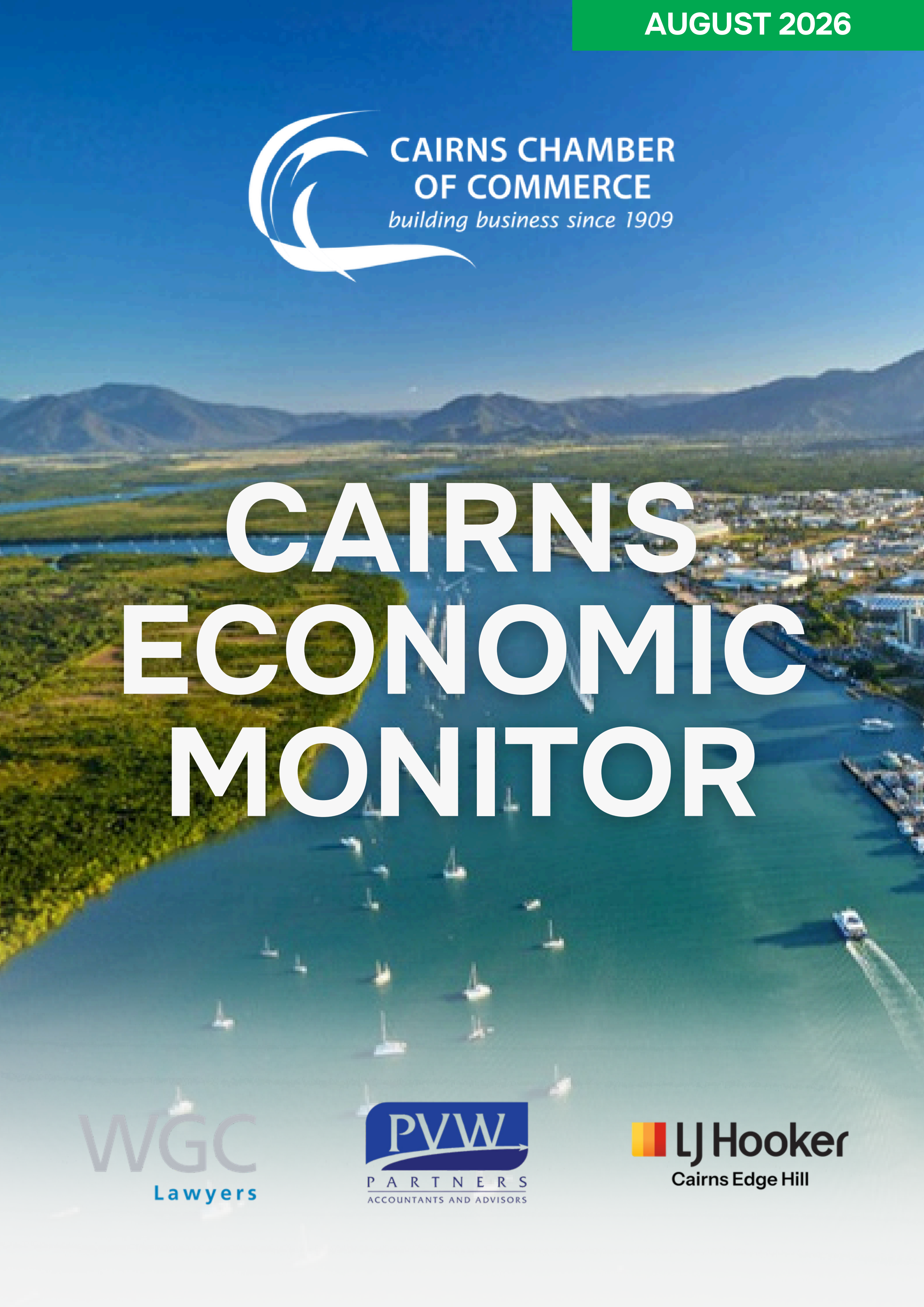


AUGUST 2026

CAIRNS CHAMBER OF COMMERCE

building business since 1909

CAIRNS ECONOMIC MONITOR

WGC Lawyers

PVW PARTNERS ACCOUNTANTS AND ADVISORS

LJ Hooker Cairns Edge Hill

SNAPSHOT

The labour market in Cairns remains robust with another 300 added to Trend employment and the Trend unemployment rate stable at 4.6% (after some upward revisions to previous months). Over the course of this year, while the unemployment rate in Queensland has remained stable, 11 regions in the state have seen their unemployment rate move higher, 4 are unchanged and just 4 (including Cairns) are lower. Online job vacancies and JobSeekers data both support this view of a relatively robust labour market.

Although monthly headline inflation as measured by the CPI fell in June to 3.8% (from 4.0% in May) the more relevant figure is the Trimmed Mean. This measure is the one most closely tracked by the RBA and it was stable in June at 3.6% (a minor increase from May when rounded). However, before we get too excited and claim the battle against inflation is over, we need to remember that it is the quarterly, rather than monthly, data that the RBA tell us they are still more focused on. The quarterly data tells a slightly less dovish story; while headline CPI fell from 4.1% to 3.9% in June the more significant Trimmed Mean edged slightly higher to 3.6% from 3.5%.

Trend building approvals continue to drift lower. With a growing population and an accommodation crisis that has seen the rental vacancy rate very rarely above 1% for five years and median rates increase by more than 50% over that period, the need for more accommodation to be built has never been clearer.

Trend approvals are stuck at, or just below, 100 per month which is a level similar to that seen a decade ago when the region was much smaller and population was growing more slowly.

With the tourism season ramping up it is no surprise to see passenger numbers through the Cairns Airport improving in June. However, on the back of continued weakness in the domestic market, total numbers are still down from 12 months ago. The impact of increased fuel prices is likely to be seen in the June quarter tourism data (to be released in September), while our own estimates for overnight tourism expenditure suggest we should see the total unchanged around $4.1bn.

BUILDING APPROVALS

TREND APPROVALS

96

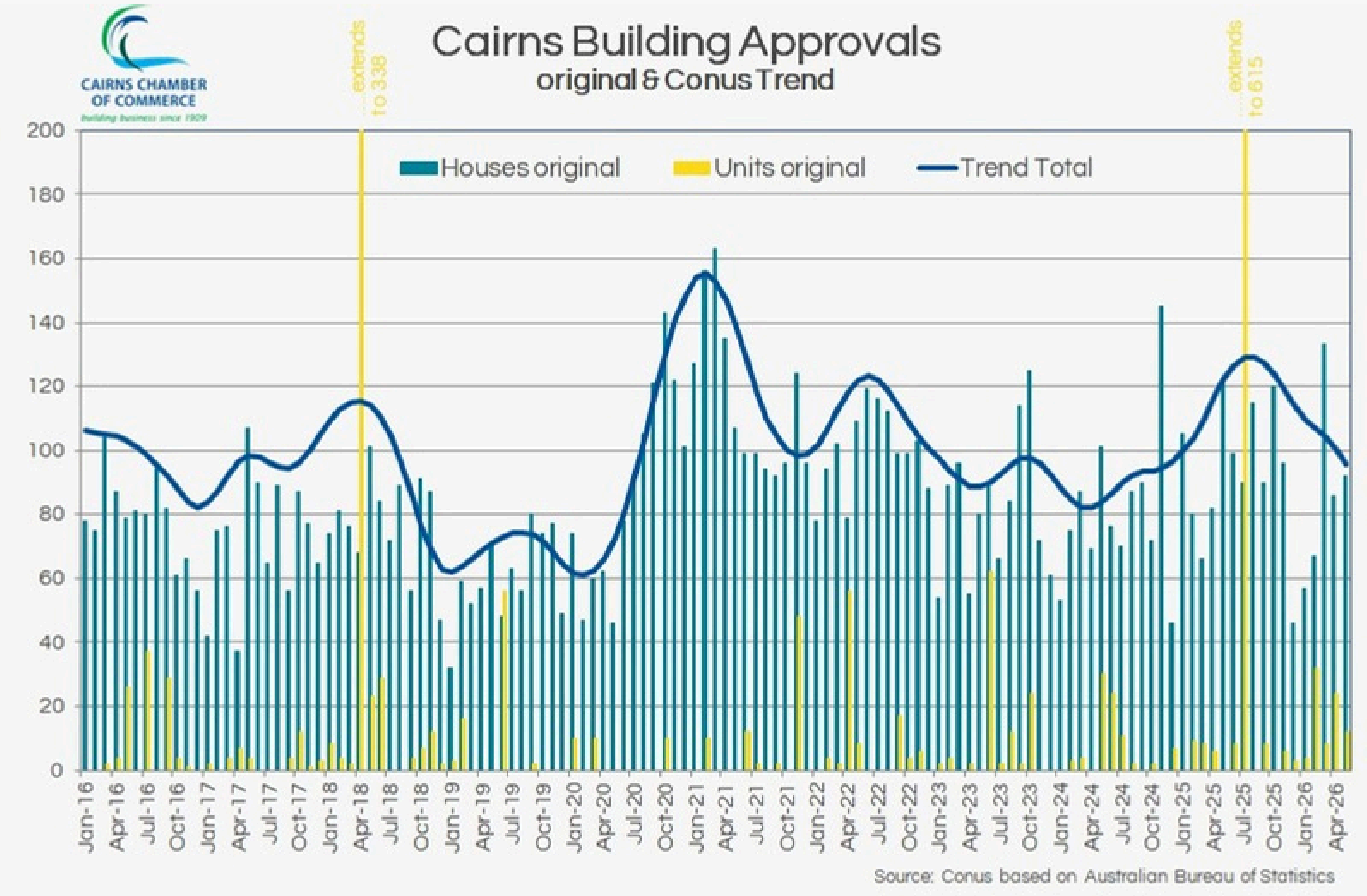
MAY 2026

TREND RATE OF APPROVALS

-21.6%

year on year

The Conus Trend series for May building approvals in Cairns came in at 96, down 21.6% year-on-year and the lowest reading since November 2024. However, as we noted last month, the Trend estimate is still being significantly impacted by the extraordinary 468 Woree units approved in the middle of 2025. Remove Woree from the calculation and the adjusted Trend sits at a somewhat healthier 105, although this is still down 1.3% from a year ago. Nevertheless, the fact remains that the number of approvals (whether we consider the adjusted or unadjusted Trend) is still far too low to move the dial meaningfully on the accommodation shortage facing the region. Consider the chart and you will see that monthly Trend approvals today are at very similar levels to where they sat a decade ago.



However, in 2016 the region's population grew by approximately 2,500; these days that annual growth is more than 3,500. Those extra 1,000 new arrivals will require about 400 extra dwellings in 2026 compared to 2016. In other words, we should be seeing monthly approvals today about 33 per month higher than in 2016. Instead, we are seeing no increase at all.

This isn't simply a symptom of a broader dwelling downturn; Trend approvals are running +13.6% in Queensland and +8.8% nationally over the same period, and only three of the state's 19 SA4 regions are declining faster than Cairns. This is the challenge that the Council, State Government and construction sector need to face up to if the region's potential growth is to be realised.

