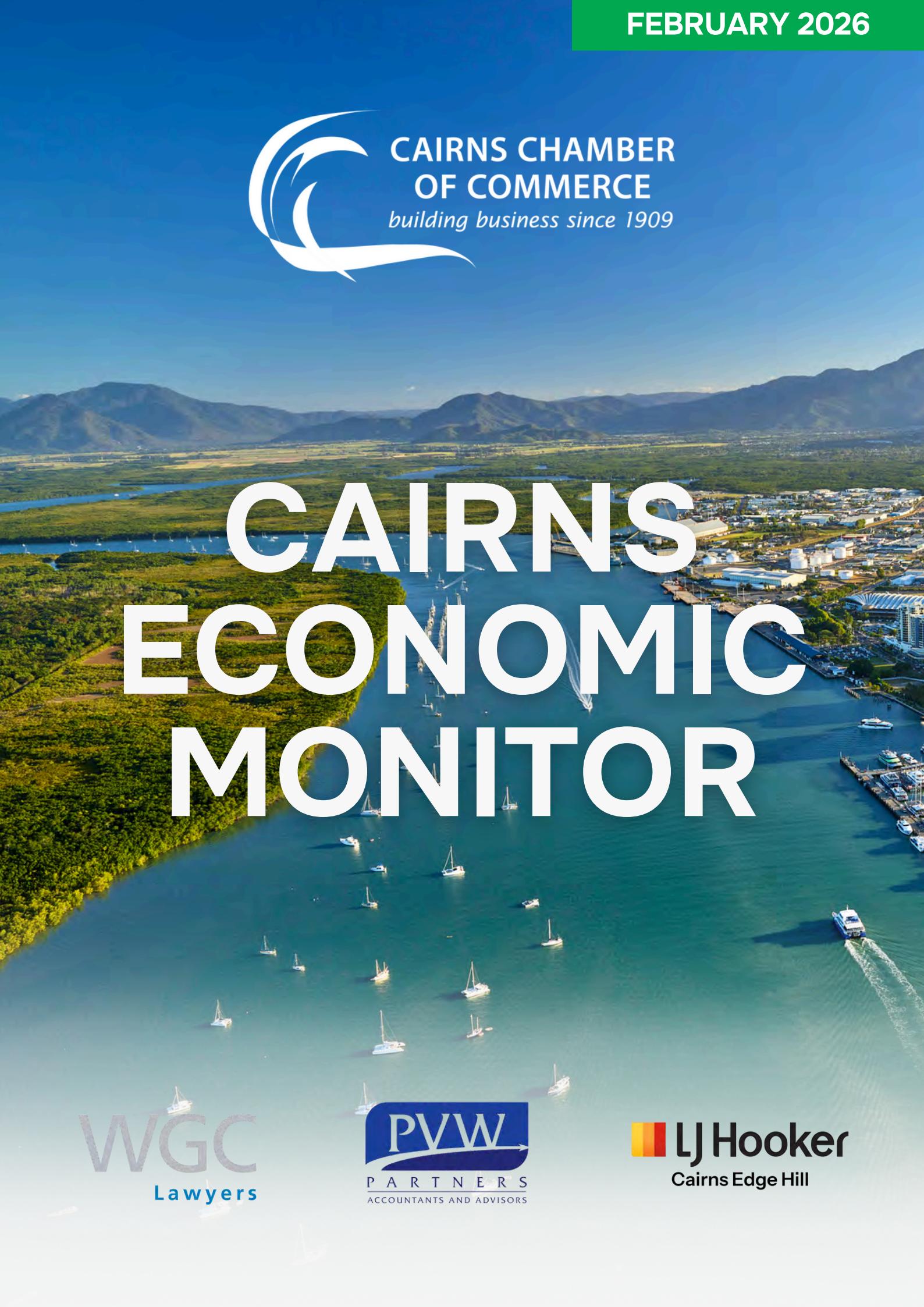




CAIRNS ECONOMIC MONITOR

A large, high-angle aerial photograph of the Cairns waterfront and harbor. The image shows the city's coastal area with various buildings, industrial structures, and docks. In the foreground, a large body of water is filled with numerous sailboats and small boats. To the left, a green, mangrove-filled peninsula extends into the water. In the background, a range of mountains is visible under a clear blue sky.

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 **LJ Hooker**
Cairns Edge Hill

SNAPSHOT

2026 has started much as 2025 ended; inflation remains sticky, growth is only slowly improving, the labour market is easing more gradually than either the RBA or Treasury expected, and the market projection is that interest rates will be rising this year.

In Cairns Trend building approvals continue their move slightly lower, and real estate prices and rents continue to move sharply higher. If we are to address the current (and future) accommodation shortage that the region is facing, we will need to see this building approvals figure increase consistently by up to 30% in the coming months and years; at this stage we see no sign of that happening.

We are now a few months into the new 'full' Monthly Inflation data from the ABS, although the RBA remain primarily focused on the quarterly read. Monthly headline CPI increased in December to 3.8% (from 3.4% in Nov) while the Trimmed Mean increased to 3.3% (from 3.2%). The quarterly data also showed increases with headline CPI at 3.6% (up from 3.2% in Sept) and Trimmed Mean at 3.4% (up from 3.0% in Sept). These will be worrying numbers for the RBA who will now be expected to move rates higher sooner rather than later.

Since our last issue in December the Trend unemployment rate in Cairns has fallen to 4.6% with the additional of 400 more jobs in the past 2 months. While this is certainly good news it does not disguise the fact that employment growth in the region has slowed markedly in recent months and declines in the Participation Rate are helping to keep the unemployment rate low in spite of slower jobs growth.

Photo credit: Tourism Tropical North Queensland



BUILDING APPROVALS

TREND APPROVALS

↓ **132**
Nov 2025

TREND RATE OF APPROVALS

↓ **44.5%**
year on year

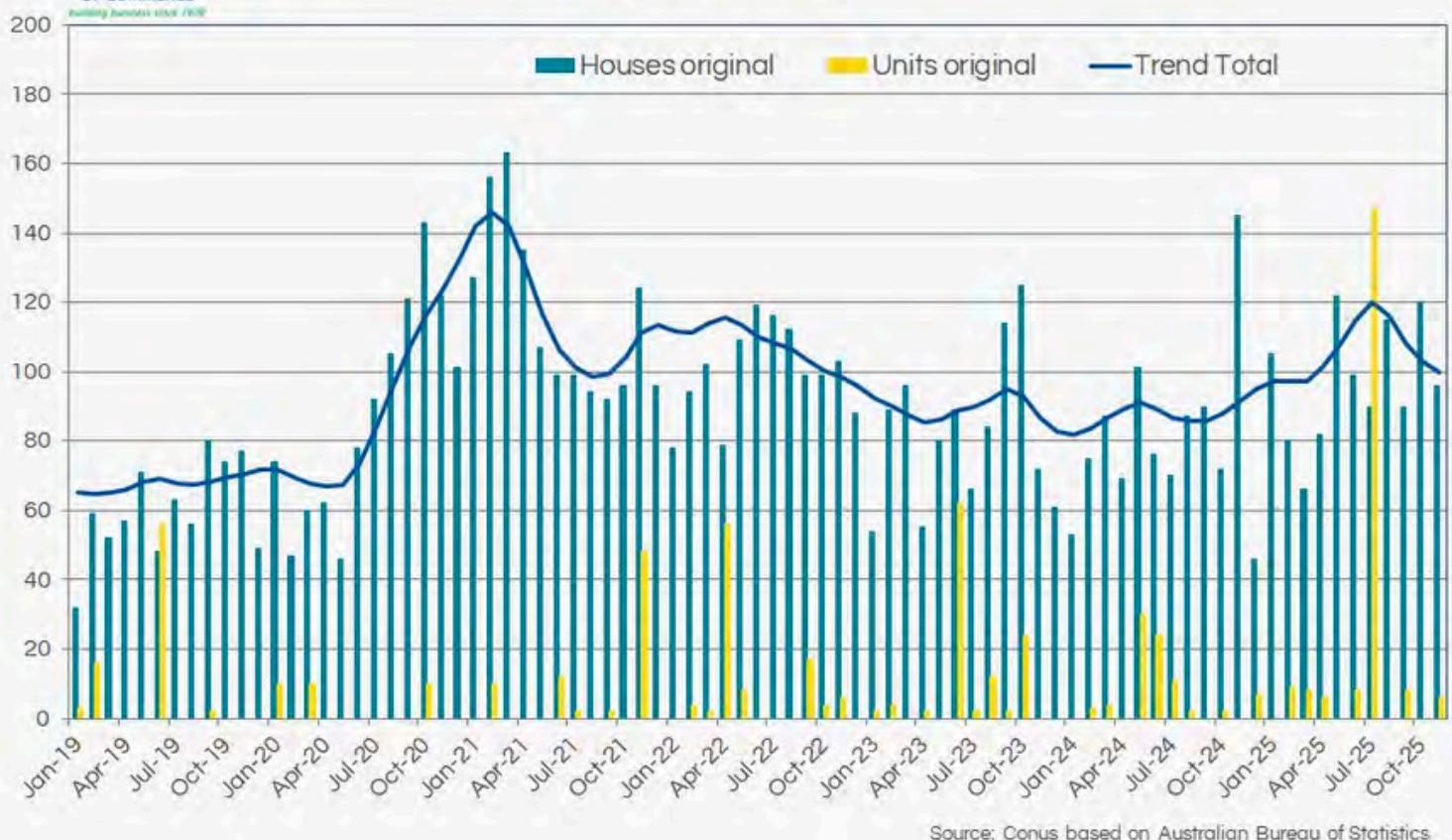
As we have been doing for the past few months, we will continue to report on building approvals data in both its unadjusted (i.e. including the Woree affordable housing units) and adjusted (i.e. excluding those Woree units) form.

