

DECEMBER 2025



CAIRNS ECONOMIC MONITOR



SNAPSHOT

The Australian economy grew by 0.4% in the third quarter of 2025 (after Q2 was revised up to +0.7%) which equates to 2.1% for the year to September. This is broadly in line with the forecasts from the RBA of 2.0% for 2025 and will also sit within the Budget projection of 2.25% for 2025/26. The Budget had forecast growth of 1.5% for the 2024/25 financial year but the final result was slightly lower at just 1.3% (Queensland's Gross State Product grew 2.2%).

When we consider the Trend building approvals, once we have adjusted for the exceptional item of the Woree affordable units a few months ago, we see a very gradual decline from recent highs. If we are to address the chronic accommodation shortage in the region we will need to see this Trend reverse and figures back to levels at, or ideally even higher, than the post-COVID boom seen in 2021. The boost to supply that the Woree units will provide is very welcome but needs to be sustained.

This month saw the ABS produce their new 'full' Monthly Inflation data. Headline CPI increased in October to 3.8% (from 3.6% in Sept) while the Trimmed Mean increased to 3.3% (from 3.2%). It will take some time for this new data set to fully supplant the 'old' quarterly measures, but on this first reading it appears that the RBA's expectation of slightly elevated inflation, and therefore their position of holding rates steady, is borne out. The markets have responded by removing any expectation of further cuts, and instead are now pricing a possible 25bps hike towards the end of 2026; in our view this may be an overreaction to a new data set which is yet to 'settle in'.

It's encouraging to see the Cairns Trend unemployment rate being revised slightly lower this month and to be once again sitting below 5%, at 4.9%, and for Trend employment to still be growing. Nevertheless, the truth remains that (in common with the story at the national and state level) our labour market is easing. Nowhere is that clearer than in the consideration of full-time positions, which have been falling throughout this year.

The next issue of the Cairns Economic Monitor will be in February next year, so we would like to take this opportunity to wish all readers a very Happy Christmas and a healthy and successful New Year.



BUILDING APPROVALS

TREND APPROVALS

↑ **206**
Sept 2025

TREND RATE OF APPROVALS

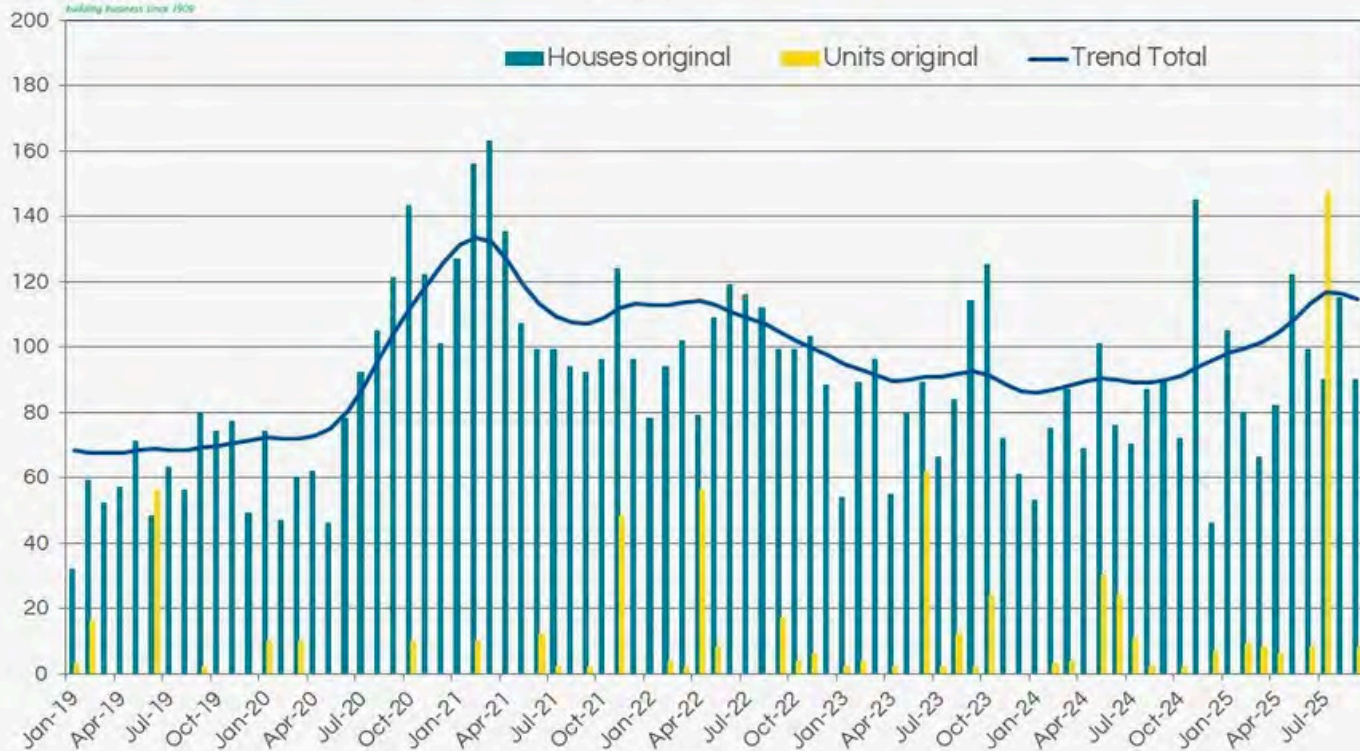
↑ **130.2%**
year on year

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 Woree affordable housing units) and adjusted (i.e. excluding those Woree units) form.

The unadjusted series continues to increase slightly (to 206) despite approvals

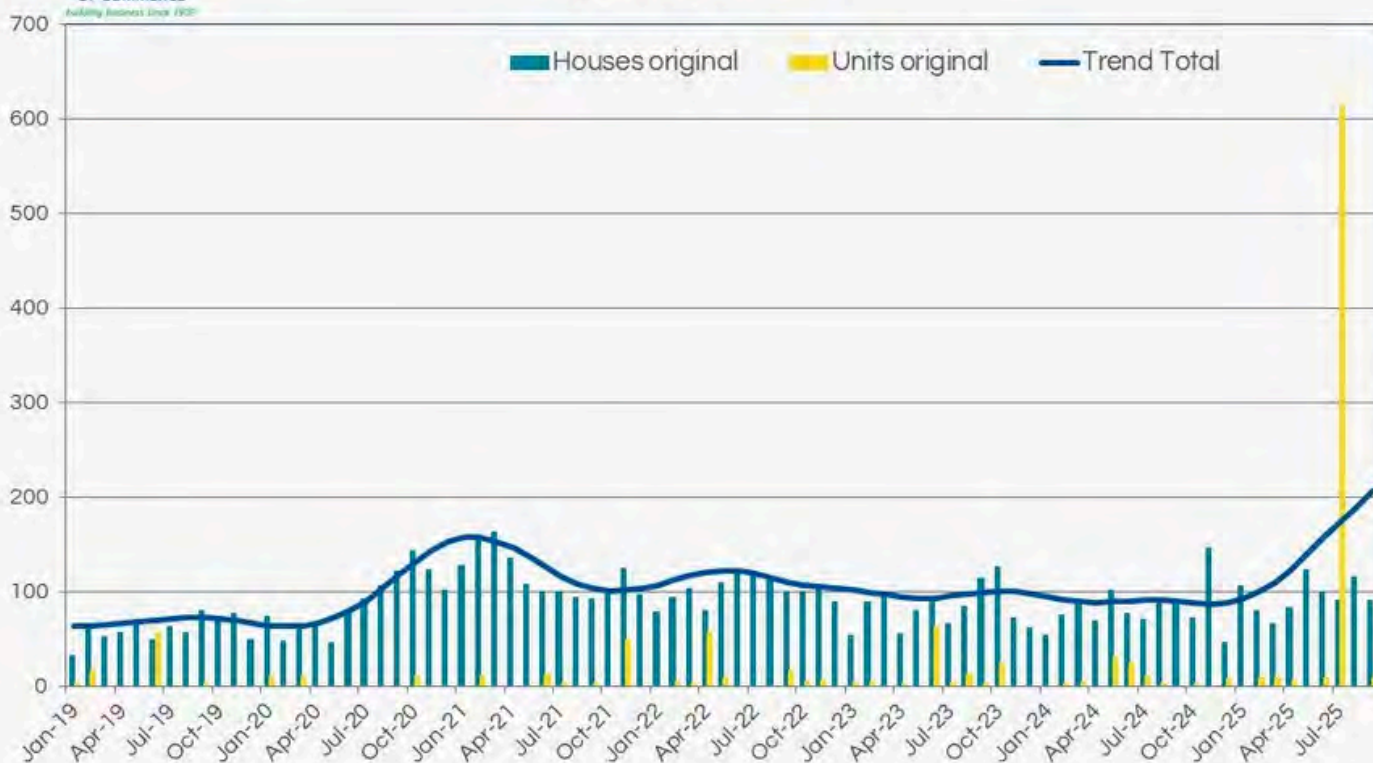
actually being a little lower in September as the distortion caused by the exceptional Woree units works its way through the seasonal adjustment process. The adjusted series is more realistically reflecting the slowdown with a very small decrease in the Trend to 115. Over coming months we can expect to see these two series begin to converge, although given the scale of the extraordinary item this could take some time. In the meantime, we would recommend focus on the adjusted series to get a more realistic picture of what is happening in this space.