WGC Lawyers

Trusted Lawyers
In Cairns & FNQ
for over 50 years

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.

- Body Corporate Law
- Building & Construction Law
- Business & Commercial Law
- Conveyancing
- Dispute Resolution
- Employment Law
- Family Law
- Government
- Insolvency
- Litigation
- Property Law
- Wills & Estates

Contact Us

123 Sheridan Street,
Cairns QLD 4870

07 4046 1111

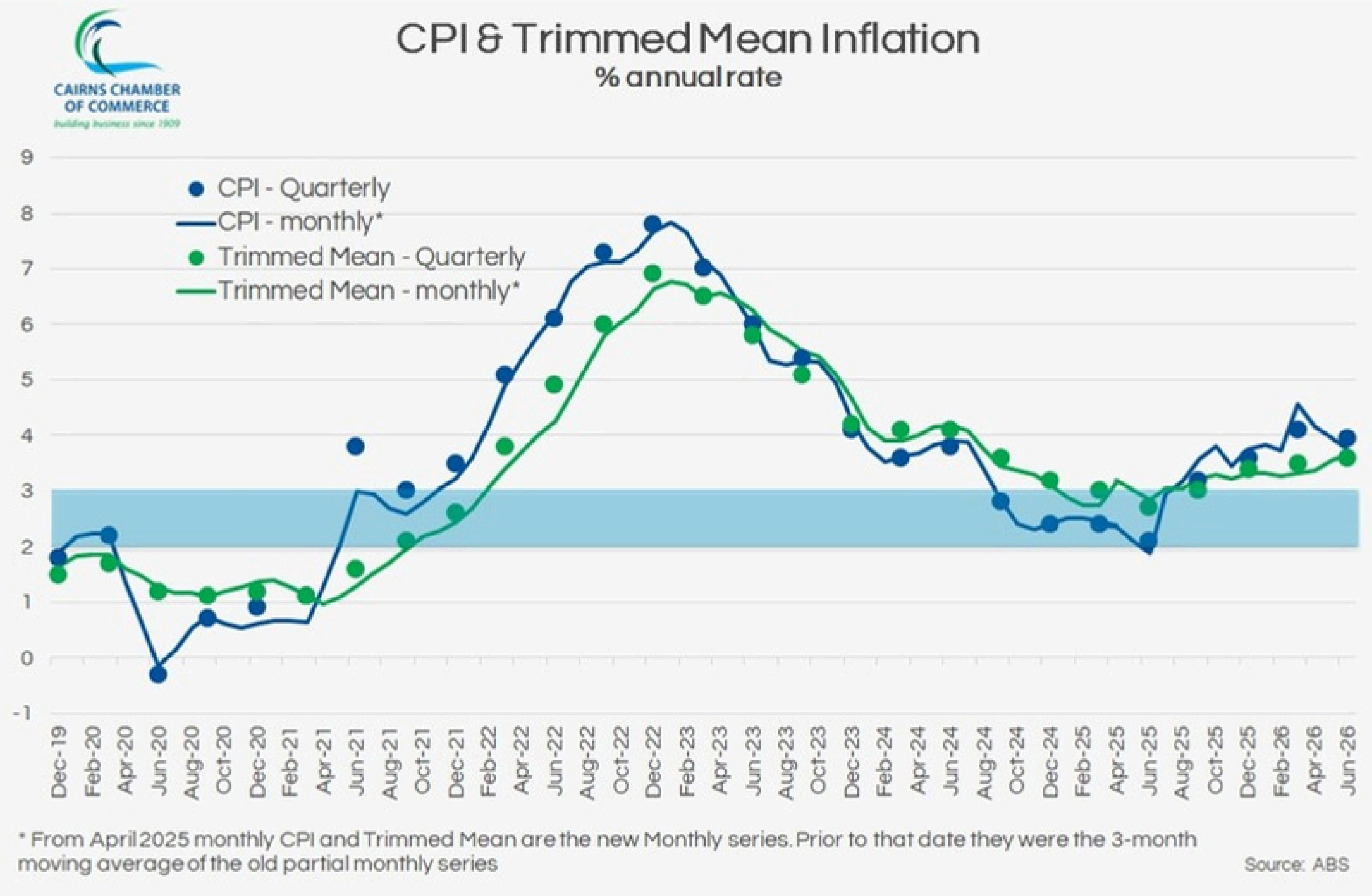
cairns@wgc.com.au

Photo credit: Tourism Tropical North Queensland

INFLATION & INTEREST RATES

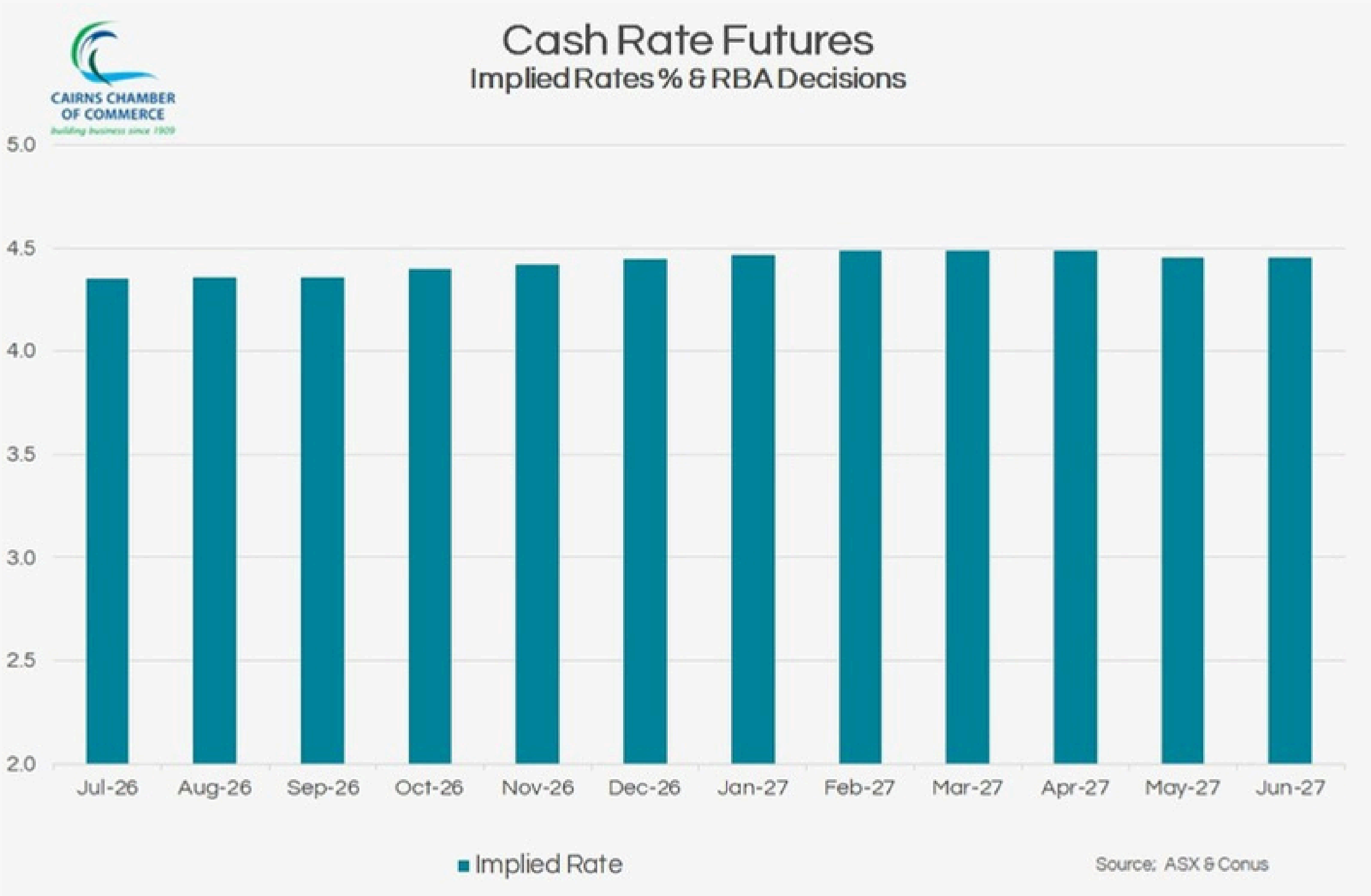
The next RBA decision on rates will not be until 11th August, so for now the cash rate remains at 4.35%. Although monthly headline inflation as measured by the CPI fell in June to 3.8% (from 4.0% in May) the more relevant figure is the Trimmed Mean. This measure is the one most closely tracked by the RBA and it was stable in June at 3.6% (a minor increase from May when rounded). However, before we get too excited and claim the battle against inflation is over, we need to remember that it is the quarterly, rather than monthly, data that the RBA tell us they are still more focused on. The quarterly data tells a slightly less dovish story; while headline CPI fell from 4.1% in March to 3.9% in June the more significant Trimmed Mean edged slightly higher to 3.6% from 3.5%. Taken all together the June data has certainly eased expectations for a further rate hike, but the chance is still about 50% of another hike by early 2027.

The collapse of the 'peace deal' in Iran and the apparent tearing up of the MOU has seen oil prices moving sharply higher once again. The actions of the Houthi rebels in Yemen, threatening to blockade Saudi



Arabian exports out of the Red Sea, has only added to the pressure on the oil markets and subsequently prices. These developments will not be showing up in the most recent inflation data to June but will certainly be causing some concern in Central Banks around the world as they focus on expectations for inflation in the second half of the year.

Adding even further fuel to the inflationary fire is a renewed bout of tariffs threatened by the Trump administration. Initially these appeared to be focused on Canada, but it quickly became clear that they were merely a precursor to another round of tariff announcements more generally. Such a resurgence of trade stresses will make the Reserve Bank even less sanguine about the outlook for a return to a target band for inflation in Australia.


