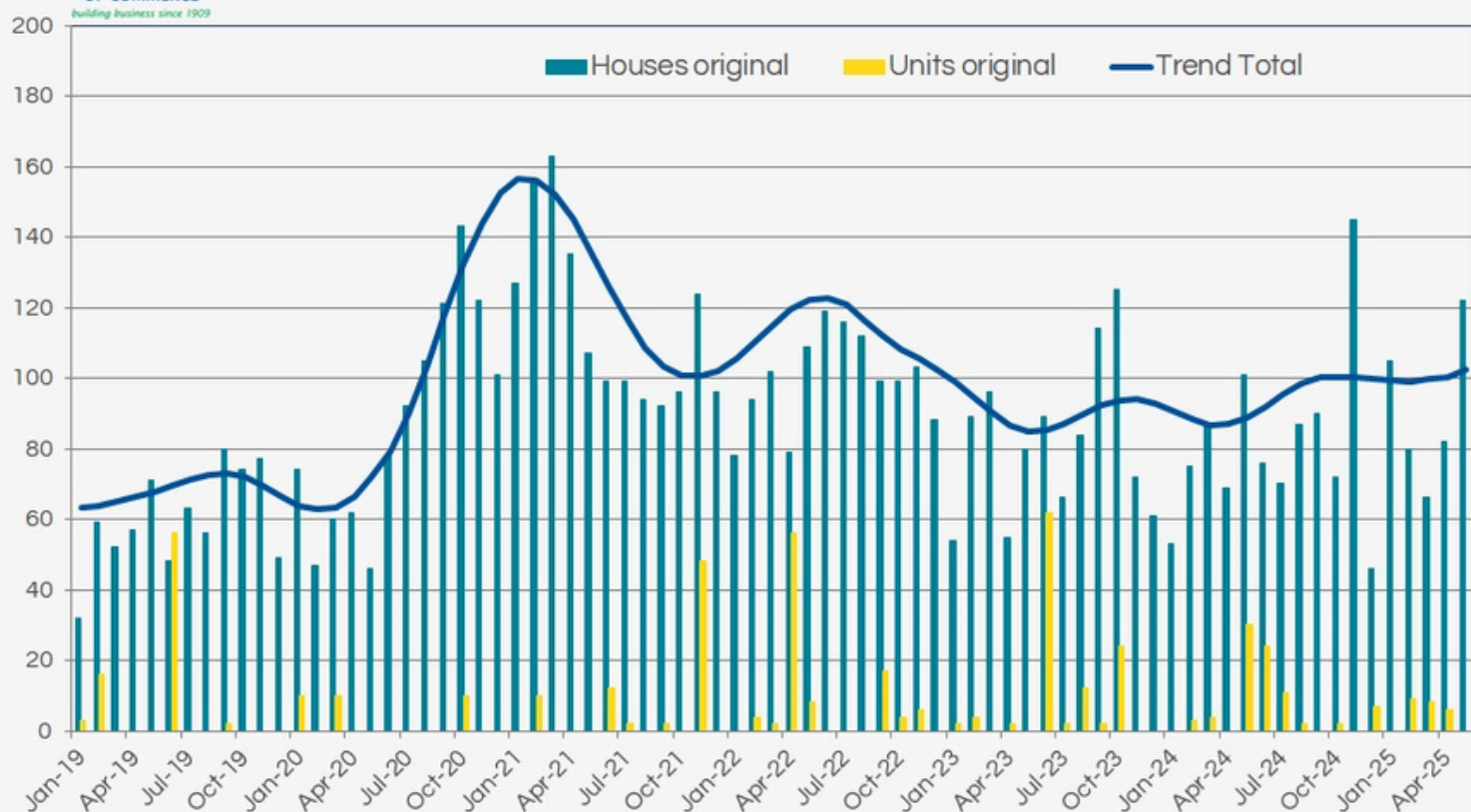
It's certainly encouraging to see the Trend for building approvals in Cairns (slowly) improving. May sees the Trend hit 102 (after a very slight upward revision to April) which is now more than 15% above its level of a year ago. However, as we continue to stress, this remains well below the level that we saw in the immediate

aftermath of the COVID pandemic (when Trend approvals got as high as 150 per month) and is also still well below a level at which we could expect to see the supply of housing materially impact shortages which we all know about.