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



Trend approvals remain lower than during the post-COVID boom and if we are to see a genuine and sustained impact on the chronic accommodation shortage the region is facing we will need to see these numbers increase (and be sustained at higher levels) in coming months.

Cairns Building Approvals original & Conus Trend



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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.

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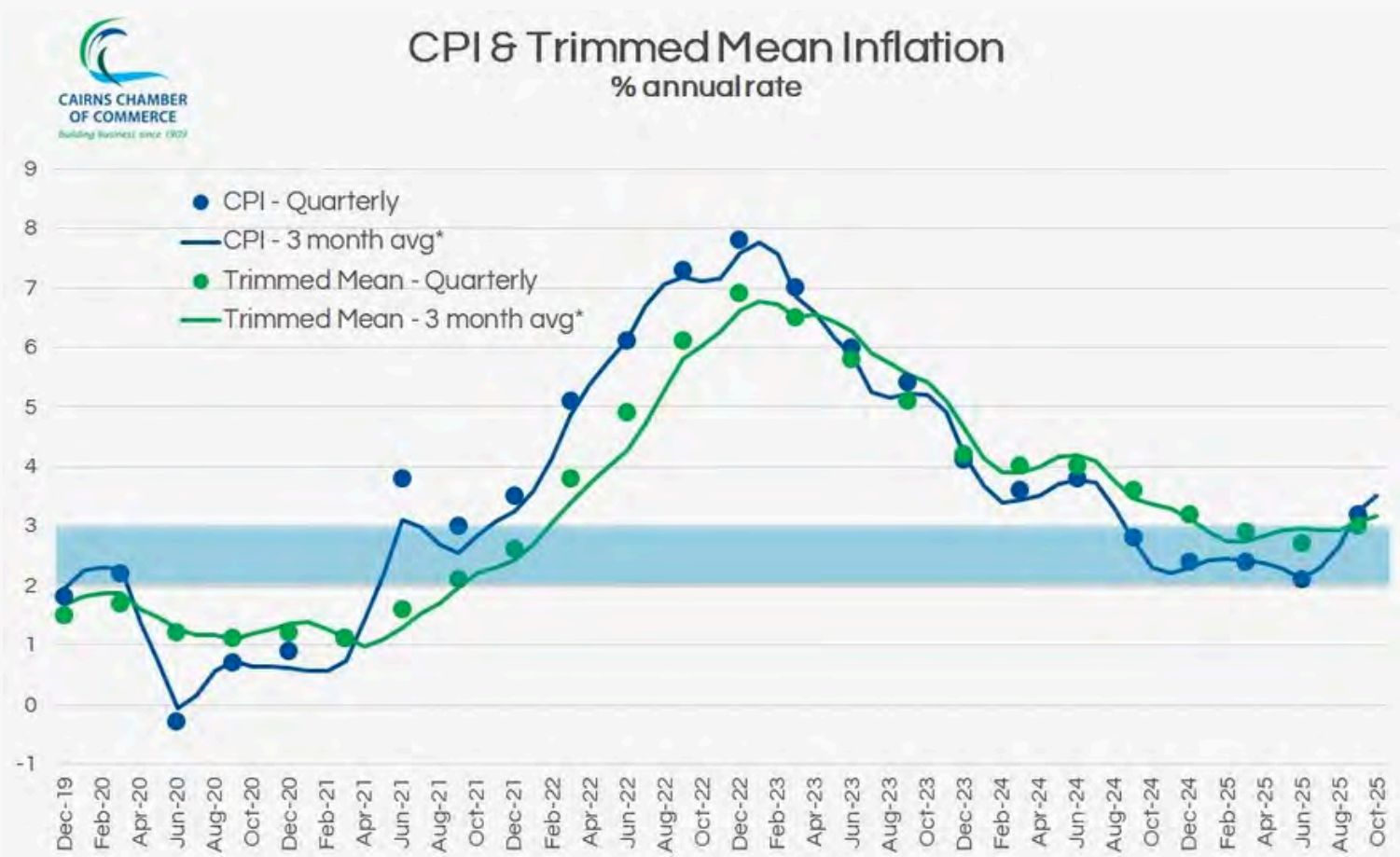


- Body Corporate Law
- Building & Construction Law
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- Dispute Resolution
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- Government
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- Litigation
- Property Law
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INFLATION & INTEREST RATES

For the October inflation data, the ABS have released their brand new 'full' Monthly Inflation figures. Previous monthly CPI numbers were not directly comparable with the quarterly CPI figures, but this new complete Monthly Inflation will, in due course, supplant the quarterly measure.



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

Source: ABS

October saw headline CPI increase to 3.8% (from 3.6% in Sept) and Trimmed Mean increase to 3.3% (from 3.2%). Both of these numbers now sit well outside the RBA's 2-3% target range. The RBA made clear in their most recent Statement on Monetary Policy that they were anticipating inflation to move up a little over coming months, so these numbers are unlikely to have come as a huge surprise to the Bank and will further cement their view that interest rates are very unlikely to be coming down any time soon. The markets have responded by removing any expectation of further cuts, and instead are now pricing a possible 25bps hike towards the end of 2026; in our view this may be an overreaction to a new data set which is yet to 'settle in'.





TOURISM

Passenger numbers through Cairns Airport continue to improve. For the year to October total passengers has approached (although not quite breached) the 5 million level, a figure we have not seen since September 2019. The recovery has been most significant for the international sector where new and expanded routes have seen international passenger numbers improve strongly. Our Conus Trend estimate in October for international passengers sat at 66,533 which is its highest since August 2006. Domestic numbers are also improving, although here our Trend estimate suggests only a return to levels comparable with those at the end of 2019.



We are still waiting for the next release (for the Sept quarter) of official tourism data from Tourism Research Australia. However, in the meantime our own modelling of the domestic and international expenditure series for TNQ, which is based on a selection of more timely partial datasets, allows us to estimate what those results might look like. Our model suggests that domestic expenditure, for which we have had to rely on estimates since the release of the last official figures for the year to Dec '24, is likely to have lifted from \$3.30 bn in the year to the June quarter to \$3.41 bn for the year to September. Similarly, we estimate that international expenditure will lift from the official figure of \$1.21 bn in the year to June to \$1.24 bn in the year to September. In total therefore we are estimating an increase of \$140 million over the previous quarter.