CAIRNS CHAMBER OF COMMERCE
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Cash Rate Futures
Implied Rates % & RBA Decisions
5.0
4.5
4.0
3.5
3.0
2.5
2.0
Jul-26
Aug-26
Sep-26
Oct-26
Nov-26
Dec-26
Jan-27
Feb-27
Mar-27
Apr-27
May-27
Jun-27
Implied Rate
Source: ASX & Conus

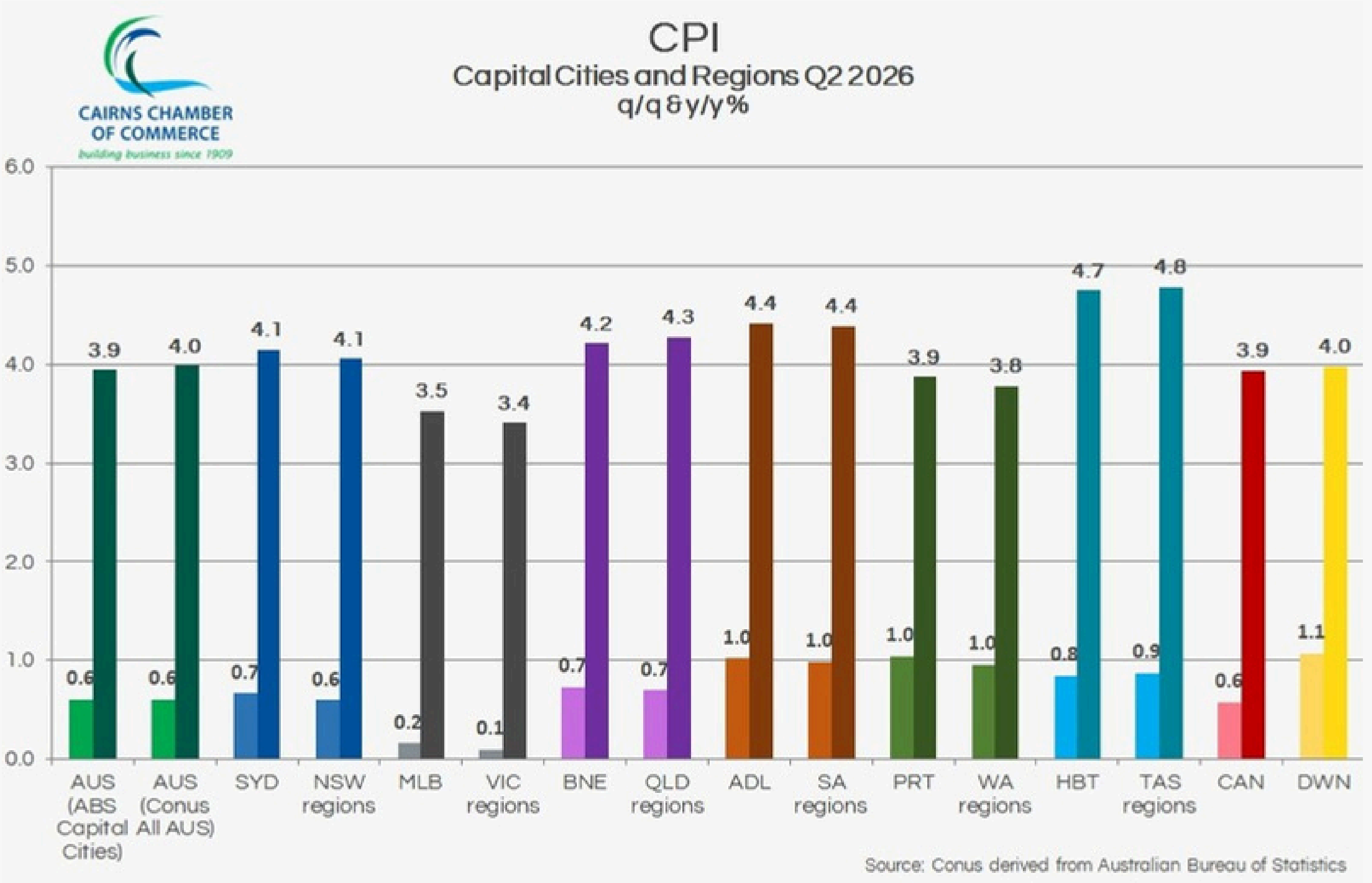
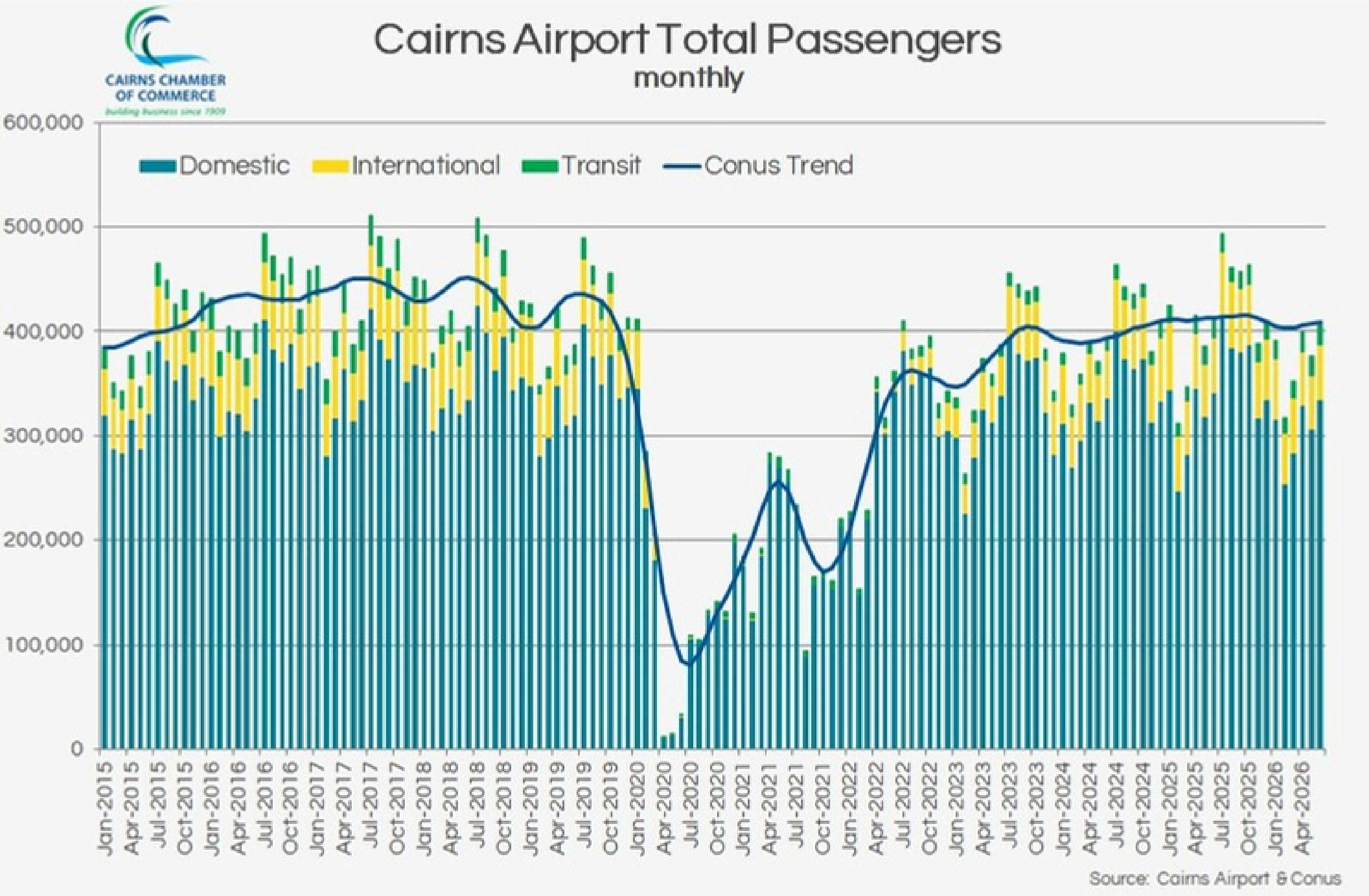

CAIRNS CHAMBER OF COMMERCE
building business since 1909
CPI
Capital Cities and Regions Q2 2026
q/q & y/y %
6.0
5.0
4.0
3.0
2.0
1.0
0.0
0.6 3.9
0.6 4.0
0.7 4.1
0.6 4.1
0.2 3.5
0.1 3.4
0.7 4.2
0.7 4.3
1.0 4.4
1.0 4.4
1.0 3.9
1.0 3.8
0.8 4.7
0.9 4.8
0.6 3.9
1.1 4.0
AUS (ABS Capital Cities)
AUS (Conus All AUS)
SYD
NSW regions
MLB
VIC regions
BNE
QLD regions
ADL
SA regions
PRT
WA regions
HBT
TAS regions
CAN
DWN
Source: Conus derived from Australian Bureau of Statistics


Photo credit: Tourism Tropical North Queensland

TOURISM

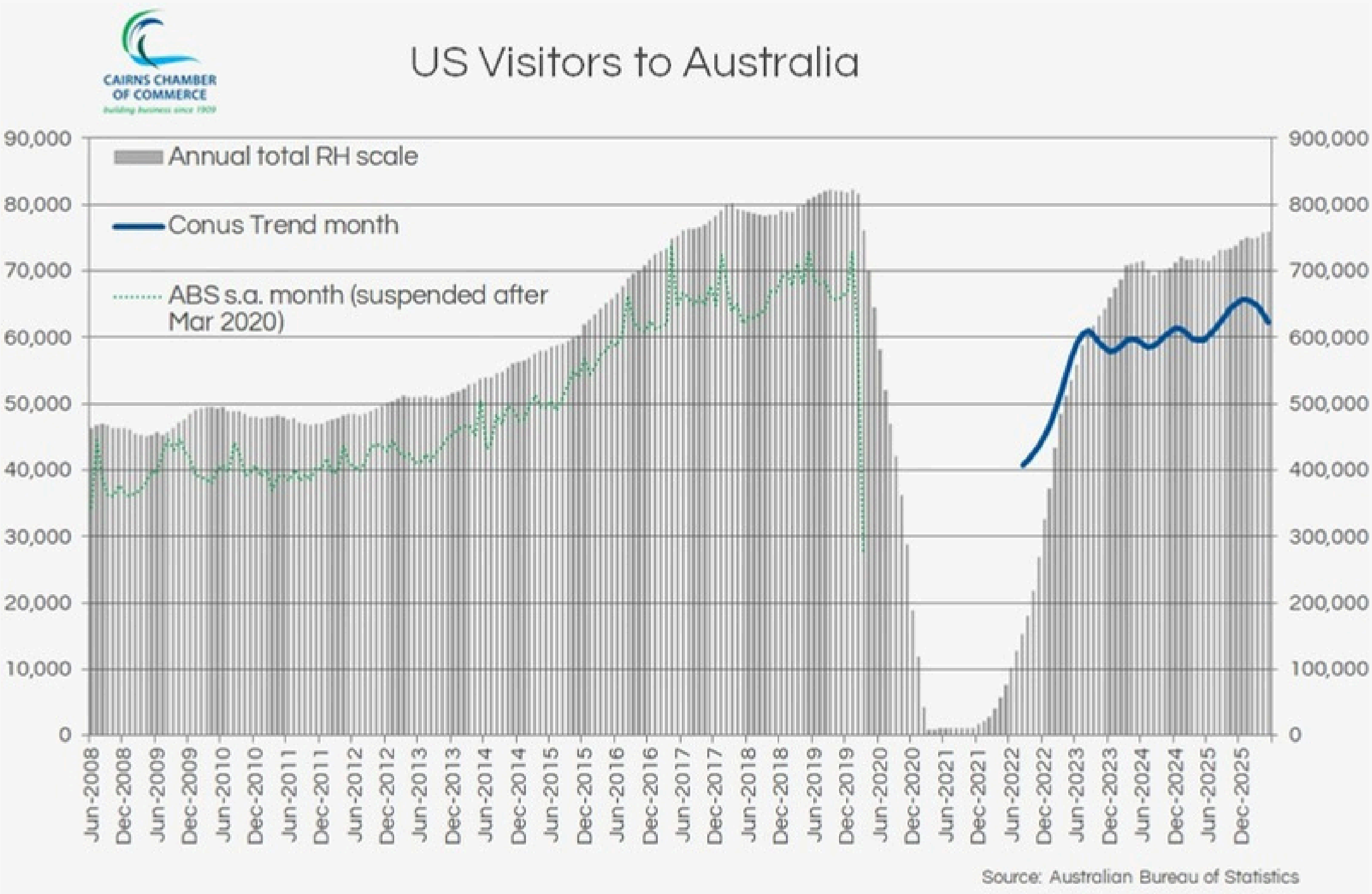
Original data from the Cairns Airport shows passenger numbers were stronger in June as the season started in earnest. However, the original data was still down 1.5% from a year ago and although the seasonally adjusted Trend series showed a monthly nudge higher it remains 1.0% below a year ago. International passenger numbers continue to improve with the Trend series up to levels not seen since August 2019 (before the bursting of the Chinese bubble and the onset of COVID), and up 5.9% for the year. Unfortunately, the far larger domestic sector is dragging overall numbers lower with the Trend down 2.4% for the year (the seventh such consecutive annual decline). Domestic passenger numbers remain almost 7% below the pre-COVID highs from mid-2019.