Having said all of that, we cannot ignore the fact that approvals in Cairns are now improving at a pace that far outstrips both Queensland (+7.0%) and Australia (9.8%). It was also very encouraging to see the recent Queensland State Budget 2025-26 which included a significant allocation for social and affordable housing; indeed, the allocation for Cairns was the largest in the State. The large modular housing development at Woree recently welcomed the completion of the first 50 (of 490) homes at the site.



Cairns Building Approvals original & Conus Trend



Source: Conus based on Australian Bureau of Statistics

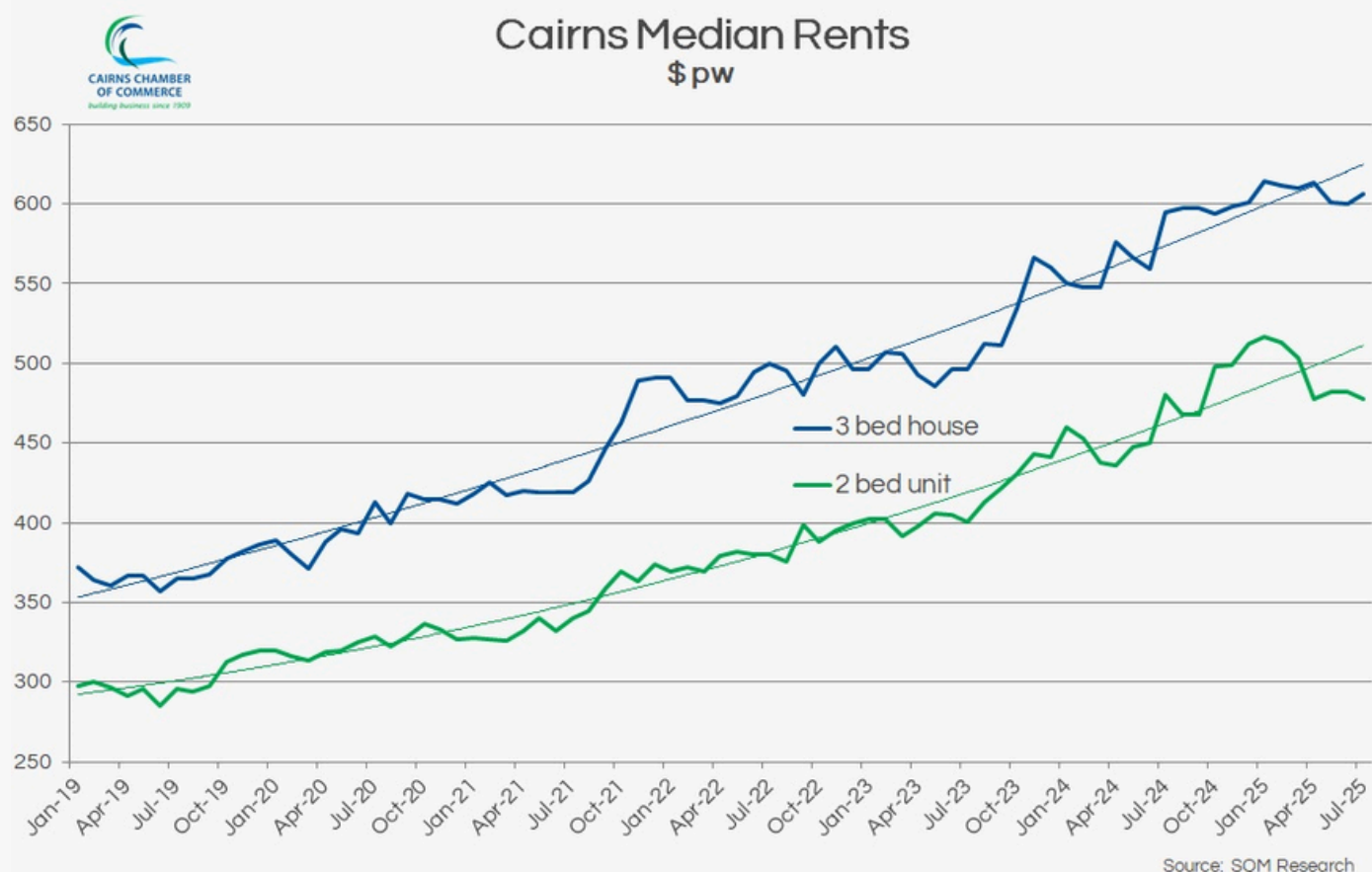


Photo credit: Tourism Tropical North Queensland

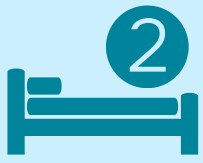


REAL ESTATE