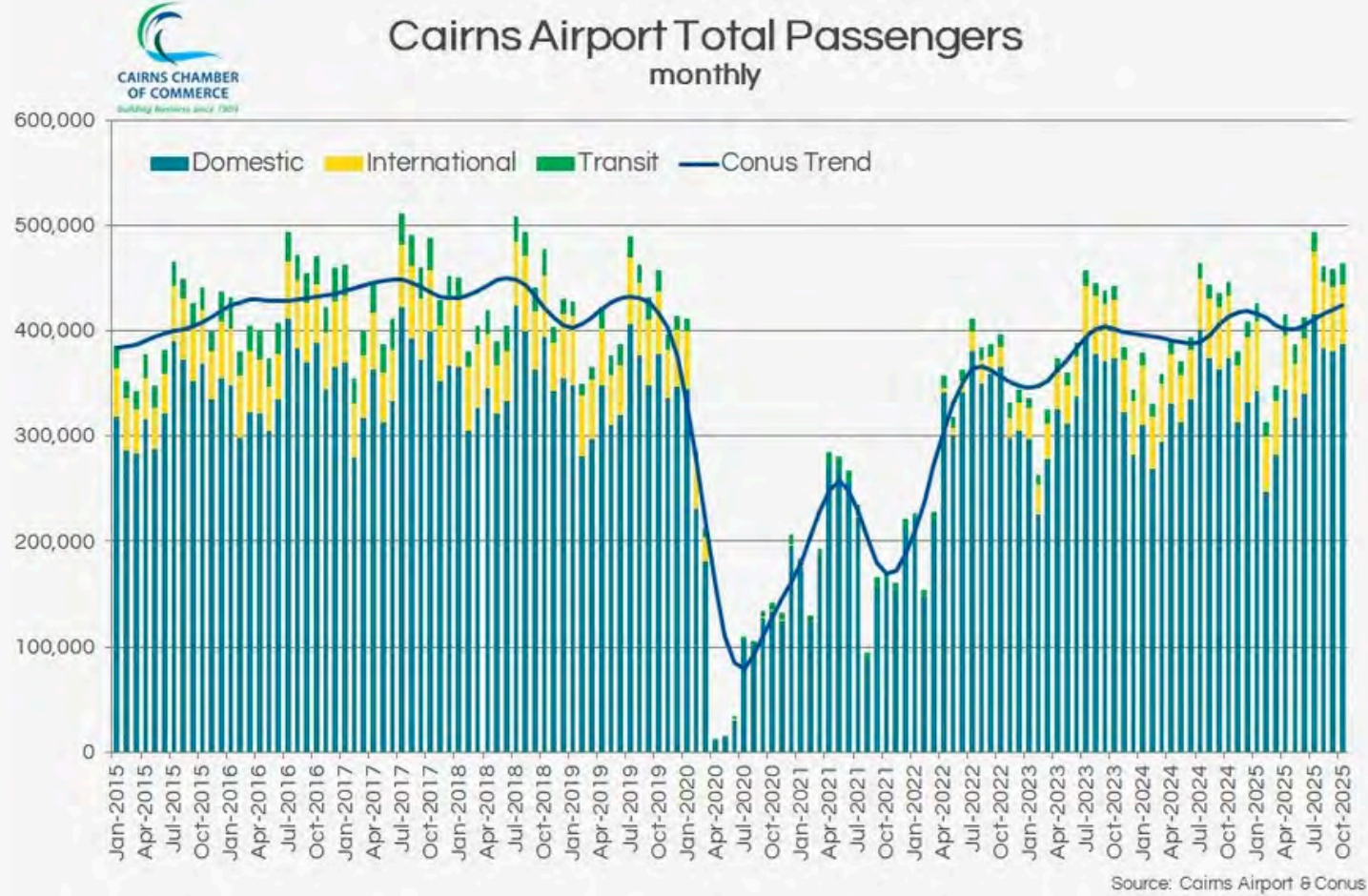


Photo Credit: Tourism Tropical North Queensland



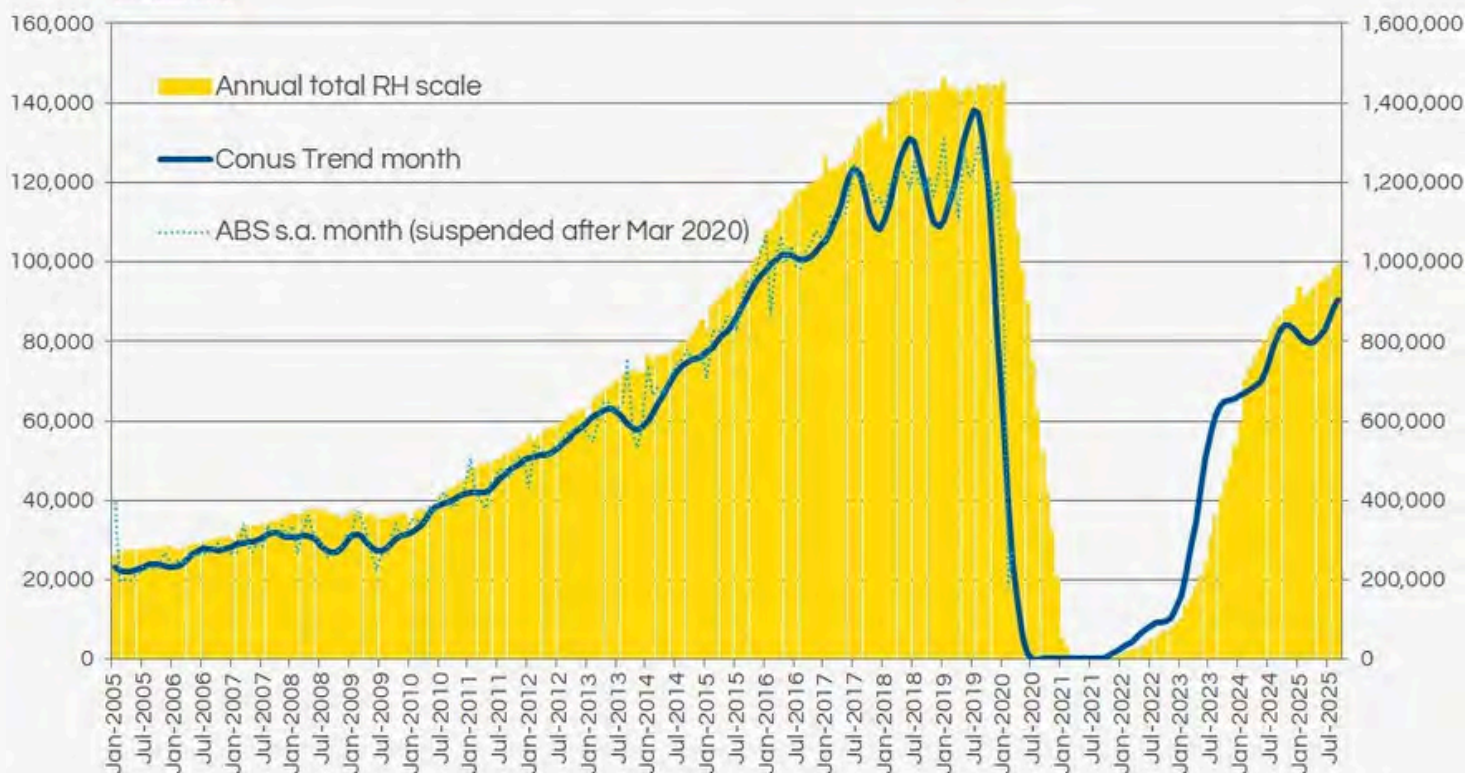
Visitations TNQ



In the period prior to COVID Chinese visitors to TNQ had become the predominant market, although by late 2019 they had already started to fall slightly from their peak in the middle of that year. The recovery of the Chinese market has been slow and there appears to be limited scope for a return to anything like the 2019 levels anytime soon.



Chinese Visitors to Australia



Source: Australian Bureau of Statistics

Nevertheless, we are certainly seeing a solid recovery in the number of Chinese visitors coming to Australia with the data suggesting a return to levels seen in 2015. Here in TNQ the recovery has been much slower, and we are yet to return to the levels seen even as long ago as 2010. However, the national recovery does suggest that there is plenty of scope for this important market to return to TNQ in scale in the future.