The unadjusted series for November has moved significantly lower since our last issue (which covered data for

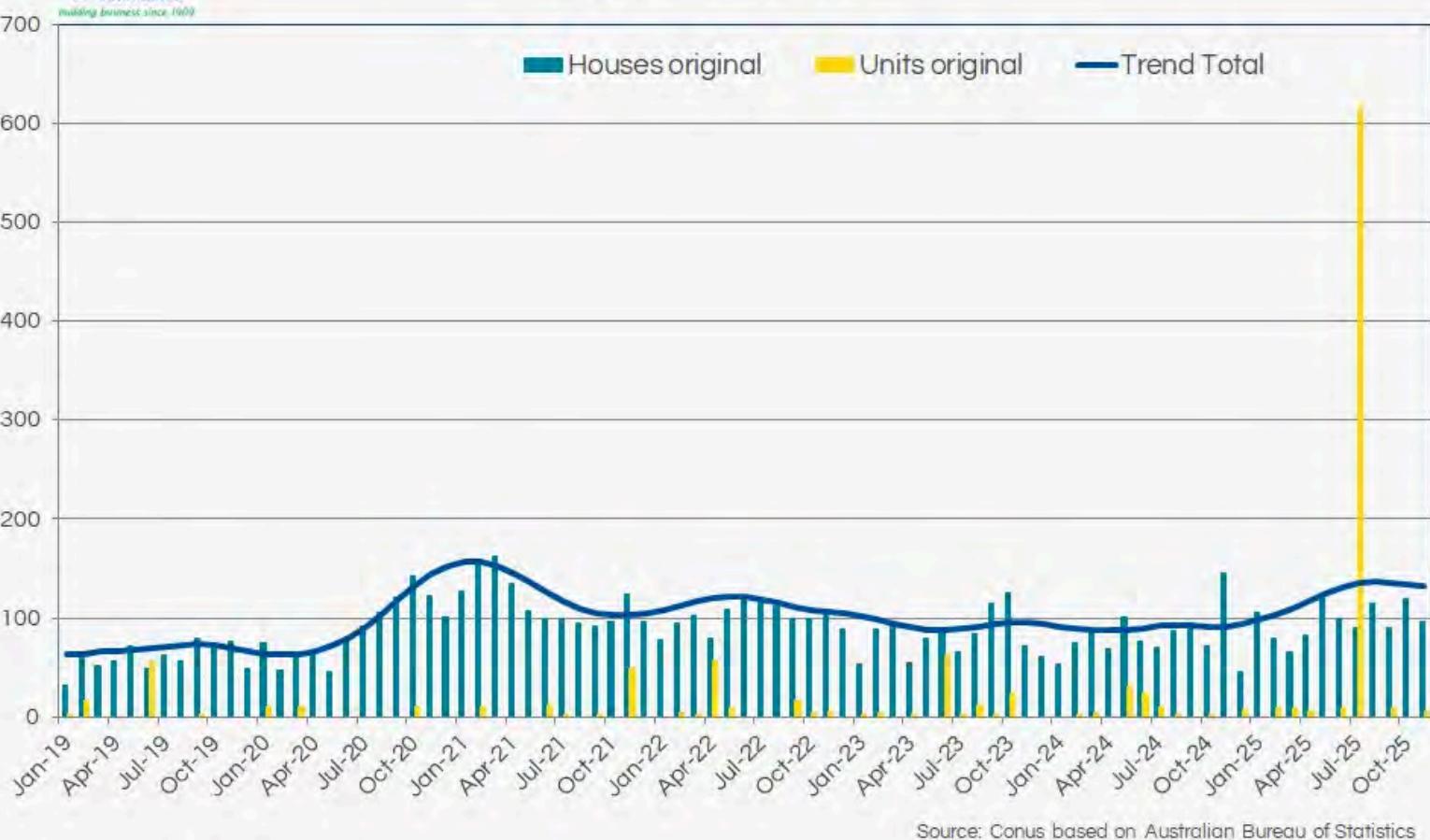
September) as the impact of the Woree approvals slowly washes through the Trend estimates. The unadjusted Trend now sits at 132. When we adjust for the Woree units, we also see a decline to 100 Trend approvals in November. As expected, we will see these two series converging as time goes on. Until then we will continue to monitor both adjusted and unadjusted series.

When we look through distortion to the data caused by the exceptional Woree approvals the picture we see is one of approvals sitting at a level which is only moderately better than the post-COVID lows and still well below the level we need to see if we are to make any meaningful impact on the shortage of accommodation across the region. In the December issue, in our commentary on the Draft FNQ Plan, we noted that if we are to make real inroads into the housing shortage already upon us, and at the same time provision for an expanding population in the coming decades, we need to see approvals for dwellings consistently increase by 30%.

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



Cairns Building Approvals original & Conus Trend



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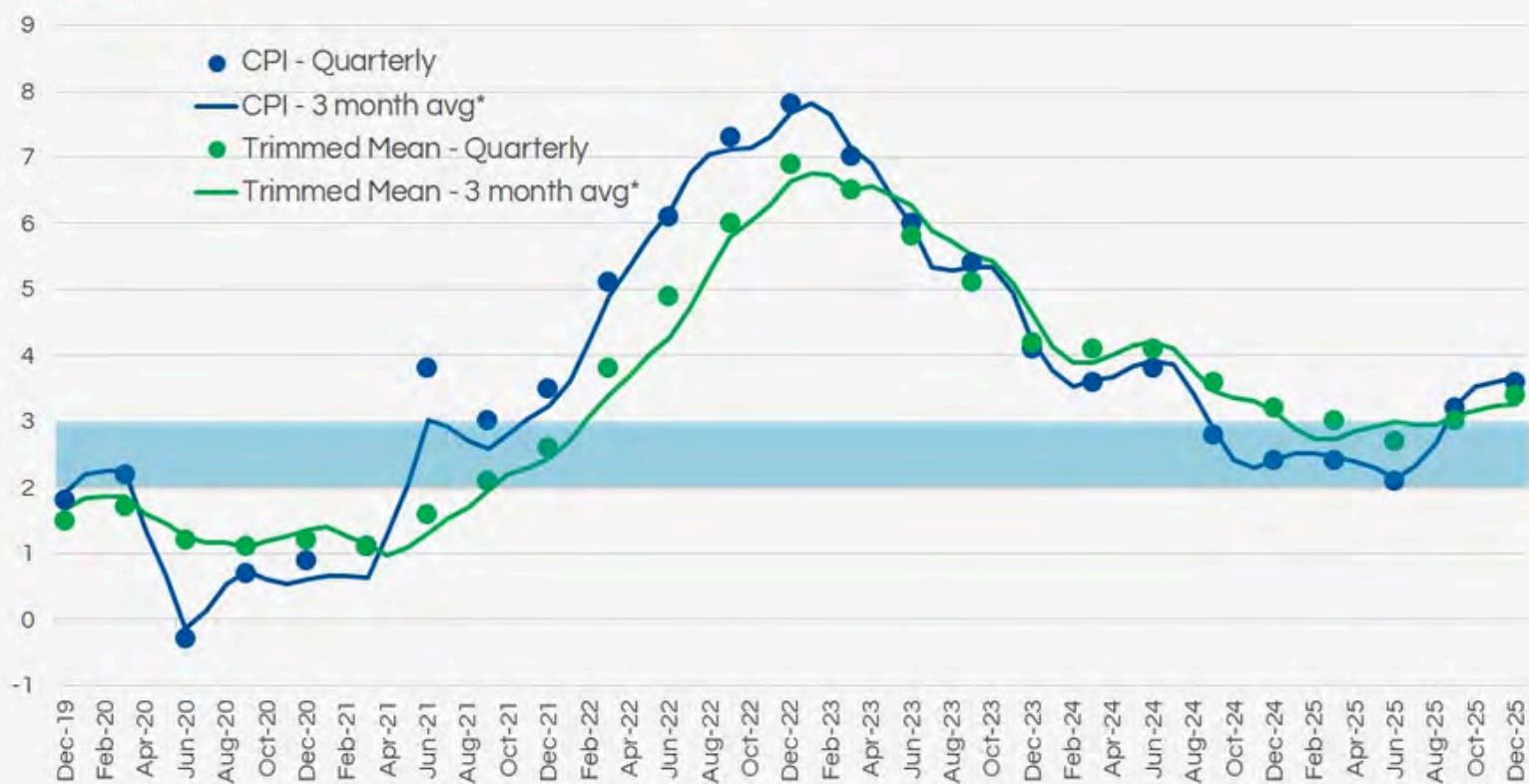
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INFLATION & INTEREST RATES