Despite the rental vacancy rate remaining stubbornly below 1%, we are seeing a very notable slow-down in pace at which rents have increased. Median rents for a 3-bedroom home are up just 2% over the year, while a median 2-bedroom unit can now be had for very slightly less than a year ago. This will be welcome news to renters in the region but begs the question of how long this relative stagnation in rents can last while vacancy rates remain so low.



MEDIAN RENTALS



2-bed unit
\$478 p/w
 - 1% y/y



3-bed house
\$606 p/w
 + 2% y/y

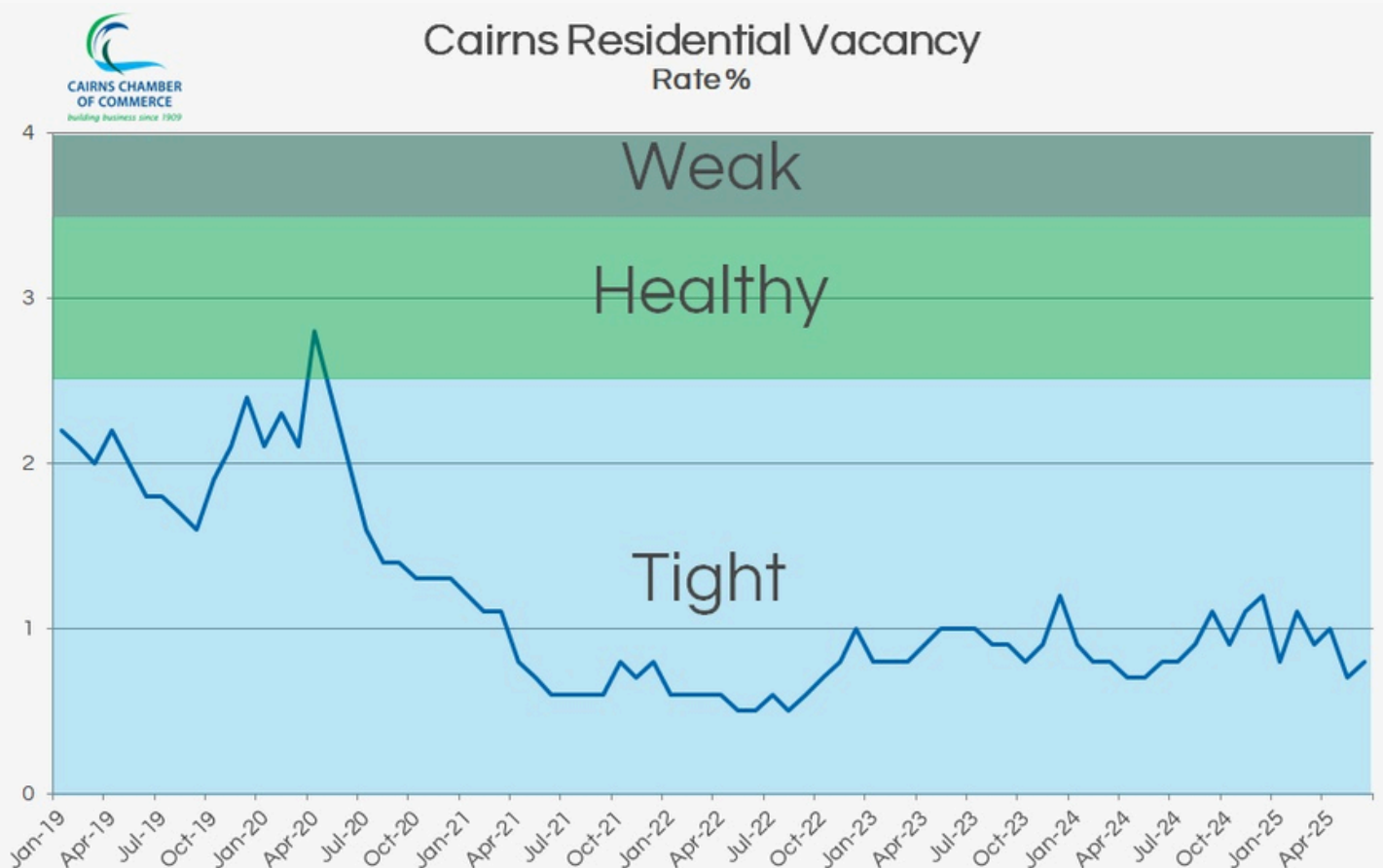
At the same time as rents appear to be taking a breather, unit prices have similarly stabilised, and house prices continue to march higher. Median house prices now sit at \$700,000- which is 15% higher than a year ago,