The result for the June quarter tourism will not be released by Tourism Research Australia until September. In the meantime, our own regression modelling (utilising partial but timelier metrics) can give us some sense of what those official figures might be. As we noted last month, the tourism sector is always heavily exposed to cost-of-living and fuel price pressures and we should therefore not be surprised to see those pressures being reflected in our estimates for the June quarter; that is indeed what we are now seeing.

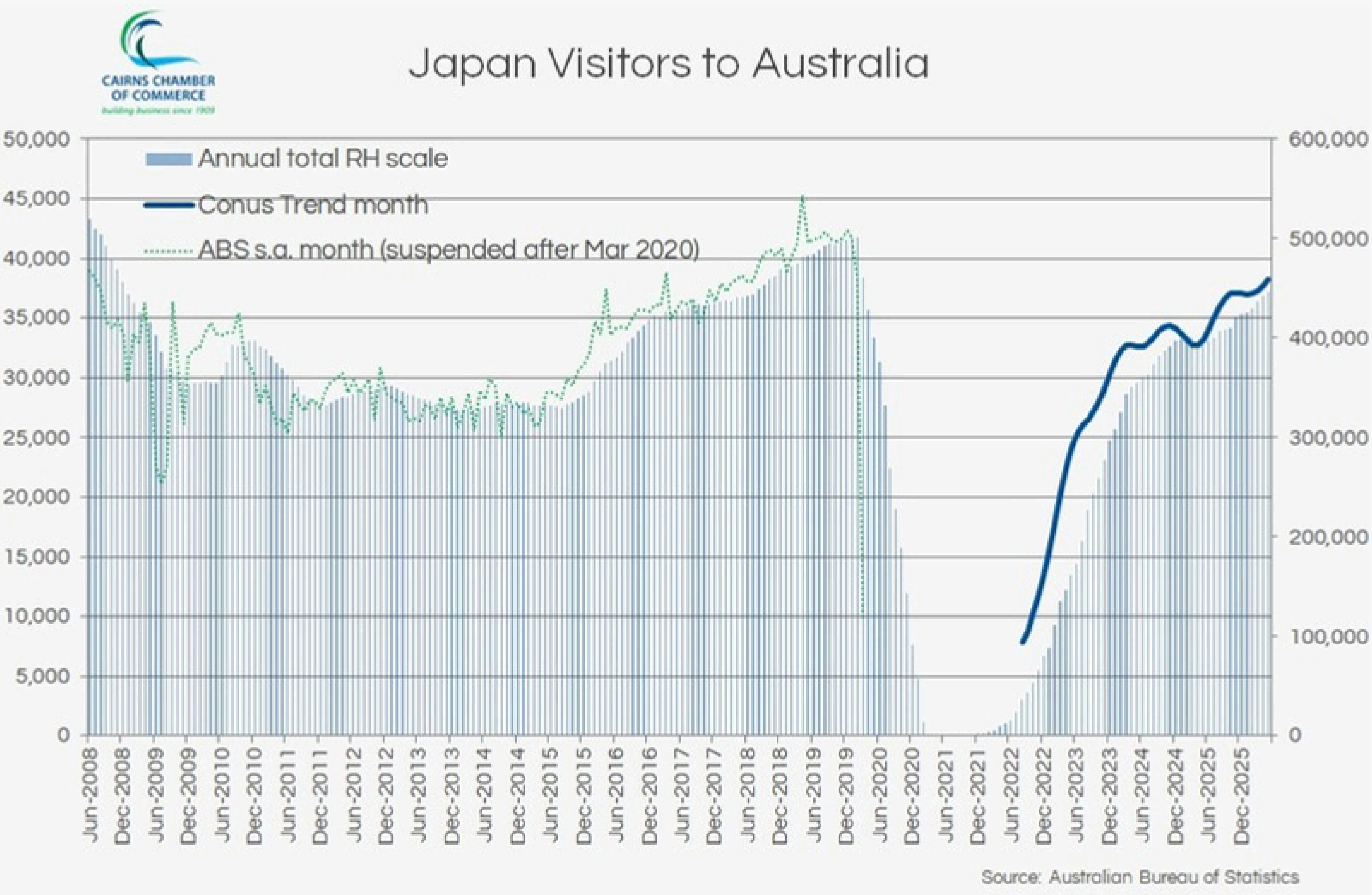


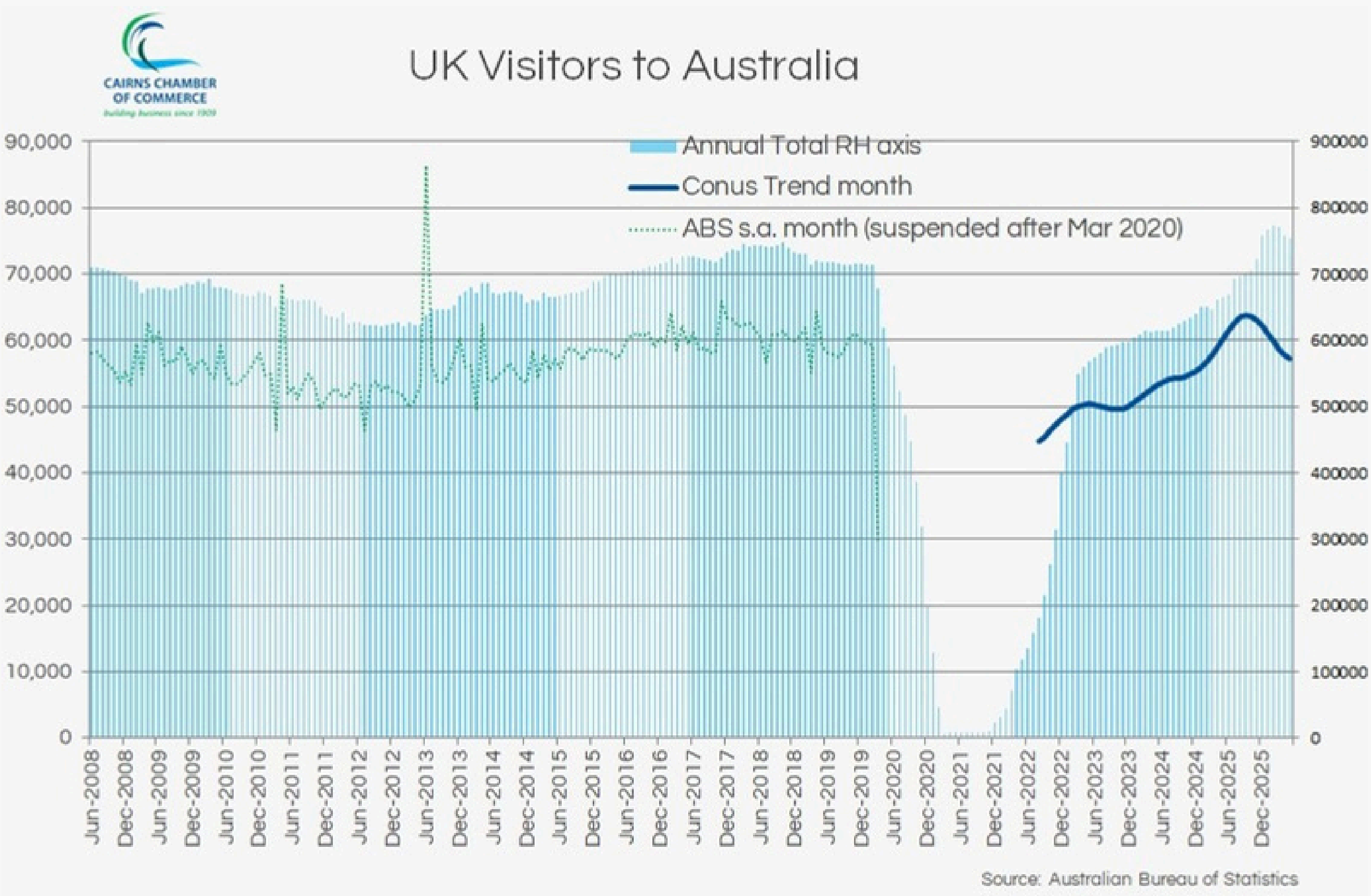
Our estimate for international tourism expenditure shows a slight decline from the March figure to $1.15bn (from $1.26bn), while domestic overnight expenditure edges higher to $2.96bn (from $2.84bn). The resulting estimate is for total overnight expenditure to remain stable at $4.1bn.

The Trend data for some of our key international markets into Australia (up to May) clearly shows declines for the US, UK and China with only Japan improving. Although this data covers the whole country and not just TNQ, we can infer that there has certainly been some easing in international tourism arrivals from some of these important markets in the first few months of the June quarter and that we should expect this to be reflected in the TNQ data.