CPI & Trimmed Mean Inflation
% annual rate



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

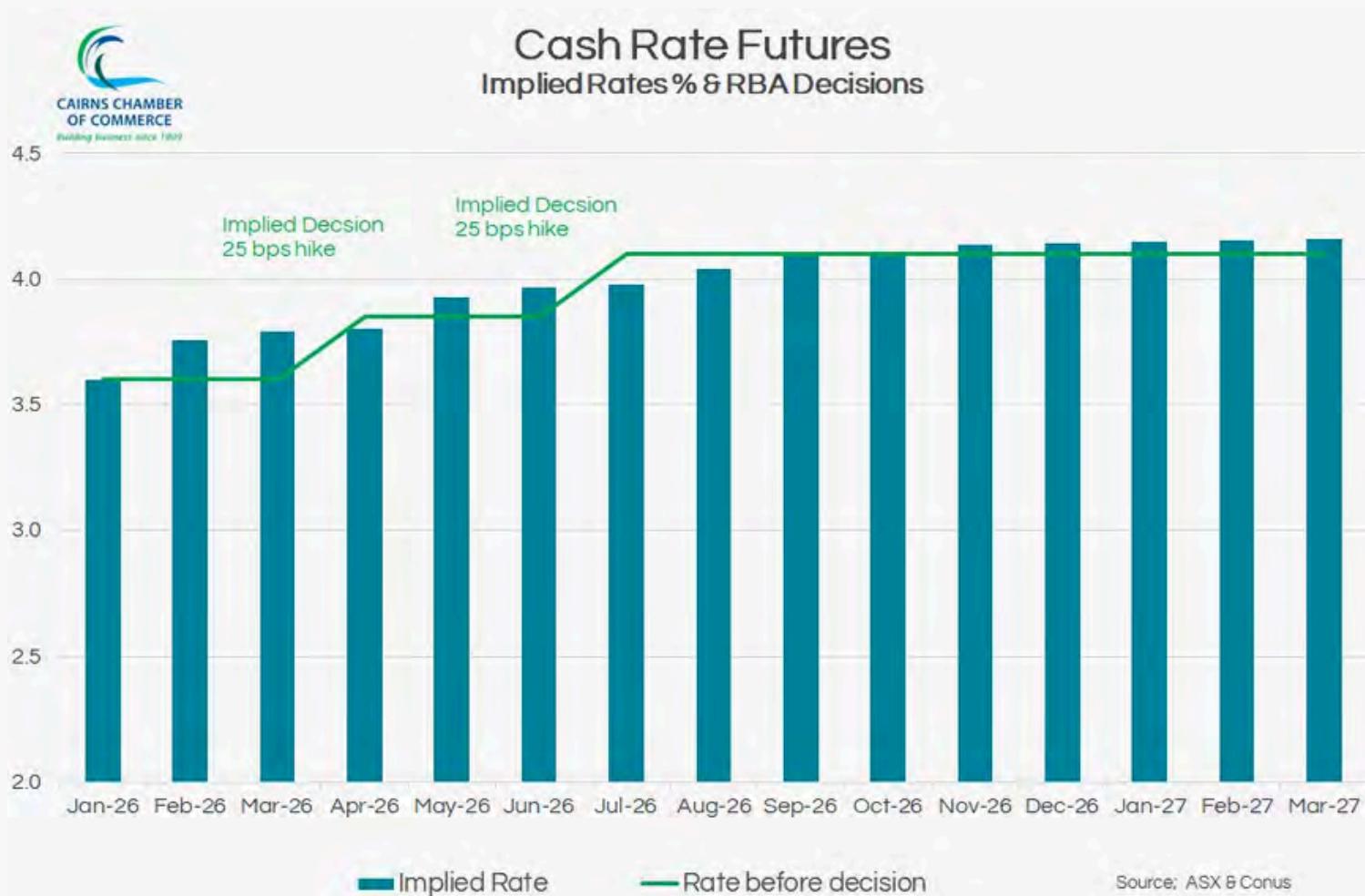
Source: ABS

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

December saw headline monthly CPI increase to 3.8% (from 3.4% in Nov) and Trimmed Mean increase to 3.3% (from 3.2%).

More concerning for the RBA will be the quarterly data for December which showed headline CPI at 3.6% (up from 3.2% in Sept) and Trimmed Mean at 3.4% (up from 3.0% in Sept). Both measures are well above the RBA's 2-3% target. Not only are these numbers above the target, but they are moving higher. The Bank has been signalling for some time that they are positioning themselves for rate hikes if inflation doesn't moderate; this data would seem to seal the deal for the first of those hikes to come at the Feb 3rd RBA Board meeting.

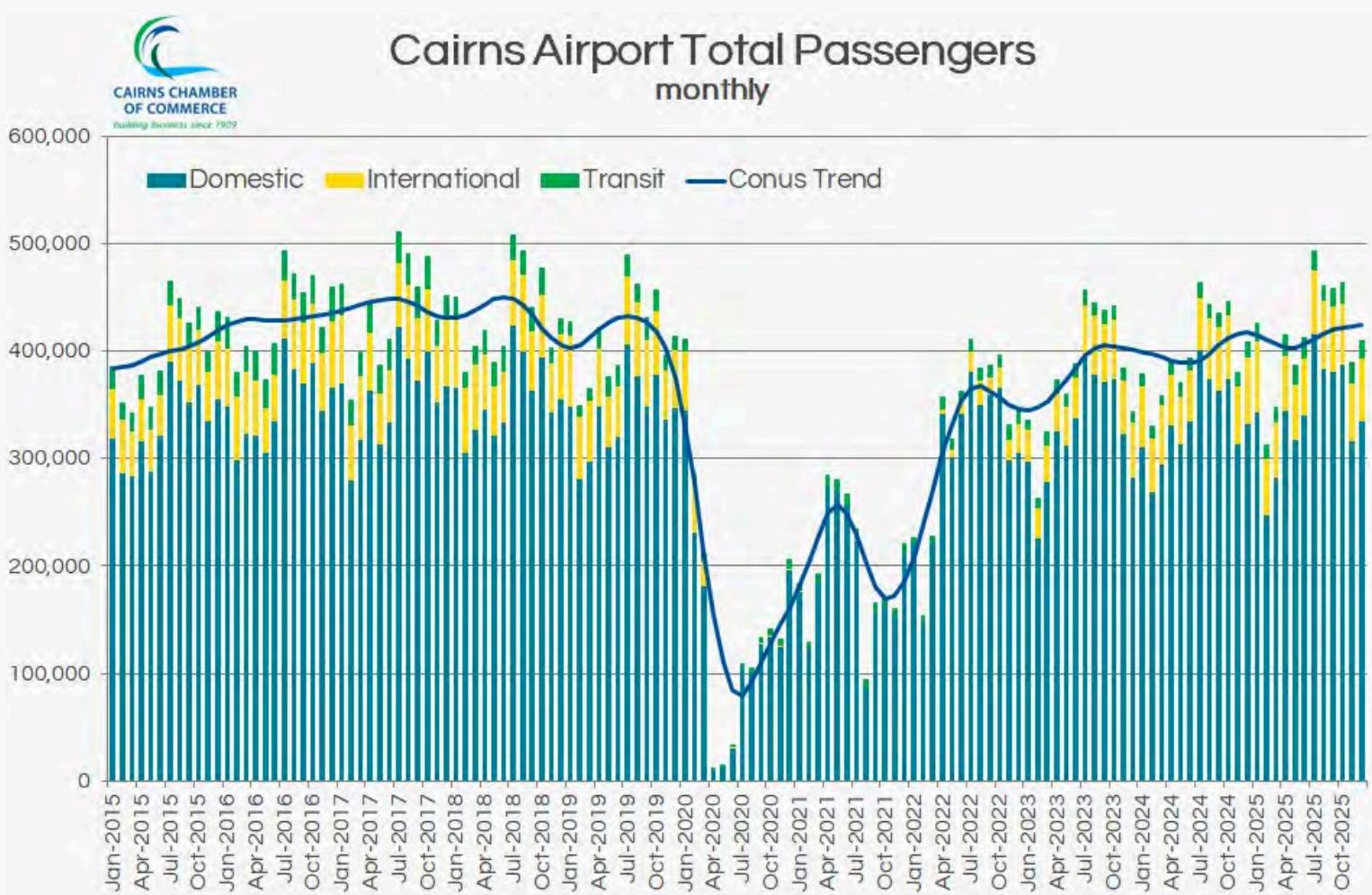
The markets agree with this analysis. Interest rates futures moved sharply lower on the release of the CPI data signalling expectations of rate hikes to come. The futures market is now pricing in a near certainty 25bps hike at the February or March meeting with another to come as early as May or June which would take the Cash Rate to 4.1%.