and units are at \$400,000, just 5% higher than a year ago. Time- and the market- will determine whether there is sufficient ongoing strength to breach these two psychological price barriers in coming months!

VACANCY RATE

↓0.8%

Previous month 0.7%



MEDIAN PRICE



Unit
\$400,000
 + 5% y/y



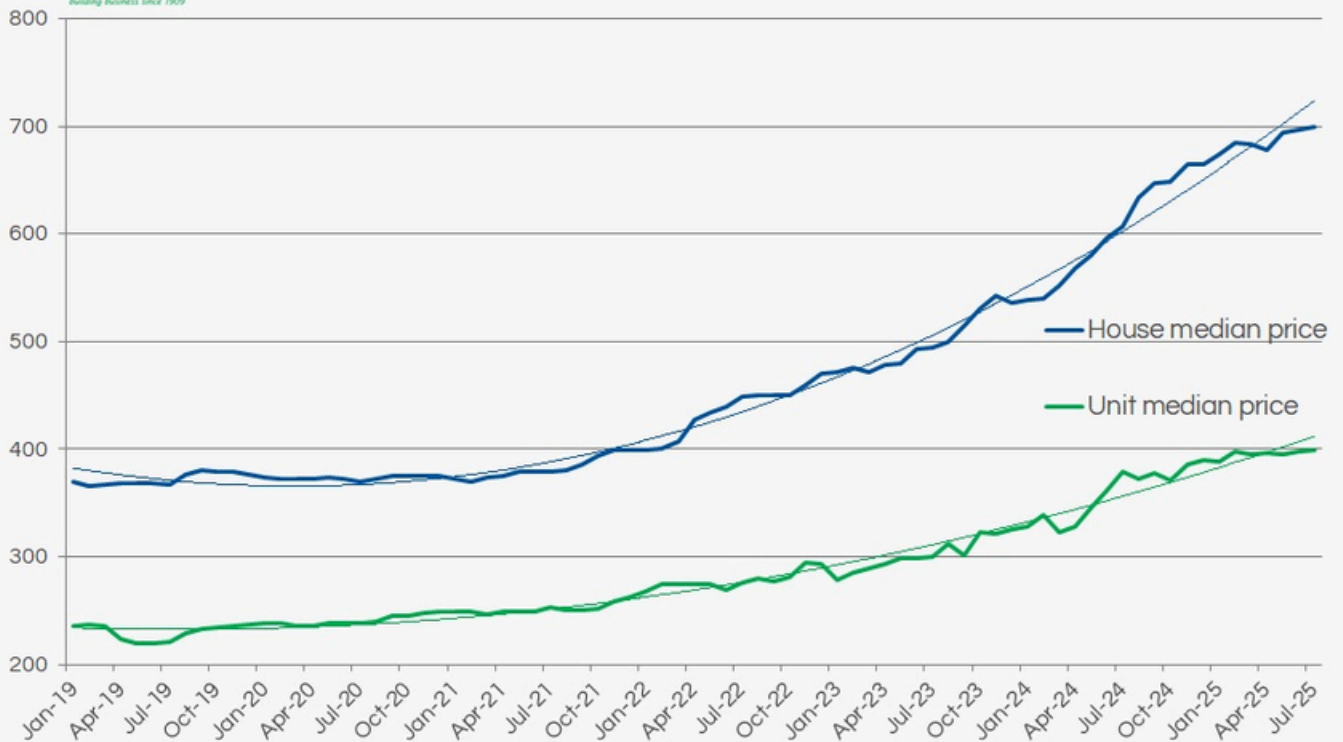
House
\$700,000
 + 15% y/y

What this apparent divergence between rents and prices means is that (finally) price gains in Cairns have caught up with increases in rents.

Over the past decade, both prices and rents are now up approximately 60%, whereas a few years ago rent increases had been running at 25-30% ahead of increases in prices.



