

OCTOBER 2026



CAIRNS ECONOMIC MONITOR



SNAPSHOT

As the labour market across the country eases in line with policy-makers and RBA expectations, we are seeing a somewhat confusing pattern play out in Cairns. Despite robust employment growth (with another 300 employed added this month) the Trend unemployment rate has lifted to 5.2% on the back of very strong participation as more people join the labour market in the region. The apparent weakening of the Cairns labour market is not a function of job losses but rather a labour force that is growing faster than jobs can keep up with.

Headline monthly inflation as measured by the CPI increased in August to 4.0% (from 3.5% in July) which was a little lower than market expectations. However, as always, the more relevant figure is the Trimmed Mean. This measure is the one most closely tracked by the RBA and it was stable again in August at 3.6%. The RBA hiked rates another 25bps to 4.6% at their September meeting and the markets are now pricing a further hike this year as a slightly less than 30% chance (a slight reduction following the August inflation data).

After some revisions to previous months, it now looks as though the Trend in building approvals in Cairns may have finally turned the corner. July was the second consecutive month where Trend approvals increased (to 108), although over the course of the year we are still 19% lower. This is in sharp contrast to the situation in Queensland where Trend approvals are up 20% from a year ago.

The official tourism data for the year to June 2026 were disappointing for TNQ. While the international sector performed well with a 22.3% increase in expenditure over the year, the far larger domestic sector significantly underperformed with overnight expenditure falling 6.7% despite an increase of 6.5% across the nation. The fuel price increases appear to be hitting domestic travellers coming north very hard.





BUILDING APPROVALS

TREND APPROVALS

 **108**
JUNE 2026

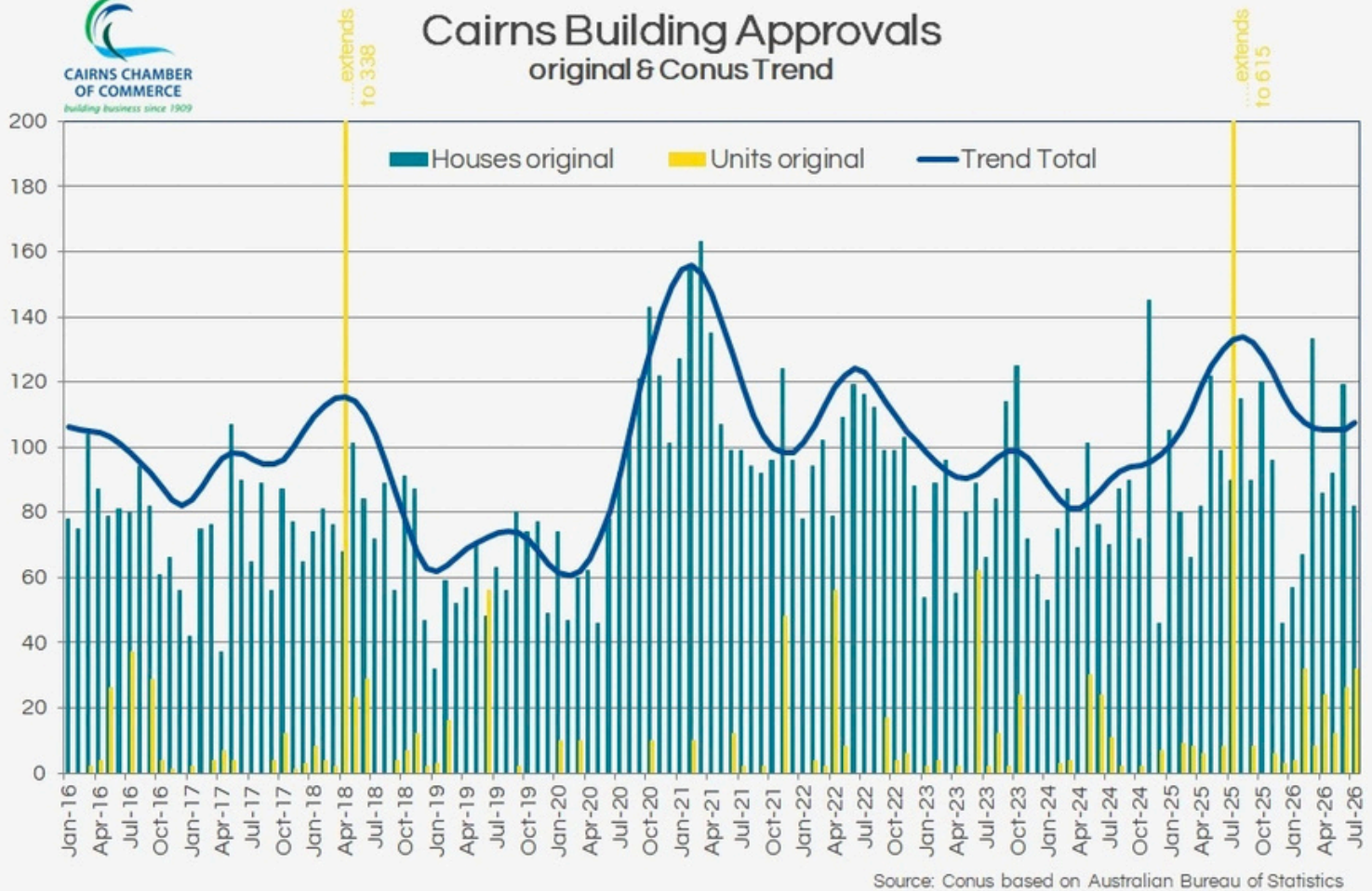
TREND RATE OF APPROVALS

 **-19.1%**
year on year

The Conus Trend series for July building approvals in Cairns came in at 108 (after some small upward revisions to previous months), which is a very small move higher from June. Perhaps more importantly this represents the second consecutive month where we have seen Trend approvals moving (very slightly) higher. Nevertheless,

the year-on-year comparison is still down 19.1%. The 468 units approved in Woree in July last year have been having a significant distorting impact on the Trend series; ; but now that those approvals drop out of the 12-month totals we can expect to see the adjusted and unadjusted Trends converging; and that is indeed the case this month with both Trends sitting at 108, although the year-on-year decline in the adjusted series is just 5.3%.

Cairns Building Approvals original & Conus Trend



We continue to be encouraged by the gradual increases in approvals we are witnessing, and the subsequent upward revisions to past months Trend estimates. However, it remains the case that the number of approvals remains far too low to materially shift the dial on the accommodation crisis the region currently faces. This is particularly true when we consider that approvals lead actual construction starts by anything from 6 to 18 months; increases in approvals now are unlikely to provide improvements in actual dwellings available for at least a year or two.

While we are seeing a slow grind higher in approvals here in Cairns the situation across the State is markedly different. Trend dwelling approvals across Queensland are running at a very healthy 20% year-on-year increase, led by units (+32.9%) with houses +10.7%. Matching this pace of growth in Cairns remains a long way away!

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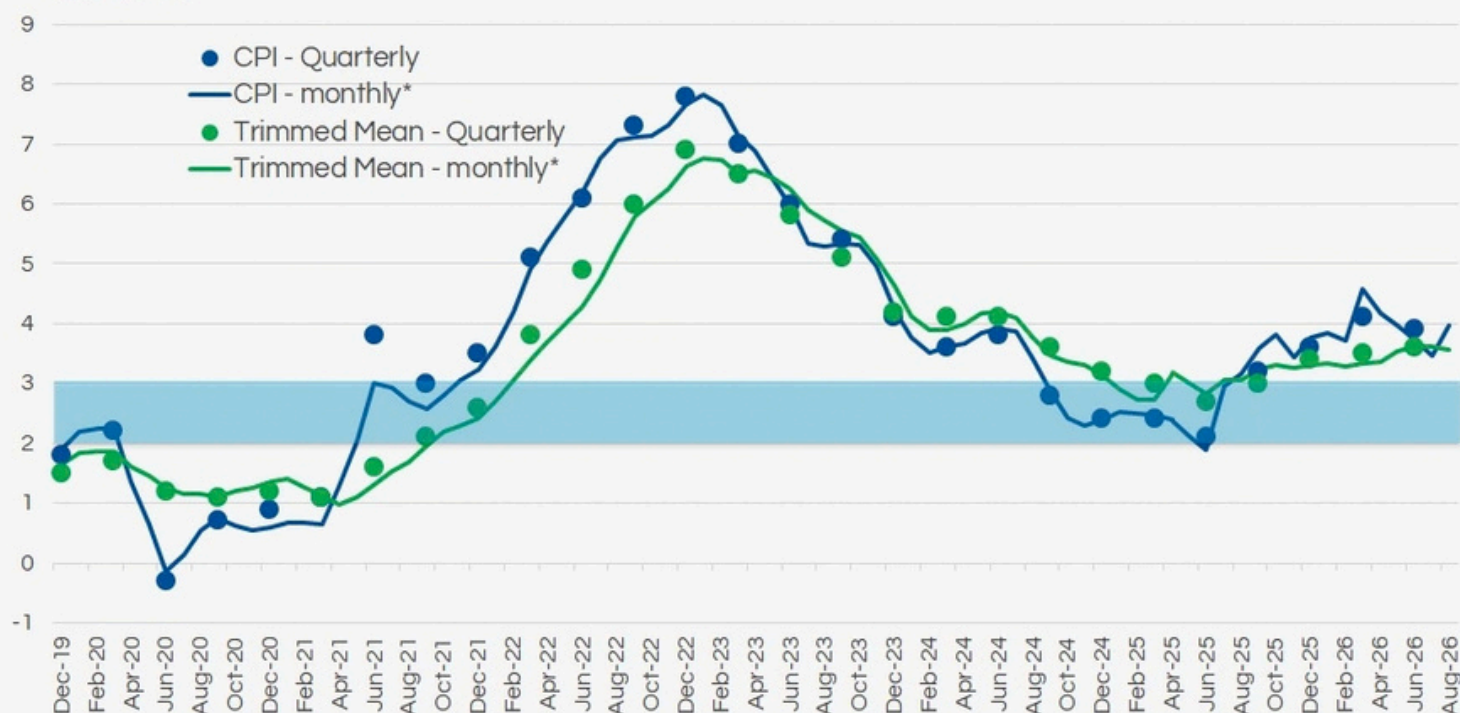


INFLATION & INTEREST RATES

As had been widely expected by markets and commentators alike, the RBA opted to raise rates a further 25 bps at their meeting on Sept 29; the Cash Rate target now sits at 4.6%. The Bank made explicit note that some of the upside risks they had been watching for had materialised and made particular mention of the ongoing conflict in the Middle East and the fact that oil prices now sit well above where they had been expecting a month or so ago.