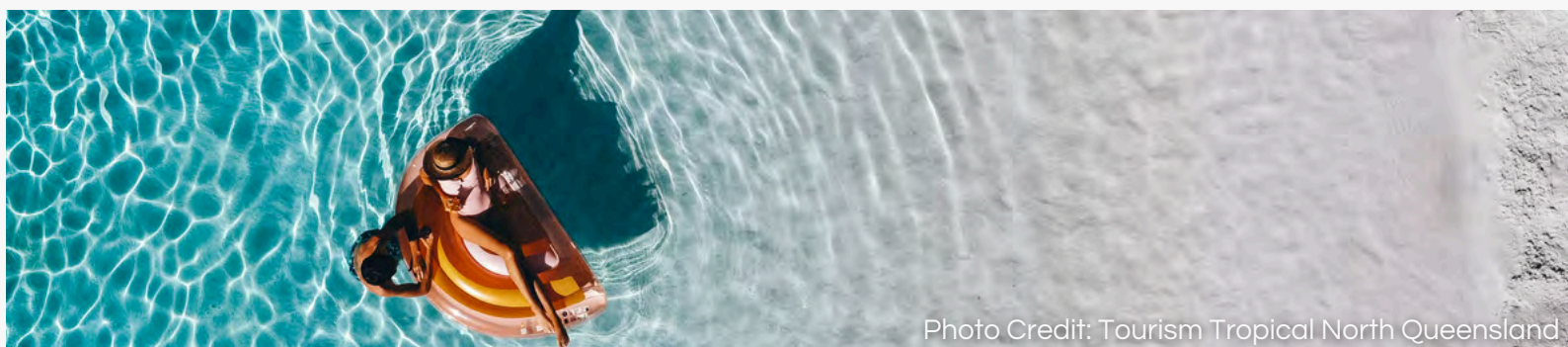


Photo Credit: Tourism Tropical North Queensland

LABOUR MARKET

Employment

While Trend employment lifted again in September (+200), as the chart makes clear employment growth has slowed significantly in recent months.

In Cairns annual employment growth has fallen to 0.8% pa from its previous high of 3.5% pa just over a year ago.

Two of the charts in this month's issue are worth considering. The first shows that full-time employment (which for some time had been the star of the labour market show in Cairns) has been on a quite dramatic move lower throughout 2025. While employment continues to grow it has been exclusively because of part-time positions.

PEOPLE EMPLOYED



↑ **14,678,400**

Last month 14,651,300



↑ **3,007,800**

Last month 3,004,700



↑ **144,900**

Last month 144,600

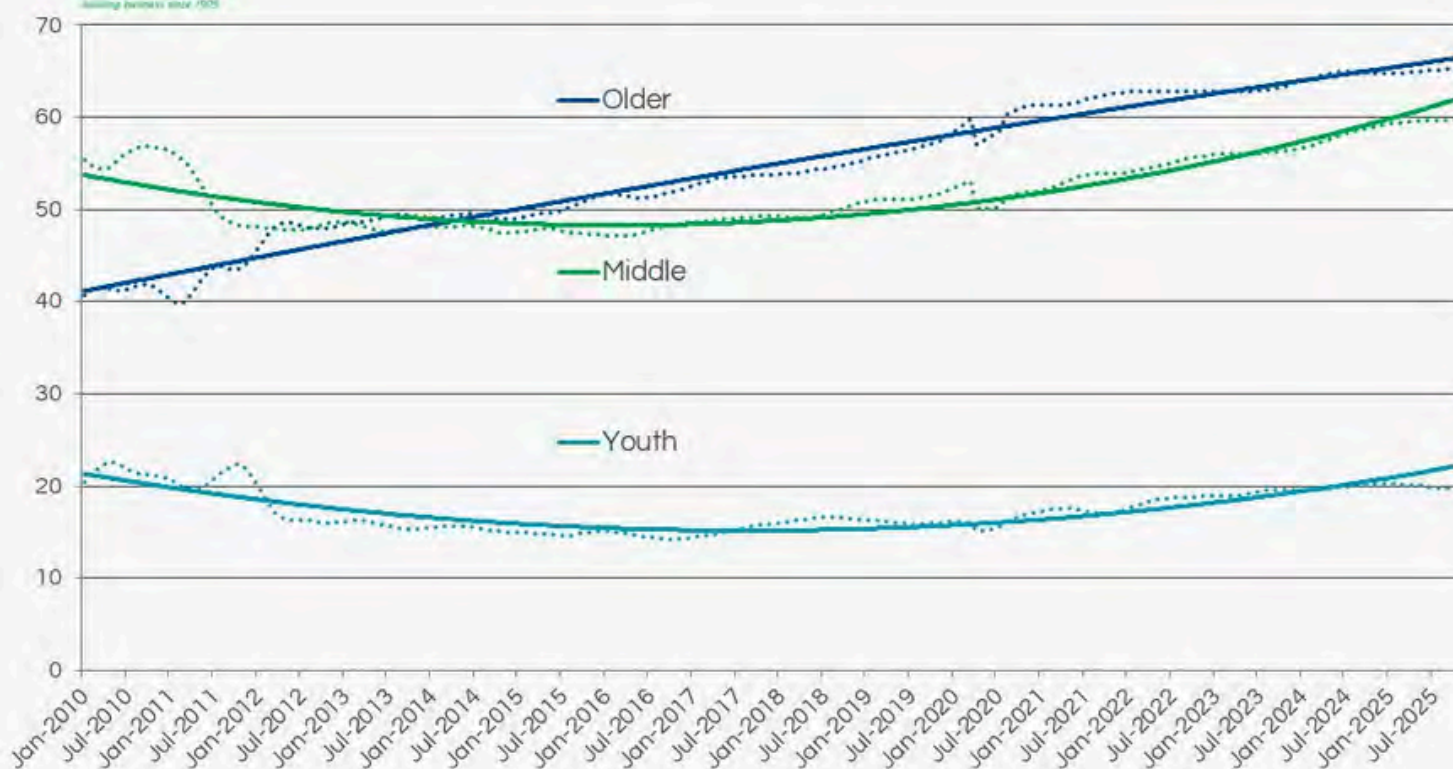
Cairns Full-time Employment Conus/CBC Staff Selection Trend '000s



Source: Australian Bureau of Statistics and Conus

The second chart demonstrates that employment growth over the past 15 years has been coming mostly from the older worker cohort (45+). In particular, youth (15-24 years) employment has barely shifted at all over that period.