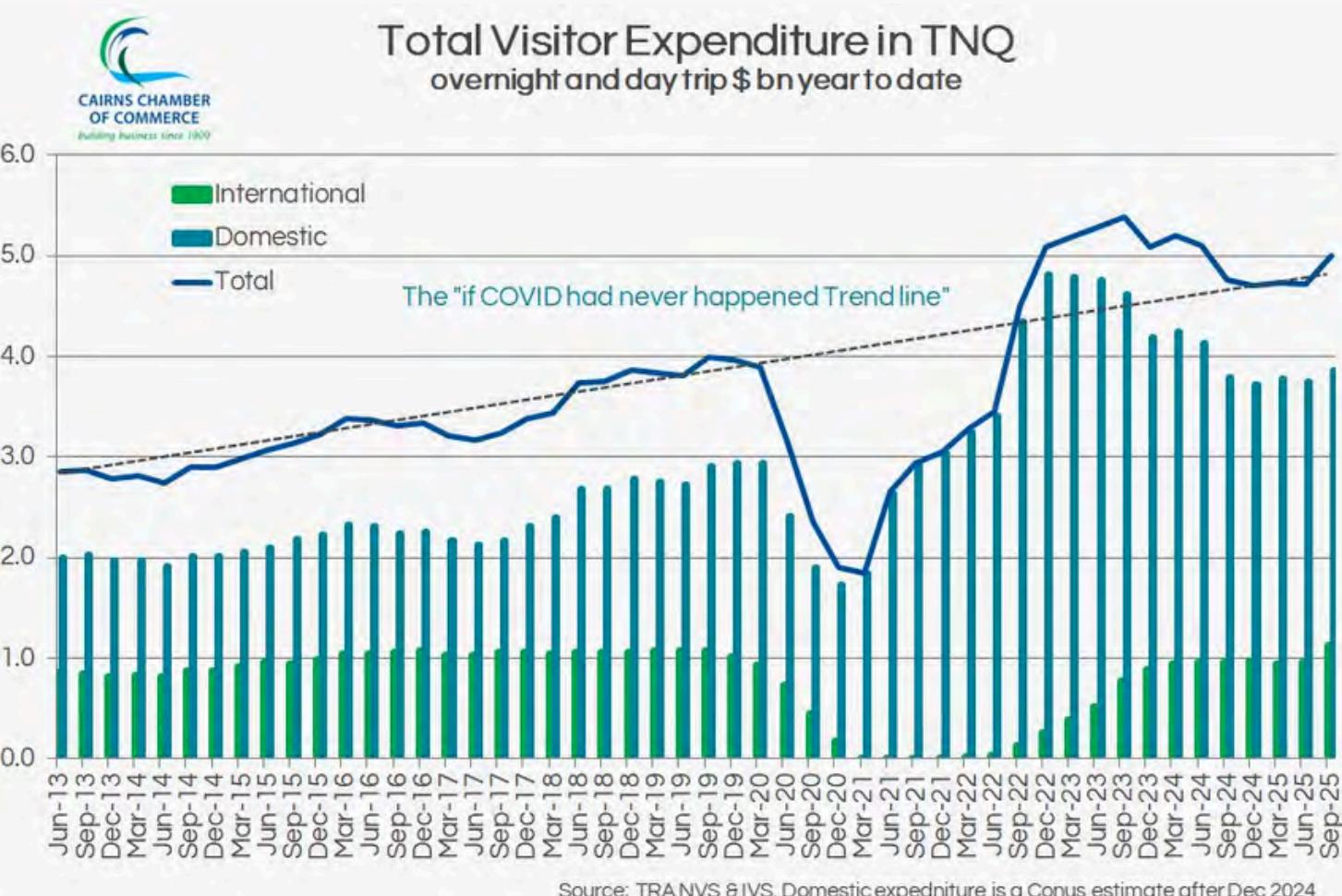
TOURISM

Passenger numbers through Cairns Airport continue to slowly improve. For the year to December total passenger numbers have 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; the annual total of international passengers is up 6.4% for the year.

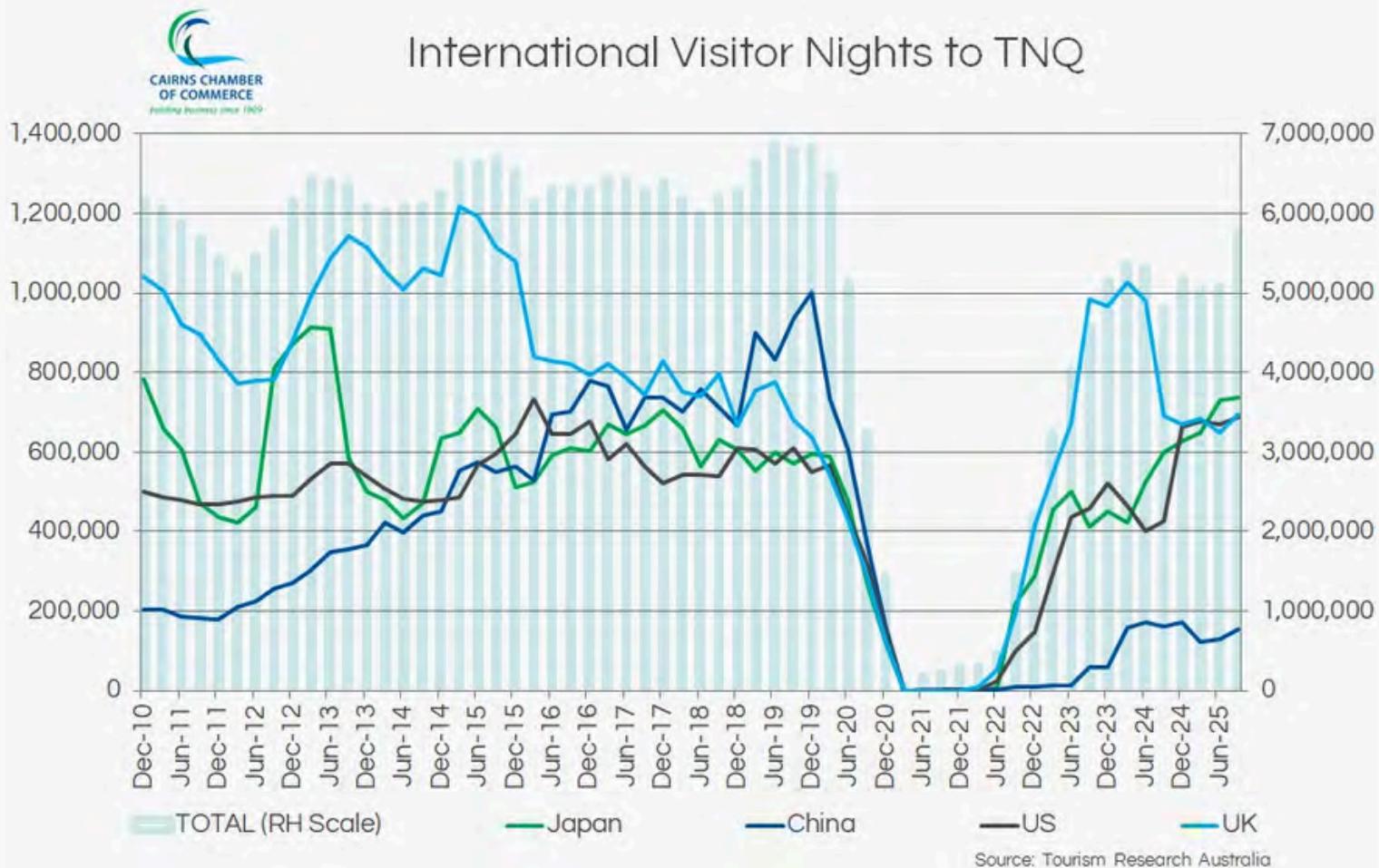


Our Conus Trend estimate in December for international passengers sat at 65,988 which is its highest since September 2006. Domestic numbers are also improving, although here our Trend estimate suggests only a return to levels comparable with those in the final quarter of 2019 and the annual total is up less than 2% for the year.

Since our last issue we have seen the release of the official TRA tourism data for the year to September 2025. The transition to the new DoTS methodology for domestic tourism data means that we are still having to rely on our estimates of domestic tourism expenditure in TNQ (we will finally get an official figure when the December DoTS data is released in March 2026). Our estimates, which are based on a regression analysis using a series of other tourism-based indicators, suggests overnight domestic tourism expenditure in TNQ for the year to September 2025 was \$3.41 bn (up from \$3.30 bn for the previous quarter).



While international tourism data methodology has remained unchanged using the International Visitor Survey, the September release did include some quite substantial revisions to previous quarters. International tourism expenditure in TNQ for the year to September 2025 was \$1.14 bn, which was an increase from the (downwardly revised) \$0.97 bn in the previous quarter.



International tourism nights spent in TNQ have recovered to now sit at approximately 85% of where they were at their pre-COVID peak in the final quarter of 2019. However, that recovery has been markedly different across various significant international markets. China, which in late 2019 was the single largest market for the region, has only managed to recover about 16% from those highs. Japan, on the other hand, is now at 130% of the levels seen in late 2019 (although in 2019 this was less than 50% of the levels seen during the heyday of Japanese tourism to TNQ back in 2005/06!). International tourism nights from markets such as NZ, USA and UK are also now at higher levels than at the end of 2019.



LABOUR MARKET

Employment

While Cairns Trend employment lifted in both November (+200) and December (+200), as the chart makes clear, employment growth has slowed significantly in recent months. In Cairns annual employment growth has fallen to 0.6% pa from its previous high of 3.1% pa just over a year ago.

Towards the end of last year, we made note of the fundamental shift in the make-up of the Cairns labour market over the past 15 years. Not only have we seen a dramatic increase in the percentage of females who are participating in the labour market, but the age breakdown of those employed has also shifted. In this issue we have updated the data on the age break down of employment in Cairns and it confirms the continuing trend of the older demographic (>45 years) being the majority contributor to employment gain.