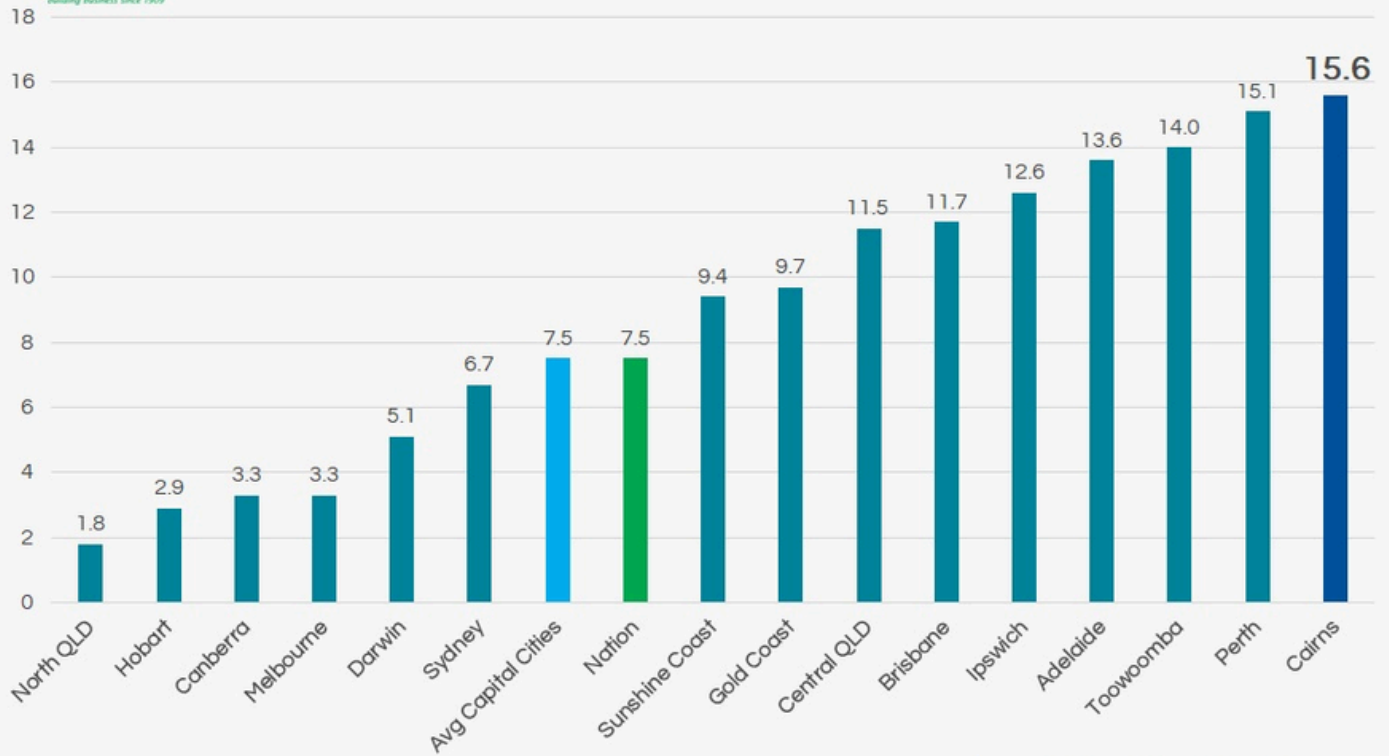
Real Estate Prices Cairns region \$000s



Source: SQM Research



Real Estate Prices 3 year pa %



Source: SQM Research, combined asking price