Cairns Age Employment Conus/CBC Staff Selection Trend 000s

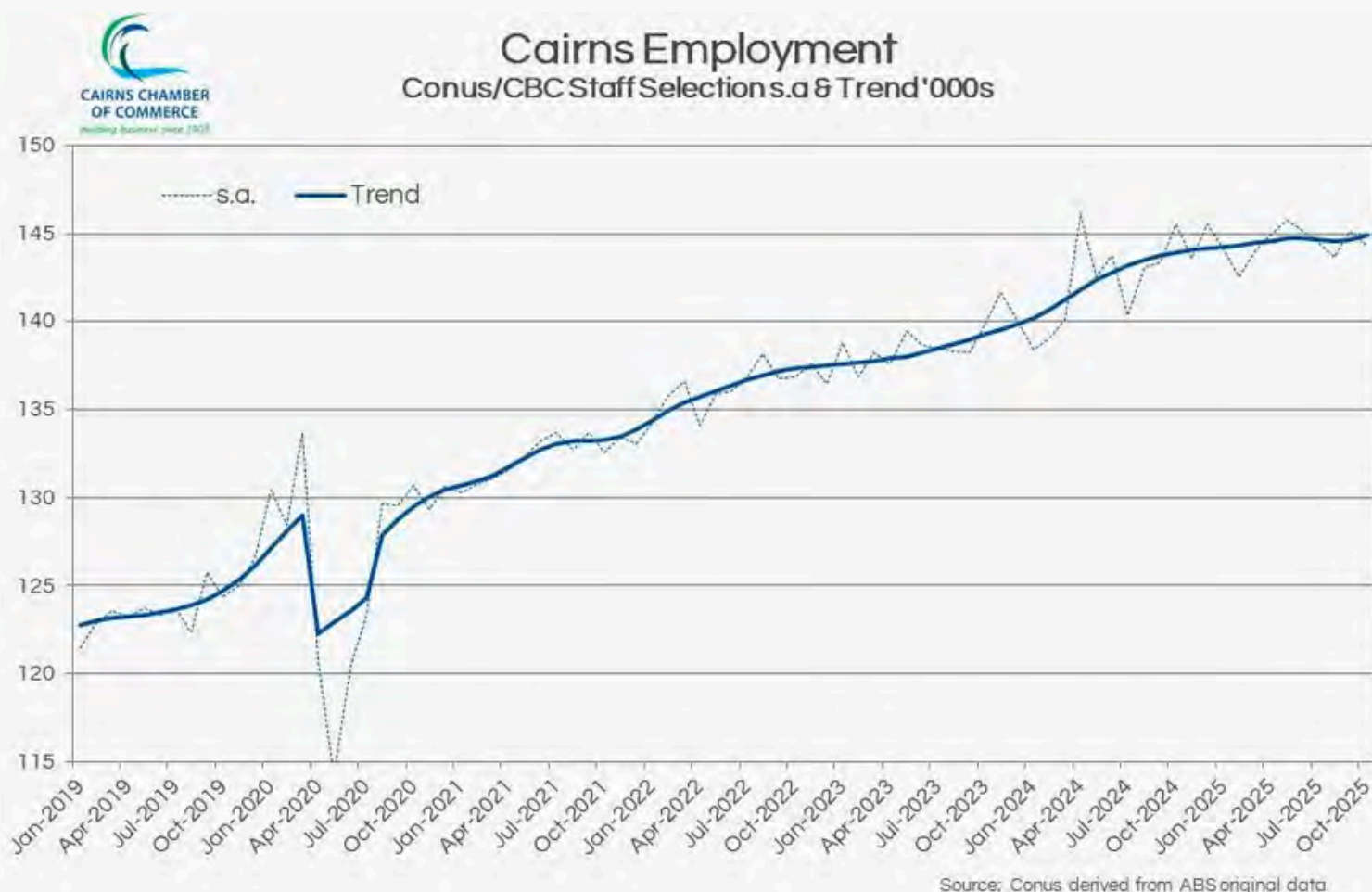


Source: Australian Bureau of Statistics and Conus/CBC Staff Selection

These changes, combined with a female population participating at a much higher rate, have resulted in fundamental shifts to the demographic make-up of the labour force in Cairns.

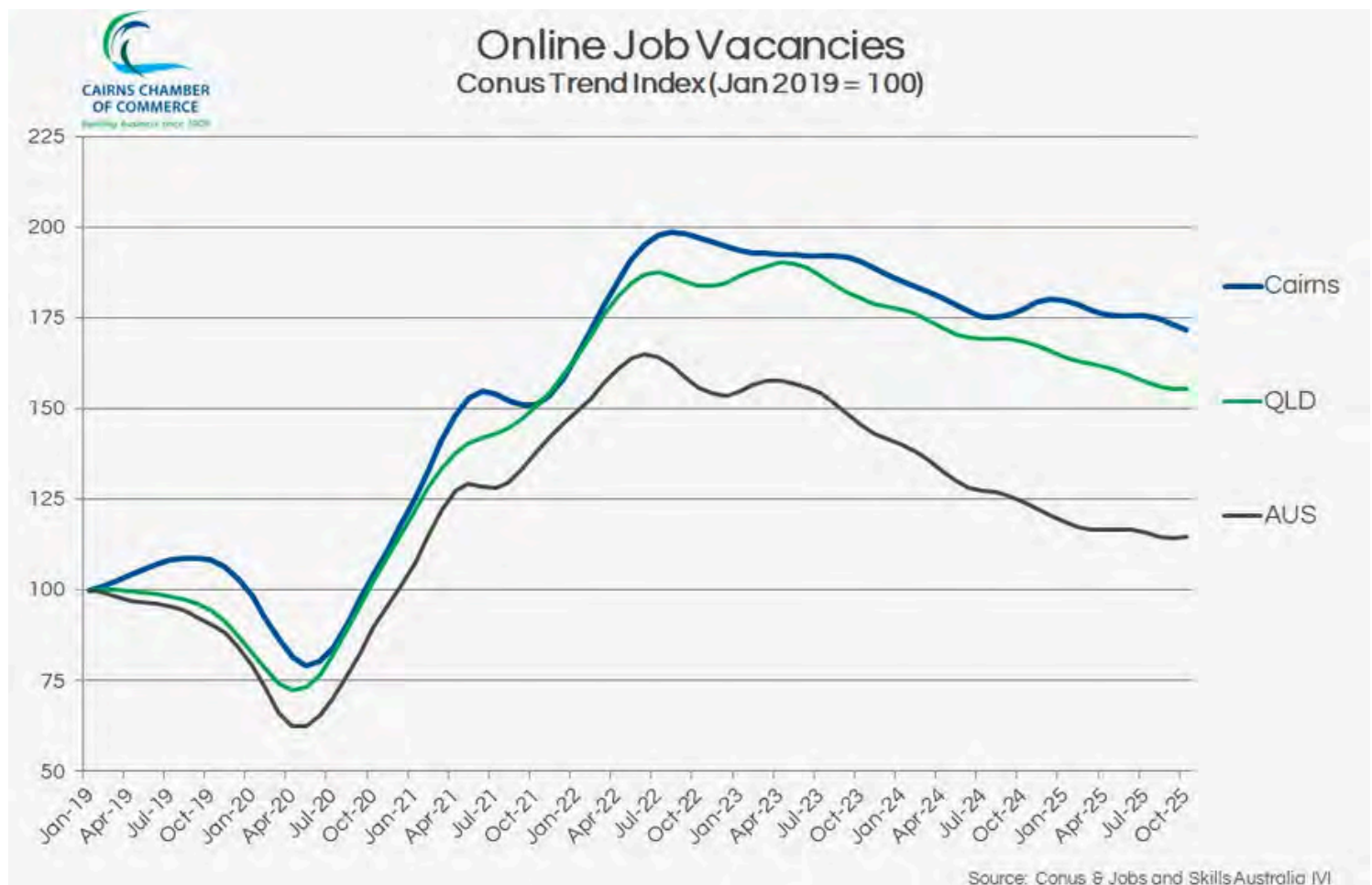
The number of JobSeekers continues to increase across the country. In Australia to October Trend JobSeekers rose by 6.8% for the year. In Queensland the increase was somewhat less, just 5.3%, while here in Cairns we saw an increase of just 2.0%. We are seeing a clear signal of the continued easing of the labour market, but also a clear signal that the easing is less marked in Cairns that across the nation as a whole.

Trend employment growth in Queensland continues to slow, as it has been doing for the past 17 months, and in October sits at just 1.7% y/y, its slowest pace since March 2021. Nevertheless, full-time positions were up in October (for the second consecutive month) by 900 which is the largest gain we have seen since February this year. Although employment growth is slowing there is still some of evidence of residual strength in the State's labour market as it cools.



At the National level in September we saw a somewhat surprising weakness which spooked some commentators at the time (although readers of the Cairns Economic Monitor will have been aware that the Trend data suggested the surprise was likely nothing more than statistical 'noise'), and the October data has now negated some of that weakness with a slightly more robust set of figures. Trend employment growth remains stable at 1.5% y/y. Indeed, the October strength has pushed the markets into a realisation that the labour market remains robust enough at this stage to remove virtually any chance of further interest rate cuts in the medium-term (see Inflation and Interest Rates earlier). It remains true that the labour market is easing, but that pace of easing is nowhere near rapid enough to force the RBA's hand.

The trend in Online job vacancies also remains clearly lower. The data for October shows that nationally online job vacancies have fallen by 7.9% y/y, a result replicated in Queensland. However, this data set suggests that the Cairns labour market is somewhat more robust; online vacancies in Cairns are down just 3.4% y/y.