PEOPLE EMPLOYED



14,686,100

Last month 14,661,300



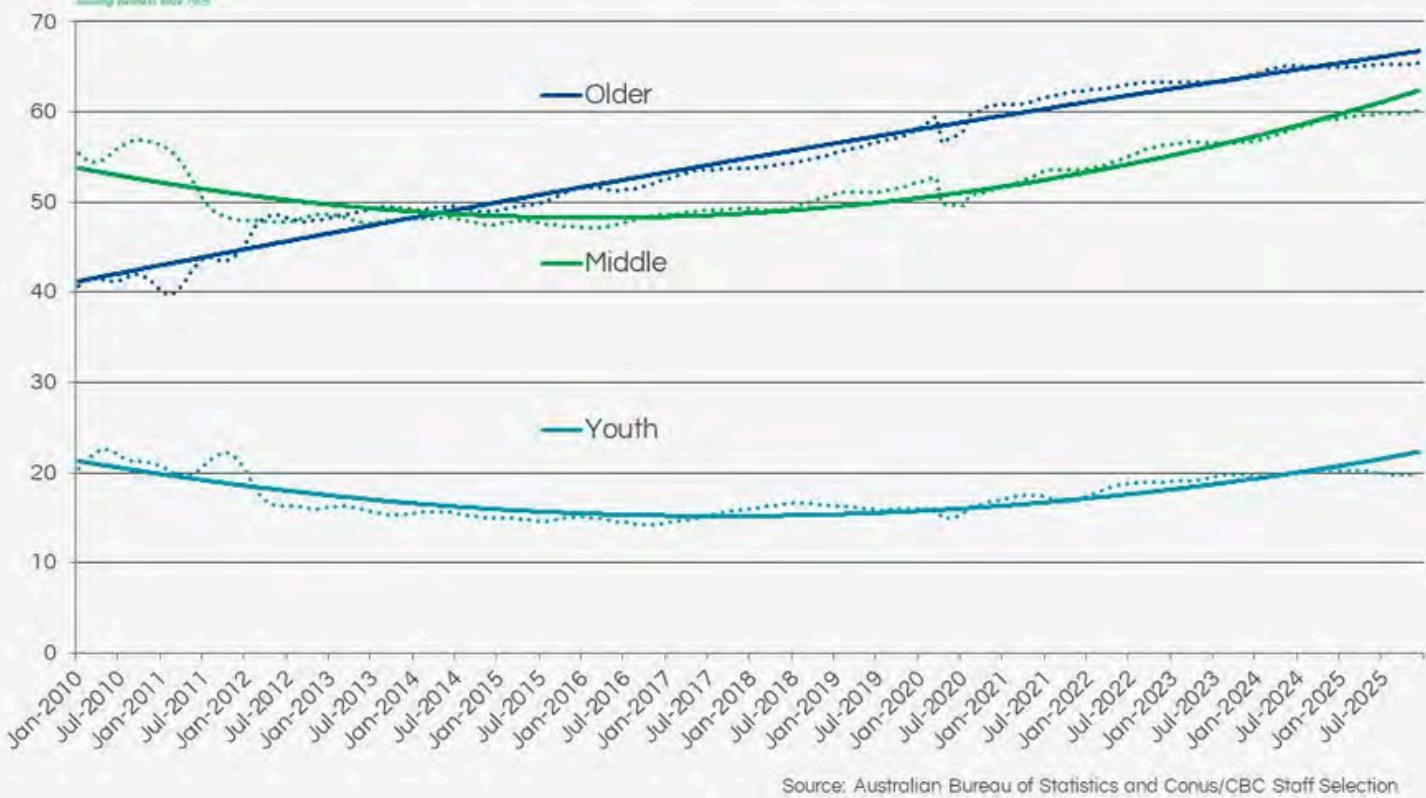
3,000,300

Last month 2,997,800



145,300

Last month 145,100



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

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

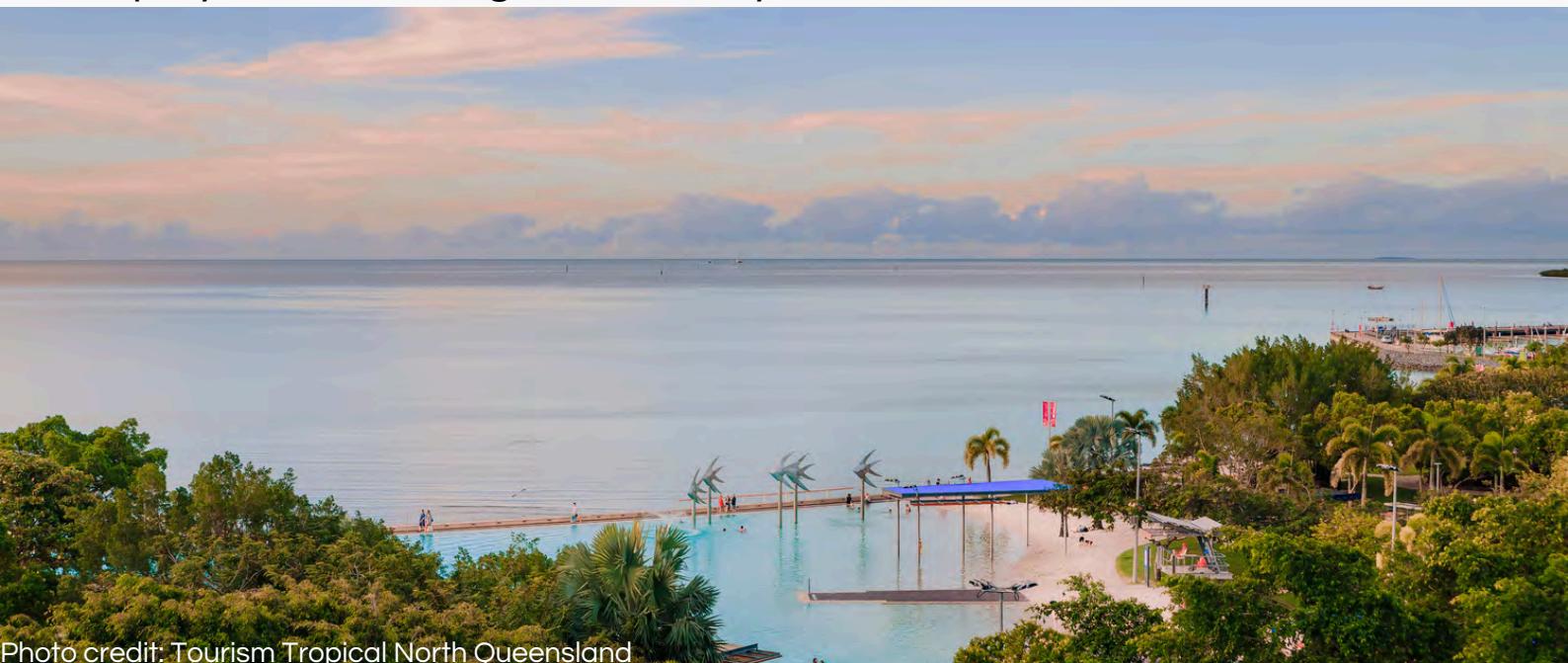
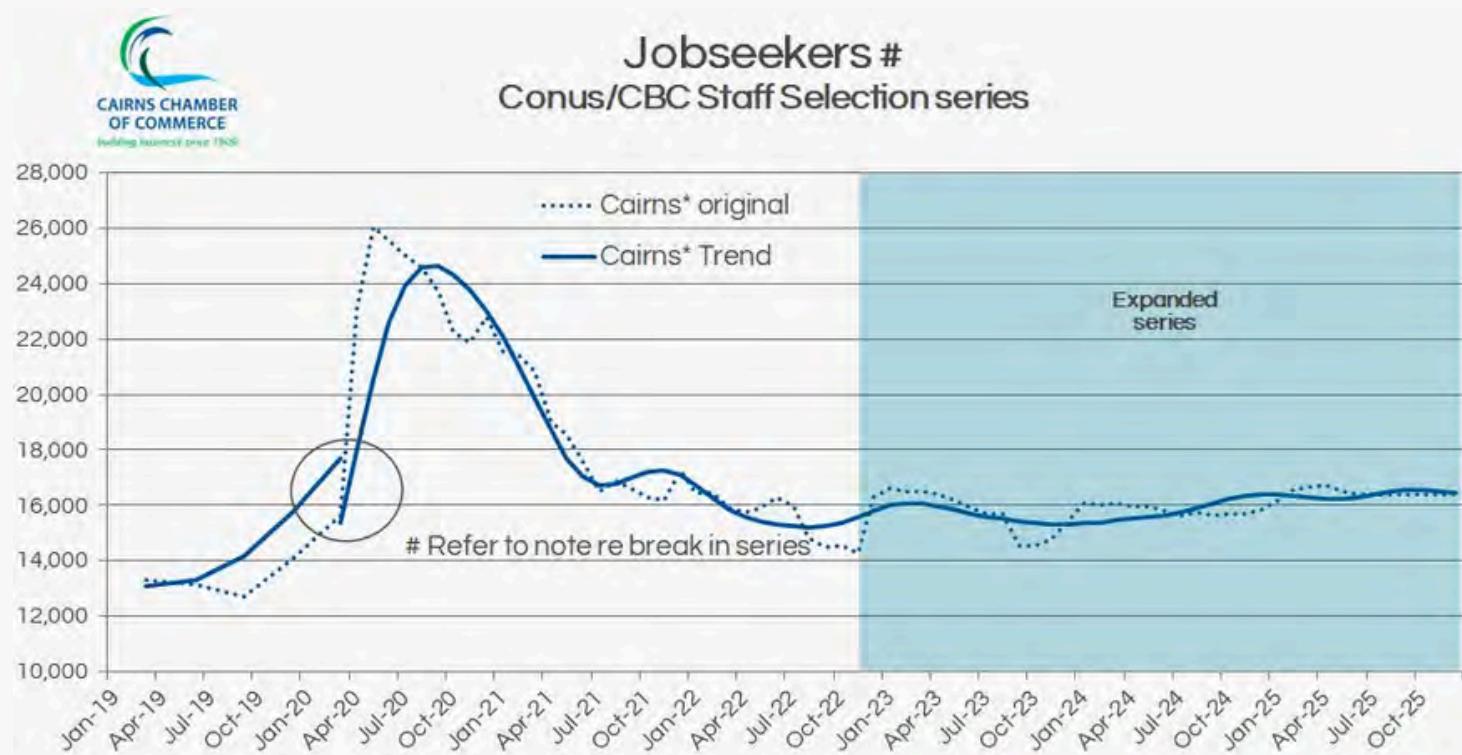




Photo credit: Tourism Tropical North Queensland

The number of JobSeekers continues to increase across the country and in December the number claiming breached 1 million for the first time since December 2021. The Trend across the Nation is up 5.2% for the year, it's up 5.0% across Queensland, but is only up 0.3% for the year in Cairns, after the Trend estimate here has fallen for the past 2 months. This series suggests a continued underlying robustness within the Cairns labour market.