Although monthly headline inflation as measured by the CPI increased in August to 4.0% (from 3.5% in July, but slightly below market expectations) the more relevant figure (as always) is the Trimmed Mean. This measure is the one most closely tracked by the RBA and it was unchanged in August at 3.6%. However, at least for the time being, 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 June quarterly data told 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%.

CPI & Trimmed Mean Inflation % annual rate



* From April 2025 monthly CPI and Trimmed Mean are the new Monthly series. Prior to that date they were the 3-month moving average of the old partial monthly series

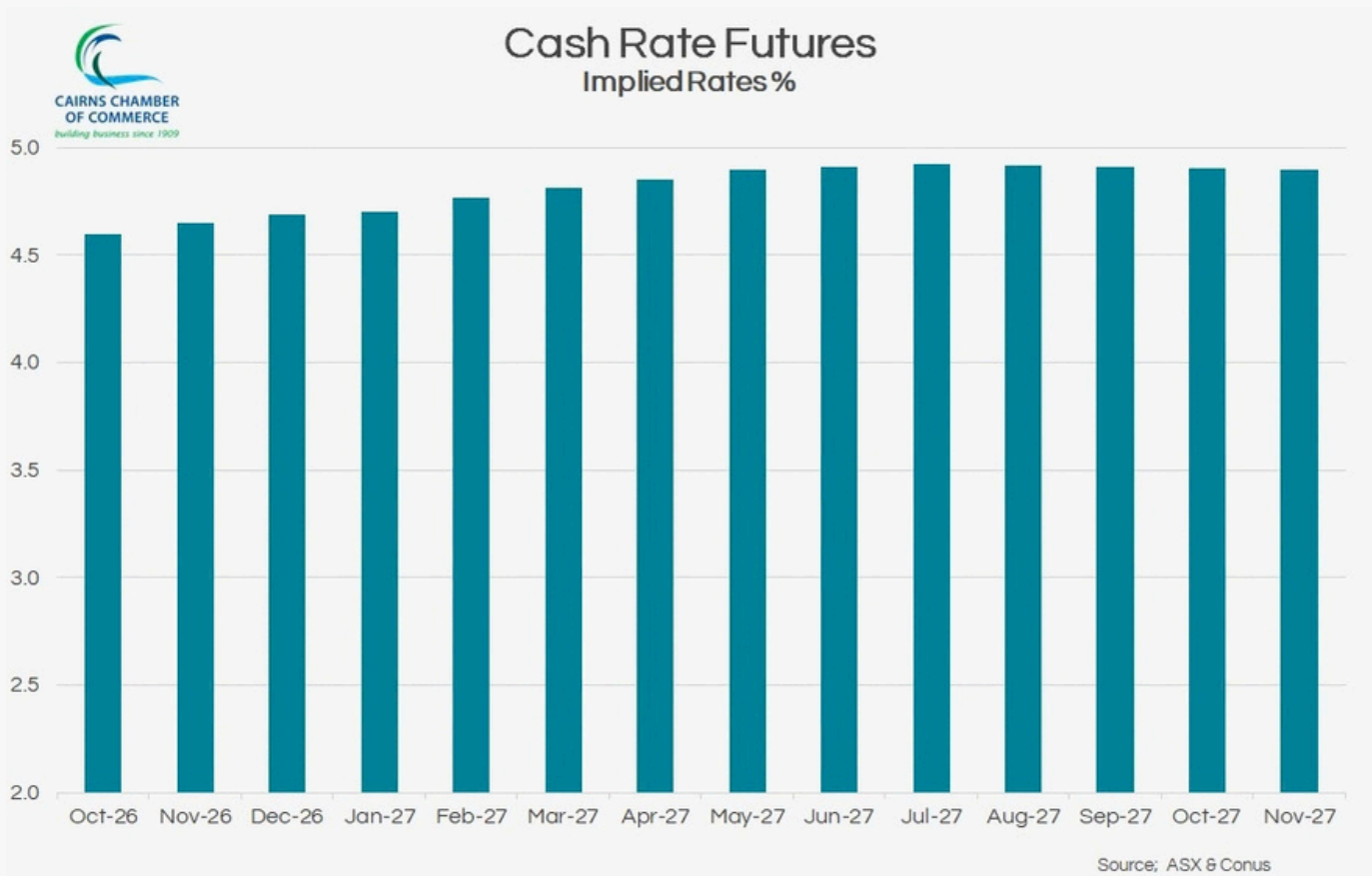
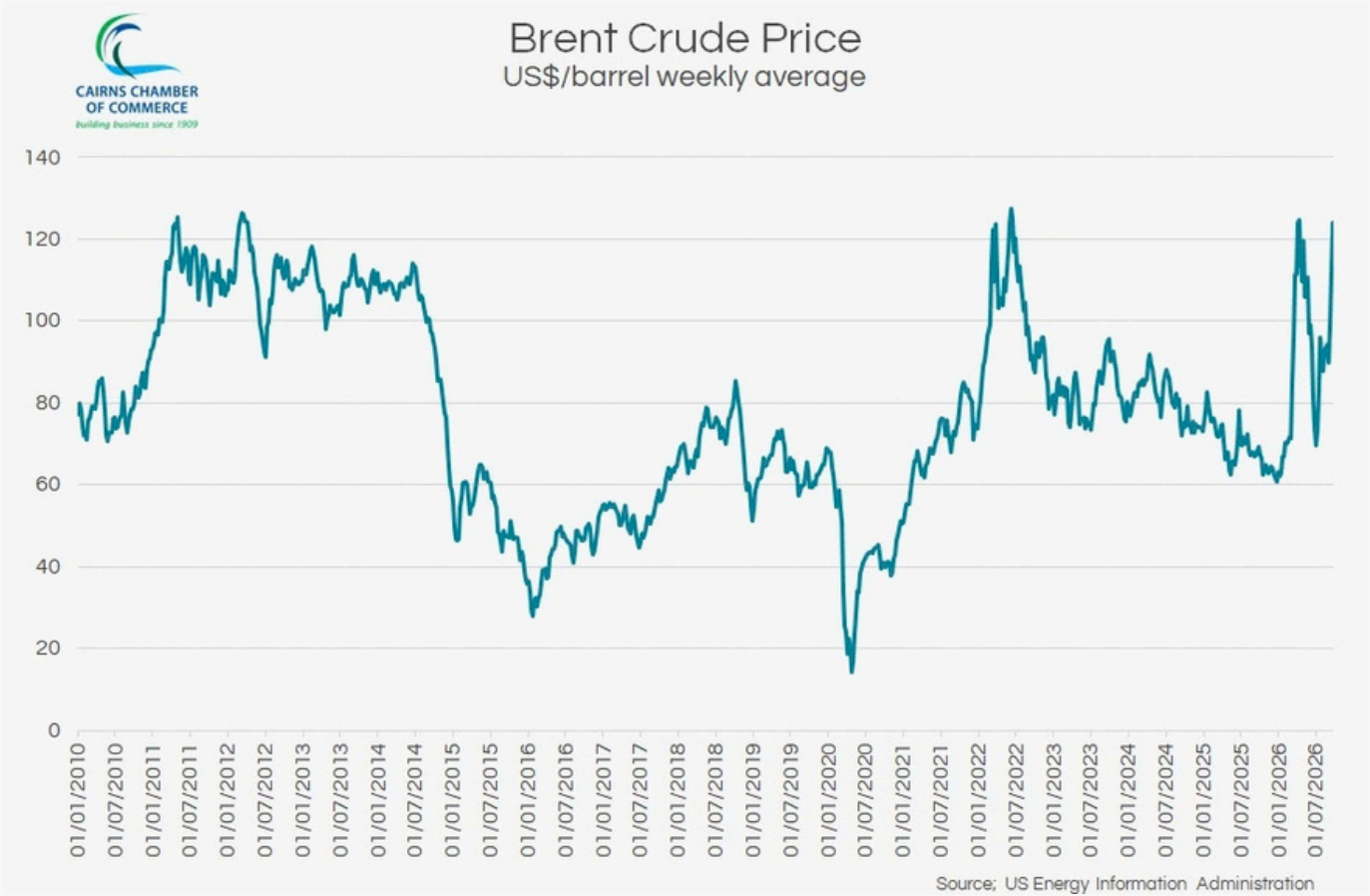
Source: ABS

By the time of our next issue will have seen the September quarterly CPI release which will provide us with a much clearer idea of the thinking at the RBA ahead of their next (November) meeting.

The markets are now pricing another rate hike by the end of this year as less than a 30% chance, with another hike almost fully priced in by February next year; this is a slight easing of hike expectations following the August inflation data.

We noted last month that, despite President Trump's claims otherwise, the Strait of Hormuz remains largely closed to traffic and, as a result, we have seen oil prices climbing once again. At the time of writing Brent crude (the proxy for global oil prices) sits above US\$115/barrel and has been consistently above US\$100/barrel for the past 3 weeks. This inflationary pulse is working its way through much of the global economy, and we are seeing interest rates and bond yields rising in many economies.

In the middle of September, in the face of fierce opposition from President Trump but with inflation picking up, the new Fed Chair hiked the US Fed Funds rate by 25 bps; the first such increase since July 2023.