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Tax and Accounting



Business Advisory



Self Managed Super Funds



Financial Management



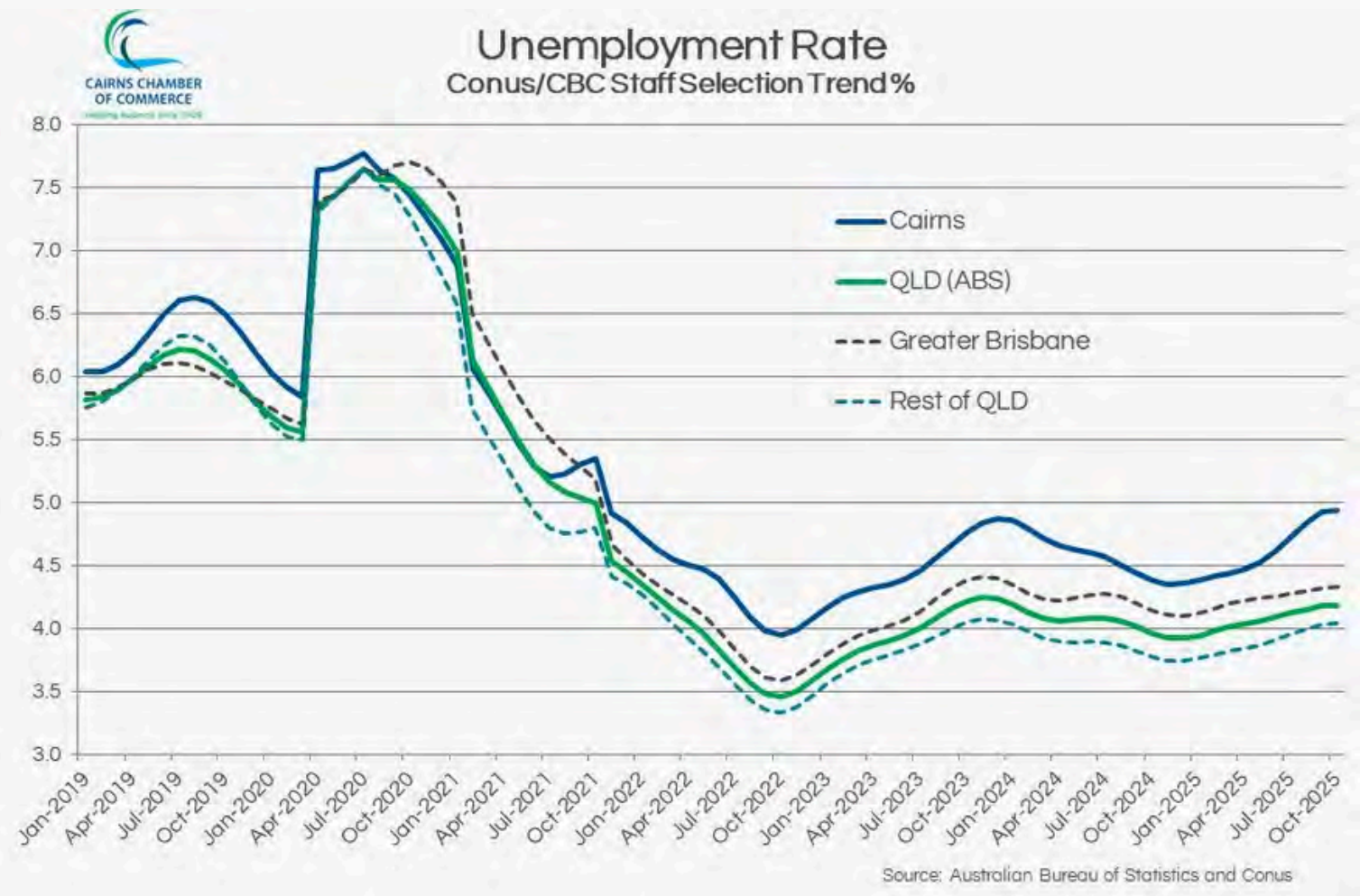
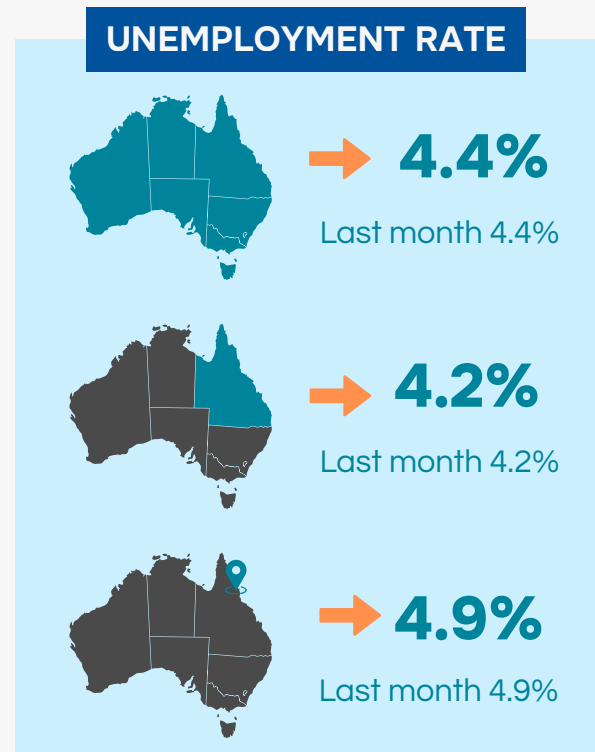
Agribusiness

Regional Australians Growing Regional Australia

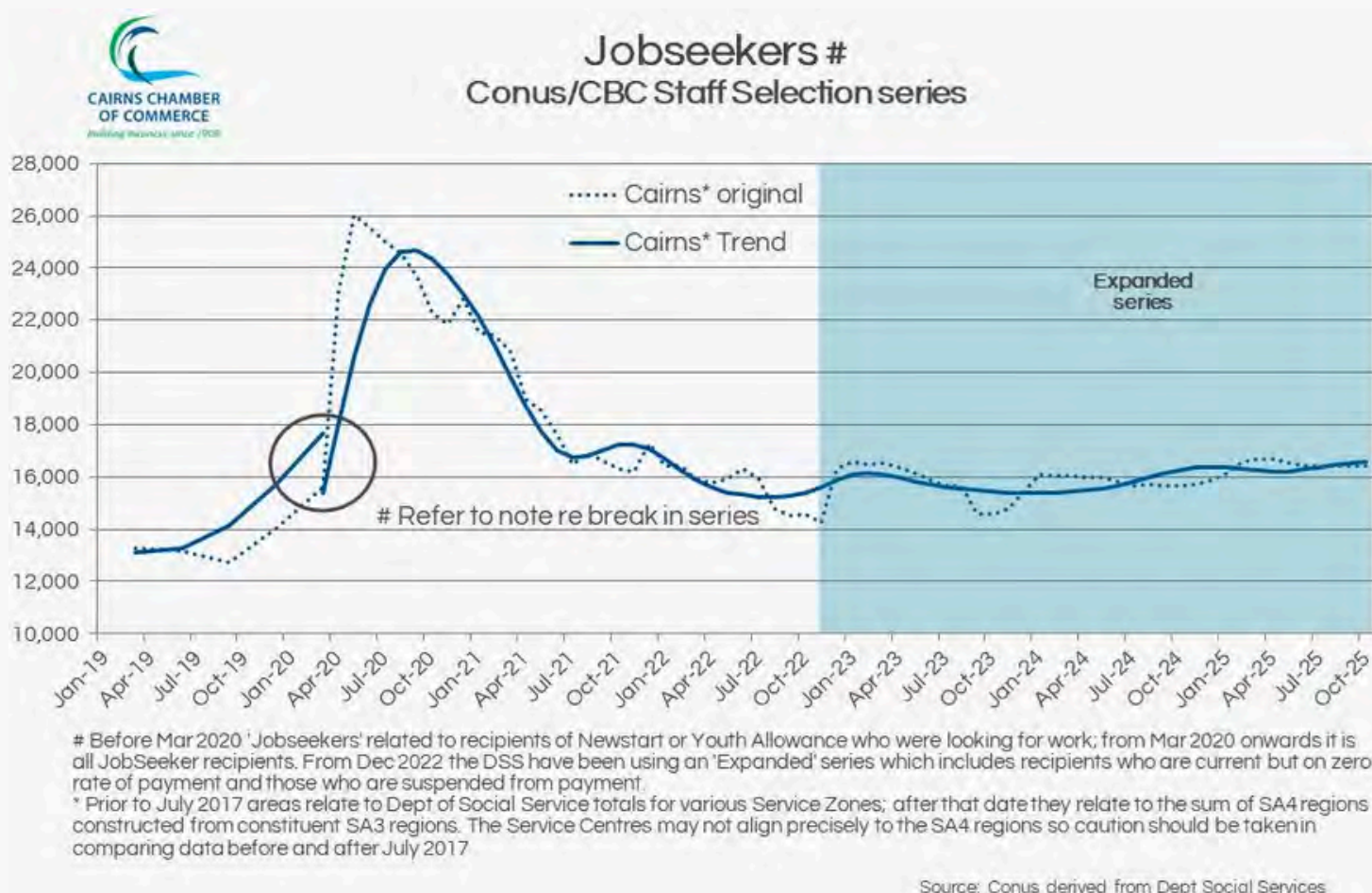
Townsville | Innisfail | Cairns | Darwin