CAIRNS CHAMBER OF COMMERCE
US Visitors to Australia
Annual total RH scale
Conus Trend month
ABS s.a. month (suspended after Mar 2020)
Source: Australian Bureau of Statistics


CAIRNS CHAMBER OF COMMERCE
Chinese Visitors to Australia
Annual total RH scale
ABS s.a. month (suspended after Mar 2020)
Conus Trend month
Source: Australian Bureau of Statistics


CAIRNS CHAMBER OF COMMERCE
Japan Visitors to Australia
Annual total RH scale
Conus Trend month
ABS s.a. month (suspended after Mar 2020)
Source: Australian Bureau of Statistics


CAIRNS CHAMBER OF COMMERCE
UK Visitors to Australia
Annual Total RH axis
Conus Trend month
ABS s.a. month (suspended after Mar 2020)
Source: Australian Bureau of Statistics

LABOUR MARKET

Employment

Trend employment growth continued in June with another 300 added to the number in work (after some slight downward revisions to previous months). This takes the annual rate of growth to 1.1% with 1,600 added over the year. Employment has been growing at this pace for the past 3 months and while this is a healthier pace than the last quarter of 2025, it remains well below the almost 3.1% rate 18 months ago.

PEOPLE EMPLOYED

14,807,400

Last month 14,775,100

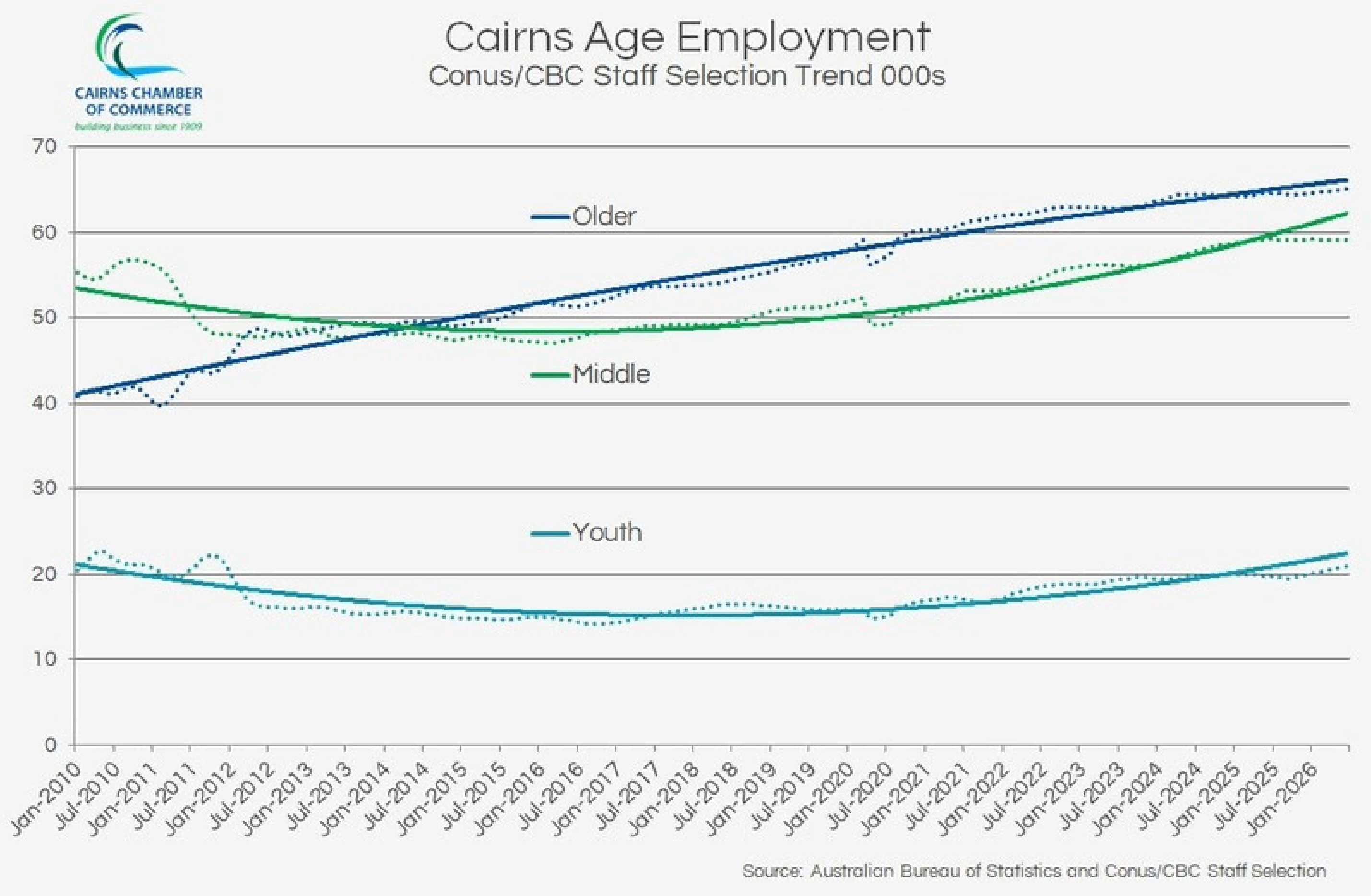
3,050,000

Last month 3,041,200

145,200

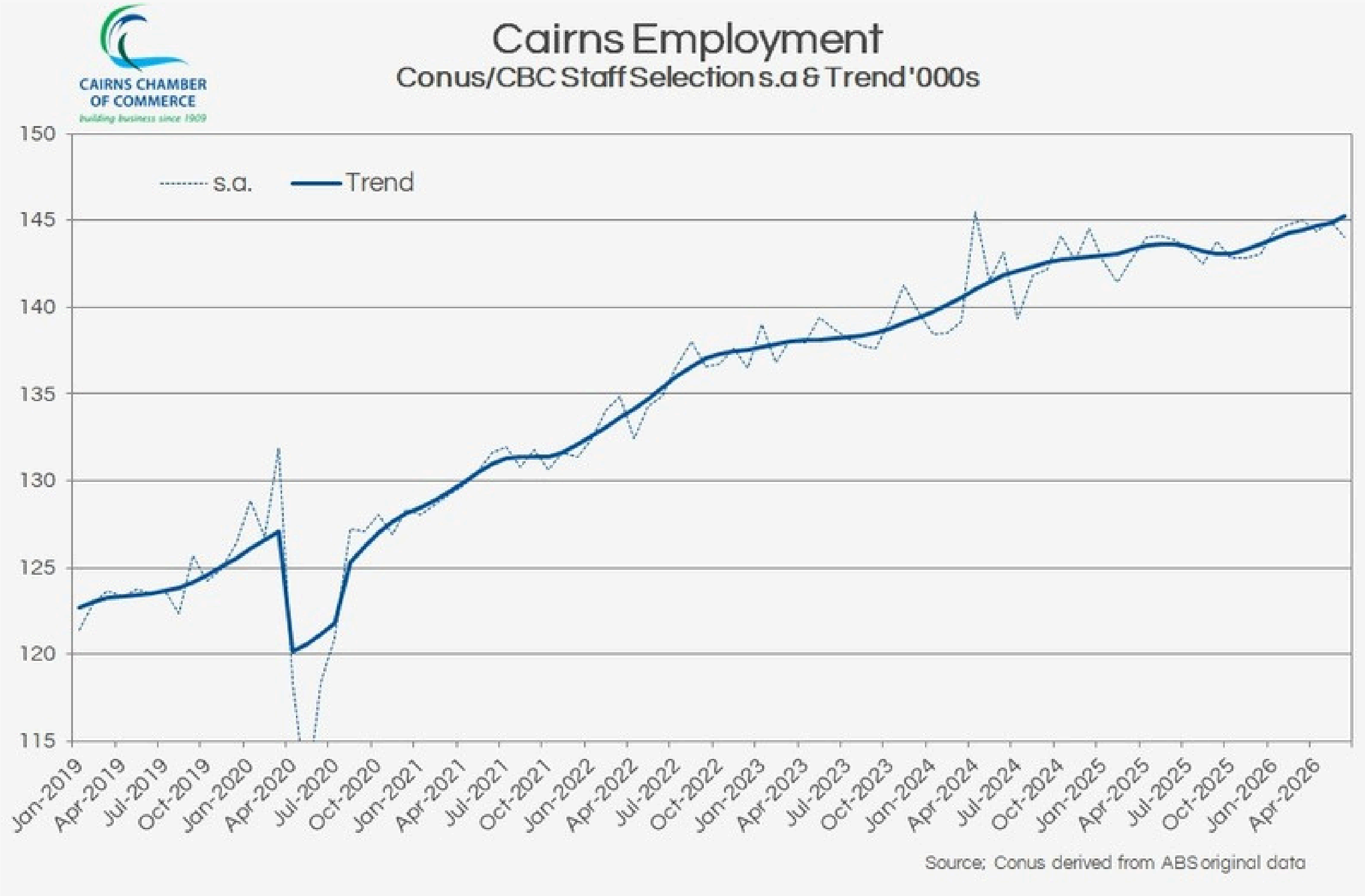
Last month 144,900

For the past few years we have been watching the changing structure of the Cairns labour market. 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 of age become the largest single cohort of workers. Recently the pace of growth of younger and middle-aged workers has picked up significantly with middle-aged workers closing the gap with older (45+) workers.