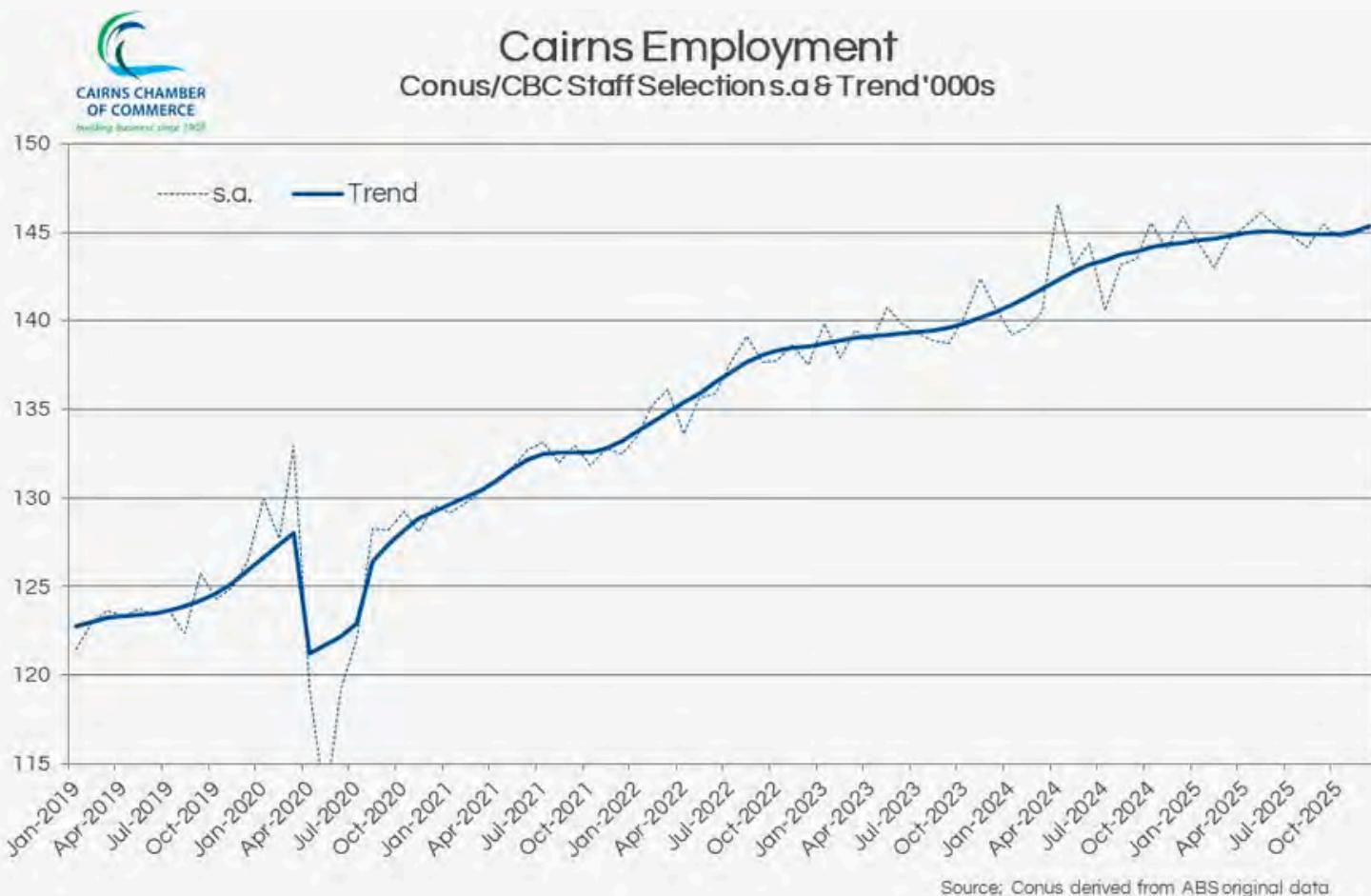


Before Mar 2020 'Jobseekers' related to recipients of Newstart or Youth Allowance who were looking for work; from Mar 2020 onwards it is all JobSeeker recipients. From Dec 2022 the DSS have been using an 'Expanded' series which includes recipients who are current but on zero rate of payment and those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

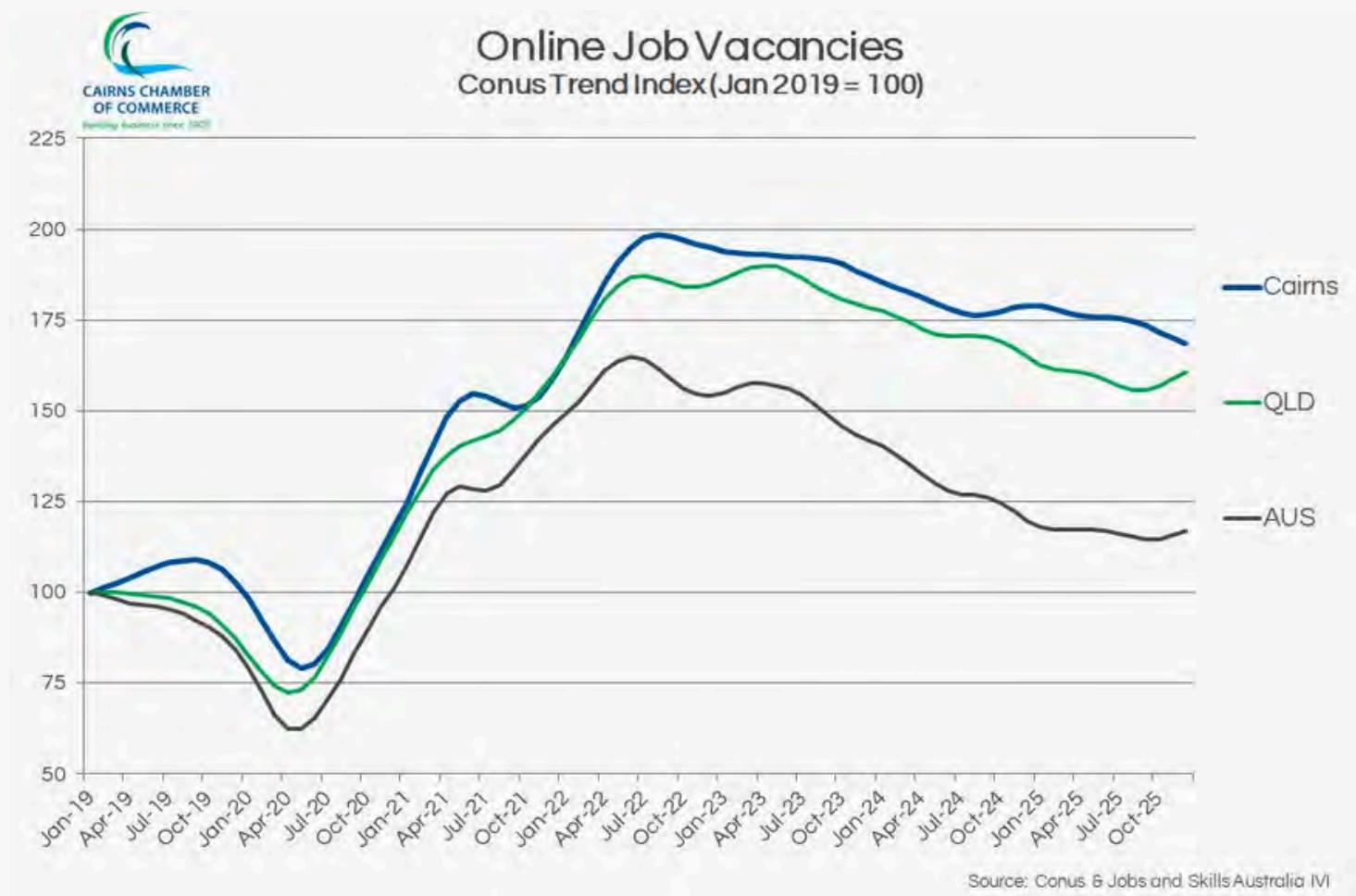
Trend employment growth in Queensland continues to slow, as it has been doing for the past 17 months, and in December sits at just 1.0% y/y, its slowest pace since December 2020. Underscoring the easing in the labour market is the fact that Trend full-time employment in Queensland has fallen for each of the last 7 months. Strength in the growth of full-time employment had been one of the stand-out features of the State's labour market throughout 2024 and early 2025; that has now evaporated.