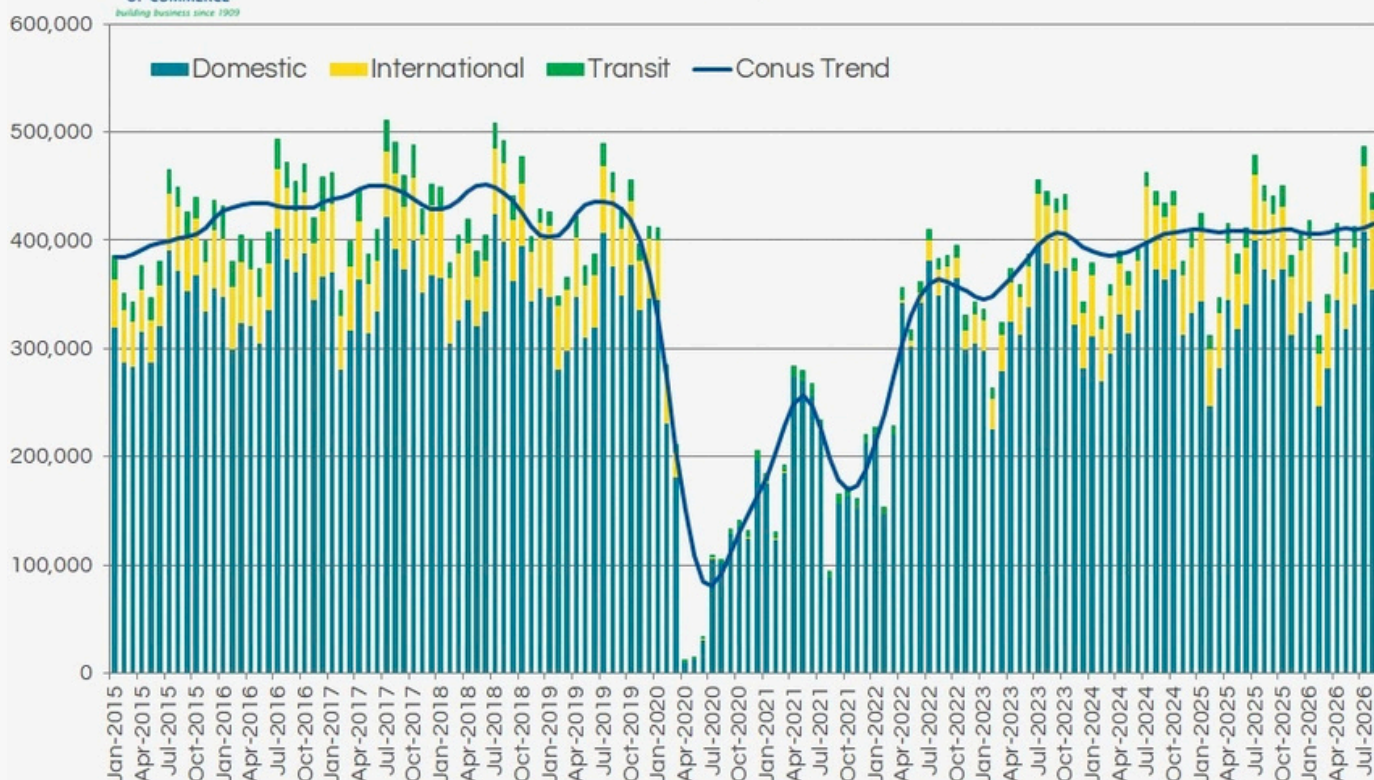


TOURISM

After the strength of the July passenger numbers, August saw a decline in the number of passengers coming through the Cairns Airport. The original data showed the total down 3.9% from a year ago although the seasonally adjusted Trend series showed a modest monthly nudge higher which takes it to 2.1% above its level a year ago. International passenger numbers continue to improve sharply with the Trend series up to levels we have not seen in more than 20 years and up 24.2% for the year. On the Trend basis, international passengers now make up 16.6% of all traffic through the airport; the highest level since Sept 2010. Unfortunately, the far larger domestic sector is dragging on overall performance with the Trend -1.5% from a year ago.

The results from Tourism Research Australia for the year to the June quarter were disappointing for TNQ. While international tourism performed well, with visits up 11.7% y/y (better than the national average of +8.6%) and expenditure increasing by 22.2% y/y (versus 15.6% nationally) to \$1.25 bn, the domestic story was much weaker.

Cairns Airport Total Passengers monthly



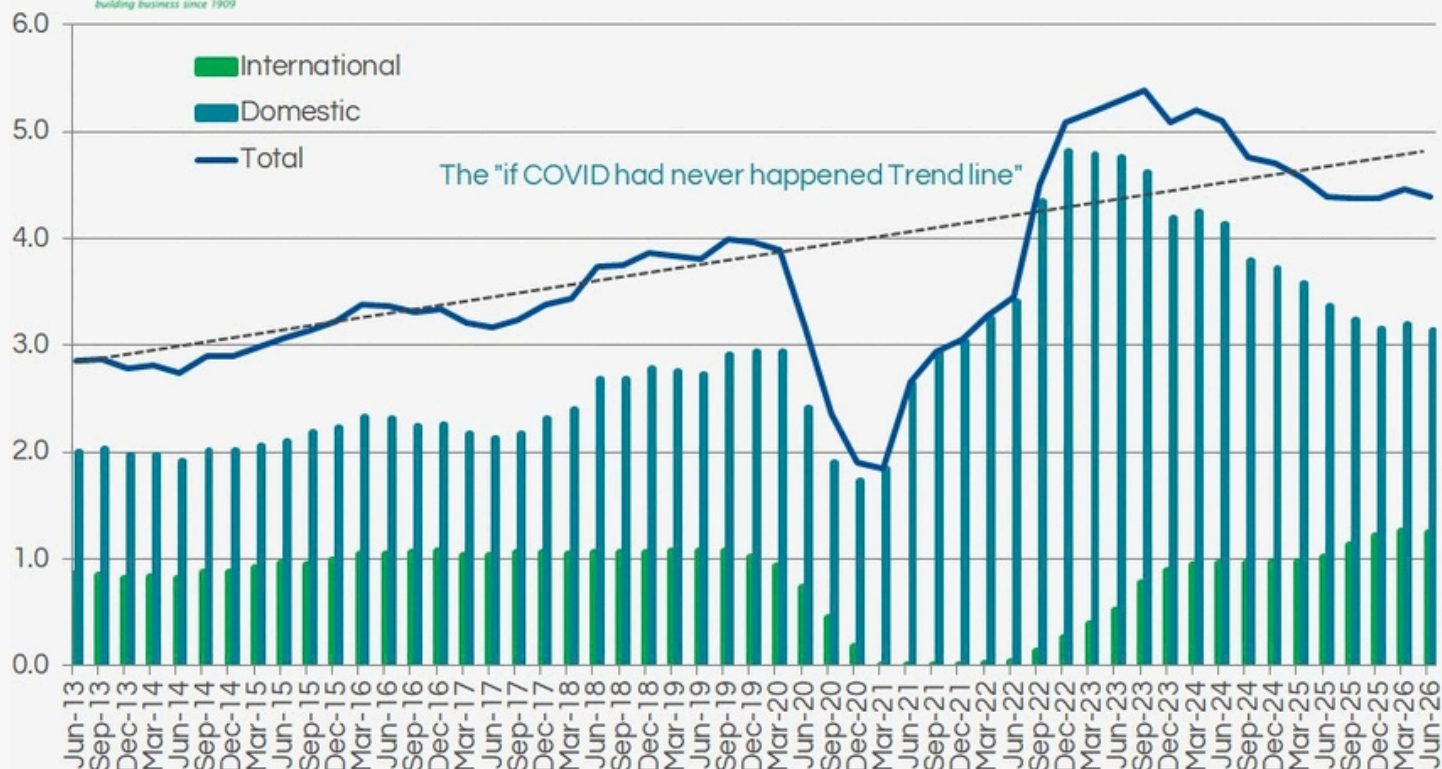
Source: Cairns Airport & Conus

Overnight domestic expenditure fell 6.7% y/y (while it increased 6.5% nationally) to just \$2.72 bn with overnight visitations falling 12.7% y/y (versus a small 0.4% increase nationally). As a result, the total of all tourism expenditure (both overnight and day-trip) for the TNQ region increased just 0.1% for the year to \$4.39 bn, while nationally the increase was 8.2% and in Queensland 7.5%.

The sharp increases we have seen in fuel prices since the first quarter and the subsequent cost-of-living squeeze, when combined with the tyranny of distance which TNQ faces, would appear to be playing out in southern domestic visitors not travelling north in anything like the numbers we would like.

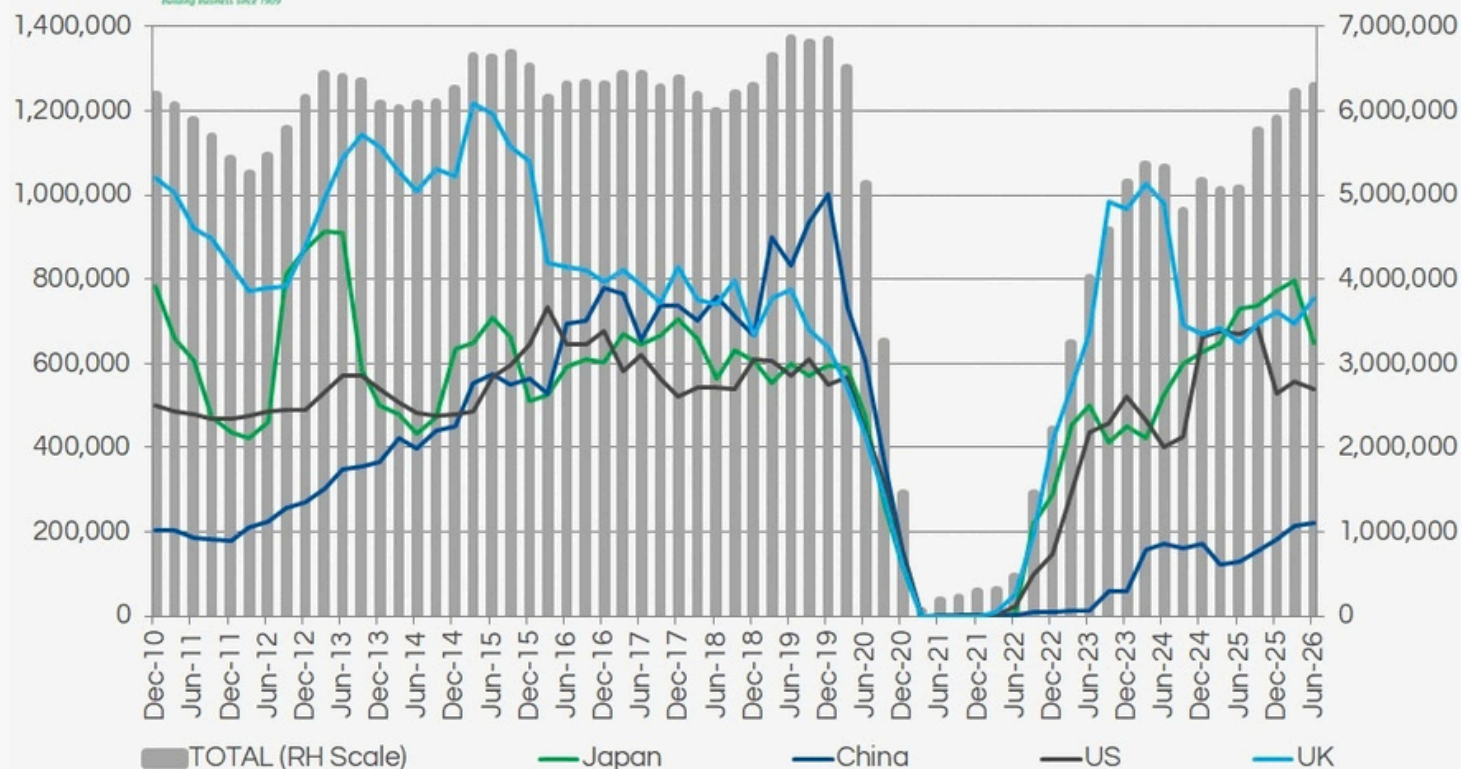
While the international picture looks better, we can see that total international nights in TNQ are yet to reach the level seen before COVID and all major international markets (with the possible exception of Japan) are still spending fewer nights in TNQ than before the pandemic.