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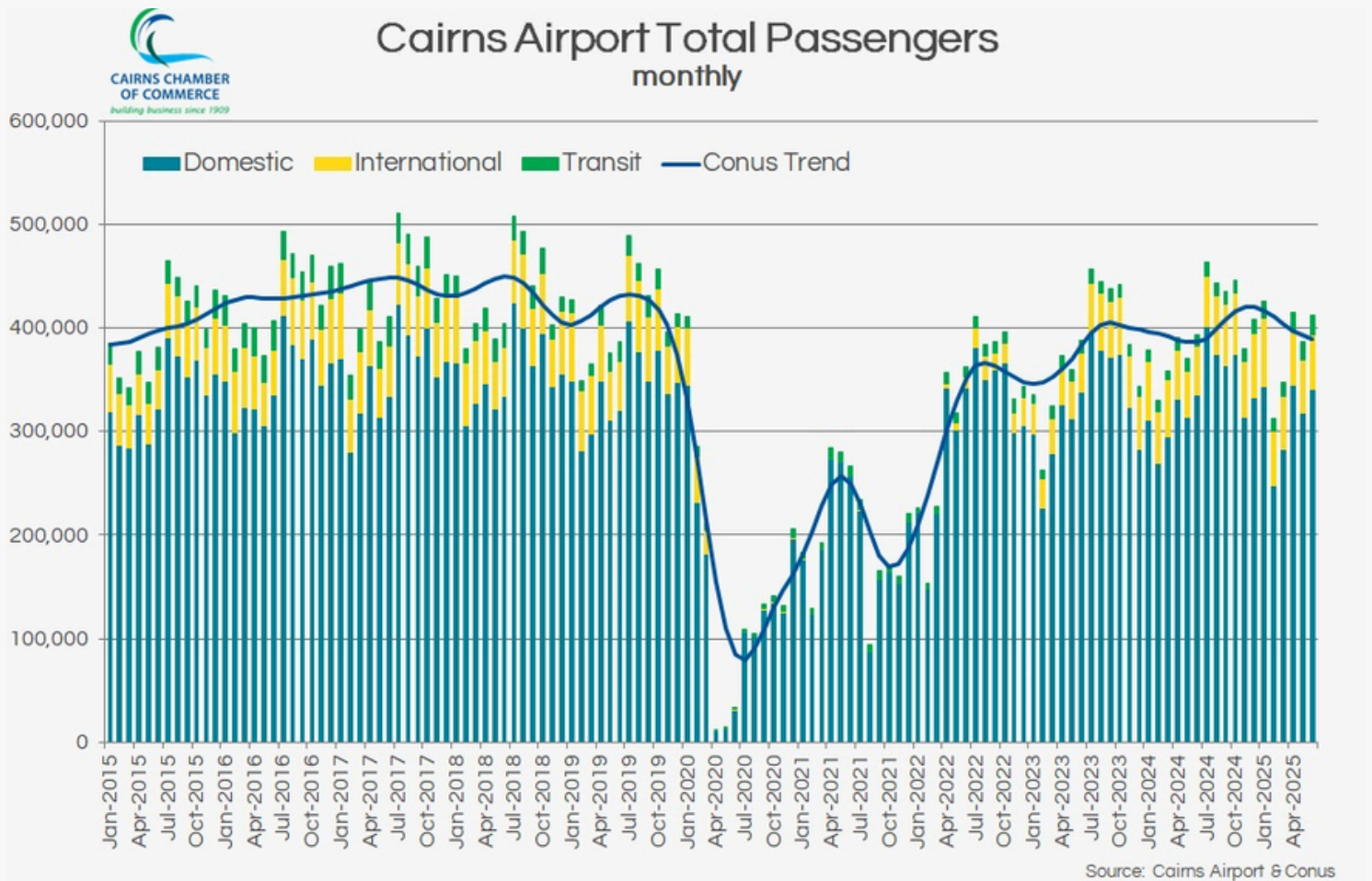
Photo credit: Tourism Tropical North Queensland