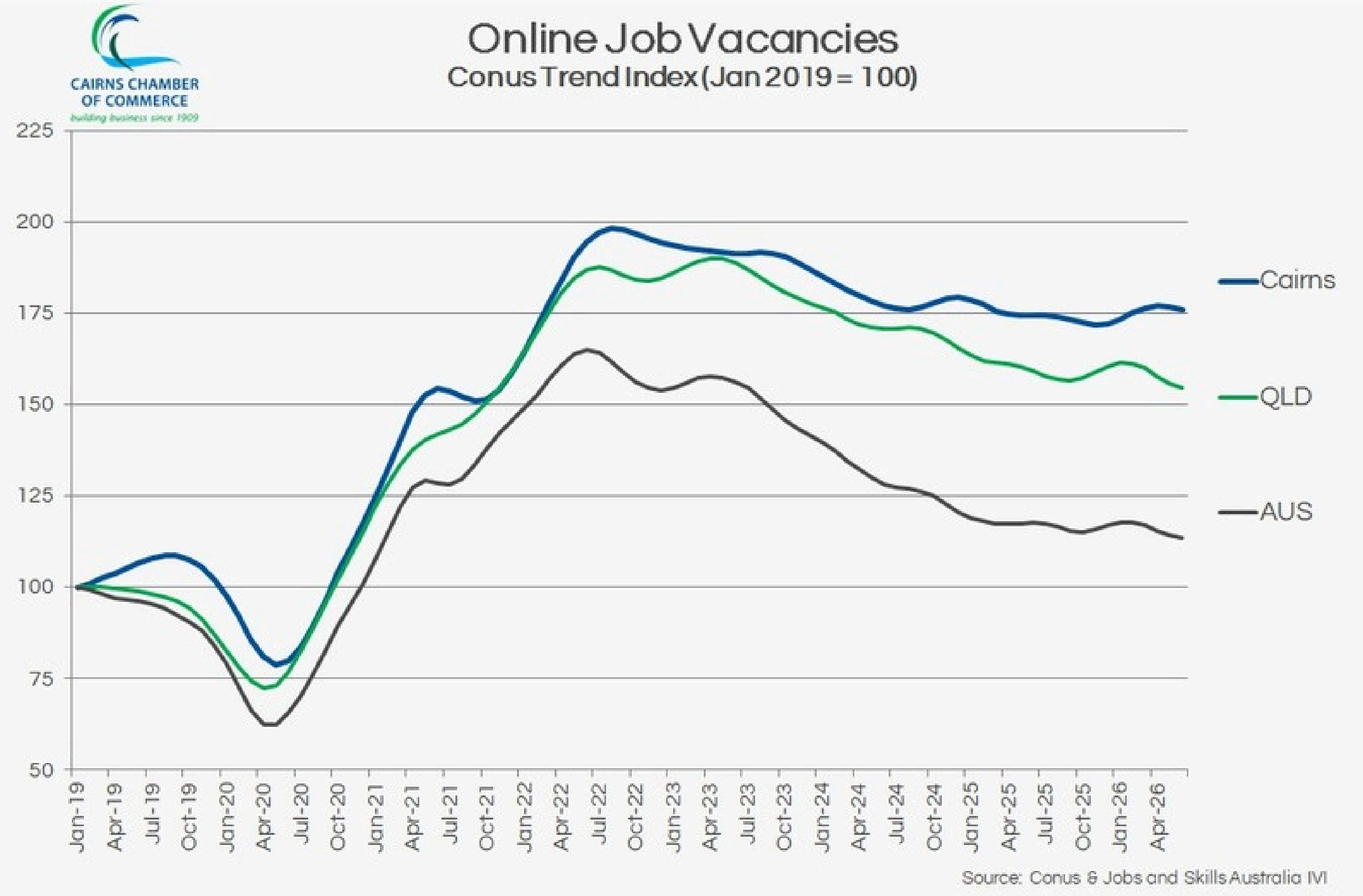


Over the past year the ABS has made several changes to the way that labour market data for regions is calculated and presented. Those changes have almost uniformly been extremely positive. However, a recent change means that monthly regional data on part-time and full-time employment will now only be available on a much more lagged basis. We still do not have access to this data beyond Jan 2026.

Trend employment growth in Queensland picked up slightly in May to 1.7% y/y with another 8,700 added to the number in work; this is the largest monthly increase in employment since Sept 2024. Encouragingly we are seeing the pace of growth of full-time positions in Queensland also picking up with about half of this month's increase. However, over the course of the past 12 months while employment has increased by 50,300 only 16,300 of those have been full-time positions.



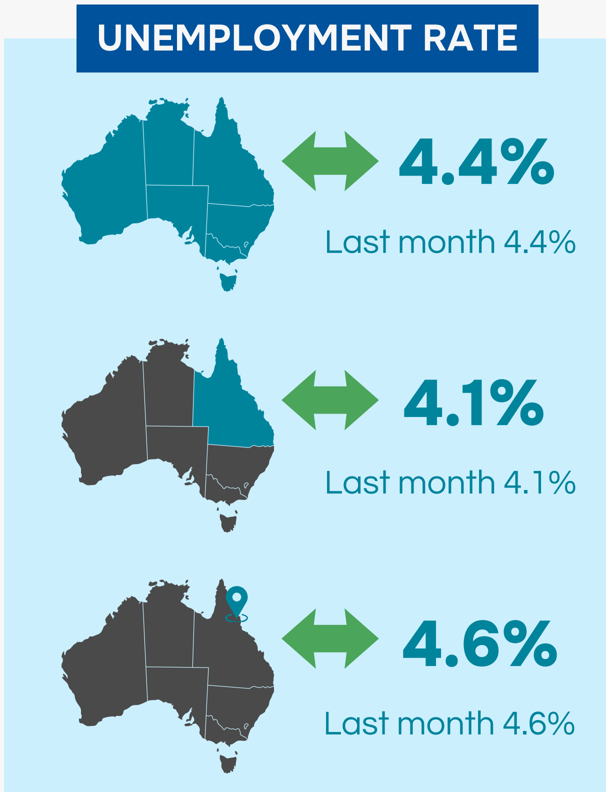
A similar, although less strong, story holds true at the national level. Trend employment across Australia grew by 32,300 in June to take the annual pace of growth to 1.6% which is its fastest pace since June last year. More than 18,000 of that increase came in the form of full-time positions. For the past few months we have been noting the volatile swings in the seasonally adjusted employment series (and highlighting why it is that we therefore focus on the Trend series). That volatility continues this month and the overall strength evident in this data set over the past 3 or 4 months is now being reflected in the stronger Trend series; i.e. we can be confident the volatility in the seasonally adjusted series is being confirmed by the more stable Trend data. Labour market conditions remain quite robust and this strength is one of the reasons that the markets (and the RBA) are still not convinced that the interest rate hiking cycle is yet done.



The Online Job Vacancies data for June shows our region performing significantly better than the national and Queensland data. Vacancies have declined 3.6% across Australia over the past 12 months but are down only 1.8% in Far North Queensland and are up 0.8% in Cairns SA4. Recently Queensland has been falling at a similar rate to the national Trend down 2.9%. As the chart makes clear, over the past 7 years Cairns has performed significantly better than both State and National average and that outperformance is once again evident in the recent data.

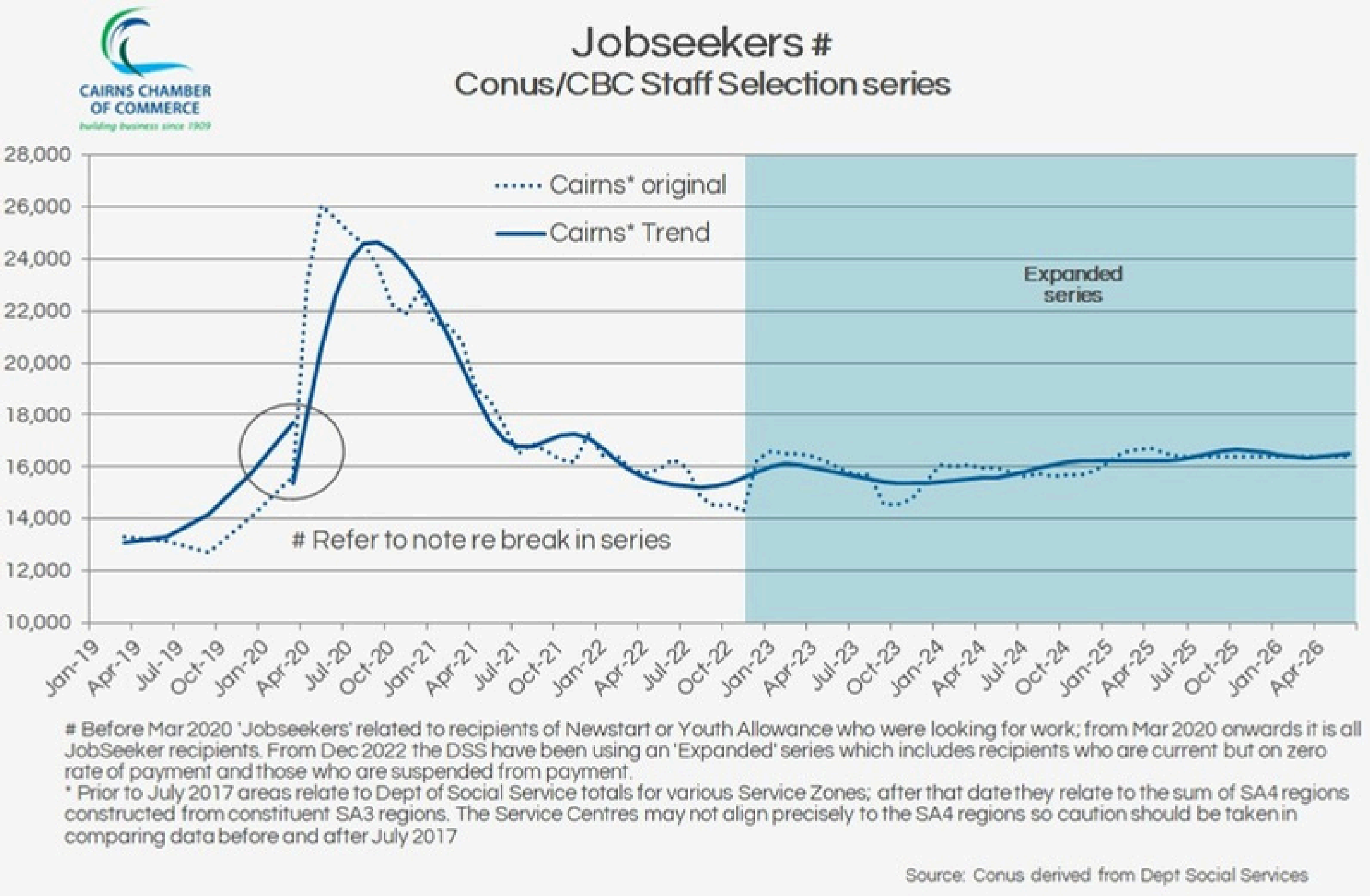
Unemployment

After some revisions to previous months, and an increase in the Trend participation rate back towards record highs, the Trend unemployment rate in Cairns now sits at 4.6%. Over the course of this year, while the unemployment rate in Queensland has remained stable, 11 regions in the state have seen their unemployment rate move higher, 4 are unchanged and just 4 (including Cairns) are lower.



JobSeekers across the country continue to show Trend growth and were up 5.2% for the year to June. In Queensland the increase is somewhat slower at just 3.1%. Here in Cairns the Trend Jobseeker series has edged very slightly higher over the past 3 months, after a period of gradual decline. As a result, the increase in Cairns is just 1.2% for the year which demonstrates just how robust the local labour market is when compared to the State and Nation.

Queensland's Trend unemployment rate was unchanged in June at 4.1% (while previous months were revised slightly higher). The State's labour market remains quite robust with the Trend unemployment rate and participation rate unchanged over the past year. We now have a spell of 39 months in which the Trend unemployment rate in Queensland has been fluctuating between 4.2% and 3.9% - an extraordinary run of strength. Participation in Queensland remains healthy with PR picking up slightly over the past 4 months. It is this relatively strong participation which is keeping the unemployment rate from falling further despite the pickup in employment growth noted above.



Across Australia the resilience of the labour market is also evident, although less dramatically so. The Trend unemployment rate was unchanged in June at 4.4%, as was the more volatile seasonally adjusted series. As is the case in Queensland, a gradual increase in the rate at which people are participating in the labour force has kept the unemployment rate from falling despite the slight improvement in the pace of employment growth. As the chart makes clear, we are seeing a very gradual easing in the strength of the labour force, although by historical standards it remains strong.