Total Visitor Expenditure in TNQ overnight and day trip \$ bn year to date



Source; TRA DoTS, NVS & IVS. Domestic expenditure is a Conus extrapolation between Dec 2024 and Dec 2025

International Visitor Nights to TNQ



Source: Tourism Research Australia



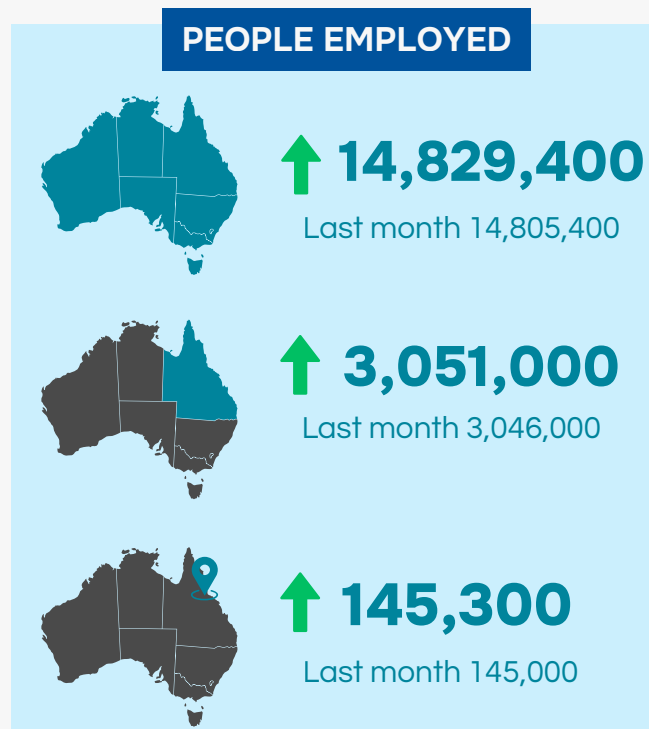
LABOUR MARKET

Employment

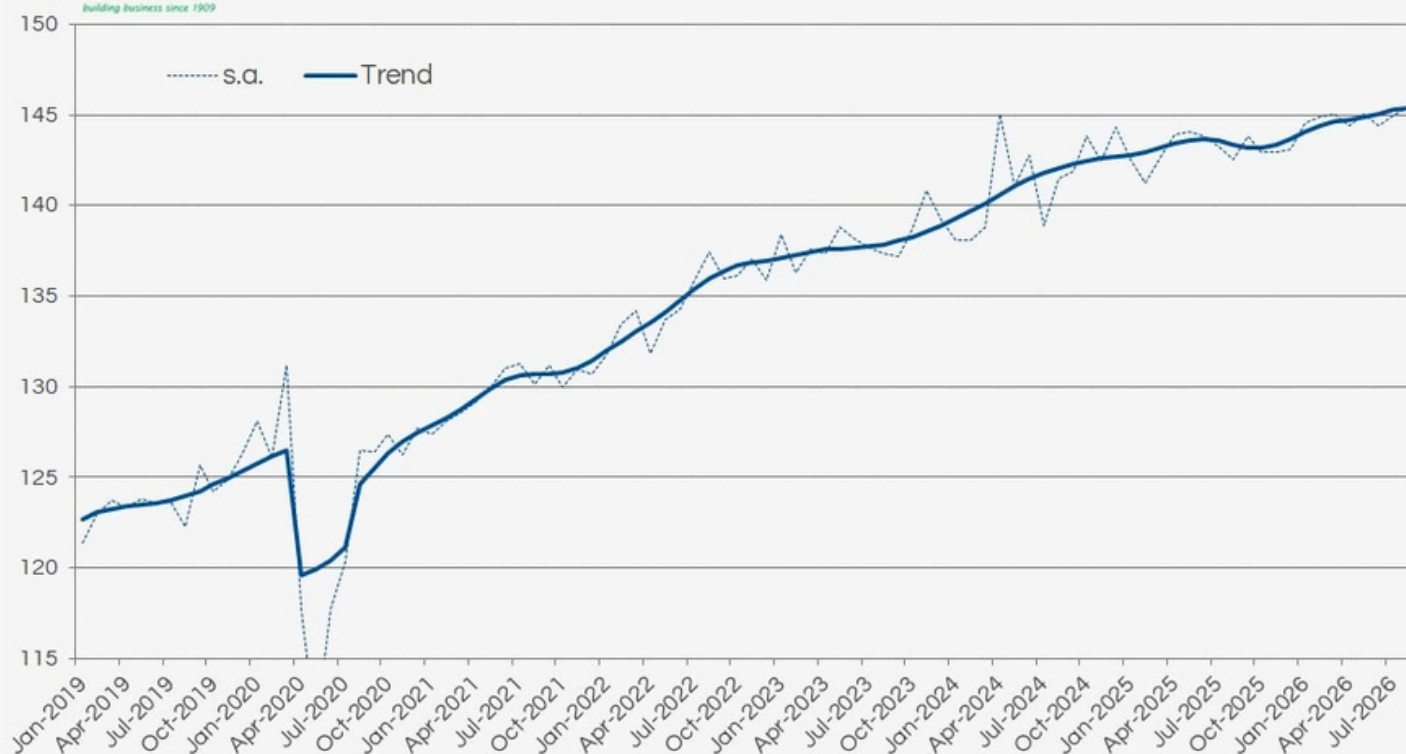
Trend employment growth continued in August with another 300 added to the number in work (after some downward revisions to previous months). This takes the annual rate of growth to 1.4% with 1,900 added over the year. Employment growth in Cairns has been gradually increasing in recent months and now sits at its fastest pace since June last year,

although it still sits well below the 3% pace of 2 years ago.

Employment in all age cohorts has increased this month, although in recent months we have seen middle-aged employed numbers generally easing having grown rapidly earlier in the year. Older-aged employees (45+) remain the largest single cohort in Cairns with more than 65,000 people employed while youth employment (22,130) is at its highest level in almost 16 years.



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



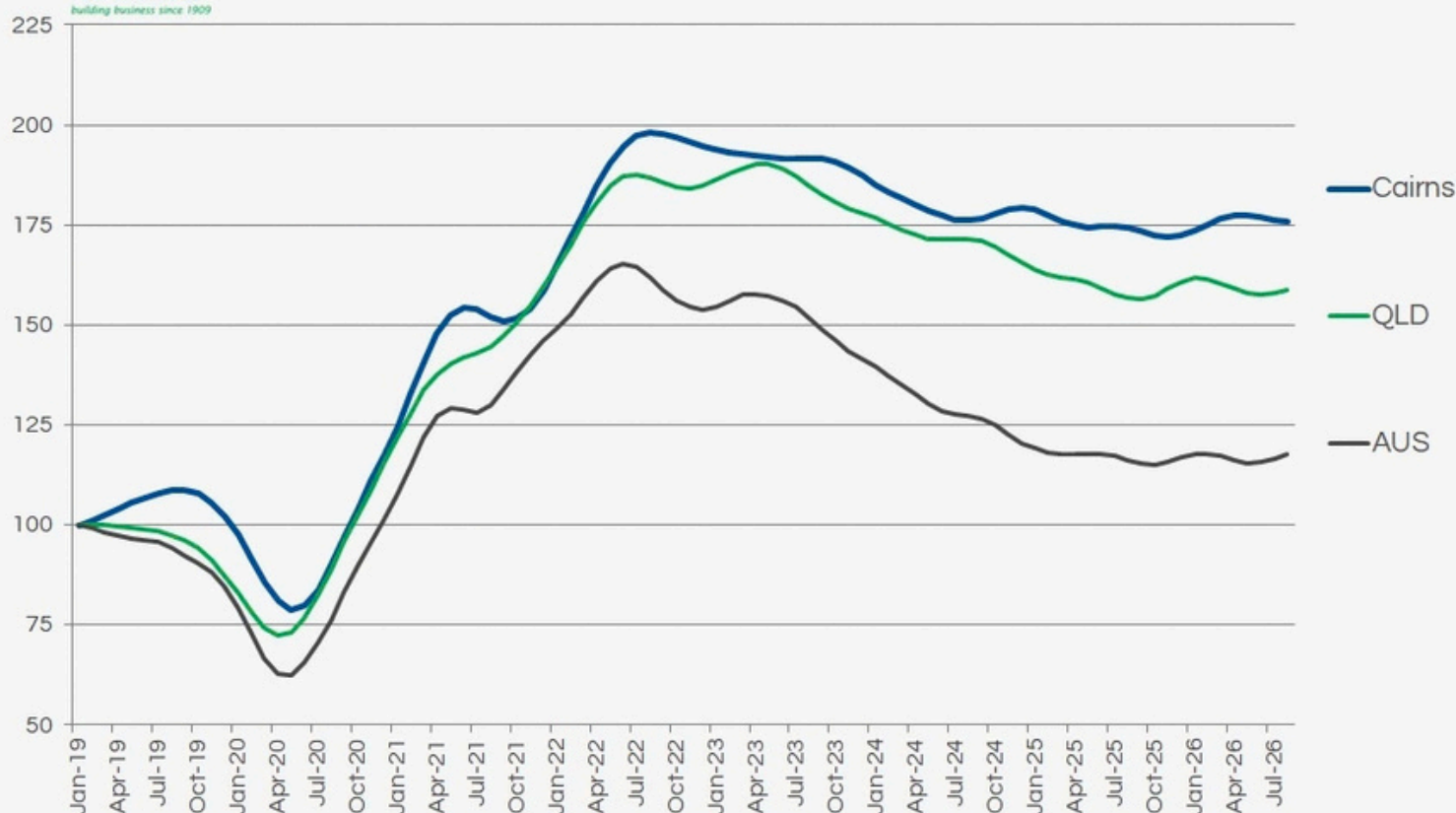
Source: Conus derived from ABS original data

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 August to 1.7% y/y with another 5,000 added to the number in work. All of that increase, and more, came in the form of full-time positions which were up 5,800 this month. However, over the course of the past 12 months while employment has increased by 52,100 only 29,200 of those have been full-time positions.