TOURISM

The seasonally adjusted Trend of passenger numbers through Cairns Airport continues to move lower and is now 7.5% below the end of last year. However, it is still 0.7% higher than at this time last year, therefore suggesting that the long-term recovery in passenger numbers remains in place. The data for July (which we will be able to report on in next month's issue) will see the start of the seasonal pick-up in travellers to the region, so we can reasonably expect to see this Trend series start to show some further signs of strength in coming months.

International passenger numbers over the past 12 months have now recovered to the same level as they were just before the full effect of the COVID pandemic was felt, and are up 8.7% over the same period a year ago. Domestic passengers for the past year are up just 1.3% over the same period.



Last month we reported on the latest official tourism data (for the March 2025 quarter) and the change in methodology for calculation of domestic tourism figures. Since then, we have had no further releases of official data from Tourism Research Australia that we can report.

Nevertheless, our tracking of a raft of more timely data-sets such as overnight visitations, average length of stay and occupancy rates combined with Airport data allows us to get a sense of what we might expect when we do see the final data for the June quarter (which will be available in September).

At this stage, and while we are still waiting for some final pieces of the data-jigsaw to fall into place over coming weeks, our best guess for the tourism sector is that international expenditure will have lifted very slightly, while domestic expenditure remains virtually unchanged. By the time we write next month's Cairns Economic Monitor we should have a firmer handle on what our final forecast will be.