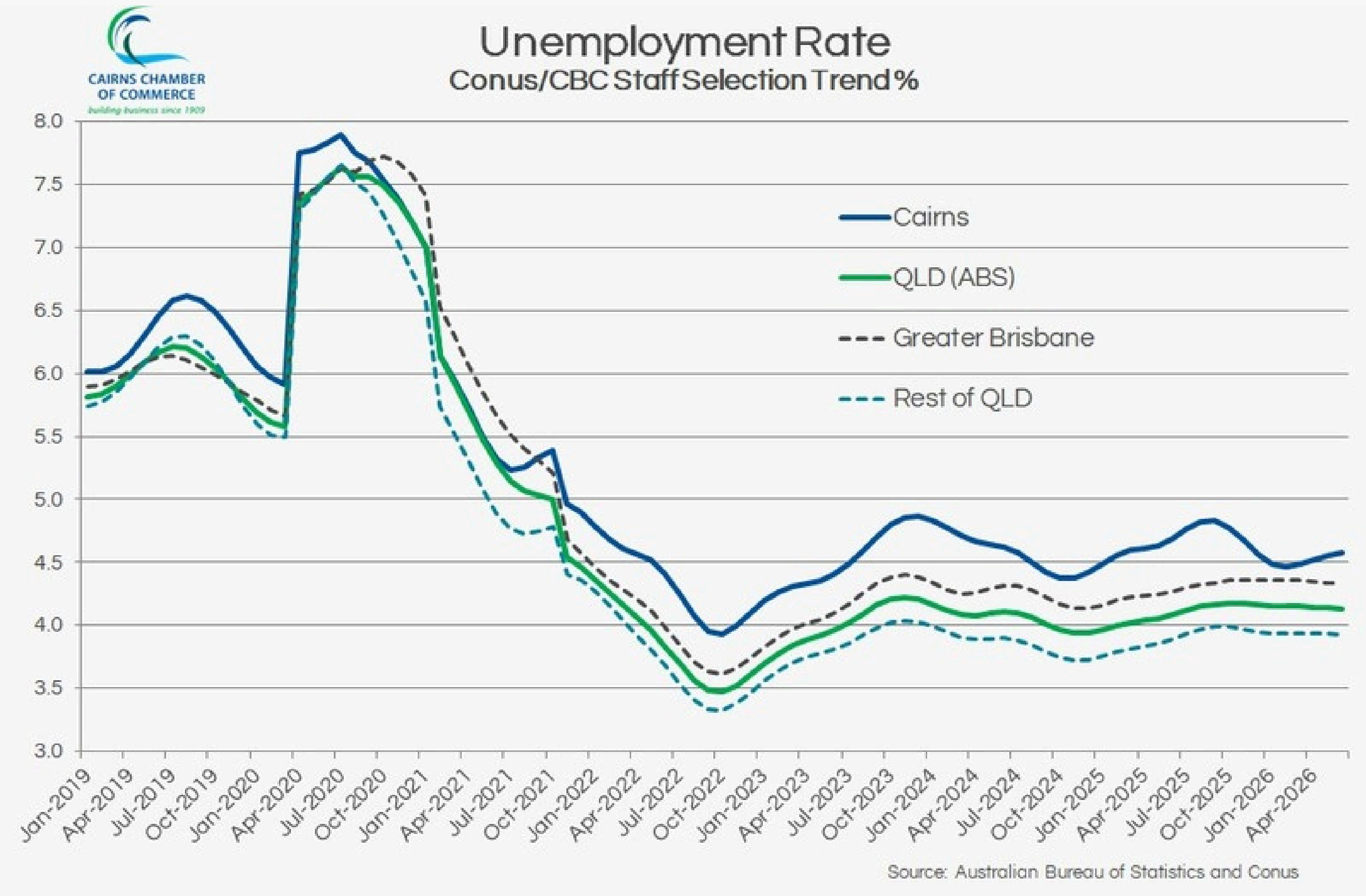


Photo credit: Tourism Tropical North Queensland


Photo credit: LJ Hooker Edge Hill

REAL ESTATE

As we continue to see clear signs of property prices falling across the nation there is scant evidence of any such reversal in the Cairns market. The fear that interest rates will be moving higher still (precipitated by continued tensions in the Middle East and high oil prices) has clearly taken some of the steam out of over-valued markets elsewhere and prices have been falling.

MEDIAN PRICE

Unit
$487,000
+ 22% y/y

House
793,000
+ 13% y/y

In Cairns the strong underlying market fundamentals of a severe shortage of supply, continued economic robustness, and population growth appear to be mitigating price concerns and although the charts suggest the pace of growth may have slowed we are yet to see signs of prices falling. Median unit prices are up 21.8% for the year while median house prices continue to toy with the $800,000 level and are up 13%.

All of this further cements Cairns' position as one of the best performing real estate markets in the country in recent years. Over the past 3 years compounding annual growth in Cairns has averaged 17.1%, which equates to an increase of 61% over those 3 years. This compares to a national average of 8.1% annually for a 3-year increase of 26%. Even when we consider price movements over the past 10 years Cairns (+104%) has outperformed both Sydney (+60%) and Melbourne (+64%). Despite this huge out-performance in recent years, the median combined (houses and units) price in Cairns is still $254,000 below the national average, and even though this gap has closed significantly in recent years Cairns remains a good-value option and can therefore certainly sustain price levels even as they fall elsewhere.

VACANCY RATE

0.8%

Previous month 0.8%

MEDIAN RENTALS

2-bed unit

$517 p/w

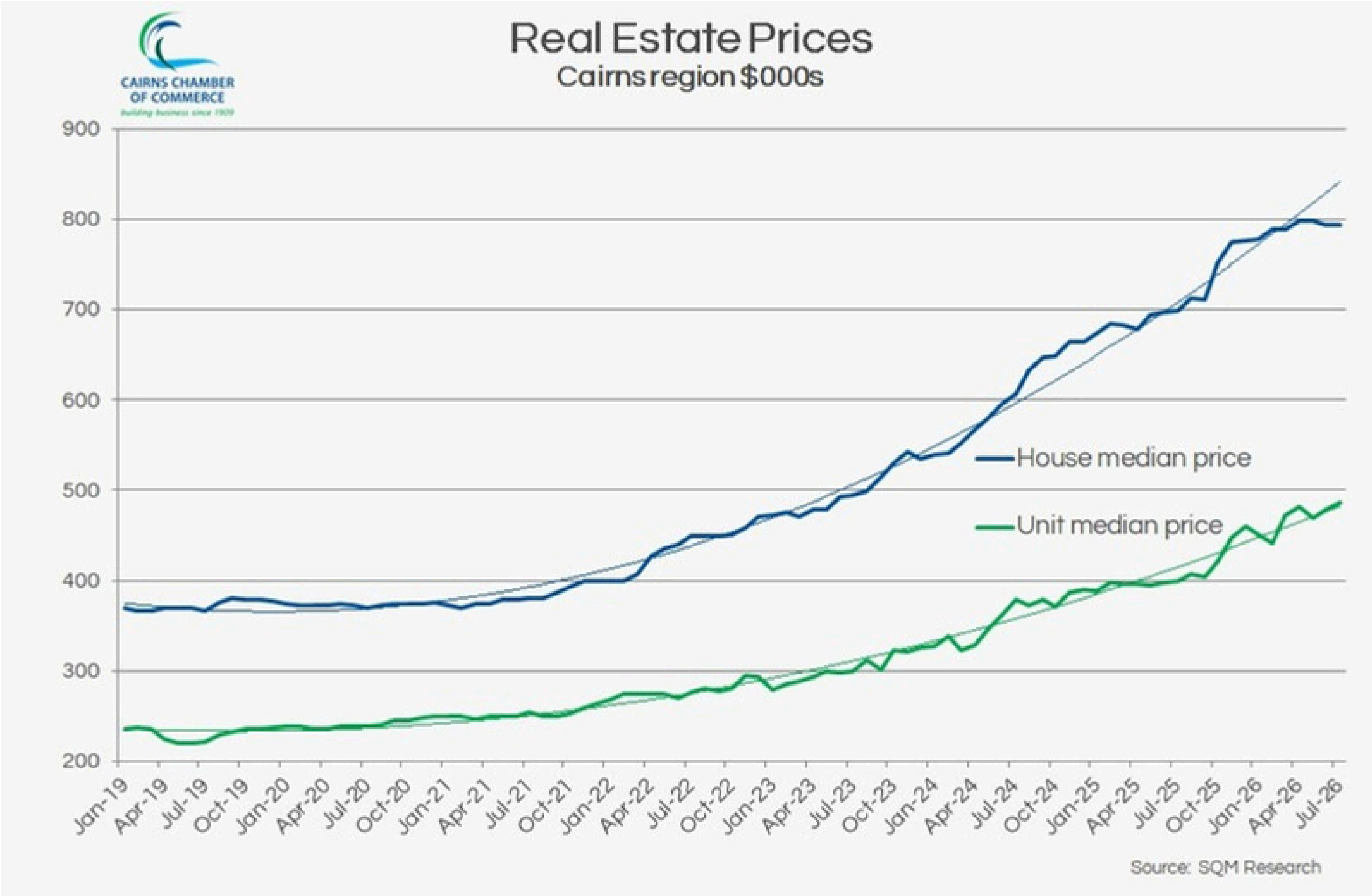
+ 8% y/y

3-bed house

$662 p/w

+ 9% y/y

For the fifth consecutive month the rental vacancy rate is below 1% at just 0.8% in June. It has now been 66 months during which the rental vacancy rate has been between 1.2% and 0.5% - an extraordinary period of tightness which appears to once again be getting ever tighter. This tightness in the rental market over more than five years has been a major driver of such strong rent growth. Given this rental shortage the fact that weekly rents continue to rise strongly is no surprise. Rents across units and houses are now up 8% to 9% for the year.