Trend employment growth across Australia has also continued to increase and now stands at 1.6%, its fastest pace in more than a year. Employment grew by 24,000 in July. 15,200 of that increase came in the form of full-time positions.

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

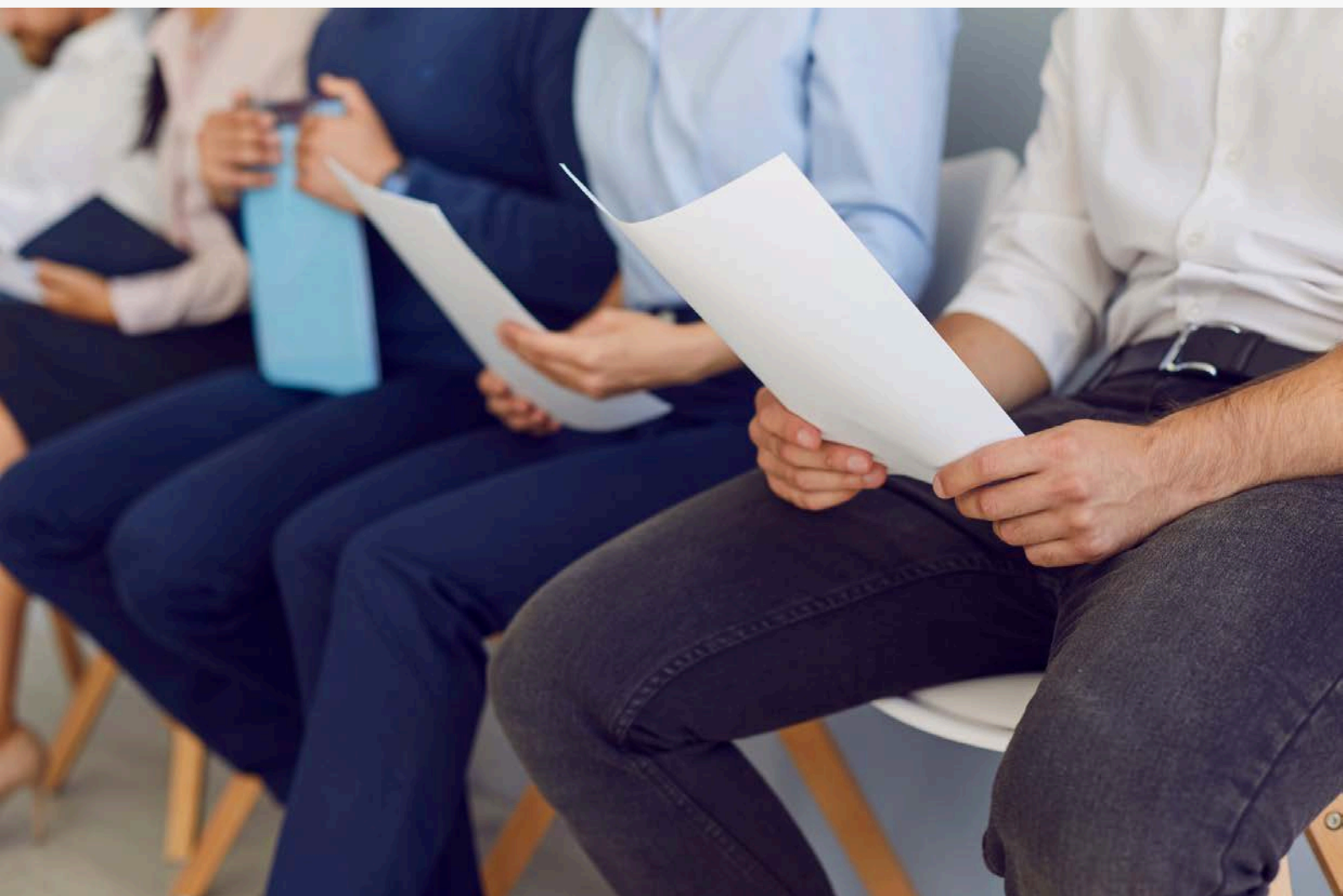


Source: Conus & Jobs and Skills Australia IVI

We continue to note the level of volatility in the seasonally adjusted series (and highlighting why it is that we therefore focus on the Trend series). While last month's seasonally adjusted figure showed a decline of 15,900, this month sees an increase of 39,500. For the past few months, we have been noting the underlying robustness in the labour market even as conditions show clear signs of easing. That robustness has been one of the factors behind the RBA's decisions on rates. These most recent labour market figures are unlikely to alter their thinking.

The Online Job Vacancies data has been providing further evidence of the relative strength of the Queensland and Cairns labour markets in recent months. However, the August data has somewhat reversed that trend. Online job vacancies across Australia are up 1.2% for the year, in Queensland the increase is 1.3%, but here in Cairns things appear to have slowed a little and are now up just 1.0%.

However, the Total Vacancies data (which is a quarterly set including both online and traditional listings) appears to be showing a very different pattern with Cairns up 52% against increases of 8% in Australia and 6% in Queensland – treat this data set with caution as we would expect some revisions in future months to what looks like exceptional monthly data.



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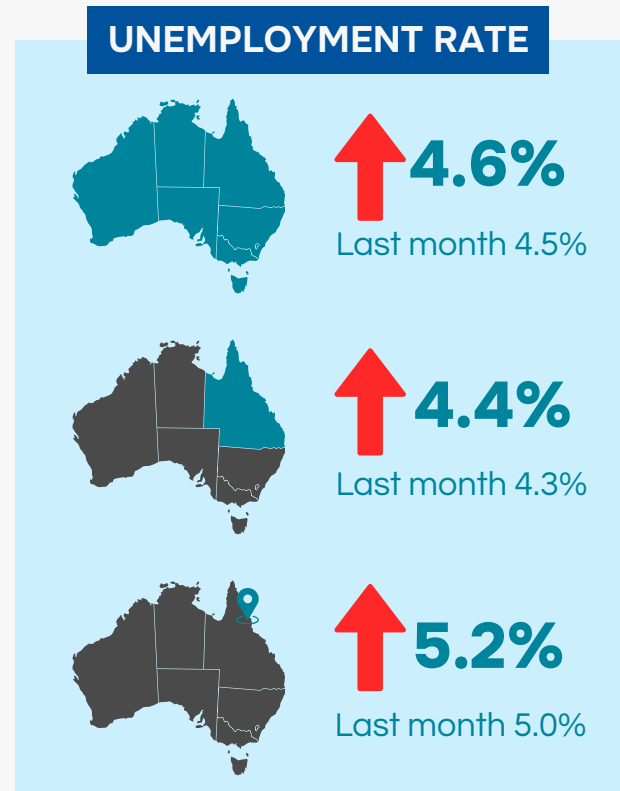


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Unemployment

As was the case last month, we have seen a sharp uptick in the participation rate in Cairns; now sitting at 67.6 this is a full 0.7 ppts higher than it started the year. This is in sharp contrast to what has happened at both state and national level where participation has risen only slightly over the same period (0.2 ppts and 0.3 ppts respectively). With participation rising so quickly it is almost impossible to keep the unemployment rate stable, despite

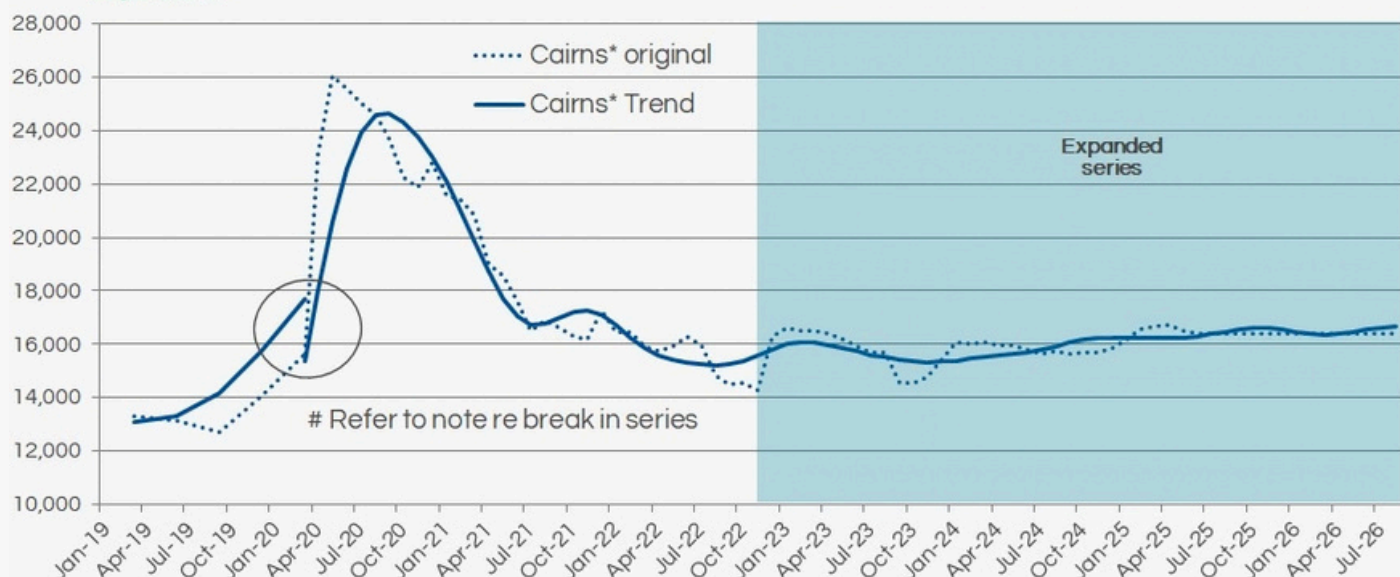


relatively healthy employment growth. As a result the Trend unemployment rate has increased this month again and now sits at 5.2% (its highest level since Oct 2021).