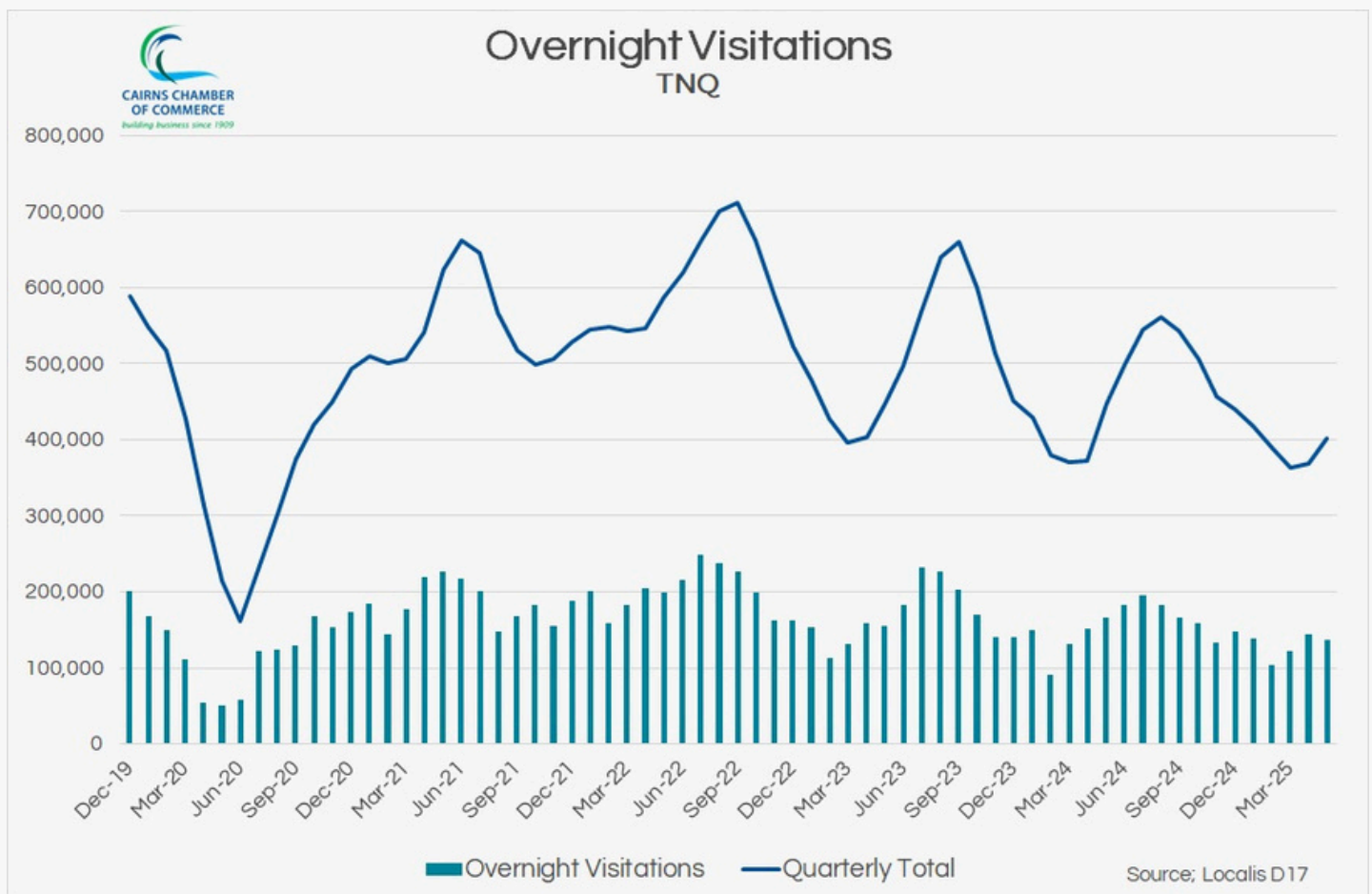


Photo credit: Tourism Tropical North Queensland



A WORD FROM OUR SPONSORS



“ August is shaping up to be an important month for tax reform in Australia. Following their election victory, the government is gauging public support for a range of significant changes. Topics under consideration include adjustments to superannuation, a possible reduction of the CGT discount, new limits on negative gearing, a potential GST increase, and company tax cuts for small businesses. With such major proposals on the horizon, it will be interesting to see whether the government also addresses spending efficiency, rather than focusing solely on raising additional revenue. ”

Michael Wilson
Partner, PVW Partners

“ It was my pleasure to attend the Chamber of Commerce July Business Luncheon – Cairns Economic Outlook. Guests heard from Pete Faulkner on all things related to our local economy, as well as the state of play at State and Federal levels. It was an excellent summary of the data contained in this monthly report, accompanied by interesting observations as to the trends that we can anticipate moving forwards.

Looking ahead, this month is shaping up to be a busy one, with significant changes to the Property Law Act commencing on 1 August. Make sure you stay informed about how the updates might affect you. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“ From 1 August, all sellers in Queensland must provide buyers with a Seller Disclosure Statement (Form 2) and prescribed certificates before signing a contract. This government initiative promotes greater transparency, helping buyers make informed decisions and reducing the risk of disputes down the track. Sellers can choose who prepares the Form 2 whether it's themselves, their agent, their solicitor or a third-party provider. While agents can assist, they cannot provide legal advice.

These changes reflect a positive step forward for the industry, creating a clearer and more trustworthy process for both sellers and buyers. Contact your conveyancer or trusted real estate professional for personalised advice. ”

Nadine Edwards
Director, LJ Hooker Cairns Edge Hill





“ At the Cairns Chamber of Commerce, we are proud to deliver to you, our business community, **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 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

19
AUG

August Business Lunch: Film & Television - an emerging industry in Cairns

11:30pm - 2:00pm

Pullman Cairns International

04
SEPT

Networking Event: Business, Beer and Bubbles

5:30pm - 7:30pm

Botanica Lifestyle Resort

05
SEPT

Breakfast: Publication launch: Shaping your future workforce

7:30am - 9:00am

Pullman Cairns International

17
OCT

Gala Ball: Business Excellence Awards

6:00pm - 11:00pm

Cairns Convention Centre

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