In the last issue of the Cairns Economic Monitor (back in Dec 2025) readers may remember that we commented about how a perceived weak data print for employment in September had spooked some in the markets to suggest the possibility of a further cut to interest rates. We noted that the weak print was merely an aberration and sounded a note of caution about any precipitative action from the RBA on the back of it. That commentary now looks even more prescient as the Trend employment in December showed the greatest increase since October 2024.

Despite a clear and unambiguous easing in the labour market throughout 2025, it is true that the market remains remarkably resilient and Trend employment growth edged slightly higher to 1.3% y/y in December. As we note earlier in this issue, the labour market ensures that the focus is very much on rate rises, not cuts.

The data on Online Job Vacancies, which for the early part of 2025 showed Cairns performing better than either the nation or Queensland, has in the past few months been proving weaker. Trend vacancies in Cairns are now down 5.8% y/y while the decline is just 2.3% and 2.4% y/y respectively in Australia and Queensland. While over the long-term Cairns is still out-performing, the gap is closing as our labour market continues to adjust downwards after a period of very strong growth.



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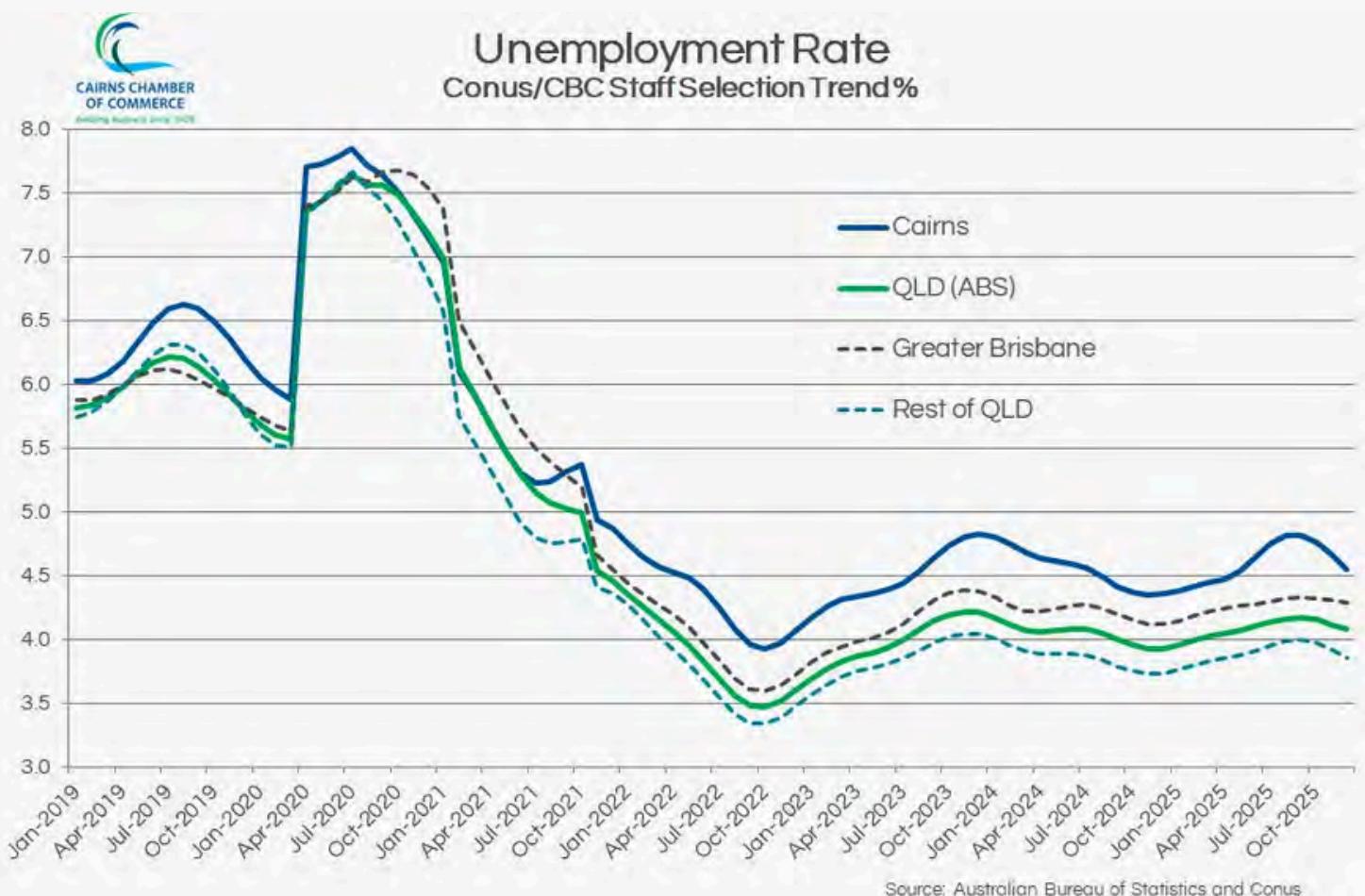
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Unemployment

Despite moderating employment gains in Cairns, as noted above, a steady easing of the Participation Rate (which had been at historically very high levels) in recent months has allowed the Trend unemployment rate to move lower. In December the unemployment rate has fallen to 4.6% and has now fallen in the past 3 months. This is clearly good news, but we should not allow ourselves to be blinded to the undeniable fact that the labour market has eased somewhat.

If participation stabilises, and employment growth does not pick up, then we should not be surprised to see the unemployment rate moving back towards 5% again in the medium term.



As noted on page 12, the JobSeeker data for Cairns points to a robustness in the labour market. Indeed, the pace of growth of JobSeekers in Cairns, at just 0.3% y/y, is the slowest of any region in Queensland. The fact that the second slowest growth rate for JobSeekers is in Townsville (+2.9% y/y) suggests that the labour market in the North more broadly remains as the State's most resilient.

Queensland's Trend unemployment rate remained unchanged at 4.1% and while there has been a very gradual move higher through 2025, it is also true that the Trend unemployment rate has sat in a band between 3.9% and 4.2% for 33 consecutive months. We have previously noted that this degree of strength is even more impressive given that the Participation Rate remained close to multi-year highs. However, one of the signs of the gradual weakening of the labour market in the last 6-months has been the fact that the Participation Rate has (finally) fallen from those heady levels. This has helped to keep the unemployment rate stable despite the slowing employment growth noted above.

In news that surprised most, the Australian Trend unemployment rate fell slightly in December to 4.2%. This is, yet again, a sign of the underlying strength that still resides within the Australian labour market despite the undoubted easing of labour market conditions during 2025. At 4.2% the unemployment rate now sits slightly below the rate that the RBA and Treasury had previously been expecting for the year-end (4.4%), although, in our opinion, not so far below that it will be providing the RBA any additional ammunition for the consideration of rate hikes. What it does do is almost certainly remove any further discussion of further rate cuts... if indeed anyone was still thinking along those lines!



REAL ESTATE

Since our last issue at the end of 2025, we have seen real estate prices continue to power ahead, although the pace of growth may have slowed a little. Median house prices are now up 15% for the year while units are similarly strong (+16%). As we noted earlier in this commentary, it has become ever more clear over the past few months that we are now at the bottom of the current interest rate cycle. However, despite this fact there appears to be only a very slight moderating of the pressure on prices. It will come as no surprise to regular readers that while the accommodation shortage in Cairns remains as chronic as it is we do not see that trend of rising prices reversing.