JobSeekers across the country continue to show Trend growth and were up 4.1% for the year to July. In Queensland the increase is much slower at just 2.3%. Here in Cairns the Trend Jobseeker series has edged very slightly higher over the past 5 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 despite the unemployment rate moving above 5%.

As the labour market across the country eases it is no surprise to see Queensland's Trend unemployment rate increase to 4.4%, although it remains below the national average. We have been saying for many months how robust the labour market in Queensland appears.

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.

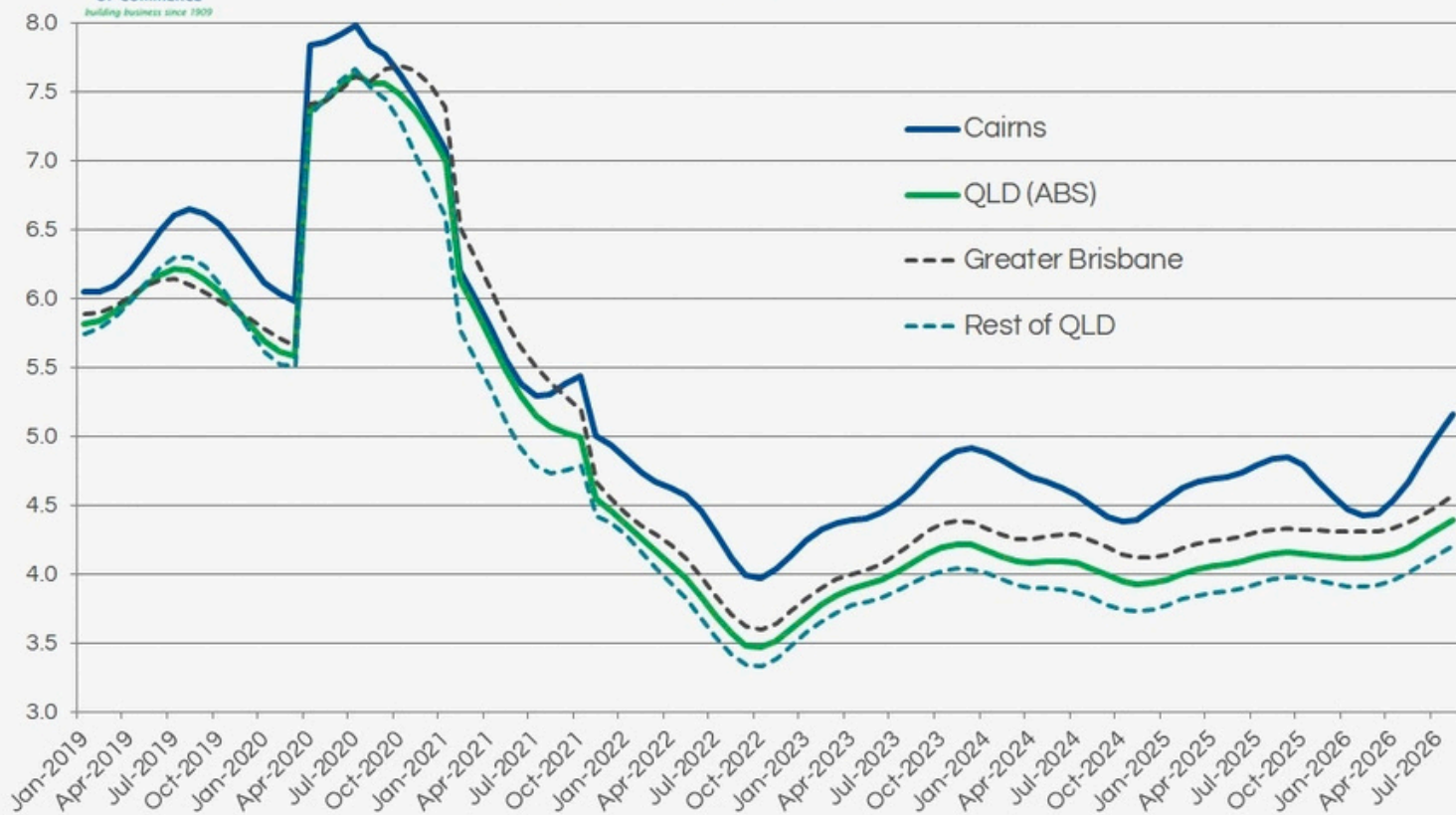
* Prior to July 2017 areas relate to Dept of Social Service totals for various Service Zones; after that date they relate to the sum of SA4 regions constructed from constituent SA3 regions. The Service Centres may not align precisely to the SA4 regions so caution should be taken in comparing data before and after July 2017

Source: Conus derived from Dept Social Services

That is still the case, at least relatively, although it is now clear that the easing in labour market conditions that policy makers and the RBA have been expecting for some time is now starting to become more evident. Nevertheless, employment growth in Queensland is now running at its fastest pace in a year (+1.7%) and participation has edged 0.1 ppts higher over that period.

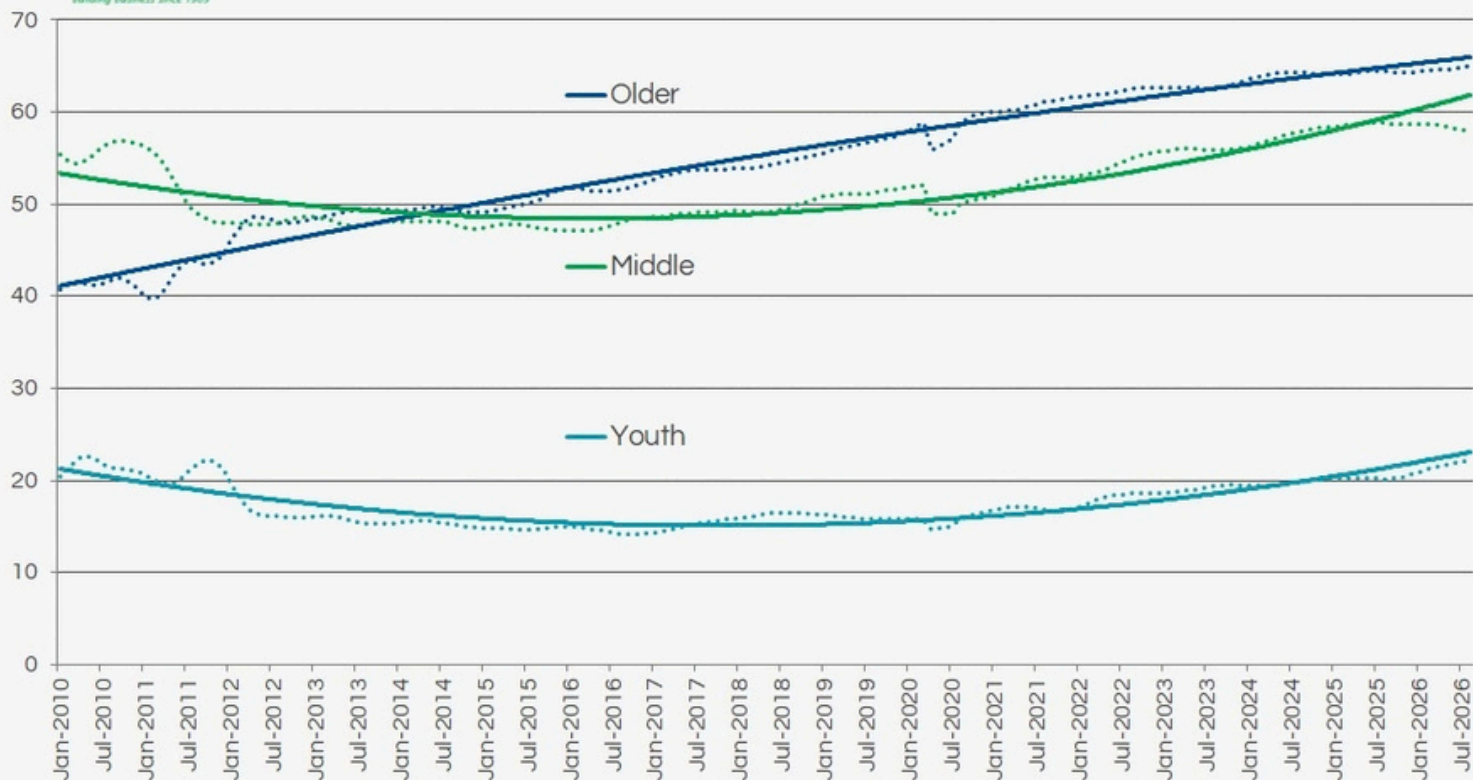
The Trend unemployment rate across Australia increased in August to 4.6%, its highest level since Nov 2021. This will come as no surprise to policy-makers or the RBA. Indeed, just days ago the RBA Governor was talking about how she sees an unemployment rate between 4.5% and 5.0% as probably being enough to "take the heat out of the labour market that it'll ease pressure on inflation." However, this most recent move slightly higher in Trend unemployment was never going to be enough to hold the RBA's hand; and indeed it was not.

Unemployment Rate Conus/CBC Staff Selection Trend %



Source: Australian Bureau of Statistics and Conus

Cairns Age Employment Conus/CBC Staff Selection Trend 000s



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



REAL ESTATE

We continue to see very limited evidence of significant negative real estate price action here in Cairns. Median house prices are up 11.4% from a year ago, although prices have been largely static for the past month. In contrast, median unit prices are up more than 20% for the year; despite a decline of 0.3% in the past month. The underlying fundamentals in the Cairns market

remain strong with limited supply and robust demand. This is not to say that property prices here will not fall. Another hike in interest rates (and the possibility of another yet to come) will inevitably cool the market further but at this stage we do not anticipate a sharp drop in the Cairns market. It's worth bearing in mind that even if we were to see a 10% decline in Cairns prices (and there is no sign of seeing anything like that!) it would only take us back to the levels we were seeing in Sept 2025 (houses) or Feb 2026 (units).