Unemployment

Last month, when the estimate for Trend unemployment in Cairns hit 5.0%, we commented that were it not for such high participation in Cairns we would be seeing a rather lower unemployment rate. This month we have indeed seen participation ease a little and that, in combination with some revisions to previous months, sees the October Trend unemployment rate unchanged at 4.9%. It is true that anything below 5% for the unemployment rate in Cairns is low on an historical basis, although there can be no dispute that the labour market is easing, albeit at a slightly slower rate than previously.



Trend JobSeekers data shows that Cairns continues to perform better than in both national and Queensland data. In Cairns Trend Jobseekers are up just up just 2.0% y/y while in Queensland the increase is 5.3% y/y and nationally they are up 6.8% y/y. The rate of increase in Cairns is now the slowest of all Queensland regions and highlights once again the relative strength of our labour market.



Queensland's Trend unemployment rate remained unchanged at 4.2% and while there is an unmistakable move higher in recent months, it is also true that the Trend unemployment rate has sat in a band between 3.9% and 4.2% for 31 consecutive months. We have noted before that this result is even more impressive when we consider that participation in Queensland sits close to 15-year highs, and that remains the case in October with the Participation Rate stable at 67.0.

The national Trend unemployment rate in October was unchanged at 4.4% (after September was revised up from 4.3%). Last month a surprise move higher in the seasonally adjusted unemployment rate to 4.5% gave some commentators cause for concern and even led to some suggesting that the RBA would need to move more aggressively on rate cuts. At the time we made note of the fact that the Trend series was not suggesting such an aggressive weakness in the labour market and this month's data bears out that belief. While the labour market is easing this is no more than had been expected by both Treasury and the RBA and the October data once again forced the markets into the realisation that the underlying robustness in the labour market likely precludes any aggressive moves from the RBA in the medium-term.

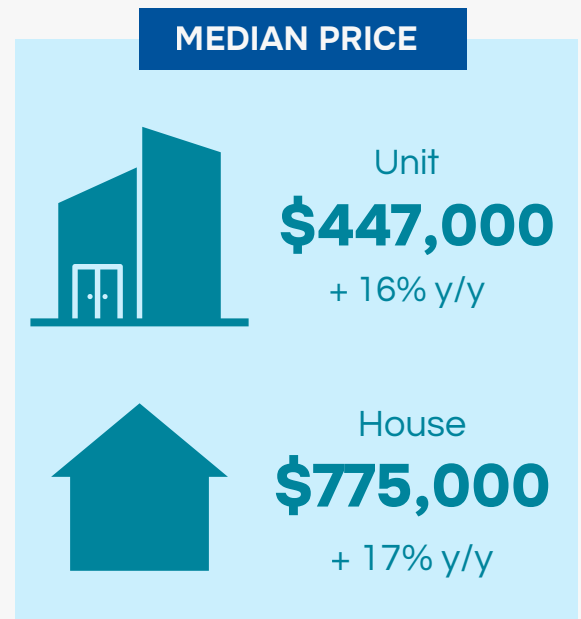
Photo Credit: Tourism Tropical North Queensland





REAL ESTATE

Real estate prices continue to power ahead, with the pace of growth apparently picking up. Median house prices are now up 17% for the year while units are similarly strong (+16%). Even though interest rates may well now be at the bottom of their current cycle we are seeing no sign of the ramp-up in property prices in the region slowing down. Indeed, as the chronic accommodation shortage in the region continues the pressure on prices looks set to only continue.



Cairns Median Rents \$pw



We have previously noted that, taken over the long-term, rents had outperformed prices (particularly for units). This more recent out-performance of prices over rents (rents are up 6% for units and 8% for houses) has seen that gap close and actually reverse for houses. Over the past decade house prices have doubled in Cairns while rents are up just (!) 90%. There remains a gap with units which have increased in price by 86% while rents have more than doubled. Given these moves it should come as no surprise that Cairns continues as one of the best performing real estate markets in the country.

VACANCY RATE

↑ 0.9%

Previous month 0.8%

MEDIAN RENTALS

2-bed unit
\$530 p/w
+ 6% y/y

3-bed house
\$648 p/w
+ 8% y/y

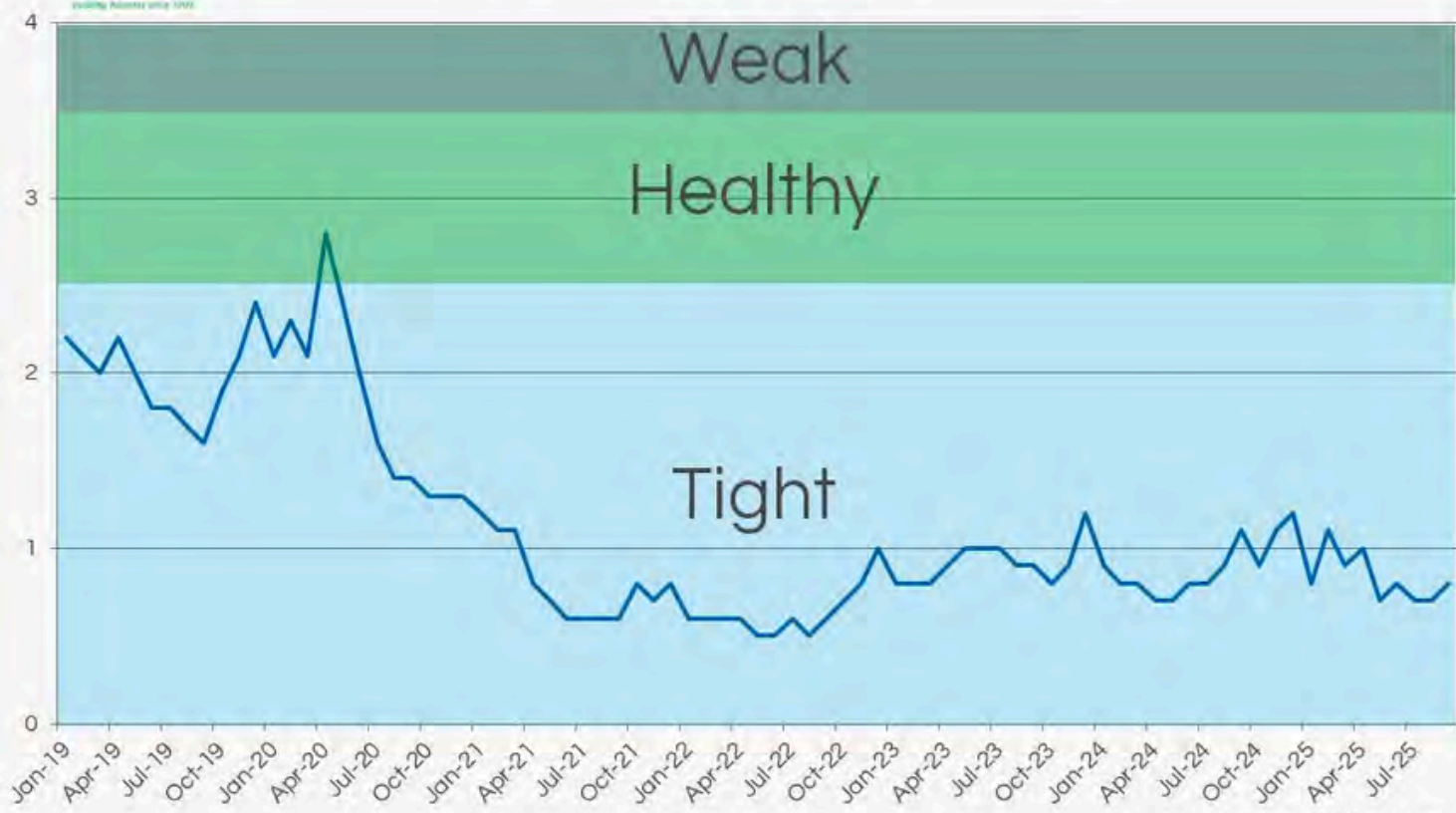
Compounding growth over the past three years is now running at a staggering 18.4% pa. This equates to a median price increase over the three years of 66% and is well ahead of the national average of 8.4% pa (or 27% over three years). Over the past seven years the gap is smaller, but Cairns (+10.7% pa) is still ahead of the national average (+8.8% pa). Even when considering the past ten years Cairns (+7.0% pa) is now only a little behind the national average (+7.4% pa).