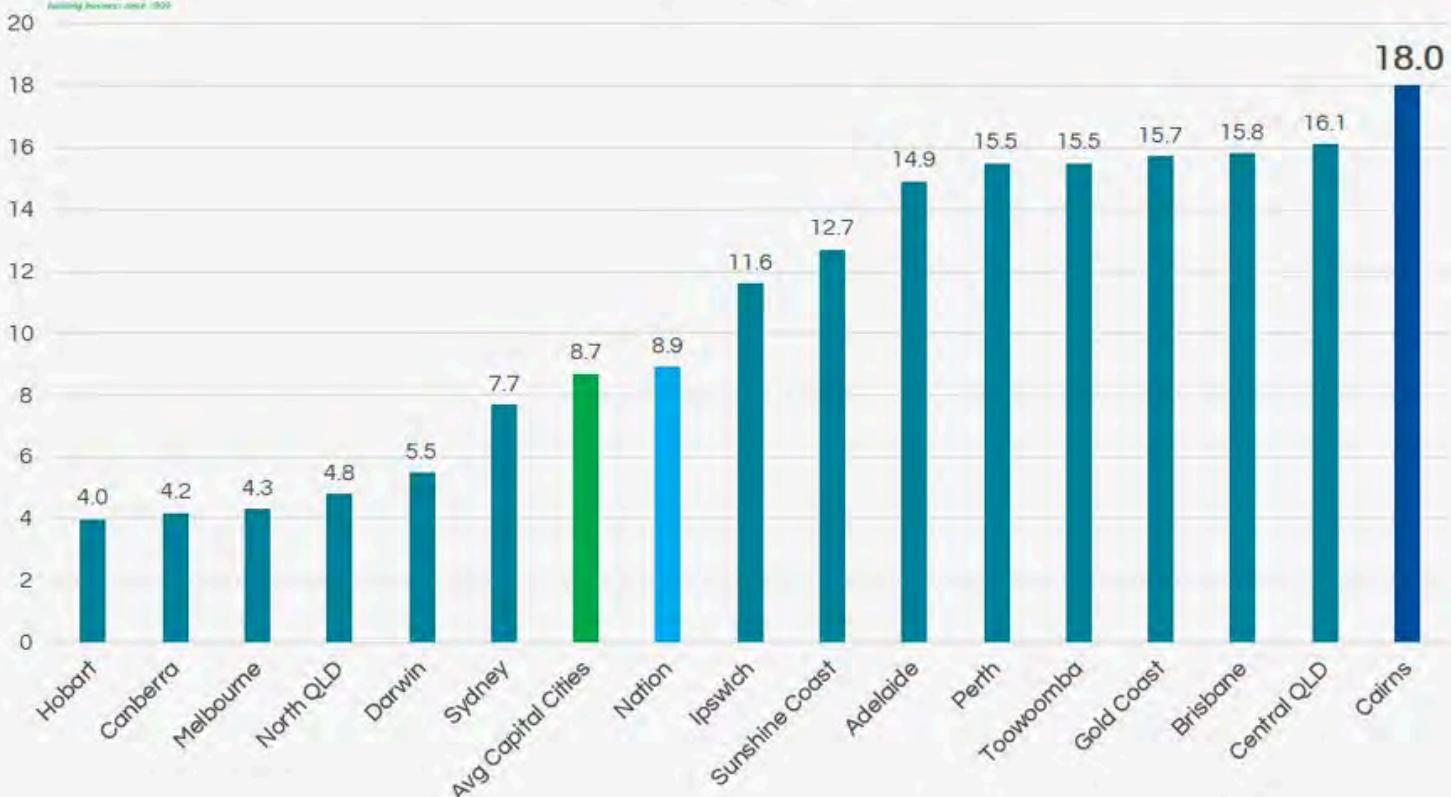
Real Estate Prices

Cairns region \$000s



Real Estate Prices

3 yearpa %





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Event

Monday 16 February 2026
5:45pm Doors Open
6:00pm Start
81-83 Woodward St, Edge Hill

Agency

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Cairns Median Rents \$pw



The well documented out-performance of rents over prices, which had been the prevailing reality for a decade prior to COVID, has now reversed for houses. Over the past 10 years median house prices in Cairns have risen by a staggering 102% while rents have managed a more modest 92% increase. In the market for units almost the exact opposite is true; unit rents are up 102% while prices are up just 88% over the decade. While the rental vacancy rate has eased slightly in recent months (see below) it remains tight which would suggest that rents are unlikely to be the factor to correct this price/rent imbalance; the conclusion would be that unit prices may have rather more upside than houses at this stage of the cycle.

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

over the three years of 64% and is well ahead of the national average of 8.7% pa (or 28% over three years). Over the past seven years the price gap is smaller, but Cairns (+11% pa) is still ahead of the national average (+9.2% pa). Even when considering the past ten years Cairns (+7.2% pa) is now only a little behind the national average (+7.6% pa).

While the rental vacancy rate remains very low at just 1.1%, we should also note that it has increased each month for the past 4 months (from 0.7% in August 2025) in a sign that we might be finally seeing a genuine easing in this extremely tight market.

VACANCY RATE

↑ **1.1%**

Previous month 1.0%

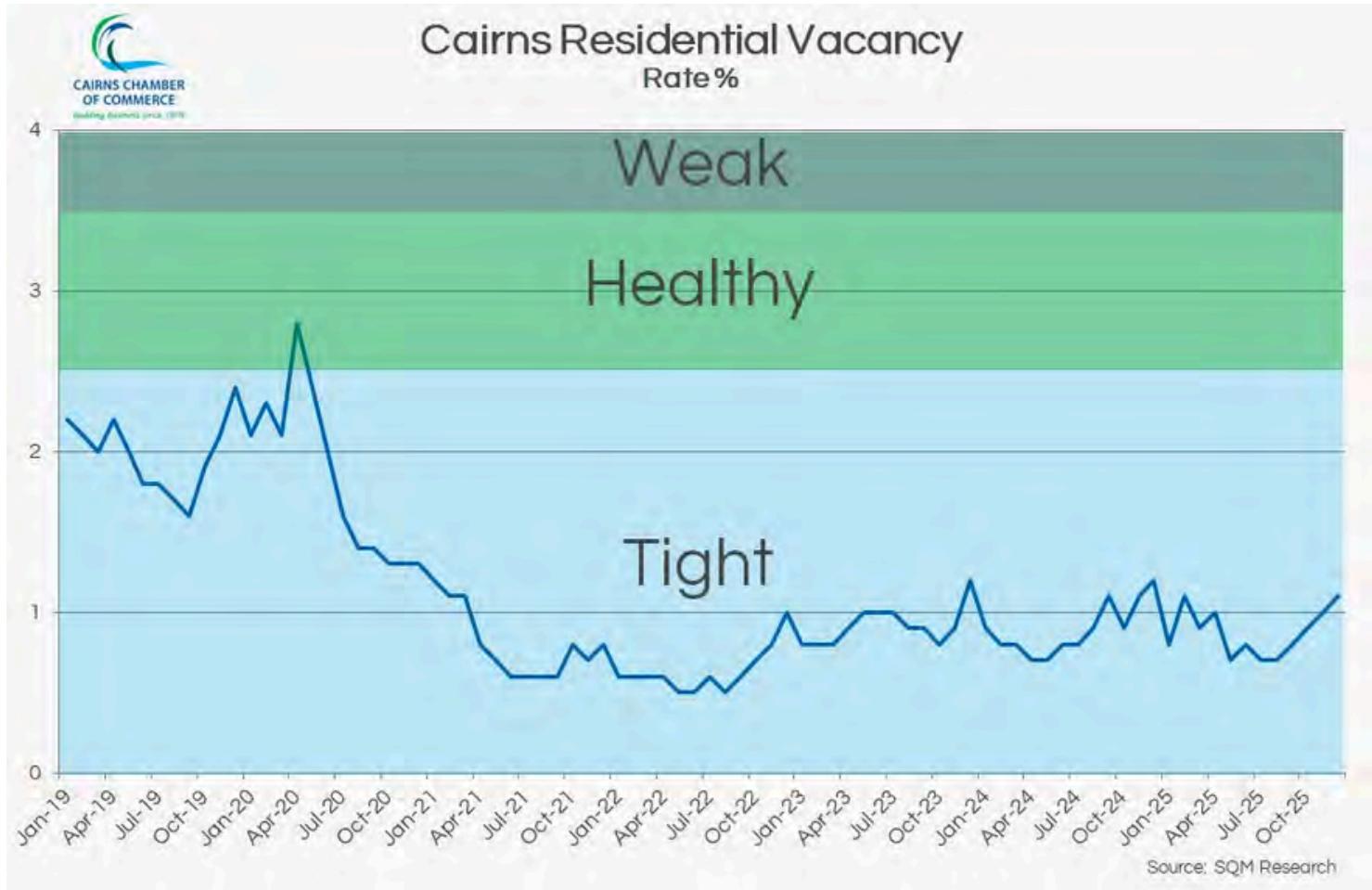
MEDIAN RENTALS

2-bed unit

\$542 p/w
+ 5% y/y

3-bed house

\$645 p/w
+ 5% y/y



A WORD FROM OUR SPONSORS

“ We are proud to support the Cairns Economic Monitor for a second consecutive year and to continue backing informed discussion about the region’s economic outlook. As the year ahead unfolds, there is much for businesses to look forward to – and plan for – including the phased introduction of Tranche 2 Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) reforms. These changes will come into force from 1 July and will affect a range of professions, including legal, real estate and accounting services. Clients should expect to experience some changes in how these services are accessed, with an increased focus on transparency and compliance. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“ Happy new year all. Proud to be sponsoring this publication and the work Conus and the Chamber does for another year. In the last month there’s been strong momentum on some major projects across the region, including the \$1B Cairns Hospital expansion and the \$450M Mount Peter Priority Development Area. It’s great to see more large, job creating developments potentially coming online, projects that will not only support employment but also deliver improved health care and much needed land supply to help ease the region’s tight vacancy rates. These kinds of investments are critical to the sustainable long term growth and liveability of Cairns. ”

Michael Wilson
Partner, PVW Partners

“ Following the RBA’s 3 February decision to lift the cash rate by 25 basis points to 3.85%, the Cairns property market is expected to moderate rather than reverse. According to LJ Hooker Head of Research, Mathew Tiller, buyer demand remains active, supported by tight housing supply which continues to place a floor under prices. Locally, we may see longer decision-making periods, slightly higher days on market and firmer negotiations, rather than distressed selling. With the number of property listings still below average and rental conditions extremely tight, well-priced homes in Cairns should continue to attract solid enquiry from buyers. ”

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 February 2026 edition of the Cairns Economic Monitor.**

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

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

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



Patricia O’Neill
Chief Executive Officer

UPCOMING EVENTS

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

FEB

17
FEB

February Business Luncheon - Culture v Strategy with Kenfrost Homes Northern Pride
11:30am - 2:00pm
Hilton, Cairns

27
FEB

Tenders, Energy Savings and Jobs for Sustainable Success
08:00am - 10:00am
Civic Reception Room, Council Chambers
119-145 Spence St Cairns

MAR

04
MAR

Members Orientation Session
9:000am - 10:00am

DAMA Info Session
10:00am - 11:00am

20
MAR

Annual General Meeting
10:15am - 11:15am
Pullman Reef Hotel Casino

March Business Luncheon - Tourism with TTNQ
CEO Mark Olsen
11:00am - 2:00pm
Pullman Cairns International Hotel

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CAIRNS CHAMBER
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Pete Faulkner

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TTNQ

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