CAIRNS CHAMBER OF COMMERCE
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Real Estate Prices
Cairns region $000s
900
800
700
600
500
400
300
200
House median price
Unit median price
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
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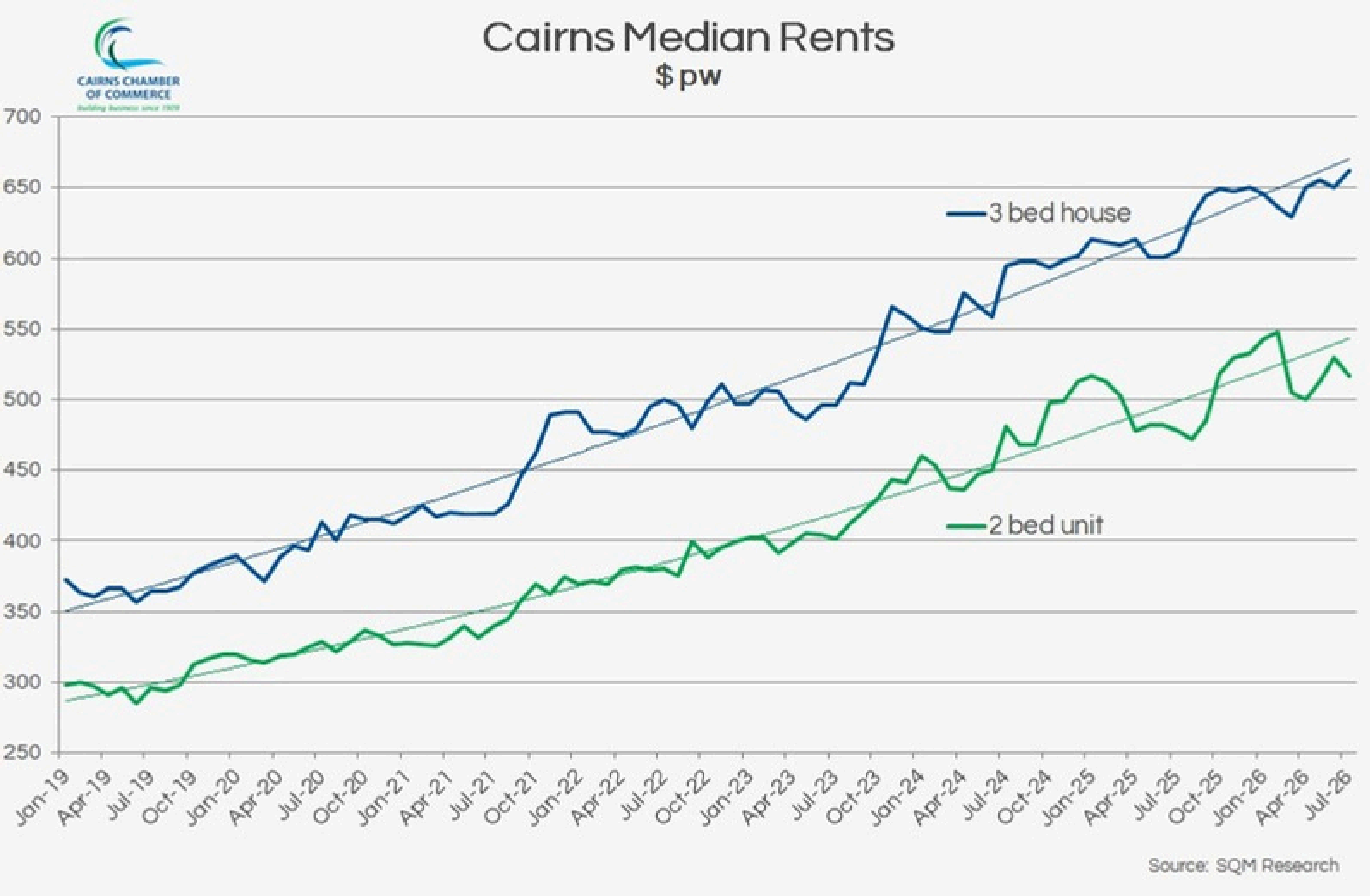
Apr-25
Jul-25
Oct-25
Jan-26
Apr-26
Jul-26
Source: SQM Research


CAIRNS CHAMBER OF COMMERCE
building business since 1909
Real Estate Prices
3 year pa %
Ipswich 1.4
Melbourne 3.4
Canberra 4.1
Sydney 4.5
Hobart 4.8
North QLD 6.6
Avg Capital Cities 6.7
Darwin 8.0
Nation 8.1
Gold Coast 11.6
Sunshine Coast 11.8
Adelaide 12.8
Brisbane 12.9
Toowoomba 13.7
Perth 16.8
Cairns 17.1
Central QLD 18.4
Source; SQM Research


CAIRNS CHAMBER OF COMMERCE
Cairns Median Rents
$ pw
700
650
600
550
500
450
400
350
300
250
3 bed house
2 bed unit
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
Apr-22
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Oct-23
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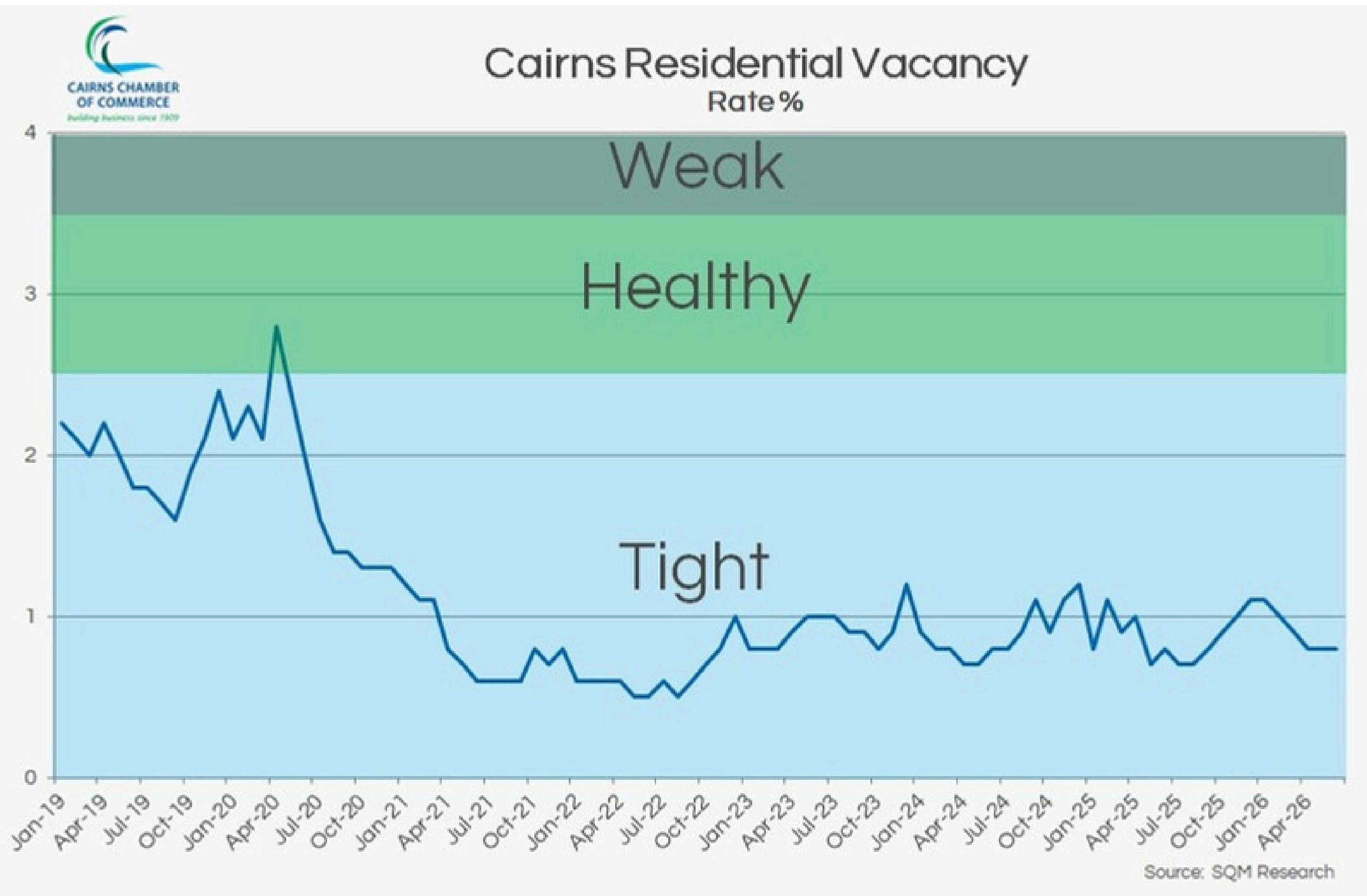
Apr-26
Jul-26
Source: SQM Research


CAIRNS CHAMBER OF COMMERCE
Cairns Residential Vacancy
Rate %
4
3
2
1
0
Weak
Healthy
Tight
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
Apr-22
Jul-22
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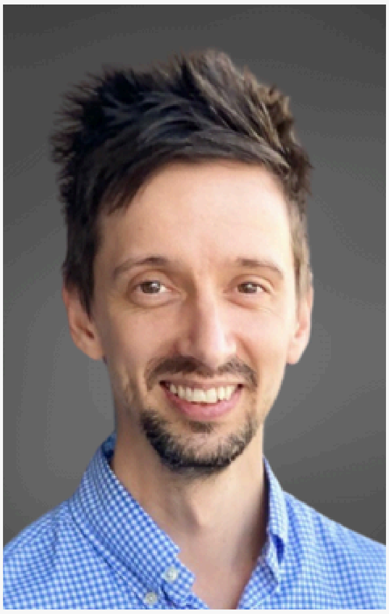
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
Oct-24
Jan-25
Apr-25
Jul-25
Oct-25
Jan-26
Apr-26
Source: SQM Research

A WORD FROM OUR SPONSORS

"It was a pleasure to attend the Cairns Chamber of Commerce July Business Luncheon and hear Pete Faulkner present his annual outlook for the Far North Queensland economy. As a regional business, we appreciate having access to economic data and analysis focused specifically on Far North Queensland. We are fortunate to have organisations committed to producing insights that help local businesses better understand the opportunities and challenges unique to our region."

Rhiannon Saunders
Managing Director, WGC Lawyers



"The Cairns economy continues to show resilience, but confidence is becoming an increasingly important issue. In recent months we have observed business owners and investors adopting a more cautious approach to investment decisions. While strong population growth and housing demand support the region's long-term outlook, uncertainty can quickly suppress investment activity. Local brokers are reporting a noticeable reduction in property investor enquiries despite otherwise favourable market conditions. Businesses are generally still willing to invest when they can forecast the future with some certainty"

Michael Wilson
Partner, PVW Partners

"Currently, there is uncertainty in the national property market. Geo-political pressures, unclear legislation regarding recent tax changes, anxiety about impending legislative changes to family trusts, and what the RBA will do to the cash rate. It's the first time in a long time we have heard from buyers the words "I think I will wait and see what the market does". The converse to that is potential sellers are also saying the same words. So, will there be a reduction in property prices? The old principle of supply and demand will dictate. If both buyers and sellers choose to wait to action their plans, then prices will generally hold with only those that need to transact doing so in the coming months."

Nadine Edwards
Director, LJ Hooker Cairns Edge Hill

A WORD FROM CAIRNS CHAMBER OF COMMERCE

building business since 1909

At the Cairns Chamber of Commerce, we are proud to deliver to you, our business community, **this AUGUST 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 https://www.cairnschamber.com.au/upcoming-events/

AUGUST

12
NETWORKING | Coffee & Conversations
08:00am - 09:30am
232 Mulgrave Rd, Westcourt

18
AUGUST BUSINESS LUNCHEON
11:30am - 2:00pm
Crystalbrook Riley

SEPTEMBER

02
FNQ DAMA
Information Session for FNQ Employers
10:00am - 11:00am
Cairns Chamber of Commerce, The Pier

15
SEPTEMBER BUSINESS LUNCHEON
11:30am - 2:00pm
The Reef Hotel Casino

BECOME A MEMBER **CLICK HERE**

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