MEDIAN PRICE



Unit

\$497,000

+ 23% y/y



House

\$793,000

+ 11% y/y

The easing of real estate prices across the nation in response to rising interest rates and government tax policy targeting property investment is now well established. However, the scale of the declines varies enormously across the country; at a national level combined dwelling prices are down between just 1% and 2% in the past 3 months but are still up between 2% and 4% for the year (depending on which index you prefer). Cairns' resilience to the declines so far has further cemented its 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 15.9%, which equates to an increase of 56% over those 3 years. This compares to a national average of 6.9% annually for a 3-year increase of 22%. Even when we consider price movements over the past 10 years Cairns (+102%) has outperformed both Sydney (+57%) and Melbourne (+58%). Despite this huge out-performance in recent years, the median combined (houses and units) price in Cairns is still \$246,000 below the national average; Cairns remains a good-value option and can therefore certainly sustain current price levels even as they fall elsewhere.

VACANCY RATE

0.8%

Previous month 0.7%

MEDIAN RENTALS

2-bed unit

\$547 p/w

+ 13% y/y

3-bed house

\$677 p/w

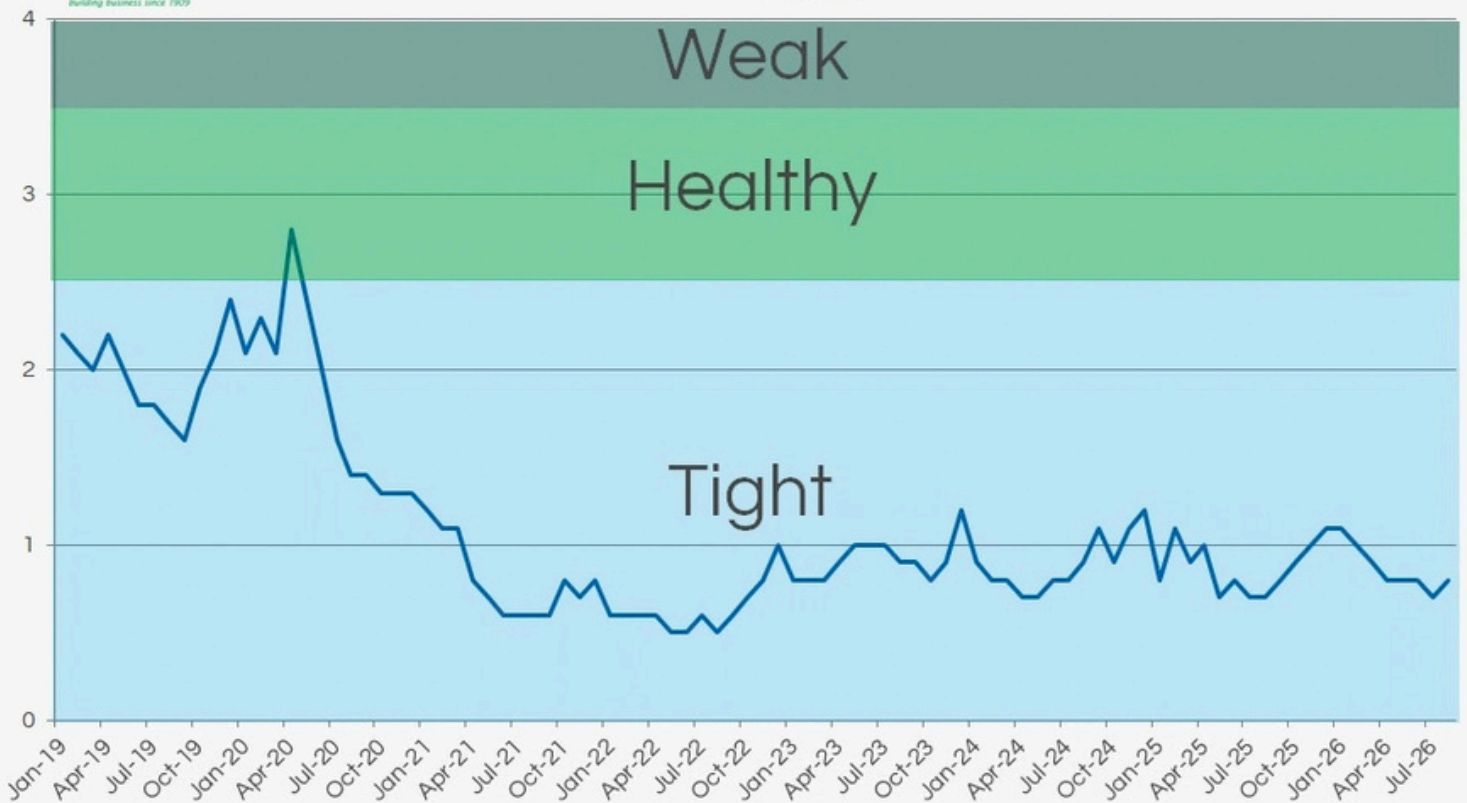
+ 5% y/y

For the sixth consecutive month the rental vacancy rate is below 1% at just 0.8% in August. It has now been 68 months during which the rental vacancy rate has been between 1.2% and 0.5% - an extraordinary period of tightness which is showing no signs of easing.

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 is no surprise. Rents across units and houses are now up 5% to 13% for the year.