Photo Credit: Tourism Tropical North Queensland



Cairns Residential Vacancy Rate %



Source: SQM Research



Photo Credit: Tourism Tropical North Queensland

Happy Holidays

Season's greetings and sincere thanks to our Cairns community for a wonderful 2025. I look forward to the opportunity to work with you in 2026 and wish you a bright and successful year ahead.



Nadine Edwards

Director | Sales Consultant

FNQ DRAFT REGIONAL PLAN 2025

The Queensland Government have recently released the much-anticipated FNQ Draft Regional Plan which considers the future of Far North Queensland over the next 20 years. While “FNQ” in this case does not quite map onto “Cairns SA4”, it is certainly the case that the Cairns SA4 region makes up the vast majority of what constitutes FNQ in the Plan.

The pace at which population will grow over the 20-year time scale of the Draft Plan is a crucial driver since the size of the region’s population will feed directly into infrastructure planning decisions across roads, health, education, water, waste, housing and much more besides. Understanding the effects of population growth is therefore a crucial component of understanding the Plan.

The Draft Plan makes clear that there is an expectation that the region’s resident population will be growing at an annual rate between 1% and 1.5%. Applying these growth rates to the Cairns SA4 region implies a population that will grow by between 60,000 and 95,000 over the period.

Consultation on the FNQ Draft Plan 2025 is open until early January. Submissions can be made online and more details are available at www.planning.qld.gov.au/planning-framework/plan-making/regional-planning/far-north-queensland-regional-plan

When we just consider what such growth might mean for housing alone we can see the challenges. If we make a (conservative) assumption that each dwelling will accommodate on average 3 people, then merely to stand still with our current housing availability (which as we all know is critically inadequate) we will need to see 20,000 – 31,500 new dwelling built in the next 20 years. Given that not only is the 1% growth forecast well below historical trend growth, but also that we have a massive housing shortage already impacting the region, we would argue that we need to focus on the upper end of this range and therefore look for 1,575 new dwelling per year. That means that to address our existing chronic housing shortage, while also accommodating a moderately growing population, we will need to be building 131 new dwellings every month for the next 20 years!

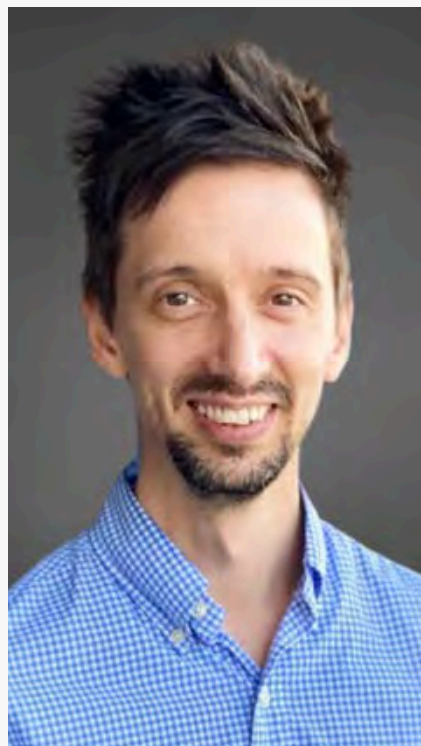
To put that challenge in perspective, over the past 10 years we have managed an average of just 101 dwelling approvals per month...i.e. we have undershot this target by 30%. Over the previous 20 years we have still only managed an average of 117 dwelling approvals per month.

Current Trend approvals (once adjusted for the distortion caused by the Woree units) in the Cairns SA4 region sit at about 115 per month. If we are going to address the housing supply challenge implied by the Draft Plan we need to see a sustained lift in building approvals, and we need to see it soon.

Photo Credit: Tourism Tropical North Queensland



A WORD FROM OUR SPONSORS



“Inflation came in at 3.8% for October, dashing hopes of a Christmas rate cut. The RBA has made it clear it needs convincing evidence that inflation is genuinely easing, and the latest data does not help. While monthly CPI has been around since 2022, it now plays a much bigger role in shaping interest rate expectations, meaning we no longer need to wait for quarterly data to gauge momentum. All eyes are on 10 December, when the next monthly CPI lands, just a week before the 17 December RBA meeting. A softer read would lift confidence, but it feels like a rate cut would be nothing short of a Christmas miracle. ”

Michael Wilson
Partner, PVW Partners

“With many sectors experiencing growth and change, this is a natural point for businesses to review their plans and position themselves for the opportunities ahead. Recent changes to property and employment law also make it important to stay informed and seek advice where needed. WGC Lawyers wishes everyone a safe and joyful Christmas and New Year, and extends our thanks to Pete for his thoughtful analysis throughout 2025. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“As we wrap up 2025, it's clear Cairns has delivered another strong year in real estate. Stock levels remain tight and we've seen impressive annual growth year on year - up 16% for units and 17% for houses. Our median prices now sit at \$447,000 for units and \$775,000 for houses, reflecting the continued confidence buyers have in our region. As we head into the festive season please keep in mind that the days between Christmas and New Year aren't treated as standard business days for contract conditions or settlements. Many law practices and agencies close during this period, so plan your timelines carefully. ”

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 supported by reliable information, 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.

This year, the Economic Monitor has been a tremendous success, helping bring clear and meaningful information to our community, and as we head into the festive season, we're pleased to continue providing the insights that support informed decision-making and regional growth.

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

As we close out the year, we sincerely thank LJ Hooker Edge Hill, PVW Partners and WGC Lawyers for their support in assisting us to produce such a valuable report. Wishing our business community a very Merry Christmas and a Happy, Healthy and Prosperous 2026 when it comes!”



Patricia O'Neill
Chief Executive Officer

UPCOMING EVENTS

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

JAN

29
JAN

Business Resilience Series I Coffee & Conversations

8:30am - 9:30am

Pier Cafe

04
FEB

Members Orientation Session

9:00am - 10:00am

DAMA Info Session

10:00am - 11:00am

Cairns Chamber of Commerce Office

05
FEB

**Business Resilience Series I Summit Thinking:
Sustainable High Performance in 2026**

8:00am - 10:00am

Rydges Esplanade Resort

FEB

26
FEB

**Business Resilience Series I Mental Health First Aid
Course (Member Only Event)**

8:45am - 3:00pm

Cairns Harbourside Hotel

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OF COMMERCE**

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Publisher & Editor
Cairns Chamber of Commerce

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