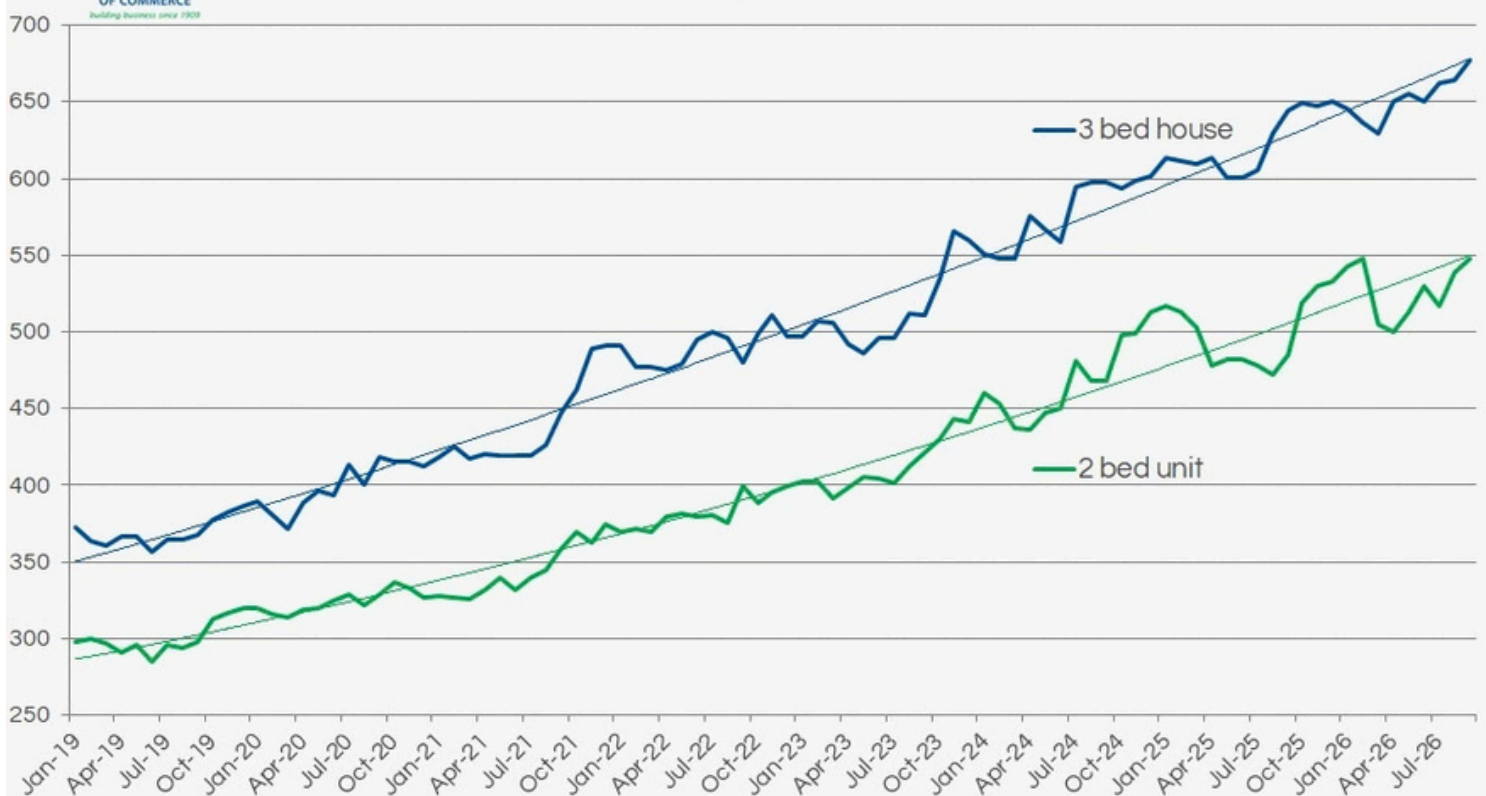


Cairns Residential Vacancy Rate %



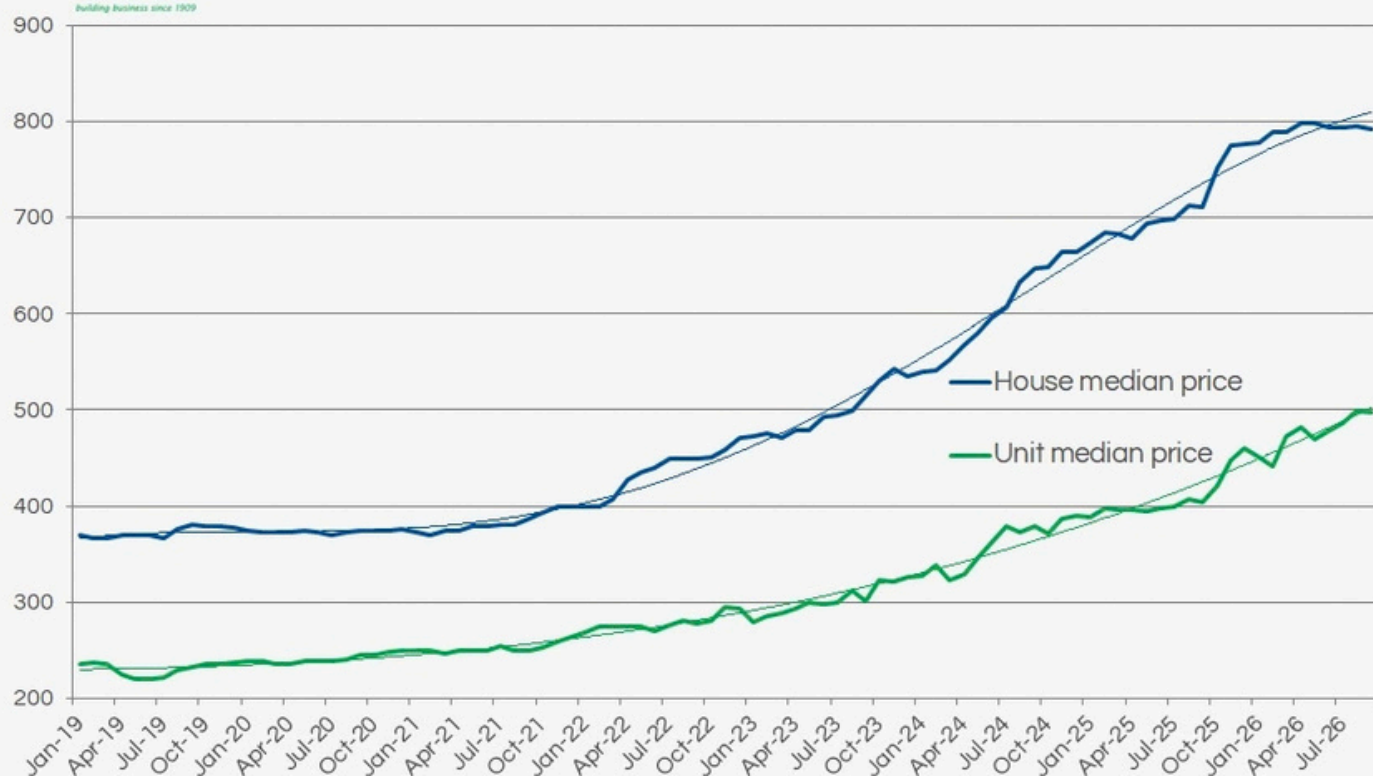
Source: SQM Research

Cairns Median Rents \$pw



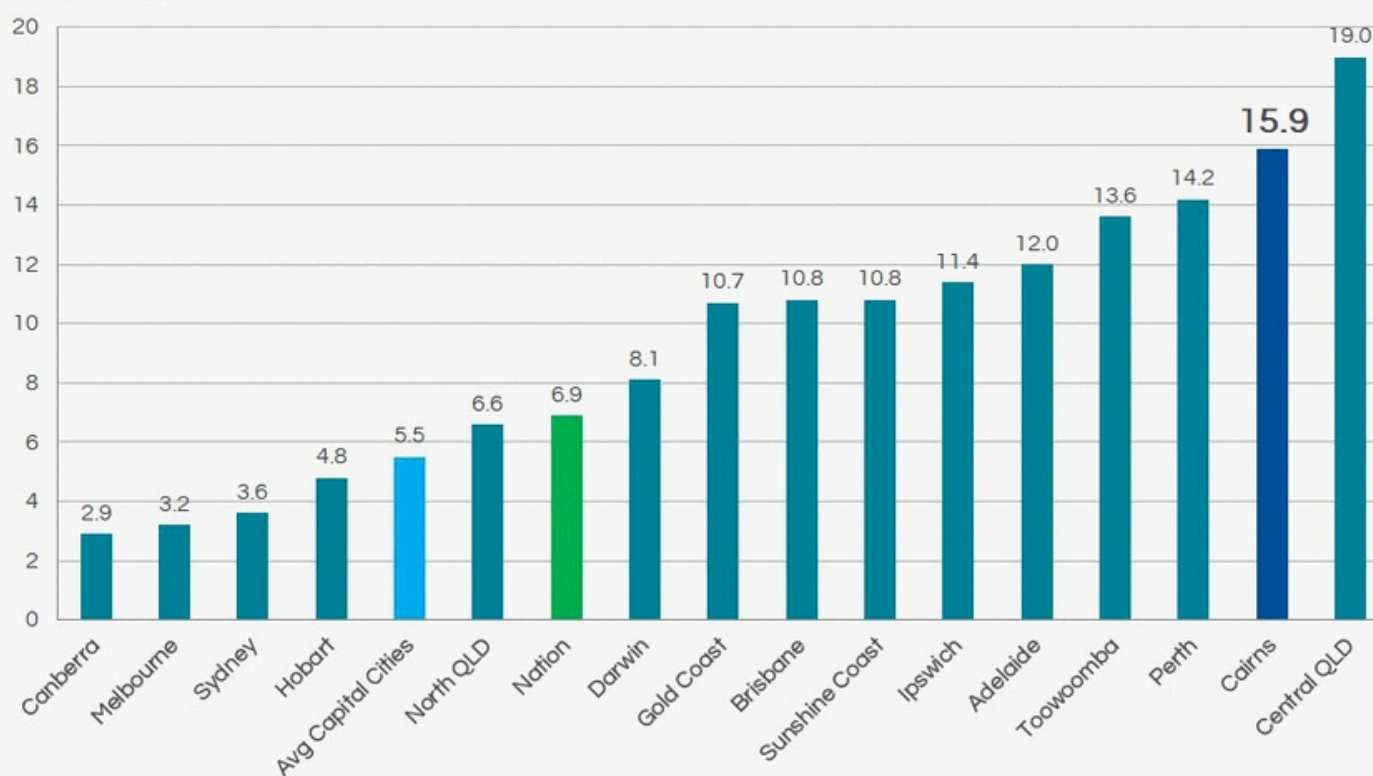
Source: SQM Research

Real Estate Prices Cairnsregion \$000s



Source: SQM Research

Real Estate Prices 3 year pa %



Source: SQM Research



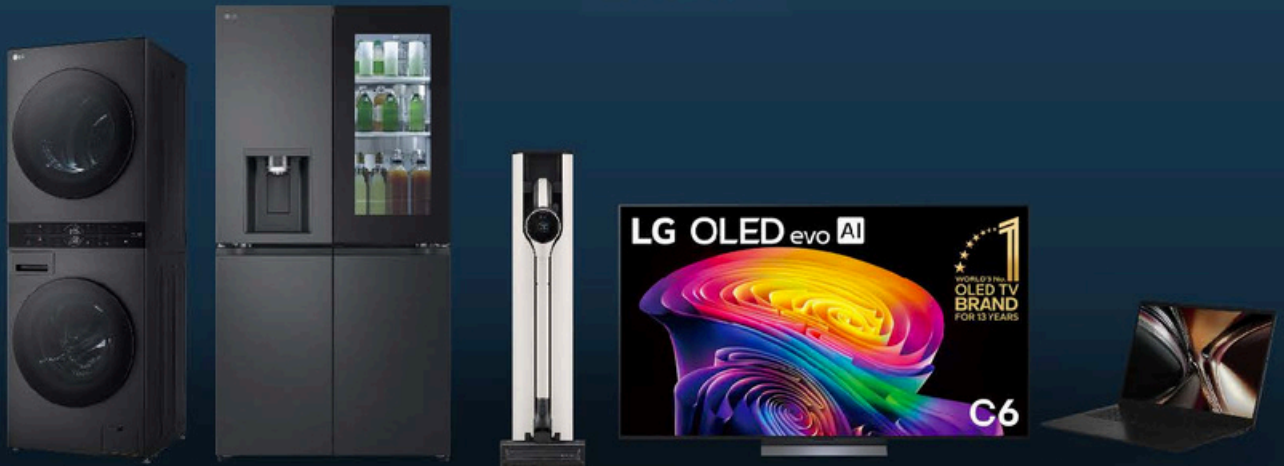
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A WORD FROM OUR SPONSORS

“As many readers will be aware, new card surcharging rules came into effect on 1 October. For businesses still accepting card payments (perhaps a slightly smaller group following the changes!), this raises a very practical question about how those costs are managed when they can no longer be passed on as a surcharge.

With interest rates also increasing again recently, managing costs remains front of mind for businesses and households alike. While neither issue is unique to our region, both will undoubtedly be felt across Far North Queensland in the months ahead. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“From 1 October, businesses can no longer separately surcharge customers for most credit and debit card payments. While positive for consumers, businesses must now absorb merchant costs or build them into pricing - another incremental cost of doing business.

Conversely, third-party payment platforms can still charge separate service fees, which may become more relevant with the ATO ceasing direct credit card payments from 1 December. These platforms can offer payment flexibility and reward points, but the economics vary significantly. For many businesses, the service fee may exceed the value of the rewards unless the points are used particularly well. ”

Michael Wilson
Partner, PVW Partners

“Australia’s property market continues to shift, with Cairns experiencing a notable increase in available stock. Currently, 1,256 properties are listed for sale across the Greater Cairns Region, compared with 791 properties just twelve months ago. September’s fourth interest rate rise brought the cash rate up to 4.60%, a 15-year high. Legislative changes combined with geo-political instability has created ongoing uncertainty, impacting buyer confidence, particularly among investors. Properties are still transacting, however, where sellers are prepared to meet the market, letting go of yesterday’s prices. In this evolving market, realistic price expectations and targeted, strategic marketing are more important than ever to achieving successful outcomes. ”

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 OCTOBER 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/>

OCTOBER

14

FNQ DAMA INFORMATION SESSION FOR EMPLOYERS

10:00am - 11:00am
Cairns Chamber of Commerce

27

OCTOBER BUSINESS LUNCHEON

11:30am - 2:00pm
Hilton Cairns

NOVEMBER

06

BUSINESS EXCELLENCE AWARDS

06:00pm - 11:00pm
Cairns Convention Centre

27

CHRISTMAS BUSINESS LUNCHEON GAME SHOW

11:00am - 2:30pm
The Reef Hotel Casino

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